The Power of Personalization

A DEALERSHIP'S GUIDE TO CUSTOMIZING MARKETING MESSAGES

VinSolutions

Make every connection count.

Today's digital tools allow retailers to give every buyer a personalized shopping experience. Popular online retail sites now display product recommendations based on an individual's personal browsing and purchasing history. Some retailers even custom tailor their homepages to match individual shopping preferences. Modern consumers—empowered by these cultural shifts and new technologies—want to make purchases on their own terms and timeline.

Consumers have been groomed to expect more from the buying experience. And when a retailer's messaging targets the masses, it fails to resonate with the individual. People filter out the unfocused and look past the ordinary.

This same principle applies to automotive retail, where buying a car has always been an extremely personal process for the consumer. But when dealerships fail to take advantage of existing technologies to speak directly to the consumer, customers are unmoved by their messaging. Those dealerships willing to go the extra mile to deliver targeted, customized marketing messages can forge healthier, long-term relationships and find better return on their advertising dollars.

APPLICATION FOR ADVERTISING

Nowhere is personalization more important than in marketing and advertising. Some media experts[1] estimate that the average American is exposed to as many as 5,000 advertising messages every day.

With so much constant noise coming from businesses, consumers block out any messages that don't speak to them on an individual level—both figuratively and literally with technological tools like online ad blockers and time-delayed TV. In fact, 74% of online customers[2] are frustrated by messages that aren't relevant and don't fit their interests.

Mass advertising still has its place in the marketing mix, as it is still a useful tool for driving awareness. But today's marketers see the most direct sales impact from tactics that use messages personalized to individual consumers. According to research[3] by Adlucent, 71% of customers want marketing and ads that speak to their unique interests and shopping habits.

Thankfully, new technologies, including improvements in data science and artificial intelligence, allow companies to target audiences with relevant, personalized advertising strategies.

1 Johnson, Caitlin; "Cutting Through Advertising Clutter" CBS News; https://www.cbsnews.com/news/cutting-through-advertising-clutter/

2 https://blog.kissmetrics.com/personalization-automation-skyrocket-email-conversions/

3 Kirkpatrick, David; "Study: 71% of Consumers Prefer Personalized Ads" Marketing Dive https://www.marketingdive.com/news/study-71-of-consumers-prefer-personalized-ads/418831/

PERSONALIZATION WORKS

With customers expecting more personalization out of their buyer journeys—and with their increasing ambivalence or hostility to impersonal advertising—the choice is clear: **investing in personalization provides definitive benefits to an organization**. Consider the following statistics:

90% of consumers want a personalized journey when shopping online.[4]

Marketers who don't personalize their messages based on customer taste and background miss out on a **20% sales increase**.[5]

Targeted ads deliver **five to eight times more ROI** and improve sales by **10%** or more.[6]

Marketers who don't personalize their CTAs miss out on **42% higher conversion**.[7]

Providing customers with a unique, relevant shopping experience, both online and in-store, can create a distinct advantage for dealerships. Here are the three keys to applying a personal touch to marketing.

4 https://us.epsilon.com/pressroom/new-epsilon-research-indicates-80-of-consumers-are-more-likely-to-make-a-purchase-when-brands-offer-personalized-experiences

5 http://www.v12data.com/blog/are-you-getting-personal-data-driven-personalization-delivers-5-8-times-roi-marketing-spend/

6 https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/personalizing-at-scale

7 http://www.v12data.com/blog/are-you-getting-personal-data-driven-personalization-delivers-5-8-times-roi-marketing-spend/

HOW TO PERSONALIZE MARKETING EFFORTS

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The foundation of personalization is acting on behavioral data,"

—McKinsey & Co.[8]

Step 1: Collect and maintain customer data

The first step toward personalizing a dealership's sales and marketing approach is to collect and maintain current customer information. Robust customer data, stored in a CRM and other dealership software platforms, opens the door to segment marketing efforts. This segmentation allows dealers to tailor their sales approach based on individual customer preferences.

Of course, all companies should try to capture and record basic information about customers, including gender, age and location. But to best personalize the car buying experience, dealerships should go beyond basic demographics to collect and record deeper, more personal data points, including:

- Current vehicle equity

- Budget for next car purchase

- Current vehicle make and model

The combination of basic demographic information with more personal preferences allows dealers to deliver vehicle recommendations that meet each customer's unique needs. For example, a suburban mom of three with a trade-in and a limited budget will require a different sales approach and recommendations than a single man with an extensive budget and a taste for expensive cars.

8 https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/marketings-holy-grail-digital-personalization-at-scale

> " Thanks to CRM systems and behavioral analytics solutions, companies can track customers' preferences, buying patterns and more, as a result, they can create personalized experiences that make customers feel valued and appreciated."
>
> —Shep Hyken, Forbes.com[10]

Some of this data collection must be done by dealership staff, such as validating cell phone numbers. But with the right tools and integrations, much of a dealership's more advanced customer data collection, including info like equity and budget, can be automated.

