Best Practice

How to better optimize your CRM and find high potential auto shoppers

Best practice for automotive marketers

Automotive

CHALLENGE

Auto CRM systems may include valuable customer insights but are often unable to uncover the subset of shoppers that are likely to have the financial capacity to purchase or lease a vehicle, resulting in inefficient marketing efforts.

SOLUTION

Better identify and target high potential auto shoppers by profiling best customers with estimated consumer financial measures and other characteristics to develop optimal shopper profiles that can be applied to CRM databases and predictive models.

OUTCOME

Auto manufacturers can improve the efficiency of marketing campaigns by separating "lookers" from potential buyers within their CRM databases based on auto shoppers' likely financial ability to purchase.

Challenge: Identify high potential consumers within CRM database

Auto manufacturers, service providers, and dealers have reams of demographic/life-stage data within their CRM systems about their existing and prospective customers. While this data can help indicate which consumers might be interested in buying a vehicle, it does not often uncover the subset of shoppers that are likely to have the financial capacity to purchase. Thus, auto manufacturers and dealers may be spending some of their limited marketing budgets on consumers that might not be a good financial fit for their brand and models.

Auto marketers need new measures to help them identify hidden, high potential consumers within their CRM databases. The goal is to be able to efficiently identify and market to consumers that are likely to have the financial resources to be able to purchase the brand and models that are in inventory or on the showroom floor. By better understanding shoppers' buying potential based on estimated financial ability to purchase, auto marketers can make the most of their CRM systems, enhance their marketing models, and identify which consumers are optimal targets for marketing and sales efforts.

Solution: Profile best customers and apply to CRM database

In order to best capitalize on their CRM systems, auto marketers can enhance their customer and lead records with household financial, economic, and buying propensity measures to better identify those consumers that offer the most promising sales opportunities.

These measures help auto marketers identify shoppers that are likely to have the financial ability to purchase a specific vehicle, as well as have desired auto buying attitudes, preferences, and behaviors. By linking CRM systems with these measures, marketers and salespeople can better prioritize the lead funnel, enhance predictive models, and focus marketing and sales efforts on optimal consumers.

Our marketing solutions offer insight into households' likely auto buying profiles, including:

Financial capacity and buying power	Estimated income, discretionary spending
Buying propensities	Likely to be interested in various vehicle types (e.g., functional vs. green vs. import luxury)
Attitudes and behaviors	Likely to prefer certain vehicle characteristics (e.g., having a vehicle that is fun to drive is a top consideration in purchasing decision)
Financing needs	Likely to respond to an auto finance offer

Auto marketers can enhance their customer and lead records with household financial, economic, and buying propensity measures to better identify those consumers that offer the most promising sales opportunities.

Our financial insights are based on a foundation of anonymous, direct-measured™ consumer investable assets, as well as additional measures of income, spending, and aggregated credit.

With these measures, auto marketers can gain valuable information about the likely financial capacity and buying characteristics of leads and auto shoppers within their CRM systems. For example, by identifying customers and leads that are likely to have very high total income (e.g., over $200,000), auto marketers can better target this group for marketing the release of a new luxury vehicle, while at the same time deprioritizing or scaling back marketing to those that might be interested in the luxury vehicle yet are unlikely to have the financial resources to afford it.

IMPLEMENTATION

A logical three-step method can be applied to enable auto marketers to maximize their own data and better find shoppers who are likely to be high value targets for marketing and sales efforts.

STEP 1

Analyze the profile of existing best customers

STEP 2

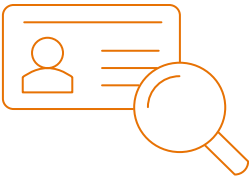**Activate CRM data with highest value customer profile**

STEP 3

Execute marketing and sales efforts

STEP 1

Analyze the profile of existing best customers using actionable measures (financial buying power and other characteristics)

Auto marketers can begin by gaining a better understanding of the profile of their highest value, best existing customers in terms of their likely financial situation, car-buying attitudes, and purchase preferences. This might be done for specific brands, models, or vehicle types.

Auto marketers can effectively accomplish this by profiling their best customers with Equifax financial and auto buying propensity measures. Below shows a possible profile for a sample vehicle as defined by Equifax measures:

MEASURE	DESCRIPTION	SAMPLE THRESHOLD
Income360®	Estimated total income from wages plus income from assets, up to $2M per household	> $150,000
Discretionary Spending Dollars™ (DS$™)	Estimate of discretionary spending capacity up to $1.2M per household (disposable income minus non-discretionary expenses)	> $40,000
Economic Cohorts® Cluster	Household-level segmentation product that clusters consumer groups based on estimated income, spending, and aggregated credit, as well as demographics, lifestyles, attitudes, and behaviors	35% of current owners are in cluster K59 Country Club climbers: Suburban empty nesters Income tier: High ($100k – $200k) "Buyers of the best" Skews high for: • Having a vehicle that is fun to drive is my top priority • Drive a convertible/coupe/sports car

Note: DS$ has been renamed to Spending Power™.

