

SERVICE MARKETING 2010

New Solutions for New Challenges



KEY CONTRIBUTORS

DriverSide

Kevin Root

Vice President, Product Strategy

Jon Alain Guzik

Editor-in-Chief

Alison Lakin

Associate Editor

Krystle Cho

Graphic Designer

R. L. Polk & Co.

Lonnie Miller

Director Industry Analysis

Eric Papacek

Solutions Consultant

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EXECUTIVE SUMMARY

➔ Current economic market conditions are creating dynamic shifts in the automotive service industry. Consumers are keeping their vehicles longer resulting in several impacts. The first is that fewer new vehicles are being purchased, placing more pressure on new car dealership fixed operations departments to support overall dealership profitability.

The second is that older vehicles in operation require more service and maintenance. Consumers feeling the economic pinch are shopping harder for service providers and are increasingly choosing service providers other than the dealership.

This is due in part to widespread consumer perception that they will get higher quality of work and a better value at their local independent mechanic than at a new car dealership service department or light repair center.

Potentially more challenging is that 66% of consumers feel that new car dealerships will overcharge them for work. In addition to fighting consumer perception, the dealerships are increasingly feeling the pressure from national light repair center chains that are actively pursuing the dealership service customer with aggressive marketing campaigns and incentives to lure them away from the dealership, and they are having success.

The final battleground for the service customer is being fought on the social media front. Ratings and reviews of service providers are rapidly gaining scale and influence. 86% of consumers read online business reviews before making purchase decisions and 90% say they trust these reviews.

A staggering 74% of consumers report that they choose companies and brands based on what others say online about their customer service experiences. Vehicle service providers find that their online reputation increasingly will drive their business or harm it.

All of these dynamics mean vehicle service providers, dealers and light repair centers alike must change the way they manage their customer base and acquire new customers. Owner loyalty marketing and prospect acquisition must evolve beyond simple oil change window sticker reminders and CRM system mailers that are not highly specific to the actual service history of the vehicle as well as the historical response drivers of the consumer.

Advances in technologies that leverage disparate data—base mining—consumer profiling, multi-variant testing and incentive optimization—combine with new media marketing techniques to produce impressive results in the areas of service owner loyalty marketing and prospect conquest.

New services covering the task of reputation management are available to help service retailers embrace social media and do so in a fully automated way that does not burden daily operations.

Forward thinking retailers are combining service customer retention with new media marketing and social media and are not only gaining competitive advantage, but also market share.

INTRODUCTION

➔ R. L. Polk & Co. predicts that new car sales volumes will not return to the 2008 selling volumes until sometime in 2012.¹ This means that franchise dealerships will need to continue to rely on fixed operations for profitability.

For both dealerships and light repair centers, protecting the service customer base is more important and more challenging than ever.

This report will outline market trends and challenges that will serve as headwinds for typical dealerships and light repair centers. Being aware and understanding those challenges enables informed service providers the ability to overcome those hurdles.

THE SITUATION

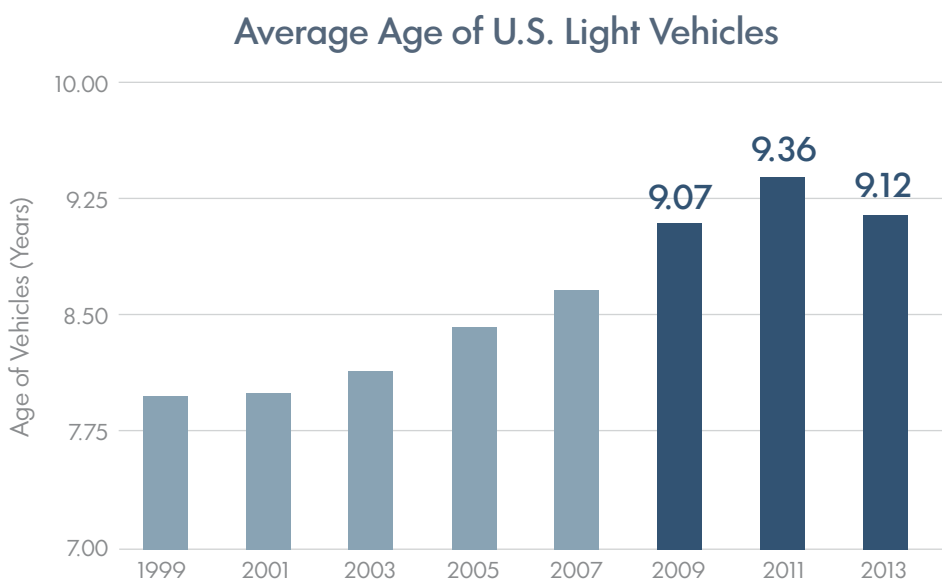
Market Factors Impacting Service Revenues

The current economic climate has changed vehicle ownership and purchase patterns. Consumers are buying fewer vehicles and thus are planning to hold on to their existing vehicles longer. This translates to older vehicles in operation. In 2008, the average age of U.S. light vehicle was 8.3 years. R. L. Polk estimates that by 2015, this will be 9.37 years (Fig. 1).

Service Retention Declines

Older vehicles in operation would seemingly bode well for new car dealership service departments, however that is not the case. Fig. 3 illustrates exactly the opposite. As vehicles age, consumers increasingly turn away from dealership service and parts departments (parts sales indicated by the dark blue line) for vehicle repair and maintenance.

Fig. 1



The average age of U.S. light vehicles is increasing.

Source: R. L. Polk & Co. / AAIA Fact Book

Issues and Opportunities

82% of consumers plan to hold onto their vehicles longer than they planned.² Supporting these intentions, vehicles in operation are on average nine months older (Fig. 2).³ Considering the millions of additional aged vehicles in operation, this should create a significant opportunity for vehicle repair and even more when vehicle maintenance is factored in. Unfortunately, there are challenges in this area as well.

90% of consumers believe they properly maintain their vehicle, but in reality only 41% actually follow manufacturers' scheduled maintenance schedules.⁴ The good news is that over half (58%) state, "they will spend more on service and repair" for their vehicle.⁵ This illustrates that service providers will need to go after the opportunities in this market by reminding customers of required or missed maintenance. They should be aware of the need to protect their own service customer base.

