

**J.D. Power Reports:  
No Longer at Record Levels; However, Canadian Dealer  
Satisfaction with Lenders Remains High**

BMW Financial Services Ranks Highest in Dealer Satisfaction in the Prime Retail Credit Segment;  
Volkswagen Credit Canada Ranks Highest in Floor Planning

**TORONTO: 26 June 2014** — Although down from the record levels attained in 2013, Canadian automotive dealer satisfaction with finance providers remains high, according to the J.D. Power 2014 Canadian Dealer Financing Satisfaction Study<sup>SM</sup> released today.

The study, now in its 16<sup>th</sup> year, examines dealer satisfaction with finance providers in four segments: prime retail credit; retail leasing; floor planning; and sub-prime retail credit.<sup>1</sup>

Despite declining satisfaction in two of the four segments, overall satisfaction remains high. In the floor planning segment, satisfaction is 924 (on a 1,000-point scale), a 14-point improvement from 2013, while satisfaction in retail leasing improves by 3 points to 861. Satisfaction in the prime retail credit segment drops 10 points to 873 in 2014, while sub-prime retail credit satisfaction declines by 24 points to 822.

“Indirect lending through captives and banks continues to be the preferred method for consumers seeking affordable loans and leases,” said Mike Buckingham, senior director of the automotive finance practice at J.D. Power. “The highest performing indirect lenders recognize that it is a relationship-based business model with the dealer community and that focusing on having a dealer-centric staff is a key to success.”

Buckingham noted the sustained levels of satisfaction are in large part due to the fact that auto lenders have remained focused on building strong relationships with dealers and providing a wide array of financing options for vehicle buyers.

Dealer satisfaction in the prime retail credit and sub-prime retail credit segments is measured in three factors: finance provider offering; application/approval process; and sales representative relationship. In the retail leasing segment, satisfaction is measured in four factors: finance provider offering; application/approval process; vehicle return process; and sales representative relationship. In the floor planning segment, satisfaction is measured in four factors: finance provider credit line offering; floor plan support; floor plan portfolio management; and sales representative relationship.

**Prime Retail Credit Segment Rankings**

BMW Financial Services ranks highest in the prime retail credit segment for a second consecutive year, with a score of 954, up 6 points from 2013, and performs particularly well across all factors.

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<sup>1</sup> No awards are presented in the retail leasing and sub-prime retail credit segments due to insufficient market representation.

Volkswagen Credit Canada ranks second in the segment with a score of 938, a 30-point improvement from 2013. Mercedes-Benz Financial Services (930) ranks third.

### **Floor Planning Segment Rankings**

Volkswagen Credit Canada ranks highest in the floor planning segment, achieving a score of 971, a significant 42-point improvement from 2013. Volkswagen Credit Canada performs well across all factors in the study. Scotiabank (936) ranks second and Ford Credit Canada (929) third.

While there are no awards presented in the segment, BMW Financial Services, Mercedes-Benz Financial Services and Volkswagen Credit Canada perform particularly well in retail leasing.

### **KEY FINDINGS**

- Credit policy flexibility and predictability, speed of service (underwriting and funding) and relationship with the lender's sales representatives are critical to dealer financing satisfaction.
- A strength of indirect lending—utilizing the dealer's finance and insurance (F&I) department to secure financing rather than the vehicle buyer obtaining financing on their own—is the number of options available to customers. Dealers are able to look across a myriad of lenders to find financing most suitable for their customers.
- Satisfaction increases when the lender's sales representative visits the dealership at least 4 times per year.
- The study also finds that auto dealers in retail leasing retain 49 percent of their prior leasing customers through retention programs and consumer guidance provided by their lender.
- Dealer floor plan inventory satisfaction is enhanced when lenders provide their dealers with robust tools and reports to manage their inventory of vehicles. Dealers also rely on sales representatives to conduct product training and performance reviews, which lead to more efficiency and cost control in dealership operations.
- Dealers active in the sub-prime market need more product training and general communications from their lenders, as this product is more niched-based than prime retail. Similar to prime retail, dealers in sub-prime also seek the same speed of service in underwriting and funding.

