

# Tick-Tock.



## **As Time (Still) Goes by Slowly for Consumers in a Dealership.**

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**There's been a lot written about the "one-hour car deal" as the best path to get to that "rewarding" experience. But I want to challenge the notion that "fast" is always the best answer.**

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**H**ave you ever made a purchase at an Apple Retail Store? Visited Walt Disney World? Would you say those experiences are similar to buying a car at a dealership and getting to know the F&I manager?

Ah... and that's the rub.

For today's consumer, how do we make the experience with a dealership more rewarding at every interaction and more like the experience in an Apple Store and at Disney?

There's been a lot written about the "one-hour car deal" as the best path to get to that "rewarding" experience. But I want to challenge the notion that "fast" is always the best answer. Apple and Disney (among others) have proven that an engaged, rewarding consumer experience can trump speed in any one transaction and build customer loyalty across every transaction over the long term.

## **What's new in the New Normal?**

One of the paradoxes for dealerships selling cars in the digital age is how car shoppers are spending more time online before entering a dealership, yet finding the time they spend in the dealership more frustrating because in-store processes haven't always caught up with the digitized world.

Even though the Internet has changed the initial steps in shopping for a vehicle, the process is largely the same once consumers visit the store and confront a vehicle sales process modeled on the way it's been done for decades.

Yet, consumers have changed dramatically.

A recent report from McKinsey and NADA gives voice to that change. Eight out of 10 dealers point to the arrival of the "highly informed consumer" as the biggest change in the car dealership world in the past 10 years – and the biggest challenge facing the industry.

That consumer is not simply armed with pricing and model information when entering a showroom, but also expects a totally different retail experience than the one typically associated with buying a car in a dealership. Increasingly, that expectation is for a more efficient, transparent, and engaged buying and service experience – an expectation shaped by other retail experiences and online shopping and browsing.

**...more than half of new and used vehicle buyers report experiencing frustration during the purchase process, according to a recent study by IHS Automotive.**

**On average, customers are left alone or abandoned 11 times during the sales process.**

Challenged with this new, highly informed consumer, dealers are facing additional pressure to manage the customer experience differently in the “New Normal” of automotive retailing.

This is no small challenge for dealers when more than half of new and used vehicle buyers report experiencing frustration during the purchase process, according to a recent study by IHS Automotive. A large part of that frustration has to do with how their time is spent in the store and what they perceive to be inefficiencies – friction points – with people, technology, and processes.

Friction in the car buying process is any obstacle that interrupts progress and becomes a brief barrier in taking the next steps in purchasing, financing, or servicing a vehicle. Among the most frequent obstacles are frustrations with “waiting” or “unoccupied” time and instances when consumers sense their time is not being valued while in the dealership.

A recent article in [WardsAuto](#) pointed to the dimensions of that frustration:

- 70 percent of all sales take at least three hours to complete, not including delivery.
- At best, customers are actually engaged, (actively moving the process forward) for slightly over an hour so that up to two-thirds of their time is wasted.
- On average, customers are left alone or abandoned 11 times during the sales process.



### **Taming the clock: studies beyond automotive**

Research conducted outside the automotive industry points to how consumer *perceptions* of time often override the *facts* of time. It’s not always the absolute amount of time that determines customer satisfaction with a retailer or service provider; instead, it’s also the perception of how the time is spent and whether the consumer feels informed, engaged, and involved.

## **Baggage claim on carousel no. 1**

A major airport responded to customer complaints about slow luggage delivery by adding more baggage handlers to process the luggage. Yet this change had no real impact on customer satisfaction.

Even though the total time was reduced slightly, passengers still spent the majority of their time standing and waiting at baggage claim – unengaged, impatient, and receiving no information about when the bags would arrive. The experience seemed slow and unsatisfying.

Counterintuitively, the airport lengthened the distance passengers walked from the arrival gate to baggage claim. The result? Customer complaints fell to zero.

What happened? The airport had transformed “waiting” time into “engaged” time. While the total time for passengers to retrieve the bags had increased slightly, the majority of the time was spent engaged in walking with others to baggage claim, past interesting shops and restaurants, instead of standing around waiting. That led to the perception among passengers that, once at the carousel, the airport had delivered the bags promptly.

## **You had me at ‘hello’**

In another study, when customers in one group walked into a cell phone store, they were greeted immediately and told an associate would help them “in approximately three minutes.”

Customers in a second group walked into the store, but were not greeted or told about the wait.

Each group waited exactly three minutes to be served. Yet, those customers who were not greeted and not told the approximate length of the wait gave much lower scores to the overall experience than those who were greeted.

The greeting – and expectation about the wait – made a difference in how customers evaluated the experience.

## **The doctor will see you... soon**

To reduce patient frustration with “waiting,” a medical office installed Wi-Fi access and TV screens in the main waiting room that showed informative medical, family, and health-related programming. That eliminated “wait-time” frustration for more than 60 percent of the patients.

Next, once patients were in the exam rooms, they were constantly updated on how much longer before the physician came in. Then, upon entering the room, the physician apologized for making the patient wait.

Informing patients of the wait times, along with conveying that the patient’s time is important, resolved the frustration around waiting for 80 percent of the patients.

Overall, the medical practice didn’t change the actual time of waiting, but did change how patients experienced the time, which led to improved satisfaction with their visit.

