

FOR IMMEDIATE RELEASE



- **Hyundai Leads in 4W Mass Market Satisfaction; HMSI and VECV Retain Top Spots in Two-Wheelers and Commercial Vehicles for the Third Consecutive Year**
- **Dealer Viability and Policy Issues Persist as Major Concerns for Auto Retailers Across Industry Segments**

New Delhi, Wednesday, 20th September 2023: The Federation of Automobile Dealers Associations (FADA), India's premier organization for automobile retail, today unveiled the results of its comprehensive Dealer Satisfaction Study 2023. Conducted in collaboration with Singapore-based PremonAsia, a leader in consumer insights and advisory services, the study offers an unparalleled look into the auto retail landscape.

Commenting on the release of the study, **FADA President, Mr. Manish Raj Singhania** said, **"The YoY improvements underscore the indispensable value of this annual study in identifying critical issues to fortify the Auto OEM-Dealer partnership. While Auto Dealers are increasingly optimistic, concerns related to dealership viability and policy collaboration with OEMs require immediate attention. Going forward, high-impact areas such as unsold inventory clearance and actions against MBOs (Multi-Brand Outlets) offer ample scope for improvement."**

FADA Treasurer and Director DSS'23, Mr Amar Jatin Sheth added, **"In its third edition, DSS'23 has grown more robust, drawing participation from over 1,800 Dealer Principals and approximately 3,500 outlets, representing a balanced mix from all four geographical zones in India. The study utilizes six evaluative dimensions and 70 attributes to arrive at its findings. While dealer satisfaction is generally improving, aspects like dealer involvement in OEM policy-making remain areas for potential progress."**

PremonAsia Director and COO, Mr Rahul Sharma remarked, **"The Dealers continue to assign higher importance to After-sales and Business Viability related issues. While there have been improvements made by OEMs in all the areas, the expectations on ensuring Dealer viability, particularly related to OEMs buyback / deadstock inventory and understanding the dealer cost structure are still flagged as concern areas across the industry. Addressing these concerns through involving dealers in the policy making and hearing them will certainly go a long way in managing dealer expectations better."**

Distinctive Achievements in Dealer Satisfaction Across Segments

While the leaders in the **Two-Wheeler Mass Market** and **Commercial Vehicle (CV) segment** maintain their positions from the previous year, the **Four-Wheeler Mass Market segment** has seen intriguing

shifts. Hyundai now spearheads the category, followed by notable entrants Maruti-Suzuki and Mahindra & Mahindra in the top three.

Exceptional Performers Deserve Recognition:

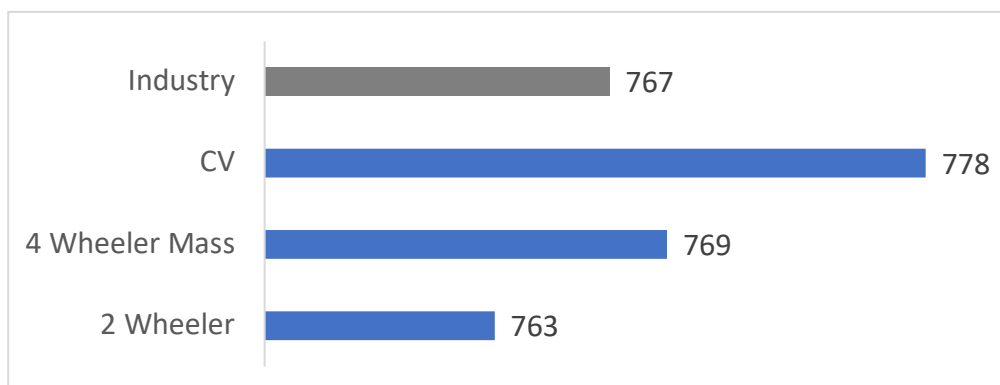
- **Honda Cars India:** Demonstrating the most significant leap in this year's study, Honda Cars India escalated its ranking by 153 points, settling at the fourth position in the Four-Wheeler Passenger Mass segment.
- **Two-Wheeler Mass Market:** With an industry-level improvement of 84 points, Royal Enfield distinguished itself by boosting its score by 96 points to secure the runner-up position.
- **Commercial Vehicles:** While VECV continues to occupy the pole position, Tata Motors and Ashok Leyland have significantly narrowed the gap, improving their scores by 68 and 67 points, respectively. This sets the stage for an intensely competitive landscape in the forthcoming years.
- **Brand Dynamics:** Hyundai has surpassed Kia in rankings, attaining the leadership position. Honda emerges as a standout performer, notably benefiting from its new product launches and unwavering dealer support, particularly in areas concerning Business and Viability.

