

Durable Quality of Domestic cars, far behind of Imports

- Domestic cars are inferior in 'Engine' and 'Noise/Unusual sound'
- BMW took the top among the Total, while Hyundai took the top among Domestic cars

Imports surpassed Domestic cars with a large margin in Durable Quality, which counts the number of problems of vehicle after 3 years from new car purchase. For past 4 years, Imports' number of Durable Quality problems on average had been less than the average of Domestic cars as well as Domestic top brand. And the advantage has continued in this year also. Among Domestic cars, Hyundai has returned to the top after 3 years, while BMW took the top with outstanding record in the comparison including 3 Import brands.

Durable Quality is calculated as average number of problems per vehicle (or average per 100 cars, PPH ; Problems Per Hundred) from the number of quality problems (TGW-d: Things Gone Wrong-durability) experienced by consumers while owning and using new car for 3 years from purchase. The lower the number, the better the score. Automobile specialized research firm, Marketing Insight (www.mktinsight.co.kr), conducted Durable Quality study with 7,442 consumers who had owned new car for 3 years from purchase (purchased in 2010). In the study, Imports had 2.93 problems on average, which was 1.12 less problems (112PPH) than Domestic cars (4.05 problems) [Figure 1].

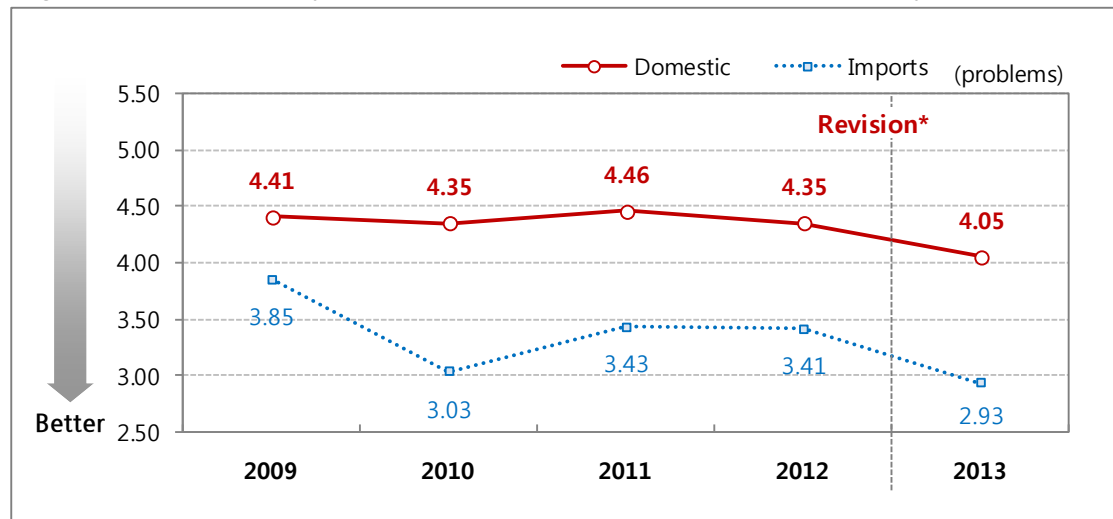
For more Information

Inquiry: Lee, Kun Hyo, Managing Director Tel. 02) 6004-7622 Mobile. 017-225-1291 Fax 02) 543-5984

e-mail: leekh@mktinsight.co.kr

Marketing Insight Inc. www.mktinsight.co.kr, www.panelinsight.co.kr

HYAR Building 4th Fl. 216-3 Nonhyun-Dong, Gangnam-Gu, Seoul

[Figure 1] Durable Quality Trend of Domestic cars and Imports for past 5 years (2009~2013)

* Revision was done to reflect the changes of vehicle and consumer

Although there had been changes in the gap of Durable Quality between Imports and Domestic cars, Imports had displayed 1 less problem (100PPH) on average in every year. It is a contrasting result with Domestic cars surpassing Imports in Initial Quality for the first time ([refer to: 'Domestic cars ahead of Imported cars in Initial Quality for the first time'](#)), which uses same measuring scale. Just same as past years, Imports on average not only surpassed Domestic cars on average with a large margin, but had not-so-little gap with Domestic top (Hyundai at 3.72 problems).

