Dealerships Trying to Extend Customer Relationships

By Casey Clapper

In a push to capture as much of the repair market as they can, dealers are making concerted efforts to extend their relationships with consumers throughout the life of a vehicle, according to a recent report from The NPD Group, a provider of consumer and retail information for a wide range of industries, including automotive, commercial technology and entertainment.

"The dealers are actively looking to extend their relationship with vehicle owners beyond that three-year time window," explains David Portalatin, director of industry analysis for The NPD Group. "They are offering incentives that attract vehicle owners with vehicles over 90,000 miles. For example, I was looking on the Internet and saw a Toyota dealer offering a 15-percent discount for owners with Toyotas over 90,000 miles. These are going to be the vehicles that will need the higher ticket average repairs. That's where the battle for market share is really being waged."

The NPD Group reports that consumers choose to take their vehicles to auto dealers for 22 percent of service occasions. Each week, The NPD Group surveys consumers about their automotive services and purchases through its Car Care Trac® service. The data shared here reflects responses for the 12 months ending June 2006.

According to the report, the distribution of U.S. service channel outlets is as follows:

- Car dealer—22 percent
- Repair shop—16 percent
- Tire store—15 percent
- Quick lube—13 percent
- Mass merchant—8 percent
- Other (includes auto parts stores with bays, warehouse clubs and transmission shops)—27 percent

"What we found that was most interesting was that there is a difference in consumer behavior regarding automotive repair transactions and automotive maintenance transactions," Portalatin says. He adds the driver of this fact is that a majority of service transactions are maintenance oriented, and a high percentage of dealers' overall service mix is maintenance oriented.

"Vehicle owners of cars younger than three years of age are much more likely to go back to the car dealer. And those are vehicles less likely to need major repairs," notes Portalatin.

Independents Fighting Back

Repair has typically been the domain of aftermarket providers, especially independent garages, and is mostly dominant with older, higher mileage vehicles. But dealers want more of that market, Portalatin says. "They have direct marketing database assets that they're leveraging pretty heavily to get people to bring their vehicles back in."

Aftermarket service providers can do a better job of getting their fair share of the maintenance piece, advises Portalatin.

"The most frequently requested automotive service transaction is still an oil change. There are opportunities to add on those routine maintenance items as well as other items," he says. "In addition, (aftermarket service providers) have to get the word out to these newer vehicle owners about their ability to do a lot of that scheduled maintenance currently going to the dealership."

It remains to be seen how successful dealers will be in taking market share, Portalatin adds.

NPD's Car Care Trac reports on consumer purchasing behavior in the North American automotive aftermarket, including do-it-yourself products and do-it-for-me automotive service purchases. For more information, visit www.npd.com.

Reprinted from *Aftermarket Business*, Jan. 2007.