

FixedOpsNews

Your Stores. Your Business. Your News.



Service, Parts & Accessories Quarterly Newsletter
May 2016



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Forward-Thinking Quote of the Quarter

"Every time we have an interaction with our customers, it is a moment of truth.

We handle this relationship well, and we win . . . we handle this interaction poorly, and we lose . . . it's really that simple."

– **Tom Doll**, President and Chief Operating Officer,
Subaru of America, Inc.



A NOTE FROM **GARY PALANJIAN**: VP, PARTS AND SERVICE

Simple Techniques to Improve the Customer Experience

Improving the Human Touch

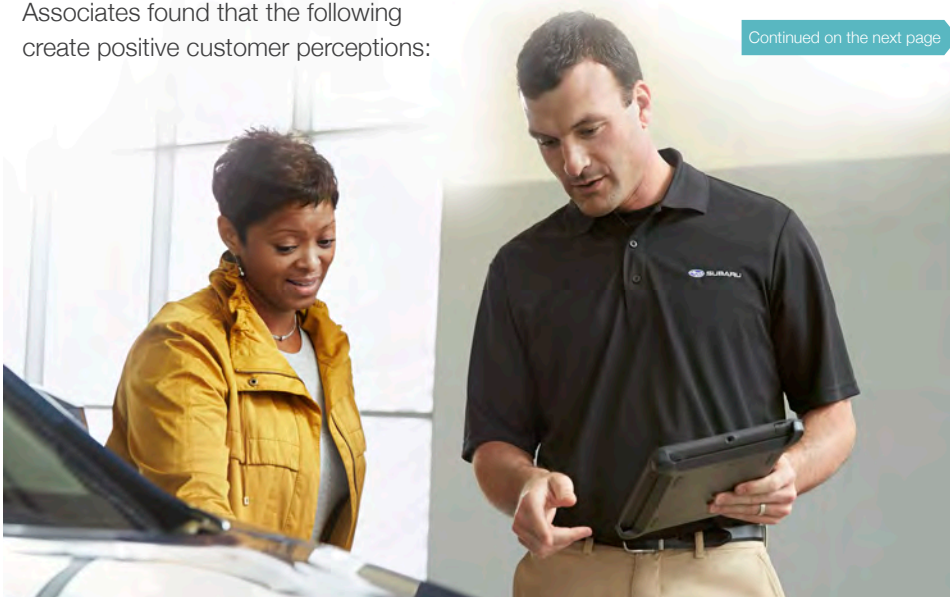
You probably won't find servicing vehicles on a fun to-do list, but that doesn't mean the customer's experience of doing so has to be negative. It's not difficult or costly to enhance the experience either. In fact, it's fairly easy – our customers respond well to courteous interaction. Although all of your employees should be positively engaged, your service advisors are the key representatives of quality service communication – this is how trust is built.

The CSI Study by J.D. Power and Associates found that the following create positive customer perceptions:

- ▶ Providing clear direction of where to park or enter for service before meeting advisors
- ▶ Advisors who greet customers at their vehicle, instead of them having search for help
- ▶ Advisors who stay engaged by asking questions while doing a walk-around inspection

We've seen these practices improve CSI scores at both lower- and higher-performing stores because they help meet customer expectations. Simple, genuine actions can be improved upon

Continued on the next page



by all of our retailers – from check-in to checkout – with minor tweaks in routine daily processes.

Fairness of Charges Explained

Beyond sustaining a friendly and inviting environment, it is important for your service advisors to discuss the “fairness of charges” with customers. J.D. Power found that 30% of Subaru owners paid more than they expected after service was complete. Subaru owners also pay higher out-of-pocket expenditures for oil changes and routine maintenance than most competitors. However, our customers rate the “fairness of charges” higher when accurate and detailed estimates are provided before the service to their vehicle begins, and when the charges are properly explained by service advisors at checkout. Are yours conveying this information consistently?

To combat this issue even further, we are introducing the Competitive Service Pricing Initiative later this summer. [You can read more about this on p. 5.](#)

Additional Learnings

District Parts and Service Managers (DPSM) and Field Service Engineers (FSE) will be working with stores on what to do about the CSI drop in percentage of “fixed it right the first time” (FRFT) repairs, and how to remedy any issues related to FRFT concerns. It’s important to keep in mind that retailers who consistently FRFT scored **176 points higher** than those who did not.

