



Future of Retailing: Customer Experience

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RESEARCH GOALS:

IDENTIFY DRIVERS IN 3 KEY AREAS

- 1** Thoughts and feelings that drive perceptions and buying behavior
- 2** Experiences that lead to engagement or kill the opportunity
- 3** What they want in a retail experience

Innovators

Early Adopters

Early Majority

Late Majority

Laggards

Entry fee to play the game

Phase 1: Qualitative



Consisted of late-stage, close-to-purchase and immediate post-purchase shoppers. Included:

ETHNOGRAPHIES

In-home pre and post purchase interviews and dealership shop-alongs conducted by an anthropologist

WEBCAM INTERVIEWS

Interviews with customers at the online research stage of the process

GEO-STORIESSM + BULLETIN BOARD

Real-time geo-validated phone interviews conducted at moment of dealership experience followed by 2 days of follow-up discussion

Phase 2: Quantitative



Consisted of late-stage, close-to-purchase and immediate post-purchase shoppers. Included:

PRINCIPAL COMPONENTS ANALYSIS (PCA)

Factor analysis to identify key drivers of dealership and brand selection, rejection, buying preferences and psychographics

CONJOINT ANALYSIS

Preference analysis to understand what dealership characteristics are most important and valued

Confidence interval = 92.7% +/- 3.3%



**HOW DO WE
DO AS AN
INDUSTRY?**

... better.



“The process of going online and researching has made it easier for me already.”

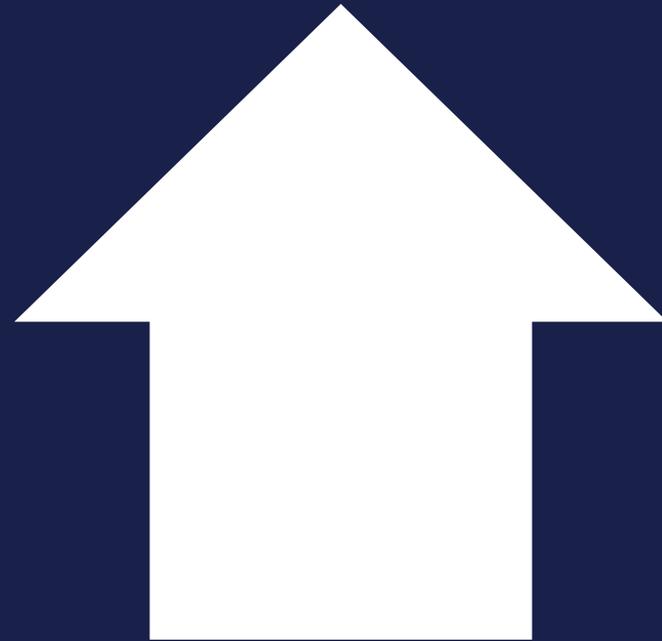
56%

of car shoppers said they would buy a vehicle more often if the process was not so difficult.

*A 4.12 Total: 1215 – Q How much would you agree or disagree with the following statement:
“I would buy a new vehicle more often if I didn’t find the dealership experience so difficult.”*

24%

MORE BUSINESS!





