

Five Ways to Take Back Service Profits From Competitors



Jack Simmons

Dealer Training Manager

Cars.com

Chicago, IL

jasimmons@cars.com



#NADA2016

The views and opinions presented in this educational program and any accompanying handout material are those of the speakers, and do not necessarily represent the views or opinions of NADA. The speakers are not NADA representatives, and their presence on the program is not a NADA endorsement or sponsorship of the speaker or the speaker's company, product, or services.

Nothing that is presented during this educational program is intended as legal advice, and this program may not address all federal, state, or local regulatory or other legal issues raised by the subject matter it addresses. The purpose of the program is to help dealers improve the effectiveness of their business practices. The information presented is also not intended to urge or suggest that dealers adopt any specific practices or policies for their dealerships, nor is it intended to encourage concerted action among competitors or any other action on the part of dealers that would in any manner fix or stabilize the price or any element of the price of any good or service.

Workshop Objectives

- ❑ Discover methods to capture more revenue
- ❑ Learn about the Service Loyalty framework
- ❑ Explore ways to target different consumer segments

Current Situation



**THE NUMBER OF OFF-WARRANTY
VEHICLES RISING**



**CONSUMER LOYALTY TO SERVICE
PROVIDERS ERODING**



**COMPETITIVE PRESSURE FROM
INDEPENDENTS AND CHAINS
INTENSIFYING**

The Missed Opportunity

The service category is growing, but service revenue at dealerships is on the decline



\$310 billion

*is spent on parts and service in
the U.S. each year*



Dealerships' share = **26%**

Source: NADA

#NADA2016

The Missed Opportunity



\$186 – The average dealer's lifetime service revenue per car sold



\$1,915 – The potential lifetime service revenue per car sold



\$1,729 in missed potential revenue per customer

Service Can Help Sell Cars



*A consumer using the
dealer's service lanes is*

AT LEAST 2X

*more likely to buy or
lease from you.*

Source: Millard Brown

#NADA2016

What's Driving Consumers Away?

