



**PRIME**  **RESEARCH**

# World Car Trends 2014

## “Smart Efficiency and Digital Intelligence”

New York, April 2014



**WORLD CAR AWARDS**

## Global Expert Community      Global Media Trends

69 Top Automotive Journalists

All World Car Jurors

TV, Print, Online

*News Channels*

Blogs, Forums, Networks

*Social Channels*

Top 25 markets

*Countries*

All automotive brands [*> 150*] and models

*Brands*



## Introduction

The World Car Awards brings together top journalists from all over the world. PRIME Research combines the expertise of this panel with our industry-leading media study on over 150 brands across 25 markets globally.

## Automotive Trends 2014

Efficiency, lightweight materials, design, connectivity and new energy powertrains are the most important automotive trends for 2014. These trends form part of a bigger picture within the automotive industry, “the efficiency cluster” which we at PRIME call “Smart Efficiency”.

### “Smart Efficiency”

Smart Efficiency is driven by a variety of related technologies like the downsizing of engines, while improving power and performance, significant weight reduction *and* more stability, improved aerodynamics while increasing desirability and new energy powertrains; particularly plug-in hybrids.

### Lightweight Constructions

Lightweight materials are currently in the spotlight. Once reserved for premium cars, the Ford F150 has brought aluminium to the mass market, and the BMW i3 has positioned carbon fibre as a material manageable and suitable for premium cars.

## The Electric Vehicle Recession?

After the hype in 2012, Electric vehicles are currently losing some momentum.

Plug-in hybrids are seen as the most promising electric drivetrain option for 2014, however the onset of premium electric vehicles driven by the BMW i3 and Tesla Model S bring electric vehicles back into the spotlight. Coverage around these two models accounts for over 40% of all media coverage on electric vehicles. Our expert community evaluates these two models far better than first and second generation EVs.

### “Digital Intelligence”

Connectivity and in-car electronics rank as the fourth most important trend, with infotainment and connectivity systems seen as increasingly significant. Digital intelligence is describing a major macro trend of the years to come. Tech giants such as Apple, Google & Microsoft have now joined the game: teaming up with automotive brands to create the next generation of digital cars.

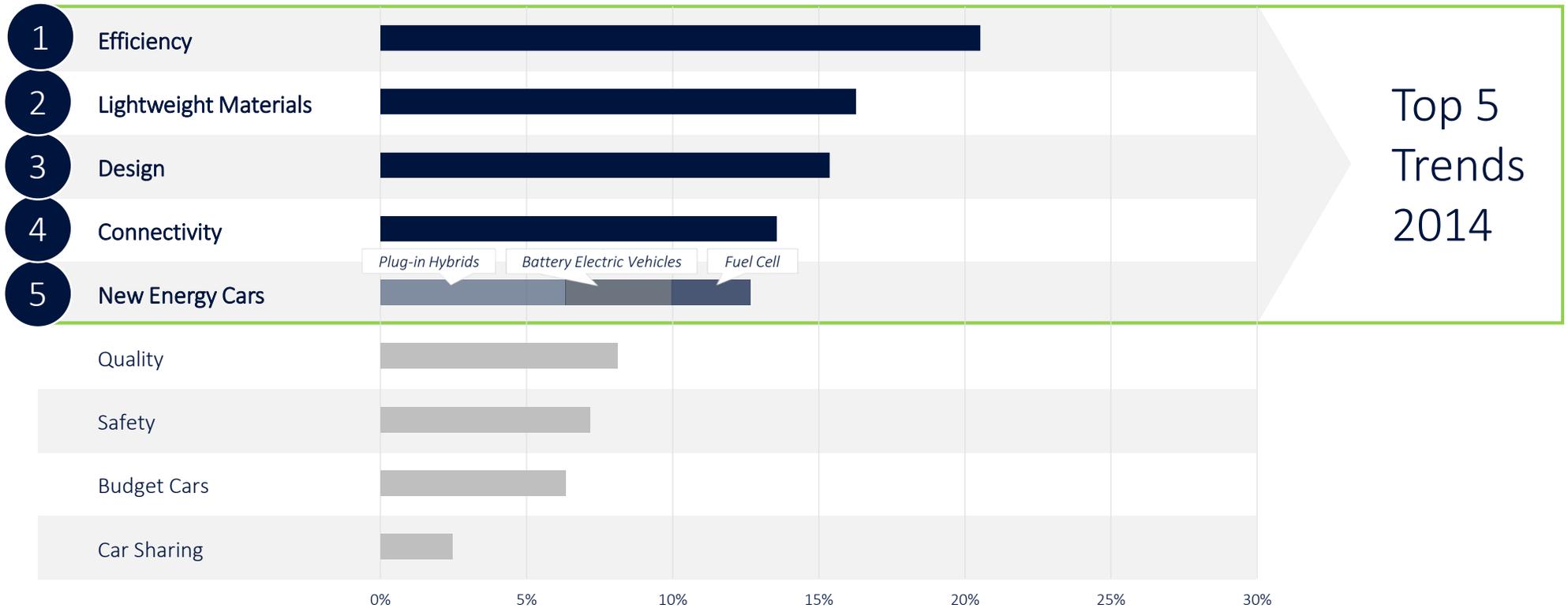
**“Smart Efficiency” and “Digital Intelligence” represent key trends in the industry for 2014. Utilising these trends is the challenge for the automotive industry today and in the near future.**

1. Top Automotive Trends
2. New Energy Cars
3. The “Digital Car”



# Efficiency is the top trend in 2014

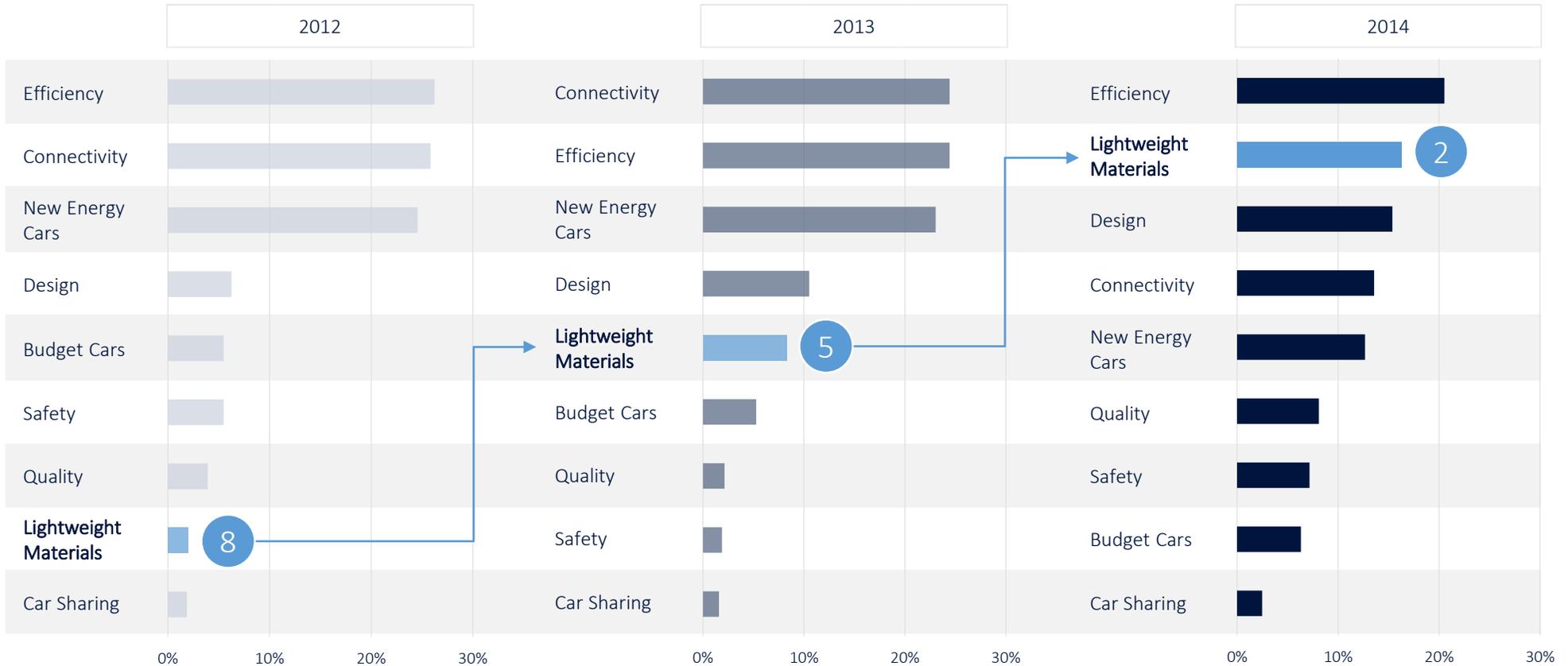
The current “efficiency cluster” is driven by downsizing of engines, lightweight constructions, improved aerodynamics and plug-in hybrids.



