

DRIVING AUTOMOTIVE INDUSTRY SUCCESS WITH A WELL-OILED DYNAMIC CRM PROGRAM

Exploring the emerging potential of Dynamic CRM, how to access it, and how to identify partner capabilities in building your next generation program.

Automotive companies have long recognized the enormous potential in Consumer Relationship Management (CRM). However, rapid advances in technology, changing consumer shopping behavior, and new channels of communication have left few companies ready to take advantage of the evolving potential of their CRM. Though these changes present many challenges, they also create possibilities for more flexible and Dynamic CRM programs that can dramatically improve the efficiency and relevance of consumer communications, ultimately strengthening brand loyalty and driving brand advocacy.

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CONNECTING BEYOND THE DATABASE

Evolving CRM in our hyper-connected world begins by expanding the traditional definition of CRM to be more aligned with how consumers are actually interacting with the brands they buy. In today's world, everything revolves around the total human experience—not just in reference to the product lifecycle. Fundamentally, this approach requires a paradigm shift in your CRM communications program from a traditional inside-out transactional-based program to an outside-in consumer-driven, conversational relationship. From a CRM program that had been focused on building loyalty to one that creates brand advocacy.

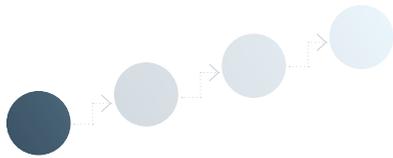
THE EVOLUTION OF CRM: A MATURITY MODEL

To fully understand the impact that changes in technology, data collection and management, consumer shopping behavior, and social media have had over the past couple of years, we must first consider the history of traditional CRM programs. As the chart below illustrates, this is not the first, nor is it likely to be the last, time that CRM has made a step progression due to consumer change and technology advances. The possibility we present in this paper is to both develop the tools and techniques needed to evolve with this change to better meet your consumer's expectations and, importantly, to evolve organizationally to adopt a constant learning and improvement process that avoids future plateaus. It's a newer, more dynamic, more efficient, and more effective model.

MATURITY MODEL



1.0 CONTINUED



THE EARLY YEARS: TRANSACTION MARKETING

Early CRM programs were basic purchase interest and conversion programs, blanketing targeted zip codes in the hopes of potentially hitting an interested consumer. In an analogy, it was a little like going fishing blindfolded on a really big lake. You knew fish were probably there, just not exactly where or when.

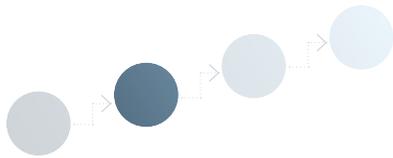
The strategy early on was to hit as many potential prospects as often as possible, with a degree of seasonal relevancy in the hopes that someone would bite. Limited by technology, these efforts did the best they could with names in a simple database or purchased list. The benefit of this program was the simplicity of its execution. Its weakness was in the waste: non-relevant messages, poor consumer identification (i.e., “Mr. X, or current resident”), and low conversion rates.

Foremost, it was an inside-out approach focused on delivering company sales goals and driven from a company’s perspective of the market. Reactive to company needs, it was largely a sales-volume-driven model...focused on the two channels that were most responsive at the time: direct mail and telephone sales.

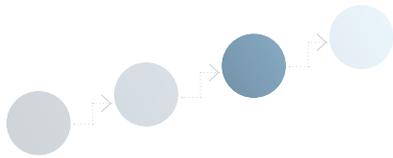
A FIRST STEP FORWARD: CONSUMER RESPONSE MARKETING

As software and data collection techniques improved—providing enhanced geographic, demographic, and product lifecycle overlays—new timed contact strategies helped these programs work harder. They added a layer of branded messaging to sales incentives and improved conversion rates through better targeting.

Back to our fishing analogy: we now had a fish finder and seasonal data to help us target where and when to fish, thus improving our chances. So with enhanced data at our disposal, we have become increasingly targeted, based largely on current purchases or handraiser data. However, with cadence being driven by a product lifecycle and a company’s short-term sales needs, it continues to be an inside-out, one-way communication approach...not a true relationship or consumer conversation.



