



Digital Retailing Handbook

*A Guide for Creating & Maintaining a Best-in-Class
Omnichannel Customer Experience*

2022

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OVERVIEW

This guide is the culmination of scores of dealer interviews and in-store observations over several years, as well as multiple in-depth studies of the trials and errors of digital retailing's early adopters.

Shared herein are the best practices of luxury and non-luxury dealers who are showing success with their digital retailing efforts. This guide is intended to help dealers maximize their returns from digital retailing while minimizing potential missteps. Additionally, this guide is expected to help dealers shorten the learning curve associated with adopting a true digital retailing culture.

Because each individual dealer is at a different point in their journey of adopting a digital retailing culture, this guide was written to allow dealers and their teams to choose where they feel they need the most help, and to skip to those sections of the guide. Of course, dealers who've struggled with their adoption of digital retailing may want to study this guide from beginning to end.

This guide is divided into eight sections:

THE CUSTOMER EXPERIENCE – Page 6

Delivering a great customer experience is not about solving issues, it's about avoiding issues in the first place. While the speed and efficiency of online buying from retailers like Amazon have made customers more demanding and less tolerant than they were pre-internet, the labor and materials shortages over the past two years changed the dynamic of what it takes to provide a 5-Star experience. In this section we review what will be required from dealers and their teams to always deliver a great customer experience with their digital retailing efforts.

DIGITAL RETAILING: LESSONS FROM THE EXTREMES – Page 8

In this section we'll touch on the difference makers for those dealers who've successfully launched and grown their digital retailing efforts. And because we can sometimes learn more from bad examples than from good ones, we've also included the missteps and false starts of those stores that attempted to implement a digital retailing culture only to later abandon or seriously rethink their efforts.

ROADMAP: QUESTIONS TO CONSIDER – Page 13

Every dealership is different, and some don't know where to start when implementing a digital retailing culture. In this section we present the questions dealers and their teams may want to consider either before rolling out a digital retailing solution or when those efforts aren't bearing the expected fruit.

THE CORE TEAM – Page 15

While often a cliché in automotive retail, success or failure with digital retailing really does come down to two factors: People and Process. In this section we discuss the members of your dealership team who make the best candidates for a core team that will oversee the rollout and implementation of a successful digital retailing culture in your store.

PRICING – Page 19

Although the bulk of online vehicle prices have evolved from "Call for Price" to more market-based pricing, we still find dealers at all points along the online pricing spectrum today. In this section we

explore the pricing strategies that have proven to maximize both volume and gross for those dealers showing success with their digital retailing efforts.

DIGITAL RETAILING TOOL – Page 23

While success with implementing a digital retailing culture in your store comes down to people and process, the digital retailing tool you choose can make things easier for your people while helping you to train and maintain great customer-friendly processes.

MARKETING – Page 26

Buying a vehicle 100% online is still foreign to most consumers, so what you say, how you say it, and where you say it is critical to successfully driving prospects into your digital retailing funnel. In this section we'll cover everything from your offline and online messaging to even the placement and verbiage of your digital retailing calls-to-action on your dealership's website.

PROCESSES – Page 32

Creating a great customer experience (the expectation for most of today's online consumers) starts and ends with great processes that are strictly enforced. In this section we'll introduce the processes your team will want to evaluate and update to maximize volume, grosses, and guest satisfaction.

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The goal of this guide is not to transition dealers into *Franchised Carvanas*, but to help dealers navigate the changing consumer preferences and build great customer experiences that translate into the creation of lifelong raving fans.

There are a few themes dealers will want to keep in mind as they and their teams build a digital retailing culture:

1. **Customer satisfaction is not about price.** The *Cox Automotive Car Buyer Journey Study* showed that overall automotive customer satisfaction hit a then all-time high in 2020 when 72% of buyers reported being highly satisfied with their shopping experience. In 2021, the survey found that 75% of new vehicle buyers were happy with the dealership experience.

Prices were higher and inventory was scarce, yet satisfaction during the pandemic improved over prior years – how can that be? Three primary reasons:

- a. Buyers completed more of the buying process online. (Likely because dealer and third-party websites encouraged this more than ever with clearer calls-to-action.)
 - b. Buyers visited fewer dealerships. (Likely because many wanted to limit their exposure to others during the pandemic.)
 - c. Vehicle purchases were quicker and more efficient. (Because as we all know, sticker is quicker.)
2. **It's not the technology, it's the technicians.** Dealers have been successful with virtually every digital retailing tool available, and dealers have failed with virtually every digital retailing tool available. Beyond OEM integrations, success or failure has little to do with which vendor you choose and nearly everything to do with how you introduce, implement, and manage your digital retailing efforts; along with who you

put in front of your digital retailing customers. Collectively, we call these people who manage the processes and interact with your customers *the technicians*; and they are your key to success with digital retailing.

3. **It's not about online car buying.** Many managers and salespeople believe that digital retailing is about removing the dealership from the car-buying equation. Nothing could be further from reality. While 100% online car buying is a part of digital retailing, it is a tiny part... today. In fact, studies are clear that even during the pandemic, most car buyers put great importance on seeing the vehicle in-person and taking a test drive before purchase.

While there will be those who purchase their next vehicle 100% online, digital retailing's greatest benefits will come more from in-store and online-to-offline experiences than they will from facilitating 100% online car deals.

4. **You can't stop digital retailing.** Digital retailing is happening right now, and its importance is going to continue to grow long into the future. Dealers who embrace it early, roll it out properly, and maximize its effectiveness on the customer experience can expect to enjoy lower marketing costs, greater customer satisfaction, more repeat business, and higher grosses.

Creating a digital retailing culture is not as easy as choosing a vendor and slapping their code on your website. It takes planning and patience. It also takes a desire to see it succeed and a strict adherence to processes and rules designed to make the buying experience better for the customer – regardless of where they want to start or finish their deal.

This guide was written to help you and your team maximize your returns from digital retailing while shortening your learning curve and helping you avoid common missteps. Additionally, dealers should use this guide to help everyone on the team make honest assessments of the existing processes and personnel, and the realign these to better match consumer expectations.

THE CUSTOMER EXPERIENCE

This section could've easily been titled *Just Don't Screw It Up: The Key to Delivering a Great Customer Experience in 2022 and Beyond*.

Pre-pandemic, retailers (think: restaurateurs) often had to create amazing experiences to set themselves apart from the competition and earn 5-Star reviews. Due to the labor and materials shortages plaguing virtually all consumer-facing companies (including dealers), customers have become somewhat accustomed to long lines, slow service, and limited choices.

This is good news for those striving to create great customer experiences today.

While today's consumers are more demanding, they're also experiencing poor service in so many places that when a retailer simply meets their expectations, they often feel like it was a 5-Star experience – they're pleasantly surprised when an experience simply goes off without a hitch. Basically: if they find what they're looking for and get through the checkout process quickly and without hassles, that's a 5-Star experience in 2022!

To a dealership's sales, service, and parts teams, this means you can create very good or even great customer experiences simply by not screwing "it" up. (The "it" being whatever your team or department delivers to/for the dealership's customers.)

Just Don't Screw "It" Up

For the receptionist, this might simply mean transferring calls properly and staying on top of these transfers.

For the service advisor, this might mean setting customer expectations early and keeping customers informed when supply chain issues change the estimated completion date.

For the parts manager, this might simply mean responding to a customer's voicemail. (Yes, something as easy as responding to a voicemail can make a positive difference to today's consumers.)

For the traditional salesperson, this might mean regularly touching base with customers waiting on factory orders and keeping them in the loop.

Digital Retailing and Today's Customers

Digital retailing brings with it the promise of creating great car-buying experiences. As we introduced in the *Overview*, despite paying then-record prices for new vehicles, 75% of new vehicle buyers in 2021 were happy with the dealership experience. They were happy because the in-store buying process was more efficient. That is, buyers had to spend less time in the dealership.

Accomplished correctly and with every customer, digital retailing will undoubtedly continue this growing trend of satisfied buyers. The key for dealers and their teams is to get everything right the first time (in other words, just don't screw it up).

For most dealers, this means providing a digital retailing experience that, where practical, will include:

- Pricing discipline – This will reduce haggling and shorten the purchase process.

- Solid appointment processes – For example, having the vehicle of interest cleaned, gassed, and backed-in before the prospect arrives creates a sense of “ownership” for the prospect and shortens the amount of time it takes to complete the purchase process.
- Strict appointment rules – For example, tightening your definition of what constitutes a “real” appointment will ensure more customers arrive on time, and thus have a better buying experience. As our internal research shows, on-time appointments close at twice the rate of appointments that arrive more than 45 minutes early or late, primarily because sales teams can prepare for and “expect” those arriving on-time.
- Staffing with digital retailing experts on the front lines – Ensuring that everyone who interacts with sales prospects is trained and certified on your digital retailing platform (and that they follow the prescribed processes) will reduce errors or missteps that can turn a great buying experience into a lost sale.
- Online-to-offline continuity – When you require a buyer to repeat steps in-store that they’ve already completed online, or worse, when the numbers they calculated online don’t match what they see in-store, you’ve broken trust with that buyer. Even if they consummate the deal, their satisfaction with your buying process has plummeted.

It’s the Little Things

To be clear, most poor customer experiences aren’t the result of major screw ups by the dealership. They’re the accumulation of a few minor inconveniences coupled with a belief that the person the customer is dealing with just doesn’t care.

Of course, showing you care doesn’t take much with today’s consumers. It’s about getting the little things right the first time. Therefore, creating a great customer experience with your digital retailing customers can be as simple as responding quickly to their inquiries, having trained staff willing to help them navigate the online processes, inviting them in for a test drive, anticipating their arrival and having the vehicle ready to go when they arrive, starting them in-store where they left off online, and keeping your word with respect to availability and pricing.

DIGITAL RETAILING: LESSONS FROM THE EXTREMES

Results from dealers' efforts to implement a digital retailing culture (or even just to introduce a digital retailing tool) run the gamut from smashing successes to utter failures. Given this, dealers willing to learn from those who came before them – whether those who came before were successful or not – will be better positioned to ramp-up quickly, maintain a successful digital retailing culture, and adapt to whatever changes the market brings.