“What will be the most important trends in the automotive industry in 2014?”

# Lightweight is the top emerging trend in 2014

The importance of lightweight constructions and materials has been on the increase since 2012.



# Engine downsizing is seen as the most promising weight saver

Two important shifts in perception – the Ford F150 for aluminium and the BMW i3 for carbon fibre.



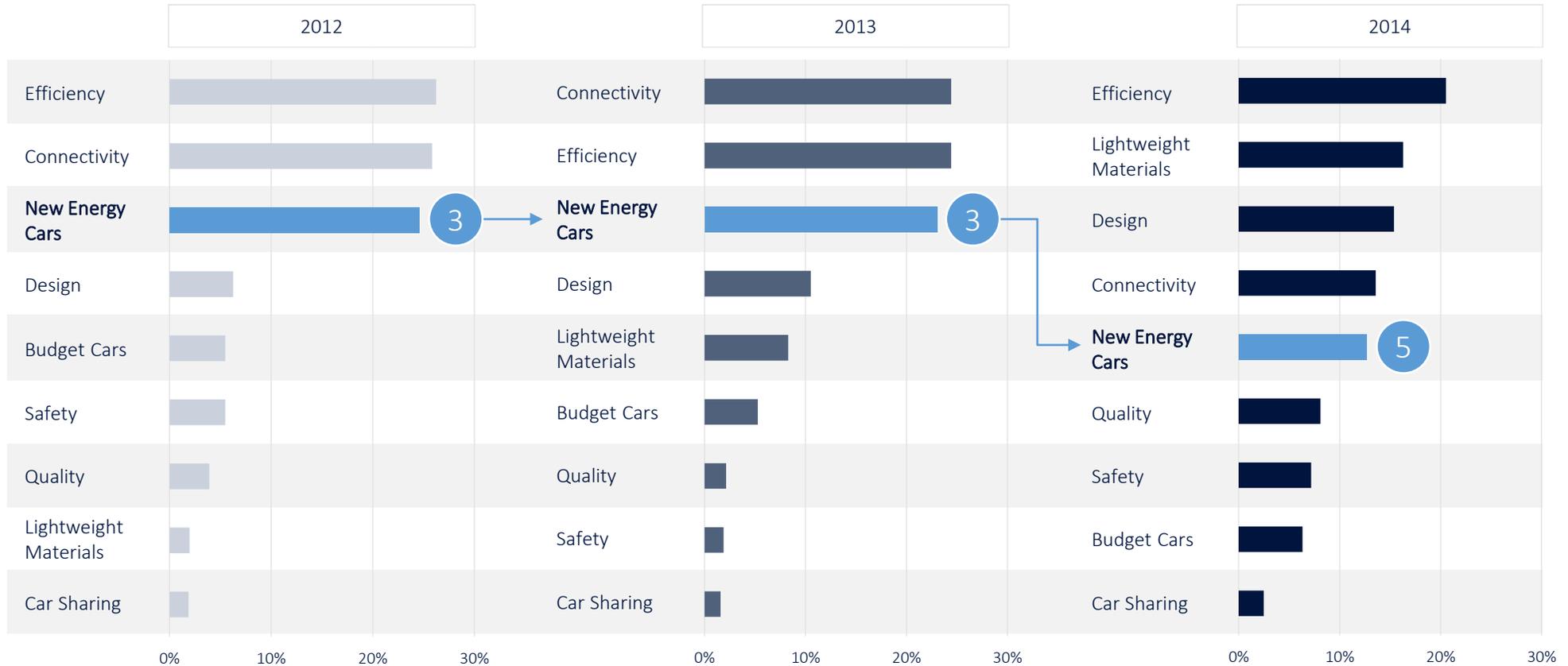
“From your point of view, what are the most promising lightweight technologies?”

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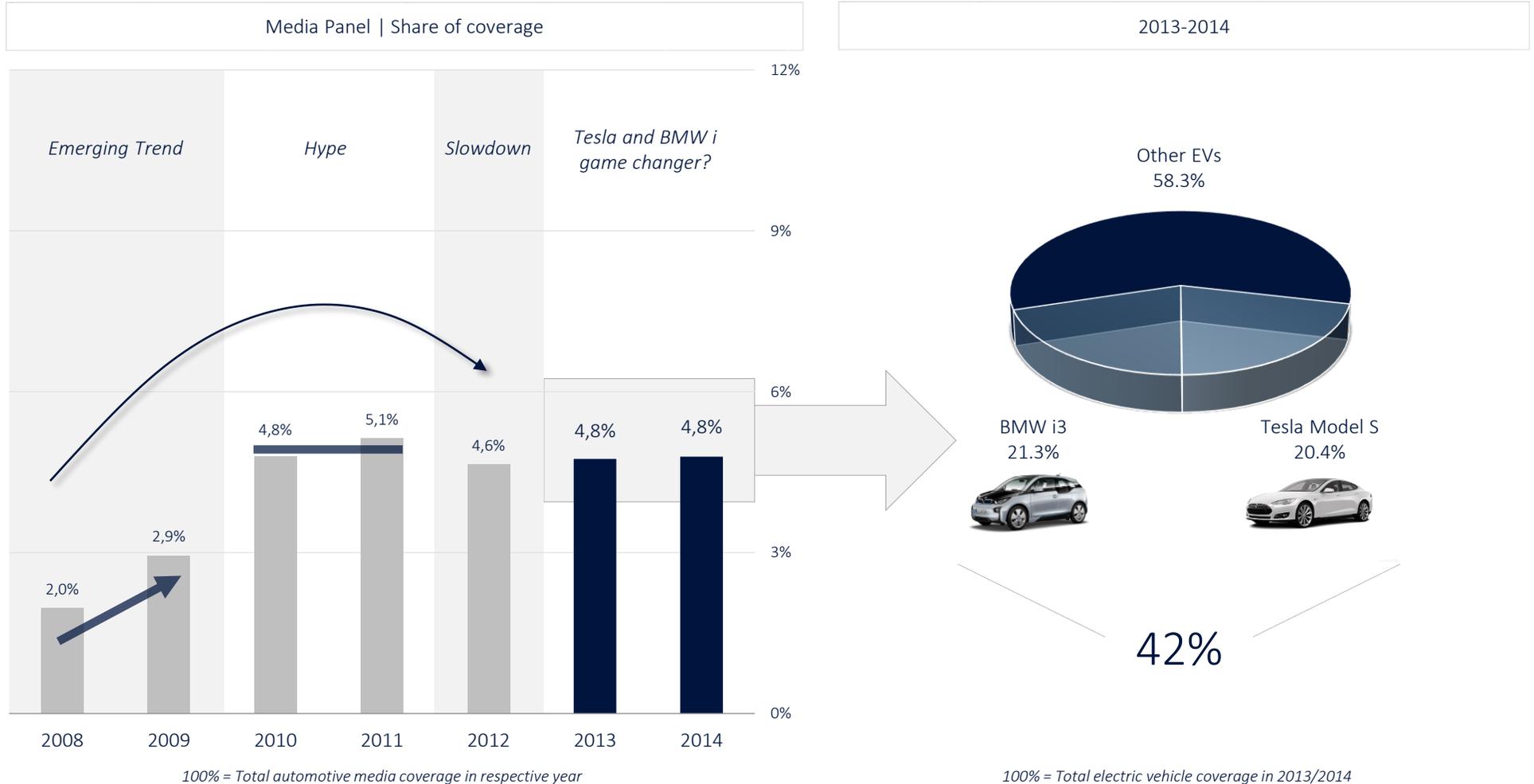
# Electric vehicle recession?

