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**SPECIAL  
MARKETING  
ISSUE**

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How to move through the **click** gauntlet

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# Why is Advocacy Important to the **NIADA** Membership?



**N**IADA members are faced with a myriad of policy issues that impact their businesses. The government, both the legislative branch and the executive branch, have very little idea of what it takes to run an independent car dealership. Instead, they are focused on protecting consumers and running the government. Ensuring small businesses, specifically independent auto dealerships, run successfully is not their top priority. But it is NIADA's top priority.

BY CHRISTINA PEREZ



Advocacy, run by the NIADA government affairs team, is a pillar of NIADA.

While NIADA members are busy running their businesses, it is important that they have a voice on Capitol Hill and with federal agencies. NIADA is the only advocate for the independent auto industry in Washington D.C.

We have seen time and time again Congress and federal agencies, including the Consumer Financial Protection Bureau (CFPB) and the Federal Trade Commission (FTC), institute imprudent and burdensome regulations, such as the FTC Safeguards Rule, and pass laws negatively impacting the industry.

Congress and federal agencies need NIADA advocating on behalf of members, just as much as members need NIADA advocating on their behalf. Congress and federal agencies must be continually

educated on what it takes to run an independent auto dealership and the impact that their policies and regulations have on these dealerships. This advocacy in the form of continual education goes a long way toward strengthening the voice of independent auto dealers before Congress and federal agencies.

This relationship building process is critical to advocacy. The stronger NIADA's relationships and voice, the less likely Congress and federal agencies are to enact policies that will negatively impact members and the more likely they are to enact policies that will benefit members. That's how advocacy works.

It's about building relationships and educating so that harmful policies are not enacted and beneficial policies are enacted. That is the primary purpose of NIADA's government affairs team. They are constantly

on Capitol Hill, before federal agencies, and at political events building relationships and educating on the independent auto industry.

The government affairs team understands the importance of advocacy and representing the independent auto industry on Capitol Hill and before federal agencies. That's why we never stop advocating for NIADA members. We even invite NIADA members to Washington D.C. to join the advocacy process during the National Policy Conference each year. That way Congress and regulators can hear first-hand from independent auto dealers, not just from NIADA government affairs staff.

To learn about NIADA advocacy efforts, sign up for our email list.

For information, contact: Christina Perez at [christina@niada.com](mailto:christina@niada.com) or 508-272-2592. ■



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# READY TO LEAD

## NIADA

Wilson becomes first woman to head NIADA

BY RICHARD GREENE

**W**hile running her own accounting consulting business, Melanie Wilson took a call about a new client in 2017, not knowing where it would lead.

Previous NIADA CEO Steve Jordan reached out to Wilson about coming in and consulting with the association.





We have an incredible staff at NIADA with lots of **special skills and expertise**. I helped build a lot of this team and create this dynamic pool of resources

“NIADA had seen tremendous growth in a short period of time. I was brought in to evaluate specifically the accounting department and help streamline processes and put procedures into place,” Wilson recalled. “I worked on that for about a year and then came on as their CFO in 2018. Next thing I knew, I was not just over accounting. I had HR, administration, general operations and facilities.”

And the roles kept growing to earlier this month taking over as interim CEO. She’s the first woman to lead NIADA in its 75-year history.

“I’m incredibly humbled by the opportunity,” Wilson said.

Throughout her tenure as CFO, Wilson did far more than crunch numbers. She was involved in the operations and overall strategy of the association as well. Taking on multiple roles is nothing new for the Texas native.

“I’ve been in nonprofits my entire career and that’s just what happens. Everyone wears five or six different hats,” Wilson said. “It’s what I’m used to. You all pitch in and help where you can help...It comes natural to me. I was raised by entrepreneurs who owned their own businesses.”

Working her way through college, Wilson took an office job and quickly found a knack and love for accounting. She earned a Bachelor of Science in accounting and fast-tracked to earning her Certified Public Accountant certification.

She found a need of small businesses and nonprofits for accounting expertise and opened her own consulting firm prior to coming to NIADA.



“I started my own business to provide good accounting at a reasonable price for nonprofits, which led me to NIADA,” Wilson said.

Starting as the CEO, Wilson recognizes the mission of NIADA to utilize all its resources to help members.


“The members are our purpose and the industry partners are how we fulfill our purpose,” Wilson explained. “When all those pieces are working together and efficiently, then everybody wins.”

“What I’m most excited about going into 2023 is leveraging all of our resources to help our members build really strong, stable businesses and legacies.”

Of the resources, Wilson points to the committed and talented NIADA personnel, which includes executive staff Vice President of Dealer Development Jeremy Beck and Vice President of Government Affairs Brett Scott.

“We have an incredible staff at NIADA, with lots of special skills and expertise. I helped build a lot of this team and create this dynamic pool of resources,” Wilson said. “I don’t think the smartest person in the room is ever the person that knows everything. It’s the person that knows where to go to find the answer. We’ve built a team. We have those resources internally, but also industry partners and members. I want to focus on tapping our resources and leveraging them so that NIADA and our industry can be better.”

NIADA in 2023 will continue to work with dealers and connect them with the products and services to help them in their dealerships. NIADA is also launching a CPO program to help independent dealers compete against the franchise CPO programs.



When all those pieces are **working together** and efficiently, then everybody wins.

“The CPO provides an incredible opportunity for dealerships to really compete in the market,” Wilson said.

NIADA will also be expanding its 20 Groups and educational training for dealers.

After an unpredictable 2022, forecasting 2023 is like guessing on the Texas weather. “In 2022, we had a lot of people telling us what they thought the market was going to do. By the year’s end, it was not doing anything we thought was going to do,” Wilson said. “If I have to look at 2023, I think the trend will carry forward, unpredictable.”

She can predict NIADA will continue to work on behalf of members and partners to make the industry stronger.

“We want to bring our teams, which have such strong expertise in what they do, to meet the members and industry partners where they are and bring everyone to the table to really make the industry flourish,” Wilson said. ■



Wittenberg from Sugar Grove, Ill. “I hope to take extra classes when possible and join as many clubs as I can, and I believe I will now have more opportunities to do so. I’m already a little nervous going into my first year of college, and this scholarship helps to alleviate some of the pressure. Being chosen to receive this scholarship increases my confidence in my potential for the future, and I’m excited to see where my life takes me. I want to express my gratitude once more for selecting me as the recipient of this scholarship.”

