



Overview of J. D. Power and Associates

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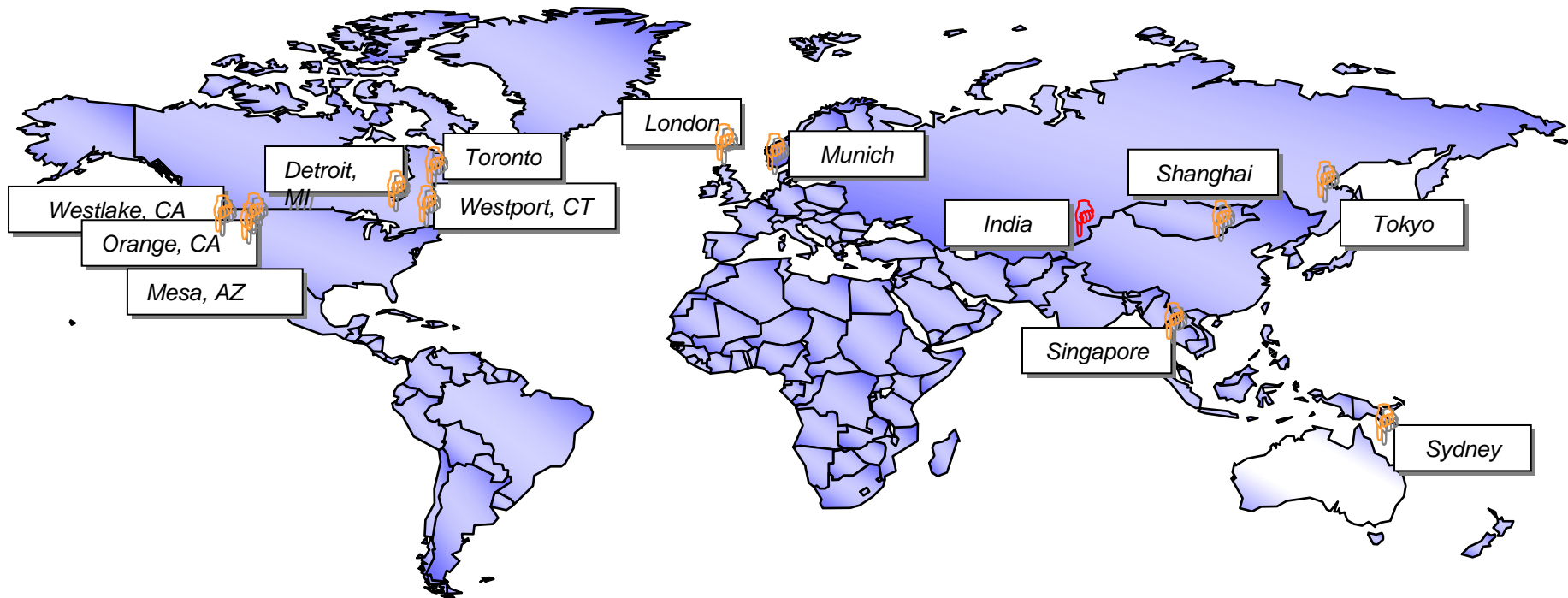
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Today's Agenda

- Background of JDPA
- Overview Some Key Syndicated Studies
 - Initial Quality Study (IQS)
 - APEAL
 - CQR
 - VDS
- Overview of Proprietary Studies
- Questions and Wrap Up

J.D. Power and Associates has Broad Industry Experience in Diverse Geographical Regions

- Operates in more than 20 industries
 - Core industries include: Automotive, Insurance, Home Builder, Travel, Mortgage, Telecom, Financial Services and Healthcare
- Proprietary research, consulting and forecasting in over 60 countries
- Nearly 800 associates in 12 offices worldwide
- Conducted Automotive Studies in major markets throughout Asia, Europe and North America with the ability to provide Research and Consulting services in any market worldwide



Industries Served

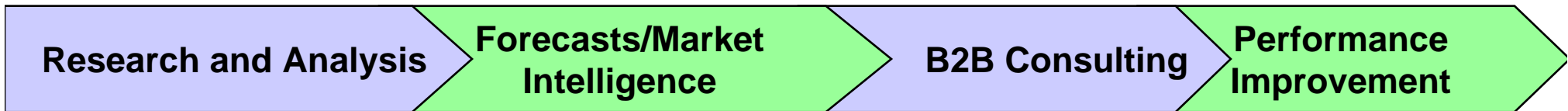
Our experience in “voice of the customer” measurement spans a variety of industries.

