

PURLS of Wisdom

ChannelNet's Paula Tompkins once toyed around with kiosks designed to take customers through a dealership's entire sales process. Now she's using personalized URLs to help captive finance companies realize the bigger role they play in helping dealers move the metal. **By Gregory Arroyo**

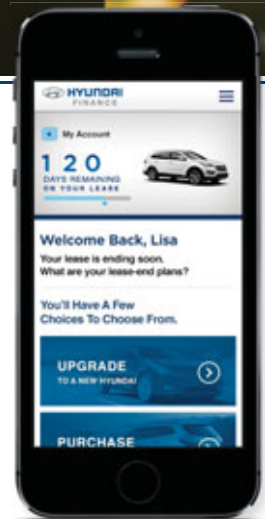
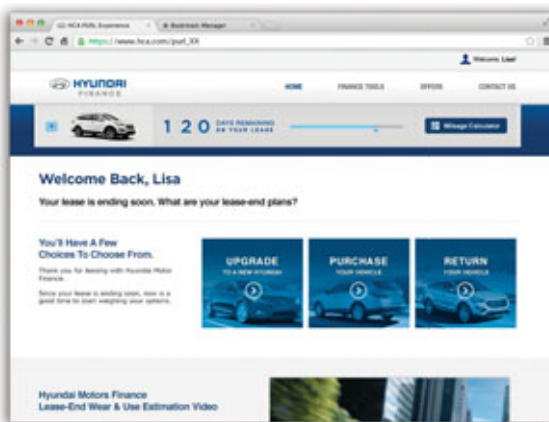


Paula Tompkins has a few thoughts about the dealership experience. Her opinions might offend even the most progressive dealers. As an inventor who holds two patents for a software platform designed to create personal websites and self-service portals, she believes the industry needs to let go of the past and give consumers the control they desire. But she saves her biggest criticism for the F&I office.

"The F&I process really needs a lot of work," Tompkins says. "From a consumer perspective, it's extremely time-consuming, and that's the rub. The challenge is the process and the way it works today is so engrained in dealership personnel."

Tompkins says she has experimented with F&I menu selling on iPads at the point of sale, but acknowledges the pressures are sometimes too great for dealers to figure out when and how to use technology. That's why her firm is working with captive finance companies to automate their customer-retention efforts and certain elements of the vehicle sales transaction.

"The dealer has certain goals he wants to accomplish in the F&I office, so speed becomes a critical



factor," she says. "But solutions are coming. It's exciting, and it's just a matter of how do we really make this work and successful?"

Tompkins isn't some new-age tech geek; she's a Baby Boomer who recently celebrated her 60th birthday. Nor is she an industry outsider, having studied and served the automotive industry since founding her Dearborn, Mich.-based firm in 1985. The company opened under the SoftAd Group name to take advantage of the growing use of personal computers. It was renamed ChannelNet in 2004 after transitioning toward web-based customer acquisition and retention solutions.

"I came out of the Silicon Valley area, where I worked for General Electric [in the late '70s] and its en-

gineering groups to bring all these personal computers [and] luggable computers into the marketplace," Tompkins says. "I quickly realized that these technologies were going to allow us to do things beyond spreadsheets, word processing and data manipulation."

Strategy Alignment

Longtime industry veterans may remember some of ChannelNet's earliest work. In the mid-'80s, Tompkins worked with Ford and General Motors' Buick division to develop showroom kiosks designed to take customers through the sales process without the help of dealership personnel. "That was the wrong approach," she admits. "Once the customer gets in the showroom, you still need that

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human interaction and the dynamics that go on there to move the customer through the process. It's critical."

ChannelNet's mission of leveraging technology to drive sales, increase revenue and strengthen customer relationships hasn't changed, but its toolkit has. "We used whatever means we could, whether it was a salesperson using a laptop, whether it was a 5 ¼- or 3 ½-inch diskette that was sent to the customer in the mail," she says. "The Internet and mobile has supercharged all that."

