



OPTIMIZING THE OWNERSHIP EXPERIENCE TO DRIVE PROFITABLE GROWTH

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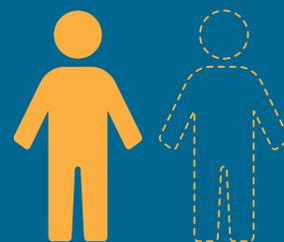
CUSTOMER RETENTION: WHY DOES IT MATTER?

Growing a dealership is a complex process, but on a fundamental level, it's very simple. Dealerships have three main strategies at their disposal: increasing the number of customers, growing existing customer spend and reducing costs. All three are important, but one rises above the rest. Profitable growth is very difficult without a strong base of customers. Many dealers, recognizing this, focus heavily on growing their customer base — but they prioritize conquest, even though the average advertising cost to sell a new vehicle is \$608 per unit.¹

So where should you turn to solidify your customer base? How about the customers you already have? Research shows that it costs 10 times less to retain a customer than to win a new one.² And satisfied customers can be enthusiastic evangelists for their preferred dealership, driving

more referrals, positive reviews and additional sales. Clearly, the key to growing dealership profitability lies with customer retention, and this is reflected by a recent study that showed that 64% of dealers list customer retention as their primary concern.³

As important as customer retention is, most dealers could be doing a better job. The automotive industry's average customer loyalty rate is 51%.⁴ In other words, most brands lose one out of every two customers who purchase a vehicle from them. Something is plainly being lost in translation between what customers expect and what dealers deliver. This isn't because dealers don't want to meet their customers' needs. It's because those needs are changing rapidly, and many dealerships' practices are out of date.



**THE AVERAGE
DEALERSHIP
RETAINS ONLY
1 OUT OF 2
CUSTOMERS**

HOW SERVICE DEPARTMENTS MISS THE MARK

Customers receive a streamlined, consistent, digitally connected purchase experience in most areas of their lives. Even ordering a pizza has become a digital experience, as customers personalize their order online and track their purchase until the moment it's delivered. And if that's what customers expect for a \$10 pizza, shouldn't the ownership experience for a \$25,000 vehicle be even better?

Whether they're ordering dinner or servicing their vehicle, customers want the same three things from their purchase experience: value, convenience and trust. A valuable experience has the right answers to three key questions: What do customers need, how much does it cost and when can they get it? A convenient experience provides the right information, when customers need it, via the channels they prefer. And a trustworthy experience conveys consistent, reliable

