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Turning Shoppers into Customers: Mercedes Tops the Chart in New Study

Tesla turns its showrooms into museums.

by Paul A. Eisenstein on Jul.06, 2015

Offering a test drive can be a real deal-maker, according to Pied Piper research.

When Linda Brightman started out to buy a new car she had her heart set on a new BMW 3-Series. The suburban Los Angeles mother of two made one concession to her husband, agreeing to at least visit a few other showrooms to see what the competitors had to offer. He was nonetheless surprised when she drove home in a new Mercedes-Benz C-Class.

She liked a lot of the safety features, Brightman explained. But what had clinched the deal was the way the dealers treated her. The salesman at the BMW showroom seemed more bothered than interested in working with her. The Mercedes rep, on the other hand, had all the time in the world to work with her, not just answering questions but anticipating what Brightman might ask next.

Have We Got a Deal for You!

That's no surprise to Fran O'Hagan, a California researcher who has been monitoring dealer behavior for his annual Pied Piper Satisfaction Index. In recent years, Mercedes showrooms have set the benchmark, he explains, having "changed from a museum curator approach to being as helpful as they can, turning car shoppers into Mercedes owners."

In today's increasingly competitive automotive market, manufacturers have been putting time and effort – and a lot of money – into delivering ever better products. Other studies show that vehicle quality is, on the whole, better than ever. Yet, in the end, it's often the way a dealer treats customers that can make or break a sale no matter how good the vehicle, O'Hagan emphasizes.

(Men opt for bright, bold car colors. What do women prefer? Click here to find out.)

Tesla showrooms may take a different approach, but it isn't necessarily a more effective one.

To see how well dealers are doing, he sends a small army of mystery shoppers to showrooms around the country. They measure the way salesepeople perform according to a variety of defined metrics. And while most have been improving over the last decade, there are still big gaps between the best and the worst, according to the Pied Piper Satisfaction Index.

Mercedes' U.S. dealers lead the industry with a score of 112, an increase of two points from the 2014 study. Infiniti, Lexus, Mini and Toyota round out the top five, and BMW, at sixth, has begun climbing the charts.

At the other end of the scale are such struggling brands as Scion, Volvo and Mitsubishi. But Rover, at fourth from the bottom, has been growing rapidly, raising questions about how well it might be able to do were it to get its act together at the retail end.

Curiously, Tesla lags in last place with a comparatively miserable score of 87.

"If you ask shoppers who go to Tesla showrooms they're delighted," says O'Hagan. "But a lot of the stores are run by people we'd call museum curators," willing to answer questions but seemingly indifferent about taking the extra steps to ensure customers actually buy one of the brand's battery cars.

The most successful dealers, O'Hagan explains, not only have friendly, knowledgeable sales people, but they also know how to take the extra steps to ensure a sale. That involves things like asking questions, as much as answering them – "How are you going to use your new vehicle," for example. And there's the all-important test drive, the single most effective tool when it comes to closing a sale, O'Hagan notes.

(Japanese makers slide, Koreans surge to the top of the JD Power quality charts. Click Here for the full story.)

Surprisingly, while dealer scores are, on average, improving, they've slipped in a few areas. Compared to five years ago, for example, fewer dealers make a point of giving shoppers a brochure.

"Studies show that giving a shopper something they can hold in their hands really works," says O'Hagan. "If you put a (paper) brochure down on the coffee table it keeps selling. It doesn't work that way with an online brochure."

He also says salespeople often forget to hype their own dealership, telling a customer not only why their products are better, but why they're the place to buy that vehicle. Otherwise, O'Hagan says, a customer might just go somewhere else to get the same vehicle at a cheaper price.

(Bad news abroad could be great news for American motorists at the pump. Click Here to find out why.)

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