

Rev up repeat service business

By Jerilyn Klein Bier

From good customer service and Saturday specials to GPS service-interval tracking devices and more, auto dealers are working hard to hold onto their existing customers.

Customer service doesn't get much better than this story service manager Jon Schultz of Five Star Ford Lincoln Mercury in Aberdeen, Wash., recently shared with *Service Manager*.

Last month, his dealership received a phone call from the Ford Motor Club about a 1994 Econoline stretch van whose transmission had blown about 20 miles down the road. The 170K-mile van be-

longed to an elderly couple enroute to their 65th anniversary celebration. They had recently purchased the van from a private party that had fit it with a swivel chair and hydraulic lift which well-suited the handicapped husband and his motor scooter.

The dealership had a tow truck out there within minutes of receiving the call and

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Accommodating the “waiters” Dealerships add upgrades to their service lounges

Service customers have finally caught on! If they tell their service advisors that they will be “waiting” until their vehicle is ready, the customers know that their cars will get into the shop first. Thus an increase in “waiters” in most dealership service departments. So why not make them comfortable?

What started with luxury dealers has trickled down to many more auto dealerships who have recognized that sprucing up their waiting areas increases service traffic and retains customers, says Franke Huffman, AIA, vice president of Suncoast Design Group. He's worked with a wide variety of dealerships to

build new, or redesign, their locations for years.

The newish focus on customer waiting areas makes sense, and is long overdue, Franke told *Service Manager* recently. “Really taking a hard look at your first customer contact area makes a lot of sense...it

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Jon had his shuttle van transport the couple the rest of the way to their celebration. "They were going to cancel their plans and stay next door to the dealership," which his department would not hear of.

When Jon learned that it would take his local supplier a couple of days to get a new transmission, he arranged instead to pick one up in Seattle. He left his home at 4 a.m. the next day and drove nearly 100 miles to get it – then personally delivered the couple's vehicle to their hotel when it was repaired since the dealership was short on lot attendants.

"We do this all day long; they spent \$3,000 but we do this for people who spend \$30 for an oil change," Jon tells us. His biggest strategy for repeat business: "We treat 'em right when they come in. We treat 'em like family."

Jon, who has been with the auto group for eight years, says "I know or recognize just about everyone who comes in the door." So do his long-time service advisors. With a population of about 35,000 in the surrounding coastal towns and 90,000 for the entire county, it's easier than for a large metro dealer, admits Jon. But his department also works hard to capture business from far-flung customers.

Being one of just three Roush Mustang dealers in Washington State is a plus. So is the influx of 2.5 million people who visit the coast in the summer. Another attraction that brings potential customers: the casinos on Western Washington's Indian reservations.

The service department, open six days a week, handles about 800 repair orders a month (customer pay retail and warranty) – a number that rises with summer tourism.

Service boosting strategies

Five Star FLM tries to get customers hooked on its service department from the get-go. Since the sales department resumed introducing customers to the shop and logging in first service appointments, retention jumped from less than 25 percent to 77 percent last summer. It's now running around 50 to 60 percent – well above the 30 percent target for that market area, says Jon. He is also trying to be more proactive with calling customers to remind them of their first visits and just hired a cashier who will help with this duty.

First oil changes are offered for free at Five Star FLM. Customers are also given a card that entitles

them to their second oil change at half price and their fifth one for free. The shop also offers discounted oil changes on Saturday. The Saturday price for cars and light trucks is currently \$21.95, versus \$28.95 regularly. The Saturday rate for diesels is \$59 versus a regular price of \$88 or \$92, depending on the kind of engine.

"Our lube techs are buried on Saturdays," says Jon, who notes that the Saturday appointment board is filled up by 8:30 a.m. Mount and balance is complimentary with the purchase of four tires. In addition, his shop is the only auto group in town with service loaner cars and rentals, he says.

The dealership also warrants its work for 12 months/12,000 miles no matter what kind of vehicle. Although it tries to use OEM parts, the warranty is not contin-

High-tech service reminders

Wouldn't it be nice if customers remembered to come back to your shop as soon as they were due for an oil change? The Ricart Automotive Group of Columbus, Ohio, is making it easier for them with the help of SkyGuard, an Internet-based on-board diagnostic port from SkyTel (www.skytel.com).

