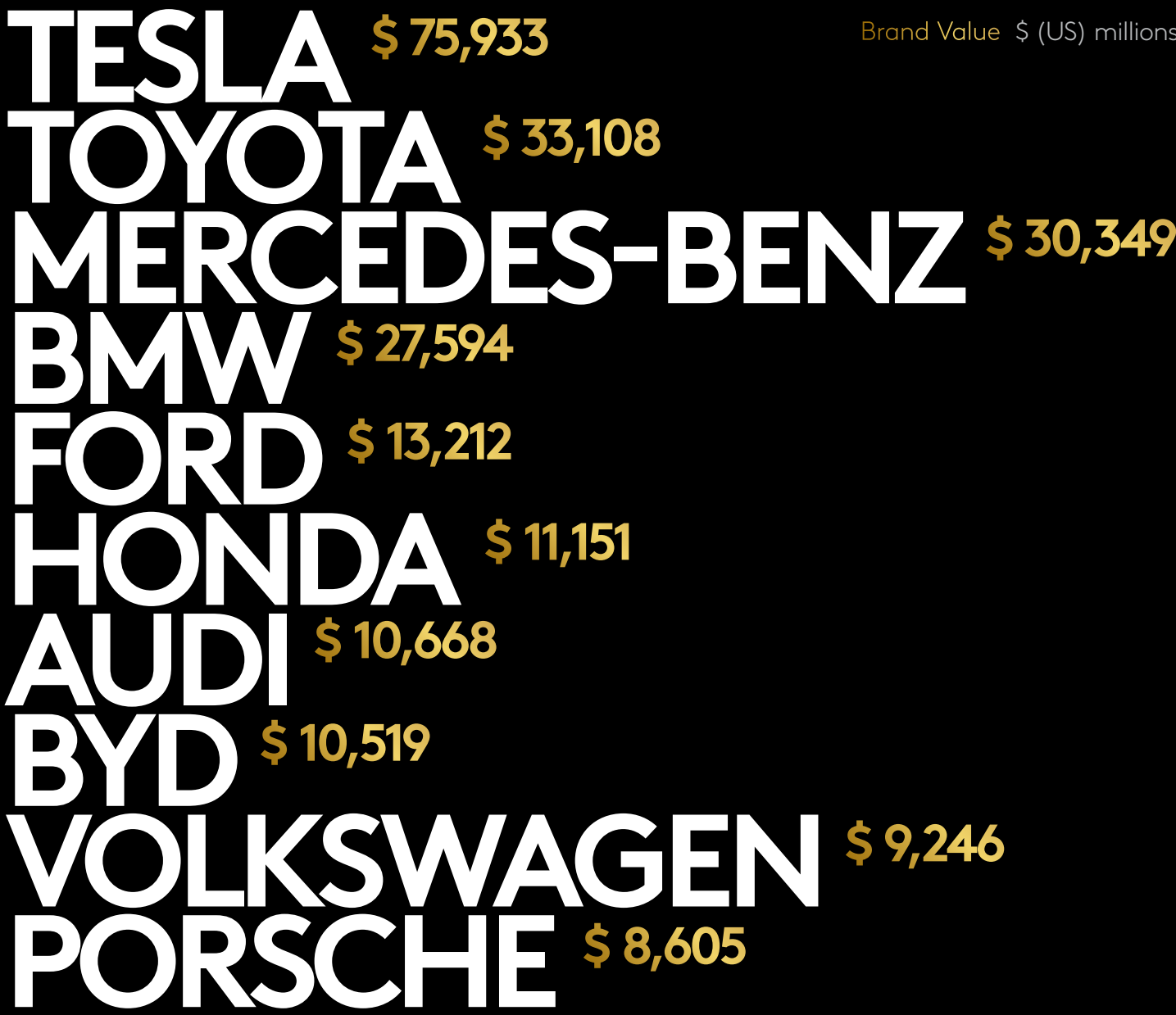


CARS

KANTAR BRANDZ

CARS TOP 10:



DEFINITION:
The car category includes mass-market and luxury cars but excludes trucks. Each car brand includes all models marketed under the brand name.

