

Automotive customer service becomes a relationship-based consumer experience

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Progress is as robust at automotive dealerships as it is anywhere else. Today, customers can use their online tools to shop, check inventory, and even build the cars they want. Salespeople give out their cell numbers and social media contacts. The service department's stale coffee and rabbit-ear TV have given way to plush, wired customer lounges. But always, at the center, there's the old business model of buying a car.

That's poised to change. Converging forces such as shared mobility and autonomous driving are combining and accelerating to rewrite the basic expectations people bring to automobiles. Buying a car has always been the means to mobility. In the future, more and more, people will be able to purchase mobility without buying the car. What we think of today as "service" may become more like fleet management, and software patches will at least partially supplant socket wrenches. In time, adapting and surviving in this new environment will require dealers to revisit their entire business models.

For now, car dealers still work predominantly under the traditional ownership model—in an environment that's colored by wired consumers' enhanced information and power. As long as the standard model endures, it's up to dealers to refine it, even as they help usher in the next model. The way to promote both outcomes is to enhance the customer experience at every step.

According to the annual *Global Automotive Consumer Study* published by Deloitte Touche Tohmatsu Limited (DTTL), Gen Y consumers (born between 1977 and 1994) value the customer experience three times as much as vehicle design as an influence on their final purchase decisions. The same research shows that for Gen Y, a winning dealer experience means creating more value and greater convenience across the entire lifecycle.

The challenge for dealers is to keep up with those evolving values—to make sure the experiences they offer remain aligned with the expectations people bring to the showroom. While we wait for "automotive retail 2.0" to take root, "automotive retail 1.0" needs to hit every mark on culture and skills, not just prices and features.

Tomorrow, dealers might have to master car-sharing, autonomous fleet sales, and other innovations. The future vision for today, however, is the direct-to-consumer sale. The seven key moments in a customer's sales journey are the foundations of that new strategy. Once those moments are defined, companies need to think about the processes, environment, and people involved in each one, so each element adds value that customers appreciate instead of turning them away.

1. The digital experience
2. Coming into the dealership
3. Talking to salespeople
4. The test drive
5. Negotiation and purchase
6. Vehicle delivery
7. Service and the ongoing relationship

1. The digital experience

When consumers learn about vehicles by brand, features, and price, they now spend most of their time online instead of visiting dealerships in person. Our *Global Automotive Consumer Study* indicates that more than 50 percent of all U.S. consumers spend more than 10 hours researching possible vehicles before purchase or lease. Another 30 percent spend between four and 10 hours on online research. And the study shows consumers trust online sources more than they trust dealers—so the online experience should live up to that trust.

Most dealerships have websites, but few are fully integrated into customers' entire experience. As a result, consumers' research actions taken on the OEM or a third-party site are not learned, remembered, nor used to make for a seamless transition. Basically, are the 10 hours of research performed by the customer contributing to a fuller, richer and more transparent experience? Customers expect the same retail experience they enjoy when buying other consumer goods. Why then, after a customer has built and configured an SUV does the dealer site still highlight a small sedan? Further, are these sites and digital experiences meeting customer expectations? Making appointments, checking inventory availability, and chatting live to a real person are all important elements. It's even more important for the website to be mobile-friendly. Does the dealership have an app in addition to a website? That's no longer just a wishful extravagance; it's now a business necessity that must link to the overall omni-channel experience.

2. Coming into the dealership

The biggest point of differentiation a dealership has is the space where customers can touch, feel, and drive the vehicles. Yet many prospective customers leave frustrated. They believe the car they came to test and

buy isn't for them—not because of the car, but because of the treatment they receive from the sales team in the first few minutes of arriving.

An indifferent receptionist, a pushy salesperson, or a poorly maintained environment signals to the prospective customer that a dealership isn't for them. Customers expect a low-pressure, personalized omni-channel experience that puts them in control of the process. They receive convenient, personal service from other industries like retail, banking, and insurance; and they bring those expectations to the showroom. And future changes in ownership model mean customers could potentially spend more time in a retailer's location over the years, not less. If they're anticipating a multi-year relationship, the first visit is an audition.