Implementing and maintaining a digital retailing culture may require dealers and their managers to rethink much about what we've come to believe are the best practices for our industry. Everything from staffing, recruiting, hiring, training, marketing, and pricing, to their internet, in-store, and F&I processes.

Certainly, none of that is meant to imply massive upheavals are necessary or even recommended. To the contrary, most dealers who've been successful with digital retailing were able to do so without making considerable changes to their personnel and processes.

Of course, these dealers already had customer-focused processes and an accountability culture in place; hence, as the market evolved, so too did they. The struggle for dealerships without these today, is that they may not believe these are important. Successful implementation of a digital retailing culture requires a strict adherence to processes that are focused on driving sales in a customer-first environment.

To be sure, a strict adherence to processes requires accountability to the rules and steps that make up these processes. For example, dealers who allow freelancing because "he's my top salesman" can expect to miss most digital retailing opportunities. Enforcing customer-focused processes and rules is critically important if dealers expect to be successful with their digital retailing efforts.

The great news is that your team will want to follow these processes if you and your managers drive these every day with every customer interaction. That's the people and processes part of the equation – and the part where most unsuccessful dealers had their missteps and false starts when attempting to implement a digital retailing culture.

Learning from the False Starts

In interviews with dealerships who failed to achieve their goals with digital retailing, we discovered there were a few themes that were common across many of these stores. Specifically:

- A "Program" Mentality
- Misaligned Expectations
- S.I.A.F.I. Approach
- Pricing Issues
- Manager Sabotage

For some of the dealerships who failed, it only took one of these to doom their efforts. However, there were more than a few dealerships who were plagued by some facet of all five. Let's explore the common characteristics and telltale signs of each of these to help you and your team avoid these same missteps:

A “Program” Mentality – More than a third of the dealership teams we spoke to cited they felt the digital retailing push in their store was “just another program.” Like past programs, many believed (correctly in their cases) that if they ignored it long enough, the dealer would forget about digital retailing and move onto something else.

Because they saw this as just another program, they didn’t learn how to use the digital retailing tool, they didn’t create special processes for digital retailing prospects, and they didn’t “force” their teams to become certified on the tool. Moreover, they allowed their teams to focus on what their digital retailing tool could *not* do, instead of maximizing what it could do. These teams became very good at finding every speed bump and declaring these as major roadblocks.

As could have been predicted, their respective dealer or general manager eventually declared the digital retailing tool a bust and either cancelled the service or deemed it just another lead-generation tool. (Interestingly, there was not a single digital retailing vendor that pushed back on their dealers treating their product as a lead-generation tool. They were happy to continue getting the revenues and they had no desire or incentive to get these dealers back on track toward a true digital retailing culture.)

To avoid this misstep, it’s important that your team (starting with the top of your sales organization) understand that digital retailing is not a program, it’s a culture. One that requires a top-to-bottom change in the way everyone interacts with today’s digital-first customers. Furthermore, it’s not going away; it’s only going to grow.

Misaligned Expectations – Too many dealers – perhaps because their digital retailing vendor of choice promised as much – believed they could add a widget to their website, and they would magically begin selling scores of vehicles online overnight.

Of course, when the sales did not materialize, these dealers declared the digital retailing tool a bust and cancelled the service.

A digital retailing tool is not a panacea and adding one to your website doesn’t make you the Amazon of car dealers. Digital retailing done right requires an understanding that the greatest impact of any digital retailing tool comes from using it in all consumer-facing situations – not just with 100% online car deals. To that end, the expectation must be that digital retailing in your store will be omnichannel – that is, it will facilitate deals online, on the lot, and in any combination of the two.

SIAFI Approach – Similar to those with misaligned expectations, many dealers (and especially their managers) thought they could simply ‘Set It And Forget It’ when it came to their digital retailing tool. These stores misunderstood (or were misinformed about) digital retailing. They didn’t understand that successful digital retailing required a change in the store’s processes and culture.

While those adopting a SIAFI approach to digital retailing didn’t fail in the traditional sense, they have raised their marketing costs by trading free or nearly free calls-to-action on their respective websites with an expensive lead-generation tool. Moreover, because these disregarded tools often provide incorrect information to consumers looking to transact some part of the deal online, these dealers have inarguably lost sales.

Pricing Issues – While the results (even pre-pandemic) show consumers are willing to pay more to buy a vehicle fully online and avoid the dealership experience, pricing irregularities are not tolerated by online

car buyers or even those just wanting to complete a couple of steps before coming to the dealership. Dealers who used digital retailing tools that could not provide consistency with online pricing or OEM incentives found their digital retailing tools delivered few prospects.

The two most common pricing issues unsuccessful dealers encountered with their digital retailing tools were missing incentives (both from the OEM and the dealer) and a higher selling price displaying after the consumer clicked to enter the digital retailing tool. Both issues can instantly break trust with the consumer before you've even had a chance to engage with them.

Additionally, some dealers refused to share a realistic selling price with their digital retailing website visitors for fear of having this price shopped to competing dealers. This practice hurt not only their ability to move car buyers into and through their digital retailing funnel, but also their ability to drive walk-in visitors from their website.

Manager Sabotage – The most troubling and nefarious of the issues unsuccessful dealers faced was the overt and covert sabotage of the digital retailing efforts by their sales managers. From our interviews, instances of manager sabotage ranged from passive to active, including:

- *“We never got a 100% commitment from upper management on the use of the tool.”*
- *“Because the sales managers thought it would replace their jobs, they didn’t encourage the salespeople to learn how to use it.”*
- *“Nobody believed it would be around very long, so they never bothered to learn it.”* (Program Mentality)
- *“Sales managers refused to work the deals online; telling salespeople to just get ‘em in even when the customer wanted to do everything online.”*
- *“Our BDC got no support from the managers when a digital retailing lead came into the CRM.”*
- *“We wrote the processes, but the managers never required anyone to follow them.”*

Common Attributes of Those Showing Success

For those dealers who've been successful at establishing and maintaining a digital retailing culture, the rewards did not always come instantly. However, by working through early missteps and employing a “burn the boats” mentality, these dealers were able to overcome the often-minor obstacles that doomed the failing dealers. Specifically, the successful dealers:

- Set Proper Expectations
- Assigned “Owners” to the Tool and Processes
- Employed some version of a Sales Concierge
- Demanded Early Buy-In & Certification
- Created Strict, Customer-Friendly Processes

While the execution of these five commonalities looked a little different in each store, the driving force behind the efforts always came from the top. That is, the Executive Manager took an active and constant role in pushing for the necessary changes in processes and culture. Additionally, these EMs held everyone, including themselves, accountable prior to, during, and after the launch of their digital retailing transformation. Let's explore what these five attributes looked like, so your team can learn from these successful dealers:

Proper Expectations – These dealers understood from the very beginning that successfully adopting a digital retailing tool required a true cultural change in the dealership. Some, in fact, called it a digital retailing culture from the start. Additionally, because many had experienced multiple false starts with prior attempts to modernize their sales processes, they took a “burn the boats” approach with digital retailing. Specially, they were not going to allow managers or salespeople to revert to their previous ways just to expedite a deal. They knew that doing this even once would make any lasting transformation nearly impossible.

They also understood that their digital retailing tool of choice was just that, a tool. It was not a panacea. Though while they chose their digital retailing vendor carefully, they understood very early on that their own processes and people would ultimately make or break their efforts.

Product Owners – In this guide we refer to the product owners as the core team; something we'll explore in more depth in a later section.

Those dealers who've had a successful rollout and ongoing administration of their digital retailing culture created a team of “owners” of the technology, processes, rules, and even accountability prior to selecting a digital retailing tool. They also communicated to the rest of the dealership the roles and responsibilities these owners held – making each owner the single point-of-contact within the dealership for their assigned area. For example, if a data transfer issue arose between the digital retailing tool and the DMS, everyone in the store knew immediately where to go to get it resolved.

Sales Concierge – While these roles were known by different titles in different stores, the responsibilities were essentially the same: *Assist the buyer through the process*. For some dealers, the Sales Concierge team might include BDC agents and product specialists, while for others it might include only a few of their traditional salespeople.

Whatever the makeup of their Sales Concierge team, those on the team were trained and certified on the digital retailing tool, strictly followed the written processes, and were the face of the dealership both online and in-store for all digital retailing customers. (Throughout this guide we may refer to these team members as your digital retailing technicians.)

Early Buy-In & Certification – Even if someone was not moving into a Sales Concierge role immediately, the successful dealers we studied ensured that every member of the sales team – including managers, BDC, and finance – was fully trained and certified to use the digital retailing tool. Moreover, most didn't leave the accountability for this solely to their managers, but rather they leaned on their digital retailing vendor to help drive this.

Customer-Friendly Processes – The successful dealers understood that digital retailing was less about selling cars online and more about creating a great buying experience for all their customers. That's why they and their core teams built customer-friendly processes from the ground up and ensured these were strictly enforced from the start. Freelancing was considered capitulation, and it was not allowed.

The processes they built and still enforce today cover everything from lead-handling to appointment-setting and selling to handling walk-in prospects – and everything in between. (We'll examine what the best of these processes looks like in the last section.)

ROADMAP: QUESTIONS TO CONSIDER

Although we don't introduce the core team until the next section, there are questions the dealership may want this group to consider before moving forward with their digital retailing efforts (or if their current efforts are failing).

Of course, before a dealer can expect to get the most out of any digital retailing effort, they should answer one simple question for themselves: *"Why do we even want to move into digital retailing?"*

If the answer to that question is, "Well, it's what the OEM wants," then it's time to learn a little more about digital retailing done right. Specifically, digital retailing done right creates an efficient, preferred buying experience for today's consumer. It drives higher customer satisfaction, greater owner loyalty, higher grosses, more deals per person, fewer deal errors, and higher employee satisfaction.

Once you answer the "why" to move into digital retailing, then second question you should ask is, *"What should be our primary and secondary goals for digital retailing?"* These goals will be important when you evaluate various digital retailing tools and when writing your sales processes.

Although you'll want to list and rank the goals for yourself, our experience with successful digital retailing dealers is these are generally ranked something like this: Maximize Sales > Maximize Gross > Improve Customer Experience > Increase Customer Loyalty > Increase Salesperson Efficiency > Lower Employee Turnover > etc.

