**Back to Basics: Body Shop Marketing**

As a collision industry consultant, I’ve had the opportunity to spend a great deal of time in many good (and a few not so good) collision repair centers. Discussions with owners and managers generally revolve around the subject of work – specifically that there’s simply not enough of it! Once we finish discussing how “business is off by 15 percent,” the next conversation usually leads to going “lean.”

My job is to ask questions and hopefully assist clients in discovering answers to those questions. So, when a shop owner tells me his or her business is off, I ask, “Which segment is off? Insurance referrals? Customer referrals? Dealer referrals? DRP volume? Customer pay?” The answer is usually, “All of the above, I think, but I’m just not sure.”

In one shop, I sat in the customer waiting room for 15 minutes before anyone noticed me. I see estimators writing estimates, stapling their business cards to those estimates and reminding customers to call when they’re ready. I see vehicles sitting torn down, waiting for re-inspections or parts. I see a high percentage of ROs that have multiple supplements. I see customers being ignored, calls going unanswered and vehicles being detailed while customers wait in the office. I see ROs sitting open on estimators’ desks, supplements not billed. These are not good things.

I asked one shop owner, “What are you doing to market your shop?” He replied, “Same thing we’ve always done. We work the DRPs and do a lot of dealer referrals. But we’re still down 20 percent. Will this recession ever end?”

That’s when it dawned on me that our industry needs to get back to basics. It’s simple survival. Consider that total loss ratios exceed 20 percent, which means that if you’re doing DRP work, at least 20 percent of the vehicles coming to your door through those DRPs are totals. Do you depend on dealer referrals? Drive around and look at the dealers that have closed their doors.

Someone once defined insanity as “doing what you’ve always done but expecting a different result.” In today’s collision repair industry, “doing what you’ve always done” will result in a 20 percent drop in business. Many are waiting for a return to the “good ol’ days” and the end of the recession. Don’t count on that.

So “Back to Basics” will be the theme for a series of articles in the coming issues of BodyShop Business. Topics will include marketing, sales, damage analysis, production, financials and customer service. And now, on to marketing.

**What Is Marketing?**

What comes to mind when you think of “marketing?” Radio and TV ads? Junk mail? Yellow pages, billboards and websites? If those things are what popped into your mind, you’re right. Those are all marketing tools.

Marketing is the most important activity in your business. It’s everything you do to bring a customer to the point of sale. In most shops, that point of sale is the front counter.

Marketing brings work to the door. Selling puts the customer’s signature on the repair order. They’re similar activities but not quite the same.

Jan Carlzon, writing about his experience as president of SAS Airlines, once discussed “Moments of Truth.” A Moment of Truth is any time you have the opportunity, no matter how remote, to create an impression in the mind of a customer (or potential customer). They happen constantly, and they’re happening for your business right now. Someone just drove by your shop, saw your sign and your building, and formed an impression about your business. That was a Moment of Truth for your business. But was it a positive or negative Moment of Truth?

**Managing Moments of Truth**

Every customer who has ever come to your business followed the same path. Seconds after reaching for their cell phone and driving into the back of the car in front of them, they realized a need for collision repair and began to look for someone to satisfy that need. Somehow, your shop name was placed in their brain. That process is called “positioning.”

Once they had your name positioned in their mind, they called your business. That call was a Moment of Truth. So was the trip to your shop.

How clear were the directions you gave them when they called? They saw your shop, figured out where to park and walked through the door. They asked for an estimate. And that’s when selling starts.

But the marketing activity doesn’t stop. Each customer contact during and after the repair is a Moment of Truth.

**Got a Marketing Plan?**
Do you have a written, up-to-date marketing plan? Pointing to your head and saying, “I’ve got it all right here,” isn’t good enough.

Creating a back-to-basics marketing plan isn’t difficult, but most don’t do it. Think of a marketing plan as a roadmap or a travel plan. The marketing plan is a statement of who you are, where you are, where you want to go, how you plan to get there and how you’re going to pay for the trip.

Some call the answer to “Who am I?” a mission statement or a value proposition. It’s usually three short paragraphs stating the core values of your company. The value proposition defines who you are, how you compare to the competition and why customers buy from you.

It may take 60 days to define your value proposition, as you’ll be asking customers, vendors, insurers, bankers, friends, family and competitors, “What makes my collision repair center unique?”

