

# Key Drivers of Customer Engagement and Marketing Efficiency in the Automotive Industry

**DISCUSSION PAPER:  
AUTOMOTIVE SOLUTIONS**

## Key Drivers of Customer Engagement and Marketing Efficiency in the Automotive Industry

2

### CHALLENGES DRIVING CHANGES

The proliferation of automotive brands, fluctuating consumer confidence and relentless competition makes effective marketing and customer engagement more critical than ever.

Over the past 15 years, annual sales of new motor vehicles in Australia have grown steadily with more than 1 million units sold in 2010 (Department of Innovation, Industry, Science and Research, 2011, "Key Automotive Statistics 2010").

There has been significant shift from locally manufactured to imported vehicles with sales and service now making up a greater proportion of auto industry activity.

This growth is not without its challenges.

Since 2005:

- prices and profit margins have been under intense pressure
- vehicle prices are falling, in relative terms - approximately 10% since 2001 (DIISR, 2011)
- competition for customers has intensified.

So how can automotive companies compete, find revenue growth opportunities and remain profitable?

As the challenges mount and budgets are squeezed, automotive marketers must strive for greater efficiency whilst engaging their customers more intimately, maintaining their trust and brand loyalty throughout the ownership lifecycle.

Our discussions with automotive executives have revealed the following specific challenges:

### Sales Manager / Marketing Manager

- How to consistently get the best returns from a loyalty marketing investment
- How to improve the quality and detail of customer data for better campaign targeting
- How to establish coordinated multi-channel marketing, via the web, social media, TV, radio, and in the showrooms
- How to make every customer interaction count, adding value to inbound customer interactions
- How to allocate advertising resources for optimal effect
- How to avoid wasting marketing budget on those who buy anyway, or those who ignore our marketing efforts.

### Dealer Principal / Dealership Owner – Franchisee

- How to use existing sales and service data to locate 'lookalike' potential customers living in a Prime Market Area (PMA)
- How to attract the right customer to the dealership with targeted and relevant offers, without spending a fortune on direct mail campaigns
- How to anticipate my customer's needs and provide 'best next action' communication, (eg. booking a service).

### Dealership Development Manager / Network Development Manager

- How to manage dynamic dealership PMA territories based on accurate and up-to-date

## DO YOUR EXISTING SYSTEMS SUPPORT 'BEST IN CLASS' MARKETING AND CUSTOMER ENGAGEMENT IN AN EVER MORE COMPETITIVE BUSINESS ENVIRONMENT?

postcodes

- How to use PMAs to support the dealership network, to report monthly sales data ensuring a strong future dealership network strategy
- How to identify potential new dealership sites, and evaluate their business potential.

### Achieving a sharper customer focus

'Customer-centricity' and 'Customer experience management' are amongst the phrases increasingly associated with 'best in class' acquisition, nurturing and retention marketing programs.

Such programs require the integration of powerful software and analytical capabilities in four key areas: Data, Insight, Communications and Strategy.

#### Data: Creating the single point of truth

Ultimately, data about customers and markets is the basis of information needed to develop effective and efficient marketing strategies for personalised customer engagement.

The problem with data is that there is often a lot of it, but it is not readily accessible to the business.

Common problems with data include:

- Volume – useful information may be difficult to extract from the total volume of data
- Data in application silos – customer data may be held in different systems, making it difficult to obtain a single view of a customer
- Inconsistency – customer information may vary from one database to another making it hard to determine which version is correct
- Quality – data may be missing, incomplete, or

inaccurately formatted.

Any one of the above prevents the data being efficiently used as a basis for targeted marketing and high quality engagement with customers.

But by improving data quality, integrating data repositories and making the data accessible to marketers, the foundations are laid for a deeper understanding of individual customers, business trends, and relationships that otherwise would have remained undiscovered.

Pitney Bowes provides the technology and the expertise to overcome data quality and data management issues, putting the business in a perfect position to tackle the next key area.

#### Insight

Rather than relying on standard historic business intelligence, leading edge businesses are able to use their data assets to make sharper and smarter decisions based on their deep understanding of their customers.

Applied to your data, 'customer analytics' and in particular, 'predictive analytics' are the missing links between just data and seeing the full picture or 'portrait' of a customer.

'Predictive analytics' uses your customer data to build dynamic predictive models based on specific business objectives relevant to your business.

For example, with Pitney Bowes' customer analytics you can:

- Predict which customers will accept an offer to subscribe to your lifestyle magazine
- Identify customers most likely to replace their vehicles after six months, one, three or five years

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- Predict which customers would be driven away by a particular marketing campaign and should therefore not be treated.

