

New-Vehicle Owners in China Tend to Spend at Non-Dealers despite Warranty, J.D. Power Finds

[Audi, Beijing Hyundai Rank Highest in Customer Satisfaction in Respective Segments](#)

BEIJING: 27 July 2017 — Vehicle owners in China often turn to non-dealers in the early stages of ownership even when most vehicles are still under warranty, according to the J.D. Power 2017 China Customer Service Index (CSI) Study,SM released today. Owners of 1- to 4-year-old vehicles have made an average of 3.2 visits to dealers and 0.9 to non-dealers for service in the past year.

Among new-vehicle owners who indicate having spent on non-dealer service, 71% have visited non-dealers for service over the past 12 months in spite of warranty. Their expenditures on service at dealers and non-dealers in the past year is very close—an average of RMB2,450; USD362 and RMB2,098; USD310, respectively.

Car service chain stores and street quick-service centers, which combined account for 66% of all non-dealer service, have become the primary competitors to dealerships. In addition to convenience of location (43%), other top reasons for visiting non-dealers for service include open on convenient days/hours (23%); recommendation from a friend or relative (23%); and speedy service (21%). New-vehicle owners visit non-dealers mainly for such services as lube/ oil/ filter change (40%); other routine maintenance (33%); emergency repairs (24%); and non-emergency repairs (22%).

“These reasons are closely associated with service quality and customers’ satisfaction,” said **Ann Xie, senior research director at J.D. Power China**. “For dealers, the battle for customer loyalty and pocket now starts right from the beginning. New-vehicle warranties may help ensure dealers retain a relatively high volume of visits, but it is still not a guarantee of market share.”

The study shows new-vehicle owners’ overall rating on dealers’ service is “outstanding,” while non-dealer’s service is rated as “average,” with the rating for their non-dealer visits decreasing as the length of ownership grows.

“A lower level of satisfaction at non-dealers among new-vehicle owners provide dealers an opportunity to win over these customers at the time their warranties just begin to expire,” said **Frank Hu, general manager of auto retail at J.D. Power China**.

Following are additional findings of the study:

- **Tire replacement triggers service defection:** Customers seeking new tires offer the biggest risk of dealers losing service customers to non-dealer service facilities both during (7%) and out of (27%) warranty.
- **Door-to-door service a plus:** More than two-thirds (69%) of vehicle owners have no idea of any door-to-door maintenance and repair service; while among the door-to-door service customers, a half say they are “pleased” or “delighted” with the service. This high satisfaction

leads to high intentions to use such a service again, as more than 90% of these service customers say they “probably would” or “certainly would” use such a service in the future.

- **Recommending right products/ services at the right time:** When service advisors recommend services in addition to the original service work requested—especially when the work is accepted by the customer—the average satisfaction score increases to 755 (on a 1,000-point scale), and the average service spend by each customer increases to RMB 917 (USD 135). When no additional service is recommended, the satisfaction score is only 700, with an average spend of RMB 666 (USD 98).

Audi ranks highest in satisfaction with dealer service among luxury brands, with a score of 764, while **Porsche** (758) ranks second and **Land Rover** (752) third.

Beijing Hyundai ranks highest in satisfaction with dealer service among mass market brands, with a score of 744. Beijing Hyundai is followed by **Dongfeng Yueda Kia** (742), **Changan Ford** (736) and **Geely** (735). Geely is the only Chinese domestic brand among top 10 in the mass market segment.

About the Study

The China Customer Service Index (CSI) Study, now in its 17th year, delivers a comprehensive analysis of vehicle owners’ service experiences and measures customer satisfaction with their dealer service by examining five key measures: service quality (22%); service initiation (21%); service advisor (19%); service facility (20%); and vehicle pick-up (18%).

The study, which examines 71 passenger-vehicle brands, is based on online panel surveys and face-to-face interviews with 42,561 new-vehicle owners who purchased their vehicle between December 2012 and May 2016. The study was fielded between December 2016 and May 2017 in 62 major cities in China.

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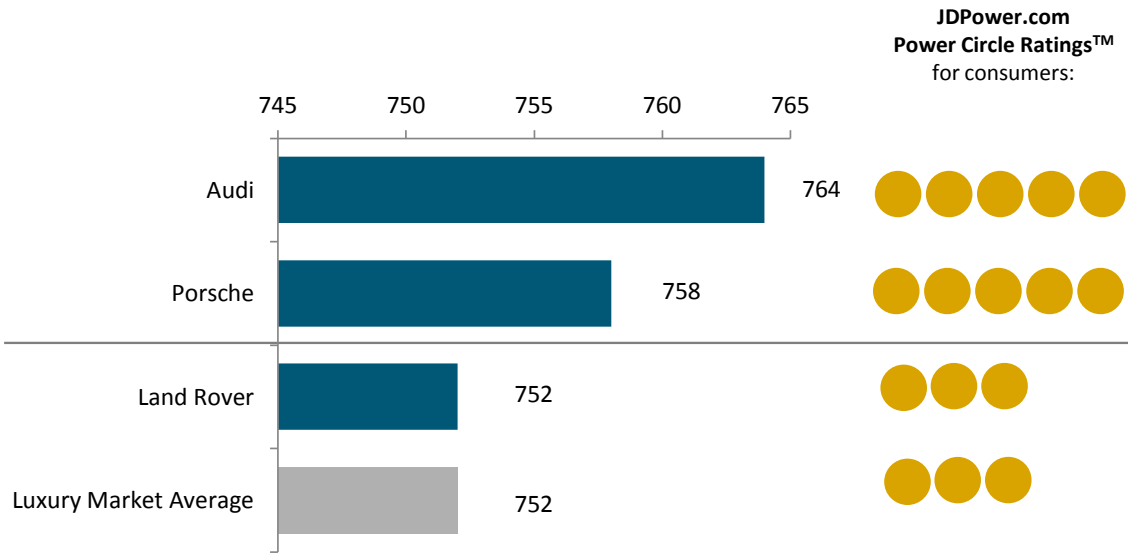
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NOTE: Two charts follow.

