



THREE UNEXPECTED WAYS YOUR DEALERSHIP ALIENATES NEXT-GENERATION BUYERS





Time and money is wasted if you drive millennials away with broken processes once they set foot in your store



With millennials being one of the largest age groups responsible for buying new vehicles, it's no surprise that dealerships are transforming their advertising techniques and in-store experiences to earn more next-generation customers. However, there are three common dealership practices that could be driving millennials away. This white paper will help you discover what those practices are and how you can fix them.

Millennials are now the largest consumer segment in the United States¹, and their buying behaviors are transforming the automotive industry. By 2040, millennials will buy 40 percent of new vehicles annually.²

To harness the buying power of the millennial generation, dealerships are shifting their efforts from traditional advertising such as radio and billboards and moving toward social media and paid digital advertising. Millennials spend over 17 hours researching their purchase online, so it makes sense for your dealership to invest in its digital presence.³

However, this time and money is wasted if you drive millennials away with broken processes once they set foot in your store. In this white paper, we'll explore three unexpected practices that could be costing you next-generation buyers.

Delaying the Test Drive

For millennials, the test drive is essential. While they spend hours doing online research, 84 percent of young buyers want to experience the vehicle they're considering firsthand.⁴ Some millennials are even renting cars to test drive the specific model they're interested in.⁵

When they visit the dealership, they know exactly what vehicle they're looking for. Unfortunately, they dread the car-buying process, particularly the last few hours of completing the transaction.⁶ This isn't surprising — they're used to seamless experiences with technology giants like Apple, Google and Amazon.

Since millennials are already reluctant to spend hours in your store, it's a mistake to delay the test drive — one of the most important parts of the buying process for millennials. One of the most common reasons for delayed test drives is lost keys. Typically, the following scenarios are to blame:

- **Salespeople don't follow key checkout procedures.** Dealership employees are often forced to do manual tasks such as filling out key control logs. To save time, employees tend to remove keys without completing the log. If the key is a fob with a detachable valet key, they may even simply remove the valet key if that requires less time. If a different salesperson needs that same key but it's not there and the log is inaccurate, the salesperson is forced to waste time tracking down the key.



“

Failing to keep an accurate record of key use affects the customer experience

”

- **Sales and service don't communicate.** Dealership sales and service departments can work together to generate revenue for your dealership. The sales department can offer service contracts on new or used cars, while the service department can refer customers to sales when vehicles start reaching their end of life. However, at many dealerships, the communication between departments stops there. If a service rep takes a vehicle to the service department for routine service but the key log is not updated, that can affect the sales department's success.

Consider how failing to keep an accurate record of key use affects the customer experience. Imagine that a millennial walks into your showroom and requests to test drive a specific car in certain interior and exterior colors. They've been searching the internet for weeks for this particular combination and you're the only dealership in the area with their dream car.

Your website and CRM indicate that the car is on the lot, but the sales rep is unable to find the key on the pegboard. The rep checks with multiple people in your sales department but is still unable to find the key. The customer refuses to test drive a different car since they came for that specific vehicle. After a long wait, they leave.

Considering that millennials already know exactly which vehicle they want to test drive, offering them a different vehicle reduces your odds of landing a sale. Even if they do choose to wait, downtime gives them time to do additional research on their smartphones and talk to friends and family about their experience. Millennials check their mobile devices 43 times a day on average⁷, so they'll have plenty of opportunities to rethink their potential purchase.

How to Improve

Electronic Logs

Continually monitoring keys and having employees reserve vehicles in advance ensures that your dealership operations run smoothly and that you don't make customers wait around for a test drive. An electronic key control system can log key access automatically and allows users to reserve keys, so the system will show an alert if someone attempts to check out a reserved key.

Plus, an electronic system is about twice as fast (or faster) than manually updating a key log. It would take anywhere from 30 seconds to five minutes to locate and remove a key from a pegboard or lockbox and manually update a log sheet. It only takes 15 to 60 seconds to perform the same transaction with an electronic system.



“

For 63 percent of next-generation buyers, a brand must demonstrate loyalty to win their business

”

Key Fob Pouches

To encourage employees to follow the appropriate key checkout process, prevent them from separating valet keys from fobs. KeyTrak users, for example, can place each fob in a pouch that is attached to a programmed system key tag via a fastener that runs through the top of the pouch. This ensures the valet key and fob stay attached to each other until the vehicle is sold.

Sales-to-Service Networking

By networking key control systems between sales and service, you give managers the ability to see what vehicles are in the back being dealer prepped or reconditioned. Simply adjusting your key management practices reduces the frequency of misplaced keys and miscommunications between employees. Your millennial buyers will be able to test drive the right car at the right time, and you'll be one step closer to landing the sale.

Losing Track of Customer Vehicles in the Service Department

When you hand a millennial the keys to their new car, don't let that be the last time they visit your lot. The service department provides opportunities for additional revenue, but your customer experience is critical to winning millennials' repeat business. According to J.D. Power, millennials seek strong value for their money⁸, and they have low tolerance for errors and delays. However, that doesn't mean they can't be loyal customers.

