



2006 Customer Delight Study

Prepared by Dr. Darrel Edwards, Ph.D., CEO

Contact: Dr. Darrel Edwards or Alexander Edwards at 858.576.7141

Breaking the Code: Understanding Customer Delight

Strategic Vision's highest demand that vehicles should Delight drivers is met by only a few competitors. Attaining the highest standard on Delight scales defines just what "breaking the code" means. *Customer Delight* – The most stringent measure of the vehicles made by drivers captures the emotional response to each of the attributes that is measured in the study. The criteria are no respecter of class – just performance. Code breakers (1) clearly lead on the strongest factors for their respective segments, (2) are clearly ahead of the nearest competition, and (3) have important strengths that set them apart from others in their segments. If any aspect of a vehicle shows any weakness, it may be strong but it does not stand up as a segment leader with characteristics that will make it a winner over and over.

Leaders demonstrate foundational strengths that create a sense of security for the drivers and add substantial leverage in (1) performance, (2) design, (3) innovation and (4) thoughtfulness over their competition. To break the code and deliver just what your customers are looking for requires major support from design, engineering, and marketing working together. You must understand your customers:

- Know what is important;
- Be able to see the vision;
- Execute the vision in product.
-

Leaders deliver the customers' desires and the manufacturers' vision. The Honda Civic, the Dodge Charger, The Mercedes S-Class, and the Honda Ridgeline all have broken the code. Dr. Darrel Edwards, CEO, Founder of and Creative Director for Strategic Vision states; "The ability of a vehicle to be a true leader in Customer Delight means that it delivers a complete, positive emotional experience that is worth the price." These vehicles can be expected to be strong for years. These vehicles are models of what the industry should deliver."

The Delight for vehicles in each segment is calculated from the responses of over 95,000 new vehicle owners who made their purchases between September 2005 and April 2006. They have owned their vehicles for at least 90 days, and the primary driver of the vehicle was surveyed. Leaders among cars and trucks are presented separately with the clear code breakers in bold relief.

2006 CARS

Small Car	Honda Civic
Small Multi-Function	Chrysler PT Cruiser
Medium Car	Kia Optima
Medium M-Function	Madza6 Wagon
Large Car	Dodge Charger
Near Luxury Car	BMW 3-Series
Luxury M-Function	Mercedes R-Class Wagon
Luxury Car	Mercedes S-Class Sedan
Small Special <\$25K	Mini Cooper
Small Special >\$25K	Porsche 911
Mid-Specialty	Honda Accord Coupe
Convertible <30K	Mini Cooper Convertible
Convertible >30K	Lexus SC430

2006 TRUCKS

Minivan	Kia Sedona
Small SUV	Saturn Vue
Medium Crossover SUV	Honda Pilot
Medium SUV	GMC Envoy
Large SUV	Nissan Armada
Near Luxury SUV	BMW X3
Luxury SUV	Mercedes ML Class
Compact Pickup	Honda Ridgeline
Full-Size Pickup	Chevy Avalanche 1500
Heavy-Duty Pickup	Chevy Silverado 2500/3500

The product segmentation is a “floating rendition” of an amalgam of the several products segmentations used throughout the industry. Although you may use a different one for your purposes, the code breakers would be leaders almost anywhere you place them.

Now common language in most industries, Strategic Vision's development of Value Added language 30 years ago has created a new view of Product Delivery. Product characteristics can be separated into two complementary classes:

Foundational Variables

Security and in some cases Freedom provide the basis for consideration of a vehicle in the "second" pass on evaluations. While excitement and interest may lead to initial consideration, when the buyers get serious, they are looking for a vehicle that delivers the basics plus the Value Added characteristics that create Delight. Foundational Variables cannot be preempted in ways that will lead to a lasting positive difference. You may have an advantage – the competition might be deficit, but when the competition gains ground, you will not be given credit for your past advantage. While you might be remembered for your strength, it will not predict your being chosen over the competition since the competition will be judged as being comparable once deficits have been corrected (e.g. Volvo Safety vs. Mercedes, Lexus or even BMW.)

In so far as a vehicle performs well on Foundational measures associated with Security and Safety, for example, it has a chance of leading the competition on key Leverageable aspects and being reported by its owners as being "Best Vehicle in Class." If the Foundation (perhaps, Reliability and Quality Cues) is weaker than the competition's position, Leverage has a steep hill to climb to create a leader. You will typically see that a "Best Vehicle" includes leading scores that show the vehicle Delights its owners on attributes linked to Security. You can be a leader in Security and have a strong position in the market; but if you can capture Delight on key Leverageable factors in addition, you will have greater Loyalty and an even stronger position in your customers' minds and hearts with leadership on rational and emotional variables.

