



J.D. POWER

Using Text to Deliver a Better Customer Experience

J.D. Power 2019 Sales Satisfaction Index (SSI) Study
J.D. Power 2019 Customer Service Index (CSI) Study

Prepared for Podium

February 2020

Executive Summary



- Based on feedback from over 28,000 sales customers and 58,000 service customers, dealership use of text messaging during the shopping experience and after-sales process supports a significantly improved customer experience.
- While customer preference for text communications has increased at a steady rate, dealership usage has not kept pace. Service customer preference for text updates has increased from 21% to 34% over the past five years. Meanwhile, actual usage has only increased from 1% to 9%.
- Almost all brands benefit from increased text usage. Non-premium sales customers report a 10 point increase in satisfaction while service customers report a 26 point CSI lift. Yet no brands consistently provide their customers a text-friendly customer experience.
- Among all communication channels, text contributes to the most significant decrease in sales process time; 33% of customers who use text spend less than two hours at the dealership purchasing their vehicle.
- Use of text service updates creates the highest intended service loyalty among communication channels with 61% of non-premium customers and 64% of premium customers intending to return to their dealer for paid service.
- Across both purchase and after sales, text is the communication channel that creates the highest lift in both customer satisfaction and loyalty. Particularly in service, the progression from no contact at all to service text updates (172 points) is striking and addresses the more significant engagement that customers are seeking.

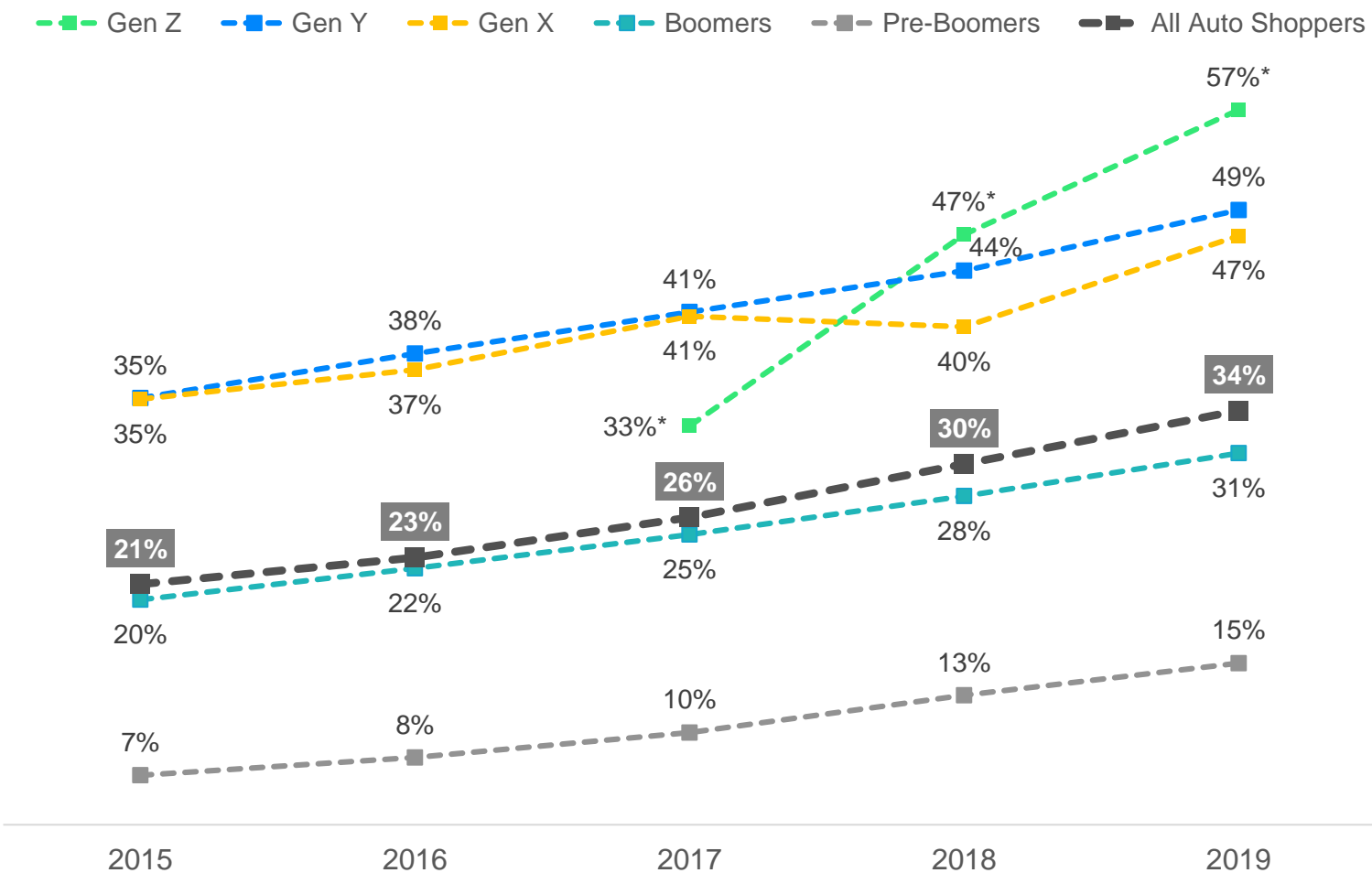
Customer Service Index (CSI)



Customer Text Messaging Preference Trend in Service Experience

In Auto Retail, trends can emerge slowly. By contrast, customer preference for service updates via texting messaging has been on a the rise for all generations. In five years, customer preference for text has increased from 21% to 34%.

Preference to be Informed via Text Message

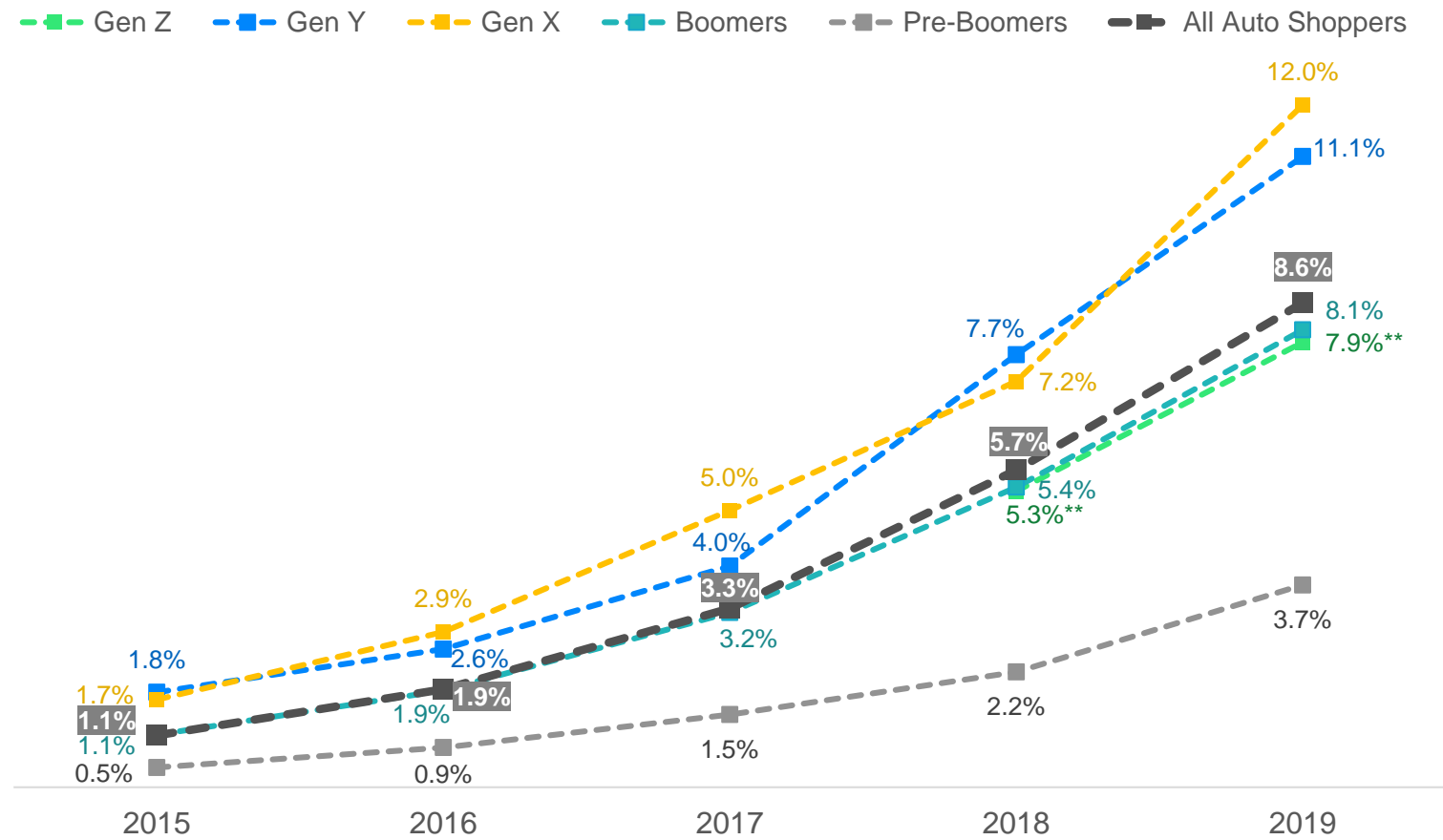


* Small Sample, n < 100
** Insufficient Sample, n < 30, not shown

Customer Text Messaging Usage Trend in Service Experience

Dealerships who are actually using text messaging in the service experience do not show the same growth rate. Usage is far below customer preference.

