

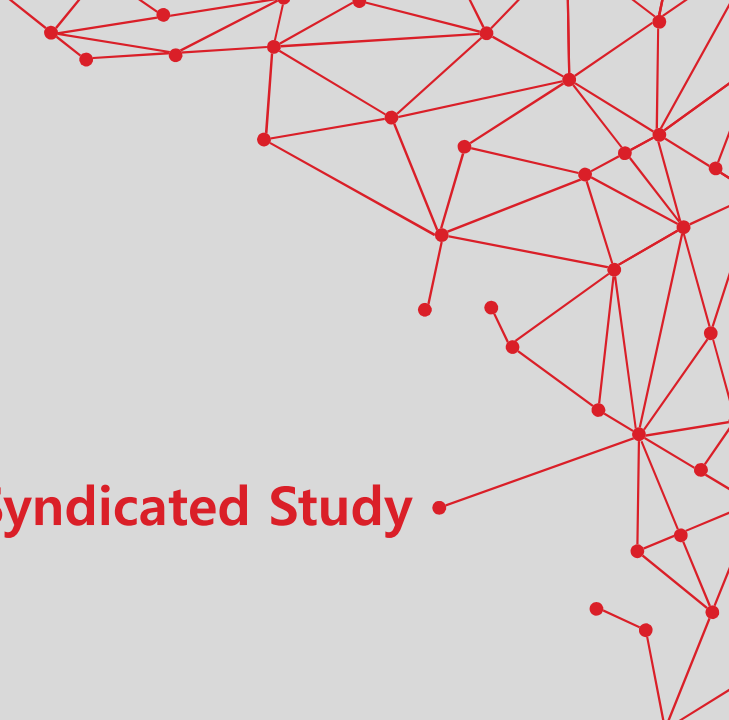


Main Results of 2015 Automobile Syndicated Study

2015.10.1 Consumer Insight

The order of presentations

Subject	Speaker	Time
I. An opening address & Outline of Automobile Syndicated Study	Jin-Kook Kim CEO	3:10~3:20(10mins)
II. Trend of Automobile Quality and Consumer Satisfaction (2002~2015)	Tae-Sun Yoon Managing Director	3:20~3:40(20mins)
III. Results of Automobile Syndicated Study (2015) 1. Sales Service Satisfaction (SSI) 2. A/S Satisfaction(CSI) 3. Initial Quality Problems(TGW-3MIS, 6MIS, 3YIS) 4. Product Satisfaction(TGR) 5. Quality Stress(QSI) 6. Automaker Overall Satisfaction(OSI)	Tae-Sun Yoon Managing Director	3:40~4:10(30mins)
IV. Diesel Engine Related Urgent Opinion Poll Result	Jin-Kook Kim CEO	4:10~4:20(10mins)
☐ Q&A and A closing address	Team leaders	4:20~4:30(10mins)



I. An opening address & Outline of Automobile Syndicated Study

1. An opening address
2. Outline of Automobile Syndicated Study
3. Features & Sample Size by Major Indices

An opening address

Jin-Kook Kim CEO

2. Outline of Automobile Syndicated Study

Consumer Insight(Former Marketing insight) has been conducting annual mega-size Automobile Syndicated Study (ASS) in 100,000 sample size from 2001 without a cease.

Respondents	Car owners & New car purchase intender within 2 years	
Sampling Frame	Random sampling with quota from IBPs (Invitation Based Panel) of Consumer Insight & Major portal site members	
Sampling Method	Quota sampling by gender/age	
Data collection Method	E-mail survey	
Sample Size	Average 100,000 each year	
Study Contents	U&A (Usage and Attitude) Information & CEQ (Consumer Experienced Quality)	
Study Period	Every July each year	

Total	1,690,945
2015	105,672
2014	101,821
2013	101,701
2012	95,012
2011	97,356
2010	106,291
2009	91,129
2008	95,472
2007	105,149
2006	106,088
2005	139,825
2004	171,499
2003	118,195
2002	129,277
2001	126,458

3. Features & Sample Size by Major Indices

		Target Population	Sample Size	Major Contents
Service	Sales Satisfaction (SSI)	New car buyers within 1 year of ownership	7,627	Evaluation on Sales outlet, Salesperson, Delivery, process, Post-sales customer-care (4 division, 22 items)
	Service Satisfaction (CSI)	Service center visitors within last 1 year (Official/Affiliated/Authorized)	45,268	Consumers' evaluation on Customer service use experience(Access, Process, Environment, Result, Accumulated experience[Maker]_5 divisions, 27 items)
Product	Quality (TGW)	New car buyers since 2012	• 3MIS:4,081 • 6MIS:7,540 • 3YIS: 7,223	Number of trouble, problem & defect experienced while using car (13 areas 177 items, 542 locations/occasions)
	Product Attractiveness (TGR)	New car buyers within 1 year of ownership	7,882	Measure the level of satisfaction for product such as Design, Performance, Function (8 areas, 56 items)
	Design Evaluation (Design)	Purchase intenders within next 2 years	8,151	Evaluate Interior & Exterior designs of selling car from the perspective of potential customers (4 areas, 28 items)
Overall	Quality Stress (QSI: Overall Customer Satisfaction)	New car buyers within 1 year of ownership	7,627	Measure the number of dissatisfaction experience while using car (Discomfort, Anxiety, Loss, Anger)
	Overall Satisfaction of Maker	New car buyers within 1 year of ownership	7,773	Evaluate overall Marketing · Service · Quality of purchased brand

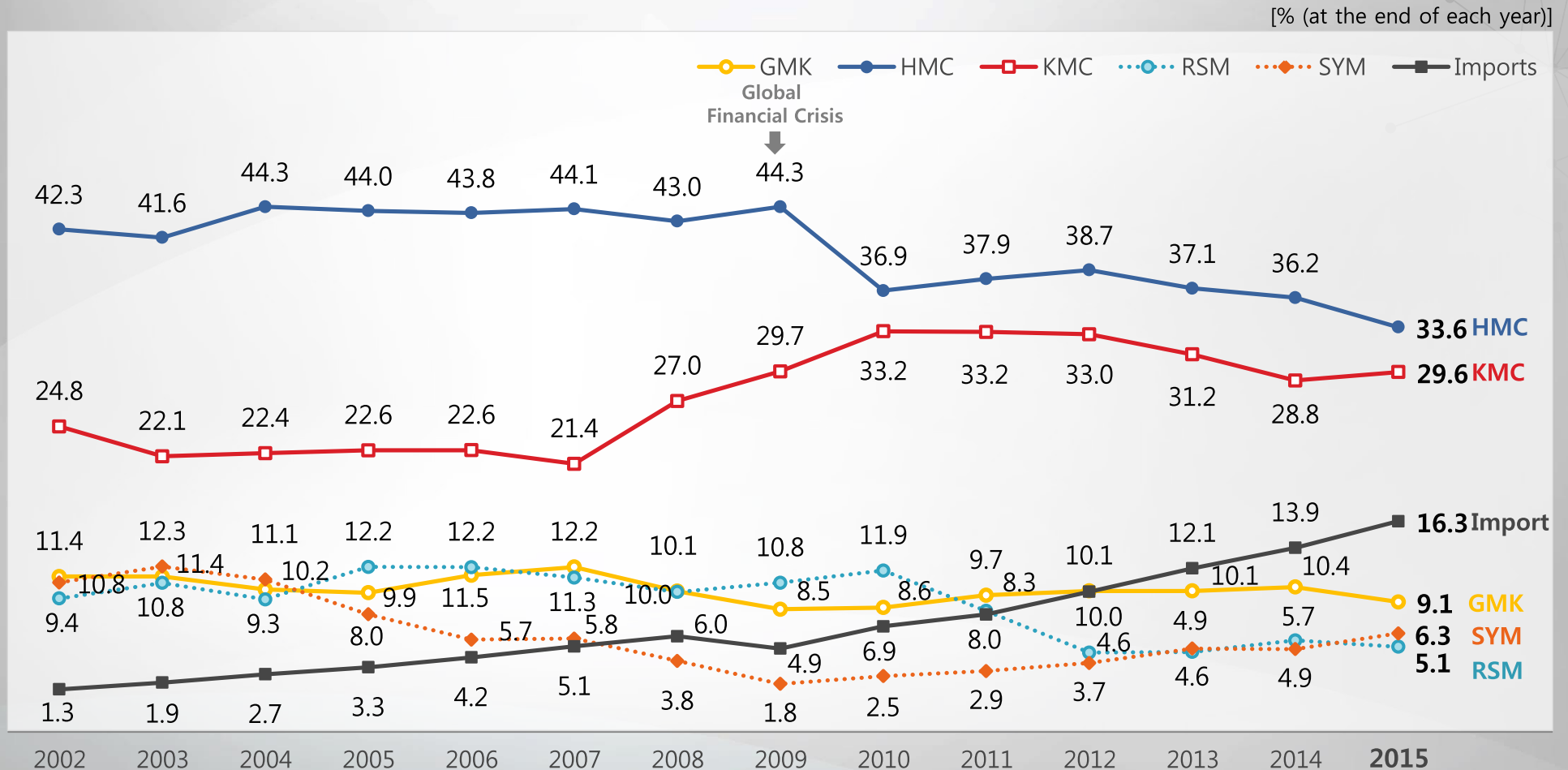
Today's Presentation Subjects

II. Changes of Korean Automobile Market (2002~2015)



1. Sales M/S of Domestic brand · Imports 2002~2015

- » There was a big change before and after the Global Financial Crisis in 2009. M/S of HMC has declined from 2009 by over 10%p.
- » From 2014, KMC & SYM had increased among Domestic Makers but the increase margins were not that large.
- » Imports has continued the rapid growth with exception in 2009.



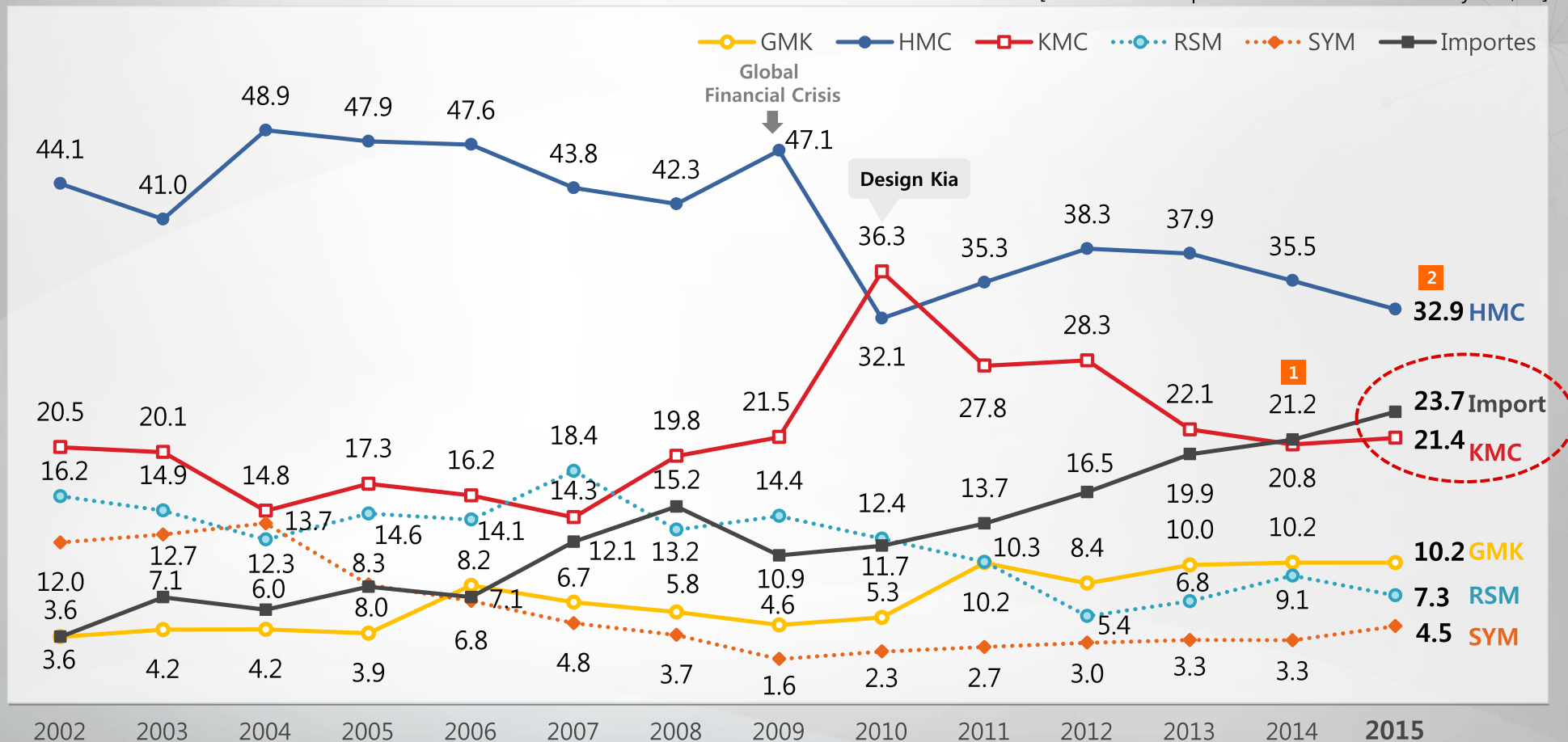
* Source: Korea Automobile Manufacturers Association (KAMA), Korea Automobile Importers & Distributors Association(KAIDA), KAMA/KAIDA (2015 figure of MS is based on YTD of Aug. 2015)

** Based on Sedan/RV Sales volume

2. Brand with the Highest Purchase Intention rate among Domestic Cars & Imports

- Imports' Purchase intention rate surpassed KMC in 2014 and continuously increasing after entering in 2nd place.
- Recent purchase intention rates of Domestic Brands are mostly in declining trend with the rising effect of Imports, among which HMC had the largest margin of decrease.

