

J.D. Power Asia Pacific Reports:

Dealers in India Want Closer Collaboration with Automakers on Sales and Marketing Activities

Toyota Ranks Highest in Dealer Satisfaction with Automotive Manufacturers

SINGAPORE: 29 May 2014 — Auto manufacturers in India are striving to help their dealers cope with a slowing domestic market by helping them improve the after-sales aspect of their business, according to the J.D. Power Asia Pacific 2014 India Dealer Satisfaction with Automotive Manufacturers Index (DSWAMI) StudySM released today.

Despite an overall improvement in satisfaction, only 42 percent of dealers estimate they will be profitable in FY 2013-2014. The situation is more critical for dealerships based in India's six largest cities, with only 31 percent expecting to make a profit this year. Dealers rely on sales-related proceeds from new-car sales, accessories, insurance and credit/ loans commissions for about half of their revenues. Given that the overall vehicle sales are down 6 percent from 2013, a larger number of dealerships have reported estimated losses in 2014.

"Given the relatively weak outlook on vehicle sales, dealerships are concerned about the viability of their business," said Mohit Arora, executive director of J.D. Power Asia Pacific. "Increasing the share of service revenue is one of the ways in which dealers can survive in these tough times. Retaining customers beyond the standard warranty period has always been a challenge for dealerships in India. With sales revenues under pressure, focusing on their service business is essential not only for enhancing dealer viability, but also ensuring survival."

Now its fourth year, the study measures dealer satisfaction with vehicle manufacturers or importers in India and identifies dealer attitudes regarding the automotive retail business. Overall dealer satisfaction is determined by examining nine factors: marketing and sales activities; product; vehicle ordering and delivery; sales team; parts; warranty claims; after-sales team; training; and support from the manufacturer.

Overall dealer satisfaction with automotive manufacturers averages 827 points on a 1,000-point scale in 2014, up from 817 points in 2013. Satisfaction improves across eight of the nine factors, most notably in parts, after-sales team and warranty claims.

KEY FINDINGS

- Automakers are increasingly helping dealers fund their spare parts inventories, as 48 percent of dealers indicate receiving financial assistance to buy spare parts stock in 2014, up from 41 percent in 2013.
- Nearly half (48%) of dealers indicate their warranty claims are settled within 15 days, compared with 42 percent in 2013.
- Warranty labour rate—the hourly rate at which the automaker reimburses the dealership for any work performed on the vehicle under warranty—is reported to be higher this year with 25 percent of dealerships reporting warranty labour rates of more than Rs. 300/hour, up from 18 percent in 2013.
- The study finds that 19 percent of dealers perceive that their automaker does not have a range of vehicles to compete effectively in the market. Dealers that indicate their automaker does not have a range to effectively compete have an average overall satisfaction score 118 points below the study average.

Arora noted that dealers in India are increasingly seeking greater support from the automakers toward enhancing the effectiveness of their marketing and sales related activities.

Dealers who receive support from manufacturers with sales and product training, guidance related to test drives and vehicle display, flexibility in promotion and pricing policy not only report higher satisfaction scores in this study, but also are more likely to indicate they are profitable.

“Dealers are looking up to their principals to provide financial support and greater flexibility in planning and executing local campaigns in addition to launching more marketable models,” said Arora. “Manufacturers that are able to extend this support are likely to develop a stronger business relationship with their franchise.”

NAMEPLATE RESULTS

Toyota ranks highest in dealer satisfaction with a score of 925. Toyota performs particularly well in eight of the nine factors. Maruti Suzuki ranks second with a score of 884, followed by Honda at 869.

About the Study

The 2014 India DSWAMI Study is based on responses from 658 dealer principals or dealership general managers located in more than 200 cities throughout India. The study was conducted in association with the Federation of Automobile Dealers Associations (FADA) and was fielded between February and March 2014.

