



Press Release

J.D. Power Asia Pacific Reports:

Audi Ranks Highest in Customer Satisfaction with Dealer Service in China for a Second Consecutive Year

The Sole Chinese Brand, Zhonghua, Ranks Above the Industry Average

SHANGHAI: 30 July 2007 — Audi ranks highest in customer satisfaction with authorized dealer after-sales service in China for a second consecutive year, according to the J.D. Power Asia Pacific 2007 China Customer Satisfaction Index (CSI) StudySM released today.

The annual industry-wide CSI study has been conducted independently by J.D. Power Asia Pacific since 2001 to measure customer satisfaction with maintenance and repair service at authorized dealerships at 12 to 18 months of vehicle ownership. The study includes data on virtually every manufacturer selling new passenger vehicles in China.

Overall customer satisfaction is measured by dealer performance attributes, which are grouped into seven factors (in order of importance): problems experienced; user-friendly service; service delivery; service quality; in-service experience; service advisor; and service initiation. CSI performance is reported as an index score based on a 1,000-point scale. A higher CSI score indicates greater customer satisfaction with the maintenance and repair experience at authorized dealerships.

Despite a decline of 6 points from the 2006 study, Audi narrowly edges out Nissan and Buick to rank highest in the Chinese automotive market with a CSI score of 828. Audi, the only brand to remain among the top three during the past six years of the study, has shown consistently strong performance across the board. Audi performs particularly well in the service quality and problem experienced (product quality) factors. Twenty-eight percent of Audi customers report that their service experience with their dealers is better than expected, compared with 19 percent for the industry average. As a consequence, 28 percent of Audi customers say they “definitely would” recommend their service dealers, which is 9 percentage points higher than the industry average.

Nissan ranks second for a second consecutive year, with an index score of 827—a 13-point improvement over 2006 results. Nissan performs consistently well across all seven factors, and records particularly high scores in the service initiation, service advisor, in-service experience, service delivery, and user-friendly service factors. The share of Nissan customers spending on a non-authorized service facility is reduced from 6 percent in 2006 to 3 percent in 2007, compared with the industry’s 8 percent in 2006 and 7 percent in 2007.

Buick ranks third, showing very consistent and strong performance across all factors.

The entire industry shows evidence of continuous improvement. The overall industry score for 2007 increases by 5 points to 803—the highest CSI score since the inception of the study in 2001, and the first time it has surpassed the 800-point level.

“Given the increasingly competitive nature of the Chinese auto market, it is imperative for manufacturers to develop points of differentiation beyond products and pricing,” said Dr. Mei Songlin, general manager of J.D. Power Asia Pacific China operations. “Manufacturers are actively creating after-sales service brands to distinguish themselves from others in a crowded market. Some value-added service standards in the past have evolved into expected services. Some services that apparently had no material impact on CSI scores in the past now become clearly appreciated by the customer. For example, free loaner cars and transportation, which had no impact on CSI score in 2006, show significant positive impact on CSI score in 2007.”

The study finds that dealerships are consistently implementing more customer-oriented retail service standards to enhance dealership management and therefore increase customer loyalty. Retail standards refer to services offered to customers during their dealership service experience. Thirty-five percent of customers receive 20 or more of the 24 service standards measured in the study, compared to 29 percent in 2006.

“The sales department obtains new customers, but it’s the service department that keeps them,” said Mei. “The abrupt surge of customers who purchased their first new vehicles in the years of post-World Trade Organization (2001 and 2002) are entering the market again for a replacement, and their service experience with the authorized dealership becomes one of the most important considerations when deciding to repurchase the same make or switch to another.”

The industry records noticeable improvement not only on “software”—service process and standards—but also on “hardware”—the dealership facility. The in-service experience continues to be the most improved factor out of all seven factors, increasing 9 points over 2006. In-service experience is also the only factor where both international and local brands record the most improvements since 2005.

However, tremendous efforts on the improvement of service performance by the automakers and dealerships have been offset by increasing customer expectations. Despite an 11 percent decline in the number of vehicle problems experienced compared to 2006, customer satisfaction with the problems experienced factor remains unchanged from 2007. This is a testament to the rapid rate in which customer expectations are increasing.

The study consistently shows that customer satisfaction has a direct impact on service/parts sales and customer loyalty. One-quarter of the customers who rate their dealers’ overall performance a 6 or 7 on a 10-point scale have defected at least once to a non-authorized service facility during the first 12 to 18 months of ownership. The defection rate declines to only 15 percent for “pleased or delighted” customers who provide ratings of 8 to 10 points. Moreover, customers who rate their dealers’ overall service performance an 8 to 10 are more than twice as likely to revisit the same dealer for post-warranty service than customers who provide a rating of 6 or 7.

