

Turn One-Time Visitors into Lifetime Customers



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#NADASHOW

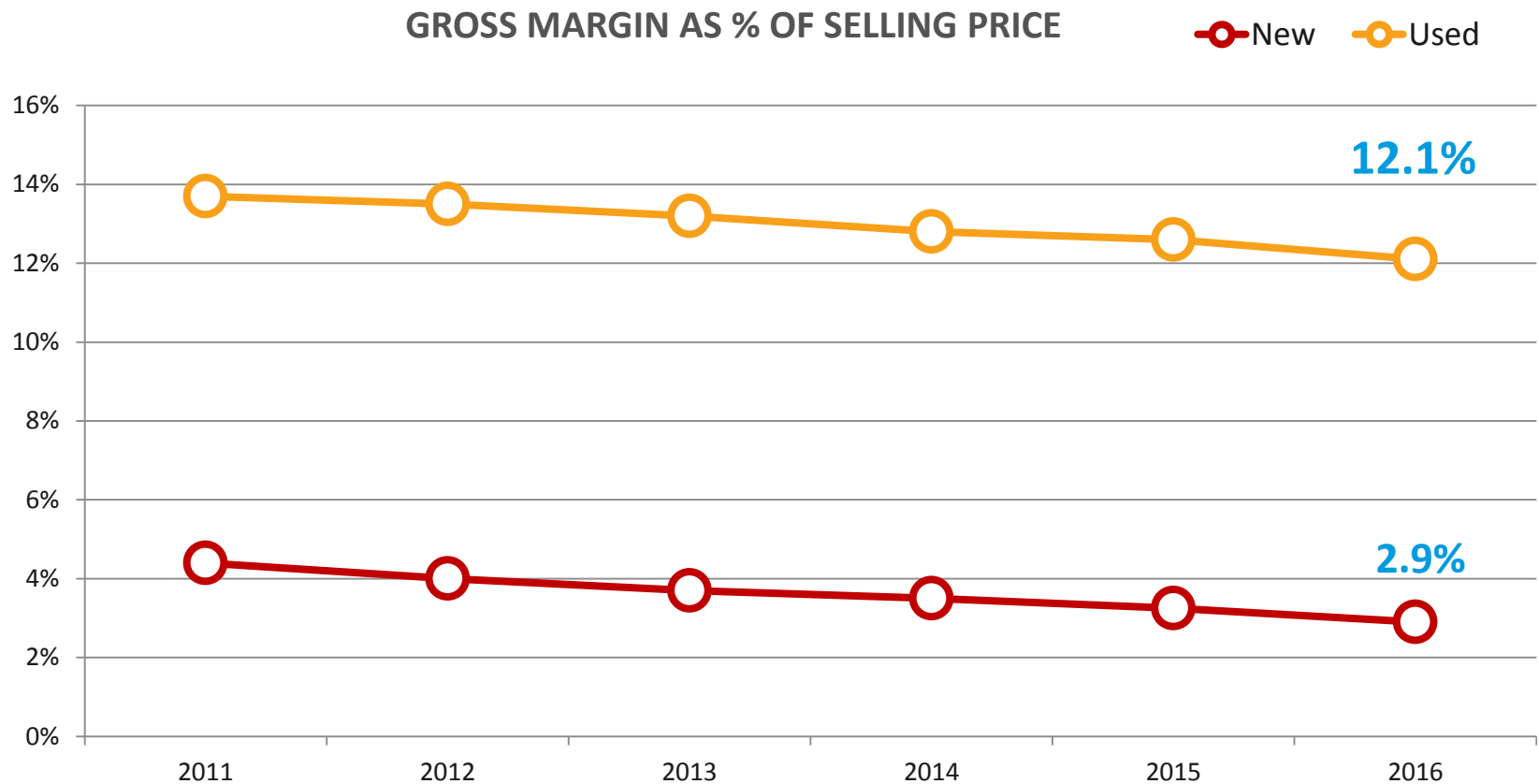
Two Things to Agree On

1 Objective is Profitable Growth

2 Consumers are in Control

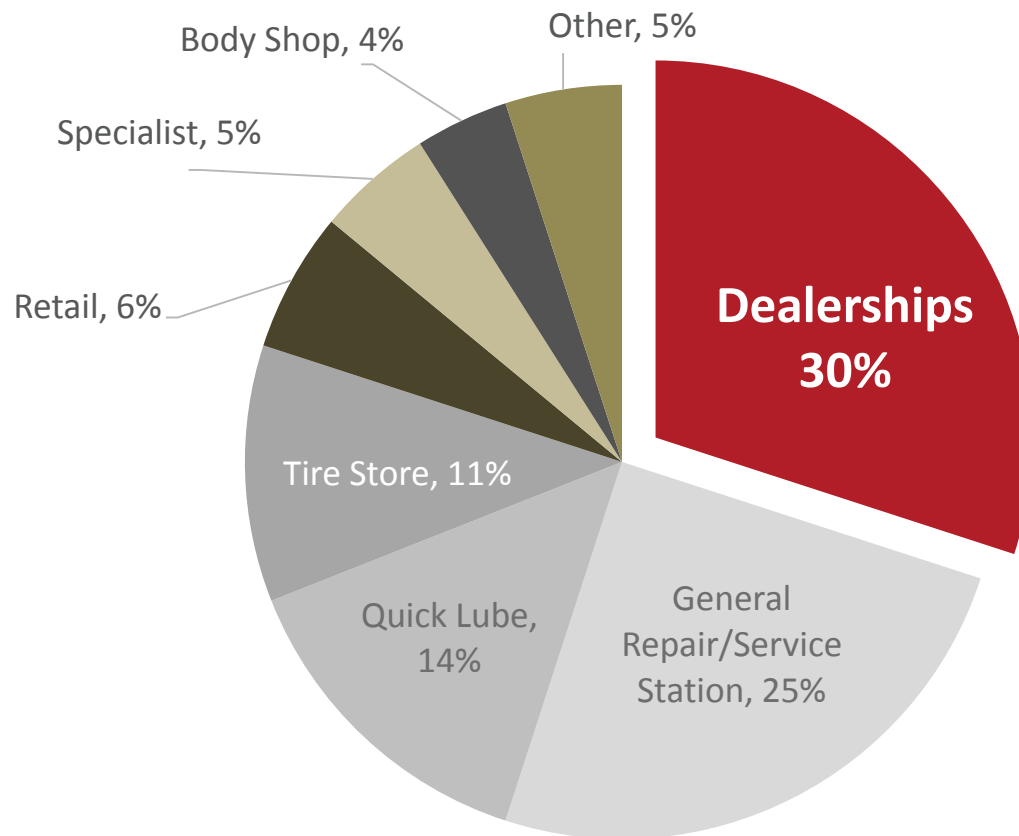


Margins Continue to Decline



Primary Opportunity is Service

Less than 1 in 3 Service Visits are at Dealerships



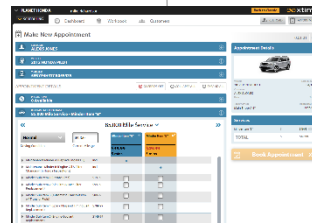
Focus Needs to be on Growth in Service

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.”¹

Top Performers

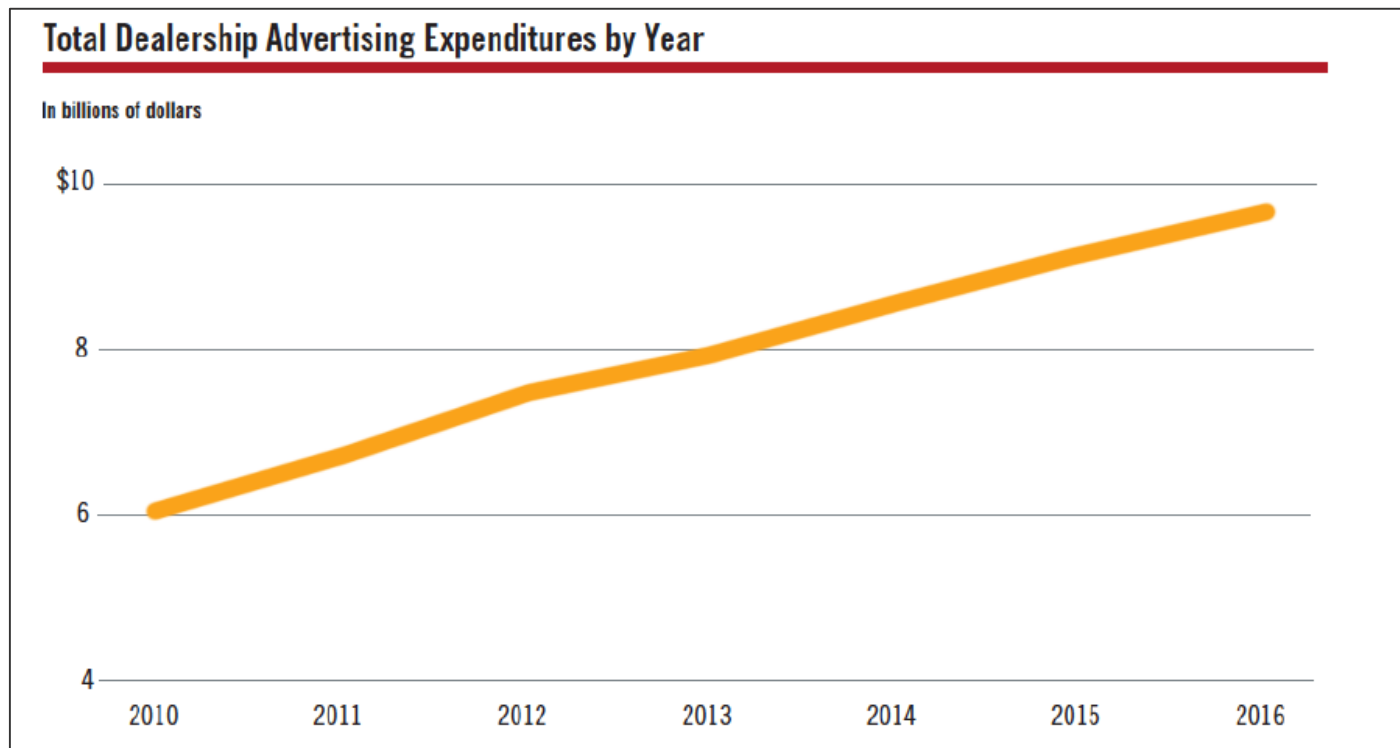
Ford	64.0%
Mercedes	57.8%
Toyota	57.8%

