



ACTIVATOR

2024 State of the Industry Report

Reawakening Your Dealership

Overcoming Industry Challenges from the Covid Coma

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Overcoming Industry Challenges from the Covid Coma

The COVID-19 pandemic has left an indelible mark on the automotive industry. Dealerships have faced unprecedented challenges that have strained their relationships with customers. As we navigate the post-pandemic landscape, we must understand these challenges and explore strategies to overcome them. This report aims to provide insights into the industry's current state and offer actionable steps to help dealerships reawaken their operations and rekindle customer loyalty.

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The Impact of COVID-19 on Dealerships

A Shift in Customer Behavior

Over the past few years, customers have distanced themselves from dealerships. This shift is attributable to several factors, primarily driven by the unique circumstances of the pandemic:



Customer Experience During COVID-19: The pandemic led to an undeniable change in how dealerships marketed and sold new and used vehicles. Best practices around the buyer's journey were cut short to support the new environment. Sales were at record highs, while customer experience plunged. These results have been at the cost of eroding long-term customer trust while impacting retention, new and used sales, and service as customers pulled further away from the dealership.



Inventory Shortages: The global supply chain disruptions caused by COVID-19 resulted in significant inventory shortages and high market demand. As a result, many customers paid premiums for vehicles, leading to negative equity in their loans once things leveled out. This financial strain has further diminished trust in dealerships and has made it more difficult for those customers to trade in and upgrade the vehicles they purchased 3+ years ago.



Decline in Customer Loyalty: According to a recent study by Statista, customer loyalty in the automotive sector has **declined by 10% since the onset of the pandemic**. At a time when consumer expectations are at their peak, this decline underscores the urgency of dealerships to rethink their approach to customer experience, data, and engagement.



Addressing the Trust Deficit

Rebuilding customer trust is paramount for dealerships aiming to thrive in the post-pandemic world. Here are some key strategies to consider:

Emphasizing Transparency and Fair Pricing

As pricing has stabilized and inventory has returned tenfold for many brands, dealerships must prioritize transparency in their online pricing and in-dealership sales practices in order to rebuild and maintain trust. Hyper-vigilant communication about pricing, financing options, and the value of trade-ins is one area executed by top dealers to rebuild trust. According to S&P Global Mobility, 2024 global light vehicle sales are expected to be at 88.3 million units. This represents a modest increase from 2023, driven by the stabilization of supply chains and gradual economic recovery. However, **factors like high interest rates and elevated vehicle prices, lack of aggressive manufacturer incentives continue to pose challenges.** Implementing fair pricing strategies, despite inventory challenges, will demonstrate a commitment to customer satisfaction.

Leveraging Technology for Enhanced Engagement

A hybrid customer data platform (CDP) that integrates customer data with an automated multichannel journey builder can be a game-changer for dealerships to build and repair customer loyalty. By harnessing the power of data quality technology, dealerships can deliver personalized, relevant content to their customers across various channels, including email, social media, direct mail, and SMS. This approach not only increases dealership reach and enhances customer experience but also fosters loyalty by rebuilding trust over time through marketing automation.

Reimagining Dealership Data Management

Effective customer data management is at the heart of successful dealership operations. A hybrid CDP centralizes customer data and ensures its accuracy and reliability. A primary benefit of implementing a hybrid CDP is gaining enhanced data accuracy. Coupled with a data management layer, A hybrid CDP consolidates data from various sources, eliminating duplicates and inaccuracies. This ensures dealerships have an accurate view of each customer, enabling more effective marketing and engagement strategies.



Automated Journey Marketing

Personalized Customer Journeys: With a comprehensive understanding of customer preferences and behaviors, dealerships can create personalized customer journeys. By tailoring interactions to individual needs, dealerships can deliver relevant content and offers, increasing the likelihood of conversion and fostering long-term loyalty across the entire customer lifecycle. For example, by sending personalized, relevant marketing based on how customers engage, Activator helps increase engagement, allowing us to focus on the entire customer funnel rather than the bottom 5% like traditional equity mining solutions.

Multichannel Engagement: Today's customers interact with brands across multiple channels. Solutions like Activator's hybrid CDP and Multichannel Journey Builder enable dealerships to seamlessly engage customers through their preferred channels: email, SMS, social media, or direct mail. This multichannel approach ensures that customers receive consistent and relevant messaging, enhancing their overall experience.



