Digital Tools Increasingly Used by Auto Dealerships in Japan, J.D. Power Finds

Lexus, Nissan and Volkswagen Rank Highest in Their Respective Segments

TOKYO: 25 Aug. 2022 – As dealerships in Japan still rely mostly on paper billing statements, the use of digital tools is increasing and contributing to overall satisfaction, according to the J.D. Power 2022 Japan Customer Service Index (CSI) Study,SM released today. Specifically, customer satisfaction is 753 points (on a 1,000-point scale) when digital tools are used, compared with 742 when they are not.

"Just as many industries are struggling with labor shortages, some new-vehicle dealerships are also operating with an insufficient number of staff members," said **Taku Kimoto, senior managing officer of research at J.D. Power**. "To compensate for a lack of employees, many dealerships have implemented, or increased, the use of digital tools, showing these tools are mutually beneficial for dealerships and customers."

In 2022, overall customer satisfaction averages 727 points, up 5 points from 2021. By factor, the customer satisfaction score for dealer facilities and support is 723, while the scores are 732 for booking/dropping off the car and 725 for service quality/car delivery. By segment, satisfaction scores are 769 for luxury brands, 724 for mass market domestic brands and 755 for mass market import brands.

Following are key findings of the 2022 study:

- Digitalization has been widely expanded as a contact point with customers: Many companies are using smartphone mobile apps, provided by the manufacturer, as a contact point with their customers. This study indicates that 28% of customers use the mobile app developed by the manufacturer of their vehicle, compared with 22% in 2021. In particular, half of all luxury brand customers use the mobile app, suggesting that such mobile apps are increasingly used by owners.
- Use of traditional methods of communication with customer remains flat: Telephone calls, direct mails, letters and post cards are still the primary methods for sending notices for events and periodic inspections, the frequency of use of these means remains the same as in 2021. Additionally, communication apps, including Short Message Service and LINE, are more frequently used: 15% in 2022 vs. 12% in 2021. This suggests that auto manufacturers have widely adopted digitalization as a contact point with their customers.
- The use of digital tools is effective for increasing customer satisfaction: For periodic inspections, including *shaken* inspections, and repairs, 11% of customers use the auto manufacturer/dealer's website to book an appointment, compared with 8% in 2021. However, the largest percentage of customers, 25%, expect the dealership or the manufacturer of their vehicle to have online booking to specify the date and time to visit available, suggesting that customer needs have not been yet adequately met.

Study Rankings

Luxury Segment

Among the five luxury brands included in the study, **Lexus** ranks highest, with a score of 815. Lexus performs particularly well in all the three factors: dealer facilities and support; booking/dropping off the car; and service quality/car delivery. **BMW** and **Volvo** (759) rank second in a tie.

Mass Market Domestic Segment

Among the eight mass market domestic brands included in the study, **Nissan** ranks highest, with a score of 741. Nissan performs particularly well in two factors: dealer facilities and support and booking/dropping off the car. **Honda** (735) ranks second and **Mazda** (728) ranks third.

Mass Market Import Segment

Among the five mass market import brands included in the study, **Volkswagen** (772) ranks highest and performs particularly well in two factors: dealer facilities and support; and service quality/car delivery. **Jeep** (761) ranks second.

The study, now in its 21st year and redesigned this year, is based on responses from 8,720 owners who purchased their new vehicle between April 2018 and March 2021. The online survey was fielded in May-June 2021.

About J.D. Power

J.D. Power is a global leader in consumer insights, advisory services and data and analytics. A pioneer in the use of big data, artificial intelligence (AI) and algorithmic modeling capabilities to understand consumer behavior, J.D. Power has been delivering incisive industry intelligence on customer interactions with brands and products for more than 50 years. The world's leading businesses across major industries rely on J.D. Power to guide their customer-facing strategies.

J.D. Power has offices in North America, Europe and Asia Pacific. To learn more about the company's business offerings, visit <u>https://japan.jdpower.com/</u>.

Media Relations Contacts

Kumi Kitami; Japan; 81-3-6809-2996; <u>release@jdpa.com</u> Geno Effler; USA; 714-621-6224; <u>media.relations@jdpa.com</u>

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> # # # NOTE: Three charts follow.

J.D. Power 2022 Japan Customer Service Index (CSI) StudySM



(Based on a 1,000-point scale)

Customer Satisfaction Index Ranking

NOTE: In alphabetical order if there are tie scores.

Brand/Segment are not rank eligible unless they meet study criteria by J.D. Power, including insufficient sample.

Source: J.D. Power 2022 Japan Customer Service Index (CSI) StudySM

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J.D. Power 2022 Japan Customer Service Index (CSI) StudySM

Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Mass Market Domestic Brands



NOTE: Brand/Segment are not rank eligible unless they meet study criteria by J.D.Power, including insufficient sample.

Source: J.D. Power 2022 Japan Customer Service Index (CSI) StudySM

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J.D. Power 2022 Japan Customer Service Index (CSI) StudySM

Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Mass Market Import Brands



NOTE: Brand/Segment are not rank eligible unless they meet study criteria by J.D.Power, including insufficient sample.

Source: J.D. Power 2022 Japan Customer Service Index (CSI) StudySM

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