



BRAND WATCH

NON-LUXURY SEGMENT TOPLINE REPORT

4th Quarter 2019



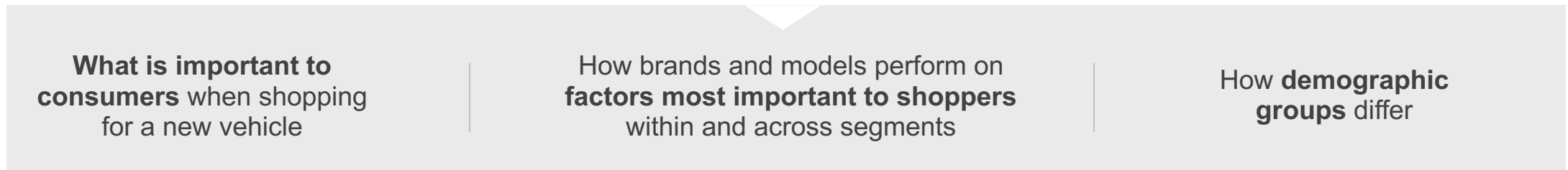
WHAT IS BRAND WATCH™ ?

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



WHAT CAN BRAND WATCH™ DO?

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



BRAND WATCH: NON-LUXURY CONSIDERATION

For domestics, Ford and GM brands held steady in shopping consideration, while Ram rose on the strength of the Ram 1500. South Korean brands also stayed steady despite sales gains. Performance among Japanese brands was mixed as car consideration fell.

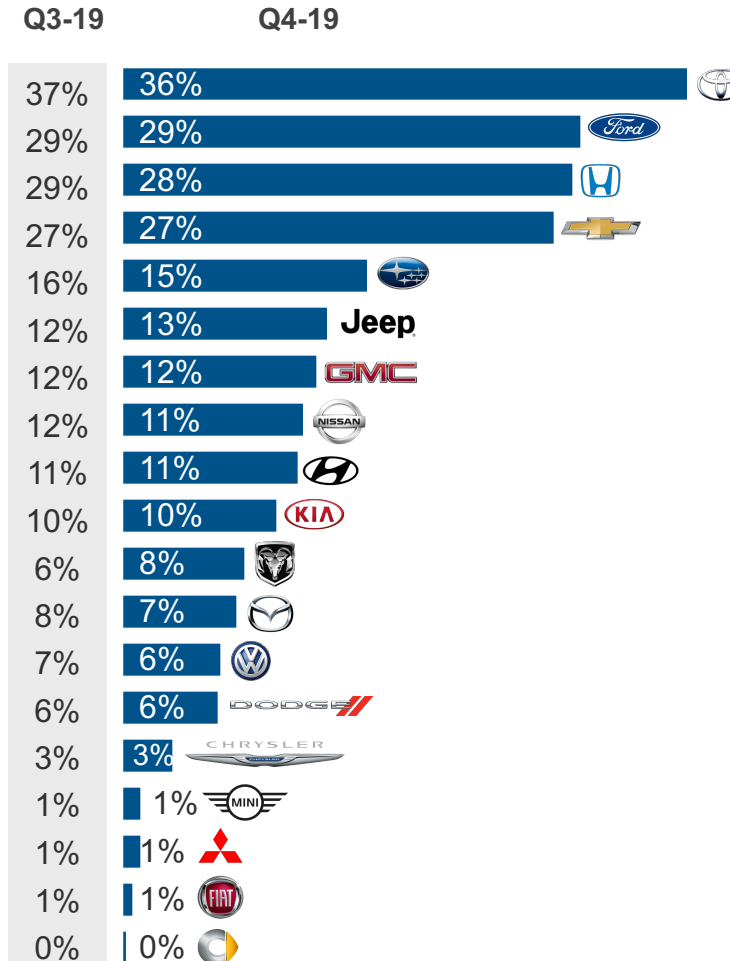
Ram On the Rise

- Ram climbed to 12th most considered brand, from 13th in Q3 2019 and 14th in Q4 2018, due to increasing popularity of Ram 1500 pickup.

