



SPOTLIGHT
ON

THE CUSTOMER

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MUST UNDERSTAND TO PROVIDE
THE RIGHT BUYING EXPERIENCE

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A CUSTOMER-FIRST FUTURE

STEVE YOUNG, ICDP MD,
GIVES AM AN
EXCLUSIVE INSIGHT

“A satisfied customer is the best business strategy of all.”

– Michael LeBoeuf



Now more than ever customers want value!



Value from the product



Value from the service



Value from the experience



Value from the Brand

...and to be valued as the consumer.

Across a variety of industries, MLP help businesses provide that value with:



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Loyalty clubs and platforms



Surprise and delight strategies



Goodwill portals and products



WELCOME

In today's fast-paced, competitive automotive market, understanding customer habits is no longer a luxury; it's a necessity for business success.

Consumer habits – what people buy, how they buy, and when – reveal crucial insights that shape how companies can better serve their target market. By diving into these patterns, businesses can make smarter decisions, anticipate needs, and create products or services that resonate more effectively with their audience.

One of the primary reasons understanding customer habits is important is that it allows businesses to personalise the customer experience. In a world where consumers are bombarded with choices, personalisation helps brands stand out. By knowing their customers' preferences, companies can offer tailored recommendations and promotions, enhancing customer satisfaction and loyalty.

Analysing customer behaviour enables companies to spot emerging trends and pivot their strategies accordingly. Whether it's a shift towards electric vehicles or the rise of e-commerce, proactive monitoring not only helps in adapting to market demands but also in forecasting future changes.

Understanding customer habits reduces the risk of wasted marketing and showroom walk-outs. The changes of the past two decades have meant that dealer groups must allocate resources more efficiently, focusing on methods that yield better engagement and return on investment.

Understanding customers' habits gives dealers a better chance of winning new business and retaining existing motorists. It's the key to staying relevant, fostering loyalty and driving sustainable growth.



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What do consumers really want?

Alex Wright examines the trends and habits that dealers must understand to be able to provide the right buying experience.

Consumers increasingly expect a seamless car-buying journey from online to the showroom. As part of that experience, buyers want to be able to access detailed vehicle listings, virtual showrooms and online price calculators.

They also want transparency on pricing, used vehicle history and financing terms, as well as the option to use part-exchange valuations and real-time stock availability tools, and to specify, arrange finance and confirm vehicle delivery online.

Additionally, consumers are also weighing up the merits of different fuel types based on how they plan to use the car, particularly with Government's push towards net zero currently planned for 2035.

Given the proliferation of new brands, fuel types and retail models, the bottom line is that customers want to be able to use multiple sources to research and buy their next vehicle, from reading online reviews to watching videos on YouTube.

"Consumers are increasingly looking for information on affordability in terms of finance options and running costs; sustainability, particularly around low emission zone compliance; and in-car technology, including safety features, connectivity and driver assistance systems," says Philip Nothard, insight director at Cox Automotive. "They want a flexible, omnichannel retail experience that enables them to switch between online and physical interactions to explore options, compare information and test vehicles."

Bill Fennell, chief ombudsman and managing director at the Motor Ombudsman, says: "In today's online era, where so much information is available at your fingertips, it is likely that most consumers will start their search via a smartphone or computer. This will include reading reviews, using comparison tools, consulting online information guides, such as those offered by the Motor Ombudsman, and visiting the websites of retailers and vehicle manufacturers to gather information on different makes and models, prices and features.

"The next step will tend to be for consumers to go to retailers to test drive vehicles of interest and to seek one-to-one advice from sales representatives before making a final decision."

ONLINE VS SHOWROOM VISITS

The majority of consumers (around 92%) search for available stock online, comparing models, prices

and availability, according to a survey by Cox Automotive and Regit. Just less than one-in-five (18%) have bought a used car without viewing it in person, yet almost two-thirds (62%) still visit a dealership before finalising the purchase.

This shows that, while most buyers prefer to do their research online, many still want to physically view and test the vehicle before committing. And the percentage doing online research will only continue to grow as manufacturers push digital retail journeys, and consumers increasingly trust and demand that option.

"The chance to view vehicles in person and take them for a test drive, coupled with the face-to-face interaction with sales representatives to help make the right purchase decision, highlights the important role that dealerships and garages play as a physical touchpoint in the car-buying journey for the majority of consumers," says Fennell.

Charlotte Murray, commercial director at Marketing Delivery, says: "Showroom visits remain an important part of the purchase process for new and used car buyers. We recently conducted research that showed 56% of people 'disagreed' or 'strongly disagreed' with the statement: 'When I next shop for a new vehicle, I would prefer not to visit a showroom at all'.

"When we posed the same question in 2022, 58% 'disagreed' or 'strongly disagreed' with the same statement, indicating that interest in visiting a showroom has remained stable over the past two years."

Broken down, more than two-thirds (67%) of consumers visit a used car marketplace such as AutoTrader or eBay Motors when doing their research. More than half (52%) use search engines, while just less than one third engage with a manufacturer or retailer website.

BUYING LOCALLY

Even if buyers search for their new vehicle across the UK, through websites such as the Motor Ombudsman's Garage Finder, there's still a strong preference to buy locally because it's convenient and they trust their local dealer.

"They perceive benefit in accessing test drives and aftersales support, while they are also more confident in the quality of service and ability to resolve issues promptly," says Nothard. "While most larger dealer groups can manage this through their national physical footprint, smaller independents must work extra hard to attract and maintain

customer loyalty – offering national visibility combined with local customer service."

Buying locally, however, doesn't deter consumers from looking nationwide for the best deals and vehicle availability, particularly for hard-to-source models or specifications, or where there is large regional pricing variation. Despite the costs and potential logistical challenges associated with buying further afield, they are often willing to expand their search to get what they want for the right price.

"Buying a car from a local business offers consumers the added convenience of being able to visit them for test drives and to view vehicles on the forecourt in person, especially when buying a second-hand model," says Fennell.

"In addition, making a purchase from a nearby retailer allows consumers to form a more comprehensive and longer-term relationship with a business beyond the point of purchase. This is especially relevant when taking out a service plan, where the consumer will be returning to the business's premises for schedule maintenance throughout their ownership of a vehicle."

Sarah Blewett, head of research at Carwow Group, says: "Despite continuing cost of living pressures, car buyers are becoming less influenced by price and are more likely to make a purchase decision based on dealer proximity. We looked at enquiry and sales patterns during the first quarter of 2024 and identified which factors were most likely to prompt buyers to place orders with a particular dealer.

"We found that, for 70% of all new orders placed in Q1, the dealer chosen was the nearest available, while in 53% of cases, the dealer was also the best-rated option on the platform. Significantly, fewer than a third (31%) of all orders placed were for the cheapest offer available. This tells us that, even though an overwhelming majority of buyers are researching their next car online via sites like Carwow, many still prefer to transact locally and in person having carried out their online research."






MULTI-FRANCHISED OPTIONS

Some consumers also want the ease of being able to look around multi-franchised sites in order to compare different models and brands in one location, as well as prices, options and features. Those who have already made up their mind, however, are keen to focus on one brand.

"Car buyers don't always know what they're looking for in terms of make and model, but they do know what they need from a vehicle," says Blewett. "This makes them open-minded to trying new brands."

"We know that 75% of car buyers on Carwow haven't made up their minds and are open to suggestions on everything from ownership models, finance options, makes and models, and whether they buy new or used. The majority of people still want to physically see and potentially test drive a vehicle before they commit to buying it, so it's hugely beneficial if a consumer can visit a multi-franchised site and test at least two different brands and models."

