



Chuck Patton & Tricia Patton

SERVICE: SERVICE MARKETING AND BUILDING A BRAND

Operating a service

department effectively can allow it to serve as both a profit center and an advertising investment. It should be, by far, the most cost-effective advertising you make to generate sales leads. Why? A typical dealership generates 77 percent of operating profits from the service department, and it averages just below 25 percent of the total dealership gross sales. Most customers frequenting your service department will give you an opportunity to sell them their next car. You cannot generate that kind of revenue opportunity through investing in traditional advertising media.

Keep the service customers loyal and you will profit from the service work, as well as build a new purchase relationship with the customer. This can be a simple formula as long as the customer has a positive perception of your dealership and is satisfied. However, this is easier said than done since you cannot always control every human interaction that occurs in the store. The impression that the consumer has of your dealership can make the greatest difference. So, how are you building that image or brand to keep that good impression?

Typically, a dealership spends a little more than one percent of their gross sales advertising — but how they spend it is changing dramatically. Consumers want more information and they want the information directed *to* them, *for* them and *about* them. This is why traditional marketing is changing so dramatically. According to NADA, a little more than 10 years ago mediums like direct mail and the Internet didn't even have their own piece of the pie. They will soon grow together as more than a projected 25 percent of the total expenditure by the end of the 2008 season. The greatest example of success within these two mediums is occurring in service. Internet and direct mail are most effective when they are targeted *to* the customer, *for* them and *about* them. The service department is your largest resource for tracking customer behavior due to multiple transactions that are taking place per year. If you take advantage of this resource, Internet and direct mail messages can be customized and specific to the customer the way they like it.

Almost every manufacturer has a service-marketing program that makes it easy to target consumer frequency and persuade the customer to increase their loyalty. Some dealers are hesitant about this advertising communication and underutilize the investment. Some manufacturers might influence you to use their national program, stressing that you must stay in front of your customers. This is the right approach, but what is your message once you are in front of the customer? The key point of this phrase is *your* customer. *You* are there to bring customers into *your* store to service their vehicles. Then, you want to encourage them to buy their next vehicle from *you*. So ask yourself who “*you*” really are, and what you need to do in order to maintain a positive impression. This positive impression does not exist if the customer doesn't perceive it. What percentage of your one percent of sales are you spending on building your brand within the market? What are you doing to extend a positive impression on clients? Cheap prices do not always build strong positive impressions to everyone.

Building brand does not typically happen in the sales department. You invest those dollars in staying competitive on price. That may never change. However, increasing service loyalty tends to be more about convenience, time and quality in addition to cost. So, it makes sense to focus your service marketing around yourself in order to build brand and drive customers in. Here are some short rules:

- **Talk about you, not your manufacturer's line** — This is the No. 1 problem with most manufacturers' service mailing programs. They want to talk about them. This may build loyalty to the vehicle, but that does not ensure they will come back to your store to buy versus the guy on the other side of town.
- **Move the needle, not the metal** — You are interested in selling services that are profitable and move the needle. Your manufacturers' program can be focused more on moving metal — parts. Keep your offers focused on services that make sense for the largest audience, and not just the highest parts gross.

- **Know who you are and what you want to be** — It doesn't take an expensive survey to understand what you do right and what you do wrong. Every dealership should have managers and leaders who know what image needs to be in the community in order to attract customers through trust. Know this and sell it, just as much as you sell discounts.
- **Keep your logo and tag lines consistent** — You don't need a professional advertising agency to make up a tag line such as “quality is never compromised.”
- **Plan for the year** — Most service managers aren't trained in marketing, so be sure there is a plan for how the dealership is going to be branded for the year. Once this plan is created, they can focus on what truly makes the dealership money — managing people and customers.
- **Hold on to the notion** that your service department is also your public relations department.

The average dealership has between 5,000 and 7,500 customers who have visited their service department within the past 24 months. If you regularly direct market to these customers, at least quarterly, you are getting between 20,000 and 30,000 impressions in one year. Great branding needs to be a byproduct of successful direct marketing. If you are not taking the steps to build a positive customer impression, then there will not be a successful direct mail program. *Consistency* is the key. Consistency is about building a positive relationship over time with your clients. It is *not* about beating up your customers and your wallet until you finally realize there is no value being built. Consistency isn't about a magic pill, but rather emphasizing the relationship you have to offer your customers.

Chuck and Tricia Patton are the founders of Traffic Builders Inc. They can be contacted at 866.859.8520, or by e-mail at patton@autosuccessonline.com.