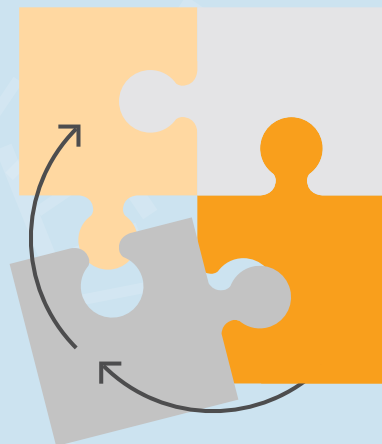
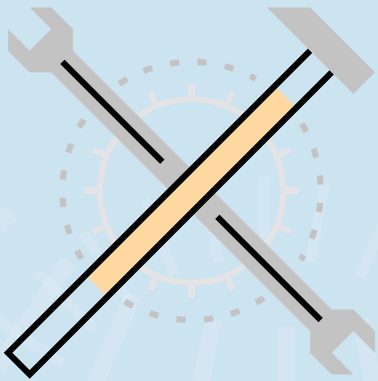
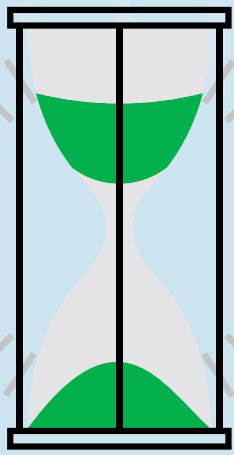


Inside the Automotive Customer Experience

Mapping modern expectations to winning action



ASSURANT®

Inside the Automotive Customer Experience

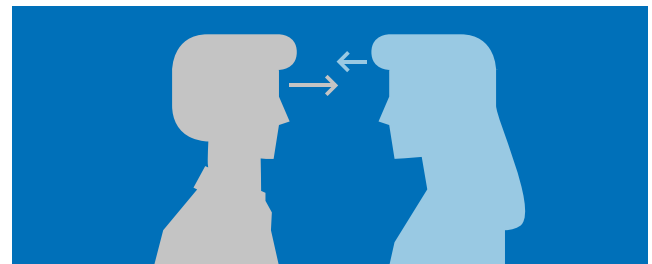
Mapping modern expectations to winning action



Today's customer is more empowered than ever before. Before the digital age, the dealership shouldered the weight of the customer journey. They educated the customer, shared options and guided the customer experience all the way to the end sale. Now, customers arrive at the dealership already informed about every part of the car buying process. Dealers who wish to stand out will have to provide a better, more well-rounded experience throughout the buyer journey.

Dealers that follow the rapidly changing needs and expectations of their customers will have a significant advantage over those that don't. Whether selling a car or a vehicle service contract, dealers need to meet customers' criteria on the path to purchase. This includes adjusting to new customer research preferences, harnessing online platforms and following up with customers post-sale. The car dealership of today tracks and addresses pain points at each stage of the buyer's journey.

To help dealerships adapt and succeed, Assurant has researched and identified five customer mindsets that are prevalent today. These insights can be applied and tailored to a dealership's own approach to stay current to the tendencies of today's customers.



Close to **70% of dealers** reported that their customers had a "high" level of trust in their salespeople.¹

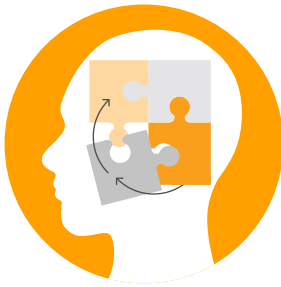
Assurant, on the other hand, conducted research from the **customer perspective** and the results highlight a disparity between the dealer and the customer mindset, and offered opportunities for insight.



About Our Survey

Assurant collected 1,411 responses in a 70-question web survey about general vehicle ownership, customer pain points and vehicle service contracts and products.

Our survey revealed these five different mindsets of car customers. Dealers can leverage these insights to successfully navigate the age of the educated customer.



