

PST Growth Advisor

For the Commercial Vehicle Industry

Selling Successfully in a Down Economy

Dealer Principals are asking..... Where can I cut costs?

The answer to that question is often “in marketing.” But that raises other questions:

- How do I know which marketing dollars to cut?
- Are there areas where I would actually increase profit by spending more on marketing?

A lot of dealers tell us they use the “BWAH” method to answer that question...”Because We Always Have.” As in, “I’ll keep spending money there, because we always have.” That method carries risk. Cut where you shouldn’t and you’ll cut profit in an already lean year. Fail to cut the waste and the result is the exactly the same.

Measure Sales and Marketing Results

So how do you know where to cut? Measure sales and marketing results.

Dealers tell us they use one of three primary ways to measure sales and marketing results.

From dealerships selling less than 50 trucks a year, we often hear, “I keep track of it in my head.”

Dealerships selling 50 to 100 trucks per year often have moved to spreadsheets, reports from their dealer management system, or to databases such as ACT or Goldmine.

Dealerships selling over 100 trucks a year (or dealerships moving in that direction) are often moving to CRM systems (customer relationship management systems).

What’s right for you depends not only on the size of your dealership but on what you want to track. Here are some of the key things we hear dealers saying they want to know.

- Where did the lead come from?
- How many leads from each source actually turned into sales?
- How does our revenue from each source compare to the money we spent for that marketing or advertising effort?
- Do results for different vocations or truck types vary from one source to another?
- What vocations are currently selling the best and are therefore most likely to buy more?.

What’s important to you in deciding where to spend your marketing money?

[Click here](#) to tell us your thoughts and we’ll share them with others in future newsletters.

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One thing we've discovered from talking to dealers is that it's important to record all of this information as early as possible in the sales process. Asking a sales person "where the lead came from" several weeks or months later is apt to elicit a response that may not match reality. It's human nature to respond with the traditional marketing or advertising source you've used for the longest period of time.

Survive and Even Prosper

A down economy will almost certainly hurt sales in your dealership. Prospective buyers tend to buy less and take longer to decide. How then do you survive and maybe even prosper when you find yourself selling in a down economy? The typical reaction is to cut expenses across the board to lower costs. Usually sales and marketing costs are included in this cutting process.

But armed with the information above, steps can be taken to generate bigger sales results for you now and in the future when the market rebounds.

Here are seven of the most effective steps:

Focus key efforts on finding those prospects that still have to buy or can be enticed to buy.

While it's always important to effectively manage your sales and marketing efforts, it's critical to optimize your selling time and guard your resources during an economic slowdown. By pursuing only realistic, profitable sales opportunities, you can help ensure the best use of your time and company resources — both of which are usually strained in a down economy. Tracking information about who's buying and why they're buying will let you do that.

Stay in front of your customers and qualified prospects. In tough economic times, it's vital that you stay in front of your potential customers and your best current customers. Contact your customers with something of value to offer them, such as advice, an unusual perspective, or special knowledge. Never, never contact a customer during tough times and ask if they have an order to give you. You're going to have to work for it.

Keep in touch with the changing market. Middle managers with your customers' dealerships are often primary layoff targets when times get tough. This presents you with an opportunity to meet with senior managers who might be inaccessible during boom times. Listen carefully to them and be sure you really understand their concerns and the challenges impacting their business.

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Keep providing useful information to your customers. Senior managers are usually eager to hear about what other companies are doing to address tough issues and circumstances. Without divulging anything held by you in confidence, sharing success stories with executives is a powerful way to build your credibility and your business relationships with company leaders. You might, for example, share the experiences of a vendor who used a particular **marketing** approach to expand its number of potential customers.

Make sure marketing and sales are working together. If they're not, you'll be wasting money. Generally speaking, marketing generates the leads and sales closes them. According to studies, the single biggest issue for business-to-business marketers is effective lead generation, resulting in sales follow-ups that maximize the benefit of every single lead.

- Make sure sales and marketing agree on what the word "lead" means.
- Track the conversion rates of leads to sales.
- Close-the-loop on all leads that are being passed to sales.
- Make sure your sales team passes back early-stage or "cold" leads for nurturing for future sales.

Focus your efforts on those programs with measurable success. Expand and optimize lead generation programs that bring measurable results. Finding better tools and processes for managing the leads or inquiries you already have is also a good investment in a turbulent economy. For marketing programs, cut the cost of programs that are shotgun blasts into the market with no way to measure results. Concentrate the remaining dollars on proven lead generation programs that get your sales people in the door of those you know have the highest potential to buy.

For sales costs, cut the marginal sales people who have a history of being only order takers or can't move prospects down the sales pipeline. Remember, even if the market is down 40%, that means 60% of the market is still buying. You want your sales people who can to land your 60% from existing customers plus a share of your competitors' 60%. Those who can't sell in an up-market aren't likely to sell in a poor market.

The Bottom Line

If you can't measure the costs, you have no way to know what will work for you.