

2020 DEALERSHIP SERVICE RETENTION REPORT

Why Service Customers Return,
Why They Don't, and
What Dealerships Can Do About It

Today's world provides consumers with a wide variety of choices for where to service their vehicles. This increased competition combined with ever-increasing recommended service intervals pose a difficult challenge for dealerships and their service centers.

In this study conducted by DriveSure, we explore the factors that cause customers to return to the dealership for service, as well as the ones that may drive them to the competition.

For this report, we issued a survey to vehicle owners who activated or renewed DriveSure benefits in the last year.

The findings are based on the responses of 1,974 vehicle owners who stated that they currently take their vehicle to a dealership for at least some of their vehicle service needs.

Respondents are from across the United States and own a wide variety of vehicle makes.

Focusing solely on dealership service customers allows us to dig deeper into the unique perspective of the people who are already giving at least some business to dealerships. For example, this report goes beyond exploring the reasons customers choose dealerships and gets specific about what it takes to retain them.

KEY FINDINGS

Key findings from this study include confirmation of widely accepted assumptions, as well as interesting discoveries including:

- 1 Quality of work, quality of customer service, and price are the top factors driving customers into dealerships and top factors that could drive them away.**
- 2 Consumer preferences for dealership amenities are diverse and varied, and dealerships may not be keeping up with vehicle owners' desire for pickup and delivery services.**
- 3 A single bad experience at the dealership puts it at risk for losing any customer, regardless of their loyalty.**
- 4 Tires continue to represent a substantial growth opportunity for dealerships.** Nearly a quarter of the dealership customers surveyed are not aware their dealership sells tires.
- 5 Texting is overtaking other communication channels as the most preferred by consumers.** Many are open to an even more modern form of communication: app-like smartphone notifications.

Keep reading to explore these key findings and more in greater detail.

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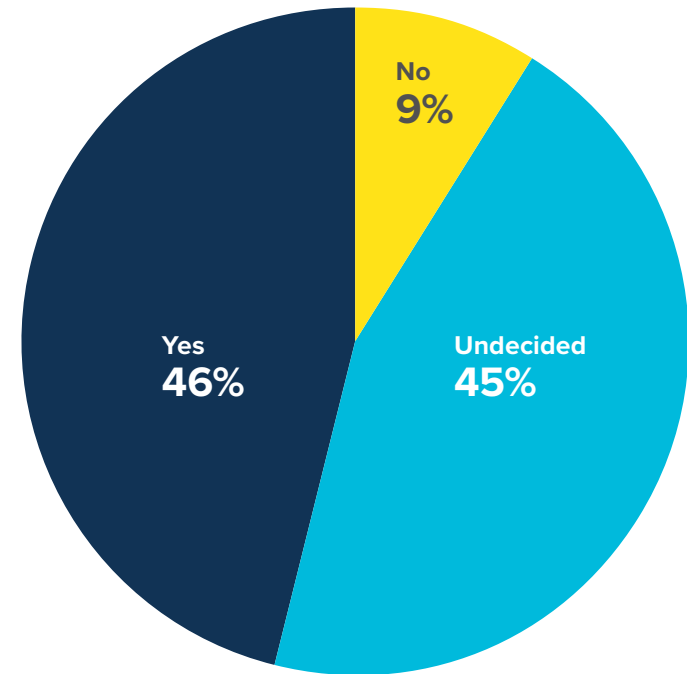
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WHY CONSUMERS RETURN TO THE DEALERSHIP FOR SERVICE

Dealerships know that getting consumers to return is critical to the success of the service department as a profit center, and it continues to be an important factor in vehicle sales as well.

Do you plan to buy your next vehicle from your current servicing dealership?



Nearly half the consumers in our study are already planning to purchase their next vehicle at the dealership where they service their current one. With most of the other half undecided, every future service visit is another opportunity for the dealership to impress them and earn their repeat business.

So what actually drives consumers' decisions for where they take their vehicle for service?

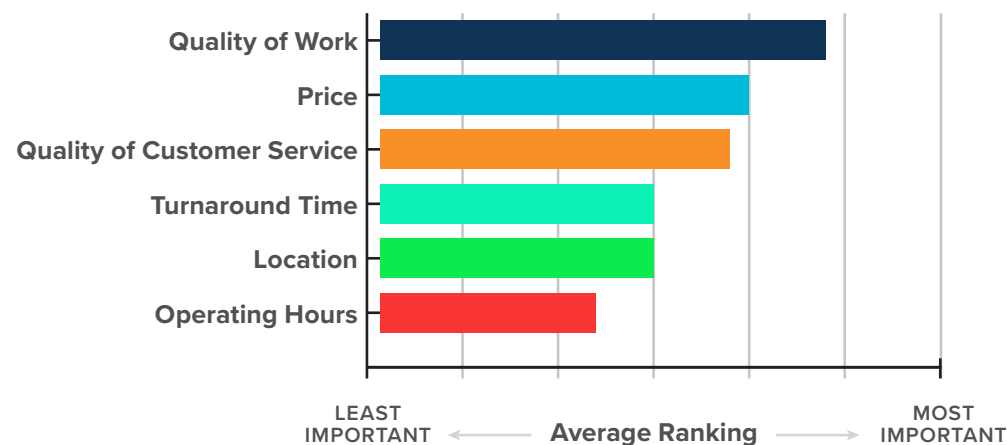
FACTORS AFFECTING CHOICE OF VEHICLE SERVICE PROVIDER

We asked our study participants to rank **six factors in order of importance to them when deciding where to take their vehicle for service**. Quality of work is a clear winner, followed by the price, then the quality of customer service.

For those that told us they are “extremely loyal” to the dealership where they service their vehicle, quality of customer service overtook price as the second most important factor.

This is mostly good news for dealerships, many of which already pride themselves on the quality of their work and their service. However, it does highlight what service managers already know—low-cost competitors always pose a threat.

Rank the following items by how important they are to you when deciding where to take your vehicle for service:

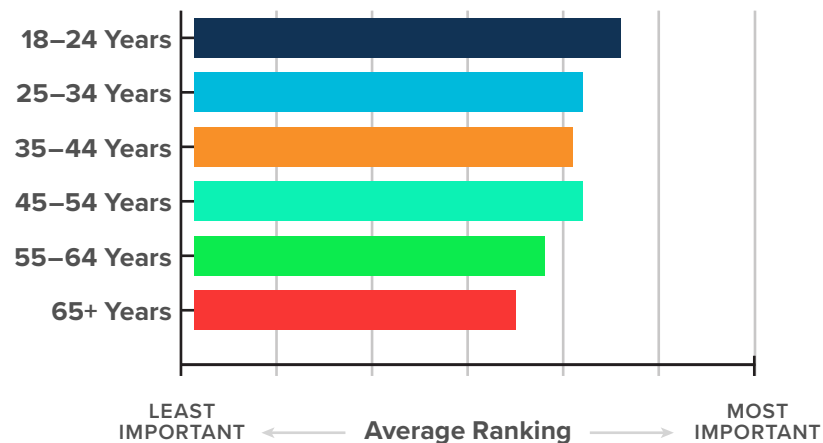


We recommend that dealerships focus on quality while proving to their customers that the price they pay is well worth what they receive.

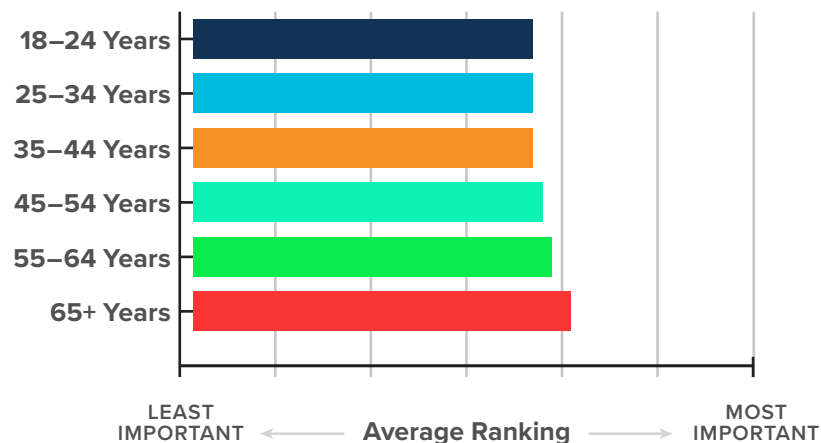
They should continue to emphasize the competency of their technicians, ensure that staff is delivering a delightful experience, and make customers aware of any and all value-added benefits they receive when they bring their vehicle to the dealership for service.

These steps will pay off to an even greater degree for older customer segments, who are less likely to care about price and more likely to value the quality of work and service.

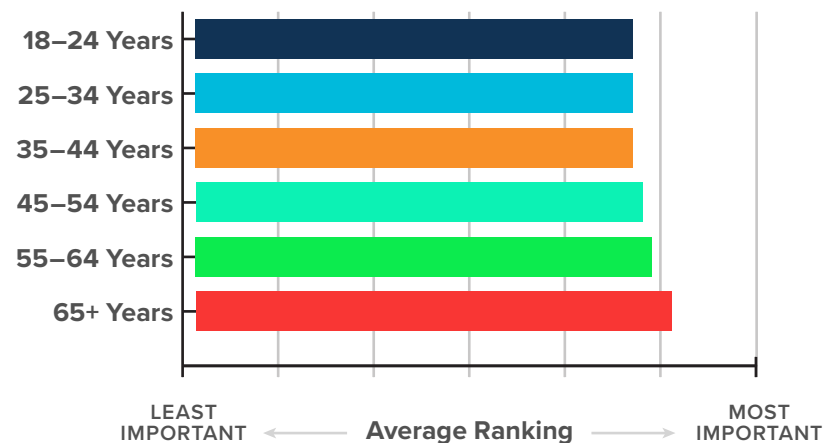
Average ranking of **PRICE** as a factor affecting choice of service provider by age group:



Average ranking of **QUALITY OF CUSTOMER SERVICE** as a factor affecting choice of service provider by age group:



Average ranking of **QUALITY OF WORK** as a factor affecting choice of service provider by age group:



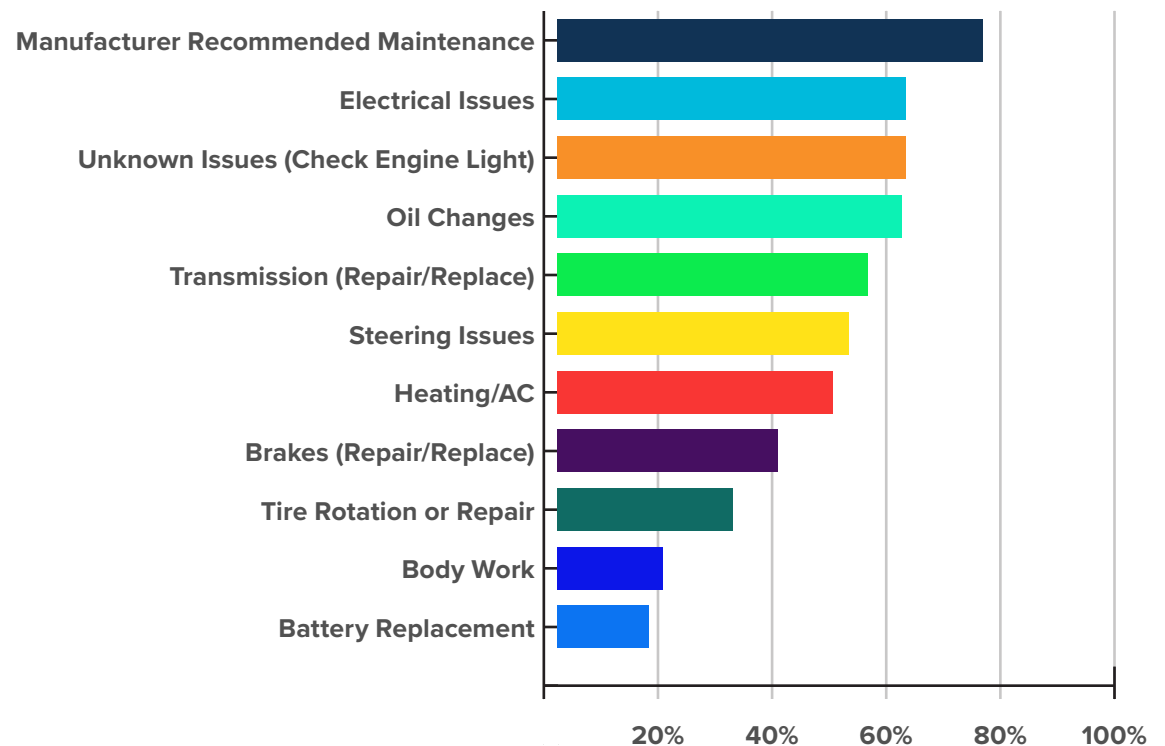
SERVICES CONSUMERS PREFER FROM A DEALERSHIP

44 percent of those that participated in our survey prefer to get all their vehicle service needs performed at a dealership. For the remaining 56 percent, the type of work needed factors into their decision for where to take their vehicle.

The top five services that those consumers prefer to get from a dealership include manufacturer-recommended maintenance (77%), electrical issues (63%), unknown issues/check engine light warnings (63%), oil changes (63%), and transmission work (57%). The three services they're least likely to prefer to have done at a dealership include battery replacement (18%), body work (21%), and tire rotation or repair (33%).

Since people are less likely to return with issues related to batteries, tires, and brakes, it's important that service advisors identify those issues while the customer is already at the dealership. Not only can this prevent the customer from going elsewhere for those services, but it also gives dealerships an opportunity to prevent issues for their customers before they even occur.

Which services do you prefer to get from a dealership rather than somewhere else?



SERVICE DEPARTMENT AMENITIES CONSUMERS VALUE MOST

As dealerships continuously strive to offer more value and better experiences for their customers, many focus on adding amenities to their service department.

On one end of the spectrum, some large dealerships are making so many amenities available to their service customers that they resemble small shopping malls. On the other end, small dealerships may simply offer coffee and Wi-Fi in their waiting room.



What three amenities do people value most in a dealership service department?

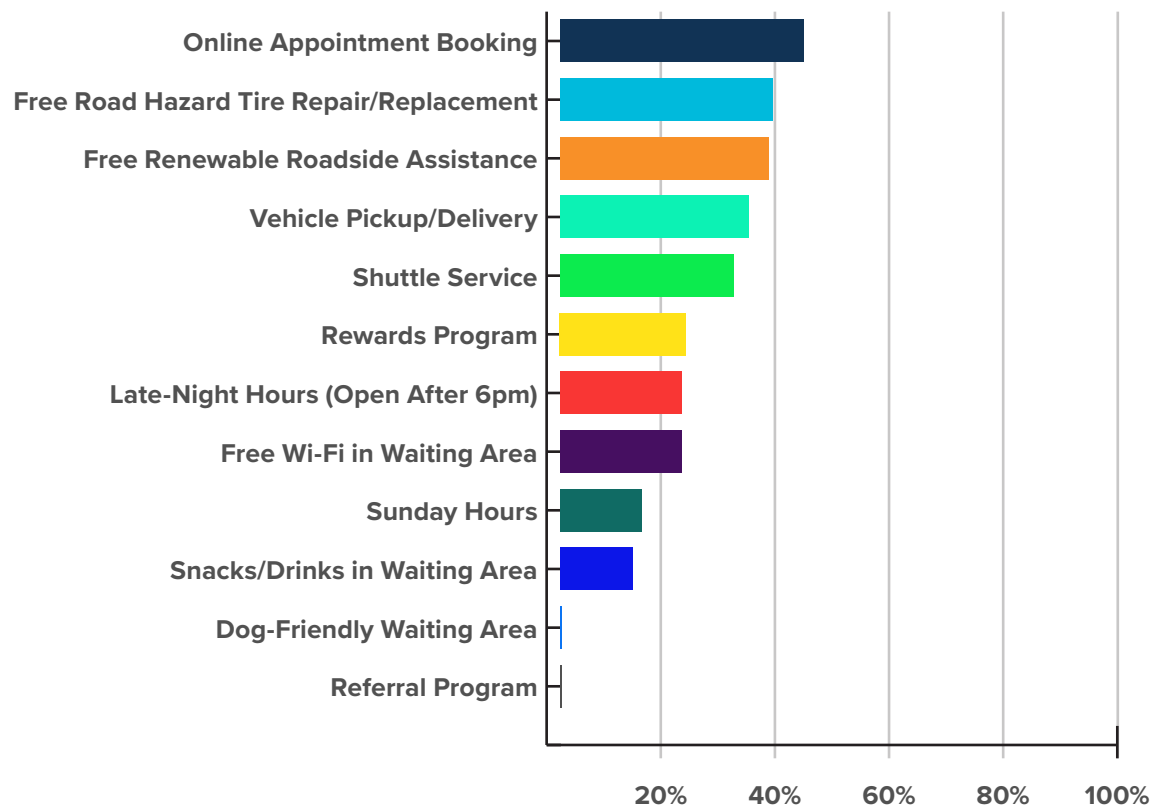
Because the offerings are so diverse, **we asked our respondents to identify from a list the three amenities that are most valuable to them.** While there are some amenities that are clearly more valued than others, perhaps the most important takeaway is the variety in their responses.

No single amenity is identified by more than half the participants as one of their three most valued. Six out of the twelve choices were selected by more than a quarter of recipients, with two more just missing that mark.

This indicates that dealerships offering a wide variety of amenities are likely better at pleasing their customer base than those that offer a select few. In other words, there seems to be no silver bullet in the service amenities game.

We can, however, still identify some clear winners. At the top of the list is online appointment booking (45%), free road hazard tire repair/replacement (40%), and free renewable roadside assistance (39%). The two least-valued amenities land at the bottom of this list by a significant margin: dog-friendly waiting areas (3%) and referral programs (3%).

Select the three amenities that are—or would be—the most valuable to you:

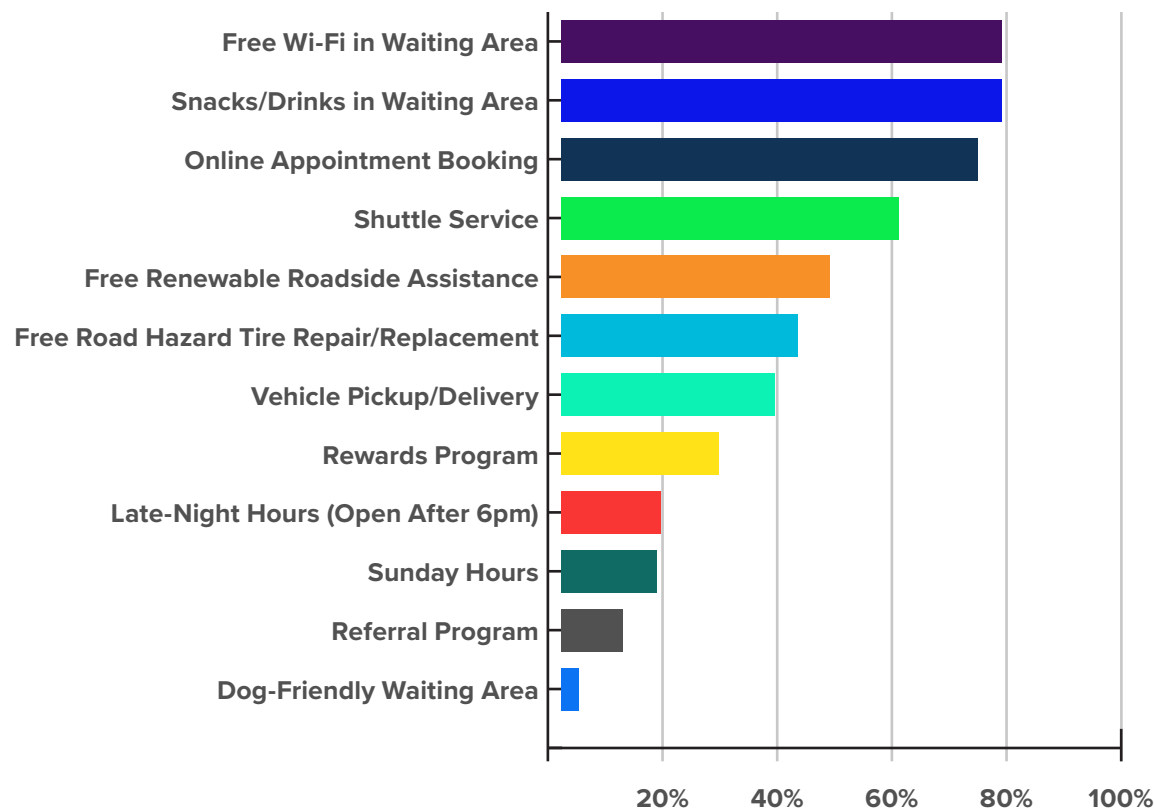


To take this one step further, **we asked our respondents to identify which of the amenities from this list is offered by their dealership.** Unsurprisingly, the two amenities offered the most by dealerships are free Wi-Fi and snacks/drinks in the waiting area. While these aren't necessarily considered highly valuable by consumers, they're relatively easy to implement and are certainly appreciated.

