

# Turn One-Time Visitors into Lifetime Customers



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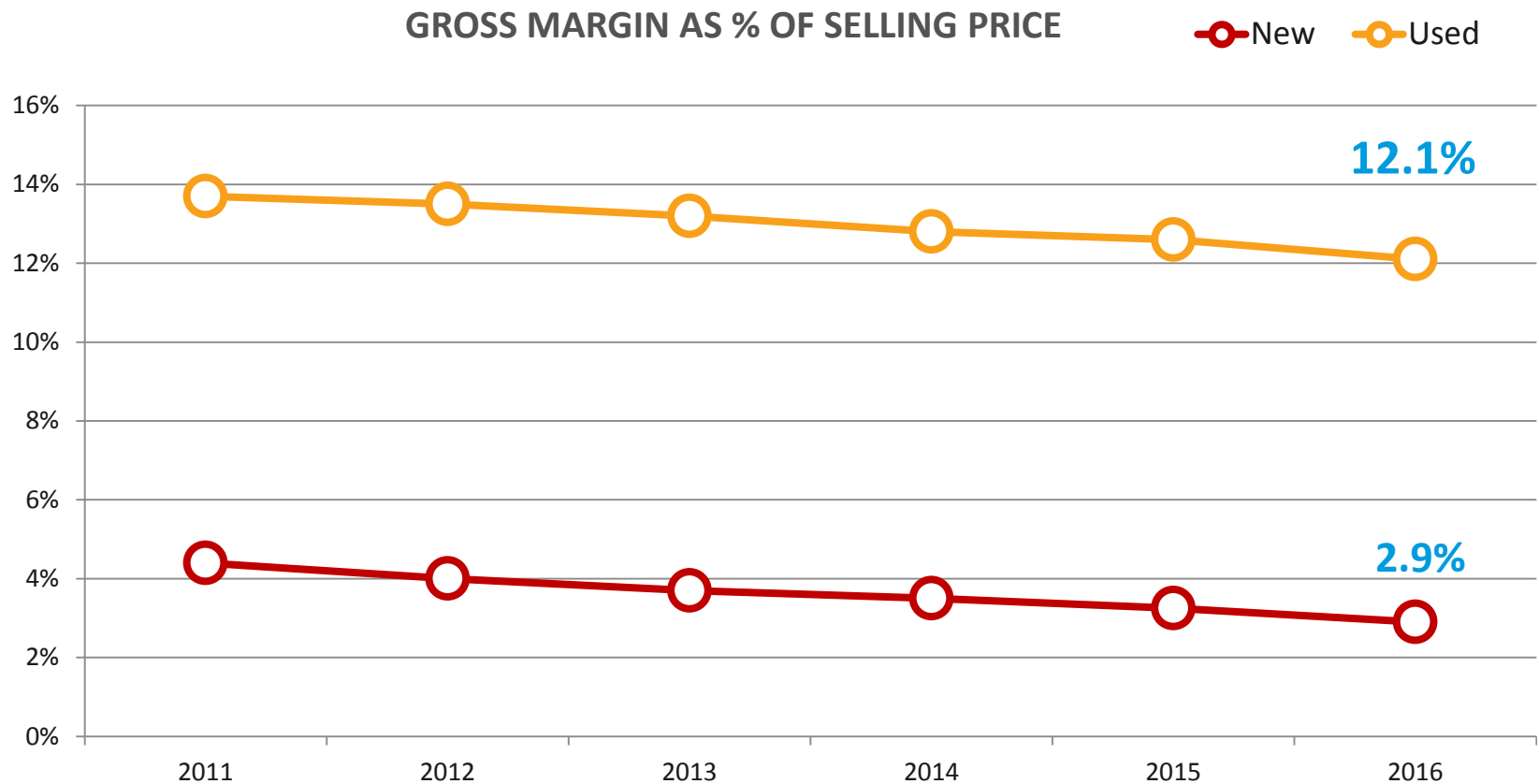
# Two Things to Agree On

**1** Objective is Profitable Growth

**2** Consumers are in Control

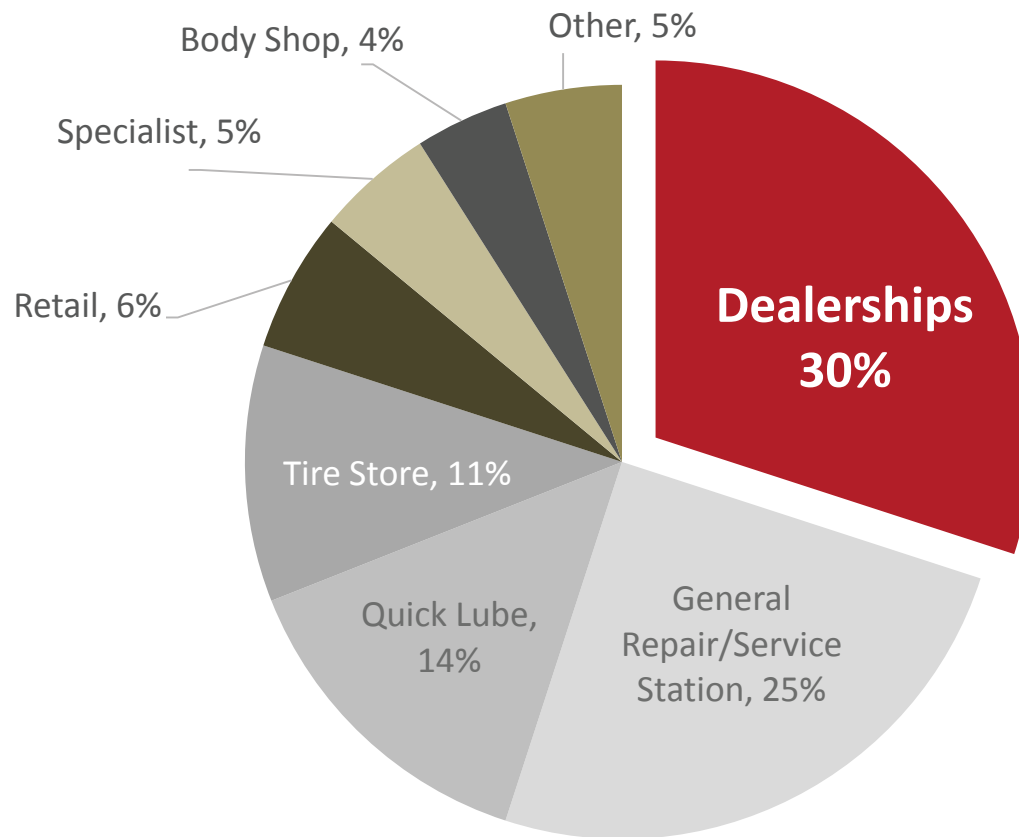


# Margins Continue to Decline



# Primary Opportunity is Service

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



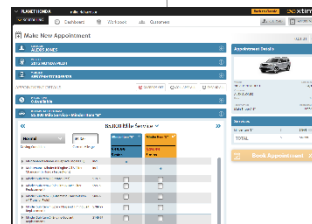
# Focus Needs to be on Growth in Service