Source: IHS/RL Polk Loyalty Studies <http://press.ihs.com/press-release/automotive/loyalty-drives-us-automotive-market-share-gains-according-ihs-automotive>
(1) An IHS Automotive study analyzing first quarter new vehicle registrations in 2014.

Expense Benefits of Loyalty

Customer Acquisition Cost \$633 Per New Vehicle Sold¹

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



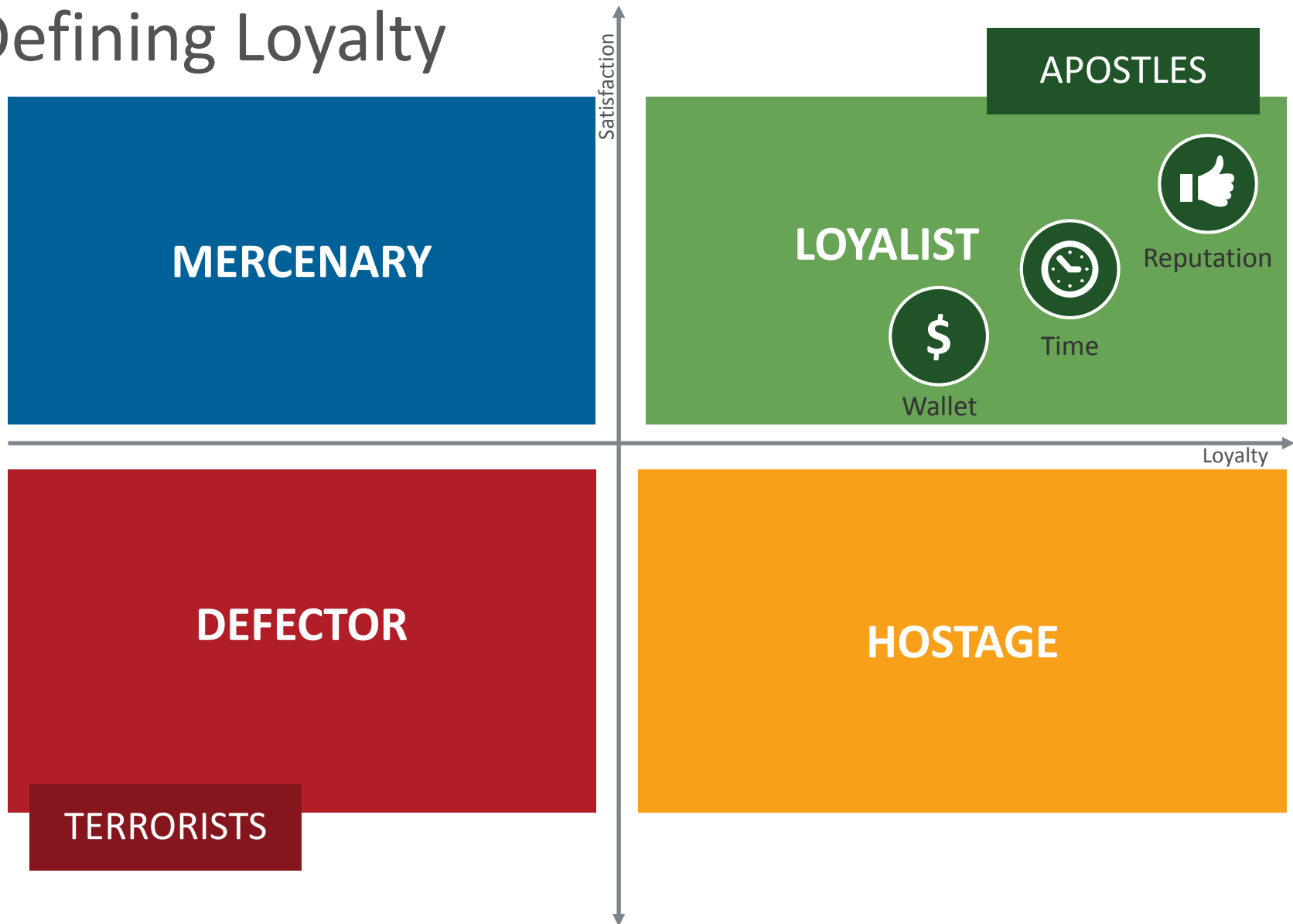
Revenue Benefits of Loyalty

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

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



Defining Loyalty



Where Should You Focus?

Loyalists

More sales per customer
Higher margins
More referrals

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

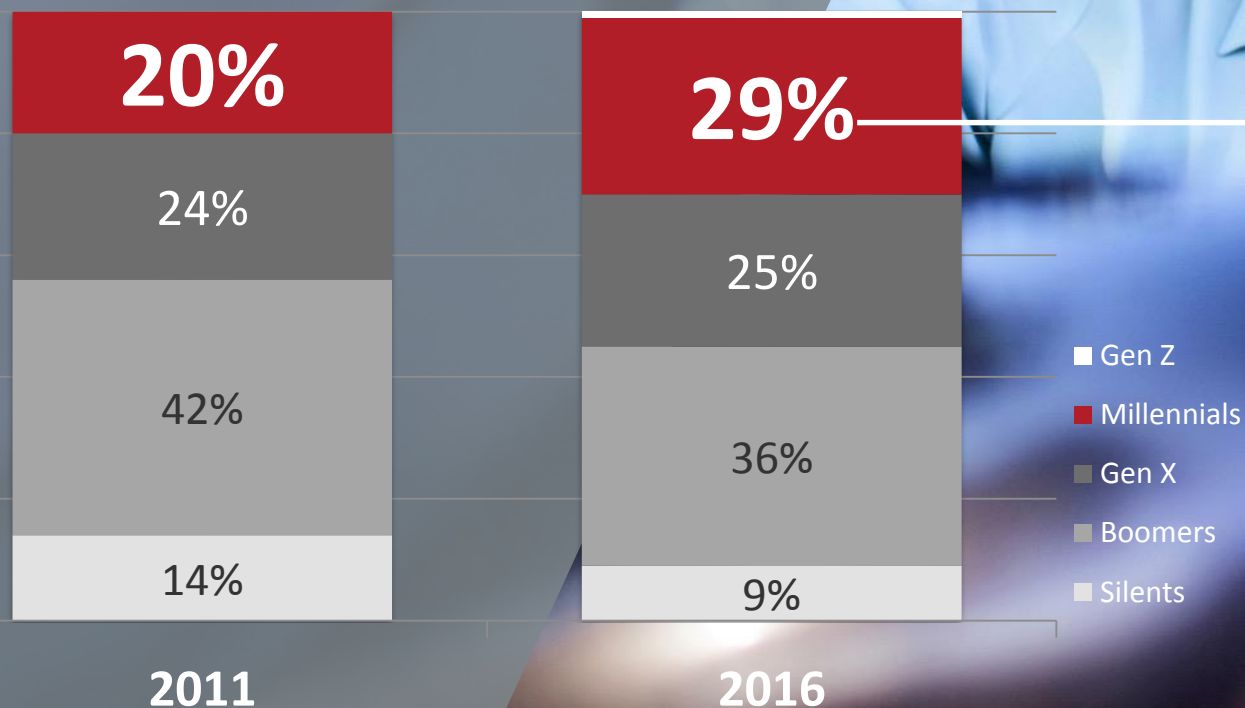




What's Changed?

