



What Disney Can Teach Dealerships About the Customer Experience:

Customer Relationship Management for
Dealerships Is No Mickey Mouse Application

Ron Lamb
President, Reynolds and Reynolds



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“You see these people coming into the Magic Kingdom and you think, buying a car should be just as magical as entering a theme park. It is a big deal. We need to create a memorable experience.”

– Geoffrey Brackman, General Manager, Kuntz Chevrolet Buick*

Last year, more than 3,000 Chevrolet dealers traveled to Disney as part of a broader push on how to improve customer service and the experience with Chevy dealerships.

The manager of customer experience for Chevrolet said that the ultimate goal was to improve customer retention and loyalty.

And who better to learn from than Disney in that regard? They have long attracted business leaders to the Disney Institute and families to Disney Parks. For customer retention and loyalty, there are few better benchmarks.

More than 500 million visitors will make a trip to a Disney destination this year. For most, it won't be their first experience at Disney – and probably won't be their last, either. Everything at Disney is designed with one objective in mind: When you leave, you want to come back. **On any given day, 75 percent of the guests are repeat customers at Disney Parks.**

Many would conclude that theme parks and car dealerships are two very different businesses and can't easily be compared. But if you posed the question “What business are you in?” to the head of Disney Parks, the answer you'd hear would have little to do with the rides, food, or Disney characters at the parks; instead, you'd hear that Disney is in the “guest experience” business. And everything they do in their business is aligned to that point of view.

If you asked dealers what business they're in, you'd likely hear: “We're in the car business!” That's the obvious answer, of course. But aren't they also in the “guest experience” business tied to one of the most storied attributes of Americana: the automobile?

Chevrolet is betting that improving the guest experience at dealerships can deliver a handsome payoff. And there's data to suggest it can.



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Research from the automotive and consumer research firm Maritz Marketing indicates that **the average dealership would be able to generate an additional \$100,000-plus in annual gross profit by improving the customer experience and satisfaction with the dealership.**

Just as telling is the converse: Maritz reported that **when customer satisfaction decreases, the potential drop in dealership gross profit can be more than \$190,000 annually.**

While those numbers are impressive on their own, the changed world of automotive retailing post-recession makes the potential of those numbers even more notable.

While the number of new car dealerships has declined dramatically as a result of the recession – by some 4,000 dealerships – the number of cars sold has steadily rebounded from the record lows of 2008 to levels nearly matching those before the recession.

As a result, the gap between dealership count and vehicle demand puts a different set of pressures – and opportunities – in front of dealerships to handle the wave of sales and service volume.

It will challenge dealers to change how they work *inside* their four walls to operate more productively. It will challenge them to reach customers *outside* their four walls more effectively and in the ways customers prefer to be reached. From the dealers I've spoken with, simply hiring more staff to offset those added pressures – or to grab the opportunities – isn't the answer.

And that brings me to Customer Relationship Management (CRM).

As a benchmark for CRM, Disney strives to deliver a guest experience that is uniformly excellent no matter where or how you encounter their brand: on the web, at a theme park, a Disney hotel or cruise, or in a Disney store. As one CEO put it: "If your customer is your top priority, that customer needs to be your top priority at *every* touch point – and [the experience] needs to feel seamless."

Equipping dealers to deliver an end-to-end customer experience at every touch point is the new challenge. **It's no longer simply about customer *relationship* management. It's about customer *experience* management. CEM not CRM.**

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Here are three challenges that stand out for CEM.

First, personalization.

Customer Experience Management in the future will be built on recognizing customers as individuals and enabling the dealership to interact with them as individuals at every touch point.

Technology companies have led the way in defining a new age of digital personalization and changing the definition – and location – of the customer experience.

As consumers realize, the more you personalize your profile and settings on Amazon, Google, or L.L. Bean, the more efficiently you can get what you need, communicate and interact in the ways that you prefer, and move on. That level of retail interaction also sets the bar for how consumers expect to be treated in other retail experiences – including those with a dealership.

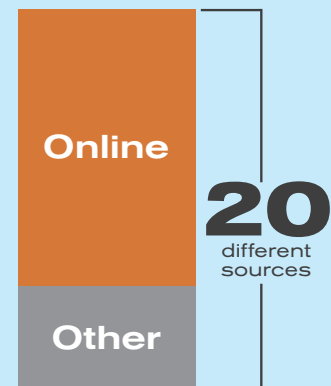
A consumer who interacts with a dealership – for the first time or fiftieth time – expects to be treated as an *individual* customer, expects the dealership to have captured past interactions, and expects the customer experience to be consistent outside and inside the dealership. Yet most dealerships today don't have the tools and technologies to help them meet those expectations.

