



Is Your Dealership Attractive?

How to Find and Attract New Customers to Your Dealership

By Ron Lamb

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There's an old adage that says, "A business must grow to survive." This is especially true for automotive dealerships. Over time, some of your customers will move away, some will change lifestyles, and others will leave for a myriad of other reasons that are beyond your control. In other words, if your dealership isn't constantly attracting new customers to replace them, you will eventually find yourself with no customers left.

This Issue Paper will give you the keys to bringing new customers into your dealership. To show you how all of the pieces work together, we have broken the process down into 3 phases:

- Create the appropriate messaging and branding
- Reach out to new customers
- Get the right resources, practices, and tools in place

Messaging and Branding

In order for your messaging to have an impact on your customers, careful planning is required. Don't slip into the common pitfall of just coming up with some catchy slogan, slapping it on an ad, and sending it out to the masses. Good messaging is very specific to the needs of your audience, and must speak to them on a personal level.

Your "target customers" are those who are most likely to buy from you. Resist the temptation to be too general in the hopes of getting a larger slice of the market. That's like firing 10 bullets in random directions instead of aiming just one dead center of the mark – expensive and dangerous.

– Isabella Trebond, Entrepreneur Magazine

To start, get a good grip on the overall brand messaging and target markets of your OEM. Then determine how well your dealership fits that image. Do you effectively reinforce the

manufacturer's messaging? Are you focusing your efforts on reaching out to the right target market? If you answered 'no' to either of these questions, fixing your messaging and branding should become a top priority. Your reputation as a dealership is built on how well you fit the brand image of your manufacturer, as well as the kind of experience you give your customers. If that reputation is not a positive one, word-of-mouth will most certainly hurt you, and you will find yourself struggling to attract new customers.

If you evaluate your target market and discover that it is not big enough to sustain ongoing business growth for your dealership, it's time to consider marketing to an additional target market. For example, you could potentially increase parts business by marketing to do-it-yourselfers. Perhaps expand marketing to younger (or older) customers. Consider opening an online parts hub to become your area's leader in wholesale parts sales. There are countless target markets you can explore to increase business. However, it's important to remember that your dealership must maintain a consistent overall position in the marketplace for each brand. Attempting to be "all things to all people" for any given brand will only result in confusion and alienation of your target audience.

When your target market segment is established, you need to develop effective messaging by putting yourself in the prospect's shoes. Ask yourself, "Why should they come to visit my dealership?" What advantages do you have over your competitors? Do your customers already know about those advantages? Perception and reality may be two very different things. For instance, you may in fact have the most efficient and professional service department in your area, but if your customers don't know or believe it, it really doesn't matter.

Reaching Out

Now that you know your target market and what your message will be, it's time to look at different ways to reach out to bring new

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customers into your dealership. A great place to start is your existing customer list. As you know, many people who purchase vehicles from your dealership don't return to you for service. These customers are your low-hanging fruit. You already have their contact information and they have a history with your dealership, so you are in a great position to win their service business. And when you succeed in bringing them back, be sure to ask them to refer friends and family to your dealership. Referrals are very powerful tools, and they don't cost your dealership a dime.

If a dealer sells 100 cars in a month:

- 28 of those people will be "loyal" service customers, returning regularly
- 32 of those people will never set foot in the dealership again
- 40 of those people will visit the service department 1 or 2 times, and then never return

Source: A MarketView360 survey of 800 dealerships.

Your Web site is another cost-effective method of reaching out to new customers. Most dealerships these days have a relatively comprehensive Web site, but too few are actually using it to gather customer information.

Make sure that every page on your site has a "contact us" icon or some other call to action. Do anything you can to entice prospects to give you their email address before they leave your Web site...then contact them IMMEDIATELY. If a potential customer is on your Web site, you have a limited amount of time to contact them before they make their vehicle purchase decision (either from you or your competitors).

Now that you have your customer referrals and Web site working for you, you can look into more traditional mass media advertising to get new customers into your dealership. Find out what publications your target market reads (newspapers, magazines, etc.), what local television channels they watch, and what radio stations they listen to, then build your advertising plans accordingly. Based on your

knowledge of your customers, include some kind of incentive to get them to come to your dealership. This should be something that will really speak to your customers (tent sale, free gas cap check, appearance by a NASCAR driver, etc.).

Of course, direct mail is always an option as well. You can create helpful and informative articles, company newsletters, special offers, and other messages to include in a mailing to everyone in your area. Anything that helps you to maintain a personal relationship with that customer is beneficial.

Lastly, try to develop symbiotic relationships with other industries. For example, real estate organizations are a great source of new prospects moving into the area, and may even be willing to pass along a flyer to all of their new clients for you. In turn, perhaps you can offer the real estate staff some kind of special discount or some other kind of incentive. The possibilities are endless.

Google research dated August 2007 indicates:

- 73% of vehicle buyers perform online research
- Two-thirds of vehicle purchasers spent four weeks or less researching vehicles before buying. Over one-third spent less than seven days.