## *Only 3 Areas of Control*



**Visits** ↑

Utilization  
Retention  
Experience



**\$/Visit** ↑

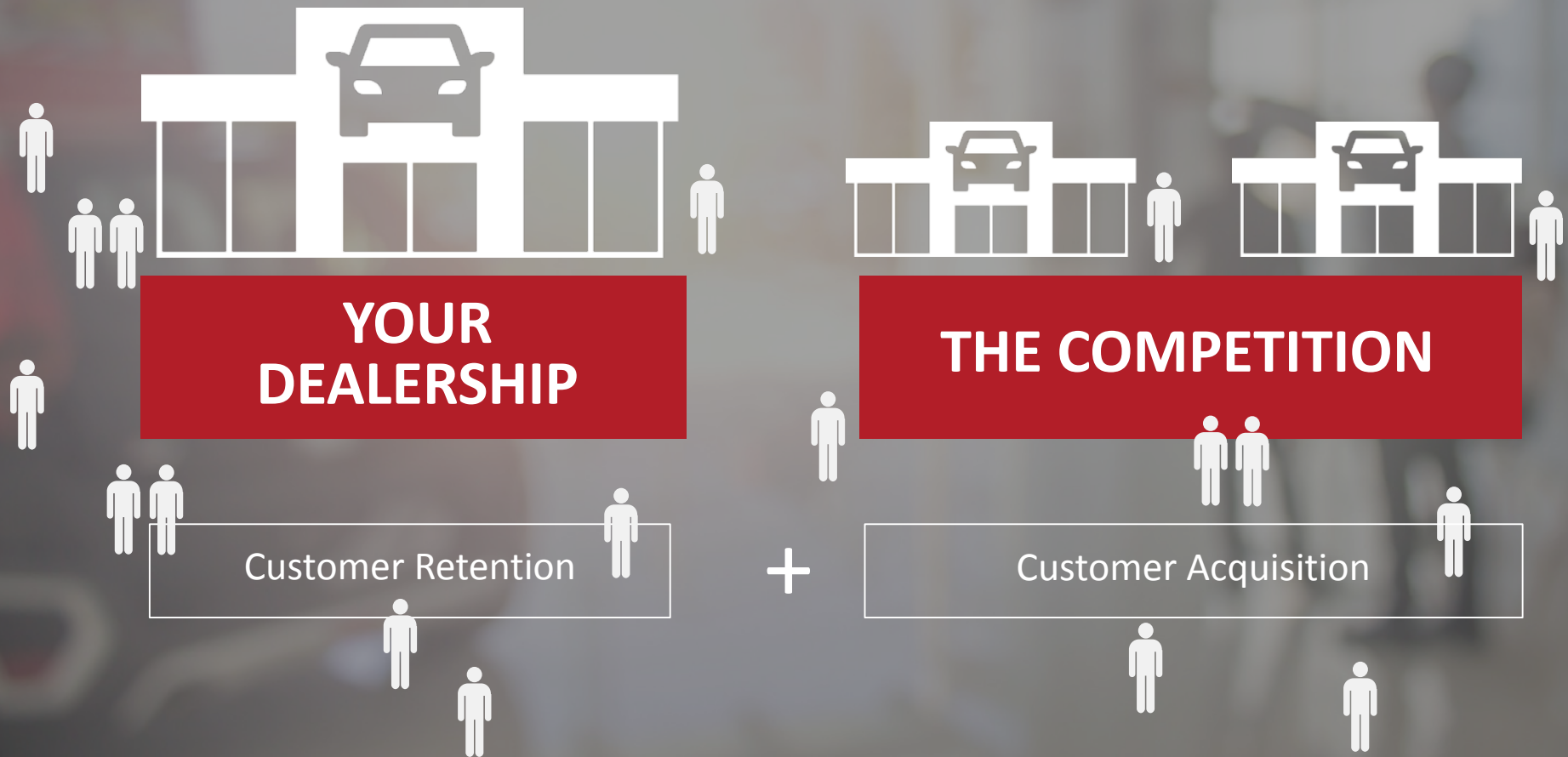
Selling  
More time  
Appointments



**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>

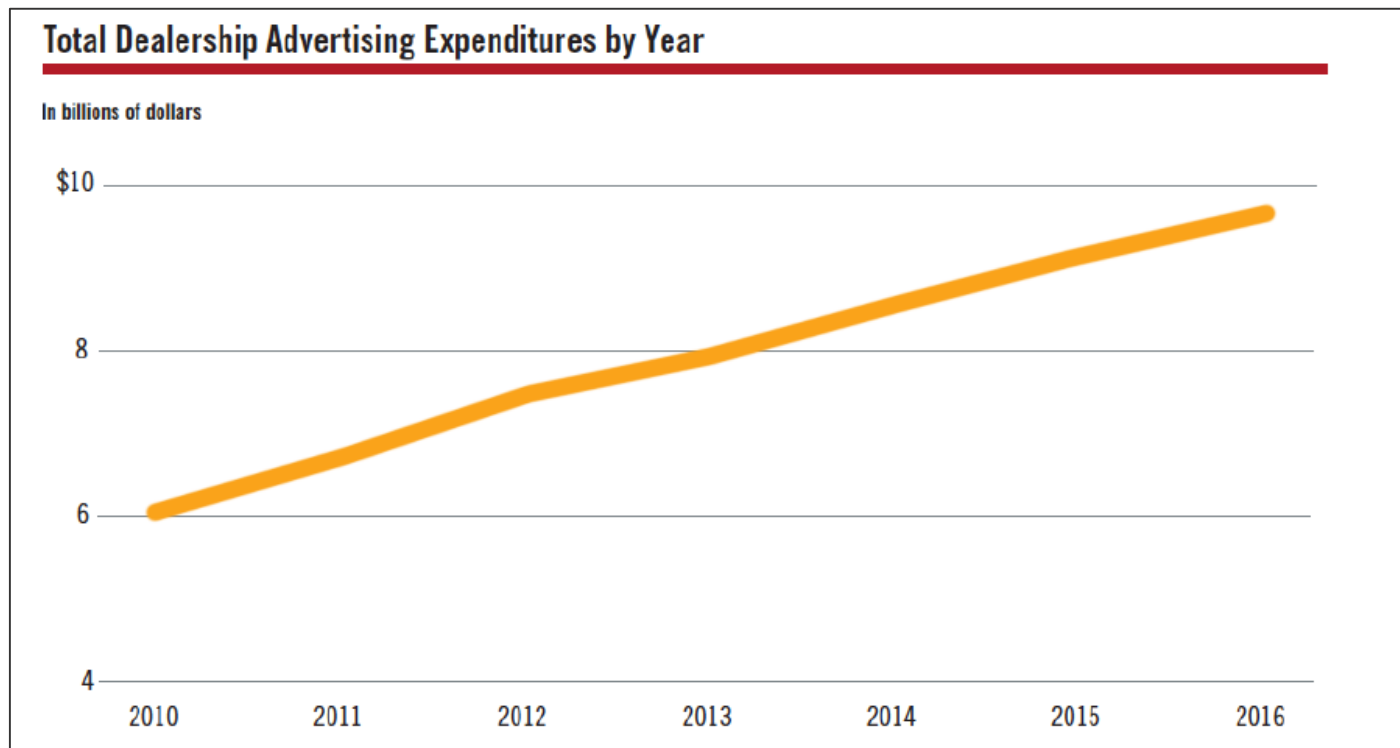
## Top Performers

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

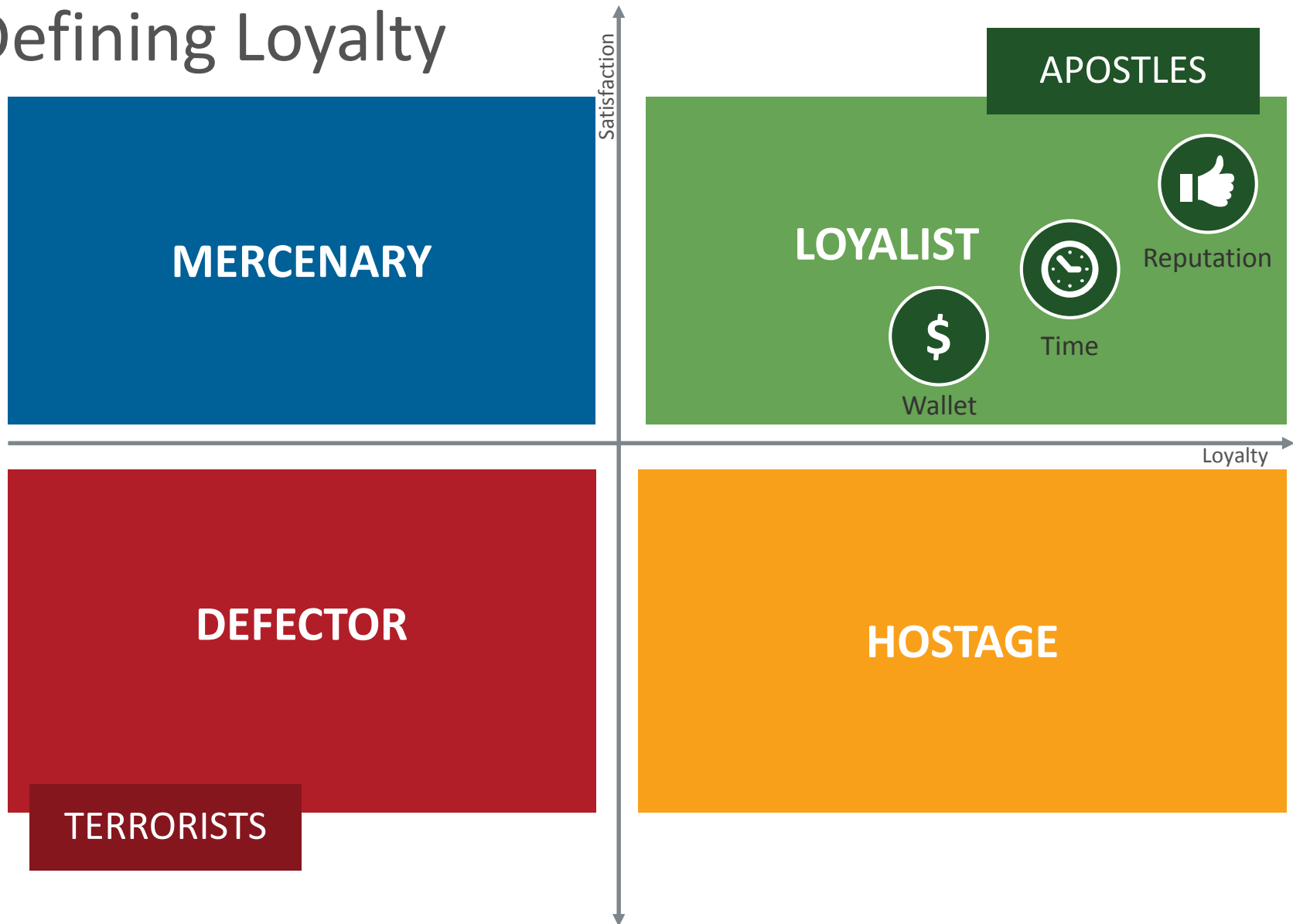
GM states that “Every 1% increase in sales retention translates to a **\$700 million increase** in revenue annually.”

