

### **New-Vehicle Quality in China Decreases; New-Car Smell Improves, J.D. Power Finds**

#### New-Energy Vehicle Segment Award Introduced

**BEIJING: 27 Sept. 2018** – New-vehicle quality in China has slightly decreased after years of continuous improvement, but the new-car smell, which has long been the top complaint by vehicle owners in China, has substantially improved, according to the J.D. Power 2018 China Initial Quality Study<sup>SM</sup> (IQS), released today.

The study, now in its 19th year, measures new-vehicle quality by examining problems experienced by new-vehicle owners within the first two to six months of ownership in eight problem categories. The overall initial quality score is determined by problems reported per 100 vehicles (PP100), with a lower number of problems indicating higher quality.

After years of significant progress in new-vehicle quality, the industry initial quality in 2018 is 2 PP100 higher than in 2017, with a score of 105 PP100. The decrease is a result of an increase in design problems such as navigation system inaccurate; windows fog up excessively/ don't clear quickly; built-in Bluetooth mobile phone/ device has frequent pairing/ connectivity issues; audio system difficult to use; and built-in voice recognition frequently doesn't recognize.

“Along with the development of automotive manufacturing technology and process, the defect/ malfunction-related problems have continuously improved, while the design-related problems have been rising. It is predictable that with the increase in the installation of smart-connected in-vehicle devices, design problems will be more critical to the usability of the car,” said **Jacob George, Vice President and General Manager, J.D. Power Asia Pacific**. Over the past three years, the number of defect/ malfunction-related problems has dropped by 2 PP100, and the design-related problems have increased by 5 PP100.

However, there has been a notable improvement in historically Chinese-specific issues such as unpleasant interior smell (improvement of 4.8 PP100 from 2017), followed by excessive road noise (3.6 PP100); engine loses power when air conditioning is on (2.7 PP100); excessive wind noise (2 PP100); and excessive fuel consumption (1.9 PP100).

“It's a good sign that the Voice of the Customer is increasingly making an impact and being heard. We are glad to see most automotive manufacturers in China have begun to recognize those Chinese-specific problems raised by consumers and have been trying to improve them,” said **Jeff Cai, General Manager of Auto Product, J.D. Power China**.

Following are additional findings of the study:

- **New-energy vehicles have far more problems than fossil-fuel vehicles (141 PP100 vs. 105 PP100, respectively):** The three biggest gaps between the two are air conditioning doesn't achieve/ maintain desired temperature; engine loses power when air conditioning is on; and seat materials scuffs/soil easily.

- **Gap between Chinese domestic brands and international brands expands after narrowing over seven years:** From 2011 to 2017, the gap had reduced from 101 to 13 PP100, but it has increased to 15 PP100 this year. The problem areas with the biggest gaps are heating/ ventilation/ air conditioning (HVAC); exterior; and engine/ transmission.
- **More vehicle brands and models enter the market:** The number of brands that are covered in the 2018 study is 13 more than last year, and the number of models has increased by 34, compared with 2017.

### Highest-Ranked Brands and Models

**Porsche** ranks highest in initial quality among luxury brands for the fifth consecutive year, with a score of 69 PP100. **Beijing Hyundai** is the highest-ranked mass market brand, with a score of 87 PP100. **GAC Trumpchi** ranks highest in initial quality among Chinese domestic brands for the sixth consecutive year.

Beijing Hyundai has three models (**Hyundai Reina**, **Hyundai Langdong Elantra** and **Hyundai Tucson**) that receive model-level awards.

- Lexus models that rank highest in their segments are **Lexus NX** and **Lexus RX**.
- Mercedes-Benz models that rank highest in their segments are **Mercedes-Benz CLA-Class** and **Mercedes-Benz GLA-Class**.
- FAW-Toyota models that rank highest in their segments are **Toyota Crown** and **Toyota Land Cruiser Prado**.
- SAIC Volkswagen models that rank highest in their segments are **Volkswagen Polo** and **Volkswagen Touran L**.
- Changan Car models that rank highest in their segments are **Changan CS55** and **Changan Linmax**.
- **Roewe eRX5**, **BAIC BJEV EC Series** and **BYD Qin** are the highest-ranked models in the inaugural new-energy vehicle (NEV) segment. J.D. Power is going to conduct and publish a dedicated new-energy vehicle quality study in China for the first time in 2019.

