

The S.S. Customer Retention

A quick Mensa-sponsored test. So put all distractions aside and focus:

1. Increasing service department profitability, fixed coverage, CSI, and customer retention is, like, a good thing (hint, hint, true)
 True False
2. The average Ford (Chevrolet, Toyota, etc.) owner is happy to part with \$466, *on average*, every time they come into your service department (false, trust me)
 True False
3. Retaining your customer throughout the service cycle and subsequent vehicle repurchase cycle and subsequent service cycle and so forth is a recipe for success (True. Cheater)
 True False

Answers: 1. True
 2. False
 3. True

Scoring: 0 correct: Go back to sleep, sorry I woke you
 1 correct: I want some of what you're having
 2 correct: Looks like someone needs a timeout
 3 correct: Do you really think you deserve an "attaboy"?

Okay, if you're carbon-based you passed the test, especially if you've followed our series of articles in Dealer Business Journal. But since this in-depth and challenging scientific test proves that we're in total and unequivocal agreement, then we can move onwards and upwards through the fog.

Since we agree that customer retention and a relationship-based business is now our focus, then let's make it happen. (If you are still not a believer and remain in the clutches of the dark-side, refer back to our previous articles. Don't worry. We'll wait).

Okay, stow anchor and get ready for some paradigm shifts.

First, if you are spending money on service advertising to bring in new customers, cease, desist, waste no more. Why would you want to spend the green stuff chasing new customers when you already have more customers than you can handle?

I know what you're going to say so save your breath; can't hear you from here anyway. And before you send me an e-mail telling me I'm loony because you *don't* have enough customers, perform this little experiment for me.

Utilize your dealership computer system or service reminder vendor to pull a report of all customers whose last visit to your service department was 8-9 months ago. That is to say, those service customers who have missed at least two and possibly three service visits.

How many customers showed up on the list? Your guess of a couple dozen is not even close. Care to guess again? The answer is HUNDREDS!! That's why you will have more customers than you can handle in your service department once you start focusing on customer retention. And that's while spending zero dollars on conquest advertising (which typically brings in non-brand price shoppers who are nowhere as loyal as your own-brand customers).

So, now you've got this list of customers (come on, go get it now, we'll put this article on hold for you) who are in the process of defecting or have already given you the middle appendage. Now, commission someone to call one-tenth of those customers and perform a quickie interview consisting of maybe three questions.

What we want is unfiltered, unadulterated, tell-it-like-it-is information. Why'd-you-pick-such-a-fine-time-to-leave-me-Lucille type of call. A word of caution: don't have your service advisors perform this research. Anyone care to guess why?Anyone?.... Anyone?..... Bueller?

Compile the results of these calls and what do you have? Voila! Your handy-dandy to-do list. And I promise you--having performed these surveys ourselves—that you will be surprised. But whatever the reasons, there it is, and there it remains in all its putrid glory outlining why your customer base is leaking away.

Now you must react to plug these holes in your hull. Remember that every day new customers are being brought into your service flock from the new and used car departments. Job #1 is to keep them in your flock. Your ex-flockers just told you why they de-flocked and if you don't address those issues you will continue having the new flockees flocking away (sorry, I got flocking carried away).

So, now you know where the problem areas are and you've either retrofitted yourself or hired professional dockyard assistance. Then your defection rate goes down. Customer retention, CSI, profits, and fixed coverage begins increasing.

Now that we've shaved and bathed, let's go get Lucille back.

Take that report that showed those hundreds of Lucilles who have not been back in the last 8-9 months and send them a love letter explaining how you've changed. How you won't do it again. Plead with them to give you another chance. And, by the way, here's a discounted oil change coupon or other very attractive offer just to show you that we really do want to kiss and make up. And when they come back, don't disappoint. You won't have a third chance.

Now that you see the wisdom of customer retention and building/maintaining customer relationships, you must be made aware of the enemy within. That would be the service advisors, service management, dealership management, and (gasp!) possibly even yourself. How cheeky of me!

Think about it. When you truly focus on customer retention you want the customer visiting us every three months or so, right? That means that every other visit is essentially an oil change. The higher the customer retention, the more oil changes you perform. The more oil changes you perform the more the key numbers that you may have always focused on get pounded (read FRH's per RO, sales per RO, Effective Labor Rate, etc.). If service advisors are paid on FRH's per RO how do you think they will react to more oil changes? Think they'll take the time to build value in that service or blow through the write-up to get to the next, juicier customer?

Obviously, there are issues to address here in the way of compensation plans and training. We are talking about a major paradigm shift, after all. But shift we must.

Scared yet? Here are some more shifts. Cashiers need to lead with their chins and service management needs to be in the saving business. Translation? Cashiers typically see every service customer, don't they? They can see when a customer has smoke wafting out of their collars, right? Instead of retreating further behind the bulletproof glass the cashier needs to immediately address the situation. "Mr./Mrs. Customer, I can tell that you're not happy with us by the way you shredded your AMEX approval slip with that pen when you signed it. We obviously have not performed to your expectations. Your service business is very important to us. Please allow my service manager the opportunity to address your concerns. It will only take a minute."

The cashier should then immediately contact the service manager who is now in the saving business. The service manager must then persuade the customer to come into his/her office and have the customer dump all over them. Loads-o-fun, huh?

By now you, el capitan, are probably bleeding from the ears thinking of how to get service advisors excited about oil changes, cashiers looking for trouble, and management wanting to get dumped on. I imagine you might feel like the first

guy who decided to sail over the edge of the flat earth and had to convince his crew to come along for the ride. Amazing stuff, that grog.

Well, not to worry. Many before you have indeed sailed to the edge and beyond and are doing quite well, thank you.

These intrepid sailors, these pioneers have made the shift from conquering new customers to retention of current customers by adopting certain strategic and tactical changes:

- o Consistent, seamless, continuous hand-off of new and used sales customers to the service department.
- o Professional service advisor handling of every customer, every visit (including, no, *especially* for those due just for an oil change).
- o Consistent, seamless, continuous appointment system (think dentist's office) for the next service with every customer, every visit. (Think about what this will do to your service reminder program expense. We're not advocating dropping your reminder program because it is, after all, a retention program. But, there's no need to send a service reminder to a customer that is already educated, scheduled, and called before the appointment)
- o Service personnel pro-actively looking for trouble (unhappy customers)
- o Consistent, periodic follow-up with our Lucilles to identify and eliminate causes of defection
- o Reclamation processes to save straying customers

Set sail and make it happen. Train your personnel. Slash your service marketing expenses. Increase sales, gross, fixed absorption, CSI, and repeat vehicle sales. Make more net. Kind of sums it up doesn't it, Matey?