

How To Increase Lead Conversion by Identifying Shopper Clues

Presented by R. L. Polk & Co.
with Contributions from
Dealix Corporation

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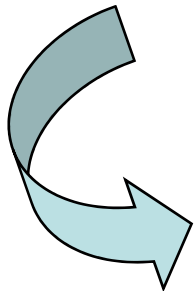
Session Objectives

- Reveal consumer expectations related to Internet marketing
- Motivate you to think differently about interacting with online shoppers
- Recommend communication strategies based on shopper “types” that can influence the sale

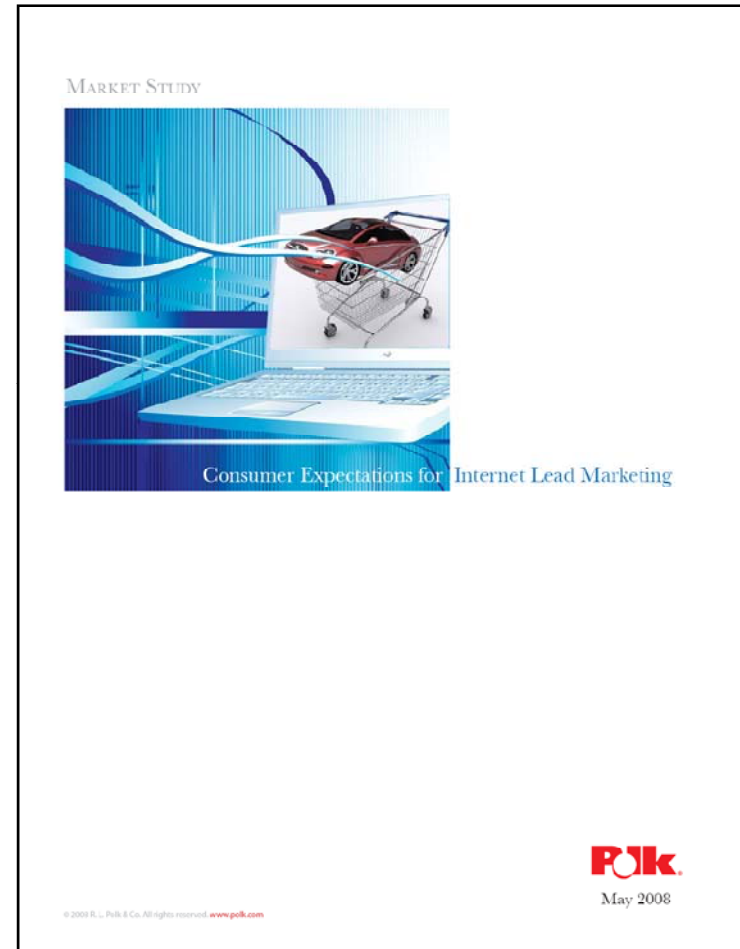
Basis of Discussion: R. L. Polk & Co. Market Study

Study looked into:

- How leads differ based on shopper “types”
- Value of first time buyers and how they should be approached
- What types of online interaction influence brand and dealer loyalty



Retail implications



Key Point #1: Not All Shoppers Are The Same

- Intuitive...right?

