

Automotive Dealership Industry Survey 2017

Voice of Customer Executive Summary

Distributed in cooperation with WardsAuto

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Overall Analysis

Overall, respondents to the inaugural Automotive Dealership Industry Survey are:

- **Fiercely—borderline arrogantly—self-reliant** when it comes to making professional choices and decisions
- **Suspicious of intentions** from unknown organizations with whom they are not familiar
- **Self-educated** through relevant self-help business-related books, American histories & classics, and the news
- **Intensely loyal** to those brands that win their trust, like NADA and Group 20
- More likely to **take recommendations from colleagues** in similar situations, than an external “everyone thinks this guy is awesome!” sort of influencer
- **Focused on the bottom line, and tend to ignore people-related issues** as “not their problem”
- **Lacking industry mentorship** and professional milestones to progress career within the industry

Question Analysis

Dealership-Based Questions

Dealership Demographics

Does your company primarily sell new or used vehicles?

(See Appendix 1A for graph)

Most respondents' dealerships **sell a mix of the two** (79.58%), which was predicted. 7 respondents replied "other," which is interesting given that all respondents included in this report were checked to ensure their relevance to the desired demographic.

Insights: Continued focus on all aspects of a dealership—not just new cars—will be relevant to the highest number of prospects.

Future adjustments: Ask for respondents to elaborate on "other" to glean for new opportunities.

About how many employees work at your company?

(See Appendix 1B for graph)

Most respondents **work for large, established dealerships** with many employees. 37.14% dealerships have 100+ employees, with 67.14% dealerships having at least 50. This helps respondents within a projected "qualified lead" status with appropriate revenue to afford our solution.

Insights: This data may have been skewed due to the type of dealership within the Eyewitness database, from which most of our responses came. Therefore, any further conclusions generated by this report can only be applied to "large" dealerships, except within given sections.

Future adjustments: Consider running two different versions of the survey that present different questions based on dealership size to compare problems and solutions for specific populations.

Also, consider adding another question asking larger dealerships how long it took them to reach 50 employees to begin charting the "lifecycle" of a dealership. (This should allow for cultivation of dealerships that are currently too small to afford services, giving us a timeline for when they should "grow up" enough to afford advanced services.)

What were your company's annual sales for 2016?

(See Appendix 1C for graph)

Interestingly, there is not as clear a trend upward corresponding with the greater number of "large" dealership employees who responded to the survey. **34.59% of respondents report greater than \$50 million in annual sales** (with 16.54% reporting \$50-100 million plus 18.05% reporting \$100+ million), compared with 67.14% of respondents reporting in the higher two

brackets of the previous question. If number of employees were an indicator of financial success as measured by revenue, then we'd expect a similar proportion of respondents reporting higher numbers in this question as they did the last.

Insights: This trend seems to indicate that **dealerships with more employees don't necessarily make proportionally more sales**, as might be expected. The adage, "Don't judge a book by its cover" applies particularly well here.

Also, the number reporting "I don't know" for this question was particularly high at 19.55% of respondents. The reason for this discrepancy is one of two options:

1. Dealerships do not keep their employees aware of how well the business is doing revenue-wise, or
2. Respondents did not wish to reveal this information, even anonymized. (Given the suspicious nature of many of our respondents, I'd hazard a guess it's more often this one—even though they could just skip the question if they wanted to.)

Future adjustments: Consider removing the "I don't know" option from this question. Those who don't wish to answer can just skip it, as 21 survey responders chose to do.

Dealership Problems and Accomplishments

We asked about respondents' personal goals and issues to overcome—but also asked about what they thought about their dealerships' biggest problems and best accomplishments over the last 12 months.

In your opinion, what is your dealership's greatest overall problem or concern it needs to address?

(See Appendix 2A for graph)

For as many respondents who said their greatest personal professional responsibility is dealership revenue, few said their dealership's greatest problem was money related, as in lack of sales or too great expenses.

In fact, the biggest problems facing dealerships today, according to their employees, are employee-related:

- 15.15% cite “hiring” as a problem
 - Lack of talent available to hire, or simply not enough employees at the dealership
- 9.09% cite a lack of or inadequate “employee training”
- 9.09% believe the “culture” is a problem
 - Whether it's employee attitude, morale, or the people themselves, the overall dealership culture is at an all-time low
- 7.58% see “employee turnover” as the biggest problem

Altogether, 40.91% of survey respondents see employee issues as the biggest problem at their dealership—compared with only 6.82% who see money-related problems as the largest issues.

Other interesting responses include infrastructure problems centering around a lack of space (8.33%), internal communications (7.58%), and a perennial lack of customers and/or foot traffic (7.58%).

Insights: The survey data reveals what respondents think impacts their responsibilities—basically, what they think most influences their ability to make revenue. As it happens, sheer lack of sales or too many costs are not usually the “biggest problem” to solve. Instead, it's these seemingly peripheral issues—particularly where it comes to teamwork and hiring the people who *execute* their ideas—which most impact their primary goals.

Therefore, content and verbiage that speaks to *these issues as they relate to their perceived biggest responsibility* instead of a more direct focus on “the bottom line” may actually be more effective and persuasive.

Future Adjustments: Consider grouping together many individual responses into drop downs, with a fill in “other” option still available, to enable faster survey taking and more overall responses for next year.

What is the best thing your dealership has accomplished in the last 12 months?
(See Appendix 2B for graph)

Despite the greatest problem being employee-related to most respondents of the previous question, the answers to this question were much more directly related to revenue, with 17.89% of respondents saying their dealership's greatest achievement was some sort of "**sales-related growth**," including sales, volume of units sold, and overall profit and/or revenue increases.

Other notable accomplishments:

- 14.63% said **physical facility upgrades**
 - Including new buildings, phone upgrades, entirely new dealerships, service bay additions, outside signs, and lighting
- 13.82% said **customer relations improvements**
 - Including increased satisfaction, loyalty, CSI/CEI measurements, and related awards.
- 10.57% said **industry awards and rankings**
 - Including customer-based ones, personal sales awards, and "excellence" awards from vehicle manufacturers
- 9.76% said **"employee enhancements"**
 - Including training, culture & attitude, teamwork, deliberate retention/hiring, and internal "communication"
- 8.13% said general **"improvement"**
 - Including over previous year's performance, those "turning around" departments, bucking trends, or doing well in spite of downturns in the market

Insights: Dealership employees don't seem to believe that the employee problem has been solved or is trying to be addressed at all.

Instead, their dealerships have simply been focusing on the revenue issue (and succeeding there), with obligatory nods toward more "human-based" issues like brand growth & reputation (3.25%), customer relations (by far the biggest achievement in this category), and employee work.

Whether they believe dealerships will work on the biggest problem *or* continue to make progress in these listed areas in the coming year remains to be seen.

Future Adjustments: Add a question asking if employees think their dealership wants to (or is trying to) solve what they see as its biggest problem in the coming year.

Professional-Based Questions

Professional Dealership Experience

In which department do you work at your current company?

(See Appendix 3A for graph)

50.72% of respondents came from some form of management (Management at 21.01% + Executive Management at 29.71%), though this may have been due to ambiguity in the question. Looking closer at the data, many respondents who categorized themselves as members of particular departments like Fixed Operations also possessed “management level” titles.

Insights: We can safely conclude that this survey will most accurately reflect the attitudes of strategic management-level employees at dealerships, including owners.

Future Adjustments: Eliminate the “management” option and rename “executive management” as “C-Suite” to ensure better communication of the question.

How many years have you worked in the automotive industry? + How long have you worked at your current dealership?

(See Appendix 3B for graphs)

Only one respondent worked in the automotive industry for less than two years, with the **vast majority (74.64%) working in the industry for more than 16 years**. Interestingly, this figure corresponds with the second question of how long they’ve worked at their current dealership, with **87.59% working for more than two years at their current employer**.

Insights: Given recent headlines concerning high turnover at automotive dealerships and the general composition of survey respondents, this data underscores that the much-touted staffing crisis primarily concerns general staff and *not* management. This represents an opportunity for dealerships to invest in the training and development of employees who stick around, in order to ensure continuity and better integration of new staff.

If upper management changed dealerships as often as their underlings (as they do in other industries), dealerships would be falling apart from lack of leadership. The fact that leadership *sticks with the company* for an extended period of time—rather than moving on—speaks volumes of both the industry itself, as well as potential opportunities for vendors who might support them.

