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When the dust settled after the flurry of automotive sales at the end of the 2013, the industry had recorded another year of increasing vehicle sales – and by all accounts is poised for more this year.

Coming out of the recession, the automotive industry has steadily defied the odds year after year and continued its rapid march back to pre-recession sales levels of 16-plus million vehicles – where most analysts expect the industry to level off through the end of the decade.

Yet, compared to the last time the industry sold 16 million or more vehicles, there are nearly 4,000 *fewer* dealerships to sell and service those cars today. And industry observers don't expect a dramatic increase in the number of dealerships to sell and service those 16-plus million new vehicles.

In addition to the volume pressures that dealers face, they also face selling to consumers who now bring markedly different retail expectations when buying or servicing a car. Consumers expect an experience that's information rich, engaging, connected, and as seamless as possible; an experience, in short, that matches other compelling retail experiences – whether it's in the Apple store or online at Amazon.

Across the automotive industry, there's a "new normal" that's been created by the gap between vehicle demand and the number of dealerships to handle that demand, along with changing consumer expectations and profit pressures on the dealership. That, in turn, is changing the requirements for the technologies and services that will help dealerships operate more efficiently and profitably, reach customers more effectively, and deliver a retail experience that separates the dealership from its competitors and more closely matches the expectations that consumers bring to the shopping experience.

The dealers I speak with recognize this changed world and are looking for ways to gain an advantage in consistently delivering better business results and an optimal consumer experience. Most are also grappling with whether or not they have the *right* tools and services – and comprehensive worldview – to compete most successfully in the midst of these new pressures and to grab new opportunities with customers.

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As dealers answer those questions in the “new normal,” there are a number of underlying trends that have accelerated over the past several years that are continuing to shape consumer perceptions about shopping and buying and are putting added pressures on retailers – including dealerships.

- **Mobile** – anytime, anywhere information.
- **Privacy** – the more information that’s available to me, the more vulnerable my information is.
- **Personalization** – in the engagement with the retailer and in the vehicle I own.
- **Friction-less** – a comprehensive, seamless, and smooth consumer experience – from web to delivery to service.

Mobile

Mobile devices continue to change the way consumers think about information. About when, how, and where information is accessed. And mobile continues to change how consumers think about the retail experience.

Several years ago it was enough to have a dealership website adapted for mobile devices. Now, the definition of mobile is much broader in the ways it’s changing how we work and shop. If mobile adds convenience and efficiency to everyday life, shouldn’t it also be used broadly inside the dealership and with customers throughout the shopping, buying, and service experience?

Mobile is not simply defined as anywhere, anytime access to information or eliminating distance; it’s a way of seeing the world, interacting with the world, and communicating with the world – even in the next room. If you have two teenagers in your house and they’re 15 feet apart in different rooms, they’ll text each other rather than walk over and ask a question. It’s a different way to think about being informed and interacting. And it changes consumer perceptions of every other interaction – especially shopping and the ease of engaging in that experience.

- If consumers can search for a car while on a dealer’s lot, won’t consumers expect the dealership personnel to be able to search their own inventory from a mobile device on the lot?
- If a consumer is used to information available at the fingertips, why would sales personnel in a dealership want to negotiate a deal with the customer and then, in the middle of the

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discussion, leave that customer and walk back to consult with the desk manager on the deal?

For today's mobile savvy consumer, those are out of sync, discordant notes.

Privacy

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At the same time, the more information that the consumer has access to, the more information about the consumer that is accessible. Consumers already have raised questions about data from dealership websites or from their vehicles and asking who tracks it, who saves it, and what happens to it.

As manufacturers focus on building the "connected car" and all that it can do, it expands consumer access to information, but also the potential availability of the consumer's information.

There are now more ways to be connected – and more places a consumer's personal data can end up. Every consumer touch point in the automotive lifecycle – from manufacturer to dealer – now is more firmly situated in balancing the robust use of information to serve the consumer who expects "always on" access to information and the safeguards around the security and privacy of that information. How dealers – and OEMs – manage that dynamic will also shape consumer perception and trust about the shopping and buying experience.

Personalization

When a consumer calls Domino's or the pizza shop on the corner, the store employee very often knows who's calling and what you ordered last time. Simple. These stores have invested in the telephony technology to create a better connection with the consumer as an individual – and provide valuable business information.

Contrast that to the traditional experience of calling for a service appointment at a dealership. Does the dealership employee who answers the phone know immediately who's calling, when the last service event occurred, how much the customer has spent with the dealership, and a hint of what the customer may be calling about?

If a consumer can get that type of personalization, can be treated as an individual consumer, for a \$10 book on Amazon or a \$10 pizza, why not for a service appointment that may cost 10 times that?

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If a consumer can get that type of personalization, can be treated as an *individual* consumer, for a \$10 book on Amazon or a \$10 pizza, why not for a service appointment that may cost 10 times that? Or for a vehicle that may cost \$30,000?

Friction-less

For consumers, Amazon didn't simply make it easier to buy books online; they transformed the online shopping experience and set a new expectation for the seamless, friction-less retail experience. Apple didn't simply make it easier to buy their products in an Apple store; they changed the shopping experience and set new expectations for a seamless, friction-less shopping and buying experience.

Those examples – and others like them – in turn changed consumer expectations for *every* retail experience.

For a retail experience to be friction-less and seamless, the technology and processes behind it need to be friction-less and seamless. Regardless of whether I order a book from Amazon or from one of its partners, the experience is always the same, and the process and check-out are the same: seamless, friction-less and complete. I don't have to re-key the same information multiple times into the website and my order is processed quickly and correctly, no matter if Amazon or its partner does the fulfillment. The person that I meet at the entrance to the Apple store is the one who guides me through the entire shopping and purchasing experience: seamless, friction-less, and complete – no handoffs. There's no trade-off between efficiency and a memorable experience; the technology and processes work together as one to accomplish both.

Consequences of the New Normal

Dealers that expect to thrive in the “new normal” are recognizing the changed world that we all operate in. And dealers I talk to have begun to tease out the contrast between the current state and the future state around dealership operations and consumer engagement – and transforming both into a holistic retail environment and experience.

- In this new dynamic, how do I continue to improve the efficiency and profitability of my dealership's operations?
- How do I develop new profit opportunities inside the dealership?

In the “new normal,” the technology platform in the dealership will need to support a complete retail environment – inside and outside the four walls.

- How do I invest in the right technology platform that will provide the decision support tools I need to run the business more efficiently, engage customers more effectively, and transform the experience in Service, F&I, Sales, and online?
- How do I deliver the right information across the dealership at the right time to my dealership’s staff in order to improve how they work with individual customers and how efficiently they deliver results in the business?
- And, how do I create a complete, holistic view – not fragmented – of the business and all the tentacles that reach out to every department in the dealership and to any customer of the dealership?

In the “new normal,” the technology platform in the dealership will need to support a complete retail environment – inside and outside the four walls. It will need to deliver the right information at the right time about the business and the customer so that dealership personnel can use the information as decision support to make the best decisions to improve the dealership’s operating efficiency and to enhance every interaction with the customers, transforming each one into a memorable “wow” experience.

The dealerships that achieve that will thrive in the “new normal,” growing their business, their customer base, and their profitability.



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