

DIGITAL Dealer



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COVER STORY

Joe Healy Internet Director Lone Star Chevrolet

Joe Healy
Internet Director

Lone Star Chevrolet is the number one Chevrolet dealership in overall sales volume nationwide.

As for Internet sales units, last year, Lone Star Chevrolet was in the top 100 dealerships nationwide among all brands – boasting 3,000 new and used Internet sales units. And the numbers for this year are heading in the same direction.

Lone Star Chevrolet is ahead of the curve in implementing innovative digital technology and best practices to capture today's auto shopper leads and convert them into Internet sales.

Joe Healy, Lone Star Chevrolet's Internet director, recently gave Dealer magazine the inside scoop on why this is so.

Joe, first of all, how did you get into the automotive industry?

I got in car business 10 years ago, after 20-plus years in the grocery business. My degree is in food marketing. I thought I'd be a career grocery man, but a little company called Wal-Mart came along and took the fun out of the grocery business. So, one day I met somebody at church who asked me to go in the car business. I prayed about it, tried it and loved it. Now it's about doing it forever.

After working as Internet director at Lawrence Marshall Automotive in Hempstead, TX, I came on as Internet director at Sonic's Lone Star Chevrolet, five years ago. I'm also Internet director for Sonic's Lone Star Ford and Ron Craft Chevrolet – Cadillac, both in the Houston area. I love what I do.

Share with us some of your secrets for success.

We're going fast forward with video. Recently, I hired a full time professional videographer to shoot our videos. He likes his job – when it's not raining – and does about 15 videos per day: walk-arounds, service videos and "how-to videos" – everything from how to pair your Bluetooth with your cell phone to how to operate your navigation system.

One of the advantages of our video walk-arounds is we can change the audio anytime. Say a rebate changes on the Suburban, we just change the voice overlay for that video. So the customer doesn't realize we may have shot that video a month ago. It looks fresh.

Lone Star does an owners' clinic every quarter and we take the most frequently asked questions and do videos on those topics and put them on YouTube. We also send video in e-mail to thank customers for their business and also to get new business.

All this video has a dual purpose. It's customer centric, plus it helps us online with search engine optimization (SEO).

Google pays attention to what happens on YouTube. So posting a lot of videos ranks us higher in the search engines. This in turn drives traffic to our websites. We have one video on YouTube that has enjoyed close to 9,000 views.

How do you manage your websites?

I manage three websites for Lone Star Chevrolet. We have our Dealer.com-supported e-commerce website, as does every Sonic dealer in the nation. Then we have our Cobalt-supported website, which is our factory/Chevrolet website. And, recently we added another website we are really excited about – hosted by DealerOn – which focuses on Lone Star Chevrolet's service.

Before we set up our service website, when I was doing my due diligence, I met the folks at DealerOn at a Digital Dealer Workshop in Houston. I learned that when most people Google anything for service, they come up with Pep Boys or Sears. They don't come up with car dealers. I wanted to change that.

So several months ago, we launched this new website strictly for service. We have tons of coupons on it –for oil changes, sets of tires, etc. Research shows that if a customer buys their tires from the dealership, they are more likely to have their service done at the dealership – or wherever they buy their tires. Furthermore, if they buy their tires from us, they see how clean our facility is, and how well-trained our staff is. That makes them want to come back.

Our Dealer.com site, branded for Lone Star Chevrolet, gets 35,000 visitors a month, www.lonestarchevrolet.com. We get about 14,000 visitors per month on the factory site supported by Cobalt, www.lonestar-chevrolet.com.

And, thousands of people are already visiting our new service site looking for coupons on www.lonestarchevroletservice.com. This

is remarkable because it usually takes a long time for Google to recognize a URL. We do 160 to 175 ROs per day. We have 40-plus bays in our air-conditioned shop and we have a waiting list for technicians to work here, because we have such a good reputation.

Service usually represents more than 50% of the store's profit, so this new DealerOn website is just unbelievable. I can see the day when more people will visit our DealerOn service site than our e-commerce site. Right now, we have a 120 employees working in our service area out of a total of 205 employees and as business grows, so will the number of employees.

From these three websites and our third-party sales leads, we get a little over 2,000 Internet leads per month and we sell about 250 new and used cars from those leads. Our conversion ratio for Internet leads is a little better than 11%.

Who are your third-party lead providers?

