Mobility Global

WHITEPAPER | FEBRUARY 2026

The next phase of automotive megatrends:

What's changing for North American automakers in 2026 and beyond

Chapters

Executive Summary

North American automakers are navigating a pivotal moment. The familiar megatrends—electrification, regionalization, the rise of Chinese competitors, technological transformation, and supply chain resilience—are evolving in ways that demand new strategies and sharper focus.

In 2026, the industry faces unique pressures: regulatory uncertainty, affordability challenges, shifting consumer expectations, and intensifying global competition. This whitepaper explores how these megatrends are changing for North American OEMs, what's driving their transformation, and how industry leaders can adapt to thrive in a dynamic and fragmented market.

1 Electrification: Beyond early adoption in North America

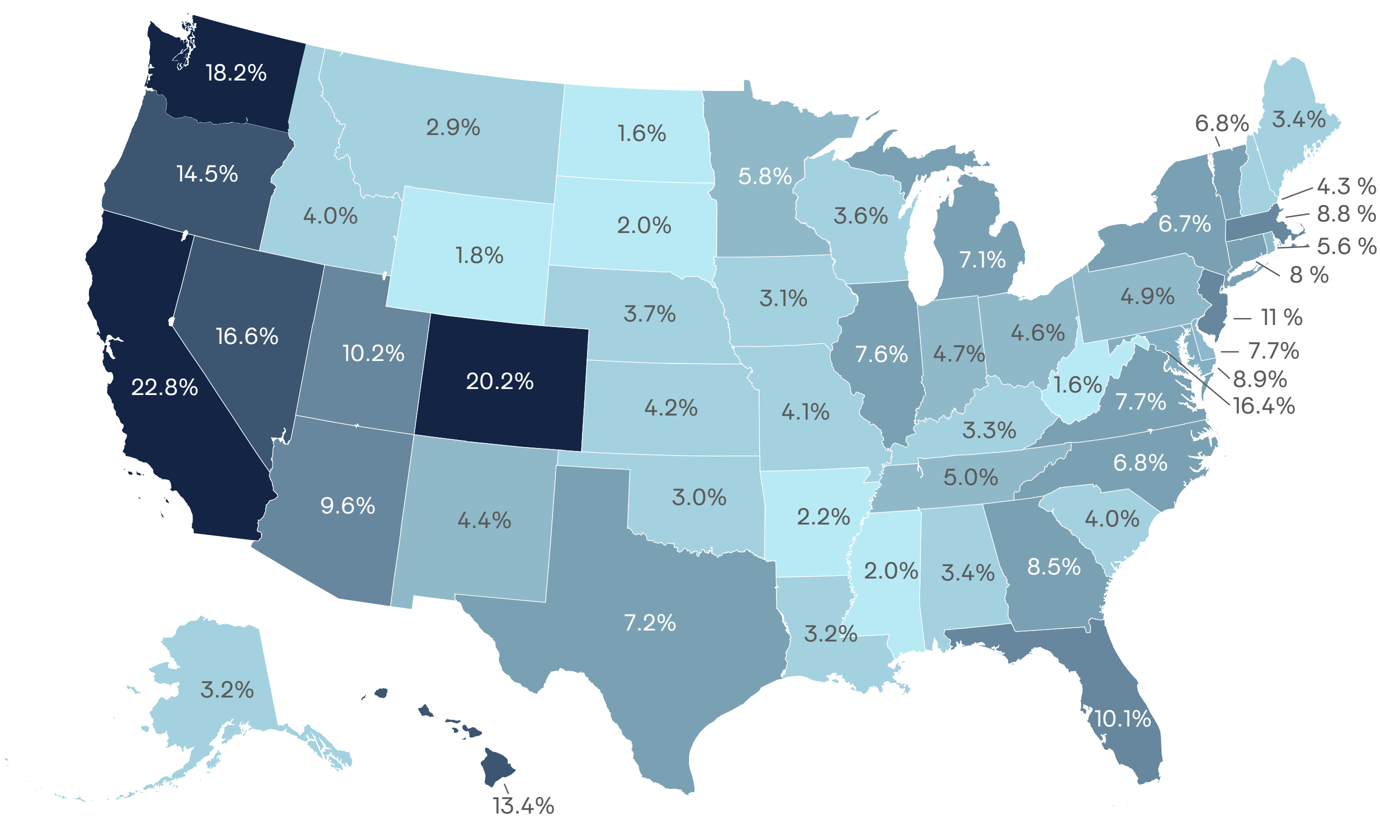
The journey so far

Electrification has been a visible strategic priority for North American automakers in recent years, yet the journey has been anything but straightforward, especially in the US. While some states and Canadian provinces have offered strong incentives and set ambitious targets, the federal policy landscape has been mixed, with incentives and mandates shifting with political cycles.

For most US consumers, affordability, charging infrastructure, and range anxiety remain significant barriers to adoption. As a result, BEVs and PHEVs have seen steady but regionally concentrated growth, with hybrids re-emerging as a practical bridge in many markets.

