

RESEARCH

## Luxury automakers dominate long-range electric vehicle market: report

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*Porsche Mission E*

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Electric vehicles will not make up the majority of the market for at least two more decades, according to a new report by Lux Research.

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Currently, electric powertrains are limited in the class of vehicles they serve and are primarily limited to the luxury market and high price points. Luxury electric vehicles will eventually have a trickle-down effect, but there are still untapped markets to take advantage of in the electric vehicle segment.

"The impact of electric vehicle sales being in many luxury cars for now is that of a trickle-down effect," said Cosmin Laslau, senior analyst at **Lux Research**. "Electric vehicles will become high-end offerings with differentiated performance, but mainstream consumers will need to wait another one or two car generations before most OEMs can reap the trickle-down effects of EV innovation.

"It will happen eventually as it does with other luxury car features but it will take some time."

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**The report** classifies automobiles as either small cars, SUVs, large cars, pickup trucks or luxury vehicles, with the last of these defined not by maker but instead as any vehicle costing at least \$50,000.

Currently, the small cars segment has a plethora of electric vehicle choices, with mass automakers and Tesla expanding the market. As more vehicles in the range drive down prices, luxury brands will need to emphasize other standout qualities as the plug-in quality ceases to be seen as a luxury in and of itself.



*BMW X5 hybrid*

In the SUV class, the electric market is much slimmer, with only the BYD Tang and Mitsubishi Outlander falling underneath the study's "luxury threshold." The BMW hybrid plug-in X5, the recent Porsche Cayenne hybrid and the all-electric Tesla Model X therefore have not only minimal competition among luxury car buyers, but also among environmentalists looking for a luxury SUV.

Many luxury automakers are only recently entering the SUV market, so those already in the market can enjoy reaping in large shares of the market for electric SUVs, as the field will likely remain barren for some time. Audi has announced that a full-size SUV will be its first long-range electric vehicle.

Notably, the pickup truck class is entirely devoid of plug-in vehicles. Tesla has indicated a desire to build a pickup truck, but the company is small, and the upcoming Model E could be as distant as 2020.

However, the luxury sector is devoid of pickup trucks altogether, with only a rumored Mercedes "X-Class" or "Z-Class" for 2020 on the horizons.

While a luxury pickup truck and an electric pickup truck might attract a specific market segment, brands must be sure not to compromise their DNA with revenue as the only reason. On the other hand, SUVs were once dismissed as a microcosm of American excess but have now been integrated within European automakers' fleets; pick-up trucks could follow the same course in due time.

"The plug-in pick-up truck niche is an opportunity waiting to be tapped," Mr. Laslau said. "There probably is not enough volume in that market for now to sustain 5 or 10 OEMs all targeting it but the first one or two OEMs that come to market with a compelling product there should be able to get some nice early-adopter sales."



*Tesla Model X*

Each category was graded on its electric vehicle offerings, and the luxury car class received a grade of 7 out of 10, significantly better than any other. This indicates that luxury automakers have outperformed mass-market brands in servicing consumers with increasingly desirable electric vehicles.

Of note within the class, Porsche has previously unveiled plug-ins of several models and is now working on the long-range Mission E ([see story](#)). Mercedes has also been introducing hybrid versions of various models and will

look to keep up with market demands and competition.

The analysis shows that no electric vehicles are both under the \$40,000 threshold most buyers look for and capable of driving long-ranges, defined in the study as 200 miles on a single charge. Once a number of vehicles fulfill those thresholds, electric vehicles will quickly approach 50 percent of the market.



### *Mercedes electric B-Class*

Until then, however, long-range vehicles belong to the luxury sector, evidencing the ability of those automakers to stay ahead of competitors and pace consumer desires.

### Making changes

The demand for sustainable vehicles has encouraged even unlikely brands to allocate resources to the electric vehicle market.

British automaker Aston Martin has chosen a partner to bring its RapidE electric vehicle concept to production.

Aston Martin has signed a Memorandum of Understanding with technology company LeEco, a first step in developing a collaboration that will create a production model of the brand's concept car. As consumers become more environmentally conscious, automakers have found they need to develop cars that leave less of a footprint ([see story](#)).

The automotive industry has recently seen a number of brands make calculated moves to appeal to a larger consumer base. Even the most exclusive of brands have expanded product offerings to appeal more commercially.

For example, Italian automaker Ferrari is offering consumers the pleasures of its brand anywhere, anytime with a new vehicle.

The Ferrari GTC4Lusso, which debuted at the Geneva International Motor Show, aims to position the brand better for younger viewers, who tend to drive their vehicles more. As consumer habits have shifted, automakers defined by sports and racing cars have been especially pressed to adapt ([see story](#)).

"There is certainly opportunity to make this EV takeover of the auto market happen sooner if stakeholders pour more money into battery R&D and into more dedicated platforms for plug-ins," Mr. Laslau said. "Our take for now is that progress in vehicle electrification will be incremental rather than disruptive, but we would love to be surprised on that front."