

AUTOMOTIVE

## Outlook 2022: Electrification, demand continue to drive automotive space

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*Automakers are encouraging drivers to switch to electric vehicles. Image credit: Audi UK*

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By KATIE TAMOLA

Despite significant challenges stemming from supply chain issues and the COVID-19 pandemic, luxury automakers are primed for another strong year as they push forward with electrification.

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Several automakers saw record-breaking sales in 2021, and more brands publicized announcements to go fully electric in the coming years. As the demand for cars remains strong, brands will continue fostering their electric offerings while using technology and ambassadors to reach new audiences.

"Electrification is here to stay and 2022 will only make that more clear," said David Undercoffler, editor in chief at [Autolist.com](https://www.autolist.com), San Francisco.

"Not only will we see all-new electric models roll out at an ever-faster pace in 2022, but any luxury brands that haven't already committed to going fully-electric by the end of the decade or shortly thereafter will likely do so."

Here are some of the key trends for the luxury automotive sector heading into 2022:

### Going electric

Brands are expected to continue showcasing their electric offerings, touting sustainability commitments and eco-responsible marketing campaigns.



*Victor Cruz and Christian Cowan showcase the all-electric iX. Image credit: BMW*

Earlier this month, BMW Group delivered its one-millionth electrified vehicle as it makes progress on its electromobility push.

The BMW Group expects to double its battery-electric vehicle sales next year, as it expands its electric offerings and charging infrastructures become more accessible in Europe. Premium and luxury automakers continue to expand in EV as consumer acceptance grows and governments introduce regulations targeting traditional combustion engines ([see story](#)).

Germany's Mercedes-Benz is pledging to go all-electric by the end of the decade, becoming another automaker to commit to electrification.

Positioning this as a shift from "electric-first to electric-only," Mercedes-Benz will have battery-electric vehicles (BEV) in all segments by next year. As part of its electrification push, the automaker is accelerating its R&D investments while focusing on its software-driven future ([see story](#)).



*The first EV from Rolls-Royce will hit roads in late 2023. Image credit: Rolls-Royce*

In September, British automaker Rolls-Royce confirmed its first, long-awaited fully electric vehicle, marking a turning point for the marque.

Named the Spectre, the battery electric vehicle is expected to come to market during the fourth quarter of 2023. Rolls-Royce also plans to have a fully electric model lineup by 2030, joining other luxury automakers including Bentley ([see story](#)).

German automaker Audi made clear is aiming to be a leader in sustainability and technology through its evolving Vorsprung 2030 corporate strategy.

In August, Audi announced that beginning in 2026, it will only produce new models that are equipped with electric drive systems, and will also start phasing out production of combustion engines through 2033. With its new "progress through technology" approach, the automaker is focusing on zero-emissions driving systems ([see story](#)).

"We will continue to see [electrification] announcements and pictures of what the portfolio will look like, but I also think we're going to see electric vehicles showcased at events with a lot of eyeballs, such as the Super Bowl," said Tyson Jominy, vice president for data and analytics at [J.D. Power](#), Nashville.

"Additionally, seeing, or perhaps in this case feeling, is believing so I expect to see more experiential campaigns

with EVs to get what the industry calls butts in seats."

#### Still in high demand

Luxury automakers and buyers continue to face widespread market challenges, including limited inventory and high prices.

Although the market is still hindered by limited new-vehicle supply and rising prices, consumers are still buying luxury vehicles, with some marques reporting record sales.

Many car brands have faced supply shortages and challenges, but pent-up demand persists, with new-vehicle sales increasing across the board. Automakers Rolls-Royce and Lamborghini are among the brands seeing record deliveries ([see story](#)).

According to November findings from U.K.-based car information hub Autovia, more than 40 percent of car owners reported looking to buy a car in the next three months, surpassing a previous record of 11.9 percent in November 2017 ([see story](#)).

Although the automotive sector was faced with immense challenges due to supply chain issues, several brands saw record-breaking sales.



*The Countach LPI800-4. Image credit: Lamborghini*

It may not be possible to determine the future specifics of the shortage challenges the automotive sector will face in 2022, but experts are optimistic that it may not be as severe.

"Supply chain issues should eventually get better in 2022, but it's going to take some time," said Autolist.com's Mr. Undercoffler. "Chip shortages are expected to lessen as the year goes on, and general production of and supply of vehicles will pick back up.

"But there is still a lot of pent-up demand for cars, so inventories will likely remain thinner than normal for at least a portion of the year."

#### Reaching more drivers

In the current age of technology, gaming and social media, automotive brands have myriad ways to connect with new customers while showcasing their own innovations.

