

Customer Marketing Solutions

The automotive service industry is a trust and relationship business. To build trust and establish relationships you must perform marketing activities that:

- Create awareness for your business
- Communicate your unique message
- Ultimately provide a value and convenience for your customers

Marketing has become a critical element in the overall mix of running a successful service center.

TODAY'S CHALLENGES

Unfortunately, the automotive service industry is extremely challenging and becoming more so each year. Car counts are diminishing as cars:

- Become increasingly more advanced
- Use better quality parts
- Require fewer replacements
- Have longer service intervals

Our industry is also challenged by increasing reliance on expensive diagnostic equipment, as well as a struggle to discredit the negative public image a few unethical establishments have created for the rest of us.

If that weren't enough, the aftermarket is in a highly competitive struggle for customers with the dealer network who use customer relationship marketing in the way of service reminders, surveys, reward and recognition communication all that keep dealers top of mind with consumers. Dealers also use extensive TV and print advertisement, increased warranties, proprietary tools and information, and even technologies like telematics to keep consumers locked in.

HOW CAN MARKETING HELP ?

Marketing has become very important in the automotive service industry due to advances in technology and the changing needs and complexion of the vehicle owner. Consumers are more knowledgeable, more connected, and more demanding than ever before. In addition, 70% of all service decisions are made by women who rely highly on trust, relationship and good communication.

Implementing a good marketing plan will create new customers and build satisfaction and loyalty with existing customers who in turn will repurchase your products and services as well as refer their friends and family. A good marketing plan also supports the important transition from unplanned, diagnostic intensive repair work to profitable, scheduled maintenance service that most experts say should be balanced with 40% repair and 60% maintenance.

MARKETING 101

In the shop environment, marketing helps to increase car count through acquiring new customers as well as retaining and growing existing customers. But don't confuse advertising and marketing: advertising is just one part of the overall marketing plan you create to grow your business. An important part of marketing also includes surveying customers so you can respond to their needs and measure customer satisfaction.

In the simplest terms, marketing can be broken down into three key areas:

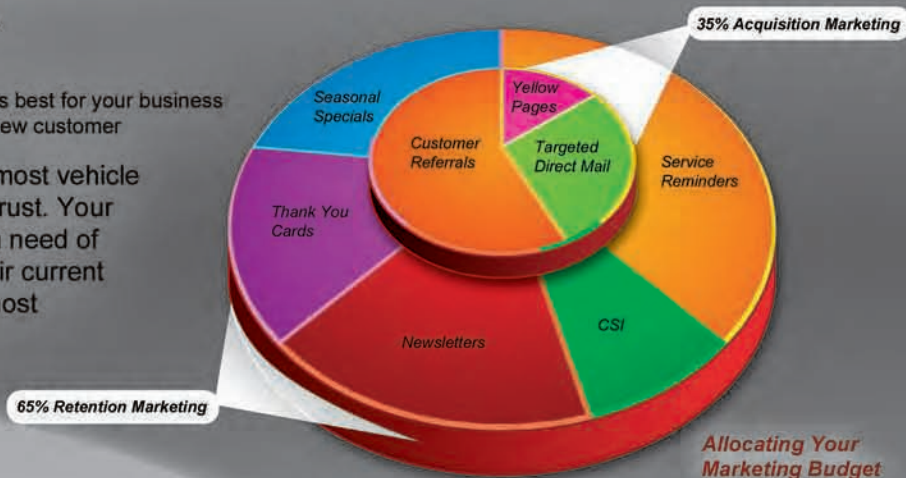
- **Acquisition-Marketing** to acquire new customers
- **Retention-Marketing** to retain existing customers
- **Measurement** to assess varying levels of success

Acquisition Marketing. ■ 90% of automotive service centers spend the bulk of their marketing budget advertising for new customers. Although new customers are a critical part of growing your business, acquisition marketing is the most expensive and least effective marketing activity due to its requirements.

Acquisition Marketing requires:

- An enticing offer to help break current consumer habits
- Repetitive messaging to a targeted audience
- Good timing
- Constant measurement & adjustment to find what works best for your business
- A time investment to build trust and relationships with new customer

The challenge with acquisition marketing is that most vehicle consumers already have a shop they know and trust. Your opportunity comes only when that consumer is in need of some type of service AND is dissatisfied with their current service center. Outside of these two elements, most consumers will never see your message. This circumstance requires ongoing awareness advertising so that when the opportunity arises, your message is visible. Most consumers will need to see your message seven times before they ever retain it.



