

# 2023 SERVICE INDUSTRY STUDY

REGAIN SERVICE CUSTOMER TRUST AND MARKET SHARE



The Power of One

COX AUTOMOTIVE



# Uncovering Service Industry Challenges and Opportunities

We all know supply constraints, inflation, and other economic fluctuations have affected fixed operations over the past several years. To learn more about the specific impact of these factors, Cox Automotive conducted a study of 2,493 vehicle owners who have had at least one service visit in the past year, as well as 525 franchise dealers with decision-making authority over fixed ops.

This eBook reveals the study's key findings, including the industry's specific challenges and opportunities for improvement.



# Growth in Service Visits and Revenue

The value of the auto care industry is expected to surpass \$400 billion in 2025 as drivers log more miles, consumers hold onto their vehicles longer, and electric vehicles (EVs) gain popularity and require new kinds of service.

The number of service visits is already on the rise. And because today's visits often include maintenance and repairs or enhancements, especially among older cars, they're bringing in more revenue. In fact, average revenue per service visit increased for dealers by 30% from 2019 to 2023.

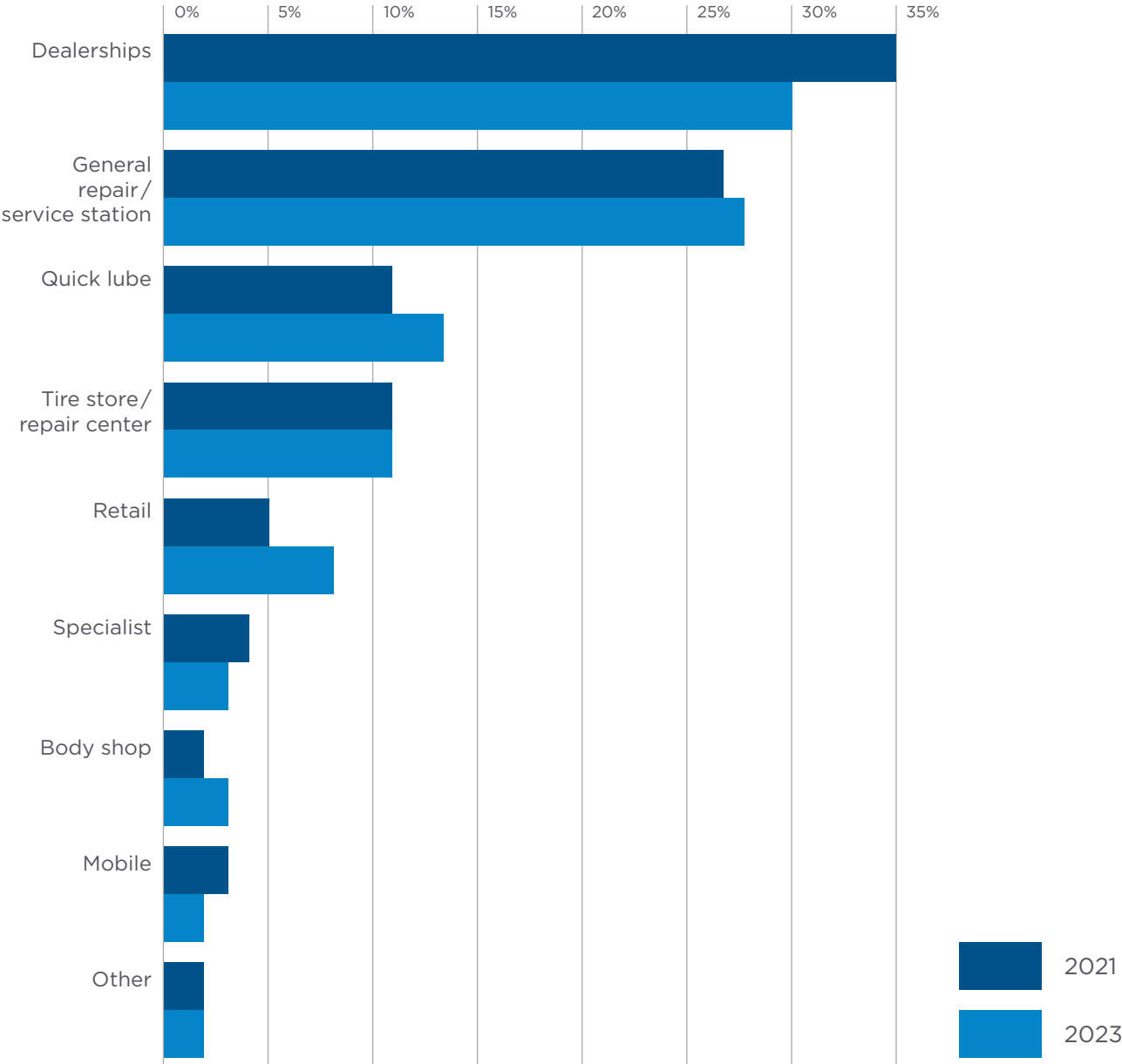
# 30%

**increase in average revenue  
per dealership service visit  
from 2019 to 2023**

# Dealership Market Share Declining

Dealers remain the number-one service provider, but they are losing ground to service chains—specifically to quick lube centers and retailers. Car owners choose these other service providers primarily for perceived cost savings, especially if their vehicle is out of warranty—even though the cost at the dealership is nearly the same. Other reasons include convenience (in terms of hours and location), past experience with the provider, and a sense that “they know me.”

### Share of Service Visits, 2021 vs. 2023



# Dealership Customer Frustrations

While dealership service lanes account for 30% of all service visits, it's important to note that many customers are frustrated with the service they receive. In fact, 48% of dealer customers had at least one frustration related to their service experience. They ranked these top five pain points:

- Service taking longer than expected
- The dealer pushing additional services
- Difficulty scheduling an appointment
- Being charged more than the estimated cost
- Having to wait for an available appointment

