

Discover opportunities your  
competition can't see.

Know Your Neighborhood, Master Your Business

Get Exclusive Content

HOME > DEALER > DEALERSHIP INTERNET EFFECTIVENESS HAS LONG WAY TO GO

## Dealership Internet Effectiveness Has Long Way to Go

Steve Finlay | *WardsAuto*

Mar 13, 2017



EMAIL



SHARE



Tweet



Recommend 0

COMMENTS 0

"The typical industry performance is still pretty lousy," Pied Piper CEO Fran O'Hagan says of automotive Internet effectiveness.



"The fact that dealers and auto companies don't do a great job certainly isn't because they are idiots," O'Hagan says.

RELATED MEDIA

Before Porsche gets up and accepts an award for the auto



Today's Car Dealership Customers 'Much More Sophisticated'

Words That Work in Car Dealership E-Mails

Car Dealership Sales Assistant Tiffany Is Cheerful, Helpful and Unreal

brand with the most Internet-effective dealerships, here's a qualifier: It could have done better.

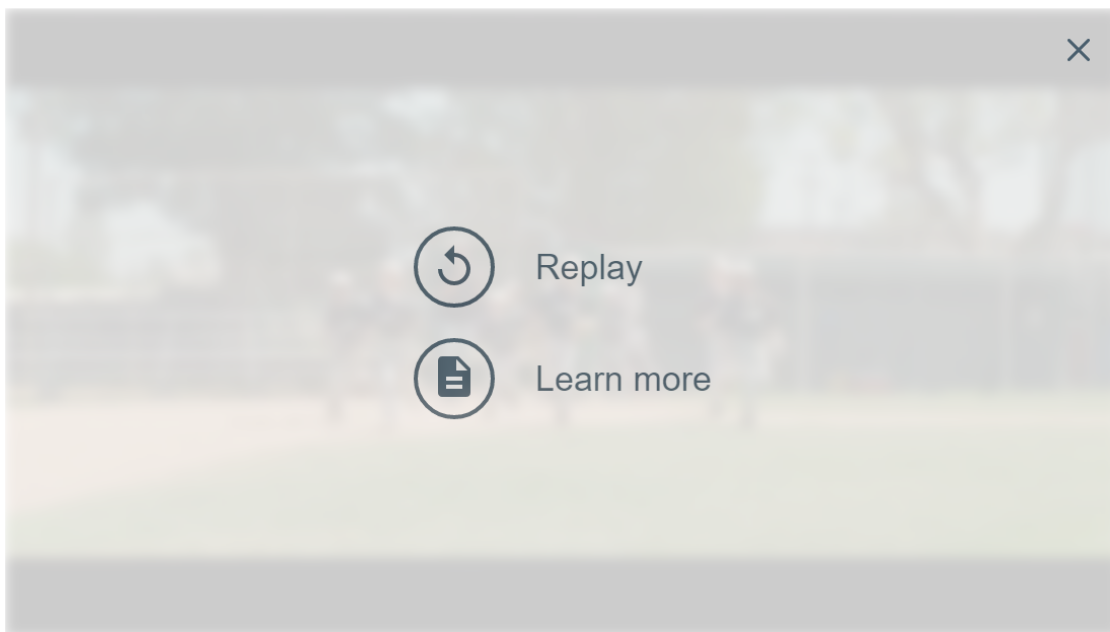
So could virtually all the brands on the Pied Piper's annual Internet Lead Effectiveness Benchmarking Study, says Fran O'Hagan, the consultancy's president and CEO.

The company measures and indexes how dealerships by brand respond to mystery shopping inquiries received through a store's website.

The industry average performance has been flat for the past five years. It dropped slightly from 2016 to 2017, with 22 of 32 brands declining. Behind Porsche on the list, No.2

Mercedes wins the most-improved prize. Fiat Chrysler Automobiles' Chrysler and Ram brands tied for last place. *(Ranking chart at bottom of this story.)*

ADVERTISING, MOUSE OVER FOR AUDIO



*WardsAuto* speaks with O'Hagan about his mystery-shopping operation, what it reveals and how dealers digitally can do better.

**WardsAuto:** This year's winner is Porsche. Does that mean its dealers do a better job on the Internet because they have more time on their hands than other dealers?

**O'Hagan:** Not necessarily, although you are asking the right question. The typical industry performance is still pretty lousy. Being at the top of the list, yes, it's something to be proud of, I suppose. But there's still plenty of room for improvement industrywide.

To put it in perspective, there are dealer groups that score in the mid-80s. They tend to

get it, and they are relentless. Porsche scored 65, with 100 being perfect. I have a front-row seat to a part of the business that is still the Wild West. There are all sorts of variations by dealers and brands.

Brands handle this part of the business differently from each other. That gets back to your Porsche question. Porsche on the Internet is not perfect at everything. They just drop the ball fewer times than everybody else.