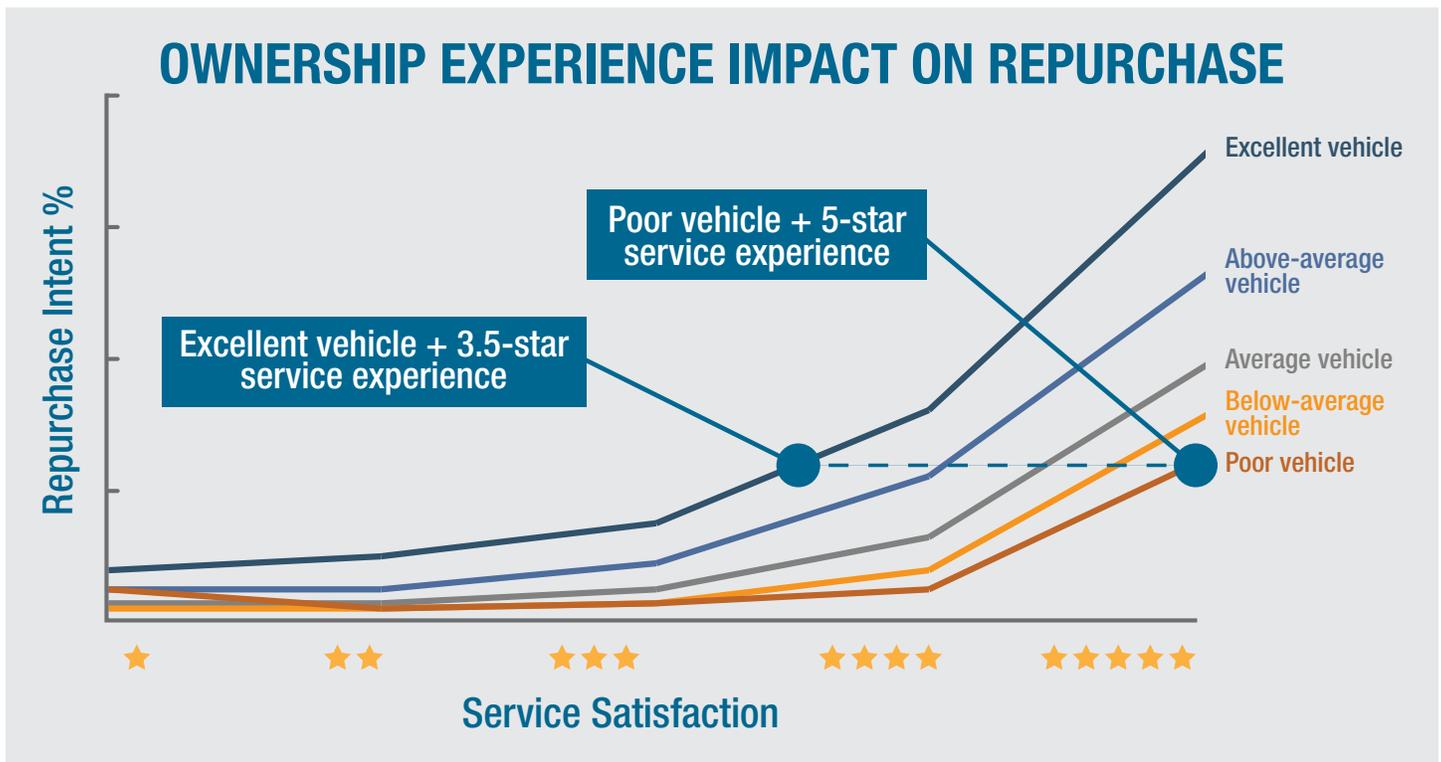
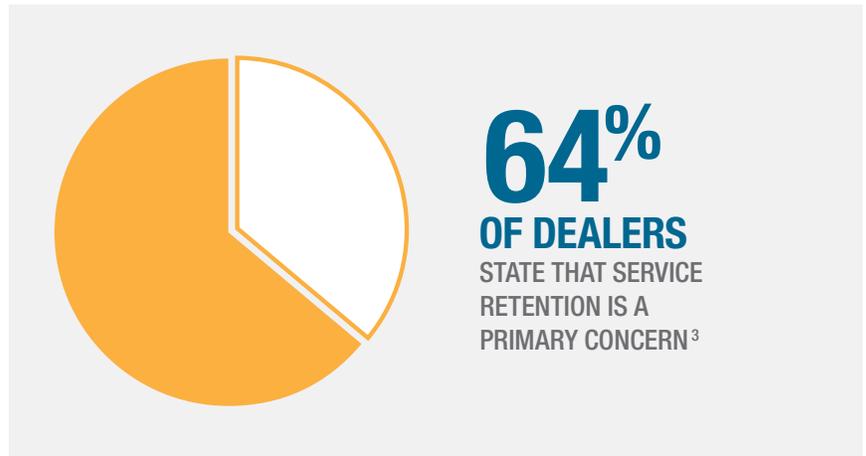
information at every stage of the buyer's journey.

Unfortunately, many dealerships are deficient in delivering on the key elements. They attempt to attract customers with slow-moving, poorly targeted messaging that provides little value. An average of 57% of appointment request forms go unanswered⁵ — not very convenient. And when they use decades-old scheduling and CRM software, these fragmented systems provide inconsistent, often contradictory information — hardly the way to earn trust.

Subpar experiences are common, but the benefits are impressive for dealers getting it right. A customer who is highly satisfied with their car and reports a four-star ownership experience has the same retention

potential as a customer who strongly dislikes their vehicle but has a five-star experience.⁶ A top-notch ownership experience makes buyers as likely to repurchase as if you'd sold them the perfect car.

