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THE MOTOR DEALER REPORT FROM AUSWILD & CO
PO Box 527 Kogarah NSW 1485
Chartered Accountants and Dealer Management Services
Website: www.auswild.com.au
Telephone: (02) 9588 0100
Facsimile: (02) 9588 7865

DEALERS – KNOW YOUR CUSTOMER

Interesting insights have emerged from the recently released 2023 Urban Science Dealership Transformation Index (DTI) Survey. The survey, conducted by The Harris Poll – a leading global market research and consulting firm – on behalf of Urban Science, captures and analyses the evolving views of the "auto-buying public" as they relate to the traditional automotive dealership network regarding sales and service.

According to Urban Science, the DTI score empowers manufacturers and dealers to identify trending issues and opportunities, and to tap the power of actionable insights that will better position them to elevate their brand experiences for the auto-buying public while simultaneously enhancing efficiency and profitability across their operations.

Dealer Relevance

The DTI score for Dealer Relevance measures how the auto-buying public feel about the role of dealers and their expertise, and other related aspects of the vehicle buying journey. Whilst there was a relatively small 3 percentage point drop on how the auto-buying public view dealer relevance from the previous year, of much more concern was the 5 percentage point drop in that category among millennials. In other words, the key buyer demographic for dealers both now and in the coming years is the one most likely to look for alternate ways to purchase a new vehicle.

In the category of how essential today's dealerships are in the auto-shopping and auto-buying process, only 34% of the auto-buying public strongly agree that "today's dealers provide the resources, tools and technology to make buying a vehicle easy and convenient." This is down 6 percentage points from last year. In contrast, 64% of dealers think they played an essential role and 63% believed they provide the right resource, tools and technology.

Even fewer buyers (30%) think that salespersons have the necessary expertise to help them navigate the complex vehicle buying process. Again, the gap between the auto-buying public's perceptions and dealers is huge – 70% of dealers think their salespersons have the needed expertise!

If there are any take aways from this, it is that dealers need to get more in-tune with what the auto-buying public want. Narrowing these gaps is critical to ensure dealers and their dealerships are a valuable asset in consumers' brand experiences.

Trend Resistance

Trend Resistance index measures how likely auto buyers are to resist new innovations in the automotive retail space – from new vehicle technologies to their car shopping and buying experiences. This year, there was significant resistance to being open to "purchasing a vehicle fully online."

Now that the covid-19 disruptions are behind us, it appears that the auto-buying public are not as obsessed with purchasing a vehicle online as dealers may imagine. The percentage open to buying a vehicle fully online fell 6 percentage points to 30% compared to last year.

The auto-buying public is again ready to re-engage in person and 90% said they would visit a traditional automotive dealership in their car buying journey – a trend strongest among Baby Boomers (94%) and Gen X (91%) buyers.

But the auto-buying public also expect at-home delivery (61%) and 49% expect mobile payment options – an increase of 11% on the previous year.

Interestingly, for those gravitating toward full digital retailing, 65% prefer a traditional dealership's website over a manufacturer's website (57%).

Actions

Actions describe what the auto-buying public are doing or considering doing regarding their vehicle purchases, from visiting a dealership to obtaining online quotes. The 2023 DTI showed the way the auto-buying public are engaging with dealerships hasn't changed from the previous year. They are still much more likely to consider manufacturer dealerships over independent or national used vehicle dealerships.

In general, auto buyers in the survey report they either have visited or plan to visit a dealership. However, the auto-buying public only plan on visiting an average of 1.9 dealerships – and 46% have asked or plan to ask for a price quote online.

It is clear that based on the auto-buying public's actions, they are taking a hybrid approach: researching and asking for a quote online, then visiting a dealership to test drive and/or complete the transaction.

This also means that dealers only get one chance to meet and/or exceed the expectations of the buyer. This is vital as any dealerships that fail will not likely get a second chance.

Conclusion

With threats to their operations coming from non-traditional dealers, non-traditional purchase models and the industry's rapid transition to electric vehicles, dealers are significantly more likely to describe their path to future growth as "getting harder." Dealers will need to embrace the future with the right tools and expertise.

The Urban Science DTI outlines a path to the future – but it won't be easy. It will require dealers to focus on the opportunities behind the challenges and to find ways to evolve with the customers they have (and the prospects they are hoping to convert into customers) and meet them where they are on their purchase journeys. Dealers will need to make sure they offer the right resources and technology – both in the dealership and online.

For additional information, please contact your
Auswild Dealer Management Services Team

Vincent Choy James Dick Lee Payne

(02) 9588 0100