



J.D. POWER

Top Trends to Improve Your Retail Experience in 2017

Global Automotive Practice
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Beyond Measure
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This white paper—compiled from the *J.D. Power 2016 U.S. Sales Satisfaction Index [SSI] StudySM*—examines six topics that are important to delivering high levels of sales satisfaction and driving customer loyalty. We hope this proves valuable in helping you improve the customer experience in your store.

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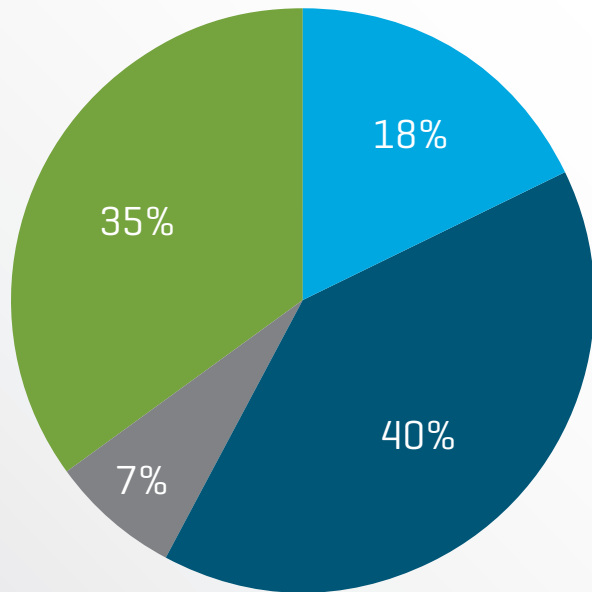
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Dealer Phone Calls & Internet Shopping



Internet Usage and Phone Calls Made When Shopping for Vehicle

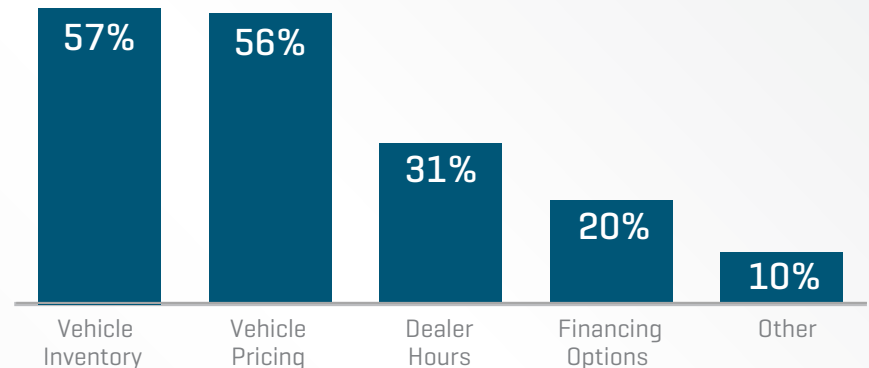
- No Internet/No Phone Calls
- Used Internet/No Phone Calls
- No Internet/Made Phone Calls
- Used Internet/Made Phone Calls



INTERNET USAGE MORE COMMON THAN PHONE CALLS; SOME BUYERS DON'T USE EITHER

- Overall, 42% of owners indicate that they made phone calls to dealers as part of their shopping process. Premium buyers are more likely [49%] to make phone calls than Non-Premium buyers [41%].
- Pre-Boomers are the least likely to use the internet [61%] or phone calls [33%] during the shopping process, meaning a large proportion of these customers have little information when they visit a dealership.
- Most buyers who make phone calls do so to check vehicle inventory and pricing.