After the hype in 2012, electric vehicles finally arrived in "reality" – but electric vehicles are still among the top 5 most important trends within the industry.



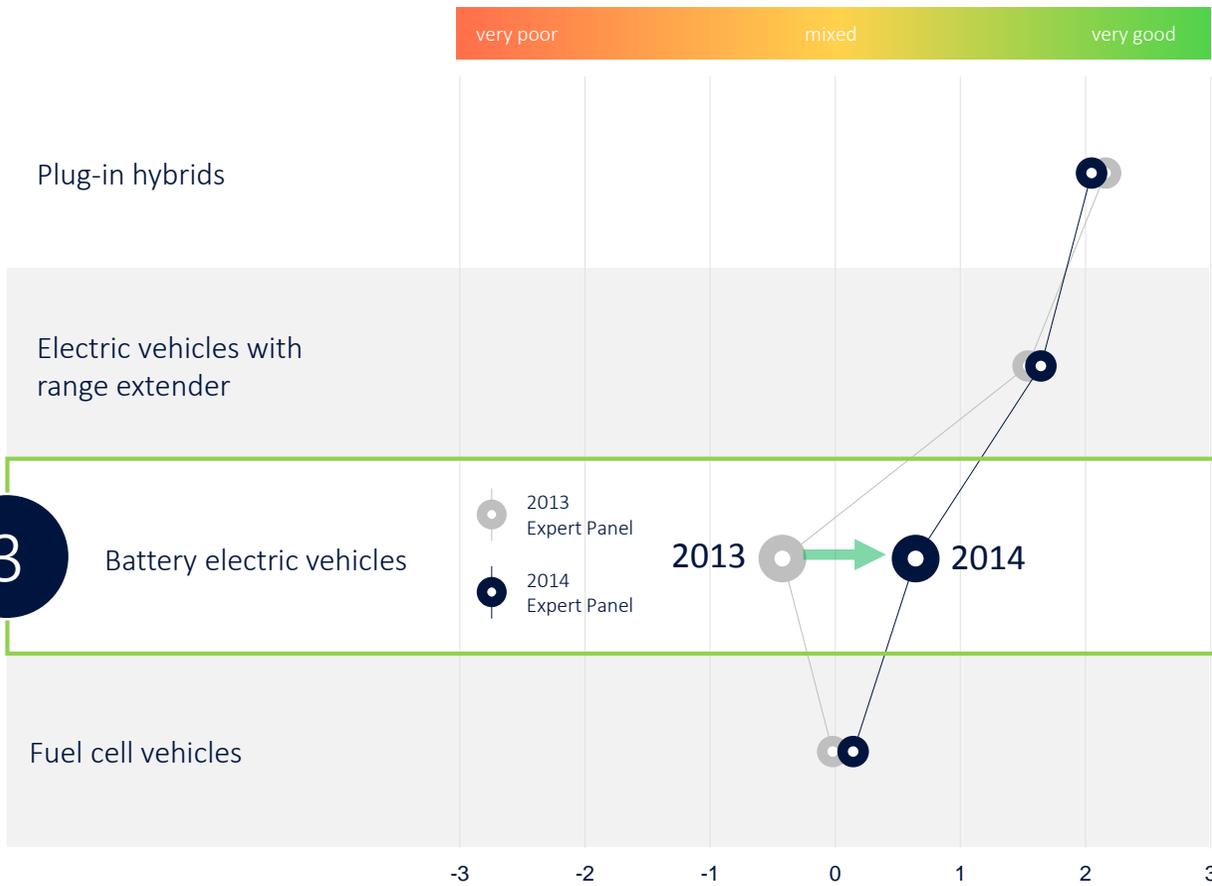
# Visibility of EVs is pushed by Tesla Model S and BMW i3

Out of more than 250 EV models in 2013-2014, the Tesla Model S and BMW i3 combined account for more than 40% of all coverage. Almost every second electric vehicle story is about either one of them.



# PHEVs remain the most promising electric drivetrain option

However, BEV are experiencing a new momentum through premium electric vehicles.



Is the Tesla Model S a game changer? Combining zero emissions with a good range and breathtaking sports car performance.

▶ New momentum through premium electric vehicles.



▶ But safety issues remain.

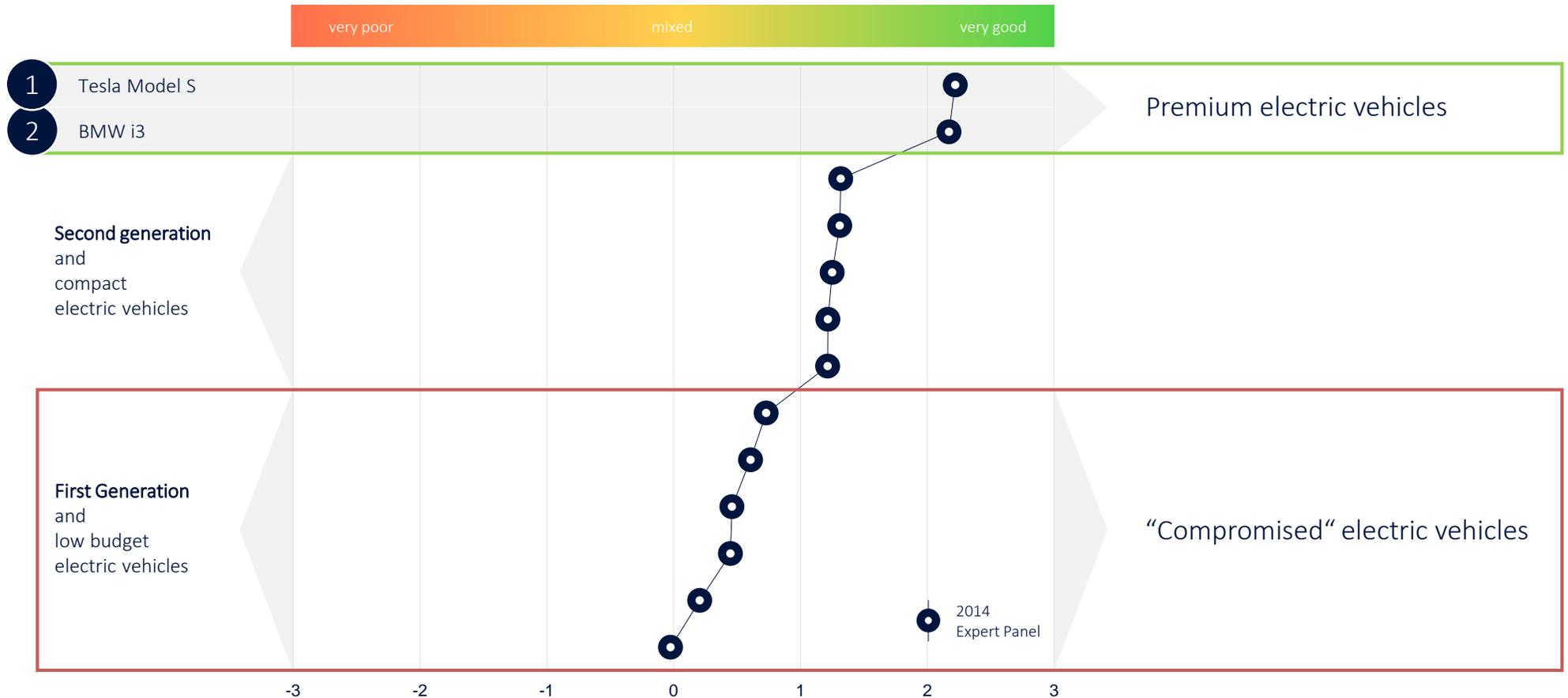


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Battery electric vehicles

# Tesla and BMW with outstanding EV reputation

BEV gain credit in 2014 due to i3 and Tesla Model S – Premium electric vehicles might be the game changer in the future.

