

NAVIGATING THE **NEW REALITY**

The digital car buying experience has arrived, and it's here to stay.

Consumers want buying a car to be just like buying on Amazon, and the COVID-19 pandemic only accelerated this change in buyer behavior. In fact, 2/3 of shoppers would now prefer to buy a vehicle 100% online.*

There will always be buyers who prefer the traditional way of buying a car. But if those are the only customers you're prepared to sell to effectively, you stand to lose a growing number of potential buyers who demand a more modern way to buy.

We know implementing a fully digital sales experience can be a significant undertaking for your dealership. That's why we're here to help. This guide will give you the strategies and tools you need to successfully create and implement a digital sales process.

"You as a dealer should be prepared to meet the consumer **where** and **how** they want to be met."

JAMES MAYNARD

Senior Vice President of Product and Engineering Cox Automotive Dealer Software Solutions

*2020 Cox Automotive COVID-19 Digital Shopping Study

WHAT'S INSIDE THE GUIDE

"How do I implement an entirely digital car buying process?"

That's the million-dollar question for dealers right now. When you're done with this guide, you'll have the answers.

We tapped into our network of industry experts to give dealer leadership teams a strong foundation for the future.

What this guide doesn't offer is a one-size-fits-all approach. You'll need to tweak the strategies and solutions outlined in here to properly address your unique market, your customers' needs, and your dealership's goals.

Here's a breakdown of each section within the guide:

Section I: The New Reality

• Shift your mindset and adapt to the digital sales model

Section II: The Playbook

- Lay the foundation for success
- Become more efficient and effective
- Measure what matters
- Brand it and expand it

Section III: The Workbook

Execute the game plan with instructions and examples



The 3 Modern Sales Scenarios

Dealerships must be able to facilitate a sale from all possible channels at every stage of the sale. Instead of one linear sales model, there are now three scenarios you must account for:

The Traditional Scenario

These buyers prefer to do everything in the dealership, from test drives to negotiations and paperwork.

The Digital Scenario

These buyers have no interest in coming into the dealership. They're more comfortable searching, negotiating, and filling out paperwork online.

The Hybrid Scenario

These buyers like the best of both worlds. They're happy to do the traditional steps they love in person, but would prefer to take the steps they hate online.

"We're giving the customer the option to transact how they want to. We can do it all online, we can do it on the phone, or [the customer] can come for the traditional buying experience."

SCOTT RISLEY

Digital Marketing Manager Mohawk Chevrolet Honda

BUYERS WANT TO DO MORE ONLINE



43% of buyers during the COVID-19 pandemic did more steps online than ever before.



71% of shoppers want to do more of the purchase steps online compared to the last time they purchased a vehicle.

Source: 2020 Cox Automotive COVID-19 Consumer and Dealer Impact Study

Let Your Buyers Take the Wheel

It might feel uncomfortable at first, but the best thing dealers can do is relinquish control of the sales process. Supporting the sale, not controlling the sale, will allow you to increase market share.

Give consumers the freedom to control their experience and support them every step of the way. They'll appreciate your flexibility and will find your dealership to be more approachable than less accommodating competitors.

Start by preparing your BDC and sales teams to have effective conversations that go beyond scheduling instore appointments. And equip your dealership with the tools it needs to manage online and in-store traffic simultaneously.

"From a messaging standpoint, we're selling the experience. We're selling convenience. We're showing off relevant messaging. ... We're showing customers we're listening and we're paying attention. We're putting a safe environment out there and pushing our new and improved online experience."

JEFF RAMSEY

eCommerce and Marketing Director Jones Junction

TALKING POINTS THAT SUPPORT THE SALE

"I'll explain your new buying options."

Take on the role of an educator, helping customers understand that online buying options are safe, streamlined, and secure.

"Do you need help?"

When you see a customer is stuck on a web page or step of the buying process, offer assistance rather than immediately pushing for the in-person appointment.

"I see where you left off; let's pick up there."

Nothing will turn your customers off more than making them repeat themselves. Always acknowledge you know where the customer left off with your dealership.

"That information you shared online will save you time today."

Build customers' confidence in new digital car buying processes by reaffirming that each step they complete online makes the next one a little faster and easier.

