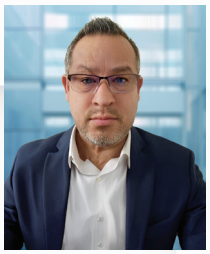
When Every Repair is a Price Fight, Everyone Loses:

Why Competing on Price Won't Build a Loyal Service Customer

by Sean Reyes
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Lowering repair prices may help a dealership win a transaction, but it does not necessarily build loyalty. As vehicles age and factory warranties expire, customers decide whether to return to the dealership or use an independent repair shop based on more than the invoice. Price matters, but so do trust, convenience, repair quality, communication and the time required to complete the work.

For franchised dealerships, the challenge is clear: independent shops and aftermarket chains compete for customer pay (CP) maintenance and repair business, and factory affiliation alone does not guarantee retention. The strongest long-term strategy is to deliver an experience customers consider worth returning for.

The numbers tell a broader story than "dealers cost too much"
Cox Automotive and J.D. Power research points to challenges involving service share, convenience and customer satisfaction:

- Dealerships accounted for 29% of U.S. service visits, down from 33% in 2018.
- In Cox Automotive's 2023 Service Industry Study, 33% of consumers preferred general repair shops, compared with 31% who preferred dealerships.
- J.D. Power's 2026 U.S. Customer Service Index found that dealership maintenance visits took approximately three times as long as comparable aftermarket visits.
- Among mass-market customers who gave their dealership service experience a satisfaction score of 950 or higher, 86% said they would definitely return for paid service.

Cox Automotive's 2025 Fixed Ops and Ownership Study also found that dealership service and parts revenue had grown while dealership share of service visits declined. Higher revenue per store, therefore, does not necessarily mean a dealership is retaining more of its customer base.

Retention challenges appear early in vehicle ownership. Since 2018, the share of owners returning to the dealership where they bought their ve-

hicle fell from 72% to 54% for vehicles less than two years old, and from 70% to 51% for vehicles two to five years old. After customers have serviced elsewhere, only 20% consider switching to a dealership; among customers already using dealership service, 89% consider returning.

These figures suggest that customer defection is not simply a consequence of warranty expiration. Missed appointment windows, unexplained estimate changes, unanswered calls and repeat repair visits can weaken a relationship years before a customer begins paying entirely out of pocket.

Price perception is not always price reality

In the Cox Automotive comparison, average customer spend was $261 at dealerships and $275 at general repair shops. These averages do not prove that every dealership repair costs less: vehicle mix, repair complexity, parts, labor rates and the work performed all affect the comparison. They do, however, challenge the assumption that dealerships are always the more expensive option.

When customers cannot judge whether a quote is fair or a recommendation is necessary, price becomes a shortcut for evaluating trust. Dealers can address that uncertainty by explaining what a repair fixes, why work is recommended, what is urgent and what can wait, and how the result will be verified. Itemized estimates, photos or videos, and approval before additional customer pay work help customers make informed decisions without defaulting to discounts.

Convenience is a competitive advantage

The cost of a repair includes more than the invoice. It also includes arranging an appointment, transportation, time away from work, status checks and vehicle pickup. A modest price difference may matter less when one provider completes routine work quickly and predictably.

J.D. Power's 2026 study reported average maintenance-visit times of 1.61 hours for mass-market dealership customers and 2.46 hours for premium dealership customers. Meanwhile, 62% of aftermarket service visits took less than an hour for similar work; overall, dealer maintenance visits took approximately three times as long as comparable aftermarket visits.

Cox Automotive found that 45% of dealership service customers experienced at least one frustration. Among reported frustrations, 24% involved service taking too long, 13% unclear pricing, 13% feeling pressured to buy additional services and 12% a final price exceeding the estimate.

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These are practical opportunities for improvement. Dealerships can reduce friction through online scheduling, realistic completion windows, proactive text updates, express-service capacity, after-hours drop-off, loaner vehicles, pickup and delivery, and mobile service where appropriate. The goal is not to match every competitor's coupon; it is to make dealership service easier to access and more predictable.

