



“Be fearful when others are greedy and greedy when others are fearful!”

by **Hector Bosotti**

It's been a while since I've had an opportunity to submit an article to WOSF magazine but I've been extraordinarily busy working in dealerships across the country this year. Our business is fairly constant year to year but spikes up when the economy runs for cover. Yes, dealers look at training as an expense when business is good but when all of the low hanging fruit has been picked, their sins are grossly exposed in the worst of ways. This is a sign of the times and dealers are now looking at training and consulting as an investment - at least the wise ones are. For the rest of them, time will put them out of their misery and allow the great operators to thrive even more. This represents a tremendous opportunity for dealers who have established Special Finance departments. Warren Buffet once said, *“Be fearful when others are greedy and greedy when others are fearful.”* I cannot recall a time in my life where society has been so fearful. Why should you be greedy?

In 2008, Canada will have reported a record number of bankruptcies and many people will have either lost their jobs or will lose their jobs this year. People cannot live on employment insurance forever and they will find a new job. It may not be their dream job or one that paid as much as their last one but they will become employed. During this period, many obligations will not be met or kept up to date. This will cause an influx a credit challenged individuals increasing the total market place. Of these individuals, many will be in need of a vehicle or will need to replace their existing one. Here lies an opportunity for the wise.

Most dealers only market to people who are currently in the market for a vehicle. Look at the advertisements and notice that they all push product, prices, rates and incentives. If you look at the websites of some top performing independent used vehicle operations, you will notice that they have tremendous on-line presence. The reason that they do is because they understand the power of the internet. They know that over 90% of people are researching a vehicle purchase up to three months in advance of calling or visiting a dealership. This represents a marketing opportunity. They don't have just one home page for their used vehicle department and a link to their inventory but rather dozens of pages that include their credit recovery solution, how to improve your credit, complimentary credit report analysis, credit counseling, myths about credit, frequently asked questions, affordability calculators, etc... They also have multiple 'call to action' tools and strategies that direct their on-line customers to give their contact information. They use video testimonials and short clips about their reconditioning process, financing and personnel to instill the marketing secrets that most dealers do not execute. They market confidence and value. These top operators predominantly use direct mail campaigns as their other medium to market their strategies. Many dealers will claim to have tried running a weekend sale, midnight madness sale, neighbourhood sale, etc... but with poor results. The do-it-yourselfers usually fail because they only replicate what they see above the radar. Many executions are not visible and fly below the radar. Here is why dealerships today need professional marketing consultants to assist them.

I had the privilege recently to work with a dealer who was totally committed to Special Financing. He was doing a terrific job at generating leads himself but also purchased them through several lead generating companies. They were not pleased with their appointment rate so we spent a couple of days together to diagnosis the problem. They were focusing on pushing products and not focusing on providing solutions. We developed unique reasons to drive customers to action and how to correctly convert leads into solid appointments. I also worked on a project with over 160 used vehicle managers and dealers across the country - I facilitated best practices on operating a Special Finance department with them. I discovered that of the few who were pro-active in their Special finance efforts enjoyed success rates that provided them with 10% to over 50% of their used vehicle volume - all however, enjoyed the increased gross profit from the front and back end of a Special Finance deal. The peak performers were executing about 80% of the best practices facilitated while the poorer performing ones were executing less than 20%. If you want to get better, you have to plan to do execute better and quite often, many dealers believe that they are doing a good job - but compared to what? You don't know what you don't know!

Many dealers today are also finding that the quality of a lead is deteriorating – they're tougher to get approved. Arguably, many Special Finance lenders have packed up and some have tightened their grips but the main players have been reliable and consistent. Again, most dealers are marketing to people who are in the market right now and not to those who are not ready to make contact. Many who are in the market right now are re-hashes with declined applications at another dealership – this poses a formidable and daunting task. Let's review the buying process:

- 1 - THE ACTIVATING EVENT - a situation has caused a customer to consider a newer vehicle or a replacement.
- 2 - VISUALIZATION PROCESS – this is where they actually start to imagine or see themselves in a newer vehicle and become much more observant of vehicles on the road.
- 3 - RESEARCH – all studies show that the bulk of research is done on the internet.
- 4 - CLARIFICATION - they will want to clarify a few things about pricing, the vehicle itself, ask questions like “Can I afford it? Will I get approved? Can I get the down payment? Will they give me what I owe on my vehicle?” Etc...
- 5 - A TELEPHONE CALL, AN E-MAIL OR A VISIT TO THE DEALERSHIP

When you study the buying process, you can easily determine that the time to market to a buyer is at step 3 - RESEARCH. Dealers who understand this concept attract fresh and better quality credit challenged individuals to their dealerships that are easier to get approved. They also attract more prime used vehicle buyers as a result. Some people believe that if they were late with a payment or two, over their credit limit, behind on a utility, cell phone or internet provider bill that they will not qualify for a loan. These are the individuals that you want but you have to be the first to contact them. If you are first and can provide solutions to their problems, instill confidence and value, you will become their preferred dealer of choice. Here lies an untapped source of credit challenged customers. Take the time to re-evaluate you marketing plans for the year.

- Are you targeting customers that you can help?
- Do you know where your target customers are?
- Do you know how to find them?
- Do you know how to communicate with them?
- Do you know what they want?
- Can you identify their problems?
- Can you provide solutions?
- Do you have a budget?
- Are you spending too much or too little?
- What are the advertising mediums that you use to reach your intended target market?
- Are they efficient and cost effective?
- Are your marketing executions or campaigns working or do you need to develop new ones to execute?
- Are you taking advantage of your on-line strategies?

- Do your current sales procedures allow you to be effective?
- Could your conversion rate, approval and delivery rate be better?
- Do you measure and monitor your performance?
- Do you use the data to make changes, adjustments or take advantage of market trends?
- If you don't have a marketing game plan, why not develop one?

Now is the time to become aggressive and more surgical in your marketing efforts. Dealers will be "cutting the cloth to fit," cutting back on advertising budgets, used vehicle inventories, management salaries, etc... The economy and fear will cause them to do so. To place this mandate into a better perspective, the marketing competition is about to get weaker and diluted when the market is about to explode. You can sit back and watch or you can seize the opportunity that it really is. Become a dominant player and make your dealership or credit entity the people's choice in your target area. It's definitely time to get greedy!

Hector Bosotti is a consultant and trainer for the Wye Management Group and has over 25 years of retail automotive experience whose success has been founded on 3 key elements: People, Process & Training.

The Wye Management Group currently facilitates VFC's sponsored Special Finance workshops across Canada and offers in-dealership consulting. For more information, visit wyemanagement.com or contact their toll-free number 1(888) 993-6468.