Once you define who you are, you need to determine where you are from a marketing perspective. Some refer to this as a “statement of current circumstances.” In a marketing plan, you need to know the sources of current business. What are you doing, from a marketing standpoint, to bring customers to the door? What are you currently spending? Are you realizing an adequate return on your marketing investment?

**Define Your Market**
Define your market geographically. The easiest way is to place a map of your town or city on the wall and draw a circle with a six-mile radius around your shop (50 miles if you’re in a rural area). Better yet, pull the last 60 repair orders, find their addresses on your map and place pins on each address. You’ll see your market as the area with the heaviest concentration of pins. Once you get started, your definition of your market may be refined by source and type of work.

**DRP Is a Marketing Tactic!**

Many look at DRP participation as a key to operating a successful collision repair shop. However, it’s really nothing more than a marketing tactic.

Yes, it continues to be a hot topic, but look at our definition of  marketing: Everything you do to bring a customer to the point of sale. What does participation in a DRP do? It brings customers to the door.

But a DRP is an expensive marketing tactic, with the major cost being concessions. The discounts are pretty easy to see, but look at the little things like agreeing to materials thresholds, absorbing tow and storage bills or passing sublet through at cost.

With total loss ratios exceeding 20 percent, you need to recognize that 20 percent of the work coming to your door through DRPs will require administrative effort and expense with little or no compensation. Other costs like lost parts, GP dollars due to the use aftermarket parts, and the cost of agreeing to spot-and-blend formulas on initial panel refinish add to the DRP marketing investment.

I’m not anti-DRP. I simply look at it as a marketing tactic with some real marketing costs. The decision to participate or not should be based on cold, hard analysis of numbers.

Let’s say we’re looking at participating in a DRP that will bring an additional 10 ROs per month to our shop. If our average RO is $2,500, that should translate to an additional $25,000 in business per month. But two of 10 ROs will be total losses. Discounts will reduce the average RO by 10 percent, or $250. Other issues such as materials thresholds and agreed non-included operations at no charge will add to the expense. Those 10 additional ROs will cost the shop more than $2,000 per month! (Eight repaired ROs @  $250 discount each). Add to that the administrative expense of processing the total losses and hidden concessions, and the marketing expense of this DRP could easily exceed $350 per RO, or 14 percent of sales when compared to retail.

I suggest budgeting 3 to 6 percent of your gross sales for marketing activity. If you look at DRP discounts and program requirements as marketing expenses, you may be spending more than that on the DRP tactic alone!

The alternative: Should you choose not to participate in a DRP or can’t get on a program, budget the same percent of sales toward other marketing activities. For example, if your shop has $2 million in annual sales and DRP marketing represents 10 percent of sales, budget that same 10 percent, or $200,000, toward other marketing efforts. That $200,000 will buy a lot of pinpoint-accurate guerrilla marketing activity and build tremendous brand awareness in the marketplace. Many are finding that the return on investment is much higher using other marketing tools as an alternative to DRPs.

**Coffee Is for Closers**
Do you know what your “close ratio” is? It’s the number of repair orders divided by sale opportunities times 100. Don’t rely on your management system for this key number unless you upload every estimate into the system. I’ve known many shop owners who felt their close ratios were in excess of 85 percent, but looking deeper, they found that the estimators were only uploading the estimates they had closed. Few actually count sales opportunities as opposed to estimates.

Check your “pending estimate” file in your estimating system. If there are hundreds of estimates sitting there, your close ratio is not over 85 percent. Good estimators close 75 percent of their sales opportunities, and many go higher. We’ll discuss this more in “Back To Basics: Selling.” The point is that there’s no reason to make significant marketing investments if you can’t close the jobs that come to your door now. Know your DRP close ratio (it should be more than 90 percent), non-DRP close ratio (it should be 55 percent or higher) and overall close ratio. Target 75 percent overall.

What if you don’t know your close ratio or don’t trust the one generated by your management system? Manually count every sales opportunity for the next 30 days and compare that to the number of ROs generated from those estimates.

**Source of Work**
What are your current sources of business? Do you know what percent are insurance referrals, repeat customers, customer referrals, drive-by and others? Do you know which agents refer customers and how many of those agents have referred over the past year? Know where the work is coming from and where it’s not coming from.

