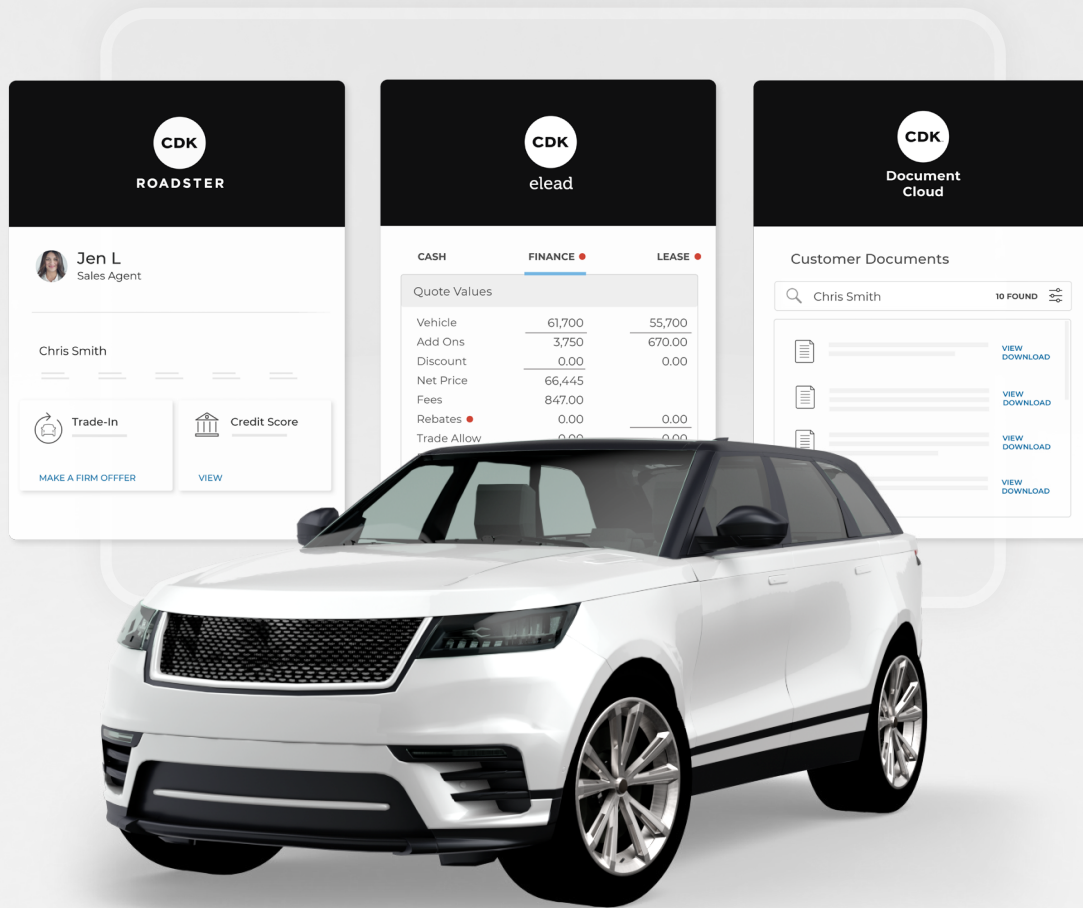


# A Case for Systems Integration

CDK GLOBAL AUTOMOTIVE RETAIL FRICTION POINT REPORT



CONNECTIONS THAT MOVE YOU

➤ Digital Sales / CRM / F&I / Fixed Operations / DMS / IT Solutions / Intelligence

CDK GLOBAL

## Intro

The past few years have not been for the faint of heart. Not in our industry. First, there was a global pandemic that forced showrooms to shutter and catapulted many dealers head-first into digital retailing — ready or not.



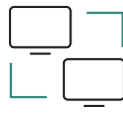

During this time, consumers' expectations of buying everything from home — even big-ticket items like cars — have risen. Top public dealer groups and OEMs have responded by developing their own brands around online sales capabilities. Now, the industry is facing an inventory and chip shortage that's inflating profitability — that is, when they can get their hands on vehicles to sell.

### And what's next?

Inventory may slowly start to return throughout the next year. And if it does, will you be equipped to handle staffing challenges? Will you be ready to win back market share based not only on price, but also on customer experience?

To help you prepare for the not-so-far-off future, CDK Global and NADA Academy surveyed 1,113 consumers and 303 dealers. Our aim was to pinpoint friction points, both in the sales process and in the customer experience, in order to help you solve them.

### WE IDENTIFIED FOUR KEY FINDINGS:

<p>1</p>  <p><b>Nearly 1/3 of consumers</b> want a fast, easy and convenient buying process, but <b>wait time continues to be the No. 1 pain point</b> for 41% of those surveyed.</p>	<p>2</p>  <p><b>94% of dealers are reevaluating their sales process</b> and 86% are focusing on the customer experience.</p>	<p>3</p>  <p>One of the biggest frustrations among dealers is that the systems they use to transact (10+ on average) <b>do not seamlessly transfer data</b>. This results in process inefficiencies.</p>	<p>4</p>  <p>To reduce customer wait times and improve their experience, dealers need <b>to reduce friction for each role within the variable operations team</b>.</p>
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Read on to learn what this means for your store and the industry at large.