**WHAT IS
HOLDING US
BACK?**

New/Changed

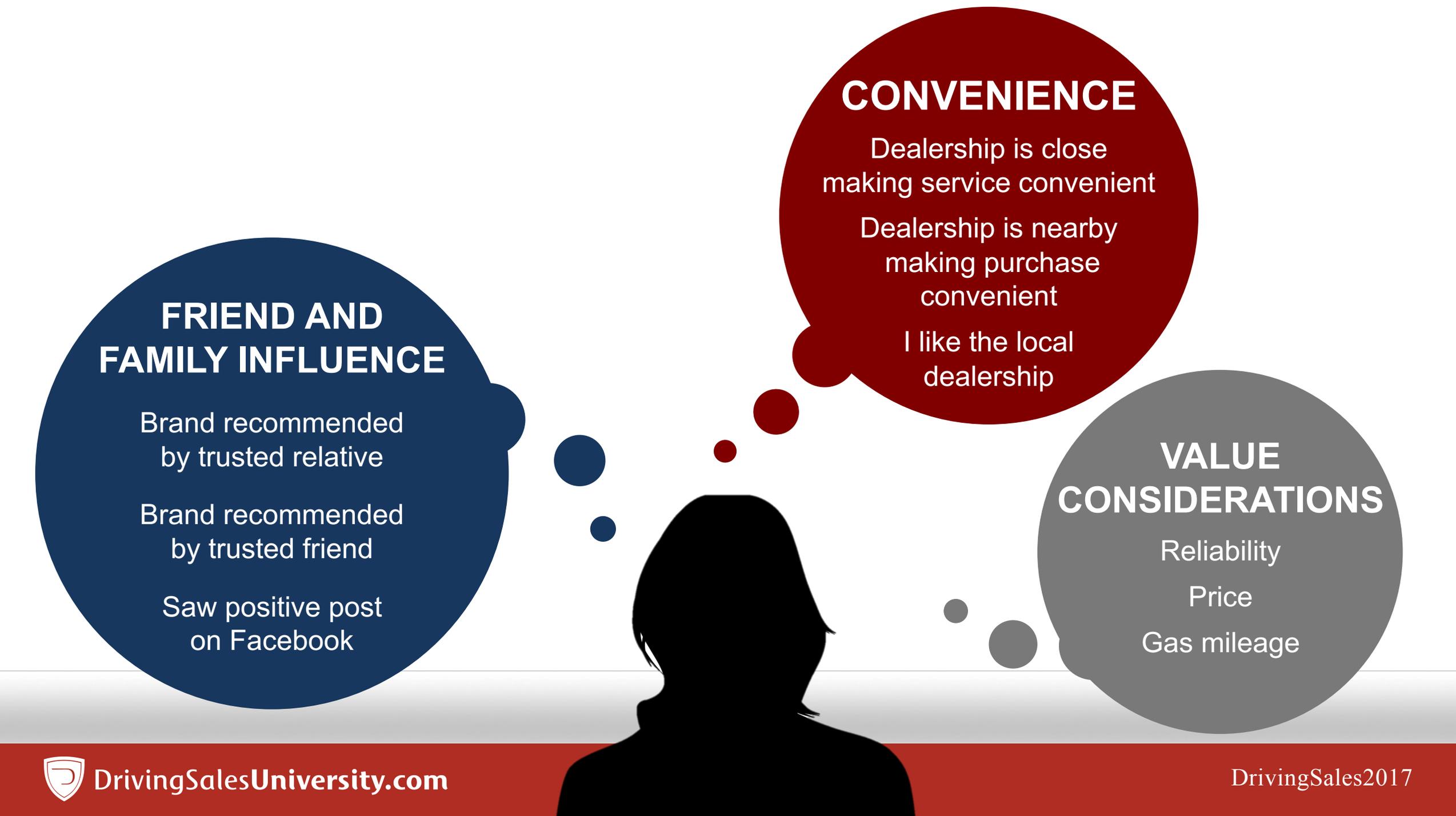
EXPECTATIONS

+

A serious lack of

TRUST

WHAT DRIVES BRAND SELECTION?



FRIEND AND FAMILY INFLUENCE

Brand recommended
by trusted relative

Brand recommended
by trusted friend

Saw positive post
on Facebook

CONVENIENCE

Dealership is close
making service convenient

Dealership is nearby
making purchase
convenient

I like the local
dealership

VALUE CONSIDERATIONS

Reliability

Price

Gas mileage



Had the vehicle I was interested in listed on their website

Read positive customer reviews online

Was the closest dealership with the brand I'm interested in

Had the vehicle I was interested in in stock

Convenient location

REASONS SHOPPERS CONTACT DEALERSHIP?

Past experience with dealership

Only nearby dealership with the brand I am interested in

Saw a positive post on Facebook

Dealership had a "Request a Price Quote" form on their website

Family member recommended dealership

Friend recommended dealership





**FRIEND AND
FAMILY INFLUENCE**

Saw a positive post on Facebook

Family member
recommended dealership

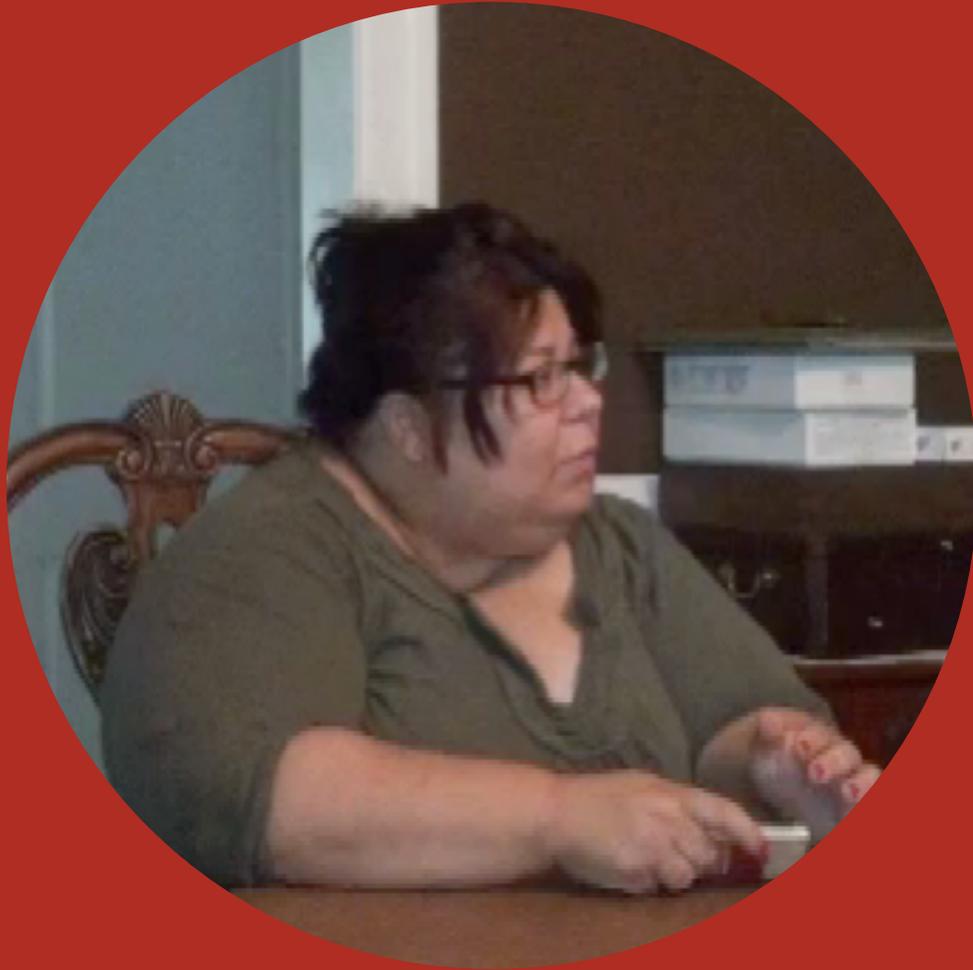
Friend recommended
dealership

CONVENIENCE

Was closest
dealership with brand
I'm interested in

Convenient
location





“The majority of the time, if I’ve picked a dealership, it’s had to have been on reputation.”