The Foundation also awards one \$10,000 scholarship to an exceptional Northwood University student completing their Automotive Marketing and Management degree.

The scholarship winners will be acknowledged in June at the NIADA Convention and Expo in Las Vegas.

The NIADA Foundation invites high school seniors to complete an application found on our website at [niada.com/foundation](http://niada.com/foundation). The application deadline is March 12, 2023. The selection of the four recipients representing each of NIADA’s four regions is made by the Scholarship Selection Committee within NIADA and Northwood University.

The association’s scholarship program dates back to 1999 and was the responsibility of the NIADA’s Auxiliary. In 2006, the association established the NIADA Foundation, recognized by the IRS as a public charity. In the past 15 years, the Foundation has awarded \$356,500 in college scholarships to help young people continue to their education in the automotive industry.

“This scholarship will help cut down my student debt and allow me to pursue my passion and do what I love,” said Declan Roberts of Kodak, Tenn.

The Foundation also spearheads NIADA’s charitable efforts nationwide, donating to organizations that support, among other causes, veterans and their families, youth development and cancer research. The Foundation also established an emergency relief fund to provide a venue for NIADA to assist fellow dealers and others in the automotive community devastated by natural disasters.

Membership dues alone could not support all of the Foundation’s charitable needs. At the annual convention and expo, NIADA holds a live car auction, with all proceeds benefiting the NIADA Foundation. In the past 10 years, the auctions at the NIADA Convention and Expo have raised \$252,000 for the Foundation.

If you would like to donate to the NIADA Foundation, contributions may be mailed to 4621 South Cooper Street, Suite 131-524, Arlington, Texas, 76017. The NIADA Foundation is a 501(c)(3) organization. ■

# Helping youth continue education

Applications open for NIADA Foundation scholarships

BY RICHARD GREENE

**D**uring high school, Ethan Maughan developed a curiosity about the technology being used in today’s vehicle.

After being awarded a NIADA Foundation scholarship, the Salt Lake City native is now getting a chance to pursue his passion in college. He was one of the four 2022 regional selections for the foundation’s \$3,500 college scholarships.

“This scholarship means a lot to me. It means I can pursue my passion for automotive technology in college and that other people believe in me and my future, too,” Maughan said. “I am proud to be chosen for the Region IV scholarship and very grateful to NIADA for choosing me.”

The NIADA Foundation awards a student in each of the association’s four regions with scholarship based on outstanding achievements in education, leadership and service in the community. Applications are now being accepted for the 2023 awards.

“I am very grateful to receive this scholarship, as it enables me to work less during the school year to meet financial requirements and allows me to focus more on my academics,” said Jackson

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# Values drop, but indicators show promise for new year



## Consumer sentiment, spending continue to rise

BY RICHARD GREENE

**W**holesale vehicle values saw their largest annual decrease in nearly 30 years at the close of 2022, but several key economic indicators provide promise as 2023 starts.

In Manheim Used Vehicle Value Index report released Jan. 9, values were down 14.9 percent from December 2021. It was the largest annualized decline noted in the index' history, tracking back to 1997. Luxury cars, midsize cars and SUVs all saw even larger decreases.

Black Book's Used Vehicle Retention Index at the end of 2022 showed similar numbers with a 13.4 percent decrease from December 2021. It was a 1.1 percent decrease from November. The Black Book index measures the trend in percent retention from original MSRP of a typical 4-year old vehicle in the market.

Overall, Cox Automotive Chief Economist Jonathan Smoke pointed out in the Manheim Used Vehicle Value Index call, consumer spending remains strong, up 18 percent from

last year with little evidence of a pullback. Spending on vehicles saw nearly a 20 percent gain. Spending with travel agencies, other transportation and airlines were all up more than 50 percent.

The consumer sentiment also increased for a second straight month, gaining 4.3 percent in December. Unemployment also continued to be near record lows.

The supply of vehicles for new cars ended the year 22 days higher than at the start of 2022. That added supply of new vehicles brings hope for more trade-ins to come to the used car market. The used car supply was up only one day at the end of the year.

"With the new inventory growth and more and more trade-ins, in the second half of the year, we expect (used car) sales to trend upward," said NIADA Vice President Jeremy Beck.

"With the new inventory growth and more and more trade-ins, in the second half of the year, we expect (used car) sales to trend upward," said NIADA Vice President Jeremy Beck.

The decline in wholesale values will also impact affordability, which has been an increasing issue for customers. The record prices from earlier in 2022 and higher interest rates squeezed some customers out of the market. The Manheim numbers showed the resale value for three-year-old units decreasing by 15 percent.

The wholesale days of supply remains below normal around 30 days.

The forecast for 2023 calls for 35.6 million used car sales and values to slip another 4.3 percent.

"With what we're seeing, the independent space is in for a strong year in 2023," Beck said. "It's a good time to be a BHPH or used car dealer. They have the vehicles people want and that are affordable."

James Virgoe is Senior VP of GWC Warranty Sales at APCO Holdings points out in his forecast on 2023, "Independent dealers would be well advised to have a strategy to grow their used vehicle business in what's perceived to be a down market."

He suggested taking in more trade-ins, building a strong reconditioning department and concentrating on certified pre-owned options.

"Dealers should be heavily focused on certified options to retain higher margin, trade efficiency to boost used inventory and marketing messages across all channels that differentiate a dealer's brand," Virgoe said. ■



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# Are Clicks Killing Your Digital Marketing?



How to move through the **click** gauntlet

BY ERIC BROWN



**B**efore we begin this conversation, I have a confession to make. In 2009, I co-founded a company, Dataium, which aggregated clicks from across thousands of automotive websites to determine consumer purchase intent and vehicle consideration.

Dataium was purchased by IHS/Markit in 2015, and yes a lot has changed since then, but it's still with a certain level of remorse I write this article.

But for today, regrets aside, I have to express this thought: Are clicks killing digital marketing?

Due to the scope of this conversation, I have created a three-part series to dive into this question.

What is the impact of all these clicks on digital marketing effectiveness, what is the true cost of all these clicks, and how do new solutions create opportunities to resolve this dilemma.

## Why do we buy clicks?

Nobody buys clicks solely to increase traffic on their website. When we buy clicks, we buy traffic, with the hope these clicks will lead to a conversation about a car.

Devoid of a conversation, it is very difficult to start, let alone close a deal with any consumer.

If we all agree this to be true, then our next questions have to be:

- How do we generate more conversations about cars?
- How do we compel more consumers to engage our sales teams when shopping for a car?
- How can we now remove existing friction in the 'purchase funnel' and streamline the customer and our experience?

