



## Press Release

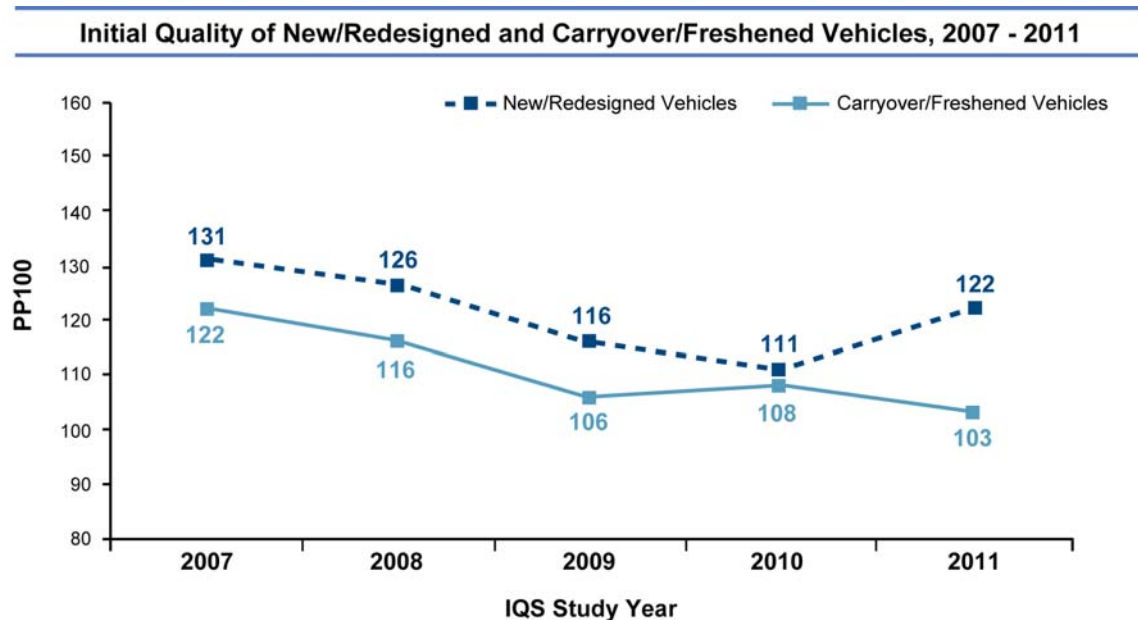
### J.D. Power and Associates Reports: Initial Quality of Recent Vehicle Launches is Considerably Lower than in 2010, While Carryover Model Quality is Better than Ever

Honda Receives Seven Model-Level Awards; Lexus Receives Four

**WESTLAKE VILLAGE, Calif.: 23 June 2011** — After an improvement in the quality of newly launched models every year from 2007 to 2010, the initial quality of 2011 new model launches has declined considerably, according to the J.D. Power and Associates 2011 U.S. Initial Quality Study<sup>SM</sup> (IQS) released today. The study has been conducted annually for the past 25 years.

#### Vehicle Launch Challenges

Overall initial quality improves to an average of 107 problems per 100 vehicles (PP100) in 2011 from 109 PP100 in 2010. However, the initial quality of launch models—those that are all-new or have had major redesigns—worsens by 10 percent to an average of 122 PP100 in 2011 from 111 PP100 in 2010. Conversely, carryover models—those that have had no significant redesign in the past year—have better initial quality than ever before. Owners of these vehicles report an average of just 103 PP100 in 2011, compared with 108 PP100 in 2010. Lower PP100 scores indicate a lower rate of problem incidences and therefore higher initial quality.



Source: J.D. Power and Associates U.S. Initial Quality Study<sup>SM</sup> (IQS), 2007-2011

“Exciting models with the latest features are crucial for winning over today’s demanding consumers,” said David Sargent, vice president of global vehicle research at J.D. Power and Associates. “However, automakers must not

lose their focus on the importance of these models also achieving exceptional quality levels. Expected reliability continues to be the single-most-important reason why new-vehicle buyers choose one model over another, and no manufacturer can afford to give consumers any doubts regarding the quality of their latest products.”

Only seven all-new or redesigned models rank among the top three of their respective award segments, compared with 17 models in 2010, and only one launch model receives a segment award this year versus five launch models in 2010. Just one-fourth of redesigned models perform better than the outgoing previous-generation model did in 2010, and eight all-new models perform above their respective award segment average.

### **Software and Technology Challenges**

The decline in vehicle launch quality is evident in a number of areas, most notably the engine/transmission and audio/entertainment/navigation categories. There are two primary causes for this quality decline:

- With high fuel prices and more stringent government regulations, automakers are designing engine and transmission software to make their models as economical as possible. However, this sometimes leads to the engine or transmission “hesitating” when accelerating or changing gears, and consumers this year are reporting this as a problem more often than in past years.
- Automakers are also accelerating the introduction of multimedia technology into their models, including hands-free and voice-activation systems. Many consumers are attracted by this type of technology, which is perceived to enhance convenience and safety, but some vehicle owners report that their system is not intuitive and/or does not always function properly.

“Clearly, consumers are interested in having new technology in their vehicles, but automakers must ensure that the technology is ready for prime time,” said Sargent. “Successful companies will be those that can take this incredibly complex technology and make it reliable, seamless and easy for owners to operate while they are driving. There is an understandable desire to bring these technologies to market quickly, but automakers must be careful to walk before they run.”

While overall vehicle quality continues to improve, the introduction of new technology is expected to continue to pose challenges for automakers. Overall problem rates for audio/entertainment/navigation systems in 2011 are 18 percent higher than in 2010 and 28 percent higher than in 2009.

The Initial Quality Study serves as the industry benchmark for [new-vehicle quality measured at 90 days of ownership](#). The study is used extensively by manufacturers worldwide to help them design and build better vehicles and by consumers to help them in their vehicle purchase decisions. Initial quality has been shown throughout the years to be an excellent predictor of long-term durability, which directly impacts consumer purchase decisions. The study captures problems experienced by owners in two distinct categories: design-related problems and defects and malfunctions.

### **2011 IQS Ranking Highlights**

Lexus leads the overall nameplate rankings with 73 PP100 on average. Following in the rankings are Honda (which improves to second rank position in 2011 from sixth in 2010), Acura, Mercedes-Benz and Mazda (which improves to fifth rank position in 2011 from 18th in 2010), respectively. Land Rover posts the largest improvement in 2011, reducing problems by 47 PP100 from 2010.

Honda garners seven segment awards for the Accord, Accord Crosstour, Civic (in a tie), Element, Fit, Insight (in a tie) and Ridgeline. Lexus receives four segment awards for the ES, GS, GX and LS models. For a second consecutive year, the Lexus LS has the fewest quality problems in the industry with just 54 PP100.