

D'Ieteren Dealership, Volkswagen and JCB Offset

Revving-up Revenue with Relevance

D'Ieteren Volkswagen business increased
over 26%.



Getting Closer to the Customer



The Players

Industry:
Automotive

Client:
D'Ieteren and Volkswagen

Agency:
Strategie

Data/CRM Provider:
Citobi

Graphic Arts Provider:
JCB Offset

Variable Data Technology:
XMPie

Project Management:
Xerox 1:1 Lab Europe

Client Profile

D'Ieteren is a publicly traded company based in Belgium whose roots date back to 1805. Today, D'Ieteren distributes Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti, Porsche and Yamaha vehicles; is the majority shareholder of Avis Europe; and is the world leader in the repair and replacement of vehicle glass through its Belron division.

Seeking a New Tradition

The Volkswagen Division of Belgian auto distributor D'Ieteren offers 22 different Volkswagen models and had been using a traditional direct marketing approach to market these vehicles throughout Belgium. The company produced a high-quality catalog that was distributed door to door to tempt potential buyers to consider a Volkswagen as their next vehicle acquisition. Two million of these catalogs containing generic content and features were printed and distributed each year, supplemented by broadcast TV, radio, print and Internet advertising. Best estimates placed response rates for this difficult-to-measure marketing process at about 1.5%. With the financial crisis hitting hard and high motivation to cut costs and improve ROI, D'Ieteren was willing to think out of the box to improve business results. The company agreed to launch a pilot campaign to test the effectiveness of personalized communications compared to its traditional direct marketing processes.

The Buying Process

According to D'Ieteren, a typical customer begins consideration of a new vehicle some six months prior to making a purchasing decision. Customers apply a variety of selection criteria in their search for the perfect vehicle. Despite the marketing investments D'Ieteren had made in multilayer mass communications to get the word out about the value of Volkswagen, potential customers were left to their own devices in making their buying decisions until they visited a Volkswagen showroom, where personalized attention and advice could be found.

In this scenario, D'Ieteren had little ability to determine who potential customers were, nor could it effectively engage customers in a dialog until they were far enough along in the decision process to wander into a Volkswagen showroom. On average, the mass marketing process resulted in an estimated 30,000 prospect visits to Volkswagen showrooms, with 13%, or 3,900, making a favorable buying decision. With over \$4 million invested in the traditional direct marketing campaign each year, including a cost of \$1.87 for each glossy generic brochure printed, D'Ieteren wondered if there wasn't a better way to reach its target market. The objective of the personalized pilot campaign was to determine if personalized communications could be the key to making a difference.

Mapping a New Course

D'Ieteren turned to its agency, Strategie, located in Belgium near Liège, to find a way of reaching prospects who were beginning the buying decision process with more effective communications designed to deliver more informed prospects to the showroom earlier in the decision process. This, it was hoped, would improve the customer acquisition rate and reduce overall customer acquisition expense. Strategie, in turn, engaged the Xerox 1:1 Lab in Europe, with whom it already had a business relationship, to craft a personalized pilot campaign that would run side by side with traditional direct marketing.

The Xerox 1:1 Lab is a proving ground for demonstrating the power of fully variable direct marketing. The Lab tests direct mail content, comparing the results from a customer's traditional static direct mail campaign to the same campaign with customized one-to-one messaging and printed on a Xerox® iGen4® Press. Such a comparison of campaign results would allow D'Ieteren to determine whether it made sense to map a new course of action in its direct marketing efforts.

Taking a 1:1 Approach

Strategie and the Xerox 1:1 Lab devised a highly personalized approach, designed to reach prospects four to six months before a potential purchase decision. Rather than presenting prospects with a generic brochure, which—although beautifully printed—presented all 22 models, the team aimed to learn enough about prospects in early engagement to produce a personalized brochure featuring not only the three vehicle models most likely to appeal to the prospect but to also include messaging relative to top individual selection criteria. The personalized piece would also include a customized financial proposal for each recipient. Citobi, a CRM and data management company, was added to the team to provide the data management and analytics necessary to undertake and measure this task. The objective was to get qualified respondents to answer a clear call to action—to visit the nearest dealer, to take a test drive and/or to bring the personalized brochure to the dealer to receive a warranty extension. With financial details already included in the personalized brochure, the team hoped to shorten the sales cycle and boost conversion rates for those who actually made the trip to the showroom.



Did You Know?

Traditional direct mail is losing its effectiveness. A recent UK market study* revealed that of the 86% of recipients that open some direct mail, 37% only open mail from a company with which they already have a relationship. Relevant communications are the marketing wave of the future.

*CCB fast.MAP Marketing-GAP Tracking Study

Personalized Catalogs



A Name

B Customized message based on three different categories of customer wishes for their automobile choice

The Solution

Taking Aim at the Target

The pilot approach leveraged two sources of qualified leads. First, the team wanted to take advantage of the 120,000 unique monthly visitors to the D'Ieteren web site. Visitors were invited to view the Volkswagen pages of the site and to complete an e-survey designed to elicit interest level, personal buying criteria and other information that would allow D'Ieteren to augment its customer/prospect database and create a personalized brochure, which could automatically be generated and mailed upon completion of the e-survey. The call to action contained in the brochure, which featured three, rather than 22, Volkswagen models and highlighted key individualized buying criteria, was an invitation by the closest dealer to visit for a test drive. In addition, these more qualified prospects were added to the company's newsletter mailing list in order to keep the dialog going for those who chose not to visit the showroom in the near term.