% Buying from Responding Dealer

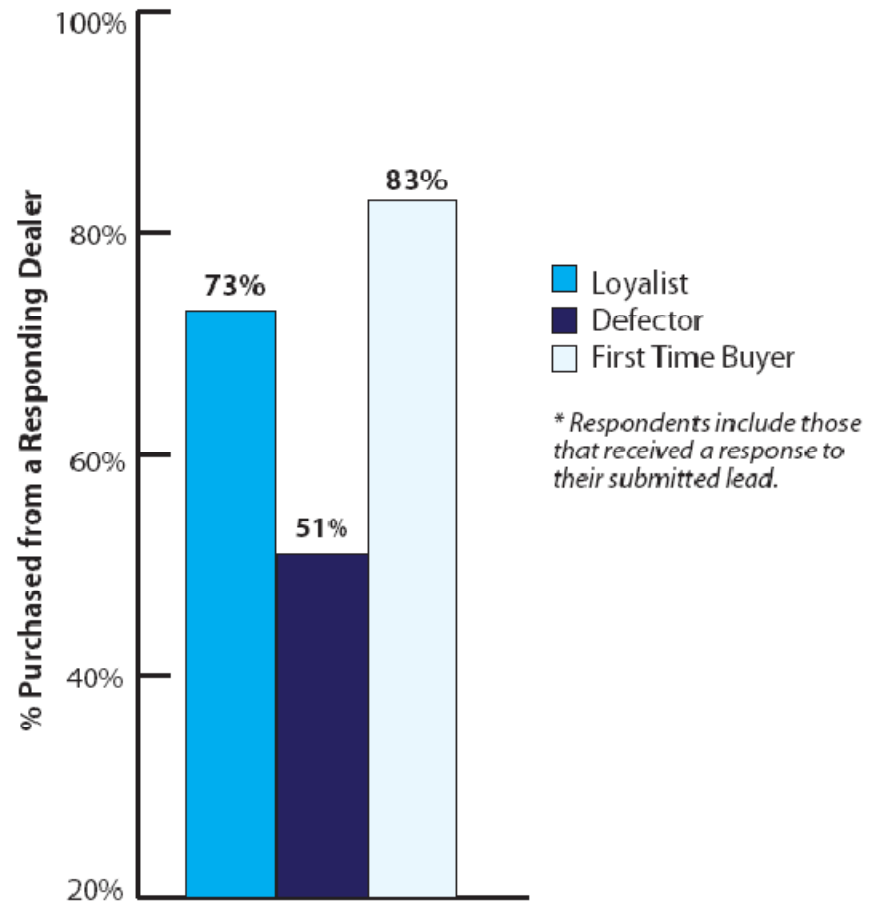
- Identified online shopper types:

1 First Time Apathetic Buyers	2 Make Loyal Information Content Buyers	3 First Time Response and Content Buyers	4 Specific Vehicle Buyers	5 Price Buyers	6 Response Time Buyers	7 Information Content Buyers
Apathetic shopping behavior, low incidence of purchase from a responding dealer	High degree of loyalty, value quality of information received from dealers	Large proportion of first time buyers, value both information quality and fast response times	Seek specific vehicles, select dealer based mostly on inventory	Buy primarily based on price	Mostly value fast response time, indifferent about content, low conversion rate	Value information content over response time, high conversion rate when treated properly
47.2%	61.3%	83.2%	55.5%	59.8%	58.5%	74.6%

Simplified View of Online Shoppers

- Loyal brand customers...
- Defectors...
- First time buyers...

