

One-Fourth of New-Vehicle Owners in China Choose Domestic Brands for Good Quality or Performance, J.D. Power FindsPorsche and GAC Honda Rank Highest among Luxury and Mass Market Brands, Respectively

SHANGHAI: 15 Oct. 2020 – Increasing vehicle quality has become one of the driving factors for consumers in China to choose domestic brands, as one in four new-vehicle owners purchase a domestic rather than an international brand due to good quality or performance, according to the J.D. Power 2020 China Initial Quality StudySM (IQS), released today.

The study, now in its 21st year, measures initial vehicle quality by examining problems experienced by new-vehicle owners within the first two to six months of ownership. Overall initial quality is determined by problems reported per 100 vehicles (PP100), with a lower number of problems indicating higher quality.

According to the 2020 study, the percentage of vehicle owners who agree or strongly agree that the Chinese domestic brands are innovative, reliable, environment-friendly and reputable has increased annually since 2015 by 12%, 9%, 7% and 10%. The percentage of vehicle owners who choose domestic brands because of good quality or performance has increased to 25% this year from 16% in 2015, while the percentage of those who choose domestic brands due to low price has dropped to 6% from 12% in 2015.

The study also finds that there is a quality gap between Chinese domestic brands and all other brands in China. Among all automotive brands, Chinese domestic brands (135 PP100) are the only ones that perform below the industry average level (127 PP100).

“Consumers choosing a domestic brand for reasons of quality and performance, as well as improved brand image, demonstrates that the progress of improving quality in domestic brands has seen positive outcomes,” said **Jeff Cai, general manager of auto product, J.D. Power China**. “However, the quality among domestic brands varies considerably. Although a few leading brands have reached the same quality level as international brands, most of the domestic brands are still lagging. Domestic brands need to be aware of their own shortcomings and make continuous efforts to improve vehicle quality.”

Following are additional findings of the 2020 study:

- **More design-related problems identified:** Design-related problems account for 62% of all problems, which is much higher than for defects/malfunction-related problems (37%). These findings could effectively help automakers identify the design defects and avoid the pitfalls in the early phase of product design.
- **Gap between mass market and luxury brands narrows:** The gap between mass market brands (128 PP100) and luxury brands (121 PP100) shrinks to 7 PP100 from a gap of 16 PP100 in 2019.
- **Unpleasant interior smell and road noise are most-often-cited problems:** Among the top 20 problems in 2020, unpleasant interior smell and fuel economy have improved slightly year over year while noise-related problems—excessive road noise, engine noise and air-conditioner fan noise—have increased. Overall, among all problem areas, unpleasant interior smell and road noise are cited most often by owners.

Highest-Ranked Brands and Models

Porsche ranks highest in initial quality among luxury brands with 107 PP100, followed by **Audi** (116 PP100) and **Lexus** (117 PP100).

GAC Honda is the highest-ranked mass market brand with 115 PP100. **GAC FCA Jeep** ranks second with 118 PP100. **Beijing Hyundai** (119 PP100) and **Changan Ford** (119 PP100) rank third in a tie. **GAC Trumpchi** (125 PP100) is the highest-ranked Chinese domestic brand for an eighth consecutive year.

There are 20 models from 14 brands eligible for awards across 18 segments in the 2020 study, including models in two segments that tie for highest ranked.

- Audi models that rank highest in their respective segments are **Audi A3** and **Audi Q2L**.
- Beijing Hyundai models that rank highest in their respective segments are **Hyundai Reina**; **Hyundai Celesta**; and **Hyundai ix35**.
- Buick models that rank highest in their respective segments are **Buick Verano** and **Buick New GL8**.
- GAC Honda models that rank highest in their respective segments are **Honda Accord** and **Honda Avancier**.
- GAC Toyota models that rank highest in their respective segments are **Toyota Yaris L** and **Toyota Levin**.

Other models that rank highest in their respective segments are **Baojun 360**; **Cadillac CT6**; **Changan CS35**; **GAC Trumpchi GS3**; **Geely Xingyue**; **Lexus RX**; **Porsche Cayenne**; **Volkswagen T-CROSS**; and **Wuling Hongguang S3**.

The 2020 China Initial Quality Study measures new-vehicle quality by examining problems in two categories: design-related problems and defects/ malfunctions. Specific diagnostic questions include 218 problem symptoms across nine categories: features/ controls/ displays; exterior; interior; infotainment system; seats; driving experience; driving assistance; powertrain; and climate. It is also the first year that J.D. Power launch a new IQS research platform in both China and the U.S. markets, which aims at providing manufacturers with comprehensive information to facilitate the identification of problems and drive product improvement.

The 2020 study is based on responses from 32,536 vehicle owners who purchased their vehicle between June 2019 and June 2020. The study includes 241 models from 57 different brands and was fielded from December 2019 through August 2020 in 70 major cities across China.

For more information about the China Initial Quality Study, please visit <https://china.jdpower.com/automotive/china-initial-quality-study>.

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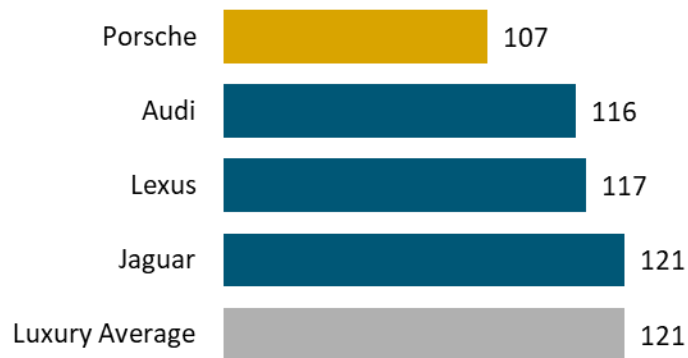
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NOTE: Four charts follow.

