



Press Release

J.D. Power Asia Pacific Reports: Asian Brands Dominate the China Initial Quality Rankings; Guangzhou Honda Models Rank Highest in Two of Seven Vehicle Segments

Compact Car Owners Experience Twice as Many Problems than the Average New-Vehicle Owner in China

SHANGHAI: 31 October 2007 — Asian brands occupy the top ranking position in each new-vehicle segment, with Guangzhou Honda in particular ranking highest in initial quality in two of seven segments, according to the J.D. Power Asia Pacific 2007 China Initial Quality StudySM (IQS) released today. Tianjin FAW, Changan Suzuki, FAW Toyota, Beijing Hyundai and Dongfeng Nissan each rank highest in one vehicle segment.

Redesigned for 2007, the study captures problems experienced by new-vehicle owners within the first two to six months of ownership. Vehicle problems are examined in two distinct categories—quality of design and quality of production (defects and malfunctions)—and across eight factors: vehicle exterior; driving experience; features, controls and displays; audio, entertainment and navigation; seats; heating, ventilation and cooling (HVAC); vehicle interior; and engine and transmission. Overall performance is determined by problems experienced per 100 vehicles (PP100), with lower scores indicating a lower rate of problem incidences and higher quality.

Guangzhou Honda models rank highest in initial quality within two segments, with the Honda City (118 PP100) leading in the entry midsize segment and the Honda Odyssey (92 PP100) ranking highest in the MPV segment for a fourth consecutive year.

The Tianjin Xiali (273 PP100) ranks highest in the compact car segment, while the Suzuki Swift (157 PP100) tops the rankings in the premium compact car segment for a second consecutive year. In the midsize car segment, the Toyota Corolla EX leads with 118 PP100.

New to the study in 2007 are the lower premium midsize and upper premium midsize segments. In the lower premium midsize segment, the Hyundai Sonata (94 PP100) ranks highest, while the Nissan Teana (89 PP100) tops the upper premium midsize segment.

The study finds that initial vehicle quality in China averages 202 PP100, with owners most frequently reporting problems dealing with the engine and transmission, followed by the driving experience and vehicle exterior. These three problem categories comprise 63 percent of the total problems experienced across the industry in China. Conversely, engine and transmission, driving experience and vehicle exterior problems represent only 44 percent of problems reported in the U.S. market.

“Consumers consider the way in which new technologies, features and controls are integrated into a new vehicle’s design to be just as important as defects and malfunctions when it comes to quality,” said Dr. Mei Songlin, general manager of automotive research and consulting at J.D. Power Asia Pacific, Shanghai. “High-end vehicles today are often packed with new technologies that unfortunately can be complicated and frustrating to the average consumer. Also, while design-related problems account for 30 percent of total problems for small cars, nearly 40 percent of problems stem from design-related issues among luxury cars. This is particularly relevant considering design issues only account for 34 percent of problems across the industry.”

At the segment level, owners of compact cars experience 80 percent more problems than the industry average and 58 percent more than customers within the premium compact segment. Nearly 20 percent of compact owners report that they experienced more problems than they anticipated, while only 10 percent of customers across the industry say the same. Additionally, the number of defects and malfunctions experienced within the compact segment (243 PP100) is nearly twice the number experienced at the industry level (125 PP100).

“At its peak in 2005, the compact segment had a market share of 16 percent due to fuel efficiency and low price,” said Dr. Mei. “However, in the fast-growing, emerging new-vehicle industry in China, market share for the compact segment has declined to only 7 percent in 2007. This is most likely attributable to consumers trading up for better quality vehicles. It also helps that competitive pricing has made larger vehicles more affordable for consumers in China.”

The study also finds that the number of quality problems experienced has a direct impact on customer advocacy. Among customers who have experienced one or no problems with their current vehicle, only 7 percent indicate that they “definitely/probably would not” recommend their vehicle model to family or friends. However, when customers experience five problems or more, 21 percent say they “definitely/probably would not” recommend their model.

The 2007 China Initial Quality Study (IQS), now in its eighth year, is based on evaluations from 9,720 owners who purchased a new vehicle between October 2006 and June 2007. The study includes 93 vehicle models among 41 different makes. The study was fielded from April to August 2007 in 24 major cities across China. The redesigned IQS is based on a new symptom battery that includes 228 problem areas—up from 135 in previous years—to provide manufacturers with richer information to improve problem determination and drive product improvement.