Last month marked the 25th anniversary of the birth of the World Wide Web, which was invented by Tim Berners-Lee, a British scientist. ChannelNet had already been toying with digital marketing campaigns for BMW, GM, JPMorgan Chase and Ford. Then, in 1995, the firm launched Ford.com and the world's first dealer websites for the OEM's 5,000 dealers at the time.

Technology and the strategies of ChannelNet's core automotive customers, including BMW Financial Services, Volkswagen Credit, Audi Financial Services, Hyundai Motor Finance, Kia Motors Finance, and Southeast Toyota, began to align in 2005. Customer retention became a key focus, with captives realizing the critical role they could play beyond financing vehicle purchases.

"They were ready to start adopting these new techniques," Tompkins says. "They started to think beyond the old way of doing things and saying, 'OK, what are the new ways we can do things that enable our customers, retain our customers and help us acquire new customers?'"

The new way, at least for ChannelNet, was developed in 1999 and patented in 2010 and 2011. It was an Internet-based software platform for building personalized customer microsites. Today, the platform is creating personalized URLs, or PURLs, to help captives deliver what Tompkins refers to as "targeted lifecycle communications."

"The old saying is, 'It is eight times cheaper to sell an existing customer



Paula Tompkins began her career on Wall Street in 1974. She arrived in California's Silicon Valley in the late '70s before starting her firm in 1985.



another vehicle than to conquest a new one," Tompkins notes. "And this is where the industry really has a lot of trouble, because, remember, all the money goes into new-car sales. But then the brand has to wait until the customer is ready to purchase again. So if we can communicate with them across the ownership lifecycle through the financing company and bring all these various tools and capabilities to them, it makes it so much easier to get them into their next new vehicle."

A New Cadence

Once a vehicle is sold and financed by one of ChannelNet's captive customers, they receive a welcome email

with a link to their PURL. At a minimum, the vehicle owner can use the microsite to make their monthly payment, but Tompkins says there's a lot more a captive can do.

"Not many people buy two new cars on the same day, so it's important that you start what we call a cadence of communicating relevant information," she says.

BMW Financial Services won several awards after implementing ChannelNet's PURLs in 2006. Ally Auto took things a step further by allowing dealers to populate the sites with pictures of customers with their new vehicle. The sites also included contact information for the salesperson the customer worked with. They

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Scott Fink, a Florida dealer and head of Hyundai's dealer council, was impressed the first time he saw ChannelNet's personalized URLs in February 2010. He says the microsites have had a positive impact on his dealership's lease-return process.

also encouraged customers to schedule their first service appointment.

The sites can also be used to cross-sell other products and services, including credit cards and even F&I products such as GAP and service contracts. "The first 90 days of every customer relationship is when a customer is most receptive to cross-selling opportunities," Tompkins notes.

ChannelNet's PURLs are especially effective with lease customers, allowing captives to automate communications with customers at critical points during their lease term. Tompkins says captives can set up the sites to recommend that lease customers conduct a self-inspection of a vehicle 70 days from the end of their lease. At lease-end, the site will tell customers what forms they need to bring with them to the dealership.

There's even a mileage calculator to help consumers stay within their mileage limits. One captive is even allowing consumers to use their credit card rewards to purchase additional mileage. Hyundai Motor Finance's PURLs display a graphic meter at the top of the webpage so consumers can track how many days are left on their lease. Below that are three icons consumers can click on to upgrade to a new vehicle, purchase the vehicle they're leasing or return their vehicle.

The sites can even be loaded with videos, incentive offers and more. Dealers can also load service and sales specials. "We get data from the captive on the dealer of record, and the solution is free to the dealer," Tompkins says.

Hyundai's and Kia's captive fi-



nance companies connected with ChannelNet in the summer of 2009. Tim Devine, senior vice president of Hyundai Capital America, admits his organization wasn't the most cutting-edge company at that time. Its consumer site wasn't user-friendly and the company didn't have a dealer portal. All communications, he says, were either done by mail or fax.

"What Paula brought to us initially was our dealer portal," he says. "We wanted a one-stop place for our dealers to do business with us. And when Paula brought the dealer portal to us, she goes, 'By the way, I've got this cool thing called PURLs, which is a cool way to communicate with your customers.'

