

Who is Your Competition?



Businesses that share a common customer base must identify their true competition to stay in the race. Not so long ago, this meant that if you owned a pet store and you saw another store across town selling dog food for \$10 per bag, you priced your bag for just about the same. Setting your prices that way became a little less tempting once that same bag could be purchased cheaper online. This was even less effective once shipping cost reductions

became part of the strategy. Then things shifted once again, and customers found themselves happily paying more for expedited delivery and even personal, door delivery. It begs to ask the question, "Was it ever really about a lower price?" It might have been, but convenience wins it all today. Your biggest competitor can be anyone that can make it easier for your customer to do business with them over you. Price is no longer the main differentiator because the value attached to convenience has surpassed it. If you do change your prices, make sure you are adjusting in the right direction. If you are looking to have a steak for dinner, odds are that you have some choices to make. If you are celebrating a special occasion, you can spend \$75 for the entrée. However, you will probably drive by several places where you can satisfy your cravings for about \$35 and you might even pass by that one place that advertises a steak and 2 sides for \$9.95. Regardless of the place you choose, you probably already have an idea of what to expect before you walk in. If you are delivering a quality product or service, you may benefit more from holding onto your price than lowering it. That is because everyone knows those six little words, "You Get What You Pay For." The dinner plates that are \$35 and \$75 will be much closer in appearance and quality than the \$35 and the \$9.95 plates.

The service department at a dealership is no different. It does not turn a big profit by doing oil changes and tire rotations all day. Services like these are almost always priced low to keep customers from going elsewhere, like those places that advertise an oil change in minutes. This is where you would sacrifice some profit for customer retention. Since the rest of the market has evolved from lowest price to most convenient, why can't the service department do the same? Chasing to be the lowest priced provider in all the different categories of automotive service could make for an enormous list to keep up with. Eliminate the guessing and capitalize on what the customers are telling us they want. Here are some ways to improve and keep customers coming back without sacrificing profit.

- Stay fully staffed during peak traffic hours
- Keep phone rings to a minimum
- Have a website or a smart phone app that lets customers schedule or modify reservations with as few clicks as possible

If you want to get even further ahead I would suggest incorporating text communication with your advisors and the ability to collect payment electronically. If the addition of new technology is not on the financial horizon, do not worry because there is still no replacement for these tried and true customer service options.

- Happily and willingly take in an oil change five (5) minutes before closing
- Pick up or deliver a vehicle to a customer
- Make a calendar reminder to text a customer a reminder of his or her service appointment the day before

All of these have one thing in common: they make it easier for the customer to do business with you over any other place around. And these barely scratch the surface when it comes to all the ways a service department can make bringing in the vehicle easier for the customer. All of these ways translate into showing the customer that you value their time, which for many, is the most valuable currency. So, how are you going to make it easier for your customers to do business with you today?

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