

NOT ALL LEADS ARE THE SAME...

WHY LEAD QUALITY AND CONNECTED DEAL-MAKING SOLUTIONS MATTER IN 2023

To say the automotive industry has gone through big changes over the past few years would be an understatement. Economic instability, continued inventory fluctuations, and rising interest rates have played their part on profits and performance. As you start the new year, make sure you're staying focused on the strategies and solutions that will help you reach further, close faster and profit more in 2023.

Thriving dealers know that success starts with the quality of your leads. Yes, volume is helpful when it comes to leads, however a more qualified, in-market shopper who's ready to buy is more important than lead quantity.

It's not about how many leads you get each day, but whether those leads are considered "good" — and how quickly your sales team can tell the difference. You may think telling good from bad is easy, but with all the robot calls, shoppers who feel excessively optimistic about their finances, people who provide false information, and other types of bad leads, it's not as easy as it used to be.



80% of car shoppers are open to conducting their purchase transaction 100% online.¹

Today, 80% of car shoppers are open to conducting their purchase transaction 100% online. Having access to digital and virtual tools and resources is more critical than ever to generate leads and drive business, however dealers need to understand that not all leads are the same.



¹ Source: 2022 Cox Automotive Digitization of End-to-End Retail

WHAT'S THE TRUE TIME ADVANTAGE OF WORKING QUALITY LEADS VS. WEAKER LEADS?

Chasing a few bad leads here and there may not seem like a big deal ... until you do the math. Let's say you have two salespeople working on 200 bad leads per month, at 10 minutes per lead making calls, sending emails and texting. Add it up and you've just wasted 16 hours of their time per person, every single month. Now look at what that looks like over a calendar year and you're looking at 192 hours – that's close to 5 full work weeks!



On top of that, if you're still short-staffed or training your team on new systems and technologies, your team shouldn't be focusing their time chasing down bad leads when they could be closing good ones.

HOW MUCH IS ALL THIS WASTED TIME REALLY COSTING YOU?

Suppose you have 226 new cars in inventory and sell an average of 76 new cars per month with an average of \$1,750 gross profit per vehicle retailed. Factor in holding costs of \$40 per day and **just 10 of these units going unsold would cost you \$29,500 per month in lost gross plus holding costs.** Making things worse, you are still paying for low quality leads that were never going to close anyway.



For illustrative purposes only. Example based on Autotrader and Kelley Blue Book gross per sale averages.

It's not just time and money that you lose. Chasing dead end leads day in and day out can be demoralizing to your team and contribute to employee turnover. And even though staff turnover has leveled out some with the average dealership staff turnover rate at 34%¹, more turnover is a surefire way to eat into your profits.

¹ Source: 2021 NADA Dealership Workforce Study

QUALITY OVER QUANTITY IS WHAT DRIVES MORE SALES

To gain a better understanding of how lead quality affects close rates, Cox Automotive analyzed four of the top third-party automotive listings sites for lead quality using aggregated and anonymized data from VinSolutions (which did not include personally identifiable information). These sites covered thousands of dealers, both franchise and independent. The analysis found car dealerships received millions of leads from these four sites in 2021. Don't be fooled into thinking that buying cheaper leads by the barrel is better than getting quality leads you can close. **Case in point, some competitors claim to generate more leads than Autotrader, but the proof is in Autotrader's lead conversation.**

The quality of leads Autotrader provides is second to none.

Cade Rivard,
GM at Rivard Buick GMC



Autotrader's close rate is 39% higher than the nearest competitor¹



Together, Autotrader and Kelley Blue Book deliver 22% more sales per dealer than the nearest competitor¹

We know that effective marketing is all about getting in front of the right customer, with the right message, at the right time. And your ability to do this relies on data that is qualified and ready to activate. Just covering two out of the three is not good enough. That's going to lead to low-quality traffic, which ultimately means less conversions per lead, wasted time chasing dead-ends, and lost revenue.

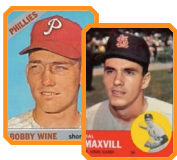
There is an efficiency that quality unlocks, and a power gained for your team.



**Hank Aaron
Derek Jeter
Willie Mays**

Let's use this baseball example to easily understand what hitting **ALL 3 - the right customer, with the right message, at the right time** – and a **39% higher close rate** truly means to your revenue goals and overall profit...

This might be a little bit of a trick question, but which of these 2 groups of baseball players would you choose to play on your team? Which players do you recognize? With **Hank Aaron, Derek Jeter and Willie Mays**, the difference between **Bobby Wine and Dal Maxvill** with an average .215 batting average, and these 3 recognizable "Hall of Famers" with a .300 batting average, is about **39% higher**, which you can think of as their conversions per lead.



