

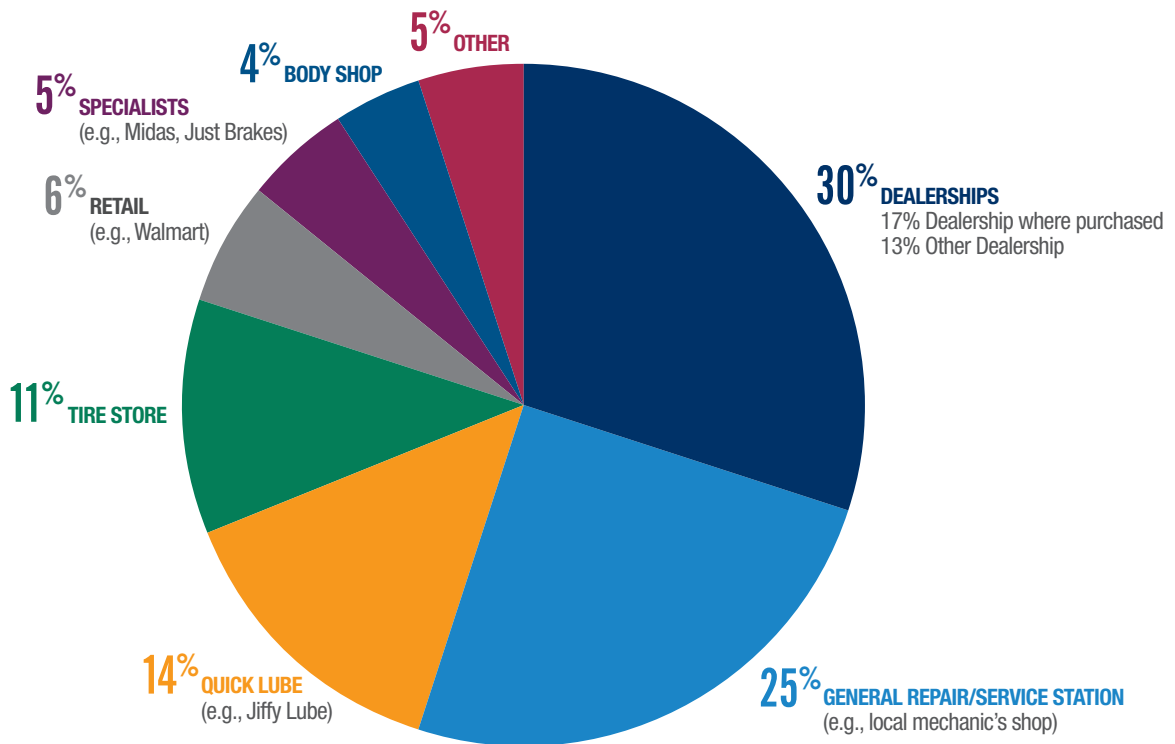
MAINTENANCE & REPAIR STUDY

REVEALING OPPORTUNITY

Cox
AUTOMOTIVE™

LESS THAN 1 IN 3 SERVICE VISITS ARE CONDUCTED AT A DEALERSHIP

SHARE OF SERVICE VISITS



When it comes to maintenance and repair services, dealerships are leaving money on the table. In fact, **only 30% of total service visits occur at a dealership**. The reasons why dealerships are not capturing more of the maintenance and repair market fall into five main categories:

1. Value Perception
2. Awareness
3. Customer Experience
4. Warranty/Service Contract Expiration
5. Location/Convenience

1. VALUE PERCEPTION

CUSTOMERS THINK DEALERS OFFER HIGH QUALITY—AT A HIGH PRICE

Dealerships win when it comes to two of the top attributes most sought after by maintenance and repair customers: Quality and Trust. However, **dealerships lose when it comes to perceived Value.**

DEALERSHIPS WIN ON...



QUALITY
HIGHEST QUALITY PARTS



TRUST
MOST KNOWLEDGEABLE STAFF

GENERAL REPAIR/SERVICE STATIONS WIN ON...



