

BRAND WATCH

LUXURY SEGMENT TOPLINE REPORT

3rd Quarter 2019



WHAT IS BRAND WATCH™ ?

Brand Watch, a **shopper perception study**, reveals trends in **vehicle consideration** among new car consumers and **factors that influence purchase decisions**.

Brand Level Study
135,000+ interviews since 2007



BRAND WATCH™



Model Level Study
84,000+ interviews since 2012

Captures **brand and model consideration & familiarity** among new car shoppers

Tracks **12 factors important to shoppers** across all segments and models

Respondents are **in-market for a new vehicle** and recruited from KBB.com

WHAT CAN BRAND WATCH™ DO?

Identify key factors driving vehicle purchase decisions and measure OEM brand equity

What is important to consumers when shopping for a new vehicle

How brands and models perform on **factors most important to shoppers** within and across segments

How **demographic groups** differ

BRAND WATCH: LUXURY CONSIDERATION

Luxury consideration in Q3 was on par with year-ago and Q2 levels. Luxury sales in Q3 outpaced the overall market as luxury shoppers are more resilient economically than average consumers. In Q3, Tesla wrote another chapter in the luxury story of the year.

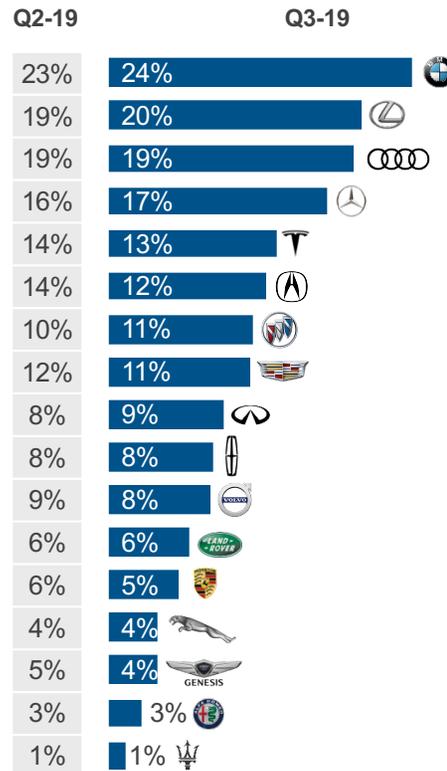
BMW Led; Tesla Gained

- **BMW** retained the No. 1 spot for the 5th straight quarter, helped by product expansion, SUV strength and incentives. **Lexus** led in Q3 sales
- **Tesla** gained the most in year-over-year consideration. The rise didn't translate to U.S. sales, down 21% in Q3, as vehicles went overseas
- **Acura** nosedived, due to steep fall of **Acura RDX**

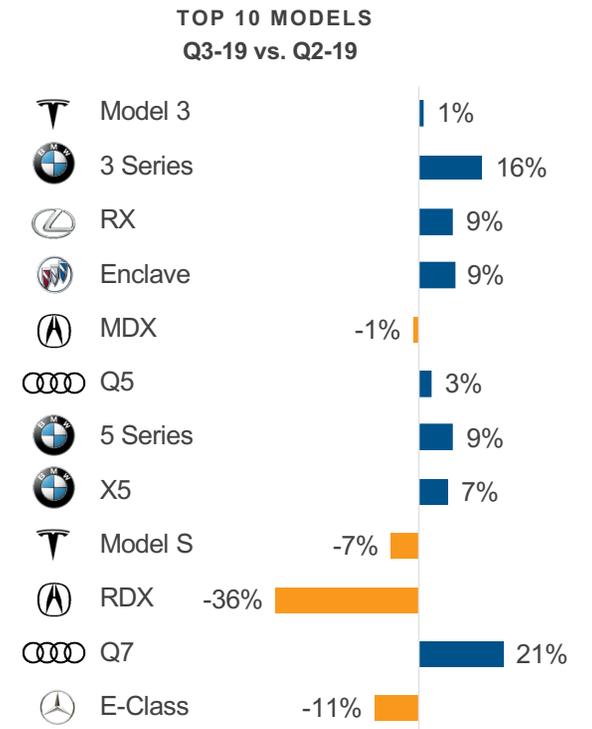
Tesla Model 3 Most Considered

- **Tesla Model 3** retained the top spot for most considered luxury vehicle. Consideration grew after a July price cut
- Luxury Top 5 remained the same in Q3 from Q2, with minor ranking swaps

QUARTERLY BRAND CONSIDERATION



QUARTERLY CONSIDERATION GROWTH



A CLOSER LOOK: LUXURY SEGMENT CONSIDERATION

Luxury SUV consideration grew significantly the past year. Luxury car consideration slipped. Compared with non-luxury, the gap is less dramatic and closing, due to growing interest in Tesla cars. Only a 2-percentage point difference in Q3 2019 vs. 6-percentage point difference a year ago separates SUVs and cars.

