

ED WALLACE

Facts And Fantasies

BY ED WALLACE
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A couple of years ago, while I was visiting a local dealer and discussing current issues, he opened his American Express bill and his jaw dropped. Stunned, he told me that his bill for Google Ads the previous month was just over \$100,000 and asked, "How in the world did that happen?" I replied, "You gave them your American Express number." This brave new world of online everything is remaking our social economic society, and not in ways that are always smart or efficient. Sometimes these experiences are just downright deceitful or disingenuous. This is a subject I've been discussing for decades.

What the public believes is a great benefit to them, and can often deliver great positives, can also lead to other problems. First, for years manufacturers have claimed that their websites are designed to improve and streamline the buying process by empowering their customers. That's nonsense, of course; the car companies could not care less how your car buying experience went, as long as you purchased one of their cars. Doubt that? Twenty years ago I wrote in *Auto World* magazine about GM's BuyPower website. There one could get a quote on the car, locate the exact car they wanted, and likely would then print and take that data to their closest dealer and say, here's the car I want and here's the lowest price and that's all I'm willing to pay. Doesn't that sound appealing?

But maybe that local dealer you did that to is also the one with the best customer service scores for the region you live in. While the car you found might already be sold, and the quote you got from another dealer was actually a lowball price, hoping you'd drive to their far distant store. Now, if it had worked as advertised,

it would have been fine. But that's not what was happening in the real world. And as I pointed out in *Auto World* magazine, if the car companies really cared about delivering the best buying experience on your next new vehicle, they would create a website and post all of the new car dealers' Sales and Service Customer Satisfaction Scores online. But they won't and again, there's a reason why. You would be amazed how many times the worst dealers get the new dealerships because they have superior sales volumes.

In February of 2005 I met with GM's then CEO, Rick Wagoner, Bob Lutz, Mark LeNeve, and GM president Gary Cowger in the board room of GM and went over the GM BuyPower website. I walked over to the window and said, somewhere in Detroit today some person is walking into a Chevy store with a price for a Suburban gotten from a dealer a long distance away, with the exact car he wants someplace else, and tells the sales kid get this Suburban at this price and you've made a sale. The kid goes to his manager and they grudgingly say fine, but then the customer asks about the payment. Now that kid is only going to make a minimum commission if he sells the car, so he's got nothing to lose. But the payments are \$25 too high, so the customer says, lower payments or I'm out. Again, the kid's got nothing to lose, so he says he'll call if interest rates go down. Therefore a sale is not made; and next Monday the dealer does not order another Suburban to replace the sold one, so GM has to increase its rebates because sales slowed. Then I told them, don't take my word for how this is working, call any of your dealers and they'll verify it. By the time I landed at DFW that night, GMBuypower.com was dead and offline.

And now the car companies want to bring this all back. Again, if it worked to the benefit of the customers and dealers, that'd be fine. In fact, it would be great. But it's always at the mercy of the one dealer who uses the system to lowball customers into their less than convenient store.

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Ford is going to launch a used car website which will have every used Ford at all of its dealerships nationwide. Ford said in the Detroit News, "The idea for the platform was developed in partnership with Ford's national dealer council." It was not. In fact, Ford simply told the council this a done deal and you'll like it. For the record, the dealer council didn't want it. And here's why: It allows the worst of the worst dealers to sell the used Fords traded by the best of the best. So it elevates the worst by pretending they are the best.

And what if a great Ford dealer sells a vehicle from a lesser dealership that doesn't have the same standards for the used cars they sell? Again, most dealers are fine, upstanding individuals who actually like to earn a living making people happy buying their product. But when you equalize everything you always bring it down to the bottom 15 percent's lack of ethics and quality, and there it tars everyone with that reputation. That's what happened with GM BuyPower.com and happens online today. Once an Amazon seller sold me a counterfeit copy of Adobe Creative Suite for \$1,500. I had to stop using it; they kept the money.

Again, if manufacturers actually cared about you having the best buying experience, then why would they refuse to post all of their dealers' sales and service satisfaction scores? That would actually be more valuable to you for your next vehicle purchase or service than anything online today.

In last week's column on perception and purchasing a new car, one of the issues that gentleman's emails brought up was the ability to completely order his new car online without dealing with a dealership. Guess what? When I purchased my first electric car with Mitsubishi it could *only* be done online. I simply picked my delivery dealer. When I looked up my latest BMW electric car and ordered it, again, done online and I picked the dealer for the delivery. Although in both cases they were ordered at list price; I told the delivering dealer, simply price it like you would any other customer and I'm good. After all, I'm not going to beat up a dealer, who is probably a friend of mine anyhow, when the biggest price break on electric cars has been the \$7,500 Federal income tax credit anyhow.

When you use a manufacturer's website it pushes you toward the closest dealer, whether they are the best or not. I recently googled a luxury car line in Arlington and on the first page was a dealer 40 miles away with the headline that they were the Arlington region dealership for those luxury cars. They are not. Not even

close. But that's Google Ads: You think you looked for a particular website on a search engine, but instead you are often delivered the paid ad for another dealer. So it's not really a legitimate search at that point, now is it?

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In the late 1980s I showed Rusty Wood, about to open Bizmart with his partner, that there were already office supply stores doing business online. Nothing like browsers today, but I showed him this is where things are going.

In 1989 I wrote a relational database with photos that could show customers the different Chevrolet models by color and price and allow people to buy cars online, and when GM executives came to the store and saw a presentation, they laughed and said nobody was ever going to do that. And even if they could, it violated a dealer's franchise agreement by selling out of their market. I retooled it for Honda and got the exact same response.

By 1999 I had cut up manufacturers' internal video presentations of new vehicles into 10-minute new car demonstrations and put them online. Moritz Chevrolet posted the Corvette walk-around I had created. Sewell Saab linked to my Saab 9-3 walk-around of that product. And again, I showed executives with GM, Saab and others what the Internet could do— not to mention that the Internet had happened by then — and they all rejected the idea as outside the realm of possibility. They all told me, nobody is going to sit in front of a computer screen for 10 minutes to watch a video. Of course, everyone and their dog is doing online walk-arounds of vehicles today. If you doubt that, take a look on YouTube.

And these are the same guys who think they understand the Internet better than anyone else. Purchasing things online is now an accepted way to do business. It's just not always the guarantee of excellence customers deserve because it doesn't score the quality of the particular dealer. Or sometimes the quality of the product.

Car manufacturers continue to try their best to make the buying public believe that all new car dealers are the same, often with the business media's help. But they are not. You might be googling for the best dealer and deal near you for a particular car, but that \$100,000 Google Ad bill for one month might send you to the worst one instead.

*Ed Wallace is a recipient of the Gerald R. Loeb Award for business journalism, bestowed by the Anderson School of Business at UCLA, and hosts the top-rated talk show, *Wheels*, 8:00 to 1:00 Saturdays on 570 KLIF AM. Email: edwallace570@gmail.com*

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Driving Off into the Sunset

BY ED WALLACE
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It never occurred to me that one day I might be at a loss for words, but here we are. This will be my last column for the Fort Worth *Star-Telegram* after nearly 20 years, almost 1,000 columns and of those only six were rejected. Those numbers meant a great deal to me; they showed the *Star-Telegram* and staff believed in my work, even when they probably weren't crazy about the column they were about to publish.

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