



Press Release

J.D. Power Asia Pacific Reports: Increased Sales Pressure and Shortage of Qualified Sales Staff Take a Toll on Customer Sales Satisfaction

Audi Ranks Highest in New-Vehicle Sales Satisfaction for Third Consecutive Year

SHANGHAI: 13 August 2012 — Increased sales pressure and an insufficient supply of experienced staff, driven by a disconnect between the dealership network expansion and the market slowdown, have caused a notable deterioration in overall sales satisfaction among new-vehicle owners in China, according to the J.D. Power Asia Pacific 2012 China Sales Satisfaction Index (SSI) StudySM released today.

Now in its 13th year, the study measures customer satisfaction with the new-vehicle purchase experience across seven factors: delivery process; delivery timing; dealer facility; salesperson; paperwork; deal; and sales initiation. The study is based on survey responses of new-vehicle owners during the first two to six months of ownership.

Overall sales satisfaction for the industry declines to 841 index points (on a 1,000-point scale) in 2012, a six-point decrease from 2011. The most significant declines are in the salesperson, sales initiation and delivery process factors.

After experiencing an aggressive expansion during the past decade, the growth in China's passenger-vehicle sales began to slow significantly in late 2011. However, manufacturers have not aligned production with current demand, but have instead continued to add production capacity and open new dealerships in anticipation of stronger growth in the future. In the current market, this has led to increased inventories at dealerships and acute pressure to sell vehicles, according to Liza Wang, senior automotive analyst, J.D. Power Asia Pacific, Shanghai.

"Nearly 80 percent of dealers indicate that high inventories are their greatest challenge, which means dealers are under immense pressure to sell more vehicles at a faster pace," said Wang, quoting a J.D. Power dealer sentiment survey conducted in July. "This clearly has had a negative impact on the quality of the purchase experience for new-vehicle buyers."

The aggressive expansion of dealership networks has provided many employment opportunities within the industry, resulting in a loss of experienced sales staff at existing stores and a large influx of inexperienced staff at new dealerships, ultimately undermining dealers' ability to provide customers with a satisfying purchase experience.

An increasing number of customers surveyed in the J.D. Power Sales Satisfaction Index study have complained about excessive pressure from salespersons to make hasty purchase decisions. Appropriateness of sales pressure lowered from 8.41 points (10 point scale) in 2011 to 8.29 points in 2012. Domestic brands, which have been hit hardest by the market slowdown, exhibit even greater levels of sales pressure, compared with international brands. In the first six months of 2012, the market share of domestic brands has decreased by approximately 3 percentage points, compared with the same time last year.¹

Cultivating a strong sales capability and achieving high customer satisfaction with the purchase process may help raise closing rates at the dealership level, which is particularly important as sales growth in the China market is expected to remain sluggish during the remainder of the year. According to J.D. Power research, more than 60 percent of dealers expect sales in the second half of the year to remain flat, and nearly 30

¹ Source: LMC Automotive

percent of dealers anticipate sales will decline in the months to come. LMC Automotive, J.D. Power's strategic partner in automotive intelligence and forecasting, projects a 9.6 percent growth in passenger-vehicle sales for the entire year.

"We are likely to see the first single-digit growth after three consecutive years of tremendous increases since 2009. This slowing environment requires careful resource planning when opening new stores, as well as higher efficiency at managing current stores," said Dr. Mei Songlin, vice president and managing director, J.D. Power Asia Pacific, Shanghai. "An assessment of human resources is particularly important, as interpersonal interactions account for nearly one-half of overall customer satisfaction toward their purchase experience.

"An overall shortage of qualified sales staff will continue to be a challenge that the industry must address. A stronger focus should be placed on hiring the right people, providing rigorous training and retaining experienced sales staff," said Dr. Mei.

In addition, it is observed that customers are more demanding and have higher expectations during the sales process than before. The increasing availability of vehicle information on the Internet—particularly regarding vehicle features and pricing and incentive information—has given new-vehicle buyers more leverage when negotiating their purchase.

Audi ranks highest in sales satisfaction for a third consecutive year with a score of 898 points and performs particularly well in sales initiation, dealer facility, salesperson and delivery process. Dongfeng Nissan ranks second with a score of 897, followed by Beijing Hyundai (891), Dongfeng Citroën (882) and Dongfeng Honda (881).

