

Automotive Marketing Solutions

Knowing what make and model car a prospective customer is currently driving can be a good predictor of what they are likely to buy. However, market research in auto purchasing behavior suggests that this information is not the only data point that is relevant. Auto buyers often consider comparable vehicles in the category with a similar price tag to the one they will eventually buy. Being in front of the prospective buyer with information about all the vehicles in the right category might just get them into the showroom and out on a test drive.



Vehicle Consideration Sets

In June of 2000, the Congress passed the Shelby Act prohibiting the use of vehicle ownership information including use of the make, model and year information in direct marketing solicitations. The only permitted use of ownership data is in the development of analytic predictive models or on support of recalls. Predictive models can be used to build marketing lists because they safely and legally reflect ownership intent. Statistically predicting the likelihood of owning a particular make or model based on demographic factors consistent with those of known owners is a permitted use.

Semcasting has designed a solution for marketers that is premised on the belief that many, if not most, households who are in the market for a new vehicle consider more than one vehicle or brand before they buy. They are, in fact, open to considering and test driving different vehicles, but they generally fall into similar vehicle "consideration sets" as defined by body style and price.

The Semcasting Auto Consideration sets consider auto ownership information in the household over a period of time and incorporate that information into 11 different predictive models. Every household will have a rating of 1 through 5 on their likelihood to own or purchase an auto for each of the 11 consideration sets. Also incorporated into the models are vehicle value, life stage, home ownership, family composition, age, income, discretionary income and other factors that reflect household demographics.

Vehicle Consideration Sets

- ◀ Compact
- ◀ Coupe
- ◀ Crossover
- ◀ Crossover Luxury
- ◀ Exotic
- ◀ Pickup Truck
- ◀ Sedan Domestic
- ◀ Sedan Foreign
- ◀ Sedan Luxury
- ◀ SUV
- ◀ SUV Luxury

[continued]

Automotive Marketing Solutions

Auto manufacturers, dealers and marketers can get a score for 11 body styles, or consideration sets, which can be used to accurately identify their best prospect for targeted postal and email mailing campaigns. This innovative, holistic approach to the auto purchasing process will help the manufacturers and marketers cast a wide enough net to reach the proper audience and in the same time reduce costs in their promotional efforts.

The Vehicle Value Index

The Vehicle Value Index determines the relative value of the vehicles in the driveway for every household across the country. That value can be used to determine the level of investment a particular household is likely to commit to a vehicle by considering factors such as life-stage, income, discretionary income and household composition.

For example, a couple in their late 60's determines that it is time to trade in their 6 year old 5-Series BMW. As a marketer if you considered only the fact that they currently own a 5-Series promoting a new \$80K replacement BMW might seem like the logical offer. However, when you apply the Vehicle Value Index for this household it also considers other factors such as life-stage and discretionary income. Because this household is approaching retirement age it would not be uncommon to see an increase and in attention to social issues and less of an investment in a new luxury status vehicle. Instead of scoring a "1" out of "10" for a new 5 Series, their household score is now a "2" - and instead of scoring a "5" for a Prius, they now score a "3". This subtle, but effective way of household behavior to determine how much they may be willing to invest in a new vehicle is a great way to improve the effectiveness of your targeting for better response and ROI.

VEHICLE VALUE INDEX

- ◀ The Semcasting Vehicle Value Index produces a rank of 1 through 10 indicating the relative amount invested in vehicles in the household.
- ◀ The Vehicle Value Index, when used in concert with the Semcasting Vehicle Consideration Sets, is a great way for an auto manufacturer or marketer to identify subtle differences among prospects that could be difficult to identify otherwise.