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Embracing the new normal of automotive retailing

FROM THE CORNER OFFICE

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As I've talked to dealers over the last two years, the conversation continually returns to the new dynamic that's emerged in automotive retailing since the recession. At Reynolds, we describe this dynamic as the "new normal" for the industry.

That new normal is anchored by a confluence of trends: the number of dealership has declined, yet consumer demand is growing; consumer expectations about buying and services a vehicle are changing rapidly; and, in the midst of a strong industry, profit pressures on dealerships persist.

Interestingly, discussions at the J.D. Power TalkAUTO Canada conference in November underscored a growing recognition across the industry of these trends and how the new normal is helping define the future of automotive retailing.

The dealers I talked to there are recognizing they'll also likely need new technologies, processes, and services to thrive in the new normal. They want to know steps to take to operate their dealerships more efficiently and profitably, reach customers more effectively, and deliver a retail experience that more closely meets consumer expectations and sets the dealership apart.

At the National Automobile Dealers Association Convention in January, I expect more conversations around the new normal and the trends shaping how dealers do business in it.

Mobile devices will continue to change the way consumers think about when, where, and how to access information. Dealers likely will be looking at how to use mobile broadly inside the dealership and at every customer touch point.

A dealership's marketing efforts will be increasingly defined by new ways to cultivate prospective – and current

– customers and reach them effectively.

The consumer expectation for more personalization in every retail experience will also continue to shape how dealers cultivate customer relationships and deliver the sales and service experience.

Dealerships also will begin to tap big data more deeply to help gain an edge in anticipating who can buy and how to capture that business.

Behind it all, dealers likely will be looking for ways to operate more effectively with an ongoing focus on delivering a seamless, frictionless retail experience around selling and servicing vehicles.

In the new normal, the most successful dealers are finding and applying the right technologies and dealership processes to reach the right customers and deliver a seamless, frictionless experience – enabling them to grow their sales, their customer base, and their profitability.