

Problems & Improvements of Imported Car

After Sales Services

- 2016 Automobile Consumer Report –

※ Imported cars have received much criticism of their after sales services. Given that, this report is prepared to find problems by comparing the after sales services of imports and domestic cars so as to suggest improvements thereupon;

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| 1. After sales service reservation process | : Issued on Dec 16 th , 2016 |
| 2. After sales service time | : Issued on Dec 21 st , 2016 |
| 3. After sales service cost | : Issued on Dec 23 rd , 2016 |
| 4. After sales service results & complaint handling | : Issued on Dec 28 th , 2016 |
| 5. Suggestion on after sales service improvement | : Due on Dec Jan 4 th , 2017 |

[16/17 - 05] Imported Car A/S Service Process Comparison

: A/S service results & Complaints handling process

- Imported cars with high recurrence of the same problems after A/S services
- Hard for customers to pile complaints about the problem recurrence
- Problems recurring more with feature repair

The golden rule of A/S service is 'do it right at once.' However, the reality does not necessarily work that way, which is more prominent with imported cars'. Imported cars showed more cases of 'the same problem recurrence than domestic cars with many imported car customers' complaints also found of such. The study also found more of the stated problems with the low service performance group of the imported cars which did not handle such problems properly afterwards, either. The domestic car companies had the problems more with their vertical service centers than their partner service centers, and overall, showed a similar service level to the low service group of the imported cars.

The same problem recurrence after maintenance/repair was 13% for imported cars and 9% for domestic cars, and 'complaints raised' were more visible with imports (14%) than domestic cars (10%) [Table1]. On the questions whether there were windows available to accept customers' complaints and those complaints were well handled, some 60% of the

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customers gave negative answers, with no difference between import and domestic cars. That is, poor A/S service and complaints thereof were said more of imported cars, but neither imports nor domestic cars were successful in addressing such customer complaints. Also, customers' dissatisfaction (or non-satisfaction to be more precise) with the A/S service results of both imports and domestic cars stood at around 70s% and in the upper half of the 80s% when it comes to complaint handling process. As a result, the recurrence of the same problems provokes customers' complaints and improper handling of those complaints escalates the problems even more greatly.

[Table 1] After sales service results & complaint handling of Imports & Domestic Cars

			Imports (4,492)	Domestic (33,805)	Imports		Domestic	
					High* (1,658)	Low (2,834)	High** (10,797)	Low (23,008)
Results	1. The same problems recurred after maintenance/repair	% Yes	13	9	9	16	9	9
	2. Voiced a complaint about A/S service results	% Yes	14	10	11	16	10	9
	3. Windows to accept complaints was available	% No	63	63	58	65	64	63
	4. Complaints raised	% Were not handled well	60	57	52	63	60	56
	5. Revisited for the same problem	% Yes	15	13	12	17	13	13
Complaints	1. The same problem recurred after maintenance/repair	% Dissatisfied	72	71	56	78	70	72
	2. Complained about A/S service results	% Dissatisfied	77	75	68	81	73	76
	3. No windows to accept complaints	% Dissatisfied	86	86	78	90	83	87
	4. Complaints raised were not handled well	% Dissatisfied	90	88	88	91	85	89
	5. Revisited for the same problem	% Dissatisfied	68	62	53	74	63	62

*High performance brand: Benz, Honda, Lexus, Toyota, Nissan, Volvo
 **High performance brands: Renault, Samsung, GMI Korea, Ssangyong

The study put both imports and domestic cars into a group of high (above the satisfaction average) vs low (below the satisfaction average) service performance group to find any differences in A/S service results and complaint handling between the groups. The results showed a big difference between the high vs low service performance group of imported cars. In the overall evaluation of A/S service results and complaints handling, negative response was way higher in the low service performance group and so was it as to the complaint rate as well. On the hand, there was almost no difference between the high and low service performance group of domestic cars, and interestingly, the domestic cars as a whole showed a similar service level to the imported cars' high service performance group's. The A/S service problems of imported cars appear to be mainly attributed to the poor A/S service results and complaint handling done by the low service performance group of the imported cars.

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Details of which A/S service areas had to do with the poor results and complaint were analyzed as well. With imported cars, more problems were found with repair rather than inspection, and in particular feature repair (recurrence rate 22%) among repair, and complaint handling process was more problematic when the repair costs were 510,000 won or above (at around 70%)

Imported car customers tend to value time more than money, and the key criteria that decides the quality of imported cars' A/S services are mostly time-related, such as phone reservation process and waiting time for part supply. The recurrence of the same problems is the worst from customer satisfaction perspective as it requires customers' time for the same matter, again. To make things worse, if even raising a complaint is not easy, either, it could lead customers' anger to infuriation. The study learned that one out of every 6 customers of the poor service companies had the stated unhappy experiences.

This study results came from the 16th wave (conducted in July 2016) of a large-scale annual 'Automobile Syndicated Study' with 100,000 samples, which was launched in 2001 by Consumer Insight, an automotive specialized research firm.

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◆ Reference: 「Consumer Insight」 Annual Automobile Syndicated Study Outline

The contents was excerpted and summarized from the results of annual 'Automobile Syndicated Study' conducted by Consumer Insight Inc. in every July since 2001.

Population	Car owners/ purchase intenders within next two years		Total	1,791,733
Sampling Frame	Random sampling with quota from Consumer Insight IBP (Invitation Based Panel) & Major portal site members		2016	100,788
Sampling Method	Quota sampling by gender/ age		2015	105,672
Data Collection Method	E-mail survey		2014	101,821
Sample Size	Yearly average 100,000 persons		2013	101,701
Study Contents	U&A (Usage and Attitude) info. & CEQ (Consumer Experienced Quality)		2012	95,012
Study Period	Every July		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	

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