

# Turn One-Time Visitors into Lifetime Customers



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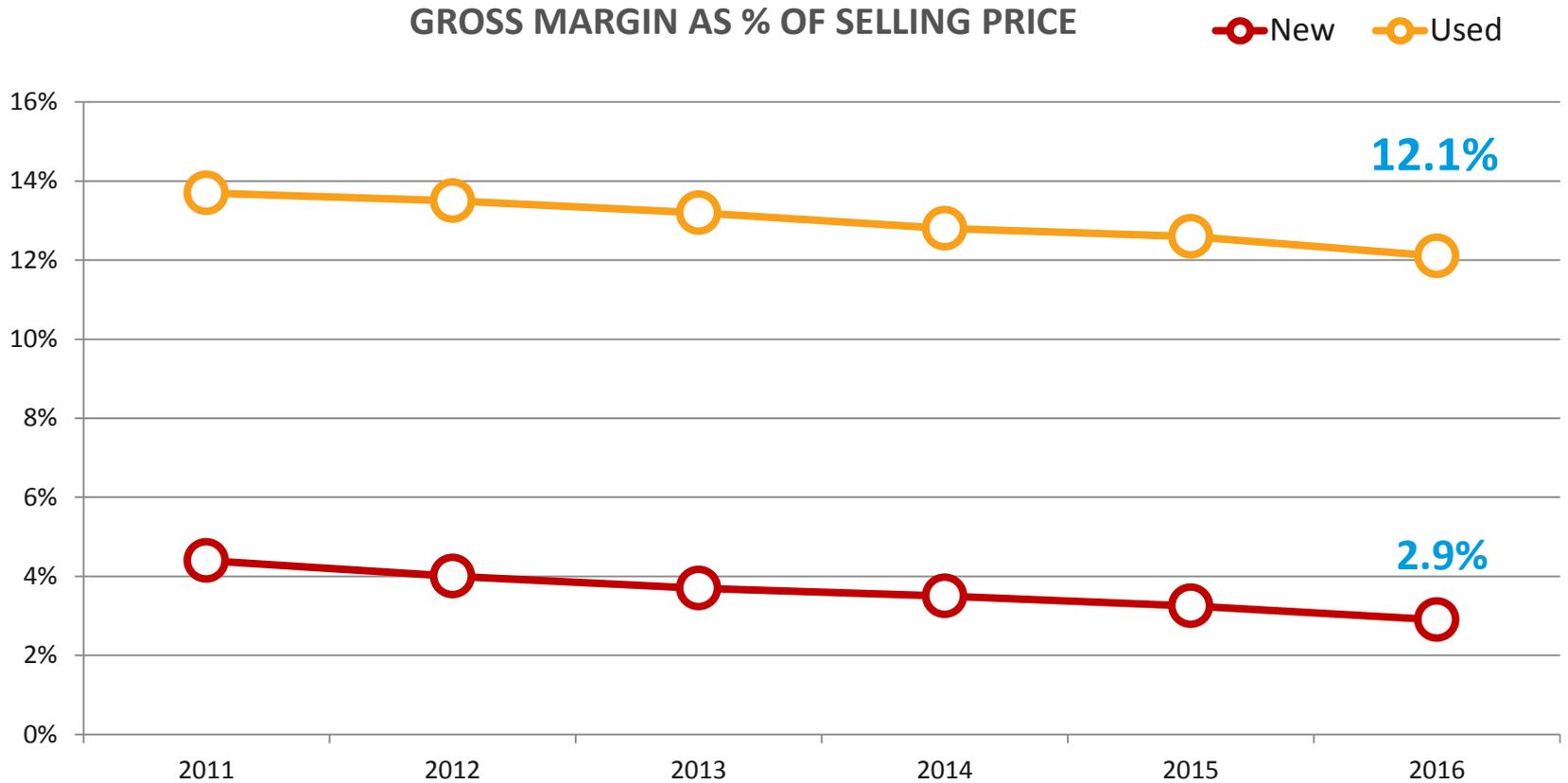
# Two Things to Agree On

**1** Objective is Profitable Growth

**2** Consumers are in Control

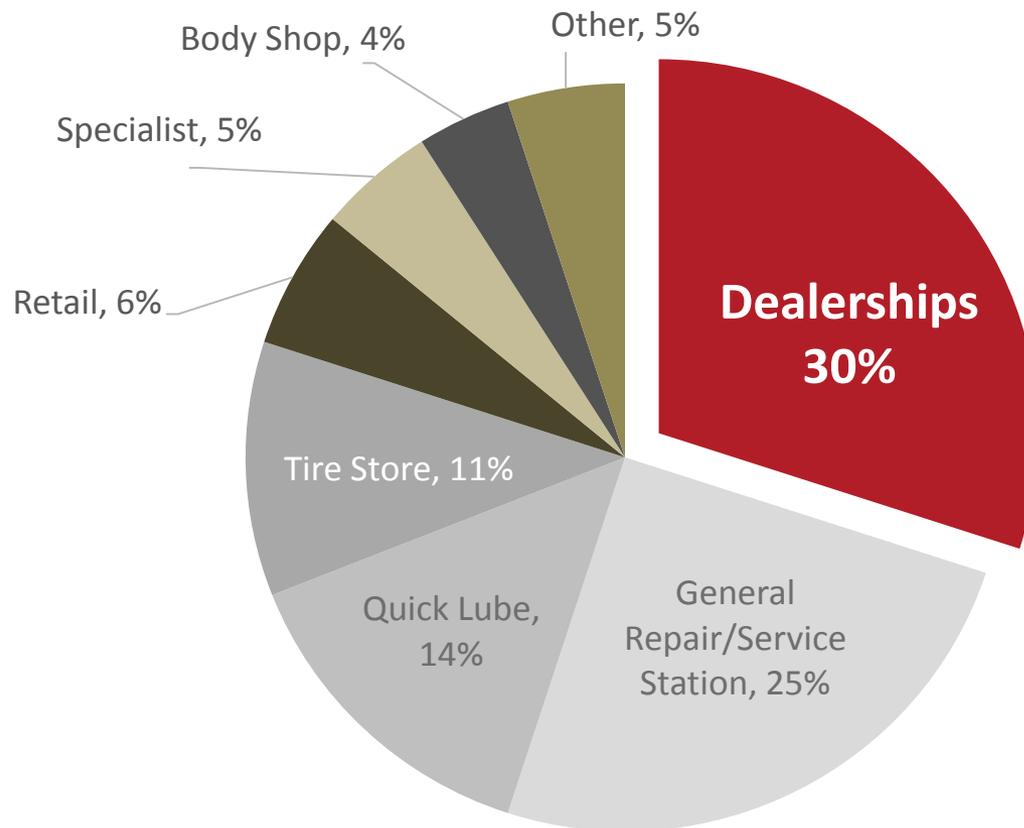


# Margins Continue to Decline



# Primary Opportunity is Service

*Less than 1 in 3 Service Visits are at Dealerships*



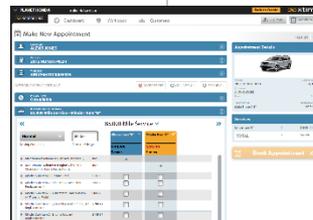
# Focus Needs to be on Growth in Service

