



An Auto Dealers' Guide to Outselling the Competition

**Increasing Car Sales, Decreasing 3rd Party Leads
and Closing More Be-Backs**

Dear Dealer and General Manager,

If your dealership is like many, your sales staff is closing just 20% of the shoppers who come through your door. Eighty percent or so of your opportunities simply walk away to a competitor. Such loss is never acceptable. Now it is intolerable. Your dealership must – and can – retain and recapture more sales opportunities.

Fortunately, increasing retail sales is possible where dedicated customer follow up and pursuit is required, practiced and monitored. The key technology likely already in your dealership designed to help you do this is the customer relationship management system, simply known as CRM.

Too often though, the CRM investment goes underutilized. It is only of value to your bottom line when it is used and used routinely to help you achieve more retail sales – and especially from unsold shoppers who walk.

This eBook, “ **An Auto Dealers' Guide to Outselling Competition, Increasing Car Sales, Decreasing 3rd Party Leads and Closing more Be-Backs**” is designed to help you use your CRM to:

- Consistently, correctly and profitably follow up and pursue customers and monitor your sales team's performance toward this goal.
- Increase retail sales by 7 to 11% by addressing and overcoming customer objections.

Finally, we reveal here what research with thousands of car buyers from dealerships like yours say are the real reasons they leave a dealership unsold – and how you can leverage this insightful information to improve your internal processes so fewer shoppers walk on you in the future.

To quote Bruce Glasscock, General Manager/Owner of Spring Chrysler Jeep Dodge, “We used to sell 70 units per month. Now we are selling over 400 and have sold as many as 700 in a single month. The information we get from the Unsold Interviews is truly the magic ingredient that allows us to know more about each customer we are working, get more of them back in, and close more deals.”

If your dealership might benefit from increasing retail sales without a correlating increase in advertising and marketing dollars – using technology you likely already own – then please read on.

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The Clock is ticking ...



It's well known that about 80% of potential customers will leave your showroom unsold.

When they do, the clock starts ticking. Unless you can get back to these unsold customers quickly to learn why they walked and how you might regain their business time is on your competitors' side, not yours.

"I'm a firm believer that if a customer walks out of here, the market is so competitive that within 24 hours they will have purchased elsewhere," says Shahin Salehoun, General Sales Manager with Fred Haas Toyota World, Houston, TX, currently the third-largest Toyota store in the U.S.

Unfortunately, most dealers focus their customer studies on what makes sold customers happy or not. Yet the more important research question is the one that yields usable insight into why customers *do not* buy from you.

Two vital reasons make gathering unsold customer information strategically more valuable to the dealership:

- 33% of unsold customers will come back and allow the dealership another chance to close the deal
- 67% of those who do come back will end up purchasing a vehicle from that dealership

These "second-chance" opportunities can increase a dealer's monthly sales significantly, as well as boost closing ratios tremendously.

Unsold customers hold vital information critical to the dealership understanding what went wrong in the showroom sales process originally. Without this direct feedback from the unsold customer, a dealer has no idea what is really going on in his or her showroom, what part of the sales process needs correction, and what the real objections to the deal were versus false excuses originally given to the salesperson. A dealer can address a real/true objection, whereas a false excuse can never be overcome.

With the right techniques properly executed, dealerships can save many of these potentially lost deals.

“We have grown our business from 70 cars a month to 400 per month, and I can tell you that the hottest prospects to buy a car from my store today are the customers that left my showroom yesterday and did not buy from us. There are deals that we miss every single day and we don't know why. Without question, the fastest, easiest, and least expensive way to sell more cars immediately is to start research interviews with your unsold showroom traffic....period.”

Bruce Glasscock, General Manager/Owner
Spring Chrysler Jeep Dodge | Houston, TX

Unfortunately, too many dealerships allow unsold customers to slip away, not particularly concerned about them until the month's sales numbers look weak and staff starts working the phones. Paper desk logs simply don't provide the data capture, ease of data extraction or reporting accessibility to make them truly useful for tracking ups and unsolds – and they lack an automated reminder system – so general follow up and unsold pursuit too easily falls by the wayside.

