

The Auto Dealer's Original Fixed Operations Resource

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Fixed ops



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Offering Your Customers a Deal!

How to Utilize Coupons to Compete with Independent Repair Shops

By Peter Martin

In today's automotive market it's obvious that consumers are holding onto their cars longer. This current trend means they will need more Service and repairs than ever before, fueling the growth of independent Service repair centers and quick lube operations. At the same time, the growth of these independent repair shops has cut into dealerships' Service center profit margins. A contributing factor to this independent repair shop trend is that 87% of consumers perceive that dealerships are more expensive than independents.

An online survey conducted by AutoMD.com showed that while consumers are generally satisfied with their dealership experience, they trust independent repair shops over dealerships for auto repairs two-to-one. Better prices and Technician relationships are the keys for independent repair shop preference, with 80% surveyed reporting they felt they had been overcharged for a repair at a dealership and over 90% believing they can save at least 10% by visiting an independent repair shop.

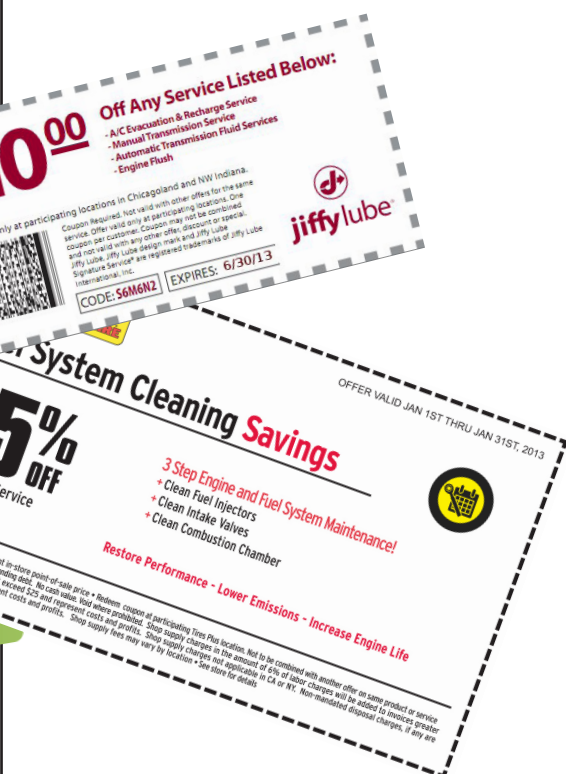
Now that the biggest challenge has been exposed, we need to put a plan in place to address this perception by utilizing coupons and specials to compete with these independent repair shops. One of the first things to do is to make



sure you have Service coupons on your website. As I'm writing this, many dealership websites I've looked at either don't have Service coupons, or their coupons have expired.

A dealership's online presence is critical to their success, with as much as 30% of new vehicle sales coming from the Internet Department and 97% of car shoppers going online to do research. Dealerships are spending thousands of dollars creating some of the most sophisticated websites, and even more marketing dollars to drive more traffic to their website, but they are completely ignoring the Service portion of their site.

I went to some of the largest dealerships and dealer groups to see what the industry leaders are doing and I was shocked at what I found. A Rick Hendrick dealership had 3 basic coupons on their site and one was for a \$39.95 oil change, when most stores were offering a \$19.95 special. The \$39.95 was for synthetic oil, but most consumers are not aware of the difference and this price discrepancy only furthers the appearance that dealerships overcharge.



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Another example was a Nissan dealership. They have a few coupons on their site, but in order to compete with the market, they need to be more aggressive. It's proven that publishing a coupon that offers a percentage off is less effective than showing a price with the discount outlined.

When building your coupon page you need to use the **KISS** method: **Keep It Super Simple**. We know consumers do not trust dealerships and feel the cost will be more, so the simple approach works best. One dealership has some graphically appealing coupons, but they're too complicated. What's a "lifetime limited break warranty"? Coupons should be clean and simple to understand. If the consumer has to work too hard to redeem it, they will not use it.