Regardless of their preference, it's key for retailers to provide a seamless online and offline buying journey, enabling the buyer to evaluate their finance options, test drive a variety of 



models and discuss different specifications. “Consumers want to know they can access the same information across multiple channels, with 94% experiencing interactions with a dealer that are joined up and simple,” says Nothard. “More than 80% of car buyers prefer a mix of online and physical interactions, making it essential for retailers to be flexible and switch between channels to meet consumer demand.”

“For multi-franchised sites, there needs to be clarity on distinctive offers from different manufacturers alongside consistency and transparency in the recommendations being given.”

ACCURATE AND DETAILED INFORMATION

Customers also expect accurate and detailed information on the vehicle under consideration and a competitive price. Yet, by using multiple dealership systems and disparate information, often there are discrepancies and inaccuracies in the results.

“One area where retailers have historically struggled is with real-time data on a car’s status, for example, when a customer is online and books a test drive or even reserves a vehicle in the evening only for it to be out on test drive with another customer and potentially sold the next day,” says Andy Whitehair, Autofinity’s CEO. “Such scenarios are not uncommon and while our vehicle inventory management and marketing system does not take the deposit, ViHUB,

our integrated vehicle inventory, marketing and management platform, provides an instant notification to avoid these issues.”

Studies show that there’s also greater confidence among consumers buying internal combustion engine (ICE) vehicles versus electric vehicles (EVs). The time between their first visit to a Carwow showroom and buying an ICE vehicle is, on average, 149 days, compared with 192 days for an EV. What’s more, typical ICE buyers will configure nine different models across five brands versus 10 models over six brands for those purchasing EVs.

Consumers are also increasingly looking for trade-in values to be guaranteed online, with around two-thirds (63%) expecting to receive an accurate part-



exchange valuation online and most retailers, therefore, integrating it into their digital offering.

“When part-exchanging a car, guaranteed online trade-in values can offer the important elements of certainty and transparency for consumers,” says Fennell. “This helps to determine a budget for their next vehicle purchase and to know what funds they potentially have available to put down as a deposit, especially when taking out a finance agreement, for example.”

Blewett says: “Consumers are becoming increasingly comfortable and confident in selling cars online, whether that’s through guaranteed part-exchanges or to car-buying services. Many consumers use marketplaces like Carwow to change their cars all in one place, with the ability to sell their car and buy their next one from our network of trusted retailers. Completing more of that process online ultimately offers more convenience and choice, which many customers prefer.”

However, challenges arise when consumers fail to photograph or describe vehicle imperfections thoroughly, or when dealers are unable to get a complete picture of its service and driving history. Therefore, they require a physical vehicle appraisal before confirming the trade-in value online.

While codes of practice offer the buyer some reassurance, they aren’t always fully understood by the user, who just wants to know that the valuation they have received is fair, transparent and accurate. They also don’t expect to have to renegotiate a valuation when they have already provided information and imagery upfront, yet 84% would happily provide additional details to improve the valuation’s accuracy, according to the Cox Automotive and Regit survey.

As consumers demand more from the car-buying journey, so retailers will have to continue finding way to make the process even more streamlined.

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How to get more consumers past barriers to EV purchase

Early adopters and company car users are on board, but many private motorists need extra help from dealerships before they take the plunge. *Alex Wright* reports

Despite the high upfront costs involved, electric vehicles (EVs) are increasing in popularity.

That's evidenced by the fact that more than 52% of UK drivers are likely to choose an EV as their next car, according to research commissioned by CA Auto Finance.

What's even more promising for EV retailers is that the figure rises to 75% of those aged 18 to 24.

But, while there's clearly growing enthusiasm for EVs, the study has also identified some key hurdles to adoption among respondents, namely: battery life (55%), accessibility of charging stations (38%) and range anxiety (37%). Another stumbling block

is concerns about residual values (RVs) falling, with 75% of current EV owners hesitant about buying second-hand.

"Used EV values have plummeted with fears ongoing rapid depreciation could see the sector battling a massive decline in new EV take-up," says Andy Whitehair, Autofinity's CEO.

"Beleaguered OEMs, their dealer networks and fleets will face another battering when it comes to future RV calculations."

For those that are sceptical about EVs, incentives could be the answer, with 79% of drivers saying it could encourage them to make the switch. But that requires Government to do their bit to provide initiatives that will encourage the buyer to go electric.

HIGH SATISFACTION

Among those already using EVs, most are happy with their car, saying their next one is likely to be electric, according to research by Octopus Electric Vehicles. And those surveyed who drive petrol and diesel vehicles are tempted to switch to an EV because of cheaper running costs.

Other motivating factors for buying an EV among current users include a desire to reduce their carbon footprint (45%). They are also cheaper to run in the long term.

"All drivers, not just those already in the electric car ecosystem, are starting to wake up to the benefits of EVs," says Ben Nelmes, CEO of New AutoMotive. "As the charging infrastructure improves nationwide and dealerships begin to offer



cheaper deals on electric models, it's getting easier and easier for people to transition to cleaner transport.

"Our own analysis shows motorists with average mileage could save up to £7,000 over the next four years by choosing an EV ahead of a petrol equivalent – dependent on whether they lease or buy by PCP or buy it outright – with those savings increasing if they have a higher mileage.

"Despite news stories saying that private buyers are shunning BEVs, the number of electric cars owned by individuals (rather than companies) hit a record high last year and have continued to hit new heights this year."

Sue Robinson, National Franchised Dealers Association (NFDA) chief executive, says: "Consumer attitudes towards EVs are evolving, with growing interest across various demographics. According to NFDA's 2024 Consumer Attitude Survey, 63% of males and 61% of females cited that they would consider purchasing an electric vehicle.

"Younger motorists, particularly those aged 17-to-25, show the highest enthusiasm, with 81% open to the idea of owning an EV, compared with 45% in the 76+ age group. Regionally, London leads in EV interest, with 76% of respondents indicating they would consider an EV."

Mike Hawes, SMMT chief executive, says: "Record numbers of drivers are switching to EVs thanks to billions of investment made by manufacturers delivering a choice of more than 110 models, and almost all those who go electric never want to go back. Achieving mass market transition, however, requires action by everyone.

"Industry is promoting some compelling offers, but manufacturer discounting cannot continue indefinitely. Charging infrastructure investment must be mandated, consumers supported with purchase incentives such as a reduction on VAT on new EV purchases and a fair tax regime, and a positive narrative of the undoubted benefits of driving electric must be made by all."

OVERCOMING BARRIERS

There are several steps that dealerships and manufacturers can take to help consumers overcome the barriers to entry for EVs. These include providing credible information, promoting greater confidence in charging and making vehicles more affordable through discounted finance.

"The biggest issue is that dealership and manufacturers must provide reliable information based on fact," says Nelmes. "There's often little EV-specific expertise on the lot and, with legacy manufacturers playing down the benefits of electric, consumers are often left overwhelmed by the noise and unclear on the best electric option for them.

"Earlier this year, we launched our EV Dealer Comparison Tool – the UK's first EV-only comparison tool – to tackle the issue and provide prospective EV drivers with the clarity and confidence they need to make an informed purchase.

"We also designed the platform to address the swathes of EV misinformation. Without this, prospective EV drivers can be left confused and overwhelmed by the sheer amount of information out there.