ROOM TO MANOEUVRE/ CAR BRANDS ENVISION THE FUTURE OF MOBILITY

Category Brand Value
Year-on-Year Change **+34%**

Cars Top 10
Total Brand Value **\$ 230,386 m**

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The world's top car brands did all they could to accelerate growth this year - rising 34% to a total brand value of \$230,386m, even as chip shortages and other supply chain constraints continued to drag down the auto industry's recovery.

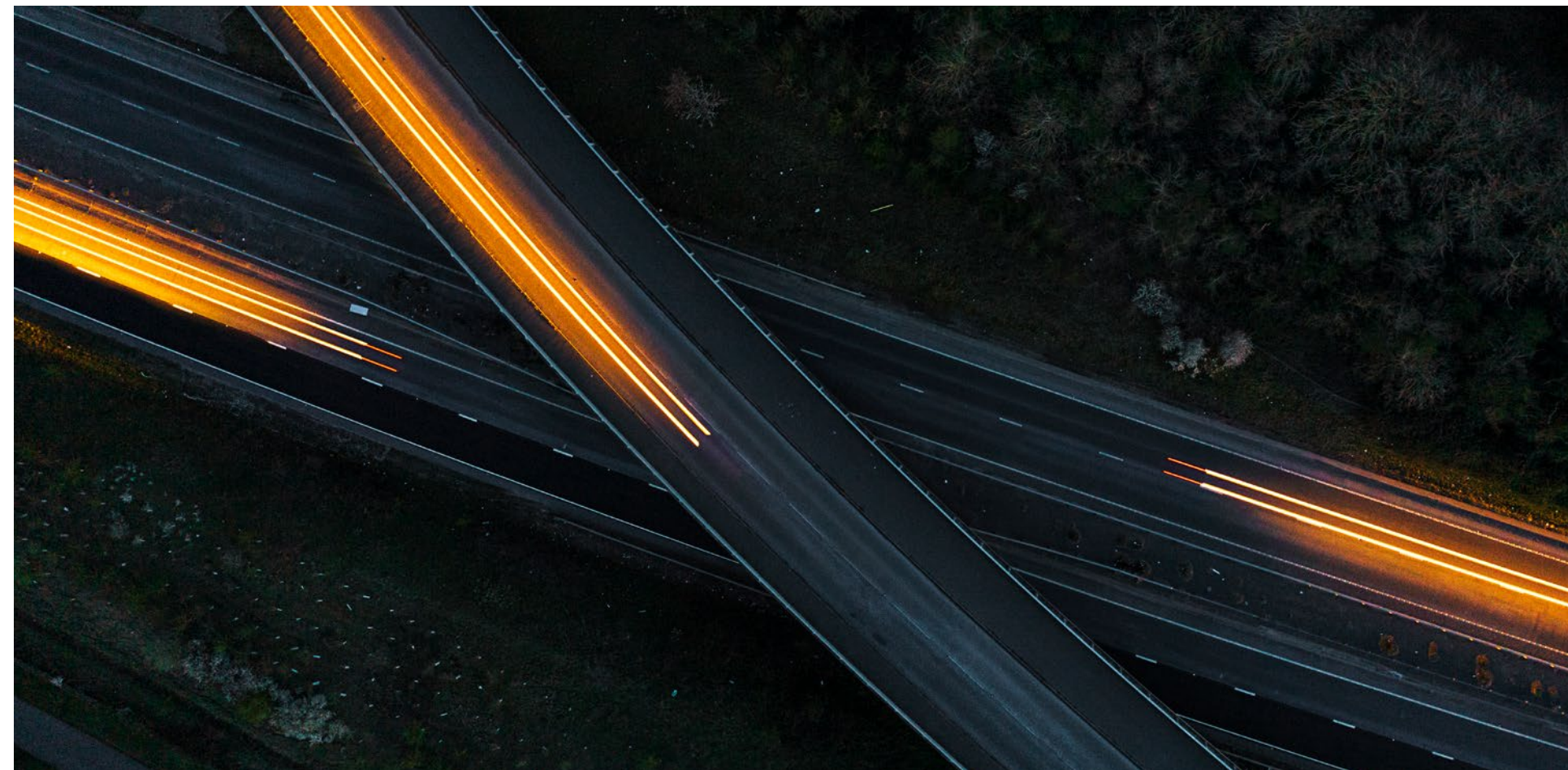
In 2021, these production snags meant that worldwide motor vehicle production only increased by 3% over pandemic-stricken 2020 levels, according to statistics from the International Organisation of Motor Vehicle Manufacturers. In response, some more value-focused car brands, like India's Tata Motors, have been to redesign their car models to reduce their reliance on semiconductors. For most carmakers, however, the past 12 months have featured at least one, if not several, manufacturing pauses - as waves of COVID-19 restrictions in car parts factories have led to shipment delays across a wide array of production inputs.