The path forward is increasingly complex, as automakers must balance competing regulatory interests, evolving consumer sentiment, and the realities of a fragmented infrastructure landscape.

US battery electric vehicle sales, 2025 (% of retail total)



What's Changing

Hybrid renaissance

As BEV adoption plateaus, hybrids are experiencing a resurgence. For many North American consumers, hybrids offer a practical solution to range anxiety and charging infrastructure gaps. OEMs are expanding hybrid options, leveraging their technology to meet emissions targets while keeping vehicles accessible for mainstream buyers.

From policy-driven to organic demand

With federal and state incentives being scaled back, automakers must pivot from relying on policy-driven demand to cultivating organic consumer interest. This means focusing on the total cost of ownership, reliability, and ease of use—key factors for North American buyers who may be hesitant to embrace full electrification.

Regional complexity

Electrification is not progressing uniformly across North America. States like California and provinces in Canada are pushing aggressive EV mandates, while other regions remain more cautious. Mexico faces even greater affordability and infrastructure challenges, resulting in slower electrification uptake. OEMs must tailor strategies to reflect these diverse market realities.

What to watch

- The impact of restrictive US federal tax credit eligibility and ongoing changes to Canadian/ZEV mandates.
- Major utility/charging network investments.
- Consumer sentiment data (e.g., EV trust, range anxiety).

Actionable takeaways for North American automakers

- Expand hybrid offerings: Invest in hybrid and plug-in hybrid models to capture consumers not yet ready for BEVs.
- Educate and engage: Address consumer concerns about charging, range, and reliability through transparent communication and partnerships with infrastructure providers.
- Monitor state-level policy: Stay agile and responsive to evolving regulations, particularly in states/provinces with aggressive EV mandates.

Strategic checklist

- Align model launches with state/province demand and infrastructure readiness.
- Expand hybrid offerings for regions with slower BEV adoption.
- Build consumer education campaigns around charging stranding and total cost of ownership.
- Partner with utilities and charging providers in key markets.

FEATURED SOLUTION

Powertrain Scenario Forecast

If you're shaping powertrain strategy, you need more than a single-point forecast. The Powertrain Scenario Forecast delivers monthly, scenario-based insight across ICE, hybrid, and EV propulsion, so you can anticipate disruption, quantify risk, and align decisions with confidence. Download a sample to see how sharper scenarios drive smarter strategy.

DOWNLOAD DATA SAMPLE →

FEATURED SOLUTION

E-Mobility Technology Module

Built for product planners, product marketers, and strategy leaders, this sales-based EV forecast reveals BEV, PHEV, and REEV adoption trends, competitor moves, and feature direction. Download a sample to see how deeper insight strengthens your next vehicle plan or investment decision.

