

## MEASURING THE CUSTOMER EXPERIENCE: DUCATI

## ‘Irrevocable evidence’ for dealers

BY NEIL PASCALE

■ EDITOR

A common-sense theory that strong, consistent retail sales practices can lead to improved volume for new unit sales has been proven by more than a year-long survey.

Ducati North America (DNA) dealers who consistently fared well in a retail sales practice survey called the Pied Piper Prospect Satisfaction Index (PSI) turn out to be the brand's highest-volume dealers, officials say.

Plus, DNA dealers who retailed 10 or more additional new units in 2008 over the previous year saw their PSI scores increase by an average of 2 points. On the other hand, DNA dealers who retailed at least 10 fewer units in 2008 compared to the previous year saw their PSI scores diminish by an average of 3 points.

“There is now irrevocable evidence that there is a link between scoring high on PSIs and developing your business,” said DNA CEO Michael Lock. “You don’t develop the business because you score high on PSI, you develop the business because you’re running the business properly” on which the PSI is one measuring tool.

PSI examines the effectiveness of a dealership's sales force by looking at 57 different retail practices that combined measure the effectiveness of a consumer's shopping experience. These practices are measured by shoppers, independent contractors who visit the dealerships and then report their scores to Pied Piper Management Co., a California-based company that conducts similar studies in the RV and auto industries.

The results from the DNA dealer survey do not follow the auto industry, says Fran O'Hagan, president of Pied Piper Management Co.

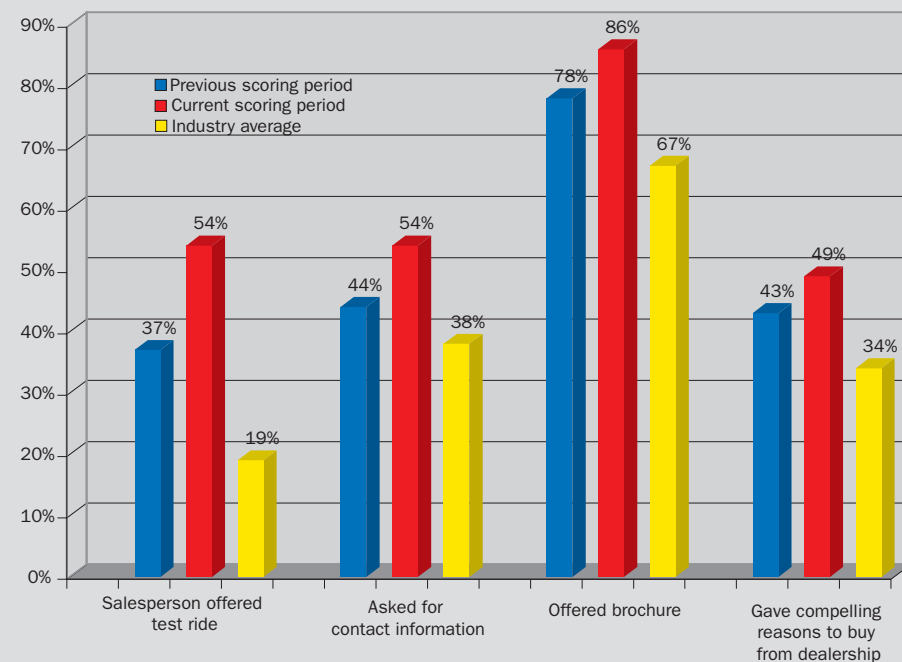
“In the car world, there is not as direct a relationship between retail sales and PSI,” he said. “In the motorcycle world, not just Ducati, there is absolutely a direct relationship.”

O'Hagan believes the discrepancy could be “in the motorcycle industry it's less about location and more about the dealership operation than it is in the car world.

“We can't fool ourselves and say location is not important. Of course it's important,” he said. “But there is much more variation in the way dealerships are run in powersports, far more variation, and that can overwhelm location (in importance). You can have a great location in powersports and go out of business, whereas in the auto industry it's possible to

## IMPROVING SALES PROCESSES

Below shows how Ducati dealers scored in key areas of the Pied Piper Prospect Satisfaction Index for the current scoring period and the past scoring period. The industry average also is shown below.



