

Improved ROI
year-on-year by 40.3%

Increasing Auto Parts Sales With Customer Segmentation

Help Manufacturers to Understand Customer Purchasing Behavior

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THE CLIENT

Since the launch of its North American operations, this manufacturer has enjoyed an impressive history and track record as a leader in the automotive industry. To date, this client has produced over 10 million vehicles and continues to be a brand synonymous with high-performing, fun and affordable cars. In 2004, it launched its first B2B parts solution marketing program, targeting mechanical and collision-based independent repair facilities. This client sought to bolster their B2B parts business by becoming more aggressive with its wholesale parts marketing efforts.

- Parts sales had grown stagnant and dealers were starting to lose additional market share to aftermarket parts retailers (e.g., Pep Boys, NAPA, etc.).
- There was confusion surrounding the program, as it was not completely clear what value it was providing for dealers, nor what its goals were in selling parts to/via dealerships.
- From focusing on being price competitive, to promoting to customers the value of genuine parts and the cost savings from them, the client needed a sales strategy shift.

A new approach was needed to strengthen communications and offers by segmenting customers with greater granularity, helping to deliver more targeted campaigns.

BUSINESS REQUIREMENT

The client required additional capabilities for segmenting customers who had previously purchased from its dealerships, which in turn required enhanced data collection, processing, and reporting capabilities. The task was to convert the current "Active" segment of customers from one large group, to four smaller, more targeted segments. This would enable unique offers to be targeted to each new segment, with new reporting metrics helping to accurately track their similarities and differences.

To ensure proper installation and efficient release of these enhancements, the client also needed a new program branding strategy, re-launched nationally, with information gathering and education sessions for every dealership enrolled in the program.

MINACS SOLUTION

Aditya Birla Minacs helped the client target its Independent Repair Facilities (IRFs) more effectively, spend marketing dollars more efficiently and track program value through enhanced reporting. We restructured its customer segments by utilizing the available historical data and our vast experience with direct marketing. The redefined customer segments would now include IRFs who had previously purchased parts from 0-446 days out, whereas previously, only 0-356 days out was targeted.

We were now able to adjust the communications efforts for each customer segment by recommending uniquely designed creatives, with more targeted offers. We also gave dealers the opportunity to scale back communications to their most loyal customers, helping to optimize their marketing costs. Finally, to properly assess the value of the enhancements, we expanded the reporting metrics by including results for each segment, analysis reporting, and customer segmentation reports to help determine where specific behavior occurred.

Customer Data Segmentation, Extending Coverage and Enhancing Insight

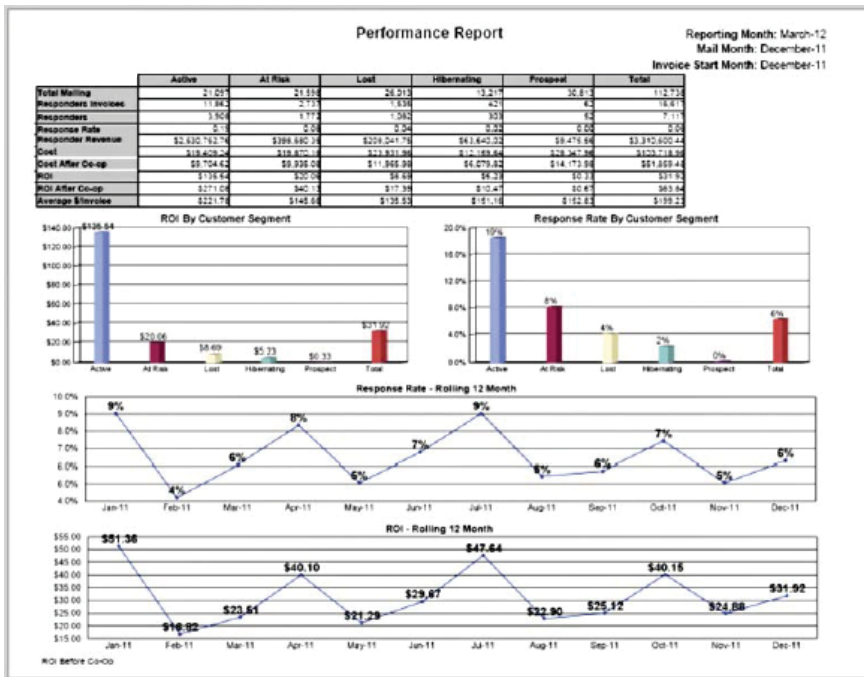


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Case Study

To ensure that we consistently met the client's objectives and delivered to the highest service levels, we provided the following technology features:

- New segmentation developed for customers
- More control given to the dealerships over offers to be sent and communication frequency to Active customers.
- Reporting metrics enhanced to track more accurately the value of the program, as well as the offers dealers provided.



MAJOR RESULTS

The result of these enhancements was extremely positive, as they significantly increased parts invoice revenue, while also helping to improve customer response rate within the Active segments. Overall, the dealerships were also pleased to gain functionality that allows them to target their customer offers with greater precision, be more aggressive and not worry about overextending on offers to remain competitive.

- The Active segment response rate improved Y-over-Y from 17.1% to 18.8% (up 9.9%) and its ROI improved Y-over-Y from \$87.27 to \$122.43 (up 40.3%)
- Invoice revenue grew from \$96 million to \$112 million (up 16.7%), while the number of invoices generated rose from 422,705 to 472,534 (up 11.8%)
- We added segments for "Lost" and "Hibernating" customers. These customers were not sent communications previously, but are now generating additional invoices and improving program ROI.
 - Lost Customer Response Rate = 5.2% (Last invoice generated 181-365 days from mail date)
 - Hibernating Customer Response Rate = 2% (Last invoice generated 365-456 days from mail date).



Write to sales@midealersolutions.com or call us at **1.866.575.8731** for more information or to meet with our representative.