What are Buyers' Primary Drivers?

Trust

I would like a relationship with a dealer I can trust

Loyal

I need to like and trust the person I am purchasing from

Info. Seekers

Methodical

Analytical

Systematic

Self-ID

Very busy/willing to pay a little more for convenience

My car needs to say a lot about who I am





**How does our
sales process
resonate?**

Steps to the SALE

1. Meet & Greet
2. Needs Assessment
3. Product Presentation
4. Demo Ride
5. Trade in
6. Write up
7. Overcome Objections
8. Close the Sale
9. Finance
10. Delivery

Key Metrics:

Closing Rate

Gross Ave



The Traditional **Sales Process**

The traditional sales process is creating lost opportunities and producing unfavorable feelings.

Many people feel that dealerships and salespeople are *“just trying to sell them something”* instead of working with them to determine / meet their needs.



99.3%

**Of shoppers expected
the process to be a
HASSLE.**



ONE-PRICE OR NEGOTIATION?

DO CUSTOMERS LIKE TO NEGOTIATE?

I don't like to negotiate and I would like to buy a vehicle that is market priced and everyone pays the same.

13%

I don't like to negotiate but I do it to get a better deal.

26%

I like to negotiate until I get the vehicle to a price I feel is fair to pay.

45%

I like to negotiate and will grind hard until I'm confident I'm getting the lowest price possible.

17%

ONE PRICE MODEL

I don't like to negotiate and I would like to buy a vehicle that is market priced and everyone pays the same.

39%

I don't like to negotiate but I do it to get a better deal.

I like to negotiate until I get the vehicle to a price I feel is fair to pay.

45%

I like to negotiate and will grind hard until I'm confident I'm getting the lowest price possible.

17%

TRADITIONAL PRICE MODEL

I don't like to negotiate and I would like to buy a vehicle that is market priced and everyone pays the same.

13%

I don't like to negotiate but I do it to get a better deal.

26%

I like to negotiate until I get the vehicle to a price I feel is fair to pay.

62%

I like to negotiate and will grind hard until I'm confident I'm getting the lowest price possible.

*RESPONSIVE SELLING MODEL

I don't like to negotiate and I would like to buy a vehicle that is market priced and everyone pays the same.

I don't like to negotiate but I do it to get a better deal.

I like to negotiate until I get the vehicle to a price I feel is fair to pay.

I like to negotiate and will grind hard until I'm confident I'm getting the lowest price possible.