Currently, multiple points of friction encumber the path to purchase. Much research on this topic is available, including this important study published in Q3 2020 by the Boston Consulting Group titled, 'Zero Friction Future.' Their data clearly demonstrates several key points of friction as consumers search for a vehicle to purchase.

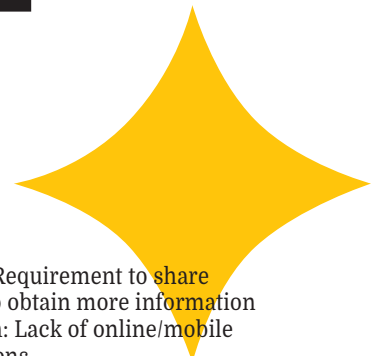
Here are a handful of their red flag' friction points:

- Shopping Research: No tools available to consolidate information for decision making

- Personal Data: Requirement to share personal data to obtain more information
- Communication: Lack of online/mobile messaging options
- Support: Lack of personalized support to help consumer choose vehicle
- Inventory and Pricing: Vehicles, pricing and finance options hard to find and inaccurate.

To help us go forward, let's first take a close look at the current 'click path to purchase' and what we're losing along the way.

- **Click one:** The ad click. Millions of consumers are presented with digital ads online each day. Advanced ad targeting data and technology are used to find the right consumer and place the right ad in front of them. And yet, despite this increasing sophistication, the average click through rate nationally for all automotive digital advertising, remains 0.4 percent. This means with the very first click in this process we have lost 99.6 percent of our sales prospects. We are not off to a good start.
- **Click two:** We hope the consumer freshly lands on our website homepage,





navigates our search parameters and conducts an inventory search. How many consumers actually conduct an inventory search on a dealership website? Though there is no reliable national data for this, a quick review of Google Analytics for a representative sample of websites shows an average of 54 percent of consumers conduct an inventory search when visiting a dealership website. With this click we have lost half of our 0.4 percent who clicked on our ad.

- **Click three:** The selection of a car from the search result page. This typically involves the consumer scrolling on a page of search results. What percentage of consumers who visit a dealer website make it to a vehicle details page? Answer from our representative sample: 34 percent. So now we have lost two-thirds of our 0.4 percent who clicked on our ad.

Finally, what percentage of consumers who visit a dealership website submit a contact form of some type? The widely accepted number here is less than 2 percent. But let's call it 2 percent to be generous.

### **How did 100,000 impressions become only 8 opportunities?**

At the end of this gauntlet of friction and clicks, we have effectively reduced the available pool of sales opportunities by 99.992 percent. Out of 100,000 auto shoppers targeted with an ad, only eight remain and become a sales lead.

Beyond the numbers and math we see each click along the digital sales funnel dramatically reducing the number of sales opportunities.

There is still one more metric we must consider. Of these eight shoppers, how many will the sales team actually connect with, and how many will discuss a car? From the beginning our goal was to speak with consumers about the purchase of a car, not to optimize the traffic count in our Google Analytics report. With what percentage of leads do we actually dialog? In interviews of dozens of dealership general managers, the numbers are consistently less than half.

Less than 50 percent of the 0.008 percent.

### **The Dealer's Gauntlet Begins**

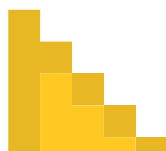
The arrival of the lead information creates the friction-filled gauntlet at the dealership level. This endless sequence of text and email messaging, phone calls and so on is not only exhausting, it's expensive.

### **Click Fatigue is Real**

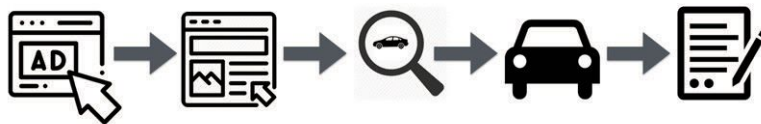
Clicks are everywhere. They are neither a means to an end, and as we have seen, are not conversations. Reducing the friction along the consumers path to a conversation is critical in today's marketplace as consumers desire for control of the sales process grows. Other verticals are removing clicks from their process. Look no further than Amazon and their 'one-click purchase.'

In fact, the click through rate nationally has declined 44 percent year over year, as consumer expectations for fluid friction-free processes and resistance to clicks and forms continue to rise.

But do not despair, the same technology that brought us the internet and all these clicks can now connect the world, seamlessly. New solutions like AskOtto's Open Dialog Advertising platform are now available to remove this dreaded 'Click Gauntlet' from our future. ■



### **Today's Click Gauntlet**



# Growing family

Dealership grows, finds solutions for customers



BY RICHARD GREENE

In nearly 30 years, Ben Clifford has seen his business grow and change dramatically with the industry.

When Clifford joined his family's Gormley's Auto Center in Gloucester, N.J., in 1996, they were operating on a single lot, focused on retail. Nearly three decades later, Gormley's owns three lots with two operating as buy here pay here dealerships and carrying hundreds of accounts.

"We're on a busy street in a busy area and have a lot of repeat customers," Clifford said. "We sell cars, but really we're in the people business. If we help people, they pay us."

Gormley's has been in business since 1976. Clifford's family bought the small lot averaging approximately 20 cars in the late 1980s. Clifford came aboard almost a decade later as the retail business was exploding.

"For buy here pay here, we always held 20 to 25 accounts. It was always something we did on the side," Clifford said.

Around 2000, they bought a lot across the street and transformed their original dealership into a BHPH operation. Quickly it grew, with the business carrying 250 accounts and more than \$1 million on the books.

When the Great Recession hit in 2007, Gormley's experienced another transformative shift due to the changing economy.

"We lost almost all of our retail finance business. We also had a chance to move into another BHPH space," Clifford recalled. "We went to carrying 750 to 800 accounts and a few million on the books. We went to operating one retail story and two BHPH lots."

As the business starting to change its dynamics so did how they had to think about their roles.

"With the BHPH business growing, we were not just a car dealer anymore. We were a bank, and we had to learn how to be a bank," Clifford said.

That included growing the collections department.

About 10 years ago, Clifford started attending NIADA conventions to gain some insight and knowledge to help his dealerships. He began contemplating joining a NIADA 20 Group and took the plunge in late 2019. He quickly found a group of cohorts to help him navigate the industry.

