



## Press Release

### **J.D. Power and Associates Reports: A Desire for Different Vehicle Attributes and Features Leads Many New-Vehicle Owners to Switch Brands**

#### Hyundai Ranks Highest in Customer Retention among 33 Automotive Brands

**WESTLAKE VILLAGE, Calif.: 11 January 2012** — One in three new-vehicle owners who switched brands say their previous brand didn't make the type of vehicle they wanted, indicating that striking the right combination of model offerings and vehicle appeal is critical to retaining customers, according to the J.D. Power and Associates 2012 Customer Retention Study<sup>SM</sup> released today.

Now in its ninth year, the study measures the rate at which automotive brands retain their existing customers and examines the reasons why customers remain loyal. Customer retention is critical to a brand's market success, particularly during the current period of market recovery, in which each new-vehicle sale is vital. In addition to customer retention, the study also measures the rate at which each automotive brand captures customers from its competitors, known as conquering.

Among new-vehicle owners who switched vehicle brands for their latest purchase, 33 percent indicate that their previous brand didn't offer the type of vehicle they wanted. Although this is a primary reason for switching, other key reasons relate to dissatisfaction with the previous vehicle, including the vehicle costs too much to own or maintain; there are too many problems with the vehicle; and the vehicle didn't retain sufficient resale value.

"Many automotive brands are expanding their array of models in an attempt to capture more buyers, but this isn't enough in and of itself," said Raffi Festekjian, director of automotive product research at J.D. Power and Associates. "Manufacturers need to integrate specific attributes and features that delight vehicle owners to maximize their opportunity to both retain customers and conquest from other brands. Manufacturers also need to ensure owners are satisfied with the quality, residual values and ownership costs of their vehicles."

According to Festekjian, brands that strike the right combination of all of these aspects stand the best chance of being reconsidered by current vehicle owners for their next new-vehicle purchase.

Hyundai ranks highest among automotive brands in retaining customers when they buy a new vehicle, and improves its retention rate by four percentage points from 2010<sup>1</sup> to 64 percent in 2012. Hyundai's retention rate is primarily driven by the Elantra and Sonata models.

"Hyundai's increased retention rate is shaped by its expanding model lineup, as well as the fact that perceptions of the brand's quality and appeal have continued to improve during the past decade," said Festekjian.

Following Hyundai in the rankings are Ford and Honda, in a tie, each with a customer retention rate of 60 percent. Jeep posts the greatest improvement in customer retention rate from 2010, improving by 17 percentage points to 51 percent in 2012.

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<sup>1</sup> J.D. Power and Associates last issued the Customer Retention Study in December 2010. Comparisons between the 2010 and 2012 studies span a one-year period, rather than a two-year period. The study was not published in 2011.

Overall customer retention has improved by one percentage point in 2012 to 49 percent, compared with 48 percent in 2010. In 2012, 19 of the 33 ranked brands have improved their customer retention rates from 2010, while 14 have declined.

The study also finds that women and younger vehicle owners (those in the Generation Y and Generation X demographics, between ages 23 and 47) are less likely to choose the same vehicle brand for their next purchase, compared with men and older owners.

“Women and younger vehicle owners are more likely to experience changes in their life circumstances, including growth in household size or changes in income levels, that would lead them to purchase vehicles that better accommodate their new lifestyle,” said Festekjian.

Brands that perform particularly well in retaining women customers include Honda, Hyundai, Kia and Mercedes-Benz. Among vehicle owners in the Generation Y and Generation X demographics, Ford, Kia, Lexus and Mercedes-Benz perform particularly well in customer retention.

The 2012 Customer Retention Study is based on responses from 117,001 new-vehicle buyers and lessees, of which 73,733 replaced a vehicle that was previously acquired new. The study was fielded between February and May 2011 and August and September 2011.

