

## Initial Quality Affects Light-Truck Owners' Income, J.D. Power Study Finds

### JMC Shunda Ranks Highest in Initial Quality among Upper-Medium Light Trucks

**SHANGHAI: 28 Sept. 2016** — A considerable number of owners have experienced unscheduled downtime with their new light trucks, affecting their income, according to the J.D. Power 2016 China Upper-Medium Light Truck Initial Quality Study<sup>SM</sup> (LT-IQS), released today.

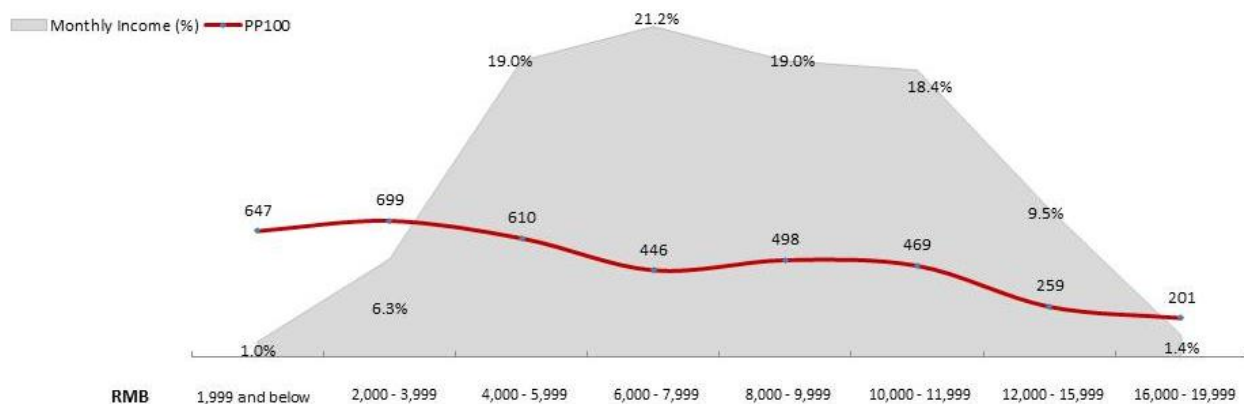
Owners are experiencing significant numbers of problems with their new light trucks—an average of 505 problems per 100 (PP100) vehicles—which affects them financially not only because they have to pay for the repair, but also because the truck is often their main source of income so .

The study finds that 6.8% of owners have encountered unscheduled downtime due to the problems they experience with their new light trucks. The average for each unscheduled downtime is 2.9 days.

Initial quality also affects the years of replacement expectation. The study shows that the number of problems reported by owners who expect to replace their truck between 8 and 10 years of ownership is only 401 PP100. The number of problems reported by those who expect to replace their truck between 2 and 4 years of ownership is 696 PP100.

On average, light-truck owners have a monthly income between RMB 2,000 and RMB 20,000. As the initial quality of light trucks improves, so does an owner's income. For example, when initial quality is close to industry average (505 PP100), owners' monthly income from commercial use of their truck is less than RMB 8,000. When initial quality improves to fewer than 300 PP100, the average monthly income exceeds RMB 12,000. For a more extreme situation, 42.6% of owners report their month income is under 60,000RMB when they experience unscheduled downtime with their vehicle. In comparison, only 29% who have no unscheduled down time report their month income is under 60,000RMB.

**Initial Quality Impacts Owners' Income from Use of Their Trucks**



“The light truck is often the primary source of income for their owners; thus, initial quality is vital for their family,” said **Jeff Cai, general manager, auto product and quality at J.D. Power China**. “It is quite alarming that many new-truck owners are experiencing unscheduled downtime. Poor quality will diminish owners’ willingness to recommend and repurchase the brand again.”

The study shows that owners are more willing to recommend and repurchase when the brand’s initial quality is higher. Among owners who experience no problems with their new light truck, 59% say they “definitely would” recommend the brand to family and friends and 52% say they “definitely would” repurchase the brand again. Among owners who experience more than five problems with their new light truck, only 16% say they “definitely would” recommend the brand and 4% say they “definitely would” repurchase the brand.

