



Press Release

J.D. Power and Associates Reports: Honda Ranks Highest in New-Vehicle Buyer Retention

As New-Vehicle Sales Continue to Fall, Customer Retention Becomes Critically Important

WESTLAKE VILLAGE, Calif.: 10 December 2008 — Honda leads the automotive industry in retaining the highest percentage of new-vehicle purchasers, according to the J.D. Power and Associates 2008 Customer Retention StudySM released today.

Now in its sixth year, the study measures the percentage of new-vehicle buyers and lessees who replace a previously purchased new vehicle with another from the same brand.

Improving by nearly two percentage points from 2007, Honda leads the customer retention rankings (64.7%), followed by Toyota (63.2%) and Lexus (60.4%).

“Honda has historically been a strong performer in terms of customer retention, but 2008 marks the first time since the inception of the study that the brand has achieved the highest retention rate in the industry,” said Debbie Ortuño, manager of product research and analysis at J.D. Power and Associates. “This comes at a time when all manufacturers are facing challenges presented by current market conditions, including sales declines and tight credit. In particular, Honda’s reputation for creating safe vehicles with high resale value has been instrumental in retaining owners.”

Overall customer retention declines slightly to 48 percent in 2008 from 49 percent in 2007. In 2008, 13 of the 36 ranked brands have improved in customer retention rates from 2007, while 18 have declined and five have remained stable. Land Rover posts the greatest improvement in customer retention rates from 2007, improving by 18 percentage points in 2008. This improvement is driven primarily by incentives, attractive sales deals and the look and styling of Land Rover models.

The study finds that, among retained customers, the importance of safety, fuel economy and deals/incentives have increased as reasons for repurchasing, compared with 2007. Among conquest customers—those owners whose new vehicle replaced a vehicle of a different brand—fuel economy, ownership/maintenance costs and deals/incentives have the greatest increases in importance since 2007 in their decisions to change brands.

“In 2008, new-vehicle buyers have become increasingly concerned with monetary factors when deciding whether to repurchase a vehicle brand—a reflection of current economic conditions,” said Ortuño. “Manufacturers with vehicle lineups that adequately address these concerns will be poised to retain a greater share of customers and to win conquests.”

Customer retention will become even more critical to automakers in the coming year, as new light-vehicle sales in 2009 are projected to decline to below 12 million units.

“Educating potential buyers about models that have good fuel economy and low ownership costs will help manufacturers retain their customer base and attract new customers, particularly for those brands that may be curtailing new-model introductions and redesigns, which traditionally generate customer interest,” said Ortuño.

The 2008 Customer Retention Study is based on responses from 147,238 new-vehicle buyers and lessees, of which 88,971 replaced a vehicle that was previously acquired new. The study was fielded between November 2007 and May 2008.

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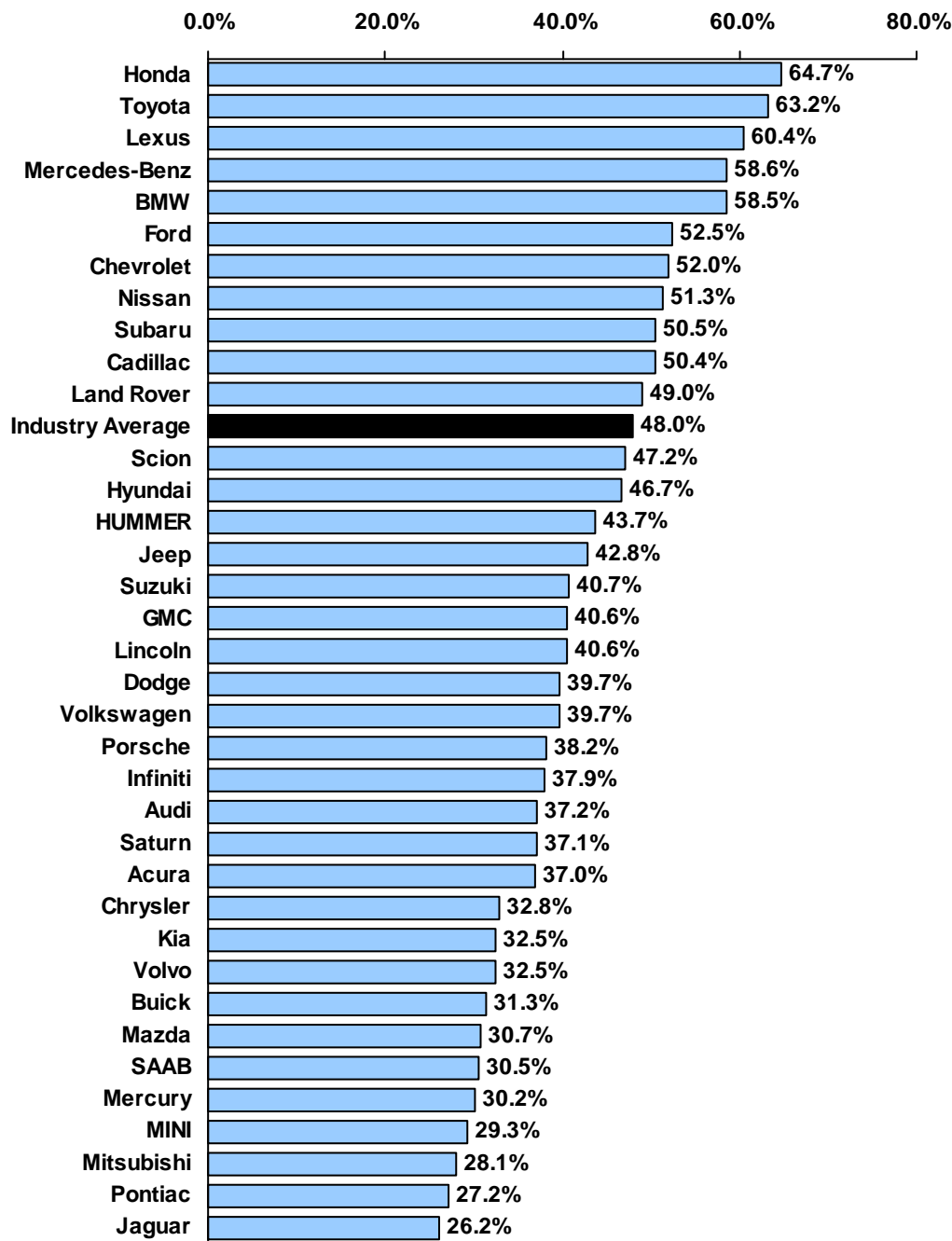
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NOTE: One chart follows.

J.D. Power and Associates

2008 Customer Retention StudySM

2008 Make Retention Rates



Base: The percentage of customers who replaced a vehicle previously purchased new and acquired a new vehicle of the same make.

Source: J.D. Power and Associates 2008 Customer Retention StudySM

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