



SERVICE SHOPPER 4.0



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OVERVIEW

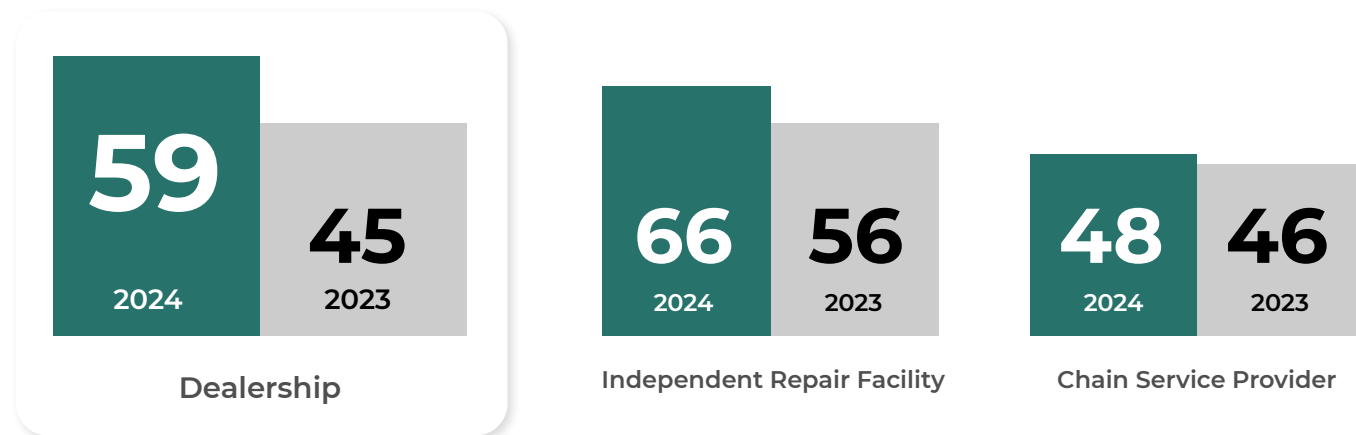
No matter the upheavals dealerships face with vehicle inventory, tightening credit or interest rates — generally targeting the Front Office — Fixed Operations remains a significantly more consistent profit center for franchised car dealers. To ensure proper maintenance of the Service department itself, savvy store and department leaders look at how the dealership system holds up to competition from independent repair facilities and chain providers as well as the technology and features only they can offer service shoppers.

This year, CDK surveyed over 2,000 customers who had car maintenance and repairs completed to see where dealerships stand. The results were generally positive. **The Net Promoter Score (NPS) — a satisfaction score based on a customer's likelihood to recommend a business — for dealers rose significantly to 59 compared to 45 in 2023.** Independent shops saw a significant increase as well, but dealerships are closing the gap from 11 points last year to seven in 2024.

Independent shops are returning to a level they experienced in 2020, while dealerships hadn't seen as much volatility in previous scores where they just hovered in that mid-40 range. This year's score of 59 is a significant improvement. Chain Service providers saw a small increase in 2024 but have returned to scoring below dealerships in terms of NPS.

These positive gains set the table as this study uncovers who the service shopper is and what they expect in their service experience.

Dealerships saw the largest gains in NPS to 59, 14 points higher than last year



DEMOGRAPHICS

Customers Surveyed

GENDER

| | |
|--------|-----|
| Male | 43% |
| Female | 57% |
| Other | 0% |

AGE

| | |
|--------------------|-----|
| Gen Z (18-25) | 5% |
| Millennial (26-41) | 27% |
| Gen X (42-57) | 28% |
| Boomer (65+) | 35% |
| Silent (78+) | 6% |

U.S. REGIONS

| | |
|--------------------|-----|
| West South Central | 12% |
| West | 12% |
| Middle Atlantic | 13% |
| East North Central | 16% |
| South Atlantic | 23% |
| East South Central | 7% |
| Mountain | 7% |
| New England | 3% |
| West North Central | 6% |