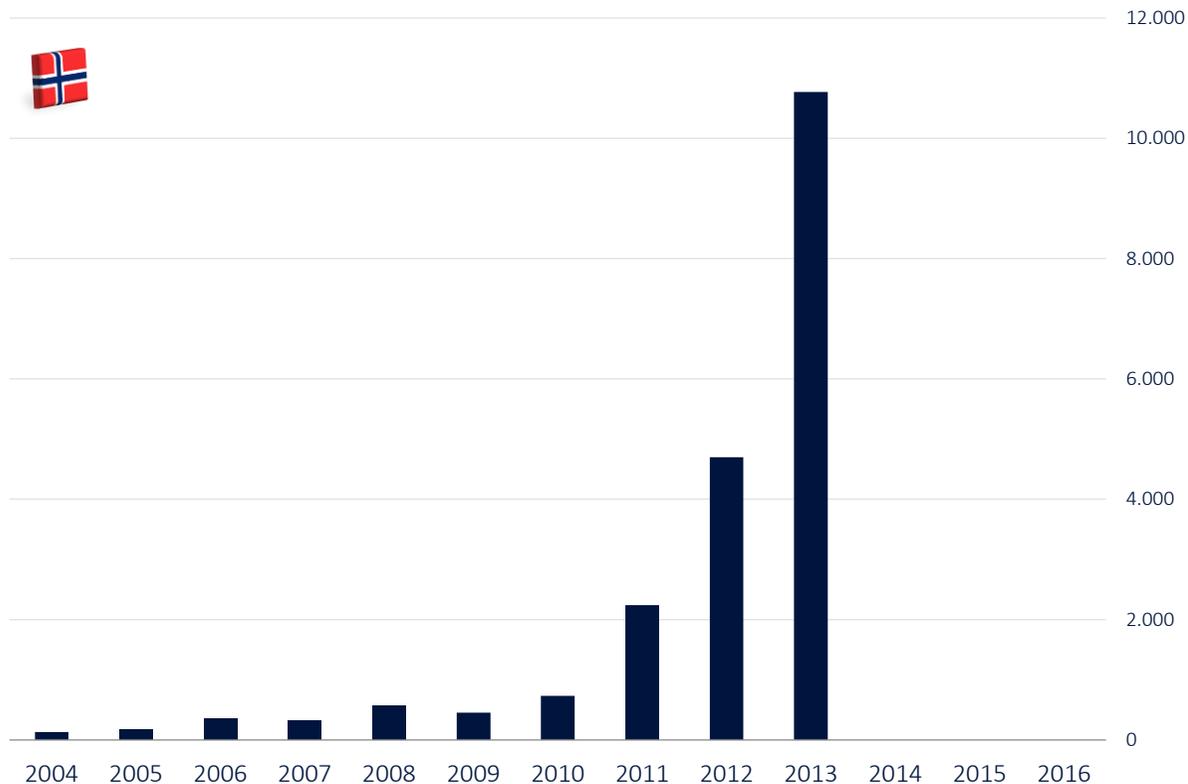


“How would you rate the following e-cars from a general perspective?”

# Norway: Tesla achieves an 11% market share in March '14

Exponential growth of EVs in Norway; especially the Tesla Models S due to generous government subsidies.

Electric vehicles registration figures in Norway



- › EVs in Norway achieved a 5.6% market share in 2013.
- › No purchase tax, no VAT, no tolls are making EVs very attractive.
- › Free and extra parking areas for EVs.
- › EV infrastructure.
- › Clean Norwegian energy production.

# Norway with pioneering character regarding E-Mobility

The former benchmark market for E-Mobility, Japan, slightly loses the confidence of the expert community and remains on one level with Germany and the USA.



“Which markets will be the key drivers for e-mobility?”

# Fuel-Cell with chances in the long run

In the last 10 years, Honda showed the strongest ambitions of all manufacturers regarding fuel cell technology, followed by Hyundai/Kia and Mercedes-Benz.

## Fuel-Cell “Hype” period

Most major manufacturers focus on FCEV as battery technology is not improving fast enough and the range issue as well as high costs are thought hard to be solved.

## Attention-shift to BEV

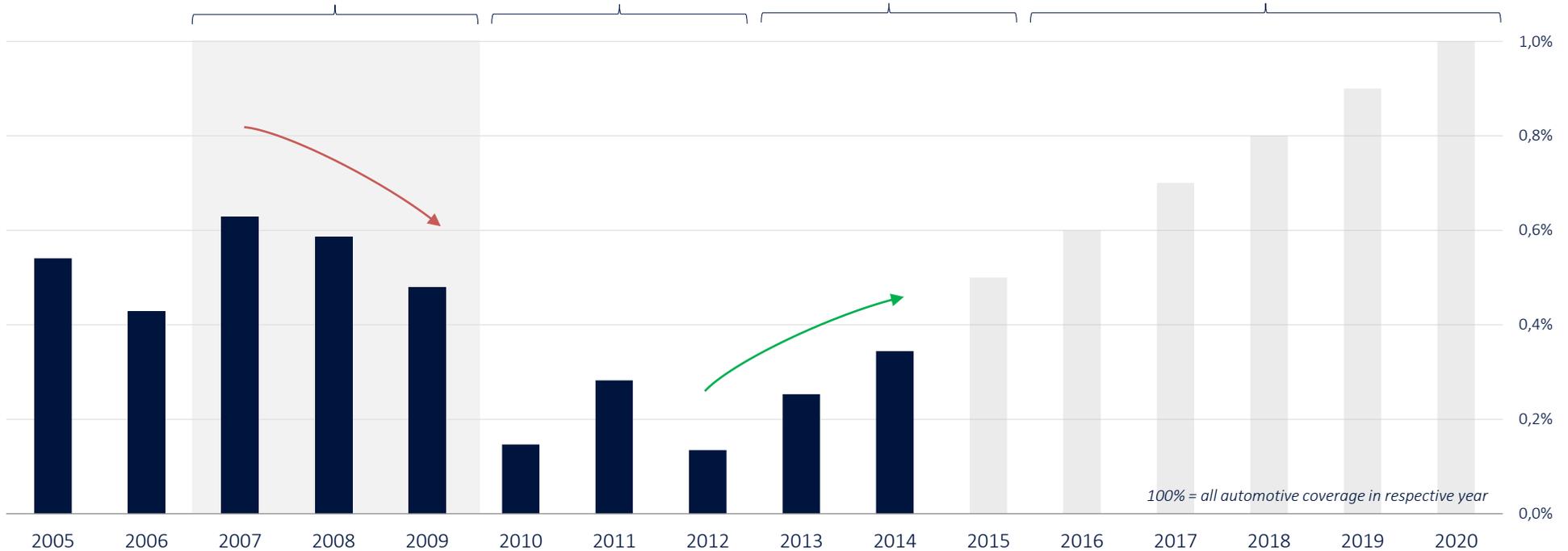
First volume BEV appear on the market and the BEV hype begins. Manufacturers shift their focus on battery electric vehicles rather than continuing their FCEV strategy.

