

AUTO/MATION

■ This section appears the second and fourth Thursday of the month. Contact reporter Eric Morath at 248-374-4922 or emorath@mbizreview.com

Tags retain customers

BY ERIC MORATH
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Most of the 16 million people who buy a new vehicle each year don't take their cars back to the dealership for routine maintenance, such as oil changes and tire rotations.

A Bloomfield Hills firm says it has a product that will allow auto dealers to recoup that potential revenue: a key tag.

Dealer Concepts LLC provides dealers, and competing auto service shops, with owner loyalty tags similar to handed out at pharmacies and grocery stores.

"Four years ago my wife started handing me the Kroger card and CVS card to put on my key chain," said Managing Partner Andy Wolfe, a 20 year veteran of automotive marketing. "I said 'Why don't we do those for car dealerships - they're the ones that hand you the keys.'"

Since 2000, Dealer Concepts has sold 6 million tags to 1,500 clients. The firm cleared \$1.5 million in revenue this year, a 76 percent increase from the year prior. At 49 cents or less per tag, Wolfe said the tags typically cost less the rubber key fob many drivers throw away.

The tags often offer discounted or free oil changes for customers who return to the dealership regularly for maintenance.

Company Profile

Dealer Concepts LLC
Location: Bloomfield Hills
Annual Revenue: \$1.5 million
Employees: 14
Leadership: Andy Wolfe and Gina Klokeid, managing partners

Birmingham Chrysler Jeep bought into the concept last year when it launched its quick lube service at the dealership. Service Director James Grove said the Troy-based dealership was looking for a way to increase non-warranty repair revenue. He said the dealership does half the mechanical repair work it did five or ten years ago because of improved reliability of cars.

"We used to be too busy to worry about oil changes, now it is an important part of our businesses and a way to keep customers coming back," Grove said.

Birmingham Chrysler started using the key tags as a way to promote the new service and get the hundreds of new car buyers to return to the dealership. The tag promotes a discounted first four oil changes and the fifth visit is free. The undiscounted service is \$24.99.

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NEIL ASHER
Birmingham Chrysler Jeep Lube Center Advisor Justin Pridium shows a Dealer Concepts key tag. Customers at the dealership get a free oil change on their fifth visit.



ALLEY TALK
Eric Morath

Alley sets example by partnering with center

Sometimes it just makes more sense to work together.

Automation Alley and the U.S. Army's National Automotive Center forged one of those "Gee, that makes sense" partnerships last week with the announcement that the center will have an office in the Alley's new Troy headquarters.

The relationship will allow Alley companies to have easier access to the expertise, and more importantly, the money, that the federal government can provide firms that create automotive technology with military applications.

The National Automotive Center is located in Warren.

Whether it is a high level arrangement, like the center having its name etched on an office door in the Alley's new \$2 million building, or low profile meeting of computer consultants at a Novi deli, working together will help build our area's economy and create long term strength.

At the dedication of the Alley's building last week, where the Automation Center partnership was announced, County Executive L. Brooks Patterson said what most impressed him about Silicon Valley five years ago was that so many companies bought into the idea. Today, he thinks Automation Alley is creating a similar business environment in Michigan.

For that to be the case, more partnerships between governments, schools, associations and businesses need to be cultivated to ensure success today and in the future. Several area groups have set such an example.

National Automotive Center - Automation Alley

Essentially located at a secure military base on 11 Mile Road, the center's confines don't exactly scream "let's do business." Holding weekly office hours at the Alley should

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OAKLAND BUSINESS REVIEW

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NEIL ASHER
Lube technician Gito Resario changes oil for a customer at Birmingham Chrysler Jeep.

KEY TAGS

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Last month, the dealership provided 63 free oil changes, meaning those customers paid for roughly \$5,660 for oil change service, before earning their free change.

Frequent visits and having the dealers name and number always handy helps drive repair and new car sales back to the dealership as well, Wolfe said.

"Retention is becoming a serious issue for dealerships," he said. "Why are customers going to Belle Tire and Jiffy Lube when dealerships offer the same service?"

Wolfe answers his own question by saying dealerships are thought of as being more expensive and slower. He said, for the most part, prices are down and service has improved, but he added the key tags give customers a reason to return.

Wolfe does play both sides. He also markets his products to quick lube shops, including some Valvo-

line Instant Oil Change franchises.

Dealer Concepts is expanding its offering. The firm produces business cards, mirror hangers and direct-mail post cards, all with break-off key tags.

Wolfe said he expects business to continue to grow. He recently sold his two-millionth tag to Chrysler's Market Center, which supplies its dealerships. In addition, Dealer Concepts will be in the next Ford Motor Co. parts catalog. Castrol Ltd. will buy the first 1000 tags for a dealership that uses their oil and Kia Motor Co. is offering incentives to its dealers to start a key tag program.

Dealer Concepts can do tags with bar codes or magnetic strips, but Wolfe said dealers so far have preferred to use a \$35, car-shaped-hole punch rather than employ the necessary technology.

Marketing expert Fred Marx, of Farmington Hills-based Marx Layne and Co., said the key tag idea is a "slam dunk" for car deal-

ers but added Dealer Concepts should push to make the product more high-tech before someone else does.

"All retailers want to build a pattern of loyalty that goes beyond some decal on a key ring," he said. "With the phone number and incentive right there, this product does that. People do look at their keys several times a day."

Marx said the next step is making the tags information holders. He said with a bar code, for example, one swipe could give the dealer a customer's VIN number, maintenance history and products he or she prefers.

"People are very comfortable with technology now and want that instant gratification," he said. "The concept is enterprising but not as technologically advanced as it could be."

■ Eric Morath covers manufacturing and technology for Oakland Business Review.

Alley lands \$1 million in federal grants

BY ERIC MORATH
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The Automation Alley Technology Center secured \$1 million in federal grants last week to create a digital manufacturing network and improve bus transportation.

The manufacturing network will improve small firms' access to technology and training. The Alley and the National Center for Manufacturing Sciences received \$450,000 for the program.

"The Digital Manufacturing Net-



Anderson

work is crucial in assisting Southeast Michigan's small manufacturers in remaining competitive," said Tom Anderson, director of the Automation Alley Technology Center. "Many small to medium-sized companies don't have the resources to implement the digital manufacturing tools that are needed to compete with or even be preferred suppliers

to larger companies globally."

The network's Small Business Digital Manufacturing Training initiatives will partner with software vendors to train businesses and the Technology Brokering initiative will help link manufacturers' program officers to others with needed resources.

The \$550,000 public bus transportation grant was awarded to Troy-based Altair Engineering Inc. and the Alley.

That program will create prototype buses to improve mainte-

nance, fuel economy, emissions and passenger comfort on buses. The SMART bus service and the Detroit Department of Transportation each will receive a bus for use and evaluation.

"This project will result in some significant, tangible benefits for this country's current bus system," said Mike Heskitt, Altair Engineering's vice president of global engineering. "For example, we estimate that the cost of ownership