



# Consumer Transparency Expectations

Managing Safety Recalls to Build Trust



# **Consumer Transparency Expectations**

## *Managing Safety Recalls to Build Trust*

**Survey Results of 1,000 Consumers in the Market  
to Purchase their Next Vehicle from a Dealership**



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# Consumer Transparency Expectations

## *Managing Safety Recalls to Build Trust*

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### Conclusions

***Automotive retailers can build customer trust by increasing transparency to consumers.***

The following six insights from survey respondents can help dealerships increase revenue, profitability, CSI, return customers, *while* saving time and money:

[1] **Transparency is vitally important to nearly every customer**, no matter what age, gender, income level or region; people expect quick and easy access to vehicle information and information about the quality of the dealership to help make their purchase decision.

[2] **Dealerships continue to score well with customers**, despite competitive threats from direct sales models such as Carvana and Vroom and online lead generators such as AutoTrader, CarGurus and Cars.com.

[3] **Using innovative technologies can help dealerships build trust**. Overall trust in dealerships is high, yet some consumers remain wary. Dealers must continue to earn trust.

[4] **Feeling safe is a critical driver for consumer choice**: Consumers frequently mentioned “Safety” as their driving consideration when looking for a dealership they can trust.

[5] **Dealers who ignore the safety recall process put their customer relationships in jeopardy**. Failure to find and fix open safety recalls can ruin previously positive customer relationships, completely undermine trust and cost dealers future sales service business and referrals.

[6] **Professionally managing safety recalls differentiates dealerships** in terms of sales, service and referrals. Consumers favored dealers who manage recalls 15 to 1 (service) and 24 to 1 (sales) over those who do not.



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### Executive Summary

#### How Does Dealership Transparency Impact Consumer Trust?

The automotive shopping experience has evolved dramatically over the past two decades. As more of the process has moved online, customers have access to in-depth vehicle information and information that allows comparisons of one dealership versus another. Consumers are more informed than ever before about vehicles and dealers' reputation. As a result, transparency has become an important expectation.

As the industry's leading provider of highly accurate, timely and comprehensive vehicle safety recall management services, solutions and information, AutoAp, Inc. sought to quantify several critical factors related to trust and transparency in automotive retailing regarding:

- The overall importance of dealer transparency to today's car shopper.
- The level of trust customers have with dealer and non-dealer vehicle sales channels.
- Why transparency is important and how it impacts vehicle and dealership choice.
- How safety recalls influence customer perception of transparency and trust.
- The potential impact of safety recalls on consumer purchase decisions.

To ensure valid and unbiased findings, AutoAp commissioned Valiant Market Research to survey 1,000 potential car shoppers – those who will purchase a vehicle within the next three years from a franchised or independent automotive retailer.

The online research was conducted between September 20 to September 24, 2022, and included a representative sample population by age, gender, income and geography.

#### **Transparency is Overwhelmingly Important; Dealerships Still Trusted by Vehicle Shoppers of all Demographics– *But Dealers have More to do to Build Trust.***

The findings clearly underscore how critical transparency is to consumers when they buy a vehicle. Consumers rate the importance of transparency at **92% (with 100% being extremely important)**.

**Transparency matters to every customer that searches online or walks through the door at every dealership across the country.**

Respondents also showed a high-level of trust for new vehicle dealerships (**80%, with 100% being the highest level of trust possible**). This is good news for dealers, as they are consistently threatened by new retail models such as direct-to-consumer and online lead providers. Currently, *new vehicle dealers have higher levels of trust than any other vehicle distribution model*. However, at 80%, this is something they must continue to improve and then work at keeping.

Given the high expectations about transparency from consumers, it's more important than ever for dealers to find new ways to share information with customers to continue building trust.

### Safety Concerns Drive Customer Transparency Expectations

A key insight into WHY transparency is so important was evident in survey participants' verbatim responses. **Safety was mentioned nearly five times more than any other attribute** as to WHY transparency matters.

**For dealers to succeed today, it is imperative that they continue working to gain customer trust and embrace innovative technologies to provide critical information to customers leading up to and at the point of sale.**

Their comments point to why safety is so important:

- "Safety of my family is the most important thing to me. If they don't tell me about these problems I will never trust them again."
- "My grandkids are in my truck often and this would give me peace of mind to make sure we are all safe."
- "I got in an accident that was caused by a recalled part. Luckily I was not hurt and my kids were fine, but I was mad."

### Vehicle Safety Recall Information Strengthens Consumers' Perspective of Dealership Trustworthiness and Builds Customer Relationships

To further understand the potential impact of transparency on customer behavior, the survey asked respondents to rate the importance of automated vehicle safety recall programs at the retail level. Customers clearly prefer a dealership that is transparent about, and provides resolution for recalls. (96% to 4% vs. those dealerships that do not).

### Implications For Automotive Retailers

Consumers' overwhelming need for dealership transparency is paramount for automotive retailing success today. What the survey clearly shows is that moving forward, automated safety recall management is extremely important to build trust.

Retailers who embrace this concept can provide customers with peace of mind, show true long-term concern for customers, keep customers safe and *increase perceived value of the vehicles they sell*.

**As automotive retailers continue to look for ways to differentiate themselves from the competition, safety recall management can significantly strengthen customer relationships and help close more sales.**

The following report provides insights into specific aspects of automated safety recall solutions and their impact on customer relationships.

# Consumer Transparency Expectations

## *Managing Safety Recalls to Build Trust*

### Overview

Transparency has become an increasingly important part of the automotive shopping process in the past two decades. Consumers are looking for as much information as possible to make an informed choice, about both the vehicle they choose and the dealer from whom they purchase.

Prior to the Internet, vehicle information was difficult to find and controlled almost entirely by the dealership and/or manufacturer. The playing field was tilted toward the dealer.

The dealer/customer dynamic started to change as more vehicle pricing and dealership information became available on the Internet. Today, consumers enter the dealership armed with knowledge and a better understanding of a vehicle's history, its true value and choices they have. Better informed consumers feel more empowered and more confident than ever before.

Rather than fight this trend, forward-looking dealers have embraced consumer demand for more transparency. This survey measured several factors related to transparency: First, how important is transparency to today's car shoppers? Second, how much do car shoppers trust dealers? Finally, how do certain technologies impact transparency and customer trust?

