CRM USAGE REPORT:
HOW BEST-IN-CLASS DEALERS ARE MAKING MORE CUSTOMER CONNECTIONS

SEE HOW YOUR CRM UTILIZATION AND LEAD PROCESSES STACK UP

VinSolutions

Make every connection count.

EXECUTIVE SUMMARY

The CRM is a relatively recent addition to the automotive dealership, but it's already revolutionized the way dealers connect with their customers. Every logged customer record, every report and every process gives dealers more information about their customers. And more information means a better chance to close the sale, along with better odds of customer retention.

But many dealers still struggle to use their CRM effectively. Some may have a good grasp of the basics, but in today's industry, the basics aren't enough to secure a competitive advantage. To get ahead, dealers must take advantage of more advanced CRM features and be committed to following effective, optimized processes.

A recent dealer survey conducted by DealerKnows, a training and consulting firm, evaluated the current state of CRM usage in the automotive industry. The survey examined both the industry's average CRM usage and that of best-in-class dealers. Looking at the data, the results are clear: Most dealers' CRM usage is in need of improvement. In fact, **DealerKnows ranked the automotive industry's overall CRM performance at just 2 out of 5.**

This white paper will provide key benchmarks that your dealership can use to evaluate your CRM usage across several key categories — along with concrete steps you can take to improve your performance and make better customer connections.

OVERALL PERFORMANCE: 2/5

UTILIZATION

Customer Impact

The quality of your customer connections depends on the quality of your data. And no one's memory can be as effective as a CRM. By logging all data in this centralized hub, you can build follow-up processes that meet customers' unique needs, and search for future opportunities, sales and connections. Before this can happen, though, your CRM must offer the right functionalities, your team has to consistently use it — and they have to be trained on how to use it. Otherwise, that valuable tool will be collecting dust.

Key Benchmarks

Salespeople completing CRM certification courses

Industry average: 74%

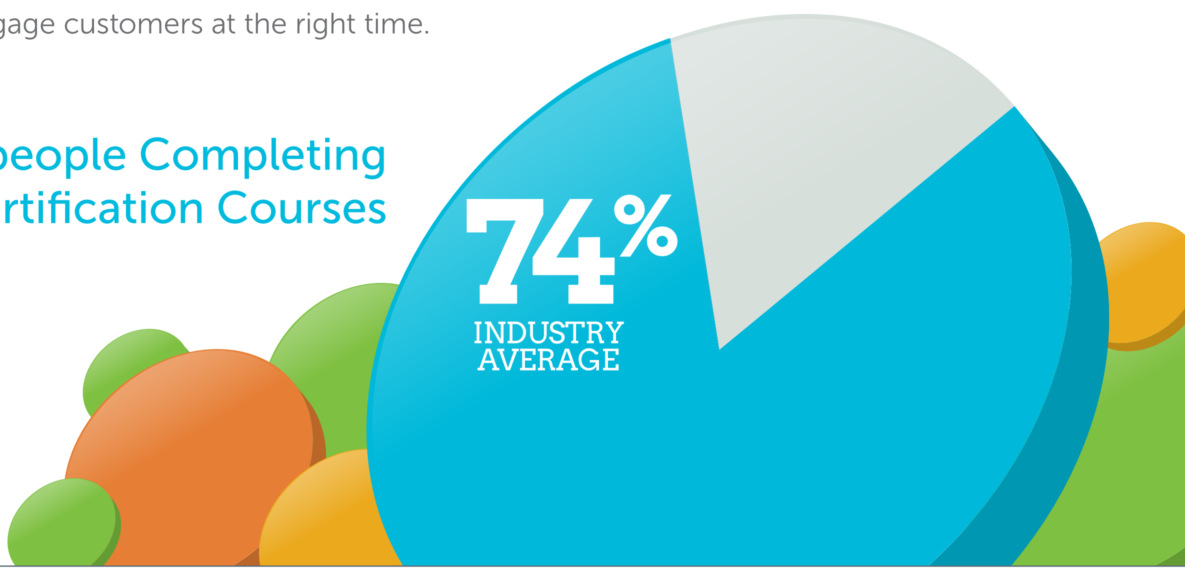
Fully training your team is an essential part of effective CRM usage.

Salespeople with active wish lists

Industry average: 57% | Best-in-class average: 83%

By logging customers' vehicle preferences in the CRM and receiving alerts when those vehicles become available, you can adjust your inventory acquisition strategy and re-engage customers at the right time.