The continuous performance improvement across OEMs and intense competition underscores the evolving nature of the auto retail industry, reflecting its readiness for future challenges.

Industry-Wide Insights on Dealer Satisfaction and Emerging Trends

At the aggregate industry level, the Average Dealer Satisfaction Score has marked an encouraging increase, rising by 48 points YoY to a current score of 767. Notably, **'Product'** stands out as the highest-scoring factor across all categories. This trend underscores the industry's commitment to meeting contemporary consumer demands with world-class products.

Despite its notable improvement from the previous year, the **'Business and Viability'** criterion remains the lowest-scoring factor, signalling a critical area for ongoing attention and development.



Source: FADA Dealer Satisfaction Study 2023 in association with PremonAsia

Segment-Specific Observations:

- **Commercial Vehicle:** The study highlights an increased level of satisfaction, particularly in business viability. This is significant, given the industry's recent transition to BS VI compliant vehicles. However, concerns remain about deadstock management and OEM inventory buyback policies.
- **Four-Wheeler Mass Market:** While dealers express high satisfaction with product reliability, concerns persist regarding deadstock and inventory buyback policies, as well as the extent of dealer involvement in policy-making decisions with OEMs.

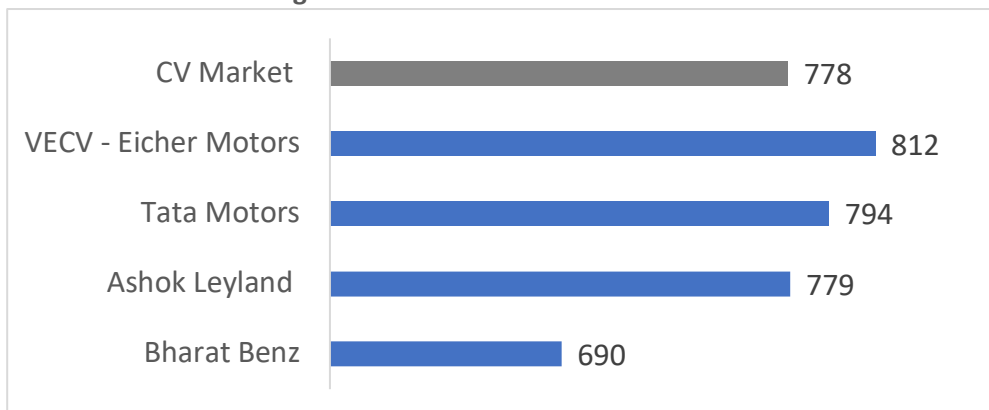
- **Two-Wheeler:** Similar to their counterparts in other segments, two-wheeler dealers are generally satisfied with product reliability and range. Yet, concerns about OEM buyback and deadstock policies, along with decision-making involvement, remain.

Opportunities for Enhancement:

1. **Inventory Management:** There is a consensus on the need for more supportive measures in inventory and carrying-cost management.
2. **Dealer Involvement:** Initiatives like active Dealer Advisory Councils could play a pivotal role in driving dealer satisfaction, particularly by involving them more closely in decision-making processes.