1.0 CONTINUED



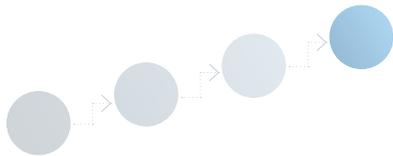
TODAY'S CHANGES: CONSUMER RELATIONSHIP MANAGEMENT

Thanks to the rise of digital media, the Internet, and social media, today's CRM programs have the potential to reach super-selective audiences at more precise decision-making points with relevant messaging. It means we can now identify consumers in the decision process and engage them in increasingly real-time conversations with information and incentives to help sway their decisions. The paradigm has shifted from an inside-out to an outside-in approach. It is no longer what we tell consumers, but what they choose to listen to and learn from us. This means we can no longer choose a channel or media type through which to engage the consumer simply because it's cost efficient for us. Now, the consumer chooses the channel and media. To the positive, this also means that we as manufacturers and agencies no longer have to fish half blind: we can now swim in the water with the fish. We see them, can interact with them, and influence them directly.

“CADENCE IS NOW DRIVEN BY THE LIFECYCLE AND INTERESTS OF THE CONSUMER—NOT THE LIFECYCLE OF A PURCHASE.”

Where this really affects us is with the cadence of our communications. Cadence is now driven by the lifecycle and interests of the consumer—not the lifecycle of a purchase. This requires us to re-evaluate not just our messaging strategy, but our spending strategy. Most CRM spending remains focused on a perceived consumer need at a singular interaction point with a particular marketing vehicle. But a consumer lifestyle cadence means thinking more about how, where, and when the product can fit into the consumer's life, and timing our messages and spending accordingly. It may seem less efficient than the mass bulk mailings of yore, but it is also much more effective with higher potential conversion rates. In the end it is a relationship—one that moves past brand loyalty and toward brand advocacy, where consumers openly and actively promote the companies, brands, and products they buy and love.

1.0 CONTINUED



NEVERENDING CHANGE: REAL-TIME INTERACTIVE ENGAGEMENT

The real change with improved data quality and depth, as well as the tools to allow us to access and engage with consumers in real-time, comes in a future of Dynamic CRM and its predictive capacity. As rich data density increases in the digital sphere (big data), the ability to mine and correlate this data with potential consumer purchase activity will allow CRM to not just react to consumer interests, but meet their unexpected needs through product suggestions based on correlated behavior. It will also allow us to identify new prospects based not on demographics and psychographics, but based on behavior patterns that indicate a more likely target consumer. For example, targeting your consumers based not on age or income, but on their passions, interests, work, and other behaviors.

This is the ultimate culmination of the outside-in progression becoming truly consumer driven, with customized variable incentives and messaging. Accessing all of this power is not fully available today, or cost effective. However, by building the capacity for continual CRM optimization and improvement in our organizations today, we will be in a good place to leverage this technology when it is available.

MOVING TO DYNAMIC CRM

THREE WAYS TO BEGIN BUILDING A DYNAMIC CRM PROGRAM

Taking advantage of Dynamic CRM today requires finding new ways to be relevant by providing value beyond response-driven communications. It involves taking a new look at data capture, management, and integration—as well as our own paradigms and objectives. Here are three ways to begin:

1. MOVE FROM AN INSIDE-OUT TO AN OUTSIDE-IN PERSPECTIVE

Quite simply, this means seeing engagement with the brand, not from a customer-product lifecycle perspective, but from a consumer's perspective considering all the different touch-points where they experience the brand over the course of their life. This approach moves CRM beyond a promotional tool for generating one-time sales and leverages its full capacity and capabilities to provide consumer feedback, information, and learning. It also maximizes the potential of a consumer based on their lifestyle, thus helping drive increased advocacy.

2. MOVE FROM REACTIVE TO PREDICTIVE MODELING

A Dynamic CRM strategy should immediately begin the process of understanding where and how to enrich your databases and consumer understanding so that more effective predictive modeling can be accomplished. **Seek out opportunities to test** affinity campaigns, map consumer learning, engage in full 360-degree feedback cycles, and integrate social listening to improve your ability to target the right people with the right message.

3. SEEK TO LEVERAGE BIG DATA

Next-generation consumer records contain more data and more types of data than ever before. Information is good. Information that generates insights is great. But getting to the insights that motivate action and behavior is best. This requires discipline and focus. It means committing the resources necessary to ensure continuity in data capture and analysis. It also means staffing to be able to react to the data in real-time. **In today's market, people seek information online first and come to the dealer's showroom ready to buy.** In tomorrow's market we may shop and buy our cars while never leaving our couches. Being able to engage consumers when they are shopping and learning will be critical to future CRM success.