The final question to ask is simply, *"What do I want our guests to say about buying a vehicle from us?"*

Your answers to these three questions will help you build a sustainable, successful digital retailing culture.

Questions for the Core Team

There are many ways to contemplate the following questions, though our recommendation is to distribute these to the core team in advance of the first official core team meeting with the expectation that each member of the team will come to the meeting prepared to share their answers. It's also recommended that the Executive Manager articulate their vision for what constitutes a digital retailing culture before distributing the questions.

1. How much time does the average car buyer want to spend in the dealership?
2. How much time does our average buyer spend in our store buying from us today?
3. What would need to change about our sales processes to get us closer to what our customers want?
4. What are the current pain points customers have or might have with our current sales and internet processes?
5. How would we want our customers to describe their buying experience to their friends, in reviews, or on social media?
6. On a scale of 1-5 (with 1 being "never" and 5 being "always") how often do our salespeople or BDC agents strictly follow our prescribed sales processes?
7. Would we sell more and/or have happier customers if that answer was 5?

8. Can we (or should we) introduce a tablet to improve the customer experience and enforce our road-to-the-sale?
9. If we introduce a tablet, do we have what it takes to enforce its use? In other words, will we allow salespeople and/or desk managers to circumvent our processes from time-to-time?
10. What are the potential speed bumps and roadblocks to adopting a digital retailing culture?
11. What can we as a team do to resolve these speed bumps and roadblocks before introducing or implementing any changes?
12. Considering our forthcoming digital retailing culture, what should be our online pricing strategy for both new and preowned vehicles? (Please be prepared to defend your answer.)
13. What can we expect to happen to our front and back margins if we implement digital retailing?
14. How will we measure success? That is, what metrics should we track and measure, and how will we know we are succeeding?
15. For prospects who start the digital retailing process online but do not fully complete their deal, what should be our process for transitioning them into buyers?
16. Who should handle these customers prior to their arrival in the dealership?
17. Who should handle these customers once they arrive in the dealership?
18. Will anything about our pay plans need to change with the adoption of a digital retailing culture? If so, what and why?
19. Who will introduce the F&I products and offerings to in-store buyers?
20. Who will sell these products?
21. Who will write our processes?
22. Who will train our people?
23. Who will ensure we continue to improve and refine our processes to maximize sales and customer satisfaction?

These are just some of the questions to consider before implementing a digital retailing culture in your store. You should expect that some of your original answers may change as you learn more about the advantages of the digital retailing tool you ultimately choose. For example, the F&I and road-to-the-sale questions may have different answers if the tool chosen works seamlessly on a tablet, makes the introduction and sale of F&I products simple and effective, and can be used to enforce your road-to-the-sale.

THE CORE TEAM

To ensure both a successful rollout and ongoing administration of any major change in the dealership, it's important to have a core team assigned as the "owners" of any technology, processes, or rules/accountability required to ensure success.

There are no wrong answers to the question "Who should be on our core team for our digital retailing rollout and ongoing administration," except that the team should be headed by someone with enough authority to ensure both acceptance and compliance. Too often, dealerships' attempts at change management are seen as just another program by the staff – a program that if we ignore it long enough, it will go away.

Digital retailing done right is the future for automotive retail. However, as explained in the *Digital Retailing: Lessons from the Extremes* section, many dealers and their managers looked at digital retailing as just a tool. A tool that once installed on the website, would drive incremental business. Of course, that's not been the case for any dealership who has seen success from their digital retailing efforts.

There is an overriding theme with all implementations (and attempted implementations) of a digital retailing culture in the dealerships we studied: *It's not the technology, it's the technicians.*

While we'll include this axiom multiple times throughout this guide, in plain language, it simply means your core team can make or break your attempt at creating a true digital retailing culture – regardless of the digital retailing tool you choose. (Or perhaps, despite the tool you choose.)

It's not the technology, it's the technicians.

Moreover, equipping those tasked with customer interactions – the true technicians – with everything they need to be successful is critical if your goal is to succeed with digital retailing today and long into the future. The core team you choose must both understand this and strive to guarantee all digital retailing technicians are set up for success.

Even if you've already chosen a digital retailing platform and your efforts are in full force, you can and should formally identify a core team responsible for its success. Chances are that the current core team might simply be your digital marketing manager. And while the person in charge of digital marketing should have a role on your core team, they should not be the only member – not if you expect to enjoy long-term success with digital retailing.

Core Team Considerations

Because adopting a true digital retailing culture involves everything from your brand to the customer experience, you should consider the impact of this across multiple disciplines within the dealership. For example:

- Some (or most) of your marketing messages will likely change from "Look at this sale price" to "We make car buying easy and hassle-free." – *Who will create these messages and make certain they're effective at driving incremental business?*
- Depending on how you choose to price your vehicles (once the chip shortages have abated), your reliance on desk managers penciling deals may become less important. (Digital retailing done right involves fewer pencils even for the most old-school sales towers in the industry.) – *Are your current desk managers capable of making the necessary transitions?*

- Your in-store processes and road-to-the-sale will likely be shortened and have less emphasis on traditional needs analysis, qualification, and closing. – *Who will create, train, and monitor these new processes? Additionally, will this dictate a change in the skillset of the person you put in front of your walk-in traffic?*
- Omnichannel digital retailing will most often involve someone starting online and finishing in the dealership. Given this, your appointment processes will probably need to become more formal with greater oversight from your sales managers. – *Again, who will create, train, and monitor these new processes?*
- Some buyers will complete the entire purchase online without ever visiting the dealership. While these customers are expected to represent just a small percentage of all your buyers, they will require special handling that often goes beyond the scope of what most traditional salespeople can (or should) manage. – *Who will handle these customers and guarantee these purchase experiences are, in a word, perfect?*
- Of course, not every prospect who shares their information through your online digital retailing tool will be ready to buy fully online or even complete most of the steps necessary prior to a store visit. – *What changes, if any, will you make to your lead-handling processes and word tracks to maximize your sales from these prospects?*

Sample Core Team

Every dealership is unique, so the job titles of those who belong on your core team will likely differ from the sample core team we've assembled below:

1. Dealership Operator – For most dealerships, this will be the Dealer Principal or General Manager; someone who cares as much or more about the long-term future of the dealership as they do about this month or this year. This person is on the team to protect your brand and to provide the necessary oversight to ensure deadlines are met and processes are strictly enforced.
2. Sales Management – Depending on the size of your operation and the structure of your sales teams, sales management may be represented on your core team by a single person (your GSM or your new or used car sales manager) or multiple sales managers (for example, a floor manager, two desk managers – one from both your new and used vehicle desks – and your GSM).
3. Finance – Given so much of the digital retail process involves current F&I responsibilities, you'll want your finance team represented here.
4. Internet Lead Management – Whether you use a BDC or your floor sales team to answer sales leads, you'll need that group's manager on the core team. So much of providing a great customer experience with digital retailing begins with how leads and calls are handled in the store.
5. Marketing Management – As you transition to a digital retailing culture, so too will your marketing, your messaging, and even your website's calls-to-action. Including your marketing manager or marketing agency (as an affiliate member – discussed below) will be critical to getting these right the first time.
6. Information Technology (IT) – With a move towards full digital retailing comes the need for additional hardware (tablets, for example), data feeds, and vendor integrations. Including the person who manages your store's IT infrastructure on the core team will allow for a more seamless transition for your sales teams and your customers.

It's important to keep your team small enough to allow them to be nimble, though not so small that you leave out important voices who can help you avoid making huge errors in your rollout and implementation. Additionally, because your efforts will fail without true buy-in across the sales and F&I teams, overrepresenting those departments on your core team is preferred to leaving anyone out who might (inadvertently) sabotage the store's digital retailing efforts.

Core Team Affiliates

Beyond your core team, you'll want to enlist what we call *core team affiliates* to assist and guide you through the transition. While these affiliates won't attend every core team meeting, you'll likely find that including them in specific checkpoint meetings will be beneficial for all.

For most dealers, your core team affiliates will include:

1. **Digital Retailing Partner** – Once you've chosen a digital retailing tool, you'll want that vendor to be responsive to (and responsible to) anyone on your core team. Certainly, there will be someone on your core team who is tasked with the final approval of major decisions and changes with the tool, though you probably don't want everyone on your staff having to funnel all communications with your digital retailing partner through this person.
2. **Outside Marketing Agencies** – From your traditional ad agency (if you use one) to your Facebook marketing partner, you'll want any vendor who deals with your branding and other advertising to be in the loop on the digital retailing changes happening at your dealership.
3. **District Manager** – Your District Manager is always there to assist you, and by including them among your core team affiliates, they'll be able to share best practices and other key learnings from their district and from USA.
4. **Digital Operations Consultant (Shift Digital)** – Our experience with outside consultants provided by an OEM is that squeaky wheel gets the grease. That is, the dealers who ask for the most help, get the most help. Whether this is true or not about your Digital Operations Consultant, we recommend leaning heavily on this person to provide support and guidance for your digital retailing efforts.

Finally, if you use the services of an outside sales and/or marketing consultant, including him/her as a core team affiliate will give you an outside perspective void of agendas.

Core Team Roles

Your core team will want to establish the group's individual roles and responsibilities at their first meeting. At a minimum, they'll want to assign the following roles:

- **Facilitator** – This is the person in charge of the meetings, though almost never the highest-ranking person in the group. In fact, it's generally better if the facilitator is junior to the Dealer Principal or General Manager (or whoever is highest on the org chart), as it's the job of the facilitator to keep the meeting moving along and productive. If the highest-ranking person in the group is the facilitator, the rest of the team will often become yes-men and yes-women. Additionally, the facilitator is expected to set the dates and the agendas for each meeting and ensure everyone arrives on time for these.