Our newest lead provider is ActivEngage, which is live chat. That has turned out great. We get almost 200 chat leads every single month, and they are typically further down the sales funnel. When people go on our website and are willing to give their phone number and e-mail address, we close a very high rate – almost 15% of chat leads. Our salespeople drop everything they are doing for a chat lead, because they know the customer is usually still sitting in front of their computer.

We also use the standard third-party lead providers, AutoTrader.com, Cars.com and we use TrueCar. TrueCar is a great lead provider for us. They are growing and they entered into a multi-year contract with Yahoo and so, we get a lot of good leads from Yahoo.

We don't hire the lead aggregators, the traditional lead providers. We think they are dinosaurs. We didn't like the idea that we

were buying leads from them and then they were competing with us on SEM and driving our costs up.

We redirected the money we were spending on those aggregators to our own SEO and SEM and that has worked very well for us. So we don't have our leads going to five other dealers that are all trying to see who can give the cars away.

Dealer.com, our web provider, manages our SEO and SEM and they have great analytics. We have two other stores, Ford and Cadillac, and I'm able to compare, test and change the SEO and SEM budgets for each according to the month. For instance, March was Truck Month with Chevrolet, so I increased the budget for SEM for Chevy for March.

How do you process your Internet leads?

Lone Star Chevrolet has a staff of 13 Internet sales managers – 10 in new car sales and three in used. We don't have a BDC. We don't believe in them. So the salesperson who takes in a customer will be with that customer all the way doing everything but the finance, because they are not trained in finance.

We have a 15-minute response time guarantee. Our CRM is ELEAD One and our ILM is Nettrak/ADP. When a lead comes into our system, it goes in a round-robin fashion to our salespeople.

They are on the clock! At the 10-minute mark, if they have not answered the lead, I move that lead to another salesperson and tell that person they have five minutes to make the call to the customer. It keeps us on our toes.

We call the customer right away to verify equipment to make sure we give them a proper quote. Then our ResponseLogix system sends a price quote and shows our inventory within a 200-mile radius. That's the beautiful part of this system!

For example, if the consumer is looking for a 2012 Silverado, we'll quote them two or three – everything from a fully loaded to a basic model, and then we'll also give them a used car option. We'll offer a brand new Silverado for \$27,000 or a nice certified unit for \$14,500. If the customer has sticker shock at \$27,000, then they have the used car option.



"We get a little over 2,000 Internet leads per month and we sell about 250 new and used cars from those leads. Our conversion ratio for Internet leads is a little better than 11%," says Healy.

Then we have our secret weapon, which I almost hate to tell you, because I know everyone will read this, but if we can't reach the customer on the phone, then we send the consumer a personalized video that goes something like this:

"Hello (customer name), this is Joe Healy at Lone Star Chevrolet. I understand you're looking for a Malibu. I'm going to send you a price quote and I'm going to be with you from 'start to finish' helping you find the right car."

If we have previously talked with the customer on the phone, then we send a video like this: "It was nice chatting with you. I look forward to seeing you on Saturday. I think you said 1:45. Please make sure you come in and ask for me. I'm going to text you my contact information."

Texting helps them. We used to ask: 'Do you have a pen handy?' They might not have one, or the customer might lose what they write down. But, a text message stays on their phone. It's handy.

Now, everybody's on mobile technology. The receptionist tells me: When customers come in and say: 'I'm here to see...' they pull out their phone and look at the text message to find out who they are here to see. Texting is a valuable part of our process.

What's your follow-up process?

Many customers do their online car

searches from work and we can't get them on the phone during working hours. With ResponseLogix and Nettrak, we immediately go into a follow-up mode and for 10 days we hit them hard.

We have something we call '40 days and 40 nights.' Our ILM Nettrak tracks it for us. If I call a customer at 11 a.m. and don't reach them, the ILM will make a phone appointment for me to try again tomorrow at 3 p.m. If we don't reach the customer then, the Internet manager will schedule our call for 7 p.m. that night. Each Internet manager has a daily work plan that includes these call appointments for 40 days and nights. We are very process driven!

Our follow-up system goes a full year. We send prospects newsletters, produced by IMN, which are very effective, and also e-mails telling them about changes in inventory and changes in incentives, to find out if they are still in the marketplace. Most dealers don't go a full year; they give up after four or five weeks. We find the year-long program is successful and we get a good closing rate.

