

# It's the Simple Things

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mart dealerships use the service department to maintain relationships with their customers. The cost of acquiring a new customer is far greater than the cost of maintaining an existing one. Yet simple customer retention doesn't have to cost a lot.

Keeping those customers requires programs that target the purchasing motivation and the owner's loyalty to strengthen the link between the dealership and the customer.

Customer retention programs increase the lifetime value of your customers by encouraging them to return to your dealership for service work instead going to the competition.

These programs needn't be elaborate or complicated. Promoting simple things such as maintenance reminders, loaner cars, thank you notes and customer support will keep your customers coming back.

Here are some simple and inexpensive ways to get customers back into dealership service departments:

## Smart Cards

A vehicle buyer receives a card with a computer chip containing customized dealership offers for oil changes, transmission work, tire rotations and other services.

This chip is preloaded with the dealership's coupons and discounts, so the customer knows from the start what discounts are available. The customer can track personal maintenance and earn new discounts over the lifetime of the vehicle and see the value of their dealership's program.

The Smart Card replaces discount coupon books and mailers (which cost

dealerships a substantial amount of money for printing and postage) to entice customers to return, while providing a simpler, but much improved service.

The card increases perceived value of the dealership and vehicle because it is a tangible service provided at the time of purchase.

## Discount Programs

With discount programs, customers receive a price cut on repeat

vehicle's rear-view mirror after service or delivery. The coupons act as reminders to buyers that the dealership offers competitive services. They encourage customers to return to the dealership for all services.

They drive customer retention because the customer needs to return to the dealership to realize the value of the rebate.

## Key Tags

Key tags are another easy way for dealers to increase service retention. The tags are attached to customers' key chains when they visit a dealership for a new-vehicle purchase or for service. They can be punched or computer scanned to realize the discount.

The key tag can contain a repeat purchase incentive such as buy three oil changes, get the fourth one free.

Similar to other loyalty programs popularized at video and grocery stores, these "mini-billboards" are customized for each dealer. The tags encourage customers to return to the facility by awarding them with discounts and incentives. They are simple and highly popular.

Tom Fogerty of St. Louis Acura, who uses a key tag program developed by Dealer Concepts and Castrol says his customers "like the simplicity and benefits that come along with the promotion." ■

Kevin McGee is market space manager, new-car dealers for BP Lubricants Americas.



Key chain tags such as this one are customized to promote dealership specials.

purchases. For example, dealers often offer deeper discounts or promotional add-ons for customers who repeatedly purchase their vehicles from the same dealership. To apply this to the service department, customers could receive a discount book with a graduated price reductions for lube, oil and filter changes.

## Rebates

Dealers can provide customers with simple rebate coupons that are placed on a