



Press Release

J.D. Power and Associates Reports: Relationships Fostered under Preferred Programs Significantly Increase Dealer Satisfaction and the Percentage of Business Sent to Lenders

BMW Financial Services Ranks Highest in Dealer Satisfaction in Prime Retail Credit and Retail Leasing Rankings; Mercedes-Benz Financial Services Ranks Highest in Floor Planning

WESTLAKE VILLAGE, Calif.: 31 July 2012 — Satisfaction with automotive finance providers is significantly higher among dealers who have a preferred relationship with their lender, which is driven by a higher number of automated approvals, faster funding, more interactions with their sales representative and a perceived increase in the flexibility of the lender's buying policy, according to the J.D. Power and Associates 2012 U.S. Dealer Financing Satisfaction StudySM released today.

Preferred relationships are instituted by lenders that want to capture a larger percentage and/or a certain mix of a dealership's business and are often targeted to the lender's best dealerships. Preferred dealers who complete a certain volume or mix of their business with their lender are often rewarded under the terms of preferred relationships with rate discounts, better access to special programs and an improved service experience, compared with traditional relationships.

Among preferred dealers, overall satisfaction with their prime retail credit lender is 919 (on a 1,000-point scale), compared with 845 among dealers without a preferred arrangement. The largest gaps in satisfaction scores between preferred and traditional relationships are in the usefulness of dealership visits (9.3 vs. 8.1, on a 10-point scale, respectively), and flexibility of the buying policy attributes (9.1 vs. 7.9, respectively).

"The usefulness of dealership visits and the flexibility of the buying policy are among the most important attributes of the overall relationship, so the gap in scores is extremely significant," said Lisa Chlubiski, client services director of auto finance at J.D. Power and Associates.

Nearly two-thirds (63%) of dealers in a preferred relationship indicate they receive funding in less than 24 hours vs. 46 percent of dealers in a traditional relationship. There is an even larger difference in the frequency of sales representative visits, with 58 percent of dealers in a preferred relationship receiving sales representative visits 12 times per year vs. 33 percent of dealers in a traditional relationship.

"While not new to the industry, preferred relationships are increasing and are becoming an intriguing alternative to traditional relationships for both parties involved," said Chlubiski. "Once the preferred relationship is established, dealerships are finding it easier to complete deals, service their customers quickly and optimize the relationship with their lender."

The study finds that preferred relationships are not exclusive to the captive lenders.

"While captive lenders, by nature, offer a large percentage of preferred relationships, a notable 56 percent of banks and 30 percent of independents also offer preferred relationships," said Chlubiski. "While preferred relationships may lead to more business and better service for the dealership, they are not necessarily the right fit

for all relationships. The fear of restrictions or the potential of damaging other relationships may push dealerships to remain in traditional relationships with lenders.”

Preferred relationships are designed to have a considerable impact on the percentage of dealership business sent to lenders. Among lenders that account for between 26 percent and 50 percent of a dealer’s total prime business, 79 percent are lenders who are defined as “preferred.” That percentage increases to 90 percent among lenders that account for more than 50 percent of a dealer’s total prime business.

Dealer Financing Satisfaction Findings

The study examines dealer satisfaction with lenders in four finance areas: prime retail credit; sub-prime retail credit¹; retail leasing; and floor planning. Satisfaction is measured across three factors in the prime retail credit and sub-prime retail credit areas: finance provider offering; application/approval process; and sales representative relationship. Four factors are measured in the retail leasing area: finance provider offering; application/approval process; sales representative relationship; and vehicle return process. Three factors are measured in the floor planning area: finance provider credit line offering; floor plan support; and floor plan portfolio management.

Dealer satisfaction with automotive lenders has increased across all areas. Overall dealer satisfaction with prime retail credit lenders averages 885, an increase of 23 index points from 2011. Retail leasing satisfaction is 891, up 14 points from 2011, and floor planning satisfaction is 913, up 10 points.

Prime Retail Credit

BMW Financial Services ranks highest among prime retail credit lenders with a score of 963. Following in the rankings are Alpera Financial Services (959) and Mercedes-Benz Financial Services (948).