QUARTERLY SEGMENT CONSIDERATION

61% 
LUXURY SUVs

| Last Qtr. | Last Year |
|-----------|-----------|
| 60% | 56% ▼ |

59% 
LUXURY CARS

| Last Qtr. | Last Year |
|-----------|-----------|
| 60% | 62% |

TOP 5 LUXURY SUVs

- #1  RX
- #2  Enclave
- #3  MDX
- #4  Q5
- #5  X5

TOP 5 LUXURY CARS

- #1  Model 3
- #2  3 Series
- #3  5 Series
- #4  Model S
- #5  E-Class

Lexus RX Most Considered SUV

- **Lexus RX** ranked No. 1 for the 2nd second straight quarter, thanks to its freshening
- **Buick Enclave**, the only domestic with a top ranking, climbed from No. 5 to No. 2, stealing the spot from Acura RDX
- **Acura MDX** improved shopping on affordable lease specials
- **Audi Q5** held off midsize luxury SUV competition

Tesla, BMW Dominate Cars

- **Tesla** and **BMW** each had 2 models in the Top 5 most considered luxury cars
- **Tesla Model 3** consideration dipped but still No. 1
- **BMW 5 Series**, in sell-down before next year's new model, swapped spots with **Tesla Model S**

▲ ▼ indicate significant % change Q/Q

TOP 10 CONSIDERED MODELS: LUXURY SHOPPERS

Luxury SUVs dominate the Top 10 (or 13 since 3 vehicles tied for No. 10 spot) most considered luxury vehicles. The midsize SUV segment was particularly vibrant with increasingly more competition.

TOP 10 MODELS

* New to Top 10

| #1 | #2 | #3 | #4 | #5 |
|---|--|--|---|--|
|  MODEL 3 Entry Luxury H/P/E Car |  3 Series Entry Luxury Car |  RX Luxury Midsize SUV |  Enclave Luxury Midsize SUV |  MDX Luxury Midsize SUV |
| #6 | #7 | #8 | #9 | #10 |
|  Q5 Luxury Compact SUV |  5 Series Luxury Car |  X5 Luxury Midsize SUV |  MODEL S Executive Luxury H/P/E Car |  RDX Luxury Compact SUV |
| | | | |  Q7 * Luxury Midsize SUV |
| | | | |  E-Class * Luxury Car |

TOP 10 IN Q3-19

Acura RDX
 Acura RDX, new and soaring last year, plummeted. New isn't new for long amidst the competition

Lexus RX
 The Lexus RX, the first-ever midsize luxury SUV, was recently refreshed, and shoppers approve.

FACTORS DRIVING LUXURY CONSIDERATION

Similar to non-luxury, luxury shoppers rated Durability/Reliability, Safety and Driving Comfort as, by far, the most important factors in vehicle selection. Technology has become more important; fuel efficiency less so.

| RANK | RANK | | FACTOR | IMPORTANCE | TOP RANKED | | |
|------|-------|-------|-------------------------|------------|------------|----|----|
| | Q3-14 | Q3-19 | | | BRAND | #2 | #3 |
| 1 | 1 | | Durability/Reliability | 81% ▲ | | | |
| 2 | 2 | | Safety | 73% ▲ | | | |
| 3 | 3 | | Driving Comfort | 70% ▲ | | | |
| 4 | 4 | | Driving Performance | 63% ▲ | | | |
| 6 | 5 | | Affordability | 49% ▲ | | | |
| 8 | 6 | | Interior Layout | 49% ▲ | | | |
| 10 | 7 | | Technology | 49% ▲ | | | |
| 5 | 8 | | Reputation | 49% | | | |
| 9 | 9 | | Exterior Styling | 47% ▲ | | | |
| 7 | 10 | | Fuel Efficiency | 42% | | | |
| 11 | 11 | | Ruggedness | 21% | | | |
| 12 | 12 | | Prestige/Sophistication | 18% ▲ | | | |

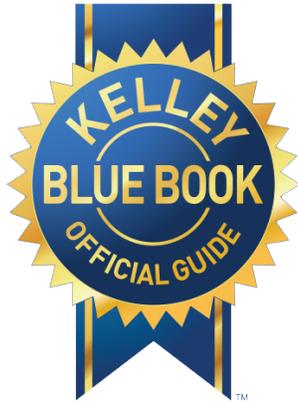
Technology climber; fuel efficiency dropped

- **Technology** ranked higher than it did 5 years ago, driven by Tesla as well as more features being introduced first on luxury vehicles
- **Fuel Efficiency** has fallen to No. 10 from No. 7 as gas has stayed relatively cheap and fuel efficiency has improved dramatically
- **Interior Layout** has risen in importance, moving up 2 ranks, due to increased technology and consumer desire for it to be laid out logically and operate intuitively along with longer commute times

Brand Factor Leaders

- **Tesla** continued its reign of leading in most categories – **7 out of 12**. It won in both emotional and practical factors
- **Genesis** led in **Affordability**, a hallmark of value-focused South Korean automakers

▲ ▼ indicate significant % change from Q3-14 vs. Q3-19



BRAND WATCH TOPLINE

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