### Transparency Defined

Survey respondents were provided the following definition of transparency:

- Clear understanding of the vehicle pricing
- Clear understanding of the value of their vehicle trade-in
- Clear understanding of how the vehicle they are buying has been reconditioned\*
- Knowing how the vehicle was prepped for sale and the reconditioning\* & repair costs
- Showing proof that all open safety recall repairs have been completed
- No hidden fees, add-ons or unstated costs

Respondents were then asked, "How important is transparency to you when purchasing a vehicle, with 10 being extremely important and 1 being not important at all?"

Responses showed consumers overwhelmingly expect transparency to be part of the automotive retailing process, **rating it at a 92%, with 100% being extremely important.**

Responses were similar across all demographic groups. Women found transparency slightly more important than men (93% vs. 91%); desire for transparency was strongest among high-income shoppers, but only slightly less so for lower income shoppers (94% vs. 89%). It was similarly high – by age and by region as well.

\* The portion of the survey regarding reconditioning can be found at [www.rapidrecon.com](http://www.rapidrecon.com).

**The bottom line: Transparency is vitally important to nearly every customer**, no matter what age, gender, income level or region; people expect quick and easy access to vehicle and dealership information to help make their purchasing and servicing decisions.

### **Customers Still Trust Auto Dealers**

Next, respondents were asked to rate their trust level of various ways to purchase a vehicle. Franchised (new and used) vehicle dealers and independent (used) vehicle dealers finished in the top two spots at 80% and 72%, respectively, significantly outpacing other ways of making a vehicle purchase.

This is good news for dealerships. Trust is a key element in any relationship and dealerships continue to score well with customers, despite competitive threats from direct sales models such as Carvana and Vroom and online lead generators such as AutoTrader, CarGurus and Cars.com.

However, **20% of respondents do not trust franchised dealers**, so there is work to do. The challenge for dealers is two-fold. First, to ensure they do not violate this trust. Doing so would cede more business to emerging competitors. Secondly, to find innovative ways to continue to build trust. Dealers simply cannot remain complacent and expect customer trust to remain high. They need to employ processes and technologies that increase transparency, providing car shoppers additional vehicle information about specific vehicles and the dealership itself.

### **Dealers who Manage Safety Recalls Well Increase Sales, Service and Referrals**

To that end, this survey obtained insights regarding:

- [1] Car shoppers' perspectives on dealerships' efforts to identify and repair vehicles with open recalls prior to sale,
- [2] How a dealership's transparency about recalls impact customers' trust level, and
- [3] Does safety recall management help differentiate one dealership over another in terms of sales, service and referrals?

**The answer is a resounding yes on all fronts.**

Survey respondents were provided the following descriptions of two dealerships and how they handle the safety recall process:

#### Dealership A

- Displays and follows their Safety Recall Policy
- Manages safety recalls with a professional service provider software system.
- Will always disclose safety recalls prior to any vehicle sale.
- Will not sell a vehicle subject to a "Stop Sale" or "Do Not Drive" recall notification.
- Intelligently answers questions regarding safety recalls.

### Dealership B

- Has no Safety Recall Policy.
- Does *not* manage safety recall using a professional service provider software system.
- Does *not* have an automated recall management to avoid manual errors.
- Does *not* disclose safety recalls prior to any vehicle sale.
- Does *not* check to see if the vehicle is subject to a “Stop Sale” or “Do Not Drive” recall notification.
- Does *not* answer your questions regarding safety recalls.

There is a clear differentiation between dealerships who provide a professional, automated safety recall system and those who don't. Respondents heavily favored Dealership A's approach to safety recall management in terms of **purchase preference** (96% to 4%), **service visits** (94% to 6%) and **referrals** (95% to 5%).

### **Safety Requires Recall Transparency**

The power of safety recall management to impact customer sentiment toward a dealership stems from people's innate desire to feel safe. When asked to provide verbatim responses about *why* recall management services are important, *safety was mentioned five times more frequently than any other factor.*

**Some comments regarding “Dealership A” professionally managing safety recalls provide insights into what every dealer should know:**

*“Peace of mind knowing it's a safe vehicle”*

*“I like having a safe car to drive my kids in”*

*“Moms care about safety of their kids. That why I picked dealership A”*

*“I like that they thought about this and care about safety of its customers”*

*“My grandkids are in my truck often & this would give me peace of mind to make sure we are safe”*

*“Safety of my family is the most important thing to me.”*

*“Safety is so important these days.”*

*“Most important part of the car is safety and reliability”*

*“Most important thing is the safety of the vehicle!”*

*“Most people value safety and transparency. Dealership A gets it”*

*“I like their holistic approach to vehicle safety”*

*“Safety is the top thing I look for”*

### **Mishandled Recalls Violate Customer Trust, Impact Future Sales and Referrals**

The survey revealed that *mismanaging* vehicle recalls – specifically, selling a vehicle with an undisclosed, unrepaired safety recall – was a surefire way to lose trust with car shoppers.

Respondents were asked “If you discovered that you purchased a vehicle from a dealership with an unrepaired safety recall, how likely would you be to purchase from that dealership in the future?”

**Respondents overwhelmingly (92.5%) said they would not buy a vehicle from that dealership in the future, if they sold them a car or truck with an unrepaired safety recall.**



Verbatim responses also provide insights into how dealers can improve trust:

*"Safety of my family is the most important thing to me. If they don't tell me about these problems I will never trust them again."*

*"Not telling me about recalls is shady. I won't buy a car from a dealer like that."*

*"No way would I ever trust them again."*

*"Dealers should be more like Dealership A but most are like Dealership B"*

*"All dealers should stand by their product. Most don't"*

*"I don't really trust any dealers but Dealership A is trying"*

*"I used to work at a dealership and they do this all the time. Customers need to never trust dealers..."*

*"Not sure I would trust the dealership anyway, they are always trying to sell cars with problems"*

*"Who wants to deal with a scam dealership - not me!"*

*"Would never deal with a dealer like Dealership B"*

As we all know, someone who feels slighted by a dealer will tell far more people than one who was treated right.

## Automated Technologies Increase Transparency

The survey also asked if an automated safety recall system in place at a dealership would impact a respondent's purchase decision. Eighty-five percent of respondents said it would *positively* impact their decision.

