

Brand Perception of Quality

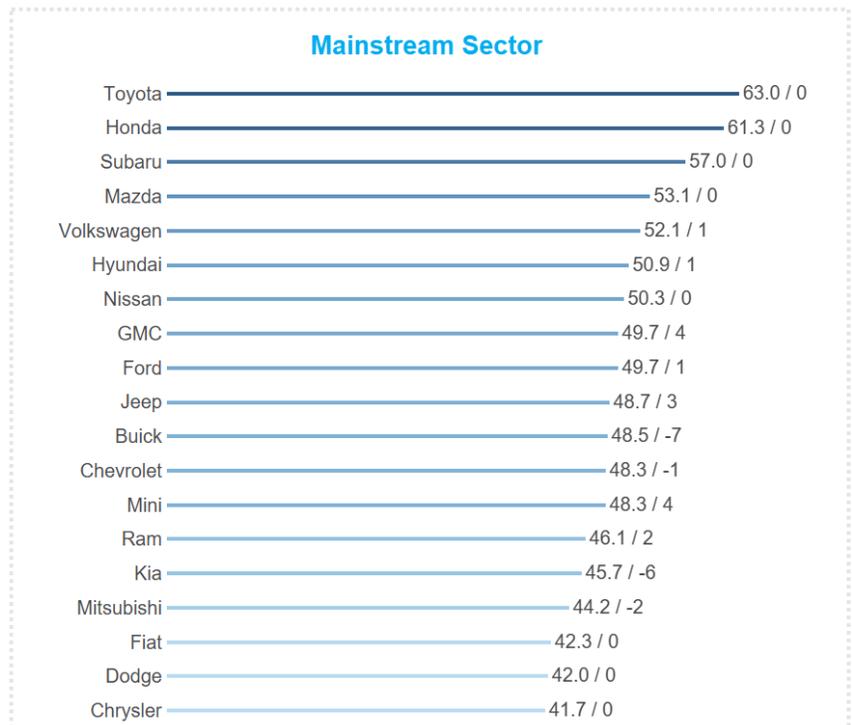
ALG's Brand Perception of Quality is a proprietary metric derived by surveying recent car purchasers on their thoughts regarding the quality of a given brand. The survey is conducted in waves with an average sample size of over 30,000 respondents. Consumers who have recently purchased a vehicle are asked to rate their opinion/perception of the product quality associated with all automotive brands. To eliminate bias, ALG removes rankings for the brand just purchased, as new buyers may feel the need to defend their purchase.

Mainstream Sector 2020 Survey

Key Insights

- Toyota and Honda remain perched at the top of BPQ close together, and have further solidified their place with the strongest YoY gains for the mainstream sector.
- Utility and truck heavy domestic brands GMC, Jeep, and Ram each moved up in the overall brand rankings.
- Reversing positive trends from 2019, Buick and Kia experienced the largest fall in the rankings, falling 7 and 6 places respectively. Mitsubishi and Chevrolet also lost ground in the 2020 survey.

*Values after slash equal rank change from previous year



Luxury Sector 2020 Survey

Key Insights

- Porsche still ranks at the top of the Luxury sector, with the top 5 Luxury brands all maintaining their place from 2019.
- Acura and Volvo both climbed 4 spots, with Infiniti, Jaguar, and Land Rover also seeing positive movement.
- Cadillac and Lincoln realized significant declines in the rankings, falling 6 and 4 spots respectively, after experiencing substantial positivity in the 2019 survey.

