

CASE STUDY: SEARCH ENGINE MARKETING

Carmichael Honda, Sacramento, CA: Organic Search Solution Allows Dealer To Beat The Recession By Slashing Marketing Expenses and 'Declaring Independence' From Third-Party Lead Providers -- All While Generating More Calls and Sales

"This is unbelievable, unheard of ROI. When I consider all the marketing I've ever done (TV, radio, print, 3rd-party leads, paid search, etc.) nothing even comes close in terms of ROI..."

-- Todd Stamps, Carmichael Honda

Executive Overview

Carmichael Honda New-Vehicle Calls Up 66%, and Online Sales Surge 148%, While Dealer Eliminates \$8,000 a Month Previously Spent On Lead Providers

Carmichael Honda, the largest volume Honda product dealer in Sacramento, California implemented a unique search engine optimization system created specifically for auto dealers at the beginning of 2008. This Organic Search Marketing System, created by eXtères, works on an automated, ongoing basis to boost dealers' website visibility in 'natural' or 'organic' search engine results, which are consistently found to generate significantly more 'clicks' and Internet traffic than traditional paid search listings. In fact, organic search is now the #1 way that car shoppers find a dealer today.

Before Carmichael Honda installed the system, the dealership was appearing on the first page organic search results less than 3% of the time, but ***ten months later they've achieved a powerful 80% first-page placement.*** This improved search engine visibility is translating into real-world business results: ***Carmichael is reporting a 66% gain in Internet-generated calls for new vehicle sales, and a roughly 150% jump in Internet-generated new-vehicle, direct-to-website sales, alone.***

But what's utterly critical to General Sales Manager, Todd Stamps, is how he has been able to slash his marketing spend, including third-party new vehicle lead providers, paid search, and Yellow Pages. ***He's reduced his Internet marketing spend by more than half, all while experiencing more calls and sales...*** A pretty significant advantage in a sales market now down over 15%.

eXtères Organic Search Marketing System

- continuously monitors complex algorithm changes at all major search engines, including Google and Yahoo
- manages sophisticated technology on an ongoing basis to make client websites more easily found by the 'Googles.'
- proprietary technology
- 24/7/365 operation
- fully automated, realtime updates to client websites
- exclusive territory coverage
- clients pay upon results only
- no binding contracts

Carmichael Honda: Spending Far Less, While Generating More Sales

Todd Stamps, General Sales Manager of Carmichael Honda in Sacramento, is a forward-thinking dealer, an early adopter of new Internet marketing strategies and technologies, with an especially keen eye to embracing tactics that deliver measurable returns on his investment, while eliminating expensive strategies that don't. Since Stamps became GSM of his Honda store two years ago, he's eliminated a \$170,000 annual spend on local newspaper ads, and reduced an initial \$245,000 overall marketing budget down to \$110,000 in 2008--all while transforming the dealership into one of the top performers in his Honda zone. So when a dealer associate highly recommended he try eXtères for SEO (to drive more leads directly to his dealership, without paying 3rd-party lead providers or paid search 'middlemen'), he decided to give it a try.

Like every SEO program, eXtères requires a certain incubation period (generally 2-3 months), before starting to show significant results. Carmichael Honda signed on with eXtères in January 2008, and while strong results were evident after 60 days, within five months, the results were dramatic.

Increased Organic Search Visibility: Prior to eXtères, Carmichael was appearing on the first page of natural search queries like 'Sacramento Honda dealer' less than

Carmichael Honda's Dramatically Improved Search Presence Driving Serious Gains in New-Vehicle Calls and Sales

	Before eXtères	After eXtères	
1st-page search engine saturation rates	2.55%	80%	
Net-generated new-vehicle sales calls	603	1,001	Gain of 66%
Direct-Website-Generated New Sales (configurator, request-a-quote tool)	60	149	Up 148%

(6-Month Period: Before eXtères: 7/07 to 12/07, After eXtères: 1/08-6/08)

Carmichael saves roughly \$75K a year on new-vehicle lead providers, alone.

With third-party leads, dealer had to spend \$7,500 a month just to generate 15 sales. With eXtères he's generating 15 extra new sales a month JUST through direct-to-site requests for quote, etc. And that's not even including the extra 70 new-vehicle sales calls a month coming into the dealership.

3% of the time. But over these last 11 months, they've seen a steady, profound rise in their first-page placement, which reached 80% by November 2008.

Increased Phone Traffic: Before eXtères, Carmichael generated 603 new-vehicle sales calls directly from the Internet into the dealership over a six-month period, but after eXtères they generated 1,001 calls (a gain of 66 %) over the same period. (And the dealership used a tracking system to isolate only those calls generated directly from the Internet/search engines, bracketing Internet leads from third parties, HondaNet, etc., to be able to compare apples-to-apples.)

Increased Net-Generated New-Vehicle Sales: Prior to eXtères, the dealership did 60 direct-to-site new-vehicle sales (via their 'quick quote' and configurator website features), but with eXtères, Internet-generated, direct-to-dealership, new-vehicle sales have risen to 140 over a six-month period.

When Stamps began to fully digest his eXtères results, he realized he was in the position to cut other pricey Internet marketing expenses, without dropping any business. Before eXtères, Stamps was spending roughly \$8,000 a month on new-vehicle lead providers (Autobytel, Auto USA, Dealix, etc.), but in 2007 noticed a serious decline in lead quality, which were closing at 1%-2%. Stamps reports that providers like Dealix offered to lower his cost-per-lead, but ultimately decided leads closing at 2% were not a great investment, and was tired of the practice of these companies selling request-for-quotes for two different models from the same car shopper as separate leads.

With eXtères, Stamps has been able to completely eliminate new-vehicle lead providers, saving roughly \$75,000 a year. Additionally, he's dialed his Yellow Pages spend to save another \$8,400 a year. And while the average dealer advertising spend per-new-vehicle-sold is now over \$600, with eXtères, Stamps has whittled his cost-per-sale down to just \$193 a car.

Stamps reports that this is, of course, still a tough year for all dealerships, including Carmichael Honda. But with eXtères he's been able to keep a strong footprint in his very competitive California metro market, while grabbing more than his share of local new-vehicle sales—in part because the eXtères program is built around establishing a top search presence for dealers in their expanded 10-city local market.

Dealer Slashes Internet Marketing Expenses

	2007	2008 with eXtères
3rd-party new-vehicle lead providers	\$8000/mo.	0
Yellow Pages	\$1,200/mo.	\$500
Cost per new vehicle lead	\$25	Under \$5
Net lead closing ratio	1%-2%	10%-plus
Cost-per-sale	@ \$600	\$193
Total annual marketing spend	\$245,000	\$110,000

(Spend per month. 2007 = before eXtères, 2008 = after eXtères.)

Cost-per-sale data does not include mandated yearly association spend.)

"If eXtères didn't guarantee my 100% exclusive territory, or promise they won't work with any other dealer in my ten-city market, I wouldn't even be talking about these results... This has been a major, secret weapon for us."

-- Todd Stamps, Carmichael Honda