

Top 5 Reasons You're Not Getting More Referrals (And How to Fix It)

For BHPH Dealers

You know that when it comes to attracting new business to your dealership, it comes at a cost. Your dealership has to spend money on advertising, promotions, lot signage, website costs, and more just to get a potential new customer on your lot. But did you know that some BHPH dealers get as much as 50% of their sales from referrals and repeat business?

Compared to what you spend to generate a new customer, getting more referrals and repeat business is a tremendous value to your dealership. Are you doing all that you can to get more referrals and boost loyalty with your existing customers? Here are the top five ways you are losing out on referrals... and how to fix it!

1 *You're not asking for referrals in collection transactions.*

Why it works:

One of the easiest ways to increase sales is by mining your own database and reaching out to existing customers to encourage repeat business and ask for referrals. By using your routine weekly or monthly communication with these customers to remind them about your referral program, you're killing two birds with one stone.

How to do it:

Existing customers who make payments by phone are usually mailed receipts. Adding a note on the receipt is an easy way to remind them to refer your dealership to their friends and neighbors.

2 *You're not using credit references as referrals.*

Why it works:

As part of the verification process, your customers are providing a list of references with contact info. Each person on that list should be considered as a possible new sales opportunity.

How to do it:

When notifying these individuals that their name was given as a reference, take this opportunity to tell them that your dealership is there if they have any vehicle needs or know someone who does.

Share:

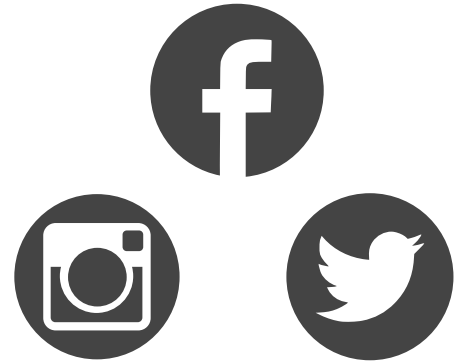


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3 ***You're not connecting with your customers on social media.***

Why it works:

Your customers use Facebook, Instagram, and Twitter every day to share their daily activities, plans, purchases and more. Many BHPH dealers are already using social media for two reasons: collections and advertising/marketing. By generating more connections with your customers on social media, you are creating a more personal relationship with them. Having more social media connections with your loyal customers gives them an easy way to cast the net for you by sharing their experience with your dealership with their friends and potentially generating referral business for you.



How to do it:

Adding social media buttons to your website is the easiest way to begin making connections with your customers. Be sure to add links to follow or like your dealership on your email footers, and in any promotional materials. Make it a habit to encourage your customers to share their positive experiences with your dealership with their friends on social media.

4 ***You don't have an email marketing strategy***

Why it works:

Keeping in touch with your customers with monthly email newsletters is an easy and cost-effective way to keep your dealership top of mind and generate more referrals. Creative monthly newsletters are another way you can make your customers' experience with your dealership unique. The more personalized and unique the relationship is for the customer, the more they will want to do business with you, make timely payments, and refer their friends and neighbors your way.

How to do it:

Start a monthly newsletter campaign that includes topics like improving gas mileage, driving safety tips for winter weather conditions, or current topics in automotive news. Add a "forward to a friend" button on the newsletter to make it easy for your customers to share the newsletter. And of course, mention your referral program. Nicely ask your loyal customers to tell their friends and family how your dealership helped with their car-buying needs! Click here for more email marketing tips for dealers.



5 *You're not using an incentivized referral program.*

Why it works:

These promotions are designed to reward your current customers for referring their friends, relatives and neighbors to you to buy vehicles. Bringing in new referral business is the clear goal, but an enticing program that puts cash in your customers' pockets can go long way to boost customer loyalty and ensure repeat business as well.

How to do it:

A typical BHPH referral program would be a \$50 or \$75 payout for any referral that ends up purchasing a vehicle. You could also consider a progressive payment program instead – for example, \$50 for the first referral, \$100 for the 2nd, \$150 for the third and so on. Want to go even bigger? Generate lots of customer enthusiasm by offering a loan payoff drawing. All customers who have provided a qualified referral are entered into a drawing and the winner selected receives a payoff of the balance of the winner's loan.

A repeat or referral customer is a valuable asset to any BHPH dealer. One of the most effective ways for increasing sales is identifying and targeting your best customers and rewarding them for repeat and referral business. As a result, many BHPH dealers put a great deal of thought and effort into rewarding customers who new customers to their business. Their key to success is in targeting ways to capture and collect referral leads in their existing customer database, identifying their best customers for repeat business, and planning and implementing marketing campaigns with clear goals and objectives for generating quality referrals.

Note: Dealers should exercise some caution before instituting a paid referral program, as it is not legal in all states. Ensure that you will not open your dealership up to liability issues by checking with the regulations in your state.