

THE AUTO DEALER'S ORIGINAL FIXED OPERATIONS RESOURCE

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# FIXED OPS

## GETTING A GRIP ON THE PROCESS

COMPANIES  
TO SEE AT NADA  
PAGES 46 & 47

ADVISING WHEN TO REPLACE TIRES IS SMART BUSINESS

THREE WAYS TO GAIN AN EDGE ON THE INDEPENDENT COMPETITION

SURVEY REVEALS EXPECTATIONS OF RECALLED VEHICLE OWNERS

THE SERVICE LANE SELLING PROCESS

# ARE CONSUMERS READY TO JOIN DEALERSHIPS IN RESOLVING THE RECALL CRISIS?

**SURVEY REVEALS EXPECTATIONS OF RECALLED VEHICLE OWNERS**

BY CHRISTOPHER MILLER

Persuading owners to take their recalled vehicles into the dealership for repair has left the automotive industry and consumer safety groups perplexed about a viable solution. Seeking more information as to where consumers stand on this issue, Recall Masters, a digital forensics and communications company that specializes in recall management for the automotive industry, recently surveyed 1,521 U.S. consumers.

More than 80 percent of U.S. consumers indicated that a vehicle's recall status was important or extremely important, according to the findings of the survey. The study, conducted from September 2017 through January 2018, revealed a wide range of consumer attitudes and perspectives that might explain why approximately three in ten vehicles on the road today have an open recall.

While the results of the survey indicate that consumers are forgiving of manufacturing defects, there's reason to believe that the auto industry can improve in several areas — including the notification process — to facilitate more recall repairs and consumer compliance. The “U.S. Consumer Attitudes On Vehicle Recalls” survey, which focused on English-speaking, U.S.-based drivers

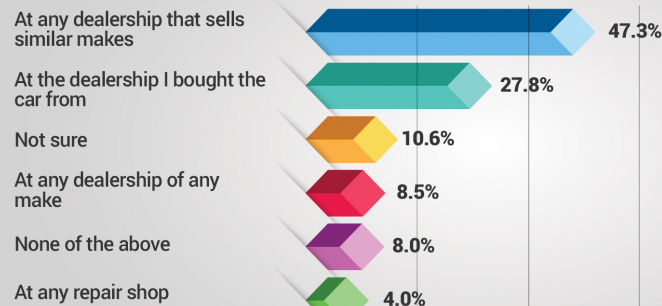
What are your impressions of dealerships that don't clearly disclose that a vehicle contains a recall?



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Exhibit 1: Disclosing a recall.

What is your understanding of where to have your vehicle repaired if it has been issued a recall?



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Exhibit 2: Where to repair a recall?



between the age of 25 and 64, is being shared with the dealership community and auto manufacturers, as well as with legislative bodies, consumer safety groups and others that recognize the gravity of the situation.

Recalled vehicles that go unrepaired are a problem for everyone involved. In order to be effective at managing recalls, our industry has to gain better insight into what consumers want. The survey's findings further clarify what consumers perceive of dealership practices, expanding on a consumer survey released in April 2017 by the University of Michigan's Transportation Research Institute. While the University of Michigan national survey also explored why many consumers don't heed vehicle safety recalls and what steps might boost compliance, it left many questions unanswered. This latest study dove deeper into consumer perceptions about the dealership practices that surround recalls.

might be if written disclosures were not made obvious to the buyer. Probing deeper into industry practices like this offers a chance to address areas that might affect the dealership's integrity, as well as assess what's at stake for the manufacturer's brand.

While a combined 73.8% of respondents described recalls as either necessary as part of promoting safer vehicles or as a byproduct of manufacturing defects, it's clear that most consumers would be upset to learn that the vehicle they just purchased was sold to them with an open recall. Whether the dealership knew of the recall or not, consumers hold the dealership accountable for their sales practices. While it's legal to sell used cars with open recalls, consumers still consider it a deceptive practice, drawing the attention of state and federal legislators who seek to further protect consumers with stricter laws.

Most of us can empathize with customers who learn that the used car they just purchased has an unaddressed recall. Once the consumer is aware of the recall and the dealership has lost the consumer's trust, it's no wonder consumers are reluctant to return to a dealership for Service. Survey after survey reveals that consumers are often aware of the recall, yet don't take the car into the dealership for repair. Why is that?