In order to find the areas from where Durable Quality gap between Domestic cars and Imports originated, the number of problems were compared in 13 areas [Table 1]. In the result of 13 areas, the most problematic area for Domestic cars and Imports in common was 'Noise/Unusual sound' (71PPH and 52PPH, respectively) area. For Domestic cars, 'Engine' (47PPH) and 'Heater/Air conditioning' (41PPH) areas followed after but for Imports, 'AV system' (45PPH) and 'Electric device/Accessory' (29PPH) areas followed after.

For more Information

Inquiry: Lee, Kun Hyo, Managing Director Tel. 02) 6004-7622 Mobile. 017-225-1291 Fax 02) 543-5984

e-mail: leekh@mktinsight.co.kr

Marketing Insight Inc. www.mktinsight.co.kr, www.panelinsight.co.kr

HYAR Building 4th Fl. 216-3 Nonhyun-Dong, Gangnam-Gu, Seoul

[Table 1] Number of Problems of Domestic & Imports by Area

(Problem, PPH)

		Number of Quality Problems			Change from last year (2012)***	
		Domestic	Imports	Gap (Domestic-Imports)	Domestic 2013-2012	Imports 2013-2012
Number of Durable Quality Problems [problem*]		4.05	2.93	1.12	-0.30	-0.48
Area [PPH**]	Engine	47√	25	+22 ▲	-10 ▽	-19 ▽
	Brake	27	22	+5 ▲	-2	-5 ▽
	Steering wheel/device	33	19	+14 ▲	-5 ▽	-4
	Transmission	17	9	+8 ▲	-3	-4
	Electric device/Accessory	39	29 √	+10 ▲	+4	-7 ▽
	AV System	33	45 √	-12 ▽	0	+13 ▲
	Noise/Unusual sound	71√	52 √	+19 ▲	-5 ▽	-10 ▽
	HVAC	41√	26	+15 ▲	+1	0
	Seat/Seat belt	22	8	+14 ▲	+2	-1
	Interior	24	15	+9 ▲	-4	-3
	Body/Painting/Molding/Leak	21	10	+11 ▲	-4	-7 ▽
	Battery	11	10	+1	0	+1
	Tire	18	23	-5 ▽	-3	-3
(number of cases, person)		(6,986)	(456)	-	-	-

* Number of problems per vehicle – the lower the figure, the better the score

** PPH(Problems Per Hundred): Problems per 100 vehicles

*** Change: Increase(+)/Decrease(-) of problems from the previous year

√: Area with the most problems

▲/▽: 5PPH or over More(▲)/Less(▽) problems

Domestic cars had more problems than Imports in almost all areas. The most problematic areas in order were 'Engine' (+22PPH), 'Noise/Unusual sound' (+19PPH) and 'Heater/Air conditioning' (+15PPH). On the contrary, 'AV system' (-12PPH) and 'Tire' (-5PPH) had less problems than Imports. In almost all areas except 'AV system', durability of Domestic cars were behind of Imports.

When comparing this year's result with last year, Domestic cars and Imports both had decreased number of problems in most areas. The biggest exception includes 'Engine' area, in which Domestic cars and Imports both had decreased largely (-10PPH and -19PPH, respectively), and 'AV system' area, in which Imports had increased by 13PPH. That was caused by the revision of measuring tool that emphasized use convenience rather than trouble or defect. Imports experienced disadvantage in Initial Quality from the revision of questionnaire (Note 1) but in Durable Quality, it had advantage along with disadvantage. The number of problems in 'AV system' had largely increased (+13PPH) but in 'Engine', it had largely decreased (-19PPH).

