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Mystery Shoppers Put Tesla Dealerships in Cellar – Again

Steve Finlay | *WardsAuto*

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
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"Tesla leaves me scratching my head," says O'Hagan, president and CEO of Pied Piper Management.



"Tesla consistent in its inconsistencies," O'Hagan says.

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Fran O'Hagan is a methodical guy who's baffled as to why Tesla stores year after year score so low in an annual mystery-shopping study of dealership sales effectiveness.

The electric-car maker, which has skirted the traditional



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dealership franchise system in favor of owning its own sales outlets, ranked dead last on this year's Pied Piper Prospect Satisfaction Index.

The study by brand measures how well dealerships follow sales processes, such as asking qualifying questions and ultimately asking for the sale.

Infiniti took the top spot (for the first time), followed by Lexus, Mercedes-Benz, Toyota and Audi.

But Tesla, with its factory-direct distribution model, has occupied the survey's cellar for the last three years. Volvo dealerships scored only slightly better.

"Tesla leaves me scratching my head," O'Hagan, president and CEO of consultancy Pied Piper Management, tells *WardsAuto*. "They own all of their stores, so you would think each one would be doing the same thing. But they're not. Tesla is consistent in its inconsistencies."

He speaks of "a huge variation" in the automaker's store-to-store sales effectiveness.

For example, a few Tesla dealerships do all the right things. "They want you to buy, and prepare you to buy," O'Hagan says.

But such good habits are outweighed by lackings mystery shoppers found at most other Tesla stores where the staffers tended to act like "museum curators," O'Hagan says.

They spoke knowledgeably about the products and answered customer questions, but shied away from asking for the sale in an ill-advised demonstration of underselling.

Nor did most Tesla sales representatives ask if customers had vehicles to trade in. Most consumers do, and put the equity from those trade-ins towards the purchase of new cars.

Industrywide, the study says 86% of sales people ask customers about trade-ins, but only 36% of Tesla staffers did so. Why so low? "Because trade-ins are a pain in the neck for Tesla," O'Hagan says.

Unlike other brands with dealers who purchase trade-ins and then sell them on the used-car lot, Tesla relies on a third party to handle and remarket trade-ins.

This is the 10th year of the Pied Piper satisfaction index study for which mystery shoppers go into dealerships to gauge selling skills.

O'Hagan has seen improvements over the years.

"There is no question the typical dealership sells more effectively today," he says.

"However, plenty of variability remains. We have watched some brands completely change the way they sell, while others sell today no differently than they did 10 years ago."

Pied Piper has found that on average, when auto dealerships are ranked by their PSI score, dealerships in the top quarter sell 16% more vehicles than the dealerships in the bottom quarter.

Brands showing the most improvement year-to-year were Porsche, Land Rover and Mitsubishi. Only two brands, Mini and Tesla suffered year-to-year declines.

Eight brands have consistently ranked at or above the industry average for each of the past five years: BMW, Cadillac, Honda, Infiniti, Lexus, Mercedes-Benz, Toyota and Volkswagen.

Three brands consistently have finished below the industry average for each of the past five years: Chevrolet, Land Rover and Mitsubishi.

Examples of salesperson behaviors that have increased the most compared with 10 years ago:

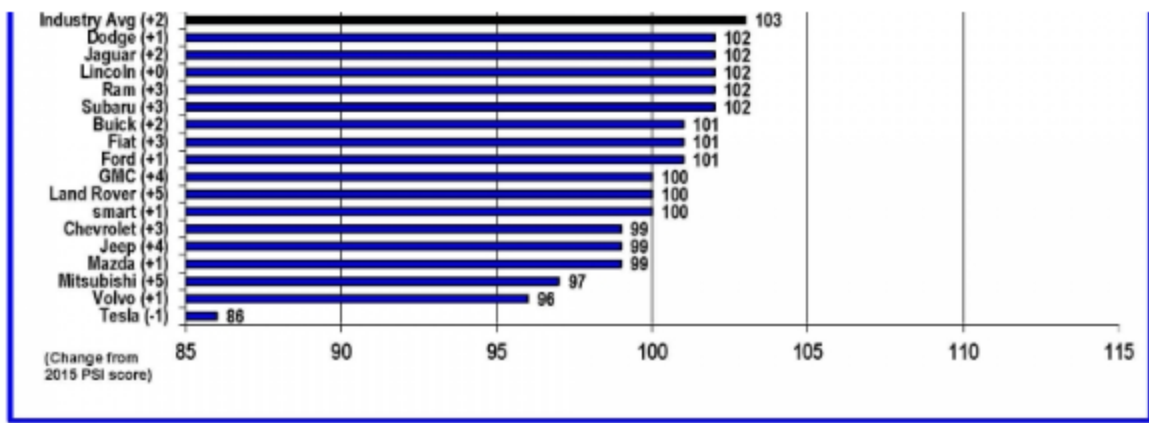
- Mentioned the availability of different financing or lease options (occurred 79% of the time in 2016). Highest scoring: Infiniti, Lexus and Toyota. Lowest: Subaru, Tesla and Lincoln.
- Asked about reasons preventing purchase (occurred 74% of the time in 2016). Highest scoring: Toyota, Fiat and Kia. Lowest: Tesla, Smart and Cadillac.
- Discussed features unique from competition (occurred 63% of the time in 2016). Highest scoring: Tesla, Subaru and Lexus. Lowest: Chrysler, Chevrolet and Mitsubishi.

Examples of 2016 salesperson behaviors that have decreased during that time period:

- Offered printed materials for shoppers to take with them (occurred 45% of the time in 2016). Highest scoring: Jaguar, Mini and Lexus. Lowest: Tesla, Volvo and Mazda. Giving customers printed material is important because “that piece of paper keeps selling,” O’Hagan says. “But with the advent of the Internet, some dealers say, ‘We don’t need to do that.’”
- Asked how the vehicle will be used (occurred 70% of the time in 2016). Highest scoring: Ram, Smart and Porsche. Lowest scoring: Mitsubishi, Chevrolet and Tesla.
- Asked customers why they considered the brand (occurred 59% of the time in 2016). Highest scoring: Porsche, Volkswagen and Infiniti. Lowest: Mitsubishi, Jaguar and Chevrolet. “Asking that helps a salesperson figure out what direction to take when discussing the brand,” O’Hagan. “It’s part of fact-finding and figuring out why someone is at the dealership.”

sfinlay@wardsauto.com





Source: 2016 Pied Piper Prospect Satisfaction Index[®] U.S. Auto Industry Benchmarking Study

www.piedpiperpsi.com