



7 CRM Strategies to
CRUSH
Your Sales Goals

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Introduction

Through the end of 2019, rising interest rates and stagnating incentives foreshadow a reversal in sales growth. According to NADA, U.S. sales of new vehicles will decline at least one percent, if not more. Typically, sales of used vehicles follow the same pattern, but not this year.

Used vehicle sales are on the rise. This indicates that expensive new cars are out of reach for many consumers, and a glut of more affordable cars coming off lease are pretty attractive to cost-conscious buyers.

The good news is that consumers are still buying vehicles which means you can still post strong revenue and crush sales goals in a soft new vehicle market. But you can't use

the same old strategies.

Typical strategies to use in a soft market might include buying more leads or hiring more salespeople. A better approach is to capitalize on what you already have - your CRM.

The data and reports in your CRM will help you leverage your current processes, sales team, and leads, to improve performance without shelling out more money.

Set Realistic Sales Goals

A recent Harvard Business study found that participants who stuck to a goal-oriented plan performed 30 percent better than those who didn't. Setting specific goals increases motivation which leads to better results.

Don't set your team up to fail by relying on gut instincts or imprecise motivator boards to set goals on an individual or team level. This can be especially damaging in a soft market when your team is really under the gun to perform well.

Fortunately, all the information you need to set precise and attainable sales goals is in your CRM. Most dealers set goals using year-over-year (YOY) reports. While useful for historical comparisons, if you want to set short-term goals,

a 90-day rolling average might be a better option.

In sales, a good rule of thumb is to have a 90-day sales plan based on a 90-day rolling average that is specific to each salesperson. Use trend and tracking reports within your CRM to set these plans.

As an example, a salesperson sells 15 cars in January, five in February, and five in March. That's 25 cars sold, divided by three months, for a rolling average of 7.5. So, increasing the salesperson's sold units to seven a month is a fair and attainable goal.

Account for ramp-up time when implementing new goals. If you have a salesperson currently selling four cars a month and you want them to sell eight, don't immediately double their monthly goal. Instead, raise the goal to five cars a month, six the following month, and so on. This improves morale because missing goals can increase frustration and squash motivation.

The same 90-day rolling average strategy works equally well for other success metrics, such as a number of appointments set or for holding lead providers accountable.



Strategies

Your sales team has individual sales goals. Now what? In a soft market, you have to maximize the technology you already have while cutting unnecessary costs. Here are strategies to help you reach peak performance.

1. Put current performance under a microscope

The adage “garbage in, garbage out” applies to your CRM. When staff doesn’t enter complete data, or follow best practices, leads get dropped or never even enter your system. A benchmark audit will give insight into the health of your data and processes.

Pull CRM reports for all lead channels – including Internet, showroom, and phone – to get an overall view of your store’s performance. Benchmark each channel’s performance

against industry standards to identify areas for improvement.

If you come up short in one area, dive deeper into the details. Are you not converting as many leads from your showroom? Your sales team may not be following proper procedure by introducing every customer to a manager. Internet conversions down? Check employee contact reports. The industry benchmark is seven calls and five emails per lead over a 30-day period.

CRM reports will help you find and fix these breakdowns in the process to open up sales opportunities within your CRM.



Strategies (cont.)

How does your dealership stack up against these industry benchmarks?

Internet Leads: Approximately 15% closing rate. For every 100 leads, you should have a 40% appointment set rate. Of those 40 people, 50%, or 20 customers, should show. Of those, 50% should buy, which nets a 10% closing ratio. The other 5% of buyers typically show up at the dealership without an appointment.

Showroom Leads: Expect 25-30% closing ratio for every 100 leads. Be wary if you have a 50% closing ratio. That generally means your salespeople are only logging customers they think will buy a vehicle, not everyone who steps on the floor.

Phone Leads: Average 25-30% closing ratio per 100 leads. With every inbound call make sure you capture the customers' name, phone number, vehicle of interest and trade-in so that sales can see if the lead is viable and make every effort to set an appointment.

