

Customers



Honda's approach to customer satisfaction

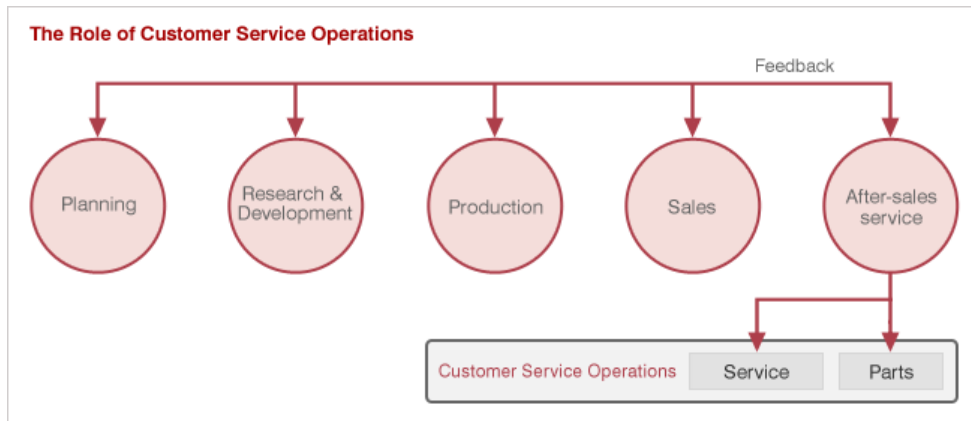
In accordance with the Honda philosophy of respect for the individual and the Three Joys of buying, selling, and creating, Honda has always worked closely with its dealerships to maximize customer satisfaction. Every step of the way, from purchase to after-sales service, dealerships work together with 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 CO2 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 the undisputed No. 1 in customer satisfaction.

"Undisputed no. 1 in customer satisfaction" 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, services and parts divisions have adopted an activity policy of offering service in a friendly, timely, reliable, affordable, and convenient manner; developing an advanced service environment; and maximizing business efficiency and expanding business operations. They are also focused on creating an environment allowing regional dealers—Honda's point of contact with customers—to 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



In all of our areas - motorcycles, automobiles, and power products - Honda is involved with a variety of initiatives to improve customer.

Maintenance support initiatives



In an effort to provide more extensive maintenance support, we are 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

- Voice-of-the-Customer programs at dealerships
Gathering customer feedback and bringing it to bear on operations
- Process efficiency improvement programs
Improving work efficiency by eliminating wasteful operations at individual dealerships
- Single repair programs
Ensuring that most customer issues are properly solved with a single repair

- Development of a comprehensive dealership training system
Strengthening training programs to enhance human resources and skill levels



- Pre-emptive prevention, mis-delivery prevention, and expansion prevention
Boosting product service quality

We have pursued these activities in earnest for several years at sites worldwide, with the result that service quality has improved measurably.

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, by, for example, 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.

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 FY2014 it processed 258,196 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.



Sharing customer feedback among departments

Implementing customer satisfaction

Motorcycle initiatives

Establishing service frameworks for dealers in emerging nations

Honda has, with minimum investment and facilities, been quick to set up plants and start business in emerging markets (such as in Africa and Southwest Asia) dominated by Indian and Chinese manufacturers.

A lack of social infrastructure and education meant that general motorcycle dealers in these markets were unable to provide the level of service that Honda was looking for.

As a latecomer to such markets, Honda works constantly to highlight points of differentiation with competitors, and consequently increase its share of sales, by delivering to customers and subsidiaries the Three Joys (the Joys of Buying, Selling and Creating), as stated in the Fundamental Beliefs.

In particular, we believe it is our mission, using the limited management resources available, to manufacture and sell competitive, high-quality Honda products and to build frameworks for providing satisfaction to the customer through after-sales service.

Specific initiatives include developing a 'maintenance invoice' for use in emerging nations where educational levels are low. These have been provided to dealers along with guidance on how to apply them. Invoices come with simple illustrations and diagrams have been included on the invoices to explain, in a format anyone can understand, procedures for visual and operational confirmation of vehicles on delivery after purchase, and procedures taken when the customer brings in a vehicle for maintenance or repair.

Easier to grasp and serving as an aid for ensuring sound after-sales service delivery, the result is satisfaction for both customer and dealer personnel. Furthermore, the exchange of maintenance invoices, containing details of customer complaints and repair work and other valuable information, puts in place a process at overseas subsidiaries for properly gathering data on market quality for feedback to manufacturing and product development divisions even in circumstances where it is not possible to invest sufficiently in information infrastructure.

The invoices were introduced to two markets, Kenya and Bangladesh, in FY2014 and similar initiatives will be pursued in other emerging nations as we continue efforts to bring the Three Joys to customers.