Ricart is the first auto group to install SkyGuard, which uses satellite technology, says CEO Rhett Ricart. About 15 percent of his new car customers are buying SkyGuard as an alternative security system. "I tell everyone it is like Lojack on steroids" he says.

So how does it help round up service customers? The tracking device,

which works 24/7, accumulates vehicle miles and can be set up to send a text message to a customer's cell phone and an e-mail to their e-mail address at set service intervals such as every 5,000 miles. The messages tell customers to contact Ricart's service department, and provide the phone number. In addition, SkyGuard notifies the service department when service is due.

Rhett is an investor in GPS World Tracking, LLC (www.gpsworldtracking.com), a leading provider of GPS vehicle location products which distributes SkyGuard.

Jerilyn Klein Bier

gent on this. “The only time we don’t offer 12/12 is when we put in a salvaged engine,” says Jon.

Out of loyalty to Ford, he also participates in Ford Genuine Direct. Ford dials into his store’s

dealer management system (DMS) to check customer histories and send out service reminders accordingly. Jon changes the special he offers through this program every quarter, such as \$99 brake pad

replacements, alignments, and more. He also participates in Ford National Events.

“Still, I think we probably get twice as much repeat business by word of mouth,” he says. ❖

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helps build relationships and dealership loyalty.”

But he cautioned some dealers not to over rely on what their manufacturer wants to do when it comes to dealership redesign. “Dealers have one agenda while manufacturers have another,” he says. In other words, manufacturers are working to advance the brand, while you should be just as focused on advancing your own dealership.

Easier to upsell

The upsides of putting together a nice waiting area is that customers will feel more at ease and it is easier to sell them additional services, Franke says.

The trend has really picked up in the last five years. Premium brands like Lexus and Jaguar may have led the way, but Ford and Toyota and others – especially large dealerships with multi-brands in a big market – have ramped up their waiting area designs and offerings.

“We’re seeing a lot of enclosed playrooms for kids, with stuffed toys and video arcade games,” Franke said. And for the parents, self-serve cappuccino and even standalone coffee kiosks are getting more common. He’s done several projects with dealers in recent years to set up standalone food cafes with food supplied by an outside vendor. That food is usually

prepared or requires very minimal preparation at the dealership.

And there is more of this transformation activity at the mid- and upper-range dealerships selling 800 units or more per month. Chevy, Ford and Toyota dealers seem to be the most active.

Themes in design

Another trend is for dealerships to provide food facilities on sight to keep staff around during their lunch breaks. That way salespeople aren’t running off site taking a long lunch, and service people are around more to turn vehicles around faster. Dealers tell us this has a positive impact for them.

Another new waiting area trend Franke has seen is the themed waiting area. This is more common in domestic vehicle dealerships. “We recently did a Ford store in Florida that is close to the coast,” Franke says. That dealership went with a beach/tropical theme featuring “grass huts” for closing tables, murals of Caribbean scenes on the walls. Franke described it as “almost Disneyesque but not that extreme.”

He did another dealership where a nearby lighthouse is a major local landmark. For that dealership they built a mini lighthouse on top of the dealership and the dealer uses the lighthouse theme and colors everywhere to reinforced his dealership’s brand.

Definitely on the “out” list is the old big square room waiting area. Instead, the trend is to retrofit those with more corralled areas, lounges with nice couches, and even “quiet” rooms where there are no cell phones or TVs and people can read or work on muted computers.

“We used to see a lot of service writers at kiosks, but dealerships are rarely doing that anymore,” Franke says. Instead, they want customers to bring their cars inside for more face-to-face services. “It conveys a higher value for the dealership,” he adds.

Some of the more upscale dealerships are even ramping things up with putting greens and mini-theatres. And an Arizona dealership that planned to have a hairstylist and manicurist come in three days a week, instead opted to use that space for selling off-road accessories.

Dealers won’t always see the impact of these new touches right away. But the feedback from dealers is that, a year or two down the road, they see more customers returning for incidental service they could have gotten elsewhere because they feel like they are being treated right at the redesigned dealer location.

Suncoast specializes in the design and construction of auto dealerships. While they focus more on the southeast, they’ve done projects across the country. For more information go to www.suncoastauto.com. ❖

Organizational changes

Service managers debate the cashier position

Don't drop it just to cut costs; Seize the opportunity to get service advisors closer to the customers.

