



# BRAND WATCH

## LUXURY SEGMENT TOPLINE REPORT

1<sup>st</sup> Quarter 2021



# BRAND WATCH KEY TAKEAWAYS



**Tesla made a big comeback with a spike in consideration and garnered wins in 4 factor categories.** The Model 3, the refreshed Model S and Model Y rebounded and secured spots on the Top 5 most considered luxury vehicle list.



**The disparity between Luxury SUV and Car consideration narrowed in Q1 2021** compared to Q1 2020. The jump in Car consideration was driven by the increased interest in the Model 3 and Model S.



**For the first time ever, BMW 3 Series fell off the Top 10 list**, which was impacted by the reduction in lease penetration.



# BRAND WATCH: LUXURY CONSIDERATION

Luxury new-vehicles sales for Q1 2021 were remarkable with an increase of 17.3% compared to Q1 2020 and outperforming the overall industry gain of 11.4%. Robust sales were most likely attributed to a bull stock market. Also, affluent shoppers were spending less on travel, leaving them with more disposable income to spend on luxury vehicles especially SUVs and crossovers.

## BMW Led the Way

- BMW's Q1 2021 new-vehicle sales gained 20.1% YOY, which beat the industry average by nearly 9 percentage points.
- For the 11<sup>th</sup> consecutive quarter, BMW reigned as the leading brand in luxury consideration. Despite its lead, consideration slipped by 2 percentage points compared to Q1 2020 due to declining consideration for the X5, X3 and 3 Series. The newly launched M4 helped offset softened consideration

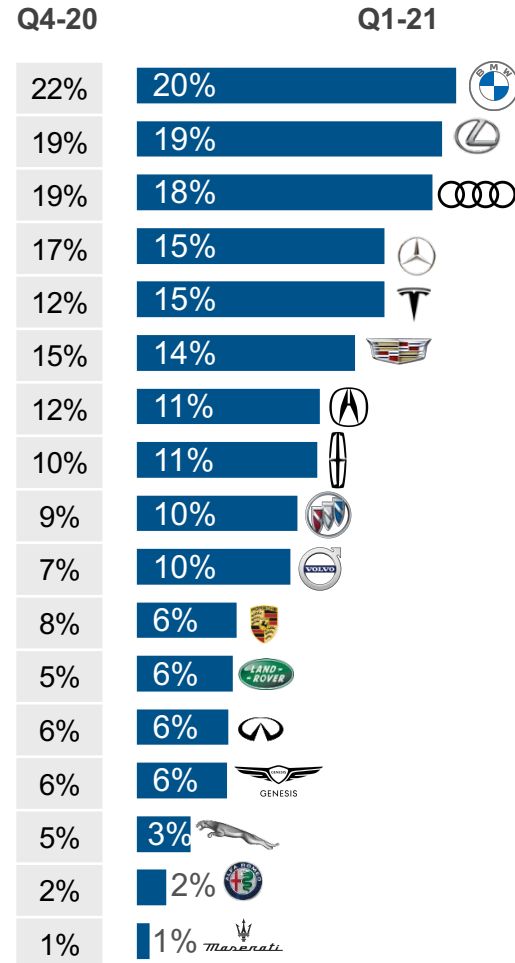
## Lexus Rebounded

- Lexus took back the No. 2 spot from Audi in Q1 2021, due to Audi's 1 percentage point reduction. RX was the No. 1 considered luxury SUV, however it fell behind Model 3 in overall model consideration.

## Tesla Made a Big Comeback

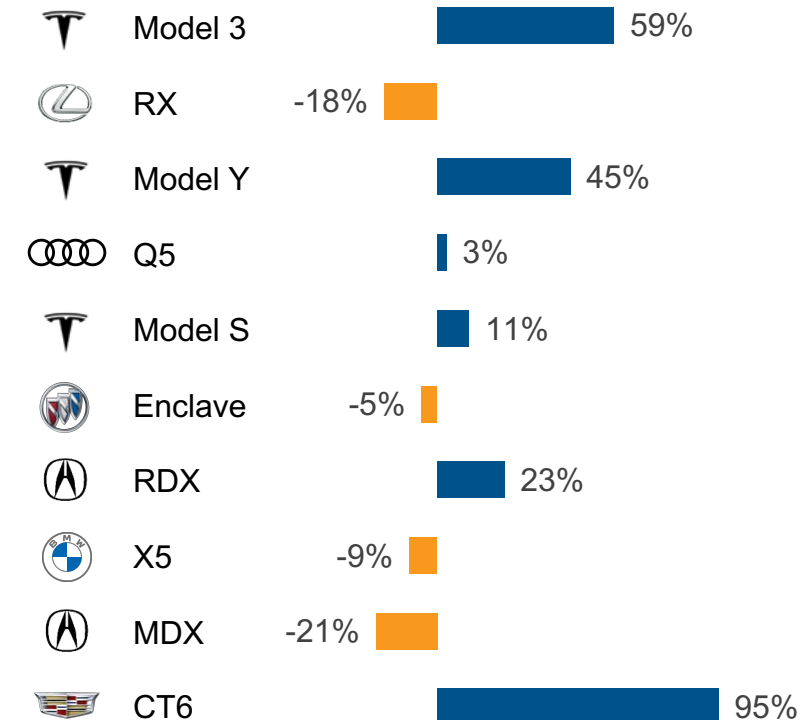
- Tesla gained the most consideration in Q1 2021. Model 3, Model Y and Model S spiked in consideration. Model S got an all-new interior and a reduction in price to help boost momentum.