Media Relations Contacts

XingTi Liu; J.D. Power Asia Pacific; 08-Shenton Way, #44-02/03/04; Singapore, 068811; Phone +65-67338980; xingtliu@jdpower.com.sg

John Tews; J.D. Power; Troy, Michigan 48083 USA; 001-248-680-6218; john.tews@jdpa.com

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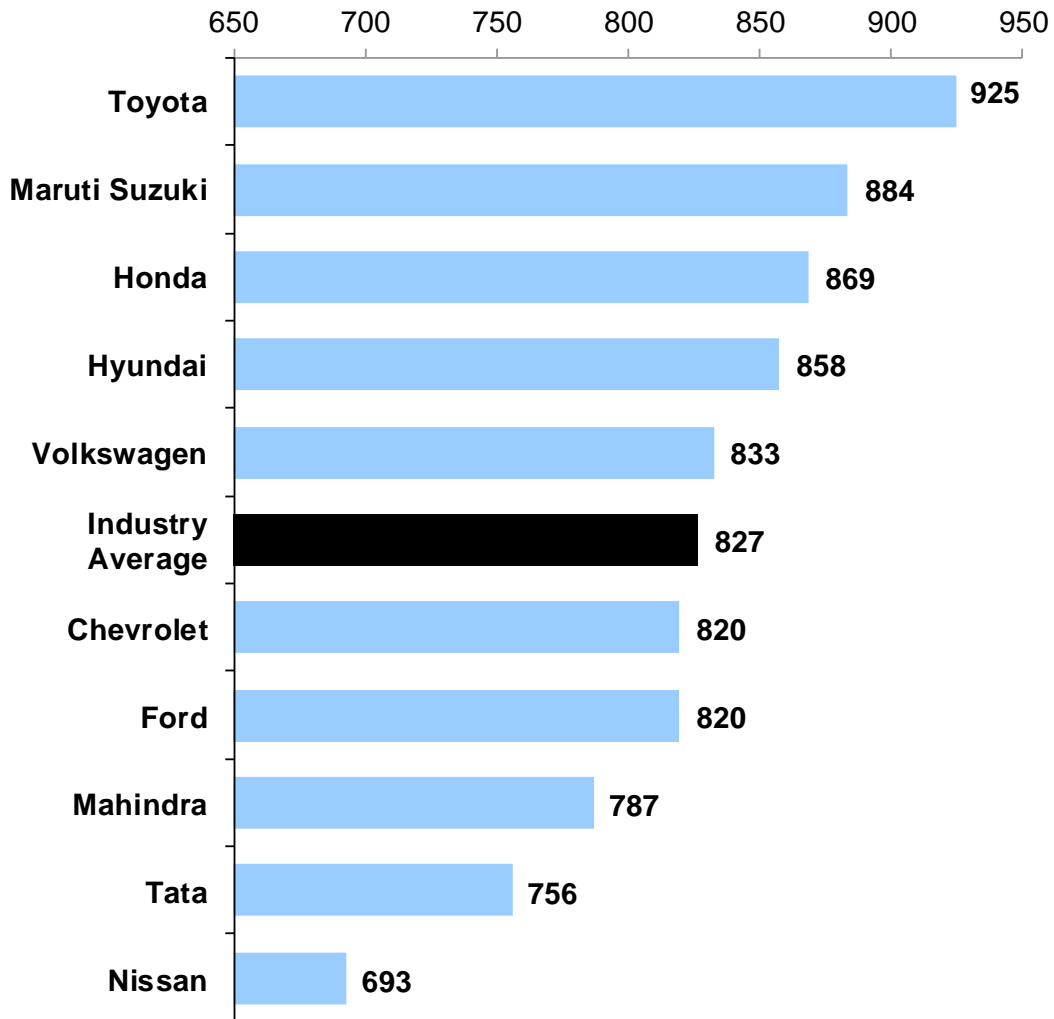
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NOTE: Two charts follow.

