

# Customers



## Honda's approach to customer satisfaction

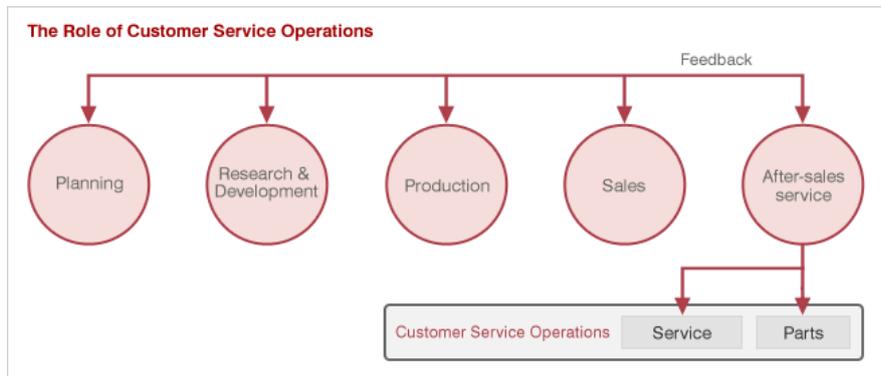
In accordance with the Honda philosophy of respect for the individual and the Three Joys of buying, selling, and creating, Honda has always worked closely with its dealerships to maximize customer satisfaction. Every step of the way, from purchase to after-sales service, dealerships work hand in hand with Honda to earn and maintain the trust of customers.

## Systems and objectives designed to enhance worldwide customer satisfaction

In order to "Provide good products to our customers with speed, affordability and low CO<sub>2</sub> emissions." as stated in Honda's 2020 vision, the Customer Service Operations is striving to realize optimal service operations in markets worldwide to pursue the priority goal of creating and expanding customer joy worldwide through service. In order to achieve this, we set our goals to be No. 1 in customer satisfaction by an overwhelming advantage.

"No. 1 in customer satisfaction by an overwhelming advantage" refers to the creation of customer joy and excitement by providing a level of value that not only satisfies the expectations that customers have when they receive services based on their past experiences and information, but also exceeds them. The experience of excitement through these services forges an emotional connection between customers and Honda, ensuring that the company remains a mobility manufacturer that customers choose based on their high expectations.

To attain this goal, Customer Service Operations has adopted an activity policy of offering service in a friendly, timely, reliable, affordability, and convenient manner; developing an advanced service environment, and maximizing business efficiency and expanding business operations. It also holds regular meetings and other events designed to enhance cooperation with each region while focusing on creating an environment in which dealers—Honda's point of contact with customers—can address customer satisfaction enhancement more effectively and efficiently.



## Enhancing customer satisfaction



Honda is pursuing measures in every product segment to provide lifelong satisfaction to as many customers as possible.

## Implementing customer satisfaction



Honda is involved with a variety of initiatives to improve customer satisfaction with motorcycles, automobiles, and power products.

## Maintenance support initiatives



In an effort to provide more extensive maintenance support, we're working to develop support tools and to foster the development of experts at overseas subsidiaries.

## Enhancing customer satisfaction

### Conducting customer satisfaction surveys

Aiming to establish lifelong relationships with satisfied customers, Honda takes a proactive approach to conducting customer satisfaction surveys in all product segments: motorcycles, automobiles, and power products. Carefully analyzed survey results are fed back to the departments involved and dealerships in the form of practical suggestions for improvement and put to use in day-to-day activities.

In Honda's overseas automobile operations, for example, survey results are used to compile a Customer Satisfaction Index (CSI) for each product and region. In Japan, an initial questionnaire is distributed to purchasers of new automobiles, and, since FY2004, a questionnaire has also been distributed to purchasers of pre-owned automobiles. In FY2008, a survey was introduced to query customers whose automobiles will soon be due for the periodic automobile inspection required by the Japanese government.

### Earning a No. 1 rank in customer satisfaction surveys around the world

In its overseas automobile business, Honda's activities focus on the "3Ps" in order to meet diverse customer expectations.

These initiatives involve increasing the quality of service provided to customers by looking at things from the customer's point of view and identifying and resolving local issues in each of the three points of contact between Honda and its customers: "Premises/Process," "People," and "Product."

#### Customer satisfaction initiatives and the 3Ps



We've pursued these activities in earnest for several years at sites worldwide, with the result that service quality has improved measurably. According to a customer satisfaction survey by an outside organization, Guangqi Honda and Dongfeng Honda ranked No. 1 and No. 2 in the Chinese market in 2011, respectively. The two companies value customer feedback by gathering customer input to franchisees on a regular basis and monitoring service quality, thoroughly analyzing the operative factors in customer satisfaction, and applying the findings to make improvements as part of an aggressive program to visit franchisees and offer constructive guidance.