The Customers Are Changing

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



40%
2020

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

Differentiated experience is growing in importance

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

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

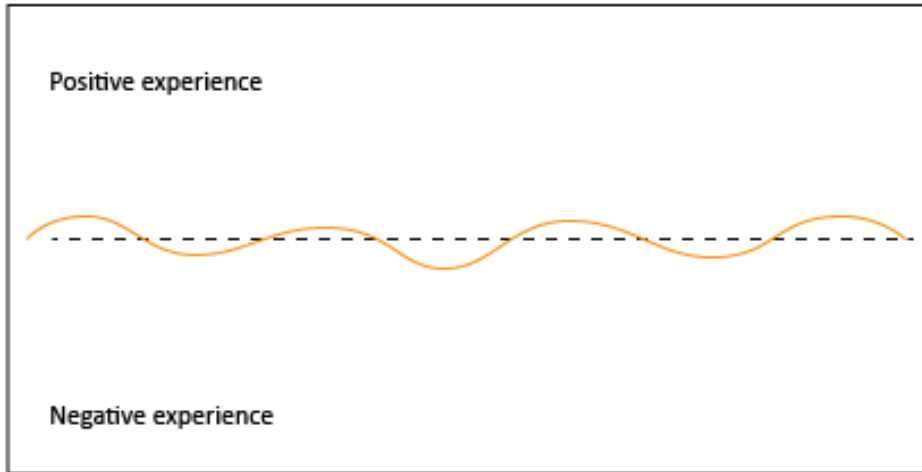
Source: Gartner 2014

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

Source: Walker 2014

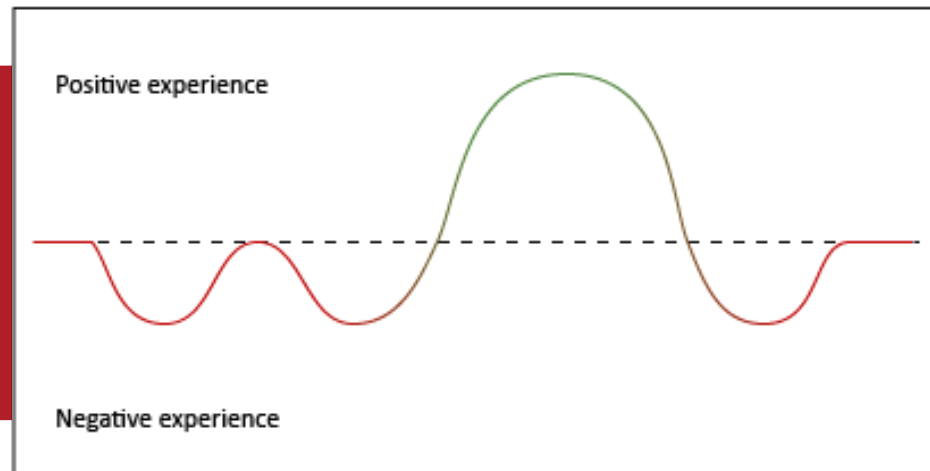
How to Create Memorable Experiences

The Power of Moments



Day-to-day
experiences blend
together

Peak
experiences
are memorable



The Power of Moments



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

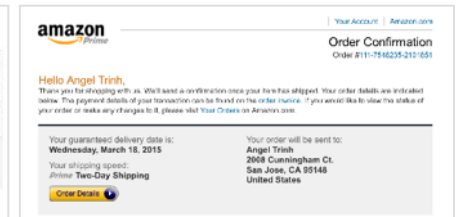


A photograph of two men in dark blue suits and ties in a car dealership. The man on the left is smiling and pointing at the front wheel of a white SUV. The man on the right is holding a tablet and looking at the wheel. A large red diagonal banner is overlaid on the bottom half of the image, containing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

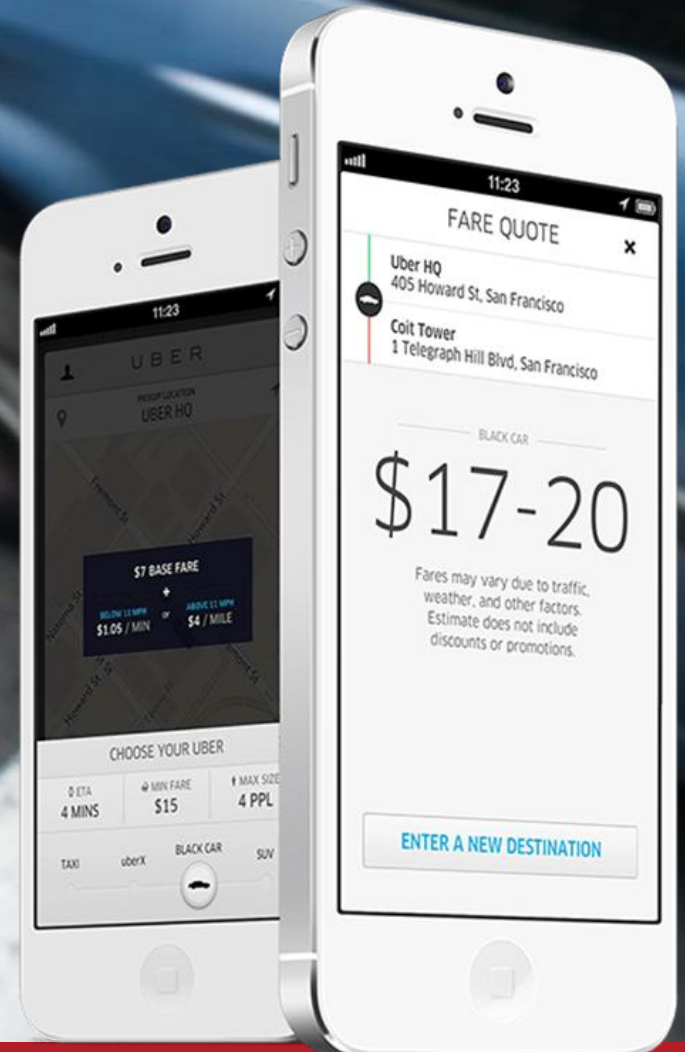
What Companies are Reshaping the Customer Experience?

Amazon

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



Uber



Domino's Pizza

[Back](#)
NEW Spinach + Feta

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

[Back](#)
Change Toppings

Mushroom

☐ ☐ ☐

Capsicum

☐ ☐ ☐

Oregano

☒ ☐ ☐

Fresh tomato

☐ ☐ ☐

Continue

Menu My Order Pizza Tracker Information

Menu My Order Pizza Tracker Information

THU 5:42 PM

YOUR DOMINO'S #5725
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 the prepared to the second it leaves our store for delivery. Now, you got 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 - Onaverage 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 66 seconds.

