

PERCEPTION BRIEF

Automotive Industry under pressure in 2023

Post-pandemic youth disenchantment with the sector is hurting automakers.



The road ahead for the Automotive industry

In 2022, automakers struggled with recalls, component shortages, price hikes and environmental concerns – among other things.

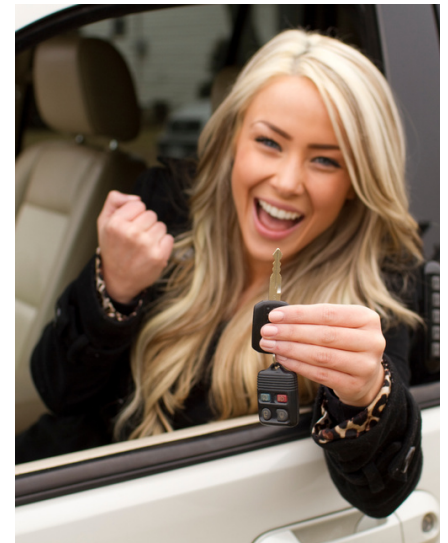
Looking forward, the industry will also need to undergo a profound transformation to keep pace with the changing expectations of young consumers, who demand both cutting-edge technology and a speedy switch to electric.

Current data suggests automakers must adapt and find new ways to inspire young generations.

70% of 18-24 year-olds do not speak positively about the sector.

When asked if they would say something positive about the automotive company they were evaluating, only 3 out of 10 young respondents in 2022 said yes – down a significant 5%-points from 2021.

Youth expectations are changing, seeking more innovative and inspiring products, and preferring sustainable vehicles. However, the high cost of electric cars has made them unaffordable for many in this age group, which potentially explains these results.



Advocacy | 2022 vs 2021

30% -5%↓

Employment | 2022 vs 2021

27% -8%↓



Less than **30%** of young people would consider working in the sector.

A sharper decline is seen in 18-24 year-olds' interest in working for automotive companies. Be it the sector's declining innovation and differentiation in the eyes of the youth, or issues such as component shortages and labor crises faced by the sector in 2022 – the fact is that many young people are turning to other, more appealing industries like Big Tech, with an Employment score of almost 50%.



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The industry's youth challenge

The automotive sector has been anticipating a surge in demand from the younger generation as the next wave of car buyers. However, younger consumers have yet to show much interest in owning cars. This generation also places a greater emphasis on sustainability and is more likely to consider alternative modes of transportation like ride-sharing, electric bikes, or public transportation.

This and other factors – such as the trend towards urban living, car ownership's high cost, electric vehicles being seen as a luxury item, and ride-sharing services' convenience – may explain the shift in preferences and the decline in perceived differentiation of the automotive sector as young people increasingly seek more sustainable, cost-effective, and convenient modes of transportation.

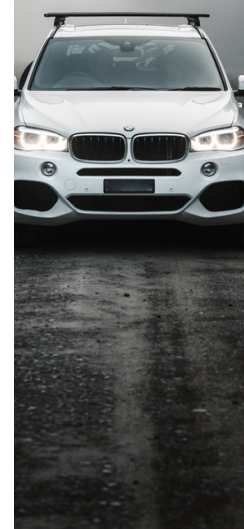
The reputational development of the following three German car brands further illustrates this challenge in a European context.

BMW struggles with its reputation in Germany – especially among the young demographic.

Like the global automotive industry, BMW's reputation in its home country of Germany has declined last year, mainly due to a significant drop in perceived differentiation, inspiration and relevance.

For the last 4 years, the company has not managed to hit the 'high' reputation threshold score of 70, last achieved in 2018 – suggesting its reputational woes are not new.

The reputational decline has been especially pronounced among the 18-24 age group, with a drop of 6 points in the Trust & Like Score. As a result, BMW may be losing out on potential consumers and talents among this critical demographic.



Country	Company	Attribute	2018	2019	2020	2021	2022
Germany	BMW	Trust & Like Score	70	66	62	69	67

How to read results: **80-100** Very high **70-79** High **60-69** Average **40-59** Low **0-39** Very low



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Mercedes-Benz Group

experiences positive reputational trends, but loses attractiveness to young talent.

Mercedes-Benz has improved its overall reputation and perceptions of innovation, integrity, leadership and differentiation.

But just like other brands in the sector, Mercedes-Benz, too, faces an uphill battle with younger demographics. While they tend to trust and like the company, and find it inspiring, they have done so to a lesser degree in 2022 than in the year before.

