



**KUKUI**  
ALL-IN-ONE SUCCESS PLATFORM

# AUTO SHOP SUCCESS DRIVERS

*7 Key Performance Metrics That  
Help Drive Higher Revenues*





**KUKUI**  
ALL-IN-ONE SUCCESS PLATFORM

In this exclusive White Paper from KUKUI, we'll be discussing the 7 Key Success Drivers for Auto Repair Shops.

## **INTRODUCTION** pg. 3

We've identified the 7 key success drives that today's successful shops use to measure success.

## **INSIGHT** pg. 4

Data is the key to any sound business decision. Knowing which data to use will drive you towards success.

## **ARO** pg. 6

Your average repair order says a lot about the health of your shop. Balancing the number of repairs with the type of repair is crucial.

## **CAR COUNT** pg. 7

Increasing your car count with the wrong cars won't do much to drive success. Are you looking in the right places?

## **DOMINATE** pg. 3

In order to stand out among your competitors, you need to dominate your local presence.

## **RETENTION** pg. 5

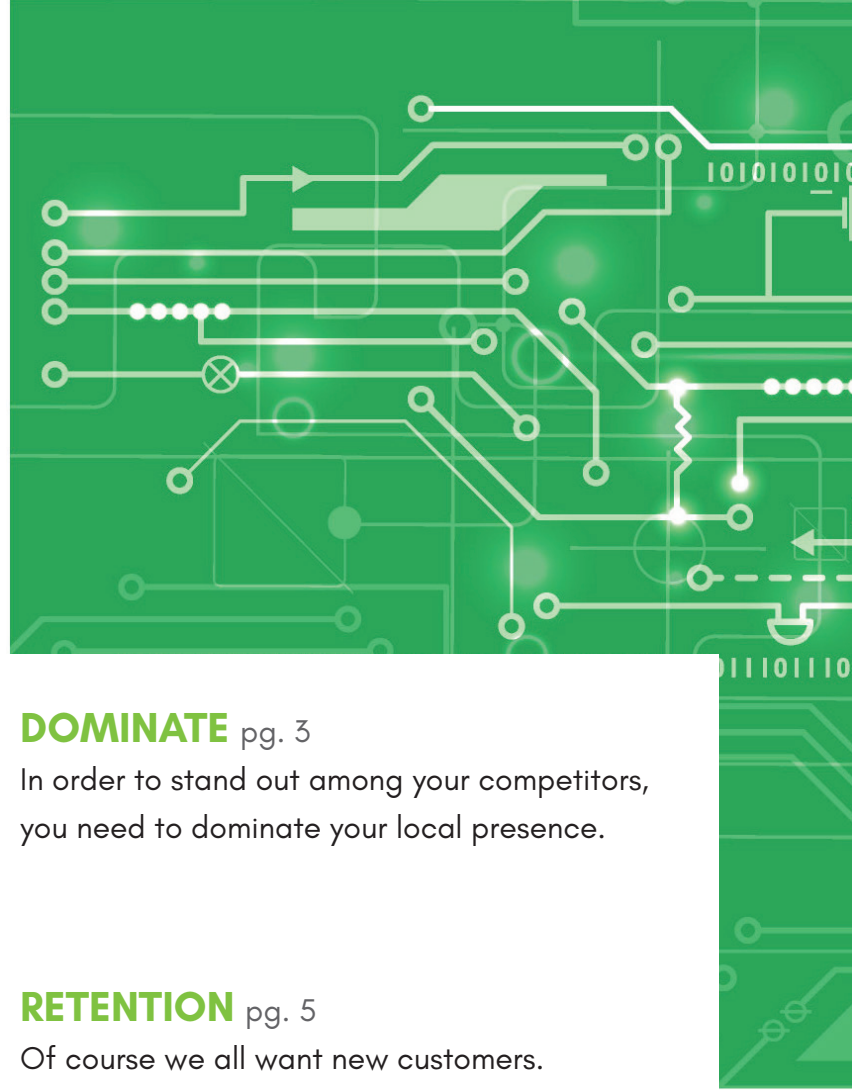
Of course we all want new customers. Did you realize how important existing customers are?

## **BETTER ACQUISITION** pg. 6

Getting new customers is only a piece of the puzzle. Attracting BETTER customers is where you should focus.

## **WORK vs LIFE** pg. 8

You're a business owner. Profit is your goal. Shouldn't you be looking for something else?