RESPONDENTS: 2,529

Vehicle

MILES DRIVEN

| | |
|---------------|-----|
| 8K to 12K | 61% |
| 12K to 14K | 15% |
| 14K to 20K | 15% |
| 20K to 25K | 4% |
| More than 25K | 5% |

VEHICLE TYPE

| | |
|--------|-----|
| Gas | 91% |
| Hybrid | 7% |
| EV | 2% |

VEHICLE AGE

| | |
|--------------------|-----|
| 0 to 3 years | 26% |
| 4 to 7 years | 33% |
| 8 to 10 years | 16% |
| More than 10 years | 24% |

WARRANTY STATUS

| | |
|--------------|-----|
| Never was | 15% |
| Used to be | 52% |
| Is currently | 33% |
| I'm not sure | 0% |

FREQUENCY OF ANNUAL MAINTENANCE

| | |
|------------------------------|-----|
| Less than once a year | 5% |
| Once a year | 24% |
| Twice a year | 39% |
| Three times a year | 20% |
| More than three times a year | 11% |

TODAY'S SERVICE SHOPPER

It probably isn't a surprise that the happiest dealership customers are those still under warranty. These covered service shoppers return an NPS of 63.9, higher than those who were under warranty previously or never had a warranty. And it's indeed those who once had the protection of warranty but are now no longer covered who had the lowest scores of 52.8.

Dealership customers who are no longer under warranty had the lowest NPS score

+63.9 Dealership customer is currently under warranty

+56.5 Dealership customer never under warranty


+52.8 Dealership customer used to be under warranty



Sales and Service are tied hand in hand as proven again in this year's results. More than three-quarters of respondents (78%) had their vehicle serviced at the same dealership where they purchased it. And the more positive the service experience, the more respondents said they'd purchase a car from that dealership in the future — creating a cycle of repeat business and revenue with the Service department at the center.

The higher the NPS the more likely service customers will come back

Based on your service experience at the dealership, how likely are you to consider buying your next vehicle from that dealership?

+73.4 
Likely to revisit the dealership

-2.4 Neither unlikely or likely to revisit the dealership

-26.0 Unlikely to revisit the dealership

When broken down by generation, millennials seem to be the most likely to buy again with baby boomers coming in last at a still relatively high 79%.



NET PROMOTER SCORE

A satisfaction score based on a customer's likelihood to recommend a business

Whether they bought the vehicle from the same dealership or not, there are other factors that go into deciding on a dealership for service compared to independent facilities or chains.

The knowledge of the Service staff is the number one reason shoppers choose a dealership to get their work done in this year's report. It overtakes the existing relationship, which was number one last year. The expertise of the staff is also dominant in terms of

favoring the dealership. It ranks fifth for independent shops and doesn't break the top five for chains or mobile repair services.

And while having the right parts for customers fell a spot this year to fourth as a reason to choose a dealership, they aren't a consideration when choosing any of the competing providers. As our report called out in previous years, skilled staff and specialized parts should remain a top marketing mention for a dealership.



Top Reasons Customers Choose a Dealership

1. Service staff knowledge
2. Existing relationship
3. Good reputation
4. Specialized parts for my vehicle make/model
5. Convenient location

Top Reasons Customers Choose Alternate Service Providers



Independent Service Provider

1. Good reputation
2. Convenient location
3. Existing relationship



Chain Service Provider

1. Convenient locations
2. Quick service
3. Good reputation



Mobile Mechanic Service

1. Good reputation
2. Quick service
3. Low price

Interestingly, a low price continues to be less of an advantage for alternative service providers. While shoppers didn't link a low price to why they would visit a dealer, it fell from the number one reason to choose an independent in 2022 to fourth this year. It's likely with more transparent pricing across all providers, the shopper on average has a better understanding that they won't save a significant amount on basic services like oil changes and tire rotations, the most common reasons to visit a service provider of any type.

