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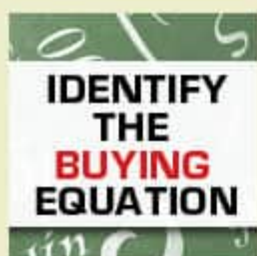
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May 2, 2011 - Industry's prospect satisfaction scores drop

By Matt Gruhn publisher
Powersports Business
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All but one motorcycle brand's dealers declined in their year-over-year Prospect Satisfaction Index (PSI) as measured in a benchmarking study by independent company, Pied Piper Management Co., LLC. Overall motorcycle industry performance declined across a majority of the sales process activities tracked by the study, which led to lower PSI scores for 13 of the 14 major brands. Only Husqvarna didn't decline, as it maintained its PSI score of 90 it had achieved in last year's study.

"What I find very interesting is that from 2009 to 2010, the industry PSI scores went up," explains Fran O'Hagan, President and CEO of Pied Piper Management Co., LLC. "If you think about it, in that time period, the motorcycle industry was hating life, but the industry's scores went up. Why did the scores go up so much last year and then go back down this year?"

The drop, O'Hagan suggests, is likely due to staffing issues at dealerships. Throughout the recession, dealerships cut back on staffing, including in the sales department. Indeed, in a recent study conducted by Powersports Business, 50 percent of the dealership respondents suggested they reduced staff levels in 2010.

The drop in scores, however, also suggests, perhaps, that there's a lack of a sales process in today's dealerships. The most successful dealerships have a dealership sales process that everyone follows, O'Hagan says.

"It just does not work if you don't have a process."

Industry leaders

Victory motorcycle dealers led the industry in PSI score, notching a score of 105 in the study. That score was down two points from last year, and was one point ahead of Harley-Davidson dealers' scores.

"Victory leads the industry in a number of categories," O'Hagan explained. "Even the categories where they don't lead, they do reasonably well. Their variability across all of the sales processes is less than the other brands."

Harley dealers recorded the highest scores the first couple years of the program, and they scored a 104 in the study, showing they still do very well, says O'Hagan. "There are Harley-Davidson dealerships that clearly have sales processes in place that they follow religiously.

"In the case of Victory," he continued, "I happen to know part of the reason why they scored so well, and that is that Polaris as an organization very much believes in process and has put a good amount of resources into teaching the dealers how to sell motorcycles."

In the fifth year of this study, Pied Piper sent nearly 2,000 anonymous mystery shoppers into motorcycle dealerships nationwide in an effort to measure how effectively each brand's dealerships helped motorcycle shoppers become buyers.

After Harley-Davidson, dealers from Ducati and Triumph (both at 102) and BMW and Yamaha (both at 101) scored at or above the industry average of 101.

Ups and downs

O'Hagan suggested that there are a few categories that have improved in the prospect satisfaction study, while there are others that "went backward."

There are three categories that have improved from 2010 to 2011. In 2011, a motorcycle shopper is more likely to be encouraged to sit on the bike than they were 2010. In 70 percent of the instances, the customer was encouraged to sit on the bike.

The second category that increased was that the salesperson is more likely to introduce himself or herself (82 percent); and the third is salesperson was more likely to explain service and maintenance programs proactively, and that happens 51 percent of the time, according to the study.

Those categories that went backward in scoring included asking for the sale, giving compelling reasons to buy now and offering a test drive. In less than half of the interactions (48 percent), the salesperson asked for the sale. According to O'Hagan, that number has been flat since 2007. In just more than one-third (37 percent) of the interactions, the salesperson gave a compelling reason to buy "now," as opposed to waiting. That's the lowest figure Pied Piper has ever recorded in this category. And finally, in only 15 percent of the instances, the salesperson offered a test drive.

"Dealers will give you paragraphs and paragraphs about how hard it is to offer test rides, and they are right," O'Hagan said. "But what it boils down to is that you do what you want to do. If it's important enough, you'll figure out how to do it. We've done the math that shows that, getting rid of all of the other variation and looking strictly at motorcycle dealers who do a lot of test rides and those who do very few, there is a huge difference in market share. The dealers who figure out how to do it sell a lot more motorcycles than those who don't."

Ducati dealers, who offered test rides 38 percent of the time (as opposed to 46 and 53 percent of the time in 2010 and 2009, respectively), continue to offer more test rides than the others. psb