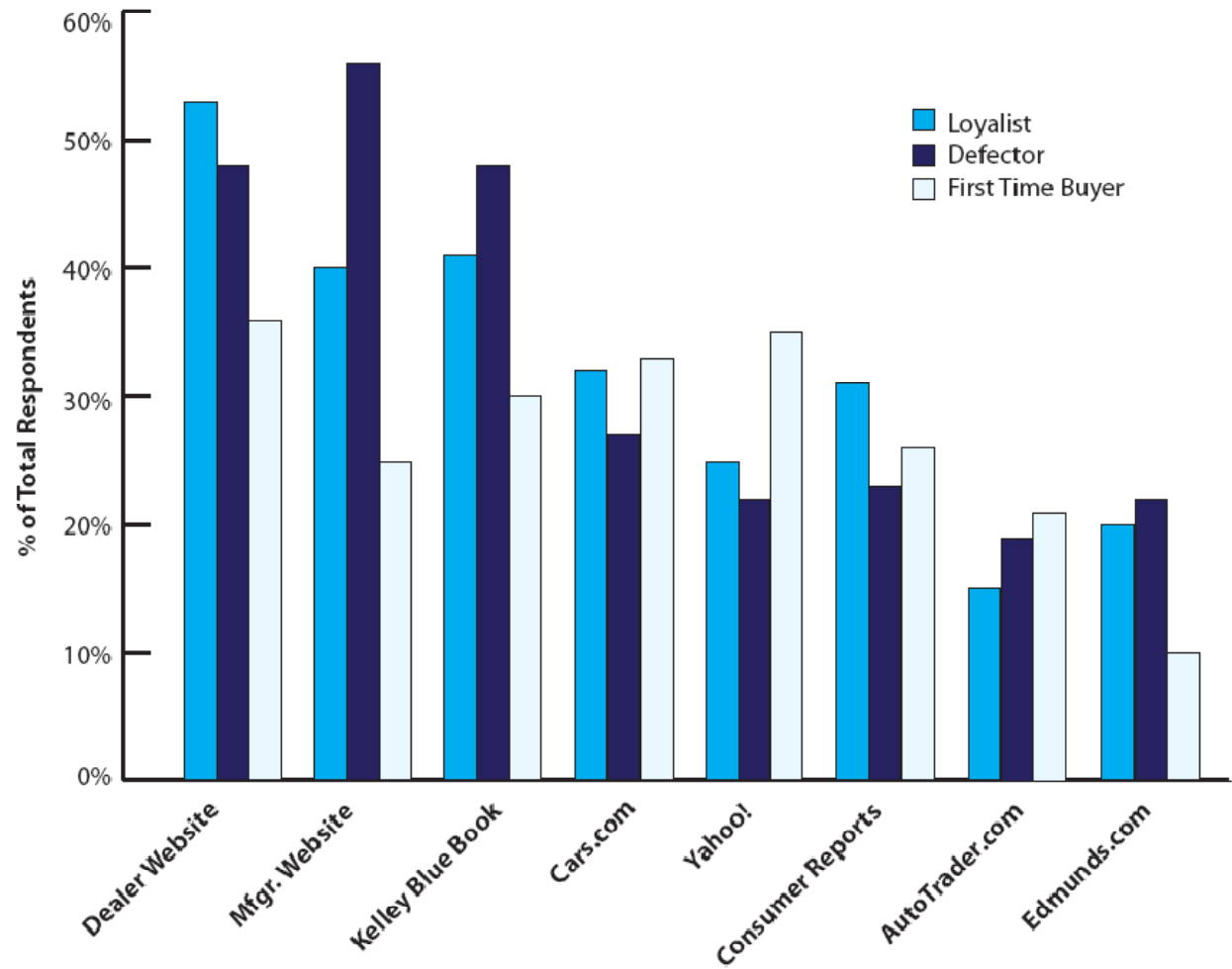
...they're not the same...yet they buy at different rates