Retail Leasing

BMW Financial Services ranks highest among lessors in the retail leasing area with a score of 959. Mercedes-Benz Financial Services follows closely in the rankings with a score of 958. Ford Credit ranks third with a score of 911.

Floor Planning

Mercedes-Benz Financial Services ranks highest among floor planning lenders with a score of 964, followed by BMW Financial Services (960) and Ford Credit (935).

The 2012 U.S. Dealer Financing Satisfaction Study is based on responses from 3,064 dealers who were surveyed between March and April 2012.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company providing performance improvement, social media and customer satisfaction insights and solutions. The company’s quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on [airlines, hotels and rental car reviews and ratings](#), [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.

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¹ No awards were presented in the sub-prime retail credit segment due to insufficient market representation.

has approximately 23,000 employees across more than 280 offices in 40 countries. Additional information is available at <http://www.mcgraw-hill.com/>.

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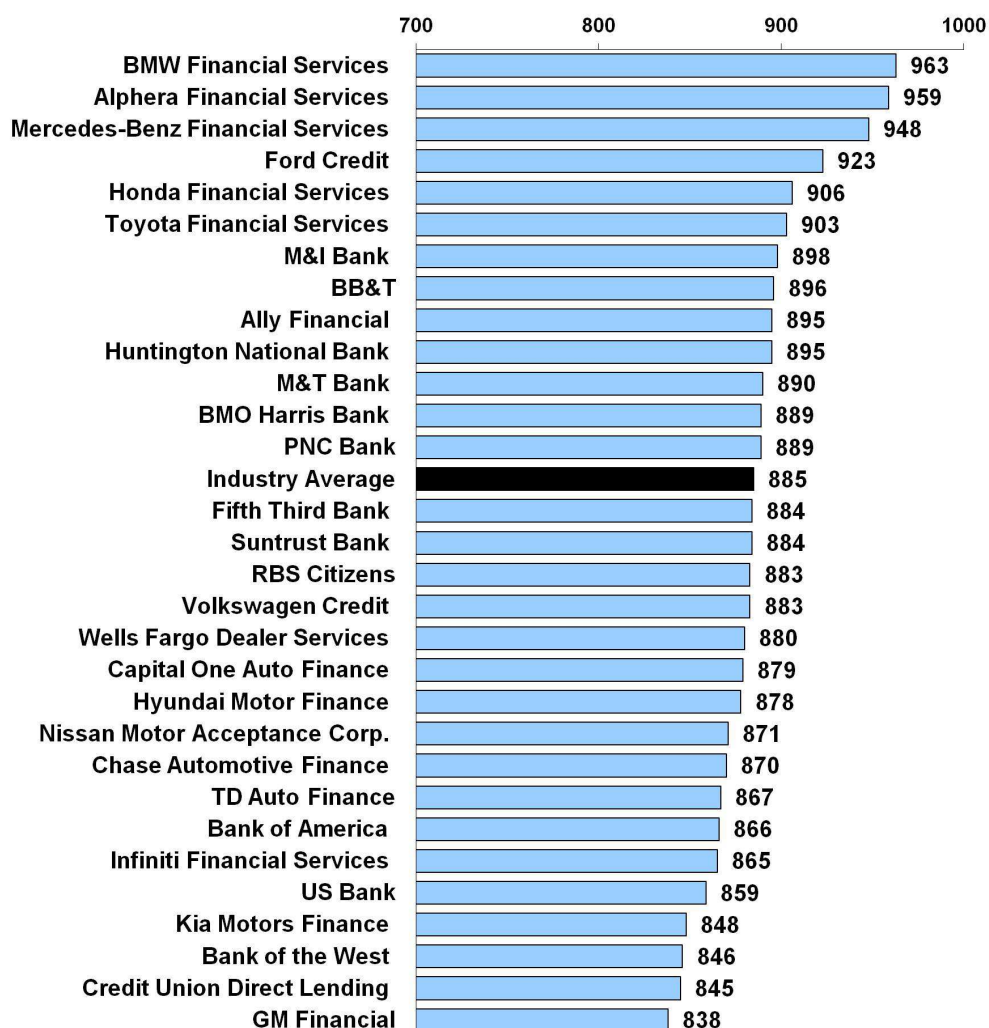
NOTE: Three charts follow.

