



THE NEW ERA OF EXPECTATION – REVITALIZING CUSTOMER EXPERIENCE AT THE DEALERSHIP



Building trust by aligning service experiences with brand promises and providing personalized, fair, and valuable advice through continuous communication and cross-sector learning will be key for auto dealerships going forward.

In today's 'Experience Economy,' the significance of customer experience is undeniable. Over the past few years, leading businesses have embraced the experience as a key differentiator for brand success. Some of the most successful global brands have leveraged experience to create stronger, more successful businesses over the last two decades.

There is a clear realization across industries that customer experience is more than just a delivery process. It's an opportunity to differentiate and create stronger, more successful brands. Relationships with brands don't exist in a vacuum; brands must consider various factors that impact expectations, experiences, and ultimately, brand success.

The automotive dealership sector provides an excellent example of these dynamics. In recent years, especially after the COVID-19 pandemic, we've witnessed remarkable shifts that have led Original Equipment Manufacturers (OEMs) to rethink their approach to customer experience.

Changing Service Patterns

One significant change observed is the extension of the average servicing cycle across OEMs. What used to be a norm of 10-11 months has now extended to 14-15 months. Instead of three services in a three-year period, customers are now only having their vehicles serviced 2.5 times. This shift has resulted in an erosion of revenue for dealerships.



Several factors contribute to this drop in servicing frequency:

- 1. Reduced Usage:** Post-COVID, vehicle usage has decreased significantly. Many customers now commute to work only twice a week due to hybrid work cultures, leading to less wear and tear on vehicles.
- 2. Improved Build Quality:** Modern cars are perceived to be of better build quality, giving an impression to customers that frequent servicing is not required Ipsos's experience in Quality Feedback studies conducted for OEMs indicate that mechanical problems, which used to contribute to the bulk of issues, have decreased significantly. Today, most problems pertain to electrical/electronic components such as audio, entertainment, and navigation systems followed by battery discharge and rodent damages
- 3. Lack of Awareness:** Customers today are not aware of the need or benefits of regular servicing. Part of the problem is also stemming from the low usage and better build quality these days.
- 4. Perceived value Vs Actuals:** Many customers feel that servicing modern cars require less effort than servicing older cars/models. Ironically, it's the reverse, while the physical wear and tear on modern cars is less, the sophistication of their technology – such as advanced safety features and automatic driving capabilities – demands high tech equipment and ongoing training for technicians.
- 5. Poor Service Quality:** Many customers feel that minimal effort is put into servicing their cars. Those who drop off their car in the morning and pick it up in the evening often believe that only an oil top-up is done. Many have

experienced that servicing was not done right the first time, requiring additional visits to resolve issues, especially during paid services.

- 6. High Servicing Costs:** Over the years, the price of car servicing has increased significantly. For a mid-sized hatchback, costs have risen from Rs.7,000-8,000 to Rs.13,000 – 15,000 in the last 7 years This is primarily due to higher input costs – such as oil, parts, and labour. Ironically, the condition of the car before and after servicing remains the same, leading customers to think that these costs are inflated and a sense of overcharging.

Building Trust and Meeting Expectations

The critical question now is how to ensure customers follow the service cycle as per the standard procedure. The fundamental issue here is the lack of trust among customers regarding what happens once they hand over their car for service.

To build an authentic and mutually profitable relationship, organizations need to think holistically about their purpose and customer needs. Ipsos' Customer experience R&D research experience shows that when the experience at the dealership doesn't match up to the brand promise, one of two things happens:

1. Customers adjust their attitude (visiting dealerships less often and only considering for major repairs)
2. Customers adjust their behaviour (stop going to authorised dealerships altogether and visiting local garages instead)



Conversely, when the experience consistently reinforces the brand promise, customers are likely to grow closer to the brand, use it more in the future, and be willing to pay a premium.

Based on internal understanding and discussions with dealer partners and customers, we've identified several key customer expectations:

- 1. Continuous Communication and Embracing Transparency:** Customers expect regular updates on the progress of their vehicle's service, preferably through pictures or videos. Also, many OEM's have made video streaming of the servicing by mandatory. This transparency goes a long way in building trust and providing reassurance.
- 2. Offer Personalized Advice:** Tailored recommendations based on individual vehicle usage patterns can enhance the customer-dealer relationship. In today's digitally driven world, customers expect personalized experiences tailored to their individual needs and preferences. Ignoring this expectation and maintaining
- a one-size-fits-all approach can make customers feel undervalued. So, if a dealer suggests that this brake shoe has some more life and can be used for another 5000 Kms after understanding the usage of the car, it goes a long way in building trust for the service advisor and OEM.
- 3. Learn from Other Sectors:** Implement premium experiences inspired by best practices in allied industries like hospitality or airline industry.
- 4. Align Experience with Brand Promise:** Ensure that the service experience at dealerships reinforces the brand's core values and commitments.
- 5. Focus on Fairness and Value:** Deliver service that is perceived as both fair and valuable to maintain customer engagement.
- 6. Meet High Expectations:** In India, customers demand excellent service quality, reliability, and value for money.

In Conclusion - Aligning Customer Experience With Brand Promise Is Key

The key therefore is to truly align our customer experience at dealerships with the brand promise which will lead to stronger relationships and improve financial performance.

The actual service experience is where a brand's promise is put to the test. In India, customers have high expectations for service quality, reliability of service, and value for money. Brands that consistently deliver on these aspects can build strong brand loyalty and advocacy.

Finally, in India, customers value brands that offer accessible, responsive, and empathetic customer service across multiple channels, including phone, email, and social media. Brands that go above and beyond in assisting customers post-purchase can create lasting positive impressions.

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