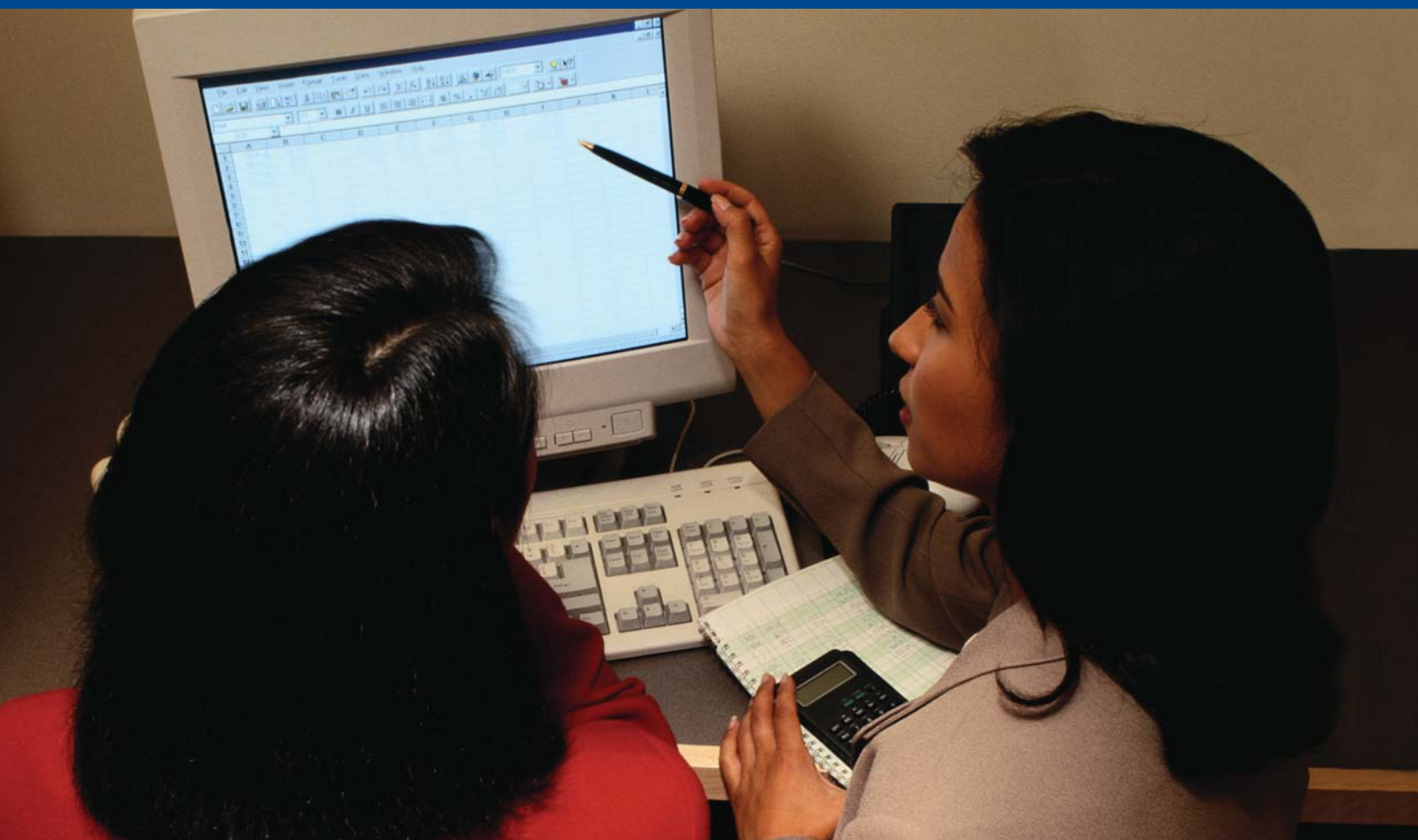


2003 Dealership Satisfaction Survey



with **Dealership
Management Systems**
Products and Services



In 2003, the NADA Information Technology Committee commissioned its third research study to determine dealership satisfaction with Dealer System Providers (DSP). The objective of the study was to help improve the quality of DSP Dealership Management Systems (DMS) provided to dealers. The research company selected to conduct this study was Friedman-Swift Associates. They interviewed five groups of management personnel in dealerships nationwide to gain a broad perspective of DSP satisfaction: dealer principals and general managers, sales managers, office managers and controllers, service managers and parts managers.

