

Customer loyalty (and profits) with a punch

Easy and low-tech way to retain customers (...and maybe get more).

It costs a lot of money to get new customers into the service drive. Keeping that cost in mind makes sense to keep every one that you have. And keeping everyone one you have is the key to a successful future.

There are many products and programs being marketed today – many under the label of CRM (Customer Relationship Management). But all too often, these programs fail because they are overly complicated or dealership management just has not bought into the process. Keeping it as simple as possible is important, especially in dealerships where the complicated often gets discarded. This is a review of a product that is proud of its simplicity.

We all need ways to keep our customers coming back. One popular method is an off-shoot of the age-old loyalty purchase clubs. You're familiar I'm sure: buy ten Subway sandwiches and get one free – except in our case it is LOFs. Often this was accomplished with a cardboard punch card that the customer kept in their wallet or purse. The latest twist is to move those punch cards out of the customer's wallet and onto their key ring. A top supplier is Dealer Concepts with their Punch-a-Deal program. The key chain cards are similar to the loyalty programs that have been used by grocery stores and other retail outlets for years. But instead of a high tech bar code to reward customers, this program uses a low-tech (and inexpensive) car-shaped punch to track customer purchases.

The key fob has the dealer logo and contact information on one side, and on the other is the loyalty offer. While buy four Lube Oil & Filter packages, get one free is typical, the ideas do not stop there. Dollar discounts based on amount spent, free car wash with service, free tire rotations and free safety inspections are just the start of an endless list of possible messages and offers.

Mary McCullough, assistant service manager at Power Chrysler Dodge Jeep, has been using the key tags for two years now and feels the program has worked very well. She notes that, on average, her shop redeems 35 free oil changes a month. Using the buy four to get the

Marketing hints

- The sweet spot for a free LOF does seem to be "buy four get one free." Depending on the average maintenance interval (3,000 miles, 5,000 miles, etc.) you should set your program to earn the reward between the 18th and 24th month of service. A longer wait for a reward will foster disinterest, and of course shorter waits will cost you more in free service.
- Consider upping your requirement count by one and then have the advisors double punch the card on the first service. It makes the customer feel special that they earned an extra reward. Plus it builds enthusiasm about the program. If you upped the "four to one" offer to "five for one" and double punched the first visit, the customer feels they are 40 percent closer to the reward instead of just 25 percent, even though they still need to purchase four services.

fifth free, she realizes that those customers have visited the dealership 140 times.

That kind of loyalty and business traffic is hard to argue with – especially month after month.

And even if they are never redeemed, if customers put the tag on their key chain they are walking around with your dealership's contact information in their pocket.

Push a good thing

While a majority of key tags are distributed in the drive when the customer has a service performed, Dealer Concepts thinks a good loyalty program will be a good marketing program. They are currently testing direct mail pieces with the key tags attached.

The post card sized mailer is printed on the same thick, plastic stock that the key tags are printed on, and the tag is pre-punched for the recipient to detach and use. If the loyalty experienced in the drive is any indication, it could be just the type of promotion you need to drive more customers into your service lane.

Resource: You can view dozens of examples of key fobs and other products at www.dealerconcepts.com or request samples by calling them at 866-GET-IDEAS.