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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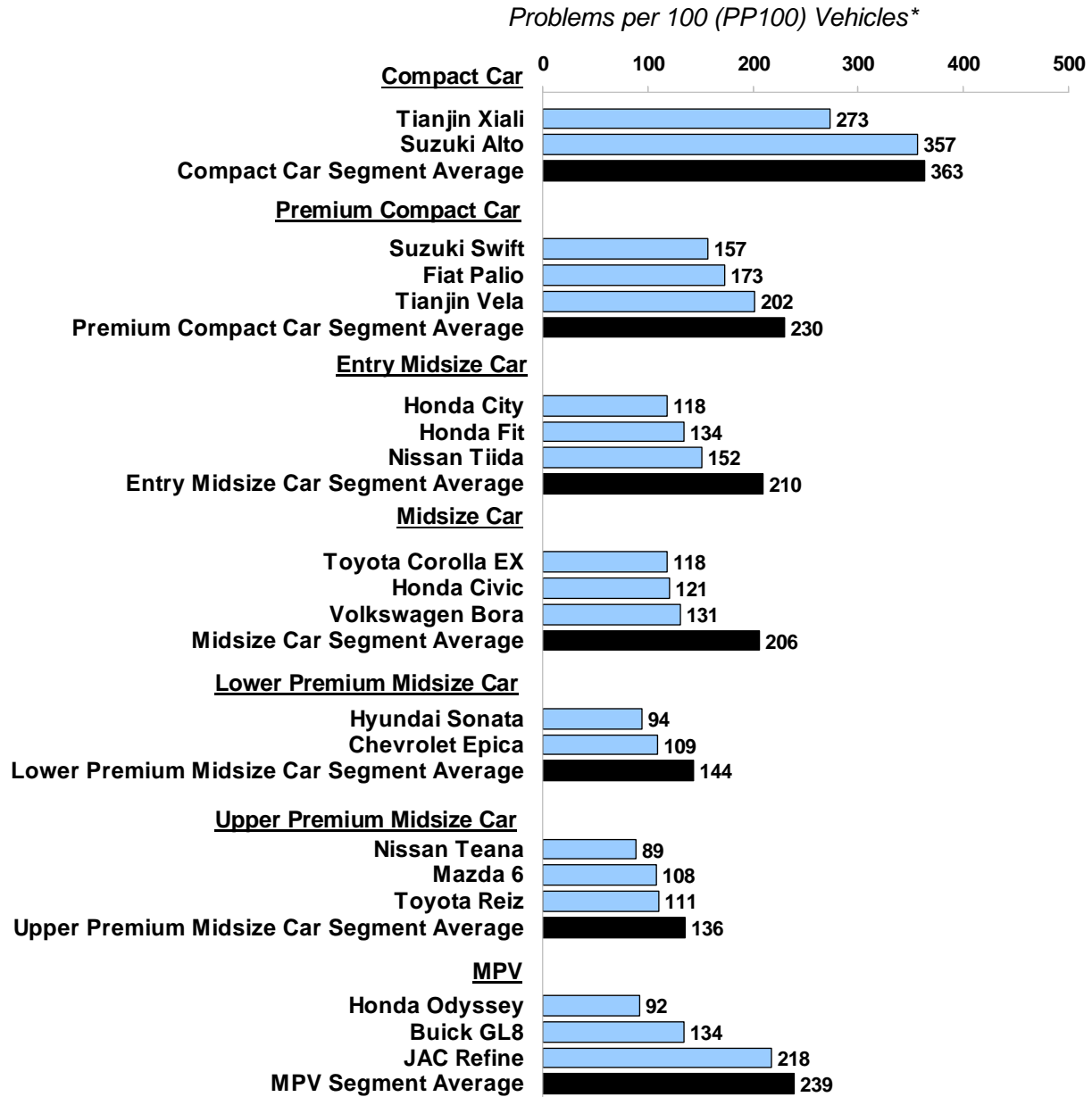
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NOTE: One chart follows.

J.D. Power Asia Pacific 2007 China Initial Quality StudySM (IQS)

Top Three Vehicles per Segment in Initial Quality



*Problems per 100 (PP100) vehicles is measured via actual customer feedback related to the number of "things gone wrong." A lower score reflects better quality performance.

Note: No official rankings are published for the entry luxury car, luxury car and SUV segments due to insufficient sample. No official rankings are published for models with performance below the segment average.

Source: J.D. Power Asia Pacific 2007 China Initial Quality StudySM (IQS)

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