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Manufacturer Rebates and Incentives: A Competitive Edge in Today's Intensely Competitive Market by Sean Taylor

The retail automotive industry is in the midst of a perfect storm that is making consumer-facing regional rebate and incentive information critical to a dealership's bottom line. The downturn in the economy means consumers are focused on vehicle price above all else; the widespread use of the Internet means consumers are well-informed about invoice pricing and are shopping competitively from anywhere they can jump online. As a result, brand loyalty is at an all-time low and savvy consumers will buy from whichever dealership offers the best deal. An effective way for dealerships to gain a competitive edge in this challenging market is to include comprehensive rebate and incentive information in strategic ways, including alongside inventory listings on dealership websites. This information highlights the best deal available for a specific model to attract more consumers and turn them into buyers, without compromising the profitability of deals. Since these programs are funded by the manufacturer, both the consumer and the dealer win when this information is made readily available and acted upon by consumers.

Why are rebates and incentives important?

According to the J.D. Power 2008 New Autos shopper.com Study, incentive information is second only to inventory listings as the most sought after information on a dealership website. Including this information benefits dealerships in two ways: it attracts online consumers and entices them to buy, and it helps dealerships move inventory faster. Each rebate and incentive offer impacts vehicle sales on multiple levels:

- Allows consumers to afford a vehicle that otherwise may be out of price range
- Entices consumers to upgrade to a more premium model

- Motivates consumers to act now on an intended purchase
- Influences a decision between competing models

By allowing consumers to access rebate and incentive information online, dealerships are offering a valuable service that can lead to more deals and more profitable sales. This is especially true when incentive and rebate data is added to inventory listings and to online payment calculators. When a consumer is searching inventory it generally means that vehicle choice has been narrowed down based on wants, needs, and budget. By displaying rebate and incentive information at the point of inventory display the following can happen:

- The consumer sees vehicles that were out of reach as being affordable and starts to look at higher valued inventory
- The consumer sees the price of the vehicle separate from the dollar rebate, reinforcing the fact that they are getting a high-value vehicle with a good deal and motivating them to act now
- The consumer sees dealer and VIN specific rebates and incentives for the opportunity to take full advantage of all available programs
- The dealer is able to list all applicable incentives for a vehicle to attract new customers, convert shoppers to leads at a higher rate, and win more deals

By highlighting the best deal available for every offered model, dealerships give consumers the information they demand and gain a competitive advantage in a highly competitive market. To underscore this point, consider the following statement from Mike Gillespie, President of Gillespie Chevrolet in Chicago, Illinois.

“We at Gillespie Chevrolet are committed to providing consumers with all the vehicle information they need to make an informed purchase. That is why we include rebate and incentive information on our dealership website. The difference is that we don't just display this information, we provide it in an interactive manner to truly help consumers make the smartest vehicle choice. On our website consumers can conduct 'what if' scenarios to see how various incentive offers will affect payment. Our website is powered by Dealer E Process which does an excellent job of integrating incentives and rebates with in our existing site. Because rebates and incentives change on a regular basis, and because there are so many offers, it makes a lot of sense to use a reliable automated method to keep up with the rebate changes. Since implementing rebate and incentive information, our total website traffic has increased significantly and our incentive and rebate pages are among the most highly visited on our entire site”.

Why does incentive and rebate quality matter?

When considering adding incentive and rebate information to a website, it is critical that dealerships understand that quality matters. Unlike editorial content, rebates and incentives are time-sensitive, highly variable by region, and complex in terms of availability and compatibility with other offers. This means there are two levels of quality: right and wrong. Incomplete or wrong information is of no benefit to the consumer. In fact, faulty information will most likely cause consumers to leave a site and go to a competitor.

Because faulty data can have a profoundly detrimental effect on a dealership's sales, careful thought should be put into selecting a vehicle incentive and rebate provider. A quality provider will have the following attributes:

- Timeliness and accuracy – Incentives can change at a moment's notice; it is imperative to have daily updated and accurate data for national, regional, and special incentive programs. Out of date information may cost a consumer thousands of dollars, and cost a dealership a sale.
- Depth of data -- It is important to have complete information on all programs offered by the manufacturer, including national and regional programs. While national programs may be easier to access, regional incentives guarantee the consumer is getting the best price available.
- Format of data -- A provider should deliver data in formats that are easy to use. For example, data in xml format enables developers to more easily integrate information into payment calculators and online inventory listings.
- Program compatibility -- With many programs available, it is important that the rules behind each program are communicated to the consumer. Some programs are stand-alone, whereas others may be combined to create a larger discount. With program compatibility, consumers can know with certainty the final rebate amount.
- Comprehensive information -- A complete program should include national and regional data as well as supported APR, alternative APR, bonus cash, and special programs such as loyalty offers, auto show programs, and military/college grad programs.
- Ease of delivery -- A provider should make it easy to receive accurate data that is updated daily. Look for a provider that hosts, maintains and delivers data so development and maintenance time and cost are minimized.

The automotive industry is experiencing a significant change in how consumers shop for vehicles. Not only does the Internet make it possible for anyone to be a vehicle expert, the current economy is elevating vehicle price over brand or dealership loyalty. Dealerships can gain a competitive edge, attract more online shoppers, and convert those shoppers into buyers at a greater rate by including manufacturer incentive and rebate information on their websites. By strategically displaying comprehensive, timely and accurate regional rebate and incentive information online, dealerships can highlight the best deals available, garner more consumers and increase the length of each site visit, and ultimately win more deals.