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How Hibbing Chrysler Center uses Lead Manager to move metal in Minnesota's Iron Range

KEY HIGHLIGHTS

Hibbing Chrysler Center

Hibbing, Minnesota
www.hibbing.fivestardealers.com

FRANCHISES

- Chrysler, Dodge, Jeep

BUSINESS OBJECTIVES

- Improve customer communications and follow-up.
- Increase closing ratio on Internet leads.

SOLUTIONS

- Lead Manager

COBALT PRODUCTS

- Lead Manager

RESULTS

- Closing ratio increased from 10 percent to 20 percent in 2002.
- Closing ratio for the first quarter of 2003 increased to an average of 34.5 percent.

In the heart of Minnesota's Iron Range, 190 miles north of Minneapolis, sits the small town of Hibbing, population 18,000. This remote Minnesota town may be the last place you'd expect to find a big dealership with a booming business and a sophisticated Internet operation, but that's exactly what you'll find if you stop in at Hibbing Chrysler Center, where Internet Manager Chris Hanson is getting extraordinarily profitable results using Cobalt's Lead Manager. What's *extraordinarily profitable* mean in hard numbers? "As of the end of March, my average closing ratio on Internet leads was 34.5% for 2003," says Chris.

Small town. Big business.

Chris Hanson is a six-year veteran of the car business, half of those years logged at Hibbing Chrysler Center, a Five Star Chrysler dealership with 40 employees and an inventory that averages about 150 new vehicles and 200 used vehicles at any given time. In 2002 they sold 1,100 vehicles. Chris is one of seven salespeople who work the floor at Hibbing Chrysler Center, but he's also responsible for managing all of the dealership's Internet leads. Needless to say, it's a big job.

"Lead Manager is really the only way I've been able to do all of it," says Chris, "Including floor traffic and the Internet, I sell 200 cars a year myself. Because of Lead Manager, I can handle my floor sales

and all of the Internet business." There are a number of keys to Chris Hanson's success with Lead Manager. For one thing, Chris is a great believer in combining good technology with good processes and best practices and, by his own admission, he's a curious guy who "likes to learn new things."

Even so, Chris didn't really have a master plan to begin with. "As far as the Internet and computers go, it's not like I'm a big techie," he says. "A huge part of our success has been the support I've gotten from the owners to implement all this. They've been terrific. Other dealerships might want the results we've gotten, but the owners here had the foresight to actually make the investment. We wanted to build up the Internet part of the business, and they asked me straight out, 'What do you need? What will it take to be competitive with places like Duluth and Minneapolis?' They found out about Lead Manager through Chrysler's Five Star Lead Manager Program and asked me to take a closer look. I checked it out and told them, 'this would definitely be a big help.'" And, at the time, "big help" was exactly what they needed.

The difficulties of doing business before Lead Manager.

Before they started using Lead Manager, Hibbing Chrysler Center's sales manager would print out Internet leads and pass them, round robin, to the sales staff. Chris proved to have a knack for converting online leads into sales and before long he was asked to handle all of the Internet leads. He started doing his own research to find out how to make a success of it. "I wanted to learn," says Chris. "I wanted to know what my competition was doing." Trying to get a read on the market, he used his personal email address to send "leads" to various dealerships to see how quickly they replied to email—and *how* they chose to respond. "It was amazing. I'd put 'preferred contact: email' and they'd call my home! Right away, I knew that's something you didn't want to do with Internet customers."

So Chris cultivated his Internet customers by getting back to them as quickly as possible and replying to emails with emails (unless they specifically asked him to call). He managed to get the dealership's closing ratio on Internet leads up to a respectable 10 percent, but he still wasn't satisfied. Chris thought he could do even better, and six months into handling all the online business himself (still with no lead management system), he was being overwhelmed by the job. That's when he and the owners decided to try Lead Manager.

And then the closing ratio went through the roof.