Dealerships seem to be getting it right when it comes to online appointment booking, with three-quarters of our participants indicating that their dealership offered this feature. For dealerships who don't yet have it, consider using these findings to help justify the addition.

One area where dealerships may be falling short is with vehicle pickup and delivery. Our survey respondents slightly prefer vehicle pickup and delivery (35%) over shuttle service (33%). However, many of their dealerships only offer shuttle service (61 percent of respondents are offered shuttle service while only 40 percent are offered vehicle pickup and delivery). For dealerships that recently figured out how to add pickup and delivery to meet COVID-19 restrictions, these responses indicate it may be an amenity worth maintaining.

Select the amenities your dealership service center currently offers:



Interestingly, after we segmented the responses by age group, the variety of responses persisted. However, there are some key differences.

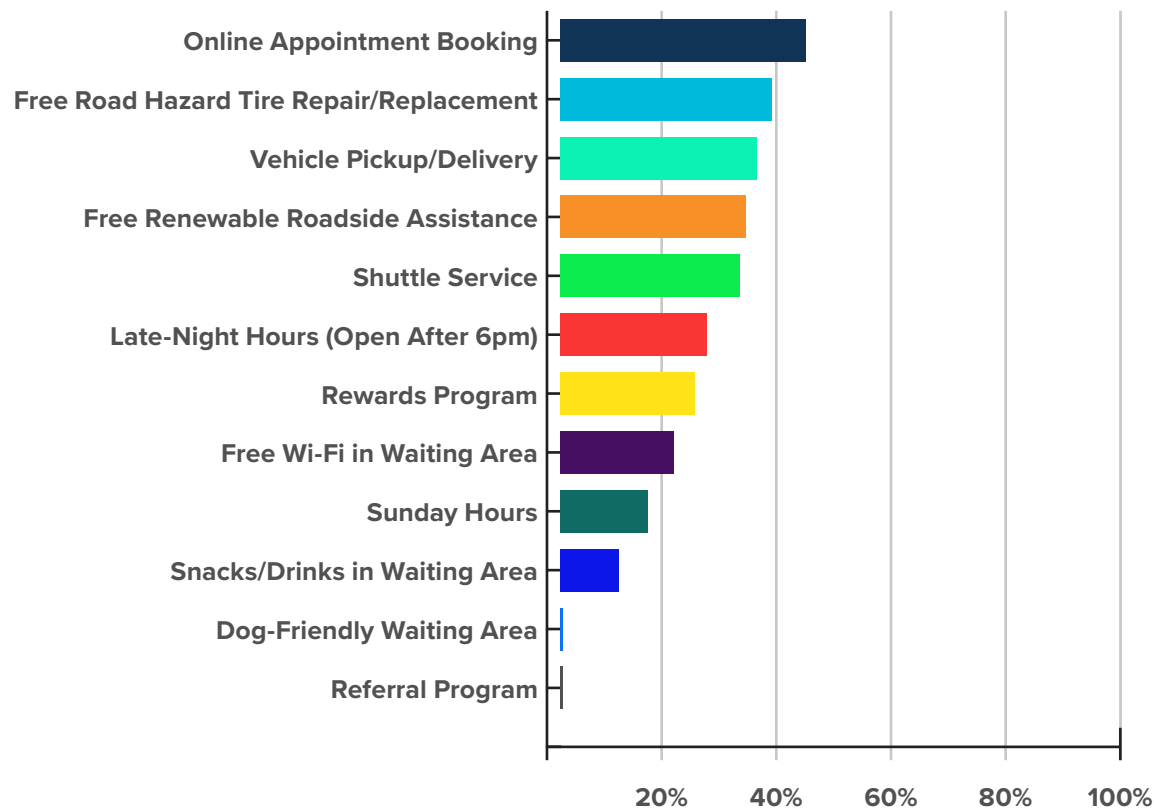
For respondents 34 and younger, vehicle pickup and delivery became even more important, moving into the top three choices.



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AGES 34 & YOUNGER

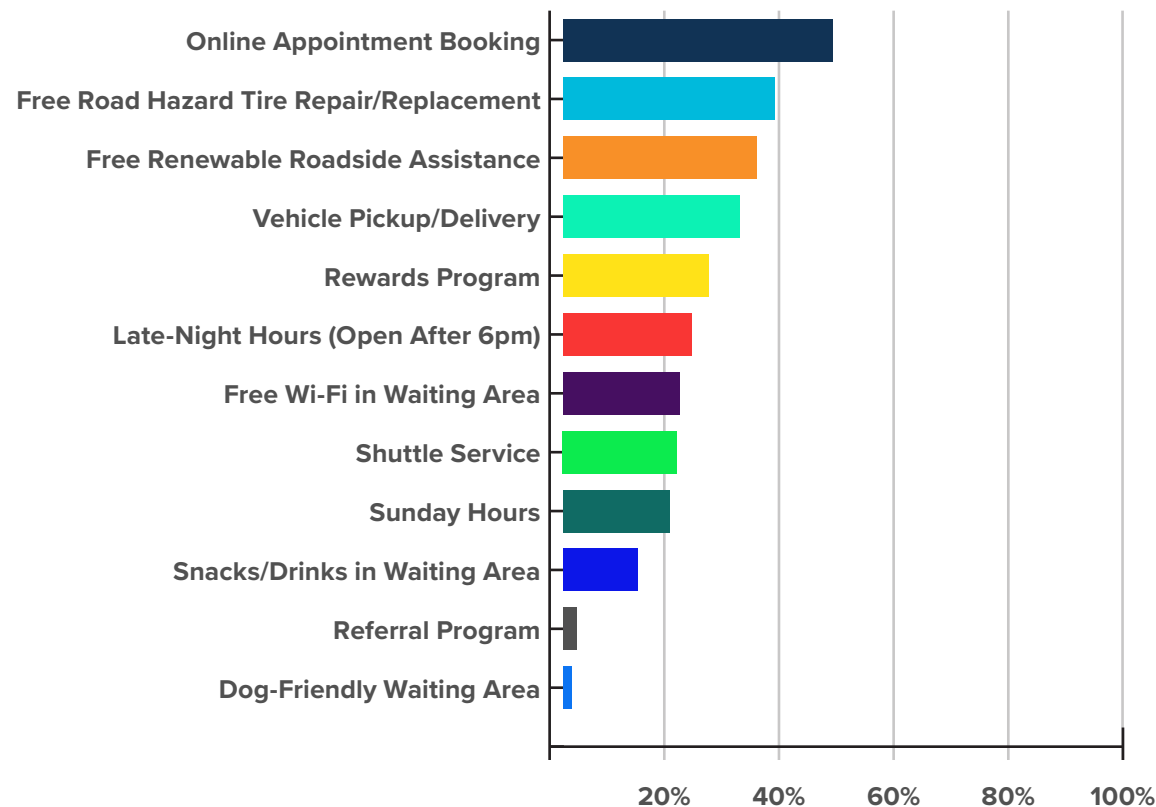
Select the three amenities that are—or would be—the most valuable to you:



For those aged 35 to 54, vehicle pickup and delivery remained important, but shuttle service dropped significantly, highly valued by just 22 percent of people in that age group.

AGES 35–54

Select the three amenities that are—or would be—the most valuable to you:



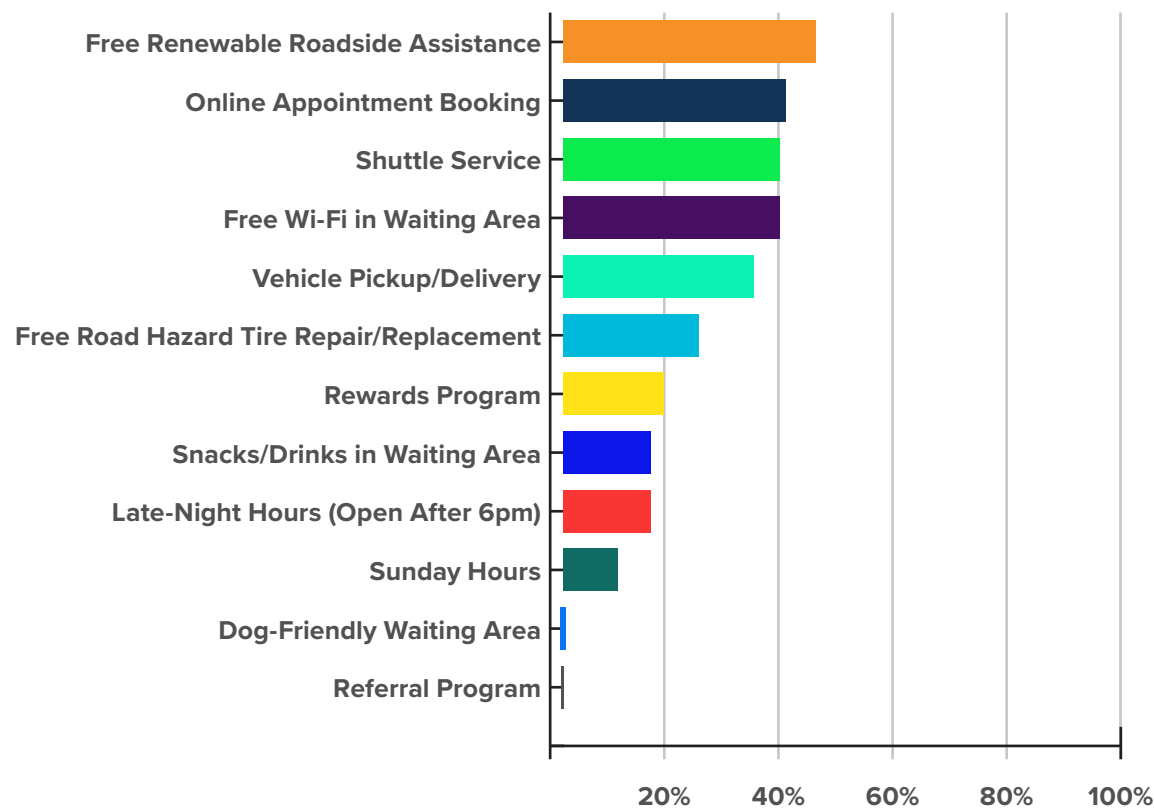
Unsurprisingly, shuttles jump back up to the third most valued amenity for those 55 and over.

