Despite Booming Sales, SUVs Are Losing Appeal in China, J.D. Power Finds

Porsche and FAW-Mazda Rank Highest in Their Respective Segments;
SAIC Volkswagen and FAW-Volkswagen Each Receive Two Model-Level Awards

SHANGHAI: 1 Nov. 2017 — Although the market share of SUVs continues to rise in China, their APEAL index is actually going down, and SUVs in China are gradually losing the edge against non-SUVs in soft quality, according to the J.D. Power 2017 China Automotive Performance, Execution and Layout (APEAL) Study,[SM] released today.

While the growth rate of passenger-vehicle sales in China is slowing down, the SUV boom continues. Its market share is expected to soar up to 43% by the end of this year, compared with 16% in 2011. [1] However, SUVs are becoming less appealing to consumers in China, compared with non-SUVs. In 2011, the APEAL index score for SUVs was 38 points higher (on a 1,000-point scale) than for non-SUVs, compared with only 1 point higher in 2017.

The study also finds that the small SUV segment performs lowest among the seven SUV segments across all 10 measurement categories of the study. Its only improvement was in fuel economy, up 9 points from last year.

"In a market flooded with numerous SUVs, manufacturers have not come up with enough differentiated products," said **Dr. Mei Songlin, Vice President and Managing Director at J.D. Power China**. "Despite their affection for SUVs, consumers in China expect more and better experiences from the new vehicles they buy, especially regarding new technologies and intelligent functions. Our 2017 APEAL Study indicates that automakers in China need to increasingly compete with differentiated products to sustain growth and success in the SUV market."

Following are additional findings of the study:

- **APEAL index is affecting consumers' purchase decision:** Among the top five purchase reasons cited by consumers in 2017, three are APEAL-related ones: vehicle performance; vehicle safety; and desired vehicle body type, attractive design and styling. In 2009, there was only one APPEAL-related: desired vehicle body type.

- **Korean brands experience a decline:** Although Korean auto brands (711) outscore others in the 2017 study, they experience a decline this year. Korean brands are followed by European (709); Japanese (708); U.S. (698); and Chinese (676) brands. The APEAL index score for Korean brands has declined by 49 points year over year.

- **Gap between Chinese domestic and international brands is narrowing:** This year, the gap between the two segments (26 points) continues to narrow for the ninth consecutive year, with Chinese brands at 676 and international brands at 702.

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[1]Source: LMC Automotive LLC; 2017 data is forecasting data.

- **Satisfaction lower among consumers born after 1990:** The satisfaction score among younger consumers born after 1990 (680) is conspicuously lower than those born in the 1970s (715), which indicates that a younger generation of Chinese new-vehicle buyers have higher expectations and are harder to satisfy.

Highest-Ranked Brands and Models
Porsche ranks highest in APEAL among luxury brands, with a score of 754. **Land Rover** (741) ranks second and **Audi** (731) ranks third.

FAW- Mazda ranks highest among mass market brands, with a score of 719, followed by **Dongfeng Honda** (714) and **Dongfeng Yueda Kia** (712).

SAIC Volkswagen (Volkswagen Polo and Volkswagen Passat) and **FAW-Volkswagen** (Volkswagen Jetta and Volkswagen Sagitar) have two models that receive model-level awards.

Other models that rank highest in their respective segments are the **Nissan Sylphy**; **Audi A4L**; **Cadillac XTS**; **Lexus ES**; **Mercedes-Benz E-Class**; **Changan CS15**; **Citroen C3-XR**; **Honda CR-V**; **Ford Edge**; **BMW X1**; and **Porsche Macan**.

The 2017 China Automotive Performance, Execution and Layout (APEAL) Study measures owners' emotional attachment and level of excitement across 77 attributes in 10 vehicle performance categories: vehicle exterior; vehicle interior; storage and space; audio/ entertainment/ navigation; seats; HVAC; driving dynamics; engine/ transmission; visibility and driving safety; and fuel economy. These attributes are combined into an overall APEAL index score that is measured on a 1,000-point scale.

The study, now in its 15th year, is based on evaluations from 23,933 owners of new vehicles purchased between September 2016 and May 2017. The study analyzes models in 22 vehicle segments and includes 251 different passenger-vehicle models from 68 different brands. The field work was conducted from March through July 2017 in 67 major cities across China.

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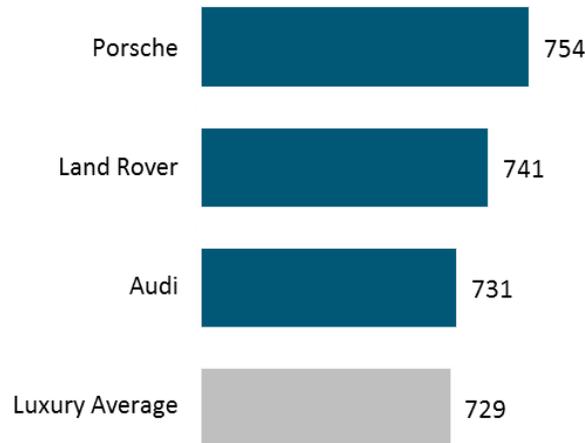
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NOTE: Three charts follow.