Source: Pied Piper Prospect Satisfaction Index

limp along whether you're doing a good job with your operation.”

For DNA, the study's findings represent a key area of the brand's attempt at continuing its recent sales growth in North America: Namely, that DNA dealers must provide a quality retail experience to customers new to the brand.

“What we needed to do was to break the link that had been established where successful Ducati dealers were successful because they became supreme experts at speaking Ducati shorthand to a small number of well-heeled enthusiasts,” Lock said. “That was a business model that we had unwittingly created over a decade or more.

“If what we really wanted to do was grow the base of that business in the United States so it could have the same level of market share and success we have in Europe, then what we would have to do is attract customers that were new to the brand. Not necessarily new to motorcycling, but new to the brand. That we suspected even our very good dealers were not geared up to doing. They were not strategically geared to thinking how do we attract and retain new customers?”

Several of the retail sales practices measured by PSI — DNA dealers are shopped once a month — have shown to be key in improving retail sales volume. Some of those include:

■ **Determining how the motorcycle will be used and by whom.** DNA dealerships that do this at least 85 percent of the time retail on average 37 percent more units than those who do not.

■ **Ask for contact information.** DNA dealerships that accomplish this at least two-thirds of the time retail on average 29 percent more units than those who do not.

■ **Offer test rides.** Dealerships who offer these at least 75 percent of the time average selling 43 percent more units than those who do not.

Clearly, more and more of the DNA dealer network is incorporating these and other retail sales practices as the brand scored higher on a consistent basis in 2008 than the previous scoring period, O'Hagan of Pied Piper says. Pied Piper has for the past two years ranked motorcycle brands by their PSI. Last year, Harley-Davidson scored highest followed by Victory and DNA. This year DNA may have closed the gap with Harley-Davidson, O'Hagan says. The 2009 results will be released in May.

O'Hagan notes DNA has treated PSI differently than other manufacturers in that it ties a percentage of its dealer bonuses to how dealers score on a select number of survey questions.

“That's uncommon,” O'Hagan said. “They run the risk of taking the focus off PSI as a measurement, diagnostic and improvement tool and turning it into something that is managed for the money.”

O'Hagan, however, notes the improvements in the DNA PSI scores go far beyond the questions that decide the dealer bonus. “The fact is the Ducati dealers have improved across the board,” he said.

That's what Lock points to as the point of the dealer bonus.

“I don't mind what their initial motivation is,” he said of the bonus plan, noting what's important is the fact that DNA dealers are increasingly using these retail sales practices to improve the customer's experience with the brand.

“The customer wants to be able to walk into a Ducati dealership and be dealt with in a professional way,” he said. “That's what the customer wants.” **PSB**

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## A SALES CULTURE CHANGER

One dealership that has seen huge changes in Pied Piper Prospect Satisfaction Index (PSI) scores is Pro Italia, a European dealership in Glendale, Calif.

The dealership scored well below the Ducati North America (DNA) national average in early 2008 but has since made huge strides. In fact, nine of the dealership's past 10 PSI shopper scores have been above the DNA average.

Pro Italia co-owner Bill Nation says the PSI scoring system forced the dealership to make changes in its sales process, including asking for contact information and asking for the sale, steps that at times have been difficult to implement in the store's environment.

“Our culture has always been a little bit of a clubhouse,” he said.

However, clearly the store's sales process has changed.

A shopper in January 2008 found one of the dealership's salesmen did not ask for their name, did not try to build rapport, did not ask for a price range nor asked how they would use the bike if purchased. But some 11 months later in a different shop, all of those key retail sales



elements were dealt with by a Pro Italia salesperson.

Nation says the program has definitely been a positive one for Pro Italia.

“With the economy the way it has gone the last two years, we've had to wake up and say, ‘We need to work harder for these sales,’” Nation said. “Southern California has good Ducati dealerships. It's not like there are a couple of bad ones and one good one. It's a really healthy market for Ducatis here.”

— Neil Pascale