

Automobile Purchase Behavior 3: Reason for Not Buying Imports after Consideration

- 1st is Price, 2nd is A/S

- Domestic · Imports both have 'Price/Purchase condition' as the biggest reason
- Imports considered people concern over A/S, which is exploding

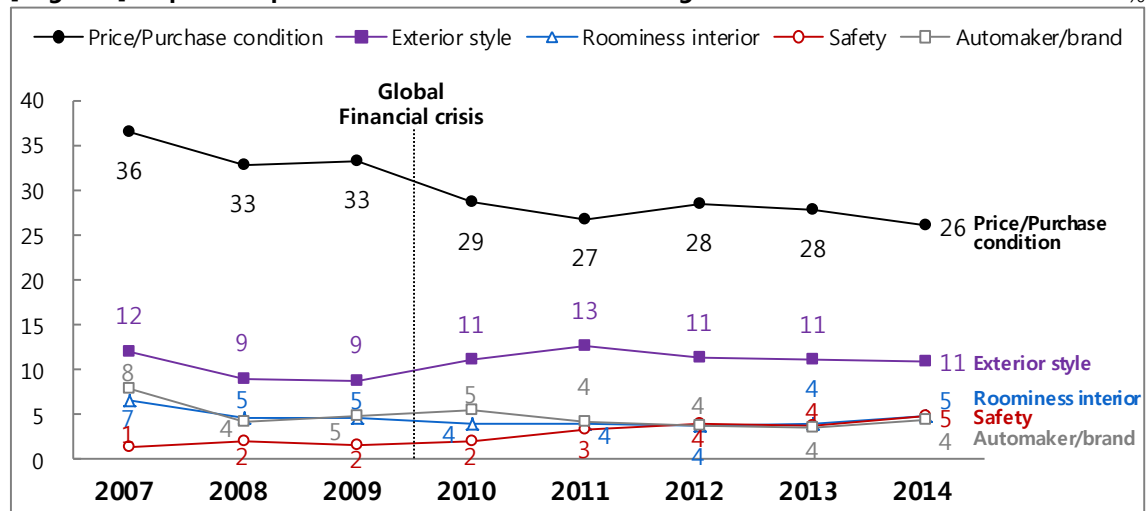
The biggest reason for not buying a particular model after comparing until the last moment was 'Price/Purchase condition is not good' for both imports considered and domestic car considered. The second reason was 'Not good exterior style' in the case of domestic cars considered, and 'Not good A/S' for the imported car considered people. Concern over A/S had significantly increased in this year and it has emerged as an important interest among imported car considering people. Along with substantial improvement of imported cars A/S, changing negative image is an urgent need.

Marketing Insight (www.mktinsight.co.kr), an automotive specialist research firm, asked the consumers who purchased a new car within past 1 year about the model that was compared to the last minute but determined not to buy in Automobile Syndicated Study, which has been conducted in July every year. Upon presenting total of 28 pieces of 'Non-purchase reasons', they were asked to select 1 'most compelling reason for not buying the model'. Based on that, the five items with the highest selection rate were selected as 'Top5 Non-purchase reason'. 'Top5 Non-purchase reason' of domestic car appeared in this year's study in trend of the past eight years result is as shown in [Figure 1].

For more Information

Inquiry: Kim, Young Ho, Consultant Tel. 02) 6004-7646 Mobile. 010-4366-0080
Fax 02) 543-5984 e-mail: kimyh@mktinsight.co.kr
HYAR Building 4th Fl. 216-3 Nonhyun-Dong, Gangnam-Gu, Seoul
Marketing Insight Inc. www.mktinsight.co.kr, www.invignt.co.kr

[Figure1] Top5 Non-purchase reason after considering Domestic car*



* All the reasons have descriptive phrase such as 'not good~', 'not like~' but not presented for convenience

In 'Top5 Non-purchase reason' of domestic car, 'Price/Purchase condition was not good' (26%) took the most, followed by 'Not like the exterior style' (11%), 'Not roominess interior space' (5%), 'Not good safety' (5%) and 'Not like the automaker/brand' (4%), in order.

'Price/Purchase condition' was not ranked in Top 5 of pre-purchase preference reason for domestic cars but 1st place in purchase reason and 1st place also in non-purchase reason with overwhelming difference, while maintaining overwhelming 1st place for the past eight years. This result indicates that people want ideal model in 'Safety' and 'Exterior style' prior to purchase but in actual purchase situation, they experience conflict with 'Price/Purchase condition'. And then, it shows that selecting realistically affordable model for 'Price/Purchase condition' is general.

In Non-purchase reasons of imported cars considered people also, 'Price/Purchase condition' was # 1 [Figure 2]. They also have a car that was not purchased for realistic constraints, and that ratio had increased from 24% last year to 32% in this year with the largest margin ever (8%p), recording the highest figure. This seems to be due to largely expanded imports considering crowd. Ranked at 2nd 'A/S' had a whopping 6%p surge from 4% last year to 10% in this year. When considering that this ratio was 2% 8 years ago, it is possible to know that the anxiety and concerns about imported car A/S is spreading rapidly.