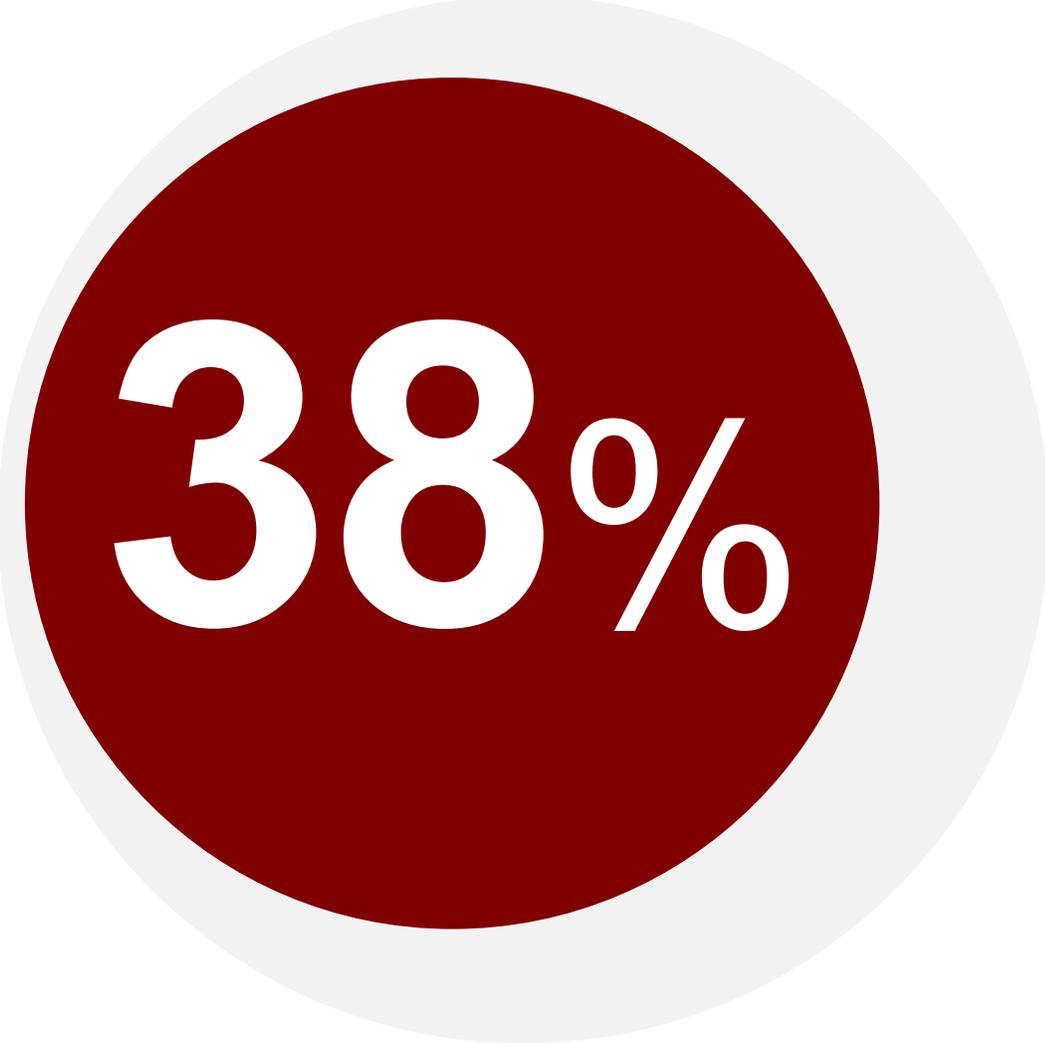
100%

Responsive Selling

- 1. Total Transparency**
- 2. Flexibility in Process Steps**
- 3. Consistent Communication**

Responsive Selling:

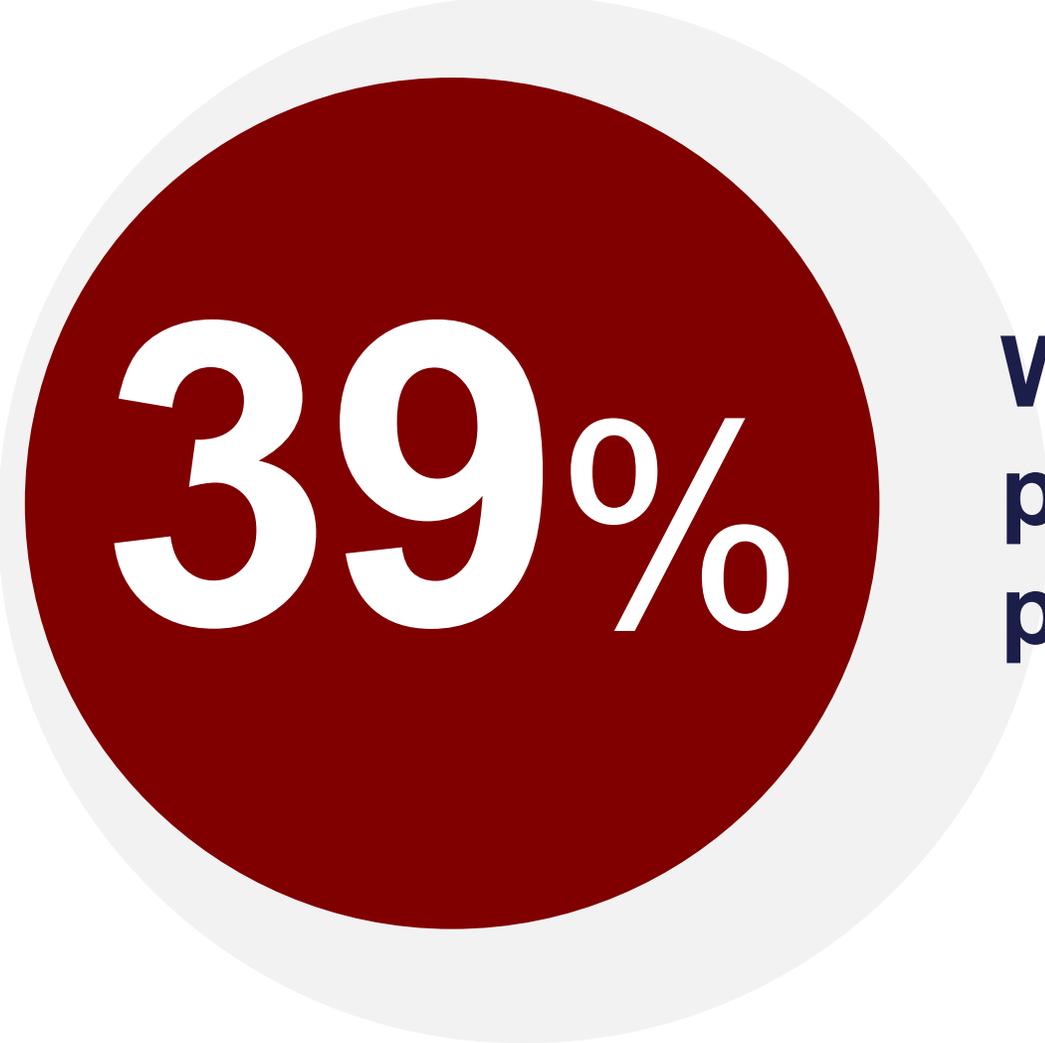
**1. Total
TRANSPARENCY**



38%

Will reject dealership if website doesn't list vehicle prices.

A-4.14. Below are several statements regarding how and whether or not a dealership communicates the price of its vehicles to potential buyers. Pre-purchasers (WB 605)
Doesn't put the price of the vehicles on their website 38%



39%

Will reject dealership if price not given over the phone.

