IQS SUCCESS
Honda Gets Best-Ever Initial Quality Ranking
Seven models get top awards in their segments.

Worth Its Weight in Gold (Star)
Why you should invest in technical training.

It’s Summertime, and the Rebates Are Easy
Get 10% back with the accessories AOS promo.
LOOKING DOWN THE ROAD
WELCOMES YOU

A MESSAGE FROM OUR SENIOR VICE PRESIDENT

Here’s wishing all of you a very different kind of seasonal greeting as we celebrate another “Summer Holiday Season of Service!” That’s right, May through August—the Summer Service Overload Season. That merry time of year when families get ready to take vacations and everyone needs their vehicle serviced right now. This is a very challenging time, for sure. It is also a period where dealers traditionally make the majority of their Parts and Service money, and, most importantly, have the opportunity to build stronger relationships with their customers for the long haul.

Unfortunately for many dealers, the Summer Service Overload seems to arrive almost as a complete surprise. Customers are lost due to poor service and CSE scores drop because dealers are not prepared to make the most of the service opportunities presented them. This happens every single year and we always seem to get by. But this year things are very different—“Getting By” won’t be sufficient.

For reasons you all know, new car production, sales, and profits have been threatened by the recent developments in Japan. I’m hoping that Parts and Service will now, more than ever, help to carry your financial load. Having said that, let me also offer that we can’t afford to lose or turn away even one customer, as the business you do this summer could, quite possibly in some cases, determine if your dealership makes it through the worst storm we have ever faced.

You have had a chance to become familiar with many of the tools that Honda has provided to improve your service business; tools such as the “Dealer Service Retention Performance Report” that enables you to identify business opportunities for new customers in your own ASA. This report also tells you exactly how you compare to other dealers in your very own state, so that you may plan a strategy to increase your service department’s owner base penetration.

Sincerely yours,

Jim Roach
Senior Vice President
Parts and Service Division

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2011 NADA Dealer Attitude Survey
by Gail Rodkin

Honda dealers give a thumbs-up to our parts and service operations

The NADA Dealer Attitude Survey is a semi-annual survey of dealer principals across manufacturers, covering OEM Policies, People, and Value. The results of the latest NADA survey are in, and they show that – yet again – Honda’s greatest strengths are its people. Honda had its second highest scores ever on “Helpfulness of Field Service Contact” and “Helpfulness of Parts Contact.” Not only that, but compared to the last survey period, Honda’s field operations have improved in both their accessibility and decision-making authority. In comparison to other nameplates, Honda’s field is above average in handling customer complaints, fulfilling its commitments, and in the productivity of its contacts.

This latest wave of survey results shows that dealer optimism is continuing to grow, as this was the fourth consecutive increase in the percentage of dealers agreeing that “The Value of My Honda Franchise Has Increased.” Furthermore, only one other non-luxury nameplate was rated higher on the “Current Value of [Their] Franchise.”

Additional strengths for Honda were in the area of Parts Operations. Honda not only improved in each of the following areas, but performed significantly above the industry average in: “Stock Order Availability,” “Emergency Order Availability,” “Order Fill Rate,” and “Distribution System.” Honda also received high ratings for its service training efforts, scoring particularly well in the areas of “Overall Quality,” “Technical Product Knowledge,” and “Improved Customer Handling Skills.” Another area where Honda excelled was its customer satisfaction systems, receiving its highest scores ever on “Customer Satisfaction System of Rating My Dealership Is Fair.”

Excellent teamwork is at the root of these scores. According to Neil Wada, manager of CSE – Honda’s Service Satisfaction program: “Everyday my team is in contact with the field, dealers, and other Honda associates to ensure we provide the highest quality data in the timeliest manner. We use the feedback we receive from dealers to continuously improve CSE deliverables.”

The NADA Dealer Attitude Survey provides valuable feedback to American Honda on how the company is meeting its commitment to its franchisees. Every department within the Parts and Service Division reviews this information to see how they are performing and what they could be doing to further improve their service to the dealer body.

Thank you to all the Honda dealers who responded this year. Because of you, we had one of our highest response rates to date.
The catastrophic earthquake and tsunami have had devastating effects on production at the Japanese auto manufacturers, while giving the Detroit 3, European, and Korean manufacturers unexpected opportunities in the North American market.

The sales share of the Detroit 3 in April 2011 was 46.5%, 1.5% point increase compared to April of last year. On the other hand, the Japanese automakers’ share was 35.5% – 3.4% point decrease. In a sharp contrast, Korean manufacturers surpassed all the European manufacturers combined with a 9.4% market share, up 1.9% point.

Despite the adversities we are facing, we will recover and rejoin the fierce sales competition within the next several months. There are four key points to support this recovery effort.

The first key is to improve customer retention rate by continuing to build close relationships with each and every customer. The number of repair orders issued in FY11 from Customer Pay and Express Service combined reached 13,610,000 – an indication of the Honda’s immense customer base. Lifetime Customer Care, a joint program of Honda and its dealer network, can be utilized to encourage each customer to return for various services and increase service revenue.

