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Dealer Viability Is The Biggest Concern Of Auto Dealers Across All Segments Of The Industry

Kia in 4W Mass, BMW & Mercedes in 4W Luxury, HMSI in 2-Wheeler, Bajaj in 3-Wheeler and VECV-Eicher in Commercial Vehicles hold Pole positions

New Delhi, Thursday, 29th July 2021: Federation of Automobile Dealers Associations (FADA), the apex national body of Automobile Retail in India today announced the outcome of Dealer Satisfaction Study 2021 results which was undertaken in association with PremonAsia, a consumer-insight led consulting & advisory firm based out of Singapore.

Commenting on the release of the study, **FADA President, Mr. Vinkesh Gulati** said, “**FADA’s Dealer Satisfaction Study 2021 was initiated to examine the health of the relationship between Auto Dealers and their OEMs. The survey was undertaken to reflect the prevailing issues faced by the Auto Retail Sector at large, thus making it the true Voice of the Dealers. OEMs need to be cognizant of the evolving dealer expectations. While issues of concern such as dealership viability, support on sales and after-sales, openness to dealer inputs in decision making and designing long term policies are fundamental needs, there are clear signs that dealers expect their respective OEMs to go beyond. For example, there is a need to have technology solutions and analytics to intelligently mine transaction data for business gains. Also, creating a digital platform to measure the effectiveness of marketing expenditure is reflective of a changing mindset.**”

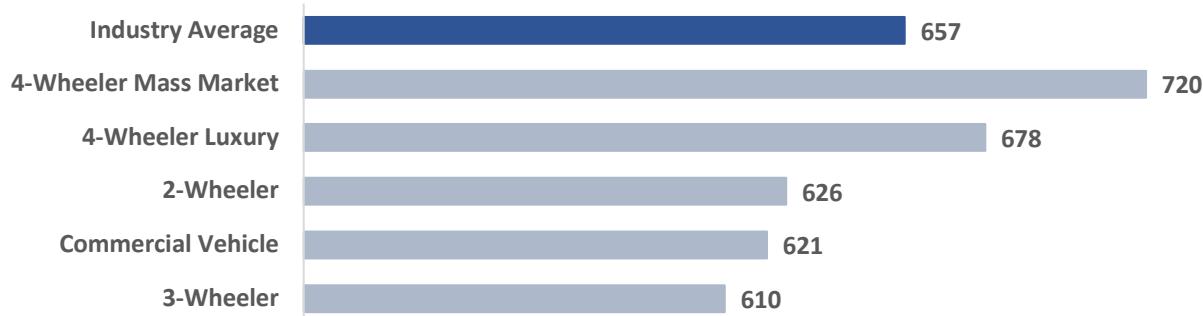
FADA Secretary & Chairman DSS-21, Mr C S Vigneshwar said, “**I am thrilled to say that FADA took more than 2,000 samples, the highest ever number which has been used for such a study in India. The survey being filled entirely by the Dealer Principals, or their CEOs is a testimony of its accuracy and coverage of all aspects of dealerships in detail. DSS 2021 also has an equal distribution of samples from all 4 zones coupled with the right urban and rural mix. I am thankful to the entire dealership fraternity for devoting a sizable time. I am also grateful to all OEMs who persuaded their dealers to do the needful.**”

PremonAsia Founder and CEO, Mr Rajeev Lochan said, “**The industry average satisfaction score of 657 indicates that OEMs have a significant headroom to improve in meeting the needs of their channel partners, particularly for the 2-wheeler and commercial vehicle segments. Kia Motors’ performance is commendable with segment and industry leading ratings across all the factors. Not only are Kia’s dealers satisfied on most of the hygiene needs, but they are also truly delighted with the product and their business viability.**”

At the **Overall Industry Level**, Dealers attach high importance of 27% on Business Viability, making it a highly critical aspect where OEMs need to exhibit greater sensitivity, particularly since the current satisfaction level on this factor is weak.

On the positive side, dealers feel that products, both in terms of quality and range by and large meets the expectations of end customers' current needs though its evolution in the future will require more frequent refresh. While Dealers of mass market PV remained most satisfied with an average of 720 on a scale of 1,000, 3-Wheeler segment scored the lowest, 610 on a scale of 1,000 amongst all segments.

