



TRAINING for TOMORROW





FORWARD-THINKING TRAINING

For the retail automotive industry, **2020 served as a tipping point in revolutionizing almost every aspect of how vehicles were bought and sold.** While dealerships focused on technology integration and streamlining processes in 2020, it's time to take ***a forward-thinking approach to training today's salesforce for tomorrow.***

Traditionally, dealerships invest in training on an as-needed basis based on employee turnover. However, as the pace of change in the industry accelerates, so too must training to maximize Sales and Finance & Insurance (F&I) team performance. ***This requires a methodical and ongoing approach to training.***

In this white paper, you will learn how EFG has revolutionized its Training Services model to better equip clients for the challenges of today and tomorrow.

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ACCELERATING PACE of CHANGE

Until recently, the way vehicles were bought and sold, as well as their use, had not drastically changed for at least three decades, if not longer.

Consumers still had to physically visit dealerships to negotiate everything from trade-in and vehicle price to finance products. They mostly used their personal vehicles for commuting and recreational driving. **However, in recent years, significant change agents began making waves within the retail automotive space.**

Companies like **Carvana** began paving the way toward online retail, while **CARMAX** successfully demonstrated the benefits of having one person manage a car deal, from sales all the way through finance to delivery. Ride hailing companies, like **Uber** and **Lyft**, began rapidly expanding their market across all major cities in the U.S. And, let's not forget the rise of **Tesla** and not only the electric vehicle, but also their path toward allowing customers to buy straight from the manufacturer, essentially cutting out the dealership.



With all these changes happening almost simultaneously, the retail automotive industry took a 'wait and see' approach to determine what changes would be lasting and what would just be fads of the day. In this case, the 'wait and see' approach did not work. **None of the changes turned out to be fads and all of them are now making enduring waves in the industry.**

2021 Snapshot

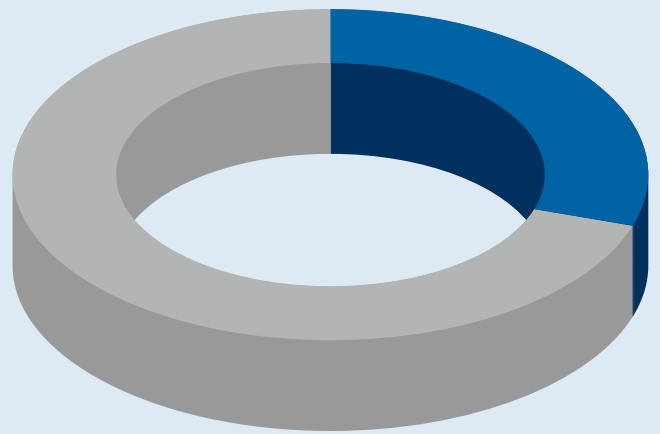
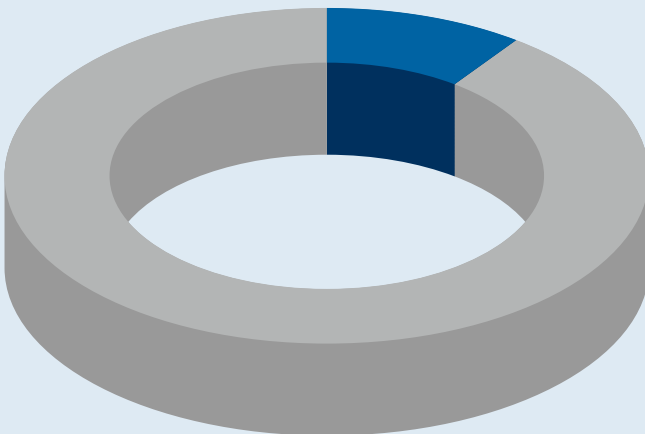
BATTERY ELECTRIC VEHICLES (BEVs)

With the new Biden administration focused on renewable energy, auto manufacturers are releasing their commitment timelines for converting their new vehicle fleet to Battery Electric Vehicles (BEVs). According to recent studies by IHS Markit and Bloomberg New Energy Finance:

*by 2025, BEVs
will reach
10%
market share*

and

*by 2040
30%
of all vehicles on the
road will be BEVs*



SELLING THROUGH THE MANUFACTURER

Tesla has had an uphill battle to sell directly to consumers, as most states have legislation preventing that very thing. However, as of 2021, **12 states now allow Tesla to sell directly to consumers** without the traditional dealership, i.e. consumers can complete their purchase online through the manufacturer's website or at a Tesla Gallery, and have their vehicles delivered to them. Another eight states have allowed Tesla to open a limited number of dealerships (*run by Tesla, not a third party*) to sell their vehicles. In March 2021, **Tesla** partnered with **Rivian**, another BEV manufacturer, to lobby for laws that allow direct sales in another eight states.

