



Auto Services Industry Report 2019

How businesses can take advantage of
trends in the Auto Services industry

Executive Summary

The Auto Services industry is poised for substantial growth in 2019 and beyond, due in large part to shifts in consumer behavior.

For the first time in five years, **people are keeping their cars longer** or turning to the used market to meet their needs.¹ In fact, **the used car market is projected to achieve record sales in 2019**. While this may cause concern for auto manufacturers, aftermarket retailers and service providers should be bullish. In a recent report by Future Marketing Insights (FMI), **the long-term outlook on the global automotive repair and maintenance services market highlights expected growth to increase** at a CAGR of 5.8% during the forecast period (2017–2027).²


Data analysts from the Marchex Institute set out to unearth how the largest aftermarket categories can capitalize on this growth. After examining conversation data from more than 8.7 million consumer calls across eleven auto services brands in the U.S., analysts found that **nearly 30 percent of inbound calls to store locations represent missed revenue opportunities**. Nearly one-third of the calls don't result in an appointment or product sale because inbound calls went unanswered, an appointment wasn't offered, or the service representative failed to understand the needs of the customer. Addressing these missed opportunities represents its own significant opportunity to win market share as the auto services industry grows.

Other key findings paint a picture of increased demand from consumers who put a priority on their time and efficiency. For example, the research shows that **54 percent of calls to a store are from customers calling to schedule an appointment or to buy a product**. And these prospects are quick to move on if they don't get what they need on their first try. In fact, **68 percent of callers who don't reach a business on first attempt don't call back**.

¹ [Christian Brothers Automotive blog post](#)

² [MarketWatch Press Release 8/21/18](#)



A man with short brown hair, wearing a white t-shirt and blue overalls, is shown from the chest up. He is holding a silver mobile phone to his ear with his right hand and a black clipboard with his left hand. He has a focused expression. The background is a blurred indoor setting, possibly a workshop or office.

The data also found that specific aftermarket providers can capture market share themselves by focusing on simply understanding their missed opportunities. For example, the analysis discovered tire-focused businesses have an opportunity to win business through better handling of inbound calls by providing positive customer experiences. In fact, **more than 30 percent of calls to auto services retailers that ended in a negative outcome** (no sale, no appointment, no part available, etc.) **were from customers calling about purchasing new tires, which are among a store's highest value opportunities.**

Given the rise in consumer demand for aftermarket services, those in the auto services industry can reap significantly better outcomes by understanding how to meet customer needs and having more effective customer conversations.

In today's world, where nearly every consumer has a mobile phone in hand and is spending more time on it than ever, **calls are a critical step in the path to purchase.** When car owners need service, they call to schedule an appointment. When drivers want new floor mats or specific tires, they call around to see who has them in stock. And, according to BIA Kelsey, calls to businesses are expected to increase.¹ Yet the Marchex Institute found that **13 percent of calls to auto services companies fail to connect.** Even worse, another **17 percent of calls are missed opportunities where there was clear consumer intent, but the business failed to capture an appointment due to poor call handling.**

When it comes to boosting revenue for a business, one way to start is to simply address the "low-hanging fruit." For many businesses, inefficient call handling is a significant source of missed revenue opportunities, according to the data. **Auto services businesses that can handle more phone calls from potential customers and build better experiences over the phone can optimize this lead source to drive additional revenue and increased market share.**

¹ [Call Commerce: A \\$1 Trillion Economic Engine](#)

Nearly one-third of all calls to aftermarket auto services stores are missed revenue opportunities

Auto services businesses miss revenue opportunities on roughly 30 percent of their calls. By addressing these weak links in call handling, companies have a significant opportunity to glean more revenue from the calls they are already receiving.

The Marchex Institute estimates that **stores leave an average of \$108,000 of revenue per location on the table each year due to poor call handling.** This missed opportunity revenue figure comes from two sources: failed calls and telling the caller 'no' without providing a successful alternative to meet the caller's need. Across a franchise, this can add up to large impact quickly.

Using this data, take this hypothetical example:

The ACME AUTO SUPPLY story

- ACME is a hypothetical auto supply franchise with 550 locations
- Each ACME location receives 1,000 calls per month
- 130 calls fail to connect with ACME due to hang-ups and unanswered calls
- 170 callers are turned away because ACME can't meet their request
- The industry average rate of converting a caller to a customer is 20 percent
- The average transaction value is about \$150

Due to failed calls and turning callers away,

- ACME loses \$108,000 each year at each store
- **ACME loses as much as \$59 million per year across its locations due to poor call handling!**