For 63 percent of next-generation buyers, a brand must demonstrate loyalty to win their business. After that, you have to provide a good experience, because 76 percent of millennials only give brands two or three chances. Once they leave, 1 in 3 says there's no way for a brand to win them back.⁹

With these odds, you must address inefficient processes in the service department. You might first set your sights on appointment scheduling, the payment process and technician proficiency. While these areas are important, there's a more serious issue you may not have considered: lost customer vehicles. When you lose track of customers' vehicles, customers won't care how quickly they were able to schedule their appointment, how easy it was to pay or how skilled your technicians are.



When you fail to properly manage customer keys and vehicles, customers lose trust in your dealership



All too often, service departments put customer keys in an insecure place, such as on a pegboard, without the proper controls in place. If your service department doesn't properly manage and track customer keys, employees can remove keys and use vehicles for non-work-related purposes. Even if they do remove the keys and move the vehicle for a legitimate reason, it's inefficient and risky not to keep a record of the reason for the key use and the location of the vehicle.

Imagine a job being delayed because the keys are not where they ought to have been. Or worse, a customer arrives to pick up their vehicle and it's nowhere to be found. The latter example seems extreme, but it's not unheard of. Consider these real-life examples related to poor key control in the service drive:

- A Virginia woman's vehicle was totaled after being stolen from a local dealership's service department. The keys had been kept inside the building but were not locked up.¹⁰
- In Illinois, a woman took her vehicle in for service to the dealership where she had purchased the car three years prior. After waiting 30 minutes for a car wash, she asked employees about her vehicle's status. Video footage showed the vehicle being stolen while it was waiting in line for a car wash with the keys inside. It was later found torched.¹¹
- At a dealership in California, a service department employee took a customer's limited-edition vehicle for a joyride to get fast food. The car's owner spotted the employee speeding past her in her car. After angrily confronting the general manager, she vowed never to return to the dealership.¹²

When you fail to properly manage customer keys and vehicles, customers lose trust in your dealership. They might put up with a long wait or an inefficient payment process a time or two, but if you don't treat their personal property with care and respect, they'll never return.

How to Improve

Audit Trail

It's important for keys to be secured in a central location and for employee access to be tracked. That way, when a customer is ready to pick up their vehicle, the key can be easily retrieved. If the key is not in the system, an automatic audit trail of key usage allows employees to see who last checked out the key and why.

Overdue Key Alerts

To help avoid situations where a customer is asking for a key and it has not been returned, overdue key alerts can be set up on an electronic key control system. If a key is not returned within a designated time frame, you can receive an email or text alert so you can check on the car and confirm the key's location before the customer arrives to pick up their vehicle.



**Millennial customers
have low tolerance for
errors and delays**



Time Limits on Keys

Setting time limits on when employees can check out keys helps cut down on mystery miles. Employees only need to have access to keys during business hours, so having an electronic key control system that prevents anyone from removing keys after business hours or once their shift is done helps prevent unauthorized use of customers' vehicles.

Millennials have the potential to be loyal customers of your dealership, but they want to be treated right. By putting measures in place to avoid mismanagement of their keys and vehicles, you'll not only demonstrate the value of the service you provide by improving efficiency but also avoid scenarios where you lose their trust forever.

Providing Inadequate Employee Training

As we've already mentioned, millennial customers have low tolerance for errors and delays.¹³ That means that your employees need to be appropriately educated and trained in order to provide a smooth customer experience. Since millennials are the largest generation in the U.S. labor force, odds are many of the employees you'll be training are millennials.¹⁴

Generational gap issues are inevitable when people of all ages work together, but it's critical that you adapt to your younger workforce if you want your dealership to remain competitive and successful. Adjusting some of your own expectations and practices will keep your millennial employees engaged and moving in a positive direction. To be effective, your training strategy should be carefully planned in a way that engages your millennial employees.

According to The ManpowerGroup, employees fall into three learning categories¹⁵:

- High Learners
- Potential Learners
- Low Learners

Your best employees fit into the first two groups. The good news is that the vast majority of millennials typically fall into those groups too. If you want your millennials to buy into your dealership's processes and keep improving, you need to teach them how!

High Learners are, of course, the cream of the crop. They're optimistic, confident and driven. You need to give them the most challenging and evolving training to keep them interested.



“

Even if a millennial is open to learning, poorly planned training can cause them to disengage

”

Most millennials fall into the Potential Learners category. They also have a high drive for learning and, though they aren't as confident and don't create as many opportunities as High Learners, they're still good employees. They might need a little more engagement to see the connection between training and career success, but they're willing to get there.

As a provider of key control hardware and software, we regularly train new users, many of whom are millennials. In our experience, many millennials are eager to learn, like to know how things work and often request training. But even if a millennial is open to learning, poorly planned training can cause them to disengage. That's why it's important to approach training strategically.