"Range anxiety, battery replacement costs and lack of public charging are issues that are used time



ISTOCKPHOTO.COM/IA ZHIANJAKA



“INDUSTRY IS PROMOTING SOME COMPELLING OFFERS, BUT MANUFACTURER DISCOUNTING CANNOT CONTINUE INDEFINITELY

MIKE HAWES, SMMT

and again as counterpoints to EVs, but are rarely mentioned by those driving electric already.

"It's paramount that the industry provides clarity on the misinformation that is regularly associated with EVs or we risk seeing EV adoption stall."

The need for more transparent and credible information was echoed by Robinson. She says that NFDA members were at the forefront of this, offering experienced guidance and support through initiatives such as its Electric Vehicle Approved (EVA) scheme, with almost 25% of motorists surveyed indicating the EVA certification would be a major factor in deciding to choose a franchised dealer when buying an EV.

But Robinson also called for the Government to do more to help with EV adoption. To this end, she says that the NFDA was lobbying it reconsider the current Zero Emission Vehicle Mandate.

"There is also a clear need for Government-backed incentives to tackle the issue of affordability," says Robinson. "NFDA has repeatedly called on the Government to introduce price incentives to make EVs more accessible to a broader section of society.

"NFDA has been actively lobbying the Government to review the current framework of the Zero Emission Vehicle Mandate, which stipulates targets for EVs to achieve a 22% market share in 2024 and 28% in 2025. While the automotive industry is committed to the transition to zero-emission vehicles, the current high cost of EV production and a lack of affordable options for consumers is creating challenges.

"The Labour Government's anticipated reinstatement of the 2030 phase-out date for new internal combustion engine cars is another issue we have raised. While it underscores the UK's commitment to reducing emissions, it does not fully account for the readiness of consumers and the infrastructure required to support widespread EV adoption.

"NFDA is urging the Government to support the industry through targeted policies, such as price incentives, reforms to business rates and a clear roadmap for road taxation in a zero-emission future."

To address the problem of declining RVs, Whitehair says that OEMs and dealers need to use everything in their toolkit to ensure a vehicle is marketed at its optimum. That includes, he says, using a rich description gained by the drawing on the highest quality vehicle data available.

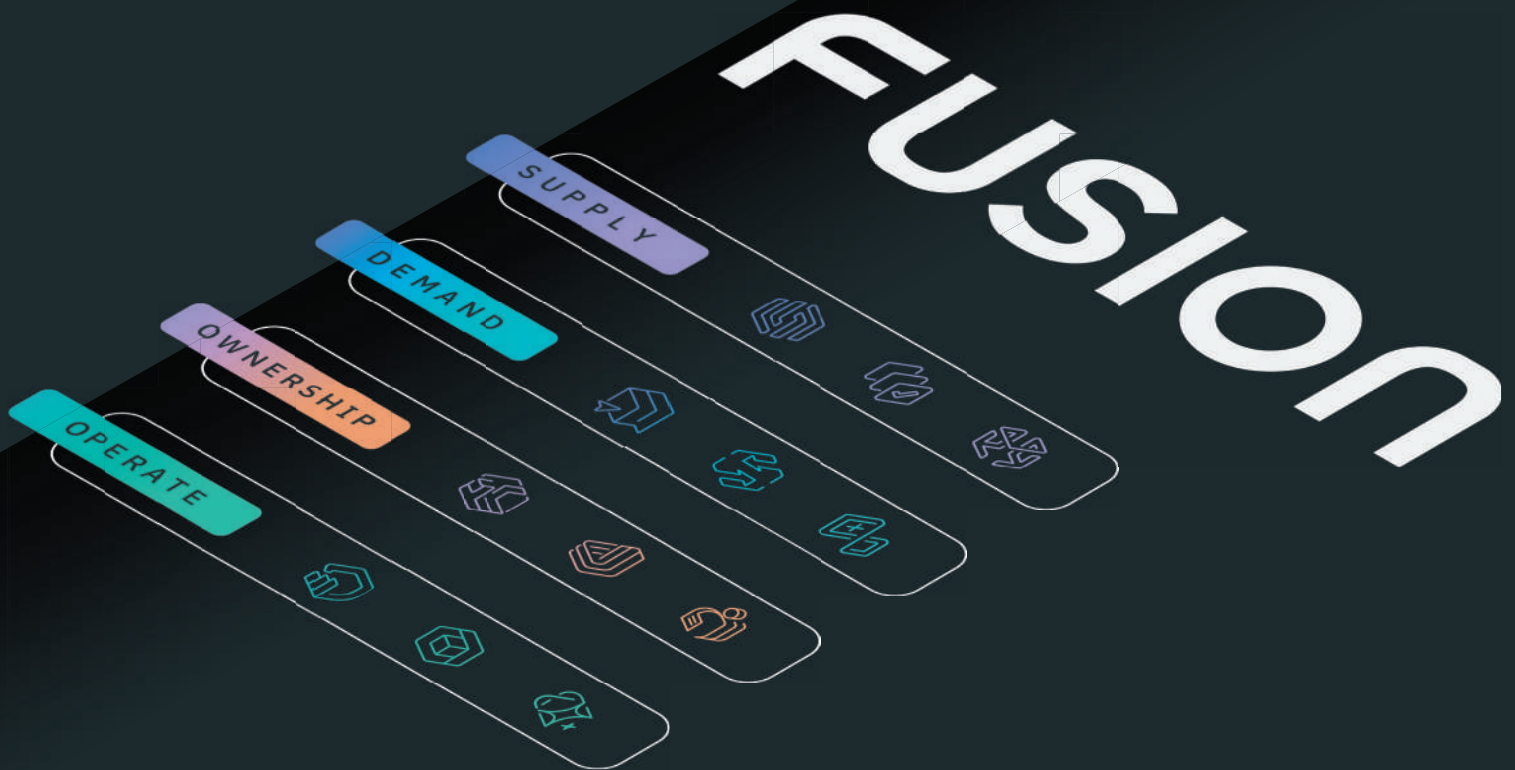
"Our research has shown that a premium vehicle valued at £55,000 but uploaded to AutoTrader utilising other data providers resulted in a 'fair' price provided by the classified site's price rating system," says Whitehair. "However, when the same vehicle, at the same price was uploaded utilising our enhanced dataset through ViHUB, it was upgraded to a 'good' price. Exponentially, that translates to thousands of pounds in vehicles' worth for dealer groups and manufacturers."



Embrace efficiency.
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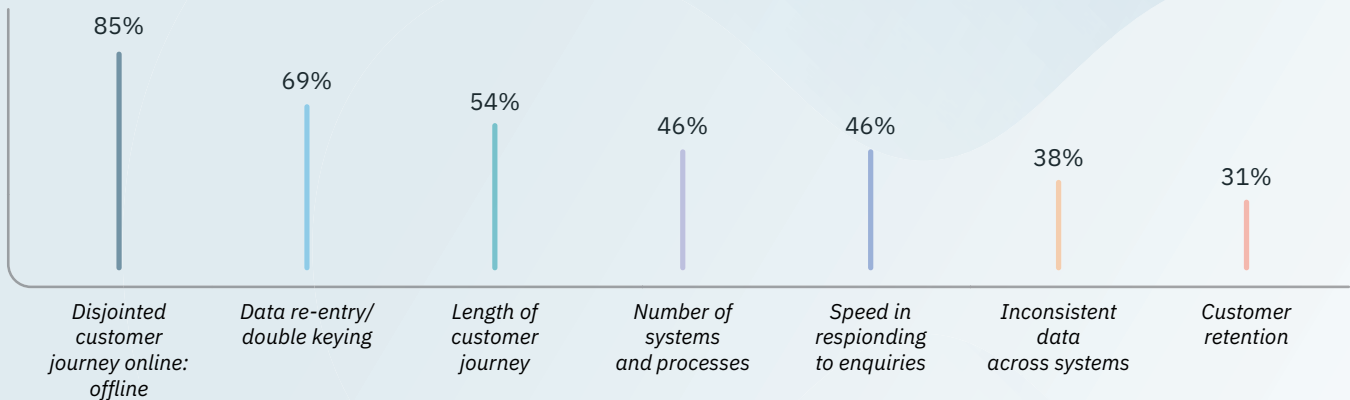
The toll of inefficiency on experience

Today's automotive retail landscape is hampered by complexity, and often that comes at the cost of customer experience. While we have billions of digital interactions to our name and have facilitated circa €5 trillion in car sales, the wider industry has been slow to

meet modern customer expectations. The disconnected nature of today's technology is a critical reason for this. Multiple point solutions have become to primary choice for retailers, making it difficult to deliver a connected experience.

