

Diesel Scandal, Hybrid – Hitting Jackpot, Gasoline – Benefited between them

- **Launched Automobile consumer survey after Diesel gate**
- **Will bring a negative impact on all diesel and imported car market**
- **Domestic - gasoline car & Japanese - hybrid car have possibility to emerge**
- **German luxury gasoline vehicles may receive relatively less damage**

Diesel gate that exploded right before Chusok makes automobile consumers and stakeholders perplexed. They try to look at the market in somewhat calm eyes after the holidays, but nothing appears clearly. Only a few people believe this diesel engine issue is just a matter of particular company, while many have a question to all diesel vehicles and all German cars, but not confident enough. People say that Diesel engines have unclear future, and the era of hybrid will come but the feasibility is unknown. It feels like that German cars encountered a major crisis while domestic cars faced a great opportunity, but not confident either. When listening to the voice of the consumers who intend to buy a new car within two years, there comes a rough feeling. Let's listen to the words of the consumers.

Automotive specialist research firm, Consumer Insight (www.consumerinsight.co.kr), asked 100,000 people for whether there is a plan to buy a new car, and which car they prefer in mega-size Automobile Syndicated Study that has been conducted in July every year. In the study conducted in last July, 'the consumers who intend to buy a new car within two years (31,809 people)' were acquired, and after the diesel scandal had exploded (September 22), weekly 1,200 samples were selected from these for the past three weeks to conduct 3 exigent opinion polls (1st on September 24, 2nd on September 29 & 3rd on October 8).

First, they were asked whether to know about diesel scandal which was caused by Volkswagen EA189 engine (Table 1). 93% of the purchase intenders in the survey, which was conducted two days after the scandal, answered as "They knew". This figure has gone up to 98% in the 3rd survey that is very high even considering that they are purchase intenders. It can say that all the consumers know about the event now.

For more Information

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[Table. 1] 1st~3rd Main Survey Result

Survey Contents		1st (9.24) (N=1,219)	2nd (9.29) (N=1,211)	3rd (10.8) (N=1,219)
Q1 Know of emission gas issue?	% Knew	93%	96%	98%
Q2 Responsible automaker?	% VW only	10	7	6
	% All European cars	42	48 ↑	50
Q3 Any change in purchase intention of which country of origin car after 'gas issue'?	Domestic - % become larger	35	37	32 ↓
	Japan - % become larger	13	14	11
	Europe(Non German) - % become larger	6	9	5
	German - % become larger	4	4	2
	America - % become larger	-	-	9
Q4 Any change of fuel type in purchase intention?	Gasoline (41%)*	40%	35% ↓	36%
	Diesel (43%)	21% ↓	19%	21%
	Hybrid (11%)	29% ↑	35% ↑	33%
	LPG (5%)	6%	6%	5%
	Electric (1%)	5%	6%	5%

* : percentage of Purchase intenders within two year(N=31,809 / 2015 Automobile Syndicated)

↓↑ : 5%p higher than previous survey(↑)/5%p lower than previous survey(↓)

Next, they were asked about which automaker is associated with Diesel-gate. Only a few of the consumers (10%) from the beginning said that it is just a matter of Volkswagen. That figure has reduced to 6% in two weeks, indicating just a handful of people considering it as a problem of Volkswagen only. On the other hand, the answer for all European cars having same problem went up to 50% in 3rd from 42% in the 1st. Furthermore, a half of purchase intenders considered all European cars having a same problem and three out of four considered that there is a same problem in the domestic cars also (80% in 1st, 74% in 3rd). Majority of consumers are doubting all the automakers.

Major automobile manufacturing countries were presented to ask about the "Became larger or Became smaller" purchase intention for each country. Answer for "Became larger" in the result of 3rd survey was at the highest with Domestic cars at 32%, followed by Japanese cars at 11%, US cars at 9%, European(Non-German) cars at 4% and German cars only at 2%. On the other hand, answer on "Became smaller" was more than 30% for all the auto manufacturing countries with the exception of domestic, displaying the significant change to negative for all the foreign-made cars. It is a big good news for domestic cars, whereas it is a big bad news for foreign-made cars.

They were asked about which fuel type they intend to buy as the next question and compared the answer with the result that was answered in July automobile syndicate study. Purchase intended fuel type had rapidly changed in 1st survey right after the diesel scandal,

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but had no big change after that. The result of 3rd survey was compared with the answer of the entire purchase intenders in the July study. Diesel was the first place at 43% in the July Syndicated study but it has been reduced to 1/2 or less at 21%, while Gasoline at 41% has also been reduced to 36%. On the other hand, Hybrid became three-fold to 33% from 11%, while Electric car that was insignificant went up to 5%.

Survey result indicates rapid surfacing of Hybrid and Electric car, and sharp declining of diesel and accompanied decrease of gasoline. However, supply-demand in the market is not in accordance with consumers' preference. Hybrid and electric vehicles supply have a difficulty to fill the decreased margin of diesel. For a while there is a high possibility that gasoline will grow by enjoying the benefit from it. Especially German premium gasoline car seems to have increased demand.

Powertrain for automakers is like their own children. They cannot discard any of Diesel, petrol, hybrid & electric. However, a strategic decision to focus on which area cannot be avoided. But, they should not to devise another problem from impatience. Diesel gate is at the beginning stage now. Potential to develop into the worst disaster is open wide. Automakers should remind that consumers are contemplating.

-This study will continue on weekly basis until October 30th

-For more information please contact

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Consumer Insight Inc. has conducted 'Automobile Quality and Customer Satisfaction Study' in every July from 2002 to 2015 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: Consumer Insight(www.consumertinsight.co.kr)
- Research type: Syndicated study
- Population: Nationwide Automobile user with e-mail account
- Survey period: July 2015
- Data collection method: Online e-mail survey
- Sample size: Total 105,672 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

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