

[16/17 – 07] Imported cars doing better than domestic cars on customers' satisfaction with 'value for cost'

- Customers' satisfaction the lowest on 'value for cost' among the 10 satisfaction areas
- Small cars high but large and expensive cars the lowest on 'value for cost' satisfaction
- Lexus ranked 1st among all the cars with GM Korea also rated as the best domestic car on 'value for cost'
- 'Value for cost' increases when price discount received at a point of purchase

Consumers are paying their attentions to "value for cost" of cars. Among the 10 satisfaction areas, 'value for cost' is the area with the most customers' complaints. Customers think that their cars are not worth car price and other costs they pay, which is more seriously felt about domestic cars. Large and expensive cars were less satisfactory in terms of value for cost while cheaper compact cars were thought to be more satisfactory. It is likely that the age of cheap and practical cars will come.

The study asked those customers who had bought their new cars within the past 3 years (since July, 2013) to evaluate their satisfaction with such 6 areas as ▲car price, ▲option price, ▲fuel costs, ▲maintenance costs, ▲A/S service costs, ▲expected used car value and overall satisfaction taking everything into account in 10 point scale. Domestic cars scored 25% and imported cars earned 35% in terms of 8 or higher point rating, which is the lowest level among all the 10 satisfaction evaluation areas ([16/17-01] domestic car competitiveness analysis: 10 satisfaction areas). Customer's satisfaction with 'value for cost' is the lowest against any evaluation areas of product and service.

The industry average of 'value for cost' satisfaction that factored in the six areas including price and then was converted into 1000 point scale was 599 points with imported cars (613 points) slightly outperforming domestic cars (597 points). Overall, small cars rather than large cars and cheaper cars over expensive ones were rated as more satisfactory on 'value for cost.'

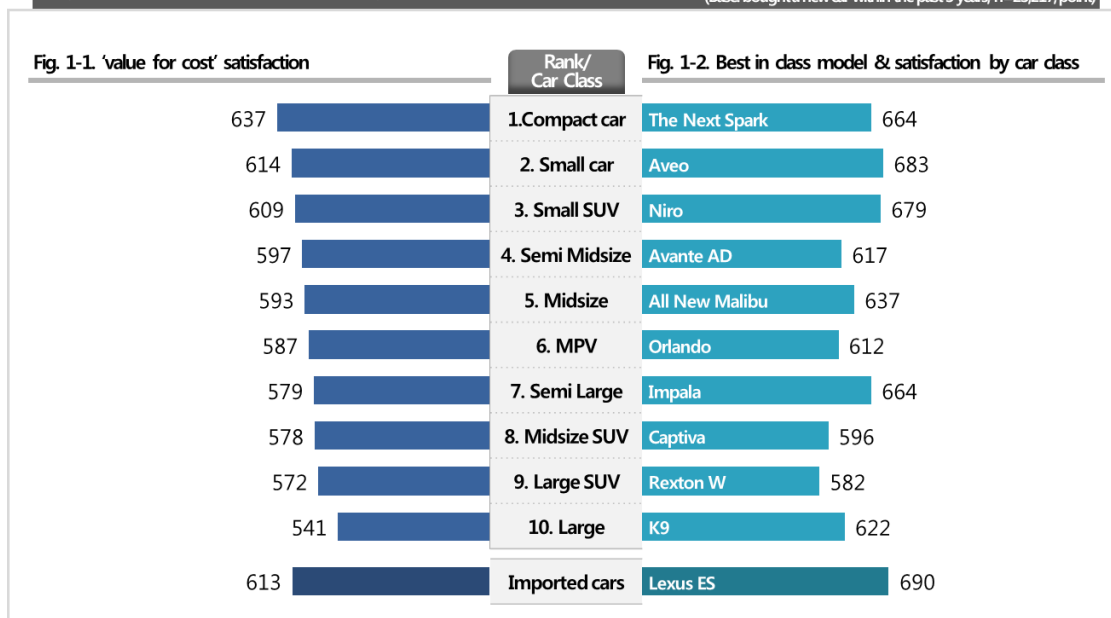
By car class, compact cars achieved the highest score with 637 points, followed by small cars (614points), small SUV (609 points), and semi-mid sized sedans (597 points) regarding 'value for cost' [Figure 1-1]. Small cars and cheaper cars were mostly shortlisted. Large sedans scored 541 points, the lowest among the 10 car classes, showing a large difference of 100 points against compact cars. The results indicated that the owners of large sedans were more

