

AUTOMOTIVE

Next generation EV hint at future of progressive luxury

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The Audi Q4 e-tron SUV. Image credit: Audi

By SARAH RAMIREZ

German automakers Audi and Mercedes-Benz have premiered new electric vehicles this week, joining others in pushing to expand their sustainable lineups.

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While the Q4 e-tron and EQS are not the automakers' first entries into the EV space, the new models do represent turning points as the category becomes more competitive. Once outliers, EV from legacy automakers are becoming more mainstream as consumer acceptance grows and environmental regulations evolve.

"Certainly, there's a shift there in terms of what these mostly European luxury brands are going after," said Tyson Jominy, vice president for data and analytics at J.D. Power, Nashville. "EV are seen as very high-tech products.

"Marketing will require a bit of education but let's be honest, the consumers they're targeting are very familiar with the EV technology because they're targeting Tesla owners," he said. "At this end of the market, you don't really have to educate as much as you would at the lower price points but with a new sub-brand, it will probably take a bit more marketing muscle."

Dueling EV strategies

In an effort to compete with U.S. automaker Tesla, premium and luxury brands have introduced their first fully-electric vehicles in recent years, including the Jaguar I-Pace and Porsche Taycan.

Audi began production on its first fully-electric mass production vehicle, the e-tron SUV, in 2018. Mercedes-Benz followed in 2019 by starting production of its fully-electric SUV, the EQC.

Recognizing one electric model is not enough, however, the German automakers have continued to add to their EV families.

The Q4 e-tron is a compact SUV, the size class preferred by most U.S. drivers

With the new Q4 e-tron and Q4 Sportback e-tron, Audi is bringing electric mobility to its compact SUV lineup a move that may prove especially popular in the U.S. market, where compact crossover SUV account for nearly 16 percent of

all vehicle sales.

"What U.S. consumers want is SUVs," Mr. Jominy said. "And yet most EV launches have been low-end hatchbacks or high-end sedans.

"Audi is a brand that doesn't have a lot of baggage in the U.S., and it's one of those brands where people respect that it's a good premium brand that doesn't have a lot of negative connotations," he said. "Now Audi is taking that blank slate and saying we're going to be the best brand of choice, we're going to be that Tesla alternative and we're going to do with our mainstream product to hit the biggest part of the U.S. auto industry."

Meanwhile, Mercedes-Benz is positioning the new EQS as the new sustainable standard for executive-class electric vehicles.

The saloon is expected to be priced similarly to the new S-Class, with fast charging, an estimated range of more than 475 miles and a standout MBUX Hyperscreen to play up its technological prowess ([see story](#)). The automaker describes the EQS as fit for "techies," "design icons" and "future lovers."



The MBUX Hyperscreen inside the EQS. Image credit: Mercedes-Benz

The EQS will be the first Mercedes EV to be sold in the U.S. this fall, after the automaker scrapped plans to bring its EQC midsize SUV stateside. Mercedes also expects to add two more models to the EQ family by the end of the year ([see story](#)), but it remains unclear which vehicles will launch in the U.S. and when.

"It's almost two completely different approaches," Mr. Jominy said. "You can get quite a bit of pricing for a large executive sedan like the EQS, but you can get a lot of volume with the Q4."

Electrified expectations

EV still account for a small percentage of cars sold, particularly in the U.S., but demand is growing elsewhere.

Mercedes-Benz sold almost 590,999 passenger vehicles in Q1 2021 due to sales in China and the U.S., as well as a strong demand for hybrid and electric vehicles.

In Europe, one in four cars sold by Mercedes-Benz was an EV. Globally, plug-in hybrids and all-electric cars made up about 10 percent of overall sales, with more than 16,000 all-electric vehicles sold ([see story](#)).

The share of EV is likely to increase in the coming years, as other countries set stricter emissions goals that influence automotive development. Some European governments are moving to ban all petrol- and diesel-fueled cars as soon as 2030, while China has set a target for 20 percent of the vehicles sold in the country to have plug-based powertrains by 2025 ([see story](#)).

As a result, more luxury automakers from Bentley to Jaguar Land Rover are setting deadlines to go fully electric in the coming years. Some brands have looked to plug-in hybrid vehicles as transitional cars, but [Reuters](#) reports that the European Union may place tighter regulations on PHEV to speed up the move to battery electric vehicles.

"Does that mean automakers are going to continue internal combustion development just for the U.S., or will some of these brands just say enough is enough?" J.D. Power's Mr. Jominy said. "I would suspect we probably have to shift pretty fast to fully electric, because I doubt brands will be developing expensive powertrain technology that they can't use globally."

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