



# BRAND WATCH

## LUXURY SEGMENT TOPLINE REPORT

4<sup>th</sup> 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**.

**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 brands topping the most-shopped ranks are the same in Q4 as they have been but with some minor shifts in order. The competition among the top 3 is tightening, as BMW slipped in shopping, Audi rose, and Lexus remained stable.

## BMW, Audi, and Lexus Stay on Top

- BMW led for the 6<sup>th</sup> straight quarter but is losing its tight grip on No. 1
- Audi gained as Lexus held steady, prompting a tie for No. 2

## Infiniti Downturn

- Infiniti fell from 9<sup>th</sup> to 11<sup>th</sup> on a lack of new product and brand clarity as well as turmoil at the corporate level

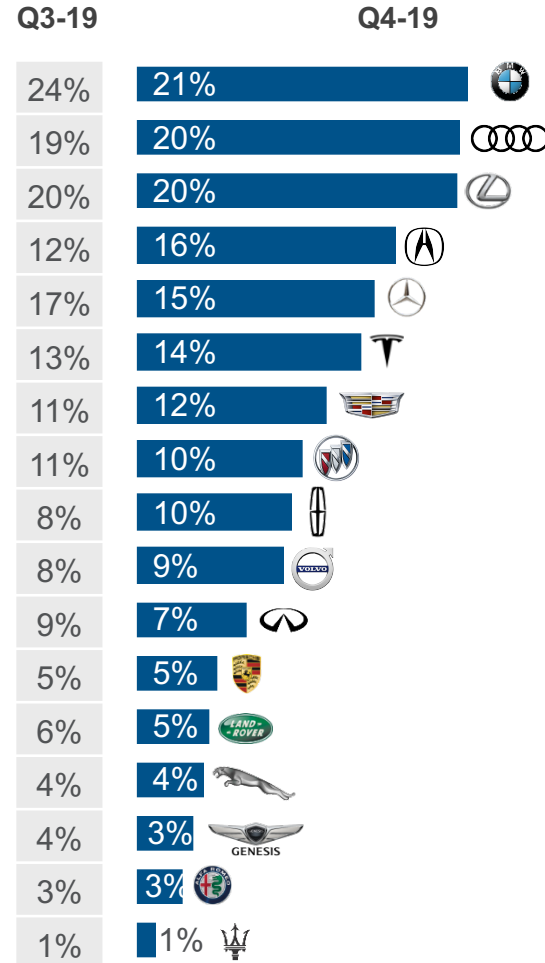
## Acura Gains on SUVs

- Acura consideration has been a roller-coaster in recent years
- Q4 consideration grew more than any luxury brand, up 4 percentage points, pushing ahead of Mercedes-Benz, which slipped
- Q4 incentives rose to an average \$5,300/ vehicle, a 5-year high

## Lincoln's Gain

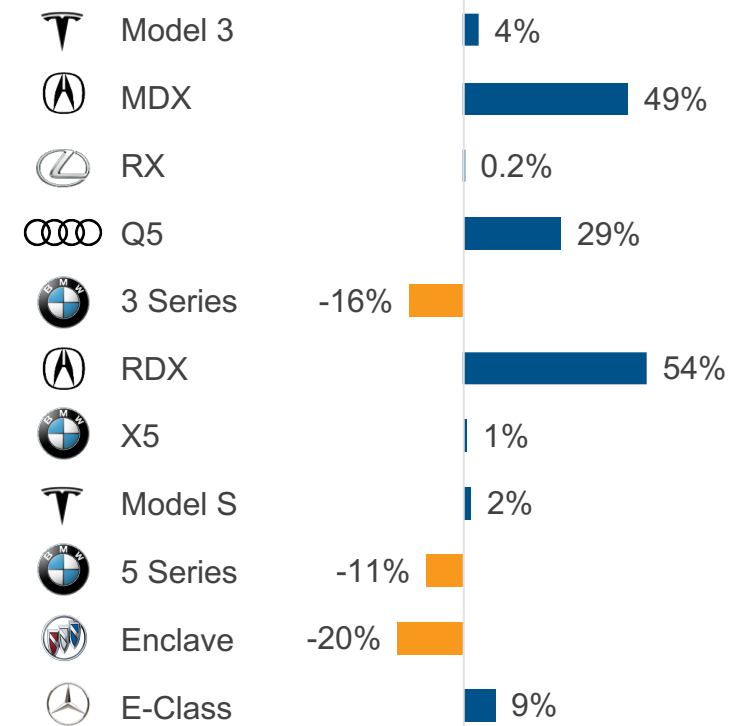
- Lincoln gained 2 percentage points from Q3 to Q4, on SUVs Nautilus, Corsair and just-launching Aviator
- Though still high, Lincoln lowered Q4 incentives while others raised them