"It's been a great experience. We've built relationships and are able to talk to others in the industry," Clifford said. "We're constantly communicating. Any issues, we're all aware of. Nothing is really a surprise anymore."

One area where Clifford and Gormley's received help right away after joining a 20 Group was with pricing.

"I knew I wasn't charging enough. It



used to be no interest and charging \$50 to \$60 per week. That's unheard of these days," Clifford said.

Working through the composites and key performance indicators, they made a pricing increase to get near the \$100 range of other dealers. He also made site visits to other dealerships to confirm that the price increase was not only attainable but justified.

"I didn't think I could get that price. But after seeing what they had on their, I realized I had nicer cars," Clifford said.

Through nearly 30 years, Clifford has seen a little bit of it all in the car business, including the good times and rough patches. The past few years during the pandemic have been difficult due to inventory constraints.

"It's been super challenging finding inventory and at a decent price," Clifford said.

Like many dealers, he's found himself having not only paying higher prices for vehicles but also facing higher reconditioning costs.

Even in the rough times, he's remained committed to the business of helping his customers. Many of the repeat customers have left positive reviews on the company's website.

"At the end of the day, it's about helping people," Clifford said. "We have customers with certain problems and if we work with them to help them solve them, they will give us money. The biggest thing is building a family of customers."

Gormley's operates a program that allows a customer with 18 months of on-time payments to trade-in for another vehicle.

"If we help our family of customers, they keep coming back," Clifford said. ■

# Adverse Selection becomes Advantageous Selection for In-House Financing

BY TREVOR WATSON

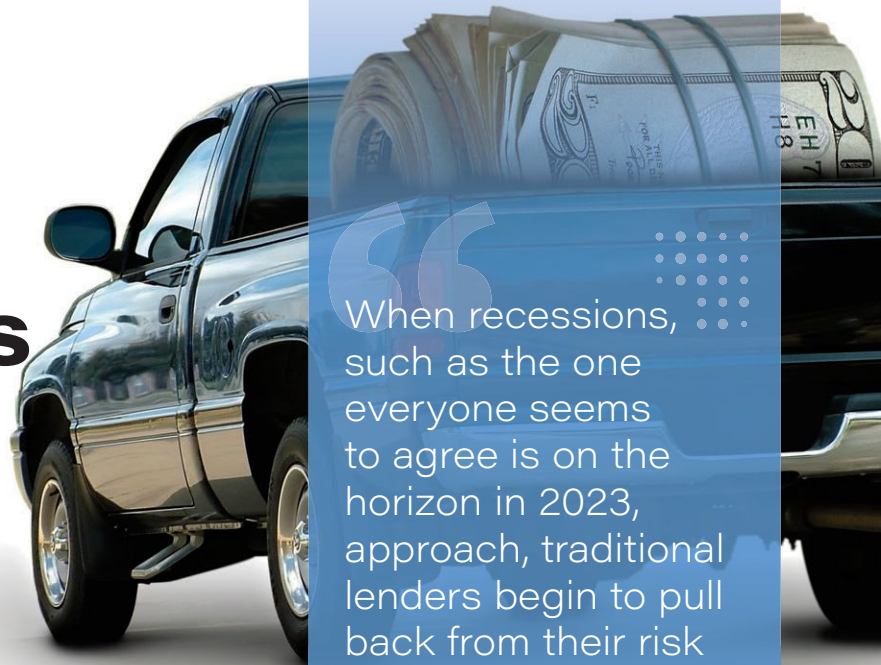
**T**he last three years have been a constant whirlwind of uncertainty, change and challenge, peering through the opaque fog of what the future may hold in the Auto industry, and particularly in the subprime market.

As of 2023, we appear to have finally reached the backend of the initial impacts of this multi-year process and can now realistically say the fog is starting to lift on the ability to forecast the next period. The effects from the last few years are still in play. However, we can now see where these forces have leveled off and what the next couple of years likely entails. While the forecast is not roses, 17 million annual new cars sold, and \$6,000 per used car sales, it does hold incredibly strong opportunities for dealers who offer an in-house, used car leasing program to capitalize on the “new normal.”

You may have heard the term “adverse selection” before. It is a risk management term that describes circumstances in which either buyers or sellers use information that the other group does not have access to in a business transaction, creating a higher risk in the transaction for the party without access to this information.

In normal times, an example of this can be when subprime consumers go into dealerships looking to purchase a car and the dealer is able to finance those deals with traditional lenders who, in good economic times, are accepting the risk of subprime credit to increase their market share and average rate on their portfolios.

The traditional lenders select all of the customers their scorecards deem a reasonable risk and leave the remainder they believe to be too risky for the Buy-Here, Pay-Here (BHPH) dealers to lend to. This process adversely selects the BHPH and LPHH dealers to finance the consumers with the most risk and likelihood of default.



When recessions, such as the one everyone seems to agree is on the horizon in 2023, approach, traditional lenders begin to pull back from their risk tolerance.

## Initial Impacts



The Pandemic enhancing the digital car buying process



Massive government stimulus bringing a period of exuberance in the market



40-year high inflation wreaking havoc on consumer budgets



Interest rates climbing at historic rates



Supply chain kinks dragging make-ready times into weeks and months



Supply and demand challenges driving vehicle prices to unbelievable levels

When recessions, such as the one everyone seems to agree is on the horizon in 2023, approach, traditional lenders begin to pull back from their risk tolerance. Slowly their risk departments tighten their underwriting guidelines to shrink their “buy-box” and reduce future delinquency and charge off.

This usually includes moving up the FICO band, reducing average payment-to-incomes (PTI), debt-to-incomes (DTI), loan-to-values (LTV) and shrinking loan terms. The process of tightening credit standards has recently started as “Auto Finance News” pointed out in a Dec. 14, 2022, article. As this takes place, more and more consumers begin to find themselves unable to be financed by traditional lenders, when just months ago those same lenders would have easily approved them.

Those customers left behind by the traditional lenders are now wonderful opportunities for LPHH dealers to provide financing for. These customers are of higher credit quality than the LPHH dealer has had access to since the Great Recession and will outperform in their portfolio for the next few years.