J.D. Power and Associates 2012 U.S. Dealer Financing Satisfaction StudySM

Dealer Satisfaction Index Ranking

Prime Retail Credit

(Based on a 1,000-point scale)



Included in the study but not ranked due to small sample size are Mini Financial Services; Security Service Federal CU; Lexus Financial Services; Compass Bank; Subaru Motors Finance; AmeriCredit; and Santander Auto Finance.

Source: J.D. Power and Associates 2012 U.S. Dealer Financing Satisfaction StudySM

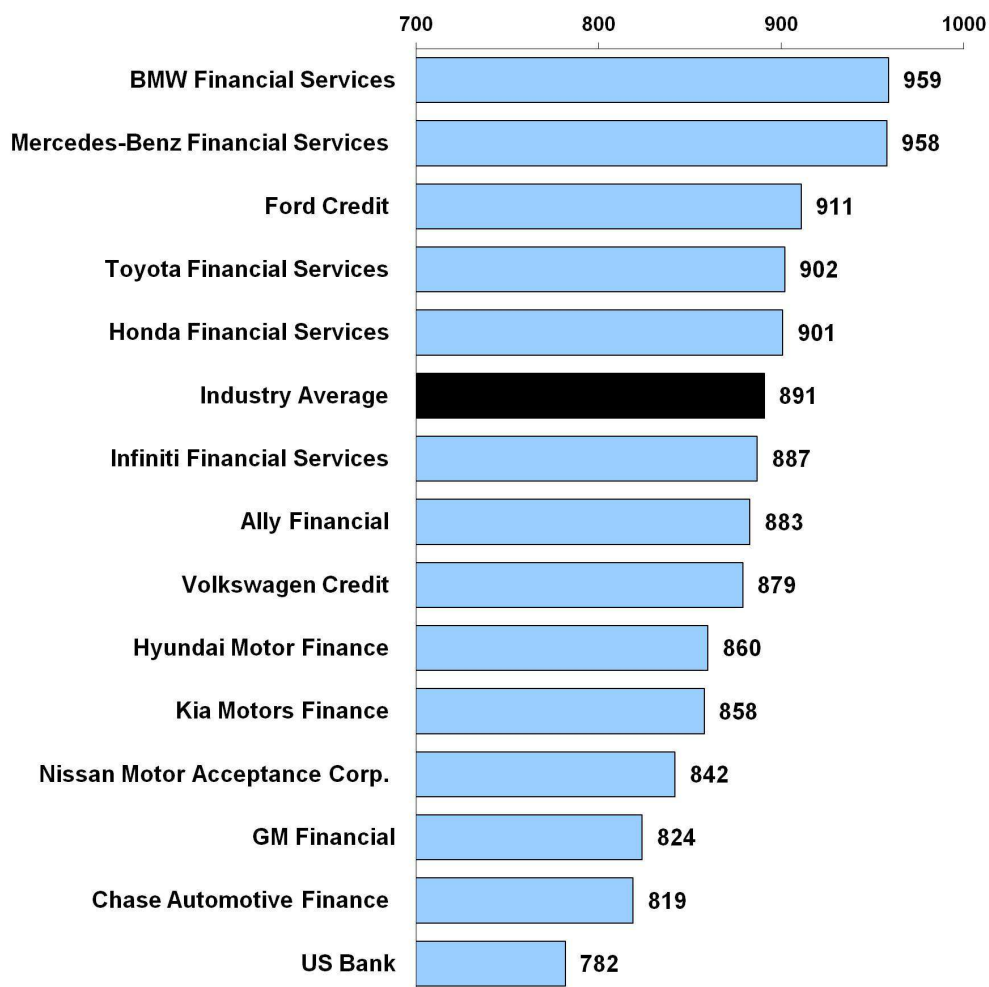
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J.D. Power and Associates 2012 U.S. Dealer Financing Satisfaction StudySM

Dealer Satisfaction Index Ranking

Retail Leasing

(Based on a 1,000-point scale)



Included in the study but not ranked due to small sample size are Lexus Financial Services and Subaru Motors Finance.