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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!



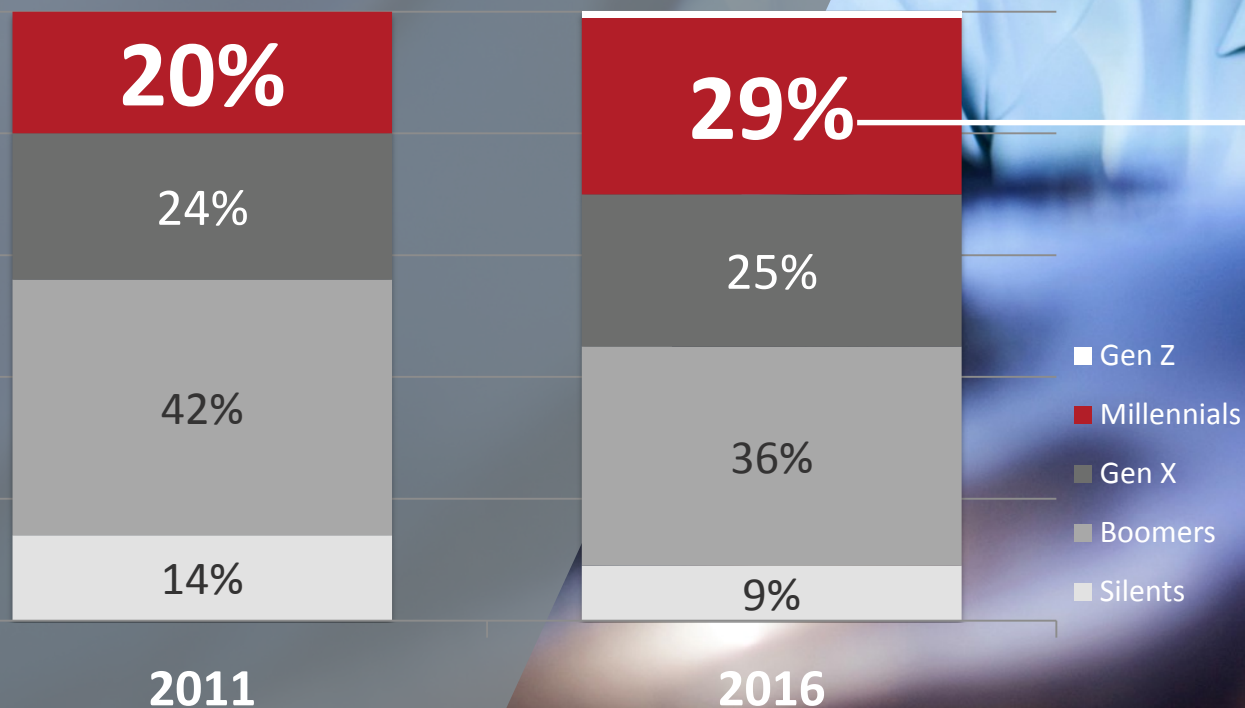


# What's Changed?



# 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

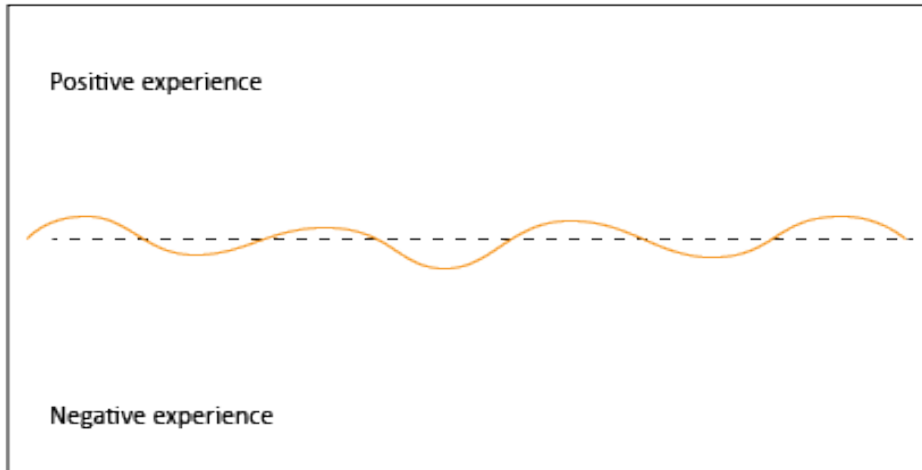
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**By 2020, customer experience will overtake price and product as the key brand differentiator.**

Source: Walker 2014

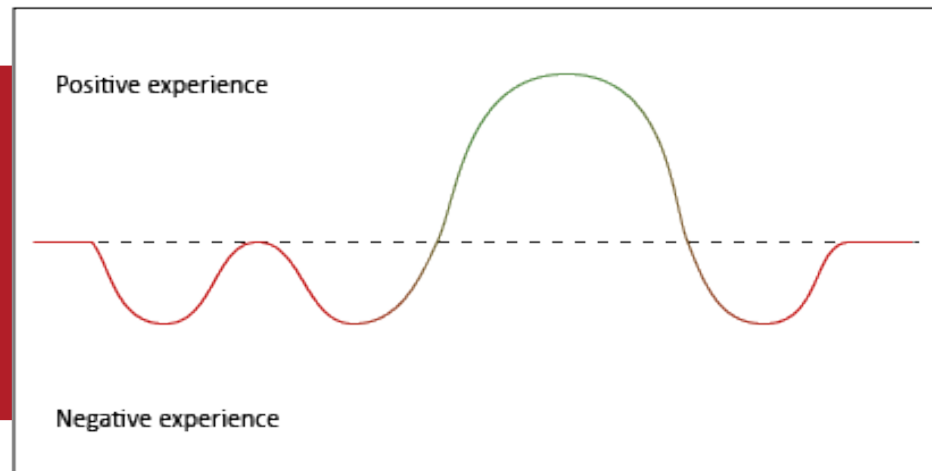
# How to Create Memorable Experiences

## *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



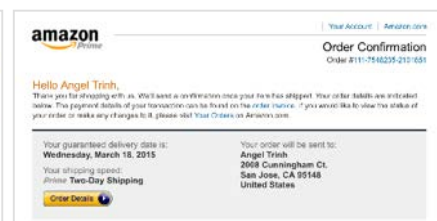
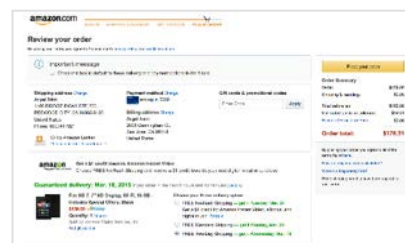


A photograph of two men in dark blue suits and ties standing next to a white SUV in a car dealership. The man on the left is smiling and pointing at the front wheel of the car. The man on the right is holding a tablet and looking at the car. A large red diagonal banner is overlaid on the bottom half of the image, containing white text.