At the same time, with every new connected device, social media offering, and website, consumers are becoming better informed, linking to more digital destinations, and creating the potential for a larger data trove about themselves – and their retail experiences – in the digital universe.

This new age of digital personalization is also creating a wave of seemingly random and “unstructured” data points for the retailer and the consumer – from social media and review sites to photos and videos – over which consumers have most of the control.

Increasingly, this unstructured data plays an influential role in consumer decisions. A Google study found that **the average car shopper will look to nearly 20 different sources of information before deciding on a vehicle – and the majority of those sources are online.**

How the retailer uses technology tools to make sense of the digital personalization and unstructured data – and pair it with the operating, structured data inside the four walls of the retailer's store – will



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help determine the retailer's success in connecting with customers as individuals and delivering a consistent, personalized customer experience at every retail touch point.

That's the first test for CEM. How adequately do the tools and technologies enable dealership personnel to *personalize* the customer experience across every interaction – planned and unplanned – with the dealership?

Second, decision support.

The engine behind CEM in the future will be a Retail Management System that functions as the decision support tool at all the points of customer interaction.

The term "Dealership Management System" (DMS) long has meant the core applications to count the transactions inside the store, exchange data with the manufacturer, report on the business, and serve as the main record for customer names – largely the structured data under the dealership's control. It's an adequate *dealership* tool, but not a sufficient *retail* tool.

Today, what's required is the evolution from the DMS as a simple, straightforward decision support tool – What parts to order? How much labor is in this job? – to the more sophisticated decision support of a Retail Management System that can reach into every aspect of the retail process to capture and manage the structured and unstructured data inside and outside the dealership's four walls.

As decision support behind CEM, the Retail Management System will consolidate information about the customer and present it to the dealership employee at any point, where it is useful, when it is needed, and how it is needed – in real time. The dealership employee then will have an opportunity to influence the customer, guided by what the data says about that customer's past experiences and current preferences.

Which leads to a final requirement.

Third, CEM is a verb; CRM is a noun.

CRM typically has been viewed as an application or a specific tool for designated customer transactions and follow-up. **CEM**, in contrast, **is more a way of seeing the world and an operating philosophy that brings together technology, process, and people.**

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Successful CEM requires a cohesive set of tools and technologies that help dealers monitor and manage the customer's experience at every touch point and help deliver usable data down to the dealership employee level that can lead to a more meaningful, positive interaction between the employee and the customer.

For example: When a customer calls the dealership, the phone number triggers a pop-up screen on the computer that identifies the caller before the dealership employee answers the phone. The pop-up captures a snapshot of the caller as an individual customer, including: their latest service, whether the customer is awaiting a call back from sales, a part that's on backorder, the customer's vehicle history with the dealership. It's everything the employee needs in order to make the customer experience more personal and productive.

The challenge of CEM is to capture and deliver a complete snapshot of the consumer as an individual at every interaction – from booking a service appointment on the web to calling the dealership's main number to test driving a new vehicle – so that every action with the customer enhances the experience across every area of the retail process.

If I'm a dealer, **that's the holy grail of CEM: The collection of technology tools and processes I need to serve my customers the way they want to be served** through the channels they want to be reached and delivering the experience they expect from my dealership – every time.

And that brings us back to Disney.

As Disney knows, everything contributes to the guest experience. Whether it's on a cruise or in a Disney resort, Disney uses every current and past detail to equip its employees with the capability to deliver a flawless guest experience, both now and in the future.

Disney can deliver a great guest experience in part because its employees have the technologies, the systems, and the tools built around customer information and aligned with operational excellence for the business. This enables Disney employees to engage the customer and influence the customer experience at every point in the process – consistent with the objectives and metrics of the business. The system guides people to do their jobs more efficiently and more effectively based on customer and business information.

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In other words, behind Disney's softer side of the customer experience is the harder edge of data and technology intersecting in Customer Experience Management and operating excellence.

Today, **we are on the cusp of providing that same intersection between data and technology in dealerships and equipping dealers to deliver that same type of end-to-end customer experience – backed by operational excellence.**

That's the challenge for Customer Experience Management. It's also the opportunity for those with the vision to grasp it.

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We are equipping dealers to deliver that same type of end-to-end customer experience – backed by operational excellence.



Ron Lamb is president of the Reynolds and Reynolds Company. Prior to being named president, Lamb was senior vice president of Sales and responsible for all sales of Reynolds systems and related applications in the United States. Throughout his career at Reynolds, Lamb has held a variety of leadership positions in sales and marketing. Lamb holds a bachelor's degree in politics from Princeton University and a master's in business administration from Loyola University in Baltimore.

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