Shoppers are leaving your dealership without buying sometimes for the reasons they share with your sales staff or general managers, but most likely for reasons they won't tell you about. Whatever the reason shoppers leave the dealership unsold, the clock is ticking. Research shows that the first 24 hours after a customer leaves unsold is crucial time – time you can use to your advantage to bring them back and make the kind of deal that satisfies their needs and yours. The use of the following tools can put time on your side:

- **A Customer Relationship Management or CRM system.**

Often, however, where a CRM is available it is not being used due to staff resistance to the process or lack of training or to management's neglect of accountability to its consistent use.

Without management oversight of the sales team's use and adherence to best CRM practices, the decision about what customer data – if any – the sales team will input into the CRM is left to the salesperson.

“Contacting customers within two hours of their leaving helps us produce 30 to 50 additional vehicle sales a month.”

Shahin Salehoun, General Sales Manager
Fred Haas Toyota World | Houston, TX

The customer record may be complete or not – and the explanation of what brought the customer into the store and the reason for them leaving unsold can be real or an excuse.

Without complete customer data in the CRM, it can be impossible to really measure and understand who was an up and who wasn't; what happened to that up and why.

While CRM technologies vary, the key to their usefulness is in their consistent use with every customer, for every deal, every day. The CRM should provide mechanisms for capturing customer data -- from the dealer management system for existing customers and license scan or keyboard entry for new customers -- including email addresses, and then for communicating with customers routinely via email, postal mail, or other channels to build rapport and add value to the customer relationship.

- **A process for learning and capturing why unsolds leave.** This process should help reveal your customers' true and real reasons for not buying – and it should help quantify those reasons to help you identify and improve process flaws costing you sales and customer satisfaction.

“We contact unsold customers using a third-party survey service, which often has contacted and spoken to those customers within two hours of their leaving our store,” says Salehoun, whose dealership retails 1,000 units a month. “This action alone produces 30 to 50 additional vehicle sales a month.”

In addition, he points out, the Unsold Research Call Center he uses to make unsold customer follow-up calls helps him learn from each unsold customer:

- The advertising source that brought the customer into the dealership
- Why the customer did not buy – what was their barrier?
- Was the correct Road to the Sale process followed?

THE REAL REASON CUSTOMERS WALK

Surveying unsolds to ask why they didn't buy will likely solicit different answers, depending on who asks. When your salesperson or GM asks, the customer often feels embarrassed about the reason or otherwise does not want to offend. The typical responses fall into a worn bucket:

- "I am out of time"
- "I have to ask my wife"
- "I got a better offer down the street"
- "That's not in my budget."
- "You don't have what I'm looking for"
- And other 'safe' reasons

Reasons like this may be valid, but too often not the true reason. An objective, third-party survey process can help you uncover the real motivation for the customer's decision not to buy from you.

"In most all cases, when a professional survey company calls shoppers we didn't sell, the survey company gets a much more honest answer as to 'why,'" says Richard DeLeon, General Manager with Burns Motors, a Chrysler-Dodge dealership in McAllen, TX. "Usually these are process reasons for which I can hold the sales manager or sales person accountable."

The top reason customers really leave the auto dealership without buying is there was some breakdown in the 'Road to the Sale' process.

“I’m a firm believer that if a customer walks out of here, the market is so competitive that within 24 hours they will have purchased elsewhere.”

Shahin Salehoun, General Sales Manager

Fred Haas Toyota World | Houston, TX

Whether the true reason is the salesperson’s failure to do a proper “meet and greet” or the sales manager’s refusal to drop the price \$100 to close the deal, the real reasons customers walk -- if discovered -- can be profitable and instructive for your dealership.

“Our surveys help us find out what causes customers not to buy, and rarely is the reason that they did not like the salesman,” says DeLeon.

