



## Service Innovation Case Study

### **Top 5 Global Automotive Company**

#### **Driving Growth with Innovative Customer Communications**

##### **The Client**

Our client is one of the largest automakers in the world and one of the fifty largest companies by revenue globally. The USA operation has a footprint in all 50 states with a network of over 1,200 independent dealer stores.

##### **Our Client's Situation & Challenges**

We were asked to develop an improved Owner Communications Program to provide Dealers with improved 1:1 Targeted Customer Marketing capabilities.

***The Company's main concerns were improving customer retention and lifetime value.***

***The underlying concern: increasing adoption rates of Dealers not actively participating, and dramatically improving Customer response rates and average sales per Customer-Paid Repair Order (CPRO) for those Dealers that were already using the current program.***

*Complicating matters, the company had relied on multiple marketing vendors providing similar services, with no standardization in terms of offerings, pricing approaches or processes.*

##### **How We Helped**

The new program was designed, approved and announced in less than 6 months, with implementation occurring over a 3-month period. Our 3-person team provided the dedicated focus, objectivity and analytics necessary to guide the client through the design and implementation of a significantly improved Owner Communications Program, minimizing the time required by client and Dealer personnel already stretched thin, while maximizing their individual contributions and buy-in. (See "The Result" on page 2).

***The difference: a unique blend of Marketing, Store Operations, and Data Analytics experts who could extract data regarding Customer response rates and spending patterns, identify linkages to Customer Retention, and uncover Dealer adoption issues.***

***"We never could have done this on our own – we don't have the resources to dedicate to drilling into the detailed data, and then to develop such an innovative program which enabled us and our Dealers to have such a huge impact on Marketing Effectiveness."***

*Senior Marketing Executive – Parts & Service*

## The Result

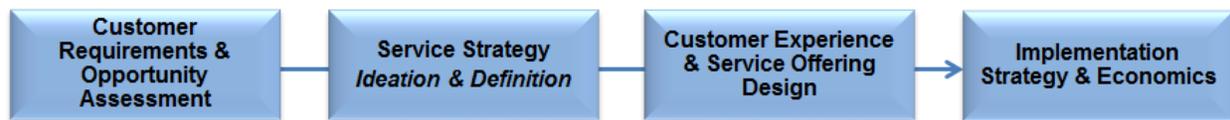
- Dealer adoption rates increased from 68% to 98+%.
- Customer response rates are now the best in the industry (70% higher than industry averages), while the company is now able to successfully reengage ~25% of defecting / dormant customers.
- A recent National Promotion achieved response rates over double the industry average, and also resulted in a 50% increase in average transaction size which accounted for nearly \$10 million in incremental revenue.

Our work included not only guiding the client through a successful design and launch (including the development of all program materials, as well as Dealer/Field Sales communications), but also provided the client and their Dealers with ***the tools to continuously improve Marketing Effectiveness*** post-implementation:

- Direct linkage between Store financial reports and new Key Performance Indicators
- A Dashboard tool to continuously evaluate Store Marketing Effectiveness (using actual MARCOM spend data, Sales results, and Customer Retention data for each individual store) in relations to similar stores in similar markets
- Standards of excellence, standardized terms, and funding tied to customer retention

## The StratOps Group Approach

Our approach, demonstrated successful in multiple client settings, provides a structured process for analyzing and leveraging your existing corporate and Store data to find new ways to improve Marketing Effectiveness and increase customer acquisition and retention.



*Combine a Value Chain perspective with diplomacy to navigate complex organizational and market dynamics*

The two biggest keys to this project's success were the use of Data Analytics, and a project organization which minimized client and Store time commitments while maximizing their ability to contribute to and develop a sense of ownership of the new Owner Communications program.

**Data Analytics** - The team incorporated several hundred thousand lines of data from multiple disparate sources, implemented rigorous data clean-up algorithms/approaches to improve data integrity, and built an Access database to support the initial model for Data Analytics. The analysis included response rates by communication type (e.g., maintenance reminders, minor/major maintenance, mid-interval, re-engage/conquest, etc.), #/\$ of CPROs by dealer by model year by distance from dealer, and marketing spend by dealer by media type.

**Project Organization** – Four separate but linked working groups were established:

- *Marketing Working Group* – consisting of Marketing Managers and their team leaders
- *Field Task Force* – the Working Group and Customer Service Operations Managers.
- *Dealer Council* – providing a representative sampling of Dealer Principals
- *Steering Committee* – corporate Sales, Marketing, and Service senior executives