94% of retailers recognise they are highly inefficient as a result of the pain points below

Retailer Inefficiency Painpoints



This has a negative impact on the customer experience:

73%

say information is unclear around vehicle features.

78%

find reviews or ads misleading.

83%

are frustrated by the inaccuracy of information.

63%

of customers are frustrated when ads aren't removed after a car is sold.

The DMS Dilemma

Decades ago, the Dealer Management System (DMS) promised to solve these inefficiencies. It combined sales, service, finance and operations in one unified system. However, over time the DMS has lost its ability to meet the demands of modern automotive retail. Data is locked down, inhibiting the ability to connect customer touch points and personalise their customer experience.

Fusion. The solution.

At Keyloop we've created the industry's first Automotive Retail Platform – Fusion. Fusion is the evolution of everything the DMS intended to be, but it's built with Experience-First in mind. It prioritises both experience and operational efficiency, delivering exceptional outcomes for customers and retailers alike.

We've structured Fusion around four critical domains:

Supply, **Demand**, **Ownership** and **Operate**. These domains encompass every aspect of the automotive retail lifecycle, from engaging customers throughout the journey, to managing inventory and operations. These domains grant better customer and vehicle visibility, and increase their lifetime value.

Experience over Function: A paradigm shift.

Many systems today focus on functionality rather than the unified experience. Retailers can get bogged down by rigid integrations that create friction for salespeople and their customers. Fusion embraces an Experience-First approach, moving away from managing transactions and towards fostering relationships.

Our goal is to empower retailers to manage an ecosystem instead of their dealership's four walls. By leveraging data, businesses can make smarter, proactive decisions, and at the same time, personalise engagements for customers at every touchpoint.

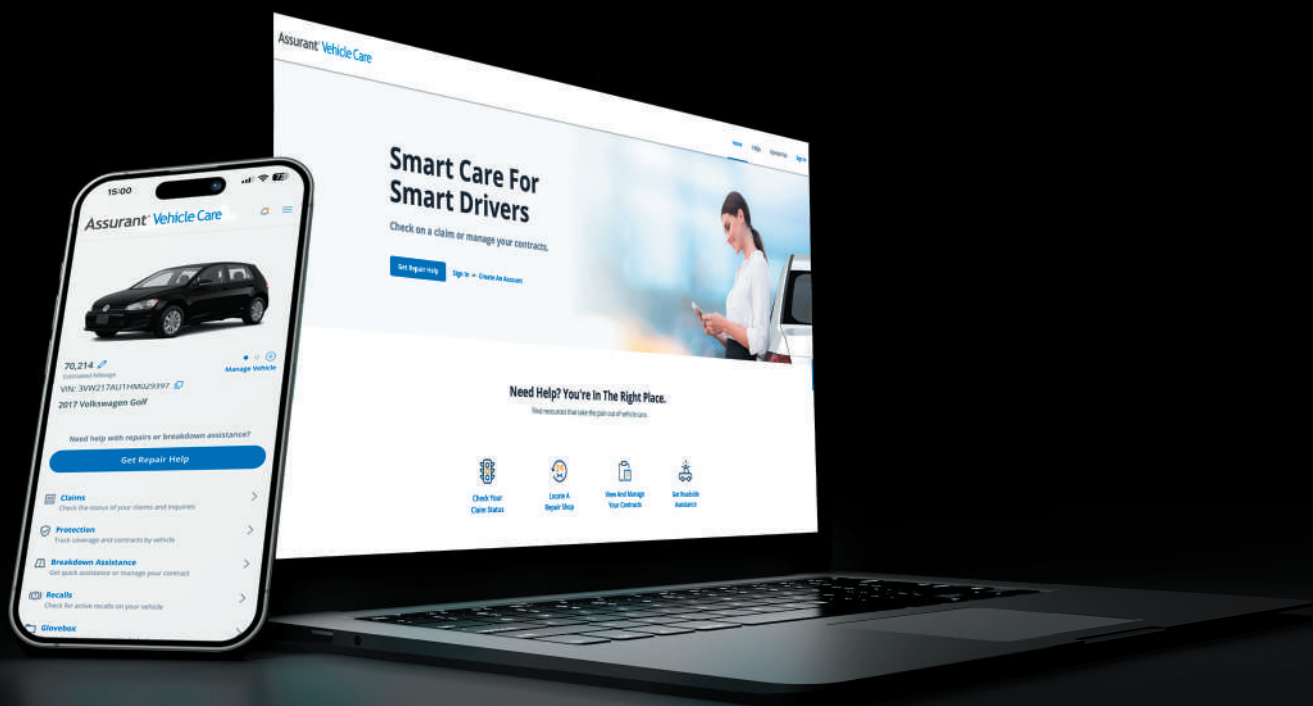
The power of personalisation.

Personalisation is key. Tailoring marketing campaigns to the right audience enhances their relevance, increasing the efficiency of your outreach. Sending timely self-service booking reminders or identifying customers primed for an electric vehicle transition streamlines the customer journey. Seamless data flow is vital for delivering this personalisation.

Fusion's domains see data flowing across every system in the lifecycle to offer this personalisation. This not only enhances the customer experience, but also increases the efficiency of their searches and interactions to build trust and lifetime value.

In short, inefficiency of operations, systems, or integrations has a devastating toll on delivering an exceptional customer experience. It hampers your agility and your ability to personalise, eroding customer satisfaction. By focusing on a single supplier and a unified platform, you can achieve optimal efficiency and ultimately deliver Experience-First, future-proofing your business for years to come.