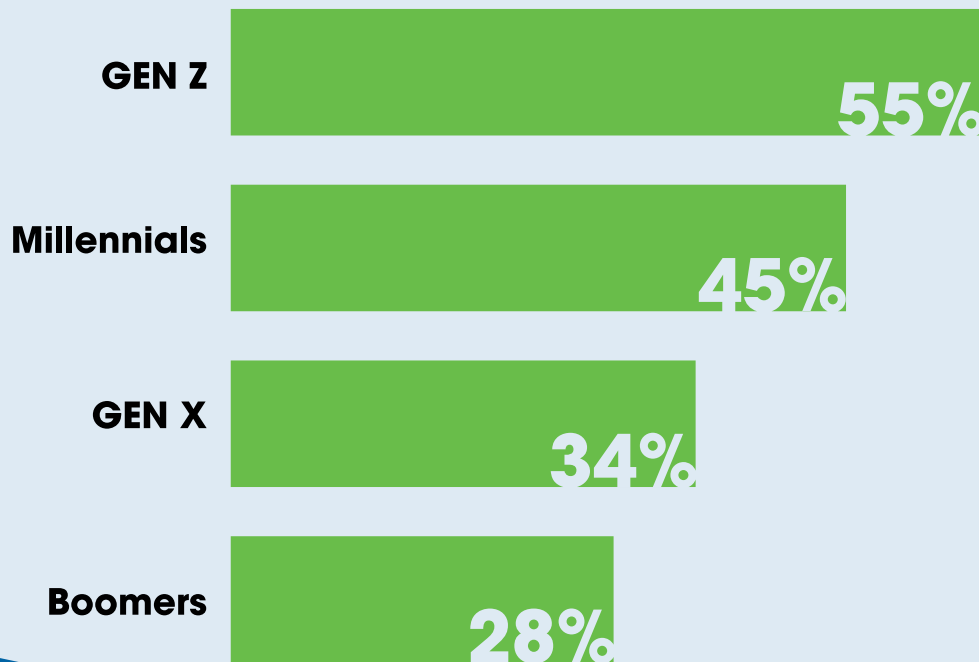


RIDE HAILING & SIDE GIGS

While ride hailing decreased in 2020, online food ordering and delivery skyrocketed during the COVID-19 pandemic. Companies like DoorDash, Grubhub, UberEats, and Shipt rapidly expanded their market base. A 2021 study by reportlinker.com has found that **the global ride hailing market is expected to grow from \$42.25 billion in 2020 to \$56.87 billion in 2021** at a compound annual growth rate (CAGR) of 34.6%. In 2019, Cox Automotive found that **55% of Gen Z believed that transportation is necessary but owning a car is not important. This belief was supported by, 45% of Millennials, 34% of Gen X, 28% of Boomers.**

Now, there are more side-job options for people than ever, and quite a few of them require a vehicle for transport and delivery. **As people use their vehicles more, savvy dealers have a greater opportunity to fortify ongoing consumer relationships through service visits.**