- Automotive (Light, Medium and Heavy Duty)
- Cable Broadcasting
- Consumer Electronics
- Credit Cards/Financial Services
- Durables/Appliances
- Health Care
- Home Builder Industry Services
- Marine
- Media/Advertising
- Office Equipment
- Packaged Goods
- Peripherals
- Powersports
- Specialty Vehicles (RVs, Construction, Agricultural)
- Sporting Events
- Telecommunications
- Travel (Hotel, Airline, Rental Car)
- Transportation
- Utilities

J.D. Power and Associates Strategic Intent

“To enable decisions and better results for business and consumers through credible, meaningful and easily accessible customer-based information.”

Basic Data  Product Solution



- Global Syndicated Research
- Proprietary/ Custom Research

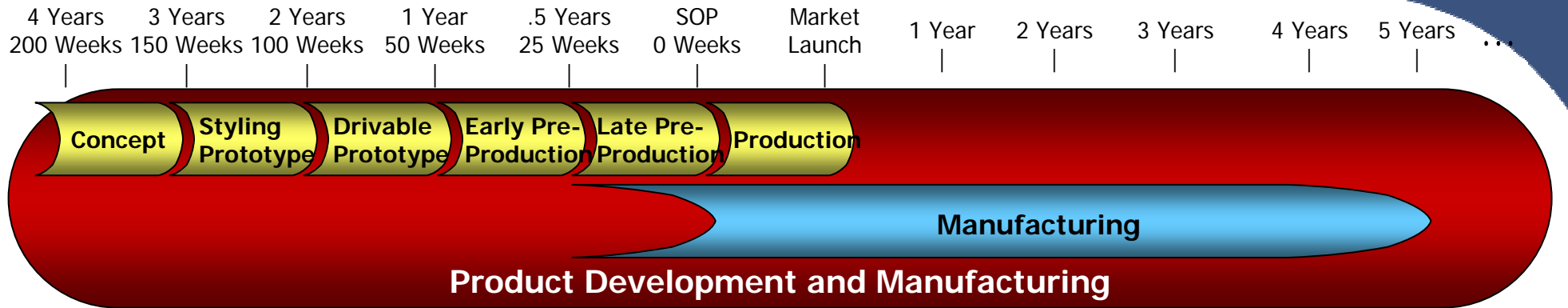
- Global Vehicle Sales Forecasts
- Global Vehicle Production Forecasts
- Powertrain Production Forecasts
- Forward Product Planning Information

- Supplier - OEM Relationships/ Positioning
- OEM Customer Satisfaction
- Strategic Market Assessments
- Product Portfolio Strategy Development
- Corporate Product Strategy Alignment
- Quality Consulting

- Dealer Sales Process Improvement Training
- Product Knowledge Training/Education
- Dealer Certification Programs

Product and Process Improvement Activities

Impact of the Vehicle Quality Survey (throughout the product lifecycle)



Feature & Content Decisions
Styling Decision

Set quality priorities, test and verify vs. Procurement VOC



Product improvements after launch (mid-cycle enhancements, next generation)

Marketing issues (consideration/avoidance; shopping/rejection; conquest/retention; retail benefits such as days to turn and per-vehicle gross profit, brand premiums)

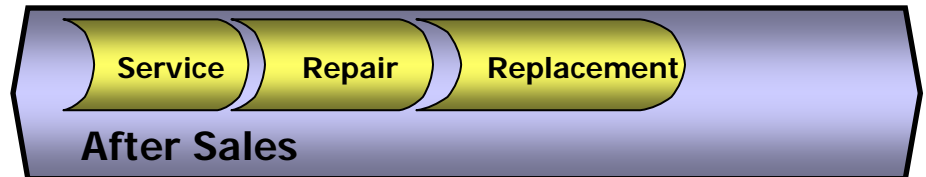
Pre-Delivery Preparation

Explanation of features during delivery

Managing customer expectations



Impact on residual value



Data from Vehicle Quality Survey is used by manufacturers and suppliers in a number of areas:

- Current Program Product Improvement (manufacturing)
- Product Development
- Contenting Decisions
- Marketing and Sales
- Procurement
- Service
- Awards (advertising)
- Residual Value (re-marketing)

Importance of Customer Satisfaction

- How satisfied are you with your overall ownership experience?
 - Product Quality
 - Features and Layout
 - Styling
 - Dealership
 - Service
 - Warranty
 - Image
 - Etc.