# 48%

**of dealer customers had at least one frustration related to their service experience.**

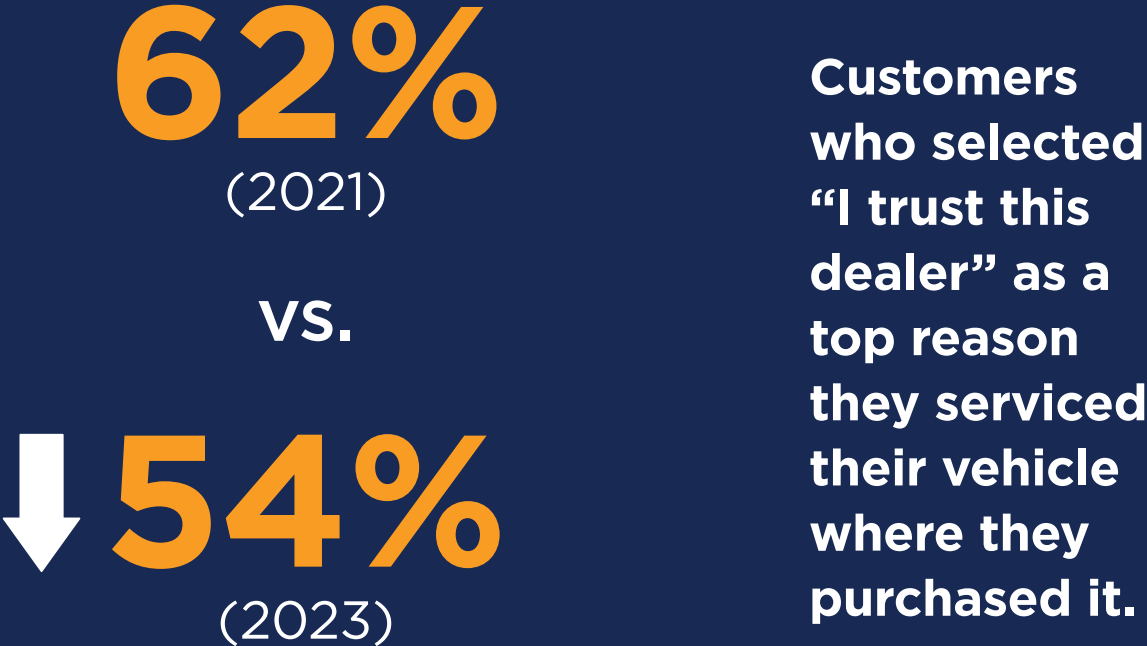
# Decline in Customer Trust

Dealers' loss of market share stems from a bigger problem: an erosion of customer trust. While dealers say they prioritize trust – and believe they're earning their customers' trust – there's a major disconnect. The number of study participants who indicated they service their vehicle where they bought it because they trust the dealer fell from 62% to 54%.

Additionally, customers indicate several trust-related reasons for not returning to the dealership where they purchased their car for service visits within the past 12 months:

- A lack of explanation of services rendered
- Feeling pressured to buy a new vehicle
- The dealership's negative reviews
- No follow-up after the service visit

They also indicated several cost-related factors for not returning, but Cox Automotive found that the average spend per visit at the dealer is nearly comparable to the overall market (\$258 vs. \$251).



# 3 Ways Dealers Can Improve Trust

The study revealed three key opportunities for fixed ops departments to build trust and stand out from other service providers:



### 1. Create cost transparency

Dealers should consider showing customers competitive pricing for service providers in the same local market whenever possible to enable transparency, which in turn will build trust.



### 2. Provide a good experience

Every dealership experience influences loyalty. In fact, 8 out of 10 customers who have a positive experience when purchasing their vehicle are more likely to return to their dealer for service. Similarly, 9 out of 10 customers believe that a positive experience will increase the likelihood they'll return to the dealer for another vehicle purchase.



### 3. Lean into quality

Customers go to the dealer expecting quality service, but they won't return if they don't get it. Dealers who focus on providing quality repairs, hiring skilled technicians, and stocking high-quality parts can help their service center stand out.

**80%**

of customers who have a positive experience when purchasing their vehicle are more likely to return to their dealer for service.

**90%**

of customers believe that a positive experience will increase the likelihood they'll return to the dealer for another vehicle purchase.