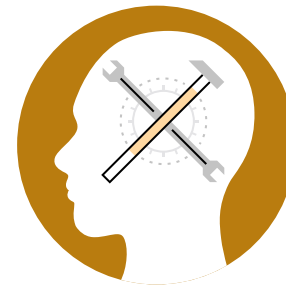
1. TRUST FOR THE WIN



2. TIME IS VALUABLE



3. KEEP THINGS AFFORDABLE AFTER THE PURCHASE



4. EARN MY MAINTENANCE BUSINESS

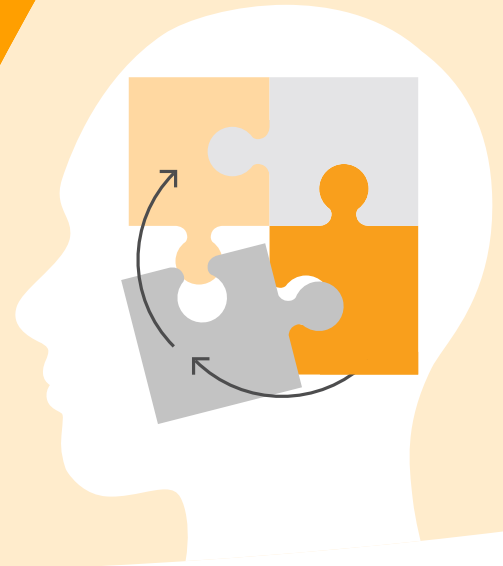


5. VSCs: MORE INFO, PLEASE!

Assurant conducts its own primary research. As a result, we're able to create innovative insurance solutions and actionable insights to help dealers deliver the car-shopping experience modern customers expect.

TRUST FOR THE WIN

“Trust is the most important element when I’m gathering new car information.”



85% to 90% of auto shoppers conduct online research. The typical car shopper begins the process on a search engine or review site and ends at the dealer or manufacturer’s website before heading to a dealership.²

By the time customers meet the dealer, they’ve already done their research. They likely know the make and model they want to test-drive and they may even have some familiarity with F&I products.

However, 39% of customers were overwhelmed or didn’t trust the data they found. It’s up to the dealership to close the trust gap by offering the right balance of information on their own digital channels and leveraging dealers’ knowledge to build trust in person.



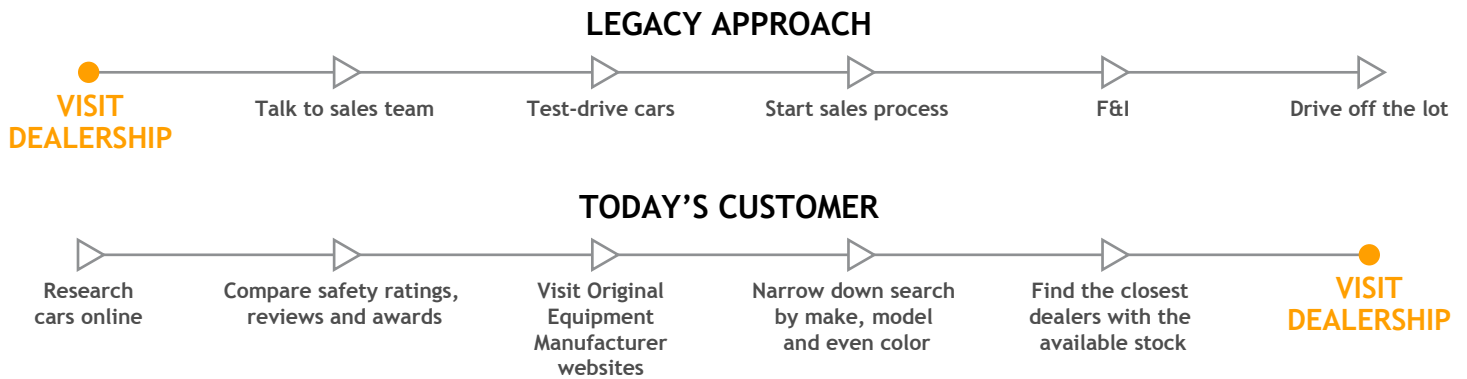
Key Insights

- The car buying process starts well before customers interact with a dealership.
- Visiting dealerships and test-driving vehicles continue to be part of the process, but customers aren’t convinced that dealerships provide enough information.
- Dealers can gain a competitive advantage by validating what the customer has already learned online. A well-educated dealer will be viewed as a trusted advisor and preferred partner.