Customer Referral Marketing. ■ The most effective way to acquire new customers is referrals from existing customers (word of mouth advertising) and by advertising to a specific, targeted customer type or segment of the population like people who have recently relocated from out of the area. If you specialize, you must target your specialty to maximize your investment.

In order of effectiveness, Acquisition Marketing activities include:

- 1) Referrals
- 2) Targeted Direct Mail Marketing
- 3) Yellow Page Advertising
- 4) Mass-Mailings (non-targeted)

Many marketing experts suggest only 35% of your marketing budget be allocated to attract new customers.

Customer Retention Marketing. ■ The greatest return on your marketing investment comes from retaining and growing your existing customers. Your existing customers know and trust you; therefore, they are receptive to allowing you to manage the lifecycle of their vehicle. If each customer you currently service were to visit your service center one additional time per year, you would have more business than you could handle.

Your current customer base is your greatest asset. Investing more time, money and energy into that asset will create greater customer loyalty. Loyal customers are less likely to question your pricing and recommendations, less likely to shop elsewhere, more likely to refer friends and family, do not require discounts to respond to your advertisement, and will react to problems or errors within your shop with a more positive and understanding attitude.

The facts are that attracting a new customer is five times more expensive than retaining an existing customer. At virtually no expense, you should always make your customer's next appointment as they pick up their car from today's appointment. The dental industry has mastered setting the next appointment then reminding you of that date 1-2 weeks in advance. This practice is highly effective.



For more information on WORLD PAC Customer Marketing Solutions (CMS), please visit our

Key Retention Marketing activities include:

- Service reminders and following up appointments
- Customer satisfaction surveys
- Newsletter communication
- Effective gestures such as thank you and birthday cards
- Seasonal specials to drive immediate activity
- Custom, targeted promotion

Measurement. ■ It is imperative to revisit and measure the success of your marketing plan on a bi-annual basis. You must also track the success of each marketing activity you try. There is no silver-bullet when it comes to marketing. This realism requires that you try activities that support your overall marketing plan and make continual adjustments looking for the sweet-spot.

Consider making adjustments to your marketing plan in these key areas:

- Timing
- Media Type
- Wording
- Incentives
- Geography

If the marketing activity generates the desired result, continue. If not, keep in mind it is not uncommon to achieve desired results by a trial-and-error process. If you have exhausted all possibilities within a particular activity and are still not achieving desirable results, terminate that activity and move on to another. Above all, if you approach this phase of your marketing plan with aggressive optimism and diligence, you will be rewarded.

It is imperative to track every call, every new customer and every referral to see what is driving customers into your business. It is highly recommended you involve your entire staff in asking and documenting "How did you hear of us?" on some type of tracking mechanism that you can analyze daily. Initially, you may need to incentivize your staff to get them to make this practice part of their normal routine.

Print vs. e-Mail. ■ In today's over communicated world of advertising, the question is often raised, "What are better, print ads or e-mail?" At this juncture, both play key roles in communication. With the advent of rapidly changing technologies, e-mail will certainly be the less expensive, more effective method of communication and advertisement. Today, for existing customers e-mail may be the best deployment of advertisement. Unfortunately, new prospects will certainly require print advertisement. Be sure to capture e-mail addresses for your existing customers and verify their preference for how they would like to receive your brand communications: mail or e-mail.

Establish a Marketing Budget. ■ The question is not should I be marketing my business, but how much to invest in marketing. As a general rule, 4% to 8% of your total sales should be allocated for marketing. There are a number of factors that influence what is right for your shop and many spend much more than 8%, but you have to start the process then adjust and refine. You may be able to just divert some funds from your phone book ad to fund your other marketing programs.

Allocating your Marketing Budget. ■ Once you have a marketing budget to work with, the key is making that investment work for you. Remember that the greatest return on investment will come from your existing customers who know and trust you. Start with service reminders and other key retention marketing activities. Then add a customer referral program to attract new customers as quickly as possible. Next, target new customers that will be receptive to your message, such as new movers into your area that need to find a shop. For carline specialist service centers, focus on targeting consumers that drive the car brand you service. For new customers, an oil change is always very appealing as everyone needs an oil change and on a very frequent basis.

