

Interbrand

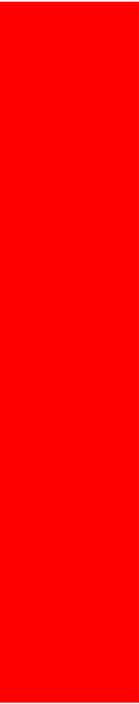
Best Global Brands 2020

- Automotive
- Finance
- Luxury
- Media
- Retail
- Sport
- Tech



MOVE

In the Decade
of Possibility



Welcome to Best Global Brands 2020



In 2020, in a year of turbulence so seismic in scale and rapid in impact that the world is still computing the effects, the aggregate value of the Top 100 Best Global Brands has grown by 9%. Their total brand value exceeds \$2 trillion.

As the pandemic and wider social outrage exposed fault lines in society and polarized people further; we see a similar divergence in the Best Global Brands with 43% of brands growing, and 57% declining in value (vs 29% declining in 2019). This year's winners are notable for particularly fast growth; the average increase amongst the top 3 brands alone was 50%. It's clear that in 2020, strong brands

have become stronger as a result of the COVID effect, which has accelerated digital transformation trends, such as cloud-based tech and streaming, across sectors, reinforcing the dominance of technology first brands.

Crises recast the tacit contract between organizations and people. Certainly, we are seeing that now. As rising expectations dissolve into anxiety, people are demanding more of the businesses they buy into. There is a growing sense of human disempowerment, a growing awareness of the power of brands, and consumers are beginning to see their consumption choices as votes of confidence. In some instances, organizations have more power than governments.

At a time of deep reflection, the deepest form of relevance is increasingly being driven by an uncompromising approach to fundamental human issues. Businesses that do not yet know, very specifically, which constituents they are systematically disadvantaging (and how) are at risk because in this hyper transparent world, the truth will out, and customers will “cancel”.

PayPal is one of 2020’s fastest risers, thanks to a radical application of its values and the trust those actions drive. In 2015 it decided to prioritize customers’ financial interests over its own higher revenue products. Despite an immediate stock market drop of 9% this move unleashed long-term growth. More recently, Paypal has begun a program to redistribute capital from shareholders back to its lowest paid employees to ensure that everyone who works at PayPal can pay their bills. At a time of anxiety, there’s not much that matters more.

Microsoft has become a Top 3 Best Global Brand in 2020. It’s CEO, Satya Nadella, argues that in the future: “you’ll only have permission to profit as a business if you have the consent of customers.” In this we see that as people begin to hold business to account, choice is morphing into consent and brands are mediating the commitments a business makes to its constituents. In this mix brand is still a promise, but a promise of something deeper. Done right brands offer an equilibrium between business and customer. A set of shared values.

Only 41 brands from our 2000 ranking remain on the table today. At one time, it was inconceivable that the DotCom Boomers Yahoo or AOL could fail, or that we’d fall out of love with our Nokia handsets. But Google and Apple showed us

a more compelling vision of the future and the rest is history.

The lifespan of an organization was contracting before 2020; the pandemic and our collective awakening will only serve to accelerate that trend. Jeff Bezos, CEO of Best Global Brand, Amazon, a business so large it is almost planetary, said: “I predict one day Amazon will fail. Amazon will go bankrupt. If you look at large companies, their lifespans tend to be 30-plus years, not a hundred-plus years.”

While it’s hard to conceive of a world in which the 100 Best Global Brands are no longer in our lives, we are undoubtedly at a point of divergence. A tipping point for many. Businesses that cannot serve citizens and brands that fail to gain the consent of customers will not stay ahead of our constantly renewing expectations and they will fail.

Climate change is the next apocalyptic event we face, so sustainability has to become a radical priority for organizations and brands. Microsoft has committed to being carbon negative (not just neutral) by 2030 (and Shell dropped off the Best Global Brands list this year).

Change, once again, is creating winners and losers and posing difficult choices. The real question may be, are you going to lead from the future or manage your decline?



Charles Trevail
Global Chief Executive
Officer, Interbrand





Automotive brands analysis: Possible futures



There are 15 automotive brands in the Best Global Brands top 100, making it the second largest sector, behind tech. This emphasizes how close a relationship consumers have with their cars, how much of their own personal identity is tied up with which brand they drive, and therefore how valuable automotive brands are.

Though sales have slipped across the board this year, several manufacturers have seen their brand value stay surprisingly strong.

There are mainstream manufacturers who have executed a smart pivot to an electric future, like Toyota and Hyundai; the latter have bucked the general downward trend of the market, and are also demonstrating the eastward shift in this sector.

Tech-led disruptor Tesla, with its direct-to-consumer sales

| | | | | |
|--|--|--|--|--|
| 07  TOYOTA -8% 51,595 \$m | 08  -3% 49,268 \$m | 11  -4% 39,756 \$m | 20 HONDA -11% 21,694 \$m | 36  HYUNDAI +1% 14,295 \$m |
| 40 TESLA New 12,785 \$m | 42  -12% 12,568 \$m | 44  -2% 12,428 \$m | 47  -5% 12,267 \$m | 55  PORSCHE -3% 11,301 \$m |
| 59  NISSAN -8% 10,553 \$m | 79  FERRARI -1% 6,379 \$m | 86  KIA -9% 5,830 \$m | 93  LAND ROVER -13% 5,077 \$m | 95  MINI -10% 4,965 \$m |

model, has racked up a highly impressive share price valuation.

And then there are the luxury marques such as Ferrari and Porsche, whose full order books have so far cushioned them from recession, or at least moved its ill effects further down the track.

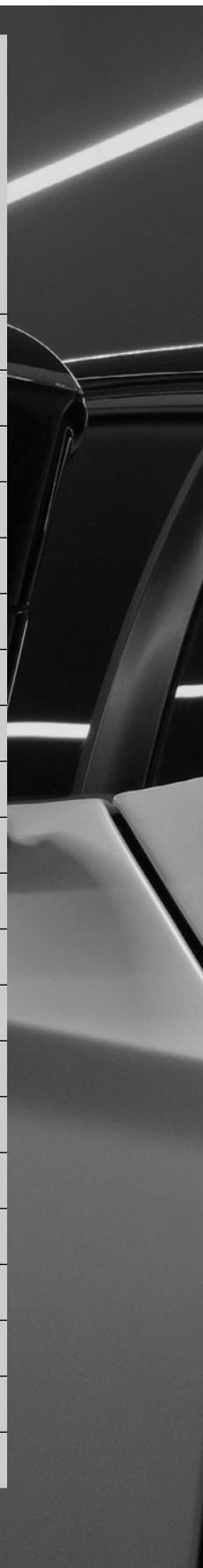
While almost all the automotive brands have slipped slightly in brand value this year, they're not alone – only big tech has weathered this year's storms unscathed.

But the more forward-looking brands are now building strong foundations to take on a future which will be greener, cleaner and hopefully brighter.

20 years of automotive growth

The sector's brand value, and the number of brands in the Best Global Brands top 100, has risen steadily over the last two decades. It's notable how quickly the sector bounced back after recessions.

| YEAR | AUTOMOTIVE INDUSTRY VALUE \$M | CHANGE % | N. OF AUTOMOTIVE BRANDS RANKED |
|------|-------------------------------|----------|--------------------------------|
| 2020 | 270,759 | -3% | 15 |
| 2019 | 279,250 | 2% | 15 |
| 2018 | 275,067 | 3% | 16 |
| 2017 | 266,829 | 4% | 16 |
| 2016 | 256,604 | 9% | 15 |
| 2015 | 234,439 | 11% | 15 |
| 2014 | 211,920 | 15% | 14 |
| 2013 | 184,853 | 15% | 14 |
| 2012 | 160,422 | 13% | 13 |
| 2011 | 142,212 | 11% | 12 |
| 2010 | 128,026 | -4% | 11 |
| 2009 | 133,030 | -9% | 12 |
| 2008 | 146,528 | 4% | 12 |
| 2007 | 141,463 | 9% | 13 |
| 2006 | 129,578 | 7% | 12 |
| 2005 | 121,547 | 5% | 12 |
| 2004 | 115,883 | 6% | 11 |
| 2003 | 109,448 | 2% | 9 |
| 2002 | 107,185 | -7% | 8 |
| 2001 | 115,381 | 0% | 8 |
| 2000 | 115,780 | - | 7 |



AUTOMOTIVE SECTOR GROWTH

+135%

2001 vs 2020

+111%

2010 vs 2020



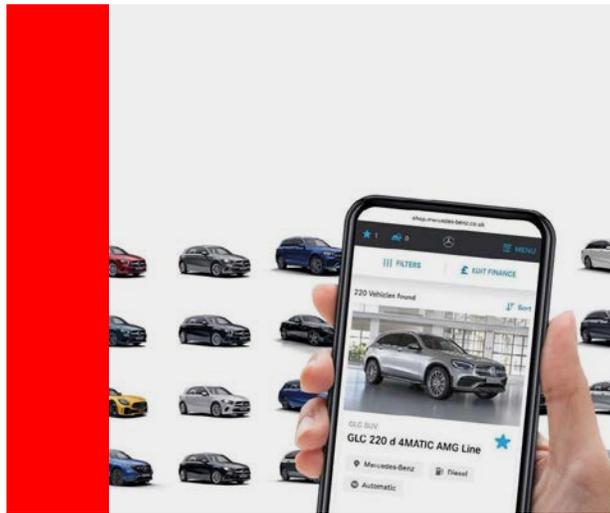
The Interbrand view: The time is now →

It's the make-or-break moment for many of the world's leading car manufacturers.

Interest in EV technology continues to accelerate. In Asia Pacific, 54% of consumers are considering some kind of EV as their next purchase; in Europe, 56% of consumers fall into the same consideration category – and in North America, a market synonymous with gasoline, consideration has reached 41%, according to Deloitte's 2020 Global Automotive Consumer Study.

