

A Simple Formula for Internet Success

With all the Internet products and services available for dealers in the market today one could assume success is really all about choosing the right one. Even the best product or service is dependent on the focus and commitment of the dealership. I wanted to use this column to line out a formula that I have found to consistently deliver results when used by hard working and smart dealers.

1. Decide who is ultimately responsible

This is probably the most important step and that's why I put it number one. The Internet is still widely misunderstood as a marketing tool for automobile dealers and therefore it needs an internal champion to shepherd it through the formative stages. Preferably this is the general manager or general sales manager at the dealership because they have to weave the marketing and Internet sales process into the existing marketing and sales framework

2. Outline your Internet Marketing and Sales Vision

With the cost of operating an Internet department it is best to line out your vision and goals. Do you want to increase sales and market share? Do you want to grow owner loyalty? Do you want to be number 1 in close rate, sales or profits? Do you want to be known as the best Internet retailer in your town, region or nation? Whatever your vision is I would recommend that it be more than "just sell more cars and trucks". Think of the tale of the 3 bricklayers – when asked what they were doing one said "laying a brick", the next said "building another wall" while the third one said "building a cathedral". Your Internet team should know what they are building.

3. Line out your Strategy

Your *strategy is the heavy lifting* and requires you to settle on what steps are necessary to achieve your vision. The elements of an effective Internet strategy include the following items:

- a. **Structure** – When deciding on the right structure think of what will allow for the best consistency and scalability? There are many types of structures used by dealerships today and for the most part all of them can deliver good results. The most common structures are:
 - i. Combination Internet and Floor Salesperson – works fine in a small operation with few leads but the tendency is to favor the floor traffic and not offer the best service to the Internet customer which could cause them to go elsewhere.
 - ii. Internet Salesperson or Internet Sales manager – the most common approach used in dealerships today. Benefit is full-time focus on the Internet department without taking floor ups and lead handling is consistent. This is difficult to scale and turnover stops productivity immediately.
 - iii. Internet with a Call Center – this is a growing trend and born from the BDC (Business Development Center) strategy of "call" specialists setting appointments and turning them over to Internet "sales" specialists. This is the most scaleable but requires a very effective manager to ensure consistent results.

- b. **Personnel** – Depending on your structure the next decision is what type of personnel is required and how should they be compensated? My personal bias is to hire people who are sales oriented who can warm up people fast, know the product and processes and greet each day thinking of the opportunities to sell a vehicle. One dimensional people need not apply – this is a tough environment and requires optimists who can handle rejection and get back up and keep asking for the appointment and the sale. Compensation depends on the structure but I recommend a pay plan that focuses on “kept appointments” and the actual vehicle sale.
- c. **Process** – When deciding on the lead handling process it is important to think like the customer. Consider your own experience when you use the Internet. Was it easy? Was it quick? Did you feel confident? When you interacted with the agents were they knowledgeable and able to provide you with the information you needed? Was the experience something you want to you’re your friends about? If you can build your process around these questions you will undoubtedly be moving in the right direction.
- d. **Marketing and Lead Generating** – Once you are set on the structure personnel and process it is time to generate some leads. There are essentially four sources:
1. Lead Aggregators or Providers (Dealix, Autobytel, AutoUSA, etc.) – quickest source with large volume opportunity
 2. Online Classifieds (AutoTrader.com, Cars.com, etc.) – primarily generate phone calls for used vehicles
 3. Manufacturer Leads (FordDirect.com, GMBuyPower, etc.) – solid leads and typically excellent value
 4. Dealer Website – best closing rate but volumes are typically low
- e. **Tools** – The basics: Dedicated PC’s for each Internet department employee, high speed Internet connection, and a lead management tool. Without these in place and being utilized effectively you will never reach your full potential.
- f. **Metrics** – You must measure the following to keep on track.
Weekly: leads, appointments kept, sales and gross.
Monthly: all above plus measure the lead sources by close rate, cost per lead, cost per vehicle sold and return on investment.

I realize it does not sound exactly simple but if you follow the plan and adjust to the challenges you can actually achieve your Internet vision.