“From a process perspective, we pay attention to the personal stuff here too and together with the customers’ feedback from our third-party unsold surveys we learn whether we can still sell that customer a vehicle and what their true hot button is,” DeLeon adds.

To learn the real reasons customers walk from dealerships without buying, CAR-Research XRM’s Unsold Research Call Center conducted 250,000 interviews with customers from more than 250 dealerships across the U.S., from January 2009 through October 2010. The findings might surprise you.

They show that while many in the dealership believe the highest percentage of customers leave due to lack of time or need to confer with another decision-maker, the real reason is a breakdown in the Road to the Sale process.

OPPORTUNITY KNOCKING

One can look at the glass half empty or half full. For example, while the results of the CAR-Research XRM's Unsold Research Call Center survey might seem discouraging, each result presents opportunity. To see it, one has to flip to the positive and put a plan into place to excel in those areas.

At 27 percent, Sales and Management Staff issues ranked as the highest single reason customers abandoned the sales process at dealerships. The Sales and Management Staff issues reported by survey respondents ranged from among the following:

- Rude and disrespectful treatment by sales personnel
- Sales staff not being knowledgeable about product or financing information
- Appointments not kept by the proper sales staff member that customer was expecting to meet with
- Condescending attitude and not working directly with or talking to a female when a male was present with her
- Not being respectful of customers' time by back and forth communication with sales desk manager
- Manager who took a turn was seen as rude or too pushy and lacked empathy

While customers are telling dealerships that they are leaving because they are out of time or have to talk to their spouse, the survey research has found that in reality those were real reasons only about 3% of the time.

The real reasons customers walk without buying – truthful reasons you can flip to your advantage to get those customers back – are important, as the truth can then lead to more advantageous customer handling and a profitable close.

The survey found the top ten reasons car shoppers left without buying to be as follows:

- | | |
|--------------------------------------|-----|
| 1. Sales and Management staff issues | 27% |
| 2. Shopping | 21% |
| 3. Price | 12% |
| 4. Financial | 12% |
| 5. Inventory | 9% |
| 6. Style | 5% |
| 7. Payments | 4% |
| 8. Trade | 3% |
| 9. Time | 2% |
| 10. Decision Maker | 1% |

BACK TO BASICS – THE RIGHT ROAD

That dealership sales and management staff issues were the top reason cited by shoppers for leaving a dealership without buying should set off alarms.

The message seems clear: too many dealerships have become lax about once-critical processes that helped sell vehicles, the proven Road to the Sale.

This process isn't new, of course, and every sales manager understands it and every sales person instructed to follow it. Unfortunately, too often managers have neglected to hold staff accountable for taking this road with each customer.



Because management neglects to watch, staff isn't doing it anymore or at best not doing it consistently with every shopper. So, let's review this road; neglecting it just about anywhere along its path can be hazardous to your sales.

Key stops along the successful Road to the Sale:

1. **The Meet and Greet:** Warm, personable welcoming of shopper to the dealership and introductions
2. **Fact-finding/Gather Information:** Listening to the shopper's explanation of vehicle needs and wants, and the sales person's questioning to focus interests based on use, budget and other factors; ask permission to receive shopper's drivers license to scan or photocopy; put data into CRM.
3. **Build rapport/Sell Yourself/Sell The Dealership**
4. **Inventory Walk/Vehicle selection:** Selection of vehicle model, type, color, etc., based on fact finding
5. **Product presentation/Test Drive:** Physical presentation of vehicle selection, to include a walk-around and test drive
6. **Service Walk and Introduction**
7. **Trade-in evaluation**
8. **Write Up:** Invitation to salespersons desk and initial worksheet
9. **Trial Close/Negotiation/TO/Close**
10. **Delivery**

Top Road Missteps

The aforementioned shopper survey discovered that 71% of these shoppers who walked from a dealership without buying did not receive key Road to the Sale process steps.

