



Discover the gold automatically in your database with A.I.

Data-driven marketing puts the customer first. It transforms the customer experience by sizing up shoppers, informing them, and converting them again and again. It ensures that your brand is always there, communicating your story and benefits with personalized content, while saving you valuable time and money and solidifying customer relationships throughout each individual journey.

The following chapter is an excerpt from our upcoming book titled, "The Data-Driven Dealer Marketing Playbook." Following a data-driven approach to your marketing will put you and your dealership in an optimal position to provide a better customer experience and ultimately create trust and loyalty that will increase over time with every new touch point.

The Key to Effective Data-Driven Marketing

You can make each customer feel like they are your only customer when using a data-driven marketing approach. Following these best practices is how your brand can become a trusted advisor to thousands, one-on-one.



Data Management

In all industries, and certainly automotive, consistent data management practices are key for effective communication, whether to prospects, unsold leads, or customers.

Successful dealers need to focus on the person and how to use the information you have captured about them toward a better understanding of where they have been, which leads to where they are most likely to go.

This allows you to focus on optimizing your efforts on how you engage consumers rather than executing marketing manually.

“Consistent data management practices are the key for effective communications, whether to prospects, unsold leads, or customers.”

This **data management** chapter will cover the following:

- 1 Data Sources (First, Second, & Third
- 2 Data Cleansing Best Practices
- 3 Data Enhancement Techniques
- 4 The Power of Artificial Intelligence
- 5 Real Results

1

First-Party Data

First-party data is really your dealer data—the transactional data of sales, leases, and repair orders, as well as the data for your unsold leads and prospects, and any other data that you're collecting within your dealership or at the group level.

Program data is also first-party data and can be seen through your marketing vendors. This is your engagement data, the opens and clicks from an email, a social ad, or the response from a direct mail. First-party data can also be the web browsing data that resides in Google Analytics or just in general looking at page views for your website.

Your CRM and DMS data, the base for your first-party data, should work in tandem with any program data collected from your sales & marketing efforts.

2

Second-Party Data

Second-party data is the data from your affiliates, people you do business with, such as your OEM/s or events you participate in.

3

Third-Party Data

Third-party data is the licensed data for things like demographics, location, aftermarket service, and many others that you may have purchased in the past. While all these data sources have some value, depending on your objectives, the most valuable is always your first-party data, because consumers who have had a transaction with you are going to be the most receptive to your communications and engage with your content.

However, it is one thing to have access to a data source. It's quite another to be able to ingest it within a working marketing program and make it actionable and maintain it over time.

The key is to start with cleansing your data (and to keep it clean).

Data Cleansing

Various vendors and third-party providers can help you standardize physical addresses to meet USPS standards, scrub email lists, and validate both physical addresses and email. This sort of process can correct what we call fat-finger email addresses and remove national do not email records and addresses that have been identified as repeated SPAM traps.

Householding is also important, where you identify individual matched records and confirm whether they are an individual duplicate or unique individuals who are part of a household.

“Even the largest companies trying to consolidate data, such as for a credit report, can have some margin of error when doing this, but the good ones should stay below 10%.”

An effective marketing program should then be able to match and merge all this data—first, second, and third-party—and put all of it together in a single location with a comprehensive view. The reason this is so important is because siloed and dirty data lead to sloppy marketing and a poor customer experience.

Have you ever not had an email address for a consumer and so you filled in a fake one, or maybe one with your dealer name attached, to fill that field? DON'T DO THAT.

In the long run this adds more work, especially for the systems attempting to cleanse your data.

An ongoing data cleansing practice, validates and scrubs email addresses for suspicious duplications, undeliverable addresses, corrects fat-fingered domains, and removes potentially harmful domains or suspected SPAM traps. Outsell recommends **regular email hygiene maintenance** at least once a quarter, if not once a month. Dirty data can't be completely avoided. User error will occur—whether from you or the customer— but an ongoing data hygiene process helps shine a light on how many consumers are actually unreachable due to outdated data and discovers where data acquisition may be lacking, ensuring that both sales and service departments are regularly capturing email addresses and other pertinent information.

Regular cleansing also makes for easier linked attribution and consumer engagement reporting, which leads to understanding which channel a consumer is most likely to engage in, where they are in their individual lifecycle, and what vehicle or service they are most likely to be interested in at any given time. That knowledge is invaluable.

Data Enhancement

Data management goes beyond cleansing and normalizing addresses, removing duplicates, or consolidating data – but also includes how to best utilize other second and third-party sources to enhance your data or managing address changes.

Data enhancement is where additional vendor partnerships are a must. Various solutions can help you take consumer demographics, psycho-graphics, previous transaction data, or whether a VIN is still owned by a consumer, as well as other attributes, to provide additional information on the type of consumer and their propensity to engage or transact with you.

Data enhancement can also be valuable to see how many of your consumers are prospective sales, service customers, or unsold leads, and it can reveal your transactional baseline of average new units sold versus used, as well as average services offered each month.

With the right partners, you can go deeper and deeper into validating phone records, appending additional phone numbers, adding street addresses where none may have been recorded before, and understand what more you might need to do to your data to have it as clean as possible and actionable for your marketing and sales efforts.

“You may think your CRM and DMS are clean enough without help but Outsell has found that a dealer’s database can often become 30% more reachable once their data is cleansed.”