With ease-of-use a key consideration in the design of the software, Pitney Bowes' customer analytics capability can be deployed in-house. Alternatively analytics services can be provided by Pitney Bowes or one of our authorised partners. We can help you to develop the capability that you require.

### Communications

Analytically driven customer insight enables marketers to associate the right media, channel and message with the most appropriate customer segments, sub-segments or even micro-segments, providing a highly personalised, and most likely positive customer experience.

Pitney Bowes' in-bound, out-bound and cross-channel campaign management solutions enable the simultaneous running of multiple campaigns in 'batch', 'always on' and 'event-triggered' modes.

Personalised marketing communications will result in better response rates, and overall lowering of marketing spend.

### Strategy

With improvements in data quality and accessibility fueling deep customer insight, combined with the ability to deploy the insights directly to coordinated marketing communication channels, the business will have the ability to deploy marketing strategies that will set you apart from your competitors.

'Best in class' companies with the ability and agility to use their data to inform their marketing strategies are seeing amazing results.

Leading industry analysts indicate that event-triggered marketing can potentially save 80% of your direct mail budget - and drive response and conversion rates that are five times higher than that of traditional mass-marketing campaigns.

### ENABLING LIFETIME CUSTOMER RELATIONSHIPS THROUGH INTIMATE UNDERSTANDING

#### A typical scenario

Meet 'Sally', a 55 year old empty nester. Her kids have left home and she is able, at last, to contemplate some lifestyle changes!

Whilst out driving one day, Sally notices a billboard (touch point 1) displaying a great looking sports car. Later the same day, she visits the advertiser's website (touch point 2) for more specific information on how this car could change her life.

Sally's website browsing triggers an online prompt asking if she may be contacted by a customer experience manager (touch point 3). Sally enters her name, phone number, email and elects to follow a twitter feed: '@sportwheels' (touch point 4) to keep up-to-date.

The dealership gives Sally a few days to dream her dream without interference and sends her the latest copy of the carmaker's lifestyle magazine (touch point 5).

A few days later Sally receives a call from a member of the customer experience team (touch point 6) to ask Sally about her interest in the company. Is she upgrading her car? Conducting research for a friend? Would she like to keep receiving the lifestyle magazine and become eligible for invitations to events which showcase the company's products?

# QUALITY DATA ENABLES INSIGHTFUL ANALYTICS FOR EFFICIENT AND EFFECTIVE CAMPAIGN STRATEGIES AND ENGAGING CUSTOMER COMMUNICATIONS.

Sally is enjoying the engaging nature of the relationship and agrees to provide further information about her other areas of interest. No one has asked if she would like to test drive a car at a dealership.

Sometime later, after determining that she is ready to indulge in a lifestyle change, Sally calls her local dealer (touch point 7) and makes an appointment for a viewing and maybe a test drive.

Fast forward, and Sally is now a customer whose customer experience goes beyond the purchase transaction and which may now involve ongoing vehicle options enhancement (touch point 8), service and maintenance (touch point 9), advice for vehicle enjoyment (touch point 10) and eventual renewal/upgrade (touch point 11), each of these phases potentially encompassing a multitude of additional touch points.

All of the organisation's touch points with Sally need

to be integrated to ensure consistent messaging and an informed relationship. Sally expects it – and the company that can deliver it will earn her loyalty and advocacy.