[Base: New car purchase intender within 2 years, %]



* Source: Consumer Insight Automobile Syndicated Study '2002~2015'

Q. What is your most preferred maker/model to buy as the next car?

3. Purchase Intention Rate and Actual M/S of Imported Cars 2002~2015

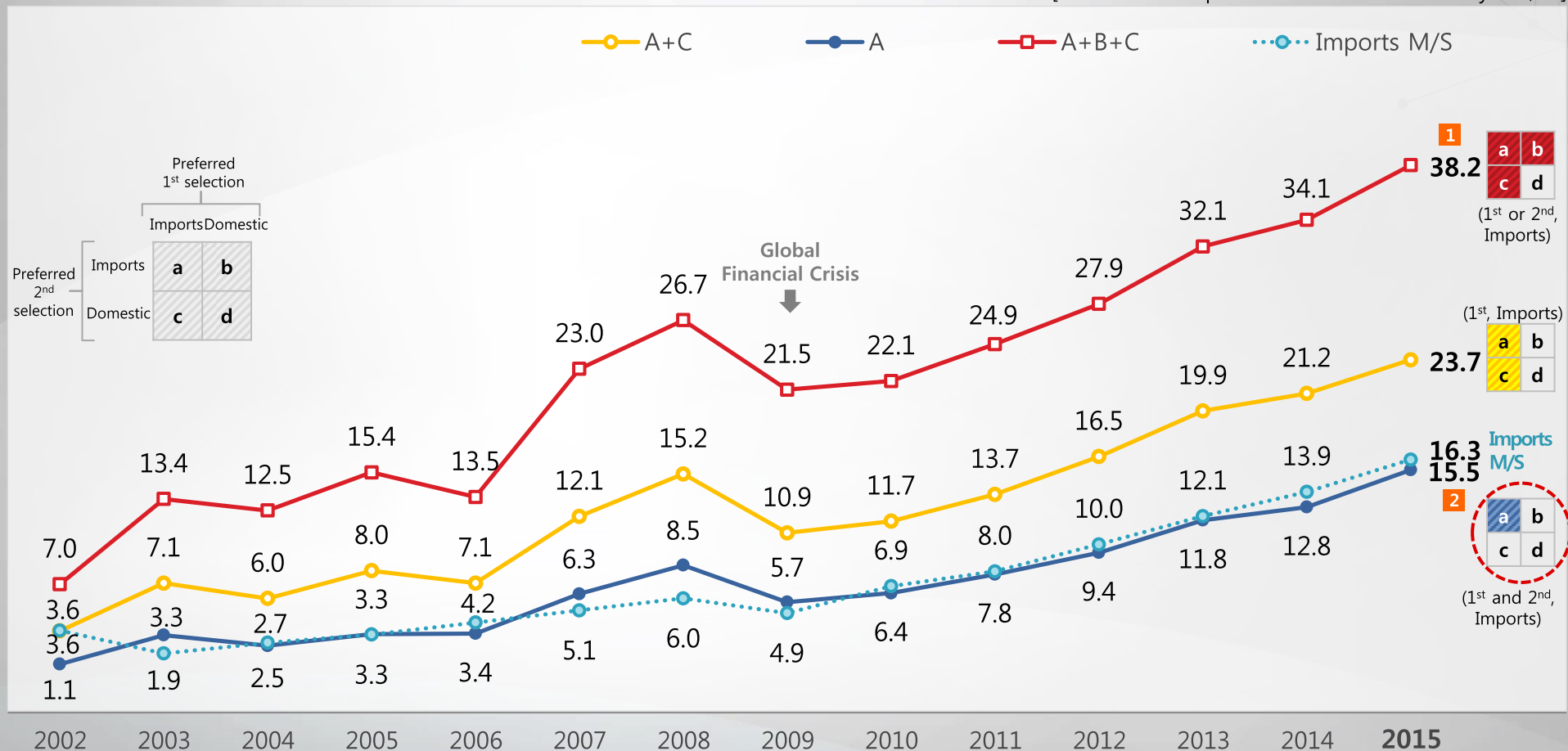
» Asked 1st & 2nd in purchase intention for Domestic or Imports.

1 38.2% of purchase intenders considered Imports as 1st or 2nd, while 1/4 (23.7%) considered Imports as 1st.

2 15.5% preferred Imports as 1st & 2nd, which is not different from actual M/S of past 14 years (Except Financial Crisis period)

➔ It's a good leading indicator of actual Imports M/S.

[Base: New car purchase intender within 2 years, %]



* Source: Consumer Insight Automobile Syndicated Study '2002~2015', KAMA/KAIDA(2015 figure of Imports M/S is YTD by Aug. 2015)

Q. What is your most preferred maker/model to buy as the next car? What is the next most preferred brand/model?

4. Preference Rate by Imported Brand(Rate of the Highest Purchase Intention)

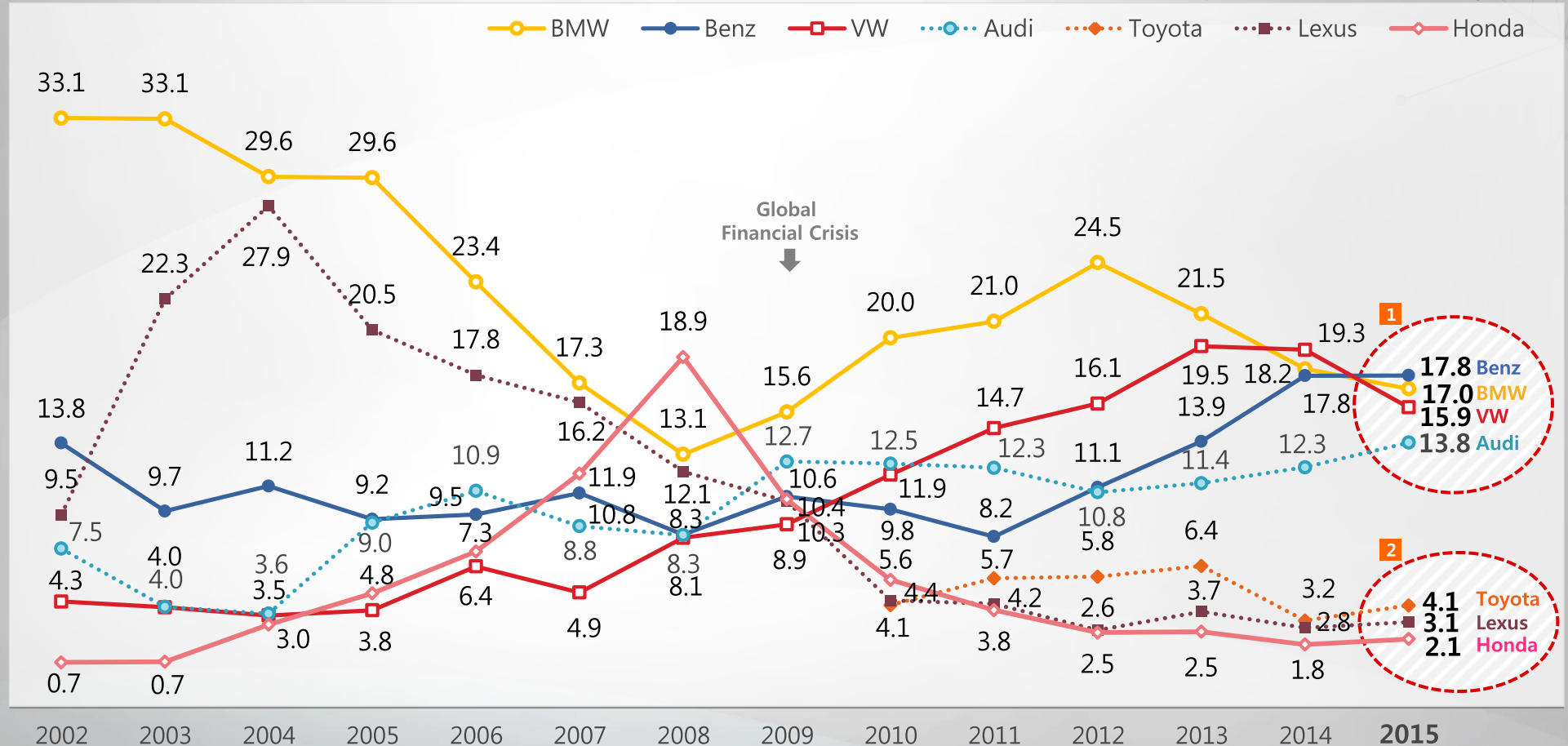
» Imported brands' purchase intention fluctuated largely and tend to follow sales volume.

» Since 2002, Imported car preference Trend has followed German→Japanese→German (after Global Financial Crisis)

1 Since 2013, German Brands are competing fiercely with one another in chaos →BMW : 1st →2nd →2nd , VW : 2nd →1st →3rd , Benz : 3rd →3rd →1st

2 Japanese Brands at the bottom had increased altogether in this year.

[Base: New car purchase intender within 2 years, %]



* Source: Consumer Insight Automobile Syndicated Study '2002~2015'

Q. What is your most preferred maker/model to buy as the next car?

5. Results of Competition Structure at Purchase Time of Domestic Cars & Imported Cars

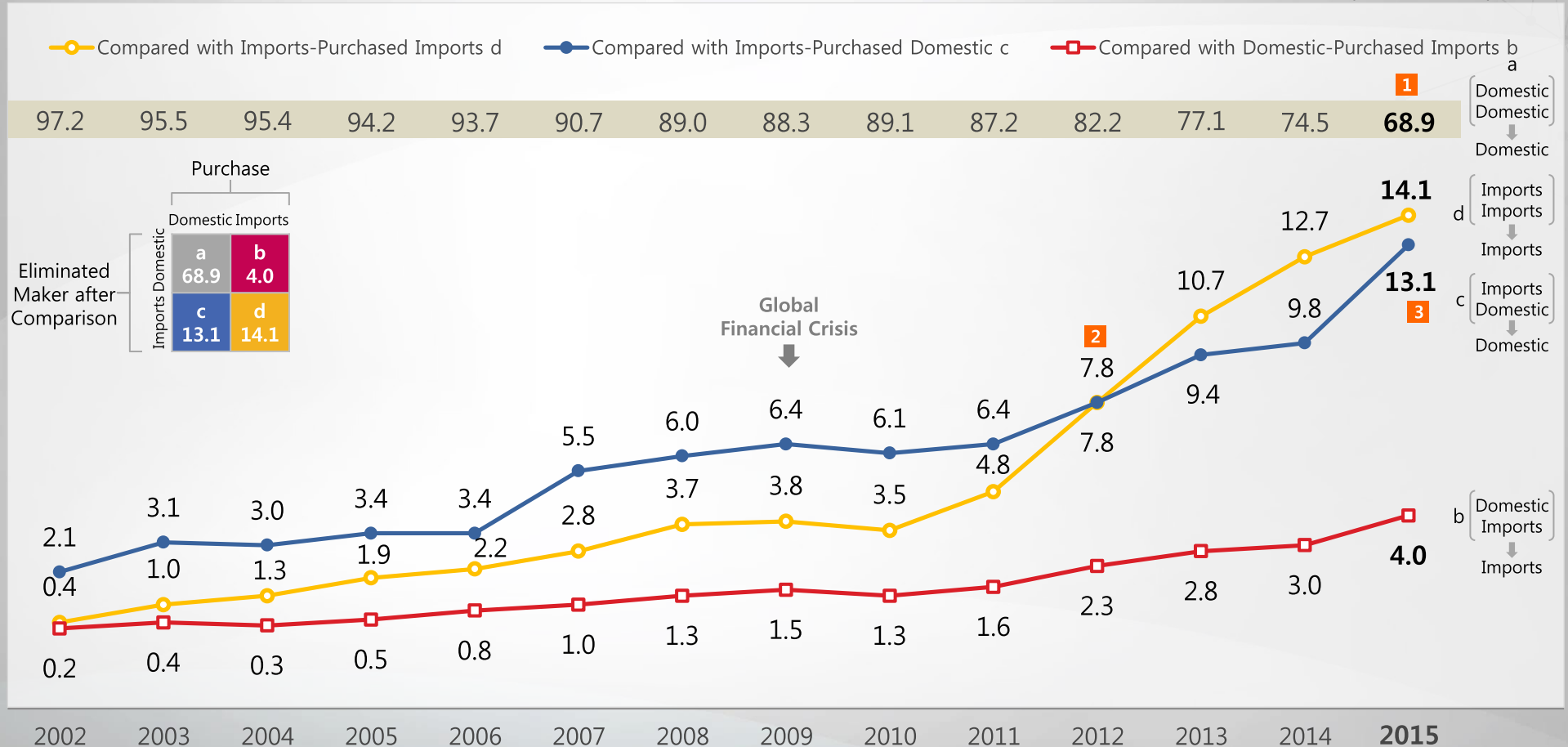
» Cross tabulation result of purchased model (Domestic/Imports) and compared model (Domestic/Imports) while purchasing.

1 The rate of purchasing Domestic after comparing with Domestic (a) became dramatically low (97.2% in 2002 → 68.9% in 2015). In other words, 31.1% of new car purchasers considered Imports, meaning largely widened comparison rate with Imports.

2 The main competitor of Imports since 2012 clearly became Imports.

3 Domestic purchase (c) rate after considering Imports/Domestic has largely increased from the previous year to 13.1%.

[Base: New car buyers within a year, %]





III. Result of Automobile Quality and Consumer Satisfaction(2015)

1. Sales Service Satisfaction (SSI)
2. A/S Satisfaction(CSI)
3. Initial Quality Problems(TGW-3MIS, 6MIS, 3YIS)
4. Product Satisfaction(TGR)
5. Quality Stress(QSI)
6. Automaker Overall Satisfaction(OSI)

1. Sales Service Satisfaction (SSI : Sales Service Index) _ ① Index calculation method

- » Satisfaction of new car buyers within 1 year of ownership
 - Sales outlet, Salesperson, Delivery Process & the whole process of Post-sales customer care

Composition of measuring scale

- 22 items (Yes or No) in 4 divisions experience evaluation (10-Points scale), 1 Overall experience evaluation (10-Points scale)

Division Influence

- 4 Divisions: Sales outlet / Salesperson / Delivery Process / Post sale customer care

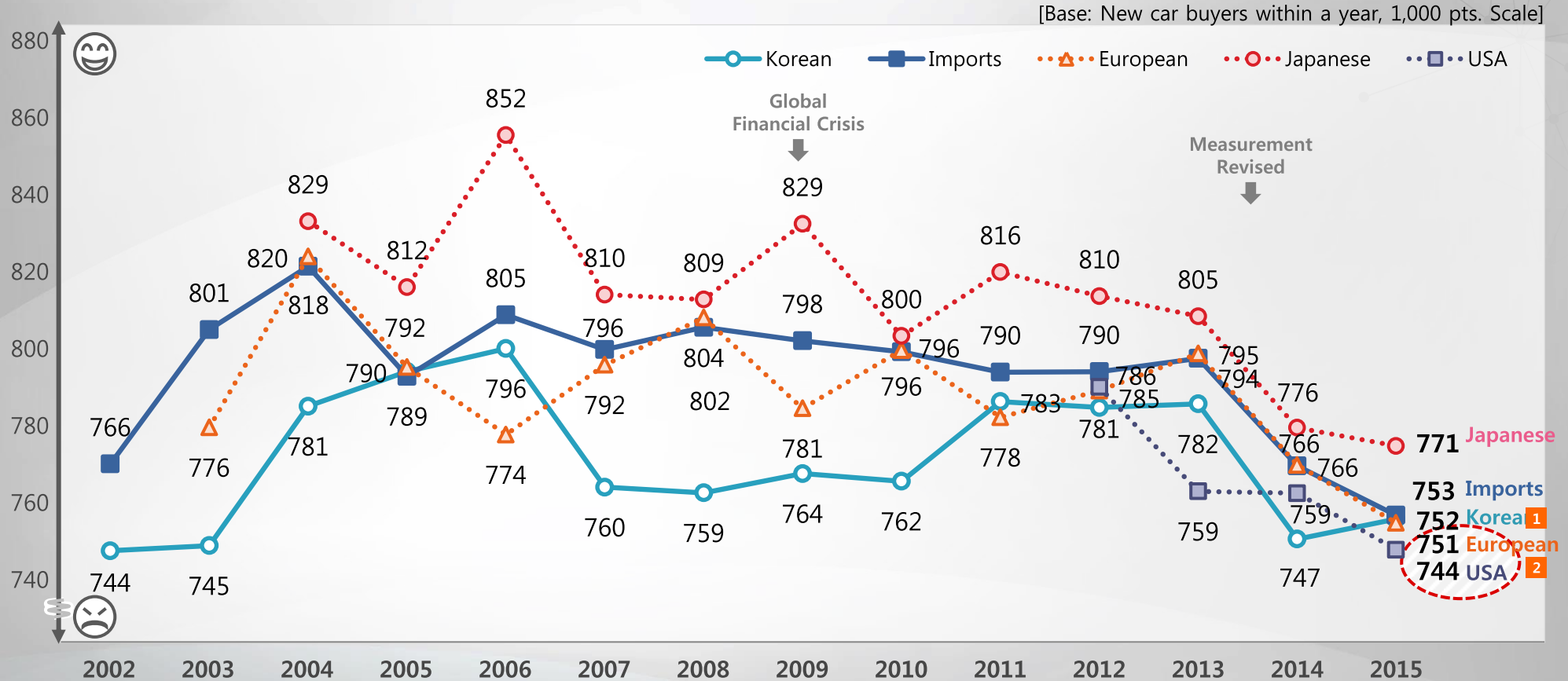
Sales Outlet	Salesperson	Delivery Process	Post-sales customer care
24%	12%	20%	44%

