

Dealer Operations • Internet • Service • Parts • Opinions • Special Finance

# ***Auto Dealer Monthly***

YOUR DAILY OPERATIONS MAGAZINE



## **Best Tactics For Internet Inquiries**

**Recruiting Talented Sales Professionals**

**Peruzzi Toyota Doubles Internet Sales**

AutoDealerMonthly.com • October 2007

**Sublet Debate  
The BHPH Dilemma**



# A Smooth Internet Operation:

## Peruzzi Toyota Scores with the Right Process in Place

**I**t's not about having the flashiest Web site or oodles of pay-per-click advertising at Peruzzi Toyota; instead, the focus is on the processes of the Internet department because, along with the Internet personnel, the processes drive sales success.

Bill Finocchiaro, president of Peruzzi Toyota in Hatfield, Pa., has been experiencing online success since he expanded his Internet department and adopted new processes for the department. "I knew there was more out there; I just didn't know how to get my arms around it," said Finocchiaro.

Before the Internet department was expanded, the department consisted of one person, Ron Staton, and retailed about 30 vehicles per month. Less than a year ago, Finocchiaro went to Staton and asked him what it would take to double Internet Sales. Staton said he needed more "resources" (i.e. people, computers, advertising, etc.).

Finocchiaro gave him all that and went one step further; he brought in Dealer Synergy CEO Sean Bradley and his crew to help implement new processes and train. Staton is now the Internet director and oversees a department of nine, and the expansion is still ongoing. Soon, he'll be running a department of 12.

### The Success

Since January, the sales numbers have increased almost every month with the exception of one major hiccup in July. In January, the Internet department sold 45; by May, the department cracked into triple digits, selling 107. After a slow July (only sold 69 units



"The days of not giving customers prices when they absolutely want it are over. If we try two or three rebuttals and we can't get an appointment at that point you have to give them a price."

— Bill Finocchiaro, president of Peruzzi Toyota

that month), the department's sales figures started to climb back up in August with 71 vehicles sold via the Internet. Finocchiaro stated, "My volume has increased about 22 percent."

The department's gross profit numbers have grown over time as well, with the average total gross profit per Internet deal hovering between \$1,800 and \$1,900. What was once an underperforming department now accounts for 30 to 40 percent of total dealership sales each month. Staton's personal goal is to reach 38 percent each month.

Peruzzi Toyota is part of the Pennsylvania-based Peruzzi Automotive Group, which is owned by Fred Peruzzi and consists of six locations—two used lots, three franchise lots and Peruzzi Toyota, which retails new Scions and used vehicles. According to Staton, the automotive group sold a combined total of almost 800 vehicles online as of late August. Peruzzi Toyota accounted for over 500 of those 800, outselling the other five dealerships combined by about 200 units.

Contrary to what some in the industry would like for everyone to believe, not all Internet

department sales increases are incremental sales.

Although the Internet is luring a substantial amount of new customers to Peruzzi Toyota some of the customers would have eventually arrived at Peruzzi Toyota through other media sources. With the dealership's increased presence online and a more aggressive Internet department, many of these would-be ups, are caught earlier in the buying cycle, making them Internet customers.

### The Structure

The setup of the department is instrumental to its success. Within the Internet department (which is located in the old BDC room at Peruzzi Toyota), there are three different positions: Internet coordinator, Internet director and Internet sales manager.

At Peruzzi Toyota, they have five Internet coordinators whose primary objective is to set appointments. They take all incoming sales calls, and they follow-up on leads. Finocchiaro sets a daily goal of 100 attempts, or phone calls, for each coordinator; some make upwards of 120 attempts per day. When contact is established, the goal becomes setting an appointment. "A sale [to the Internet

coordinators] is an appointment," according to Staton.

Currently, there are four Internet sales managers to sell vehicles to Internet customers. During a lull or when their assistance is needed, the Internet sales managers work the phone with the coordinators. One of the Internet sales managers, Chris Gremlik, is consistently the top performer throughout the entire store, selling between 35 and 40 cars per month, while the remaining Internet sales managers consistently sell between 15 and 20 vehicles per month.

The Internet director's job is to oversee and work with the coordinators and sales managers and report back to Finocchiaro on a daily, weekly and monthly basis with a multitude of different reports.

The three positions that make up the Internet department work seamlessly together to form the smooth road to an Internet sale. First, one of Staton's "phone ninjas" (i.e. coordinators) contacts a prospect by phone, for which they have detailed scripts that are written and provided by DealerSynergy.



Coordinators allocate 10 minutes of phone time for each prospect. Their goal is to build a relationship with the prospect (similar to the one that's built on the showroom floor when ups enter the dealership), sell the prospect on the culture of the dealership and finally set an appointment.