Key Point #2: Profile...To Learn Site Shopping Patterns

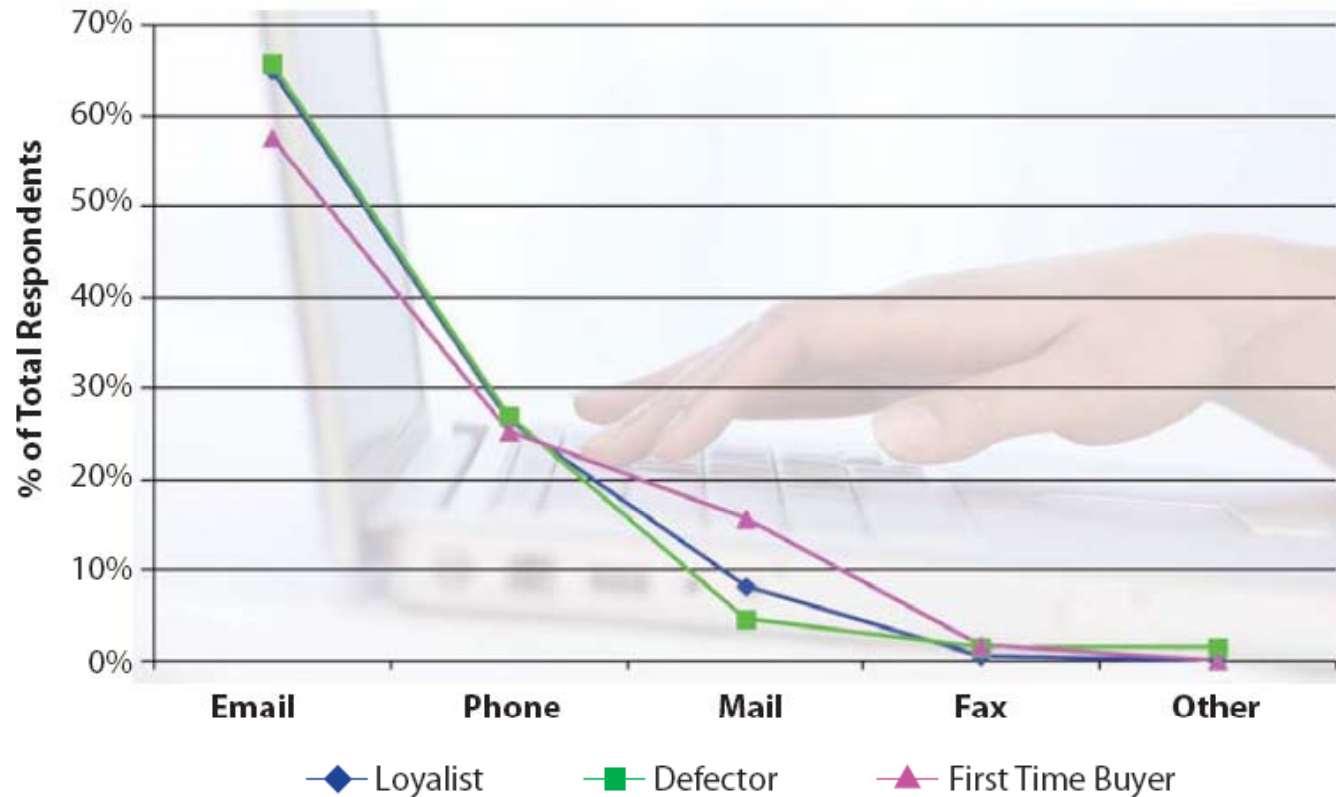
- Websites used to request information:

First Time Buyers: <ul style="list-style-type: none">• Attracted to Third party sites
Loyalists: <ul style="list-style-type: none">• Highest share on dealer sites
Defectors: <ul style="list-style-type: none">• Highest share on manufacturer sites



Profile...To Learn How to Respond to Shoppers

- Of those contacted via the preferred manner: **70% bought from responding dealer**



Warning: Email → Some Patience...Phone → No Patience



47% of respondents who preferred email response viewed **10-24 hours** as an acceptable response time

68% of respondents who preferred phone response viewed **1 hour or less** as an acceptable response time



Loyalty = Efficiency

- Fact: More than half of all owners leave a brand when returning to the market to buy a new vehicle
- How can you influence brand loyalty online?



5 Most Loyal Brands

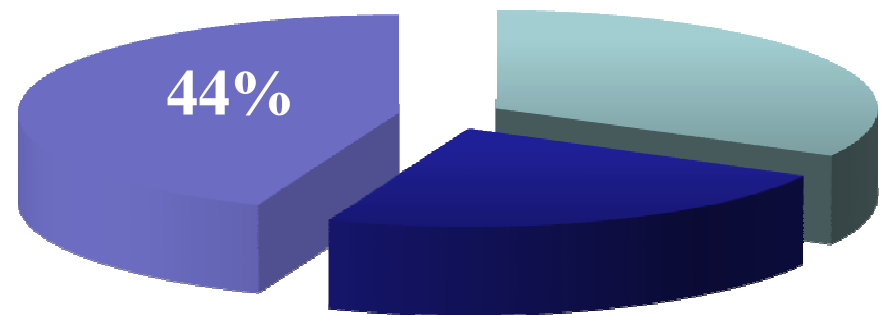


Source: R. L. Polk & Co.
Manufacturer Loyalty Excelsior™
2007 Model Year Study

Positive Experience Drives Brand Loyalty

Things you can control:

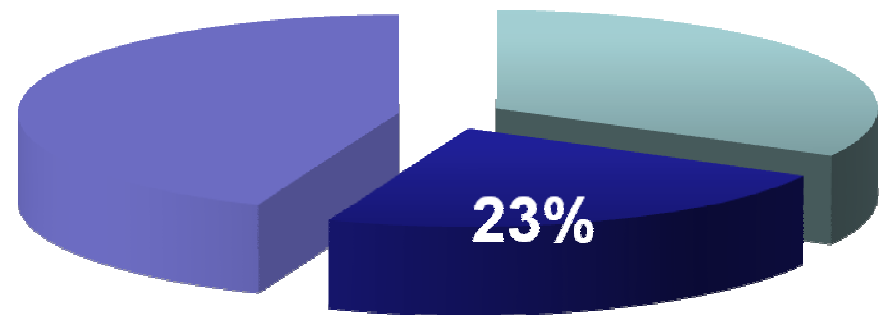
- Overall shopping and sales experience
- Seller viewed as honest and trustworthy
- Manufacturer response to request for information



Positive Experience Drives Brand Loyalty

Things you can emphasize:

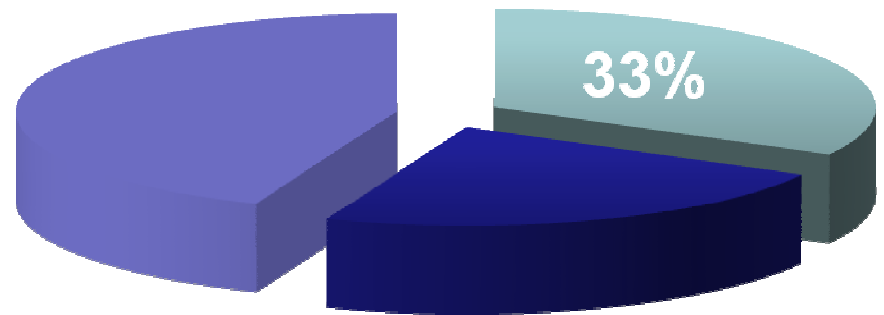
- Road handling / maneuverability
- Environmentally friendly
- Warranty
- Vehicle features



Positive Experience Drives Brand Loyalty

Things you can influence:

- Monthly payment
- Incentives



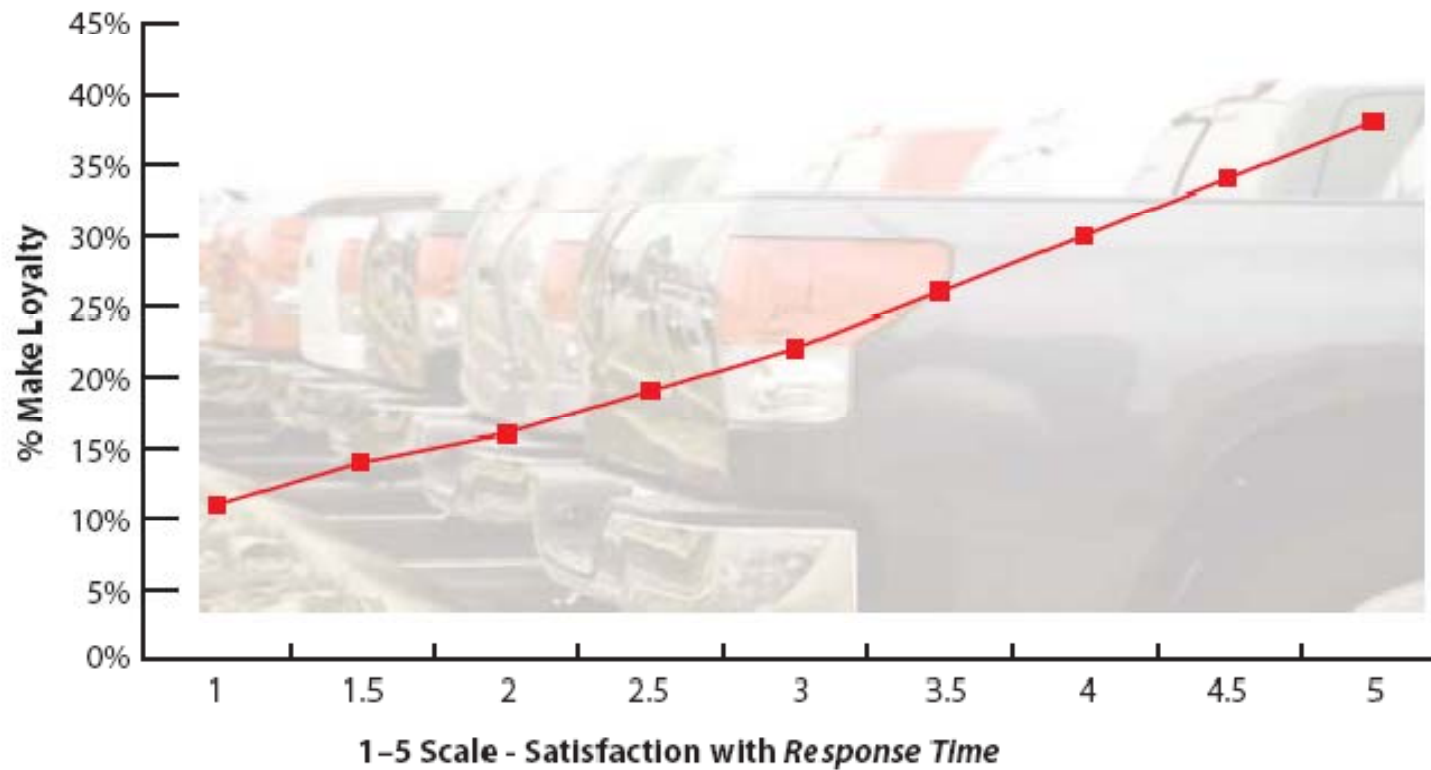
Price Transparency Matters

- Strong correlation between satisfaction with *price information* and *loyalty*



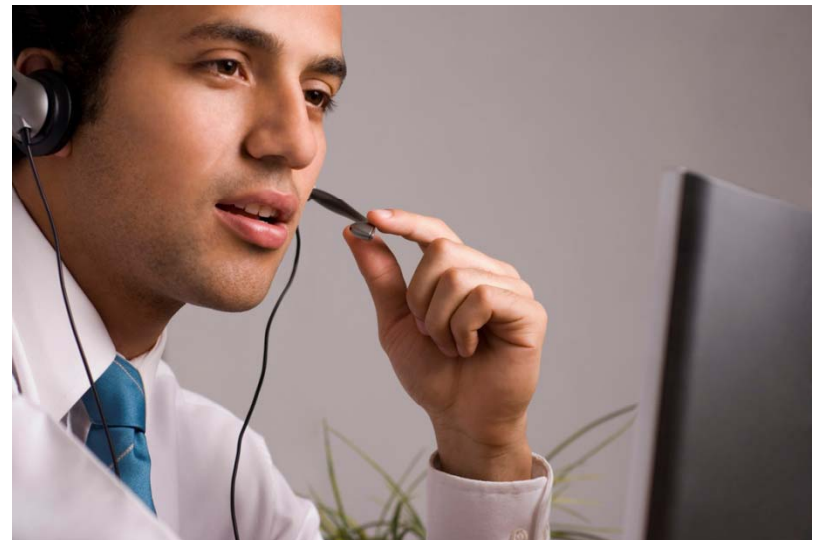
“Time Is Money”