Chris started using Lead Manager in the early 2002 and right away he noticed a dramatic improvement in lead conversion. "Before Lead Manager, I had an eight to ten percent closing ratio," says Chris. "After I started using Lead Manager, within the first month, my closing ratio jumped from 10 percent to 20 percent. I thought, well, it could have just been a good month. But then it continued and it's grown from there. That initial jump from 10 percent to 20 percent was definitely right after I started using Lead Manager."

So what difference did Lead Manager make? "It was so much easier to manage all the emails that were coming in," says Chris. "And the time I was saving... It was just a much more systematic way of doing things. What's nice about Lead Manager is the customer information is all right there, it keeps track of everything: your last

conversation with them, where you left off, what numbers you gave. You can view that whole history in Lead Manager so you can recap everything and figure out what your next step is." For the rest of 2002, Chris was able to maintain a closing ratio that ranged between 20 and 25 percent. This year has been even more impressive. For the first quarter of 2003 he's already averaged an astonishing 34.5 percent closing ratio.

It's not just the technology, it's the people who stand behind it.

Not only is Chris extremely pleased by Lead Manager as a technology product, he's also been impressed by the customer support he's received from Cobalt's eCare and field training and support services. Chris says that he's never had any problems with the system but he's occasionally called eCare with questions about using Lead Manager and he's always been impressed by how informed and helpful they are. "When I call eCare they know *exactly* what I'm talking about and they know what they're doing," says Chris. "They have an answer for me right away. I know they're on the same page with me when I'm describing something to them and they always answer my questions. It's been very helpful."

Cobalt's personal, in-dealership training through the Chrysler Five Star Lead Manager Program has also impressed Chris. "Our Cobalt field consultant came up and showed me and my sales manager the ins and outs of Lead Manager. She was really good at explaining stuff. She made it easy to understand." Even so, Chris says, Lead Manager was so intuitive that he really didn't need much training. "I find with Lead Manager, the more you're using it, the more you learn just by using it."

Building trust, building loyalty customer by customer.

Cobalt and Chris Hanson have a similar philosophy about the role of e-business technology in the dealership: Always back it up with good customer service. The key to Chris Hanson's success has been his belief in using technology as a way to connect with customers, not as a substitute for good processes. Chris feels that the Internet offers customers a level of comfort during the initial contact phase before trust is established. His strategy is to be responsive, communicative and patient. It's paid off. "I've actually found that our Internet customers have been extremely loyal," says Chris. "You know a lot of them do it this way because they don't want the hassle and the runaround that some dealerships put people through. So I do the process the way the customer wants it. I've had many Internet customers become repeat and referrals. They start out on email, but next time they call you or they stop in. So it's a matter of building that rapport and trust."

"Initially I was worried that I'd practically have to give everything away to get an Internet customer," says Chris. "It took awhile to figure this out but our income, our gross that we make on the Internet deals, has been the same as on other deals." Chris says his Internet customers understand that he has to make a profit, so he just puts the emphasis on customer service. However the customers contact the dealership, says Chris, "It's about spending the time to find the vehicle that'll work for them. That's your focal point. However the sale happens, by email or whatever, it still happens. But my Internet customers have turned out to be really, really good customers."

And, Chris says, by cultivating Internet customers, the dealership has expanded the radius of its customer base. "Because we're in a rural area, there's a real opportunity to capture online business from the surrounding communities that maybe don't have their own dealership," says Chris. "We get a lot of customers from within a three-hour radius. But we're also seeing customers from as far away as a six-hour radius."

Want to sell more cars? Use Lead Manager.

These days, Chris is still working floor ups and Internet leads. But he's also taught his fellow salespeople how to log information into Lead Manager. In fact the entire dealership is now using Lead Manager to manage their floor traffic. So, based on his experience, would Chris recommend Lead Manager to other Chrysler dealers? "Yes," he says without hesitation. "And not just Chrysler dealers. Lead Manager is easy to learn and easy to use. Any dealer, if they want to have something that makes it easy to manage their emails and follow up with customers, I'd recommend it to anybody who wants to sell more cars."