The second key is utilization of the FOC Tool to help increase sales opportunities. The FOC Tool has been implemented in 1,014 dealerships. A 97% implementation ratio in less than a year since its introduction is a testament to the innovative nature of this tool. You can analyze your dealership’s parts sales (such as air filters, oil filters, wiper inserts, and tires) and then compare your performance against benchmark data for all the Honda dealers in North America. Your Service Advisors will then be able to determine a clear goal for not only reaching the benchmark but surpassing it to generate more service revenue.

The third key is retaining dealer personnel. To improve the customer retention rate and increase service revenue, it is very important for technicians to ensure that the customer’s issue is fixed right the first time (FRFT) and to provide a stress-free service experience. There is no substitute for the knowledge and the experience that your personnel have accumulated in their careers.

The last key is customer satisfaction. Good relationships between the dealers and satisfied customers are the greatest assets we have for the expansion of our future business. Throughout our business history, Honda and its dealers have strived to expand Lifetime Owner Loyalty in order to improve customer satisfaction. In this unprecedented situation, let’s put every effort to strengthen our existing foundation to ensure that Honda rejoins the sales competition at full speed within the next several months.

We will once again be at the forefront of the competition.

In a Post-Quake Market, We Will Advance Again

*Honda is preparing to gain the upper hand on the competition*
Training with the Stars
by Nolan Tamashiro

Top GoldStar dealers share their proven steps for success

Can GoldStar Technical Training improve a dealership’s bottom line, customer loyalty, and staff performance? Several of the top Honda GoldStar dealers shared how it has helped them to realize increased customer satisfaction, greater efficiency and performance by their technicians, and more vehicles fixed right the first time — ultimately leading to increased sales opportunities and stronger customer relationships.

These successful dealers shared several common beliefs and practices:

Know the importance and value of technical training
All are strong believers in the importance and value of technical training, which has helped their dealerships:

• Build stronger customer relationships (increased customer satisfaction, jobs fixed right the first time)
• Greater technician confidence, efficiency, and productivity (diagnose problems quicker and more accurately, work faster, fewer comebacks)
• Stronger morale and teamwork in the shop

“Based on the experience that I had when I was a technician, I knew the training was vital to them doing the job correctly,” explained Luke Ammann, Parts & Service Director of Hansel Honda, where technical training has “built huge morale in the shop,” increased Customer Satisfaction (CSE), and their ability to “fix it right the first time.” Says Luke, “we're satisfying our customers by fixing the car right because they're trained correctly by American Honda.”

At Coggin Honda of St. Augustine, Service Manager David Willoughby reported, “Comebacks are minimal. The quality has improved drastically. CSE has gone up. They understand that their training is a very important process of their job, and with the more knowledge that they get, the better their skills improve to properly diagnose and repair vehicles.”

“I’ve always been a big believer in it,” said Service Manager Todd Hatch of Ken Garff Honda Riverdale. “It’s just a huge benefit to myself, my customers, and my advisors… Nine months of last year, customers responded at a perfect 100% Fixed First Visit. You don’t get that without skilled and well-trained technicians.”

Invest in technical training
Technical training is a wise and necessary investment, with great returns for the dealership. The growing technical complexity of newer vehicles further underscores the need for highly trained technicians.

“Don’t be afraid to spend the money to get them trained, because it will pay you back in the future,” said Luke. “It falls back to the old saying, ‘You’ve got to spend money to make money.’”

The growing technical complexity of newer vehicles only adds to the necessity of investing in technical training. “These cars are highly advanced,” explained Todd. “These guys have to be highly skilled and trained to work on these products.”

And the investment is well worth it. After Luke became Service Manager at Hansel Honda, they started investing heavily in technical training. “That was the whole turning point for this dealership,” he explained. After ensuring that his technicians were highly trained, he invested in technology to support his well-trained staff, and “Overall efficiency increased, gross profit went up and staff morale went through the roof.”

Todd agrees, “though it may hurt you one month to have….”
Comebacks are minimal. The quality has improved drastically.

Make a plan, clearly communicate it, and keep everyone focused on the goal. It is important to set technical training goals and ensure everyone remains clear and focused on how to achieve them.

Make a plan and clearly communicate it. “Use the GoldStar training, [it] is the best tool for getting the technicians trained properly. It gives them a focus,” said David. “We sit down individually [with each technician] and we lay out how their plan of attack is to be, and then I follow up with them.”

Keep everyone focused on the goal. Reminding technicians of their Self-Study training percentage each week helps keep them focused on their goal. Approaching the self-study training with the right attitude is also key to success. David’s technicians turn their test results into him, allowing him to see how well they’re paying attention. “Are they getting 80s or 100s? And if they are not getting 100s, did they go back and find out the correct answer? Instead of taking it just to take the test, we’re taking it to learn something. It’s not about taking tests, it’s about learning to do your job as a professional.”

Recognize their achievements (with the Honda Professionals Recognition Program)

Recognizing and rewarding technicians for their achievements with the Honda Professionals Recognition Program helps keep everyone motivated towards reaching their training goals, and can serve as an important marketing tool to let customers know about the dealership’s level of technical expertise and commitment to excellence.