Some customers start their research and don't know if they want a Ford, Chevy or Lexus. By constantly staying in front of them, we maximize our results. I hear it every day from customers who say: 'Lone Star is the only dealership that stayed with me.' That helps us sell cars.

As part of this follow-up, we send a personalized video – talking about the model they're looking for and we include a price. We're not afraid to show price right up front, and that's why we're the number one Chevy dealer in the nation.

Each one of our Internet managers uses a pricing matrix, because of all the discounts we offer – for specific credit union members, AAA members, etc. We don't know what the customer is eligible for until we talk to them, but when we send out the price quote, we are fairly aggressive and it's usually below market price. We give our customers the lowest price we can, because we are totally volume driven.

What is your biggest challenge?

Training. There are two areas that we focus on. The first is customer care and the second is technology.

I call Lone Star Chevrolet the Disneyland of car dealers. It's a happy place to work and because of that, it's a happy place to buy a car. We care very much about our employees; we invest in them (see related *Dealer magazine* cover story this issue) and they in turn care very much about our customers.

We send our staff to the Disney Institute to be trained in caring for the customer. I never knew anyone who went to Disneyland who came back and said they didn't have a good time. They come back and say all positive things: 'It was clean. I had fun. I was blown away. The customer service was way beyond expectations.'

So as a result of the Disney training and our own internal training, our employees are extremely effective in building customer loyalty. No company is perfect, but our policy is to make the customer happy and create a customer for life. We realize that reputation management is critical for our long-term success and Lone Star Chevrolet's reputation and track record have always been that of integrity and performance.

Steve Blanchard, our GSM, really understands that, and he really understands the Internet, as well. He is one of the best trainers in the United States. He knows our Internet managers get more at bats, so we train them on our proven customer-centric process.



"By constantly staying in front of customers, we maximize our results. I hear it every day from customers who say: 'Lone Star is the only dealership that stayed with me,'" says Healy.

Training in technology is our second and equally important focus. Technology is moving at the speed of light. I am blessed with what I believe is the best Internet team in Texas. To keep them on the cutting edge, I have weekly training sessions.

Today was about doing video walk-arounds. We are doing custom videos for eBay right now. At first, the salespeople were shy about doing the videos. Now they are asking: 'When's the next time I can do video?' Today's meeting was strictly about the advantage of the videographer. That is the wave of the future.

I'm a news junkie and go onto aol.com and The Houston Chronicle daily. The first thing I look at is the video. The MTV generation would rather see a 30-second video than read or look at pictures.

How do you handle social media?

I do most of the social media. We have 1,050 likes on Facebook. We put video on Facebook and we just bought a solution, Empathica from Canada, that helps us with customer retention. We put Empathica's hangtags in every new car we deliver that directs the customer to a website where they get a chance to win \$1,000.

Empathica runs this program for multiple companies, like Starbucks, etc. and every day someone nationwide wins \$1,000. To enter the contest, customers have to answer a

six-minute online survey that gives us valuable information about how satisfied they are with Lone Star Chevrolet and our service. Then, customers can increase their odds of winning by ten-fold, by "liking" us on Facebook.

With this information, we publish internally a daily 'Wow!' Report and give spiffs to the service people who have exceeded customers' expectations. This month we had 430 customers go online to fill out the hangtag surveys. It's unbelievable how many people are doing this.

The program also lets us see month-to-month trends in how customers are hearing about us and adjust our advertising spend accordingly. So if we see more people heard about us on radio, then we may beef up our radio spend.

We're big in Twitter, Facebook and YouTube and we're starting to experiment with Foursquare. To be honest with you, I do most of my research on what to do in social media by listening to my two children in college. They say: 'Dad you gotta be with it.'

My daughter is the Foursquare 'mayor' of Chili's. When she goes there she registers on her phone that she's on the Route 290 Chili's. Chili's rewards her by giving her a free appetizer each visit. Foursquare is up and coming, but Facebook is so huge, you can't ignore it.

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If Facebook were a country, it would be the third largest in the world.

We keep Facebook friendly and use it for branding. If you asked me how many people come in from Facebook, YouTube and Twitter, or a billboard out on the highway, I really couldn't tell you that. But social media just takes a little bit of my time.

If a customer 'likes' us on Facebook, we'll give them a trade evaluation on Black Book. That doesn't cost us a thing. We've had 300 people so far that have asked for a Black Book trade evaluation. I've seen other car dealers put their specials on Facebook. That's not what we do. We keep it social. We put our informative, service videos on Facebook.