Fig. 2

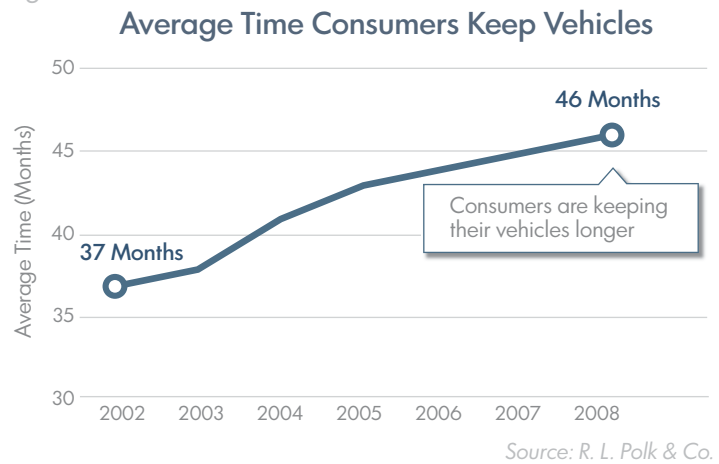
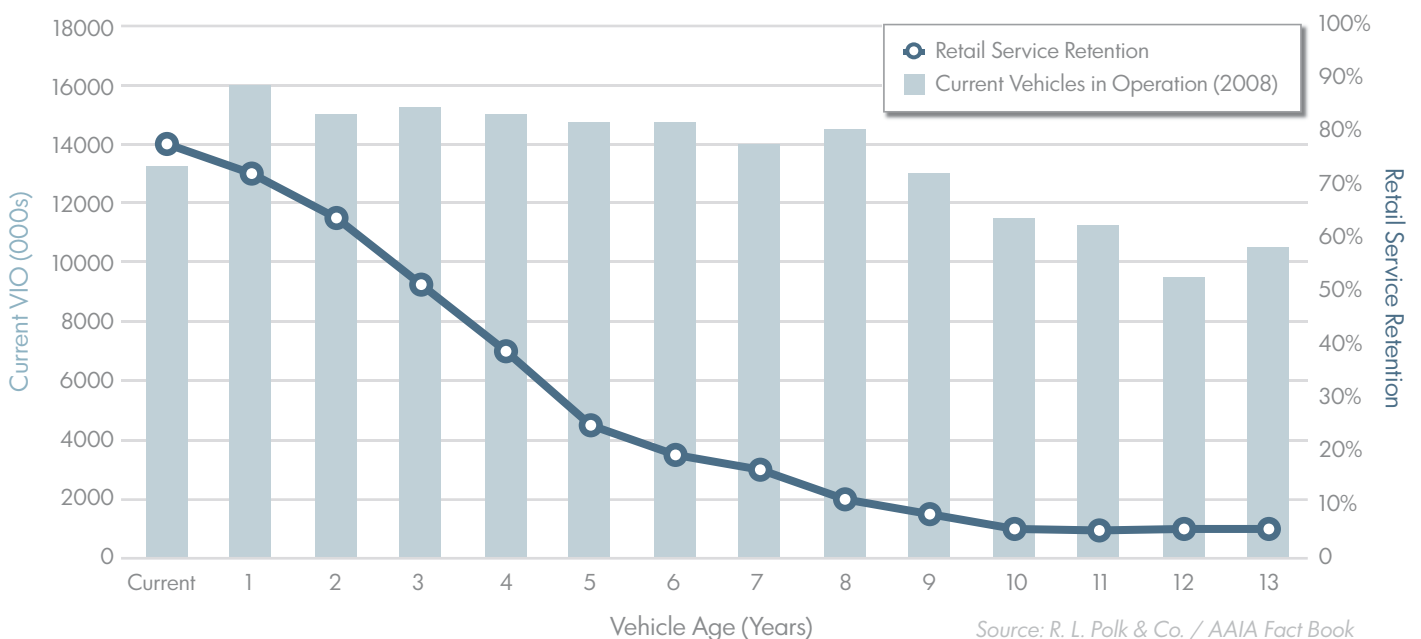


Fig. 3

Dealer Service Retention Rates Among Vehicle Age Groups



THE CHALLENGE - AN ATTACK FROM ALL SIDES

Market Share - In Flux

Today, dealership service departments account for 44% of the service dollars spent. Independent repair shops follow at 37%, and “other” accounts for 19%.⁶ Independent repair facilities are gaining market share at the expense of dealership service departments, which are declining in share (Fig. 4).

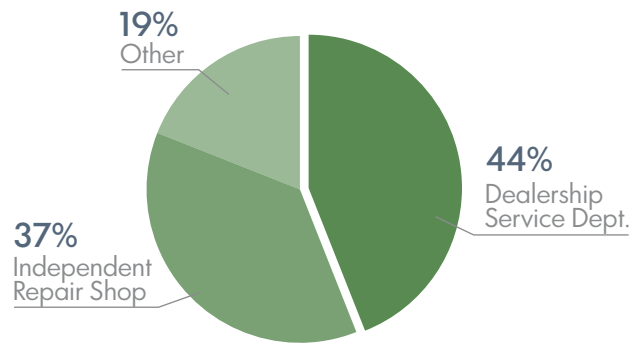
The Attack from All Sides

Increasingly, independents and light repair chains are becoming much more aggressive in their pursuit for what has traditionally been the dealers’ service customer. This can be best understood when looking at recently published data from NDP research that illustrates where new car service department customers ended up when their dealership closed due to recent point reductions by General Motors and Chrysler.

Only 51% of those previous dealership service customers continued servicing their vehicles at another new car dealership. Of the remaining half (49%), a full 24% moved their service business to an independent auto service center, while 12% remain undecided at the time of the survey (Fig. 5).⁷

Fig. 4

Where Service Dollars Are Spent Today

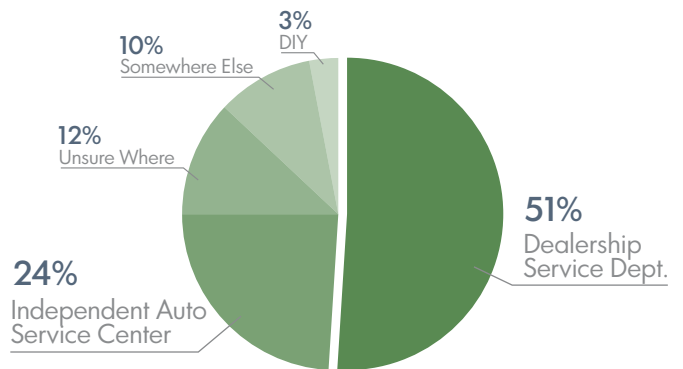


Independent repair shops command 37% and their take is increasing.

Source: NPD Research May 2009

Fig. 5

Where Service Customers Go When Their New Vehicle Dealership Closes



Only half go to the dealer. The other half goes to independents or somewhere else.

