

Vehicle Owners More Satisfied with Service at Authorized Dealers, J.D. Power Finds

Shanghai: 24 Nov. 2016 — Satisfaction with vehicle service is higher among vehicle owners who visit an authorized dealer than those who visit a non-authorized dealer, according to the J.D. Power 2016 China Service Loyalty StudySM (SLS), released today.

The study measures customer loyalty toward authorized dealerships after 37-48 months of vehicle ownership based on their latest service experiences as well as authorized dealer visit ratio in the last 12 months.

Overall satisfaction with service at authorized dealers averages 6.71 on a 10-point scale, compared with 6.04 at non-authorized dealers. The gap between authorized and non-authorized dealers is even more pronounced in the luxury segment than in the mass market segment (7.22 vs. 6.33, respectively).

Nearly all vehicle owners have visited an authorized dealership for service. The main reasons owners cite for selecting authorized dealers are “purchased car here” (38%); “trustworthy” (14%); and “Convenient location” (11%). Still, 23% of owners have also visited non-authorized dealers for maintenance or repair service. For owners who serviced their car at an authorized dealer before defecting to a non-authorized dealer for the next service, “competitive price” is the top reason cited (48%).

The luxury segment has a significantly lower defection rate to non-authorized dealers than the mass market segment (8% vs. 25%, respectively), although the total spending of service in the past 12 months at authorized dealers for luxury brands is more than double the spend at non-authorized dealers (RMB 3,640 vs. RMB 1,573). Comparing with mass market segment, the main reasons luxury customers cite for selecting authorized dealers are “professional technician/maintenance worker” and “use original auto parts.” The reason for selecting non-authorized dealers is “convenient location.”

“Price is not the only decisive reason that makes customers turn to non-authorized dealers,” said **Frank Hu, general manager of auto service & loyalty practice at J.D. Power China**. “The high penetration rate of authorized dealership visits in the luxury segment underscores the importance of professional service personnel and quality products in retaining customer loyalty. These compose the cornerstone of a sustainable and healthy business.”

In the luxury segment, 77% of owners say their last visit to an authorized dealer was a “very good experience and above,” compared with 50% of owners who visited a non-authorized dealer. In the mass market segment, 56% of owners say their last visit to an authorized dealer was a “very good experience and above” vs. 33% of owners who visited a non-authorized dealer.

Additional findings of the study include:

- **Luxury Brands Achieve the Highest Loyalty:** The luxury segment average for overall service loyalty is 815, which is 58 points above the average in the mass market segment for international brands and 116 points above the mass market average for domestic makes.
- **Dealer Customers Turn to Insurance Companies:** Among owners of 3- to 4-year-old vehicles, 61% have purchased insurance four times. Their first insurance purchase was from the authorized

dealership where they bought their car, and their subsequent purchases were from an insurance company.

- **Few Owners Book Service Appointment Online:** Only 27% of owners are aware of an online service for booking their service appointment. Among those who are aware, only 3% book their appointment via the internet. Automaker websites are the most popular online platforms used to book vehicle service (44%), followed by car maintenance software (36%). The two main benefits of using an online service booking, according to vehicle owners, are cheap price (45%) and fast response (40%).

Study Rankings

Porsche ranks highest in overall service loyalty in the luxury segment, with a score of 832. **BMW** ranks second (819) and **Mercedes-Benz** third (817).

Volkswagen ranks highest in the mass market segment, with a score of 802. **Beijing Hyundai** ranks second (801) and **MINI** and **Renault** rank third in a tie (782).

The 2016 China Service Loyalty Study (SLS) is based on evaluations from 19,542 owners of vehicles purchased from May 2012 through August 2013. The study analyzes 65 different brands and was fielded from May through September 2016 in 51 major cities across China.

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About J.D. Power in the Asia Pacific Region

J.D. Power has offices in Tokyo, Singapore, Beijing, Shanghai, Malaysia and Bangkok that conduct customer satisfaction research and provide consulting services in the automotive, information technology and finance industries in the Asia Pacific region. Together, the six offices bring the language of customer satisfaction to consumers and businesses in Australia, China, India, Indonesia, Japan, Malaysia, Philippines, Taiwan, Thailand and Vietnam. Information regarding J.D. Power and its products can be accessed through the internet at www.asean-oceania.jdpower.com.