Dealer Satisfaction Index



In **4-Wheeler Mass Market Segment**, while Dealers raised their concerns about OEMs not being receptive to their inputs for keeping viable and long term policy in mind, they also said that OEMs provide adequate training for frontline sales & service staff thus keeping the end customer satisfied.

In **4-Wheeler Luxury Segment**, the study found that training cost sharing arrangement by the OEMs was unsatisfactory and OEMs ability to fulfil vehicle order in correct specifications and quantity coupled with non-flexibility to choose workshop equipment's were cause of major concerns. The study also found that extended warranty policy & customer handling process were at satisfactory levels.

In **2-Wheeler Segment**, the biggest concern which the study highlighted was OEMs were not open to Dealer inputs in terms of improving dealership cost structure from viability and policy point of view. Similarly, there was no support from OEMs on buy back of dead stocks of parts. On the positive side, the study found that OEMs were fair in acceptance and rejection of warranty claims.

The study for **Commercial Vehicle Segment** showed that while OEMs need to handheld dealers in improving sales efficiency & controlling cost of sales, they were quite happy about the overall product range and quality of fully built vehicles. Dealers were also satisfied as they could directly communicate with OEMs senior leadership team for discussing business viability and long term policies.

Segment wise ranking table can be found in Annexure 1, page number 4.

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About FADA India

Founded in 1964, Federation of Automobile Dealers Associations (FADA), is the apex national body of automobile retail industry in India engaged in the sale, service and spares of 2/3 Wheelers, Passenger Cars, UVs, Commercial Vehicles (including buses and trucks) and Tractors. FADA India represents over 15,000 automobile dealers having 26,500 dealerships including multiple Associations of Automobile Dealers at the Regional, State and City levels representing the entire Auto Retail Industry. Together we employ ~4 million people at dealerships and service centres.

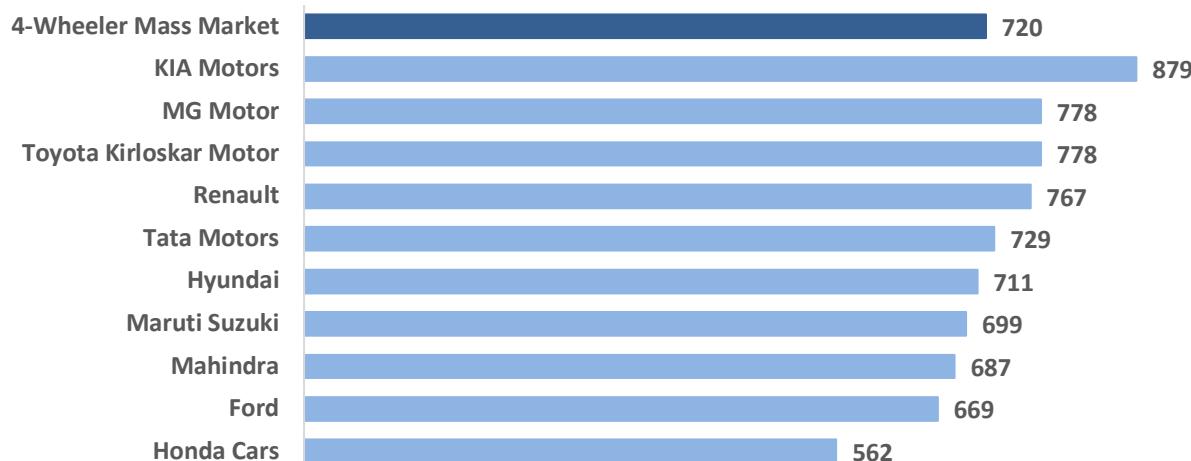
FADA India, at the same time also actively networks with the industries and the authorities, both at the Central & State levels to provide its inputs and suggestions on the Auto Policy, Taxation, Vehicle Registration Procedure, Road Safety and Clean Environment, etc. to sustain the growth of the Automobile Retail Trade in India.