For this study Friedman-Swift completed telephone interviews with 1,460 dealership personnel between July 2003 and August 2003. Infiniti, Lexus and Saturn dealerships were excluded from this study because their DSP vendors are factory-mandated.

Each DSP vendor included in this study had its survey data weighted to reflect estimated market share. The study was designed so that each DSP vendor's results would have a maximum margin of error of +/- 7.0 percent. The margin of error for the total sample was +/- 2.5 percent.

DSP vendors displayed in the accompanying figures who achieved results statistically above the industry average in this study are shown in blue. Vendors whose results were statistically equivalent to the industry average are depicted in green. Vendors with results statistically below the industry average are shown in purple.

DSP Vendors Used in this Study	Estimated Market Share
Reynolds & Reynolds	36%
ADP	35%
UCS	7%
Adam	6%
Autosoft	5%
EDS	5%
Auto/Mate	1%
DPC	1%
Dubuque (DDS)	1%
Jarvis	1%
PBS	1%
ACS	0.4%

Survey results have been weighted to reflect estimated market share by vendor.

2003 SURVEY RESEARCH OBJECTIVES

The purpose of this study was to show DSP vendors how to better serve dealerships, with the goal being for every DSP vendor to achieve a 90 percent rating in overall satisfaction (similar to generally accepted CSI goals) as well as satisfaction with specific aspects of their services and products.

The Dealer Satisfaction Triangle (Figure 1) depicts these fundamental measurements visually. At the base of the triangle is the level of *Overall Satisfaction* – how well DSP vendors meet dealerships’ everyday needs. In the middle is the level of *Repurchase Intention* – how likely a dealer is to continue using the DSP vendor after the contract term expires. At the very top is the level of *Recommendation* – how many dealership personnel are so pleased with their DSP vendor that they would recommend that vendor to other dealerships.

OVERALL DEALER SATISFACTION WITH DSP VENDORS INCREASED

The increase in *Overall Satisfaction* (Figure 2) with DSP vendors that was seen in the 2001 study continued in 2003. Satisfaction increased from 71 percent in 2001 to 82 percent in 2003, moving closer to NADA’s 90 percent satisfaction goal. Examining overall dealership satisfaction by DSP vendor (Figure 3) shows that there is significant variation among vendors with satisfaction rates ranging from 93 percent down to 69 percent satisfaction. Among DSP vendors, Jarvis and Auto/Mate achieved the highest satisfaction ratings and met or surpassed the NADA goal of 90 percent for satisfaction.

FIGURE 1

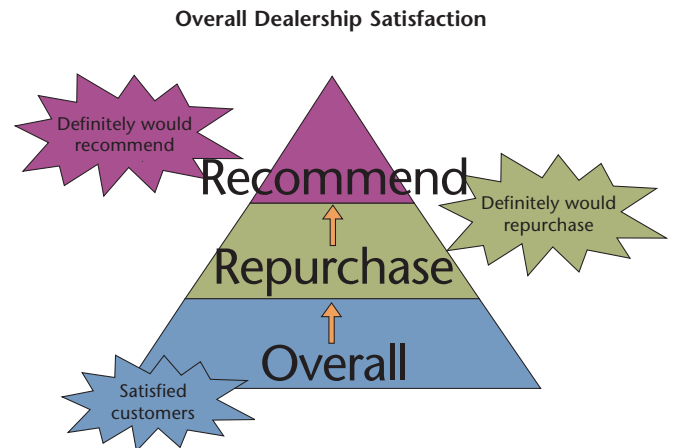


FIGURE 2

How satisfied are you overall with the products and services received from (your DSP vendor)?