When I ask the source question, many shop owners and managers pull a report from their management systems. That’s fine, but unfortunately, many of those reports contain significant errors.

Each and every customer needs to be asked: “What brought you to our shop?” The best source of marketing information is the customer who walks through the door seeking an estimate. They have the marketing information, but we rarely ask for it.

Don’t just assume that the source of a customer who came in as a DRP assignment is that DRP. They may be a repeat customer or a customer referral. They may have driven by your shop every day for four years, felt comfortable with you, then gave your name to the DRP file handler and you just happened to be on the program. If we simply noted the source as DRP, we overstate the DRP impact and understate the amount of work coming from other sources.

Accurate source reporting tells us where the work is coming from and which marketing tools are working and which aren’t. If you run an ad in the local paper but no one sees it, why continue running it?

What are you doing now? You need to list all current marketing activity, determine the cost of each activity and evaluate each one based on cost and effectiveness.

Where do you want to go? Once you’ve defined who you are and where you are, you can determine “where you want to go” and write down some marketing goals.

Perhaps your source report indicates active insurance agents who don’t refer business to your shop. Target those sources!

Maybe there’s a market area from which you receive little business. In that case, your goal might be, “Increase sales from ZIP code XXXXX.”

**How to Get There**
Now it’s time to figure out how you’re going to get to where you want to go.

There are lots of tools you can use to this end – Internet, websites, billboards, TV, radio, direct mail, etc. The Guerrilla Marketing books ([www.gmarketing.com](http://www.gmarketing.com)) are excellent resources on how to properly use these marketing tools.

Every shop must have multiple marketing strategies so it doesn’t put all its eggs in one basket. Basic strategies include:

• Customer referral strategy: Build repeat and customer referral business.
• Agent referral strategy: Develop and maintain relationships with insurance agents.
• DRP strategy: Build a strategy to maximize DRP referrals.
• Brand awareness strategy:

Marketing strategy intended to keep your name in front of those in your market or target market.

The customer referral strategy is often overlooked. You can increase repeat and customer referral business by consistently using direct mail, e-mail and other tools. Develop a standard process to repeatedly contact customers with thank-you letters, repair anniversary cards, phone calls, e-mail specials, coupons and newsletters.

**Time to Pay**
It’s now time to figure out how you’ll pay for the marketing plan.

One question I’m often asked is, “How much should I spend on marketing?” The answer varies from shop to shop, but a good guideline is 3 to 6 percent of gross sales. So if your shop has  $1.5 million in annual gross sales, your marketing budget should be $45,000 to $90,000.

Develop a budget and stick to it. Also, constantly review source reports, CSI information and customer information forms to determine what’s working.

Marketing is constantly changing. Look at the growth in the Internet compared to the decline in Yellow Pages and newspaper ads. Since the market is evolving and media is changing, you need to constantly evaluate and adjust your marketing efforts to maximize the return on your investment.

**The Independent Body Shop's Guide to Marketing**

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Guidelines for becoming the most trusted shop in your community.

**When you speak with marketing expert after marketing expert** in the collision repair industry, you’ll start to sense a trend:

*“There’s a huge opportunity for independents to dominate markets. Independent collision shops have great opportunity to compete with MSOs for page one on Google. Google loves local businesses.”*

*“It’s an ever-changing industry. The big companies are clueless about the opportunities available to them and how far ahead they can get of their competition.”*

*“In our town, revival of supporting local, downtown is thriving. The big shops are never going to experience personal connection we have with our communities.”*

In order: Danny Sanchez, Steve Ward, Megan Williams. While “marketing” is just one of many hats collision repair shop owners must wear throughout the day, these three professionals are laser-focused when it comes to branding, advertising and selling a shop to communities. And to them, being a small fish in a big pond isn’t a handicap—it’s an opportunity.

And that’s because “marketing” to these individuals is not a 14-by-48-foot billboard or a 30-second radio spot—marketing is an everyday interaction with the community. If you want to secure a DRP or fleet account, gain support from local businesses, trend on page one of Google or stand out to area families, Sanchez, Ward and Williams argue that a defined brand and a community-focused marketing approach is the key to it all.

