

The Modern Connected Shop: Steps To Ensure a Thriving Shop From the Counter to the Bay

A Joint Whitepaper from Tekmetric, Advance Auto Parts
and Mechanic Advisor

PROUD PARTNERS



Over the past two years, automotive repair shops have experienced unparalleled challenges. However, despite the challenges, they have adapted their businesses to endure and thrive through a pandemic while facing unique supply chain issues, inflation, staffing shortages, evolving motorist expectations and shifting vehicle trends. With all the changes, one trend that continues to grow in demand is the importance of modern, integrated technology solutions that help shops build efficiencies within their operational process while creating an enhanced customer experience.

With the right technologies, an automotive repair shop can become a shop of the future, prepared to adjust to any circumstance the market might bring. The shop owner can streamline the shop's processes to increase efficiency, analyze key metrics to improve internal processes and grow revenue and create better customer experiences. The result? Happier, more loyal customers and long-term greater revenue generation.

In this whitepaper, technology leaders from Tekmetric, Mechanic Advisor, and Advance Professional will discuss exactly what it means to build a modern connected shop, as well as how shops can leverage connected technology to increase profits, create better experiences for their customers and simplify their business operations.

Overhead View: Industry Trends that Advance the Need for Modern Solutions

Today's automotive industry is drastically different than the industry of fifteen or twenty years ago, and its services are in greater demand than ever before. The market has grown tremendously, having been estimated to be over \$350B in 2022, per the Auto Care Association.

This large and resilient market demand is supported by strong industry drivers: aging vehicles and miles driven. As confirmed by S&P Global Mobility, over 284 million light-duty vehicles on the road today are on average 12 years old. Additionally, despite high gas prices, mileage has nearly reached pre-pandemic levels, with vehicles being driven over 3.26T miles over the last twelve months according to the Department of Transportation and the Federal Highways Administration. This has presented a great opportunity for automotive businesses. After all, customers are driving further and keeping their vehicles

for longer periods of time – and they need help maintaining the vehicle to keep it running smoothly.

However, there are five trends heavily impacting the modern market, which amplify the challenges of owning and operating a successful shop:

Motorist experience

A recent report from IMR CCAMS revealed that nearly 50 percent of motorists in 2022 chose a service outlet based on a prior good experience. While motorists needs have not changed – they expect to be greeted by a friendly staff, to understand the work their vehicle needs and be assured their vehicle is safely and fully repaired – the expectation on how those needs are met has.

Technician shortage

The Auto Care Association estimates there is a shortage of 50,000 technicians today, resulting in immense pressure to attract and retain the most qualified and responsible technicians at a shop.

Growth in the 'sweet spot'

Longer-lasting vehicles extends the vehicle repair window, adding complexity to a shop's ability to service a greater range of years, makes, models. Technicians must be able to access a wide range of parts and retain a greater amount of diagnostic information for each vehicle type.

Electrified powertrains

The S&P Global Mobility report shows that approximately 6% of new vehicle sales today includes the adoption of electric vehicles (EVs). Shops wishing to service these vehicles must invest in the training, tools and equipment to do so – while maintaining their existing service of non-electric vehicles.

Advance driver assistance systems

While advance driver assistance systems (ADAS) are not a new vehicle capability, more vehicles are equipped with them. As a result, shops have seen both challenges and opportunities to grow, as they seek to diagnose and repair these more technologically complex systems.

Shop owners must consider how they can adapt to take advantage of these trends and challenges to grow their own shop. Building a shop of the future starts at the top – with a leader who is informed about the industry and willing to explore digital solutions that can benefit their team, customers and – ultimately – bottom line. This process begins with setting strategic, data-based goals that support business growth.

Goal-Setting and Standardizing Processes – Using Key Metrics to Increase Efficiency and Grow Your Shop



You can't build a roadmap to where you want to be if you don't even know where you're at currently. When it comes to building a modern shop, the first step for any shop owner to take is to set appropriate goals, then establish processes that allow the shop to achieve those goals. This requires the shop owner to be honest about the shop's capabilities, while being willing to adjust operations as needed. An open-minded approach to the possibilities of the future can make a significant difference in outcome. There are five key steps to setting goals and making an action plan to achieve them:

1. State your desired outcome.
2. Adapt a growth-centric mindset.
3. Visualize success.
4. Create a strategy and identify key metrics that will hold you accountable.
5. Take action, evaluate and standardize processes.