Relationship Between Owner Satisfaction and Manufacturer Sales

Low Satisfaction	Mid Satisfaction	High Satisfaction
Daewoo	Chevrolet	Acura
Dodge	Chrysler	Audi
Ford	GMC	BMW
Hyundai	Jaguar	Buick
Isuzu	Mazda	Cadillac
Jeep	Mercedes	Honda
Kia	Mercury	Infiniti
Land Rover	Nissan	Lexus
Mitsubishi	Oldsmobile	Lincoln
Plymouth	Saab	Porsche
Pontiac	Saturn	Subaru
Suzuki	Volvo	Toyota
Volkswagen		

-4%

+24%

+44%

Change in Sales from 98 – 03*

*Satisfaction groupings based on J.D. Power and Associates 2003 Vehicle Dependability Study. SM

The Bottom Line

- Loyalty
 - Satisfied customers are repeat customers
- Advocacy
 - Satisfied customers tell others about their purchase and persuade others
- Price Premiums
 - Customers will pay for quality
- Reduced Operating Costs
 - High quality lowers warranty and production costs
- Close Rates
 - High satisfaction in the sales process closes more deals

Vehicle Quality Survey

Terminology

Things Gone Wrong (TGW)



- Consumer perceptions of product quality (problems experienced)
- Measured in Problems Per 100 Vehicles (PP100)
- *A lower score is better (less reported problems)*

Things Gone Right (TGR)



- Consumer perceptions of likes and dislikes (regardless of any problems experienced/reported)
- Each TGR question is measured on a ten-point rating scale ranging from unacceptable to outstanding
- *A higher score is better (greater appeal)*

VQS Methodology

- Retail purchases and lessees of new 2006 model-year vehicles
- Purchase and registered in November/December 2005 and January 2006
- Surveyed after 90-days of ownership
- Randomly drawn national sample obtained from R.L. Polk and Company
- Personal-use vehicles only

VQS Methodology

- Return target of 225 per model in 2006 and 450 per model in 2007
 - Representative mix of purchase and lease, by model
 - Where feasible, secondary target of 100 returns per plant
- All returns are weighted to reflect retail sales during the sample period
- Study includes
 - Approximately 160 car models
 - Approximately 120 truck models
 - Over 65,000 respondents

VQS Methodology

- 8-page questionnaire and cover letter
- The IQS survey is being redesigned for the first time since 1998
- \$1 bill as an incentive plus business reply envelope
- Reminder post cards and Telephone calls one week after the survey was sent
- Response rate of 20%-25%

OEM vs. Supplier Deliverables

Vehicle Quality Survey

- Things Gone Wrong (TGW)
- Things Gone Right (TGR)

Initial Quality Study (IQS)

- Total vehicle
- Quality Focus
- Publish date: June 2006

Automotive Performance Execution and Layout Study (APEAL)

- Total vehicle
- Satisfaction Focus
- Publish date: June 2006

Feature Contenting Report (FCR)

- Total vehicle
- Focus on feature penetration, desirability and pricing
- Publish date: August 2006

Component Quality Reports (CQRs)

- Component based
- Focus on quality and satisfaction
- Noise / NVH
- Multimedia
- Ride/Handling
- Engine/Transmission
- Interior
- Seat
- HVAC