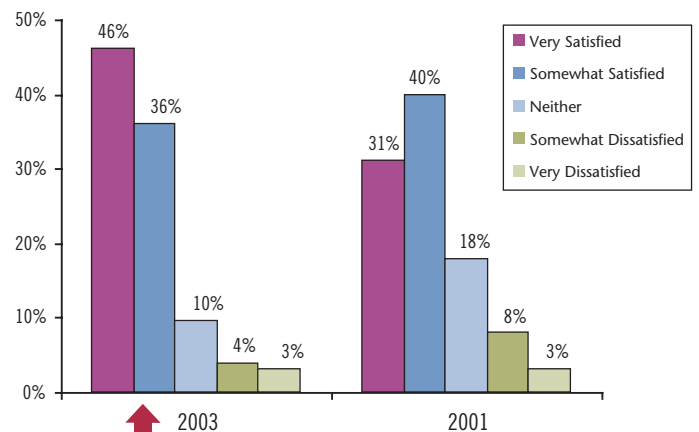
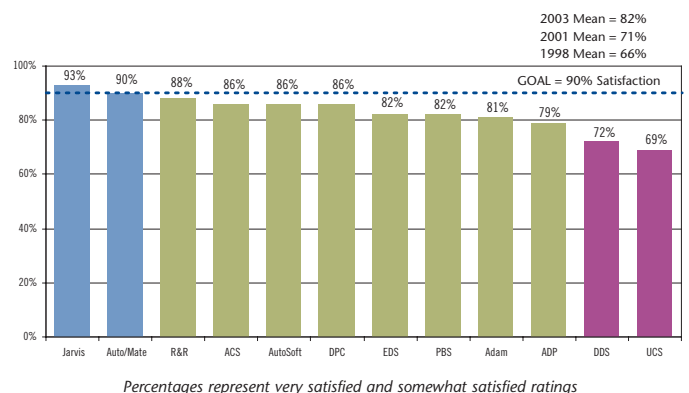


FIGURE 3

How satisfied are you overall with the products and services received from (your DSP vendor)?



Once again in 2003, the industry *Repurchase Intention* rate (Figure 4) shows half (53 percent) of all dealers indicating that they intend to renew their contract with their current DSP vendor. The percent of dealers indicating that they plan to switch DSP vendors has remained statistically unchanged from 18 percent in 2001 to 14 percent in 2003. The role played by *price* in the decision process appears to be increasing. Over one-third (37 percent) of dealers who indicated that they plan to or do not know if they will switch DSP vendors when their contract is up cited desire for a lower price as the reason they plan to switch. This percentage has increased from 20 percent in 2001.

The *Recommendation* rate did not change between 2001 (54 percent) and 2003 (55 percent) as half of all survey respondents indicated that they are very likely to recommend their DSP vendor to another dealership. One of the main reasons mentioned by respondents who were not at all likely to recommend their DSP vendor to another dealership was price (too expensive/not cost effective). Dealer principals, owners, and general managers were least likely to recommend their DSP vendor in comparison to the other management personnel.

The percentage of dealership personnel who were very likely to recommend their DSP vendor to another dealership varied from 79 percent down to 38 percent (Figure 5). The DSP vendors with the highest percentages of respondents who would be very likely to recommend them to another dealership were Auto/Mate, Jarvis and DPC.