“With intensifying competition and increasing cost of ownership, an excellent retail service experience would create many opportunities for manufacturers, dealers and customers,” said Mei. “After-sales service is playing a more important role in customer purchase decisions. This has a special implication for market-leading automakers that have a large number of units in operation. It’s not surprising to see that volume automakers have moved up their CSI rankings in the past few years. The market share for the top nine ranked brands increases to 52 percent from 43 percent in 2006. The OEMs and dealers win through gaining loyal customers and repeat purchase opportunities by providing a more satisfying customer experience.”

The 2007 China Customer Satisfaction Index Study is based on evaluations from 8,196 new-vehicle owners, and includes 38 makes. The personal-use passenger vehicle owners surveyed purchased their vehicles between August 2005 and May 2006. The fieldwork for the study was conducted from February to May 2007 in 22 major cities in China.

The CSI Study is one of four consumer-based studies J.D. Power Asia Pacific conducts in China and is the first one to be released in 2007. The 2007 Sales Satisfaction Index (SSI) Study, which measures satisfaction with the new-vehicle sales process, will be released in late August. The 2007 Initial Quality Study (IQS), which measures problems experienced by new-vehicle owners during the first two to six months of ownership, will be released in late October. The 2007 Automotive Performance, Execution and Layout (APEAL) Study, measuring what excites and delights owners about their new-vehicle’s performance and design during the first two to six months of ownership, will be released in late November.

About J.D. Power Asia Pacific

J.D. Power Asia Pacific, established in 1990, conducts customer satisfaction research and provides consulting services in the automotive, information technology and finance industries. Information regarding J.D. Power Asia Pacific's China products can be accessed through the Internet at www.jdpowerchina.com.cn Media e-mail contact: songlin_mei@jdpower.com.sg

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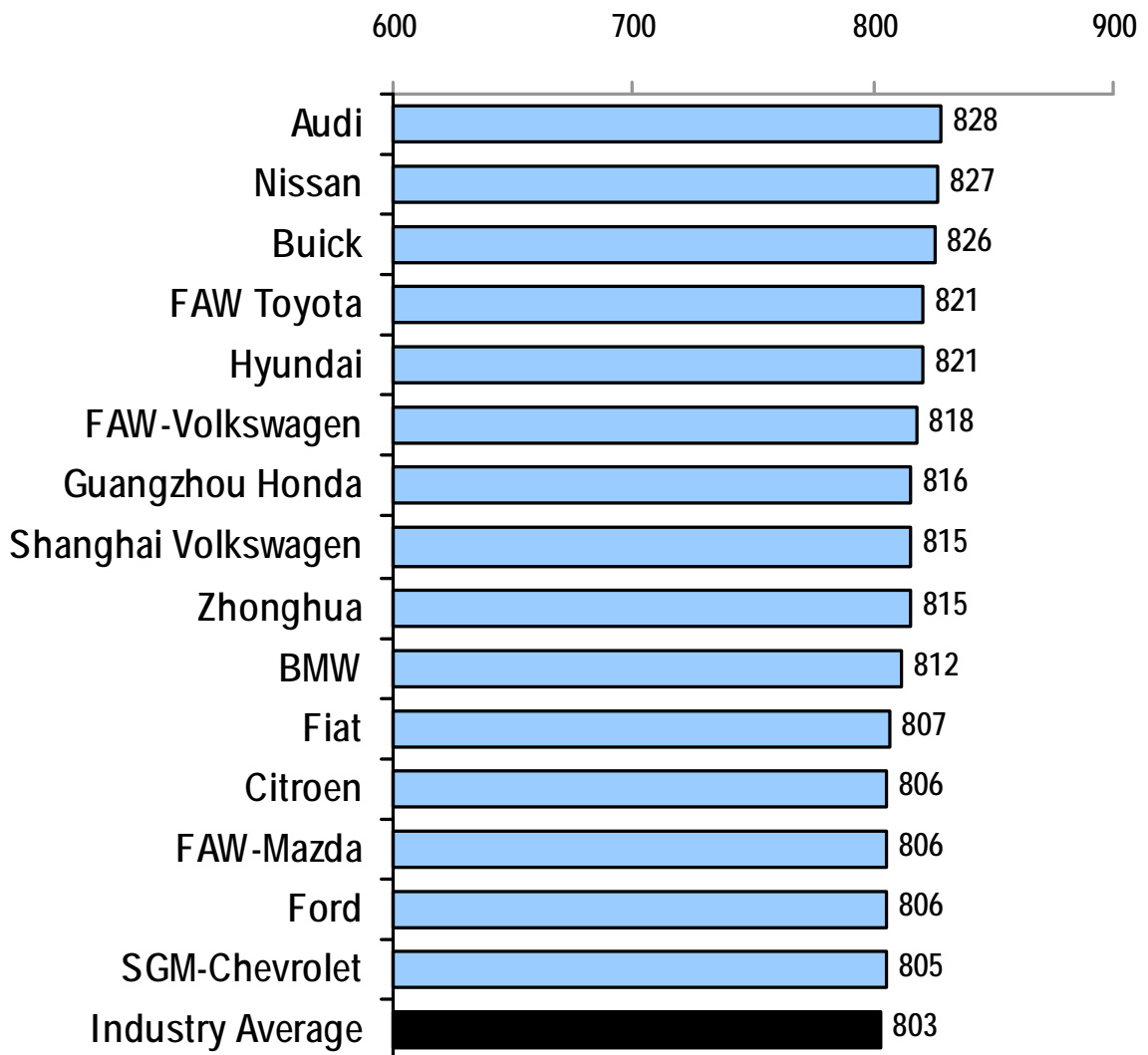
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NOTE: Two charts follow

