

THE IMPACT OF SERVICE

Stats, Trends, and How to Tackle Customer Retention in 2019

Sales Alone Won't Carry You

New car sales was flat in 2018 compared to 2017. Without growth, dealers can't afford to let any opportunity slip through the cracks. Service is easy to overlook but offers tremendous upside, especially for future sales. In this climate, it can make or break your bottom line.

"There are plenty of opportunities to maximize vehicle sales revenue, whether by adding accessories to new-car sales or making sure there is a new-car salesperson in the service lanes in the morning when all those vehicles show up," Automotive News Editor-In-Chief of Keith Crane [wrote recently](#).

Service Leads to Customer Retention

At the *Automotive News* Fixed Ops Journal Forum, industry experts discussed challenges in shop capacity, parts sales, and the future of service. Lee Harkins, president and CEO of M5 Management Services consulting, [highlighted](#) customer retention as a direct path to greater profit, particularly after the warranty period ends.

"You want to be positioned as the vendor of choice. When something breaks, you want the customer to call you. What you have to sell the customer on is that he is smart for picking your store. The highest compliment is when a customer hands over the keys, tells you to do what it takes to fix it and says, 'Call me when it is done.'" said Harkins.

How Does an Auto Dealer Make Money in 2019?

CONVENIENCE, PERSONALIZATION, AND VISIBILITY

Mobile Convenience

The average smartphone user looks at his or her device 52 times per day. When service scheduling is made convenient via a mobile app, the most lucrative phase of your relationship can begin. Begin evaluating how accessible your services are from smartphones.

Personalized Offers

Effective promotions take into account accurate vehicle mileage and other customer data. Customers respond positively because your messages are timely and relevant to their specific vehicle rather than vague time-based guesstimates. Service promos, recalls, extended service warranties, and right-size lease terms are the offers consumers find most valuable. Kudos if you're already optimized for mobile. Now take it a step further by delivering personal messages to your customers.

Staying Top of Mind

The dealer that offers a mobile app with personalized offers will have its customers' attention multiple times every week. Smart dealers seize the opportunity by packing their app with branded imagery and features. When your dealership becomes synonymous with great service and all other automotive needs, customers are more receptive to your message first. *Remember, you want to be the customer's vendor of choice. Remind them that it's your store that's got the goods.*

INSIDE THE NUMBERS

Sales gross is shrinking.

Gross percent of selling price has declined in each of the past several years, from 6.4% in 2015 to 6.0% in 2016, down to 5.7% in 2017.

Source: NADA Data 2017

Fixed ops continues to rise.

Total service and parts sales are up \$9 per customer repair order, year over year, from June 2017 (\$285) to June 2018 (\$294).

Source: NADA Data 2018: Midyear Report

Service leads to sales.

74% of customers who return to the dealer of purchase for service within the past 12 months are likely to buy their next vehicle from that same dealer.

Source: 2018 Cox Automotive Service Industry Study

People hate to wait.

Consumers' No. 1 complaint about dealers is that service takes longer than expected (30%).

Source: 2018 Cox Automotive Service Industry Study

Relationships matter.

The No. 1 reason customers come back to dealers for service? They trust them (53%).

Source: 2018 Cox Automotive Service Industry Study

Show me the savings.

Consumers are responding to coupons and loyalty programs more now (28% in 2018) than they did only three years ago (23% in 2015).

Source: 2018 Cox Automotive Service Industry Study

Screen addiction.

Dealers need to go to consumers rather than wait for consumers to come to them. With Americans viewing their smartphones more often than ever before, 14 billion times per day, the place to be is mobile.

Source: Deloitte 2018 Global Mobile Consumer Survey

DEVISE YOUR CUSTOMER RETENTION PROGRAM

Making the sale is only the beginning. To grow profits, you need to have a strategy that brings customers back for service again and again. The most effective way to continue engaging your customers is to deliver a convenient, personalized, beneficial experience every single time and that begins in the service drive.