Put Personalized Service First

Every car buyer is unique. That's why providing personalized service and building relationships is essential.

Start by retraining your dealership staff to prioritize personalization over speed. Make sure your customers hear the same voice on the phone or are greeted by the same salesperson when they come in. Use the information they've provided to advance the sale while addressing the buyer's needs.

Remember, speedy service doesn't matter if it feels cold and impersonal.

"A major issue with sales effectiveness comes from the digital side of things. The worst thing you can do is make your customers feel unheard or unseen when they've done a ton of work to know exactly all of the information that they've submitted to you."

MITCH ROVITO

Performance Manager Dealer.com

ACHIEVING PERSONALIZATION AT SCALE

Does providing a highly personalized experience to every customer feel daunting, or even impossible? Consider implementing a data mining or artificial intelligence tool that integrates with your CRM, such as VinSolutions Connect Automotive Intelligence. By automatically aggregating customer data into insights stored in the customer record, the tools deliver the info your salespeople need instantly.

Set Expectations Up Front

Consumers might want a digital sales experience, but that doesn't mean they know how the process will work. Be upfront with customers and explain what to expect from your dealership's process. Most importantly, make them aware of their buying options. Let them know they can conduct the process fully in-store, fully online, or somewhere in between.

"When it comes to setting customer expectations, there are two things you need to accomplish. Step one is **building awareness** of the platforms you offer. Step two is then showing customers **how to use them.**"

MITCH ROVITO

Performance Manager Dealer.com

Turn Your Website Into a Salesperson

Your dealership's website can no longer be a billboard directing customers to your store. It needs to facilitate every stage of the sale.

An effective website provides buyers with accurate information about inventory, incentives, pricing, and financing options. Make the process easy enough for buyers to do on their own. But give them outlets to quickly get help when they need it.

"In order to really have an effective website, it has to be in educational mode. It's not just about selling the unit. **It's about educating customers** through this new process of selecting a vehicle and looking at finance opportunities or leasing opportunities online. They're not used to doing that, and we have to teach them how."

MO ZAHABI

Senior Director of Product Consulting Cox Automotive

Keep Your Eye on the Prize

This transition to a digital sales process won't be easy, but it will pay off if it's done correctly. When the going gets tough, keep these three benefits in mind to help you power through the process.

3 Benefits of a Digital Sales Process



Your profits will increase. Your digital processes and tools will gather important data that will help you close the initial sale and increase the customer's lifetime value.



Your data will become more accurate. Say goodbye to data entry mishaps. Every buyer will input their own information online, which takes a heavy burden off your team.



Your staff will feel empowered. Your teams will be more well rounded and more efficient when it comes to closing deals.

"We're adjusting to where customers are, and we're making changes. We're improving our messaging, and that has led to us **doubling our leads, more sales opportunities, and more conversions.** It has worked out well."

JEFF RAMSEY

eCommerce and Marketing Director Jones Junction



PHASE I: LAY THE FOUNDATION FOR SUCCESS

The first phase of the playbook will help you develop a winning strategy, set up your staff for success, and configure your necessary digital sales tools.

Create a Winning Strategy

Establish an organized plan of attack. The more thorough your strategy is, the smoother the entire process will be. Here's how to create a strong strategy:

5 Keys to Successful Strategizing

1. Define your business objectives.

The objectives you had in place under a traditional sales model may not be the right ones for a digital sales model. For example, are increases in foot traffic and in-person appointments still the right objectives for your dealerships?

2. Assess your dealership's ability to adapt to a revamped sales process.

Unfortunately, a new sales process can't be simply willed into being. Take a critical look at your dealership's resources. Do you have the right software to make a change? Do you have the right staff?

3. Identify team members who could serve as leaders during this evolution.

Management and staff buy-in is critical to any change, and moving to a digital sales process is no different. Enlist people from various teams and with various titles to help troubleshoot and build excitement around the shift.

4. Create common goals for your entire dealership to work toward.

Build confidence in the new processes by setting realistic, measurable goals that your whole staff can get behind. Consider making the goal an internally focused one, such as utilization of a critical new tool.