**KUKUI**  
ALL-IN-ONE SUCCESS PLATFORM

# Auto Shop Success Drivers

*7 key performance metrics that help drive higher revenues*

Success in business comes down to one thing: sales. And auto shops face similar challenges as many businesses when it comes to sales. How do we make a sale (what is our process of getting customers)? How do we improve sales overall? How do we get repeat sales from existing customers? How do we get additional sales from new customers?

During times when the economy is tanking, when auto sales are falling, or when more people choose not to own a vehicle, shops must compete harder to build a consistent sales pipeline. The good news is there would be likely higher demand for car maintenance to extend useful life. The challenge is that you need to have a successful business model in place to compete and win.

So, what does your shop need to focus on to build and maintain a successful business?

KUKUI has identified seven critical drivers of success that auto shops around the U.S. exhibit on a routine basis. Our KUKUI Success Drivers have been shown to help establish local market dominance and sustainable business practices.

## KUKUI Success Drivers

### 1. DOMINATE ONLINE PRESENCE

It's pretty well-known by now that people use the Internet to research potential purchases – especially on mobile devices. One consumer study revealed that [82% of smartphone users check](#) on their phone before buying in a store.

Therefore, one key driver of shop success is to focus on your online presence. This is especially true for local service businesses of any type. To be successful in your local area, you've to have a plan to get found more often or instead of competing shops in your area.

Very often, shop owners assume that if they simply create a website and optimize it for certain keywords such as 'local auto repair' or 'auto shops in Brooklyn', they will wind up on the first page of local Google search results. Unfortunately, getting found online doesn't happen that easily. Dominating your local market online requires several factors:

- A well-built website that is easily indexed by search engines
- Multiple social media profiles that can send traffic to your site
- A Google My Business profile that is complete and accurate
- Paid advertising campaigns on channels such as Google, Bing, and Facebook (this is not mandatory but extremely helpful)

While all this may seem daunting, you can find plenty of freelance resources on the web to conduct this work. Or you can hire a digital marketing specialist internally to handle your online needs.

A 2017 study by research firm Statista showed that 43% of survey respondents [compared tire prices online](#). So nearly half of your potential customers are using the Internet to find auto-related products and services. Shops that target online research and shopping behaviors are much more likely to connect with and attract new customers.

### [Dominate your local online presence](#)

**Success Impact: High**

## **2. MORE INSIGHT WITH BETTER DATA**

It's a long-held business caveat that you can't manage what you don't measure. While you might be successful in the short term without analyzing data, sustaining and growing your shop's business is more dependent on data insights than ever before.

A 2017 study showed that 53% of companies across industries and of various sizes are [relying on data](#) to manage and improve their businesses.

Shop owners should have insight into everything that is happening in their shops and through their online presences. Data collection has become routine and successful auto shops understand how to use data to better their businesses.

Most owners focus on how well their shop is performing by tracking Average Repair Order, Car Count, and Average Labor Hours. These are important metrics to watch. But to really know how well your business is performing, it is equally important to know how well your marketing programs are doing and how effective your shop staff is at driving business.

### [See how your shop is performing](#)

Measuring data about your marketing activities helps you to discover how people found you, how they behave once they are on your site, and where they leave. All of these factors are integral to having a successful online presence. Once you understand how customers found you and why they chose to schedule work at your shop, you'll be able to pinpoint which online marketing efforts are working well and what isn't.

Objectively measuring customer interactions inside your shop is also helpful in understanding how well service writers, technicians, and others are performing. For instance, are employees able to schedule a future maintenance appointment while a customer is on site? In-shop data is as important as online data when it comes to measuring overall performance of your business.

Moreover, you can combine data from online behaviors with your in-shop data to form a useful customer profile, or persona, that you can use to target messaging and refine timing of future marketing campaigns.

**Success Impact: Moderate**

NOTE: While Success Driver #2 may be viewed as a High Success Impact, certain factors such as data sources, how "clean" the data is, and how data is presented in visual form can reduce the impact on your operations.

### 3. HIGHER CUSTOMER RETENTION

Acquiring new customers is crucial for any business. But did you know that retaining current customers is even more important? Not only is the cost of acquiring a new customer at least 5x more expensive, but current customers are more profitable. Returning customers [tend to spend](#) nearly 2/3 more than new customers on an average visit.

A new customer may try out your shop with a simple service or as a solution to an emergency situation. Those are times to forge a long-term relationship with reliable, prompt, and friendly supportive service. By checking off all the boxes a customer is looking to fill, you have a higher chance of retaining a growing list of regular customers.