Manufacturers are faced with a challenge. Leading OEMs are sat on \$1.3tn worth of legacy investments; factories with systems, processes and highly trained employees built to produce a product that seems





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NO PRICE AVAILABLE

| Representative Example | |
|--|--------|
| 1st Monthly Payment | £ |
| Monthly Payments | £ |
| Customer Deposit | £ |
| Cash Price | £ |
| Amount of Credit | £ |
| Guaranteed Future Value/Optional Final Payment | £ |
| Total Amount Payable | £ |
| Term | months |
| Fixed Rate of Interest (per annum) | % |
| Representative | 5.49% |

increasingly obsolete. Production and demand have stalled. Global car sales plummeted 71% in China in February; 47% in the US in April; and 80% in Europe in the same month. Global sales are expected to decline by 20-25% from pre-pandemic forecasts – with production estimates tracking roughly the same.

So how can the world's leading automotive manufacturers afford to change right now? Also, can they afford not to?

IT'S NOT ALL BAD NEWS...

Consumers around the world expect intercity travel to shift from plane and train to an increased use of cars. According to McKinsey, one third of consumers value constant access to a private vehicle more than they did before COVID-19.

Google reports that 93% of consumers are using their car more – and search volume for 'Best Car Deals' grew 70% globally, year on year. Consumer interest, desire and

the need for vehicles definitely exist. The big questions for manufacturers now, though, are how and where to invest to shore up long-term financial viability.

WHAT NEXT FOR THE WORLD'S LEADING OEMS?

There's a one bright spot in this current crisis, which is that manufacturers have learnt from the damage caused by the 2007-2009 financial crash. This time round they have more cash in reserve, they have a greater grip on costs and they have a stronger focus on what is most profitable.

Indiscriminate slashing of budgets is not the solution they are employing this time round – instead, any changes will be made with a careful eye on future strategic goals, inventory weak spots and keeping margins manageable.

So what does that look like in practice? Here are three key strategies that automotive brands should be adopting now.

01

Get radical and recalibrate your range

Innovation is an imperative at the core of all successful businesses. But for the OEMs in particular, this can no longer be just about incremental product innovations and new models.

In uncertain times, the best way to protect your core is to innovate radically around it. But where should OEM innovation efforts be focused?

The mantra is: Remove the novel. Focus on the core. Execute against demand.

For instance, consumer interest in autonomous vehicle technology has remained relatively flat over the past five years. While it makes sense for the likes of Amazon to spend big and acquire start-up companies like Zoox, the reality is that, in the short term, the man on the street is more interested in control than convenience.

However, interest in EVs is reaching a tipping point in Europe and Asia, so now looks like the right time to double down on investments and collaborations that accelerate EV production and distribution.

Collaborations – and in some instances acquisitions – will be paramount in reducing risk and capital investment. Auto OEMs partnering with tech firms can benefit both sides.

But there's a subtle but vital difference between focusing on the core and focusing on the profit.

Premium manufacturers like, for instance, Jaguar Land



Rover, could learn much from a mainstream success like Toyota.

Car companies need to re-establish their position as pioneers of production. This essential move may not produce lucrative results for some time, but doubling down on change will accelerate not just profits, but survival in the longer term.

This strategy runs along two parallel tracks: Streamlining an already existing process so that it stays productive and profitable, while using the cash generated from that to build a more efficient, future-proof structure. Part of that could involve cutting wasteful and unprofitable low-volume products, while another aim would be to make future production more modular by sharing parts and production equipment across multiple models.

Toyota is one example of a company which has taken those strategies to heart; it maximizes the use of common parts and processes throughout its range, making its capital expenditure one of the lowest in the sector. However, it has also kept a strong focus on innovation, particularly in hybrids, while keeping development costs in check thanks to collaborations with companies such as Subaru and Yamaha.

OEMs should strip back on all but the most profitable elements of their traditional revenue streams, preserving only the essentials and pushing capital investments to the future.

02

Know your dark side

Anxiety can evoke the dark side of any business, and brands that are blind to theirs are at greater risk of succumbing to problems.

As recession bites, there is an increased likelihood that existing customers may default on car loans – many of which are owed to carmakers' finance arms. This poses two challenges: short-term cashflow limitation and subsequent long-term investment priority options.

Demand for used cars appears robust in the US and Asia – and showrooms filled with cheaper second-hand models, brought about by an increase in returned or reclaimed vehicles, creates an attractive short-term fundraising option.

But in the immediate short-term, sales data risks boosting the perception of demand, skewing customer desire for traditional carbon-fueled vehicles. This misleading surge could potentially reduce the incentive and/or urgency to switch to an EV-first approach.

OEMs must be sensitive to the fact that urgent change is coming. Now is the time to get ahead of the curve, not to take easy short-term options, no matter how immediately attractive and convenient.

03

Be shaped by aspiration, not by trauma

In times of crisis, innovative brands must think from the future back, rather than from the present forward.

The dealer model is a case in point. It has been a mainstay of the industry for many years, but it has certainly not been without its pitfalls – it has a reputation for poor standards of customer service, cynical practices and price-gouging, and on the servicing side a real issue with levels of expertise and profiteering.

Consumers aren't happy with the dealer experience. They'd like their car buying to happen closer to home. Which is where digital comes in. According to Google data, 18% of auto shoppers would buy a vehicle sooner if there was a purchase option online.

The same is true of parts and service. Consumers anticipate increased online ordering of parts and would like to see more traditional servicing to be carried out at home, rather than in the service center.

In the short term, OEMs need to think carefully about how to enhance

and complement traditional sales and service center models and build digital platforms that reduce friction, making it easier for customers to access and engage with products, on their terms – ultimately unlocking new, more lucrative revenue streams.

Innovative finance packages, customer-centric pricing strategies, and on-demand subscription models all have the potential to minimize entry barriers for new customers. Luxury brand Porsche, for one, has already started implementing such services through their Porsche Drive and Porsche Passport programs, making even the most exclusive forms of mobility more accessible.

TIME FOR ACTION

The future is not going to wait. There are disruptors and potential rivals waiting in the wings – many from the fast-moving, flexible and well-funded world of technology rather than the solid but staid engineering tradition. Not coincidentally, all of the top five of this year's Best Global Brands – Apple, Amazon, Microsoft, Google and Samsung – have been linked to vehicle development recently.

Now is the time to rethink everything – which is difficult for a sector that has long product cycles, large and inflexible production processes and a thoroughly entrenched sales model.

But if not now, when?

The future is not going to wait.
There are disruptors and potential
rivals waiting in the wings



The customer's view: From icon to cocoon, glamor to utility →

Freedom has always been a huge part of the car's appeal. But in 2020, 'freedom to' has changed to 'freedom from'. The idea of picking up friends, going to the beach, driving to an event or even just commuting in comfort has been replaced by avoiding public transport, staying away from other people – and in many people's case, not commuting at all.

It wasn't always like this. In late 1950s America, having a car was everything. For the first time, vehicles were universally accessible. As per Henry Ford's prediction just 30 years earlier, "any man with a good job can afford an automobile". By 1958, there were 68m+ cars registered in the United States – up more than two-fold since

the start of the decade (from 25m). We can't underestimate the social significance of the car. Between 1949 and 1964 (and beyond), the ways we shopped, ate, worked; where we lived and how we socialized; how we vacationed; how we dated (and who); how we engaged with popular culture and who we idolized – even what we valued – all changed as a direct result of the automobile.

No cars would mean no plush suburbs. No drive-in movies. No shopping malls. No Golden Arches.

The very tenets of western consumerism are built on four wheels. Simply having a car said 'I've made it!' More importantly it shouted adventure, freedom, discovery, excitement and liberation.



OUTSIDE 85°F

CRUISING RANGE

209 miles

TRIP A



THE NEXT GOLDEN AGE?

2020 has changed everything. The revolution is coming... Again. If you're leading an auto brand in 2020, undoubtedly you're feeling the strain. But let's not miss the opportunity. If you lead an auto brand in 2020. This. Is. It...

For the first time, in a very long time, as consumers, we're actually excited about leaving the house. We want to be outside. We really want to be outside. And outside looks very different. Because when you can't go outside, adventure no longer means an expensive vacation. It's not the annual family trip to Spain or Greece; it's not backpacking in Peru.

For the first time in decades, as consumers, we want our cars. Moreover, we need them. We think that the landscape is set for a new golden age in auto travel. In the United Kingdom, the National Caravan Club reported that sales of motor homes had risen by 71% in July. More than a third (37%) of those sales were from people who had never owned a caravan. 34% of new sales were made by those under the age of 44. Caravan

holiday bookings for next year's season are already up by 200%.

Across the US, the #vanlife trend is booming. As is the price tag. A Mercedes Sprinter might cost \$40,000 new. Converted, the value of what's essentially a trade vehicle can rise to anything from \$100,000 to over \$400,000. Most suppliers have 10 month-plus waiting lists.

What does this mean? It's more proof of the vehicle-as-cocoon idea; the freedom of the open road, plus the safety of having your very own space. The pandemic has in some ways shot attitudes right back to the 1950s. All of a sudden, those vintage travel posters of winding roads through parks and forests are seductive rather than out-of-date. Flying thousands of miles to stay in a hotel seems both dull and dangerous.

The new adventure is closer to home and involves your own wheels, your own space and your own itinerary. We're all going on a road trip.

Have the world's leading OEMs caught on? And how do they take advantage of this unprecedented opportunity?



70 YEARS ON, WHAT HAPPENED?

Cars can be an identity purchase; a statement of who we are. What does a Mercedes say about you? They are advertisements for you on wheels, or at least they should be.

But now, while our cars are still a big-ticket purchase, they are too often just a necessity. A convenience. At worst, a utility. Cars – and car brands – just don't seem to mean what they did.