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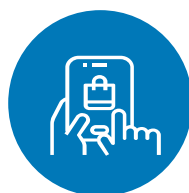
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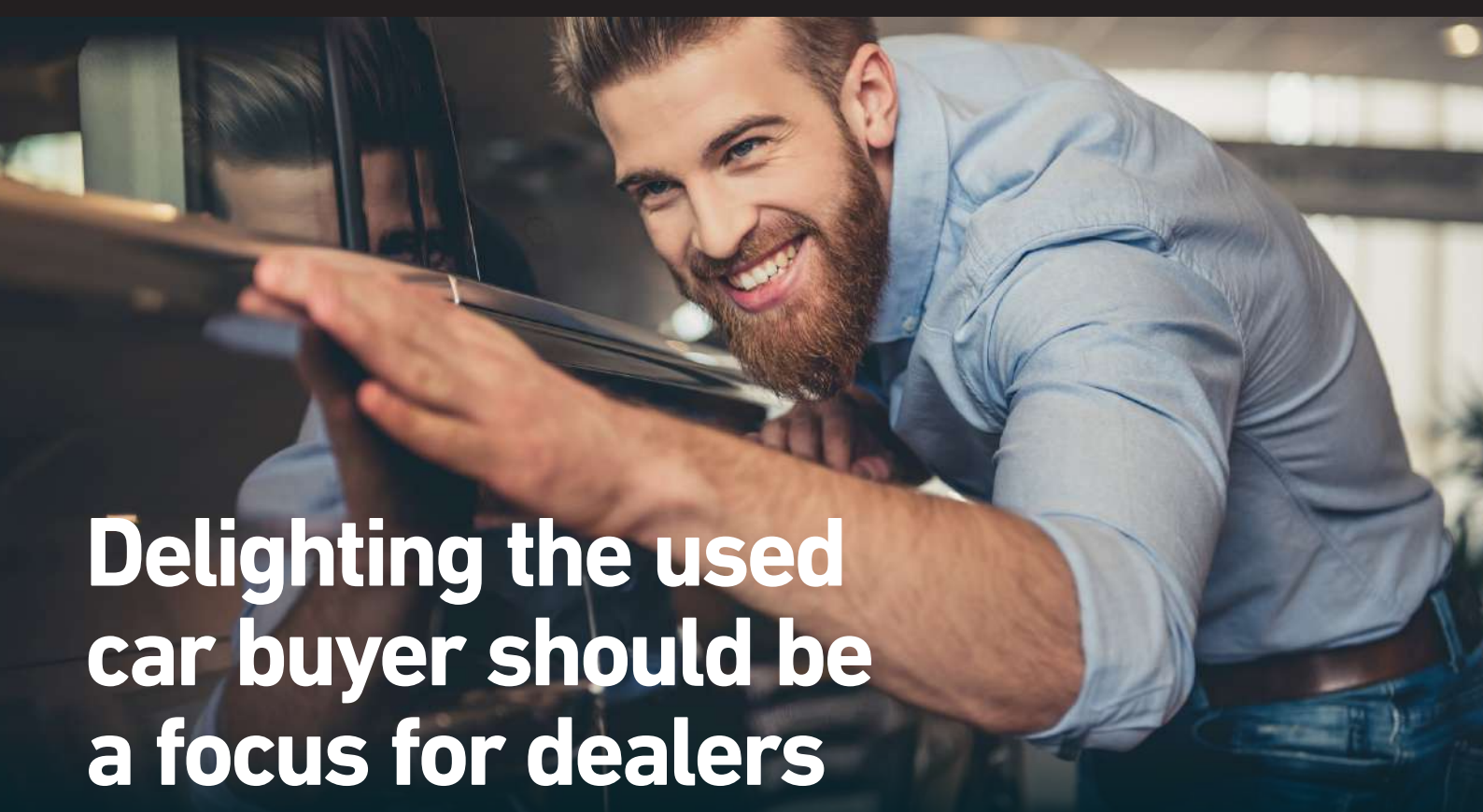
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Delighting the used car buyer should be a focus for dealers

The used car market has reached its highest point in five years. Retailers need to ensure they take their fair share by offering tailored experiences and great value. *Debbie Kirlew* reports

Projections suggest transactions are up 0.8% compared with the 2001-2019 average (Cox Automotive Insight Quarterly, Q3 2024), but the composition of the UK car parc has changed significantly in the past four years.

And according to Cox Automotive insight director Philip Nothard, by 2028, this change will be even more pronounced.

He says: "As manufacturers prioritise meeting regulatory targets over consumer demand, internal combustion engine (ICE) vehicles will largely vanish from new car showrooms before the 2035 deadline. This shift means used car retailers will face increased competition for desirable stock and will likely see reduced consumer choice and higher prices."

INFORMATION GATHERING

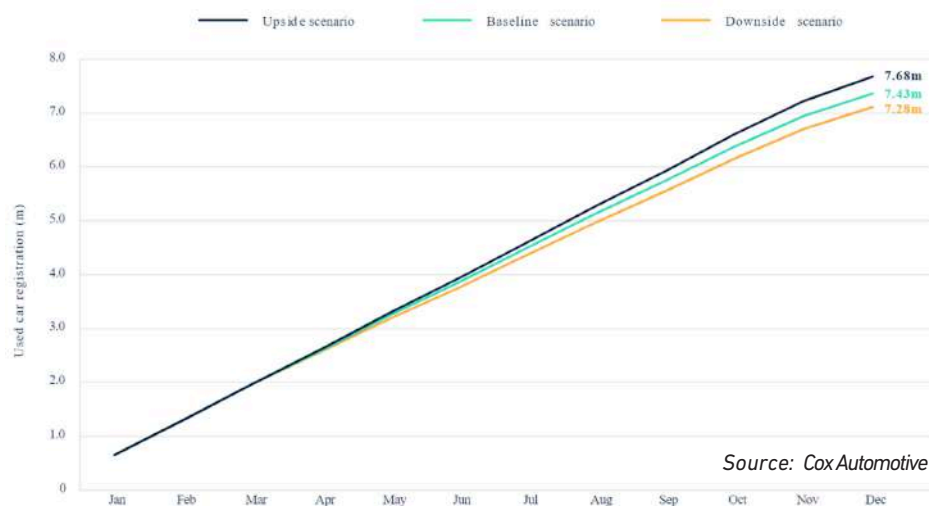
Dealers already cater for savvy used car buyers with all the information consumers need provided at the start of the research journey.

Simon Palmer, Hendy Group used vehicle operations director, says: "The research work customers do beforehand has to be backed up by a relatively seamless and uncomplicated journey when they come to visit us."

Currently, 72.55% who buy a used vehicle from Hendy Group are first-time customers. Almost two-thirds (65.42%) enquire about a specific vehicle which suggests research has narrowed their choice. More than a third (38.71%) didn't buy because the dealership didn't have the car they wanted.

Hendy converts 32.8% of customers, but it's the

USED CAR REGISTRATIONS JAN-DEC




67.2% that don't which niggles Palmer. He thinks it's most likely that the car has not met expectations, a chip on the bonnet not highlighted, for example.

He says: "We are bringing in a customer who is very well informed, they know where they are in their buying journey, what they need now is confirmation that their decision is the right one. I get frustrated when we don't sell to that customer."

The demand for more information early on is borne out by the experience of integrated platform provider Autofinity. Its ViHUB inventory and marketing plat-

form utilises data from multiple sources to create one rich data source for each vehicle.

Chief solutions officer Chris Banks says: "The more richly described a vehicle and the more consumer-friendly those descriptions, the quicker a vehicle will attract a potential buyer. We've applied years of learnings to create highly enhanced vehicle data that parks industry acronyms and moves away from the lists of spec which helps prioritise them on all classified websites. The implications for the wider vehicle inventory, stock turn and profit are huge." 

COMMUNICATION

After an enquiry, consumers expect smart communication with the right message at the right time. Marketing Delivery helps retailers manage their comms strategy with a series of one-to-four follow-ups triggered until the consumer purchases or drops out of the journey with a 70% open rate and 11% click through.

Commercial director Charlotte Murray says: "I wouldn't expect the click through rate to be huge, but that 70% open rate is evidence that customers are engaging and willing to receive those kinds of communications."

When an enquiry is marked as 'lost', Marketing Delivery attempts to reengage car buyers. From January to August 2024, 31% of those lost leads were brought back into market and 72% went on to buy, making gaining consent to maintain contact vital. In the first half of 2024, where consent had been gained and email communication was maintained, conversions were at 7% compared with customers not contacted via email who only converted at 2%.

