

INSIDESALES.COM/JIM CLICK STUDY

THREE CRITICAL OPPORTUNITIES AUTOMOBILE DEALERS CAN'T AFFORD TO MISS IN A DOWN ECONOMY

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OVERVIEW

This white paper contains a year-long case study with complete details around the people, process, and technology that helped Jim Click Automotive Team (currently ranked # 40 on Wards Mega Ford 100 list of Automobile Dealerships) learn how to fight back against a struggling economy. Their Integrated Sales Center which handles all phone and Web leads more than doubled gross profit with a growth of 102.8% in actual sales in eleven months.

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EXECUTIVE SUMMARY

THREE CRITICAL OPPORTUNITIES THAT INCREASED SALES 102%

American automotive dealerships are facing a significant downturn in the economy. Some innovative dealers are fighting back by embracing the power of the Internet and using new technologies and techniques that are being pioneered even as you read this.

Tightening of credit makes financing more difficult, gas prices are increasing daily, and overall falling consumer confidence are causing people to reconsider purchasing a new or used car. Perhaps as difficult as the economy is the changing landscape the Internet has brought to the automotive industry. More than just the obvious need to have a Web site, dealers are faced with a complete shift in the way people buy an automobile.

Now people do their homework before they contact a dealer. They want an immediate response to inquiries, and if not, they lose interest quickly. They want their questions answered if they do make contact, and they don't want to take much time in the actual purchase process at the dealership.

With less people visiting physical locations, dealerships must reach out and proactively invite people to come to the dealership with a promise to answer questions and inspect vehicles they have an interest in. And they must do this faster and more often than ever before just to stay even.

One top 40 automotive dealer group¹, Jim Click Automotive Team (JCAT), part of the Tuttle-Click Automotive Group, with locations in southern California and Arizona has perfected a formula that addresses every one of these aspects by applying a new approach to people, process, and technology. The internal call center and lead response group driving this process has **increased sales on average by 102.8%** during the one year period that forms the basis of this study, while dealers in every direction are losing ground month after month.

During the course of the year, JCAT identified three critical opportunities for improving sales performance. Do you have these same opportunities?

CRITICAL OPPORTUNITY #1: *Do your salespeople talk to customers and try to qualify them prior to capturing vital contact info and getting them to come in to the dealership?*

This often results in "brooming", where the aggressive salesperson looking for lowhanging fruit asks a few quick questions in the age-old practice of what they think is *prequalifying* the prospect, and instead they quickly de-qualify a significant number of prospects, thinking they won't purchase, wasting the investment made by marketing to generate the lead. And even worse, they haven't captured the contact information in a CRM system so additional follow-up and lead nurturing can occur.

Jim Click Automotive Team first responds and greets visitors with phone-based service reps who respond to questions, gather information, and courteously invite the prospect to the dealership before a sales rep ever talks to them.

CRITICAL OPPORTUNITY #2: *Not responding immediately to leads and inquiries.*

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Are you aware that there are incredible increases in contact and qualification rates by responding to telephone or Web leads immediately (as in 5 minutes or less)?

Armed with recent research from Dr. Oldroyd of SKKU showing 800% increases in contact rates and dramatic increases lead qualification by responding to leads within 5 minutes or less, Jim Click now places top priority on calling Web leads back immediately and answering every phone call that comes in quickly. This is a key part of the solution that brings in \$350,000 per month in additional gross profit.

The Click team did some in-house research among local competitors and had calls made to test the callback response times of the competition and found that competitors average 18 hours to make a callback; leaving great opportunity for the Click team.

Technologies are available so that this concept of immediate response works from the smallest car lot to the largest multi-dealership automotive group. And the results, even in a down economy, speak for themselves.

CRITICAL OPPORTUNITY #3: *Not proactively reaching out to leads, prospects, and past customers efficiently and effectively.*

With only a small percentage of the population considering an automobile purchase at any given moment, dealers need to increase the reach of their marketing and lead generation efforts while simultaneously lowering the costs to do so.

Jim Click's investment in a call center with hosted dialer, inbound call routing, and lead response management technology from InsideSales.com allows their twelve Interactive Sales Consultants (ISC) to respond immediately to all Web leads and inbound calls, and still make about 2000 new calls each day. If people aren't home, they leave a prerecorded message in the reps own voice and move on with a single click. The technology that InsideSales.com provides can be used by a single rep at a small dealer, to a full call center team in large dealer groups.