As consumers, our relationships with our cars are increasingly functional. We now ask: Is it safe? Is it reliable? Is it economical? Given the advancements in production capabilities and new technologies, the answer to these questions is ubiquitously 'yes' at pretty much every point across the

market. There are no longer any really bad cars – only dull ones.

The net result: we rent cars, even when we own them. Our relationships with our vehicles are transient. At best, we want the next model. We care the most when we buy – but almost as quickly as we've driven our cars off the forecourt, they disappear into the background narrative of our lives; they're a functional and physical manifestation of the routine. Emotional equity depreciates almost as quickly and almost as dramatically as that of the machine itself.

For too many of us, our cars are like our washing machines; functional machines that serve a purpose. You buy the best one you can afford, then forget about it. No one loves their washing machine. But does it have to be this way?



FROM 'WHY EV?' TO 'WHY NOT?'

What we value, and what we want to say, now have a greater sense of urgency. The symbols we use to communicate our perspective on the world are more meaningful. Cars have always been an instrument of self-expression. This emotional need is unlikely to change. But what we say and how we say it is shifting.

C Space research shows that 71% of consumers are more conscious of the environment as a direct result of the Covid-19 lockdowns around the world. We are more aware of our collective impact on the environments around us – and on each other (directly and indirectly).

The pertinent question for many consumers is shifting, from 'Why EV?' to 'Why not EV?' The more accessible the technology becomes, and the more accessible the pricing of EV models, the lower the barriers for entry.

The influence of this consumer reflection is already visible. Although demand was low, the Tesla Model 3 and Jaguar I-PACE were the best-selling models in the UK, this April. Demand will continue to increase as interest in EV technology continues to accelerate. In Asia Pacific, 54%

of consumers are considering some kind of EV as their next purchase; in Europe, 56% of consumers fall into the same consideration category – and in North America, a market synonymous with gasoline, consideration has reached 41% .

In April, the Chinese government committed \$1.4bn to subsidize the construction of charging stations across the country. European governments continue to introduce new purchase subsidies, tax breaks, and a combination of other consumer incentives to encourage EV adoption (over and above the tight emission restrictions they place on manufacturers). Partnerships and infrastructure collaborations with local and regional government will continue to play a significant role in the expansion of the EV market.

In the near future, the cars we choose to buy will signal much more than status. Increasingly, consumers want to show that they are contributing to the solution and signaling sustainability.

We think that the most successful car brands will go beyond simply helping customers make an informed decision, they will actively encourage it, at every point across the purchase journey.



'ADD TO BASKET...'

The ways we buy cars are changing.

Malcolm Myers, founder-CEO of consultancy EIV, said this year that – even before Covid – the current model is actually broken because it does not offer the end-to-end digital shopping experience that online customers have come to expect. It's a long way from the classic online shopping experience consumers have come to expect from Amazon, ASOS et al. Myers says: "The car classified operators depend on intermediaries. And does it still make sense for dealers to have expensive forecourts with large amounts of stock?"

He predicts the rise of new-wave platforms which allow car buyers to complete the whole transaction online in one place – just like the \$4bn-revenue, eight-year-old Carvana, in the US, and Cazoo, in the UK. These services threaten to shake-up the whole business with end-to-end car buying services including finance, insurance, warranties, free home delivery and a seven-day money-back guarantee.

And then there's the Tesla model, where the whole process is online. They do have physical showrooms, but they're nothing like the traditional

dealership. They're just somewhere you can feel and touch the car before ordering online. It's an increasingly attractive model – Volvo EV spinoff Polestar is also using that formula, as is Chinese brand Lynk & Co.

Too many people have found the enforced visit to a dealer ends in feeling patronised, hassled and ripped-off. That can't be healthy for the long-term survival of that method of buying a car. Instead, the new breed of DTC startups, and the new or established manufacturers who are pivoting towards a customer-facing online experience, are shaping the future of car buying.

It's a big-ticket item, but consumers are now habituated to click-and-buy almost everything else. Trust is crucial, of course, but reputable sellers will build a customer base sooner than many think.

As McKinsey have pointed out: 'In both buying and servicing, a next normal seems to be emerging... Digital becomes more important along the entire purchase funnel, with half of consumers being interested in online and contactless sales and service.'

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18% of shoppers would buy a vehicle sooner if there was a purchase option online

THE RETURN OF DIY CULTURE

From the consumer perspective, there's a duality to DIY servicing. On the one hand, the product has malfunctioned. It's an inconvenience. And a cost. But on the other, it's an opportunity. The consumer emotionally invests in a solution. They carry out the repairs (often learning or utilizing new skills).

Upon completion, there is a sense of accomplishment; of pride. They hate that the car broke down in the first place. But they love that they were able to fix the problem. And in that sense, the machine becomes just a little bit more 'owned'.

Are we entering a new age of the home mechanic? And what does this mean for OEM-owned service center profits?

Consumers anticipate increased online ordering of parts and more DIY work on their vehicles, according to McKinsey. It makes sense. Regardless of individual

economic circumstances, the culture of 'mend and make do' currently seems more prevalent. More urgent. In many instances, we've had to muddle through.

Parts suppliers, however, are financially weaker than the big manufacturers they serve. According to The Economist, nearly a quarter of 400-odd stock market-listed parts-makers face immediate cash shortfalls.

In this challenging environment, the D2C models start to look increasingly appealing for these smaller suppliers. Will these parts manufacturers bypass the OEMs altogether and forge strong relationships with a new market?

The automotive companies who are quick to realize and capitalize on this opportunity have the potential to emerge from the pandemic stronger – not just in terms of capital margin gain, but in terms of the emotional bond consumers have with their vehicles.



COCOONS OF MOBILITY

In 2020, of course, everything changed – but drivers rediscovered the sense of personal freedom a car can bring. The sidewalks emptied of commuters, now home-working, but the streets filled up with drivers who didn't want to risk public transport.

Travel by car became a more attractive option, as the only means of travel that provides safety and control today. In a post-Covid world, that safety and control take on new meaning. They transcend the functional and become deeply emotional.

"I love my little car," Hannah, a 40-year-old mother from Manchester, UK, told C Space researchers about driving her Toyota Yaris. "I get in the car and I'm in control. With the world the way it is right now, I feel like driving is one of the only things that hasn't changed," she said. "It's my music; my route; my time. No one telling me what to do or how to do it. And I'm safe," she explained

In a world where everything seems just a little bit more dangerous, control is everything. And right now, nothing says control like getting in the car and driving. Pick the destination. Pick the soundtrack. Pick the route. Go.

A third of consumers value constant access to a private vehicle more than they did before COVID-19, according to McKinsey, and half say that they are open to extending their use beyond just travel to connect with the world in a safe way (including experiences like visiting drive-in movie theaters, concerts and food venues).

Once you step out beyond the front door, the car becomes the ultimate safe destination. Whilst you're in that cocoon, you're protected from the world outside – and all the limitations that come with it, right now. No disease. No face masks. No new rules or ways of being. Just you and the road (and maybe the kids too). It's just like it always was.

Consumers around the world expect to shift intercity travel and the day-to-day commute away from current modes of transport: planes, trains and bicycles.

And in the absence of being able to show off what you wear, maybe the car as an expression of your personality is even more important. The most successful auto brands will understand that cars now present a very viable alternative to broader mobility options – and will actively position themselves against these alternatives.





The analyst's view: Driving into the future →

The automotive sector is in a state of flux, with the wind of change blowing from many directions – social, political, environmental, technical.

We've covered many of the short- and medium-term implications, but here are a few less obvious long-term trends that could affect the way we transport ourselves in the future.



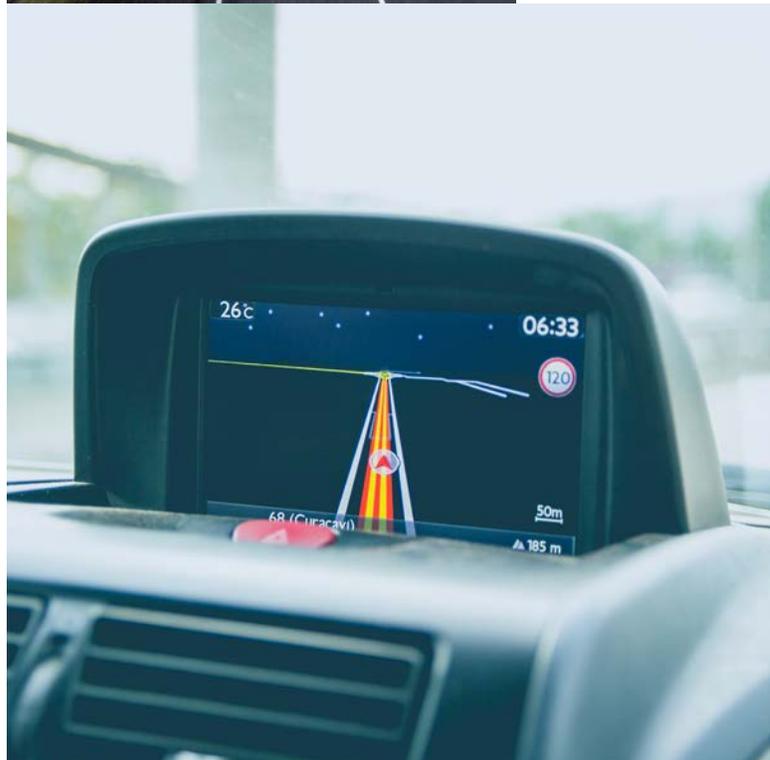
RESETTING THE MIX

Until recently, industry commentators were almost united in seeing a short and dark future for the car as personal transport. The scenario they envisaged saw a major shift from personal transport to mass transit. Ever-increasing urbanization and centralization meant that we would all be making use of a dense web of multi-modal transport solutions involving trains, buses, metro networks, cycles, walking, ridesharing services, river boats and so on.

