



# ***THE FORWARD- THINKING DEALERSHIP***

**Adopt the mindset and tactics that  
bring major gains**

**MARKETING • INVENTORY MANAGEMENT • SALES • SERVICE**

# THINKING AHEAD

After overcoming countless obstacles over the past few years, automotive retailing now faces a new set of challenges. Supply shortages continue, and there are issues with demand, too. High vehicle prices and low inventory are deterring shoppers. Plus, more consumers are having trouble accessing financing. And on top of it all, there are larger economic concerns. But dealers are a resilient group, and many are already well equipped to deal with the coming headwinds. These dealers are true forward thinkers.

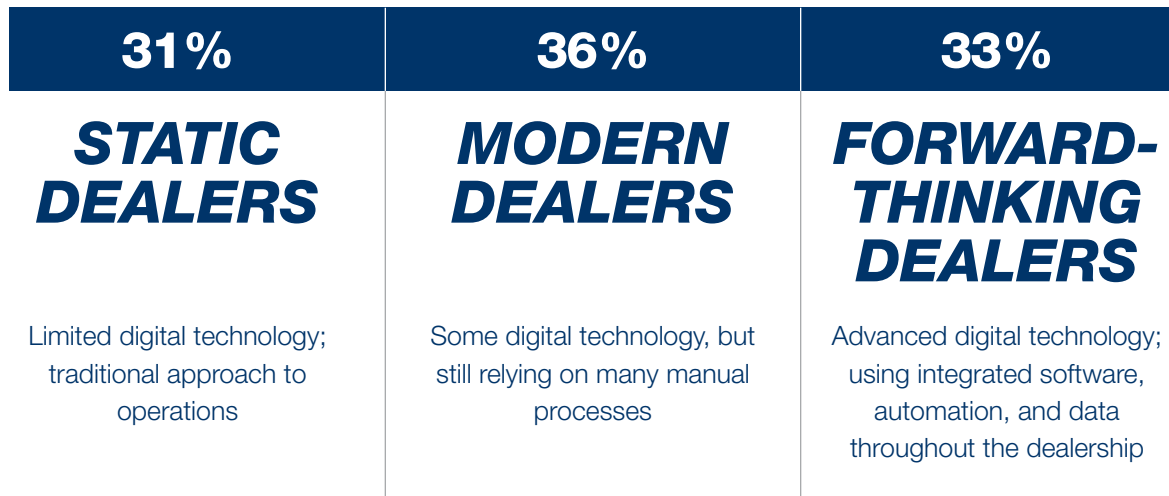
This eBook reveals the mindset and tactics of today's forward-thinking dealers, based on an in-depth study of more than 500 dealers. You'll learn how to adopt their future-forward strategies to help you overcome whatever challenges arise tomorrow — and even **start seeing business results today.**



