

Digital Retailing Solutions



## Digital Retailing Delivers

Increase closing ratio, ROI and sales by implementing a digital retailing tool on your web site

## Overview

With computers, smartphones and tablets at our fingertips every waking hour, it is clearer than ever that today's car buyers want to complete more of their vehicle shopping process online. In a recent market study conducted by Morpace/AutoTrader.com, shoppers were asked to rate their recent car buying experience. Overwhelmingly, surveyed participants rated the steps they completed online, i.e. finding information on incentives, specials, and rebates, higher than the steps completed in-store, i.e. receiving a trade-in offer. Progressive dealers are beginning to consider tools and strategies that not only attract shoppers to their websites (digital marketing), but also help complete steps of the buying process online (digital retailing). But do these digital retailing tools deliver? Can dealerships expect better sales conversion? Will dealers see a meaningful ROI? This white paper addresses these questions and discusses the benefits of leveraging digital retailing tools on dealer websites.

## Higher Quality Leads

Typically, dealers can expect 7%-10% of the unique visitors that come to their website to submit a lead. Based on studies like J.D. Power Dealer Satisfaction with Online Buying Services Study, an average of 10% to 15% of these leads get converted into sales. As an example, if you experience 1,000 unique visitors to your website per month, these visits result in about 15 sales. Also, of these 1,000 visitors, based on your franchise and consumer demographic, approximately 30-50 (or 3-5% of the visitors) visit your finance page, generating about 3-5 finance leads (i.e. 10% unique visitor to finance lead conversion). Compare this to **Dealertrack's Digital Retailing Suite**, which features a groundbreaking online "First Pencil Payment" tool called **PaymentDriver**, which is linked to a user-friendly credit application called **FinanceDriver**. In November 2012, dealers using the **Digital Retailing Suite** saw that approximately 8% of their unique visitors were presented with an opportunity to start the financing process online (vs. the normal 3-5%). On average, these visitors resulted in a higher 13% visitor to finance lead conversion ratio. It should be noted that these leads not only contain basic consumer contact data, but they include valuable information that is typical of a serious buyer. In addition, and perhaps most importantly, Dealertrack can track lead to sale conversion status. We did the math and found on average, 25% of the leads generated by the **Dealertrack Digital Retailing Suite** actually resulted in a sale! Compare that to the 15% industry sale conversion average. The tables below summarize key ROI metrics:

**Comparison of Digital Retailing leads to typical website leads:**

	Uniques to Lead Conversion	Lead to Sale Conversion
Typical Website	7-9% (Basic Leads)	15%
Digital Retailing Suite <sup>1</sup>	10%+ (Finance Leads)	25%

<sup>1</sup> Based on November 2012 data. Results may vary based on implementation, package, demographics, new-used sales mix and franchise.

**Comparison of cost of Digital Retailing leads to 3rd party leads:**

	4 Sales per month	6 Sales per month	8 Sales per month	10 Sales per month
Digital Retailing (\$400-\$500 per/mo.)	\$100-\$125 per sale	\$66-\$84 per sale	\$50-\$62 per sale	\$40-\$50 per sale
3 <sup>rd</sup> Party Leads (\$20 per lead, 10% conv.)	\$200 per sale	\$200 per sale	\$200 per sale	\$200 per sale

As demonstrated in the above table, at \$40-\$100 per sale, the **Digital Retailing Suite** delivers a significant ROI relative to other avenues your dealership may be utilizing, in which cost per sale can be as high as \$200-\$250 per sale.

Another useful feature of the **Digital Retailing Suite** is the automatic routing of credit application to the F&I offices' pre-selected lenders. This is what Drivers Village, an upstate New York dealership, has to say about the solution –

**“It is a great feeling when you see customers sending our bank a completed app on an in- stock vehicle during the hours you are closed. It is a great way to start the day - coming to work with an approved deal before you open the front door!” - Lou Bregou, Driver’s Village/Burdick Cars**

In November, Lou attributed 10+ sales representing a 40%+ closing rate to Dealertrack’s Digital Retailing Suite.

## Increased Online Inventory Engagement

Our metrics show that shoppers also spend an average of five minutes per session on the **Suite's** monthly payment and offers page. Why? The reason is simple: **PaymentDriver** is not a generic calculator; rather it is your online "First Pencil" offer. It allows shoppers to conveniently interact with your real loan/lease rates, combine them with current incentives all while understanding financing and affordability options that suit their needs. This allows, you, the dealer to keep control of your financing process and reserve settings. Allowing consumers to get comfortable with the online "First Pencil" and then nudging them towards online financing not only improves lead quality, but it also increases the modern consumer's propensity to do business with you vs. your competition. When the consumer visits your showroom, they have a good understanding of the vehicle they want to purchase, as well as a grasp on what they can afford and have been approved for. Couple that with a context sensitive chat session during the five minutes the shopper interacts with **PaymentDriver**, and increase the chances of bringing that shopper into your showroom even more!