VALUE
BEST PRICING



CONVENIENCE
MOST CONVENIENT

TOP 5 REASONS WHY SERVICE CUSTOMERS GO TO THE DEALER

1. They know my vehicle
2. Certified/highly qualified technicians
3. Knowledgeable staff
4. Use genuine parts, tools, and diagnostic equipment
5. Explain services rendered/comfortable waiting room

TOP 5 REASONS WHY SERVICE CUSTOMERS DON'T GO TO THE DEALER

1. Total cost is NOT reasonable
2. They will over charge me
3. Unreasonable labor charges
4. Unreasonable parts charges
5. Distance/Location

WHAT DEALERS CAN DO

While perceived lack of value (where value is represented by transparency and fair pricing) is a top reason for not using a dealership for maintenance and repair services, **actual spend for services such as an oil change suggest that dealership pricing is competitive with third-party providers.** As a result, dealers have

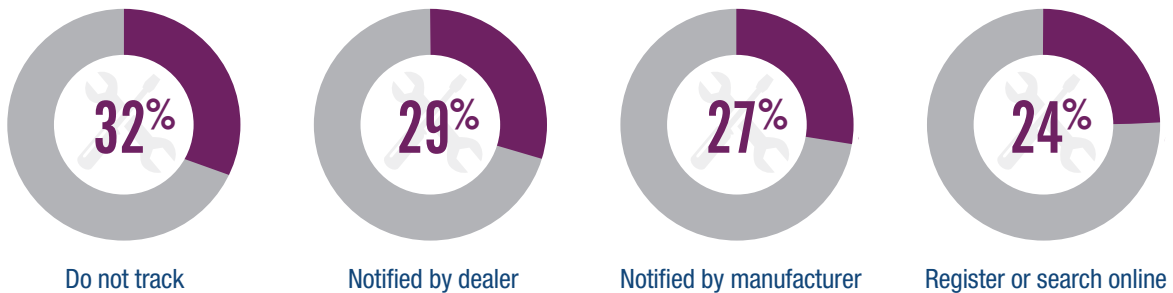
an opportunity to compete with independent service providers by offering and promoting competitive pricing and price match guarantees while focusing on advertising messages about high-quality service (e.g., parts and certified technicians).

2. AWARENESS

CONSUMERS DO NOT TRACK SERVICE SCHEDULES & RECALLS

More than one-third of customers are unaware of their vehicle service schedule and/or recalls, and over half rely on maintenance/service/recall notifications from the dealership and/or the manufacturer. According to the study, customers prefer to receive reminders and recall information via email.

SERVICE SCHEDULES & RECALLS*



*Respondents were asked “How do you keep track of manufacturer suggested service information (e.g., recalls) throughout the life of your vehicle?” Some selected more than one answer.

WHAT DEALERS CAN DO

Automated service reminders and recall integration is key for progressive dealers to create customer awareness of critical vehicle maintenance and repairs while also building brand awareness for your dealership. There are innovative partners, such as Xtime, VinSolutions and Dealertrack, that can help you implement this technology. Not only can this type of

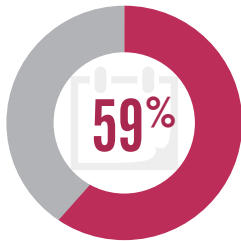
customer relationship management enhance customer satisfaction, it can also maximize profit potential for your service department by generating manufacturer-pay work orders during regular service appointments and additional customer-pay revenue opportunities during recall visits.

3. CUSTOMER EXPERIENCE

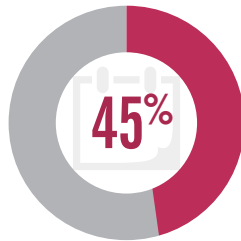
MAINTENANCE & REPAIR SERVICES DO NOT MEET CUSTOMER SERVICE EXPECTATIONS

From Amazon to Apple, today's consumers have come to expect a seamless online-to-offline shopping and buying experience, yet most car owners do not enjoy the level of convenience and attention they receive when shopping for other goods and services. Over half of maintenance and repair services customers do not use the Internet for service-related activities.