For more Information

Inquiry: Lee, Kun Hyo, Managing Director Tel. 02) 6004-7622 Mobile. 017-225-1291 Fax 02) 543-5984

e-mail: leekh@mktinsight.co.krMarketing Insight Inc. www.mktinsight.co.kr, www.panelinsight.co.krHYAR Building 4th Fl. 216-3 Nonhyun-Dong, Gangnam-Gu, Seoul

In the comparison among brands, BMW took the 1st place with 2.59 problems, followed by Mercedes-Benz (2.83 problems), Volkswagen (3.31 problems), Hyundai (3.72 problems) and Renault Samsung (3.81 problems), in order in the top ranking group [Table 2]. The brands that were below Industry average or had insufficient cases at below 60 were not presented.

[Table 2] Top 5 Brands with Least Number of Durable Quality Problems (problem)

Top5		Number of Durable Quality problems [problem]
1	BMW	2.59
2	Mercedes-Benz	2.83
3	Volkswagen	3.31
4	Hyundai	3.72
5	Renault Samsung	3.81
Industry Average		3.98

* Cases: BMW 77, Mercedes-Benz 69, Volkswagen 73, Hyundai 2,684, Renault Samsung 963,
Total 7,442

Among the Domestic models with over 60 cases, Top10 models with the least Durable Quality problem are listed [Table 3]. Hyundai Genesis and Renault Samsung New SM5 took the tied top with 2.72 problems, followed by SM7 (3.05 problems), which was the top in the previous year, at 3rd, Grandeur TG (3.11 problems) and Soul (3.28 problems). In the maker of Top10 models, Kia had the most with 4 models, while Hyundai and Renault Samsung listed 3 models each.

(Note 1) This study was conducted with the revised items in 13 areas, 177 items and 544 problem areas and situations (L&O; Location and Occasion) after going through past 2 years' Bridge Study. Especially, the problems on design that can cause inconvenience in use (Design Failure) were handled in detail. ([refer to: 'Domestic cars ahead of Imported cars in Initial Quality for the first time'](#))

For more Information

Inquiry: Lee, Kun Hyo, Managing Director Tel. 02) 6004-7622 Mobile. 017-225-1291 Fax 02) 543-5984

e-mail: leekh@mktinsight.co.kr

Marketing Insight Inc. www.mktinsight.co.kr, www.panelinsight.co.kr

HYAR Building 4th Fl. 216-3 Nonhyun-Dong, Gangnam-Gu, Seoul

[Table 3] Top10 Models with Least Number of Durable Quality Problems

Model	2013		2012	
	Ranks	Number of problems (problem)	Ranks	Number of problems (problem)
Genesis	1	2.72	2	3.08
New SM5	1	2.72	8	3.84
SM7	3	3.05	1	2.83
Grandeur TG	4	3.11	7	3.68
Soul	5	3.28	16	4.48
New Carens	6	3.39	21	5.18
New Pride	7	3.53	-	-
Lotze	8	3.56	13	4.17
SM3	9	3.63	3	3.13
Santa Fe CM	9	3.63	11	4.02
Industry Average	-	3.98	-	4.31

In the models with the least Durable Quality problem by segment [Table 4], Morning (3.89 problems) in Mini, New Pride (3.53 problems) in Small, Soul (3.28 problems) in Sub-mid, New SM5 (2.72 problems) in Midsize, SM7 (3.05 problems) in Large, Santa Fe CM (3.63 problems) in SUV and New Carens (3.39 problems) in MPV took the 1st places in each segment. Kia took BIS (Best In Segment) in 4 segments, a half of entire 8 segments, while the rest were taken by Hyundai and Renault Samsung with 2 segments each. The reason why Kia was superior in the comparison by segment while it was below Industry average in the comparison by brand, can be guessed from the large difference in Durable Quality among the models in its umbrella.