Yet, when we asked shoppers why they wouldn't choose a dealership, price often came up as an issue. As one respondent said quite definitively, "there is nothing that a car dealership can do to change my mind ... I would not go because they charge higher prices." That means there's still work to be done on explaining the dealership value proposition.

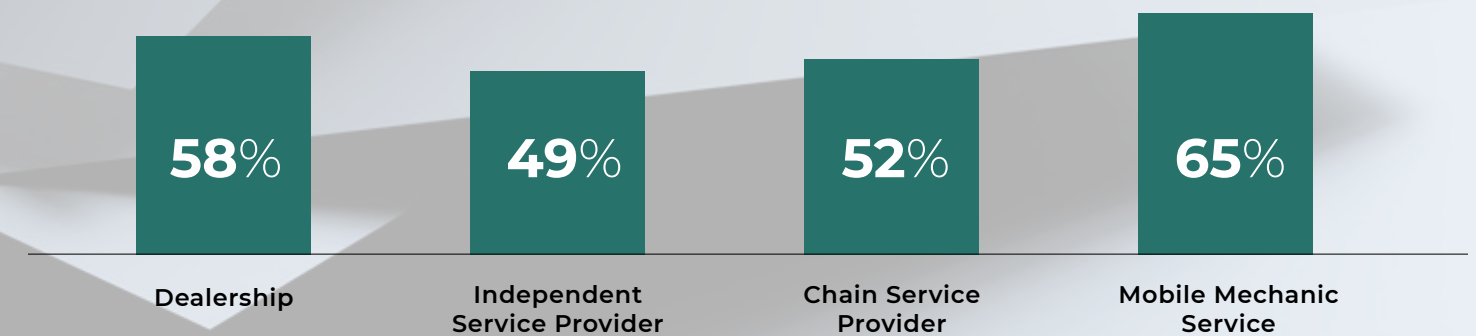
The large footprint of a dealership hampers the ability to offer a convenient location, but reputation is a battleground this study routinely highlights and for good reason. This is where independent chains flex an advantage and where dealers are making inroads.

More respondents said an online review was important when choosing a dealer (58%) than either independents (49%) or chains (52%). Mobile service providers ranked highest at 65%, likely because they'd be visiting a customer's home or business location. When it comes to the youngest service customers, online reviews are significantly more important to the youngest service customers who were surveyed. **More than three-quarters (77%) of Generation Z said they relied on online reviews before visiting a dealership.**



54%
of customers said online reviews and rating were important when deciding on the service provider

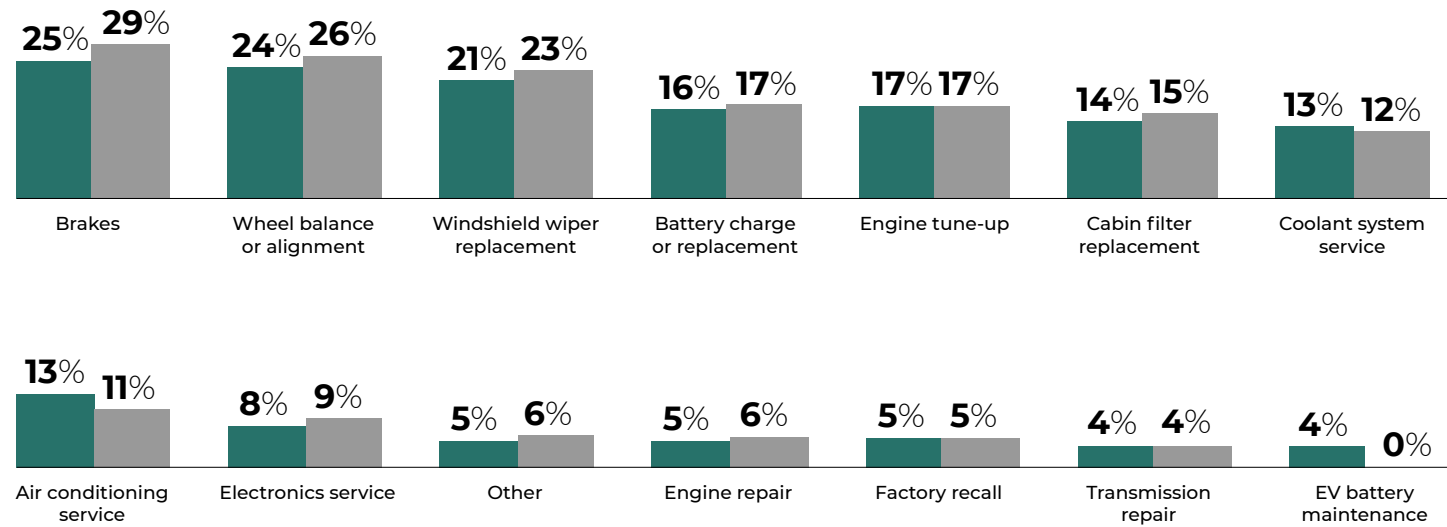
Importance of Online Reviews by Service Provider Used (2024)