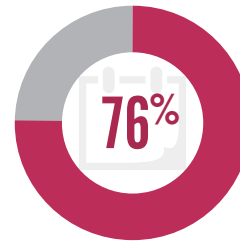
SCHEDULING A SERVICE VISIT



Of service visits are scheduled



Of consumers who do not schedule online do not know that the option exists



Of consumers who scheduled service online would be willing to do so again



WHAT DEALERS CAN DO

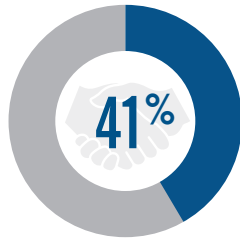
Immediate access to messaging, email, media and other online functionality through smartphones has generated a sense of entitlement to fast, simple and efficient experiences. Time-starved consumers are increasingly driven by the ultimate convenience of real-time, on-demand choices and the majority of car owners schedule an appointment rather than walking in.

Dealerships need to align their service models to consumers' growing appetite for greater convenience, speed and simplicity by implementing online scheduling and making customers aware that you offer this convenience.

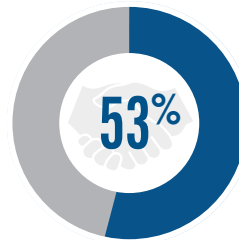
PLEASED TO MEET YOU: THE IMPORTANCE OF RELATIONSHIP-BUILDING

The study also revealed the importance of crafting a personalized offline experience for retail customers. Specifically, personally introducing a consumer to the service manager or representative increases that customer's likelihood of returning to the dealership for maintenance and repair services. While only 41% of car buyers were introduced to the service department at the time of their vehicle purchase, over half of those customers said it came into play when deciding where to get their vehicle repaired.

AN INTRODUCTION FROM SALES TO SERVICE INFLUENCES A CONSUMER'S LIKELIHOOD OF RETURNING FOR SERVICE



Were introduced to service department at the time of purchase

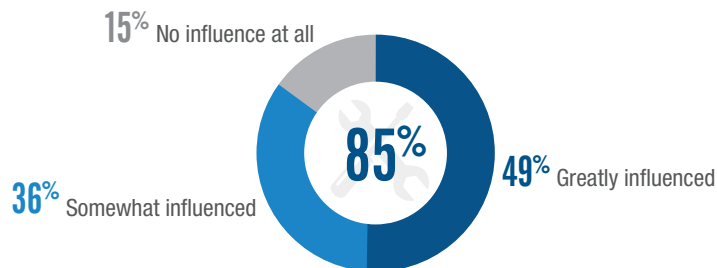


Said it came into play when deciding where to repair the vehicle

Customers who are introduced to the service department at the time of purchase are 2.3x more likely to have gone to the dealer they purchased from in the past 12 months compared to customers who were not introduced to the service department.

SERVICE DEPARTMENTS CAN INFLUENCE VEHICLE PURCHASE

According to the research, 85% of customers stated that their experience with the service department influenced their likelihood of purchasing another vehicle from that dealership.



WHAT DEALERS CAN DO

Evolve your vehicle sales process by introducing new car buyers to their Service Advisor as part of the sales transaction and experience. The study shows a much

higher likelihood to convert sales customers into service customers when an introduction is made.