Having larger quantities of these customers available during these market conditions drives higher originations volume for the LPHH dealer and reduces the delinquency levels of the portfolio for years to come. Perhaps we should call this, “advantageous selection.” It will certainly turn out that way for a dealer with their own in-house leasing program. ■

*Trevor Watson is Vice President of Business Development at LPHH Capital.*

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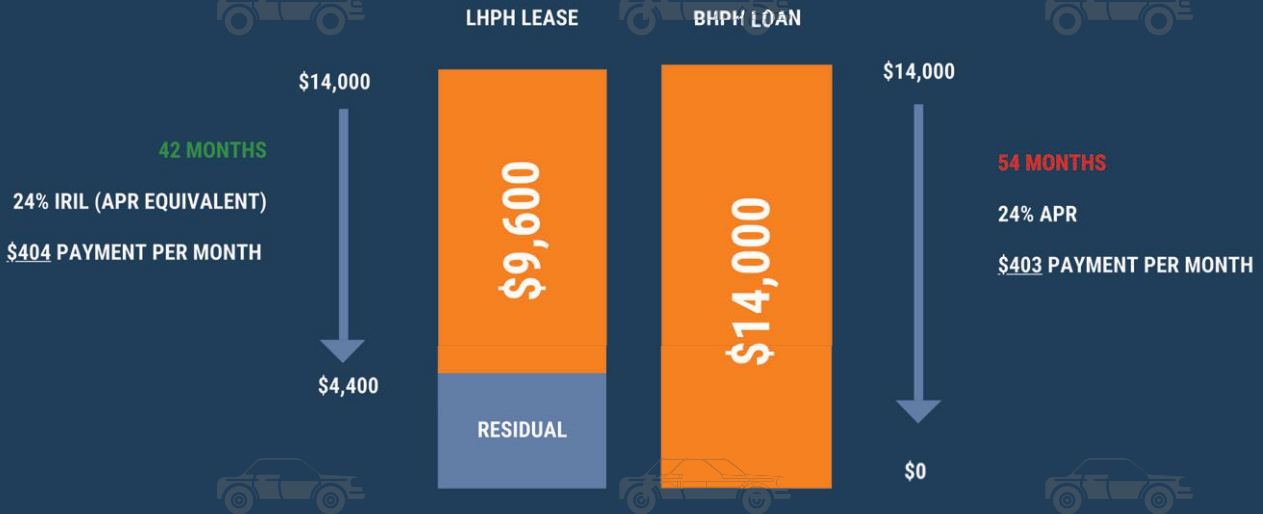
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# Enhance your inventory

BY RICHARD GREENE



## Put in a proper reconditioning plan to boost offerings



**T**hroughout 2022, finding cars to fill the lot was an ever-present challenge.

Even as rising interest rates and higher prices are loosening up inventory constraints, there's still ways for dealerships to boost their offerings. It starts with a putting in a good reconditioning plan, which will not only get cars on the lot but in front of customers.

"Anyone have enough cars on the lot?" NIADA Senior 20 Group Moderator Ben Goodman asked attendees at last fall's BHPH Super Forum.

With dealers many dealers facing tight inventory, Goodman offers a path to constructing an effective reconditioning program.

The goal of any reconditioning program is delivering a safe and reliable vehicle to customers, which will in turn benefit you.

"You want its life to extend through the life of the contract," Goodman said. "If the car doesn't last the life of the contract, they don't pay."

"It's not easy to take a used car and make it last three to four years, or whatever your term is. You've got to put some work into it. You've got to make sure you're buying the right way and we're reconditioning the right way."

A successful reconditioning plan starts with assembling a team of techs dedicated to a consistent process.

When building a team, there's the question of how many techs do you need? Goodman said a good rule of thumb is hiring one tech per 10 to 12 sales per month or 275 accounts. But the efficiency of the garage will also affect that number.

"Take your sales goal and multiply that by the average labor hours to work a car up. Then you're going to divide that total by 90 percent productivity. That's how many hours you need to have staff each month in order to get your recons through. Divide that by 160," Goodman said.

"When you do the math, that is how many techs you should have on the reconditioning team."

For a dealership averaging 30 to 35 sales per month, three techs are likely needed and each performs different roles. One be in charge of checklisting new arrivals, with a vehicle taking approximately an hour to go through thoroughly. That inspection should happen immediately.

"It should be red bells flashing, ambulances driving down the road with

sirens going off. I got a car, get it checklisted now. Stop everything you're doing, unless you're in front of a customer, and checklist that car," Goodman said. "It's one or two or a truckload of eight or 10, you've got to get them done right away."

The earlier an issue is diagnosed, the quicker proper action can be taken, including returning it or ordering parts.

A good checklist will also include space for estimates for parts, labor and time to make repairs. Goodman suggests to also have a process to require three price estimates for parts.

A second tech will perform assembly and will be 100 percent dedicated to reconditioning work and hanging parts, with a 90 to 100 percent productivity rate.

"This is where you can build your own techs. You can start training techs and deploying them as parts hangers," Goodman said.

The third person will be the post-sale tech. They will have diagnostic skills along with the ability to work with public.

"They should be able to talk to the customer," Goodman said.

The model allows tech one to support and help with post sale.

Overall there's a 10-step reconditioning process, which includes checking the car in; completing the vehicle inspection; creating a repair order estimate; establishing an approval process; ordering parts; receiving and verifying parts; hanging parts; performing a quality control check; detailing the car and finally turning it over to the sales lot.

The quality control check is essential and includes driving the vehicle.

"You want to make sure it's safe and reliable, but you don't want to drive costs up," Goodman said.

You will need to establish a reconditioning plan. A good plan is to have 30 days of inventory in the front lot and other two weeks in the back lot. The inventory on the back lot should be on the front lot within a week replaced by new inventory. It's a six- to seven-week process and you must account for body work and parts delivery delays.

Establish daily, weekly and monthly reconditioning goals and stick with a "first-in and first-out" approach. This will help you avoid stacking vehicles in the back lot.

Owners and managers should also be doing weekly lot walks to make sure everyone is on the same with inventory and needs. ■





# Battling crime, recovering assets

## Repossession industry facing fresh challenges

**J**ames Waldron, CEO of 1st Adjusters, Inc., is on the front lines of vehicle repossession, skip tracing, identity theft, and to an extent, thwarting organized crimes.

Waldron explains there is an ever-growing organized effort to defraud automotive retailers and a host of simultaneous challenges for recovery industry professionals.

Waldron has been in the collateral recovery industry for more than 25 years, starting in New York State before moving to Texas, where he started his own company.

Today, he runs a professional full-service collateral recovery company headquartered in Austin, Texas, with nine offices across his home state.

He relates a recent success with the challenges dealers, finance companies and recovery agents face in an environment with an ever-more sophisticated criminal element.

