

## The New Role of the Independent Lead Provider

When it comes to lead volume, both quality and quantity matter. While dealers have tried cutting back on purchasing leads from independent websites, in fact, nearly 80 percent of new vehicle shoppers visited at least one independent website in the six months leading up to purchase, according to the 2010 Website [Performance Tools Report-Wave 1](#) report recently released by J.D. Power and Associates and Compete Inc.

The reason independent automotive web sites attract millions of people is because they offer objective information and, quite often, peer and owner reviews. Initially, these shoppers don't want to visit a dealer's web site to gather information. Rather than attempt to change the buying habits of nearly 80% of shoppers, dealers should seek to reach as many of these potential customers as possible. The most cost-effective method for achieving this is to partner with a reputable lead aggregator, now more often called independent lead providers. Offering much more than just leads, these companies supply many valuable services, including the following:

- **Increased name and brand recognition.** Consumers tend to purchase products from companies they are familiar with. The more exposure your dealership has on independent web sites, the more opportunities for the consumers to engage with your dealership.
- **Increased consumer trust.** The J.D. Power and Associates report found that among aggregator websites, AutoTrader.com, Edmunds and Kelley Blue Book garner particularly high visitation rates from buyers overall. Several aggregator websites are the first stop for buyers shopping online. Approximately 7 percent of new-vehicle buyers who use the Internet while shopping visit Edmunds before any other automotive website. Individually, eBay Motors and Kelley Blue Book are the first websites visited by 6 percent of vehicle buyers shopping online. Clearly, consumers trust these sites as sources for objective information. As a result, dealers with exposure on these sites enjoy an almost implied endorsement from them, benefiting greatly from this consumer goodwill.
- **Expanded market share.** Most visitors to independent web sites are probably not familiar with all the dealers in their area, so having exposure on these sites allows dealers to reach hundreds of potential new customers. The sites are also the perfect venue for smaller dealers that have a smaller marketing budget than their larger

competition. Even for large dealers, the sites offer the opportunity to draw in new customers from outside their current territory, leveraging their strong brand to expand their market reach.

- **Lower cost per vehicle sold.** Although many dealers achieve a higher closing rate on leads from their own web site, many experts agree the reason is because these buyers are already familiar with the dealership and closer to a purchasing decision than leads from other sources. The hidden costs of leads generated through their own sites, like the cost of maintaining the website and driving traffic to it through search engine marketing, can add up on what some think are “free leads.” Rather than closing rate, dealers should look at cost per sale (CPS) as a more accurate indicator of lead quality. To determine CPS from an independent lead provider, divide the cost per lead (\$25) by the closing rate (8%) = \$312 CPS. If the CPS falls within a dealership’s accepted parameters, then by all means, keep using that lead source. Compare these online costs to your own site (including all the costs it takes to generate the leads) and the more traditional marketing costs per sale and keep allocating more funds online where you get the biggest bang for your buck.
- **Exclusive leads.** Many independent web sites have programs that guarantee top placement in dealer locators, as well as participation agreements resulting in exclusive leads. For example, one Internet Manager who participated in Edmunds’ Premier Dealer Program achieved a 16% closing rate on those leads compared with closing rates of 4% and 8% on leads from two other independent Internet lead sources.

It’s up to each dealer to determine the best way to reach potential customers, but trying to compete on your own with the independent web sites that attract nearly 80% of new vehicle shoppers is cost prohibitive and won’t give you the benefits you get from your association with those sites. Most buyers will visit a dealer’s web site only when they are ready to purchase and feel confident about the type and price of vehicle they want. The independent sites can drive the customers down funnel and give them exposure to your dealership when they’re ready to move forward. Partnering with—not competing against—a reputable independent lead provider is the best way to get both higher volume and high quality leads.

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