Murray adds: "When customers do engage with one of those communications we trigger an alert to the sales team so they are re-engaging with the customer at the right time, not blindly re-dialling customers."

However, in the first half of 2022, 37.3% of respondents cited cost as the reason for not buying, but by the first half of 2024, that had increased to 44%.

ONLINE VS IN-SHOWROOM

According to Hendy, most customers do not want a purely online experience, but they expect the blend between on- and off-line to be impeccably smooth.

Palmer says: "I think we are in a period of relative stability that's been driven by two really big online retailers going out of business."

"For those of us invested in buildings, we realised we could not suddenly get rid of our premises and move to a solely online model so I think the good retailers have been proved right in their approach."

Palmer expects retailers will evolve their offerings and the ability to deliver a fully transactional element online will develop, but most car buyers will still want to test drive and are likely to require some human interaction.

He adds: "I think we have got to the point where we can offer a consumer all parts of the journey in the way they want to do it – whether that's offline or online with the blend being key."

Latest trends from Regit reflect Palmer's view that a well-thought-through online strategy that works hand-in-hand with an excellent in-store experience is essential.

Regit CEO Chris Green says: "Our data shows that 75% are influenced by a quality website, 92% expect to search available stock, and the vast majority want high-quality photos and videos; 33% say they're



happy to complete a full purchase online.

"Retailers must focus on website quality, functionality, and customer experience. Consumers want part-exchange valuations, finance options and seamless online and in-person experiences."

Nearly all (94%) expect online experiences and those with a dealer to be joined up and simple while 25% want the ability to ask questions via a live chat function before visiting the dealership.

Physical dealerships still matter, though, with 62% of buyers wanting to visit in person before making a car-buying decision.

More than two-thirds (68%) said they would be happy to pay more for a car provided it came with exceptional customer service.

Demand for high-quality images (73%) and video walkarounds (46%) is growing, reflecting a shift towards more transparent online shopping. Almost half of UK dealers (47%) report rising demand for digital services, and a similar number are either delivering or planning to implement an omnichannel strategy within the next 12 months (Cox Automotive: "Are car dealers really set up for an omnichannel future?", March 2023).

Nothard says: "Dealers that fail to meet these expectations risk losing customers to more digitally-savvy competitors. Used car buyers expect quick responses to queries and the ability to reserve stock online, and many dealers are experimenting with chatbots, automated emails and live chat functionality."

However, while close to one-in-five consumers (18%) are comfortable buying a car sight unseen, two-thirds (66%) still prefer an in-person experience.

Nothard says: "There is a significant opportunity for dealers to streamline this hybrid process, offering clear vehicle history checks, transparent pricing, digital part-exchange options, easy-to-understand warranties, and pre-approved finance to bridge the gap between digital convenience and in-person assurance."

TEST DRIVE

Despite the demand for digital interaction, the test drive remains a crucial element of the purchase which could be a dealer gamechanger, according to Regit. Green says: "In the eyes of the consumer, the test drive is arguably more important than ever especially when wanting to try an EV. Yet this isn't necessarily reflected in the experience that OEMs and dealers are offering."

"There's a distinct lack of vehicle demonstrators to test drive at UK franchised dealers, despite the switch from ICE to EV being the biggest shift in automotive living memory. Curious buyers want to touch, look, feel and test drive more than ever before!"

Dealer knowledge will be instrumental in influencing used EV buying decisions with 76% of Regit motorists saying they don't have enough information to make the switch and 96% saying information on battery health is essential.

ON THE HORIZON

Palmer has certainly seen a more cautious consumer lately than the car buyers who snapped up vehicles over 22 months of price increases. However, even though Hendy's average selling price in 2024 is 7.3% lower than it was in 2023, cars are becoming more affordable with August's interest rate cut and a further cut expected soon.

He says: "We have just done our financial outlook for next year and it's far better than this year and some of that is in increased unit sales."

Nothard is also optimistic with prices expected to rise by around 0.5% (Solera Cap HPI, September 2024), and wholesale prices on the up and vehicle age and mileage decreasing (Cox Automotive Data Dashboard, July 2024).

He says: "Personalising the customer experience through tailored offers and predictive services will become essential to stand out. There is growing demand for all-in-one packages, combining servicing, maintenance, roadside assistance, insurance, and fuelling/charging options into simple monthly payments. Consistency across online and offline pricing will be key to maintaining trust and loyalty."

Certified approved used vehicles or those with extended warranties are particularly appealing as buyers seek lower maintenance risks and reassurance on the reliability of their purchases, says Nothard. All of which play to the franchised networks' strengths.

BUYING UNSEEN IS 'NO PROBLEM' FOR A QUARTER OF USED CAR BUYERS

18%

have already bought a car without having first seen it

7%

can imagine doing this

66%

say they can't see themselves doing this

How to delight customers at the critical moments

Can customer satisfaction make a dealership successful? Absolutely. In fact, a good customer experience (CX) is the backbone of success in the automotive industry – especially now. With vehicles being major purchases and people's budgets tighter than ever due to the cost-of-living crisis, buyers are doing more research before spending their hard-earned money on something as long-term and significant as a car.

Supporting the car buyer in their journey

Today's car-buying journey is anything but straightforward. The market is more diverse than ever, with a wider range of options, especially with the growing popularity of electric vehicles (EVs). Combine that with a rapidly evolving digital landscape – think advanced artificial intelligence (AI) in search engines and hyper-competitive online promotions – and it's clear dealerships need to stay ahead of the curve.

For dealerships to thrive, they need to understand and support buyers at every step of the journey. It's about being present and responsive across multiple touchpoints – both online and offline. Whether buyers are reading online reviews, watching product videos, or browsing social media, the dealership's role is to make the process as seamless as possible, empowering buyers to make decisions in ways that suit their preferences.

Take the first-time EV buyer, for example. They might be grappling with concerns about financing or charging options. Dealerships that can anticipate



these barriers and offer clear, credible information will stand out.

Engaging with customers in real time, whether by sharing other buyers' experiences or providing stock updates, can make a world of difference.

It's about delighting customers at those critical moments, ensuring they feel informed and confident in their decisions.

Used car buyers are no exception when it comes to wanting a smooth, hassle-free experience. To truly delight these customers, dealerships must ensure the process is as transparent and straightforward as possible.

Providing up-to-date stock information, being responsive to queries, and even offering personalised recommendations based on customer preferences are key ways to stand out in a crowded marketplace. It's not just about making a sale – it's about building trust for future purchases.

And customer experience doesn't end once the keys are handed over.

Aftersales services are critical to maintaining customer satisfaction and loyalty. Top brands drive insights at every stage of the aftersales customer's research. Knowing what will set them apart from the competition by understanding what buyers want – whether it's minimising booking lead times, offering convenient collection or

loan cars, or providing flexible payment solutions. The goal is to make aftersales services not just a necessity, but a value-add that keeps customers coming back.

Is a customer-first future possible?

In an industry with as much competition and change as automotive retail, a customer-first approach isn't just possible – it's essential. Leading dealerships already embrace customer feedback, using insights from online reviews and direct interactions to shape their services and improve their offerings in real time.

Consumers know what they want, and expect the sales process to happen on their terms. Dealers that prioritise this will win trust and loyalty in the long run.

Betting on brand loyalty isn't enough. Historically, the automotive industry relied heavily on brand loyalty, but that's changing fast – especially with the rise of EVs. The competition is fiercer than ever, with international brands, particularly from China, making significant inroads into the European market.

As costs continue to rise, buyers are increasingly willing to switch brands if it means better value, improved efficiency, or simply a better experience. Dealerships can no longer rely on brand loyalty alone – they must focus on delivering outstanding customer experiences to retain and attract buyers.



