

Overall Customer Satisfaction with After-Sales Service Improves; Mass Market Brands Closing the Gap with Luxury Brands

Lexus Ranks Highest in Luxury Segment for 10th Consecutive Year;
MINI Ranks Highest in Mass Market Segment for Fifth Consecutive Year

TOKYO: 2 September 2016 – Overall customer satisfaction with the after-sales service process in Japan improves for a second consecutive year, with mass market brands gaining ground on luxury brands, according to the J.D. Power 2016 Japan Customer Service Index (CSI) Study,SM released today.

Overall service satisfaction increases slightly to 658 points on a 1,000-point scale in 2016 from 654 in 2015 and a 6-point increase since 2014. While the mass market segment follows the overall industry trend with a 4-point increase to 655 points, satisfaction in the luxury segment decreases by 3 points to 723.

“The decreased satisfaction in the luxury segment indicates that some of its long-established strengths are no longer such distinct advantages, especially as satisfaction in the mass market segment continues to improve,” said **Koichi Urayama, director of the automotive division at J.D. Power, Tokyo**. “As customers’ expectations continue to rise, brands need to carefully examine their processes and services, as well as the amenities offered to their service customers, in order to differentiate themselves in an increasingly competitive market.”

The study finds that there is a strong correlation between overall service satisfaction and dealer advocacy and loyalty. Among highly satisfied customers (overall satisfaction scores of 800 points or higher), 79% say they “definitely would” or “probably would” recommend their dealer to others. However, advocacy drops substantially to 35% among customers with lower levels of satisfaction (scores below 500). Additionally, 94% of highly satisfied customers say they “definitely would” or “probably would” buy another new vehicle from the same dealership, while intended loyalty drops to 59% among customers with lower satisfaction.

The study, now in its 15th year, measures overall satisfaction with after-sales service among new-vehicle owners after 15 to 50 months of ownership who visit an authorized service center for maintenance or repair work based on five factors (in order of importance): vehicle pick-up (21%); service representative (21%); service quality (21%); facility (19%); and service initiation (18%).

Other key findings of the study include:

- **Focusing on Service Factors:** In the mass market segment, satisfaction improves in all five factors: facility (+6 points); service quality (+6); service initiation (+4); vehicle pick-up (+3); and service representative (+2). In the luxury segment, satisfaction remains the same as in 2015 in the vehicle pick-up and service quality factors, while it decreases in facility (-9 points), service representative (-6) and service initiation (-2).
- **Increasing Communication with Customers:** Dealers are increasing their promotional activities in order to encourage customers to visit for after-sales service. The study finds that 48% of customers were contacted by their dealer at least once every two to three months after purchasing their vehicle, an increase of 2 percentage points from 2015. Among customers contacted by their dealers, 17% received a reminder of routine maintenance; 22% were asked if everything was satisfactory with their vehicle; 39% were informed about a campaign or event; and 28% received an invitation to a new-model release event. Among customers who receive communications once

every two to three months from their dealer, overall satisfaction in 695, compared with 624 among those who are not contacted by their dealer every few months.

- **Service Experience Builds Long-Term Loyalty:** The service experience during the first four years of ownership affects whether or not customers continue to return to the dealership for post-warranty (paid) maintenance and repairs. The study, which also examines customer satisfaction with after-sales service after 51 to 110 months of ownership, finds that satisfied customers continue to return to their authorized dealer for checkups or *shaken* inspections, after 36 months of ownership. For example, among highly satisfied customers (satisfaction scores of 800 or higher), 84% return to the dealer for their first annual inspection after 36 months of ownership and 87% continue to return for their annual inspections after 96 months. In contrast, among customers with lower levels of satisfaction (scores below 500), only 74% return to the dealer for their first annual inspection after 36 months of ownership and just 70% continue to return for their annual inspections after 96 months.

2016 Ranking Highlights

Lexus ranks highest in the luxury segment with a score of 776. Lexus performs particularly well in all factors. Lexus is followed by **Mercedes-Benz** with a score of 726.

In the mass market segment, **MINI** ranks highest for a fifth consecutive year, with a score of 693. MINI performs particularly well in all factors. MINI is followed by **Volkswagen** (676), **Nissan** (675), and **Mazda** and **Toyota** in a tie (662 each).

The 2016 Japan Customer Service Index (CSI) Study measures passenger-vehicle owner satisfaction with after-sales service obtained during the most recent one-year period at an authorized dealership. The study is based on responses from 9,131 domestic and import vehicle owners. The online survey was conducted from late May through mid-June 2016.

