

# ELECTRIC & HYBRID VEHICLES – GERMANY – 2024

Hybrid cars hold significant value during the transition to electric cars; brands can generate appeal for electric cars by addressing negative perceptions and sparking enthusiasm.



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# Electric & Hybrid Vehicles - Germany - 2024

## This report looks at the following areas:

- Key drivers affecting the electric & hybrid vehicle market, including economic, regulatory and legislative changes
- Car ownership and usage
- Plans to purchase a hybrid/electric car, including interest by demographic groups
- Consideration of cars with different fuel types, such as hybrid, plug-in hybrid, electric and fuel cell
- Attributes associated with cars of different fuel types, such as durable, exciting, high-maintenance and overrated
- Attitudes towards electric & hybrid cars



Hybrid cars hold significant value during the transition to electric cars; brands can generate appeal for electric cars by addressing negative perceptions and sparking enthusiasm.

## Overview

40% of younger Millennials (vs 28% overall) agree that owning cars with a combustion engine is becoming socially unacceptable; this demonstrates that social factors of sustainability play a significant role in the decision to purchase a hybrid/electric car.

As consumer confidence increases – especially among those with net household income €3,000 or more (40%), who show high interest in purchasing a hybrid/electric car within the next three years – the hybrid/electric car market will see positive momentum. Consumers with low household incomes, who are likely to have lower spending potential, will prefer cheaper hybrid cars over electric.

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The elimination of government subsidies for electric vehicles could slow growth of electric cars, as price-conscious consumers will opt for cheaper petrol/diesel or hybrid cars.

Brands have an opportunity to capitalise on this short-term demand for hybrid cars. As the transition to electric continues and competition intensifies, opportunity exists to convert consumers with solid, informative communication. Brands can do this by addressing the negative perceptions of electric cars, and harnessing emotion to convey the social benefits of driving sustainably.

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# Report Content

## EXECUTIVE SUMMARY

- The five-year outlook for electric & hybrid vehicles

### Market context

- Increasing consumer confidence will have a positive impact on the hybrid/electric car market
- End of government subsidies for electric vehicles will be detrimental to electric car sales

### Mintel predicts

- New hybrid and electric vehicle registrations expected to reach 1.93m by 2028
- Market size & forecast
- Steady growth predicted for the hybrid & electric car market

### Opportunities

- Convey how sustainable cars can elevate social status to capitalise on high interest among younger Millennials
- Generate excitement about electric & hybrid cars to stand out from other ads
  - Graph 1: consumers who agree that all pure electric/hybrid cars are portrayed in the same way in car ads, by age and gender, 2023
- Address private renters' concerns around charging
  - Graph 2: car ownership, by housing situation, 2023
- More consumers perceive newer technologies negatively than conventional ones
- Use the power of communications to overturn negative perceptions about electric cars

### The competitive landscape

- Volkswagen overtakes Tesla to regain the top spot
  - Graph 3: BEV market share, 2021-23
- Premium German brands maintain pole position, as Mercedes overtakes Audi and BMW
  - Graph 4: HEV and PHEV market share, 2021-23

## MARKET DRIVERS

### The German economy

- Economic recovery to follow the slowdown in 2023
  - Graph 5: key economic data, in real terms, 2019-25
- Inflation is slowly bouncing back to more conventional levels
- Inflation is still the key factor affecting consumers' finances...
- ...confidence and expenditure

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- Graph 6: financial confidence index, 2022 - 23

- Increasing consumer confidence among high-income households will drive purely electric sales, whereas low-income households will switch to hybrid

## Regulatory and legislative changes

- Abrupt end of government subsidies for electric vehicles will have a negative impact on BEV sales

## Charging infrastructure

- Germany's public charging network is expanding...
  - Graph 7: number of charging points, by type, 2017-23
- ...which is a positive sign for the electric car market

## WHAT CONSUMERS WANT AND WHY

### Car ownership

- Pure electric cars are gaining momentum
- More consumers own an electric car than a plug-in hybrid
- Address the worries of private renters about charging
  - Graph 8: car ownership, by housing situation, 2023

### Plans to purchase a hybrid or electric car

- Interest in hybrid/electric cars is mainly driven by younger generations
  - Graph 9: plans to purchase a hybrid or electric vehicle, by generation, 2023
- Younger Millennials show high interest in purchasing hybrid/electric cars
- Low interest among low-income group highlights the importance of hybrid cars during the transition to affordable electric cars
  - Graph 10: consumers who definitely/probably plan to purchase a hybrid/ electric car within the next three years, by net monthly household income, 2023
- Redefine the urban shopping experience to cater to higher interest in electric/hybrid among consumers living in cities
  - Graph 11: consumers who probably/definitely plan to purchase a hybrid/electric car within the next three years, by area, 2023
- Engage with existing hybrid/electric car owners to leverage their high interest in hybrid/electric cars
- Nearly four in 10 consumers who plan to purchase an electric or hybrid vehicle within the next three years plan to do so in the next 11 months
- Brands should target 18-34s for maximum growth potential
  - Graph 12: timescale for hybrid/electric car purchase, by age, 2023

