

AUTOMOTIVE

## Mass automakers present greater competition for luxury brands as consumer sentiment rises

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*Image courtesy of Lexus*

By SARAH JONES

Luxury automakers have typically dominated the top spots in customer satisfaction rankings, but mass-market brands are catching up.

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In the American Consumer Satisfaction Index's Automobile Report 2016, the previously number one ranked Lexus has been joined in fourth place by Subaru, GMC and Infiniti in a four-way tie. As consumer perception and feelings toward mass automakers becomes more similar to luxury brands, premium makes will have to ensure they are delivering a product and service that matches their higher prices.

"Technology has been a key to lifting mass market brands to a level closer than ever before to luxury," said David VanAmburg, ACSI managing director. "An increasing focus on making technologies more accessible and more affordable in mass-market vehicles has boosted their appeal, including higher quality audio systems, navigation and crash avoidance technologies.

"That said, there is still a strong target audience for luxury nameplates that find the brand names themselves to have a certain appeal as well as the attention to detail and craftsmanship of interiors and so on," he said.

The [ACSI Automobile Report 2016](#) is based on data from interviews with approximately 70,000 U.S. consumers.

Gauging satisfaction

ACSI's automotive survey found that consumer sentiment in general increased 3.8 percent to a score of 82 out of a possible 100. This is showing signs of an uptick after record recalls in 2015 dropped consumers' feelings toward the auto industry.

2015 saw the Volkswagen emissions scandal, which impacted more than 500,000 vehicles in the U.S., causing the automotive group to recall cars under its Audi, Porsche, Bentley and other brands ([see story](#)).



*Audi A6*

A widespread recall of vehicles with Takata airbags installed also began last year and expanded into 2016, affecting brands including BMW and Lexus. Jaguar Land Rover North America just began the first wave of a recall that will impact 108,000 cars ([see story](#)).

Unsurprisingly, those whose vehicle was recalled show lower satisfaction than those who did not experience a recall. However, despite the same percentage of consumers responding that they had a recalled car in 2016 as in 2015, sentiment went up this year.

Of the 24 auto brands tracked by ACSI, 16 of them saw a bump in sentiment, while five recorded a drop.

"While large scale recalls do get a lot of attention, the overall trend has been toward better quality manufacturing with increasing customization of various features," Mr. VanAmburg said. "This combined with dealer price incentives has boosted satisfaction overall with most brands across the industry, despite the high profile stories about individual brands such as Volkswagen."

Beyond individual consumers' buying decisions, ACSI results can be indicative of financial performance. Those with higher scores tend to have strong returns on the stock market.

For instance, Volkswagen, which saw a 20 percent drop in share price since the scandal, also recorded a dip of 3 percent in consumer sentiment.



*Lincoln customer interaction*

Topping ACSI's luxury rankings and the rankings overall is Ford's Lincoln with 87 points. Among luxury makes, BMW comes in second with a score of 85, and Infiniti, Lexus and Audi round out the top five. Audi's 6 percent growth put it in sixth place, while Mercedes-Benz, Cadillac and Acura all saw their scores decline from last year.

#### Putting up a fight

U.S. consumers score automakers highly on aspects such as performance, dependability, safety and exterior aesthetics. Scores for gas mileage are lower, with luxury makes averaging a 78 for fuel efficiency, lower than mass-market brands' 80.

Luxury brands still have an edge on mass brands for features such as comfort, technology and interior quality. However, mass brands are becoming better at mimicking the performance and feel of luxury vehicles at a lower price, which could lead to increased competition or negative feelings if luxury buyers believe they are not getting enough for what they paid for.

The affluent target audience for luxury vehicles is open to owning a mass-market car.

When it comes to choosing a car, high earning Americans show some similar preferences to their less affluent counterparts.

Research from Edmunds analyzed data from Polk, finding that among new car registrations, those making \$250,000 or more still favored mass makes such as Ford, Jeep and Honda. While more likely than those making under \$250,000 to have purchased an exotic car from the likes of Jaguar or Ferrari, this report shows a general propensity toward practicality and away from flash ([see story](#)).

Also, non-premium brand automobiles have higher-quality new vehicles than their premium counterparts, according to a recent J.D. Power study.

While premium brands averaged 108 problems per 100 vehicles within the first three months of ownership, non-premium brands averaged 104. Initial quality is correlated with repeat business, suggesting that luxury brands should get back to basics and improve quality control before proceeding to make sales ([see story](#)).

"A continued emphasis on customization will be critical for luxury brands, as well as a reliance on messaging that differentiates what luxury brands offer relative to mass market brands," Mr. VanAmburg said.

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