## *Only 3 Areas of Control*



**Visits** ↑

Utilization  
Retention  
Experience



**\$/Visit** ↑

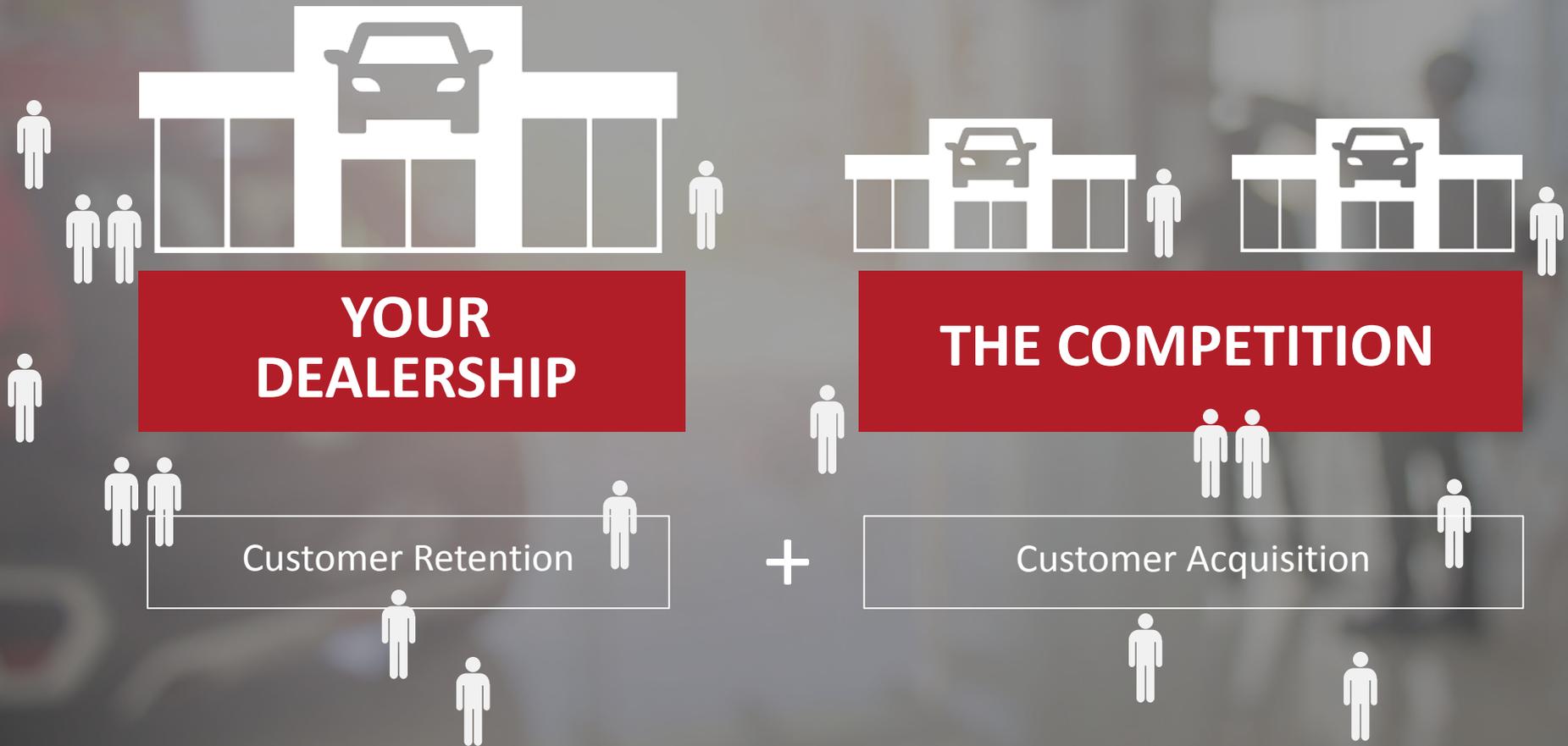
Selling  
More time  
Appointments



**Cost** ↓

Efficiency  
Good processes  
Good People  
Good Systems

# Growth Strategy



# Dealers Know Retention is Key

# 64.4%

Dealerships who said  
**customer retention** is their  
primary concern

# Automotive Brand Loyalty is Changing

Average Automotive Industry Loyalty

**51.5%**

“OEMs with the greatest improvements in loyalty experienced market share gains during the quarter.”<sup>1</sup>

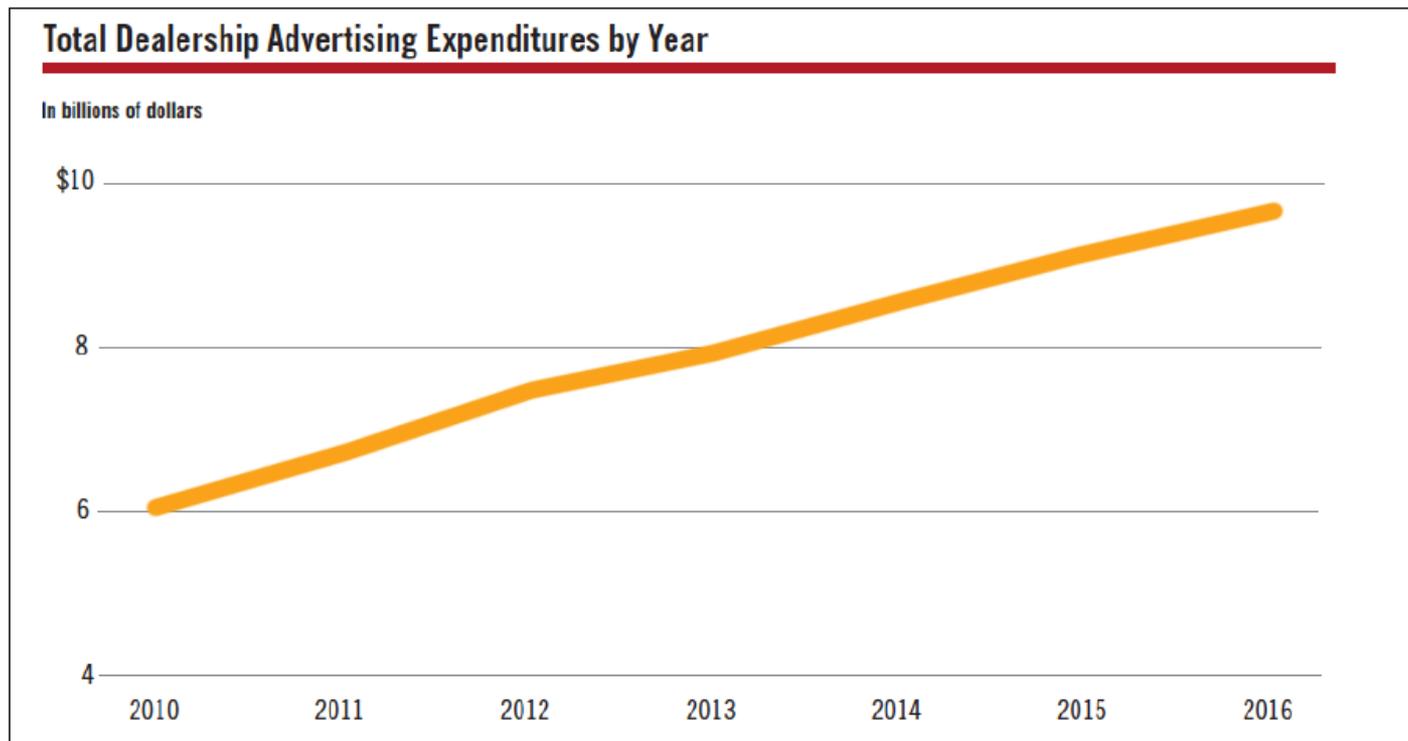
## Top Performers

Ford	64.0%
Mercedes	57.8%
Toyota	57.8%

# Expense Benefits of Loyalty

*Customer Acquisition Cost \$633 Per New Vehicle Sold<sup>1</sup>*

“It costs 10 times as much to obtain a new customer as it does to retain an existing customer.”



# Revenue Benefits of Loyalty

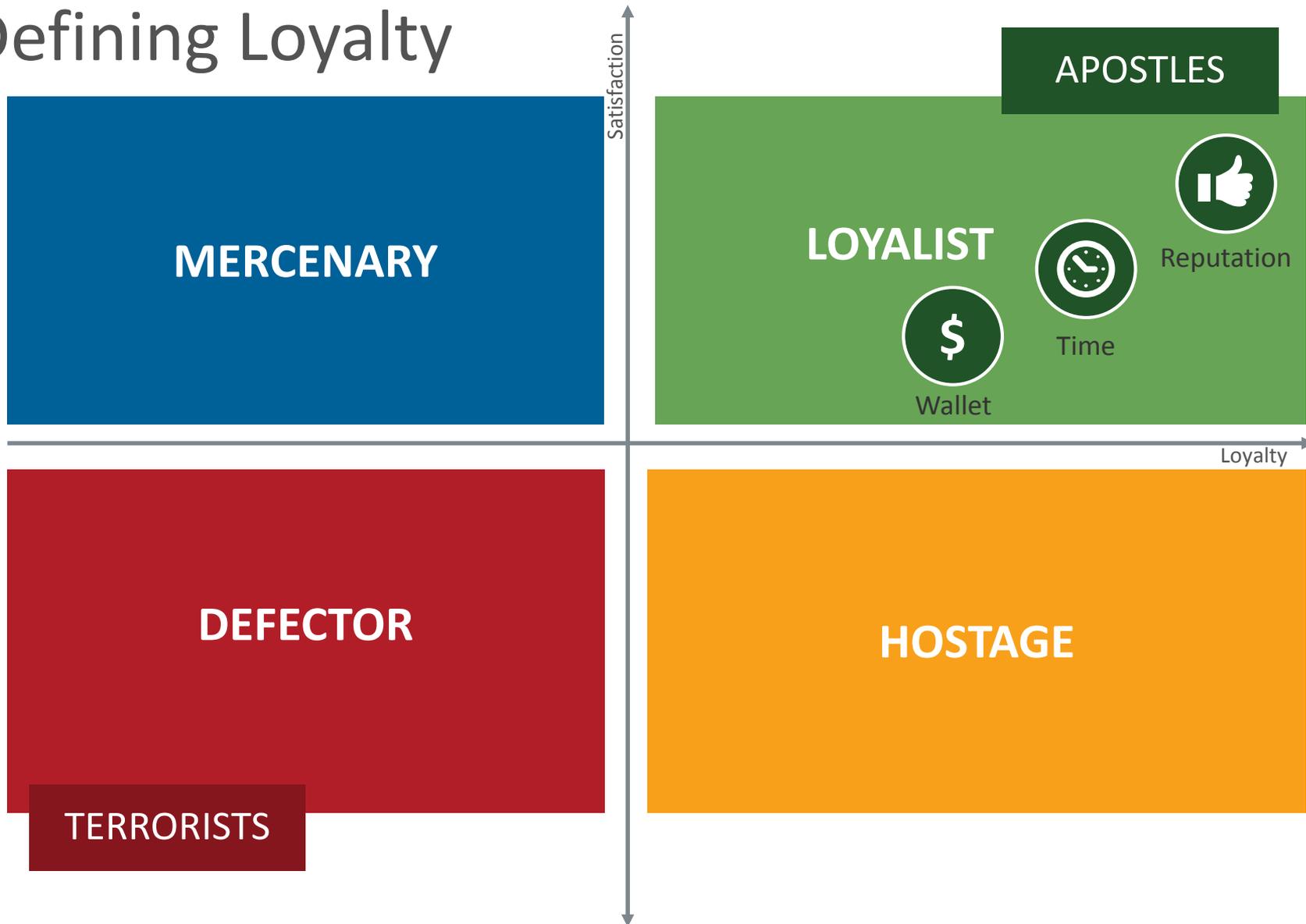
GM states that “Every 1% increase in sales retention translates to a **\$700 million** increase in revenue annually.”

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**This is an average of \$150,000 per dealer.**



# Defining Loyalty



# Where Should You Focus?

## Loyalists

More sales per customer  
Higher margins  
More referrals

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Don't waste your time and capital on Mercenaries or Terrorists!