The gap in sales satisfaction scores between domestic brands and international brands has widened to 67 points from 33 points in 2011. The overall sales satisfaction score for domestic brands is 793, compared with 860 for international brands. The largest gaps in scores between domestic and international brands are in the dealer facility, delivery process and deal factors. Chery is the only domestic nameplate to perform above industry average in overall sales satisfaction.

The 2012 China Sales Satisfaction Index Study is based on survey responses from 13,769 consumers who purchased a new vehicle between August 2011 and March 2012. The study was fielded from February to May 2012 in 43 major cities in China.

The China Sales Satisfaction Index (SSI) Study is one of eight consumer-based benchmark studies conducted by J.D. Power Asia Pacific in China. Other 2012 studies conducted by J.D. Power Asia Pacific include:

- ◆ The China New-Vehicle Intender Study (NVIS), which examines pre-purchase perceptions and considerations, was released in late June.
- ◆ The China Customer Satisfaction Index (CSI) Study, which examines satisfaction with the after-sales service experience among vehicle owners between 12 and 24 months of ownership, was released in late July.
- ◆ The China Original Equipment Tire Satisfaction Study, which measures customer satisfaction with original equipment tires, will be released in September.
- ◆ The China Initial Quality Study (IQS), which measures problems experienced by new-vehicle owners during the first two to six months of ownership, will be released in late October.
- ◆ The China Automotive Performance, Execution and Layout (APEAL) Study, which measures what excites and delights owners about their new-vehicle's performance and design during the first two to six months of ownership, will be released in late November.
- ◆ The China Vehicle Dependability Study (VDS), which evaluates overall vehicle dependability during the first 25-36 months of ownership, will be published in mid December.
- ◆ The China Service Loyalty Study (SLS) measures customer loyalty toward authorized dealerships during the first 25 to 36 months of ownership. The inaugural study will be released in January 2013.

About J.D. Power Asia Pacific

J.D. Power Asia Pacific has offices in Tokyo, Singapore, Beijing, Shanghai and Bangkok that conduct customer satisfaction research and provide performance analytics services in the automotive, information

technology and finance industries. Together, the five offices bring the language of customer satisfaction to consumers and businesses in Australia, China, India, Indonesia, Japan, Malaysia, Philippines, Taiwan, Thailand and Vietnam. Information regarding J.D. Power Asia Pacific and its products can be accessed through the Internet at www.jdpower.com. Media e-mail contact: ellen_wang@jdpa.com.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company operating in key business sectors including market research, forecasting, performance improvement, Web intelligence and customer satisfaction. The company's quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on car reviews and ratings, car insurance, health insurance, cell phone ratings, and more, please visit JDPower.com. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

About The McGraw-Hill Companies

McGraw-Hill announced on September 12, 2011, its intention to separate into two companies: McGraw-Hill Financial, a leading provider of content and analytics to global financial markets, and McGraw-Hill Education, a leading education company focused on digital learning and education services worldwide. McGraw-Hill Financial's leading brands include Standard & Poor's Ratings Services, S&P Capital IQ, S&P Dow Jones Indices, Platts energy information services and J.D. Power and Associates. With sales of \$6.2 billion in 2011, the Corporation has approximately 23,000 employees across more than 280 offices in 40 countries. Additional information is available at <http://www.mcgraw-hill.com/>.

About LMC Automotive

LMC Automotive, formerly J.D. Power Automotive Forecasting, is the premier supplier of automotive forecasts and intelligence to an extensive client base of automotive manufacturer, component supplier, logistics and distribution companies, as well as financial and government institutions around the world. LMC's global forecasting services encompass automotive sales, production and powertrain expertise, as well as advisory capability. LMC Automotive has offices in the United States, the UK, Germany, China and Thailand and is part of the Oxford, UK-based LMC group, the global leader in economic and business consultancy for the agribusiness sector. For more information please visit www.lmc-auto.com

Media Relations Contacts:

Ms. Ellen Wang; Public Relation Supervisor; J.D. Power Asia Pacific; Shanghai, 200040 China; +86 21 2208 0831; ellen_wang@jdpa.com

John Tews; Director, Media Relations; J.D. Power and Associates; Troy, Michigan 48098 USA; 001 248 312 4119; john.tews@jdpa.com

No advertising or other promotional use can be made of the information in this release without the express prior written consent of J.D. Power and Associates. www.jdpower.com/corporate.