## PART ONE

# Consumer Motivations and Friction Points

Price still matters most, with 46% of consumers indicating it is their key motivation. However, nearly one-third of them ranked "Effort" as the most important factor for them, indicating that they value a fast, easy and convenient experience.

And while consumers and dealers agree that transactions have become faster over time, the number one point of friction for consumers is time spent waiting at the dealership. It's no surprise, since our research shows that waiting occurs at nearly every stage of the entire sales process — from the test drive all the way through vehicle delivery.



Where consumers are spending the most time waiting, however, is in the F&I office. **61% of them are spending 30+ minutes alone waiting** for the F&I Manager to finish the sale.

Of course, we understand the vital role the F&I Manager plays in profitability, but what are the long-term costs to the dealership if waiting during F&I results in a poor consumer experience?

### KEY CONSUMER MOTIVATORS



46%

Price



28%

Fast, easy, and convenient experience

### TOP FRICTION POINT



41%

Time spent waiting at the dealership



## PART TWO

# Digital Retailing and the Customer Experience

TOP  
DEALER  
FOCUS  
AREAS

# 86%

Customer Experience



# 82%

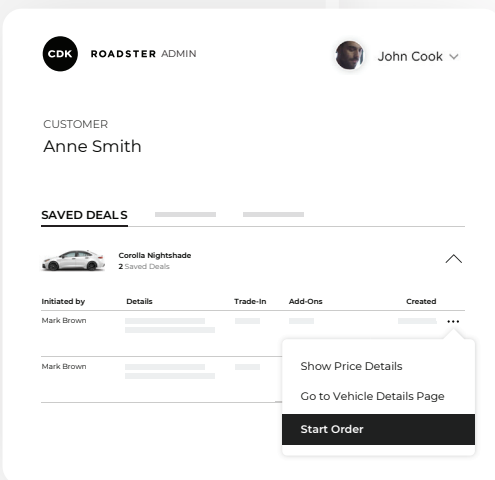
Acquiring Inventory

Dealers have known for years that they need to improve the customer experience. But we were surprised to learn that it's now their number one focus, even above acquiring inventory during the shortage.

**Digital retailing is a big part of their strategy, with nearly as many dealers having some solution in place.** However, most are only using it as an online self-service offering, i.e. a deal calculator.

**Only 1/3 of dealers use digital retailing in the showroom** to provide an omnichannel shopping experience and enhance their presentations.

As a result, despite dealers best intentions to adopt digital retailing to modernize car buying, it only improves the process for less than 10% of consumers who buy fully online.



To truly modernize the buying process, you need to also **modernize the sales process.**

# 85%

of dealers have some type of digital retailing strategy in place.



## PART THREE

# Dealer Friction Points

The promising news is that, currently, nearly every dealer is reevaluating their sales process — **a staggering 94%**. It's not entirely surprising since, right now, with less inventory available to sell, dealers have more time than ever before to focus on the quality of the experience they provide.

There are fewer salespeople now than ever before — with dealerships down two team members **(from 17 to 15)** on average since pre-COVID. But technology is enabling salespeople to work

more efficiently. So dealerships are continuing to sell the same number of cars, but with fewer staff.

**Technology is also helping dealership employees achieve better work-life balance and avoid burnout**, which is critical at a time when it's difficult to hire.

But while the technology itself is great, the lack of communication among the various transaction systems is not.



**Dealers are working out of 10+ systems**, on average, to complete a transaction, and the lack of full-system integration is a **major source of friction** for dealerships' variable operations teams.