**Bobby Wine
Dal Maxvill**

So **39% more effective** is the difference between having a team with players that might get a hit once in a while vs. having a team of "Hall of Famers" that you know will perform and convert. The proof is in the results and the numbers, especially when it comes to the close rate and quality of traffic that a partner and team member like Autotrader can deliver.

¹ Source: VinSolutions Data Jan – Aug 2022

Take for example Autotrader’s “Hall of Famer” [Accelerate My Deal](#). This digital retailing tool helps shoppers structure deals with real monthly payments, explore and select F&I products, schedule a test drive, complete online credit applications and reserve a vehicle straight from your Autotrader and KBB.com listings.

These higher-quality leads give dealers access to committed, ready-to-buy shoppers who close faster, more profitable deals.

Internet leads from Accelerate My Deal on average closed

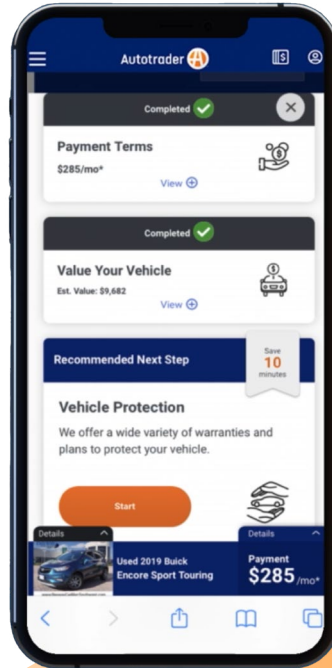
39%
FASTER
than other internet leads¹

Accelerate My Deal leads on average close at a

48%
HIGHER CLOSE RATE
compared to other internet leads¹

Deals created with Accelerate My Deal on average produce

15%
HIGHER GROSS PROFIT
per deal than deals from other internet leads¹



¹ Source: Data sourced from VinSolutions CRM dealers from 7/1/2021 to 7/1/2022. Analysis performed September 2022.

QUALITY LEADS ARE A KEY FOCUS IN DRIVING YOUR BUSINESS FORWARD IN TODAY'S TIMES

The real difference in the quality of your leads shows up in the difference in gross profit per deal. Autotrader's average gross profit per deal is \$163; which is 1.3X higher than the nearest competitor. It results in a 34% higher gross profit per deal than our closest competitor. This is how you can gauge the ROI on your digital marketing's spend with third-party listings sites.

WE CRUSH THE COMPETITION



THE NEW WAY FORWARD REQUIRES CONNECTED DIGITAL EXPERIENCES

As mentioned earlier, recent studies show that 80% of car shoppers are open to conducting their purchase transaction 100% online. Having access to digital and virtual tools and resources is more critical than ever, which is why dealers leveraging Autotrader's [Display Advertising](#), [Delivery Advertising](#) and [Digital Retailing](#) solutions are well-positioned right now and for the future.

Start by maximizing your vehicle exposure both on and offsite with our [Display Advertising Solutions](#), backed by exclusive Cox Automotive data to display your most relevant inventory to shoppers. [Advanced Ads Premium](#) retargets your shoppers across the web and social platforms, driving them back to your inventory. All new [Alpha Elite](#) gets you in the top search spot in your market and [eLot](#) highlights your relevant vehicles beyond the search results page on Autotrader and KBB.com. Dealers utilizing Autotrader's Alpha Elite are seeing an incremental increase of 32% VDP views, 14% more leads and 10% interest events!¹

Then, tap into the opportunity to expand your sales footprint and sell cars without consumers ever having to come to your lot with [Delivery Advertising Solutions](#). Autotrader's [At Home Services](#) promotes your virtual offerings while [Market Extension](#) and [Market Extension Essential](#) allow you to reach shoppers in outside markets. Dealers utilizing Market Extension Essential are seeing an incremental increase of 46% more leads on average.³

¹ Source: VinSolutions Data Jan – Aug 2022

² Source: Cox Automotive Pixall Data, normalized by listings. April – September 2022

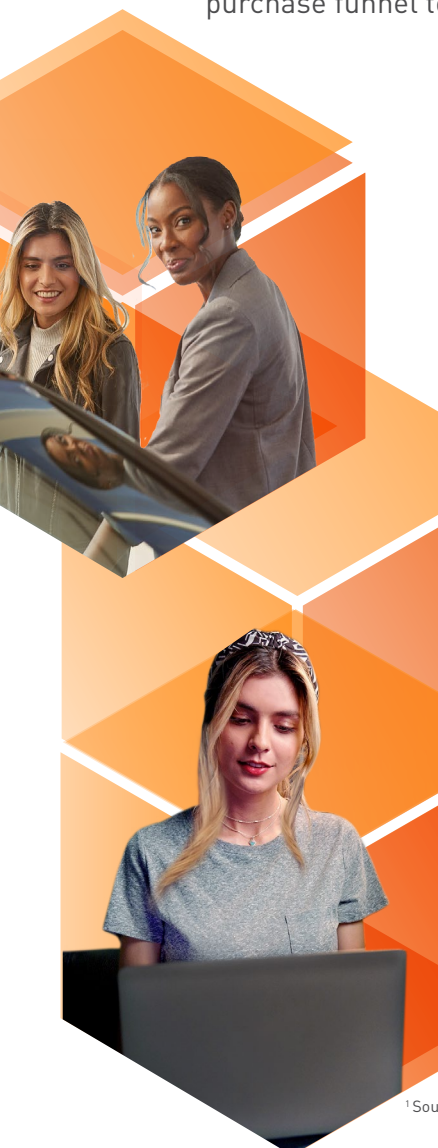
³ 2022 Cox Automotive Digitization of End-to-End Retail