Balance your marketing budget to be effective and lean more towards retention. We recommend 65% of your budget go toward retaining and growing your existing customers and 35% toward attracting new customers.

Available Marketing Tools. ■ As an automotive service center you must have a marketing plan that creates new customers and, more importantly, retains existing customers. To assist in actualizing your marketing goals, WORLD PAC provides preferred access to Customer Marketing Solutions (CMS) such as:

- **New Mover Direct Mail Program** to assist with acquisition-marketing
- **MechanicNet Customer Retention Program** to assist with retention marketing
- **MechanicNet Customer Referral Program** to promote word of mouth, new customer acquisition
- **Customer Satisfaction Index (CSI)** to survey existing customers
- **Targeted Consumer Direct Mail Program** to assist with acquisition-marketing

To lock your customers in for life, you must maintain supportive customer marketing communications, provide fair honest quality service & repair, operate a clean and convenient location, offer competitive pricing as well as provide a service for your customers that allows them to hand you the responsibility of managing the lifecycle of their vehicles. Now your customers can focus on their families, their careers and other things they like to do.

CUSTOMER RETENTION MARKETING

WORLD PAC has selected MechanicNet's industry leading Customer Retention Program to bring your customers back when their vehicles are due for a needed service. This system is proven to level-out business peaks and valleys, increase profitable maintenance services, and pull customers back on a regular basis.

MechanicNet uses the C.A.R.E. approach:

- C**ompel – Gives customers a reason to come back for service
- A**ppreciate – Thanks them for their business
- R**emind – Tells them when service is due
- E**ducate – Tells them why service is necessary

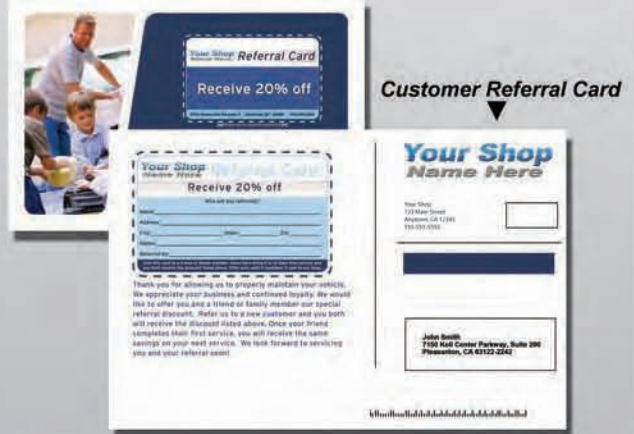


Service Reminder Card

Contact us:
 MechanicNet Group, Inc.
 Toll Free: (877) 632-4638
 E-mail: worldpac@mechanicnet.com

Grow Your Customer Base

Loyal customers will refer friends and family



ATTRACT NEW CUSTOMERS

The average auto service center will lose 20 – 30% of their customers each year because they simply move away or switch to a competitor. And all too often we hear from shop owners who have hit a dry spell from the lack of having a systematic prospecting program and are in reactive mode. You simply must have a plan to reach out to new customers, so be proactive and put a plan in place today.

TARGET NEW MOVERS BY MAIL

This New Mover program provides a steady stream of new customers monthly who are mentally open and looking to establish a relationship with a trusted shop. Be the first to welcome them to the neighborhood and drive new traffic monthly.



REACH CONSUMERS BY MAIL (COMING Q2 OF '08)

Prospecting for new customers shouldn't be a series of random one off events. It should be systematic process that happens monthly! This program offers the ability to identify targeted households in close proximity to your shop.

Contact us:
 Epsilon Agency Services
 (800) 663-1780 ext. 6110 (toll free)
worldpac@epsilon.com

CUSTOMER SATISFACTION INDEX (CSI)

WORLD PAC has formed a relationship with Customer Research Inc. to provide the same quality CSI surveys that they provide to many new car dealers nationwide.



Surveys are an important part of retaining your existing customer base. Experience shows that using a



professional CSI company and personal telephone contact, creates a high level of response (up to 85%), as well as the customer sharing their true feelings about their service with no uncomfortable confrontation.

Contact us:
 Customer Research Inc
 800-886-3472
CSI@CustomerResearch.com



For more information on WORLD PAC Customer Marketing Solutions (CMS), please visit our website at www.worldpac.com/cms