

New-Vehicle Quality in China Drastically Improves, J.D. Power Finds

Audi and Dongfeng Yueda Kia Rank Highest Among Luxury and Mass Market Brands, Respectively

BEIJING: 8 Aug 2019 – New-vehicle quality in China has improved significantly with a 10% decrease in problems from 2018, according to the J.D. Power 2019 China Initial Quality Study (IQS),SM released today. Of the 67 brands included in the study, 52 improved.

The study, now in its 20th year, measures new-vehicle quality by examining problems experienced by new-vehicle owners within the first two to six months of ownership. The overall initial quality score is determined by problems reported per 100 vehicles (PP100), with a lower number of problems indicating higher quality.

According to the study, the average new-vehicle quality score of the industry this year is 95 PP100, which is 10 PP100 less than last year. Improvements occur in six of eight study categories and the most improved categories are interiors (down 2.9 PP100 from 2018); audio/ communications/ entertainment/ navigation (down 2.9 PP100 from 2018); and seats (down 2.2 PP100 from 2018).

“After stalling for five years, new-vehicle quality in China is at its highest level ever,” said **Jeff Cai, General Manager of Auto Product, J.D. Power China**. “This proves that automakers are listening to their customers feedback carefully and putting effort toward improving customer satisfaction. This progress, most notably, is achieved in a downturn market, making it more prominent.”

Following are some key findings of the 2019 study:

- **Few most common issues still prevalent:** The score of the top 20 problems cited by vehicle owners this year is 1.5 PP100 more than last year (51.4 PP100 vs. 49.9 PP100), and 12 of the top 20 have worsened.
- **Quality of Chinese domestic brands improve dramatically:** The number of problems among Chinese domestic brands has dropped 12% to 101 PP100 from 115 PP100 in 2018. Seven of the eight categories have improved and the only category to decline is engine/transmission (+2.1 PP100).
- **The gap between Chinese domestic brands and international brands narrows:** The average gap between the Chinese domestic and international brands had been 14 PP100 for the past three years but has significantly improved to 9 PP100 this year.

Highest-Ranked Brands and Models

Audi ranks highest in initial quality among luxury brands with a score of 73 PP100. **Lexus** and **Porsche** (76 PP100) rank second in a tie.

Dongfeng Yueda Kia is the highest-ranked mass market brand, with a score of 83 PP100. **MINI** ranks second with a score of 86 PP100. **Beijing Hyundai, GAC Honda** and **Jeep** (89 PP100) rank third in a tie.

There are 18 models from 15 brands are eligible for awards across 17 segments in the 2019 study.

- GAC Toyota models that rank highest in their respective segments are **Toyota Yaris L** and **Toyota C-HR**.

- Audi models that rank highest in their respective segments are **Audi A4L** and **Audi Q3**.
- SAIC Volkswagen models that rank highest in their respective segments are **Volkswagen Tharu** and **Volkswagen Touran L**.

Other models that rank highest in their respective segments are **Baojun 730**; **Changan Eado XT**; **Chery Tiggo 3x**; **Geely GC9**; **Honda Accord**; **Honda Elysion**; **Hyundai Lafesta**; **Lexus RX**; **Mercedes-Benz E-Class**; **Porsche Cayenne**; **Toyota Land Cruiser Prado**; and **WEY VV6**.

The 2019 China Initial Quality Study measures new-vehicle quality by examining problems in two categories: design-related problems and defects/ malfunctions. Specific diagnostic questions include 233 problem symptoms across eight categories: interior; exterior; engine/ transmission; driving experience; features/ controls/ displays; seats; audio/ communication/ entertainment/ navigation; and heating/ ventilation/ air conditioning.

The 2019 study is based on responses from 33,468 vehicle owners who purchased their cars between May 2018 and March 2019. The study includes 266 models from 67 different brands and was fielded from November 2018 through May 2019 in 75 major cities across China.

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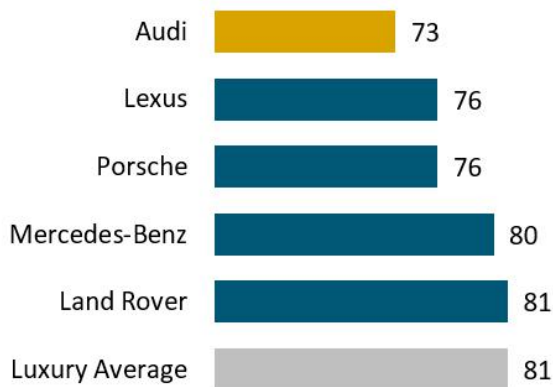
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NOTE: Four charts follow.