Salespeople Completing CRM Certification Courses



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UTILIZATION

Next Steps

To make sure your team is using the CRM to make more customer connections, follow these steps:

Harness the power of purpose.

Gain your team's buy-in by explaining how your CRM will improve their performance.

Hold your team accountable.

Daily spot-checks can ensure that employees follow processes and enter data.

Train, train and train again.

Hold weekly CRM and process trainings, and consider dedicating part of your yearly budget to training.

Name a CRM champion.

This in-house CRM expert will manage training, provide accountability, and stay on top of system upgrades.

Audit your CRM features.

If your CRM doesn't offer the right functionalities, your team has no incentive to use it — and it might be time to investigate other options.

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REPORTING

Customer Impact

To replicate a successful customer interaction or a profitable month, you need to know what your dealership did to achieve it. And well-built CRM reports give you better insight into your dealership's performance, so you can predict how actions you take today will affect your performance tomorrow. Pulling reports on salesperson activity and open opportunities will help you evaluate the quality of your dealership's connections. And if your reports show signs of a problem, it may be time to re-evaluate how you hold your team accountable.

Key Benchmarks

Customer records in the DMS not matching the CRM

Industry average: 340 | **Best-in-class average: 57**

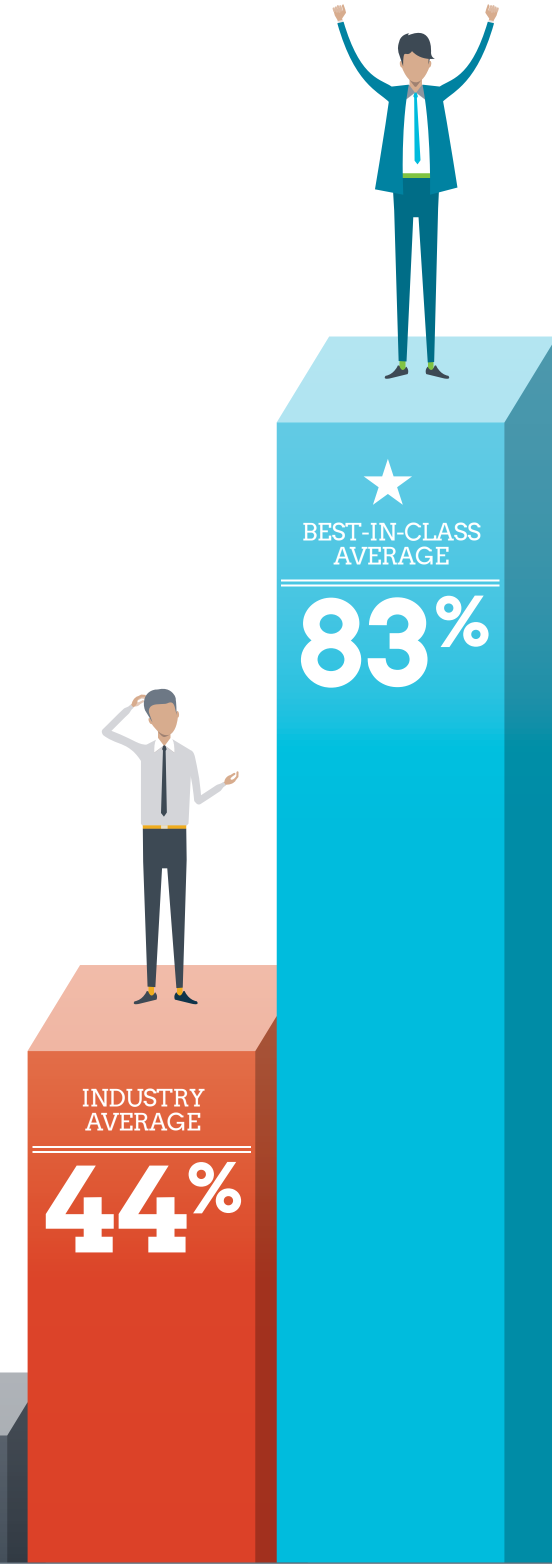
If all customers in your DMS don't have matching CRM records, your dealership can't source units sold ... or hold your staff accountable.

