

[16/17 – 08] Hyundai in urgent need to improve its corporate image

- Hyundai-Kia, lowest in consumers' corporate satisfaction
- Hyundai ranked 1st in 'company worse off than the past year' for the three consecutive years
- Hyundai corporate image standing at 45% for 'worse off', doubled in the past 6 years
- Consumers' intent to buy imported cars increased while their intent to buy domestic cars decreased despite the diesel gate

The comparison of domestic cars and imports in 10 satisfaction areas showed that the company image was one of the biggest weaknesses of the domestic cars (see [16/17 -01] domestic car competitiveness analysis; 10 satisfaction areas). On the question 'how satisfied are you with your car company?', the study found a big difference between imports and domestic cars with new car buyers' satisfaction turning out to be '38%' for domestic cars and '53% for imported cars. In particular, Hyundai and Kia were evaluated as the lowest on the measure among all the cars, scoring 33% and 34%, respectively. Consumers' complaints were by far more serious with car companies rather than cars, which was truer for Hyundai-Kia.

The study found a big difference of 15%p between domestic cars and imports regarding consumers' overall satisfaction with car companies that they bought their new cars from in terms of the ratio of 8 or more points out of 10 point scale with the domestic cars scoring 38% and the imports earning 53% [Table 1]. The difference in the two car groups of different origin is the second biggest next to the difference in durability satisfaction (19%p). Among the total brands, Toyota and Lexus scored the highest (73% and 72%, respectively), and Renault Samsung (54%) and GM Korea (50%) also ranked high. The difference between domestic and imported cars is well illustrated by the fact that Renault Samsung, the number 1 domestic car brand, is only the average of imported cars.

For more Information

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[Table 1] Overall Satisfaction with Car Company

Domestic Brands			Imported Brands		
	Renault Samsung	54%		Toyota	73%
	GM Korea	50%		Lexus	72%
	Ssangyong	40%		Benz	67%
<i>Average</i>		<i>38%</i>		Honda	66%
	Kia	34%		BMW	59%
	Hyundai	33%		Volvo	58%
				Land Rover	57%
				Infiniti	53%
			<i>Average</i>		<i>53%</i>

*Considering everything, how satisfied are you with your car company? (ratio of 8 or above out of 10 point scale)

The satisfaction rate of domestic brands at below 40% is an extremely low level that is hard to find anywhere else in the world, and Hyundai (33%) and Kia (34%) contributed to dragging it down. The only imported car at a similar level to Hyundai is Volkswagen (32%) that suffered greatly in the past year, which indicates how cold consumers have been with Hyundai.

In order to see how these evaluations had changed over time, the study presented 20 domestic and imported brands and asked how consumers viewed each brand in terms of 'more positive,' 'the same,' 'more negative' than the past one year. The response around 'more positive' was high for ▲GM Korea(34%), ▲Renault Samsung(30%), ▲Land Rover(27%), ▲Benz (23%), and ▲Jaguar(21%) in order [Table 2]. On the other hand, regarding consumers' response around 'more negative,' Volkswagen(64%), the villain of the diesel gate scandal, was by far the highest, followed by Audi (32%), and Hyundai (29%), and some Japanese brands. Currently, Hyundai is one of the lowest satisfaction brands and a company with the most negative change at the same time.

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[Table 2] Top 10 brands in change of 'more positive' vs 'more negative' against 1 year ago (n=3,157%)

More positive			More negative		
1	GM Korea	34%	1	Volkswagen	64%
2	Renault Samsung	30%	2	Audi	32%
3	Land Rover	27%	3	Hyundai	29%
4	Benz	23%	4	Nissan/Infiniti	22%
5	Jaguar	21%	4	Honda	22%
6	Volvo	20%	6	Toyota/Lexus	21%
6	Ssangyong	20%	7	BMW	18%
8	Kia	19%	8	Kia	17%
9	BMW	18%	9	MINI	14%
10	Toyota/Lexus	16%	9	Benz	14%