“Builds a real relationship in the dealership”

Todd Hatch, Service Manager, Ken Garff Honda Riverdale

“They love it!”

Dan Gonzalez, Service Manager, Honda of Fine, on the Honda Professionals Recognition Program
On March 23rd, the Montage Hotel in Laguna Beach, California was the second pilot location for a new and unique workshop set for launch to Honda dealers nationwide in 2011. The “Maximizing Your Fixed Operations Profit Potential” pilot workshop brought together the management team from six Dealer Advisory Board dealers, four Honda Parts and Service Zone Managers, and top Honda National Field Parts and Service Operations staff.

The pilot was the culmination of months of intense collaboration among divisions throughout American Honda. In the last few years, these groups have developed a wide array of tools, resources, incentive programs and training. The goal of this new workshop is to show Honda dealer management teams how to integrate these tools into their fixed operations business, and develop a strategic plan to maximize profits.

“I would highly recommend for anyone, regardless of their skill level in the automobile business to go to the workshop. I think you would be amazed what you can learn, even if you think you’re doing a tremendous job, there are still little snippets or “ah-ha” moments, so to speak, that you can take back to the dealership and use in the real world.”

Steve Luft
VP of Operations/General Manager – Cardinal Honda

“A groundbreaking new workshop

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Steve Luft
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Art Wright
Dealer Principal – Lehigh Valley Honda

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Dealer Principal – Lehigh Valley Honda
Having the entire dealer management team attend was considered key to the success of this workshop, and the move was a big hit with participating dealers. According to Art Wright, Dealer Principal of Lehigh Valley Honda, “Not only was the workshop very informative from a business standpoint, but I believe it was extremely important to us as a team to get together and discuss our entire business.”

Participants also utilized new technology in ways never before used in Honda Fixed Operations Training workshops, using iPads to interact with the presentation. They could easily take notes, review their unique financial data, complete worksheets, and even e-mail themselves the notes from their iPad. An interactive, networked simulation competition allowed participants to apply what they had learned immediately, and then analyze the results with the rest of the class. IN Resources were available throughout the workshop on provided laptops. With the data at their fingertips, every calculation and review of Honda tools was done with the actual dealer resource in real time.

But dealer participation started well before the workshop’s first day. Pilot dealers had unique access to an online workshop portal that prepared every participant with tutorials and self-guided training, as well as how-to guides, best-practices guides, and operating guides.

As a team, the participants built a preliminary action plan prior to arrival. This allowed them to focus on strategic implementation immediately on day one. And after the workshop was completed, the participants continue to have unique access to that portal.

In total, there are more than 50 unique resources available via the workshop portal to help dealers implement their action plans and measure their success. So how can your dealership’s fixed operations team sign up for this workshop? Parts and Service Dealer Development will be announcing a schedule and more information in the second half of 2011. Keep an eye out for the electronic version of Looking Down the Road to view testimonials from dealers that participated in the pilot workshops.

“It’s great to get out of the store, together as a team, taking a look at everything from a 30,000 foot view and developing an action plan of items to tackle and going back and executing.”

Andy Wright
General Manager – Lehigh Valley Honda
SUMMER HOLIDAY

A Season of Service

Savvy dealers use Honda-provided tools for sales opportunities

Wishing you greetings as we celebrate another “Summer Holiday Season of Service!” You know—May through August—the Summer Service Overload. That merry time of year when families get ready to take vacations, and everyone needs their vehicle serviced.

For Honda dealers, it’s the Summer Service Overload. The time of the year when dealers make the majority of their Parts and Service money while at the same time lose customers and CSE scores drop. Even though this season arrives every year, it seems to come almost as a complete surprise. With the drop in new car production, new car sales, and profits, we cannot afford to lose not even one service or part customer. This summer may determine if your dealership survives or does not make it through the worst storm we have ever faced.

But wait! We at Honda have worked hard to give you the very best tools in the industry, so don’t forget to open your Dealer Toolbox and use all its fantastic resources to help you out.

For example, the FOC Tool lets you test different service scenarios for the impact on your bottom line. ServiceSmarts® Online will help you understand your market, service penetration and all your UIO opportunities. The promotional powers of Lifetime Customer Care direct marketing programs such as Service Reminders, Seasonal Campaigns, and tailored OnDemand marketing will entice Honda owners in your dealer for their service needs.

The Dealer Service Retention Performance Report can also tell you how well your dealership service retention compares in relation to other dealers’ performance in your state.

And finally, the one tool that drills right down to your dealership’s core, giving you snapshots of 10 different areas to gauge your dealership’s performance – the brand-new Dealer Service Market Performance Report.
Admittedly, there are many tools and perhaps you’re not familiar with them all, so we will be introducing an all-new “Maximizing Your Fixed Operations Profit Potential” workshop this fall to help you take full advantage of your Dealer Toolbox.

But don’t wait. These are the potent tools in your Dealer Toolbox, and good results will come from using them. So give them all a try and let them collectively work for you.