Finally, the survey asked if a dealership identified used vehicles on their lot that have been 100% verified to be safety recall-free, would you be more likely to purchase that vehicle?

***Eighty-five percent of respondents said they would be more likely to purchase a vehicle if it was verified to be free of unrepaired safety recalls.***

This shows potential for dealers to tout their safety recall management efforts. If a dealership has taken measures to ensure their vehicles are verified to be safety recall free, *let potential customers know by providing visible branding in the dealership and on the vehicle, as well as verbally during interactions with salespeople.*

**Dealership transparency is one of the most important elements to building trust, which increases current and future sales and boosts service visits.**

## Dealer Transparency Required for Consumer Trust

### Disclosing Vehicle Safety Recalls is a Critical Element to Build Dealership Transparency

Respondents were very clear. Transparency matters, and it is one of the most important elements to building trust between dealerships and customers.

Customers place a high value on their own, and their family's, personal safety. They want to know the vehicle they purchase is free of any open safety recalls and safe to use for themselves and their families. *How a dealer handles open vehicle safety recalls is a direct reflection of whether or not they truly value their customers as people.*

Dealers who embrace an *automated* safety recall process – and *clearly communicate* this to customers – can build trust, gain more sales and service business and obtain additional referrals.

**Dealers who ignore the safety recall process put customer relationships in jeopardy. Failure to find and fix open safety recalls can ruin previously positive customer relationships, completely undermine trust and cost dealers future sales, service and referrals.**

Dealers looking for a key point of differentiation in a crowded and competitive retail market will need to continue to build and maintain trust. Vehicle safety recalls provide an avenue to build additional transparency and trust, ultimately leading to better long-term relationships, additional sales and service business and customer referrals.

## Recommendations

Dealers can increase revenue, profitability, CSI and customer loyalty, while saving time and money, by increasing transparency to consumers. Four simple actions will get you going. The first two do not cost anything and the third and fourth should pay dividends many times over.

- [1] Recognize that transparency is essential to outcompete in your marketplace.**
- [2] Make a commitment to improve transparency.**
- [3] Find and implement innovative processes and technologies to continue to build trust – especially when it comes to consumer safety.**
- [4] Communicate your commitment to safety to prospective customers, in sales, service, parts and F&I.**

**Free Resources:** Improve Compliance, Increase Revenue, Save time & money

**[1] Policy Template**



Email [compliance@autoap.com](mailto:compliance@autoap.com)

**[2] Best Practices Whitepaper**



Email [compliance@autoap.com](mailto:compliance@autoap.com)

**[3] Performance Assessment**



[www.autoap.com/assessment](http://www.autoap.com/assessment)

**[4] 2022 Industry Report**

**SAFETY RECALLS**  
STATE OF THE RETAIL INDUSTRY

[www.autoap.com/industryreport](http://www.autoap.com/industryreport)

**[5] Book**



[www.autoap.com/thinkyouarecovered](http://www.autoap.com/thinkyouarecovered)

# Consumer Transparency Expectations

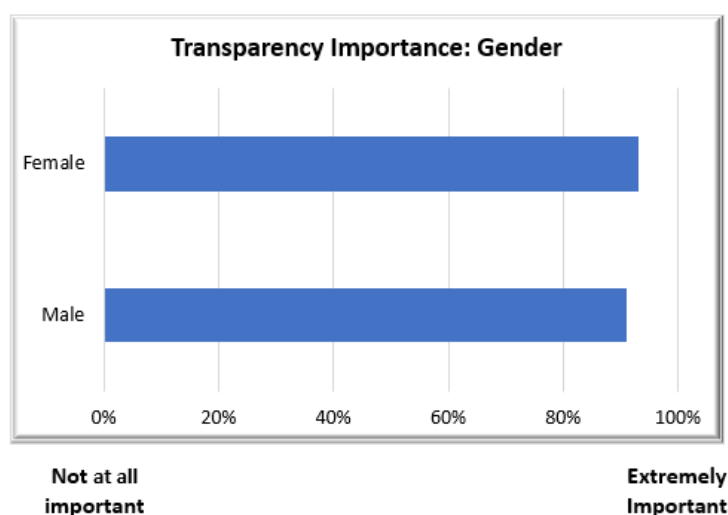
## *Managing Safety Recalls to Build Trust*

### Appendix A: Survey Results

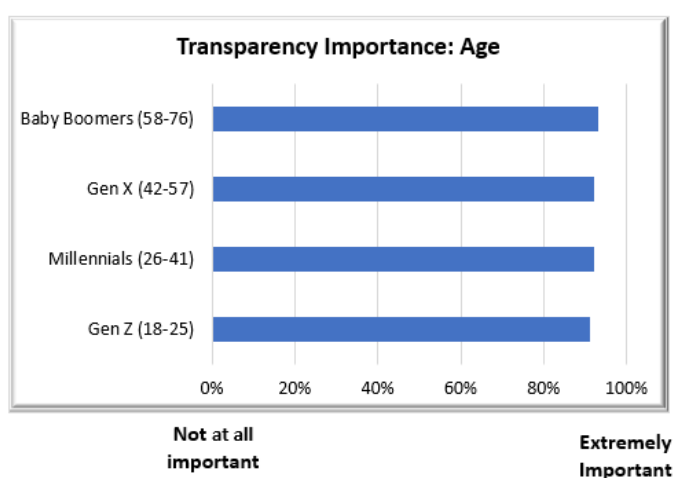
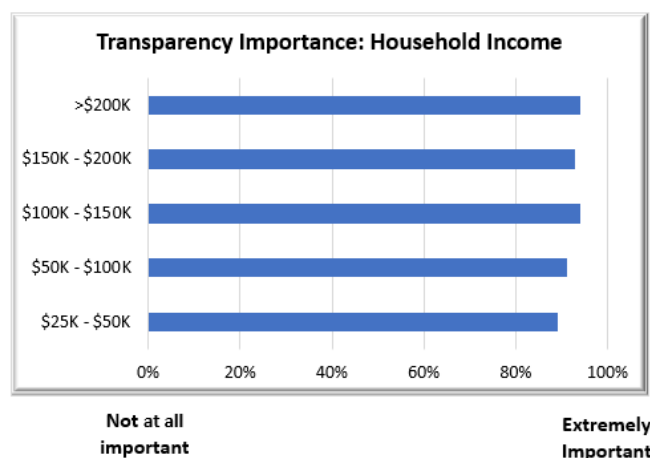
Provided below are the closed-ended survey responses used to develop the Industry Report. Some questions were rated on a scale of 1 to 5 while others 1 to 10. In order to provide consistent reporting and tie all responses together, all results were translated into percentages, on a scale of 0% to 100%, where the lowest rating (1) equals 0% and the highest rating (5 or 10, depending on the question 'range') equals 100%.

