



2005 Dealer Satisfaction Survey

of Dealer Systems Providers

In 2005, the NADA Information Technology Committee commissioned its fourth research study to determine dealership satisfaction with Dealer System Provider (DSP) vendors. The primary objective of the research was to help improve the quality of dealership management systems (DMS) provided to dealers.

Friedman-Swift Associates, an automotive research firm in Cincinnati, Ohio, was selected to conduct this research. During August and September of 2005, Friedman-Swift completed 1,434 telephone interviews. Five groups of dealership personnel were selected for interviews: dealer principals/owners and general managers; sales managers; office managers and controllers; service managers; and parts managers. Each dealership included in the study must have used their current DSP vendor for at least one year and each person interviewed must have personally used their current vendor for at least six months. Infiniti, Lexus and Saturn dealers were excluded from this study because their DSP vendors were factory-mandated.

The margin of error for the total sample is +/-2.5 percent. The survey data for each participating vendor was weighted to reflect estimated market share. The results per DSP vendor have a maximum margin of error of +/-7 percent.

DSP vendors 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 *gray*. Vendors with results statistically below the industry average are shown in *red*. The survey results only include the participating DSP vendors listed on page five.

2005 SURVEY OBJECTIVES

The purpose of this study is to show DSP vendors how to better serve dealerships. NADA's goal is 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 depicts these fundamental measurements visually (Figure 1).

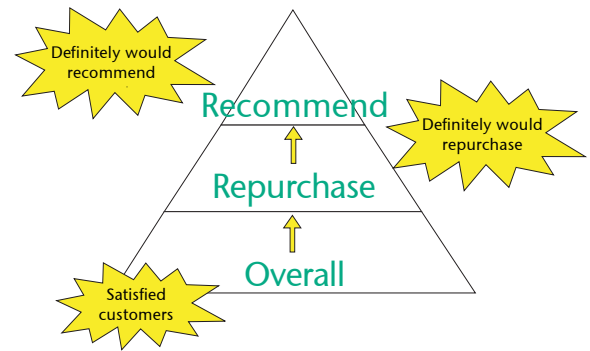
- At the *base* of the triangle is the level of *Overall Satisfaction*—how well DSP vendors meet the dealerships' everyday needs.
- In the *middle* is the level of *Repurchase Intention*—how likely a dealer is to continue using the DSP vendor after the contract term expires.
- At the *top* is the level of *Recommendation*—how many dealership personnel are so pleased with their DSP vendor that they would recommend that vendor to other dealerships.

OVERALL DEALERSHIP SATISFACTION DECLINES

After an impressive increase in *Overall Satisfaction* from 2001 to 2003, the industry experienced a decline in 2005 (Figure 2). Overall satisfaction with DSP vendors dropped from 82 percent in 2003 to 78 percent in 2005. On an individual basis, most vendors' results remained unchanged or fell between 2003 (represented in stripes) and 2005 (represented in solids) (Figure 3). As in previous years, overall satisfaction varies significantly, ranging from the highest satisfaction rating of 88 percent to the lowest rating at 64 percent. Despite the decline in the industry average, several

FIGURE 1

Overall Dealership Satisfaction



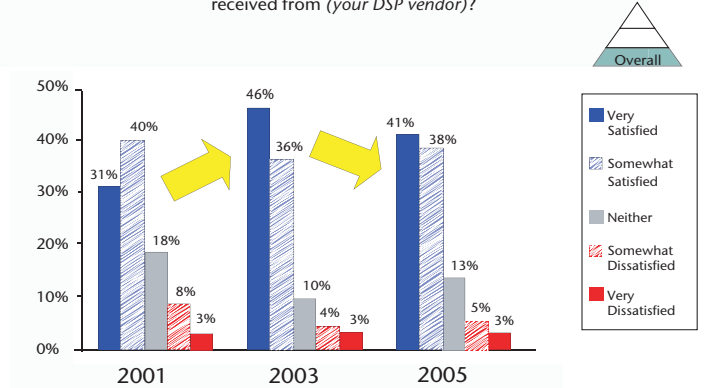
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FIGURE 2

