

**J.D. Power Reports:  
Underwriting and Funding Speed Exceed Price as Drivers of Auto Dealer Satisfaction**

Mercedes-Benz Financial Services Ranks Highest in All Three Award Segments: Prime Retail Credit, Retail Leasing and Floor Planning

**WESTLAKE VILLAGE, Calif.: 27 July 2015** — In the highly competitive auto lending environment, the level of service provided, including technology and a collaborative and consultative staff, is more important than price, as dealers are willing to pay a premium for high-quality service, according to the J.D. Power 2015 U.S. Dealer Financing Satisfaction Study.<sup>SM</sup>

The study measures dealer satisfaction with finance providers in four segments: prime retail credit; non-prime retail credit; retail leasing; and floor planning. Satisfaction is calculated on a 1,000-point scale. Dealer satisfaction in the prime retail credit segment is 868, and in the non-prime retail credit segment satisfaction is 828. Dealer satisfaction in the retail leasing segment is 894, while in the floor planning segment, satisfaction is 943.

While dealerships continue to seek ways to improve their margins, they also seek providers to speed customer throughput in the sale or lease of their vehicles and in many instances are willing to pay a premium for a higher-quality financing experience. Sixty-three percent of dealers are willing to pay an additional 0.50-0.60 basis points on their loan terms (down 4 percentage points from 2014) to receive good service from their lenders in the prime retail credit segment.

The auto industry works hard to establish high-value, one-on-one relationships with their customers when it comes to the sales and service processes. The same principle applies to dealers when it comes to the relationship with their lenders in all consumer-facing products—prime retail credit, non-prime retail credit and retail leasing. Auto lending continues to be a relationship business. Findings of the study show that assigning/aligning dedicated underwriters positively impacts dealer satisfaction by providing higher levels of service and collaboration.

A dealer-focused sales rep relationship has a positive effect on satisfaction and retail contract volume. When a high level of sales rep service is provided, satisfaction is substantially higher than when there is no focused support (935 vs. 754, respectively). Among dealers with a focused relationship in which all sales rep relationship key performance indicators (KPIs) are met, 68 percent say they “definitely will” increase the percentage of business they conduct with their provider.

“Speed of funding has become a critical differentiator in the eyes of the dealer as efficient cash flow is demanded by dealer management, not absolute finance and insurance income,” said **Michael Buckingham, senior director of the auto finance practice at J.D. Power**. “Fast application processing allowing dealers to speed the customer delivery process is also critical. Auto dealers are willing to pay a price premium for these services.”

Dealers don't want loan processors, they want collaborative consultants who can support them every step of the way. High-performing lenders provide a range of services that resonates with dealers, which include helping them understand the variety of lending options available and how they can maximize profits, reduce expenses and retain customers.

### **KEY FINDINGS**

- A majority (84%) of dealers indicate their lender provides a dedicated underwriter person and or team who contacts them frequently, providing valued-added communications.
- Overall satisfaction is highest when sales reps engage in discussions about customer retention (922), dealership performance consulting (916) and training and clarification of programs (916), compared with when they do not (831, 818 and 816, respectively).
- In the floor planning segment, 85 percent of dealers are assigned a primary support representative or team who can quickly respond to their needs and questions. Additionally, 75 percent of dealers indicate being able to immediately reach their support staff. When this occurs, satisfaction is 975. When dealers have to wait one hour to reach their support staff, satisfaction declines significantly to 938.
- eContracting, or lender-provided technology that enables same-day contract funding, improves dealer satisfaction. When dealers use eContracting or a proprietary technology provided by their lender, overall satisfaction averages 913, compared with 856 when lenders do not use this service. Additionally, 56 percent of dealers indicate that faster funding time is the main reason to use eContracting. On average, there is a 39 percent increase in dealers' business with their finance provider due to eContracting.
- The study finds that dealerships retain 59 percent of their leasing customers through retention programs and consumer guidance provided by their lender.
- Three-fourths (75%) of dealers indicate increasing retail business with their provider because of their floor planning relationship.

### **Dealer Financing Satisfaction Rankings**

#### **Prime Retail Credit**

Mercedes-Benz Financial Services ranks highest among lenders in the prime retail credit segment, with a score of 971. Following in the rankings are MINI Financial Services (962) and Alphera Financial Services (961).

#### **Retail Leasing**

Mercedes-Benz Financial Services ranks highest among lenders in the retail leasing segment, with a score of 978. Following in the rankings are BMW Financial Services (961) and Lincoln Automotive Financial Services (956).

#### **Floor Planning**

Mercedes-Benz Financial Services ranks highest among floor planning lenders for a fifth consecutive year, with a score of 986. Following in the rankings are BMW Financial Services (974) and Ford Credit (961).

Satisfaction is measured across three factors in the prime and non-prime retail credit segments: finance provider offerings; application and approval process; and sales representative relationship. Four factors are measured in the retail leasing segment: finance provider offerings; application and approval process; sales representative relationship; and vehicle return process. Four factors are measured in the floor planning segment: finance provider credit line; floor plan support; sales representative relationship; and floor plan portfolio management.

