



8 INSIGHTS TO GROW YOUR SALES IN 2021



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*By The Snap Finance
Retail Enterprise Team*

WHEELS, TIRES AND AUTO SERVICE CUSTOMERS CHANGED DURING COVID.



YOU CAN CHANGE TOO, TO MEET THEM WHERE THEY ARE.

With our country still reeling from 2020's widespread business closures & losses of jobs, many Americans are tightening their belts and their budgets. They are stressed about income, saving more, and spending carefully. In some ways, this is having a positive effect for a select group of people: for example, the personal savings rate – how much people save as a percentage of their disposable income – hit a historical high of 33% in April of 2020, according to the U.S. Bureau of Economic Analysis.¹ However, many Americans are struggling. And for both groups, higher ticket items like new tires and auto service are unplanned expenses.

There is good reason for optimism in the long term. The Vehicles in Operation forecast from the Auto Care Association predicts that more than **300 million passenger cars and light duty trucks** will be on the road by 2024, and with **an average vehicle age of twelve years** that year, many of these vehicles will need service, repairs, and new tires.²

But what about the near term? As you're working to grow company revenues and take care of customers who are concerned about their budgets, what is the best way to drive sales? We mined the automotive and other industries for best practices and innovative ideas.



1

GO DEEPER WITH CUSTOMER CENTRICITY

Rohit Deshpande of the Harvard Business School points out that as customers' thinking and behaviors have changed, it's time to shift your thinking and behavior, too, in order to meet them where they are making buying decisions. In an article published in the summer of 2020, he wrote:

“ It is even more critical for firms to become more customer-centric by researching & understanding their customers' new problems caused by fear, isolation, physical distancing, and financial constraints, and attempt to structure their offerings to meet these new unmet wants and needs.” ³

Take the time to ask your customers key questions: what is important to them? What causes them to hesitate to make a purchase? The goal here is to understand their stressors and problems, and how you can solve them. Don't forget to connect with those who have made recent purchases, as well as those from whom you have not heard in a while. Learning about the changes they have made, or the concerns they have, is a great way to make little (or big) adjustments to meet their needs and provide the level of service that builds customer loyalty.



2

GET YOUR DIGITAL (AND MOBILE) HOUSE IN ORDER

E-commerce surged in 2020, as shoppers turned to their laptops and mobile devices rather than “brick and mortar” stores.

This trend is expected to continue: a report from eMarketer estimates that e-commerce will reach 14.5% of all retail sales in the U.S. in 2021, an all-time high.⁴ According to pymts.com, two-thirds of shoppers expect to continue shopping more from home, in the future.⁵ Even more compelling is the continued rise of mobile devices: **54% of e-commerce sales this year are expected to be made on a mobile device.**⁶

While selling online is nothing new, many retailers weren't ready for this shift. A *Harvard Business Review* discussion about the “new normal” demands that businesses invest in the digital infrastructure that is so important to customers, if they have not already.⁷

It's critical to stress test your website, e-commerce, and other platforms, to make sure that they can handle spikes in traffic. Also, make certain that your website – and the entire online buying experience – is optimized for mobile.

Even if your audience skews older, don't assume that the need for these improvements don't apply to you. Shoppers aged 45 and above are buying online more; eMarketer points to a 5.8% increase in 2020.⁸



3

BUNDLE PRODUCTS AROUND CUSTOMER EXPERIENCES

Many retailers are turning to product bundling to increase cart size as well as create opportunities for multi-brand collaborations. Think about the entire experience of your product, not just the tires and parts themselves. For instance, now that car travel is the dominant trend for spring and summer vacations, there could be opportunities to market new tires along with products related to outdoor activities like hiking, camping, and road trips.

Canadian Tire, with 500 locations across Canada, sells a wide range of products – from auto parts to cookware to tools. In the 3rd quarter of 2020, they recorded a 25.7% rise in sales, compared with the same quarter in 2019.⁹

“With ongoing travel restrictions and limited entertainment options... families came to us to enable their creative summer vacation plans such as backyard staycations, camping and road trips,” Canadian Tire president and CEO Greg Hicks told investors on a call. “We believe that the macro trend with respect to the one-stop shop is here to stay.”