Future Adjustments: Consider extending the question to ask 2-5 years and 5+ years as options for the second question, to better determine longevity of leadership at dealerships. Also, consider adding a question inquiring about internal promotions at current dealership vs gaining leadership positions by changing dealerships (as Millennials are reported to do).

What is your single greatest job responsibility? (That is, what are you ultimately responsible for, before any other duties are tacked on?)

(See Appendix 3C for graphs)

37.04% of respondents counted **“money” as their single greatest job responsibility**, including things like:

- Meet budget
- Gross accountability
- Total revenue and/or profitability
- Miscellaneous “growth”
- Number of sales
- Accounting reconciliation

Unsurprisingly—given the survey respondent composition—the second most common job responsibility was **“management”** related, including things like dealing with “people” and holding underling managers accountable.

Other top responses:

- **“Department building”** (14.07% of respondents)
- **Customer Satisfaction Index/CSI** (13.33% of respondents)
- **Mentorship & coaching**, usually of direct management reports (9.63% of respondents)
 - Distinct from employee training, which garnered 6.67% of respondents
- **“Ongoing Maintenance”** to maintain current status quo (8.89% of respondents)

We also asked about how they measure their performance of these key responsibilities. Most were either internal acronyms for which there was no translation, generic money-related measurements of “the bottom line,” or general confusion.

Insights: For all their dealership’s biggest problems concern people (according to these respondents), it seems like few of them have cultivation of culture and people as their responsibility. In some ways, the subconscious attitude seems to be “That’s someone else’s problem.”

Considering the vast number of managers involved in the survey, it makes you wonder exactly whose problem it actually *is* to solve.

Regardless, weaving in the dealership’s problems to these professionals to solve on a day-to-day basis as part of their primary responsibility may be the most beneficial way to help this audience.

Future Adjustments: CLARIFY the measurement question for greater and more intelligible responses. Compartmentalize most responses into radio options with a fill-in “other” option to encourage increased survey responses.

What are your professional goals for the next 12 months?

(See Appendix 3D for graphs)

Per their greatest responsibility responses, we see a correspondingly large number of people (23.48% of respondents) whose professional goal it is **to essentially make more money**, both for themselves and for the dealership as a whole.

Interestingly, many people (17.42%) simply wanted to **“improve” in some way**, stating their professional goals through vague language with no quantifiable targets to hit. 12.12% of respondents also stated they wanted to experience some form of “personal growth,” whether at work or in their personal life.

Contrast these groups with a nearly equal number of people articulated their goals using specific numbers or percentages (16.67%).

Comparatively few people focused on improving employee culture (11.36%), customer experience (8.33%), or internal processes (9.09%).

Insights: While industry professionals focus on “making money,” they seem to lose sight of the different ways in which that can be made possible—better infrastructure, processes, and employees.

Interestingly, many of these same individuals identified an employee hiring/firing/training/culture as the #1 crisis at their dealership, but comparatively few are making it a personal and professional priority to fix it.

By focusing and rewarding management on money-based tiers and systems, dealerships may be losing opportunities to actually make more money through indirect improvements like processes, training, and customer experience.

Also, many respondents’ inability to articulate their career goals illustrate the lack of mentorship and training within the industry. It seems to imply that few experienced guides take a vested interest in colleagues to help shape and form viable career paths within the automotive industry, with concrete goals and milestones keeping talented employees in dealerships.

Future Adjustments: Consider adding a question asking employee respondents who they think is responsible for proper hiring, training, and culture development at their dealerships.

Professional-Recommended Resources

Who do you consider to be a top expert in your field, if anyone?

(See Appendix 4A for graph)

We recorded a total of 55 unique responses to this question, out of 154 total respondents. For the sake of brevity, we have only included those answers with two or more responses (1.30% of total responses) on the graph at Appendix 4A.

The #1 expert automotive industry professionals is... no one. **20.78% believe that there is no top leader worth listening to above all others in their given field.** (This answer does include those who said there were “too many to count,” as well as “not available.”)

At a distant second (11.69%) are those who **trust the “internal knowledge”** of dealership owners and coworkers at their company before outside sources. Another substantial group (8.44%) includes those who **consider themselves the top expert** within their respective fields.

Rounding up the top four answers is **“brand trainers”** (4.55%)—those who get information directly from the manufacturers of the products they sell.

For traditionally considered “influencers,” **Brian Pasch** (3.25%), **Jim Ziegler** (1.95%), Don Reed (1.30%), Grant Cardone (1.30%), Joe Verde (1.30%), Roger Penske (1.30%), and Chris Collins (1.30%) all made the top list with at least two people naming them on the survey.

Insights: There’s a substantial list of named influencers and individuals, but their ability to reach beyond their own immediate crowd is limited. Several times, we got responses akin to “... and I *don’t* trust Popular-So-and-So because they’ve never had their boots on the ground.”

They’ll trust those who’ve experienced *exactly* what they’re presuming to teach on. Therefore, trying to talk to this audience about subjects they care about, *but* the author/organization has no substantial experience within that subject, will be dismissed by the target audience as “fluff.”

On the other hand, convincing one member at a given dealership of your organization’s expertise offers a beachhead for future interactions beyond that experienced in other industries. The extra effort needed to convert one person pays dividends later, at that dealership and wherever the individual chooses to go.

Future Adjustments: List these top few answers as radio buttons, with an Other “fill in the blank” space for future nominees.

How do you learn about new strategies and approaches for your job?

(See Appendix 4B for graph)

Most respondents (20.13%) turn to **online and internet sources** for their personal professional development, including:

- Webinars
- Forums & social media “groups”
- Articles

- Blogs
- Websites

Traditional books, magazines, and newspapers were also frequently consumed and used for professional development purposes by 14.29% of respondents. This is supplemented by **“ongoing training”** for 12.34% of respondents, whether in-house by colleagues, official training by a dealership, or with an outside consultant.

Finally, 20 Groups (10.39%), NADA conference and 20 Groups (9.74%), and product manufacturer/“corporate”-provided resources round out self-sought professional development material.

Insights: Comparatively few respondents report having a mentor (1.95%), or interactions with their general manager through classes and training (2.60%). Again, this seems to echo the implications of the earlier question about professional goals earlier in this report.

But reading is not dead, and respondents make time for those materials they think will be useful. Qualitative analysis of survey data shows a trend for **individuals to consume all material related to a particular brand they trust, regardless of format**. (If NADA decided to sponsor a fireworks show on top of a keynote speaker, I’d wager good money that folks would attend because NADA’s name is attached to it.)

This brand loyalty justifies the extra expense and time needed to acquire an audience. Once their trust is earned, it pays dividends for the long haul—no flights of fancy or selective “I’ll just read this here, and that over there” sort of behavior.

Future Adjustments: List out these options as radio-select answers, rather than fill-in-the-blank, to encourage more participants to complete the survey.

What is your favorite book, if any? + What are your preferred newspapers and/or magazines, if any? (either digital or paper)
(See Appendix 4C for graphs)

Again, we saw a wide range in responses for both questions, though the “favorite book” question had the greatest variation.

Many answered that they **had “no” favorite book** (18.64%), distinct from the third-most common answer of **“all of them” or “too many to count** (5.08%). The first “real” book listed as a response was **the Bible** (11.86%), pointing to a heavy Christian influence within the automotive industry.

Analyzing other responses, we see trends that include many **self-help business books** (anything written by John Maxwell, *The One Minute Manager*, *Unfair Advantage*, *How to Win Friends and Influence People*, *7 Habits of Highly Influential People*, etc.) and **department-specific books** (*Millionaire Service Advisor*, *Swimming With Digital Sharks*, *Selling Cars in the Digital Age*, *The Closer’s Survival Guide*, etc.).

Histories—particularly American histories—also appear frequently (*American Icon*, *Ford: The Man and the Machine*, *A History of the American People*, *Billy Martin*, *Steve Jobs*, *John Adams*, etc.).

Finally, **literary classics** like *The Hunt for the Red October*, *Lord of the Flies*, *Call of the Wild*, *Of Mice and Men*, and *Tom Sawyer* appear beside **modern popular fiction pieces** like *American Gods* and *The Da Vinci Code*.

These people also read a wide variety of periodicals, with the vast majority **reading automotive-related magazines** like *Automotive News* (16.80%) and *Fixed Ops* (7.20%), along with **mainstream media outlets** like the *Wall Street Journal* (5.60%), *New York Times* (4.80%), and *Forbes* (3.20%).

