



## Key Insight

**Competitive Pricing is a requirement; Perception of the Customer Service provided at the dealer has become the key factor in the purchase decision.**

## Key Research Results

- The internet is driving customers to REQUIRE competitive pricing. It is not so much a competitive advantage as it is a competitive disadvantage to be out of market.
- Given the requirement of competitive price, a high level of customer service is a key factor in the choice of dealership.
- Prior to visiting a dealership, customers are most interested in accurate pricing and vehicle availability information.
- Also of major concern to the prospects was the perception that the information they had been provided regarding pricing and availability was correct and that they would not be subjected to high-pressure sales tactics.

## Key Recommendations

- Demonstrate a commitment to customer service through information rich, highly interactive websites, **high quality** and **prompt** responses to customer inquiries, and professional follow-up to iChannel prospects.
- Provide iChannel customers with accurate vehicle pricing and availability information.
- Provide customers with assurances regarding the validity of pricing and availability information online.

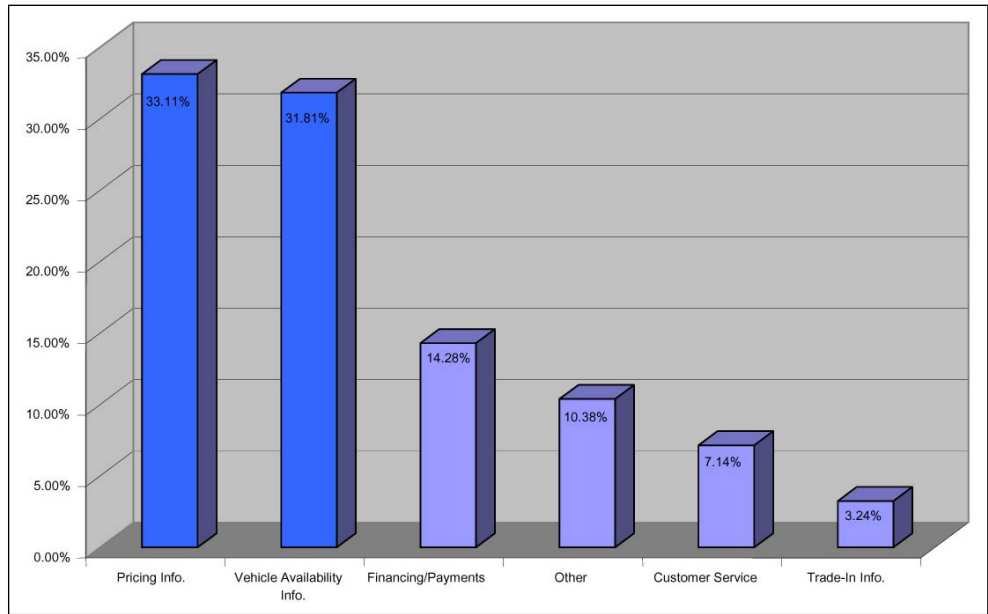
## Analysis

Results from an online research study of iChannel customers reveal accurate vehicle pricing and availability information to be highly important during the initial phase of their research. However, the factors that most influence the final choice of dealership are price information, and a high level of customer service. This suggests that in many cases, while the customer's price range remains inflexible, a high level of customer service as well as the perception that a dealer is being honest can play a larger role in the purchase decision than the specific model of vehicle being purchased.

### **Prior to the Dealership Visit Accurate Pricing and Inventory Information are Highly Important**

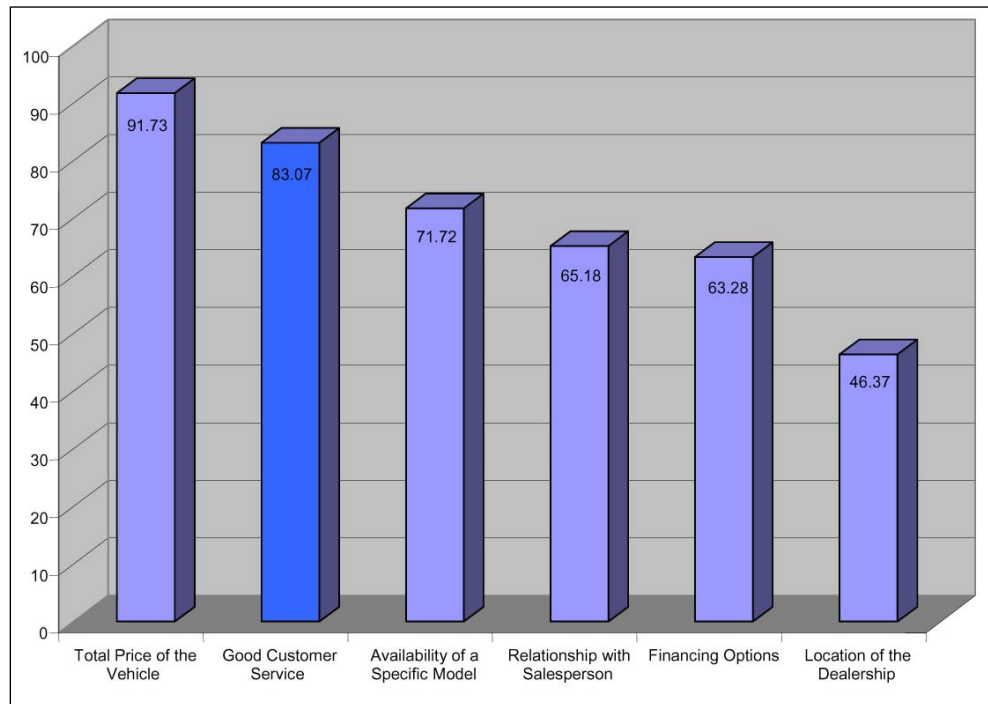
- 33.11% of surveyed prospects stated pricing as being the single most important piece of information they require prior to their visit.
- 31.81% of surveyed prospects stated vehicle availability as being the single most important piece of information they require prior to their visit.