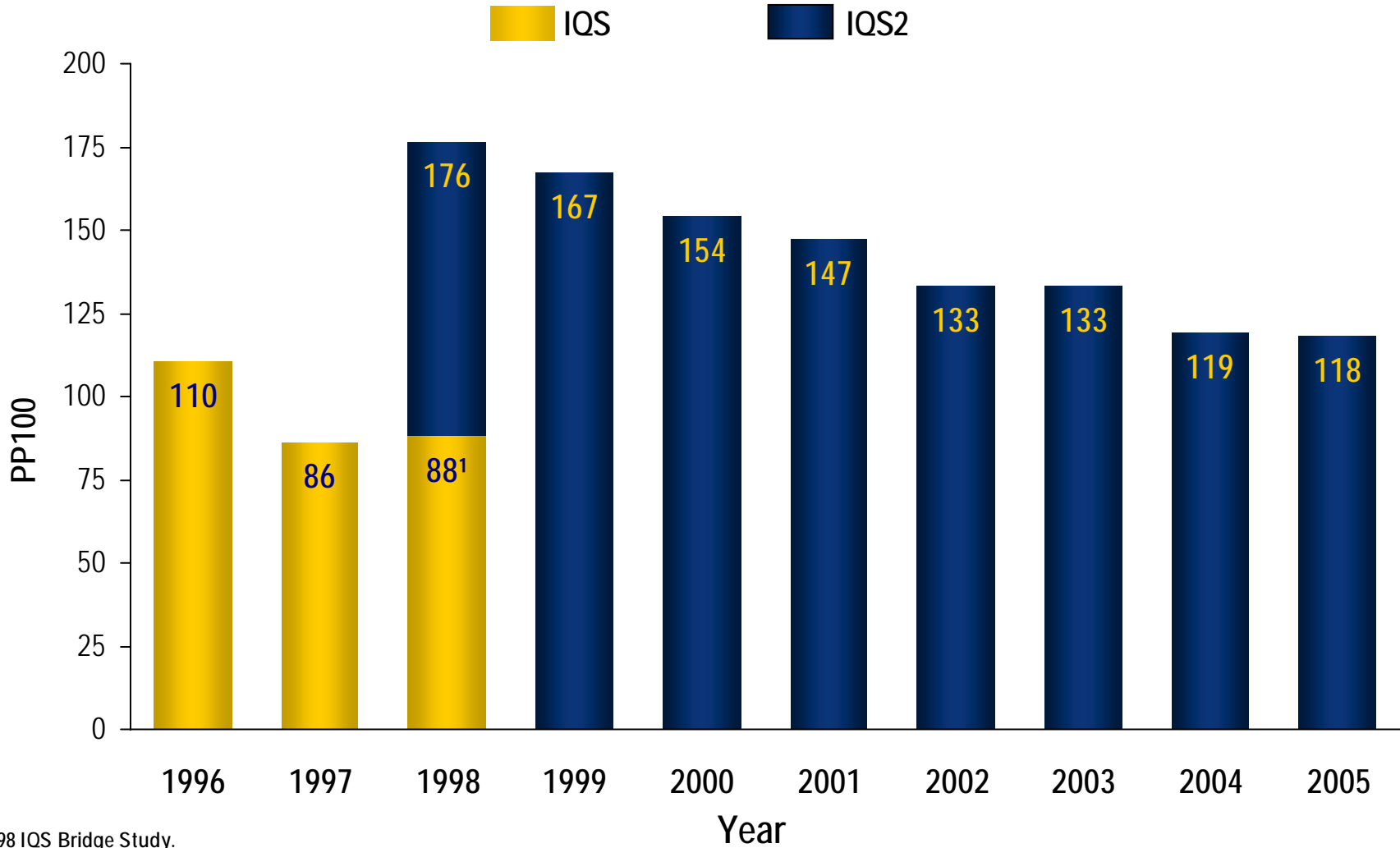
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IQS Industry Highlights and Award Winners

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For 2005, the Industry improves by 1 PP100

