

## Infotainment

# Is Google's takeover of the cockpit stalling?

### 10-minute Insight

Google's launch of Android Automotive in 2018 was promptly followed by media predictions that car makers would be forced to give up on their own infotainment strategies and give Google the keys to the kingdom.

After early traction in the industry, recent announcements suggest Google may be facing resistance: some OEMs are re-thinking their strategies, some regulators may restrict Google's license model, and Google itself may be diverting resources away from in-car infotainment to defend its core business.

**This insight explores Google's changing fortunes within the automotive industry and analyses how the ecosystem could evolve in the absence of a full-scale 'Google Takeover'.**

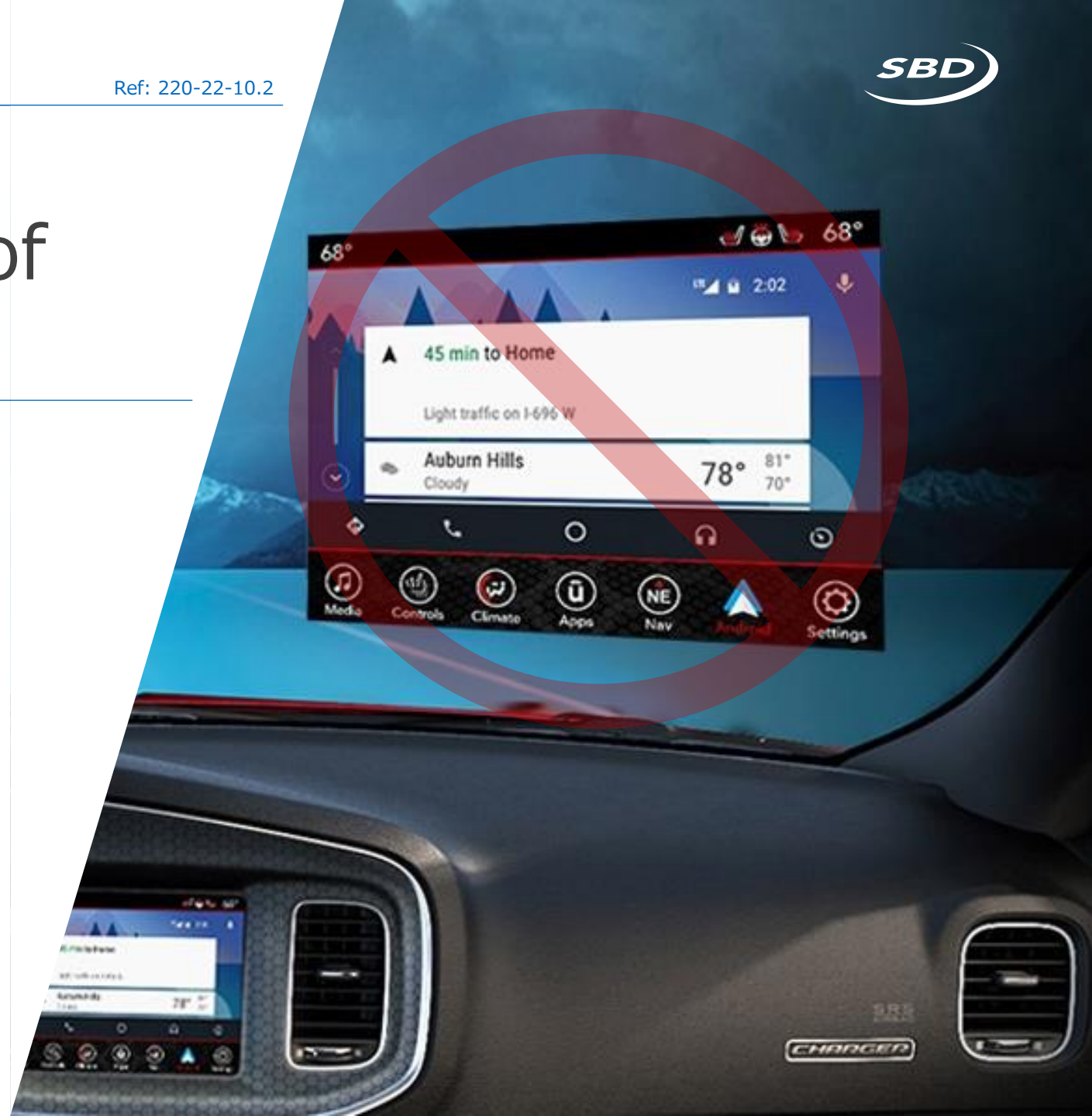
#### Target audience

Product Planning Strategy

Procurement

#### Focus market(s)

Europe USA



# What is happening?

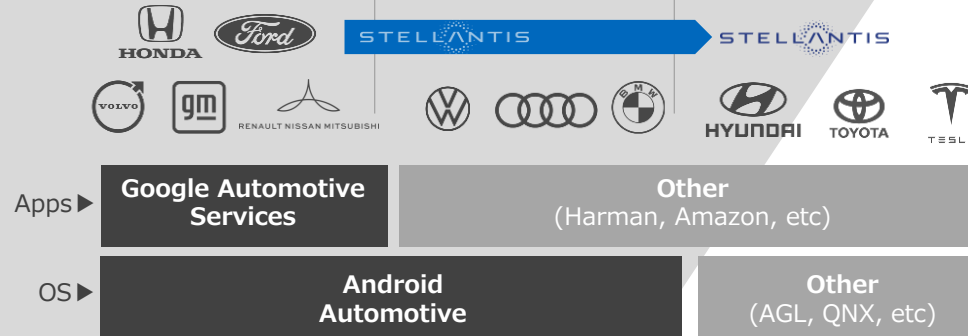
Three downward pressures on Google's infotainment growth potential:

## 1. OEMs re-thinking

### Stellantis Won't Use Android Automotive Software Like General Motors

OCT 23, 2022 8:04 AM ET / BY KARL FURLONG IN TECHNOLOGY / 10 COMMENTS

Is Google's domination of digital dashboards over before it truly began?



We haven't spoken about which operating system we will use, but the likelihood is it will [not be] Android-based.

Ned Curic  
Chief Technology Officer, Stellantis

## 2. Google re-prioritizing

### Google is reportedly shifting its focus to hardware at Assistant's expense

The company is supposedly protecting against threats from Apple and regulators.

The company [Google] is said to be investing less in Assistant for cars and third-party hardware in general.

## 3. Regulators investigating

### Google Maps restrictions trigger competition scrutiny in Germany

Natasha Lomas @riptari / 10:37 AM GMT+1 • June 21, 2022

We will also look into the licensing terms and conditions for the use of Google's map services in vehicles.

