xtime
by Cox Automotive

The Future of Fixed Ops: Embrace Innovation to Drive Profits



When people think about innovation, it evokes feelings of excitement—the invention of new things, the progress of humankind. But what gets left behind? With each new innovation, older ideas and practices become outdated, and former business models fall by the wayside.

Today, we stream music and movies instead of playing discs. We get around in other peoples' privately-owned cars instead of taking taxis, and we pick up packages from our porches instead of visiting department stores. Survival of the fittest has always been the rule for businesses—adapt in order to stay alive.

Even within the automotive industry, dealerships have to choose between adapting and thriving or doing nothing and struggling to survive, and it's equally true for both variable and fixed operations.

Fueled by economic and cultural shifts, today's vehicle owners are demanding digital experiences, pickup and delivery, on-demand information, and convenient communication. In order to keep pace with rapidly changing preferences, dealerships have had no choice but to accelerate their own adoption of new tools and technologies.

In this eBook, we'll explore the specific technology innovations today's thriving service departments implement as well as the tools and processes they left behind. Each technology will be discussed within the context of changing consumer preferences so that you can understand each tool's value for both your company and your customers. By keeping up to date on innovation, **you are an active participant in industry progress,** while hopefully avoiding the other side of innovation—stagnant and struggling.



Key Innovations for Driving Service Profits

The latest solutions developed by technology companies and adopted by dealerships were driven by specific shifts in consumer behavior and dealership response. Because the industry followed this consumer-driven pattern for developing impactful products, those innovations are already driving significant profits for early adopters of new technology. The following list contains key technologies, recently developed, that are already making a difference for dealerships today.

Digital Interaction

In most cases, the development and implementation of digital service technologies is driven by a very specific need arising from very specific consumer demands. Many of the most recent innovations addressed the need to manage service remotely. In many cases, that meant shifting in-person activities toward digital interactions.

Many dealers implemented service processes that, according to each customer's preference, can be completely digital and remote. The interaction might start with a customer who schedules a service appointment online, checks in remotely from a smartphone, and is greeted by an advisor with an iPad who performs a preliminary walkaround. Later that day, the same customer might receive an estimate via text message or email, which can be instantly approved—and even paid for—online.



Innovation in Practice

Engage from Xtime provides tools you need to manage your dealership's service department digitally. It includes essential functionality like self check-in, texting, tablet walkaround, and payment solutions.

"We've had a vision of a digital service experience for many years and that really gained a lot of traction during the last year," recalled Bobby Chen, Head of Product at Xtime. "It was really what dealerships needed during that time—a full, digital, end-to-end experience."

Digitized services are driving efficiency and profit for dealerships. Intelligent Diagnostics, an Xtime integration with Hunter, is an automatic tire and under-alignment checker, and the perfect example of innovation that transformed processes while driving profits. The checker laser scans cars as they come in and displays alignment and tire specs on a screen near the service advisor. It makes employees more efficient and it's easier for vehicle owners to understand and approve alignment and tire service recommendations.

"Every single car…gets a laser-guided alignment check as it drives in," explained one Service Director. "Those specs are thrown up on a digital board behind the service advisors so they're right in front of the customer. Those things have made a difference [in our business]."[1]



A Culture of Innovation at Xtime

When recent shifts in consumer demand dictated changes to dealership technology, Xtime—the leading provider of fixed operations and service technologies—had no trouble accelerating the pace of its innovations. Long before the industry began its accelerated shift, the company had built a culture of innovation.

"Innovation is part of the brand promise or value that dealerships expect from Cox Automotive and Xtime," explained Bobby Chen, Head of Product at Xtime. "Consumers are expecting or even demanding a digital experience from all parts of their lives and as a result, dealerships look to Cox Automotive to help them meet those demands."

The company's approach has paid off, as Xtime has become well known as the industry's only end-to-end service experience provider. It's a reputation that the team has earned by repeatedly pushing the limits of what's possible when it comes to delivering better service experiences.

