

TRENDS IN MOBILITY

5 Do's and Don'ts of Subscriptions for Dealers

Businesses around the world are embracing subscription programs, the recurring revenue they provide and the step toward mobility they foster. Set yourself up for subscription success by considering these five do's and don'ts before you launch your program.

DO

Consider the value proposition that subscription service provides consumers in your market.

More and more consumers find the idea of access to a vehicle without the commitment of ownership appealing; but in many cases, there is a more practical case for subscriptions.

Examine your market carefully, and consider factors that could make subscription even more attractive for drivers.



Do you operate rooftops near a university? Some grad or international students could benefit from having access to a vehicle during the school year.



Are taxes a factor in your state or country? Subscription service Dribe, which is powered by flexdrive, launched in Denmark to help Danish drivers avoid the 100-plus percent sales tax rate tied to purchasing a vehicle in that country.

These are just a couple of examples of how subscriptions can be a particularly good fit for consumers in certain markets.

DO

Take care of the administrative details that set you up for subscription success.

Insurance – Diligence on the front end is key

It's critically important for your insurance agent to buy in and understand the idea of a subscription platform. This concept is likely new for them and includes an element of risk on their end as well. It can be a lengthy and complicated process going the insurance route alone on subscription, so consider subscription partners that have already paved the path forward.

Factor in small costs

Have a plan in place to manage small costs that pop up, including tickets and tolls. Consider how covering these charges will be communicated to your subscribers and recouped on your end.

Consider your fleet management operation

Launching and running a subscription program will create a fundamental fleet management shift for your business, especially if you are a dealership. Look for ways on the front end to streamline processes in order to maximize efficiency and minimize workload increases.

DO

Watch demand for subscriptions, and educate your customers.

According to a recent study, only 25 percent of consumers are aware of subscription programs and the convenience and freedom they offer. It's important to keep that in mind as your team begins selling subscriptions. In most cases, an element of education is needed. Your most effective sales tool will be other happy subscribers.

46% of millennials vs. **24%** of baby boomers rely on word-of-mouth recommendations before making a purchase

DON'T

Underestimate the importance of your dealership's online presence.

Car buyers spend 60 percent of their shopping time online, and your online presence is their first impression of your dealership. Subscription platforms like flexdrive offer your dealership easy access to an online marketplace and user-facing app – places where customers are already spending their time. Even if it doesn't lead to a car purchase, meeting customers where they're comfortable is becoming increasingly important and helps shape attitudes about your dealership.

“Meet customers where they're increasingly comfortable:

✱ **in the digital world”** ✱

DON'T

Take the popularity of subscriptions as a sign of their effectiveness for every dealership.

Subscription platforms are complicated mechanisms that require all the pieces to be in place for them to be effective. Working with a subscription partner can streamline the process for your dealership and help you make sure every factor has been considered. At the end of the day, successful subscription implementation opens an untapped revenue stream for your business that places you at the forefront of shifting driver behavior, but thorough preparation and planning are keys to success.

about flexdrive.

Launched in 2014 at the advent of car subscriptions, flexdrive is a joint venture between market-leaders Cox Automotive and ARI, a global fleet management company. Our mission is to create an alternative to traditional car buying and leasing that helps dealers on the path to mobility. Today, we have more than 10,000 subscribers globally across our strategic partners leveraging the flexdrive marketplace and private label. Visit www.flexdrive.com to learn more.

For more information please email hello@flexdrive.com.