#### Survey Responses

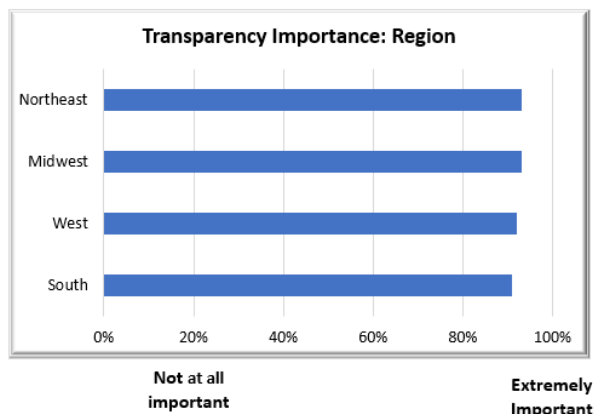
**[1] How important is transparency to you when purchasing a vehicle, with 10 being extremely important and 1 being not important at all?**



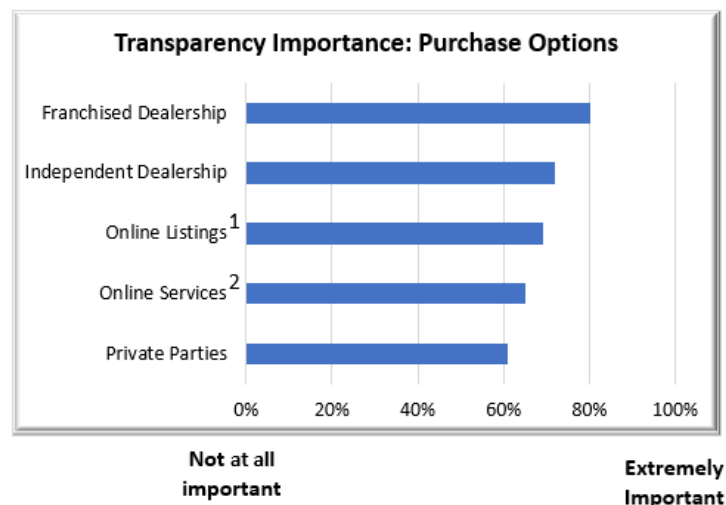
**[2] Responses across demographic groups.**



## **[2] Responses across demographic groups.** (continued)



## **[3] Please indicate your level of trust in the following vehicle purchase options.**



Notes:

[1] Examples: AutoTrader, CarGurus

[2] Examples: Carvana, Vroom

## **Description**

The following description of two dealerships were provided to respondents, so they could compare one dealership ("A") against another one ("B").

## **SAFETY RECALLS**

- Unresolved vehicle safety recalls can be dangerous to you, your passengers & those around you.
- About 20% of all vehicles on the road have one or more open safety recalls.
- Recalls can be issued at any time affecting both consumers' and dealerships' cars and trucks.
- It can be difficult for even the most diligent dealership to stay on top of recall notices.

**Q310.** Imagine you are about to purchase your next vehicle and deciding which dealership to visit. The vehicle you are considering buying from each dealership is exactly identical including option packages and the purchase price.

Of the two dealerships you are considering visiting, one dealership treats safety recalls differently than the other dealership:

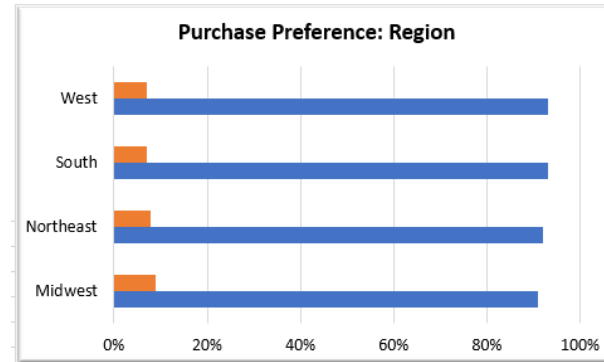
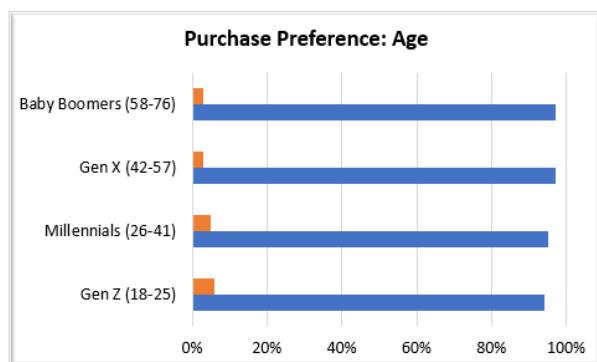
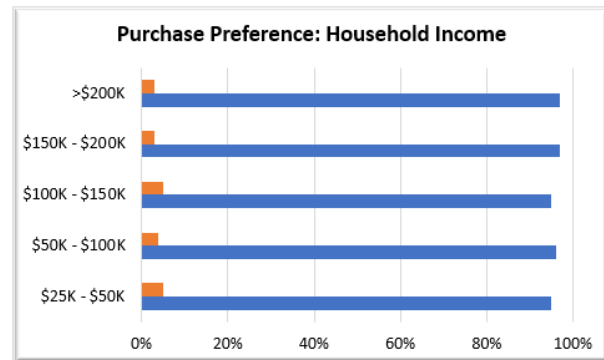
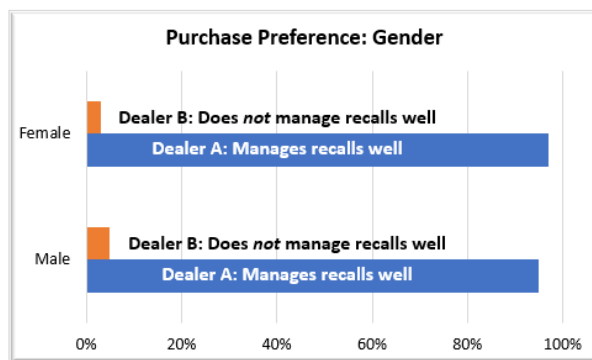
### Dealership A

- Displays and follows their Safety Recall Policy
- Manages safety recalls with a professional service provider software system.
- Automates recall management to avoid manual errors.
- Will always disclose safety recalls prior to any vehicle sale.
- Will not sell a vehicle subject to a “Stop Sale” or “Do Not Drive” recall notification.
- Intelligently answers your questions regarding safety recalls.