A SERVICE DROP-OFF?

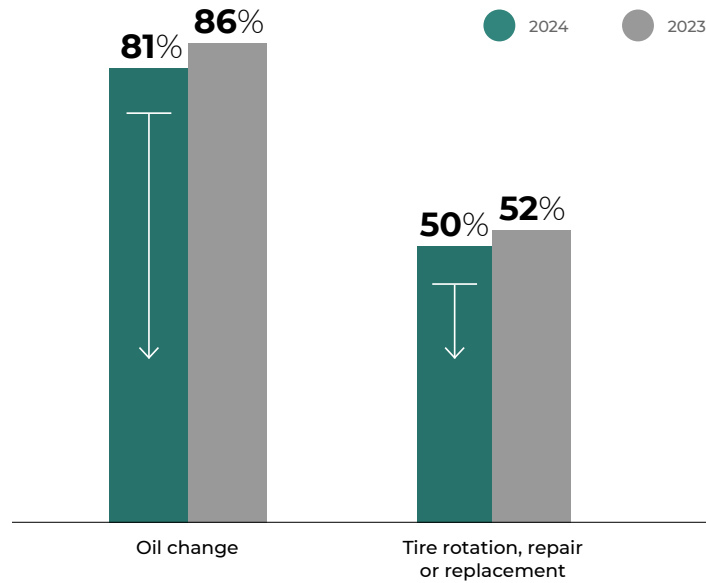
The types of services customers drive into the Service lane haven't changed over the past few years. Oil changes are still what four out of five (81%) customers require, with tire needs a distant second at 50%. This year, there was a trend of fewer shoppers opting for even the most popular service.

Besides oil changes and tire service, everything from brake work to windshield wiper replacements saw a drop this year. **In fact, 13 of the 16 services we track saw a decline** and one of those that saw an uptick was EV battery maintenance.