#### **About J.D. Power and Associates**

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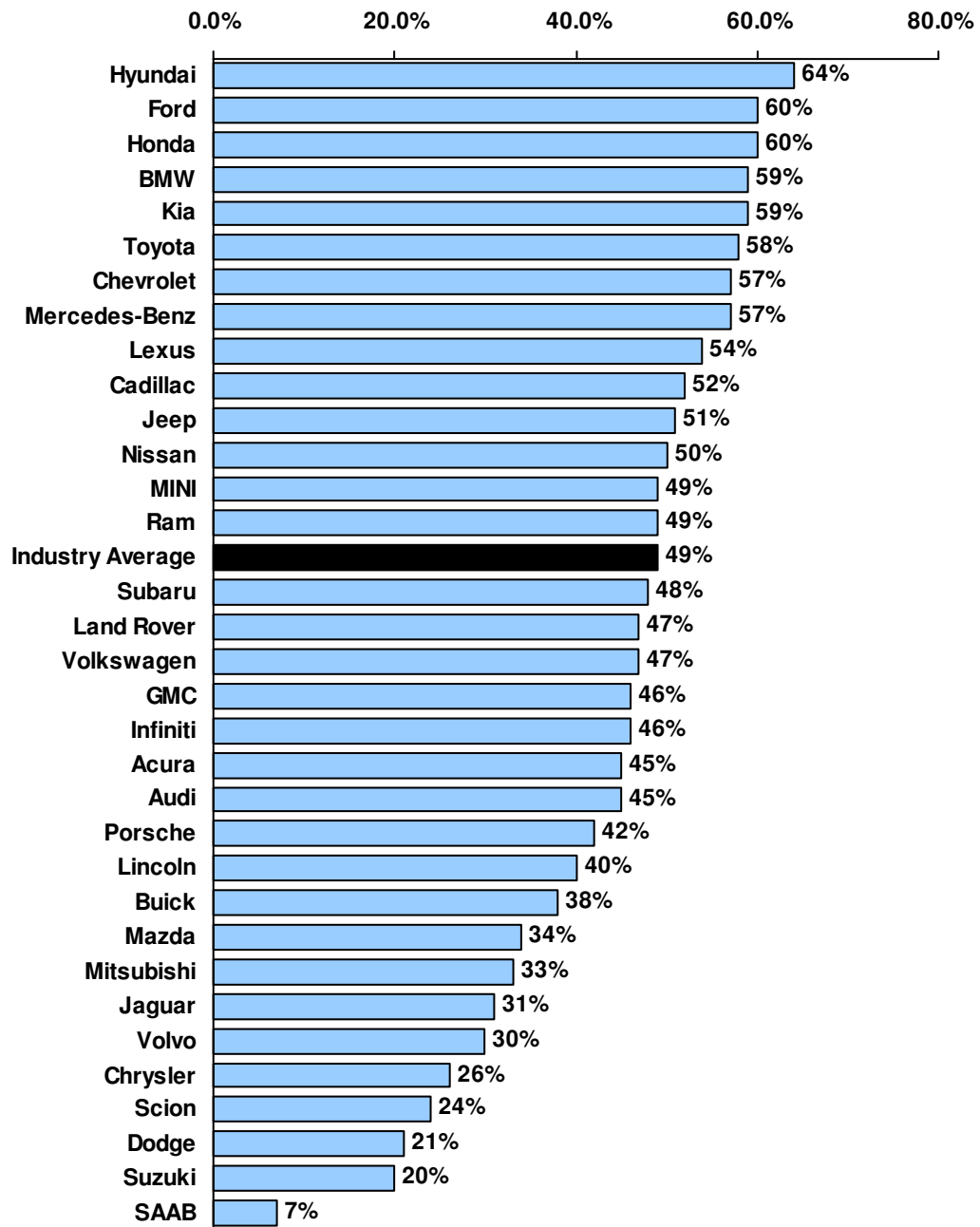
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NOTE: One chart follows.

# J.D. Power and Associates 2012 Customer Retention Study<sup>SM</sup>

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## 2012 Brand Retention Rates



Base: Vehicle owners who previously purchased a new vehicle of a particular brand.

NOTE: smart is included in the study, but not ranked due to small sample size.

Source: J.D. Power and Associates 2012 Customer Retention Study<sup>SM</sup>

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