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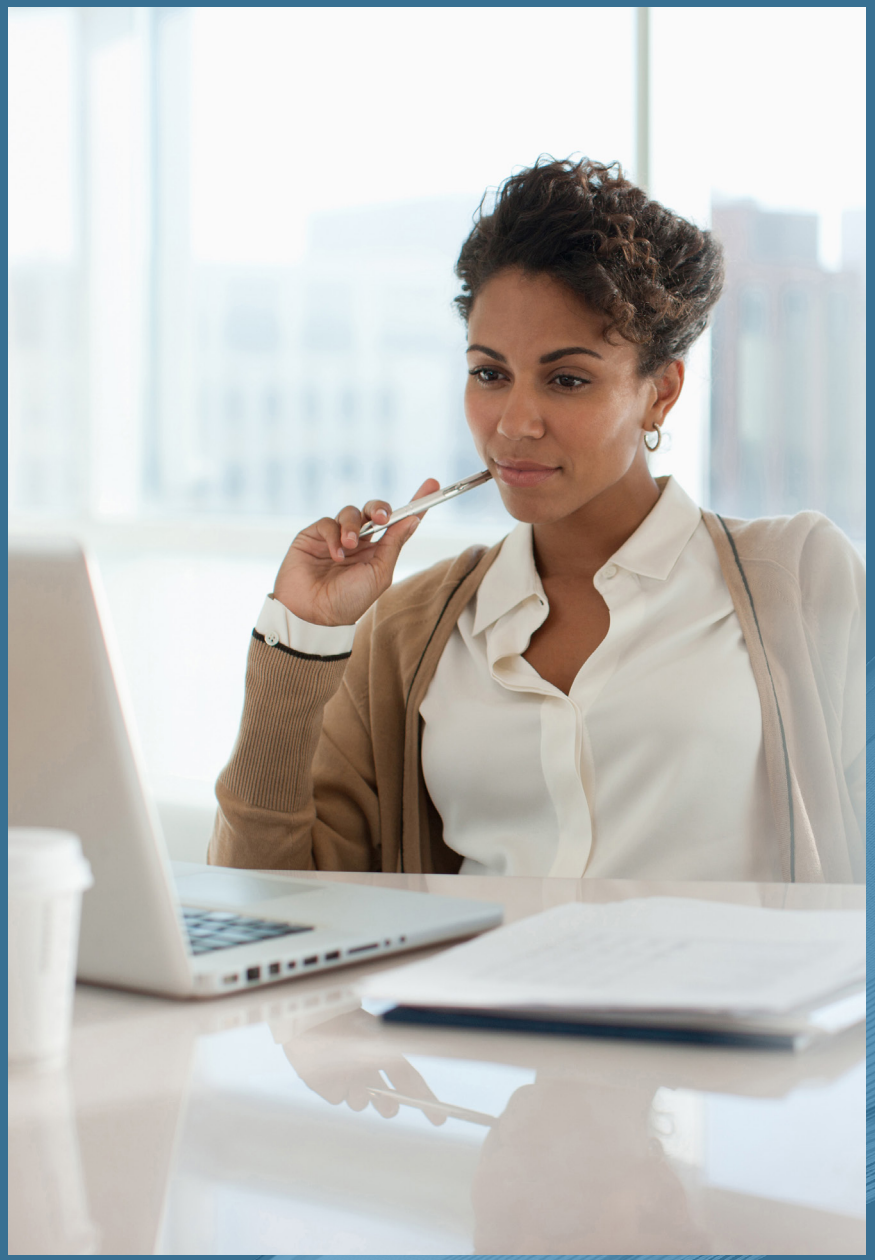
Convenience Services

Many of the most impactful innovations to come out of the past several years can be grouped into a broad category known as convenience services. Convenience services aim to make maintenance and repair tasks easier for vehicle owners. And that means making it easier for vehicle owners to have repair work done quickly, conveniently, and with minimal dealership interaction.

For example, dealerships are investing in additional ways to meet their customer's transportation preferences. The days of the shuttle service are over, replaced by pickup and delivery, rideshare, loaner management, and even mobile service. Already, a full 65 percent of high-performing dealers are offering pickup and delivery.[2] And while many dealerships started offering the services as a way of maintaining profitable operations during the peak of pandemic-related shutdowns, they have continued to be an important revenue driver for many, even after that specific need passed.

"When service really started to taper off due to COVID [and] people weren't driving," recalled one dealership manager, "we offered pickup and delivery, reminded our open recall list, and went and got people's cars to complete the recalls and take them back to them."[3]

Dealers continue to benefit from pickup and delivery by allowing them to tap into nearby markets. One dealer offers valet service to an affluent market nearly 100 miles away and has built a loyal customer following for service they probably would not have realized otherwise.[4]



Innovation in Practice

Xtime has integrated the most important convenience services directly into its popular Schedule product. Vehicle owners scheduling service appointments online can request pick-up, delivery, or rideshare within the same interface.

Text and Video Communication

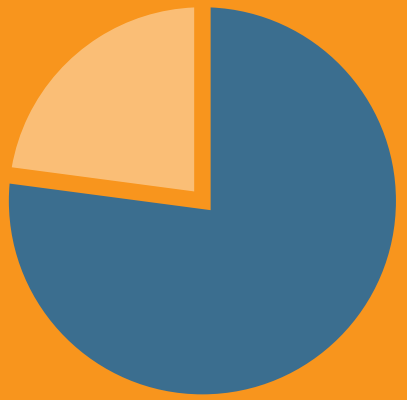
The trend toward digitization and convenience also impacted communication between dealership service departments and vehicle owners. Specifically, dealers accelerated their use of text messaging, emails, pictures, and videos to send service recommendations, quotes, and more.