Reasons for Calling Dealership

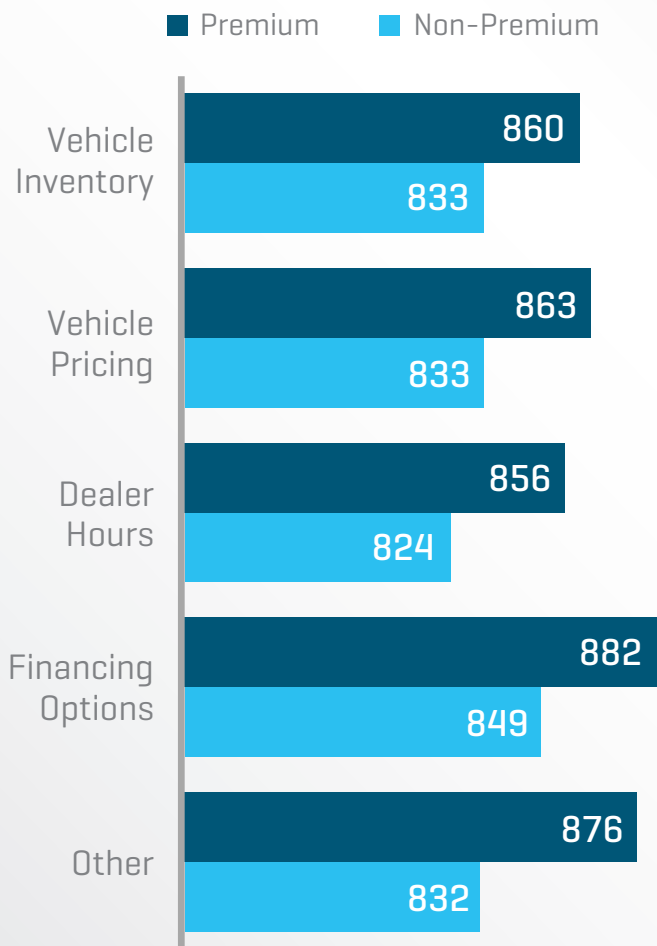


Source: J.D. Power 2016 U.S. Sales Satisfaction Index (SSI) StudySM

Dealer Phone Calls & Internet Shopping



Buyer Index by Phone Call Purpose



INTERNET RESEARCH LOWERS SATISFACTION, WHILE PHONE CALLS RAISE IT

- While it is common for buyers to use both the internet and dealer phone calls during the shopping process, the effect on satisfaction for these two activities moves in opposite directions.
- Among buyers, satisfaction is lower among those who use the internet to shop than among those who do not [823 vs. 843, respectively], and higher among those who call dealers than among those who do not [835 vs. 823].
- While the least frequent reason for calling a dealer is “financing options” (with the exception of “other”), these buyers also have the highest satisfaction; specifically, satisfaction in Working Out the Deal is 830 among customers who call, compared with 796 among those who use the internet to research while shopping.
- Overall, calling dealers represents a more personal connection to dealer staff, and researching via the internet tends to be an impersonal activity. While a strong online presence is a necessity for dealers, ensuring a personal connection with customers in their preferred method of communication is critical for satisfaction.

Source: J.D. Power 2016 U.S. Sales Satisfaction Index [SSI] StudySM

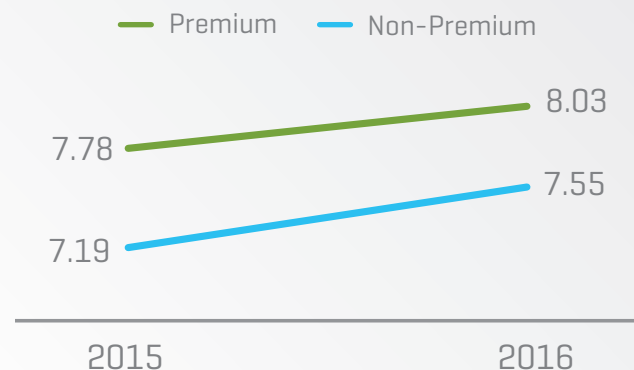


Usage of Technology throughout Sales Process

Processes	Non-Premium		Premium	
	2015	2016	2015	2016
Salesperson used a tablet device	15%	22%	24%	27%
When tablet device is used, it is used to...				
Record input and feedback about vehicle needs	25%	27%	26%	30%
Demonstrate vehicle features	35%	38%	50%	48%
Capture personal information (e.g., name, address, and contact information)	58%	61%	57%	64%
Display price or payment information	43%	45%	41%	45%