HELP US GET BETTER

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

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

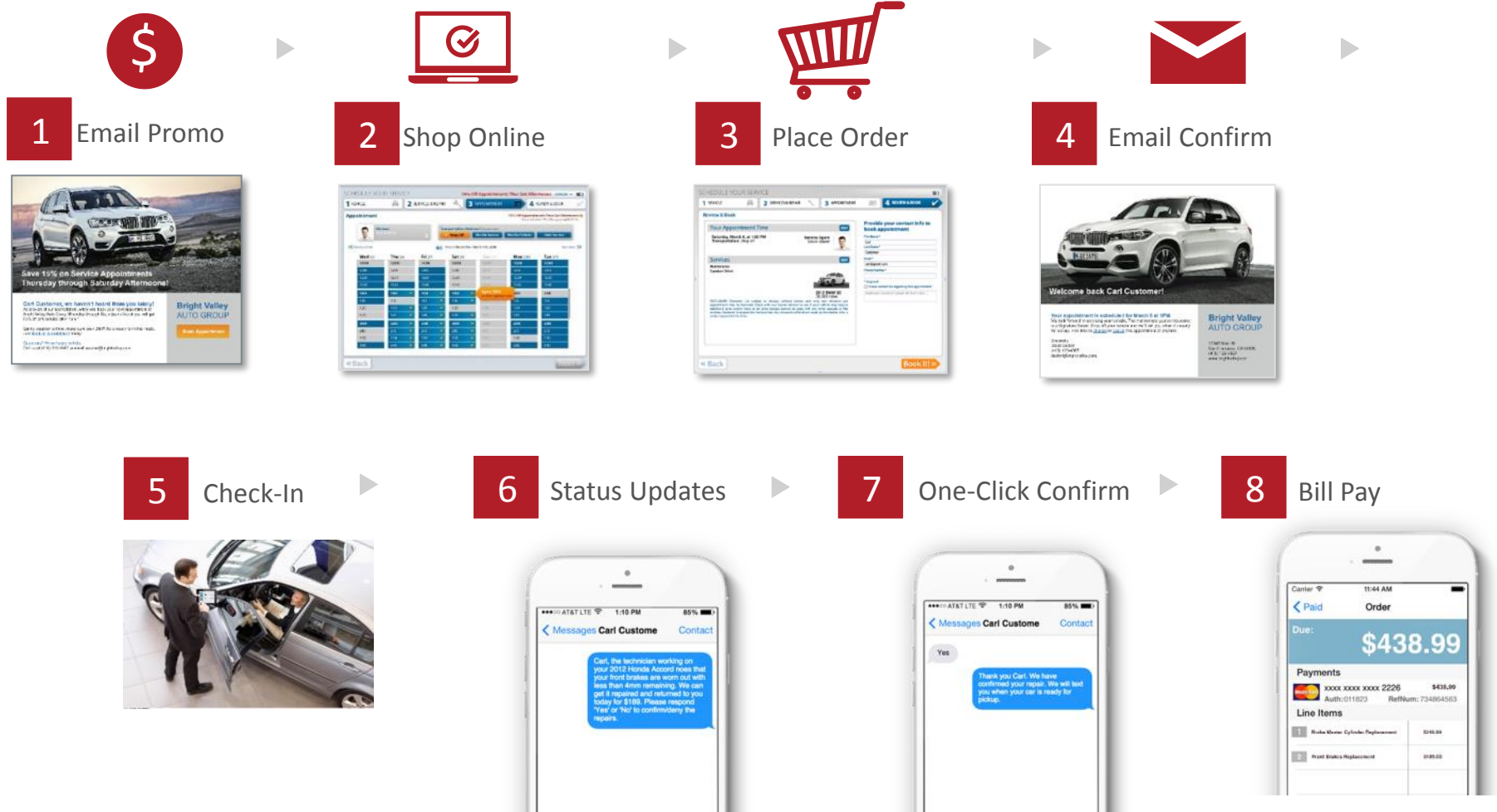
Our goal is exceptional delivery. How was your delivery experience? ★★★★★

Onaverage custom made your order. How did everything taste? ★★★★★

USE THIS HANDY BOX TO EXPRESS YOUR THOUGHTS AND FEELINGS ABOUT DOMINO'S. Any advice, grabblings, or compliments for your local Domino's? Leave your feedback here after your order arrives.

SEND

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 No Tires!

OIL CHANGE
Motorcraft Premium Synthetic
Blend Oil & Filter Change

\$49.95 (tax included)

Check Engine Light On?
Check Engine Light On?

\$34.95 (tax included)

THE WORKS
Full 40-point inspection
Includes: Oil Change, Filter, Spark Plugs, Timing Belt, Wheel Alignment, Tire Rotation, Brake Inspection, Fluids, Wash & Wax.

\$89.95 (tax included)

Motorcraft Batteries
All Models, Warranty

\$169.95 (tax included)

Motorcraft Complete Brake Service
Includes: Pad & Rotor, Fluids, Wash & Wax

FANTASTIC WINTER SAVINGS!

Minutes off 101 and 82
www.hometownauto.com

HOME NEW CARS PRE-OWNED CARS SERVICE & PARTS DEALER SPECIALS

Schedule Service

Vehicle Information

* Year: Make:

* Model: Mile:

Service Information

Type Of Service(s) Needed:

☐ Oil change ☐ Brake inspection ☐ Cooling system

☐ Fuel filter ☐ Air filter ☐ Shock

☐ Spark plugs ☐ Timing belt ☐ Tire rotation

☐ Transmission ☐ Wheel alignment ☐ Air conditioner

Optional Information:

☐ Preferred appointment time:

* Preferred appointment time:

* Alternate appointment time:

Contact Information

* First Name: * Last Name:

Done

FEB 7, 2003 APPointments

NORM REEVES HONDA SJ PORT 5113 2010

CUSTOMER NO 217620 SERIAL NO

NAME RELING customer's NAME

BUS. PHONE NO 213-444-5555 YEAR

RES. PHONE NO

DEPT (S, D, F)

REPAIRS NO

WARRANTY NO

WARRANTY DATE 01/03/2006 / 01/03/2006

WARRANTY TIME 07:30am / 00:00pm

PICKUP / DISPATCHER 1 TEAM CODE:

with reservation created 01/06/2003 04:31pm Customer status

DESCRIPTION CUI PR EST-TIME TECH SOURCE

1 11003250L OIL AND FILTER CHG C 50 0.3 27.95

2 11003250L WAX ENG LITE OIL C 50 1.7 0.00

3 50000L FREE SERVICE C 50 0.1 0.00

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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

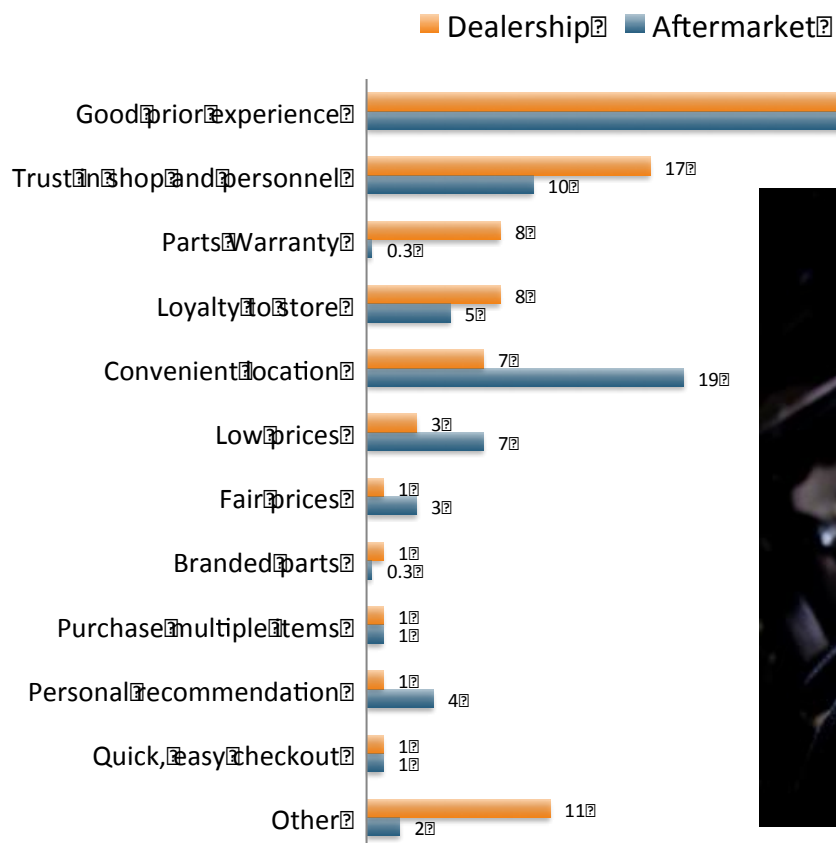
85%

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?