- Notetaker – One person, and only one person, should be assigned to capture the decisions of the group and then distribute these to the members after each meeting. Included in these notes should be any goals and timelines the group sets, as well as any responsibilities or follow-up assigned during a meeting.
- Final Arbiter – This is often the role for the highest-ranking person in the room, though it can be assigned to anyone trusted to make the best decisions for the store. While many core team decisions will be made via consensus, there will be instances where the group is deadlocked and someone of authority needs to have the final say. This should be someone who possesses both intelligence and common sense, and who holds the dealership’s short-term and long-term interests at heart.
- Product Owner – This is the one “go-to” person for all things related to the rollout and implementation of the store’s digital retailing initiatives. This is the person most likely to become an expert on the tool quickly, but also someone who understands (or can quickly learn) the store’s internet, sales, and F&I processes and relationships. During the rollout (and for at least a few months after the rollout), the product owner will need to spend most of their working hours focused solely on digital retailing. Other duties of the product owner include:
 - Communication with and coordination between the departments. For example, the product owner may have no information technology experience, so communicating with the IT team to ensure internet/data security would be necessary.
 - Communication with and coordination between the vendors. For example, as it relates to inventory feeds and other data integrations.
 - Ensuring the tool works as designed during all stages of implementation. For example, confirming the tool properly displays pricing and payments, as well as confirming lease terms, incentives, and rebates are calculated and displayed correctly. Additionally, ensuring the sales leads generated from the tool are routed and handled properly.

Finally, at the first meeting, the group should determine the digital retailing areas of responsibility for each member (generally these coincide with their job titles). While the product owner is tasked with overseeing the rollout and implementation, other members will have more expertise in certain areas, and they should be tasked with the accountability associated with these (coordinating their efforts with the product owner).

PRICING

Quick Section Note: The Stauning Solutions Group is not advocating for or against any specific pricing strategy as it pertains to digital retailing and the customer experience. Certainly, the increase in buyer satisfaction the industry experienced during the pandemic – where inventories were tight, and the online price was most often non-negotiable – should help guide dealers to determine the best pricing strategy for their dealership and their customers.

The great news is that dealers can choose any initial pricing strategy their teams are comfortable implementing, and then reevaluate that strategy as they refine their processes and improve their digital retailing culture. Of course, if tight inventories taught us anything, it's that the market is the greatest driver of the final selling price of a vehicle. While this is not meant to discount the role and impact of a true superstar desk manager, their ability to “hold gross” is becoming less dependent on their skills and more dependent on the market and the customer's experience with your sales processes.

As we expect traditional desking to become even less influential in the future, there is still a place for great desk managers to impact a store's total gross. First, by closing monitoring and adjusting the dealership's online prices; second, by driving their team's sales activities; and third, by ensuring every customer has a great buying experience with you (via customer-friendly processes that are strictly enforced).

Since most dealers and their managers are familiar with virtually all online pricing scenarios, we'll just touch on these here and offer some insight into how each of these can impact digital retailing, walk-in traffic, and the customer experience.

Published Price

You cannot expect success with digital retailing or with driving quality calls and walk-in traffic if you refuse to publish a price considered competitive in your marketplace. The current inventory situation notwithstanding, there is far too much pricing information available online for dealers or their sales managers to expect to grow market share and total gross if they refuse to publish a competitive price. (This is not to say you must publish the lowest online price. To the contrary, you only need to be competitive to remain in the consideration set for most consumers.)

For online-to-offline and 100% online deals, the selling price can certainly be displayed after the consumer has entered the digital retailing funnel. However, without a competitive price clearly posted for all visitors to your site and third-party sites where your inventory is displayed, your walk-in and phone traffic will be reduced. Of course, if the final selling price is not pushed into your digital retailing tool, the payments presented to digital retailing customers will likely knock you out of their consideration set.

For preowned vehicles, the published price is most often the expected selling price at most dealerships today. This was true even pre-pandemic, as the proliferation of pricing tools squeezed margins and brought online prices preowned vehicles closer to the final selling price for most dealers. As you consider the pricing strategies for your digital retailing culture, it might be easier for your team to separate new from preowned, and to move to an enforced one-price strategy for the latter before trying to tackle this with new vehicles. (One-price, for our purposes, means the published price is non-negotiable.)

To create a great customer experience in 2022 and beyond – and to close more deals with less friction – consistency in your pricing is more important than the final selling price. This means that if a consumer sees a price

online, they should not be presented with a higher price once they arrive on the lot (addendums with tangible dealer add-ons aside).

All of this means that if your managers can commit to publishing competitive prices and being consistent online-to-offline with this pricing, you can expect to have a shot at creating a true digital retailing culture, regardless of your final overall pricing strategy. Clearly communicating your pricing strategy to the team and ensuring it is enforced in all situations will shorten the learning curve and allow you to properly measure its impact on gross, volume, customer satisfaction, and market share.

The One-Price Strategy

From CarMax to Auto Nation to Echo Park, there are enough examples (even pre-pandemic) of dealerships successfully holding gross and providing a great buying experience while maintaining a one-price strategy for preowned inventory that there should be little to no discussion among your team about this. No-haggle pricing for preowned works – it moves metal and maximizes total gross while minimizing customer friction. Of course, becoming a one-price store for preowned vehicles is like being pregnant – you cannot be this just some of the time. You’re either all-in or all-out when it comes to sticking to your online price.

Pre-pandemic, we encountered stores and managers who claimed to be “*mostly* one-price with used” only to discover that this little capitulation – initially just \$200-300 per unit – devolved into most preowned deals becoming multi-pencil affairs that culminated in discounts averaging well over \$500 per vehicle retailed. The sad part about this is that virtually every one of these discounted units could’ve and should’ve been sold at the published price. Moreover, the multi-pencil back-and-forth led to not only lower grosses, but also lower overall customer satisfaction without increasing inventory turns.

When preowned vehicles are competitively priced and the one-price approach is properly introduced and presented as a benefit to the guest, a no-haggle process is welcomed by most of today’s consumers. This leads to more efficient deals, higher grosses, and higher customer satisfaction.

With digital retailing, a one-price strategy has the advantage of populating the digital retailing tool with the correct, final selling price. This allows for penny-perfect payments and greater customer satisfaction. Additionally, this leads to a higher closing percentage for those few consumers wishing to complete all or most of the deal online.

Of course, for new vehicles this advantage must be weighed against the disadvantage of being shopped by consumers who use your price as leverage with a competing dealer. Dealers and their managers must look at their own situations, markets, and competition before deciding to move to a one-price strategy for new vehicles.

It might be helpful for teams struggling with this to remember that their greatest opportunity for profitable growth comes from conquering Mercedes, BMW, Audi, and other luxury brands. Trading customers with your closest competitor is a race to the bottom. It’s also helpful to remember that a one-price strategy still gives the dealership the opportunity to maximize total gross via trade values and F&I.

A Little Wiggle

For new vehicles, nearly all franchised dealerships priced their new vehicles competitively, though with room for some negotiation pre-pandemic. When inventories normalize, we expect most of these dealerships – especially those who have not yet developed a true digital retailing culture – to return to this strategy.

That is not to say this is not a good strategy for dealers building a true digital retailing culture. In fact, because digital retailing customers – especially those who transact the entire deal online – expect little to no negotiation, dealers who price their new inventory competitively (though not necessarily at their final selling price) can expect to be successful with their digital retailing efforts (provided all the other pieces are place).

The key for those who price new and/or preowned inventory with some expected negotiation is to track and measure their final selling prices with respect to the original online prices. We've seen far too many teams drift further and further from their online prices just to make deals – deals they could've made at the published price if they did a better job on their road-to-the-sale.

One hundred dollars off becomes two hundred becomes five hundred and so on. Our recommendation is that those stores planning to price new or preowned inventory competitively with room for negotiation also hold to strict rules around the maximum discount from published price that is allowed on any deal.

A Lot of Wiggle and Call for Price

While our goal with this section was to not advocate for any single pricing strategy, it's important to clearly communicate that dealers will simply not be successful over the long term if they employ the *Call for Price* strategy once the chip shortages abate. Call for Price means “Highest Price” to most consumers, and in normal times, employing a strict Call for Price strategy significantly reduces qualified calls and walk-in traffic.

In the days before pricing tools became ubiquitous and then again during the inventory shortages of the last couple of years, some dealers have shown success with pricing their new or used vehicles using a simple “Call for Price” message. They were able to do this in the past because uncovering an expected selling price was nearly impossible for consumers, and with the tight inventories today, they are often the only dealer within X miles with a specific year, make, and model in stock. Call for Price in these instances drove qualified calls and walk-in traffic – something dealers should not expect to continue when inventory levels begin to normalize.

Even today, Call for Price is seen as “Highest Price” for most consumers, though necessity – you're the only dealer with that 2022 NX 450H – will force qualified consumers to contact you.

If you're employing Call for Price today as your primary pricing strategy, and you want to be sure to capture share and profit growth as inventories normalize, our recommendation is to weigh the pros and cons of other available pricing strategies and plan to adjust your strategy to better meet the market's expectations. Call for Price might be appropriate for true one-of-a-kind vehicles, but data is clear that providing a competitive online price drives internet, phone, and foot traffic while creating a better buying experience for guests.

Vehicle Addendums

For the purposes of this discussion, we'll divide vehicle addendums into two categories: tangible and intangible. In our definition, tangible addendums include accessories and improvements the consumer can clearly see (tinted windows, floor mats, body-side moldings, etc.), and intangible addendums include market adjustments and improvements the consumer cannot see (fabric protection, paint protection, etc.).

In our experience, tangible addendums are easier to defend (or, often, require no defense) and are more likely to remain in the final deal. While intangible addendums are harder to defend and harder to keep in the final deal. Additionally, intangible addendums may paint an unflattering image of the dealership in the guest's mind.

We do not have a position on the overall use of addendums, as every situation is different, and the successful use of these would be unique to the situation (or vehicle) and your team’s ability to defend these. However, unpleasant surprises are not appreciated by today’s consumers. As we wrote in *The Customer Experience* section, “... when a retailer simply meets their expectations, they often feel like it was a 5-Star experience – they’re pleasantly surprised when an experience simply goes off without a hitch.”

The opposite is also true. When a guest relies on your online price only to discover a higher price in-store because of your addendum, you’ve broken trust with that guest. And while you might close the deal this time, you’ve positioned your store as an old-fashioned car dealer, one that cannot be trusted. For those who will defend the use of undisclosed addendums, our research shows that these proponents greatly underestimate the sales lost by this practice, while overestimating their own effectiveness at holding gross in the deals they do win.