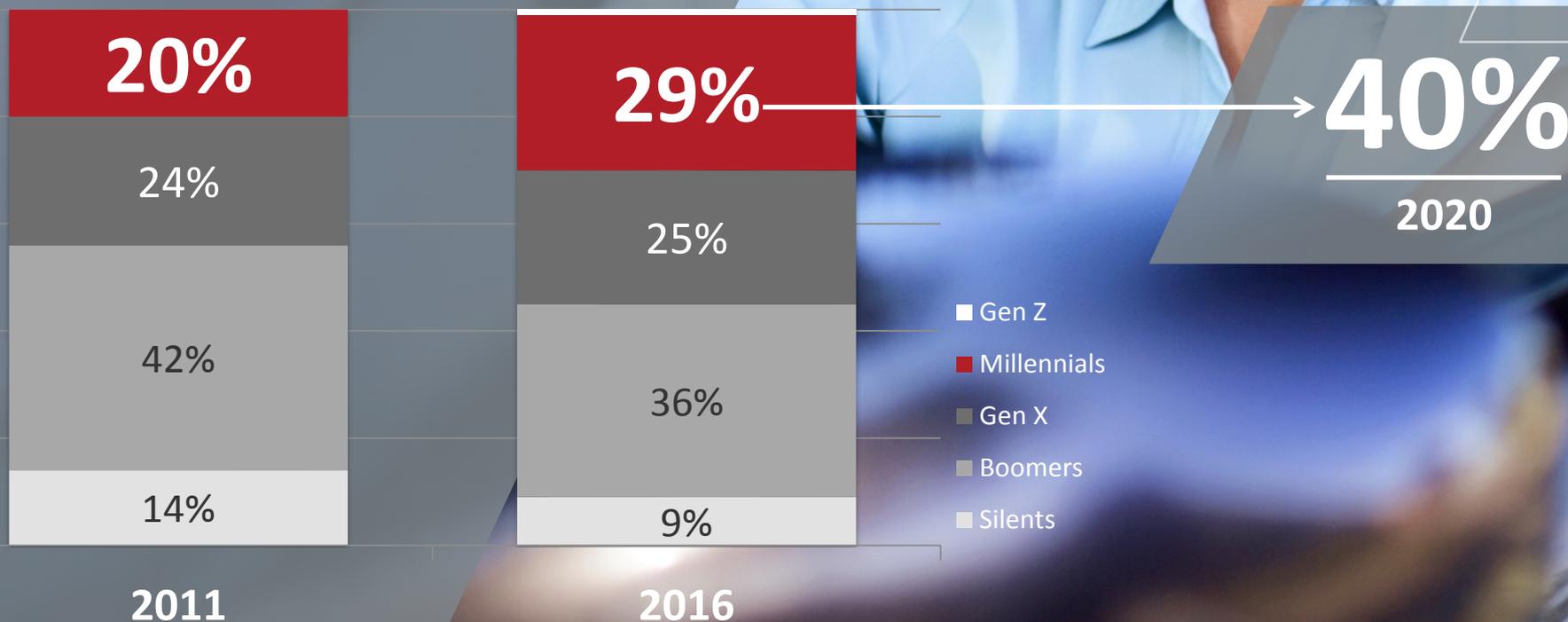


# What's Changed?



# The Customers Are Changing

WHO IS BUYING? MILLENNIALS NOW ACCOUNT FOR A LARGE SHARE OF NEW VEHICLE SALES



# Higher Customer Expectations Top the List of Trends

Both service managers and upper management mention **higher customer expectations** as the biggest factor impacting service operations

“Customers want more than just having their vehicle fixed correctly.  
They want:

**A good interpersonal experience**

**Easy scheduling and prompt turnaround**

**Fair and transparent pricing**

**Good communications**

**Amenities:**

- Coffee Bar
- Wi-Fi
- Manicures



# Differentiators Are Changing

Product and manufacturing innovations have created parity

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Differentiated experience is growing in importance

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Gen Y consumers believe customer experience is three times more important than vehicle design



# The Experience is Emerging as the Key Differentiator

Improving a customer experience from merely average to something that wows the consumer can lead to a **30 to 50 %** increase in measures such as likelihood to renew or buy another product.

Source: McKinsey, What it takes to deliver breakthrough customer experiences, November 2015

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In 2016, **89%** of companies expected to compete mostly on the basis of customer experience, versus 36% in 2010.

Source: Gartner 2014

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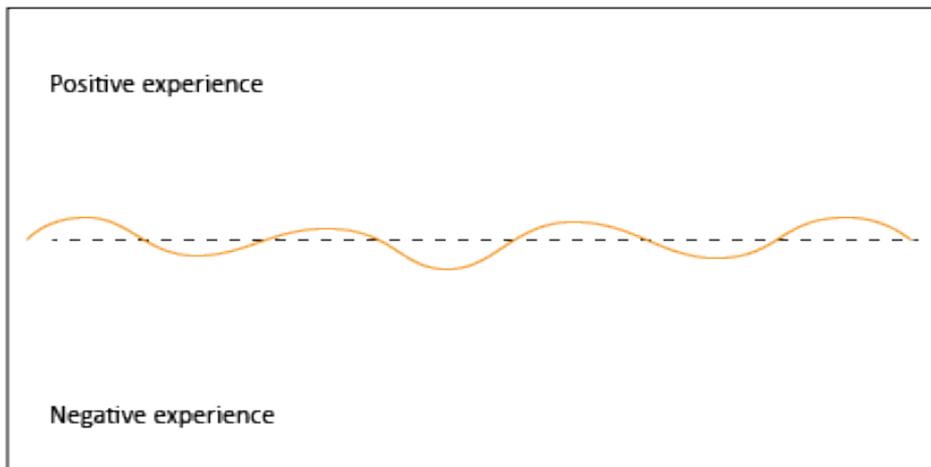
**By 2020, customer experience will overtake price and product as the key brand differentiator.**

Source: Walker 2014

Source: Deloitte – Acceleration of the Connected Experience 2014

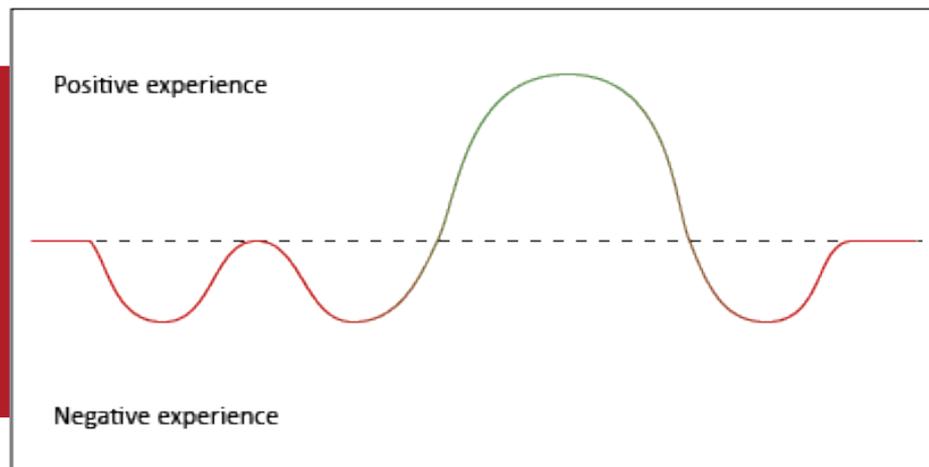
# How to Create Memorable Experiences

## *The Power of Moments*



Day-to-day  
experiences blend  
together

Peak  
experiences  
are memorable



# The Power of Moments

**POPSICLE  
HOTLINE**

Ice  
Lolly



Ice  
pop



# The Power of Moments



# The Power of Moments

At the end of the day,  
people won't  
remember what you  
said or did, they will  
remember how you  
made them feel.

-Maya Angelou



A photograph of two men in dark blue suits and ties in a car dealership. One man is kneeling and pointing at the front wheel of a white SUV, while the other man stands next to him, looking at a tablet. The scene is brightly lit, and other cars are visible in the background. A large red diagonal shape is overlaid on the bottom half of the image, containing white text.

What Companies are Reshaping  
the Customer Experience?