They also read **local newspapers** like the *Texas Monthly*, *Boston Globe*, *LA Times*, *Indianapolis Star*, and *Detroit Free Press*.

Insights: Those who read, read a lot—and read things they think will be valuable and help them achieve their goals. A text must help its reader through **direct instruction**, through **example of what worked in the past**, or by making them “better” by referencing literary classics and their reiteration of “**classic**” **American values**.

Various values and themes in the listed “classic” books include:

- “Eat or be eaten”
- Veneration of capitalistic ideals
- Single man vs a corrupt or seemingly insurmountable obstacle
- Independence
- Success *not* using traditional society-approved routes

Reading through any medium for escape or entertainment seems to be limited.

Future Adjustments: List more of these most common pieces as radio select choices to encourage faster survey taking.

What is your favorite conference or association meeting in your industry, if any?
(See Appendix 4D for graph)

Surprisingly, **no respondents listed regional associations** as their most productive or beneficial conferences or workshops.

Instead, the best conference—according to 24.26% of survey respondents—is **the NADA annual conference**. This is followed by 21.32% of respondents having no favorite conference or workshop, either because they’ve never attended any (or have never attended any they think is worthwhile).

Brand-associated meetings from product manufacturers are considered useful by 7.35% of respondents, as are **20 Groups** (6.62%), organized either through NADA or other associations.

Insights: It’s incredibly interesting that no one has listed a regional association’s meeting or annual conference as their favorite or most useful. Associations need to step up their game or

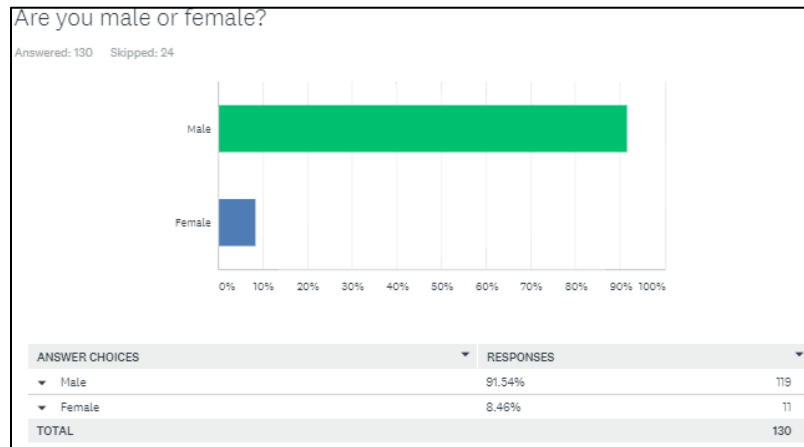
risk further declining membership (as I've heard from my periodic interactions with associations we're members of).

If you can get a member of a 20 Group to talk about your organization *or* get an automotive brand like BMW or Toyota to buy in, you'll be golden. And, you *must* be at NADA. I doubt an organization will be considered "authentic" or "national" if they're *not* at the conference.

Future Adjustments: Again, list many of these top meetings as radio-select options to speed survey speed.

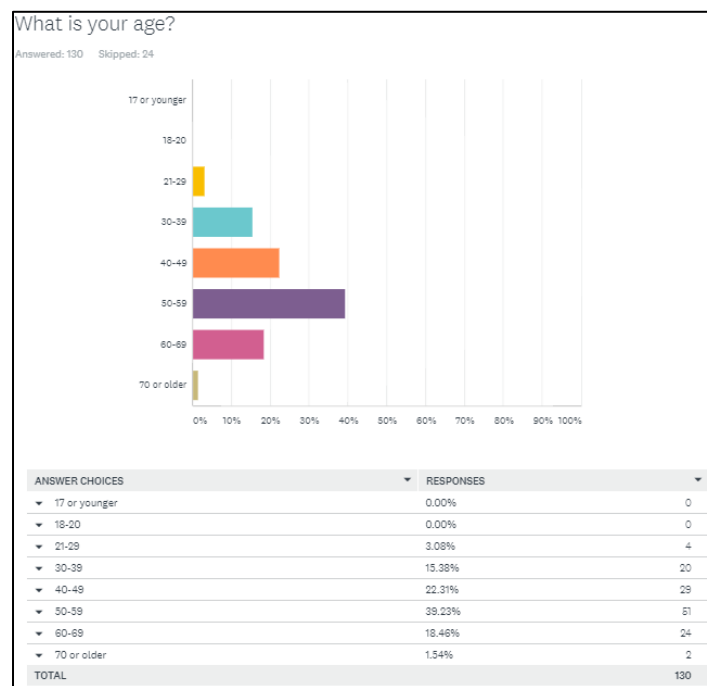
Survey Respondent Demographics

Gender



As predicted, a greater proportion of men to women answered this survey.

Age



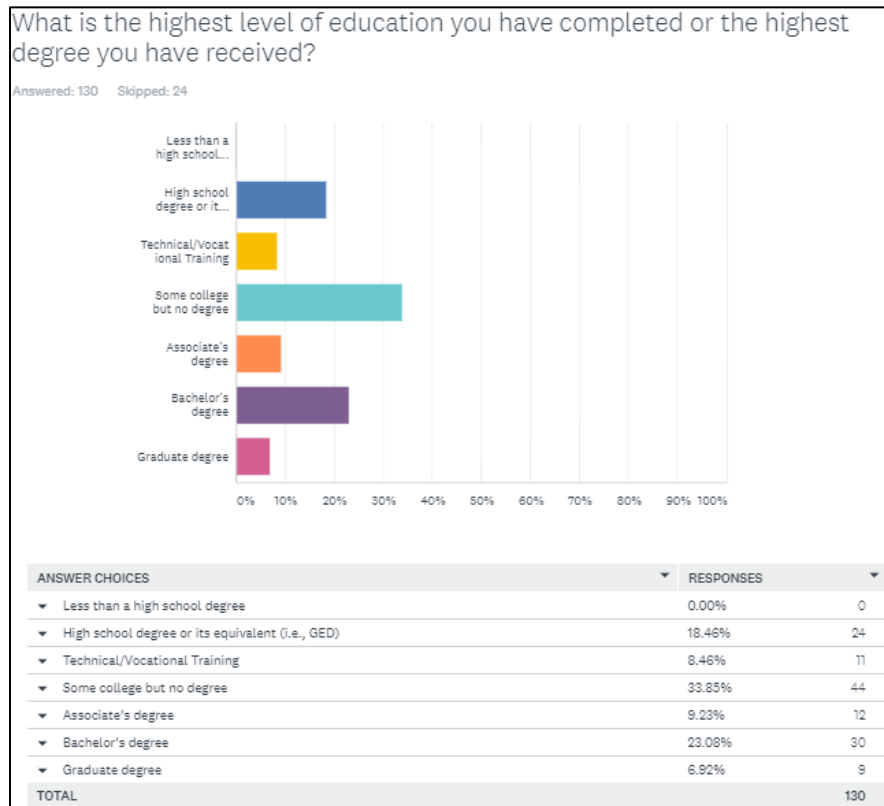
77% of respondents clustered around the 40-69 age bracket, firmly placing our survey demographic within the Generation X & Baby Boomers eras. Managers, then, skew older and would *not* appreciate Millennial-based content experiences or marketing tactics.

This observation is validated through previous survey responses indicating a greater reliance on one's self for progress and education, as well as a distrust of common "authority" figures who don't possess extensive experience in a given area.

Geographic Location

Respondents hail from the Mid-Atlantic, Southeast, Midwest, and West Coast areas of the country.

Education



Surprisingly, more people have *not* stopped at vocational training with their education. Most have some form of formal education, though it's not guaranteed that they finished. This echoes the "hands on," self-reliant answers survey respondents favored throughout the survey.

Hobbies

(See Appendix 5A for graph)

While many respondents enjoy **motorcycles** (12.90%) and **golfing** (18.55%), comparatively **few enjoy auto-related** past times (4.03%).

Outdoor activities like fishing (7.26%), camping (3.23%), hunting (2.42%), hiking (1.61%), yardwork (4.84%), and kayaking (2.42%) cumulatively make up a large section of respondents.

However, far and away the biggest “hobby” our automotive professionals have is **spending time with their families and children** (24.19%)—though not specifically with spouses, which garnered a measly 1.61% of responses.