Overall Dealership Satisfaction

All Dealership Positions surveyed

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



Weighted Base = 1,424
Actual Base = 1,434

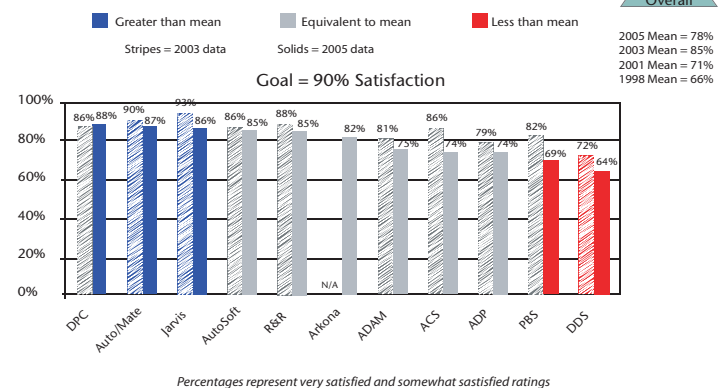
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FIGURE 3

Overall Dealership Satisfaction

All Dealership Positions surveyed

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DSP vendors achieved overall satisfaction ratings statistically above average and met the NADA recommended goal of 90 percent for satisfaction.

The *Repurchase Intention* rate once again remained stagnant among dealer principals and general managers. Sixteen percent of dealer principals and general managers plan to switch when their contract expires, similar to the results (14 percent) in 2003. Though dealer principals' and general managers' intentions to switch vendors have remained unchanged, the intentions of office managers and controllers, sales managers, service managers and parts managers have not. In 2005, 16 percent of this group said they would switch vendors if they could choose which vendor their dealership used (Figure 4), down from 21 percent in 2003.

The *Recommendation* rate among 2005 respondents increased significantly from previous years. Approximately two-thirds (64 percent) of respondents would be very likely to recommend their DSP vendor to another dealership, compared to 55 percent in 2003 and 54 percent in 2001 (Figure 5). Recommendation rates among individual vendors varied from 82 percent to 49 percent.

While the increases in the *Recommendation* rate are positive, it is important to note that the decision-makers do not necessarily agree with other dealership personnel. Only 48 percent of dealer principals and general managers would recommend their vendor to another dealership, compared to 71 percent of parts managers, 69 percent of office managers and controllers, 68 percent of sales managers and 60 percent of service managers. Those respondents who would *not* recommend their current DSP vendor to another dealership most often said it is because their system is not "user friendly" (25 percent).

FIGURE 4

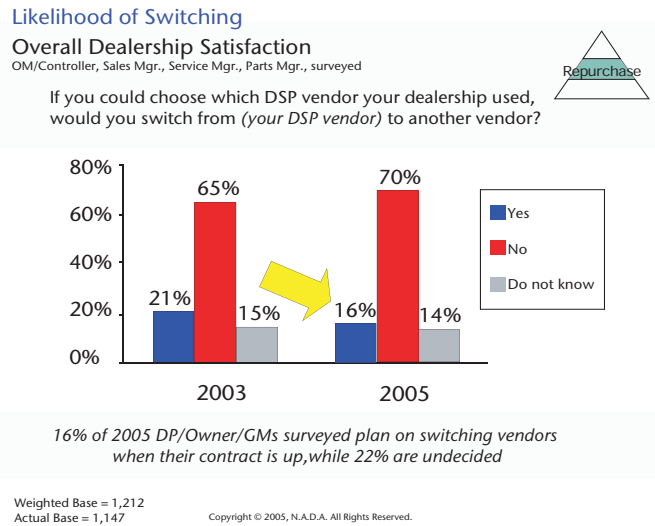
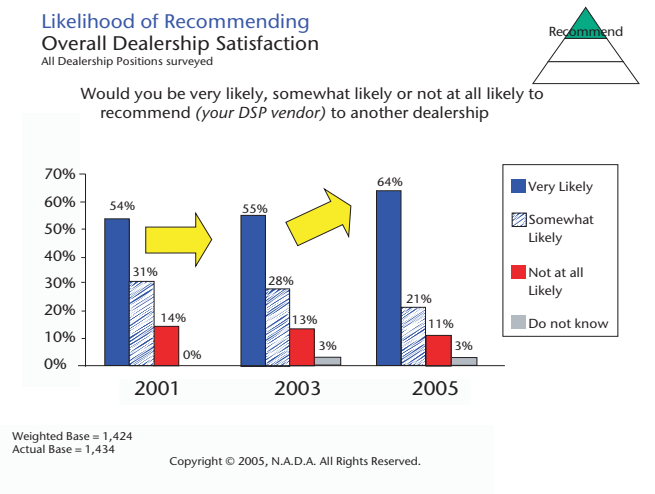


FIGURE 5



KEY DRIVERS OF DEALERSHIP SATISFACTION

To identify the factors that drive overall satisfaction, an analysis of correlation and stepwise regression was conducted. The key drivers of dealership satisfaction in the 2005 study were similar to those identified in 2003 and 2001, attesting to the importance of these factors among dealership personnel.