2. Examine Digital Lead Providers

With a constricting market, the true cost of an internet sale must be understood.

Run CRM reports that break down cost-per-lead and cost-per-sale per lead provider. Remember to look at all providers, including your website.

If your closing ratios on a provider's internet leads fall below your benchmark, it's time to decide if you want to continue that partnership.

Strategies (cont.)

For example, say that you have a provider sending 500 leads per month, but the closing ratio on those leads is a paltry 2%, coupled with BDC employees following up on those leads.

Consider that you're not only paying for the leads, you are also paying the salaries of the BDC staff.

When you put together the actual cost of the lead, including internal lead management costs, you could have one deal costing upwards of \$1,500!

3. Increase Your Lease Portfolio

For many dealers shrinking profit margins are a big concern, and staying competitive can seem like a race to the bottom. Increasing your lease portfolio can help. Since you don't have

Don't forget to examine your lead follow-up process. Best practices include:

- Seven phone calls over a 30-day period.
- Five emails in a 30-day period.
- Opt-in text message after the first voicemail if no conversation took place.
- Manager email within 24-hours of receiving the lead.
- Pull customer touches reporting for new leads active the past five days. Ideally, your sales team is calling, texting and emailing every customer several times in the first few days.
- Work with a BDC to continue long-term follow up (10-30 days).
- Make sure your phone system is integrated with your CRM so metrics can be tracked.

Strategies (cont.)

to spend marketing dollars, lease deals ensure that customers will return for service. When you sell a car, the trade cycle is typically 5-6 years, but with a lease, that trade cycle is shortened to 24-48 months.

To increase lease penetration rates, use best-in-class deskings tools integrated with rates and residuals so that managers can access the information quickly. Have your sales manager find the “sweet spot” for potential lease vehicles on your lot, e.g., \$30,000 SUVs with payments under \$400 per month. Print out this information for every salesperson to study, and ensure that your sales team and managers understand how to present lease deals.

Your sales team needs to provide both finance and lease options to every single customer. If you're only showing finance options - the chance of a customer choosing a lease is 0%.

Capitalize on current leases with an advanced CRM search tool:

- Pull a CRM report of leases maturing in the next 60-90 days and call those customers, utilizing a call guide that clearly states the benefits to the customer.
- Offer OEM special incentives to lease again.
- Pull a CRM report of customers trending to exceed their lease mileage, call those customers. With the help of a call guide, let customers know they qualify for a special program that allows them to end their current lease and get into a new lease without having pay for extra mileage.



Strategies (cont.)

Most stores' lease portfolios account for only 5-10% of their business. With this strategy you can easily double your lease penetration rate, giving you a decent book of business that's virtually recession proof.

4. Rev Up Equity Mining

With used sales on the rise, it's smart to bolster your used car inventory. But finding vehicles can be a challenge, and purchasing vehicles at auctions can be risky and expensive.

Fortunately, the data you need to capture the best-used vehicles for your demographic is already in your CRM. With the help of an equity mining tool, you can identify owners in an equity position and provide incentives for them to trade in their vehicles.

Equity mining can take place at the sales desk and in the service drive. For sales, dedicate one salesperson (this can change from week to week, but during that time, this is that person's only job) to mine for customers in a position of equity, or those coming up on the end of a lease or loan, with a vehicle that your dealership needs.

In the service drive, dedicate an equity mining expert to review all service appointments for the coming day and identify those customers with equity in their vehicles. Create a written trade-in quote for every vehicle and hand it to the customer in the service drive.

Strategies (cont.)

Tips for successful equity mining:

- Know your demographic and the vehicles that move quickly for a higher profit.
- Don't chase a customer with a vehicle that you sell once every couple of months. You could end up selling at auction and taking a loss.
- Set clear parameters for qualified prospects. Don't call a customer who bought within the last 12 months and encourage a trade-in!
- Write a call guide that clearly defines what you are asking and the benefits to the customer. Practice so you can deliver in a conversational tone.
 - Streamline recon process, so trade-ins are front-line ready in 3 days or less.

