

Driven

NADA MANAGEMENT SERIES

SL42

A DEALER GUIDE TO THE

Internet Challenge

Structuring Your Dealership for Success



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Internet Challenge

Structuring Your Dealership for Success

EXECUTIVE SUMMARY

A Dealer Guide to the Internet Challenge: Structuring Your Dealership for Success looks at the reasons for the decline in visits to dealerships. The drop-off is traced to the ease of researching cars on the Internet, which has become *the* place to shop for cars. The typical auto salesperson, accustomed to dealing with shoppers in person, is not equipped to handle the volume of Internet leads that dealership websites receive. A possible solution for dealerships is to add an Internet sales department to respond only to Internet sales leads.

Another alternative is adding a Business Development Center (BDC) with its own sales staff that would handle all types of sales leads (originating on the dealership's website, email, phones, or sales floor) and also set up service appointments. You should probably not consider either option unless the scale of your operation warrants it, i.e. your store receives 250 new leads per week.

The main advantage of adding an Internet sales department or BDC is that your regular salespeople will have more time to work with customers on the sales floor. But a major disadvantage to consider is that having dedicated salespeople to handle Internet leads can let your other salespeople off the hook, so that they don't have to learn to be more technically savvy or use the diversity of available methods (such as social media, online chat, email) to engage with customers.

Another potential disadvantage of adding an Internet sales department or BDC is the risk that comes with any financial investment. This guide will help ensure that your investment in a new Internet sales center or BDC pays off. We'll discuss the importance of following up on new leads within ten minutes; if this

doesn't happen, prospective customers can easily check out the competition. A sample script is offered for follow-up phone calls, based on one industry expert's methods for turning Internet leads into sales.

INTRODUCTION

The showroom is not the same place it was a decade ago. Once a noisy intersection of buyers and sellers, a dealership is now as quiet as a library. Car shoppers are staying away in droves; they do most of their research at home or wherever, by smart phone, tablet, or laptop. Clearly, dealers must adapt to this new landscape or suffer some not-so-pleasant consequences.

Since Gen Y salespeople grew up with technology, they are comfortable with it, but that's not the case for everyone. The typical salesperson has plenty of personality and charm to spare, but may avoid the Internet and lack patience for following up on Internet leads.

What's the right way to get this typical salesperson up to speed? Or, instead of retraining salespeople to follow up on Internet leads, you could hire additional salespeople just for that purpose. Yet another option: establish a BDC. Your decision depends on the makeup of your current staff and the volume of your online leads.

A recent Internet marketing survey conducted by AutoUSA was revealing. As reported in *Auto Dealer Monthly*, here's the breakdown of dealers' responses to the survey question, "What are the biggest challenges for your Internet marketing departments?"

- Keeping up with lead volume: 31%
- Quality of staff: 28%
- Staff's failure to adhere to written processes: 23%
- Lack of management buy-in: 21%

- Lack of staff accountability: 15%
- Lack of staff training: 15%

These stats suggest that customers demand a high level of responsiveness that dealerships are struggling to provide. Part of the reason for the disconnect between expectation and reality is that salespeople tend to be extroverts who are more comfortable talking to customers on the showroom floor than chatting online. As a result, dealerships are having trouble following up on Internet leads effectively. Dealers' typical way to handle the problem is to ensure that only employees with good written communication skills are interacting with Internet leads—but is that the right approach?

Back in the Day

Up to the first decade of the 21st century, selling cars was all about advertising and the showroom. Dealership print ads and commercials (often with production values that were modest, at best) got the word out about holiday sales and other deals. If someone wanted to buy a car, he'd just go to a dealership. Ten years ago, car shoppers visited five dealerships on average, according to a Feb. 2014 McKinsey report. Now, the report said, the average buyer visits just 1.6 auto dealerships.

If you told a dealer in 2004 that websites, text chat vendors, social media, and experts on customer relationship building would heavily influence his customers' car-buying decisions, he probably would not have believed you. But the showroom is definitely not where most people go to choose their new cars now.

"The consumer now has more information online and through other sources, so they do not need to visit as many dealers," said Hans-Werner Kaas, a McKinsey director. Kaas said he viewed the plunge in dealership visits as the greatest change in American car buyer habits over the last 50 years (LeBeau, 2014).