The second source of leads came from an integrated database, managed through Citobi's Actito CRM system. This included current Volkswagen customers and prospects, as well as a list of subscribers to Citobi's Optinio, where subscribers can participate in sweepstakes or get coupons by responding to a survey. Subscribers who indicated they intended to buy a new car in the next few months were added to this integrated database. These prospects were sent a recruitment email that encouraged them to visit the Volkswagen site to take the e-survey, thus merging both sources into a database of e-survey respondents who could be qualified and segmented.

Five thousand prospects were randomly selected from the resulting qualified list to participate in the pilot. At the same time, D'Ieteren continued with its normal mass marketing activities to establish a comparison base of metrics that would allow the company to determine what type of lift, if any, was generated by the personalized communications process.

1:1 Communications in Action

With the 5,000 pilot prospects in hand, the Xerox 1:1 Lab and Strategie set to work designing a template for the personalized brochure that would be sent to those who completed the e-survey. Variable text and image fields were identified to enable the brochure to be customized to specific responder interests. This included selection of the three most likely models to attract the recipient to visit the dealer showroom, along with messaging that emphasized the specific buying criteria identified in the e-survey response. The brochure contained the recipient's name in multiple unique locations, identified the brochure as an exclusive edition created specially for the recipient and featured the top buying criteria as specified, such as space, security, power, etc. It also included customized and detailed financial options for acquiring each of the three models specified as well as a special offer to further entice the recipient to the showroom, such as an extended warranty if the recipient brought the brochure to the showroom and ultimately purchased a vehicle.

The template was imported into XMPie Personal Effect, Xerox's premier variable data solution, by 1:1 Lab personnel and merged with available data to produce a personalized print stream that was then directed to Xerox Premier Partner JCB Offset for printing and mailing.

The Results

Outstanding Results

The Volkswagen pilot project was an overwhelming success by anyone's standards. Although each customized brochure was more expensive to produce than the larger generic brochure—\$5.20 compared to \$1.87—the results more than offset the added cost per piece, making the investment well worthwhile for D'Ieteren.

From 15 to 20% of total recipients (compared to a historic response rate of 1.5%) came into the showroom with the personalized brochure in hand, representing an increase of 1,067% in showroom visitors. Twelve percent of recipients (600 people) took the test drive, and a whopping 50% of those (300 people) purchased a car—a conversion rate of one out of every two test drive participants, compared to the traditional conversion rate of one out of every eight.

Telemarketing follow-up with the 5,000 recipients of the personalized brochure demonstrated an 81% recall of receiving the communication—a significant brand image enhancement—and the news that 39% of recipients were interested in taking action as a result of receiving the personalized brochure.

Taking the Next Step

With pilot results in hand, D'Ieteren is considering its next steps. To assist in the decision process, the Xerox 1:1 Lab provided the company with an in-depth analysis comparing the traditional distribution of 2,000,000 generic Volkswagen brochures with 250,000 personalized brochures, an extrapolation based on the results of the 5,000-recipient pilot. Incorporating both conservative and optimistic scenarios for the new process, this analysis revealed the potential to decrease client acquisition costs by more than 90% while at the same time increasing profit per sale by more than 26%.

The results tell the story: relevant, personalized communications do make a difference. In a time when every euro counts, D'Ieteren stands to significantly increase its competitive advantage in the Belgian market across all brands by deploying this new process. Not only will the firm be able to maintain more detailed information about prospects and clients allowing engagement early in the purchase decision process, but D'Ieteren can also keep the dialog going through newsletters and other customized communications with those who are not quite ready to buy—increasing the potential for them to ultimately make a D'Ieteren Volkswagen decision.

Personalized Marketing Delivers Results!

- Personalized communication delivered to 5,000 recipients
- Follow-up telemarketing reflected that 81 % of recipients recalled receiving the marketing piece, and 39 % were interested in acting on the offer
- Point-of-sale traffic increased by a factor of 10 as evidenced by visitors who brought their personalized brochure to the showroom
- 12 % of recipients took a test drive—an increase of more than 1,000 % over traditional methods
- 50 % of those who took a test drive purchased a vehicle for a conversion rate of 50 % versus a normal 12 % conversion rate
- Conservative estimates project a profit increase for the D'Ieteren Volkswagen business in excess of 26 % per vehicle sold (as compared to the traditional approach) by extending this campaign to 250,000 recipients

D'Ieteren Pilots Personalization

Case Study Snapshot

Industry

- Automotive

Key Client Contacts

- D'Ieteren
- Volkswagen

Partners

- Strategie
- Citobi
- JCB Offset
- Xerox 1:1 Lab Europe

Business Challenge

- Unaware of potential customer needs and requirements for auto purchase
- No current possible way to customize direct marketing
- Use of high-cost multilayer mass communications

Background

- The Xerox 1:1 Lab is an educational program for creating data-driven direct mail
- Consumer buying process starts six months prior to investigating options
- Consumer faced with multitude of criteria that comes with a car model
- Potential customers feel left alone in their search for the right auto



Program Objectives

- Reach out to consumers four to six months prior to purchase to understand their needs
- Create a relevant brochure and customized financial proposal
- Drive enough interest to have consumer visit dealership, test drive and purchase auto

Results—Power of Relevance

Data-Driven Customized Package

- Point-of-sale traffic increased by a factor of 10
- 12% of recipients took a test drive—more than 1,000% over traditional methods
- 50% of those taking a test drive purchased a vehicle versus a normal 12% conversation rate
- Conservative estimates are a profit increase in excess of 26%
- 81% of recipients recalled a personalized marketing piece and 39% were interested in reacting to offer

For more information about the Xerox 1:1 Lab or to schedule an appointment with a Xerox representative to discuss how your business can build better relationships with customers using the power of digital, data-driven direct marketing, visit www.xerox.com/1to1lab or call 1-800-ASK-XEROX.

