



DEALERSHIP

WEEKLY INFORMATION NETWORK

www.DealershipWIN.com

July 30, 2020 Notes

Will Fernandez – CPA of Citrin Cooperman – with a PPP Loan Update

- The Senate and the House are at odds as to what's going on.
- They're talking about having a streamline certification for a PPP loan under \$150,000. So, if your loan is less than \$150,000 you can just sign off on it and certify that you complied, and it'll go away. It hasn't passed yet but that's what they're discussing.
- They're also talking about restoring the deductibility of the expenses related to the PPP loan. Right now, it is tax neutral, meaning the income that you recognize from the loan is not taxable but then the related expenses are not deductible so it's a wash. If they're able to pass this law, it'll provide up to 30% additional cash savings.
- Another thing they're discussing is a possible second wave of PPP loans, but they may be targeted to distressed industries. The debate has always been "do we support industries that may not survive?" And that's the tug and pull that's going on in Congress at the moment.
- You should plan out your cash flow for 18 weeks and just keep it rolling – especially when PPP money starts running out, inventory starts getting tight, top line sales might start deteriorating a little bit - so that you make sure there's no surprises down the line.
- If you think you're going to end up with a PPP loan after forgiveness, and your loan was pre- June 5th, you have 2-year maturity on that loan. June 5th and forward, it's a 5-year maturity. You can ask your bankers to extend it to 5 years if you're pre-June 5th. So, if you think you're going to have a balance on your loan, you should go ahead and start talking to your bank to see if you can extend it to five years and let it spread out.
- Don't rush towards forgiveness. You have 24 weeks from the initial loan and then you have 10 months after that before they start charging you interest and dividends – not that you should wait that long. But just wait this out because there might be some other things that occur in early fall that might change the way you track this. For instance, if

DWIN (Dealership Weekly Information Network) is a public service. Views and opinions expressed by any members are theirs solely, and do not necessarily reflect the views of J&L Marketing, Sandy Cerami or any of the featured guests. As always, we encourage you to seek your own legal representation or council in regard to implementing any ideas or concepts discussed during the program.

they don't change the deductibility of expenses, there might be some advantages and disadvantages of putting certain expenses in for your forgiveness.

Jamil Zabaneh – President of J&L Marketing – How to Use Previous Customer/DMS Data to Optimize a Dealer's Digital ROI

Audience Selection Process

- With digital marketing this makes up so much of your advertising budget nowadays. It's very important to understand your audience that you're targeting within paid search, display and paid social.
- You need to be able to report back to these audience selections and see which one is working.
- The four typical audience selections:
 - o DMS (Customer) List
 - o Audience Targeting
 - o Custom Intent
 - o Geo-Addressable
- The first one is what we want to focus on today, DMS or your customer list. That's typically first party data, any data that you have gathered from a customer.
- This is important because it's utilizing your DMS across all platforms and it goes into the micro-moments. If you guys haven't read the google study in talking about the moments of intent, I'd highly recommend it. It's very important to understand each level of micro-moments in the car-buying journey.
- Customer data has allowed us to market to people more intelligently. It goes back to having an intelligent bid strategy.
- Google saw the struggles of paid search for the small mom and pop companies trying to compete against the big national brands and wanted to make it more beneficial for them.
- So, they rolled it out for paid search where you can upload first party data and actually create an audience for those customers that says, "If these specific people go online and search these keywords, I want to place a bid on that customer." So, for the mom and pop shop that have had maybe 10,000 orders on their website, they can take those customers and upload them. Now they can stay in front of their customers and hopefully not lose them but maybe even capture more market share.

Intelligent Bidding

- You should have a different bid strategy in paid search within the campaigns or your audience selection. You can segment your lists based on demographics as well.

DWIN (Dealership Weekly Information Network) is a public service. Views and opinions expressed by any members are theirs solely, and do not necessarily reflect the views of J&L Marketing, Sandy Cerami or any of the featured guests. As always, we encourage you to seek your own legal representation or council in regard to implementing any ideas or concepts discussed during the program.

