



Delivering the Vehicle... and an Improved Customer Experience

Jon Strawsburg
Vice President, Product Planning



Delivering the Vehicle... and an Improved Customer Experience

“Ideally, the entire experience of car shopping – from search, to research, to peer polling, to test drive, to purchase – should be just that: an experience.”

– The Key to Driving Gen Y¹

While that comment was originally meant to address the type of car shopping experience Generation Y expects, shouldn't car buying be a better experience for every generation and every individual buying a car? Shouldn't every car shopper be able to say, “Wow, what a great experience at the dealership...” rather than, “Wow, what a hassle that was at the dealership...”?

A decade ago, consumers would have swallowed hard and accepted an unpleasant dealership experience. “That's just the way it is to buy a car,” was the conventional wisdom. Today, consumers no longer want – and increasingly will no longer accept – the experience of buying and servicing a car the way it has been done in the past.

The New Consumer and New Retail Landscape

While much of the media's attention has been focused on the emerging buying power and shopping expectations of Gen Y, **today's car buyers – regardless of generation – are considerably different than those of 10 years ago.**

What's different?

First, the car buyer today is much **more connected to information sources electronically**. Nearly eight of 10 consumers use the Web to research a vehicle online.² And, with smartphone shipments now outpacing feature phone shipments, those same consumers are more and more likely to be doing so from a mobile phone.³ Add to that the proliferation of social networking sites – where it's estimated 30,000 online automobile purchase discussions are occurring in the U.S. every day – and it becomes apparent dealers will face increasing pressure to satisfy consumers' hunger for instant information during every encounter with the dealership.⁴

Regardless of generation, today's car buyers are considerably different than those of 10 years ago.

Delivering the Vehicle... and an Improved Customer Experience

Second, as consumers increasingly have turned to shopping online, they have grown **accustomed to greater transparency in price and service**. For nearly every type of product, consumers can compare products and prices quickly and simply online. If consumers want more information about a product, it's there at the click of a mouse. That same desire for retail transparency is another expectation consumers are bringing to the car-buying experience.

Third, as an outcome of being more empowered by faster access to more information, all consumers, including car buyers, are **more discerning** about which stores they shop and from which stores to make a final purchase. Online car shoppers tend to cast a wider net in researching vehicle brands and dealerships on the Internet than traditional car shoppers.⁵ However, online car shoppers also tend to *visit* fewer dealerships, an average of just under two stores, once they've selected a vehicle to buy.⁶

Finally, consumers have **greater expectations for their in-store experience** to mirror their online experience not only in terms of ease of use and transparency, but also in the consistency of the information. In other words, car buyers often form their perception of a dealership's overall credibility based on whether the dealership's employees are providing information consistent with the information gathered over the Web or from other sources.

At the same time the consumer has evolved and changed, **the automotive industry also has undergone a transformation.**

Though the industry took a beating during the recession, it has bounced back in ways that have defied most forecasters. But that return wasn't without pain. The industry lost some 4,000 dealerships through the recession. Vehicle sales dipped at one point to a 27-year low. Plus, brands that were iconic and a familiar part of the American landscape are no more.

This means fewer dealerships to serve a growing – and changing – consumer population.

One other significant effect of the recession is the heightened scrutiny and regulations targeted at remedying the presumed causes of the economic downturn. According to the National Automobile Dealers Association (NADA), dealers today must comply with more than 85 different federal regulations that impact their operations across the board. Plus, each state has regulations dealers also must follow. Overall, the added regulatory scrutiny puts more demands on dealers to effectively manage every aspect of their business in order to reduce risk and maintain compliance.

Car buyers often form their perception of a dealership's overall credibility based on whether the dealership's employees are providing information consistent with the information gathered over the Web or from other sources.

Delivering the Vehicle... and an Improved Customer Experience

Now, as the recovery continues, the industry is primed for a potential backlog of vehicle sales and service visits that will work its way through dealerships. As demand turns into sales, dealers will be challenged to respond to greater pressures for better productivity and operating efficiency. They will be challenged to keep pace with new regulatory requirements. And, they will be challenged to effectively balance higher throughput with changing consumer expectations.

Bringing the New World Into the F&I Office

Today, many dealers already are embracing the changing expectations of consumers and the new landscape of automotive retailing – and with much success.

In some cases, dealers are changing how they operate in order to change consumer perceptions. Take no hassle pricing, for example.

Other dealerships are making good use of technology to help drive operational excellence and meet changing consumer expectations, especially in sales and service.

Plus, now there are **new tools emerging to improve one of the most complex operations in the dealership: the F&I office.**

A number of these tools help address the industry challenges dealers are facing. Dealer service providers are delivering solutions to improve how deals are processed and recorded electronically. Others are offering technologies to improve the effectiveness of the F&I manager.

These new tools are helping make the dealer's operation and employees more effective and efficient. They're also helping to advance the debate between paper and electronic tools in F&I.

What most miss, however, is helping dealers more effectively meet the challenges of changing consumer expectations. **That's the next frontier in advancing F&I operations: to improve the overall car-buying experience for the consumer.**

That improved car-buying experience should not be confused with “warm and fuzzy” or some other external trappings. After all, this is still a critical business transaction and one with legal implications.

What it does mean is recognizing **today's consumers want their experience of buying a car to match the norms established by other retail transactions.** And, that desire requires automotive retailers to demonstrate a professional, straightforward, and efficient car-buying experience from start to finish. Every step of the car-buying process – from searching for a car online, to the test drive, to the closing in F&I, to

New tools are emerging to improve one of the most complex operations in the dealership: the F&I office.