# The Importance of Digital Tools

Digital tools have become increasingly important in fostering a good customer experience that builds trust in the dealership. First and foremost, today's consumers want the convenience of online scheduling — and 73% of dealers now offer it.

But consumers find many other online capabilities nearly as important, and dealers fall far short of delivering them. Specifically, consumers want to use the dealership website to:

- See price ranges for services
- Review and approve repair estimates
- Track vehicle service history
- Compare pricing for service across competitors

Additionally, technicians' use of multimedia tools (i.e., providing videos and photos of vehicle wear parts) helps improve the service experience and enhance trust, especially among Gen Z and millennial customers. The tools also help these customers approve additional service requirements (ASRs) and approve them faster.

All of this translates into business benefits; dealers who say multimedia tools have been very impactful to the overall experience have seen increases in gross profit, customer satisfaction, loyalty, and revenue — at an average of \$65 more per repair order.

*“I received a text with a video ... It made me feel more educated about the process and **more trusting in my dealership.**”*

— A Customer

*“Every car gets a video ... [it] **helps build trust** that we're not trying to sell something every time.”*

— A Dealer



# A Single View of the Customer Benefits All

# 76%

**of consumers see a benefit in data integration because it helps them:**

- Feel the dealer better understands their needs
- Receive personalized attention
- Get a better deal on their next service visit
- Get a better deal on their next vehicle purchase

# 67%

**of dealers have fully integrated their data because it helps them:**

- Upsell
- Personalize the experience
- Deliver a successful sales-to-service handoff
- Predict and refine their future service plan





## An Opportunity for Service Financing

Even though dealers charge about the same amount for service as other providers, the overall costs are climbing across the industry. According to CNBC, the price of vehicle repairs has increased by almost 20% in the past year alone — that's six times the rate of inflation.<sup>1</sup>

As a result, more than a third of consumers would consider financing or delaying their service. Those who would consider financing would be willing to finance an average of \$2,218, primarily via a branded credit card or repair loan — representing a great opportunity for dealerships.