The study captures nearly 21,798 finance provider evaluations across the four segments. These evaluations were provided by roughly 3,934 new-vehicle dealerships in the United States.

**Media Relations Contacts**

John Tews; J.D. Power; Troy, Mich.; 248-680-6218; [media.relations@jdpa.com](mailto:media.relations@jdpa.com)

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Note: Three charts follow.

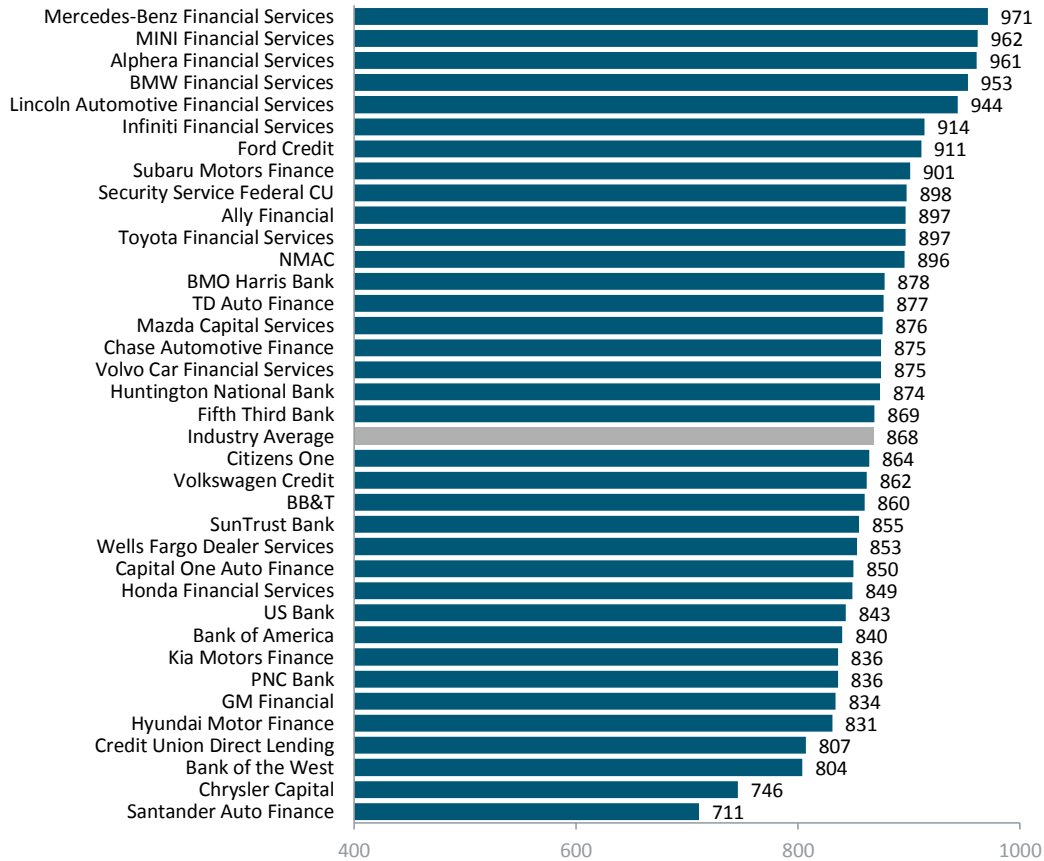
# J.D. Power

## 2015 U.S. Dealer Financing Satisfaction Study<sup>SM</sup>

### Overall Satisfaction Index Score Ranking

#### Prime Retail Credit

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



*Note: Included in the study but not ranked due to small sample size are Acura Financial Services, Alaska USA Federal Credit Union, Audi Financial Services, Compass Bank, First Niagara Bank, Gateway One Lending & Finance, Jaguar Financial Group, Land Rover Financial Group, Lexus Financial Group, and M&T Bank.*