Of the people who make appointments with dealerships, 50 percent are no-shows (Webb, 2013). Why, after all, should people drive to a dealership when they can stay home and research trucks and cars

by smartphone, iPad, or laptop? But while shopping for vehicles online is popular with the public, many dealers and their salespeople are less enthusiastic about the trend—unless they have learned to turn the Internet to their advantage.

Who's Minding the Internet Leads?

"The whole process of buying a car has been flip-flopped from what it used to be," said Alison Spitzer, vice president of Spitzer Auto Group in Elyria, Ohio. "Today, customers find the car first, then the dealership" (Rogers, 2013).

Many other traditional aspects of the auto sales game are also falling by the wayside. At Nissan of Manhattan, signs near the entrance trumpet the changes with messages like, "No more commissioned sales people" and "Finally, no more back and forth to see the sales manager."

Take Mia Morris, the new face of auto sales. The 30-year-old doesn't work on commission, isn't interested in haggling over price, and spends more time online conversing with customers than on the showroom floor. (Rogers, 2013)

Morris's business card identifies her not as an auto salesperson but as a "product specialist." She still sells vehicles, but avoids a hard-sell approach. To avoid intimidating the auto-salesman-phobic customer, Morris cannot "always be closing"; her mantra might be "always be consulting."

She knows that on the Internet, all vehicle prices are visible. "It is transparent for the customers," she said. "It is more like trying to help them find the right car and make a smart choice."

While minimizing the time they spend at the dealership, Morris's customers get all the information they need online from their own research, and by interacting with her (Rogers, 2013).

An Internet lead is created when a shopper leaves an email or phone number and requests information before coming to the dealership. A full 83 percent of Americans go online to shop for cars, according to a Max Tradein white paper. All told, these vehicle buyers spend an average of 18 to 19 hours researching vehicles before they make a purchase. People increasingly seek out user reviews for vehicle info. Vehicle shoppers also discuss products online and seek feedback and product info online. And 11.4 percent of buyers never do a test drive before purchasing a vehicle: they base their decisions on their online research alone.

So people are buying vehicles; they're just doing so online rather than in your store. Shoppers are scrolling through photos of vehicles or typing questions about prices to submit on your website. So, how should you respond to your Internet leads? Is it better for your regular salespeople to follow up on them, or should you restructure and hire separate Internet salespeople to perform this function?

Internet leads can generate a massive amount of follow-up work: according to some sources, a salesperson might need to make eight calls to make contact with an Internet lead. So to convert a list of Internet prospects into a reasonable number of sales normally requires many phone calls; e-commerce Director Robert Karbaum recommends that a salesperson log 100 calls a day (DrivingSales.com, 2013).

Many stores are adding more salespeople to deal with the volume of leads flowing from the Internet and other sources. Some 30 percent of dealerships have BDCs, according to Chip King, managing partner of CallRevu (Barkholtz, 2013). Still other dealerships have created "reverse" BDCs, which typically follow up with prospects who haven't purchased a vehicle within seven days of their first contact with the dealership. Once the customer is contacted, the lead is turned back to the original salesperson for further follow-up.

So which structure is best for your dealership? Let's look at the pros and cons of these different options. We'll start with the upside of BDCs.

Driving Internet Sales with a BDC

If your salespeople simply don't have the discipline or time to follow up your large volume of Internet leads, adding a BDC may be the answer.

Jared Hamilton is a rapid-fire lecturer, website entrepreneur, and all-around expert on how dealerships can best capitalize on the Internet. Scion to a family dealership in Utah, Hamilton has no doubt that the Internet has been very, very good to those dealers and salespeople who are able to use it to drive sales. His website, DrivingSales.com, is a communication hub where industry people blog and chat about the latest trends and issues in the industry.

Hamilton's thinking is that salespeople must be able to communicate value in every format there is: in person, on the phone, by email, and via text chat. He also thinks that many dealerships can definitely boost their profitability by adding a BDC. That's "many" dealerships, not "all." For him, the decision as to whether to start a BDC must be based on the dealership's scale. Hamilton holds that once a dealership has piled up 250 active leads, it's probably worth investing in a BDC.

In his "Structure Your Store for Lasting Internet Success" workshop at the 2014 NADA/ATD Convention, Hamilton focused on the idea that "salespeople sell and communicate value."

While doing so, by the way, they can amass substantial revenue for the store, and he recommended starting BDCs in Fixed Ops departments. Hamilton illustrated how this could play out. One full-time BDC person, he said, can make 100 calls a day. From that number he should be able to set 10 appointments. Multiply those 10 appointments by 22 work days per month and suddenly, that one BDC staffer can generate 220 repair orders per month.