Even when a brand is not a one-stop shop, there are opportunities for bundling. Consider Peloton, which bundles their exercise bikes (hardware) with classes via their app (software); the company had a banner year in 2020.¹⁰ According to the Head of Strategic & Analytic Services at Oracle CX Marketing Consulting: consumer product goods brands could offer a “cleaning bundle” that might include detergent, hand soap, cleaning wipes, and other products.¹¹ Whether you look for other automobile-related products or think further afield, the key is to bundle around the customer experience.



4

THINK TOWARD THE UPGRADE

TaylorMade, the iconic golf club brand, increased their direct to consumer sales through an innovative and unique upgrade program. TaylorMade customers who finance purchases have the option to keep or exchange their clubs toward the end of their payment plan. If they choose to upgrade to the latest models, their previous payments apply toward the new set of clubs.

The same approach could be applied to wheels, tires and auto service, as a high-value purchase. Consider going beyond trade-in credit on “old tires for new,” applying TaylorMade thinking to these purchases. Offer initial major purchases on an installment plan, and then the possibility of an upgrade near the end of the loan term, with payments already made applied toward the upgrade.



5

GET CREATIVE WITH YOUR PROMOTIONS CALENDAR

Once upon a time, retailers followed a set calendar for sales and promotions, but this changed when Amazon introduced Prime Day. Now, any day can be a holiday.

Create special occasions for promotions, ad hoc. For example, spring break travel is a perfect opportunity; according to eMarketer, domestic travel – particularly car trips – will be the most popular form of leisure travel this year.¹² Other options could be hunting season, or the re-opening of popular vacation sites as restrictions are loosened.



6

CURBSIDE SERVICE

In recent months, the familiar concept of buying online, picking up in store has seen a major twist: picking up your order curbside. From grocery stores to fashion houses, more retailers are offering this service for the peace of mind of their customers.

AutoZone has been offering curbside pickup since last March: customers place their order on the web or AutoZone mobile app and receive a confirmation email once it is ready. They can pick up their order in the store or have it delivered to their vehicle in the parking lot.¹³



7

RESIST THE TEMPTATION OF DEEP DISCOUNTING

To drive sales, some retailers are running discounts. This approach offers short-term gains, at the risk of damaging their brand.

Steep discounts are certainly an option, especially to clear inventory at a minimum. But it is instructive to look at the culture of discounting that spread during the 2008 financial crisis, and the challenges it posed to recovery during an already-challenging time.

According to Marketplace.org:

“Retailers deeply discounted items to pad their bottom lines, and customers got used to that. Combine that shift in mentality with the rise in dominance of e-commerce, where finding the best deal can be done in pajamas, and you have an entirely different consumer... much of the retail world today is permanently on sale.”¹⁴



8

OFFER ACCESSIBLE PAYMENT PLANS

As many as 40% of your customers, if faced with an unexpected expense, would be in serious trouble.¹⁵ Splitting large payments into monthly installments for your customers expands affordability, by reframing prices in terms of payments that are budget-friendly. Customers want the flexibility of paying over time, without putting an item on a credit card. McKinsey & Company notes that flexible payments are gaining momentum¹⁶; Business Insider has gone so far as to say that once the crisis is over, monthly payments may remain a popular alternative to credit cards.¹⁷

With Snap Finance, your customers could be approved for up to \$3,000, and you get paid within 24-48 hours — even if they have bad credit or no credit. So your customers can get the tires or other automotive supplies when they need them, without worrying about stressing their budgets or breaking the bank.

2021 will continue to require changes in how companies do business, changes that could very well last beyond the calendar year. By offering the flexibility of a fixed, budget-friendly monthly payment, you can not only help your clients make key purchases, but also boost sales of higher-priced items.



To learn more, contact our
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CITATIONS

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