

SMALL INDEPENDENT DEALER USES THIRD-PARTY SITES TO LEVEL THE PLAYING FIELD & SELL CARS HIS WAY

CASE STUDY | MARCH 2017



Autotrader



Kelley Blue Book

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Snapshot

Dealership	Family Car Factory
Type	Independent
Market	Richland, MS
Used Inventory	~25
Employees	3
Marketing Tools	Autotrader and Kelley Blue Book
Average Monthly Sales	14

Case studies from Autotrader and Kelley Blue Book are designed to illustrate how various types of auto dealerships across the country are using tools and technology to transform their businesses. This case study looks at a small independent dealer's digital marketing strategy with Autotrader and Kelley Blue Book and how it supports the dealer's operations — specifically by providing access and exposure to highly qualified, in-market car buyers.

ABOUT FAMILY CAR FACTORY

Opened in September 2015, Family Car Factory is an independent dealership owned and operated by Josh Demars in Richland, Mississippi, a suburb of Jackson. They primarily sell to their local market which includes Jackson and its surrounding metro area with the overwhelming majority of their customers coming from the Internet. Family Car Factory also has a strong repeat and referral business which is, in part, due to their guiding principle of “treating people how you would like to be treated.”

Family Car Factory carries an average of 25 used cars in inventory within the last 5 to 6 model years — primarily crew cab trucks and sports cars. The dealership focuses on competitive prices that yield high turn and averages 8-9 inventory turns a year. They do not offer financing but will assist buyers by sharing their network of fair and reputable financing partners. They provide a minor amount of maintenance and repair — mainly to recondition inventory for sale and to do minor post-sale repair for customers. They accept trade-ins and have an aggressive pricing strategy that allows for a small amount of margin while still giving the customer a good value for their vehicle.

Family Car Factory lives up to its name as a family-run business with a husband-and-wife team at the helm and one service technician on staff. The dealership is designed to make people feel like “more than a customer” with a comfortable living room-style seating area, television and small kitchenette. In fact, customers are encouraged to make themselves at home and “hang out” as long as they desire. Family Car Factory aspires to grow their footprint to 35-40 cars, but challenges with inventory sourcing have limited their ability to expand.



The Demars Family, from left, Margaret, Brock, Mabry, Riley and Josh.

MORE THAN “JUST A CUSTOMER”

You could say that Josh Demars has done it all when it comes to the business of selling cars. Demars started selling cars in 2004 and enjoyed the nature and profitability of the car business. He moved into management shortly thereafter and has also spent time in F&I and as a General Sales Manager.

After the recession hit in 2008, which harshly impacted the dealer franchise business, Demars opened an independent dealership with some partners. After achieving success in this new venture, Demars eventually parted ways with the dealership, citing differences in operational philosophies. In September 2015, Demars opened Family Car Factory with his wife Margaret and with a commitment to successfully run a business while keeping family as the focus.

As Demars explains, the dealership name was chosen to reflect their beliefs. “I put my name out there as Family Car Factory because I believe in the family, and I want people to feel like they are more than just a customer or a means to an end,” he says.

Demars staffs one mechanic to allow for minor repair work and to support the dealership’s customer-focused approach: “I use the mechanic to help out after the sale because I want people to have an outlet where they can go and not feel like they are being taken advantage of.”

The guiding principle of Family Car Factory is to “treat people the way you would want to be treated,” so it is no surprise that Demars was able to grow a healthy base of repeat and referral business within the first year and a half of operation. As far as best practices are concerned, Demars boils it down to transparency and honesty with the customer.

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– Josh Demars, Owner and Operator,
Family Car Factory, Richland, MS

EVERYONE IS YOUR COMPETITION

How does a smaller independent dealer compete with the Goliaths of the marketplace? According to Demars, the Internet levels the playing field. Over three-quarters of his customers come to his dealership based off exposure to his inventory online, where he advertises on select third-party sites, including Autotrader.com and KBB.com.¹ Family Car Factory also has a dealership website, managed through a vendor, where inventory is listed.

In terms of competition, Demars believes that you make your own. "It's hard to really name a competitor with the Internet and what it's doing in the car industry. I don't think you have a true competitor anymore because, really, everybody is your competitor."

Price and customer experience are top of mind when Demar's talks about his dealership strategy: "I don't have to capitalize and make \$3-4K a car because I am turning inventory quickly. It allows me to be more transparent to customers and truly help them. If I can do that and still make a living, then I can enjoy life and what I do," he says.

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– Josh Demars, Owner and operator,
Family Car Factory, Richland, MS



The overwhelming majority of Family Car Factory's customers come from the Internet.