Another important point about respondents 55 and above is how many of them value online appointment booking (41%) and even free Wi-Fi in the waiting area (26%). This data demonstrates that these types of technology-related amenities aren't useful only for attracting younger customers.

Now that we've explored the factors that drive customers to a dealership, let's take a deeper look at what may cause them to go elsewhere.

AGES 55 & OLDER

Select the three amenities that are—or would be—the most valuable to you:



WHY CONSUMERS DON'T RETURN TO A DEALERSHIP FOR SERVICE

Dealership defection is something all service managers want to prevent, but it happens all too often across the industry.

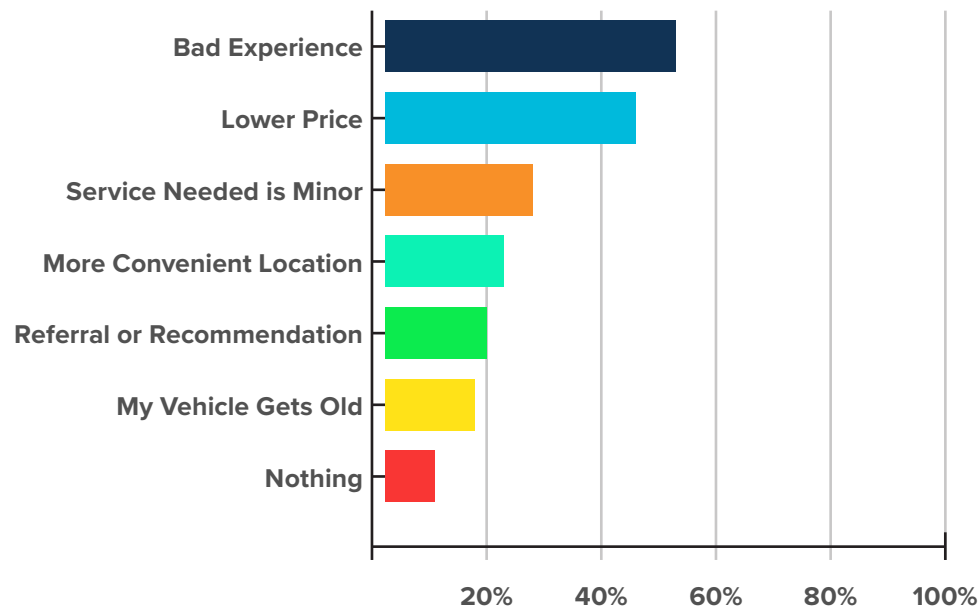
So what causes customers to leave?

REASONS CUSTOMERS LEAVE

We asked the participants in our study to identify all the reasons why they might go somewhere else for service (from a predefined list of common defection causes). Over half (53%) said they might leave after a bad experience at the dealership and 46 percent said they might leave for a lower price. Younger consumers (34 and younger) are more likely to leave for a lower price (56%) but are just as likely to leave due to a bad experience (54%).

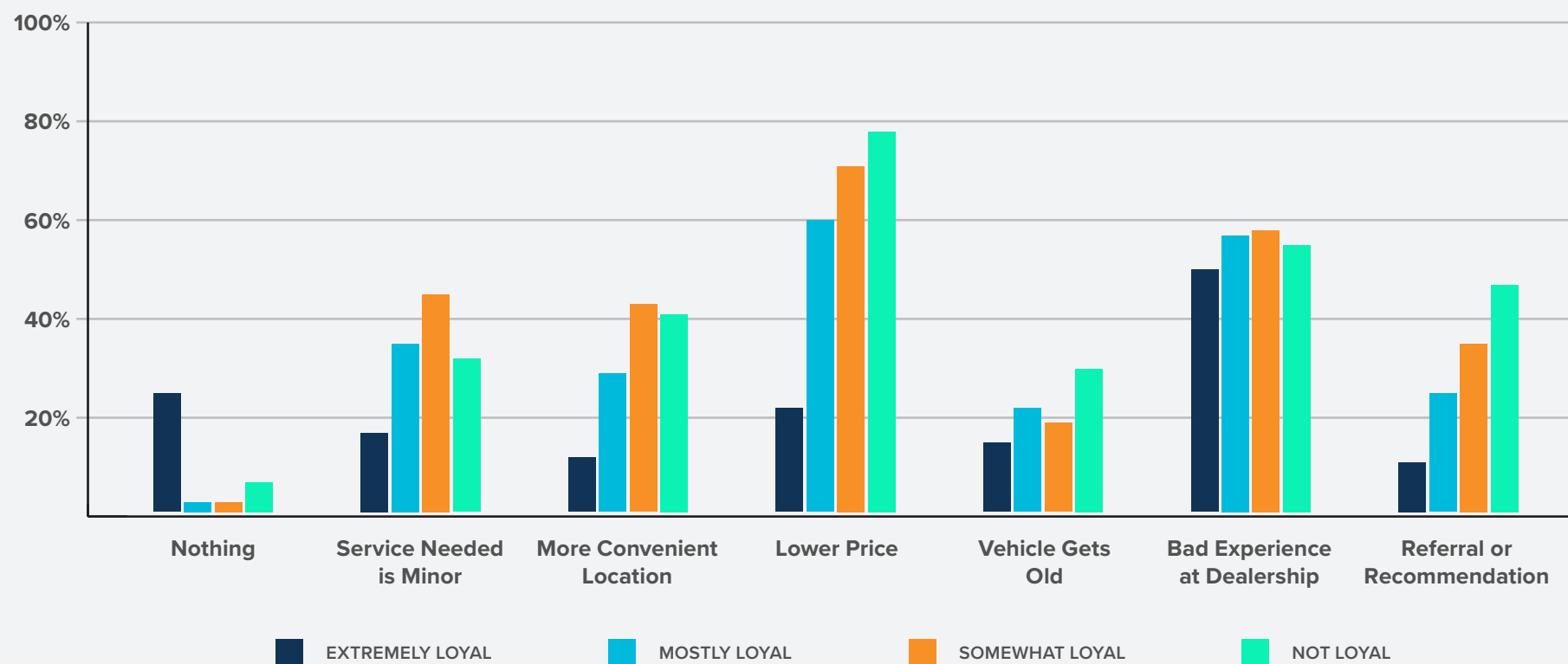
This mirrors the responses we received when we asked people what factors into their decision for choosing a service provider. Continuing to focus on delighting customers and proving value is essential in keeping them.

What might cause you to go somewhere else for service?



This focus on delighting customers is key even after a dealership has gained a customer's loyalty. As expected, the customers who told us they are “extremely loyal” to their servicing dealership are far less likely to consider leaving due to many of the factors listed. In fact, a quarter of them (24%) said that “nothing” would make them consider going elsewhere. However, **nearly half (49%) of the “extremely loyal” customers are likely to consider leaving if they have a bad experience at the dealership.**

What might cause you to go somewhere else for service? *[Segmented by loyalty to current dealership]*



For dealerships that effectively delight customers and prove value, our findings indicate that the vast majority of respondents would keep coming back. Only 18 percent selected an aging vehicle as a reason they might leave, and only 20 percent would consider following a recommendation or referral. While these numbers aren't insignificant, it's important to note that survey respondents could select as many answers as they wanted.

28 percent of respondents would consider leaving if they considered the service they needed to be minor, again emphasizing the importance of catching and/or preventing small issues during service visits whenever possible. Every time a customer takes their vehicle somewhere else for service, it represents lost revenue for the dealership. But more importantly, it provides an opportunity for that other service provider to earn that customers' repeat business.

As we'll explore in the next section, there's another key reason customers take their vehicle to places other than a dealership: **to buy tires**.



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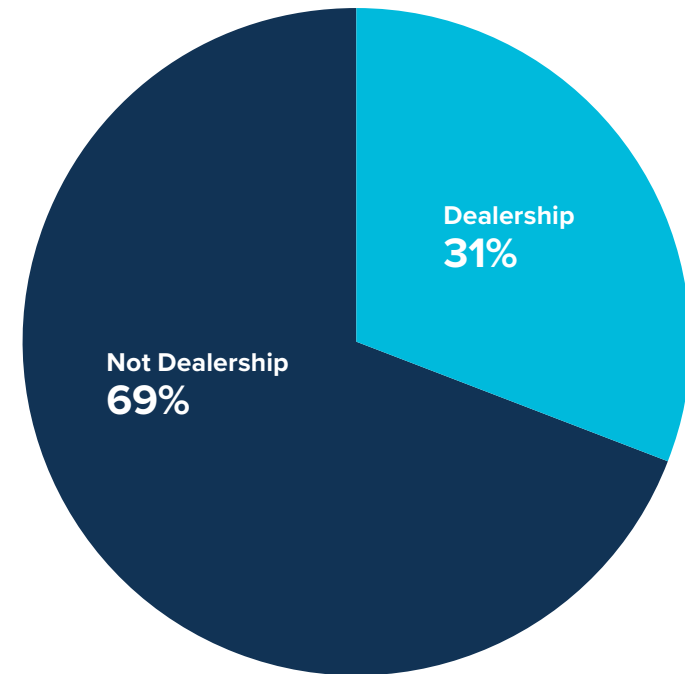
DEALERSHIPS' TRACTION WITH TIRES

Dealerships have gained significant market share in the tire business over the last two decades. According to Modern Tire Dealer, new-vehicle dealerships' share of the replacement tire market rose from just one percent in 2000 to 9.5 percent in 2019.

While our study isn't representative of the entire tire market, our respondents turn to a dealership for tires much more than 9.5 percent of the time. However, it's clear that tires still represent one of the most significant opportunities for dealerships, even when only focusing on consumers who already service their vehicle at a dealership.