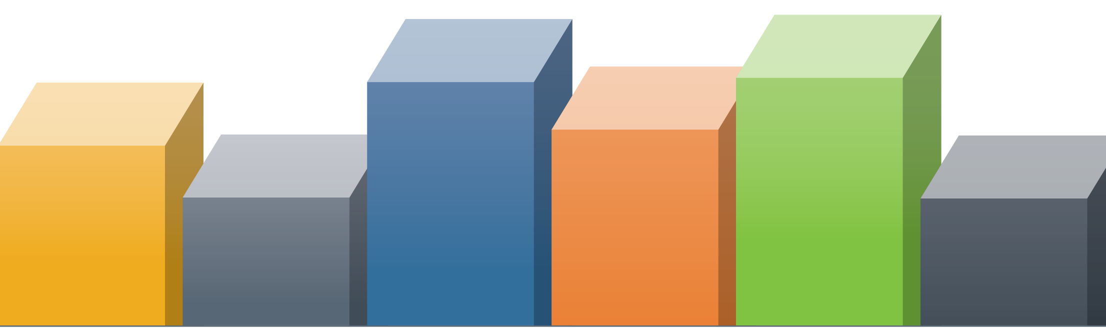
Setting up regular automated reports

Industry average: 44% | **Best-in-class average: 83%**

Receiving your preferred reports automatically — instead of hunting them down in the CRM — makes evaluating your performance and identifying areas for improvement more efficient.

Setting up Regular Automated Reports





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REPORTING

Next Steps

Follow these tips for higher-quality reports that help you assess and improve your customer interactions.

Make sure all CRM data is accurate.

Your reports are only as good as your data, so your CRM champion should make sure your data is clean.

Dedupe your leads.

Removing duplicate leads, either manually or automatically, should be part of your process.

Get management involved.

If sales management is committed to effective reporting and data entry, your team will be, too.

Send automated reports.

Automatic daily reports let you monitor your progress, look for patterns, and spot ways to improve — without hunting through your CRM.

Define your vision of success.

Decide which metrics matter most to your dealership, and center your reports on them.

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LEAD PROCESS

Customer Impact

Your CRM processes are the foundation of every customer interaction. Every task should be designed to improve customer connections and sell more cars. If your processes aren't being followed and your CRM is full of overdue tasks, one of three things could be to blame. Either your processes aren't realistic, your team isn't following through, or management isn't holding your team accountable. Whatever the case, overdue tasks are a serious problem — because each one could be a missed connection.

Key Benchmarks

Percentage of overdue tasks in the CRM

Industry average: 16%

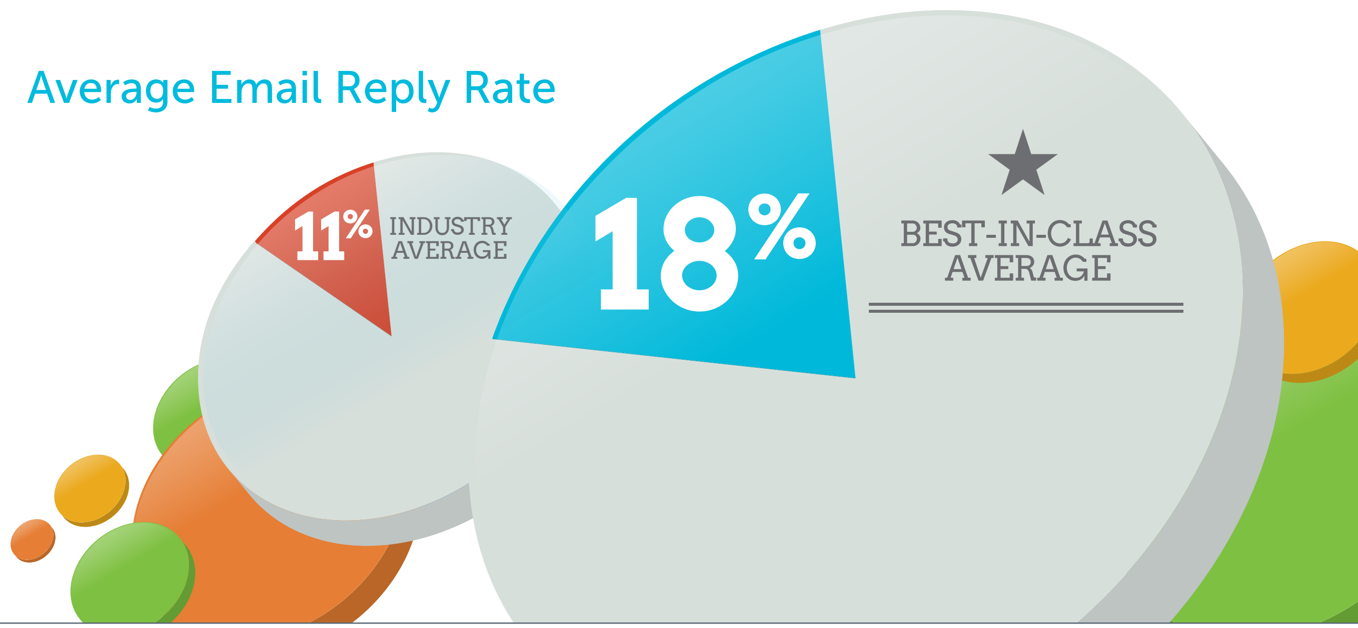
If your dealership's processes were set up effectively, even one overdue task is too many.