PARTNERSHIP IS KEY TO SUCCESS

According to Shannon Riddle, Demars' Autotrader and Kelley Blue Book consultant, he is "the perfect dealer client." Riddle supports Demars from the Cox Automotive Client Development Center — or CDC — in Irving, Texas, and while one might think it would be difficult to develop a remote relationship, she knows the ins and outs of Demars' business and engages regularly with both husband and wife to help them optimize their online advertising strategy.

Choosing to advertise with Autotrader and Kelley Blue Book was an easy decision for Demars. He had prior experience working with Autotrader and, when he opened Family Car Factory, he already recognized the benefit of listing his cars online. Demars' reason for partnering with Autotrader was simple: "It's cost-effective and gets my inventory in front of real customers. Being able to be competitive with larger dealerships makes all the sense in the world in this "day and age."

Demars went live on Autotrader.com and KBB.com in November 2015 with a smaller package of Spotlight Ads (high-exposure ads that appear at the top of a Search Results Page, or SRP, for a limited time) to highlight key inventory. **After seeing an immediate impact in activity, he upgraded to a Premium package that is specifically designed — and priced — for smaller independent dealerships.** This tailor-made package provides classified listings with optimum placement on the SRP, as well as additional Spotlight Ads, to maximize his advertising exposure. The exposure Family Car Factory's inventory receives from this placement gives Demars access to ready-to-buy shoppers and is a key factor in being able to compete with any dealer of any size. As Demars states, "I'm on a nice, busy road but my lot isn't set up for road traffic. The Internet is where I get 75% of my business."¹

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Riddle touts Demars' partnership as a key factor for his success on Autotrader.com and KBB.com — where he routinely outperforms his market.² "He is engaged. That's the biggest thing. He has all these other things he is doing to run his business successfully, but he still takes the time to make sure he sends us high quality photos and custom comments," she says.

For example, Demars recognizes the importance of quality merchandising: "Given the amount of customers I get from the Internet, it's important to deliver a great customer experience online. That's why I take the extra steps with merchandising each and every one of my vehicles." Demars ensures his vehicles are well-photographed and have compelling, custom comments. Each vehicle is detailed, staged and photographed in good light, and he takes numerous photos to provide a virtual walk-around of the

vehicle for the customer. While one may think this takes too much time and effort to do, Demars says he accomplishes this with "a cheap little hand-held Sony camera that I've dropped more times than I can count but it keeps working, so until it gives up, I will keep using it." He also writes his own custom comments for each vehicle as opposed to providing a generic VIN explosion.

Demars has had so much success getting his inventory in front of in-market shoppers that his biggest challenge to date is maintaining inventory. Demars averages a 42-day turn³ and says it's a never-ending cycle to keep his inventory numbers up: "It seems like I get up to 25, and then I'm back down into the mid-to-low teens. Then I scramble and re-stock, and by the time I get it built back up again, it goes right back out. It's just an ongoing cycle."

Autotrader and Kelley Blue Book offer tailored solutions that give independent dealerships the freedom and flexibility to better connect with ready-to-buy shoppers at the right place at the right time.

About Autotrader

Autotrader is the most visited third-party car shopping site, with the most engaged audience of in-market shoppers. As the foremost authority on automotive consumer insights and expert in online and mobile marketing, Autotrader makes the car shopping experience easy and fun for today's empowered consumer looking to find or sell the perfect new, used or certified pre-owned car. Using technology, shopper insights and local market guidance, Autotrader's comprehensive marketing solutions guide dealers to personalized digital marketing strategies that grow brand, drive traffic and connect the online and in-store shopping experience. Autotrader is a Cox Automotive™ brand.

About Kelley Blue Book

Founded in 1926, Kelley Blue Book, The Trusted Resource[®], is the vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry. Each week the company provides the most market-reflective values in the industry on its top-rated website KBB.com, including its famous Blue Book[®] Trade-In Values and Fair Purchase Price, which reports what others are paying for new and used cars this week. The company also provides vehicle pricing and values through various products and services available to car dealers, auto manufacturers, finance and insurance companies, and governmental agencies. Kelley Blue Book's KBB.com ranked highest in its category for brand equity by the 2015 Harris Poll EquiTrend[®] study and has been named Online Auto Shopping Brand of the Year for four consecutive years. Kelley Blue Book Co., Inc. is a Cox Automotive™ brand.

About Cox Automotive

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¹Source: Family Car Factory customer sourcing data

²Source: Autotrader & Kelley Blue Book site performance data

³Source: Family Car Factory 2016 sales data

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