Core Index

- SSI (Sales Service Index) : Reflect influence on the responses for 22 items & calculate in 1,000-points scale

1. Sales Service Satisfaction (SSI) _ ② 2002~'15 Domestic vs Imports

- 1 Domestic car's SSI has been behind of Imports in every year but the gap has been narrowed since 2011 and improved to the same level at 1 point gap in 2015.
- 2 Imports' SSI has been in declining trend since 2013 with larger declining margin of European & USA cars than Japanese.
 - » SSI is in the order of Japanese>Korean>European>USA from the highest, while Korean surpassed European for the first time.

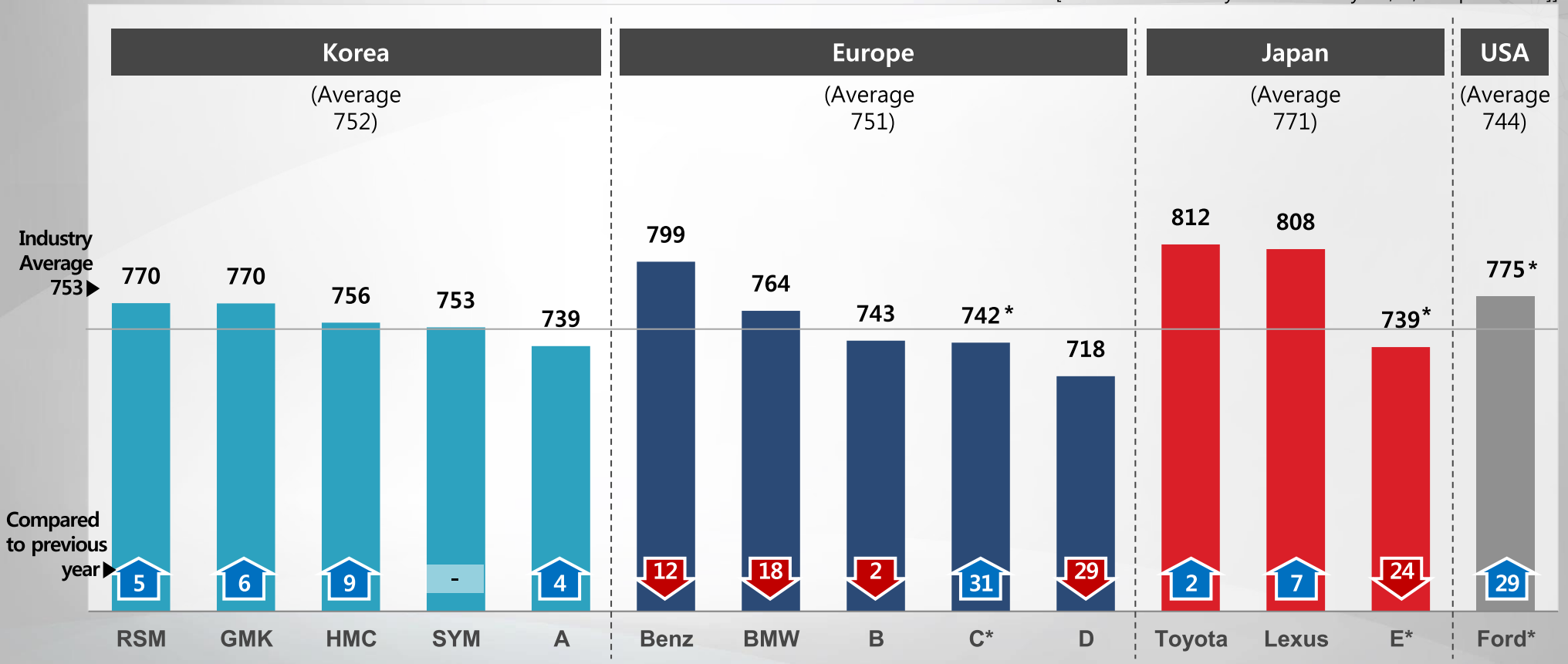


Q. How much are you satisfied when considering the overall sales activity of the company such as sales outlet you visited, salesperson you met while purchasing the car, delivery process and post-sales customer-care?

1. Sales Service Satisfaction(SSI) _ ③ Analysis by brand

- » Among domestic brands, 4 brands scored over the industry average.
- » Among Imported brands, Benz & BMW in European and Toyota & Lexus in Japanese, and Ford in USA scored over the industry average.

[Base: New car buyers within a year, 1,000 pts. Scale]



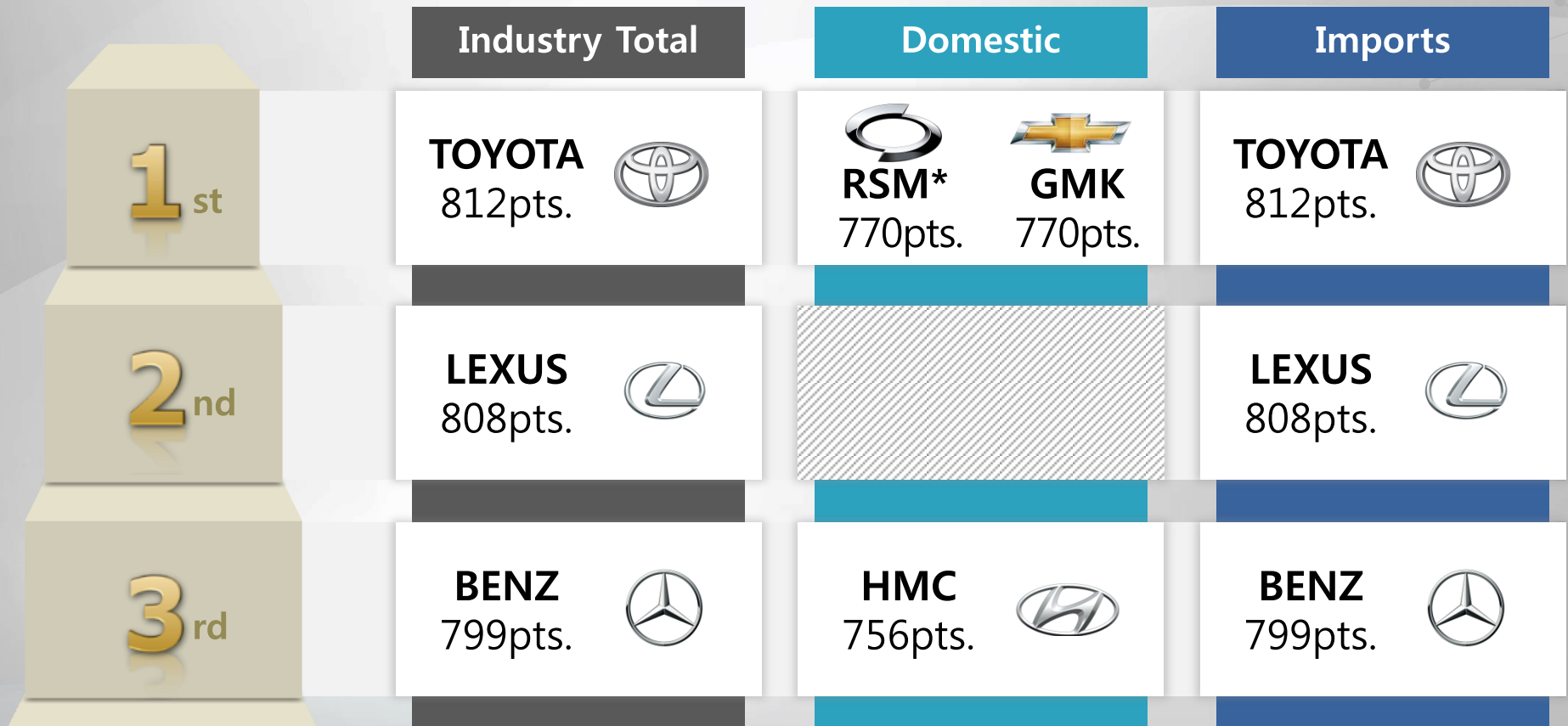
▷ Ranking evaluation includes over the average satisfaction by country of origin and over 60 cases only, while not presenting below the average by country of origin and under 30 cases.

* Less than 60 cases

- Presented 5 Domestic & 9 Imports brands' evaluation (Over 30 cases)

1. Sales Service Satisfaction(SSI) _ ④ 2015 Outstanding brand

- » Outstanding brands in SSI of Industry total & Imports were Toyota at 1st place, Lexus at 2nd place and Benz at 3rd place, in order.
- » Among Domestic, RSM and GMK took tied 1st place, followed by HMC at 3rd place.



* RSM took 1st place in SSI of domestic for 14 straight years

2. A/S Service Satisfaction(CSI : Customer Service Index) _ ① Index calculation method

- » A/S Satisfaction of vehicle owners who visited Official · Authorized · Affiliated service centers (Official only for Imports) of the automaker within past 1 year

Composition of measuring scale

- 27 items (Yes or No) in 5 Divisions experience evaluation (10-points scale),
1 Overall experience evaluation (10-Points scale)

Division Influence

- 5 Divisions: Reception · Access / Service center facility / Service process / Repair outcome / Maker

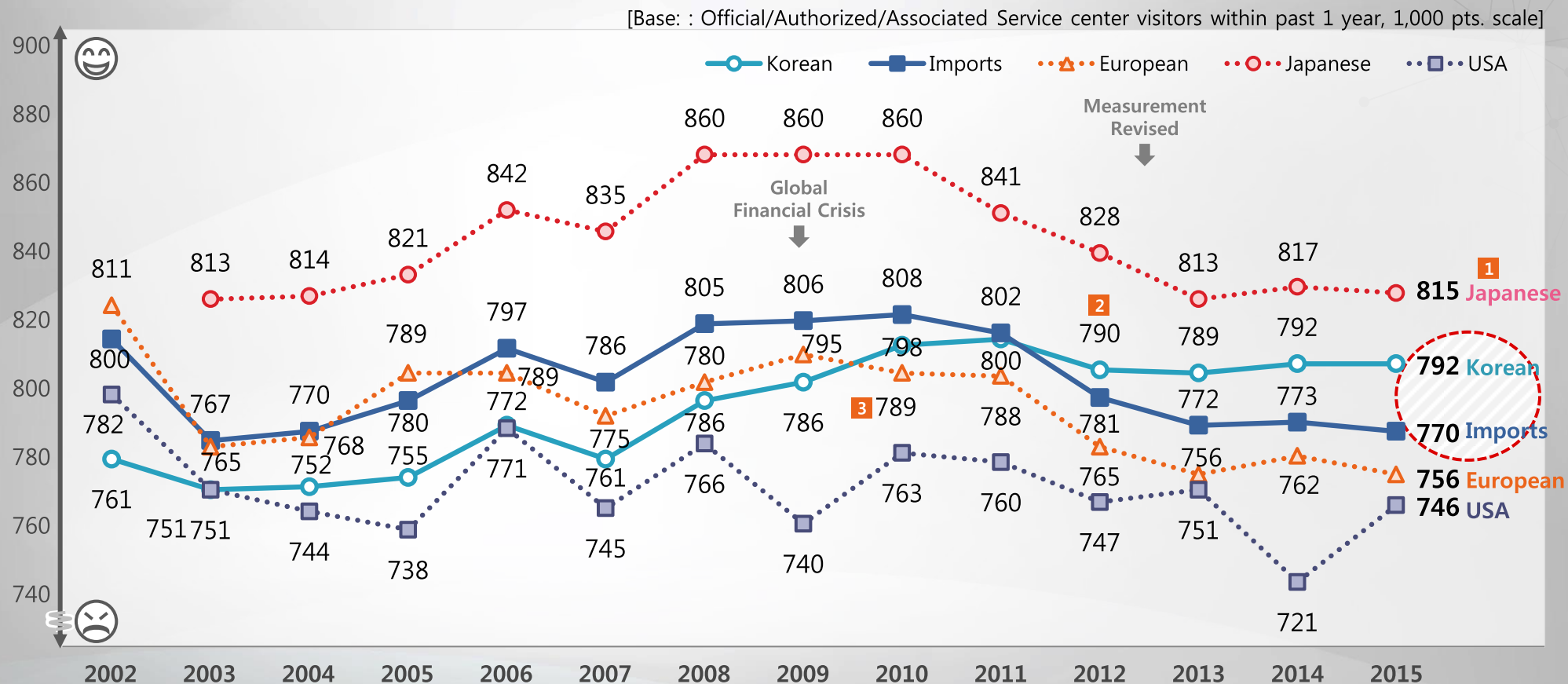
Reception/Access	Service center Facility	Service Process	Repair outcome	Maker
9%	6%	29%	37%	19%

Core Index

- CSI (A/S Service Satisfaction)
: Reflect influence on the responses for 27 items
& calculate in 1,000-points scale

2. A/S Service Satisfaction(CSI) _ ② 2002~'15 Domestic vs Imports

- 1 A/S service satisfaction of Japanese is different in class. It has never gone below 810 points.
- 2 Domestic car's A/S surpassed Imports for the first time in 2012, and continuing to widen the gap.
- 3 European lost the top by Domestic in 2010 and the gap between them gradually became widened.