Disclosing your addendums online and including these in the price displayed to consumers should not be up for discussion, in our opinion. Simply put, if your pricing strategy includes the use of addendums, we recommend full disclosure of these online and offline if your goal is to provide a great customer buying experience.

DIGITAL RETAILING TOOL

There are a few reasons why the digital retailing vendor/partner/platform/tool you choose is placed after *The Core Team* and *Pricing* in this guide. First, no tool (as of this writing) is perfect. Each of the offerings today has its own advantages and disadvantages. Second, dealers have failed and succeeded with every tool available. Third, it's not the technology you choose, it's the technicians on your team that will make or break your digital retailing efforts.

To help you choose the right tool for your team, it might be beneficial to consider the customer experience and your team's ease-of-use separately. Of course, the perfect tool would maximize both the customer experience and ease-of-use for your technicians; although as we wrote, no tool is perfect. Therefore, it's important to keep in mind your primary goals for adopting a digital retailing tool and be ready to forego a lower-ranking goal if it means maximizing a higher-ranking goal. Let us give you an example of what we mean.

If your top two goals are to maximize sales and grosses, the great news is these are easier to accomplish when you provide a better customer experience. If you choose a tool because it maximizes your sales team's efficiency (something your sales teams would push you to do if they had the only vote), but that tool doesn't provide an easy, intuitive, customer-facing user interface (UI), then your goals of maximizing sales and grosses will be harder to achieve. In other words, it would be better to choose a tool your sale team found a little "clunky" if that tool provided the best customer experience.

Keeping this in mind while you evaluate the various offerings will help you choose the tool that will help you maximize your short- and long-term goals.

Form vs. Function

In the instances where dealers failed at digital retailing or had unwarranted difficulty with the adoption by their sales teams, we found their salespeople and managers focused on what their tool *didn't* provide, rather than on what it provided. Given that no tool is perfect, allowing your team to focus on the negatives is a recipe for failure.

If you'd like better adoption of the tool you choose (or have already chosen), be sure to emphasize that the guest does not know what the tool is missing – and reemphasize this every time someone on the team complains about anything the tool doesn't do. This is an important point that often gets lost when selecting a digital retailing vendor.

Digital retailing is about selling more vehicles for better grosses and increasing customer loyalty because the guest experience is vastly improved over traditional methods. Period. Full stop.

While you want a tool that provides robust functionality for your team, if that choice does not provide a visually appealing UI for your guest (whether online or in the store), then the guest experience will be lacking. Be sure to weigh form versus function properly when evaluating the available offerings and remember that the guest doesn't know what your digital retailing offering is missing.

Customer Mode

An efficient in-store process using a tablet might sometimes include handing the tablet to the guest while the salesperson fetches something important to the deal or while the guest is waiting to enter the finance office. In these instances, the digital retailing tool you choose will either need to be free of internal communications and behind-the-scenes forms or will need something we call a *Customer Mode*. A Customer Mode is required when the

digital retailing tool you use includes any nonpublic functionality designed to make desking and/or F&I easier from the tablet.

Specifically, many tools have information included in the customer record or deal that aren't intended to be shared with the guest. For example, a digital retailing tool featuring two-way communication with your CRM (a good thing) routinely imports notes originally written in the CRM. Certainly, many of these notes are not intended to be shared with the guest.

Additionally, tools with robust desking capabilities, though with no Customer Mode, might allow a curious guest to stumble upon areas of the desking process (including manager notes, ACV, etc.) that you do not wish to share with the guest.

Unfortunately, not all digital retailing tools provide a Customer Mode, leaving your team with no opportunity to hand the tablet to the guest without requiring supervision from your salesperson.

If your current or proposed tool does not provide an opportunity to allow for unsupervised guest usage, it's not necessarily a dealbreaker in our opinion. There are or can be workarounds that, while not perfect, may allow your guests to do some of the work unsupervised. Workarounds might include texting the deal to the guest's phone and allowing them to continue there while remaining in-store or allowing them to educate themselves about F&I products on a customer-facing web page you load for them after you close the digital retailing tool.

Of course, if these workarounds do not provide an intuitive and visually appealing UI for the guest, then choosing a tool that provides a Customer Mode or similar functionality will likely be preferred.

Integrations

There are several integrations that you'll want to consider when evaluating the available digital retailing tools on the market. For both your team and your customer, some of these integrations could be vital, while other integrations may simply be nice to have. Your core team should determine which integrations are crucial to the success of your digital retailing culture as they evaluate the various offerings.

The most important integrations to consider include OEM integrations, desking, CRM, DMS, F&I vendor, lender, trade-in tool, and your website. Of course, integration will mean different things to different dealerships. For example, real-time data transfers between your digital retailing tool and your CRM might be your definition of integration, while another store may only need the ability to push and pull data as needed.

Given that the tools available vary greatly in their ability to integrate with these providers and that each dealership will place different levels of importance on each integration, the integration points to consider below will be brief and intended only as thought starters for your team.

- **OEM Integrations** – For most of the successful digital retailing stores we studied, OEM integrations were critical to their teams. The ability to provide guests with real-time (and correct) incentives and lease payments, inventory (including in-transit), and accessories were key to creating a seamless guest experience via their digital retailing tool.
- **Desking** – Most sales managers love their current desking tool because it's familiar to them. As you consider creating a digital retailing culture, you'll want to weigh the need to integrate your current desking tool against the ease (and customer experience) of using a desking tool already built into the digital retailing tool you choose.

- CRM – Already used as an example above, your considerations with CRM integrations will likely be your need for real-time (via a two-way API) integration versus a manual push/pull (or automatic push/pull overnight) integration. To our knowledge, every popular digital retailing tool available today offers at least a push/pull integration with the most common CRM tools.
- DMS – Integration options with your DMS are going to be similar to those with your CRM. That is, there will likely be tools you consider that provide real-time data transfers, while most will utilize an overnight push/pull of data (similar to how most CRM tools integrate with most DMS providers today).
- F&I Vendor – Because of the variety of products and offerings from the multitude of F&I vendors in the market today, your core team will likely need to be patient with many of these integrations regardless of the tool you choose. The ability to seamlessly include everything a traditional F&I manager may offer a guest could be limited. (Where you put F&I in your process and who presents and sells these to your guests will determine the level of integration you'll need to create a great buying experience for your guests.)
- Lender – Most major lenders are integrated with the popular digital retailing tools today, though any specialized lenders you use (for example, a local credit union) may need to do some work to integrate with the tool you choose. When evaluating digital retailing platforms, be sure to ask about these specialized integrations including a timeline for full integration.
- Trade-In Tool – Your current website trade-in tool may need to go when you adopt a true digital retailing culture in your dealership. All good digital retailing platforms have a trade-in tool (or tools) that work seamlessly in their process, so there is no need for you to employ multiple trade-in tools on your website. Your current call-to-action (generally, Value My Trade) should bring the online guest into the digital retailing funnel.
- Dealer Website – Website integration is 100% about the guest experience. Points to consider here are generally focused on what the online (both mobile and desktop) visitor will experience when they interact with your website. For example, will poor integration cause your digital retailing tool to open in a new tab or window with a completely different look and feel than your dealership's website? If so, what is the guest experience?

Vendor Evaluation

If you've not already chosen a tool or are considering making a change, you'll want to prepare a vendor evaluation process that may include a questionnaire asking for responses to the most important aspects of your digital retailing approach. Assuming you're comparing one tool to another, your core team will likely want to review the vendor responses side-by-side and assess the pros and cons of each tool.

Of course, just because a vendor says their product or service can do something, does not mean that it can. Therefore, it's critical that you make any proposed digital retailing vendor prove their capabilities in a way that is satisfactory to your core team. Live demos might be okay for most software considerations, but when it comes to digital retailing, the vendor's promised capabilities are usually best proven when they can provide several examples of other retailers successfully using their tool.

MARKETING

In what some might consider an oversimplification, we like to consider messaging for and marketing of your digital retailing efforts under just two umbrellas: Awareness and Action. The primary reason for this is that it's easier for most sales and marketing teams to think in these terms. Additionally, the skillsets – and often the personnel handling these – are different between those tasked with making the consumer aware of an offering and those tasked with getting these consumers to take an action.

Awareness

Your awareness efforts include everything from branding your digital retailing offering to educating your guests – and both the branding and education must be congruent if you expect vehicle buyers to understand the unique benefits of your digital retailing culture before they'll put you in their consideration set. Simply stated, your efforts to introduce your great buying experience must be more than a cool slogan; they must resonate with vehicle buyers considering other brands.

Great branding (like, *Your Lexus. Your Way.*) will have little meaning to potential buyers if those buyers don't fully understand what it means to them. Education – explaining the WIIFM (What's In It For Me?) to potential buyers – is the second half of the awareness equation; one that is equally as important as branding.

Understanding and addressing the pain points most car buyers have with the traditional dealership experience is the best place to start as you build your branding and education. For the purposes of your awareness efforts, these pain points can be condensed into just three concepts: time, turmoil, and trust:

- Time – It takes too long to buy a car.
- Turmoil – There's too much friction when buying a car.
- Trust – I don't trust car dealers or their salespeople.

There exist many industry examples of messaging – some you can “borrow” and some that are trademarked – that address Time, Turmoil, and/or Trust, including:

- Your Lexus. Your Way.
- One Price. One Person. One Hour® (Schomp Organization)
- One Price. One Person® (Avondale Toyota)
- One Person. One Price. Fast & Easy. (Walser Organization)
- Because Car Buying Shouldn't Suck (Carvana)
- Car Buying Made Easier. (CARite)
- Love Your Car Guarantee® (Carmax)

We included those last three examples because used car sellers most often won the consumer messaging battle (with respect to addressing Time, Turmoil, and Trust) prior to and at the start of the pandemic. Today, traditional dealers can and should be winning this battle.