Source: NPD Research 2009

Heavy Headwinds: Consumer Perception

Potentially even more challenging to dealerships struggling to maintain their service customer base is new research illustrating the consumer's perception of all vehicle service facilities. Given the high stakes of today's service customer, over 600 consumers were polled to gain their insight on the three types of service providers: dealership service departments, national light repair centers (such as Pep Boys, Precision Tune, etc) and locally owned independents.⁸

Automotive repair and maintenance consumers were asked to provide their insight on three key areas:

1. Where they felt they would get the highest quality of repairs - if price were equal.
2. Where they felt they would get the best value for their money.
3. Which of the three types of vehicle service providers they felt would be most likely to overcharge them for repairs.

Highest Quality Repairs

The first question was designed to understand where consumers felt they could get the highest quality of repairs regardless of price. 46% of consumers felt that locally owned vehicle repair centers would provide better quality of repairs than new car service departments, which came in at 40%, followed by national light repair centers at 14% (Fig. 6).

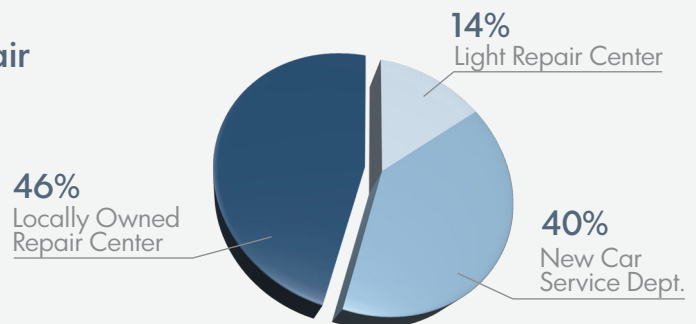
Additional Anecdotal Observations:

More women than men (56% vs. 51%) believe the best value lies in a nearby repair place. Similarly, almost six in ten (58%) of those ages 35 and up place such faith in these venues, compared to 43% of 18-34 year olds.

Fig. 6

Consumer Perception: Highest Quality Repair

➔ *If price were equal, which of the following types of service providers do you think would provide the highest quality of repair?*



Source: DriverSide/Kelton Research October 2009

Additional Anecdotal Observations:

Calling over two hundred automotive service providers provides an opportunity to collect additional observations. While not statistically relevant, we found these to be interesting.

- At least 50% of the dealerships contacted passed calls more than once from department to department resulting in long periods of time on hold.
- Light repair centers were able to process the information request the fastest and in general were deemed “most friendly” overall.
- Independently owned shops were most likely to refuse to give a quote over the phone and nearly half were very short or rude to the callers.
- Dealerships were deemed to be most professional and provide exact pricing.
- Independent shops were most willing to negotiate on price on the phone.
- Pep Boys and Precision Tune consistently offered to match the best deal found by the caller.

Best Value

Next, consumers were asked, “Which of the following types of service providers do you think would provide the best value for your money?” The locally owned repair center beat out both the light repair center (23%) and the new car dealership service department (24%) by over two to one.

Overcharging: Perception and Reality

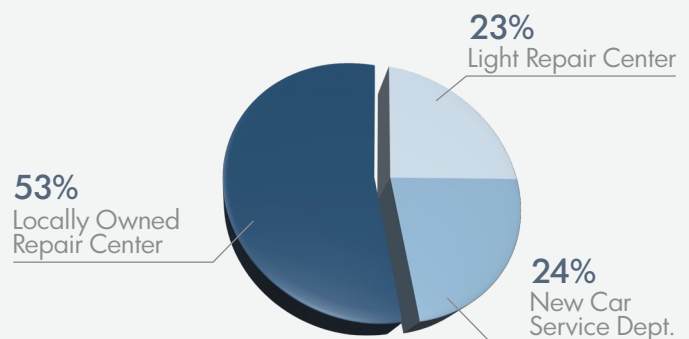
Consumers were then asked, “Which of the following types of service providers do you think would be most likely to overcharge you for the work done?” Overwhelmingly (66%), dealership service departments were perceived to be most likely to overcharge consumers for repair and maintenance work versus light repair centers at 18% and locally owned repair facilities at 16%. (See Fig. 9 on next page.)

While this result was less of a surprise than the quality of repair finding, the magnitude of this perception raised additional questions regarding the need to understand how pervasive overcharging is in the industry and whether this high perception is warranted or more of a public image issue.

Fig. 7

Consumer Perception: Best Value

➔ Which of the following types of service providers do you think would provide the best value for your money?



Source: DriverSide/Kelton Research October 2009

A second study with another research firm was commissioned to measure the amount of overcharging in the vehicle service industry.⁹

Over 230 calls were placed to dealership service departments, light repair centers and locally owned independents. Trained mystery shoppers were used to ask for quotes on two basic repairs (remove and replace a new radiator, remove and replace new front rotors and pads) on two typical vehicles. Knowing that labor costs and parts quality will differ, the shoppers then asked the operator, of the quoted total, how much was for parts and how much was for service and then what their hourly labor rate was.

This enabled the researchers to calculate the amount of time being associated for the repair, which was the actual objective of the call. Repair times were then compared to nationally published¹⁰ manufacturer recommended repair times for that repair on the specific year, make and model. This allowed the research team to isolate the variables (differing labor rates and differences in parts quality) and focus on the constant, the time to do the repair.

The mystery shop findings indicate that when compared to published standard time tables reflecting manufacturers' recommended repair times, 71% of repair facilities (all three types) over quoted the repair time on average.

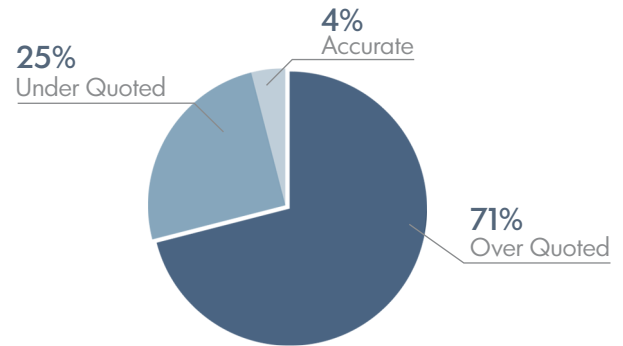
This indicates a high likelihood that actual overcharging is pervasive in the vehicle repair industry and reinforces negative consumer perceptions.

Fig. 8

Reality: Over Quoting

➔ *When compared to published standard time tables reflecting Manufacturers' Recommended Repair Time:*

71% of repair facilities over quoted the repair time on average.