So now what? What do you do with this data now that it is in the best condition it's possibly ever been in? You could send out communications through your CRM, but your CRM can only send based on point in time triggers or time to transaction triggers.

A CRM doesn't account for deliverability. And a CRM is not necessarily observing behavior and triggering campaigns off those to be more accurate to a consumer's needs.

That is where Artificial Intelligence comes in.

Artificial Intelligence

Consumers want individualization—they expect it. Customers want quality content and will exchange data to be more than just another nameless, faceless consumer receiving the same offer as everyone else.

87%

of Americans are willing to have various details of their activity tracked in exchange for more personalized rewards and brand experiences.

Given the demand for individualized customer engagement, artificial intelligence-driven technology is a critical component of any dealer's marketing arsenal.

So, what is artificial intelligence anyway, and how do you recognize what solutions have it and which ones are simply using the latest buzzwords?

Artificial Intelligence (AI)

Computer systems that can perform tasks by “thinking” as a human might, while processing more data faster and with increased efficiency.

Some examples of what AI looks like in real life are:

- Robotics,
- Self-driving cars,
- Image recognition, and
- Machine learning

That last one may be another buzzword you've heard of.

Machine Learning

A specific way of using AI, where the machine can learn and achieve desired results without being explicitly programmed to do so.

Let's not forget predictive modelling.

Predictive Modelling

A specific use of machine learning that can predict future behavior.

Predictive modelling through machine learning allows you to prioritize your resources and make meaningful outreach to consumers when it is most impactful to their decision making.

By taking data from their behavior—shopping patterns, browsing habits, past purchases, etc.—**AI can help dealers interact with customers and prospects smartly**, providing consumers with the information they desire at the time they most need it, rather than firing irrelevant messages randomly.

The individualization of content and channel targeting that can be done from models based on first-party data overshadows any list you could ever buy from a third-party vendor. Even unsold lead data is more effective at converting a potential prospect than any Conquest program, because these are people you already know something about.

To give you some idea of how impossible all this would be without AI, **Outsell has 100s of millions of individual consumer data records across all our customers, with ~100 plus data points per record**—and that is constantly growing. We also utilize an AI brain that looks through billions of historical data points to perfect our predictive models over time.

AI is critical in making sense of all this data to provide the experience consumers expect. It allows for near real-time execution of scoring and list generation and does so in an automated fashion that is always on.

In order to deploy truly dynamic, individualized offers, you must have the data behind it – and you also need an automated means to act on that data. This allows for individualization across channels and for cross-channel efficiency. You wouldn't want to send a direct mail piece to someone who just responded via email.

You also need continuity of communications, since even if you're a single- point store, you must consider your OEM, and if you're part of a group, you must consider each store as well as the group brand.

“Practicing data management and then utilizing that data through AI delivers a consistent and tailored experience at every stage across the customer lifecycle.”

No longer can you simply run a conquest campaign, a retention campaign, an after-sale campaign or a loyalty campaign. You must consider the holistic individual lifecycle of each consumer. What Outsell sees for dealers who follow these best practices is higher retention, more service revenue, and greater profitability from individual consumers across their databases.

Real Results

You may be wondering: if data management so important, what can I expect from all this effort?

In 2019, Outsell engaged **RXA**, a leading analytics firm, along with Experian to study the long-term impact of this type of lifecycle engagement. The study was not based on leads or clicks, but rather at the change in sales and service behavior over time, comparing those who received lifecycle communications to those who did not.

The study included 960 dealerships, 5.6 million consumers, and more than 63 million vehicle purchases over 3 years, as well as more than 60,000 cohorts—or segmented groups of consumers based on life stage, purchase type, and service frequency—from all brands and all regions across the United States.

The study found that ***consumers who received lifecycle communications were more loyal than those who did not***, resulting in improved dealer retention and profitability across all customer life stages.

23% Data-driven marketing **increased the rate of repurchase by more than 23%** on average across all life stages.

49% For those who did repurchase, those that were engaged with data-driven marketing were **49% more likely** to purchase from the same dealer.

31% Customers who received communications throughout their lifecycle also **serviced 31% more frequently** than those who did not.

19% Frequent servicers at each dealership **repurchased 19% more often** after receiving data-driven marketing communications.

65% When comparing the 3-year gross profit from those who received lifecycle communications and those who did not, they averaged **\$427 more gross profit**. Multiply that across a dealership's entire database and it represents a significant increase in profits—a **65% increase** over customers who did not receive lifecycle communications.

Many solutions out there that say they are powered by AI are limited. They follow business rules, or a cadence based on the VIN rather than listening and capturing consumer behavior to continually refine the content toward the experience the consumer expects and how they wish to be engaged with.

Conclusion

Anybody can store data but understanding who each consumer is from data source to data source, consolidating that data, and using it to drive models that send individualized content & offers is impossible without the right solution.

Take a close look at your data and make sure it is being managed in a way that serves your goals rather than sitting stagnant.

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About Outsell

Outsell offers the only Virtual Customer Engagement platform for the automotive industry, creating an individualized consumer experience that builds and strengthens customer relationships, amplifying the impact of a brand by communicating its story and benefits ultimately driving increased profits across sales and service. Our proprietary technology harnesses massive amounts of data, creating accurate and powerful consumer profiles that engage your customers and prospects exactly where they are in their individual lifecycles. That's why Outsell is the trusted platform for more than 1,500 dealers representing all major automotive brands. To learn more, visit <https://www.outsell.com/> or follow us at @Outsell.