Customer Received Update via Text Message



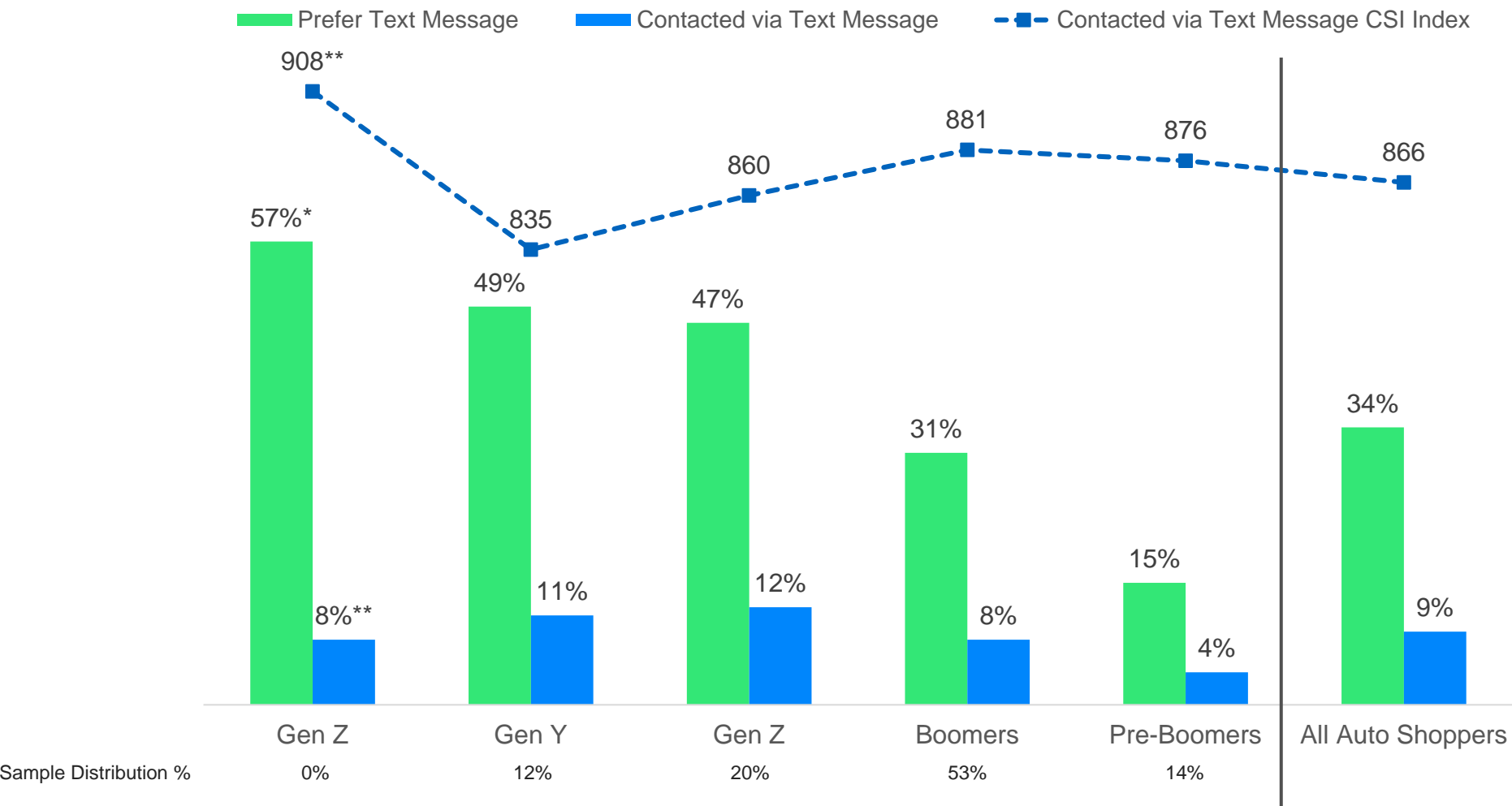
* Small Sample, n < 100
** Insufficient Sample, n < 30

Service Texting Across Generations and Satisfaction

Across all generations, customers have a strong preference for text messaging. Usage is weak among all groups.



Customer Received Update via Text Message



* Small Sample, n < 100
** Insufficient Sample, n < 30

Text Messaging CSI Satisfaction Impact

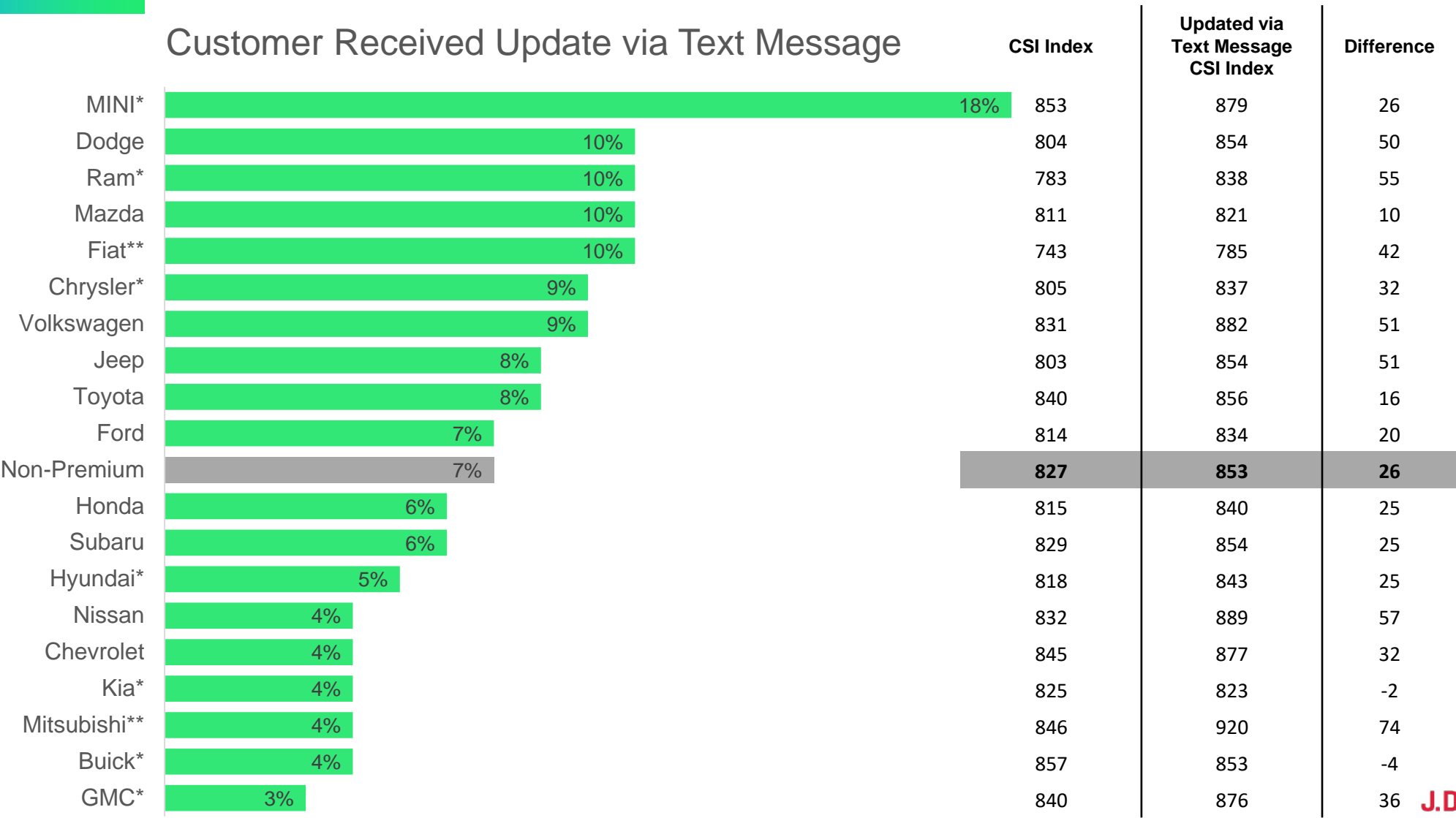
Text messaging for service updates delivers a better customer experience and outperforms phone calls in all CSI factors. Texting also creates a 190 point premium gap vs. no service advisor communication.

CSI and Attributes by Informed on Progress of Service Work	Text Messages	Dealership called customer	Customer called dealership	Not kept informed of the progress
	n=2,324	n=6,929	n=1,422	n=1,728
CSI - Non-Premium	853	828	712	680
Delta from Text Message to other method of contact		-25	-141	-172
% Sample Distribution	19%	56%	11%	14%

CSI and Attributes by Informed on Progress of Service Work	Text Messages	Dealership called customer	Customer called dealership	Not kept informed of the progress
	n=3,011	n=5,951	n=1,090	n=677
CSI - Premium	889	876	741	699
Delta from Text Message to other method of contact		-13	-148	-190
% Sample Distribution	28%	55%	10%	6%

There is tremendous variation in brand usage of service department text updates.....but on average experience a satisfaction lift of 26 points

Non-Premium



* Small Sample, n < 100
** Insufficient Sample, n < 30
smart excluded from data

There is tremendous variation in brand usage of service department text updates.....but all experience a satisfaction lift

Premium

Customer Received Update via Text Message

		CSI Index	Updated via Text Message CSI Index	Difference
Mercedes-Benz	29%	870	901	31
BMW	23%	847	870	23
Audi	20%	857	896	39
Premium	18%	862	889	27
Jaguar*	18%	825	858	33
Porsche	17%	893	910	17
Land Rover*	16%	781	823	42
Lexus	15%	881	897	16
Infiniti	11%	878	904	26
Lincoln	10%	865	896	31
Acura	10%	866	886	20
Volvo	10%	840	846	6
Cadillac	7%	880	910	30
Genesis**	6%	852	888	36