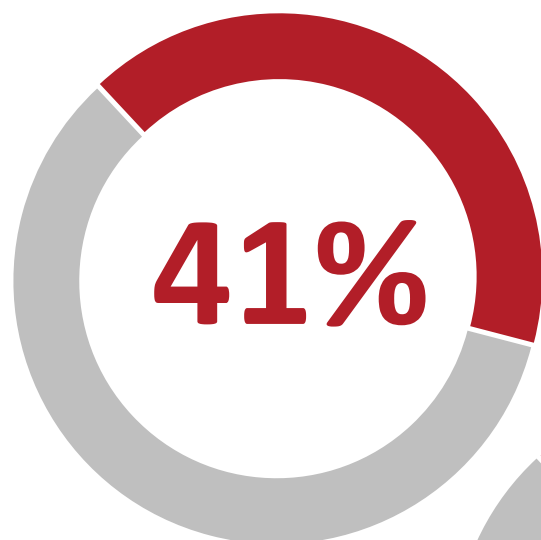
85.1%

of Dealers

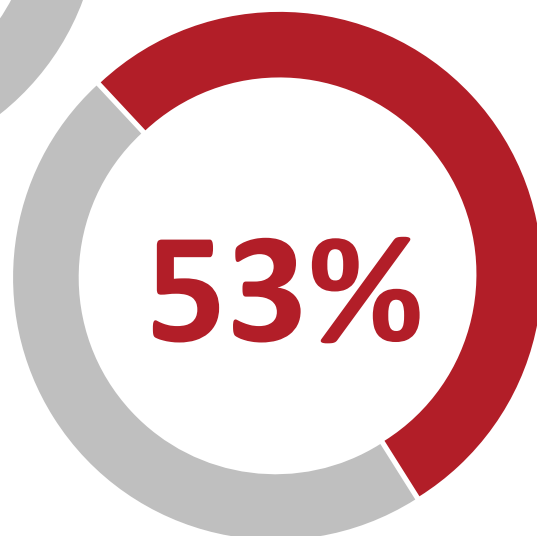
State that their current systems do not provide a superior ownership experience



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 red geometric overlay in the lower half. The text 'Common Myths about the Ownership Experience' is written in white on this 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

