

ONLINE INVENTORY SERVICE AIMS TO CUT DEALER COSTS

RALPH KISIEL

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Seven state dealer associations are rolling out an inexpensive online used-car inventory service to cut dealers' costs to market those vehicles online.

The associations think the new service can slash a store's monthly cost of online used-car marketing from several thousand dollars to about \$200. "It's an enormous savings," says Ted Smith, president of the Florida Automobile Dealers Association.

Dealers eventually may opt to eliminate the cost of using similar commercial services, such as AutoTrader.com or Cars.com.

Besides the Florida group, dealer associations in Georgia, Iowa, Michigan, Nebraska, Texas and Wisconsin are using the new system. Several hundred dealers now use it, out of about 8,000 represented by those associations.

"This thing is going to be a function of how many dealers get excited about it," Smith says. "We're in the embryonic stage right now, but we're going to see this thing explode as dealers recognize its potential."

The associations have partnered with Offers Network Inc. The private Seattle company has indexed 106,000 vehicles so that search engines such as Google and Yahoo can find the vehicles easier. AutoTrader.com, in contrast, aggregates nearly 4 million vehicle listings from 40,000 dealers and 250,000 private owners.

Used-car matchmaker

A new Internet service, set up and managed by state dealer associations, matches used-car shoppers with dealership inventory. Until now, dealers went to companies such as Cars.com for that service. Here are details.

- **Fees:** State associations charge about \$200 a month, vs. more than \$1,000 a month by outside companies

- **Participation:** State dealer associations in Florida, Georgia, Iowa, Michigan, Nebraska, Texas and Wisconsin

Source: Dealer associations and Offers Network

How it works

Say a Jesup, Iowa, shopper uses Google to search for a 2006 **Ford Fusion** SE. After the consumer types "2006 **Ford Fusion** SE Jesup Iowa" into the search window and clicks the search button, Google finds that specific model and displays it at the top of the page of search results.

That alone is a change from the traditional search result, where a sponsored search might display links to stores with new and used Ford Fusions.

By clicking on the link, the consumer is taken to **iowa.icarsandtrucks.com**. The Web site shows a photo and information about that specific vehicle and links to all participating dealerships with that vehicle in stock.

"The consumer doesn't want to look at a dealership; they want to look at a car," Smith says. "If you can sit down and punch in the type of vehicle you are looking for, and that inventory comes up, what a beautiful thing."

State associations manage the service and set the monthly fee for their members. The associations are marketing the service in part through Webinars with Offers Network.

The Florida association, which helped set up the service, is not asking dealers to drop third-party sites. The program is so inexpensive that dealers should be able to add it to their existing advertising channels, Smith says.

First in line

The Iowa dealers association, the first to partner with Offers Network, went live with the service in June, says association President Gary Thomas. About 100 dealerships in Iowa representing 35 percent of the association's membership now use it.

Mark Birdnow, owner of four General Motors stores and a used-vehicle outlet in Iowa, likes that dealers control this new inventory marketing service.

"I'm hoping that enough dealers will get on board with this that it will, over time, become the premier site for Iowans, and for consumers in other states, to search for used vehicles," Birdnow says.

He plans to continue using AutoTrader.com along with the new service — for now.

"If we could replace AutoTrader.com with an association-sponsored Web site that became the go-to place for consumers in Iowa, long range, that would be a great culmination of events."

AutoTrader spokesman Mark Scott says of the new service: "They're definitely on our radar screen, so we're paying attention to what they are doing as well as all the other competition out there."

About:

Offers Network, Inc was started in 2002 by a group of Seattle based software executives to develop local search solutions through their network of hosted Auto Shopping sites in partnership with State Automobile Dealer Associations and their members. For more information, please contact info@icarsandtrucks.com or visit our web site at <http://iCarsandTrucks.com>

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