

Quality of Small Vehicles Leads Industry Improvement, J.D. Power Study Finds

Porsche Ranks Highest in Initial Quality among Luxury Brands;
MINI Ranks Highest among Mass Market Brands

SHANGHAI: 29 Sept. 2016 — Significant quality improvements in the small car and minivan segments lead the overall improvement in initial quality, according to the J.D. Power 2016 China Initial Quality StudySM (IQS), released today.

The study measures new-vehicle quality by examining problems experienced by owners within the first two to six months of ownership in two categories: design-related problems and defects/ malfunctions. Specific diagnostic questions are included in eight problem categories: interior; exterior; engine/ transmission; driving experience; features/ controls/ displays; seats; audio/ communication/ entertainment/ navigation; and heating/ ventilation/ air conditioning. The overall initial quality score is determined by problems reported per 100 (PP100) vehicles, with a lower number of problems indicating higher quality.

The industry's initial quality improves to 102 PP100 from 105 PP100 in 2015. The improvement is largely attributed to progress made in the quality of small vehicles. Initial quality in the small car segment is 99 PP100, an improvement of 12 PP100. The minivan segment improves to 114 PP100, a shift of 10 PP100.

"Small vehicles are taking the lead in overall quality improvement," said **Jeff Cai, general manager, auto product and quality at J.D. Power China**. "The market is evolving into a more mature one. In the past, small vehicles, typically with lower prices, had low quality. But this year, the small and other low-price cars have improved significantly. With outstanding quality and continuous improvements, automakers will be better positioned to gain customers' trust and loyalty in the long run."

Other key findings of the study include:

- **Domestic Brands Improving Quality:** The domestic Chinese brands are closing the gap on the international brands in 2016, narrowing the difference to 14 PP100, compared with a difference of 22 PP100 in 2015. The largest gap in quality between domestic and international brands is in the engine/ transmission category (6 PP100).
- **Chinese Owners Scorn New-Car Smell:** For a second consecutive year, the most frequently reported problem is unpleasant interior smell/ odor, increasing to 16.0 PP100 this year from 14.2 PP100 in 2015. Excessive road noise; excessive fuel consumption; excessive wind noise; and engine loses power when A/ C is on round out the top five most reported problems.
- **A/ C Problems Decline, Noise Problems Increase:** Air conditioning-related problems account for four of the 10 most improved problems in 2016. Conversely, four noise-related problems are among the 10 problems that have increased the most year over year.
- **Navigation System Problems Increase:** An increasing proportion of new-vehicle owners have a factory-installed navigation system in their car (64% in 2016 vs. 51% in 2015). Although overall navigation systems problems have declined from 2015 (2.68 PP100 vs. 2.70 PP100, respectively), the most common problem—inaccurate navigation system—has increased to 2.0 PP100 from 1.8 PP100.

2016 China IQS Ranking Highlights

Porsche ranks highest in initial quality among luxury nameplates with 67 PP100. **Lexus** (76 PP100) ranks second and **Audi** (83 PP100) ranks third.

Among mass market nameplates, **MINI** ranks highest with 80 PP100. **Beijing Hyundai** (84 PP100) ranks second and **FAW-Mazda** (88 PP100) ranks third.

Hyundai receives three model-level awards, followed by **Lexus** with two. In total, 13 vehicle segments are eligible for awards in the 2016 China Initial Quality Study. Models receiving segment awards are:

- Compact Upper: Kia K2
- Midsize Basic: Peugeot 301
- Midsize: Nissan Sylphy
- Midsize Upper Economy: MINI
- Midsize Upper: Hyundai Sonata
- Compact Luxury: Audi A4L
- Midsize Luxury: Lexus ES
- Small SUV: Dongfeng Future Joyear X3
- Compact SUV: Hyundai Tucson
- Midsize SUV: Honda CR-V
- Large SUV: Hyundai Santa Fe
- Compact Luxury SUV: Lexus NX
- Midsize Luxury SUV: Porsche Macan

The 2016 China Initial Quality Study is based on evaluations from 21,706 owners of new vehicles purchased from September 2015 and May 2016. The study includes 145 different models from 54 different brands. The study was fielded from March 2016 through July 2016 in 62 major cities across China.

