



# ***PROFITS & EFFICIENCY:***

**Implement Best Practices from  
Today's Top Performing Dealerships**

**SALES & MARKETING • FIXED OPS • DEALER OPERATIONS**

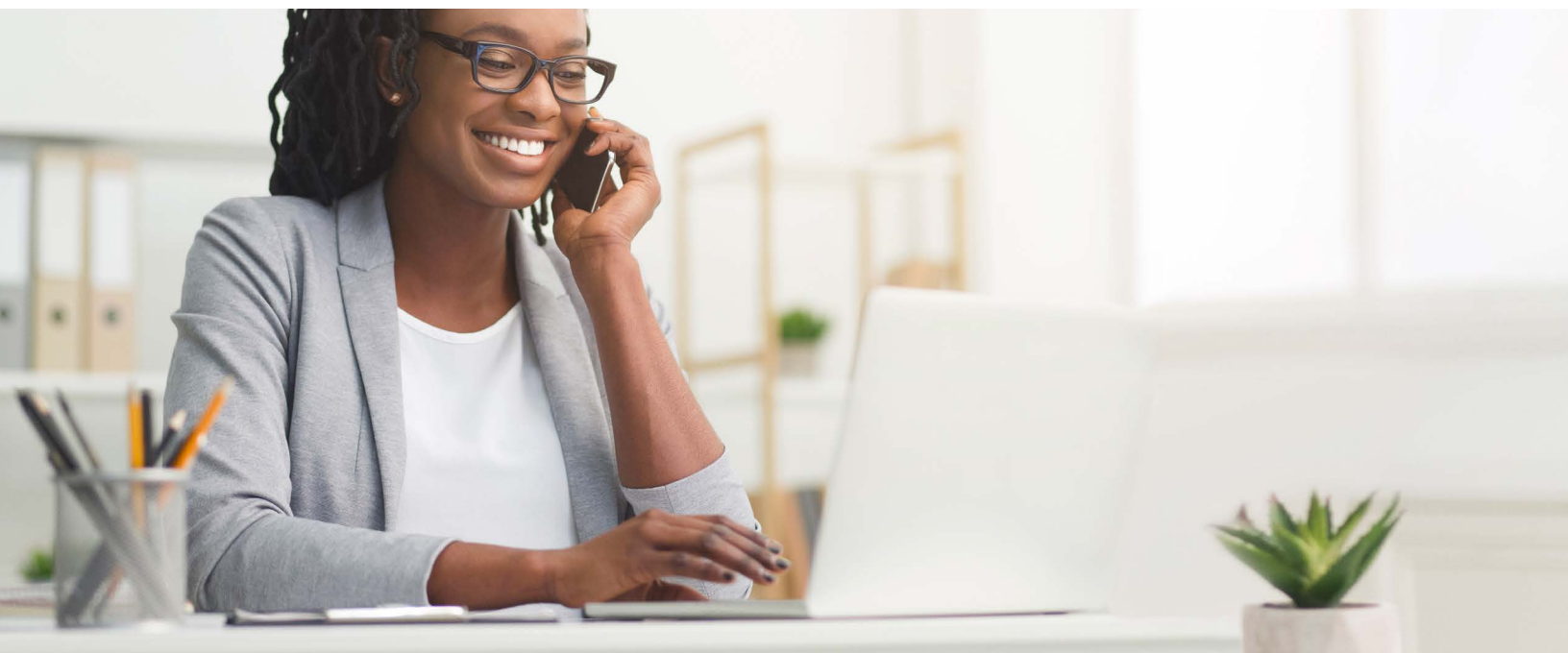
# INTRO

In every industry, there are top performers who separate themselves from the pack by achieving results that go above and beyond what others manage to accomplish. But, they also separate themselves through their daily actions, by differences in the way they approach operations.

As a general rule, top performers work smarter, not harder. And when it comes to top performers in the automotive sales and service industry, working smarter includes incorporating a few shared operational practices that convey flexibility and convenience to the consumer, and expedite the time it takes to make and close the deal.

