

HOW CAR DEALERS DISREGARD THE NEEDS OF THEIR CUSTOMERS



How car dealers disregard the needs of their customers

Customer expectations are not catered to, and customers are not viewed as partners in the business relationship

When Markus Kayser walked into the Diethelm Dealership that Saturday morning, he experienced a series of entirely positive actions. Florian Diethelm, the owner of the dealership, greeted him in a friendly manner, offered him a cup of coffee, and went through his tried-and-tested three-point checklist: (1) He asked about Mr Kayser's lifestyle, his family, and what he would mainly be using the new car for. (2) He took him over to the vehicle in the showroom that objectively best suited his needs, the *Guapo*, showed him all the features inside and out, and expertly explained all the technical merits of the model. (3) It goes without saying that he also encouraged Mr Kayser to take a test drive.

After the test drive, Markus Kayser left the dealership with a mass of information and a *Guapo* catalog under his arm. Reflecting on the conversation, Florian Diethelm was satisfied with how it had gone. He had advised the customer following the car manufacturer specifications to the letter, and was convinced that his comprehensive needs assessment, explanations and the test drive had maximized his chances of a successful sale.

Customers want to experience brands and enter into a partnership

Markus Kayser, on the other hand, was disappointed with the meeting. He was now considering whether to drive to another dealership for the same brand further away, or, despite himself, maybe even look into a different brand entirely. Mr Kayser had been busily engaged in finding a new car for the past six weeks. Two models had already caught his eye on the road: the *Abraxas 1.8 liter diesel*, of the make represented by the Diethelm Dealership, and the *Oligo Y20* from a competitor brand. He had never once entertained the idea of the *Guapo*. After reading extensively on the subject (including test reports and blogs on the Internet) and numerous conversations with friends, he had decided on the *Abraxas*. Now he just had a few questions that were still bothering him: (1) Does the dealer offer a good level of after-sales service and would they ensure low maintenance costs? (2) Would the leather interior he had selected in the 'Car Configurator' on the manufacturer's website really feel good, or would cloth seats be the better option? (3) Given the information he had gathered, he had considered a test drive to be an unnecessary waste of time.

The route from the product to the experience

An unrealistic example? Not at all, as a Europe-wide study by the business consultancy firm WATC Consulting AG shows (more on the International Car Buyer Study and its findings below). Those walking into a car dealership today have already pretty much made up their mind in terms of make and model.

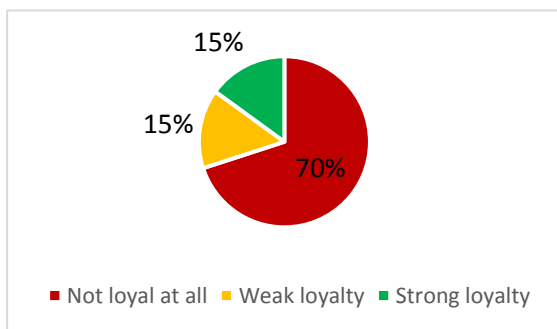


Figure 1: Loyalty in the car industry

They have amassed a great deal of information from a variety of sources – many of them online. They also know to an astonishingly precise degree which detailed information they still lack. In most cases, they visit the dealership simply to confirm their previously-made decision, and of course to purchase the vehicle, because – with few exceptions – the only way to acquire a new car is still from a brick-and-mortar business. Unfortunately, these insights into modern customer behavior (which has changed in comparison to previously) seem not to have reached vehicle manufacturers and car dealers, who still carry out standardized needs assessments on the ‘living object’, provide information on questions that the customer has long known the answer to (or never asked), and encourage test drives, because the sales

THE INTERNATIONAL CAR BUYER STUDY 2014

The International Car Buyer Study surveyed a total of 9,700 car buyers in seven European countries using qualitative and quantitative methods. Questions included how they made their most recent car purchase, which contact points and sources of information they used to do so, and what expectations they have regarding car manufacturers and dealers. This meant that an up-to-date map of vehicle purchases could be drawn up, as well as enabling segmentation of car buyers into archetypes with very specific needs and varying behaviors during and after purchase. The findings relating to the purchase and post-purchase process (‘customer journey’), basic needs during these individual stages, sources of inspiration, importance of individual contact points/sources of information, effectiveness of advertising, and the role of trade and success factors in relationship management should change how car manufacturers, importers and dealers act. For more information, please contact the study’s project manager directly at joerg.staudacher@wadc.ch.

handbook says so. In short, the products are the focus of all their exertions, not the customer.

The value of customer relationships is still criminally underestimated in the field

Don't get us wrong: the International Car Buyer Study has in no way concluded that the salesperson at the dealership will not continue to hold a key role in the future. But the environment has changed substantially. Many car manufacturers need to make savings. Linking the car to the Internet requires plenty of resources. Genuinely new offers are few and far between, as the last Motor Show in Geneva demonstrated. And all this has a considerable impact on the automobile trade.

The Study revealed two essential roles that car dealers must fulfill to an increased extent in the future. On one hand, the buyer needs confirmation of his or her prior decision (tailored to his needs) by a practiced Experience Manager, who understands which experiences are helpful (assisted by powerful IT systems) and which are perceived as less useful, or possibly even disruptive. The brand experience must be the focus of all actions in brick-and-mortar business.

On the other hand, both the brand and the dealership have a key interest in ensuring that the foundation for a long-term relationship with the customer can be established at the point of sale. In a field in

which after-sales service plays an ever more important role as a source of income for the dealer, where recommendations are one of the most vital elements in the purchasing decision, and in which brand loyalty stands at a worrying low 30% or so, building and nurturing relationships with drivers takes on a huge importance. Brick-and-mortar business can and must understand its role, particularly given growing competition in the field and new mobility solutions.

**For more information,
please contact**

WATC Consulting AG
Seestrasse 17/19
CH-8002 Zurich,
Switzerland
Tel +41 44 289 6000
patrick.koller@watc.ch

Author:

Patrick E. Koller
patrick.koller@watc.ch

**About WATC Consulting
AG**

WATC Consulting AG (WATC stands for 'What About The Customer') is a leading consultancy firm in the field of customer focus. Thanks to its unique approach and self-developed methods, it enables its clients from all sectors to develop customer-oriented strategies and implement these profitably. Its strengths lie in its ability to collect and analyze customer information, develop innovative business models, design differentiating customer experiences and support cultural transformation to involve increased customer focus. You can find us at www.watc.ch.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; applications of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. WATC Consulting AG would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances.

© 2015 WATC Consulting AG. All rights reserved.

Other company, product and service names may be trademarks or service marks of others.

Registered in Switzerland No. CH-020.3.028.097-3.

Designed and produced by The Creative Studio at WATC Consulting AG, Leipzig.