- This encompasses every channel online. Whether it's video, display, social, search, etc., you can utilize first party data nowadays.
- Google and Facebook are the biggest data aggregates in the world. They have more data than anybody.
- To serve display advertising on popular sites, you have to go through a network. Google is one of the larger networks and that's typically who we use because it integrates well with google search and other aspects of their platform.
- For service, if your customer goes online and types in "brake coupons near me," you are not going to show up as a dealership. But if you're utilizing customer data and you uploaded that customer into your audience, that's when your ad will show up for that same search because you can bid on more generic keywords for that specific audience.
- So, this is really important because now you're not competing against other dealerships. You're able to give very highly targeted ads to someone who you know owns one of your cars and is in the market for brakes.
- You can also do bid adjustments. This is something that's always overlooked. When you load you campaigns into google ads, you set up a maximum cost per click. You can say for certain audience types, for example a previous customer, I'm willing to pay 50% over my cost per click.
- You have to have a strategy for all levels of keywords. Number one is you have to protect your brand keywords. Number two is previous customers searching generic keywords.
- When you're reviewing your digital marketing results with your agency, you need to understand the bid adjustments for each individual campaign and the reason why. Don't have a flat strategy. Your previous customers are probably worth more to you. Or even for certain models that you have higher inventory in – you should be willing to pay more cost per click for these certain things. It ends up being a higher ROI even though you pay a little bit more.
- Your cost per click, keywords that you're bidding on and your radius is all going to change for previous customers.
- You can also do exclusions. If you want to exclude customers that recently got service.

Utilizing DMS Data Across Other Platforms

- As of, May 2020, google just extended this customer match to the google display network. This was a game changer. There are so many different audience selections that you can do.
- It works the same way as paid search, but you can now serve display to your previous customers no matter what website they are on. Google display network accounts for over 90% of all known websites and the expense is pretty small.
- You can also do this in Gmail. Gmail has become a great channel for advertising – 53% of email users have a Gmail account. There's also not a lot of competition. It can be someone that opted out of your emails or it could be someone that you don't even have their email address. It's very affordable and a good way to stay in front of a customer.

DWIN (Dealership Weekly Information Network) is a public service. Views and opinions expressed by any members are theirs solely, and do not necessarily reflect the views of J&L Marketing, Sandy Cerami or any of the featured guests. As always, we encourage you to seek your own legal representation or council in regard to implementing any ideas or concepts discussed during the program.

- You can utilize this on YouTube, you can upload the customer list and say only show this pre-roll ad to customers of my dealership. It's done the exact same way as other platforms.
- Social is great for targeting inactive service customers. You can do all the same things and also do exclusions on Facebook if you're running multiple campaigns.

Questions

- What would you advise in terms of uploading one big list/database verses smaller more specific lists?
 - o It depends on the channel and the strategy. For paid search, I'll typically upload all of the DMS customers that I have a relationship with. Because they've bought their car, they've gotten service from me. I want to bring them back in to have another vehicle and I wanted to have another bid strategy for them. On service, you're going to want to segment the list. With people that you haven't seen for service in over 5 years, there's a good chance that they don't even own that same car anymore, so it doesn't make sense to have a different bid segment on them.
- Is this the reason that aftermarket repair shops generally show up first in generic searches?
 - o Absolutely and as a dealership you shouldn't be bidding on generic searches. The only time you should is if you're utilizing customer data. It will give you a competitive advantage where you can capture these generic searches by uploading your DMS. And that's why you want to bid up for these people, you'll have a better chance to convert them because of the previous relationship with that customer. The big aftermarket companies have the budget to bid on those generic searches, so this is a way to out-market and compete with those companies for less money.
- On the sales side, people now research a lot more. So, wouldn't our previous customer's next car search start out pretty generic?
 - o Yes, it would. And for previous customers we want to be there before they change their mind and decide to go to another dealership or move to another OEM. Furthermore, with previous customers, if they bought a car from us before, the mileage of where they live is less important. So, you should have a different radius target for previous customers as well.
- How do you determine what to bid? How do you know that what you're bidding is going to get you what you want?
 - o Number one, it's a conversation with the dealership. They should be getting a pump in, pump out report that shows us what they are selling and what the competition is selling. I'm looking for where are we losing market share? So, depending on the level of importance, that will determine the level of bid adjustment. It goes back to their goals. With inventory shortage, some dealers

are overstocked on certain models so we're increasing cost per click rates on that specific car and lowering it on others.

- Why don't more people do this?
 - o Well, from the agency side, it takes double our time. A lot of dealerships just want to know – "what's your fee?" and want to get the cost down as low as possible. But this is literally double the amount of work on us. Also, some agencies don't have the technology to do it.