Take an in-depth look at how some savvy dealerships actually managed to thrive during a down economy to become both **more profitable** and **more efficient**.

This eBook will give you key insights into these thriving dealerships, teach you their secrets to success, and show you how your dealership stacks up against the industry's best.



# THE STATE OF THE DEALERSHIP

The majority of dealerships fall into one of two categories. They are either adapting and thriving in a new digital environment, or they are static and struggling to evolve in a new age of automotive sales and service.



## So, which dealership are you?

- Are you part of the top performers that are both more profitable and more efficient?
- Are you one or the other, but not both?
- Or are you part of the static group of dealers that are the same or perhaps even less profitable and efficient since the onset of the pandemic?

If you're not happy with the current state of your dealership, the choice to thrive is within reach. You can pivot quickly and make actionable changes to your operations, so you don't stay stuck in the rut of a static dealership.

# LEARNING FROM THRIVERS

Cox Automotive analyzed 453 dealers to uncover common practices that contributed to their success. As previously mentioned, those dealers that became both more profitable and more efficient incorporated the following four operational practices:



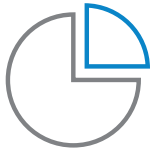
## 1. Adapt to a Digital Consumer Experience

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## 2. Invest in Fixed-Ops Improvements

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## 3. Maximize Usage of Data

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## 4. Prioritize and Invest in Staff

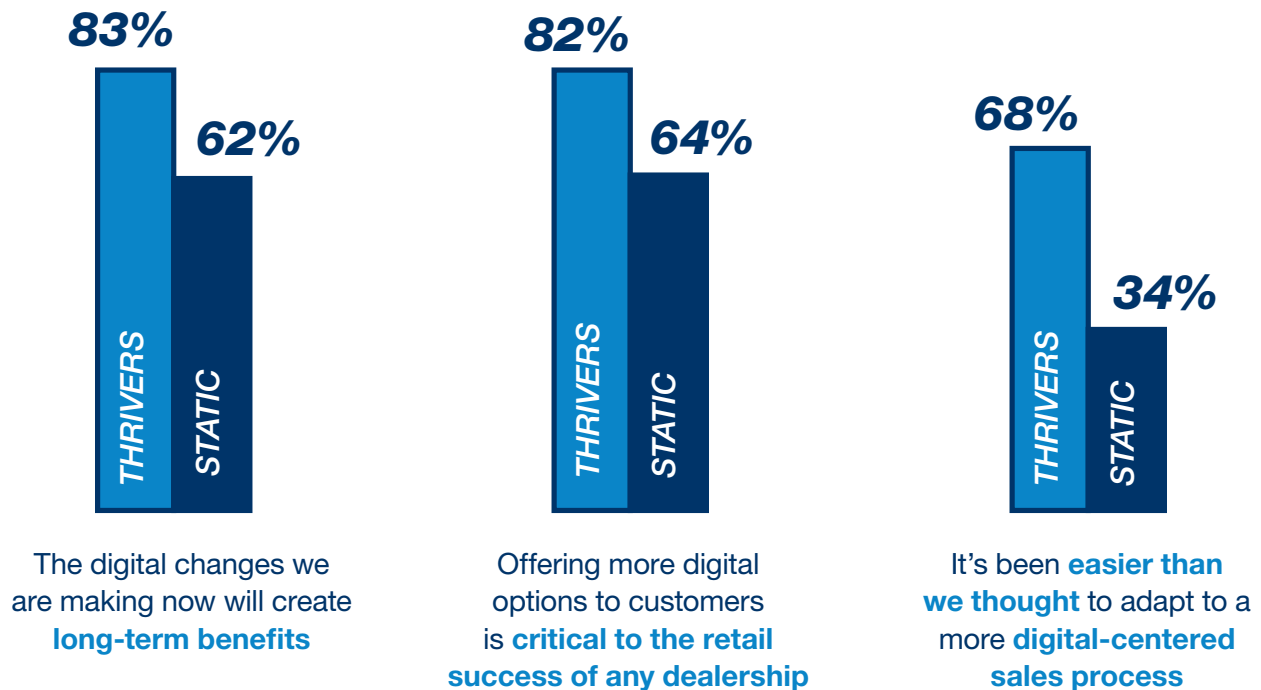
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# 1 THRIVERS ADAPT TO A DIGITAL CONSUMER EXPERIENCE

