



Dealers Lose an Average \$380K Annually in Service Revenue Due to Missed Opportunities with Millennials, Finds AutoLoop

As purchasing power of key demographic grows, adjustments to digital engagement strategies and in-store experience will be required to increase retention rates



CLEARWATER, FL, UNITED STATES, March 13, 2017 /EINPresswire.com/ -- [AutoLoop LLC](#), the leading provider of auto industry marketing and customer relationship management solutions that successfully drive the Sell, Service, Repeat cycle, today announced that dealerships are losing an average \$380K annually in service revenue due to missed opportunities to digitally engage with, and retain, their Millennial customers. The data was highlighted in AutoLoop's [2016 Digital Engagement \(ADE\) study](#), which surveyed 1,000 auto consumers and analyzed the purchase behavior of over 4 million customers representing 1,000 dealerships from across the U.S.

"By 2020 Millennials will command [\\$1.4 trillion annually in purchasing power](#) and represent 30 percent of total retail sales, so it's important that dealerships know how to win their business," said Doug Van Sach, AutoLoop's Vice President of Analytics and Data Services. "Although Millennials as a whole are more brand-fickle than other generations, it's a mistake to believe they are incapable of becoming loyal customers. Our research uncovered opportunities in several key areas for dealers to better cater to this elusive demographic."

AutoLoop's study found significant gaps in the dealership service experience that, for Millennials, has resulted in a 12 percent lower service customer retention rate (than previous generations), 50 percent lower customer referral rate and 35 percent lower share of wallet. Combined, these factors lead to a loss in service revenue of \$380,000 annually for the average dealership.

The survey revealed that dealers are falling short in three key areas that rank high in importance to Millennial service shoppers: (1) Insufficient online presence for service department; (2) Lack of digital engagement with tools such as online scheduling, mobile apps, SMS/text notifications and eCommerce; (3) The in-store service experience.

Online Presence

Millennials do more online research than previous generations; 87 percent visited an auto-related website before their last service visit, compared with 65 percent of Gen Xers and 43 percent of Boomers. Dealership websites were the most used digital source; however, the second-most popular source, competitors' websites, reinforces the uncertainty of their decisions. Additionally, 41 percent of Millennials—7 times more than non-Millennials—were influenced by a digital ad before their last service visit.

Another key finding is that 75 percent of Millennials are highly influenced by online reviews, compared with 56 percent of Gen Xers and 32 percent of Boomers. Yet, despite the high level of digital research by Millennials, dealers are routinely outspent by aftermarket companies in digital advertising—if they are visible at all.

"Dealers need to dramatically increase digital and mobile advertising for their service business, particularly on third-party websites," said Van Sach. "If they don't, they risk losing Millennial shoppers to competitors, especially tire retailers and quick lube chains."

Digital Engagement Tools

Millennials prefer interacting with dealerships digitally; 37 percent prefer to make a service appointment via a website or with a mobile app, compared with 25 percent of Gen Xers and 17 percent of Boomers.

Despite this preference, Millennials are less likely to make an appointment. Only 48 percent always make an appointment, compared with 57 percent of Gen Xers and 69 percent of Boomers.

"These results indicate that many dealerships are still not using online scheduling tools and, in particular, mobile scheduling," said Van Sach. "It's critical that dealerships integrate their marketing and appointment programs so they can convert more Millennial service shoppers into customers."

Millennials greatly prefer texting; 66 percent prefer SMS communications from the dealer, compared with 46 percent of Gen Xers and 21 percent of Boomers. Additionally, Millennials prefer to pay by phone; 63 percent say they would like to pay by phone, compared with 51 percent of Gen Xers and 24 percent of Boomers. The top three reasons Millennials cite as to why they prefer to pay by phone are getting their vehicle faster (49%), avoiding the checkout process (35%) and avoiding the service advisor (16%).

"Most dealers still don't use SMS to keep customers informed throughout a service visit, and very few dealers have eCommerce options," said Van Sach. "Given these gaps in the digital experience, the lower service retention rates among Millennials are no surprise."

In-Store Service Experience

One of the more surprising findings in the AutoLoop study is what Millennials are looking for in their service experience from a dealership. Above all, this generation values being presented with different price and financing options for services. 32% of Millennials chose a service center for price and financing options, which was over 2x higher than non-Millennials, who were more likely to select a store due to their use of OEM parts and the expertise of technicians.

Another in-store experience gap was revealed in the presentation of inspection results. Upon check-in, only 51 percent of Millennials understand their inspection results, compared with 58 percent of Gen Xers and 63 percent of Boomers. This has a significant negative impact on referral rates; 53 percent of customers who understand inspection results refer someone to the dealership, while only 27 percent of customers who don't understand their inspection results refer someone.

"Dealers need to focus on improving their in-store experience if they want to retain Millennials' business and get more referrals," said Van Sach. "We recommend monitoring service advisors for process compliance and implementing technology that educates consumers and offers more choices, such as mobile tablets, service repair videos and pricing and financing options."

To learn more about how to optimize the Sell, Service, Repeat cycle through AutoLoop's full customer engagement suite, call 877-850-2010 or visit AutoLoop.com.

About AutoLoop:

Since 2005, AutoLoop has helped automotive dealerships nationwide increase sales, improve client retention and achieve overall higher customer satisfaction ratings throughout the Sell, Service, Repeat cycle. With the AutoLoop Customer Engagement Suite—an all-encompassing platform that includes everything from CRM and automated messaging to equity mining, service scheduling and more—AutoLoop is the industry's first and only single-vendor, end-to-end marketing and engagement solution. An Inc. 500 company with nearly 50 million names in its database and over a billion individual communications initiated, AutoLoop is passionate about being America's best customer retention partner for progressive dealerships.

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