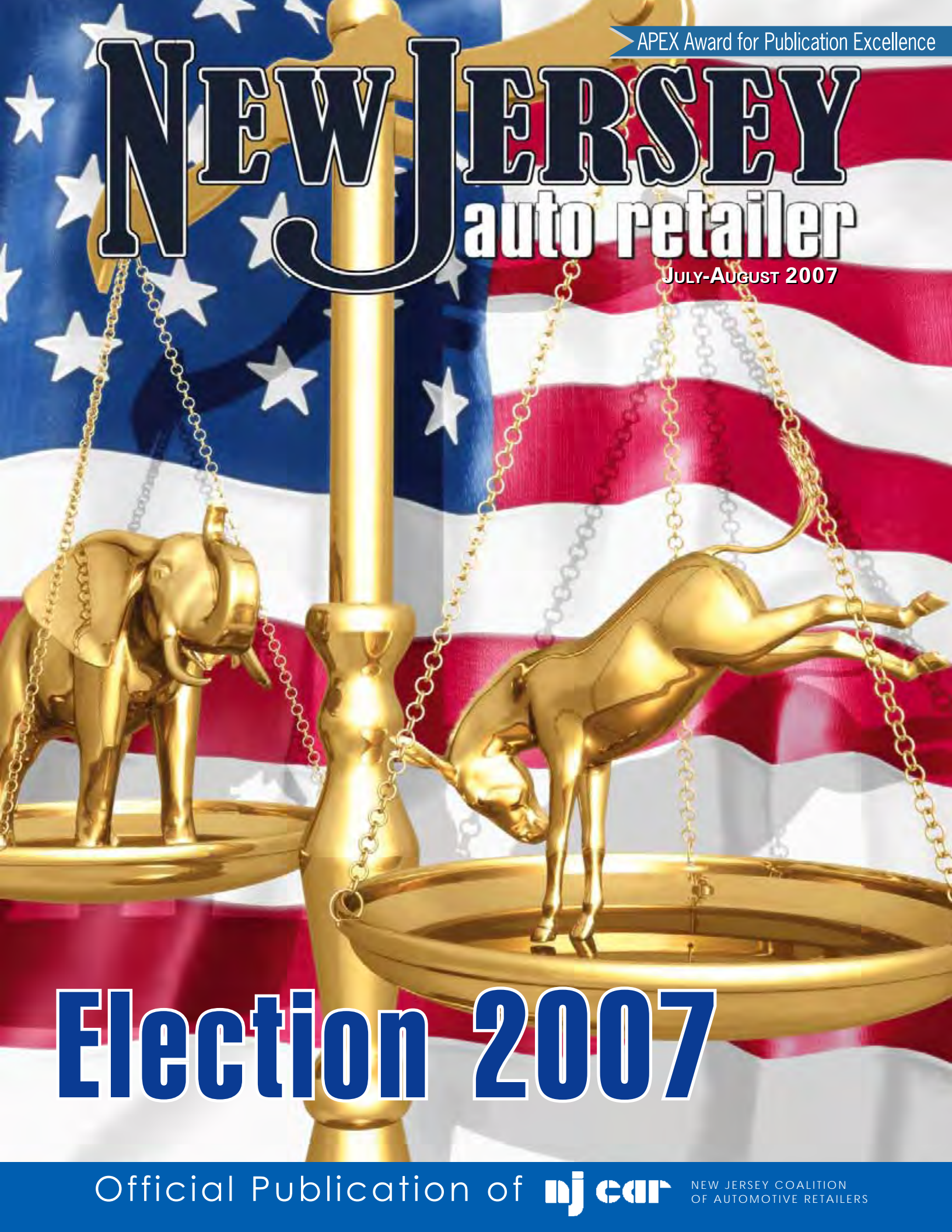


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Mining Your Customer Database

By Richard Ipsen



Advertising is difficult to justify. You spend thousands, put a television, newspaper, radio or billboard ad out there and hope for the best. But how much did you make from the ad?

Advertisers will tell you that you helped build brand recognition. This is true, and brand recognition is essential to business. It is the reason why when you hear the words Big Mac, you immediately think of McDonalds. But brand recognition is difficult to quantify, which is why dealers turn to direct marketing. Direct mail is accountable. It is advertising that can be justified, tracked, adapted to fit a budget and quickly changed to reflect market trends.

The general approach to service department direct mail is to design a low price point offer, send the piece to every customer in your database, buy an additional

garage predictor list, mail out thousands, and hope for the best. With this approach, who is likely coming in from the mailer? –Your active customers. What happens? – Due to campaign traffic from active customers, the campaign appears to be a success. In actuality, you gave away your gross to customers who would have come in anyway.

Sending a marketing piece to your active customers—or those that fall in the 0 to 4 month range—only serves to give away your gross and your reminder program should be taking care of them. Instead, try sending targeted direct mail. Direct mail vendors will advise to send a blanket mailer since their revenue and your overall response rate goes up. However, this tactic falls under the mindset that a lot of responses, indicates a successful offer. Focus on the quality of responses over the quantity. Blanket direct mail trains current customers to wait to receive a coupon before coming in for service, and in doing so shrinks your margins.

The challenge in today's marketplace, and the point behind sending direct mail to customers in your database, is to retain those customers in the 6 to 12 month range. With time, only a very small percentage of customers who do buy a vehicle at the

dealership, will come back more than twice for regular maintenance. Many customers who have not come in for 6 to 12 months have dropped off to an independent garage. How do you retain these customers? Mail effective 'hooks' to those customers in the 6 to 12 month range.

What is a direct mail hook? A low price point service or something free is an example of a hook. If the goal is to create an immediate need for the service, a good hook will motivate the recipient to act.

What works? When wondering whether an ad will 'hook' your consumer, ask this, "Is it something my mother would understand." For example, a \$9.99 oil change, my mother—who knows nothing about the internal workings of a car—knows when she needs to change her oil. Other effective hooks include:

- Detail Service
- Free installation on cabin air filters
- Free gas card with purchase of lube, oil and filter service—gas cards are available in bulk with a small discount.
- Flashlight Give Away – Perfect for inactive customers who have "lost their way."
- Warranty Recall Postcards – 70% of customers who come in for warranty work will purchase additional services.

Keep a steady flow of direct mail in front of your prospects to build your brand image but also track your ROI from each direct mail campaign after 90 days to analyze what worked and what didn't. Apply what worked to future campaigns.

Also, just because low price point direct mail is not effective for 0 to 4 month range customer, does not mean that you ignore them. Enroll your active/loyal customers in a loyalty program—punch card, VIP card with free shuttle service and car wash. Loyalty cards are an excellent way of weaning current customers off direct mail coupons, while still showing that you care about their repeat business. **nj car**

Richard Ipsen is founder and CEO of DiversiForm Inc., which offers a host of unique CRM tools such as ScanTRAX®, ReminderTRAX®, and DirectTRAX®. For more information about direct mail, call 800-444-3445 or visit www.diversiform.com.