

DIGITAL Dealer

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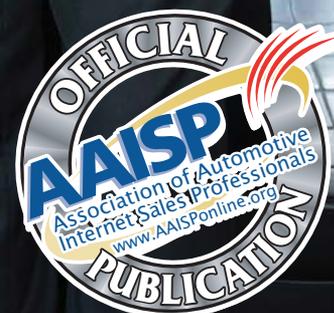
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Jason Mattia and Robert Jordan Stevens Creek Buick Pontiac GMC

Stevens Creek Buick Pontiac GMC, located in Santa Clara, CA, is billed as an “Internet dealership,” and it’s easy to see why. Spearheaded by General Manager Jason Mattia, and Internet Director Robert Jordan, the Stevens Creek Internet department currently generates 37 percent of overall dealership sales. With a current year-over-year sales volume increase well in excess of 100 percent, they are on track to see similar growth over the next 12 months. To what do they attribute such success, especially for a dealership selling domestics in a demographic dominated by Toyota, Honda, Lexus, and BMW? A well-honed Internet strategy combining professional-quality vehicle photos, robust market research, valuable vendor partnerships, knowledgeable and competent Internet sales staff, and a passion for being the first to jump on new trends and Internet developments. Stevens Creek is at the forefront of automotive Internet commerce, and they’re sharing their thoughts and experience with *Digital Dealer* magazine.



Robert Jordan

Jason Mattia

PLEASE TELL ME ABOUT YOUR BACKGROUND – how long have you been with Stevens Creek? What positions had you held prior to your current job?

Mattia: I have been with Stevens Creek since 1999, and became the general manager in 2004. Prior to my position here, I worked for a start-up Ford dealership and spent 10 years with Fremont Ford in Fremont, CA. My father was a dealer in England for many years, so I grew up in the business. I have known Robert for many years and followed his career in marketing, business, and cars. I asked him to come on board and help me revolutionize our Internet department.

Jordan: I joined Stevens Creek in May 2006. Initially I worked as the sales and marketing director developing online strategy, and now I am also the Internet director, overseeing daily Internet department operations.

Since taking over as GM in 2004, and hiring Robert, how has your Internet strategy evolved?

Mattia: When I took over we had an Internet department like everyone else, meaning one guy who sat in the office and got a few leads. I knew that the Internet was poised to change the automotive business in a drastic way and I wanted to be at the forefront of that change. We knew that more consumers were researching and searching for autos online, but still entering the dealership to make a purchase. Our challenge was to present our inventory in the best possible light and ensure our dealership had a presence online so customers would find us. When Robert came on board the first thing he did was persuade me to sell cars on the Internet following the model of specialty car dealers, with high-quality photography and clear detail. So we built a dedicated studio at the dealership where a professional photographer photographs every vehicle as soon as it rolls out

of our detail shop. On average, 10 vehicles pass through our studio every day. The next part of the puzzle was figuring out where to solidify our presence online, so we did a lot of banner ads and tracked click-through rates of different web sites for a few months.

You say you built your own photo studio at the dealership. Please explain in more detail why you decided to build the studio and how it has benefited your dealership.

Jordan: We get calls from dealers nationwide asking us what service we use for our photos because they appear to be OEM quality. When we first decided to build our own automotive photo studio it was because we knew how vital professional quality photos are to the specialty car market. I had been selling classic cars for years, and high-end photography played a major part of the process. We first hired a professional photographer to work full-time in our studio, and we now have two full-time photographers shooting our inventory every day. We post every new and used car to our web site, and each has at least nine photos. Creating the studio was by no means an easy task, as it had to be located in a position that complimented our daily workflow, but the results speak for themselves. I cannot tell you how many times a customer has walked into the dealership waving a printout of a listing, eagerly asking if they can still buy the car. The photos have made our online marketing stronger, given us a competitive edge, and are more appealing to consumers as they browse the multiple listings within the various automotive web sites.

Explain the role of research in your Internet strategy.

Mattia: Our whole strategy starts with research. We used to look to the newspapers and track our competitors, but now

with the Internet, we look to Google, AutoTrader.com, Cars.com, and others to determine what our potential customers are doing, what web sites they are visiting, what kind of click-through rates web sites are netting. We approach third-party providers, like AutoTrader.com, and it shares consumer data with us. This is a gold mine in helping us determine not only where to spend our marketing dollars, but what specific vehicles we need to stock in our used inventory if we are to maximize our lead generation potential.