About PremonAsia

PremonAsia is a consumer-insight based consulting firm with offices in Singapore and India. PremonAsia commenced its business in 2009, offering its services to clients in Southeast Asia, India & Middle East. The core of PremonAsia lies in insight-based strategy consulting. Right from our inception, we have adopted an industry (sector) focused business consulting approach. This philosophy lends itself well to develop deeper knowledge-based engagement with our clients. Automotive industry and related sub-sectors are an area of strong focus. This is one of the rapidly evolving sectors in India and Asia. Our experience and expertise cuts across all sub-segments of this industry that includes two-wheelers/ three-wheelers/ cars/ SUVs/ commercial vehicles (trucks & buses)/ farm equipment machines/ construction equipment machines.

Annexure 1

4-Wheeler Mass Market Segment Ranking



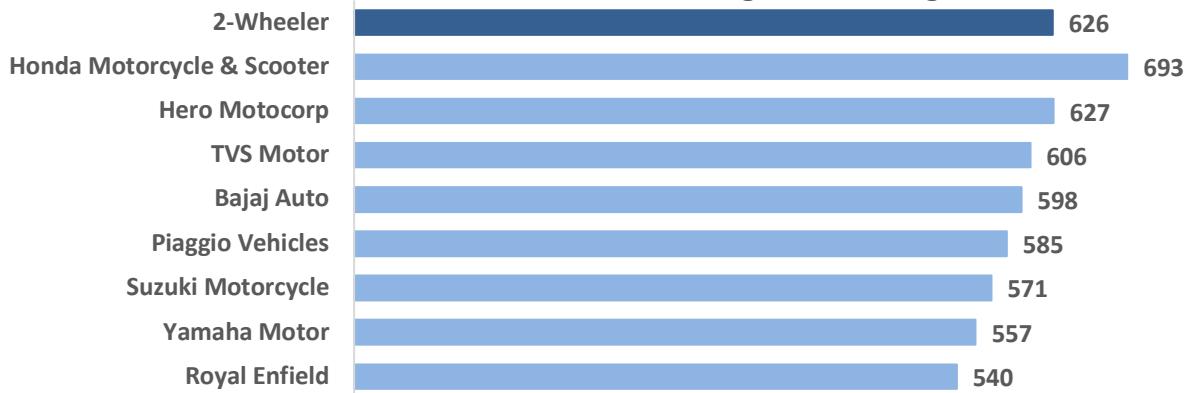
Source: FADA Dealer Satisfaction Study 2021 in association with PremonAsia

4-Wheeler Luxury Segment Ranking



Source: FADA Dealer Satisfaction Study 2021 in association with PremonAsia

2-Wheeler Segment Ranking



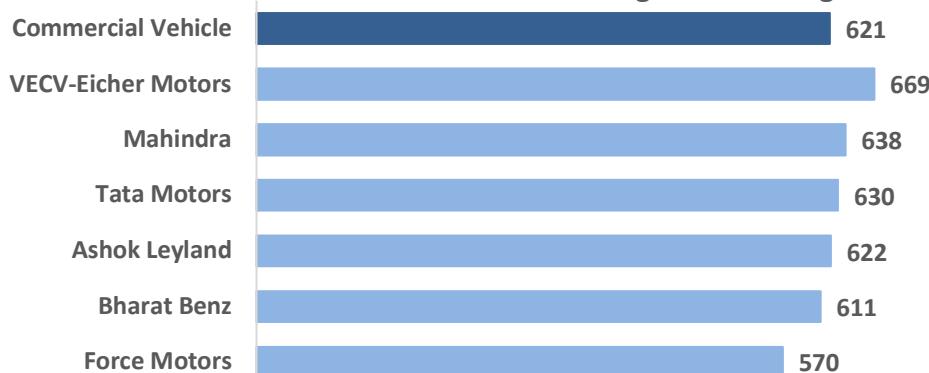
Source: FADA Dealer Satisfaction Study 2021 in association with PremonAsia

3-Wheeler Segment Ranking



Source: FADA Dealer Satisfaction Study 2021 in association with PremonAsia

Commercial Vehicle Segment Ranking



Source: FADA Dealer Satisfaction Study 2021 in association with PremonAsia

Notes:

- 1 Rankings are based on an index score derived statistically based on the ratings provided by responding Dealers
- 2 MG Motor & Toyota Kirloskar are co-ranked at second place with identical score in the 4W mass market segment
- 3 *The sampling for luxury brands has been done as a proportion of their population given the limited universe
- 4 There are a few more OEMs covered in the study who haven't been shown in the above chart due to insufficient sample