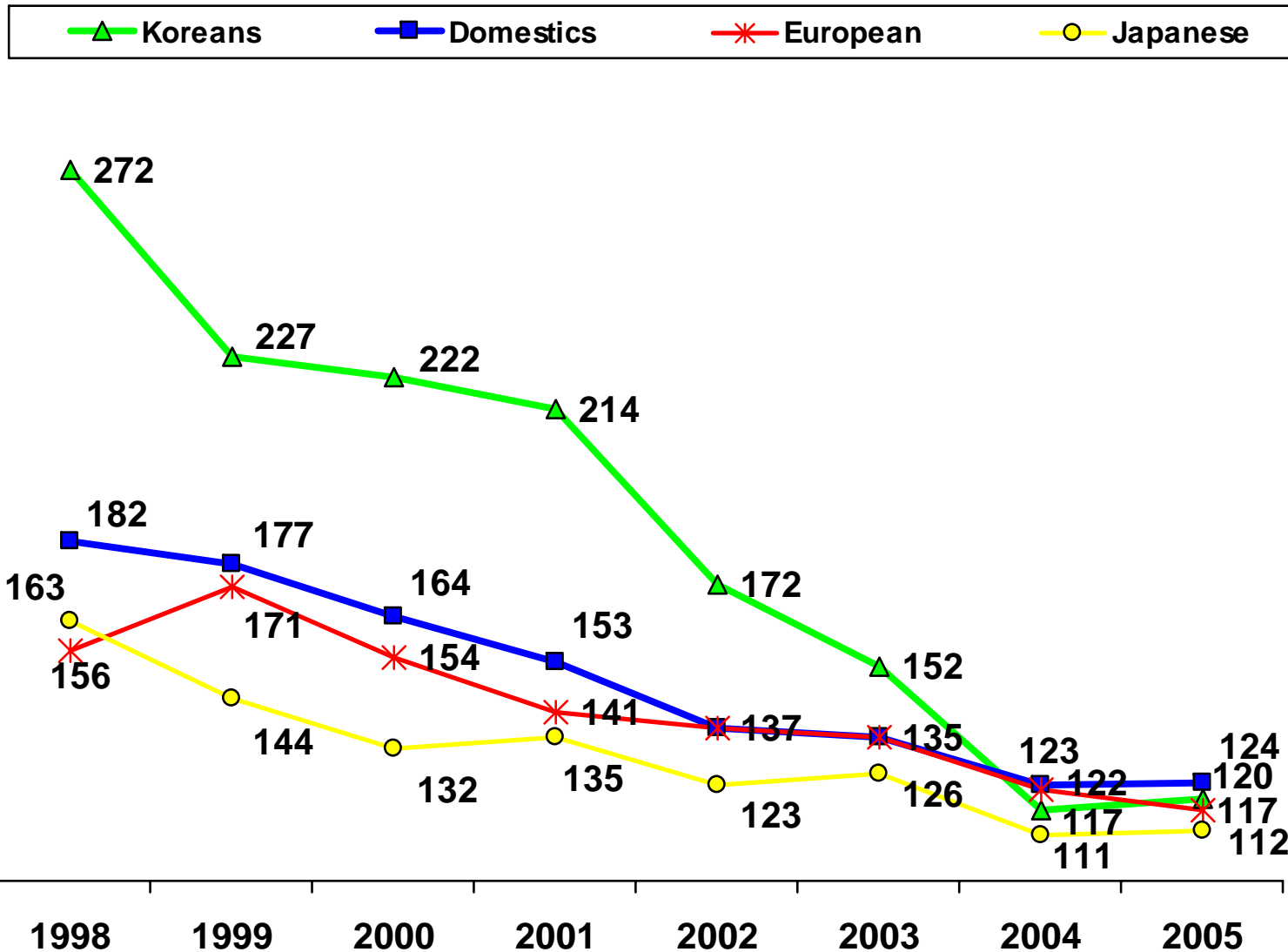


¹1998 IQS Bridge Study.

