

# BRAND WATCH

## LUXURY SEGMENT TOPLINE REPORT

4<sup>th</sup> 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

Luxury vehicle sales closed 2020 at 2.1M, down 14% from 2019, thanks to a strong Q4 push. Certain brands, like BMW, Tesla and Volvo, fared well. BMW held the No. 1 spot for shopping consideration, supported by strength from 3 series and X3. Lexus and Audi have been swapping places for the No. 2 position since 2018. In Q4, Audi edged past Lexus due to LS and IS consideration softening.

## BMW Stays on Top

- BMW has led luxury brand consideration for 10 consecutive quarters (since Q3 2018). It launches the all-new M3 sedan and M4 coupe later this year, which may help lift their consideration.

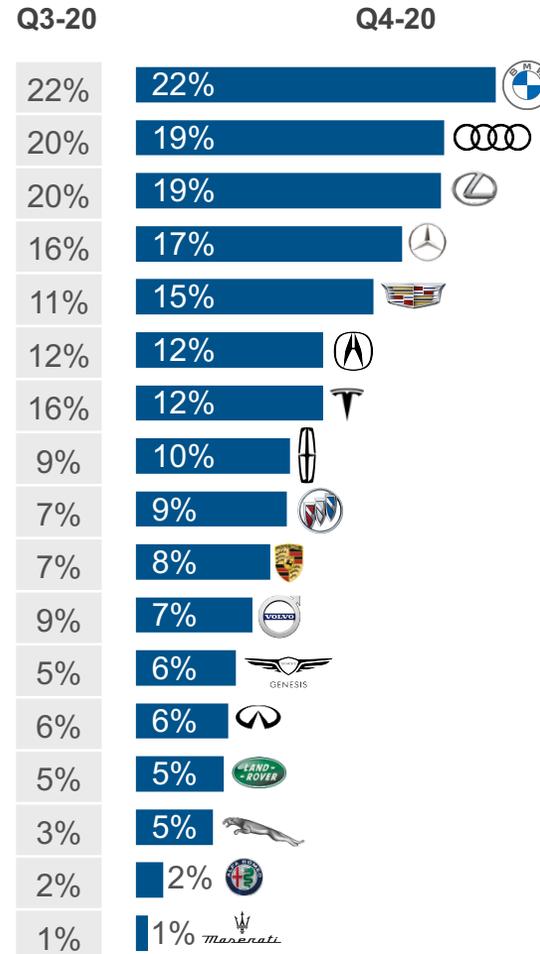
## Audi Has EVs in the Horizon

- Audi moved up a spot in Q4 2020, catapulted by the increased demand for the A6 and the A4 allroad.
- Audi's consideration may grow further with the upcoming launches of the Q5 sportback, Q4 E-tron and E-tron GT.

## Tesla Downshifts

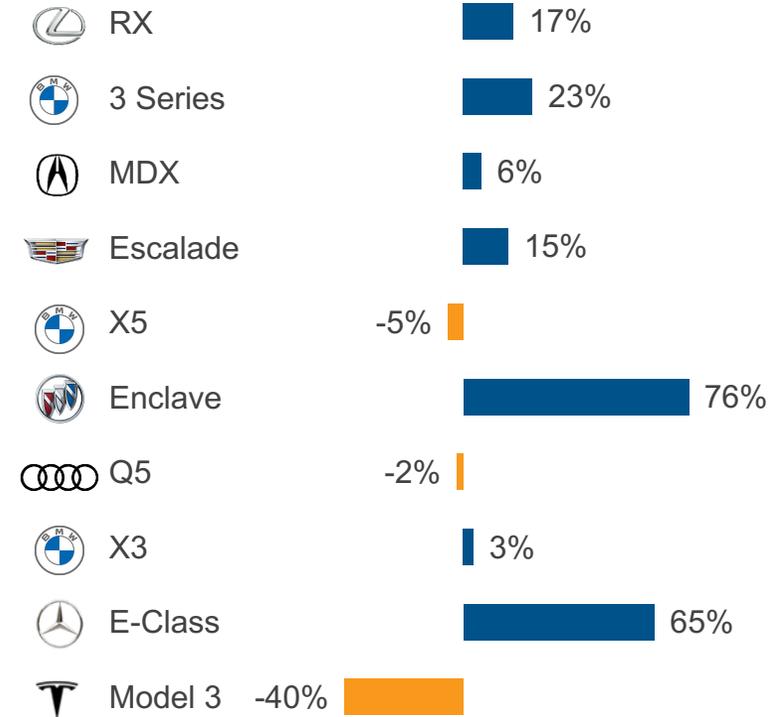
- Tesla has dropped a whopping 4 percentage points since Q3 2020 and tied with Acura for the No. 4 position.
- Model S, Model 3, and Model Y lost steam as the luxury competition intensified. Tesla hopes to gain in consideration with the launch of the Cybertruck and the refreshed Model 3.