A-4.14. Below are several statements regarding how and whether or not a dealership communicates the price of its vehicles to potential buyers. Pre-purchasers (WB 605)
Won't give you price over the phone, says you have to come in and discuss 39%

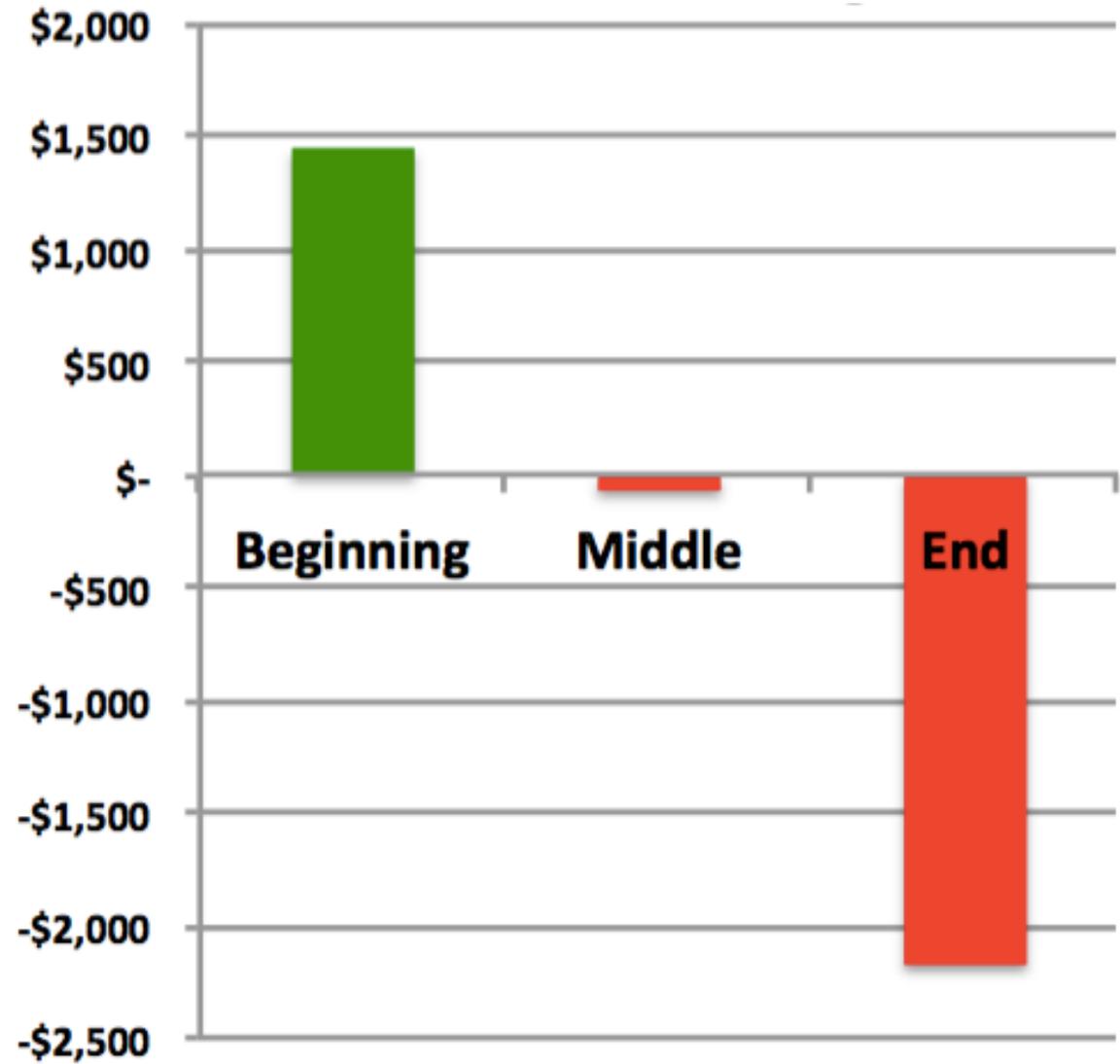
41%

**Will eject if vehicles
doesn't have price
posted.**

A-4.14. Below are several statements regarding how and whether or not a dealership communicates the price of its vehicles to potential buyers. Pre-purchasers (WB 605)
Dealership doesn't put the price on vehicle itself – 41%. Dealership requires personal contact information before providing a price - 43%



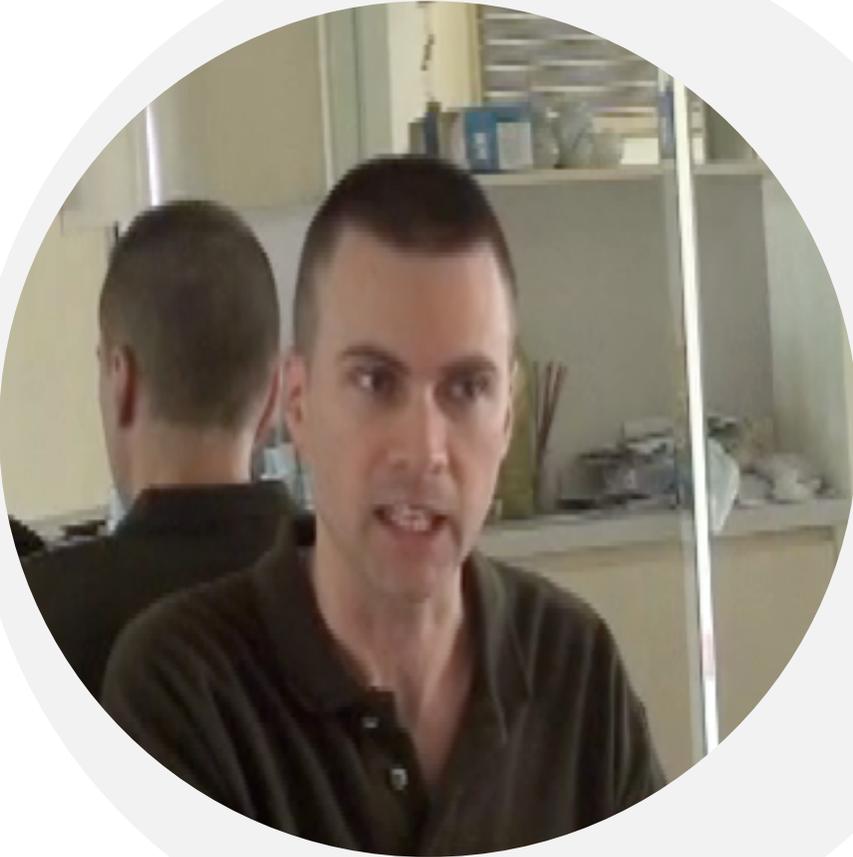
Gross by
when invoice
is shared.