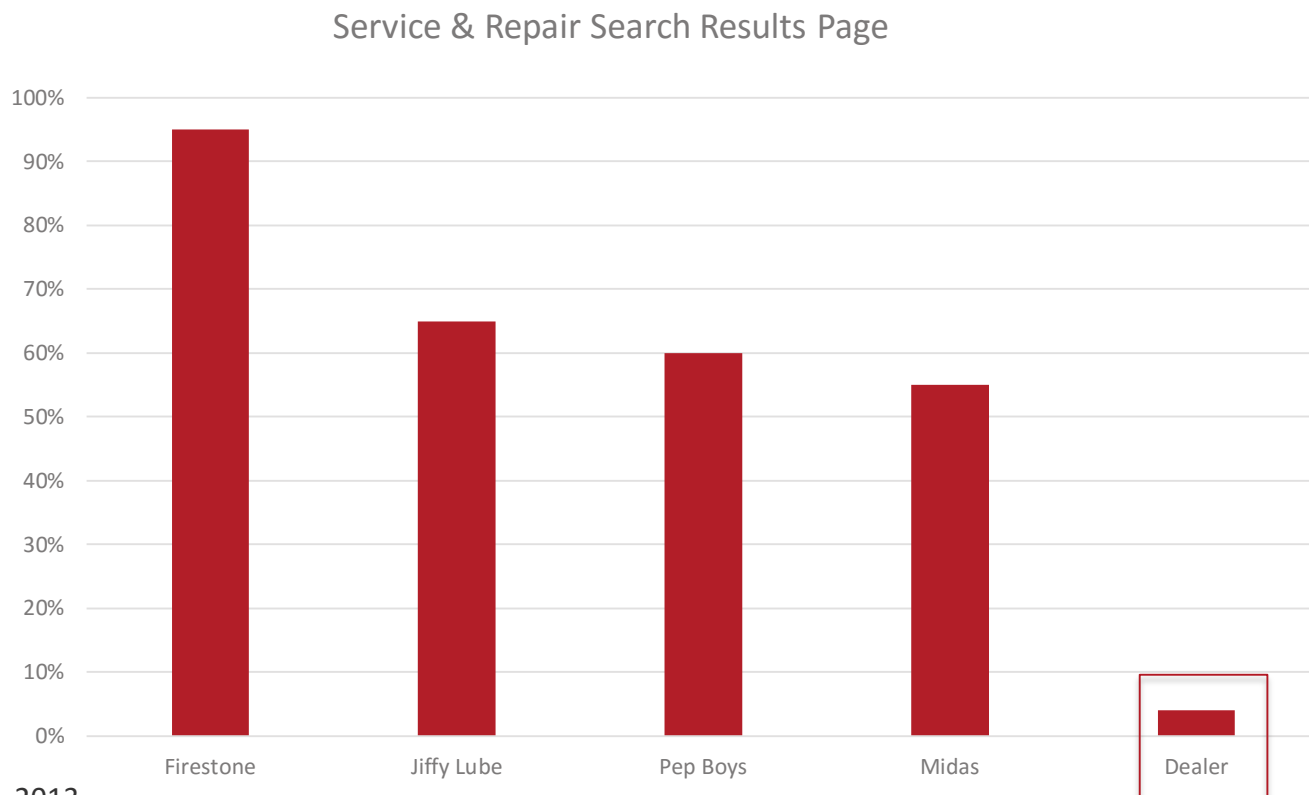


75% *of your customers
aren't looking at you after their
warranty expires.*

Source: Driverside/Kelton, 2011

What's Driving Customers Away?

Dealerships are out-marketed by the competition on digital platforms



Source: R.L. Polk Co., 2013

#NADA2016

Independent Information Matters

10%



Only 10% of car buyers