Stating Your Desired Outcome

The first step of goal-setting is as simple as it sounds: determine what you want to achieve. However, it's important to set precise goals that are challenging but achievable. For example, achieving a \$1 million annual revenue may be possible for a shop regularly making \$900,000 in revenue, but less so for a shop making only \$400,000.

Adapting a Growth-Centric Mindset

Once a goal is set, you must make sure your mindset is focused on growth – and that you are willing to make changes to the shop's processes if it becomes necessary to achieve the goal. A growth-centric mindset can allow you to approach challenges creatively, rather than insisting on maintaining a process simply because "it's always been done that way."

Visualize Your Success

Your brain cannot tell between a real and imagined event, so visualization allows you to show your brain what the reality of achieving your goal will look like. Reset your mindset by picturing what the future will look like – what you will see, hear and feel – when you achieve your goal.

Creating a Strategy and Identifying Key Metrics

Once you have established your goal and your mindset, you can move into establishing your strategy for achieving your goal. That strategy starts with identifying key metrics and recording them. Where is your shop now compared to where you want it to be? It's important to establish a baseline and key benchmarks to measure progress over time. Building a consistent rhythm of processes and metrics for your shop will be critical to identifying where you need to make improvements and ensure you're comparing apples to apples.

After you have established your key metrics, you can develop a strategy that will improve your shop's processes. Are there changes that need to be made to operations to overcome bottlenecks? Is there a process that can be automated rather than done manually? This is where a digital solution – like a shop management system – can benefit the shop's continued growth. A system like Tekmetric can automate processes and consistently report key metrics for you to track. This prevents you from getting too deep into the details, while still holding you accountable to the goals you set.

Taking action, Evaluating and Standardizing Processes

This cycle – setting goals and taking action to meet them – doesn't stop once you meet one goal. In fact, modern shops are working on a regular basis to measure their progress, set new goals and make plans of action to achieve them. One of the best ways to ensure you can regularly track your goals, and make adjustments to your shop as needed, is to standardize your processes. A digital solution like Tekmetric makes this a simple step. Shop management systems are designed to provide data to you, automate processes and overall streamline your shop's operations. This is done for you in the platform so you don't have to worry.

Setting goals and streamlining in-shop processes are only one part of becoming a shop of the future. At the same time, it's important to look at the players outside the shop to ensure that you are remaining connected. Therefore, you should also make sure you are leveraging technology solutions to build and retain customer relationships.

Future Technologies – Leveraging Solutions of the Future to Build and Retain Customer Relationships



The future repair shop will have to provide great customer communication, transparency throughout the repair process and a digital experience that meets the needs of the ever-changing customer. To say that's a tall order is an understatement. However, with the right technology, such as a solution like Steer by Mechanic Advisor, it can be possible to provide an excellent customer experience that results in both increased customer loyalty and business growth.

A business – no matter what industry it serves – is built on the customer's decision to try the business, then to stay. When building a customer experience for your shop, there are two types of customers to consider:

1. Acquired customers. These are new customers you might attract with methods like purchasing an ad or installing a large new sign for the front of your building.
2. Retained customers. When you build and develop a relationship with an existing customer, you are attempting to convince them to return to your shop for future service.

Rising acquisition costs and increased competition will make customer retention more critical than ever. According to the American Automobile Association (AAA), approximately two-thirds of customers that enter a repair shop state they would try another shop. Furthermore, AAA reveals that 66% of U.S. drivers do not trust their auto repair shop. Despite these statistics, customer loyalty and retention are issues that many shops have yet to address.

Customer loyalty and retention can be a daunting challenge for a shop owner. Many repair shops say customer satisfaction is one of the greatest challenges their business faces. Of a shop's new customers, recent data show 45% of those visiting a repair shop will never go back. However, the effort to create a good experience and encourage them to return can pay off. Customers that visit the shop even one more time have a 90% or greater likelihood of revisiting the shop for a third time.