These customer support representatives receive an incentive to get people to the dealership, not to close a sale. This is something that has been an ongoing challenge for salespeople.

A significant portion of the walk-ins and Web leads are from the curious people responding to messages left on their answering machine by the ISC team.

It's working.

Now for the details.

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DETAILS

CAR SALES IN A DOWN ECONOMY

Automotive dealers are feeling the crunch in the economy that many are blaming on the housing and mortgage crisis. Whether or not that is the cause, tightening credit makes financing cars more difficult, gasoline prices are increasing day after day with no end in sight, and overall falling consumer confidence is causing people to reconsider purchasing a new car.

U.S. DOMESTIC CARS SALES (THOUSANDS OF UNITS)

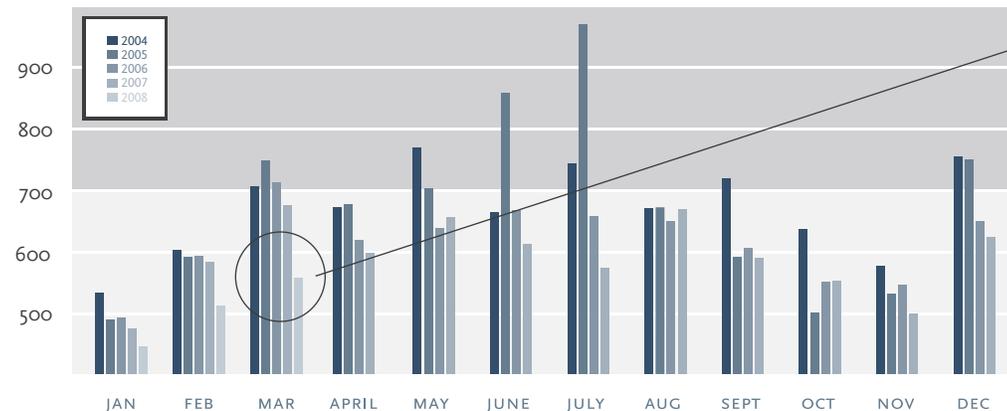


DATA SOURCE: WARDAUTO.COM

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U.S. sales of cars manufactured in North America in March 2008 are down 7.7% over the same time in 2007.

U.S. DOMESTIC LIGHT TRUCKS SALES (THOUSANDS OF UNITS)



DATA SOURCE: WARDAUTO.COM

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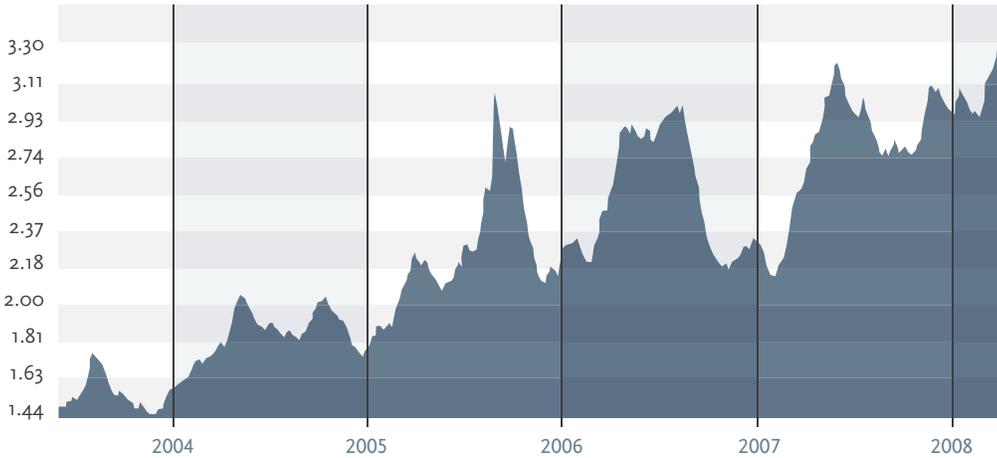
Much more dramatic is the deterioration showing up in the sales of light trucks and SUVs with a decrease of 18.3% compared to March of 2007.

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The ever increasing gas prices are an obvious cause of the slow-down in automobile sales, especially in the light trucks and SUVs; long a staple to the American automotive consumer.