J.D. Power 2019 China Initial Quality StudySM (IQS)

2019 Nameplate IQS Ranking - Luxury Industry Average and Above

Problems per 100 Vehicles (PP100)



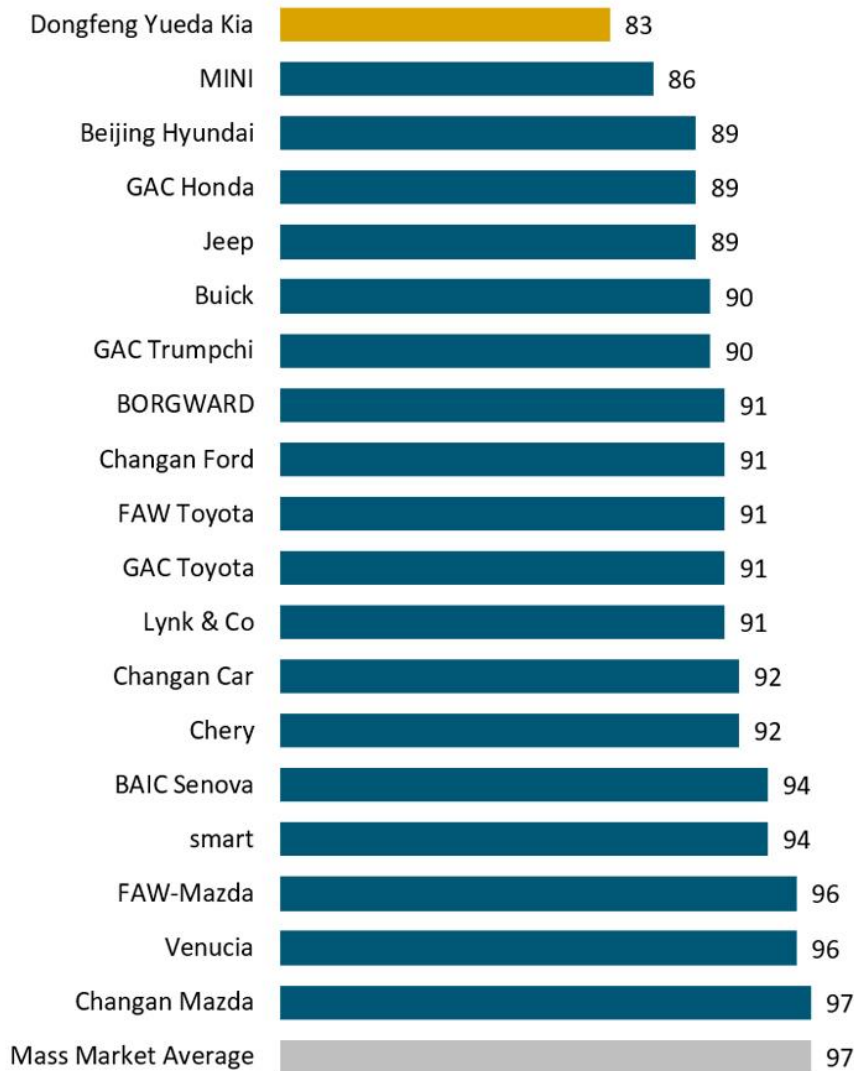
Source: J.D. Power 2019 China Initial Quality StudySM (IQS)

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J.D. Power 2019 China Initial Quality StudySM (IQS)

2019 Nameplate IQS Ranking - Mass Market Industry Average and Above

Problems per 100 Vehicles (PP100)



Source: J.D. Power 2019 China Initial Quality StudySM (IQS)

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J.D. Power 2019 China Initial Quality StudySM (IQS)

Top Three Models per Segment Segment Average and Above Car Segment

Compact Upper

Highest Ranked: Toyota Yaris L

Toyota Vios/Vios FS
Kia K2

Midsized Basic

Highest Ranked: Changan Eado XT

Hyundai Celesta
Geely Vision

Midsized

Highest Ranked: Hyundai Lafesta

Honda Crider
Roewe i5

Midsized Upper Economy

Highest Ranked: Geely GC9

Buick Verano
Kia K4 Cachet (tie)
MINI (tie)

Midsized Upper

Highest Ranked: Honda Accord

Buick Regal
Buick LaCROSSE (tie)
Toyota Camry 8 (tie)

Compact Luxury

Highest Ranked: Audi A4L

Audi A3
Mercedes-Benz CLA-Class

Midsized Luxury

Highest Ranked: Mercedes-Benz E-Class

Audi A6L
Lexus ES

* No other model in this segment performs above segment average.

Note: To qualify for an award in the 2019 China Initial Quality Study, models must meet these criteria: 1. Four models with at least 100 samples, or, three models with at least 100 samples and with more than 80% of market share. 2. At least one model must perform better than segment average. In the Compact Mini Car, Compact Car and Large Luxury Car segments, these criteria were not met, thus no awards have been issued.

Source: J.D. Power 2019 China Initial Quality StudySM (IQS)

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J.D. Power 2019 China Initial Quality StudySM (IQS)

Top Three Models per Segment Segment Average and Above SUV, MPV Segments

Small SUV Highest Ranked: Chery Tiggo 3x Chery Tiggo 3 Dongfeng Forthing Joyear X5	Midsize Luxury SUV Highest Ranked: Lexus RX BMW X3 Audi Q5L
Compact SUV Highest Ranked: Toyota C-HR Geely Vision S1 Jeep Compass	Large Luxury SUV Highest Ranked: Porsche Cayenne BMW X5 Mercedes-Benz GLE-Class
Midsize SUV Highest Ranked: Volkswagen Tharu (tie) WEY VV6 (tie) Venucia T90	Compact MPV* Highest Ranked: Baojun 730 Baojun 360
Large SUV Highest Ranked: Toyota Land Cruiser Prado Honda UR-V GAC Trumpchi GS8	Midsize MPV* Highest Ranked: Volkswagen Touran L Wuling Hongguang S3
Compact Luxury SUV Highest Ranked: Audi Q3 Cadillac XT4 (tie) Lincoln MKC (tie)	Large MPV* Highest Ranked: Honda ElySION

* No other model in this segment performs above segment average.

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