DOWNLOAD DATA SAMPLE →

2 Chinese OEMs: A new competitive reality in North America

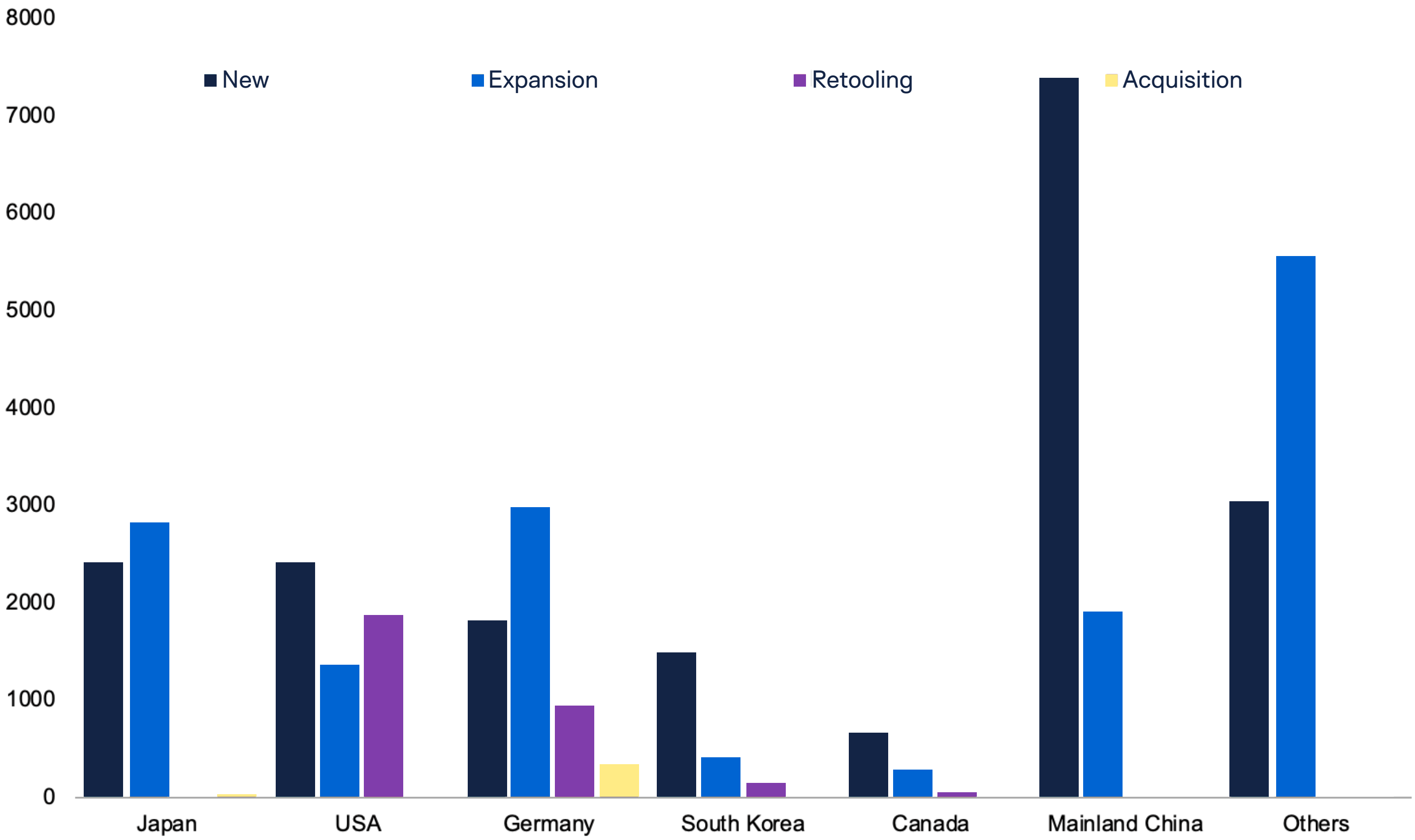
The journey so far

Chinese automotive brands have accelerated their global ambitions in recent years, with a sharp focus on electric and hybrid vehicles. In North America, however, their direct market presence in the US and Canada remains minimal due to persistent tariffs, regulatory barriers, and consumer skepticism.

Instead, Chinese OEMs have concentrated their expansion efforts in Mexico and Latin America, where entry hurdles are lower and partnerships more accessible. This indirect approach is beginning to influence the competitive dynamics across the continent, as North American automakers monitor technology advancements, aggressive pricing strategies, and potential supply chain impacts.

The landscape is evolving quickly, prompting OEMs to stay vigilant and adapt to both direct and indirect competitive pressures from Chinese brands. For example, Mexico has implemented tariffs on Chinese-made products while Canada has recently announced reduced tariffs on Chinese-made EVs.

FDI in Mexico by country of origin, Q3 2021 – Q4 2025 (million USD)



As of February 2026.
Source: Cluster Industrial
Note: This data is known investment amounts only, there are additional documented investments whose numbers have not been disclosed
© 2026 Mobility Global.

What's Changing

Indirect competition and global supply chains

Chinese OEMs are exporting vehicles to Mexico and leveraging partnerships to access North American markets indirectly. Their presence in Mexico is growing, and some are exploring local assembly to bypass tariffs. This strategy could reshape the competitive dynamics in the region, particularly if regulatory barriers are eased in the future.

Tech-premium positioning

Chinese brands are setting new benchmarks for technology, connectivity, and energy efficiency. North American consumers are increasingly aware of Chinese innovations via global media and the presence of Chinese tech in other industries. OEMs must keep pace with rapid advancements in battery technology, autonomous driving, and digital ecosystems.

Partnerships and alliances

Chinese companies are actively seeking joint ventures and partnerships with North American suppliers and tech firms. These collaborations can accelerate innovation and provide access to new technologies and markets.

What to watch

- USMCA regulatory updates in 2026. For example, expect new USMCA to increase regional content requirements and have provisions to exclude China components and JV access.
- Chinese automaker announcements in Mexico or US border states.
- Consumer reviews and media coverage of Chinese vehicles. For example, Ontario Premier Doug Ford recently called for a boycott of Chinese vehicles; the US auto dealer association has also called for a direct ban on Chinese vehicle sales.

Actionable takeaways for North American automakers

- Benchmark against Chinese innovation: Track advancements in battery, connectivity, and autonomous technology to stay competitive.
- Strengthen supply chain security: Monitor indirect market entry and prepare for potential shifts in competition.
- Explore strategic partnerships: Collaborate with global tech leaders to accelerate product development and digital transformation.

Strategic checklist

- Benchmark tech features, pricing, and value propositions of leading Chinese EVs.
- Monitor Mexican market for Chinese OEM expansion and potential NAFTA/USMCA implications.
- Assess supply chain exposure to Chinese components.
- Prepare rapid response playbooks for pricing, tech upgrades, and marketing.

FEATURED SOLUTION

Scenario Planning Advisory Services

With five focus pillars across regulation, pricing, OEM strategies, trade/ tariffs and consumer willingness to pay, our advisory services offer the best insights and analysis tailored to your unique needs. Our hands-on approach gives you an honest assessment of your margins and how you can pull ahead in the race for new business.