- *Customer Service:* Satisfaction with overall customer service and the speed of getting changes and modifications made.
- *System Integration:* Flexibility of system software to adapt to a dealership's business needs and the speed of the system.
- *Training:* Effectiveness of technical training compared to all costs associated with training.

CUSTOMER SERVICE SATISFACTION FALLS

After experiencing an increase in 2003, customer service satisfaction declined in 2005; 76 percent of respondents indicated that they are very satisfied or somewhat satisfied with their customer service department, compared to 80 percent in 2003. Additionally, satisfaction with the speed of getting changes and modifications made by a DSP also declined. Slightly less than two-thirds (62 percent) of respondents said they were very satisfied or somewhat satisfied with the speed of getting changes and modifications made, compared to 69 percent in 2003. Other areas in the customer service arena where statistically significant declines occurred include:

- Dealership's ability to conduct daily business with minimal interruptions
- Problems and concerns being fixed correctly the first time
- Availability of customer service representatives
- Prompt follow-up to handle the needs of the dealership and its staff

Information about the DSP vendors in this survey 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
Arkona	(866) 478-6364	http://www.arkona.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) 382-3773	http://www.ddslive.com
Jarvis Computer Systems	(800) 657-4499	http://www.jarviscomputer.com
PBS Financial System	(800) 872-1316	http://www.pbssystem.com
Reynolds & Reynolds	(800) 767-7879	http://www.reyrey.com

SYSTEM INTEGRATION SATISFACTION VARIES

Several factors surrounding how well a DMS integrates with other functions of the dealership also experienced a downturn in satisfaction. Only 67 percent of respondents said they were very satisfied or somewhat satisfied with the flexibility of software to adapt to their business needs, compared to 71 percent in 2003 (Figure 6). Additionally, satisfaction with the speed of the system dropped from 83 percent in 2003 to 75 percent in 2005. Dealership personnel least satisfied with the speed of the system include dealer principals/owners and general managers and service managers (Figure 7). Results varied among individual vendors from 88 percent to 70 percent. (Figure 8).

Two factors involving system integration improved in 2005.

- *First*, satisfaction with manufacturer and vendor integration, functionality, automated interface, the ability to upload and download data and its ease of use increased from 56 percent in 2003 to 76 percent in 2005. Scores among vendors ranged from 90 percent to 68 percent.
- *Second*, integration with personal computers (PCs) also continued to trend upward. Respondents were asked whether their DMS provided for the use of a PC rather than a green screen terminal and had the capability to download data to the PC for use with PC based programs such as spreadsheets or word processing programs. In 1998, the percentage of respondents who said their DMS provided this service was 46 percent. That number rose to 64 percent in 2001, to 69 percent in 2003, and to 85 percent in 2005.