MODERN CAR BUYING AND SELLING ON YOUR TERMS


7 out of 10 consumers say they are more likely to buy from a dealership if they can start some part of the car buying process online.¹ With Autotrader’s suite of digital retailing solutions, millions of Autotrader and KBB.com consumers get the modern digital buying experience they want while allowing dealers to unlock deeper digital buying connections on their terms.


Whether you’re looking to help Autotrader and KBB.com shoppers viewing your inventory to understand their purchase power, apply for credit, start the deal online, or even fully transact, Autotrader has the digital retailing building blocks to help dealers access a more complete customer profile – enabling higher-quality digital-buying connections that help fast-track the sale.


Activating Autotrader’s digital buying experience is controlled by your dealership’s digital retailing preferences. Unlocking each solution level pulls customers deeper into the purchase funnel to reduce friction and increases trust along the way.




- LEVEL 1

 **Kelley Blue Book® My Wallet**
 Provides shoppers with budget guidance and generates personalized payment information (Included in all listings packages)
- LEVEL 2

 **Cox Automotive Credit Application**
 Allows shoppers to apply for credit and get pre-qualified straight from your listings
- LEVEL 3

 **Accelerate My Deal**
 Makes it easy for shoppers to start the car buying process online before going to your showroom
- LEVEL 4

 **Shopper Connect**
 Drives transaction-ready shoppers to your dealership’s online eCommerce experience

After investing time in the process and providing their contact information, these customers are usually ready to move forward. That’s why leads that come through digital retailing experiences on Autotrader and KBB.com are higher-quality leads with a greater chance of closing.

¹Source: 2022 Cox Automotive Car Buyer Journey Study

THE POWER OF ONE COX AUTOMOTIVE

Cox Automotive has the most connected and comprehensive view of the automotive industry and offers unmatched data and insights into consumer behavior, automotive trends, and operational best practices. Cox Automotive is among the world's largest automotive services providers and manage a portfolio of solutions that touch nearly every aspect of the modern automotive industry.

THE NUMBERS SPEAK FOR THEMSELVES

Each year we host a staggering **2.3 billion** online visits, manage **80 million** leads and sift through **2.9 trillion** consumer insights¹





“DRIVEQ”

Cox Automotive is powered by [DRiVEQ](#), a world-class intelligence engine that enables more connected data than anywhere else and integrates our solutions more seamlessly than ever before. The combination of our AI engine, cutting-edge technology, and top-industry talent delivers solutions providing real-time insights for automotive decision makers to meet their desired outcomes.”

¹ Source: 2022 DrRiVEQ eBook

DRIVEQ ORGANIZES COX AUTOMOTIVE'S VAST AMOUNT OF DATA INTO THREE KEY CATEGORIES:

-  **Consumer Intelligence**
Gathered through first-party web activity, including industry leaders Kelley Blue Book, Autotrader and Dealer.com, as well as in-store consumer visit records. Each year, Cox Automotive hosts 2.3 billion online visits, manages 80 million leads and sifts through 2.9 trillion consumer insights.¹
-  **Market Intelligence**
Built from software systems that power wholesale and retail listings, sales transactions, supply and demand indicators, and rates-and-incentives data sets. Each year, Cox Automotive helps facilitate 27 million vehicle sales, 48 million credit applications, and 4.4 million trade-in requests. Cox Automotive supports 18 billion vehicle valuation requests each year.¹
-  **Vehicle Intelligence**
Collected from build data, vehicle images, inspection reports, battery health measurements, and service records. Each year, Cox Automotive sees 30 million in-market VINs, manages more than 100 million service records, and develops 3.5 million condition reports.¹

Whether you're ready to reinvent your retail experience for a digital future or harness the power of connected data for game-changing results, with the power of ONE Cox Automotive, we can help you get there. Make this the year you power your business with digital marketing and deal-making solutions that will help you capitalize on the massive opportunities waiting for you to exceed consumer expectations, drive efficiencies and pave the way for profitable growth.

¹ Source: 2022 DrRIVEQ eBook