4. WARRANTIES/SERVICE CONTRACT EXPIRATION

SERVICE AGREEMENTS ARE EFFECTIVE— UNTIL THEY EXPIRE

6/10

Service visits among those **with a warranty** are conducted at a Dealership

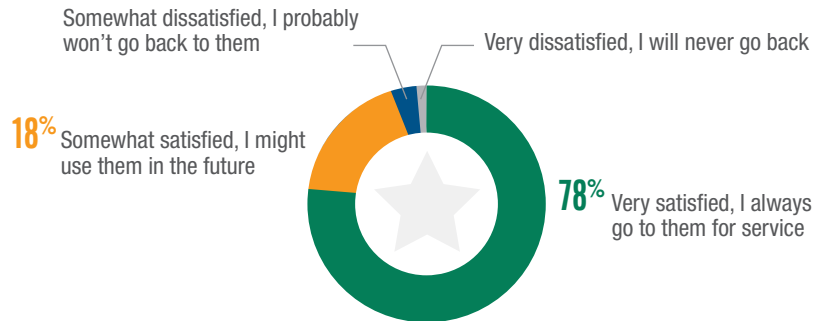
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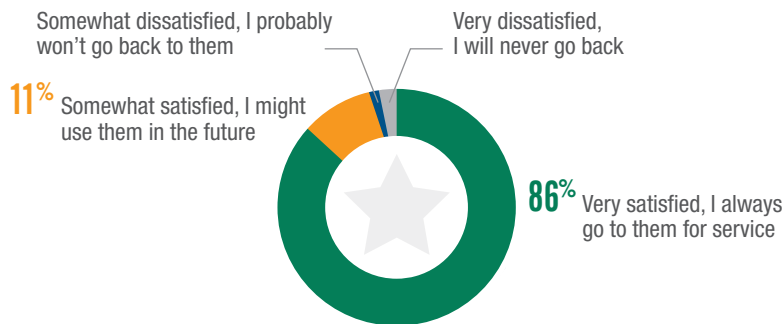
Service visits among those **with an expired warranty** are conducted at a Dealership

Warranties and service contracts affect customer satisfaction and loyalty. 78% of those who paid a service visit to the dealership where they purchased their vehicle and were at least partially covered under warranty said they were “very satisfied, I always go to them for service” and 86% of those who paid a service visit to the dealership where they purchased and were at least partially covered under a service contract said they were “very satisfied, I always go to them for service.”

LOYALTY TO DEALER WHERE PURCHASED BY WARRANTY RELATIONSHIP



Visits at least partially covered under **Warranty**



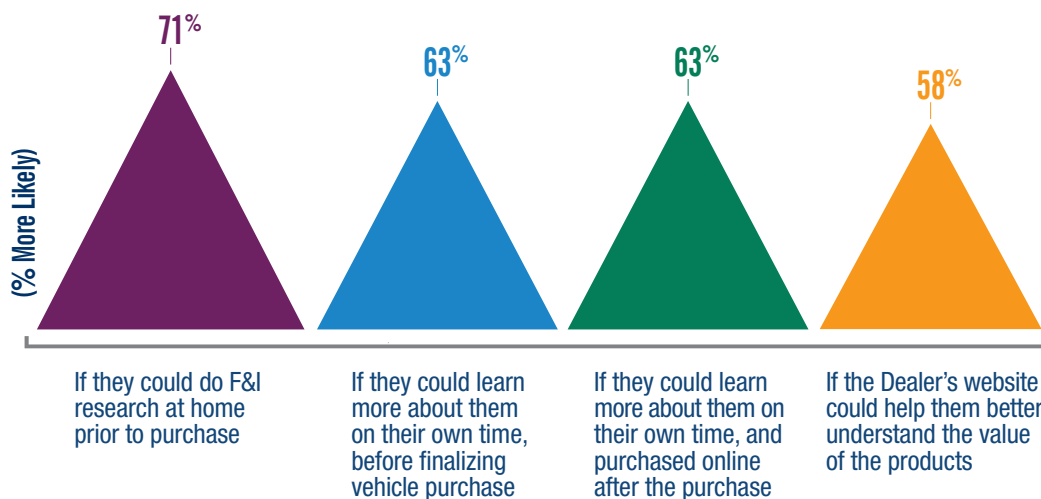
Visits at least partially covered under **Service Contract**

WHAT DEALERS CAN DO

Because warranties and service agreements are only temporarily effective at retaining service customers who tend to defect once the agreement expires, dealers should look for ways to sell and/or extend warranties and service agreements (e.g., through special offers to existing customers). For new customers, online education could increase their likelihood of purchasing warranties and service agreements. For example, research has shown that 71% of car shoppers would prefer to do F&I research at home prior to purchase, 63%

say they would be more likely to purchase F&I products if they had the option to learn about them before finalizing their vehicle purchase and 58% are more likely to buy if the dealer's website helped them better understand the value of these products.¹ As a result, dealers should make F&I product education part of their online marketing strategy to in-market car shoppers. Also including online education about warranties and service agreements as part of that online strategy could be effective at driving sales of those products as well.

