



How Price Toyota Acquires and Retains Customers through Targeted Direct Marketing

CHALLENGE:

Maintaining Customer Loyalty in Tough Times

Price Toyota is part of the Price Automotive Group, an established dealer group with seven franchises in four locations in Maryland and Delaware. Like all the members of Price Automotive Group, Price Toyota takes pride in customer satisfaction and community involvement. Because of a continued focus on the customer, Price Toyota has one of the highest customer loyalty ratings (repurchase rates) of all Toyota dealers in the region.

According to Mike Price, Vice President of Price Automotive Group, “Customer loyalty is at the center of everything we do at Price Toyota.” Especially in a challenging sales environment, Mike and his team recognize that every contact with a customer or prospective customer is a chance to build customer satisfaction and loyalty. At the same time, every customer touch point presents an opportunity for defection if it’s not handled properly. Mike understands these concepts, and recognizes that targeted and ongoing communication is a key component in his customer loyalty program – especially when times are tough.

SOLUTION:

Ongoing, Targeted Communication to Customers and Prospects

For almost 10 years, Mike and his team have worked with Polk to build a direct marketing program that supports Price Toyota’s focus on customer loyalty. One key aspect of this program is targeting potential customers who “look like” current customers, with an emphasis on buyers of four core vehicles.

Working with Polk, Price Toyota analyzed its customer database by a number of demographic and psychographic parameters, including age, occupation, educational level, neighborhood and lifestyle characteristics. Prospects that match Price Toyota’s customer profile are considered likely buyers for one of the core vehicles and become part of the mailing list for targeted marketing communication.

Another important component to Price Toyota’s targeted marketing program is profiling prospective

customers based on two key criteria that are indicative of sales potential: in-market status and vehicles already in the garage. Combined, Polk’s Garage Predictor™ and Purchase Predictor™ solutions provide Price Toyota with a reliable list of prospects who are likely to be in-market within a few months and who have a high propensity to buy a Toyota. Armed with these insights, Mike can then send appropriate marketing materials to these prospects.

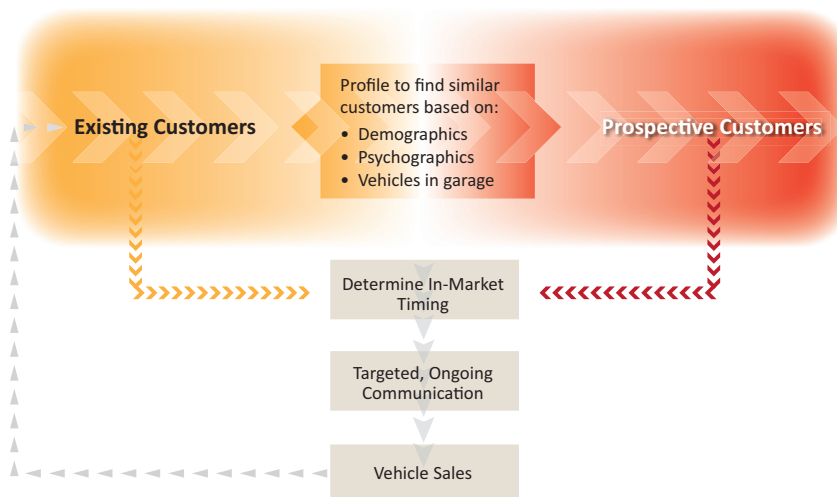
Through trial and error, Mike has learned that communication with potential vehicle buyers can’t be a one-time event. Rather, he uses the targeted marketing lists he receives from Polk to develop multi-month marketing campaigns. He typically communicates with each potential buyer on a monthly basis for eight to nine months, varying the offer with each communication.

“Especially in a recession, what saves the dealership is loyal customers. Profiling our customers with Polk directly supports our customer loyalty efforts.”

– Mike Price,
Vice President of
Price Automotive Group

continued

Targeted Communication for Customer Retention & Acquisition



Due to the intense focus on creating customer loyalty throughout the vehicle buying and ownership process, Price Toyota has found that nearly 60 percent of its sales are to existing customers. Therefore, customer retention is even more important than new customer acquisition as a goal of Mike's marketing efforts. Using the data provided by Polk to stay in contact with customers at the right time in their vehicle ownership cycle is one way that Price Toyota prevents customer defections.

To track the success of its targeted marketing efforts with both existing and new customers, Price Toyota executes campaign evaluations of targeted customers to see what they purchased.

Customer Profiles Support Advertising Efforts

Because of his years of experience in target marketing, Mike knows that the profile of a person that will buy a particular vehicle in his trading area is not always the same as the prospective customer profile identified by the manufacturer. For example, with the RAV4 small SUV, Toyota suggested that the typical customer would be a male with a high school education. By profiling his customer database, however, Mike found that in his trading territory, 67 percent of RAV4 customers who had purchased at Price Toyota were women, many with post-graduate education.

This information was crucial in shaping Price Toyota's advertising strategy for this vehicle when targeting new RAV4 prospects. For the RAV4, Mike's analysis showed him that advertising in the lifestyle section of the paper would be far more effective than advertising in the sports section, which he likely would have done based on the customer profile provided by Toyota.

RESULTS:

Targeted Marketing Leads to Sales and Impressive ROI

Over the course of his relationship with Polk, Mike and the team at Price Toyota have seen numerous successes from their focused customer acquisition and retention efforts. For example, for a direct mail marketing campaign that ran over a four-month time period and involved four mailings to the same targeted prospect list, Price Toyota realized:

- **An impressive return on investment:** Mike and his team saw a 743 percent return (\$249,000 in gross profit) on their investment of \$33,500 in the mail campaign.
- **Significant new vehicle sales:** Price Toyota sold 135 new vehicles to customers whose names and addresses matched those on the target mail list.
- **Reinforced customer loyalty:** Sixty-five percent of the vehicles sold were to existing customers.
- **New customer acquisition:** Thirty-five percent of the vehicles sold were to first-time Price Toyota customers – an important group with the potential to become long-term loyal customers.

“Customer profiling and repeated communication are the two primary keys to the success of our direct marketing program.”

– Mike Price,
 Vice President of
 Price Automotive Group

SUMMARY:

Challenge
Price Toyota needed to build and maintain customer loyalty in a tough sales environment
Solution
Ongoing, targeted direct mail marketing campaigns to prospects and customers based on insights from Polk
Results
<ul style="list-style-type: none"> • 743% return on investment on targeted mail campaign • Sales of 135 additional vehicles through one four-month campaign • New customer acquisition and reinforcement of existing customer loyalty

About R. L. Polk & Co.

R. L. Polk & Co. is the premier provider of automotive information and marketing solutions. Polk collects and interprets global data, and provides extensive automotive business expertise to help customers understand their market position, identify trends, build brand loyalty, conquest new business and gain a competitive advantage. Polk helps automotive manufacturers and dealers, automotive aftermarket companies, finance and insurance companies, advertising agencies, media companies, consulting organizations, government agencies and market research firms make good business decisions. A privately held global firm, Polk is based in Southfield, MI with operations in Australia, Canada, China, France, Germany, Japan, Spain, the United Kingdom and the United States. For more information, please visit www.polk.com.