

HIREOLOGY RESEARCH REPORT

THE 2020 STATE OF HIRING

RETAIL AUTOMOTIVE HIRING TRENDS AND
TACTICS TO PREPARE FOR 2021

PRESENTED AT:

ELEVATE

A HIREOLOGY EVENT FOR RETAIL AUTOMOTIVE

INTRODUCTION

2020 has been the most challenging year for dealers to attract, hire and connect with outstanding talent.

Retail automotive hiring managers began the year facing record-low unemployment, which quickly changed as circumstances surrounding COVID-19 led to the shutdown of a majority of businesses across the country.

Even today, the talent landscape remains disrupted as industries look to cautiously reopen, restaff and reimagine operations to keep employees and customers safe in the face of the ongoing pandemic. In previous years, we've discussed the need to find top employees in any economic landscape.

Hiring managers at the beginning of the year faced challenges of having a record number of open roles with few applicants qualified enough to staff up appropriately. Today, unemployment is at record highs, causing a flood of applicant activity as dealerships begin to open up new roles to adapt to the sales changes required to meet today's hiring climate.

By working with 1 in 4 franchised new car dealerships in the U.S., Hireology has the unique opportunity to analyze the economic impact on the full applicant lifecycle based on the uncertain events that unfolded earlier this year with COVID-19. This white paper is the culmination of research our team conducted by examining how 4,137 dealerships conducted their hiring processes in the months leading up to and during the pandemic.

We hope that by reading, you can better understand the dramatic impact of COVID-19 on the dealership hiring landscape and how to prepare for the changes in hiring, going into 2021 and beyond.

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SECTION I:

Attracting Top Automotive Talent

Staffing up with leading dealership talent begins with reaching engaged applicants in the right channels.

Historically, hiring managers have relied on job boards as their exclusive way to build their talent pool large enough to connect with enough applicants to find capable employees.

While retail automotive, like the rest of the economy, suffered a severe slowdown as shelter in place orders were implemented across our local communities, Hireology data is showing that in recent months, applicant volumes are returning to the levels seen in early 2019. This demonstrates applicants want to get back to work, and dealerships have a talent pool to hire from.

We've outlined automotive hiring trends from 2020 that you can put into place – whether you need to fill roles as soon as possible or plan on hiring down the road.

Diversifying Channels are a Winning Recruitment Strategy

Yet in today's vastly different hiring climate, leading organizations are strategically thinking beyond the use of classic job boards to diversify their applicant sources. Today's leading dealerships leverage social media sites like Facebook, search engines like Google and their own career site to power their recruitment efforts. Investing in a multichannel strategy that includes several applicant sources yields results: dealerships with diverse sourcing channels increase their quality applicants by 62% compared to relying on job boards alone.

Applicants are considered “quality applicants” if they are either advanced to the candidate stage by a hiring manager or if they receive a high score on

their applicant prescreen survey indicating that they are skilled enough to meet with a hiring manager - showing that diverse applicant sources help dealership hiring managers connect with significantly higher applicants that may be skilled for the jobs today's dealerships require.

Staffing Up By Thinking Beyond Job Boards

Diversified recruitment channels offer other advantages beyond finding more qualified applicants: they also help dealerships make more hires overall. Hireology found that organizations relying on job boards alone are only able to find 31% of the applicants needed to make a hire.

This shortfall occurs because other key applicant sources like career sites and employee referrals have much more efficient conversion funnels to turn an applicant into a hire.

Hireology data shows that dealerships with a content-rich career site can expect to make one hire for every 33 applicants that visit the site and apply to the page directly. Job boards require 107 applicants to make one hire.

Taking this example to the dealership, the career site is the equivalent to a salesperson who can sell 3x as many vehicles or a technician who can complete 3x the number of repairs compared to an average member of your team. They won't be able to replace all of your team members alone, but work hard to drive a significant amount of your business.