To cashier or not to cashier? That is the question that's been buzzing on the *DealersEdge* forums in recent weeks. We took the question to some leading consultants to get their views. Bottom-line: If you are thinking of dropping your cashier position simply to save some money, you are probably making a mistake. But if you are considering it as a way to get your service advisors in closer contact with your customers, you may be on to something.

Unfortunately, most service managers mulling the move are doing it for the wrong reason, says Lloyd Schiller, COO at NCM's Dealer Service Corporation. "The motive is usually to save money, they view it as a cost-cutting move," he says.

Instead, it should be viewed as a way to "flat-line" the customer transaction, says consultant Don Tipton. "I am in favor of having the service advisor handle the complete transaction...but to enable the advisor to pull it off they must have the right environment," he adds. That means giving your SAs "time to handle all that is asked of them," Don says. He suggests about 13 to 16 customers a day, and keep that to the low end if your service advisors are handling appointment scheduling, dispatching, booking, CP and Warranty.

"The real payoff is building a customer relationship with the SA," Don says.

Lloyd tells us that the trend to dropping the cashier position is

growing. Don doesn't necessarily disagree, but notes that "traditional service departments die hard... many today still train their customers to just show up at the cashier's window when they arrive to pick up their vehicle." Don calls that "absolutely the wrong approach to building relationships, selling future service and improving CSI scores."

It sounds like a paradox, but Lloyd and other experts say that if you have good advisors and a smooth operation with good CSI scores, than you might do well to drop the cashier position and give the responsibility to your

service advisors. "If you have plenty of advisors available, handling about 12 ROs per day, doing it will probably boost CSI and sales," he says.

But dropping the cashier position simply to save the \$30K in salary won't make a real dent in your personnel expenses anyway, and is likely to backfire by angering customers and harming your business.

"If you are doing it to cut costs, you are probably wrong, but if you are doing it to improve service you are on the right track," Lloyd sums up.

You said it...

Service managers speak out about dropping cashier position.

Here are some comments from service managers who have, or are weighing dropping the cashier.

"I have not had a cashier at our stores for about a year now... at two other stores I combined the cashier position with other positions in the office. At my current stores, the advisors invoice the RO, but one of the office ladies accepts the money. This is the way our corp controller wants it done. It does save a salary and it makes for a more active delivery for the customer with the advisor going over the RO and prices. Less problems at pickup."

"Security of cash would be my biggest concern... a clever person could collect one amount from the

customer then reprint an invoice for a lesser amount and pocket the difference."

"I see the elimination as an invitation to theft. Unless your dealership is very small, the potential for loss is huge."

"We haven't had a cashier in several years. The parts department has their own cash box which they balance every day. The service writers each have their own telecheck and credit card machines... with a little training it works very well. Besides, have you ever heard a cashier trying to explain a multi-line service invoice to a customer?"

"I eliminated the cashier over a year ago and turned it over to the advisor. I have seven advisors handling 12-15 customer pay ROs per day. Can't believe I ever did it any other way. Great success."

In addition to cutting costs, many service managers are looking to remove functions from the service advisors in a “vain attempt to make them more productive,” says Don. “But all that really does is remove them from the action... after all they are the ones making all the promises to the customer.”

But dropping the cashier is “really going to blow up” if you already have poor CSI scores. And if you make the move, you’ve got to spend the money to have credit card authorization devices at every workstation. You can’t have customers queuing up at one location. The units don’t cost that much, but you may have to fight the officer manager who will try to

save \$50/month by sticking with just one credit card processor.

Lloyd recalls being a customer at a Chevy dealership that did everything right: Great work, good prices, nice location. They did everything right – and yet he left their location mad each time because it took so long to process his credit card. “For a customer it feels like the dealership is insulting you because they aren’t sure your credit card is good” even after you’ve already made and paid for some big purchases with them – like buying the car in the first place!

Before taking the plunge to drop the cashier, try testing the idea with two volunteer service advisors.

It’s also worth noting that eliminating the cashier position is also the norm at quick lubes, independent shops and mass merchandisers like Firestone, notes Ed Kovalchick, CEO Net Profit Group.

And Ed notes that new car dealers may be suffering because they lean more on cashiers. “Is the fact that writers seldom cashier their own jobs a factor” in their lower customer approval scores?... absolutely, says Ed. He did a study and found that nine of the 12 J.D. Power customer satisfaction measurements were directly affected by the lack of, or a poor active delivery process, “which goes directly back to cashiering,” Ed says. ♦

Manage time, make the clock work for you to retain customers

Mark Twain once famously advised investors to purchase more real estate because “they weren’t making any more.” He could have easily said the same thing to dealership service managers when it comes to that even more valuable, and finite, commodity: Time.