# HOW ADVANCED IS YOUR DEALERSHIP?

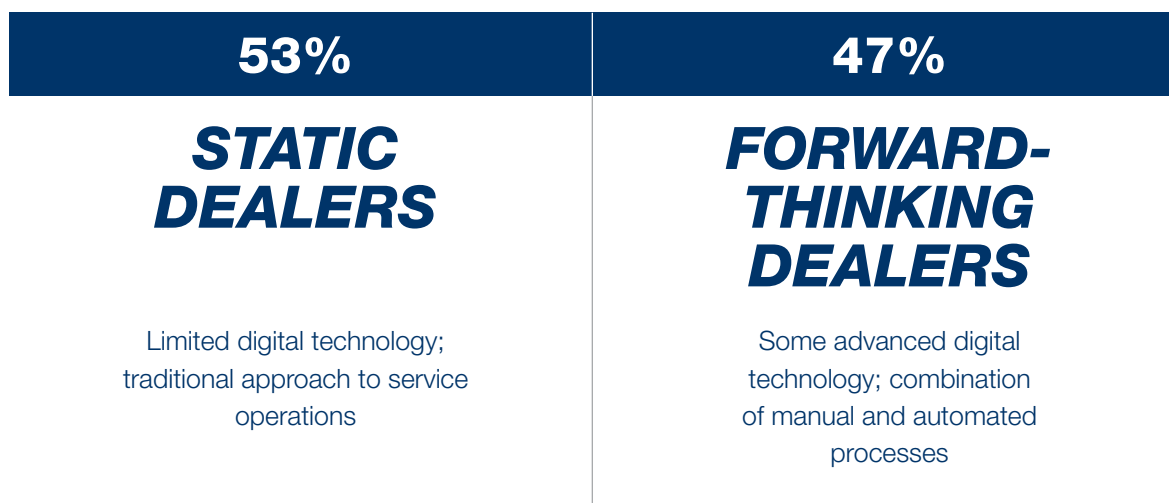
## VARIABLE OPERATIONAL ADVANCEMENT

In sales, marketing, and inventory management, dealers fall fairly evenly into three categories of operational advancement: static, modern, and forward-thinking. Which level best describes your dealership?



## FIXED OPERATIONAL ADVANCEMENT

In service, most dealers are not as advanced in their digital capabilities, and being forward-thinking is defined differently than it is for variable ops. So few service departments operate at the high-end of the spectrum that dealerships are divided into only two groups in this area.

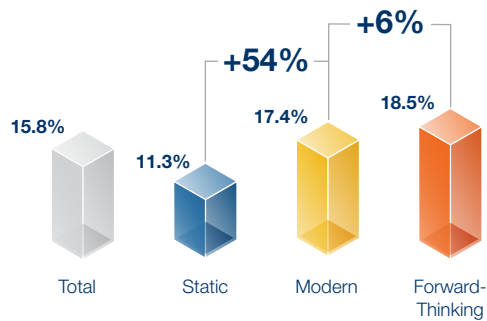


# THE VALUE OF FORWARD THINKING

Advancing your operations isn't just about embracing more digital technology. It's about advancing your dealership's performance. If you're either a static or modern dealer, moving to the next level yields significant business results. Forward thinkers earn more net profit and make more vehicle sales — and they do both at a faster rate.

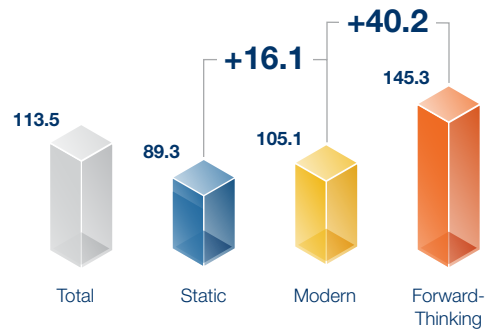
## More Net Profit

As Percent of Total Sales



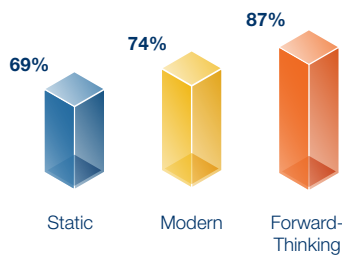
## More Vehicle Sales

Vehicles Sold Per Month



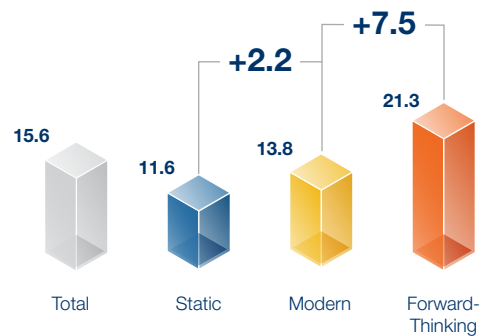
## Higher Profit Gain

Sales Profit Change in the Past 12 Months



## Higher Vehicle Sales

Vehicles Sold Per Month, Per Salesperson



# 64%

***HIGHER NET PROFIT AMONG  
FORWARD-THINKING DEALERS  
VS. STATIC DEALERS***

# WHAT DIFFERENTIATES FORWARD THINKERS

Forward-thinking dealers really do have a different mindset than other dealers. Open to new ways of working, they embrace data to create one connected workflow and one better customer experience — just as the online retailing, healthcare, and education industries have done in recent years. And research shows that forward-thinking dealers use specific tactics to advance four primary functional areas of their business:

- **Marketing**
- **Inventory management**
- **Sales**
- **Service**

**If you aren't a forward-thinking dealer yet, you can become one by employing the tactics highlighted on the following pages.**



# THE MARKETING APPROACH OF FORWARD-THINKING DEALERS

The average dealer has the opportunity to improve in the area of marketing. The most forward-thinking dealers focus on honing four key marketing capabilities related to using data to create personalized communications.