The visit begins with the environment—the sensory experience a retail space delivers before anyone speaks a word. It's the sum of music, scent program, the comfort of the furniture, and the cleanliness and maintenance of desks, offices, gardens, and restrooms. Customers expect a great cup of coffee or their preferred beverage, a bottled water, and a selection of healthy and well-presented snacks. They want a lobby or lounge environment where they can recharge themselves and their phones, connect to the Internet, and relax for a few moments. Will visiting the dealership be the most hectic part of the day, or an oasis of calm that promotes decision-making?

Because the shopping experience extends to the digital realm, the need for a positive environment applies there, too. The first impression of the dealer environment is often established online, so it is critical that the digital and physical environments are in sync and focused on delivering a great experience. Even as we look further out to when new mobility services and autonomous driving take hold, the physical form factor will remain in some capacity—as a show room, experience centers or even mobility management office.

3. Talking to salespeople

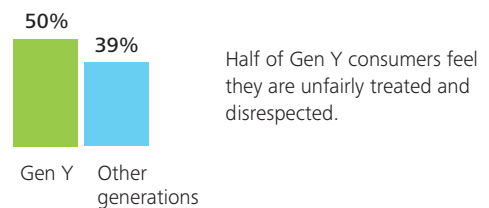
Consumers see buying a car as a painful task. The popular image of the "car salesperson" has a lot to do with that. In fact, our research shows most consumers feel disrespected by dealers and don't have a positive attitude toward dealers (Figure 1). Are team members helping advance change, or getting in the way?

It can help if the first people customers interact with aren't necessarily salespeople. Greeters who introduce the dealership and help customers find their way can be friendly, knowledgeable—and not incentivized to sell. Personality and attitude trumps automotive experience in hiring these people. We are also seeing the emergence of "product specialists" who are responsible for a warm

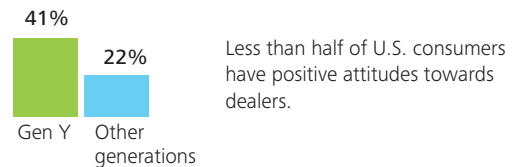
welcome, using wireless tablets to select and configure a vehicle, and guiding the customer through the assessing and testing moments of their buying journey.

Figure 1

"Automotive sales people treat me fairly and with respect."



"I have a positive attitude towards automotive dealersers."



Source: DTL Global Automotive Consumer Study

4. The test drive

This is the opportunity to impress a customer and make the sale. The sales channel may have been digital; the nature of ownership may evolve; but this is always the hands-on tipping point. Yet so many dealerships fail to stand out in this critical moment.

Out of the gate, the customer experience can suffer if the salesperson tries to qualify buying ability before handing over the keys. Then the drive follows a rote "around the block" track that bears no resemblance to the customer's normal driving experience.

How can this time-honored process improve? We have seen leading practices that include taking customers through a drive-thru to purchase their favorite beverage, playing their preferred song or music type, and customizing the test drive route based on their daily driving patterns. Can augmented and virtual reality and 3D worlds play a part ahead of the physical test drive? Some dealers offer at-home or work test drive delivery, or allow extended test drive periods unaccompanied by dealer staff.

Customers should walk away from a test drive feeling as if the car is already theirs. That can keep them from looking elsewhere. Unfortunately, standard test drives often fail to leave that impression.

5. Negotiation and purchase

All around town, customers interact with other industries that have invested in ways to make transactions more efficient. By doing so much research online, the customer has made a similar commitment to a smooth interaction.