CONSUMERS ARE MORE LIKELY TO PURCHASE F&I PRODUCTS¹



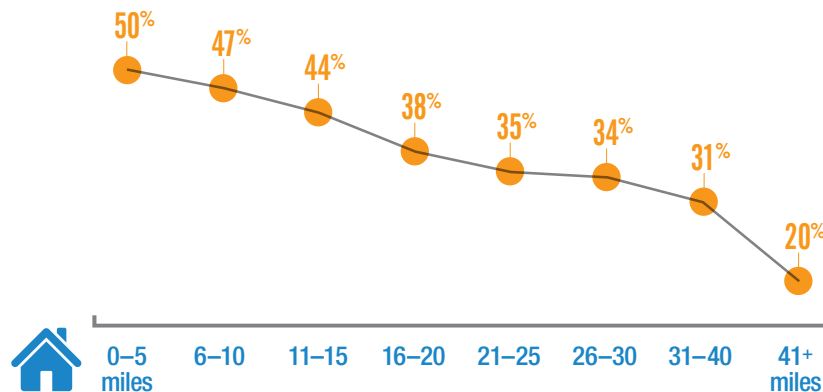
Including education about warranties and service agreements as part of an overall online strategy could be effective at driving sales of those products as well.

5. LOCATION/CONVENIENCE

THE DISTANCE BARRIER: 70% OF SERVICE VISITS OCCUR <10 MILES FROM HOME

The distance from the customer's home to the brick-and-mortar dealership is a major barrier to capturing a greater share of car owners' service business. Approximately one-third of customers returned to the dealership for service if they lived more than 20 miles from the dealership. Convenient location is often the deciding factor when it comes to choosing a service provider: 70% of all service visits are less than 10 miles from the customer's home, while 40% are done less than 5 miles from home.

RETURNED TO DEALER FOR SERVICE IN PAST 12 MONTHS BASED ON DISTANCE FROM DEALER (NEW BUYERS)



WHAT DEALERS CAN DO

Warranties help transcend the distance barrier: Service visits that occur more than 25 miles from the customer's home are twice as likely to be under warranty.

Consider steps to develop a local service network with other dealers and third-party service providers where customers can use their service contracts purchased from your dealership, or invest in additional service

locations. 92% of consumers want more service location options where they can have their car serviced at local service centers, even if they didn't purchase their car there.²

Innovate by creating new ways to provide convenience and next-level service to customers (e.g., customer vehicle pick-up, shuttle services, loaner vehicles, etc.).

ABOUT THE STUDY

For this study, an online consumer survey of 4,455 participants was conducted from June 17, 2015 – July 7, 2015. In order to qualify for participation in the study, respondents had to have maintenance and/or repairs service performed on their vehicle by a third party at least once in the previous 12 months. Participants were required to be the primary decision maker for the vehicle regarding repair and maintenance. Data was weighted to ensure respondent demographic representation (based on census) and vehicle representation (based on new/used purchase and age of vehicle).

An additional 517 survey completions were gathered using the MFour mobile panel in order to better understand automotive maintenance and repair services usage and perceptions among a heavy mobile population (these results were not weighted). MFour, a leader in mobile market research, uses a survey app that leverages mobile devices and their unique features to gain the most accurate data.

¹Source: *2015 Online Retail F&I Study*, MakeMyDeal

²Source: *2015 Car Buyer of the Future Study*, Autotrader