The car would be squeezed out to the margins as a taxi vehicle or an occasional rental for trips to the country or to move bulky items. Fewer people would learn to drive, as autonomous vehicles became ubiquitous, and the personal vehicle would go the way of the dinosaurs. It's funny how things turn out.

Since Covid-19, shared transport has become unpopular and even officially discouraged. Employees and employers have discovered that working from home is not only possible but, in many cases, desirable. And if you're meeting via video and communicating via email, text, WhatsApp, Slack, Teams and the rest, then why pay expensive property prices to live near a no-longer-used office? Why not ditch the commute?

Some companies have already stated that they're not going back. This is now the new normal. However, the new geographically spread-out, commute-free workforce has different transport needs to the office-bound city commuter. In their small towns and countryside cottages they need to get to local shops, schools and other destinations not served by mass transit. In short, they need... cars. Who would have thought it?



MOBILITY AS A SERVICE

Ownership seems to be out of fashion in all sorts of areas – the subscription model is thriving from fitness to furniture, personal hygiene to pet supplies, washer-dryers to wine. Car ownership is no different. Owning and running your own car can feel like an expensive, inconvenient hassle.

There are car clubs which appeal to people who can't afford to own a car outright, or don't want to, such as younger drivers or those who live in big cities and don't often need a car.

Leasing has proved very popular among both individuals and companies too – in 2019 alone, the global company car leasing market grew 3.9% to hit 7.9 million units – and seems to have a ready market among those who want an all-in-one solution to servicing, tax, insurance, warranties and the other nuisances of car ownership. Plus users can

often drive a newer, nicer car than they would be able to afford outright.

A recent study from Transparency Market Research forecast that the global leasing market will grow at about 9% from 2020 to 2030. It's big business, and getting bigger.

But leasing still entails 'owning' one car for a set period. A subscription model can be far more flexible. Manufacturers such as Audi, Mercedes-Benz and Cadillac have been trialling a membership model in which you can choose a vehicle, then change it for a different type if your needs change. In some examples, you can, say, have an SUV for winter then a convertible for a summer holiday. And if you travel to a different city you can pick up a car of the same make to drive, as though it were a rental, all through your membership.

Is it the future? Some version of it may well be. Nobody actually wants to pay for all those extras, surely?



ROBOTS? FLYING CARS? JETPACKS?

Autonomous cars have been on their way for many years now. So where are they? Why isn't your car taking you to the supermarket while you snooze, read or watch a movie?

The answer is that reality is a more complicated place than you'd think. It turns out (despite some evidence to the contrary) that humans are actually very good at decoding a complex set of inputs and translating that into steering, braking, signaling and all the other elements of driving. Autonomous technology is not quite up to the job yet, other than very simple trials such as Uber's fleet of Chrysler minivans which are currently trundling carefully around some suburbs of Phoenix, Arizona.

What's more, consumers don't like to feel redundant. And autonomy contradicts the ideal of why some people buy a car (power and control, for example). Yes, there are functional concerns around technology and capability, but also emotional, subconscious concerns around redundancy and personal utility.

However, autonomous driving is actually arriving in the mainstream, almost by stealth. Though manufacturers are keen not to call it that, recent models by Honda, Toyota and others have a series of sophisticated driver aids such as

lane-keeping, hazard detection, automatic braking, and so on which when all activated together, could be said to constitute a sort of autonomy. But there is always the unexpected to deal with, so don't expect full autonomy to be on the spec sheet any time soon.

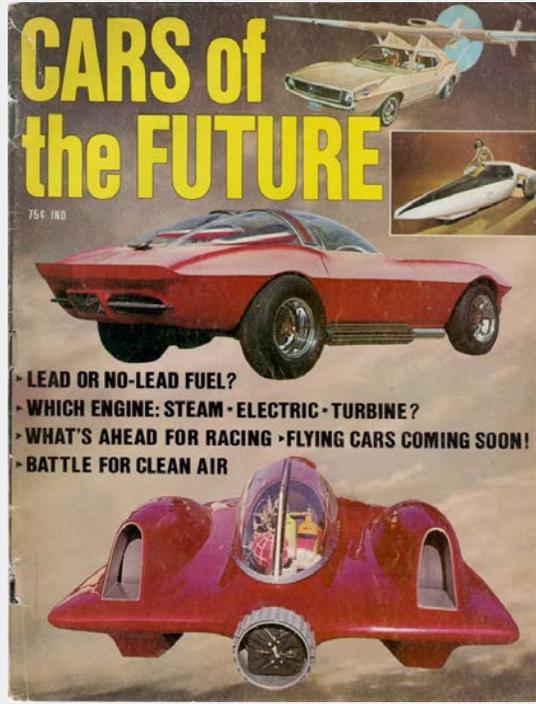
And is there a real demand? Possibly – but among professionals such as truck companies and taxi firms. Highway freight would certainly be a logical use case, and there is a theory that Uber's business model is predicated on future fleets of autonomous taxis.

If that has spoiled your future transport dreams, fear not – the Spanish city of Barcelona has just announced a plan to start trials of flying taxis in 2022. In July last year, the Spanish technology company Tecnalia unveiled its prototype for a pilotless, one-person air taxi. Designed to carry a person or load of up to 150kg, it has a cruising height of between 100 metres and 300 metres, and can cover distances of up to 15km in 15 minutes. Uber, too has been making noises about the aerial taxi market.

And a UK-based company called Gravity Industries is developing a one-man jetpack, currently for specialist uses such as military and rescue missions, which could be in use as early as this year.

The sci-fi future is here. Maybe.

Why isn't your car taking you to the supermarket while you snooze, read or watch a movie?





The brand view: Future is an attitude →



“We are aiming to create a holistic and fascinating premium customer journey”

Henrik Wenders

How has your brand reacted to the challenges of the past year?

The global coronavirus pandemic hit very hard and has fundamentally changed our world. More than 10 months in, it's still having an impact. At Audi, we reacted quickly and conscientiously with the transition to #stayhome as the health and wellbeing of our employees is always at the forefront of our priorities. We started the #AudiTogether program with the goal of engendering a sense of togetherness despite the physical distance. This program served as the hub for all communications activities during the corona lockdown earlier this year. The most vital message we wanted to give the global Audi community, our customers





The Audi logo, consisting of four interlocking rings, is positioned above the hashtag #AudiTomorrow. The background is a light, textured surface.

and fans was that “we are in this together.” We initiated measures ranging from providing emergency aid to medical and social organizations to broadcasting a virtual “solidarity concert”, that was viewed by over 49 million people. Furthermore, we launched a “restart package” for our dealerships and sales teams to reinvigorate our sales activities. So, despite the current challenges facing Audi, the automotive industry and human society as a whole, as this pandemic grinds on we are continuing to work towards our long-term goal for Audi. Which is to become the most progressive and prestigious premium brand – and to shape the future of premium mobility to make it more sustainable and more harmonized with the way people are living today – and in the future.

One high-profile action was to shift most aspects of Audi’s day-to-day business to digital to make the whole process “corona compatible.” How was this conceptualized and implemented at Audi, and how has it enabled you to progress – or survive?

The pandemic has served to accelerate the digital transformation within the Audi Group. Especially during the lockdown phase, we needed to come up with innovative solutions to ensure that business, operations and sales didn’t come to a full standstill. In China, for example, the premiere of the new Audi A4 L – which is one of the most popular Audi models sold in China – was our very first all-digital launch in that market.

We see Audi as a compelling force to shape the future of premium mobility



The online premiere drew the interest of more than 700 million viewers. Our partners in China have embraced livestreams and virtual showrooms and offered a 24/7 online service and consultation to stay in close contact with our customers. These efforts have already produced results – in just the first three months of 2020 alone, we had almost three times more online transactions than for the whole of 2019. In Europe, too, we have further digitalized our sales and marketing activities to adapt to the current situation. For example, with “Audi Live Consultation” – using data glasses – we’ve started offering our customers a contactless alternative to visiting the dealership in person. Another example of how we’re utilizing digital: this year’s launch of the new Audi A3 was the first-ever all-digital market launch for us. Furthermore, about 15,000 sales and service employees and around 20,000 service technicians at retail partner companies have been trained up in new digital formats.

What has been the biggest lesson from all of this for your brand and its significance?

For me, the coronavirus pandemic somehow served as a “test by fire” for our revised brand strategy. We developed the strategy as our response to the challenges of the electrification of mobility, the shift towards sustainability and the digital transformation – and how we wanted to tackle these issues in a more human-centric way. Therefore, we translated the characteristics that have made Audi successful since it was founded 110 years ago – strengths including innovation, perfection, fascination and passion – into a future-oriented brand strategy that is authentic for Audi. We did this by developing a new understanding for our claim, “Vorsprung durch Technik”. We’re moving past a sole focus on technological innovation and placing a bigger emphasis on togetherness, people and a more collaborative culture to shape a better future.



Have the last 12 months reaffirmed or changed your view on how brands need to exist and operate, now and in the future?

Crises have always been a catalyst for change. The COVID-19 pandemic is driving the economy into the digital future at turbo speed. Also the automotive industry. We need to adapt and evolve quickly to all-new conditions, tackle unexpected challenges and transform them into opportunities using innovative and novel new approaches.

The pandemic has shown us very clearly that a true dialogue with our customers isn't about some one-off sales or brand interaction. An honest conversation emerges when you establish a serious, equitable and sustainable exchange with customers and society. The only way for us as a global brand and company to succeed now and in the future will be for us to better understand what our customers want and expect from mobility products and services. If we truly engage in this exchange with our customers, I believe this will allow us to become more relevant

and trustworthy as a brand – not only for our customers or within the mobility industry, but for society as a whole. We want to be a very clear voice for future mobility – by implementing clear brand positioning on the key issues and challenges of our times. Our approach: to be future-oriented and authentic.

