

FIXED OPS

JOURNAL

© 2019 Crain Communications Inc. All rights reserved.

JUNE 2019

Why shop injuries are rising
and what you can do about it

REDUCE RISK



ALSO INSIDE: MARKETING SERVICE | GLADIATOR ADD-ONS

COUPON BOND

Promotional text messages boost service business, save dealers money by targeting likely customers

MARK ELIAS
foj@autonews.com

Text messages are becoming effective devices for dealership service departments to send customers discount coupons and notify them of other sales promotions. Advocates say such digital marketing enables dealers to boost service business while saving money by focusing on favored consumers.

But detractors assert that marketing by text message cheapens an important communications channel and overlooks older customers who prefer more traditional marketing appeals.

Hawkinson Nissan, in the Chicago suburb of Matteson, Ill., says it did nearly \$168,000 in additional service business over seven months last year by texting a coupon for a \$34.95 oil and filter change to about 2,400 customers who asked for it via a link on the dealership's website. Nearly 1,000 coupons were redeemed, and they generated an average of \$168 in service work.

"We send out over 400 text coupons per month," says T.J. Blough, service director of Hawkinson Nissan and Hawkinson Kia, also in Matteson. "We probably redeem 230 or so. I am an advocate of it."

Since the dealerships started texting coupons about two years ago, the number of customers who approved additional service work after previously declining it has increased by 38 percent, Blough told *Fixed Ops Journal*. The number of so-called orphan customers — vehicle buyers who returned to the dealership for service for the first time after getting a coupon — rose by 22 percent.

'Unbelievable' numbers

Hawkinson's vendor is Text2Drive of Chicago, which works with more than 1,400 U.S. dealerships. Text2Drive charges dealerships \$349 to \$499 a month, depending on their size, to use the platform.

The company's CEO, Gregg Owen, notes that dealerships must take care not to run afoul of a federal law that prohibits businesses from sending unsolicited text messages to consumers. They also must exercise discretion in the number and nature of messages they send, he says, so that customers don't get annoyed.

But once customers agree to receive such

Get the message

Sending text messages offering discount coupons to service customers offers these advantages to dealerships.

- Can persuade customers to agree to service they previously declined
- Texts are especially popular among millennial consumers
- Can stimulate service sales when shop business is slow
- Offers incentives to customers to return to the dealership
- Establishes communications link with customers

messages, Owen says, "the numbers through text marketing are unbelievable."

Text couponing is especially effective with younger customers who are more accustomed to doing business on their smartphones and mobile devices, analysts say.

Other vendors that enable dealerships to send text marketing messages to service customers include Cox Automotive's Xtime and MobileDealer. On some platforms, customers can receive texts from a service department by downloading an app on their smartphone. The app enables them to search for services, specials and coupons that they can redeem at the dealership or when they pay by phone.

Dealerships can send text coupons to customers for services they previously declined, such as replacing a cabin air filter, or to stimulate service and parts business when shop traffic is slow.

Sheehy Auto Stores, which operates 22 dealerships in Virginia, Maryland and Washington, D.C., has used Text2Drive for nearly a year. "It's part of our strategy to improve our engagement, so we can reach [service customers] the way they want to be reached," says Lauren Culbertson, Sheehy's director of marketing.

Other dealerships that offer text coupons say they do so selectively.

"We sell high-end vehicles, so we aren't a discount type of group and [couponing] doesn't necessarily fit in our model," says Brian Millerman, vice president of aftersales for New Country Motor Car Group, which operates 23 dealer-



Text coupons appeal to customers "the way they want to be reached," a marketing executive says.

ships, most of them selling luxury brands.

But he adds: "If I want to put a low-hanging offer" to reclaim service customers who have drifted away from a dealership, "I would do it and it works well, depending on the brand."

'Sacred' texts

Text couponing can attract hostility.

"I refuse to do marketing on text," says Ujj Nath, CEO of myKaarma.com, a software supplier whose platform enables nearly 900 dealerships to communicate digitally with service customers and accept payments online.

"Text is sacred," Nath says. "Today, that's the only way you can get to a consumer. If everything else fails, I can text you and you're going to answer. I would hate to pollute that channel."

And while text couponing is a useful marketing option for service departments, some skeptics say it's not about to replace traditional print advertising and mass mailings, especially among older customers.

"I don't think mailings have gone away," says Sunil Mariola, vice president of product management for Spireon Inc., which uses telematics to allow customers to schedule service appointments digitally. "The market is going through an adjustment, but the dealers aren't that quick to change. It will take some time for management to come around to switching the way they do things.

"It's a case where the dealers and the consumers will need to learn and adapt. This is a people challenge, not a technology challenge." ■