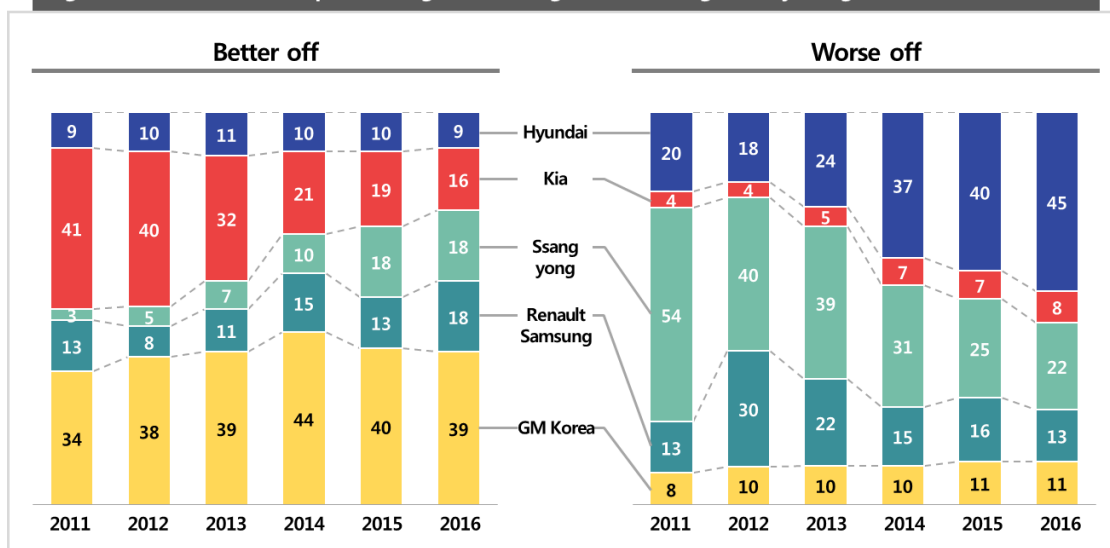
In order to learn if the corporate images of the five domestic brands were only temporary or had been continuously changing, the study asked the consumers to point out a one company each for 'better off company' and 'worse off company.' The results were summarized to confirm the trends since 2011.

This year, the survey found that GM Korea was rated the highest with 39% on 'the most improved company,' followed by Renault Samsung, Ssangyong, and Kia, all standing at the higher end of the 10% to 19% range while Hyundai alone scored only a single digit (9%) [Figure 1]. As for the changes since 2011, GM Korea started at 34% when it was launched as Chevrolet in 2011 and reached 44%, and then stayed flat there, but the brand kept its place as the most improved company for the 4 consecutive years since 2013. Hyundai remained stuck in the narrow frame of 9% to 11% for 6 years, and marked the lowest for 3 years in a row. Kia ranked 1st on 'the most improved company' in 2011, but continued to drop over years to reach 16%, rapidly closing in towards Hyundai. As negative consumers' attitudes have become prevalent towards Hyundai, as much positive consumers' attitudes towards Kia have been also reducing.

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[Figure 1] Brands whose corporate image have changed to be against a year ago



On the other hand, Hyundai was rated the highest with 45% on 'the worst off company', followed by ▲ Ssangyong (22%), ▲ Renault Samsung (13%), ▲ GM Korea (11%), ▲ Kia (8%). Since 2011, Hyundai moved from 20% to 45% on 'worse off', keeping its number 1 place as 'the worst off company' for the 3 consecutive years since 2014. Hyundai is a dominant number 1 on the measure, doubling Ssangyong that once almost got out of business. Kia does not hold any unique presence even though it has been on the increasing trend at 4% to 8%. The results show that Hyundai was not successful in increasing its supporter group that stood at 10% of the consumers while the anti-Hyundai consumers had doubled at from 20% to 45%, which implies that Hyundai's relationship with consumers had gone very wrong.

Consumer's emotional objection to Hyundai is fostering the imported car market. Despite the huge scandals like the diesel gate, consumers' desire to buy an imported car does not die out. Compared to '1 year ago', consumers' intent to buy an imported car increased (29%) rather than decreased (21%), showing an 8%p surplus. On the other hand, consumers said that they would be 'less likely to buy a domestic car (22%)' over 'more likely to buy one (15%)', resulting in a 7%p deficit. Despite some bad scandals involving imported cars, there are not many consumers that would want domestic cars as they think that it is better to find alternatives among imported cars.

Once there was an era when Hyundai was forgiven about everything. Such made Korea a tomb of imported cars and a market with the highest domestic cars' market share. However, such prime times have gone. A majority of consumers are willing to change to imported cars whenever the circumstances allow them to. They are fiercely watching out if Hyundai is ever reverse-discriminate Korean consumers ungratefully.

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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**

「Consumer Insight」has been conducting ‘Annual Automobile Syndicated Study’ with over 100,000 respondents since 2001. The study is fielded in July every year and the detailed study design is as follows;

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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