Existing customers know you and trust you enough to keep coming back. They are more likely to accept your service recommendations, bring their vehicles to you for routine maintenance, and keep coming back for major repairs.

Here is an [example](#) of how to calculate a customer retention rate:

Customer Retention Rate =  $\frac{\# \text{ Customers at End of Period} - \# \text{ Customers Acquired During Period}}{\# \text{ Customers at Start of Period}} \times 100$

For example: Imagine you start the year with 20 customers, gain five new customers in the first quarter, and have one customer churn\*.

$((24 - 5)/20) \times 100 = 95\%$  retention rate

Here's another example: You have 44 customers, you gain 12 new customers, and 13 customers churn:

$((43 - 12)/44) \times 100 = 70\%$  retention rate

\*"Churn" refers to the number of customers lost during the period.

Having a high retention rate translates to lower effort and costs associated with making sales. Successful shops already have a good understanding of their customers. And (this is super-important) shop owners use that understanding to proactively serve customer needs. This develops a steadier service flow and consistent revenue quarter after quarter.

#### [Improve customer retention with text messaging](#)

In 2018, the [average global customer retention rate](#) in the Automotive & Transportation industry was 83%. This suggests that customers look to establish long-term relationships with their local auto service shop. Focus your entire shop on responsiveness, genuine concern for customer needs, and building loyalty. The more loyal customers you have, the more successful your shop will be.

**Success Impact: High**

## 4. HIGHER ARO

As mentioned in Success Driver #3, returning customers tend to spend more. Some of that higher spend is on repairs. So average repair order (ARO) is one of the most important indicators of success when it comes to managing your shop.

Shops sometimes put a great deal of emphasis on increasing Car Count to drive business. They think simply getting more vehicles through the shop is the primary indicator that the business is thriving. While Car Count is important, successful shops also focus on ARO to run a more consistent operation, where they are maximizing shop efficiency while also maximizing profit.

Driving higher Car Count but ignoring ARO can have a negative impact to your business. Adapting to new customers could actually cost money as onboarding new vehicles could cause chaos and stress to your staff – and add wasted time to their workday. Maximizing the work on each vehicle will lead to higher AROs and more success.

Steps that you can take to lift ARO include:

- Inspect vehicle every visit. While the vehicle is in the shop, have technicians do a basic inspection of key vulnerability points. A quick diagnosis can lead to additional work.
- Focus on manufacturers recommendations. Many car owners might not be up to speed on every auto maker maintenance recommendation, so your shop should point out upcoming milestones and suggest additional work on the next visit.
- Share vehicle info through entire shop. Make sure that techs, counter staff, and back-end office workers have access to vehicle information, so more employees have opportunities to recommend repairs.
- Be proactive with customers. Reach out during slow periods with using a consistent follow-up approach that alerts owners about potential needs that could be remedied on the next service appointment.

[Here's how you can improve follow-up with your customers](#)

**Success Impact: High**

## 5. BETTER CUSTOMER ACQUISITION

It may seem obvious, but new customers are an essential part of any successful auto repair shop. Although it may cost more to acquire new business, most shops can't keep bays full with just existing customers.

Unfortunately, just opening a shop does not automatically mean enough customers will come calling. Outreach must be done to bring first-time customers in. And attracting prospective customers to your shop—new customer acquisition—can be challenging without a solid marketing plan in place.

A competitive marketplace such as auto repair demands a targeted marketing approach. Successful shops use tools such as a [customer relationship management platform](#) and [campaigns with Google Ads](#), Bing Ads, [text messaging](#), and email to drive customer acquisition with minimal time invested after initial setup.

Industry analyst V12Data says that the typical car on the road in the U.S. was [a record-high 11.5 years old](#) in 2017, providing an ample opportunity to bring in new business. Once you have the tools and channels in place, a few effective techniques for new customer acquisition include:

- Referral programs and discount offers for first-time visits
- Hosting an auto community forum online
- Time-sensitive promotions for oil changes, tire rotation, and other routine services

### **Success Impact: Moderate to High**

NOTE: While it is important to maintain a steady flow of new customers to fill service time gaps and build a healthy sales pipeline, there are impacts to your customer interactions and shop workflows. First-time customers require new account setup in your database. Technicians are unfamiliar with car histories and drivers' habits, which may affect recommendations for maintenance or repair work. And dealing with unfamiliar customers may be a bit more challenging at the start of your relationship. This is why higher ARO and customer retention provide a higher Success Impact.