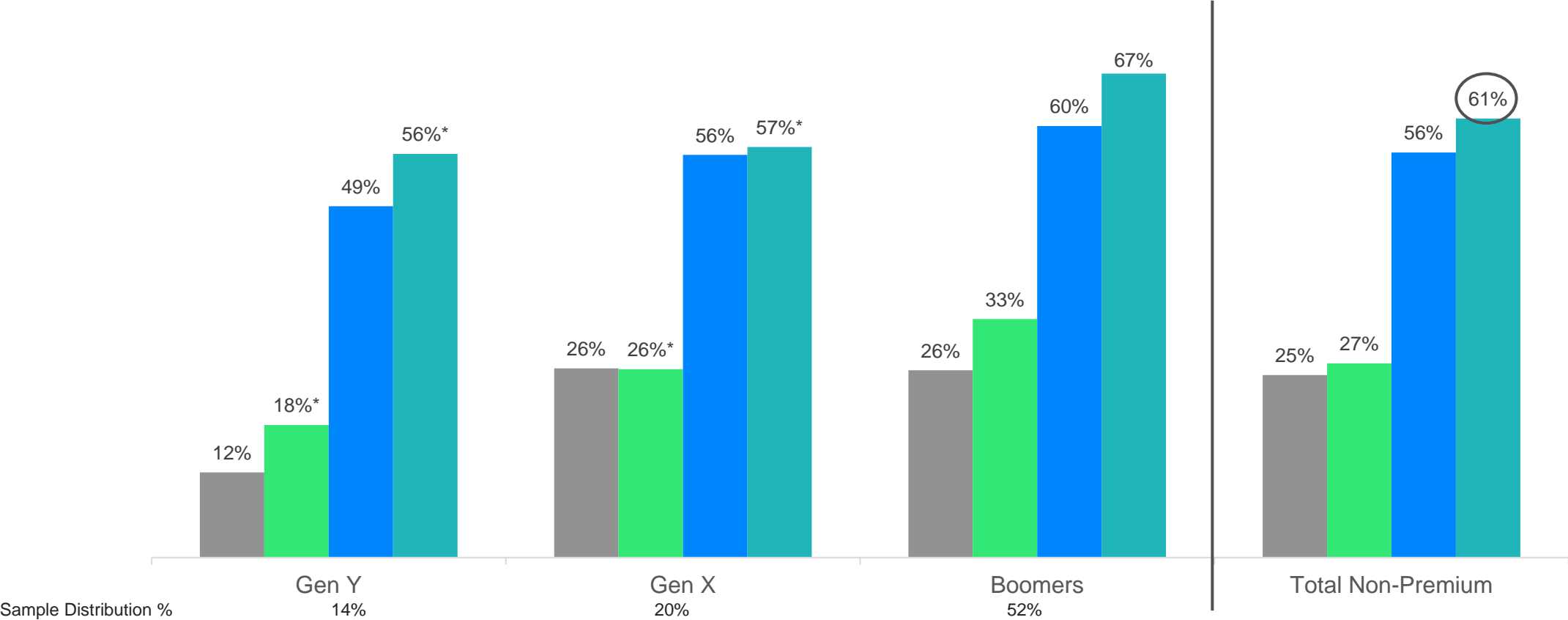
* Small Sample, n < 100
** Insufficient Sample, n < 30
Alfa Romeo excluded from data

Dealership use of text creates the highest intended service loyalty (61%)

Non-Premium

Definitely Will Return to Dealer for Paid Service

■ I was not kept informed of the progress ■ I called dealership ■ Dealership called me ■ Text message



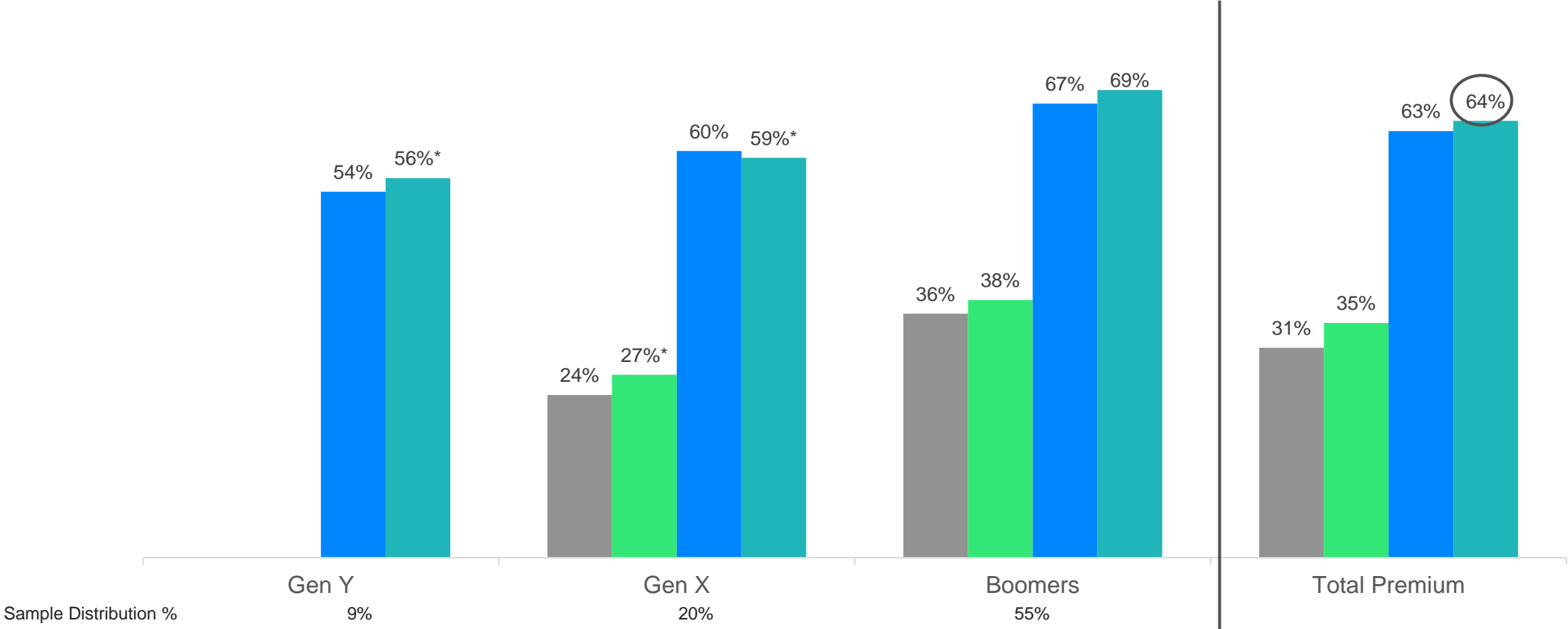
* Small Sample, n < 100
** Insufficient Sample, n < 30, not shown - Gen Z excluded due to insufficient sample
"Other" and "Updates not needed" excluded

Premium dealership use of text creates the highest intended service loyalty (64%). Note huge differences with no updates and customer driving the contact.

Premium

Definitely Will Return to Dealer for Paid Service

I was not kept informed of the progress I called dealership Dealership called me Text message



* Small Sample, n < 100
** Insufficient Sample, n < 30, not shown - Gen Z excluded due to insufficient sample
"Other" and "Updates not needed" excluded

Sales Satisfaction Index (SSI)

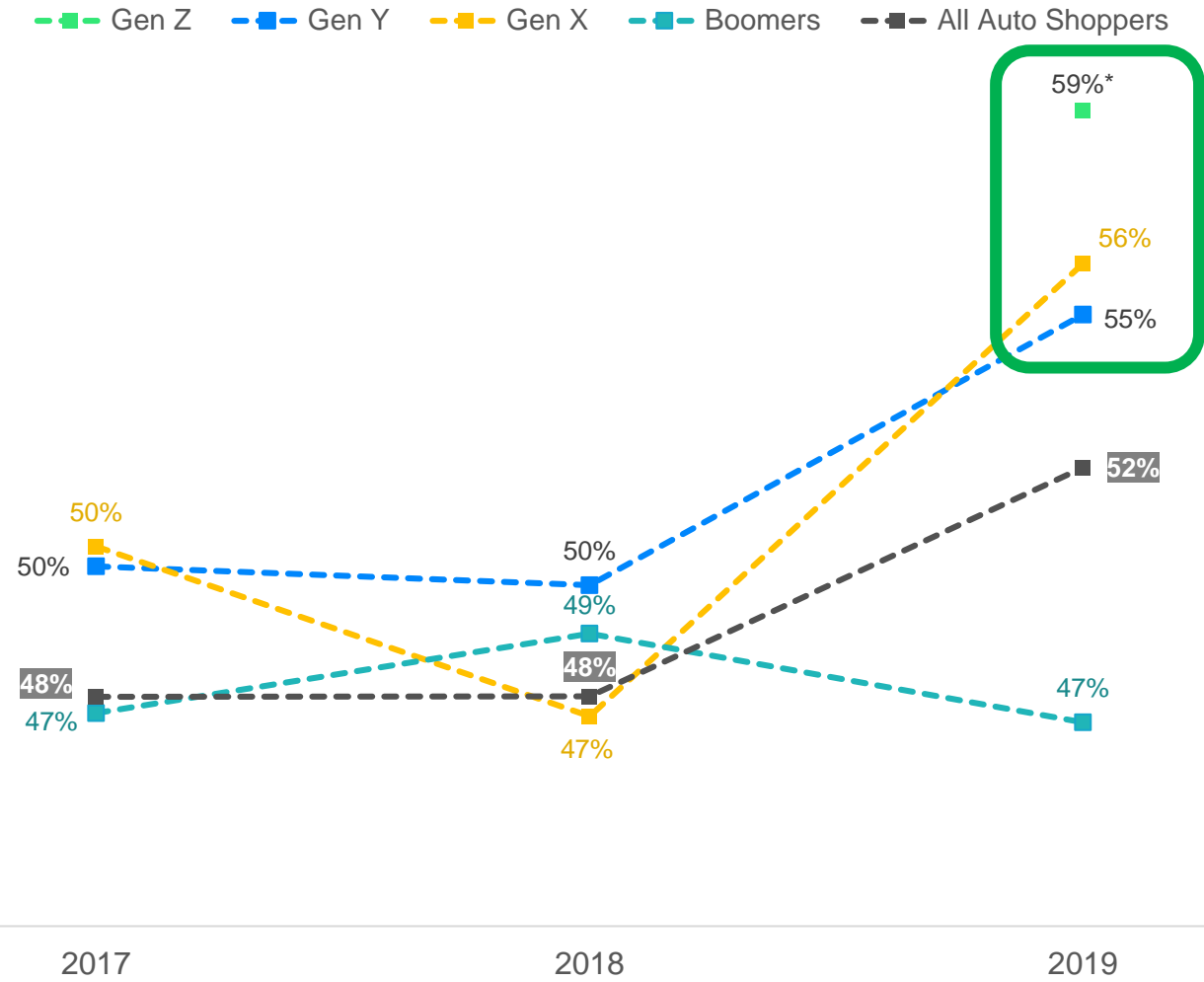


Text Usage Trend as Part of the Dealership Shopping and Purchase Experience

Using text messaging to contact dealership prior to purchase is on the rise for younger generation



Contacted Purchasing Dealership Prior to Visit via Text Message



* Small Sample, n < 100
** Insufficient Sample, n < 30, not shown

Text Messaging SSI Satisfaction Impact

Sales customers who text with their selling dealership report the best customer experience, including a 27 point non-premium gap vs. email communication.