CONTACT US TODAY →

Regionalization vs. globalization: North America's strategic shift

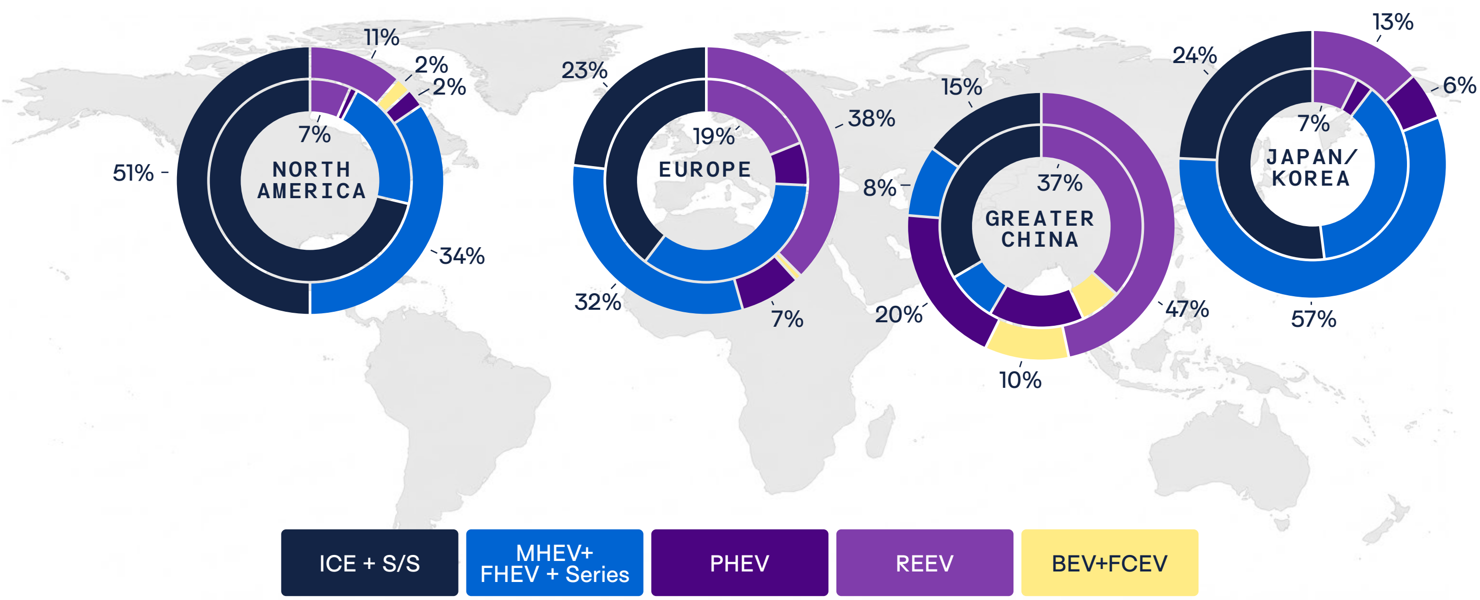
The journey so far

For decades, North American automakers have sought to maximize global efficiencies through shared platforms, supply chains, and technology investments, while still tailoring products to meet regional market demands. Recently, however, the balance has shifted as regionalization gains momentum.

Tariffs, evolving trade agreements like USMCA, and increasingly divergent federal, state, and provincial regulations are prompting automakers to rethink sourcing strategies, manufacturing footprints, and even product design. This trend is especially pronounced in the wake of recent supply chain disruptions and geopolitical uncertainties, which have exposed the risks of over-reliance on global networks.

As a result, OEMs are investing more heavily in local production, supplier relationships, and compliance teams to ensure agility and resilience. Navigating this complex and fragmented regulatory landscape is now a central challenge—and opportunity—for North American automotive leaders.

Global propulsion system design installation: 2026 (inner ring) vs. 2030 (outer ring)



Date compiled February 3, 2026.

BEV = battery-electric vehicle; FCEV = fuel-cell EV; REEV = range-extended EV; Series = series-hybrid EV; PHEV = plug-in hybrid EV; FHEV = full-hybrid EV; MHEV = mild-hybrid EV; ICE+S/S = internal combustion engine including stop/start.

Source: Mobility Global. January 2026 Powertrain Forecast.

What's Changing

Tariff-driven transformation

Recent tariff increases on imports from China and other regions are prompting OEMs to reconfigure supply chains and production footprints. Many automakers are investing in domestic manufacturing and sourcing, aiming to reduce exposure to trade shocks and protect margins.

Regulatory divergence

North America is experiencing regulatory fragmentation, with federal, state, and provincial policies often moving in different directions. Emissions standards, EV incentives, and safety requirements vary widely, creating complexity for OEMs operating across the continent.

Localized innovation

Regional consumer preferences—such as demand for pickup trucks, SUVs, and affordable hybrids—are driving local R&D and product development. Automakers are customizing vehicles and features to meet the unique needs of US, Canadian, and Mexican buyers.