We would like to ask you to reflect on the triple-packed power of…

- “Genuine Honda Parts” installed by
- “Factory-Trained Technicians” at an
- “Authorized Honda Dealership.”

Because that’s what draws customers to you.

And don’t neglect other money-making opportunities in your dealership:

- Honda Genuine Parts sales to independent repair shops,
- Collision Parts,
- OEM Tires,
- and Honda Service Campaign and Recall completion reports.

So ramp up, get busy, and pack those customers in like the Christmas holiday retailers do!

Every year, Christmas retailers face similar challenges and successfully make it through their 4-month season. Let’s look at how Christmas retailers ramp it up for their busy season:

1. They add more staff to deal with crowds and provide better customer service.
2. They open early and close late to accommodate customers’ schedules.
3. Christmas retailers run promotions to entice customers in.

All things we absolutely need to do.
LOOKING DOWN THE ROAD

SURVEY RESULTS

Tech2Tech
by Richard Guerra

An Important tool for your toolbox

You’ve heard us say it. “Tech2Tech is your tool.” It’s always been our goal that service technicians see Tech2Tech as an important reference tool for servicing vehicles, right alongside our other service-related publications. And from the results of a dealer survey we ran in February, it seems we’re getting ever closer to reaching that goal.

In our survey, we asked service techs 10 questions ranging from how often they watch Tech2Tech, to what they thought of our venture into social networking. From the 681 responses we got back, here’s what we learned:

• On an average, 92% rated the attributes (ease of understanding, accuracy, relevancy, completeness, running time, and look and feel) very good or good.
• 89% have watched Tech2Tech episodes.
• 77% watch the entire episode (versus particular segments).
• 69% watch it monthly.
• 63% watch it alone at their dealership.
• 95% found the servicing info very helpful or somewhat helpful.
• 76% learn about new posted episodes from the iN.
• 56% search for segments by vehicle model.

When we launched Tech2Tech, we decided to use social networking to help build awareness. But from our survey results, it’s apparent that service techs aren’t using social networking sites as much as we thought – especially in the workplace. Only 46% even knew that we’re on Facebook, 36% on YouTube, and 29% on Twitter. (We have since closed our channels on the latter two sites.) And 54% found our social networking site pages just slightly helpful. Some commented that they just don’t have the time to look, while others voiced their concerns with personal info and privacy.

We’re very encouraged by the survey results, and would like to thank everyone who took the time to participate. Your valuable responses and feedback will help us to further shape and refine Tech2Tech into that important tool you always want for your toolbox.

Above, AHM’s Tom Hanrahan
Left, Van Mattiza and Richard Guerra
Over the years, vehicles have gotten increasingly complex, and today, no single technician can be expected to remember everything about all the vehicle technology that comes into the dealership on a given day. That’s why Honda has introduced a new way to get this knowledge into every service bay, so that each technician can have instant access to every potential issue and its solution. This is accomplished with the electronic service bay.

The electronic service bay provides technicians the ability to work more productively. They will be able to make quicker and more accurate diagnoses and repairs by consulting ISIS and diagnostic data right from their laptops. John Daugherty, Master Technician at Norm Reeves Honda Superstore West Covina, has been experiencing this new way of diagnosing vehicle repairs. When asked for his opinion of this new system, he stated: “I was super excited about the new Modular Vehicle Communication Interface (MVCI) when I got to use it at the Honda Training Center a year ago. This MVCI is [like] night and day from the previous HDS tablet.” Shortly after his visit to the training center, John suggested that his Service Manager, Mike Rickett, see this new MVCI, commenting, “It’s really fast.”

Not long after, Norm Reeves Honda was one of the first dealers to integrate all the equipment and steps to have their own electronic service bay, including the installation of commercial grade wireless routers with the construction of their new facility. The dealership now has routers in both their main shop and in the Express Service bay area, and since their main shop was already set up with wireless, all they needed was to get the laptops and MVCIs.

When asked what was the biggest impact this new environment has brought, John stated simply, “Time.” Expounding on this, he continued, “Before the new MVCI, it used to take 10 minutes to program a key; now [it takes] 3 minutes. Software updates could sometimes take up to a half an hour – the longest it takes now is 5 minutes.” John uses a laptop that runs the Honda Diagnostic System (HDS) software, and is connected wirelessly to ISIS to look up repair diagnostics through service manuals. “The way the industry is changing – less to be done on maintenance for a vehicle, more to diagnose – without this technology you can’t diagnose the problem, and if you can’t diagnose the problems, you can’t be in this industry.”

The next phase of this electronic infrastructure is the introduction of the electronic shop manuals, beginning with the release of the 2012 Civic in April. This new format will be loaded with exciting new features such as interactive flow charts, step-by-step repairs, digitally created graphics, and steps to reassemble vehicle components.

A few months after the introduction of the all-electronic 2012 Civic shop manuals, the next generation of the HDS software will arrive. The release of this new software is scheduled for July, and it will allow technicians to see HDS and ISIS, side-by-side. In addition, the new software will automatically link to ISIS to look up the diagnostic trouble codes (DTC) reported by the HDS, eliminating the need for the technician to enter ISIS and search for DTCs.