As 2020 accelerated consumer preference to complete more of the car buying process online, thriving dealers adapted to take advantage of new opportunity. They added digital buying solutions and communications channels to give consumers the ability to start and complete the shopping and buying process from anywhere, resulting in an uptick in efficiency and customer satisfaction.



## Dealer agreement that...



## Text and Video Communication

Shopping for a car using digital channels can lead to some unfortunate pitfalls in customer communications. Customers can fall through the cracks when they bounce between multiple dealer representatives over the course of several weeks and months.

Thriving dealers overcame these challenges by using text, video chat, and other communications that get tracked in the CRM to keep communication personalized and to the point, making the car buying experience cohesive.

Using texting and video chat incorporated into the CRM, thrivers embraced an omnichannel communication approach. Even from a distance, these communication methods actually made the car buying process more personal, while increasing efficiency in the form of faster communication and quicker customer response times.

## Virtual Assistant Technology

While your customers may prefer to chat or text with a live person, the 24/7 nature of online car shopping means that sometimes sales and service staff aren't available. Thriving dealers understand the importance of responding to every inquiry in a timely manner. They utilize automation and artificial intelligence to deploy high resolution chatbots that can assist a customer until a live person is available. Virtual assistant technology is a time-saving solution, especially for simple inquiries and information gathering, making dealers more efficient.

## Digital Contracting and Vehicle Delivery

Thrivers also offered convenient solutions like digital contracting and vehicle delivery. These services kept the sales process moving forward for dealers, while also keeping the customer satisfied.

Understanding that many customers want to eventually see and pick up their car in person, thrivers offered a hybrid car buying experience that combined digital retailing with the traditional sales experience. Connecting the digital and traditional in-store sales process gave customers control of their own car buying experience, and created more opportunity for dealers to establish personal relationships with customers.

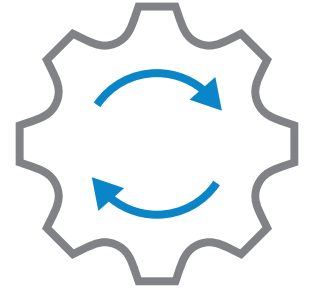
**63%**  
***OF DEALERS AGREE  
THAT AUTOMATION/  
ARTIFICIAL INTELLIGENCE  
IS NECESSARY TO ADAPT  
TO CHANGING DEALERSHIP  
PRESSURES.***

# 2

## **THRIVERS INVEST IN FIXED OPS IMPROVEMENTS**

During the height of pandemic, consumers drove considerably fewer miles, resulting in fewer trips to the service department, and many were also hesitant to show up to a dealer service department in person.

Considering fixed ops revenue drives over half of dealership gross profit for the majority of dealers (according to NADA), this trend posed a serious threat to dealership success and sustainability.



Thriving dealers got out in front of this potential profitability problem by prioritizing improvements to their fixed operations. These improvements included text and email for quote approval, service pickup and delivery, and daily shop management.

### **Enhanced Multi-Media Solutions**

Thrivers incorporated service department practices that helped increase trust and transparency with car owners. This included sending video and photos through text and/or email for fast quote approval, which had the added benefits of building stronger customer relationships and helping dealers sell services easier.

Shooting a short video of the inspection gives customers a clear picture of potential repairs. It also reduces over the phone explanations of complex repair recommendations and allows both advisors and technicians to close more service recommendations, which boosts profitability and service department efficiency.