"That's good!" Hamilton enthused in the workshop. "In four to six months, you'd break even on your BDC."

But to see this much of a return from a BDC, Hamilton emphasized, you need to define the minimum ac-

ceptable performance numbers and then follow up to make sure people make their numbers. He also highly recommends having BDC staffers make Fixed Ops calls for half the day and sales calls for the other half.

Of course, adding a BDC to your store is not necessarily an easy matter. Hamilton said that the transition can take anywhere from a day to two years, depending on the dealership. Still, Hamilton said, “It’s not hard to make this structural change. The hard part is the hard work of the transition.”

He related that a dealer friend told Hamilton that he had tried adding a BDC to his dealership, but the change seemed to be having no impact on his bottom line. Hamilton asked him some questions and learned that the friend had employed 105 salespeople before the BDC was added, and only two more afterwards. So, Hamilton urged him to hire more salespeople. The friend followed his advice, then reported back to Hamilton that his supersized sales force was moving a lot more vehicles. The moral of the story? When adding a BDC, don’t forget to staff it!

Concentrating on following up on Internet leads can really pump up salespeople’s numbers. At his Ford dealership, Hamilton said, he assigned two of his 18 salespeople to the new BDC. One of them was a “12-to 15-car-a-month guy” who steadily improved until he was selling 18 vehicles per month working in the BDC. The other new BDC staffer was an 8-car-a-month guy. He, too, was soon selling 18 cars in the BDC.

Plan for Success

Success doesn’t usually happen by chance or by guesswork. Hamilton suggested that enhancing salespeople’s effectiveness in following up on Internet leads should begin with a communication and momentum plan. Hamilton said the plan should include a spectrum of ways in which dealers can interact with and engage salespeople:

- Daily training huddle
- Weekly sales meetings
- Monthly performance reviews
- Spiff programs
- Weekly lunches

- Management by walking around
- Storewide meetings

The next step, of course, is to implement the plan. By planning (and then actually having!) all this interaction with salespeople, you’re showing that you care about them and are invested in their success—both essential features of any employer-employee relationship. But his approach isn’t all Mr. Nice Guy: Hamilton urges dealers to monitor their salespeople’s follow-up efforts on a regular basis.

“It’s a problem if managers don’t go over their employees’ results,” Hamilton said. “‘How many calls did you make? How many appointments did you make?’ Have a one-on-one every month if they’re underperforming.”

One sign that someone’s falling down on the job: your customers are put on hold for cruel and unusual lengths of time before they hear a human voice. To make sure salespeople (whether they’re in the BDC or on the showroom floor) can keep up with the volume of inbound calls, many dealerships have invested in technologies such as a round robin Domain Name Server (DNS) or virtual call forwarding system to ensure that inbound calls are answered promptly. Ideally, Hamilton said, if a salesperson does not answer a phone call, the call is forwarded to the dealership receptionist, who in turn emails or pages the salesperson and passes along the customer’s message and contact info. In this way, most leads can be responded to almost immediately, an imperative for maximizing sales.

For those dealerships that are of the right scale to add a BDC (i.e., are getting 250 leads a week), Hamilton is unreservedly pro-BDC.

“One of the hardest things you’ll do as a dealer is to change your organization’s structure, but it’s also one of the best,” he declared in his 2014 Convention workshop. “A proper structure makes scalable results.”

Don't call it the Business Development Center; customers are turned off by that name. Instead, use a term like Customer Care Center, which sounds like (and is) a benefit for customers.

(Car Dealer Insider, 2011)

BDCs can be highly effective. *Car Dealer Insider* reported that the service director at Herson's Honda in Rockville, MD used a BDC to send out letters to 1,500 service customers a week. Service orders jumped a whopping 20 to 25 percent when the service director began sending these letters, using a database program his sister wrote for him in MS Office Access.

The database program pulled information from Herson's DMS and categorized customers into those who were soon due for factory-recommended maintenance, those currently due who disregarded an earlier notice, and those past due. Each week, Herson's service director ran a report, his assistant printed the letters, and someone else created the mailings for each group of customers. The service director said he planned to reassign a couple of employees who were already handling some of this work to the BDC on a permanent basis.