Just the Facts

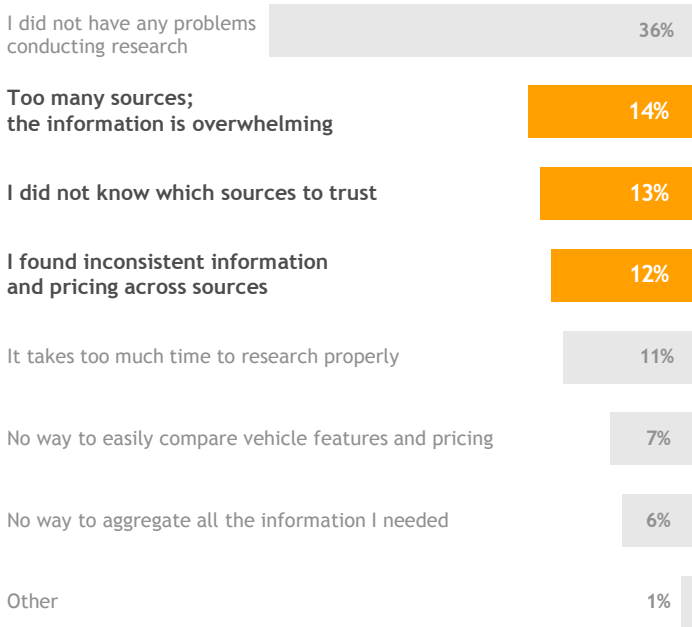


HOW ARE PEOPLE DOING RESEARCH IN 2018?



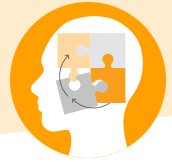
HOW DO WE KNOW CUSTOMERS NEED A TRUSTED SOURCE?

Research Pain Points



39% of customers said they were either **overwhelmed** by too much information, **didn't know which sources to trust** or found conflicting sources.

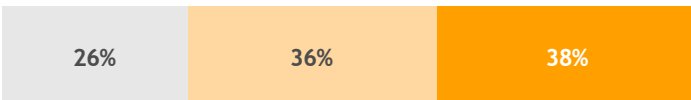
Just the Facts



WHY IS ONLINE PRESENCE SO VITAL TO A POSITIVE CUSTOMER EXPERIENCE?

Research Methods Used*

Browsed online



Approximately **38%** of customers who did research online think it's the **best way** to learn more about purchasing a car.

Visited multiple dealerships



While **more than half** of customers surveyed visited multiple physical dealerships, **only a third** think it's the best way to research the car buying process.

Requested recommendations from friends, family and/or colleagues



Read print publications

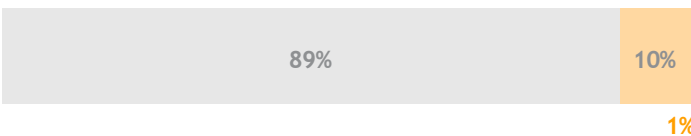


Most customers will visit a dealership as part of their research process. But many still want more information after their visit.

That's where the digital experience comes in.

This is consistent with recent reports³ that found that customer trust is at an all-time low and, in the end, "customers trust a brand that is treating employees well, offering high-quality services and listening to customers."

Attended auto shows



By listening to their customers and guiding them along the car-buying process, dealerships can earn trust.

Legend: ■ Did not use ■ Used ■ Best method

*Some figures have been rounded to the nearest integer.

