



BRAND WATCH

LUXURY SEGMENT TOPLINE REPORT

2nd Quarter 2020



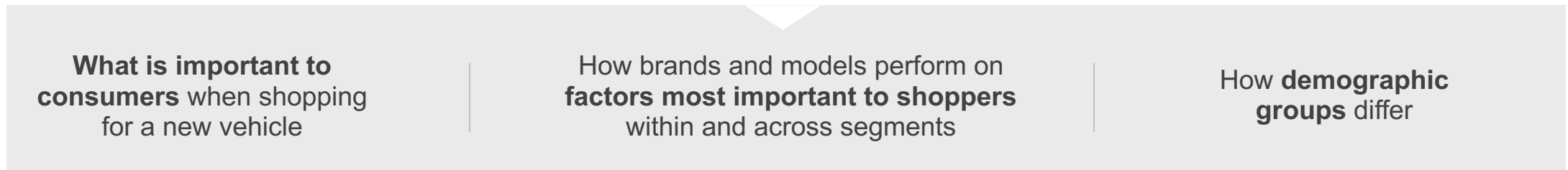
WHAT IS BRAND WATCH™ ?

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



WHAT CAN BRAND WATCH™ DO?

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



BRAND WATCH: LUXURY CONSIDERATION

The pandemic hit the new luxury vehicle market hard with a 35% decline in sales YOY. The luxury market may take longer than non-luxury to recover since luxury vehicle purchases are discretionary and purchases can be delayed. Despite less-than-stellar sales, the luxury OEMs are generating excitement with new reveals and launches in the pipeline.

BMW Stays on Top

- BMW has been the No. 1 considered luxury brand since Q3 2018. It has a well-balanced line of cars, SUVs and crossovers to meet market demands.
- The BMW 5 series had a minor facelift in early 2020 and was supported with compelling lease specials, which helped moved it from the 11th spot in luxury model consideration in Q1 to the second spot in Q2.

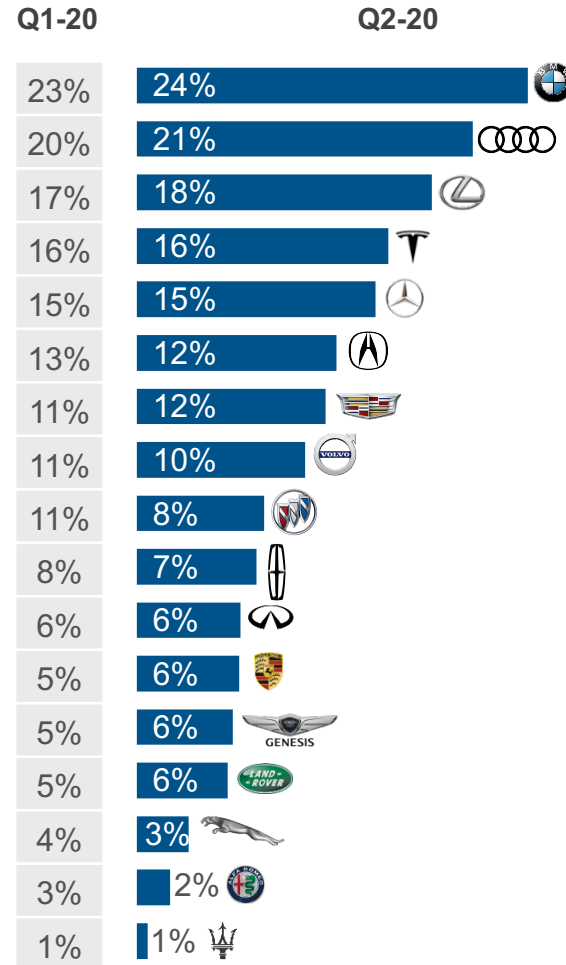
Tesla's New Star

- Tesla maintained its fourth spot among luxury shoppers for a second quarter in a row.
- Model Y consideration showed promising growth from first quarter.

