

AutoSuccess

THE No. 1 SALES-IMPROVEMENT MAGAZINE FOR THE AUTOMOTIVE PROFESSIONAL

INSIDE A DEALERSHIP'S LIVE CHAT SUCCESS



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Peter **Martin** marketing solution

EQUITY MINING IS A JOKE

As of late, equity mining your DMS customers with email addresses seems like the holy grail of new customer acquisition. Big names in the industry are boasting about their tools to drill down dealership data until dealers are left with a small segment of ready-to-buy customers to send emails. Equity mining focuses on factors like equity, APR, lease terms, payment and remaining terms. This makes sense when you are sending out a direct mail piece, because of the cost involved, printing, postage, etc. But when it comes to email marketing, equity mining is a joke.

For example, a dealership with 10,000 records in its DMS with valid, deliverable email addresses may be left with only 500 customers after the equity mining process. After the email is created and sent out to the 500 targeted customers, with a generous estimate of a 10 percent email open rate, that leaves the dealer with 50 leads that actually see the marketing message. Fifty out of 10,000? Is that *really* what your dealership is looking for? The key factor that is not being taken into account is the email open rate.

While equity mining is a decent way to *predict* buying habits, there is no exact science in determining whether or not a prospect is ready to trade in their vehicle. What if the prospect just got a job promotion and wants to upgrade to a luxury vehicle? What if the prospect is starting a family and needs a larger vehicle? What if the prospect just has not seen the right price to make a purchase? Equity mining shuts all these variables out and focuses solely on the numbers.

The most effective way to use email marketing at a dealership is to market to *all* of the records in the DMS. Equity mining may determine some ready-to-buy prospects, but it also actively dismisses thousands of other possible prospects. Using a DMS with 10,000 records, a 10 percent open rate generates 1,000 leads. What would you rather have? Fifty equity-mined leads or 1,000 sales opportunities?

Marketing to equity-mined leads also ignores the service department, because more than 50 percent of your service customers did not purchase from you and you don't have the purchase data. Most dealership advertising budgets focus solely on new vehicle sales. A satisfied service customer is a great new vehicle prospect because if they were happy with the

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dealership they purchased from, they would still be servicing with them. They are now a great prospect for *your* dealership, but equity mining misses this group completely. Thus, service department marketing should be a consideration in any sales marketing budget.

Email marketing remains one of the strongest channels to reach customers. According to PRDaily:

- 61 percent of Internet users access social media
- 94 percent send and read emails
- 75 percent of online adults report email as their preferred marketing method
- Email provides more marketing features and better analytics than social media

The best way to use email marketing is to cast a wider net. Though equity mining may result in a highly-targeted customer sample,



you are losing sales if you market *only* to that sample. The proven recipe for success in email marketing is a comprehensive mass email marketing approach.

Effectively market to your entire database by sending one sales and one service email every month. Our studies show that service tips and coupons bring lost service customers back into the dealership. Send the service campaign the first week of the month and the sales campaign the third week of the month for maximum results. When you target your entire DMS, you are reactivating dormant customers and keeping your dealership top of mind.

Equity mining is not the answer. If you buy into this trend sweeping the industry, you are actively losing sales to dealerships who are choosing more comprehensive mass email marketing.

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