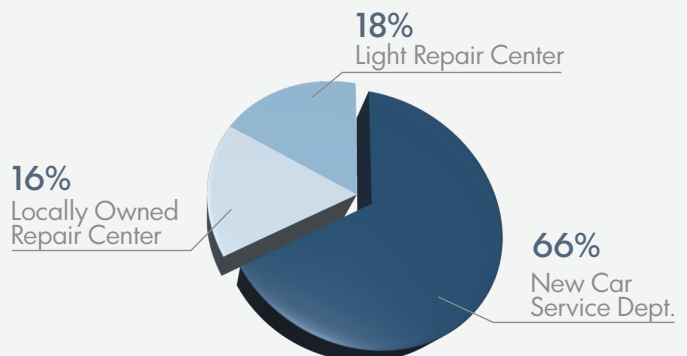


Source: DriverSide/Sorgenfrei Research September 2009

Fig. 9

Consumer Perception: Overcharging

➔ *Which of the following types of service providers do you think would be most likely to overcharge you for the work done?*



Source: DriverSide/Kelton Research October 2009

The Newest Challenge: The Role of Social Media

The use of social media is growing at a staggering pace. Increasingly, consumers turn to various sites to read reviews about products or ratings of service providers before making a purchase. The impact of social media on new car sales is well documented in other research studies¹¹, and dealership sales organizations are paying attention. Reputation management is a common theme at automotive industry conferences and in industry sales related blogs and websites.

For the fixed operations and light repair industry, this is still an emerging topic in all but a very few enlightened organizations. The impact of social media on the vehicle service industry is likely to be even more impactful than it has been on the sales side of the industry given the consumer perceptions and findings on overcharging noted earlier.

“Social media” can mean different things to different people. In this case, we are focused on the consumer-generated ratings and reviews of businesses providing automotive repair services. These ratings and reviews are available now and will likely grow exponentially. Sites such as Yelp, Angie’s List, Mechanic Ratingz, Edmunds and

others all have service reviews and one only needs to look as far as their favorite search engine to find reviews of automotive service providers – both good and bad.

Example: At the time of writing, a search for “automotive service, San Francisco” on Google, yields a top of page-one listing for a light repair center with seven reviews, averaging only one star. (See example below.) This kind of highly visible organic consumer influence has the potential to be detrimental to any business. Conversely, harnessing social media and showcasing positive ratings and reviews can drive retail success.

The Influence of Social Media

Nearly half of online adults in America read ratings and reviews.¹² Nearly 49% of shoppers have made a purchase based on a recommendation through a social media site.¹³ 86% of consumers read online business reviews before making purchase decisions, and 90% say they trust these reviews.¹⁴

A staggering 74% of consumers report that they choose companies and brands based on what others say online about their customer service experiences.¹⁵

The screenshot shows a Google search for "automotive service san francisco". The search results list "Midas Auto Services Experts" at 4419 Geary Blvd, San Francisco, CA 94118-3005, with a phone number (415) 387-7883. The listing shows a service rating of 1 star (represented by one filled star and four empty stars) and 7 reviews. A red circle highlights the search bar and the review information. An inset box on the left shows a review snippet from Edmunds.com, dated 07-22-08, with a title "Avoid -- there are better shops" and a 1-star rating. The review text is partially obscured by [violate content deleted].

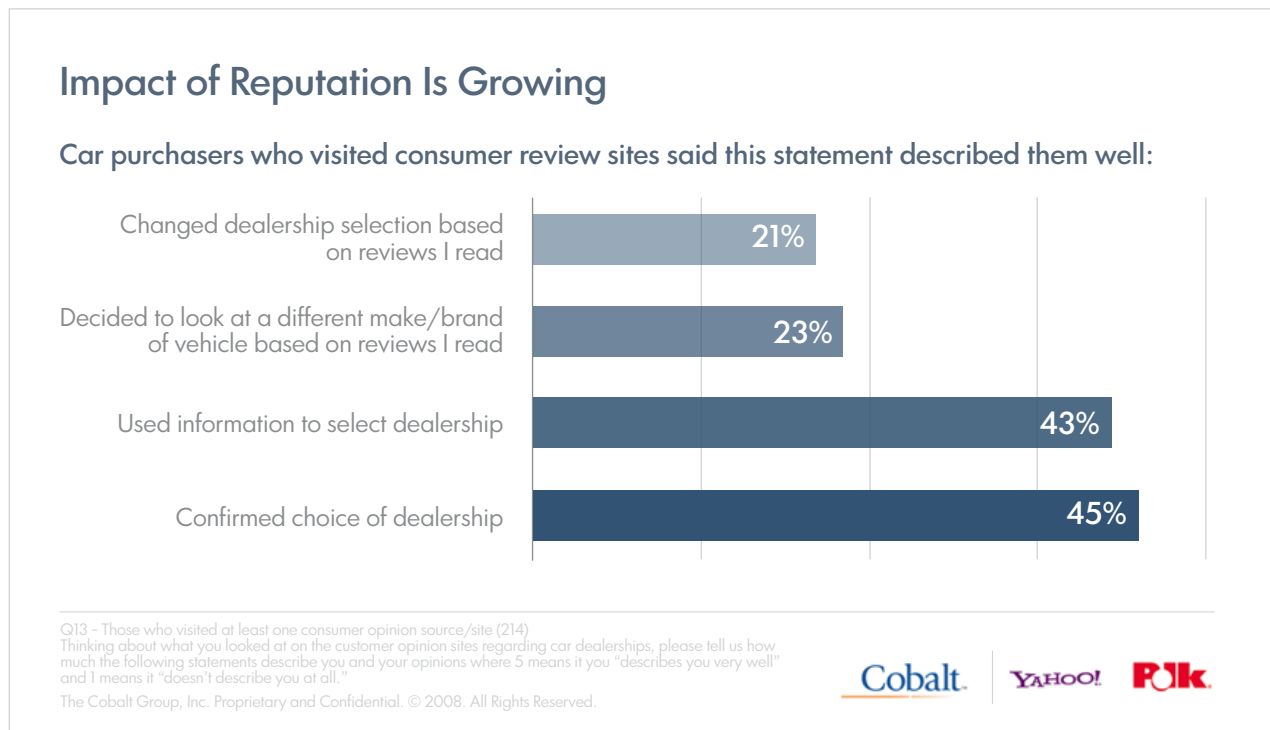
The Impact on Service and Fixed Ops

While the previous statistics are illuminating, many in the automotive service and repair industry may still be skeptical. A good proxy exists for how social media, and rating and reviews in particular, may impact the vehicle service industry.