## QUARTERLY BRAND CONSIDERATION



## QUARTERLY CONSIDERATION GROWTH

TOP 10 MODELS  
Q4-19 vs. Q3-19



# A CLOSER LOOK: LUXURY SEGMENT CONSIDERATION






Luxury SUV consideration soared in Q4 to a record 64% of all luxury shoppers, possibly as winter approaches and buyers seek all-wheel drive. Plus, new luxury SUVs are being introduced. Inversely, shopping for luxury cars slumped to a new low of 56%.

## QUARTERLY SEGMENT CONSIDERATION

**64%**   
**LUXURY SUVs**

Last Qtr.	Last Year
60% ▼	58% ▼






### TOP 5 LUXURY SUVs

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

**56%**   
**LUXURY CARS**

Last Qtr.	Last Year
60% ▲	59% ▲

### TOP 5 LUXURY CARS

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

## SUV Consideration Dominates

- The gap between luxury SUV and luxury car shopping, which had narrowed in Q3, widened to the largest amount in 2 years
- Acura climbed 2 spots, due to MDX and RDX SUVs
- With increased competition, not all SUVs continue their upward rise in shopping and rankings
  - Infiniti Q50 disappeared from the Top 15 most-considered luxury SUVs for the first time in 2 years
  - Buick Enclave lost significant consideration, dropping to a tie for the No. 10 in the rankings

## Car Shopping Dwindles

- Tesla and BMW dominated with two models each in the top 5 most-shopped luxury cars
- Tesla Model 3 was the most-shopped luxury car for 3 straight quarters, surpassing BMW 3 Series and pushing overall Tesla consideration up after dipping in Q3 2019