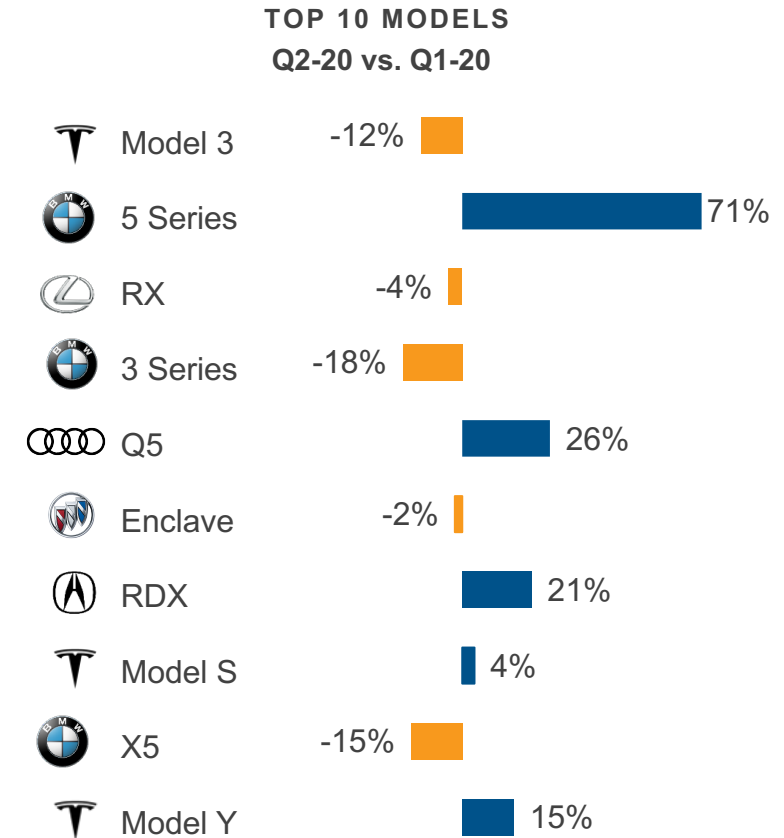
Audi Wins

- The Q5, which won the 2020 KBB Best Buy Award, saw a spike in consideration, helping Audi gain a percentage point.

QUARTERLY BRAND CONSIDERATION



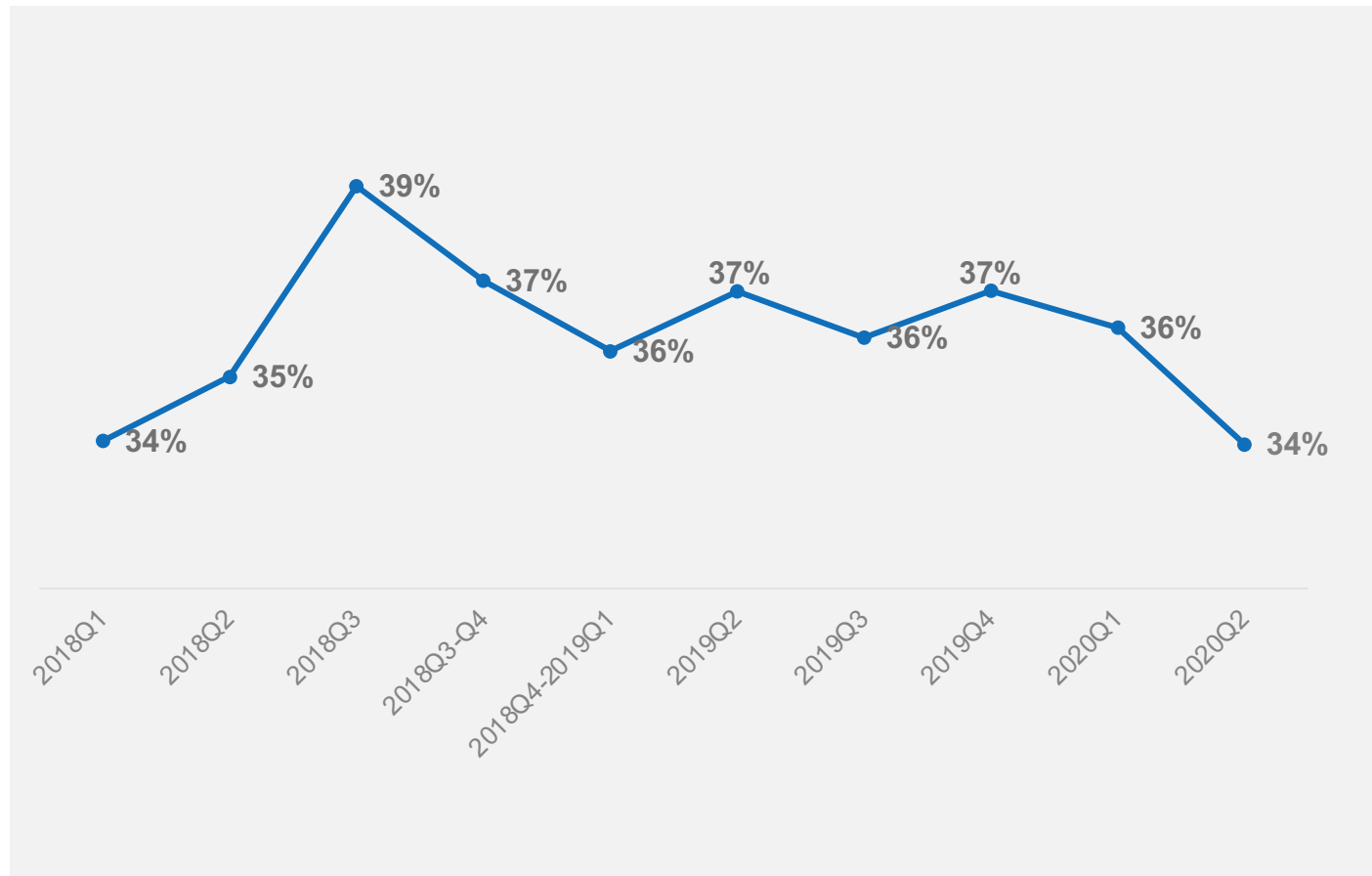
QUARTERLY CONSIDERATION GROWTH



LUXURY CONSIDERATION TREND

Current luxury consideration is at the same level as 2 years ago. Since Q4 2019, luxury consideration has been gradually decreasing. A contributing factor may be that SUV pricing for non-luxury and luxury overlap, therefore non-luxury SUV consideration may be hampering overall luxury consideration.