In 2007, the Cobalt Group examined the impact of ratings and reviews on consumers' selection of dealerships. The findings, now over two years old, showed a profound impact on dealership selection (43% used review sites to select a dealership).

Given the high perception among service customers that they will be overcharged for repairs and the frequency of purchasing service versus purchasing a new vehicle, it is expected that vehicle service reviews and ratings will be pervasive soon.

Fig. 10



THE SOLUTION

➔ At precisely the time that the vehicle service industry is most in need of stable profits, the battle for the service customer is at its peak. Concurrently, customers are keeping vehicles longer and thus need more service and maintenance. Because many consumers are feeling the economic pinch of the current market conditions, they are also more inclined to do their homework, shop around and visit social media sites for service provider reviews before spending their hard earned money.

This dynamic, combined with their skepticism about vehicle service in general and the rapid expansion of social media use, means those in the vehicle service industry must approach marketing differently. Owner loyalty and new customer acquisition must not only be a focus, but a priority.

Service marketing today must evolve to keep pace with consumers' use of new media and must utilize new technologies that increase marketing efficiencies.

So what does this new marketing look like and how is it deployed? The answers can be found by looking at how other verticals have found success.

Women Place Value on a Service Center Relationship.

More females than males (67% vs. 55%) are hopeful that long-lasting relationships with local repair places will develop after getting repair work done.

Service Marketing Objective

A key objective of a successful service marketing programs is to build a **meaningful** relationship with the customer or prospect. The term meaningful is emphasized because this is in great part what drives success. A relationship needs to be meaningful to the customer, not perceived to be meaningful to the retailer. Consumers tune out any marketing that is not quickly deemed to be meaningful to them. Unfortunately for most dealerships and light repair centers, this is a challenging task.

Consumer Perception: Service Provider Relationships

Returning to the consumer perception research, consumers were asked, "Which of the following types of service providers do you think would be most likely to try to develop an ongoing relationship with you?"

More than three in five (61%) felt independent businesses were most likely to strive for an ongoing relationship with them. This is more than twice the rate for new car service departments (26%). Light repair centers were at one-half (13%) the rate of new car dealers. (See Fig.11 on next page.)

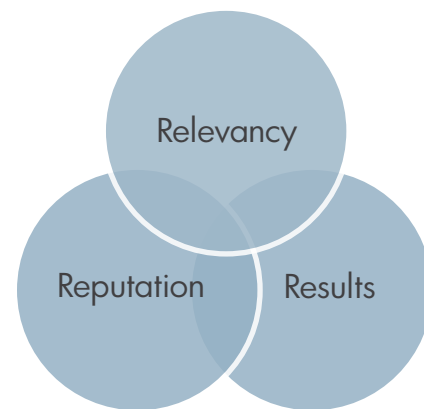
Consumer Reality: Service Provider Relationships

When one examines the typical methods deployed by the industry to maintain connections and relationships with their customer base, the results are not surprising; many do nothing at all to stay connected to the consumer. Most rely on a simple decal affixed to the windshield to remind the customer when their next oil change is due.

Traditional CRM based systems have utilized plain letters; template based postcards and flyers or outsourced coupon books that were triggered on a simple time-based schedule with little regard to the specifics of the consumer's actual needs. The more advanced systems would insert the year and make of the customer's vehicle, estimate the mileage and proclaim "according to our records, your <insert: year, make, model> is due for its <insert: xx,xxx> mile service." This is not the way to build a relationship that feels meaningful to the customer.

The Success Drivers of New Service Marketing – The Three Rs

Building and maintaining a meaningful relationship with today's service customer is dependent on three key elements: Relevancy, Reputation and Results.



Relevancy

Creating a relevant message is by far the most challenging. The foundational elements of relevancy are based on: the medium, the message, the incentive and the consumer or prospect profile.

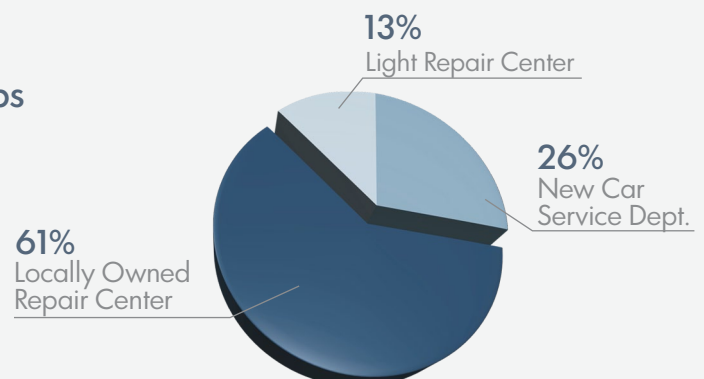
The Medium

Increasingly, email marketing is eclipsing direct mail marketing as the medium of choice. The benefits are numerous, not the least of which is cost and stability. People tend to keep their email address longer than their home address. Email shines in its ability to deploy, test and measure countless variations, ranging from design and content to timing and incentives. Consumers are more accepting of email marketing when it provides relevant information and value.

Fig. 11

Consumer Perception: Ongoing Relationships

➔ Which of the following types of service providers do you think would be most likely to try to develop an ongoing relationship with you?



Source: DriverSide/Kelton Research October 2009

It is key to work with a vendor that understands the rules, regulations and, most importantly, the science of delivering marketing in this manner. Rendering, image suppression, list quality, bounce, open, click-through rates, page layout, focal points and calls-to-action are but a sample of important topics for experts to address to ensure not only that the message is delivered, but opened, readable and compelling enough for the customer to take action.