## Key Marketing Capabilities

**User Behavior Insights** — using data from the CRM or website to make marketing decisions and to develop personalized content

**Lead Management** — using the CRM to manage leads and communication

**Content Development** — creating advertising or communications that can be personalized and templated to help the dealership grow and retain business

**Service Marketing** — marketing techniques that help grow and retain the service/maintenance business

## The Most Successful Marketing Tactics

Forward-thinking dealers are using specific marketing tactics in each capability area to drive their success today, with other tactics predicted to grow in the coming years. If you're not a forward-thinking dealer yet, these tactics will help you get there.

Tactics Currently Used by Most Forward Thinkers	Tactics Predicted to Grow in Use Among Forward Thinkers
<b>User Behavior Insights</b>	
✓	Living by their CRM (keeping data updated)
✓	CRM integrated with website
<b>Lead Management</b>	
	Leveraging AI technology (e.g., chatbots, virtual assistants) to respond to and automatically pre-qualify internet leads (based on well-defined qualification criteria) before handing off to sales <span style="float: right;">✓</span>
<b>Content Development</b>	
✓	Dedicated marketing staff and leadership
✓	Communications that can be templated and personalized
<b>Service Marketing</b>	
✓	Conquest service marketing campaigns targeting owners in local area who did not purchase their vehicle from the dealership
	Menu pricing available on website <span style="float: right;">✓</span>
	Ability to compare to other providers in the market <span style="float: right;">✓</span>

# ***What Forward-Thinking Dealers Say:***

“Our click-through rates and our response rates on several of our emails are well above industry standards.”

---

“We’re finding leads and processes that we didn’t have before.”



# THE INVENTORY MANAGEMENT APPROACH OF FORWARD-THINKING DEALERS

On average, dealers are using the inventory management tactics of modern dealers. Most dealers could advance this functional area of their business by improving key capabilities related to acquiring, pricing, and merchandising vehicles.

## Key Inventory Management Capabilities

**Vehicle Acquisition** — how a dealership obtains inventory (e.g., trade-ins, at auction, etc.)

**Pricing Optimization** — how a dealership prices inventory

**Vehicle Merchandising and Syndication** — the process of marketing and merchandising vehicles online and pushing to third-party listing sites

## The Most Successful Inventory Management Tactics

Forward-thinking dealers are using specific inventory management tactics in each capability area to drive their success today, with other tactics predicted to grow in the coming years. If you're not a forward-thinking dealer yet, these tactics will help you get there.

Tactics Currently Used by Most Forward Thinkers	Tactics Predicted to Grow in Use Among Forward Thinkers
<b>Vehicle Acquisition</b>	
✓	Long-term vision for inventory that guides acquisition strategy
	Continued investment in efforts supporting a long-term vision for acquisition ✓
<b>Pricing Optimization</b>	
✓	Always using market data to price, never “gut feeling”
<b>Vehicle Merchandising and Syndication</b>	
✓	Resource dedicated to managing inventory
✓	Using a syndication tool
✓	Adding enhanced details for each VIN (e.g., video, 360-degree view)

# ***What Forward-Thinking Dealers Say:***

“When it comes to [pricing] the pre-owned vehicle itself, we look at metrics like Market Day, supply cost to market, and what are the vehicles in our market.”

---

“[Our inventory manager looks] at the inventory mix from a preowned side and if certain stores do better with a certain car, [they] will help shift things around.”

# THE SALES APPROACH OF FORWARD-THINKING DEALERS

The average dealer uses the sales tactics of lower-level modern dealers. That's largely because the sales process is so complex, bringing many capabilities together into one workflow that includes both front-office and back-office operations. Dealers trying to become forward thinkers in this functional area should focus on one or two capabilities at a time.

