

LOYALTY & RETENTION

learn from the industry

Leaders



Chairman of Dealer Advisory Board

Dealer: Hyundai & Nissan

“Branding our dealerships through the “Dealership for Life” service retention program has driven our new and used vehicle service retention to over 80% and repeat and referral business to all time highs. We are retaining more quality trade-in’s and achieving superior factory customer satisfaction levels.”

~ Ken Shreve



Vice President of Fixed Operations

Dealership for Life

“Customer retention is more than giving the customer what they expect, it’s about exceeding their expectations so that they become loyal advocates for your brand.”

~ Rick Manning

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CUSTOMER LOYALTY & RETENTION CONFERENCE

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Jack **Garrity** marketing solution

DESIGNING YOUR RETENTION PROGRAM

There is a lot of confusion today about what customer retention actually is. Lately, every time I talk to dealers, they tell me about their new program. They have a new factory rewards card, their DMS provider has a loyalty program, they have a Website that is driving retention, a CRM or lifetime something. Everyone seems to be looking for the Holy Grail, but no one is very sure where to look. This confusion can lead to some crazy decisions. What works? How much should I spend? Should I let someone else brand me or should I do it myself? How you set up your customer retention program can affect your dealership for years to come. Let’s break it down:

How much should I spend? A dealer could go broke trying to give incentives to his customers to keep them from defecting. One dealership gives away lifetime oil changes and keeps 85 percent of his customers in his service drive for the life of their car. Another one says, “Are you kidding me? Free oil changes that would cost me a fortune. People will just come here and get their oil changed and leave.” Which one is right? The both are. Free oil changes for life are the strongest retention tool he can offer his customers. An 85 percent retention rate will grow his business years and years into the future. However, if you set up a program like this and you can’t manage it, you will get killed.

Let’s look at reward cards. They are probably the most recognizable retention tool in the marketplace. For the dealer, most of the heavy lifting has been done by other industries. Hotels, airlines and grocery stores have programed customers for years to expect something for their business. Reward cards are great. Customers love them. They do, however, have their drawbacks. If you use one the factory provides, who are you branding? Factory reward cards have very little flexibility; they’re sort of a “one size fits all” product. Reward cards might not have the bang for the buck a retention program needs. They should be looked at as a bullet in the retention gun — not the be-all and end-all.

Now, let’s drill down a little deeper. Is there one program that works for everyone? Do we need something different for new customers versus used customers? Do we sell it or give it away? Can we create a retention program that will help us with conquest marketing in our PMA? As you can see, this can get pretty complex. Trust me, though; it is worth the effort. Nothing creates a firmer foundation for your business than an 85 percent retention rate on all of your customers — new, used and service.

The bottom line is this: In today’s market, the biggest opportunity for profit comes on the service drive. We spend hundreds of dollars enticing customers to buy a car, but very little to *keep* them as a customer after the purchase. Your retention program should keep your customers from defecting. As you design your program, keep in mind that it’s *your* program. Make sure it has a great deal of flexibility to answer all *your* needs. Do monthly training with your people. Have a tracking system that will keep you up to date on what’s working and what’s not. You’re not trying to brand the factory; you’re trying to brand *yourself* as a place your customers feel comfortable coming back to time after time for the life of their vehicle. Flexibility, training and tracking will keep you on the road to developing a consistent and long-lasting program.



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