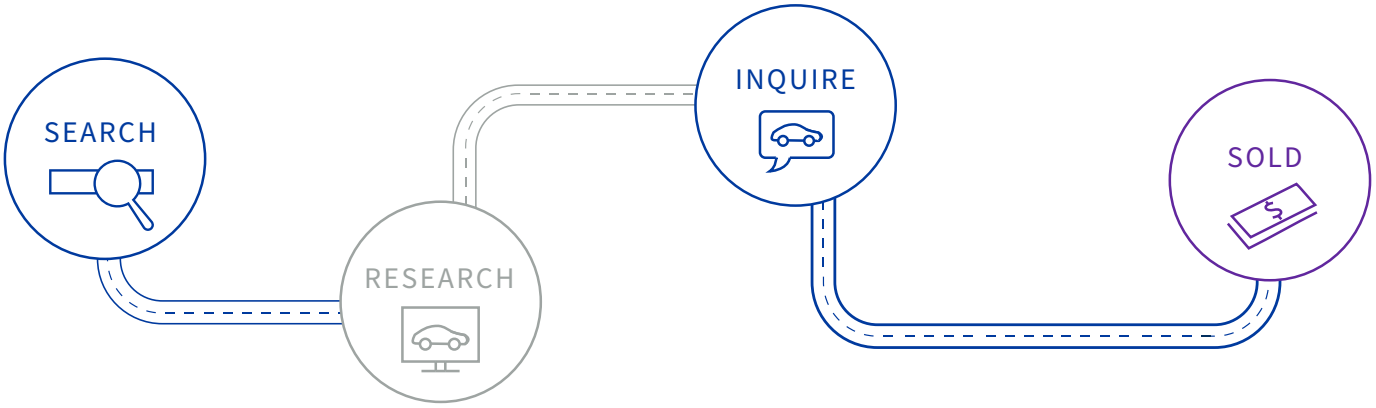
Maritz®

3 PAIN POINTS IMPACTING DEALERSHIP CX

Insights from a comprehensive study of 1,037 U.S. car dealerships illustrate the key challenges dealers must remedy to improve overall lead-handling processes and drive more sales.

INTRODUCTION



LEAD HANDLING: CONTEMPORARY & CONVENTIONAL

Over the past two decades, the internet has flipped the art of lead handling on its head, transforming it into a full-fledged science. Dealers must now strategically promote an all-inclusive customer experience that aligns with a constantly evolving retail purchase process.

The purpose of this white paper is to examine the emergent dealership and technological trends affecting the consumer buying experience, offer insights backed by advanced analytics and data, and arm dealerships with the right weapons to confront these changes. In blending yesterday's proven tactics with today's CRMs and digital lead-handling solutions, dealers will be one step ahead of tomorrow's competition.

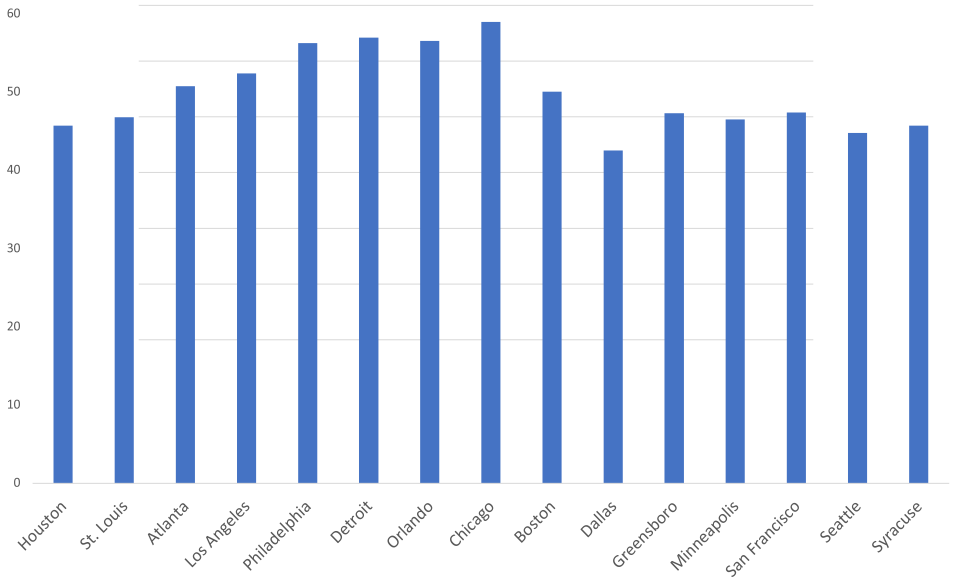
ASSESSMENT STUDY: ELEMENTS & KEY STATS

Maritz's Lead Response Analysis evaluates a dealership's response to a customer inquiry from four perspectives – email, text, voice, and web chat.