Jordan: We are researching customer behavior rather than looking to what our competitors are doing. Our focus is on being proactive instead of reactive. We don't follow what others are doing but instead choose to be a leader, even if certain marketing campaigns or ideas fail at times. Every failure is a learning opportunity.

You currently generate 37 percent of overall dealership sales from the Internet, with a current year-over-year sales volume increase well in excess of 100 percent. To what do you attribute such a dramatic upswing?

Mattia: From my perspective, it's because we geographically dominate a carefully targeted space, combined with the unique look of our photos, our policy of being transparent in our pricing, and our 72-hour money back guarantee. Most dealerships act like they're hiding pricing information or guarantees, but our customers seem to appreciate our straightforward approach and fair prices backed up by a return policy.

How much did you have to increase your marketing budget to achieve these results?

Jordan: We no longer spend any money with the newspapers and have actually reduced our overall marketing spend by approximately 50 percent. Through

research and monitoring we're able to know where the market is going, what works, and what doesn't.

Do you use the Internet to advertise beyond your local market?

Jordan: We advertise nationally on eBay Motors with both new and used inventory. We've had good success, selling up to 10 percent of our monthly vehicle sales to out-of-state buyers. I believe our success has been due to our professional photos, fair pricing, and good feedback on eBay. If you can build good feedback on eBay, consumers know you are legitimate and trustworthy. There is no better testimonial than 100 percent positive eBay feedback.

Do you purchase leads from third-party providers?

Mattia: We used to, but we've found that we have far greater close ratios from the leads we generate from our own web sites. We were buying stale leads that had also been sent to other dealers, and they simply weren't converting. It didn't make sense for us. Our web sites currently generate far more leads than our Internet sales team can handle.

Why don't you hire more staff?

Mattia: We think an Internet sales professional should be knowledgeable, competent, driven, and be able to effectively interact with our potential customers. They must have good e-mail skills, grammar skills and computer skills. I am confident that we will have six to eight people by the end of the year, but they have to be the right fit.

You use AutoOneMedia. Please tell us what services it provides and why you decided to use its services.

Jordan: We first made contact with AutoOneMedia after doing some research into numerous SEO (Search Engine Optimization) companies in the space. I spent a couple of years entrenched in SEO prior to joining Stevens Creek, and I liked the fact that AutoOneMedia focused solely on the automotive industry. There were also no ridiculous promises of page-one listings, just honest information and a desire to push the envelope. AutoOneMedia is currently managing numerous projects for us, from controlling our pay-per-click campaigns on Google, Yahoo, and MSN, to overseeing the SEO on multiple web sites, and in some cases developing the web sites themselves. We've had impressive results in a short period of time and consider AutoOneMedia a valuable partner in our success.



The Stevens Creek Internet department currently generates 37 percent of overall dealership sales. With a current year-over-year sales volume increase well in excess of 100 percent, it is on track to see similar growth over the next 12 months.

If you could keep only one tool from your current interactive arsenal, what would it be?

Mattia: We're in agreement in saying that our partnership with eBizAutos is the one thing that we would never want to be without. When Robert first joined the company, one of our primary concerns was finding a robust control center for all of our online marketing efforts. eBizAutos has provided us with that, and much more.

Jordan: eBizAutos is the hub for everything we do. We use its online management system to upload our inventory onto our web site, and it has customizable templates that we can manage, so that all of our listings are branded the same. It is also easy for us to push listings out to in excess of 100 automotive commerce web sites. Its system also provides us with powerful analytic tools for research, complete control over inventory display and pricing, and powerful search engine optimization built into each listing. Without its service, we could not be as efficient.

How do you use e-mail campaigns to generate leads?

Mattia: To date we've collected about 10,000 e-mail addresses and we use CIMA Systems for our e-mail campaigns. CIMA is a great company because it is automated and very easy to use. We typically do two e-mail campaigns a month, but we've found that our biggest issue is spam. Customers get so much junk in their e-mail inboxes that it is hard to get e-mails through. E-mail campaigns for most dealerships are treated like direct mail campaigns, where a 1 to 2 percent return rate is considered good. E-mail campaigns are still valuable, but only in conjunction with other marketing initiatives.

There are a lot of new tools getting attention; do you use any of them? If so,

how have they worked?

Jordan: As previously mentioned, we use pay-per-click and search engine optimization. We haven't touched on blogs or podcasts yet, but are considering them. One area where we have seen success is in online forums. There are millions of forums targeted very specifically to particular interests, hobbies, demographics, etc. If you find the right forum by doing the appropriate research, and then build a campaign around that forum, it can become a leading referrer to your web site. We've found that what appears to be an insignificant forum can in fact compete with the likes of Google for top referral spot.