What to watch

- State/province ballot initiatives and legislative sessions.
- Trade negotiations and tariff adjustments.
- Local consumer preferences (segment, features, price points).

Actionable takeaways for North American automakers

- Invest in domestic capacity: Expand local manufacturing and sourcing to mitigate tariff risks and respond quickly to market shifts.
- Stay ahead of regulatory change: Develop agile compliance strategies for a patchwork regulatory environment.
- Tailor products for local markets: Customize vehicles and features to reflect regional preferences and regulatory requirements.

Strategic checklist

- Map all regulatory requirements by market for compliance and competitive advantage.
- Invest in flexible manufacturing to adapt to shifting demand and policy.
- Develop local supplier relationships to mitigate tariff and logistics risks.
- Customize product features for regional preferences (e.g., trucks/SUVs in the US, smaller EV in urban Canada).

FEATURED SOLUTION

Forecast Adjustment Simulation Tool (FAST)

Mobility Global gives planners an agile scenario planning tool to drive confident investments across demand, product, volume, and sales. FAST allows OEMs to calculate hundreds of millions of data points in seconds, adjust assumptions in real time, and compare outcomes across electrification, BEV adoption, demand and volume.

LEARN MORE →

4 Tech transformation: From hardware to ecosystem in North America

The journey so far

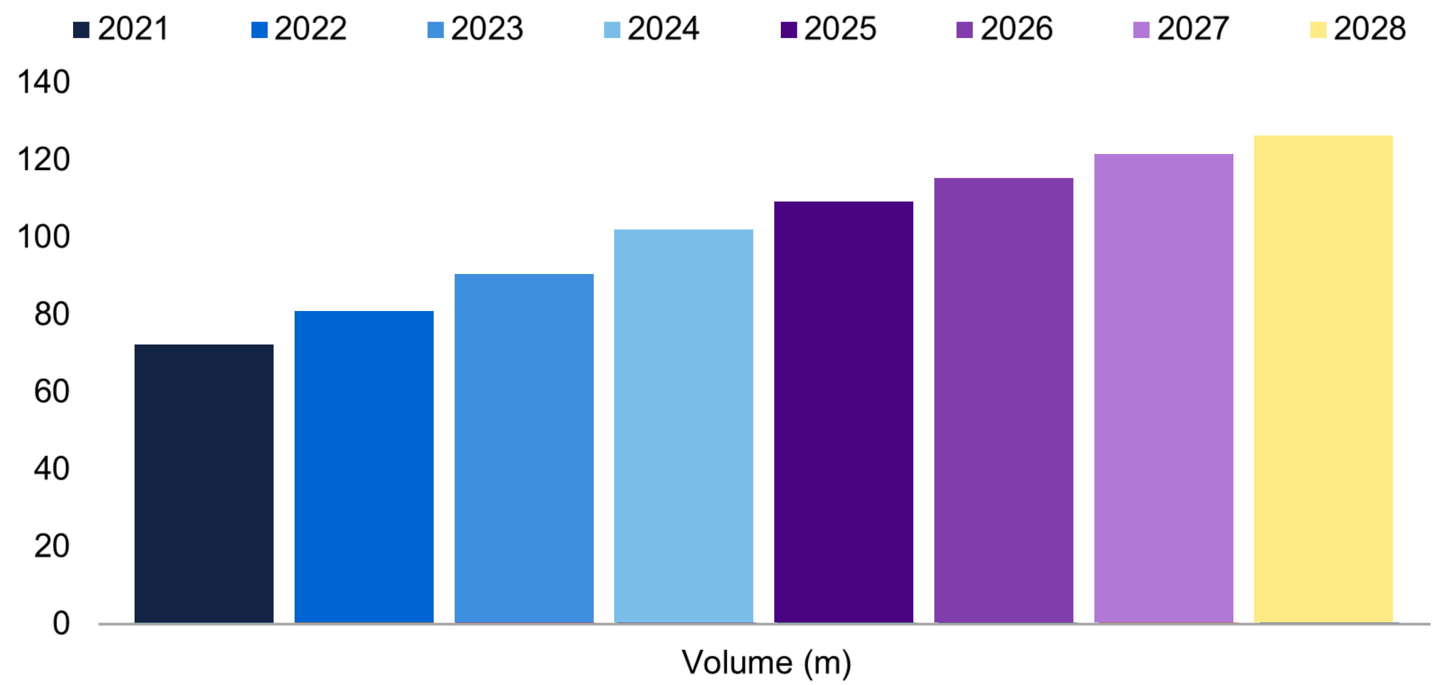
Technology has long been a critical differentiator for North American automakers, with innovation in engine performance, safety, and manufacturing driving competitive advantage. Today, however, the locus of innovation is shifting from hardware alone to the creation of integrated digital ecosystems and data-driven services.

