

A MOTORK WHITEPAPER

The Four Secrets of Lead Management



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“The leads are weak.”

Anyone who has worked in sales in the past few decades is familiar with this line, repeated multiple times by members of the beleaguered sales staff in the classic play and movie “Glengarry Glen Ross”. Similar complaints are heard from automotive sales staff when it comes to digital leads. This shouldn’t be a surprise. Vehicle sales staff are trained and incentivised **to close a sale in the shortest possible time**. They are accustomed to dealing with prospects in person. They typically lack the patience or skills for nurturing customers over the phone or via digital channels. **But in today’s environment, customers can no longer go into a dealership early in the process. Research activities that were once done in a dealership are today done online.**

Moreover, nearly half of all customers find the dealership where they purchased their vehicle either through search, online advertising or a dealer locator on the brand’s website. This means that **the first contact dealers are likely to have with customers are through online channels** as prospects research from home or another remote location. This leads to the first important lesson in understanding the secrets of digital lead management: **There are two sales that need to be made. The first is the sale of an appointment in the dealership. The second is the sale of the vehicle itself.**

From Online To Offline

For this reason, it's absolutely critical to view the lead management process in two stages involving two separate skill sets. In the first stage, it's all about **nurturing a prospect** for the days, weeks or even months until they are ready to visit the dealership. The second stage starts once the prospect is in the dealership, and is roughly equivalent to the traditional sales process practiced by sales staff, with a few tweaks for the digital age.

It all begins, however, with **the "digital" customer** and selling the appointment. It's in this first conversion -- from digital contact to appointment -- that **dealers can make the biggest improvement** in their current sales activity. There are **four secrets** to doing this well.



Have a trained and **dedicated business** development center.



Have a **CRM tool** to manage the lead nurturing process.



Have a clearly defined process for **managing leads.**



Have an optimized process for **"selling appointments."**

So let's look closely at the Four Secrets in greater detail.

Have a trained and dedicated Business Development Center

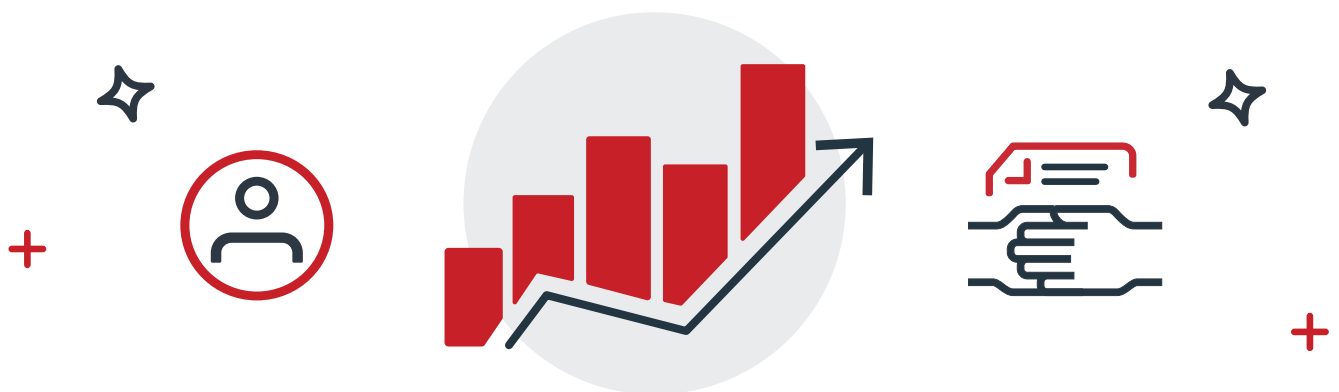
The single most important move a dealership or dealer group can make -- and the first one they should do -- is **to create a professional business development center** (aka BDC). The role of the BDC goes beyond the classic call centre role of fielding incoming questions or confirming digital lead data. While the in-store salesperson needs to manage multiple processes, the BDC staff focuses on the digital or phone lead to the exclusion of everything else. Many dealers we speak with believe that this is an extra cost. **But our data shows that the opposite is the case.**

How much does a BDC cost? Or better, what does it cost to have no BDCs?