Last September 11, Lone Star used social media to organize the biggest 5K Heroes Run in the country in honor of U.S. Marine 1st Lieutenant Travis Manion who was killed in the Iraq War. We had 4,000 runners gather for the run. There's a four-minute video about this on our website. This will become a tradition for Lone Star. Three hundred of our employees and their families participated in the event. The Heroes Run was held in 40 cities and three countries, and the father of Travis Manion came to Houston. He was blown away by the turn out and the amount of money we raised for the Travis Manion Foundation. Proceeds go to the families of fallen heroes.

Our GM, Carolyn Cross, is the most generous person I ever met in terms of caring about our community and it makes me proud to work here at Lone Star. Long a supporter of the local community, the military and many other causes, last year we at Lone Star Chevrolet were inspired to create a "Season of Doing and Giving" that would eclipse our efforts in years past. Winning the Better Business Bureau's Pinnacle Award in 2011 has been an amazing inspiration for the entire Lone Star Chevrolet team. 2011 was a record year in sales and profit, a true testament that giving back blesses everyone.

What advice would you give to someone starting out as Internet director?

There are things that they need to learn for themselves. I went to the first Digital Dealer Conference, and have been attending ever since. It's great that they are geared to all levels,

so people can pick the sessions that fit their needs. Even though I'm blessed to work for Sonic with its 125 dealerships, and we get direction and leadership from the staff there, I've learned a whole lot more sitting at roundtables or meeting with vendors at the Digital Dealer Conference than anywhere else, so I go twice a year.

I plan to attend the next one in October. I promise my team that whoever are the top producers for the previous quarter will go with me to the Digital Dealer Conference. I use it as an incentive. The salespeople that went to the last conference said it was a lot of work, but so much great information to take in.

It's sound advice to send anyone to the Digital Dealer Conference, because I have made so many professional friends there that are not in my market and that I can call up to see what's working for them. If they are outside of Texas, I'll stay in contact with them and help them as much as I can and they reciprocate and help me. I also go to NADA every few years.

How else do you keep current in tech?

I go outside the automotive industry. I'm still active in the grocery business and I'm a member of the Founders Club of the Academy of Food Marketing in Philadelphia. A lot of the same principles that apply to the grocery business apply to the car business — like taking care of customers.

You've got to think out of the box. I make an annual trip to Philadelphia, visit friends and family, and go to the academy's marketing library to find out what's happening in the grocery business. Those trends are going to come to the car business. Sometimes, I also go to a techie conference and I try to go to the Apple store every week.

We just put iPads in all our sales people's hands. Each service advisor also has an iPad. So we can take a photo of the driver's license of each person that pulls into our service drive and feed that into our database. I can see when they had the last oil change or other service, what day they bought the car, and if they are in a trade position.

Now we can go up to the customer and say: 'Hi (Name). It's time for your 100,000

mile checkup.' Or, 'Did you know we have \$7,000 rebates on Silverados? What if I have you visit with a sales person and he can lower your payment and get you a brand new car and lower your service costs?'

Sonic is on the cutting edge here, being committed to buying that many iPads. It took us four days to train everyone.


What do you see for the future?

Everything is going mobile. Twenty percent of the visitors to our website are from mobile phones. A year ago it was 3%. We have to understand consumers are going to come to our lot on days we're closed and scan the QR code on the car and look at pictures and pricing on the Internet.

I have a meeting this week with the *Houston Chronicle*, the local newspaper. They have a mobile application so people can read the newspaper on the go. They have banners on their mobile site and I'm the first one to buy a banner.

I went to them and said sell this space to me and I'll pay you per impression for every person that clicks on my deal. We talked about truck month on the banner — and it has been fantastic. I can look at the backend metrics of our website and see how many of these people came from the *Houston Chronicle's* deal and it's just astonishing!

Two years ago nobody knew what a QR code was and people in the car industry didn't care about Facebook and Twitter. They thought social media was a kid thing. Now adults are on Facebook. Using Twitter is commonplace. Social media becomes more of a force every day. The same thing will be true about mobile technology. And, we'll have our own mobile website by the end of the summer. That's the near term.

For the future, I foresee that Lone Star Chevrolet will continue to focus on providing excellent service, building customer loyalty, staying ahead of the technology curve and supporting our community and remaining the number one Chevrolet dealer in the USA. 

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