Now let's motor south from Maryland to Florida. Rick Case said that without a BDC, his 70-person regular sales force at his dealership, high-volume Rick Case Honda in Davie, FL, would be overwhelmed by the volume of phone leads, and especially Internet leads, that rolled into the store every day.

The BDC at Case's store handled 600 or so prospects each week; digital leads accounted for 65 percent of them. The center set appointments, then turned the customers over to the regular sales staff.

When Rick Case Honda's regular salespeople weren't taking care of prospects in the showroom, they were expected to be in a designated area of the store communicating with existing customers to see what

they needed, or to inform them of perks available through a rewards program for all vehicle buyers. The sales reps generated about 550 leads per week. (*Car Dealer Insider*, 2011)

Hiring for a BDC

A high hurdle you'll need to clear if you add a BDC is finding the kinds of people who will make effective BDC team members. Use your circle of influence, including service customers, to scan for prospects. Try posting job openings on a bulletin board in your waiting room, your website, owners' clinics, and digital ads. You should also seek referrals from your current staff.

Working Internet leads all day with anything approaching success is not for everybody. Here are the traits you should seek in your BDC staffers, according to *Car Dealer Insider*:

- Openness to trying something new
- Ability to generate leads
- A high energy level
- A high tolerance for rejection
- The ability to come across well on the telephone. As part of the employment interview, get candidates to role-play a few calls using your BDC script. (It's easy to tell whether someone sounds spontaneous or totally fake when reading aloud.)
- Willingness to work nights and weekends. It's important to stress repeatedly during the interview process that the work schedule will be similar to the dealership's regular business hours.

The BDC should have its own professional staff, each of whom should be able to handle any type of lead: inbound call, email, and digital.

Industry expert Joni Stuker (profiled in *Car Dealer Insider*) emphasized that once the hiring process for a BDC is complete, dealers (or their outside consultants) need to train people to prospect and ask for sales referrals above all else. In her experience, the dealers who made prospecting a secondary consideration were setting up their BDCs to underperform or even fail.

Make sure to hire more people than you need for your BDC, at least initially. If you need four people to staff the BDC, hire six or even eight, because there will most probably be turnover in the early stages. Some people simply are not cut out for the job, Stuker pointed out, even if they test and interview very well.

During training, Stuker said, some BDC candidates “will stand out as excellent choices and at least one person will struggle. It’s all right to have that difficult conversation and leave the strugglers behind.”

The BDC should not be used as a place to dump failed sales reps, nor should time in the BDC be seen as a punishment. Every day the BDC needs to start with a plan. Vary the goals to make them interesting; then be realistic about how to meet them.

Different experts have different models for follow-up goals and how much business phone calls should yield. We already saw that Jared Hamilton believes one full-time BDC person can make 100 calls a day, set 10 appointments, and generate 220 repair orders in a month. Joni Stuker says that if a BDC’s goal is to sell 10 cars in one day, reps must set 40 appointments for the day. Twenty of those appointments will actually show up and the sales staff should be able to close half of them, she says.

But those kinds of numbers don’t arrive overnight. Consultant Glynn Rodean, founder of New Vision Sales, says that while some BDC trainees can hone their skills in a week or two, most need five to 30 days of training and grooming before working alone on the phone. Here’s how Rodean trains business development representatives (BDRs):

BDRs in my Outsourcing BDC receive at least eight hours of classroom training, eight hours of role playing and shadowing, testing, and retesting. We of course have the luxury of working in a BDC training center, but anywhere can work. Plus, once they’re skilled BDRs, they continue to have a mentor, as well as becoming a mentor to new BDRs.

By establishing a BDC and overhauling lead handling, Mike Anderson Chevrolet in Merrillville, IN, has raised its average Internet sales from 35 to 90 per month. The BDC:

handles all the dealership’s incoming calls and Internet leads, sets sales appointments (but not service appointments), follows up on no-shows and handles the photographing of all new and used vehicles for the website. To ensure the most lead coverage possible each day, some of the BDC representatives start their shifts in the morning and others start in the afternoons and work into the evening; all BDC reps are required to work at least two nights each week. (Long, 2012)

Every day, fresh leads, many from third-party providers, are distributed among Mike Anderson Chevrolet’s BDC employees and each BDC representative is required to make 125 outbound calls. “If they do not make the 125, they don’t get leads the following day,” Internet Director Sandra Kukolja said. BDC representatives track and report their progress towards their individual goals on a daily basis.