Going forward, we will not rest on these laurels, but will rather further enhance our activities in an effort to continue to inspire customer joy worldwide, for example by introducing new surveys that focus on the satisfaction of individual customers and accelerating the global application of activities to emerging nations. In this way, we will strive to delight customers worldwide by providing services that exceed their expectations.



Guangqi Honda and Dongfeng Honda captured the top two places in a 2011 customer satisfaction survey in China.

### Customer Relations Center

The Customer Relations Center has a very straightforward slogan: "For the customer." Its mission is to handle inquiries from Honda customers politely, clearly, and quickly, delivering the same high quality in Honda communications as is found in Honda products. The Center also responds to survey requests from the Japanese government and inquiries from consumer advocacy organizations.

The Center receives feedback in the form of customer questions, suggestions, requests and complaints 365 days a year, and during FY2012 it processed 248,582 inquiries. To ensure that this valuable information is put to good use in Honda's operations, the facility shares it in a timely manner with the company's R&D, manufacturing, service, and sales departments in compliance with laws and regulations as well as Honda's own policies concerning the handling of personal information. A system is also in place to allow directors and other associates appropriate access to this information. Furthermore, Honda has also set up Customer Relations Center sites on both its website and the Honda Dream mobile site in response to interest on the part of some customers in solving problems themselves. By offering responses to frequent customer inquiries, these sites are designed to meet customer needs in a timely manner.

# Implementing customer satisfaction

## Motorcycle initiatives

### Enhancing the provision of service information to customers and repair shops in emerging nations

In emerging nations (such as Africa) where demand is growing rapidly, there are large numbers of customers who cannot read. Additionally, an extremely large number of customers take their motorcycles to familiar roadside service businesses (repair shops) to have maintenance and repair work performed.

Against this backdrop, Honda has developed word-less service information (in the form of a pair of leaflets) for customers in emerging nations as well as picture-based training materials as part of an effort to value customer in these markets. The leaflets, which comprise maintenance and repair editions, are designed so that they can be easily understood, even by customers who cannot read, so that they can enjoy their motorcycle with peace of mind over the long term. The picture-based training materials consist of a careful compilation of the minimum necessary work procedures so that instructors can offer training anywhere even electricity infrastructure is poor in the field.

Honda Manufacturing (Nigeria) includes a leaflet with each motorcycle sold. Working with associations of local repair shops, the company has also held 30 training tours to offer picture-based training since October 2011, reaching a total of 1,200 mechanics so far. During 2012, it will expand the program to cover the entire nation.

In addition to providing educational opportunities to the market in order to create an environment in which customers can receive maintenance and repair service whenever and wherever they need by going beyond dealer service, these activities help customers maintain the performance of their motorcycles and use them safely.

They also help make ownership more economical by improving fuel economy, lowering CO<sub>2</sub> emissions, and lengthening the motorcycle service life. Going forward, Honda will strive to improve customer satisfaction by providing higher-quality service to offer peace of mind and trustworthiness to customers worldwide.



A roadside service business working on motorcycles, a common sight in emerging nations



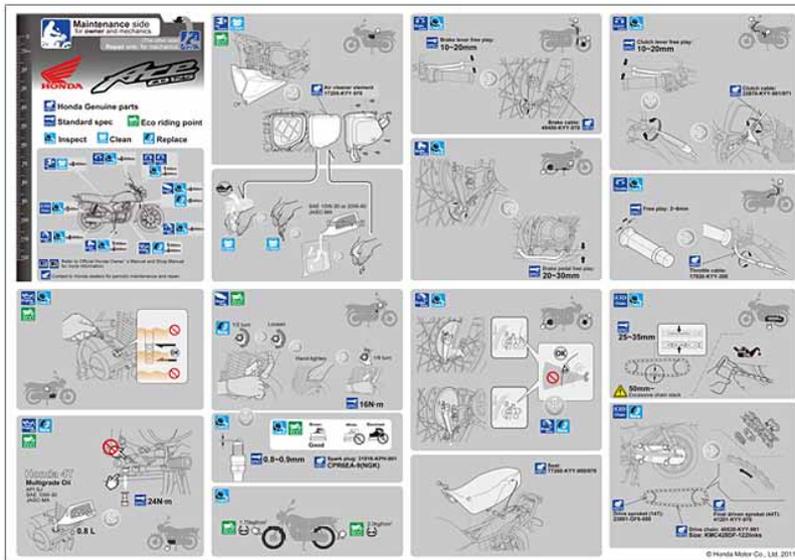
Picture-based training



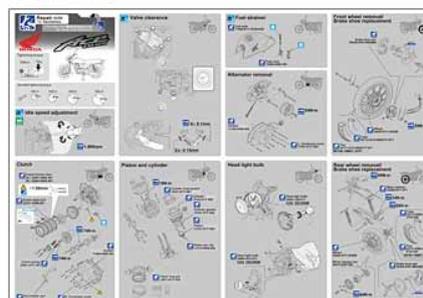
Checking training materials on an actual motorcycle



