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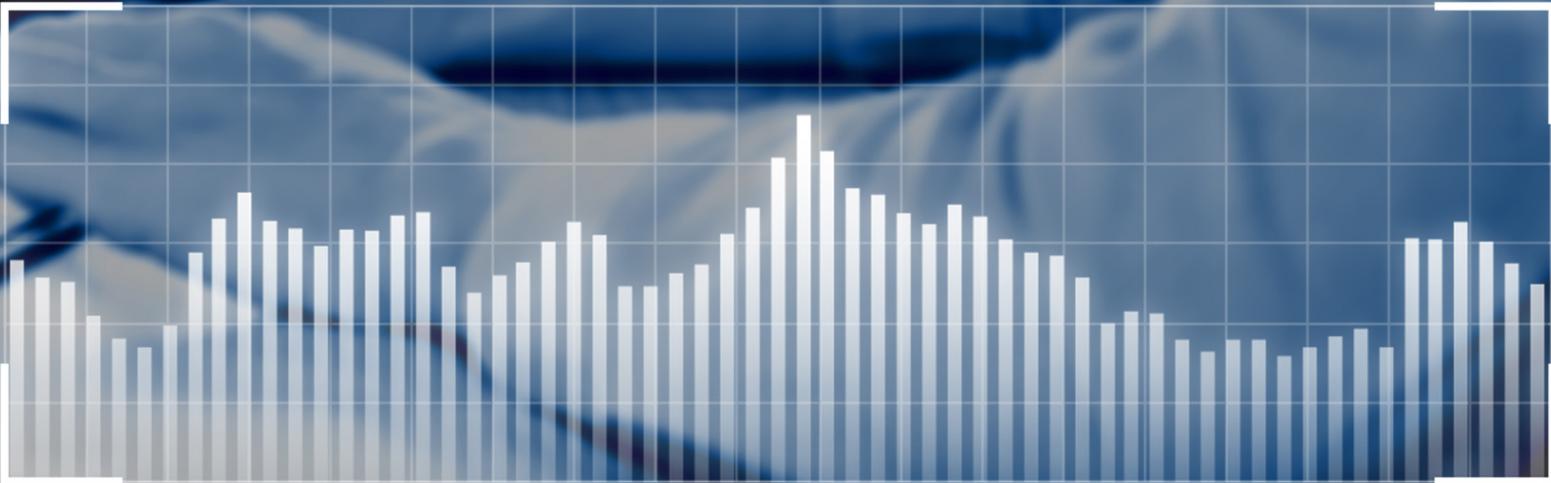
Performance



## 6 Vital Inventory Strategies Dealers Need to Have Their Marketing Plan Support



If you expect to hit your sales goals, you need to segment your marketing activities to focus on your specific inventory objectives. Here are six essential ways to ensure your marketing makes a meaningful impact - all with the help of artificial intelligence.



As the Chief Strategy Officer at LotLinx, Inc., my most meaningful time is spent listening and speaking with general managers and marketing managers at dealerships. Despite having spent the last 20 years in the automotive industry with major players like AutoTrader and Cox Automotive, there is still always the chance to learn and solve new problems. What I find dealers most care about is speaking their language and aligning to the way they operate their business. This language is “Turn, Volume, Gross, and Risk.” Right now, my specific focus is on helping dealerships move the vehicles that they are most motivated to sell today, more cost effectively and faster. We can do this by applying artificial intelligence.

I've had the privilege to interact with thousands of franchise dealers and many of the marketing vendors used by dealerships while working on my books on attribution and digital retailing. Although every dealer is unique due to market and product, I found something curiously in common: None of the marketing solutions available today actually align with a typical General Manager's vehicle sales objectives.

Let me repeat, NONE of the marketing solutions available today actually align with a typical General Manager's vehicle sales objectives! Somehow, they are expected to understand how words like “cost per click” and impressions ties to their Volume or Stair-step objectives for a month! Yet the automotive industry spends more and more in advertising expenditures each year.