TIME IS VALUABLE

“I want to spend less time and effort visiting and negotiating with dealers.”



Dealers may be surprised to learn that, by 2020, the customer experience will replace price and product as the primary brand differentiator.⁴ But what kind of experience are dealers providing?

Dealers may feel like a kid in a candy store when exploring all of the tools and technology available today. Their customers can take advantage of mobile and virtual reality technology in many stores. This enables them to quickly satisfy questions they might have and move closer to a purchase by the time they reach the desk.

What's more, video and interactive content make it easier for customers to remember important details for future reference. These and other up-and-coming innovations make the buying process more enjoyable and efficient for both the buyers and sales teams.



Key Insights

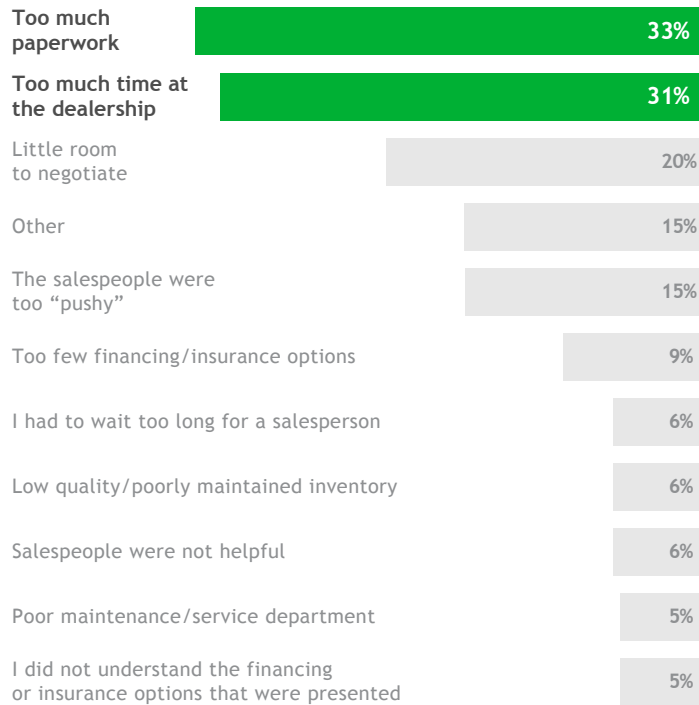
- Young urban respondents may consider a more traditional sales approach “pushy.” To avoid losing an opportunity, dealers can offer alternative ways of communicating value.
- Dealers should analyze store-level data, like customer survey feedback and current sales practices, to figure out where the experience is breaking for customers.
- This mindset is likely to dominate as customers continue to become more and more tech-savvy.

Just the Facts



WHAT MAKES CUSTOMERS UNHAPPY?

Pain Points at the Dealership*



*Responses were multi-select, causing a sum greater than 100%

Customers have **little patience** for long wait times and paperwork.

Dealerships can improve the customer experience by streamlining these processes and educating customers ahead of time about F&I products.

Providing product information and enabling digital transactions can help reduce time spent in a dealership.

HOW DOES PERCEPTION COME INTO PLAY?

Respondents' Perspective on Post-Sale Dealership Care*

The dealership from which I most recently bought/leased my vehicle cares about me once the sale is complete



If I experience an issue with my car (e.g., engine light on, flat tire, low coolant), I would know who to contact



The manufacturer of the vehicle that I most recently bought/leased cares about me once the sale is complete



■ Strongly Disagree ■ Disagree ■ Agree ■ Strongly Agree

*Some figures have been rounded to the nearest integer.

70% of respondents agreed or strongly agreed that the **dealership cares** about them once the sale is complete.

Based on this feedback, dealerships could focus on improving the in-store stage to **boost customer perception** and overall experience throughout the buyer's journey.

KEEP THINGS AFFORDABLE AFTER THE PURCHASE

“After buying or leasing, I want to spend less on gas, insurance and maintenance.”