What's next for your brand – where you will be focusing in the near future to ensure growth and success?

Our most important areas of focus – sustainability and the digital transformation – have not been left by the wayside due to the pandemic. To the contrary: We are moving full speed ahead in driving these vital developments within Audi, because although the pandemic hit the “pause button” on many aspects of global activity over the past few months, climate change hasn't stopped. We see Audi as a compelling force to shape the future of premium mobility. That is why we have refined and redefined our brand strategy. Moving forward, Audi is strengthening its commitment to putting people,



their values, needs and dreams at the heart of everything we do. The shift towards sustainability, the digital transformation and design will continue to form the core for us. Our new global brand campaign “Future is an Attitude” reflects our spirit, which is deeply rooted in our brand DNA: where passion, courage and curiosity come together – and automotive progress emerges. The foundation for this new strategy is bringing the new brand character into the digital customer experience, the retail experience and into our products themselves. With this approach, we are aiming to create

a holistic and fascinating premium customer journey – one that offers a consistent brand experience throughout. We’re harnessing the ideas and feedback of our customers through interviews, cultural surveys, expert talks and ideation sessions. The key: co-creating this brand experience together with our customers. This is the attitude at the heart of everything we are doing at Audi as we shift into this new era for our brand and for mobility – approaching innovation and the future from a whole new perspective – this is the key to true progress!

WONHONG CHO
CMO, HYUNDAI

36



HYUNDAI

+1%

14,295 \$m

The brand view: Doing well by doing good →



“Having a strong sense of brand has enabled us to act quickly”

Wonhong Cho

It's an anxious world at the moment – from Covid-19 to climate change, political instability to racial tensions, and #MeToo to Brexit, there's a lot to deal with. How has your brand reacted to any or all of these situations?

Recently, Hyundai Motor Company refreshed our brand direction and defined 'Progress for Humanity' as the organization's vision. This means that 'People' are considered as our top priority in everything we do and through being a brand led organization we have been able to adapt and respond authentically during all of these situations. 2020 has been a testing time, but through brand led thinking we have been able to respond not just through marketing communications but with meaningful initiatives.



HYUNDAI

One high-profile action was your comprehensive response to COVID-19. What led to that? And how has it enabled you to progress – or survive?

Our actions have been guided by the internal belief that we should act in the interests of others, and having a strong sense of brand has enabled us to act quickly. We have donated considerable amounts to organizations around the globe and supported communities with medical supplies, transportation, and facilities to fight the spread of Covid-19. For our customers we have adjusted our own policies to ensure customers have greater financial projection at this time, and we have also provided new digital retail experiences to ensure social distancing is adhered to. All this has allowed us to connect on a deeper level, not just with our customers, but wider communities. Living by these principles as a brand allows us to strengthen relationships rather than one-off actions that fade over time.

What has been the biggest lesson from all of this for your brand and its meaning?

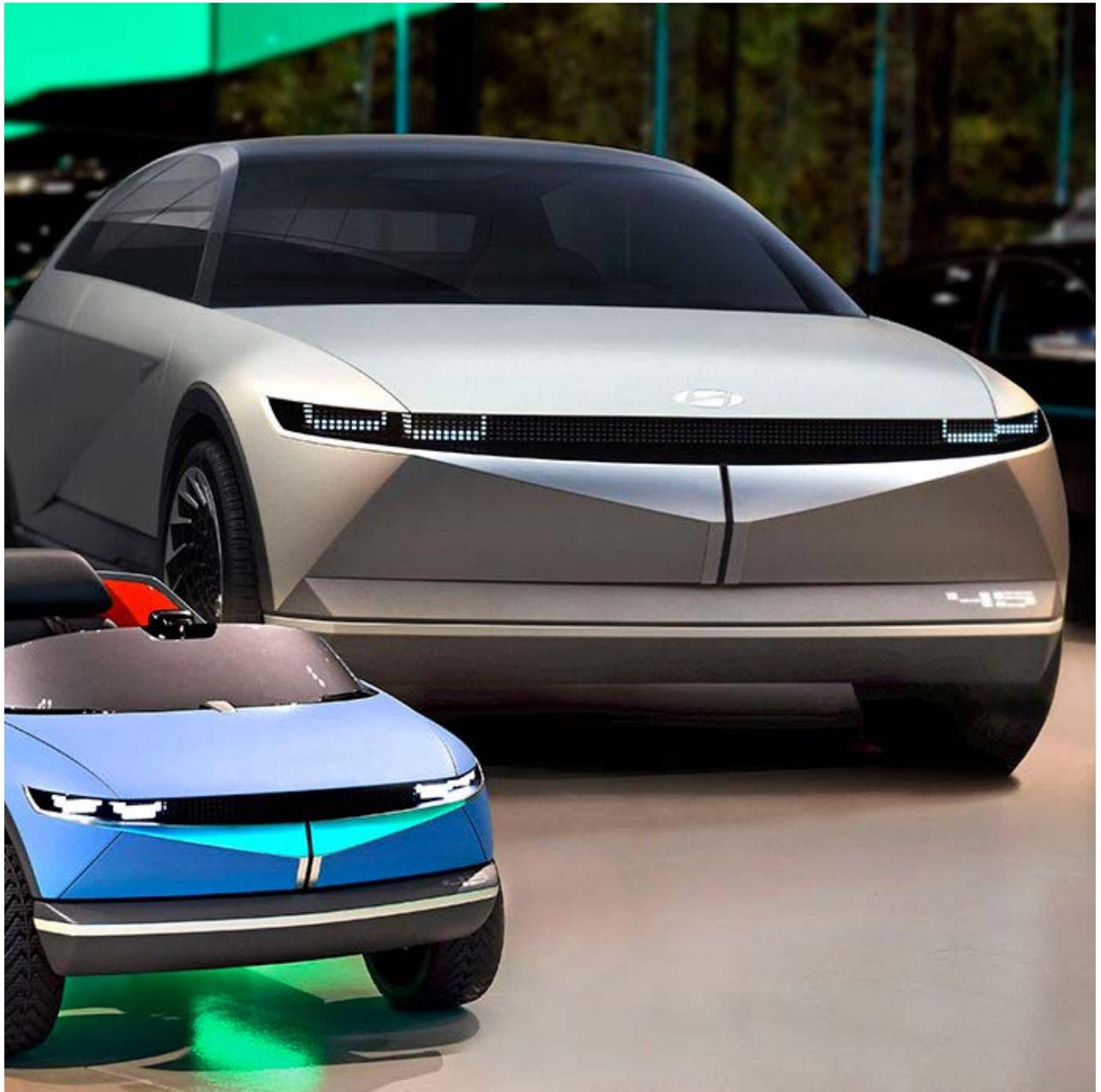
We're living in an era where customers demand corporates to do well by doing good and we need to react to this new dynamic. By doing good, as a marketer, we mean broadening our perspectives beyond traditional manufacturing. Previously, the company's value chain mainly focused on product excellence, but now more social values should be reflected in an ever-expanding value chain. At Hyundai, we believe our brand can deliver meaningful impact by focusing on a value chain with social values whilst delivering socially relevant messages.

Has the last 12 months reaffirmed or changed your view on how brands need to exist and operate, now and in the future?

2020 has meant today's business environment is so unpredictable, and we are now entering the VUCA era (Volatility, Uncertainty, Complexity, Ambiguity). COVID-19 has caused widespread changes, from the way we operate to the way consumers live, and these changes will likely become our new standard. COVID-19 has accelerated the need for change from digital transformation, the way we communicate with customers, to the way we work internally. Everything is changing and it's changing fast. Our fundamental response to this evolution is to build up an agile organization with an agile corporate culture. This framework allows us to rapidly respond to the changing customer needs and ultimately creates a customer-centric company

What's next for your brand – where you will be focusing in the near future to ensure growth and success?

Hyundai Motor Company has outlined a clear 2025 strategy which sets business goals and tactics to establish the organization as a leader in the automotive industry. As the whole industry is transforming, driven by a shift to electrification and digitalization, all OEMs are faced with increased investments as they look to establish themselves in the era of future mobility. For Hyundai, maintaining profitability remains key priority, and will be achieved by continuing to provide profound customer value. The key to Hyundai's 2025 strategy will be providing this value in new ways through digital experiences and personalized value, so we are a brand that can provide a smart mobility experience.



RITA FELDER

DIRECTOR BRAND AND MARKETING STRATEGY MERCEDES-BENZ CARS

08



-3%

49,268 \$m

The brand view: Creating a true luxury experience →



“We as an engineering company integrate creativity as a guiding principle”

Rita Felder

It is an anxious world at the moment – from Covid-19 to climate change, political instability to racial tensions, and #MeToo to Brexit, there’s a lot to deal with. How has your brand reacted to any or all of these situations?