% that believe transportation is necessary, but owning a car is not important



RETAIL AUTO CHANGE AGENTS

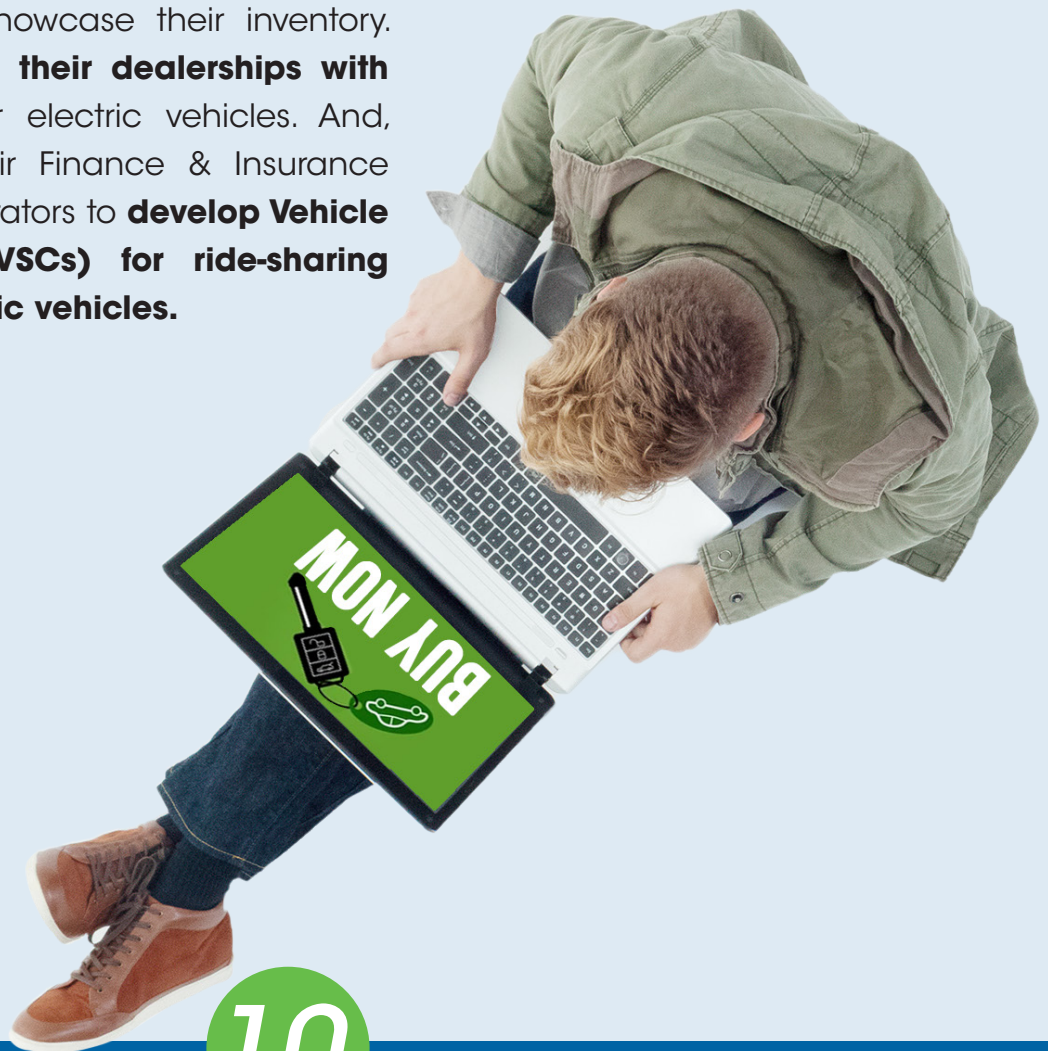
Today, CARMAX holds **14%** of the market share
in the used car market in the U.S.

Carvana is no longer recognized as a startup, as it is now active in
261 markets in the U.S.



THE FUTURE OF BUYING AND SELLING VEHICLES

While all this change took place, dealers slowly invested in websites and social media platforms to showcase their inventory. They began **updating their dealerships with charging stations** for electric vehicles. And, they worked with their Finance & Insurance (F&I) product administrators to **develop Vehicle Service Contracts (VSCs)** for ride-sharing consumers and electric vehicles.



Then, **the COVID-19 pandemic hit**, and the retail automotive industry experienced a tipping point. With stringent health guidelines, dealers were **forced to operate with a more streamlined staff**, requiring them to explore alternative ways to buy and sell vehicles. This included implementing the other sales and finance models, like the CARMAX model, and **rethinking how to engage with customers online**.

Mindsets began to shift away from using websites simply as a lead-generation tool to actually using them as a retailing platform, by providing customers more tools to conduct more of the car shopping experience online.