Average email open and reply rates

Industry average: 48% open rate, 11% reply rate
Best-in-class average: 52% open rate, 18% reply rate

Low open and reply rates could mean you're emailing the wrong people at the wrong time or with the wrong content.

Average Email Reply Rate



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LEAD PROCESS

Next Steps

To overcome process problems and build a strong foundation for customer connections, follow these steps.

Prioritize accountability.

Make it clear that following your CRM processes is non-negotiable.

Re-evaluate your processes.

Make sure they're realistic, aligned with your goals, and based on historical data. If you're unsure, contact your CRM provider for advice.

Get your team on the same page.

To motivate your sales team, explain how following your processes will lead to more sales.

LEAD PROCESS: TIMING

Customer Impact

When a customer contacts your dealership, you're not their only option. They're also considering your competition. And if another dealership follows up before you do, you could lose your chance at a sale. You should contact customers less than an hour after they contact you — ideally, within five to 20 minutes. While average industry response times have improved recently, they still aren't low enough. Most customers purchase a vehicle within seven days of beginning the buying process. The more you delay, the less influence you have on their decision.

Key Benchmarks

Leads followed up on within an hour

2013 best-in-class average: 58.1%
2016 best-in-class average: 73.9%

Anything under 100% means your dealership is passing up connection opportunities.

Leads never followed up on

Average dealership with BDC: 4.3%
Average dealership without BDC: 34.3%

You might think having your whole team perform follow-up will improve your process, but the opposite is true!

LEAD PROCESS: TIMING

Next Steps

These tips will help you contact customers at the right time and get more value from every interaction.

Evaluate your dealership structure.

Be sure you have a dedicated, well-staffed team to perform lead follow-up.

Speed up internal communications.

The faster management passes information to employees, the faster employees can pass it on to customers.

Make sure your dealership has a BDC.

This speeds up your response time and keeps leads from slipping through the cracks.

Set up CRM alerts.

In-system reminders at key moments in the customer lifecycle help your team follow the right steps at the right time.

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LEAD PROCESS: CONTENT

Customer Impact

No two customers are alike — and to make meaningful connections, you have to send the right message to the right person at the right time. Running personalized, targeted campaigns through your CRM helps you connect one-on-one with every customer, and helps avoid the pain (and potential lost customers) of mistargeting. And every message you send must provide accurate, valuable information. Otherwise, you're just adding noise.

Key Benchmarks

Sending personalized customer responses

2013 best-in-class average: 82%
2016 best-in-class average: 88%

A personalized response is key to engaging your customers. Make sure it happens every time!

Sending personal value proposition emails

2013 best-in-class average: 77%
2016 best-in-class average: 87%

Emailing video walkarounds or salesperson introductions creates a more productive, valuable customer connection.

Best-in-class Dealerships Sending Personalized Customer Responses

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LEAD PROCESS: CONTENT

Next Steps

These steps will help optimize your dealership's content and bring more value to every connection.

Take personalization to the next level.

Don't just plug customers' names into your emails — provide valuable, helpful content based on their needs.

Master the details.

Each message should be well timed, sent at the right frequency, and relevant and useful to your customers.

Bring in visuals.

Automatically including photos of customers' vehicles of interest makes your messages more useful and personal.

Read, then respond.

Address all customer questions and provide the information requested before hitting "send."

Enhance your sourcing data.

If all your DMS records match your CRM, you can source your units sold and better target your advertising.

LEAD PROCESS: VALUE

Customer Impact

When your customers are choosing a dealership, they're exploring their options online. They're looking at online reviews, available inventory and — yes — price. They know what your competitors are stocking and how much their inventory costs. They want the right car at the right price, and if you don't make it easy for them to find it, they'll find another dealer who will. To keep customers from continuing their shopping somewhere else, you have to clearly convey the value you'll provide — which makes price transparency a must.