## QUARTERLY BRAND CONSIDERATION



## QUARTERLY CONSIDERATION GROWTH

### TOP 10 MODELS Q4-20 vs. Q3-20



# A CLOSER LOOK: SUV INTEREST OUTPACE CAR

Luxury SUV consideration continued its dramatic ascend, setting a new record. Luxury Car consideration held steady from Q3 2020 but was down significantly from 2019. The Luxury Car market has shrunk as has the Non-Luxury Car market with models being discontinued, like Acura RLX, Cadillac CT6, Lexus GS, Jaguar XE, Lincoln Continental, Lincoln MKZ and Mercedes SLC.

## QUARTERLY SEGMENT CONSIDERATION

**69%**   
**LUXURY SUVs**

Last Qtr.	Last Year
67%	64% ▼

### TOP 5 LUXURY SUVs

- #1  RX
- #2  MDX
- #2  Escalade
- #4  X5
- #4  Enclave

**51%**   
**LUXURY CARS**

Last Qtr.	Last Year
51%	56% ▲

### TOP 5 LUXURY CARS

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

## No Signs of a Slowdown for Luxury SUVs

- Lexus RX has maintained the No. 1 spot for the 4<sup>th</sup> consecutive quarter (since Q1 2020). Lexus may see a lift in SUV consideration when it rolls out the all-new NX compact crossover.
- Acura MDX was in sell-down mode and gearing up for a pivotal launch for Acura in Q1 2021. In Q4, it took the No. 2 spot in Q4, up from No. 4 in the previous quarter.
- Buick Enclave jumped up 7 ranks to the No. 4 spot in Q4 2020 as Lux Midsize SUV demand spiked and was supported with sizable incentives. Buick SUV demand may rise with new versions of the Envision and Enclave.

## Luxury Car is Trying to Hold On

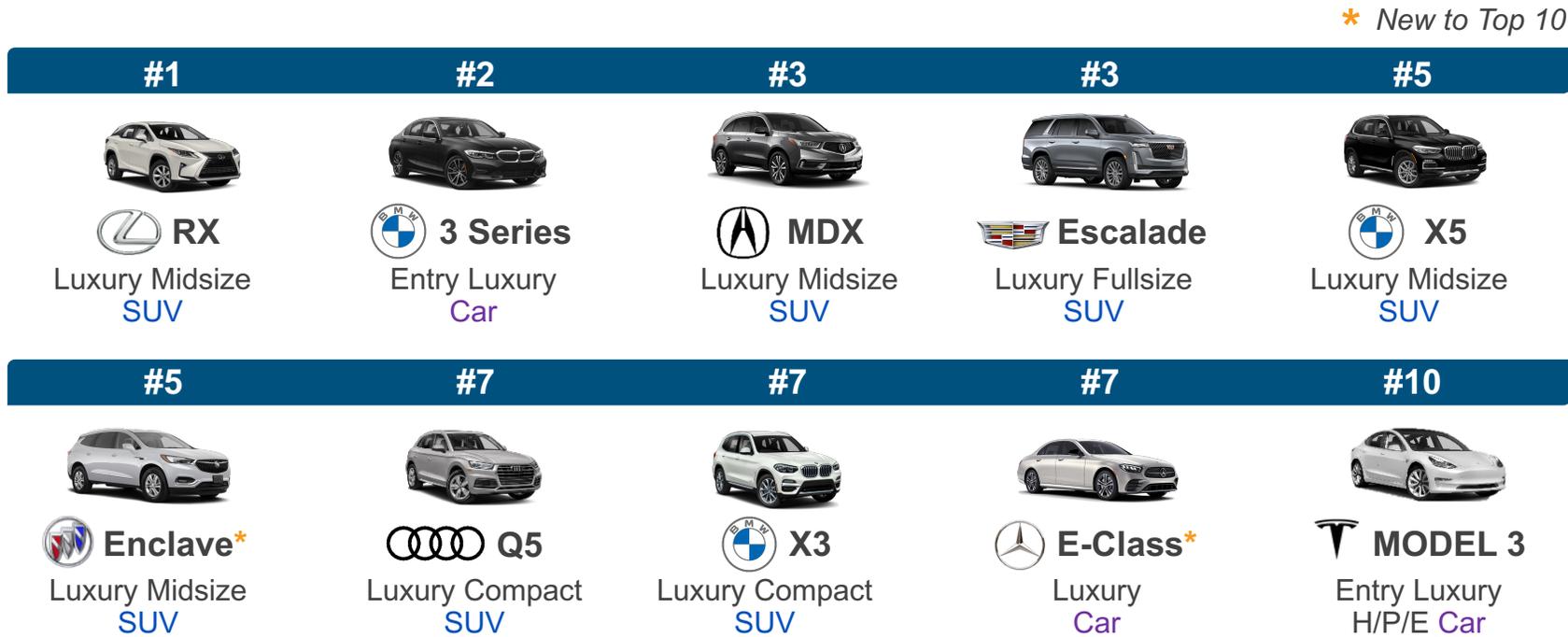
- After 6 consecutive quarters, Tesla Model 3 tumbled to the No. 3 spot and BMW 3 Series was back on top. Depending on the success of the refreshed Model 3, Tesla has a chance to lead again.
- The Mercedes Benz E-Class climbed 6 ranks to the No. 2 spot, possibly accelerated by the 2021 MotorTrend Car of the Year Award. Mercedes Benz Car consideration may strengthen when the all-new S-Class becomes available.