Japanese Brands Struggling

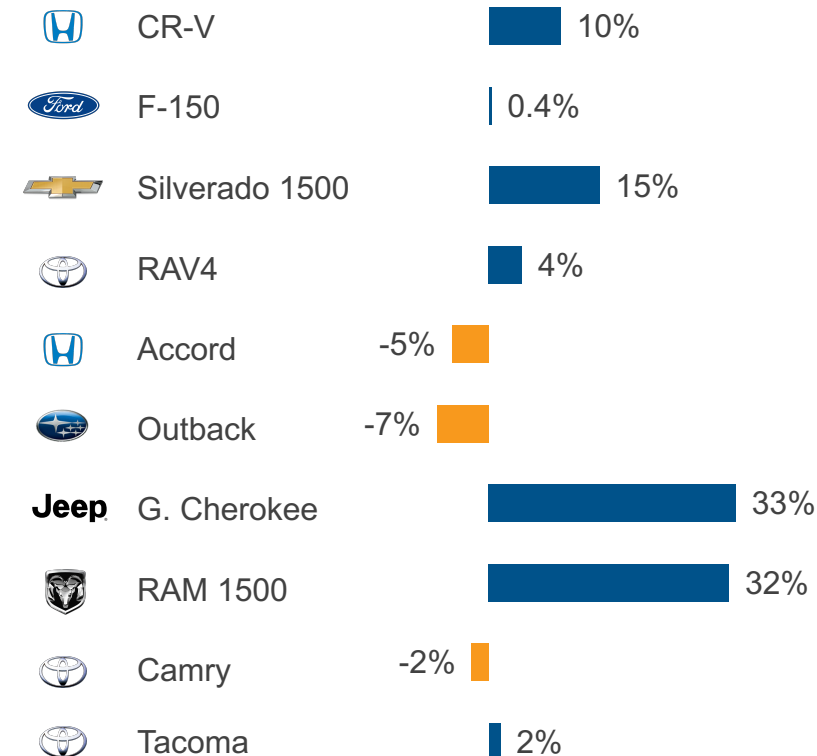
- Nissan is encountering corporate problems and aging product concerns, leaving it mid-pack as 8th most considered brand.
- Mazda's changes in the executive ranks and apparent identity crisis have led to declining consideration. The 7th most considered brand 2 years ago is now 13th.
- Toyota has been the top-considered brand since Q2 2018, but consideration fell 6 points from a year ago, likely due to declining car consideration. Case in point, Camry fell to 9th from 5th a year ago.
- Honda's CR-V took the top spot for considered models this quarter, but Honda's consideration fell almost 10% from a years ago.

QUARTERLY BRAND CONSIDERATION



QUARTERLY CONSIDERATION GROWTH

TOP 10 MODELS Q4-19 vs. Q3-19



A CLOSER LOOK: NON-LUXURY SEGMENT CONSIDERATION

Shopping consideration for SUVs and pickup trucks continued to rise to new heights, in part, due to numerous new offerings in both segments. Conversely, shopping consideration for cars sunk to new lows.

QUARTERLY SEGMENT CONSIDERATION

65% 
SUVS

| Last Qtr. | Last Year |
|-----------|-----------|
| 63% | 62% ▼ |

37% 
CARS

| Last Qtr. | Last Year |
|-----------|-----------|
| 41% ▲ | 47% ▲ |







29% 
PICKUPS

| Last Qtr. | Last Year |
|-----------|-----------|
| 28% | 22% ▼ |






6% 
MINIVANS

| Last Qtr. | Last Year |
|-----------|-----------|
| 6% | 6% |

TOP 5 SUVs

- #1  CR-V
- #2  RAV4
- #3  Outback
- #4  G. Cherokee
- #5  Pilot
- #5  Forester






TOP 5 CARS

- #1  Accord
- #2  Camry
- #3  Civic
- #4  Corolla
- #5  Prius

TOP 5 PICKUPS

- #1  F-150
- #2  Silverado 1500
- #3  RAM 1500
- #4  Tacoma
- #5  F-250/F-350/F-450

TOP 5 MINIVANS

- #1  Odyssey
- #2  Sienna
- #3  Pacifica
- #4  G. Caravan
- #5  Sedona

Cars Slide Further

- Car consideration slid for the 6th consecutive quarter and fell below 40% for the first time ever.

SUVs Remain Most Popular

- SUVs continued to be favored, gaining 2 points, and with more SUVs hitting the market.