Other models that rank highest in their respective segments are **Porsche Cayenne**; **Cadillac XTS**; **Skoda Superb**; **GAC Trumpchi GS8**; **Buick New GL8**; **Honda City Fengfan**; **Peugeot 408**; and **Baojun 510**.

The 2018 China Initial Quality Study is based on responses from 33,404 vehicle owners who purchased their cars between June 2017 and May 2018. The study includes 285 passenger-vehicle models from 77 different brands. The study was fielded from December 2017 through July 2018 in 71 major cities across China.

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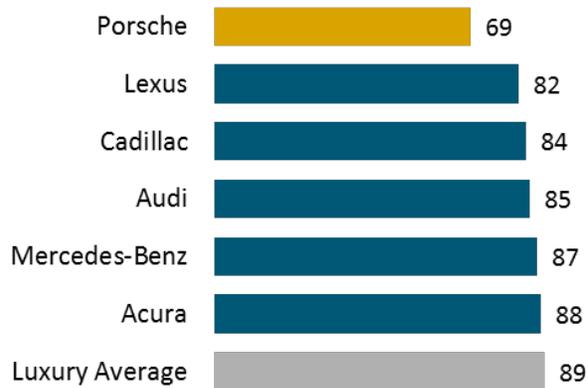
NOTE: Four charts follow.

# J.D. Power 2018 China Initial Quality Study<sup>SM</sup> (IQS)

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## 2018 Nameplate IQS Ranking - Luxury Industry Average and Above

*Problems per 100 Vehicles (PP100)*



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Source: J.D. Power 2018 China Initial Quality Study<sup>SM</sup> (IQS)

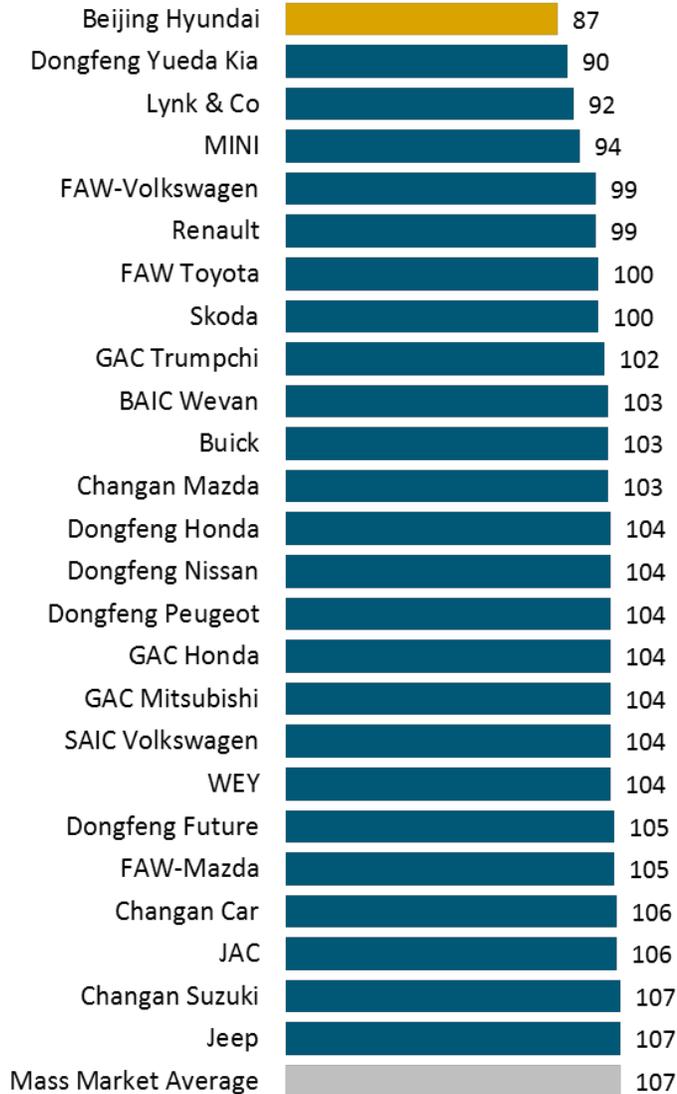
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# J.D. Power 2018 China Initial Quality Study<sup>SM</sup> (IQS)