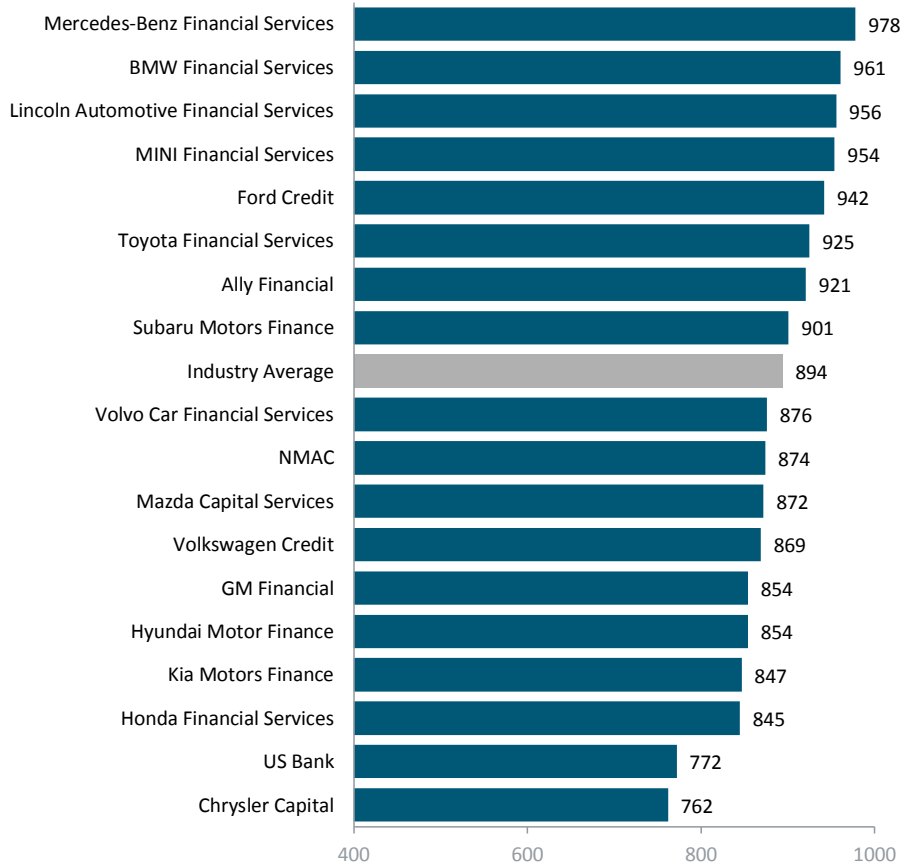
*Source: J.D. Power 2015 U.S. Dealer Financing Satisfaction Study<sup>SM</sup>*

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## Overall Satisfaction Index Score Ranking Retail Leasing

(Based on a 1,000-point scale)



Note: Included in the study but not ranked due to small sample size are Audi Financial Services, Infiniti Financial Services, and Land Rover Financial Group.

Source: J.D. Power 2015 U.S. Dealer Financing Satisfaction Study<sup>SM</sup>

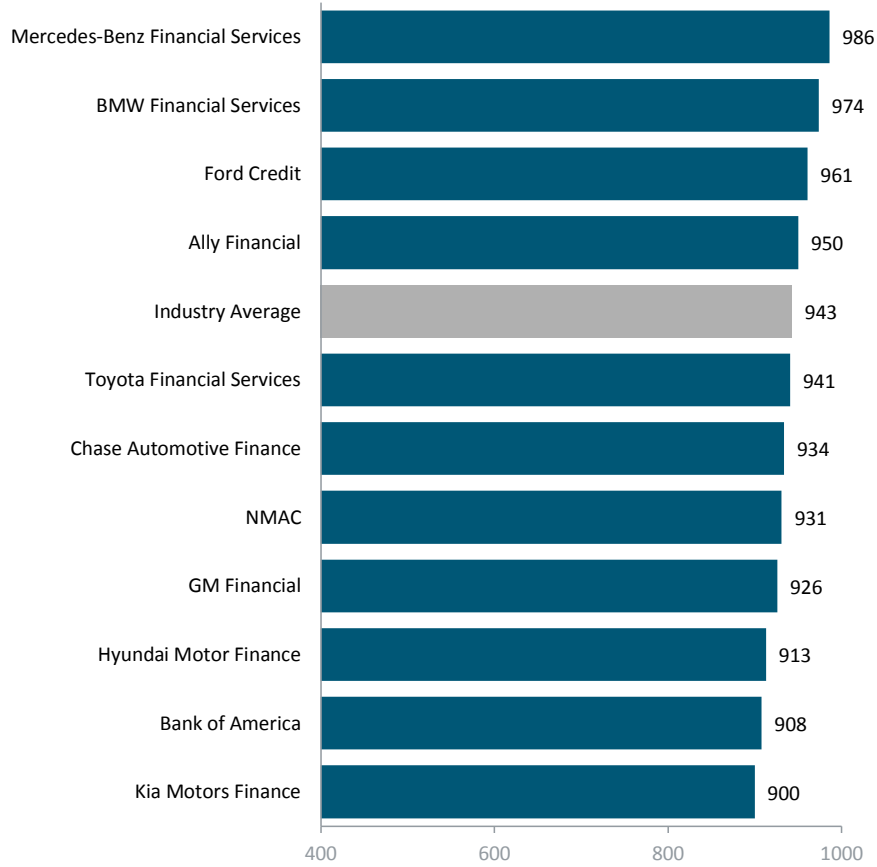
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## Overall Satisfaction Index Score Ranking

### Floor Planning

(Based on a 1,000-point scale)



Note: Included in the study but not ranked due to small sample size are Comerica, Lincoln Automotive Financial Services, PNC Bank, Volkswagen Credit, and Wells Fargo Dealer Services.

Source: J.D. Power 2015 U.S. Dealer Financing Satisfaction Study<sup>SM</sup>

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