Trucks Soar

- Truck consideration soared to more than 10 points higher than the lowest level in 2018.
- Pickup truck share of new vehicles sold hit 18%, the highest since 2005.

▲ ▼ indicate significant % change Q/Q

TOP 10 CONSIDERED MODELS: NON-LUXURY SHOPPERS

For the first time since KBB Brand Watch began, four pickup trucks are in the Top 10 most-considered vehicles. Only two cars are in the Top 10, the first time there have been only two since Q1 2018. The Top 10 list is rounded out with SUVs.

TOP 10 MODELS

* New to Top 10

#1



CR-V

Compact SUV

#2



F-150

Fullsize Truck

#3



Silverado 1500

Fullsize Truck

#4



RAV4

Compact SUV

#5



Accord

Midsized Car

#6



Outback

Midsized SUV

#7



Jeep G. Cherokee *

Midsized SUV

#8



1500 *

Fullsize Truck

#9



Camry

Midsized Car

#10



TACOMA

Midsized Truck

TOP 10 IN Q4-19

Honda CR-V





































- Refreshed with more technology and features, Honda-CRV returned to most considered vehicle for the 14th time since KBB Brand Watch began. No other model has been No. 1 that often.

Ford F-150

- Ford F-150 ranked second most considered, marking the 3rd consecutive quarter that the truck is within the Top 2 considered models.

FACTORS DRIVING NON-LUXURY CONSIDERATION

Not only did Ram brand rise in shopping consideration in Q4 2019 and win in sales, it dominated in factors that are important to consumers. In contrast, Honda, which once dominated, fell further in factors that matter to consumers.

| RANK | | FACTOR | IMPORTANCE | TOP RANKED BRAND | #2 | #3 |
|-------|-------|-------------------------|------------|---|---|---|
| Q4-14 | Q4-19 | | | | | |
| 1 | 1 | Durability/Reliability | 84%▲ |  |  |  |
| 2 | 2 | Safety | 71%▲ |  |  |  |
| 4 | 3 | Affordability | 64%▲ |  |  |  |
| 3 | 4 | Driving Comfort | 64%▲ |  |  |  |
| 5 | 5 | Driving Performance | 55%▲ |  |  |  |
| 7 | 6 | Reputation | 50%▲ |  |  |  |
| 6 | 7 | Fuel Efficiency | 47% |  |  |  |
| 8 | 8 | Interior Layout | 40%▲ |  |  |  |
| 9 | 9 | Technology | 38%▲ |  |  |  |
| 10 | 10 | Exterior Styling | 34%▲ |  |  |  |
| 11 | 11 | Ruggedness | 27%▲ |  |  |  |
| 12 | 12 | Prestige/Sophistication | 11%▲ |  |  |  |

Affordability and Driving Comfort continue to alternate for Third

- Affordability marginally came out on top for Q4 2019. As subprime delinquencies hit a new record last year, consumers may be realizing the increased importance of affordability. The ranking has remained in the top 5 for more than 5 years.

RAM Domination

- For the first time, Ram was top ranked for 6 factors of 12 factors important to buyers: Driving Comfort; Driving Performance; Interior Layout; Technology; Exterior Styling; and Prestige/Sophistication.

Honda Slips Further

- Honda slipped again in consumer perception. In 2018, Honda held top spots in 7 of the 12 factors important to buyers. In Q4 2019, it ranked first in only one – fuel efficiency – which, with low gas prices, has not risen in importance. It lost first place on technology to Ram.