At Mercedes-Benz, many things move us. During times of great uncertainty, providing orientation and support becomes more important than ever. We feel it is vital to develop an attitude - as individuals, as a society but also as a company. Let me highlight our sustainability initiatives to fight climate change. Sustainability is complex with manifold ecological, economic and social facets. We have chosen a holistic approach to CO2-neutral mobility. We call it “Ambition 2039”. It applies to the entire life cycle of



MAYBACH

our vehicles - from their development to the extraction of raw materials, to production and use, their disposal and recycling. Our focus is on a significant reduction of CO2 emissions. In terms of our global production, all of our own car and van plants will be CO2-neutral from 2022. When it comes to our vehicles, our plan is for our new car fleet to be completely carbon-neutral by 2039. It takes not only attitude but also determination to get out of our comfort zones and to

continuously reinvent ourselves - we are determined to reduce the footprint we leave on earth to an absolute minimum. Another topic that is very important to us is Corporate Culture. Our corporate values apply to everyone who is part of our global team. Values and guidelines give orientation in everyday life and help us do the right thing. Diversity of our workforce is our strength, and a key factor to our success. Respect, tolerance and team spirit characterize our corporate



Luxury has always been part of the soul of Mercedes-Benz

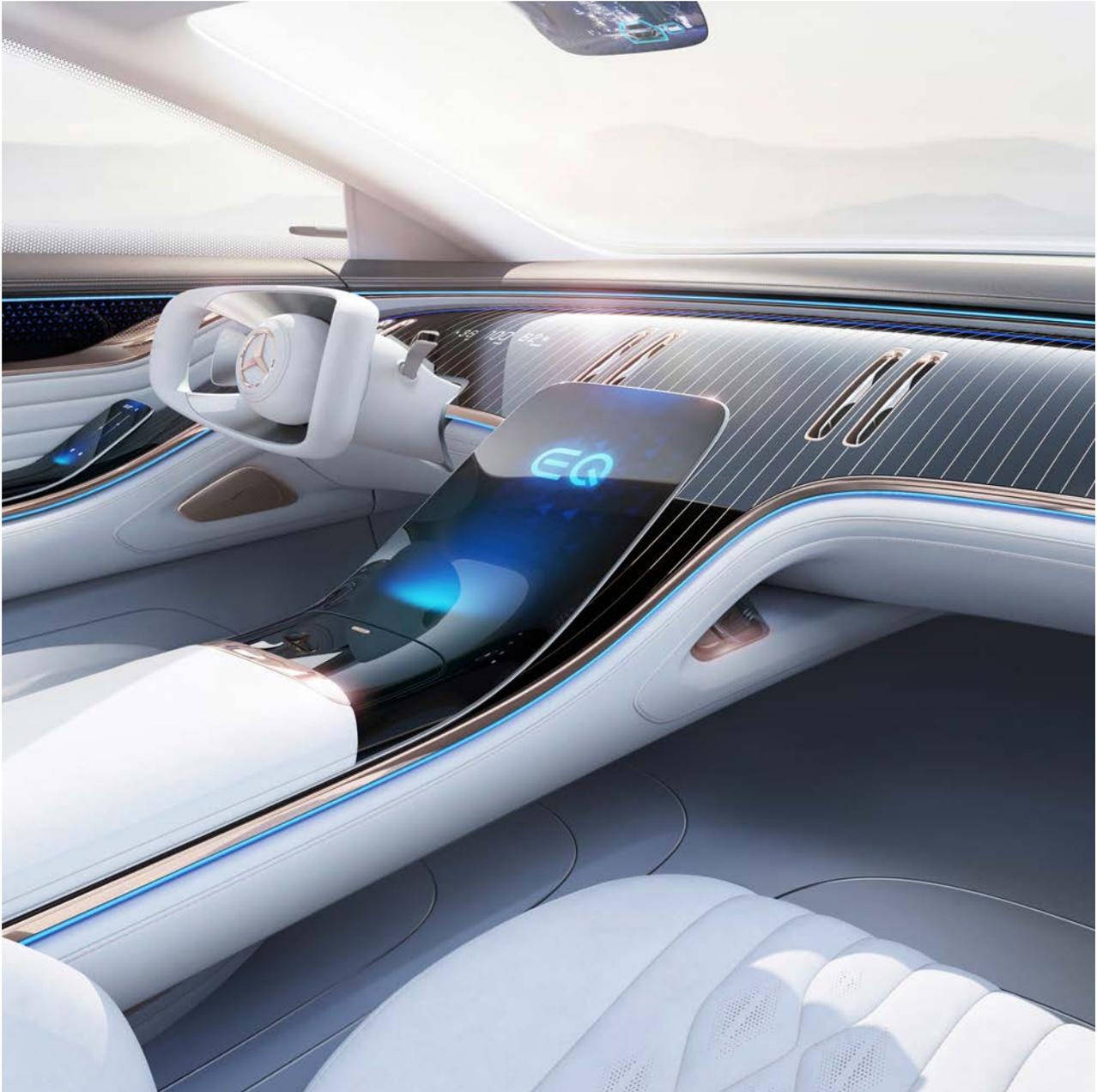


culture. No form of discrimination, harassment or bullying has any place at Mercedes-Benz. Our Formula 1 and Formula E racing teams have taken a clear stance for respect and against racism: All Silver Arrows now compete in an all-black base coat with the words “End Racism” painted on each car’s halo. We have committed to positive action to improve the diversity of our teams in both series. A brand can show attitude as well. When Covid-19 hit the world at full speed, we did what most companies did: we helped in the best possible way wherever we could. In very traditional ways - and beyond. Within the first few days of the pandemic, we decided to use the reach of our global Mercedes-Benz social media channels to “Donate Our Reach”. We felt the most important thing we could do is to educate and to inform in order to help slow the spread of the virus. We used our power to reach some 50 Million people and encourage them to stay at home. At the same time, we thanked those who could not stay at home and who are giving their all in these challenging times. In addition to that, we made use of one of our key assets: The brilliant brains of our engineers as well as our production facilities. For example, we dedicated 3D printers normally used to make car components to the production of

medical equipment and face shields. One of our most recent collaborations, where we once again made use of the power of our brand sensibly and brought it in line with our attitude. When our chief design officer Gorden Wagener joined forces with Virgil Abloh, chief creative director founder of Off-White and Men’s Artistic Director of Louis Vuitton, they united the worlds of fashion and art with automotive to completely shake up established ideas of luxury with their ‘Project Geländewagen’. However, we did not want to stop there. A replica of the design study was produced and auctioned off as part of Sotheby’s upcoming “Contemporary Curated” auction. The proceeds were donated to an arts foundation. All of those actions directly shape our brand image - and thus the value of our brand.

What has been the biggest lesson from all of this for your brand and its meaning?

In challenging times like this year, the world has clearly felt that we are getting through this. Namely together. People. Nations. Companies and brands. We are grateful that we were able to take a part to cushioning and mitigating the effects of the pandemic to some extent. We believe major brands such



as Mercedes-Benz have to give customers orientation and support, especially in uncertain times. It is our brand's inherent responsibility to express an attitude and to use our voice with purpose. Of course, it is not always easy to live up to these high expectations of oneself. We are a global company with different target groups and stakeholders. Now more than ever, we consider it essential that we coordinate quickly and work together in

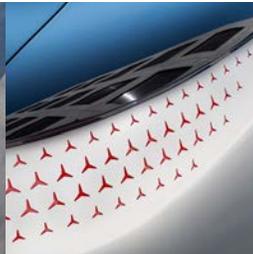
every corner of the globe. We intend to maintain this spirit of helping and solidarity. Naturally, our innovations, products and services are our bedrock. However, other important factors shape our brand as well. Our influence is not limited to automotive; today the brand has multiple touch points to many cultural industries from music, to sports and, of course, fashion. Wherever a customer meets our brand, we want to inspire them.

This inspiration applies to the attitude Mercedes-Benz represents to the public. With it, we hope to inspire and to motivate as many people as possible to take responsibility for our planet and society - because together we can achieve great things.

What is next for your brand – where you will be focusing in the near future to ensure growth and success?

Going forward, the brand will see a renewed focus on luxury, making it an integral part of all products, customer interactions and digital technologies. Our target is to redefine automotive luxury. We strive to offer the most desirable products and services to our customers by providing an enhanced product substance, technological product features and services. Luxury has always been part of the soul of Mercedes-Benz. From the brand's start in the early years of the last century, Mercedes-Benz was a contemporary desired brand. Luxury itself remains a timeless concept. It differentiates

a brand when creating and triggering desire - the desire to own something extraordinary within a specific environment of values or experiences. Mercedes-Benz will reshape its product portfolio, brand communications and its sales network to deliver a true luxury experience - a luxury experience that will be electric, software-driven and sustainable. We as an engineering company integrate creativity as a guiding principle in all of our internal processes and external activities, from product creation to our customer touch points. Creativity for us means creating perceivable luxury experiences. We will further pursue our ambition to offer luxury cars across all segments and sub brands: Mercedes-AMG, Mercedes-Maybach, G-Class and EQ. The new strategy will take them to the next level - accelerating their development, with clear and targeted plans to unlock their potential and drive substantial incremental EBIT growth.



DR. KJELL GRUNER
CHIEF MARKETING OFFICER PORSCHE

55



PORSCHE

-3%

11,301 \$m

The brand view: Calm, continuous progress →



“We want to help our community to make dreams come true”

Dr. Kjell Gruner

It is an anxious world at the moment – from Covid-19 to climate change, political instability to racial tensions, and #MeToo to Brexit, there’s a lot to deal with. How has your brand reacted to any or all of these situations?

The automotive industry as a whole is undergoing the greatest transformation in its history. The global economy is becoming more volatile – and the Corona crisis is further exacerbating the situation. Porsche is not immune to these developments and the current framework remains extremely challenging. In Europe and in the US, we had to cope with significant losses in the first half of 2020. At the same time, we are optimistic that we will be able to partially compensate for these dips. Of course, this




PORSCHE

SOUL
ELECTRIFIED.

Taycan Turbo S

only applies if there are no further setbacks caused by the coronavirus. We are managing the crisis systematically and responsibly and see it as an opportunity. Our attractive new products – from the 911 Turbo to the Taycan electric sports car are giving us tailwind. We have set ourselves the target of investing 15 billion euros by 2025 in the development of our company. So even in the midst of corona, we are staying on full throttle when it comes to future topics such as electric mobility and digitization.

One high-profile action was “Dreams are made at home”. What led to that? And how has it enabled you to progress – or survive?

In times like these, it is crucial to be customer-centric. At the beginning of the crisis, our customers were faced with a lot of uncertainty and had to stay at home. It was important for us to show understanding as well as empathy and do something to encourage them. This insight led to the #dreamsaremadeathome campaign on our social media channels. We asked customers simply to take a photo of their dream car in a garage and send it to us. More than 20 brands including BMW, Volvo and Mercedes-Benz came on board after a short while, and encouraged their own community to get involved. We maintained close contact with our customers even during the peak phase of the Corona crisis. Virtual customer consultations via live cam or contactless test drives were just as helpful as the many measures taken by our dealers. In summary, we can proudly say that we hardly lost any customers during this time, even during the peak phase of Corona.