Other key findings of the study include:

- **Defects/ Malfunctions Dominate Problems:** Two-thirds (66%) of owner-reported problems are defect or malfunction related, while 31% are design related. The categories with the highest problem incidences are driving experience (141 PP100), exterior (108 PP100) and engine/ transmission (96 PP100).
- **Brakes, Transmissions Put Stop to Quality:** The most frequently reported problems are brakes are noisy (18 PP100); manual transmission—difficult to get in gear/ gears grind (15 PP100); and brakes don’t have enough stopping power (14 PP100). When asked to identify the problems they find most bothersome, owners most frequently cite “headlights not bright enough”; “brakes are noisy—squeaking/ squealing”; and “excessive road noise.”
- **Highways Take Toll on Trucks:** Owners who drive their trucks most frequently on highways experience more problems with their vehicle (626 PP10) than those who drive their truck mostly on city roads (415 PP100).

The inaugural study measures new light-truck quality by examining problems experienced by owners within the first two to 12 months of ownership in two categories: design-related problems and defects/ malfunctions. Specific diagnostic questions are included in eight problem categories: interior; exterior; engine/ transmission; driving experience; features/ controls/ displays; seats; audio/ communication/ entertainment/ navigation; and heating/ ventilation/ air conditioning. The overall initial quality score is determined by problems reported per 100 (PP100) vehicles, with a lower number of problems indicating higher quality.

The 2016 China Upper-Medium Light Truck Initial Quality Study is based on evaluations from 1,767 owners of new light trucks purchased from May 2015 through June 2016. The study includes 17 different light-truck models from nine different brands. The study was fielded from May through August 2016 in 41 major cities across China.

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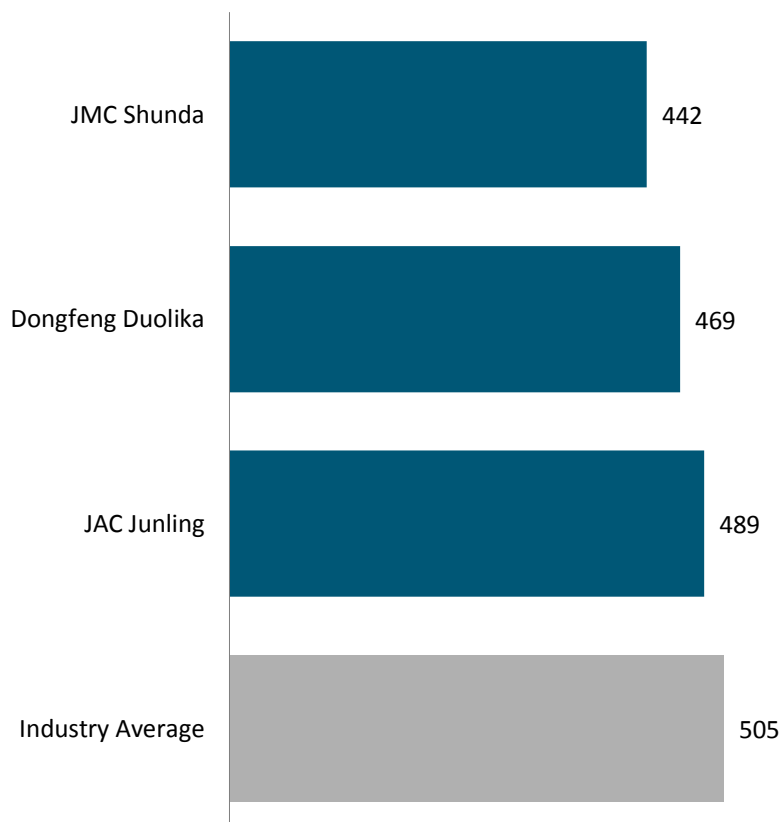
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Note: One chart follows.

# J.D. Power 2016 China Upper-Medium Light Truck Initial Quality Study (LT-IQS)<sup>SM</sup>

## Initial Quality Ranking—Model Level

Problems per 100 (PP100) Vehicles



Source: J.D. Power 2016 China Upper-Medium Light Truck Initial Quality Study (LT-IQS)<sup>SM</sup>

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