



## A 60 SECOND PROCESS CHANGE DECREASES TRANSACTION TIMES BY OVER 60 MINUTES

AN ID DRIVE CASE STUDY

# CUT TIME & INCREASE SALES

When it comes to buying (and selling) a car, both consumers and dealers want to save time. According to a Cox Automotive study, less than 1% of consumers like the sales process as it is today, and most expect the entire experience to be plagued with “hassles” (a DrivingSales.com study found this is the expectation of 99 out of 100 car shoppers). An equally compelling argument for dealers to reassess their sales process is the fact that over 66% of consumers in that same survey say that they would buy a vehicle more often if it just wasn’t so difficult.

And it is not just survey results propelling the auto industry to change: dealers have long suffered in-store processes that are rife with information disconnects and profit leaks which add unnecessary inefficiencies to the process. Due to minimal technology and process innovations, the onerous negotiation and F&I process – which 87% of dealers<sup>1</sup> agree customers dislike the most - has remained silo’d and disconnected from the rest of the sales process. This has meant that once a



customer has said “yes”, they often end up having to re-start or rehash the deal terms once they get into the F&I office. Not only is this bad for CSI, but the inefficiencies translate into more resource time – and time is money.

According to recent dealer surveys, in spite of a desire to streamline the sales process, it is not getting any better:

2014 SURVEY		2015 SURVEY	
How long do you estimate the start-to-finish (sales/financing) transaction takes for your dealership(s)?			
40%	3-5 Hours	42%	3-5 Hours
Ideally, how long would you want your sales & financing process (show to final close) to be?			
59%	Under 2 Hours	85%	Under 2 Hours

## Huntington Beach Chrysler Dodge Jeep Ram Takes a ‘Swipe’ at the Challenge

Leading California dealer, Huntington Beach Chrysler Dodge Jeep Ram (HBCDJ), took this challenge head on. Accepting the idea that Sales and Finance should begin at the same time, i.e., the minute the customer enters the showroom, HBCDJ looked at one of the first steps in the sales process for the solution: the driver’s license scan or copy. This standard process ensures the customer is a licensed driver before the test drive and helps protect dealerships from potential liability.





With new technology and a mandated process, HBCDJ sought to turn this simple swipe into an opportunity not only to validate the customer's identity, but to also pre-qualify him/her for finance. All without impacting the customer's credit.

In addition to providing a way to start the financing process earlier, the new technology enabled the clean capture of the walk-in customer's purified information by automating the license scan results directly into their CRM system – creating a sales process that is more informed, enables follow up and ensures the customer information is integrated into all platforms involved in the deal flow – as well as reducing the threat of ID fraud to the dealership.

## Why? Consumers Demand an Efficient Purchasing Process

The current dealership Sales and Finance process was built by dealers, for dealers. Not for consumers. There are a lot of critics who claim that automotive retailing is the largest "broken" industry in the world and one of the results has been a number of emerging businesses, including Beepi, Carvana and Vroom, which have garnered positive attention from venture capitalists and consumers alike for simplifying the process.

Today's consumers, especially millennials, expect technology to bring convenience and timesaving to every transaction, whether it's buying a car, book or getting a ride. Bringing state-of-the art technology into the dealership, at first contact,

is the first step in creating a fully connected sales and finance experience that not only delivers on consumers' expectations, but also improves the speed and quality of the customer's transition from Sales to F&I. Consumers simply don't want to be stuck in an hours-long dealership process that is confusing, complicated and wastes their time. They want a streamlined experience from start to finish: regardless of whether they started their purchase process online or arrived at the dealership without any prior contact.

How can a dealership deliver on this? One way is to be sure they have an efficient and consistent process for gathering the customer's information and streamlining the arduous F&I aspect of the purchase.

## What? Data Collection is Key

When HBCDJ was evaluating how to improve its process, they knew they needed a solution that would be very customer friendly, easy to implement, readily adopted by dealer personnel and easy to measure - all at the beginning of the process.

Dealerships spend tens of thousands of dollars each month in advertising and marketing to bring customers onto the lot. For HBCDJ, this is money well spent - walk-ins accounted for over 60% of the dealership's car sales in the period analyzed. But capturing this customer data digitally is key to making that investment pay off.





Dealerships are aware that this process is often chaotic (some don't even capture customers' driver's license before a test drive). Without data coordination between departments and across platforms, invaluable prospect information can be lost or inadequately followed up on. Plus, too often, a consumer makes it through the sales process and is ready to walk away with a set of keys, but then has to spend hours in the F&I department rifling through huge piles of paperwork and/or waiting anxiously while their credit is checked.

