

Project Charter

New Vehicle Initial Quality Benchmarking Study

1 Project Purpose or Justification

The purpose of this project is to come out with an annual **independent and unbiased benchmarking study** on the number of problems experienced by new vehicle owners in India at 2 to 6 months of ownership. The study is aimed to provide automakers with key metrics on new vehicle quality that helps them constantly design and produce models that achieve the extraordinary levels of initial quality that consumers have come to expect.

Today there is no independent, unbiased and reliable quality benchmark study, that is based on the Voice-of-the-customer, available in the market. The warranty data only provides information about manufacturing defects or failures but misses out problems related to vehicle design. Some manufacturers do conduct their own proprietary customer surveys, but that does not have benchmarking information.

The project is important to meet the key need of the industry for an independent and unbiased metric on vehicle quality that is based on the feedback of **verified** vehicle owners. It will help the automotive industry build better quality vehicles and raise the awareness of vehicle quality among customers. After all, vehicle quality is one of the key reasons for purchase.

When the project is completed, key study findings, including model level rankings, will be published in the media and trophies will be presented to the highest ranked models in their respective segments. The detailed study findings will be provided on annual subscription basis to vehicle manufacturers and other industry players keen on benchmarking and tracking their quality performance against other automakers. Vehicle engineers will be able to use the detailed findings to gain an in-depth understanding of the problems reported by their own customers vis-à-vis competition, undertake comprehensive root cause analysis, plan countermeasures and implement quality improvements.

Going by preliminary estimates, **the potential revenue upside is about USD 1 million**. 10 vehicle manufacturers have shown their interest to subscribe to this study. Additional upside exists in terms of ad-claim licensing fee from models that get ranked highest in their segments. Furthermore, potential opportunities for proprietary tracking and vehicle consulting engagements are likely to provide more upside. The study will break-even with minimum of 2 subscribers.

2 Measurable project objectives and related success criteria

Project Objectives	Success Criteria
The proposed new vehicle quality benchmark study that costs no more than USD 200,000 (including labor and fieldwork costs) to execute, will help the company earn a revenue of approx. USD 1 million, when the results are published on 31 September 2021.	Fieldwork and labor costs not to exceed USD 200,000.
	14 confirmed subscribers when the study is published. At least 5 of this should be confirmed by 31 April 2021, when the project is officially kicked off and communicated with clients.
	At least 3 ad-claim license agreements for the highest ranked models in the study.
Proprietary Tracking Studies based on the benchmark study model to provide additional upside	At least 2 clients to be on-board by June 31, 2021
Consulting opportunities – On new Product Development and Manufacturing Quality Improvement to provide additional upside	At least 2 opportunities by December 30, 2021

3 High-Level Requirements

1. The project should provide the industry with an independent, unbiased and reliable benchmark metric on vehicle quality performance. The study will provide information on key performance indicators, drivers, and comparisons of how companies perform relative to their competitors.
2. Study subscribers will be able to gain insight into the issues of build quality and design quality by make, model, body style, vehicle segment, and vehicle plant assembly line which help automakers to understand which new models provide the most problem free experience, how vehicle problems influence customer satisfaction and advocacy, establish priorities for future model development
3. The study results should be accessible on an interactive web-based client deliverable platform that allows clients to conduct their own analysis.

4 Assumptions and Constraints

1. The overall sample size for the study will be limited to 6,000 samples. The sufficient sample criteria for any aggregation is 100 or more. Only sufficient sample models will be ranked in the study. The maximum number of samples at a model-level will be restricted to 200 numbers. This is being done to limit the overall cost for the study and complete it within target timelines.
2. All the respondents will be recruited through random street intercept and verified against their vehicle registration document. Samples without this information will be disqualified as respondents. The respondents need to be the owner and principal maintainer of their vehicle. They will be considered as owners if the vehicle is registered in their name. A screener questionnaire will be deployed to exclude respondents who work for any automotive company, advertising firm or market research to eliminate any bias in the data collected.
3. All interviews will be conducted using a tablet device and customer responses recorded. Call-back and tape audits will be conducted. This is being done to improve the quality of data collected.
4. To meet the deadline of the report being published on March 31, 2021, the fieldwork needs to start by May 1, 2021. The survey fieldwork needs to be completed within 4 months (from May 2021 to September 2021) to enable the team to publish the study by end-March 2021. The project schedule may be impacted by prevailing social and weather conditions in different parts of the country.
5. The sample plan will include all models that represent at least 70% of the overall passenger vehicle market in the country.
6. Only personal usage vehicles are being covered in the scope of the study. Vehicles used as taxis and fleets are excluded from the study.
7. The survey will be conducted in top 40 cities of India which account for 50% of the total vehicles sold in the country.

5 High-level risks

1. Social and weather conditions (rainy season and COVID-19) may impact the fieldwork schedule in several cities in India where we plan to conduct face to face interviews through random street intercept. This could delay the completion of fieldwork and release of study findings from the target date of March 31, 2021.
2. It is likely that in spite of best efforts of the fieldwork team, sample counts for some models may not reach the sufficient sample count of 100 or more. Models with small (30-99 samples) and insufficient (less than 30 samples) will not be ranked in their respective segments. This may result in clients not subscribing to the study.
3. Significant changes in model level vehicle sales during the study eligibility period could impact model-level sample achievement.

6 Summary Milestone Schedule

1. Finalization of Survey Questionnaire – April 22, 2021
2. Launch of survey fieldwork – May 2,
3. Completion of survey fieldwork – August 15, 2021
4. Completion of study analysis, reporting and press release – September 28, 2021
5. Release of study findings to the media and subscribing clients – September 31, 2021

7 Summary Budget

1. Cost of survey fieldwork for 6,000 samples – USD 100,000
2. Internal labor costs:
 - a. Sourcing Associate – 1 no. X 3 man days X USD 400/day = USD 1,200
 - b. Fieldwork associates – 2 nos. X 15 man days X USD 400/ day = USD 12,000
 - c. Data Processing associate – 1 no. X 15 man days X USD 400/day = USD 6,000
 - d. Research Analyst – 1 no. X 15 man days X USD 600/day = USD 9,000
 - e. Project Manager – 1 no. X 30 man days X USD 800/day = USD 24,000
 - f. Research Director – 1 no. X 10 man days X USD 1,200/day = USD 12,000
 - g. Internal Labor burden (55%) = USD 35,000

TOTAL labor costs = USD 99,200

3. Expected Study Revenue
 - a. No. of subscribing clients = 10
 - b. Average study subscription fee = USD 50,000
 - c. Total revenue = USD 500,000
4. Contribution margin = 60%