All 1,037 assessments were conducted on vehicle manufacturers' dealerships over the course of 8 months.

Dealerships were located throughout the U.S., including rural and urban areas.

There was no obligation or further participation required from the dealerships.



Average dealership scores per region

KEY STATS

Results were broken down categorically, with an algorithmic grading emphasis placed on the most significant actions dealers should take to more effectively handle leads. Here are some eye-opening stats that the study revealed:

65%
of dealers did not answer the question asked in a lead

50%
did not confirm availability of the vehicle and give a price to the lead

26%
did not follow up with the lead via email after day one

48%
did not follow up with the lead via phone call after day one

14
dealers received a score of 0%

50%
was the average dealer score

THREE DEALER PAIN POINTS

As the digital marketplace for vehicles evolves, so too must the auto dealer. Shoppers demand 24-7 service, yet dealers are still employing twentieth-century technology and bygone methods of communication to reach customers, which is only exacerbated by poor response times. Automotive dealers must prioritize customer service and lead handling in order to stay relevant to modern customers.

As the digital marketplace for vendors evolves, so too must the auto dealer.

After performing our extensive eight-month study and analyzing the results, the following three lead-handling issues appear to plague a majority of the program's 1,037 auto dealers.

PAIN POINT #1

POOR EXECUTION OF BEST PRACTICES

Dealers are increasingly struggling with dwindling margins in the sales department; proactive dealers should look to their CRM's lead history for clues as to why. A typical cause of such stagnancy is an inadequate amount of shopper-dealer interactions, not necessarily a decrease in leads themselves.

The importance of a quality first response cannot be overstated, nor can the importance of reading the lead. Consumers who reach out to dealers are in need of specific information; it's imperative that dealers handle every potential buyer that comes through the sales funnel in the same manner as the last. A well-defined process to respond to inquiries should make the most of every micro-moment.

In evaluating the overall effectiveness of lead handling for 1,037 dealerships, this study produced the following results:

READING THE LEAD

> In the grand scheme of things, a dissatisfied shopper is lost forever.

65% of dealers did not address the questions asked in the lead	**50%** did not confirm availability and provide a requested quote	**77%** did not provide pricing or answer questions via web chat

As salespeople engage with a prospective customer, they should personalize their first quality reply by offering a specific appointment date. Don't leave shoppers to ponder standard verbiage like, "When would you like to come in?" Most people dislike making decisions; give them an out by providing a concrete day and time.

RESPONSE TIMES & APPOINTMENT SETTING

> A lead is 100 times less likely to become a sale if dealers do not reach out via phone within the first 30 minutes.

339 minutes was the average dealership response time	**22%** of dealers had a response time over 60 minutes	**31%** of dealers did not send follow-up emails within three days

A regimented, long-term follow-up strategy will also offer long-term value. More than six in ten shoppers[2] will return to a dealership if provided with great customer service, and that begins with how well and frequently a dealer responds to the customer.

PAIN POINT #2

NOT LEVERAGING TECHNOLOGY

A Customer Relationship Management tool, or CRM, should be every dealer's lifeblood. It's the well from which every team member and salesperson drinks. It's the electronic assistant that tracks, monitors and manages each lead, appointment and sale. Essentially, an organized and connected CRM is fundamental to dealership success.

However, according to our study, a significant number of dealers are under-utilizing their CRM. This makes the act of prospecting customers a difficult task, and an enhanced shopping experience is typically not the outcome.

TEXT MESSAGING

One notable CRM feature dealers seem to be neglecting is text messaging; just 27% of participating dealerships are employing SMS in their correspondence strategy, and a skimpy 14% send text responses within the first 30 minutes of an inquiry. Dealers who are not integrating texting into their follow-up process — while also meeting legal opt-in and opt-out compliances —are not making the best use of their CRM.