*state they would not seek out
service department reviews
prior to purchasing a vehicle*

83%



83% of customers
*say they'd be likely
to look online for
vehicles' service and
repair information*

Source: Harris Poll Online for Cars.com, Spring 2014

Source: C+R Research, April 2013

#NADA2016

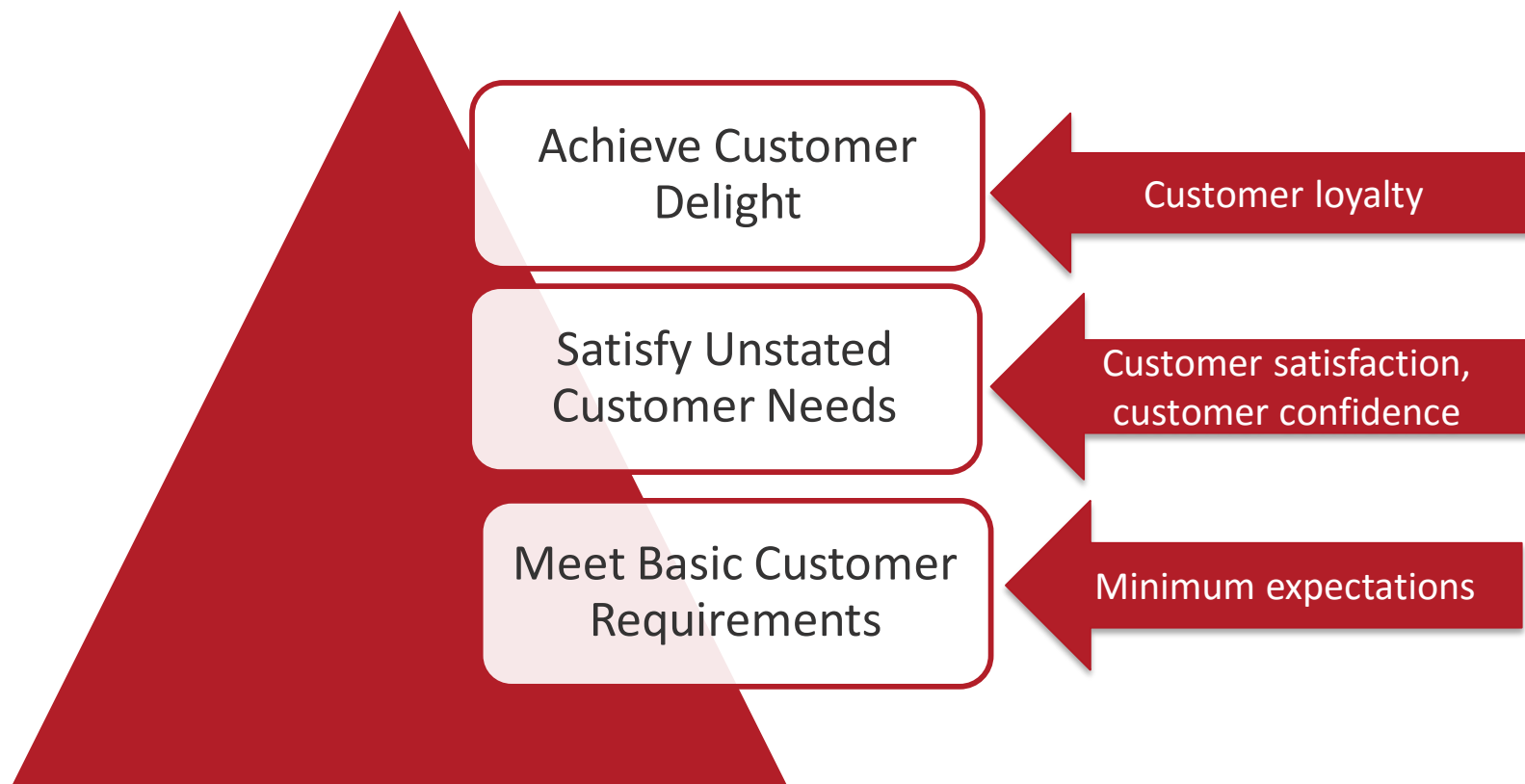
How Do You Win Customers and Grow Loyalty