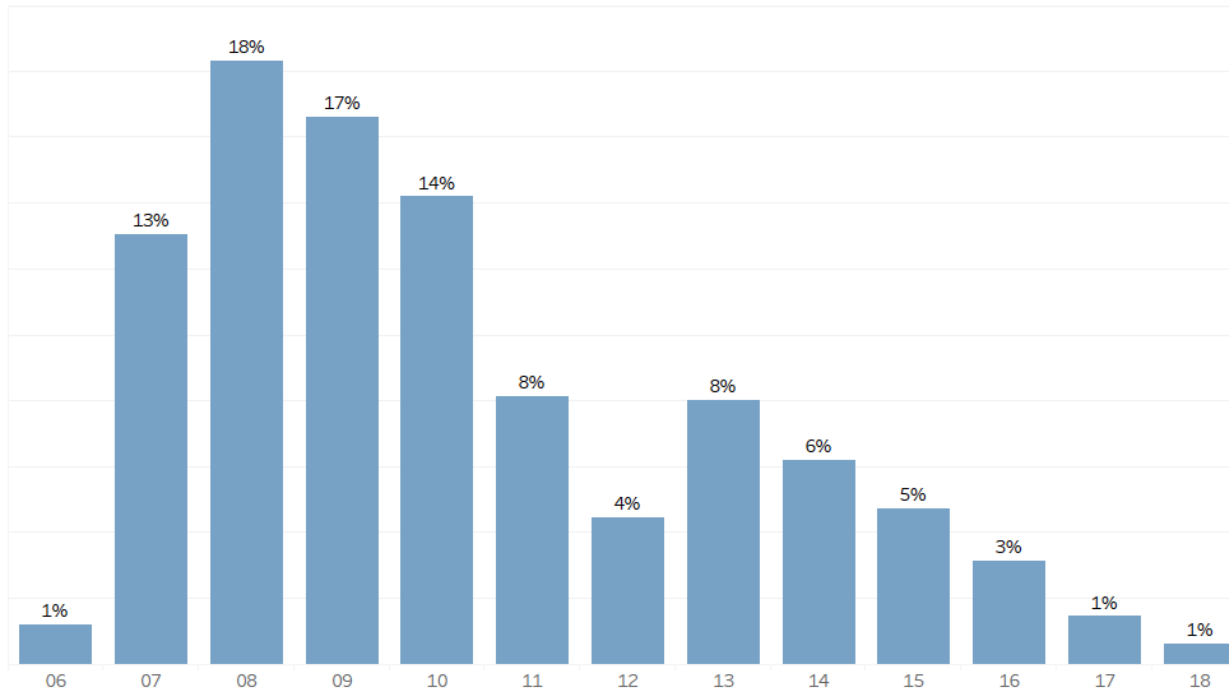
MYTH #4

Tablets complicate the service write-up experience

FACT

Customers Want Appointments Throughout the Day

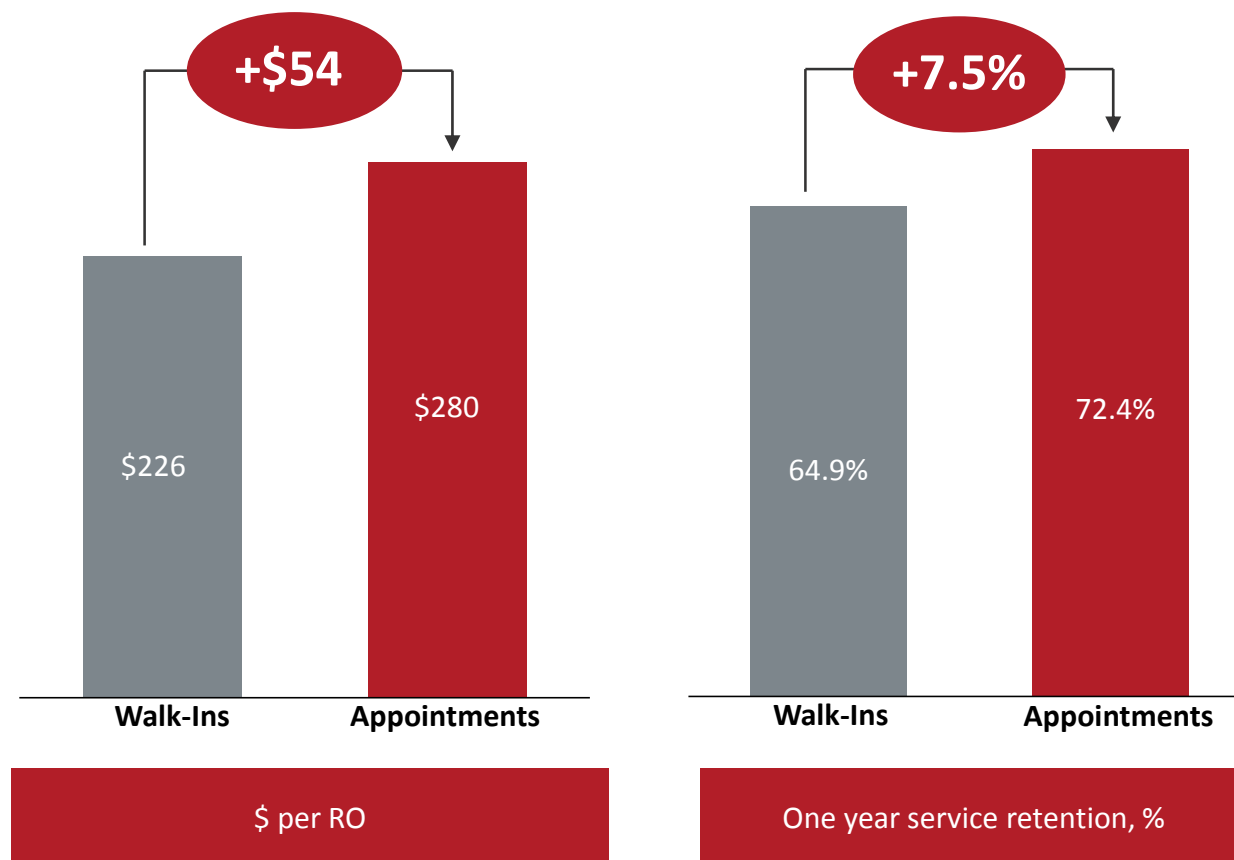
% Appointments by Schedule Time



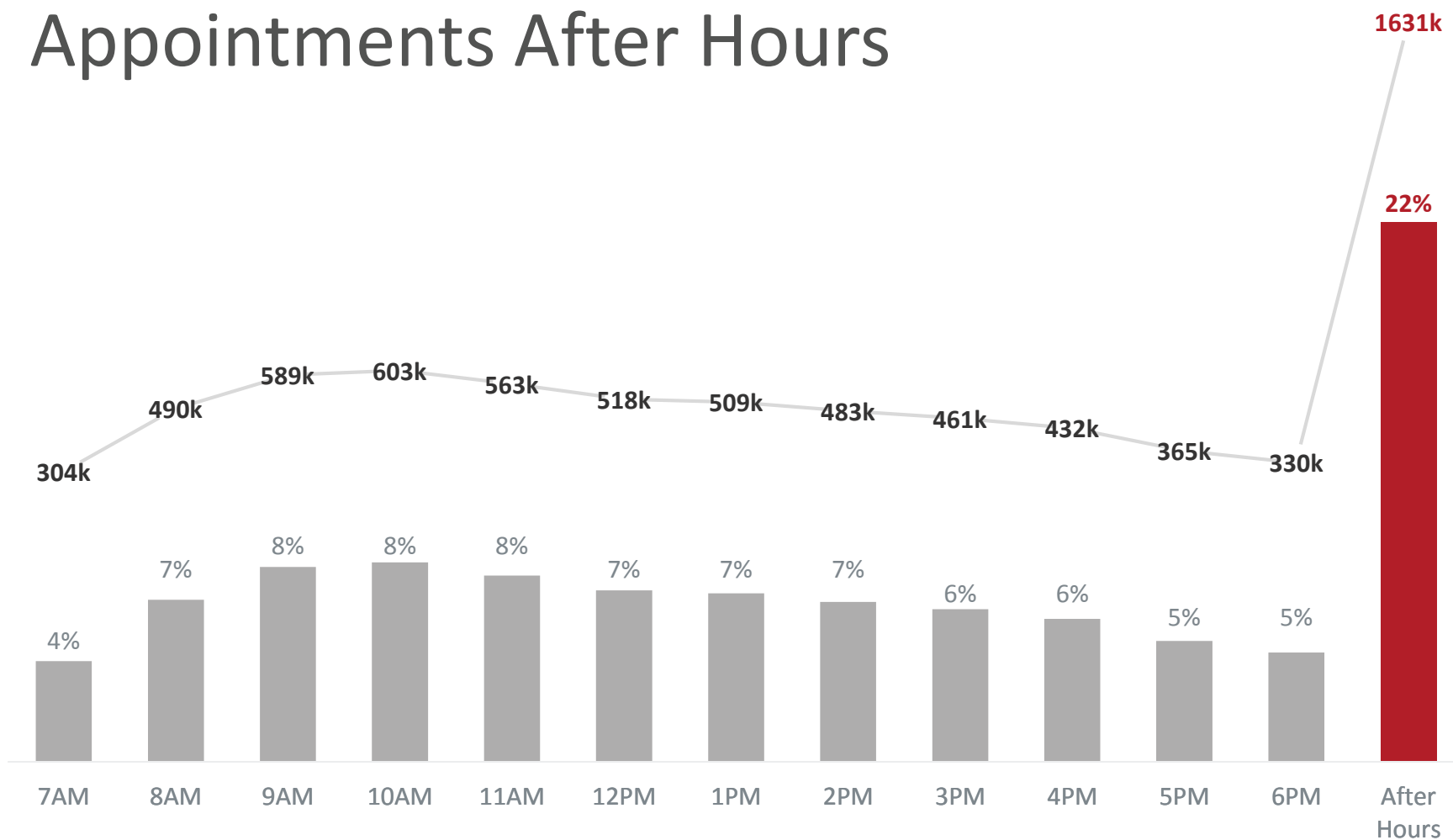
32% of customers want to come in before 9am.

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

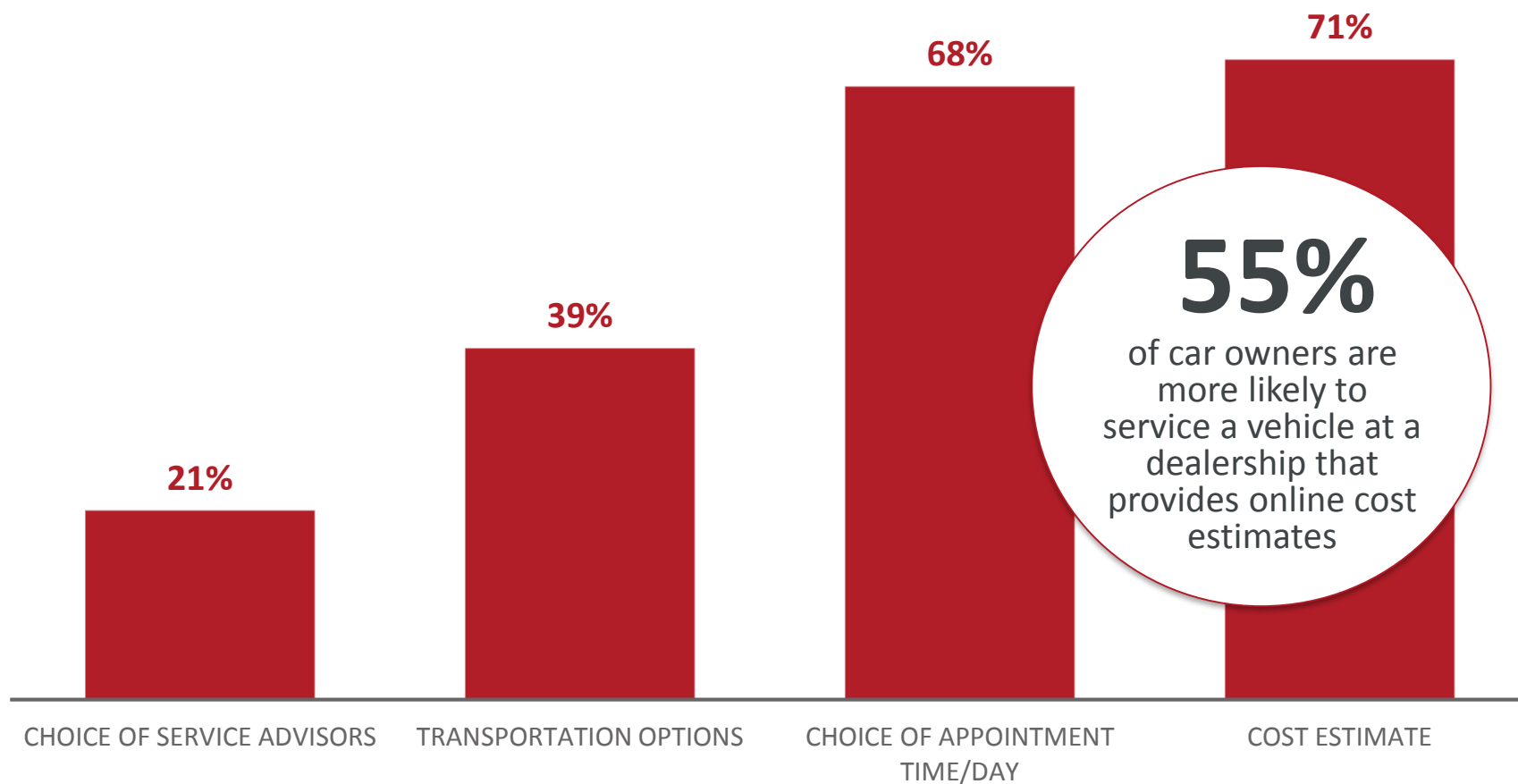
Consumers Want Pricing

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?