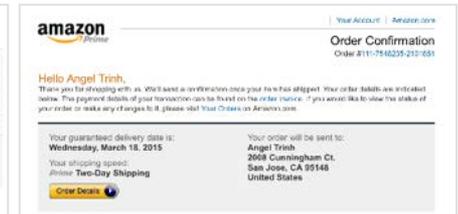
# Amazon

1 Email Promo

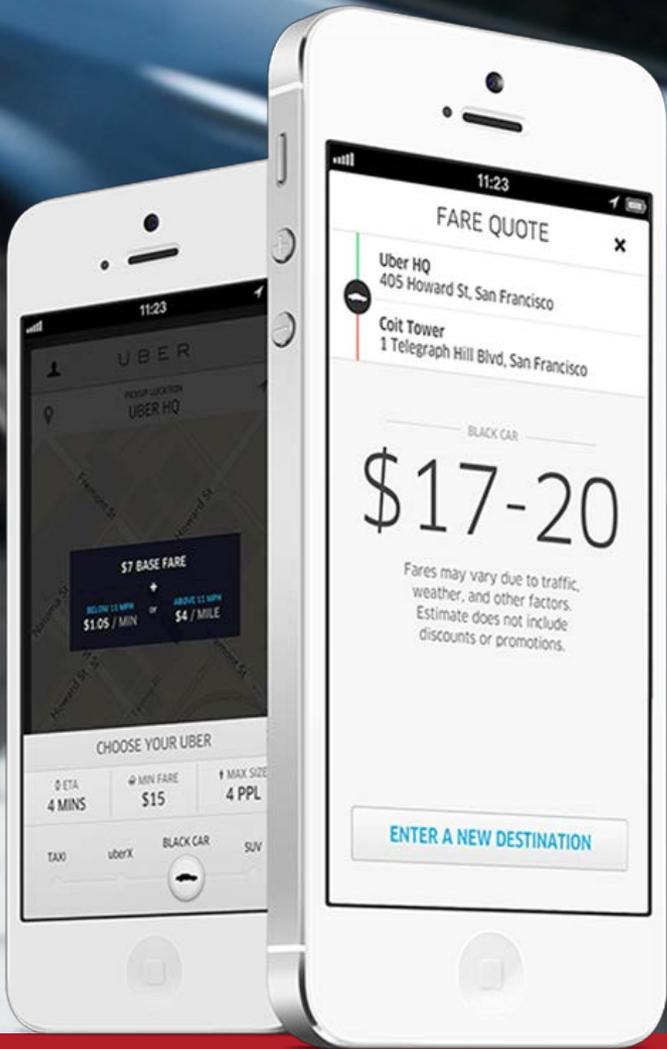
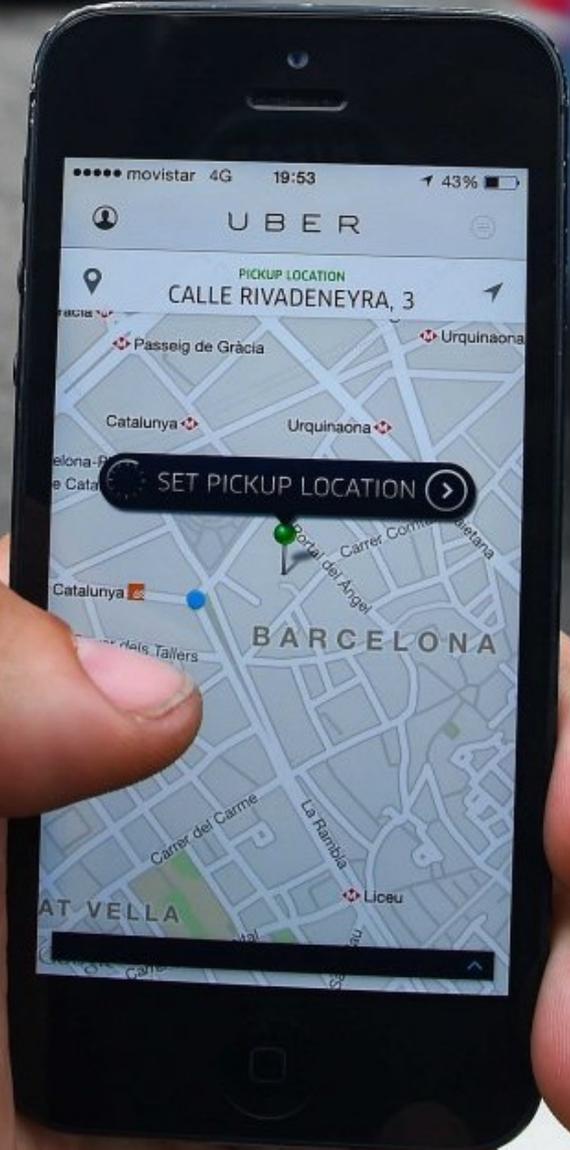
2 Shop Online

3 Place Order

4 Email Confirm



# Uber



# Domino's Pizza

Back
NEW Spinach + Feta
Domino's Pizza



Back
Change Toppings
Domino's Pizza



MUSHROOM



Capsicum



Oregano



Fresh tomato

*Baby spinach, feta cheese, fresh tomato slices, olives, oregano, garlic olive oil † May contain traces of meat.*

Quantity - 1 +

SCROLL DOWN FOR MORE OPTIONS

Add to order

Continue

Menu 0 ITEMS \$0.00 Pizza Tracker Information

Menu 0 ITEMS \$0.00 Pizza Tracker Information

THU 5:42 PM
100B DOMINO'S (43723)  
100 Market Street Rockland, MA

YOU GOT CONFIRMATION

You've got 30 minutes and you've got Domino's coming your way. The delivery experts at Domino's have specifically engineered the Pizza Tracker to keep you up to date on the status of your order from the moment it's prepared to the second it leaves our store for delivery. Now, you get tracking where no tracking has ever gone before.

PIZZA TRACKER

SHARE ON FACEBOOK

ORDER PLACED

PREP

BAKE

BOX

DELIVERY

1

2

3

4

5

YOU GOT IT MADE - On-premise begin custom-making your order at 5:41 PM

WE MADE OVER 100 MILLION DELIVERIES IN THE U.S. LAST YEAR.

Pizza Tracker is accurate up to 88 seconds.

HELP US GET BETTER

How likely are you to recommend us? ★★★★★

We want your ordering experience to rock. How was it? ★★★★★

Our goal is exceptional delivery. How was your delivery experience? ★★★★★

Domino's custom made your order. How did everything taste? ★★★★★

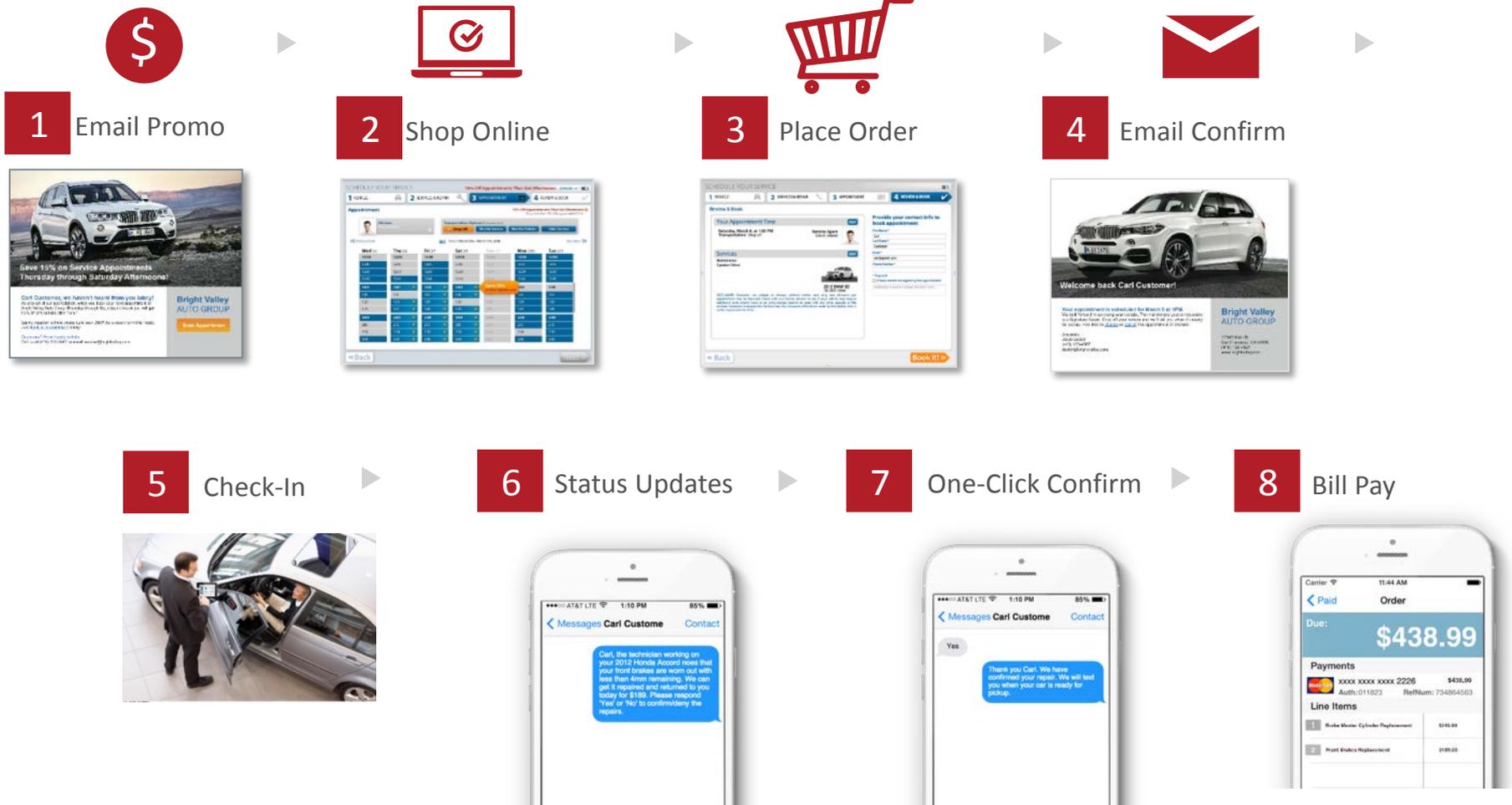
USE THIS HANDY BOX TO EXPRESS YOUR THOUGHTS AND FEELINGS ABOUT DOMINO'S.

Any advice, greetings, or compliments for your local Domino's? Leave your feedback here after your order arrives.

SEND

ONLINE ORDERING / CONFIRMATION

# If the Service Experience was like Amazon



# Amazon Position



- Currently sells aftermarket parts online
- Launched Amazon Vehicles in 2016
  - Car-buying research site
- Sells SEAT Vehicles in France
- Sells Fiat cars in Italy
- Working with OEMs to offer Alexa for in-car services

**50%** of Americans today live within 1 hour of an Amazon distribution center



Let's Compare Experiences

# Today's Typical Dealer Experience



**HOMETOWN AUTO**

**\$5.00 OFF** **Wash & Tires!**  
Wash & Tires!

**OIL CHANGE**  
Motorcraft Premium Synthetic Blend Oil & Filter Change

**BEST SELECTION BEST PRICES!**  
No-Shop-Over-Price-Refund-Guarantee  
The Signpost is our promise!

**\$49.95** **\$34.95**  
Check Engine Light On!  
Washer Engine Sensor Light On!  
Wash & Light On!

**THE WORKS**  
Full set of Motorcraft Recommended  
Washers - No-Shop-Over-Price-Refund-Guarantee  
The Signpost is our promise!

