

What's the Big Deal about Big Data? How Using Big Data Smartly Can Increase Profit per Customer

Big Data is about to get bigger - and smarter. And it's already plenty big and plenty smart.

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When Steve Jobs introduced the iPhone in 2007, it put a world of information in the palm of our hands. Since then, data-sharing devices and data itself have continued to grow exponentially. By 2020 the prediction is that there will be some *30 billion* devices *wirelessly* connected. Big Data is about to get bigger - and smarter. And it's already plenty big and plenty smart.

Here's a snapshot of what happens in the span of a single *minute* on the Internet (numbers that are nearly outdated the moment they are published):

- More than 600,000 GB of IP data are transferred
- 200 million emails are sent
- 47,000 apps are downloaded
- 1,300 new mobile users are added
- 2 million Google searches are conducted
- 1.3 million YouTube video views occur and 30 hours of video are uploaded - every minute.

In that Internet minute, how many customers searched for your dealership online or read a review that referenced your dealership's reputation? And how many of your customers are sharing this information with their Facebook friends or Twitter followers in a matter of moments? On average, mentions from those social media sites reach at least half of their audience in 6.5 hours on Twitter; nine hours for Facebook.

The idea that a customer can be standing in your showroom or sitting in the service lounge and, through social media, influence a potential customer who had planned to visit the dealership *later that day* or the *next day* shows retailers the immediate marketing influence consumers have over other consumers - and over the businesses those consumers may or may not frequent.

Consumers are evaluating more of their shopping experiences and sharing information more broadly, more rapidly, and more consistently. This isn't a trend anymore; it's a way of life.

Those consumers typically know a whole lot about a dealership without stepping foot inside it, and they're using that data to their advantage. But, what do dealers know about those consumers? And how are dealers using that data to reach and attract those consumers as *individuals* and turn them into profitable customers?

Yet, regardless of how much Big Data there is, it's still only data until someone - or something (software) - makes sense of it.

Industry Sales at a Plateau: Will Dealers Look at Their Businesses Differently?

After five years of steady increases, most industry analysts expect vehicle sales to largely plateau in the next several years, while some analysts are even forecasting a slight pull back. Without steadily higher industry sales each year to lift dealership performance, how will dealers look at their businesses differently and where will dealers find new revenue and profit streams?

That's where Big Data enters the picture and why it can be a Big Deal to dealers. It's reached critical mass, both the structured data in the DMS and the unstructured data outside the four walls of the dealership. Yet, regardless of how much Big Data there is, it's still only data until someone - or something (software) - makes sense of it.

Ready to embrace Big Data as a competitive advantage in your dealership?

Then get ready to ask your technology partners these questions:

- » Do they offer the right insights to capture the *breadth* of consumer touchpoints - from booking a service appointment on the web to calling the dealership's main number to test driving a new vehicle - so that every action with the consumer enhances the overall experience across every area of the dealership?
- » Have they built the analytics as "engineered systems" that do much of the work so the dealership employee can focus on being an expert in sales or service, not data analytics? In other words, who does the heavy lifting for the results? Is it the software? Is it a service team from the provider? Or does it fall on dealership personnel?
- » Does the data help you *personalize* interactions at each point across the dealership and provide decision support to dealership employees when it's needed in real time?
- » Do they offer the tools that capture *all* of the information - both about the customer and vehicle within the dealership's four walls and outside the four walls?

For every business, using data is simply knowing your *business* better and your *customers* better. What's different with Big Data is the scale, scope, and detail of the data.

In describing today's consumer, the chairman of Nissan North America draws this portrait: "They engage digital media, they consume it on their own terms and timetables, and it's nonlinear: they jump from watching a video to locating a vehicle to building and pricing a car to emailing their dealer."

All of these disparate data points are Big Data. And behind the data are the insights to know your business better and your customers better. Are you ready to harness it?

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- IT executive

Big Data is the Real Deal - as long as it's Fast, Smart, and Relevant Data

Recent research suggests that most companies only analyze about 10 percent of their available data. That leaves the potential for a lot of business insight - and profit - hidden in the other 90 percent.

For the most part, dealers still lack the tools tailored to their specific business that can be applied as a practical, day-to-day solution to sort through the noise of Big Data, identify the relevant data, pair it with information in the DMS - and act on it with their customers.

As one IT executive puts it: “The challenge is, how do I deal with this massive amount of data and turn it into meaningful information? I now have lots of raw data; I've got to turn it into something that allows me to make the right decision as fast as possible.”

In the past, no one put together the right data at the right time in the right format and in the right place to make a difference for dealers. That's the promise - and premise - of Big Data: to deliver the right analytics and the right insights with the right technology tools.

That promise is beginning to be fulfilled.

Some examples of the types of tools and insights that can tap Big Data's influence and impact a dealer's bottom line:

- Technology services that align information on OEM incentives, financing, and market information with data in the DMS to forecast which current customers with service appointments may be ready to move into a newer vehicle - a specific make, model, and trim package - *before* that customer begins to consider new models. And deliver an increase in vehicles sold and gross profit from each sale.
- Tools for selling accessories that can navigate the largely untamed ecosystem of accessories offerings, assemble the data in the matter of a click, and match accessories to the make, model, and trim package that an individual consumer is purchasing. And deliver additional sales and gross profit to the dealer.
- Telephone systems that deliver a complete snapshot of the customer from the DMS and display the information at the moment of the call in front of the employee to influence the conversation and change the customer experience in real time.
- Tools for targeted marketing that turn the DMS into a smart marketing database that includes verified household and Polk

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The result is the capability to serve more customers, more effectively - and to deliver more profit per customer.

data insights that, when combined with other industry data, can deliver customers to a dealer's Service drive. And increases gross profit by some \$30,000 a month.

- Tools for managing used vehicle departments that combine DMS data and market data to offer dealerships specific guidance on the optimal inventory to carry - based on gross profit targets, inventory turns, local area market conditions, and grouped by vehicle cost bands. And deliver more efficient and profitable used vehicle operations.

Those examples hint at the power of harnessing Big Data analytics and pairing it with DMS data to deliver information that is "smart" about the individual customer and about the specific interaction with the dealership.

When you cut through the noise of Big Data, it's ultimately about knowing your business better and your customers better. For dealers, that means putting together the right information at the right time in the right usable format in the right place to effectively influence those interactions with customers.

The big promise of Big Data - with the right analytics and technology - is to synthesize *relevant* information about the customer from inside and outside the dealership's four walls...*coordinate* that information in a smart way for the dealership...and *present* the information to the dealership employee when it's useful in real time to influence the customer's decisions.

The result is the capability to serve more customers, more effectively - and to deliver more profit per customer.

That's the Big Deal about Big Data.

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Acknowledgements:

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