



Is Your Marketing Ignoring Half of Your Revenue-Producing Customers

In the typical dealership, new customers account for 30-50 percent of sales, while existing customers account for up to 70 percent. Dealers can be redirecting some resources to retain their customers' loyalty and their dollars while still going after new prospects.

The incremental revenue possibilities of aggressive customer retention programs are substantial. For example, the lifetime value of a customer who buys every car from the same dealership and relies on the dealer for service, is well over \$100,000.

One of the most efficient and effective communications tactics for customer retention is an e-newsletter. Monthly e-newsletters help maintain an ongoing customer relationship—especially if the content provides useful and valuable, lifestyle-oriented information that matters to readers.

Such e-newsletters are easy to implement on a monthly basis. To get started, you need three key elements: 1. an e-newsletter system or service provider; 2. email addresses; and 3. the most critical piece, content that engages.

Options for e-newsletter systems or service providers are plentiful. Consider software packages such as MS Small Business 2003, which is particularly effective for smaller mailings. You may also want to think about partnering with e-communications service providers, advertising agencies, or Internet marketing companies. E-communications service providers, for example, offer their own web-based e-newsletter systems, and often manage the whole e-newsletter process from start to finish, from content and design to distribution and measurement of results.

Collecting your own email addresses, the second ingredient, is the best way to build a highly qualified subscriber base. This can be done at any touch point in the sales and service process. The more opportunities you provide for customers to put their name on your list, the better. Place an email signup sheet on a showroom table. Put another in the waiting room of your service bays. Train your sales people to ask for email addresses, as well. If you have a website, invite visitors to provide their addresses as part of an e-

newsletter subscription offer. Give additional incentives to subscribe, such as alerts to special offers or the ability to schedule appointments online. Auto manufacturers may also have email addresses to share, but make sure that those listed have given permission to be contacted electronically.

There are many choices for the third and most critical element, content. Remember that your objective in choosing content is to keep customers interested in your dealership, driving their lifetime value even higher. For that reason, it's important that you publish content that they will find useful, valuable and look forward to receiving. In all, run no more than 10 content "bytes" per issue, including short articles, news briefs, surveys and coupons.

What subjects should you address? Lifestyle-oriented content is effective for retention. Give emphasis to lifestyle-oriented articles that help readers gain more benefits from the vehicle ownership experience, and from working with your dealership. These will facilitate customer retention. Consider stories on romantic getaway weekends that are close enough to drive to; an extreme garage makeover; or a more serious article on whether or not it's a good idea for a college freshman to take a car to school. Articles on driving tips, care and maintenance are also excellent choices.

Take advantage of e-newsletter survey capabilities, as well. In addition to deepening your customer relationships, surveys can give you early, detailed feedback to help you maintain high CSI levels. Ask customers questions about their service needs, and make sure that your offerings match up.

Don't shy away from promotion altogether, just strike the right balance between informative and marketing content. The 80/20 rule is a good one to apply. Eighty percent of the content should be informative while 20 percent should be dedicated to promotions and sales. Consider an Upcoming Events section, for example, that promotes new arrivals, holiday sales and leasing or service specials. Include coupons with links to your website to encourage additional browsing.

Gathering the content and writers on a monthly basis can be a challenge. Here are approaches you can take to spread the responsibility while keeping the articles fresh and interesting. One is to assign different

monthly sections to different managers within the company. For example, the service manager can have his own monthly column on vehicle care. A monthly welcome from the dealer principal is a warm way to establish approachability. Invite managers to submit articles on their favorite lifestyle assignments with you acting as the editor-in-chief. Manufacturers may also have content you can use.

If you don't have the time or resources to develop the content in-house, consider working with a freelance writer or marketing communications agency. There are also e-communications service providers that provide turnkey content. All you have to do is pick from a menu of topics and articles that the service will then migrate into a template customized with your branding. In addition, these service providers are well-versed in the specifics of the CAN-SPAM Act, and can help you ensure that your publication is in compliance before you hit "send".

However you approach the content, consider beginning an e-newsletter program for retention right away, while the strategy is still relatively new. As with other industries, the first dealers to connect with customers electronically stand to gain the most. While customers will give out their email addresses to the first dealers who request them, they are less likely to provide them to a second dealer and very unlikely to respond to a third request. The time to act to retain your customers through e-communications is now.

Note: This is the first in a series of articles on creating a successful e-newsletter that will build broad-based customer loyalty. Our next article will address measurement and results, and how to adjust communications in response. Our third article, a crash course in Advanced e-Newsletter Marketing, will discuss how to use a monthly e-newsletter to track where customers are in their vehicle ownership cycles, how to identify which recipients are sending you buy-signals and how to move the lifetime customer closer to his or her next trip to your showroom.

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