

Prepare now for the changes ahead

Five questions every dealer should be asking themselves today about the sales of tomorrow

What expectations will the iGeneration have when buying a car and is this something automotive retailers should be planning for now?

The iGeneration is a new breed of consumer. They are digital natives, always with a phone in their hands. They are driven by a need for ethical and environmental best practice, authenticity and transparency. They are looking to an uncertain future so it is no surprise that their lifestyle choices are informed by new motivations – and purchasing a vehicle will be no different. Automotive retailers need to find innovative ways to reach these consumers.

With the growing demand for 24/7 connectivity, the challenge for dealers is to offer an 'always on' service. Since the iGeneration is the most mobile of all, this is not going to go away; with 90% of multiple device owners reported to switch between screens to complete tasks, using an average of three combinations each day. These consumers expect to interact with retailers online and in person, seamlessly transitioning between the two, expecting the retailer to know what the last touchpoint was and when it was made. Dealers need to master this now, to develop a robust online workflow to complement the offline one, or they are in danger of losing business.

How will the move away from combustion engine vehicles to alternative methods of transport impact a retailer?

By 2035 electric vehicles (EVs) will be dominant. As the Committee on Climate Change has stated, this is the date by which all new cars and vans should be electric. Mobility as a Service (MaaS) will also be prevalent across most major cities, whose ultra low emission zones (ULEZs) will be commonplace, driving old-school internal combustion engines (ICEs) out of urban centres. As the world comes to grips with its environmental responsibilities, cities are taking significant measures to clean up their air and reduce congestion, with combustion engines at the heart of

these measures, automotive retailers need to start planning.

We are seeing governments incentivising ownership of EVs and this, combined with an increase in popularity as the cars become more affordable, means we expect to see the market reach a million by 2025.

This will impact dealers from a sales and servicing perspective.

Showrooms will need to display new EVs and retailers will need enhanced product knowledge as they introduce their clients to new vehicle types, keeping them coming back for health checks and aftercare – which will become much easier to fulfil as ICEs start to disappear.

How will cleaner and more efficient vehicles change the way retailers look after cars and customers when sales have been completed?

The rise in EVs and the shift in power away from combustion engines will change the scope of aftersales servicing. Battery upkeep and charging is going to become the crucial demand of owners moving forward. Dealers need to prepare themselves for this.

In addition, with the emergence of self-diagnostic systems and technology facilitating automatic interventions,

services in the future may be able to take place when needed rather than as scheduled.

This risks putting dealers at an ever-greater arm's length from the owner. With half of drivers already reluctant to go a workshop or dealer service location (74% are willing to pay for invisible services), this is an issue that needs addressing sooner rather than later.

The right CRM system allows dealers to keep track of servicing due dates, stock checks and keep in touch with customers which will be invaluable in times of changing vehicle types. Dealers may also expand their services and offer charging facilities and battery replacements, which means adapting their business models to suit the customer.

How will the change in ownership models affect traditional dealer relationships with their customers?

As more car subscription services come into play, with market pioneers such as Zipcar and Drivy leading the charge, and MaaS becomes a reality in cities across the globe, dealers need to consider how to capitalise on these emerging trends.

The global car-sharing market is expected to increase to 36 million by 2025. There will naturally be a higher demand in urban areas where car ownership may be an expensive inconvenience. There is, however, space for car subscription to meet consumer demands in both rural and urban environments, as we become increasingly used to the concept of using a type and model of car that matches our need or mood.

Retailers need to start thinking now about how they might diversify to meet emerging ownership demands: customer service will still be crucial as 'owners' check vehicles in and out; forecourts might offer different vehicle brands tailored to customer demand; development of apps could facilitate shared services; and what will happen to aftercare – who will be in charge of the long-term health of a vehicle?

New skills will be required, whether they be customer care and servicing or fleet

THE RISE IN EVs AND THE SHIFT IN POWER AWAY FROM COMBUSTION ENGINES WILL CHANGE THE SCOPE OF AFTERSALES SERVICING. BATTERY UPKEEP AND CHARGING IS GOING TO BECOME THE CRUCIAL DEMAND

STUART MILES, UK & IRELAND
MANAGING DIRECTOR

management, and these skills may well be integrated across several branches of a dealership group. Whatever happens, retailers need to be prepared to consider a move into professional vehicle management and servicing.

How will the rise of autonomous vehicles impact automotive retailers?

Up to 15% of new cars sold in 2030 could be fully autonomous. Google and Uber are reported to be working on self-driving cars and as more businesses are investing in the industry, a greater sense of creativity is injected across the sector, giving the next generation more transport options.

As with all change, retailers need to understand how autonomous vehicles will shape their business as the focus changes from customer service to vehicle servicing. What will happen to the test drive? How will new technology affect servicing? Those retailers who can implement best practice, processes and tools that can manage these changes now, are the ones who will continue to thrive as the market develops throughout the next 10 years.



COMPANY PROFILE

Key products and services:

Providing automotive solutions to dealers in more than 100 countries

Key staff: Stuart Miles, UK and Ireland Managing Director

Founded: 1972

Based: Hungerford, Berkshire, UK

Visit: www.cdkglobal.com/en-gb

Email: www.cdkglobal.com/en-gb/contact-us

Telephone: 01488 662662

CDKGlobal