According to a recent study by Cox Automotive, two out of three shoppers are more likely to purchase a vehicle online, with over a third less likely to visit a dealership. **However, shopping satisfaction levels dropped 10 percent from 2019 to 2020.**

This is driven mostly by a lack of trust in the deal being offered. Put another way, in the race to meet customers where they are (online), the focus on customer service was backburned. Now, as dealers merge their previous operations models with the lessons learned from 2020, there is **opportunity to differentiate their dealerships with quality customer service, both online and offline.**



**OPPORTUNITY ABOUNDS FOR
THOSE WILLING TO LOOK FOR IT.**

EFG'S TRAINING SUBSCRIPTION SERVICE





Learning
Opps Through
Virtual
Engagement

Dealers are juggling a lot of changes to keep up the pace: adjusting sales and service models, refocusing on quality customer service, learning how to compete with manufacturers selling directly to customers, online-only retailers, and selling to a new consumer base with more service needs and potentially shorter ownership cycles, dealers have quite a lot of changes with which to keep pace.

When the pandemic forced dealers to pivot their sales model for both in-person and online sales, training providers raced to be the first to promote their online offerings. **While EFG was ready for online training, the company had the foresight to understand that online options are simply not enough to enable dealership clients to stay ahead of changing trends.**

For this reason, **EFG took a more strategic approach to updating its training service model.** Aside from bringing the company's award-winning in-person classroom training online, EFG evaluated the current utilization of the company's training curriculum to provide clients with a **subscription-based training model.**

Amid the
2020 pandemic,
**EFG's Training
Services resulted
in an
18% PRU lift**
during a 6-month
post-training
period.

With the **subscription model**, clients choose one of four available 1-year subscription packages based on their F&I training needs. Each package includes training seats within four training environments:

	4 STAR Package	3 STAR Package	2 STAR Package	1 STAR Package
Training Environment	Min. Seats	Min. Seats	Min. Seats	Min. Seats
F&I Producer Course (@ EFG HQ)	5	3	2	1
F&I Virtual Distance Learning	3	2	2	1
F&I Virtual Breakout Modules	2	2	1	1
F&I Virtual Coaching Session	2	2	1	1
L.O.V.E. Model Videos (Self-Paced)	Included	Included	Included	Included
	EFG Exclusive Partner Discount 20%	EFG Exclusive Partner Discount 15%	EFG Exclusive Partner Discount 10%	EFG Exclusive Partner Discount 5%

The most comprehensive subscription package includes **12 training seats broken out between the training environments**. All subscription packages include access to EFG's online Learning Opportunities Through Virtual Engagement (L.O.V.E.) platform, **which provides students with an in-depth library of training articles, videos, and podcasts** on topics ranging from compliance and overcoming objections, to adjusting to the "new norm."



In 2020, EFG's F&I Producer Class students returned to view the resources on L.O.V.E. an average of **6 times per student.**

In addition to the F&I classes provided in the subscription, clients are also able to **purchase “a la carte” classes from EFG’S robust training curriculum**, including Road to the Sale and Service Manager training.

With the training subscription model, clients are more prepared for current and future training needs by taking a **more methodical approach**. Now, when a manager recognizes an ongoing issue, they have more resources at their disposal to provide ***the right training at the right time and in the learning environment that works best for each employee.***

Our 1-year training subscription model

is designed to provide dealers with a defined cadence, resulting in significant performance improvements.

*In March 2021 alone, the automotive industry saw a significant rebound in sales. However our partners who are taking advantage of EFG’s Training Services saw **30% higher performance increase over clients not utilizing our training.***

*- Eric Fifield,
Chief Revenue Officer,
EFG Companies*

DON'T TAKE OUR WORD for IT

EFG's clients that invested in EFG's Training Subscription service in 2020 saw **significant profitability gains, despite the dampening effect the pandemic had on unit sales across the U.S.**

2-ROOFTOPS WITHIN A 4-ROOFTOP AUTO GROUP BASED IN DFW

Year-over-year results from the first quarter
of 2020 compared to 2021.