Our consumer research shows that most Gen Y consumers want an extremely efficient purchase process. For example, only spending approximately 40 minutes during the registration and financing phases. So, why then does it still take so long to go through the negotiations, paperwork, and finance department? Encouraging customers to complete paperwork online in advance is one solution, but the onus shouldn't be on them. Some retailers are moving to a consultative selling model: The customer interacts with only one person from start to finish, without inefficient handovers. That can add efficiency for both parties. For example, a dealer may bundle non-warranty service into the sales transaction at a price that saves the average customer money and hassle, but still guarantees the service revenue to the dealer.

Some brands and public groups are testing the one-price approach. No negotiation, no haggling. The intent is to let customers know they are getting the best deal. It also saves a lot of time. But for customers to trust the price, they must first trust the person who is offering it. Their mobile power makes it effortless to walk away. Several have taken the next step and provide complete end-to-end online transactions where the entire purchase is completed online, forms can be electronically signed, financing and insurance (F&I) is handled remotely and the dealer delivers the car. The immediate benefit is providing the type of seamless transaction a customer is asking for, but over the long haul the industry will learn and develop tools, skills and support to sell and deliver new mobility and subscription based services.

6. Vehicle delivery

The moment that crowns the sales process is a triumph for the retailer and a potential lifetime memory for the customer. Handing over a vehicle is the dealership's chance to do something memorable and meaningful. That can take many forms: The dealership might tweet or post its congratulations. The buyer might receive a token gift, or the salesperson might capture the moment with a photo. What's important is to step outside the business frame of mind with a little artistry that says, I know this is important for you, and it's important for us too. The retailer will want to see these people again—and in a future colored by car-sharing and other changes to the ownership tradition, it will want to see them more often. Don't pass up the chance to bring a little fanfare into the new relationship. And during the course of the initial honeymoon continue to leverage omni-channel and connectivity to welcome the customer to the new car, the dealer and the brand; to get the customer engaged and

adopting connected services, scheduling the first service and managing the relationship right from the start to drive lifetime value.

7. Service and the ongoing relationship

The smile and wave isn't the end of a sales relationship—it's the beginning of a service relationship. The way a retailer handles that ongoing commitment is a rehearsal for the more flexible, long-term relationships that will mark the future of the industry. Our *Global Automotive Consumer Study* reveals 71 percent of U.S. Gen Y consumers say free routine maintenance is an important consideration in choosing a vehicle to buy, and two-thirds say their purchase decision hinges in part on how confident they are in the dealer's repair abilities. How can a dealer use post-sale service to enhance the relationships it will depend on down the road?

Think about technology: It's possible the long-term relationship beyond the "sale" will split into several discrete channels, including traditional nuts-and-bolts service, an increasing reliance on software, and "fleet management" style service to keep shared-mobility customers supplied with what they need.

Think about connectivity: Capabilities already exist for the service department to start hearing about repair needs not from people, but directly from their cars. And in the age of fully autonomous cars it will be feasible for cars to self-drive to the dealer and drive home before the next day's commute. Think about selling forward: If a retailer retains the data that a buyer tested an SUV before buying a compact sedan, it can offer the SUV as a service loaner.

Timeless principles will enable the pivot to new mobility

These seven critical moments define the sales experience for the customers retailers will serve today. These are where investments of time and resources are likely to pay off most quickly.

As the standard bought-and-sold car begins to cede space to new approaches that treat mobility itself as the commodity, these seven turning points in the traditional process won't be the entire answer to building consumer relationships—but they are an indispensable place to start—and begin to shift the dealer to think about the entire customer experience. In these new models dealers will need to carve out a role as a mobility manager. Already there are opportunities for the provision of shared fleets and keeping them on the road—and with well-positioned, suburban lots dealers can provide these emerging mobility management services.

The habit of seeing the relationship through the customer's eyes and making it as pleasant as possible is a habit that will follow retailers into whatever future the automotive retail industry holds in store.



The changing nature of mobility

How are Gen Y consumers' mobility preferences shifting? What is their perception of the shopping and dealership experience?

Explore *The changing nature of mobility* to dig deeper into the results of our *Global Automotive Consumer Study* by visiting:

www.dupress.com/us/future-of-mobility

The changing nature of mobility