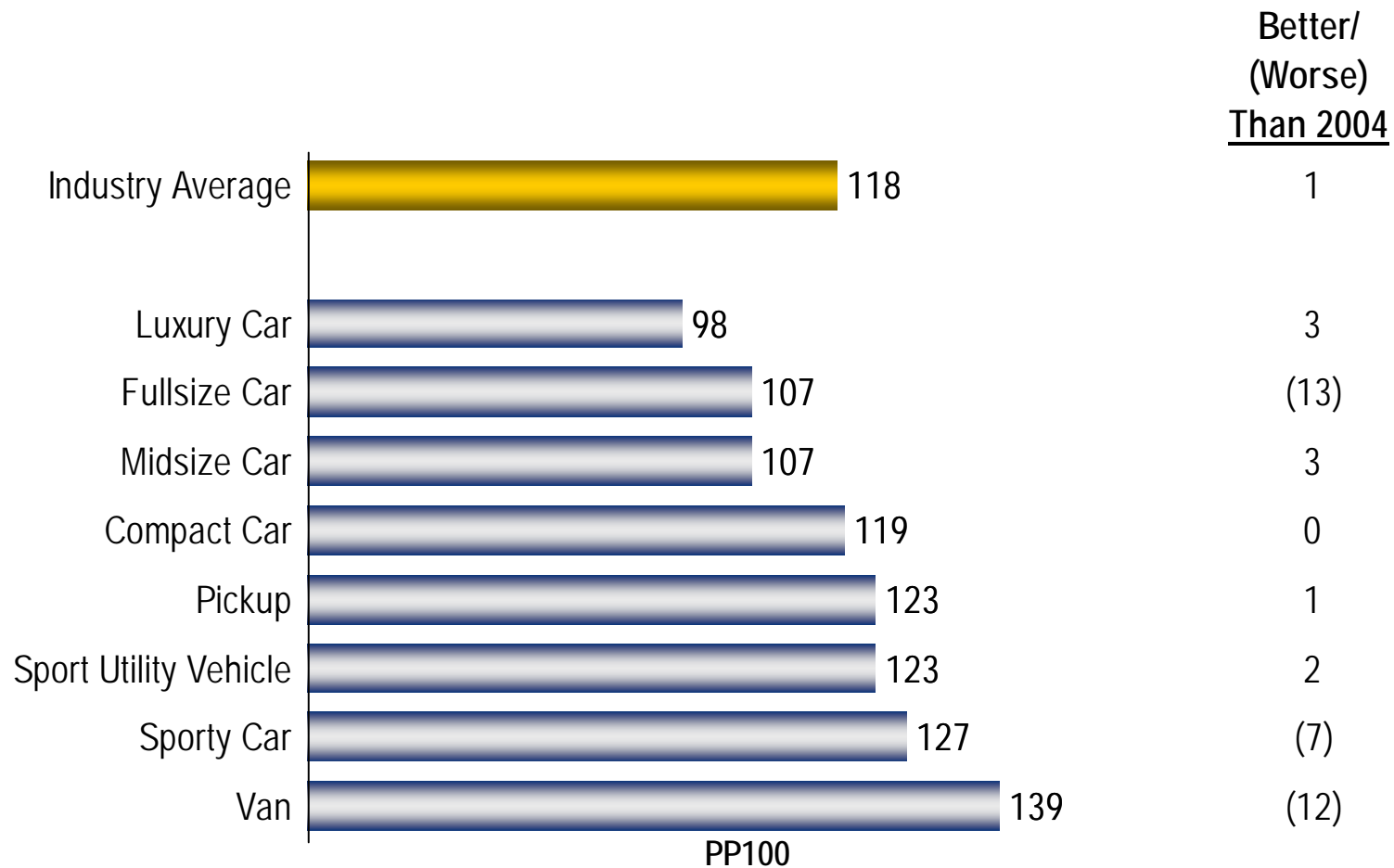
Overview of Initial Quality Trend

Leveling of playing field (initial quality is the price of entry; OEMs and consumers alike are placing more emphasis on long-term quality and durability)

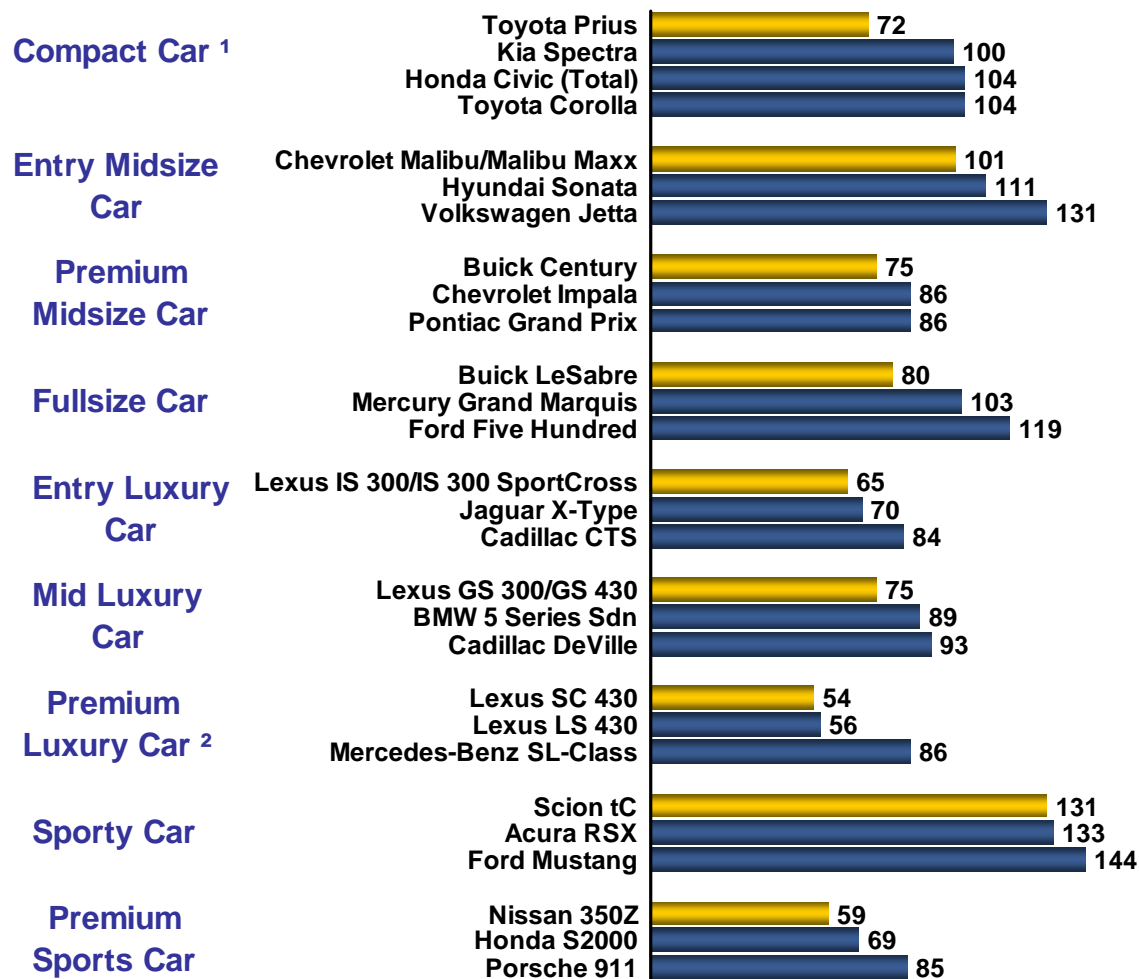
Problems
Per 100



The Luxury Car Super Segment sets the benchmark for quality while the Fullsize Car Super Segment shows the greatest decline



2005 Award Winners – Cars PP100



¹The Entry Compact Car and Premium Compact Car segments comprise the Compact Car Award.