In 2017, the cost of owning and operating a car was about \$8,469 a year.⁵ But today’s customers expect competitive innovation in every industry. They’ve also come to expect a better deal and are loyal to companies that prove to be efficient throughout the process: design, manufacturing, sales and, notably, post-sale.

And there’s no doubt that customers’ car buying trends match up with their expectation of post-purchase value, including a trend toward electric vehicles.⁶ Projections indicate that there will be as many as 125 million electric vehicles operating around the world by the year 2030. This is up from approximately 3 million on the road today. This is just one instance of customers thinking long-term about the cost of owning and operating a vehicle.



Key Insights

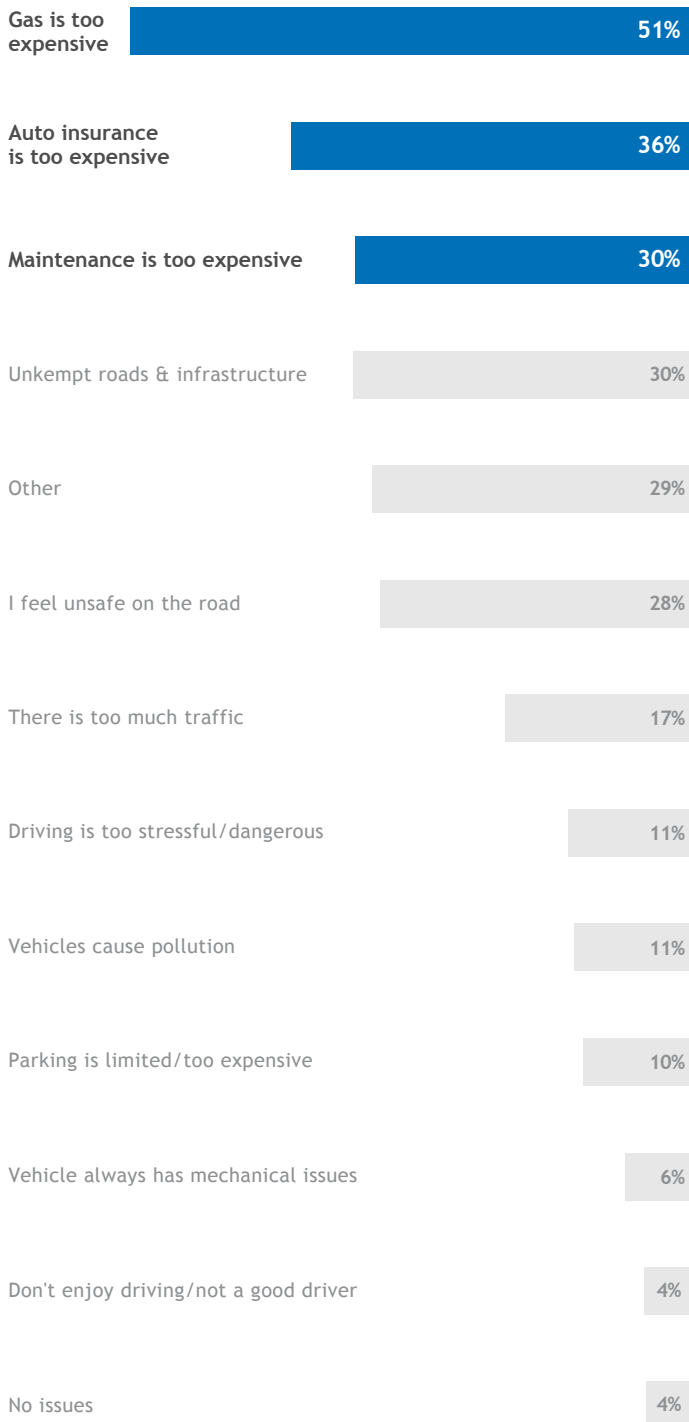
- Dealers can highlight the role a vehicle service contract plays in saving buyers money, especially to younger buyers who have a unique set of concerns and do their research beforehand.
- Buyers come into the dealership with a sense of what they’re looking to spend on the full package.
- Dealers can generate greater interest in vehicle service contracts by incorporating information and related costs into the online shopping experience. This can offset budget surprises and pave the way for more productive discussions at the dealership.

