

NADA Chair on Future of Dealerships: 'Make Customer More Comfortable'

by Jim Stickford

The future of car dealerships and manufacturer-imposed business practices were the topic of NADA chairman Bill Underriner's discussion at the Oct. 23 Automotive Press Association in Detroit.

Underriner, in addition to being chairman of the National Automobile Dealers Association, owns and operates a Buick, Honda, Hyundai and Volvo dealership in Billings, Mont.

He said NADA has worked hard to understand the needs of its members and communicate those needs to manufacturers.

One major concern, he said, is factory-mandated renovations at dealerships.

"We're being asked to build what I call 'garage-mahals,'" Underriner said.

"We feel we're being asked to do things that don't really help us sell more cars. Not all buildings should look alike across the country."

To get informed data on factory-mandated construction, Underriner said NADA has commissioned its first-ever "study of factory facilities" program.

"The study gave us an objective and fact-based analysis of the various factors that drive the economics of facility image programs," Underriner said.

"Our goal was to open a dialogue

so all parties could discuss the issue on a more rational and informed basis."

To that end, the study included a wide range of industry participants, Underriner said. When it was completed, NADA presented it to 12 different manufacturers. He said the study was well received and executives were eager to hear the dealers' point of view.

Now it's time to move to phase two, Underriner said. In phase one, the question was what is the return on investment? Do these manufacturer-mandated builds actually produce additional sales that justify the dealers' costs?

"Overall, this is an area of disappointment, with most manufacturing failing to show the value of facility image programs," Underriner said.

"Phase two will look deeper. We'll talk to dealers who took on facility image programs, to some who did not.

"The study also recommends that automakers get more dealer input from these programs."

If these programs are to work, Underriner said, dealers must be consulted "before the cake is baked." He believes dealers can help OEMs shape programs that dealers will like.

Phase two finishes at the end of the year and Underriner said he looks forward to seeing the results.

Underriner said he believes

that for facility image programs to work, they need to be flexible. There is great diversity among dealers, he said, there's diversity in size and location, so a solution that might work in New York City probably won't work as well in rural New Mexico.

"Manufacturers that build flexibility into the programs tend to have more success," Underriner said.

"When programs are not flexible, when they don't take into account local conditions, there is much higher likelihood of push-back and controversy."

Underriner also talked about how dealers are greatly concerned over two-tier pricing.

"NADA has a long-standing position in support of a level playing field for all dealers," Underriner said. "We favor lawful, equal and fair treatment by a manufacturer for all its dealers."

On the subject of the future of car dealerships, Underriner said that now, as in the future, the retail car business still works a sale at a time, face-to-face. The future car dealership, he said, will probably have a smaller showroom and will probably keep fewer vehicles on the lot.

"We are talking to industry experts," Underriner said, "and looking at how other retail businesses are changing. We are also studying car dealerships that use



NADA Chairman Bill Underriner at auto press gathering.

cutting-edge technology and innovative customer service programs. They may provide us with a glimpse of the dealership of the future."

One area that Underriner said he doesn't expect to get small is the service area.

"Personally, I'm spending my money on keeping my technicians up-to-date with the latest

technology," Underriner said.

"I see service writers using iPads when talking with customers, so they don't have to take a customer back to the desk. They can do their work right where the customer is.

"I think anything to do with making the customer more comfortable will be a part of any dealership of the future."

Special Olympics Gala is Nov. 9

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successful, raising about \$55,000 in funds that went directly to SOMI's mission - transforming lives with the joy of sport.

Purdy said she hopes this year's Gala will match or exceed last year's success, but she's looking forward to the event that has nothing to do with the fundraising.

"Some of the most memorable moments from last year's Gala were the awards ceremonies," she said. "We recognized the decades-long commitments, efforts and contributions of Spartan Stores and the Wertz Warriors."

More info about the Gala, visit www.somi.org. For tickets, contact doughlek@cmich.edu or call Erin Dougherty at 800-644-6404.

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