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price-sensitive, and they were less satisfied with maintenance costs than car purchase price. On the contrary, small car owners were happy with maintenance costs in particular.

[Fig. 1] Value for Cost Satisfaction by Car Class & Best in Class Models (Base: bought a new car within the past 3 years, n=23,217, point)



The study checked on Best in class models by the 10 car classes regarding 'value for cost.' Among those best in class models, Aveo (small car, GM Korea) ranked the 1st with an excellent performance, scoring 683 points [Figure 1-2]. Kia's small SUV, Niro, was the second best, followed by THE NEXT SPARK. GM Korea listed six models as best in class, which was more than half of the total 10 best in class models while Kia listed two models (super large sedan 'K7' and small SUV 'Niro') and Hyundai and Ssangyong had only one model each (Semi midsize sedan 'Avante AD,' large SUV 'RextonW,' respectively).

What is interesting was that higher discount rates at the point of purchase tended to contribute to customers' higher satisfaction. The high customers' satisfaction with GM Korea is likely to be related to the brand's relatively high perceived discount rates. But this is the story of domestic brands. Lexus and Toyota marked the top performance despite their low discount rates.

Among all the car brands including both domestic and imported cars, Lexus ranked the 1st with 673 points [Table 1-1], followed by Peugeot(668 points), Toyota (642 points), Nissan (639 points), BMW (632 points), and all the top 5 brands were imported cars. GM Korea was the best performer with 625 points among the domestic brands. The car brands that performed above the industry average by area were Nissan in car price and option price,

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Peugeot in fuel costs and maintenance costs, and Lexus in used car value. GM Korea topped the list in A/S service costs.

[Table 1] 'Value for cost' evaluation by brand/model

(Base: bought a new car within the past 3 years, n=23,217, point)

Table 1-1. Value for cost by brand

Rank	Brand	Satisfaction score
1	Lexus	673
2	Peugeot	668
3	Toyota	642
4	Nissan	639
5	BMW	632
6	Infiniti	630
7	GM Korea	625
8	Honda	624
9	Volvo	624
10	Ssangyong	611
11	Renault Samsung	608
12	Volkswagen	608
13	Kia	600
Industry Average		599

Table 1-2. Value for cost by model

Rank	Brand	Model	Satisfaction score
1	Lexus	ES	690
2	Toyota	Camry/ Camry Hybrid	657
3	BMW	3 series	652
4	Nissan	Altima	643
5	Audi	A4	628
6	Honda	Accord	618
7	VW	Golf	614
8	BMW	5 series	613
Imported car average			613

(Base: bought a new imported car within the past 3 years, n=3,800, point)

Of the imported car models, Lexus ES ranked the 1st with an excellence performance of 690 points [Table 1-2]. ES was rated as the best among both domestic and imported cars with Toyota Camry (657 points) and BMW 3 series (652 points) coming up next to ES.

Earlier, it was the concept of cost effectiveness that led the growth of imported cars. Customers thought that imported cars were worth their car prices when considering the cars' performance. Then, customers' attentions were paid to fuel costs rather than car performance with the entrance of popular imported cars into Korea and then have been moving to more comprehensive costs. Now, customers are seeking 'value for cost' which is hard to find with large and expensive cars. The practicality of small and cheaper cars gives customers more satisfaction, and it is likely that the trend of customers' preference for large cars might end.

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 were excerpted from the results of Consumer Insights' annual 'Automobile Syndicated Study' conducted in July every year 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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