	Managed leads	Conversion Rate	1000 lead	Earnings
Salesman	~ 200 /month	4%	40	-15.000€ /month
BDC 8h	~ 330 /month	7%	70	0
BDC 12h	~ 500 /month	10%	100	+ 5.000€ /month

*Assumptions: Gross annual salaries: sales staff 40,000 €, BDC 20,000 €. Scenario 1: Sales Representative 8h. Scenario 2: BDC 8h. Scenario 3: BDC team 12 h. Profit per car sold € 1,000.

Given the greater efficiency that a BDC has in managing leads, it's possible **to manage more leads in a given time** -- and **to achieve a higher conversion rate in the process**. This not only leads to more prospects coming to the dealership, it allows the in-store staff to focus on what they do best, which is closing the sale. As a result, **a dealership actually increases its income thanks to the presence of a BDC.**



Have a CRM tool to manage the lead nurturing process

Hard though it is to believe, there are still dealers out there -- lots of them -- managing leads from spreadsheets or a sales person's notebook. Moving these activities into a Customer Relationship Management tool **enables a dramatic improvement in the quality of the nurturing process**. CRM tools allow BDCs to track response times, reassign leads when the initial staff member cannot (or doesn't) respond quickly, automate notification for call back times and manage a host of other activities. A good CRM system ensures that BDC staff always have at their fingertips the prospect's previous activities -- thus avoiding customer frustration at being asked to repeat things they've already discussed on previous calls or digital interactions.

Also important, **a good CRM ensures that customer data privacy is strictly maintained.**



Have a clearly defined process for managing leads

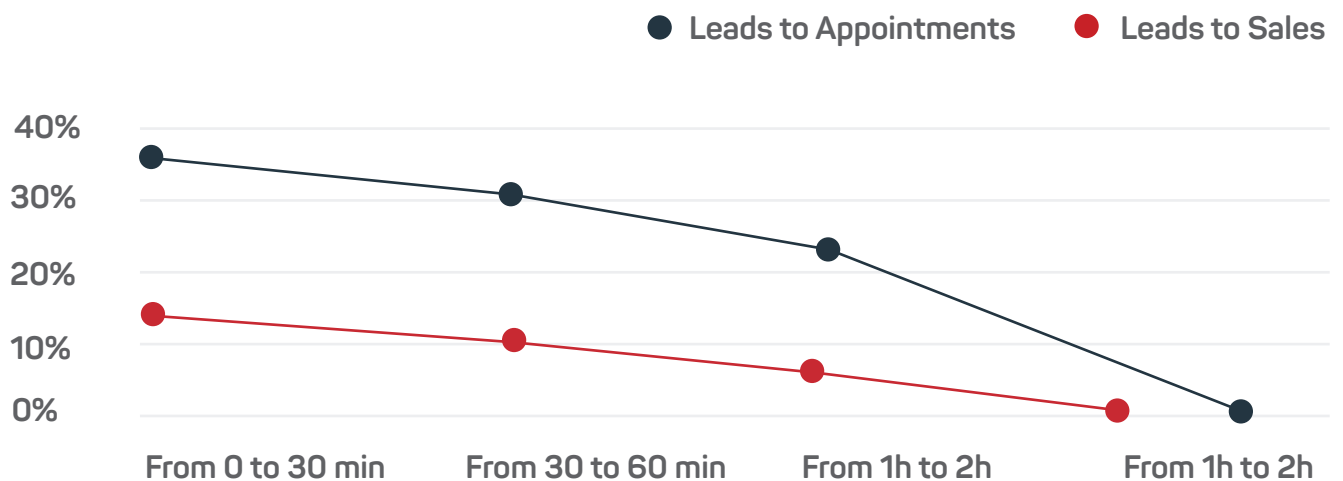


While having the right people (a BDC) and the right tools (a CRM) are important, none of it works well unless **there is the right process in place**. The lead management process should set the ground rules for issues like **response times, qualification and reassignment**.

Response times, in particular, are a crucial part of the process. It's vital that BDC teams react quickly to customers. MotorK data, pulled from millions of leads, shows that time alone can make the difference when selling the appointment. Today's customers, conditioned by Amazon and other digital brands, expect an immediate response.

A simple improvement in response times from 60 minutes to 30 minutes improves conversion rates by nearly a full percentage point -- resulting in 15% more contracts. If that response time is reduced to less than 10 minutes, the improvement is more than 66%.

Influence of reaction time on the conversion rate



In other words, by doing nothing more than responding faster than the competition, a dealer or brand can make a profound impact on the bottom line.