The next frontier in advancing F&I operations: to improve the overall car-buying experience for the consumer.

Delivering the Vehicle... and an Improved Customer Experience

vehicle delivery – should uphold consumer expectations and successively build on the success of each previous step to ultimately arrive at a satisfying conclusion.

Among the consumer expectations dealers should look to fulfill in F&I are:

Accuracy

Consumers are familiar with how technology is used every day to automate processes and make them more accurate – from simple spell check software to the advanced use of robotics in surgery. Moreover, as computerization has become more accepted, consumers also have adopted more of a trusting attitude toward technology, with confidence diminishing only when errors occur.

The consumer expectation for accuracy also extends to processes in F&I. This includes everything from the buyer's personal information spelled correctly to vehicle pricing and financing terms matching what was discussed earlier with the salesperson. When everything presented to the buyer is accurate, there is less worry about what else may be wrong with the deal and trust can be built.

Transparency

Across the board, the exchange of information between retailers and consumers is becoming faster and more transparent. Yet, the current F&I process inherently puts up an invisible wall between the F&I manager and the buyer, symbolized most by the consumer staring at the back of the F&I manager's computer monitor during the closing. The F&I manager has almost total control over what elements of the deal the buyer will see on screen and in print. By changing F&I processes to more clearly present information to buyers, dealers will more effectively meet consumers' desire for greater transparency.

Flexibility

Most retail stores use computerized point-of-sale systems to manage the checkout process. Online, consumers place their items in an electronic shopping cart that automatically updates as items are added or deleted. Consumers see little differentiation between these types of transactions and the process of completing the vehicle sale. As they decide to buy aftermarket products or change payment methods, they expect the dealer's F&I transaction tools to be flexible enough to quickly – and accurately – reflect the new choices.

**Every step of the car-buying process...
...should uphold consumer expectations and successively build on the success of each previous step to ultimately arrive at a satisfying conclusion.**

Consumers are bringing new expectations to the F&I office for:

- Accuracy.
- Transparency.
- Flexibility.
- Accessibility.
- Reliability.

Delivering the Vehicle... and an Improved Customer Experience

Accessibility

Outside the F&I office, consumers have access to a number of tools such as dealer and OEM information, third-party Web content, and the advice of family and friends to explain a vehicle's features or the process of buying a car. Inside the F&I office, their access to information often is limited by technology and by the process itself.

When car buyers encounter less familiar information in F&I, the dealership can make buyers feel more secure and empowered about their decisions by changing the approach to how information is provided. In the same way the salesperson is able to explain the features and benefits of a vehicle to a car shopper, the F&I manager should be able to give buyers access to tools that more effectively help explain F&I concepts such as finance terms, aftermarket products, or legal disclosures. This includes tools that incorporate increased readability and are available in the preferred language of the buyer.

Give access to tools that more effectively help explain F&I concepts such as finance terms, aftermarket products, or legal disclosures.

Reliability

Online shopping is driven by technology that creates the perception the entire transaction is integrated and seamless from end to end. The consumer expects the item displayed on screen to be available in inventory, the correct item placed in the shopping cart, the correct payment made, and the order fulfillment process leading to the correct item showing up on the consumer's doorstep. And, all of this activity will be done with little to no re-keying of data as the information travels through the various checkpoints.

In F&I, consumers want deal information to be handled in a similar seamless, efficient, and accurate fashion. In the same way the deal information discussed with the salesperson should match what's discussed in F&I, consumers expect what is agreed to in the F&I office will be flawlessly transmitted with absolute fidelity to the lender, state agencies, and any aftermarket providers.

Increasingly, lenders, government agencies, F&I product providers, and dealer service providers are working together to develop systems that allow for the reliable and seamless transmission of data from one system to another. It's a work in progress that's come a long way in recent years. As more e-commerce options become available, dealers will benefit in serving consumers in the ways they have come to expect from other retailers – and in serving the business through reducing errors, decreasing data processing time, and receiving faster payment for products.

As more e-commerce options become available, dealers will benefit in serving consumers in the ways they have come to expect from other retailers.

Delivering the Vehicle... and an Improved Customer Experience

When changes in the car buyer's expectations are met without forfeiting the interests of the dealer, the F&I process is more efficient, effective, and yes, rewarding for both dealers and consumers. It's a process that is perceived to be clean... unencumbered... well run. And, it's one consumers can be willing to tell friends and neighbors about – and one dealers can take pride in providing.

###

- | | |
|---|--------------------------------------|
| 1 The Intelligence Group, a youth-focused consumer insights company | 4 Starcom MediaVest Group |
| 2 J.D. Power & Associates | 5 J.D. Power & Associates |
| 3 IDC | 6 Google Zero Moment of Truth (ZMOT) |



Jon Strawsburg is vice president of Product Planning for The Reynolds and Reynolds Company. Named to this position in January 2007, Strawsburg is responsible for product planning for Reynolds Retail Management System. Prior to his current role, he held the position of vice president of Fixed Operations for Reynolds. Throughout his career at Reynolds, Strawsburg has held a number of leadership positions in Product Management, Marketing, and OEM Sales. He holds a bachelor's degree from Wake Forest University.

**To contact Reynolds and Reynolds, call 800.767.7879,
email info@reyrey.com, or visit www.reyrey.com.**