Mattia: We're also looking at producing a series of humorous videos that we could then post to social networking sites. Social networks are huge, especially among the younger generation, and we want to grab their attention early, and it's often the humorous videos that spur massive viral marketing. As a domestic dealer, we know that not a lot of people are lining up to buy our product offering, so as broadband adoption increases, we will be looking to video and rich media to get the consumers' attention.

Have you addressed the Hispanic community with your Internet marketing?

Jordan: The opportunity within the Hispanic community is tremendous, but we've found that it's very difficult to gather definitive information regarding Hispanic usage of the Internet. We are working hard to get a jump on our competition with regard to this sector and are currently working on a couple of smaller web sites to address their immediate needs. Early on we registered the URL www.compraconfianza.com, which translates to "buy with confidence." This URL is marketed using traditional methods and links to a Spanish

language landing page within our main web site, and outlines the three-day money back guarantee that we offer on all new and used vehicles sold by the dealership.

We did have a Spanish-only web site, but found that we couldn't market it cost effectively. Hispanics who speak English gravitate to the English language sites, and we don't want to present a less-than-stellar Spanish presence, so it is a space we will enter once we know that we can do it right, by fully understanding the needs and online behavior of the Spanish-only speaking community.

What is your strategy to maintain a high gross within your Internet department?

Mattia: Our strategy is to keep doing what we're doing in regard to pricing that's right on the money, transparent business practices, talented Internet sales staff, and professional vehicle photography. All of these elements together led to Internet gross for the first quarter of this year that was up \$400 per vehicle over last year and about \$300 more per vehicle than our floor traffic. Our current average gross is about \$2,200 per vehicle over the Internet, including financing. We stock quality cars at fair prices, a point proven by the fact that we regularly sell to out-of-state buyers. Why else would a customer in Texas buy from us, a California dealer, unless the vehicles presented well and are fairly priced?

What software are you using to handle incoming leads and follow-up?

Jordan: We use Reynolds & Reynolds for our DMS, web site, and CRM system. Following an initial auto-response, our goal is to personally respond to every Internet lead within 20 minutes, but it is usually faster than that. Our Internet sales staff responds with an e-mail and, if a phone number is provided, with a phone call. They handle every lead from start to finish, including determining final sale price. They only turn to the sales floor manager to get the value of a trade-in. Our staff is highly motivated and to a large extent, self managed, which is why our grosses in the Internet department are the highest in the store.

What dealership metrics do you track?

Jordan: We track everything: how many e-mails we get per day, how many phone calls, how many unique web site visitors per day, how many return visitors. We track every third-party vendor and marketing campaign to ensure that we are getting a return on investment, and then

sit down every week to review our results and adjust our strategy accordingly. When we track and analyze everything on a weekly basis it allows us to modify our stance according to current consumer behavior. Appropriate and thorough research will not only save you money, but will ensure you are carrying an optimized inventory.

What is the biggest challenge your dealership faces moving forward?

Jordan: People, people, people. It's very difficult to hire quality people who have the skills we require. I also believe that the franchise we have makes it more difficult for us than for a Lexus or BMW dealer. The domestic brands don't garner the same idolization, so we have to work harder to attract quality people.

What's your strategy to move your Internet department to the next level?

Mattia: Our goals are to continue to take a hard look at the Hispanic market and how we can market to those consumers, maintain strong relationships with our partners, and continue to be at the forefront of Internet trends. We want to be the shepherd, not the sheep, so we are spending a lot of time discussing our strategy moving forward.

Jordan: We know that the only way to have a head start on our competitors is to continue thinking beyond current trends and to keep working with our preferred vendors so our online strategy remains viable and malleable. 

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Dealership partners in profit:

Dealership name:

Stevens Creek Buick Pontiac GMC

Web site URLs:

www.onthecreek.com

Web site provider/hosting:

Reynolds Web Solutions

Vehicle marketing:

eBizAutos

DMS provider:

Reynolds & Reynolds

CRM program:

Reynolds & Reynolds

Vehicle valuation tools:

Kelley Blue Book

List any third-party sites where inventory is posted:

Autobytel
AutoTrader.com
cars.com
ebay Motors

Vehicle history reports:

Carfax

Other vendors not listed above:

AutoOne Media



 autobytel

 AutoTrader.com

 cars.com

 ebay Motors