According to NADA, the average dealership spends around \$630 on advertising for every new unit they sell. Additionally, this is calculated using generalized estimates of a dealer's monthly investment with auto listing sites, paid search, etc. I bet if you asked, 90% of dealerships today wouldn't be able to tell you their actual cost on a per unit basis in advertising, simply because that is not the way vendors sell marketing or the way it is captured in their DMS.

But every dealer does know the specific inventory objectives they need to achieve

monthly, quarterly, and annually. So why do we allow marketing investments to be blanketed? Instinctively, we know that our volume or incentive units should be given different marketing than our aged units. Treating all vehicles equally, hoping that the right customer will somehow manage find their way to the website to fill out the ever-so-satisfying lead form is just not a realistic expectation in 2018. (Was it ever?)

If you expect to be able to hit your numbers and really know how your digital advertising spend impacted sales in any meaningful way, you need to make sure to segment your marketing activities to specifically focus on each objective you are looking to achieve.

“Execute your inventory sales strategies,” so to speak.

So now that I've made my case for WHY you need to address each inventory objective with a different marketing strategy, let's get to the much more actionable HOW.

First, you start by understanding the opportunities on your lot. Our data science team has spent a lot of time researching through conversations with dealers, analyses of inventory feeds, working with OEMs, partnering with influential agencies, attending major events, and more to identify the six common buckets of inventory that dealers are most financially motivated to sell (and thus, most need their marketing strategies to focus on):

**1. VOLUME:** these units help achieve your Dealership/OEM-specific sales objectives and hit your stair-step or financial goals.

**2. INCENTIVES:** these units help you earn more by maximizing incentive and dealer cash earnings.

**3. AT-RISK:** These units put you in danger of markdowns and gross erosion if they sit too long because of under-engagement online or high market days supply from the OEM.

**4. AGED - NEW:** These units help you gain share with high days supply, excess inventory, or concentrated model lines.

**5. AGED - USED:** These units stand to maintain higher margins when you sell them BEFORE lowering price.

**6. OFF-BRAND:** These units can be a challenge because shoppers don't expect to find them on your lot, but can usually go at a higher selling price when connected with the right customer.

When dealers identify how many vehicles they have in stock for each category, they are then in the advantageous position to design a marketing strategy that can achieve the best results for their spend. Identifying risk vehicles prior to them aging is really hard and requires specialized tools.

What's really exciting about LotLinx is that we've designed /AI/ technology that uses artificial intelligence to automatically optimize a dealer's marketing strategy so they can achieve specific inventory objectives without spending a lot of time managing individual campaigns. For example, there is not a dealership in the country that doesn't have a meeting near the end of the month and say "We need to sell 9 more units to make our numbers."

The challenge is how do you make that happen with advertising. This is what LotLinx is solving for. Do you care that we use data science to understand what online behavior most correlate to sales so that we know exactly how much lift to give each vehicle to move it faster? No, that is not your language.

It's really quite astonishing, if you take the time to check it out.

### ABOUT THE AUTHOR:



*Thomas Gage joined LotLinx in August of 2018 and currently serves as the Chief Strategy Officer where he guides the alignment /AI/ products with dealerships' sales objectives. He brings more than 17 years*

*of automotive retail experience to the team with a track record of accelerating corporate growth, extensive knowledge of product, analytics, strategy, and acquisitions. Thomas holds an MS in Geophysics from the University of Southern California, a BS in Geology from the University of New Hampshire, and a Certificate in Finance and Accounting from Georgia Institute of Technology.*



### SMARTER WINS

Contact us to learn more about the LotLinx approach to inventory-focused marketing and discover real-time insights about your lot that you can launch strategies against today.

Need more info? Call 1-800-625-LINX (5469) or visit [lotlinx.com](https://lotlinx.com)