## **6. INCREASING CAR COUNT**

One thing that successful shops DO NOT have in common are empty bays. A prime indicator of success for many businesses is how busy they are. It is a pretty safe bet that a shop full of cars is doing better than one with empty bays and an empty lot.

So increasing Car Count (CC) is crucial. Whether an increase comes from new customers or existing ones depends on your approach. Most successful shops use a hybrid approach by running promotions to a general audience and outreach to current customers.

Some of the ways your shop can lift its CC include:

- Limited time offers
- Service follow-up calls
- Recall alerts with schedule maintenance reminders
- Referral and/or loyalty program promotions
- Seasonal reminders
- Shop videos on the impacts of deferred car maintenance

An important component to how you approach increasing Car Count is the impact on your shop. Available space is a concern because you don't want to overbook your service bays. This will certainly lead to customer frustration. And if you're not well prepared to take in a large number of new visitors, your shop can end up losing money per service because your team is working inefficiently.

On the flip side, a well-prepared shop can leverage new customers into long-term business following the first visit. Staffing is important to earning that business, so for example, [some experts recommend](#) a 3:1 technician to service writer ratio. The bottom line is when you focus on increasing your Car Count, make sure to have your intake process, service writing, bay time, and checkout managed and executed in a manner that reduces friction for your customers—old and new.

### **Success Impact: High**



## 7. IMPROVED WORK / LIFE HARMONY

New shop owners tend to be more stressed, less healthy, and overworked handling all the responsibilities of a small business owner. But no one ever gets into the auto repair business because they enjoy spending 16 hours a day working on their business, do they?

Research shows that people [work 21% harder](#) (yes, harder!) when they feel they have a good work/life balance.

Successful shop owners recognize this impact and provide themselves—and their employees—with a suitable balance, which leads to lower stress, better morale, and more productivity.

While there are some responsibilities that can't be avoided, many shop management functions can be handled with the help of technology. Particularly areas like financial management, inventory management, and marketing.

For example, auto shop technology solutions such as the [KUKUI All-in-One Success Platform®](#) automate marketing activities that used to be done either manually or by “stitching” together multiple digital marketing solutions.

The common thread across most successful auto shops is their implementation of technology to not only enhance service but minimize work hours as well. And when workload is reduced, you have more time to enjoy your life.

**Success Impact: Moderate**

### How Does KUKUI Drive Success?

Successful shops turn to KUKUI and our All-in-One Success Platform to help build efficient and productive operations. Through our functionality and support services you can streamline activities, target opportunities, and communicate with customers like never before. Here's how we address each Success Driver.

#### ONLINE PRESENCE

We start by building a customized website designed to showcase your shop effectively and engage new and existing customers. Each page is fully optimized to rank for local search. In addition, our platform strengthens your online reputation by digitally asking your customers to leave reviews for your business online to attract new customers and boost your online presence.

#### DATA INSIGHTS

The KUKUI platform gives you rich visualizations of easy-to-use performance analytics such as your shop's revenue, car count, customer conversion rate, email address capture rate, and more.

#### CUSTOMER RETENTION

With multiple customer retention capabilities, you're able to maintain consistent communication through text messages, email, and follow up calls that not only to increase your revenue but foster customer loyalty as well.



### AVERAGE REPAIR ORDER

Our robust data collection informs every relationship, so your shop can recommend additional work that keeps vehicles on the road and drives higher service tickets and customer satisfaction levels.

### NEW CUSTOMER ACQUISITION

As a Google Premier Partner, KUKUI offers you top quality Google Ads campaigns that can help grow your incoming leads and revenue.

### INCREASED CAR COUNT

With KUKUI's effective advertising and targeted promotions, your shop can build its daily pipeline to keep bays full and shop staff busy.

### WORK LIFE BALANCE

The All-in-one Success Platform is built to save you time by automating communications, providing customer insights, and improving call tracking. These efficiencies help lead to a healthier work-life balance.

*KUKUI has created an integrated suite of software solutions to remove as many complications from managing your auto repair business as possible. Once the KUKUI All-in-One Success Platform® has integrated with your shop management software, you will have access to tools that you had only wished were possible. Then you can join the many successful shops that KUKUI supports.*

For more information, visit [kukui.com](https://kukui.com)  
or call **(877) 695-6008**.