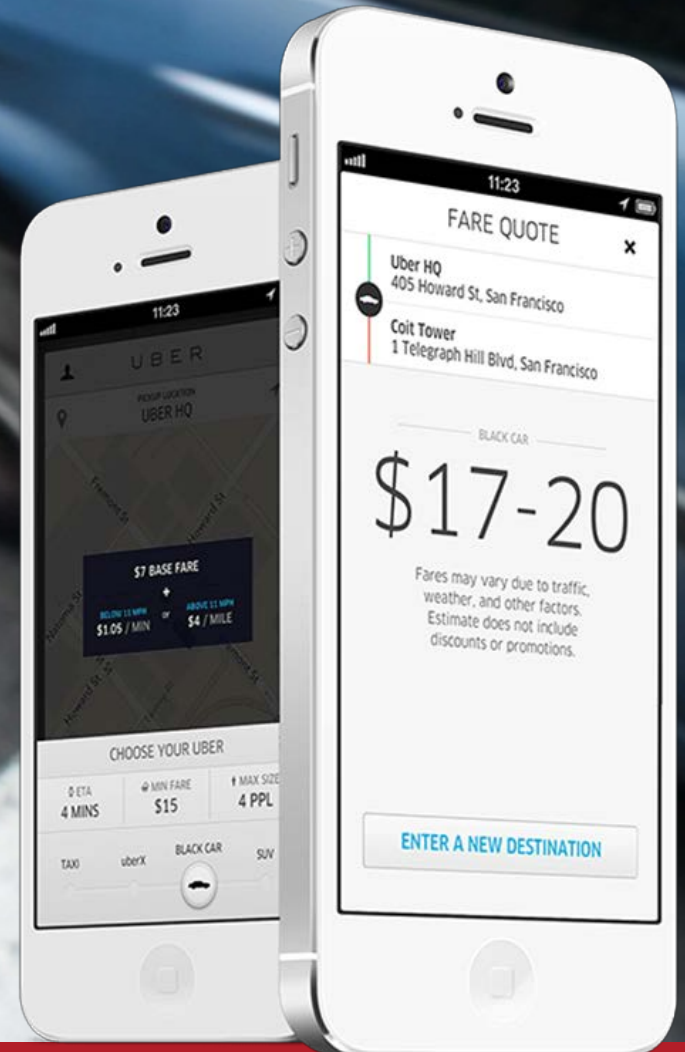
What Companies are Reshaping  
the Customer Experience?

# Amazon

- 1 Email Promo ▶ 2 Shop Online ▶ 3 Place Order ▶ 4 Email Confirm

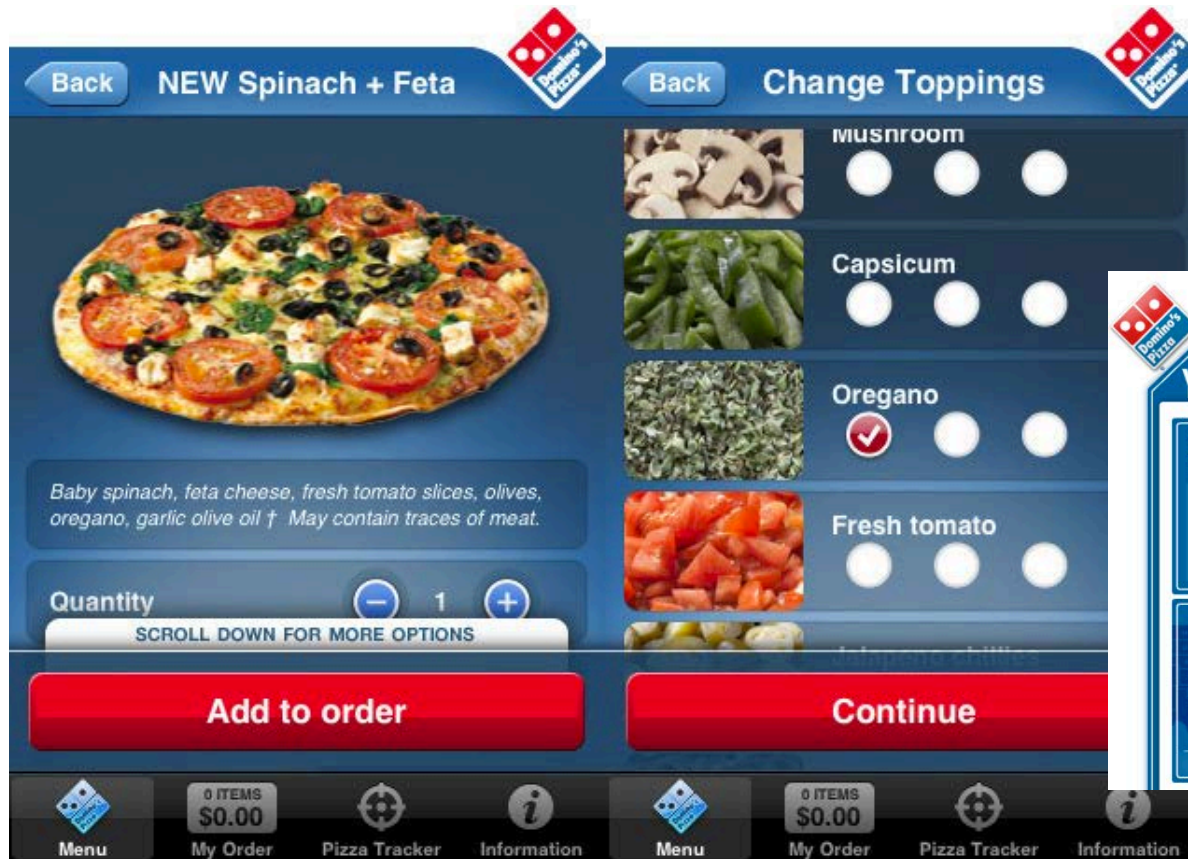


# Uber



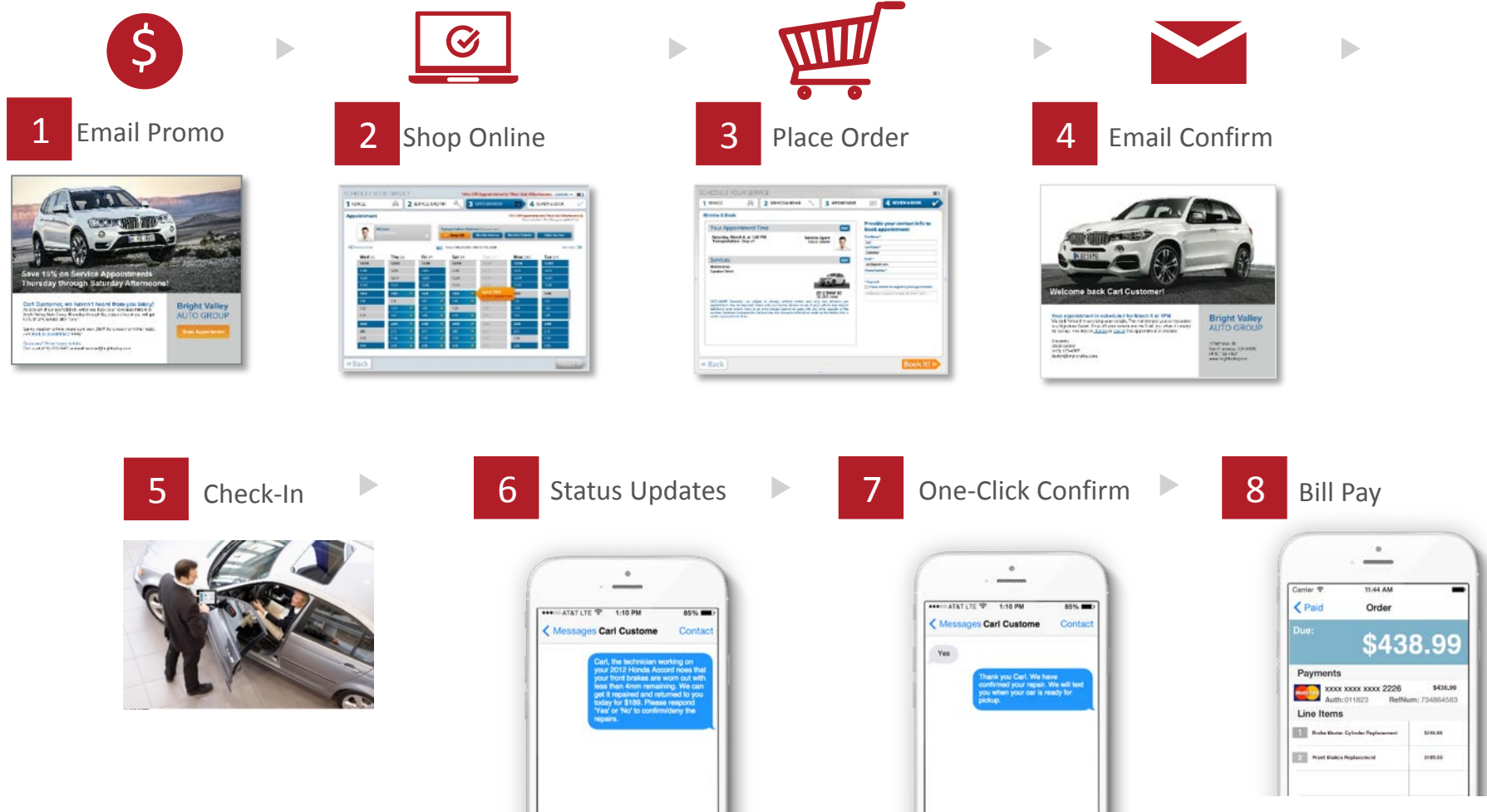


# Domino's Pizza





# If the Service Experience was like Amazon



# Amazon Position



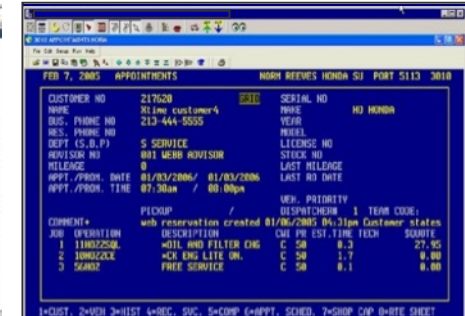
- Currently sells aftermarket parts online
- Launched Amazon Vehicles in 2016
  - Car-buying research site
- Sells SEAT Vehicles in France
- Sells Fiat cars in Italy
- Working with OEMs to offer Alexa for in-car services