Once you've decided on the primary branding of your digital retailing efforts, explaining this in layman's terms to your potential guests is the next step. This is the education part of the equation, and two examples that do a good job of this are the Lexus Monogram offering and Carmax:



Clicking LEARN MORE in the above example from Metro takes the guest to a page that furthers their education of the WIIFMs of *Your Lexus. Your Way.* and includes a good call-to-action to begin the process:



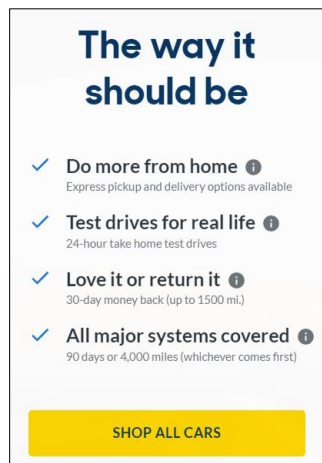
FIND THE PERFECT VEHICLE FOR YOU, PUT TOGETHER YOUR OWN DEAL,
AND FINISH THE PURCHASE YOUR WAY



Carmax, albeit without a luxury retailer approach, also includes a good focus on the education part of the equation:



A click on the information icon **i** produces the primary education piece, while a short scroll on the homepage delivers additional WIIFMs for their online prospects:



Our recommendation is to review your current branding and education, and view how it might be interpreted by a consumer who has never done business with you. Would they know what it means? If not, then you may need to improve your education efforts (make these more prominent in your marketing and on your website, for example) or rethink your branding.

You may want to avoid getting too cute when branding your digital retailing offering. While there can be huge benefits when a slogan or tagline catches on in the marketplace, the efforts necessary to implant a new tagline on the minds of consumers and educate them on the buyer WIIFMs can be cost-prohibitive.

Another consideration when creating a brand message is to remember that digital retailing done right is about providing a great buying experience, not about selling cars online. If your brand message only speaks to the latter, you'll likely miss the mark with nine out of ten potential buyers. While the jury is still out on the longevity and effectiveness of the following dealer/group attempts at branding their digital retailing approach, our belief is that these either require more buyer education than should be necessary and/or they focus too much on buying 100% online:



An OEM example of branding a digital retailing effort that required (and still requires, in our opinion) more education than its designers likely assumed is General Motors' *Shop Click Drive*. When asked, most consumers assume this is a path to scheduling a test drive. While that's not necessarily be a bad thing, it does miss the intended mark. Moreover, if understood as intended, *Shop Click Drive* is more about buying online than a brand that delivers a great buying experience regardless of where the guest wants to transact the deal.

Your Lexus. Your Way. is strong branding that speaks to the guest experience – regardless of how or where they want to purchase. Of course, like all digital retailing brand messages, some consumer education is required. When omnichannel digital retailing becomes a more normal experience for America's car buyers, the need to educate consumers on the WIIFMs for *Your Lexus. Your Way.* will abate. However, presently Lexus Dealers will want to be sure their guests understand what's in it for them if they choose to do business with you.

Action

Making consumers aware of your digital retailing efforts is meaningless if you cannot convert them into buyers. It's not enough to get a potential buyer to put you into their consideration set or even get them to your website if they don't take the steps necessary to enter your digital retailing sales funnel. This is where action comes in; and although you can create action via multiple marketing channels, your dealership website should be your priority.

While consumers visit five or more dealership websites on average before they buy, they visit fewer than two physical stores. There could be process reasons why a dealer who was among the original five never gets a physical visit, but often the cause can be attributed to a poor website experience. A website experience where the prospect was never asked to do business with the dealership.

Too many website companies, their personnel, and even the dealership's own management and marketing teams can hurt a dealer's ability to convert a visitor into a buyer because they overthink the dealership website. Your dealership website has just two goals: attract and convert visitors into customers. We know this may run counter to how you view your site, but when you believe there are other goals that do not support one or both of these,

you hurt your site’s ability to maximize its effectiveness at delivering sales and service customers for your store. Attracting visitors and converting visitors into customers are the only real value your website provides, and the only goals you should be focused on when employing this critical digital marketing asset to help drive your digital retailing success.

If your first response to reading that your site’s only two goals are to attract and convert visitors into customers was something like, “But what about enhancing our brand?” or “What about showcasing our inventory?” Our answer is simply, “To what end?”

To what end are you “enhancing your brand” or “showcasing your inventory?” Of course, to create a customer; to sell a vehicle or drive fixed operations business. These are called conversions. Once your website attracts a visitor (or you send a visitor to your site courtesy of a few marketing dollars), there is only one important goal remaining: Convert that visitor into a customer.

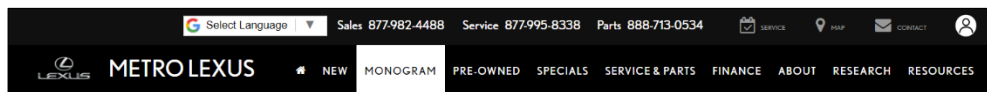
For your digital retailing efforts to be successful, you’ll want to ensure your marketing (whether on your website, via an online ad, in your emails, or offline) not only makes buyers aware of your offering, but also invites them to take some action.

Channels to Consider

As we alluded to above, the first and most important marketing channel to create awareness and action for your digital retailing efforts is your dealership’s website. From introducing your digital retailing offering to educating your website visitors on the WIIFMs to creating compelling calls-to-action that drive visitors into your digital retailing funnel, your dealership’s site might be the only place consumers learn about this before they visit your physical store.

Website banners on the homepage and vehicle pages – both the search results pages (SRPs) and vehicle details pages (VDPs) – are the best place to introduce your digital retailing offering that drive consumer education via a standard “Learn More” call-to-action (CTA). (The Monogram example on page 27 does a great job of this.)

Including CTAs to your existing navigation menus (for vehicles, finance, about, and research) can also drive awareness and education of your digital retailing efforts. Additionally, if you feel the branding of your efforts are strong enough that consumers understand some or most of the WIIFMs of the digital retailing offering, you may want to add a main navigation listing for this:



Moving website visitors into your digital retailing funnel is accomplished through clear CTAs on your SRPs and VDPs. As you explore the potential labels for your digital retailing CTAs, it’s important to know the first rule of website conversion design is that you must tell visitors what to do. However, you’ll want to tell your site visitors what you want them to do in their terms and with clear WIIFMs implied in the CTAs.

Given that the digital retailing funnel often provides a better customer experience than just a simple lead form, and that the digital retailing funnel is where most dealers enjoy the greatest success selling a vehicle to online shoppers, you should strive to have every CTA on your SRPs and VDPs drive site visitors into this funnel. For example:

- **Confirm Availability** – While this CTA can simply open a traditional lead form, driving these clicks into your funnel will allow the consumer to explore finance, trade, and accessories options, and allow you to capture a better lead with a greater chance of connecting with the prospect and setting an appointment that shows.
- **Schedule Test Drive** – Assuming your digital retailing tool has robust capabilities to allow consumers to choose a day and time that works for them to see and drive their new vehicle, the clicks on this CTA should be bringing the visitor into this portion of your digital retailing tool.
- **Value Your Trade** – There’s no need to take your visitors off the vehicle pages and onto a separate page to value their trade-in. Most digital retailing tools provide either a built-in trade appraisal tool or the ability to integrate with multiple tools.
- **Calculate Real Payments** – There are multiple versions of this CTA that perform equally well (like, Estimate Payments, Calculate Payments, Explore Payments, etc.), so there’s no need to get hung up on the specific verbiage for this CTA.

Best practices based on our own A/B testing shows that 3-4 CTAs on both your SRPs and VDPs will drive the greatest percentage of online shoppers into your digital retailing funnel. Fewer than three CTAs often means you’ve left out a CTA that might resonate with a given consumer (for example, they want to schedule a test drive, but that’s not one of your choices), and more than four can begin to create a cluttered look on your VDPs and SRPs that reduces total conversions.

During these tests we discovered several calls-to-action that didn’t tend to work as well at driving buyers into a digital retailing funnel. These included Contact Us, Learn More, Ask a Question, Get More Information, Buy Online, and Start Your Deal. The first four likely performed poorly because today’s consumers often have all the information they need to move forward (short of confirming availability), while the last two imply a bigger commitment than most site visitors are ready to make. Of course, we recommend your team conduct your own A/B testing by measuring the net conversion percentages for various CTAs. (Net conversion percentage is generally calculated by dividing the number of good conversions by the total unique visitors for a given period.)

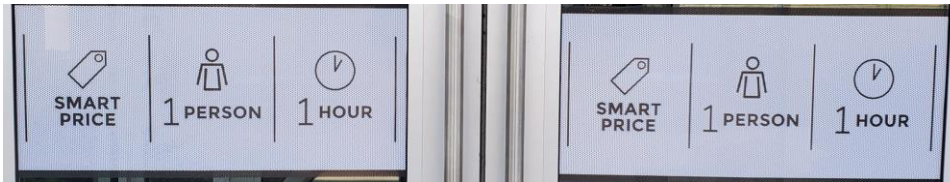
Beyond using your dealership’s website to create awareness of your digital retailing offering, you may want to consider other channels including in-store signage, database marketing, display advertising, social media marketing, online video marketing, and over-the-top (OTT) television. Best practices for the last four on this list can be market specific based on the competitive landscape, so the discussions for these are best left between your marketing team and your digital agencies.

For all digital marketing (especially where video is included in the mix), it’s important to ensure these efforts pass the D.I.S.C. test. That is, Does It Sell Cars? Asking your agency to demonstrate how their ideas will pass the D.I.S.C. test and understanding what metrics they’ll use to determine this are critical before agreeing to move a large budget to these efforts.

In-store signage done right can be a very cost-effective way to create awareness of your digital retailing efforts, so long as you’re not overpromising about the experience. The Lexus Monogram in-store creative does a good job of creating awareness without overpromising ...



... while other in-store signage might create unreasonable customer expectations:



(In the luxury dealership example above, the sales team often negotiated on price, sometimes had more than one sales employee involved in the deal, and almost never finished any deal in under an hour. Of course, their in-store signage set a different expectation for the guest.)

The last major channel for building awareness of your digital retailing efforts that we'll review in this guide is marketing to your database of sold and serviced customers. Database marketing, as you probably know, is not about blasting low-value email messages to your customers on a weekly basis just to "keep our name out there." Database marketing is about engaging with your customers when they are likely or highly likely to be ready to do business with you. It's targeted and it's relatively infrequent to any one customer.

For your digital retailing efforts, database marketing can be a great way to build awareness of your improved processes and educate your customers on the WIIFMs of buying their next vehicle from you. Additionally, with the proper messaging and call-to-action, you can bring someone directly from their inbox into your digital retailing funnel with targeted campaigns around vehicle buybacks or current incentives.