FIGURE 4

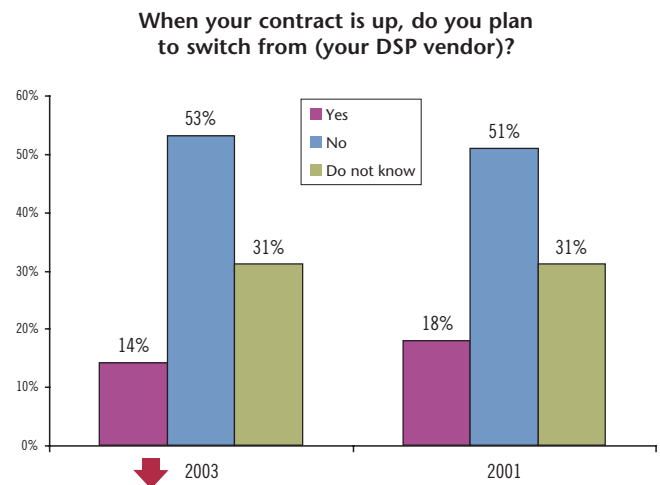


FIGURE 5

Would you be very likely, somewhat likely or not at all likely to recommend (your DSP vendor) to another dealership?

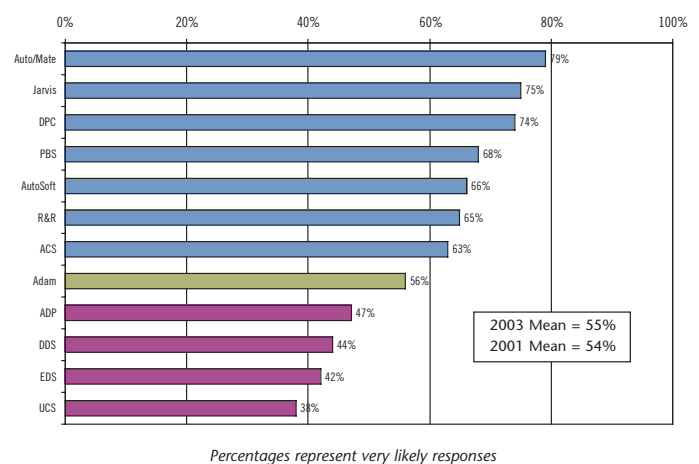
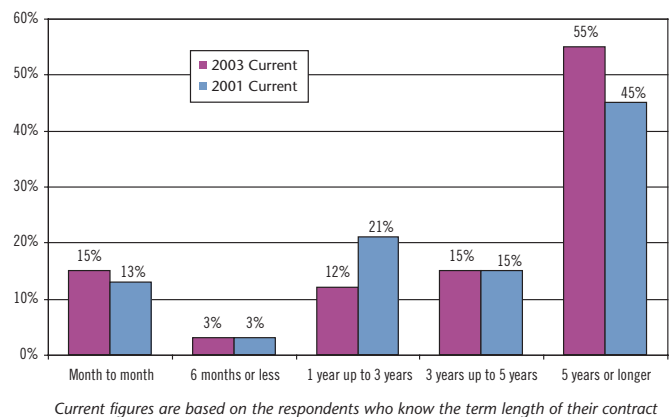


FIGURE 6

Current Contract Length

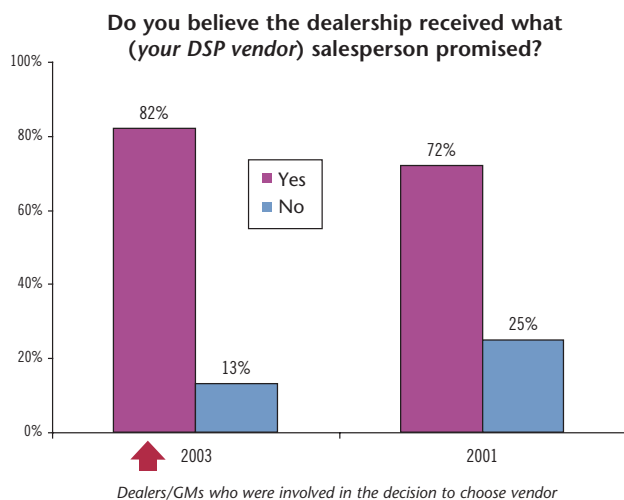


SATISFACTION WITH THE DSP SALES PROCESS INCREASED

Fifty-five percent of dealerships surveyed in 2003 stated that their current contract with their DSP vendor was five years or longer (Figure 6) compared to 45 percent of dealerships in 2001. However, the contract lengths most often *desired* by 2003 respondents were month-to-month, 1 to 3 years, or 3 to 5 years.