5. Establish intended outcomes and results to measure your success.

Determine from the start what long-term digital sales success looks like, but don't wait to start measuring progress. See the KPIs section later in this playbook for ideas on what to measure.

Rethink and Refocus Your Sales Team

For this transition to work, you'll need to make sure your sales staff has the training and support they need to execute your new sales processes.

Evaluate your current staffing structure, and ask yourself if the model you have in place is still the right one to serve customers digitally. Restructuring doesn't have to mean letting people go, but consider the long-term implications of retaining staff members who are resistant to or even hostile about the changes you're making.

Training and Managing a Digital Sales Team

Train and Retrain, Early and Often

As you implement new sales processes, you'll probably be asking your team to use tools differently or use new tools. To get your team up to speed, take advantage of the training resources many vendors offer on their tools and best practices for using them.

Get the Team Comfortable with Al

Artificial intelligence that integrates with your CRM, such as VinSolutions Connect Automotive Intelligence, is one of the most powerful innovations available to digital sales teams. Integrate AI tools and insights into both your management and sales processes to get the most value:

- Accelerate the path to purchase: Insights pulled from customer data collected by Al and the CRM, such as buying stage and top vehicles of interest, can move sales along more quickly, which boosts morale and profitability.
- Identify coaching opportunities: All can also use data to show customers' sentiment and how engaged salespeople are with those customers, which provides specific, actionable insights on how salespeople can improve.

Ask for Feedback

Digital sales is new to everyone, and it might take some time to get it right. To speed up the improvement process, regularly ask employees for feedback. This will help management identify gaps, as well as make employees feel more invested in the new approach.

"[Helping customers through the digital sales process] starts in the store. We have staff buy-in. There's training with salespeople, especially with new salespeople, on how to navigate that process. We made sure when we implemented this that it was bought in from the top down. **Everyone knows how to use the tool.**"

JEFF RAMSEY

eCommerce and Marketing Director Jones Junction

Assess and Set Up Your Digital Sales Tools

Implement the tools you'll need to facilitate a digital sale from start to finish. Don't launch your revamped sales processes until you've ensured your software solutions are up for the job.

The Digital Sales Tools Checklist

Ask yourself these questions about your dealership tools before launching your digital sales process:

Website:

- Does it provide customers with multiple ways to contact the dealership?
- Does it give customers all the info they need to select a vehicle?
- Does it allow customers to begin their deal online, in a way that helps salespeople accelerate the deal?

CRM:

- Does it integrate with all key dealership tools and customer communications channels?
- Does it provide a full picture of customers in the customer record, including buying signal insights and web browsing behavior?
- Are processes flexible enough to facilitate digital sales?

Desking and Credit Application:

- Does it reduce data entry for the sales team?
- Does it integrate with my CRM, website and digital retailing tool to streamline workflows?
- Is it able to offer multiple options for customers to compare?

Trade Appraisal:

- Do consumer trade-in estimates appear in the CRM and desking tools?
- Does it allow for the customer to make a completely digital trade appraisal?
- Does it deliver enough information for my team to feel confident in making a competitive offer for a digital trade appraisal?

Menu Selling / F&I Sales:

- Does it support personalized recommendations?
- Does it integrate with other sales tools?
- Does it allow customers to defer aftermarket product decisions?

Digital Contracting:

- Does it provide the ability to create a single signing session for customers instore or remote?
- Does it reduce re-contracting errors and catch missing signatures?
- Are contracts funded the same day?

PHASE II: OPTIMIZE YOUR EFFICIENCY

Once your evaluated and implemented the tools to power your new process, make sure your operations are firing on all cylinders. Here's how to take your digital sales process to the next level.

4 Ways to Elevate Your Digital Sales

1. Only recommend inventory customers are interested in.

Implement solutions that capture customer data and browsing histories and assess where customers are in the buying process. Give customers the option to choose their preferred communication channel, and use Al to recommend vehicles based on their browsing history. Let them compare payment options and vehicle features side-by-side.

2. Streamline your trade appraisal process.

Use a third-party trade appraisal provider to handle the process. This puts buyers at ease and reduces risk for dealers.