BDCs: The Downside

Of course, BDCs are not the way to go for all dealerships. Some say that a traditional sales department should be able to handle Internet sales just fine. David Barkholz reported in *Automotive News* that having BDCs with separate salespeople working leads can prevent regular salespeople from learning crucial Internet sales techniques.

Case in point: the multi-franchise Bill Jacobs Auto Group in Joliet, IL. Barkholz found that the addition of a BDC to the dealership had the unintended consequence of freeing salespeople from having to call prospects. The result of having a lot of salespeople with too much time on their hands? A “country club atmosphere,” according to the dealership’s e-commerce director, Chris Hill. The seven specialists who worked the phones in the call center did such a good job, Hill said, that salespeople never had to bother learning how to engage their customers by text messaging.

“We had salesmen with flip phones who had never sent a text in their lives,” said Hill. “That was our fault.”

Another problem with BDCs is that “corrosive rivalries can form between the centers and regular sales staffs” (Barkholz, 2013). Discord can easily erupt when an Internet lead converts to a sale and a salesperson has to pay part of his sales commission to BDC staff. Then there’s the cost of BDC workers; Bill Jacobs Auto Group paid each BDC employee \$50,000 in wages and benefits.

So having a BDC is no guarantee of success. Not all BDCs prove profitable, and the longer dealers allow that situation to stand, the longer they’re diluting the profits being realized in other parts of the dealership.

Many dealerships that have tried to raise their sales revenues by creating BDCs ultimately change course, eliminating their BDCs to realize cost savings. In fact, the majority of automotive BDCs are abandoned in under two years, according to NADA Academy instructor Les Abrams. He says one percent of dealerships “have used Internet sales departments, then BDCs, then thrown them both out.”

Back at the Bill Jacobs Auto Group, Chris Hill wanted his regular salespeople, not the BDC staff, to engage their customers with computer chat, smartphone texts, and even videos. So his dealership elected to eliminate its BDC. To prepare the 40 regular salespeople who represent Bill Jacobs Auto for the “BDC funeral” (yes, that’s a thing now), Hill had them each work in the center for one or two hours a week to learn about the customer retention software, lead handling, and the like.

After the BDC was gone, each of the store’s sales representatives (of all age groups) was given a smartphone and training on it. The seven BDC salespeople were trained to sell cars on the floor. Two of those employees excelled, becoming top producers for the month.

Hill said the BDC funeral fueled a 150 percent increase in April sales at the group’s Mazda store, and the best April ever for the group’s Cadillac store. He

observed that salespeople were actually working for new-car sales, rather than waiting for customers to come to them (Barkholz, 2013).

Les Abrams said BDCs would not be his first choice for doing Internet sales. He suggests hiring Internet salespeople to do proper follow-up and help with qualifying and handing out leads.

Abrams says he’d rather see the salespeople the customers had their first contact with follow up with them. This doesn’t happen with BDCs, and that’s why Abrams feels BDCs are a dying breed. “Customers don’t want to be turned,” he said. They want to deal with one person only.”

That preference for a single contact drives another trend Abrams has observed, whereby customers aren’t even turned for F&I. Many dealerships have salespeople cover F&I disclosures, typically by showing their customers all the F&I information on an iPad. The customer signs the iPad “screen by screen,” Abrams said, “so legal disclosures are taken care of.”

But, Abrams allows, BDCs have a legitimate place: following up with customers after they’ve had their vehicles serviced at the dealership.

Other Strategies

Whether or not you have a BDC, you’ll have to face the fact that selling vehicles is no longer a matter of launching a charm offensive on the showroom floor.

Internet sales departments were once a niche business that handled just a handful of sales, while BDCs managed the leads generated through ads, commercials, and other media. Many dealerships housed both a BDC and an Internet department (Long, 2009). Now many dealerships are combining the two.

Now that the Internet is as strong a lead generator as those “traditional” means, Long says, “combining the functions of these two departments into a single efficient operation can simplify the lead management process and might even reduce expenses and increase sales volume.”

Dealerships have different ways to convert Internet leads to showroom sales. And experts have widely-divergent advice for them. *Car Dealer Insider* recommends that salespeople call 15 to 17 numbers an hour, leave 12 to 15 messages during that time, and have three to four actual conversations.

Les Abrams of NADA Academy says salespeople should make “maybe six to eight calls” per day. He adds, “The response time is so important. If you call them right away you may reach them. If you wait half an hour they might have talked to two other dealers.”

