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What Do Customers Know?

by Steve Finlay in Retail Front

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Shoppers might not spot the finer points of good salesmanship.

Ask car shoppers how a dealership salesperson should act, and they'll tell you this and that. Trouble is, they might not really know what makes for good salesmanship.

Henry Ford said if he had asked his original customers what they wanted, they would have requested a faster horse. "The same could be said of asking people about their car-buying experience," says Fran O'Hagan, CEO of Pied Piper Management.

His consultancy recently completed its seventh-annual prospect-satisfaction index. It uses mystery shopping to rank by brand how effectively dealerships handle customers and convert shoppers into buyers.

Pied Piper has learned a lot about dealerships in seven years. It also has discovered it needed to adjust its approach to better tie mystery-shopping measurements to actual sales success.

Smart salespeople build rapport and ask fact-finding questions to understand customer needs. But real customers are focused less on the sales process and more on other things.

"We learned people are thinking about what color car to buy, if they should lease or buy, what they'll get on a trade-in, what option package to get and if this is the right dealership," O'Hagan says.

“They aren’t thinking about whether the salesperson smiled or if the restrooms were clean,” he says. Yet, mystery shoppers often score high for friendliness and cleanliness.

Although real customers are vague in their ability to gauge salesperson performance, they are precise when measuring time spent (or wasted) at a dealership.

“If a salesperson says it will take 20 minutes to finish up, and you are still there two hours later, you will be very aware of that and tell me all about it,” O’Hagan tells me.

Several auto makers lately have prodded their dealers to upgrade facilities. That’s prompted some dealers to wonder whether constructing new and elaborate stores actually sells more cars. Facilities can make a difference, but perhaps not in the way auto makers think, O’Hagan says.

“It is not that the facility is unimportant,” he says. “But if a person already is at the dealership and it has the right vehicle in stock and the salesperson is brilliant, then the sale has almost nothing to do with the facility. A nice-looking dealership has more to do with keeping good employees.”

Pied Piper has toned down some parts of its evaluation and expanded others. It no longer poses some questions it once asked.

Among specific questions it asks of its mystery shoppers is this one: “Was the first thing the salesperson said was: ‘May I help you?’” If the answer is “yes,” the dealership loses points.

“We know that is the wrong thing to say because half the time the customer response is, ‘I’m just looking,’” O’Hagan says.

Good salespeople avoid that trap by instead striking up a conversation. They say something like: “I saw you pull up in a ‘dualie’ pickup truck. Does that mean you tow a lot?” That gets the selling started.

Mercedes-Benz, Infiniti, Lexus, Audi and GMC respectively occupy the top five spots of Pied Piper’s 2013 dealership performance index. Scoring low are Chrysler, Mazda and Mitsubishi. Scion is in the cellar.

Dealers in the top quarter sell 16% more vehicles than dealerships in the bottom quarter, O’Hagan says.

Jaguar, Volvo and Audi salespeople were more likely to discuss vehicle features unique from the competition. Infiniti, Land Rover and Smart salespeople scored high for more often doing walk-around demonstrations.

Kia, Fiat and Hyundai salespeople were most apt to cite compelling buy-now reasons.

Mercedes capturing the top spot is no coincidence. The win reflects a concerted Mercedes-Benz USA effort of the last few years for its dealerships to sell more effectively and follow a defined process, O’Hagan says.

“In 2007, visiting a Mercedes dealership was like visiting a museum,” he says.

“Salespeople were friendly and answered questions but they did not take the next step of actually selling the car. They stopped short of saying, ‘I know you want to buy a car, and I want to work with you on figuring out how to make that happen.’”