



EFG Companies Warns Dealers to Embrace Industry Paradigm Shift *- Digital Buying Habits, Millennial and Gen Z Consumers, and Women are Forcing Industry Change -*

DALLAS, TX (June 20, 2018) EFG Companies, the innovator behind the award-winning Hyundai Assurance program, today shared some of the top issues impacting the future health of the retail automotive industry. During a State of the Industry Address, President and CEO John Pappanastos encouraged dealership principals and senior managers to quickly address staffing and customer engagement models - or risk becoming a dinosaur in the rapidly changing consumer car-buying model. To view the EFG State of the Industry address, visit <http://bit.ly/2I58dNp>.

Hiring Challenges Impede Growth

The 2017 National Automobile Dealers Association (NADA) Workforce Study reported that retail automotive suffered from a 43 percent turnover rate (up two points from 2016). The automotive industry experienced an 88 percent attrition rate among female new hires, and a below average rate of millennial new hires when compared to other industries. Many retail automotive businesses lack a comprehensive plan to become an employer of choice, relying heavily on traditional "bell-to-bell" hours, commission-only payment plans, and limited training. According to Pappanastos, who recently received an honorary doctorate from Northwood University, the only accredited Automotive Marketing and Management program in the nation, dealerships must develop a strategic plan to hire, train, and promote the best and brightest employees to operate in a world where consumers are demanding a more digital buying process with a higher level of customer experience.

Mike Wilson, the general manager of Nyle Maxwell Chrysler Jeep Dodge Ram Supercenter, echoed those sentiments. "Many people do not realize all of the possible careers within a dealership – accounting, human resources, finance, marketing, etc.," said Wilson, whose progressive Austin, TX dealership boasts a low turnover rate. "My hiring criteria is the same as any other business. I want professional self-starters who are great in their field and are building a career."

Turnover and failure to recruit high-performing professionals directly impacts a dealership's bottom line. For example, a single poor hiring decision in F&I can easily result in up to \$75,000 in lost profit due to onboarding costs and lost production. The retail automotive industry's focus on daily operations also hampers leadership development and obscures the growth path for Millennial hires who, as a group, require opportunities for promotion.

Consumer Changes Demand New Skills

According to recent research from Cox Automotive, 80 percent of consumers want to complete at least half of the car buying process digitally. A 2018 Deloitte study showed that "dealers create a fragmented and inconsistent approach to the customer" which

leads to inefficient customer contact, inconsistent messaging, and ultimately failure to sell and build loyalty.

To address this paradigm shift in consumer engagement, EFG encourages its clients to embrace digital – quickly. “While I realize change is difficult, dealership principals must incorporate greater consumer-facing digital platforms into their dealerships,” said Pappanastos. “Failure to do so will result in lost revenue. We must remember the old adage of ‘meet the customer where they are.’ And today’s customer is clearly online.”

To facilitate this change, hire employees who are experts in online customer engagement and digital sales approaches. “More than 90 percent of our initial customer contact is online,” said Anthony Patterson, owner and dealer principal of Patterson Auto Group based out of Wichita Falls, TX. “We are looking for people who are social media savvy – good communicators – high multitaskers. Our sales people know that they may not meet the buyer until they pick up their vehicle. Our customers demand this type of engagement – and we’ve hired really smart people who have pushed our dealership into this new realm.”

In addition, Pappanastos encouraged dealerships to not lose sight of compliance. During a recent commencement address to the 2018 graduates at Northwood University, he highlighted character, as well as skills. “Job skills are easy to assess, what’s difficult is finding candidates who have solid character,” Pappanastos commented. “During these tumultuous times, dealerships must maintain a high degree of integrated compliance. The resulting fines, and damage to reputation, can result in significant business loss due to very clear and public online postings and reviews.”

During his State of the Industry address, Pappanastos’ remarks focused on the future health of the retail automotive industry and sounded a wake-up call to dealership principals to quickly embrace changing consumer buying preferences. With a nod to this year’s graduates, he encouraged future Millennial and Gen Z employees to seek out careers in retail automotive, noting the exciting changes, and their opportunity to make industry-wide impact.

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About EFG Companies

EFG Companies drives the industry’s highest-reported compliant F&I profitability through its distinct engagement model in which the company operates as an extension of the dealer’s management team. EFG addresses total dealership performance, and its client satisfaction Net Promoter score is higher than national corporate leaders such as Southwest Airlines, USAA Banking and Finance, and Nordstrom. Learn more about EFG at: www.efgcompanies.com.