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# 4 WAYS YOUR DEALERSHIP CAN STAY COMPETITIVE IN 2019

As seen in AutoSuccess

In 2018, dealers were up against some major challenges and changes: employee turnover, technological advancements, vehicle subscription services and predictions of impending sales declines. As we move into 2019, it's time to face the industry's challenges head on. To stay competitive, incorporate the following initiatives into your business strategy.

## 1. Invest in Employees

Do you feel like you're constantly onboarding new employees? You're not alone. NADA data shows that employee turnover is 46 percent in dealerships. A common sink-or-swim mindset drives the turnover rate even higher in the sales department, where it's 74 percent.

The problem with your store acting like a revolving door is current employees are distracted from their jobs by frequently training new employees. In addition, it's challenging for new employees to provide a top-notch customer experience since it takes time to become familiar with a new job.

To help improve your turnover rates, invest in your employees. If they're not happy with their jobs, they're going to leave.

One way to improve employee satisfaction is to develop your onboarding process and focus on ongoing staff engagement. Help your employees develop their skills and encourage them to take advantage of any learning opportunities available to them, whether it's sales coaching or training for the technologies your dealership uses. Training is especially beneficial for salespeople. If you teach them tips and tricks to do their jobs more efficiently — such as using an electronic key control system to reserve keys for test drives ahead of time — they're able to get customers in vehicles faster and improve their earning potential.

When employees are happy and feel that you're invested in their success, they're more likely to stay at their jobs long term.

## 2. Prepare for Generation Z

Everyone is learning how to engage with millennials, and now there's a new generation coming of age: Generation Z. Consisting of people born in the mid-1990s and after, Gen Z is throwing as much as \$143 billion of their own money into the economy, according to Millennial Marketing.

A study by Autotrader and Kelley Blue Book found that, despite the prevalence of ridesharing, 92 percent of Gen Z plan to own

a car, so it's important to be prepared to sell to them. What exactly does that entail?

For one thing, it's important to keep in mind that technology is second nature to Gen Z. Having a digital strategy and online presence is critical. However, the in-store experience is just as important. A Profitect study shows that nearly half (42 percent) of Gen Z prefers brick-and-mortar stores to online shopping.

By the time Gen Z buyers step foot in your store, the majority of them will be well informed about what kind of vehicles they're shopping for. "The State of Gen Z" study by The Center for Generational Kinetics reports that, before a Gen Z buyer makes a purchase with their own money, 68 percent read three reviews and 16 percent read nine or more.

That's why it's important for your sales reps to be familiar with vehicle features (especially technology-related ones) and skilled at helping get Gen Z shoppers into the cars they want. To build trust with Gen Z buyers, consider having your sales reps explain each step of the sales process. This will help prepare them for what comes next and shows them that you genuinely want to help meet their needs.

As with buyers from other generations, providing a good customer experience is critical. Since Gen Z relies so heavily on online reviews, provide an experience worthy of a five-star rating so other Gen Z car shoppers will buy from you too.

## 3. Make Sure Your Customer Experience Aligns with Your Mission

Unfortunately, car dealers get a bad rap for being dishonest. Cox Automotive's 2018 Car Buyer Journey study revealed that 39 percent of Americans don't believe their dealership gave them the best price. Research by Autotrader found that 70 percent won't even do business with a dealership they believe is untrustworthy, even if that dealership had the exact vehicle the customer was looking for.

Do your part to protect your dealership's reputation and build trust with your customers. Start by evaluating your mission statement. Does the experience you provide match what you promise?

Let's say your dealership's mission states that you'll deliver a high-quality experience with enthusiasm. Now imagine that your sales representatives routinely greet customers in a monotone voice, don't make eye contact

and can't find the keys to the vehicles the customers are interested in — a response that's anything but high-quality and enthusiastic. If the experience doesn't match your mission, you're breaking your word to your customers.

On the other hand, if you do what you say, you'll create loyal customers who will recommend your store to their friends and family.

## 4. Don't Let Artificial Intelligence Take Over the Human Touch

Artificial intelligence (AI) is changing the way dealerships do business. For example, predictive analytics digs into customer data to help you create tailored marketing and identify new sales opportunities.

Another common form of AI is chatbots on the dealership's website to help answer basic questions (e.g., "How many Ford F-150s do you have in stock?" or "Can I schedule an oil change at 8 a.m. on Monday?"), which reduces the administrative burden.

While some tasks can be automated, however, the human element is still needed. According to data from Capgemini, 45 percent of people making high-consideration purchases prefer human-only interactions.

Prospects are often reluctant to visit the dealership, so the benefit of having them interact with a human is that the representative can use their skill of understanding the intent behind the person's request to respond to the prospect's objections — a process AI currently can't handle.

As you implement AI into your dealership, make sure it's creating opportunities for you, not detracting from the service you provide. Ensure that your employees are trained to pay attention to every detail of the customer experience, from having updated inventory information available, to having a vehicle pulled up in front of the store for a test drive, to coordinating with the make-ready staff to ensure a vehicle is ready when promised.

You'll notice a common theme in each of these strategies: people. Whether it's retaining team members longer, updating your sales strategy to reach a new generation, carrying out your store's mission or balancing AI with human interaction, your employees are the key to remaining competitive in the marketplace. Give your team the tools and training they need to succeed, and watch your dealership thrive. ○