

AFTERSALES TECHNOLOGIES

Does your workshop need a performance boost?

Independent garages, fast fits and DIYers can all dent a franchised dealer's aftersales revenues, but there are a wealth of tools allowing them to fight back



NEED TO KNOW

- Video evidence reduces resistance to necessary work
- Almost half of 'red work' may be going unconverted
- An all-in-one DMS can increase efficiency

By Debbie Kirlaw

The volume of service and repair work has fallen nearly 10% over the past decade. Figures show a drop from 51,435,000 transactions in 2003 to 46,500,000 in 2013, despite the car parc growing by 7.4% over the same period.

Such statistics, released by Castrol in its 2014 Professional Car Servicing & Repair Trend Tracker report, underline the increasing pressure to maximise aftersales profitability and conversion rates.

We examine the latest technologies available to dealers to achieve that and offset the decline.



Video

Showing customers problems such as worn brake pads or balding tyres on film is so powerful it is more likely to result in up-selling, says CitNow, whose Workshop video application integrates with most major electronic vehicle health check (eVHC) providers.

Gordon Grant, CitNow's sales director, said: "When customers see why their vehicle needs work directly from the technician working on the vehicle, their hesitations subside and

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Guy Allman, BTC

service advisers can have more meaningful conversations about the required repairs."

Average subscription costs are less than £200 a month and dealers can request a day's training on site. CitNow says technicians spend about 50 seconds per vehicle creating the video.

Westway Nissan piloted CitNow at 12 locations and compared its total 'red work' conversion revenue before and after. Westway said 'red work' increased 39% group-wide although one dealership enjoyed a 139% leap.



Electronic vehicle health check (eVHC)

EVHC systems can boost customer retention by aiding up-sell, but if red work is not converted within 48 hours, customers armed with online pricing information are likely to go elsewhere, warns supplier BTC.

When it installs its autoVHC product, BTC sets a benchmark average invoice at each dealership. It has tracked a consistent £20 per invoice increase once the system is in use.

For amber work, with SMS and email reminders following a call, more than 40% of customers will return. BTC says its statistics show the average transaction value of these customers is £93. For an average dealer seeing 500 customers a month, and assuming half will have outstanding amber work, that translates to £111,600 in additional parts and labour sales. However, it is the red work which proves the most elusive – over the past 12 months, autoVHC has identified £212 million of red work, but only 57% was converted.

Guy Allman, BTC chief executive, said: "Service advisers are not salespeople and are often apologetic

when they contact the customer." To address this, BTC created its TLC (Think Like a Customer) training scheme, which has been delivered to 300 Ford and Peugeot dealerships resulting in an average invoice increase of £25.

"Our statistics say the average dealer could add £93,000 to its turnover and a significant amount to its bottom-line profits," said Allman. "Technology can improve efficiencies and reporting but it's no substitute for good management, which is at the root of every successful business."



OIL

Jo Clayton, Castrol franchised workshop marketing manager for the UK and Ireland, recommends buying in premium oils as, despite their cost, they deliver higher margins.

"Many forward-thinking dealerships ensure service advisers receive high-quality 'soft' sales training to generate high levels of profit through up-selling engine oil top-ups. However, all this good work could be for nothing if oil is being wasted elsewhere in the workshop. Modern, accurate systems allow dealers to improve oil profitability overnight, without affecting the level of service they provide to customers."

Castrol Professional's franchised workshops enjoy exclusive access to its Matrix Fluid Management System, with accurate measuring systems, electronic reporting and individual codes to track technicians' usage.

According to the Oil Recycling Association, an estimated 180 million litres of lubricants are placed on the UK retail market annually, with the majority going through 'put in' practices at dealer and workshop servicing facilities while used oil recovery rates can be around 70%.



DMS/workshop control

Dealers now favour "single-source workshop management systems", according to **Neil Packham, ADP Dealer Services UK vice-president and managing director.**

"The cost savings, resource efficiencies and reduction in multiple training needs generated by 'all-in-one' systems pay off over the medium-to-long term," he said.

Richard Kerr, Pentana Solutions' director of sales Europe, said: "We think DMS integration is fundamental, whether it's with our systems, or with those of a third party, and it takes processes such as eVHC to a whole new level."

Its DealerPro DMS integrates with social media, enabling postings by customers to be recorded. Italian multi-franchise dealer group Autotorino experienced a 10% increase in service customer retention within three months of integrating social media with DealerPRO.

