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THE ROAD TO THE SALE: TRUST, TRANSPARENCY AND THE TRANSACTION

Automotive research analysts offer a breakdown of recent trends and prescribe how dealers can utilize this data to stay a step ahead of the competition.

Optimizing Service Absorption and Dealership Profitability
Emerging Trends with AI in Fixed Ops
Overcoming Barriers to Digital Sales

THE ROAD TO THE SALE:

TRUST, TRANSPARENCY,
AND THE TRANSACTION

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› *By Kate Spatafora*



Matt Muilenburg



Kevin Root

One of the first steps to gaining trust during the sale is providing the consumer with a reliable out-the-door price within the first few minutes of beginning the transaction. Establishing trust and exhibiting transparency with consumers helps lead you down the road to a successful sale. In a large-scale study, car-buyers offered their experiences and insight into the car buying journey, sharing highlights and pain points in areas ranging from communication to services offered to F&I.

Auto Dealer Today had the opportunity to speak with two of the study's authors who provided a breakdown of the study, their findings, and how dealers can utilize this data to differentiate themselves and stay a step ahead of the competition. Matt Muilenburg is the senior vice president of automotive at Marchex, a conversational analytics company; and Kevin Root is the founder of research firm Root & Associates Automotive Market Research.

Q CAN YOU TELL US A BIT ABOUT THE STUDY GROUP'S DEMOGRAPHICS?

A Muilenburg: This study was designed to uncover what leads consumers to choose one dealer over others when determining where to buy. We found that the pandemic changed their approach and that many of those changes will be long term. Marchex solutions are designed to help dealers handle more conversations and understand the quality of those conversations. Old-school mystery shopping hasn't evolved much, but auto shoppers have, especially during COVID. We wanted to better understand how changes in their needs have affected a dealership's ability to sell. Partnering with Root & Associates, a respected leader in automotive and customer experience research, was a path to deeply understanding the customer.

A Root: It's important to note that we used a two-step methodology to get as deep and precise as we could with the data. We first looked at this from a qualitative angle in order to uncover trends. These trends were then quantified in the second study. We con-

ducted one-on-one, online interviews during the first part, the qualitative part. Those dialogues created intimate discussions that we were then able to use to deconstruct the auto shoppers' experiences and to isolate the concerns, hopes, and emotions that drive automotive purchase decision-making. The two-step methodology is much more expensive, but it yields significantly better results.

Six of the interviews were comprised of dealership-permitted customer contacts. Some were enhanced with respondent-generated photos and videos simulating their auto-shopping behaviors at home. Seven interviews were recruited from database contacts and included one to two calls to local dealerships to better understand the real-life experiences of these auto shoppers.

The study's participant specifications included:

- Residents in the Chicago or Los Angeles metro areas
- Mix of males and females
- Mix of recent volume new vehicle purchasers (past four months) and near-term intenders that were actively shopping to purchase/lease a new volume-brand vehicle in the next three or more months
- All placed a phone call to a dealership in the course of their auto shopping
- Mix of first-time or experienced auto buyers
- A majority had a car to trade in
- Buyers that were expressive and could contribute to the discussion
- No respondents nor household members that were employed at a company that would have posed a conflict of interest with Marchex.

Q CAN YOU TELL US HOW THE CONSUMER'S LEVELS OF TRUST WITH THE SALESPERSON FACTORS INTO THE EQUATION, COMPARED TO PRICE, DEALERSHIP REPUTATION, SERVICES OFFERED, LOCATION AND DIGITAL RETAILING CAPABILITIES?

A Muilenburg: What really came out of this study is that trust

- A US Consumer Panel was used to collect a total sample size of n=1,698 consumers.
- Respondents met the following criteria:
 - › Males & Females Age 20-64
 - › New Vehicle Buyer or Shopper
(Have Purchased in Past 4 Months or are actively Shopping with intent to Purchase in the next 4 Months)
 - › Have sole or shared responsibility in buying decision
 - › Have engaged in communication with a dealership
- Final counts shown at right

Total	1698
Buyers	772
Shoppers	926
Gender	
Male	960
Female	738
Age	
20-34	633
35-54	773
55-64	292

is enormously important, perhaps even more so than price in determining where to purchase a vehicle. In a world filled with disruptors, this research demonstrates that the local dealer still has an advantage, but only if they can adapt to the new shopping expectations. This is key.