Satisfaction with the DSP vendor salesperson increased by 10% (from 72 percent in 2001) among dealer principals and general managers who believe the dealership received what the DSP vendor's salesperson promised (Figure 7).

FIGURE 7



In addition, a higher percentage of dealer principals and general managers in 2003 compared to 2001 were very satisfied or somewhat satisfied with their DSP vendor in the following categories:

- The fairness of the contract
- The willingness of the DSP vendor to discuss and negotiate price

- The value or benefit received from the system compared to all costs, including initial purchase cost, lease cost, and monthly fees
- The willingness of the DSP vendor to give a choice for the term of the contract agreement
- The willingness of the DSP vendor to modify contract terms and provisions before signing the contract
- The salesperson's explanation of the contract terms and provisions

The only area where there was not a positive change between 2001 and 2003 was satisfaction with the overall length of the document (number of pages in the contract and addendum).

THREE KEY DRIVERS OF DEALER SATISFACTION

Statistical analysis was used to determine the factors that are correlated most with overall dealer satisfaction. The key drivers of dealership satisfaction in the 2003 and 2001 surveys were quite similar indicating that dealers continue to highly value these factors in their Dealership Management System (DMS):

- *System Integration*: Flexibility of DMS software and ability to access data through common software applications such as Microsoft Word or Excel
- *Customer Service*: Satisfaction with overall customer service and prompt follow up to handle the needs of the dealership
- *Training*: Effectiveness of technical training to help dealership personnel use the DMS

SYSTEM INTEGRATION SATISFACTION INCREASED

Ninety percent of respondents use PCs to access and operate their DMS (71 percent use only PCs and 19 percent use both PCs and green screen terminals). Additionally, 91 percent of dealer principals, general managers, office managers, and controllers believe their dealership currently has high speed Internet access (i.e., T1, DSL, cable) available at all times.

System Integration continued to show improvement. A higher percentage of the 2003 respondents than the 2001 respondents reported very satisfied or somewhat satisfied ratings in the following areas:

- Flexibility of the DMS software to adapt to business needs
- The speed of the DMS
- Ability to access data through common software applications such as Microsoft Word or Excel
- Ability to access the Internet (e-mail and the Web)

Eighteen percent of dealer principals and general managers indicated that their dealership is currently using an ASP system, in which dealership staff access a remotely located DMS computer via a web browser and Internet connection. Only 19 percent of dealer principals and general managers who are not currently using an ASP system stated that they would be very interested or somewhat interested in an ASP solution if price were not an issue.

CUSTOMER SERVICE SATISFACTION INCREASED

Eighty percent of dealerships indicated overall satisfaction with the customer service department of their DSP vendor (Figure 8). This is a slight increase compared to

the 76 percent of dealerships who were satisfied in 2001, though it still falls below NADA's goal of 90 percent satisfaction.

A slightly higher number of dealerships (84 percent) were very or somewhat satisfied with their DSP vendor's customer service department's ability to support their daily business with only minimal interruptions. Fewer dealerships (69 percent) were satisfied with their DSP vendor's customer service department in regard to the speed of getting needed changes and modifications made to the DMS.

FIGURE 8

Overall, how satisfied are you with (your DSP vendor's) customer service department?

