

Reshaping the next phase of the motor retail industry

By [Mark Dommis](#)

6 Jan 2021

The year 2020 was a ruthless year for many businesses, and the motor retail industry has not been spared from this devastating economic tsunami. Full of unwelcome surprises and unavoidable new realities, what started out as a health issue spiralled into an unparalleled economic and humanitarian crisis.



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Most industry pundits predict that it will take most of 2021 before we begin to shift out of our current economic woes. So, what does this mean for the dealer?

With the current uncertainty, it remains an imperative for franchised retail motor dealers to continue to effectively manage the different facets of the dealership, monitor all operations of the business, carefully manage inventory and maintain control over costs. Those dealers able to accomplish this will best position themselves for success when the economy recovers.

Last year, franchised retail motor dealers started this process, but we need to be resolute by continuing in this vein, maximising on all business opportunities, no matter how small, to ensure our sustainability into the future. With the right positive attitude, the retail motor dealer sector will emerge stronger. The current situation will reveal not only vulnerabilities but opportunities to improve as we navigate the challenging return to operational health.

Across the world, the pandemic has brought with it a massive shift in the consumer's connection with mobility. Health and safety are a key concern. It is also clear that an increasing number of people are postponing the purchase of a new vehicle due to their reduced financial status.

Repairs and maintenance on second-hand vehicles

However, as in all crises, opportunities emerge. In an environment where there is little reliance on public transport, we anticipate repairs and maintenance on current and second-hand vehicles to provide a window of opportunity for franchised dealers.

Although the consequential decline in new vehicle purchases is evident, used vehicle sales will continue to remain strong as consumers retain cost-conscious behaviour in these economically uncertain times.

While cautious within the climate of the pandemic reality, there is some cause to be prudently hopeful about new vehicle sales in 2021, with the sight of certain green shoots appearing on the vista.

New vehicles from automakers

As we progress into 2021, we can be assured of the launch of new vehicles from automakers. Manufacturers and franchised retail motor dealers will need to prioritise their 2021 model line-up over the 2020 models. For the consumer, this is good news. Special campaigns and incentives are likely to be offered, keen to sell off existing inventory.

These dealers will need to allocate space for the arrival of new models with the resultant savings opportunity for many cost-conscious, purchasers of new vehicles. Through the substitution of models introduced by choice, these consumers may achieve substantial savings on the lower-priced 2020 models against the higher price tags of the 2021 models.

Google recently reported a growth in the number of search queries such as “it’s a good time to buy a car”. Savvy, modern-day shoppers have turned to digital resources to compare automakers, models, and offers, to ensure they get the best deal.

Digital channels will continue to grow as convenient communication and engagement tools, but should not be considered an alternative to personal interactions at physical dealerships.

Franchised retail motor dealers adhere to very strict protocols, ensuring the health and safety of both staff and customers. Accordingly, dealerships generally have low footfall and spacious facilities – both of which are positive contributing factors to effectively manage social distancing, mitigating the risk of virus transmission.

In so rapidly a changing environment, predictive certainty is somewhat elusive and outcomes for the 2021 retail motor industry are yet to be determined. But despite these variables, innovative and responsive commitment to adapt to industry and dealership trends, evolve to changing customer demands and with a keen focus on driving profitability, dealers are already beginning to take control of their future success.

Franchised retail motor dealers delivering extraordinary CX

Ultimately, franchised retail motor dealers will need to consistently deliver an extraordinary customer experience to prospective customers and keep them returning to the dealership after the sale. This strategy drives and forges key and trusted relationships with customers and will positively influence multiple return visits to the selling franchised dealer for all

maintenance or service needs as well as possible future vehicle purchases.

While many of us couldn't wait to put 2020 behind us, the pandemic and the resultant necessity for quick and effective change to sustain survival has certainly altered the course of the new reality of 2021.

We need to think beyond the immediacy of survival, and actively work on our strategic survival, by looking to the full value chain. Franchised retail motor dealerships will need to innovate, transform business models and seek out further income streams and in so doing, help regain growth and momentum in reshaping the next phase.

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