

**New-Vehicle Quality in Japan Continues to Improve;
Mini-Car Owners Report More Fuel Efficiency Problems**

Toyota Is Highest-Ranked Nameplate for Third Consecutive Year, Receives Three Model-Level Awards

TOKYO: 25 August 2016 — Although new-vehicle quality overall continues to improve in Japan, owners of mini-cars are reporting more problems, primarily problems related to fuel efficiency, according to the J.D. Power 2016 Japan Initial Quality StudySM (IQS), released today.

The study, now in its sixth year, measures new-vehicle quality in the first two to nine months of ownership. Vehicle quality is evaluated by owners across 233 problem areas in eight categories: vehicle exterior; driving experience; features/ controls/ displays; audio/ communication/ entertainment/ navigation (ACEN); seats; heating, ventilation and air conditioning (HVAC); vehicle interior; and engine/ transmission. All problems are summarized as the number of reported problems per 100 vehicles (PP100), with lower scores reflecting a higher quality performance.

Overall initial quality improves to 75 PP100 in 2016, compared with 80 PP100 in 2015 and 84 PP100 in 2014. The greatest improvement in the industry is in the vehicle interior category, with the number of reported problems dropping to 15.6 PP100 in 2016 from 17.3 PP100 in 2015. Vehicle interior problems decrease in all vehicle segments.

“The improvement in quality, specifically in vehicle interior, shows that auto manufacturers are listening to their customers and are focused on continuous improvement,” said **Atsushi Kawahashi, senior director of the automotive division at J.D. Power.**

All segments except the mini-car segment improve in initial quality from 2015. The minivan segment has the greatest year-over-year improvement, to 69 PP100 from 81 PP100 in 2015, while the mini-car segment remains stable at 73 PP100. Although reported gas mileage is the same in 2016 as in 2015, the mini-car segment has a 1.4 PP100 increase in engine/ transmission problems, offsetting slight improvements in other categories.

Fuel economy remains the most influential reason owners selected the make and model they purchased, cited by 37% of owners in 2016, down from 42% in 2015. Safety is increasing in importance, as noted by 23% of owners in 2016, compared with 21% a year ago.

“This indicates a change in customer sentiment that vehicle manufacturers need to closely monitor,” said Kawahashi. “Owners are becoming increasingly interested in safety-related features, such as driver assistance and autonomous driving technologies.”

Quality by Segment

- **Mini-car segment**

Overall initial quality averages 73 PP100, unchanged from 2015. The number of problems decreases in the driving experience (-0.8 PP100) and vehicle interior (-0.7 PP100) categories. However, owners report more problems in the engine/ transmission category (+ 1.4 PP100).

- **Compact segment**

Overall initial quality averages 74 PP100, a 9 PP100 improvement from 2015. Contributing to this improvement are fewer problems in the engine/ transmission (-2.4 PP100); vehicle exterior (-1.9 PP100); features/ controls/ displays (-1.5 PP100); and vehicle interior (-1.0

PP100) categories.

- **Midsize segment**

Overall initial quality averages 80 PP100, an improvement from 88 PP100 in 2015, driven by fewer problems in the vehicle interior (-2.5 PP100); features/ controls/ displays (-1.8 PP100); vehicle exterior (-1.0 PP100); and driving experience (-1.0 PP100) categories.

- **Minivan segment**

Overall initial quality averages 69 PP100, a 12 PP100 improvement from 2015. Vehicle interior (-4.8 PP100); features/ controls/ displays (-2.4 PP100); HVAC (-2.1 PP100); engine/ transmission (-1.7 PP100); and ACEN (-1.4 PP100) each improve year over year.

- **Large segment¹**

Overall initial quality averages 81 PP100, an improvement from 82 PP100 in 2015. This improvement is driven by fewer problems in the features/ controls/ displays (-2.4 PP100) and vehicle interior (-2.3 PP100) categories. However, owners report more problems in the vehicle exterior (+2.4 PP100), ACEN (+1.4 PP100) and engine/ transmission (+0.9 PP100) categories.

2016 Ranking Highlights

Toyota ranks highest among nameplates, averaging 62 PP100. Toyota is followed by **Daihatsu** (64 PP100), **Honda** (69 PP100) and **Lexus** (75 PP100).

