<u>Consumers Own the Dealership of Tomorrow Today… So Meet your New Boss!</u>
Monetizing social networking is the challenge of the day and this session will feature new technologies and consumer-centric solutions to put your customers to work for you.

One constant in the auto industry is change, and since human nature is also a constant, most productive change is driven by technology. This session will provide new technology driven solutions that integrate proven real-world selling systems with efficient and scalable online platforms to sell more vehicles and service. Auto dealers know they need to leverage social media and the viral marketing messages that it generates, but they don't have the resources or skill sets to do it; this session will provide them. Salespeople and brick and mortar dealerships will always have a role in the sales process, however tomorrow's virtual dealerships are already being built. This session will introduce customer-centric online applications that blur the line between the real and the virtual world allowing dealers to use C2C comments to market to social networks from the inside out vs. B2C that does it from the outside in.

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<u>Introduction:</u>

The explosive growth of Internet based digital marketing by auto dealers has been fueled by dealer's needs vs. their wants as advertising budgets have been reduced in synch with reduced sales volume and profit margins. The initial investment for many dealers was limited to building their online virtual showrooms as consumers replaced their local car row with the Internet Super Highway as the place to shop for a vehicle. The consolidation of brick and mortar facilities may have been accelerated by a shrinking economy and government dictates however, the writing has been on the virtual wall for some time. Technology has always served as the catalyst for change and the Internet has proven to be the platform to introduce the next evolution of the auto industry.

From the auto dealer's perspective, Internet based social networking was initially perceived as the virtual version of a Chamber of Commerce, the Rotary Club, Community Event,

Fraternity, etc., etc. linked by technology that serves as a central communication and distribution tool. This limited understanding and application of social media was based on the presumption that B2C marketing messages were the objective as dealers attempted to replicate proven real world selling processes translated onto the World Wide Web as an extension of their virtual showrooms.

Relationship based selling processes in the real world were presumed to be transferable onto the World Wide Web, but based on experience; not so much! Dealer-centric messages relying on the fact that people like to do business with people that they like are diluted when filtered by the glass wall that isolates the customer from the dealer. The logic to "Sell yourself, sell the dealership, sell the vehicle and then justify the price" is an accepted wisdom based on the one constant that has survived in both the real and the virtual world – Human Nature! Unfortunately, human nature also drives the need for consumers to seek the path of least resistance when looking for information to satisfy a need -- like purchasing or servicing a vehicle -- and the next generation of consumer-centric social networking and C2C marketing satisfies that need better than an auto dealer can; or ever will.

Internet based social networks represent an online community of likeminded consumers who have a strong influence on their online friends. Auto dealers recognize that they must invest and involve in these online communities as people, not as an auto dealer. However, they will always be perceived as an outsider with self serving interests no matter how much they try to join in on the conversations. Their best intentioned efforts to prioritize the interests of their online friends to earn their trust and consideration when they need a new vehicle -- or service for their present one -- will always be suspect.

The solution for dealers to maximize their R.O.I. from their time and effort in social media lies in another proven business practice that relies on referrals and word of mouth advertising. As with all things, the Internet and technology driven applications provide efficiencies and enhancements to this proven practice with viral components that can be quantified with new expectations of Word Of Mouth Optimization, (W.O.M.O.). Processes and analytic reports similar in structure to Search Engine Optimization, (S.E.O.), tools governed by search engine protocols and algorithms have been supplemented by consumer driven protocols and etiquette established in social networking communities using people power to sell cars and service! After all, what are friends for!

Once a need has surfaced, it is critical that the transition from casual conversations to focused selling processes is transparent and comprehensive to move the consumer seamlessly through their online shopping experience. Technology can communicate the information needed by both the consumer and the dealer to move forward into a transaction. However, the processes must build on the personality and relationship built on the social networking site that surfaced the opportunity. The unique differentiator

between the dealer down the street selling the same product is not the price, but the people that started the dialogue built on an earned relationship and trust.

More relevant to this session is the recognition that the salesperson has been replaced by the consumer who introduced him to the potential customer, and it is that credibility that will move the conversation into a negotiation and a sale. As a result of this new dynamic empowering the consumer in the exchange of information the negotiation has also shifted to the customer's side of the table and the dealer's role must be adjusted accordingly.

This session will outline several marketing platforms and technology driven applications that will allow an auto dealer to invest in social media in a scalable and cost effective manner with quantifiable R.O.I. to deliver more vehicles with less staff and costs. Integrating real world selling systems and facilities with newly developing online processes and social networks is dependent on the auto dealer's ability to place their customer's interests ahead of their own with the confidence that they will both win in the process. Leveraging resources and staff is critical to accomplish this goal and viral marketing is a key element that should be understood and applied.

The Definition Of Viral Marketing And Social Media As They Relate To This Seminar

Viral marketing distributes a message in such a way that it will be forwarded by the recipient in a geometric progression enhanced by its valued content, unique creative, entertaining production or some quality that will motivate the initial consumer to share it with their spheres of influence.