## QUARTERLY BRAND CONSIDERATION



## QUARTERLY CONSIDERATION GROWTH

### TOP 10 MODELS Q1-21 vs. Q4-20



# A CLOSER LOOK: LUXURY SUV INTEREST HIGHER THAN CARS






The disparity between Luxury SUV and Car consideration narrowed in Q1 2021 compared to Q1 2020. The slowdown in Luxury SUV consideration may be triggered by the chip shortage, causing inventory shortage. The growth in Car consideration was impacted by the jump in consideration for Model 3, refreshed Model S and the Cadillac CT6, which was in sell-down mode as production ceased in 2020.

## QUARTERLY SEGMENT CONSIDERATION

**66%**   
**LUXURY SUVs**

Last Qtr.	Last Year
69% ▲	64%






### TOP 5 LUXURY SUVs

- #1  RX
- #2  Model Y
- #3  Q5
- #4  Enclave
- #5  RDX

**54%**   
**LUXURY CARS**

Last Qtr.	Last Year
51% ▼	54%

### TOP 5 LUXURY CARS

- #1  Model 3
- #2  Model S
- #3  CT6
- #4  5 Series
- #5  3 Series

## Luxury SUV Consideration Cooled Down

- Lexus RX has maintained the No. 1 spot for the 5<sup>th</sup> consecutive quarter (since Q1 2020).
- Tesla Model Y made the biggest stride and climbed 8 ranks from Q4 2020 to No. 2 in Q1 2021.
- The redesigned Q5 turned heads with its sleek new exterior and garnered healthy consideration. It climbed from No. 5 in Q4 2020 to No. 3 in Q1 2021.
- Acura RDX gained traction in Q1 2021, which was supported with APR and lease deals.

## Tesla Cars Accelerated into the Top 2 Spots

- Tesla's and BMW's entry/compact luxury and midsize luxury cars dominated the Top 5 list.
- Luxury Cars had an advantage from an inventory standpoint during the global chip shortage. Luxury Cars were operating at 72 to 85 days' supply compared to the industry average of 63. If the chip shortage persists, shoppers will have to compromise on color choices, features, options, or postpone their purchase until more supply is available.