Survey data suggests that it's predominantly due to lack of time (43.7%). At first glance, this is the obvious answer. But upon closer inspection, more than half of all consumers could not correctly identify where to take the vehicle for repair (see Exhibit 2). Further adding to the confusion, more than a quarter of consumers could not correctly identify who pays for the recall repair (see Exhibit 3).

**DON'T LOOK AT RECALL  
REPAIRS AS A NUISANCE,  
BUT RATHER AS A SERVICE  
TO THE COMMUNITY  
THAT CAN ALSO BRING  
IN NEW CUSTOMERS AND  
SERVICE REVENUE.**

The first of many areas of sensitivity involves disclosing an open recall on a used vehicle being sold to a consumer (see Exhibit 1). The information helps us understand what consumer fallout

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The dismal rates of recall repair might suggest that consumers don't place a priority on attending to recall repairs, yet there's more to the story. Survey respondents, while describing others (not themselves), suggest that, as a whole, consumers are short on time and that recall repairs are not a priority. However, when describing their own personal situation and what actions they expect to take themselves, respondents expressed great interest in recall notifications and taking action to address them. A resounding 81% of consumers intend to take action on a vehicle recall notice within the first 6 months, most of which (62.2%) expect to address the matter within the month (see Exhibit 4).

**RESPONDENTS  
EXPRESSED GREAT  
INTEREST IN RECALL  
NOTIFICATIONS AND  
TAKING ACTION  
TO ADDRESS THEM.**

The survey results are in stark contrast to what the auto industry might expect of consumers, given the current state of recall repair compliance. But when examined alongside the confusion about where to go for repair, who pays for such repairs and the limited amount of time consumers have these days, it's obvious that there's a breakdown in the system. If anything, the survey exposes many of the cracks in the recall process and identifies consumers as willing partners.

Are incentives necessary to persuade consumers to bring their vehicles into the dealership for a recall repair? Data from the study suggests that they're not. However, there's much for dealerships to gain from uncovering the hidden opportunities that lie within comprehensive recall management. In the

## What is your understanding of who pays for the recall repair on a vehicle?

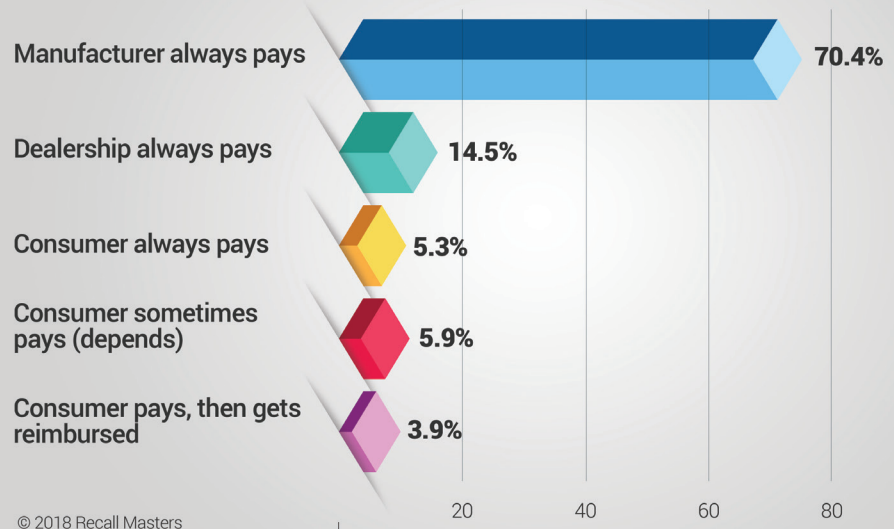


Exhibit 3: Who pays for a repair recall?