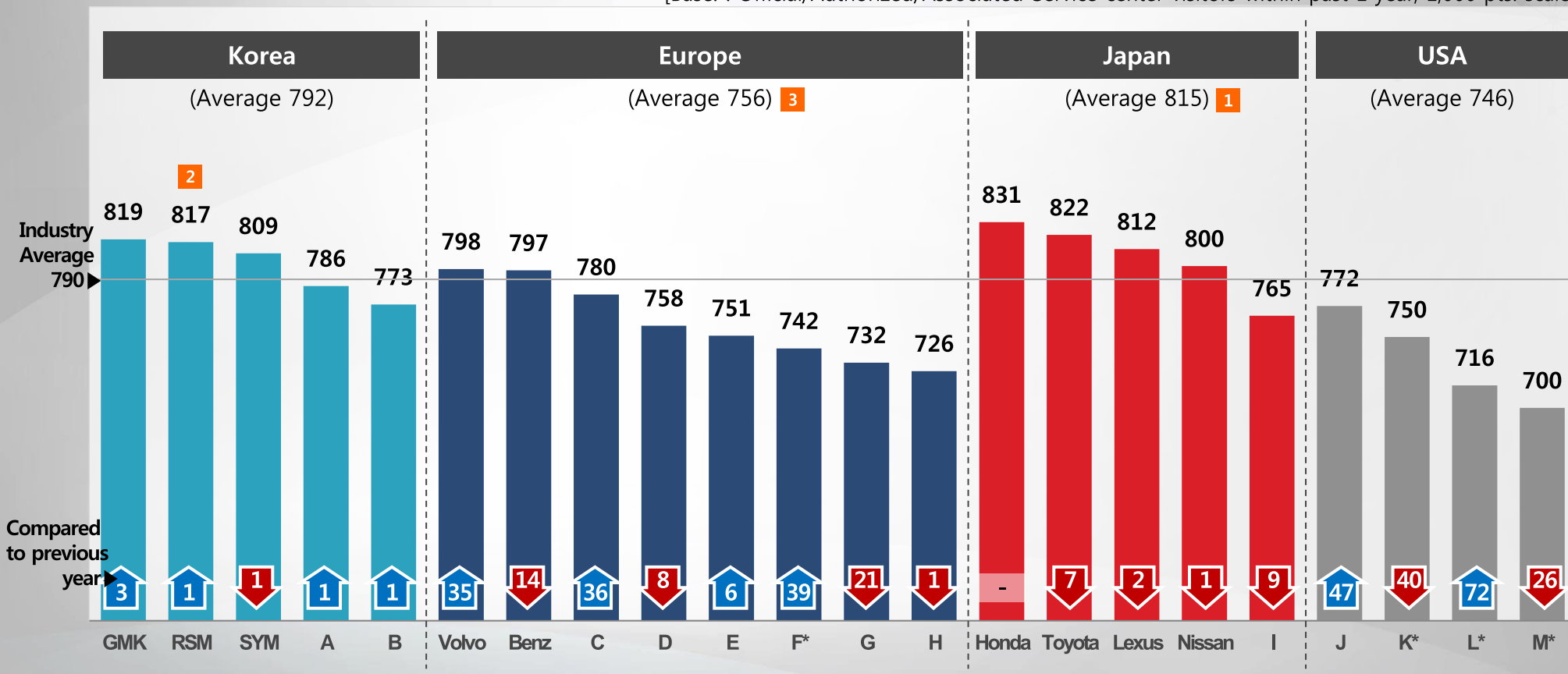


Q. When comprehensively considering overall, how much are you satisfied with the service center and the service of the company you experienced during the past 1 year?(10 Points scale)

2. A/S Service Satisfaction(CSI) _ ③ Analysis by Brand

- 1 Japanese achieved overwhelming performance with over 20 points higher score than Domestic.
- 2 Among Domestic cars, GM Korea, Renault Samsung and Ssangyong are competing at over the industry average level in A/S service satisfaction.
- 3 The average of European car was much lower than the lowest of Domestic, while Volvo & Benz scored over the industry average.

[Base: : Official/Authorized/Associated Service center visitors within past 1 year, 1,000 pts. scale]



▷ Ranking evaluation includes over the average satisfaction by country of origin and over 60 cases only, while not presenting below the average by country of origin and under 30 cases.

* Less than 60 cases

- Presented 5 Domestic & 17 Imported brands' evaluation (Over 30 cases)

2. A/S Service Satisfaction(CSI) _ ④ 2015 Outstanding Brand

- » Outstanding Brands in A/S of Industry Total were Honda at 1st place, Toyota at 2nd place and GM Korea at 3rd place.
- » Among Domestic cars, GM Korea took 1st place, followed by Renault Samsung at 2nd place and Ssangyong at 3rd, while among Imports, Honda took 1st place, followed by Toyota at 2nd place and Lexus at 3rd place, taking all 1st ~3rd place ranks by Japanese cars.

	Industry Total	Domestic	Imports
1 st	HONDA* 831pts 	GMK** 819pts 	HONDA* 831pts 
2 nd	TOYOTA 822pts 	RSM 817pts 	TOYOTA 822pts 
3 rd	GMK 819pts 	SYM 809pts 	LEXUS 812pts 

* HONDA took 1st place in CSI of Industry total/Imports for 3 straight years

** GMK took 1st place in CSI of Domestic for 4 straight years

3. TGW(Quality) Evaluation

» The number of defect or problems of the car that were actually experienced after purchase.

By ownership length, divided into Initial quality & Durable quality

- TGW-3MIS : New car buyers within 6 months of ownership who purchased car during Jan. & Jun. in study year (Initial Quality)
- TGW-6MIS : New car buyers within 1 year of ownership who purchased car from Jul. of the previous year to Jun. of study year (First official calculation)
- TGW-3YIS : New car buyers after 3 years of ownership (Durable Quality)

Composition
of measuring
scale

- 542 L&O (Location & Occasion), 177 item in 13 categories

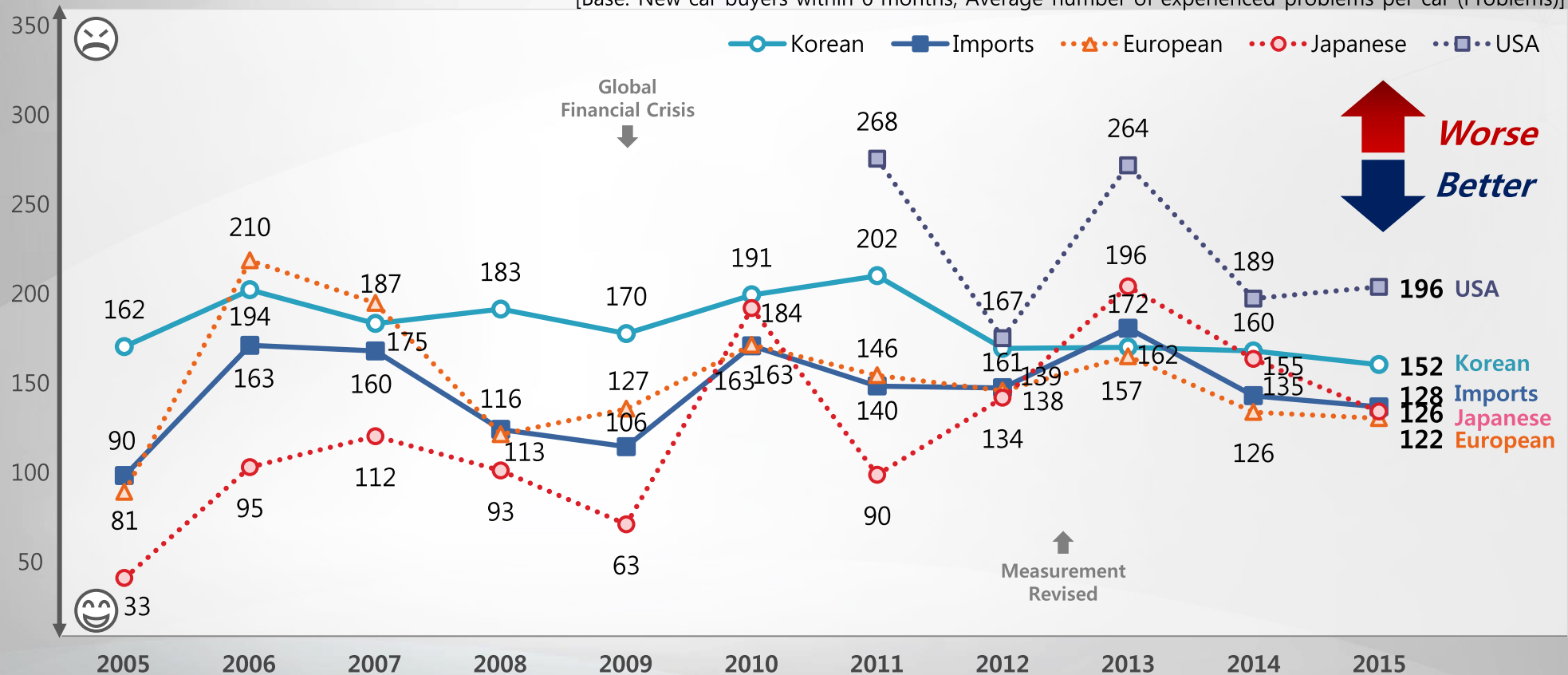
Core Index

- PPH (Problem Per Hundred)
 - : Average number of experienced problems per hundred car
 - TGW-i(Things Gone Wrong - i) $\rightleftharpoons$ IQS $\rightarrow$ 3MIS, 6MIS
 - TGW-d(Things Gone Wrong - d) $\rightleftharpoons$ VDS $\rightarrow$ 3YIS

3-1. Initial Quality Problems(TGW-3MIS) _ ① 2005~'15 Domestic vs Imports

- » It asked the consumers who purchased new car within 6 months to 'Select all experienced problems while using the car (including trouble, defect)' and expressed the number of problems as problems per 100 cars.
- » Domestic & Imports both had decreased number of problems from the previous year, but Domestic car had more problems than Imports.
- » Initial quality (3MIS) problems of Japanese car has decreased to the level that can threaten European cars, while USA is still underperformed.

[Base: New car buyers within 6 months, Average number of experienced problems per car (Problems)]

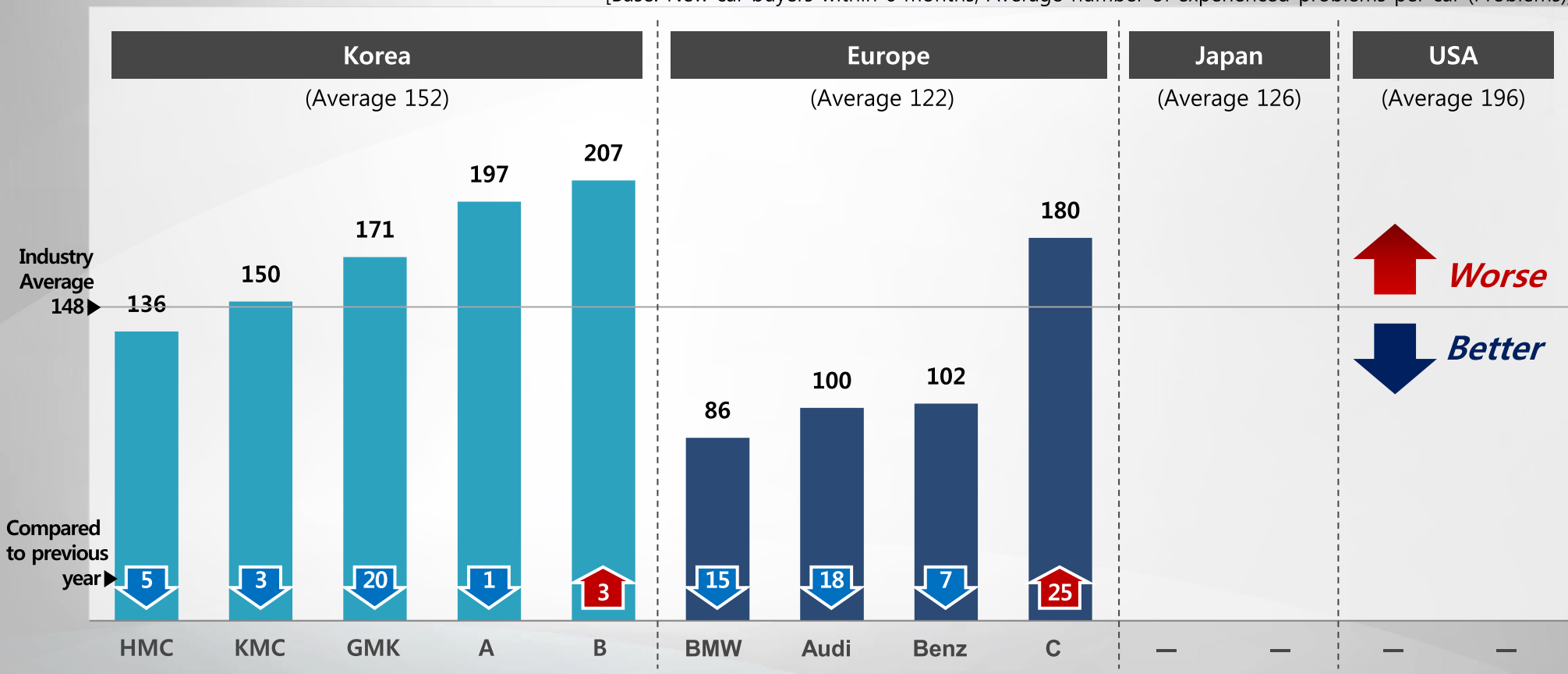


Q. Please select all the trouble and problems of the car you have experienced until now from 177 items in 13 divisions.

3-1. Initial Quality Problems(TGW-3MIS) _ ② Analysis by Brand

- » The brands with sufficient cases of 60 for new car buyers within 6months include 5 Domestic and 4 Imported brands only. New guideline for expanding the comparison is required.
- » The brands with less 3MIS problems than Industry average include 3 Imported and 1 Domestic brands only.

