The Front-End Fundamentals:
8 Keys to Driving a Sale

Universally, car shoppers want a better, more customized, integrated experience that moves seamlessly between the online and offline worlds. Powered by multiple devices and limitless access to information, today’s “always-on” consumer is compelling automotive dealers to recalibrate their business model. More and more, profit margins are wrapped up in information exchanges. Universally, car shoppers want a better, more customized, integrated experience that moves seamlessly between the online and offline worlds. For dealers, this means reshaping variable front-end processes into a leaner, more efficient operation.

In order to better understand what defines operational excellence, Autotrader examined 20,000 dealerships on its website to discover which ones were the highest performers in terms of driving customers to their virtual experience.

Using these results, Autotrader commissioned a third party to conduct a qualitative analysis of these dealers. The analysis identified eight fundamental areas of front-end dealership operations leading to a sale: vehicle selection, acquisition process, transportation, reconditioning, pricing, photos & videos, descriptions and customer handling. These operations are the framework of a successful dealership. Dealers who are actively engaged in optimizing them will define the market and remain competitive. It’s also important to note that while none of the dealers evaluated excelled in all eight areas, all of them executed these functions better than other dealers in the study.

To capture growth and remain competitive, executing these front-end fundamentals is critical to building an infrastructure that will sustain dealers in this rapidly evolving landscape, ensuring they’ll be able to focus on new ways to connect with sophisticated consumers and deliver the experience these consumers expect.

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1. Vehicle Selection

Until recently, dealers traditionally bought cars more or less based on budget and some canny yet experienced guesswork about what should sell in their market. The risk, of course, is that the “golden gut” can be unreliable, ultimately eliminating the dealer from contention. Today, the very best dealers are managing both their New- and Used-selection process using vehicle inventory management tools to help them determine the vehicles that will best sell in their specific market. For Used car dealers, these tools provide real-time, local market supply-and-demand data to make better acquisition, appraisal, pricing and merchandising decisions. For New car dealers, they combine live market data with incentive management.

2. Acquisition Process

The best Used car dealers understand that if they’re going to sell more cars, they need to have the right cars to sell in their market. They also understand that traditional acquisition methods can be slow and unpredictable. Instead, they’ve turned to technology, process and dedicated specialists or teams to great effect. These acquisition specialists use technology, such as Trade-In Marketplace, vAuto and solutions provided by Manheim to aid in meeting strategic and profitability goals, which take into account time to lot, reconditioning, marketing and pricing.

3. Transportation

The era of waiting for a truck to be fully loaded before it hits the road is over because of its effect on holding costs. The best dealers pay for speed and reliability, actually tracking the time from when a vehicle is purchased to its delivery at the dealership. The acquisition specialist or team handles transportation, ensuring that reconditioning status, scheduling and parts are on hand once vehicles arrive at the dealership. To improve transportation efficiency, dealers are using national transportation services, such as Ready Auto Transport, with access to a vast network of carriers for door-to-door delivery.

4. Reconditioning

Once a more leisurely aspect of the sales process, efficient reconditioning is critical to maximizing profit. Best practices for successful dealers today include a recon specialist or team whose responsibility is to move 85% of their vehicles through recon in less than 24 hours. What that entails is doing the majority of reconditioning work in-house, ensuring the most commonly used parts are always on hand and setting up a baseline cost without need for approval. Some dealers even offer consumers the option to choose what they want done beforehand, saving both the dealer and the consumer money.
5. Pricing

Long a sensitive area for dealers, pricing goes hand-in-hand with merchandising. Because consumers have access to comprehensive pricing information, they expect accurate and consistent pricing at the dealership and online. The best dealers always include a price with their vehicles, and they use pricing tools to buy and price the right cars in their market. These tools are also invaluable in setting up the infrastructure to change pricing to hit strategic turn levels and make real-time pricing adjustments. For New car pricing, dealers should refer to third-party and manufacturer sites to get a read on their market as software like vAuto’s New car pricing tool.

6. Photos & Videos

Site data on Autotrader shows that both New and Used cars with multiple photos versus a stock photo see a 340% increase in Vehicle Details Page (VDP) views; and for cars with video, VDP views jump 19%. Dealers in the study who have high VDP views report that they upload between 24 and 45 images per car and do video walk-arounds, so shoppers can get a sense of what it would be like to own and operate that car. In addition to uploading photos to various sites before the vehicle is delivered to the dealership, these best practice dealers use tools from companies like HomeNet, a merchandising distribution solution, to streamline the process.