PROCESSES

As we wrote in the overview, creating a great customer experience (the expectation for most of today's online consumers) starts and ends with great processes that are strictly enforced. In this section we'll dissect the processes from lead handling to delivery that have been proven to maximize volume, grosses, and guest satisfaction.

Before you tackle a process review, you may want to identify those who could push back against these efforts. From salespeople and BDC agents who are comfortable with the current processes to managers who helped write these processes, there will be those who don't see the long-term value in creating updated sales processes more aligned with the expectations of today's guests.

Additionally, you'll want the team designing these processes to understand everything from the guest's perspective. That is, while your processes, templates, and word tracks are intended to sell more vehicles, we often encounter dealerships that get so enamored by their own creativity and wordsmithing, they forget these processes, templates, and word tracks are intended to move a prospect through a road-to-the-sale in an efficient manner that maximizes sales and guest satisfaction.

A quick example of what we're referring to in the above paragraph is the tendency to overcomplicate what should be a simple step like setting a test drive appointment. If we can all agree that most consumers who've been shopping online and then contact a dealer about a specific unit are likely looking for help in buying that specific unit, then we should also be able to agree that the logical next step is to schedule a test drive. If a test drive is the logical next step, then why do so many industry phone scripts spend so much time trying to build phony rapport or interviewing the prospect to determine their wants and needs?

They already told you what they want and need. They want and need your team's help buying that *Matador Red Mica 2022 IS 300 AWD* on your website! Let's help them by inviting them in for the test drive!

With all the information that's available online and with the shortened attention spans of today's consumers, the templates and word tracks we've found to be the most effective at maximizing sales and guest satisfaction are short and to the point. Not all dealers and their managers will agree this is the best approach. If this describes you or your team, we encourage you to A/B test processes, templates, and word tracks that are direct and that move the prospect through the sales funnel efficiently against the old-school processes, templates, and word tracks that we've found are generally longer, less direct, and harder for salespeople and BDC agents to master.

Finally, your core team will want to discuss how to gain buy-in from those who must create, drive, and/or inspect these processes. For most dealerships, these are likely your traditional sales managers. To avoid manager sabotage, you'll want to confront your managers' Fear of Loss headfirst. Fear of Loss is a greater motivator than a Hope for Gain, so focusing solely on how these new processes will benefit your sales managers is often not enough.

You may need your sales managers to articulate where they see issues with your processes (or even digital retailing, in general) so you can help them understand that their Fear of Loss is just an emotion, it's not based on facts. The gain from digital retailing, both in the short and long terms, is tangible and unmistakable. One of the best ways to get managers (and perhaps your salespeople) to believe this is to ask questions that lead them to see beyond their Fear of Loss and force them to amplify the Hope for Gain for themselves. Some possible questions you may want to ask include:

- What do you think is the top dealership pain point for car buyers today? What do you think ranks second?
- What do you see as the major roadblocks to 100% digital retailing adoption in our store?
- Which of these will be the easiest to overcome and which will be the hardest?
- Who controls the pricing for most of our sales today, our desk or the market?
- Is there anyone in our market offering guaranteed trade values online?
- It's 2022, what isn't already online?
- What if digital retailing is how we get prospects into our sales funnel?
- What if our sales reps followed our road-to-the-sale to the letter? Would we sell more for more?
- What if our F&I process was shorter with no wait time? Would our back-end grosses and CSI improve?
- When do you think most consumers will want to complete at least some portion of the deal online before they arrive? (This is a trick question, since the number was above 80% even before the pandemic.)
- How many deals do you think we're losing because our team won't fully embrace digital retailing?

The Next Step

Keeping your processes focused on guiding the guest through an efficient buying experience is often best accomplished when each step is written to bring the guest along to The Next Step. Just as traditional roads-to-the-sale were written to move the prospect through a sales funnel while building value, the processes you and your team create should have a similar focus.

What does the prospect want most when they call you or complete an online form? What does a prospect want when they arrive at the dealership? Because they all want an efficient buying process free from hassles, what is the best way to move them through a sales funnel that minimizes their time spent in the dealership while maximizing their satisfaction? As you create your processes, evaluate each step against what today's buyer wants by asking, "Does this step minimize their time spent in the dealership while maximizing their satisfaction?"

The Connection Process

As with a traditional sales lead, an inquiry from your digital retailing tool requires your team to first contact the prospect before you'll be able to move to the next steps of setting an appointment or assisting the prospect to buy online. We call this the connection process, though you likely have referred to it as your internet sales process. Regardless of what it's called in your store, it's a critical piece of the process that is often misinterpreted by internet teams and BDCs.

The only goal when a lead or inquiry is received is to connect with the prospect – this is The Next Step. The goal is not to explain or present other options, inquire if the prospect is still in the market, or even to sell the vehicle or your dealership (they've already sold themselves). The only goal is to connect with them. Once you've made contact, then the goal changes to The Next Step. This is usually to set an appointment that shows, though it could also be to assist the guest in completing their purchase online.

Remembering this goal will help you design a connection process that your guests will respond to and that maximizes your sales from digital retailing inquiries. It will also help you write templates and voicemail scripts that encourage a reconnection, rather than those that confuse the prospect or send them off looking for alternate choices.

To explain how your email templates and voicemails could better help you make contact with a prospect, it might be best to consider typical dealer voicemails versus voicemails focused on driving a reconnection with the intent to move the prospect to The Next Step. Typical dealer voicemails we often hear during the connection process include statements and questions like these:

- *“I’m just touching base on your inquiry on the 2018 ES. Please let me know if you have any questions I can answer for you.”*
- *“I’m calling to see if you’re still in the market for a 2018 ES. Please let me know how I can help.”*
- *“I wanted to let you know the 2018 ES you inquired about is sold, though we do have similar vehicles. Please give me a call so we can discuss these.”*

However, if the goal is simply to reconnect with the prospect, your team will be better served to use statements like these:

- *“I’m just calling to help you schedule a no-hassle, priority test drive on the 2018 ES you inquired about. Please call me back today at...”*
- *“I’m just calling to help you complete the purchase of your 2018 ES. Please call me back today at...”*
- *“I’ve got some information about the 2018 ES you inquired about. Please call me back today at...”*

Beyond their ability to drive a reconnection more quickly, the biggest difference between the second and first set of voicemails above is the latter assume the prospect is a ready buyer who just needs your assistance to complete a purchase. By assuming your digital retailing prospects are ready buyers, your team will be more effective in all their communications with these prospects.

The draft connection process we recommend to clients is 21 days long. However, based on a dealership’s comfort with a shorter connection process, we will recommend processes that terminate as early as ten days after an inquiry is received and the prospect has yet to respond to multiple contact attempts. Your core team will want to agree on the length of your connection process, as well as the volume and cadence of your emails, phone calls, and text messages.

Our draft connection process for an inquiry that contains a phone number and a vehicle of interest includes:

- An auto-response email letting the prospect know we received their inquiry, and that we will be calling them to schedule a priority test drive.
- Up to six phone calls with voicemails over the first three days.
- Up to two text messages over the first two days.
- Up to nine additional emails, automating those sent after Day 1. (The cadence for these: two on Day 1, and one each one Days 2, 4, 6, 9, 12, 16, and 21.)

If the prospect has not reconnected after 21 days, they are marked lost in the CRM. The old-school belief of “follow-up until they buy or die” is not a good experience for prospects, does not increase sales (we know, we analyzed more than 30,000 leads in 2019 in an unsuccessful attempt to prove otherwise), and it increases the chances your dealership will be labeled as a spammer by the various email providers.

The Appointment-First Approach

The most effective strategy we’ve found to move contacted digital retailing prospects through the sales funnel is called The Appointment-First Approach. The reasons for this approach are simple:

- Today’s consumers have often been “in market” for weeks before they entered your digital retailing funnel, and they’ve completed hours of online research.
- Nine of ten vehicle buyers said the test drive was the most influential resource in their decision (2019 Urban Science / Harris Poll).
- The average human attention span is now eight seconds (2015 Microsoft Report).

Today’s buyers know what they want, and they don’t have the time or the patience for an old-school phone interrogation. They value the test drive, and after weeks of searching, most just want to see, touch, feel, and drive your vehicle before they buy. Inviting them in for a priority test drive is the best and most efficient approach your team can take.

Here’s an example of the appointment first approach. In this example, it’s 9:08 a.m. and Barbara Jones just completed a few steps in your digital retailing tool for a Certified 2020 ES 350 that is still in stock. Once your salesperson, BDC agent, or Sales Concierge has a handle on Barbara’s inquiry, they dial her number:

Guest: This is Barbara.

Your Team: Hi Barbara, this is Steve with ABC Motors, and I’m just calling to schedule your priority test drive on the 2020 ES 350. Now Barbara, we have two priority test drives open on that ES 350 this morning, we have a 10:15 and a 10:45. Which one of these works best for you?

And then you wait for Barbara’s response.

This approach is not rude, it’s just effective. The Appointment-First Approach invites the guest to take the step in the road-to-the-sale that 89% of them say is the most influential. It’s the step most want to take after spending hours doing online research.

To be clear: if the guest has questions, she’ll ask them. If she needs more information, she’ll let you know. If she has genuine objections, she’ll raise them. If she wants to buy online, she’ll tell you. Assuming any of these four before inviting the guest in for the test drive removes urgency and ensures you’ll sell fewer of these prospects.

Moreover, depending on your team’s proclivity for gab, The Appointment-First Approach is a better customer experience than an avalanche of information that’s unimportant to the next steps in the buying process. Finally, industry veterans know that most car buyers need to be asked outright to set a test drive appointment. Waiting for the chance to do so after opening your call with a weak “Can I answer any questions for you” leads to fewer appointments that show and buy.

The Perfect Appointment

As you build out and/or refine your digital retailing processes, you'll want to pay particular attention to your appointment processes. From strong appointment setting – where your guests keep their appointments and arrive on-time – to delivering a true VIP buying experience in-store, sound appointment processes that are strictly enforced will improve closing rates, CSI, and grosses, while shortening the amount of time it takes your guests to buy from you.