1st Adjusters was contracted to repossess a high-end, late-model Mercedes Benz. Given the vehicle's value and other considerations, Waldron, a licensed private investigator, took on the recovery himself.

"Fortunately, the vehicle had been

equipped with an Advantage GPS unit, and we were able to get a good location," Waldron said.

This vehicle was sold through a dealership, financed by a third-party lender and rushed at the customer's insistence. Many "bells and whistles" were added, including an extended service contract. The first-payment default resulted in the repossession order.

"Because of the Advantage's GPS data, we were able to locate the vehicle efficiently," he said. "That's a real plus for us when it comes to being profitable."



Increased insurance rates, difficulty securing insurance, higher recovery equipment costs, difficulty hiring and keeping quality employees and rising diesel prices have left many with no other option than to exit the business, Waldron said. Today, fewer businesses are handling more repos, even though repos generally have declined during and after the Covid-19 pandemic.

“GPS limits the number of addresses we have to check,” Waldron said. “The quicker and easier we can secure the collateral, the fewer expenses we incur. Regardless of how much our expenses are, we’re only paid what was agreed on upfront. If we don’t secure the unit, we don’t get paid.”

In this case, not only was Waldron able to locate the Mercedes, he saw something suspicious. The apartment lot where he found the vehicle also had other late-model vehicles, each had temporary plates. These included three Mercedes, a BMW, and a Jaguar. Turns out all the vehicles were purchased fraudulently.

“What was very concerning to me was that inside the one vehicle I recovered was a folder loaded with stolen IDs, credit cards and other personal information,” he said. “Think about a large binder, the kind you might use to collect and secure a baseball card collection. In the one binder, I found 167 real IDs. The other vehicles had the same type of binders in them as well. I never got into those.”

Waldron was shocked when he phoned the dealership that sold one of the cars financed by a third-party finance company. After finding a manager, he was told, “Oh, that vehicle was fully funded. We don’t know anything else.”

As disheartening as that was for Waldron, contacting the county sheriff may have been worse.

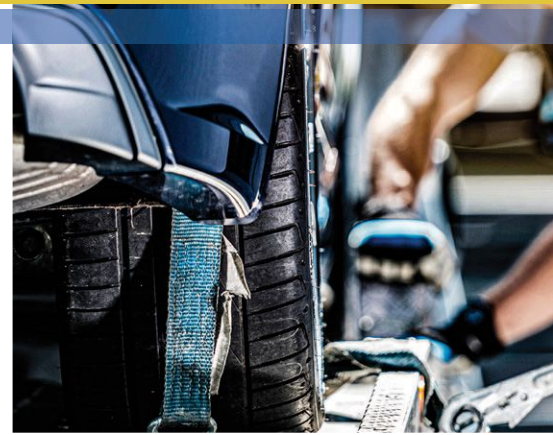
“He got on the case relatively quickly but told me that his department was understaffed and did not have the resources to investigate what was obviously organized fraud activity,” Waldron said. “The IDs included a federal ID, and I called authorities. The Feds were at my door in 37 minutes. That gave me some hope.”

Waldron is willing to do “door knocks.” His employees take the time to try to make contact with the car buyer or at least with whoever answers the door. Many lenders do not want to do door knocks, as they typically cost more and may lead to an altercation.

“We’re paid when we locate and recover the vehicle for our client,” he said. “We do what we know works.”

A longtime member of the American Recovery Association, Waldron said the work the association has done to raise awareness of the challenges facing recovery professionals, as well as legislative and regulatory advocacy, has been tremendously helpful to agents across the country.

Waldron noted that dealers must take an active role in preventing fraud and what amounts to vehicle theft.



“They must abide by the Red Flag rules,” he said. “It’s incumbent on dealers and lenders to verify steps, use technology like GPS and the data the units generate to combat a growing and expensive problem.”

“We encourage dealers and lenders to include GPS disclosure language in the original contract, even if a unit isn’t installed,” he said. “Often, if there are consistent late payments or the customer reacquires the vehicle after a repo, the dealer or lender should put a GPS on the vehicle at that time, and there is no legal disclosure issue.”

Fraud affects everyone, Waldron noted. “I have to say that after what I saw in that vehicle with the IDs, credentials, credit cards, and gift cards that were removed from mailboxes, I stopped mail coming to my home. I use a P.O. Box.” ■

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# How to Generate More Leads Among In-Market Used Car Buyers

Treat your website as an **extension** of your dealership

BY KENDRA BROWN

**A** used car dealership's well-rounded, efficient marketing strategy will focus on the entire buyer journey — awareness, retention, referrals and in-market shoppers.

Third-party vendors that showcase your live inventory in a marketplace are one way to capture the in-market consumer. However, most of your lead generation should come through your website — i.e., your virtual dealership.

Leads that come through your website tend close faster and for more profit when compared to other lead sources. Honing your marketing strategy and website user experience (UX) to generate leads among in-market used car buyers on your website will yield more sales and profit.

Here are some essential tips to help you generate more leads among in-market buyers who are ready to buy now.

## Understanding the value of website traffic sources

When viewing website traffic sources from your Google Analytics account, under the Universal Analytics tag, check out page views per session for each source. Sources that bring in users that show two to four page views per session correlate with a lower bounce rate from that source and higher sales. Look at which sources get higher page views per session and find ways to allocate more resources for optimizing that source.

If the source that produces more page views per session is "Social," then pinpoint precisely what you are doing on social media that is driving this traffic. Allocate your resources to that source. Take this a step further to define and track conversions on your landing pages using the Google Analytics 4 tag and Google Tag Manager.

Landing pages are where you drive traffic from other channels on the web — ads, social media posts, reels, emails, etc. Your marketing team or agency can set up tracking to identify, which sources generate the desired action on the page. Google Analytics 4, which will replace Universal Analytics in July 2023, will give marketers more tracking of events and actions users take on websites beyond views and clicks. Familiarize yourself with traffic source metrics to optimize your marketing resources for the sources that convert to leads faster and more frequently.

## The Devil is in the Details

An in-market used car shopper wants details. They are comparing details of specific vehicles — mileage, features and price — making negotiations and establishing the concessions they are willing to make once they engage the dealer. Multiple views of the Vehicle Detail Page (VDP) correlate with higher sales. Take action now to leverage VDPs in your marketing with simple logic. Car shoppers who are ready to make a purchase are looking for the vehicle they want.