[Table 4] Top Model with the Least Number of Durable Quality Problems by Segment(BIS)*
(problem)

Segment	BIS	Number of Durable Quality Problems	Segment	BIS	Number of Durable Quality Problems
Mini	Morning	3.89	Large	SM7	3.05
Small	New Pride	3.53	Luxury**	Genesis	2.72
Sub-mid	Soul	3.28	SUV	SantaFe CM	3.63
Midsize	New SM5	2.72	MPV**	New Carens	3.39

* Included over 60 case models only into ranking

** Luxury & MPV segments have only one model in each segment, Genesis & New Carens, that meet evaluation standard (over 60 cases)

For more Information

Inquiry: Lee, Kun Hyo, Managing Director Tel. 02) 6004-7622 Mobile. 017-225-1291 Fax 02) 543-5984

e-mail: leekh@mktinsight.co.kr

Marketing Insight Inc. www.mktinsight.co.kr, www.panelinsight.co.kr

HYAR Building 4th Fl. 216-3 Nonhyun-Dong, Gangnam-Gu, Seoul

Durable Quality is one of the biggest weaknesses of Domestic cars. The average of Domestic cars has never surpassed Imports during past 12 years. And in recent years, even Domestic 1st place brand had not caught up Imports on average. But we need to remember that Domestic cars surpassed Imports with not-so-little gap in the past. SM5 and SM3 from Renault Samsung sold before 2004 (subject to 2007 Durable Quality) had that achievement (refer to : [White Paper on Korean Automobile Quality 2003 to 2007](#)). This demonstrates that vehicle Durable Quality can be flexible as much as according to automaker's intention. The main factors that lead Durable Quality of Domestic cars into inferiority include 'Engine', 'Noise/Unusual sound' and 'Heater/Air conditioning'. Just with a focused management on these 3 areas, the gap with Imports can be narrowed largely.

=====

Marketing Insight Inc. has conducted 'Automobile Quality and Customer Satisfaction Study' in every July since 2001 with 100k consumers. The study results had been announced at the end of Sep. every year and published as '[White Paper on Korean Automobile Quality](#)', which includes 5 years trend analysis, in Nov. Also the results are utilized by domestic major automakers, auto-importers and automotive-related enterprises.

Media release contents and '[White Paper on Korean Automobile Quality](#)' contents are listed on 'AutoInsight' (www.autoinsight.co.kr), which is 'Korean online automobile consumer reports' developed by Marketing Insight Inc., and '[Auto Column](#)' of Daum Automobile section. Especially, 'AutoInsight' provides 'One Page Report' feature than can compare consumers' product quality and service evaluations by model.

[Research design & outline]

- Research body: Marketing Insight (www.mktinsight.co.kr)
- Research type: Syndicated study
- Population: Nationwide Automobile user with e-mail account
- Survey period: July 2013
- Data collection method: Online e-mail survey
- Sample size: Total 101,701 respondents

For more Information

Inquiry: Lee, Kun Hyo, Managing Director Tel. 02) 6004-7622 Mobile. 017-225-1291 Fax 02) 543-5984

e-mail: leekh@mktinsight.co.kr

Marketing Insight Inc. www.mktinsight.co.kr, www.panelinsight.co.kr

HYAR Building 4th Fl. 216-3 Nonhyun-Dong, Gangnam-Gu, Seoul

The results of this report were excerpted and summarized from the results of 'Automobile Quality and Customer Satisfaction Study' conducted by Marketing Insight Inc. in every July since 2001. All the rights for study contents, result and analysis deemed to Marketing Insight Inc. and cannot be used for commercial purpose without prior written permission. More detailed information for the study can be found at www.autoinsight.co.kr

Inquiry: Managing Director, Lee, Kun-Hyo Tel. 02) 6004-7622, e-mail: leekh@mktinsight.co.kr

Copyright © Marketing Insight. All rights reserved. Cannot be used for commercial purpose.

For more Information

Inquiry: Lee, Kun Hyo, Managing Director Tel. 02) 6004-7622 Mobile. 017-225-1291 Fax 02) 543-5984
e-mail: leekh@mktinsight.co.kr

Marketing Insight Inc. www.mktinsight.co.kr, www.panelinsight.co.kr
HYAR Building 4th Fl. 216-3 Nonhyun-Dong, Gangnam-Gu, Seoul