Of course, the best appointment-setting processes will have zero impact on your results if the customer arrives on-time only to discover that you're a typical dealership. You're not ready for them. Their vehicle of interest is covered in pollen or dust, it's missing, or it's already sold. You ask them to complete steps (like the credit application or trade appraisal form) that they've already completed online. Or worse, the price of their vehicle of interest is suddenly higher than what they were presented online.

To avoid these missteps, we coined the term *The Perfect Appointment* to ensure salespeople, BDC agents, and managers understood the importance of a sales appointment and that not all appointment processes will yield the same results. While (pre-pandemic) we found the average closing percentage for appointments was around 40%, the closing percentages from one store to the next could vary greatly.

The differences between those who closed their appointments at ~20% (sometimes below where they closed traditional ups) and those who closed at or above 80% were clear. Those who closed their appointments at or near the top:

- Had the guest's vehicle of interest cleaned, gassed, and backed-in at least 45 minutes before the guest's scheduled arrival.
- Gathered all the pre-visit forms and information the guest provided and placed these in the store's version of a VIP folder – most printed the guest's name on the outside of these folders.
- Greeted the guest by name when they arrived.
- Ensured the guest met a sales manager prior to the demo drive.
- Moved them through the road-to-the-sale efficiently.
- Honored the price and any terms already discussed with or provided to the guest.

Not surprisingly, those who closed their appointments near the bottom failed to do most or all the above.

Whatever your written appointment processes end up containing, be sure to view these steps as a guest would view them. Are they efficient? Do they make sense? Do they value my time? We also recommend strictly enforcing these from the moment they are introduced. Allowing sales teams to decide what's important and not important about a process ensures failure. The good news is that a great digital retailing tool will allow you to manage, monitor, and enforce all your in-store sales and appointment processes.

The Traditional Up

The best way to incorporate your digital retailing tool with your traditional walk-in guests is to map out your current road-to-the-sale and then look for where you can or should adjust using the new tool. This has been a preferred approach for most of those successful with adopting a digital retailing culture, and it's proven more effective (and long-lasting) than writing a brand-new road-to-the-sale from scratch. Of course, if you have a road-

to-the-sale in name only – that is, no one follows it today – then you may want to start from scratch, as your current road-to-the-sale must be so ineffective that even your managers don't enforce it.

Your road-to-the-sale before digital retailing may have looked something like this:

- 
- Road To The Sale**
1. Meet & Greet
 2. Establish Rapport
 3. Needs Analysis
 4. Qualification
 5. Vehicle Selection
 6. Feature Presentation
 7. Demo Drive
 8. Trade Evaluation
 9. Write Up
 10. Service Walk
 11. F & I
 12. Delivery

Of course, a traditional process like this was designed to take 3-4 hours from start-to-finish. Given that one of the aims of creating a digital retailing culture is to provide a great buying experience, expecting today's guests to sit through a four-hour grind and then reward your team with a 5-Star Review is naïve. Therefore, it will be important for your core team to remove redundant or unnecessary steps, and perhaps combine other steps, from your traditional road-to-the-sale as you create your digital retailing road-to-the-sale for your walk-in guests.

One method some dealers have employed to move prospects through the road-to-the-sale more efficiently is to leverage the Meet & Greet in a way that avoids the typical “just looking” objection with most guests. When a guest tells your team they are “just looking,” additional rapport building, needs analysis, and qualification are required. This lengthens the road-to-the-sale and makes delivering a great car-buying experience more difficult.

Instead, their salespeople avoid this objection with most guests by simply using what we call an Assumptive Selling Meet & Greet:

“Welcome to ABC Motors. My name is Steve. Which vehicle did you come to test drive today?”

It's called an Assumptive Selling Meet & Greet because we assume the guest is here to buy today and that something they saw online drove their decision to visit us.

When your team uses an Assumptive Selling Meet & Greet, our research shows up to 80% of today's walk-ins will provide your salesperson with a specific vehicle (“that silver 2018 ES you have on your website”), a model (“we'd like to see the new RX 350s”), or a body style (“we're here to look at your SUVs”). For those 80%, the salesperson's response is simply

“Excellent. Let me get your driver's license, we'll get you registered, get the keys, and get you on that test drive.”

Completed properly, this Meet & Greet allows your team to move most of your guests more efficiently through the first six steps of the sample road-to-the-sale on the prior page, getting them closer to the Demo Drive (the step nine of ten buyers said was the most influential to their decision). As your core team builds or refines your in-store digital retailing processes, we recommend they explore similar methods for understanding the buyer's needs and

wants without the need for a 45-minute interview while they complete an old-school guest sheet. (Many of today's buyers view this as an interrogation.)

Of course, just as we recommended for your final appointment processes, be sure to view these steps as a guest would view them. Are they efficient? Do they make sense? Do they value my time? And again, we recommend strictly enforcing these from the moment they are introduced.

Finance & Insurance

The discussions you'll have (or have had) with your core team and the rest of the dealership around digital retailing's implications for F&I will be lively, and perhaps contentious. When it comes to F&I, it seems every dealership is different, every management team has a distinct comfort level with their F&I department, and every manager sees the future for F&I differently.

Given this, where and how your F&I processes are incorporated with your other sales processes in your digital retailing culture will vary from dealer-to-dealer and will likely evolve over time. Our recommendation for including your F&I processes in your digital retailing funnel is to have your core team map out where you are today (Point A) and what they expect the finance and insurance functions will look like in five years (Point B).

Next, they'll want to explore how best to get from Point A to Point B in a way that maximizes back-end gross and customer satisfaction. What are the steps? Will there be interim steps? (For example, will you have your salespeople present some or all F&I products, though still leave the selling to the F&I managers?) What is the expected timeline between each step? What does each step mean for our current F&I team in terms of responsibility and compensation?

Additionally, your core team will want to explore how to best present F&I products to true online buyers and those who engage with your digital retailing tool online, though end up buying in-store. While this presentation may also evolve over time, those prospects engaging with your online digital retailing tool today likely expect to be able to complete their purchase without the need for dealership assistance.

From an in-store perspective, it's understandable for dealerships to be concerned about giving the control over F&I functions to salespeople or even to guests (via a Do-It-Yourself model using a tablet). One consideration for your core team to recognize is that there are dealerships who've successfully transitioned to a one-person process even before digital retailing. Many of these dealers have not used traditional F&I managers for more than a decade, while earning better than average F&I grosses. A luxury example of this is Schomp BMW in Colorado. Although their in-store process is reportedly all digital today, this was not the case when they decided to professionalize their sales team and remove the separate desking and F&I functions from the process.

Finally, dealers allowing consumers to self-present and self-select F&I products via their digital retailing tools are enjoying higher than average back-end grosses from these deals. Unless your F&I team is routinely earning higher than average grosses while creating a great buying experience, any Fear of Loss your core team has with moving F&I fully into the digital retailing process and ceding control to either the salesperson or the guest is likely not supported by the data.

FINAL THOUGHTS

As we wrote in the *Overview*, creating a digital retailing culture is not as easy as choosing a vendor and slapping their code on your website. It takes planning and patience. It also takes a desire to see it succeed and a strict adherence to processes and rules designed to make the buying experience better for the customer – regardless of where they want to start or finish their deal.

Success with digital retailing requires an honest assessment of your team, your market, your processes, and the present and future state of the automotive retail industry. It also requires a strong belief that success in automotive retail requires dealers to change with the times. Twenty-five years ago, Autobytel was trying to convince dealers to buy new car sales leads that would be delivered to the dealership's fax machine. Twenty years ago, a used car label company, Dealer Specialties, was trying to convince dealers to put their inventory online. Once they accomplished this, they worked hard to convince dealers to add a price... then a single image.

Today, the same dealerships that once thought the internet was a fad are often spending more on digital marketing and lead providers than their peers. Their inventory is online, it's priced-to-market, and they post 30 or more images of every in-stock vehicle. No one in our industry doubts the power or influence of the internet today.

While today's consumers overwhelmingly prefer an efficient, digital retailing road-to-the-sale over a traditional, four-hour grind, there are still dealership teams skeptical about the future of digital retailing. If this describes your team, we encourage you to reiterate to all sceptics the four themes we introduced in the *Overview*:

1. **Customer satisfaction is not about price.** The *Cox Automotive Car Buyer Journey Study* showed that overall automotive customer satisfaction hit a then all-time high in 2020 when 72% of buyers reported being highly satisfied with their shopping experience. In 2021, the survey found that 75% of new vehicle buyers were happy with the dealership experience.

Prices were higher and inventory was scarce, yet satisfaction during the pandemic improved over prior years – how can that be? Three primary reasons:

- a. Buyers completed more of the buying process online. (Likely because dealer and third-party websites encouraged this more than ever with clearer calls-to-action.)
 - b. Buyers visited fewer dealerships. (Likely because many wanted to limit their exposure to others during the pandemic.)
 - c. Vehicle purchases were quicker and more efficient. (Because as we all know, sticker is quicker.)
2. **It's not the technology, it's the technicians.** Dealers have been successful with virtually every digital retailing tool available, and dealers have failed with virtually every digital retailing tool available. Beyond OEM integrations, success or failure has little to do with which vendor you choose and nearly everything to do with how you introduce, implement, and manage your digital retailing efforts; along with who you put in front of your digital retailing customers. Collectively, we call these people who manage the processes and interact with your customers *the technicians*; and they are your key to success with digital retailing.
 3. **It's not about online car buying.** Many managers and salespeople believe that digital retailing is about removing the dealership from the car-buying equation. Nothing could be further from reality. While 100%

online car buying is a part of digital retailing, it is a tiny part... today. In fact, studies are clear that even during the pandemic, most car buyers put great importance on seeing the vehicle in-person and taking a test drive before purchase.

While there will be those who purchase their next vehicle 100% online, digital retailing's greatest benefits will come more from in-store and online-to-offline experiences than they will from facilitating 100% online car deals.

4. **You can't stop digital retailing.** Digital retailing is happening right now, and its importance is going to continue to grow long into the future. Dealers who embrace it early, roll it out properly, and maximize its effectiveness on the customer experience can expect to enjoy lower marketing costs, greater customer satisfaction, more repeat business, and higher grosses.

Good selling!