



Newsletter Article

The First Service Appointment

A Cornerstone to Building Customer Retention

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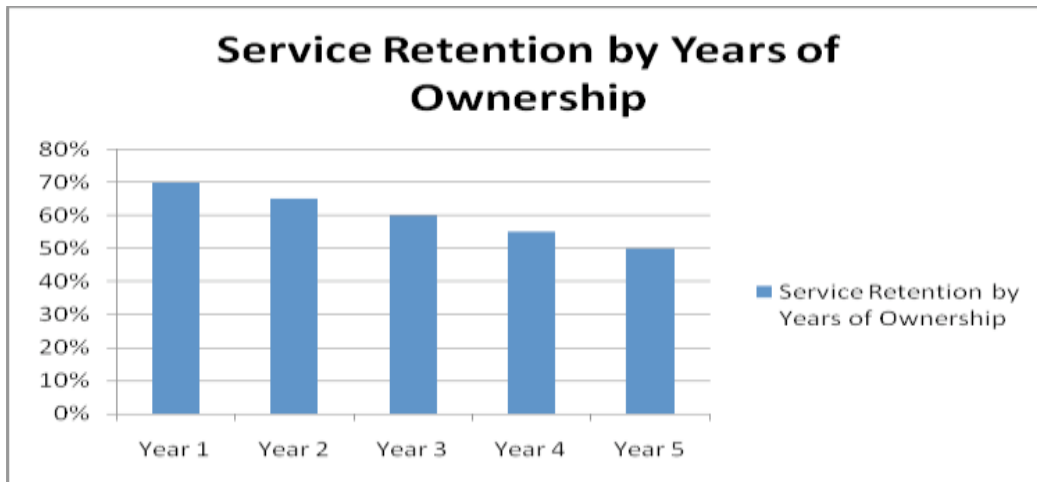
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The First Service Appointment

A Cornerstone to Building Customer Retention

In all market conditions and all types of business, one of today’s hottest buzzwords is “retention”. There are lots of arguable ways to *measure* retention, so let’s look past that for the purpose of this article and focus on a few facts and controllable factors that we can affect immediately.

Dealership service business retention decreases from more than 70 percent in the first year of ownership to slightly more than 50 percent in the fifth year, according to a 2006 survey by J.D. Power.¹ When you graph the retention for nearly every business, customer trends usually appears as a waterfall. That is, over time, more customers defect and less return. One way to increase overall traffic then is to increase the percentage of customers who return initially for service after their vehicle purchase. While the chart below depicts percentages, increasing your first appointment penetration will increase the likelihood of the customer returning throughout the entire ownership cycle.



Different clients and manufacturers have tried in various ways to impact the “return for service” intention of the client. Prepaid maintenance is one way to entice the client to return to your dealership for service. Several manufacturers offer “complimentary” or “care free” maintenance that is included in the vehicle purchase. While on the surface this seems like a great way to lock in the client, in this case they are free to go to *any* franchised dealer for service. I have personally seen very low participation even when the price is free. Many dealers offer a first free oil change to all their vehicle owners, again with varying levels of success. So – what is thought to be a common objection, price, is off the hit list.

¹

http://www.tirebusiness.com/subscriber/special_reports2.html?cat=13&id=1177338780&subtitle=Automotive%20Service

What's next? Let's consider three C's: Convenience, Competitiveness, and Courtesy. A review of these is certainly in order. Are you convenient? Location? Hours? What about Saturday or Sunday service? Do you offer the expected amenities such as shuttles, loaner cars, well appointed waiting areas and the like? Is it simple to make an appointment? Can I just drop in unannounced (without appointment) and expect express service for maintenance items? Whatever they are, as a new customer, am I aware of them? We must take every opportunity to educate the client on all aspects of the business, especially those who are "new" to the dealership.

Once the building blocks are in place, it's time to address the transition from sales to service. It may be helpful to think of the sales department as the "New Customer Department". Just like delivering a newborn baby, the new customer requires proper nurturing and care to live to a healthy ripe old age. And you'd never leave the maternity ward with your pride and joy without some coaching on how to care for the newborn and a first appointment for a check-up with the doctor. Leaving the dealership after a vehicle delivery should be similar. Who takes the doctor's place in your store, and who sets that expectation for the first "check up"?

Every new customer should be introduced to service and the first service appointment should be set, during delivery if possible. While each dealership may have different systems in place, here are some key points to consider:

- Develop a written process:
- Define the new customer department's role and responsibilities
 - Who introduces and initiates the transfer process to service?
 - What implications are in place to ensure compliance?
 - This should be a priority for the sales department as it is crucial to their future sales traffic as well.
- Define the service department's responsibilities
 - Present a menu and educate the client as to maintenance.
 - Provide a reminder card for the appointment.
 - Set a process to call and remind the client of the appointment – remember they may be overwhelmed during the delivery.
 - Set the appointment online – using your website. If your online appointment system requires the client to register, walk them through the process – it'll all be done for them and they will gain familiarity with the appointment system.
 - Give them a memorable shop tour. Use non-verbal ways to identify them as a new client. Have the "tour guide" show them around while carrying a neon clipboard (for example) that would not be used at any other time. This alerts the staff to the presence of a new client.
 - Establish expectations for the tour. For example – ten foot rule, every staff member greets the client.
 - Invite them back for a new customer clinic.

- After hours' deliveries – No matter what the hours are, there will always be a few deliveries taking place outside of “normal” hours.
 - Have the Service Manager or Advisor personally contact each client who did not get a personal introduction to service.
- Finally – who will track and monitor the process? A “champion” should be appointed to be sure that all the steps in the process are in place. Continuous reporting of first appointment retention should be shared with the team.
- Keep in mind; everyone likes to do business with people they like. Make sure your dealership projects that image as well.

What percentage of your vehicle deliveries are currently converted to successful first service visits? Are you set to “raise the bar” on your level of first appointment retention?