## How likely are you to take action on a vehicle recall notice about a potential safety risk?

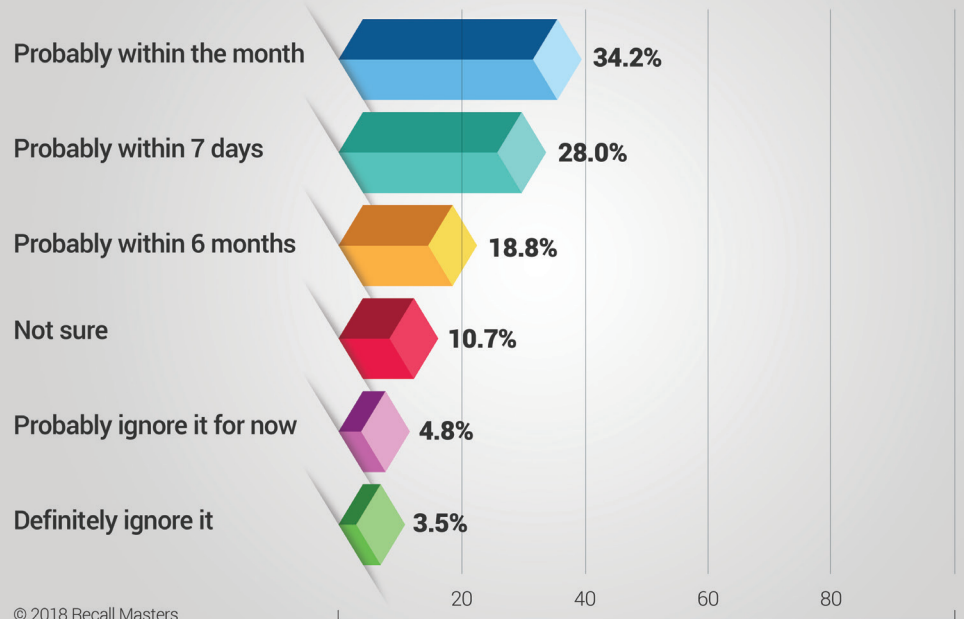


Exhibit 4: Consumer intentions.

past several years, franchise dealers have mined recalls in their primary market area (PMA) to drive new customers to the dealership, upsell customer pay R.O. revenue, raise CSI numbers, increase vehicle sales and win back lost customers who no longer engage with the dealership.

With increasing manufacturer targets and the related financial incentives, it's important to be more in-step with preserving the brand, enhancing the customer experience, retaining relationships with consumers over the long haul and winning back Service business from independent repair shops.

## ARE INCENTIVES

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## A RECALL REPAIR? DATA

## FROM THE STUDY SUG-

## GESTS THAT THEY'RE NOT.

Recalls present one of those unique connection points with consumers and the moment should not be limited to a recall repair. I'm not suggesting that dealerships exploit the misfortune of recalls, but rather, roll out the red carpet for those consumers looking for a trusted vehicle Service partner or for somewhat leery about the dealership experience.

It's no secret that many consumers aren't very enthusiastic about visiting the dealership for Service. Service Department Managers have employed a wide range of solutions to tip the favor of customer service back in their favor, but it continues to be an ongoing challenge.

Now, with the onslaught of recalls and the frustrated owners who must deal with them, it's important to offer expedient and attentive service by having a well-thought out blueprint. There are many challenges for dealerships. But, as consumers revealed in the survey, there's much to be gained for those dealerships that ride in to rescue the recalled vehicle owner during their moment of greatest need.

How do you uncover the opportunity behind recalls without appearing to exploit manufacturer or component defects? When asked about additional services consumers might find convenient while at the dealership for a recall repair, consumers were overwhelmingly receptive to tapping into dealership expertise. While only 24.7% of consumers showed no interest in additional dealership services, the remainder of respondents were open to one or more services, including taking a test drive of a new model. As recalls include older models with excess mileage that require costly repairs beyond the recall repairs, consumers would consider moving into a new vehicle. These options are only available to consumers if the Service drive invests the time to inspect a vehicle beyond simply performing the recall repair.

One of the clear opportunities for dealerships is addressing customer experience effectiveness. With 26.8% of all survey respondents disclosing that they "hate going to the dealership," recall repairs are an opportune time to repair this fractured relationship. The key is understanding consumer expectations when confronted with a recall and then tailoring solutions for this unique audience. The process begins with the recall notification, but requires so much more.

If, as an industry, we're going to effectively address the recall crisis and dramatically reduce the number of unsafe vehicles on the road, we have to listen to our customers. Don't look at recall repairs as a nuisance, but rather as a service to the community that can also bring in new customers and Service revenue. Then it will be a win for everyone.



*Christopher Miller is President of Recall Masters, the leading provider of automotive recall news, data, training and communications. The company is dedicated to helping automakers and their dealers expedite the repair of recalled vehicles and make the roadways safer for everyone. Greater recall awareness and proactive management help automakers protect their brand and build trusting relationships between auto dealers, rental car agencies, auto auctions and consumers alike. Recall Masters is privately held and based in Aliso Viejo, CA.*

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