### Dealership B

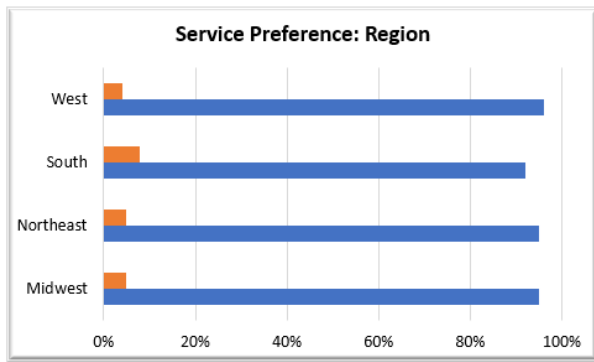
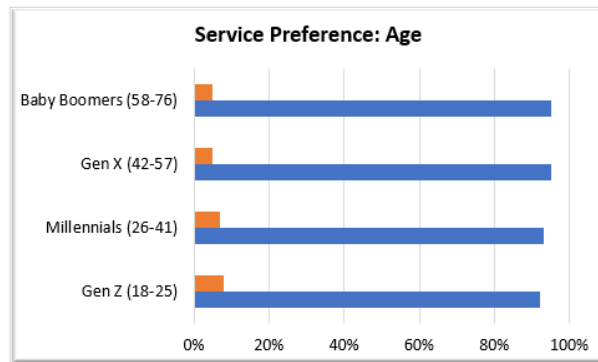
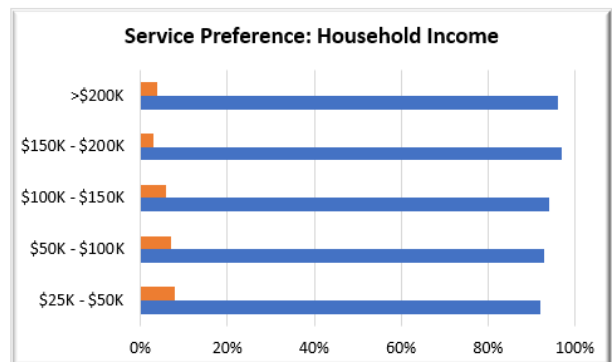
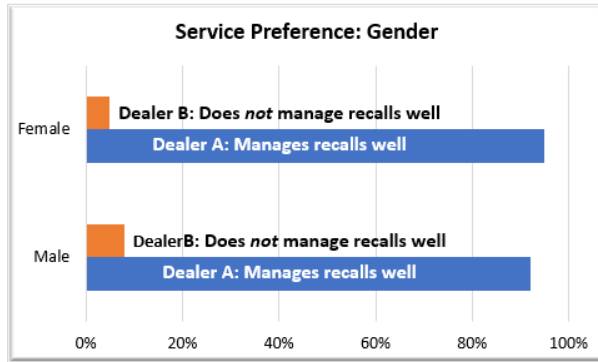
- Has *no* Safety Recall Policy
- Does *not* manage safety recall using a professional service provider software system.
- Does *not* have automate recall management to avoid manual errors.
- Does *not* disclose safety recalls prior to any vehicle sale
- Does *not* check to see if the vehicle is subject to a “Stop Sale” or “Do Not Drive” recall notification.
- Does *not* answer your questions regarding safety recalls.

### [4] Which dealership would you prefer to *purchase* your next vehicle from?

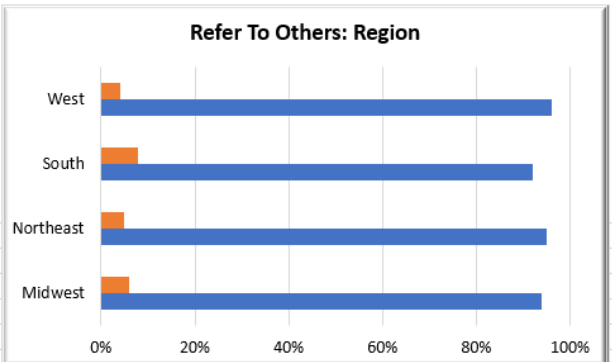
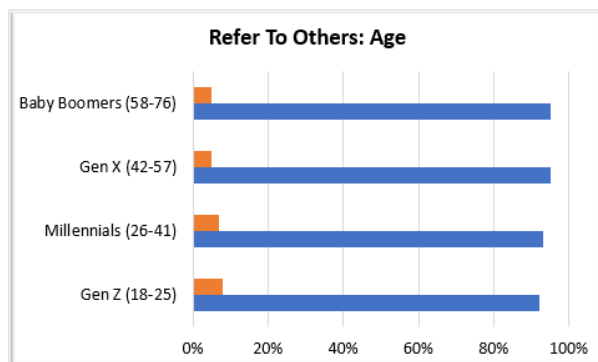
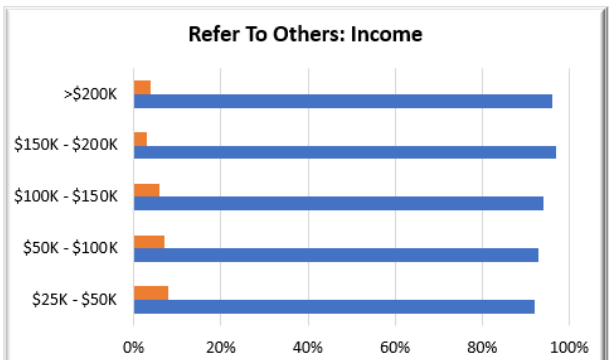
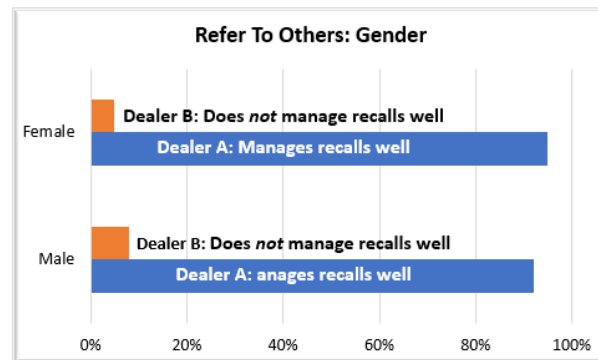