Leverageable Variables

That's Leverag-e-able: with an "e." The word still does not appear in standard dictionaries, but is now used to characterize design, engineering, R&D on product and package. Leverageable Variables deliver Security + Freedom or Esteem or a sense of Harmony. Herein the drivers find "Value Added" characteristics that fit their value systems and their emotional priorities. Simply put, Leverageable Variables (1) Move you towards the Ideal and away from your competition; (2) Can be preempted in ways that will lead to lasting positive distinctions; and (3) If you can create an Image associated with the advantage, you can have a lasting edge -- even if the competition begins to catch up on key attributes, your position will remain strong if you choose to defend your position. Your Leverage needs support on three simple aspects of developing a position:

Be ...

- Preemptable
- Deliverable and
- Defendable.

Thoughtfulness

Also common in the parlance in most industries, Strategic Vision's created the concept "Thoughtfulness" in 1976 to understand excellence in design that helps us understand innovation and product delivery. Thoughtfulness creates a sense of added Freedom (and sometimes Security) to one's interaction with a product. Thoughtful products and packages are designed in ways that reflect moving the product closer to the Ideal in functional ways. Thus, we have yet other inventions from Strategic Vision in 1976: "Functional Luxury" and "Functional Innovation." For "luxury" to be "luxury" any more requires the added characteristics to have a purpose or (if at its essence) having no purpose, it must not interfere or detract in any way. For "innovation" to be "innovation," it must be offered with the consumer in mind and how one must interact with the product or package. Making one's interaction with a product or package easier, more convenient, more comfortable, or more intuitive creates Thoughtful Design or Innovation or Luxury.

The effect of thoughtful design or engineering is multiplied by the frequency with which one has to interact with the aspect of the product that has been thoughtfully designed or engineered (e.g. interior door handle or instrument panel in a vehicle). It is also multiplied by the inverse of the effort or energy saved by the thoughtful design or engineering (e.g. 1/10 as difficult = 10x's easier). Thoughtful Design or Engineering shows a clear connection to the customer and a dedication of the manufacturer to the customer.

And the automotive industry ...

Where do we find the impact of having a solid foundation, value added leverage and thoughtfulness more apparent than in the execution of an automobile. It is both Package and Product. Interactions with certain aspects of a vehicle occur every second we are in the vehicle in some cases. Performance on foundational and leverageable factors is critical.

Delight and the Best Vehicles for 2006

In order to capture the strengths associated with the concepts that operate within the automotive industry, Dr. Darrel Edwards developed “Delight” and The Edwards Delight Scale®. Delight assesses performance one attribute at a time covering 140 attributes. To be a strong vehicle on the Edwards Delight Scale® requires being able to score over 500.

Delight demands top box scoring – it’s all or nothing. There is no approximation. Delight is the most stringent measure of Performance in the industry. Delight requires exceptional Performance on key Attributes that define a segment. Not all segments present the Opportunity for vehicles to score strongly on all variables that are being measured. For example, not all vehicles are versatile; e.g. not all vehicles even propose that they deliver exceptional storage; e.g. not all vehicles intend to provide Delightful acceleration. This consideration needs to be taken into account when measuring each vehicle within a segment. Importance in the defined segment must be considered. Performance against importance is an essential aspect of the measure. Strategic Vision’s CDI (Customer Delight Index)™ reflects the salience of each Attribute and takes importance into account when defining CDI. The scale allows you to determine Delight and examine the full scale to determine more general strength as reflected in Total Quality calculations.

- A vehicle that scores in the 500 range is strong.
- A vehicle that score in the 600 range is exceptional
- A vehicle that scores 700+ is exceptionally Delightful

A vehicle that “Delights” more than 60% of their customers is exceptionally strong.

Breaking the Code

Four vehicles are “Best Vehicles for 2006,” measured by Delight and its stringent demands and being strong on all aspects of its profile: (1) on most important factors for the segment; (2) when measured against its closest competitor; and (3) on its own strengths that are also important to the owner/drivers of the vehicles. Let’s take a look at the top four:

Honda Civic

The Civic has received accolades throughout the year (*Motor Trend’s*, Car of the Year). Little wonder that it Delights its owners beyond any competitive position, scoring almost 100 points more than its competition (Civic Delight = 665). If you get them into a Civic, they are Delighted. The % of owners Delighted clearly shows Civic’s strengths (60-70%). Its Overall position, including its Image, creates positive winning leadership that will be hard to beat in the near term. Beating the competition means creating a winning Image plus a Thoughtful, Quality Interior.

When you consider Honda's strengths on foundational issues that create Security and Value Added elements that create leverage, the same message is clear. The differences are amazing: Honda is expected to be reliable and durable plus delivering Delightful performance, thoughtful design, innovation and the highest quality workmanship. This formula: Foundation + Leverage = Success is clearly demonstrated by Honda Civic.