2.0 CONTINUED

Where does this all lead us? First, toward creating the types of databases, analytical skills, and modeling that help us to become increasingly predictive in our targeting and communications: knowing just what to send to whom and when to generate activity. At the same time, we gain an increased understanding of our own brands: the role they play in our consumer's life and how that can help us in innovation, targeting new users, and developing new advertising. Finally, by engaging in real and relevant relationships with consumers, we get them to acquire our brand further up the funnel: at the zero moment of truth, to paraphrase Google. It means **we create advocates that can help us all by becoming brand champions** and amplifying our messages across the range of new and old media.

HOW DOES IT ALL WORK?

THE EXAMPLE OF BUYING A CAR

So, big data, dynamic CRM, predictive modeling. It all sounds good but how does it affect those of us in auto manufacturing and marketing today? Let's just look at how people shop for cars, and how it has changed in the past five years.

EXAMPLE: THE MECHANICS OF BUYING A CAR

In the not-so-distant past, dealers and marketers maintained a simple vision of the auto-purchase process as a linear path, with the consumer moving through the process step by step, consuming information provided by the company, the dealership, and designated third-party industry experts.

Consumers would eventually narrow their consideration set based on this "official story," buy a car, and share their experience with a handful of friends. For the most part, car companies and dealers controlled the flow of product information and, as a result, the public conversation.

With the explosion of the Internet, however, the paradigm shifted as online knowledge-seeking and social media changed the flow of product information. As a result, the simple vision of the auto-purchase process evolved, with control shifting to consumers, who are less satisfied with the "official story," as provided by car companies, dealerships, and third-party experts.

Today, most shoppers inform themselves first by researching online resources, then reinforce and substantiate their learning by actively seeking input and advice from friends, peers, community members, and even strangers. And they can do this all relatively quickly because shoppers are eager to share, discuss, and rate their experiences.

3.0 CONTINUED

“INSTEAD OF CRM COMMUNICATIONS THAT FOCUS ON A COUPLE OF KEY POINTS IN THE LIFECYCLE, NEXT-GENERATION CRM PROGRAMS FOR THE AUTOMOTIVE OEM CATEGORY MUST ADAPT TO FOCUS MORE ON THE CONSUMER’S NEEDS AND INTERESTS...”

All of this consumer-generated content begins to tell a new story about a product or brand—the “unofficial story,” which lives at consumers’ fingertips 24 hours a day, dramatically altering the purchase process. Today’s consumers frequently place more emphasis on the “unofficial story” than an official one. And once they purchase a product, they can become a company’s biggest advocate or its worst critic, depending upon their experience. In either case, they will use the social sphere to tell not just a handful of friends, but a universe of opinion-seeking shoppers. This simple but significant shift places the consumer actively “in charge” of their shopping experience.

As marketers, it was important to acknowledge this shift in control, and to adjust our vision to look beyond the “linear process” in seeking to influence shopping behavior. Instead of CRM communications that focus on a couple of key points in the lifecycle, next-generation CRM programs for the automotive OEM category must adapt to focus more on the consumer’s needs and interests, touching their lives where they shop, work, and play, collecting valuable insights along the way and using that information to forge stronger relationships that drive advocacy.

So in today’s world, without the ability to map, monitor, and engage consumers as they move through their lives and the brand-interest, learning, and purchasing journey—we seldom talk to them when they really want to learn. At best, we become wasted communication: email junk thrown in the digital wastebasket. In the worst case, we create a negative brand experience by bombarding our consumers with information they didn’t want and don’t find relevant.

3.0 CONTINUED

How we change comes from the three simple steps to implementing Dynamic CRM as outlined above. But we know it will also take a little more than that. In today's hyper-media, multi-channeled, individualized world, making Dynamic CRM work takes a whole village: it takes the dedication and focus of the marketing team, agency planning, relevant creative campaign development, the skills of a knowledgeable social media agency, digital monitoring support, and an experienced CRM agency partner that can help integrate and tie all of these aspects together—in real-time.

Choosing the right partners in each of these areas could be papers in and of themselves. However, because CRM historically was seen as a sales-volume driver in the automotive world, it usually was treated as a tactic—not a strategic communications channel. This has left it as the somewhat un-used muscle on the marketing team. Finding the right coach to help use this muscle is all-important and where we now will turn our attention.