Integrations between a dealership's website and CRM can automate the collection of some of the customer data most critical to personalizing the buying experience: online browsing behavior. After all, 90% of shoppers use the internet to find the vehicle they want, and nearly half of all buyers visit the website of the dealer where they ultimately buy a car.[9] Customers are most likely to browse vehicles online that are realistic for them, and diving into this browsing behavior can deliver insightful information on customers' true interest and intent.

9 Autotrader.com https://www.coxautoinc.com/learning-center/2017-car-buyer-journey-study/

10 https://www.forbes.com/sites/shephyken/2017/05/13/recommended-just-for-you-the-power-of-personalization/#3d84e2036087

> "Personalized marketing is a two-way street: The customer provides signals—information about his or her needs and intentions—through activities like purchases, online browsing, and social media posts. The company responds to the signal with a relevant and timely message, which we call a trigger, that is sent to the individual customer."
>
> —McKinsey & Co.[11]

Step 2: Identify signals and intent

Customers give dealers signals of their interest and intent with every website click. These signals, once identified and understood, can be used to help salespeople provide personalized value to their customers, instead of cold calling with a generic sales pitch.

Many of the most powerful, insightful signals, which can be used to more effectively communicate with and target customers, come from customer web browsing behavior, including:

Equity
When dealerships learn **how much a customer owes on their current vehicle**, they can tailor their messages to those buyers.

Budget
Once a customer reveals their budget through their browsing behavior, dealerships **know what types of offers, incentives, and negotiation tactics** may be most effective.

Make/Model
Visibility into the types of vehicles customers are viewing online can give dealerships a leg up in their marketing and sales approach.

Time
Using **real-time alerts and past browsing behavior**, dealerships can identify when customers are online shopping and may want to talk.

11 https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/marketings-holy-grail-digital-personalization-at-scale

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Currently one in three marketers relies on machine-learning personalization, using algorithms and predictive analytics to dynamically present recommendations and experiences at the individual "one-to-one" level. Among those that don't, another 32% plan to do so in the next year."

—Evergage[12]

Artificial intelligence built around data analytics can help dealerships find signals in customer information noise. With its ability to quickly evaluate enormous volumes of data, artificial intelligence can identify and flag relevant customer behaviors. Artificial intelligence can analyze large amounts of data to identify broadly applicable trends in buying behavior. When a new customer's actions align with those trends, artificial intelligence can trigger a notification to sales personnel that the customer is ready to talk. Dealerships can then respond with relevant, personalized sales and advertising tactics.

The right combination of digital tools can assess the behavioral signals that indicate when a customer is back in the market to buy and even when they are online looking at inventory. With a better understanding of a customer's timing, dealerships can replace irrelevant, spray-and-pray marketing tactics with personalized and perfectly timed communications.

12 https://www.evergage.com/resources/ebooks/trends-in-personalization-survey-report/

Step 3: Respond to signals in a personalized way

While the right combination of digital tools, including a dealership's website and CRM, can identify patterns and provide the timing to reach out, they can't close a sale or personalize a message. That's where humans come in.

Personalize the greeting.

People want to be acknowledged as individuals and not numbers on a sheet. When you demonstrate upfront that you're contacting them about an opportunity tailored for them, they're more likely to respond positively. Whenever possible, use the recipient's name as part of a personalized salutation.

Personalize the message.

Taking the time to know the customer's pain points and interests, then drafting a message that speaks to these issues, will convince them that the message is relevant to their needs and worthy of their time. Key campaign messaging should be based on the attributes and behaviors that customers (or groups of customers) demonstrate in the data.

For example, a customer's current equity, combined with the makes and models they have viewed online, can be used to identify which vehicles are most likely to be relevant and of interest.

Personalize the offer.

Naturally, the offer is the most important step of the buying process and must be carefully tailored and customized for each customer. Digital tools, such as a CRM and a website analytics platform, provide much of the information needed to craft a personal offer that resonates with buyers, including customized pricing, vehicle options and additional product suggestions.

Using data from the CRM and from individual browsing behavior, dealerships can estimate exactly how much a customer is willing to pay and what types of vehicles they are looking for. By strategically using this information, dealerships can craft custom messages that resonate with individual buyers.

CONCLUSION

As car buyers continue to demand a more personalized experience, dealerships must change their marketing approach to meet customer expectations. Personalized marketing communications perform better than mass media and can serve as a foundation for healthier, long-term customer relationships and improved ROI.

INTRODUCING VINLENS

With VinLens—an integration between VinSolutions and Dealer.com—dealers see what car shoppers see. VinLens provides dealers with visibility into customer web browsing behavior by linking anonymous browsing data to the activities of a known buyer. With VinLens, dealerships have a live view of the traffic on their website and information about where the viewers came from.

Dealers with Dealer.com websites and VinSolutions Connect CRM can use VinLens to track browsing behavior through the full customer sales cycle, starting with a shopper's first visit to their website. In a single view, dealers can see what their customers are shopping for and immediately know how to help them in their buying journey.

Learn more about VinSolutions Connect CRM and VinLens at vinsolutions.com.

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