Focus on retention of recently off-warranty and soon to be off-warranty customers

What Inspires Loyalty?

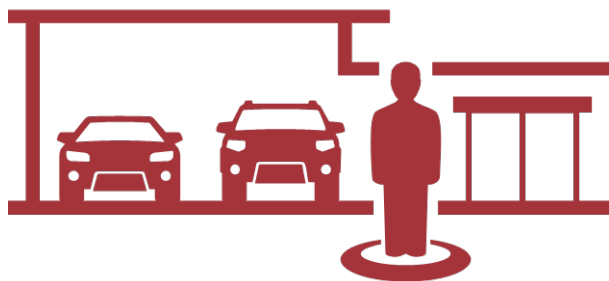
The Customer Satisfaction Model



Source: Tricia Johnson, Institutional Advancement Southeastern Illinois College

#NADA2016

Consumers Loyalty Segments



Potential Loyalists

Willing to Consider a
Dealership



Non-Loyalists

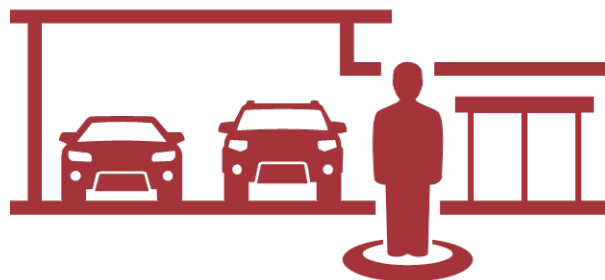
Not Likely to Consider a
Dealership

Source: Service Loyalty Study, Cars.com, 2016

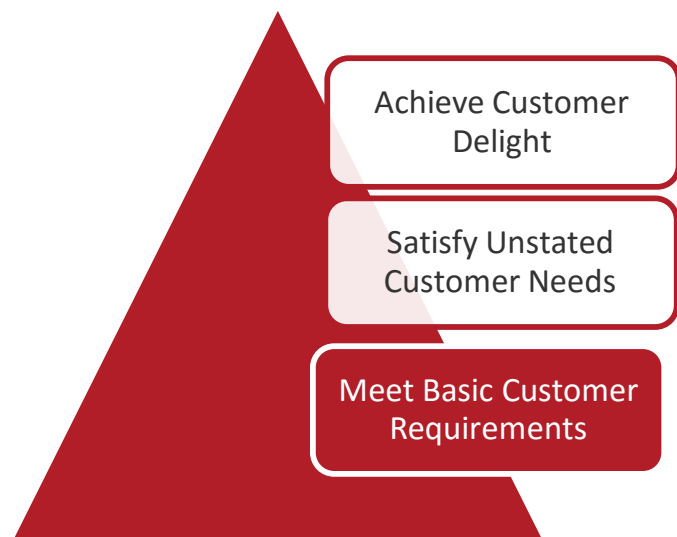
#NADA2016

Opportunity

“Potential Loyalists” represent the biggest opportunity for dealerships



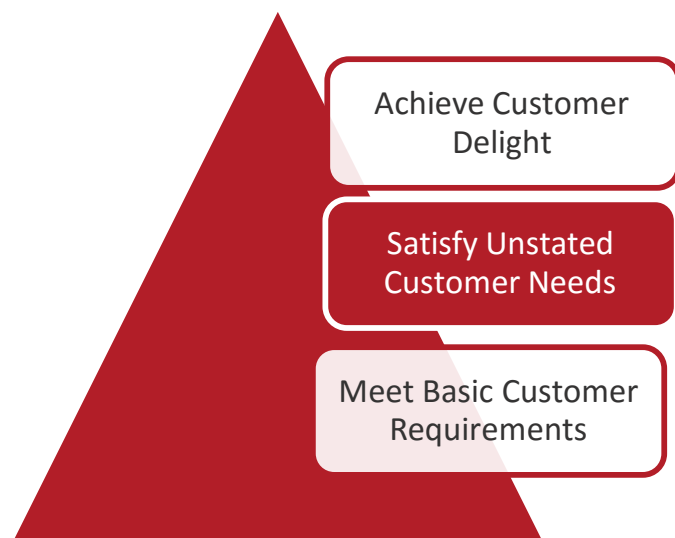
What Inspires Loyalty?



Source: Service Loyalty Study, Cars.com, 2016

#NADA2016

What Inspires Loyalty?



Schedule An Appointment



Source: Service Loyalty Study, Cars.com, 2016

#NADA2016

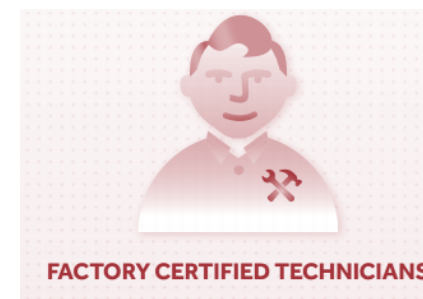
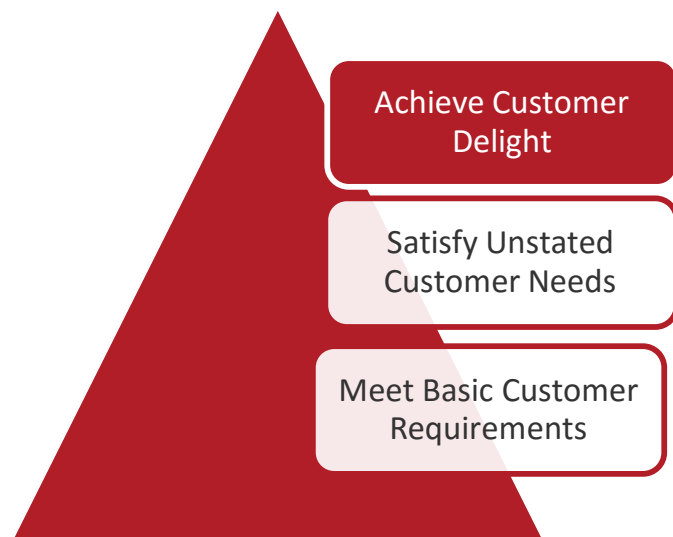
Unstated Customer Needs



“Our waiting area has a children’s play area, a laptop station, free food. That’s how we’ve been able to **retain** a lot of people.” – Dealer