It's so easy to say the wrong things during the initial contact. And when that happens, the customer is quick to leave and jump to the next dealer. The customer's experience with the salesperson during the initial point of contact will play a huge role in determining if that customer stays with that store.

A Root: The study showed that today's consumers factor trust in the salesperson and dealership at exactly the same level of importance as the price of the vehicle, when rating factors to determine where to purchase. It should also be noted that price in this case was not the absolute lowest price, but a competitive price. Both trust in the salesperson/dealership and price were rated at 91% in terms of factors of influence in determining where to buy.

Q WHAT ARE THE MOST COMMON DRIVERS AND BARRIERS OF TRUST IN THE SALES PROCESS?

A Muilenburg: Consumers are now making initial contact with more information than ever. That's probably a cliché statement, I know, and I've been saying it for 20 years. But the truth is, the pandemic accelerated change that was already on the horizon. Suddenly, the consumer has an incentive to learn more and know more about the store before they'll consider doing business. How you answer their questions upfront goes a long way to winning the game, and willingness to discuss price in detail is significant.

Q WHAT EFFECT HAS COVID HAD ON RELATIONSHIP BUILDING BETWEEN A SALESPERSON AND THE CONSUMER?

A Root: Consumers in the study spent more time researching online, used more tools when doing so, visited fewer showrooms, called more dealers, and created a short list of dealers in order to minimize in-person visits. This was all done to avoid or minimize contact as much as possible due to the pandemic. The overarching result was that for most consumers, the showroom is no longer where the decision to purchase is made. This dynamic is what is now putting so much emphasis on the quality of the dealer's com-

munication.

A Muilenburg It's interesting. The retail experience has been evolving for decades, yet many dealerships are like frogs in a slowly warming pot of water. They don't realize or know how to adapt to the change around them. COVID has been a focusing moment across the industry. Change that was happening slowly has quickly become the retail experience the consumer expects. Customers' knowledge of the product, the price, and the promotions is higher than ever. Most want to do part of the transaction online, they all value trust, and the initial contact is a first impression that now more than ever can win or lose the deal.

Q HOW IMPORTANT IS COMMUNICATION THROUGHOUT THE SALES PROCESS?

A Root: It has become a make-or-break factor for dealers. Most consumers in this study were simply not willing to continue engaging with a salesperson or dealership that would not satisfactorily answer all their questions. This puts tremendous importance during the initial contact — that make-or-break moment. In fact, 92% of shoppers reported that when a dealer did answer all their questions, they stayed engaged with that dealer.

A Muilenburg: Every encounter with your brand matters, from the first time a shopper sees your dealership name, to the moment they make contact with your store. While someone might overlook a broken link or a missing photo on your website, by the time they're making contact, their expectations have increased to the point that a bad initial interaction may be the last interaction.

Q WHAT ARE SOME COMMON PAIN POINTS RELATING TO DEALERSHIP COMMUNICATION?

A Root: We found that pain points include being on hold too often, dropped calls, missed calls, and lack of inventory. In addition, some of the other most commonly reported complaints were: poor response time, being too pushy, and not being taken seriously.

Q WHAT ARE THE MOST COMMON PHRASES AND APPROACHES USED BY SUCCESSFUL DEALERS AS MEASURED BY CALL-TO-APPOINTMENT-SET RATIOS?

A Muilenburg: Often it's the basics. Did the dealerships ask the right questions? Did they understand their inventory? Did they

answer the customers' questions? Too often, sales folks aren't listening to the customer, they're just going through a process. That doesn't work. Be genuine, laugh. Try to relate to them but be mindful of people's boundaries. As one of the participants said, "Don't call me honey."

A Root: I agree. The data showed that being fully transparent, answering questions honestly, and asking the shopper if all their questions were answered, were core to a positive customer experience. Additionally, consumers reported that it was more about feeling a connection to the salesperson than whether the salesperson used specific phrases. For instance, those who clearly used a script were typically dismissed as not being genuine. But the reps who were engaging, listened well, and sincerely answered shoppers' questions added real value to the conversation and were deemed more trustworthy. Tone and sincerity played a significant role in creating this connection.

Q WHAT ARE THE MOST COMMON CAUSES OF MISSED APPOINTMENT SETTINGS AS A RESULT OF A PHONE-BASED DEALERSHIP INQUIRY?