“Your service department sells time,” says Linda Hansen at AutoDealerFocus. After all the strategy and tactics, it comes down to how much time you sold, what rate you sold it at, and what time you were unable to sell, she reminded service managers at a recent audioconference sponsored by DealersEdge.

But time is fluid, too. For starters, your younger customers – who are becoming a bigger and bigger segment of the market every day – have less patience for waiting. Surveys show that for customers in the 33-55 age range, waiting five minutes is considered too long.

And younger “Generation X” customers are even more demanding.

When managing your time, it is key to remember what a customer expects when they work with you. Each personal and phone interaction you have with the customer should reinforce their sense of trust in you, belief in the quality of your work, the convenience factor you bring, and your willingness to provide personal attention.

But the benefits of doing this right are lucrative. Consider this: A loyal repeat customer who comes to your shop for all repairs and refers other business your way carries a \$340,000

value in their lifetime for your shop. “Maintain those and you don’t need any other marketing efforts,” Linda says.

But as you work with customers and manage their time and your own, service managers and service advisors would be well advised to educate customers on what to expect during a service appointment. “We don’t do a good job of educating our customers about what an appointment means,” says Linda, who before becoming a consultant also worked at dealerships. “When you go to the dentist or the barber you have a timed ap-

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pointment and you know what to expect,” she says. “Service customers should, too.”

For starters, customers need to understand that their appointment time represents the time their write-up begins... not when the actual work on the car starts. It is up to the service manager to push the advisors to be more proactive when doing the write-up. That saves time down the road and also helps the service advisor build more of a personal relationship with the customer.

Managing customers

The art of managing customers begins when you make telephone appointments. But as we've reported earlier (*SM April Page 6*), some service managers are struggling with the decision regarding whether to let advisors handle appointments or turn that over to someone who strictly answers the phone and handles appointments. At the recent *DealersEdge Service Managers' Summit* in Los Angeles,

attendees were just about split down the middle when we asked which approach they used.

“There are pluses and minuses to each,” says Linda. But if you chose to go with an appointments person, you've got to hire the right type of person or you face alienating current customers and scaring new ones away, she warns.

If you are on the fence about which way to go, take a hard, targeted look at how your folks are using their time today. Look at the past 90 days and especially your CSI scores in that time period. Focus on questions relating to time. For example, what do customers say when asked if they were greeted properly, or if their car was ready when promised. Take a look, too, at your CSI scores surrounding how quickly customers were able to get their cars once they arrived at your shop after having been told the car was ready to roll.

Another factoid to consider: recent surveys suggest that most advisors spend about 35 percent

of their time on the phone making appointments. If your shop uses service writers to make appointments and you are struggling, then you might want to consider getting the right kind of appointment person to take that on.

To find out how well you are handling time, you should get out of your office and walk around at specific times. Try walking around and observing how long lines are around 3 p.m. If you consistently see long lines at 5 p.m., that suggests your folks aren't handling time well at all and customers are getting bunched up at the end of the day. That's a sure way to anger customers.

“If your advisors aren't being proactive, you'll see that panic begin in the service department around 3pm,” Linda says.

Another tip: Listen for how often the receptionist is paging your service department. Repeated pages, especially late in the day, are also a clue that something's not right and bears digging. ❖

Dealers tout 'win/win' leveraging Dent Wizard

Service manager Ed Taylor of Mercedes Benz of Pompano Beach, Florida, said his shop has made “a ton of money” by tapping into Dent Wizard. He's one of several service managers who have told *DealersEdge Service Manager* that leveraging Dent Wizard has been key to generating more profit at their shops.

Ed has been using Dent Wizard at his shops since 1989, he told us. He's just implemented the system at his Benz Dealerships in South Charlotte, North Carolina. “It's nothing but a win/win,” Ed says. Since it's been up and running in mid-March, Ed says he has tripled his base sales in the shop.

He brought two SAs with him

who knew the Dent Wizard program, but four of his SAs were new to it. “They are all believers now,” he says.

But Dent Wizard won't work if you can't get buy-in from your service advisors. When they see the increased customer satisfaction, and see it won't come back to bite them, they go for PDR (paintless dent removal) in a big way.