Andreas Mundt  
President of the Federal Cartel Office

## Key takeaway

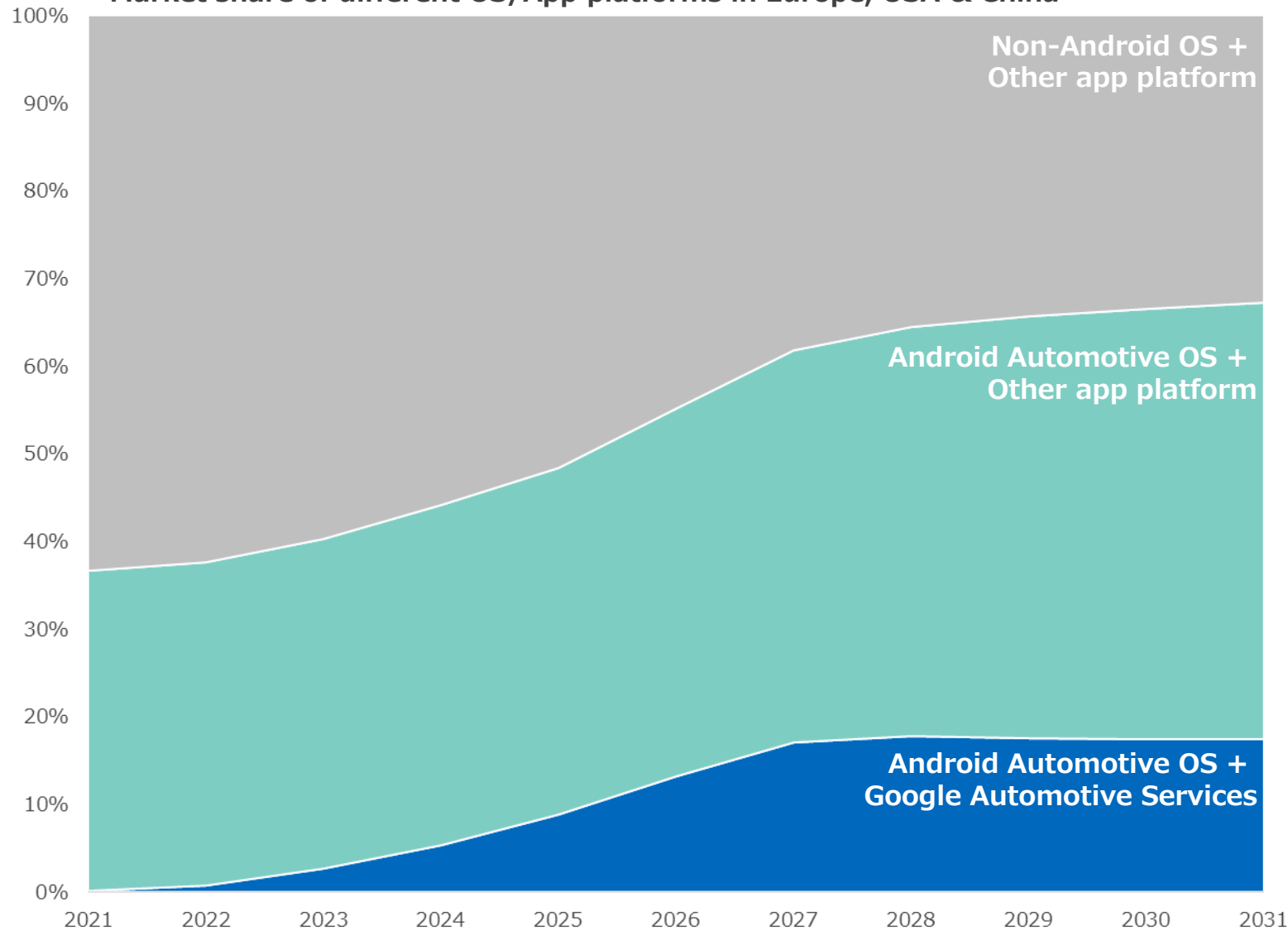
Since Google's entrance into the automotive industry, it has become a powerful disruptor to OEM infotainment strategies. But now Google's automotive ambitions are facing various headwinds.

- After a string of early adopter announcements from OEMs like Volvo, Renault GM and Ford, the # of new OEMs announcements have slowed down.
- Stellantis, which was one of the first OEMs to demonstrate Android Automotive, has [recently announced](#) plans to distance itself from Google. BMW joined a growing number of OEMs adopting Android Automotive, but opting to develop their own app eco-system.
- In parallel to this, [regulators have been investigating](#) whether GAS breaks any anti-monopoly laws, and internally Google's executives are believed to be [re-focusing away](#) from automotive to protect core business.

# Why does it matter?



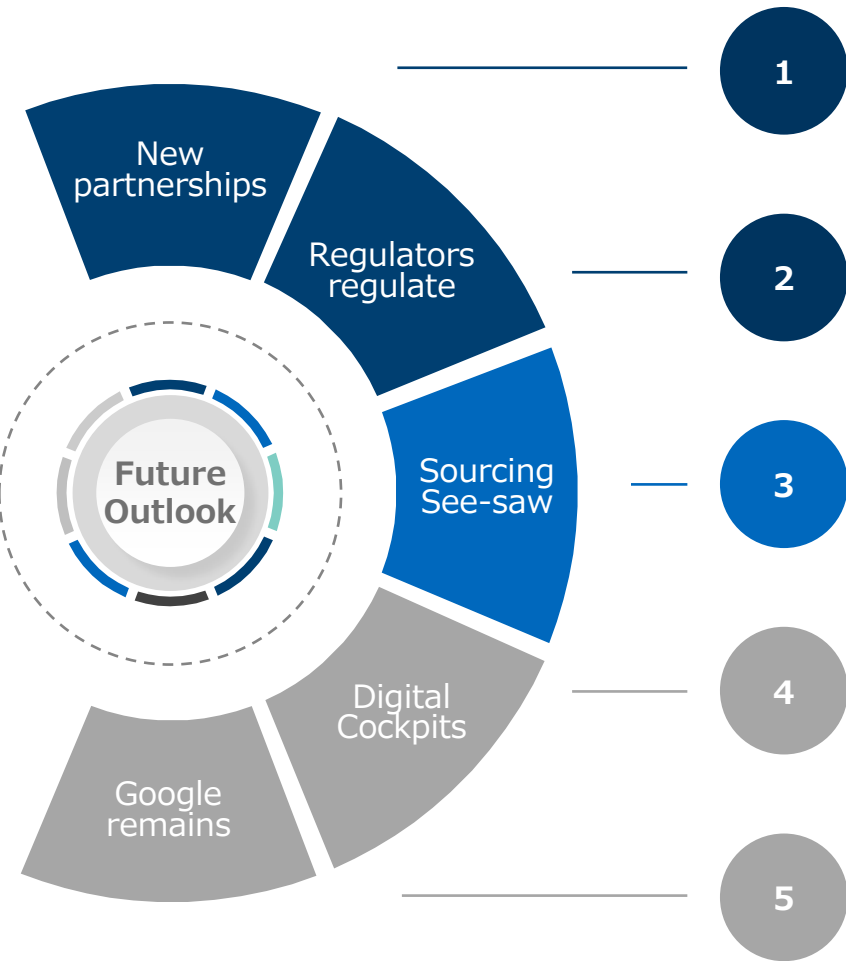
Market share of different OS/App platforms in Europe, USA & China