These key process steps include:

- 1. The product presentation**
- 2. The demo drive**
- 3. The service introduction and walk**
- 4. The manager TO interview**

As the unsold shopper survey stresses, if these steps had been performed at a higher level of efficiency, fewer customers would have left the dealership -- and more customers would have purchased during their visits.

Dealers like Drew Burk, General Manager for Red River Honda-Toyota-Nissan in Denison, TX understand the power of knowing which of these steps his staff might be missing with shoppers. “Our unsold survey provider calls unsold shoppers immediately after they leave our store so I know: Where did we miss a step? Did the sales person offer a test drive to this particular customer? Did we fail to give them a product presentation? If we were \$1,000 away, was there dealer cash or other incentives available – even on another brand we might have switched the customer to -- that we might have used to close that gap and close the deal,” he says.

“Our unsold survey provider calls unsold shoppers immediately after they leave our store so I know: Where did we miss a step? Did the sales person offer a test drive? Did we fail to give them a product presentation? . . . ”

Drew Burk, General Manager
Red River Honda-Toyota-Nissan | Denison, TX

Burk gets a daily report from his unsold survey service, which he reviews every morning to look for missed opportunities, issues with internal processes – like missed steps to the sale – and staff development needs to be addressed by management.

“I use this tool to hold my managers accountable for holding their sales people accountable for following the Road to the Sale process. All this information flows into and through our CRM and we use it to monitor our appointment logs by sales person, and of those appointments, how many showed up, and where is that particular salesperson with his or her communications and follow up with that customer? In other words, this is a tool for us to set up opportunities to do business,” Burk says.

‘UNSOLD’ INTERVENTION

Critical focus on unsold intervention time is paramount if a dealer wants to increase total units sold per month. It is within this period in which shoppers who leave a dealership without buying will either drop from the market temporarily or shop a competitor.

A dealer having in hand the real reason a particular customer walked who then reconnects with that customer can do a much better job of meeting the customer’s needs this time.

At Fred Haas Toyota, when a shopper leaves without purchasing a vehicle the customer is contacted within two hours by the dealership’s unsold research call center. That call results in a hot lead report with all the data as to why the customer did not buy.



This call center finds out:

- A. The ad source that brought the customer into the dealership;
- B. Why the customer did not buy— what was the barrier – payment or price objection, trade value, was the sales person rude, etc., and
- C. Were the correct Road to Sale processes followed; was there a test drive and product presentation, for instance. The dealership can then address these objections intelligently to re-engage the customer.

“CRM use has to be at the core of the operation. It is so vital that should it go down you have to scramble for business.”

Richard DeLeon, General Manager
Burns Motors | McAllen, TX

This is vital sales intervention information. Most dealers and OEMs are focused on making SSI calls to sold customers, which while important, does not provide the true essential insight that will produce more ROI for the dealership. Statistics back up this assertion. The average closing ratio for dealers is somewhere around 18-20 percent -- 80 percent are unsold customers. Experience cited by dealers who use an unsold research call center shows that a third of that unsold 80 percent will come back if proper follow up is done.

Here though, is the fly in the ointment: to get that one-third back, a dealership would have to call each of those customers that make up the dealership's 80% unsold population. Not only call them, but call them 4 or 5 times on average, to get them on the phone. Few dealers have that sort of time; furthermore, a customer who just left a dealership out of some unspoken frustration with its personnel or processes isn't likely to entertain further contact from either the salesperson or the general manager.

“From these unsold opportunity surveys we get uncensored information from the customer – right out of the customer’s mouth,” says Red River’s Burk. “Armed with the real reason or reasons a shopper left here without buying, we can circle back with them knowing much more about their wants and needs than we originally did.”

Having at hand the real “why” a customer left without buying from one of Red River’s three franchises helps Burk’s sales staff reposition themselves with the customer to then make a sale.

“We’re saving from five to 10 deals a month by simply better knowing how to respond back to these customers to win their business,” says Burk. The three franchises retail 170 units a month.