Buyer Measures and Attributes by Contacted Purchasing Dealer Prior to Visit	Yes, by text message	Yes, by phone	Yes, by chat	Yes, by email/website form
	n=1644	n=3318	n=1036	n=2071
Buyer Index - Non-Premium	837	831	831	810
Delta from Text Message to other method of contact		-6	-6	-27
% Sample distribution	20%	41%	13%	26%

Buyer Measures and Attributes by Contacted Purchasing Dealer Prior to Visit	Yes, by text message	Yes, by phone	Yes, by email/website form	Yes, by chat
	n=842	n=1824	n=1174	n=422
Buyer Index - Premium	857	848	838	836
Delta from Text Message to other method of contact		-9	-19	-21
% Sample distribution	20%	43%	28%	10%

Customers from all brands are contacting dealership via text...with segment SSI improving 18 points

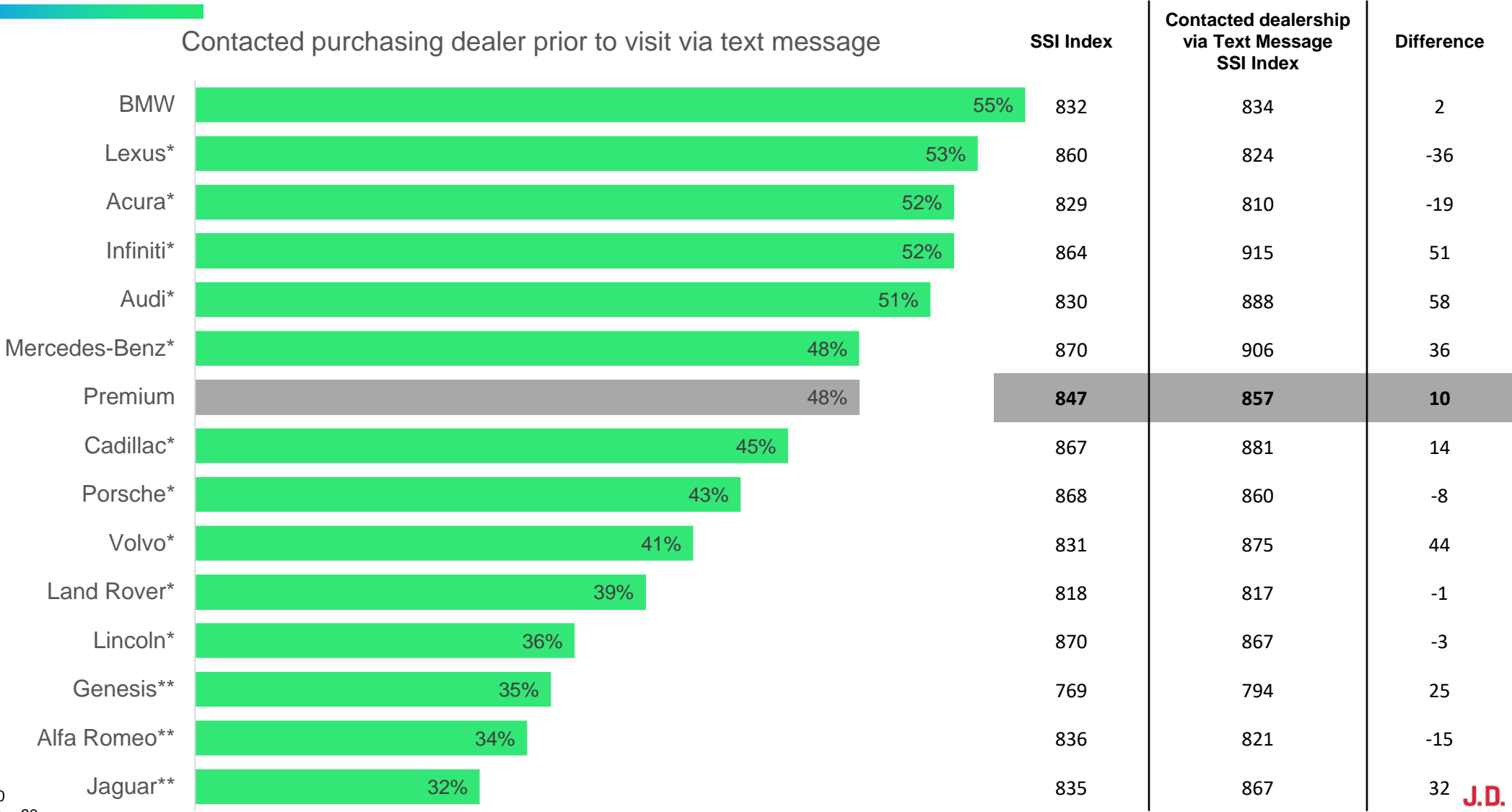
Non-Premium



* Small Sample, n < 100
** Insufficient Sample, n < 30

Customers from all brands are contacting dealership via text with premium SSI improving 10 points

