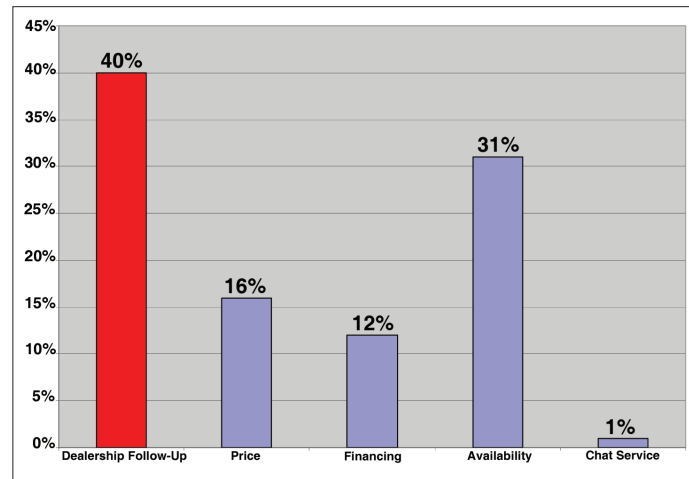




Key Insight

Poor Dealership Follow-Up to #1 Cause of Lost Sales

Key Research Results



40% of prospective customers, who had engaged with a specific dealership via live chat from the dealer's website, did not ultimately do business with the dealership because of poor or no dealership follow-up.

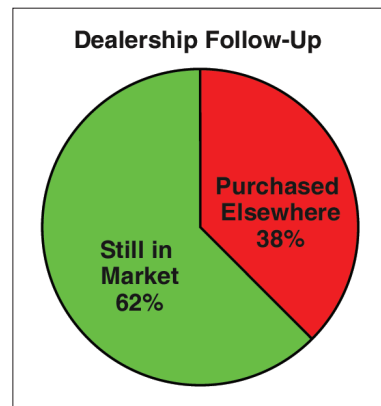
Key Recommendations

- Dealerships should apply a "30 minute-90 day" follow-up plan
- Follow-Up on all iUps
- Post-Purchase Follow-Up is an Investment in the Future

Analysis

- 38% of customers who never received dealer follow-up bought elsewhere within 30 days
- iChannel - internet base channels of communications.
- iBase - a knowledgebase gathered by Outsell focused on the role of the internet in the process of buying and selling vehicles.

Outsell recently surveyed iChannel customers who had engaged with in a live chat via a dealer's website. The chat resulted in the customer providing details about their vehicle requirements and timeframe to buy as well as their contact information for follow-up. 40% of the customers who did not do business with the dealership cited follow-up as the reason why. 38% of these prospective customers who never received follow-up reported that they purchased a vehicle elsewhere within 30 days. This represents substantial lost opportunity for dealerships.



For More Information:

## Recommendations

- **Dealerships should apply a "30 minute-90 day" plan for follow-up.** The sales cycle of the average vehicle purchase is 50 days, typically ranging from the immediate to 90 days. In order to produce the maximum possible close rate, dealerships should call every customer within 30 minutes of receiving an iUp, and then contact them on a periodic basis for at least 90 days following the initial contact.
- **Follow-Up on all iUps.** Dealerships should attempt to apply the 30/90 plan to all iUps. Only 1/3 of customers purchase with 30 days of initial online contact, with the remaining 2/3 buying within 90 days of initial contact online. If this level of follow-up is not possible due to staffing and time restrictions at the dealership, then follow-up can also be initiated on behalf of the dealership by an iChannel service provider like Outsell.
- **Post-Purchase Follow-Up is an Investment in the Future.** Referrals and repeat customers are very important to net sales growth. Studies show that 65% of clients who did not return to a dealership for a car purchase cited "indifference from the salesperson" after the sale as a reason. In contrast, referrals from satisfied customers have approximately a 35-45% close ratio.

<sup>2</sup> NADA Customer Survey

## Methodology

**iBase Survey Methodology.** The Surveys were a combination of nominal and ratio scales. The ratio scales were presented in a commonly understood "A-F Grade" scale. The "Grade" scale was a clearly delineated scale that was converted into the commonly used "GPA" scale which is multiplicative in nature, and easily lends itself to further analysis.

The sample was drawn from self-selected group of online customers, but an incentive was offered to offset biases. The sample was 42% female and 58% male.

The survey construction was based on commonly accepted academic best practices. The face and content validity of the survey was also determined via pilot testing, as well as a test-retest of the final findings over a 2 month period. The reported ratios, in addition to remaining constant over time, also retained their values when the sample size was increased during the second month. Analysis of the results mostly focused on measures of central tendencies in the case of questions on a ratio scale, and percentages for questions on a nominal scale.

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**Who is Outsell?** Outsell, LLC exists to drive unit sales for automotive dealers. We provide interactive sales and marketing services that help dealers target, engage, qualify, and close more business. Outsell delivers measurable results for our customers.