How to Improve

Technology Training

In general, millennials learn how to use new systems more easily and quickly than older users, who tend to require more time. That's why, when training employees on dealership systems, you may need to split people up into smaller groups of similar ages. It's often easier to set the appropriate pace when training one or two people at a time as well. If younger employees are being trained alongside older employees who prefer to take their time, the faster-learning employees tend to become frustrated by a slower pace.

In addition, check to see if any of your technology providers offer training and take advantage of those services. KeyTrak, for example, offers customers with active maintenance agreements free video consultations on how to maximize their system features.

Job-Based Training

Splitting people up into groups by generation isn't recommended for job-based training such as sales training. Millennials value making important contributions to their workplace, and they want to feel like part of a team.¹⁶ When it comes to job-based training, millennials may prefer to participate in group exercises. After a round of training, put the employees' newly learned skills to the test. Have them role play their job duties with a coworker and grade their performance to motivate them with a friendly sense of competition.

Clearly Communicated Expectations

No matter what type of training you're doing or how old employees are, it's important to set expectations by combining hands-on training with written policies and a procedures checklist. When training is complete, follow up to ensure employees understand what they learned and to see if they have any questions.



“

**Next-generation
buyers have high
expectations**

”

Training is a crucial part of your young employees' continued development. Whether it's selling cars or working in F&I or the service department, all your millennial employees need to learn new skills that will help your dealership win more next-generation customers.

Repairing Broken Processes

Next-generation buyers have high expectations. They want to test drive and purchase a specific vehicle and then complete the rest of the buying process quickly. They expect a top-notch customer experience, whether it's in sales or service. They expect employees to be knowledgeable and efficient.

By addressing key control issues that delay test drives and disrupt vehicle management in the service department, you avoid alienating millennial buyers. Training your employees is just as important. With the right training, your millennial employees can provide the customer experience their peers are looking for.

**To get started with addressing your key
management issues, visit
keytrak.com/systems/keytrak-automotive.asp.**

¹ "How Customer Service Must Adapt to the Largest Consumer Segment: Millennials," ICMI, 2018 • <https://www.icmi.com/Resources/Customer-Experience/2018/01/How-Customer-Service-Must-Adapt-to-the-Largest-Consumer-Segment-Millennials>

² "Young Car Buyers Are Excited about Buying Cars," J.D. Power, 2014 • <http://www.jdpower.com/cars/articles/jd-power-studies/young-car-buyers-are-excited-about-buying-cars>

³ "The Next Generation Car Buyer," Autotrader, 2013 • <https://b2b.autotrader.com/oem/wp-content/uploads/2013/05/Millennials-Next-Gen-Car-Buyer.pdf>

⁴ "Dealerships not endangered, but need improvement," Detroit Free Press, 2015 • <https://www.freep.com/story/money/cars/2015/03/31/autotrader-research-car-buyer-future-dealerships/70700236/>

⁵ "Millennials Use Car Rentals as Extended Test-Drives," Edmunds, 2014 • <https://www.edmunds.com/car-news/millennials-use-car-rentals-as-extended-test-drives.html>

⁶ See citation 4.

⁷ "Millennials Check Their Phones 43 Times a Day. This Is What They're Looking For. (Infographic)," Entrepreneur, 2014 • <https://www.entrepreneur.com/article/234531>

⁸ "Millennials: Not as Fickle or Anti-Establishment as You Think, According to J.D. Power Report," 2016 • <http://www.jdpower.com/press-releases/jd-power-millennials-insight-report-customer-experience-perspective>

⁹ "Brands Must Show Loyalty To Earn Loyalty, According To Alliance Data's New Consumer Study, 'The Rules of NextGen Loyalty,'" PR Newswire, 2018 • <https://www.prnewswire.com/news-releases/brands-must-show-loyalty-to-earn-loyalty-according-to-alliance-datas-new-consumer-study-the-rules-of-nextgen-loyalty-300615275.html>

¹⁰ "Dealership initially denies liability after car is stolen while in for service," NBC12 WWBT, 2016 • <http://www.nbc12.com/story/33107975/dealership-initially-denies-liability-after-car-is-stolen-while-in-for-service>

¹¹ "Car stolen from Berwyn dealership found torched," ABC7 KABC, 2018 • <http://abc7chicago.com/suv-stolen-from-berwyn-dealership-found-torched/3550062/>

¹² "California woman confronts dealership employee for taking her limited edition car on joyride," Fox News, 2017 • <http://www.foxnews.com/auto/2017/09/05/california-woman-confronts-dealership-employee-for-taking-her-limited-edition-car-on-joyride.html>

¹³ See citation 8.

¹⁴ "Millennials are the largest generation in the U.S. labor force," Pew Research Center, 2018 • <http://www.pewresearch.org/fact-tank/2018/04/11/millennials-largest-generation-us-labor-force/>

¹⁵ "Millennial Careers: 2020 Vision," ManpowerGroup, 2016 • <https://www.manpowergroup.com/millennials>

¹⁶ "Millennials in the Workplace: A Communication Perspective on Millennials' Organizational Relationships and Performance," Journal of Business and Psychology, 2010 • <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2868990/>



200 Quality Circle
College Station, TX 77845
866.541.7000