The exponential growth of this type of online distribution channel affords an extremely cost effective media to distribute the initial message to a diverse audience that may or may not be interested in the content, but even a small percentage of conversions represent a superior short term and quantifiable R.O.I. to conventional marketing media. The buzz created by the extended online community also develops long term branding recognition that enhances the reach and frequency of the message with less measurable results but similar value in developing top of the mind awareness for future customers.

By extension, social media <u>as it is applied for the purpose of marketing for the retail auto industry</u> is a channel for distribution of both viral and targeted marketing messages through controlled blogging forums as well as expanded spheres of influence through online communities such as Twitter, Face Book, LinkedIn, Naymz, YouTube, etc.

These online social networking communities have unique profiles that attract different types of users. Twitter and Face Book, for example, are more universal and personal in nature while Naymz and LinkedIn are more professional and focused on business to business networking with YouTube using video to express the message. These online communities will be part of your

extended social media channel, however, more specialized networks targeted to the auto industry should be the core channels based on their applicable content, audience and related links.

It should also be noted that recent market studies confirm that the efficiency defined by Twitter - in that they limit their postings to 140 words – has served to differentiate them from other sites with a superior growth curve to prove it. Conversion rates from Twitter users who access online banner ads or similar commercial messages are twice those of social networkers who do not have Twitter in their online profiles. The revelation is that many online networkers are overwhelmed by the fragmented online communities that they participate in and limited time requires them to seek out more effective ways to manage their online and real world lives.

New platforms that link these diverse online communities into one central access point now exist that provide efficiencies beyond those provided by any single site. ronsmap.com – for example - is an online inventory based marketing platform that allows online shoppers to push their vehicle selections onto their social networking sites to solicit the opinions of their online friends. These newly developed marketing platforms integrate geo-targeted localized search engine functions – think Google Local for the auto industry! The ability to offer C2C vs. B2C marketing messages supported by relevant social networking forums is an efficient combination of business and pleasure that will attract today's time challenged consumers. Of course, business opportunities must be subordinate to providing relevancy and interesting content to the end users – the car shoppers. However, the convenience of providing a locally targeted inner circle of connected real world friends through an online communication tool tied to the resources provided by the auto dealers who support the site is an example of the leveraged and efficient resources that are emerging on the Internet.

Finally, many dealers have learned the value of integrating customer generated content onto their websites through blogging forums and other methods to present past and present customer experiences to potential future customers. These dealer sponsored social networking platforms are often suspect and dealers tend to filter negative comments on their own site which limits participation by customers and adversely impacts the confidence of visitors in the value of the content. A more proven platform has been for auto dealers to support third party micro-sites that distance the dealer from the online community. The site can then expand on the messages it presents to include issues of interest to potential customers. Links to community organizations and related information resources supported by the dealer do not require a sales message, which would likely alienate the online community. The value of developing relationships with the site visitors on the common ground of your shared support for the activities coordinated on the site will plant the seed that will grow when they are looking for a friend in the car business.

The agenda of participants in social media and social networking does not include commercial messages as it is primarily an online platform to build relationships and share information. On the contrary, any commercial abuse of a social media site will alienate users and create negative

backlash. That said, as previously stated, human nature has survived from the real world to the virtual world and people still prefer to do business with friends – real or virtual. As long as the sales message is secondary to providing valued content or is placed in the context of a relationship focused community with shared interests then the ability to develop sales is both measurable and assured.

Why Viral Marketing /Social Media Is An Important Aspect Of Advertising/Marketing

Viral marketing and social media have cost advantages over conventional media – including radio, TV, print, direct mail, etc. - as well as online investments in search engine marketing, (SEM) - such as pay per click and banner advertisements - since there is no direct costs.

They are similar in their R.O.I. and value to Internet based search engine optimization, (SEO), and the evolving word of mouth optimization, (W.O.M.O.), with comparable "indirect costs" in that they are labor intensive. However, properly leveraged reciprocal links and automated content provided by RSS feeds from related online sources can be integrated to reduce the labor for both content and distribution enhancing the R.O.I. even after the cost of labor is considered.

An additional unique value of social media is the increasing importance of relevancy and consumer generated content in consumer preference in their selection of sites as a resource for information. Improvement in conversion and bounce rates, time on page and a number of other site analytics can be directly attributed to improved relevancy and consumer content – as is provided by social media when properly integrated with a website.

More significantly, is the resulting impact it is having on search engines such as Google in adjusting the algorithms that establish both page rankings and even costs associated with their pay per click programs. Also, the constantly changing messages provided by user generated content on the posting site improves its SEO. The importance of relevancy has been firmly established by both consumers and the search engines insuring that its impact on Internet use will increase as should your focus on it.

A less obvious but equally valued aspect of the use of social media to extend your marketing plans is the evolution of the use of the Internet by consumers to be more of a pull/push media vs. the old world marketing logic of push/pull. The Internet has allowed consumers the freedom to gather information from a variety of online resources to avoid the sales hype and self serving messages used by advertisers in other media.

The recognized preference for consumers to rely on referrals and shared personal experiences from third party sources and "friends" has been enhanced by the Internet and more specifically social media which has been shown to provide a stronger influence on consumers than both conventional and other methods of Internet based marketing efforts.