FINDING A DYNAMIC CRM PARTNER

Understanding the requirements of an evolved CRM program is only part of the battle. Equally important in this day and age is finding a partner who not only preaches the merits of real-time relationship management, but who is capable of practicing it. Is your current agency partner, for example, slow to adopt trends, quick to react to them, or out in front leading them? Assessing their ability to stay ahead of the curve will give you some indication as to their capacity for keeping your program evolving with the speed of change.

Another way to tell if your agency partner is a good candidate for developing your next generation CRM program is to take a closer look at the individual members of their broader teams. Are they frequent participants at industry seminars and events? Do they attend relevant conferences such as Interact, Social Media Masters Summit, Digital Megastorm Think Tank, and the Evo Conference? Do they have Google AdWords certification? Are they closely connected to reputable research resources, such as Forrester, Mintel, Competitrack, MRI, Second Wind, and LexisNexis?

Evaluate the credentials of both your current and prospective partners to determine whether their abilities are suited to meet your needs. Evolving at the speed of change means looking ahead together. It means moving beyond a model of static step changes in programming technology to one that dynamically evolves as technology and consumer interactions do. It means building upon the foundation you already have with a like-minded partner who “gets” the next generation of technology.

4.0 CONTINUED

GOOD QUALITIES TO LOOK FOR

Moving to Dynamic CRM places some unique requirements upon your CRM partner agency. The following qualities should be thoughtfully considered when evaluating vendors of any kind—be they marketing, technology, media buyers, etc.

FOCUS: Given today's dramatically expanded mix of channels, flexible messaging possibilities and improved program evaluation capabilities, you need a partner able to maintain a laser-like focus on maximizing your CRM opportunities. (Our agency's 4D approach to marketing, for example, was actually developed to meet this specific requirement. It considers the sum of a brand's activities, across paid, owned, and earned media, and permits the mixing and phasing of them over time based on up-to-the-moment insights.)

ADVANCED ANALYTICS CAPABILITIES—ACROSS DATA: To execute a Dynamic CRM program, it is critical to have an agency partner who knows and is able to interpret a wide range of data sources from traditional CRM database modeling to social media monitoring and reporting to web analytics and back-end optimization.

FLEXIBILITY IN HANDLING MULTIPLE MEDIA FORMATS: Real-time, on-demand response means having structures and processes in place that allow for maximum quality control, while efficiently delivering relevant communications in a more timely fashion. With consumer-driven channel selection, the CRM agency's traditional role of crafting program-specific messages for static broadcast is over. Today's CRM agency needs to be just as comfortable developing a text message blast or a tweet as they are crafting a direct mail piece, email offer, or targeted digital communication.

STRATEGIC THINKING AND GUIDANCE: Moving toward real-time marketing requires more strategic thinking and discipline, not less. It requires long-term message strategy and planning to provide for brand development, while managing and aligning localized, target-specific offers and programs to this broader strategy.

4.0 CONTINUED

INDEPENDENCE—ADVOCATE FOR THE CONSUMER: Ultimately, Dynamic CRM is about giving the consumer more voice and opportunity to advocate for and use the brand. This requires an agency partner who takes as their responsibility the ownership and protection of the consumer's perspective in a process where so many others champion the voice of the business, sales team, or global brand.

PROACTIVE LEADERSHIP: Too often it can be the case that specialty vendors and agency partners are content taking orders instead of preserving the integrity of the strategy, or ensuring the efficacy of a program as a whole. There is great value in having a partner who is proactively engaged with you, helping analyze trends and metrics, and proactively offering solutions. Reviewing programs in progress. Planning for the months ahead. Building consensus on critical direction. Auditing performance to date. And forecasting for the future.

For more about CRM Marketing, Dynamic CRM, or marketing for the OEM and automotive markets, contact Patrick Pope at 312.222.0303 ext: 229.

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Plan B's 4D approach was developed to help clients manage the ever-expanding universe of trans-media marketing possibilities. While not every client program requires a true 4D solution, it's our ability to think in 4D, keeping the proverbial dots connected, that makes us such a valuable partner—even as role players in many of our clients' greater marketing support structures. **Learn more at ThisIsPlanB.com, or by contacting Patrick Pope at Patrick@thisisplanb.com, or by calling 312.222.0303 ext: 229.**