### **Service Pickup and Delivery and Shop Management**

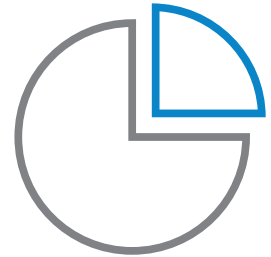
Improving the service department also means more convenient offerings to compete with other service providers. Thrivers offered service pickup and delivery options at customers' homes and places of work, giving them a time-saving and affordable alternative to dealership competitors.

Thrivers also improved daily shop management by leveraging data to identify and track opportunities for openings in their service department schedules, maximizing their technicians' time and optimizing shop efficiency and utilization of service department bays to improve profitability. It also helped dealers simplify day-to-day tasks and reallocate job roles to minimize down time.

# 3

## **THRIVERS MAXIMIZE USAGE OF DATA**

When consumers take a wait-and-see approach to buying and servicing cars, either because of economic uncertainty or down times for dealerships, thriving dealers leverage their data and systems to proactively identify new sales and service opportunities.



### 52%

*OF DEALERS SAY THAT LEVERAGING DATA/SYSTEMS TO IDENTIFY OPPORTUNITIES IS A CHALLENGE.*

### 86%

*OF DEALERS AGREE THAT HAVING ACCURATE AND COMPLETE CUSTOMER DATA IS A PRIORITY.*

### 75%

*OF DEALERS SAY THEY PROACTIVELY KEEP THEIR CRM DATA UP TO DATE.*

### Online Activity Tracking

Thrivers use activity tracking for customer web and search history to gauge interest and understand specific customer needs. This allows them to personalize communication and the car buying experience for each individual customer.

By tracking communication to determine which customers have clicked on email offers and explored their website, dealers can proactively reach out to people, establish relationships, and keep the car buying conversation moving forward with customers who are most ready to buy.

### CRM Data

Using CRM data, as well as data from external web sources, thrivers market to customers on a one-to-one basis and communicate with them in a personalized manner. They mine their CRM to the fullest extent to craft tailored messaging that will resonate with customers, resulting in quality leads and actual vehicle sales

With this data, top dealers personalize messages with information about the customer's current car, potential interests, service history, current monthly payment, and more. They even include added incentives that may pique a particular customer's interests.

## Targeted Messaging (OEM Incentives)

As customers consume content and research cars online, thriving dealers connect with in-market car shoppers with targeted, relevant messaging. For the most part, these dealers are moving away from ad campaigns aimed at the masses and moving toward targeted digital marketing. This focused digital advertising approach gives dealers a better return on advertising dollars and results in purchase-ready, high-quality leads.

Thrivers deliver targeted content that ensures shoppers know about OEM incentives. When a consumer knows that every incentive a dealer has available is on the table, it builds transparency and trust, and leads to repeat and referral business. Even if other dealers offer the same incentives, simply making OEM offers visible to the car buying public gives dealers a competitive advantage.

## Cross-Departmental Data

Thrivers use cross-departmental data to spot opportunities between sales and service departments. Using service records and past-purchase records, these dealers identify in-market shoppers to predict customer service needs, opportunities for add-ons, and future in-market shoppers. They also use equity mining to identify potential buyers, who may be in a favorable position to re-enter the market, and address inventory shortages by buying and re-selling cars from their own customers.

Thriving dealers make highly individualized offers by digging into the details of cross-departmental data and getting specific with customer communications. They may suggest a particular customer could save money on a newer car, based on the amount he/she has spent on service repairs in the past year, for example. Salespeople also use this cross-departmental data to prospect customers, who may have older vehicles or those coming off of leases.