Key Benchmarks

Confirming used vehicle prices with customers

2013 best-in-class average: 68%
2016 best-in-class average: 93%

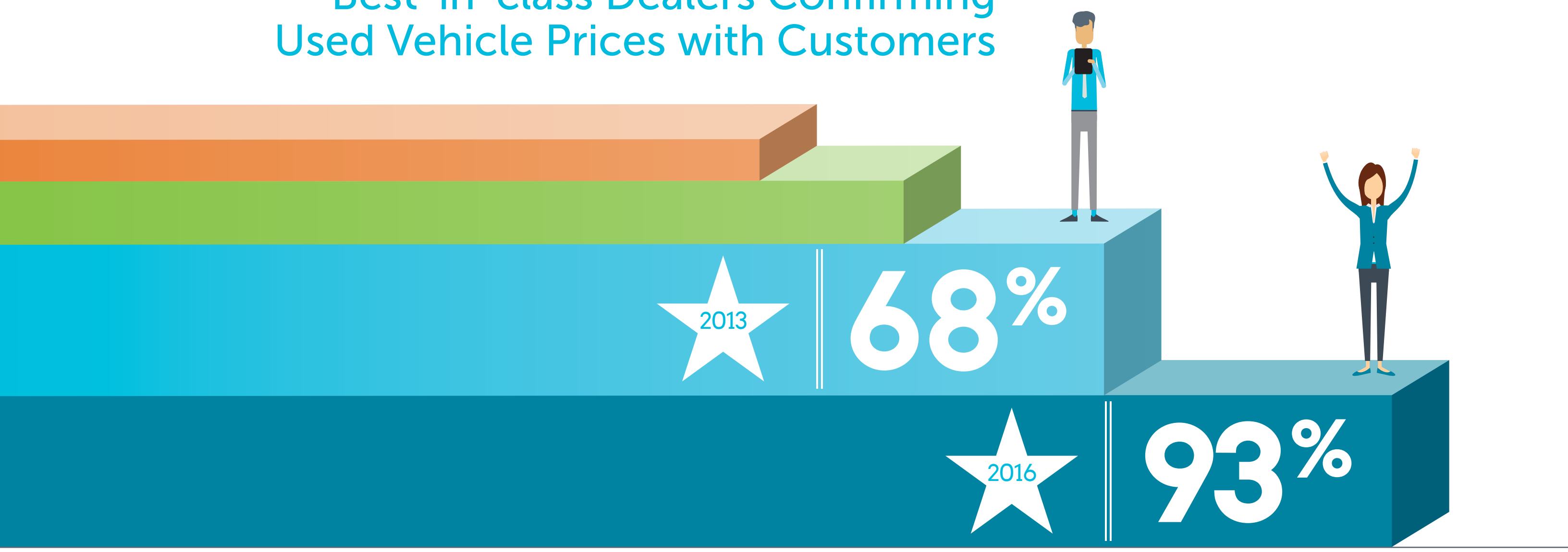
This improvement is impressive — but there's no excuse not to send prices to your customers.

Confirming new vehicle prices with customers

2013 best-in-class average: 77%
2016 best-in-class average: 85%

New vehicle salespeople have fallen behind the used vehicle industry in price confirmations. It's time to step up!

Best-in-class Dealers Confirming Used Vehicle Prices with Customers



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LEAD PROCESS: VALUE

Next Steps

Follow these steps to prove to your customers that you offer more value than the competition.

Incorporate price transparency.

To clearly communicate your value and improve customer trust, confirm prices 100% of the time.

Provide prices three ways.

Send customers prices in three different formats: MSRP, your discount price, and the amount of money they'll save.

Validate your pricing.

Third-party valuation tools let you prove that your dealership prices fairly and prices to market.

LEAD PROCESS: ENGAGEMENT

Customer Impact

When you're building a long-term connection with customers, every interaction counts. Each communication affects customers' overall feelings toward your dealership. They're judging whether you're providing value and making their lives easier, or whether you're missing the mark. If customers choose not to engage with you, it's a sign that your relationships are on rocky footing.