Social Media

(See Appendix 5B for graph)

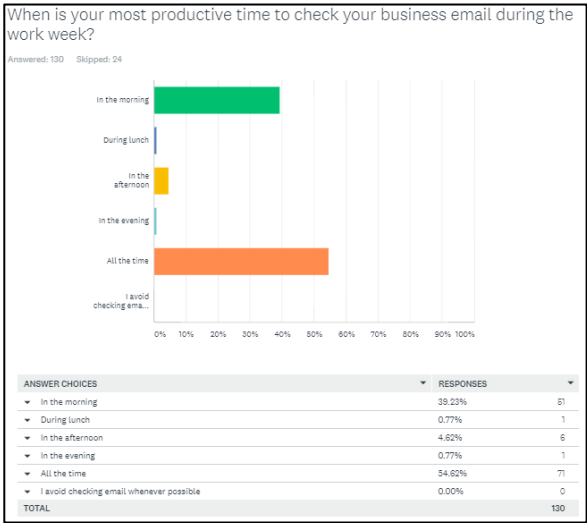
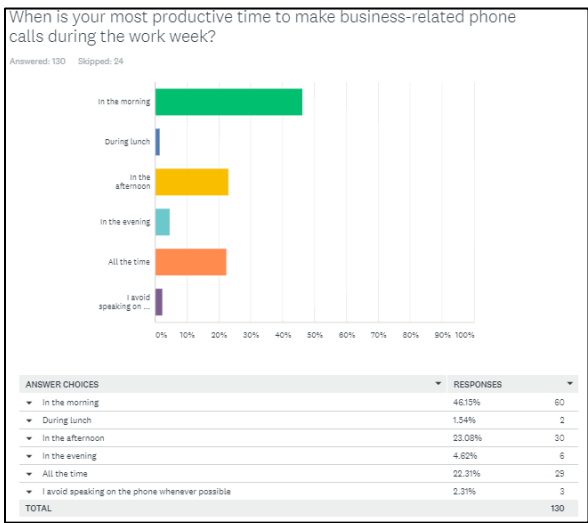
The majority of respondents (65.38%) use **Facebook** as part of their online social media activities, followed by **LinkedIn** (48.46%), **Google+** (34.62%), and **Twitter** (26.15%).

13.08% of respondents do not use any form of social media.

Insights: Unfortunately, this particular question’s results are a bit skewed, as many of these people use social media to promote their dealerships and monitor customer responses, rather than on a personal basis. Still, it’s a solid start.

Future Adjustments: Modify question to ask about social media use in their spare time—when they’re on the site for their own purposes and possibly more open to interactions from related organizations—rather than when they’re on social media in “work mode.”

Business Communication Preferences



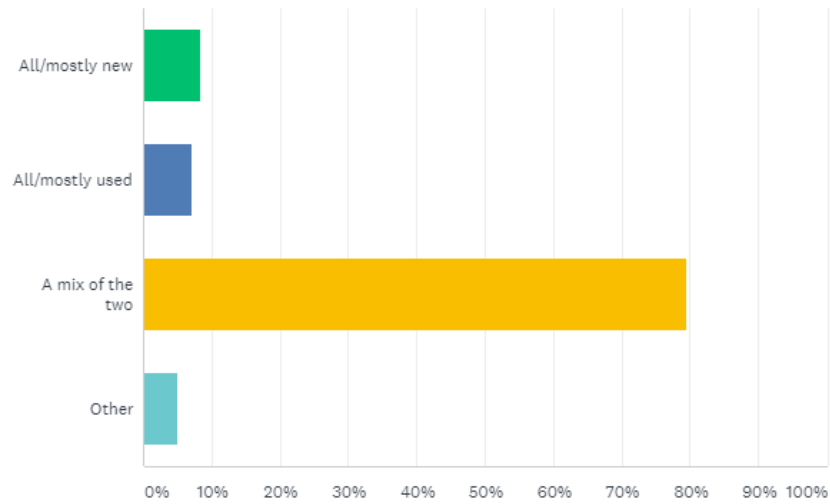
Appendix

Appendix 1A

Graph of “Does your company primarily sell new or used vehicles?” responses

Does your company primarily sell new or used vehicles?

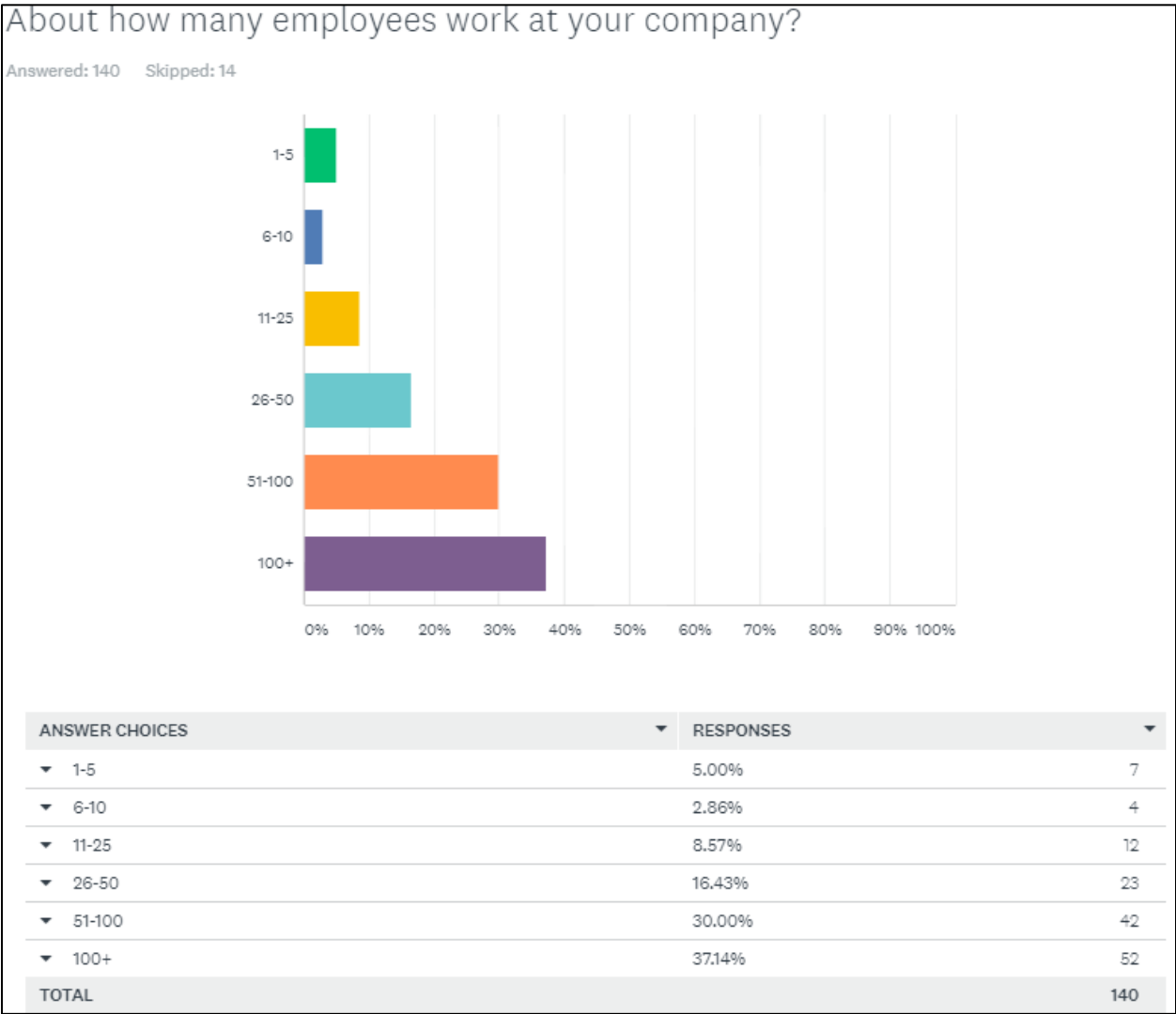
Answered: 142 Skipped: 12



ANSWER CHOICES	RESPONSES	
All/mostly new	8.45%	12
All/mostly used	7.04%	10
A mix of the two	79.58%	113
Other	4.93%	7
TOTAL		142

