

**WIN BACK
AND KEEP**
SERVICE
CUSTOMERS

A Research Study
of Service Shopper Behavior

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New data provides insight into what customers want — and where savvy dealers should focus to improve their business.

Success in the Fixed Ops department is essential for dealerships. According to the *2020 NADA Data Financial Profile*, dealers rely on their Service departments for 30% of their net profits. But for customers of new cars, dealerships are seldom their first choice for service options: it's commonly estimated that more than 70% of new-car purchasers take their service needs to a third-party mechanic.

That's an enormous gulf between dealership goals and customer behavior. What actions can dealers take to close that gap? Examining recent data for the reason customers seek other options may provide the answers.

The compelling need for convenience.

Research shows that new-car purchasers take their service elsewhere because of three major factors. The first of these is convenience. Customers have busy lives, and choose their service based on how easily it fits into their schedules. According to CDK Global Research, dealers rank below both independent and chain service providers when it comes to providing a convenient location and a streamlined way to schedule an appointment.

Making appointment scheduling more convenient is an attainable goal for any dealership. By evaluating their current process and applying available technology, dealers can:

- Incorporate greater appointment availability
- Give customers the ability to schedule, track service and pay remotely

55% of shoppers would love remote servicing to be available.



While moving to a more convenient location is probably not an option, there are other solutions that could make even the most off-the-beaten-path dealership equally or even more accessible than its competitors:

- Pick up from the customer's location for vehicle service
- Delivery to the customer's location following vehicle service

60% *of shoppers would love vehicle pickup and delivery to be available.*



It's all about the price ... or is it?

The second factor is price — or at least the customer perception that they will get a better price elsewhere. According to some estimates, 58% of service shoppers feel they would be overcharged at a dealership.

But despite appearances, this isn't primarily about the consumer's hunt for a bargain. It's about their fear of being taken advantage of. This ladders up to our third factor, which carries the greatest emotional weight of all. And it's where things get a bit more complicated.

Trust is the overriding priority.

A 2020 study conducted by the CDK Research and Insights Team found that 74% of customers who opted to go outside of a dealership for service would consider visiting a dealership in the future. This is encouraging

news for dealers, as it suggests there's potential for customer behavior to change.

But what would it take to move shoppers to not only put dealerships into their consideration set, but to choose one for service? When asked about this, shoppers expressed hesitation — specifically about dealers' ability to:

- Provide "trustworthy" service
- Offer a "fair" price

These factors are closely tied. 55% of shoppers say they don't trust dealers, and give as their reasons their own beliefs that (1) dealers frequently upsell unrequired services, and (2) don't keep shoppers informed or updated during the service process.

Such a high percentage of customers with strong feelings of distrust is a sizable concern. But now that we have identified specific reasons for this perception, dealers can begin to address them.





Evaluating how dealers upsell.

Are shoppers right — do dealers upsell unrequired services? To be fair, some probably do. But more often, dealers upsell without adequately communicating and gaining the understanding of their customers. In both cases, it leads to confusion, unsatisfying customer experiences and loss of trust.

Dealers hoping to rebuild shopper trust around this concern should keep these points in mind:

- Avoid unnecessary upselling (obviously)
- Prioritize the service needed today, and be forthcoming about services needed in the future; this is particularly important to younger demographics
- If an upsell is needed or would be beneficial, take the time necessary to fully explain the procedure, cost and benefits — and make sure the customer fully understands prior to servicing



What makes Service pricing feel fair?

Exactly what makes a price feel fair can be difficult to pin down, as it varies from customer to customer. Even within a single customer it's a shifting target — changing according to whether the service is major or a minor repair.

When major services are required, customers take into account the dealership's level of expertise, quality of work, and the expectation that OEM-certified parts will be used. This may incline them to be flexible on price.

Minor repairs, however, are treated with less flexibility on price. This is because customers don't feel as great a need for expertise in managing minor repairs, and are more aware of standard prices for these services.

To make pricing more trustworthy to shoppers, dealers should consider:

- Prices for major services don't necessarily have to be the lowest to be deemed "good"
- Transparency is essential for shoppers to feel more secure and in control of their major and minor service decisions; this is particularly true for younger demographics
- Minor services are valuable for establishing trust — and if the dealer performs agreeably, they're often stepping stones to more expensive, major work

Four Ways to Be More Price-Transparent

Justification

Explain why a price may be higher at a dealership vs. other providers

Rationalization

Clarify why the service is necessary

Market Comparisons

Show dealership prices in the context of all providers in the local market

Itemized Price Estimates

Detail component-level prices like parts and labor costs

Seeing customers as more than sales.

There's one more way to help repair the trust concerns of shoppers. And it goes far beyond upsells and price transparency.

Customers need to feel dealers value them as more than just providers of income. Of course, they know they're performing a monetary function. But trust isn't rational, it's deeply emotional.

So dealers should make these a priority:

- Get to know your customers and listen attentively
- Find out their personal level of service knowledge
- Determine the level of involvement they'd like in the Service experience

With this knowledge, dealers can provide each customer with the personal attention that leads to trust — resulting in Service experiences that meet their individual needs.



After winning customers back, how do you keep them?

Let's say a dealership has successfully overcome concerns of trust, fair pricing and convenience — and won back customers that had been previously lost to other providers. How easy is it to keep them coming back for service?

The numbers suggest it will take some work: shopper loyalty, according to a 2020 study conducted by the CDK Research and Insights Team, ranked dealerships (at 47 NPS) significantly behind independent service providers (at 63 NPS).

One strategy may be leveraging customer perceptions. Research shows that customers tend to prioritize different providers based on perceived strengths. Dealerships are the front-runner when shoppers feel knowledge is needed (44%). But when speed is primary, chain service providers take the lead (59%).

In light of this, dealerships can play to their strengths by:

- Emphasizing dealer knowledge through certifications and vehicle specializations
- Promoting their factory-certified parts; 35% of shoppers visit dealerships for them



Finding the features customers want.

Another way dealerships can increase retention is by delivering the features that matter most to their customers. Here are several identified as particularly worthy of consideration:

Enhancing communications to maintain trust

Real-Time Service Updates

54% of customers would love if this were available, and 72% of dealers are either interested (43%) or have already added it (29%). Among the latter group, this has already proven a success: 97% of dealers who have this feature are satisfied.

Price Estimate at Booking

49% of shoppers would love if this were available, and 59% of dealers are either interested (24%) or have already added it (35%). Of the dealers currently using it, 84% are satisfied.

Market Price Information

The ability to show customers the transparency of market pricing is proving itself as a powerful tool. 57% of dealers are either interested (36%) or have already added it (21%). Of the dealers currently using it, 84% are satisfied.

In step with pandemic shopper interests

Mobile Check-In and Check-Out

38% of shoppers would love if this were available, and 63% of dealers are either interested (41%) or have already added it (22%). Of the dealers currently using it, 79% are satisfied.

Remote Vehicle Pickup and Delivery

60% of shoppers would love if this feature were available. 63% of dealers are either interested (16%) or have already added it (47%).

Evaluating features for the future.

Since technology is constantly moving forward, it would be impossible to predict every possible upcoming feature. But there are two questions dealers will always be able to ask of potential features for their Service business, whether tomorrow or ten years from now:

- How is this helping me win back customers?
- How is this helping me keep my customers?

Remember: about 70% of new-car purchasers take their service needs elsewhere. But dealers responding to the latest data could significantly reduce this outflow of business — and make their dealerships far more profitable.

