EASY WAYS TO USE YOUR DATA TO PREDICT WHAT CUSTOMERS WILL DO NEXT

Three Reasons Dealers Should Use Predictive Analytics to Detect In-Market Buyers

Wouldn't you like to use your customer data to predict future behavior, power your marketing communications, and identify in-market buyers to enhance your bottom line? Predictive analytics determines future probabilities and trends, and ultimately informs you of what people will do next.

OVERVIEW

Consumer Expectations

Modern consumers want engaging brand experiences that are tailored to their individual needs. Tolerance for the "spray and pray" marketing campaigns of yore is practically non-existent. A few years ago, an SUV shopper who received an email promotion for a minivan would just delete the message. Today, that same prospect will still delete the email – and then post something on Facebook about how your dealership wasted her time with an irrelevant offer – and buy their SUV elsewhere.

Do you see the difference?

Predictive analytics employ a variety of techniques from machine learning, statistics, modeling, and data mining to analyze and learn current and historical customer data to develop models that predict likely preferences, future events, and next actions.

What is machine learning?

Think Google, Facebook, Netflix, Amazon – these top companies have set up Machine Learning algorithms to learn from their customers and better serve up the content they want to see.

Machine Learning is a type of artificial intelligence that can improve how it targets consumers without being explicitly programmed, making sure every communication you send is even better and more individually tailored than the last.

Individualized Marketing

In the 1990's, as databases became more sophisticated, marketers started to practice what became known as "segment marketing" – breaking customer audiences up into distinct market segments based on demographics and other commonalities. It was a huge step forward from the days of mass marketing, when marketers appealed to customers with a one-size-fits-all message. But individual relevancy was still a problem – not all people with the same demographics have the same interests. Online shopping and subsequent research have enabled companies to easily collect behavioral data, which has proven to be a much better predictor of future buying behavior. Examples of behavioral data include whether a person clicked on a link, visited certain web pages, or requested information on a specific vehicle.

Predictive analytics leverages both behavioral and segment data to predict what customers will do next – such as what vehicle the customer is most likely to buy, and in what timeframe.

The results of these analytic models become the basis for micro-targeted, personally relevant marketing communications that drive superior sales results across email, SMS, mobile, chat, social, and direct mail.

How Do Predictive Models Work?

Consider a dealership that wants to determine which customers will purchase in the next 90 days. It might evaluate the following customer behavior and profile information: five years' worth of sales, two years' worth of repair orders, and 24 months of click, open and browsing data. The model learns all of this and assigns a value to each customer based upon how their actions correlate to the actions of prior buyers. The score is essentially the probability of something happening, scaled in a predefined way. In this example, the highest scoring customers have the greatest probability of purchasing a car within the next 90 days, and are therefore good prospects for a campaign.

Should You Build Or Buy Predictive Models?

Analytic models are generally created by statisticians or data scientists using complex tools such as SAS or KXEN. These tools aren't designed for the average marketer. You can simply purchase the models you need. Once you have the model, you (or your marketing services provider) can run your data through it, and voila – you are ready to run better targeted, more relevant campaigns.

If you already have a customer engagement or marketing platform in-house, ask your vendor if they offer packaged analytics models. Generic models often exist, but some vendors are now offering models developed specifically for the automotive industry.

Why use Predictive Models?

- Anticipate needs
- Detect preferences
- Improve message timing
- Individualize engagement
- Engender loyalty
- Increase sales

There are many types of predictive models. The most common types used in the automotive industry are designed to predict the likelihood of a customer:

- Purchasing or Servicing a vehicle within a given timeframe
- Responding to an offer
- Defecting to another brand
- Advocating for your brand
- Preferring a specific vehicle class, model, feature, or price point
- Amount likely to be spent over their lifecycle

Imagine how much more targeted, not to mention cost-effective, your campaigns might be with this information in hand. You could send fewer communications and get better results. In fact, a recent Aberdeen Group study found that campaigns based on predictive analytics resulted in an 8.3 percent incremental sales lift over control groups, and a 7.9 percent increase in click-through rates. Multiply that over several dozen campaigns, and you start to see the potential impact.

Proven Results

Among Outsell's customers utilizing its NeuroMotics® machine-learning predictive models, we've found that:
- 1 in 5 consumers identified as high-scoring purchased a vehicle within 90 days.
- And have a 2X higher close rate than the national average of 8%.

Predictive Analytics Is Transforming Automotive Marketing

Predictive analytic models enable automotive marketers to send timelier, more relevant campaigns without the cost and complexity associated with standalone predictive analytics tools – freeing them up to acquire and engage customers instead of wrestling with data and technology.

With predictive analytics you can:
- Engage with customers wherever they are, and track behaviors to know when they're ready to buy.
- Identify in-market buyers and understand shopper intensity.
- Anticipate maintenance needs and proactively promote parts and services.
- React to behavioral changes that suggest an attrition risk or new sales opportunities

This isn't about "big data" – it's about actionable data that tips dealers off when customers are ready to engage, buy, or service – driving incremental sales. Predictive analytics is transforming the way automotive brands and marketers engage with customers.

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.