DPSMs will also be reviewing common issues pertaining to the “ease of scheduling” and utilization of our online appointment setting tool — Schedule Connect. Managing customer wait time can be improved by providing

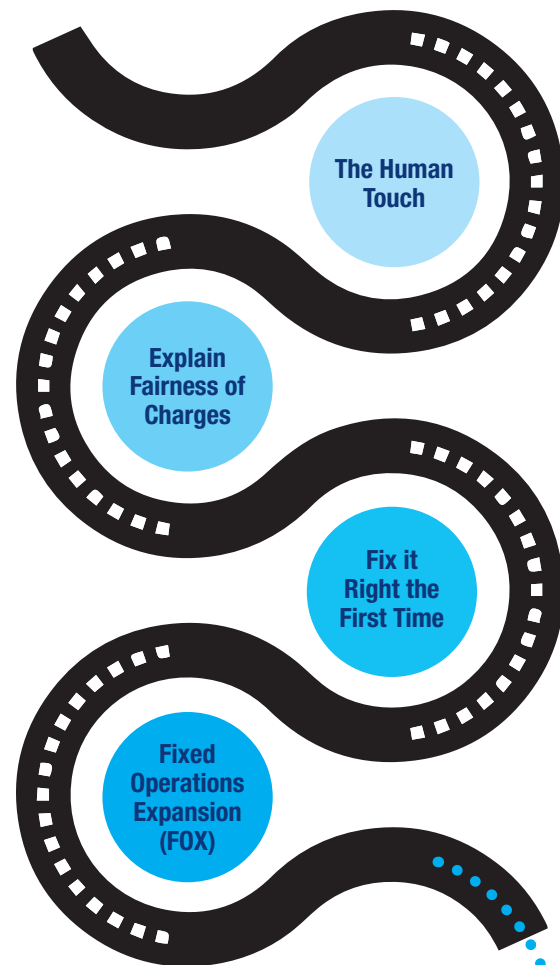
frequent and timely updates to customers with vehicles in service, whether they are in the service lounge or away from your store’s location. Doing so will also help improve CSI scores, and the overall customer experience at our service centers.

Invest in Progress

Subaru is committed to invest in programs that help our retailers become the go-to place for all our owners’ needs involving their vehicles. The consulting program conducted by J.D. Power has significantly improved almost 100 of our retailers with a 26-point increase in their CSI scores year over year. The Fixed Operations Expansion (FOX) has shown even more impressive results. Compare the Subaru average in the five sub-categories of the CSI Survey in the left column of the chart below to the average of retailers in the FOX program in the right column of the chart below.

These improvements will be crucial for our “conquest customers.” These owners have higher expectations from their previous vehicle brand, and are harder to satisfy. If we fail to provide a great customer experience, it will negatively affect their future loyalty with the Subaru brand.

CSI Road to Success.



Choosing to opt into these programs, and by making improvements based on the data from CSI Surveys, we can lift the customer experience to a higher level and increase business success – store by store – at the same time.

	Subaru Average	FOX Program	
		Non-FOX Retailer*	FOX Retailer*
Overall CSI	793	779	809
Service Initiation	811	798	827
Service Advisor	823	815	835
Service Facility	772	760	788
Vehicle Pick-Up	783	767	802
Service Quality	775	758	795

*J.D. Power matched VINs from the CSI study to specific retailer sales records to formulate these ratings.

The results mentioned in this section are based on J.D. Power and Associates CSI Survey 2016 involving 2,600 owners of 2013–2015 Subaru vehicles.

New Auto Playlist Feature

We are currently in the process of piloting a new feature for the Service Media Center (SMC) that will allow playlists to automatically update on a recurring basis with nationally selected, timely content. Our goal is to keep all retailers' SMC boards up-to-date with little effort. After the pilot period is complete, this feature will be available for any retailer to utilize. Stay tuned for national roll out details!

Having issues getting SMC online?

Contact LiveGuide Support:

Email: LGSupport@diciartform.com

Technical Support Phone: 866.571.3068 x1

Regular Hours: Mon—Fri; 8 a.m.—5 p.m.

Central Standard Time

 TECH TRAINING ENHANCEMENTS

Subaru-U is here!

We're proud to announce the official release of Subaru University, or Subaru-U. It's our new partnership program designed to combine the talent and resources of Subaru of America Inc., our 600+ retailers nationwide, and select NATE/AYES accredited secondary and post-secondary schools. By offering our Web Based Training (WBT) and other benefits to existing high-performing automotive programs, students can now take most of the entry level training that is required of all Subaru technicians.

