

PERCEPTION VS. REALITY:

Effective Strategies to Overcome the False Narrative Consumers Believe About Franchise Dealerships

Owen Moon
CEO and Co-Founder of
FIXED OPS DIGITAL
omoon@autosuccessonline.com



There's an old saying that a customer's perception is the reality. Very seldom do I speak with a general manager or fixed operations director where the topic of competing against Jiffy Lube and Pep Boys does not come up. After the warranty expires, 70% of those aftermarket dollars are flowing right into everyone else's hands. The possibilities are endless in this \$350 billion market where by most accounts, franchise dealerships will get about 30% of that number.

Independent repair facilities' (IRF) "value proposition" is that they are far better priced than the local franchise dealership. That narrative has been created and well established in the minds of consumers. It has gone so far as that now IRFs are advertising their services on par with franchise dealerships, but not at their pricing. See a sample IRF ad in **Figure 1**.

Why does this narrative exist? Every partnership in life, albeit friendship, marriage or business relationships exists via a two-way street. Cooperation between the two parties can result in the best results. Why do I bring this up as it relates to the narrative regarding

Figure 1:

BRAKE PAD REPLACEMENT AT YOUR DOOR

Dealer-quality Service at Independent Prices

Get Instant Quote

Receive 15% off with BRAKE15

the price for IRFs implicit in helping this narrative as the independents who advertise it?

Franchise dealerships for the longest time have neglected to have clear and transparent pricing on their websites. On the majority of the dealers I audit, the advertised price is a \$5 off coupon. \$5 off what?

The played-out narrative coupled with the fact franchise dealerships' online presence neglects to even promote service pricing, the consumer's mind is thinking that very thought — \$5 off what? There is no pricing, which leads to the consumer making an assumption of what the pricing could be. There is no value built into the "why" to opt for service at your multi-million-dollar facility.

Simply put, there is little if no effort at all produced from fixed ops within websites today. So what if the messaging was changed and with it the consumer's perception?

- Full Synthetic Oil Change - Starting at \$44.95
- We Only Use Manufacturer-Certified Fluids and Parts
- Our Factory-Trained Service Technicians Are Skilled on Working in Every Toyota Vehicle
- For Our Clients' Comfort - We offer a state-of-the-art facility and customer lounge featuring free Wi-Fi, full-service bistro, shuttle van or loaner vehicle provided and a Starbucks barista

How about that for a value proposition!

So, how can a dealership today reverse the current stigma? Here's a hint, it's not that difficult. The \$19.95 Jiffy Lube Oil Change is never priced that way when the consumer walks out the door.

Clear and Transparent Pricing

Most OEMs have been pushing dealers to create a more inviting customer waiting area as well as digital signage that gives consumers a compelling reason to continue servicing their vehicles with the dealership. Some companies do an amazing job creating visuals within the service drive and customer lounge. With transparent pricing on services from AWD alignments to brake pad replacement, it starts to reverse the narrative that a franchise dealership is uncompetitive as it relates to those services.

How can a dealership start the process of winning back their service customers? By displaying pricing on both a service menu page and service detail pages within their website.

Considering consumers search online and price shop everything today, creating a service menu page that lists 12-15 of your dealership's most commonly performed services, clearly laying out pricing and a brief overview of those services, then offering links to pages that explain each service more in-depth is a great strategy to educate the customer and give them the information they are looking for. This is also a great

“What is the biggest driver of customer pay ROs today? Consumers are opting to own their vehicle longer.”

way to reinforce the franchise dealership's narrative. We provide the most value to a consumer — with competitive pricing, state-of-the-art facilities and customer perks that include Wi-Fi, comfortable lounges with premium amenities — the storyline begins to shift.

Educate the Customer...Then Own the Search

Most dealerships have 20 pages or less of fixed operations-related content with their website. That is being generous and most certainly I have seen very few pages that educate the consumer on services needed, but a web page like **Figure 2** educates the consumer and displays upfront pricing. What is the biggest driver of customer pay ROs today? Consumers are opting to own their vehicle longer.

Services such as alignment, brake pad replacement, set of four tires replacement and fluid flushes are commonly performed on vehicles with more than 50,000 miles, if not sooner. However, I can say without any hesitation that alignment service pages are few and far between. There's no information about why that service is needed, around what mileage you want to think about having that service performed and what the general starting at cost would be.

What better prize than the No. 1 rank on Google? See **Figure 3**. Your website now informs your customers about the pros and cons of getting an alignment service while giving them the information they desire to make an informed decision. Then, your website and dealership are rewarded with position No. 1 inside Google search rankings. Talk about a win/win for the dealership.

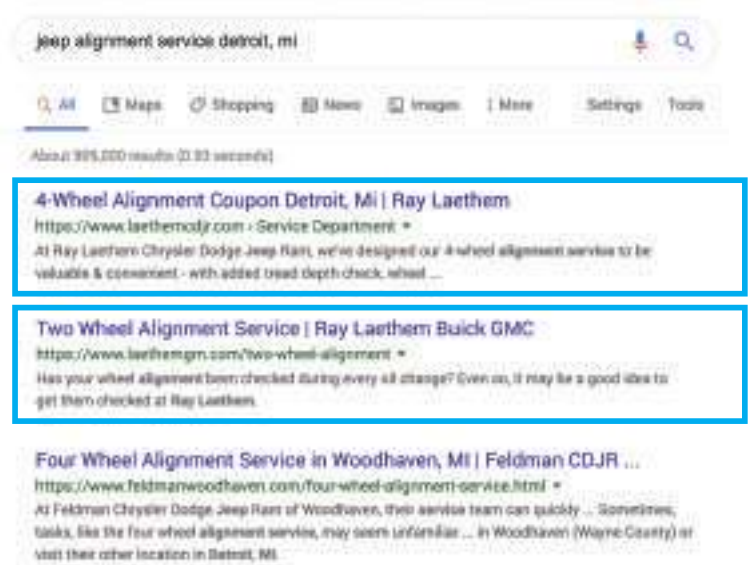
As I often tell our clients, the narrative exists because dealers have allowed it to exist. By taking a few simple steps, consumer perception can change and change quite rapidly. If you have ever sat inside a Pep Boys or Jiffy Lube, you realize immediately that you get what you pay for. Then couple that with the fact that the spend is almost identical on each service at the local franchise dealership. The mindset is forever altered.

When looking at the aftermarket industry as a whole, the opportunity to get a fraction of that can improve profitability for a franchise dealership, allowing that dealer to mitigate the potential decline in vehicle sales, while also instilling repeat business in both service and sales when the customer decides to purchase their next vehicle. *DS*

Figure 2:



Figure 3:



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