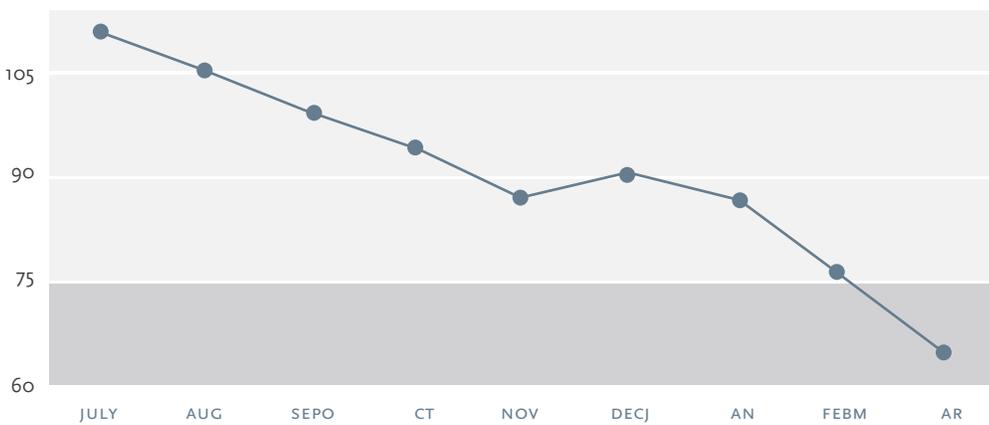
60 MONTH AVERAGE RETAIL PRICE CHART (REGULAR GAS—USD/GALLON)



U.S. AVERAGE RETAIL GASOLINE PRICE. SOURCE: NEWJERSEYGASPRICES.COM; ©2008 GASBUDDY.COM **insidesales.com™**

Also declining is the overall confidence that consumers have in the economy. They are obviously more cautious about spending money.

CONSUMER CONFIDENCE INDEX



SOURCE: CONFERENCE BOARD **insidesales.com™**

THE INTERNET HAS CHANGED THE WAY CARS ARE SOLD

Perhaps as difficult as the economy, is the changing landscape the Internet has brought to the automotive industry. More than just the need to have a Web site, dealers are faced with a complete shift in the way people buy an automobile.

A recent study³ shows that 91.4% of car purchases start with research done on the Web, and 82.5% of potential buyers will submit a request by telephone or email prior to visiting a dealership to make a purchase. In addition, 80.3% of consumers contact multiple dealers before they purchase a vehicle.

Now people do their homework before they contact a dealer. The first impression is absolutely critical, and it almost always starts with a visit to a car manufacturer Web site and the dealer site as well. Manufacturers invest a great deal to generate Web leads which get passed directly to local dealerships. Online images and 3-D renderings do their best to simulate prior days when visual inspections of an automobile were the starting point for buying a car. But most people still want to inspect the car they buy.

The Internet has also conditioned people to demand an immediate response to information inquiries, and if not, they lose interest quickly.

This same study found that 92% of automotive consumers felt that the speed in which a dealer responded to their inquiry affected their perception of the dealer and whether they ended up purchasing a vehicle from them. 74.3% said it even affected their perception of the manufacturer who supplies cars to the dealership.

If a dealership is slow in response to an information inquiry the interest from the buyer cools off very quickly like everything else in this fast-moving Internet society. This study showed that 35% of consumers have lost a degree of interest in 1 hour, and 60% of consumers in as fast as 3 hours.

In 12 hours the decay in interest increases to 76%. In fact, after 12 hours, approximately half of the prospects gain negative perceptions of the dealership if a response has not happened.

People are proving they want their questions answered, and they don't want to take much time in the actual purchase process once they are at the dealership.

Referencing the same study, 90% of potential buyers prefer their shopping experience at the dealership to be handled within 2 hours or less. 90.8% state that speed of process is important to their perception, and 94% say it is linked to whether they return.

With more time spent on researching favorite automobiles Web in the comfort of their own home, less people are visiting physical locations.

Another study⁴ shows that there is a growing affinity for online transactions and research. In fact consumers show that they are 32% more likely to complete a transaction online in 2007 than they were even one year earlier, in 2006. This same study shows only 5.9% of those polled have no interest at all in shopping online and 35% are comfortable completing the entire purchase of an automobile online, while 55.8% are willing to go as far as price negotiations in the actual process of purchasing an automobile.

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Another area of critical importance to buyers is the ability to receive interactive customer service, both online and over the phone. This was directly proportional to the likelihood of purchasing from a particular dealership.