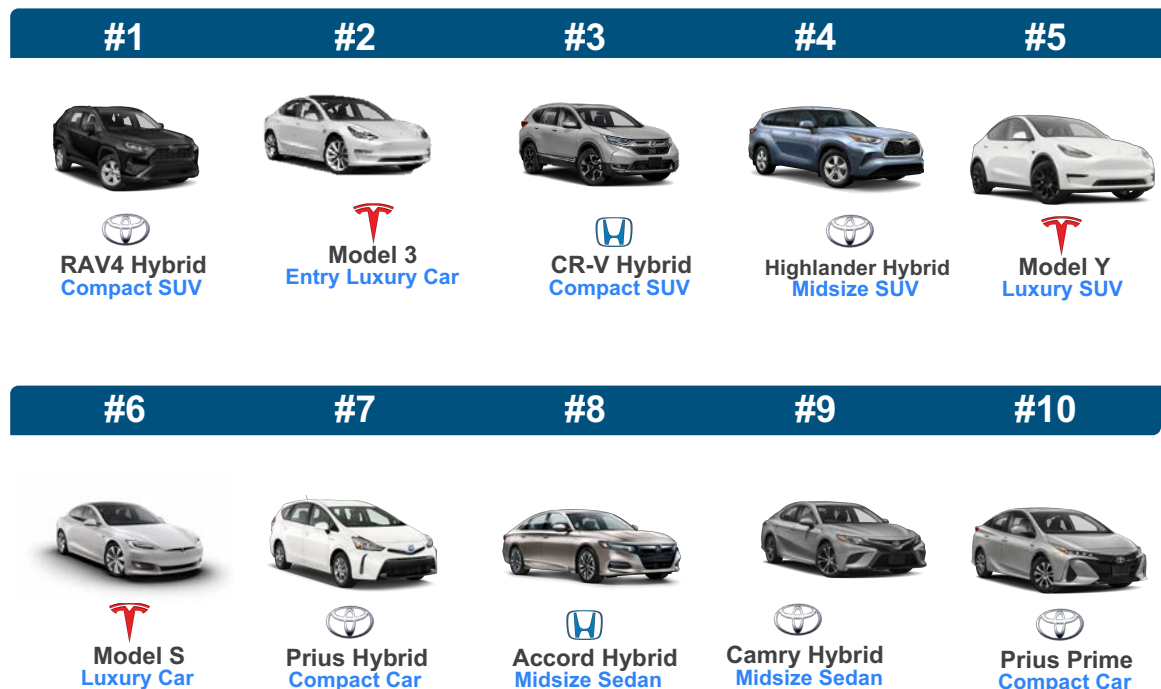
▲ ▼ indicate significant % change Q/Q

Source: KBB Brand Watch Survey, Q1-21; Last Qtr. = Q4-20, Last Year = Q1-20  
Interpretation Example: 69% of luxury shoppers consider luxury SUVs

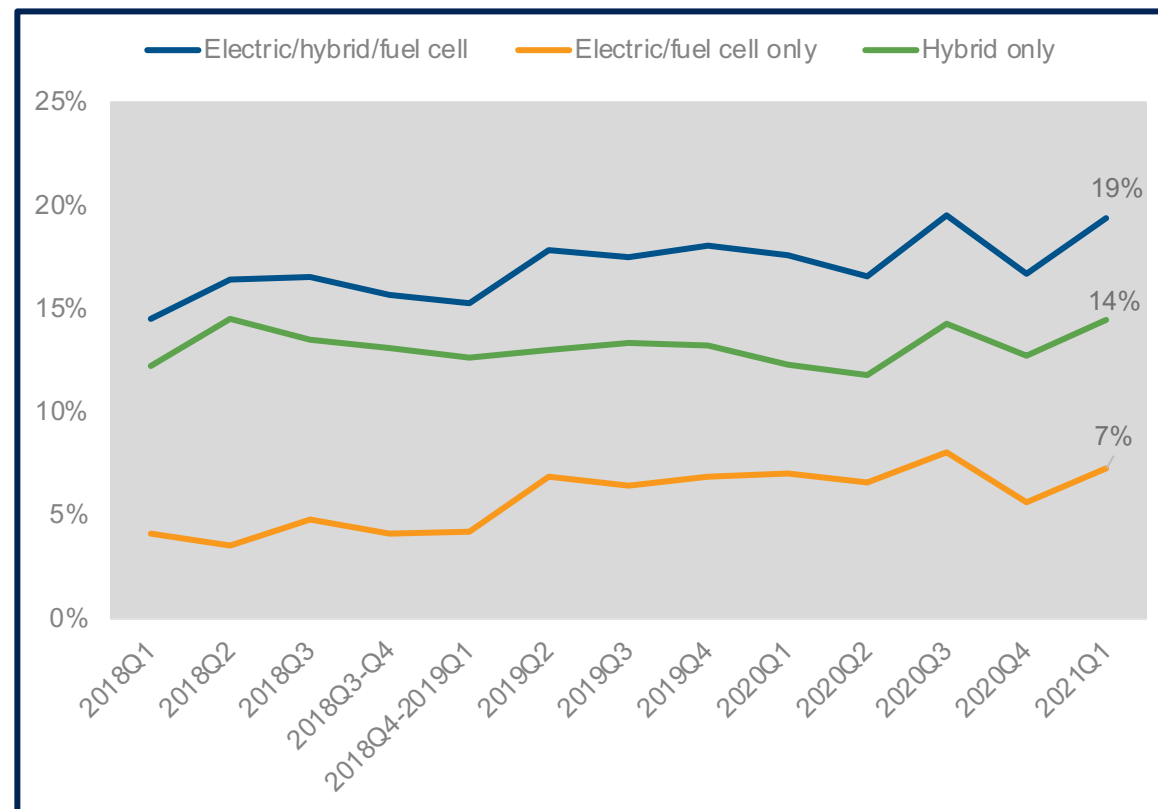
# TOP 10 CONSIDERED ELECTRIFIED MODELS & OVERALL CONSIDERATION

Electrification has been a hot topic with OEMs introducing new models and the Biden administration proposing a \$2.25-trillion infrastructure and stimulus plan to increase EV adoption and investment. The electrified segment grew from Q4 2020 with hybrids taking the lead, followed by BEV/Fuel Cell. Toyota hybrid models dominated half of the top 10 list while Tesla led the BEV segment with Model 3, Model Y and Model S.