The 2014 Canadian Dealer Financing Satisfaction Study is based on responses from more than 1,300 new-vehicle dealerships in Canada. The study was fielded between January and April 2014.

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Note: Two charts follow.

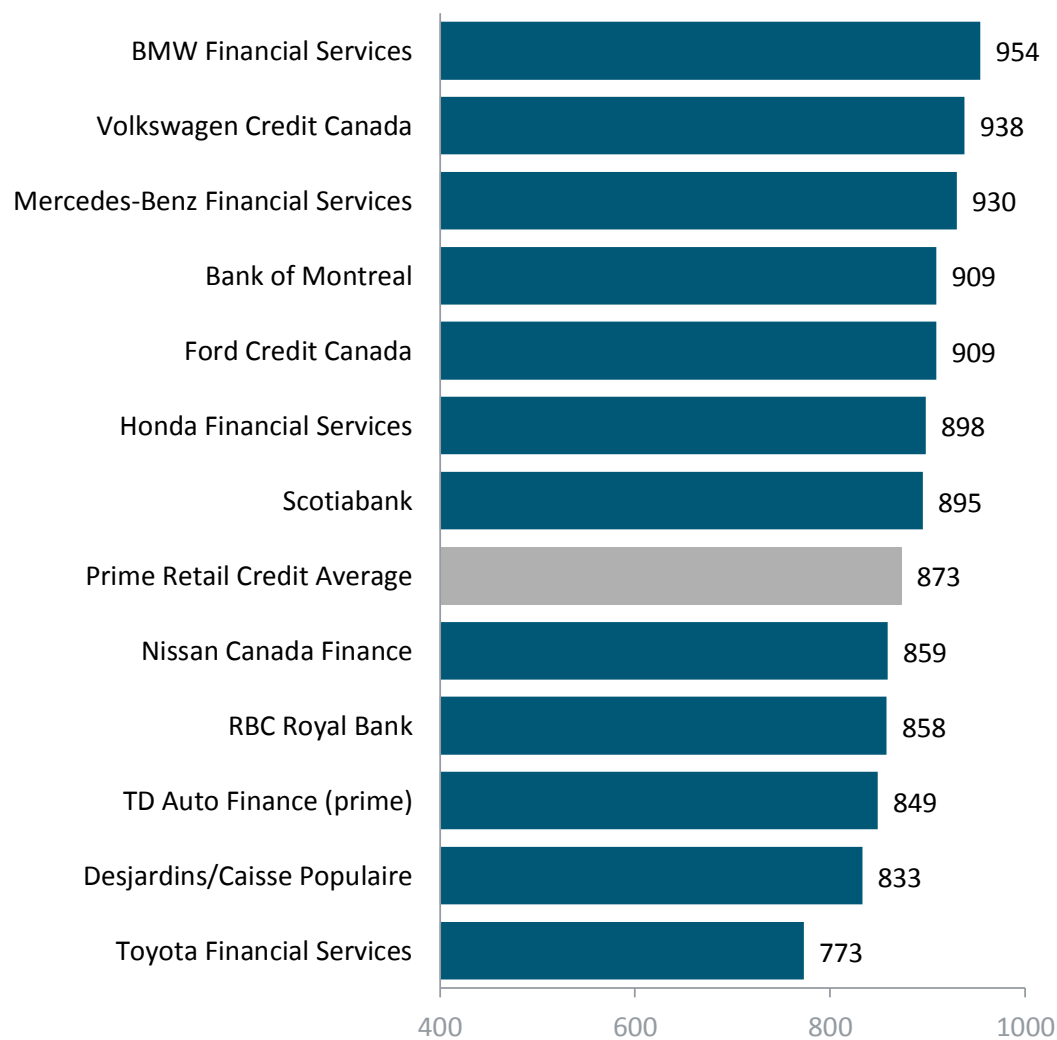
# J.D. Power

## 2014 Canadian Dealer Financing Satisfaction Study<sup>SM</sup>

### Overall Satisfaction Index Score Ranking

(Based on a 1,000-point scale)

#### Prime Retail Credit



NOTE: Included in the study but not ranked due to small sample size is National Bank.

