

## **Imported Car A/S Satisfaction Analysis (1) – Outstanding Japanese Cars but Serious European Cars**

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- **Japanese cars, Flying a way over high for 13 straight years**
- **Lower European car average than the lowest rank of Domestic**

Sprint of imported cars is intense. That's because Imported cars leads domestic cars by a wide margin in almost all areas of quality and customer satisfaction. Only inferior area is A/S. Imported cars' A/S had led domestic cars with not-so-little differences in the past but it was reversed for the first time in 2012 and there is enough potential to act as a stumbling block in the future. Problem of A/S is, especially serious in European brand that swept the imported car market. Their average satisfaction of A/S is lower than the score of the lowest brand of domestic cars. If an in-depth review and countermeasure is not performed, it is possible that fast sailing imported cars can trip on the trap of A/S.

Marketing Insight, an automotive specialist research firm, has conducted a mega-scale Syndicated Study on 'Customer satisfaction and Experienced quality of motor vehicles' in July of each year since 2002 (2014 sample size 101,821 persons). In this study, the consumers (42,618 persons), who were serviced in Official · Authorized · Affiliated service centers (Official only for imported cars) of owned brand within the past 1 year, were asked to evaluate recently received service in a 10-point scale. The percentage of 8 points or over in this evaluation is 'Overall Satisfaction Rate', which is summarized in [Figure 1] as the results of the past 10 years by dividing domestic and imports, and further in country of origin, Europe, Japan and United States.

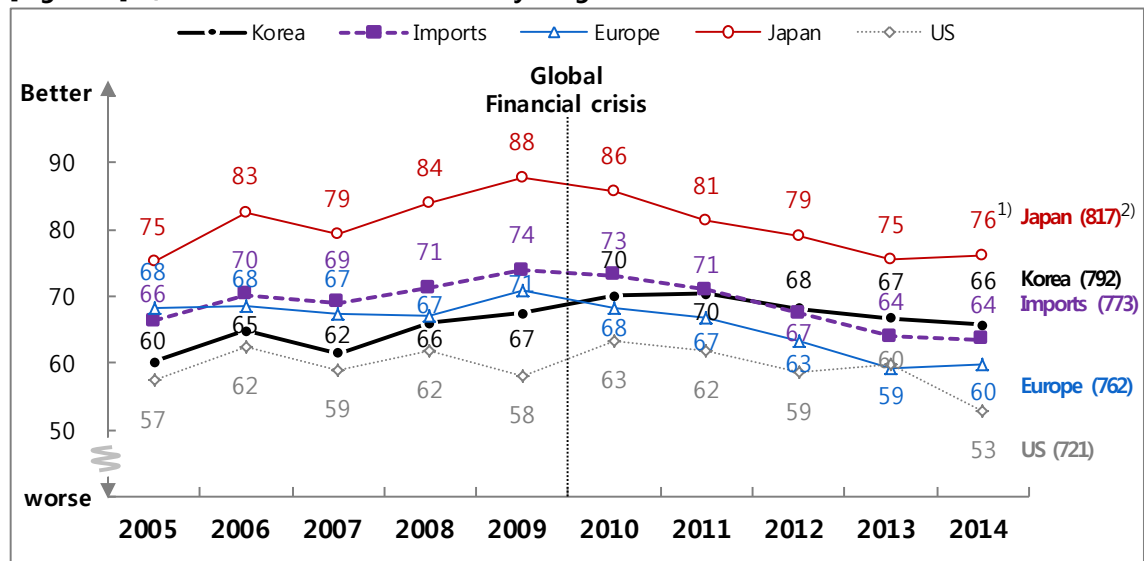
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[Figure 1] A/S Overall Satisfaction rate by Origin in 2005-2014

Overall Satisfaction Rate : %



1) Overall Satisfaction rate : Ratio of 8 points or over in 10-point scale

2) Customer Satisfaction : Converted score in 1,000-point scale with weight on entire items

A/S Overall Satisfaction Rate of imported cars had never got behind of domestic cars for the 10 years from the start of this Syndicated Study in 2002 to 2011. However, the gap has been gradually narrowed to 1%p gap in 2011 (imports 71%, domestic 70%) and reversed in 2012 with 1%p gap (imports 67%, domestic 68%). Thereafter, the inferior gap has been continuing by 3%p in 2013 and 2%p in 2014. Inferiority of imported cars in A/S Overall Satisfaction Rate was caused by the sharply revived sales of imports in 2011, which was significantly reduced after the global financial crisis in 2009. Increase in sales is a simple increase but increase in A/S demand is cumulative. But the preparation for that was not sufficient.

However, all of the A/S of imported brands is not be a problem. Mixed ability of imported cars by the country of origin is clearly seen. From the beginning, A/S of Japanese brands was a way ahead of other regional brands without challenge, and its superiority is still maintained. Since the beginning of this study in 2002, Japanese cars have continued the outstanding performance that exceeds the 2<sup>nd</sup> rank region in almost every year by 10%p or over gap during the past 13 years. In this year also, it exceeded Korea at the second place by 10%p gap.

