

The Auto Dealer's Original Fixed Operations Resource

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The Window of Opportunity

Relationship Marketing Plays a Role

By Jeffrey Knittel

Many of the conversations I've had recently focus on the current economic situation and the effect it has had on the automotive industry. Numerous would-be automotive customers are now holding off a new vehicle purchase, choosing instead to spend their money servicing and maintaining their current car. Although this situation is not good for dealership Sales Departments, it has created an opportunity for stores to improve their Parts and Service Department profitability.

Customers have many choices on where to have their vehicles serviced. Some will bring their vehicles back to the dealership, while others will take it to an independent repair facility. Ultimately, the decision on where to go is up to the customer. However, Service Departments that have established solid relationships with their customers are more likely to create people that want to return to the dealership for their service needs.

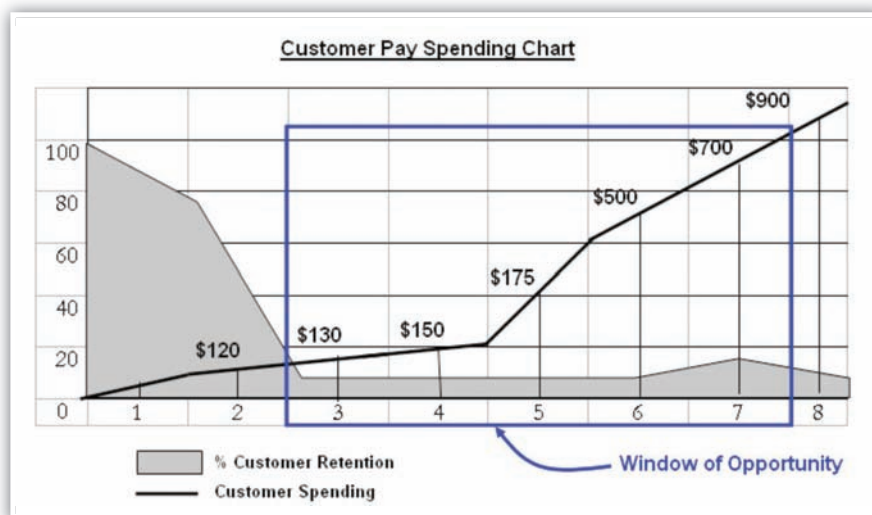
When I ask most Service Advisors if they are busy, they respond that they are. However, the majority of their repair orders involve warranty work, not customer pay. Once the warranty period is gone, so are those customers. Studies show that most dealerships retain only 20% of their customers for maintenance and repair visits once the warranty has expired. In other words,



after the warranty period ends, 80% of service customers choose to leave the dealership and have their service done somewhere else. There is an opportunity for dealerships to tap into those customers and retain their business, thereby increasing Service and Parts profits.

Over the course of a vehicle's lifetime, the vehicle will require numerous

maintenance visits or repairs. The "Window of Opportunity" reflects the time when vehicles have maintenance and repair needs, but the customers are not in your dealership. In other words, there is a chance to increase profits if Service Departments can seize some of this business. A solid customer satisfaction and retention plan will help Service Department accomplish this goal.



According to J.D. Power and Associates, dealers with the strongest customer satisfaction scores during the automaker's warranty period are likely to keep 10% more service customers than those who receive lower scores. They also found that dealerships with a CSI score of 800 or higher retained 79% of their maintenance/repair revenues through the first five years of ownership.

So how do Service Departments improve their customer satisfaction and retention? Service Departments need to focus on a process that encourages relationship building loyalty and Parts and Labor sales. Most dealerships believe they already have a good process in place, but the 20% customer retention statistic indicates otherwise. A good process starts when the vehicle is first delivered to the customer at the time of purchase and continues through the entire ownership cycle. The process should not focus on a single service visit. Instead, it must encapsulate the idea of building a long-term relationship with each customer and providing a high-quality experience each and every time the customer has contact with the store.

Relationship Marketing forms the backbone of a high-quality process. What's Relationship Marketing? It's a recurring message that is sent throughout the entire service experience. It lets the customer know that they are important to the Service Department and makes them feel that they are more than just another customer. Jorge Moas, AVP of JM&A Group's Field Service Operations describes Relationship Marketing as, "Taking a customer who happens to do business with your store and turning them into a client that won't consider doing business anywhere else." It is putting the customer first, earning their trust; communicating effectively, finding common ground and doing all the little things that get noticed. For example, setting a call time to provide an update and then calling when you promised. Customers drop their vehicles off for service and do not understand what

happens behind the Service Department walls. Providing timely updates and keeping a customer informed goes a long way toward building a solid relationship.

In today's world, just being polite, professional and courteous does not always get the customer back to the dealership. The two key messages that Relationship Marketing conveys are: 1) You are important to me, and 2) I am pleased to see you. These two messages should be conveyed every time the Service Department interacts with a customer, whether it is in a face-to-face conversation or over the telephone. Service Advisors need to raise the level of their customer interactions in order to get customers to want to come back to the store. A Service Department's customer service must be better than the competition's to convert every customer into a long-term client.

Despite the economic struggles the automotive industry faces today, there is a "Window of Opportunity" for Service Departments to improve their profits. By focusing on customer satisfaction and relationship building, Service Departments should be able to create more long-term clients, thereby increasing customer pay maintenance work and repairs. Additionally, dealerships will be rewarded with customers who are more loyal and who will, potentially, refer additional business to the store.



Jeff Knittel began his automotive career as a salesperson for Bud Brady Ford in Cleveland, Ohio. From there, he went on to hold numerous dealership positions including Used Vehicle Salesperson, Used Vehicle Manager, New Vehicle Manager, F&I Manager, General Sales Manager and General Manager. He joined the JM&A Group's PDC as a Trainer in 2006. ■

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