The Message

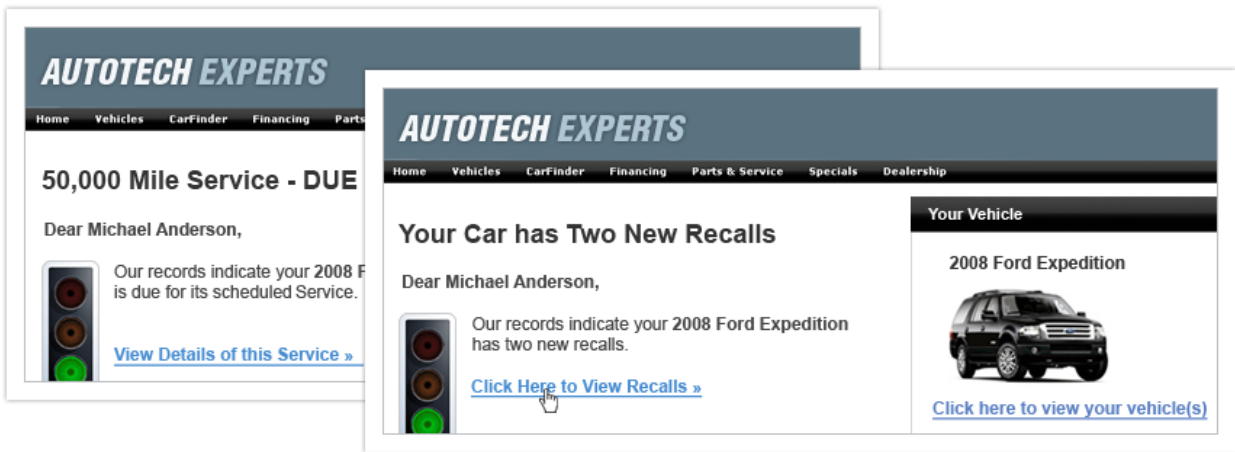
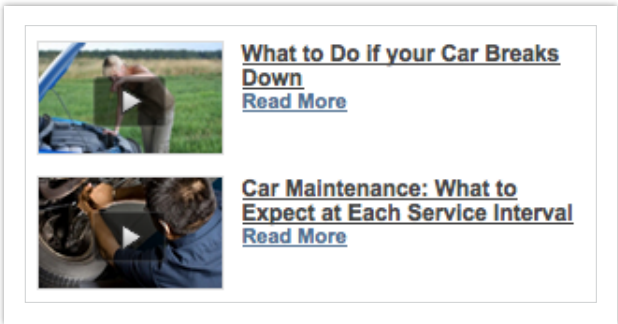
Relevancy is directly tied to engagement. When messages are relevant, engagement increases and that drives conversion. With this in mind, a simple email service reminder takes on an entirely new form.

The mailer would go beyond the basics of addressing the customer by name as well as their vehicle year, make, model and exact mileage. It would create relevancy by prominently notifying the consumer if their vehicle has any recall notices or not. If there were recall notices, a link to the details would be provided. By indicating that there were no recalls, the service provider is providing value by showing that they are keeping track of these items for the customer, which helps to build the relationship.

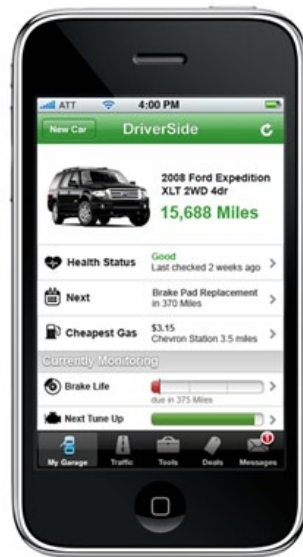
Rather than simply state that their vehicle was due for its XX,XXX-mile service, the smart mailer would include a link

to view details of all the specific actions that are included in the service as well as all of the inspections that would be performed to ensure the customer gets a better feel for the importance of work needed.

Engagement can be increased by adding additional, relevant information. This could include a link to a video on “What to expect at your XX,XXX-mile service” or other key subjects such as “What to do if your check engine light comes on” or “What to do if your car breaks down” – topics that may make those in the service industry chuckle, but that would be interesting and relevant to many of their consumers, including women, the group most looking for a trusting relationship with a service provider. (See sidebar on page 13, “Women Place Value on a Service Center Relationship.”)



The message should not be relegated to email. In fact, text and mobile should be part of the campaign strategy. Nearly all consumers today are never far from their mobile phones, providing even greater opportunities for integrated and relevant service marketing.



Service customer engagement has been shown to increase even more (see specifics in the “Results” section of this report) when the email reminders are a component of a holistic customer retention and communication platform.

Many consumers find it convenient to have one web-based repository for their entire vehicle maintenance and ownership-related information. The traditional “garage” metaphor resonates with consumers, especially when it is combined with other online tools, content, articles and videos relating to vehicle maintenance and repair, augmented by a social network of similar minded consumers. Dealers and light repair centers are finding that these types of content and tools can be easily integrated into their existing websites via third party providers (such as DriverSide), creating a more holistic ownership experience. This approach allows them to provide a more consultative position with the consumer, which creates a tangible competitive differentiator.

These new-generation, highly relevant online garages are deployed with full branding of the service provider. The communications are fully automated and are informed

by the details of each individual customer service record, ensuring that the specifics of the service work performed or required are reflected in the customer communications.

See “About DriverSide” at the end of this report for details about the DriverSide Service Marketing Platform.

The Incentive

The days of generic, one-size-fits-all discounts, coupons and incentives are gone. Smart marketers have long realized the importance of testing and fine-tuning various offers. Email-driven marketing campaigns permit incentive optimization to reach levels that have been previously unattainable. The ability to measure, test and refine endless numbers of variables provides service marketers increased campaign efficacy and highly optimized results.

Incentive optimization does not mean simply finding the right message that brings in the most appointments across the board. It means matching the right incentive to specific vehicle needs and customer behavior. This can be as simple as loyalty indicators; customers who display decreasing loyalty can be offered different/higher incentive offers than frequent, loyal customers. Incentives can focus on previously declined maintenance or adjusted to encourage lost customers to return.

Additional Anecdotal Observations:

Email Success – Its All in the Details: The Importance of the Subject Line

- Click-through rates for subject lines with 49 or fewer characters were 75% higher than for those with 50 or more.¹⁶
- 69% of people studied said they make the decision to click on the “report spam” or “junk” button based on the subject line.¹⁷

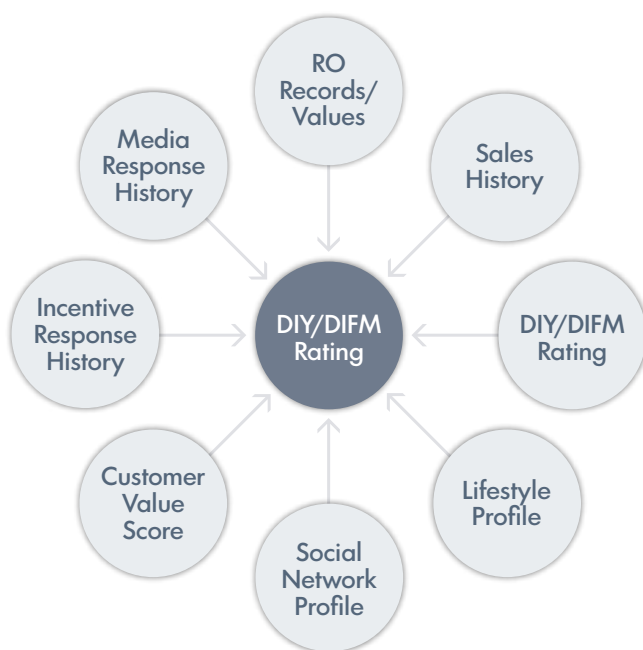
Customer & Prospect Profiling

To create relevancy service marketers must go beyond simple repair order mining. Successful dealerships and light repair centers are finding increased conversion rates when they turn to marketing solution providers who have the ability to combine disparate databases to create detailed customer profiles. These profiles can then be used to greatly increase accuracy for conquering new prospects.