## Key Sales Capabilities

### Front-Office Operations

**Vehicle Selection** — providing search filters or vehicle configuration tools to consumers to shop for and determine vehicle price

**Trade-in Valuation** — the process of valuing vehicles for trade-in

**Trade-in Vehicle Inspection** — the process of inspecting vehicles for trade-in

**Trade-in Offers** — process for proactively contacting customers related to trade-ins

**Trade-in Payoff** — the process of paying off or satisfying existing loans on vehicles for trade-in

**Credit Decisioning** — the process for determining consumer credit worthiness

**Aftermarket and Menu** — providing search filters or tools for customers to shop for aftermarket products/services

**Desking** — the process used for building deals

**Compliance** — the process for ensuring all sales comply with state and federal regulations for transaction and consumer information

### Back-Office Operations

**Contracting/Document Management** — how a dealership handles the final sales contract and storage of documents

**Signing and Vaulting** — the process for signing final contracts (electronic or paper) in a secure, trusted environment

**Registration and Title Management** — how a dealership manages and tracks vehicle registration and the process for title management and storage

# THE SALES APPROACH OF FORWARD-THINKING DEALERS

## The Most Successful Sales Tactics

Forward-thinking dealers are using specific tactics in each capability area of front-office operations to drive their success today, with other tactics predicted to grow in the coming years. If you're not a forward-thinking dealer yet, these tactics will help you get there.

### Front-Office Operations




Tactics Currently Used by Most Forward Thinkers		Tactics Predicted to Grow in Use Among Forward Thinkers
<b>Vehicle Selection</b>		
✓	Advanced search filtering options (e.g., monthly payment, distance, fuel type, MPG, etc.)	
<b>Trade-in Valuation</b>		
	Using up to 12 months of forecasted values	✓
<b>Trade-in Vehicle Inspection</b>		
	360-degree image capture of vehicle with intelligent damage detection	✓
<b>Trade-in Offers</b>		
✓	Tracking customer equity position to trigger communication at optimal trade-in time	
✓	Equity-mining CRM and sending out personalized emails to customers based on that data (e.g., length of ownership, type of vehicle, lease end date)	
<b>Trade-in Payoff</b>		
	Using integrated API for payoff quote that is automatically built into the deal structure	✓
	Paying off the lien and releasing the title electronically via API, into custom workflow	✓
<b>Aftermarket and Menu</b>		
✓	Ability to recommend specific aftermarket products to buyers on website by using consumer data points; menu includes descriptions and pricing	
<b>Desking</b>		
	Personalized ("penny/pencil perfect") monthly payments	✓
	Using AI to automate online deal structuring and lender decisioning	✓

# THE SALES APPROACH OF FORWARD-THINKING DEALERS

## The Most Successful Sales Tactics

Forward-thinking dealers are using specific tactics in each capability area of back-office operations to drive their success today, with other tactics predicted to grow in the coming years. If you're not a forward-thinking dealer yet, these tactics will help you get there.

### Back-Office Operations

Tactics Currently Used by Most Forward Thinkers	Tactics Predicted to Grow in Use Among Forward Thinkers
	<b>Contracting/ Document Management</b> Contracts and forms generated automatically from a standard forms library and sent to lender automatically
	<b>Signing and Vaulting</b> Unassisted remote signing of contracts and documents 
	<b>Registration and Title Management</b> Dealer-owned electronic solution allowing for direct integration with in-state DMV and some electronic processing of out-of-state registration and title transactions 

# ***What Forward-Thinking Dealers Say:***

“When we’re doing descriptions on vehicles, we make sure all the features are there so [shoppers] can be more precise when they are searching.”

---

“We have lower bounce rates coming into the site and converting into leads and phone calls.”

# THE SERVICE APPROACH OF FORWARD-THINKING DEALERS

Service represents one of the biggest opportunities for dealers, as the average dealership is not using advanced service tactics. Dealers could advance this functional area of their business by improving key capabilities related to service management and service customer interaction.

## Key Service Capabilities

**Service Bay Management** — overseeing the service lanes to keep vehicles moving through them

**Digital Solutions for Interactions With Customers** — the use of email, text messages, chat, and other digital tools to communicate with customers

**First Service Appointment** — communicating with dealership customers so they bring their vehicles back for service and maintenance

**Recall Management** — managing vehicle recalls





**Service Financing** — managing the payment process

**Loaner Vehicle Management** — overseeing the substitute cars given to customers while their vehicles are serviced

**Service Pickup and Delivery** — picking up a vehicle from a home or business for a service appointment and returning it afterward

## The Most Successful Service Tactics

Forward-thinking dealers are using specific service tactics in each capability area to drive their success today, with other tactics predicted to grow in the coming years. If you're not a forward-thinking dealer yet, these tactics will help you get there.

