

Shift to electric vehicles becomes life-or-death risk for automakers

BY KEITH NAUGHTON • Bloomberg

The shift to electric vehicles won't happen like the flip of a light switch.

The global auto market for the next two decades will be driven by a "mosaic" of propulsion systems, including battery power, hydrogen power, gas-electric hybrids and century-old, petroleum-powered internal-combustion engines.

That's the finding of a comprehensive study of the developing electric-vehicle market by consultant KPMG titled, "Place Your Billion-Dollar Bets Wisely." It posits the \$200 billion automakers are pouring into EVs now — more than what KPMG estimates NASA spent, adjusted for inflation, to put a man on the moon — is chasing sales that will represent 24% to 37% of the global auto market by 2030.

The fate of automakers will be determined by how executives balance the decline of the internal-combustion engine with the rise of battery power, along with other drivetrains. If electric vehicles achieve 30% market share by 2030, that will leave the auto industry with 40 million vehicles of excess capacity for gas-powered cars — the equivalent of 200 unneeded factories.

"The stakes could not be higher," the study says. "New dominant positions will be built, and old empires may fall." The changeover to electric will result in "massive structural change" in the auto industry, and there is no easy formula for success.

Betting too big and too early on electric could leave traditional automakers without the gas-powered vehicles they need to keep profits rolling in. But fall-

ing behind on the electric curve could spell the demise of laggards that cling to petrol power too long, the study says.

"Getting the timing wrong is very risky," Gary Silberg, the study's co-author and global head of KPMG's automotive practice, said in an interview. "Getting it wrong by five years, you could go bankrupt."

Indeed, Silberg and his co-authors predict one or two of the world's top automakers will fail to navigate the transition and cease to exist within the next decade.

"It could even be more," Silberg said. "You could have some big crashes."

For now, too many automakers are targeting a small sliver of the market for vehicles priced at \$50,000 and up. General Motors Co. just unveiled an electric Hummer sport-utility vehicle with a sticker above \$100,000 to complement the Hummer pickup that starts at \$80,000. EV startup Rivian Automotive Inc. is rolling out a pickup and SUV this year priced at \$75,000. Vehicles sold above \$50,000 represent just 17% of the U.S. market.

"There are too many players going after too few consumers," Silberg said. "And there's going to have to be a shakeout."

Electric vehicles soon to be on the market

The auto industry is undergoing a fundamental shift in powertrain technology to battery electric vehicles from those powered by internal combustion engines. While there are a number of gas-electric hybrids, a host of pure electric vehicles, or EVs, are about to hit the market.

Currently, there are about a dozen-and-a-half EVs being sold, including the Audi E-Tron and E-Tron Sportback, BMW i3, Chevrolet Bolt, Ford Mustang Mach-E, Honda Clarity, Hyundai Ioniq Electric, Hyundai Kona Electric, Jaguar I-Pace, Kia Niro EV, Mini Electric, Nissan Leaf, Polestar 2, Porsche Taycan, and Tesla's Model S, Model X, Model E and Model Y.

But there are many more to come. While there are a number of startups looking to become the next Tesla, including Rivian, Lucid, Byton, Bollinger Motors, Karma, Nikola, Canoo, Faraday Future and Lordstown Motors, here's what's coming soon from established manufacturers.

— Tribune News Service



Stellantis

2023 JEEP WRANGLER MAGNETO: Expected in early 2022, this battery-powered version of the two-door Jeep Wrangler Rubicon uses four battery packs and a six-speed manual transmission to produce 285 horsepower, reaching 60 mph in 6.8 seconds. But where do you recharge it when you're off-road in the middle of nowhere?



Mercedes-Benz AG

2022 MERCEDES-BENZ EQS: Mercedes-Benz is launching its electric vehicle sub-brand EQ this fall with the EQS, an electrified rendition of its redesigned S-Class flagship sedan. While specifics on its powertrain haven't been released, the dashboard will boast an astonishing "MBUX Hyperscreen," a 56-inch wide curved display.

2022 GMC HUMMER EV: The first production vehicle to use GM's all-new Ultium battery, the GMC Hummer EV pickup has a range of more than 350 miles, and 625, 800 or 1,000 horsepower depending on whether you order one, two or three electric motors. Super Cruise is standard. Prices start at \$79,995.

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