3. Integrate your F&I process into the sale.

Customize your recommendations based on the consumer's history and purchase. Offering personalized aftermarket products helps customers better understand the value of the products and boosts profitability.

4. Maximize your customer's lifetime value.

Use remarketing and AI tools to pinpoint the best times to re-engage and promote cross-selling activities.

PHASE III: MEASURE WHAT MATTERS

How do you know if your processes are fully optimized? You must measure key metrics. To ensure you're identifying any problem areas in your new process, measure KPIs at every phase of the buying journey—not just closed sales.

Key Performance Areas and Benchmarks

Basics and Data Collection

- 90% tasks completed
- 80% email collection rate
- 60% contact ratio
- 50% text message opt-in rate

Internet Lead Handling

- 10 minute lead response time
- 15% internet closing percentage

Appointment Management (in-person and virtual appointments)

- 75% appointments confirmed
- 60% appointments shown

PHASE IV: BRAND AND EXPAND

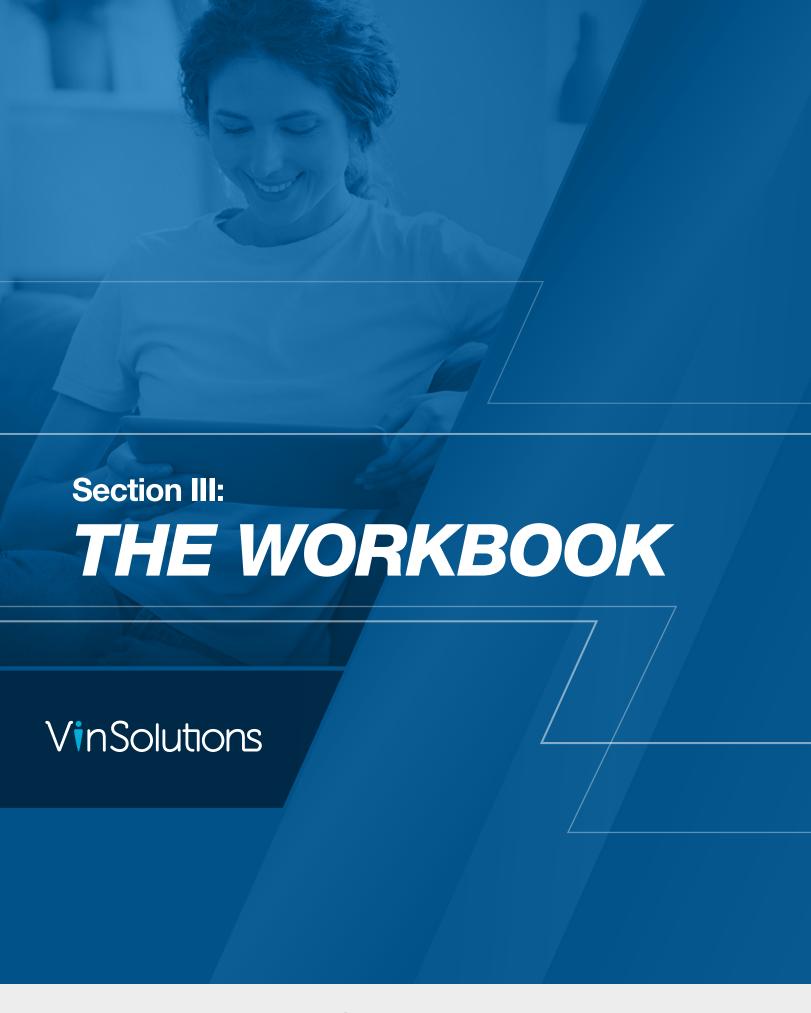
Once you hit your KPI goals, you've officially mastered the basics. But you can't stop there. Here's what you need to do to grow your platform and increase market share.

Expand Your Digital Sales Team

- Meet with high-performing digital salespeople to develop a training plan for the team.
- Fill open sales roles with candidates with the skills that best suit the digital sales model, which are not necessarily the same as traditional car skills.
- Be open to feedback and the inevitable evolution of your processes.

HOW TO BRAND YOUR DIGITAL PLATFORM

- Develop a slogan that conveys the unique benefit of your digital sales experience.
- Use that slogan to roll out effective marketing that distinguishes your dealership.
- 3. Instill confidence in consumers about the ease and convenience of your online sales process.