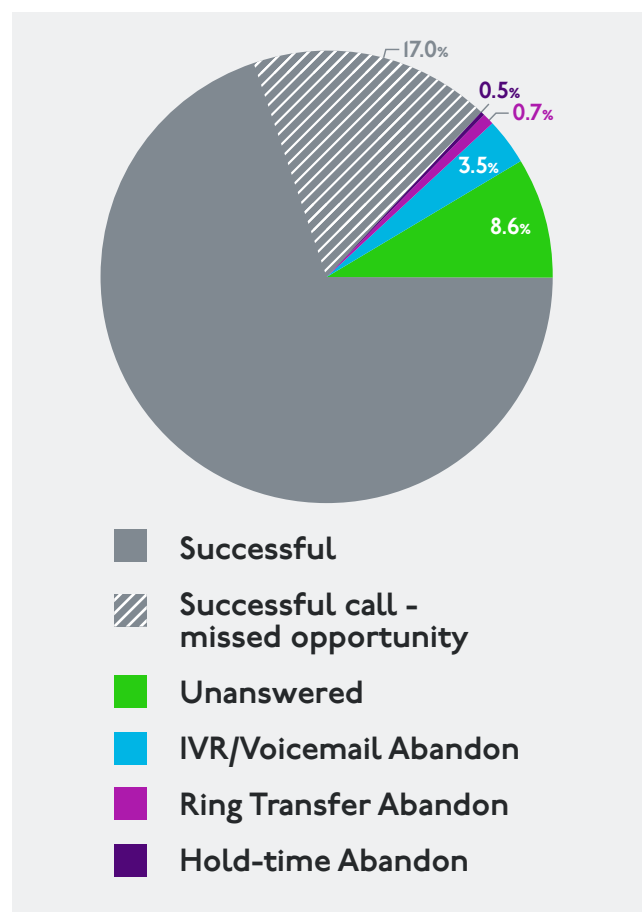
Given the 300 missed opportunities and average conversion rate in the example above, we could assume approximately 60 of these would convert to a sale, leading to \$108,000 in additional annual revenue per store.

This extrapolates to 396,000 additional transactions across the franchise, driving in excess of \$59 million in additional annual revenue.

Here's how these numbers break down:

Thirteen percent of all calls to auto services businesses fail to connect. Either the caller hangs up before getting a representative on the line or the business fails to answer. **In fact, 8.6 percent of all calls to auto services companies go unanswered by the business.**

In addition to call failures, **17 percent of calls fail to result in a sale because the business doesn't meet the caller's request and the caller hangs up without a positive outcome.**



Failed calls equate to lost revenue and negative brand impact

For every 100 calls to an auto services business, 13 fail to connect. Calls fail for two main reasons: The caller hangs up before connecting with a representative or the business never answers the phone. Call abandons can happen while callers are on hold, being transferred or upon reaching voicemail. However, the majority of failed calls (8 out of 13) occur because the business doesn't answer them in the first place. The Institute estimates that **stores miss out on at least \$49,000 per year on average due to failed calls.** When you extrapolate that across a national franchise organization, this number runs to millions of dollars lost per year.

\$49k
of opportunities
missed per year by not
answering the phone

Telling a caller 'No' results in lost business

In addition to failed calls, stores lose potential customers by being unable to meet callers' needs. When stores tell a customer 'no,' either due to not having available appointment times or not having inventory in stock, the result is a missed opportunity for revenue. By saying 'no,' to the customer, **stores are turning away on average 17 percent of their callers.** This leads to an additional \$59,000 in missed opportunities per store on average every year.

\$59k
of opportunities
missed per year by
telling a customer 'no'



How stores can improve call handling—and drive more revenue

Marchex continuously studies call handling across the customer journey to help businesses understand how to optimize calls every step of the way. The findings can be applied to nearly any business that receives and relies on a high volume of calls for customer acquisition.

Here is the Marchex recommended 3-step approach to call optimization.



Conclusion

Today's vehicle owners are keeping their cars longer and expect to maintain them. The auto services industry is forecast to grow for the next several years, but there's no lack of fierce competition for consumer dollars. Phone calls from consumers to businesses are on the rise. **For auto services businesses, revenue growth increasingly depends on how your brand interacts with prospective customers over the phone.** To make the most of leads from this inbound channel, brands need to make call handling a high priority. By understanding and implementing best practices and optimizing the caller experience at every juncture, auto services companies can measurably improve their processes and transform their customer experience.

About Marchex

Marchex understands that the best customers are those who call your company—they convert faster, buy more, and churn less. Marchex provides solutions that help companies drive more calls, understand what happens on those calls, and convert more of those callers into customers. Our actionable intelligence strengthens the connection between companies and their customers, bridging the physical and digital world, to help brands maximize their marketing investments and operating efficiencies to acquire the best customers.

About the Marchex Institute

The Marchex Institute is the data and insights arm of Marchex. Comprised of senior marketing analysts and data scientists, our group produces custom studies for global brands and commissioned research for the automotive, communications, travel, financial services, and home services industries.

To learn more, visit [Marchex.com](https://www.marchex.com)
or call 800.840.1012