Driving Quality Applicants with a Career Site

The dealership career site has long been an efficient source for converting website visitors into applicants. Strong career sites allow the most engaged job seekers to learn about your company, understand your career offerings and provide a way for job seekers to submit their applications to your team.

Because visitors to your page are proactively seeking out your organization, they will likely be more interested in the opportunities you offer, and more qualified for the open positions available.

Hireology research proves these assumptions. Our research shows that 57% of career site applicants are considered quality applicants. Applicants who apply directly to the career site are also more likely to be eventually hired. While career sites drive just 28% of all applicant activity, they result in 44% of all eventual hires. In contrast, job boards result in 66% of all applicant activity, but provide just 31% of all eventual hires.

Investing in Emerging Applicant Channels like Facebook

In the midst of COVID-19, we are seeing new applicant activity from new channels like Facebook. During the pandemic, screen time on phones and other mobile devices is up significantly across all demographics as people want to connect virtually if we can't physically.

This trend is also accelerating the move to mobile that has started in the past few years. 80% of Facebook's 2 billion users only have a mobile phone, showing how important mobile-first experiences are for today's job seekers.

For dealerships leveraging Facebook for their open roles, Facebook has quickly become the fastest growing applicant source. Today, dealerships that have Facebook integrated with their Hireology hiring platform are seeing 28% of applicant volume coming from that source alone.

The fast growth of Facebook shows that leading dealership recruitment strategies can't rely on a single applicant source alone. By thinking beyond classic job boards and the dealership career site, hiring managers can reach new applicants using channels like Facebook and Google to quickly connect with applicants in all-new ways.

SECTION II:

The Importance of Reviewing Applicants Quickly and Effectively

Above, we shared how a multichannel recruitment strategy can reach more highly qualified applicants. Reviewing these applicants as quickly as possible will ensure that you can connect with top candidates and make a hire before the competition.

But many dealerships are still struggling to review all of their job applicants. In fact, before the pandemic, dealership hiring managers failed to review upwards of 1 in 4 applicants to their open positions. Hireology considers applicants that are never reviewed, or are reviewed so slowly that they can find and start another job to be *Lost Applicants*.

Overcoming the Lost Applicant Challenge

In the months leading up to the COVID-19 downturn, retail automotive was struggling to staff open roles, while also experiencing a significant amount of lost applicants. From March 2019 to February 2020, Hireology data suggests that 25% of all dealership applicants were lost applicants.

Extrapolated across the industry, this amounts to a record 11 million job applicants who are never reviewed by a hiring manager. While many of these applicants may have taken jobs at other local dealerships, many more may be leaving the industry entirely for other jobs in other sectors.

The COVID-19 Impact on Lost Applicants

The lost applicant rate unfortunately increased during COVID-19, as dealerships shifted the focus away from bringing in new talent. Since the

beginning of the pandemic, the lost applicant rate for dealerships increased to 32%.

With nearly a third of applicants not being reviewed by a hiring manager, dealers looking to staff up going into 2021 can take steps to reevaluate their processes to ensure each applicant has the opportunity for the role.

The Opportunity of Reducing Lost Applicants

Ensuring hiring managers properly review all new applicants will not only ensure highly qualified individuals are not missed, it will also make sure these applicants have a positive candidate experience.

By simply reviewing each job applicant, dealership hiring managers can instantly increase the addressable talent market by 25% for all open roles. Regardless of the employment market, top talent will always be in demand, and keeping with today's lost applicant rate will likely mean hiring managers are missing a substantial amount of dependable dealership employees. Hold hiring managers accountable to new applicant leads by treating them like new customer leads. Would you allow your sales team to ignore one out of every four internet leads that come through your website? Ensure your applicant leads are followed up just as diligently to connect with more talent.

Additionally, having hiring managers reach out to new applicants quickly will guarantee that your team can connect with in-demand candidates before the competition. Many dealerships are beginning to treat their talent pipeline like their sales pipeline, committing teams to reviewing applicants within 24 hours much like a new sales lead.