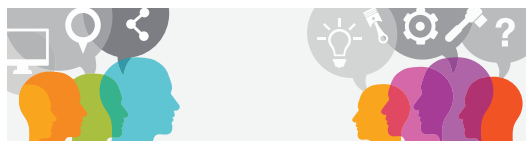
Subaru-U partner schools provide valuable knowledge of Subaru vehicle systems to better prepare students for possible employment at our retailers nationwide. Students who are apprenticed at a Subaru retailer – as well as school instructors – are eligible for additional training. Our retailers have the ability to take an active role with their local partner schools to help shape the technicians of tomorrow. We are continually improving this program, and we'll keep you updated as progress is made.

Questions on Tech Training? Contact:

Ken Benson, Technical Training Operations Manager
kben@subaru.com

Find out how to become a mentoring retailer at:

www.eyes.org/dealers.aspx



The Express Spotlight



In order to understand whether or not a particular process works, sometimes it's best to go straight to the source. We visited Joe Wajada, the General Manager of World Subaru in Tinton Falls, NJ to find out how Subaru Express Service was performing at his store.

Wajada chose to install Express Service to better serve the needs of his customers, and to improve his shop's capacity. He's satisfied that the program keeps the value of time a priority – getting customers from check-in to checkout for routine maintenance much more quickly than before. And the responses he's received have been noticeably positive.

With the growing fleet of vehicles in the market, Express Service has improved the efficiency and distribution of work for his service team. And according to him, his main shop technicians are pleased with Express Service. "They love it," Wajada says. "It gives them the ability to concentrate on more intricate work, mentor younger techs, and not have to stop the work they are doing on a long job to do an oil change for a 'waiter' – a case in which all parties suffer."



"Not only is Express Service profitable on its own, it has found jobs for the main shop, and allowed us to take more work in as well."

Beyond the favorable effects experienced by customers and technicians, Express Service is also making an impact for Wajada's bottom line. When asked if his store has benefited financially since the program's installation, Wajada emphatically replied, "Definitely! Not only is Express Service profitable on its own, it has found jobs for the main shop, and allowed us to take more work in as well."

World Subaru has embraced this "quick maintenance" option at their facility. It has helped them solve capacity issues, improve customer convenience, and increase parts and service sales. If you're interested in enrollment, contact your DPSM for more information about Subaru Express Service.



For details about Subaru Express Service, please contact your DPSM or email expressservice@subaru.com.

TOOLS OF THE TRADE

New A/C Refrigerant Equipment Requirement

Per the recent announcement posted on Subarunet, there will be a new air conditioning refrigerant (HFO-1234yf) debuting with the 2017MY Legacy and Outback models. All Subaru retailers will be required to have the equipment necessary to repair and service these vehicles at the time of vehicle launch – July 2016. Please make sure your store is prepared.



Equipment purchased through the Subaru Tool & Equipment Program meet all of the specifications for Subaru equipment requirements. Subaru highly recommends the use of this specific equipment.

For information, visit: [Subarunet > Service Operations & Technical > Service Tools & Equipment > Subaru Special Service Tools](#)

Think You Know Subaru?

In November 2015, Subaru pledged to donate \$15 million toward the the 2016 Share the Love Event, but due to high retailer contributions and record sales, the resulting donation increased to what amount?

- a) \$15,583,391 b) \$18,983,285
- c) \$19,190,428 d) \$16,230,003

Answer on p. 6.

PARTS DISTRIBUTION CENTER UPDATES

Ongoing Packaging Improvements

Subaru of America's Service Parts Packaging Team, in conjunction with our packaging engineer, continues to invest in new packaging methods and materials. We are addressing concerns associated with damaged parts, and unnecessary expenses incurred during shipping from Regional Parts Distribution Centers. You will notice some of these enhancements to the following items.

► Rear Gate Panel

The new packaging design for SG and SC rear gates will significantly decrease the amount of bent and rolled edges that occur during shipping. The Packaging Team is currently developing a concept for rear gates (past and present Legacy/Outback).