## How? A Simple Swipe

It was clear that one of the first touches in the dealership – the driver's license scan – could solve a many issues if done correctly. A mandated driver's license scan with the right technology can give dealers unique visibility into who a customer is and how they qualify, eliminating ID and financial fraud and protecting them from CFPB compliance issues; but it also triggers a data purification and enrichment process which instantly delivers authenticated data into the CRM/finance systems. The bottom line: no leads are missed; process bottlenecks are removed, and contracting errors are reduced.

Combining the scan with a mandated process to ask customers to opt-in for the convenience of a pre-qualification soft pull credit app – new technology enables a full credit report pull with no SSN required and no impact on credit scores from a simple driver's license scan – made sense to HBCDJ.

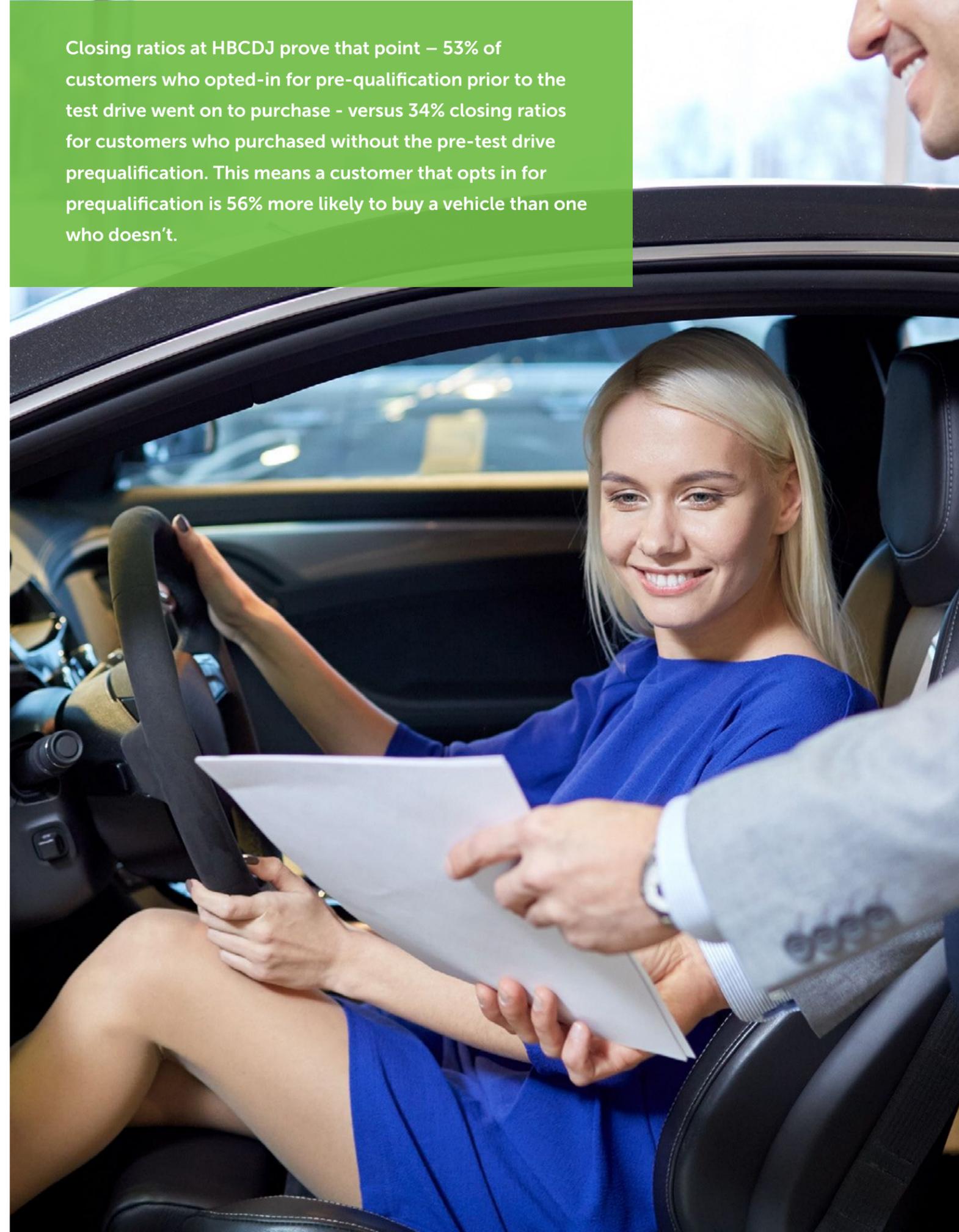
Huntington Beach could see that pre-qualification *prior* to a test drive could alleviate data fragmentation, disconnects and bottleneck headaches, while giving the salesperson and Finance Manager new levels of transparency. Both buyer and dealer could enter the negotiation process with the crucial data in hand - enabling the F&I department to match the buyer's credit profile with the right car and the right lender program before the customer has even started the test drive.

