

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 16th, 2016 |
| 2. After sales service time | : Issued on Dec 21st, 2016 |
| 3. After sales service cost | : Due on Dec 23rd, 2016 |
| 4. After sales result & complaint handling | : Due on Dec 28th, 2016 |
| 5. Customer communication process | : Due on Dec 30th, 2016 |
| 6. Suggestion on after sales service improvement | : Due on Dec Jan 4th, 2017 |

[16/17 - 03] Car After Sales Service Process Comparison: Service Time

- Imported cars' after sales service taking longer than expected & leaving customers unable to use their cars for many days
- Waiting time for part supply as the most serious weakness regarding imported cars' after sales service time
- Almost no service time difference between high vs low service performance group of domestic cars

Time and money are all important to consumers. Imported car customers tend to secure time even at the cost of their own money instead of saving money by spending their time. Unlike customers' needs as such, imported cars' after sales service (hereafter 'A/S') took by far longer, which was more visible with companies with low customer A/S service satisfaction. A long waiting time is the Achilles heel of the imported car A/S service.

In Consumer Insight's 2016 "Annual Automobile Syndicated Survey", there were about 38,000 customers who had received A/S service from either vertical or authorized or partner service centers of their car brands' (vertical service centers only for imported cars). We selected parts of the study regarding service time and compared them between imports and

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domestic cars. Both domestic and imported cars were put into high (above average) vs low (below average) A/S service group, respectively, and the study confirmed on any difference among the groups in the 5 areas of 'reservation process,' 'car registration process at A/S service center,' 'maintenance process,' 'part supply,' 'total service time.'

1. A/S service reservation process: Regarding the reservation process, AutoInsight's previous issue (Automobile Report 16/17-02) already reported that phone reservation was the core of the booking process and there was a big difference between the two car groups of different origin with the rate of "booking 3 or more days later" standing at 72% for imported cars and 20% for domestic cars, and that when it comes to "average waiting days," it took 7.5 days for imported cars and 4.4 days for domestic cars, indicating that imported cars had to wait more than 3 days longer to get serviced.

The phone reservation process of imported cars is a matter of improvement at the quickest time [Table 1].

[1] Service Time								
		Imported (4,492)	Domestic (33,805)	Imported		Domestic		
				High* (1,658)	Low (2,834)	High** (10,797)	Low (23,008)	
1. [Reservation Process] Waiting time after reservation application	% more than 2 days	72	20	70	74	21	19	
	Average(days)	(7.5)	(4.4)	(6.6)	(8.0)	(3.6)	(4.9)	
2. [Car Take-in process] % Waited long after visiting the service center		26	14	16	32	15	14	
3. [After Sales Service Process] Service type received?	% On-site maintenance		72	78	78	68	80	78
	Waiting time	% within 30 minutes	68	73	70	67	74	72
		Average(mins)	(37)	(31)	(32)	(40)	(30)	(31)
	Finish Time	% within 1 hr	35	57	41	30	55	57
		Average(Time)	(1.7)	(1.4)	(1.6)	(1.8)	(1.4)	(1.4)
	% Overnight Maintenance		28	22	22	32	20	22
	Waiting time	% within 30 minutes	66	68	67	66	67	68
		Average(Mins)	(51)	(50)	(45)	(54)	(48)	(50)
	Finish time	% more than 4 days	13	7	12	13	7	7
		Average(days)	(4.5)	(3.3)	(4.6)	(4.5)	(3.3)	(3.3)
4. [Part Supply] % Waited for part supply		21	21	16	24	19	22	
	Supply Time taken	% more than 3 days	52	16	49	54	19	15
		Average(days)	(8.1)	(2.9)	(7.3)	(8.4)	(3.1)	(2.8)
5. [Total Service Time]								
5-1. % Time from reception to service finish took longer than expected		25	15	17	30	14	15	
5-2. % There were times when after sales service took a lot longer than expected in the past one year		22	15	16	25	16	14	
5-3. % There were days when I could not use my car due to after sales service		24	21	20	27	20	21	
		Average(days)	(6.7)	(4.3)	(6.3)	(6.9)	(4.4)	(4.3)
*High performance brand: Benz, Honda, Lexus, Toyota, Nissan, Volvo								
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2. Car registration process at A/S service center; The customers' answer to 'had to wait long from the A/S service center visit to car registration for maintenance was 26%, almost

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double the domestic cars' (14%). Also, the response to the same question was 32% for the low service performance group of the imported cars, which was twice as high as the high performance group of imported cars. The car registration process for maintenance is a start of A/S service, thus, determines customers' impressions of the brands. It is likely that the problems of imported cars with below average service satisfaction might have been started from here. No difference was found between high vs low service group of domestic cars, though.

3. Maintenance process; When maintenance was divided into on-site maintenance and overnight maintenance, there was some difference in service time between import and domestic. In case of on-site maintenance, completing the service within an hour was 35% for imports and 57% for domestic, meaning more time was needed for imported cars' service to be completed. As for overnight maintenance service, it took longer for imports as the average days for the service was 4.5 days for imports and 3.3 days for domestic. There was almost no difference within the high and low service group of both imports and domestic cars in the maintenance process.

4. Part Supply; The customers' response to 'had to wait for car parts' was the same with 21% for both imported and domestic, but there was a big difference in the length of time. The rate of 'waited more than 3 days' was only 16% for domestic cars, but more than half of the imported car customers answered the same at three times as high a rate as 52%. The average waiting days was 2.9 days for domestic and 8.1 days for imports, which is nearly three times the domestic's. With regard to service time, the biggest weakness of the imported car was the waiting time for parts supply, and the difference between the high and low service group of the imported cars was not so big, which implies that the problem is common to all import cars.

5. Total A / S service time; We looked into A/S services that the customers experienced recently and in the past one year. In the case of the recent A / S service experience, the customers' answer to "took longer than expected from reception to completion" was 25% for imports and 15% for domestic cars, with the imports taking longer. The imported cars also needed longer time than their domestic counterparts in 'took a lot longer than expected' with 22% against 15% for domestic cars, 'unable to use the car due to A/S service with 24% and 21% for imports and domestic cars, respectively, while the imported car customers could not use their cards 6.7 days on average against 4.3 days for domestic car users. Customers' experience both in their single recent service and total one year experience proved that A/S service took longer with imported cars.

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A close look at the whole A/S service process confirms that imported cars are inferior. The most serious of these are 'phone reservations' and 'supply of parts'. Particularly, time for parts supply of imported cars takes about three times as long as domestic cars. This is a common problem among imported cars because there is no difference between the high vs low service performance group of imported cars regarding this matter. In terms of A / S service time, the most important issue for all imported car companies to address is the smooth part supply. It should be borne in mind that imported car customers are willing to secure more time even at the cost of their own money.

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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