

**Battle for Vehicle Service Market Share in Canada Heats Up**Lexus Dealerships Rank Highest in Customer Satisfaction with Automotive Service for Fourth Consecutive Year

**TORONTO: 13 Sept. 2018** — The service market among 4-12-year-old vehicles in Canada is worth nearly \$10 billion annually, a huge amount that has both dealers and aftermarket repair facilities competing fiercely for their share. Moreover, the answer of who is winning the battle depends largely on the question one asks.

Results from the J.D. Power 2018 Canada Customer Service Index Long-Term Study<sup>SM</sup> reveals that non-dealer service locations hold a majority when it comes to the share of service occasions (53.5% vs. 46.5% for dealers). However, dealership service facilities carry the day when it comes to share of overall service spend, capturing 53% of the total dollars spent on vehicle service over the past 12 months. Spending at aftermarket shops has grown from an average of \$223 per visit from \$204 in 2017, while spending at dealerships has declined to \$291 per visit, on average, from \$303 in 2017.

The study, which measures repair service satisfaction levels of original vehicle owners in Canada whose vehicles are 4-12 years old, also finds that younger vehicle owners (Gen X<sup>1</sup>, Y and Z) are more likely to service their vehicles at non-dealer facilities, compared with Boomers and Pre-Boomers.

“The service and repair market among this lucrative set of vehicle owners in Canada remains highly competitive,” says **J.D. Ney, Automotive Industry Practice Leader at J.D. Power Canada**. “With the vast majority of these vehicles being out of warranty, customers are rethinking their brand loyalties and exploring their options.”

Prior experience plays a critical role in customer retention and is cited by half of vehicle owners as one of the leading reasons for choosing a service facility (52% of those who chose a dealership and 50% of those who chose an aftermarket shop). The reason is more prominent among Boomers and Pre-Boomers (60% and 74%, respectively), while Gen Z and Gen Y owners tend to choose service facilities based on a recommendation provided by a friend or relative (36% and 26%, respectively) more frequently.

“Customer satisfaction is critical for brand loyalty and advocacy of auto service facilities,” Ney said. “Service facilities that want to build customer loyalty need to provide positive experiences to meet this goal.”

Following are additional findings of the 2018 study:

- **Satisfaction brings recommendations:** According to the study, 86% of the most satisfied customers (overall satisfaction of 901 or higher, on a 1,000-point scale) consistently say they “definitely will” return and 84% of those customers “definitely will” recommend their service facility. For those with a lower satisfaction level (between 601 and 750), 38% say they “definitely will” return and 25% say they “definitely will” recommend their service facility.

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<sup>1</sup> J.D. Power defines generational groups as Pre-Boomers (born before 1946); Boomers (1946 to 1964); Gen X (1965-1976); Gen Y (1977 to 1994); and Gen Z (1995-2004).

- **Vehicle brand affinity declines over time:** For the first time, the study includes a Net Promoter Score,<sup>2</sup> which measures customers' likelihood to recommend their vehicle brand on a 0-10 scale. The NPS<sup>®</sup> shows that vehicle owners' affinity for their brand declines over time. While owners act as brand promoters for the first three years of ownership, enthusiasm wanes the longer the vehicle is owned. This is important insight for OEMs that rely on client interaction and service satisfaction at the dealership to sustain and support vehicle brand loyalty.
- **Highly satisfied customers spread the word:** Creating brand promoters from existing customers is critical to attracting younger customers (Gen Y and Gen Z), since they are more recommendation-oriented.
- **Younger owners drive more kilometers:** On average, average miles driven by Gen Y owners is 106,602 Km and Gen X owners drive an average of 105,527 Km. By comparison, Boomers drive an average of 99,571 Km and Pre-Boomers an average of 85,754 Km.

## Study Rankings

**Lexus Dealerships** rank highest in overall customer service satisfaction for a fourth consecutive year, with a score of 826. **NAPA AUTOPRO** (799) ranks second and **Great Canadian Oil Change** (798) ranks third.

