



BRAND WATCH

LUXURY SEGMENT TOPLINE REPORT

1st Quarter 2020



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

BMW, Audi and Lexus maintained the top three spots Q/Q. BMW is the reigning leader in luxury consideration for over 3 years and its advantage is their wide selection of sedans, coupes and SUVs with the 3 Series and X5 as their most popular models.

BMW Expands Model Lineup

- BMW garners buzz with the launch of the all-new 2 Series and minor changes for the 5 Series in Q1 2020.
- BMW draws shoppers in with its entry luxury 3-Series' conquest and loyalty lease specials.

Tesla Breaks into the Top 5 List

- Tesla 3 is still at the top of shoppers' lists. Cybertruck and Model Y, both launching later this year, intensify the competitive landscape.

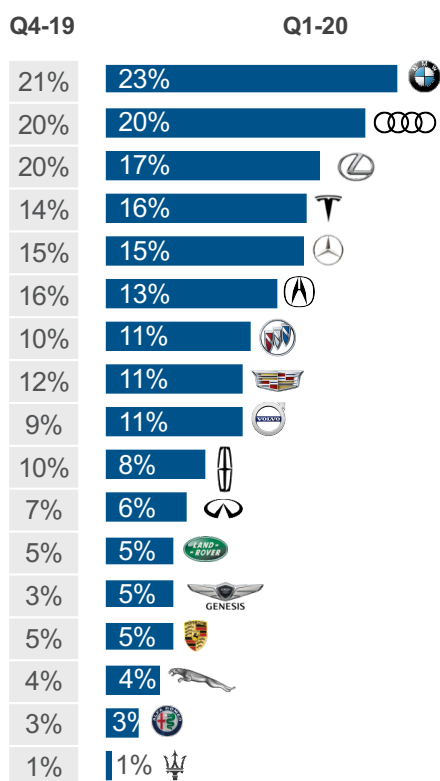
Genesis Gains Momentum

- Genesis' positive momentum moves it up 2 ranks to 13th place, driven by G70 and G80 consideration and attention on the refreshed G90.

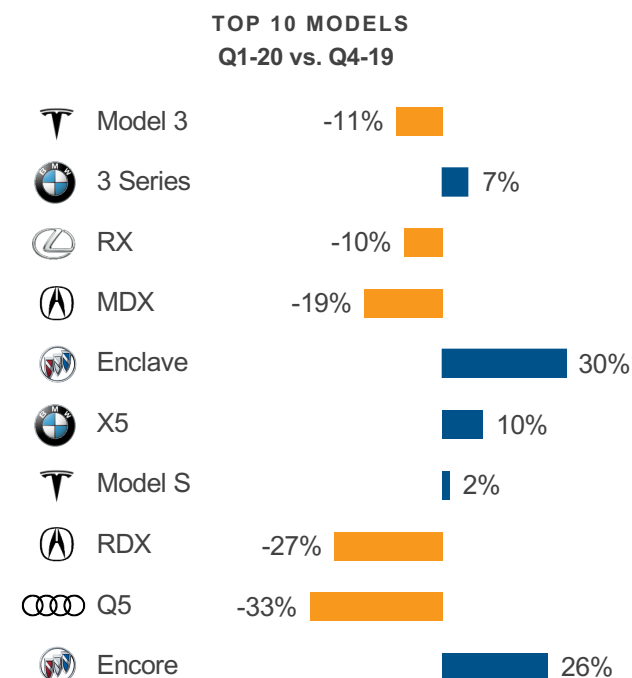
Acura Slows Down

- Acura's MDX and RDX saw declining consideration in Q1. Acura needs fresh products and luckily the new MDX and TLX arrive in Q3 2020.

QUARTERLY BRAND CONSIDERATION



QUARTERLY CONSIDERATION GROWTH



A CLOSER LOOK: LUXURY SEGMENT CONSIDERATION








Luxury SUV consideration remained steady at its peak level of 64% with the Luxury Midsize and Luxury Compact SUVs as being the biggest drivers. Luxury Subcompact SUV are also making progress in sales Y/Y. Consideration for Luxury cars is easing off especially the Luxury Midsize car segment.