Appendix 1B

Graph of “About how many employees work at your company?” responses

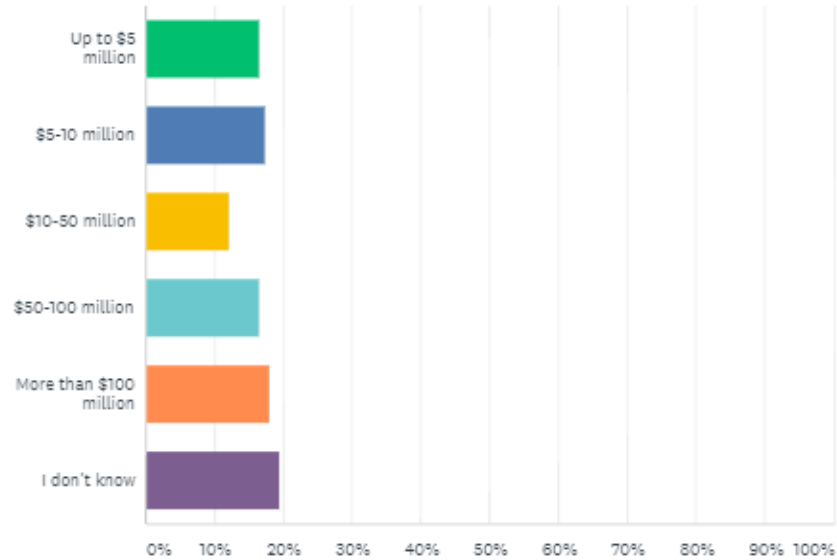


Appendix 1C

Graph of "What were your company's annual sales for 2016?" responses

What were your company's annual sales for 2016?

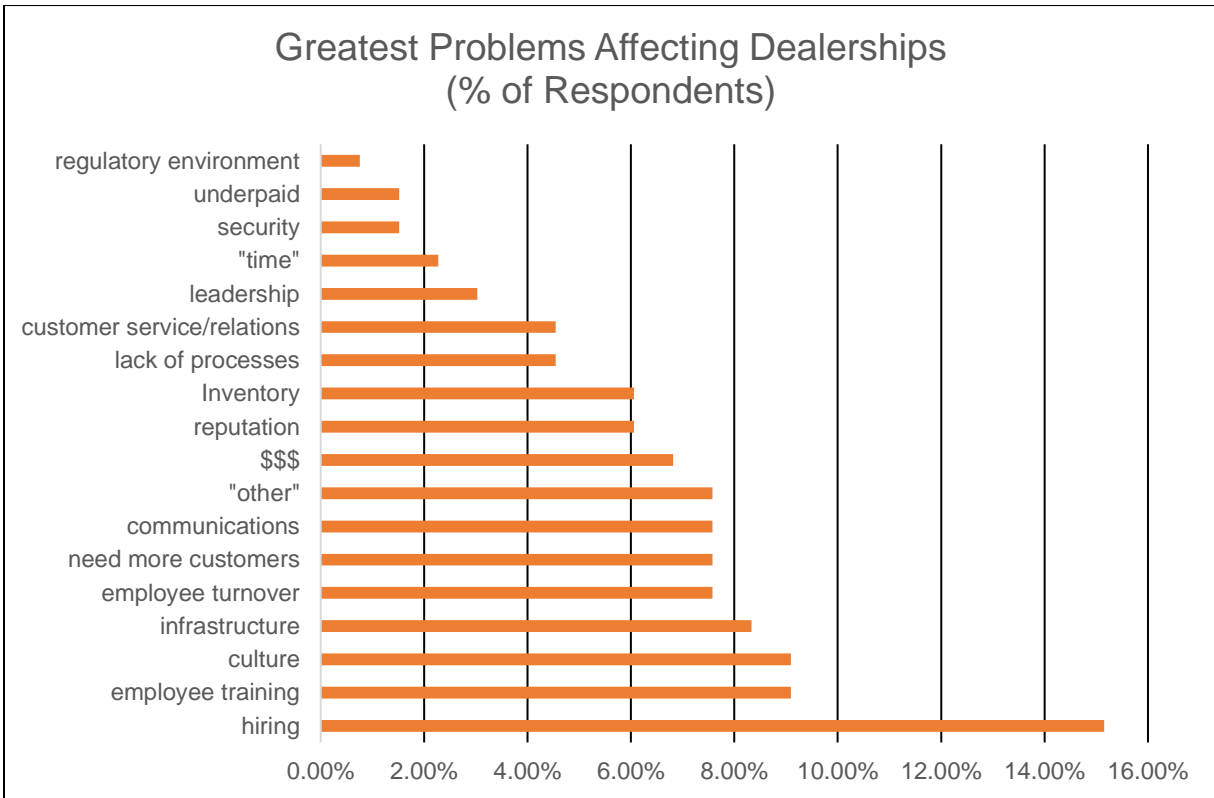
Answered: 133 Skipped: 21



ANSWER CHOICES	RESPONSES	
▼ Up to \$5 million	16.54%	22
▼ \$5-10 million	17.29%	23
▼ \$10-50 million	12.03%	16
▼ \$50-100 million	16.54%	22
▼ More than \$100 million	18.05%	24
▼ I don't know	19.55%	26
TOTAL		133

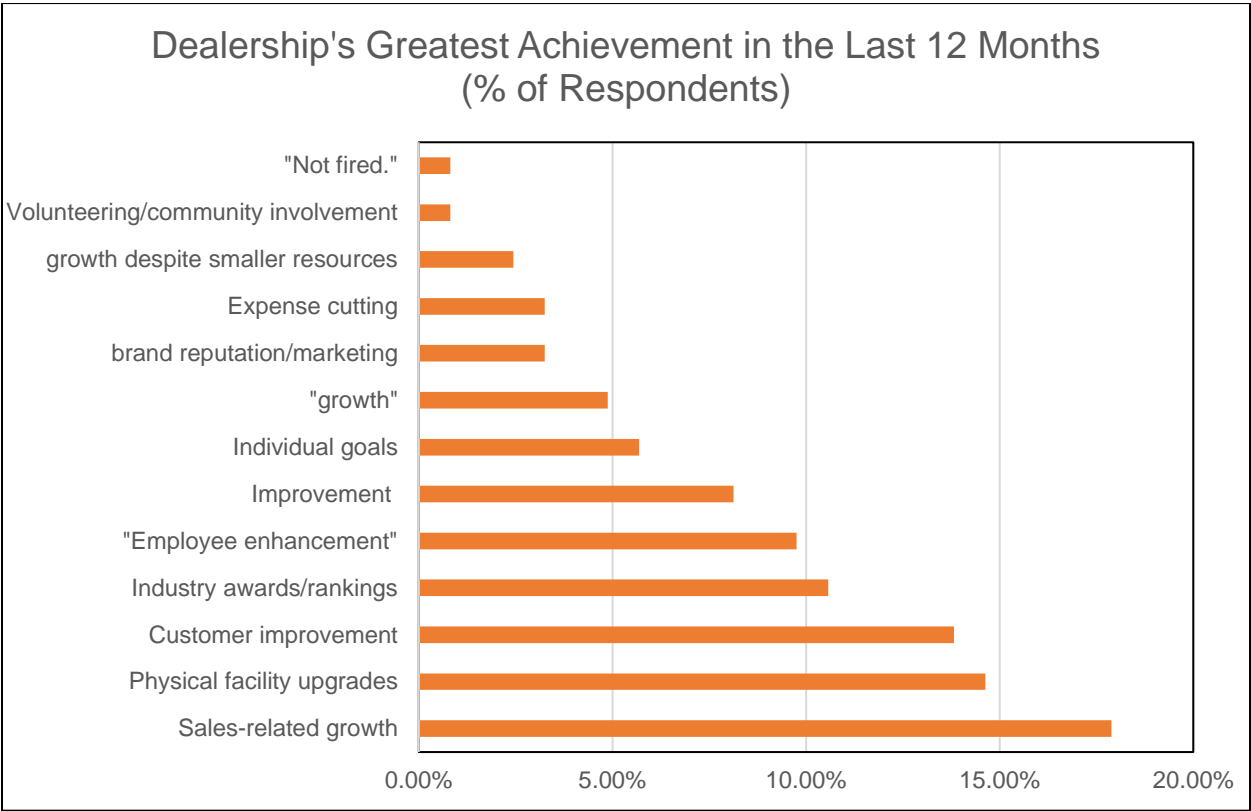
Appendix 2A

Graph of "In your opinion, what is your dealership's greatest overall problem or concern it needs to address?" responses