What does that experience look like? There are many ways to achieve it, but we'll focus on three areas offering considerable payoff.



MODERNIZING THE OWNERSHIP EXPERIENCE

DRIVE RETENTION THROUGH RECALLS

A full 25% of all service appointments are recall-related; that's an average of 90 appointments per month.⁷ 90 opportunities to alleviate customers' concerns about vehicle safety — and when OEMs cover the service cost, that reassurance comes for free. This sets the stage perfectly for upselling. A customer who is already in the service lane and satisfied with their recall procedure is more likely to accept a timely offer of additional needed work. Dealerships taking advantage of this opportunity increase service revenue by an average of \$9,800 monthly⁸ ... and if they provide an outstanding experience, they're much more likely to see that customer again soon.

REMOVE SCHEDULING ROADBLOCKS

Conventional wisdom has it that customers prefer early-morning service appointments that don't interfere with their work schedules. But in today's always-on, always-connected world, the office is anywhere with a Wi-Fi connection. While 6–11 a.m. remain peak service appointment hours, 44% of appointments are scheduled between 1–4 p.m.,⁹ and dealers should align available appointments with these preferences.

In addition, the “how” of scheduling is just as important as the “when.” Reliable online appointment setting is absolutely essential. Customers who can make an appointment on their terms are less likely to resort to walk-ins, giving

dealerships time to prepare and deliver a more personalized, effective experience. Furthermore, each appointment scheduled online saves a dealership \$5 in call center operating costs.¹⁰ Needless to say, those savings add up quickly.

TAKE ADVANTAGE OF TABLETS

Many dealers have been hesitant to jump on the tablet bandwagon, but the benefits of incorporating them into a dealership are undeniable. Tablets allow dealers to greet customers in the service lane with all relevant information at their fingertips, resulting in 7% more timely service.¹¹ Industry-wide, dealerships using tablets to streamline the service process improve their Customer Satisfaction Index scores by 72 points.¹²

The benefits of tablets go beyond speed. Customers may be inclined to question motives when told their vehicle requires additional maintenance, but if the notification comes from a tablet, customers are much more likely to trust the information.¹³ Increased opportunities for trust-building and upselling are only a few swipes and taps away.

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ON AVERAGE
WITH DEALERSHIPS
USING TABLETS

DELIVERING A FULL SPECTRUM OF QUALITY SERVICE

Customers expect a valuable, convenient, trustworthy experience in the service department, just as they do in every other aspect of their lives. And dealerships agree: 94% of personnel believe the service experience is more important than the repair itself.¹⁴ But although the importance of an outstanding customer experience is understood, not all dealers have the right tools to achieve it. Spectrum, the industry's first modern, cloud-based customer retention platform, gives dealerships the power to provide their customers with the experience they're looking for — all while

increasing customer retention and profitable growth.

Spectrum allows service technicians to drive the most value from every appointment by managing work orders, viewing customer histories and identifying opportunities for upselling. Its online scheduling and time slot discounting capabilities enable customers to easily choose the most convenient appointments for their lifestyle. And its cloud-based, mobile-friendly platform ensures that information is consistent at every touchpoint, nurturing customer trust.

Focusing on these three areas pays off. On average, dealers using Spectrum experience a 7.6% increase in service retention, 17 recaptured lost souls per month and an \$18,000 incremental increase in monthly revenue.¹⁵

Delivering the ownership experience modern customers want is the most powerful way to drive profitable growth. With Spectrum, giving it to them just got simpler.

To learn more about how Spectrum can help you deliver a growth-focused ownership experience, please call (888) 463-3888 or visit xtime.com

SPECTRUM HIGHLIGHTS

INVITE

- Opportunity Dashboard
- Service Reminders
- Time Slot Discounting

SCHEDULE

- Online and Mobile Booking
- Parts and Labor Pricing
- Bookable Menus

ENGAGE

- Rapid Reception
- Two-way Customer Text
- Cashiering

INSPECT — POWERED BY SERVICE PRO

- Multipoint Inspection
- Work Order Management
- Inspection Dashboard

SOURCES:

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