Now that you have an overview of what an optimal digital sales process looks like, it's time to learn how to make those changes in your dealership.

Communication Approach

A modern sales process calls for a modern approach to communications. Your talk tracks in every channel must match the new digital sales process, and they must be consistent throughout a customer's buyer journey.

It's also important to be flexible in how and when you connect with customers; follow their lead on whether a text, phone call, or video chat works best. And however you communicate with customers, always make sure the conversation is captured in the customer's record in the CRM.

MUST-HAVE COMMUNICATION CHANNELS FOR DIGITAL SALES

- Phone
- Email w/ video and photo
- Texting w/ video and photo
- Facebook Messenger (through the dealership's business account, not salespeople's personal accounts)
- Video conferencing (i.e. Zoom)
- In person meetings, modified as needed to accommodate social distancing

TOOLS THAT CAN HELP

VinSolutions Connect CRM with add-ons:

- Connect Automotive Intelligence
- Connect Texting
- Call Tracking
- Facebook Messenger integration

Website Development

Remember to think of your website as another salesperson. It needs to provide accurate information and facilitate every step of the sale. At a bare minimum, your website must:

- Promote and guide the digital buying process
- Meet the customer at the proper stage of the sale
- Provide the inventory, financing options, and process they want
- Facilitate digital contact methods while allowing for multiple channels

"Make sure you're very upfront about what your digital sales platform can do. Let your customers know that you're comfortable with the way they want to do it, **whether that's in store or by themselves.** Either way, let them know you're always here to help."

JAMES MAYNARD

Senior Vice President of Product and Engineering Cox Automotive Dealer Software Solutions

The Must-Haves for a Successful Website

A **global navigation header** allows visitors to browse inventory from anywhere on your site.

Accurate inventory pages represent each vehicle for sale and provide photos, features, a condition report and pricing.

Transparent financing options explain if the vehicle is available for sale or lease, and disclose what type of financing and incentives are available.

Multiple outreach channels allow buyers to ask for help at any stage of the buying process, so your team can provide the best help possible.

Clear communication educates buyers on what to expect during the sales experience, how they can navigate the process or get help, and where they can get started.

Information to Include on Every Vehicle Page

- Imagery of the interior and exterior of the car or even a 360° virtual tour
- A list of all the vehicle's standard and premium features
- An overview of the vehicle's history, if it's used
- Alternative vehicle options and/or comparison tools
- A link that puts the buyer in touch with a team member to get help or complete the sale

- Dealer.com Website
- Cox Automotive Digital Retailing
- Autotrader Accelerate
 My Deal

Trade Appraisal

Don't let a trade appraisal be a deal-breaker. You might be tempted to limit the risk of a digital appraisal by giving a conservative estimate. But remember, car buyers are more informed than ever before. If they feel they're getting an unfair offer, they can easily kill the deal and move on to a competitor.

Here's how to ensure your digital appraisals are just as accurate as the appraisals you do in-store:

4 Ways to Increase Digital Appraisal Accuracy

- Create an appraisal form where buyers can provide information that paints the picture of a vehicle's condition.
- If necessary, follow up by requesting photos or a video walkthrough of specific areas.
- Do your research and cross-reference the channels the consumer could use to appraise the vehicle on their own.
- Let the consumer decide how and when they want to confirm the condition of the car.

- Kelley Blue Book Instant Cash Offer
- Dealer.com Digital Retailing
- Autotrader Accelerate
 My Deal

Test Drive

The test drive has always been a critical moment in the car buying process, and for a lot of customers, that won't change. Even with much of the car-buying process moving online, most customers today still want to see, touch, and drive the car in person before signing a contract. But how do test drives fit in with an entirely digital sales process? It never hurts to provide options.

3 Ways to Offer a Test Drive

1. In-store Test Drive.

Give buyers the option to schedule a test drive online, over the phone, or via chat. Once they arrive for the test drive, don't keep them waiting. Make sure someone's ready to receive them so they can get in and out guickly.