Steps to serve the aftersales customer better

Valuable interactions are vital as dealerships will be fishing in a diminishing pool in the future. *Debbie Kirlew* reports

A diminishing 0-3-year vehicle parc, the proliferation of less complicated electric vehicles (EVs) and motorists keeping their vehicles longer continue to impact the franchised sector's workshops.

While the sector now performs better for both younger vehicles (0-4 years) and vehicles aged 5-9, compared with a decade ago, according to Quentin Le Hetet, country director at aftermarket intelligence business GiPA UK, the opportunity for retention is reduced as a direct result of fewer vehicles in the car parc.

Car parc age distribution over 10 years

Age of car parc	2014	2019	2024
>1-4	37%	37%	26%
5-9	37%	28%	35%
10+	26%	34%	39%

(source: GiPA)

He says: "Real gains can be made in vehicles aged 10+ but this is a tricky segment to target because owners are price-sensitive and not so easily swayed by the prospect of OEM parts or trained technicians working on their vehicles.

"0-4 will become the sweet spot for franchised dealers, but they need to excel here and be at the very top of their game."

The used car market could prove lucrative for aftersales while dealers should also improve service plan sales. GiPA's survey of 3,000 motorists published in May found that among drivers without a service plan, 11% would be interested in one. This rises to 23% among franchised customers.

Meanwhile, only 20% of customers are offered a courtesy car or collection and delivery yet around 30%-35% of customers would like that level of service.

The experience of Pete Walker, Hendy Group director of bodyshop and service, is different. One brand covered the cost of courtesy vehicles as a pilot yet the group struggled to achieve the five-a-day target.



Using customer feedback to drive strategy, Hendy Group has received more than 87,000 customer comments in the past 12 months which reveal that it's the interaction with the service advisor which is among the most valued part of the aftersales experience.

As take-up of less complicated EVs increases and with more flexibility for consumers in their working life, Hendy expects to undertake more while-you-wait services with reduced content.

Walker says: "Many independents don't want to service EVs because it is so specialist and many (independents) will disappear as more EVs come onto the roads. We expect the content of the service will reduce and retention will increase."

This will put infrastructure under pressure in terms of technician numbers and valeters – Hendy envisages 60% more visits with less content.

Communication is key for Hendy with the video of their vehicle direct from the technician crucial for building trust. Its online booking system links directly with workshop diaries so customers know that the slot they have booked is secured.

Around 15% of customers use its online booking tool which the group would like to boost further. The group also offers 0% finance to cover repair bills, but less than 1% of customers take advantage.

At the point of sale and post-sale, AutoProtect identifies opportunities to offer services such as extended warranties, paint protection, tyre and glass repair, home charging infrastructure and more.

Mike Edwards, chief sales and marketing officer, says: "Sustaining aftersales will require reimagining the traditional operating model by looking again at existing, underutilised products and services, creating new, and challenging established practices.

"We can see real opportunities to promote





'in-journey' services by leveraging customer data with the inherent face-to-face trusted personal service experience that a franchised dealer provides."

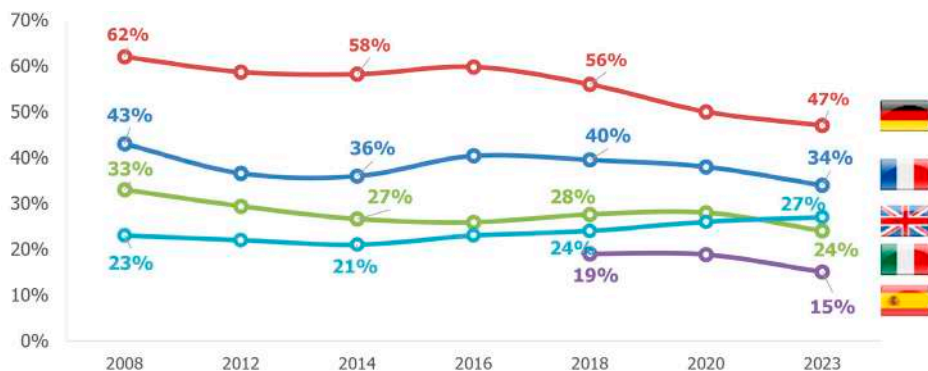
UK dealers can be optimistic though as the franchised sector has held onto market share unlike many other major European markets. Measured in terms of number of repair and maintenance operations, the UK has gradually increased share to 27% in 2023 (see alongside), the ICDP reports.

Managing director Steve Young says: "Reasons behind this, in our view, are the generally more professional management of UK dealer groups who have done a better job of addressing older cars and gearing up to compete on tyres for example (aided by the much more efficient wholesale tyre distribution system in the UK)."

Efficiency will always appeal and Tjekvik's digital check-in and check-out solutions have seen rapid adoption by UK dealers helping alleviate aftersales queues with 55% checking-in their vehicles from home and 26% of these continuing their digital journey using Tjekvik's dealer-based check-in.

JCB Crawley pre-calls customers the day before

MARKET SHARE OF THE OEM CHANNEL, IN NUMBER OF R&M OPERATIONS 2008-2023



their booking to encourage home check-in which has contributed to a 10%-15% increase with as many as 80%-85% of customers checking-in from home on occasions. Tjekvik has also launched its outdoor kiosk for check-in and check-out, 24 hours a day, seven days a week.

Customers are presented with additional

products and services during the digital process, such as season-specific offers, air conditioning checks, service plans and extended warranty packages tapping into 72% of customers who want to know about relevant add-on products and services (Tjekvik's survey of 1,000 UK franchised customers).



In the first half of 2024, customers globally interacting with Tjekvik technology bought more than 141,000 value-added items, generating £7 million-plus in additional revenue.

Utilising the SecretService platform has enabled dealer groups including Marshall Motor Group, Hartwell, Eden, Pendragon, Vertu and Waylands to compete on a like-for-like basis with the independent sector when targeting older vehicles.

Head of SecretService Paul Jordan says: "We attract motorists who have fallen out of the franchised network as their vehicle has aged, they were used car customers or they were shopping around."

Custom via SecretService results in, on average, 13% higher on final invoice values than workshops would normally achieve from regular customers as vehicles are older, with the current sweet spot being vehicles registered in 2018.

Of new customers driven in from the 4-to-10-year-old vehicle parc, 35.22% were 4-6 years old, 35.02% were 7-9 years old and 10-year plus vehicles represented 29.76%.

Attracting customers who purchased older vehicles not originally from the dealership is where SecretService excels – 92% of bookings are customers not seen by the dealership before.

Jordan says: "Franchised dealers often think that it is excessively expensive to win conquest business and focus on lapsed customers, but they are fishing in a diminishing pool. We have proved that it is possible to attract conquest customers cost-effectively."



“MANY INDEPENDENTS DON'T WANT TO SERVICE EVs BECAUSE IT IS SO SPECIALIST AND MANY (INDEPENDENTS) WILL DISAPPEAR AS MORE EVs COME ONTO THE ROADS

PETE WALKER, HENDY GROUP



One of the biggest challenges facing the sector is its workforce. Vehicle technicians, mechanics, and electricians make up 14.9% of the total automotive workforce, according to the Institute of the Motor Industry (IMI). But 20.3% are aged 55+ who may soon need replacement.