J.D. Power 2017 China Customer Service Index (CSI) StudySM

Luxury Market Segment Brands

(Based on a 1,000-point scale)



Power Circle Ratings Legend

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

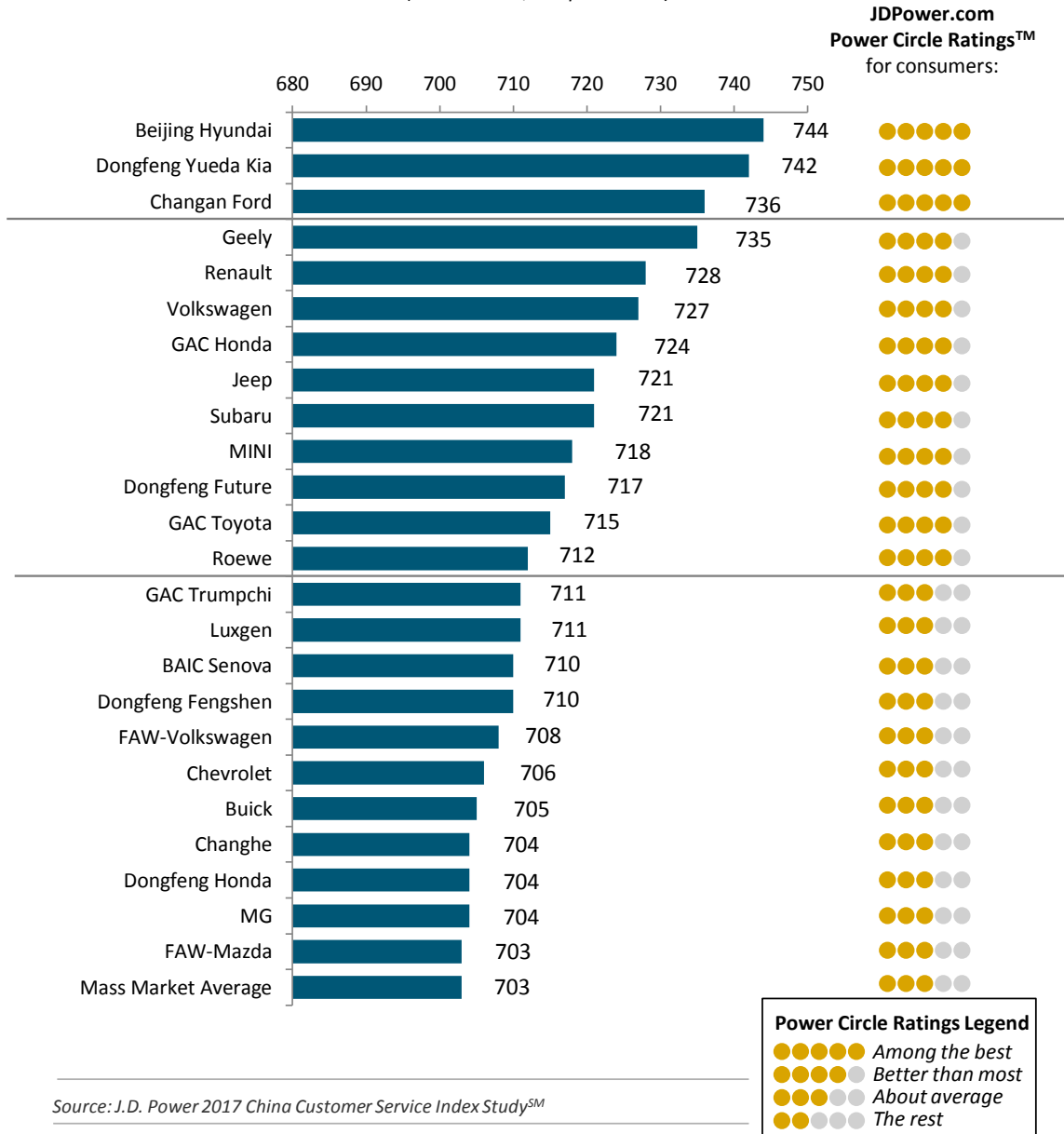
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J.D. Power 2017 China Customer Service Index (CSI) StudySM

Mass Market Segment Brands

(Based on a 1,000-point scale)



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