▲ ▼ indicate significant % change from Q4-14 vs. Q4-19

Source: KBB Brand Watch Survey, Q4 2019

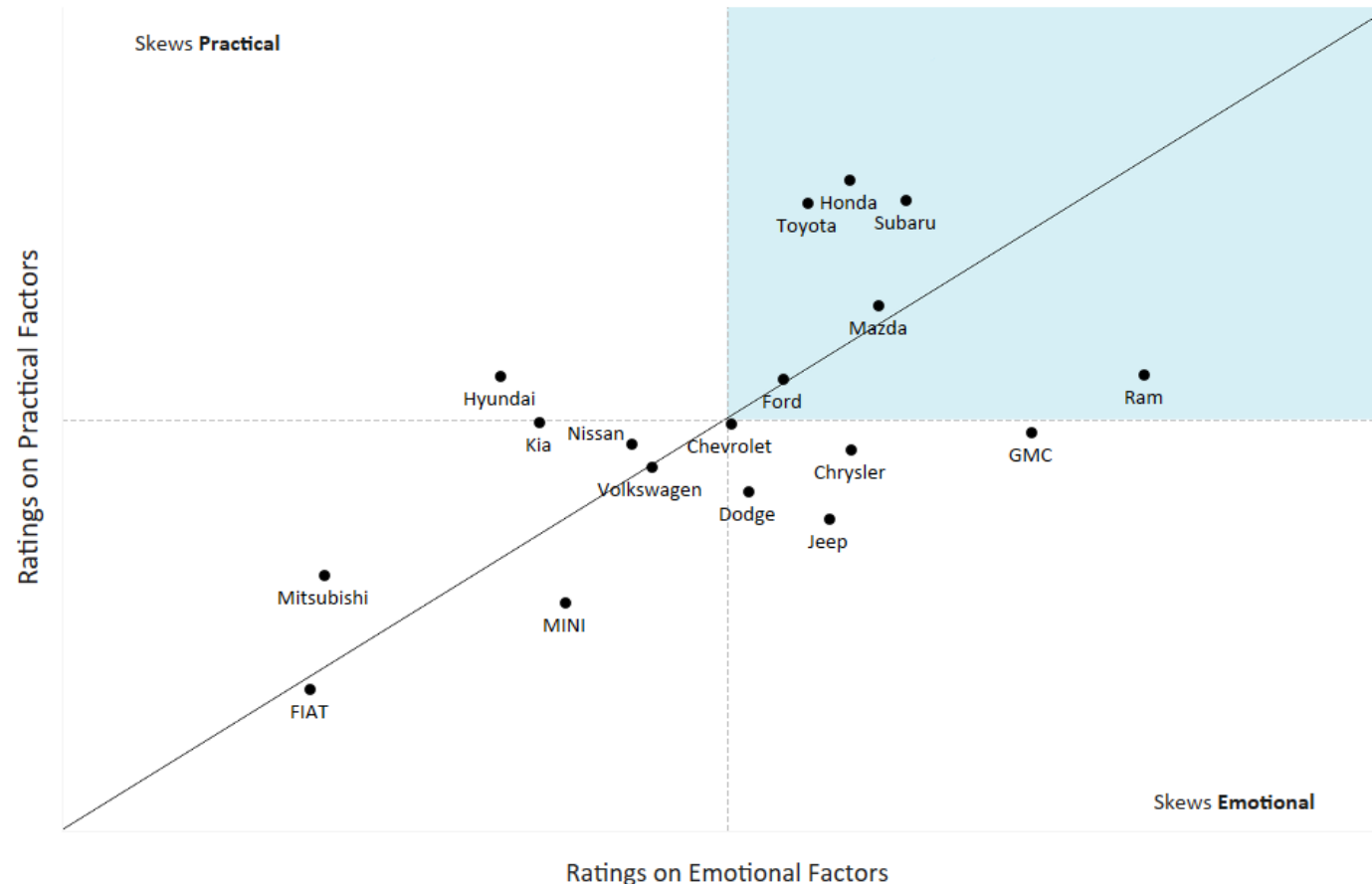
Q: Please review the list below and rate how important are each of the factors to you in deciding on your next new car

EMOTIONAL-PRACTICAL RATINGS BY NON-LUX BRANDS

Practical ratings tend to be based on "needs" and are factors that measure Affordability, Fuel Efficiency, Durability/Reliability, and Safety. Emotional ratings tend to be driven by "wants" and are factors that measure Styling, Prestige/Sophistication, Technology, Layout and Performance. Certain factors such as Comfort, Reputation, and Ruggedness straddle between Practical and Emotional. An ideal position for a non-luxury brand to be right in the middle with a balance of both.



Non-luxury Brands by Emotional-Practical Ratings
2019-Q4



The Sweet Spot

- Mazda and Ford fell into the sweet spot for being brands rated highly in both practicality and emotional factors.

Most Asian Brands Skew Practical

- Four years ago, Subaru was a brand that strongly embodied both. Currently, it slightly leaned toward practical.
- Korean brands have room to dial up emotional aspects to balance out their practicality.



BRAND WATCH TOPLINE

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