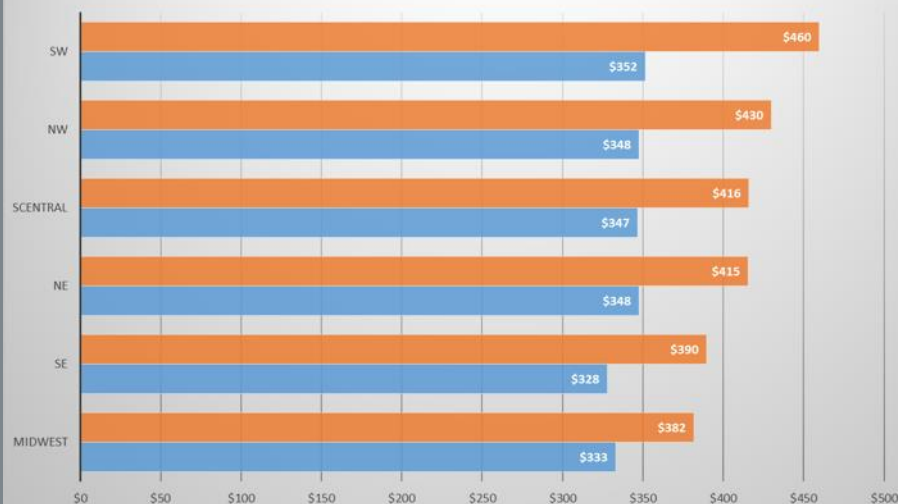
Research data shows each market is different with these factors impacting price:

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

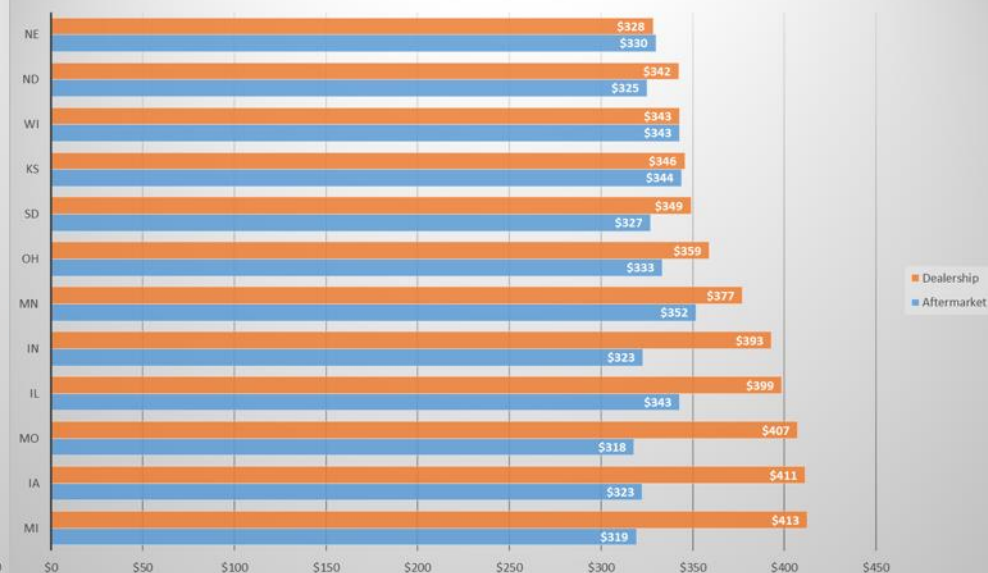
It is becoming essential for a dealership to understand their unique market better - and then learn how to leverage "Price" to their advantage.

National and Regional Views

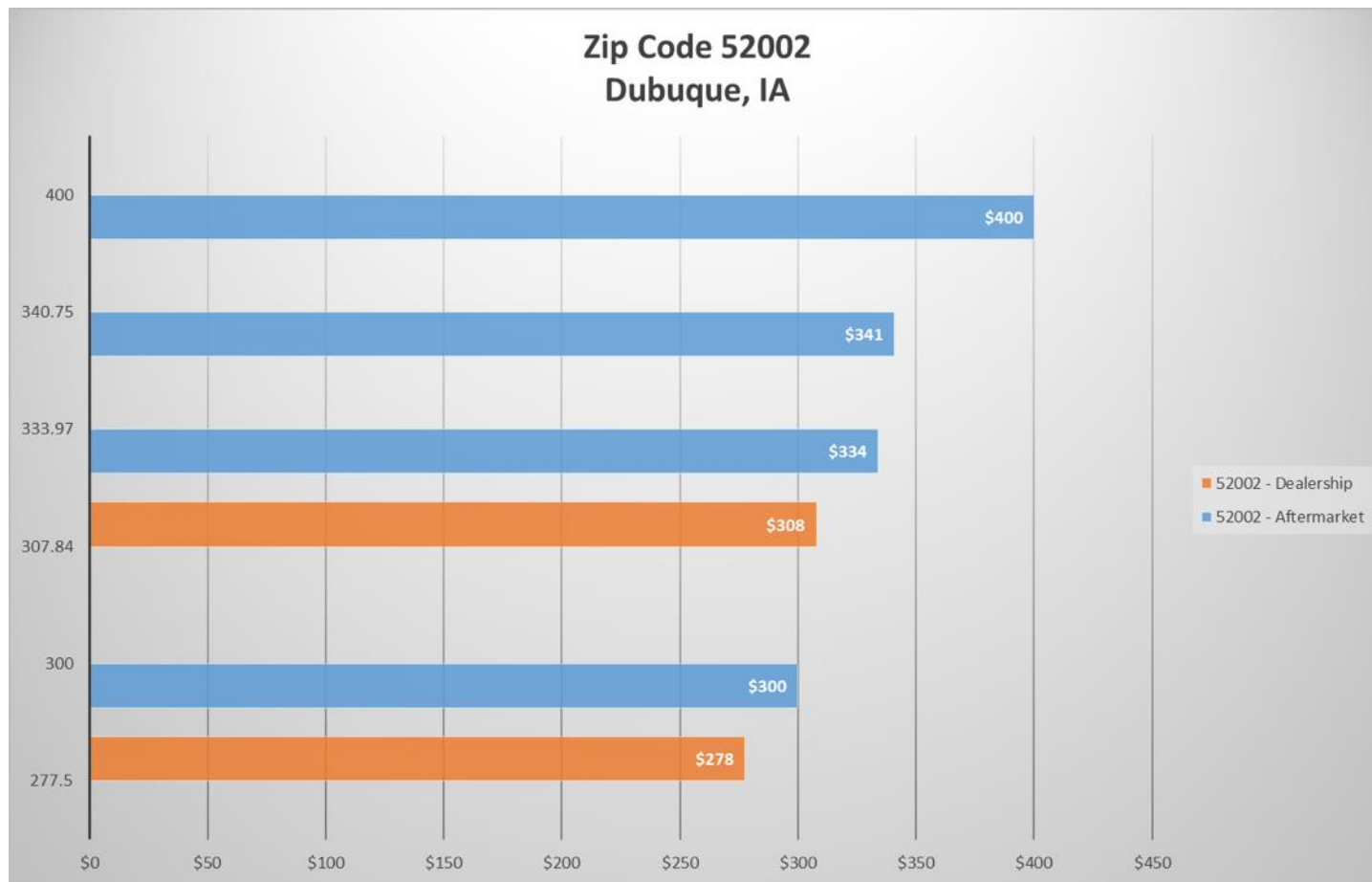
Japanese Sedan
Front Brake Pad & Rotor Replacement
2037 Dealerships Shopped
5896 Aftermarket Centers Shopped