Just the Facts



THE BREAKDOWN OF OBJECTIONS

Vehicle Operation Pain Points*



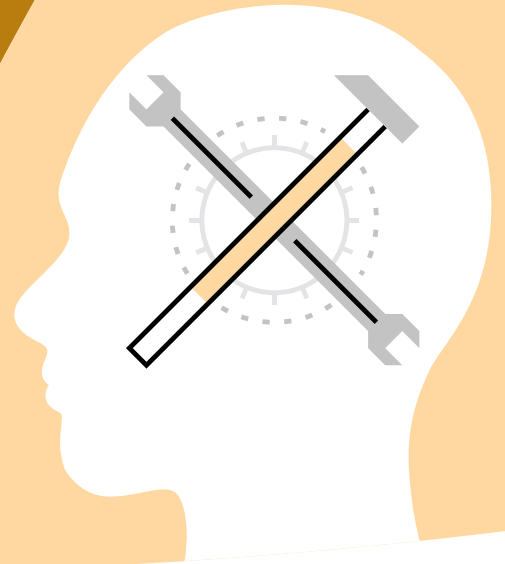
Between a third and half of all respondents report **dissatisfaction with post-purchase expenses** such as gas, insurance and repairs.

These overall perceptions about car ownership **impact how customers feel** after they take the car home. By tailoring the conversation around the value vehicle service contracts provide in lowering overall cost of ownership, **dealers can increase the likelihood of making a sale.**

*Responses were multi-select, causing a sum greater than 100%

EARN MY MAINTENANCE BUSINESS

“Once I buy or lease, I want faster, less costly and more trustworthy repairs.”



72% of customers⁷ opt for third-party mechanics. Those surveyed cited price and customer service as the reasons. Nearly 60% of survey respondents thought they would be overcharged if they had their vehicle serviced at the dealership.

Our survey found that those who felt their dealerships were trustworthy would gladly take their cars back to those dealers for servicing. This echoes the growing need for dealerships to earn and maintain customer trust.



Key Insights

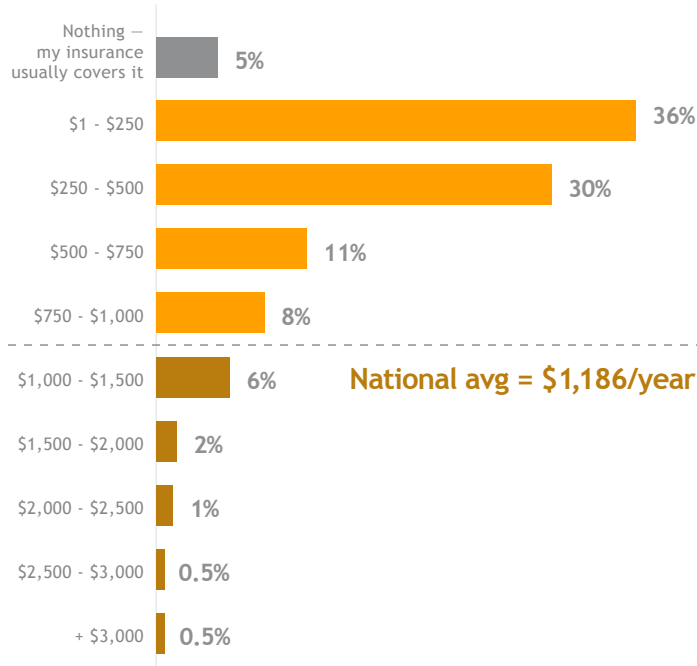
- Consumers expect not to break the bank maintaining their vehicles post-sale. Those caught off guard by a quote will likely shop around.
- Educating customers about the actual cost of repairs and the benefits of servicing their vehicle at the dealership will resonate with today's buyer.
- Familiarity, trust and customer service often trump practicality as reasons a customer would get their vehicle repaired at a dealership.