So, don’t stress that MSOs have ridiculously large marketing budgets compared to your shop’s. As an independent body shop, these three would argue you have opportunities larger companies are often too big to truly capture—as long as you’re willing to connect with your community. Here’s your guide for becoming your local market’s go-to, trusted collision repair shop.

**Know Your Brand.**

Danny Sanchez will talk your ear off about how to build a professional website, how to rank No. 1 on a Google search, how to populate your website with keywords—but before any of that can happen, he’s got a few questions for you.

“Most [shop owners] don’t have branding guidelines,” he says. “So, we have a questionnaire to have something to go off of.”

Sanchez’s company, Autoshop Solutions, has become a go-to figure in the mechanical community, as he’s helped automotive repair shops develop a digital marketing presence on the web. Upon examination, he realized the similarities body shops and auto service shops shared, and decided to aid the collision community, as well.

“Body shops’ attentiveness to the importance of websites is at an all-time high,” he says. “With the amount of collision shops we've added over last year, competition has heated heavily.”

And while there is a standardized approach for improving websites and search rankings, the digital marketing overhaul process is anything but uniform—a truly effective website that appeals to local traffic needs to connect with the community. You must evaluate your consumer database, your work mix and your financial goals, and find not only who you’re selling to, but also what you’re selling to them.

“If your customers are mostly female, a red-and-black website is too masculine. You’d need a balance of color and appearance of branding,” Sanchez says. “You draw on that information and the customer doesn’t consciously realize it.”

So, to have a better idea of your audience and the brand you should be selling, take Sanchez’s advice: question yourself.

**Questions to Define Your Brand**

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Before Danny Sanchez can improve any collision repair shop’s digital marketing, his company, Autoshop Solutions, must understand the business’s brand.

Here are the questions he asks:

* Who is your typical customer?
* What areas in your community do you serve?
* What type of vehicles do you have in the shop right now?
* With the next six months, who is your target audience?
* With the next six months, what is your ideal work mix?
* What is your competition?
* What sets your apart from the competition?
* What brands do you admire?

**Check Your Community’s Pulse.**

There are several numbers to which Megan Williams, director or marketing for Lefler Collision & Glass, would point to prove her position’s worth—most notably her operation’s 7 percent year-over-year increase in annual revenue (which now stands at $10.6 million) since she started just two years ago.

But there’s one statistic in particular that jumps out to her.

“We have this huge Ladies Night Out event each year,” says Williams, who will be presenting a course on marketing this year at NACE. “We had been doing that since mid-2000, but I took it from 100 attendees to over 250 people.”

That’s not a huge amount of people, but it is an exceptional increase (150 percent) in such a short period of time. What’s really notable here is that the concept for Ladies Night Out (a night where Lefler Collision teaches women how to properly maintain their vehicles) didn’t suddenly change—all that changed was how Williams chose to market the event.

“It’s really about helping people,” she says. “I was surprised to learn that most of our customers are women. So, I decided to really take this on and really market what it’s about.”

The turnaround required a shift in advertising format. While previous Ladies Night Out events were marketed solely through radio and postcard mailers, Williams added a strong social media presence, including paid promotions on Facebook.

“These changes in strategy have helped us narrow in to our target market,” she says.

While the event requires dozens of hours of preparation and planning, to Williams, the return represents something significant that must be measured beyond dollars and cents: It’s living proof that the people of Evansville, Ind., respond to local businesses offering a helping hand—thus, the shop’s brand should reflect that giving nature.

Yes, your shop must define its own brand, but then Williams says that brand must then conform to your community’s expectations. And you won’t figure that out until you get out in the community and initiate conversations.

**Tips for Engaging Conversations**

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Even though it’s an everyday component of her job at this point...Megan Williams still gets nervous about it.

“Talking to someone you’ve never met before is never easy,” she says. “But finding common ground is crucial.”

As someone who markets a shop in two different markets, Megan Williams, marketing director for Lefler Collision & Glass, can attest from firsthand experience that her marketing strategy changes from zip code to zip code—including the way she interacts with people and businesses from various communities.

Being the ambassador for her local chamber of commerce has made her a pro at initiating conversation, and she says she has largely succeeded in identifying various communities’ ideal brands by finding common denominators during conversation.