Rating Overall Usage of Technology throughout Sales Process

[Scale of 1 to 10]



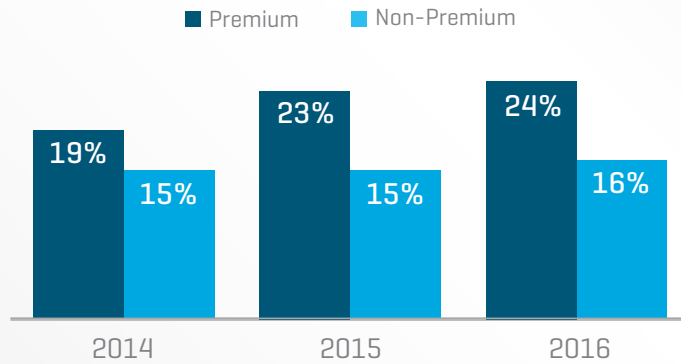
TECHNOLOGY ADOPTION AND APPROVAL RATINGS CONTINUE TO CLIMB

- The use of technology increases for both Non-Premium and Premium brands in 2016.
- Non-Premium brand dealers are moving quickly to use technology as frequently as Premium brands.
- Customer ratings for the use of technology has increased for both Non-Premium and Premium brands.

Source: J.D. Power 2016 U.S. Sales Satisfaction Index [SSI] StudySM



Worked with Both Salesperson and Product Specialist



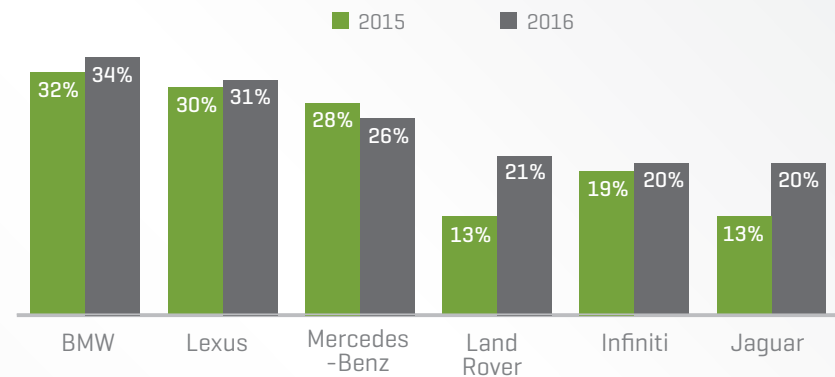
PRODUCT SPECIALISTS CONTINUE TO ENHANCE THE OVERALL SALES EXPERIENCE

- The percentage of new-vehicle buyers working with both a salesperson and product specialist during the sales experience continues to climb for both Non-Premium and Premium vehicle buyers.
- The usage of product specialists among Premium brands is growing at a substantially higher rate than for Non-Premium brands.
- Research shows that satisfaction is higher among customers who work with a product specialist than among those who work only with a salesperson.

Index Scores for Premium Vehicle Buyers

	Salesperson Only	Salesperson and Product Specialist	Δ
Buyer Index	857	867	10
Facility	833	857	24
Salesperson	904	901	-3
Deal	832	841	9
Delivery	861	875	14

Worked with Both Salesperson and Product Specialist: Top 6 Premium Brands



Note: Excludes "Don't know" response

Source: J.D. Power 2016 U.S. Sales Satisfaction Index (SSI) StudySM



Key Diagnostics for Non-Premium Vehicle Buyers

Dealer Staff...	Salesperson Only	Salesperson/Product Specialist
Pair/Connect phone to Bluetooth system	76%	79%
Show how to operate navigation system	79%	81%
Explain vehicle's communication system	84%	86%
Review vehicle quick reference guide	74%	77%
Show how to operate the audio system	84%	85%
Review the vehicle owner's manual	60%	63%
Give overview/introduce to service department	55%	61%
Offer to set up first service visit	56%	60%