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



Let's Compare Experiences

# Today's Typical Dealer Experience



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%

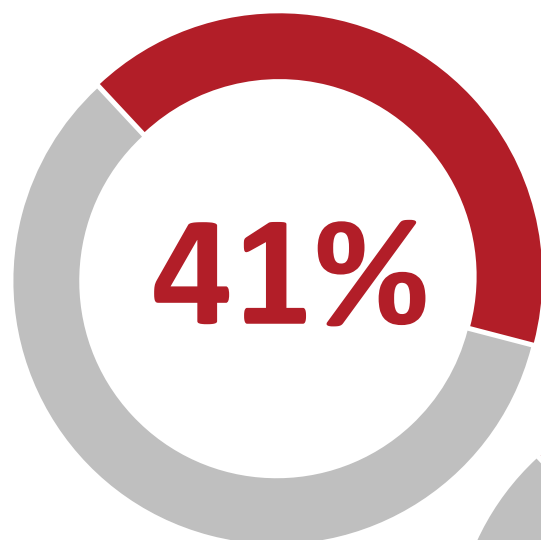
of Dealers

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

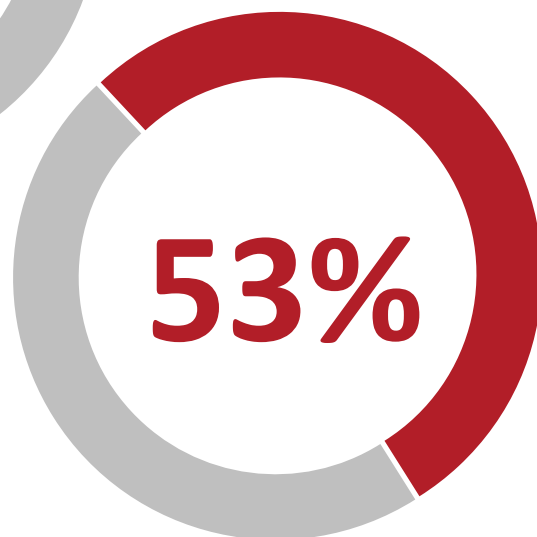




# The Experience Begins During the Sales Process and Continues During the Ownership Journey



**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** ✕

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 towards the right while driving a car. The image is partially covered by a large red overlay on the bottom half. The text 'Common Myths about the Ownership Experience' is written in white on the red background. There are also some white geometric lines on the right side of the red overlay.