Automakers are increasingly focused on enhancing the in-vehicle experience through connectivity, over-the-air updates, and personalized features, while also exploring new business models such as subscriptions and mobility-as-a-service. Partnerships with leading technology firms have become essential for keeping pace with consumer expectations and regulatory requirements around data privacy and cybersecurity.

As digital transformation accelerates, OEMs are challenged to build robust software capabilities, leverage vehicle and customer data for ongoing value creation, and ensure seamless integration between vehicles, devices, and broader mobility networks. This evolution is redefining how automakers compete, engage customers, and generate revenue in the North American market.

Understand the details of recent trade agreements outside the US and potential impacts on the auto industry.

Connected Vehicles in Operation (CVIO) - United States



As of February 2026.
Source: Mobility Global.

What's Changing

Tech-premium pricing

North American consumers are increasingly willing to pay for advanced features—connectivity, over-the-air updates, driver assistance, and personalized experiences. OEMs are leveraging software and data to create new revenue streams and enhance customer loyalty.

Services and subscriptions

Subscription-based services, from in-car entertainment to advanced driver assistance, are gaining traction. Automakers are exploring new ways to monetize data and deliver ongoing value to customers.

Integrated digital ecosystems

Partnerships with tech companies (e.g., Google, Amazon, Apple) are enabling automakers to offer seamless digital experiences that extend beyond the vehicle. These ecosystems are becoming central to brand differentiation and customer retention.

What to watch

- Consumer adoption rates of connected services.
- Regulatory changes on data privacy (CCPA, Canadian Digital Charter).
- Tech partnership announcements.

Actionable takeaways for North American automakers

- Invest in software and data: Build capabilities in software development, analytics, and digital services to drive new growth.
- Pilot subscription models: Experiment with new revenue streams and personalized customer experiences.
- Partner strategically: Collaborate with tech giants to accelerate innovation and enhance digital ecosystems.

Strategic checklist

- Audit digital/connected features versus key competitors and consumer expectations.
- Pilot subscription and upgrade services—e.g., advanced driver assist, infotainment.
- Partner with leading tech firms for voice, navigation, and data integration.
- Establish a roadmap for over-the-air updates and data monetization.

Featured solution: SDV Ecosystem Forecast

The SDV Ecosystem Forecast provides a complete mapping of the automotive software stack—from Cloud to Hypervisor—across all OEMs, brands, and nameplates. It reveals in-house vs. outsourced development, supplier market share, and evolving OEM strategies tied to electrification, autonomy, and next-generation E/E architectures.

DOWNLOAD DATA SAMPLE →

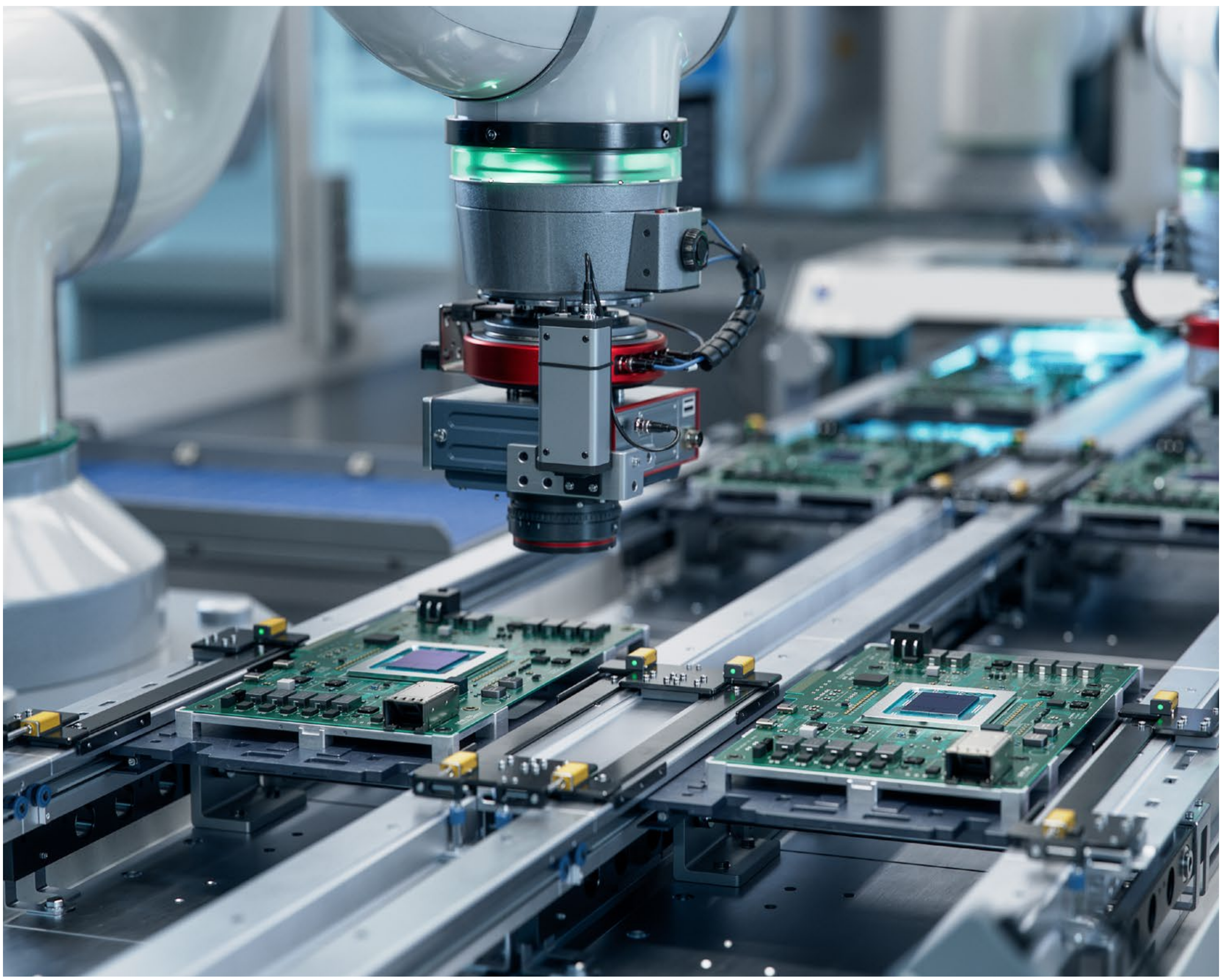
5 Supply chain resilience: From reaction to strategy in North America