**\$89.95** **\$169.95**  
**Motorcraft Batteries**  
All Models, Warranty  
FREE Installation & Testing

**Motorcraft Complete Brake Service**

Minutes off 101 and 82  
www.hometownauto.com

Schedule Service

Vehicle Information

Year: \_\_\_\_\_ Make: \_\_\_\_\_  
Model: \_\_\_\_\_

Service Information

Type Of Service(s) Needed:

Oil change  Brake inspection  Cooling system  
 Air filter  Air filter  Shock  
 Spin plugs  Timing belt  Tire rotation  
 Transmission  Torque alignment  Air conditioner

Additional Information

Preferred appointment time: [4:00 PM] [5:00 PM] [6:00 PM]  
Alternate appointment time: [ ] [ ] [ ]

Contact Information

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

FEB 7, 2006

APPOINTMENTS

NORM REEVES HONDA SJ PORT 5113 2010

CUSTOMER NO	217620	SERIAL NO
NAME	REEM, Carl-Lorenz	TYPE
BUS. PHONE NO	213-444-5555	YEAR
RES. PHONE NO		MAKE
DEPT (S, D, F)	S SERVICE	LICENSE NO
REPAIR NO	001 WORN AIR/SIR	STOCK NO
RELEASE	0	LAST RELEASE
APPT./PRDN. DATE	01/03/2006 / 01/03/2006	LAST RD DATE
APPT./PRDN. TIME	07:30am / 00:00pm	
		VEH. PRIORITY
		DISPATCHER
		TEAM CODE
COMMENTS	with reservation created 01/06/2006 04:31pm Customer states	
JOB DESCRIPTION	DESCRIPTION	EST. TIME
1	OIL AND FILTER CHG	27.95
2	WASH ENG LITE WAX	6.00
3	FREE SERVICE	8.00

1=DET, 2=VCH, 3=HIST, 4=REC, 5=CORP, 6=APPT, 7=SHOP, 8=DATE SHEET

Technology	United Postal Service	Email Request Form	Mainframe
Cost	\$2,000+/month	N/A	\$3,000+/month
Customer Value	Good	N/A	Wait 5+ minutes
Customer Convenience	N/A	57% unanswered	Wait 5 min, 25% unanswered
Customer Trust	Low	Low	Low

# What Do Customers Want?



## Value

What do I need?  
What does it cost?  
When can I get it?



## Convenience

24x7 access online,  
mobile, telephone,  
& vehicle to service  
recommendations,  
price and availability



## Trust

Accurate pricing  
Appointment  
availability  
Delivery estimates



## Quality

Fixed the first time  
Genuine parts &  
equipment  
Certified technicians

# Positive Service Experience is Important

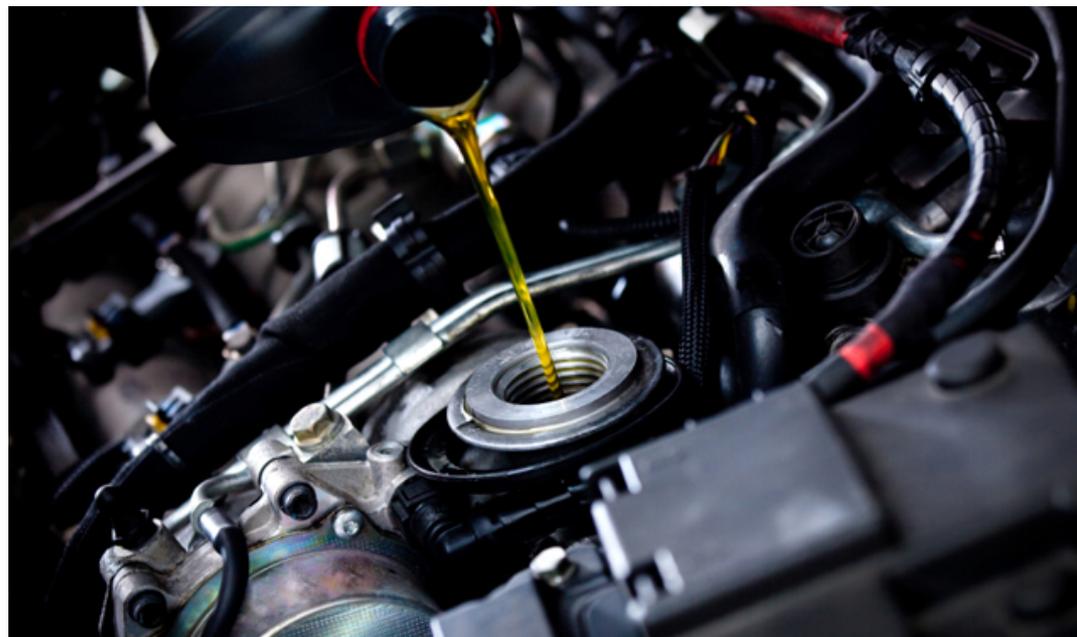
# 85%

State their experience with the service department has influenced their likelihood of purchasing another vehicle



# Positive Service Experience is Important

## *Consumer Reasons for Returning*



# Dealers Understand Experience is Important

# 93.1%

Believe that the  
service experience is  
more important than  
the actual repair



# Are You Providing a Superior Experience?

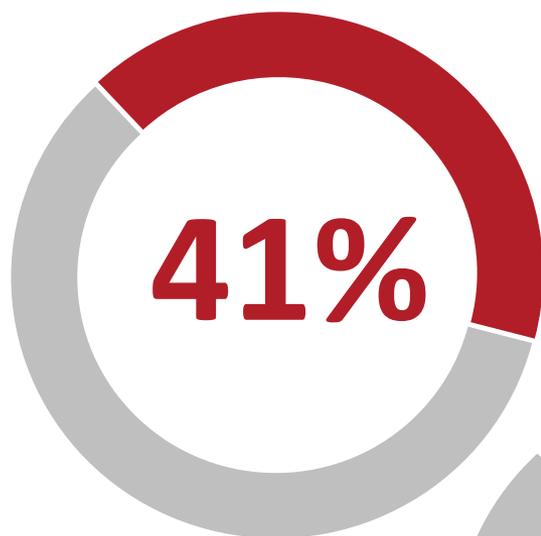
# 85.1%

**of Dealers**

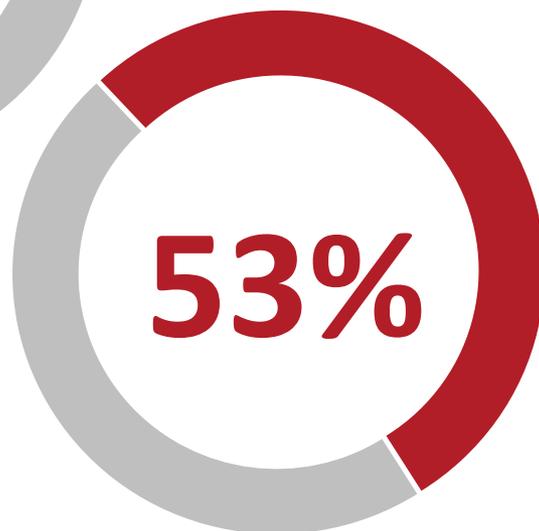
State that their current systems do not provide a superior ownership experience



# The Experience Begins During the Sales Process and Continues During the Ownership Journey



**Were introduced** to service department at the time of purchase



**said it came into play** when deciding where to repair the vehicle

# Sales & Service Need to be Connected – Not Separate



Please select a vehicle or enter a VIN x

First Name:

**ABBY**

Last Name:

**GUTERMAN**

Phone Number:

973278 - Work

Select Vehicle:

2013 Infiniti G37x

VIN:

JN1CV6AR3DM

Send To Xtime

# Pleased to Meet You: Importance of Relationship-building

**2.3x**

Increase in Customer  
Return Rate when  
introduced to service  
department at time  
of purchase



A photograph of a young woman with long dark hair, smiling and looking out the window of a car. She is sitting in the driver's seat, with her hands on the steering wheel. The car's interior is visible, including the headrest and dashboard. A large red overlay covers the bottom half of the image, containing white text. The text is arranged in two lines, with the second line being significantly larger than the first. The overall tone is positive and professional.