Just the Facts



HOW DO WE KNOW CUSTOMERS EXPECT A DEAL?

Maintenance and Repair: Expected Yearly Cost

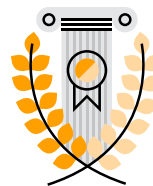
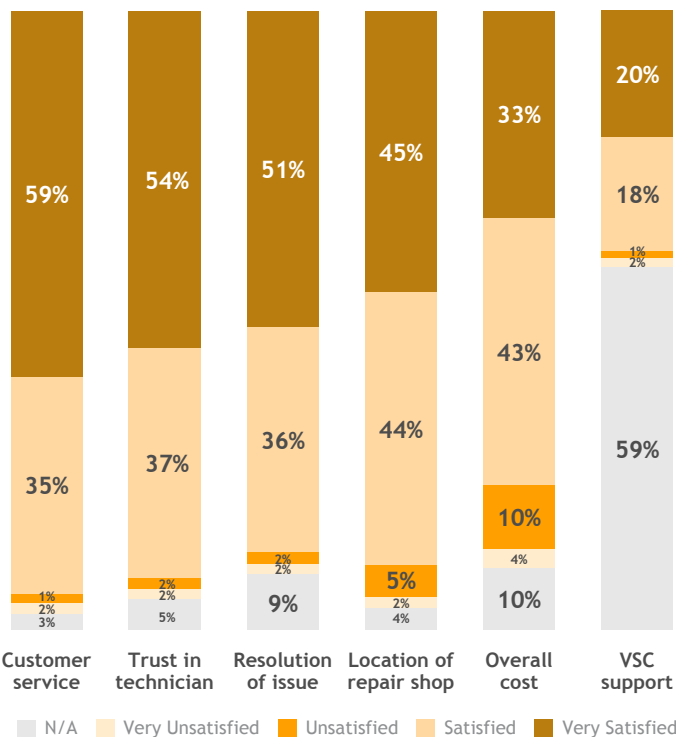


Approximately **85%** of customers expect to spend **less than the national average** on repairs.

This means that savvy dealerships should constantly reevaluate their **post-sale pricing structures** and educate the customer about the true cost of repairs ahead of time.

HOW CAN DEALERS ESTABLISH BETTER POST-SALE REPUTATIONS?

Dealership Maintenance/Repair Satisfaction*



Respondents were **mostly satisfied** with their experience when they brought their vehicle to their dealership for maintenance/repair.

“Satisfied” responses suggest room for dealer improvement in customer service, trust in technician and resolution of the issue in order to earn that maintenance business.

*Some figures have been rounded to the nearest integer.

VEHICLE SERVICE CONTRACTS: MORE INFO, PLEASE!

“Tell me more about vehicle service contracts.”



Overall, there isn't enough early information when it comes to vehicle service contracts to meet the demand of today's buyers. They're often met with a "buyer beware" message when conducting independent research online. Despite this, customers are still open to buying a vehicle service contract. And, of those who've made the purchase, most are happy that they did – 52% of respondents recall being offered a VSC, and 40% of those respondents actually purchased one. Of those who purchased, 42% have used the VSC; of them, 62% were "very satisfied." The challenge to dealerships is to win the communication game by creating more objective content around VSCs, leveraging data and even reviews.