The journey so far

Supply chain disruptions—from semiconductor shortages to port congestion and logistics bottlenecks—have posed significant challenges for North American automakers in recent years. These events have exposed vulnerabilities in sourcing, inventory management, and supplier relationships, often resulting in production delays and increased costs.

In response, the industry is shifting away from reactive crisis management toward building proactive, strategic resilience. Automakers are diversifying supplier bases, investing in domestic and nearshore manufacturing, and leveraging digital tools for greater visibility and risk assessment across the supply chain.

This new approach is transforming supply chain management from a back-office function into a core strategic capability for North American automotive leaders.



What's Changing

Proactive risk management

OEMs are diversifying suppliers, investing in domestic production, and building flexibility into operations. Long-term contracts, dual sourcing, and inventory management are standard practice for managing risk.

Sustainability and transparency

With the US administration rolling back federal ESG requirements, sustainability and transparency are no longer top-down mandates for most US automakers. However, select OEMs continue to invest in traceability and carbon reduction to meet global supply chain standards and regional expectations, particularly in Canada and states like California.

Innovation in logistics

AI, IoT, and blockchain are helping automakers optimize logistics, improve visibility, and respond quickly to disruptions. Real-time data is enabling faster, more informed decision-making.

What to watch

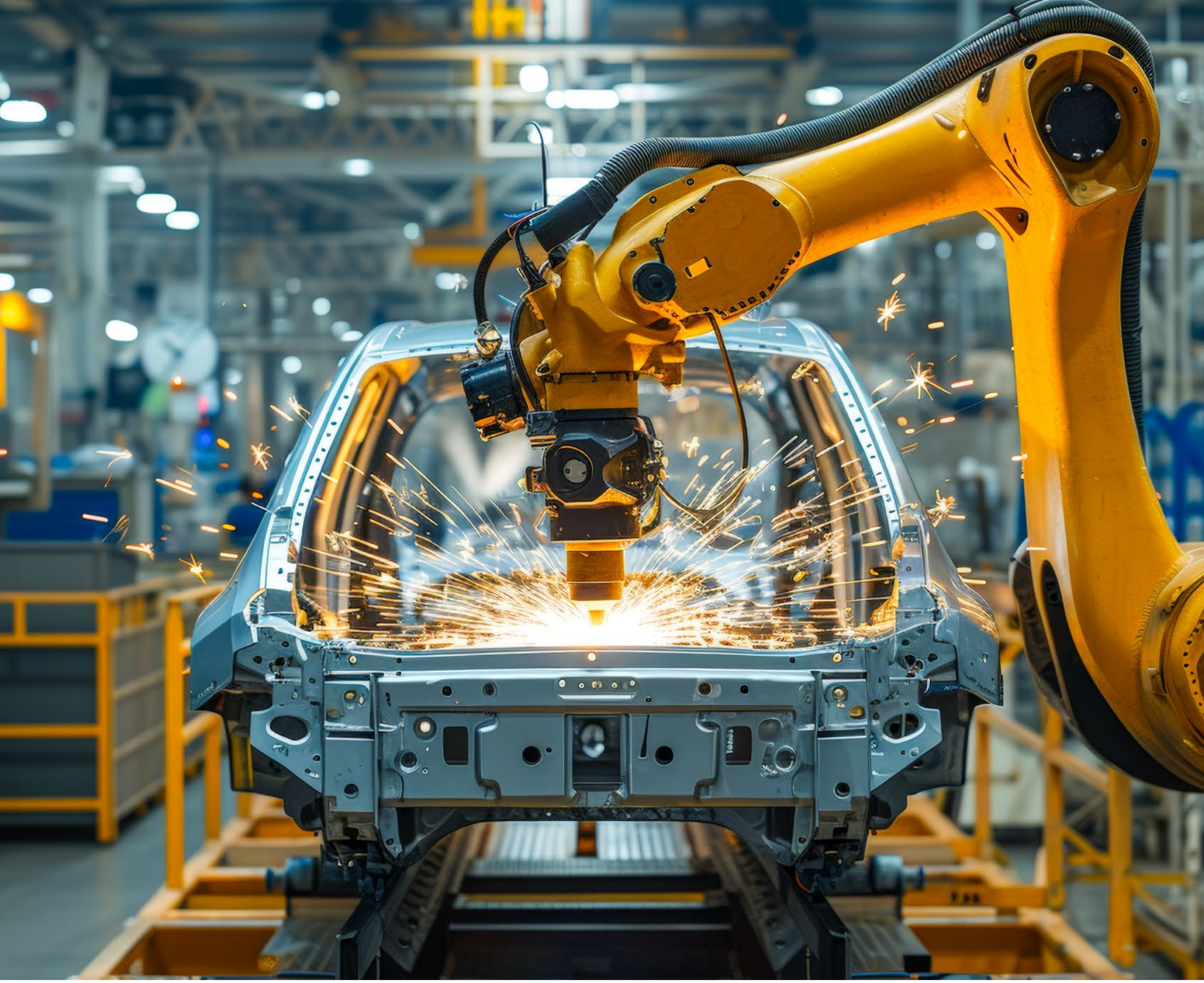
- Announcements of new North American battery/component plants.
- Changes in USMCA/local content requirements.
- ESG regulation deadlines and investor expectations.

