NEWS RELEASE

Europe’s Next Automotive Advantage Isn’t Under the Hood

2026-10-27

Inspired by Harsha Padmanabha's keynote at SDV & AV Europe 2026, this article explores why AI-powered cabin experiences are the next major battleground for automotive differentiation. And why that's something European automakers should pay close attention to.

For decades, the reasons people chose a car were remarkably consistent. Performance. Design. Reliability. Safety. Price.

More recently, range and charging joined the list. Yet as electric vehicles mature and technology spreads across brands, many of the traditional points of differentiation are beginning to converge. A growing number of vehicles can satisfy the basic expectations of modern buyers.

So what happens when the specifications start to look similar?

According to Harsha Padmanabha, Vice President of AI Engineering at Visteon, the next reason to choose a car could be the experience inside it.

His keynote at the SDV & AV Summit Europe 2026 made the case that the automotive industry is entering a new phase of competition, one in which AI-powered cabin experiences become as important as horsepower, battery capacity, or charging speed.

China Has Changed the Competitive Baseline

The urgency behind this shift becomes clear when looking east.

China has cemented itself as a manufacturing and innovation powerhouse. The International Energy Agency's 2025 report paints a clear picture of how rapidly the automotive landscape is evolving. Among its key findings:

- Nearly 75% of the world's EVs were produced in China
- Over 80% of global battery-cell production was in China
- More than 2.5 million electric vehicles were exported from China

These numbers tell a larger story. The challenge facing Europe isn't a single competitor. It's an entire ecosystem. Across China, manufacturers, technology companies, battery suppliers, and software developers are operating at a scale and speed that allows them to bring innovations to market faster and refine them through millions of real-world interactions.

That reality raises a question for European automakers: how do they preserve differentiation when competitors can increasingly match hardware capabilities?

The Software-Defined Vehicle Is Becoming an AI-Defined Vehicle

The automotive industry's first digital transformation was the rise of the software-defined vehicle.

Connected infotainment systems, over-the-air updates, and app ecosystems fundamentally changed what customers expected from their cars. But in hindsight, that transformation looks less like the destination and more like the first phase of a much larger shift.

The next transition is already underway.

AI is rapidly expanding beyond voice assistants and infotainment displays into nearly every aspect of the vehicle experience.

It powers advanced driver assistance systems through perception, prediction, and decision-making. In the cabin, it is enabling more natural conversations, personalization, and intelligent task assistance.

The next frontier is reasoning-based AI, where vehicles can understand context, connect information across systems, and help users achieve outcomes rather than simply responding to commands.

Cars are evolving from systems that execute instructions to systems that understand intent.

As a result, the winners of the next automotive era may not be defined by the largest displays, the fastest

processors, or the longest feature lists. They may be the vehicles that best understand what their occupants are trying to accomplish and can seamlessly help them get there.

The Cabin Is Becoming a Competitive Battleground

Consider how people actually live with their cars.

The purchase decision happens once. The ownership experience then happens every day.

Drivers are used to actively interacting with vehicle interfaces, deciphering warning messages, locating features, managing charging stops, adjusting settings, and navigating unfamiliar situations. These moments shape perception of a brand far more frequently than the initial test drive.

This is where AI has an opportunity to create meaningful value.

Rather than adding another feature to a screen, intelligent systems can reduce friction. They can explain a warning light in plain language, help plan a charging stop based on personal preferences, or guide users through rarely used functions when they need them.

Customers do not care whether a problem is solved through generative AI, machine learning, or traditional software. They care whether the car makes life easier.

Trust Will Determine Adoption

Yet useful AI requires something increasingly difficult to earn: trust.

For AI systems to provide personalized assistance, they need context. Context often involves personal information, behavioral patterns, preferences, and historical interactions. Customers will naturally ask what happens to that data and who controls it.

Harsha pointed to privacy-first architectures, such as Apple's Private Cloud Compute approach, as an example of how AI can balance personalization with protection. The broader lesson for automotive is that privacy cannot exist only in legal disclosures. It must be visible in the product experience itself. Customers should understand what information stays local, what goes to the cloud, and how they can control that process.

Why OEM Control Matters More Than Ever

The rise of AI also introduces a new strategic challenge: sovereignty.

Not sovereignty in the geopolitical sense, but in the product sense. Automotive manufacturers need to retain control over the experiences they deliver even if technologies, suppliers, or AI models change.

That means owning the context, orchestration, deployment, and evaluation layers of the AI stack.

This becomes especially important as manufacturers increasingly mix local models, cloud services, domain-specific agents, and vehicle systems into a unified experience. The companies that maintain architectural control will have greater flexibility to evolve their products without starting over every time the technology landscape shifts.

The Real Goal Is a Car That Understands Context

Perhaps the most compelling vision from the keynote is not about technology at all. It has to do with understanding human situations.

Imagine a passenger says: “Find a safe place to stop. My child feels unwell.”

Today, that request often requires multiple disconnected actions. A future AI-enabled vehicle could understand the situation, identify appropriate stopping locations, consider route conditions, and coordinate information across vehicle systems while maintaining strict safety boundaries.

The customer experiences a seamless interaction. Behind the scenes, however, carefully controlled systems manage permissions, validation, authority, and safety. That combination of intelligence and trust may become the defining characteristic of the next generation of vehicles.

Europe's Moment of Reinvention

Europe's automotive industry already possesses some of the world's strongest brands, engineering talent, safety expertise, and manufacturing capabilities. The challenge is extending those strengths into a world where software and AI increasingly shape customer perceptions.

As Harsha argues, EMEA's next automotive advantage may come from something deceptively simple: building a car people understand and an experience they trust. And in an era of AI-defined vehicles, that may be the most important reason of all to choose one car over another.