58% from the same study³ said that the likelihood of purchasing a specific brand of vehicle hinged on access to these online communication resources, while a full 63% said these resources were critical at the dealership level, with 51% saying the availability of a dealership to offer these capabilities affected the trust they had in the dealership.

People are less inclined to subject themselves to the high pressure sales tactics of dealerships as they were in the past. They want real, courteous answers to questions. Or they just go elsewhere.

Because less people are spending their research time on a dealer's lot, dealerships must reach out and proactively invite people to come to the dealership with a promise to answer questions and inspect the vehicles that they have an interest in. And they must do this more efficiently, and more effectively than ever before.

Larger, more sophisticated dealers like Jim Click Automotive Team are finding incredible success by using hosted dialer technology, CRM databases, lead management process, immediate response dialers, and call center solutions like the complete suite offered by InsideSales.com. But interestingly enough, these same hosted technologies and techniques can be applied in very cost effective ways at even the smallest individual dealers as well.

And some of the practices that were so tried and true before the advent of the Internet now hurt that very dealerships that continue to try them.

CASE STUDY

This study began with the Jim Click Automotive Team's realization that a new approach was required to create new business in today's changing market:

How do you generate more business when things are slow?

Mr. Click decided to try an entirely new approach in 2007 to reach out to prospects and customers. He decided to invest in CRM and call center technology, and work through the process required to install a call center to provide this much needed service for his many dealership locations.

The team's first breakthrough was identifying the right Call Center Director. An internal employee of eight years, who was also an experienced call center veteran, was selected for the position. He had spent several years prior to working for Jim Click Automotive running call center operations for Sears and AT&T. Mr. Click felt the same increases in results the Call Center Director had gained in previous applications of call center approaches could be applied to the automotive industry.

The new Call Center approach was implemented in May of 2007 with a team of 10 people on the phones who had just finished a month with 120 cars sold. The Center was immediately

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staffed up to 12. The search then began for the hosted dialer technology needed to provide the desired leverage. After fumbling briefly with a basic dialer that dialed a list out of an Excel spreadsheet, InsideSales.com was identified by searching Google on the Web.

InsideSales.com had the foundational ingredients needed; in fact they were the first to fully integrate a hosted lead management CRM with dialers and other telephony tools such as voice messaging and inbound ACD call handling. Though not specifically optimized for automotive, they were the most complete and flexible solution available and were very willing to engage in a year-long project to add the specific details recommended by the Click team and build the ultimate automotive solution.

The team’s challenge to perfect a complete automotive solution containing process, system, and technology was interesting enough to bring InsideSales.com CEO Dave Elkington and Vice President Jeff Adcock down to Tucson to meet with Jim Click. An agreement was struck where InsideSales.com would add to or adapt all of the necessary technologies over the course of the next year if Jim Click would be willing to share all of the details, process, scripts, and expertise required for other dealerships to duplicate the result; hence this whitepaper, and the complete turn-key solution and process now being offered by InsideSales.com.

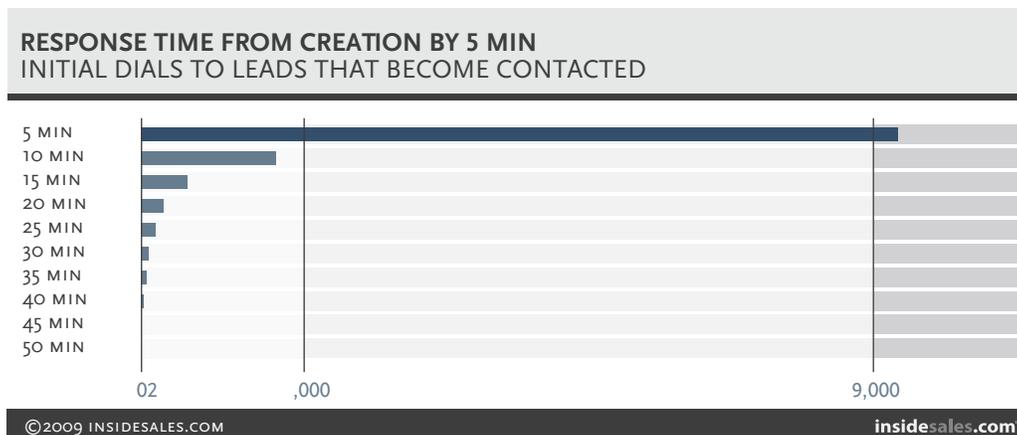
It is important to stress that the other necessary ingredient is the customer service expertise of the people employed in the Call Center.