Rankings in the four vehicle segments are:

- **Mini-car segment:** Honda N-BOX ranks highest, followed by Daihatsu Cast and Mira e:s.
- **Compact segment:** Toyota AQUA ranks highest, followed by Toyota Porte and Toyota Vitz.
- **Midsize segment:** Toyota Corolla ranks highest, followed by Subaru Forester and Subaru Impreza.
- **Minivan segment:** Toyota Vellfire ranks highest, followed by Honda Freed and Toyota Sienta.

The 2016 Japan Initial Quality Study is based on responses from 19,573 purchasers of new vehicles in the first two to nine months of ownership. The study, which includes 16 automotive brands and 134 models, ranks models with a sample size of 100 or more usable questionnaire returns. The study was fielded from early June through late June 2016. J.D. Power's initial quality studies are conducted globally and serve as the industry benchmark for new-vehicle quality.

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Note: Two charts follow.

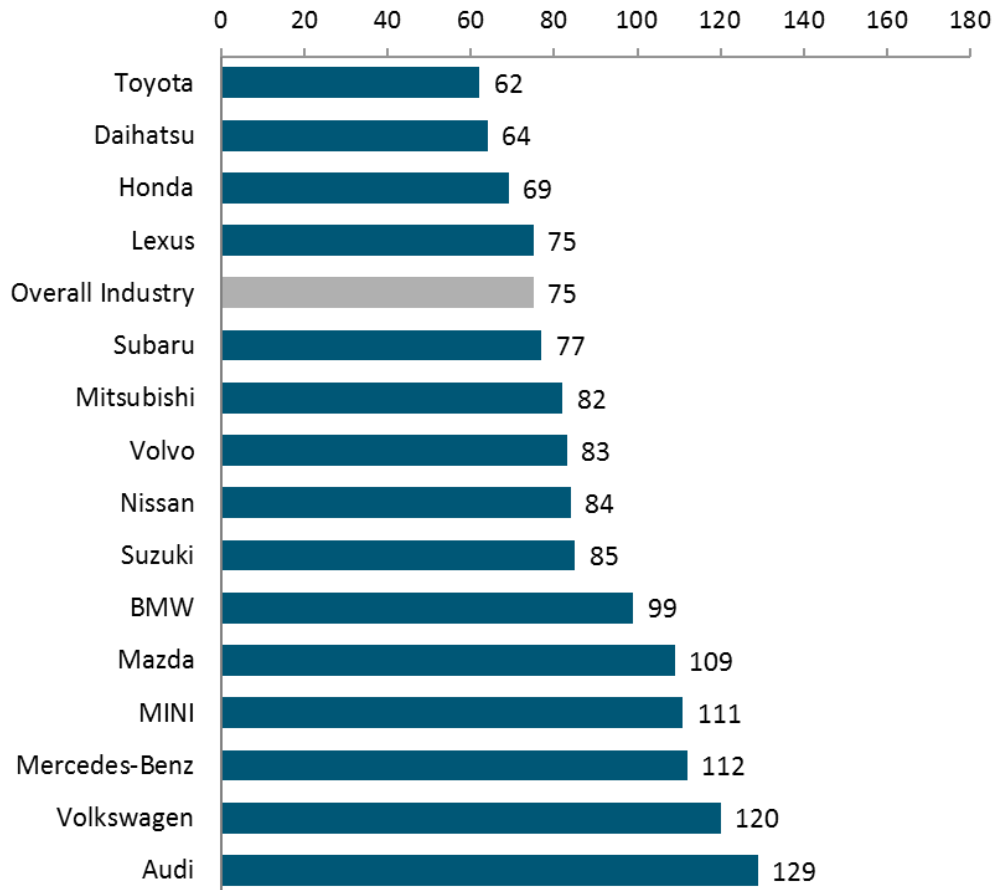
¹ No official rankings are published due to an insufficient number of models.

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2016 Japan Initial Quality StudySM (IQS)

2016 Nameplate IQS Ranking

Problems per 100 Vehicles (PP100)



Note: Included in the study but not ranked due to small sample size is Fiat.

