

J.D. Power Says Customer Treatment at Store More Important than Price

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J.D. Power and Associates unveiled its 2010 U.S. Sales Satisfaction Index Study on Wednesday, and the automaker that earned the best buyer satisfaction score among luxury brands was Jaguar, while Mini earned this distinction among mass market brands.

This marked the third straight time Jaguar has been honored as the top luxury make in terms of satisfying customers.

Scores are calculated based on the following elements (with their weighted importance in parenthesis) in the new-vehicle purchasing experiences of customers:

- Working out the deal (33 percent).
- Salesperson (25 percent).
- Delivery process (21 percent).
- Dealership facility (20 percent).

Jaguar's score was 828 (out of 1,000) and showed especially strong performances with regards to its salespeople score and the negotiation element, J.D. Power noted.

It was followed, respectively, by Cadillac and (819) and Mercedes-Benz (815), which held their Nos. 2-3 spots on the luxury side from a year ago. Rounding out the top five luxury brands were Lincoln (814) and Lexus (812).

Among mass market brands, Mini's score was 805. J.D. Power said Mini's strength was found largely in the dealership facility, salesperson and delivery arenas. Mini was followed by Mercury (795), GMC (792), Chevrolet (787) and Buick (784), respectively.

Sharing some more insight into the study's findings, J.D. Power discovered that more customers are concerned with how they are treated at the store than the price on the vehicle.

In fact, 52 percent said how they are treated influenced their pick of dealership, while about two-fifths (38 percent) chose a store because of the price or a deal, J.D. Power stated.

The company also pointed out that after a buyer has chosen which store to visit, her level of satisfaction is typically most heavily influenced by how easy it was to negotiate a price. This element has more influence on satisfaction than does transaction price fairness, officials noted.

Not only that, but the negotiation process takes an average of 53 minutes, making it the most time-consuming element of the purchasing process besides choosing which vehicle to purchase, according to J.D. Power.

“The process of working out the deal is the primary indicator of whether new-vehicle buyers have a satisfactory purchase experience,” stated Jon Osborn, J.D. Power’s director of automotive.

“While there are some buyers who enjoy the negotiation process, many find it to be the most unpleasant part of purchasing a new vehicle,” he added. “It is particularly important for retailers to make this process as efficient and collaborative as possible, given its importance to overall satisfaction.”

Continuing on, J.D. Power also discovered that the proportion of buyers who stopped at multiple dealerships was at 60 percent.

Although many shoppers declined to buy at certain dealerships because they didn’t have their desired model, about a fifth (18 percent) of customers didn’t buy because they believed they were not treated properly by the store’s sales staff, according to J.D. Power.

The study further noted that equally common complaints covered “too much sales pressure” from salespeople or the salespeople not having enough information. Customers also cited impolite staff and salespeople who weren’t “being straightforward.”

“With new-vehicle retail sales remaining soft and manufacturers spending considerable amounts on incentives to get customers into showrooms, the value of prospects coming in to a dealership is extremely high,” Osborn shared.

“Dealers cannot afford to drive away customers through poor treatment. In addition, most of these rejecters go on to purchase a different brand of vehicle entirely, meaning that both the individual dealer and the automaker lose out,” he added.

Next up, J.D. Power looked at how crucial the online element remains. In fact, 79 percent of new-vehicle customers turned to the Web while auto shopping and almost a quarter (24 percent) asked dealers for a quote.

Interesting enough, shoppers who asked for quotes typically expressed greater satisfaction when it came to negotiation and price than those shoppers who didn’t ask for a quote.

That said, this same group of shoppers asking for quotes were usually not as satisfied with the sales process length. J.D. Power suggested these shoppers may have been anticipating that the sales process would go faster.

“Dealers need to streamline the new-vehicle buying process for customers who do a lot of research online,” Osborn noted. “These buyers tend to be affluent, well-informed and time-sensitive. They generally know the exact vehicle they want and how much they expect to pay for it.

“Despite often having little familiarity with the dealership they are buying from, they want to get in and out as quickly as possible. Dealers need to balance respect for the customer’s time while still providing what the customer needs,” he concluded.

J.D. Power provided the following charts of automaker rankings in the SSI:

Buyer Index Ranking

Luxury Brands

(Based on a 1,000-point scale)

<u>Brand</u>	<u>Index score</u>	<u>JDPower.com Power Circle Ratings For Consumers</u>
Jaguar	828	5
Cadillac	819	4
Mercedes-Benz	815	4
Lincoln	814	4
Lexus	812	4
Land Rover	809	4
Porsche	800	3
BMW	799	3
Luxury Segment Average	798	3
Acura	782	2
Infiniti	768	2
Audi	764	2
Volvo	754	2