Rear Gate Panel Packaging

► Rear Door Panels

A reported 2.7% damage rate occurs to these panels during shipping. The new packaging concept almost doubles the impact resistance to the face of the door (Legacy/Outback). The insert works for:

- Sedan/wagon
- Current and past models
- Left hand/right hand
- 8 parts total



Rear Door Panel Packaging

TIRE PROGRAM

Beware of Unauthorized Tire Solicitation

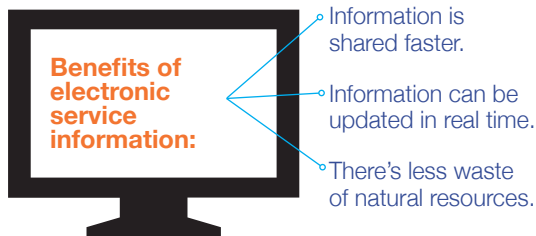
IMPORTANT NOTICE: Subaru of America, Inc. has received several reports from our retailers about outside tire distributors misrepresenting their association with Subaru of America, Inc., claiming that they have been approved by Subaru as an official tire supplier.

The **ONLY** official tire supplier for Subaru of America, Inc. and the Subaru Tire Center is **Tire Rack**. They are contracted to supply all of our retailers with a vast variety of tires to meet all OE and non-OE model requirements. Below are some important benefits of the Subaru Tire Center Program and Tire Rack:

- Nationwide competitive pricing
- Monthly price checks vs. other vendors to ensure the highest profitability
- Multiple exclusive Quarterly Volume Rebate Cash Back Programs (all brands)
- Monthly exclusive tire-brand specific, retailer incentive promotions
- Industry-leading selection and availability of over 1.5 million tires

Questions? Please contact the Subaru Tire Center, **Brady Wynne**: 866.981.3943 or your District Parts and Service Manager.

ALWAYS refer to STIS for the latest information EVERY TIME



In today's electronic age, paper is old school. Information printed on paper is immediately out-of-date since a revision could supersede it at any time – even while it's being printed.

Many of us remember when updates came in bundles of paper that had to be cut out and taped, or glued into bound service manuals. Then came the three-ring-binder service manuals and the packs of shrink-wrapped, three-hole-punched pages that had to be painstakingly replaced. And we know what happened next. Revisions to these manuals ended up in drawers, stuffed within the binders haphazardly, or were put on a shelf near the manuals – perhaps hoping they would update by osmosis. Ultimately, most of this valuable information was lost to the technician. Now – with electronic service manuals and bulletins – all service information arrives available for immediate use without any action needed by the retailer to ensure it is up-to-date.

The only obstacle that can prevent today's latest delivery of information from being used is the printer. Yes, the innocent printer. If your shop doesn't have enough PCs to go around, then invariably there is no choice but to use the printer. The problem occurs when information is printed, saved, and used over and over. While this may seem frugal, it can be costly to your business and Subaru as a whole. Unfortunately, we see this happen often. If you still find that you have to print service updates, please remember to recycle them as soon as you are finished referencing them, and refer to the STIS the next time for the most current information.

For the most current & authentic technical information, visit: stis.subaru.com

Subaru Service vs. the Aftermarket

We Dare to Compare

Late this summer, we are coordinating a major push to become more transparent with our customers. We'll introduce the Competitive Service Pricing Initiative (which includes customer-facing messaging) to inform owners how Subaru Service compares to that of the aftermarket. Our plan is to openly communicate retailers' service pricing and unique amenities, while comparing the current pricing of local, regional and national aftermarket service shops.

This effort will also tie into our upcoming "Why Subaru Service" marketing campaign that positions our retailers as the "expert choice" for service. Communications will promote Factory Trained Teams, Genuine Subaru Parts, Specialized Tools and free Multi-Point Inspections that are inherent in all stores. The end goal is to help remedy the negative perceptions in the minds of our customers about the cost of service at our stores.

Enrollment Details

The enrollment period has currently ended, and the competitive shopping process has

begun. If you opted out of this initiative in error, please contact your DPSM. The next step for all enrolled retailers will be to review your competitors and pricing when the data is available (see below for more details).

Shopping Comparison Process

The Pricing Comparison Tool may be accessed through the Marketing Resource Center (MRC) under the Parts & Service tab:

Subarunet > Marketing > Marketing Resource Center > Parts & Service

5/20 – 6/1: The tool will be available to review three competitors that have been selected for each retailer. This list will be based on one national, one regional, and one independent shop closest to each store. Retailers will have two weeks to change the listed competitors before the official "shopping" begins.