Tactics Currently Used by Most Forward Thinkers	Tactics Predicted to Grow in Use Among Forward Thinkers
<b>Service Bay Management</b>	
 Full electronic communication between service technician and back parts counter	
 Promoting open service bays during slow periods	
Reliance on an electronic dispatch program to automatically assign work to technicians	
Using email to alert customers about open slots or specials/discounts	

**Tactics Currently Used  
by Most Forward Thinkers**

**Tactics Predicted to Grow in  
Use Among Forward Thinkers**

**Digital Solutions for Interactions With Customers**

✓	Ability to schedule service appointments via text or online chat	
✓	Pricing estimates and transportation options integrated into online service scheduling experience	
✓	Online or mobile payment options	
✓	Digital multi-point inspections and quoting, with calls, texts, or emails for customer approval	
	Digital multi-point inspections and quoting, with video chat for customer approval	✓
	Options to check in via kiosk or mobile app	✓
	Video chat with service technician to share vehicle issues and repair information	✓

**First Service Appointment**

✓	Handoff of customer information from recent vehicle sales to service department for service marketing	
✓	Reporting declined services back to the scheduling tool, allowing the dealership to market to the customer in the future	
✓	Integration of CRM with service inspection tools	

**Recall Management**

✓	Embedding a link to an online scheduling tool in recall notifications sent via email, text, or mobile app	
✓	Offering pickup and delivery for recall customers	

**Service Financing**

✓	Partnering with a lender to provide customers with repair payment plans	
---	---	--

**Loaner Vehicle Management**

✓	Documentation of the loaner vehicle's condition using digital imagery and video, including digital damage capture	
	Automated alerts when vehicle is outside the allowed geofenced area	✓
	Using digital/electronic contracting and signing for loaner fleet, with the ability for customers to upload documents via an online portal	✓

**Service Pickup and Delivery**

✓	Offering pickup and delivery for service appointments	
	App-based workflows to support pickup and delivery tracking	✓



# ***What Forward-Thinking Dealers Say:***

“We’re making sure customers are getting multi-point vehicle inspections done consistently. And we’re making sure that we present that inspection every time the customer comes in for service, follow up with them, and preset the appointment to get them back in.”

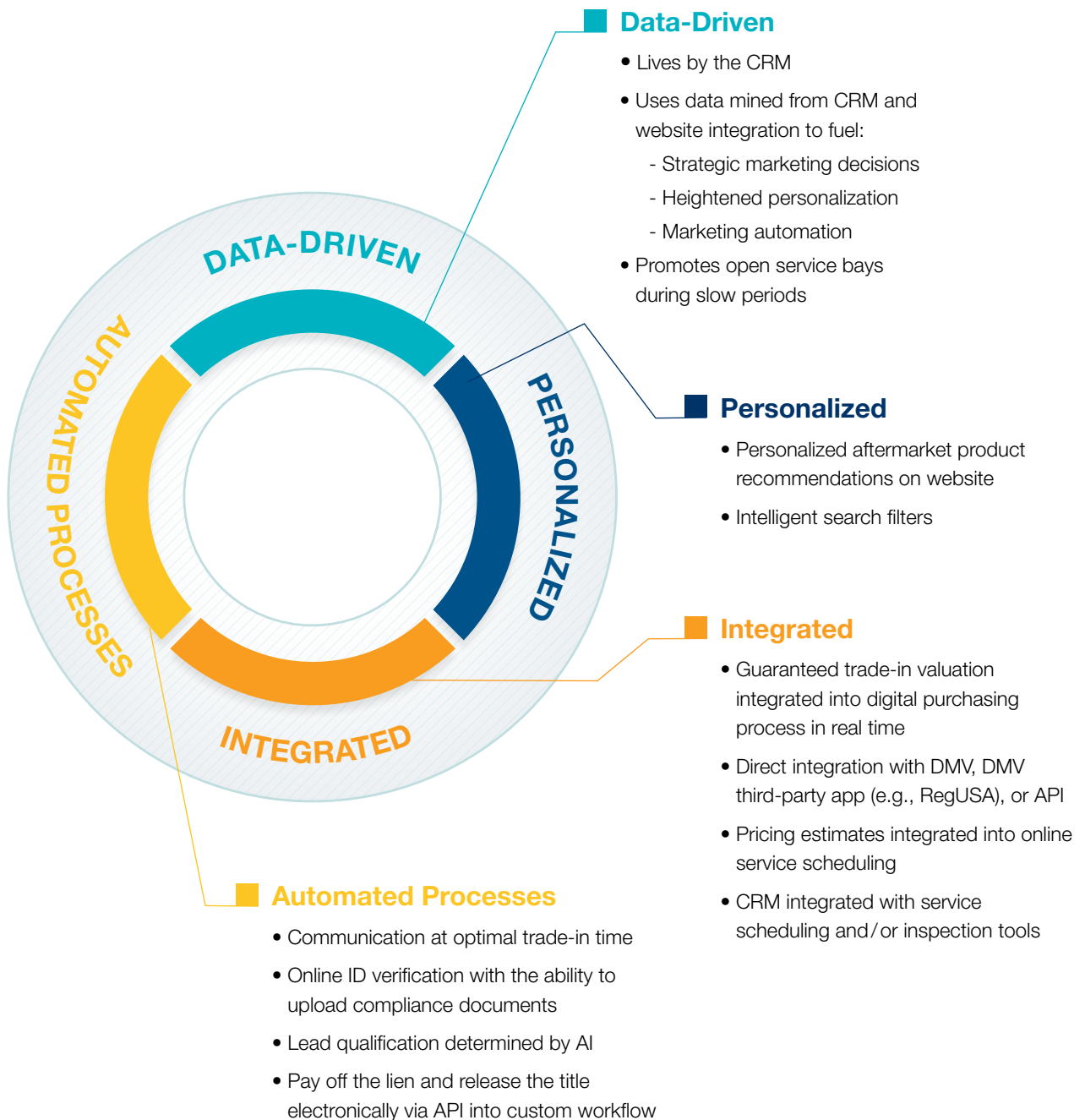
# WHERE TO INVEST FOR TARGETED IMPROVEMENT