[Base: New car buyers within 6 months, Average number of experienced problems per car (Problems)]



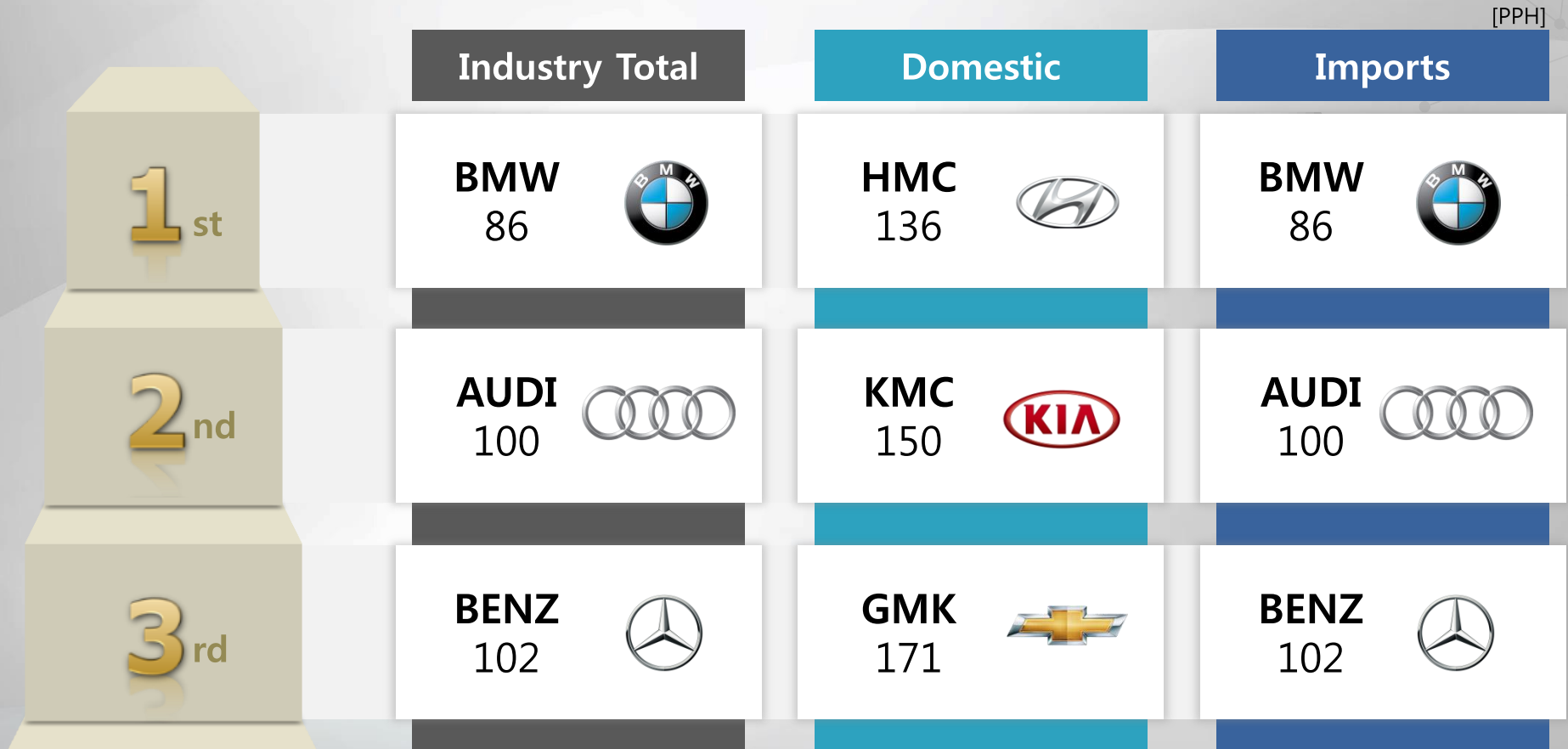
▷ Ranking evaluation includes over the average satisfaction by country of origin and over 60 cases only, while not presenting below the average by country of origin and under 30 cases.

* Less than 60 cases

- Presented 5 Domestic & 4 Imported brands' evaluation (Over 30 cases)

3-1. Initial Quality Problems(TGW-3MIS) _ ③ 2015 Outstanding Brand

» In Initial quality (TGW-3MIS) of Industry total & imports, BMW took 1st place, followed by Audi at 2nd place and Benz at 3rd place, while among Domestic cars, Hyundai took 1st place, followed by Kia at 2nd place and GM Korea at 3rd place.



* BMW took 1st place in TGW-3YIS of Industry total/Imports for 5 straight years.

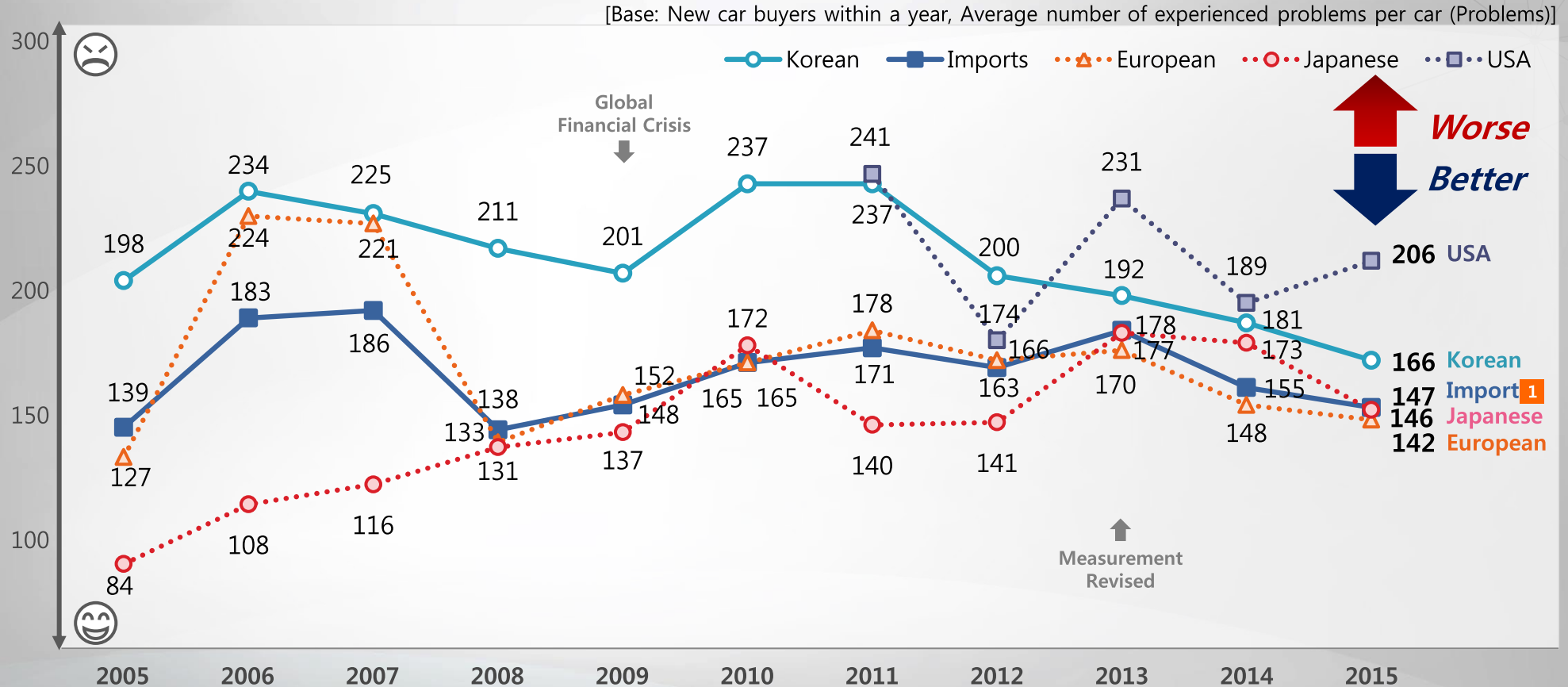
* HMC took 1st place in TGW-3MIS of Domestic for 4 straight years.

3-2. Initial Quality Problems(TGW-6MIS) _ ① 2005~'15 Domestic vs Imports

1 In 6MIS problems experienced by new car buyers within a year (average 6 months of use), Imports still have lower problems than Domestic, but the gap has been reduced gradually to 19PPH in 2015.

» By country of origin, European(142PPH), Japanese(146PPH) were high in order from the highest, but the gap with European car became narrowed because of Japanese cars' quality improvement.

Following were Korean and USA, in order, while 6MIS problems of USA appears to be unstable because of insufficient samples.

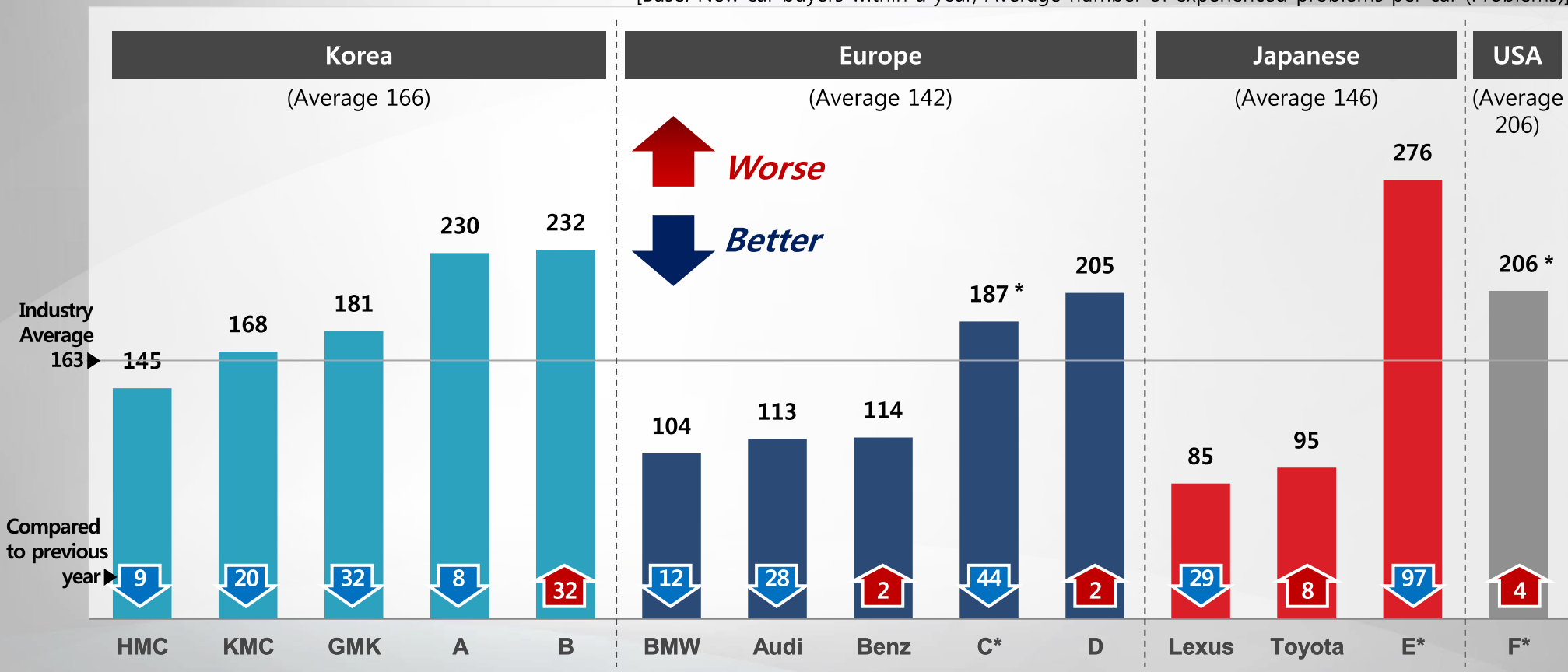


Q. Please select all the trouble and problems of the car you have experienced until now from 177 items in 13 divisions.

3-2. Initial Quality Problems(TGW-6MIS) _ ② Analysis by brand

- » The pattern of TGW-6MIS mostly matches with TGW-3MIS.
- » Among domestic brands, Hyundai's only had lower problems than the Industry average, while BMW, Audi & Benz among European cars, and Lexus & Toyota among Japanese cars, had lower number of problems than the Industry average.

[Base: New car buyers within a year, Average number of experienced problems per car (Problems)]



▷ Ranking evaluation includes over the average satisfaction by country of origin and over 60 cases only, while not presenting below the average by country of origin and under 30 cases.

* Less than 60 cases

– Presented 5 Domestic & 9 Imported brands' evaluation (Over 30 cases)

3-2. Initial Quality Problems(TGW-6MIS) _ ③ 2015 Outstanding Brand

» In Initial quality(TGW-6MIS) of industry total & imports, Lexus took 1st place, followed by Toyota at 2nd place and BMW at 3rd place.

Among Domestic cars, Hyundai took 1st place, followed by Kia at 2nd place and GM Korea at 3rd place.

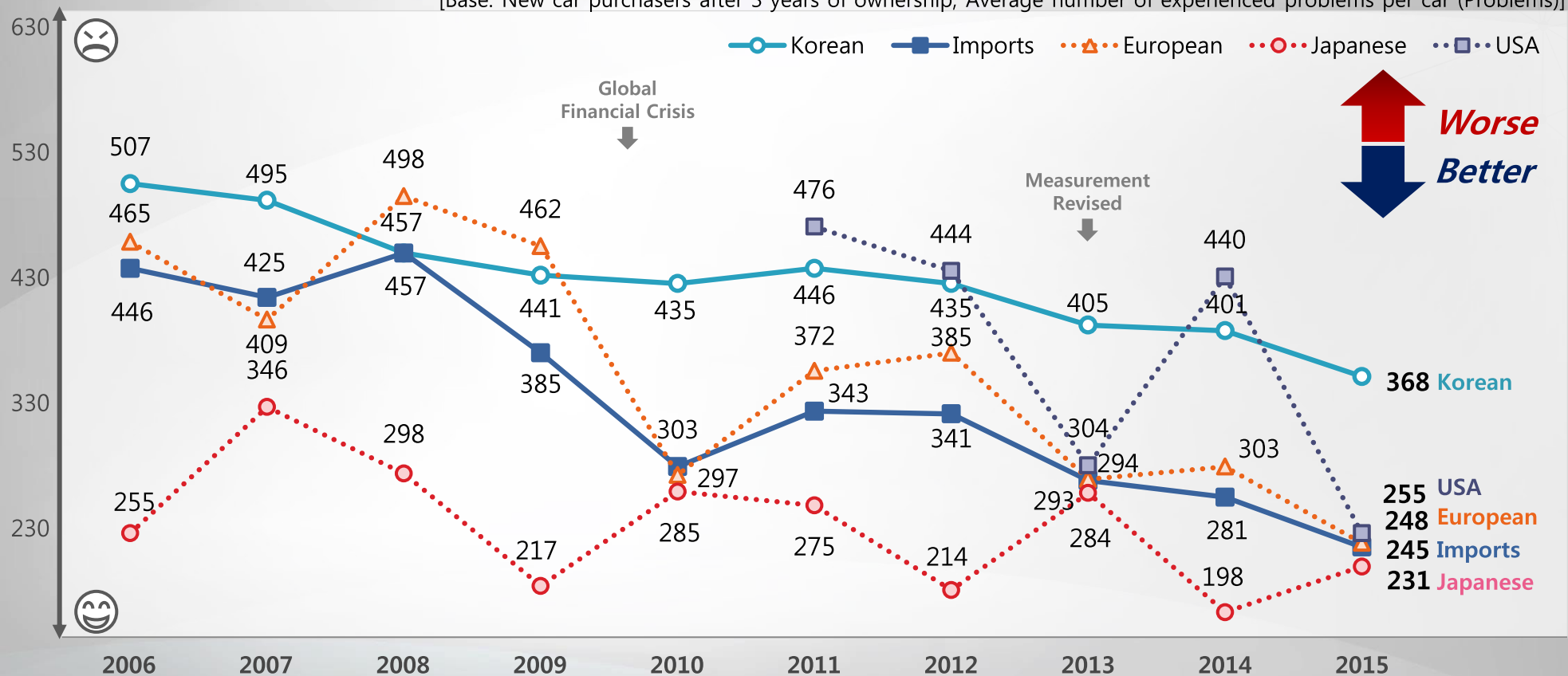
[PPH]

	Industry Total	Domestic	Imports
1 st	LEXUS 85 	HMC 145 	LEXUS 85 
2 nd	TOYOTA 95 	KMC 168 	TOYOTA 95 
3 rd	BMW 104 	GMK 181 	BMW 104 

3-3. Durable Quality Problems(TGW-3YIS) _ ① 2005~'15 Domestic vs Imports

- » Durable quality (TGW-3YIS) problems experienced by the consumers who passed 3 years from purchased (average 3 years of use) has been reduced for both Domestic and Imports in every year, but Imports is still leading ahead with over 100PPH.
- » Unlike Initial quality, Japanese ca is leading European cars in Durable quality.