Source: J.D. Power 2016 Japan Initial Quality StudySM (IQS)

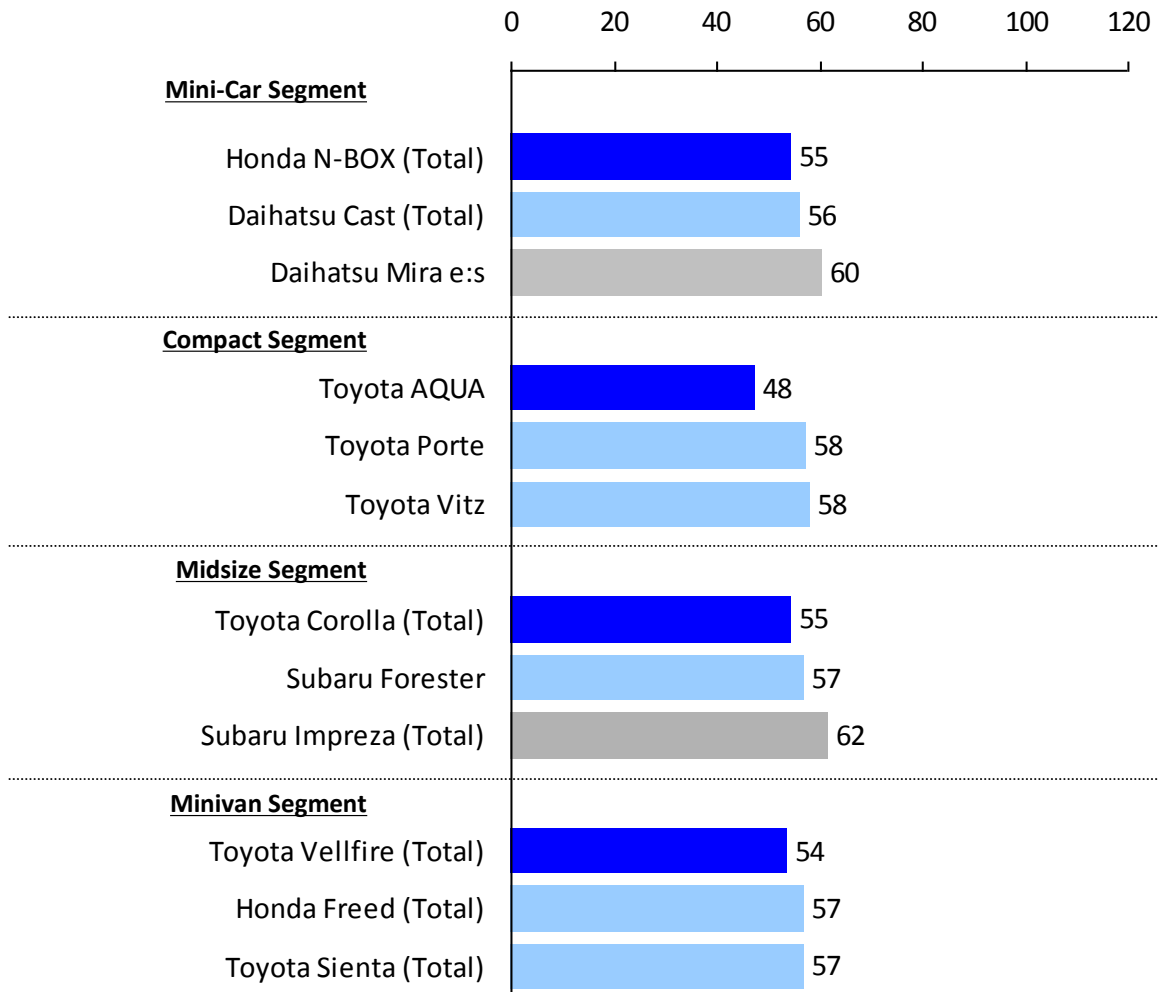
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2016 Japan Initial Quality StudySM (IQS)

Top-Three Vehicles per Segment in Initial Quality

Problems per 100 Vehicles (PP100)



Note: Official rankings are published only for segments with at least three models with sufficient sample that comprise 67% of market sales within an award segment. Therefore, no official rankings are published for the large segment.

Source: J.D. Power 2016 Japan Initial Quality StudySM (IQS)

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