If you want to connect with buyers ready to select the used car they want, shift your marketing budget to showcasing your inventory on search and social platforms, not just used car marketplaces like AutoTrader or CarGurus. Send your inventory to Google's shopping

platform, run Vehicle Listing Ads on Google and run carousel ads on Facebook featuring your inventory in real-time that send people to the VDP as a landing page. Run dynamic used car search ads that run live to your actual inventory. There are numerous possibilities for car dealers, so be bold and ask your marketing team what more they can do. Explore and discover ways to get your website VDPs in more places.

## Treat Your Website Like Your Dealership

You have likely put a lot of thought into the experience of your lot and phone-ups. They are in-market, after all, more likely to purchase a car from the time they set foot on your lot or make the phone call. It may be time to put more thought into your website UX. Entire six-figure careers are built on UX expertise.

Fortunately, simple steps that cost no money can take your website from an afterthought to a lead-generating machine. Some used car shoppers shop for the car first, financing second and vice versa. The Call To Action (CTA) button on your website, most importantly on the SRP (Search Results Page) and VDP, will tell you much about where the customer is in the buyer journey. If your website has buttons that say "Send Inquiry" or "Contact Us," then you aren't working with the customer the same way you'd work with them on the phone or if they were on your lot.

If a buyer walks up, you don't sit behind the desk and tell them to come to get you when they are ready. Consider the CTA as taking the first step with that potential customer in your digital dealership. Choosing the suitable CTA, where to put them, and what color to make them will help convert an in-market shopper to a lead. Think about what your in-market phone up or lot up asks when they get there. Would you take \$800 down? Is this vehicle still available? Can I get financed?

CTAs like "Make an offer," "Check Availability," or "Get Pre-approval" are action steps indicative of buying behavior. The website visitor gives up their information in a form submission and expects action — a phone call, a letter of approval, a counteroffer, etc. If you don't ask for the visitor to take action, they will go elsewhere that want their business. Avoid the hollow click-bait CTAs like "Win Now" or "\$0 Down" when there is nothing to win, and no one ever drives off the lot leaving zero down. You're fishing in a sea of hope, not targeting the in-market buyer with clickbait. It clutters the website leaving ready-buyers frustrated.

The key to finding in-market leads is not adding more money or vendors to your budget. Less is more, and work smarter, not harder. Treat your website as an extension of your dealership by applying the same tactics your sales team uses to engage each website visitor. Explore website analytics to optimize the sources that work best for you. Happy Selling! ■

*Kendra Brown is the owner-operator of Brown Family Auto Sales and founder of The Dream Team Media Company, a marketing and consulting company focused on growing independent dealerships with custom marketing strategies. [kendra@dreamteammediaco.com](mailto:kendra@dreamteammediaco.com).*

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# Have a Process for Handling Complaints on Social Media

FEED BACK



BY STEVE LEVINE

Every business **needs** plan to resolve situations



One of the biggest differences I see in the auto sales and finance industry now as compared to the early years of my career is the power that social media currently places in the hands of the consumer.

Back when I first started representing car dealers and finance companies, consumers would often have to get creative to gain a dealer's attention and address the merits of a complaint. Now, social media has evened the playing field, if not turned it upside down.

#### **The Picketing Customer**

I remember one matter involving a customer that was picketing his car lot.

The consumer had purchased a car a few weeks prior and almost immediately started experiencing mechanical issues to the point where it wouldn't run. The dealer attempted to fix the vehicle a few times, but the engine light was still turning on and the customer didn't think the vehicle was safe to drive and wanted a different car. When my client refused her demand, she decided to picket his store.

Since this client was only a few blocks from my office, I decided to see what was going on for myself so I drove to the lot. Sure enough, as I pulled up I saw a rather large lady holding a sign that said "Don't Buy a Car Here." She was marching up and down the public sidewalk, sweating profusely because she was in Texas and this was in August.

My first thought was, "Oh my gosh, she's going to pass out, hit her head, and then sue my client." I went inside, grabbed a few cold bottles of water and a folding chair and went to speak with her. My client was livid with me, but I explained my concerns and calmed him down.

I offered this lady the cold water and chair and she looked at me warily. I asked her to tell me her side of the story. She went on for several minutes, emotionally telling me how she had saved her money for a down payment for six months and needed reliable transportation because hers was the only car in her family. She shared that the mechanical issues she experienced had caused her to be late to work twice and that she was on final warning and close to being fired. She expressed fear that she wouldn't be able to keep the vehicle working once her limited warranty ran out the following week and that she'd lose her job.

Armed with all of this information, I went back in to talk to my client and practice a little "shuttle diplomacy." It took a bit of back and forth, but over the course of the next hour or two I gradually convinced her to come inside and talk, similarly convinced my client to have a dialogue with her, where everyone agreed that a repossession was the last thing anyone wanted, and worked out a resolution that satisfied them both.

#### **Which Brings Me to Social Media**

"What does this all have to do with social media," you may ask? Everything! Back then, an irate customer might resort to picketing to get a dealer's attention. In today's online world, social media has given the consumer a lot more power.

Just one post can be seen by countless people and impact the business in question. Facebook and other social media sites have evened the odds, or perhaps even tipped them in the consumer's favor, because just about every business has a website and looks to gain the benefit of positive reviews.

The consumers now use these same sites to post negative experiences and reviews and seek to reach "viral" status, where tens of thousands of people see the bad publicity. I was once called by a dealer that had an online video complaint made by an irate customer go viral, with almost 100,000 views. In reading the reviews, in addition to comments from locals, there were attacks coming from all over the world. The genie was already out of the bottle and I couldn't offer much in the way of help.

Would the customer that picketed even waste her time today? I doubt it. I think she'd be more inclined to tell her story online and hope to corner the dealer into a settlement by creating a groundswell of support from other consumers in her area.

#### **What's a Well Intentioned Dealer to do?**

I think every small business today needs a plan to deal with social media complaints. Don't leave this to chance, develop a written process. Then train your personnel and arm them with some best practices in conflict resolution. While obtaining a resolution with this particular customer is ideal, that may not always be possible. It's still worthwhile to provide a response that will leave the audience with the impression that you are reasonable and minimize any negative impressions.

One mistake I see quite a lot is folks trying to justify their actions by going into great detail about the events that transpired. The problem with that is that the responses often include account level information, which shouldn't be disclosed to the world. That just gives the complaining customer more ammunition to use.

The better approach is to say something like "we recognize the right to privacy of our customers; therefore, we won't go into specific details in this public setting. We invite this customer to contact us directly to discuss this matter." By doing this a path to resolution is still being provided, plus the rest of the audience sees that the business respects their customers' privacy.