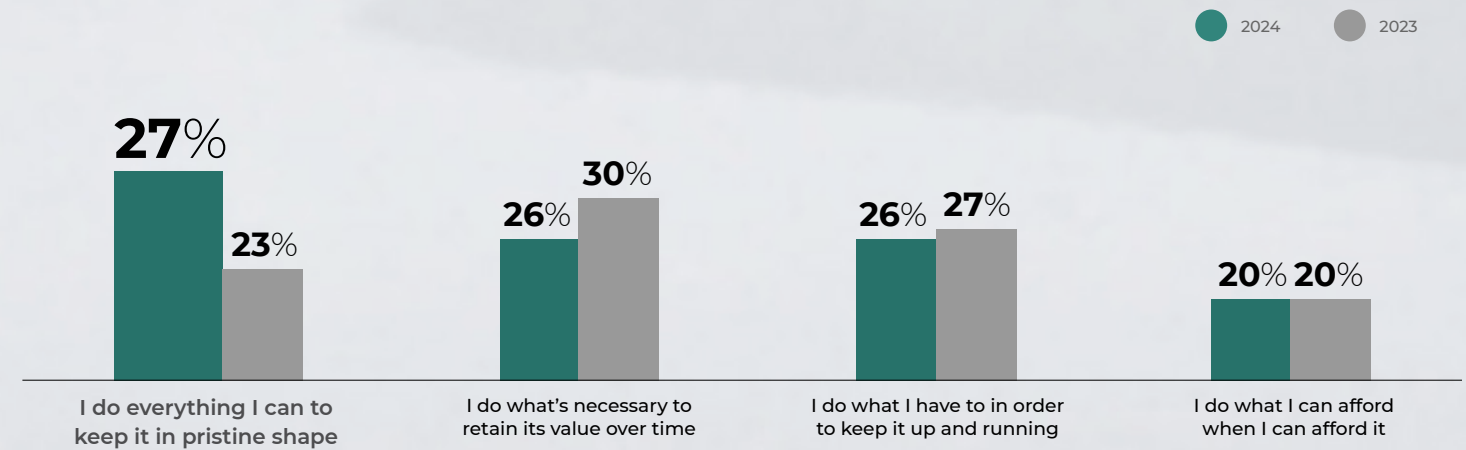
Despite these drops, more service shoppers are looking to keep their cars in the best possible shape than they have over the past few years. When we asked respondents their attitude toward maintaining their vehicle, only one in five (20%)

Please specify the vehicle services you received recently



said they did the bare minimum, the same as last year. Far more people overall say they do higher levels of maintenance whether it's to keep the car running or in pristine shape, which saw a jump to 27% from 23% last year.

Which of the following best describes how you think about maintaining your vehicle?



Time is crucial in a customer's satisfaction, and most service visitors (62%) had their work done in the time they expected. Only 15% of dealership customers said it took longer than they were expecting. But just as important for a Service department is the time promised to the customer. There, results were similarly

positive with 87% of dealership customers getting their work done in the time promised or sooner. However, this stat still fell below the competition and more dealership customers said it took longer than expected (13%) than any other provider.





PHONING IT IN WITH AI

When we asked dealership service customers what the easiest part of their visit was, booking the appointment ranked first at 34%. However, this year's study delved deeper into the most popular way of making an appointment and found significant room for improvement.

A majority of respondents (64%) booked their appointment over the phone, far more than any other method. And yes, even 65% of Gen Z booked via a phone call — more than millennials (54%) or Generation X (63%).

Even though the majority of callers were able to schedule without a problem, four out of ten shoppers did run into significant friction points.