Customers and mechanics looking at a leaflet



Maintenance leaflet  
(Maintenance edition: Maintenance information primarily for customers)  
Inspection and service items for maintaining performance and fuel economy



Maintenance leaflet  
(Repair edition: Service information primarily for roadside mechanics)  
Information about high-frequency replacement and repair work and important parts

## Automobile initiatives

### Japan: Honda Maintenance Station

In April 2009 in Japan, Honda Cars and Honda Auto Terrace, Honda's automobile dealerships, adopted the name "Honda Maintenance Station" to denote the full range of after-sales service available to customers. In addition to presenting a dealership atmosphere that is appealing to all customers, the dealers are aiming to provide a place where customers find it easy to seek advice about vehicle ownership and maintenance by providing easy-to-understand information about after-sales service.

In June 2009, dealers launched a series of bundled regular inspection services and the numerous car maintenance service menu in an effort to develop a closer relationship with customers. The number of members has surpassed 1 million in the two years and nine months since the program was launched.



Honda Maintenance Station

### Japan: Customer support via the Honda C-card

Honda offers the Honda C-card to provide an optimal level of service to customers at all times. As of March 2012, the card, which combines a point-based cash rewards program, preferred service for members, a charitable donation program, and other benefits with basic credit card functionality, had been issued to a total of some 870,000 members since the start of service in October 1995. Additional "Honda C-card Members" services were added in October 2006, including the ability to reference a vehicle's maintenance history and the ability for cardholders to notify Honda of their address changes 24 hours a day. We've also added a Honda C-card without credit card functionality as an additional choice for customers.



Honda C-card

## Donating funds based on Honda C-card usage

Each year since its introduction in 1995, Honda has donated a fixed percentage of customers' Honda C-card usage to the Japanese Red Cross Society and the Japan Committee for UNICEF. In 2012, these donations totaled ¥764 million.



Left: General Manager Kiyoshi Ito of Marketing & Product Planning Office, Regional Sales Operations (Japan) (right) receives Donation Certificate Appreciation from Executive Director Ken Hayamizu of the Japan Committee for UNICEF (left) at a charitable donation presentation ceremony.

Right: General Manager Kiyoshi Ito of Marketing & Product Planning Office, Regional Sales Operations (Japan) (right) receives Donation Certificate Appreciation from the Vice President Otsuka (left) of Japanese Red Cross Society.

## Increasing service staff members' technical skills

### A unique service education system

Honda offers a range of training for dealer service staff through the Honda Automotive Service Education System. The program is based on Honda Automotive Service Training System (HAST), which incorporates not only technical but also customer service content in order to foster the simultaneous development of both technical and customer service skills. The program, which includes training in specialized subjects as well as training for full-time workers, meets the needs of a broad range of field staff.

Honda also offers the Body Paint (BP) Training Program for body repair and painting staff in order to foster the development of specialists in those areas.

Recently, we have been working to enhance the technical skills of service staff by increasing the percentage of these workers who hold Service Engineer certifications<sup>\*1</sup> and expanding a trainer program<sup>\*2</sup> designed to bring HAST training to the prefectural and corporate levels.

\*1 Service Engineer certifications: A series of certifications for service engineers (comprising grades 1 through 3) granted based on trainees' completion of Honda Automotive Service Training and the highest quality qualification, HMSG (Honda Master of Service Generalist.)

\*2 Trainer program: A program that builds on HAST training in order to offer trainer education to exceptional staff at the prefectural and corporate levels.



Training in classroom session and practice

### Overseas: Providing information about inspections in a way that meets individual customer's needs

Based on its desire to be No. 1 in customer satisfaction by an overwhelming advantage, Honda is working to offer optimal service to customers worldwide. Advanced service activities and approaches being used in various countries are shared with the rest of the world through Japan's Customer Service Operations and expanded in line with individual nations' characteristics.

Honda dealers offer regular inspections and maintenance in order to ensure customers can use their products safely and enjoy a feeling of satisfaction as long as they own them.

In the past, dealers in Europe and China offered inspections and maintenance based on product age and mileage. Starting in 2011, Honda updated dealers' business processes in an effort to meet diversifying customer needs by transitioning to a program of maintenance and inspections based on individual characteristics such as driving habits and vehicle condition.

By enhancing the method by which inspection and maintenance work is offered so that it better takes into account individual customers' needs, we believe that we can offer more fine-grained service and thereby help customers achieve a fulfilling life through cars. Going forward, we will bring the strong bonds that join customers and Honda to the entire world by broadening this program to include emerging nations.