[For More Information:](#)



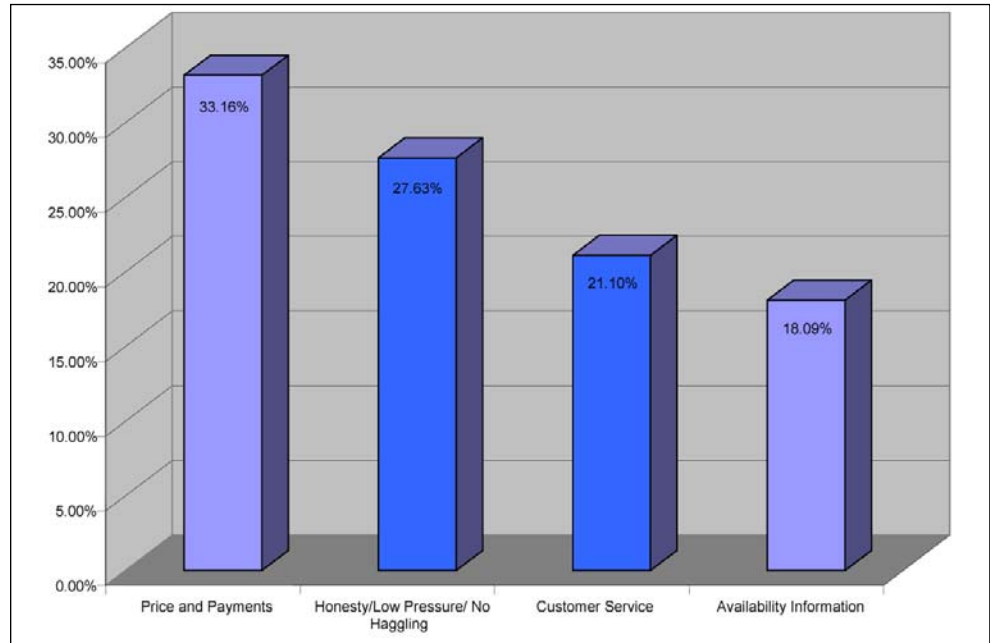
**A Demonstrably High Level of Customer Service is a Key Determinant of which Dealership to Shortlist**

- Price was rated at 91.73 on a 100-point importance rating scale of "Factors important to purchase decision".
- A high level of customer service was rated at 83.07 on a 100-point importance rating scale of "Factors important to purchase decision". This was second only to price.



