The highest-end automobiles are often a test bed for new technologies. McKinsey and Company recently released a report on the trends shaping the luxury car market—the 2 to 3 percent of cars that sell for more than $80,000—which the company reported was growing faster and more profitably than other cars. Most of these trends are economic rather than technological, but within the report are some clues to the direction the auto industry as a whole may take.

Perhaps the most important technological trend is electrification. Battery-electric vehicles have been making inroads across the board, with sales hitting a record in the second quarter of this year, reaching 5.6 percent of the total. But the report also digs into some of the other must-have technology features for luxury car buyers. For instance, Chinese high-end consumers are looking to make their luxury cars into technology hubs, prizing features such as advanced entertainment systems and the ability to use (and update) third-party favorite apps. What’s luxury today will be standard tomorrow.

### The Luxury-Car Segment Will Drive Most Market Growth

<table>
<thead>
<tr>
<th>SEGMENTATION OF CAR MARKET BY VEHICLE COST RANGE</th>
<th>SALES IN 2021, THOUSAND UNITS</th>
<th>CAGR 2021-31, %</th>
<th>PCT. INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LUXURY 2–3% &gt;$500,000</td>
<td>~1</td>
<td>+14</td>
<td></td>
</tr>
<tr>
<td>$300,000–$500,000</td>
<td>20</td>
<td>+9</td>
<td></td>
</tr>
<tr>
<td>$150,000–$299,000</td>
<td>140</td>
<td>+10</td>
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</tr>
<tr>
<td>$80,000–$149,000</td>
<td>1,375</td>
<td>+8</td>
<td></td>
</tr>
<tr>
<td>NON-LUXURY 97–98% &lt;$80,000</td>
<td>73,500</td>
<td>+1</td>
<td></td>
</tr>
</tbody>
</table>

Technology features that interest Chinese luxury-car buyers

- **Sped electric-vehicle dimensions**
- **Cutting-edge advanced drivetrain systems technology**
- **Level 4 autonomous driving features are available and completely safe to use**
- **Battery-electric post-purchase upgrades**
- **Operating system enables the use of customers’ favorite apps in the car, with assistance and new features that are added over-the-air**
- **Human–machine interface integration with local app ecosystem**
- **Chinese-specific subscription services, integration of content from local third-party apps, and entertainment for passengers**
- **Customer experience: simplifies user interface with intuitive and driver-centric design**
- **Simplified interaction with the vehicle and a personalized user experience along the journey**
- **Fast and exclusive charging options**
- **Long battery range**
- **Access to Chinese-specific charging technology, services, and charging networks**

Source: McKinsey & Company