## Improve Your Sales Workflow

Once the shopper submits a lead from the **Digital Retailing Suite**, information such as the stock number viewed, the payments ranges calculated and the consumer's credit application/results is available in the Dealertrack F&I system, as well as your CRM system (ADF format). Since the shopper's bureau has already been securely pulled, your sales person understands the shopper's credit worthiness and can focus their energy on pitching inventory that the shopper can actually afford. This consistency of process and reduction of data re-entry improves speed of transaction while increasing CSI.

## Return on Investment

A car is a big purchase, and consumers who buy cars today are busier than ever. Giving your customers the tools to do more of the buying online provides you with great leads while saving time and frustration at the store. You don't need to drop prices or dig deep in your budget to increase customer satisfaction. At costs as low as \$40-\$50<sup>1</sup> per sale, you can achieve all of the above benefits without worrying about yet another technology expense that does not pay for itself.

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<sup>1</sup> Results may vary based on implementation, package, demographics, new-used mix and franchise.

## Reference Figures

**2012 GMC Yukon**  
2WD 4dr 1500 SLT

**\$39,860**  
Dealer Price ?

Monthly payment estimate based on rates & incentives for well qualified buyers in your area.  
Actual payments may vary based on taxes, fees, additional programs, and credit qualification. See dealer for details.

**I want to finance**

\$596 / mo

\$5,250 due at signing ?

**Get Pre-qualified**

Down Payment ? \$ 1500

Net Trade-in ? \$ 0

Term (in Months) ?

36
48
60
72

**I want to lease**

\$640 / mo

\$640 due at signing ?

36 months

Annual Mileage: 10,000 miles

Additional mileage charged at \$.25/mile.

Amount due at signing includes security deposit of \$0.

Expires on 12/31/2012

You may qualify for these programs.

**1.3%**  
APR ?

**\$1,000**  
Cash Rebate ?

**\$2,000**  
Cash Rebate ?

**Dealer Rate**

**4.9%**  
Enter Your APR ?

**\$2,000**  
Cash Rebate ?

**\$1,000**  
Cash Rebate ?

**Your Chosen Rate**

Choose conditional incentives. Click a help icon to learn if you are eligible.

**\$4,000**  
Employee Allowance ?

**\$1,000**  
Mobility ?

**\$500**  
Trade Group ?

**\$750**  
Military ?

**\$500**  
Trade Group ?

Make an Offer

Next: Get Pre-qualified ▶

Fig 1: Dealertrack's PaymentDriver provides integrated incentives and lender programs in a 1<sup>st</sup> pencil tool

SAFE & SECURE

Get pre-qualified now and save time at the dealership.

\* Required

First Name \*      MI      Last Name \*

Street # \*    Street Name \*    Street Type \*    Apt. #

City \*      State \*      Zip Code \*

Social Security Number \*

Length of Current Job \*

Gross Monthly Salary \*

Why do we need this information?

Email Address \*      Primary Phone Number \*

I have read and agree to the terms of the [PRIVACY NOTICE](#)

I have read and agree to the [TERMS OF USE](#)  
By clicking "Get Pre-Qualified", I authorize you to check my credit report


**Get Pre-Qualified!**

Fig 2: Dealertrack's FinanceDriver provides integrated finance pre-qualification and pre-approval capabilities on dealer websites

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dealertrack technologies.

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**From:** joe.carbuyer@fake.email.org  
**To:** dealertrack.100105@streamin.dealerups.com  
**Subject:** eBusiness Suite: #SORENTO3 - 2013 Kia Sorento 2WD 4dr I4-GDI EX

**Vehicle**  
 Condition: unknown  
 Total Payment: USD1000.0exact  
 Total Payment: USD386.66maximum  
 Trade-In Lien: USD25041.0  
 Finance Method: finance  
 Id #1Chrome Style Id: 349799

Interest: buy  
 Make: Kia  
 Model: Sorento  
 Odometer: 0miunknown  
 Price: USD29841.0  
 Price Comments: Lender: U.S. Bank, N.A.; Amount Financed: \$25,041;  
 Payment: \$387; Rate: 3.56%; Term (months): 72; Net Trade-In: \$2,300; Down  
 Payment: \$1,000; Due at Signing: \$4,800; Presented payments are based on a  
 self-reported consumer credit score of 675.  
 Status: new  
 Stock: SORENTO3  
 VIN: 5XYKT4A65D0000000  
 Year: 2013

**Vehicle**  
 Interest: trade-in  
 Self-ReportedPrice: USD2300.0

**Vendor**  
 Name: ABC Autos  
 Id #1DealerID: 100221  
 Vendor Name: ABC Autos



-	VIN	-
-	Stock	-
-	ID	-
-	Account	DealerTrack
-	Currently	-
-	In Stock	-
-	Total Leads	-
-	Price Retail	-
-	Price Selling	-
-	Cost	-
-	Profit	-
-	Price Starting	-
-	Current Bid	-
-	Reserve	-
-	History	-

Fig 3: Digital Retailing leads are submitted into dealer CRM systems and Dealertrack's credit application portal