

*Service Manager Case Study***Do extended service hours work?**

**O**n a recent Saturday morning, a customer of a longtime Saab dealership in suburban Philadelphia, got into her 900 Turbo after picking up some groceries at the market. It was a warm, sunny morning and the customer decided to put the convertible top down. The top closed about 90 percent of the way and then stuck. Since it was Saturday, the customer drove her vehicle the few miles to the Saab store expecting to leave it until Monday morning when the service department opened. The customer was pleasantly surprised to find the Saab shop open on a Saturday. In fact, the service department was open from 8:00 a.m. to 4:00 p.m. on Saturdays. Within twenty minutes, the convertible top was fixed and the customer was on her way. Happy customer. Happy ending.

A recurring question among car dealers is whether, in fact, extended service hours are worth the effort. The short answer, as our Saab dealer demonstrated, is yes. But making extended hours work isn't for the easily discouraged. And extended hours may not be right for everyone.

Do evening and weekend service hours work? In what circumstances? Just how difficult is it to make extended hours pay off? In our Saab store example, a new dealer had taken over ownership of the Saab store about six months prior and couldn't help noticing that there was a Goodyear shop across the street and a Firestone center about a quarter of a mile down the road. Both of the independents maintain full schedules seven-days-a-week. For the new owner of the Saab store, extended hours were a no-brainer. He had to implement the plan to remain competitive.

**The drawbacks**

For other dealers, the decision isn't so easy. They face several drawbacks:

- ▶ Technicians and service advisors don't want to work evenings and weekends.

- ▶ Initially, overhead costs will go up, unless there is a significant amount of work leftover from the earlier shifts.
- ▶ Getting OEM parts can be difficult.
- ▶ Dealerships also need to make sure that customers know that just because the shop is open at night, it doesn't mean the car will be ready first thing in the morning.
- ▶ The service manager at Key Honda in Ohio, tried evening and Sunday service hours with mixed success. After staying open until 9:00 p.m. for six months, with three techs in the shop, he cut back and began closing the department at 7:00 p.m. "We were never able to make the extra hours profitable," he says.

Initially, the Honda dealership had expanded the hours in response to customer demand. But they quickly found that few customers wanted to be in the dealership at 9:00 p.m. On further investigation, they learned that what the customers really wanted was to be able to drop their vehicles off in the evening and to have a dealership employee acknowledge the

drop-off. Saturday hours, however, have always been a big success. Fifty to sixty percent of the work is light maintenance and repairs. It is very profitable. No diagnostic jobs are scheduled for Saturdays.

**Schedule "gravy" work on weekends**

Other dealerships have had better luck with evening hours. Krieger Ford in Ohio has been open until midnight five days a week for more than 15 years. The shop is also open from 8:00 a.m. to 4:00 p.m. on Saturdays.

The evening work ranges from changing light bulbs to installing new engines, according to the service manager. About 30 to 40 percent of the work is light maintenance. Most people drop their vehicles off on the way home from work and come back after dinner. Staffing has not been a problem. There are seven techs and a full staff of 16 on the night shift.

Clearly, though, extended hours aren't warranted in every case. Consultants recommend doing a survey to find out if customers within the market area even want the extra service.

Location is also important. One place extended hours are not likely to work is at a downtown dealership in a part of the city that empties out after working hours. Another is a rural area or very small town. The owner of a Ford dealership in rural southwest Texas tried extended hours at his store, but business died by 6:00 p.m. every night, despite the owner spending over \$20,000 on radio advertising and an aggressive direct mail campaign.

### Benefits and drawbacks

If expanded hours work, be forewarned that staffing problems and higher expenses are likely to persist. But service managers who have successfully made the transition say there are many benefits to extended hours, not least of which is keeping dealership customers away from the independents.

Another benefit cited is a shortened morning service line. Customers know they can drop cars off the night before and discuss their service needs with an advisor. This creates less congestion

and waiting for those customers who do arrive in the morning.

So, if you're considering adding evening hours, remember this: do some research; make sure service management is behind the idea; and make a strong commitment to the program. Be patient and wait for the extended hours to catch on with customers. Be realistic in your profit expectations. Making some extra money and keeping customers happy should be reward enough. ♦

## Kia dealer hikes service volume, profit with loyalty program enhancements

Three months after setting it up, Halleen Kia owner Eric Halleen says his dealership is doing a much better job of winning new car sales customers on the service side thanks in part to enhancements from its online customer loyalty program.

"During a typical month we sell 80 cars and give away 80 free oil changes," Eric says. "Up until now, we had no idea how many of these customers returned to redeem these offers," at his North Olmsted, Ohio, dealership. "Customer retention is extremely important to our store. Knowing how many customers return for their initial oil change allows us to adjust our marketing efforts at any time without spending any additional money."

### Immediate cost savings

For starters, he's saving about \$7 to \$10 for each coupon book he doesn't have to use anymore.

"For years we used a very expensive coupon book to administer our service contracts," Eric says. "Now I can set up as many different packages as I want and tie these directly to our customer's reward cards."

Eric is also using it to win back those who declined other service. He reports that he's already getting back about 10% more of those customers than before he used the

program from Dealer Concepts.

### Back-end reports

With the push of a button Eric and his service manager can now run a report and know the status of each of his customers with their service packages. And he's using that technology to immediately send out an e-mail blast to these customers reminding them to return for service. Right now, 80% of his new car customers are taking him up on that first free oil change, Eric tells *Service Manager*. He's expecting to increase those numbers – both at the initial sale and at the retention end – in the coming months thanks to his new tools.

He's using an enhanced version of Dealer Concepts' Loyalty Rewards 8.0 – an upgraded version of its customer-retention software ([www.dealerconcepts.com](http://www.dealerconcepts.com)). Using Loyalty Rewards 8.0, dealers can now sell and manage service packages in-house while also tracking the results.

Eric is also offering pre-paid maintenance plans for \$995 that cover 5 years or 60,000 miles to his new car customers. He'll use the Loy-

alty program to track usage and program success. He may also tweak the program or offer variations like a 3 year maintenance plan, depending on what kind of trends he sees from customers.

The Loyalty Rewards program allows dealerships to design and launch a complete loyalty program in a matter of minutes. The program has experienced great success as dealers seek cost-effective ways to retain customers during tough economic times, says Dealer Concepts managing partner Andy Wolfe.

"Dealers are already responding favorably to the program's latest upgrades," he says. Using Loyalty Rewards 8.0, dealers can now generate additional revenue for their stores by preselling service packages at time of vehicle delivery and tracking the results, Andy adds.

He just sold the package to another Kia dealership in the Detroit market. "They are brainstorming new ways to use the system, like offering a fourth oil change free with every three oil changes," Andy tells *Service Manager*. ♦