Key Benchmarks

Using customers' preferred method of contact

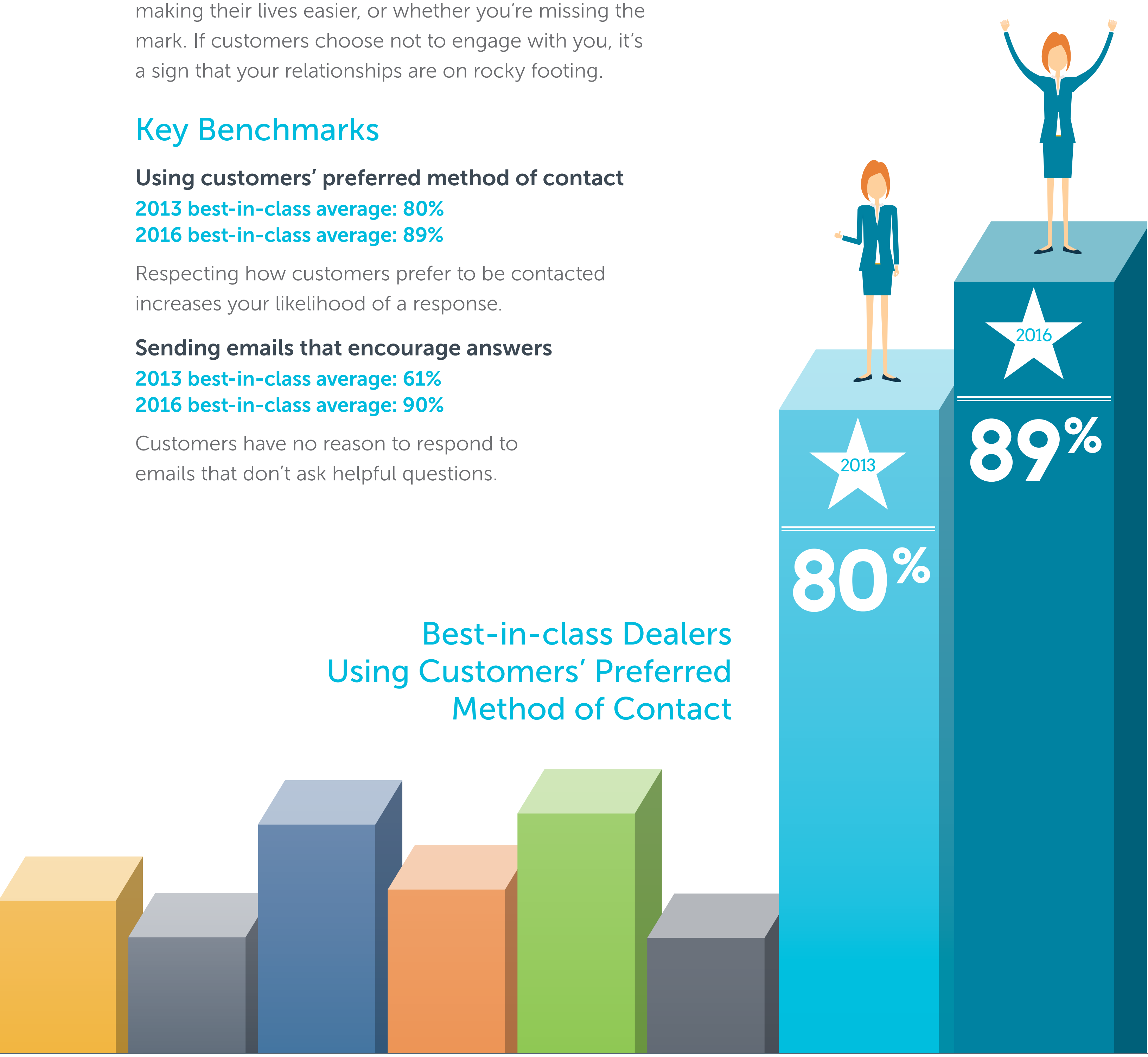
2013 best-in-class average: 80%
2016 best-in-class average: 89%

Respecting how customers prefer to be contacted increases your likelihood of a response.

Sending emails that encourage answers

2013 best-in-class average: 61%
2016 best-in-class average: 90%

Customers have no reason to respond to emails that don't ask helpful questions.



Best-in-class Dealers Using Customers' Preferred Method of Contact

LEAD PROCESS: ENGAGEMENT

Next Steps

These five steps will help you create content that engages customers and nurtures relationships.

Be helpful.

Ask response-oriented questions like "Have you test-driven the vehicle yet?" or "What time is best for you, this afternoon or evening?"