There are plenty of companies out there that will manage the social media process for you, highlight good reviews and make sure you handle the bad ones. A strong and favorable social media presence should be part of your overall strategy, and invest energy in complaint management too. The power is in the hands of the consumers, so pay attention to these issues. ■

*Steve Levine is an auto finance lawyer with 30 years of experience helping and protecting car dealers and finance companies. He is an Owner and Chief Legal and Compliance Officer of Ignite Consulting Partners, which offers compliance, operational and best practices guidance. Contact info@IgniteCP.com to learn more. Please follow Steve on Twitter at LawyerLevine for compliance and industry related content.*

# 20 Groups

## Find your peers, success

BY RICHARD GREENE

**A**rriving at his first 20 Groups meeting, Jeff Watson thought he had a firm grasp on the used car business.

The St. George, Utah, dealer was quickly pointed in a new direction by his peers.

“My very first 20 group 15 years ago, I sat down with my numbers and I thought I was making good money. I wasn’t making good money,” Watson recalled. “They said hey if you continue down this path, you will be bankrupt. You’re not charging enough for your cars given the loss that you’re going to see or the losses that you have seen. I didn’t know I wasn’t charging enough for my cars until I got in there and saw what was possible. I saw what people were doing and all of a sudden I righted the ship.

“That one decision or insight, I may have come around to it or figured it out eventually, but it paid off for every 20 Group I will ever go to for the rest of my life. It straightened my ship up, so now my destination is here profitable instead of a road to bankruptcy.”

Watson is one of many independent dealers from across that owe a portion of their success to ideas and concepts picked up at NIADA 20 Groups meetings.

### What is a 20 Group?

Simply, Dealer 20 Groups are a collection of 20 non-competing dealers with similar business models who meet three times a year to exchange ideas, identify best practices, resolve challenges and discover hidden opportunities.

But to the many dealers in 20 Groups it’s much more. It’s adding business partners, invested in your success.

Ben Goodman, one of NIADA’s three moderators, explains the members of the 20 Groups are “like-minded dealers with similar goals and be able to grow their businesses and leverage each other’s experience to help them through all the challenges we’re facing today.”

One of the key elements is that the 20 Groups members are geographically separated.

“Geographically separated so you’re not sharing your secret sauce with the neighbor next door. But you get to be in the same room though with folks who have similar goals in similar trajectories to where you want to take your business,” Goodman said.

To the 20 Groups members that is important and allows them the opportunity to be honest and really open their books and bag of tricks with others.

### Who should be in a 20 Group?

The 20 Groups are for long-time veterans in the industry along with newcomers. The different 20 Groups are also tailored for dealers of different sizes or with different specialties or needs.

“You might be thinking I’m not ready for a 20 Group yet,” Goodman said. “If you are thinking that, you’re ready for a 20 Group. If you’ve been in business for a couple of years or 20 years, as soon as you get in a room full of dealers that can help you, that’s a very powerful tool for you.”

### Why join a NIADA 20 Group?

There are a myriad of details that set NIADA’s 20 Groups apart from others. It starts with the moderators — Goodman, Bill Elizondo and Ed Curry. They bring a wealth of knowledge gained from a collective more than 100 years in the industry, working in all areas and owning and or managing dealerships.

Along with leading the group discussions and lessons, the moderators are also there between meetings to help and answer questions.

Bentley Nolan points out he appreciates that NIADA 20 Groups maintain their independence and the organization is working on the behalf of dealers.

“It’s not a sales pitch,” Nolan said. “It’s the only non-profit that really works in our industry day in and day out. For me, I enjoy the legislative side of the NIADA work. It marries together to be this whole picture of the industry for me.”

Watson expanded on the independence: “It’s independent of all vendors. Independent of all operators. They have no agenda other than the independent dealer, keeping themselves afloat and alive and fighting for us in Washington. Having a robust 20 Group helps feed the other things like the PAC, helps feed convention, helps feed individual consulting and some other areas.

### Is the investment worth it?

The old saying in business is, “you need to spend money to make money.”

For the many dealers in 20 Groups, it’s not spending money rather than an investment in their business.

Chase Oler has been attending 20 Groups since he was 14. He’s seen the ability to pick up tips pay for the cost of joining the group and travel.

“They are one of the best things you can do. If you take one idea back, it ends up paying for a trip like this,” Oler said.

NIADA

20

DEALER 20 GROUPS

“You get to look at dealers who are where you want to be. Maybe they have better collections than what you have currently. What are they doing to collect better. You get to talk to them and find out how they are operating and expand your knowledge.”

There’s also ease with settling into the 20 Group setting. The NIADA staff and moderators take care of everything as far as arrangements on site.

“All you have to worry about is your numbers and travel,” said Houston dealer Charles Brown. “Everything is set up. When you get there, you’re there to work. You’re there to converse and debate with your other dealers. Everything is set up, so you don’t have any type of hassle.”

### How do you join a NIADA 20 Group?

It’s an easy process. Just go to the [niada.com/20groups/](http://niada.com/20groups/) and enter your information. A NIADA member will then reach out to you.

Goodman said the process will soon start with training and developing the business “composite.”

“We’ll explain what the composite is,” Goodman said.

Nolan explains the composite is essential.

“It helps me organize my data so much better,” Nolan said. “When I first started looking at the composite, it seemed like a daunting task but once you get it going, you realize these are key metrics that I need to be following. You really understand how to get that overall snapshot of the business and understand on a more factual basis the health of your business.

“It’s a data set ranging from the financial health of your business to your inventory to your collections in buy here pay here. Everyone submits this data each month and you get this running snapshot of each other’s businesses, and what you might improve on or what’s working really well. It helps frame your conversation. If my collections are off one month and somebody else’s look great, I could go to them and say, ‘hey what’s working for you and how can I get that going in my store.’ They see my inventory turn is really fast and they say what are you doing to recondition better to get these inventory pieces out on the lot and sold faster. It’s just a way to frame conversation and a way to judge the overall business.”

The training may last up to three months and then you will be put into the appropriate 20 Group.

“We have groups for any type of dealer size you are,” Goodman said. “We have express groups where it’s just the one day group. We have service groups where it’s specific on service and reconditioning. We have finance groups where it’s specific on financing. You can be selling 15 cars per month or can be selling 1,400 per month. We have a 20 Group that is right for you.” ■



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