

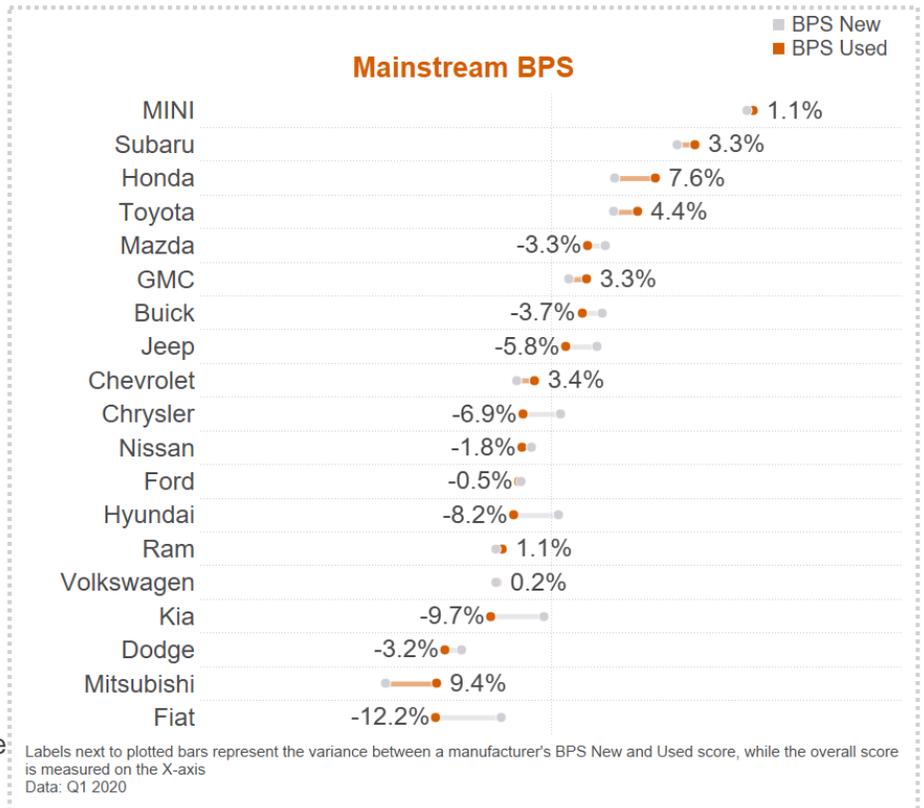
Brand Pricing Score Variance – New vs. Used

ALG's Brand Pricing Score (BPS) is a ranking of relative brand value. BPS-New uses new market transaction data to determine pricing power for new vehicles, while BPS-Used uses open auction transaction data to determine used market strength. By taking an eight-quarter moving average of new market transaction prices (BPS-N) and used market transactions for vehicles 1-3 years old (BPS-U), adjusted for measurable differences, ALG can measure the pricing power associated with a brand's nameplate. The concept of the metric is to isolate the strength of the badge versus competitors, assuming all else equal.

Mainstream BPS

Key Insights

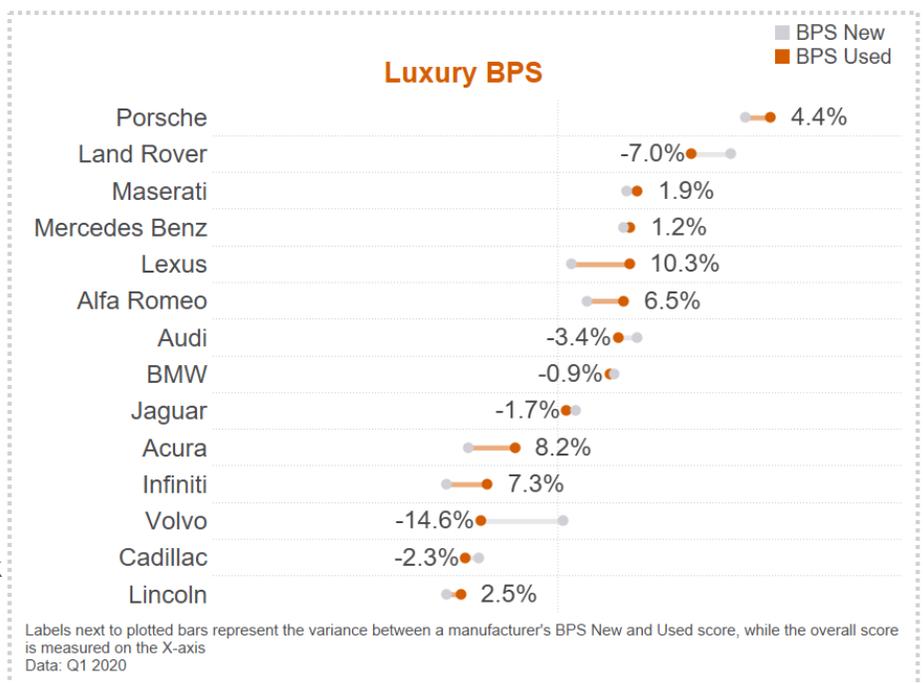
- Mini has carved out a niche residing at the top of both BPS-N and BPS-U despite a lack of utility vehicles.
- Subaru, Honda, and Toyota not only display strong BPS-N figures, but their long-standing reputation for reliability, beneficial sales strategy, and resale prices drive even higher levels in the BPS-U metric, resulting in exceptional used market performance.
- Stronger performance in the BPS-N metric for Hyundai and Kia likely indicate that these brands will become more competitive in the future used environment, as recently redesigned and all-new vehicles start to return in the secondary market.