Another objective of the coordinators during the initial phone conversation is to keep the conversation off price. If price is mentioned, the coordinator will attempt to steer the customer away from price with a scripted rebuttal. After a few tries, the coordinator will turnover the phone call to the Internet director or an Internet sales manager to quote a price for the customer and set an appointment or test drive.

Finocchiaro said, "The days of not giving customers prices when they absolutely want it are over. If we try two or three rebuttals and we can't get an appointment, at that point you have to give them a price." He thinks the reason customers go online to search for a vehicle is because "they don't love the experience of coming into a showroom." That's why the Internet staff does all it can to make prospects comfortable with visiting their showroom.

Once the prospect shows for the appointment, the Internet coordinator that set the appointment performs the meet and greet. Then, the coordinator introduces the prospect to an Internet sales

manager to help the prospect find the appropriate vehicle, go on a test drive and hopefully turn that prospect into a buying customer.

Currently, the ratio of Internet coordinators to Internet sales managers is 5-to-4, and Finocchiaro intends to keep a similar ratio because he feels that Internet customers require more time. He prefers to hire Internet sales managers with no prior automotive sales experience, so his dealership can train and mold them into employees that can handle the more informed Internet customer.

#### The Specifics

While the processes the Peruzzi Toyota Internet department lives by are crucial to success, there are many details that impact those processes and the profitability of the department. Oftentimes it's the details that get overlooked—like keeping a steady flow of leads coming in, monitoring exactly how many leads the department has to work, tracking progress for everyone to see and keeping a watchful eye on reports—that help keep a well-oiled Internet department in shape.

One detail, capping the amount of leads the department receives on a monthly basis, can save hundreds of dollars. The department receives leads from 10 different lead providers and their own Web sites, but Staton doesn't buy all the leads he possibly can.

He currently caps the amount of leads received each month at 850. He doesn't want to waste money on leads his staff couldn't possibly work; at about \$20 per lead, that could get expensive quick. Once he adds and fully trains more staff, he can increase the amount of leads he brings in from third party providers.

Although the Internet department receives 850 fresh leads per month, the coordinators work more leads than that each month. Bradley refers to this as the residual flow factor. If Peruzzi receives 850 leads this month, they will not sell a vehicle to all 850 leads (although they would be happy to). Once they eliminate the customers that bought and those leads that are not valid for a variety of reasons, the balance carries forward to the next month for continuing follow-up. The next month the same team is now working 850 fresh leads plus the remaining balance from last month. This is the residual flow factor at work and will create a much higher number of leads being worked each month than what is actually received.

The Internet department also utilizes a series of white dry-erase boards to keep track of their progress daily and monthly. Staton said, "Bill [Finocchiaro] can come in and I don't even have to be here, and he can look across the room, look at the white boards and know exactly where we stand at any time during the day."

These different boards keep running totals of monthly sales, the current day's appointments, the current month's appointments, the names of customers who have put down deposits and are expected back in within the next week or two, and the current gross profit figures.

An additional method Finocchiaro and Staton track the departmental progress is through reports. DealerSynergy places a couple of anonymous mystery shopping calls each week and sends reports to Finocchiaro. In house, they can listen to calls through

call monitoring technology provided by Who's Calling to gauge whether the Internet coordinators are following their scripts. Additionally, Staton also regularly provides detailed reports to Finocchiaro.

The advertising and marketing used to drive customers to the Peruzzi Toyota Web site is equally important for sustaining profitability. Finocchiaro drives traffic to his site using various methods. Online, he's using microsites, focus sites and video search engine optimization to push traffic to his site. Offline, he's been getting creative on billboards to drive traffic.

For example, on a blacked-out billboard, people passing by will see only a "P" on the far left side of the billboard for about a week. One week later, he'll have an "m" added to the far right side of the billboard. Then, on the third week, he'll fill in the rest of the advertisement, and the billboard will display "PeruzziToyota.com". So far, he's done this teaser ad on three billboards in three different markets.

Also generating sales each month are listings (not auctions) Peruzzi Toyota has on eBay Motors. When consumers are browsing on eBay Motors, the Peruzzi listings are included in the same search results as the auctions and display the dealership's contact information.

Another small, but important, detail that makes a difference is always having an up-to-date Web site with new Internet specials and thorough inventory that includes 15 to 20 photos of each vehicle on the lot.

With the appropriate processes in place, Peruzzi Toyota was able to hire and train, with the help of Dealer Synergy, an Internet staff that would more than double the dealership's past Internet sales figures, and the staff hopes to quadruple them before the department is fully complete. **ADM**



The Internet department at Peruzzi Toyota consists of three different positions: Internet coordinators, Internet sales managers and the Internet director.