Though difficult to execute, the formula is simple:

Hire good people, provide good scripting, watch what they do and help them do it well, continually perfect the process, and leverage the whole thing with powerful technology.

InsideSales.com added one more ingredient; immediate response to all inquiries.

InsideSales.com shared the insights they had gained from the joint research done with Dr. James Oldroyd, then a visiting research fellow at MIT, which shows a **100x increase in the chances of making contact** with a Web lead if attempted within 5 minutes. In fact, from just 5 minutes to 10 minutes the odds decrease by 5 times as seen in the graph.

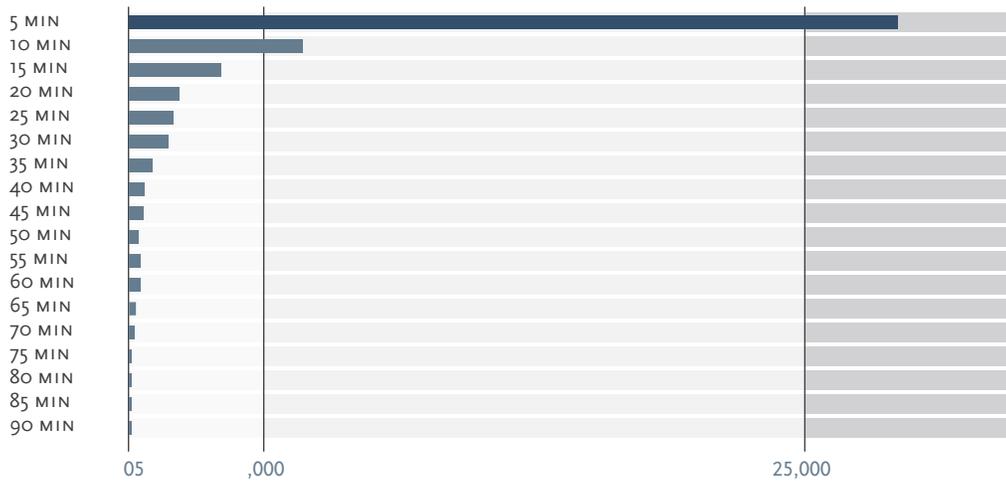


The second part of the Lead Response study goes beyond the basic importance of making contact with a lead to actually setting a first appointment with the person who inquires over the Web (what Dr. Oldroyd termed 'Qualified'.)

Response time from original inquiry on a Web site had a tremendous effect here also with a **21x increase** in setting an appointment with the Web inquirer in 5 minutes versus waiting 30 minutes.

Waiting from 5 minutes to 10 minutes to dial in order to qualify drops odds by **4 times**.

RESPONSE TIME FROM CREATION BY 5 MIN INITIAL DIALS TO LEADS THAT BECAME QUALIFIED



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Also in the lead response study was a finding that any attempts to make contact after 20 hours from the time of the original inquiry actually lessened the odds of making contact with each successive dial attempt; to the point where you actually hurt your odds of ever making contact if you keep attempting contact. Jim Click found by calling his competition that most dealers start contacting at the time you should stop.

With this added knowledge and the capability for immediate lead response management, inbound outbound call blending, and outbound dialing, the innovative Call Center began in May of 2007.

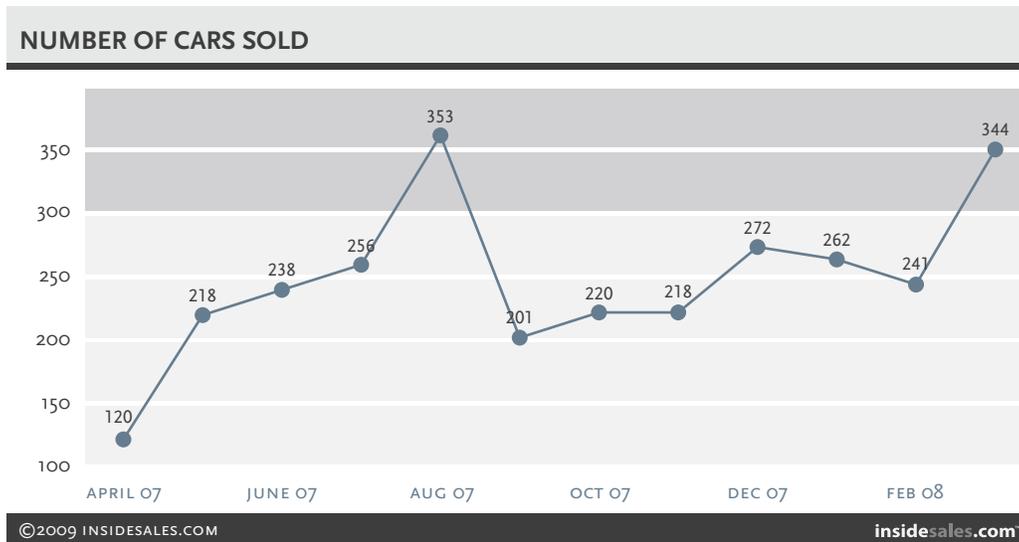
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SALES RESULTS