In the case of a new model introduction, auto marketers may want to determine the customer profile for a similar existing model and then adjust the parameters of the target profile accordingly in order to best identify shoppers likely to be a good match for the new model. For instance, perhaps the income threshold would need to be adjusted upward for a super-premium model.

STEP 2

Activate CRM data with highest value customer profile to narrow and prioritize marketing to the target audience

Once the profile of the ideal customer has been determined, the same attributes can be applied to the CRM system to identify consumers that have similar financial, attitudinal, and other characteristics as the best customers. Now, auto marketers can better identify those shoppers hidden in the CRM system that are likely to be a good financial match for the model being promoted.

For example, auto marketers often find that the majority of their high value customers are part of just two or three "clusters" which can be appended to their CRM systems to find shoppers who are in the same clusters. Marketers can then focus on those groups. Marketers can also narrow the target audience by applying a minimum threshold for total income, discretionary spending, and other measures, based on the desired buyer profile of the vehicles being promoted. Additional filters such as geography of residence and data from other third parties can also be incorporated to optimize the target audience even more.

The optimal shopper profile applied to CRM records can further narrow the target audience for marketing efforts.

In order to further differentiate the likely buyers from the browsers, marketing finance groups may also be interested in incorporating measures that indicate shoppers' likely financing needs, such as "likely to respond to an automobile finance offer"; "likely to inquire about auto loans"; or "auto lease is likely to expire in six months". These measures can be combined with the optimal shopper profile and applied to CRM records to further narrow the target audience for marketing efforts. Financing indicators can also be helpful when combined with servicing data to gain deeper insights on when customers might be ready for a new vehicle or lease.

So, while auto marketers may have 500,000 shoppers in the CRM database, the number of shoppers that match the buying profile of the vehicle being promoted in terms of their financial, attitudinal, and other characteristics might only be 50,000, or even 5,000 or 500.

Auto marketers are thus enabled to enhance their models and market to those high value customers that were previously hidden in their CRM systems, while deprioritizing marketing efforts for the remaining.

STEP 3

Execute marketing and sales efforts leveraging best customer profiles

Marketers can now direct communications toward those high-potential consumers that are most likely to be a financial match for the promoted vehicle as well as have similar buying attitudes and behaviors as their best customers. Buying profiles can be incorporated into predictive models and can be executed via a variety of marketing and sales tactics:

Direct mail	Send direct mail campaigns only to shoppers that are likely to be in the same cluster or have the same financial characteristics as current best customers. This is likely to be a much smaller quantity than originally planned, perhaps freeing up dollars to improve the quality of mailers.
Digital advertising and addressable TV	The same profile used to find optimal shoppers within the CRM system can also be applied online to better target digital ads via desktop, tablet, mobile, and addressable TV.
Direct to showroom floor	Dealers can integrate ideal buyer profiles into their dealer systems to enable salespeople to more quickly determine if showroom visitors are likely to be a good match for various vehicles.
Lead prioritization	Whether leads are coming in through call centers, emails, texts, online forms or other sources, auto marketers can leverage optimal buying profiles to more quickly spot high potential shoppers, immensely improving lead prioritization.

Better direct communications toward high-potential consumers likely to have the desired financial capacity and car buying attitudes.

The bottom line is that these steps can improve the cost efficiency of marketing efforts. Sales and marketing teams can feel confident that their efforts are being directed at shoppers that are more likely to have the desired financial characteristics to respond to each marketing promotion.

Outcome: Improve marketing efficiency and better target high potential auto shoppers

Auto marketers that apply Equifax financial measures and segmentation clusters to their CRM systems can help achieve the following:

- Separate "lookers" from potential buyers based on likely financial purchase ability
- Find consumers that are likely to have a similar financial profile as current customers of a particular brand
- Identify current customers that are likely to have the ability to spend more on their next purchase
- Enhance and improve the performance of predictive models
- Improve the efficiency of marketing campaigns by narrowing the target audience
- Deprioritize marketing to shoppers that are unlikely to have the financial ability to purchase a certain model
- Apply buying profiles across multiple marketing channels

For more information on our solutions for auto marketers, **request** to receive our Marketing Solutions for Automotive brochure.

info.ddm@equifax.com • 800.210.4323 • equifax.com/DDM