Timing, Channel and Coordination between Lenders, OEMs and Dealers Key to Retaining Lessees, J.D. Power Finds

Honda Financial Services Ranks Highest in Mass Market Lease Satisfaction

TROY, Mich.: 1 April 2021 — As new-vehicle lease opportunities compete against aggressive financing incentives for new-vehicle buyers, executing effective lease retention and conquest strategies will be critical for lenders, manufacturers and dealers in 2021. According to the J.D. Power 2021 U.S. End of Lease Satisfaction Study, released today, the key to capturing returning lessees is coordinated communication through the right channels at critical moments in the auto shopping journey—sometimes starting as early as 12 months prior to lease end.

“There is a formula for optimizing new-vehicle lease recapture and conquest strategies,” said Patrick Roosenberg, director of automotive finance intelligence at J.D. Power. “With such a high percentage of returning customers leasing again, the key to retaining those customers along with first-time lease customers is delivering the right proactive messaging at the right time via the right channel. The more lenders, OEMs and dealers can coordinate their communications to connect with customers at the right moments in their leasing journey, the more likely they will be to develop strong, long-term relationships.”

Following are key findings of the 2021 study:

- **Returning lessees likely to lease again**: Nearly three-fourths (72%) of returning mass market lessees and 68% of premium market lessees lease another vehicle when their existing lease ends. Among first-time lessees, those numbers drop to 50% among mass market customers and 57% among premium market customers, illustrating the importance of strategies focused on recapturing existing lessees.

- **Customers considering next vehicle a year in advance of lease end**: Both returning and first-time lessees start considering a new vehicle as early as 12 months prior to the end of their existing contract and can be heavily influenced at this stage by proactive communication from lenders, dealers and manufacturers.

- **Coordinated communication maximizes retention**: Lease customers respond in a variety of ways to different types of communications from lenders, OEMs and dealers at different phases of their customer journey. Coordination between these three key players can have a significantly positive effect on customer satisfaction and retention.

- **Inspections and inspectors influence customer satisfaction**: Inspections play a pivotal role in end of lease satisfaction. Addressing customer pain points or areas of opportunity in the lease return process can lead to a better experience and increase lease retention. Lenders need to coordinate efforts with lease inspection companies within their SLAs to ensure the best customer experience possible and execute on multiple KPIs surrounding the process.

**Study Ranking**

Honda Financial Services ranks highest in end of lease satisfaction in the mass market category, achieving a score of 848 (on a 1,000-point scale). Hyundai Motor Finance (843) and Toyota Financial Services (843) rank second in a tie.
The 2021 U.S. End of Lease Satisfaction Study identifies lease-end practices and timely marketing opportunities that optimize lease retention for the same brand and at the same dealer. The study is based on responses from 2,761 mass market and premium vehicle lease customers who are within six months of lease end. It was fielded from November 2020 through January 2021.


To view the online press release, please visit http://www.jdpower.com/pr-id/2021031.

About J.D. Power
J.D. Power is a global leader in consumer insights, advisory services and data and analytics. A pioneer in the use of big data, artificial intelligence (AI) and algorithmic modeling capabilities to understand consumer behavior, J.D. Power has been delivering incisive industry intelligence on customer interactions with brands and products for more than 50 years. The world's leading businesses across major industries rely on J.D. Power to guide their customer-facing strategies.

J.D. Power is headquartered in Troy, Mich., and has offices in North America, Europe and Asia Pacific. To learn more about the company’s business offerings, visit JDPower.com/business. The J.D. Power auto shopping tool can be found at JDPower.com.

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NOTE: One chart follows.
J.D. Power
2021 U.S. End of Lease Satisfaction Study\textsuperscript{SM}

Overall Customer Satisfaction Index Ranking

*(Based on a 1,000-point scale)*

**Mass Market**

<table>
<thead>
<tr>
<th>Service Provider</th>
<th>Index</th>
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<tr>
<td>Honda Financial Services</td>
<td>848</td>
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<tr>
<td>Hyundai Motor Finance</td>
<td>843</td>
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<td>Toyota Financial Services</td>
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<tr>
<td>Ally Financial</td>
<td>821</td>
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</table>

Source: J.D. Power 2021 U.S. End of Lease Satisfaction Study\textsuperscript{SM}

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