The adoption of video was probably the most pronounced shift associated with digital communications. As consumers demanded less in-dealership time, dealers began using video in the service bays to show customers what needed to be repaired digitally. This made it easier to gain quick approval from the customer, increasing service department efficiency and profit. As one dealer said, with video, "it's almost like they're here."[5]

This shift makes sense, given that a surprising 80 percent of the traffic on the internet is video. It is a medium people prefer when it comes to gathering and processing information. For dealerships, video messaging tools have become more and more essential because customers are beginning to expect media-enhanced communication.

"[These tools have] been really beneficial for sure on the service side," explained one dealership manager. "We brought in iPods and iPads that allow us to take pictures of the customer cars and upsell."[6]

Text messaging isn't just for upsells and additional service recommendations, however. Many dealerships made it a part of their everyday marketing initiatives. Text marketing helps dealerships reach customers quickly through their preferred communication channel. SMS campaigns, on average, see a 98 percent open rate with an average response time of just 90 seconds.[7]



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Innovation in Practice

Xtime has made it easy to leverage video by adding it into your existing workflows. Inspect gives your service advisors and technicians the ability to attach videos showing rationale for service recommendations directly to their estimates and approval requests. ***Invite,*** with its Text Marketing feature, helps you incorporate text messaging into your marketing.

Virtual Assistant Technology

Not all fixed ops innovations are entirely focused on improving the consumer experience. In fact, many recently developed solutions provide simultaneous benefit to the vehicle owner and the dealership employee.

Virtual assistant technologies are the perfect examples of tools that provide that type of dual benefit. Dealerships can use virtual assistant technology to engage with customers when a salesperson is not available, so customers get help sooner and dealership employees are free to focus on other aspects of their jobs. Virtual assistants can answer questions and set up service appointments. Like the other innovations, virtual assistant technology can have a positive, direct impact on dealership productivity and profitability, and may even assist in mitigating the labor shortage. Some dealers are streamlining operations and reducing staffing costs by using virtual assistant technology to answer the phone and set appointments as standard operating procedure, not just when no one else is available.



Innovation in Practice

Sometimes, the greatest innovations aren't individual inventions but are impactful combinations of multiple solutions. Xtime, a leader in fixed ops technology, has proven this principle by combining its core solutions into an end-to-end service suite. By seamlessly connecting solutions and processes, Xtime increases employee efficiency and improves customer experience, leading to more dollars per repair order and greater customer loyalty.



Conclusion

Like all industries, the automotive service sector is constantly evolving as vehicle owners change their habits and their preferences. The powerful forces of innovation are always at work, reshaping the industry by rewarding those that adapt and punishing those that stand still. Following a pattern of consumer-driven innovation, the industry will continue to produce important products and solutions that improve customer experience while driving dealership profits. What you do with those innovations—and whether or not you profit from industry progress—is dependent upon your ability to evolve, adapt, and implement your own internal technology transformations.

About Xtime

Xtime is the leading end-to-end software solution that drives customer loyalty and revenue for automotive dealers in each stage of the service process. With easy-to-use technology and industry experts, Xtime helps dealers meet changing customer expectations. As an advanced, connected solution that provides exceptional support, Xtime is committed to helping dealers deliver the ultimate service experience. Through transparency, convenience, and trust, Xtime—comprised of Schedule, Engage, Inspect, and Invite—facilitates more than ten million service appointments monthly. Xtime is a Cox Automotive brand.

To learn more, visit Xtime.com.

Or take a self-guided tour! Just select the products you'd like to explore here.

About Cox Automotive

Cox Automotive Inc. is transforming the way the world buys, sells, and owns cars with industry-leading digital marketing, software, financial, wholesale, and e-commerce solutions for consumers, dealers, manufacturers, and the overall automotive ecosystem worldwide.

Committed to open choice and dedicated to strong partnerships, the Cox Automotive family includes Autotrader®, Dealer.com®, Dealertrack®, Kelley Blue Book®, Manheim®, NextGear Capital®, vAuto®, Xtime®, and a host of other brands. The global company has 33,000 team members in more than 200 locations and is partner to more than 40,000 auto dealers, as well as most major automobile manufacturers, while engaging U.S. consumer car buyers with the most recognized media brands in the industry.

Cox Automotive is a subsidiary of Cox Enterprises Inc., an Atlanta-based company with revenues of $18 billion and approximately 60,000 employees. Cox Enterprises' other major operating subsidiaries include Cox Communications and Cox Media Group. For more information about Cox Automotive, visit CoxAutoInc.com.

[1] Cox Automotive, Post-Thriver Research Interview, 2021.

[2] Cox Automotive, How to Thrive: Best Practices for an Accelerated Digital Landscape, 2021.

[3] Cox Automotive, Post-Thriver Research Interview, 2021.

[4] Cox Automotive, Post-Thriver Research Interview, 2021.

[5] Cox Automotive, Post-Thriver Research Interview, 2021.

[6] Cox Automotive, Post-Thriver Research Interview, 2021.

[7] GSMA