Media Relations Contacts

Michelle Meng; J.D. Power; Beijing, China; +86 01 6569 2702; yutian.meng@jdpa.com
John Tews; J.D. Power; Troy, Michigan, USA; 001 248 680 6218; john.tews@jdpa.com

About J.D. Power

J.D. Power has offices in Tokyo, Singapore, Beijing, Shanghai, Malaysia and Bangkok that conduct customer satisfaction research and provide consulting services in the automotive, information technology and finance industries in the Asia Pacific region. Together, the six offices bring the language of customer satisfaction to consumers and businesses in Australia, China, India, Indonesia, Japan, Malaysia, Philippines, Taiwan, Thailand and Vietnam. Information regarding J.D. Power and its products can be accessed through the internet at asean-oceania.jdpower.com.

About J.D. Power and Advertising/ Promotional Rules www.jdpower.com/about-us/press-release-info

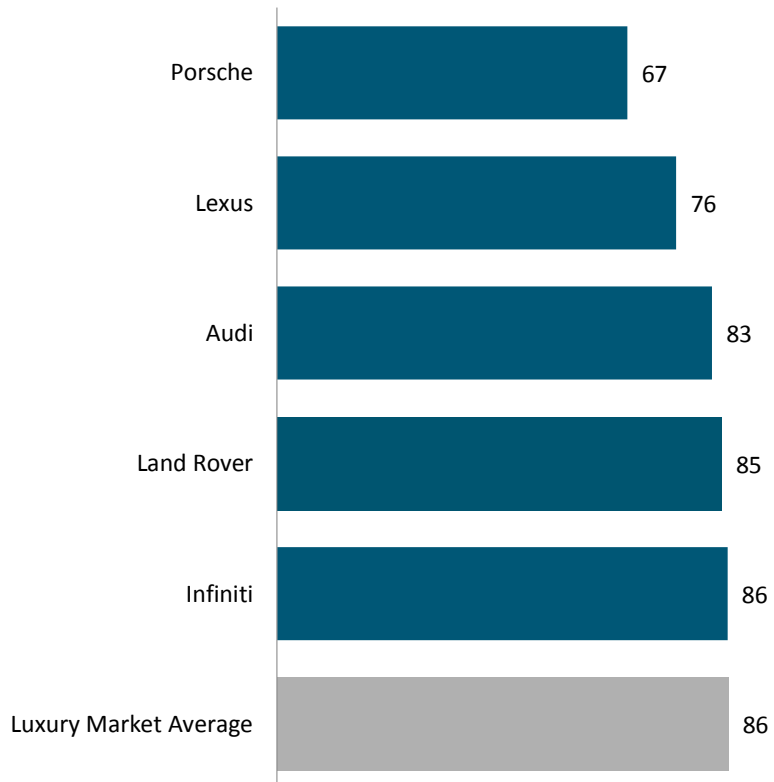
#

Note: Three charts follow.

