

RESEARCH

Big data, smart mobility most radical trends in auto: report

August 8, 2014



Apple CarPlay in a Mercedes-Benz

By JOE MCCARTHY

Luxury automotive brands are increasing differentiation tactics as the market becomes clogged with new competitors, according to a new report by Frost & Sullivan.

[Sign up now](#)

Luxury Daily

Evolving preferences among consumers are pushing automakers to incorporate more digital touchpoints into both vehicles and branded experiences. Although the concept of brand differentiation is nothing new, brands are finding that the experience promised and offered sometimes matters more than the car.

"Original equipment manufacturers have to strike a fine balance while differentiating between volume and luxury models," said Shwetha Surender, automotive and transportation research analyst at Frost & Sullivan, Pune, India.

"While brand perception, price and buyer's experience remain important, cutting edge technology under the hood, improved connectivity inside the car and bold aerodynamic design are factors that give a luxury car something extra that elevates and sets it apart from the crowd," she said.

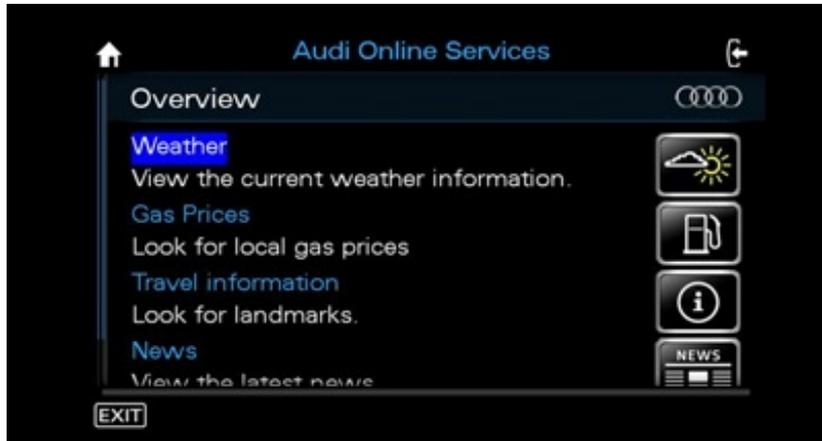
"Future of the Global Luxury Vehicle Market" is part of Frost & Sullivan's "[Automotive &](#)

Transportation Growth Partnership Service" program.

Happening quickly

The report forecasts the state of luxury auto leading up to 2020 and distills a few trends.

For example, automakers will begin to leverage big data more frequently for various purposes such as product design, repair and maintenance, improved CRM, intelligent urban mobility and improved connected services.



Audi Connect

Also, brands will enhance the capabilities of connected cars in relation to homes and work. Many brands have begun to introduce advanced mobile systems into their models.

Luxury automakers are beginning to pair up with technology giant Apple to make their automobiles' user interfaces easier for iPhone owners to operate and more engaging.

Italy's Ferrari and Germany's Mercedes-Benz are early adopters of Apple's new CarPlay infotainment system that syncs up dashboard and wheel controls to the consumer's Apple device. Until other automakers incorporate this system, Apple's technology is going to give these two brands an advantage in the luxury market due to the proliferation of iPhone owners ([see story](#)).

Although baby boomers currently constitute the bulk of sales in established markets, the report predicts that Generation X and Y consumers will take the lead by 2020.

Emerging markets are also shifting as China, India and Latin America have shown a preference for compact vehicles.



Audi A3 Sportback e-tron

Concurrence

As vehicles become more sophisticated, the main differentiating factor for auto brands will be the customer experience, argued the president of Mercedes-Benz USA at Forrester Research's Forum for Customer Experience Professionals: "Why Good Is Not Good Enough."

The automaker looks not to expected competitors such as Lexus and BMW when differentiating the experience it delivers. Instead, Mercedes-Benz considers Four Seasons, Starbucks, Nordstrom, Google and others as its chief contenders, since consumers compare the experiences from these brands with those received at Mercedes ([see story](#)).

As these philosophical shifts take root, brands will face stancher competition from new players.

"Entry level luxury cars that offer unparalleled smart mobility technologies and connected services will make inroads into the global market, especially since Gen X and Y are expected to account for a majority of the luxury sales over the next few years," Ms. Surrender said. "Luxury makers like Daimler and BMW are introducing the CLA sedan and 3 series models at around \$30,000 in anticipation of this trend."

Final Take

Joe McCarthy, staff writer on Luxury Daily, New York

Embedded Video: [//www.youtube.com/embed/et8NoU4yj4s](https://www.youtube.com/embed/et8NoU4yj4s)

© Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.