With a 97% open rate and a 36% click-through rate – for comparison, email open and click-through rates are 35% and 3%, respectively —texting is a must-have in today's market. When opted in to text messaging, leads are 15% more likely to convert, which is nearly five times higher3 than the conversion rate of emails.

Compared to older shoppers, Millennials text at a 2-to-1 ratio. Younger shoppers are also far less satisfied with the standard dealership experience; 56% of surveyed Millennials would rather clean their home than negotiate on a car.

> Spamming texts is a surefire way to permanently dissuade a shopper from becoming a customer.

When dealers text, customer satisfaction increases by 19 points. Dealers should, however, be wary of SMS fatigue; if a lead does not wish to receive texts, leave well enough alone and stick to the other standard methods of communication. While it's important to follow up on a lead, doing so in a tone-deaf manner is a losing battle.

VIDEO

If a picture in the newspaper's classifieds is worth a thousand words, what's a 30-second video clip worth? For dealers, it could be thousands of dollars in additional sales.

> Video is the new showroom. Approximately 20% of shoppers are more likely to click through a Vehicle Detail Page if it includes a video.

ADDITIONAL CRM TECHNOLOGY

Dealers who lack the ability, time or dedication to follow up on leads can set up and utilize a multitude of built-in CRM features for assistance, including the following:

- Automated email functionality.
- Internal spell checker to address grammatical errors *(17% of dealers in our study had errors).*
- Task scheduler that alerts staff to make necessary follow-up calls.
- Reporting via email.
- Alerts for customer birthdays and ownership anniversaries.

PAIN POINT #3

STAFF ACCOUNTABILITY

Accountability is what separates the top-performing dealers from those who struggle mightily in this ever-changing market. To maximize the full potential of a CRM, dealerships must be able to hold their staff accountable.

Although many dealerships assessed in the study have a fully operational CRM – they have texting functionality, dozens of scripted emails, follow-up alerts, et cetera – most dealerships fail to provide accountability for utilizing all available features. The added consequences of high employee turnover and lackluster training opportunities only impede dealerships' progress on this front.

To reverse this trend, management teams must be more diligent in their operations while remaining active in the CRM tools themselves. Constantly monitoring team efforts and results, checking off boxes, and ensuring staff follows through with their commitments to the customer are also necessary.

Here are more common technologies and techniques employed by the most successful dealers to hold their staff accountable:

- Keep digital notes to speed up the transaction process for shoppers and team members.
- Improve performance by seeking out CRM trainers for ongoing support and coaching.
- Assess email strategies at least twice per year.
- Perform daily lead audits to reveal coaching opportunities as they arise.
- Adjust spiff programs based on appointment-setting data.
- Utilize call tracking to log contact details, making sure to cross-reference external and internal (CRM) software as needed.
- Conduct daily "Save a Deal" reviews.

CONCLUSIONS

> Although dealers are granted more digital opportunities to connect with customers, those opportunities can quickly become avenues for failure if left unworked and unattended.

A well-balanced, thoughtful and modernized lead-handling strategy, utilizing CRM technology and traditional tactics, will allow dealers to gain a more insightful view of their capabilities, as well as bridge gaps, increase conversions and combat margin compression.

REFERENCES

ABOUT MARITZ

Maritz is an automotive retail performance agency dedicated to helping clients and their retail partners sell more vehicles, parts and services. Backed by experts in behavioral and data sciences, and leveraging nearly 70 years of experience as the world's leading automotive retail performance partner, Maritz has the expertise, tools and resources to drive dealers to excel. Their full suite of automotive service offerings address all points in the customer cycle, including pre-sale, sale and post-sale, and at all customer interface points, both in-dealership and online.

Solutions include:

- Dealer processes and services
- Retail performance consulting
- Integrated customer service
- Sales incentive and recognition
- Digital experience
- Dealer coaching
- Training and development
- Direct marketing
- Brand experience
- Consumer research
- Talent recruitment and retention
- Data insights and analytics

RESEARCH ATTRIBUTION

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How would your store score if its lead handling was part of this study? Do you know? At Maritz, our first goal is to help you understand your dealership's current state and opportunities. Let us inspect what you expect!

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