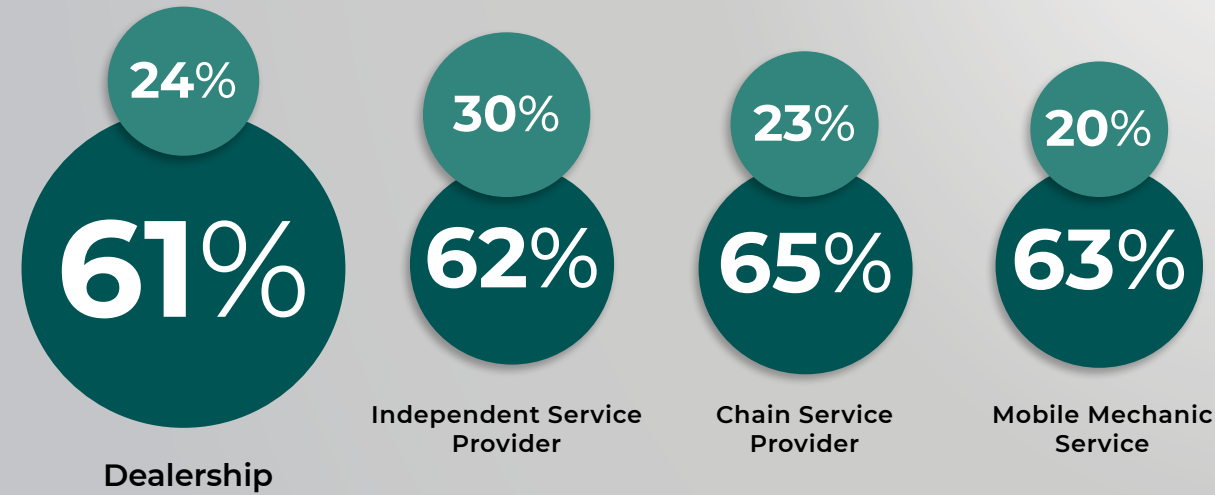
Top Phone Journey Friction Points

1. Put on hold
2. Navigate a phone menu
3. Transferred at least once
4. Had to call back
5. Phone rang repeatedly but no one answered
6. Other



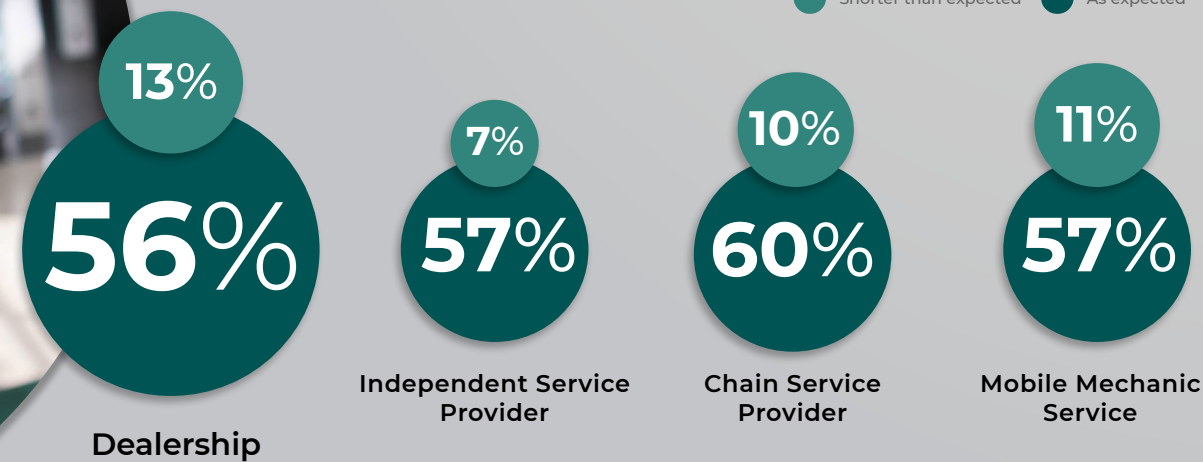
Was your vehicle serviced and delivered to you in the time you expected?

● Shorter than expected ● As expected



Was your vehicle serviced and delivered to you in the time you were promised?

● Shorter than expected ● As expected





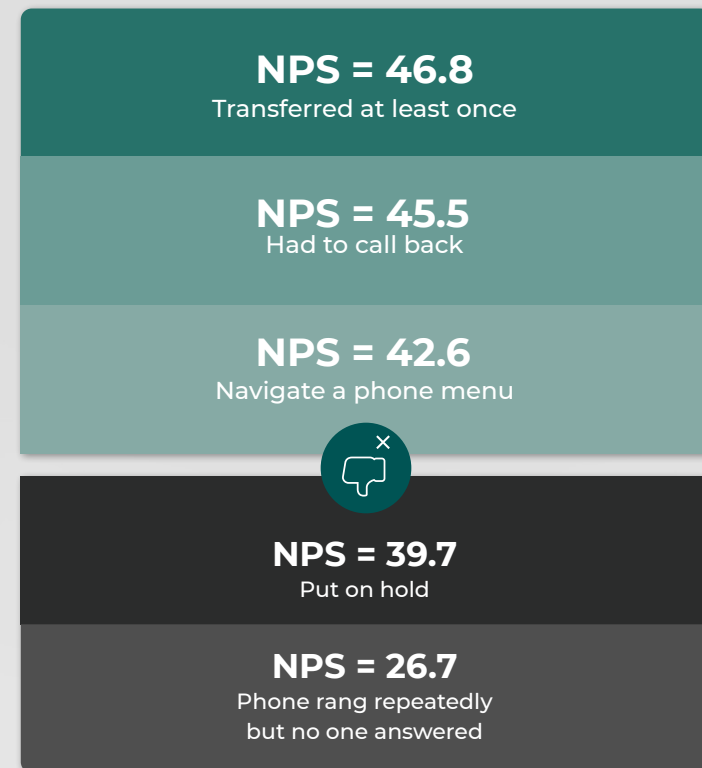
Whether they were put on hold, transferred, had to call back, or didn't even get an answer, these shoppers experienced frustration and it showed in how they rated their entire service experience.