One big change in the past two years is that in many markets, used cars sales (and especially prices) have soared amid a climate of scarcity. In a way, this shift has pointed towards a *greater* role for brand in car marketing. Stronger brands are seen as better, more low-maintenance "bets" when buying used cars - and also retain their value more down the line.

There's a "future-proofing" imperative at play these days in new *and* used vehicle sales, which also speaks directly to the importance of brands. These are uncertain times - and that extends toward car upgrade cycles. If you think the car you buy could remain in your driveway for a longer period of time, it becomes even more important to get your choice of model right.

For all that demand has evolved, there remains a strong market for new cars - with some customers going to extraordinary lengths to track down popular models across their region's dealership networks. In the US, the National Automobile Dealers Association reported a sales volume increase of 3.1% for passenger cars and trucks, with a further rise of 3.4% forecast for 2022. In China, the China Passenger Car Association reported an annual sales increase of 4.4% in 2021 - with electric and plug-in hybrid car now making up some 15% of all new sales. That was good news for homegrown Chinese electric vehicle (EV) manufacturers like Nio and BYD, the latter of which is new to the BrandZ Global Cars Rankings this year. And it was good news, for global EV juggernaut Tesla.

This year, Tesla retained its title as the world's most valuable car brand, rising 78% last year to a new total value of \$75,933 million. As the years have gone by, Tesla has retained its edge not only thanks to its first-mover advantage in the world of EVs - but also because of its in-house expertise in areas like chip design and battery engineering. These advantages have made Tesla more nimble than most in the face of supply constraints.



Tesla has also been aided by a successful global diversification of its manufacturing base: by opening new factories in Germany and China (the latter of which remains the world's greatest hub for EV battery manufacturing), Tesla has further insured itself against upcoming supply chain shocks. None of this would matter, of course, if consumer demand for Tesla vehicles wasn't still strong - but it *is*, even as Tesla enters its second year without debuting a new car model. Since the start, Tesla has consistently deviated from traditional timetables for introducing and updating vehicle models. Nevertheless, consumers continue to see Tesla category leader across factors like body design, cabin layout, software innovation, and driving range. And that's more than enough to fuel the engine of demand.

At the same time, the EV market has clearly matured to the point where it's able to accommodate not just Tesla, but a whole slew of competing electric vehicle brands. This is especially the case in China, which has made significant investments in EV charging infrastructure, and where brands like BYD, Nio, Xpeng, Saic, and Li Auto offer models at prices that will extremely attractive even after Chinese government subsidies sunset at the end of this year. Tesla's range advantages are also shrinking; Mercedes-Benz's Vision EQXX concept, for instance, promises more than 650 miles per charge.

CARS

Farther afield, the Chinese consumer electronics brand Xiaomi has also announced plans to build an electric car plant. And another major consumer electronics player, Sony, recently announced plans to enter into the EV space in partnership with Honda.

Even when consumers aren't buying electric vehicles themselves, they are interacting with them through commercial, delivery, rental, and rideshare channels (for example, the Uber Green service in the UK). What was once a curiosity is quickly becoming a familiar part of daily life.