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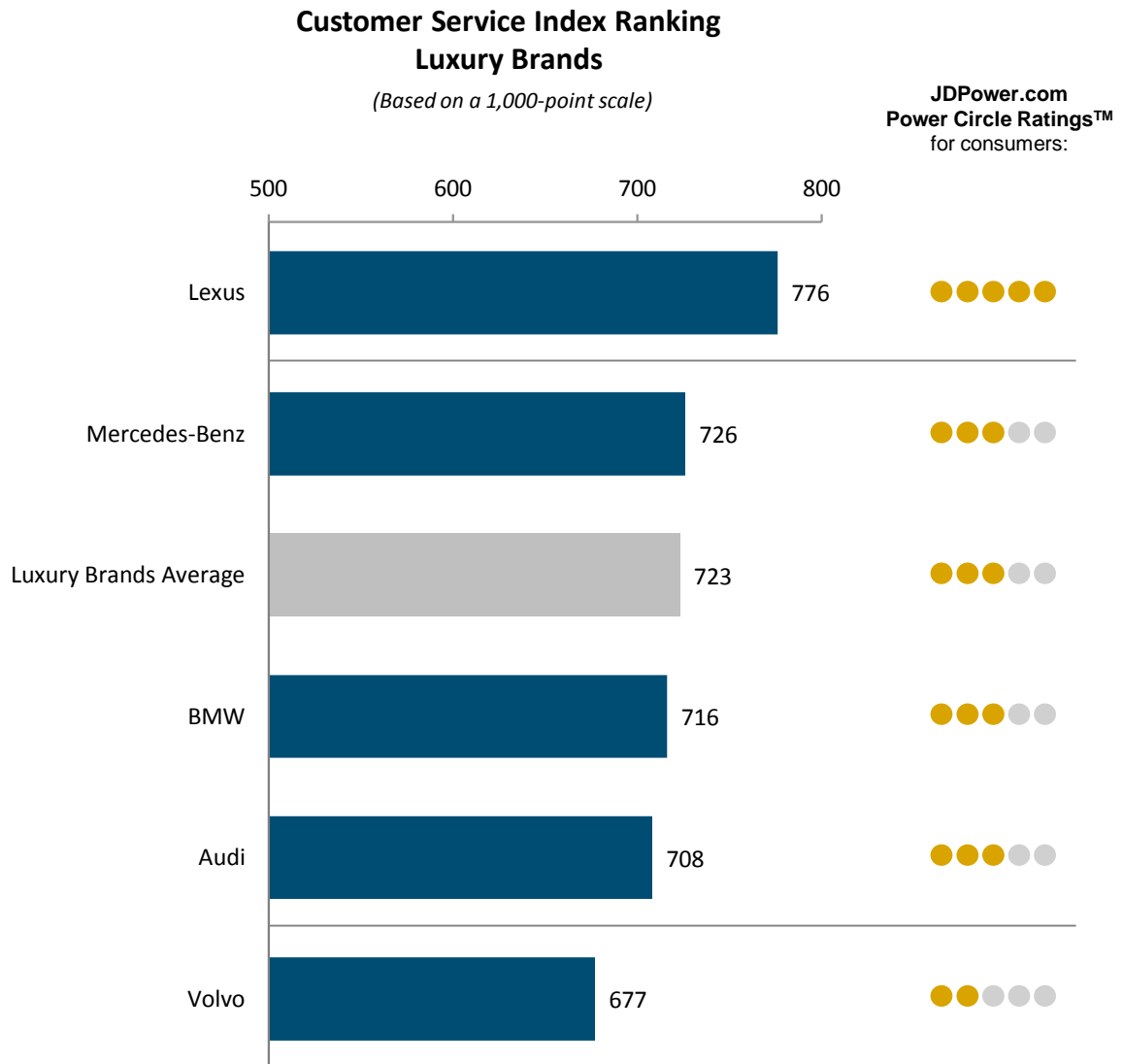
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Note: Three charts follow.

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Note: Included in the study but not ranked due to small sample size are Alfa Romeo, Land Rover and Porsche. Included in the study but not ranked due to insufficient sample size are Cadillac and Jaguar.

Source: J.D. Power 2016 Japan Customer Service Index (CSI) StudySM

Power Circle Ratings Legend

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

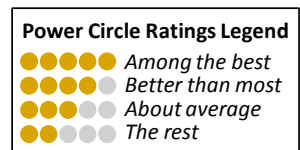
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Note: Included in the study but not ranked due to small sample size are Citroen; Fiat; Jeep; Peugeot; and Renault. Included in the study but not ranked due to insufficient sample size are Chevrolet, Chrysler and smart.

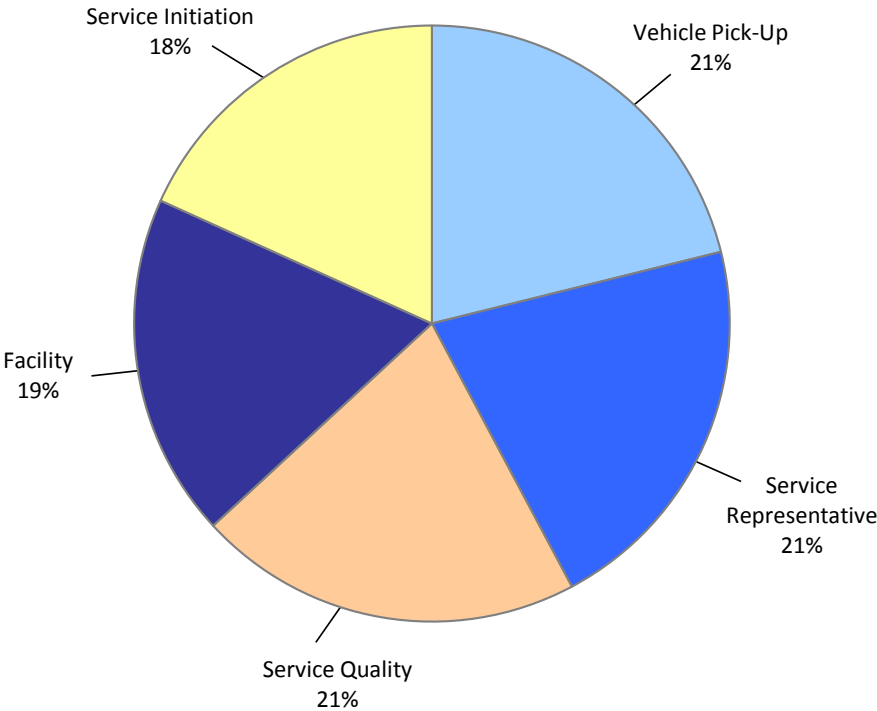
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Factors Contributing to Overall Satisfaction



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