QUARTERLY SEGMENT CONSIDERATION

64% 
LUXURY SUVs

Last Qtr.	Last Year
64%	61%







TOP 5 LUXURY SUVs

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

54% 
LUXURY CARS

Last Qtr.	Last Year
56%	57%

TOP 5 LUXURY CARS

- #1  Model 3
- #2  3 Series
- #3  Model S
- #4  5 Series
- #5  A4
- #5  E-Class

Luxury SUV Remains at Peak Level

- Lexus RX rebounds and regains the #1 spot after MDX took the lead last quarter. RX's incentive levels are nearly double of MDX's.
- Enclave and Encore help catapult Buick's consideration. Both SUVs are supported by competitive lease specials and marketing efforts.
- Tesla Model Y is generating healthy consideration prior to launch and makes its debut on BW in the #9 spot in the Luxury SUV segment.

Luxury Car is Trying to Stay Afloat











- Tesla and BMW dominate the Luxury car segments. The refreshed 5 Series is turning heads.
- Audi A4 moves up 4 ranks and is now back in the Top 5 after being absent in the last 2 quarters. A4 is backed up by captive lease and cash incentives.

▲ ▼ indicate significant % change Q/Q

TOP 10 CONSIDERED MODELS: LUXURY SHOPPERS

SUVs remain prominent by holding 7 of the Top 10 spots with mostly import brands. Tesla 3 is the top considered vehicle for 4 quarters and Model S is holding strong despite being at the tail end of its product cycle. When Model Y launches, Tesla may see more dominance in the Top 10 list.

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	 MDX Luxury Midsize SUV	 Enclave Luxury Midsize SUV
#6	#7	#8	#8	#8
 X5 Luxury Midsize SUV	 MODEL S Executive Luxury H/P/E Car	 RDX Luxury Compact SUV	 Q5 Luxury Compact SUV	 Encore* Luxury Subcompact SUV

TOP 10 IN Q1-20

BMW Rebounds





































- The 3 Series pulled forward 3 ranks to the 2nd spot in Q1 and the X5 moved to the 6th spot. The 5 Series, however, dropped off the top 10 list as the Luxury car segment weakens.

Buick Thrives

- Encore is a new entrant to the top 10 in Q1. Both Encore and Enclave provide premium, affordable options for SUV shoppers.

FACTORS DRIVING LUXURY CONSIDERATION

Ranking among the top five driving luxury factors of consideration remained consistent Q/Q. Affordability climbed from 8th to 7th and Technology jumped from 10th to 8th as the most important factor for buyers considering a luxury brand. Affordability is becoming more essential as transaction prices and loan terms have increased in the last few years.

RANK		FACTOR	IMPORTANCE	TOP RANKED BRAND	#2	#3
Q1-15	Q1-20					
1	1	Durability/Reliability	81%▲			
2	2	Safety	72%▲			
3	3	Driving Comfort	69%▲			
4	4	Driving Performance	61%▲			
5	5	Reputation	51%▲			
6	6	Interior layout	50%▲			
8	7	Affordability	48%▲			
10	8	Technology	48%▲			
7	9	Exterior Styling	46%▲			
9	10	Fuel Efficiency	39%			
11	11	Ruggedness	20%			
12	12	Prestige/Sophistication	18%▲			

▲ ▼ indicate significant % change from Q1-15 vs. Q1-20

Tesla Sweeps the 2020 KBB Brand Image Awards

- Tesla makes a significant debut in the annual KBB Brand Image Awards with wins in 5 Categories: Best Overall Luxury Brand, Best Value Brand, Most Refined Brand, Best Performance Brand and Best Car Styling Brand.

Lexus Wins KBB Most Trusted Brand Award

- Lexus held on to the top spot for durability/reliability and reputation, which helped it win the 2020 KBB Brand Image Award for Most Trusted Brand.

Mercedes Benz & Porsche Reclaim #1 Rank

- After nearly 3 years, Mercedes Benz reclaims its lead in driving comfort with its smooth suspension and lack of road noise.
- It took almost 2 years for Porsche to be back at in the #1 spot for its performance with its launch of the all-new 911 and Cayenne Coupe last year and an added Macan Turbo variant recently.



BRAND WATCH TOPLINE

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