Source: Dealer interviews, Cars.com

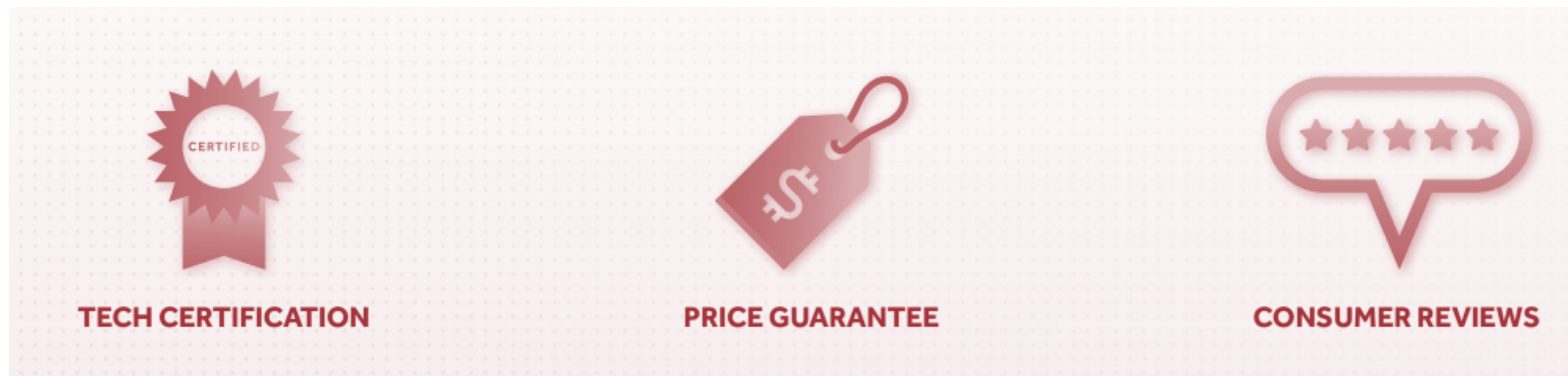
What Inspires Loyalty?



Source: Service Loyalty Study, Cars.com, 2016

#NADA2016

Why Consumers Choose a Service Provider



Source: Service and Price Estimator Study, GFK and Cars.com, 2013

Achieve Customer Delight

Expertise and Factory Training



“Dealer service personnel are well trained and follow Ford procedures. For **complex issues** they are best choice.” – Service Customer

Source: Service Loyalty Study, Cars.com, 2016

Achieve Customer Delight

Price Guarantee/Warranty



PARTS AND LABOR WARRANTIES

“I would want to know **price**, what kind of **warranty**, why they recommend that brand, and how long can I actually expect them to last?” – Service Customer

Source: Service Loyalty Study, Cars.com, 2016

Achieve Customer Delight

Online Consumer Reviews



“A coupon for a cheaper service will always interest me, but it has to be from a place that gets **good reviews**. Otherwise, I am not usually interested in taking that chance.” – Service Customer

Source: Service Loyalty Study, Cars.com, 2016

Achieve Customer Delight

Customer Service



“As long as I have gotten great **customer service** and the work I have done in a particular dealership is always of quality, I tend to stick to the same dealership or service provider.” – Service Customer

Source: Customer interviews, Cars.com

Does the Level of Repair Influence Loyalty?

Simple repair work = < \$50

(spark plug replacement)

Minor repairs = \$50 - \$300

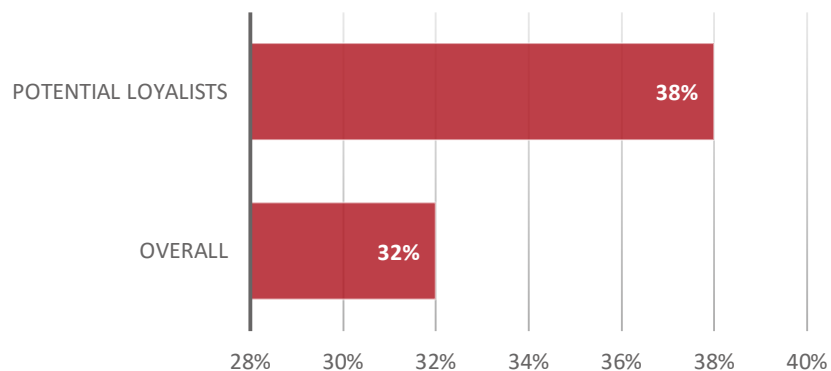
(new brakes, alternator)