- Strong correlation between satisfaction of *response time* and *loyalty*



Applying Key Learnings

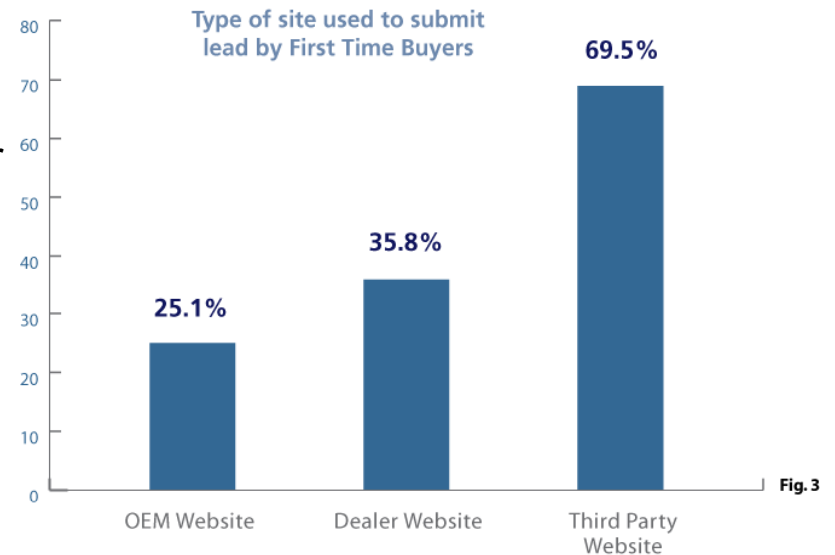
Communication Strategies



Communication Strategies – First Time Buyers

• First Time Buyers

- Represent nearly 10% of all new vehicle sales
- Fast growing customer base
- Eager to award business to a responsive dealer
- Convert 83% of the time with responding dealers
- Uniquely attracted to third party sites



• Communication Strategy

- Ask: “Is this your first time buying? I ask because the manufacturer may have special incentives you may qualify for.”
 - Responses should emphasize price, payments and value
- Objective = Build trust and answer questions regarding vehicle inventory and expected payments
- Impress them with phone follow-up if a number is given or available

Communication Strategies – Loyalists

• **Loyalists**

- Only 44% of all owners are loyal to the brand
- Loyalist tend to be sold on the brand but are HIGHLY sensitive to the overall shopping experience
- Key factors that account for more than a third of influence on shopper loyalty and vehicle selection:
 - The overall shopping and sales experience – 18% influence factor
 - If the dealer was viewed as honest and trustworthy – 18% influence factor

• **Communication Strategy:**

- Ask: “Have you previously owned a <make> before?”
- Seek to confirm their past relationship with dealer or brand – express sincere thanks and recognition
- Anticipate that they are considering competing makes – don’t assume they are sold
- Sell the tangible benefits on doing business with your store versus others
- Responses to loyalists should emphasize brand attributes, reinforce the shopping experience and be as transparent as possible
- Get to the point about deal specifics – transparency and trust building should be focus