## 2018 Nameplate IQS Ranking - Mass Market Industry Average and Above

Problems per 100 Vehicles (PP100)



Source: J.D. Power 2018 China Initial Quality Study<sup>SM</sup> (IQS)

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

<b>Compact</b> <b>Highest Ranked: Hyundai Reina</b> Geely Kingkong Baojun 310	<b>Midsize Upper Economy</b> <b>Highest Ranked: Peugeot 408</b> Kia K4 Cachet Hyundai Mistra
<b>Compact Upper</b> <b>Highest Ranked: Volkswagen Polo</b> Kia K2 Toyota Vios/Vios FS	<b>Midsize Upper</b> <b>Highest Ranked: Skoda Superb</b> Kia K5 Mazda 6 Atenza
<b>Midsize Basic</b> <b>Highest Ranked: Honda City Fengfan</b> Hyundai Yuena Verna Honda Greiz (tie) Peugeot 301 (tie)	<b>Compact Luxury</b> <b>Highest Ranked: Mercedes-Benz CLA-Class</b> Cadillac ATS-L Volvo S60L
<b>Midsize</b> <b>Highest Ranked: Hyundai Langdong Elantra</b> Kia K3 Buick Excelle GX	<b>Midsize Luxury</b> <b>Highest Ranked: Cadillac XTS (tie)</b> <b>Toyota Crown (tie)</b> Mercedes-Benz E-Class

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

Note: To qualify for an award in the 2018 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, Large Luxury Car and Mini Van segments, these criteria were not met, thus no awards have been issued.

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# J.D. Power 2018 China Initial Quality Study<sup>SM</sup> (IQS)

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

<p>Small SUV</p> <p><b>Highest Ranked: Baojun 510</b> Baojun 560 BAIC Senova X35</p>	<p>Midsize Luxury SUV</p> <p><b>Highest Ranked: Lexus RX</b> Audi Q5 (tie) BMW X3 (tie)</p>
<p>Compact SUV</p> <p><b>Highest Ranked: Changan CS55</b> Suzuki Vitara Jeep Renegade (tie) Nissan Kicks (tie)</p>	<p>Large Luxury SUV*</p> <p><b>Highest Ranked: Porsche Cayenne</b> Mercedes-Benz GLE-Class</p>
<p>Midsize SUV</p> <p><b>Highest Ranked: Hyundai Tucson</b> Roewe eRX5 Peugeot 4008</p>	<p>Compact MPV</p> <p><b>Highest Ranked: Changan Linmax</b> Changan Oushang A800 Changan Honor</p>
<p>Large SUV</p> <p><b>Highest Ranked: GAC Trumpchi GS8 (tie)</b> <b>Toyota Land Cruiser Prado (tie)</b> Ford Edge</p>	<p>Midsize MPV</p> <p><b>Highest Ranked: Volkswagen Touran L</b> Wuling Hongguang S3 Dongfeng Future Lingzhi</p>
<p>Compact Luxury SUV</p> <p><b>Highest Ranked: Lexus NX (tie)</b> <b>Mercedes-Benz GLA-Class (tie)</b> Acura CDX</p>	<p>Large MPV*</p> <p><b>Highest Ranked: Buick New GL8</b> Honda Odyssey</p>

### New-Energy Vehicle Top 3

Roewe eRX5 BAIC BJEV EC Series BYD Qin

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

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