***Eliminate* the unnecessary steps and waiting where possible, but *manage* the time and the waiting more effectively...**

**Make it more efficient: Cut down the overall time the customer waits.**

**But the key is for those technologies and dealership processes to work seamlessly in concert, as one retail system.**

### **What are the lessons for dealers?**

These and other examples from the retail industry offer lessons for dealers in how they operate, inform and engage customers, and manage the time customers spend in the dealership.

The challenge for dealers is the same challenge other retailers face: *Eliminate* the unnecessary steps and waiting where possible, but *manage* the time and the waiting more effectively when it can't be reduced further or eliminated.

There are three approaches for dealers to adopt to meet this challenge:

- Make it more efficient: Cut down the overall time the customer waits.
- Make it more informative: Use the customer's time more wisely.
- Make it more engaging: Change the customer's perception of how time is used.

#### **Make it more efficient:**

##### **Cut down the overall time the customer waits.**

To cut down the overall time a customer waits, map the customer journey in the dealership and identify the delays and stumbling blocks to a smooth, frictionless transaction. Then, minimize those stumbling blocks by using the right blend of technologies and processes that reduce the friction.

- When customers visit the dealership, do you ask them to repeat information they already entered online at the dealership's website?
- Do you leave customers alone while the sales professional walks back and forth to the desk manager negotiating a deal? Locates a used car manager to appraise a trade-in? Or while the F&I manager prepares paperwork?
- Do you ask customers to stand in line at the cashier's window to pay for service?

There are technologies available to fill these and similar gaps. But the key is for those technologies and dealership processes to work seamlessly in concert, as one retail system.

By definition, it's harder to re-engineer processes holistically – and reduce friction – if a dealership relies on sets of disparate systems to run the business, each focused narrowly on a function or department, but not built as a seamless, single system with a holistic *retail* view.

**Make it  
more informative:  
Use the customer's  
time more wisely.**

What's required is a complete, end-to-end retail management approach (think Apple and Disney), with every part of the operation in sync through one system so the dealership employee has the right information at the right time, when it's needed in front of the customer, and delivered in a way that's useful for the employee – and the customer.

**Make it more informative:  
Use the customer's time more wisely.**

When time can't be reduced or eliminated, there are proven strategies to inform customers differently to change the perception of the usefulness of how time is spent.

Here's one example. Dealerships using the latest technologies to sell vehicle accessories are taking what consumers experience as a frustrating, "waiting alone" time prior to signing F&I paperwork and transforming it into an informative and rewarding experience.

It's an experience that informs the consumer about a step in the purchase process that most consumers don't expect from a dealership (selecting from a full range of vehicle accessories); it builds on the consumer's excitement of buying "the car" and using accessories to make it "my car"; and it provides a new profit opportunity for dealers.

While this is occurring, the F&I paperwork is prepared and ready for the next steps in purchasing the vehicle. No waiting or sitting alone for the customer.

**Make it more engaging:  
Change the customer's perception of how time is used.**

Dealers can also use proven technologies that engage customers differently while going through steps in the sales and service process that can't be eliminated.

For example, there is technology available for the F&I department that utilizes a large, flat interactive display where the F&I manager and customer both view the same information at the same time.

While the information is similar to what's typically presented in paper forms and brochures, the customer is more involved and engaged in the process, not staring at the back of a computer terminal or the back of the F&I manager who is reaching for forms or loading a printer.

**Make it  
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**Even if the total amount of time spent didn't change appreciably, the consumer experiences the time differently – and more positively.**

Dealers indicate it changes customer perception of the experience and delivers a more engaged, involved, and satisfied F&I experience, even if the time it takes in the F&I office hasn't changed.

Just as dramatically, technologies for service can change the consumer experience from the time the car pulls into the drive until final payment, yet not reduce significantly the total amount of time spent.

- It starts with RFID technology that triggers greeting the customer by name on a large display screen and alerting the service advisor of the customer's arrival.
- With portable tablet in hand, the advisor greets the customer at the vehicle and begins the service write-up process, using the tablet as a mini-TV screen to engage the customer and display information related to the service or vehicle inspection.
- Once the customer is in the service waiting room, a screen displays information about where a vehicle is in the service process and the estimated time remaining.
- When the service is complete, the customer receives an alert on a smartphone, with the option to pay electronically with the tap of a button. No wasted time or unnecessary waiting.

The result of these technologies working in concert is a more transparent and engaging service experience for the customer, and additional revenue opportunities for the dealer through the service write-up and inspection process. Even if the total amount of time spent didn't change appreciably, the consumer experiences the time differently – and more positively.

### **Summary**

Experiences with other retailers and service providers offer a number of insightful lessons for dealerships. Ultimately, every organization strives for the same outcome: How to provide an efficient, effective, rewarding experience for the customer and a profitable one for the organization – and do it all better than the competition.

The endgame for dealers isn't necessarily "60 minutes or less" for consumers to buy a vehicle. It's delivering a rewarding,

engaging, and satisfied customer experience that takes the amount of time necessary, with no unnecessary steps or wasted time for customers or dealership personnel.

Dealers can achieve this result by reducing the overall time customers wait when *practical*; making the time in the dealership more informative, engaging, and productive where *possible*; and, ultimately, delivering a *more satisfying and rewarding experience far better* – and more profitably – than the competition.

And that's the point of *retailing* in the New Normal.

Visit [www.reyrey.com/whitepapers](http://www.reyrey.com/whitepapers) to read more about how the automotive industry is changing.

#### Acknowledgments

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