Key Diagnostics for Premium Vehicle Buyers

Dealer Staff...	Salesperson Only	Salesperson/Product Specialist
Pair/Connect phone to Bluetooth system	87%	91%
Show how to operate navigation system	89%	93%
Explain vehicle's communication system	90%	92%
Review vehicle quick reference guide	80%	83%
Show how to operate the audio system	90%	93%
Review the vehicle owner's manual	64%	68%
Give overview/introduce to service department	61%	68%
Offer to set up first service visit	54%	57%

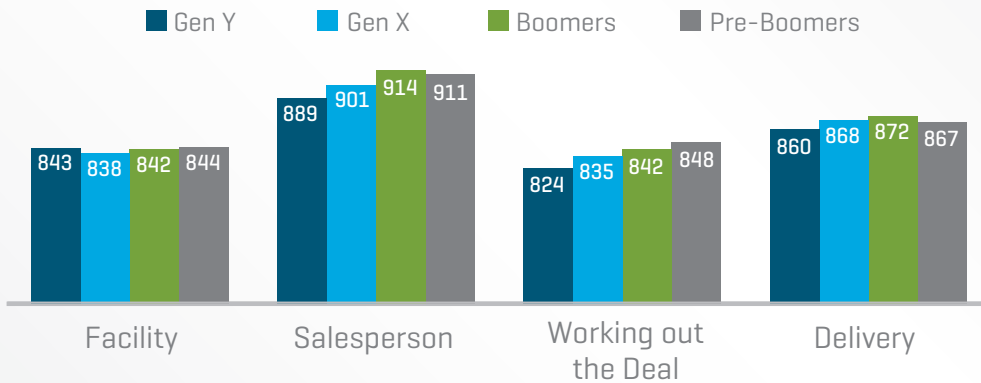
PRODUCT SPECIALISTS COMPLETE SERVICES MORE FREQUENTLY

- For both Non-Premium and Premium customers, salesperson/product specialists complete specific sales services more frequently than a salesperson only. This is important because owners are generally more satisfied with using vehicle technology when it is demonstrated to them by the dealer.
- J.D. Power research also shows owners most frequently have trouble operating voice recognition and navigation-related technologies, so demonstrating these features to customers should be a priority.

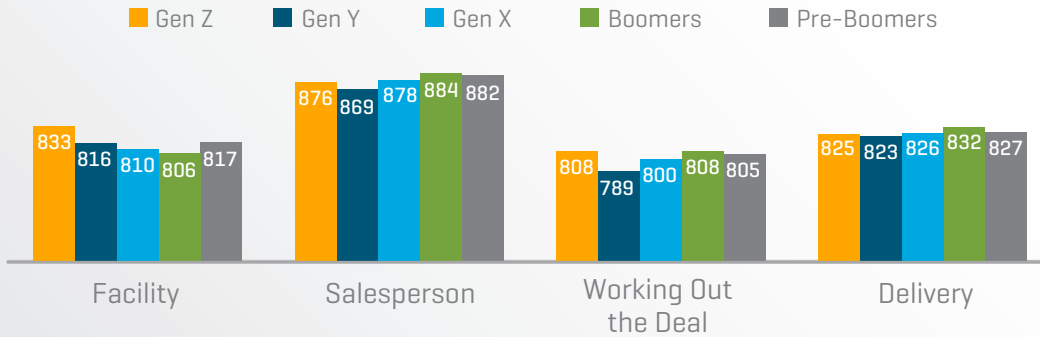
Source: J.D. Power 2016 U.S. Sales Satisfaction Index (SSI) StudySM



