

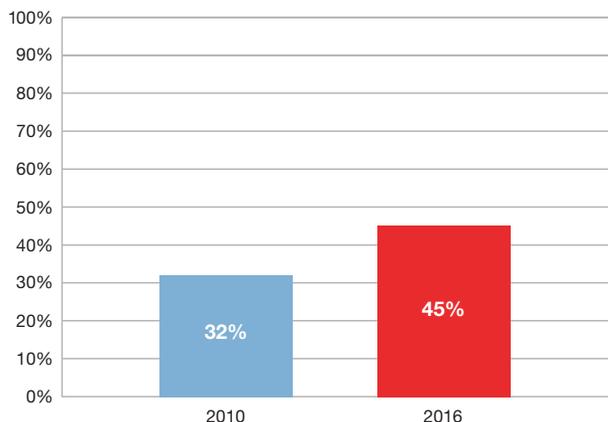
Invest in Technology to Cultivate Aftermarket Channel Growth



Dealerships can cultivate growth in their aftermarket channel with a sustained commitment to invest in technology. The aftermarket channel continues its rising trajectory accounting for 45% of new-and-used vehicle department gross profits in 2016, up from just 32% in 2010, according to the [National Automobile Dealers Association](#) (NADA).

The service and parts department accounted for 15.6% of net dealership profits in 2016, while gross margins on new car sales shrunk to 2.8%. Sales ballooned to a record \$110 billion in 2016. The aftermarket channel remains one of the most robust profit drivers, but dealerships must continue to invest in technology that bolsters positive customer experiences.

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Technology facilitates the customer-centric versus sales-centric models

It's no secret that some of the largest industries are undergoing a paradigm shift toward a customer-centric rather than a sales-centric operating model, focusing on providing solutions rather than products to create positive customer experiences. This holds major significance with dealerships where a loyal "lifetime" customer can generate six-figure revenues from car purchases, financing and insurance (F&I), aftermarket products and repair services, not to mention referrals and social media endorsements.

However, all this can fall by the wayside with even a single negative customer experience. Neglecting the customer service experience can trigger immediate and lasting backlash. Poor customer experiences can sabotage sales as 60% of U.S. customers who intended to purchase a product decided against it after a negative customer experience, according to [Business Insider](#).

Loyalty is the driver

As digital innovation continues to draw consumers toward more frictionless self-serve style distribution channels, it simultaneously raises the significance of every single live customer engagement. [Rare](#) discovered 86% of loyalty stems from likability while 83% stems from trust. Dealerships can implement customer engagement training programs for high-touch employees including service and sales advisers and technicians. Compensation schedules should factor in customer experience feedback scores to incentivize participation.

Tablets bolster customer engagements

Computer tablets bolster the efficiency of service advisers, enabling them to instantly access price quotes, product and warranty details and schedules. Specialists can truly engage with customers without any borders and standing side-by-side together focusing on the tablet. This epitomizes the transformation process from a sales-centric (behind the counter) to customer-centric (next to the customer) operating model.

Who are the Millennials?

Millennials (Generation Y, born between 1980-2004) have become the country's largest consumer demographic with 83.1 million people, representing 27% of the U.S. population and 25% of the workforce, notes [DMR](#). They are tech-savvy digital inhabitants that spend 18 hours on their smartphones weekly and 86% own smartphones. They value access, convenience and instant responses, which explains why 83% of millennials text more than they talk on their smartphones. By the year 2026, 80% will become parents spawning Gen Zers — the true digital natives.

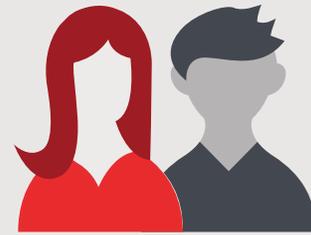
Connecting with Millennials

Due to their high debt loads and limited credit histories, millennials are especially skeptical and defensive regarding financing and credit issues. Skilled finance and insurance (F&I) specialists are uniquely positioned to provide personalized solutions during high-touch engagements. A compassionate approach emphasizing the extensive efforts by the specialist to deliver the best financing solutions can build trust. F&I departments continue to see growth in aftermarket products including warranties, service and protection plans.

Measuring customer waiting thresholds



The service waiting area is an overlooked growth driver at dealerships. According to [J.D. Power](#), 70% of all service customers are willing to wait between one to two hours for their vehicles to be serviced. Customer satisfaction starts to sharply decline as waiting times extend beyond one hour and 40 minutes. It's important to set the right tone with a prompt initial engagement within two minutes of the customer's arrival. This gesture alone raises customer satisfaction by an average of 44 points, notes J.D. Power.



Millennials by the Numbers

27

Percentage of the population they represent.

25

Percentage of the workforce they represent.

86

Percentage that own smartphones.

18

Number of hours they spend on their smartphones weekly.

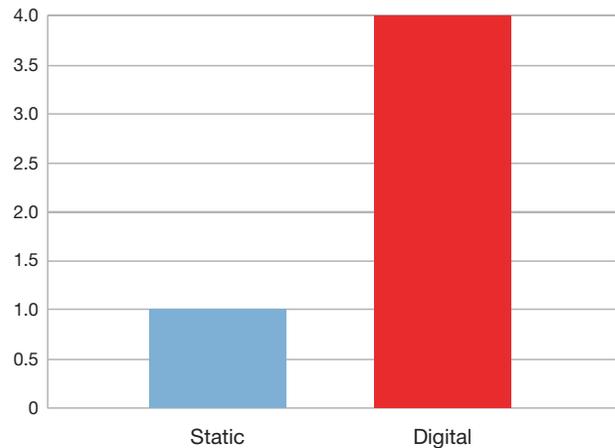
83

Percentage who text more than they talk on their smartphones.

Integrate digital signage and smart kiosks to capitalize on waiting areas

Dealerships essentially have a 100-minute window of opportunity with a more or less captive audience in the waiting area to promote, market, educate and entertain. Vibrant dynamic digital signage draws 400% more attention than static signs, according to [Sixteen:Nine](#). This cerebral connection can be monetized with a well-thought-out content strategy using a 70/30 mix between dealership content (aftermarket products and services, dealership promos, and brand reinforcement) and nondealership entertainment-based content (sports scores, headline news). They can also make the waiting time seem shorter.

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Customized dealership mobile application

The importance of a mobility strategy can't be understated. [DealerSocket](#) reports that independent dealers receive 50% and franchise dealers receive 37% of their traffic from mobile devices. Mobile application platforms can include scheduling, maintenance calendars and reminders, messaging, product and service promos, exclusive invitations, feedback and surveys, and loyalty programs.

The dealership of the future will invest in technology to nurture aftermarket channel growth. They enhance efficiency through cost savings while boosting productivity through revenue growth, margin improvement and positive customer experiences that galvanize loyalty. Embracing a customer-centric model is key to converting "lifetime" customers.

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