

# CUSTOMER LOYALTY DRIVERS— CURRENT AND FUTURE

Determining what drives a consumer to and away from certain brands is the source of a persistent, ever-evolving conversation in the business world. Marketing departments spend a significant amount of time and resources trying to assess what drives conversion, retention and consumer loyalty. As customer buying behavior changes, many businesses are looking to customer loyalty as a unique opportunity to drive revenue.

Generating leads and new sales presents a unique challenge in today's digitally driven world. With the wealth of online information available to consumers, conversion seems to be requiring large amounts of work with less payoff. Rather than focusing all efforts on conversion, brands can gain significant traction by allocating resources to retention and loyalty.

## CURRENT LOYALTY DRIVERS

Consumer loyalty is a moving target. New marketing channels, technological innovations, customer preferences and momentary trends are just a few of the elements that contribute to the complex issue of retention. But retention, when done correctly, can bridge the gap from satisfied customers to consumer loyalty.

Consumer loyalty requires work, but retaining your valued client base is much easier than prospecting and generating sales leads. According to Hubspot,



63% of businesses report their primary challenge as generating traffic and leads.



"Prospecting is the most difficult part of the sales process for salespeople."



40% of salespeople say that it is getting increasingly difficult to get a response from prospects.

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These challenges have many businesses switching focus from prospecting to consumer loyalty. Loyal customers can drive revenue where new sales fall short.

Consider the marketing funnel that often informs how brands view the sales process. Using this model, prospecting and generating leads triggers interest, nurturing consumers which eventually results in a sale.



However, this is where the marketing funnel concludes, with no consideration given to consumer loyalty. If we view our sales process from the perspective of the McKinsey model, we see a more circular customer journey that is impacted by the brand experience that occurs after purchase.



The McKinsey model suggests a re-evaluation of the customer journey that involves four phases:

- **INITIAL CONSIDERATION:** when brands are considered as potential options
- **ACTIVE EVALUATION:** when research is conducted to consider purchase
- **CLOSURE:** purchase
- **POSTPURCHASE:** experience with brand after purchase



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Using this model, we can see the value of consumer loyalty and how it impacts the customer journey. The journey metaphor suggests that the entire process never truly results in a definitive conclusion, rather that one sale moves a customer along the path to the next purchase. The McKinsey model creates space for that opportunity offered by brand loyalty.

During the postpurchase phase, consumers interact with brands, which informs their next purchase, inserting consumers into what McKinsey calls the “loyalty loop.” If brands perform their role successfully, consumers will return as loyalists. If they don’t, customers begin again at the initial consideration phase with a different brand.

What are the best ways to drive consumers into that loyalty loop? Here are some tried and true methods for increasing brand loyalty, according to members of the Forbes Agency Council:

- Don’t let your customers down
- Live and breathe customer service
- Be responsive
- Follow up with your customers regularly
- Listen to your customers
- Provide value

Much of the advice supplied by successful agency members involves the brand experience after a purchase has occurred, clearly illustrating the importance of a brand loyalty strategy.

## CURRENT LOYALTY DRIVERS IN THE AUTOMOTIVE INDUSTRY

Every industry possesses a set of unique challenges. The automotive industry is no different. How do we drive consumer loyalty in the automotive industry? Vehicle ownership offers a unique opportunity to create a brand loyalty relationship. According to a recent report by Oath, **“The buyer experience means 52% more to brand love in the auto industry than anywhere else.”**

In the past, dealerships have often viewed a vehicle purchase as the end of the marketing funnel. Now, it is important to recognize that a transaction extends beyond the point of purchase. Every single vehicle purchase offers the opportunity to create a loyal consumer. **Did you know that each vehicle presents 54 opportunities to engage with an owner?** From service visits to fixed ops, there are multiple opportunities to drive customer loyalty.

# CUSTOMER LOYALTY DRIVERS—CURRENT AND FUTURE

To drive this loyalty, the automotive industry needs to offer extended value during and beyond a vehicle purchase.



Providing value as part of the initial buying experience and extending that quality to service visits can set dealerships apart and drive brand loyalty.

Each visit needs to exceed expectations and offer an encounter that excels above what an owner would receive elsewhere. According to Rick Fellen (*“Why Brand Loyalty Must Be a Priority for Dealers in 2018”*), dealers need to offer a superior experience to drive brand loyalty: “From complimentary courtesy shuttles for service customers to stocking waiting rooms with beverages and snacks, simple upgrades can help make the dealer the ultimate extension of the national OEM, and cement that consumer loyalty.”



Offering customers a multichannel experience is also an important element when promoting brand loyalty. While not many car purchases take place

online, many prospects conduct research prior to visiting a dealership. Bain & Company report that “almost 50% of car buyers begin online.” And even though most vehicle purchases result from a face-to-face interaction, “more than 60% of customers decide on a brand, model, and price before visiting a dealership.”

To ensure customer loyalty in the current market, first-rate service and multichannel marketing has helped differentiate successful brands from the competition.