A Root: Simply not asking the shopper if they would like to set up time to see the vehicle after answering all their questions. It's unbelievable how infrequently this happens.

A Muilenburg: I agree. We analyzed more than a quarter-million calls to inform the findings, so this isn't isolated.

Q ARE DEALERS WHO DISCLOSE F&I OPTIONS AND PRICING AT THE START OF THE SALES PROCESS FINDING MORE SUCCESS THAN THOSE WHO DON'T?

A Root: This is the modern-day equivalent of taking two days to reply to a lead, with similar results. In all, 91% of consumers reported that they want to know their specific and personalized price or payment, before they visit the dealership. So yes, dealers who address that satisfactorily will get on or stay on the customers' short list. Those who do not will be removed from consideration. This is one of the most important shifts in automotive retailing to come out of the pandemic, and it will likely remain a leading dealer consideration factor when consumers are determining where to buy. Consumers are looking for this information, and when they don't get it, they simply look elsewhere. Dealers who are unwilling to provide this information upfront are giving the customer a reason to keep looking. This is, in large part, what has opened the door to alternative retail models like Carvana, and others, which are willing to provide that personalized price payment upfront.

Q DO CUSTOMERS PREFER TO COMPLETE THE SALES TRANSACTION ONLINE, IN THE DEALERSHIP, OR A COMBINATION OF BOTH?

A Root: A total of 58% reported being traditional dealership buyers, while 42% start the deal online and finish in-person at home or in the showroom —27% of this group prefer to conduct the deal fully online.

One area that surprised us was that consumers are very serious buyers by the time they reach out and contact a dealership, and they are waiting until they are much closer to pulling the trigger on the purchase than before. Specifically, 75% of consumers who contact a dealership plan to buy within three weeks. Of those, 39% report that they purchased with one week or less of their initial

contact and 36% reported that it was within two to three weeks of purchase. This illustrates that dealers really must treat each contact as a high probability buyer.

Q WHY DO TODAY'S CONSUMERS CHOOSE ONE DEALERSHIP OVER ANOTHER?

A Root: The study illustrated that trust in the salesperson and dealership and a "competitive price" were the leading factors. The study revealed that there were 10 factors that drive trust between the shopper and the sales rep. The quality of communication, and transparency were significant, but so were being an advocate for the buyer and adding value by taking the time to really understand their vehicle needs, then demonstrating and reinforcing how their vehicle choice met those needs.

Q HOW DO SUCCESSFUL DEALERS CONVINCe CONSUMERS TO BUY?

A Root: They earn their business by earning their trust. They let the consumer lead rather than try to control them. They take the shopper seriously and add value to the buying experience by knowing their product inside and out. And when they are faced with a question that they don't readily have the answer to, they commit to finding it and following up with the shopper. They master the art of quality communication regardless of the form it takes (phone, text, chat, email etc.) and they treat the buyer as they would like to be treated themselves when making a significant purchase. It's pretty simple.

Q HOW DO DEALERS BUILD BRAND LOYALTY AND CUSTOMER RETENTION?

A Muilenburg: At Marchex, we've studied dealers and their consumer experience for years. This kind of research has always been a tool on my product strategy and market development work. With two decades of experience, what I've come to understand is that dealers face three challenges with communication. I refer to them as quantity, quality, and trust. These factors work together to build loyalty and retention. Here's what I've learned:

- 1) As a dealer, you simply have to answer when someone contacts you. I'm still surprised that dealers struggle to respond to emails, answer chats, and most don't even utilize SMS. As for the phone, it remains the most important point of initial contact, but nearly one in five calls ends before a conversation has even occurred.
- 2) Once you reply, there's some basics of quality, such as asking their name, answering their questions, and creating an experience that allows them to continue pursuing a purchase. If you treat the customer with respect, and listen and answer the questions they're asking, you earn the right to ask for the appointment. That's the goal, and the best dealers create an environment that earns the appointment every time.
- 3) Dealers who excel go beyond simply answering the questions; they tie their brand identity into how they answer questions, and what it means to interact with a customer. The right language at the right time can make or break the deal. Excellence comes from understanding that language and building it into your sales process. It builds loyalty, it also builds a reputation that draws business to your store. **ad**