Most worryingly – the share of youth that would consider Mercedes-Benz as an employer dropped significantly from 44% to 29% in the last year.

This decline suggests challenges in attracting young talent in the future.



Results among 18-24 year-olds in Germany in 2022



VOLKSWAGEN

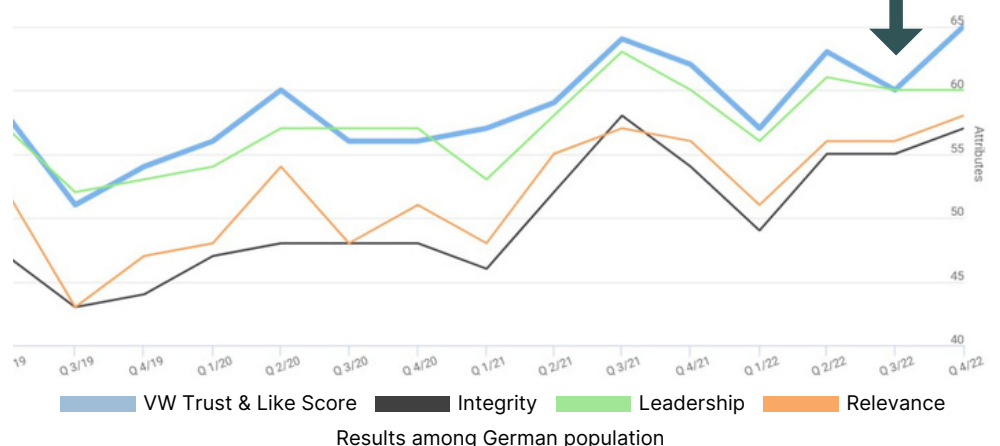
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has steadily improved its reputation in Germany since Dieselgate – but less so among youth.

While still lagging behind BMW and Mercedes-Benz in terms of overall reputation, Volkswagen's ability to recover from the scandal – especially in the area of perceived integrity – is impressive.

However, consumers aged 18 to 34 are more critical of Volkswagen, with declining perceptions from 2021 to 2022 across all areas.

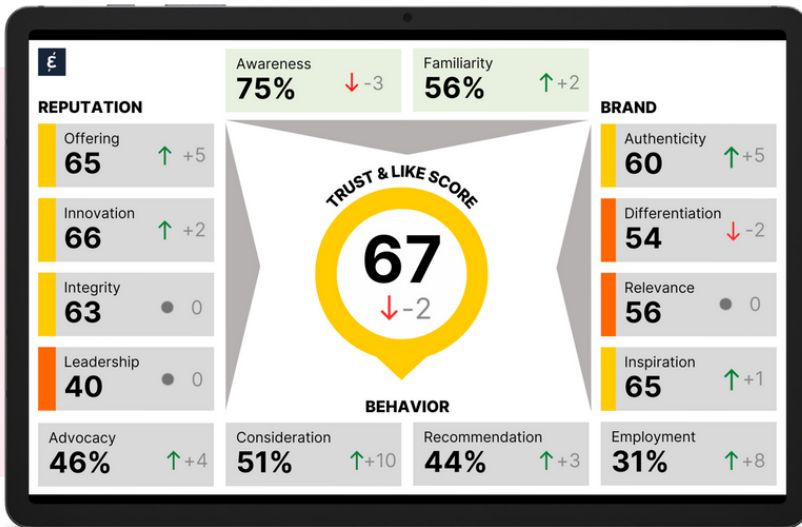
To stay competitive, the company needs to improve its social and environmental initiatives and communicate them in a more compelling manner to appeal to younger audiences.



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About Caliber's Reputation Monitoring Software



Our corporate reputation monitoring model is based on extensive research and explains the journey from stakeholder interaction to business impact – comprising elements such as awareness, rational perceptions, trust and supportive behavior.

How can Caliber help Automotive brands to build a bulletproof reputation?

Caliber combines the best of traditional market research and online media monitoring, giving you powerful stakeholder perception data at all times.

Unlike traditional point-in-time research, Caliber offers continuous real-time stakeholder perception data, which you can benchmark against competitors and industry indices in a few clicks.

Unlike social listening, Caliber covers all relevant stakeholders and combines both media AND perception data, enabling you to see a full, accurate and representative picture - and the impact of activities and events in real time.

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