

AUTOMOTIVE TRAINING INTERNATIONAL

CONVENIENCE & PRICE - A New Perspective By: Tyler Robbins

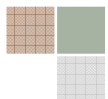
Automotive Dealers have been losing customers to the aftermarket companies for a long time, and it wasn't until recently that the majority started to do anything about it.

Manufacturers solicited the market research and had been telling the dealers for years that customers defect to the aftermarket primarily over convenience and price. They also determined that oil changes, tires, batteries and brakes were the first and biggest maintenance and repair services that drove customers to the aftermarket. So what happened? We all know, Oil changes, brakes, tires and batteries became part of the dealers service initiative and in all fairness, most dealers did a reasonably, if not very good job of becoming price competitive on these services.

Additionally, dealers reluctantly accepted that fact that Saturday is a day that they need to be open for service, and although even today, they are not truly committed to Saturday's - at least they are open part of the day with a skeleton shift!

See, the belief was that price and hours of operation were the 'keys' to solving the price and convenience issue - but have the defections stopped? NO!

The reality is we still haven't retained customers for even the first service. Before they ever experience our prices or our convenience, they have defected away - and don't try to hang your hat on the "We sold the vehicle outside of our market" excuse. Just as many were sold INTO your market too, and frankly, even without those, do we have 100% first service retention on the vehicles sold within our own market?





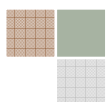
Real world dealership experience example:

A customer, looking for buy a new vehicle arrives at the dealership and see's two of the same model that interests them; one, with a spoiler and one without. Now we all know that the spoiler was sold to the new vehicle department and then marked up by the new vehicle department so let's say that the price the customer sees is \$599. So the customer, not knowing the price is lower if it is installed in service, assumes that spoilers at your dealership are \$599. The customer may not know how much a spoiler should be, but he's pretty sure that they would be less at some aftermarket chain store. So, without the sales department ever knowing any of this, the customer happily buys the vehicle without the spoiler.

But the customer WANTED a spoiler, so off he goes to the local "Auto Guys" aftermarket shop to get his spoiler. While the customer is waiting for his spoiler to be installed, what does he do? He roams through their "shop" and see's aisles and aisles of "stuff".

The "stuff" that he sees is everyday things - washer fluid pyramids, car cleaning chemicals, vanity license plate brackets, local sports team front license vanity plates, "Roadrunner" rubber floor mats, "Scooby-Doo" steering wheel covers, pine tree air fresheners, decals of a cartoon character defacing any one of a number of other automotive manufacturer logos and a whole host of other automotive "paraphernalia". What's even more amazing is that none of this "stuff" is locked down. He can pick it up, look at it, touch it, and maybe even try on that particular NASCAR hat. "Auto Guys" doesn't seem to think he's going to steal anything or they would have locked it down or maybe even hidden it all behind the counter. Additionally he sees tires, batteries and of course the sign that says something like "Oil Changes done while you wait for \$19.99.

But this visit to "Auto Guys" was to get the spoiler installed, which once it's finished, he pays for and leaves. Remember, this customer has a brand new vehicle, and after a couple of weeks, like most customers with a brand new vehicle, decides he wants to clean it, so where does he go? Back to "Auto Guys" to get supplies! And when he's there, he finds this bucket and in the bucket are car wash, a wash mitt, tire dressing, wax and a new chamois - all in this bucket - what a great idea! So he buys this "kit" and home he goes to clean his new vehicle.





After a month or two, after having cleaned the vehicle a few times, he realizes that the carpet floor mats that came with the vehicle are beginning to reach that point, where normal cleaning just isn't what he wants it to be - he fears the carpet will wear out, so back to "Auto Guys" to pick up those "Roadrunner" rubber floor mats, and while he's there, picks up one of those "I'd rather be Golfing" plate brackets.

Sound typical?

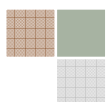
Consider what has transpired here, but let's not look at it from an automotive perspective.

This customer is going to the corner convenience store to pick up milk and bread, not because of the service they provide, and certainly not because of the price - he knows the supermarket would have better pricing on milk and bread - he's going there because he KNOWS they have what he needs.

Now, relate the example to the car dealership. This customer is going to "Auto Guys" because he KNOWS they have all of the paraphernalia that he needs, and oh, they also do oil changes.

When the time comes that this customer is finally due for his first service, he has already been to "Auto Guys" two, three maybe even four times - they MUST be more convenient, he's there all the time anyway!

You see, it has nothing to do with their hours of operation, it has everything to do with their ability to meet ALL of his automotive requirements, and we're not talking about service and repairs.





Customers DO clean their vehicles, and buy cartoon character accessories and vanity plates, plate brackets, and they DO proclaim their personal interests in bumper stickers, decals, etc. and dealers aren't interested in this business and if they are, they've got it all hidden in the parts department for fear customers might steal it.

NEWSFLASH - don't worry about them stealing it - they're not coming to you for it!

With maintenance and repairs becoming less and less - can we afford to drive anymore of them away?



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Tyler Robbins

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Tyler@ATi360.com | 902.880.3360 | www.ATi360.com