Advances in customer and prospect profiling techniques surprise many people not directly involved in the consumer modeling industry. The process typically starts with an analysis of the service provider's existing customer base. Once key customer and buying attributes are identified, a profile model is built. This model becomes the baseline. Smart marketers will use various combinations of data available through several sources to identify similar attributes of target prospects. This data can include the following:

- **Vehicle Sales History.** Sales and registration information for a target area or neighborhood. This data is used to identify vehicles that meet the year, make and model of prospects that may fit the profile.
- **Do it Yourself/Do it for Me (DIY/DIFM) Profile.** Customers display these traits by the kinds of stores they visit, items they buy, magazines they read and even the type of entertainment they enjoy.
- **Lifestyle Profile.** Many of the things consumers do, read, search for and purchase provide important clues to their lifestyle. This information can be used to build relevancy in the communications. For example, if a customer is identified as a sports enthusiast, marketing messaging or the incentive itself may be adjusted to reflect this.
- **Social Network Profile.** Today customer records can be mined to identify what social networks are used most and least. Frequent visitors versus frequent contributors can be identified, and when combined with individuals who have large personal networks, a key influencers list can be created. Key influencers typically are new marketers' top priority and should be coveted as they have the ability to sway opinions of many. Typically, these individuals are the recipients of service providers' best incentives.

For Smart Marketing – Go Beyond RO Mining



This is a small sample of the kind of information that can be used to create detailed profiles of both customers and prospects. Advanced marketers will combine this data with customer value scoring and incentive and media response historical data to round out their profiling.

Consumer and prospect profiling can seem daunting and even overwhelming to those new to the science. This is typically outsourced to competent providers who ideally specialize in automotive service owner loyalty and prospect marketing.

Automotive service providers should consider this investment carefully and be mindful that these assets can be deployed beyond simple maintenance reminders. In fact, the entire vehicle ownership cycle can be addressed, including warranty expiration, accessory specials, parts specials, recall notifications, tire replacement, battery replacement, body repair, general repair offers and for new vehicle dealerships, equity point identification/notification, trade-in and trade-up offers.

Reputation

The second element needed to build a consumer relationship is a solid reputation. This is not the same as what has traditionally been thought of as a reputation, being in business for many years and supporting the local sports team, etc. Today the reputation that matters most to customers is the one they read about online from other customers. As outlined in the chapter titled “The Influence of Social Media” earlier in this report, nearly three quarters (74%) of consumers choose business and service providers based on reviews and ratings they find online.

For many businesses this means that their reputation becomes their brand.



While this may initially sound daunting, it is a powerful component in the smart marketers arsenal. Vehicle service providers should not shy away from embracing ratings and reviews fearing bad reviews.

Assuming that the typical business is well run and honest, it is well documented that the majority of reviews that are written will be positive – eight out of ten on average.¹⁸ Thus, the strategy is one of getting the most reviews as possible, letting the sheer number of positive reviews outnumber the few negative reviews.

Once a library of reviews is acquired, this becomes the service providers’ most powerful and least expensive marketing tool and can be deployed in many types of marketing applications. For dealers, this has even more impact in that positive reviews of the service department bode well for the sales side of the business and help the overall dealership perception.

Vehicle service providers deploying automated reputation management services today will gain competitive advantages over competitors who look past social media.

In this typical example, four service providers are shown to a prospect. Two have ratings, immediately separating them from those who have none. Of the two, one has a three star average, but based on only three reviews. The second has a four star average, with 40 reviews. The latter is the service provider that will most likely get the appointment.

1	Harry's AutoRepair .09 miles	Write a Review
1234 Harrison St. San Francisco, CA 94107 (415) 123-4567		
2	A1 Union Auto 1.2 miles	 40 reviews Write a Review
1234 Union St. San Francisco, CA 94107 (415) 123-4567		
3	Absolute AutoRepair 1.3 miles	 3 reviews Write a Review
1234 Sutter St. San Francisco, CA 94107 (415) 123-4567		
4	Autotech Experts 2 miles	Write a Review
1234 Brannan St. San Francisco, CA 94107 (415) 123-4567		

Results

The final element to consider when deploying the Three Rs of new service marketing is Results. The benefits of new media service marketing are measurement, which ultimately leads to increased efficiency of spending, and higher ROI. Unlike traditional media, closed loop reporting (marketing action to repair order) is easily accomplished. The key is to isolate the variables, test, measure, refine and redeploy. Each campaign benefits from previous campaigns.

The following reflect actual results of service marketing deploying the types of tactics and strategies discussed on previous pages.

Sample Results OEM: VW Group UK¹⁹

- Relevant communication, rigorous use of measurement and KPI, combined with predictive analytics, delivered a 45% increase in service customer leads over a two-year period for Audi participants.
- Monthly service revenues increased by 193% (nearly 4x) for Audi.
- Monthly service revenue increased by 77% for Volkswagen in a two-year period.

Sample New Car Dealership Results²⁰

- 27% increase in annual service frequency (from 1.54 to 1.96 service visits per customer).
- \$107 increase in annual service revenue per customer.
- 22% of service revenue contributed by recaptured “lost” customers and new vehicles.

Sample Light Repair Center Results²¹

- 7% increase in annual service frequency (from 1.54 to 2.26 service visits per customer)
- 72\$ increase in annual service revenue per customer
- 25% of service revenue contributed from recaptured “lost” customers & new vehicles

SUMMARY

- ➔ Service customer base is under attack from all fronts – including consumer perception.
- ➔ Social media will add transparency in the service department.
- ➔ Focus on Relevancy, Reputation and Results.
- ➔ Mine data more aggressively; go beyond ROs.
- ➔ Optimized service marketing delivers impressive, measurable results.

METHODOLOGY & RESEARCH CONTRIBUTION

Consumer Perception Study: Kelton Research September 2009

The DriverSide Service Provider Survey was conducted by Kelton Research between September 22 and September 29, 2009, using an email invitation and an online survey. 668 Americans who have paid for vehicle maintenance or repair in the last 12 months were surveyed.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results.