Luxury BPS

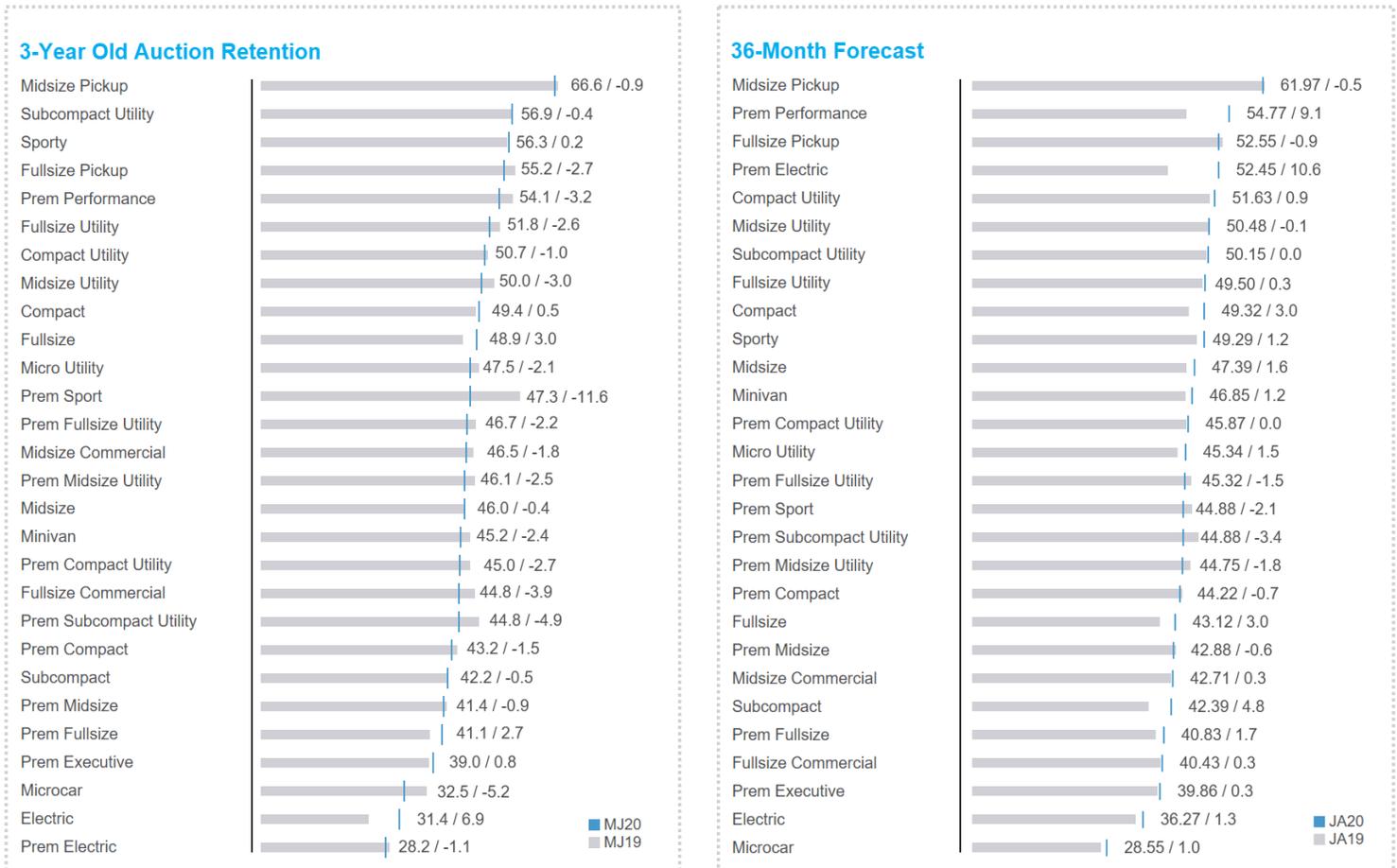
Key Insights

- Porsche and Land Rover continue to lead the Luxury sector with similar BPS-N scores, however with Porsche commanding a significant premium in the used market.
- Domestic luxury brands Lincoln and Cadillac reside towards the bottom in both BPS-N and BPS-U, with a dated sedan lineup weighing down BPS.
- BPS-U for Volvo will likely close the gap between its BPS-N score once recent redesigned vehicles come back to the preowned marketplace.



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.



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

Key Insights

- Auction retention has continued to be buffeted by COVID-19 as retention for the Mainstream sector declined by ~1.0-ppt over the previous year, while the Luxury sector declined by ~1.6-ppts.
- Despite the current environment, overall the industry average is forecasted to increase ~1.1-ppts year-over-year for the 36-month forecast, primarily driven by the Mainstream sector, as ALG expects diminished used supply to provide a boost to residuals when these vehicles return to market.
- The Electric segment, as well as both the Premium and Mainstream Fullsize sedans segments, experienced the only gains of note at open auction with reductions in used supply driving the large sedan segments, while electric vehicles have experienced notable improvements in range and utility.
- The rest of the industry continues to experience either outright declines in auction performance or negligible gains, as the spike in used supply as a result of COVID-19 developments has significantly impacted auction values for the market, with Premium Sport being particularly affected.
- Premium Electric and Premium Performance continue to see significant positivity in forecasted residual values, driven by a slew of new vehicles entering the market. The Subcompact segment also saw positivity, as lower performing models have exited the market.
- The popular Pickup segments experienced a slight decline, but still remain perched at the top of the industry while the mainstream 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