Responsive Selling:

2.

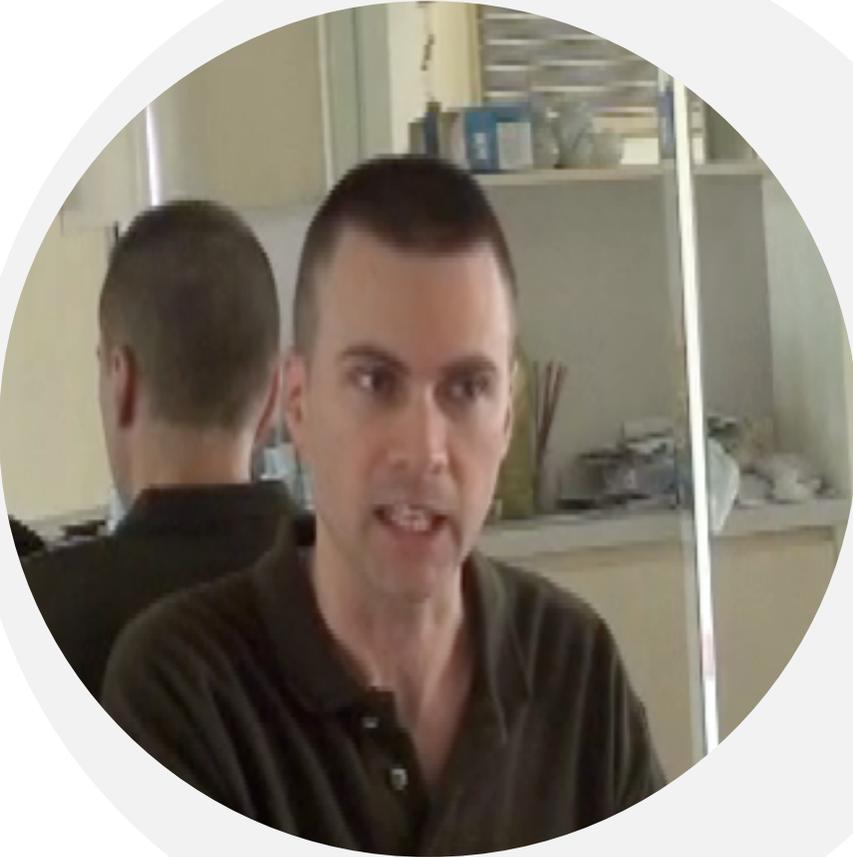
**FLEXIBILTY
In Process Steps**



The Traditional **Sales Process**

Participants expressed desire for shopping and purchase experiences that fit their needs.

They do not want to be forced into a *rigid sales process* at the dealership.



The Traditional **Sales Process**

Participants expressed desire for shopping and purchase experiences that fit their needs.

They do not want to be forced into a *rigid sales process* at the dealership.

90%

Of Shoppers want to test drive before purchasing.

A-6.3 Thinking about that first dealership visit, what were your expectations going in? (WB=1,037)

4%

**Of Shoppers expected to
Test drive on their FIRST
Visit.**

A-6.3 Thinking about that first dealership visit, what were your expectations going in? (WB=1,037)

50%

Will eject if a test drive is required before getting the price of the vehicle.

A-6.3 Thinking about that first dealership visit, what were your expectations going in? (WB=1,037)

68%

**Of Shoppers DO NOT need
to drive the exact car
before purchase.**

A-6.3 Thinking about that first dealership visit, what were your expectations going in? (WB=1,037)