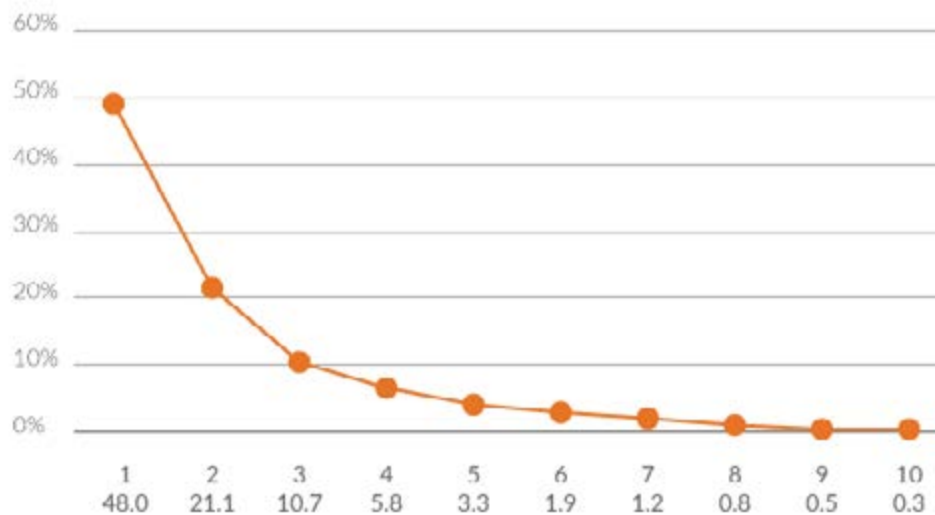
## THE FUTURE OF LOYALTY DRIVERS

As we continue to immerse ourselves in a digital world, we have to consider what the consumer journey will look like in the years to come. For most brands, marketing automation is becoming an essential cornerstone of their overall strategy. According to Hubspot’s *“Ultimate List of Marketing Statistics for 2018”*:

- “79% of top-performing companies have been using marketing automation for three or more years.”
- Salesforce reports that 67% of marketing leaders currently use a marketing automation platform.
- An additional 21% of marketing leaders plan to use a marketing automation platform in the next two years.
- Martech estimates that spending for marketing automation tools will reach \$25.1 billion annually by 2023.
- 80% of marketers who utilize marketing automation generate more leads.

# CUSTOMER LOYALTY DRIVERS—CURRENT AND FUTURE

Marketing automation allows companies to bridge the gap of expanding their reach while personalizing the consumer brand experience. The best platforms are anticipating an improved consumer experience by offering seamless omnichannel marketing.



## THE FUTURE OF LOYALTY DRIVERS IN THE AUTOMOTIVE INDUSTRY

Creating brand loyalty in the automotive industry has historically been difficult. On average, dealerships average a 49% retention rate. This rate falls regularly, resulting in a retention rate of 0.3% at the end of a ten-year span.

This untapped potential leaves a huge opportunity for brand loyalty for those dealerships willing to create an omnichannel experience. Engaging with consumers seamlessly across platforms opens the doors for multiple opportunities to keep consumers in the loyalty loop.

Omnichannel marketing is pivotal for any dealership hoping to remain competitive. Bain & Company reports that, "Customers typically switch four times between online and offline channels and want to move seamlessly among them." Given this prevalence of varying channels, dealerships need to employ an omnichannel approach to ensure they are reaching consumers at the right point in the customer journey. Failing to engage at the optimal moment, using the right channel, can result in the loss of a competitive edge.

To further compound the issue, when customers do not return as loyalists, they also are not encouraging word-of-mouth marketing which is a significant driver of initial sales. Also according to Bain & Company, "for more than 40% of customers, friends and family are the most trusted influencers in car purchases."

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In effect, creating brand loyalists is also effective for driving new sales. It becomes imperative to not only create a broad retention strategy, but to instill a sense of loyalty that is unrivaled by others.

But efforts can't stop there. Dealerships will be expected to go above and beyond marketing channels if they hope to gain the loyalty of future audiences. Consumers want to know that their time is valued. Consider grocery delivery services and the nearly instantaneous shipping options offered by Amazon. Customers are willing to pay a premium to save time.

Dealerships can also embrace the value of time-saving services. By utilizing options such as vehicle pickup and return, parts delivery and streamlined communications, customers can service their vehicle without allocating a significant amount of their time to sitting in a dealership.

Driving loyalty will not be possible without omnichannel marketing and time-saving service options. AutoPoint offers an omnichannel platform that allows you to engage with consumers, personalizing each experience through seamless interactions, while reducing the amount of time for face-to-face customer interactions. Our platform offers features to help you:

- Communicate with customers on their preferred platforms
- Optimize the multipoint inspection
- Seamlessly integrate targeted advertising
- Improve customer relationships
- Simplify service visits, recall notifications and scheduling
- Personalize sales opportunities
- Provide opportunities for customer engagement outside of the dealership, including service pick-up and delivery

*Make the loyalty loop a near-future goal with AutoPoint's omnichannel marketing suite.*





Founded in 2003, AutoPoint was created for the modern dealer. We've been developing sophisticated, customer-centric solutions since then, and we haven't stopped thinking about the customer experience. We were a small company that was hungry to innovate and provide our customers with the latest digital solutions to increase productivity and customer retention.

In 2014 our business was transformed—AutoPoint was acquired by Solera Holdings, Inc. With Solera's resources and leadership principles, our once small company now dominates the fixed operations space and supports critical transactions across the vehicle lifecycle.

***We were hungry to be the best, and with Solera, now we are.***

RETENTION.  
DONE BETTER.