69 percent of this study's respondents went somewhere other than a dealership the last time they needed one or more tires replaced. Even for respondents who identified themselves as "extremely loyal" to the dealership where they service their vehicle, only 48 percent purchased their last set of tires from that dealership.

Where did you go the last time you purchased a tire?



Even for respondents who identified themselves as "extremely loyal" to the dealership where they service their vehicle, only 48 percent purchased their last set of tires from that dealership.

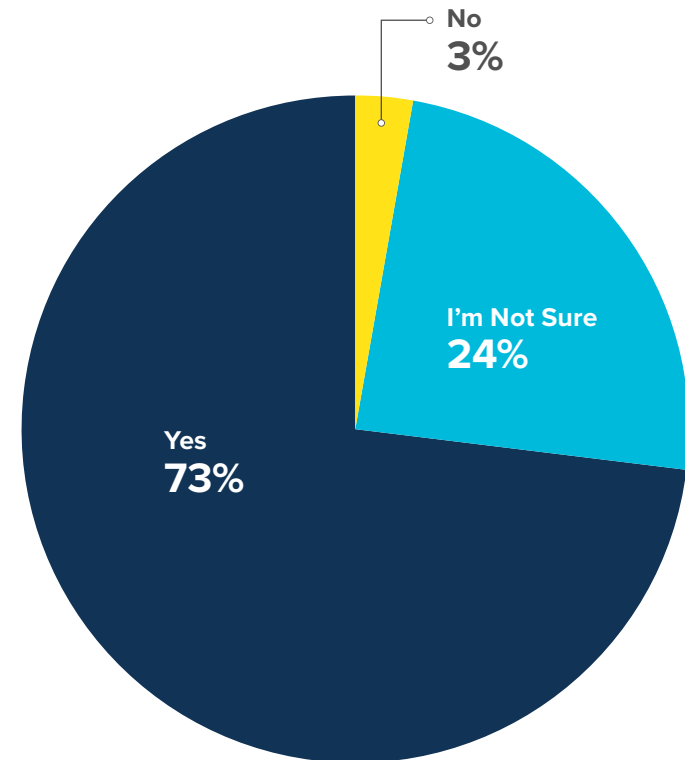
One reason even these most loyal customers aren't purchasing their tires at the dealership is that they aren't aware that their dealership even offers tires. Nearly a quarter of all respondents (24%) selected "I'm not sure" when asked if their dealership sold tires. For those extremely loyal participants, that number fell only a few points to 20 percent.

To capture more market share, dealerships must work harder to ensure that all of their customers are aware of their tire offerings. But this alone won't solve the problem. Dealerships must also differentiate themselves from competing businesses in the tire sales market.



One reason even these most loyal customers aren't purchasing their tires at the dealership is that they aren't aware that their dealership even offers tires.

Does the dealership where you service your vehicle sell tires?

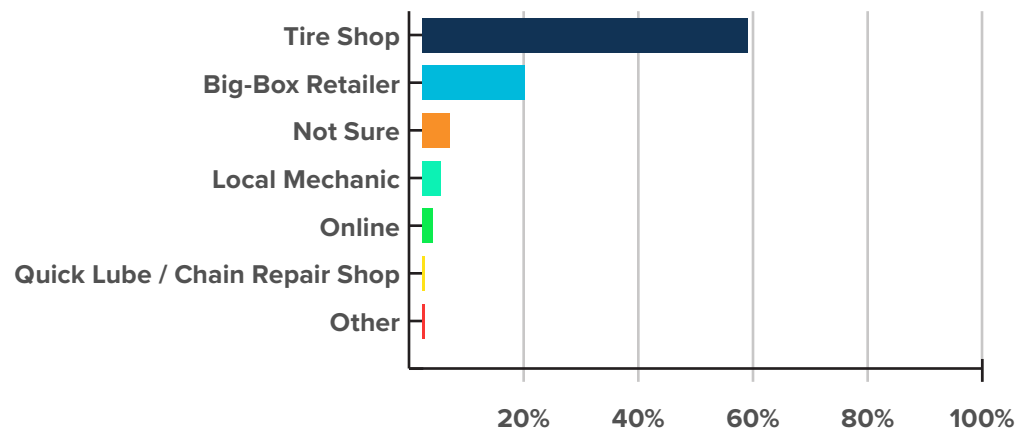


Aftermarket tire shops are by far the most popular place to buy tires for study participants who aren't going to the dealership for tires (59%). Big-box retailers such as Costco and Sam's Club come in at a distant second (20%).

Effectively competing against these alternative options has benefits that extend beyond simply earning more revenue from tire sales. As recommended service intervals lengthen, fixed ops can't count on oil changes to bring customers in as often as they used to.

In fact, tire rotations are becoming the service needed most frequently. 33 percent of respondents already prefer to get tire rotations and repairs done at the dealership, but dealerships will need to work harder to promote and differentiate this service to gain more market share.

Where did you go the last time you purchased a tire, if not your dealership?

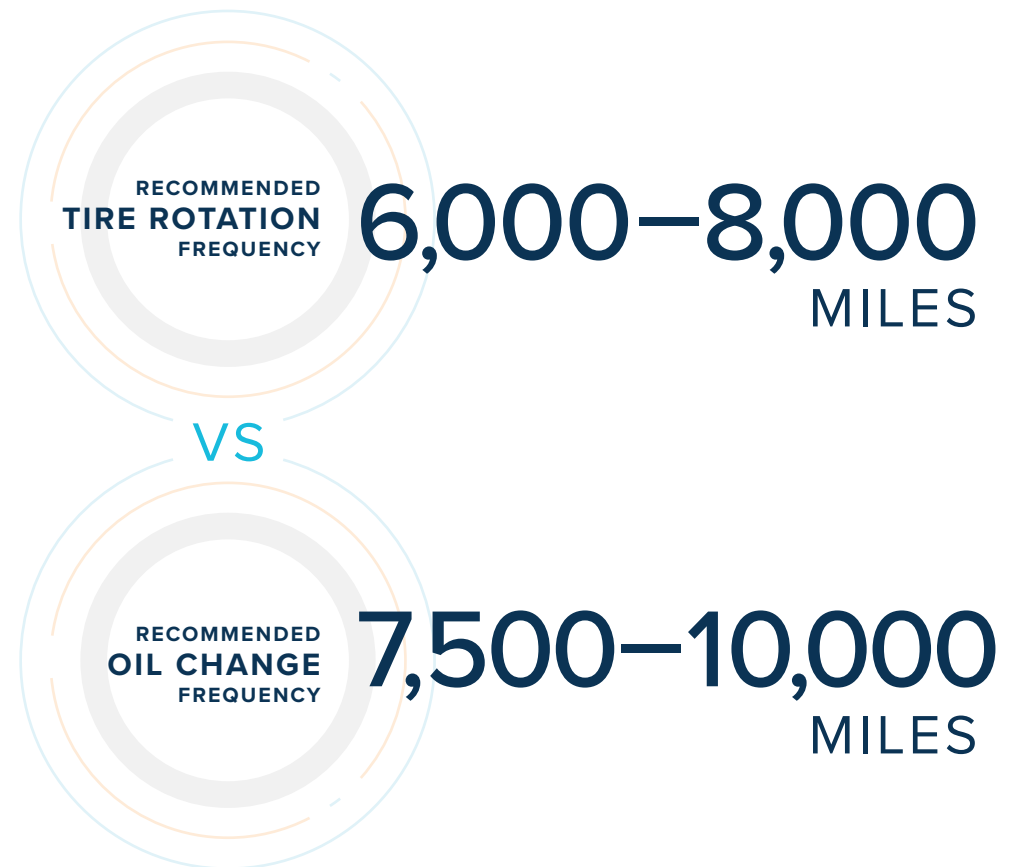




As recommended service intervals lengthen, fixed ops can't count on oil changes to bring customers in as often as they used to.

Making a dealership the place customers think of when they think of tires will keep them coming back for this essential maintenance more often. Furthermore, every time a customer visits a dealership, service advisors have an opportunity to catch and prevent those smaller issues discussed previously and to deliver an amazing, loyalty-building experience.

One of the ways to ensure that customers are aware of a dealership's tire-related capabilities is an effective communications strategy. To better understand consumer preferences for communications from dealerships, we asked participants several questions on the topic.



Approximate industry averages. Frequency will vary based on the year, make, and model of vehicle.

CONSUMER COMMUNICATION PREFERENCES

According to the 2019 NADA Annual Report, the average dealership spent a little over **\$550,000** on advertising in 2019, combining for a total of **\$9.25 billion** in advertising expenditures across all US auto dealerships. It's very clear that dealerships make significant investments to communicate to current and prospective customers

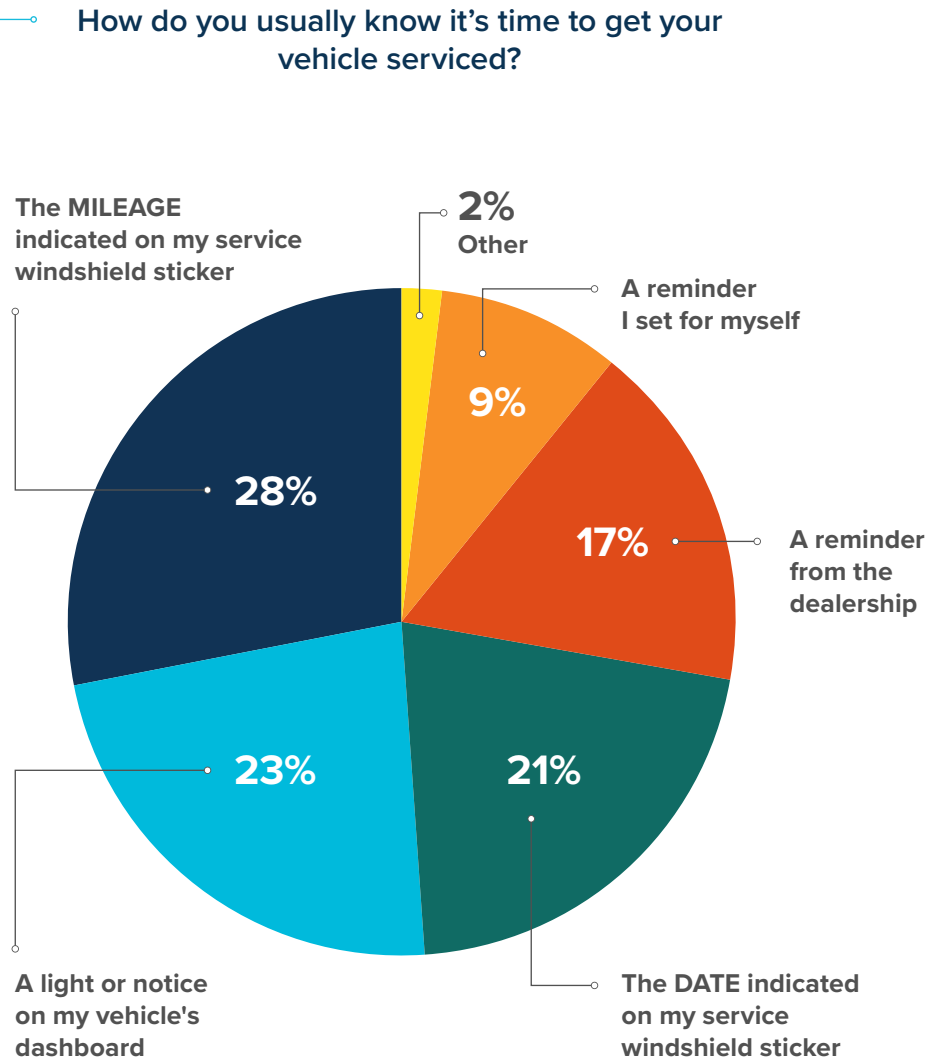
Since there's already so much data like this available about standard advertising, we focused our questions in this study on the more intimate, one-to-one communications between dealerships and their customers.