SECTION III:

Evolving the Hiring Process

Going from record-low unemployment in February 2020 to today's landscape has left dealers with the opportunity to evaluate what is working and what can be improved from the hiring process.

Top Talent Goes Off the Market Even Faster

Before the pandemic, 55% of hires were made within 2 weeks of an applicant submitting their job application. This fall, that number increased to 60%, showing that as dealerships continue to reopen and expand, they are moving even faster to connect and hire great employees.

It's also important to understand the efficiency of your process as it relates to your overall applicant funnel. Pre-pandemic, it took the average dealership 50 applicants from a variety of recruitment channels to make one hire. Since the COVID-19 pandemic, this rate increased nearly 10% to requiring 54 applicants needed to make a new dealership hire.

This increase in applicant traffic means that you will have more to sort through to connect with quality applicants. Time is critical and managing this process effectively is difficult but incredibly important.

Candidate to Hire Rates Remain Unchanged

Once an applicant is vetted enough to become a candidate, we're seeing similar activity today compared to earlier this year before COVID-19. Both before the pandemic as well as now, it takes 10 candidates to make a hire.

While the top of the applicant funnel may increase as more job seekers apply for work, we still have a small amount that is considered top quality. You can ensure you're meeting this group by better managing your processes.

Focusing on Hiring Velocity & Time to Review

A final critical point in looking at improving the hiring process in a post-COVID-19 world is evaluating how quickly hiring managers can respond to applicants, and run the entire hiring process.

The average retail automotive hiring manager takes five days to respond to an applicant who applies to an open role. Clocking in at an entire business week, this time to review could cost dealerships the opportunity to connect with leading candidates if they also apply to other organizations that have faster review times. And with a majority of automotive hires being made within two weeks, allowing applicants to wait five days before hearing a response means other dealerships or businesses may use a faster review time to their advantage to reach out to the most in-demand applicants first.

Improving the Time to Hire

The median time to hire – the time it takes to receive an application through receiving an accepted offer – is 13 days for retail automotive dealerships. As dealerships optimize their staffing models and rely on more digital tools heading into 2021, this may accelerate, as technology allows hiring managers to get more done and connect with candidates sooner.

Yet with the time to review costing 5 days of the overall process, this means applicants are spending nearly 40% of their time simply waiting for the hiring manager to respond to them to setup an interview, with the remaining 8 days focused on interviews and verifications as well as offer letter acceptance.

By having hiring managers commit to reviewing applicants within 24 hours of receiving a completed job application, the average hiring process can speed up to just 9 days instead of 14, while also ensuring that top applicants are connected with four full days faster than the average dealership.

SECTION IV:

What's Next for Retail Automotive?

There's no question that the dealership world has been transformed by the challenges of 2020. During this past spring and summer, many dealerships made hard decisions to close, scale back and reassess their true needs.

We will likely not see staffing levels return to their 2019 peak for some time, if at all. As applicant volumes return to their pre-COVID-19 peaks, dealerships will need strong tools in place to help them connect with the best applicants, hire leading candidates and onboard top talent.

Top dealerships will see this as an opportunity to invest in their teams and systems to ensure they can do more businesses with fewer, better dealership employees to still provide outstanding customer experiences, both in the showroom as well as the fixed-ops department.

We hope this research helps you better understand these opportunities to improve not only the dealership hiring process, but how effective people operations have a real impact on your business.



About Hireology

Hireology's recruitment CRM empowers multi-location, decentralized enterprises and independently owned businesses to build their best teams with confidence. The company equips HR and business leaders with the skills and technology needed to manage the full employee lifecycle – from hire to retire – in one seamless platform.

With focused expertise across several industries – including retail automotive, healthcare and professional and consumer services – more than 7,500 businesses today trust Hireology to help build great teams, lift customer service and drive profitability. Learn more at hireology.com.