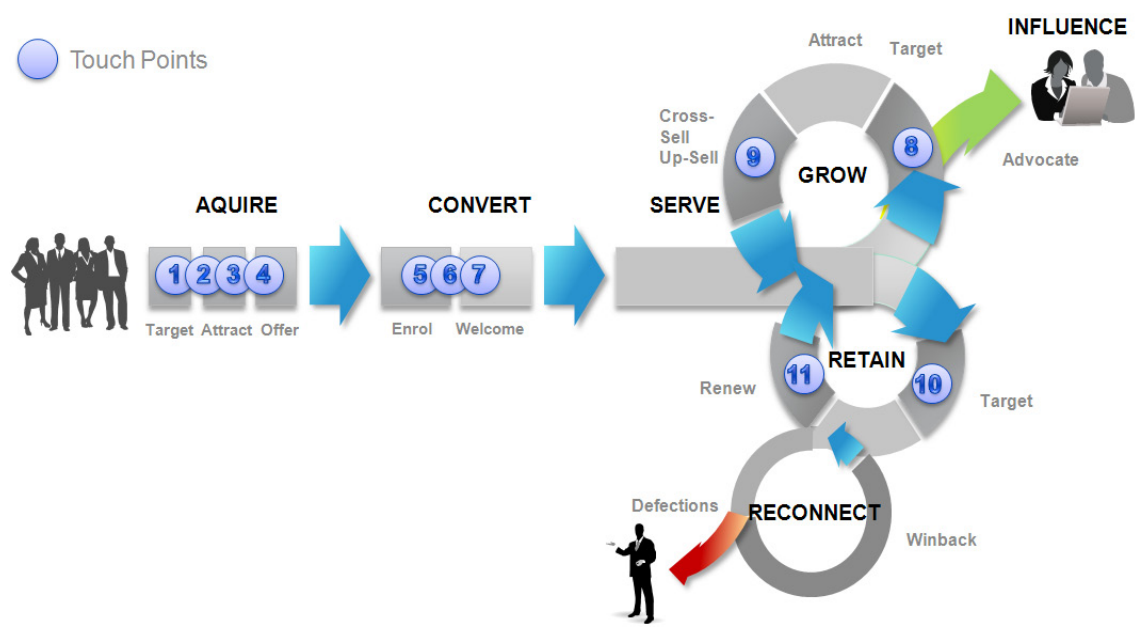
## Integrated automotive solutions

The implications in each of the key areas discussed previously may sound very complicated and the business benefits hard to achieve. However choosing the right integrated platform can make it all relatively easy.

Pitney Bowes' integrated software solutions and services have the potential to significantly enhance existing vehicle owner satisfaction and grow your revenues across the entire customer lifecycle.

Benefits of an integrated systems approach to marketing and customer engagement include:

- Enrichment of your existing customer data



## Key Drivers of Customer Engagement and Marketing Efficiency in the Automotive Industry

6

through the integration of VFACTS and Motor Vehicle Census information with your marketing database

- Enhanced customer profiling through data quality management technology
- Targeted marketing communications resulting from more accurate Prime Market Area (PMA) validation
- Relevant, personalised, timely and cost effective marketing offers based on customer specific event triggers
- More accurate target marketing through predictive customer analytics
- More efficient operations through real-time sales performance reporting
- Better cash flow management resulting from parts demand projections and service centre optimisation
- Dealership network optimisation through market penetration analysis.

### Benchmarking performance

The critical question is:

*To what extent do your existing systems support 'best in class' marketing and customer engagement in an ever more competitive business environment?*

The good news is that advances in technology (platforms and software) make advanced marketing and customer engagement solutions readily affordable and accessible for businesses of all sizes and deployable on premise or as hosted, cloud based, services.

When planning the implementation of new marketing and customer engagement solutions, there are a number of important considerations that will help ensure selection of the most appropriate mix of technology and services for your business.

For each option under consideration ask:-

- Is the solution proven in building strong and profitable customer relationships?
- Will it accelerate revenue growth through the identification and execution of new opportunities?
- Will it identify opportunities for greater operational efficiency and effectiveness?
- How can it contribute to more targeted, relevant, timely and cost-effective marketing campaigns?
- Does the solution deliver real insights, not simply more efficient data management?
- What industry experience and support can the solution provider offer?

### Leveraging an integrated solution

Pitney Bowes' range of business solutions for the automotive industry span all the key areas discussed above. They may be implemented as a complete solution or as individual components and integrated, where appropriate, to your existing systems and sources of data.

In Australia and internationally, automotive companies such as Volvo, Kia, Mercedes Benz, Volkswagen, Skoda, Subaru, Ford, Opel (Vauxhall) / Saab, and Peugeot are taking advantage of Pitney Bowes Location Intelligence solutions for dealership optimisation, market and customer analytics.

## INTEGRATED CUSTOMER EXPERIENCE DELIVERS CONSISTENT MESSAGING AND DEVELOPS RELATIONSHIPS, EARNING LOYALTY AND ADVOCACY.

7

For example, Pitney Bowes helped an automotive company achieve a 200% return on investment using customer analytics to better understand their existing customers (using customer ancillary data such as Make/Model/Year data, total vehicles owned, and general auto expenditure data) and to precisely identify customer segments for specific, personalised marketing treatments.

Pitney Bowes' marketing consultancy services, working with the client, are used to create customised segment communication pieces that are then applied to target geographies.

A leading European automotive company in Australia is leveraging Pitney Bowes' marketing automation software 'Portrait Dialogue' to manage critical aspects of the customer life cycle from prospecting, customer on-boarding, loyalty and customer service. Specific customer engagement opportunities addressed include: management of brochure and test drive requests via the website; 'welcome pack' messaging for new and existing customers; selection of customers to receive a periodical publication and management of customer recall notifications.

For more details on the latest location, data and communication intelligence solutions available to the automotive industry, please contact:

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