### Who? Identify low-funnel, ready-to-buy customers

HBCDJ also discovered that customers who opt-in for pre-qualification from the driver's license scan have a high intention to buy and, typically, well-above average credit scores, thus signaling the salesperson and sales management how to properly handle the deal. "These aren't customers who are questioning their credit-worthiness, these are customers who are ready to buy – today," said Pete Shaver, Managing Partner of Huntington Beach Chrysler Dodge Jeep.

Interestingly, customers who use the pre-qualification credit application on the HBCDJ website typically have an average credit score of 612 so are likely looking to discover what amount they qualify for before visiting the dealership. Conversely, in-store pre-qualification isn't for the credit-challenged: instead, they have an average credit score of 704 and are serious, qualified buyers who are coming in to take a test drive and are "ready to drive" off in their new car.

Closing ratios at HBCDJ prove that point – 53% of customers who opted-in for pre-qualification prior to the test drive went on to purchase - versus 34% closing ratios for customers who purchased without the pre-test drive prequalification. This means a customer that opts in for prequalification is 56% more likely to buy a vehicle than one who doesn't.





## What Can Dealers Do?

### 1. Make scanning of a customer's driver's license prior to test drives mandatory.

At the most basic level, the dealership is able to eradicate ID fraud (and, potentially, vehicle theft) and while capturing ALL customer data (including mobile phone numbers) at the offset of the test drive. This means all walk-ins are immediately converted into leads within the CRM and customers already in the system will be correctly matched up (eliminating common human errors in data entry).



At HBCDJ, 85% of scanned drivers' license documents were authenticated but 43% of scanned licenses had information red flags that would not have been verified using standard scanner technologies, potentially exposing dealers to very expensive problems.

With ID Drive's cross check enhancement, important information fields including name, address and DOB were able to be verified, insuring purified data was being exported into the CRM, Desking and Finance platforms, eliminating contracting paperwork errors and eliminating ID fraud.

Additionally, validated mobile phone numbers were appended to the lead record 85% of the time, enriching the lead information.

## ID Drive Discovers 15% of Data Inaccurate

Data Check	% of Total
Name Verification	84%
Address Verification	86%
Date of Birth Verification	85%
Phone Appended	85%

### 2. Ask every customer to opt-in for a quick pre-qualification soft pull credit app directly from the driver's license scan.

With a simple yes and less than ten seconds – and no SSN requirement or obligation to purchase – Sales Managers will have all the information they need on the customer to start structuring a profitable deal for the vehicle of choice pre-test drive. This means customers spend less time in the dealership after the test drive. In fact, Huntington Beach says it cuts the time sitting with the salesperson by about one hour.





### 3. Don't be afraid to disrupt your sales process!

Salespeople may lead you to believe that it's impossible to scan every driver's license, let alone get customers to agree to pre-qualification. However, HBCDJ was able to achieve 100% compliance for driver's license scanning; and, when asked, over 50% of customers agreed to one-click pre-qualification. Simply put: customers are looking to cut the time spent in the dealership, so a soft-pull credit app is not a hard sell: no inquiry on their bureau!

### 4. Once scanned, lead information should be digitally integrated with the CRM system.

This means all new customer lead data gets captured, while pre-existing leads and credit application data are automatically appended to the customer's file. All data is then securely exported into CRM, DMS and finance systems, reducing data disconnects and getting Sales & Finance together on the same page pre-test drive.

## The Results With ID Drive Pre-Qualification Driver License Scan

With ID Drive Pre-Qualification Driver's License Scan	
Closing Ratios	increased by as much as 150% (from 18-25% to 45%)
Average Transaction Time	decreased from 3-4 hours to 2-3 hours
Average Gross Profit per Car Sold	increased by +\$300
Variable labor and misc. cost savings per car sold	saved \$200-\$275
CSI Scores	increased + 4 points



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