Key Insights

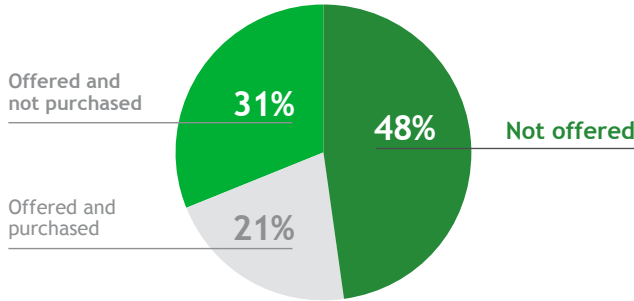
- For current vehicle protection products, overall offer and/or features themselves are a stronger driver of choice than price.
- Dealers now have opportunities to maximize vehicle service contract positioning and gain a competitive advantage by posting educational content on their websites. This can enhance the car buying experience on both sides.
- Consumers who didn't buy VSCs found the offer too "pushy." Dealerships can address this concern by improving sales training.

Just the Facts



WHAT IS THE BIGGEST MISSED OPPORTUNITY FOR DEALERS?

VSC Offer/Purchase

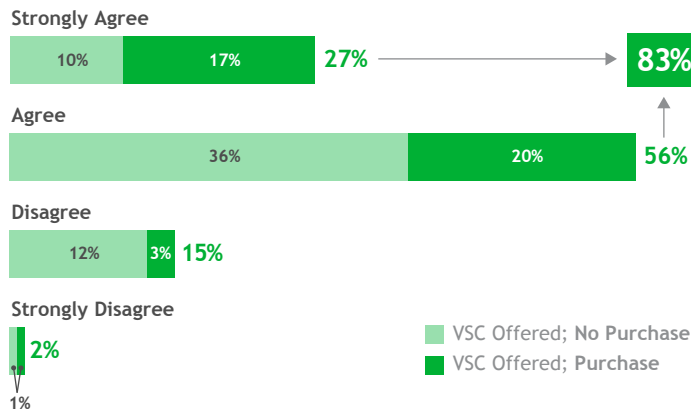


There is an almost **50% loss of opportunity among prospective buyers.**

Those who are more likely to purchase a VSC don't fall into any demographic box. This illustrates the importance of a well-trained F&I team and the right educational resources for consumers in-store and online.

DO BUYERS UNDERSTAND WHAT THEY'RE GETTING?

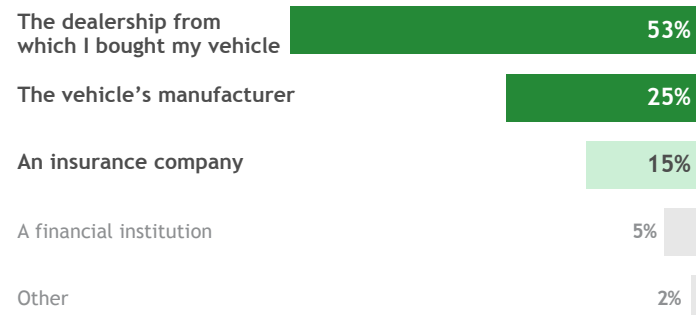
VSC Coverage Explanation*



Of those respondents that recall being offered a VSC, **83% agreed** that what it covered was clearly explained.

This represents a **17% loss of opportunity** among the 52% of customers that were offered a VSC.

VSC Channel Preference



78% of respondents would rather purchase a VSC at the dealer or from a manufacturer.

Only **15%** would go with an insurance company.

At the end of the day, **customers crave more information** about vehicle service contracts in order to make the most informed decision possible.

*Some figures have been rounded to the nearest integer.

About Assurant



Assurant, Inc. is a global provider of risk management solutions, protecting where consumers live and the goods they buy. A Fortune 500 company, Assurant is among the market leaders in mobile device protection and related services, extended service contracts, vehicle protection, prefunded funeral insurance, renters insurance, lender-placed homeowners insurance, and mortgage valuation and field services.

Our research and insights team gives us invaluable data about the current auto market and customer mindsets. Dealers can use the information to build successful customer relationships and experience strategies to win minds in this ever-evolving landscape.

Our 50+ years of data allows us to draw reliable conclusions about the best way to ensure that our insurance services coincide with current auto trends.

We'd love to hear from you if you're interested in discussing ways to build smarter, more sustainable customer relationships into the future.

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