The Customer Service Index Long-Term (CSI-LT) Study measures satisfaction and intended loyalty among owners of vehicles that are 4-12 years old and analyzes the customer experience in both warranty and non-warranty service visits. Overall satisfaction is based on five factors (in order of importance): service initiation (24%); service quality (23%); service advisor (20%); service facility (17%); and vehicle pick-up (16%). The study is based on responses 10,681 owners and was fielded in March through June 2018.

For more information about the Canadian Customer Service Index Long-Term (CSI-LT) Study, visit <http://canada.jdpower.com/resource/canadian-customer-service-index-long-term-study>.

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Note: One chart follows.

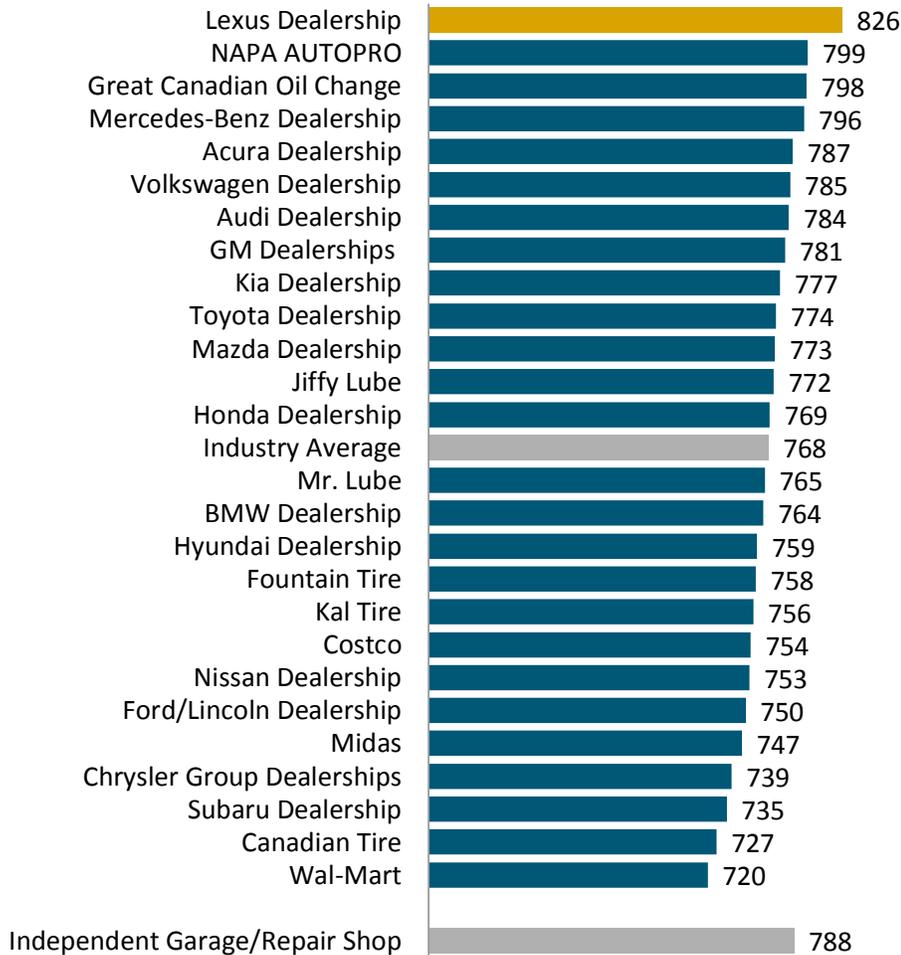
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<sup>2</sup> Net Promoter,<sup>®</sup> Net Promoter System,<sup>®</sup> Net Promoter Score,<sup>®</sup> NPS<sup>®</sup> and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

# J.D. Power 2018 Canadian Customer Service Index Long-Term (CSI-LT) Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking

*(Based on a 1,000-point scale)*



*Note: Included in the study but not ranked due to small sample size are Active Green & Ross, Goodyear Auto Centre, Mitsubishi Dealership, Ok Tire, Pennzoil, Quick Lane Auto and Tire Centre, Speedy and Volvo Dealership. Independent Garage/Repair shops has sufficient sample, but cannot be ranked.*

Source: J.D. Power 2018 Canadian Customer Service Index Long-Term (CSI-LT) Study<sup>SM</sup>

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