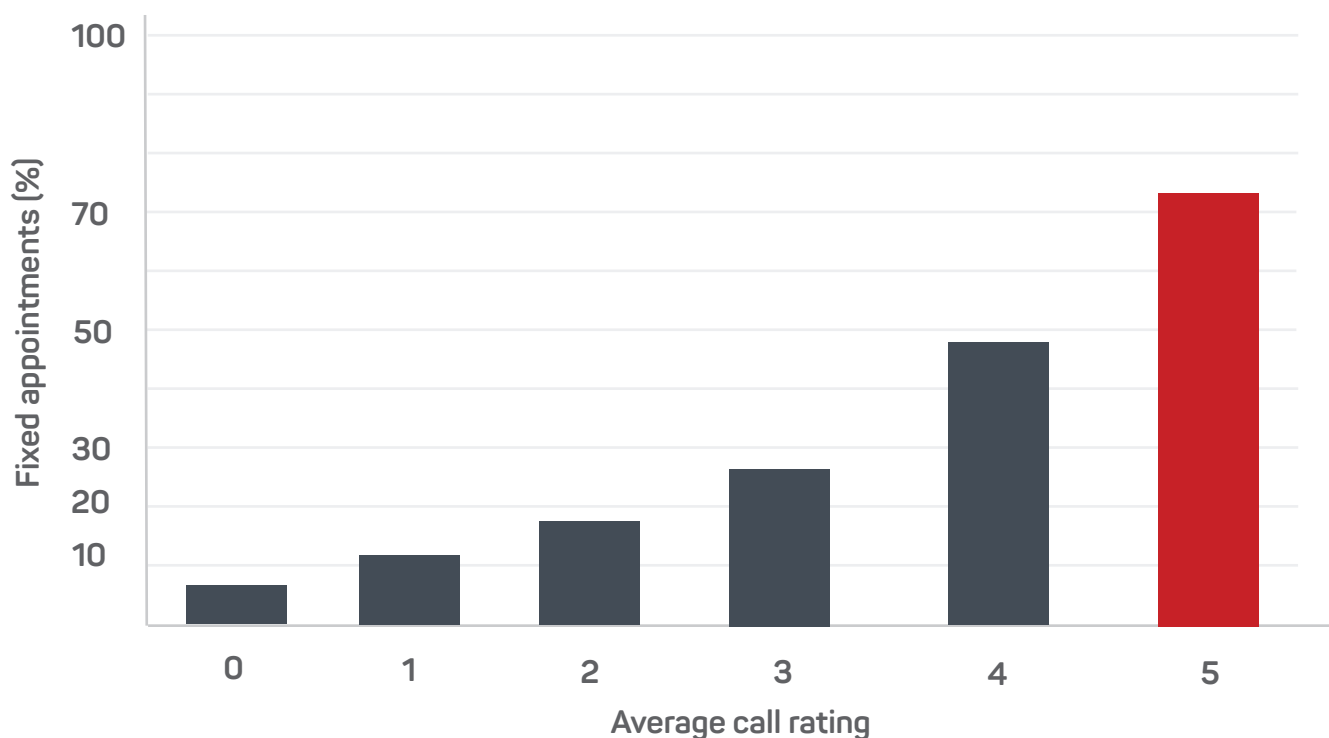
Have an optimised process for “selling appointments”

The job of the BDC operator is to nurture a lead, selling him or her on the next stage in the process. In practice, this means “selling” the prospect an appointment at the dealership. Our internal studies have shown that the better the quality of the telephone call, the higher the likelihood of fixing an appointment in the dealership.

Indeed, the difference between a “poor” phone experience and an excellent one is a 700% increase in the likelihood of fixing an appointment.



Influence of the quality of the telephone conversation on the number of agreed appointments



Conclusion

For all of the hype about online vehicle sales, the in-person sale will remain with us for the foreseeable future. To some extent, that's because several key parts of the transaction need to be done in person -- signatures, trade-in vehicle inspection, and so on. But it's also because many customers still want to see the vehicle in person, if only to confirm that it's the right choice for them.

In-person sales are also crucial to dealers. The process of showing a customer a vehicle in person dramatically increases the likelihood of both closing the sale and upselling the customer to a more premium vehicle or to additional services. The trick, however, is to get the modern, digital shopper to enter the showroom. Following the Four Secrets outlined above will ensure that dealers maximize the potential they have, in the process optimising their digital return on investment.

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