If a shopper ran into one of these problems, their NPS score was significantly below the average of 59. If no one answered, the score was understandably at the bottom at 26.7. Those put on hold waited an average of over eight minutes.

This average was out of 245 total respondents and is somewhat shocking. Someone could watch a YouTube video on how to replace their cabin air filter in half that time. Or browse their local tire store's inventory while listening to a store's hold music.

In the past, issues of hold times and ringing phones were addressed by throwing bodies at the problem. Clearly, the issue still needs to be resolved to raise customer satisfaction, but bodies aren't easy to come by. That's why an AI voice assistant might be the answer. The technology prevents any calls from going unanswered, immediately negating the most impactful issue customers face. Similarly, it removes hold time, transfers and having to call back as well.

Impact of Phone Call Friction Points
Dealer Average NPS = 59

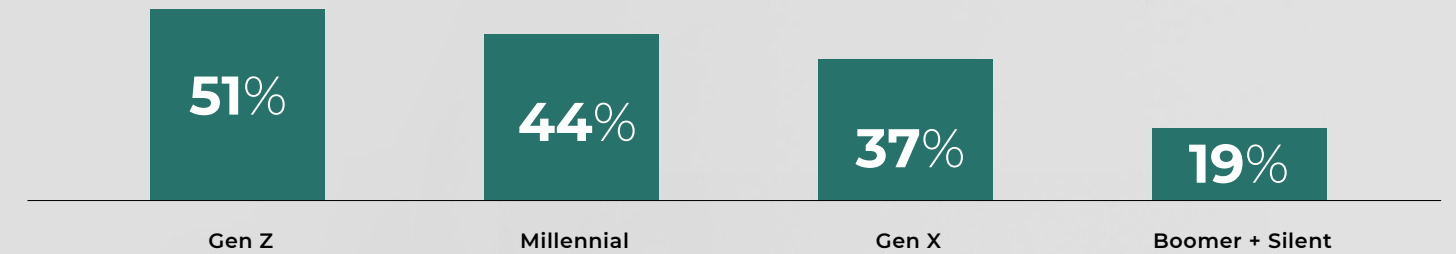


Customers can simply book their times through AI-generated voice prompts in a natural way or, if they prefer, ask to speak to a live person.

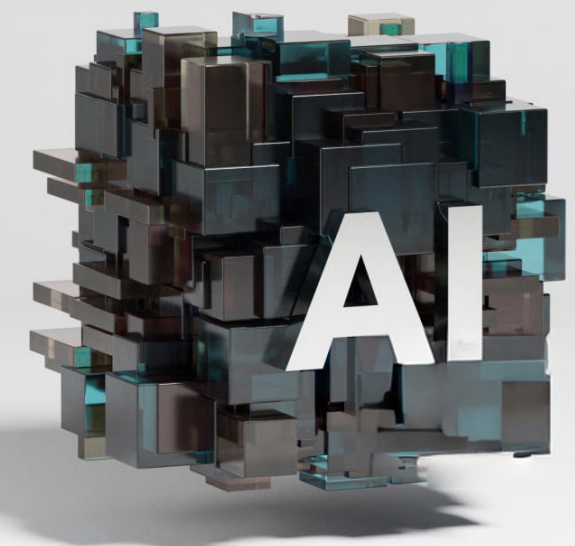
The idea of an AI voice assistant is relatively new but even still, 31% of our total respondents said they'd actually prefer booking with an AI assistant versus finding their way to a live person on the phone (69%).

