



## Normalizing uncertainty in the auto supply chain

Deloitte Commentary: Q4 2025 MEMA OE Automotive Supplier Barometer

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The North American automotive industry is navigating a period of transformation. From shifting consumer preferences and electrification headwinds to supply chain volatility and evolving regulatory landscapes, suppliers face both risks and new opportunities.

Consumer priorities are evolving rapidly, with an increased demand for value, transparency, and trust as vehicle prices remain elevated.<sup>1</sup> According to [Deloitte's 2026 Global Automotive Consumer Study](#), consumers also continue to rank product quality, vehicle performance, price, and features as top factors influencing brand choice. The purchase experience is also shifting, with transparency in pricing and in-person interactions remaining paramount, even as digital channels and social media continue to gain traction.<sup>2</sup>

The pace of global electric vehicle adoption is getting increasingly uneven.<sup>3</sup> EV demand is highly variable across regions: battery electric vehicles

(BEVs) attract the most interest where model availability, infrastructure and affordability align, while hybrids are gaining ground as a pragmatic compromise.<sup>4</sup> In North America, EV sales face significant headwinds, including consumer concerns over price, range, and charging access.<sup>5</sup> As a result, U.S. light vehicle sales are forecast to reach 16.1 million units in 2026, with BEVs representing just 8.7% of overall demand.<sup>6</sup> Slowing EV momentum has also left suppliers with stranded capital as OEMs continue to pivot away from aggressive electrification strategies.<sup>7</sup>

Digital features and software-defined vehicles (SDVs) appear to be reshaping consumer expectations. Over-the-air (OTA) updates are extending vehicle lifespans and improving ownership experiences. Half of consumers surveyed for the Deloitte study indicated they would keep their current vehicle longer if it was able to accept OTAs. Moreover, 43% of these

people said they would keep their vehicle for an additional 3 years or more, potentially pushing demand further out in the forecast window.<sup>8</sup>

Light vehicle production has been stabilizing in the wake of pandemic-related shocks, but risks remain. Ongoing chip shortages<sup>9</sup> and regulatory uncertainty have contributed to production declines across all three North American markets.<sup>10</sup> Overall, three percent fewer light vehicles were produced in North America in 2025 compared to the prior year.<sup>11</sup>

Some suppliers are responding to potentially destabilizing market forces by prioritizing supply chain visibility and resilience. However, only 23% of companies responding to the [2025 Q4 MEMA Barometer Survey](#) report full supply chain visibility; most rely on manual processes and face challenges with sub-tier supplier participation and data integration.

In the wake of tariff uncertainty, some OEMs and suppliers are also beginning to activate plans to localize more of their manufacturing footprints in the U.S., but cost and timing may represent challenges.<sup>12</sup> According to a December 2025 forecast, U.S. share of North American light vehicle production is expected to rise from 66% in 2025 to 69% in 2030.<sup>13</sup>

Most suppliers responding to the MEMA survey report incremental improvements in carbon reduction and renewable energy adoption. However, cost pressures, unclear requirements, a lack of unified standards, and resource constraints continue to impede broader adoption. While sustainability remains a priority, some survey respondents indicated it often takes a back seat to near-term cost reduction initiatives.

A shift to regional supply chains offers an opportunity to improve sustainability performance while managing risk of manufacturing operations against the backdrop of geopolitical uncertainty. Suppliers are also increasing dual sourcing efforts, investing in automation and AI, and diversifying into adjacent industrial sectors.

MEMA survey results also point to a marked increase in the percentage of suppliers that report rising levels of distress across their global supply base. In fact, nearly two-thirds of MEMA members responding to the quarterly survey said there was a slight/significant increase in supplier distress, compared to only 33% a year ago.

In light of these trends, automotive suppliers can consider the following actions:

#### **Build supply chain resilience and visibility**

Invest in digital tools and data integration to improve supply chain transparency and agility. Dual sourcing strategies can help manage potential risk from ongoing changes. Close collaboration with OEM customers and sub-tier suppliers can also be important to confirm accurate demand forecasting and proactive, real-time risk management.

#### **Considerations to align with evolving priorities**

Monitor OEM product strategy shifts, especially the pivot away from BEVs. Adapt product portfolios and capabilities accordingly. M&A can be a lever to align product portfolios or create value through vertical integration and/or product category expansion. Focus on delivering value, quality, and transparency to help meet rising consumer expectations, especially as affordability concerns may limit price increases.

#### **Use localization efforts to modernize manufacturing operations**

Expand localization and onshoring efforts to mitigate tariff exposure and improve supply chain resilience, while balancing cost and capacity constraints. Explore smart manufacturing, enhanced robotics, and physical AI solutions to reduce manufacturing cost and complexity in new or retooled facilities.

Suppliers that invest in resilience, align with shifting priorities, and deploy new manufacturing technologies could be well positioned to thrive in this dynamic environment.

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## Endnotes

<sup>1</sup> Lisa Walker, [The value-seeking consumer is reshaping auto demand](#), Deloitte, November 6, 2025.

<sup>2</sup> 2026 Global Automotive Consumer Study, Deloitte, January 7, 2026.

<sup>3</sup> Ed Pierce, [U.S. EV sales show uneven growth as IEA declares global transition 'on track'](#), Fleet Management Weekly, August 27, 2025.

<sup>4</sup> 2026 Global Automotive Consumer Study, Deloitte, January 7, 2026.

<sup>5</sup> *ibid.*

<sup>6</sup> GlobalData 2025 Q4 Light Vehicle Sales Forecast.

<sup>7</sup> Ilkhan Ozsevim, [GM takes \\$6bn blow, lays off 1,200 workers as battery ambitions meet reality](#), AMS, January 9, 2026.

<sup>8</sup> 2026 Global Automotive Consumer Study, Deloitte, January 7, 2026.

<sup>9</sup> Michael Wayland, [A 'war room' mentality: How auto giants are battling the Nexperia chip crunch](#), CNBC, October 30, 2025.

<sup>10</sup> Daniel Harrison, [Automotive logistics and supply chains Q4 2025: Cost pressures, tariff uncertainty and supply chain disruption continues to plague the industry](#), Automotive Logistics, November, 13, 2025.

<sup>11</sup> GlobalData North American Light Vehicle Production Forecast, December 2025.

<sup>12</sup> Lindsay VanHulle, GM moving production of Buick compact crossover to U.S. from China in 2028, Automotive News, January 22, 2026.

<sup>13</sup> GlobalData North American Light Vehicle Production Forecast, December 2025.

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