

AUTOMOTIVE

How Porsche is balancing tradition and innovation amid EV acceleration

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Porsche's Taycan Turbo S and Taycan Turbo. Image courtesy of Porsche

By SARAH JONES

NEW YORK Luxury brand building today is about more than products, with customer service becoming the key differentiator among automotive marques, according to the CEO of Porsche Cars North America.

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During Bloomberg's The Year Ahead: Luxury conference on Nov. 21, Bloomberg Pursuits car columnist Hannah Elliott sat down with the executive to discuss everything from the acceleration of electric vehicles to the marque's take on brand extension. Porsche has aspirations to grow its brand, with pop-culture partnerships in the works that will raise its profile among a massive audience.

"There's one sentence that we often use: If Porsche doesn't change, Porsche will not be the same," said Klaus Zellmer, president/CEO of **Porsche Cars North America**. "So in order to actually remain what we are aspirational you have to adapt to new expectations from consumers, and this is exactly that transition time.

"I think in the next five years, we're going to see more change than in the past 50 years in the car industry, and that holds true for us as well," he said.

Evolving towards EVs

Porsche recently revealed its first electric car, the Taycan, which has a focus on eco-friendly driving that extends beyond the engine.

The Porsche Taycan will be the first Porsche with an option for leather-free interiors, as consumers increasingly seek out alternatives to animal-derived materials ([see story](#)).

Porsche Taycan

Mr. Zellmer said that being a truly sustainable brand has to go beyond the car. Along with replacing a combustion engine with a battery, there needs to be consideration for aspects such as the impact of how a car is produced.

Porsche is working on ways to give batteries a second life to lessen the environmental impact of electric cars.

By 2025, Porsche expects half the cars it sells to have a plug, whether they are entirely battery powered or hybrids.

As the luxury automotive industry warms to electric vehicles, some consumers remain apprehensive about trading in their combustion engine. Porsche is bridging the gap by still offering fuel-powered vehicles for those who are more hesitant to adopt electric driving.



Porsche 911. Image courtesy of Porsche

Even beyond electric cars, the marque caters to customers who desire a tradition driving experience by offering its GT3 with a manual transmission, a feature that other brands are phasing out.

Rather than education, Mr. Zellmer instead believes in explaining electric cars to consumers and then giving them the chance to experience them firsthand.

Some consumer worries, such as concerns about range, can be overcome simply through variety. Typically the premium car buyer has about three cars in their garage, and they could choose a combustion model for a longer trip.

As it builds its electric lineup, Mr. Zellmer said that Porsche is working on a more rugged version of the Taycan. Also in the pipeline is an electric version of the Macan compact sport utility vehicle.

Purpose over products

Whereas brands used to develop themselves through products, today it works the other way around. Mr. Zellmer noted that positioning and purpose come first, and the products are made to support this image.

Provocatively for an executive whose brand built itself on racing prestige, Mr. Zellmer said that it will be "irrelevant" how fast a car can accelerate from 0 to 60mph. With speed as a given among high-end automakers, differentiation will come instead from elements such as customer service.

Porsche is in the process of extending its brand and growing its customer base, particularly among younger generations.

As part of its push to put itself in front of more consumers, Porsche will be advertising during the Super Bowl for the first time in 2020. The spot will feature a road chase starring the Taycan, with models from Porsche's history making appearances.

Currently, Porsche models only represent about three in every 1,000 cars sold in the U.S., so investing in the nationwide spotlight is a daring move for the brand.

As it seeks a broader audience, Porsche is also taking its sports cars into space through a collaboration to celebrate Lucasfilm's upcoming release.

Together, the film production company and the car brand are building a spacecraft that will be revealed during the December premiere of "Star Wars: Rise of Skywalker." Porsche is the latest carmaker to align with a film franchise on a fantastical vehicle, giving the brand the chance to showcase its ingenuity and innovation ([see story](#)).

Porsche was recently named the world's most valuable luxury and premium brand by Brand Finance, growing its brand value by 54 percent to \$29.3 billion ([see story](#)).

"We want to engage new audiences, we want to be bigger," Mr. Zellmer said. "If the product is not the only factor building your brand if you have to make your brand something bigger, give it a halo, give it a brand purpose, which is sustainability in everything that you talk about then you also have to get louder."

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