Resources, Practices, and Tools

The final phase in attracting new customers is getting the right resources, practices, and tools in place. Resources include your staff and your dealership facilities; practices are your day-to-day operations; and tools are the products and services that you use to help run your business.

First, your dealership facilities are critical to establishing a positive and professional reputation in your local market. Take a close look at your facilities from the customers' perspective. Does the customer experience match the experience they get from other types of businesses, such as coffee shops, restaurants, hotels, shopping malls, etc.?

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Your customers expect a modern-looking atmosphere, hot coffee, clean and comfortable chairs, current newspapers and magazines, and other amenities. If your dealership doesn't provide that type of experience, your customers will be uncomfortable, and your reputation will suffer.

According to Jon Anton, PH.D., director of research at BenchmarkPortal, companies undervalue the email channel, and are not sure how to handle their email operations. "Responsiveness is absolute godliness when it comes to customer service, and if you send an email to a company and they don't respond, there's a message there that's probably not a good one."

Second, take a close look at your employees. How do they portray your business to potential customers? To gain their business, new prospects must be handled differently from your current customers, so all of your customer-facing staff should be trained on how to effectively interact with a new prospect. This includes showroom staff, receptionists, BDC teams, service advisors, parts counterpeople, Internet manager, etc. Remember that a new customer can visit, call, or email your dealership for any number of reasons, and it is critical that their first impression be a good one.

The training for your staff should include:

- How to greet a customer, whether it is in person, on the phone, or via email
- How to effectively obtain customer contact information
- Basic information about the dealership, such as your overall messaging, services and products you offer, hours of operation, Web site information, number of years in business, etc.

Greeting a customer properly makes such a huge impact on their impression of your dealership. When a customer arrives in

person, the nearest employee should always greet them immediately with a welcome and a smile...even if that employee has nothing to do with that customer's visit. It lets the customer know they are welcome and that their presence has been acknowledged. It is very simple, but it makes all the difference in the world to that customer.

When greeting a customer on the phone, be sure the person answering the phone sounds upbeat, and encourage them to smile when they answer the call. It's true, you really can hear a smile over the phone. If the person answering the phone sounds like they're falling asleep or are having a bad day, then the customer may come away with a negative feeling about your dealership.

Lastly, when responding to a prospect via email, respond to them immediately and thank them for their message. Even if you need to research their request and get back to them, always acknowledge that you're working on it, so they don't think their message has gone into a "black hole".

When looking at your practices, you should focus your efforts on creating and maintaining a world-class customer database. If your customer database is out of date or incomplete, you might as well be throwing your marketing dollars out the window.

To make that database as robust as possible, explore possible incentives for all of your staff (not just sales staff) to obtain and record data for new customers and prospects. This could include incoming calls, walk-ins, or even outgoing cold calls. When those employees receive that customer information, they need to enter it into that database (not into their personal files or onto a rolodex). Remember that compensation drives behavior, so employee incentives are key.

When examining your processes for maintaining customer information and effectively marketing to prospective customers, there are a number of CRM tools available that can help you achieve your goals. Here are some things to consider

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when evaluating the right option for your dealership:

- How much does it cost? – Look at both onetime and monthly support.
- How easy is it to use? If your staff struggles to use it, you won't get any value from it. Make sure it is relatively intuitive and that appropriate training is available.
- Does the tool have all the right features/benefits? As a minimum, look for Do Not Call tracking, management reporting tools, daily work plans, appointment scheduling, and real-time integration with your DMS for all departments.
- Do you trust the supplier? Look at their support services, trainers, etc. Also consider how long the supplier has been in business.
- Do other dealerships like it? Be sure to talk to other dealers that use the CRM tools you are considering. This will help you get past the sales pitch and truly understand how the solutions will or will not impact your dealership.

Conclusion

There is no silver bullet for attracting new customers. You'll likely want to implement a combination of strategies for maximum effectiveness. With the right resources, practices, and tools, the correct messaging, and the proper marketing mix, you'll be able to attract more customers and put your dealership on a path of long-term growth and success. Now it's time to create your own plan and start growing your business!



About the Author

As vice president of sales, Ron Lamb has been successfully managing all of Reynolds' systems sales within the United States since October 2005. He is a seasoned veteran of the automotive retailing market with a distinguished record in the Reynolds' sales organization.

Lamb began his career with Reynolds in 1991, becoming a member of the sales team in Tampa, FL. In 1999, he was promoted to regional sales director in Atlanta. He then moved to Reynolds' World Headquarters in Dayton, OH, where he joined the marketing department as director for CRM solutions, which included Web services, CRM, Desking, and F&I applications. In 2003, he served as general manager of Reynolds' NADA exhibition in Las Vegas. He was named vice president of Enterprise Solutions in April 2005 and managed the Top 100 and Enterprise segments of the market, which include the company's largest automotive retailing customers, until accepting his current position.

Lamb holds a Bachelor's Degree in politics from Princeton University in Princeton, NJ, and a Master's Degree in business administration from Loyola College in Baltimore, MD.

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