# 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

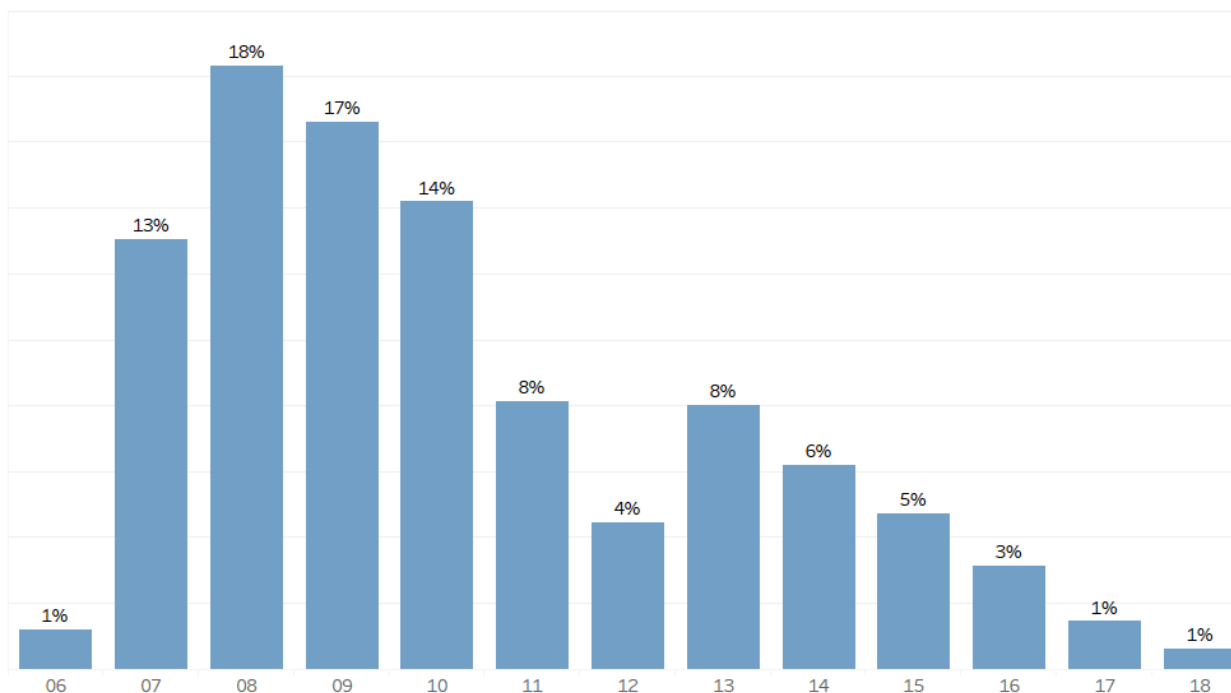
## **MYTH #4**

Tablets complicate the service write-up experience

## FACT

# Customers Want Appointments Throughout the Day

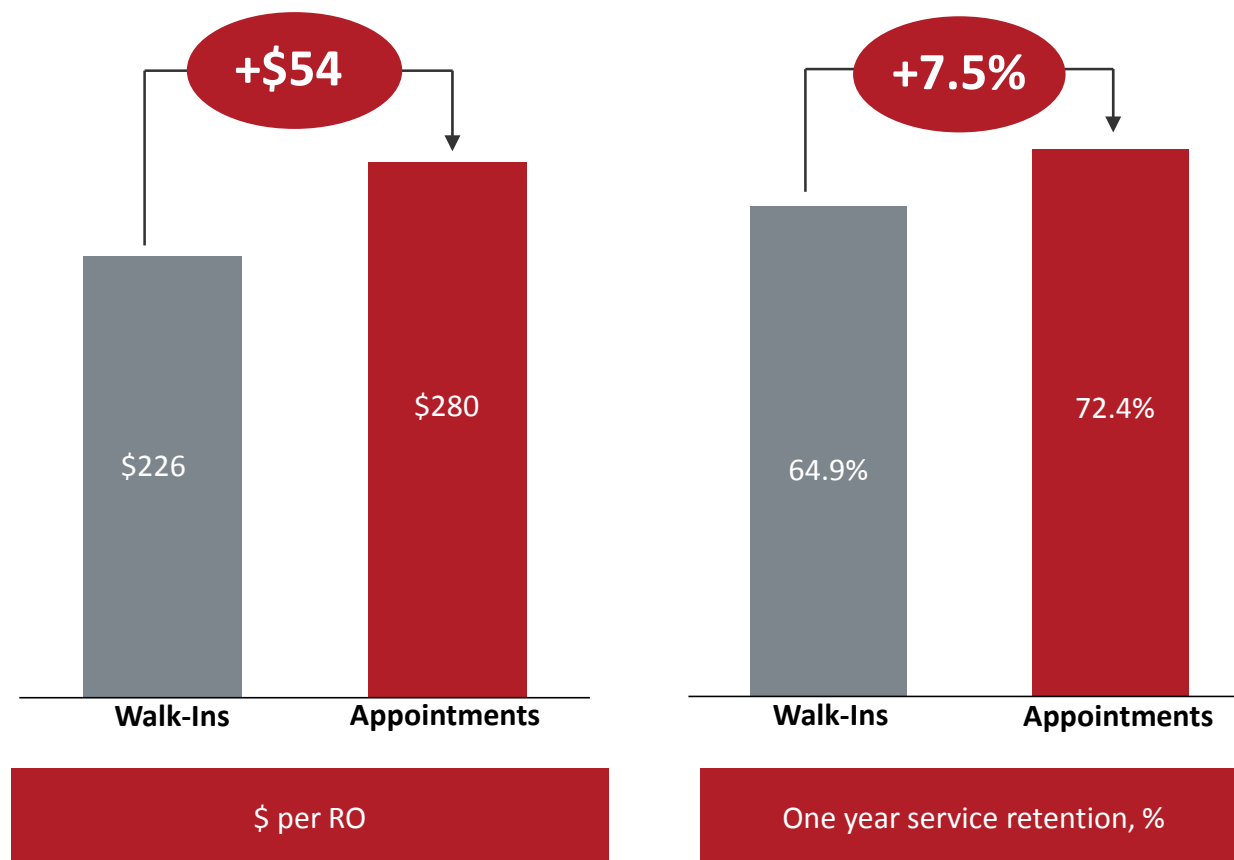
% Appointments by Schedule Time



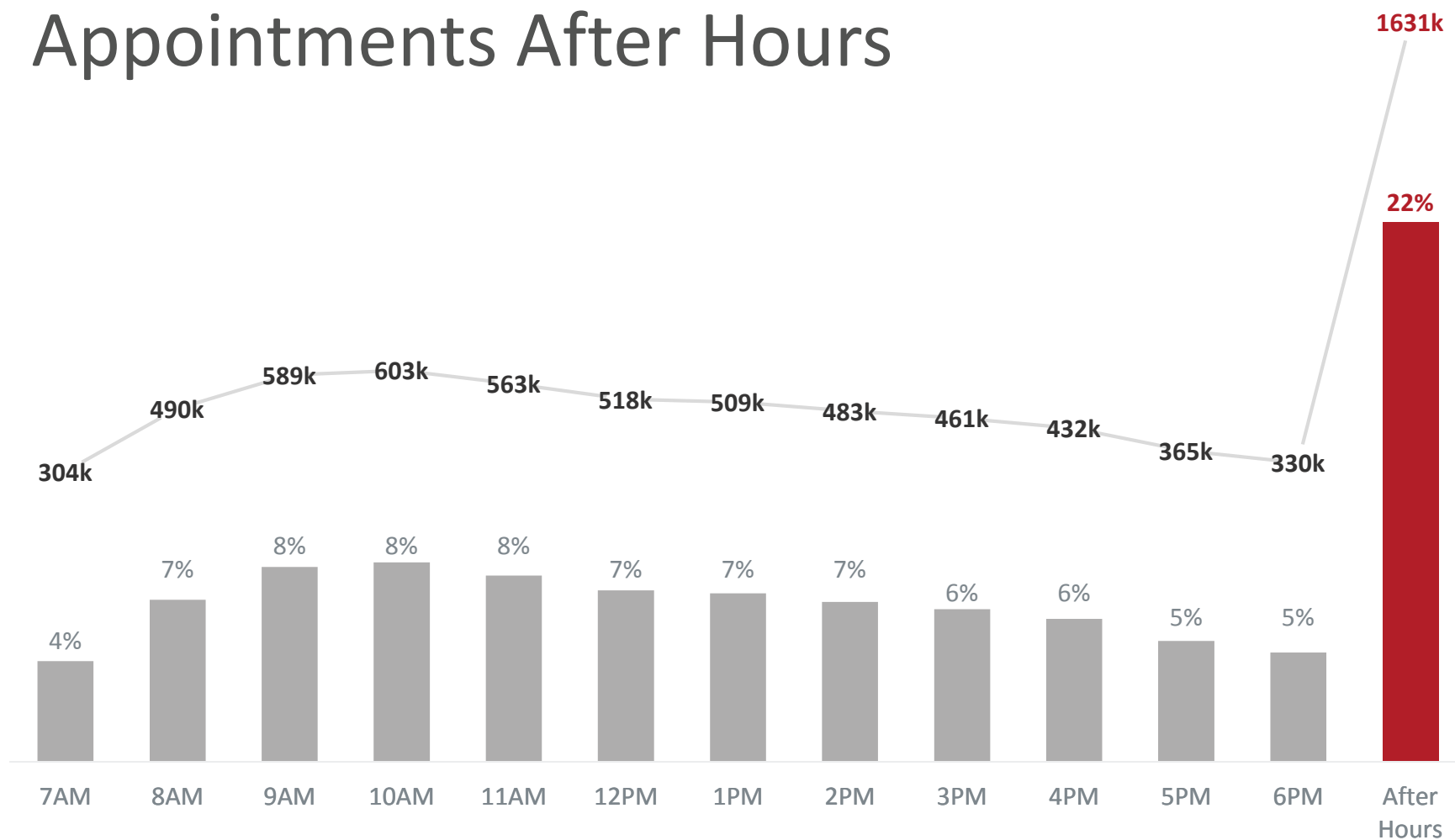
32% of customers want to come in before 9am.