2. Off-site Test Drive.

Bring the vehicle, or a few options, to the buyer's house or a halfway point so they can test drive the vehicle in their neck of the woods. While this option is the most consumer friendly, keep in mind that you'll need to manage having more inventory off the lot at a time and factor in the costs of delivery and extra mileage. This isn't a process you have to manage completely manually though. Your dealership software solutions, including your CRM, inventory management, and contracting tools, can help you keep track of when and where off-site test drives are taking place.

3. Skip the Test Drive.

If the buyer is unable or doesn't want to do a test drive, then offer a guaranteed satisfaction time frame after they drive off the lot. While this is a nice insurance policy for buyers, it does set up the possibility of letting down the customer if the car isn't what they expected.

- Autotrader Dealer Home Services
- Dealer.com Home Services
 Promotion

Payment Negotiation, Incentives, and Credit Application

Payment negotiation and incentives can be a stressful part of the car buying process. Make it a little easier on your buyers by allowing them to research options on their own. Taking this process online will foster more trust between you and your buyers.

Offering a credit application online using a secure portal is actually something consumers prefer. Make the application easy to find on your website and pair it with financing information to help buyers quickly move forward with the deal once they're ready.

"I feel the customer has become more engaged because there are more ways for them to do business **the way they want to** and at the pace they want to."

SCOTT RISLEY

Digital Marketing Manager Mohawk Chevrolet Honda

HELPFUL TIP

Train your staff to know where the buyer is in the process when they enter the payment negotiation phase. There's a big difference between someone who's ready to make a deal and someone who needs help understanding their options.

- VinSolutions Connect CRM
- VinSolutions Connect Desking
- Cox Automotive Digital Retailing

Menu Selling and F&I Sales

A digital selling process helps you gain more indepth insight about each buyer that can be used to implement smart F&I selling strategies. Instead of offering services buyers don't want, you can make specific recommendations that align with their needs.

Allow buyers to review aftermarket products early in the process and give them the flexibility to defer decisions on aftermarket products until a later time. When describing your aftermarket products, lead with the benefits. This will help buyers see the value of these add-ons.

"A lot of dealers think if you don't have a buyer in the store, your F&I product penetration and your profitability is going to go down. In actuality, dealers have found that it is higher because it gets done right every time."

DREW McELENEY

Senior Performance Manager Cox Automotive

TOOLS THAT CAN HELP

 Dealertrack F&I and Darwin partnership

Contract Completion and Delivery

If your state allows it, give consumers a secure way to sign the contract online. Find a platform that provides an encrypted connection, supports multiple devices, enables you to upload high-quality images of stips and trailing documents, and makes it easy to store information securely.

Make sure you're still following compliance processes. This includes protecting sensitive data, asking permission to pull a buyer's credit report, and running a fraud alert check before the deal goes through.

Before you deliver the vehicle, whether customers come to your showroom or you go to them, confirm the buyer is who they say by verifying their identity. Make sure to get the customer signature for any final required documents. Give them a final walkthrough of the vehicle that includes a tutorial on the technology or navigation settings. Confirm the post-delivery checklist and coach the buyer on how to complete the CSI survey.

Schedule the first service appointment at the time of the sale, not after. And send out videos or reading materials that will help the buyer learn about the vehicle. In these references, include an introduction to the service manager and a tour of the service area.

- Dealertrack F&I Digital
 Contracting
- Dealertrack F&I Compliance

THE NEW REALITY MEANS NEW OPPORTUNITIES

Consumers are waiting for a digital car buying experience that caters to them. Be the dealership that gives it to them.

Turn the industry's new reality into new opportunities to grow. Use the strategies and tools provided in this guide to develop a digital sales process that sets the standard in your market. Be an early adopter and seize market share from your competitors.

The power is in your hands now. What are you going to do with it?

LET'S TRANSFORM YOUR SALES PROCESS TOGETHER

Implementing a fully digital sales process will be a major change for your dealership. That's why Cox Automotive is here to help you every step of the way. We have the resources, technology and expertise to help you take your dealership into the future.

We're always here to help you succeed and we value your partnership.

Let's revamp your digital selling process together today. Visit the **VinSolutions Resources Library** for tips on where to start.

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