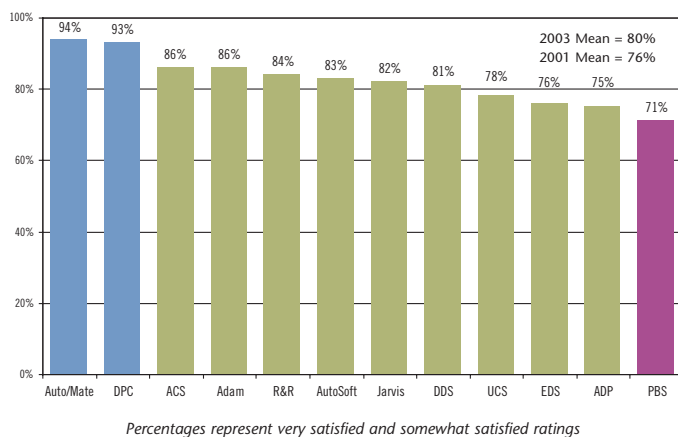
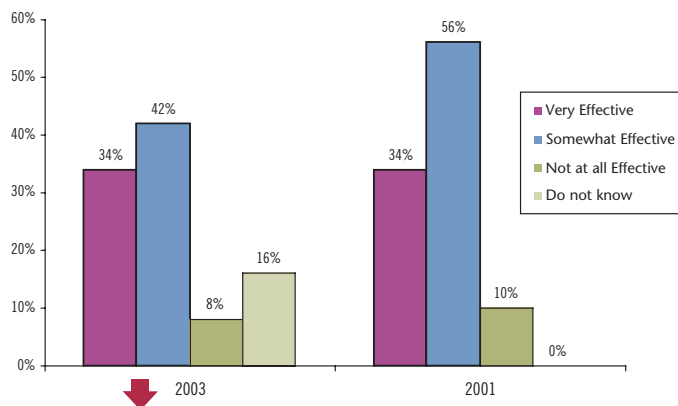


FIGURE 9

How would you rate the effectiveness of the technical training provided in helping you use your system?



VENDOR TRAINING AND EDUCATION

Fewer dealers in 2003 (76 percent) than in 2001 (90 percent) rated the technical training provided in helping them use their DMS as being very or somewhat effective (Figure 9). However, more dealers rated the cost effectiveness of the DMS training received from DSP vendors as being very cost effective or cost effective in 2003 (43 percent) than in 2001 (39 percent).

In terms of the type of DMS training that respondents felt would be most convenient, as well as cost effective, in-house training was again the most popular type of training in 2003. However, dealers indicated that Web-based training was the most convenient as well as cost effective type of DMS training increasing significantly from 54 percent in 2001 to 70 percent in 2003.

SUMMARY

While overall dealership satisfaction with DSP vendors continues to increase, it is still below NADA's goal of 90 percent satisfaction throughout the industry. Each of the DSP vendors is encouraged to study the detailed results of this survey to better understand what needs to be done to better serve the needs of dealerships.

The complete survey results are available on NADA's Web site (www.nada.org). First, select Member Login and enter your NADA user name and password (e-mail webmaster@nada.org if you require assistance). Then select Member Services, Technology, and finally DSP Survey on the next three web pages to view the complete survey results.

Information about DSP vendors mentioned in this study can be obtained below:

ACS	(800) 227-8187	http://www.acsaccess.com/
ADAM Systems	(800) 676-2262	http://www.adam-systems.com/
ADP Dealer Services	(800) 588-6710	http://www.dealersuite.com
Auto/Mate	(800) 371-3970	http://www.automate.com/
Autosoft-ASI	(800) 473-4630	http://www.autosoft-asi.com/
DPC Systems	(817) 731-4060	http://www.dpc-sys.com/
Dubuque Data Services	(800) 382-3733	http://www.ddslive.com/
EDS Automotive Retail Group	(800) 345-6337	http://www.eds.com/arg/
Jarvis Computer Software	(800) 657-4499	http://www.jarviscomputer.com/
PBS Financial Systems	(800) 872-1316	http://www.pbssystem.com/
Reynolds & Reynolds	(800) 767-7879	http://www.reyrey.com/
UCS	(800) 231-6347	http://www.universalcomputersys.com/



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