

10 Things Every Dealership Needs to Know About Email Marketing

1. Email is the most effective direct marketing tool

Compared with direct mail, email marketing efforts are less expensive AND more effective in terms of results. The total cost of sending an email campaign to a dealership's customer base can run from \$0.15/message down to \$0.04/message, depending on the total number of customers in a dealer's database. Compare these costs to the cost of even the least expensive of co-op direct mail campaigns, and email still comes out on top.

Response rates? Direct mail does well to hit the historical response rate of 2% for an offer. Email response rates start at 5% and can go even higher.

If your dealership is not using email as a customer communications channel, it is missing out on a tremendous opportunity to drive business into its showroom, parts department, and service bays AND create long term customer loyalty.

2. Email marketing is "customer-centric"

Dealers that view email as just another advertising medium will not likely be able to leverage email's unique ability to build on the pre-existing relationships they have with their current customers.

While email can support marketing efforts such as direct mail, radio and TV, it should be considered first and foremost a communication tool which enables a dealer to reinforce the value of the dealer's brand with those who are most familiar with it, those most likely to purchase from the dealer again, and those most likely to recommend the dealer to someone else – the dealer's current customers.

3. Permission = Loyalty

Communicating via email requires a customer's permission because the customer needs to give the dealer their email address in the first place. Once a dealer has a customer's email address, the concept of "permission" continues because the customer retains the right to "opt-out" of receiving emails from the dealer at any time.*

In order to get your customer's email address, and more importantly, to retain the right to send messages to them at this address over time, you must provide them something of value in exchange for their permission. So what do your customers want? Service reminders top the list, as well as any information which may impact their specific automobile such as factory recalls or warranty notifications. Next would be special offers which save the customer money in the service, parts, or even the sales department.

Given the ongoing permission required to maintain an email relationship with a customer, dealerships would be served well to anchor their customer email communications with a loyalty program, as it is likely the customers which continue to give their permission for ongoing email messages are the dealer's most loyal.

4. Collecting customer email addresses is KEY

The average dealership has email addresses for fewer than 5% of its current customers. While collecting an email address for every single customer is likely to be unachievable, it is very possible to collect addresses for upwards of 80% of a dealer's customer base with a coordinated effort in the sales and service departments.

Email collection activity is the single most important indicator of long term success with email marketing for a dealership. If a dealer can't commit to implementing an initiative to gather customer email addresses in the sales and service departments, and hold these departments accountable for the results, it should not even consider email marketing as a viable marketing channel.

5. **Think PROGRAM not campaign**

Dealerships are advised to plan email marketing campaigns in advance on at least a quarterly basis in order to maintain a focus on "relevance" for the recipients. If an email campaign doesn't contain information which a customer feels is relevant to them, there is an increased likelihood they will choose to "opt-out" and end their permission-based email relationship with a dealer.

A program-based approach is one which "book-ends" sales oriented messages with non-sales oriented messages and focuses on providing content which is likely to be relevant to the largest number of customers.

6. **The importance of the "Subject Line"**

The subject line of any email is the single most important indicator of whether an email message will be opened and read. Ensure that the subject line is clear, concise, and, if possible, contains personalization so the recipient will distinguish it as being unique. For example, the subject line "A message from Shoreline Dodge" will not be as effective as "Service Specials for John Smith from Shoreline Dodge" in ensuring the dealer's email is read by the customer.

7. **Develop an email template for the dealership**

Studies have proven that consumers are more responsive to email communications when sent in a consistent format, with the same "look and feel" from one mailing to another. Dealers are advised to develop an "email template" which will allow their content to change from month to month but still be consistently identifiable as a message from the dealership over time.

When developing an email template, dealers are advised to review how users of AOL, Yahoo, MSN, Hotmail, and Earthlink will see their template displayed as each ISP client processes HTML code differently.

8. **Compliance**

Add email to the list of compliance issues which face dealerships today. In order to legally send emails to customers, there are several provisions of the recent federal legislation which a dealer must comply with or face FTC fines in the amount of \$50 per email sent. For example, sending out a single email campaign which is not compliant with the CAN-SPAM Act to 10,000 customers could result in a fine of \$500,000!

9. **Deliverability**

Thinking about using your dealership's email server, lead management system, or CRM platform to send emails? A little known fact is the odds are against your messages reaching the inboxes of your customers if you use these methods!

A dealer is unlikely to be successful in sending graphical HTML email messages to AOL, Yahoo, MSN, Hotmail and Earthlink users due to content filters each ISP uses to cut down on the SPAM messages its customers receive. The only way to ensure your messages are delivered is to contact each ISP and request to be added to its "whitelist" of approved emailers.

10. **Best Practices**

Dealerships which successfully deploy an email communication program for their customers are committed to the development of "best practices" over time. These best practices result from taking the time to review the results of campaigns on a regular basis and to base decisions regarding future campaigns on these results.

***Requirement of the CAN-SPAM Act of 2003**