## Key takeaway

**Google Automotive Services is still one of the most competitive solutions in the Infotainment market – but it is no longer perceived to be the inevitable long-term leader.**

- Android Automotive still attracts the largest developer community. Google Maps still offers the most appealing user experience. Google Assistant is still the most responsive VPA.
- Early-adopters like Polestar rave about how GAS has allowed them to focus their innovation resources towards new experiences.
- But cracks are emerging in Google’s dominance: a lack of support for China, continued concerns over data and UX control as well as regulatory pressure has created an opening for alternative solutions and players.
- Every one of these cracks presents an opportunity for established or new players in the market to carve out a stronger niche.



1 Flurry of new infotainment-related partnerships expected, including with other tech giants like Amazon and Apple

2 Regulators likely to make it harder for tech giants like Google to package together multiple apps or functions (e.g. search + routing) under a single license agreement

3 OEMs are likely to continue seeking out 'best-in-breed' partners for individual parts of the infotainment experience, switching where necessary

4 Google may respond to CarPlay 2 by further expanding the functionality of Android Automotive & GAS to fully integrate it into the longer-term 'Digital Cockpit'

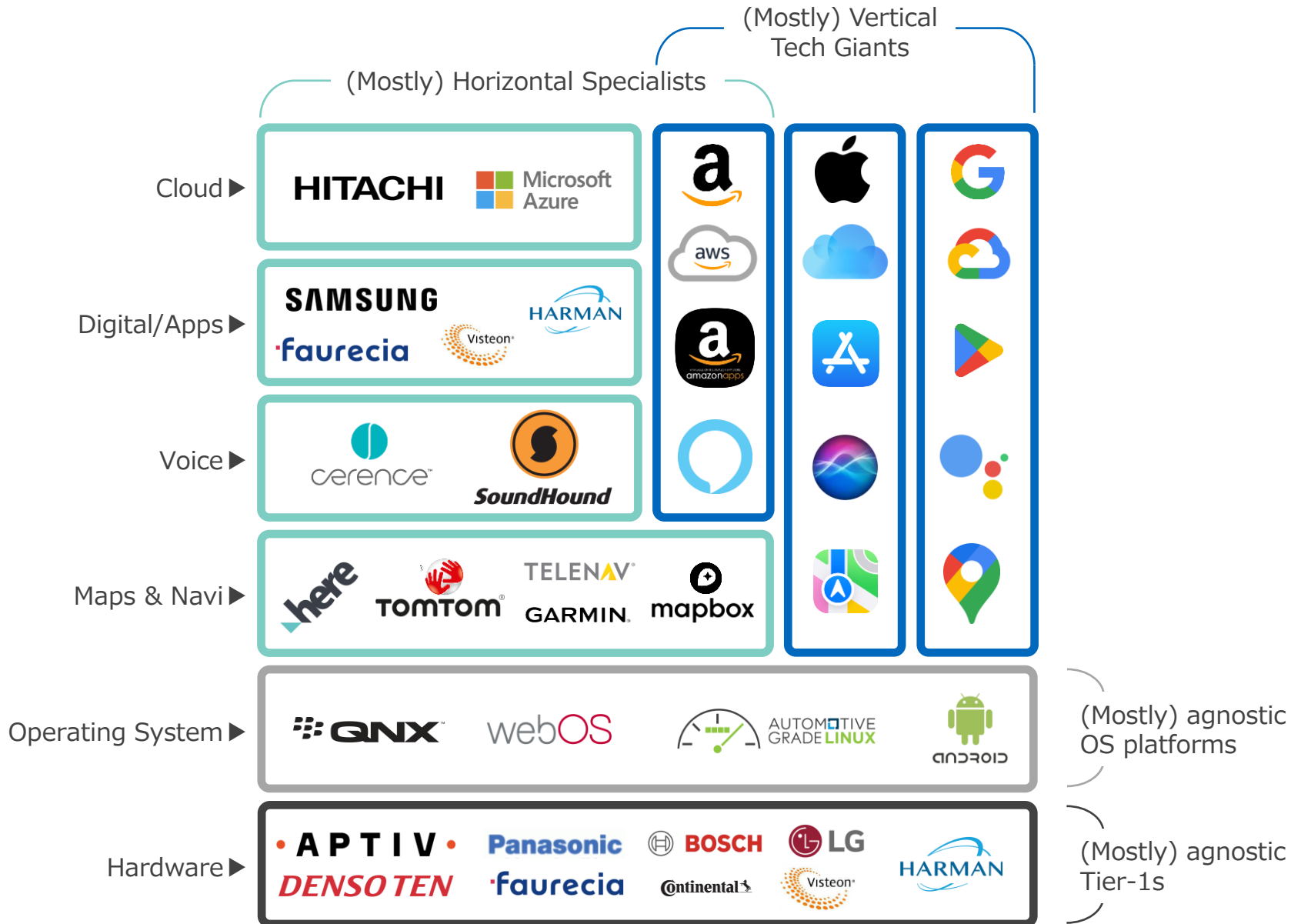
5 Google expected to retain a significant part of the infotainment market, particularly among mainstream brands that are able to find alternative ways to differentiate

## Key takeaway

**Expect continued mixed signals from the market, with sales volumes from existing GAS clients growing rapidly in the coming years while other OEMs announce new (and sometimes unexpected) partnerships.**

- The rapid consolidation that many expected after the introduction of Android Automotive/GAS is unlikely to materialize, as most premium OEMs aim to retain control and mainstream OEMs are increasingly able to choose from a broader set of infotainment partners.