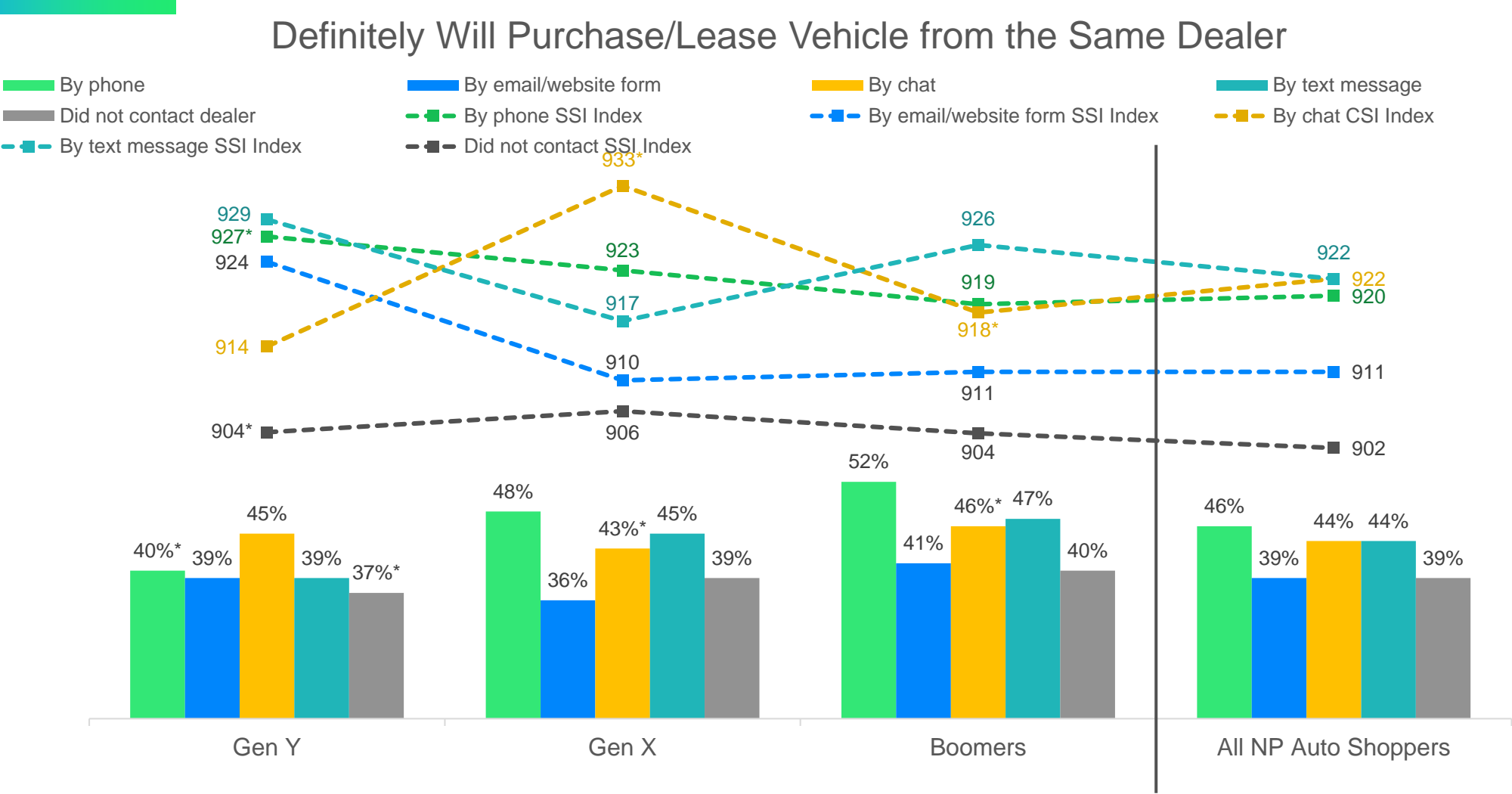
Premium



* Small Sample, n < 100
** Insufficient Sample, n < 30

Texting contributes to higher re-purchase intent than traditional email

Non-Premium

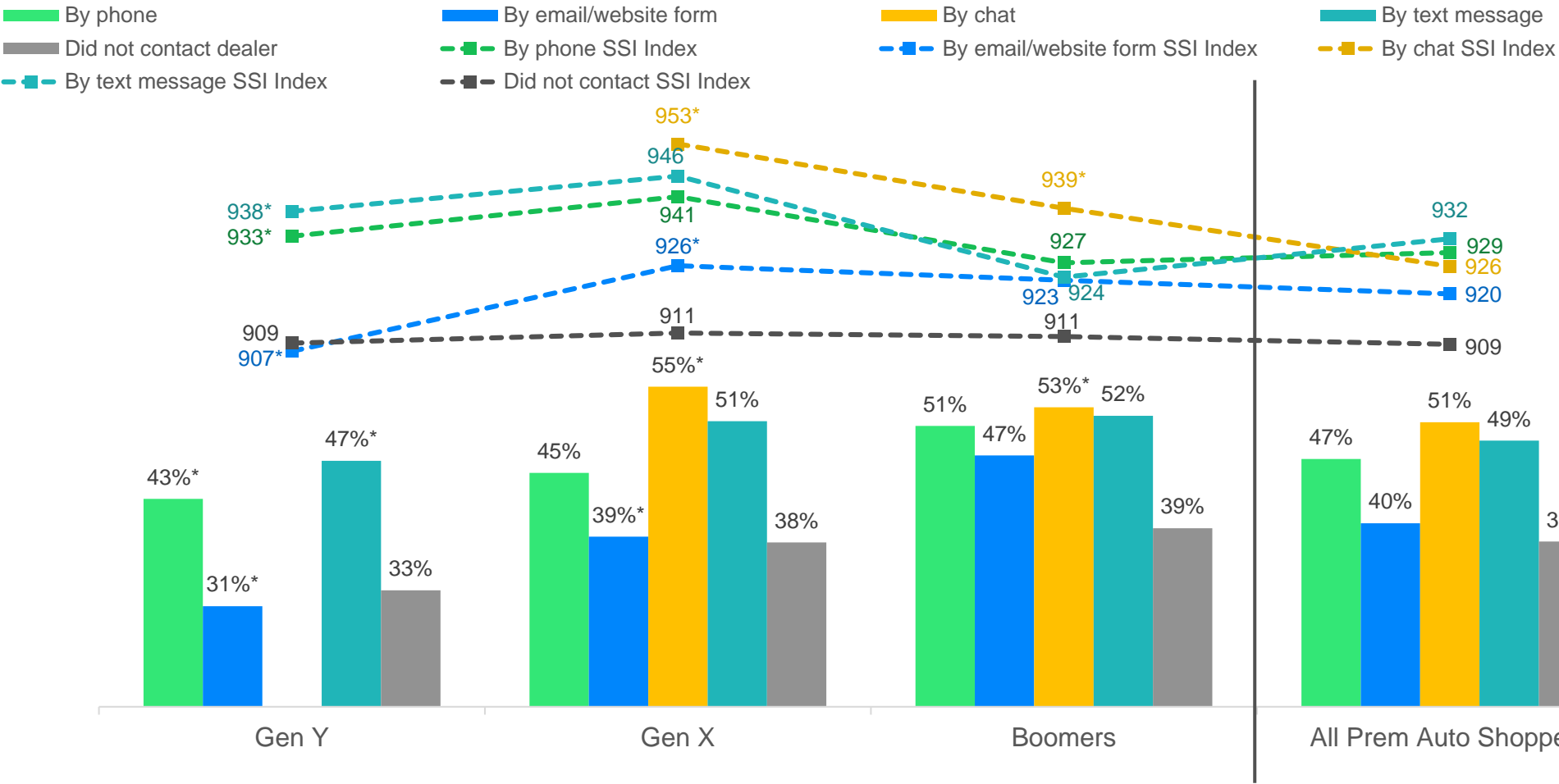


* Small Sample, n < 100
** Insufficient Sample, n < 30, not shown
Gen Z and Pre-Boomers excluded due to insufficient sample

Texting contributes to higher re-purchase intent than traditional email

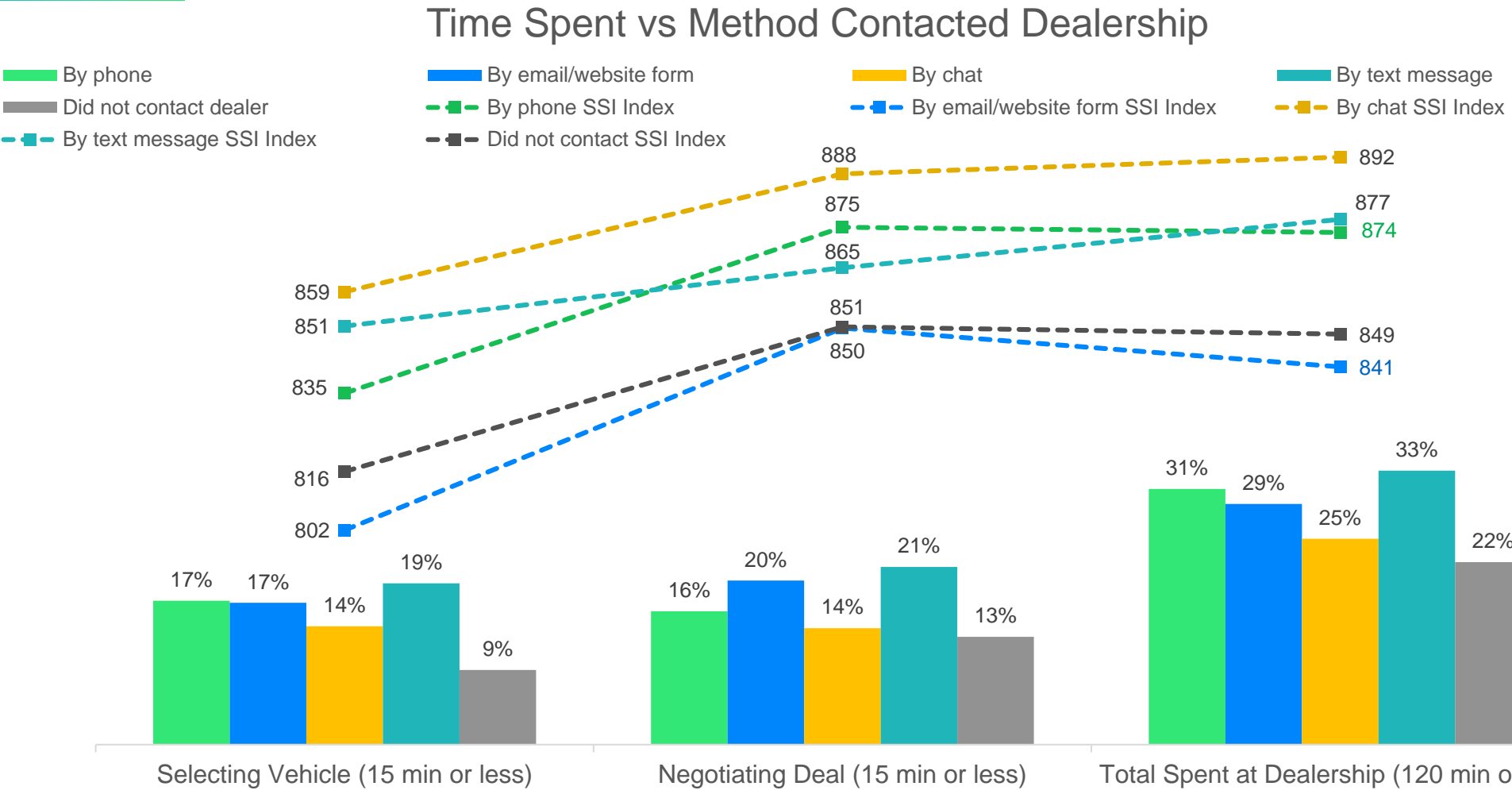
Premium

Definitely Will Purchase/Lease Vehicle from the Same Dealer

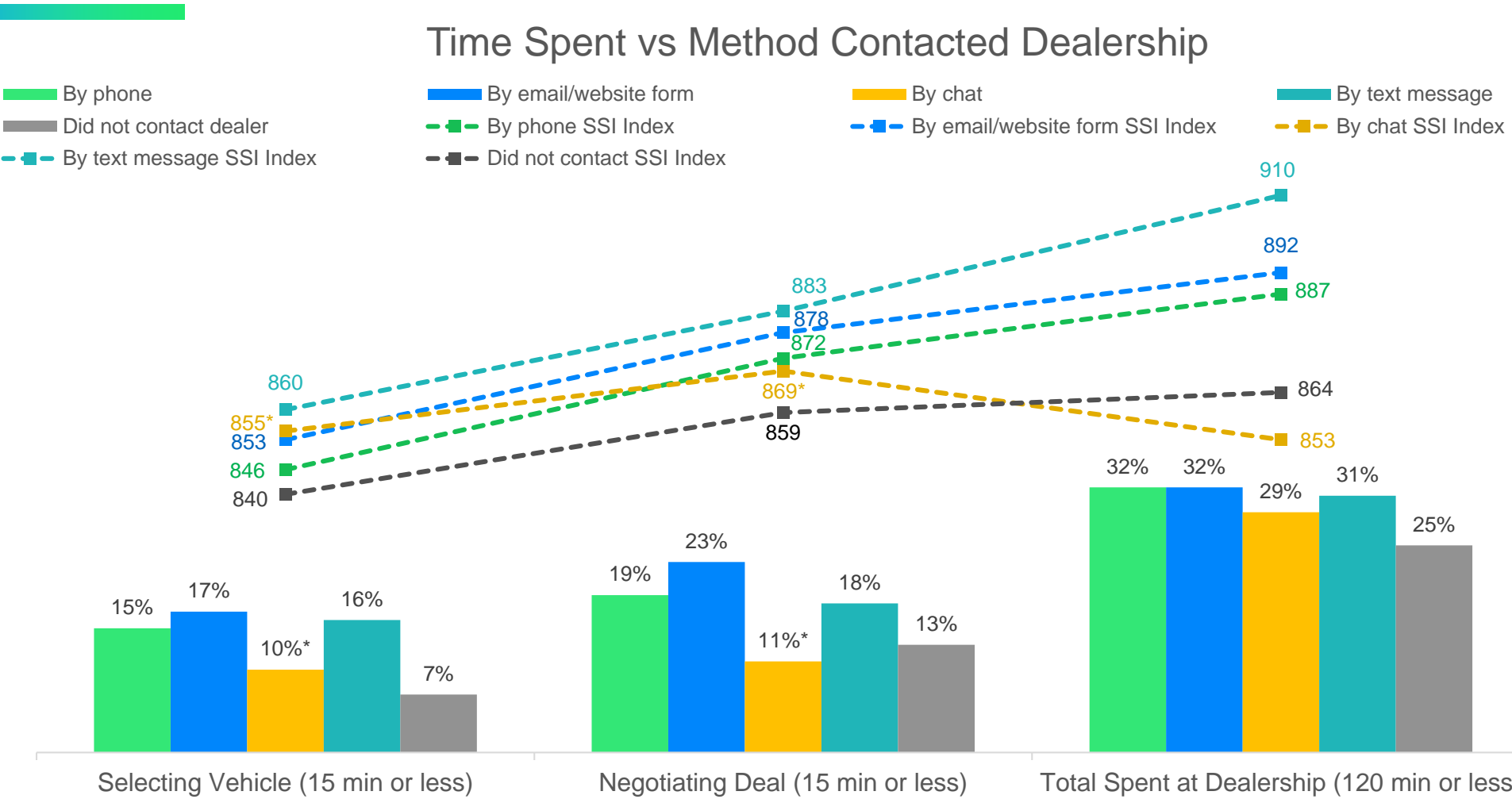


* Small Sample, n < 100
** Insufficient Sample, n < 30, not shown
Gen Z and Pre-Boomers excluded due to insufficient sample

Non-Premium customers are spending less time at dealerships when they contact dealership via text message prior to visit