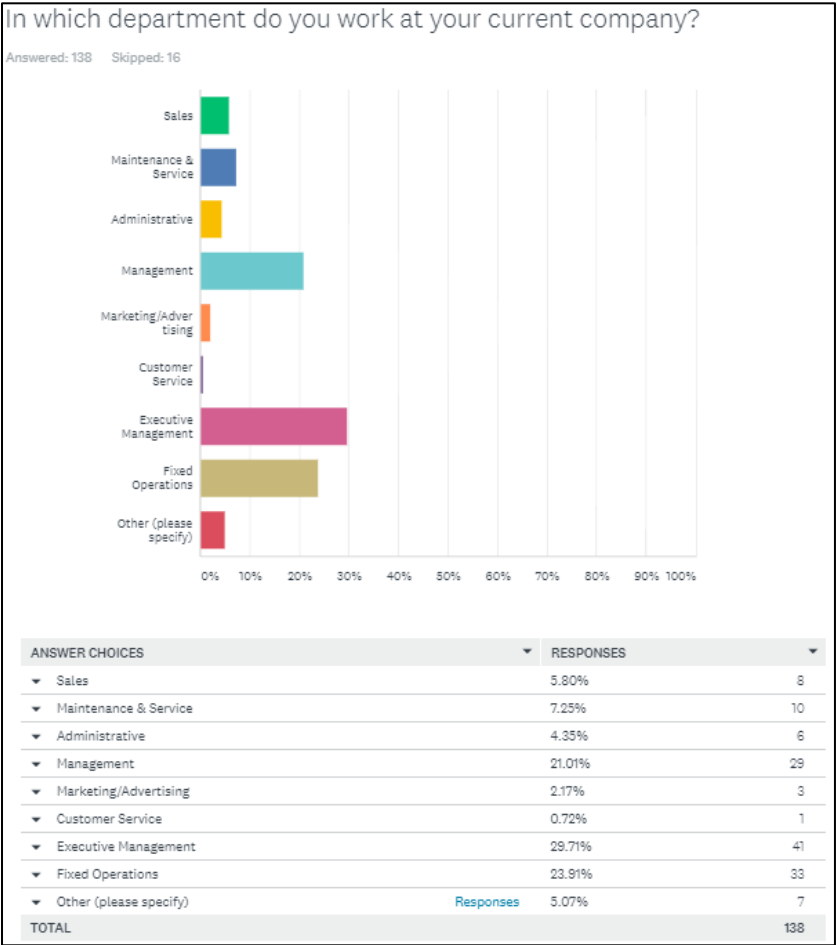
Appendix 2B

Graph of “What is the best thing your dealership has accomplished in the last 12 months?” responses



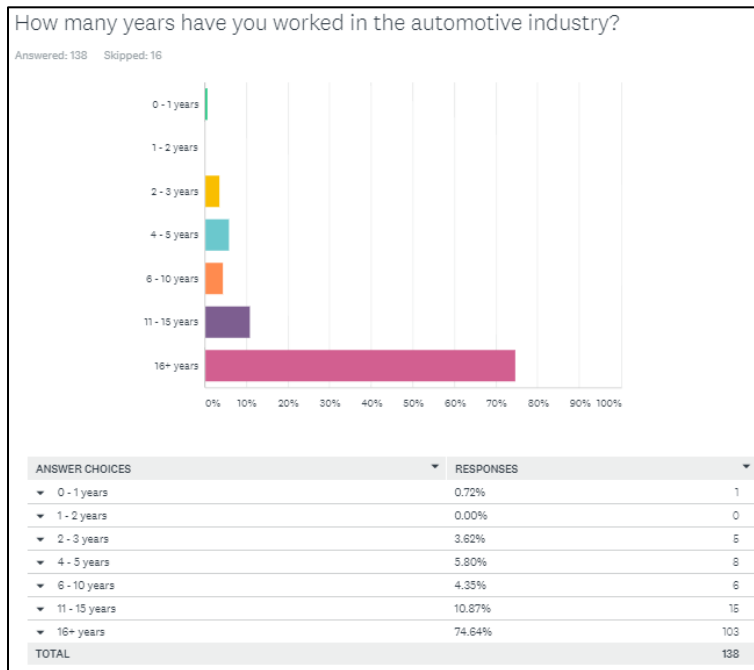
Appendix 3A

Graph of “In which department do you work at your current company?” responses

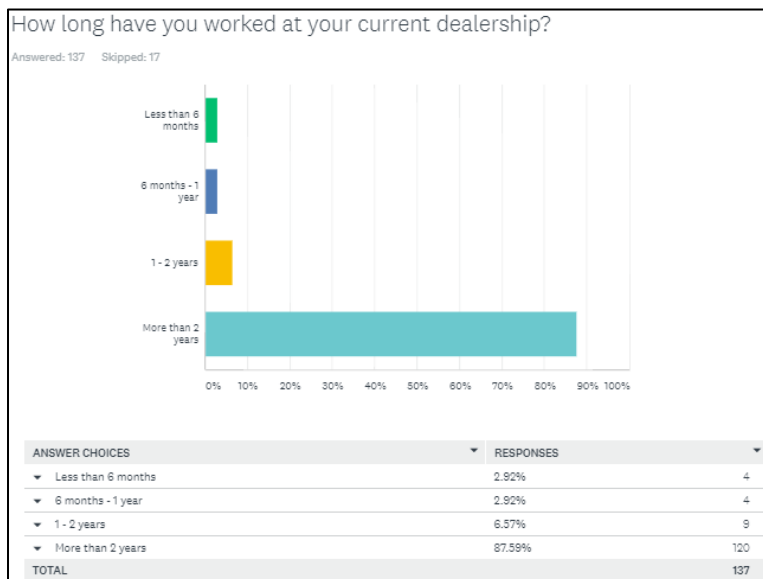


Appendix 3B

Graph of “How many years have you worked in the automotive industry?” responses



Graph of “How long have you worked at your current dealership?” responses



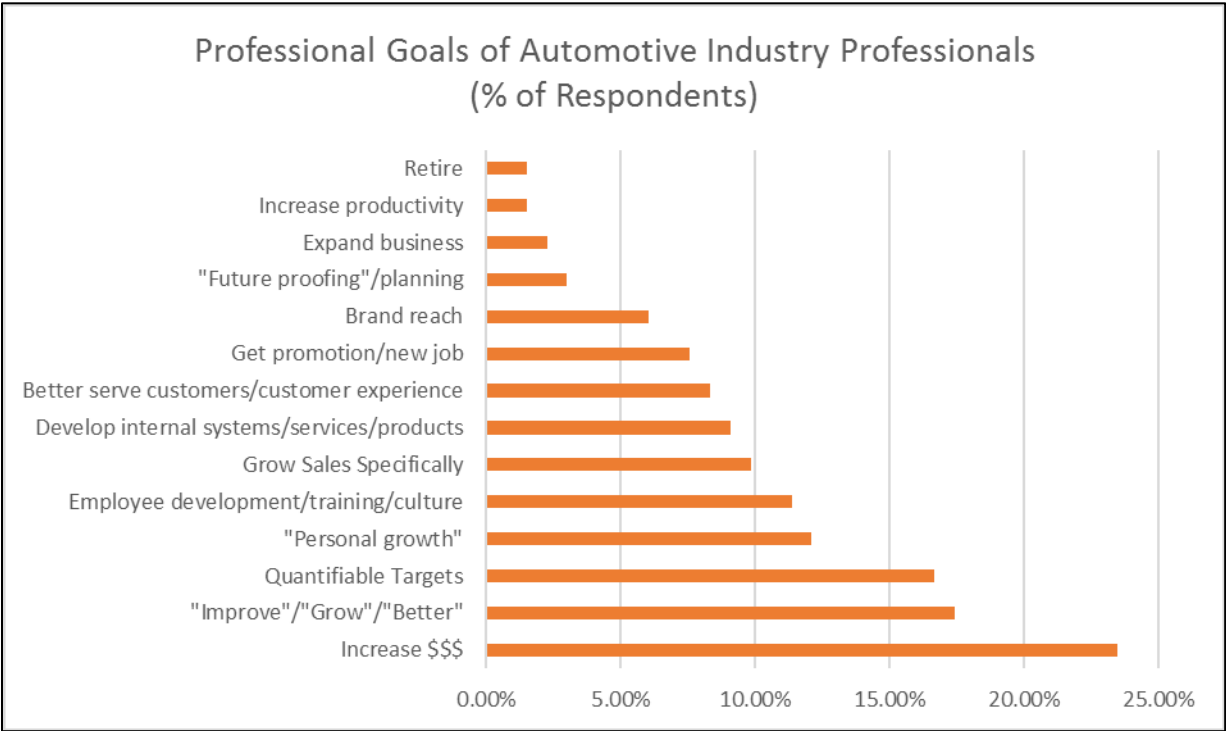
Appendix 3C

Graph of “What is your single greatest job responsibility? (That is, what are you ultimately responsible for, before any other duties are tacked on?)” responses