## Quarterly Top Considered Electrified Models



## Overall Quarterly Consideration Trend























# TOP 10 CONSIDERED MODELS: LUXURY SHOPPERS

Despite a slowdown in Luxury SUV consideration, SUVs/Crossovers had a strong presence in the Top 10 list. All three Tesla models rebounded and secured spots in the Top 5. Longtime lease favorite BMW 3 Series fell off the list for the first time, which may have been caused by the downturn in leasing as OEMs offered few great deals so luxury shoppers purchased instead of leased.

TOP 10 MODELS

\* New to Top 10

#1	#2	#3	#4	#4
  <b>MODEL 3</b> Entry Luxury H/P/E Car	  <b>RX</b> Luxury Midsize SUV	  <b>MODEL Y*</b> Luxury Compact H/P/E SUV	  <b>Q5</b> Luxury Compact SUV	  <b>MODEL S*</b> Executive Luxury H/P/E Car
#6	#7	#8	#9	#9
  <b>Enclave</b> Luxury Midsize SUV	  <b>RDX*</b> Luxury Compact SUV	  <b>X5</b> Luxury Midsize SUV	  <b>MDX</b> Luxury Midsize SUV	  <b>CT6*</b> Executive Luxury Car

## TOP 10 IN Q1-21

### Acura SUVs on the Right Path

- Acura SUVs secured 2 spots on the top 10 most considered luxury models in Q1 2021. RDX had more inventory availability at 75 days supply and MDX was at 60 days supply as of mid March.





































### Only One BMW on the List – First Time in 8 years

- BMW typically has two or three models in the Top 10. With the slowdown in leasing and the chip shortage, BMW had only one model, X5, on the list.



# FACTORS DRIVING LUXURY CONSIDERATION

Rankings for the top four factors driving luxury consideration remain unchanged for the past five years. Safety (No. 2) and Driving Comfort (No. 3) switched spots in importance in Q1 2021 compared to Q4 2020. Despite the recession caused by the pandemic, luxury shoppers were less affected, causing Affordability to become less important.

RANK		FACTOR	IMPORTANCE	TOP RANKED BRAND	#2	#3
Q1-16	Q1-21					
1	1	Durability/Reliability	81%▲			
3	2	Safety	72%▲			
2	3	Driving Comfort	71%▲			
4	4	Driving Performance	62%			
6	5	Reputation	51%			
8	6	Interior Layout	48%			
5	7	Affordability	45%▼			
9	8	Technology	44%▲			
7	9	Exterior Styling	43%			
10	10	Fuel Efficiency	36%			
11	11	Ruggedness	23%			
12	12	Prestige/Sophistication	18%			

## Tesla Ramped Up Category Wins

- Tesla revamped Model S's interior for the first time since 2012, which likely drove its top honor in Interior Layout. Model S's performance improved with a zero-to-60 mph time of under 1.99 seconds and its battery range impressively jump to 520 miles (on the new Plaid+ trim), which most likely helped secure Tesla's wins for Driving Performance, Technology and Fuel Efficiency.

## Porsche Lost a Bit of Edge

- In the last 5 years, Porsche and Tesla have taken turns leading Driving Performance with Tesla topping the leaderboard more often. In Q1 2021, Porsche was back to the No. 2 spot as Tesla pulled ahead.
- Porsche has been the reigning leader in Prestige/Sophistication for 3 consecutive quarters. However, Jaguar overtook Porsche for Exterior Styling. The British brand introduced its New I-Pace Black with striking design elements.

▲ ▼ indicate significant % change from Q1-16 vs. Q1-21

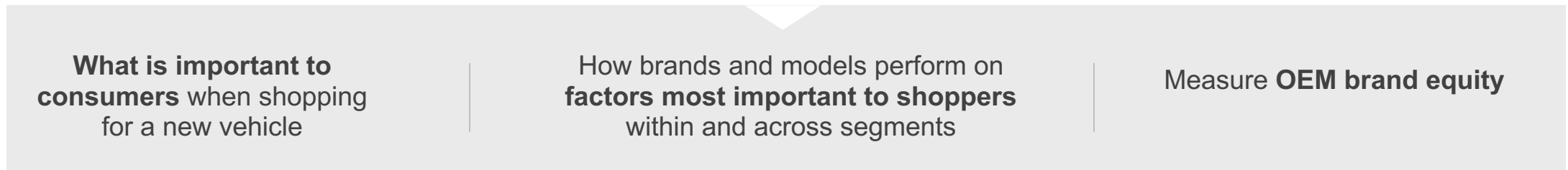
# WHAT IS BRAND WATCH™ ?

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?

Support the Cox Auto sales team and clients in strategizing vehicle launch plans and key messaging







# BRAND WATCH TOPLINE

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