## Re-Focus on FCEV

Especially Hyundai/Kia continues to focus on FCEV and in 2014 announcements of affordable FCEV in series strongly increase.

## Comeback as “Next Generation EV”?

FCEV in series (*announcements*):  
Hyundai/Kia: 2014 | Toyota: 2015 | Honda: 2016 | Daimler: 2017



# Content

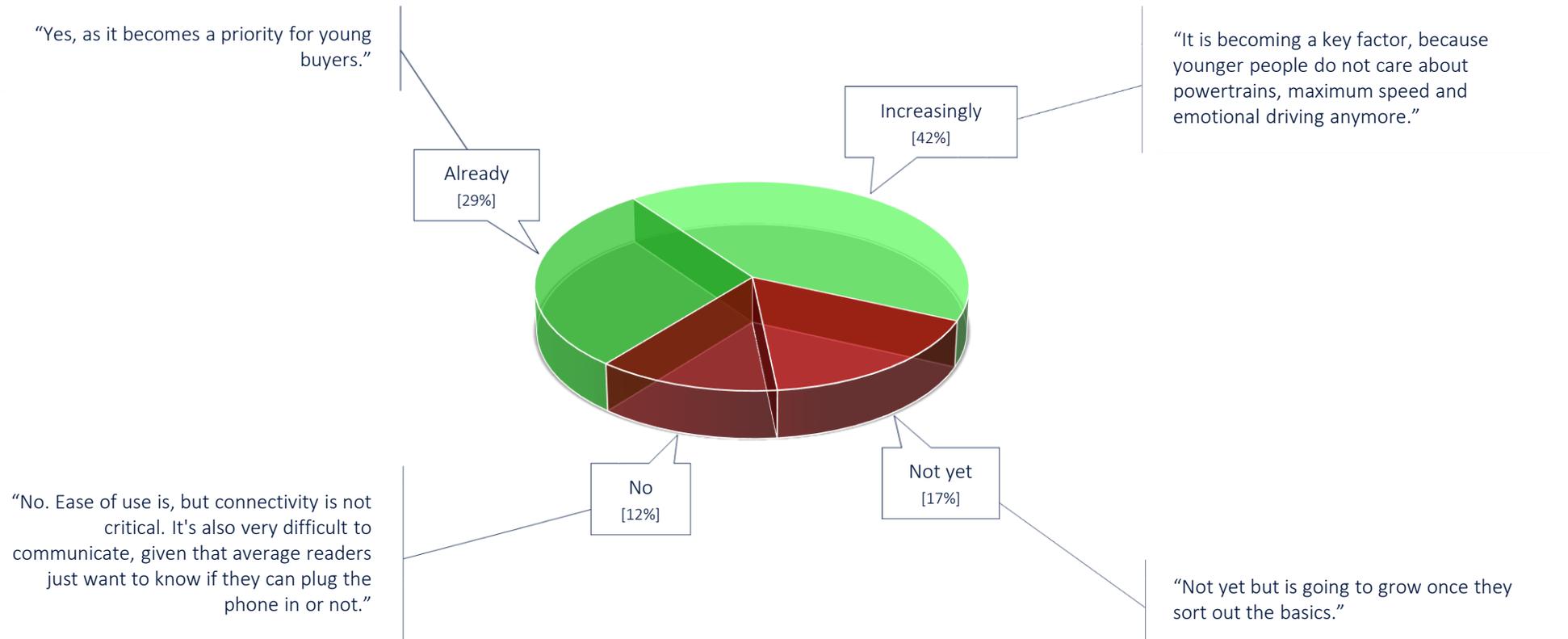
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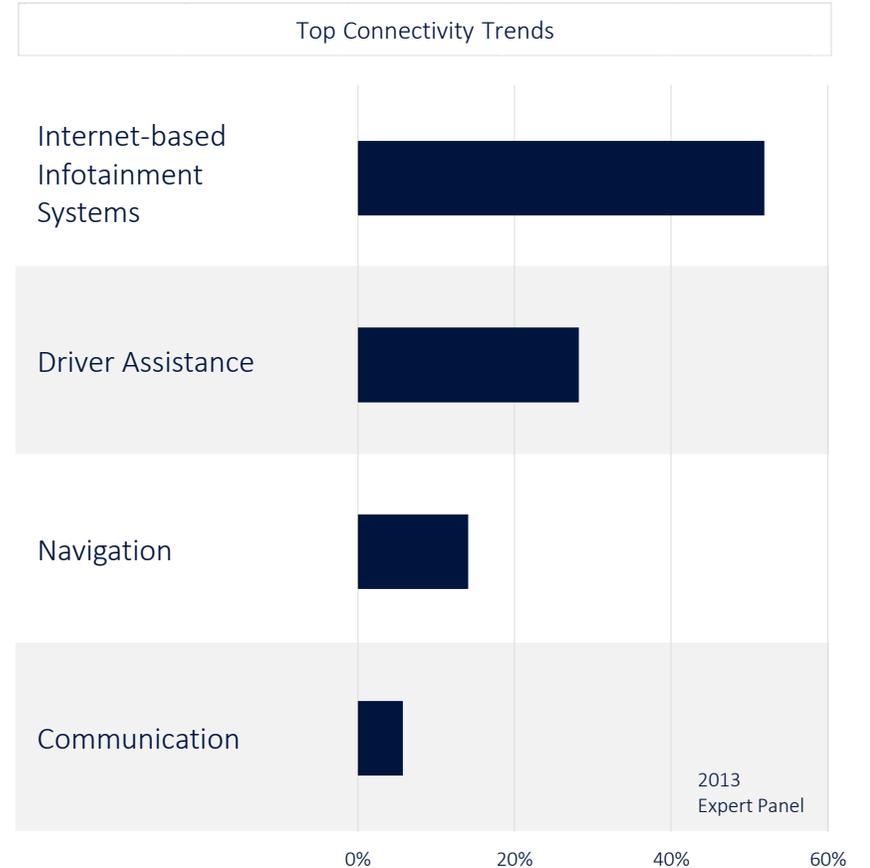
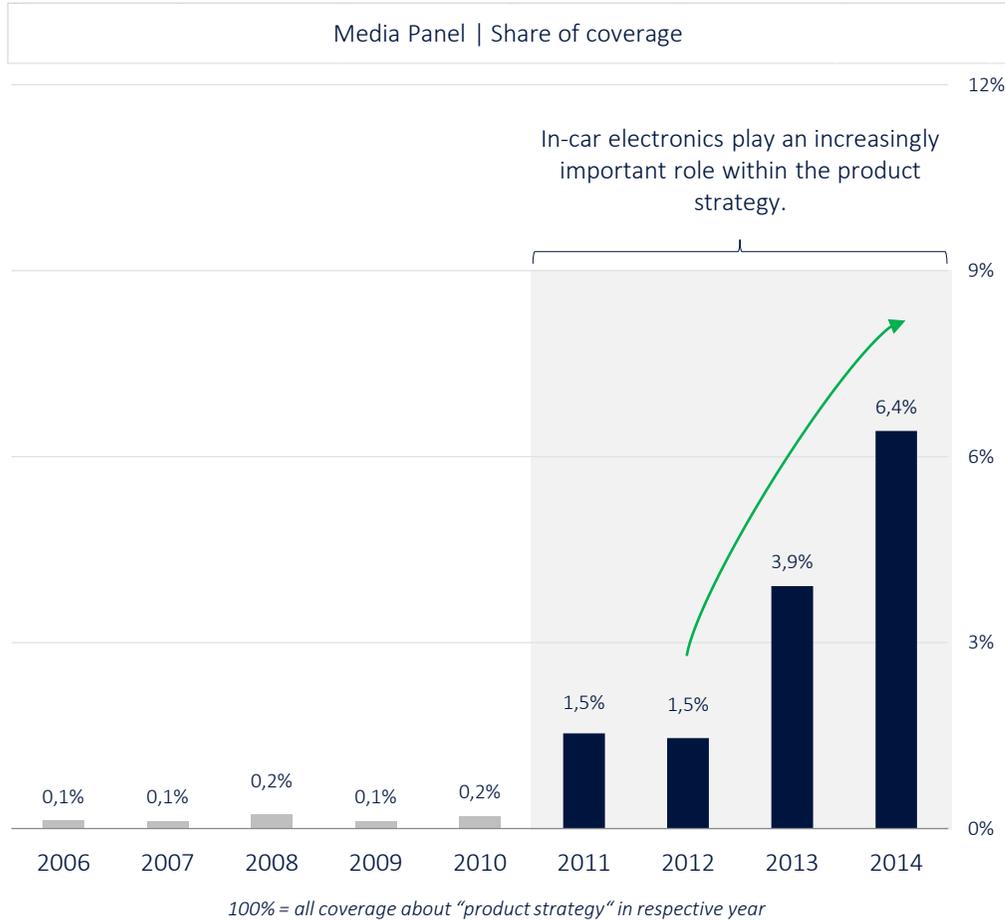
# Connectivity is already a key factor in evaluating a car

