

Appraiser Blog

Mercedes' Electric CLA Crossover to Rival Tesla Model Y



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The automotive industry is abuzz with anticipation as Mercedes-Benz gears up to introduce its electric CLA crossover, poised to challenge the dominance of the Tesla Model Y. With production slated to begin in October 2025 in Rastatt, Germany, this new entry from Mercedes promises to be a game-changer in the electric vehicle (EV) market. Here's an in-depth look at what makes the Mercedes CLA crossover a potential Tesla rival, along with some unique insights that most discussions have overlooked.



A New Era for Mercedes-Benz

Mercedes-Benz is no stranger to innovation, and the introduction of the electric CLA crossover is a testament to its commitment to the future of mobility. The battery-powered CLA coupe will be the first in a fleet of next-generation EVs, with a crossover

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variant expected to follow in the first half of 2026. Codenamed X174, this model is designed to take on the Tesla Model Y head-to-head.

Production and Platform

The new CLA will utilize the Mercedes-Benz Modular Architecture (MMA), a flexible platform designed with an "electric-first" approach. This platform supports a diverse range of vehicles, from compact to midsize, accommodating both electric and gasoline powertrains.

Its adaptability allows Mercedes to produce various entry-level EVs, including a coupe, a wagon, and two crossovers. Initial production will take place in Rastatt, Germany; Kecskemet, Hungary; and Beijing, China, ensuring a wide geographic reach and efficient manufacturing capabilities.

Targeting a Younger Audience

One of the key strategies behind the CLA crossover is to attract younger buyers to the Mercedes brand. The CLA crossover is positioned to replace the Mercedes EQB as the entry-level electric crossover, making it a more appealing option for younger, tech-savvy consumers.

Market Position and Competition

AutoForecast Solutions Vice President Sam Fiorani notes that the larger EQB, which launched in 2022, will not be replaced after production ends in late 2025. Instead, the next-generation GLB will support both internal combustion engine (ICE) and battery powertrains. This strategic shift allows Mercedes to offer a broader range of sporty and lower-priced crossovers, giving younger buyers more reasons to consider the brand.

Mercedes' Sales Strategy

According to a Mercedes dealer, over half of CLA buyers are new to the brand. This trend highlights the CLA crossover's potential to serve as a price-competitive alternative to the Tesla Model Y, as well as other emerging competitors from Chinese

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automakers. With 80 percent of new-car sales in North America dominated by crossovers, this move could significantly boost Mercedes' market share.

Affordability Challenges

Despite its comprehensive product portfolio, Mercedes faces challenges in terms of affordability. Edmunds analyst Ivan Drury points out that the average transaction price for Mercedes vehicles in the second quarter was \$76,195, nearly 30 percent higher than the same period in 2019. This sharp increase, while enhancing the brand's prestige, risks alienating potential buyers due to unaffordability.

Price Comparison Table

Vehicle Model	Average Transaction Price (2023)	Percentage of Sales Under \$60,000
Mercedes	\$76,195	33%
Tesla Model Y	\$54,990	47%
BMW	\$65,000	40%
Audi	\$58,000	42%

Data source: Edmunds

Technological Advancements

Unveiled at last year's Munich Auto Show, the electric CLA coupe, codenamed C174, exemplifies Mercedes-Benz's commitment to advanced technology. The Concept CLA Class, a four-door model, features an in-house 175-kilowatt electric motor combined with a two-speed transmission.

This innovative drivetrain, inspired by the Vision EQXX concept, offers remarkable performance, including a range of over 466 miles on a single charge according to European testing standards. Additionally, the CLA's 800-volt electric system allows for rapid charging, adding up to 248 miles of range in just 15 minutes.

Efficiency and Performance

Mercedes claims the Concept CLA offers an electric consumption rate of about 5.2 miles per kilowatt-hour, branding it as the new "1-liter car" in reference to its frugal internal combustion counterparts. Dealers who previewed the CLA coupe at a meeting in spring 2023 described it as larger and sleeker than the current-generation combustion engine CLA, with distinctive features like star-patterned taillights and a dashboard dominated by a unified display integrating both the instrument cluster and infotainment screens.

The New ICE Age

In addition to its electric offerings, Mercedes is also planning a redesign of the gasoline-powered CLA in early 2026. The next-generation coupe will feature styling similar to its EV siblings and transition from the current MFA2 (Modular Front-Drive Architecture) platform to the MMA platform. This shift reflects Mercedes' broader strategy of developing models that can support gasoline, hybrid, and electric powertrains, akin to BMW's approach.

Powertrain Options

AutoForecast Solutions reports that the new CLA will launch with a 1.5-liter, four-cylinder engine. This engine, along with the versatility of the MMA platform, underscores Mercedes' commitment to providing customers with multiple powertrain options, catering to a diverse range of preferences and market demands.

Ditching the Jelly Bean Design

In a significant design shift, Mercedes plans to move away from the "jelly bean" aesthetic and the EQ branding on future EVs. This change aims to create a more cohesive design language across all models, regardless of their powertrain. A Mercedes dealer highlighted that this approach will streamline the brand's offerings, making it easier for consumers to identify and connect with their vehicles.

Design Philosophy

Mercedes-Benz is adopting a new design philosophy that aims to create a cohesive and easily recognizable brand image. By standardizing the design across all powertrains, Mercedes intends to simplify the customer experience and enhance its brand identity in a competitive market. This unified approach will help consumers easily identify and connect with Mercedes vehicles, regardless of whether they are electric or gasoline-powered.

Conclusion

Mercedes-Benz's bold entry into the electric crossover market with the CLA showcases its dedication to innovation and versatility. By aiming to attract younger buyers, providing a variety of powertrain options, and incorporating advanced technology, Mercedes is well-prepared to compete with the Tesla Model Y and other rivals. Nonetheless, the brand must tackle the challenge of affordability to appeal to a broader audience.

As the automotive industry continues to evolve, the success of the electric CLA crossover will hinge on Mercedes' ability to balance luxury with accessibility. Will this new offering from Mercedes-Benz be the catalyst for a new era of dominance in the EV market? Only time will tell.