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



**FACT**

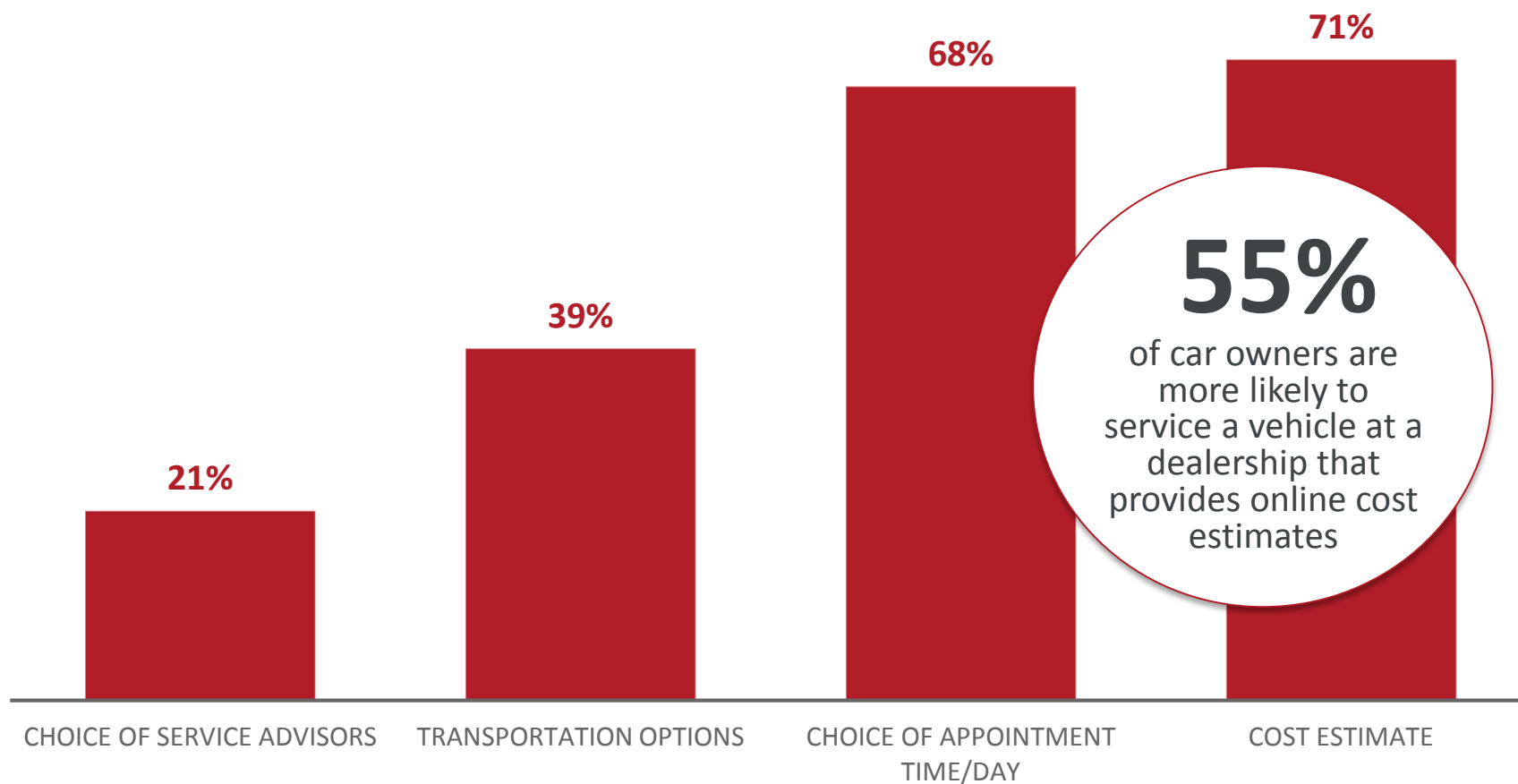
## Consumers Want Pricing

# 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:

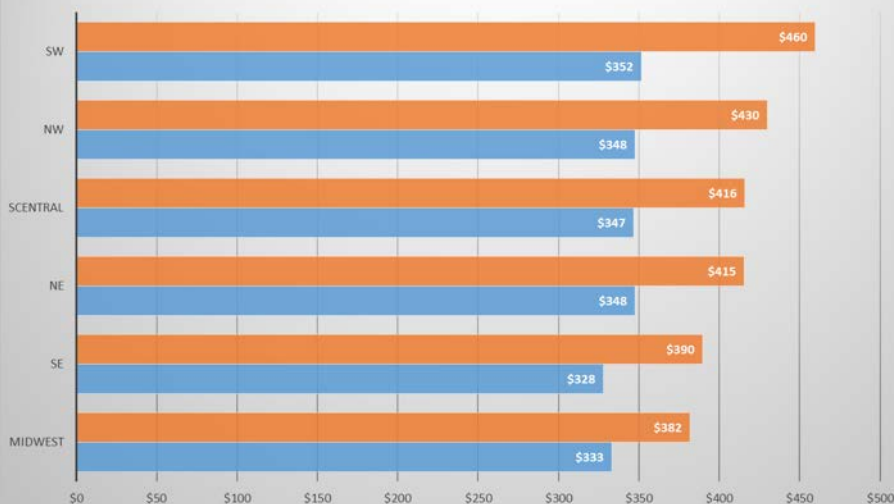
- Franchise
- Rural vs. Metro
- Types of Aftermarket Competitors
- Density of Competition

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

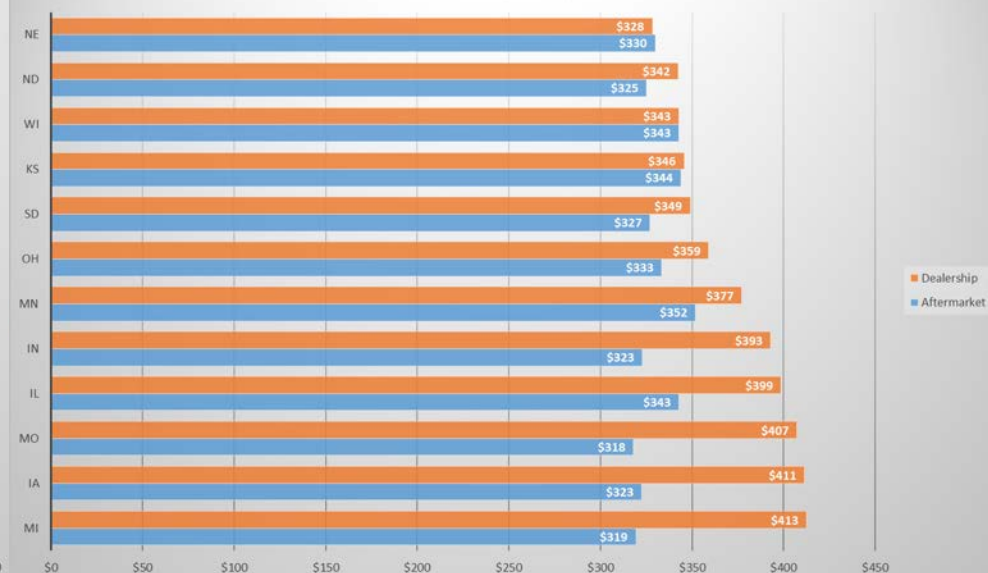


# National and Regional Views

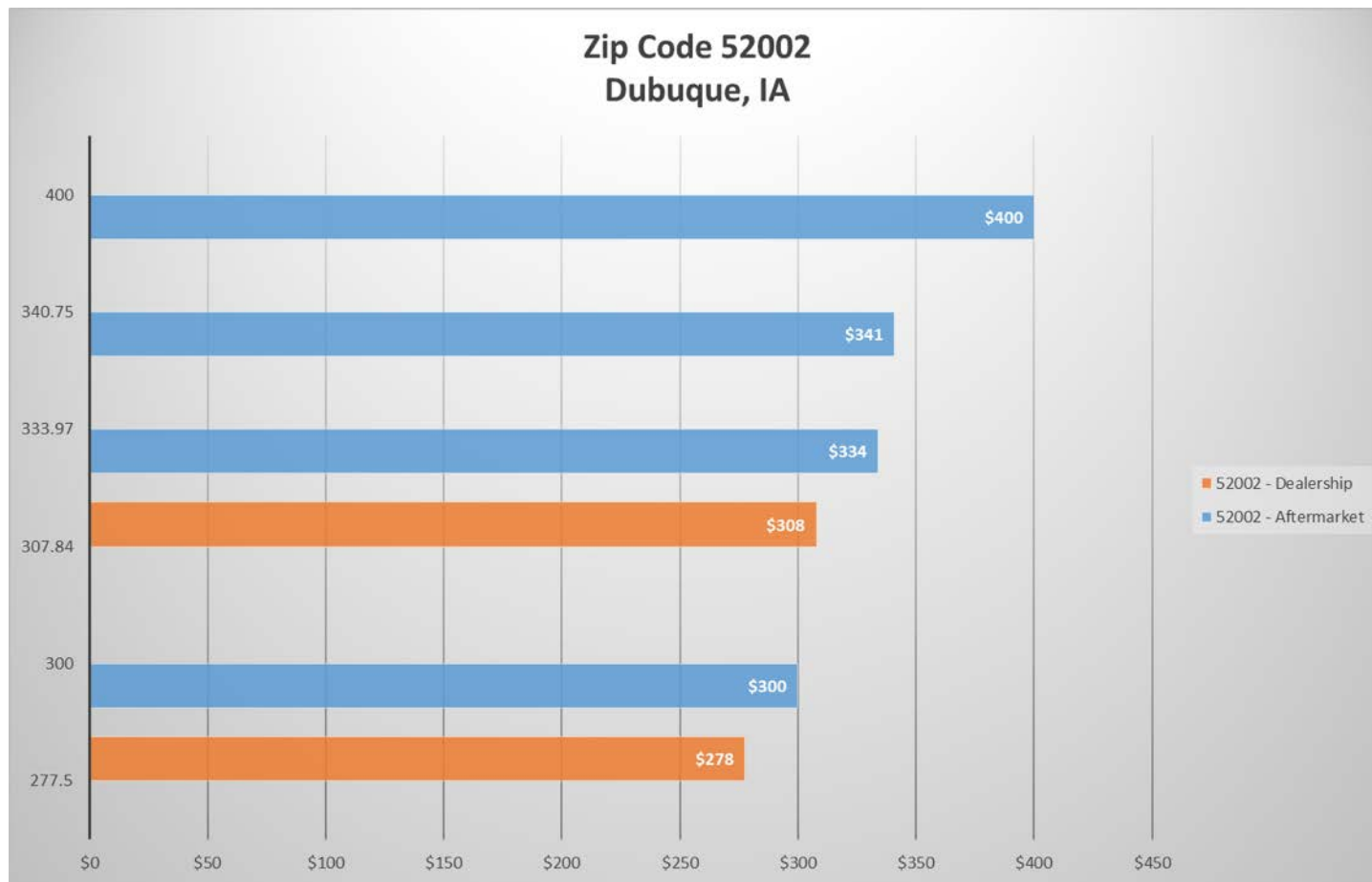
Japanese Sedan  
Front Brake Pad & Rotor Replacement  
2037 Dealerships Shopped  
5896 Aftermarket Centers Shopped