Communication Strategies – Defectors

• Defectors

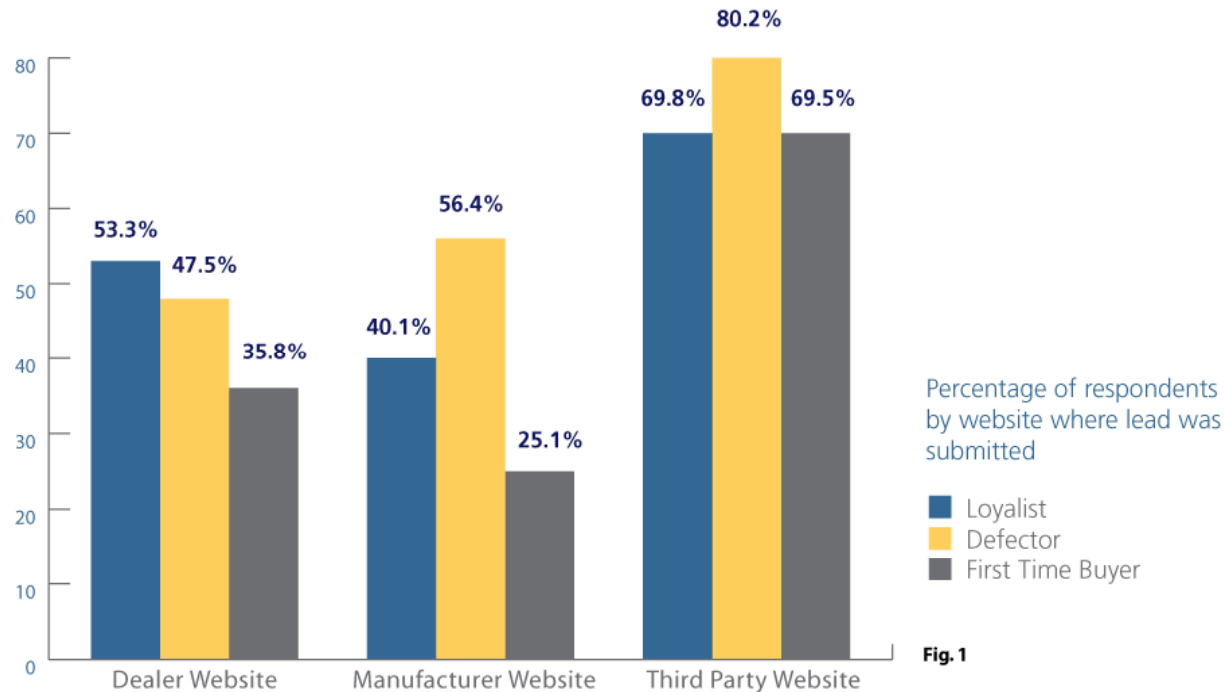
- Dealer and brand loyalty is diminishing – 56% of vehicle owners returning to the market leave their previous brand
- Defectors are the largest opportunity as they are ripe conquests
- Very interested in brand attributes

• Communication Strategy:

- Assume they are shopping competing brands
- Use independent third party sources to reinforce your brand/model attributes and superiority over competing models
- List why your dealership is the best choice for them to do business – make it tangible (dealership ratings and reviews, discounts on accessories for Internet customers, etc)
- Transparency wins this customer:
 - Provide price
 - Availability of a specific model
 - Availability of incentives or discounts
 - Detailed vehicle specifications

Online Car Shopper Behavior Facts Every Dealer Should Know

- Shoppers have response communication preferences
 - Email is the preferred method of communication for 63% of shoppers
 - Phone is the preferred method for 26% of shoppers
 - 70% of shoppers who purchased from the dealer who responded to their request were responded to in the method they preferred
- Shoppers submit multiple leads
 - Buyers submit an average of 3 leads



Review

- Shopper purchase rates vary
- Qualify and recognize First Time Buyers, Defectors and Loyalists
- Play to their “hot buttons”
 - Price-sensitive vs. content-hungry?
 - Time-sensitive vs. content-hungry?
 - Price-sensitive vs. time-sensitive?
- Identify experience factors you can control that are valued by online shoppers
 - How transparent are you before they enter the showroom?
 - What do you acknowledge of them during email correspondence?

Thank You

- Dealix retail strategy brief may be found at: <http://www.cobalt.com/research/>
- Polk market study:
 - Contact Brad Korner at brad_korner@polk.com or at (248) 728-7975

