



Increasing Customer Retention With MVP

Partner Profile

Mountain View Nissan
Chatanooga, TN 37408

Objective:

Increase customer retention

Results

- Maintained an **85% customer retention rate** after implementing MVP in Chatanooga location.
- Increased customer retention from **15% to 30%** within one year of acquiring Dalton location.

The Situation

G
More than 7,500
jobs were created

R

O
Car sales were up
45% from 2009,
for the region

W

T
The nation
experienced an
11% year-over-
year
increase in unit sales

H



In 2011, Chattanooga, Tennessee was in the midst of economic expansion.



Volkswagen began production of Chattanooga-made Passats in the second quarter of 2011, generating **2,500 jobs** just for its manufacturing facility. An additional **500 jobs** were created by VW suppliers.

Wacker Chemical began building a \$1.5 billion polysilicon production plant.

WACKER

amazon

Amazon began building one of two distribution centers in the southern Tennessee area, generating another **4,500 jobs**.

While home sales fell to the lowest level in nearly a decade, car sales were up **45%** from 2009.

Automotive News

This growth was reflected across the nation. According to Automotive News, the year closed out with **12.8 million light vehicles sold**, which represented an 11% year-over-year increase in unit sales.

The slow and steady pace of the economic expansion was still not fast enough for most consumers and businesses. Unemployment was still high. Consumers were still holding off on large purchases, like vehicles and homes. All these factors combined made it necessary for Mountain View Nissan to take **a more strategic approach to sales through customer retention**.

The Mountain View Advantage

Cantrell & Associates, and EFG Companies took the Mountain View Advantage from a free oil change program to a comprehensive customer retention tool with MVP.



MAINTENANCE VALUE PROGRAM



While customer retention had always been important, that importance only continued to **grow** as consumers continued to keep their current vehicles well past historical norms. According to CNBC, the average age of vehicles in the U.S. is now at a record of **11.6 years**.

Mountain View Nissan had a customer retention program called the **Mountain View Advantage**. Under this program, oil changes were given away to every person who purchased a vehicle from the dealership. The goal was to have customers return for service, and based on multiple good service drive experiences, hopefully purchase their next vehicle from Mountain View Nissan. However, the program was being underutilized and it was not generating the expected results.

Cantrell & Associates

In partnership with EFG Companies, Cantrell & Associates, Inc., a Tennessee Corporation, worked to revamp Mountain View Nissan's approach to

customer retention. This Tennessee agency had already established itself as a discerning provider of quality F&I products. Working together with dealership management and EFG Companies, **the Mountain View Advantage was overhauled to include EFG's Maintenance Value Program (MVP).**

MVP is a pre-paid maintenance service contract designed to help dealerships retain customers, **improve service drive profitability, and increase repeat vehicle purchases.** It provides customers with a schedule of discounted routine maintenance services that includes:

oil, lube and filter changes;

tire rotations; and,

inspections.

The Strategy

- Train sales, F&I and service on Mountain View Advantage.
- Tie MVP into F&I pay plans and sell it at cost.
- Introduce customer to service before delivering vehicle and schedule 1,000 mile maintenance.



Mike Gondek
Service Manager
Mountain View Nissan



The strategy was to introduce vehicle customers to the service drive before they finalized their **purchase**. This required collaboration between sales, F&I, and the service department. Both the sales and F&I staff were trained on the Mountain View Advantage message, namely that the dealership takes care of its customers.

Mountain View Advantage in the Finance Office

While customers were in the finance office, the F&I manager provided in-depth information on the Mountain View Advantage and the benefits of purchasing MVP.

F&I manager pay plans were adjusted, with **bonuses for 35 - 45% product penetration rates**. In addition, if an F&I manager's penetration rate for MVP fell **below 20%**, their commission would be cut. Mountain View Nissan trained F&I managers to sell MVP at cost to keep penetration levels up and build value for vehicle maintenance services.

Vehicle Delivery and Introduction to Service

Once the vehicle paperwork was final, F&I managers turned their customers back over to their sales representative for the final vehicle delivery. Before delivering the vehicle, the sales representative brought the customer to the service center to introduce them to the service manager, and **schedule their 1,000 mile inspection**.

“Getting customers in for the 1,000 mile inspection is **vital for the success of the Mountain View Advantage program**,” said Mike Gondek, the service manager at Mountain View Nissan. “The complimentary 1,000 mile service visit helps build relationships. We don’t expect to find anything wrong with the vehicle at that time, so customers can see us conduct an inspection **without trying to sell them on services**. Instead, we work to answer their questions and break down any barriers they have for utilizing our services.”

Results

By The Numbers

Mountain View Nissan
Chattanooga

85% Customer
Retention
Rate

Mountain View Nissan
Dalton

100%
Increase in
Customer
Retention



NATIONAL
AUTOMOBILE
DEALERS
ASSOCIATION



The dealership developed team accountability through the business development center (BDC).

The BDC served as the dealership's communications hub, following up with customers, sales and service representatives. They ensured new customers were presented with all the Mountain View Advantage benefits, helped schedule ongoing service visits, and were charged with ensuring the dealership's customer retention goals were met.



Since implementing the revamped Mountain View Advantage program in 2011, Mountain View Nissan has been consistently recognized as one of the top two performing Nissan stores in its district, maintaining an **85% customer retention rate**.

In addition, when dealership management acquired a Nissan dealership in Dalton, Georgia, they implemented the Mountain View Advantage, taking the dealership's customer retention rate from **15% to just over 30% in one year**.

“According to NADA, **83%** of customers that perform their routine maintenance with the selling dealer will return for a repeat purchase. “If you take care of your customers, the majority will come back,” said Chuck Christopher, the director of training and dealer support services at Cantrell & Associates. “If you don't, there is a **70%** probability that you will lose that customer.”

Exponential Profit Generation

By taking a comprehensive approach to customer retention through sales, F&I and service, Mountain View Nissan was able to do much more than increase customer retention. The dealership differentiated itself in the market by providing customers with a compelling, “why buy here” message. **“Mountain View Nissan used MVP the right way** as this product was never meant to be a profit driver, but rather, a customer retention tool,” said Adam Quart, the vice president of Agency Services at EFG Companies. **“By providing the contract at cost, the dealership was able to exponentially increase profit through repeat service drive visits and vehicle purchases.”** By taking a consultative approach to product development and implementation, EFG Companies helps agencies and dealerships better utilize their products and services for **maximum market penetration and profit generation.**



To learn more about EFG Companies,
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