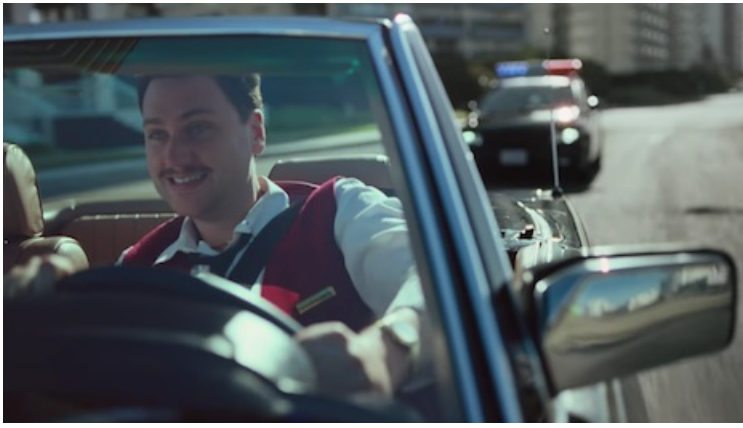
More and more, shoppers are turning to the Internet to obtain their latest vehicle.

According to YouGov's "International Automotive Report 2021," worldwide, 31 percent of future car buyers will consider buying their next vehicle online, which would almost double the current online purchase rate of 16 percent. Among those who have previously purchased a car online, 61 percent say they will consider digital for their next buy as well, signaling that they had a positive experience ([see story](#)).

"How people buy cars is rapidly becoming more digital," said Autolist.com's Mr. Undercoffler. "The pandemic really pushed this into widespread adoption and now that the genie is out of the bottle, there's no going back.

"A consumer today can use a shopping site or app to find their next car, finance it, and sell their existing car before they ever set into a dealership to test drive," he said. "Luxury brands and dealerships are adding additional concierge services on top of this to make the buying process even less stressful."

Brands are continuing to get creative in terms of showcasing what technological feats their vehicles can accomplish.



*"Valet Guys" follows three valets throughout their day of parking cars. Image credit: Mercedes-Benz*

This year, Mercedes-Benz unveiled an entertaining and action-packed preview at its future-ready intelligent park pilot feature.

The "Valet Guys" film campaign introduced the new S-Class model equipped with technology to pull in and out of parking spaces in parking garages equipped with automated valet parking (AVP). The S-Class is the first series-produced vehicle to feature technology required for future infrastructure-based AVP operation, therefore is prepared to operate driverless through smartphone command in the future ([see story](#)).

The automaker is also introducing new in-car technology.

Beginning in spring 2022, Mercedes-Benz drivers in Europe will be able to pay for goods and services using their fingerprint in their cars. Developed with Visa technology, this means drivers will not have to enter passwords or rely on mobile devices for payment authentication as the vehicle itself will serve as an enabled payments device ([see story](#)).

Other marques are tapping into gaming communities to boost consumer engagement.

In February, Toyota Corp.'s Lexus expanded its "All In" campaign with its new release of the Gamers' IS, the first vehicle designed by and for the Twitch community. During a livestream hosted by Twitch user Fuslie, more than 554,000 viewers voted on their favorite interior and exterior vehicle modifications to help create a custom car ([see story](#)).

German automaker Porsche illuminated the passions behind its creative minds in a recent short.

In a vignette highlighting the thought and design processes behind the Vision Gran Turismo in the upcoming Gran Turismo video game, offering a glimpse into the minds of those who crafted the vehicle. The short film traces the entire design process, from the inspiration and personal hobbies of the team, to the specific and emotional factors that went into its creation ([see story](#)).

As always, a famous face does not hurt in helping garner attention, as several automotive brands continue tapping famous entertainers, athletes and designers in their marketing efforts.

Maserati once again teamed up with a champion to customize an automobile that joins stylish and sporty.

The MC20 Fuoriserie Edition for David Beckham has transformed sports icon David Beckham from automaker ambassador to designer with the help of the Maserati Centro Stile. Mr. Beckham and Maserati produced a customized car that reflects the performance and sportiness inherent in both parties, while inviting consumers to design their own bespoke vehicles ([see story](#)).

In April, Mercedes-Benz extended its relationship with Grammy Award-winning singer-songwriter Alicia Keys.

Mercedes-Benz first featured Ms. Keys in its multichannel "Care For What Matters" campaign, exploring how the S-Class is more than a vehicle and allows drivers to care for themselves and loved ones ([see story](#)).

In the world of ambassadorships, the possibilities are endless.

"Public figures are commonly used to help a brand achieve success, and while that won't change, the concept of public figures has evolved," said Julie Blackley, communications manager at [iSeeCars](#), Boston. "Along with traditional celebrities, there's now a category of social media influencers who have become public figures because they have amassed a large social media following."

"Because endorsements have become so prevalent on social media, it's more important than ever before for brands to find the right public figures who align with their values in order to stand out."

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