Research shows that in the coming year, dealers plan to invest the most in improving five capabilities. These capabilities appear below, in order of importance, along with the tactic that will make the greatest positive impact on that capability. These are the tactics you should employ to see a positive business outcome in specific areas.

Capabilities in Which Dealers Plan to Invest	Tactics That Most Positively Impact Each Capability
<b>1. Compliance</b>	Online ID verification with the ability to upload compliance documents
<b>2. Vehicle Acquisition</b>	Long-term vision for inventory that guides acquisition strategy
<b>3. Service Marketing</b>	Service marketing campaigns targeting owners in local area who did not purchase their vehicle from the dealership
<b>4. Trade-in Offers</b>	Tracking customer equity position to trigger communication at optimal trade-in time
<b>5. Lead Management</b>	Leveraging AI technology (e.g., chatbots, virtual assistants) to respond to and automatically pre-qualify internet leads (based on well-defined qualification criteria) before handing off to sales

# WHERE TO INVEST FOR AN OVERALL PROFITABILITY BOOST

So far, you've seen the specific tactics of forward-thinking dealers that you can use to advance operations in each functional area of your business. But if you want to take a broader approach to improving net profit margin across your dealership, you should invest in tactics that make all of your operations data-driven, personalized, integrated, and automated.



# GOING FORWARD

It's clear that forward-thinking dealers are preparing for tomorrow's challenges in ways that are already paying off for them today. And whether you're a static or modern dealer — or even a forward thinker — it's helpful to know which tactics are most successful in specific functional areas of the business and where to focus to boost profitability across all areas. Adopt the forward-thinking mindset and tactics at your dealership to enter these uncertain times with confidence.

## The Cox Automotive Advantage

Cox Automotive clients with three or more of our products are classified as “forward-thinking” dealers, a group shown to be more profitable compared to dealers less technologically and digitally advanced.\* That's because they're using today's innovations to create one complete view of the consumer, one connected deal, and one better experience for their customers as well as for their staff.

***Become a Forward Thinker →***

**MARKETING • INVENTORY MANAGEMENT • SALES • SERVICE**



\*Source: “Forward-thinking” defined as dealers who are more advanced in digital transformation, technology, automation, and data usage throughout their operations. Based on Cox Automotive's Forward Thinking Dealerships Study, 2022.