Actionable takeaways for North American automakers

- Strengthen supplier relationships: Build long-term partnerships with key suppliers to enhance resilience and innovation.
- Leverage digital tools: Invest in AI, IoT, and blockchain for supply chain management and risk mitigation.

Strategic checklist

- Diversify suppliers and build redundancy into critical component sourcing.
- Invest in digital supply chain visibility tools.
- Develop contingency plans for logistics and production disruptions.



FEATURED SOLUTION

Automotive Component Forecast

This monthly-updated forecast delivers comprehensive data across 150+ components so you can see where revenue, sourcing, and capacity strategies are heading. Understand how electrification, autonomy, and connectivity will reshape supplier performance, uncover new program opportunities 6–12 years out, and pinpoint competitive pressure points.

LEARN MORE →

Conclusion:
Preparing North American automakers for the next era

The megatrends shaping the automotive industry are evolving, not fading. For North American automakers, electrification is moving beyond incentives to organic demand; Chinese OEMs are reshaping global competition; regionalization is driving strategic shifts; technology is transforming value creation; and supply chain resilience is becoming a core capability.

Success in this new era will depend on agility, innovation, and proactive adaptation. North American OEMs must anticipate shifts, tailor strategies to local realities, and invest in partnerships and technology to stay ahead. The winners will be those who respond quickly to change, leverage data and insights, and build strong, sustainable value chains.

As the industry moves toward 2026 and beyond, the challenge is not just to keep pace with megatrends, but to lead their evolution—creating new opportunities for growth, differentiation, and long-term success.

About Mobility Global

Mobility Global helps billions of people and businesses that build, sell, buy, and maintain vehicles make vital mobility decisions with confidence.

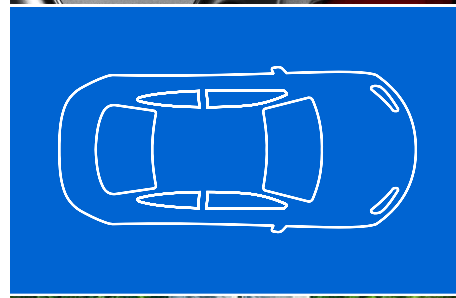
A hundred years ago, we created the first vehicle registration reports. Today, we're the world's standard for mobility intelligence. Almost every major OEM and 90% of the top 100 Tier 1 suppliers, along with dealers and millions of consumers, rely on us for must-have data and insights they can't get anywhere else.

We have three divisions, each built to help our customers win:

- **Planning Solutions** delivers the intelligence and forecasting leading mobility companies count on to spot trends, navigate industry shifts, and make strategic decisions that shape the future of our industry.
- **Sales Solutions** including trusted offerings like automotiveMastermind and Polk data help dealers and OEMs understand markets, find opportunities, and connect with the right customers at the right time.
- **CARFAX** gives millions of consumers the trusted information they need to buy, sell, and take care of their cars with confidence.

As mobility keeps evolving, we'll keep partnering with our customers to solve their most complex challenges so they can make decisions that move them, and the world, forward.

For more information, visit www.mobilityglobal.com



Contact us: www.mobilityglobal.com/en-us/contact-us

Disclaimer