# Common Myths about the Ownership Experience

## MYTH #1

Most service customers are only available early morning

## MYTH #2

Being transparent with pricing is not important

## MYTH #3

Dealership service is more expensive

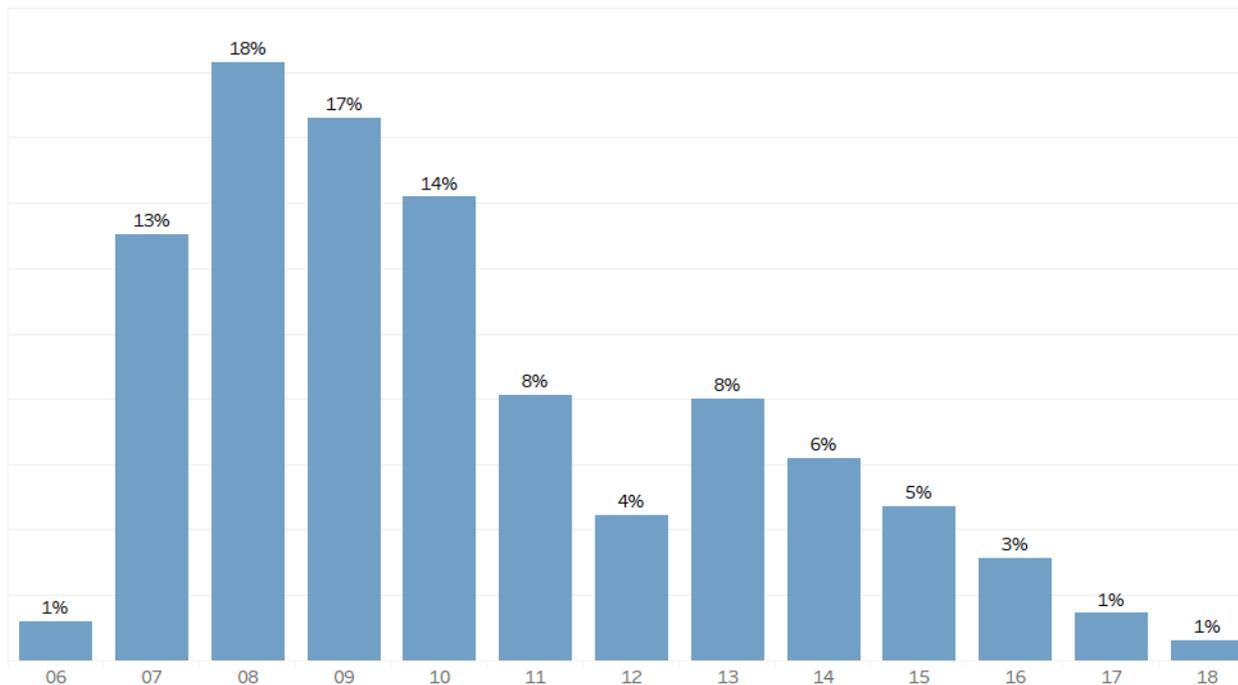
## MYTH #4

Tablets complicate the service write-up experience

# FACT

## Customers Want Appointments Throughout the Day

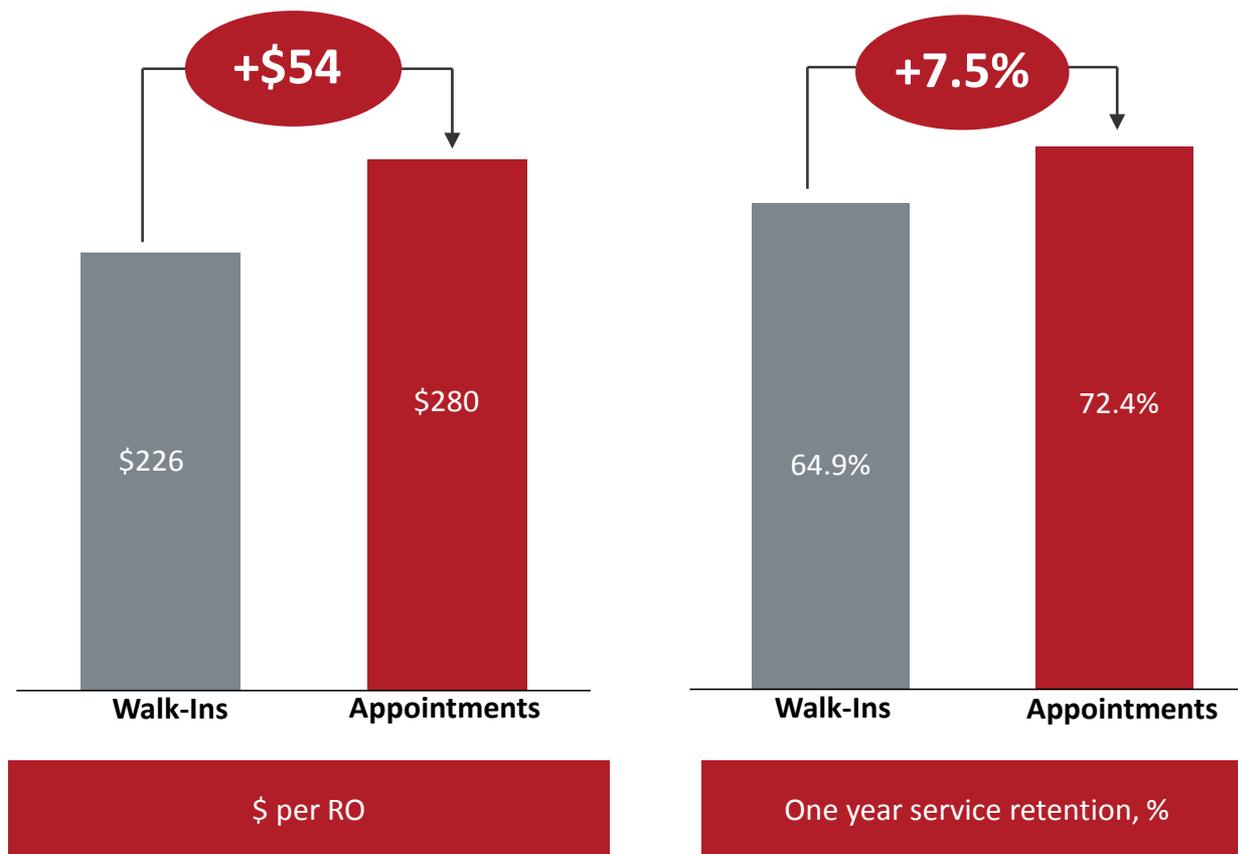
% Appointments by Schedule Time



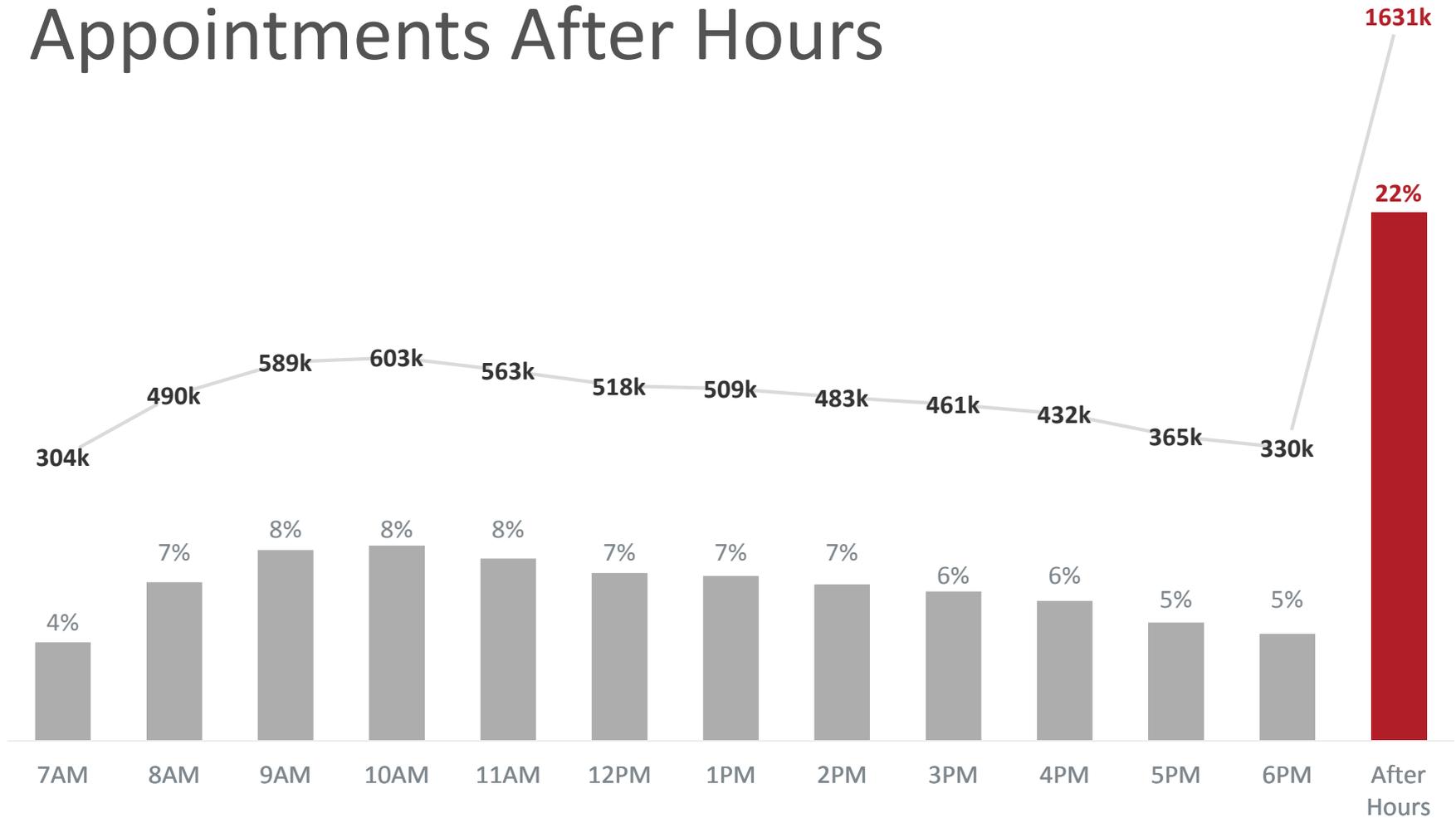
32% of customers want to come in before 9am.

The most recent data shows that while 7-11am are still the peak hours for service appointments with 62% of the total, 38% of appointments come outside of that.