The movement to electronic integration of repair information will not stop here. In the fall, a full integration will take place where ISIS will not only look up and deliver the troubleshooting for DTCs, but will also integrate the appropriate data values in the troubleshooting chart, making the diagnostic assessment much easier.

This new industry-leading way of providing electronic repair information to technicians is happening. Norm Reeves Honda Superstore West Covina has created its electronic service bays, and they are ready for the new service information. Are you? Don’t miss out on giving your technicians the opportunity to be more effective and efficient in repairing customers’ vehicles right the first time, every time.
Expand Your Reach
by Meliza Humphrey

Intensify your marketing with the new Lifetime Customer Care (LCC) 40K/100K targeted parts mailer

This is the first targeted marketing program within LCC to communicate to Lapsed and Inactive customers at 40,000 and 100,000 miles with specific offers for these common wear points.

Get a head start on selling parts now! Simply sign up for the program on LCC via iN one time and the mailers will be automatically sent every week to the appropriate customers.

Contact your LCC Marketing Consultant for enrollment information and to receive your estimated weekly counts and costs. Call LCC Program Headquarters at (800) 466-1810.
Collision Select
by Gary Ledoux

Onward and upward!

What a difference a few months can make! As the Collision Select program approaches its second birthday, we can look at back at its progress in several key categories and see just how far we have come.

**Transacting Body Shops and Dealers.** At the start of the program – in June, July, and August of 2009 – dealers were reluctant to enroll in a new program, use new technology, and engage in a new and different business model. Many dealers told us they didn’t want to join because they couldn’t find any shops that wanted to use the CollisionLink software. A few months later, while manning the Honda booth at the NACE show in Las Vegas, we started to see a turn-around. Shop owners stopped by to say that they had heard about the program and wanted to participate, but could not find a local dealer who was using CollisionLink! Soon, dealers began to enroll and funds were increased. Then the program really began to gain traction when, in January 2010, the Collision Select Market Managers field force was introduced. As you can see from the charts, objectives were “blown through the roof!”

**Conquest Parts Sales In Units.** As you can see on the chart, the number of parts conquered has skyrocketed to around 16,000 parts per month. Consider that these are 16,000 parts that otherwise may not have been sold!

Why is the Collision Select program and the use of CollisionLink so important?

**Electronic Commerce.** Vehicle manufacturers and car dealers have been connected electronically since the early 1980’s. Some readers of this article can probably remember the “dark ages” – the days of handwriting a parts order and mailing it to their respective OE prior to that time. No one wants to go back to that. And it’s time to move forward by completing the connection between the dealer and the wholesale customer using a medium that is faster, more efficient, and more effective.

**Shrinking Market.** In 1982, the body shop population in the U.S. was about 50,000. Today, that number, according to the U.S. Bureau of Labor Statistics, is a little over 35,000. The old business model of finding all the new body shops in town to generate new business is no longer sustainable. Securing more business, essentially “new” business – selling parts that would not have been sold if not for the program – from the same shop, is the business model for the foreseeable future.

**Lean Production.** Shops are moving to a lean-production model, removing all waste from the collision repair process. This includes the time wasted in securing parts. Electronic commerce helps support lean production, and helps support the direction of the industry.

**OE Parts Market Share.** As the aftermarket, parts-rebuilders, and parts-salvage industries grow stronger, better organized and more sophisticated aggregated OE parts use continues to shrink. According to Mitchell International – one of three major suppliers of collision estimating software in the U.S., OE content stood at 74.6% at the end of 2003. At the end of 2010, it stood at 66.4%. Use of CollisionLink and the Collision Select program is helping mitigate this trend.

Thanks for your continued support of the Collision Select program!
AOS: The Best Just Got Better
by Nina Bryson

Order accessories through AOS and get a 10% rebate

The months of July through September are exciting times to be a Honda dealer in the accessory business. Honda already has AOS (Automatic Order System) which helps dealers sell accessories, reduce inventory investment, and ensures that the accessories arrive at the same time or before vehicles arrive. Now, a great program gets even better!

During the promotion time period, participating dealers will receive a 10% rebate on any accessories that ship on AOS (excluding protection packages and touch up paint).

All dealers need to do is set up the vehicles and accessories on iN. Just go to Parts > Accessory Marketing > Promotion. Then click on Honda AOS Incentive Program and go to AOS Quick Start or AOS At A Glance for instructions on how to set up AOS for your dealership.

It’s just that easy! For example, your dealership might select 50% of Pilots to receive running boards and cargo nets, 25% of all CR-Vs to receive trailer hitches and door edge film, and 100% of Crosstours to receive body side moldings. You make the selections and let the system do the work. It’s automatic! Please contact your DPSM for additional information. Don’t wait – start earning your 10% rebate today!

AOS “LOOK AGAIN” PROGRAM RULES

– Individual accessories allocated and shipped on AOS between 7/1 – 9/30/11 will receive a 10% rebate. The rebate is 10% of Dealer Net price for all accessories shipped on AOS during this time, excluding protection packages and touch-up paint.

