

Mazda Bridges the Sales Experience Gap

The automaker is one of several working with dealers to share the end-to-end sales experience through collaboration.

By Elizabeth Glagowski
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The holidays tend to be a popular time for auto sales. And while some consumers are interested in putting a vehicle under the tree (or in the driveway) this holiday season, buying a car can be as dreaded as going to the mall on Christmas Eve.

The process of buying a car involves two distinct groups: the automaker and the dealer. Typically, the automaker owns the front end of the purchase cycle – awareness, interest, consideration -- and the dealer closes the sale. In the past the experiences could be inconsistent and sometimes frustrating. But one bright spot for the New Year is that some automakers and dealers are working to share the sales experience, in some cases collaborating to avoid channel conflict.

“In the customer’s eyes you have that fuzzy line between the auto manufacturer and the dealer,” says Katherine Kress, vice president of practice development and management at auto consultancy Urban Science. “The customers just see that they are buying an Audi or a Chevy. But so much is dependent on what that dealer’s relationship is with the customer at the point of sale, and even some of the marketing activities that go into it.”

As communication channels proliferate and customers increasingly go online to research vehicles, the need for coordination between the automaker and the dealer to ensure a consistent customer experience and brand message becomes more expansive and more complicated, Kress adds. Some forward-thinking automakers understand this and pass along customer insight collected during the purchase and ownership process to dealers to help them prioritize their sales and marketing messages. Also, the automaker may have, and may share with dealers, past purchase information and other customer historical information, as well as information on the types of searches being conducted online, how often customers search, and how strong a lead is. However, an automaker may send leads to multiple dealers, so one dealer doesn’t know if a customer bought a vehicle from another dealer.

“The more that OEMs can help dealers understand the customer and provide insight on what marketing has already been done, the better the overall experience will be,” Kress says. “It helps everyone be more efficient and improves the customer experience.”

While the strategy sounds simple enough, putting it into practice can be a challenge, says Arthur Wheaton, industry education specialist at Cornell University School of Industrial and Labor Relations. While automakers have the brand, it’s the dealers that do the heavy lifting to make the sale.

“Dealerships are more important to the auto industry than most people realize. GM, Ford, Chrysler, Toyota, Honda, etc., do not sell cars. The vehicles are sold by independent dealerships that can either make or break a brand image. Many dealerships are profitable only for their service departments and make little or no money on the actual car sale.”



Wheaton says that the two parties must work together to keep the feedback and development loops intact. "Collaboration is critical since it is dealerships that buy cars from the automaker, not customers," Wheaton says. "Dealers order what they think they can sell, the longer it sits on their lots the more financing costs increase. So working with the manufacturer to make and provide the hot cars is important for profitability."

In addition, collaboration needs to continue once the sale is made. "Dealers provide necessary feedback to the automakers on how they can change or improve the product to make more money from the sales," Wheaton says.

Mazda teams up with dealers on direct-to-consumer outreach

According to Srin Rangaswami, product manager for WebSphere Commerce at IBM, one of the challenges to collaboration is channel conflict: Who owns the customer at what stage in the purchase cycle? Mazda recently overcame this challenge by using the Web to sell accessories directly to the consumer, with the dealers help.

"As the automaker our traditional role has been to drive traffic to the dealer and assist with best practices," says Jim DiMarzio, chief information officer for Mazda North America. "However the line has been blurred with all of the social media, mobile applications, text messaging, chat, and other forms of electronic communications. As the automaker we are now learning to work in a more integrated manner."

Earlier this year Mazda developed a transactional website using IBM's WebSphere Commerce platform for its more than 600 dealers to offer direct-to-consumer accessories to customers. The sites offer a template with consistent inventory and pricing, but each dealer can customize content, coupons, promotions, appointment scheduling, and links to social networking sites, for example. Mazda North American maintains the online catalog of more than 8,000 individual products. The system is designed to allow dealers to reduce the number of items they need to keep in stock. "It appears that the dealer takes the orders, but Mazda fulfills them and ships them to either the dealership or to the consumer," says Rangaswami. "Mazda can control the brand experience without creating channel conflict."

The company did not share specific results, but according to a statement, Mazda projects that the tool will lead to a 35 percent increase in accessory sales.

DiMarzio says this implementation has opened up the idea of collaboration in other areas, as well. "When you talk about collaboration on sales to the consumer -- this is still an area being expanded. There is not a clear process map for collaboration with dealers to close the sale. Mazda has pushed collaboration in areas like accessory sales, direct marketing, and dealer-to-consumer website functions."

He mentions the lead management process as an area of strong collaboration. "Mazda will provide sales leads from the Mazdausa.com website, as well as third-party sites the dealers select," DiMarzio says. "The consumer receives an initial response from Mazda. Then the lead is delivered to the dealer's lead management (CRM) system. As the dealer works through the sales cycle, the 'disposition' information is returned to Mazda by the lead management system. In the past we have tested sending offers at different points in the sales cycle on behalf of the dealer." And, he adds, there are more possibilities being looked at by Mazda's digital marketing and CRM groups.

Mazda's situation is not unique. Another big challenges to overcome when it comes to collaborating on the sales experience is for both auto makers and dealers to share their information, says Kress of Urban Science. "OEMs could share more data than they have [in the past] to create a comprehensive customer picture," she says. Dealers also need to be persuaded that it's worth their effort to participate, as well.

Kress is hopeful that understanding the value of analytics and OEM data, along with technology improvements, will guide this process forward. "In the future [the two groups] will continue to collaborate."