²The Premium Luxury Car and Luxury Sport Car segments comprise the Premium Luxury Car Award.

2005 Award Winners – Plants PP100

Platinum Plant Award	Toyota	PP100
	Tahara, Japan (Car)	59
	Lexus: GS 300/GS 430, LS 430	

Asia Pacific Plant Awards

Europe Plant Awards

North/South America Plant Awards

Gold Plant Award	Ford	PP100
	Halewood, U.K.	70
	Jaguar X-Type	

Gold Plant Award	General Motors Corporation	PP100
	Oshawa #2, Ontario (Car)	85
	Buick Century, Buick LaCrosse, Pontiac Grand Prix	

Silver Plant Award	Toyota	PP100
	Higashi-Fuji, Japan	67
	Lexus SC 430, Toyota Celica	

Silver Plant Award	BMW	PP100
	Regensburg, Germany (BMW)	79
	BMW 3 Series	

Silver Plant Award	General Motors Corporation	PP100
	Oshawa #1, Ontario	89
	Chevrolet Impala, Chevrolet Monte Carlo	

Bronze Plant Award	Nissan	PP100
	Tochigi, Japan (N)	79
	Infiniti G35, Infiniti Q45, Nissan 350Z	

Bronze Plant Award	BMW, Porsche	PP100
	Munich, Germany	85
	BMW 3 Series	
Bronze Plant Award	Stuttgart, Germany	85
	Porsche 911	

Bronze Plant Award	General Motors Corporation	PP100
	Hamtramck, MI	90
	Buick LeSabre, Cadillac DeVille, Pontiac Bonneville	

Why the focus on longer-term quality?

- **Consumer Perspective**

- Drives new vehicle buyer behavior as well as used car purchase decisions

- **Automotive Industry Interest**

- Drives customer retention
- Drives residual value & warranty cost
- Drives re-furbishing and re-marketing costs for Certified Pre-Owned Vehicles

2006 Vehicle Dependability Study (VDS)

VDS Methodology

- Sample
 - Original Purchasers and Lessees of 2003 model-year vehicles
 - Originally purchased/leased between November 2002 and April 2003
 - Personal-use vehicles only
 - Return target of 225 per model
 - Vehicles disposed of more than 12 months ago were removed from sample
 - Randomly drawn national sample obtained from R. L. Polk
 - Weighted to registration availability during sample period
 - Proportionate coverage of retail and lease, non-fleet
- Survey
 - 8-page questionnaire and cover letter
 - Letter and \$1 bill as an incentive plus business reply envelope
 - Alert and Reminder postcards mailed one week before and after mailout
 - Response rate in 2005 was 23%.

VDS Content: Quality at 3 Years in Service

- Problems experienced in the past 12 months
- Similar diagnostic detail as IQS
 - 9 systems analyzed:
 - Vehicle Exterior
 - Vehicle Interior
 - Seats
 - Sound System
 - Features and Controls
 - HVAC
 - Ride, Handling, and Braking
 - Engine
 - Transmission
 - In-depth probing of potential problems:
 - 135 Problem Symptoms on IQS survey
 - 147 Problem Symptoms on VDS survey
115 common problem symptoms
- Identification of the two most bothersome problems
 - Includes verbatims for each problem
- Results for average and high-mileage vehicles
 - Quality deterioration for high-mileage 3-year old vehicles closely matches that of the average 5-year old vehicle.
 - Earlier consumer feedback provides the industry with timely input for vehicle redesign considerations.

Note: There are specific questions on convertible components in the “Things Gone Wrong” section under “Features and Controls” and “Vehicle Exterior”

VDS Content: Satisfaction and Advocacy

Satisfaction --- overall and at the system level

- Overall
 - Overall quality
 - Vehicle
 - Interior
 - Cost of Ownership
 - Overall Ownership Experience
 - Dealer
- Advocacy Levels:
 - Repurchase Intentions, including timing
 - Recommendations
- System-Level
 - Exterior Styling
 - Cockpit / IP
 - Seats
 - Sound System
 - Comfort / Convenience
 - HVAC
 - Ride, Handling, and Braking
 - Engine
 - Transmission

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Proprietary Research

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Scope of Proprietary Methodologies

While client objectives are always needed before suggesting an approach/methodology for helping to meet the objectives, we have many tools available to us in order to gather data for analysis:

- Attitudinal, pricing, functionality, interest, branding, etc types of research can be conducted via (static or dynamic):
 - **1. Mail**
 - **2. Phone**
 - **3. Internet** - can also handle more advanced type of studies such as conjoint studies useful in packaging/pricing configurations
- Depending on the scope of the project, the three primary quantitative methodologies above can provide analytics at many different levels:
 - geo, socio-economic, vehicle type, vehicle make, demographic, ethnicity, etc. In addition, advanced analytics can often be used with the output of these studies, regression, factor, cluster, correspondence, etc.
- On more qualitative nature, we can conduct:
 - **4. Focus Groups** - qualitative but can often offer insight into more complicated issues/scenarios - also often used to fine tune quantitative methodology (refine questions for surveys, etc.)
 - **5. Clinics** - nice balance of qualitative and quantitative where product accompanies the research environment.

Examples of Research Conducted

Product Clinic (Leather Manufacturer)

Objectives

- ◆ Understand relative value of leather in relation to other features
- ◆ Understand relative value of seat attributes
- ◆ Identify new products
- ◆ Maximize leather usage/penetration

Impact: Sales Leverage

- ◆ How OEM/Supplier can achieve optimal value
- ◆ Invited clients to clinic to create their own brand image with customers

Mail Survey (Fabric Protection Company)

Objectives

- ◆ Brand awareness
- ◆ Brand value
- ◆ Quality/Satisfaction
- ◆ Usage

Impact: Quantify Awareness and Value

- ◆ Understand satisfaction gaps
- ◆ Communicate relationship to repurchase intent
- ◆ Isolate potential new products

B2B Executive Interviews (Tier One Systems Supplier)

Objectives

- ◆ Understand the OEM's expectations with regards to customer satisfaction
- ◆ Identify the criteria used to evaluate their suppliers
- ◆ Determine the key drivers of satisfaction
- ◆ Measure supplier's ratings on 24 customer satisfaction attributes

Impact: OEM Customer Alignment

- ◆ Developed strategies to improve relationship and communicate improvement plan.

Focus Groups, Internet Survey, QFD Study (Tier One Systems Supplier)

Objectives

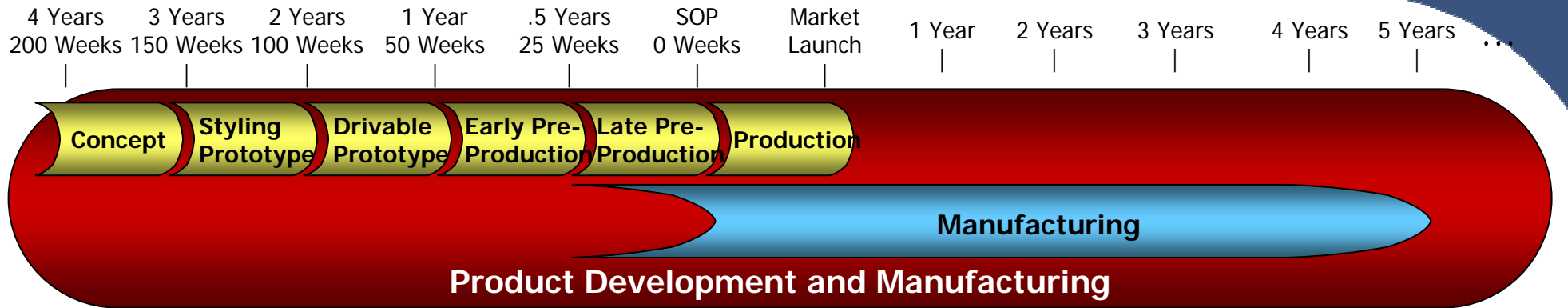
- ◆ Understand importance of climate control attributes
- ◆ Measure customer satisfaction with current systems
- ◆ Assist in new product development

Impact: Product Planning

- ◆ Developed simulation model that predicts overall climate control satisfaction

Product and Process Improvement Activities

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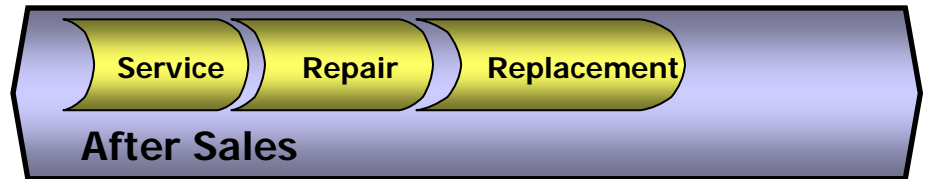
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Questions Wrap Up

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