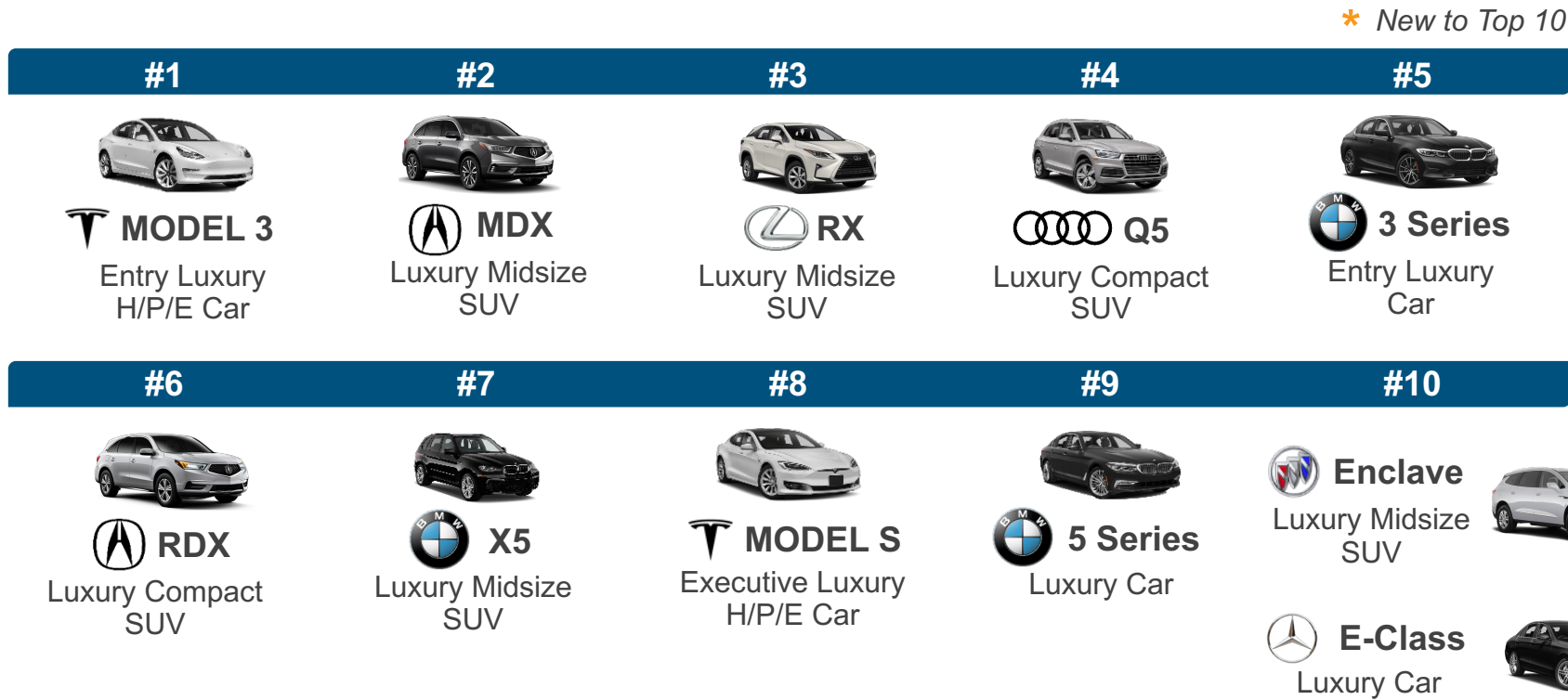
▲ ▼ indicate significant % change Q/Q

Source: KBB Brand Watch Survey, Q4 2019; Last Qtr. = Q3-19, Last Year = Q3/Q4-18  
Interpretation Example: 64% of luxury shoppers consider luxury SUVs

# TOP 10 CONSIDERED MODELS: LUXURY SHOPPERS

In line with soaring shopping consideration for luxury utilities, SUVs outnumber cars as top-considered luxury models. Still, cars are holding their own better in luxury than they are in non-luxury.

TOP 10 MODELS



## TOP 10 IN Q4-19

### Tesla

- Tesla Model 3 was the most-shopped luxury vehicle. Worth watching will be the spring launch of the Model 3-based SUV, the Model Y

### BMW





































- BMW has had at least 3 models in most-shopped ranks for 5-plus years. BMW 3 and 5 Series sedans remain in the top 10 but with lower consideration

### MDX

- The mildly refreshed MDX, redesigned later this year, was the most-considered luxury SUV for the first time in a year, ahead of Lexus RX

# FACTORS DRIVING LUXURY CONSIDERATION

Technology has climbed from 5<sup>th</sup> to 9<sup>th</sup> most important factor for buyers considering a luxury vehicle. In the past 5 years, a tremendous amount of technology features has been introduced on vehicles, including driver-assist features that lay the groundwork for self-driving vehicles.

RANK		FACTOR	IMPORTANCE	TOP RANKED BRAND	#2	#3
Q4-14	Q4-19					
1	1	Durability/Reliability	80% ▲			
2	2	Safety	73% ▲			
3	3	Driving Comfort	67%			
4	4	Driving Performance	60%			
9	5	Technology	50% ▲			
5	6	Reputation	49%			
7	7	Affordability	49% ▲			
6	8	Interior Layout	46%			
8	9	Exterior Styling	44%			
10	10	Fuel Efficiency	40%			
11	11	Ruggedness	21%			
12	12	Prestige/Sophistication	21% ▲			

## Affordability Less Important; Reputation More So

- Affordability dropped to No. 7 in importance in Q4 from No. 5 in Q3 and a year ago, perhaps due to a booming stock market that affects luxury buyers more than non-luxury.
- Reputation gained in importance, possibly due to the vast number of recalls, including another round of Takata airbag recalls

## Tesla Still Leads, Being Challenged

- Tesla held on to No. 1 spots in 6 factors most important to luxury buyers. But Tesla is getting some competition
- For the past year, Tesla had held 7 top spots. In Q4, it lost the No. 1 spot in exterior styling to Audi

## Brand Consistency

- Lexus still dominated as the top brand for durability/reliability, the most important factor for buyers. Lexus has held the top spot since Q3 2014
- Volvo, with a long reputation for safety, held onto the top spot for safety, now for five years running. Safety ranks second in importance to luxury buyers