Premium Index Scores by Generation



Non-Premium Index Scores by Generation



SALES SATISFACTION LOWEST AMONG GEN Y CUSTOMERS

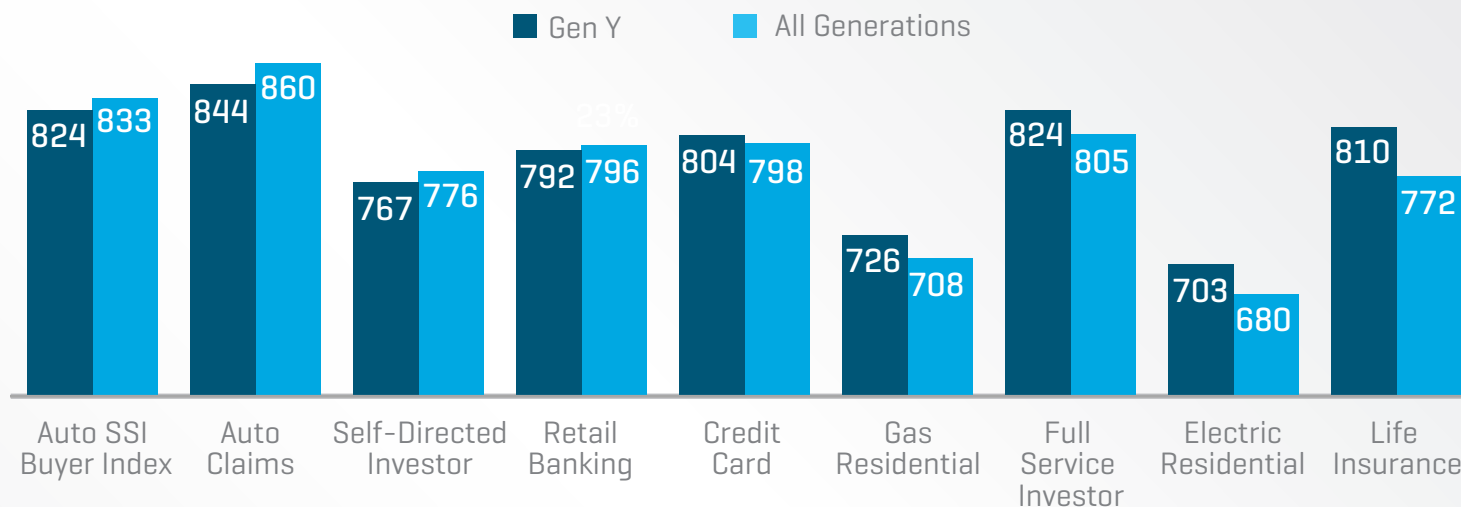
- In general, satisfaction is lower among younger customers (especially Gen Z and Y) than among older customers, which could be due to less experience with the buying process and having higher expectations for their experience.
- Older generations—who presumably have purchased several new vehicles—are likely more accustomed to and comfortable with the process.
- In particular, the satisfaction gaps between Gen Y customers and the other generations are widest in those measures most based on personal interactions, Salesperson and Working Out the Deal. Again, this may speak to the fact that older customers have likely been through the vehicle-buying process multiple times, and while they may not be familiar with the latest vehicle technology, they are knowledgeable and comfortable with the interpersonal aspects of buying a vehicle.
- As a result, dealers should be aware that developing positive personal relationships and making price negotiations as easy as possible are particularly critical for their younger customers.

Note: J.D. Power defines the generations as Pre-Boomers (born before 1946); Baby Boomers (1946-1964); Gen X (1965-1976); Gen Y (1977-1994); Gen Z (1995-2004).