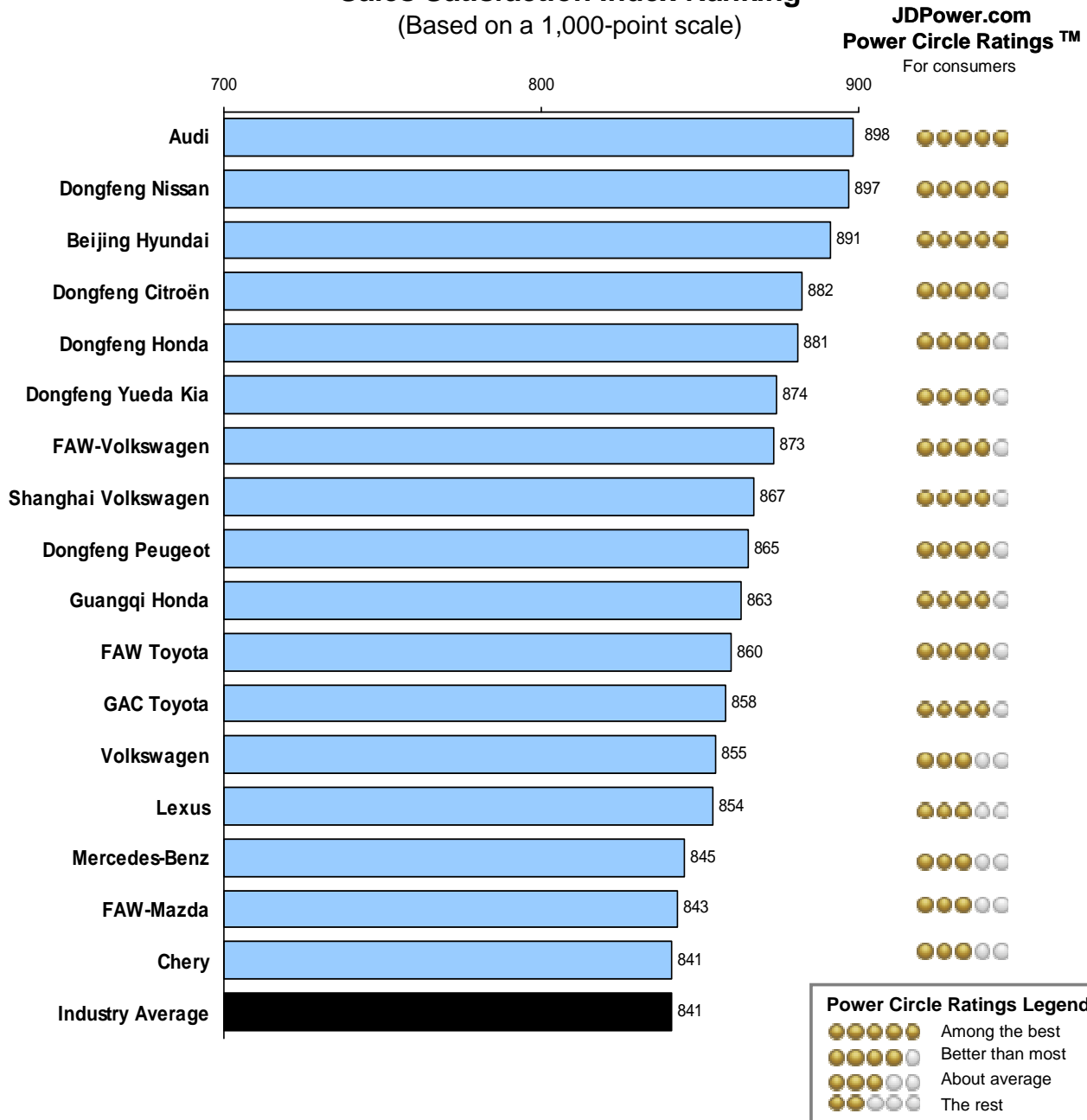
#

(Page 3 of 3)

NOTE: Two charts follow.