# 38%

***OF DEALER LOYAL  
CUSTOMERS PURCHASED  
THEIR VEHICLES AFTER  
INITIAL CONTACT FROM  
THE DEALER.***

# 4 **THRIVERS PRIORITIZE AND INVEST IN STAFF GROWTH**

During times of economic uncertainty, many dealers decide to downsize or stop hiring for the foreseeable future. Many also cut salaries and benefits. Others reallocate resources from training and employee-centric programs to different areas of the dealership. Thriving dealers, on the other hand, prioritize staffing by optimizing benefits and making significant improvements to workplace culture and employee growth and satisfaction.



*AMONG THRIVING DEALERSHIPS,*

**34%**

*FOCUSED THEIR EFFORTS ON STAFFING AND BENEFITS.*

*AMONG STATIC DEALERSHIPS, JUST*

**23%**

*FOCUSED THEIR EFFORTS ON STAFFING AND BENEFITS.*

Those static dealers that did focus efforts on staffing and benefits, on average, implemented fewer improvements than thriving dealers:

**8.4**

*IMPROVEMENTS IMPLEMENTED ON AVERAGE*

**VS.**

**7.5**

*IMPROVEMENTS IMPLEMENTED ON AVERAGE*

## Prioritize New Digital Processes

Investing in staff includes attracting and retaining employees, but prioritizing employees doesn't mean keeping every single person that works at the dealership. In fact, thrivers are not afraid to let go of staff when they refuse to adapt to new digital processes. This is not an insignificant undertaking, considering that 47% of dealers say obtaining buy-in from leadership/employees on new technology and processes is their top staffing challenge.

# 47%

***OF DEALERS SAY THAT OBTAINING BUY-IN FROM LEADERSHIP/EMPLOYEES ON NEW TECHNOLOGY AND PROCESSES IS THE TOP STAFFING CHALLENGE.***

Among these staffing changes, top dealerships made key adjustments in sales and marketing to incorporate more crossover between departments. Traditional salespeople and service advisors shifted their responsibilities to communicating with customers online in order to meet a new demand, and dealers prioritized setting and tracking accountability metrics, using technology tools.

## Prioritize Employee Satisfaction

That's not to say that thriving dealers don't prioritize and take care of their people. In fact, top dealers make sure their employees are satisfied, well-trained, and have a path to high performance. These dealers understand that when employees see the benefit of leadership's direction, and they're growing within their roles, they buy in to what the dealer is doing, which increases employee (and ultimately customer) satisfaction.

Thrivers understand that employee satisfaction and CSI scores are inseparably connected, and they prioritize employee satisfaction on the same level as their customer reviews. They take their employees into account and involve them when making big and small business decisions. The sum total of these staff investments is a happy, more productive workplace.

***OVER THE COURSE OF 2020,***

# 51%

***OF THRIVERS REPORTED EMPLOYEE SATISFACTION BEING HIGHER THAN USUAL, WHILE ONLY***

# 24%

***OF STATIC DEALERS REPORTED EMPLOYEE SATISFACTION BEING HIGHER THAN USUAL.***

# CONCLUSION

In reviewing top dealers, analyzing their practices, and comparing them to their static dealer counterparts, it's clear that thrivers took the new needs of the market seriously and invested in long-term changes. They were committed to leveraging new technology, getting their employees on board with process changes, and utilizing data and modern communication methods to keep customers engaged with the digital dealership.

While static dealers were more likely to see the adoption of new practices as unnecessary and less proactive in responding to change overall, thrivers foresaw challenges and quickly adapted to take advantage of new market conditions and consumer preferences to become more efficient and more profitable.

So, which dealer are you?

Are you a thriver, a static dealership, or somewhere in between?

If you're ready to increase profitability and efficiency at your dealership, commit to making changes now. Don't settle for staying static. Implement the tools, technologies, and processes that will give you a leg up on your competition and help you rank among the top performing dealers in your market.

The formula for success has already been spelled out by profitable, efficient dealers in a down economy. Learn from their lessons, use this eBook as a resource for implementing change, and become one of the thrivers.

**Learn more about tools and technologies you can implement at your dealership to help you succeed:**

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