# OVERVIEW

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Executive Summary

When it costs 7x more to acquire a new customer than to keep an existing one¹, customer retention is equally if not more important as conquering new leads. Automotive brands are approaching a potential decline in sales figures in 2017, after many years of above average unit sales. In an increasingly competitive market, the dealers poised to pull ahead are those that know how to retain the customers they have.

To combat the many detours where customers are lost, managing engagement across each individual customer lifecycle and maintaining the right media mix leads to successful customer retention. With the right combination of communication channels and personalized, dynamic content, dealers can better target customers and prospects at every stage in their lifecycle, keeping the dealership top of mind when those shoppers are ready to purchase again.

This whitepaper outlines key customer retention strategies for dealers to consider:

- Developing a robust loyalty program or enhancing your existing program
- Maximizing customer satisfaction through reputation management
- Deploying a strong cadence of individualized communications through online and offline channels
- Employing a dynamic, behaviorally targeted marketing automation solution utilizing advanced technology

Lifecycle Management

According to the Harvard Business School, an increase in customer retention by as little as 5 percent can lead to increased profits of 25 to 95 percent². The key is figuring out what your customers want once the sale has been made - how do you encourage them to service at your dealership and return to you the next time they’re ready to make a purchase?

¹ Kissmetrics
² Client Heartbeat
In addition to providing a great customer experience in store, collecting the right online and offline behavioral data from your customers is important as well. Knowing how to act on that data intelligently is paramount as a consumer’s behavior changes over time.

### The most successful customer retention tactics include³:

- Loyalty programs
- Email campaigns
- Satisfaction surveys
- Social media

### Loyalty Programs

The first step toward retention begins the moment a consumer becomes a customer.

81 percent of consumers are more likely to continue doing business with a brand that offers a loyalty program, and 73 percent of loyalty program members are more likely to recommend a brand if they are satisfied with their experience⁴.

Getting your customers to engage with your loyalty program regularly keeps your brand top of mind and further encourages them to advocate for your dealership.

For example, consumers are more likely to engage with a loyalty program they can access from their phone, and adults are more likely to access a program if rewards and points are updated automatically so they can see immediate results⁵.

- 30% of consumers in the United States change brands for the novelty of trying something new⁶
- Almost HALF of active consumers change brands after a bad experience⁷

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³ Inc
⁴ Bond
⁵ Urban Airship
⁶ GfK
⁷ 24/7
Keeping in front of customers on an ongoing, individualized basis is critical to ensuring loyalty over time.

Reputation Management

How do you know when a customer has had a bad experience with your dealership?

Have you asked them?

Seek out reviews after a purchase and continue to listen to customers using a reputation management tool that connects with the places car buyers are most likely to leave comments. You can handle negative reviews as soon as they appear and turn that negative experience into a positive one by acknowledging the customer and their complaint.

Not only is requesting a review best practice but it also drives customers back to your website and social media\textsuperscript{8} sites. They’ll be more likely to purchase or service from you again, and more likely to recommend your dealership to someone else if you continuously engage with them.

\textsuperscript{8} The Daily Egg
You can also use satisfaction surveys to listen to the customers who have been with you for a long time⁹. Reviews and survey responses throughout the customer lifecycle helps you more quickly address those who might defect to a competitor and allows you to immediately share positive responses.

**Tailoring Personalized Communications**

Listening to your customers is important when gauging satisfaction, but also for tailoring content to further engage them when they’re ready to purchase again.

Your customers expect you to know them. They expect personalization. Which is why it’s alarming that 70% of brands don’t personalize their emails, especially when personalized subject lines can increase open rates by up to 22%¹⁰.

First you have to know your customers and prove to them how important they are as individuals. Ask yourself, where in the car buying stages can you bring customers back to purchase again - early ownership, mid, late or is that too late (pun intended)?

Car shoppers are unique in that some customers come back every year for a vehicle, while others can go years before they’re ready to shop again. Advanced technology, such as a marketing solution that employs machine learning predictive analytics makes finding this point of purchase for each of your customers possible. It allows for dynamic communications, delivering content that is relevant to each customer based on their individual behavior, thereby giving customers an incentive to come back to you.

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**What is machine learning?**

Machine Learning is a type of artificial intelligence that learns from data and that is not explicitly programmed. Think Amazon, Facebook, Netflix. Machine learning serves up relevant content based on an individual consumer’s behavior. More simply, machine learning is a computer program that can learn relationships between data, subject those learnings to error functions, and then learn from its errors. The program in effect, trains itself.

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⁹ [Client Heartbeat](#)

¹⁰ [Vero](#)
Dynamic Communications

A regular cadence of communications is integral for customer retention. You never know when a customer may reawaken. Special offers and incentives are a great way to “wake” these customers up by encouraging them to click and interact with you.

Building advocacy is also important to maintaining a solid customer base. Offering first time customers a special offer or bonus can be a great way to generate new business, but don’t forget about repeat customers who have purchased from you three or more times over the years. These are your advocates, and while they might be loyal now, they could just as easily leave for a competitor if they have a bad experience or feel like they’ve been forgotten.

Hubspot recently listed the three best communications for customer retention as:\(^{11}\):

- The Useful Reminder
- The Sincere Thank You
- The Social Media High-Five

\(^{11}\) Hubspot
Milestone communications help to create a positive feedback loop. Reward the behavior you want to see again to encourage that behavior to continue.

A reminder for a customer to service, a sincere thank you after an oil change, or a note over Facebook or text message congratulating them on driving off with their new vehicle, can go a long way toward making sure repeat customers remain customers for life.

**Advanced Technology: Machine Learning**

While dealers can’t automate all of their marketing efforts, they can use machine-learning to identify not only what a consumer might be interested in purchasing, but also if they are dissatisfied with a brand.

Effective retention communications using these tools should be:

- Automated and dynamic as part of a broader communication set
- Triggered as a result of behavior
- Individually tailored to encourage future engagement
- Useful with notifications or special offers pertinent on their needs and the data intelligence you have on each customer

The automotive industry can look to other verticals for inspiration on how to use sophisticated machine learning tools to retain customers.

Goodreads, for example, an Amazon company, keeps a close eye on customer behavior. If someone updates their ‘to read’ list, and a promotion involving one of those books comes up, Goodreads sends that customer an email to let them know about it.

Similarly, machine learning technology can be used to gather data around clicks in an email, vehicles a customer looks up on Cars.com, or comments they make on social media, and trigger a response showing them an offer for the very vehicle they have shown interest in purchasing.

¹² Vero
Conclusion

Retaining customers starts with understanding them so that every communication they receive from you has the information they want, tailored to their interests at any point in their buying lifecycle. When customers feel like they’ve been listened to, they have more incentive to purchase from you again and stay loyal to your dealership over time.

Don’t settle for complacency. Include a balanced cadence of communication with your customer outreach through online and offline channels, appealing loyalty programs, advanced technology in your marketing automation to target effectively, and a vigilant eye on reputation management to better engage your customers. Dealers that employ these key customer retention strategies are poised to avoid a decline in sales in 2017 and beat out the competition.

About Outsell
Outsell drives more revenue for auto dealers by transforming how they engage customers and prospects throughout their lifecycle. Dealers using Outsell’s proprietary technology are tipped off when customers are most ready to engage, buy, or service. Outsell makes dealers’ lives easier by keeping them in front of customers on a consistent, individualized basis, and automating follow up. The Outsell multi-channel customer engagement platform manages millions of interactions every month for dealers representing all major automotive brands.