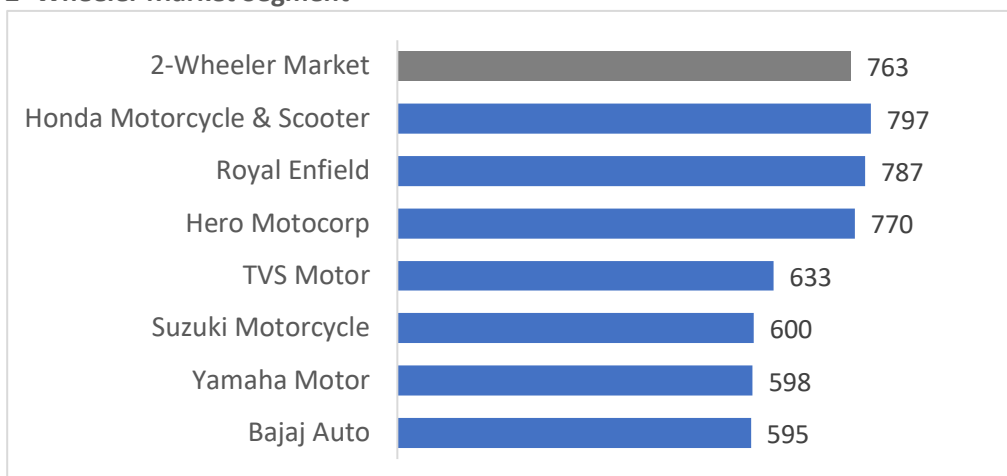
These findings present valuable insights for OEMs to refine their strategies, focusing on both product excellence and strengthening dealer partnerships, to navigate the industry's evolving landscape effectively.

Commercial Vehicles Segment



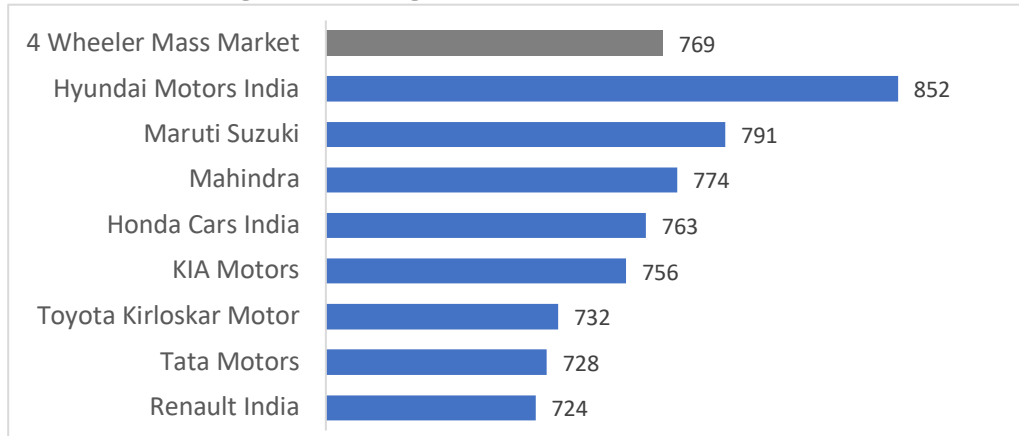
Source: FADA Dealer Satisfaction Study 2023 in association with PremonAsia

2- Wheeler Market Segment



Source: FADA Dealer Satisfaction Study 2023 in association with PremonAsia

4-Wheeler Mass Segment Rankings



Source: FADA Dealer Satisfaction Study 2023 in association with PremonAsia

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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 ~4.5 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.

About Dealer Satisfaction Study 2023 (DSS'23)

The study was conducted using a self-administered web-based questionnaire, wherein, the link for the survey were sent to FADA Members and Non-member Dealers across all OEMs. The questionnaire was created in consultation with Dealers / FADA Members who gave their input for each segment of the Automotive Industry. The dealers were then invited to access the survey and fill in their responses. The study link was open between July and August and more than 2,000 Dealer Principals responded, representing ~3500 outlets in the country. The data was cleaned, and 1,821 valid responses were analyzed after checking for validity and completeness. The study was well represented from all regions of the country, ensuring a well spread geographic coverage.

Regression techniques were used to ascertain the importance of attributes and factors. Using a combination of derived importance and satisfaction ratings provided by the participating dealers, the data was indexed to 1000 points - Higher the Index, greater the Satisfaction.

Note:

1. Rankings are based on an index score derived statistically using the ratings provided by responding Dealers
2. There are a few more OEMs covered in the study who haven't been shown in the above chart due to insufficient sample
3. 4-Wheeler Luxury & 3-Wheeler industry segment were not analyzed this year owing to insufficient sample.