For 71% of automotive journalists, connectivity already is or is quickly becoming a key factor in evaluating a car.



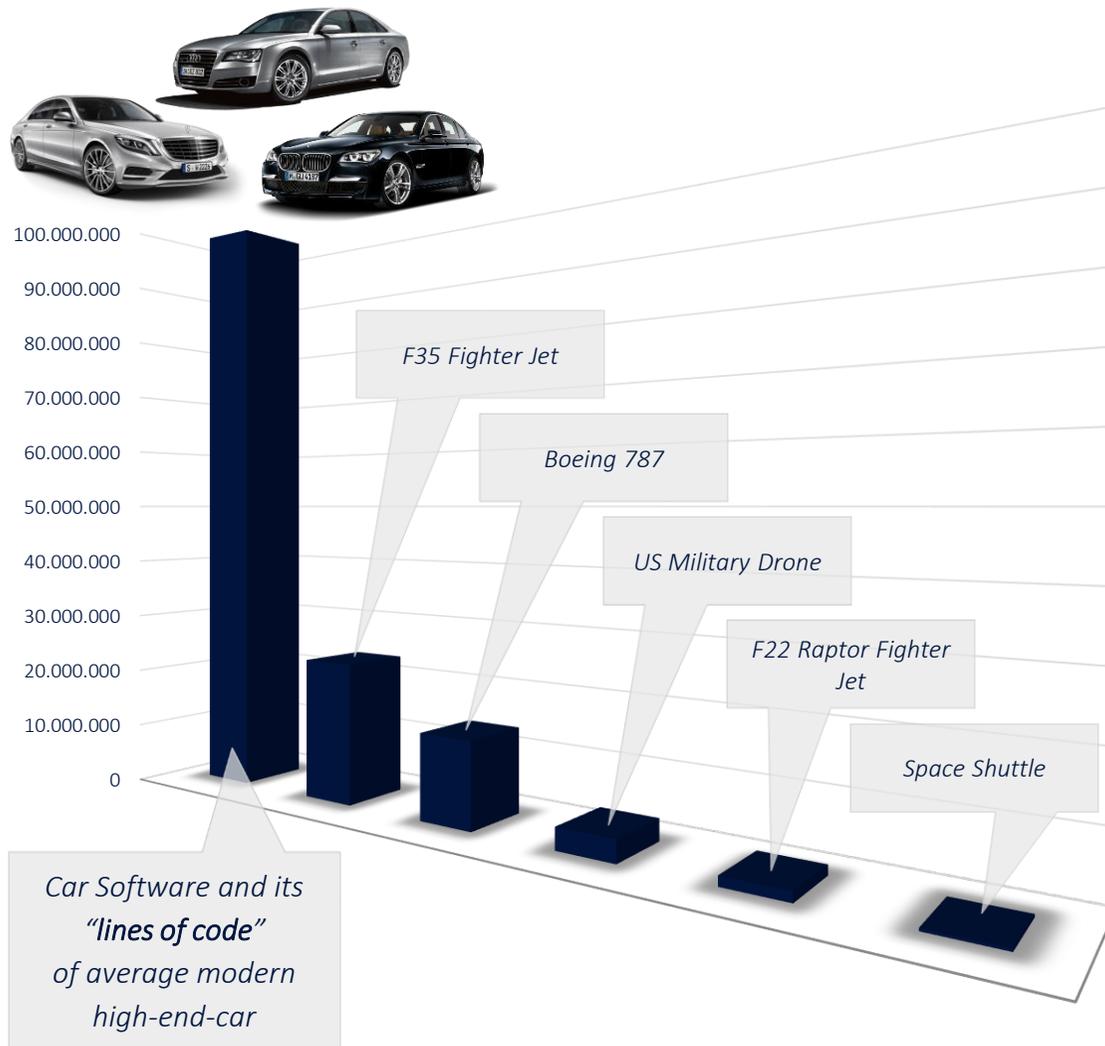
# In-car electronics and connectivity are increasingly important

Exponential increase of media attention to in-car electronics and connectivity.



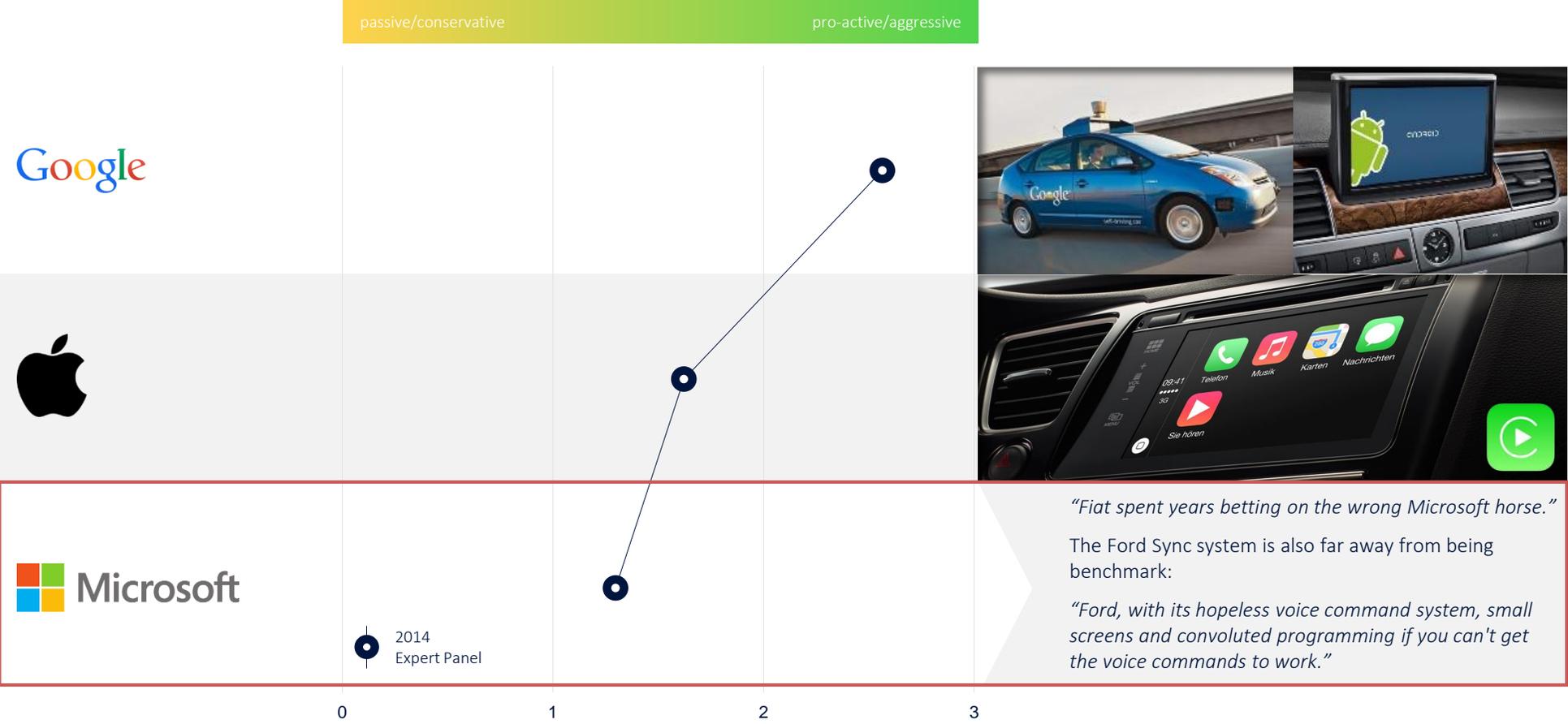
# The “digital” car | > 100 million lines of code