To convert as many Internet leads into sales as possible, salespeople should prioritize their tasks and respond to new leads within ten minutes—before prospects have a chance to contact your competitor down the street. Every minute counts.

Jared Hamilton says that every time you call a customer, you should add value or a particular reason for the call, such as “I got new inventory in this week,” or “The interest rate went down yesterday,” or “My appraisal manager is willing to overpay for trades.”

Work the CRM

For every call and visit, salespeople should log the outcome of the visit on the CRM tool. Have a process to ensure this happens, because most people don't use CRMs as they're intended. Part of the reason for this is that some CRMs are extremely challenging. So, be a CRM trainer. This could be as easy as using your phone or iPad to show your salespeople a quick video about how to update the CRM.

Rachel Boyle's 2013 DrivingSales.com blog outlines the typical vehicle purchase. After doing their due diligence, she says, online buyers eventually go to dealerships because they want to inspect the vehicle in person before making such a large and complex purchase, and also because of the dealership's location (i.e., as close as possible to their homes).

The blog details how online marketers can use their online presence to create leads and “drive new customers to the lot.” She says the key to a positive

online experience is to “provide as much information as possible to the customer before they step foot on the lot.”

Work Your Website

Many dealerships spend a fortune on SEO/SEM programs but do not see a great conversion rate of lead to sale, according to the AutoUSA survey. Boyle says the best way to raise that conversion rate is with a great dealership website; it should aim to keep customers engaged so they don't leave the site disappointed. Boyle says dealers can pump up their volume of Internet leads, and differentiate themselves from competitors by filling their websites with:

- Useful information, e.g., on current specials
- Photos and history reports of your entire inventory
- Engaging blogs and videos
- Multiple communications channels (social media, live chat, FAQs)
- Online credit applications
- Customer reviews
- Conversion tools designed to walk customers through the buying process
- Whatever else might drive a customer to buy

A good dealership website enables customers to do much of the research and legwork on their own, which is what potential buyers want, while saving the dealership's salespeople a lot of time and effort.

At a Silicon Valley dealership, half the store's sales staff sit in front of computers and “do nothing but wait on customers digitally,” according to COO Adam Simms.

Among his online staff is Stan Wolowski, 59, an 18-year veteran of the car sales business who spends most days emailing customers and responding to inquiries that arrive through the store's website or via car-shopping sources such as Cars.com.

Occasionally, he'll converse with customers using online chat—a far cry from his days waiting for a showroom customer. “The guy walking onto the car lot is a dwindling end

of the business,” Mr. Wolowski said. “The heavy lifting is now done online and if you’re not in that flow, you’re not going to see the bulk of the business.”

(Rogers, 2013)

Put Internet Sales on Steroids

Jennifer Suzuki, president of e-Dealer Solutions™ and ace car sales consultant, says it’s not difficult to train people to be both personable and Internet-savvy. She often travels to dealerships to teach salespeople how to do this and, by the way, double their sales from Internet leads.

During her four-hour boot camp in Internet sales for dealership general managers, held at NADA Academy, Suzuki divulged her philosophy: forget about selling any one car, or even cars in general. She said the salesperson’s true job is to “sell yourself” and “showcase customer service on steroids.”

Suzuki, who still sells cars for dealership clients, swears that customers can never talk her down to a price she feels is too low. And the trick to getting the ticket price for a car, or close to it, she says, is not letting the customer lasso you into a conversation about price or availability in the first place.

It’s crucial for salespeople to erase those topics from shoppers’ minds, Suzuki says. Because if it’s all about price for the customer, “that’s a hard way for you to make money.” And if they’re fixated on the availability of a particular car? You or a colleague might have sold it yesterday. (In fact, Suzuki just assumes from the start that the customer’s dream car drove off the lot five minutes ago.)

So when you speak with sales prospects, Suzuki says, your agenda should be the polar opposite of theirs. Customers want to funnel in from a wide field of options to find that one perfect vehicle. You want (or should want) to pile up the car candidates as high as possible. And then you should hack away at the pile until there’s just one car standing, presumably the best car for the customer.

Salespeople, Suzuki says, shouldn’t let customers obsess about the price of a vehicle or whether you actually have it in inventory. Divert the conversation to the great things you’re going to do for them when they visit your store. That way, you can get customers to forget all about price and availability, Suzuki says.