Here are her tips for carrying an engaging conversation with anybody:

* Ask easy, open-ended questions.
* Ask about their family, their background, their dogs—anything they seem passionate about—and then find common ground.
* Ask about what they’d like to see improved in the community.
* Come ready with a mental list and ask for their opinions on local matters.
* Ask about their career and have them break down their biggest accomplishments and struggles.
* Recall information from past conversations and build on it.

Williams has served on the Evansville chamber of commerce for the past two years, and recently became a chamber ambassador, meaning she represents the chamber at area events (such as ribbon-cutting ceremonies) and speaks with area businesses and residents about how to improve the city.

Any business can host Ladies Night Out, but, as far as Williams knows, only one collision repair shop in Evansville does. And because of that, those traits that residents find so endearing are now associated with one body shop: Lefler Collision & Glass.

“Helping others” might seem like a basic brand on the surface—but with that tiny nugget of information, your shop can perform wonders, Williams says. After years of tinkering and research, owner Jimmy Lefler has become a staple not only in Indiana, but in the collision repair community as well, as his charitable efforts have taken him from area organizations that help disenfranchised youth to sponsoring orphans in Myanmar. And because Williams took the time to understand her market, branding any of the shop’s charitable efforts is an easy choice in her quest to make Lefler Collision the community’s go-to choice.

There’s no science in finding the brand to which your community responds, Williams says. All you can do is try anything and everything—whether it’s hosting an educational event or making a simple Facebook post—and check your community’s pulse.

**Define Your Customer’s Ideal Brand**

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Megan Williams, marketing director for Lefler Collision & Glass, is constantly out in her community, interacting with families and local businesses, gauging the brand to which they respond to most positively.

After you’ve outlined your business’s brand, flip Danny Sanchez’s questionnaire on your community:

* What kind of shop does your community want?
* What services are they looking for?
* What is their preferred form of customer service?
* What is dissatisfying about your competition?
* What do they not understand about your business?

**Extend Your Reach to Business Partners.**

When Steve Ward breaks down his marketing approach, his strategy slowly becomes more and more convoluted. But not because he doesn’t have a systemized approach—it’s because he’s in Southern California.

“It’s one of the most competitive markets in the nation,” he says. “We have thousands more shops than most markets. One city bleeds into the next. When you break shops down by zip codes, they overlap. Major cities connected by a single street.”

As the owner of California Marketing Group, Ward and his wife, Debi, have helped dozens of collision repair shops nail down a local marketing approach. But their specialty doesn’t lie in appealing to everyday walk-in customers—they focus on marketing to business partners (insurance companies and fleets) that improve operations and offer new revenue streams.

That’s why Ward is so aware of the zip codes bleeding into one another: When insurance companies or fleets research collision repair shops, they search from region to region for the best partnerships. Just as you would do for any paying customer, you should  understand these outlets’ needs and desires—doing so has allowed Ward’s clients to stand apart.

“It sounds like body shop marketing 101 to me. But ... shop owners have no idea that their marketing money should be going towards getting exposure in any area that produces a profit,” Ward says.

This becomes especially important when you consider how attentive MSOs are to insurance carriers’ needs (“For the smaller guy getting into game, this is his biggest challenge,” Ward says). Marketing on a local level, however, can fill that gap. It’s not about being the biggest option available, but presenting yourself as the most enticing option available.

**Creating a Proposal Letter**

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If a body shop really wants to secure business partners in the area, Steve Ward says you must take one simple step: draft a proposal letter.

But this isn’t just a sheet of paper with some text—Ward’s “proposal letters” are packets that break down everything the operation has to offer. As the owner of California Marketing Group, Ward has created hundreds of these packets for repair shops and dealerships in Southern California, and says the ROI on the few hours of research and compilation required is comically huge. While it sounds like a lot of work, he says an effective proposal letter that makes your business stand out in the community contains just a few basic elements:

* Basic information that tells companies you’re reputable, safe and trustworthy. List surface information, like square footage, staff size and sales numbers.
* Any services you can market, such as on-site rental cars, office space for insurance adjusters, fenced-in parking and drive-through estimating.
* Brochures that contain further information about the shop, and business cards for the shop’s owner.
* Universal information that doesn’t appeal to just one potential partner. The letter should be reprinted and passed out to any desirable companies.
* A simple, yet professional, design. Work with consultants or graphic arts services to find art that fits your brand.
* It’s short and concise. It contains the necessary elements to close the deal, and that’s it.