Source: J.D. Power 2016 U.S. Sales Satisfaction Index (SSI) StudySM



Cross-Industry Satisfaction—Gen Y vs. Industry Average



ACROSS INDUSTRIES, GEN Y FREQUENTLY HAS LOWER SATISFACTION

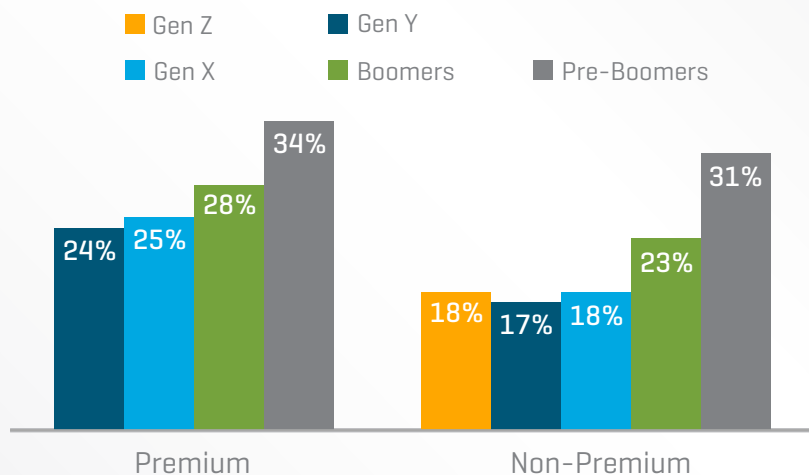
- When comparing the satisfaction gaps between Gen Y buyers and buyers in all other generations across several J.D. Power studies, it is clear that some industries share the same challenges with Gen Y, while others achieve much higher satisfaction scores among Gen Y customers.
- For example, the satisfaction deficit among Gen Y buyers in the *2016 U.S. SSI Study* is roughly equivalent to that in the *2016 U.S. Auto Claims Satisfaction Study*. However, many other industries that have a lower frequency of interpersonal interactions (e.g., life insurance, utilities, and credit card) tend to earn higher satisfaction scores among Gen Y.
- This presents a challenge for the automotive industry in serving younger buyers: the vehicle-buying process relies heavily on personal interactions. Adept usage of technology and communicating in ways younger buyers are comfortable with can help improve their level of satisfaction relative to other age groups.

Source: J.D. Power 2016 U.S. Sales Satisfaction Index (SSI) StudySM

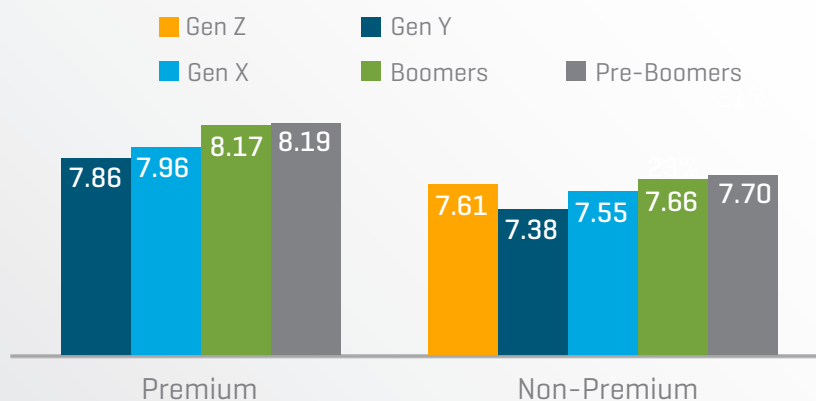
Sales Preferences of Younger Customers



Salesperson Used a Tablet



Dealer Usage of Technology Satisfaction



TABLET USAGE LESS COMMON WITH YOUNGER CUSTOMERS, WHO APPRECIATE IT MORE

- In both the Premium and Non-Premium segments, Gen Y buyers are the least likely to say their salesperson used a tablet during the sales process. Gen Y buyers are also likely to have the lowest satisfaction with how their dealer used technology.
- Non-Premium Gen Y buyers seem to be particularly sensitive to the lack of technology used; despite only a 1-percentage-point difference in how often tablets are used between Gen X and Gen Y, there is a 0.17-point gap in technology usage satisfaction between the two generations.
- Just as technology content on entry-level vehicles has increased in recent years to cater to younger buyers, it is critical for dealers to make better use of technology during the sales process to satisfy younger buyers.
- Conversely, while more Pre-Boomer buyers indicate tablets being used than Boomers, the increase in their satisfaction with technology usage is negligible.
- While tablet usage is a key driver of sales process satisfaction for all buyers, dealers would likely benefit the most by increasing tablet usage.