Over the past decade, jobs in maintenance and repair have grown by 16% and the sector has the highest vacancy rate in the UK, at 3.8% as of July 2024, which translates to 21,000 vacancies compared with the national average vacancy rate of 2.7%. Vacancy rates for roles such as vehicle technicians, mechanics and electricians made up 51% of job openings in July 2024 (IMI Vacancy Rate Tracker). Consequently, advertised salaries for technicians has increased by 9% over the past two years, but wage hikes alone may not be enough to overcome the skills gap.

The IMI predicts that by 2035, the sector will need 150,000 EV-certified technicians to meet demand indicating a potential skills gap of 20,500 technicians.

ADAS-certified technicians, represent just 2% of the UK technician workforce yet 13% of UK cars already feature some Level 2 autonomy, and projections show this will rise to 50% by 2032.

The demand for ADAS skills is expected to soar with 156,000 ADAS-trained technicians needed by 2032 (IMI Automotive Education Report Edition 11).

The IMI predicts these challenges will translate into longer wait times, higher costs, reduced access to specialised technicians, and potential declines in service quality, particularly for owners of advanced vehicles such as EVs and those equipped with ADAS which the sector will need to address urgently.



JudgeService: Helping Dealers Deliver an Exceptional Car Buying Experience

Understanding and meeting customer expectations is essential. Here are some insights to help dealerships enhance the car buying journey and address key industry challenges.

Understanding Car Buyer Expectations

Our research reveals that sales executives' attitudes are the most important factor for prospective car buyers. A 5% improvement in salesperson attitude can increase promoter scores by 18% and help sell cars five days faster.

To make the journey easier for customers, dealers should focus on:

- Clear communication and explanation of paperwork
- Maintaining high mechanical prep of vehicles
- A thorough valet
- Providing contact after-delivery

Overcoming EV Barriers

As the government pushes for widespread EV adoption, we can help dealers address common concerns. Our 2024 State of the Nation survey reveals how dealers can be pivotal in providing consumers with information about EVs:

- Customer feedback says dealers can be key influencers in buyer choice.
- We have seen an improvement in confidence in the charging infrastructure. However, 95% of EV buyers say they can charge at home, so having an installation partner should assist uptake.
- Affordability: We can help dealers make EVs more accessible by gathering data on customer experiences with EV financing options.

Delighting Used Car Buyers

To excel in the used car market, dealers should:

- Ensure transparent vehicle history and condition reports
- Offer competitive pricing and flexible financing options

- Offer service plans and follow up customers after delivery
- Maintain high standards of vehicle preparation and presentation

Our customer feedback can help you identify areas for improvement and highlight successful practices in these areas.

Enhancing Aftersales Service

JudgeService data can guide dealers in optimising their aftersales experience by tracking performance on:

- Booking lead times
- On time completion of work
- Communication of upsales
- Courtesy services
- Overall satisfaction

By analysing customer feedback, you can identify pain points and implement targeted improvements in these areas.

Achieving a Customer-First Future

A customer-first (and colleague first!) approach is essential. We can play a crucial role in your transformation by:

- Providing actionable insights based on real customer experiences
- Helping dealers identify and address areas for improvement
- Enabling transparent, trust-building communication between dealers and customers
- Fostering a culture of continuous improvement in customer service

Our research shows that 97% of survey respondents use the internet for vehicle research, with 83% expecting to find customer reviews. This underscores the importance of maintaining a strong online

reputation through positive customer experiences and reviews.

Leveraging our insights and tools enables you to create a customer-centric approach that drives satisfaction, loyalty and business growth. Our ability to gather and analyse customer feedback enables you to make data-driven decisions and implement targeted improvements.



In conclusion, we empower dealerships to meet and exceed customer expectations throughout the car ownership experience. Dealers can thrive in an increasingly competitive and evolving automotive landscape by focusing on personalised service, addressing EV concerns, enhancing used car experiences, improving aftersales support and embracing a customer-first mentality.

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Can we really deliver a customer-first future?

Steve Young, managing director of international automotive retail strategy organisation ICDP, writes an exclusive article for *Automotive Management*

It is hard to find a strategy statement from either a carmaker or dealer group which does not refer somewhere to being customer-focused and wanting to put the customer first.

In reality, there must always be some compromise, given that businesses also need to look after other stakeholders including their investors and employees. We can always match expectations on price or be entirely open to demand for extended opening hours, but will such measures result in the business losing money or staff leaving in search of a better work-life balance?

In many cases, however, I get the impression that stated ambitions to be customer-centric are more about window dressing than they are about a true conviction of how to run the business. For example, when manufacturers talk about becoming closer to customers, what they generally mean is having better data that allows them to operate the business more efficiently.

I'm not suggesting that is a bad thing, in fact, quite the opposite. But it is not what most people would infer from the word 'closer'. I think the same is generally true of dealer businesses, outside of the owner-operators whose survival depends on a high level of trust and customer loyalty, often based on truly being part of the local community.

Influential

So what are the areas that dealer groups can focus on to put the customer first in a way which is also consistent with meeting other stakeholder needs? ICDP research has consistently shown that the most influential factors on a car purchase are all related to people rather than facilities, and are more important than the range of cars displayed or available for test drive.

Potential buyers seek knowledgeable staff who can answer the questions they have, are responsive to any contacts made and, as far as possible, are consistent through the whole purchase process.

On the aftersales side the three critical factors are convenience, trust and value. As long as a repairer continues to deliver in these three areas, customer loyalty will remain high.

Despite the fact that there is a broad understanding of the importance of the quality of staff to the customer experience, it has proven to be a challenge to translate this into the real world in a consistent way.

Introducing better recruitment processes or



Steve Young heads the ICDP retail strategy organisation

providing more training at the front end, or keeping up customer surveys at the back end, do not appear to have created a real transformation.

I believe that this is because the issues are more about culture and attitude than they are about checking boxes to ensure that some idealised sales process has been followed.

While it might sound naïve, I do believe that if a salesperson genuinely sets out to understand and satisfy the customer, then the sale will follow, as opposed to focusing on the sale as the outcome at the expense of truly listening to the customer.

There are clearly constraints that must be recognised, not least ensuring that all F&I-related processes are compliant. But I still believe, based in part on anecdotes from senior dealer group executives, that we need a transformation in ingrained behaviours in showrooms before we can truly claim to be customer-focused.

In the aftersales area, too often customers are left with the impression that the aftersales department is run primarily to satisfy internal objectives rather than to meet customer needs.

The industry as a whole clearly has a major issue in recruiting and retaining qualified staff and that does act as a constraint. However, lead times are generally too long in both the franchised and independent sector, and there seems to be as much focus on ensuring that the CRM system is up to date as opposed to answering the customers' questions.

Logjams at peak hours to drop off or collect cars are still a source a frustration. Out of hours drop-

off kiosks are becoming more common, but there is still a reluctance to promote collect and deliver or offer mobile servicing, both on the basis of cost and inefficiency.

Once the car is with the dealer, performance is generally better. UK dealers, generally, make much wider use of video to explain work completed or additional work required, and do a better job of competing on tyre replacement than their counterparts in other markets.

Special deals on labour and parts for older cars and the use of products such as Bumper to help customers spread the cost of repairs all help in terms of perceived value.

Compromise

Dealers know what is required to follow a customer-first policy, but then compromise the ability to offer that through a conscious decision to optimise short-term cost rather than customer service quality.

Particularly in the tough times that dealers currently face cost cannot be ignored, but the question is whether a customer-first strategy will actually deliver benefits over time that justify the incremental costs incurred now?

Is a customer more likely to return for another purchase or recommend your dealership to others if they have had a great experience rather than an adequate one?

Does that incremental profit downstream cover the cost today of being customer-first?

Automotive management LIVE

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