- Google isn't going away any time soon – their strength in the smartphone market and heavy investment in mobility/autonomy makes it likely they will continue to play a strong role within the automotive sector.
- However, a full-scale 'Google Takeover' of the infotainment space is now less likely.

# Who to watch out for?



## Key takeaway

**SBD forecasts** that Google Automotive Services penetration rate will approach 20% over the next 5 years. That would leave over 80% of the market open – where else will OEMs turn to?

- Amazon and Apple have both ramped-up their outreach to OEM infotainment teams over the last 12 months, although each with a very different philosophy (Amazon offers flexibility and agility, while Apple offers simplicity and intuitiveness).
- Beyond the tech giants, OEMs can also piece together horizontal players that specialize within each part of the stack – an approach being taken by various OEMs who are looking to retain greater control over their supply chain and architectures.
- The eco-system continues to evolve rapidly, however, with horizontal players seeking ways to partner vertically, and vertical players looking for ways to offer flexibility.



# How should you react?



# 1

## Purpose

Google is sometimes vilified within the industry as cannibalizing OEM business. In reality, however, OEMs like Polestar have discovered that partnering with Google can be highly beneficial if the **purpose** is to free up resources to 'Innovate around Google'.

# 2

## Pressure

Google is already under pressure from regulators to unbundle its offering, and car makers that are open to partnering with Google may find that now is an ideal time to push for a more flexible app-specific licensing model.

# 3

## Agility

For the rest of the supply chain, it has never been more important to retain agility and ensure both horizontal and vertical compatibility with a spectrum of other players (including sometimes competitors).

## Authors



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## Interested in finding out more?

Most of our work is helping clients go deeper into new challenges and opportunities through custom projects. If you would like to discuss recent projects we've completed relating to **Infotainment strategies**, please [contact us](#).