J.D. Power Asia Pacific 2007 China Customer Satisfaction Index (CSI) StudySM

Above Industry Average Nameplates Customer Satisfaction Index Ranking *(Based on a 1,000-point scale)*

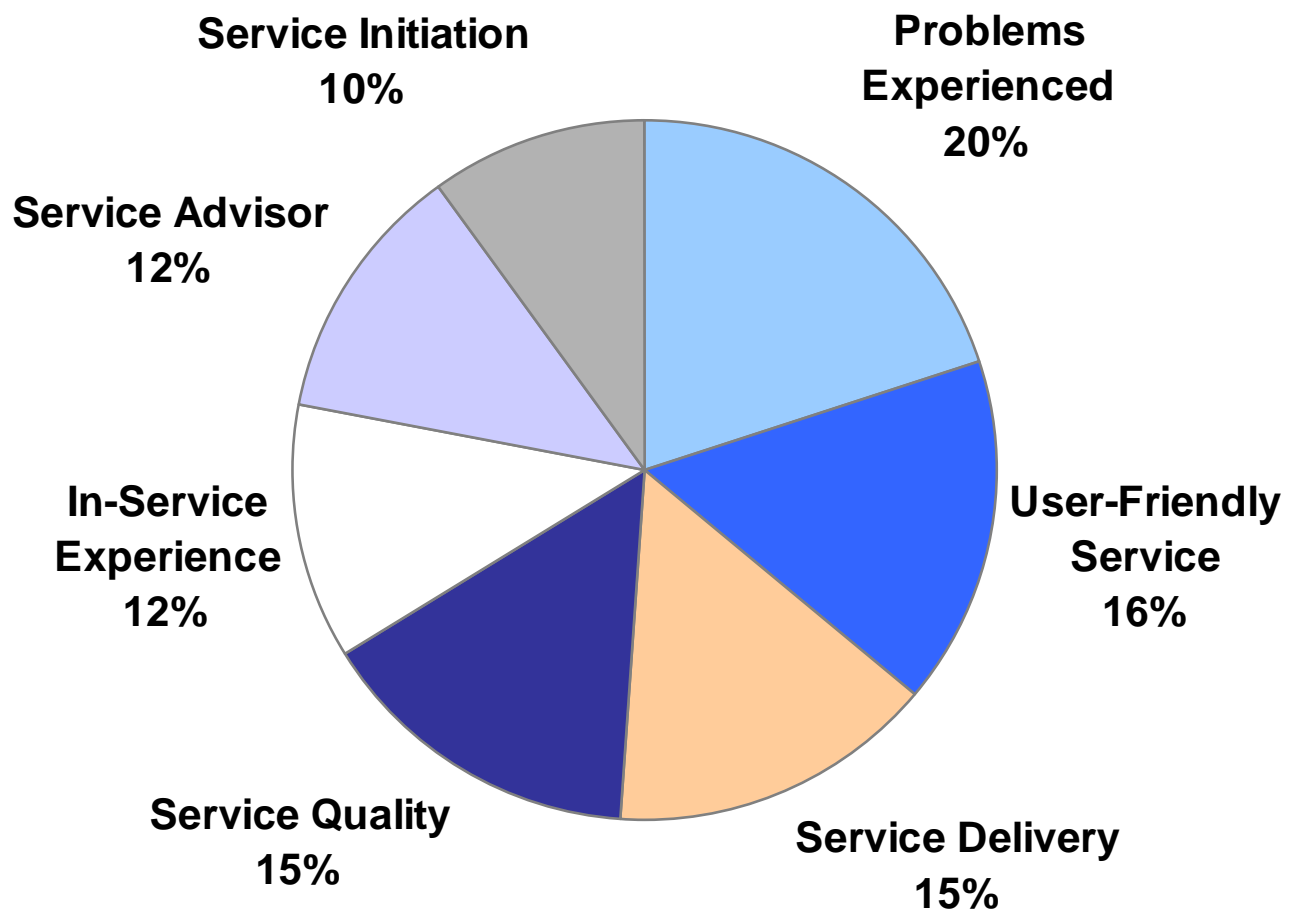


Source: J.D. Power Asia Pacific 2007 China Customer Satisfaction Index (CSI) StudySM

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Factors Comprising Overall Satisfaction



Source: J.D. Power Asia Pacific 2007 China Customer Satisfaction Index (CSI) StudySM

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