

Dealer

magazine

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 **SCOTT**
WEST CHESTER, PA

Checkered Flag Toyota Up 25% in Market Share and 173% in Service ROs

In 2010 Checkered Flag Toyota increased their market share by 25% and Service ROs written by 173% by implementing a comprehensive new targeted marketing strategy.

After weathering a very difficult year for the automotive industry in 2009, Checkered Flag Toyota sought to breathe new life into their marketing strategy, without breaking the bank. In the spring of 2010 Checkered Flag Toyota implemented a comprehensive sales and service marketing strategy to attract, sell, service and retain more customers for less cost and positively affect all their profit centers: New, Used, Finance, Service and Parts.

They began with a 5-year historical assessment of their customer database, as well as, in-depth research and analysis of the local area market and emerging market trends to determine their "perfect market". By comparing their sales and service history against leading industry consumer databases Checkered Flag was able to identify where 90% of their business consistently comes from. "There are approximately 1.5 million consumers in the Virginia Beach market, but only 60,800 have the statistical probability of buying or servicing with us," said Tim Rayfield, General Manager of Checkered Flag Toyota, Virginia Beach, VA.

"We also realized that sales from customers who drive long distances to buy a vehicle with us often have lower gross profits and a low retention rate for service and repeat sales," said Rayfield. "However, 'perfect market' customers not only have a higher probability of doing business with us, but are ultimately more loyal and frequent customers." Thus, consumers who live in Checkered Flag's perfect market not only have a higher probability of purchasing or servicing their vehicle from them now, but also have a higher lifetime value by servicing and purchasing in the future.

Having a clearly defined snapshot of their market allowed Checkered Flag to shift their advertising from more expensive mass marketing, like TV and radio, to more cost-effective targeted marketing that generates better returns. Not only do they target the best customers, but they speak to them the right way by sending customized messages

to each customer based on the status of their vehicle. "We used to spend too much money sending too many communications to customers from different departments. It confused our customers and it cost too much," said Rayfield.

"In the past they would reach out to a customer who had a three-year-old Camry with e-mails and mailers from sales, service, finance and the manufacturer. Now they send one campaign that promotes multiple profit centers by customizing the message to what the customer needs at the time," explained Budd Blackburn, owner of www.TeamVelocityMarketing.com, the targeted marketing company Checkered Flag Toyota uses. "Now a customer who drives a three-year-old Camry receives one targeted e-mail and mailer with custom

competitors, so we take them out of the market before they buy elsewhere. We are also picking up a lot of great one-owner trade-ins for a lot less than we would pay at auction, which has helped our certified pre-owned business," explained Rayfield. "We recently ran a 'Silver Bullet' campaign offering customers above market value for their trade-in when they purchased a new vehicle and we took in 107 trades – 52% of our new car deals had a trade. It was a very effective campaign," said Rayfield.

An integral part of the Checkered Flag Toyota strategy is a comprehensive communication system that talks to every customer throughout the entire life cycle of their vehicle with welcome messaging, maintenance reminders and ongoing mail and email communications that always include both a sales and service message based upon the status of their vehicle. "The best customer you can ever find is the one you already have," said Rayfield and "this works because we are marketing more effectively to customers who have a higher probability of buying and servicing more with our dealership."

Part of reworking their marketing strategy included elevating their brand image by paying more attention to what they put in front of their best customers. "We had multiple vendors contacting our customers and sometimes the quality itself had the potential of hurting our brand," said Rayfield. "Today we make sure that everything we

send to our customer base is top-notch and builds our brand image. Our materials have a higher-end look and feel that builds trust and credibility with our customers, and it gets better responses."

On average, most dealers pay approximately \$150 to generate one lead. To ensure that their marketing and advertising efforts turn into results, Checkered Flag Toyota uses toll-free 800 numbers on all the mail and email campaigns to monitor and track in-

The advertisement is a rectangular graphic. On the left, a silver Toyota Camry is shown from a side profile. Above the car, the text reads "[XXNAMEXX], We Need Your Toyota Camry!". A red banner in the top left corner says "EXTENDED". Below the car is the website "www.CheckeredFlag.com". On the right side, a black vertical box contains white text: "BUY NOW AND TAKE AS MUCH AS... \$8,500 OFF MSRP! PLUS WE'LL PAY YOU UP TO \$2,500 OVER KELLEY BLUE BOOK FOR YOUR TRADE-IN!".

"We recently ran a 'Silver Bullet' campaign... we took in 107 trades – 52% of our new car deals had a trade. It was a very effective campaign."

-- Tim Rayfield

offers to extend their warranty, service their vehicle or to upgrade into a newer vehicle for a similar or lower payment."

Knowing their perfect market also enables them to target "perfect prospects" who live there. "We send custom mail campaigns to in-market consumers who drive Toyotas or conquest vehicles that have a high historical crossover percentage and the response rates are fantastic. Our goal is to reach in-market consumers before our

The Bottom Line

Checked Flag Toyota's marketing strategy helped them increase market share by 25% in Sales with 173% increase in ROs written.

What They Do:

1. Attract more customers, for less cost, by using a comprehensive targeted marketing system.
2. Target both current and prospect customers who have the highest probability of buying or servicing a vehicle at their dealership.
3. Send high-end custom mail and email campaigns featuring current offers for the most likely upgrade vehicles based on historic brand trends.
4. Consistently communicate with in-market prospect consumers that have a historical trend of crossing over to Toyota.
5. Track and monitor their in-bound sales calls to ensure leads are handled properly by staff and customers receive quality care and service.

Resources They Use:

1. DMS: Reynolds & Reynolds (www.ReyRey.com)
2. Targeted Marketing Company: Team Velocity Marketing (www.TeamVelocityMarketing.com)
3. Call Monitoring: Call Source & internal BDC (www.CallSource.com)

Recommended Actions:

1. Identify your ideal market audience by conducting comprehensive research and analysis of your customer database, local area market and emerging market trends.
2. Implement a comprehensive marketing system that communicates with your customers throughout the entire life cycle of their vehicle.
3. Target consumers who have the highest statistical probability of buying and/or servicing with your dealership.
4. Actively monitor and track in-bound calls to guarantee leads are properly handled and customers receive proper care and service.



“The best customer you can ever find is the one you already have,”

-- Tim Rayfield, GM

Checked Flag Toyota's comprehensive marketing strategy communicates to every customer in their database throughout the entire life-cycle of their vehicle.

bound calls to ensure that every customer is handled with the utmost in customer care, courtesy and professional service. “First impressions are key and we want to make sure that every customer is more

than 100% satisfied with every aspect of their experience with us,” said Rayfield.

**Checked Flag Toyota, Hampton Roads Region
Virginia Beach, VA**