Complex repairs = > \$300

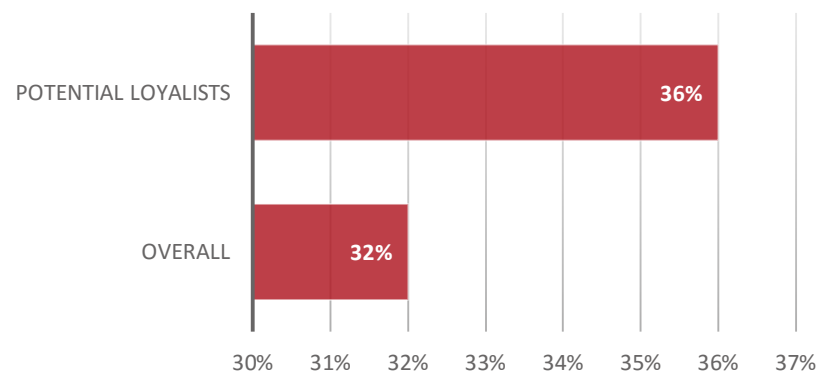
(steering rack replacement)

Level of Repairs

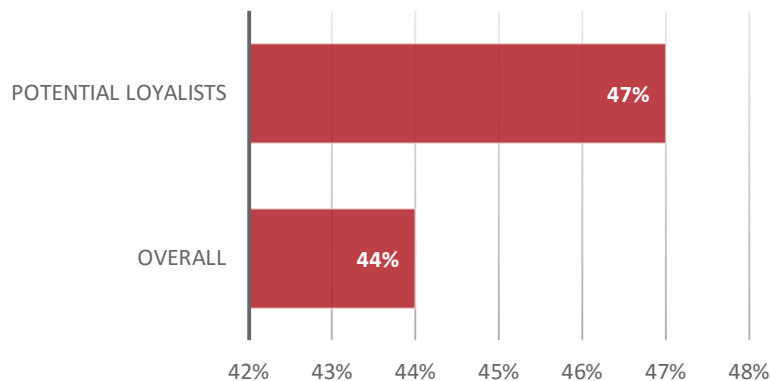
Simple Repairs



Minor Repairs



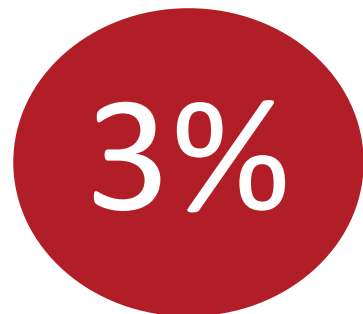
Complex Repairs



Source: Service Loyalty Study, Cars.com, 2016

#NADA2016

Unrealized Opportunity in Service



\$9.3 Billion

Source: Service Loyalty Study, Cars.com, 2016

#NADA2016

Why Consumers Choose a Service Provider



Source: Customer interviews, Cars.com

Loyalty Insights: 3rd Party Certification



Source: Service Loyalty Study, Cars.com, 2016

#NADA2016

How Can I Take Action



Price Transparency



Making your prices available on your website and third-party sites.

Promote Your Expertise and Customer Service



Promote positive customer reviews, expert technicians and warranties

Manage your online reputation



More Reviews



Increased Revenue

Source: The Street Smart Guide to Automotive Reputation Management, CDK Global

#NADA2016

Foster Loyalty



Put a process
in place to
manage your
online
reputation



Promote
price
transparency



Consider a 3rd
party
Certification
Program



Focus on
growing
loyalty to
retain
consumers

Workshop Objections

- ✓ Discover methods to capture more revenue
- ✓ Learn about the Service Loyalty framework
- ✓ Explore ways to target different consumer segments

Questions?

Five Ways to Take Back Service Profits From Competitors



Jack Simmons

Dealer Training Manager

Cars.com

Chicago, IL

jasimmons@cars.com



Please visit the **NADA Pavilion** in the Expo Hall for information on accessing electronic versions of this presentation and the accompanying handout materials, and to order the workshop video recording.

#NADA2016