"It was email communications at its finest, and we almost immediately saw that the open rate on our PURLs was above 40%."

With 14,000-plus leases set to expire this year, Devine's team began pushing out a campaign in late 2013 to get lessees into a new Hyundai. "We actually stick to a pretty regular cadence of PURLs that go out, so we try to pick the right times to communicate with customers versus spamming them," he says. "And again, the PURL strategies help us be a bit more laser-like than a shotgun. We can send out 1,500 different versions of the same email to 1,500 consumers."

In J.D. Power and Associates' 2013 U.S. Consumer Financing Satisfaction Study, Kia Motors Finance ranked highest in the mass market segment with a score of 851 on a 1,000-point scale, the study noting

the captive performed well in its billing and payment process. Close behind was Hyundai Motor Finance with an 848 score. "You don't win a J.D. Power award without great solutions, and ChannelNet helped us get there," Devine says.

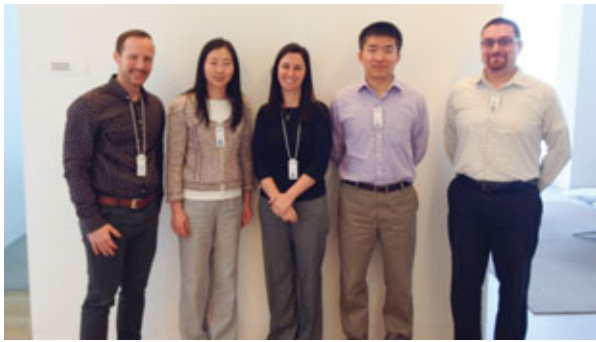
Michael Buckingham, senior director of auto finance for J.D. Power, has noticed the strides captive finance companies are making in terms of customer retention. In the firm's 2013 study, overall satisfaction scores were higher for captives than noncaptives in both the luxury (851 vs. 793) and mass-market segments (836 vs. 805). And one of the main drivers of satisfaction were tools that allow customers to self-manage their account, which increased satisfaction by more than 150 points for both the luxury and mass-market segments.

"We're almost into the 2014 study, and when you look at year-over-year [data], Hyundai and Kia score similarly," he notes. "You can see both made huge leaps year over year.

"Everybody is trying different approaches [to customer retention], whether you go the ChannelNet route or the lender's website and things like that," he adds. "Customers want to be able to set up their auto pay, have a robust billing statement or portal in the website that has accurate information on when their payment is due, payoff balance and how much term is left."

But the 2013 study also noted the strong influence dealers wield when it comes to selecting a finance source. J.D. Powers' analysts found that half

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To the left is Hyundai Capital America's Customer Insights Team, which the captive created two years ago to analyze data from ChannelNet's microsites to create new promotions and improve customer communications. RouteOne's Todd Mason and his team also called on ChannelNet to help develop a new online credit app called FinanceConnect.

of all consumers selected a lender based on the F&I manager's recommendation. "They controlled 81% of all transactions in 2013," Buckingham says. "The dealer still has great influence."

Seizing the Opportunity

Scott Fink is the president and CEO of seven stores in the Tampa, Fla., area. The group operates three Hyundai dealerships under its banner, including Hyundai of New Port Richey, the highest volume Hyundai store in the nation. It retails about 6,600 vehicles a year, averaging about 550 new vehicles and 175 used vehicles per month. Fink, who heads up Hyundai's dealer council, recalls seeing ChannelNet's PURLs in February 2010. He was immediately impressed.

"I remember the first time Tim Devine talked about it. We thought it was pretty cool," he says. "We kind of wondered how consumers would adapt to it. But from a communication perspective, we thought it was a great mechanism to have all that information on one site."

Customer retention isn't an issue for Fink's New Port Richey store, which claims a five-star rating on DealerRater.com, a 4.4-star rating on Cars.com and a four-star rating on Yelp. His dealership, he says, is also the most successful retention dealer in the country. He utilizes email marketing for most customers and texting for the store's younger buyers. But he welcomes the efforts of Hyundai Motor Finance and says he's not concerned with the captive communicat-

ing with his customers.

