

Ringling in Customers

Customer loyalty and retention program is key to fixed ops success.

By Kerry Pipes



It may be small town Texas, but the 3,000 residents of Caldwell, a farming community nestled between Austin and College Station, expect good, consistent service. And Caldwell Country Chevrolet is doing its part to meet those expectations. One tool in particular that's having a tremendous effect on customer retention and loyalty is the dealership's use of a simple plastic tag that fits on a key ring. It's a method that has generated amazing results in less than a year.

Joyce Henderson, Caldwell Country Chevrolet's service and parts director, says she has used a customer loyalty program like this for several years now, including the past year since she joined Caldwell. "In this business, customer retention and loyalty are so important," she says. "Everybody sells the same product so you've got to differentiate yourself through great customer service and programs like Punch-A-Deal."

The Punch-A-Deal Key Tag was developed by Dealer Concepts to help auto dealers retain customers. The tags are attached to a customer's set of keys when he or she visits a dealership for a new-vehicle purchase or for service. The tags encourage customers to return to the dealership by awarding them with vehicle services such as a discounted oil change for their vehicle. In Henderson's

case, after four oil changes, customers receive the fifth one free. The routine customer visits also give her team the chance to develop closer relationships with customers and provide more opportunities to up-sell other products and services.

Henderson says the dealership's parts and service numbers were less than desirable when she arrived late last year. "In less than a year, and in part because of the Punch-A-Deal program, we've seen our service department sales go up significantly and our gross has gone up 50 percent," she says.

A crew of nine employees, including Henderson, takes care of the entire parts and service operation. She says the small dealership does around 650 RO's each month. Everyone at the dealership gives away tags to their families and friends. She estimates that they give out 200 tags each month which in turn generates around 150 oil change visits as a result.

"It's not just giving away a free oil change, though," she says. "You really have to back everything up with great customer service."

Henderson likes the way she can use the system in conjunction with the dealership's DMS. "I have certain labor codes that I can pull up in the system and find out when tags were punched

and what subsequent products and services were up-sold as a result of that particular visit." To encourage upselling, she even spiffs her oil change specialist for tire rotations and other services he adds on.

Another benefit to Henderson is that the program helps her get the most out of her manufacturer co-op dollars. "It's harder and harder to use your co-op marketing dollars these days, but with this program I can use that to cover up to half of my advertising and marketing costs," she says. "The company even files the claims for us." Above and beyond that, she has teamed up with some of her oil suppliers, printing their names and logos on the tags, to gain access to more co-op dollars.

The program is a way to help defer marketing and advertising costs and keep customers regularly coming through the lanes. "We'll even give our customers discounts for just showing us the tags sometimes," she says. "And, if they refer a customer to us, we'll give a free punch on their card."

Customer service and retention is important in a big city or a small town of any size. Loyalty-generating programs like the one Henderson is using could be the key to helping your fixed operations department set a new service standard. ■