

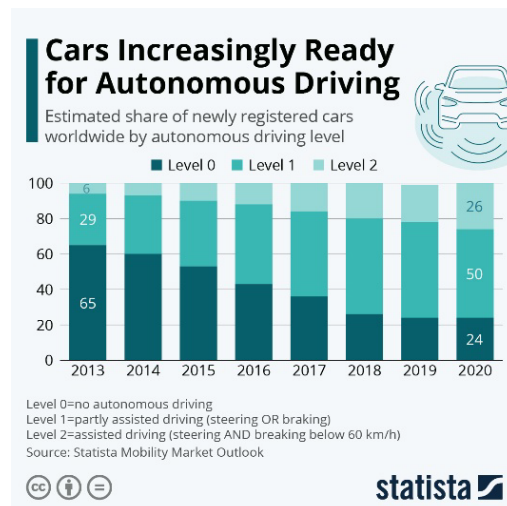
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As a keen driving enthusiast, the future of autos is a subject close to my heart. Put me behind the wheel on an open, winding, country road and I will soon be enjoying myself. But I'm also an autos analyst, and I'm the first to admit that my days enjoying the experience of driving are probably numbered.

The future of autos is all about autonomous driving and the massive repercussions this will have for the sector, consumers, infrastructure and the way that whole parts of the economy work. Fewer young people are getting their driving licenses than in previous decades, highlighting an ambivalence towards cars. Self-driving cars will likely see the concept of a driving license more likely to appear on Antiques Roadshow than Top Gear in time.



<https://www.statista.com/chart/25754/newly-registered-cars-by-autonomous-driving-level/>

Why am I so sure autonomous driving will even arrive, let alone become a global game-changer? One of my roles at Aegon AM is to research the latest technology news. When I look at the progress being made in areas of computing, wireless communication speed and reliability, costs per unit and accessibility of technology, it makes me believe that the technological hurdles will be overcome before long. Yes, there will be regulatory issues to navigate, and no, Tesla probably isn't helping by calling its system 'Autopilot' even as it crashes into parked police cars. But I am convinced that in time this is the way the world will go. In balance, it will be in our interest – a robust autonomous system will be far safer than inherently fragile, tired, distracted, and over-excited human drivers. As a result, the pay-off in terms of reduced accidents for society will be significant.



So, what are the repercussions? Almost certainly there are too many, and too wide-ranging for me to fully comprehend now, but here's a few that spring to mind:

Car layout

The physical layout of cars will change. Gone is the need for a steering wheel and gone is the need for the current default 2+3 layout of seats. Instead, there will be more scope for living-room style seating arrangements, complete with screens to interact with the outside world. It's no coincidence that one of the companies most advanced in autonomous driving is Waymo, the sister company to Google. The data that they can glean from knowing where you are going, how you're getting there, where you're passing, who you're going with and how long you are going to be encapsulated in this space, is manna from heaven for a company that deals in targeted advertising.

Ownership

The whole ownership/rental/on-demand model will be upended. According to Forbes, currently cars spend 96% of their time sitting doing nothing in driveways and parking bays, in one of the least efficient uses of capital that I can think of. A car that can be called to pick you up at a click of your phone, to know the best route, to then drive off to a local storage/cleaning/service/charging facility sounds far more efficient in terms of overall vehicle use, but also in terms of the financial outlay for any individual consumer.

Cities

Cities change. Think of the amount of space that is currently given over to parking, whether in driveways, at the side of the street, or in parking bays. This can be freed up, making more room for pedestrians and cyclists on roads, and allowing other space to be re-purposed.

Roads and routes

Roads and routes change. Autonomous cars would know the best route to take at any given minute, avoiding hold-ups as much as possible. They would know where a bumpy, pot-holed road can be avoided for a smoother alternative, and be able to time journeys for when roads are quietest (think of the ability to sleep in a bed-car for a long overnight trip). Whether that means less overall traffic is difficult to say – maybe it helps drive some broader trends that mean traffic is spread across a wider range of hours. The whole concept of public transport probably needs to be re-imagined too – still obviously a major positive in reducing the number of vehicles on the road at any one time, but maybe there are better options in terms of fares/charges, convenience, and the cost to the public purse than large double-decker buses like we have today.

Branding

The whole concept of branding in the auto industry is upended. Which are the most iconic brands in the world? I'm not sure that many of the auto companies would be at the top of that list. However, substitute the picture of turning up to your prom night, date night, or awards ceremony in a nice Mercedes, for arriving in the latest Louis Vuitton set of wheels instead. Why not?

But what of the downsides? Well, clearly driving jobs are at risk. Chauffeurs, lorry drivers, bus drivers, taxi drivers etc. are all potentially in danger of losing their jobs. Technology has already reshaped many labour markets, and it's likely that these jobs are in for significant upheaval. Likewise for one of my favourite sports: how can a racing driver like Lewis Hamilton even get started in a world where driving isn't really a thing anymore? Maybe his joint-top record of seven world titles (at the time of writing) really will never be beaten. Or maybe he will easily be surpassed in time by Waymo's fastest self-driven car.

Note: Aegon AM hold positions in Google and Tesla.

Source for Forbes Statistic: <https://www.forbes.com/sites/carltonreid/2021/07/08/englands-wider-than-ever-cars-parked-23-hours-a-day-finds-motoring-body/?sh=74de6b2d1fb9>

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