"I think this is a good balance," Fink says. "It's one thing if it's ABC Bank, but if it's the captive, we all have the same thing in mind: to satisfy the customer and hopefully sell them another car."

Fink says it's too early to tell what kind of impact ChannelNet's PURLs are having on sales, but he believes it'll play a bigger role in the future success of his three Hyundai stores. Where he does see a difference is when customers reach the end of their lease. "My guys are pretty happy with the lease-return process," he says. "I think you could say that the portal is playing a role, keeping customers educated and informed."

The Next Step

Fink has yet to use PURLs to push out dealership specials. He also hasn't used the system for after-sale opportunities, but he likes the idea of getting a second chance at selling a service contract when a customer's warranty is set to expire. He just thinks a few things need to be worked out before that happens.

"I like the opportunities there," Fink says. "The question is going to be, who is selling to the customer? I wouldn't want Hyundai selling their F&I products direct to our customers."

Devine also is interested in those after-sale opportunities. "There's some thought around that and around insurance product sales that maybe the dealer wasn't able to close at the time of delivery," he says. "But what we see is this is really driving that

customer lifecycle management, and we've learned a lot so far."

Two years ago, the captive created what Devine calls the Customer Insights Team, a six-person unit dedicated to collecting data from ChannelNet's microsites to design new promotions and enhance the company's customer communications. "The data we've collected through this electronic communication has been eye-opening," he says. "The whole world is talking about Big Data. We're getting better at collecting the little parts of the Big Data, which makes us smarter."

The next step for Hyundai's captive is integrating a new online credit application ChannelNet developed for RouteOne into its PURLs and OEM websites. There's even talk of equipping dealer websites with the tool as well. The thought is that consumers can build and select their vehicles, then apply for a loan through the websites. But Devine stresses that everything will continue to work through the dealer.

"It'll be a firm offer of credit, an approval for a specific dollar amount," he says. "But the actual transaction, selling the car, setting the rates and terms, and all that type of stuff would be worked out by the dealer."

Rolled out this past fall as part of RouteOne's credit application suite for dealers, FinanceConnect breaks the credit application into a five-step process to make it less daunting than typical online credit apps. And so far, customers are completing the credit app at a rate of more than 78%.

The industry average, according to ChannelNet, is 46%.

"We saw the need for dealers to have a more consumer-friendly application," explains Todd Mason, chief product and marketing officer for RouteOne, noting that RouteOne's compliance team revamped the legal disclosures to make them easier for customers to understand. "When we were designing the overall product, it was about breaking it down so instead of the consumer being presented with a long list of fields, which is very daunting, we break it into small-size chunks."

Mason stresses that the goal of FinanceConnect was to help car buyers transition seamlessly from dealer sites to the showroom. "The tools we provide help dealers support the experience the consumer wants, which can often start on the dealer's website and finish in his or her brick-and-mortar store," Mason adds.

Tompkins believes the F&I office stands to benefit the most from the tool. "Anything that can give the F&I manager more time with the customer is hugely important," she says.

Digital Disruption

The customer experience was top of mind at the 2014 Vehicle Finance Conference, an event organized annually by the American Financial Services Association. One of the featured speakers at this year's conference, which was held in New Orleans in January, was Brian Hopkins, principal analyst for Forrester Research. He said there's a shift in how companies view technology's role in retail transactions.

"[Technology has] been about doing things cheaper, faster and more effectively," Hopkins said. "The age of the consumer has changed that."

The age of the consumer, according to Hopkins, began in 2010. That's when the Internet and the devices used to access it began empowering buyers. But he says key developments in 2013, including the realization that apps, not the platform or device, are what drive the experience, set the

table for important changes in 2014.

"To compete in the age of the customer, you need to use data," Hopkins said, noting that companies now realize that much of the customer behavior data that can guide their customer lifecycle-management strategies can be found on their websites.

Tompkins came to that realization

decades ago. "It was more of an evolution vs. a light bulb going on," she says. "All the pieces started to fit together and I could see how that was going to work."

"I think it's an exciting time, and now is not a time to pull back and put your head in the sand," she adds. "It's coming and it's exciting." ■

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