

AUTOMOTIVE

Premium automakers exceed sales expectations in 2018

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Rolls-Royce Phantom. Image courtesy of Rolls-Royce

By SARAH RAMIREZ

Luxury automakers including Rolls-Royce, McLaren and Mercedes-Benz all saw record growth in 2018, but will the trend continue amid economic and political uncertainty?

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For the third straight year, German automaker Mercedes-Benz topped premium automakers in terms of unit sales with more than 2.3 million vehicles sold worldwide. Looking ahead to 2019, the automotive industry faces challenges from changing consumer demands as well as unpredictability surrounding Brexit and the trade war between the United States and China.

"It wasn't a surprise to see a strong performance by the luxury segment in 2018," said David Undercoffler, editor in chief of [Autolist](#), San Francisco. "The U.S. economy was strong and consumer confidence was high.

"The year started off with low interest rates that made buyers more comfortable stretching into longer loans with lower monthly payments, so they could finally get that luxury brand they had always wanted," he said.

Sales records

Mercedes saw growth for the eighth straight year, with an increase of 0.9 percent in sales.

China was the strongest market worldwide for the marque, with 11.1 percent growth and almost 653,000 cars sold. Asia-Pacific region was the highest performer and saw growth of 7.8 percent.



Mercedes saw an increase in sales for the eighth consecutive year. Image credit: Mercedes

While the total new car sales in the United Kingdom experienced a decline of 7 percent from 2017, German automaker BMW saw an increase of 25 percent in sales of electric and hybrid vehicles in the market.

British automaker Rolls-Royce is also celebrating a historic business record, with the highest annual sales in the brand's lifespan. The marque also saw record-breaking bespoke sales, which it believes has heightened its luxury position.

The iconic Phantom model was a big driver for sales this year for Rolls-Royce, but all models across the brand supported its record-breaking year. The Americas kept its position as the largest region in sales, but all markets saw year-over-year growth ([see story](#)).

While British automaker McLaren represents a smaller share of the luxury auto market, its global sales rose 43.9 percent to more than 4,800 vehicles sold. The brand has seen sales increase every year since it was established less than a decade ago.

North America remains McLaren's strongest market and accounts for a third of global sales. China saw the strongest growth for McLaren with 122.5 percent growth – accounting for nearly 7 percent of the automaker's global sales – while the United Kingdom saw 49.2 percent growth.

In a similar manner to Rolls-Royce, McLaren saw a significant boost from its bespoke division.



McLaren is emphasizing its bespoke options. Image credit: McLaren

McLaren is heightening its bespoke options for customers purchasing its Speedtail model, but is offering inspiration on where to start. One hundred and six individuals have already put down deposits on McLaren's future Speedtail, which is rolling out in 2020 ([see story](#)).

"New models and model variants are the best way to do this in the luxury market," Mr. Undercoffler said. "These are buyers who like the latest and the greatest, whether it's style, tech, amenities or power."

Driving forward

Three-quarters of British automakers believe a "no deal" split from the European Union would have negative repercussions across the industry.

According to a member survey from the Society of Motor Manufacturers and Traders, one in five automakers have already seen a loss in business. The U.K. is scheduled to leave its largest trading partner, the European Union, by a

March 29 deadline.

More than half of automakers are already preparing for a "no deal" result in Brexit negotiations, according to the member survey ([see story](#)).

Automakers need to prepare for the impact that possible tariffs may have on sales in the U.S., as a study finds prospective buyers could consider opting for used cars.

According to a report from Autolist, 65 percent of consumers expect car prices to climb if auto tariffs come to fruition. However, 45 percent of consumers also incorrectly believe that U.S. automakers would not be impacted by tariffs.

If automakers choose to pass on increased costs to consumers, prices could rise by up to 20 percent — a difference of thousands of dollars ([see story](#)).

"Many economists are predicting a recession in the next 12-24 months so that could start to impact overall vehicle sales, though the luxury segment might be more insulated from this than non-luxury brands," Autolist's Mr. Undercoffler said. "Some of the luxury heavyweight brands have new generations of their biggest sellers going on sale in 2019, including BMW's 3 Series, Mercedes-Benz's GLE, Audi's A6 and A7 duo and the Q3, which could push overall luxury sales in a positive direction."

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