The first question we sought to answer is how these customers usually know it's time to return for service.

HOW CUSTOMERS KNOW WHEN TO RETURN

As the saying goes, if it isn't broken, don't try to fix it—and that holds true with the good old-fashioned windshield maintenance reminder sticker. **The most common way participants know it's time to get their vehicle serviced is by the mileage indicated on their windshield service sticker (28%).** The third most common way is by the date indicated on that sticker (21%). It's clear that consumers have built a habit of referring to this sticker, so this tried and true method is likely to stick around for some time.

A reminder sent from the dealership comes in as the fourth most common way participants know to return for service. Still, with 17 percent of people relying on this method, it's an important part of encouraging customers to return on time. In fact, it's possible that more effective reminder messages would increase this number and increase service visit frequency in the process—especially for those that would otherwise be waiting for a light or notification on their dashboard (the second-most common way participants know it's time to service their vehicle).

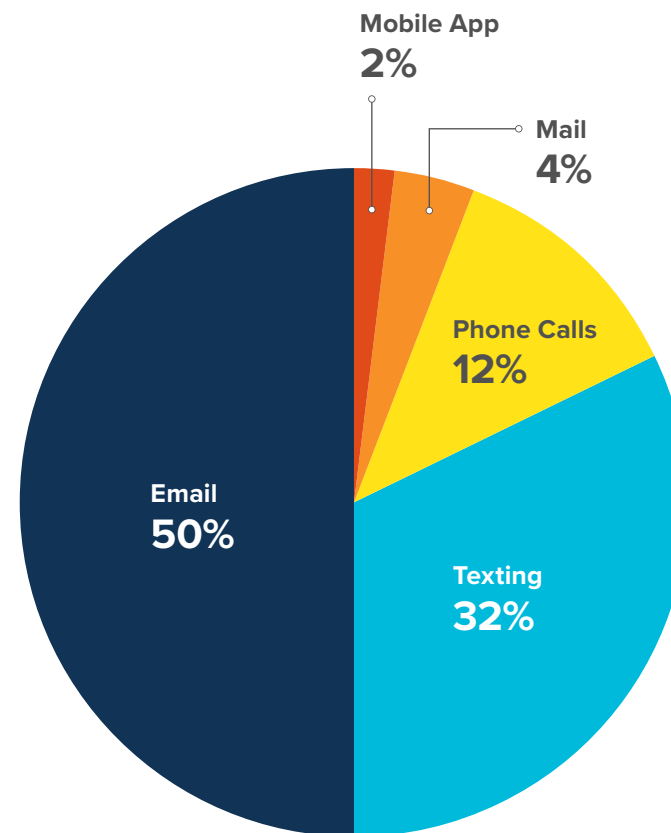


CONSUMERS' PREFERRED COMMUNICATION CHANNELS BETWEEN VISITS

The next logical question is **which channel consumers prefer to receive those reminders and other communications from the dealership between service visits.**

Email is the overwhelming answer (50%), followed by texting (32%) and phone calls (12%). Mail and mobile apps round out the options, with less than five percent of participants identifying them as their preferred communication channel. However, keep in mind that they may still be effective secondary channels.

Which communication method do you prefer most when receiving updates or information from your dealership *BETWEEN SERVICE VISITS*?

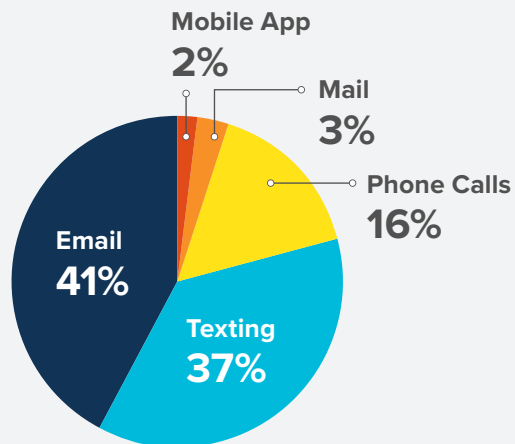


When the responses are reviewed based on the customer's age, the order of the options remains the same. However, the gap between texting and email narrows significantly for participants 34 and younger, with only four percentage points between the two options. Perhaps surprisingly, this age group is also slightly more likely to prefer phone calls (16%).

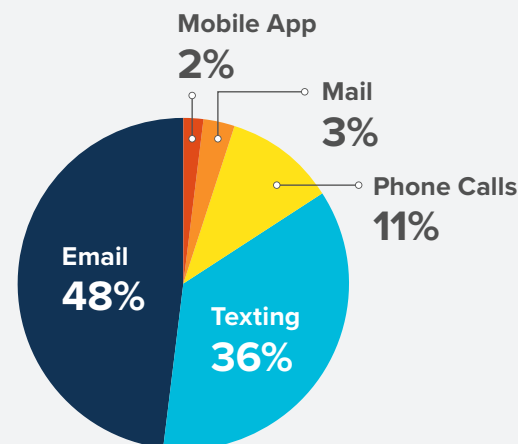
Surprisingly, consumers age 34 and younger are slightly more likely to prefer phone calls.

Which communication method do you prefer most when receiving updates or information from your dealership between service visits?

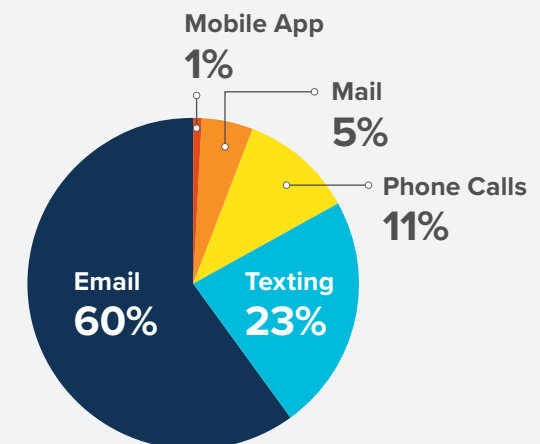
AGES 34 & YOUNGER



AGES 35–54

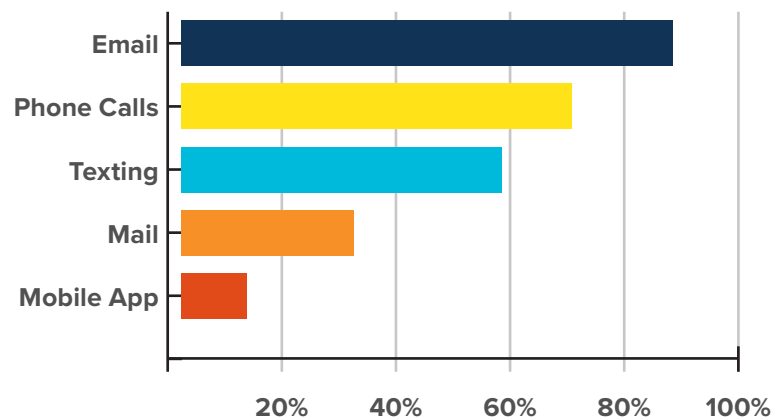


AGES 55 & ABOVE



- While the majority of dealerships have been emailing customers for some time, these findings should calm any concerns over whether it remains an effective channel. However, dealerships that haven't adopted a solid strategy for sending text messages to customers may want to start now. **Despite many more people preferring texting over calls, more respondents get calls from their dealerships (71%) than text messages (58%).**

What methods does your dealership use to communicate with you?



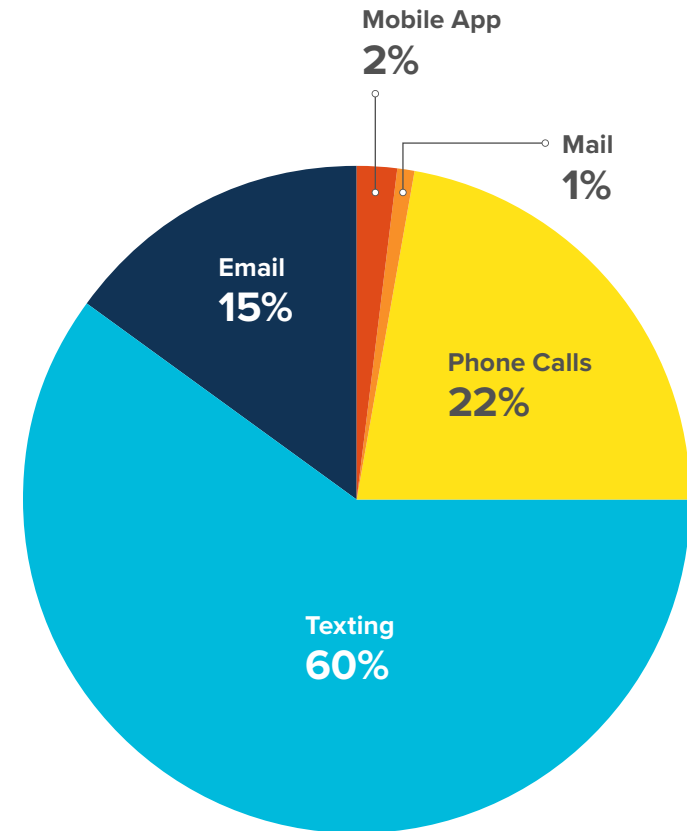
Dealerships that haven't adopted a solid strategy for sending text messages to customers may want to start now.