– Only accessories shipped through AOS qualify for the rebate.

– The rebate will be based on net purchases only. Purchases and returns will be monitored for these items during this period.

– The rebate will be paid every 30 days, by Aug. 5, Sept. 5, and Oct. 5, 2011.

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Honda Gets All Dressed Up for IndyCar
by Nina Bryson

Honda presence is strong at the series this season

As part of Honda’s sponsorship as the official engine supplier to the IndyCar Series for 2011, Honda National Advertising will participate in the IndyCar Fan Village at a number of U.S. based races this season. The Fan Village will provide Honda the opportunity to have a presence at ten Indy tracks, allowing race fans a chance to interact with our products and get a look into our rich racing heritage.

The goal of our participation in the Fan Village is to promote Honda as the Official Engine Supplier of the IndyCar Series, and showcase our two of our hottest products: the 2011 Mugen CR-Z and HFP Accord V6. An interactive vehicle display that will engage customers through on-site interactions including prizes and a sweepstakes, resulting in lead generation, sales conversions, and increased exposure via social media channels (Facebook and Twitter).

The events began in April and will run until October, at various locations throughout the racing season.

**HONDA DISPLAY SCHEDULE**

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<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>August 14</td>
<td>MoveThatBlock.com Indy 225,</td>
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<td></td>
<td>New Hampshire Motor Speedway</td>
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<tr>
<td>August 28</td>
<td>Indy Grand Prix of Sonoma, Infineon Raceway</td>
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<tr>
<td>September 4</td>
<td>Baltimore Grand Prix, Streets of Baltimore</td>
</tr>
<tr>
<td>October 2</td>
<td>Kentucky Indy 300, Kentucky Speedway</td>
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<tr>
<td>October 16</td>
<td>IZOD INDYCAR World Championships at Las Vegas, Las Vegas Motor Speedway</td>
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Please check out the Honda display at an IndyCar Series Fan Village near you.
Measuring the Heart of Honda Service
by Gail Rodkin

The Customer Service Experience (CSE) survey is a key tool to increase lifetime owner loyalty

At the heart of the Honda philosophy is the Honda Principle “Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality yet at a reasonable price for worldwide customer satisfaction.” Two key words of this principle are “customer satisfaction.” In order to know whether we are satisfying our customers, we have to be able to measure it. This is the purpose of the Customer Service Experience (CSE) survey. CSE measures whether customers are satisfied with their service experience. While Honda has several different satisfaction surveys, each measuring a different aspect of the ownership experience, CSE is one of the most important because customers who service at their dealership are more likely to come back to your dealership for service and to buy another Honda. A satisfying service experience is the start of lifetime owner loyalty.

CSE has two components: a phone survey and an e-mail survey. The phone survey is a tactical tool. It is designed for customer recovery. It provides a quick snapshot of your customer’s satisfaction level. That way you can quickly follow up with any dissatisfied customers and make things right. It is also the official measurement tool of the President’s Award. We realize that hearing from as many customers as possible is very important. At the request of the DAB, two years ago we increased the number of customers we contacted by phone.

Since we don’t take up too much of the customer’s time on the phone, we ask their permission to follow up with an e-survey that addresses each of your dealership’s processes. The main purpose of this survey is to take a longer-term view of what is working and not working at your dealership. While some dealers use this information for pay plans, it is really designed to determine if each of your processes is delivering what your customers want: convenience, quality, value, and good customer treatment. It will help you pinpoint where processes are breaking down, something the phone survey cannot do.

Some dealers feel the e-survey is a bit long; however, we have tested shorter versions and it has not increased the number of surveys returned. It just provided less information. Remember, this survey is not only used by dealers, but the quality information is used by the experts at AHM to better understand product problems in order to help you fix more cars right the first time. It is also used by AHM management to develop programs to address weaknesses identified and set objectives.

While there is no perfect survey system, AHM believes that by having two components, strategic and tactical, this provides the best of both worlds. The phone survey gives a quick read to let you know if any customers were not completely satisfied. However, fixing each person will not fix the root cause of the problem and does not help identify what processes have broken down. The e-survey allows you to systematically look at each process and determine whether they are working as intended. We also want to give each dealer the most accurate and highest volume of customer data. Therefore, we have automated rules to ensure only valid surveys get through. There is no secondary human interpretation of survey data as that can easily detract from the goal of process improvement. But most important of all, is to remember that behind each survey score is a person, and that taking care of the customer is the real reason we conduct these surveys, because if we take care of the customer they will be with us for life.
Honda Quality Hits the Sweet Spot

by Gail Rodkin

**Honda achieves its best-ever result in the 2011 J.D. Power Initial Quality Study (IQS)**

Honda was rewarded for its devotion to product quality and its laser-like focus on continuous improvement when J.D. Power and Associates recently announced that the Honda brand earned its best-ever ranking in its Initial Quality Study (IQS) for 2011, finishing second among all surveyed brands, including premium makes. Honda also led the industry in segment awards, with seven models earning the highest initial quality ranking in their respective segments, including its top-selling Accord and Civic models.