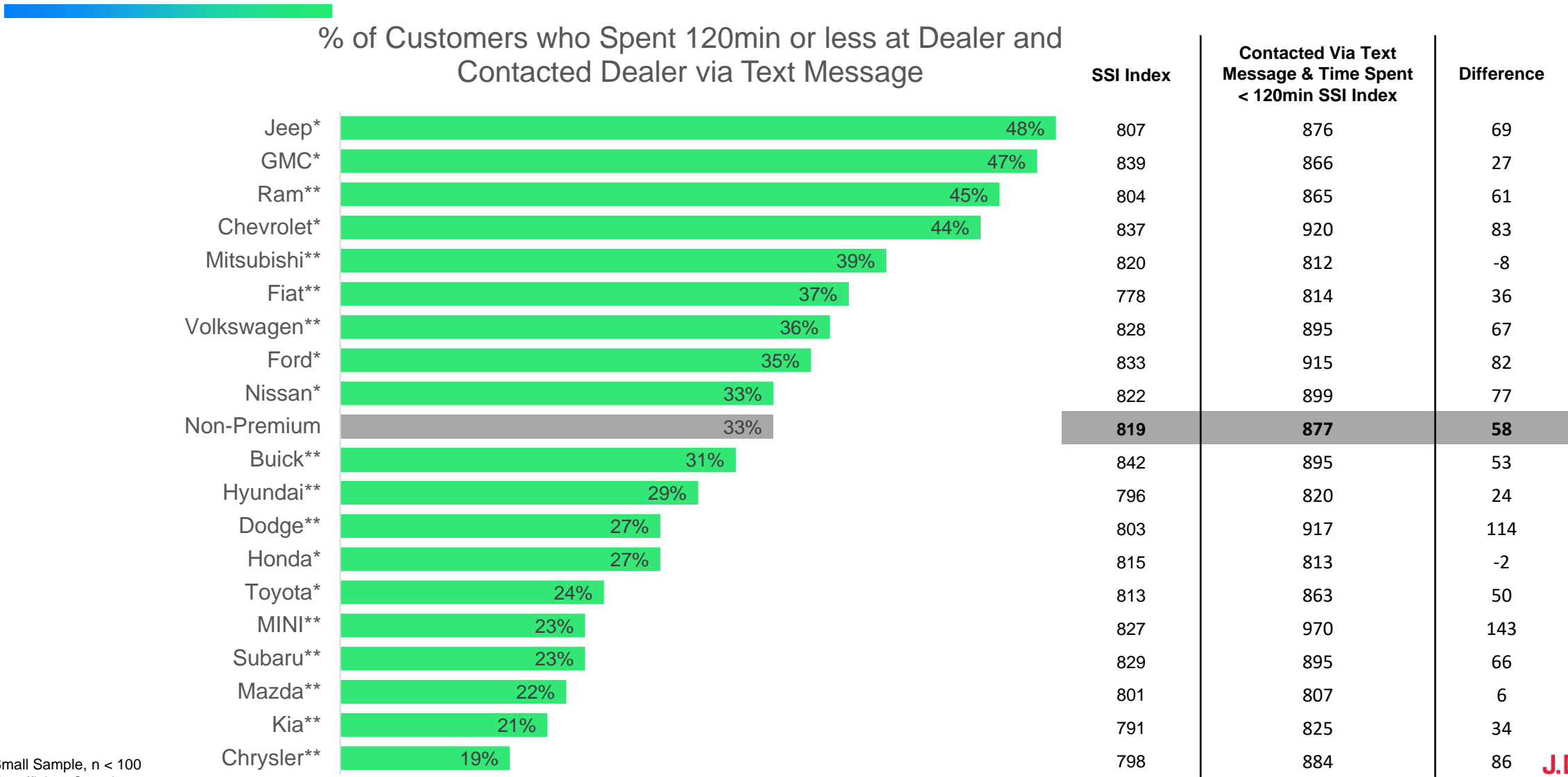
Premium customers have highest satisfaction when they use text messaging



* Small Sample, n < 100

Text is helping dealers shorten dealership transaction times and dramatically improve satisfaction

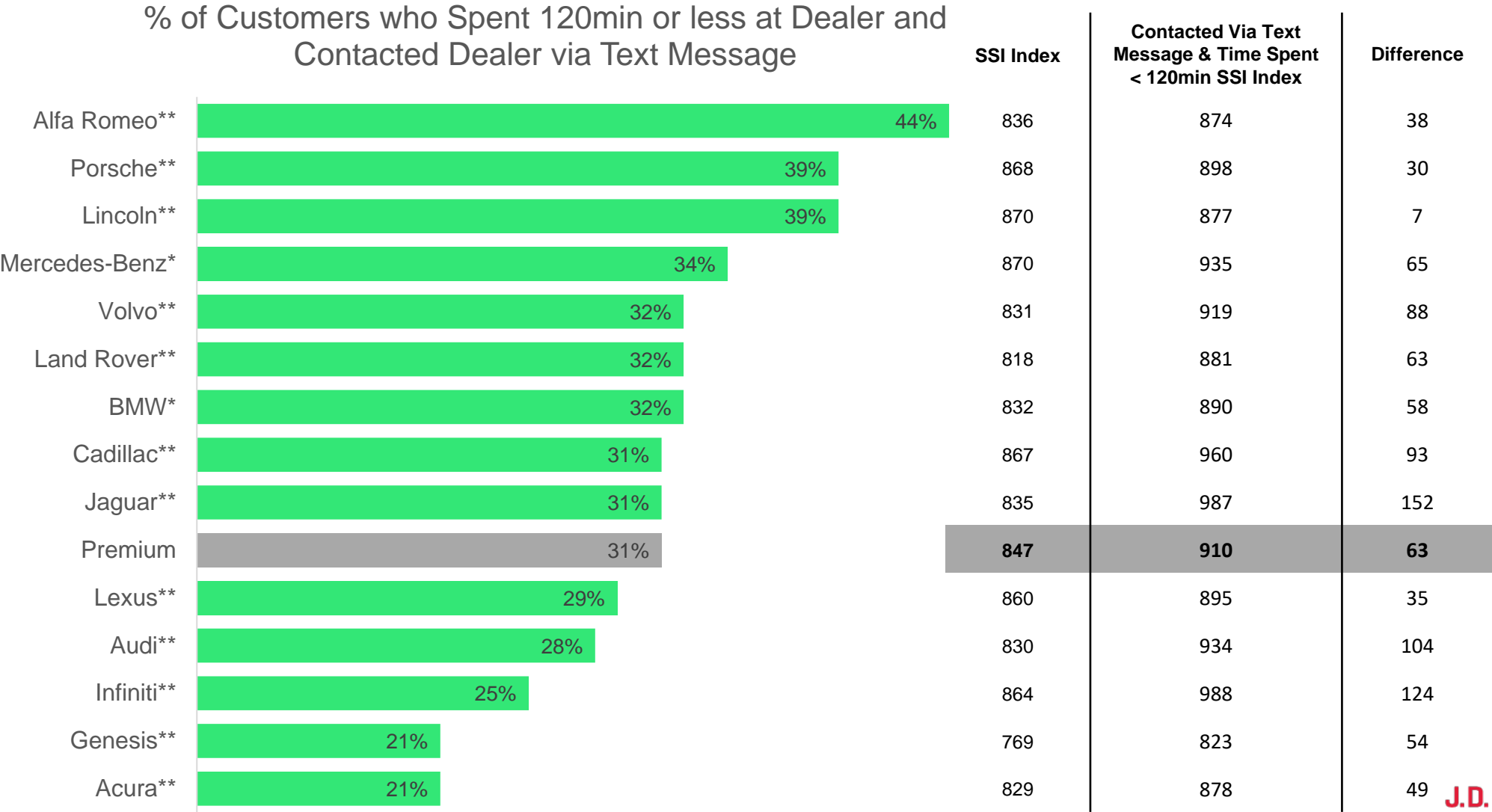
Non-Premium



* Small Sample, n < 100
** Insufficient Sample, n < 30

Text is helping dealers shorten dealership transaction times and dramatically improve satisfaction

Premium



* Small Sample, n < 100
** Insufficient Sample, n < 30

Appendix



CSI Index Model

Service Initiation



- Ease of scheduling service visit (43%)
- Timeliness of drop-off process (57%)

Service Advisor



- Courtesy of service advisor (19%)
- Responsiveness of service advisor (19%)
- Thoroughness of explanations (25%)
- Knowledge of service advisor (37%)

Service Facility



- Ease of driving in/out of facility (22%)
- Cleanliness of dealership (27%)
- Comfort of waiting area (16%)
- Amenities offered by the dealership (35%)

Vehicle Pick-Up

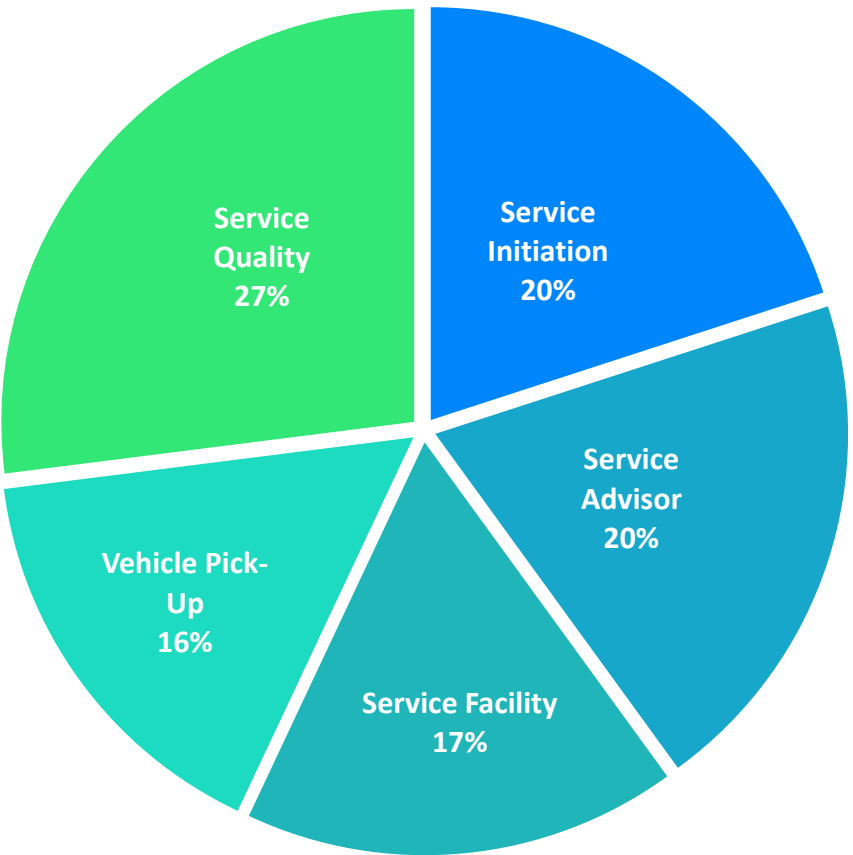


- Timeliness of the pick-up process (34%)
- Fairness of the charges (27%)
- Helpfulness of staff at pick-up (39%)