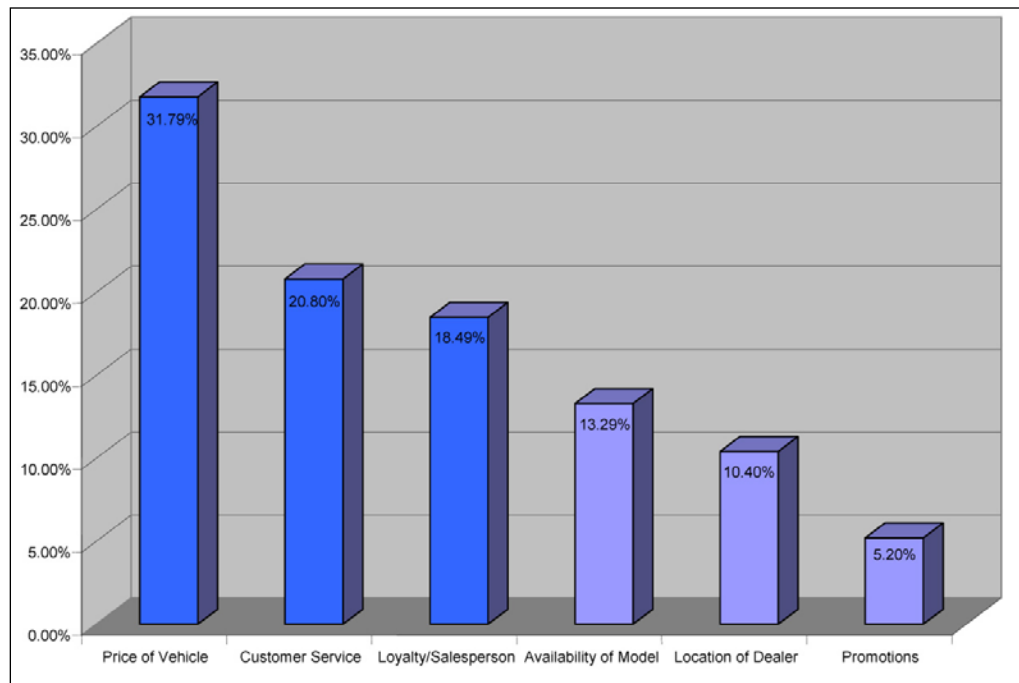
**On the Dealership Lot, Honesty and Accuracy are Highly Regarded. High-Pressure Sales Tactics are Not.**

- The second highest concern of surveyed prospects, following the price of the vehicle, was the accuracy of information provided to them prior to visiting the dealership lot. 27.63% of surveyed respondents considered it important that they be reassured that they would be treated honestly and would not be subjected to high-pressure sales tactics on the lot.
- An additional 21.10% of surveyed respondents were also interested in the level of customer service they would receive before and after the purchase.



**Factors Affecting the Customers Final Choice of Dealership**

- The price of the vehicle was primary, cited as being important by 31.79% of the respondents.
- "Customer Service" (20.80%) and "Loyalty to the Dealership/Good Interaction with Salesperson" (18.49%) were the second and third most important factors to the purchase decision.
- The availability of a specific model (13.29%) and the location of the dealership(10.4%) were not as important as these other factors.



## Recommendations

- **Provide Prospects with Sufficient Information Online:** The proliferation of the internet has enabled the vast majority of prospects to access information on vehicles from a variety of dealerships. It is recommended that dealerships provide prospective customers with accurate pricing and availability information online, preferably along with pictures of vehicles on the lot. By providing prospects with the information they desire in a timely manner, a dealer can build a higher level relationship with the prospect, reassuring them that their needs will be met.
- **Install Mechanisms to Ensure High Levels of Customer Service:** The key differentiating factor for a price-competitive dealership in its market would be the level of customer service offered to prospective shoppers. Price is easily shopped and compared and there is stated flexibility from the customer on specific model and dealership location. A dealership can optimize the customer service experience in two ways:
  - Provide prospects with multiple touch points (Phone, Live Chat, E-mail etc) to facilitate the speed and ease of the shopping experience, and
  - Maintain high standards for interactions between customers and the dealership across all touch-points.
- **Provide a Low-Pressure Shopping Environment and Promote Perceptions of Honesty:** It is important that prospective customers feel comfortable with their pace and involvement in the shopping experience. By maintaining a customer perception of honesty and transparency for the duration of the transaction, a dealership can generate a greater number of lot visits and referrals, and therefore a higher close rate. These satisfied customers will also generate incremental sales through repeat purchases and referrals. Conversely, if the information that is provided to the customer over the phone or online differs from the actual deal structure they receive when they arrive on the lot, the dealer runs the risk of not only losing the trust of the customer, but also the sale itself.

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## Glossary of Terms

**iChannel:** The "iChannel" refers to online-based channels of communication. Dealer Websites, E-mail communications, and online Live Chat are all examples of the "iChannel".

**iBase:** iBase refers to a knowledgebase gathered by Outsell focused on the role of the internet in the process of buying and selling vehicles. It includes data on the behavior, perceptions, needs, and expectations of internet car buyers. It also contains information regarding how dealerships view and use the internet in their marketing and sales process. The iBase has been created based on customer and dealer interactions and strategic research studies that capture quantitative and qualitative information which is then analyzed in an objective manner.

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## Methodology

**iBase Survey Methodology.** The prospect need-profiling surveys were conducted from September 9- October 19, 2005. The surveys were delivered to Live Chat users immediately following their interaction with an iAgent. Pilot testing demonstrated that the surveys used were comprehensible to the average intended recipient. The survey construction was based on commonly accepted academic best practices. The final N for the survey was 430 completions with a Confidence Level of 95% (+/-) Margin of Error between 4% and 5%.

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**Who is Outsell?** Outsell, LLC exists to drive profitable unit sales and services revenue for automotive dealers. We provide interactive sales and marketing services that help dealers target, engage, qualify, and close more business. Outsell delivers measurable results for our customers.