Cars are no longer only hardware, they are also software products. Cars already have more lines of code than aircrafts and operating systems like Windows 8 or Apple Tiger.



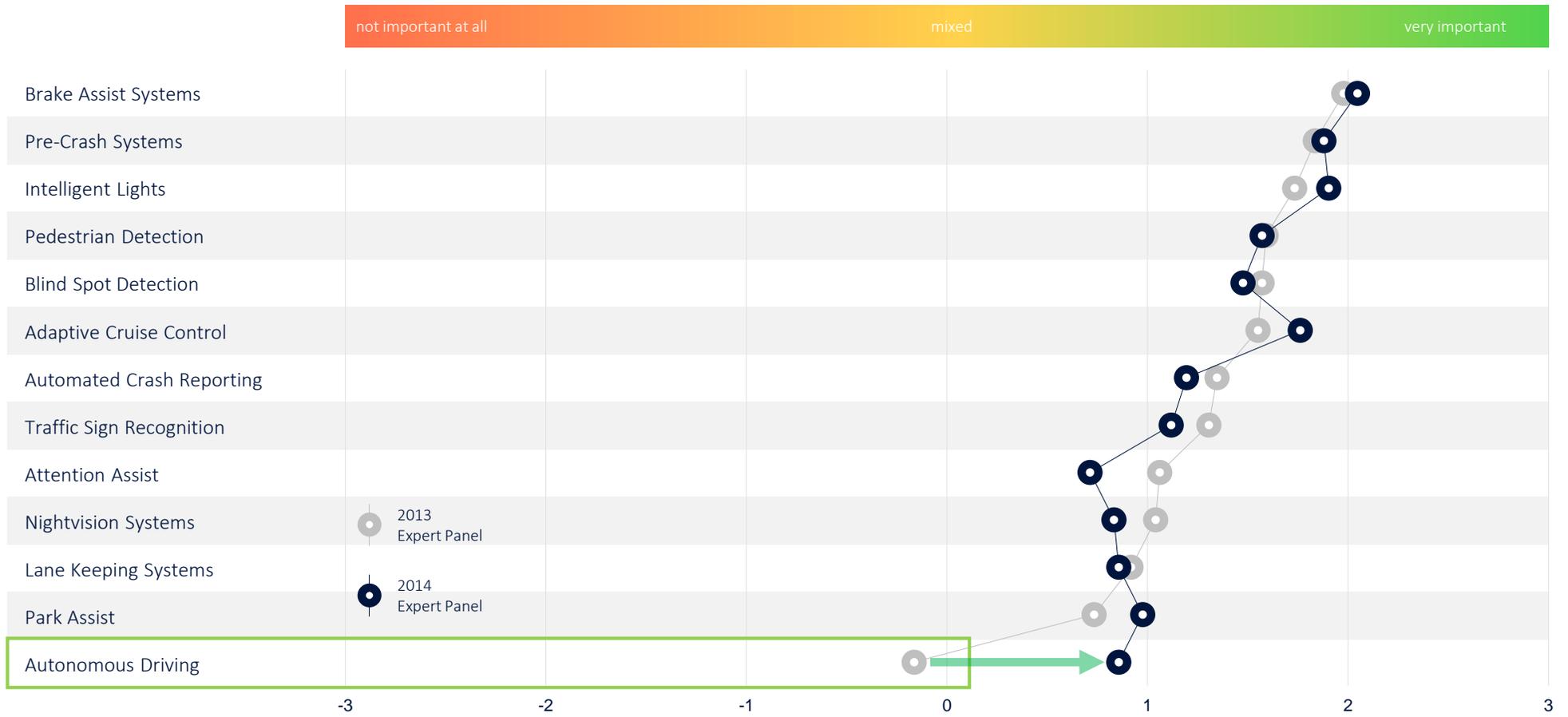
# Silicon Valley is moving in on the car industry

Google is clearly seen as the key driver for the “digital car”. Apple and Microsoft are seen as more conservative.



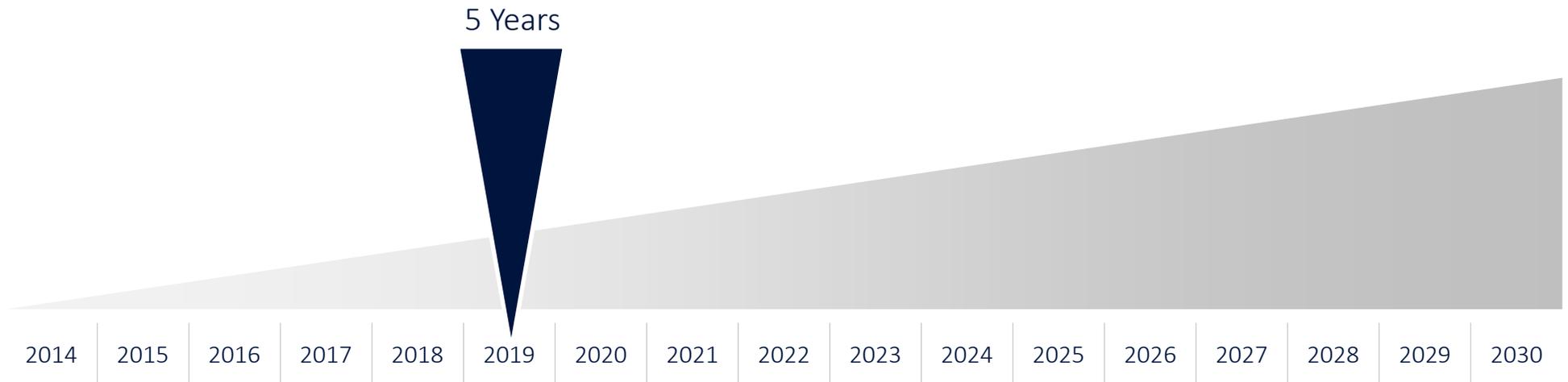
# Autonomous driving wins credit in 2014

Overall, safety related driver assistance systems are evaluated much more positively than comfort features.