PricewaterhouseCoopers (PwC) consumer research has found that customer experience is an important purchasing factor for three-quarters of consumers, ranking just behind price and product quality. Those results span industries, but it reinforces the broader point: customers evaluate the experience alongside the price.

Why discounting is a weak retention strategy

Discounts can help attract customers, reactivate lapsed owners or fill unused shop capacity. They are less effective as a permanent substitute for a good service experience. Competitors can copy an oil-change special, and a customer attracted mainly by promotions may leave when another offer appears.

Discounting also fails to address the underlying cause of defection when customers are leaving because appointments are hard to obtain, repairs take too long or estimates are poorly explained. Repeatedly negotiating the price can weaken confidence in the dealership's regular pricing without improving the operation.

Deloitte's 2024 Consumer Loyalty Survey, covering more than 9,800 consumers across four countries, found that financial rewards matter, but so do simplicity, ease of use, flexibility and personalized experiences. Rewards alone are not enough to sustain engagement.

Use incentives selectively, with a defined purpose. For lasting retention, focus on reliable repairs, clear communication, convenient service and recommendations customers understand.

Make dealership expertise tangible

Franchised dealerships have important technical advantages, but customers need to experience and understand them. Brand-specific technician training, factory diagnostic tools, manufacturer repair information, compatible parts and access to recall remedies can be particularly valuable as vehicles become more electronically complex.

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The most important outcome is a correct repair. J.D. Power's 2025 U.S. Customer Service Index found that 12% of repairs were not completed correctly on the first visit. Among customers whose repair was unsuccessful, only 50% said they had returned or planned to return to the dealership. The most frequently reported problems were that the repair had not corrected the concern (30%) or necessary parts were unavailable (28%).

A repeat visit consumes additional shop capacity and asks the customer to spend more time resolving the same problem. When another visit is necessary, explain the findings and delay, set a realistic timeline, communicate proactively and take responsibility for the next step. Track first-time fix performance and repeat visits as customer-retention measures, not just operating statistics.

Use recalls to rebuild the relationship

Recall service gives dealerships a manufacturer-supported reason to reconnect with vehicle owners and demonstrate technical expertise. It can also provide an opportunity, with customer authorization, to address an unrelated concern or combine the recall repair with scheduled maintenance.

J.D. Power's 2025 study found that satisfaction among mass-market vehicle owners averaged 829 points for recall service. When recall work was combined with an oil change, satisfaction rose to 858 points - a 29-point difference.

Dealers can build on that opportunity by identifying affected vehicles, explaining the issue in plain language, offering convenient appointment options and coordinating recall and maintenance work in one visit when practical. Accurate owner information and accessible, knowledgeable staff matter: outreach loses value if customers cannot get answers or arrange an appointment.

Turn customer experience into an operating plan

- Dealership leaders can focus on a few measurable priorities:
- Make time predictable. Track appointment lead times, wait-to-diagnosis, promised-time performance and repeat visits. Expand express capacity where demand supports it.
- Communicate proactively. Update customers about status, parts delays and revised completion estimates before they have to call.
- Make pricing transparent. Provide itemized estimates, explain urgency, use visual evidence where helpful and secure approval be-

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fore additional work.

- Reduce transportation friction. Evaluate mobile service, pickup and delivery, loaners and after-hours drop-off based on local demand and repair type.
- Recover dissatisfied customers. Monitor complaints and repeat repairs, assign clear ownership for resolution and follow up after significant repairs.
- Measure retention. Track repeat visits, first-time fix rates, estimate accuracy, declined-service recovery and retention by vehicle age.

Cox Automotive's 2025 research found that customers who received photos or videos of recommended repairs spent an average of $640 out of pocket per repair order, compared with $410 among those who did not. Sixty-five percent of dealership service customers who received visual evidence said it built trust. The spending difference is an association, not proof that visual evidence alone caused higher spending, but the findings support using clear documentation to help customers understand recommendations.

The ownership journey also presents a scheduling opportunity. Cox Automotive found that 80% of new buyers said they would likely service at the selling dealership, yet only 23% had a first service appointment scheduled. Introducing customers to the service department and booking that first visit at delivery can help turn stated intent into action.