The fact that dealers and auto companies don't do a great job in Internet effectiveness certainly isn't because they are idiots. These are smart people. The reason they don't always do a good job is that it is hard. There are a lot of moving parts. The high scorers are relentless. They work on this every day.

**WardsAuto:** I was being a bit facetious when I asked if Porsche dealers had more time on their hands, but obviously it's not a high-volume brand so doesn't it make sense they would have time to respond quickly and properly to Internet leads?

**O'Hagan:** I'd probably tell you no. A large dealership with a very buttoned-down process typically outperforms a small dealership.

We go to a dealership's website and ask the question about a vehicle that's in inventory. We measure what happens. How quickly they respond, how well do they respond, whether they also try to respond by phone. The first basic thing we measure is whether we get a response, even an auto response. For Porsche dealerships, only 2% of the time we got nothing. The no-response industry average is 12%.

**WardsAuto:** Does that mean some dealerships place less importance on Internet leads?

**O'Hagan:** No. We invented this process and started it in 2008. We assumed the value added from our measurements would help dealers make sure their employees were doing what they should be doing.

That was the only reason. We've learned that's still important, but just as important is to use the measurement to diagnose information technology problems, software problems. A typical dealership has three or four different pieces of third-party software that must work together seamlessly for a lead response to work, and we found that many times they don't.

**WardsAuto:** That's an eye-opener. What's the problem there?

**O'Hagan:** A customer submits a lead to a website that typically is overseen by a third party. The lead has to go to a CRM (customer relationship management) system. We've found that industrywide 1% of the time, it never gets there.

**WardsAuto:** Well, 1% isn't horrible, but on the other hand one would think the problem was conquerable.

**O'Hagan:** Exactly. The thing is, the average is 1%. Another fascinating thing is when one of these moving parts isn't working properly, usually no one knows. It's largely invisible.

**WardsAuto:** When you say it's not working, does that mean a system is down?

**O'Hagan:** There's some flaw. You have the dealership, the manufacturer, the website provider, the CRM provider and within the CRM provider you have plug-in parties that may handle something like the routing of outgoing emails.

CRM providers walk a fine line. They want to respond to everyone, but if Google, Yahoo or MicroSoft flags you as spam, that's a death sentence.

**WardsAuto:** How did you discover the software system failures to respond properly to leads?

**O'Hagan:** We will show a dealer our results, and he or she will say, "I never got your lead." Nine times out of 10, the third-party provider will look into it, discover the problem and fix it. Sometimes it's the website not sending the leads to the CRM, sometimes it's the CRM mail server getting blacklisted and mail not being delivered.

**WardsAuto:** You mentioned flawed software at the dealership, but in a way Google, Yahoo and MicroSoft's software is flawed if they are classifying legitimate responses as spam.

**O'Hagan:** And 94% of the public's email accounts is from one of those three. The CRM provider or the CRM's third-party "tool" to validate email addresses are the one that usually deal with the blacklisting problem. It's not malicious.

**WardsAuto:** How exactly do you mystery shop?

**O'Hagan:** We're careful to act like a customer. We will find a vehicle on a dealer website and send a query to the dealership asking about it. We typically don't ask "What's your best price?" We're always changing the questions. We ask something a human would ask. Some of our IP addresses are mobile, some not.

We measure whether an automated response was sent and what it said. But the auto responder doesn't stop the clock. A personal response does. We look at the content of both types of responses.

**WardsAuto:** Who wouldn't send at least an automated response? It's so easy.

**O'Hagan:** I hear you. We also measure whether the dealership attempts to contact us by phone.

**WardsAuto:** Does this have to do with the lasting power of the telephone, a device that



dates back to the 1870s?

**O'Hagan:** The phone is more effective and personal than email, and in-person is more effective than the phone is.

Absolutely communicate back to prospects the way they contacted you. If it was by email, even if they gave a phone number, your first step is to reply by email. But the moment you hit "send," call them.

**WardsAuto:** Wouldn't you want to give them a minute or two to read the email?

**O'Hagan:** Nope. Right away, otherwise, you risk getting tied up doing something else. Besides, most of the time, you'll get a voice mail.

**WardsAuto:** AutoNation CEO Mike Jackson said the goal is to get the digital customer off line and on the phone, not to exchange emails with them for the afternoon.

**O'Hagan:** I completely agree. Audi dealerships on average attempt to contact by phone 80% of the time. For Lexus dealerships, it's 25%.

**WardsAuto:** What's going on there?

**O'Hagan:** I think someone at Lexus said "We're going to nail the digital part of this. Our process will be to respond quickly and personally to Internet inquiries." But the phone part apparently isn't part of their business model. Those low phone numbers have been constant for Lexus for the last five years.

**WardsAuto:** Is it possible to do everything right digitally?

**O'Hagan:** It is. I can't publicly name dealership groups, but one in particular is the poster child for that.

**WardsAuto:** Any surprises this year?

**O'Hagan:** There's still so much variation. Often in the car business things merge together, from designs to lease programs to advertising, whatever. Not here.