SHARPER INTERNAL PROCESSES

Third-party unsold research survey data can also provide guidelines for internal process improvement.

For instance, this data can show performance by specific salesperson, manager, or team – to provide a real snapshot of exactly what actions that particular salesperson did, and (more importantly) has done across hundreds of customers, and will continue to do across hundreds more if not corrected. The report might show that the salesperson is perhaps great at presenting and doing a walk-around but weak at getting customers to take test drives, which experience shows can increase the chance of sale by 50 percent.



“Our CRM, through which our unsold opportunities program flows, is great for teaching us about internal operations,” notes Burns Motors’ DeLeon. “It holds us accountable to managing by the numbers. Until we brought this system aboard we never really knew just how big the gaps and inefficiencies were in our sales processes. Those gaps were costing us a lot of business.”

“We’ve learned that a dealership can’t use a CRM as an accessory to the existing operation; it has to be at the core of the operation...so vital that should it go down you have to scramble for business,” DeLeon says.

“When the economy took a hit a few years ago many dealers dropped tools like CRM and BDCs to cut expenses. We did not, remaining committed to their use, including the unsold opportunities surveys. We believe they helped carry us through the tough times because they enabled us to better follow up unsold business efficiently and effectively,” he adds.

BETTER CUSTOMER PURSUIT MEANS MORE SALES

The Road to the Sale is fraught with potholes and detours, but these can be managed. Yet, without a means for measuring how every sales person handles the road to the sale with every customer, knowing where the potholes and detours are – and who’s hitting them – is almost impossible to know.

Training staff to refresh their awareness of the need to be accountable to these steps – and management’s monitoring of that adherence -- is certainly an investment to consider. As well-honed athletes often stress, it's basic adherence to and practice of the game’s fundamentals that deliver results game after game. If your CRM vendor offers such training, please utilize it. If not, a number of independent training firms specialize in sales training; give one of them a call.

This unsold shopper survey and consistent CRM follow-up road is the road less travelled – one with enormous profit potential for dealerships for which no lost opportunity is tolerable

Yet even where staff practices every step of the sales road and practices it well with every customer, the process can lurch off track at any number of places. Customers rarely share the real reason they derail the sales process. Where these customers check out – and walk off the lot unsold – is the turn that when aggressively pursued can result in recapturing unsold customers.



Dealerships can add 7 to 11% more retail units to the sales board every month by knowing the real reason the customer left the first time and then following up to address that real reason.

This road – the one unsold shopper surveys can expose to you – is the road less travelled on most every road to the sale. It is also a journey worth taking as it presents significant profit potential for dealerships for which no lost opportunity is tolerable.

Such surveys and CRM tools that capture this data and make it accessible to management are useful for improving internal operations to reduce costly waste.

“We look at our unsold survey opportunities every day because it measures the efficiencies of our sales team by salesperson -- who got the ups, who took the turn on an up, what their close ratios were, who didn't TO and who's not making follow-up calls,” says Burns Motors' DeLeon. “These tools really help us manage by the numbers, and while it can be difficult to attribute our growth to just these tools and processes, our overall sales are up about 32% since we added them to our business.”

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Richard DeLeon, General Manager
Burns Motors | McAllen, TX

Red River Toyota General Manager Burk is so pleased with how these technologies have improved his variable operations that the dealership is implementing the same processes to increase results from fixed operations as well.

“This is a great tool for helping us break down our database into service customers, customers not in the market for a vehicle, those we need to start a dialogue with on a service level, and those now in the market who weren’t six months ago,” says Burk. “And this is a great tool to remind us of the who, what, when and why.”

Adds Fred Haas Toyota World’s Salehoun, “It is the use of these processes that has helped us get back to business basics, which has gotten us to where we are today -- the top Toyota dealership in the Gulf States region and the number 3 Toyota dealership in the U.S.”



Learn how you can potentially double your showroom sales; connect with CAR-Research:

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