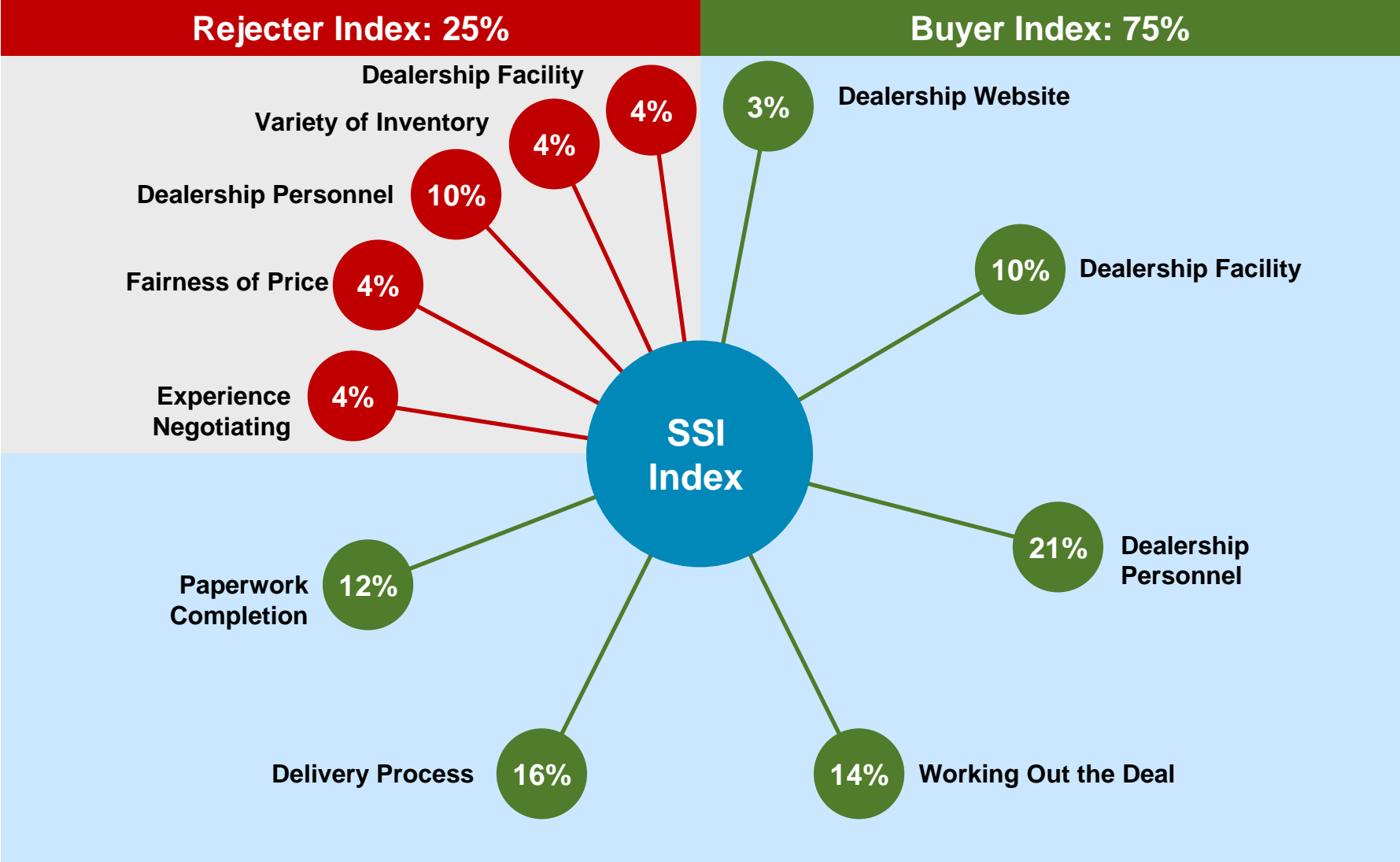
Service Quality



- Total time required to complete service on your vehicle (21%)
- Thoroughness of maintenance/repair work performed (48%)
- Condition of vehicle on return (31%)