Skip unhelpful questions.

Don't ask questions you don't want to know the answer to, like "Are you still interested in this car?" or "Are you still in the market?"

Record preferred methods of contact.

Log customers' preferred communication styles, including time of day, in your CRM.

Reply to every message.

Communication should be a two-way street. If a customer reaches out, always answer!

Set up CRM alerts.

In-system reminders keep your team on top of their inboxes, and let you measure engagement in real time.

LEAD PROCESS: EFFORT

Customer Impact

You've probably heard of the 120-day customer sales cycle — but that time frame doesn't match today's industry. Most customers purchase a vehicle within seven days of starting the process. If you don't focus your efforts on this weeklong window, you'll miss your chance to close the sale. But you can't let your efforts fade after seven days, either. Nurturing customer relationships after the sale is the best way to earn service revenue, future sales and referrals.

Key Benchmarks

Time before marking prospects as lost

Industry average: 2 days | Best-in-class average: 35 days

Selling cars takes effort — otherwise, anyone could do it. Don't give up too quickly! Monitor your processes and prospects carefully, and make sure all scheduled tasks are completed.

Calling customers more than once on day one

2013 best-in-class average: 20%
2016 best-in-class average: 49%

Day one is the most critical moment in the sales cycle. If customers don't pick up, call back.

Phone calls made to customers during the first week of the buy cycle

Best-in-class average: 4

Call at least once daily in the first week until customers answer.

Time Before Marking Prospects as Lost

LEAD PROCESS: EFFORT

Next Steps

To focus your dealership's efforts where they'll most benefit your customer connections, follow these steps:

Front-load your follow-up.

Update your processes to focus on the week after a customer begins the buying process.

Build in accountability.

These front-loaded processes will only be followed if management holds your team accountable for doing so.

RESULTS

Customer Impact

The results you get from your CRM are a direct reflection of how well your dealership is connecting with customers. If you've set up effective processes and are holding your team accountable for following them, you should see an increase in set appointments, closed sales and revenue to match. If not, it's time to step up your game!

Key Benchmarks

Appointments set per day

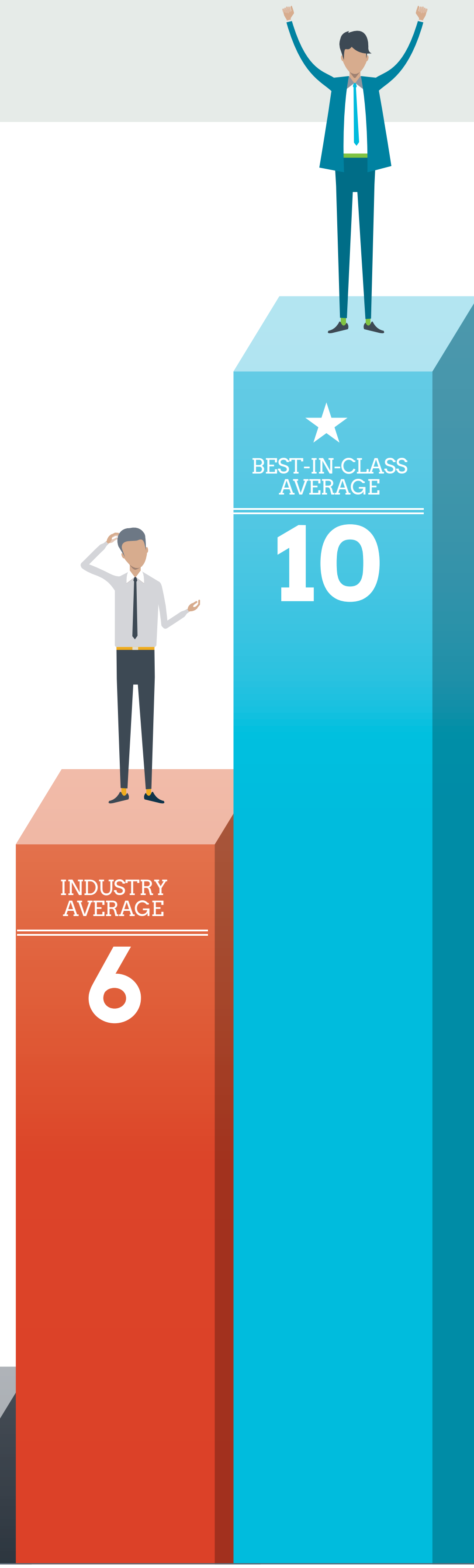
Industry average: 6 | Best-in-class average: 10