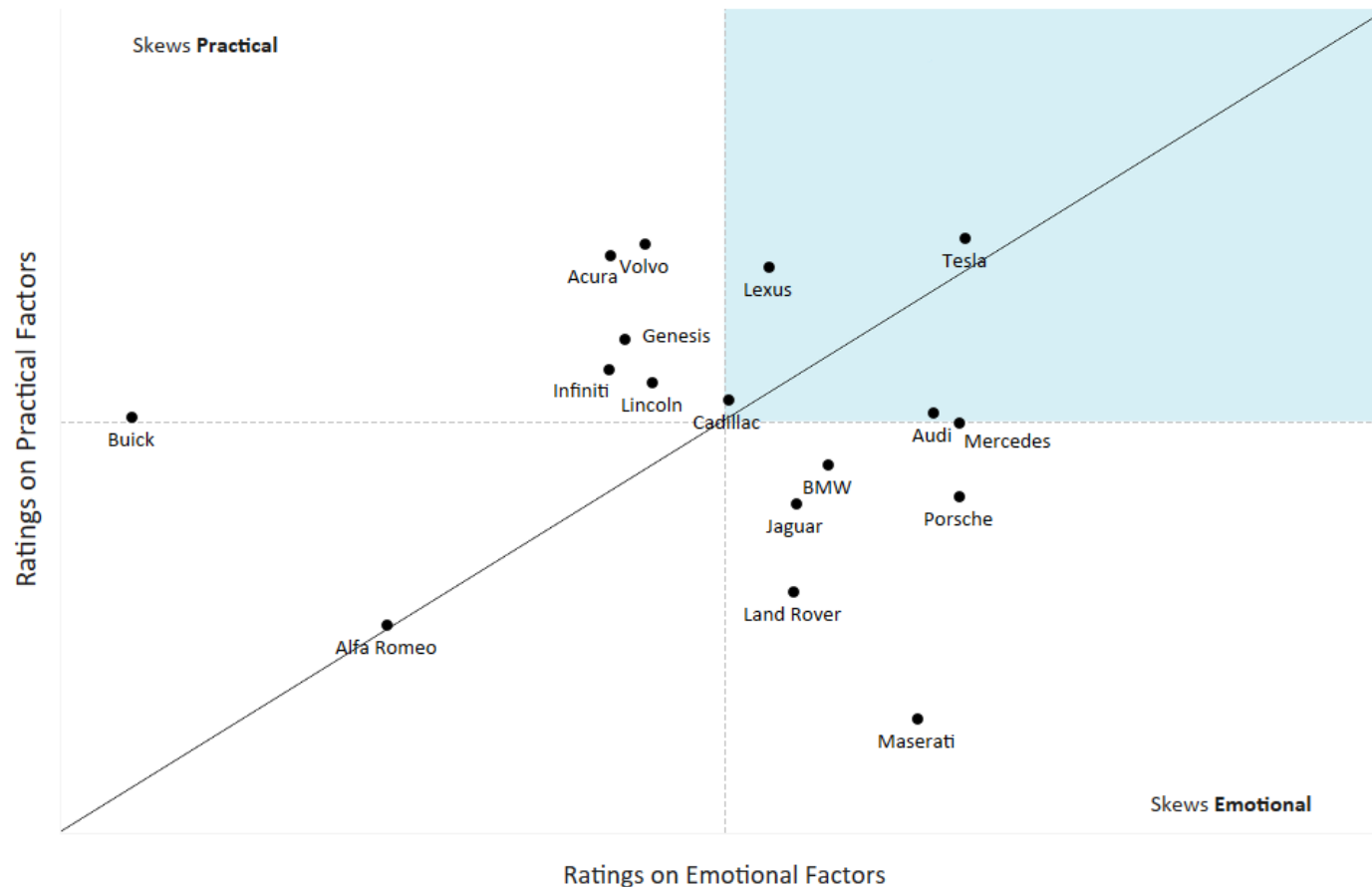
▲ ▼ indicate significant % change from Q4-14 vs. Q4-19

# EMOTIONAL-PRACTICAL RATINGS BY 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 luxury brand is to skew more on the emotional factors to justify the premium prices that luxury brands command.



Luxury Brands by Emotional-Practical Ratings  
2019-Q4



## TRIGGER EMOTIONS THAT EXCITE

- Maserati turns up the emotional factors and relies on their strength in performance, styling and prestige/sophistication.
- Land Rover is dominant on the emotional front with their lead in ruggedness.

## PREMIUM BRANDS TEND TO PLAY IT SAFE

- Volvo owns the safety space for years and has room to increase emotional factors.
- Acura, Genesis, Infiniti and Lincoln mainly stand out on practical ratings.



# BRAND WATCH TOPLINE

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