J.D. Power 2016 China Initial Quality (IQS) StudySM

2016 Nameplate IQS Ranking—Luxury Market

Problems per 100 (PP100) Vehicles



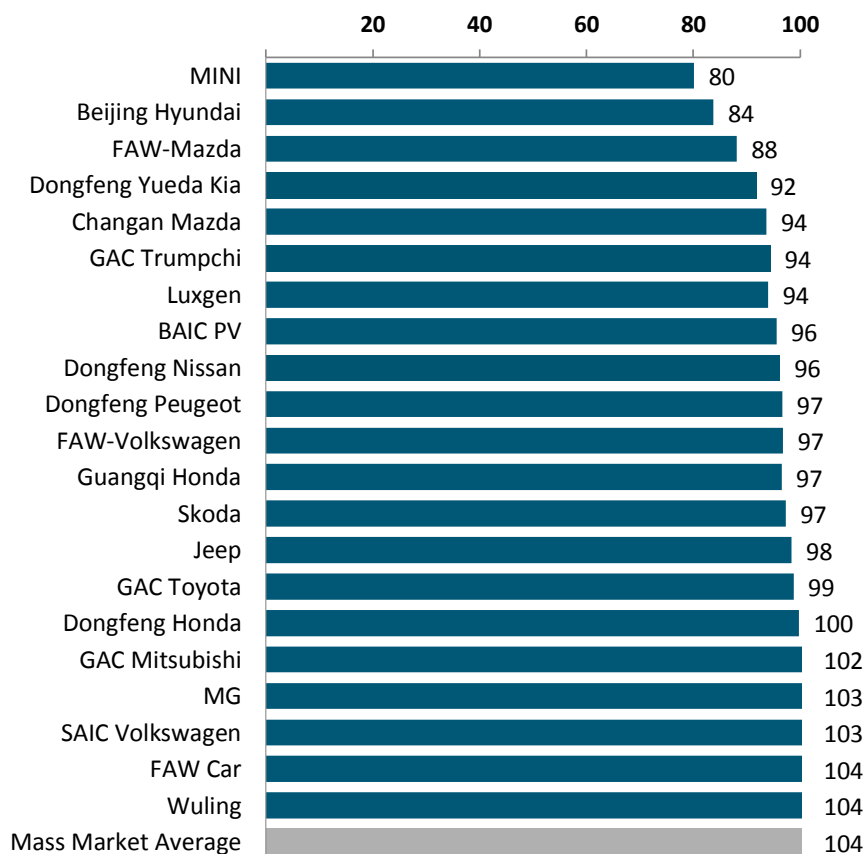
Source: J.D. Power 2016 China Initial Quality (IQS) StudySM

Charts and graphs extracted from this press release for use by the media must be accompanied by a statement identifying J.D. Power as the publisher and the study from which it originated as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power survey results without the express prior written consent of J.D. Power.

J.D. Power 2016 China Initial Quality (IQS) StudySM

2016 Nameplate IQS Ranking—Mass Market

Problems per 100 (PP100) Vehicles



Source: J.D. Power 2016 China Initial Quality (IQS) StudySM

Charts and graphs extracted from this press release for use by the media must be accompanied by a statement identifying J.D. Power as the publisher and the study from which it originated as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power survey results without the express prior written consent of J.D. Power.

J.D. Power 2016 China Initial Quality Study (IQS)SM

Top Three Models per Segment in Initial Quality

Compact Upper	Small SUV
Highest Ranked: Kia K2	Highest Ranked: Dongfeng Future Joyear X3
	Baojun 560
	Venucia T70
Midsized Basic	Compact SUV
Highest Ranked: Peugeot 301	Highest Ranked: Hyundai Tucson
Volkswagen Jetta	Kia KX3
Changan Eado XT	Hyundai ix25
Midsized	Midsized SUV
Highest Ranked: Nissan Sylphy	Highest Ranked: Honda CR-V
Hyundai Langdong Elantra	FAW Besturn X80
Volkswagen Bora (Tie)	Luxgen U6
Midsized Upper Economy	Large SUV
Highest Ranked: MINI	Highest Ranked: Hyundai Santa Fe
Volkswagen Sagitar	Toyota Highlander
Hyundai Mistra	BYD Tang
Midsized Upper	Compact Luxury SUV
Highest Ranked: Hyundai Sonata	Highest Ranked: Lexus NX
Honda Accord	BMW X1
Kia K5	Mercedes-Benz GLA-Class
Compact Luxury	Midsized Luxury SUV
Highest Ranked: Audi A4L	Highest Ranked: Porsche Macan
Audi A3	Audi Q5
Volvo S60L	Cadillac SRX
Midsized Luxury	
Highest Ranked: Lexus ES	
Mercedes-Benz E-Class	
BMW 5 Series	

Source: J.D. Power 2016 China Initial Quality Study (IQS)SM

Charts and graphs extracted from this press release for use by the media must be accompanied by a statement identifying J.D. Power as the publisher and the study from which it originated as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power survey results without the express prior written consent of J.D. Power.