The secret of Dent Wizard is the way it helps service advisors get involved with customers at the very beginning of a visit. “Perception is reality, and if customers believe the SA is just trying to pull more money out of them, they'll fail,” Ed says. Instead, Dent Wizard's tools help the tech better explain – and show visually – what body works needs to be done and why.

“Dent Wizard makes it believable to customers,” Ed adds. Even if a customer doesn’t choose to do the work right then, the customer gets a printout with pictures of the dents and a copy of the estimate for the work needed. “More than 40 percent of those customers come back and ask us to do the work,” Ed reports.

The system helps service advisors “read” and better work with customers. For skittish customers, for example, advisors can use Dent Wizard’s photos and printouts to show in a low-key way what work needs to be done. “If you paint a picture, you get the work,” Ed says. “But it has to be

done in a non-pressure situation... put them at ease.”

How it works

When your customer arrives for service, a dealer representative checks vehicle for dings or dents and offers Dent Wizard PDR service. The PDR is done while the customer vehicle is in for scheduled service.

Dent Wizard also works with the dealership and service team to build a business plan. As part of that they train your service team to identify, estimate and sell PDR. Dent Wizard also provides promotional materials.

The dealership provides work

space for the Dent Wizard certified technician. Service is available to the dealership on a daily basis or through scheduled service appointments.

Ed and other service managers told us they also like Dent Wizard’s Ding Shield Program, a service plan for ding and dent repairs. It’s sold through the F&I department and adds significant incremental income to the sale.

Plans are sold in terms of 36, 48 and 60 months. Dent Wizard’s national network of certified technicians makes it possible for purchasers to have dings and dents repaired throughout the United States and in parts of Canada. ❖

Group 1 Automotive saves \$1 million in direct mail costs

Group 1 Automotive’s 80 dealerships have saved about \$1 million in direct mail marketing expenses in the past year by using @utoRevenue, Director of Fixed Operations Dan Marceau told *Service Manager* last month. “Higher CSI and increased revenue have been clearly demonstrated plus a huge reduction in our direct mail expenses,” Dan said.

He’s been doing business with @utoRevenue for more than five years at over 80 dealerships in his group. @utoRevenue manages his database and “maximizes

communications and revenue at the same time,” Dan says.

“The entire @utoRevenue team cares about our success and they

will do whatever it takes to make sure we realize value every month,” Dan adds. @utoRevenue’s field support team keeps his employees

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Big dealer group saves \$1 million on direct mail

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up to date on e-mail collection trends, and trains all new employees on how to most effectively collect and respond to e-mails.

“I would recommend @utoRevenue to any dealer who wants results,” Dan summarizes. They have “proven to be a very solid business partner, always looking to better themselves and help us achieve our Sales, Service and Parts goals,” Dan adds.

He’s not alone in praising @utoRevenue. Two Lexus dealerships in the Houston area recently reported that within the first 90 days of using the service, integrated e-mail campaigns generated an estimated \$2 million in service revenues for the two dealerships, said Robert Parnell, parts and service director of Westside Lexus and Todd Sylvester, service director at Northside Lexus. Many of those returning customers had not been to their dealerships in years.

Before going with @utoRevenue, the Houston-area dealerships used traditional direct marketing to promote their service departments. They’d send service reminder letters and follow those up with phone calls.

They also had about 20,000 e-mails. But nearly a quarter of those were bad addresses that kept bouncing back.

The dealerships had to spend about two days creating their e-newsletters, put half a dozen employees on making follow-up calls, and spent thousands of dollars sending direct mail letters to customers even if they had their e-mail address.

@utoRevenue has impressive stats for many other campaigns it has done for auto dealers. Quick examples:

- An 1,800 e-mail campaign for a California Mazda dealer last September had a response rate of over 7% and generated \$41K in revenue.
- An 1,800 e-mail campaign for a Texas Pontiac-GMC dealer had a response rate just over 6% and generated almost \$28K in revenue.
- A 12,500 e-mail campaign for a Virginia Ford dealer netted a nearly 5% response rate and generated over \$210K in revenue.

Last November the two dealerships hired @utoRevenue. The company used its own e-mail match service and was able to add thousands of new names. Instead of using follow-up letters, @utoRevenue’s program sends colorful 4 x 6 postcards that get a better response rate. ♦

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