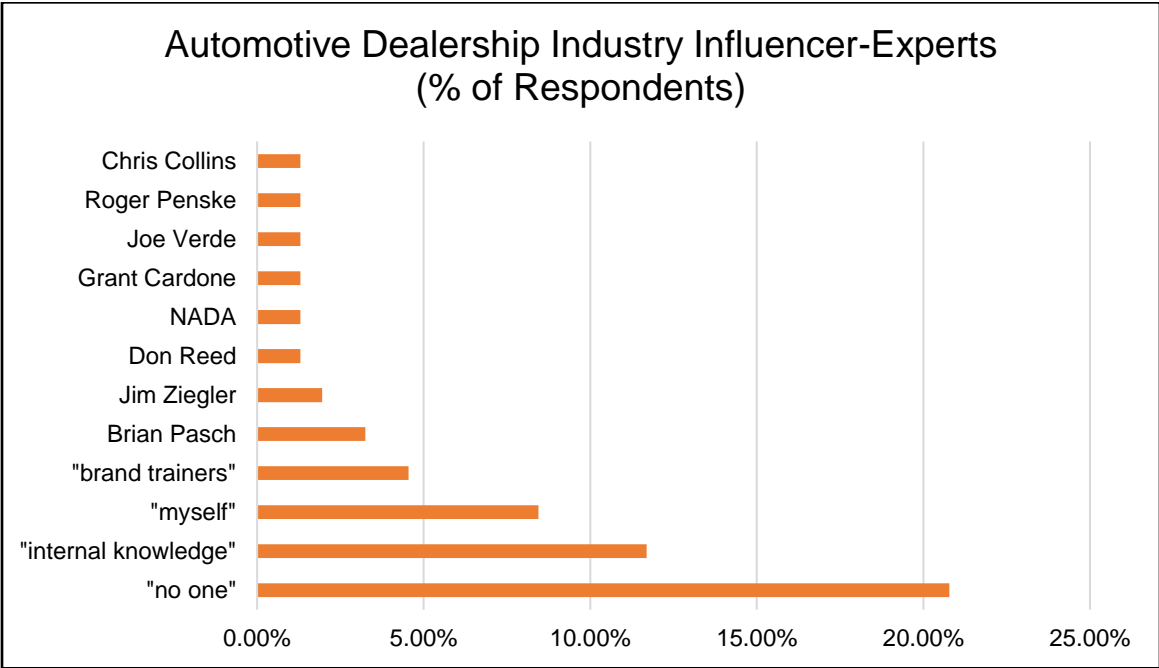
Appendix 3D

Graph of “What are your professional goals for the next 12 months?” responses



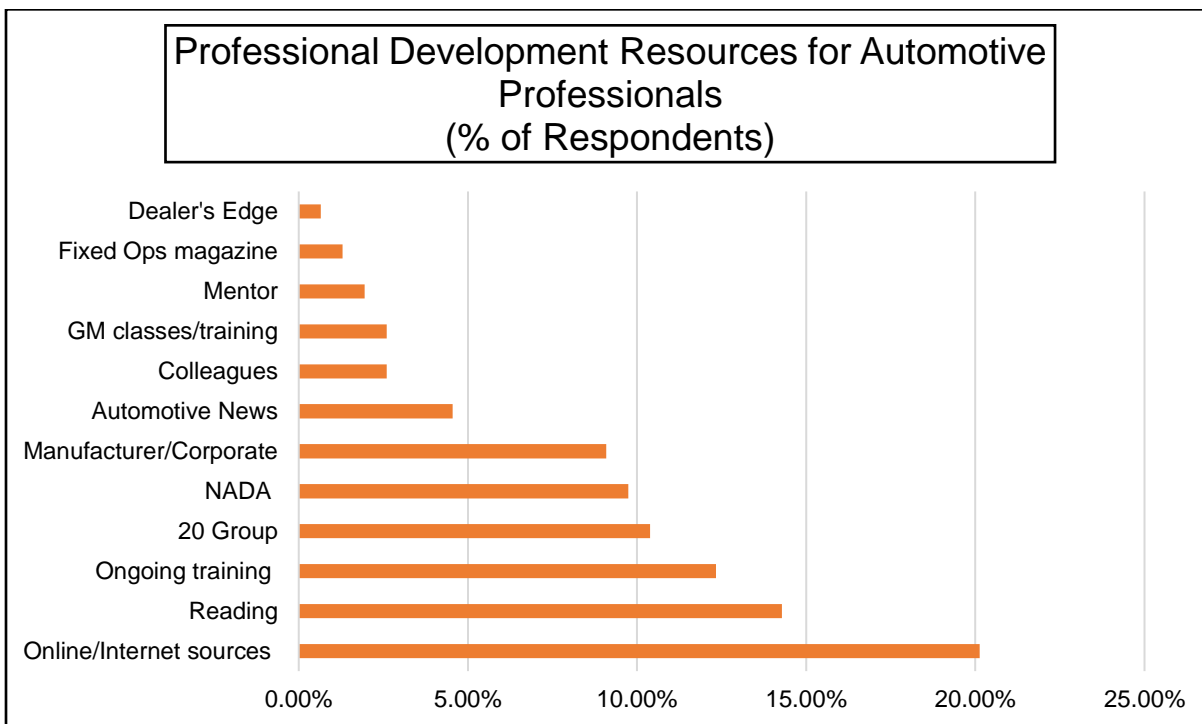
Appendix 4A

Graph of “Who do you consider to be a top expert in your field, if anyone?” responses



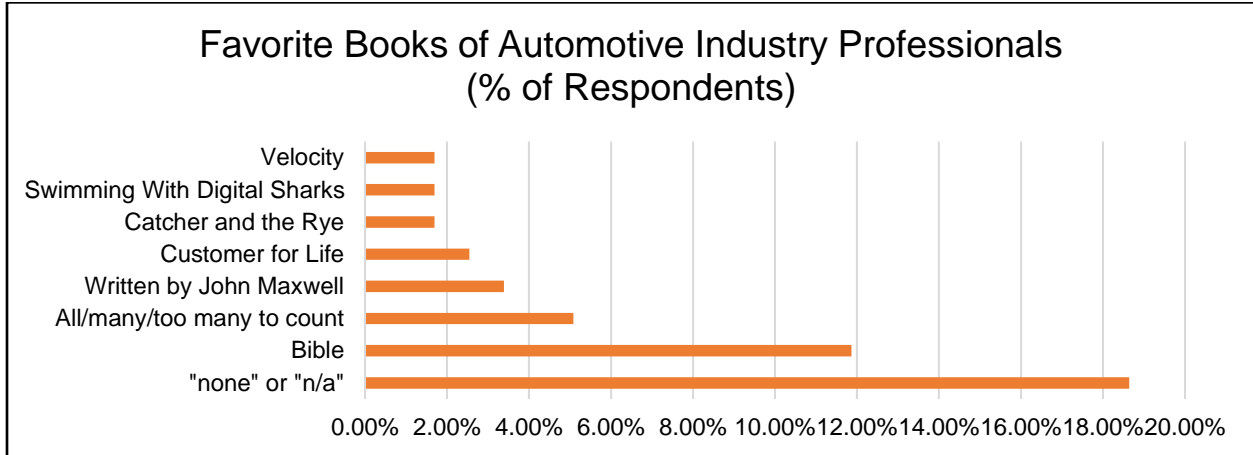
Appendix 4B

Graph of "how do you learn about new strategies and approaches for your job?" responses