# Walk-Ins are Good, Appointments are Better



# 22% Web Customers Schedule Appointments After Hours



Source: Xtime, based on 6154 dealers between Sept 2016 – Sept 2017

# Nearly Half are Unaware of Online Scheduling

**45%**

of consumers **NOT**  
scheduling online did not  
know if their providers  
offered this service

**...though 56%**

of car owners are more  
likely to service a vehicle  
at a dealership that offers  
online scheduling



Source: (1) Cox Automotive Maintenance & Repair Study 2016  
(2) Cox Automotive Future of Digital Retail Study 2018

**FACT**

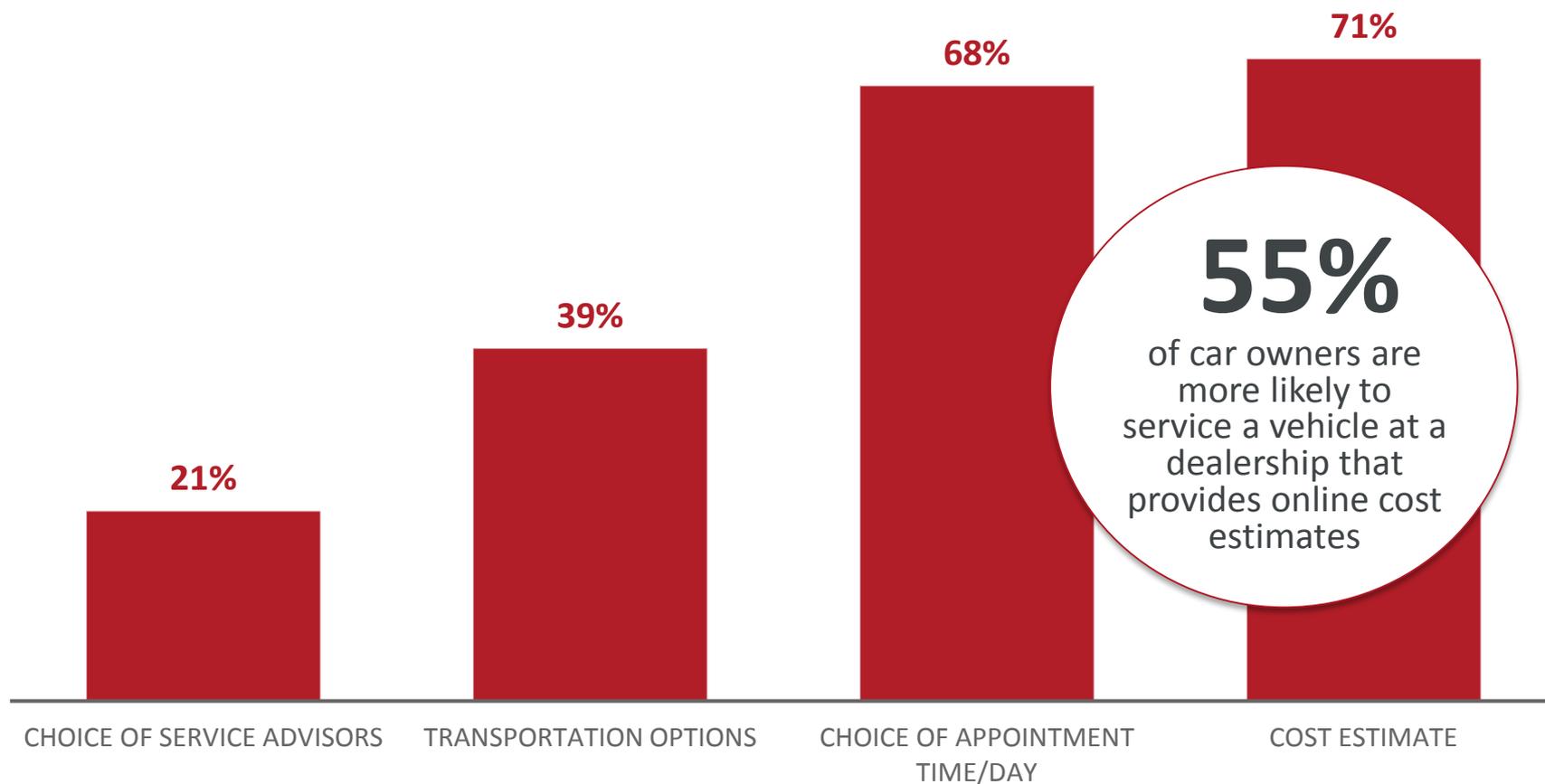
# Consumers Want Pricing

# 71%

Of customers are most concerned with transparent cost estimates when setting appointments

Average cost of routine maintenance at a dealership is comparable to third-party providers

# Concerns When Setting Service Appointments



## FACT

# Price Perception vs Market Reality

Is your customer's perception "Dealership Service is Expensive"?

Do you know how competitive you are?

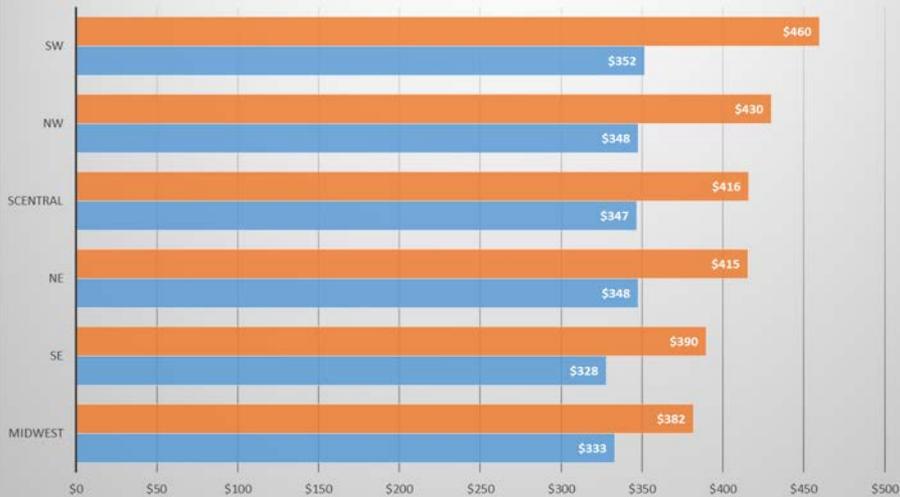
Research data shows each market is different with these factors impacting price:

- Franchise
- Rural vs. Metro
- Types of Aftermarket Competitors
- Density of Competition

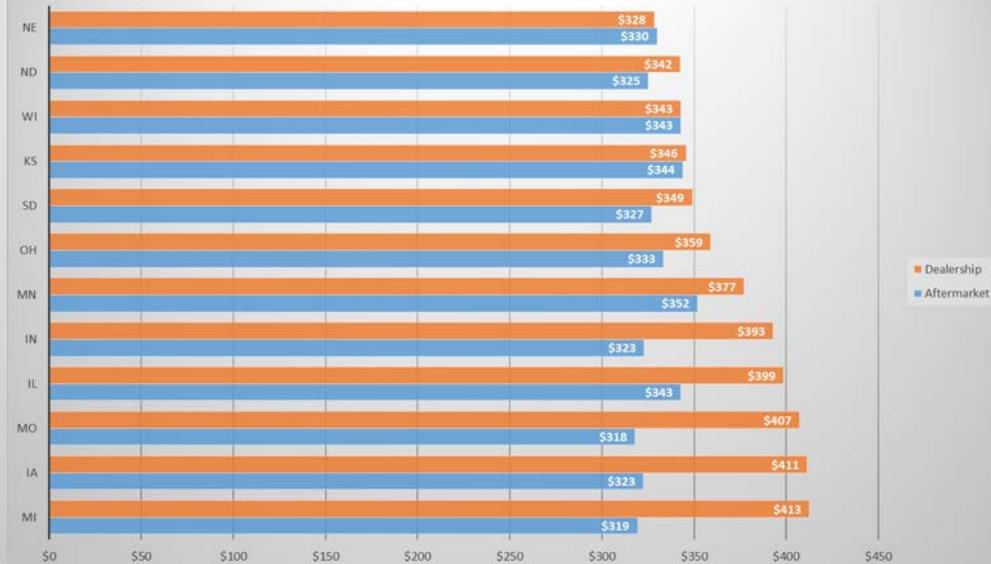
It is becoming essential for a dealership to understand their unique market better - and then learn how to leverage "Price" to their advantage.

# National and Regional Views

Japanese Sedan  
Front Brake Pad & Rotor Replacement  
2037 Dealerships Shopped  
5896 Aftermarket Centers Shopped



Midwest Region by State



# Market View



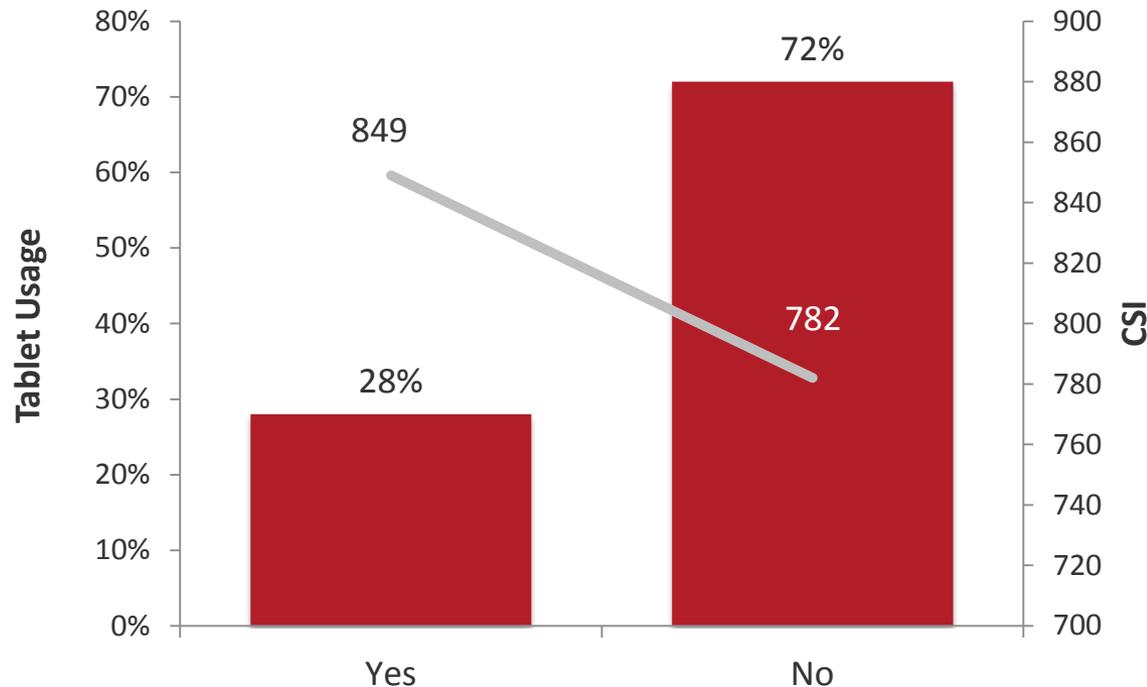
# FACT

## Tablets Improve the Write-up Experience

### Service Tablet: Overall CSI Impact

Tablet usage grew significantly and continues to produce a significant positive satisfaction impact.