Those more inclined to finance include:

- Gen Z or millennial customers
- Multicultural customers
- Those who have more services done in each visit
- Dealer customers
- Those who are more likely to do more steps digitally
- Owners of newer vehicles

# \$2,218

**Average service price consumers  
would consider financing**

# EVs and the Service Industry

Cox Automotive also conducted a study of 182 EV owners who've had at least one service visit in the past year (for a total of 280 service visits), as well as 525 franchise dealers with decision-making authority over fixed ops. This research aimed to understand the impact of EVs on the service industry, especially as S&P Global predicts EVs to comprise 23% of all vehicles in operation by 2035.<sup>2</sup> Here are the top findings:

## **Dealerships are behind the curve in preparing to service EVs.**

Among dealerships that don't currently service EVs, only 36% plan to begin servicing them within the next year. And only 32% of technicians at dealerships that service EVs are actually trained to work on EVs.

## **EV ownership positively impacts dealer service revenue.**

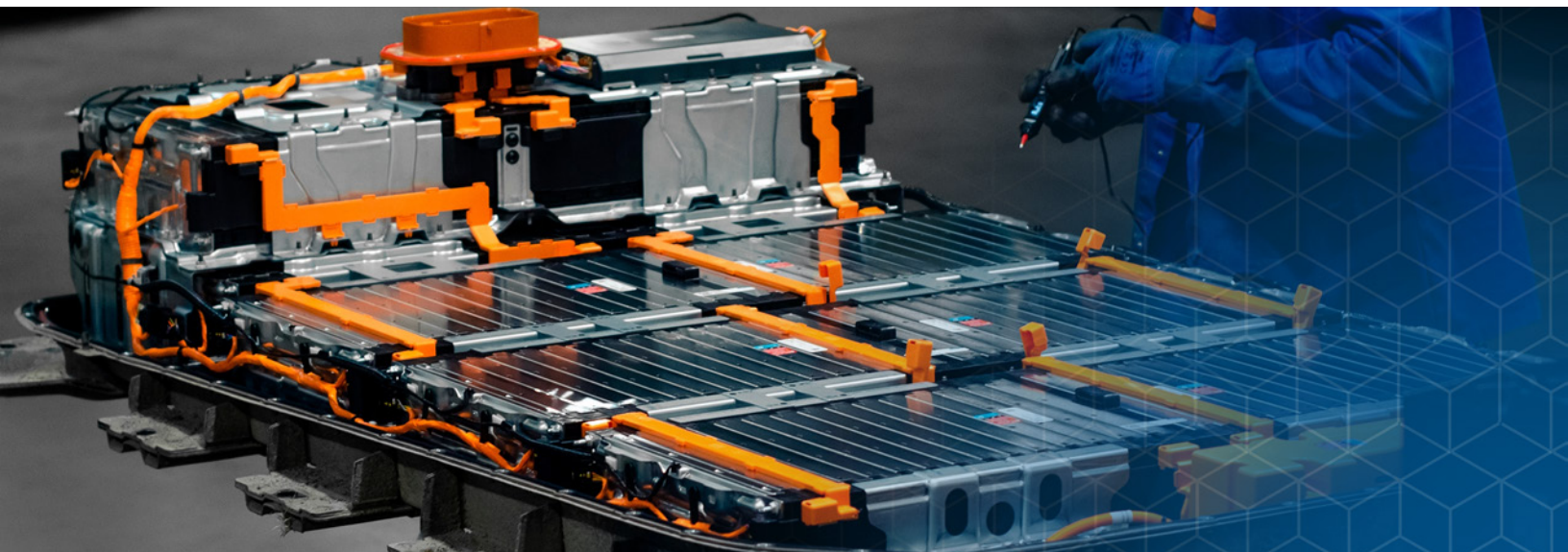
Repair orders cost an average of 160% more for EVs than for internal combustion engine (ICE) vehicles. EVs also require more service visits and more services performed during visits.

