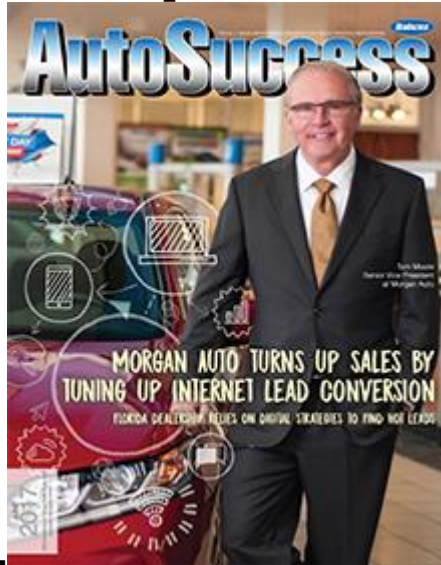


Florida Dealership Relies on Digital Strategies to Find



Hot Leads.

Same-store sales growth may have stalled in the auto dealership business, but not at Morgan Auto Group.

The Florida-based dealership chain posted an impressive 2.2 percent increase in same-store sales last year, handily beating the mere 0.3 percent growth for the industry.

That organic growth came at a time when Morgan was aggressively buying and consolidating other dealerships to make it one of the fastest-growing dealership chains in the country. Morgan leaped 29 rungs on the Automotive News Top 150 Dealers list this year, clocking in at No. 49 (the first time it cracked the top 50). New unit sales soared 45 percent last year, with total sales projected to hit \$1.45 billion this year.

How did Morgan manage to outperform competitors' growth even as it continued scooping up more outlets? A big part of Morgan's secret lies in its adept use of digital tools to improve marketing and sales efficiency, particularly in the way Internet leads are followed up and converted.

"The process we use for following up on Internet leads is the No. 1 driver of our success," said Tom Moore, senior vice president at Morgan. The proof is in the numbers. Over the last year, Morgan has increased its form lead engagement rate by 25 percent, and "hot" leads have soared by 98 percent.

Brian Pasch, founder of PCG Companies, a digital marketing, consulting and online training firm, said Morgan gets it when it comes to digital. "I've been researching dealership marketing, lead generation and lead follow-up best practices for the last year, and what I see happening at Morgan is exactly what I'm preaching to dealers across the country," Pasch said. "Tom Moore is inspecting traffic quality and conversion outcomes to generate more sales at a lower cost."

The battle for new and used car sales at Morgan is a three-step process that begins on the dealership Website and ends with a sales representative on a showroom floor. Moore remembers when car shoppers once visited four to five dealerships to gather information before making a decision. Now they go to four to six Websites instead, and, as a result, the typical customer now visits an average of only 1.2 dealerships before purchase.

"They make buying decisions based on what they see on the Websites they visit," Moore said. "If you don't win at that consideration stage, you will never see the customer. So, we spend a lot of time making sure our virtual showroom looks as good as our physical showroom. We provide as many opportunities as we can on our Website for customers to send us a form lead or make a call. We measure that traffic every day on our Website as carefully as we measure our floor traffic."

Morgan now sells 20 brands at 23 locations. The Web presence allows shoppers to move easily from one dealership location's page to another. Each location offers myriad ways to shop for everything from new and used cars and insurance to tires and oil changes. Have a car you want to trade-in or sell? You can research prices on a Morgan site. A recent click on the page for Ford of Port Richey, Florida, immediately brought up several ways to engage. A pop-up offered a \$25 gift card for filling out a form. Another pop-up offered a live chat. Contact telephone numbers were prominently displayed. Inventories of new and used cars could be browsed.

As a result of all the Web prompts and response options, leads pour in. Moore, who is operations chief for 11 Morgan locations in central Florida stretching from Gainesville to Lake City, said his group generated 29,000 form leads last year and is on pace to produce 33,000 this year.

“When you get that many leads, it is all about your contact rate — how many you can get in contact with,” Moore said. “But when a customer sends a lead, they usually didn’t send it to just you, but to two or three stores. The most important thing in the car business is following up on those leads and engaging the customer quicker. You can’t wait two or three days before you reach a customer. You have to get hold of them in the first few minutes after they send that lead.”

But how do you immediately — yet personally — respond to an average of more than 80 form leads every day of the year? A colleague in the auto business told Moore about a digital solution: a tech company in California called Conversica that had developed a virtual assistant with artificial intelligence (AI) tailored to the needs of marketing and sales operations like car dealers. The AI-based assistant could automatically reach out to form leads and engage them in human-like conversations.

So, about a year ago, Morgan dealerships began using Conversica. When a customer fills out a form, the dealership’s AI sales assistant promptly starts an email conversation that continues until the customer decides to engage further or opt out. The customer gets a great experience and hot leads are handed off to real salespeople. And, because she’s AI, she can do this 24/7, 365 days a year and is always persistent and friendly. Moore credits the system with the dramatic improvement in engagements and hot lead generation.

The digital assistant has a different name at each dealership, and the email exchanges are so realistic customers genuinely feel they are interacting with a helpful human — sometimes even coming into the store asking to meet with her (but that’s never a problem because staff are trained how to take over helping the customer). At Morgan’s Honda dealership in Ocala, for example, the customers have such an excellent experience that AI assistant “Jessica” gets 20 to 30 calls a day from customers wanting to speak with her.

The test of the system is in the final stage of the process: sales. Moore is convinced this new system, by providing more and better leads to sales staff, has helped boost lead conversion rates. Before implementing Conversica, Morgan had a closing ratio on leads

of about 12.5 percent; that number rose to 14.1 percent through April, with some stores notching a 16 to 17 percent ratio.

Morgan is now expanding its use of digital strategies to the fixed operations side of the business, an area that Moore said is generally not as well served by digital marketing techniques as the car sales side. Moore is also using a process developed by Pasch called the PCG Engagement project, which aims to improve tracking of engagement from dealership Websites. Two of Moore's dealerships are testing the system, and Moore reports that it has provided valuable information that helps determine which parts of the dealership's digital advertising produce results and which do not.

The bottom line for Morgan is that all the digital wizardry doesn't by itself produce sales; it requires people. "With all the technology, people still buy cars from people they like," he said.

The company has multi-faceted training programs, including leadership development classes to cultivate future dealership operators from the ranks of current management teams. It has a pilot project to improve hiring and training in two stores using programs designed for car dealers by software firm Hireology. Moore says the initial results are "fantastic."

While new car sales remain a high priority for Morgan, the other parts of the business are becoming increasingly crucial as new car sales begin to flatten across the country and the competition for new car buyers intensifies. To keep revenues growing, Morgan has put additional focus on used car sales and fixed operations.

For service customers, Morgan has a range of initiatives aimed at keeping new car owners coming back after their warranties expire. It actively competes against independent car shops and tire dealers for business, using budget-priced oil change service as a sales draw. And it is expanding its use of digital strategies to benefit fixed operations, including taking a close look at Conversica's AI service assistant designed for that side of the business.

Moore says that he is projecting a 4 percent rise in same store sales in 2017 over 2016 for his group, figuring that the gain will come primarily from business lines other than new car sales. Digital strategies will play a key role in generating those sales.