The vast majority of dealership salespeople know how to sell cars in person. Yet, in the Internet part of the business, the variation of performance is huge. Some brands are weak in one area, strong in another, from responding quickly to answering specific questions.

In 2011, when we first measured the industry, I would have said that by 2017 this will smooth out and be less Wild West. I would have expected the brands to behave much more similarly.

**WardsAuto:** You said you're willing to share best practices with anyone who asks. So

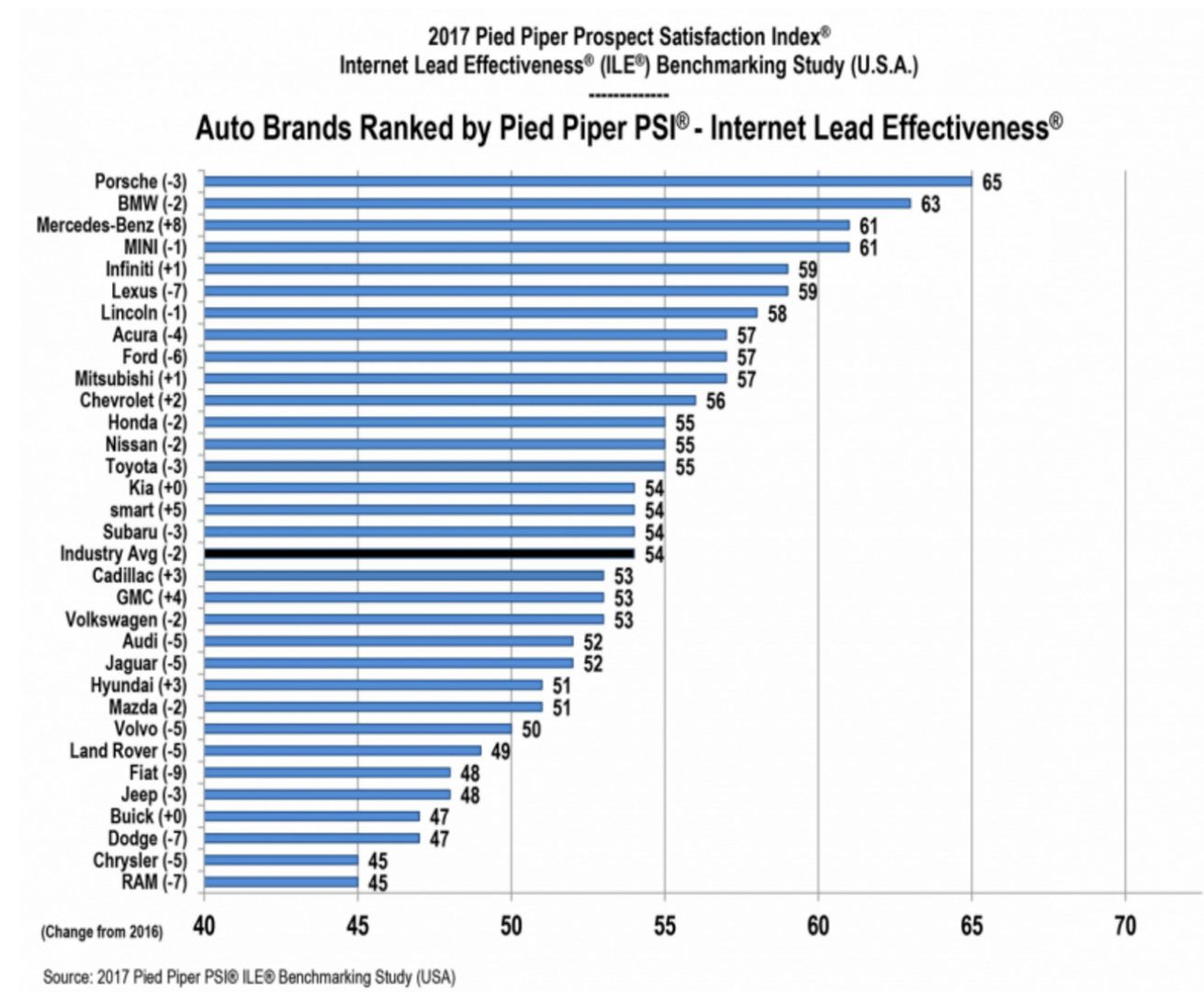
what are they?

**O'Hagan:** First, use your auto response as a print ad for your dealership, basically saying, "Hey, you've come to the right place, and here's why." That comes from a person, usually a general manager who says a salesperson will be in touch soon. Then respond within an hour.

**WardsAuto:** An hour is pretty generous, isn't it? Some people in the industry say you should respond within 10 minutes or risk the customer blowing you off.

**O'Hagan:** The math doesn't support that. But back to best practices. First the auto-response print ad, then the personal response answering the question, then the phone call.

sfinlay@wardsauto.com



Please [Log In](#) or [Register](#) to post comments.