

2015 Automobile Consumer Reports;

Why are people flocking to imported cars?

1. Up to where can Imported cars reach?
2. Why do they consider imported cars?
- 3. Which one should be blamed? Product or Brand?**
4. Greatly satisfied when switching from domestic to imported cars! What about vice versa?
5. Why Hyundai fosters antagonistic customers?

3. Which one should be blamed? Product or Brand?

- **Hated is not domestic cars but domestic company**
- **Domestic automakers have 'capacity' but with so so 'product' and awful 'management'**
- **Imported cars' strength is in product but have weaknesses in cost and service**

When consumers view the cars, they not only look into the car. But they take all the various aspects into account including not only the price & quality of car but also the provided services, and the role & activities of the company. The reason for consumers to buy imported cars was because of good quality and value for the price. And then, what is the reason for leaving the domestic cars? That is because they do not like companies rather than car.

The consumers who purchased new car within one year were asked to evaluate 'Customer care', 'Product quality' such as the features and performance, experienced 'A/S service', and all the aspects (product, service, image, etc.) of the automaker of the car that were experienced while buying and after buying the car. They were asked to grade in a 10-point scale in order to determine Overall Satisfaction of each aspect (1,000-point scale). In the result, imported cars was much higher than the domestic cars in 'Overall satisfaction for maker' and automobile 'Quality' among the 4 aspects. Domestic cars was somewhat ahead in 'A/S service', while in 'Sales and Customer care', both were at a similar level [Table 1].

For more Information

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[Table 1] Overall Satisfaction of Domestic-Imports purchasers* by Aspect (1,000-point scale)

Overall Satisfaction	Domestic purchasers		Imports purchasers	Gap (Imports-Domestic)
Maker Satisfaction*	698	<	751	53
Product Satisfaction*	751	<	794	43
Sales/Customer care Satisfaction*	721		725	4
A/S Satisfaction**	790	>	774	-16

* New car purchasers within a year (Domestic n=6,520, Imports n=1,254)

** A/S experienced within a year (Domestic n=41,727, Imports n=3,542)

When looking into the gap between domestic and imported, there was a large gap of 53 points in the 'Maker satisfaction' between imported cars at 751 points and domestic cars at 698 points. When looking into the relationship with the other scores, the reason for the large gap like this is because of the unusually low 'Maker satisfaction' of domestic cars. 'Maker satisfaction' of domestic cars is not only less than 700 points alone but also over 20 points lower than 'Sales/Customer care', which is the next higher score (721 points). For domestic car, the consumers purchased the car of the company by selection and relatively satisfactory for the car, but they are not satisfied with the company. On the other hand, in the case of imported cars, they have high satisfaction for the product with not low satisfaction for the company.

When the consumers, who purchased new car less than one year, are so negative about automaker like that, what about the evaluation of consumers who intend to buy a car? New car purchase intenders within two years were asked about the level of Korean automakers' global competitiveness in 12 aspects including 'R&D capability', 'Customer relationship' & 'Management'. In the percentage of evaluation for top two categories (Global top level + Above-average level) on 5-point scale from entire intenders, 'Marketing capability' was the highest at 49%, followed by 'Design capability' (48%) in order [Table 2].

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[Table 2] Domestic Automakers' Global Competitiveness Evaluation

(%'Global Top level'+ 'Above the average')

Category	Item	Purchase intender Total	Domestic car intender	Imports intender	Gap (Imports- Domestic)
Marketing capability	Marketing capability	49	51	39	-12
	Exterior/Style/Design capability	48	51	36	-15
R&D capability	Automobile design capability	42	46	28	-18
	Advanced tech. development capability	35	42	27	-15
Product reliability	Assembly/Manufacturing technology	33	36	20	-16
	Automobile's safety	29	32	14	-18
Customer oriented	Customer service spirit	30	32	21	-11
	Moral/Social responsibility	19	20	11	-9
Management behavior	Transparency of business	16	17	11	-6
	Labor relationship	14	15	11	-4
(Cases)		(1,478)	(1,195)	(283)	-

By major category, 'Marketing capability' had the highest evaluation, followed by 'R&D capability'. 'Product reliability' was lower than that, while 'Customer-oriented' had more negative response and 'Management behavior' had the lowest score. In summary, the domestic auto makers have competitiveness in 'capability' aspects but their 'Product' is insufficient and 'Management behavior' is in backward state.

When viewing by dividing into intenders of domestic cars and imported cars, imported car intenders had much more critical view on domestic automakers in all 12 aspects. In particular, only a few (11%) responded that there are competitive edges in the ethical aspects such as 'Moral/social responsibility', 'Transparency of business' & 'Labor relationship'.

This result gives a hint that the reason why Korean consumers do not like the domestic automakers, lies not in the products and services they offer but in the closed nature and disarrayed state of business management. Moreover, domestic car purchase intenders consider domestic cars not because they like the companies with a matter of degrees. That's because there is no suitable alternative.

In the flip-side of the attitude of many consumers who want to switch to imported cars, there is a feeling of rejection for the domestic automakers rather than dissatisfaction for product & service. It is considered that they have capability but not good in ethical

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assessment. It is natural for such consumers to assess imported cars more attractive than actual state, and intend to switch upon such assessment.

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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 in every July by Consumer Insight Inc. from 2001.

Population	Car owners/ purchase intenders within next two years	Total	1,690,945
Sampling Frame	Random sampling with quota from Consumer Insight IBP (Invitation Based Panel) & Major portal site members	2015	105,672
Sampling Method	Quota sampling by gender/ age	2014	101,821
Study Method	E-mail survey	2013	101,701
Sample Size	Yearly average 100,000 persons	2012	95,012
Study Contents	U&A (Usage and Attitude) info. & CEQ (Consumer Experienced Quality)	2011	97,356
Study Period	Every July	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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