J.D. Power 2017 China Automotive Performance, Execution and Layout (APEAL) Study℠

2017 APEAL Nameplate Index Ranking—Luxury

(Based on a 1,000-point scale)
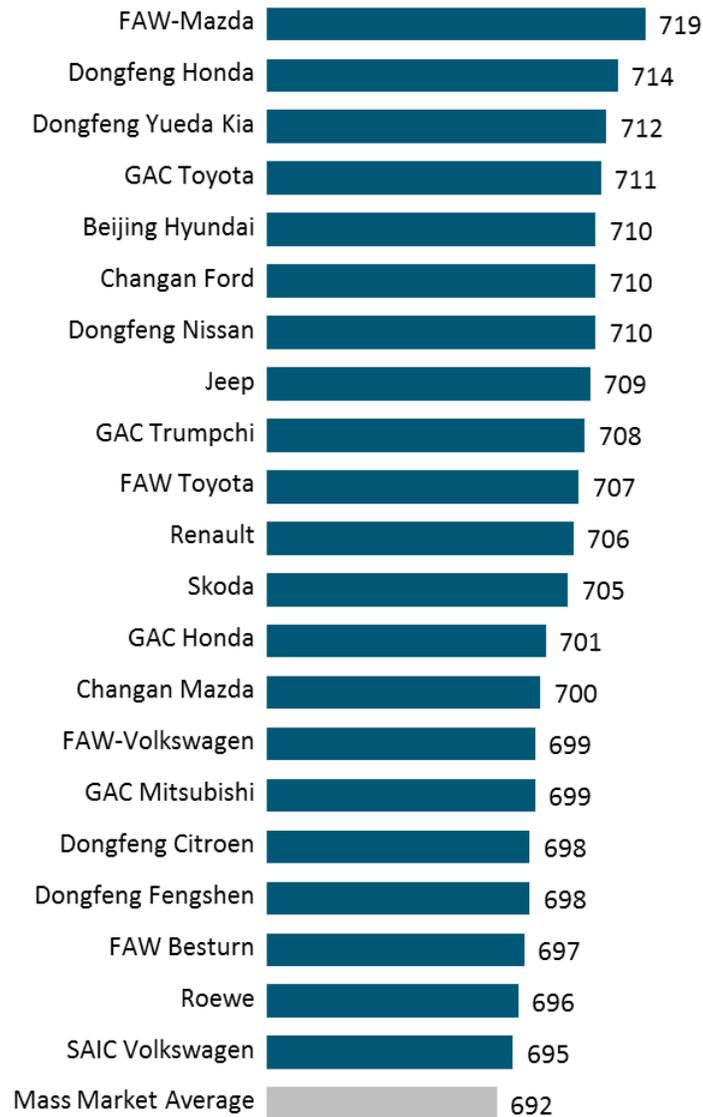
Nameplate	Score
Porsche	754
Land Rover	741
Audi	731
Luxury Average	729

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2017 APEAL Nameplate Index Ranking—Mass Market
(Based on a 1,000-point scale)

Nameplate	Score
FAW-Mazda	719
Dongfeng Honda	714
Dongfeng Yueda Kia	712
GAC Toyota	711
Beijing Hyundai	710
Changan Ford	710
Dongfeng Nissan	710
Jeep	709
GAC Trumpchi	708
FAW Toyota	707
Renault	706
Skoda	705
GAC Honda	701
Changan Mazda	700
FAW-Volkswagen	699
GAC Mitsubishi	699
Dongfeng Citroen	698
Dongfeng Fengshen	698
FAW Besturn	697
Roewe	696
SAIC Volkswagen	695
Mass Market Average	692

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Top Three Models per Segment in APEAL

Compact Upper
Highest Ranked: Volkswagen Polo
Hyundai Ruina/ Ruiyi Verna
Kia K2

Midsize Basic
Highest Ranked: Volkswagen Jetta
Geely Emgrand GS/GL
Peugeot 301

Midsize
Highest Ranked: Nissan Sylphy
Nissan Sylphy Classic
Toyota Corolla

Midsize Upper Economy
Highest Ranked: Volkswagen Sagitar
Geely GC9
Volkswagen Lamando

Midsize Upper
Highest Ranked: Volkswagen Passat
Mazda 6 Atenza
Toyota Camry

Compact Luxury
Highest Ranked: Audi A4L
Volvo S60L
BMW 3 Series

Midsize Luxury
Highest Ranked: Cadillac XTS (tie)
Lexus ES (tie)
Mercedes-Benz E-Class (tie)

Small SUV
Highest Ranked: Changan CS15
Changan CS35
Haval H2

Compact SUV
Highest Ranked: Citroen C3-XR
Hyundai Tucson
Kia KX3

Midsize SUV
Highest Ranked: Honda CR-V
Kia KX5
Kia Sportage R

Large SUV *
Highest Ranked: Ford Edge
Jeep Cherokee

Compact Luxury SUV *
Highest Ranked: BMW X1

Midsize Luxury SUV*
Highest Ranked: Porsche Macan
Audi Q5

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

To qualify for an award in the 2017 China APEAL Study, models must meet the following criteria：

1. Must have a sample size sufficient to be ranked, i.e., at least 100 samples; additionally, at least four models must be ranked within the same segment.
2. At least one model with sufficient sample size in the segment must perform better than the segment average.
3. The model receiving the segment award must have been launched earlier than the 2017 China APEAL Study eligibility period.

In the Compact Mini, Compact Basic, Compact, Large Luxury, Large Luxury SUV, Compact MPV, Midsize MPV, Large MPV and Mini Van segments, these criteria were not met, thus no awards have been issued.

Source: J.D. Power 2017 China Automotive Performance, Execution and Layout (APEAL) Study^{SM}