FIGURE 6

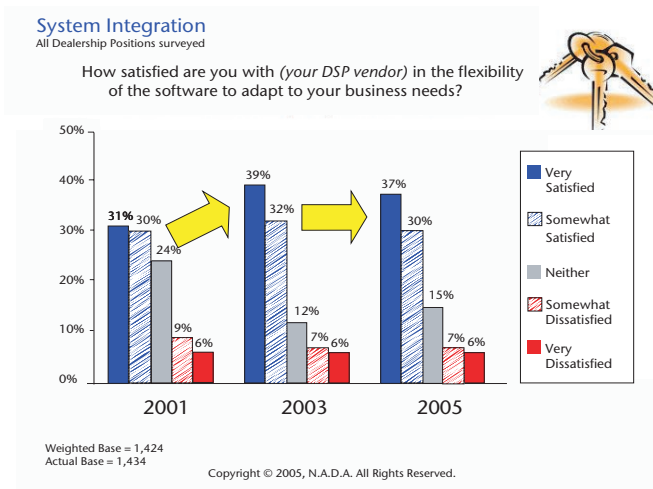


FIGURE 7

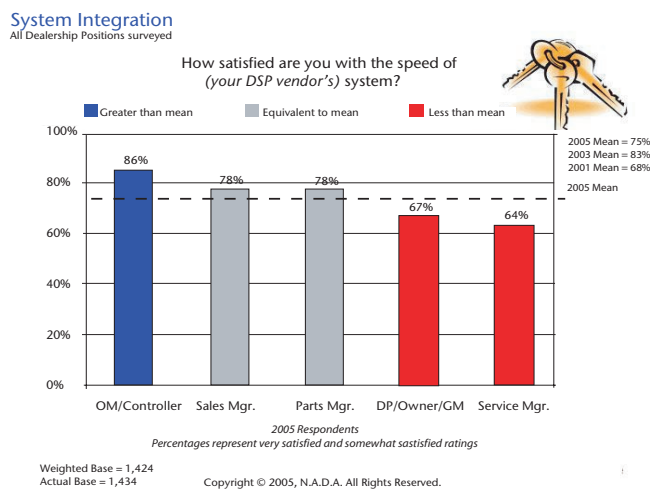
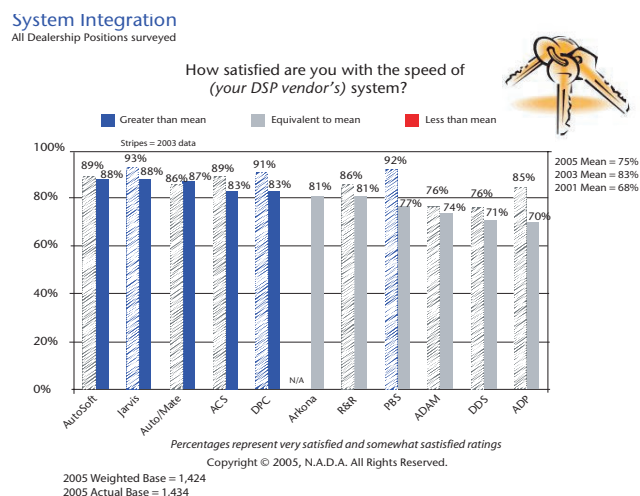


FIGURE 8



SLIGHT IMPROVEMENT IN VENDOR TRAINING AND EDUCATION

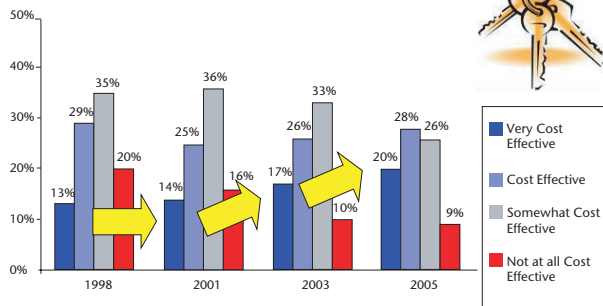
A higher percentage of dealers in 2005 (20 percent) than in 2003 (17 percent) rated the *cost effectiveness* of training as very effective (Figure 9). When asked to rate the effectiveness of *technical training* provided in helping use the system, results remained virtually unchanged from 2003 (34 percent) to 2005 (35 percent). This is well below the NADA recommended goal of 90 percent for satisfaction

FIGURE 9

Vendor Training and Education

All Dealership Positions surveyed

Considering all costs associated with training, i.e. travel, lost time on the job, etc. vs. the benefits received, how cost effective would you say the computer training received from (your DSP vendor) is?



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Actual Base = 1,434

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The importance of these likes and dislikes were further supported by the fact that respondents mentioned *“customer/technical support service”* and *“user friendly/simple to use”* as what makes one dealer system provider better than another, when taking price out of the equation.

SUMMARY

Overall satisfaction with DSP vendors has declined among the industry and fallen short of the NADA recommended 90 percent goal. Each of the participating DSP vendors have been encouraged to study and review the results of this survey to better understand the changing needs of dealerships as they move forward.

COMPLETE SURVEY

The complete survey results are available on NADA’s web site (www.nada.org/technology). Member Login required (e-mail webmaster@nada.org if you require assistance). Then select DSP Vendors Survey to review the complete results.

DEALER MANAGEMENT SYSTEM LIKES AND DISLIKES

When respondents were asked what they liked best about their DSP vendor system, one-third (31 percent) said it was *“user friendly/simple to use.”* Conversely, when respondents were asked what they liked least, results varied. *“Poor customer/technical service,”* *“too expensive/not cost effective”* and *“not user friendly”* were each mentioned by approximately 10 percent of respondents.



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