Industry Tablet Usage and CSI



Make	Tablet Usage	CSI Impact	Usage Change YOY
Mercedes-Benz	48%	50	9%
smart	42%	52	n/a
Chrysler	36%	98	11%
Cadillac	35%	61	6%
Dodge	34%	66	11%
Lexus	34%	44	4%
BMW	33%	58	5%
Ram	33%	96	14%
Jeep	32%	67	13%
Toyota	30%	55	3%
MINI	30%	51	6%
Lincoln	28%	66	1%
Infiniti	28%	43	6%
Nissan	28%	56	5%
Scion	28%	99	1%
Honda	28%	50	4%
Audi	27%	63	6%
Buick	27%	49	2%
Hyundai	27%	81	6%
Acura	26%	64	4%
Porsche	26%	57	9%
Kia	26%	90	5%
Jaguar	25%	65	5%
Land Rover	25%	68	2%
Chevrolet	24%	74	2%
Volkswagen	23%	84	4%
GMC	23%	80	0%
Fiat	22%	120	0%
Mitsubishi	21%	87	0%
Ford	21%	69	3%
Volvo	19%	98	0%
Subaru	19%	62	5%
Mazda	18%	86	2%
<b>Industry</b>	<b>28%</b>	<b>68</b>	<b>5%</b>

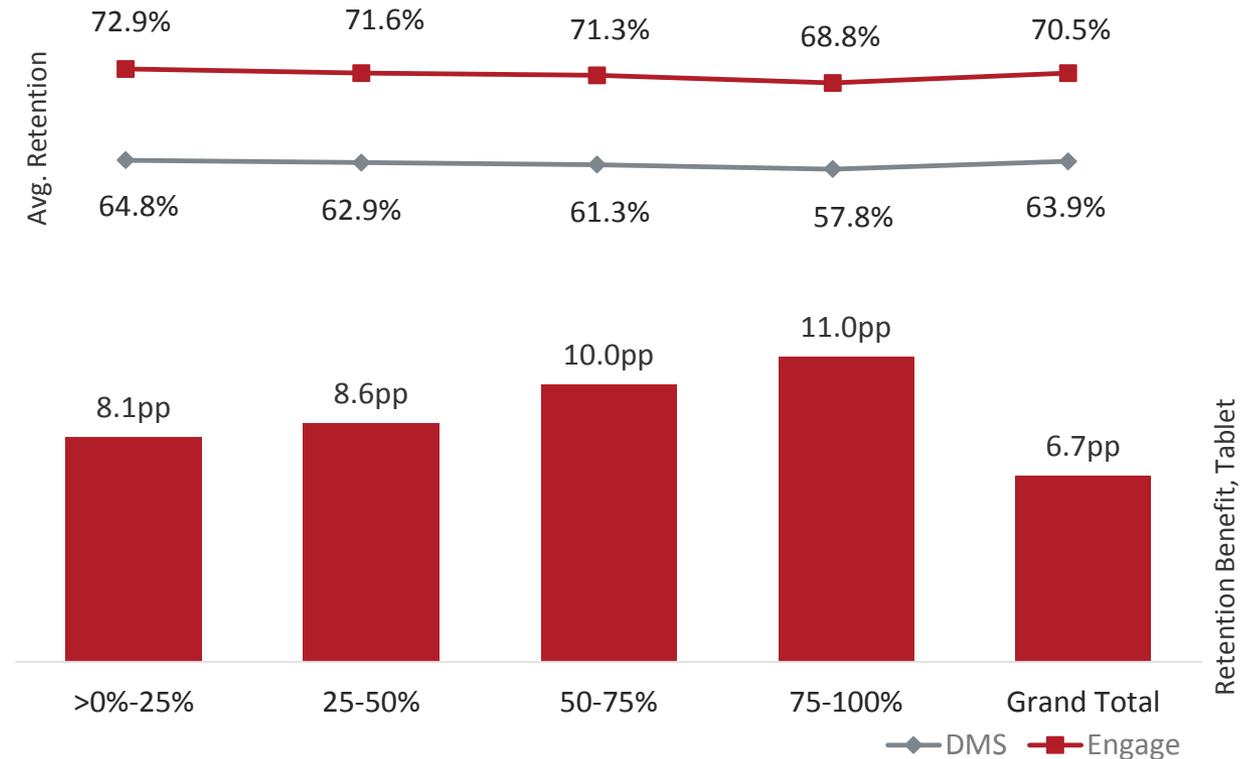
# Tablet Use Increases Customer Retention

## Higher Retention for Same Advisor at Same Dealer

Regardless of Advisor Engage Utilization

Retention Increase

# 6.7pp



A photograph of a person driving a car, viewed from the passenger side. The driver's hands are on the steering wheel. The car's dashboard and center console are visible. A large red diagonal overlay covers the bottom half of the image, with the text "What Can You Do?" written in white. There are also some white geometric lines overlaid on the dashboard area.

What Can You Do?

# Improve the Ownership Experience

## Ownership Experience Impacts:

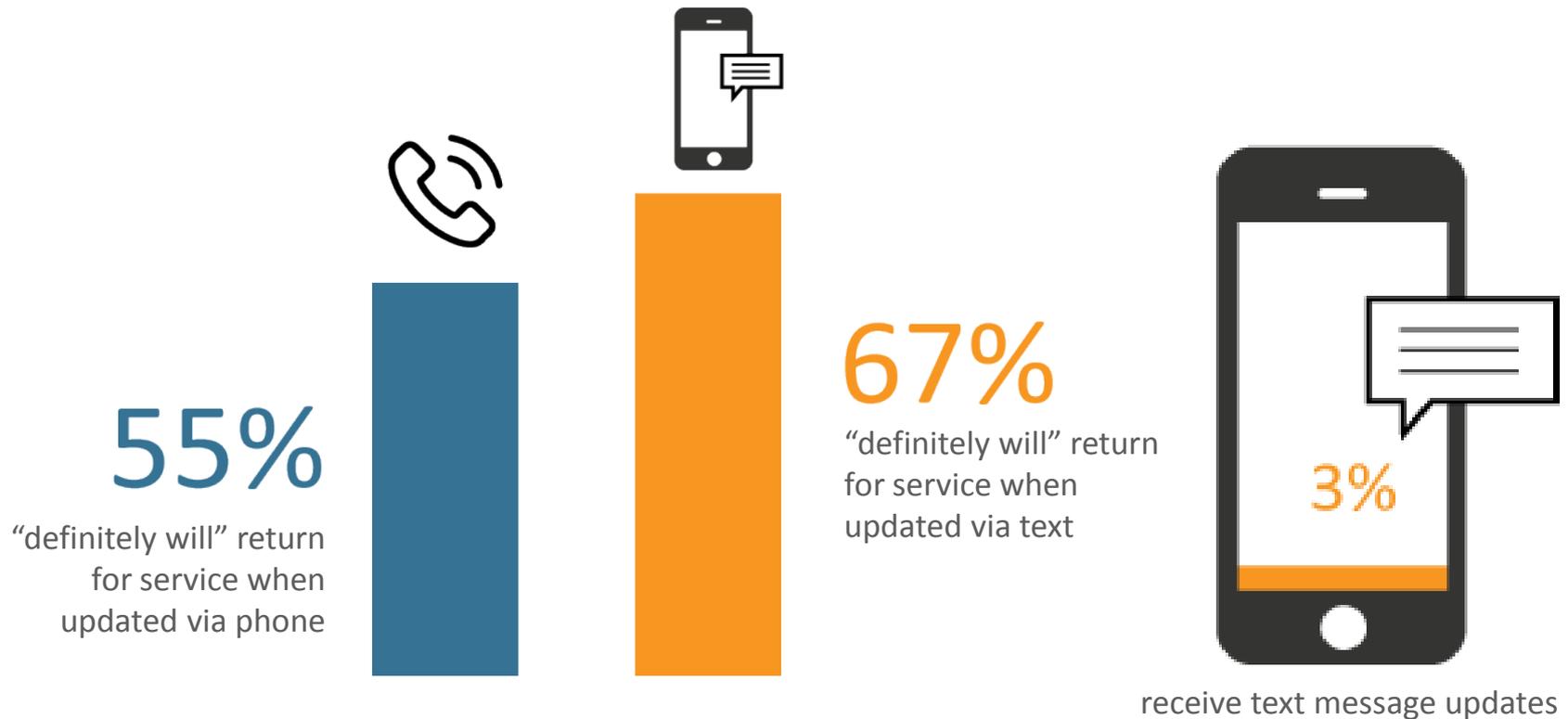
- Retention
- Revenue
- Growth
- CSI
- Online Reputation



# A Seamless Ownership Experience Is Ideal



# Customer Updates During Service Visit also Create a Superior Service Experience



# More Things You Can Do

1. Welcome video from GM or DP
2. Technician sends video to explain additional work and leaves his/her business card on the customer's dashboard
3. Power train warranty for life on used vehicles
4. Free "mini-inspections" at any time
5. Vehicle pick up and delivery
6. Self service kiosk
7. Customer service app
8. Free state inspections
9. Owner rewards program especially on used

Source: The Rickess Group



# Consumers Will Pay More for a Better Experience

# 54%

Would choose to buy  
from a dealership with  
their preferred  
EXPERIENCE versus a  
dealership with the  
lowest price

# Ownership Experience is Key to Retention

*Retention is Driven by Both Vehicle and Service Satisfaction*



Service can be a remedy for poor vehicle perception.

Retention is equal for Excellent vehicle/  
Mediocre service and  
Poor vehicle/  
Superior service

## Recap

**64.4%**

state that customer retention is their primary concern.

---

**93.1%**

of dealers feel that the service experience is more important than repair.

---

**85.1%**

of dealerships feel that their current systems do not provide a superior ownership experience.



Superior  
Ownership  
Experience



Service  
Retention



Owner  
Loyalty



Profitable  
Growth

# Questions



# Turn One-Time Visitors into Lifetime Customers



**Jim Roche**

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