Suzuki’s techniques for controlling the conversation are pretty much the same for inbound and outbound sales calls, and even for floor traffic. But since our topic in this guide is Internet marketing, we’ll discuss the Suzuki method for converting an online lead to appointment.

Imagine that someone—let’s call him Brian Smith-Jones—is shopping online and sees a car he likes on your dealership website. He submits an online form to your website with a note in the comments field: “What’s your best price on the Bobcat 440?”

Within ten minutes you get his number from your CRM and you call Brian. (If you wait any longer than that, he might be on the phone with your arch-rival down the street.) Here’s how you’re going to make Brian forget about the price of the Bobcat 440.

Brian: Hello?

You: Brian, is that you? (Suzuki likes this offbeat greeting, because Brian might assume that he knows her, and thus be less likely to hang up!)

Brian: Yeah, who’s this?

(Suzuki says, whatever you do, just don’t answer that you’re the Internet manager. Everyone says this now and no one’s impressed. It’s not great to say you’re a salesperson, either. It would be better to say that you’re the customer service representative. Or at least act like one!)

You: Brian, this is Jeremy Jorgensen. I’m a representative of [insert the source of this lead from your CRM]. It’s my responsibility to make sure that you have an easy and convenient experience at [insert your dealership name].

Brian: Okay. Well, I just wanted to know how much I could get the Bobcat 440 for.

(Uh oh, Brian is the typical car shopper: fixated on getting the lowest price. But don't tell him! Remember, you're trying to erase price from his mind. Steer him away from price with a few easy questions; Suzuki notices that people don't mind answering softball questions.)

You: Brian, I can get you that information, but first let me ask if you saw that vehicle on our website or in person.

(This question also shows Brian that you think of him as an educated consumer.)

Brian: On your website, but I'm just comparing prices right now.

You: Okay, Brian, I can definitely help you with that, and I'm pulling up my inventory right now to see what's going on. But I want to be the one to sell you this car and I want to make sure I know exactly which one you want, so let me ask you: are there any colors you wouldn't consider? I'm going to get my notepad out and write down everything you tell me.

(And then do it! Your laser-like focus shows you find him fascinating and are dedicated to giving good customer service.)

Brian: Well, my wife said don't get a red one.

You: Gotcha, Brian. Not red. And as you may know, there are five trim levels for the Bobcat 440. Are you open to all trim levels, or is there one you wouldn't want?

(Here you're really flattering him! He probably has no clue about trim levels.)

Brian: I have no idea.

(Aha! We knew it!)

You: Okay, Brian. I'll say you're open to all five trim levels. And what are you driving now?

Brian: A Tomcat 980. It's about six years old now.

You: Ah, I see. And would you like to get a fair market value on that?

(Who wouldn't want a good price on a trade-in when shopping for a new car?)

Brian: Sure, yeah, if I could.

You: Great, Brian! So I've pulled up my inventory and I see we do have a number of Bobcat 440s in different colors—black, midnight blue, white, bronze—and all five trim levels. I tell you what, I have time tomorrow after 4 and even today if you could come in. [Pause to see if Brian jumps at that, but he doesn't.]

Why don't we set a time when I can have a Bobcat cleaned up for you, gassed up, I'll have it pulled up right in front of my store, and I'll even turn the heat on for you in the 440 since it's pretty cold this week?

Brian: Uh, maybe. I don't—

You: I'll let my team member Steve [he's actually your manager, but we don't want to scare off Brian with that information] know you're coming and he'll be there to greet you. When's the best time for you to swing by?

Brian: [Giving up] I guess tomorrow at 5 might work.

You: Great, Brian! And I'm going to make sure Megan, our appraiser, is there if you'd like her to appraise your Tomcat 980 while you look at the Bobcat. Would that be convenient for you?

Brian: Sure, why not.

You: Great! I'll definitely let Megan know she'll need to be there at 5 tomorrow to appraise your Tomcat. And within the hour, I want to send you some great information about the Bobcat 440 before you come:

some reviews and comparisons to similar vehicles. What email address should I send it to?

If Brian gives you that valuable email address, you can email him a message (or send him an Outlook appointment, if you get his permission to do so) with your contact info and directions to your dealership. And, of course, copy your manager on it so Steve will know when to look for Brian in front of the store.