7/15 – 7/30: Four services will be shopped for individual retailers and competitors. Pricing data will be available at this time through the tool; if needed, please adjust/update your pricing during these two weeks to ensure you are competitively priced.

8/1: Marketing materials will utilize the competitive pricing data to be promoted through individual retailer websites, the SMC, Care Connect, and more.

Available Marketing Materials



Retailer website
(auto-populated)



Care Connect
market drivers
(new "Dare to Compare" templates)



Customer handout
(manual customization;
order through MRC)



Digital Showroom content

Pilot Program Successful!

As we release our national Wholesale Conquest Program this May, we want to thank our 20 pilot retailers for their participation between February and April. Here are some notable statistics from the pilot period:

- ▶ The average dollar total of converted parts (converted non-OE to OE) was over \$14,000 per retailer per month at MSRP
- ▶ The average number of converted parts (converted non-OE to OE) was over 55 per retailer month
- ▶ 80% of the non-OE parts that came through on estimates through CollisionLink were converted to OE
- ▶ For the retailers that were using CollisionLink before the Conquest Program started, the total number of non-OE to OE dollar conversions has more than tripled since the program began

It's important to point out that the number of parts included in the program will increase dramatically for the national launch. Parts Trader will be integrating with CollisionLink – which is SAF-eligible – leading to an increase in the quantity of estimates that will be available for the Subaru Genuine Wholesale Conquest.

ALTERNATE TRANSPORTATION PROGRAM

Service Rental Vehicle Updates

Effective April 1, 2016, two important enhancements were made to the Subaru Alternate Transportation Program (ATP). This program is designed to allow Subaru Retailers the opportunity to provide their customers with substitute rental vehicles when specific circumstances occur.

- ▶ A substitute rental vehicle will now be covered for eligible repairs performed during the Basic New Car Limited Warranty, Powertrain Limited Warranty and vehicle recalls; this program applies only to defects which have rendered an eligible vehicle inoperative, unsafe or illegal to operate
- ▶ Additionally, a substitute rental vehicle will now be covered when a scheduled repair requires two hours or more to complete

The complete Alternate Transportation Program Policy can be found in Section 8.4.7 of the Subaru Claims Policies and Procedures Manual.

Bowling for Love

The Service & Parts department at SOA formed "Team Subaru" to support a local New Jersey foundation's fundraiser called, Lenny's Friends with Wings.



www.lennysfriends.org

This foundation was created to help children with pediatric brain cancer. Proceeds do not go to research, rather, they go to the families of patients to help out with paying bills. The collected money is also available to purchase gifts for the hospitalized children of families who can't afford to do so otherwise. Ultimately, Lenny's Friends with Wings helps families with sick children during the here and now.

At the annual bowling event – held every February at Laurel Lanes in Maple Shade, NJ – Team Subaru helped the fundraiser reach \$20K in donations, and the money will be used to assist 10 families in need.



We want to know what your teams are doing to fulfill our Love Promise. Submit your stories via the Love Promise page on your individual store's website.

ACCESSORIES

New Accessory Tools on Subarunet!

On April 18, we introduced new retailer-facing and customer-facing accessory tools on Subarunet.

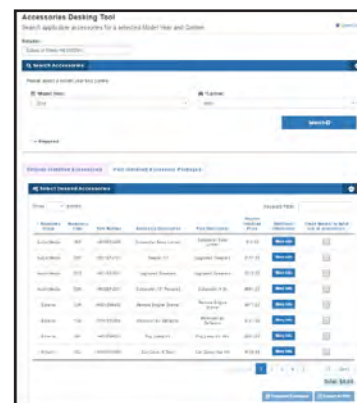
The Accessory Pricing Tool

This is an intuitive and powerful web service to price and market all Genuine Subaru Accessories, with applicable installation costs. It offers the versatility to simply set all accessory pricing at once with a discount from MSRP, Mark-up Over Cost, or a more in-depth approach by setting each individual model year and carline with varying pricing structures. This tool ensures everyone is viewing the most up-to-date pricing, and it allows pricing to be changed easily at any time. This service will replace the old Retailer Price Sheets and any previous Excel pricing/applicability tables.



The Accessories Desking Tool

This tool provides a customer-facing interface that allows applicable accessories for the vehicle of interest to be selected and priced. It will also estimate monthly payments for the selected accessories.



Trivia Answer: c) \$19,190/428

General comments/questions may also be sent to: fixedopsnews@subaru.com