[Base: New car purchasers after 3 years of ownership, Average number of experienced problems per car (Problems)]



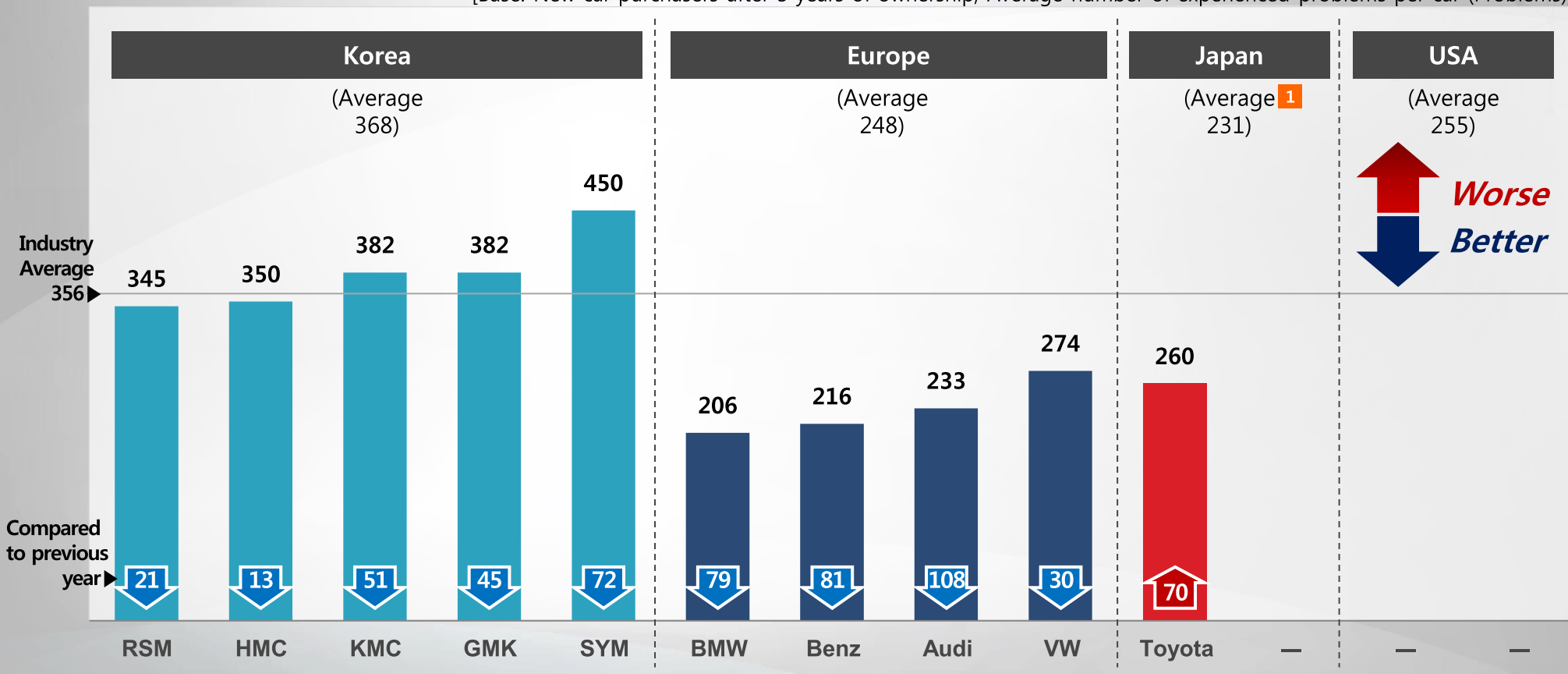
Q. Please select all the trouble and problems of the car you have experienced until now from 177 items in 13 divisions.

3-3. Durable Quality Problems(TGW-3YIS) _ ② Analysis by brand

» Among domestic brands, Renault Samsung & Hyundai had less durable quality problems than industry average, while evaluation subject 4 European brands had lower number of problems than industry average.

1 Japanese cars are not presented due to insufficient samples, but overall durable quality of Japanese cars was better than European cars.

[Base: New car purchasers after 3 years of ownership, Average number of experienced problems per car (Problems)]



▷ Ranking evaluation includes over the average satisfaction by country of origin and over 60 cases only, while not presenting below the average by country of origin and under 30 cases.

* Less than 60 cases

– Presented 5 Domestic & 5 Imported brands' evaluation (Over 30 cases)

3-3. Durable Quality Problems(TGW-3YIS) _ ③ 2015 Outstanding Brand

» In Durable quality of industry total & imports, BMW took 1st place, followed by Benz at 2nd place and Audi at 3rd place.

Among Domestic cars, Renault Samsung took 1st place, followed by Hyundai at 2nd place and Kia & GM Korea at tied 3rd place.

[PPH]

	Industry Total	Domestic	Imports
1 st	BMW 206 	RSM 345 	BMW 206 
2 nd	BENZ 216 	HMC 350 	BENZ 216 
3 rd	AUDI 233 	KIA KMC 382  	AUDI 233 

* BMW took 1st place in TGW-3YIS of Industry total/Imports for 3 straight years.

4. Product Satisfaction(TGR : Things Gone Right) _ ① Index calculation method

- » Evaluating the level of satisfaction for Product by consumers who purchased new car within a year in 8 divisions including Feature · Performance · Design · Maintaining cost.
- » - TGR-1 Year : New car purchaser within a year who purchased car from Jul. of the previous year to Jun. of study year

Composition of measuring scale

Division Importance

Key measurement

- 56 Items in 8 Categories, 1 Overall satisfaction (10-points scale)
- 8 divisions : Overall Design / Driving Performance / Ease of Use / Comfort / Versatility / Safety · Security / Maintenance · Operating cost / A/V System

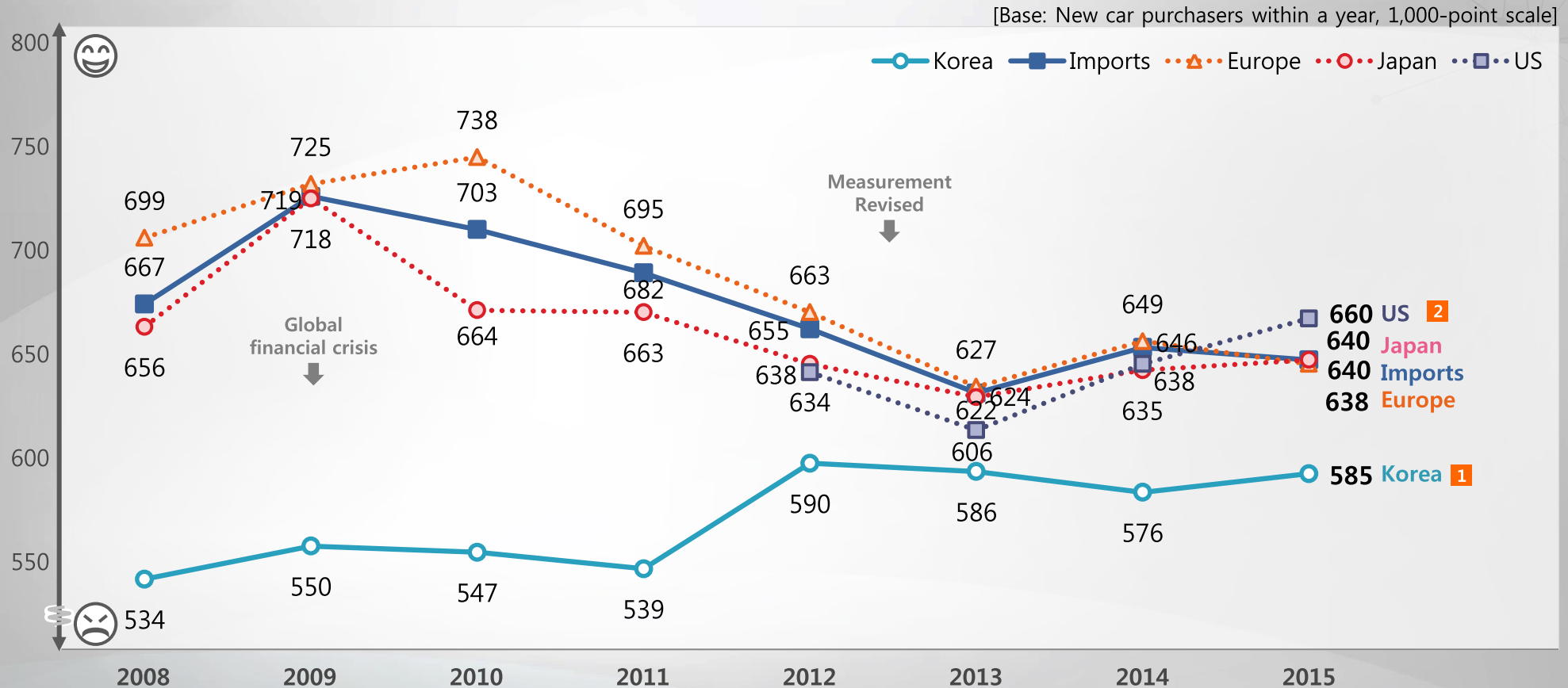
Overall Design (Exterior/ Interior)	Driving Performance	Ease of Use	Comfort	Versatility	Safety· Security	Maintenance· Operating cost	A/V System
17%	18%	9%	12%	9%	10%	16%	9%

- TGR (Product satisfaction) : Reflect Importance to the responses on 56 items in 8 divisions to calculate in 1,000 points scale.

4. Product Satisfaction(TGR) _ ② 2008~'15 Domestic vs Imports

1 It's the weakest area of domestic car but the gap became narrowed by the rise of domestic car and declining of Imports in 2015.

2 Among Imports, US has increased with large margin in Product satisfaction, while Japanese has slightly increased and European cars has declined, changing the ranking from European→American→Japanese in 2014 to American→Japanese→European in 2015.

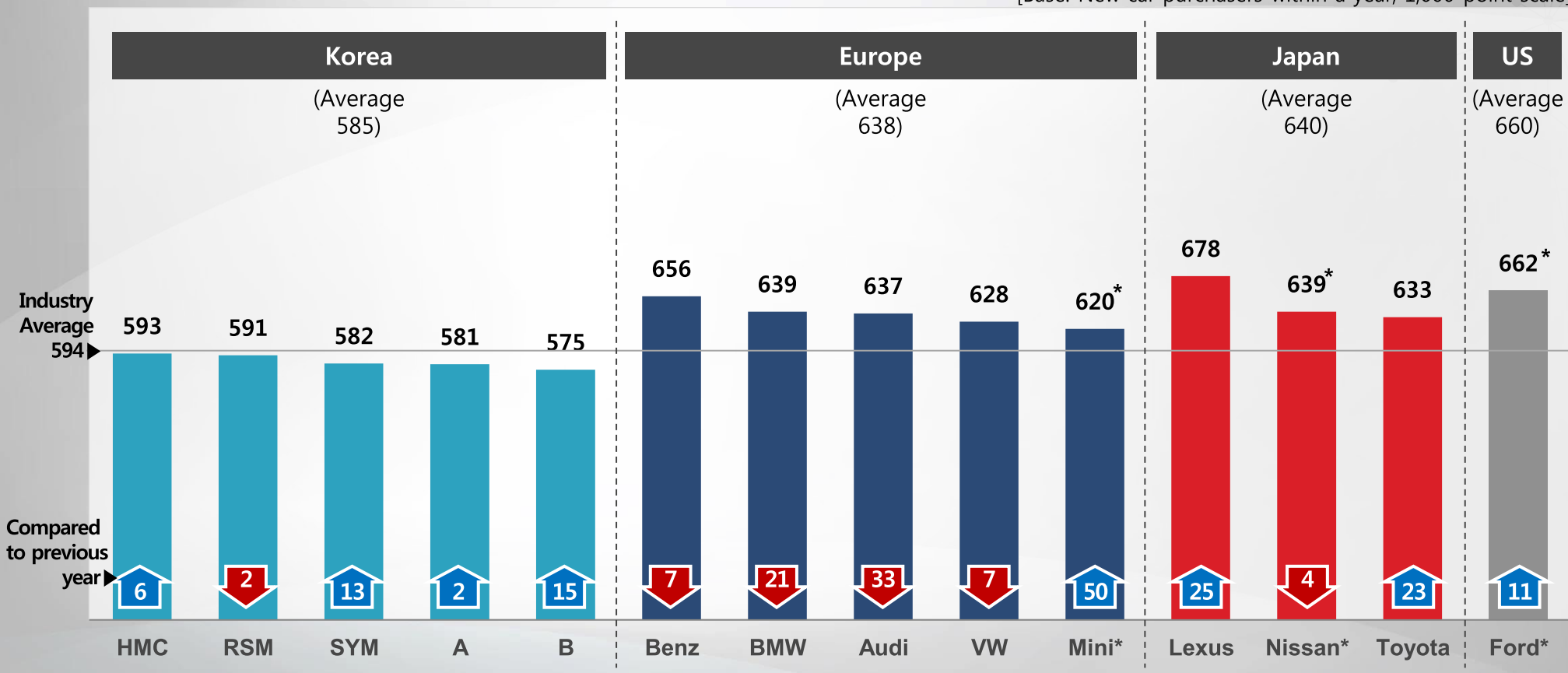


Q. When considering all the evaluated Feature, Performance, Design in overall, how much do you like the car?

4. Product Satisfaction(TGR) _ ③ Analysis by Brand

- » All 5 Domestic brands had weak Product Satisfaction below Industry average.
- » Among European cars, 4 German brands' Product Satisfaction was excellent but declined in overall from the previous year.
- » Among Japanese cars, Lexus & Toyota had excellent Product Satisfaction and increased from the previous year.

[Base: New car purchasers within a year, 1,000-point scale]



* Excluded the brand with 30~59 cases from ranking and take a caution to interpret. Not presented below 30 cases.

- Presented 5 Domestic & 9 Imported brands' evaluation (Over 30 cases)

4. Product Satisfaction(TGR) _ ④ 2015 Outstanding brands

- » Outstanding brands in Product Satisfaction of Industry Total & Imports were Lexus at 1st place, Benz at 2nd place and BMW at 3rd place.
- » Among Domestic cars, Hyundai took 1st place, followed by Renault Samsung at 2nd place and Ssangyong at 3rd place.