**39%**

OF SALES MANAGERS

**45%**

OF F&I MANAGERS

**38%**

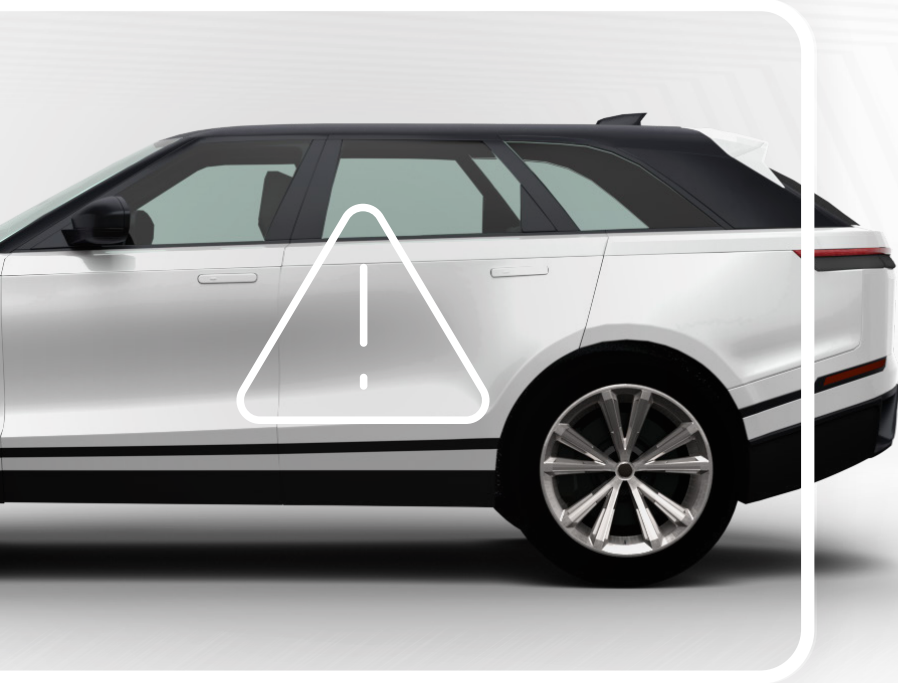
OF INTERNET / BDC AGENTS

Breaking it down more granularly, **41%** of Sales Managers and **32%** of Internet/BDC Agents confess that having to rekey information is a major pain point.

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CDK Global Automotive Retail Friction Point Report



## 30%

of Internet/BDC Agents admit that data discrepancies between systems create sales process friction.

## 47%

of them say it is duplicate leads in the CRM.

## 31%

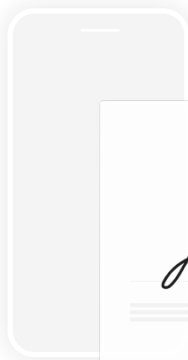
Sales Managers

## 57%

Internet / BDC Agents

## 57%

F&I Managers



ELECTRONIC SIGNATURE

Anne

I AGREE

Lament not having important documents available for e-signature. And **32%** of F&I Managers say that coordination across multiple signing systems is problematic.

**With so many points of friction throughout the sales process it's inevitable that consumers spend so much time waiting.**



## Conclusion



The lack of systems integration impacts dealership productivity at **every step of the sales process**, resulting in longer transaction times that ultimately **diminish customer satisfaction**.

### KEY TAKEAWAYS

Remote selling and showroom tools allow salespeople to **focus more on the customer** and investing in them now will help you when inventory returns and there are hiring challenges.

Automotive retail won't truly be modernized until technology providers work together to **enable easier selling**.

Results of this survey show that if we can **reduce friction in the sales process**, transaction time has the potential to go from more than three hours to just one hour.

Only when dealers' backend systems fully integrate will we **reduce redundancies and inefficiencies** that stymie the sales process and leave customers frustrated.

### OUR SOLUTION

CDK Global is at the forefront of systems integration. Our **Modern Retail suite** connects CDK Roadster, CDK Elead and CDK Document Cloud to enable a seamless end-to-end digital transaction from online to in store to contracting.

All deal information from Roadster's Express Storefront digital-retailing platform automatically flows into the Elead CRM and desking solution. If dealers choose to work out of Elead, any deal updates they make will automatically flow back to the customer via Roadster without rekeying information. And any purchase documents the customer uploads to Roadster will automatically push into Document Cloud for secure storage and easy access.

This is making a significant difference in transaction time! With 150 units sold on average each month, it's already saving Mercedes-Benz of Arcadia close to 40 hours monthly.

Just imagine the efficiency gains you could experience. Better yet, demo our Modern Retail suite and soon you won't have to.

“

*The integration between Roadster and Elead Desking has saved us 15+ minutes at the sales desk per transaction.*



Huy Nguyen

General Sales Manager, Mercedes-Benz of Arcadia



ROADSTER



elead



Document Cloud

# CDK GLOBAL

CDK Global Automotive Retail Friction Point Report

## ABOUT THIS REPORT

Insights found within the CDK Automotive Retail Friction Point Report were derived from the results of a survey conducted December 1–16, 2021. The survey audience included 303 dealers across the Roadster client base, NADA Academy Alumni and NADA 20 group members, as well as 1,113 consumers who purchased a vehicle within the last six months.

## ABOUT CDK GLOBAL INC.

With approximately \$2 billion in revenues, CDK Global (NASDAQ: CDK) is a leading provider of retail technology and software as a service (SaaS) solutions that help dealers and auto manufacturers run their businesses more efficiently, drive improved profitability and create frictionless purchasing and ownership experiences for consumers. Today, CDK serves over 15,000 retail locations in North America. For more information, visit [cdkglobal.com](https://cdkglobal.com).

## ABOUT NADA ACADEMY

NADA Academy programs prepare current and future dealership leaders to improve each department's profitability, while examining how new technology and innovations reshape the industry. For more information, visit [nada.org/academy](https://nada.org/academy).



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Learn more at [CDKGlobal.com](https://www.CDKGlobal.com)