With regard to keeping it simple, you need to also make the coupons easy to find. One dealer's website has their coupons under a drop-down menu, and instead of calling them specials or coupons, they call it "certified service." And one glaring mistake was made by the largest auto group, AutoNation. Their coupon page asks you to contact them to find out what their specials are!

The Attack Plan

Don't underestimate the power of the all-mighty coupon. Not only are you broadening your customer base to include women, but you are creating customers for life.

Dealers often forget to mention that they service all makes and models and only mention the specific brand(s) of their dealership. By forgetting to mention "all brands", your Service Department is missing the vast majority of potential customers. That special little tagline **'we service all makes and models'** will bring in additional customers, reactivate dormant leads and build customer loyalty.



Over 61% of your Service customers are inactive, but you have an opportunity to reach out and build a relationship with them. Construct two pages on your website: one focusing on your specific dealership brand, and the other one focusing on all other makes and models. This second page can be used for prospecting and offering a variety of different coupons.

Watch the Competition

Jiffy Lube, Tires Plus, Midas, Good-year, Tire Kingdom and many others are aggressively advertising to your customers through direct mail, Groupon and Living Social. They offer specials to get them in the door. Once the customer visits, they put their information into a database, including vehicle make and model, so they can directly market to them for future Service.

Direct Mail

Your competitors are communicating to customers through direct mail

campaigns. These campaigns can be very cost effective as they are part of a larger packet mailer. These mailers target local areas and provide you with the opportunity to reach a larger prospect audience and compete directly with independent repair shops.

Groupon and LivingSocial

Groupon is a marketing company that takes a commission on the sales they generate for you. Typically it's between 30 and 50% depending on your negotiation skills. Groupon is best known for travel and dining deals, but now has expanded into automotive offerings. They are seeing so much success that they have added an Auto tab to their site navigation.

What's important to note is that they spend all your money to promote and advertise your specials, typically sending out thousands of e-mails to active Groupon Subscribers, earning you tremendous market exposure.

In addition, consumers prepay for the special and you are paid in full for all the specials that are sold. What is not public knowledge is that, in some cases, less than 50% of the specials are redeemed.

Living Social operates the same way as Groupon. You negotiate a contract with them where you will give them a percentage of each sale, while at the same time gaining a massive amount of market exposure.

Another important fact you need to be aware of: women represent the majority of purchasers on Groupon and Living Social. 83% of women are responsible for the maintenance of their own vehicles and 78% of all Service customers are women. They are also 3-times more likely to post a review about the experience they had at your service center. You are missing out on a high percentage of retention customers if you are not utilizing these programs.

One of the most important tips that we can share with you when using Groupon or Living Social is that when the customer comes in to redeem the specials, you must make sure that you obtain their e-mail address so you can remarket to them. They came to you because they are an active e-mail coupon user. Now that you have captured their business, you need to continue to remarket to them in the future. This way, if you stop paying Groupon or LivingSocial, you still have the contact information earned while you were with them.

Whether you target customers through Groupon or Living Social, you need to focus on the fact that the percentage given up is worth the exposure you are receiving.

A tremendous opportunity awaits for you to capture more of the Service market and compete with independent repair shops. The first step is to

look at your current website and correct or build out your coupon section. Next, you need to look at what options you have to advertise your specials. If your budget is limited, Groupon or Living Social are great ways to get started because there are no upfront fees and they only get paid when you get paid.



Peter "webdoc" Martin is renowned for creating innovative and cutting-edge programs, systems and tools to facilitate the auto dealer's success in today's market. Martin is the President of Cactus Sky Communications and the Co-Founder of ADT (Automotive Digital Training), a

comprehensive web-based video-on-demand training and testing platform for the auto industry. He has leveraged over 27 years of sales and marketing experience to become a business leader, speaker, writer and trainer with a focus in e-mail and online marketing. Cactus Sky Communications is recognized as one of the premier digital marketing companies in the country.

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