Their first month they made 218 sales; an increase of 81.7% over the previous month's total of 120 sales. By the fourth month, they had achieved an incredible 353 sales with an increase of 194.2% and a growth in monthly gross profit amounting to an increase of over \$500,000.

Here are their results in the first year (# of cars sold):



This was done in an increasingly struggling economy without a growth in leads from other sources.

Mr. Click says the Jim Click Automotive ISC Team will top 450 units sold in August. Don't bet against them!

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CONCLUSION

Even though automotive dealerships are facing a downturn in the economy and the Internet has completely changed the way automobiles are sold, that same Internet has brought new capabilities that never existed before and innovative dealers embracing these new technologies and techniques now gain more success than ever.

Research shows:

- People do their homework before they contact a dealer.
- They research multiple dealers.
- They want an immediate response to inquiries.
- They lose interest quickly if not responded to.
- They want their questions answered.
- They don't want to take much time at the dealership.

The Jim Click Integrated Sales Center which handles all phone and Web leads increased overall sales by 102.8% during a one year period by investing in dialer, lead management, and lead response capabilities by InsideSales.com and by identifying three critical opportunities to improve sales performance:

CRITICAL OPPORTUNITY #1: *A number of Salespeople may be talking to customers and qualifying them prior to capturing vital contact info and getting them to come in to the dealership.*

CRITICAL OPPORTUNITY #2: *Not answering inbound calls and responding to Web leads immediately (as in 5 minutes.)*

CRITICAL OPPORTUNITY #3: *Not proactively reaching out to leads, prospects, and past customers effectively, efficiently, and with a high volume of contacts.*

Jim Click's investment in a call center with hosted dialer, inbound call routing, and lead response management technology from InsideSales.com allows their twelve Interactive Sales Consultants to capture every lead, invite people in to the dealership, respond immediately to all Web leads and inbound calls, and still make 2000 new calls each day.

By understanding the changes brought by the Internet, identifying the 3 Critical Opportunities and investing in people, process and technology, Jim Click Automotive was able to go from an average of 126 sales to 256 sales in one year, and brought nearly an additional \$350,000 in monthly gross profit.

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ABOUT JIM CLICK AUTOMOTIVE TEAM

The Jim Click Automotive Team in Tucson AZ, featuring Ford, Lincoln, Mercury, Chrysler, Jeep, Dodge, Nissan, Mazda and Hyundai new and used vehicle models with online service scheduling and online parts sales.

In 1971, the Old Pueblo Ford dealership at the corner of Wilmot and 22nd was purchased by a young Jim Click Jr. who had just moved to Tucson from Los Angeles.

Mr. Click immediately changed the name of the dealership to Jim Click Ford and simultaneously launched a massive advertising campaign, resulting in doubling the sales volume for the dealership. At age 27, Jim Click became one of the youngest automotive dealers in the country.

This was only the beginning of Jim Click Automotive Team of dealerships and franchises in the Tucson region.

And now 35 years later, the corner of 22nd and Wilmot in Tucson looks quite different than it did in 1971. Run by nearly 300 employees, a brand new Jim Click Ford Lincoln Mercury dealership now operates where Old Pueblo Ford once called home. The new dealership boasts 8 acres of land including a 100,000 square foot showroom featuring sales and service under one roof.

In 2005, Jim Click Automotive Team reported annual sales of \$517 million with the sale of 17,700 new and used cars and trucks. For 2006, the company reported sales of \$520 million with 18,100 new and used cars and trucks sold as of December 2006. For 2007, the Tuttle-Click Automotive Group parent company has 22 franchises and 13 dealership locations with total revenue of \$756 million and was ranked #40 on Wards MegaDealer Ford list.



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