Steps to the SALE

1. Meet & Greet
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Key Metrics:

Closing Rate

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Meet and Greet

Needs Assessment

Trade In

Needs Assessment

Inventory

Needs Assessment

Numbers

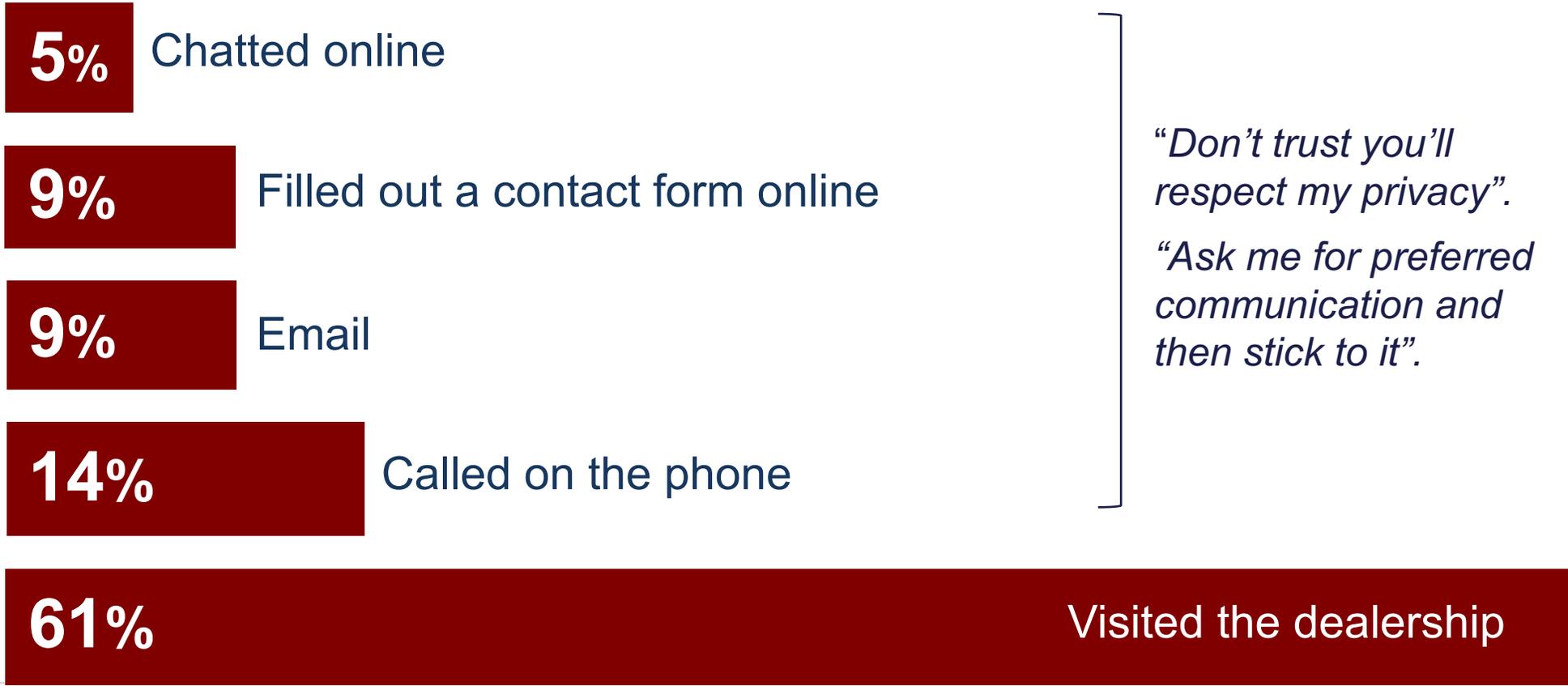
Needs Assessment

Responsive Selling:

**2. CONSISTENT
Communication**

But there aren't that many reaching out online:

How did you initially contact the dealership?