Creation of a maintenance invoice at a dealer in Kenya



Guidance on maintenance invoices being given at a dealer in Bangladesh

Pre-delivery maintenance invoice explaining procedures with illustrations followed by descriptions

General maintenance invoice explaining procedures with transparencies

Automobile initiatives

Japan: Ensuring motorists can drive Honda vehicles safely

Highly skilled service personnel with extensive knowledge of Honda vehicles provide high-quality after-sales service at Honda Cars and Honda Auto Terrace, Honda's automobile dealerships: they make use of proprietary tools developed by Honda, electronic diagnostic devices, and other systems along with extensive vehicle quality information gathered from dealerships across Japan.

As of March 2014, about 1.8 million customers had taken advantage of bundled services including regular inspections and oil changes, and more than half of all new vehicle purchases included Honda's extended warranty, helping the company achieve a high level of customer satisfaction.

Dealers work hard to ensure that customers can enjoy their Honda vehicles with confidence and peace of mind under the best possible conditions by offering a wide range of services to provide a pleasant ownership experience, including by enhancing Honda's menu of car maintenance services, a reasonably priced selection of ways to refresh vehicles inside and out.



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 2014, 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 2.89 million 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 2014, these donations totaled ¥822 million.



Left: General Manager Kato of Marketing Operations (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 Kato of Marketing Operations (right) presents Catalog of gifts to the Vice President Otsuka (left) of Japanese Red Cross Society at a charitable donation presentation ceremony.

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*¹ and expanding a trainer program*² designed to bring HAST training to the prefectural and corporate levels.

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

*2 Service engineer certification: A series of service engineer certifications (grades 1 through 3) reflecting level of training have been established under the HAST Program and the BP Training Program.



Training in classroom session and practice

Giving service personnel a chance to hone their skills at the Honda Automobile Service Skill Competition

Honda holds the Honda Automobile Service Skill Competition to provide an opportunity for service personnel from across Japan to put their service skills, knowledge, and hospitality to the test at a venue designed to stimulate participants to hone their skills while fostering the development of the next generation of service professionals.

The competition consists of three events: the Service Engineer Course, where individuals compete to gauge the precision with which they can diagnose malfunctions and replace parts; the Corporate Team Course, where teams of three compete in a simulated customer service from reception to delivery as well as malfunction diagnosis; and the Reception Staff Course, where participants compete in a role-playing format that tests their ability to serve customers as reception staff. A maintenance contest where participants compete to see who can disassemble, measure, and assemble functional parts with the greatest speed and precision is held at the same time. Through the Service Skill Competition, Honda is striving to train its service personnel to a higher level.

Through their participation in an event that allows them to exhibit the skills they have developed through their daily work, service personnel both increase their awareness of the importance of building skills and help improve service quality at Honda.



Participants compete at the Corporate Team Course of the Service Skill Competition

Overseas: Products that bind customers to Honda

Honda strives to deliver an optimal level of service to customers worldwide based on its philosophy of creating and expanding customer joy worldwide through service. The company shares advanced service activities and approaches from different countries with personnel worldwide through Customer Service Operations in Japan as it works to expand its program of initiatives in ways designed to complement each country's market characteristics.

To provide a pleasant ownership experience for customers, Honda dealers offer a range of regular inspection packages with various payment and service options as well as extended warranties designed to ensure customers are able to enjoy their products over the long term. These products continue to evolve on a daily basis in each market in response to customer needs, which are diversifying worldwide. As of January 2014, they were being offered by dealers in more than 30 countries.

Going forward, we will strive to expand customer joy to include all countries as we create strong bonds linking customers and Honda in markets worldwide by bringing these activities to emerging markets.

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 dealers, 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 2014, this information was available in 43 countries, and it was being accessed about 13,000 times each month. (From access logs, we found that while the information was made available in 43 countries, it was actually accessed by users in a total of 139 countries.)

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 to Honda.



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 eight 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 and in India in October 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 concerning 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.

Including a quick reference guide in product packaging

In order for customers to be able to use the products they purchase in their original condition as long as possible, it is critical that they operate them properly and inspect them regularly. Honda Suel Power Products in India packages a quick reference guide with generators sold in emerging nations. Designed so that they will be available for use whenever they are needed.

These guides incorporate following characteristics:

1. Operating instructions on the front and a description of how to perform a regular inspection on the back,
2. Illustration-based explanations,
3. All on a color-printed A4-size sheet (designed so that it can be reproduced clearly as a black-and-white copy), and
4. Uses paper that will not tear even if it gets wet.



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 CO₂ 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, took the initiative in 2008, deciding to introduce 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, introduction of water-based paint in China is underway, while its introduction in Indonesia was completed in 2012. We have also started introducing it in Vietnam, while studies into doing the same in the Philippines are underway. 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 is a step ahead of other companies. We will continue this program of activities to ensure that those who implement environmental measures come away happy, based on our global environmental slogan, "Blue Skies for Our Children."



Training in how to use water-based paint