J.D. Power 2020 China Initial Quality StudySM (IQS)

Brand Ranking - Luxury

Problems per 100 Vehicles (PP100)



Note: The chart only shows brands above the industry average.

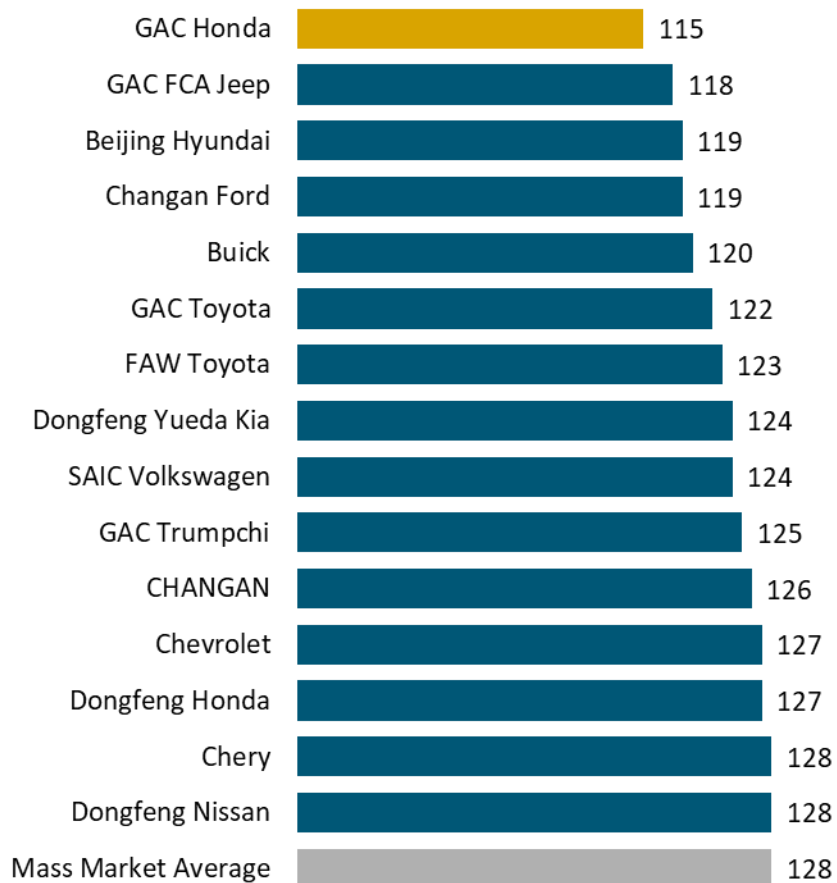
Source: J.D. Power 2020 China Initial Quality StudySM (IQS)

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J.D. Power 2020 China Initial Quality StudySM (IQS)

Brand Ranking - Mass Market

Problems per 100 Vehicles (PP100)



Note: The chart only shows brands above the industry average.

Source: J.D. Power 2020 China Initial Quality StudySM (IQS)

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J.D. Power 2020 China Initial Quality StudySM (IQS)

Top Three Models per Segment Segment Average and Above *Car Segment*

<hr/> <p>Compact*</p> <p>Highest: Hyundai Reina</p> <hr/>	<hr/> <p>Midsize Upper Economy</p> <p>Highest: Buick Verano Volkswagen Lamando Hyundai Mistra</p> <hr/>
<hr/> <p>Compact Upper*</p> <p>Highest: Toyota Yaris L Volkswagen Polo</p> <hr/>	<hr/> <p>Midsize Upper</p> <p>Highest: Honda Accord Chevrolet Malibu XL Toyota Avalon</p> <hr/>
<hr/> <p>Midsize Basic</p> <p>Highest: Hyundai Celesta Honda City Fengfan Chery Arrizo 5/Arrizo EX</p> <hr/>	<hr/> <p>Compact Luxury</p> <p>Highest: Audi A3 Jaguar XEL Audi A4L</p> <hr/>
<hr/> <p>Midsize</p> <p>Highest: Toyota Levin Ford Escort (tie) Kia K3 (tie)</p> <hr/>	<hr/> <p>Midsize Luxury</p> <p>Highest: Cadillac CT6 Mercedes-Benz E-Class Lexus ES</p> <hr/>

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

Note: To qualify for an award in the 2020 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 Large Luxury Car segment, these criteria were not met, thus no awards have been issued.

Source: J.D. Power 2020 China Initial Quality StudySM (IQS)

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J.D. Power 2020 China Initial Quality StudySM (IQS)

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

Small SUV Highest Ranked: Changan CS35 (tie) GAC Trumpchi GS3 (tie) Geely Vision X3	Midsized Luxury SUV Highest Ranked: Lexus RX Porsche Macan Volvo XC60
Compact SUV Highest Ranked: Volkswagen T-CROSS Changan CS35 Plus (tie) Jeep Compass (tie)	Large Luxury SUV Highest Ranked: Porsche Cayenne Audi Q7 BMW X5
Midsized SUV Highest Ranked: Geely Xingyue (tie) Hyundai ix35 (tie) Dongfeng Forthing T5	Compact MPV* Highest Ranked: Baojun 360 Baojun RM-5
Large SUV Highest Ranked: Honda Avancier Toyota Highlander Honda UR-V	Midsized MPV Highest Ranked: Wuling Hongguang S3 GAC Trumpchi GM6 BYD Song MAX
Compact Luxury SUV Highest Ranked: Audi Q2L Infiniti QX50 BMW X2(tie) Mercedes-Benz GLA-Class(tie)	Large MPV* Highest Ranked: Buick New GL8

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

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