Unit sales increased by 14%

VSC sales increased by 22%

FLAGSHIP LOCATION OF A 5-ROOFTOP AUTO GROUP IN AUSTIN, TX

From Q2 2020 to Q1 2021,

Unit sales increased by 218%

VSC sales by 213%

6-ROOFTOP AUTO GROUP IN OHIO

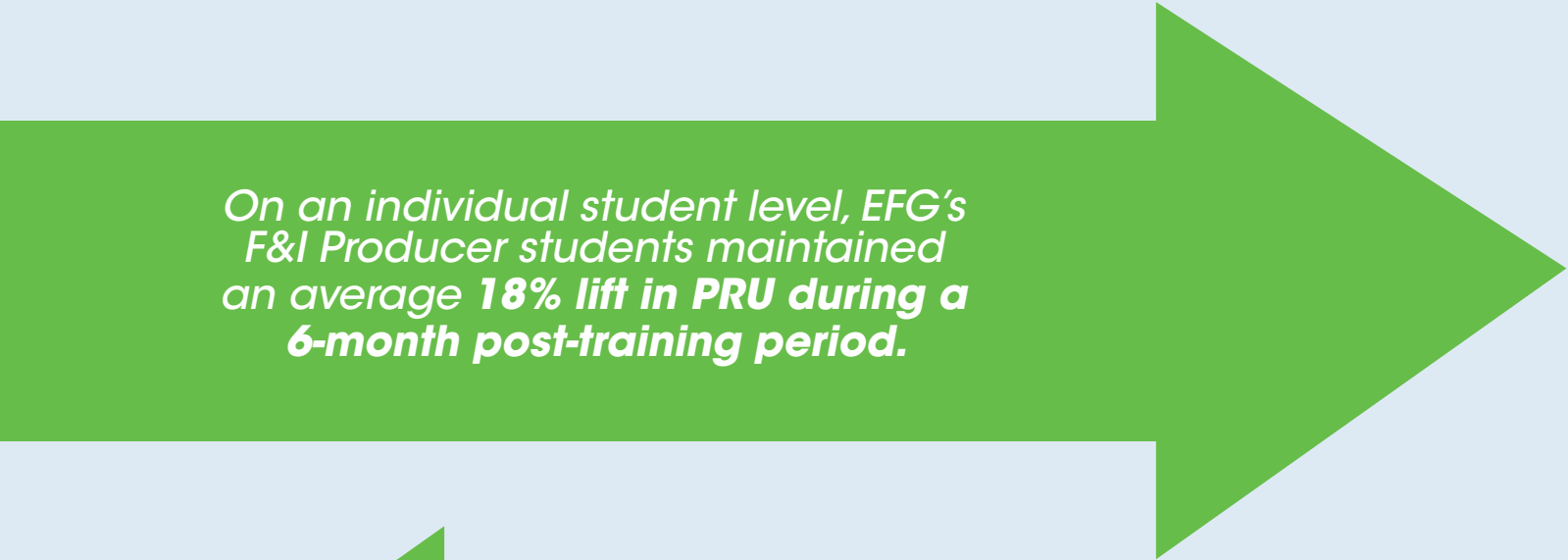
EFG launched a new client with both a robust line-up of products and the company's Training Subscription Service in December 2020. At the time, the client was struggling to increase its overall PRU beyond \$1,200 and had established the goal of achieving \$1,500 PRU within one year. Within only four months of EFG engagement, **the client reached its PRU goal while also averaging 1,200 vehicle sales per month.**

ONE LOCATION OF A 9-ROOFTOP AUTO GROUP IN KANSAS

Maintained a 60% average VSC penetration rate throughout the 2020 pandemic and through the first quarter of 2021.

ONE LOCATION IN A 8-ROOFTOP AUTO GROUP IN PENNSYLVANIA

While unit sales dropped slightly in 2020, they **increased their VSC penetration to 42%.**



*On an individual student level, EFG's F&I Producer students maintained an average **18% lift in PRU** during a **6-month post-training period**.*



*December 2020: EFG Finance Producer class trainee maintained an **average PRU increase of 12%** the first four months following class.*



*February 2020: Two EFG trainees maintained an **average PRU increase of 40% and 206%**!*

*We have used EFG's
in-classroom training for decades, and over the last
few years began taking advantage of the company's
digital platform. Now, with EFG's subscription service
bringing both together, **we've increased***

UNIT SALES BY 15%

*-George Vasquez,
General Sales Manager
Moritz Kia Fort Worth*

**If you want to experience sustainable, profitable results, contact EFG
today to learn more about our 1-year training subscription program and
award-winning client engagement model.
800-527-1984**



Driving and Protecting Your Future

800-527-1984

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