The Art and Science of Selling on Value vs. Price

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Summary:

The explosion of the digital age has put today’s car shopper in the driver’s seat. Armed with state of the art technology and a plethora of information, the consumer on the lot is smarter and more surgical in the buying process than ever before. This shifting dynamic causes the salesperson to discount the price on the lot that was already discounted online in the first place. The end result: LOWER GROSS PROFITS. And, the tsunami of used cars coming into the market is going to exacerbate the situation.

How do we keep our sales teams equipped and trained to stay in the game and win?

In this educational session, we will 1) study the insights from proprietary consumer behavior research; 2) explore the consumer buying psyche and 3) discuss/workshop the strategies and tactics to win the sale AND retain gross profit.

Learning Objectives:

- Gain insight into how consumers search for and ultimately buy their vehicles in today's market
- Learn how this adapted consumer behavior is diminishing your gross profits
- Learn tactics to sell your vehicles on value to retain gross profits throughout the entire sales cycle
A 3-FRONT PERFECT STORM IS BREWING

FRONT #1 – The Consumer

• Tech-Enabled Consumers are Smarter, More Demanding
• 78% of consumers use Internet to purchase/research products
• 82% of smart-phone users will “shop” prices while in your store
• Consumers who “showroom” while in your store are likely to visit another dealer within 24 hours

FRONT #2 – Used Car Supply On the Rise

Supply Shifts Dramatically Impacting Prices / Behaviors

Used car inventories rising dramatically

Part of what is driving this is the massive influx of off-lease vehicles into the market (NADA stats on off-lease vehicles, quotes from 1/8/16 article from Wards Auto)

Used car prices will need to be reduced going forward (article on CarMax Q4 results, quote from Zack’s)
FRONT #3 – Double Discounting

Same Old Sales Play Not Working

• Adoption of Market-Based Pricing cedes first price decrease before consumer walks in door

• Inability to adapt into “product experts” leaves salespeople unable build trust needed to sell on value leaving price as only closing tool

• Dealers are confronted with unbridled “double discounting

CONSUMER OPTIMIZED DIGITAL EXECUTION

**Consumer Optimized:** Deep understanding of today’s car buyers and how they research, shop and purchasing vehicles

**Digital Execution:** Best-in-class:
- Pricing cars to get in the game
- Marketing cars in ways buyers notice Selling cars profitably by building trust and value.

CONSUMER OPTIMIZED

Rooted in a deep understanding of today’s car buyers and the ways they go about researching, shopping for, and purchasing vehicles.

How Consumers Search

YEAR
MAKE/MODEL
COLOR
MILEAGE
PRICE

How Consumers Buy

EXCITEMENT
TRUST
CONFIDENCE
PERCEIVED VALUE
FAIR PRICE

THEY CAN'T BE SEPARATED
Price and merchandise your inventory to Drive the MAX amount of traffic to your dealership, then set your sales team up with the correct information not just about the price of the car but the car itself.

**TURN YOUR SALES STAFF INTO INSTANT EXPERTS ON EVERY CAR ON YOUR LOT!!**

*Drive Max Traffic & Close At/Near Asking Price*

*Buyer Experience Built Around How Consumers Make Decisions*

*Price to be “In the Game” & Max your Ad*

*Opportunity To Close At Asking Price*

*Establish Pricing Proof Points*

*Set Up Close At/Near Asking Price*

*Adapt Your Sales Process to Overcome the Double Discount*
What do successful dealerships do differently?

- Proactively build value in every car
- Proactively build trust in the process
- Proactively build value in the price
Proactively build value in every car
- Share concrete evidence with the consumer instead of speaking at a high level
- Sell the specific unit, not the model
- Most consumers have already decided on model, they want to know why this car
- Point out differentiators proactively instead of waiting to be asked by the consumer

Proactively build trust in the process
- 91 percent of consumers don’t trust car salesmen
- Provide evidence proactively
- Create a sense of “transparency”
- Can’t just talk, must show proof

Proactively build value in the price
- No longer discount to get the deal closed
- Build Value with the consumer to avoid the need for a discount for them to feel like they got a “fair deal”
To Achieve “A” Player Status:

• Signal You’re a Different Kind of Dealership
  o Build trust from moment consumer walks in door with branding and messaging
• Build Maximum Quality & Value in every car
  o Replace inventory sheets and pricing on the cars with technology
  o Train your sales team on how to build quality & value at a “Fair price”
• Require sales people to print 3rd Party information and review the quality & value of the vehicle before presenting numbers to the customer.

Take Aways

Price Right—Get in the Game—pricing at or near market average so you get seen online and draw the traffic, without going so low that you diminish your chances of ever making money

Market Right—Be Noticed by Being Relevant—advertising cars based upon “value” shoppers are really looking for and giving them tools to investigate themselves

Sell Right—Use Expertise to Create Excitement—converting salespeople into product experts and adapting sales process to build motivation and urgency with buyers eliminating need to double discount