Source: J.D. Power 2016 U.S. Sales Satisfaction Index (SSI) StudySM



Top 10 Key Performance Indicators in the 2016 U.S. Sales Satisfaction Index

No.	Sales Process Measure	Key Performance Indicators	Frequency that KPI is met	Impact on SSI score
1	Salesperson	Salesperson completely understood the customer's needs	86%	+104
2	Working Out the Deal	Customer had no difficulty getting a straight answer when asked "At what price will you sell me the vehicle?"	91%	+62
3	Working Out the Deal	Customer felt no pressure at all at the dealership from which vehicle was purchased	80%	+60
4	Delivery Process	Customer's vehicle was delivered to the customer with no issues	90%	+53
5	Delivery Process	During delivery, the dealer staff showed the customer how to operate the navigation system	81%	+50
6	Working Out the Deal	Finance staff was not too pushy in trying to sell additional products	90%	+47
7	Delivery Process	Dealership contacted the customer after the customer took the vehicle home to ensure that everything was satisfactory	80%	+40
8	Working Out the Deal	Dealer did not promise (or advertise) one price and try to change it later	93%	+36
9	Working Out the Deal	Customer did not have to return to the dealership to fix problems with the paperwork	92%	+35
10	Salesperson	Salesperson asked questions to determine the customer's vehicle needs	77%	+26

HALF OF ALL KPIs FALL UNDER THE WORKING OUT THE DEAL MEASURE

- Key Performance Indicators [KPIs] are dealership processes that have the greatest impact on the sales experience and overall Sales Satisfaction Index scores.
- Based on the *2016 U.S. Sales Satisfaction Index Study*, half of the most impactful KPIs fall under Working Out the Deal sales process measure.
- The KPIs associated with Working Out the Deal are closely associated with trust, e.g., giving straight answers, not applying pressure, not pushing other products, and not promising one price and trying to change the price later.
- Having a salesperson who completely understands the needs of the customer is far and away the single most impactful KPI, which speaks to the importance of having salespersons who can ask the right questions and then follow through on requests.

Source: J.D. Power 2016 U.S. Sales Satisfaction Index [SSI] StudySM



Key Performance Indicators	2016 Complete	2015 Complete	2014 Complete	2013 Complete	2012 Complete
Salesperson completely understood the customer's needs	86%	86%	86%	N/A	N/A
Customer had no difficulty getting a straight answer when asked "At what price will you sell me the vehicle?"	91%	91%	92%	93%	91%
Customer felt no pressure at all at the dealership from which vehicle was purchased	80%	80%	80%	80%	76%
Customer's vehicle was delivered to the customer with no issues	90%	90%	90%	91%	90%
During delivery, the dealer staff showed the customer how to operate the navigation system	81%	81%	82%	82%	78%
Finance staff was not too pushy in trying to sell additional products	90%	91%	92%	92%	90%
Dealership contacted the customer after the customer took the vehicle home to ensure that everything was satisfactory	80%	81%	82%	84%	83%
Dealer did not promise (or advertise) one price and try to change it later	93%	94%	94%	95%	94%
Customer did not have to return to the dealership to fix problems with the paperwork	92%	92%	92%	92%	91%
Salesperson asked questions to determine the customer's vehicle needs.	77%	77%	77%	78%	77%
Dealer staff reviewed owner's manual during delivery	61%	62%	65%	67%	63%

TOP KPI ACTIVITIES NOT COMPLETED MORE FREQUENTLY THAN 4 YEARS AGO

- Most high-impact KPI activities already have high completion rates. However, there has been little change in the compliance rates of these high impact KPIs over the past 4 years.
- Of the 11 most impactful KPIs in the 2016 study, only three are completed more frequently than they were in the 2012 study, while another three are actually completed less frequently than they were 4 years ago.
- Among the three KPIs that have declined in completion rates since 2012, the most concerning is contacting the customer after delivery. This activity is being completed only 80% of the time in the 2016 study, despite requiring few resources to implement.
- Increased technological complexity in vehicles has put more demands on how dealers spend their time during delivery, which may explain why dealers have been less likely to review the owner's manual in recent years.

Source: J.D. Power 2016 U.S. Sales Satisfaction Index (SSI) StudySM

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