The JD Power IQS survey is an annual industrywide survey of new-car owners. Customers are surveyed after 90 days of ownership about the number and types of problems they have experienced. Results are categorized by quality of design and quality of production (defects and malfunctions).

American Honda Motor Co, Inc., was the highest-rated corporation this year, followed by Mercedes-Benz Cars and Toyota Motor Sales. This was due to Honda being the highest ranked Non-Premium nameplate and Acura being the second highest ranked Premium brand. In addition to the Accord and Civic leading their segments, the Fit, the Element and CR-V, the Ridgeline, and the Accord Crosstour each led in their segment. In fact, this was the second year in a row that the Accord Crosstour and the Accord received awards. Historically, Honda has done well in IQS, placing among the top 10 in the IQS in each of the past 6 years.

In the manufacturing realm, the 2011 study recognized three Honda plants for superior quality, including Honda’s newest U.S. auto plant in Greensburg, Ind. Honda Manufacturing of Indiana, producing the Civic Sedan, was one of only three plants worldwide to earn the Platinum Plant Quality Award. The Suzuka, Japan plant, line 1, earned a Silver Plant Quality Award, Asia Pacific (tie), for production of Civic and Insight, while the East Liberty, Ohio, plant took home a Bronze Plant Quality Award, North/South America, for production of the Accord Crosstour, CR-V, and Element.

During the past 6 years, the industry has improved at an average annual rate of 3%. Overall initial quality at the industry level in 2011 is stronger than it has been in the past 6 years. Lexus was the highest ranked brand in the industry. The most improved brands were Mazda, Toyota, and GMC. In contrast, Ford incurred the highest-increase in problems. Much of this was attributable to **Hands-free communication does not recognize command** and is attributed to the introduction of MyFord Touch. In fact, across the industry the Audio/Entertainment/Navigation category had the greatest increase in problems from 2010, with **Hands-free communication does not recognize command** alone accounting for the second-most-frequently reported problem, after **Excessive wind noise**. According to J.D. Power in its Executive Summary of the study, “[The hands-free] issue is becoming critical in the industry, as an increasing number of models are equipped with hands-free technology. In 2006, **Hands-free communication does not recognize command** was not even among the top 20 overall industry problems.”
Looking Down the Road

Dealer Recognition

These dealers had the greatest lift in Fixed Overhead Coverage, when comparing 12-month rolling FOC values from June 2010-May 2011 vs. June 2009-May 2010.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Zone</th>
<th>District</th>
<th>Dealer Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6</td>
<td>G</td>
<td>Beckley Honda</td>
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<tr>
<td>2</td>
<td>2</td>
<td>F</td>
<td>Honda of Casper</td>
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<td>J</td>
<td>Hamilton Honda</td>
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<td>3</td>
<td>H</td>
<td>Teeter Honda</td>
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<td>G</td>
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<tr>
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<td>9</td>
<td>J</td>
<td>Griffeth Honda</td>
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<tr>
<td>7</td>
<td>7</td>
<td>F</td>
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<td>B</td>
<td>Fenton Honda Of Ardmore</td>
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<tr>
<td>9</td>
<td>8</td>
<td>H</td>
<td>Frank Leta Honda</td>
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<tr>
<td>10</td>
<td>6</td>
<td>A</td>
<td>College Park Honda</td>
</tr>
</tbody>
</table>

Customer Pay Repair Order Growth Rate

These dealers had the greatest combined Customer Pay and Express RO Count Growth Rate, comparing January-May 2011 to January-May 2010.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Zone</th>
<th>District</th>
<th>Dealer Name</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Jay Lee’s Honda of Sumner</td>
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<tr>
<td>2</td>
<td>6</td>
<td>M</td>
<td>Stevenson Honda of Goldsboro</td>
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<td>F</td>
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<td>5</td>
<td>3</td>
<td>C</td>
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<td>6</td>
<td>5</td>
<td>J</td>
<td>Hamilton Honda</td>
</tr>
<tr>
<td>7</td>
<td>5</td>
<td>M</td>
<td>Ciocca Honda</td>
</tr>
<tr>
<td>8</td>
<td>4</td>
<td>C</td>
<td>Don Ayres Honda</td>
</tr>
<tr>
<td>9</td>
<td>7</td>
<td>H</td>
<td>Coggin Deland Honda</td>
</tr>
<tr>
<td>10</td>
<td>4</td>
<td>C</td>
<td>Betten Honda</td>
</tr>
</tbody>
</table>
TOP 10

PERCENTAGE OF ACTIVE CUSTOMERS

These dealers had the highest number of Active customers as a percentage of total customers, May 2011.