Midwest Region by State



Market View



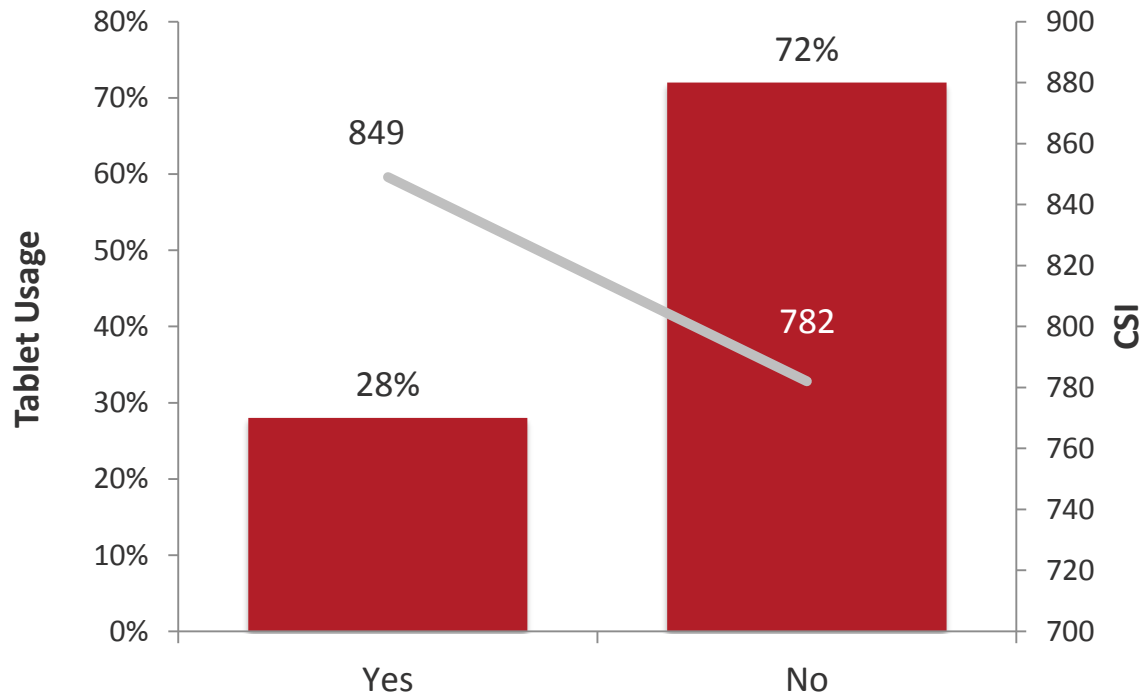
FACT

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%

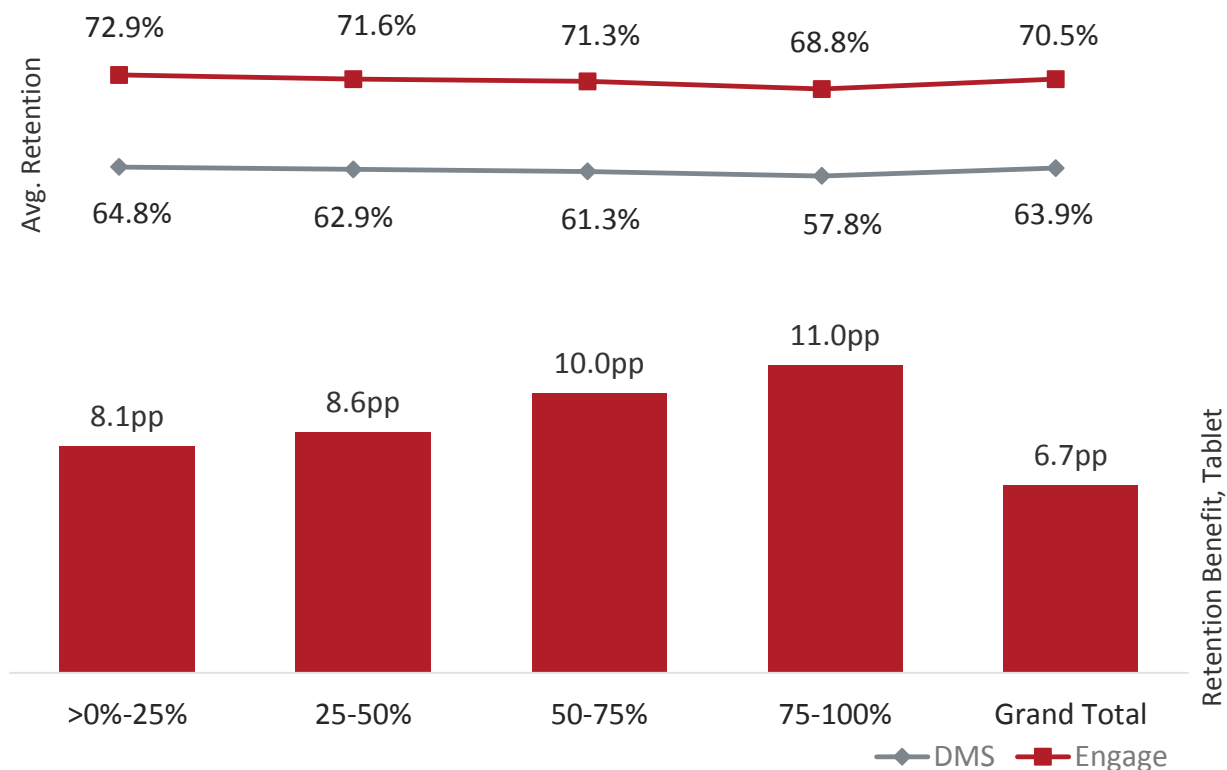
Tablet Use Increases Customer Retention

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:

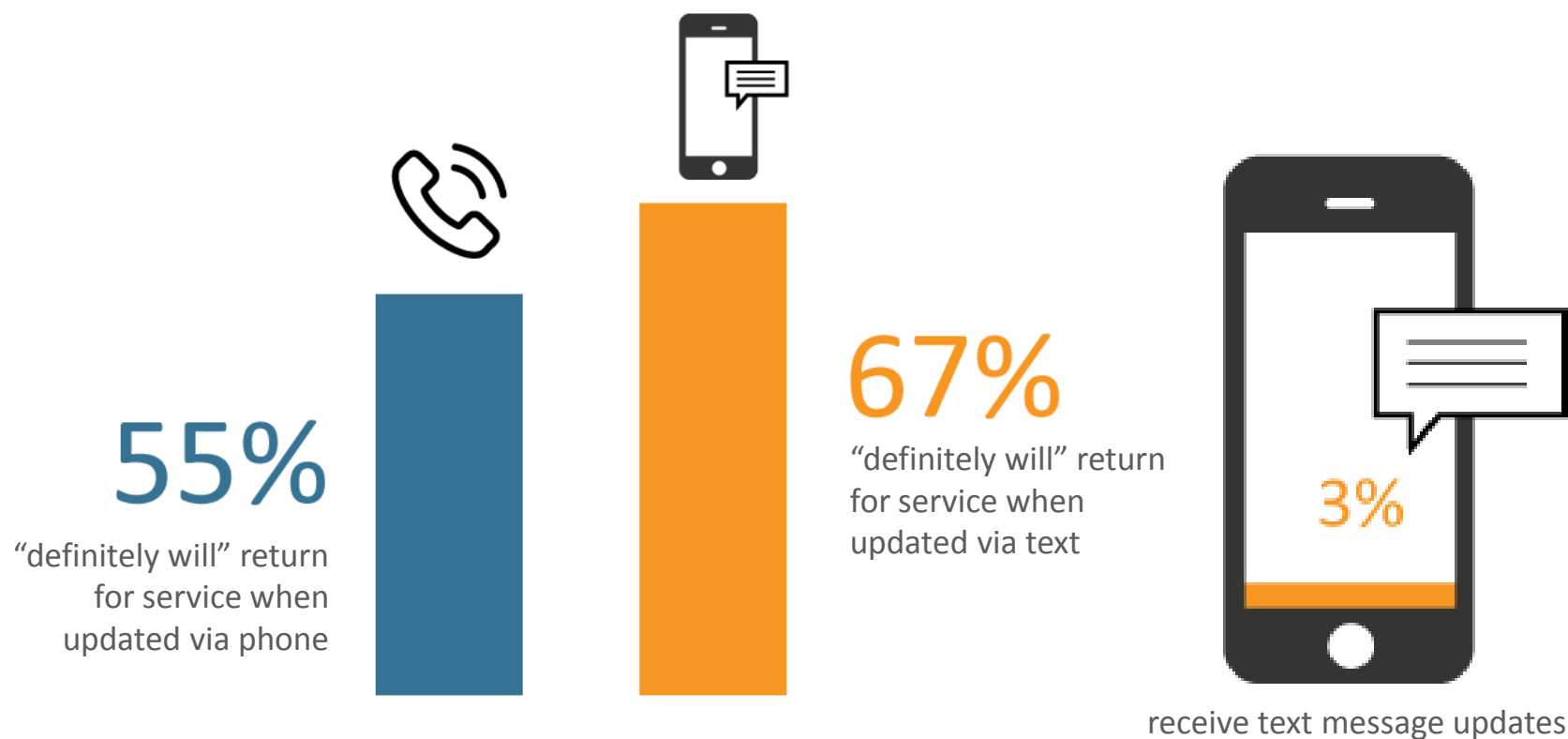
- Retention
- Revenue
- Growth
- CSI
- Online Reputation



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.

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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@xtime
#NADASHOW

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