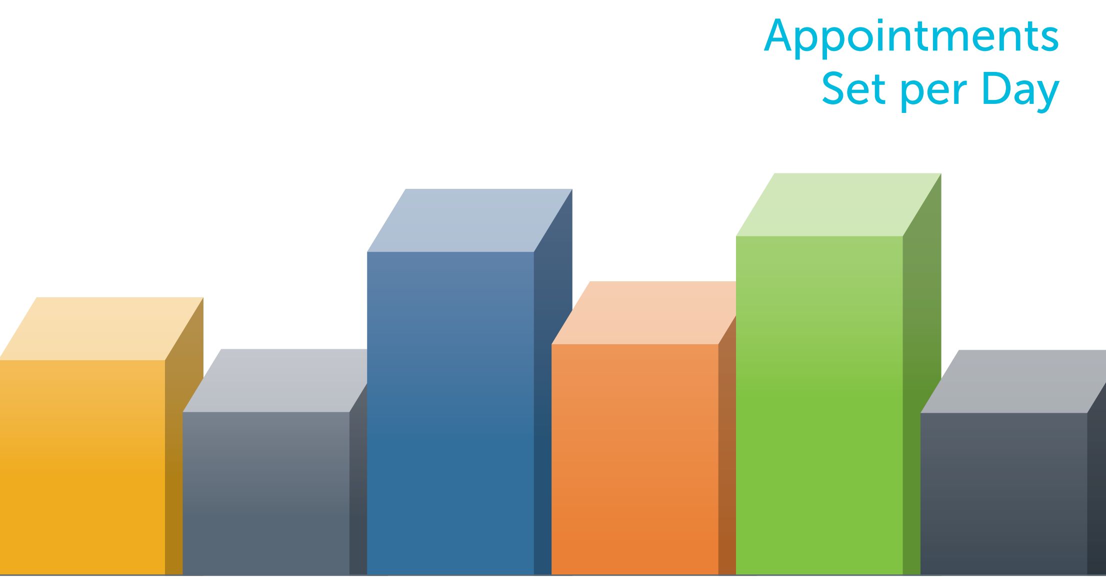
The more appointments you set, the more chances you have to make a connection and close the sale.

Customers marked "sold" in the CRM within 30 days

Industry average: 89.1% | Best-in-class average: 94.6%

Most customers will purchase within a month, if not seven days — and dealers who give up too quickly lose potential sales.





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RESULTS

Next Steps

Ready to get better connections and better results from your CRM? Here's how to get started:

Hold dealership-wide CRM training.

Your team can't succeed with a system they can't use! Make weekly, monthly and yearly training mandatory.

Rethink your structure.

To run your dealership more efficiently, make sure the right people handle the right steps of your process.

Review your processes.

Every process should be feasible and based on historical data.

Re-evaluate your staff.

All employees should understand why the CRM matters and be committed to following processes.

Mystery-shop your competition and yourself.

Compare the experience you give customers to what they get elsewhere.

CONCLUSION

As the car-buying experience becomes more data-driven, using your CRM effectively grows more important every day. To join the ranks of best-in-class dealers and connect better with customers, your dealership must find new ways to improve its CRM usage. Encouraging dealership-wide utilization, running reports to spot areas for improvement, and honing your lead processes will give you the framework to make better connections and close more sales.

The automotive industry has improved year after year in these categories. But while that's encouraging news, it's still not enough. Most dealers have a lot of work to do to bring their CRM usage up to par. By following the next steps outlined here, your dealership will be on its way to mastering your CRM — and making the customer connections you need to be successful.

ABOUT VinSolutions

A leading provider of CRM solutions, VinSolutions is committed to helping dealers and dealer groups make every customer connection count. Its sophisticated yet easy-to-use software solutions span the scope of dealership operations and are accessible from anywhere an internet connection is available. VinSolutions' long-term support options help dealers get the most value from their CRM systems and build valuable, long-term relationships with their customers. VinSolutions is a Cox Automotive™ brand.

Learn more at vinsolutions.com

ABOUT DealerKnows

Founded in 2008, DealerKnows is a boutique training and consulting firm that focuses on data-driven prospect engagement and conversion processes for automotive, as well as several other verticals. With a digital-first strategy, DealerKnows has partnered with clients in over 200 cities throughout North America to increase results online, on the phone and on the showroom floor.

Learn more at dealerknows.com