In this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 3.8 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

Automotive Service Providers Mystery Shop: Sorgenfrei September 2009

In order to understand the consumers' experience better, a research study was conducted to ascertain the variance of time quotes for two repairs on two popular vehicles in major cities around the U.S.

Using mystery shoppers, a total of 229 completed calls to dealer service departments, light repair centers (LRC) and independent repair shops were made requesting quotes for the following repairs on a 2005 Ford Taurus SEL V6 and a 2005 Toyota Camry LE V6:

- Front brake pads and rotor replacement
- Radiator replacement

The primary objective was to compare the number of labor hours quoted to the standard time quoted for these repairs on ALLDATA online²² and detect any overcharging in labor hours for these two repairs overall.

The analysis also compared cost quotes for the repairs between dealers and non-dealer repair shops, as well as collected anecdotal information based on the experiences of the secret shoppers.

ABOUT DRIVERSIDE

DriverSide is a consumer service designed to make vehicle ownership easier and less costly. Delivered via the web, iPhone, Twitter and other social networks, DriverSide has quickly built a registered user base in the millions by delivering best of breed tools, data, and information desired by drivers. DriverSide combines data from dozens of sources with it's own staff of editors and mechanics to provide assistance on vehicle maintenance, repair, accessorizing, procurement, sale, and all other issues relevant to the 196 million drivers in the US.

At a time when the auto industry is not selling many cars and has to rely on more profit from parts and servicing, DriverSide is innovating with programs that help retain and attract customers. DriverSide applies its unique tools and data to build ownership programs for industry partners which lead to up to twice the frequency of visit and profit per customer as well as the re-acquiring of lost customers. DriverSide helps its partners optimize incentives based on the complete profile of the customer and creates programs that go well beyond the service alerts and post card mailing that typifies most CRM programs. DriverSide takes advantage of cutting edge technology and social networking to make its partners relevant to their consumers. In addition to customer retention, DriverSide's facility with new media allows for powerful programs in reputation management and new customer conquering.

DriverSide, based in San Francisco, is a private company run by Online and Auto industry veterans.

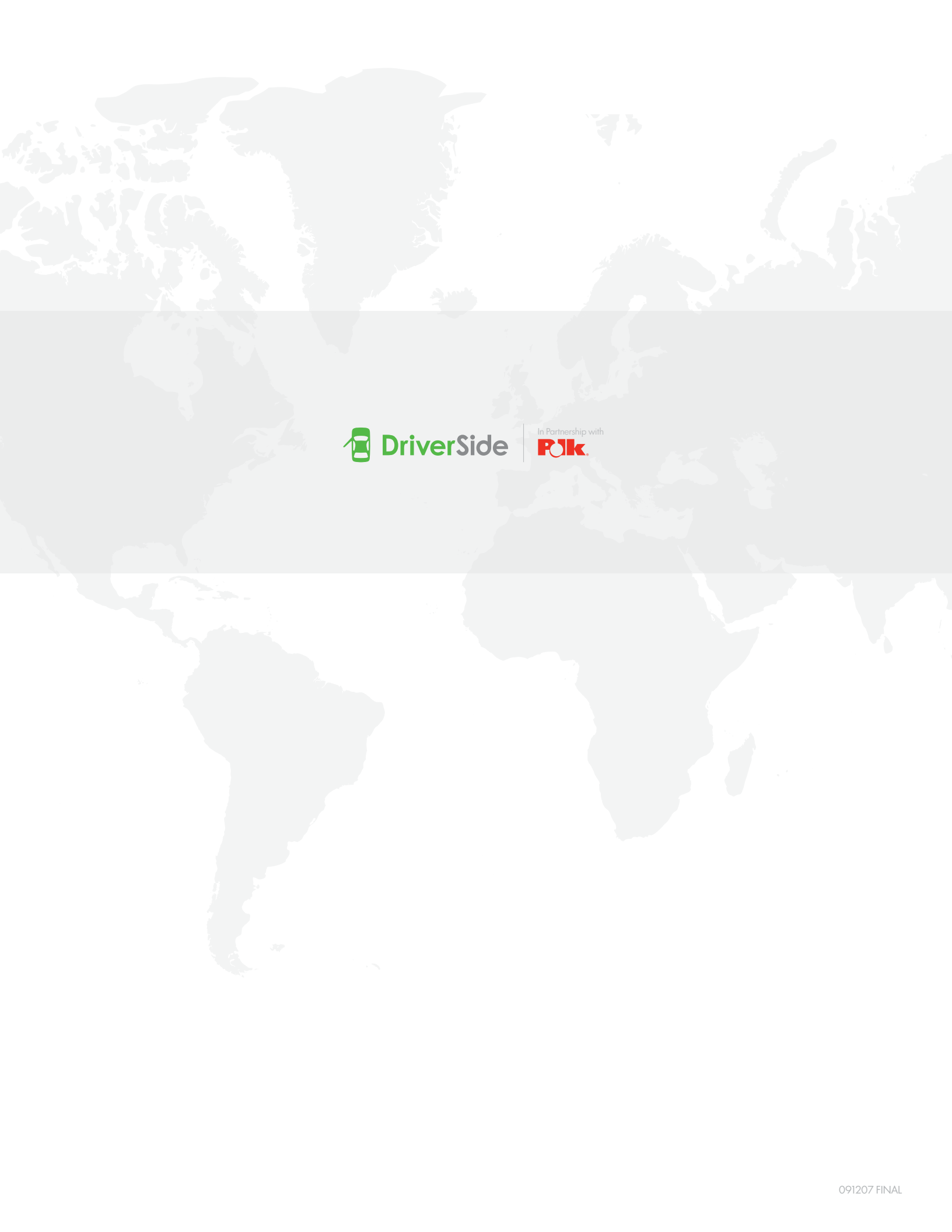
For more information about DriverSide Service Marketing Solutions, please contact **Michael Moskowitz** at **(310) 566-7225** or **mmoskowitz@driverside.com**.

ABOUT R. L. POLK & CO.

R. L. Polk & Co. enables automotive manufacturers and dealers to optimize their parts and service marketing efforts via R. L. & Co.'s global PolkConnect aftersales marketing platform. By leveraging robust data integration, a sophisticated business rules engine and a user-friendly manufacturer/dealer interface, PolkConnect provides the comprehensive reporting, automated communications and ad hoc marketing campaigns that will drive increased parts and service sales. With increasing global adoption over the past five years, the flexible, data driven and measurable communications made possible by the PolkConnect platform have resulted in increased service loyalty and tens of millions of dollars in additional revenue for manufacturers and dealers in both Europe and North America.

SOURCES

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