### Consideration of different fuel types

- Hybrids take the top spot in buyers' consideration
  - Graph 13: consideration of different fuel types, 2023

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- Fuel cell technology remains questionable among consumers
- Leverage high consideration for hybrids in the short term to drive brand awareness
  - Graph 14: consideration of different fuel types, by time of planned purchase, 2023

### Attributes associated with different fuel types

- Consumers are more likely to perceive newer technologies negatively than conventional ones
- Emphasise positive ownership experiences to address consumer worries about electric cars' durability
- Take measures to change the high-maintenance perception of purely electric cars
- BMW's podcast series on YouTube aims to clear the myths about electric cars
- Affordability is a major concern
- Enhance the perception of purely electric cars among Gen Xers and Baby Boomers
  - Graph 15: consumer association that purely electric cars are 'overrated', by generation, 2023
- Volkswagen shows how driving an electric car can be fun

### Attitudes towards electric and hybrid vehicles

- Focus on sustainability's social aspect to capitalise on high interest among Younger Millennials
- Focus on sustainability's social aspect to capitalise on high interest among younger Millennials
- Go beyond standard industry ratings to address the safety concerns about electric cars
  - Graph 16: attitudes towards electric and hybrid cars, 2023
- Leverage excitement to stand out
- Leverage excitement to stand out from other electric & hybrid car ads
- Consumers want fast charging to suit their fast-paced lifestyles
- Prove the versatility of purely electric cars to generate appeal among consumers living in rural areas
  - Graph 17: attitudes towards electric and hybrid vehicles, 2023
- Support sustainability claims and goals with easily understandable media
  - Graph 18: consumer believe that purely electric cars are as environmentally friendly as manufacturers claim, by generation, 2023
- Apple reports sustainability concerns with a twist
- Make information about electric cars easy to understand with the help of real-world examples

## LAUNCH ACTIVITY AND INNOVATION

- Citroën launches the ë-c3 – an electric car starting at €23,300
- Renault will launch an electric version of the R5 at an affordable price
- CATL introduces fast-charging batteries
- Fiat introduces a small electric urban car with standard household charging plug

### Advertising and marketing activity

- BMW allows consumers to configure a car in Fortnite
- Sony Afeela prototype driven on stage with a PS5 controller

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- Mercedes goes beyond standard industry ratings to prove the safety of its electric cars, compared to other fuel types
- BYD becomes the official e-mobility partner of UEFA Euro 2024

## MARKET SHARE

- Volkswagen overtakes Tesla to regain the top spot
  - Graph 19: BEV market share, 2021-23
- German brands performed well to make it to the top
- German premium brands maintain top position as Mercedes overtakes Audi and BMW
  - Graph 20: HEV and PHEV market share, 2021-23
- Strong growth in hybrids helps Mercedes cruise past Audi and BMW

## Competitive strategies

- Mass-market brands focus on affordability as competition intensifies
- Mercedes sharpens its focus on the luxury segment
- Brands look to appeal to consumers by transforming the car into a digital experience space
- Chinese car brands seek to appeal to luxury buyers by redefining the car purchasing experience

## MARKET SIZE, SEGMENTATION AND FORECAST

### Sector size

- External factors slowed growth of the hybrid/electric market
  - Graph 21: new hybrid and electric car registrations, 2019-23

### Forecast

- Recovery from inflation is expected in 2024
- The hybrid and electric car market will continue to grow at a steady rate

### Market segmentation

- HEVs dominate the hybrid and electric vehicle market
  - Graph 22: market segmentation of electric vehicles, by fuel type, 2019-23
- Increase in BEV sales overshadowed by HEVs
- The SUV trend continues
  - Graph 23: market segmentation of hybrid/electric vehicles, by body type, 2021-23
- The SUV trend continues

## APPENDIX

### Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report

- Abbreviations
- Consumer research methodology
- Correspondence analysis methodology
- A note on language

## **Appendix – market size and central forecast methodology**

- Forecast methodology (if applicable)
- Forecast methodology – fan chart (if applicable)
- Market size – volume
- Market forecast and prediction intervals – volume



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