31% 
of customers prefer to book with an AI assistant

Preferred Booking With an AI Assistant by Age Group



Not surprisingly in this instance, Gen Z preferred this AI route most (51%) and boomers were last at 19%, which, because of their large representation in this survey, brought the total number down to 31%.



TAKING ACTION

Today's service shopper is as complex and demanding as ever, but there's still great opportunity for dealerships to draw in more maintenance and repair business. The youngest (Gen Z) and biggest spending (millennial) generations are open to giving dealerships their service dollars.

That's an opportunity that shouldn't be lost. Here are some of the key takeaways we found from the results that can be implemented easily and any time.

Customers who said they'd visit a car dealership for a vehicle service appointment in the future

70%

Millennial

65%

Gen Z

55%

Gen X

48%

Boomer + Silent

DON'T BE AFRAID TO TALK PRICE

Respondents had a lot to like about dealership service, but the price wasn't one of them. Transparent pricing has shown that for the most common services, like oil changes and tire rotations, dealers are within fractions if not the same price as other vendors. Continue to market oil change specials or coupons that highlight these prices to remove the negative sentiment that might exist — as heard in some of the study's write-in responses.

UP YOUR LOUNGE GAME

A majority of service shoppers are opting to wait until their service is completed, and that number is up from last year. The overwhelming thing they want from a dealer while they wait is a comfortable lounge (76%). How old are your chairs and couches? Is the TV from this decade? Is it well-lit and ventilated? Comfort doesn't mean a full renovation, but there are probably a few improvements you can make with little effort that'll make a difference.

A contemporary lounge is also a differentiator for dealerships because there's little expectation that independents and chains will focus on expanding or upgrading their waiting areas at all.

Preferred Service Waiting Amenities

1. Comfortable lounge
2. Work areas
3. Snack/beverages
4. Restaurant/bar close by
5. Other

EMBRACE AI ... OR AT LEAST EXPLORE IT

Conversations around AI in the automotive retail industry have been ever present the past few years. There's been a lot of talk and now's the time for those on the ground to start walking the walk. Not every AI product might be right for your store, but it's part of many dealerships today from reporting software to answering phones. While it might have been fine to brush off the technology and its buzz before, it's time to take AI seriously and see where it can address real challenges impacting your bottom line.

GET PERSONAL WITH OFFERS AND DISCOUNTS

Each year the study asks what features customers would be pleased to have offered or upset if absent from the service experience. This year, for the first time, **personalized offers and discounts broke into the top five rankings all the way to number two**, above extended service hours and a dedicated express lane. Using digital tools to craft offers based on a vehicle's history is becoming more prevalent and even works across providers. As AI becomes a more common tool across technologies, customers could expect this tailored type of outreach to become more prevalent.

ABOUT THIS STUDY

CDK continues to connect dealerships with the broader retail ecosystem as well as car shoppers and owners. The Service department remains one of the linchpins of any dealership's operation and CDK will continue to invest in the ways and means to access valuable and actionable insights.



Peter Kahn
CDK Head of Research

With over 20 years of experience in researching all aspects of the automotive retail industry, Peter's work is focused mainly on how dealerships and brands can improve efficiencies and meet the changing needs of the vehicle buyer and service consumer. As the Senior Director of the CDK Research and Insights group since 2015, Peter has produced work that covers a range of topics, such as artificial intelligence in the dealership, women in automotive, the state of the automotive retail industry, job seekers in automotive retail, and many more that help inform decision-makers in our industry.



Devika Birnale
Study Lead Researcher

Devika is a Market Research Analyst at CDK, where she works on a variety of research initiatives across thought leadership and the Product Technology and Marketing teams. Her research bridges the gap between end customers, dealerships and CDK. Devika holds a master's degree in marketing intelligence from the University of San Francisco.

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