# Autonomous cars are expected within the next 5 years

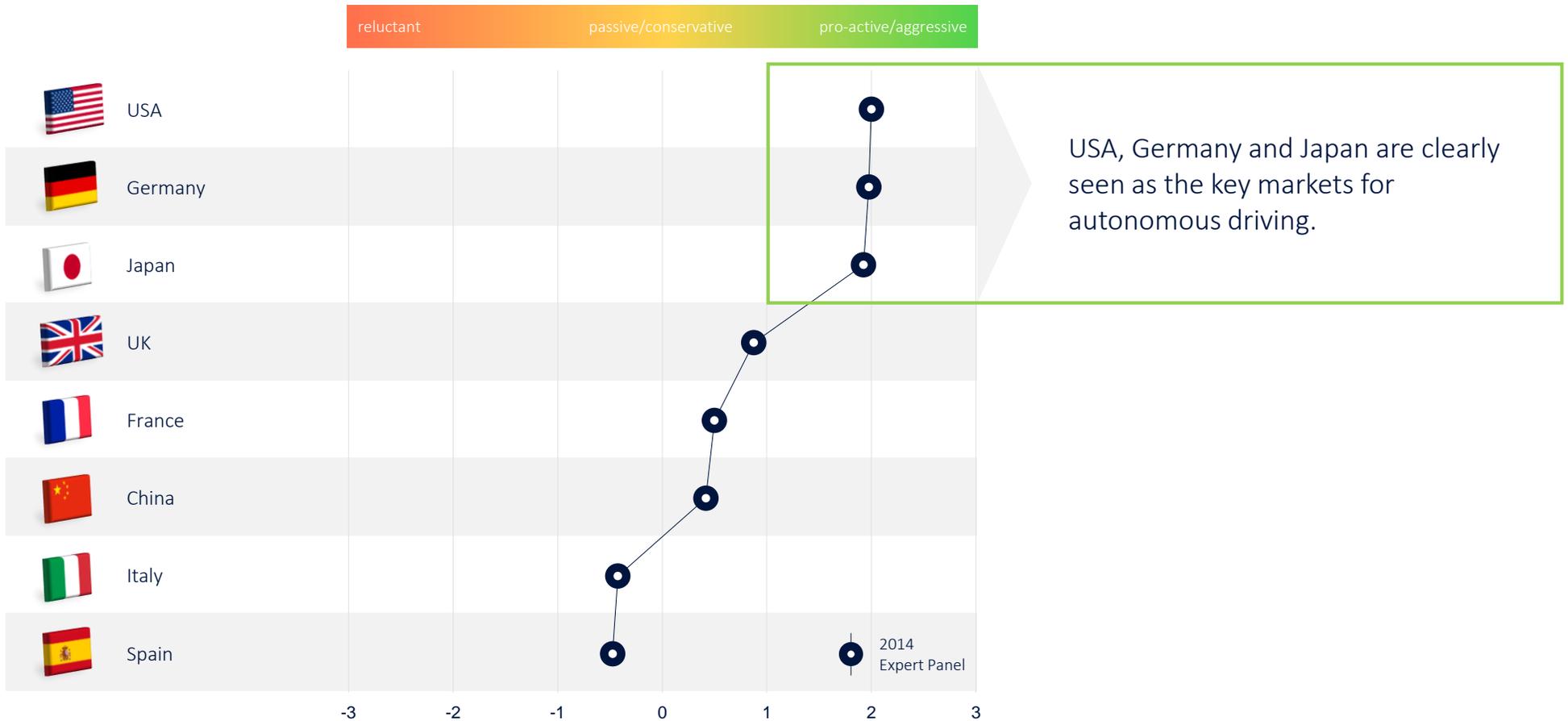
The world car experts are anticipating autonomous cars in series production within the next five years.



“When do you expect to see fully autonomous driving cars in series production?”

# Key markets for autonomous driving are USA, Germany, Japan

Due to high costs and the need for infrastructure, autonomous driving will be strongly pushed by the most developed car markets.



# Challenges to autonomous driving

Legislation is seen as the biggest challenge to autonomous driving, closely followed by infrastructure and industry standards for Car-to-Car and Car-to-X communications.



# Safety is key to consumer acceptance of autonomous driving

However, extra costs are seen as the second most important factor to clear the way for autonomous cars.



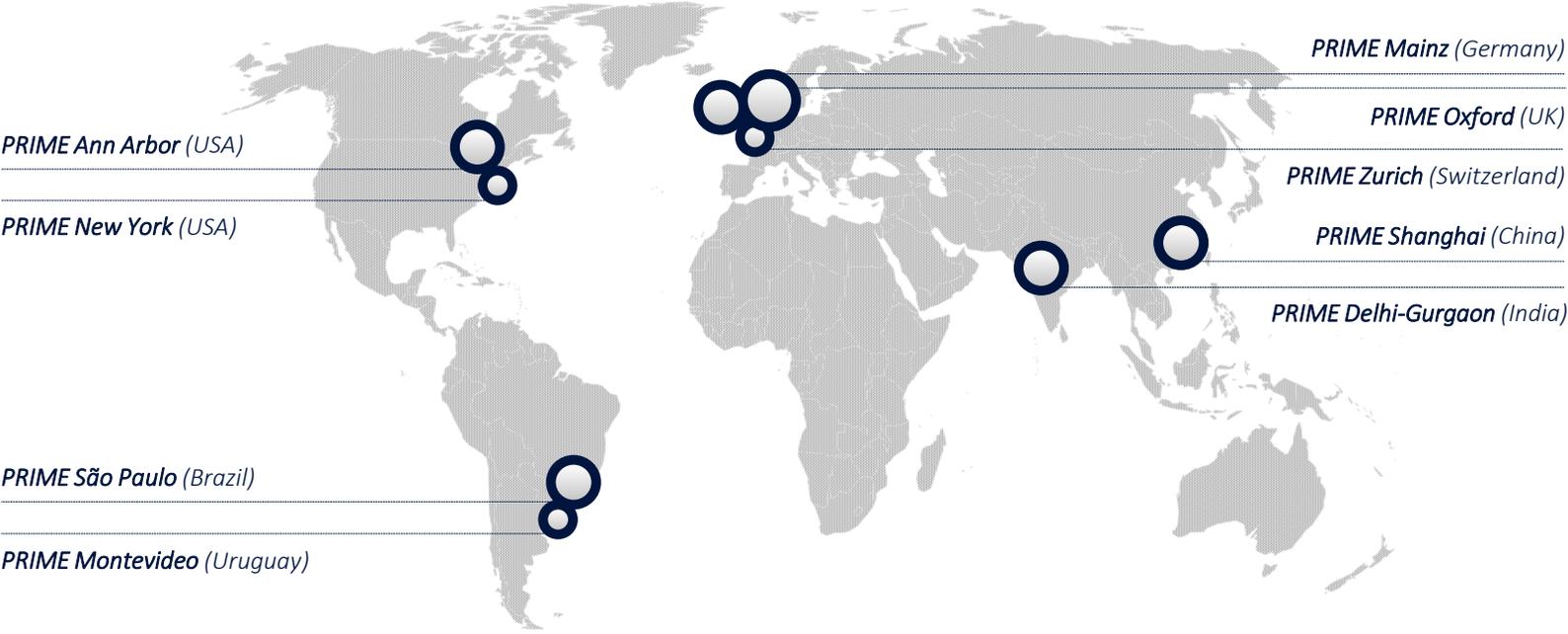
Safety is the key to consumer acceptance of autonomous driving.

City motorists in Europe and the US waste Ø 60-80 hours per year in congestion.



“How important are the following factors from your point of view regarding the consumer acceptance of autonomous driving?”

# Contact



*PRIME Ann Arbor (USA)*

*PRIME New York (USA)*

*PRIME São Paulo (Brazil)*

*PRIME Montevideo (Uruguay)*

*PRIME Mainz (Germany)*

*PRIME Oxford (UK)*

*PRIME Zurich (Switzerland)*

*PRIME Shanghai (China)*

*PRIME Delhi-Gurgaon (India)*

**Dr. Rainer Mathes**  
*PRIME Research*  
Chairman  
mathes@prime-research.com

**Bernd Hitzemann**  
*PRIME Research*  
Project Director  
hitzemann@prime-research.com

**Jens Meiners**  
*World Car Awards*  
Director Steering Committee World Car Awards  
jmeiners@hearst.com