	Industry Total	Domestic car	Imports
1 st	LEXUS 678 	HMC 593 	LEXUS 678 
2 nd	BENZ 656 	RSM 591 	BENZ 656 
3 rd	BMW 639 	SYM 582 	BMW 639 

5. Quality Stress Evaluation(QSI : Quality Stress Index) _ ① Index calculation method

- » Number of experienced stress from car by consumers who purchased new car within a year.
Average per 100 cars experienced by consumers in 4 divisions (20 items) of 'Discomfort', 'Anxiety', 'Loss' and 'Anger'.

Composition
of measuring
scale

Division
Importance

Key
measurement

- 20 items, overall evaluation (10 pts.) in 4 divisions,
1 Overall stress (10 pts.) evaluation

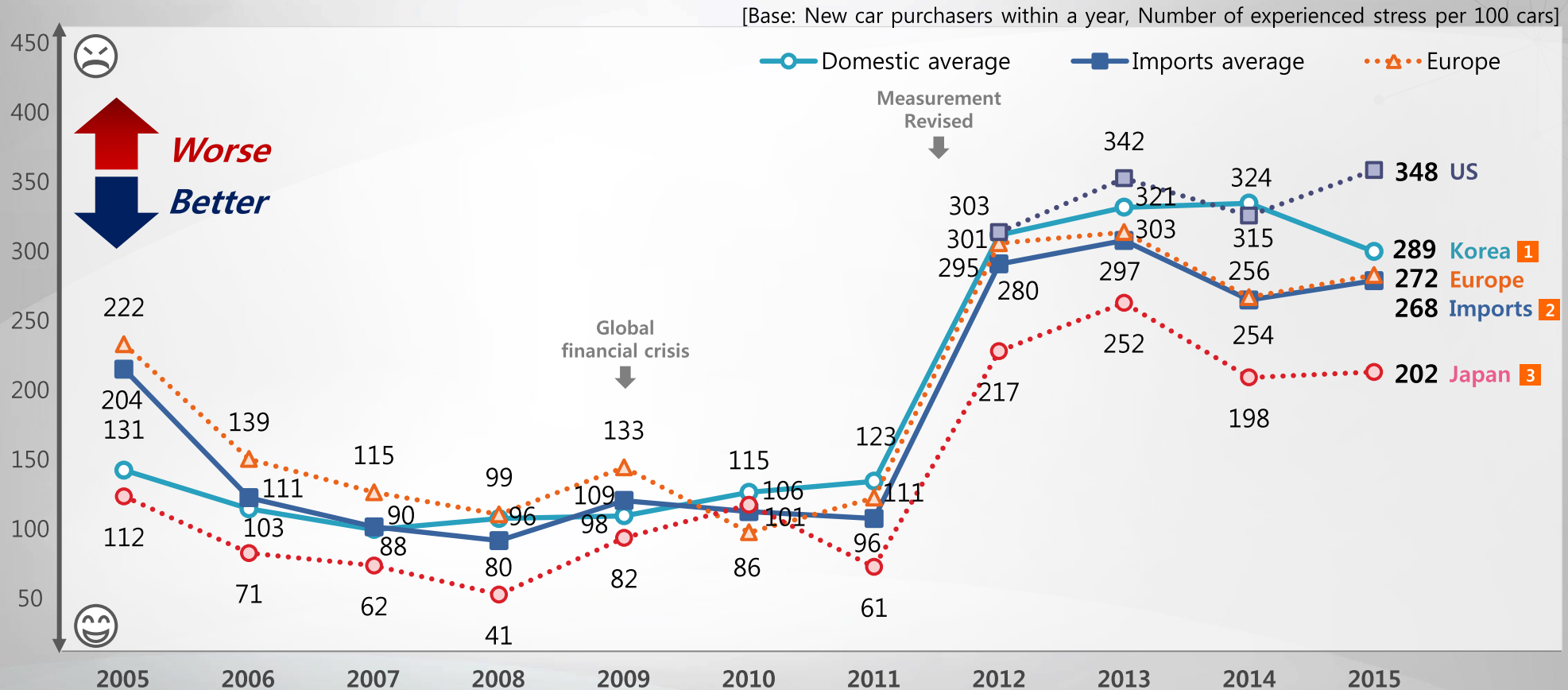
- 4 divisions: Discomfort / Anxiety / Loss / Anger

Discomfort	Anxiety	Loss	Anger
12%	25%	21%	42%

- SPH (Stress Per Hundred vehicles) : number of experienced stress per 100 vehicles

5. Quality Stress Evaluation(QSI) _ ② 2005~'15 Domestic vs Imports

- 1 Domestic car's Quality Stress(QSI) experiences has been more than Imports but decreased in 2015.
 - 2 Imports' QSI experience has slightly increased from the previous year, while number of experiences for American &
 - 3 European had especially increased.
- » Japanese car's QSI had less number of experience with a large gap.

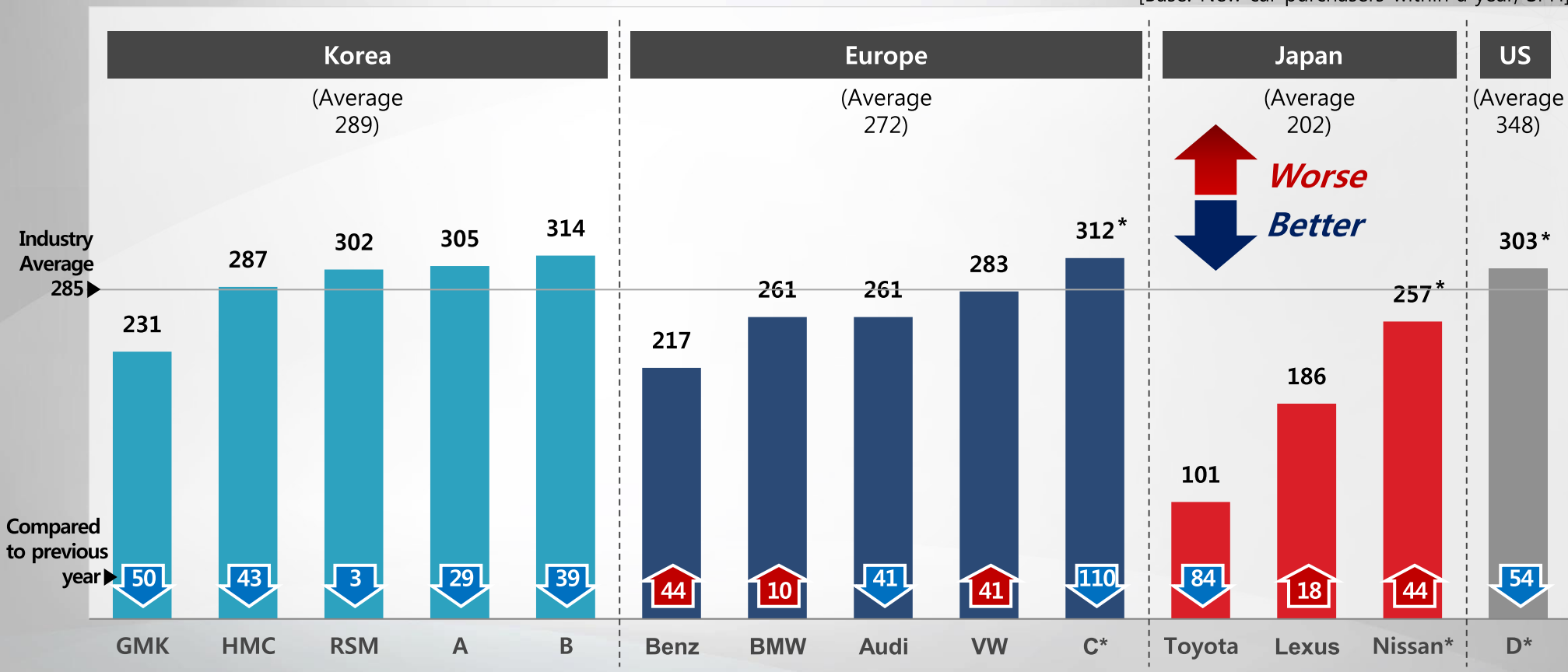


Q. How much stress from car have you experienced in overall until now?

5. Quality Stress Evaluation(QSI) _ ③ Analysis by brand

- » In Quality Stress(QSI) of Domestic cars, GM Korea was the only brand with below Industry average number of experience.
 - » Among Imports, Japanese had the least number of experiences, while Toyota & Lexus had below Industry average number of experiences.
- Among European cars, Benz, BMW, Audi & VW had least number of experienced stress in order.

[Base: New car purchasers within a year, SPH]



* Excluded the brand with 30~59 cases from ranking and take a caution to interpret. Not presented below 30 cases.

- Presented 5 Domestic & 9 Imported brands' evaluation (Over 30 cases)

5. Quality Stress Evaluation(QSI) _ ④ 2015 Outstanding brands

- » Outstanding brands in Quality Stress(QSI) of Industry Total & Imports were Toyota at 1st place, Lexus at 2nd place and Benz at 3rd place.
- » Among Domestic cars, GM Korea took the 1st place, followed by Hyundai at 2nd place and Renault Samsung at 3rd place.

[SPH]

	Industry Total	Domestic car	Imports
1 st	TOYOTA 101 	GMK 231 	TOYOTA 101 
2 nd	LEXUS 186 	HMC 287 	LEXUS 186 
3 rd	BENZ 217 	RSM 302 	BENZ 217 

* GM Korea took 1st place in QSI among Domestic cars for 2 straight years

6. Automaker Overall Satisfaction(OSI : Overall Satisfaction Index)

_ ① Index calculation method

- » Overall evaluation on satisfaction for purchased Product & service during entire ownership period of new car purchasers within a year that can be called as Overall Satisfaction for purchased brand.
 - All divisions of Sales/Marketing, Customer service & Quality
- *Question : When considering all (Sales/service/quality) the above, how do you grade the Maker () in overall? Please check-mark the answer.
You graded Sales ☐ points, Service ☐ points and Quality ☐ points.

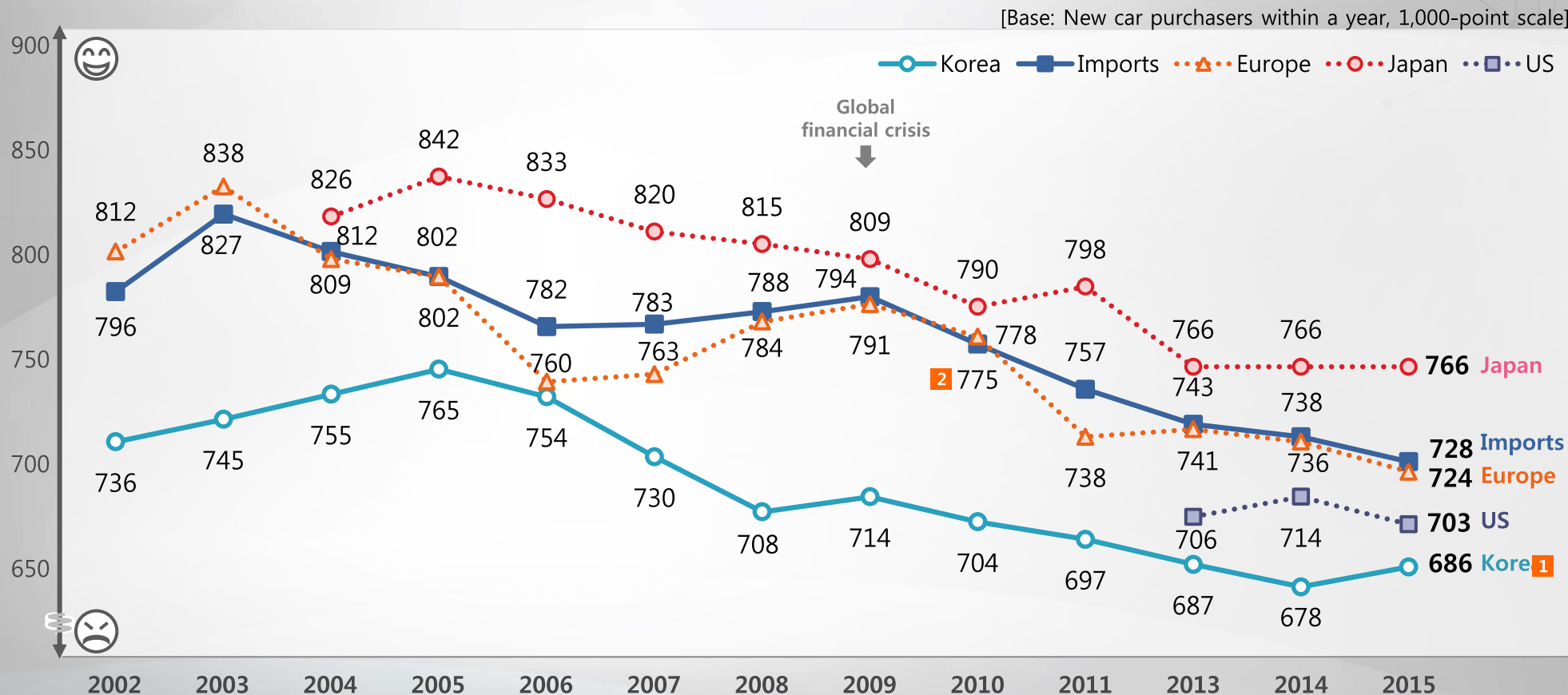
Configuration
of
measurement
scale

Key
measurements

- 3 divisions: Sales/Marketing, Customer service, Quality (10 pts.), 1 overall satisfaction(10 pts.)
- Overall Customer Satisfaction (for purchased brand) : 1,000 points

6. Automaker Overall Satisfaction(OSI) _ ② 2008~'15 Domestic vs Imports

- 1 Domestic car's Overall Satisfaction (OSI) had been in steady declining trend since 2005 but upturned in 2015
- 2 Imports' OSI has been in continuous declining trend since 2010 that has been led by European & American cars.
 - » In OSI by country of origin among Imports, the higher ranking trend of Japanese→European→American is continuing.