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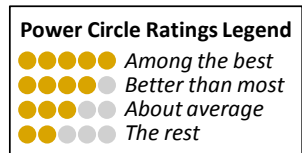
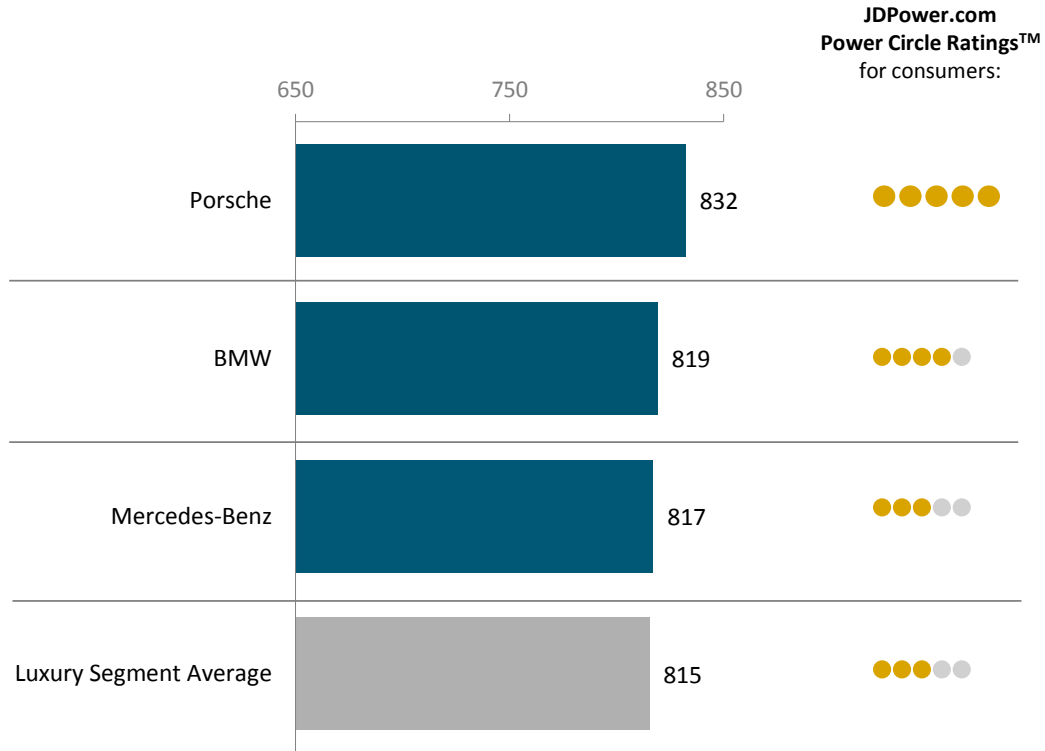
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NOTE: Two Charts Follow

J.D. Power 2016 China Service Loyalty StudySM (SLS)

Service Loyalty Index Ranking—Luxury Brands

(Based on a 1,000-point scale)



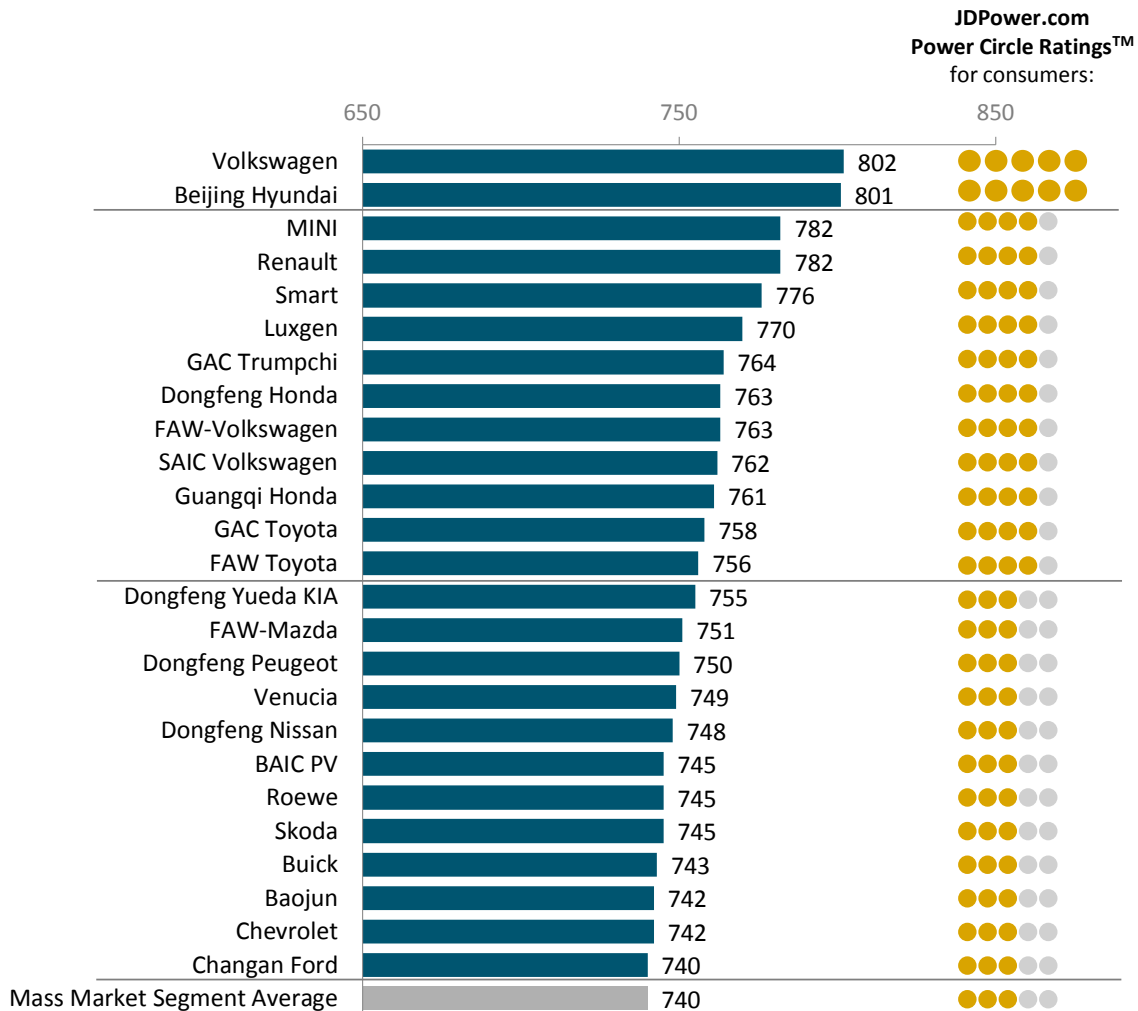
Source: J.D. Power 2016 China Service Loyalty StudySM (SLS)

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J.D. Power 2016 China Service Loyalty StudySM (SLS)

Service Loyalty Index Ranking—Mass Market Brands

(Based on a 1,000-point scale)



Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

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