The drumbeat toward electric cars continued throughout 2021, as major brands announced ambitious future targets and began to unveil road-ready propositions - for example, GM's Cadillac Lyriq and Nissan's Ariya. These new electric models are being welcomed with genuine consumer interest: Ford, for example, has frozen its waitlist and doubled planned production for first-ever electric version F-150 pickup truck, in the face of strong demand. Perhaps most notably, the world's top automaker by sales volume, Toyota, recently announced plans to introduce 30 EV models by 2030 - an effort it says will some \$17 billion. The commitment represents a pivot, of sorts, from the brand's longtime emphasis on hybrid vehicles - and is a further sign that car brands' electric eras are just around the corner.

In addition to debuting new EV platforms and models in the here and now, top car brands are also offering longer-term visions for how electric and self-driving technologies could revolutionize the experience of car travel for drivers and passengers alike.

There is a "roominess revolution" afoot in the world of car cabin design, as bulky internal combustion engines make way for a suite of wellness and lifestyle enhancements. The massage seats now featured in models like the Audi E-Tron electric crossover SUV are just the beginning. At this year's Consumer Electronic Show, for instance, BMW unveiled a new "Theatre Screen" concept that features a 31-inch, 8K display that can descend to turn the back seats of its luxury cars into an immersive private viewing room. Cadillac's InnerSpace concept anticipates a future where self-driving cars will have no need for pedals or steering wheels - instead, much of the front console is given to a wraparound, curved display that aims to transport passengers from noisy cities into oases of meditative calm.



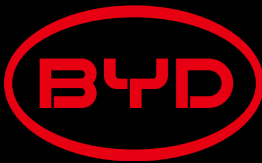
The pandemic has accelerated the need to re-envision the experience of driving in new and daring ways. Kantar's most recent Mobility Futures study of transport trends in major global cities revealed a 30% drop in travel volume to work in 2021. Interestingly, though, even as enthusiasm for forms of "healthy travel" such as biking and walking increased during this time, so too did consumer's preference car driving, especially in comparison to taking public transit. Even as the daily necessity of car travel declines in many parts of the world, in other words, cars have become increasingly recognized for the freedom, flexibility, and safety they afford over other mobility options.

One manifestation of this shift can be seen in a new generation of "outdoor exploration vehicles." Cars themselves can become a kind of "healthy travel" to when they connect people with nature, and with outdoor pursuits like hiking, camping, and paddling. Today's outdoor segment goes far beyond mud-streaked off-roading vehicles—though recent redesigns of the Ford Bronco and Jeep Wrangler have certainly tapped into nostalgic associations with this format. But what we're also seeing are gentler, more social valences of outdoor exploration, as exemplified by the classic VW Camper Van of yore. Which, not coincidentally, is set for an EV update in the form of Volkswagen's planned ID.California.

What this research suggests is that going forward, even in the "worst-case" scenario (for car manufactures, at least) where mass transit, ebikes, and ride-share platforms predominate... there will still be plenty of room for top car brands to position vehicle ownership as a premium, elevated experience. That's the logic behind the efforts of brands like Mercedes to push even more decisively into the luxury space - where cars are distinguished less by driving specs, and more by the smoothness and serenity of the cabin experience. Going forward, even in regions where cars may no longer be a daily functional necessity, they can still be sold to the world's growing middle and upper classes as a lifestyle platform - as essential components of a life well-lived.

CARS

BRAND SPOTLIGHT

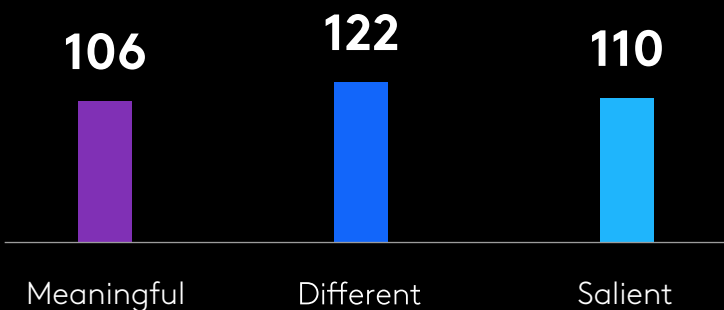


China is well on track to meet its government’s target that electric cars make up 20% of new car sales by 2020. And according to BYD CEO Wang Chuanfu at a recent conference, that proportion could rise to 70% by 2030. Already, BYD has surpassed Tesla as the best-selling electric car brand in China; now, it has its sights set on overseas expansion.