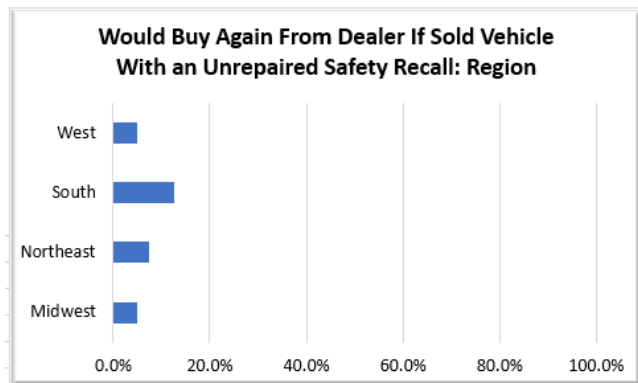
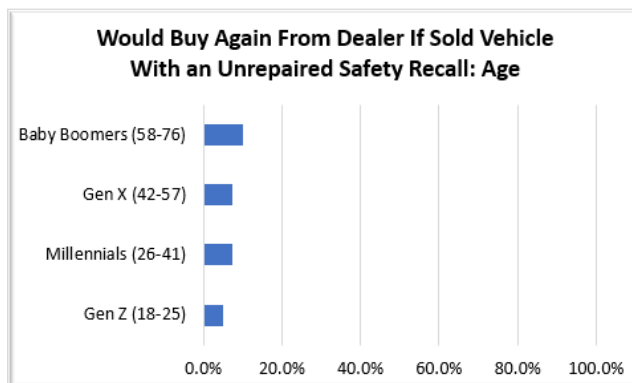
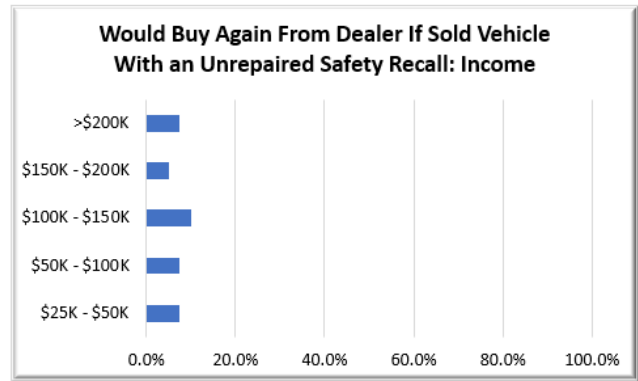
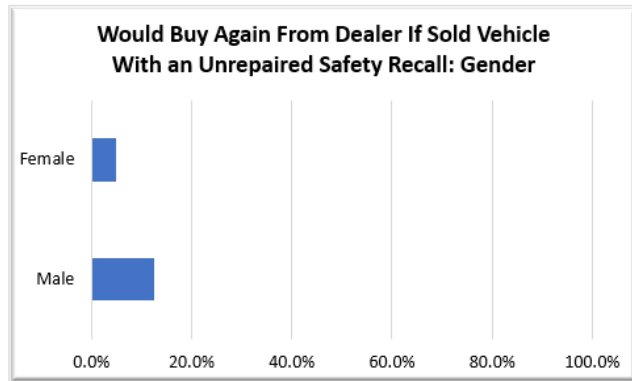
**[5] Which dealership would you prefer to have your vehicle *serviced* at?**



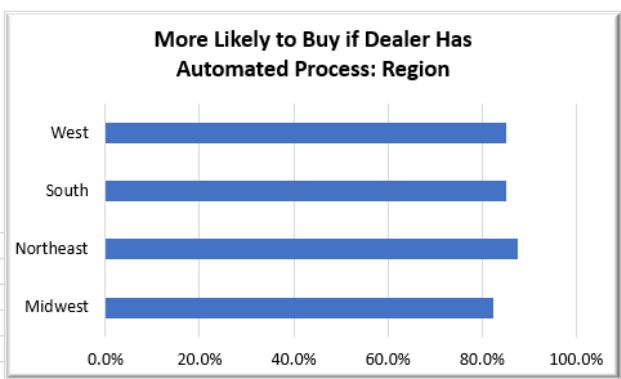
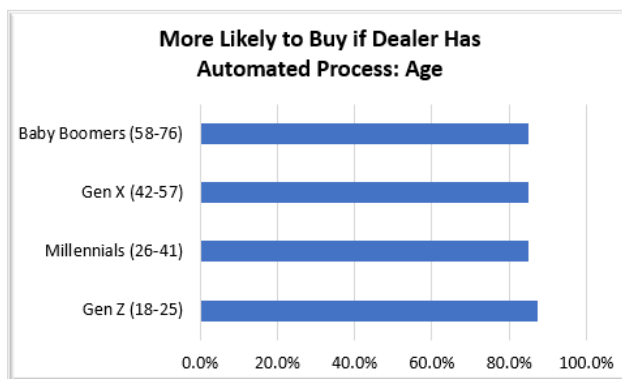
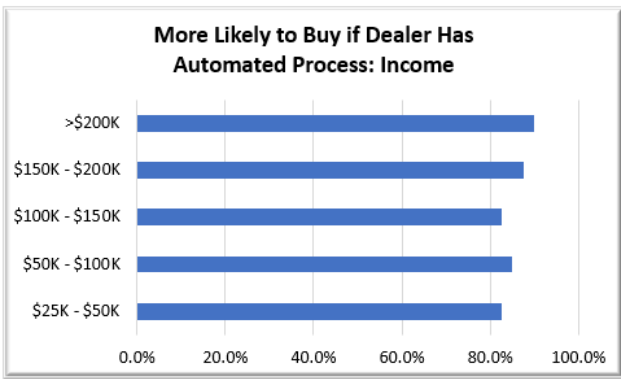
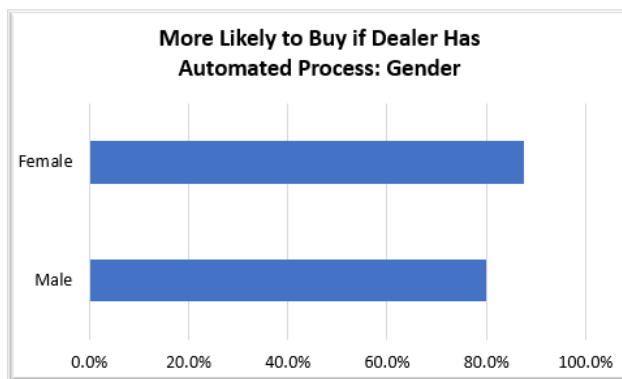
**[6] Which dealership would you refer to others?**



