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Automotive Companies with Well-Defined Innovation Strategies Have Competitive Advantages, According to PwC

Breakthrough Innovations in Technology and Customer Experience Top Automotive Executives' Strategic Goals

DETROIT, 2 December 2013 – Automotive companies with well-defined innovation strategies have competitive advantages ranging from talent attraction to revenue growth, according to a recent PwC study. [The highway to growth: strategies for automotive innovation](#) released at the Connected Car Expo in Los Angeles, found one-third of automotive executives, globally, say that improving products is their top innovation priority, and about the same number (32 percent) plan to generate radical or breakthrough innovations.

Automotive executives are most ambitious in two areas; technology and the customer experience. Most told PwC that they have plans to collaborate with external partners to develop innovative products and services over the next three years, with 88 percent of automotive executives indicating 'customers' as their top choice, followed by 'strategic partners' at 85 percent.

"The automotive industry is fiercely competitive and consumer expectations are higher than ever," said Felix Kuhnert, PwC's European automotive leader. "It's about risk and reward. Companies that engage in innovation as a key element of their corporate DNA will likely be the market leaders of the future."

Talent and culture are two of the key challenges automotive executives say they face when it comes time to execute on innovation. For automotive CEOs, the most important way to create and foster an innovation culture is to set the right 'tone from the top.' More than three-quarters of automotive executives (79 percent) say that senior executive participation in innovation projects is important. OEMs and suppliers alike have been making innovation an explicit C-suite priority, under the leadership of a Chief Innovation Officer or Chief Technology Officer, and a growing number of these posts are considered executive-level management positions in the boardroom.

"Having a well-defined innovation strategy can mean the difference between being leader and laggard," said Robert Shelton, PwC's global innovation leader. "Fast-paced technological advancements and business model innovations are changing the way companies bring value to their customers. Automotive companies that learn to industrialize innovation to create repeated,

scalable breakthroughs will be the front runners in the global marketplace—from talent acquisition to commercialization.”

“A strong innovation culture helps motivate employees, and it helps attract them too,” continued Shelton. “In our experience, the best breakthrough innovators want to be recognized as those who make a difference – to their profession, to the company, and sometimes even the world. That gives automotive companies with strong innovation culture and commitment to corporate sustainability an edge when it comes to hiring top talent.”

For more information about driving innovation strategy in your organization and other capabilities download PwC's publication *The highway to growth: strategies for automotive innovation*, available at www.pwc.com/auto.

Methodology:

PwC surveyed 1,757 C-suite and executive-level respondents responsible for overseeing innovation within their company across more than 25 countries and 30 sectors. To our knowledge, this is one of the largest and most comprehensive studies of C-suite executives exploring innovation from a global, multi-sector perspective. For this report, the sample included 72 automotive industry respondents from 17 countries and from across the automotive value chain.

The report includes commentary and case studies derived from in-depth interviews conducted from among the same pool of executives, and with PwC's global innovation leaders. These insights are brought together into an “Innovation Blueprint” outlined in chapter 3 of the report. The research was shaped by PwC in collaboration with consultancy Meridian West.

About PwC's Automotive Practice

PwC's global automotive practice leverages its extensive experience in the industry to help companies solve complex business challenges with efficiency and quality. One of PwC's global automotive practice's key competitive advantages is Autofacts®, a team of automotive industry professionals dedicated to ongoing analysis of sector trends. Autofacts provides our team of more than 4,800 automotive professionals and our clients with data and analysis to assess implications make recommendations, and support decisions to compete in the global marketplace.

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