Source: J.D. Power and Associates 2012 U.S. Dealer Financing Satisfaction StudySM

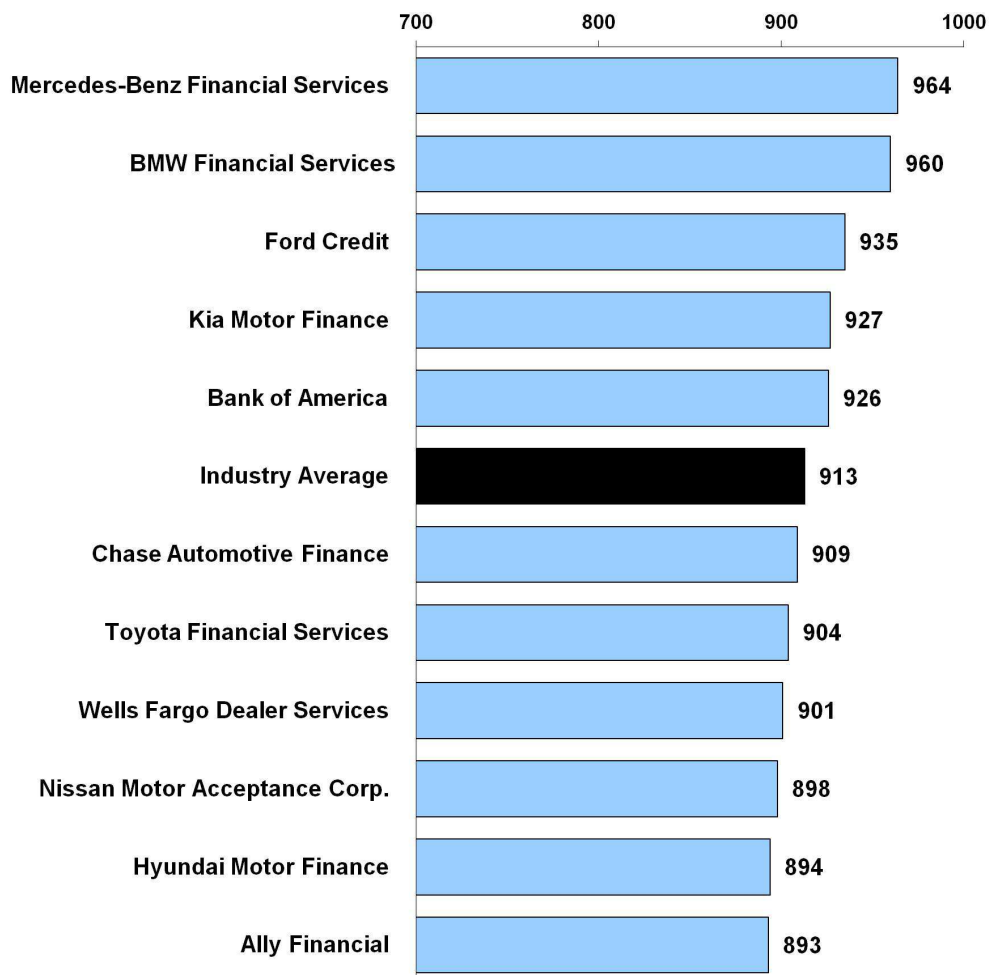
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J.D. Power and Associates 2012 U.S. Dealer Financing Satisfaction StudySM

Dealer Satisfaction Index Ranking

Floor Planning

(Based on a 1,000-point scale)



Included in the study but not ranked due to small sample size are Honda Financial Services and Volkswagen Credit.

Source: J.D. Power and Associates 2012 U.S. Dealer Financing Satisfaction StudySM

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