What has been the biggest lesson from all of this for you?

In our point of view, there are three success factors: good preparation, teamwork and speed. In addition

to a positive basic attitude, self-confidence and calmness are important in times like these. During the Corona period, our crisis management team met every day and calmly organized the issues. If we would lose our heads in such situations, this would quickly spread to everyone else. The more critical a situation becomes, the calmer we should be. We take advantage of the situation and identify additional efficiency measures, while at the same time opening up further new growth areas. And of course, we acted very quickly and decisively as a team to put the necessary measures in place.

Have the last 12 months reaffirmed or changed your view on how brands need to exist and operate, now and in the future?

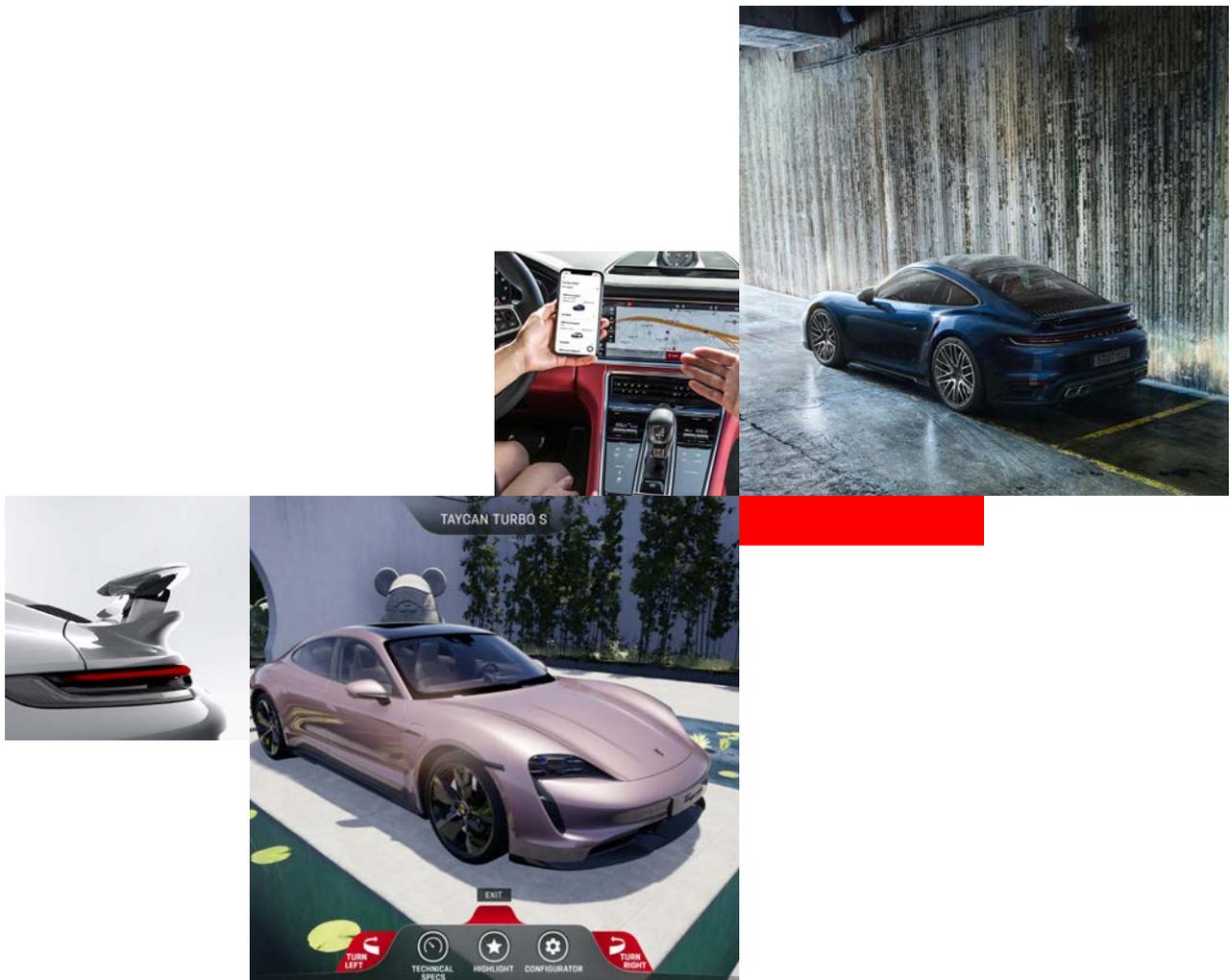
Much like for other developments, this crisis accelerated underlying developments. In the world of brands, there is a clear shift from being product-centric towards contributing to our society. At Porsche, we started a project two years ago, that aimed at clearly defining a brand purpose and answering the fundamental question what our place in this new world would be. We at Porsche have found our formula: Driven by Dreams. As a brand, the place that we want to have in the hearts and the minds of our fans should be described with the feeling of making a dream come true. Based on that attitude, it was obvious that we want to play an active part in overcoming this crisis. This resulted in the ‘Porsche helps’ program. For example, we supported the states of Baden-Württemberg and Saxony in the organization of crisis task forces, providing project managers and IT experts. In addition, we extensively increased our charity donations all over the world. We helped food banks with food supplies in Germany, for example. And we provided support to numerous hospitals and charitable organizations in the form

of donations. On a personal level as well, many Porsche colleagues helped on a voluntary basis. The fundamental attitude is what matters to us: we want to help our community to make dreams come true – and of course, we stand by our community in times of crisis.

What's next for your brand – where you will be focusing in the near future to ensure growth and success?

At Porsche, we have just launched one of the most significant cars in our history: the Taycan is the first fully electric sports car and a significant step in the further development of our brand. The Taycan will be spearheading a drive to electrification. Around 50 percent of all Porsche vehicles could be sold with a fully electric or hybrid drive

by 2025. However, Porsche will always offer combustion engines, particularly in the 911. A primary task for the brand will be to cover this ambidexterity and remain clearly positioned and differentiated. Apart from that, we think that it is crucial to develop our brand in all facets. That comprises the offer of more flexible ownership models such as Porsche Drive Subscription, a further investment in community building and a continuous development of our customer touchpoints. In the last twelve months, we have not only trialed novel urban retail formats such as Porsche Studios but also ramped up online sales across the globe. This continuous progress across all aspects of the brand is crucial for the future success of our brand.



JACK HOLLIS

SENIOR VICE PRESIDENT OF AUTOMOTIVE OPERATIONS,
TOYOTA MOTOR NORTH AMERICA.

07



TOYOTA

-8%

51,595 \$m

The brand view: Moving people, moving hearts →



“We want to move people. We want to move their hearts, too”

Jack Hollis

have the honor of being the senior vice president of automotive operations at Toyota Motor North America. The main title I like to use is team captain because I like team sports. I like the team atmosphere around Toyota. What I get to do is to be leader of the Toyota brand, the Lexus brand and our businesses in Puerto Rico and Mexico. It allows me to be involved with every part of the business from sales, marketing, customer service, customer call centers, market representation, where we're putting our dealerships, parts, service, accessories, the whole kit and caboodle around all the business. And one question comes up a lot – “do I ever see Toyota adopting a direct-to-consumer model?” And the answer is no. I think a lot of



the people in business think that we're going there. I'm really proud of the business we have with our dealers. The dealerships are in direct contact with the customer every day, hearing from them, learning, listening, then feeding that back to us – that has worked extremely well. And I think it will work extremely well into the future.

I do think, though, we will adopt more tools to help those dealerships allow that customer to have direct contact with the dealership for purchasing and even servicing and delivering their cars, and having this happen virtually, I think, will continue to grow.

I think this crisis that the pandemic has brought on has made everybody take a good look in the mirror. What do you stand for? What are you doing? I think probably the number one thing that we have relied upon is great listening skills. Through our customer call center, we're listening really well. Taking more time with consumers on the phone to listen to their voices, to listen to our team members' voices, and to listen to our dealers' concerns when they've been listening to those end consumers. I truly believe the pandemic has made us take that strength (one of our strongest) and make it even stronger.

Where I think we're going in the future is going back to a more emotional, a more personal relationship business. Because people trust people. It's hard to trust in a device. So, while we'll advance the use of technology, the question is how to use that to make a personal connection. To really get

to the hearts of people. To be able to feel a brand. Not just be proud of something, or think about something you want to purchase, or there's something that you want to be a part of, but to feel a connection.

My hope for the future is in knowing that our company's core values are strong and will take us forward. My hope is bound up in the fact that whenever the toughest times have occurred to this company, our company has unified tighter than ever, moved as one, been very agile and solved big problems. While I don't expect us to necessarily solve the pandemic, I do believe in and hope, in fact, that with us coming together, we can solve anything to help society go through problems. That's part of becoming a mobility company.

With a lot of our innovations, it's all about thinking about the future and the future of our environment. An interesting thing that I think most people should understand is that Akio Toyota, our global CEO, laid out a global goal for us. By 2025, every one of our vehicles will have an electrified option. Remembering those electrified options are hybrid, plug-in hybrid, fuel cell, full electric, and internal combustion is obviously seeing more innovation on different kinds of powertrains. And on that goal, we are actually ahead of pace. That's thinking extremely well about our environment and about where innovative technology can be used to benefit our driving experience and the environment at the same time. That is good innovation in my opinion, which is benefiting more

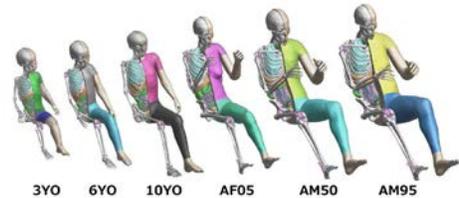
than just the sale of a vehicle, but the society and environment.

