

**J.D. Power China Reports:  
Value-added Service, Especially a Friendly and Trustworthy Service Advisor, Positively Impacts  
Service Loyalty toward Authorized Dealers**

**Shanghai: 26 December 2014** — Providing value-added services, such as reminders for periodic maintenance, free maintenance/ repairs/ checks and 24 hour road-side assistance, in addition to friendly and trustworthy service advisors who advocate on behalf of their customers, drives retention and customer service loyalty toward authorized dealerships, according to the J.D. Power Asia Pacific 2014 China Service Loyalty Study<sup>SM</sup> (SLS) released today.

The study measures customer loyalty toward authorized dealerships during the first three to four years of vehicle ownership, based on customer service experiences in the past 12 months. Customer service loyalty is measured across four factors (in order of importance): dealer reputation (32%); value (25%); service quality (22%); and service interaction (21%). Overall loyalty is measured on a 1,000-point scale, with a higher score indicating higher levels of loyalty. Since the “three guarantees” policy, which regulates vehicle warranties, was implemented in October 2013, survey respondents were not affected as their vehicles do not fall under the umbrella of the policy.

The dealer reputation factor—which includes reputation of the authorized dealership; reliability of the service advisor; and the technical ability of maintenance/ repair—has the greatest impact on service loyalty. The most impactful key performance indicator (KPI) on overall service loyalty is transparency with the service process, followed by reasonable service charges and familiar relationship with the service advisor. When these KPIs are met, service loyalty increases by 47 points, 40 points and 33 points, respectively.

Having a close and trusted relationship with a service advisor impacts customer retention and loyalty toward an authorized dealership among both luxury and mass market vehicle owners. While 8 percent of luxury vehicle owners indicate they have a very familiar and trustworthy relationship with their service advisor, only 6 percent of mass market vehicle owners say the same. However, when a dealer provides a friendly and trustworthy service advisor, 49 percent of luxury vehicle owners and 33 percent of mass market owners say they “definitely will” go back to their authorized dealership for service.

“Compared with non-authorized dealers whose location is often more convenient and lower priced, authorized dealerships build customer service loyalty by providing trust and excellent service quality,” said Dr. Mei Songlin, vice president and managing director at J.D. Power China. “To retain and increase customer service loyalty, authorized dealers should consider providing more personalized services to customers who are less sensitive to price but more interested in developing a trusted, familiar relationship with a service advisor.”

### **KEY FINDINGS**

- Nearly one-third (29%) of vehicle owners visit authorized dealers because they consider the facility trustworthy, compared with 2 percent of those visiting non-authorized dealers who indicate the

same. Additionally, 25 percent of vehicle owners perceive that authorized dealers perform higher-quality work, compared with 2 percent of owners visiting non-authorized dealers.

- Nearly one-third (31%) of owners of high loyalty brand vehicles (726 points and above) say they “definitely will” recommend the model they purchased, and 13 percent say they “definitely will” repurchase the same brand. Owners of low service loyalty brands (673 and below) are less likely to say they “definitely will” recommend (20%) and repurchase (8%).
- More than half (57%) of vehicle owners prefer non-authorized dealers because of their competitive price, compared with 2 percent of those who prefer authorized dealers for the same reason. Additionally, 14 percent of owners visit non-authorized dealers for location convenience, compared with 8 percent of those who visit authorized dealers.
- Service loyalty has a significant correlation with customer satisfaction on the cost of servicing the vehicle. The more satisfied owners are with the cost of servicing their vehicle at an authorized dealer, the higher their service loyalty toward their dealer. Conversely, the less satisfied owners are with the cost of servicing at their dealer, the lower their service loyalty.
- The overall service loyalty index among owners of luxury brand vehicles (759) is 51 points higher than service loyalty among owners of mass market brands (708). By country origin, Korean makes perform highest in service loyalty with a score of 754, which is 39 points higher than makes from other countries.

The 2014 China Service Loyalty Study (SLS) is based on evaluations from 17,054 owners of vehicles purchased between June 2010 and August 2011. The study analyzes 55 different brands, and was fielded from June to September 2014 in 43 major cities across China.

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