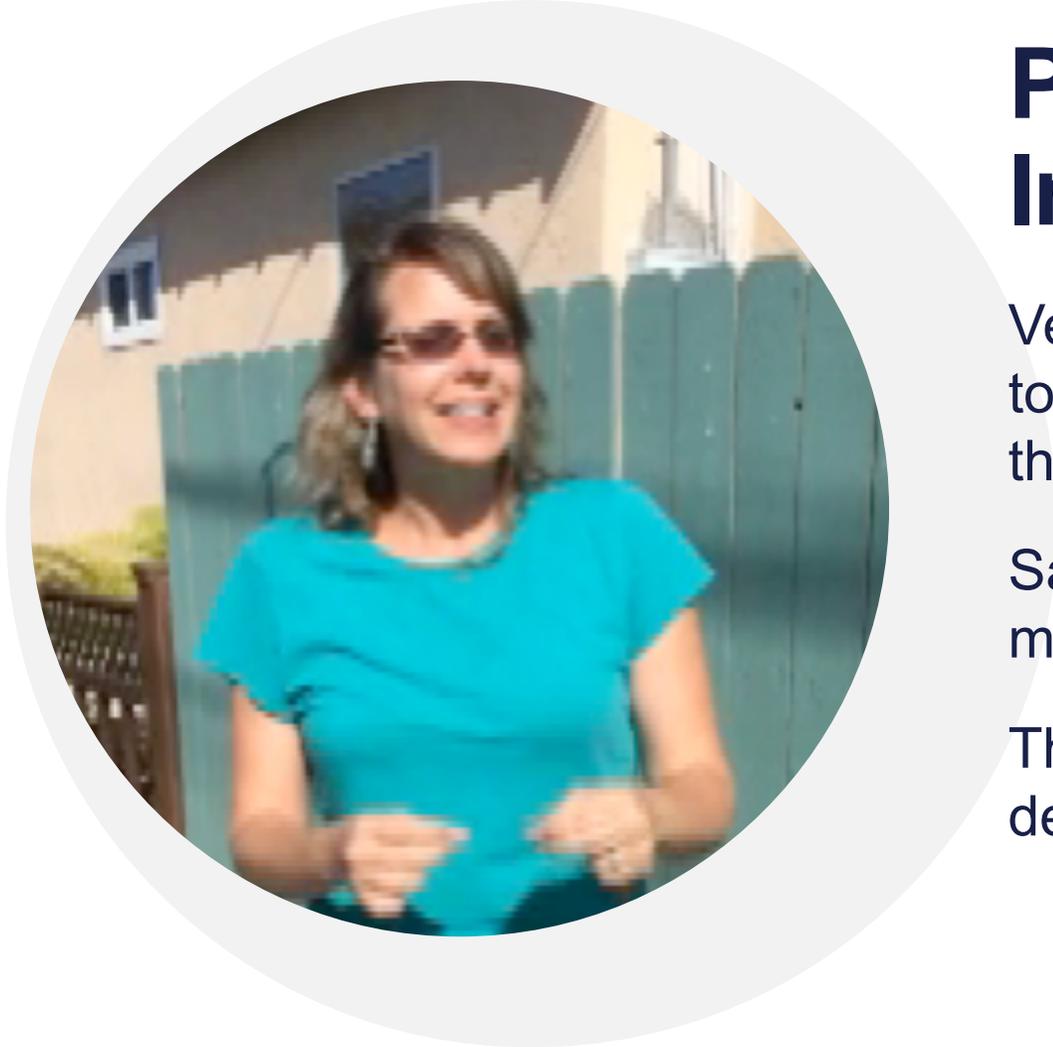


A-4.4 How did you initially contact the first dealership you reached out to? (WB 1,215)



Communication

Many people avoid the dealership website and communication altogether. The single biggest impediment is when a dealership website requires personal information like a phone number.

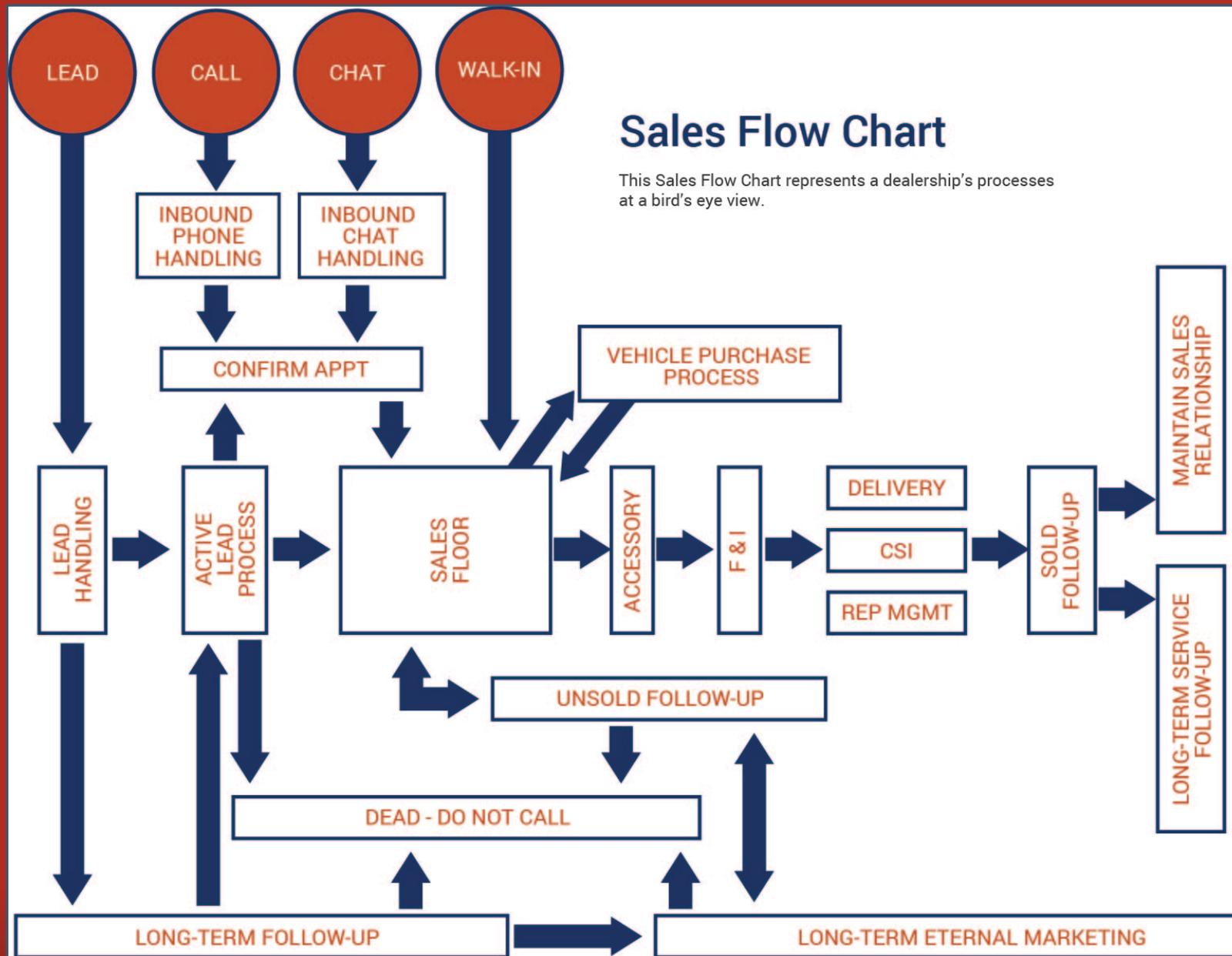


Product & Sales Person Information **Challenges**

Vehicle information is difficult for many customers to understand - even for those who have done their research.

Salespeople don't always help and frequently make it worse.

The in-dealership product process is completely dependent on the salesperson's knowledge.



19 Processes
That run your
showroom floor