Dodge Charger

With several new entries, the innovative Charger had significant competition but was so strong that it could present a significant challenge over the next couple of years (Delight CDI = 731). With Charger and 300C (third place), The Chrysler Group has a strong position in this segment of Large Cars (rear wheel and four doors) created by vehicles that deliver performance in addition to providing a strong sense of security in the quality and value of the products. Chargers 70+% marks are exceptional. It is performance and thoughtfulness and solid, reliable construction that is truly outstanding. Against the Azera (amazing in its own rights), the Charger creates an image through style and performance that is truly exceptional – no ... Delightful ... producing a complete emotional experience for the driver. The Charger's strengths are exceptional when measured against the demands of the scale to produce such a profile. While style is reflected in image, foundational attributes form a base from which the Charger can compete for a long time. Charger follows the prime directive: Foundation First + Leverageable Value Added.

Mercedes S-Class

In the strongest class in the industry, Mercedes has taken a giant step forward. Without weaknesses shown in the strong Audi products (leaders last year), Mercedes introduced their 2007-designated product early reflecting innovation and freshness that creates winners. Mercedes shows outstanding strengths that you expect only in a Luxury Class but do not expect such strengths across the board reported by these demanding customers. Foundation provides the ground; design shows Innovation; and performance is the finishing touch. Against a continuing strong Audi, Mercedes S-Class shows strengths that make it a leader with exceptional performance and thoughtfulness on top of the reliability, durability, and quality expected in a luxury vehicle . When addressing its strengths, the S-Class shows luxury features associated with room, comfort and ease that will be hard to surpass soon.

The Honda Ridgeline

It has historically been difficult for a pickup to deliver the Delight the drivers desired. Especially among the smaller (often underpowered) Compacts one could find weaknesses and compromises throughout the segment. Not so with the Ridgeline from Honda. Winner of *Motor Trend's* Truck of the Year, it was easily recognized as something special. Ridgeline's strengths cross most significant aspects for the class making it the clear leader delivering foundational quality and leverageable performance and thoughtfulness. Even against its closest competitor, Ridgeline's strengths are so apparent that it is likely to be a leader for several years. Ridgeline's superiority is in its Thoughtfulness across major dimensions from the exterior and storage to the interior, doing exactly what a pickup should do. Even with deficits in towing capacity, the owners get just what they want.

Special Brands

While only the four clearly met all the criteria for Best of 2006, two brands and several other vehicles came close. One brand and one model require some special attention.

The Mini Cooper

Mini Cooper is a special case. Whether in a sports coupe or convertible, Mini is hard to beat with its exceptional "added value." They too have broken the code, but they failed to meet all the criteria that set the others apart from the rest: Mini Cooper has not been able to run away from its competition. The reason may be just as simple as the all members in the segments have reached near perfection. Yet, an examination of the segments (Small Specialty and Convertible) shows that the Mini can improve its interior workmanship and its durability when compared to its close competition and the segment.

BMW 3-Series

When you consider its strengths, the 3-Series is hard to beat. It clearly is a strong leader in its competitive segment, but it can do some significant things to move away from the competition: strengthen the presentation of Quality Cues that deliver strong messages to customers in the segment. Quality Cues imply Reliability, Durability, Thoughtfulness and Overall Value. When the 3-Series competes with Lexus, Lexus has advantage on Quality Cues; but the 3-Series is so strong that it will always be a class, high-mark in the segment that others will have to beat.

The Industry Overall

Of course, you can be strong for your customers across all makes and models within your corporate lineup. It's a difficult task. You must know your customers. You must be able to consistently deliver against that knowledge. Volkswagen/Audi of Volkswagen of America does just that. Its vehicles are generally competitors: the Bug, Passat, A4, A6 and A8 have been strong competitors or segment leaders. Honda and Toyota also set high corporate standards, scoring just behind Volkswagen, in establishing the top tier. Honda is significantly stronger than Toyota in consistently Delighting their customers. Nissan is a close fourth to Toyota. With the tremendous variation among its products, General Motors and The Chrysler Group show that quality control of the total corporate process is not as completely developed as it could be.

Strategic Vision

Strategic Vision has worldwide experience developing tools to measure decision-making, human behavior, attitudes, and perceptions. This globally relevant, comprehensive theory of human behavior creates the most effective decision-making, service, and product driven strategies. Clients include various automotive manufacturers, as well as institutions, many Fortune 100 companies, and governments worldwide. For more information contact Dr. Darrel Edwards, Ph.D. Clinical Psychology, Philosophy and Religion, CEO, Founder and Creative Director or Alexander Edwards, B.S. Cognitive and Behavioral Psychology, President of Automotive Division, StrategicVision Worldwide at (858) 576-7141 darrel.edwards@strategicvision.com creator of ValueCentered Psychology and the Delight & Opportunity measurement system and its complex and insightful application to automotive or alexander.edwards@strategicvision.com industry leading consultant and practitioner of ValueCentered Psychology and the Delight & Opportunity measurement system and its application to automotive or visit www.strategicvision.com. Strategic Vision offers seminars in correct decision-making, management, and communication in the industry.