7. Descriptions

There is indisputable proof that dealers who merchandise their vehicles well online and get them online as soon as possible are more likely to influence and engage consumers. In addition to photos and videos, best practice dealers create customized, customer-centric descriptions for every listing. Void of a VIN explosion, these descriptions speak to lifestyle, unique features, financing options and warranties. Many of these dealers use marketing and merchandising tools from companies like vAuto, Autotrader and HomeNet to facilitate the process.

8. Customer Handling

Understandably, it’s difficult for even the best dealer to execute every fundamental really well. It’s just a lot of moving parts. But the greatest risk for a sale to fall apart is when the system breaks down at the point where the customer begins engaging with the dealership. Today’s sophisticated consumer expects a seamless transition from online to offline. The most successful dealers work with consumers on the consumer’s terms — that includes their preferred form of communication; assigning one person to handle the entire transaction, including F&I; and providing a flexible process for a customized customer experience. Many of these dealers use tools from companies like VinSolutions, which has a robust CRM system, to capture customer preferences; as well as Trade-In Marketplace, which provides a market-based appraisal of a trade-in and helps manage customer expectations.

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1 Source: Autotrader Site Data, Q2 2014
8 Keys to Driving a Sale

1. **Vehicle Selection**
   - Used car manager leads vehicle selection
   - Inventory management tool generally used

2. **Acquisition Process**
   - Some traditional acquisition methods still used (trade-ins, cash purchases, service lane opportunities)
   -VIN check tool used prior to purchase
   - Demand-based pricing tool used

3. **Transportation**
   - Transports insured via internet
   - Selection based on speed & cost

4. **Reconditioning**
   - Often handled by used car manager
   - Technician selected because of quality & speed

5. **Pricing**
   - Inventory management tool generally used
   - Same price in all locations where the vehicle is listed

6. **Photos & Videos**
   - Minimum number of photos (12)
   - Photos taken in-house by staff or intern

7. **Descriptions**
   - Mileage & condition

8. **Customer Handling**
   - Process to handle phone calls, chat, emails & walk-ins

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### Front-End Fundamentals

- Used car manager leads vehicle selection
- Inventory management tool generally used
- Disposal plan for trade vehicles
- New car ordering as a strategic tool for used car acquisition
- New & used car managers responsible for profit mix

### Good Practices

- Used car manager leads vehicle selection
- Inventory management tool generally used
- Disposal plan for trade vehicles
- New car ordering as a strategic tool for used car acquisition
- New & used car managers responsible for profit mix

### Better Practices

- New car ordering as a strategic tool for used car acquisition
- Inventory management tool & market data used to set buy list
- Strong understanding of vehicle specifics, including turn rate and market data

### Best Practices

- Acquisition & strategy managed by a team that focuses on profitability
- All acquisition methods used (traditional & non-traditional)
- Timeline for such phases of vehicle purchase (transport, reconditioning, marketing, pricing adjustments, sales)
- Deal for speed & reliability focused
- Inventory management tool generally used
- New & used car managers responsible for profit mix

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3. **Transportation**
   - Transports insured via internet
   - Selection based on speed & cost
   - Track & member speed to delivery

4. **Reconditioning**
   - Often handled by used car manager
   - Technician selected because of quality & speed
   - Centralized handling to help lower costs, improve speed & quality

5. **Pricing**
   - Inventory management tool generally used
   - Same price in all locations where the vehicle is listed

6. **Photos & Videos**
   - Minimum number of photos (12)
   - Photos taken in-house by staff or intern

7. **Descriptions**
   - Mileage & condition

8. **Customer Handling**
   - Process to handle phone calls, chat, emails & walk-ins
   - Process to handle lot traffic
   - Process for assessing

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End-to-end solutions for the automotive industry

About Cox Automotive

Cox Automotive is a leader in vehicle remarketing services and digital marketing and software solutions for automotive dealers and consumers. Cox Automotive, a subsidiary of Atlanta-based Cox Enterprises, includes Manheim, Autotrader, Kelley Blue Book and a host of global businesses and brands serving customers such as auto dealers, manufacturers and financial institutions.

Headquartered in Atlanta, Cox Automotive employs nearly 24,000 employees in over 150 locations worldwide. We partner with more than 40,000 dealers and touch over 67 percent of all car buyers in the U.S. with the most recognized brands in the industry. We unite over 20 brands in this space, providing an end-to-end solution to transform the way people buy and sell cars every day.

For more information about the Front-End Fundamentals, please visit weworkforyou.com/ef