To be successful in the future, repair shops will need to master customer retention by evolving to the changing needs of their customers, as well as focusing on building relationships with their customers that foster transparency and trust. By 2030, 40% of all vehicles will be owned by Gen Z and Millennials – generations of customers that are highly accustomed to digital resources. More and more customers expect to have access to digital information that will help them stay informed and make decisions. Fortunately, those customers who do receive digital resources from their shop are shown to have a significantly higher satisfaction rate throughout the repair process.

Today's digital solutions such as Steer by Mechanic Advisor allow the customer to take an active role in their vehicle's repair, ranging from approving estimates to scheduling appointments online and reviewing digital service

histories. Throughout each of these processes, communication is key. In 2021, dealerships saw a 77% increase in incoming text messages, with a 32% increase in website contact. The future repair shop must be able to offer text messaging services as a form of communication, as well as a clear method for online communication.

A first interaction with your shop can be online scheduling to provide a more efficient appointment process that is guaranteed to assist increased customer satisfaction. In fact, more than 90% of customers booking their appointments online report being highly satisfied with the experience, meaning your shop is starting out on the right foot with an online appointment scheduler.

In addition to providing stronger communication methods, the repair shop of the future will use its data to make more informed decisions for both the business and their customers. Knowing your customer's metrics is as important of improving them. After all, you can't change what you don't know. One of the best ways to achieve this is asking for feedback from customers – both new and returning. Together, they can give the best insight into your shop's performance, thereby enabling you to adjust and create even stronger strategies to increase customer retention and loyalty.

Technology in Action: Using Digital Solutions in Your Shop



Every shop looking to build a modern, connected business will face its own unique challenges. However, keeping an open mind and pursuing creative

solutions can help a shop owner overcome their challenges to put their business on the path toward significant growth. For North Carolina-based owner, Jay Huh, his most significant challenge was sharing a physical wall with a competing repair shop. Rather than viewing this as a roadblock, Huh took this as an opportunity to implement digital solutions that better supported his business goals – and made his shop stand out.

The value of technology in the shop is very clear to Huh, who says that thanks to the solutions he's implemented: "We are able to bring so much value to our shop and our customers."

In 2017, Huh upgraded to TechNet Professional Automotive Service, a network of more than 15,000 repair shops across North America that offers a nationwide network, training opportunities and digital services. The network has brought Huh a number of advantages when it comes to growing and expanding his shop, from increasing customer loyalty with programs like roadside assistance and stronger warranties, to retaining top talent by offering technician training opportunities through the Carquest Technical Institute and Worldpac Training Institute.

Additionally, Huh has been able to increase his shop's efficiency and customer communication with the help of digital solutions such as Steer by Mechanic Advisor, Tekmetric, MotoVisuals, and MotoLogic. For example, through Tekmetric's digital vehicle inspections, he has been able to provide transparent photos and videos to his customers. In fact, he has implemented a courtesy "walkthrough" video, through which his technicians walk a vehicle before it enters a shop to record the vehicle's condition and repair needs from the beginning. Huh also provides education of the repair to his customers using MotoVisuals digital animations to explain what is being serviced and why. Through all the solutions combined, Huh has been able to achieve:

- **80%** increase in car count from 2020 to 2022
- **28%** increase in customer visits from 2021 to 2022
- **37%** increase in total revenue
- **90%** business operations now conducted online

Combined, these software services offer Huh unique capabilities to better grow his team, his shop and ultimately, his bottom line. His willingness to explore new solutions and do what is best for his customers has made him a standout

in the industry – as well as among the repair shops that are physically located near his own business.

Building Your Own Modern Shop

The modern connected shop is data-driven, customer-centric and future-oriented. From measuring shop performance to customer communication, metrics and communication are both key to a shop's ability to thrive in the market – no matter what challenges might come.

As you work to build your own shop of the future, it is crucial to utilize digital solutions and technology to your advantage – from the counter to the bay and beyond. This not only makes your internal processes more efficient, it also creates an excellent customer experience that encourages customers to return time and time again. Together, these elements create more effective day-to-day operations in your shop, ultimately increasing the bottom line to grow your revenue exponentially.

PROUD PARTNERS