CONSUMERS' PREFERRED COMMUNICATION CHANNELS DURING SERVICE

We also asked if consumer preferences are different for the updates they receive while their vehicle is being serviced at the dealership.

As we expected, preferences shift towards more immediate forms of communication. However, we did not expect to see such a wide gap between the number of respondents who prefer texting and those that prefer phone calls. **Texting is by far the more popular preference (60%), with calls being preferred by less than a quarter of respondents (22%).**

Which communication method do you prefer most when receiving updates or information from your dealership **WHILE YOUR VEHICLE IS BEING SERVICED?**

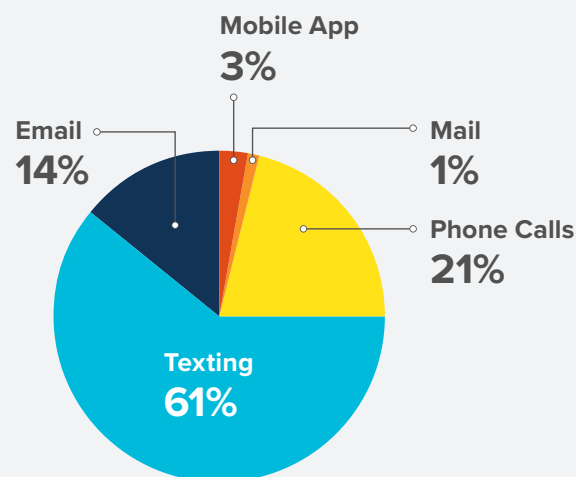


Though not as significant, a wide gap exists even for consumers 55 and older (the group with the highest portion of people who prefer calls). In this age group, over half still prefer text messages (54%), while only 27 percent prefer calls.

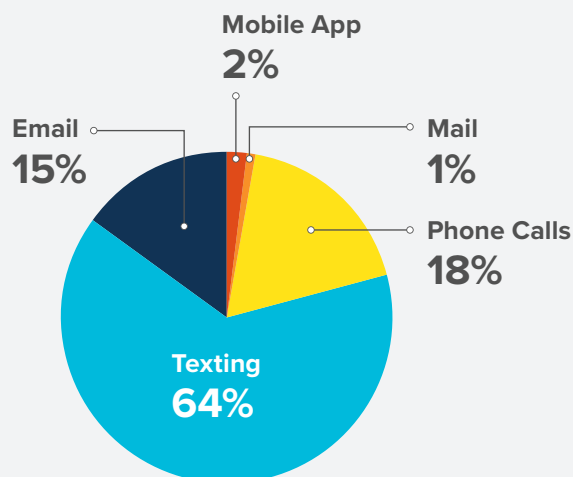
We'll say it again – **now is the time for dealerships to fully embrace SMS messaging for communicating with customers if they haven't already done so.**

Which communication method do you prefer most when receiving updates or information from your dealership while your vehicle is being serviced?

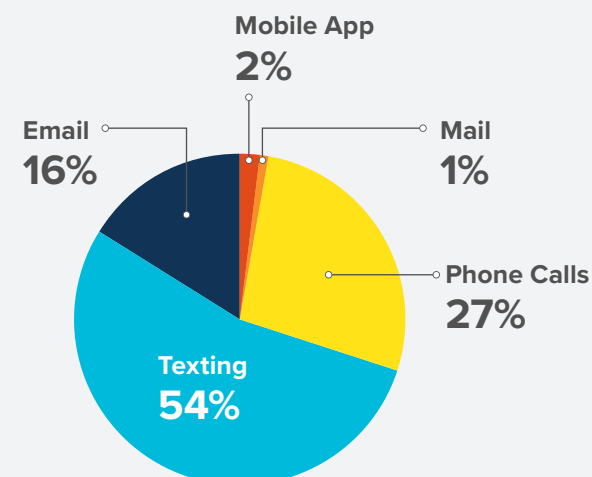
AGES 34 & YOUNGER



AGES 35–54



AGES 55 & ABOVE



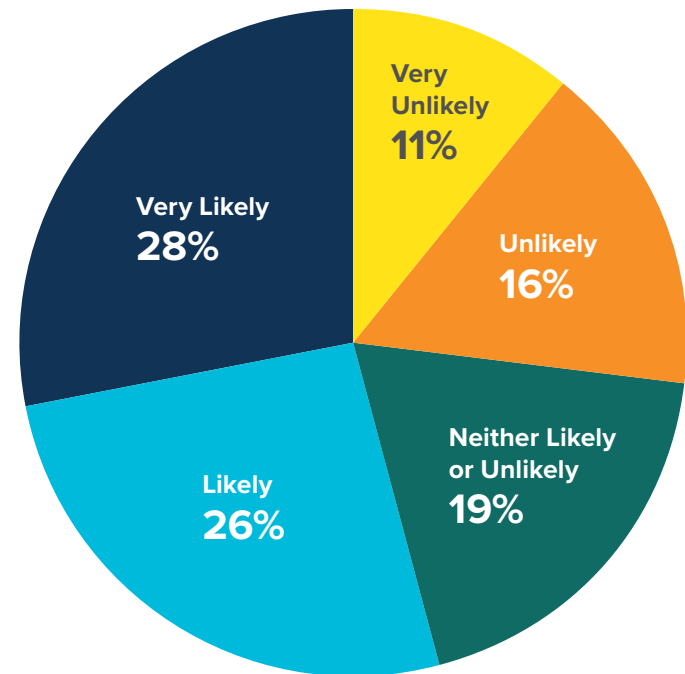
WHAT'S NEXT IN DEALERSHIP COMMUNICATIONS?

For those dealerships already communicating with customers via text messaging (and even for those that aren't), what's the next communication channel on the horizon?

We believe it may be app-based or app-like smartphone notifications, so as part of this study, we asked about consumers' openness to this form of communication.

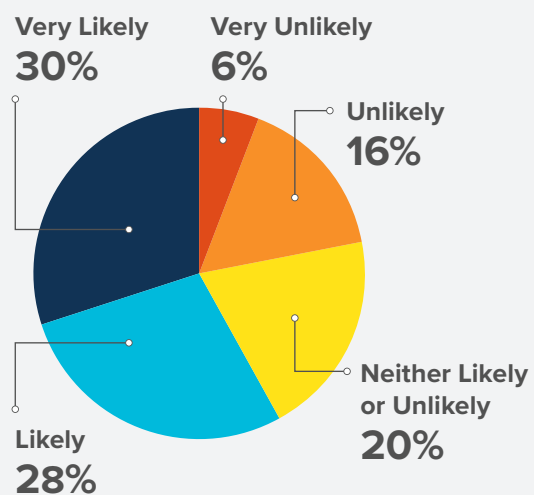
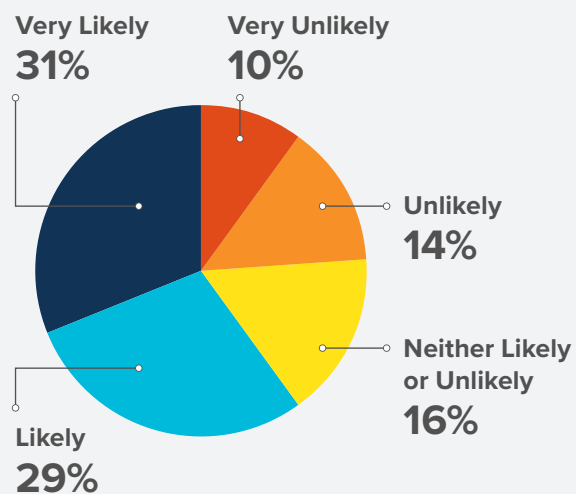
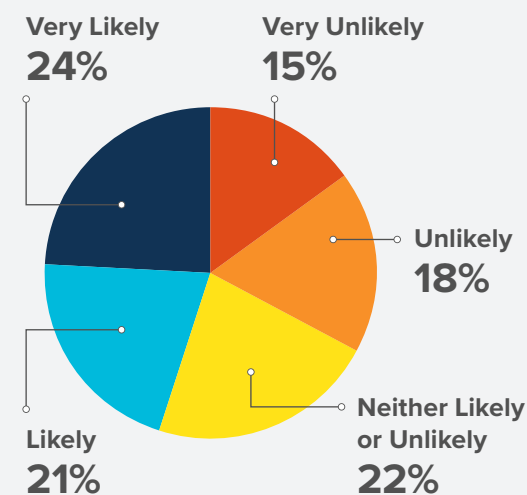
According to most of our participants, it would be a welcomed addition. Over half of them would either be likely (26%) or very likely (28%) to download a digital reminder notice on their smartphone to receive service reminders. A little over a quarter would be unlikely (16%) or very unlikely (11%).

How likely would you be to download a digital reminder notice on your smartphone to receive service reminders?



Again, consumers 55 and older have proven their willingness to adopt new technologies related to vehicle servicing. While this age group is less likely to download a digital service reminder than other age groups, 45 percent of them would still be likely or very likely to download it.

How likely would you be to download a digital reminder notice on your smartphone to receive service reminders?

AGES 34 & YOUNGER**AGES 35–54****AGES 55 & ABOVE**

CAPITALIZING ON SERVICE DEPARTMENT OPPORTUNITIES WITH DRIVESURE

DRIVESURE BENEFITS THAT HELP BRING CUSTOMERS BACK
TO YOUR DEALERSHIP:



DriveSure is designed to help new-car dealerships become the only place their customers depend on for maintenance, tires, and repairs.

We empower dealerships to offer a unique set of benefits with each routine maintenance visit, setting them apart from the competition and helping them build long-term relationships with customers.

Every time a customer comes in for a qualifying service, such as an oil change, their benefits are renewed for a predetermined number of days. Once those benefits expire, the customer simply returns to the dealership for their next routine service to reactivate them.