The relationship has implications beyond fixed operations. According to Cox Automotive, 74% of buyers who returned to a dealership for service were likely to purchase their next vehicle there, compared with 44% of buyers who did not return. Service retention is therefore relevant to future vehicle sales as well as service revenue.

The independent-shop cost equation is changing

Independent repair shops have long been associated with lower prices, but servicing newer vehicles can require significant investment in manufacturer-specific diagnostic software, specialized tools, technical information, training and calibration equipment. A tool or subscription that supports one brand may not cover another. Advanced diagnostics, security gateways, software coding and module programming can add costs.

Independent shops also face wages, recruitment and training, rent, insurance, utilities and equipment-maintenance expenses. Because many support a broad range of makes and model years, they may need to maintain more varied tools and subscriptions than a shop focused on one manufacturer. Those costs can be reflected in labor rates, diagnostic fees or parts

margins. Independent shops may still be less expensive for some routine work, but the comparison depends on the repair and vehicle.

The 2024 Auto Care Association study cited in the original research found that 63% of independent repair shops encountered difficulties completing routine repairs daily or weekly because of vehicle-data or tool restrictions. Forty-five percent reported encountering repairs requiring automaker tools they considered too expensive, with those tools costing upwards of $2,400 on average. The association estimated that vehicle-data limitations cost independent repair shops $3.1 billion annually through lost work and inefficiencies.

As one example of ongoing information costs, ALLDATA listed its repair-information subscription at $209 per month, or $2,508 annually, before additional services or other diagnostic investments.

Dealerships also incur substantial expenses, and their posted labor rates are often higher. However, for some complex, brand-specific repairs, a dealership's existing factory tools, technical information and trained technicians may reduce duplicated diagnostic work, outside referrals or delays. The defensible conclusion is not that independent shops are inherently more expensive, but that they are not always the least expensive choice.

Compete on value, not just the invoice

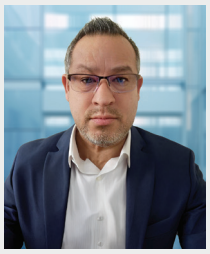
Price will continue to influence repair decisions, and dealerships should understand where their pricing is competitive. But price alone is a weak foundation for long-term differentiation: competitors can copy discounts, and lower prices do not fix inconvenient processes or unreliable repairs.

This article is not intended to suggest that price doesn't matter. Quite the contrary. Price does matter, but each repair or maintenance should be priced appropriately. For example, quick lube service, new wiper blades, bulb replacement, tires, and other maintenance visits should reflect fair market pricing that encourages vehicle owners to service at the dealership. Those visits represent an opportunity to deliver exceptional service, preserve the vehicle asset through a proper MPI or other intervention, selling the green, related work that comes from touching the tire, etc. The oil changes aren't going to keep the dealership doors open, but the subsequent work will prove to drive more stable revenue without raising your customer acquisition costs. Don't overlook tires, which lead to brake jobs, wheel alignments, wheel packages, and more. Not every vehicle owner buys in on these additional services, but the small percentage that do will move the revenue needle substantially and preserve customer loyalty.

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The stronger strategy combines accurate diagnosis, first-time repair performance, transparent recommendations, proactive communication and convenient access. The data show that dealerships are losing service share even as revenue rises, customers report frustrations with time and pricing clarity, and aftermarket providers often complete routine work faster. They also show that highly satisfied customers are more inclined to return and that dealership service customers are more likely to repurchase there.

For dealership leaders, the key question is not simply how much cheaper the next repair must be. It is what the operation can do to give customers a compelling reason to return - even when another provider offers a lower price.



Sean Reyes oversees all marketing efforts at Armatus Dealer Uplift as Chief Marketing Officer. Sean's experience spans more than 35 years of business development and strategic marketing experience, having developed go-to-market products and solutions for the automotive, healthcare, insurance, finance and technology industries. Sean has extensive network in automotive, having served as one of the original team that founded Recall Masters. He spent more than 10 years advocating for vehicle safety and supporting dealer warranty reimbursement related to recall repairs.