2022 BRAND VALUE

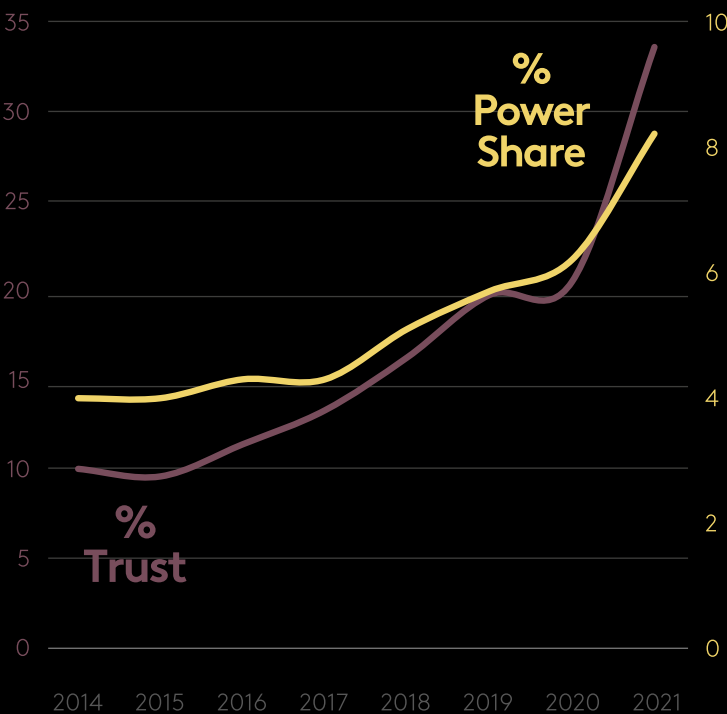
\$10,519M

New entrant



BYD’s growth has accelerated in the last 2 years

BYD has successfully grown by offering a well-designed range of affordable EVs that consumers have learned to trust.



2022 sales expected to approach 2 million units

Key attributes: Performance vs competitors

Disruptive +11
Purposeful +6
Sustainability +8

...and great value for money

Great Value BYD Wuling Geely Auto	Margin Opportunity	Justified Premium VW (Volkswagen) Honda
Value Changan Chery	Average Haval	High Priced Toyota Nissan
Commoditised Great Wall Poer	Margin Risk Hyundai Chevrolet	Over-priced Buick Ford

BRAND SPOTLIGHT



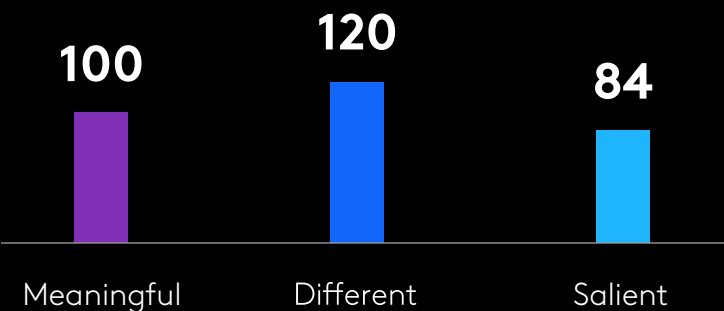
Among upscale car brands, Porsche is especially well-positioned for the transition toward electrification thanks to its differentiated positioning that combines luxury with high-speed performance. Since its debut, Porsche’s Taycan model has won praise from the gear-press for providing a well-rounded performance driving experience, that goes beyond fast acceleration (which all electric cars tend excel at as a class). Buyers have taken notice: the Taycan was Europe’s top-selling luxury sedan in 2021 (electric or gasoline), and globally Taycan sales have surpassed those of Porsche’s flagship 911.