▲ ▼ indicate significant % change Q/Q

# TOP 10 CONSIDERED MODELS: LUXURY SHOPPERS

Luxury SUVs again dominated with 7 SUVs in the Top 10 list, up from 6 in Q3 2020. Compact and Midsize segments drove demand. The new Escalade was the only full-size SUV with healthy consideration and represented in the top 10. Tesla Model 3 had the sharpest decline from No. 1 to No. 10 quarter-over-quarter.

TOP 10 MODELS



## TOP 10 IN Q4-20

### Lexus's Reigning Leader

- The RX overtook Model 3 for the No. 1 spot, its first time since Q1 2018. Advertising support and high-quality perceptions has kept it in the Top 10 list for consideration.

### MDX Gearing Up for New Release

- Acura MDX rebounded back to No. 3 as it is preparing for the all-new model, which will likely challenge RX for the No. 1 spot.

# FACTORS DRIVING LUXURY CONSIDERATION

Rankings for the top four driving luxury factors of consideration have remained unchanged for the past 5 years. Driving Comfort (No. 2) and Safety (No. 3) swapped spots as the most important factors for buyers considering a luxury brand in Q4 2020. Fuel Efficiency was less important to the purchase decision compared to 5 years ago as fuel prices have declined and vehicles have become more MPG friendly over time.

RANK		FACTOR	IMPORTANCE	TOP RANKED BRAND	#2	#3
Q4-15	Q4-20					
1	1	Durability/Reliability	76% ▼			
3	2	Driving Comfort	70%			
2	3	Safety	70% ▼			
4	4	Driving Performance	59% ▼			
5	5	Reputation	51%			
10	6	Technology	46%			
7	7	Interior Layout	46%			
8	8	Exterior Styling	44%			
6	9	Affordability	40% ▼			
9	10	Fuel Efficiency	35% ▼			
11	11	Ruggedness	24%			
12	12	Prestige/Sophistication	18%			

▲ ▼ indicate significant % change from Q4-15 vs. Q4-20

## Porsche Wins Most Honors

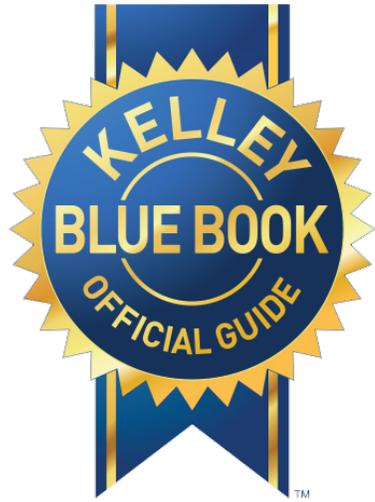
- Porsche claimed the top spot in Driving Performance in Q4 2020, replacing Tesla. It will most likely hold on to this honor as it will introduce the all-new 911 Turbo and freshened Panamera, which will include the new 4S E-Hybrid variant.
- The Porsche Heritage brand also embodied Prestige/Sophistication and Exterior Styling. Porsche is on the cusp of gaining more leads in Reputation and Technology.

## Tesla Losing Momentum

- Much like Tesla's consideration, the brand has been losing momentum in purchase factors. At its height, Tesla captured top honors in 8 of 12 categories in Q3 2018. In Q4 2020, Tesla led only Technology and Fuel Efficiency.

## Audi Has Room to Improve

- In the past, Audi stood out for Interior Layout and Exterior Styling. However, in Q4 2020, it did not lead any categories. It can potentially take the top spots for Technology and Prestige and rebound on Interior Layout when it launches the Q5 sportback and the 2 EVs.



# BRAND WATCH TOPLINE

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