## **Digitization drives service satisfaction among EV owners.**

EV owners want an efficient servicing process. Dealers should provide photos and videos to help build customer trust and satisfaction.

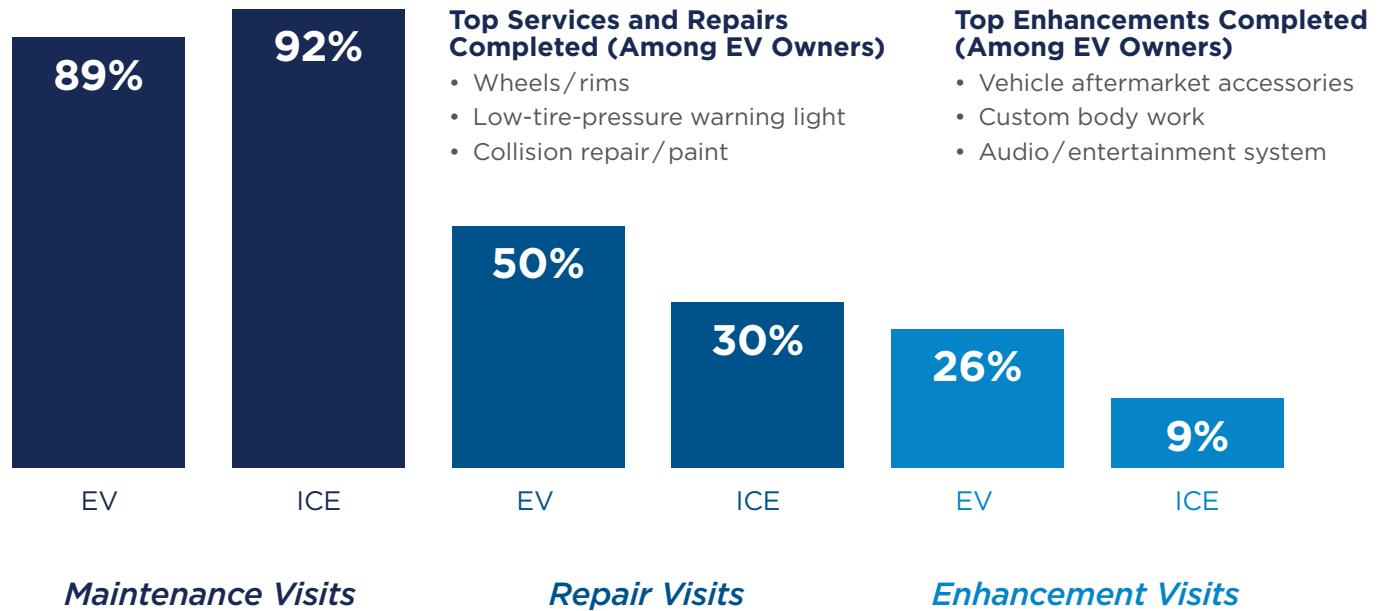
## **Sticker shock and wait times decrease satisfaction among EV owners.**

In fact, 56% of EV owners (vs. 39% of ICE owners) had at least one frustration with their dealer service experience — most often about cost. Dealers should be transparent about pricing and wait times to prevent dissatisfaction.



# EV Owners Are More Likely to Have Repair and Enhancement Visits vs. ICE Owners

*% of service visits\**



\*Based on service visits in the past 12 months; base: vehicles 0-5 years old.



# Seize the Opportunities

Dealerships that want to overcome service industry challenges and stand out from the competition should provide price transparency, leverage digital tools, offer financing, and enhance their capabilities around servicing EVs. Together, these improvements will help build trust among consumers, improve customer satisfaction and loyalty, and bring in more revenue from fixed ops.

*Discover how the right partner can help your service center seize today's growth opportunities.*

[LEARN MORE →](#)

## Sources

1. Iacurci, Greg. "Car Repair Costs Are Up Almost 20% Over the Past Year. Here Are 6 Reasons Why." CNBC. July 25, 2023.
2. S&P Global, "Electric Vehicle Trends."

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