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Website Marketing:

It's Time to Go Small and Get Responsive



Inside:

- Consumer Experience: The Case for Dealerships to Evolve
- Build Loyalty Through Targeted Direct Mail Marketing

Technology Solutions



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The idea of working your database may not be as exciting as launching your dealership's first mobile app or putting together a new social media plan, but the truth is your customer database is the heart and soul of your dealership, and you should treat it as such.

Instead, many dealerships make the mistake of letting their databases languish, or worse yet, disappear by fawning over more sexy marketing activities, and thus miss out on a significant amount of incremental repeat customer business, both in sales and service.

The Value of Customer Data

Studies show that dealerships that mine their database and market to customers who are in equity in their vehicle—meaning their current vehicle is worth more than they owe on it—convert, on average, 13 sales per month, equating to more than \$30,000 gross per month (based on an average of \$2,600/car minus \$2,200 industry average plus \$400 higher gross profits) or \$360,000 per year. And for larger dealerships, the results are often double or triple these numbers.

If a store typically sells 125 units per month, those 13 sales represent 11% of the total sales for the store, which has that same knock-on effect for revenue in other departments—F&I, service, parts, etc.

So why don't more dealers mine their databases?

A key reason is that they simply don't recognize their database's potential—a mistake that ultimately results in them ignoring it, with the unfortunate result that once they open their eyes to its value, it's often too late.

It may be difficult to believe in these days of big data, but automotive retailers often don't have a workable customer database to mine and market to. In fact, up to 25%

Maximize Your Gross By Avoiding 5 Common Database Mistakes

of dealerships I encounter do not hold a sufficient amount of historical customer data in their database. We recommend at least five years of data for successful equity marketing efforts.

5 Common Database Mistakes

The following are five common mistakes dealerships make with their databases.

1. Not having enough historical data. You should have at least five years of customer—service and sales. No exceptions. Surprisingly, your dealer management system (DMS) provider can be to blame for this—some systems offer packages of only 12, 24, or 36 months of data retention, or charge extra to hold data for a longer

3. Switching to a new DMS without considering what it means to your data. DMS changes are the most common reason for loss of customer data. Often the DMS provider you leave makes it difficult to transition the data or wants to charge you an extra fee. In addition, the new DMS provider may not want to make the effort to properly transition the data. Some only take 1,000 days worth of data, but that is usually less than three years' worth. Again, be sure to keep at least five years of customer data. Don't switch your DMS until you are certain the data is accessible.

4. Overlooking key data fields. Be sure all the key data fields are being captured (for example, residual values for leased vehicles is an often-overlooked field). Again, this is particularly important if you are switching DMS systems.

5. Storing your data in a CRM.

CRM tools are not designed for deep data mining, so use them with caution. Many dealerships feel their data is being properly stored in their CRM, but often fields are missing or the history is not sufficient.

The bottom line is that equity mining is a surefire way to reap additional revenues.

A client from a New York Honda dealership recently told me, "Equity mining is the best value for the money—we spend about \$2,000/month and it always delivers between 15–20 incremental sales."

Don't let those sales fall through the cracks. Pay attention to your customer database and it will reap big rewards—up to \$30,000 per month or more.



period of time. There are workarounds for this, such as storing data on a hard drive on a regular basis, archiving files, or simply paying the price to the DMS.

2. When acquiring a new dealership, buyers forget to include the most valuable asset: the customer database. In 2014, more than 300 dealerships changed hands and I am sure many of the deals did not include the transfer of the customer database. I strongly recommend that if a seller plans to keep the customer file, pass on the acquisition.

Allen Levenson has more than 25 years of automotive and marketing experience. He is currently vice president of sales and marketing for the equity marketing pioneer Prospect Vision (www.ProspectVision.com), a Hickory, North Carolina-based company that helps clients including AutoNation, Penske, Asbury, and hundreds of other independent dealerships increase sales, marketshare, and customer retention through direct mail, email, phone follow-up, and service drive.