You say technological innovations. I say mobility. And I say that because that's really where we're going – we're becoming a global mobility company. We're taking not just a car, truck or SUV, but looking at the mobility space, about how to physically get somebody from A to B. At the same time, it's about moving your heart. We want to move people. We want to move their hearts, too.

Many technological advances are going into the mobility space. I don't know if you've ever had to take away the keys from a parent or a grandparent, but what if our technology could help to transport

people longer, with autonomous driving, and be in control of their own transportation needs? Or how about younger people? And we're learning about how to be more responsive to the needs of people with special needs or physically different needs.

We're pushing that innovation not just to have patents, but to make your mobility and life better. And that's where we're going. I think 2020 has been an emotional year. And I think our customers who feel that, they're sometimes reacting more emotionally and they're also really desirous of protection. So, we have done a great job of listening to our dealers, who are listening to their customers, so that we can assist them in how to serve those customers.



The brand view: Embracing the change →



“Technology will make us better, more relaxed and safer drivers”

Hui Zhang

For many companies, the Covid-19 crisis has become a difficult time. Not so for NIO, which has just hit a company record in deliveries and revenue during the second quarter of 2020. What did NIO do differently to enable growth during this period?

In general, the entire crisis was managed very effectively in China, so the market was able to operate in a more regular manner after a short break. For NIO, the crisis caused the same challenges everyone had to face, but our way of dealing with it was different. We immediately focused on two aspects that shape our business model: the mobile internet and our online-to-offline sales channels. That helped us significantly to approach



For us this vision is much bigger than just selling cool cars

our users very quickly after the outbreak of Covid-19 and to bring them back to our point of sales: the NIO Houses and NIO Spaces. So we were able to gain a substantial brand awareness and sales push. And in general, one can say that the agility of our operations was key for our success. And this is reflected in the sales records we set month after month beginning in April 2020.

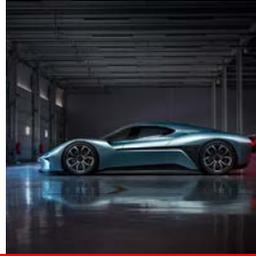
What do you see as NIO's future?

First, we want to consolidate our market position in China. Second, we want to establish NIO as a brand and our NIO products globally. Third, we have the goal of securing our share of the global premium car market. Fourth, we want to expand our technological leadership in the field of Autonomous Driving. And fifth, we want to be the first user enterprise that redefines the user experience by offering a special ecosystem consisting of worry-free services, highly technologized and digitized, smart and premium electric cars, and manifold ways for our users to interact with and further develop

the NIO products and really become vivid members of the NIO brand.

Does NIO have a specific purpose or ambition?

As I already mentioned, we are seeing ourselves as a user enterprise, and our mission is to shape a joyful lifestyle. We all know that the concept of joy is extremely important, since the current experiences of ownership can be really the opposite of joyful. However, for us this vision is much bigger than just selling cool cars – for us it is the way we speak to and interact with our community, the service and the platforms we provide to our users, and the fact that we really listen to the individual needs and wishes of our users to optimize our products and the whole user experience to enable every user to enjoy her or his individual concept of joy when interacting with our brand and our products. We want our users to become a part of the brand and enjoy every single facet of it. To say it clearly, we want to become the enterprise that generates the highest user satisfaction globally.



Tesla becoming the most valuable automaker in the world and established automotive brands struggling to keep up, it seems that the automotive industry is facing major changes. How does NIO plan to establish the brand in this disrupted market and challenge the leaders of this industry?

For us, the combination of being a user enterprise, having one of the most loyal user communities and having created the NIO App which is unique in its design and purpose is our biggest USP in comparison to our competitors. When looking at the 2020 YTD China Auto Net Promoter Score, NIO was highest ranked with 54% before Tesla, Toyota and all the other traditional OEMs. So, we can be proud of having created the highest user satisfaction and at the same time the highest user connection to our brand. Of course, we will build on this great success and make sure that our user satisfaction will grow even better and bigger. In addition to that, we will continue to invest in the field of smart

electric vehicles. The further development of battery technology and the drivetrain as well as all the relevant technologies linked to autonomous driving will stay as the focus of our investment strategy. And of course, we will continue with our business model linked to the mobile internet and the already mentioned online-to-offline sales model and make use of these approaches to significantly grow our user connection – which we have already achieved very well in China.

Have you asked your customers how their needs have changed this year? How are they feeling emotionally?

After the outbreak of Covid-19, we saw a clear shift in terms of consumer behavior in China: consumers tended more strongly to personal mobility solutions and we saw an increase in private ownership. All that, of course, happened with the purpose of avoiding the risk of infections and increasing the chances of staying as healthy as possible. According to our observation, the market then recovered relatively quickly. This

was particularly evident from April onwards, when we were able to set new records in sales every month, a trend that continues to this day. This can also be seen as proof that the consumer confidence and the buying mood returned to the Chinese markets. And as a final observation I want to mention that our customers in China started to articulate a higher demand for premium products - which can also be read from our sales records because we sell smart EVs in the premium car segment.

How do you see the way automobiles are experienced in the future?

The biggest change is the time you win back when new technologies are implemented in cars. Imagine a megacity like Shanghai for instance, where the daily commute to the office is about one hour. With future technology in the field of autonomous driving, commuting time will have an entirely different meaning because it is then not wasting time any more but actually adding value to your daily commute. The future car experience will also be more personal because you can then decide how to spend the time while being a passenger in your own car - work, enjoy a movie, a book or music or chat with your loved ones via video call. It is totally up to the individual and, again, becomes a more joyful experience. In addition to that, we believe that cars will become more like a smart and mobile device. Technology will not only make us better, more relaxed and safer drivers, but also will bridge the gap between the physical world and the smart phone. Why would you still look at a six-inch screen when the entire interior space could become a projection surface? We also believe that the way we interact with the car will change. At NIO, we introduced our voice assistant NOMI, an in-car AI and digital companion that is

constantly learning. And I think this is just the beginning.

What leadership qualities are especially important in the industry in these times?

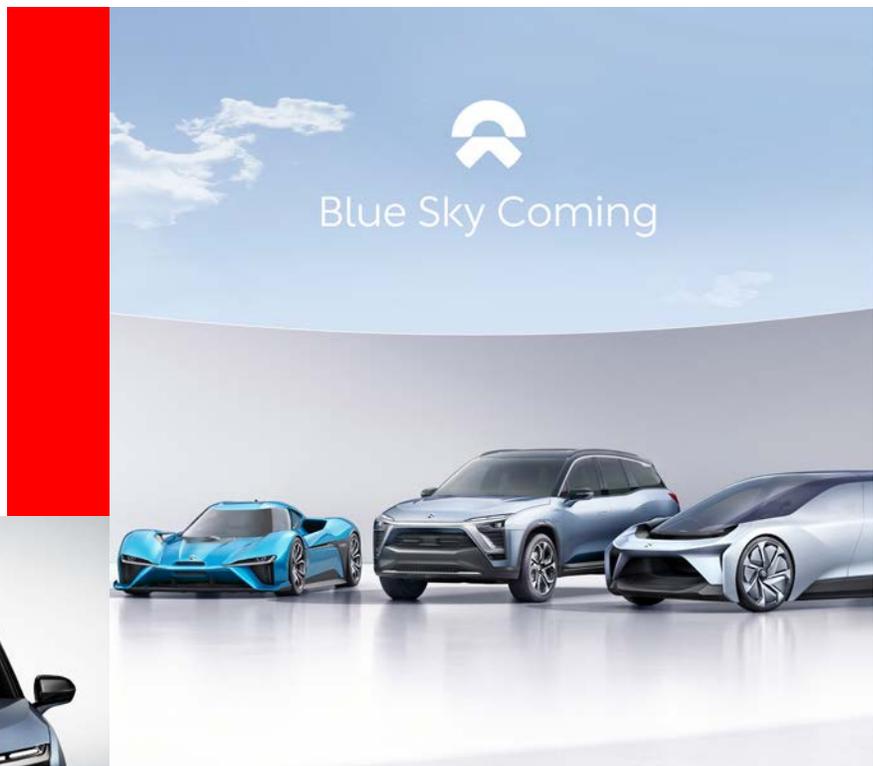
The importance of flat hierarchies grew significantly during the last months. Motivating your team members and guiding them to enable themselves to overcome these turbulent times as a reliable and strong team is of utmost importance - especially as a global startup like NIO. However, as a leader it also became very important to identify and use the right tone to approach the users and customers of your business. For me, that means that leaders should be affable and approachable for everybody and not only for the own employees. And especially in the automotive industry today it is essential to be open-minded. I am speaking of all areas of our industry, be it the supply chain business, manufacturing, usage of renewable energies, or just the right partner to boost your business. My recommendation and my maxim is: embrace the change and you will be successful.

What effects do you think the COVID-19 crisis will have on the auto industry? What trends will continue, re-emerge or fade away?

I am convinced that individual transportation will become even more important, so the need for more personalizable products will increase even more. At the same time, this could also mean that there might be a decrease in shared mobility - we can see it happen in China already, because more and more people like to avoid public transport. The electrification of mobility will continue, and its importance will grow bigger and bigger so that it will occupy the streets all over the world within the next decade. The same

goes for the field of autonomous driving and smart features in EVs. And one very important change will be the shift towards more natural, eco-friendly solutions and materials that will be used to produce the cars of the new age of mobility. Societies all over the world have started to put a strong focus on sustainability as a very important part of their life

and consumer behavior. So it will become more and more important for EV manufacturers to work on the origin and composition of the materials used in their products to fulfill the needs of their demanding customers and at the same time develop their corporate culture with a focus on sustainability and environmental friendliness.





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