Its integrated online service booking system acts more like a customer portal, allowing vehicle servicing to be booked directly into the workshop. "In Asia Pacific, where in some markets we hold up to 70% of the DMS market, we have seen online service booking grow by 35%," said Kerr.

Automotive software developers Razoom's CustomerVue is a modular aftersales product providing computerised visibility of a car's journey through the workshop. Other features include an electronic T-card system, technician clocking, customer two-way digital communications and parts control.

"It provides the control in the business which the DMS is lacking," said **Razoom business development director Hilton Austin.**

Installation and one-to-one training takes an average of three to four days. For an initial investment of £3,000 and an average £225 monthly licence fee, Razoom predicts improved customer retention, parts and labour sales and efficiencies.

One large BMW dealership, part of an AM100 group, increased parts and labour sales and customer retention by 8% and general efficiencies by 5% translating to an extra margin opportunity of just over £1m during the three-year licence term.

A prestige sports car dealer in Essex increased customer

61%

of people purchase parts and accessories online, says Google's Automotive Aftermarket Survey

35.5%

of the UK's top 200 dealer groups operate ecommerce aftersales solutions

retention by 13%; parts sales by 12%; labour sales by 10%; and general efficiencies by 5%; equating to £2.625m over three years, said Razoom.



Outbound marketing systems

The key to increasing aftersales profits usually lies in the dealer's data, but extracting and analysing it to gain tangible results can be problematic.

CRM and database specialists **Stericycle ExpertSolutions** provides data-driven marketing solutions to the automotive sector. It says its predictive marketing tool Encore has delivered a 26% average increase in overall response rates and a 14% uplift in average invoice value through targeted communications.

Barry Nielsen, client services director, said: "Encore identifies 'in market' customers for aftersales opportunities, but the better the data, the better the results."

Recognising the need to enhance aftersales services online, GFForces developed the NetDirector Aftersales Suite, fully integrated digital aftersales tools, for a monthly fee. With many enquiries being made 'out-of-hours', such online facilities allow the aftersales department to operate effectively 24/7.

Tools include service booking, which also offers options such as MoTs, brake fluid changes and air-conditioning services, with GFForces saying one client increased web bookings by 850% compared with their previous enquiry form system.

The online NetDirector Tyres service allows franchised dealers to compete with the fast fits and NetDirector Comms delivers and measures outbound multi-channel marketing campaigns. Some clients have invested as little as £500 in Facebook promotions and experienced an uplift of as much as 50% in online service bookings.



Parts-ordering systems

Pentana Solutions also operates automotive distribution software business Parex. Its virtual parts warehouse has 6,500 subscribing dealerships including Land Rover, Jaguar, Ford, Mazda, Peugeot and Saab networks in the UK. The portal has delivered up to 25% reduction in obsolete parts in dealerships around the world.

GFForces cites Google's Automotive Aftermarket Survey, which reported that 69% of people researched parts and accessories online, with 61% then purchasing online. However, only 35.5% of the UK's top 200 dealer groups operate ecommerce aftersales solutions such as GFForces' NetDirector Parts & Accessories.

Tim Smith, GFForces' group strategy director, said: "Today's connected consumers expect to be able to transact on the web, so GFForces has partnered with PayPal to provide a secure online payment gateway enabling payment for products and services via credit and debit cards and bank transfers – both on- and offline."



Automated MoT test lanes

Franchised dealers are gradually incorporating automated MoT lanes, but with an investment of about £30,000 and a fixed rate charge for an MoT at £54, it is often not cost-effective. Of the UK's 22,000-strong MoT testing centres, just 3,000 are franchised dealers.

Dave Garratt, chief executive of the Garage Equipment Association, said: "Mitsubishi dealers, for example, are predominantly rural-based, so you will find most operate an MoT test lane, but for city-based premium dealers who charge labour rates of more than £100 per hour, it's not worth their while when the test takes 45 minutes and is a fixed rate."



Wheel alignment systems

On the other hand, wheel alignment equipment can be found in practically every franchised workshop because it forms part of the manufacturer standards, with premium brands demanding the new, more sophisticated 3D and touchless versions. And with an investment of £3,000-£10,000, the cost is somewhat more palatable.

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Richard Kerr, Pentana Solutions