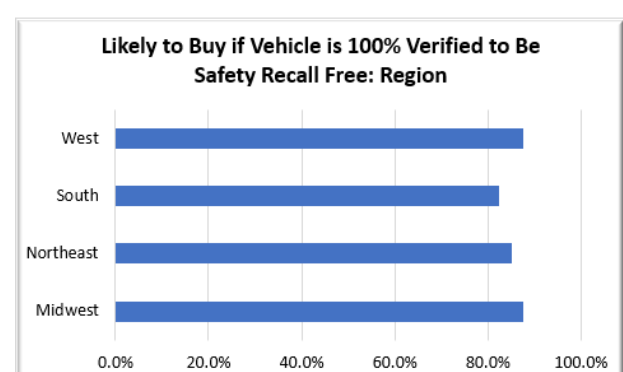
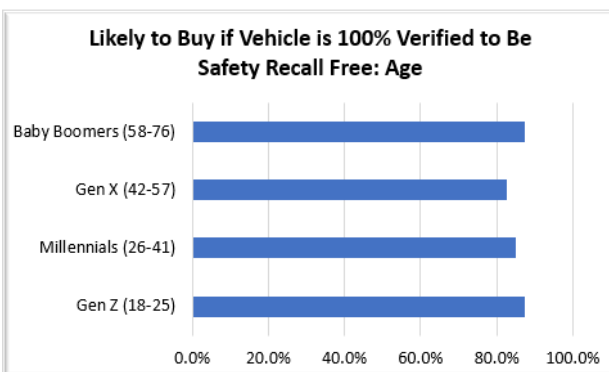
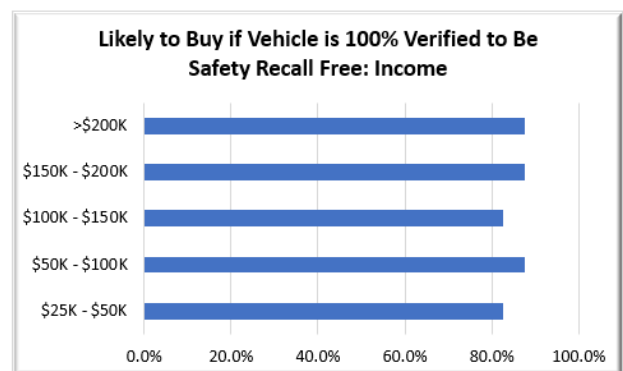
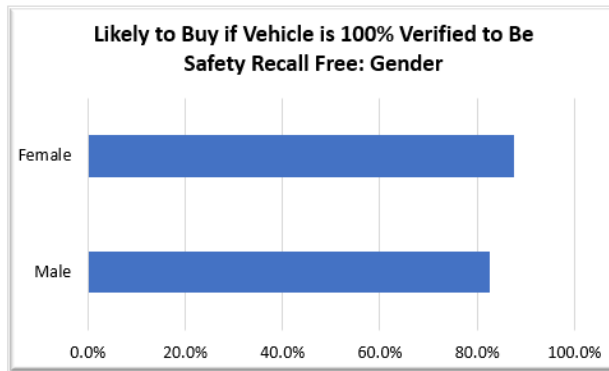
**[7] If you discovered that you *purchased a used vehicle from a dealership with an unrepaired safety recall*, how likely would you be to purchase from that dealership in the future?**



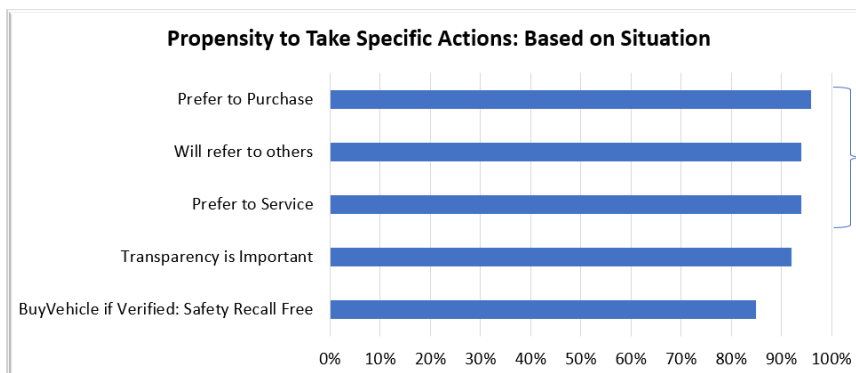
**[8] If a dealership had an *automated process* in place to help identify used vehicles with open safety recalls, would you be more likely to purchase from that dealership?**



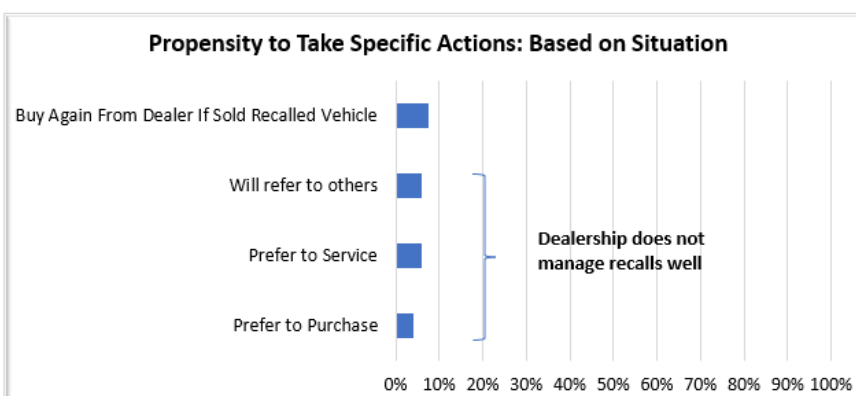
**[9] If a dealership identified used vehicles on their lot that have been 100% verified to be safety recall-free, would you be more likely to purchase that vehicle?**