In this section of the report, we explore some of the data that demonstrates the kind of results that DriveSure creates for dealerships, as well as the ways in which DriveSure can help dealerships tackle the opportunities uncovered in this study.

CUSTOMER LOYALTY

To help determine how effective DriveSure is in building loyalty with dealership customers, **we asked our study participants, all of which have had active DriveSure benefits in the past year, how loyal they are to their dealership.** 85 percent responded that they are mostly or extremely loyal and only two percent responded that they are not loyal.

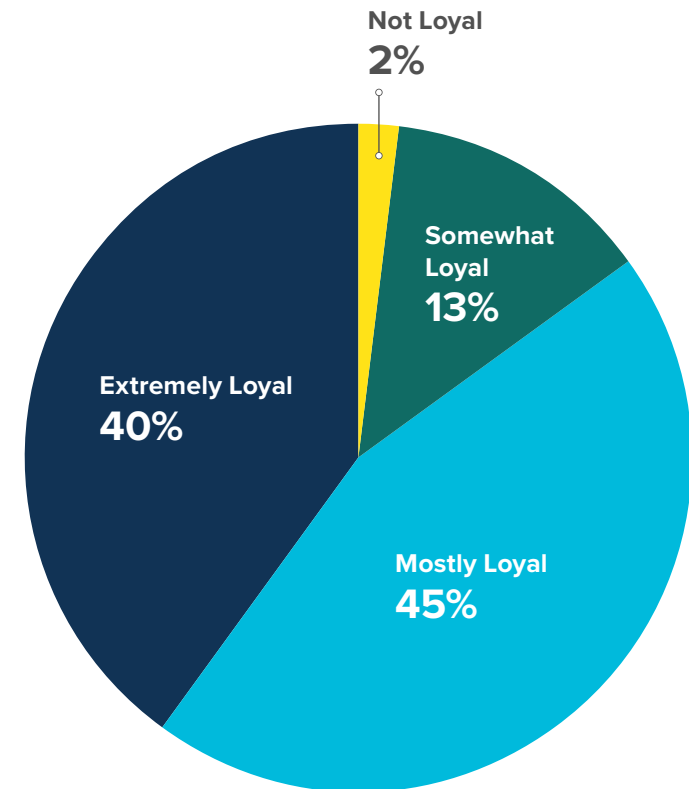
This supports what our dealership customers often tell us: vehicle owners love their DriveSure benefits.

In addition to helping customers choose dealerships for their routine maintenance, DriveSure's dealer-loyal roadside assistance brings them back for unplanned repairs too. If a vehicle owner with DriveSure benefits breaks down within 25 miles of the dealership, they're towed back there automatically, rather than the closest or tow-service-preferred repair location.

“
The customers
love it.”



How loyal are you to the dealership where you currently service your vehicle?



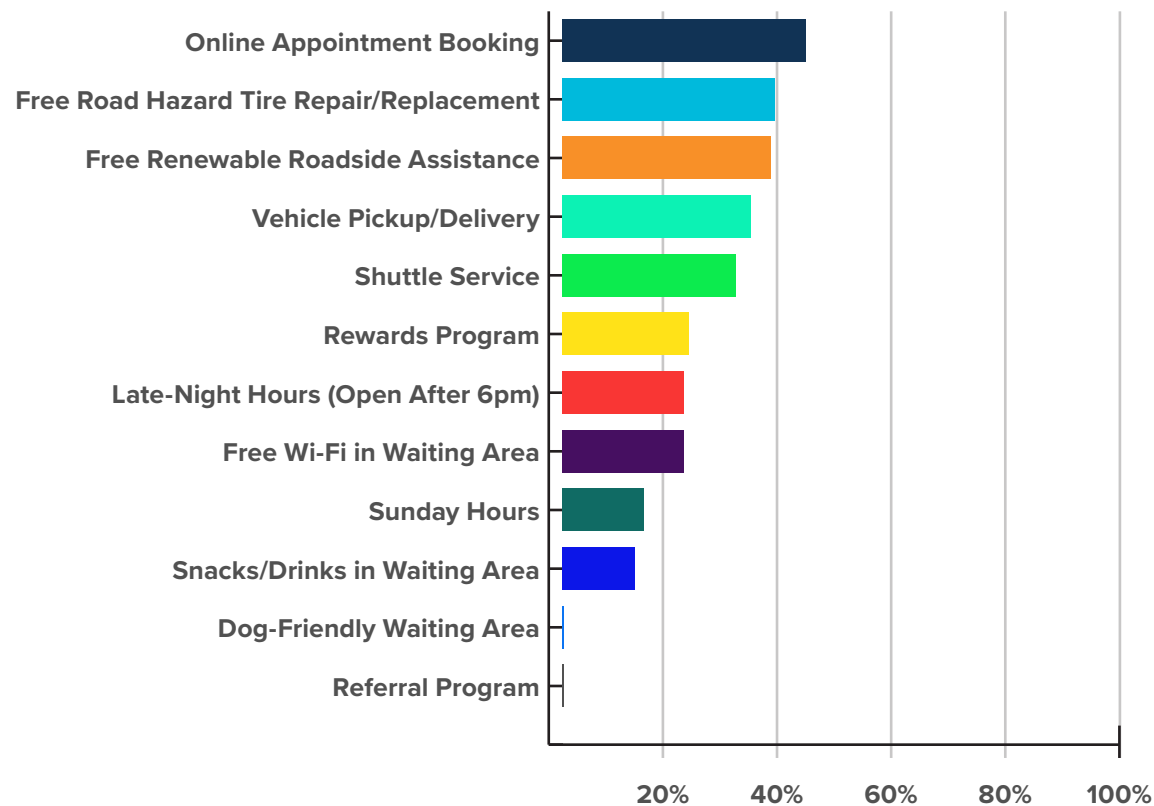
AMENITIES

One possible reason DriveSure is so effective in driving customer loyalty is that it allows dealerships to provide the amenities that customers find most valuable.

Of all twelve amenities listed, **free road hazard tire repair/replacement** and **free renewable roadside assistance** are the second and third most valued amenity respectively.

Both benefits are included with every DriveSure activation and renewal.

Select the three amenities that are—or would be—the most valuable to you:



TIRES

As we've highlighted in this report, tires represent a key opportunity for dealerships.

Two things are clear:

1. **DriveSure is effectively driving more tire business to dealerships.** In 2019, auto dealerships accounted for only 9.5 percent of tire sales. But of the vehicle owners with DriveSure surveyed for this report, 31 percent purchased their last set of tires at a dealership.
2. **Despite that success, there is still great room for dealerships to improve,** since 24 percent of customers still aren't sure if their dealership offers tires and 69 percent purchased their last tires elsewhere.

DriveSure helps dealerships drive more tire business by including road hazard tire protection in the suite of benefits provided to customers. This helps customers begin to think of the dealership as the place that helps them with tires. Just as important, if a customer needs to replace a tire due to damage, they can do it for free at the dealership.

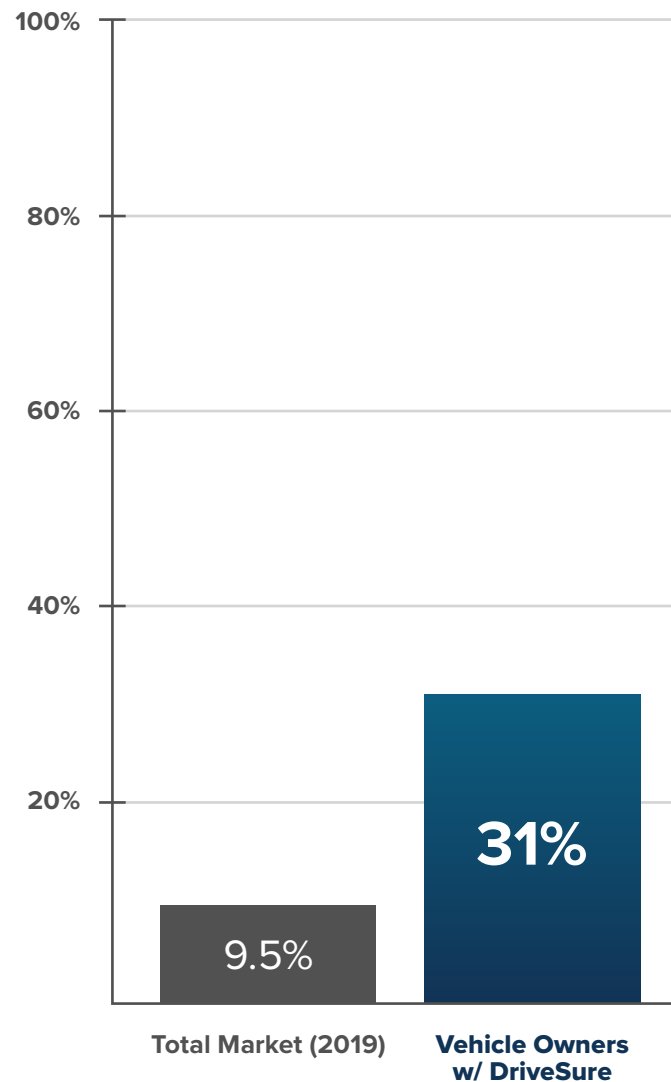
When dealerships lean into this effectively, it can help them grow their tire business significantly. But don't just take our word for it:



◀ DOWNLOAD OUR CASE STUDY

See the results for yourself in our case study about how one Parts and Service Director leveraged DriveSure to sell more tires at three different dealerships throughout his career.

Auto dealership share of tire sales:



TEXT MESSAGING

This study clearly demonstrated that text messaging has quickly become a preferred communication method for vehicle owners. For dealerships that want to begin communicating with customers about upcoming service visits via text messaging, DriveSure provides tools that make it easy.

DIGITAL PASS

For dealerships ready to go one step further into the future of customer communications, DriveSure also enables them to offer a free digital pass to their customers. This app-like pass gets downloaded to a vehicle owner's smartphone. Once they've downloaded it, they'll get specific messages including service reminders and targeted messages when they visit specific locations, like a dealership's lot or a competitor's shop.





Ready to learn more about how
DriveSure can help your dealership with
these and other opportunities?

**REQUEST A FREE
CONSULTATION
TODAY!**



REQUEST CALL

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