Lost Service Journey - The "Lost Souls" campaign targets customers who have previously engaged with the dealership but have since become inactive. By analyzing past interactions and purchase history, dealerships can craft personalized messages to re-engage these customers. For instance, offering a special discount on their next service appointment or providing exclusive access to a new vehicle model can entice them to return to the dealership.

The Role of Custom Campaigns

Custom campaigns are tailored marketing initiatives designed to address individual dealer's goals and initiatives and cater to each customer's preferences. Backed by better data from the CDP, these campaigns can boost customer retention and satisfaction efforts. Here is an example:



Upside Down Relief Campaign - Many customers face the challenge of negative equity in their vehicles. The "Upside Down Relief" campaign addresses customers that don't fall into a typical equity category by offering solutions such as trade-in assistance, refinancing options, or incentives for early lease termination. By acknowledging the financial strain and providing viable solutions, dealerships can rebuild trust and demonstrate a commitment to customer well-being.

Demand More From Your Dealership Marketing

The challenges brought about by the COVID-19 pandemic have undoubtedly reshaped the automotive industry. However, these challenges allow dealerships to innovate and reimagine their customer engagement strategies. Here are 3 Things to stop and 3 things to start doing to increase your automotive marketing efforts.

3 Things to Stop Doing:



Stop the Grunt Work: Manual data correction wastes time and leads to errors. According to Forrester, poor data management affects **25% of marketing campaigns**, causing wasted spend and lost customers. Instead, use advanced CDPs to automate data correction and focus on personalized marketing.



Stop the Scattergun Approach: Disconnected vendors lead to fragmented messaging. A Salesforce survey states that **72% of customers expect companies to understand their needs**. Use integrated multichannel solutions to ensure cohesive brand messaging across all channels, enhancing customer experience and loyalty.



Stop Targeting Misfires: Dealership's can't afford to miss an opportunity today. Avoid marketing to customers who no longer own the vehicle or have just received service. Use advanced analytics and data segmentation to target active, relevant customers. This improves campaign effectiveness and customer satisfaction.

3 Things to Start Doing:



Start with Seamless Connectivity: Connect your data sources into one CDP for validated, unified data. Integrate your DMS data with the CDP to create a centralized hub for Data Management and customer insights, enabling targeted and personalized marketing. Instead of spending time to do this manually, focus instead on in-store customer experience improvements.



Start with Turnkey Multichannel Activation: Partner with turnkey vendors for quick multichannel marketing activation. Speed is crucial in a competitive landscape. A turnkey solution allows for timely campaigns and a cohesive message across all touchpoints. These strategies can be used to pull customers back into the dealership.



Start Collaborating for Success: Work with partners who understand your dealership's unique needs. Customized strategies reduce churn, stimulate equity conversations, and retain customers. Personalized approaches ensure marketing aligns with each dealership's goals, enhancing customer retention and loyalty.

By prioritizing transparency, leveraging technology, and implementing custom campaigns, dealerships can rebuild customer trust and loyalty. Embracing a hybrid CDP and Multichannel Journey Builder will further enhance their ability to deliver personalized, relevant experiences, ultimately driving success in the post-pandemic era.

As we move forward, dealerships must remain agile and responsive to their customers' evolving needs. By adopting these strategies and embracing the power of technology, dealerships can overcome the industry challenges of the COVID-19 Coma and emerge stronger than ever.

Get The Activator Advantage

Activator's turnkey solution is powered with Salesforce, giving birth to a hybrid CDP and Multichannel Journey Builder. Salesforce helps build strong customer relationships, grow revenue with a single source of truth, and drive productivity with automated marketing processes.

Activator identifies and engages buyers who are ready now. With our unique blend of dealership solutions and a customer-centric approach, we're committed to taking your dealership to the next level. Activator creates and engages handraisers, past customers who have shown a strong interest in buying a vehicle, selling a vehicle, or scheduling a service appointment. In fact, Activator's top 20 dealers see an **average of 48 handraisers monthly**.



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“

Oh, it's been incredible... we've been able to communicate with customers in a way that we haven't been able to before, which has allowed us to get additional leads, buyouts, selling new and pre-owned cars and just helping get through some of [the] inventory in our lot.

- Tiffany Phillips | General Sales Manager at Schaumburg Kia



13% increase in sales volume
year-over-year

You can chase a score or listen to what customers tell you through their interaction with your dealership marketing. Activator customers see an overall **+20% reach and a 13% increase in sales volume year-over-year**. [Schedule a demo](#) today for more information on Activator's capabilities and how it can enhance your dealership's performance.



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