**Summary of all responses**



Dealership manages recalls well



Dealership does not manage recalls well

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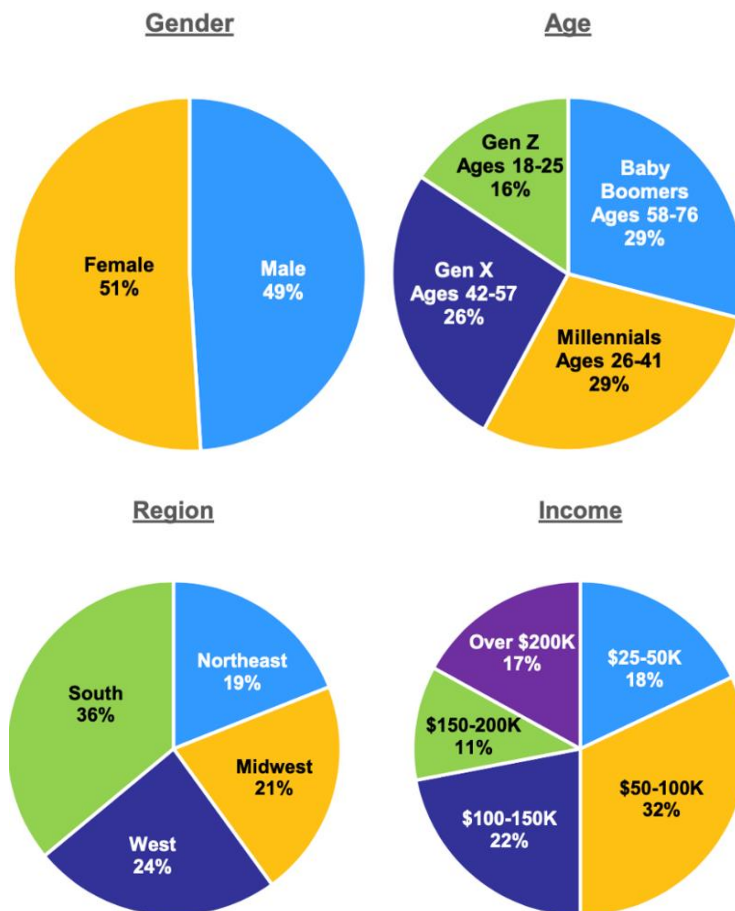
### Appendix B: Research Methodology

**Overview** – Valient Market Research (“Valient”) conducted a twenty (20) question, twelve (12) minute online survey within three (3) year vehicle purchase intenders. Questions pertaining to reconditioning transparency are not included in this report.

**Sample Source** – 1,000 consumer completed surveys from Qualtrics U.S. Consumer Panel – Vehicle Purchase Intender.

**Data Collection** – Data collection occurred from September 20-24, 2022.

**Survey Quotas** – In total, Valient collected one thousand (1,000) survey completes with the following respondent demographics:



# Consumer Transparency Expectations

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### Appendix C: About AutoAp, Inc.

AutoAp provides safety recall solutions for franchised and independent auto retailers, fleet owners/managers, rental car companies and anyone who buys, sells, manages, loans on and insures vehicles. AutoAp also provides integrated solutions for partners serving these markets.

Those who manage vehicles can be unaware of the complete liability and financial impacts that safety recalls have on their operations. Worse, there are significant safety recall data errors and timing delays from SaferCar/NHTSA, VHRs and even OEMs.

Those who sell and de-fleet vehicles can unknowingly sell (and buy) vehicles with open safety recalls.

AutoAp's services solve these problems by providing clients

[1] The industry's most accurate and timely recall information.

[2] Comprehensive reporting, auditing and alerting solutions.

[3] On-demand business intelligence insights into their liability and financial impacts, with tailored and actionable recommendations to increase profits, decrease liability while saving time and reducing costs.

AutoAp has invested more than 50,000 hours over the past nine years to develop the technologies to provide valuable and unique solutions to overcome the errors, delays and general 'recall mess' that exists. Dealerships, rental car companies, fleet owners and managers rely on quality and timely information upon which to make better acquisition decisions and stick with AutoAp at a nearly 100% retention rate. Once they use our services, they have peace of mind, and realize how much easier things are and how much risk they had before.

Find out more at [www.autoap.com](http://www.autoap.com) / [www.recallpeaceofmind.com](http://www.recallpeaceofmind.com).

#### **Obtain your personalized Safety Recall Performance Assessment**

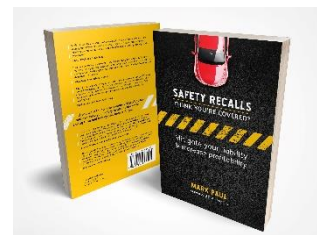
*If you think your operations are all 'buttoned up', why not find out if they are?* The Safety Recall Liability Score\* (SRL Score™) is a proprietary AutoAp metric and is part of our Safety Recall Performance Assessment. It is a process whereby dealers can quickly access their own dealership's recall management performance, and with one simple KPI, determine how much money they are losing, how they compare with others in their industry, along with specific recommendations to take to dramatically improve their score, thereby reducing liability, increasing profits and improving compliance. If you are a franchised dealer, you can obtain your no-cost Safety Recall Performance Assessment (score and recommendations) by going to [autoap.com/assessment](http://autoap.com/assessment) and using "IndustryReport" for the 'reference'.



[autoap.com/assessment](http://autoap.com/assessment)

#### **Learn the *truth* about the Broken Safety Recall Ecosystem**

Are you a franchised or independent dealer, fleet manager, rental car company owner or provide services to these markets? Obtain your copy of the industry's reference book on this important topic. Learn how to reduce your liability and increase profitability.



[reduceliability.com](http://reduceliability.com)