



INTERVIEW WITH DUDLEY BAKER – DIRECTOR OF MARKETING FOR GULFVIEW AUTOMOTIVE GROUP

by Raul Vazquez

Hello again. It seems like just yesterday that I finished my last article. I hope that all of you who take the time to read my interviews have found them interesting and informative. For those of you who are not familiar with this column – maybe you are picking the magazine for the first time at NADA – I interview automotive executives, mostly dealers, about their secondary business. They provide insights that I trust help all dealers regardless of their secondary experience. So regardless of whether you read this column every month or today for the first time, I urge you to continue reading because I do promise that you will learn things that will help you sell cars.

My interview this month is with Dudley Baker. Dudley has been in the car business for 29 years and currently is the director of marketing for Gulfview Automotive Group located on Florida's west coast. Their dealer group generates between 35 to 50 percent of their business from secondary customers. After many of the answers I have added a few comments.

Dudley, you have been in the car business for a long time, 29 years if I remember right. Tell us a little bit about your background, your experience, and how you got here.

I ran an advertising agency in West Palm Beach as owner and president for 25 years prior to selling the agency and retiring. At the time of the sale, the agency employed 27 full-time professionals with over 25 dealers throughout the state as clients. I came out of retirement in 2002 at the request of a former client and longtime friend.

How has the industry changed since you first started?

The industry has changed quite a bit. Today, it is much more competitive in many ways. There are more brands, more makes, and more models. Twenty-five years ago there were only a few imports: Toyotas and Hondas. And, no one knew what an SUV was.

While there is more competition because of the different cars, there are also more people driving than ever before. However, more competition means more aggressive sales tactics and the growing need to be creative as a dealer. You cannot just do what every other

dealer does. You have to differentiate yourself from the crowd. That has proven difficult for most dealers.

When you owned your agency, were there a lot of dealers advertising for secondary business?

There really weren't. It was not a sought-after part of the car business until the 90s. The only place a customer with bad credit could go to buy a car were buy-here, pay-here dealers.

Two things happened. Credit got worse as more and more customers got into debt. When this happened, finance companies saw an opportunity. And, once dealers figured out that this customer was the most profitable customer, the secondary business came into its own.

Do you see more secondary business in the coming year?

Yes, especially in Florida. The recent hurricanes, I feel, will add greatly to the number of individuals needing extra financing assistance.

As long as there is money to be made, dealers will find a way to put bad credit customers in cars. This, however, is true only of good dealers. Dealers that are not good at secondary business will always look for excuses. Sammy Kazran gave the best advice when he stated that you have to know your finance programs like the back of your hand because they are always changing.

Not long ago you mentioned that the only cars you are selling are to secondary customers. Why do those customers never go away?

These customers are different than customers with good credit. Good credit customers buy cars when they feel like it. Bad credit customers buy cars when their cars die. Good credit customers buy because of want. Bad credit customers buy based on need. So no matter what the economy, bad credit customers will always buy cars. They have to if they want to get to and from work.

Where would your group be without secondary customers?

Like most dealers today, we would be having a much

more difficult time showing a profit without the secondary customer.

Our readers vary from those who do a great deal of secondary business to those who do none but want to get started. What are the reasons a dealer needs secondary customers?

The first reason a dealer should want secondary customers is because it allows them the opportunity to broaden their customer base. Secondly, the secondary customer is a loyal customer. One of the best customers a dealer can have is a secondary customer who improves his or her credit to the point that they now qualify for financing with a 1st tier lender. They don't forget the people who helped them.

Let's not forget about the money. The most profitable car buyer is the secondary customer.

Your group is a very aggressive advertiser. Most groups that own a Mitsubishi store and a used car store are not anywhere near as aggressive. Are they wrong? I mean, how could you possibly stay in business if you weren't aggressive?

Market share is very important to our owner. Hence, he has always been an aggressive advertiser. It is probably the primary reason that we are one of the leading Mitsubishi dealerships in the U.S. and always the number one independent used car dealer in our tri-county area. We strive to deliver a consistent message in our advertising stressing value, reliability, and selection.

What would you tell a dealership that wanted to get started in secondary? How would you tell them to advertise?

We find that beacon mailers and television work best at obtaining secondary customers so we focus in these areas.

If a dealer were to come to you to evaluate their advertising, what would you tell them to spend and where would you tell them to spend it?

I would tell them to do the following:

1. Isolate your target customer.
2. Evaluate your closest competitor.
3. Establish a profit per vehicle you expect to average as well as the percentage of advertising dollars you want to commit. For example, a \$2,000 profit per car with a 20 percent commitment to advertising gives you an advertising budget of \$400 per car.
4. Establish a projected number of units to be sold in an average month and multiply that by the per-car advertising budget to arrive at your total budget.
5. Select your media based on past cost effectiveness and monitor ups and resulting sales very carefully to determine which media is the most efficient and effective.

Media is your biggest expense. You have to be able to measure its effectiveness.

Raul Vazquez is the CEO of 800 Credit Hotline, an advertising agency that specializes in direct response television advertising for auto dealerships.

Contact this writer at rvazquez@wosfmagazine.com or check the reader response listing on page 50.