QUARTERLY LUXURY SEGMENT CONSIDERATION



Luxury Shoppers

Tend to be Male

- ✓ Higher consideration among males, however, overall consideration was down.

Higher consideration among Black/African American

- ✓ Overall, luxury consideration is higher among Black/African Americans (55% in both Q1 & Q2).
- ✓ Even though overall luxury consideration was down, luxury consideration among Asian/Pacific Islanders increased from Q1 (46%) to Q2 (52%).

Consideration lower within the Northeast

- ✓ The Northeast had a sharper decline in luxury consideration from Q1 to Q2 compared to the other regions.

A CLOSER LOOK: LUXURY SUV INTEREST HIGHER THAN CARS






Luxury SUV consideration decreased slightly to 62% from 64% in Q1, while luxury car consideration increased to 57% from the previous quarter. Even though Tesla 3 consideration declined from Q1, it has remained the most considered luxury vehicle since Q2 2019. Lexus ES made strides in consideration and garnered respectable sales in the entry luxury car segment.

QUARTERLY SEGMENT CONSIDERATION

62% 
LUXURY SUVs

Last Qtr.	Last Year
64%	60%








TOP 5 LUXURY SUVs

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

57% 
LUXURY CARS

Last Qtr.	Last Year
54%	60%

TOP 5 LUXURY CARS

- #1  Model 3
- #2  5 Series
- #3  3 Series
- #4  Model S
- #5  A5
- #5  A4
- #5  E-Class

Luxury SUVs Slow Down

- Lexus RX overtook Acura MDX for a second quarter in a row.
- Audi Q5 rose to the No.2 spot in Q2 from No. 6 in the previous quarter with marketing support and leasing/incentive offers.

Luxury Car Bounces Back





















- Tesla, BMW & Audi have two car models in the top five luxury cars considered by shoppers. Tesla is the only domestic brand in a segment dominated by German brands.
- The refreshed 5 series surpassed the 3 series and landed in the second spot in the luxury car segment for the first time ever. The upcoming launch of the 4 series may help BMW's stance.

TOP 10 CONSIDERED MODELS: LUXURY SHOPPERS

BMW 5 series rebounded and took home top 10 honors again. It achieved the highest level of consideration ever. Much like the last two years, luxury SUVs dominate the top 10 list while luxury cars have less of a presence. Tesla and BMW each have three models represented among the top 10.

TOP 10 MODELS

* New to Top 10

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

TOP 10 IN Q2-20

Tesla's Stronghold














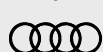






















- Model Y makes its debut in the top 10 and may overtake Model S, which is at the tail end of its product cycle.

BMW Prospers

- The 5 Series moved to the 2nd spot in Q2 for the first time.
- The X5 dropped to 9th position in Q2, from 6th in Q1.

FACTORS DRIVING LUXURY CONSIDERATION

Rankings among the top four driving luxury factors of consideration have remained consistent for the past five years. Technology jumped from 10th to 5th most important factor for buyers considering a luxury brand in the last five years as luxury shoppers demand more autonomous and connectivity features. With Tesla in the mix, consumers may also expect improved electric vehicle technology.

RANK		FACTOR	IMPORTANCE	TOP RANKED BRAND	#2	#3
Q2-15	Q2-20					
1	1	Durability/Reliability	81%			
2	2	Safety	73%			
3	3	Driving Comfort	68%			
4	4	Driving Performance	62%			
10	5	Technology	50%▲			
7	6	Interior layout	48%▲			
5	7	Reputation	48%			
6	8	Affordability	47%			
8	9	Exterior Styling	46%▲			
9	10	Fuel Efficiency	39%			
12	11	Prestige/Sophistication	20%▲			
11	12	Ruggedness	19%▼			

Lexus & Volvo Hold onto Top 2 Factors

- Lexus has been the top ranked brand for durability/reliability since Q3 2014.
- Volvo has held on to the top spot for safety since Q4 2014.

Mercedes Benz's Smooth Comfort

- Mercedes Benz's suspension system and lack of road noise helped secure the top spot for driving comfort in Q2.

Tesla Rebounds

- Tesla has held on as the top brand for technology since Q1 2017 and claimed the top ranked brand in driving performance from Porsche in Q2.
- Tesla was also the top ranked brand for fuel efficiency and prestige/sophistication in Q2.

Land Rovers are Fun to Drive

- Land Rover SUVs' capabilities has kept it in first place for ruggedness since Q1 2014.

▲ ▼ indicate significant % change from Q2-15 vs. Q2-20



BRAND WATCH TOPLINE

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