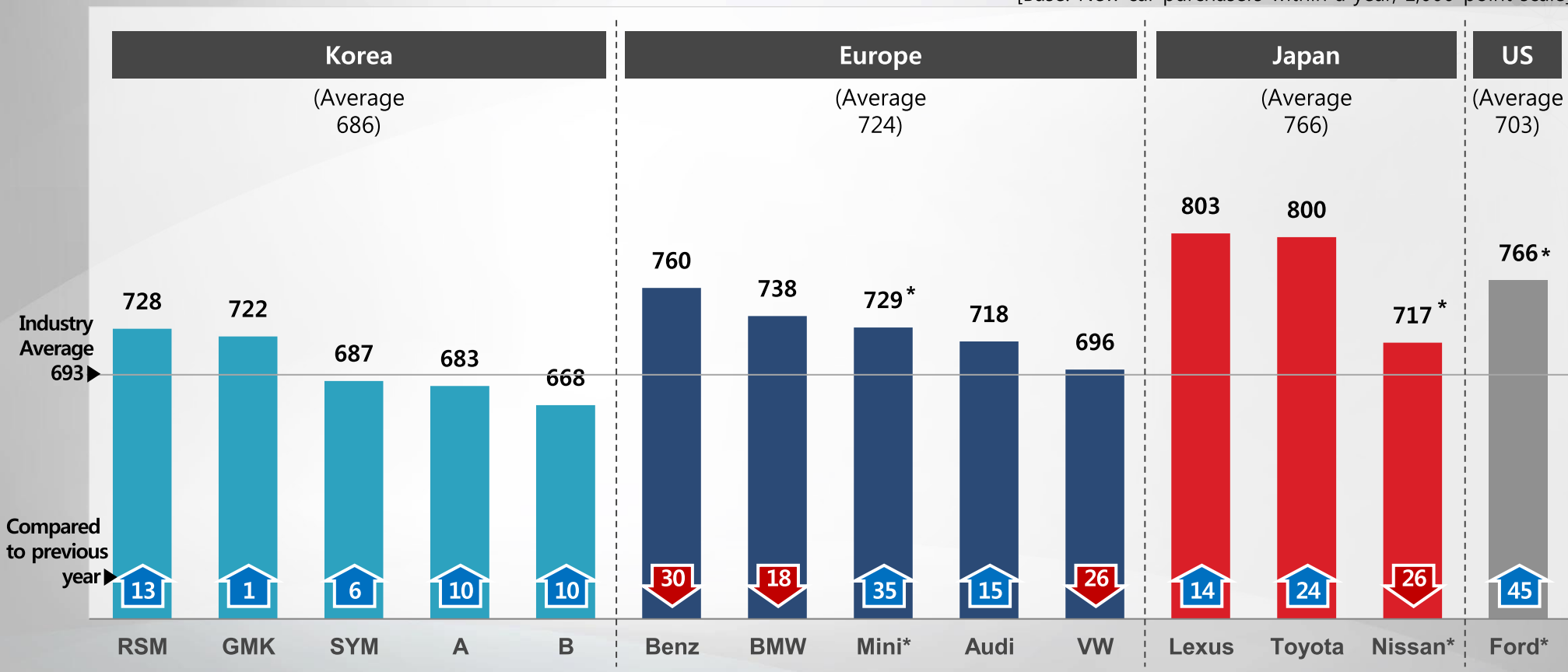
* Not presented 2012, due to change in measurement method.

Q. When considering all (Sales/service/quality) the above, how do you grade the Maker () in overall?

6. Automaker Overall Satisfaction(OSI) _ ③ Analysis by Brand

- » Among Domestic cars, Renault Samsung & GM Korea 2 brands only had over the Industry average OSI.
- » Among Imports, Benz, BMW, Audi & VW in European, and Lexus & Toyota in Japanese had over the Industry average OSI.

[Base: New car purchasers within a year, 1,000-point scale]

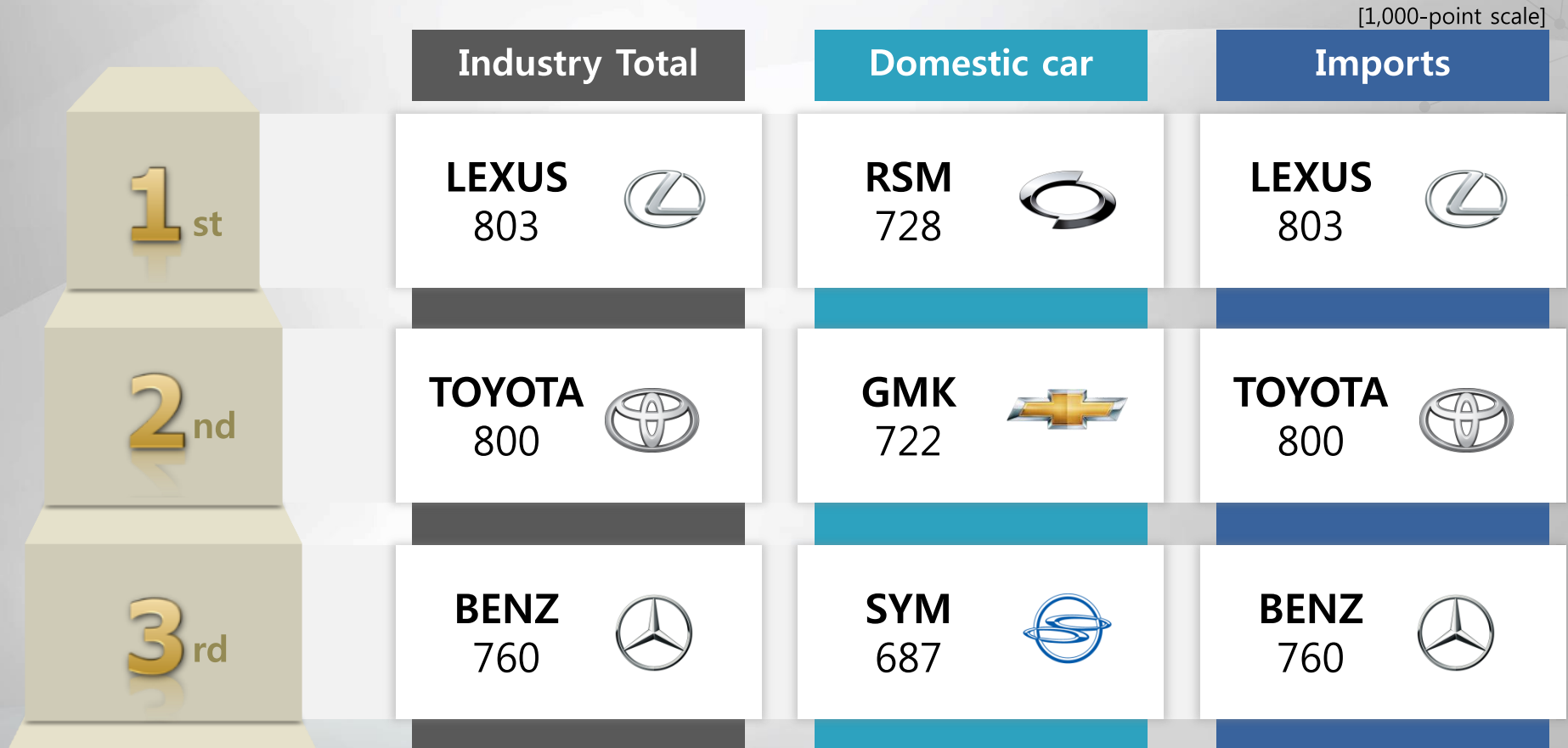


* Excluded the brand with 30~59 cases from ranking and take a caution to interpret. Not presented below 30 cases.

- Presented 5 Domestic & 9 Imported brands' evaluation (Over 30 cases)

6. Automaker Overall Satisfaction(OSI) _ ④ 2015 Outstanding brands

- » Outstanding brands in Automaker Overall Satisfaction of Industry Total & Imports were Lexus at 1st place, Toyota at 2nd place and Benz at 3rd place.
- » Among Domestic cars, Renault Samsung took the 1st place, followed by GM Korea at 2nd place and Ssangyong at 3rd place.



Summary & Insight

- » In 2015 study, strengthened competitiveness of Domestic car against Imports appeared in all areas of Quality & Customer Satisfaction.
- Service(Sales, A/S) has grown to be same with or dominant over Imports.
- In Quality & Product Satisfaction, Domestic cars' rising tend can be seen but still the gap with Imports is large.

		Domestic	Imports	Origin ranking competition			
Service	Sales (SSI)	 Improved	 Declined		➤		➤  ➤ 
	A/S (CSI)	 Maintained	 Declined		➤		➤  ➤ 
Quality	Initial Quality (TGW)	 Improved	 Improved		➤		➤  ➤ 
	Durable Quality (TGW-3YIS)	 Improved	 Improved		➤		➤  ➤ 
Product	Product Satisfaction (TGR)	 Improved	 Declined		➤		➤  ➤ 
Overall	Quality Stress (QSI)	 Improved	 Improved		➤		➤  ➤ 

↳ Surpassed European for the 1st time in 2015

↳ Took the top for the 1st time in 2015

Industry average

Insight by Origin



Domestic car

- Achievements from putting efforts are seen in all areas of Service · Quality · Product.
- Along with maintaining competitiveness in Service area (Sales, A/S) against Imports, additional competitiveness strengthening in Quality(Initial /Durable) & Product Satisfaction(TGR) area are necessary.



Europe

- Beside of Quality, Satisfaction had declined in Service & Product areas from the previous year. Service had enlarged gap with Japanese, while being surpassed by American & Japanese in Product Satisfaction area.
- European, especially German cars has growing threat factors in mid-to-long term Korean market management.



Japan

- Declined from the previous year in Service area (Sales A/S) but still at the top in ranks. Quality competitiveness has somewhat declined but the traditional weakness of Japanese, Product Satisfaction(TGR), has improved.
→ Need to raise additional Product Satisfaction for comparative advantage in Imports market.



US

- Still at bottom Service (Sales A/S) require urgent competitiveness strengthening.
- Product Satisfaction(TGR) had noticeable improvement.

IV. Diesel Engine Related Urgent Opinion Poll Result



1. Development of event

2015.9.18

US Environmental Protection Agency (EPA) disclosed EA189 engine related issue

2015.9.22

VW acknowledged & apologized EA189 engine related problem

2015.9.24

1st Urgent opinion survey conducted

2015.9.29~30

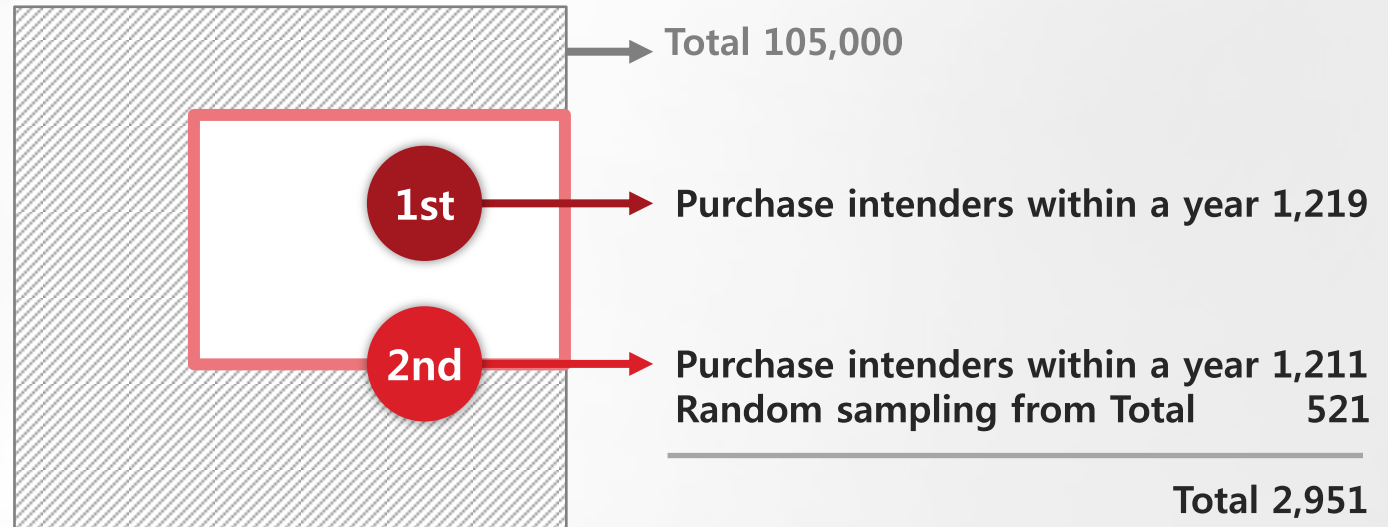
2nd Urgent opinion survey conducted

2. 1st & 2nd Urgent opinion survey design

Sampling frame

- Consumer Insight's Automobile Syndicated Study respondents conducted in Jul.~Aug. 2015
- Sample size : 105,672 persons

Sampling



Data collection method

- Online/Mobile survey

3. Main survey contents

- 01 Awareness on diesel & emission gas S/W problem
- 02 Range of responsible automakers
- 03 Same problem on domestically manufactured diesel engine
- 04 Purchase intention change by fuel type
- 05 Purchase intended change by country of origin
- 06 Purchase intended fuel type

4. Main survey result

			1 st (9.24)	2 nd (9.29~30)	
			A. Intender(N=1,219)	B. Intender(N=1,211)	C. Random(N=521)
1 Know of emission gas issue?	-----	Knew	93%	96%	93%
2 Responsible automaker?	-----	VW only	10	7	7
	-----	All VW Group	38	34	35
	-----	All German cars	10	12	11
	-----	All European cars	42	48 	47
3 Domestic diesel cars?	-----	Seems to have	80	80	77
4 Any change in purchase intention? (Increase%-Decrease%)	-----	Hybrid*	+27%p	+38%p 	+32%p
	-----	Gasoline	+26	+28	+23
	-----	Electric	+18	+25 	+18
	-----	Diesel	-36	-44 	-38
5 Any change in purchase intention? (Increase%-Decrease%)	-----	Domestic	+22%p	+26%p 	+18%p
	-----	Japan	-23	-21	-23
	-----	Europe (Excluding Germany)	-35	-34	-34
	-----	German	-49	-55 	-54

*Increase buying hybrid car 37%-'Decrease buying hybrid car 10%'= +27%

4. Major Survey Results_Changes in Purchase Intended Fuel Type

[Base: New car purchase intender within a years]

	1 st survey (N=1,219명)		2 nd survey (N=1,211명)
	2015.7 Syndicated study*	1 st survey	2 nd survey
Gasoline	45%	40% ↓	35% ↓
Diesel	40%	21% ↓	19%
Hybrid (Including PI)	10%	29% ↑	35% ↑
LPG	5%	6%	6%
Electric	-	5% ↑	6%
Total	100%	100%	100%

Purchase intention by fuel type in last survey (July, August)

Implications

- In overall, they have **critical judgement** about emission gas issue.
- Purchase intenders within a year had more critical tendency than general consumer.
- Consumers' attitude on this issue is getting more critical throughout the Chuseok holiday.
- **The problem is considered not only of VW but also of all European automakers. Domestic is considered not as an exception.**
- By country of origin, **declining of Germany** and **rising of Korea** is expected.
- **Over 50% of diesel purchase intenders** had intention to opt-out, and **hybrid is emerging as an alternative** but whether that can lead to a benefit to Japan is unknown.
- Current attitude of consumers is early response of generated event.
Systematic reputation management, risk management & strategy are required.



Any Questions?

Thank you

Contact : Managing Director Tae-Sun Yoon Consumer Insight



yoonts@consumerinsight.kr



02-6004-7655