

BUILDING A BUSINESS, PART II



by Raul Vazquez

This is part two of our interview with Sam Kazran of Hyundai of North Jacksonville. We left off last month with a discussion on how the store spends their advertising budget. To review, when Sam bought the store, the old owners were spending a meaningless \$25,000 per month – mostly on print. They immediately increased their budget to \$60,000, and now spend it all on accountable media. “We are a small store that needs to make money.” Spending money in hopes of selling cars is not what we are about. For every dollar I spend I can tell you who called, who came in to my showroom, and who bought a car. You can’t show me too many dealers that can make those kinds of claims. That is the secret to our advertising budget.” Sam adds, “We spend \$50,000 of that budget on television, mostly infomercials, \$5,000 on the Internet, and another \$5,000 on other things, mostly tent sales.”

“The right advertising mix is only part of the equation,” Sam states. “The second part of it is knowing what to do with the leads.” This is true of everything in the car business. You can give someone the proper tools but if they cannot execute the plan, you then have someone that blames the advertising for not delivering quality leads. “I warn everyone that asks me about secondary. Don’t start advertising until you have the proper team and systems in place. You will fail otherwise,” Sam cautions.

Sam continues, “We have a BDC with five appointment setters. Every lead that comes into the dealership starts there. However, we have to get on the leads quick. If we can call a lead within 15 minutes of receiving it our success rate quadruples.” It is important that we take note of this fact because so few dealers place this kind of emphasis on calling leads back right away. We have had many customers that have failed on our programs for exactly this reason. There is always something more important than working leads. The problem is that the “we’ll get to it later” attitude really does not work with this model. First, remember

that most of these people not only want a car, they need a car. Wait and they will go somewhere else to get one or at the very least, start shopping elsewhere. Once that happens, your job gets more difficult. The other potential problem is that the person will lose interest or forget your offer. Many people respond to an offer, if it is a good one, out of impulse. If you don’t get them while they are still excited they lose that excitement and even forget the offer you made them.

“Our five appointment setters do nothing but call leads. They call three times a day for seven days. Then, they give the lead a rest for about a week and go through that process again. On the first day of calling a lead, we reach 15 percent of them in the first 30 minutes from when they called. If after round two of making the calls they are not sold, we rest the lead for 60 days. Then, we give the lead to a salesperson to work. Now, these are tough leads at this point. For every 100 of these old leads we work we get just one sale. Is it worth it? Sure it is. That salesperson was doing nothing. This gives them sales practice and a commission. In addition, it makes us at least \$3,000. You tell me, is that worth it,” Sam says bluntly.

Once we get people in the store, everything runs through the desk manager. Moreover, every one of them and all of our finance managers know the ins and outs of every finance program we offer. That is important because the programs are always changing. I quiz my managers randomly on a regular basis. Everybody knows these programs as well as I do,” Sam states proudly.

Their team handles about 1,400 leads per month and really gets very little walk-in traffic because of their remote location. But try walking in the store on a Saturday. You would think that they were giving away cars and certainly, you would not see any indication of a poor economy. This dealership sells cars and a lot of them.

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When asked about numbers Sam confirms, “We close about 18 percent of all the leads we receive.” From what we see, this is a big number and dealers that are good at secondary know this. People that are not as familiar look at the numbers and really misinterpret them. They think they sell a car to everyone that walks in the door but that is not the case. They do sell more cars to people they get in the door but the real secret is what happens the second they get the lead. “We get almost 60 percent of everybody who calls in the door,” according to Sam. That really is the difference. Most dealers make appointments with about half the callers and get about half of those to show up. That nets out to 25 percent of all calls. So on 100 leads, the average dealer is getting 25 people in the store while Sam gets 60 of them in. If they both close one-third of them the difference is eight versus 20 sales. These additional 12 cars add up to a difference of \$30,000 in gross profits if both dealers average just \$2,500 gross.

Sam’s team does work leads harder than most we have seen. In addition, for many dealers, bringing everyone into the store is a problem. They don’t want to turn that person away. The good secondary dealers, however, know not to do this. Not only

do the chances of selling a car improve dramatically when you get the customer in the store but you also get referrals. “The one benefit of the secondary business that most people overlook is the referrals that you can generate. This is another reason that we bring everybody into the store. Even if we cannot sell them a car, we can get referrals. And, if we do sell them a car, the quality of the referrals they give are very good. Last month alone we sold 21 cars because of referrals. That is a big, big number. You get a lot more referrals from secondary customers than from primary customers simply because they are grateful we were able to help them,” Sam says.

“This is hard work,” Sam says in his tired voice. “But it’s the best and fastest way to make money at a car dealership. Plus, it’s the most profitable.”

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