The majority of customers will want to speak with family or friends before making decisions. Ensure your salesperson or BDC persists with follow-up, placing calls until they connect with customers and set appointments.

Acquiring inventory or trade-ins from your service drive is a huge win; it's less risky than going to auction because you know the history of the vehicle, and less expensive because there are no transportation fees.

When combined with a strong BDC, equity mining is a proven strategy that delivers an ROI of 10 to 1; for every \$1,000 spent, you'll get \$10,000 back.



Strategies (cont.)

5. Engage Customers with Targeted Marketing

Customers expect different interactions with your dealership based on where they are in the buying cycle. If they are early in the cycle, they largely want to be left alone to browse and get educated. If they are later in the cycle, they want highly responsive help to complete a purchase. Using the wrong marketing approach can frustrate customers and even push them away from your dealership.

Customers generally fall within three buying stages: awareness, consideration, and purchase. The key is to nurture each lead according to the buyer's stage. With the help of your CRM, you can segment customers and send marketing messages that are most relevant to them, and therefore most likely to be read.

Relevancy matters! If you send irrelevant messages that are never read, email servers such as Yahoo! and Gmail will smarten up and begin to send those messages directly to the recipient's spam folder.

The same relevancy strategy applies to existing customers or those who have already bought from you. It's important to keep your dealership front and center while keeping the customer's stage in mind. For example, do not send a sales email to a customer who bought a vehicle within the last 12 months. Instead, send general messages about car maintenance or service specials that keep you top-of-mind while still being relevant.

Strategies (cont.)

You should also continue to market to customers who opt to buy a car down the street. They are not lost opportunities. Keep that contact in your CRM and send service specials, seasonal tips, etc. Even though you lost one deal, they'll have automotive needs in the future, and you become their go-to "car guy."

6. Give Them Something to Talk About

A strong customer referral and review process is an excellent way to build your CRM database and get more customers through your doors. Both tactics also expose your dealership to buyers you may never reach otherwise.

Wondering if online reviews really work? A study by software company Zendesk found that 90% of buyers said positive

online reviews influenced their buying decisions. Yes, you may also get some negative reviews. However, negative reviews may point out problems that you didn't know about and can easily correct.



Strategies (cont.)

Stimulate reviews by putting parameters in place for staff. Ensure that after every sales or service, the customer is asked to visit review sites like Yelp and Google and write a quick review. If your dealership uses mobile technology, make it even easier by queuing up review sites on a tablet or iPad and handing it to the customer at the end of the interaction to post a review right then and there.

Stimulate referrals with the same type of process. After every sale or service, ask customers if they are satisfied and if they have any friends or family with automotive needs they can refer.

If you want to motivate more customers to contribute reviews and referrals, consider offering an incentive. You

could, for example, offer cash, or a percentage off the next vehicle service. Alternatively, hold a monthly prize drawing or offer gift cards from popular businesses such as Starbucks and Target.



Every customer experience is an opportunity for a referral; capturing them is critical as they typically have higher gross and CSI.

- Bill Wittenmyer

Strategies (cont.)

7. Double Down on Sales and BDC Training

On average, most dealerships use only 10% of available CRM functionality. While the foundation for success is executing the basics well, mastering advanced features helps you mine for new sales opportunities, evaluate how your team is operating, and spot and fix problems before they cost you money.

Your CRM provider should be a trusted partner you can lean on for training. The best designates a performance manager to keep an eye on your system utilization. This person should proactively reach out with tips and suggestions for how to maximize utilization for peak performance.

Another best practice - designate a CRM champion who knows the system inside and out to be your in-house expert. This person trains new hires and regularly checks in with the sales team and BDC to ensure processes are being followed. This person is also the key contact when the provider debuts new and updated features.



Conclusion

Are you worried about slowing sales in a soft new vehicle market? Don't panic. With new strategies and proper CRM utilization, you can crush your sales goals without buying more leads or hiring more salespeople.

Learn More

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