2022 BRAND VALUE

\$8,605M

2021 Brand value \$6,858m

+25% year on year



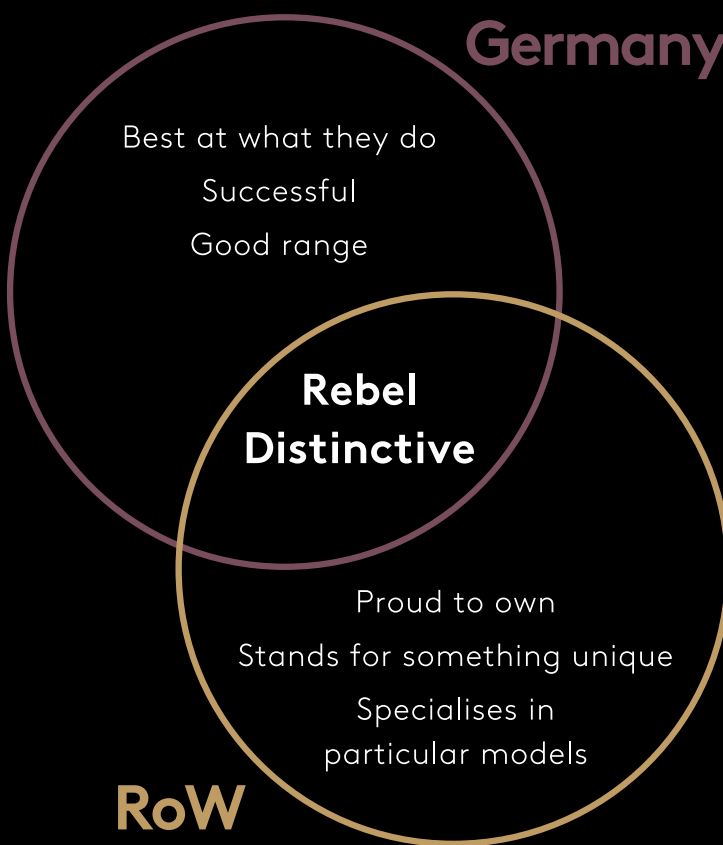
Porsche has a great positioning for ‘good times’

The brand has struggled to realise its full value after the financial crisis and the disruption of Tesla and the move to EVs.

Brand Value



It remains more of a specialist outside Germany



CARS

ACTION POINTS/ BRAND BUILDING

1

RETHINK RESPONSIBILITY

Ought car brands’ commitments to corporate responsibility begin and end with electrification? Plenty of brands in plenty of categories can tackle issues like inequality and education, the thinking goes, but only car brands can help the world make the crucial transition away from gas-powered mobility. That’s true enough – but it’s also true that consumers want car brands to embed their electrification efforts within a wider ethos of environmental change. A global survey completed by Kantar’s Sustainable Transformation Practice shows that consumers expect car brands to lead on issues like water and air pollution in addition to their work reducing greenhouse gas.

2

REFOCUS ON CHINA

Many top car brands have begun to see a divergence in their reputations in China versus the rest of the world. Brands like BMW, Toyota, Audi, and VW are losing some of their consumer attraction in China. At the same time, local Chinese brands are gaining in esteem, thanks to a combination of nationalism, rising innovation, and culturally resonant marketing. Western players can thrive in China – witness Tesla’s ongoing, Elon Musk-led charm offensive there – but not by default. Now is the time for brands to decide if they’re “all-in” or not.

What’s more, Western brands should *also* begin to regard brands like Saic, Nio and Xpeng as genuine *global* players, and calibrate their competitive strategies accordingly; there’s no reason why these brands can’t become commonplace on the roads of Europe, especially if they maintain an ultracompetitive price.

3

GET CIRCULAR

As used car prices remain high, the time is right for car brands to more thoroughly explore the sustainability – and business – benefits of “the circular economy.” Since coming online in September 2021, for instance, Renault’s first-of-its-kind “used car factory” in Flins, France, has already reconditioned thousands of used cars that would otherwise not have been fit to send on to dealerships. The next phase of the project will introduce new systems to electrify used cars, repair electric vehicle batteries, refurbish damaged chips and recycle mechanical parts. At the Flins plant, Renault’s goal is to recondition 45,000 vehicles and 20,000 batteries per year by 2020; it is also inaugurating a similar project in its facility in Seville Spain. The brand expects that refurbishment activities could generate some \$1.1 billion in annual revenue by 2030.