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Dealer Satisfaction Index Ranking

(Based on a 1,000-point scale)



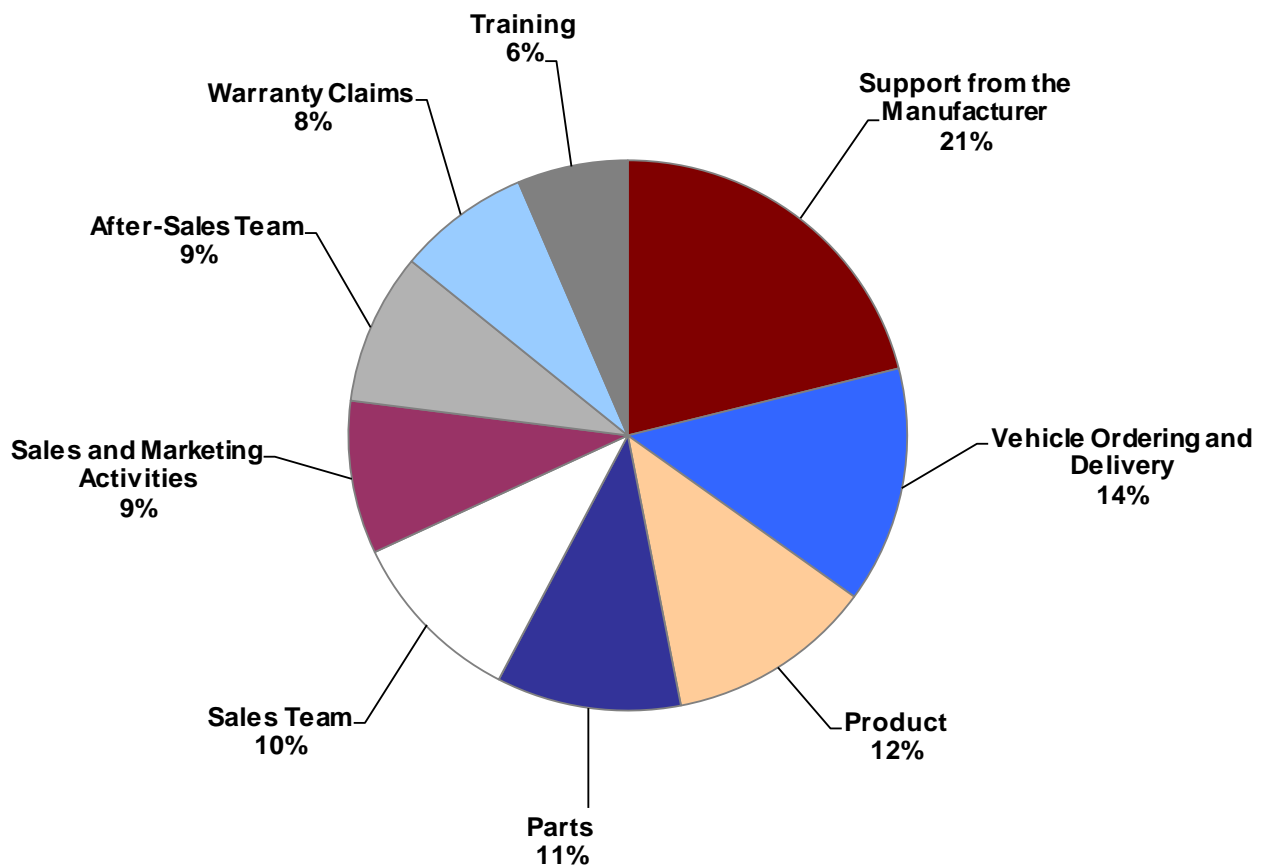
NOTE: Included in the study but not ranked due to small sample size are Audi, BMW, Mercedes-Benz, Skoda, Fiat and Renault.

Source: J.D. Power Asia Pacific 2014 India Dealer Satisfaction with Automotive Manufacturers Index StudySM

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Factors Contributing to Dealer Satisfaction



NOTE: Percentages may not total 100 due to rounding.

Source: J.D. Power Asia Pacific 2014 India Dealer Satisfaction with Automotive Manufacturers Index StudySM

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