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GETTING AND KEEPING CUSTOMER LOYALTY IS A GROWING CHALLENGE FOR VEHICLE MANUFACTURERS AND DEALERS

*Consumers Are Increasingly Driven by Their Hearts as Well as Their Heads,
According to New Global Survey From Capgemini*

Paris, Detroit, October 4, 2006 - Vehicle ownership is a long-term, complex relationship among the consumer, the manufacturer and the dealer that is often dependent as much on emotional as rational factors. This was among the findings of the eighth annual *Cars Online* study from Capgemini.

Although rational factors such as safety, price and reliability play a role in consumers' decision-making process, they are often trumped by more emotional aspects. For example, when consumers were asked why they switched to a different brand of vehicle, responses such as "fits my needs," "wanted to try something new" and "enjoyment of the vehicle" scored higher than fuel economy and safety.

"This poses a challenge for dealers and manufacturers: How do you appeal to both the rational and the emotional aspects?" says Nick Gill, Global Automotive Leader, Capgemini. "Our *Cars Online* findings make it clear that automotive manufacturers and dealers must focus on better collaboration, stronger commitment to developing a long-term relationship with the customer, and increased communication throughout the vehicle lifecycle if they hope to improve customer loyalty as well as business performance."

The study found that loyalty isn't guaranteed. A little over half of consumers own a vehicle that is a different make from their previous vehicle. An even higher proportion of consumers switched dealers, indicating that dealers have considerable work to do in the area of customer loyalty.

The study—which surveyed consumers in China, France, Germany, the United Kingdom and the United States—examines trends in consumer buying behavior, Internet usage and customer loyalty. The report also explores the similarities and differences among the countries studied.

Key findings from the *Cars Online 06/07* study include:

- **Customer loyalty is fleeting:** With so much riding on the relationship and emotional factors, consumer trust and loyalty can be easily broken. Consumers are ever more demanding and are prepared to walk at any time, even within a month of purchase, and often they won't give a company a second chance. Close to 40% of consumers said they expect a dealer or manufacturer to respond to a request for a quote via e-mail or the Web within four hours, up from 29% last year. If that response isn't fast enough, many consumers will look for a new dealer, a new manufacturer or both.
- **Loyalty doesn't end with the sale:** Post-sale communications and aftersales service are essential to keeping the customer relationship alive. For example, about two-thirds of consumers indicated that they appreciate dealer contact such as having the service manager phone following vehicle servicing, receiving regular service reminders or having a sales consultant phone following delivery of a vehicle.
- **Further collaboration between the manufacturer and dealer is key to driving growth:** Consumers don't always make the distinction between vehicle manufacturer and dealer. For instance, if either party fails to respond quickly enough to an e-mail inquiry, close to 20% of consumers will switch both brand and dealer. This points to the importance of retail integration in the battle for customers and sustainable profits. Together, both manufacturers and dealers are better positioned to respond faster and more effectively to consumers' needs, wants and preferences.
- **Vehicle buyers are using the Web in a more targeted fashion:** More than 80% of the respondents said they are using the Web during the buying process, twice as many as in 2004 and almost 4.5 times as many as in 2002. At the same time, consumers increasingly are focusing their research toward fewer Websites. This year about one-third of respondents said they visited five or more manufacturer Websites, down from 44% last year. The Web features they look for include pricing information, vehicle comparison capabilities, a full range of product information and vehicle configurators. And more than one-third say they are less likely to buy a specific brand or from a specific dealer if the desired features are not available.
- **Responsiveness and an effective Website are essential to successfully selling in China:** Although China remains an evolving and relatively immature automotive market, a number of consumer behavior patterns are emerging. For example, Chinese consumers do an exhaustive amount of research prior to buying a vehicle, using information sources ranging from family and friends to the Internet. Because they are heavy Web users it may not be surprising that Chinese consumers are particularly sensitive when it comes to the response time they expect from companies to their online inquiries. Sixty-one percent of Chinese respondents expect to receive a response immediately or within one hour from a dealer or manufacturer.

“Winning the hearts and minds of today’s sophisticated vehicle buyers will require collaboration, commitment and communication on the part of both manufacturers and dealers,” says Gill. “To do this successfully demands that companies understand the dynamics of consumer behavior and customer loyalty.”

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