The average of European cars exceeded domestic cars until 2009, but it was reversed for the first time in 2010 with 2%p gap (70% domestic, 68% Europe), and the gap has been enlarged gradually to 6%p in 2014 (66% domestic, 60% Europe). The reason for the average of imports

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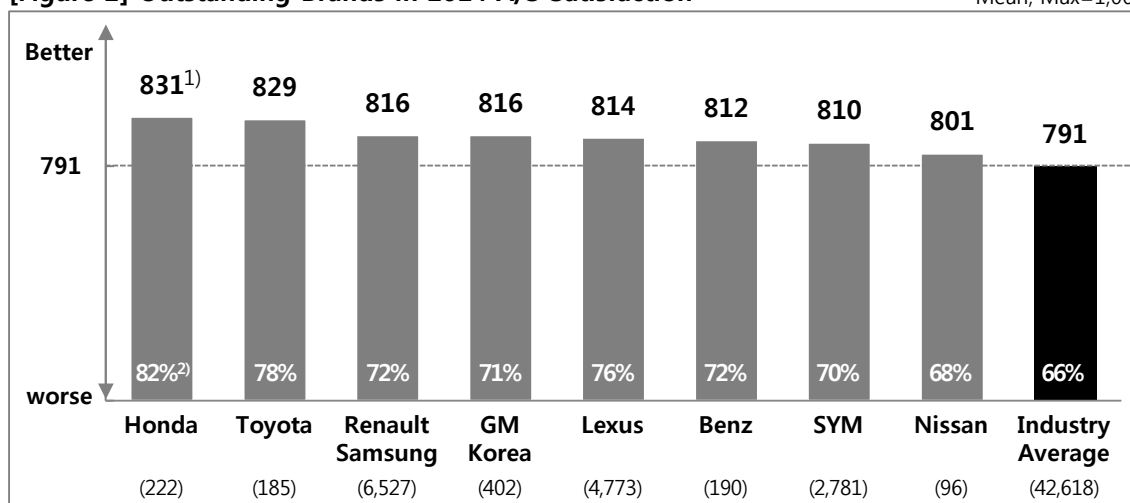
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total getting behind of domestic cars from 2012 is because A/S of European cars that had continuously increased sales has been leading the overall decline.

In A/S Satisfaction on 1,000-point scale also, European car average was 762 points, which was 30 points lower than domestic cars (792 points) and 55 points lower than Japanese cars (817 points). There was a big difference in A/S evaluation not only by origin of imported cars but by brand. The brands with higher satisfaction score than the industry average (791 points) in 2014 study are shown in [Figure 2]. By Brand, 1<sup>st</sup> place was Honda (831 points) with many Japanese brands lineup in the top ranks such as Toyota (829 points) and Lexus (814 points). Among the domestic brands, Renault Samsung, GM Korea and Ssangyong were included, while among the European brands, Benz was the only brand above the industry average.

[Figure 2] Outstanding Brands in 2014 A/S Satisfaction

Mean, Max=1,000



1) Customer Satisfaction : Converted score in 1,000-point scale with weight on entire items

2) Overall Satisfaction Rate : Ratio of 8 points or over in 10-point scale

\* Includes the brand with over 60 cases only in ranking, Not presenting the brand with below 30 cases

European cars, which is leading the sale of entire imported cars, are outperforming the top brand of domestic cars in all the quality and customer satisfaction indices except for A/S ([Refer to: Almighty competitiveness of Imported cars, the only weakness is A/S](#)). Only in A/S, imported cars is behind of domestic car. And the reason is the average of European car (762 points) not reaching the lowest brand of domestic cars (772 points).

Since the penetration of imported cars has been actively developing, the defense strategy that domestic brands have taken has been to blame problematic A/S of imported cars. However, it was not that persuasive because the evaluation on A/S of imported cars by owners had been better than the owners of domestic cars until 2011. But from 2012, weak imports, especially

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European became obvious. Now the fact that A/S of imported cars reached an alarming level is confirmed through consumer, while domestic brands have warned as to note the imported cars' A/S repeatedly. Unless European cars venture out actively to solve the problem of A/S, it is possible to face unbearable headwinds before long.

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Marketing Insight Inc. has conducted 'Automobile Quality and Customer Satisfaction Study' in every July from 2002 to 2014 with 100k consumers. The study results had been announced as press releases from the end of Sep. every year. Also the results are utilized by domestic major automakers, auto-importers and automotive-related enterprises.

Media release contents and '[Korean Automobile Quality Report](#)' contents are listed on 'AutoInsight' ([www.autoinsight.co.kr](http://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](http://www.mktinsight.co.kr))
- Research type: Syndicated study
- Population: Nationwide Automobile user with e-mail account
- Survey period: July 2014
- Data collection method: Online e-mail survey
- Sample size: Total 101,821 respondents

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*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 2002. 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](http://www.autoinsight.co.kr)*

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