Source: J.D. Power 2014 Canadian Dealer Financing Satisfaction Study<sup>SM</sup>

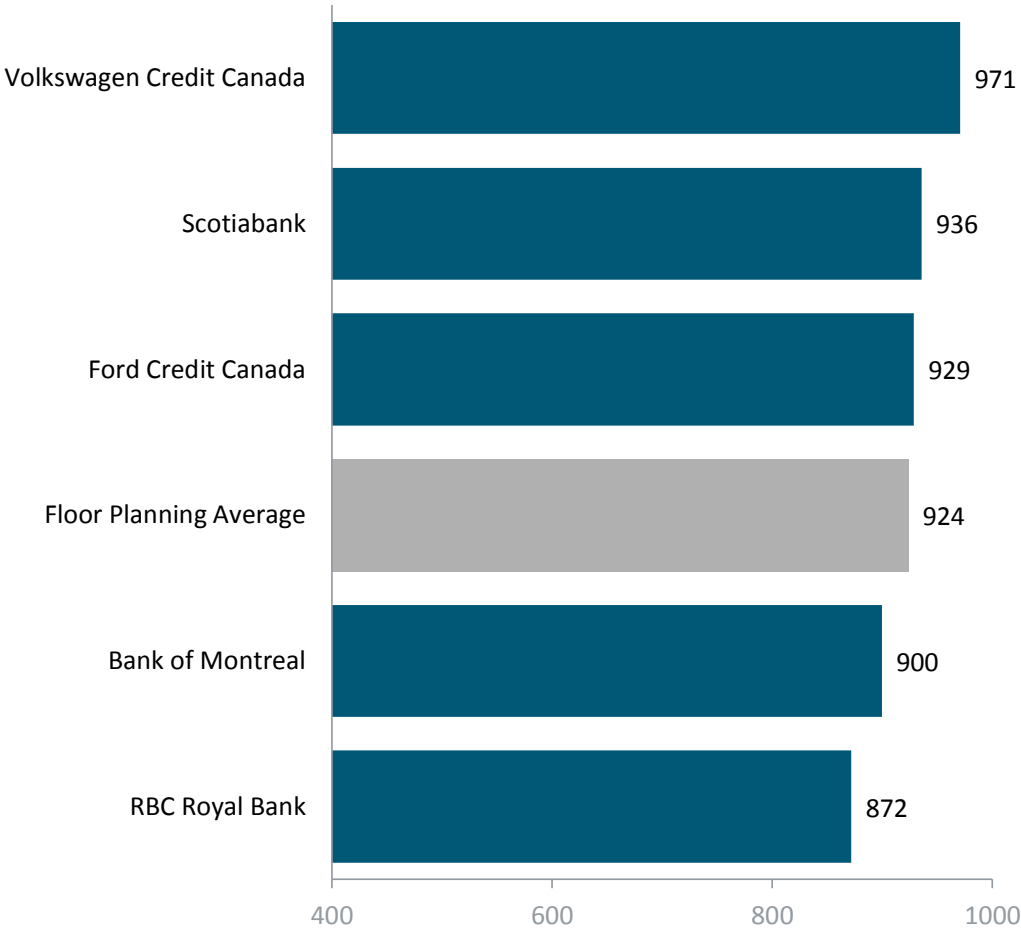
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# J.D. Power 2014 Canadian Dealer Financing Satisfaction Study<sup>SM</sup>

## Overall Satisfaction Index Score Ranking

(Based on a 1,000-point scale)

### Floor Planning



Source: J.D. Power 2014 Canadian Dealer Financing Satisfaction Study<sup>SM</sup>

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