J.D. Power Asia Pacific 2012 China Sales Satisfaction Index (SSI) StudySM

Nameplates Ranking above Industry Average Sales Satisfaction Index Ranking (Based on a 1,000-point scale)

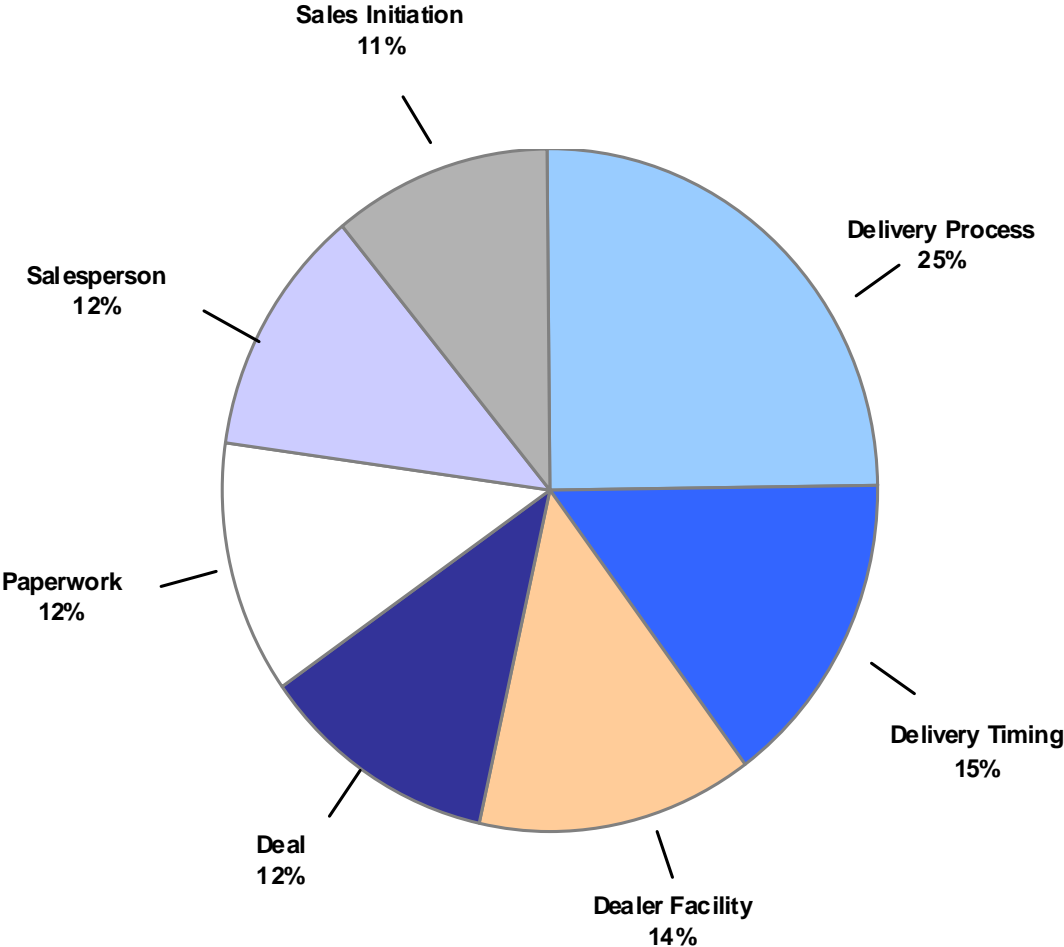


Source: J.D. Power Asia Pacific 2012 China Sales Satisfaction Index (SSI) StudySM

Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power Asia Pacific as the publisher and the J.D. Power Asia Pacific 2012 China Sales Satisfaction Index (SSI) StudySM as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power Asia Pacific study results without the express prior written consent of J.D. Power Asia Pacific.

J.D. Power Asia Pacific 2012 China Sales Satisfaction Index (SSI) StudySM

Factors Contributing to Overall Satisfaction



NOTE: Percentages may not total 100 due to rounding.

Source: J.D. Power Asia Pacific 2012 China Sales Satisfaction Index (SSI) StudySM

Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power Asia Pacific as the publisher and the J.D. Power Asia Pacific 2012 China Sales Satisfaction Index (SSI) StudySM as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power Asia Pacific study results without the express prior written consent of J.D. Power Asia Pacific.