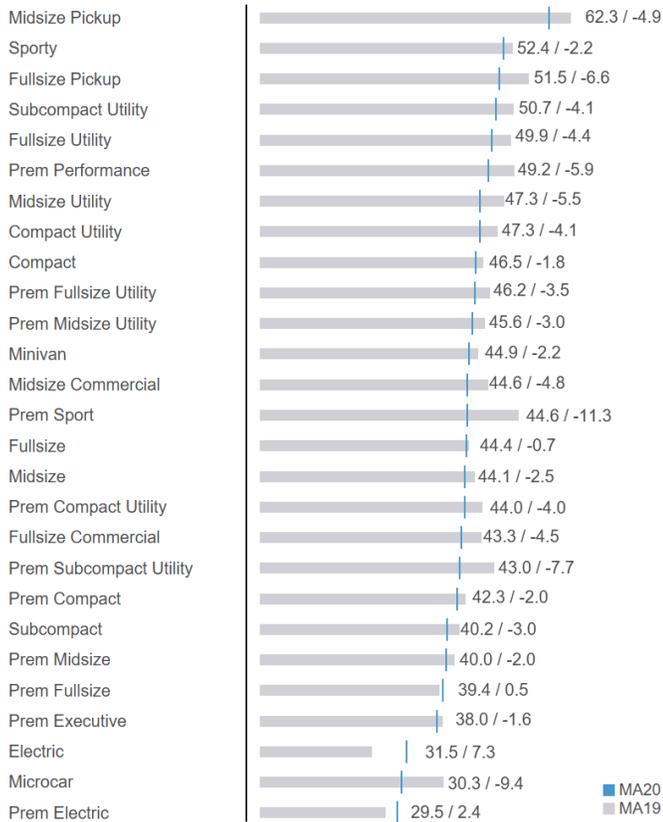
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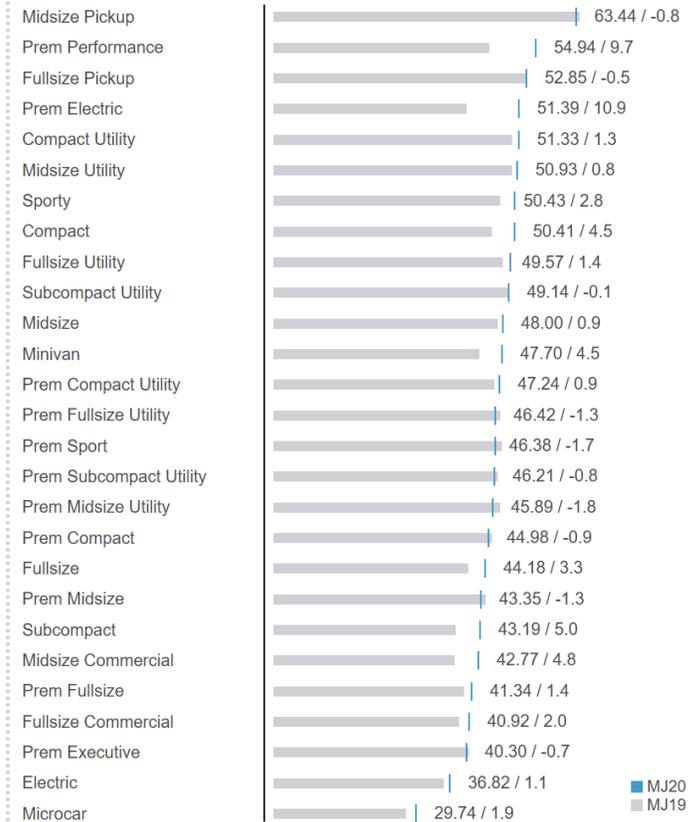
Residual Value & Retention Snapshot

Residual values are a combination of current auction performance, brand health, product competitiveness, and forecasted environment. Auction retention is sales weighted and measured as a percentage of the typically equipped MSRP.

3-Year Old Auction Retention



36-Month Forecast



Labels indicate current percent values compared to year-over-year percent change

Key Insights

- Auction retention for the Mainstream sector declined by ~3.6-ppts over the previous year, while the Luxury sector declined by ~2.7-ppts as the entire industry began to face COVID-19 related headwinds.
- Despite the current environment, overall the industry average is forecasted to increase ~1.7-ppts year-over-year for the 36-month forecast, as ALG expects the market to recover when these models are coming back to the used market.
- Only the Premium Fullsize, Premium Electric, and Electric segments experienced gains in auction retention, with those segments being boosted by new entrants and strong redesigns.
- The rest of the industry saw declines in auction performance, as the spike in used supply as a result of COVID-19 developments has significantly impacted auction values for the market. Despite still performing strong at open auction, even the stalwart pickup segments were negatively affected year-over-year.
- Premium Electric received a substantial lift in forecasted residual values, driven by a slew of new luxury BEVs entering the market such as the Porsche Taycan and Audi e-tron. Premium Performance also saw a large gain, alongside smaller lifts for the Compact, Subcompact and Minivan segments, as lower performing models have exited the market.
- Conversely, the most popular segments have seen little movement in forecasted residual values. The Pickup and Premium Utility segments experienced a slight decline, while the mainstream Compact Utility and Midsize Utility segments each received a slight lift, despite the market saturation of these vehicles.

For more information, please visit alg.com or contact an ALG expert at industrysolutions@alg.com