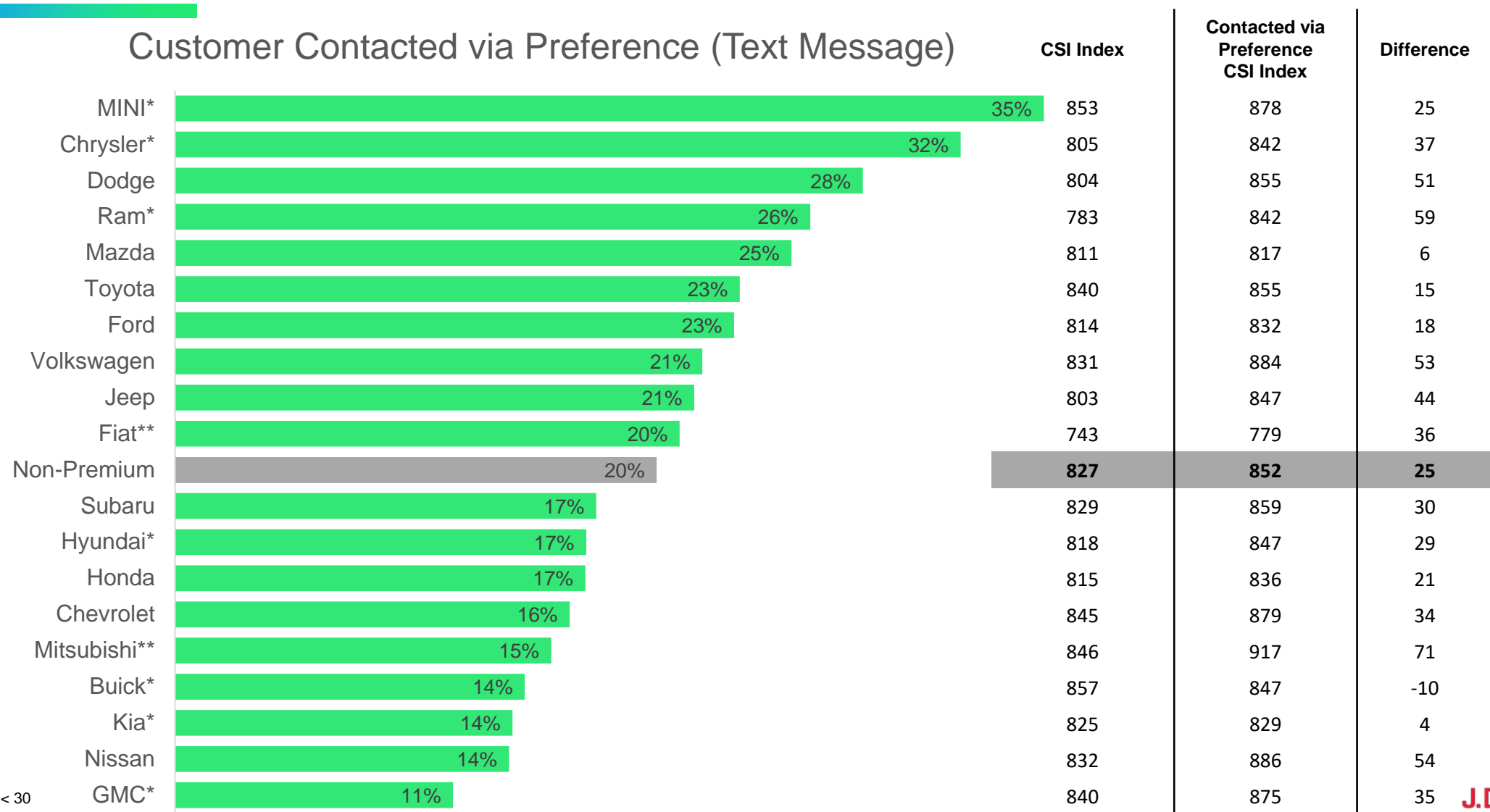


SSI Index Model



Very few customers are updated in their method of preference

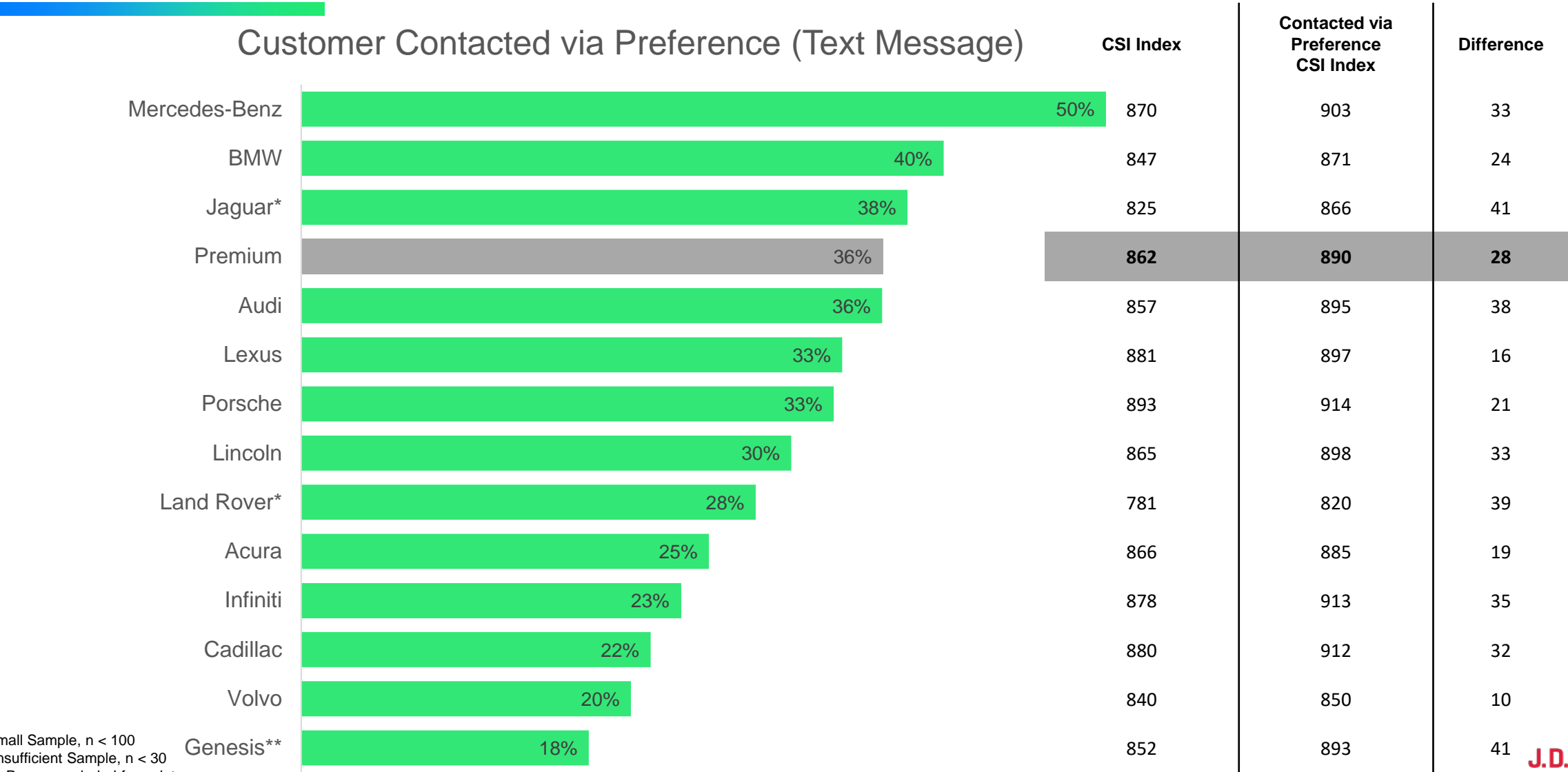
Non-Premium



* Small Sample, n < 100
** Insufficient Sample, n < 30
smart excluded from data

Few customers are updated in their method of preference

Premium Brands do a much better job at contacting customers using their preferred method of contact

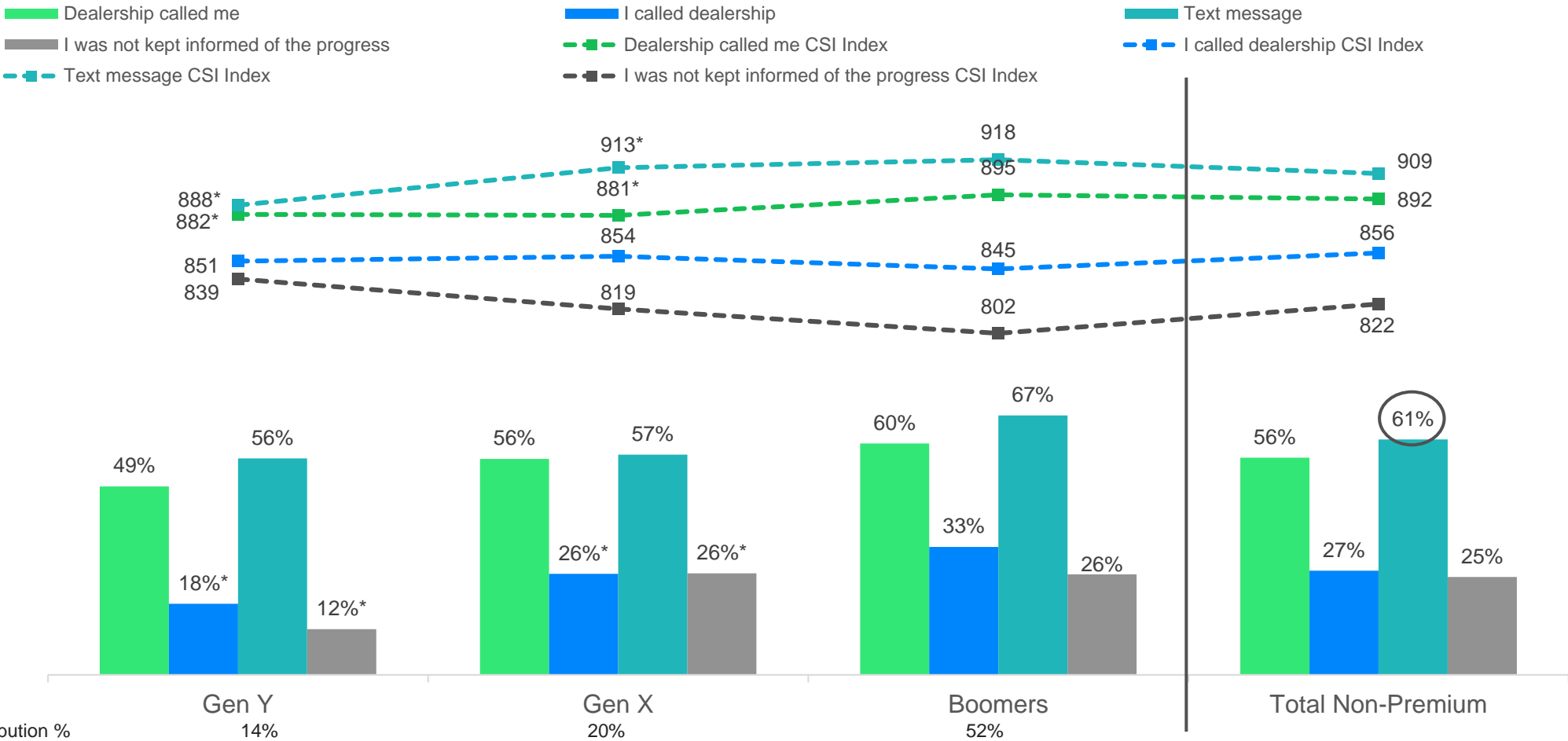


* Small Sample, n < 100
 ** Insufficient Sample, n < 30
 Alfa Romeo excluded from data

Dealership use of text creates the highest intended service loyalty (61%)

Non-Premium

Definitely Will Return to Dealer for Paid Service

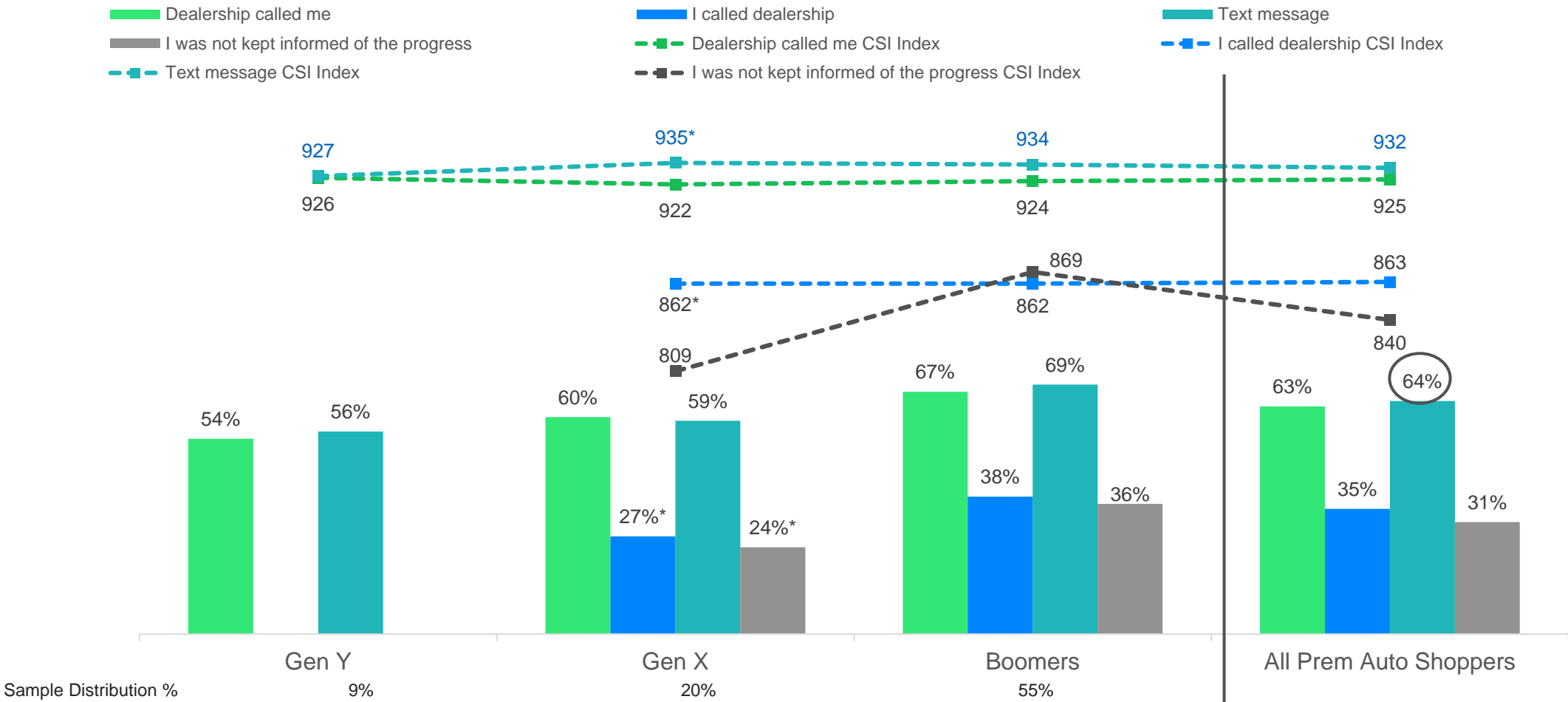


* Small Sample, n < 100
** Insufficient Sample, n < 30, not shown - Gen Z excluded due to insufficient sample
"Other" and "Updates not needed" excluded

Premium dealership use of text creates the highest intended service loyalty (66%). Note huge differences with no updates and customer driving the contact.

Premium

Definitely Will Return to Dealer for Paid Service



* Small Sample, n < 100
** Insufficient Sample, n < 30, not shown - Gen Z excluded due to insufficient sample
"Other" and "Updates not needed" excluded