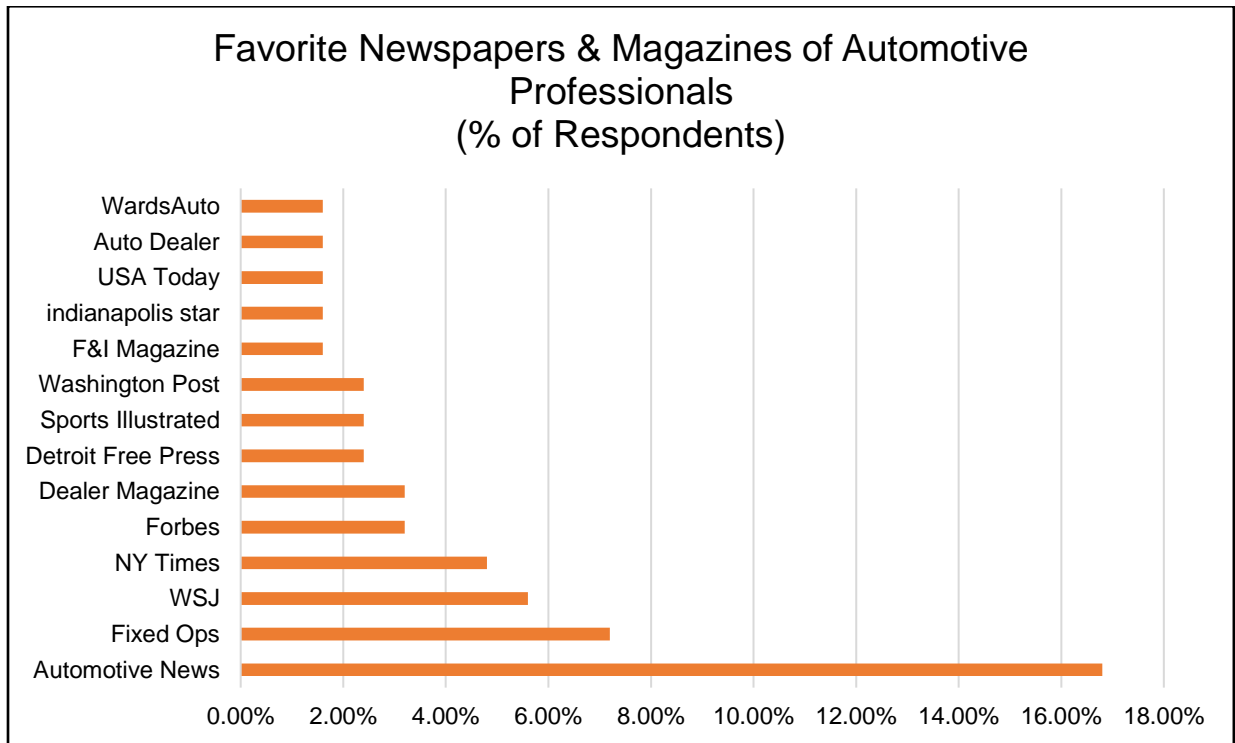


Appendix 4C

Graph of "What is your favorite book, if any?" responses

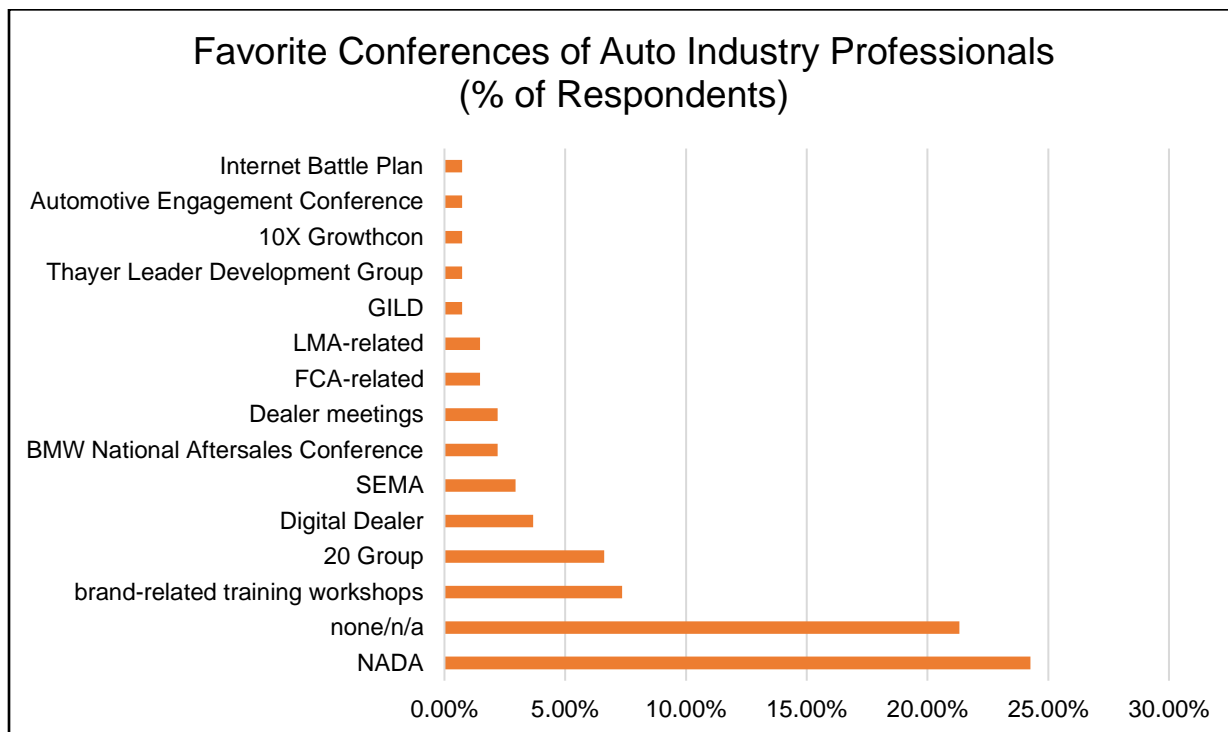


Graph of "What are your preferred newspapers and/or magazines, if any? (either digital or paper)"



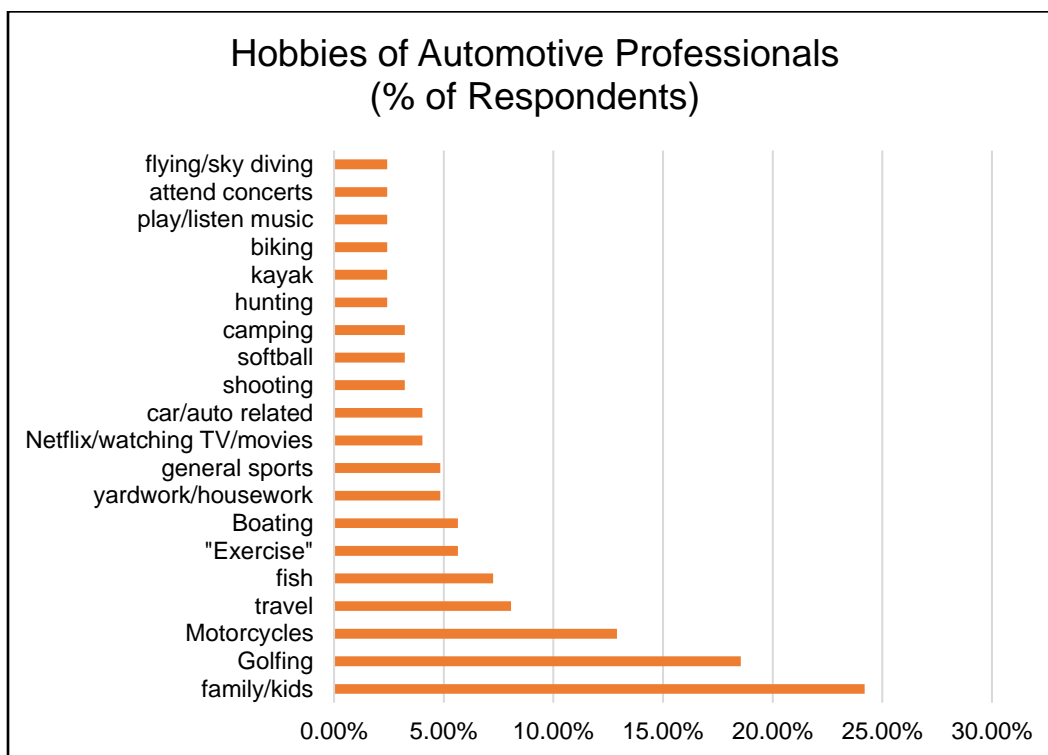
Appendix 4D

Graph of “What is your favorite conference or association meeting, if any?” responses



Appendix 5A

Graph of "Once you're off the clock, what do you like to do for fun?" responses



Appendix 5B

Graph of "Which social media platforms do you use, if any? (Please select all that apply)" responses

