Why perception not price will beat the independents

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WHY PERCEPTION, NOT PRICE, WILL BEAT THE INDEPENDENTS

Professor Jim Saker is Director of the Centre for Automotive Management at Loughborough University's Business School and an AM Awards judge. He has been involved in the automotive industry for more than 20 years.

Despite the lies, damn lies and statistics — phrase popularised by Mark Twain (and some of my own reservations about online surveys), it is always of interest when a new piece of research comes out.

I was particularly drawn to the NFDA Consumer Attitude Survey 2017, which throws up some interesting insights.

One of the most interesting results comes from the overall satisfaction scores for car servicing in the UK. It found that customer satisfaction ratings for franchised dealers were at 80%, compared with independents at 87% and non-franchised national chains at 72%.

One of the key statements in the survey was that the perception of franchised dealers changes dramatically if a consumer has used one in the past two years. They argue that if a consumer has used a dealership, they have a far higher opinion of a franchised dealer across all categories. This indicates that past perceptions are being changed by the experience of the contemporary dealership.

The report highlighted that the thorny issue of service pricing remained a big factor in favour of the independents. Mark Squires, NFDA chairman, has been quoted in this magazine and elsewhere as wanting franchised dealers to shout more loudly about what they are good at, to overcome the negative view of pricing. I have a great deal of sympathy for this view.

There will always be ‘price’ shoppers, but this should not dominate the franchised dealer proposition. The survey highlights that franchised dealers outscore independents in the areas of professionalism, knowledge, customer service, reputation and reliability. This is a very strong mix of attributes for any brand proposition.

Squires is right that franchised dealers should concentrate on their core strengths and make more of this in their marketing message. Too often I get emails from dealers about the cost of a forthcoming service. I appreciate that I am a middle-class, ageing academic, but when I am booking my son or daughter’s car in for service I am more concerned about its quality and the subsequent safety of the car than getting it £20 cheaper.

In the long run, the core strengths of the franchised network will increase its dominance over the independent sector. With the advances of the next five years, it is going to be difficult for independents to keep up with the knowledge and technology available to the franchised sector via their manufacturer partners.

The level of sophistication needed to service the next generation of vehicles is going to be a challenge for all in the industry. By building on the public’s perception of the expertise within the franchised sector, price may be less of a factor in the marketing of servicing.

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