Customer service staff at a dealership in Germany propose a range of optimized maintenance and regular service work to customers based on individual information.

## Power product initiatives

### Enhancing the way we provide service information to customers and dealerships: Consumer products edition

In emerging nations, where demand is growing rapidly, products are carried by businesses other than Honda stores, making it necessary to provide appropriate service information to general retailers. Even as we've been building a service network linking Honda stores, we've also enabled the direct distribution of the minimum amount of service information needed by general retailers and customers via the Internet. Specifically, we improved our engine information website to add consumer products information. We also asked for local feedback about the types and categories of service information that should be provided, and we selected, compiled, and otherwise prepared information based on that input. As a result, we began offering service information for generators and outboard engines in addition to engine information in fall 2010.

As of March 2012, this information was available in 43 countries, and it was being accessed about 13,000 times each month. Additionally, the website incorporates a mechanism for soliciting market feedback about needs related to information dissemination, site content, and product serviceability. These questionnaires make it easy for customers to submit requests and opinions.



Power products service information website



Service information at an African dealership workshop

### Expanding an initiative to reduce complaints

Thanks to an initiative to address complaints by soliciting customer feedback that was launched in Japan in June 2006 and subsequently implemented in Europe and the United States, the complaint rate (obtained by dividing the number of complaints per month by the number of power products sold over the last year) has been falling.

About six years of experience with this initiative has taught us that customer complaints and requests concerning our products exhibit great variety as a result of regional differences in culture, climate, and lifestyle, revealing significant differences in how products are used. Recognizing the breadth of those differences, we began developing similar systems in China and Thailand in April 2012 so that we could better gather customer feedback in those countries as well.

Specifically, a regular meeting to reduce customer complaints is held in each country on a monthly basis. In addition to facilitating the sharing among relevant departments of information about every piece of customer feedback received by customer service hotlines regarding our business operations, including products as well as sales and service activities, and the examination of improvement measures, these meetings provide a venue for reviewing the progress and results of those measures and ensuring that they are incorporated into a growing feedback database. We also work to eliminate customers' complaints at the source by investigating the root causes of complaints, identifying issues that need to be resolved, and implementing measures as the departmental level to do so.

Customer complaints that go beyond the regional level and have the potential to impact the power products business as a whole are identified and shared along with information about effective countermeasures among facilities worldwide.

## Maintenance support initiatives

### Initiative to streamline environmental responsiveness: Introducing water-based paint at Asian dealers

Honda recognizes the need to minimize the environmental impact of industrial waste such as the used tires and oil and scrap cars that are generated as part of its after-sales business activities. Emissions of volatile organic compounds (VOCs) during painting work are one such area since atmospheric emissions of compounds such as toluene and xylene from paint act as photochemical oxidants to cause photochemical smog. These compounds also cause acid rain, contributing to the destruction of forestland and interfering with absorption of CO<sub>2</sub> to accelerate global warming.

Along with Europe and South Korea, California and a number of other states in the U.S. have prohibited the use of paint mixed with solvents or thinners, leading to broad use of water-based paint.

By contrast, use of solvent-based paint remains common in Southeast Asia, which lacks legal regulations prohibiting their use, and very few dealers have pursued use of water-based paint on their own due to the higher cost.

Honda Automobile (Thailand), a Honda automobile subsidiary in Thailand, recently decided to take the lead in introducing water-based paint at automotive dealers in the country. The Customer Service Education Branch's Body Repair and Painting Team in Japan was asked to help prepare for the change, but the team lacked the necessary expertise at the time since use of water-based paint was unusual in Japan due to the lack of similar regulations there. At the same time, there has been a tendency in the industry to avoid use of water-based paint due to its high cost.

We then conducted an exhaustive trial of water-based paint and upon reviewing their properties found that water-based paint contains more pigment (i.e., it "covers" better) than solvent-based paint that has been cut with thinner, with the result that less paint is needed to complete a given job. The use of existing techniques to apply water-based paint leads to the use of more paint than is needed, increasing costs. We realized that it was overuse of paint that was fueling the view that water-based paint is more expensive. Using the appropriate amount of paint not only saves on total paint consumption, but also streamlines work by shortening the number of hours needed to complete a given painting job, increasing the amount of work that can be finished each day and boosting body repair revenue. As a result, dealers in Thailand welcomed the introduction of water-based paint, and we were able to bring it to all of the more than 100 body repair and painting shops in the country. Having incorporated these techniques into training materials, we're currently introducing water-based paint in China and Indonesia, and we have begun to study its introduction in Vietnam. In Asia, where there are no regulations prohibiting solvent-based paint, and China, where such regulations are comparatively weak, Honda's environmental responsiveness in this area places it a step ahead of other companies. We will continue this program of activities to delight those who implement environmental measures based on our global environmental slogan, "Blue Skies for Our Children."



Training in how to use water-based paint