



## Can Service Save Customers?

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Previous editions of the Analyst Note, have explored the strong correlation between service satisfaction and service retention, as well as that between service satisfaction and forward intended sales loyalty. However, there are many other factors at play when it comes to assessing the intended loyalty of a vehicle owner, not least of which is their overall satisfaction with the product itself.

Based on findings of the 2013 Canadian Vehicle Ownership Satisfaction Study, the impact of outstanding service on repurchase intent, specifically among owners who are generally unhappy with, or have been disappointed by the vehicle itself can be isolated. When broken out in this manner, the case for ensuring top-box service satisfaction is clear.

### WHEN PRODUCT SATISFACTION IS LOW, SERVICE SATISFACTION IS CRITICAL

|                                  | Low APEAL (750 or less) High PP100 (3 or more problems) |                               |
|----------------------------------|---|-------------------------------|
|                                  | Low Service (less than 700)                             | High Service (900 and higher) |
|                                  | Definitely Will   | Definitely Will               |
| Repurchase Make                  | 3%  | 11%                           |
| Repurchase from Servicing Dealer | 3%  | 21%                           |

Source: J.D. Power 2013 Canadian Vehicle Ownership Satisfaction Study<sup>SM</sup>

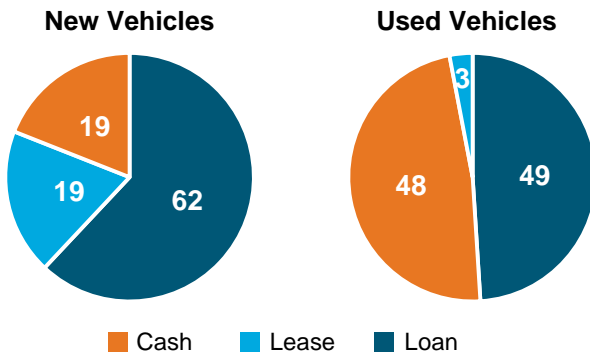
## Behind the Numbers

- In the Canadian VOSS, product satisfaction is measured in a number of different ways. In this analysis, two measures: APEAL (Automotive Performance Execution and Layout) and PP100 (Problems per 100 vehicles) are used. Essentially measures of what went right (APEAL) and what went wrong (PP100), these two metrics can be viewed as opposite sides of the same coin, where high APEAL scores are desirable, where high PP100 scores are undesirable.
- Clearly, when these two product measures converge negatively for a consumer (low APEAL, high PP100), it represents a significant risk for the brand, specifically as it pertains to repurchase loyalty. And, this risk is significantly exacerbated when service experience is thrown into the mix. In cases where owners fit this unfortunate product-side profile of poor vehicle APEAL scores and have experienced more than 3 problems with their car, service experience can have a dramatic impact on repurchase intent.
- In cases where owners have been disappointed by their vehicle, and experienced a low level of service satisfaction (defined here as a VOSS service satisfaction index score of 750 or less on a 1000-point scale) only 3% of these owners say they will definitely re-purchase the same brand. However, when dissatisfied owners experience high service satisfaction (defined as 900 points and higher), 11% say they will definitely repurchase the same brand—3.6 times higher than among those with low service satisfaction.
- At the dealer level, the message is more acute. Among owners with a poor ownership experience from a product *and* service perspective, an identical 3% say they will repurchase from the servicing dealer. However,, among those with low product but high service satisfaction, 21% say they definitely will repurchase from the dealer, a which is seven times higher. Proof positive that when brands experience product problems, service can save customers.

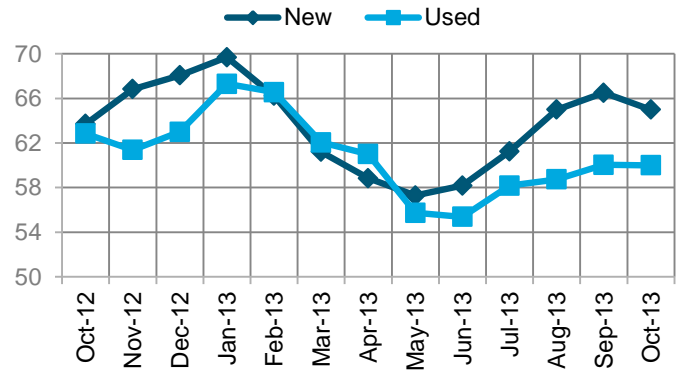
\*Data is based on 1-3 year-old vehicles that were originally purchased new.



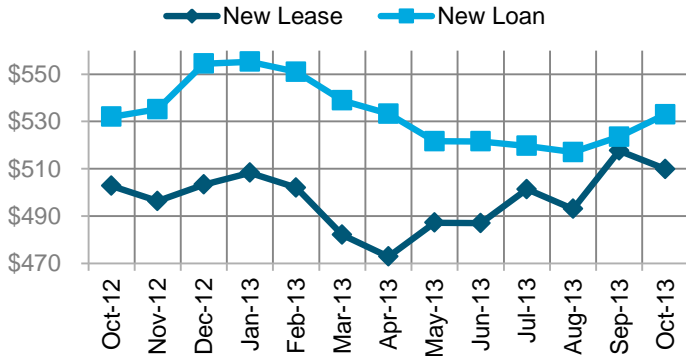
**VEHICLE PURCHASE TYPE**  
Percent of Total Transactions (Past 12 Months)



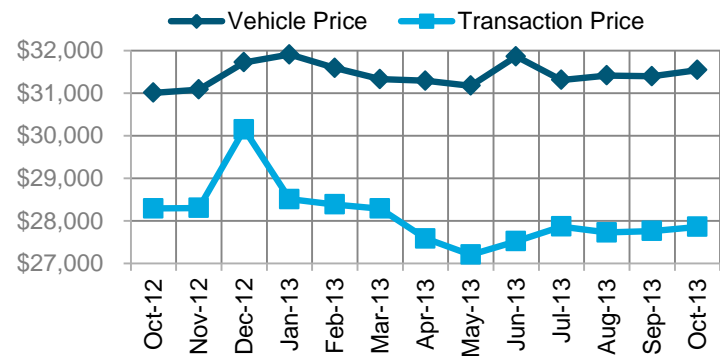
**DAYS TO TURN**



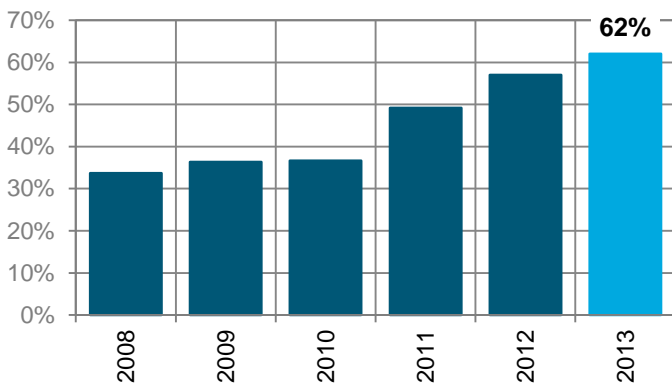
**MONTHLY PAYMENTS**  
Average per Customer



**VEHICLE PRICE VS. CUSTOMER FACING PRICE**  
Data from JCPA PIN Incentive Spending Report (ISR)



**PERCENT NEW-VEHICLE LOAN TERM**  
72 Months and Greater



**PERCENT NEGATIVE EQUITY & TRADE-IN**  
Percentage of negative equity vehicles at trade-in