Now all you have to do is remind Brian of the time of your appointment, and of all the great things you're going to do for him: have the car cleaned up, gassed up, and pulled up to the dealership curb for him to take a test drive. Also, you're going to have your "team member" greet Brian and have Megan appraise his vehicle for trade-in.

In other words, you're killing Brian with kindness! He won't know what hit him.

Switching Strategies

The transparency of prices that the Internet has wrought is moving us "away from price as a marketing lever," according to Chris Donnelly, managing director at Accenture's retail practice. Potentially, Donnelly said, the industry is going to a place where service and experience are the main points of differentiation among competitors.

"That's good for both parties," said Kevin Reilly, owner of Alexandria (VA) Hyundai. "The market is really going to set a price that's fair to dealers and customers."

To keep up with today's shoppers, sales teams are also trying to figure out how to manage the sales process across a wide range of platforms. Consumers might want to communicate by text message, instant message or email, and each format calls for a specific tone and style.
(Halzack, 2014)

Troy Nieves, director of Internet sales at the Washington, D.C. area dealership group Ourisman, watched for patterns in how people surfed the sites of his dealership and his competitors'. He found that initially, people searched for and researched cars from their desktop. But he also noticed that shoppers used their smartphones on the showroom floor, to see if other dealerships could beat Ourisman's price on the same car. That's why Ourisman is trying to deliver a user-friendly web experience on both laptops and smartphones.

Meanwhile, at Alexandria Hyundai, after years of seeing increases in email sales inquiries, Kevin Reilly said his store has seen a spike in phone calls to the dealership. He thought this was because millennials scanned inventory on their smartphones and pressed the call button when they see a vehicle they like.

The changes in buyers' behavior are changing how dealerships do their selling. "The salesperson who is more product knowledge-oriented and does a soft sell is going to thrive today and in the future," said John O'Donnell, president and CEO of the Washington Area New Auto Dealers Association (Halzack, 2014).

The Internet: Good or Bad?

Almost no one would want to turn back time on the transformative phenomenon that is the Internet. Still, it's worth asking whether the emergence of the Internet has actually been positive or negative overall for dealers. Les Abrams of NADA Academy asserts that while the Internet has taken a lot away from many dealers, it's been golden for customers, giving them total transparency of price and availability. Meanwhile, Abrams observes, the Internet has not been quite as kind to many less technically-savvy dealers.

"Too many dealers have suffered the loss and not realized the gain," Abrams says. "They just threw up their hands with this discovery and didn't see that the Internet has also given you a gift, Mr. Dealer: the ability to peek into the market and see what's hot and what's not, and get to the most profit."

Said Abrams, “If you get a lot of floor traffic, you’ll miss out without Internet salespeople. You’re forced into having dual sales staffs. If you’re going to saddle salespeople with leads that go five months into the future, they won’t follow up. They want to sell a car today or tomorrow, not foster the long-term relationship that will yield a sale next year.”

Typically, salespeople flounder in the digital world, said Abrams, and the reason is often pride. They’re convinced that they know the car market and what cars are worth.

“You don’t want to fire these people,” Abrams said. “So what do you do?”

Jared Hamilton says if a dealership has a number of salespeople who can’t respond to the store’s volume of Internet leads in a timely fashion, it’s got a hiring problem or a training problem. Or both.

“We love and care for people like this,” Hamilton says, “but if they just can’t adapt, there comes a time when you have to say, the business has moved on.”

Conclusion

Selling cars is nothing if not a numbers game. Throw the dice enough times and you’ll get snake eyes eventually. We’ve seen that some dealerships require their salespeople to make 125 calls per day. Making quality calls to Internet leads, if done properly, sells you to your customer and, by the way, sells cars.

It’s important for your website to look great and generate a steady flow of leads; it’s also important that your employees follow up on those leads effectively. Ideally, your salespeople are good on the sales floor, effective on the phone, diligent enough to place many calls daily, and literate enough to write a compelling email.

If you’re not living in that ideal world (or if your sales staff can’t keep up with the 250 Internet leads or more that your dealership is getting each week), you should seriously consider hiring dedicated Internet salespeople, or creating a BDC. In either case, you’ll

need to provide your new salespeople with the rigorous training they’ll need to meet their goals.

But transforming Internet leads into foot traffic and sales cannot be done without focusing on customer service. Promise your customers great service, deliver it to them, tell them (again and again!) what you’ve done for them, and you could double or triple your rate of converting Internet leads to sales.

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