Midwest Region by State



# Market View



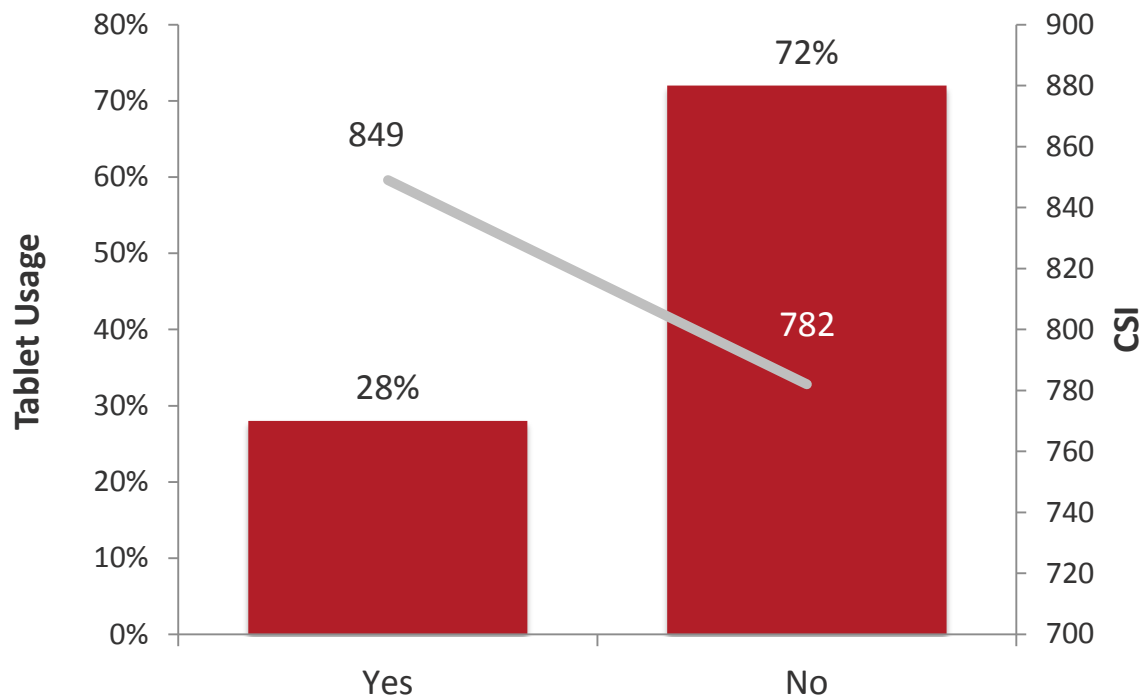
# FACT

## 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%
Industry	28%	68	5%

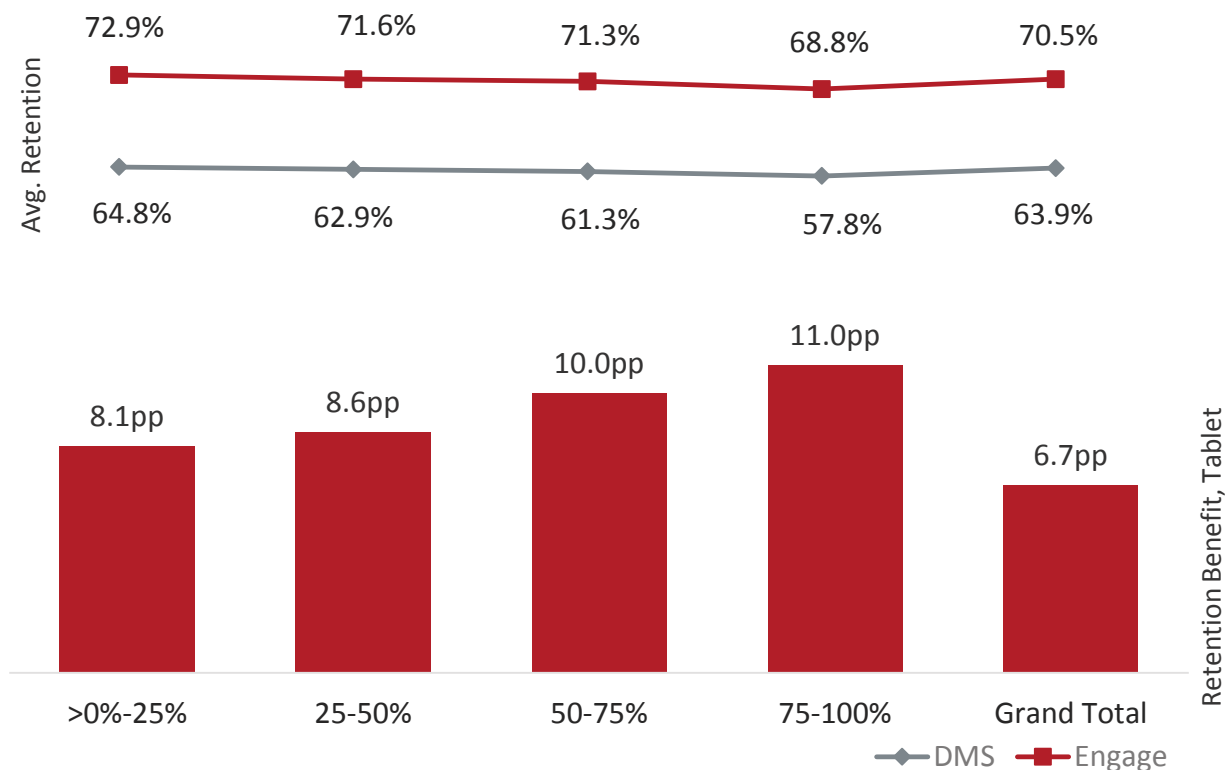
# Tablet Use Increases Customer Retention

## 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 lower half of the image, with the text "What Can You Do?" in white. There are also some white geometric lines on the dashboard area.

# What Can You Do?

# Improve the Ownership Experience

## Ownership Experience Impacts:

- Retention
- Revenue
- Growth
- CSI
- Online Reputation

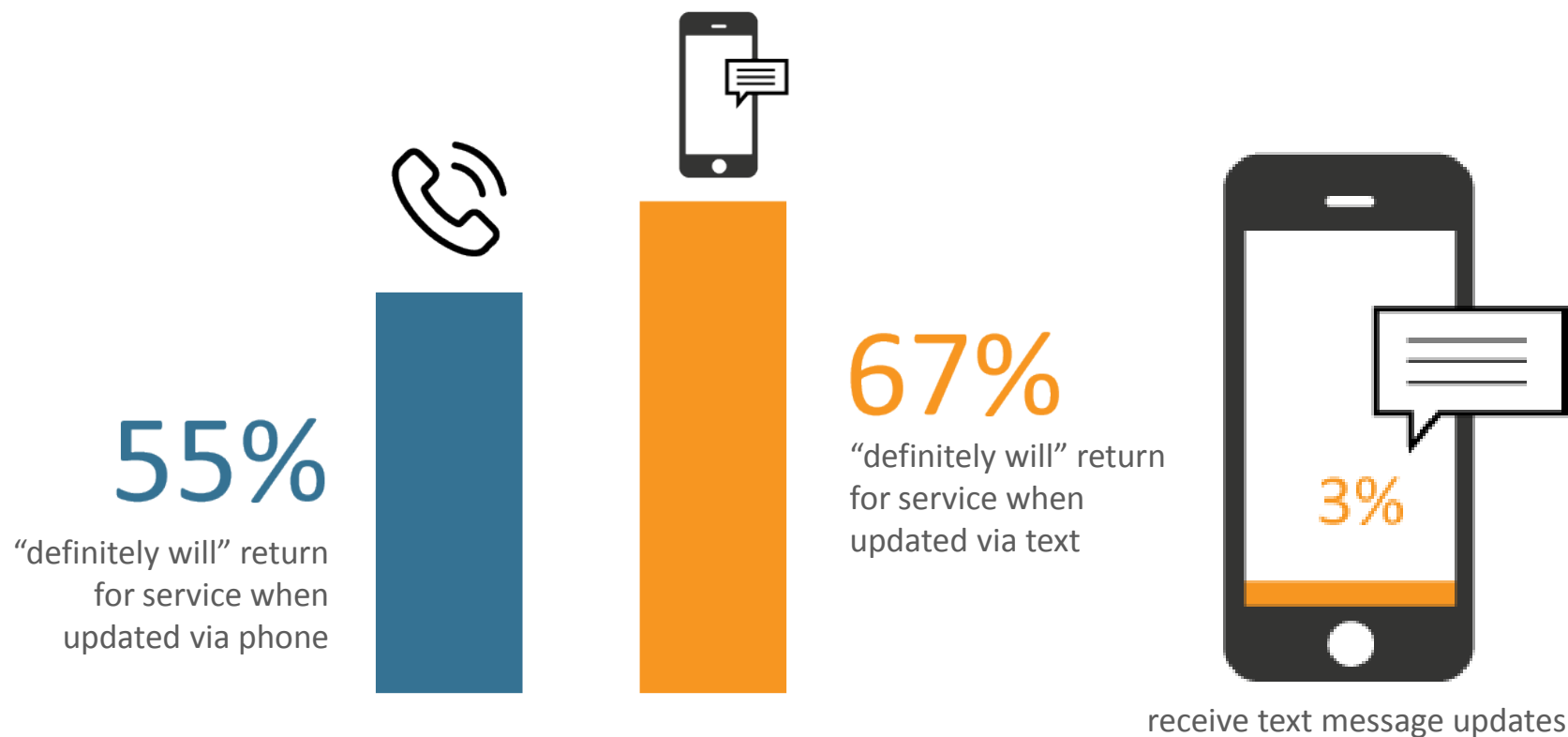




# A Seamless Ownership Experience Is Ideal



# 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.

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**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



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