



Memorandum

Bulletin 18-0457

To: All NAPA AUTOPRO members
From: André Latreille, National Director, NAPA AUTOPRO
Subject: **2018 J.D. Power Canada Customer Service Index Long-Term StudySM**
Date: November 9, 2018

According to the 2018 J.D. Power study, **NAPA AUTOPRO ranks first in the aftermarket** and second overall, improving to 799 points from 790 points in 2017. We sit comfortably above the industry average and came in ahead of independent repair shops.

The service market among 4–12-year-old vehicles in Canada is worth nearly \$10 billion annually. The vehicle service and repair market among this lucrative set of vehicle owners in Canada remains highly competitive. With the vast majority of these vehicles being out of warranty, customers are rethinking their brand loyalties and exploring their options.

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

In 2018, you began the on-site evaluation process in collaboration with your business development specialists to identify areas that need improvement. We will continue working with you so that you can offer your customers value added and spruce up your shops' image.

Congratulations on achieving such great results in this highly competitive market. Keep up the good work!

It's true: NAPA AUTOPRO is number one!

Best regards,

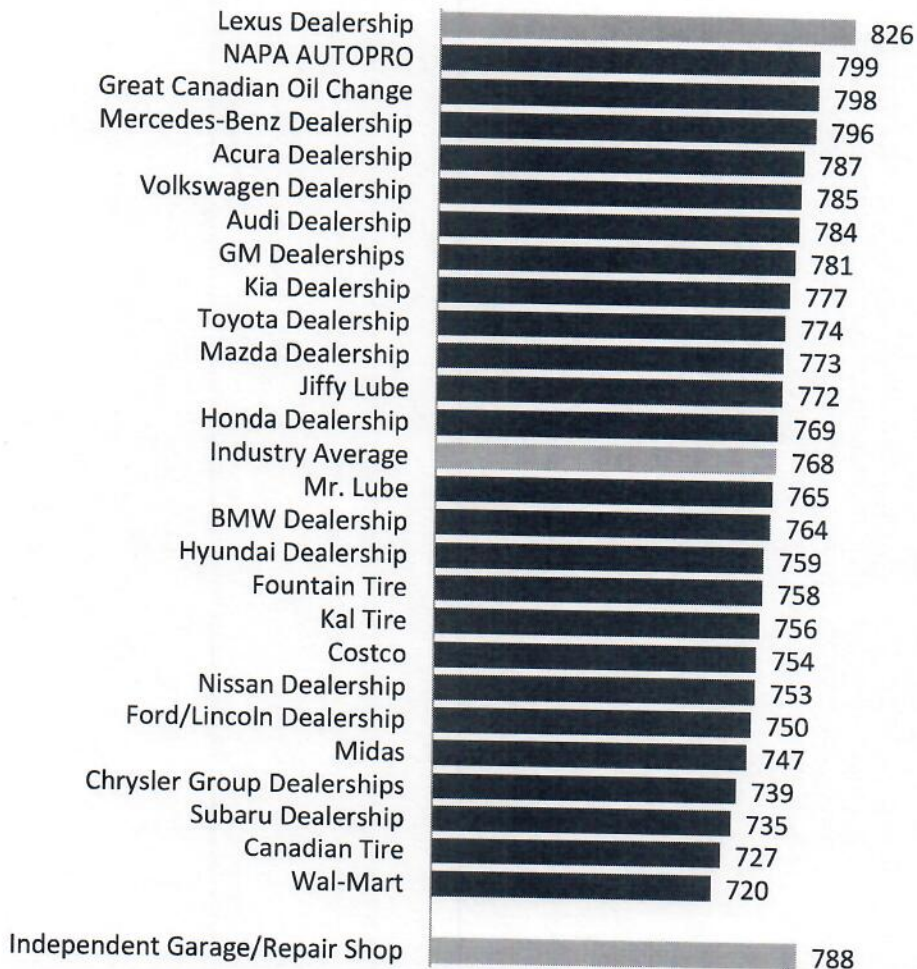
A handwritten signature in black ink that reads 'André Latreille'.

André Latreille
National Director, NAPA AUTOPRO

J.D. Power 2018 Canadian Customer Service Index Long-Term (CSI-LT) StudySM

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) StudySM

Charts and graphs extracted from this press release for use by the media must be accompanied by a statement identifying J.D. Power as the publisher and the study from which it originated as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power survey results without the express prior written consent of J.D. Power.

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 StudySM 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 X¹, 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.

¹ 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,² which measures customers' likelihood to recommend their vehicle brand on a 0-10 scale. The NPS® 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.

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Note: One chart follows.

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