



#STOPTHEDROP

HOW DO SUCCESSFUL DEALERSHIPS PREVENT EROSION IN GROSS MARGINS AND PROFITS?

There is no doubt in the auto retail industry that times have changed. Market-based pricing is not just a fad, but is now a long-lasting reality. With the proliferation of online information available to the consumer, old and inflated pricing techniques just don't work. To survive in this marketplace, competitive dealers price their vehicles at or near market prices, because consumers are better equipped when they get to the dealership.

The sales process starts to get interesting when the customer arrives in the showroom, thinking they need to "do battle" and negotiate a discount—that's how buying a car at a dealership is traditionally done, right? Well, not anymore, now that cars are already priced at fair market value. As a result, dealers need to sell on value, build trust, and gain customer confidence, avoiding the tendency to drop price on the lot. This is precisely when an auto salesperson can "STOP THE DROP."

Why a Sales Transformation?

Back in the old days, dealers would price cars artificially high because of the lack of transparency. Since the price of a vehicle was artificially high, the dealer was happy to offer a discount on the lot and the customer felt great because they thought they were getting a "good deal." Online pricing

transparency has caused times to change, though, and dealers now need to price cars according to fair market value.

Even though times have changed how we price, many consumers still behave according to the "old rules," feeling the need to haggle for hundreds of dollars off the online price. This is when salespeople need vehicle information and history at their fingertips to prove the value of each and every car. Having below information readily available helps salespeople Stop the Drop:

- Factory packages with original MSRP
- High value options
- Carfax history reports
- NHTSA crash test reports
- Internet price comparisons
- Retail book value comparisons
- Certified Pre-Owned details (when applicable)

How Can My Dealership Stop the Drop?

Implementing sales tools that describe all cars on the lot, especially off-brand models that the team doesn't know well, is the first step. Giving the sales staff the ability to text or e-mail detailed vehicle brochures directly to a customer's cell phone can also help in building trust.



Could I Be Doing a Better Job Protecting My Gross Profits?

We find that most dealerships could be doing a better job protecting gross profits. Check out maxdigital.com/assess-your-drop/ to see how you stack up.