

The new standard in the automotive industry: Innovating sustainability

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Brand-intelligence firm, Ornico, has noticed a shifting trend in the focus of the motor industry - and it's the colour green.

Once upon a time (before the Great Recession), innovation was a value embraced by brands prepared to push the envelope and take risks. The old adage, "greater risks mean greater returns," was gospel. But at that time, market forces spared the ordinary brands that played it safe and coloured within the lines, because innovation was "nice-to-have." This has changed. Present-day business processes dictate that innovation has to be central to all brand development initiatives for businesses to succeed.

In the past, innovation came about to fill a vacuum. Pioneering brands would invest in new methods and alternative solutions to address a problem at hand. Nowadays, solving problems is but a fraction of its effective application.

Innovation now frames the way of thinking, the production process, sales and marketing and monitoring and evaluation for any intelligent brand. It is crucial from strategy, to implementation, feedback and right back to strategy - innovation is now a pre-requisite for success. But what does this mean for the automotive industry?

Environmental branding

The global conversation over the last three decades has increasingly included environmental sustainability. The first consensus on climate change from the World Conference on the Changing Atmosphere, which was held in Toronto, in June 1988, declared that pollution was the major cause of a global environmental threat. A resolution was passed that the amount of atmospheric pollutants be decreased by 2005.

In the last decade the conversation on sustainability has gained momentum, with consumers adopting environmentally conscious lifestyles. Brands in pursuit of consumers have had to keep abreast, changing not only their products and services but also their internal environment too.

In the wake of this consciousness, from both the consumer and business landscapes, the automotive industry has come to the party. Being one sector that contributes to carbon emissions, the industry's responsibility to join in and offset emissions is huge. For automotive brands, the idea of taking this responsibility and addressing it began as an innovative measure to differentiate and show technological prowess.

Now, as innovation is a pre-requisite for successful businesses, and the conversation on environmental sustainability is a global issue, innovating sustainability has become a new standard for the automotive industry.

Automotive industry goes green

Engine technology has been central in the transformation of the automotive industry. Brands are spending more resources on research and development in this regard. Although the electric car became the flagship "green" car, the rise of the hybrid has been unparalleled, winning favour with consumers and businesses in developed markets. In the last few years, more auto makers have introduced more electric cars to the market, bringing with them concerns of public charging facilities, as well as electricity consumption itself.

The hybrid engine, however, took the world by storm with Toyota being the most reputable hybrid auto maker worldwide, thanks to the Prius. The attention in engine technology now resides with the marriage of internal combustion and battery

technology, focusing on fuel economy, longevity and decreased emissions.

There are other avenues that auto makers have explored in the production of the "green" car. Various elements of design have been researched to create more efficient vehicles. Such design considerations - like low-mass/high-strength materials used in car bodies, and vehicle aerodynamics - are now as important as low-emission engines.

Materials like aluminium are preferred as these render the engine's load much lighter than steel bodies do. For example, Jaguar's recently launched F-Type features an aluminium body, meaning the vehicle can travel at faster speeds at relatively lower fuel consumption.

Vehicle aerodynamics takes into account the shape of the vehicle's body against air resistance when in motion. These considerations improve fuel economy, and consequently gas emissions. With this in mind, the definition of "green" in the category has thus become wider, with a broader "play area" within which automakers can innovate.

Environmental consciousness gains traction

The evolution of the automotive industry to incorporate environmental consciousness has attracted involvement from other stakeholders. Joining in the discussion on sustainability are governments, looking to enforce energy and environmental policies.

In 2011, 13 automotive giants, including Jaguar/Land Rover, Hyundai, Nissan and Honda, committed to the United States (US) government to an improvement in fuel economy. The US Environmental Protection Agency states that the commitment is to design engines with better fuel efficiency of up to 54,5 miles per gallon (23,17 km/litre). In economic terms, that would mean a decrease in oil consumption in the US of up to "2,2 million barrels of oil per day," according to the American Stock Exchange, NASDAQ.

From 2009, the Japanese government introduced subsidies to incentivise the purchase of fuel-efficient vehicles to assist an economy where demand for "green" vehicles was dwindling. The subsidies also applied to trade-ins of old cars for more fuel-efficient vehicles.

With developing countries like Argentina, India, Kenya and recently South Africa having hosted the United Nations (UN) Climate Change Conference, sustainability is growing in developing countries too. In South Africa, a total of 204 hybrids were sold in 2006, 627 in 2011 and 410 in the first half of 2012.

South Africa's Department of Trade and Industry announced that local car manufacturing plants that produce over 5000 electric cars (e-cars) would be incentivised. A reimbursement of 35 percent of production costs would be paid back to those brands by the government over three years. This should spur automotive companies to continue exploring fuel efficiency and manufacture more e-cars in the future.

Government intervention is set to continue in this sector in order to ensure the growth in production of environmentally sustainable vehicles.

"Green" is not a buzzword for the automotive industry anymore, but a standard to which all must adhere. Once a trend, sustainability has now become an integral part of the standards that define the automotive industry.

That's the thing with trends - their staying power gets ingrained in industries and contributes to their very being. So brands that continue to bury their heads in the sand, hoping "green" is a passing phase, will sadly emerge to realise that they have lost market share, or worse, become obsolete.

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