<table>
<thead>
<tr>
<th>Zone</th>
<th>District</th>
<th>Dealer</th>
<th>Dealer Name</th>
<th>Loyalty %</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>C</td>
<td>206733</td>
<td>Don Ayres Honda</td>
<td>73.7%</td>
</tr>
<tr>
<td>4</td>
<td>C</td>
<td>208405</td>
<td>Rivertown Honda</td>
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<tr>
<td>5</td>
<td>M</td>
<td>207794</td>
<td>Ebersole Honda</td>
<td>65.7%</td>
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<tr>
<td>10</td>
<td>D</td>
<td>208011</td>
<td>Arrowhead Honda</td>
<td>63.8%</td>
</tr>
<tr>
<td>7</td>
<td>A</td>
<td>207626</td>
<td>Darrell Waltrip Honda</td>
<td>63.7%</td>
</tr>
<tr>
<td>8</td>
<td>K</td>
<td>206773</td>
<td>Don Wessel Honda</td>
<td>63.4%</td>
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<tr>
<td>8</td>
<td>L</td>
<td>208445</td>
<td>Honda of Ames</td>
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<tr>
<td>2</td>
<td>F</td>
<td>206876</td>
<td>Vern Eide Honda</td>
<td>63.3%</td>
</tr>
<tr>
<td>4</td>
<td>F</td>
<td>206747</td>
<td>Roush Honda</td>
<td>63.3%</td>
</tr>
<tr>
<td>4</td>
<td>B</td>
<td>207752</td>
<td>Fischer Honda</td>
<td>63.1%</td>
</tr>
</tbody>
</table>
Depending on your perspective, the winter of 2010-2011 in Syracuse, New York, was either very tough – if you had to clear your driveway with a snow shovel – or very good – if you’re in the business of selling collision parts. A number of snowstorms dumped more than four feet of snow in the area, making driving treacherous on many occasions.

For Joshua Callahan, Parts Manager at Lamacchia Honda in Syracuse, the winter season created a lot of sales opportunities, including opportunities to sell more replacement service wheels. Joshua observed that this is due, in no small, part to the recent initiative to attach a core value to all service wheels. He noted, “Here in the northeast, we’ve had a lot of bad weather, a lot of accidents, and a lot of calls for replacement wheels. This caused the aftermarket supplies to be quickly exhausted; and then the shops started calling us. This winter we have seen more wheel sales for Civic and Accord models than ever before. I know the aftermarket suppliers were shipping wheels from other parts of the country, but by the time they pay to ship the wheel out here, it’s not profitable for them – not at the prices they charge. That’s not a sustainable business model.”

Joshua, who has been at Lamacchia Honda for seven years, and Parts Manager for two, remarked, ’I realize this is a long-term program. Next year will be even better for wheel sales, and each [subsequent] year will be better still.’ Since the program’s inception in September 2010, American Honda has collected over 35,000 cores for replacement service wheels. Note: The program does not apply a core value to steel wheels or accessory wheels.

Looking at the larger picture, Joshua mused, “I understand the concept of recycling – being environmentally responsible, and creating new opportunities. Perhaps the concept could be extended to other parts?”

Not a bad idea, Joshua. We’ll give it some thought.
Genuinely Speaking

Protecting the Honda Genuine Parts brand through heightened awareness of counterfeit parts availability

In the last issue of Looking Down the Road, I outlined the importance of educating consumers about the value of Honda Genuine Parts. We are currently developing a website to underscore this message and provide a comprehensive source of information so that consumers can fully understand their right to have their Honda repaired to the safest and best possible condition. We estimate that the completion of this site will be soon after the end of this year. Until then, there are other sources of information to help consumers understand the benefits of genuine parts.

Recently, American Honda has released a series of position statements explaining why only Honda Genuine Parts should be used to repair a Honda vehicle. If you have not read these, I encourage you to take the time to familiarize yourself with our statements. They can be found on iN, under Parts Marketing > Collision Parts > Important Links. We’ve also begun to develop additional pamphlets like the one we produced last fall, entitled “Restoring Your Honda to Its Original Condition.” This document explains the importance of using Honda Genuine Parts, and can be ordered via iN under reorder part number: Y0769.

Finally, we’ve taken an aggressive approach to heightening dealer awareness of counterfeit Honda parts. Yes, they’re out there! Unfortunately, some dealers – apparently unknowingly – have purchased parts they assumed to be authentic. Only upon failure did they learn their supplier had sold them counterfeit parts. We believe that this failure is not worth the risk! Because of this, we’ve put together a group of associates to work on educating both dealers and consumers to the value of using Honda Genuine Parts, and to address the unfortunate issues arising from the failure of counterfeit parts. Again, only by using Honda Genuine Parts purchased from American Honda can your customers be assured of the quality they expect from our brand, and yours. I’ll continue to update dealers and your Dealer Advisory Board about our activities in this area.

If you have any input or suggestions as we work on these topics, I welcome your comments.

Bruce Smith
Vice President
Parts Operations
Look for your Fixed Operations Toolbox!

YOUR TOOLBOX INCLUDES:

1. Dealer Service Market Performance Report
2. Dealer Service Retention Performance
3. FOC Financial Health Awareness Tool
4. ServiceSmarts® Online
5. Service Reminder System (SRS)
6. Service Prospecting System (SPS)

Fixed Operations Dealership Toolbox