For more Information

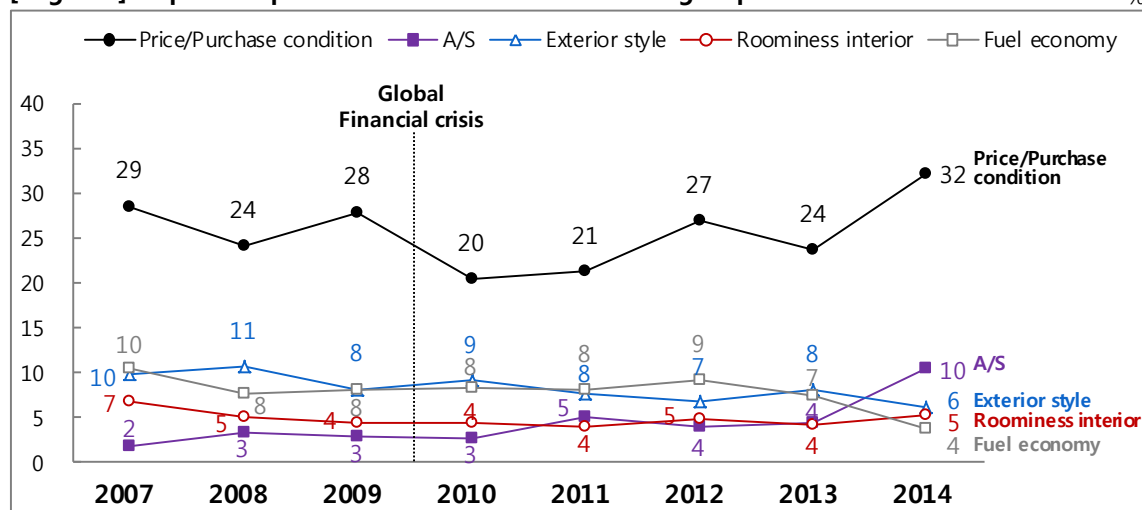
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Fax 02) 543-5984 e-mail: kimyh@mktinsight.co.kr

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

[Figure2] Top5 Non-purchase reason after considering Imports*



* All the reasons have descriptive phrase such as 'not good~', 'not like~' but not presented for convenience

When summarizing 'Purchase reason' and 'Preference reason' of automobile consumers in the purchase process along with 'Non-purchase reason', the result divided into imported cars and domestic cars is as of [Table 1] ([Refer to : Automobile Purchase Behavior 1: Preference Reason - 'Fuel economy' Tsunami will be Followed by 'What?'](#)). Domestic car buyers are different in preference reason and purchase reason. Before purchase, they considered 'Safety' and 'Exterior style' importantly but in actual purchase, 'Price/Purchase condition', which was not in Top 5, appeared by far to 1st place. In addition, the first place in the reason for not buying after consideration was also 'Price/Purchase condition'. This result shows that domestic car buyers forget about 'Safety' they had wanted when actual purchase process is initiated, and focus on the 'Price/Purchase condition'. It suggests that the considerable number of buyers couldn't buy the car they preferred at first because of 'Price/Purchase condition', and purchased product in downward that can realistically be addressed by considering that.

[Table 1] Main reason by vehicle purchase process

	Preference reason		Purchase reason		Non-purchase reason after comparison
Domestic cars	Safety Exterior style	≠	Price/Purchase condition Exterior style	=	Price/Purchase condition Exterior style
Imports	Fuel economy Exterior style Safety	=	Fuel economy Exterior style Safety	≠	Price/Purchase condition A/S

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Fax 02) 543-5984 e-mail: kimyh@mktinsight.co.kr

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

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

Imported car consumers are somewhat different from this. They considered 'Fuel economy', 'Exterior style' and 'Safety' importantly prior to buy, and most of them actually purchased as expected such. In other words, the same is the preference reason and the purchase reason. In Non-purchase reason, unlike the purchase reason, 'Price/Purchase condition' and 'A/S' were mentioned much. 'Price/Purchase condition' becoming the most important non-purchase reason is rightful in several ways. Looking into upper class car in the purchase process is not a little wonder.

Problem is the explosive increase in pointing out for non-purchase because of 'A/S'. The possibility of 'A/S' becoming Achilles tendon of imported cars that is growing fast, has been pointed out many times ([Refer to : Imported Car A/S Satisfaction Analysis \(1\) - Outstanding Japanese Cars but Serious European Cars](#)). The analysis results show that many purchase intenders had already given up purchasing imported cars because of the concern over A/S. Until just a few years ago, A/S of imported cars had higher customer satisfaction than domestic cars with good image among general consumers also. Now satisfaction score and image of imported cars' A/S are far behind of domestic. Unless actual A/S quality improvement and image improvement performed at the same time, it will be a major obstacle to imported cars.

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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), 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.

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[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 2014
- Data collection method: Online e-mail survey
- Sample size: Total 101,821 respondents

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

Inquiry: Kim, Young Ho, Consultant T: 02-6004-7646 e-mail: kimyh@mktinsight.co.kr

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