

viewpoint

RESCUING YOUR CRM PROCESSES

Changes in Europe's long-standing "block exemption" rules are redefining the competitive landscape for automakers and sharpening the need for more sophisticated tools with which to guide and measure marketing efforts in Europe. Mark Yuhn, the Detroit-based global practice director for the Product Development and Management Group of Urban Science Inc., describes how customer relationship management (CRM) is affecting the U.S. and the European markets.

What is the effect of changes in Europe's block exemption rules?

Under the old block exemption rules, automotive dealerships were granted exclusive territories. Under the new rules implemented on Oct. 1, the OEMs must allow qualified dealers to operate in whatever region they choose. It imposes a new level of competition in Europe and presents an urgent need for automakers to find new ways to measure dealer performance.



For European OEMs, it's an opportune time to create a more effective customer retention program. Dealers who do a good job of acquiring customers but don't retain them well need to rethink their strategy because they will be facing more players, including those who have adopted their own CRM programs.

What results can companies expect from CRM techniques?

Everyone agrees that marketing is inefficient. CRM makes the marketing and sales process more efficient by helping companies gain and retain more customers at a lower cost. When one properly implements CRM analytics in a marketing program, one can expect to see a 10% to 30% improvement in efficiency. There are many ways to measure efficiency, of course, including better targeting of direct marketing or the ability to translate consumer visits to a company's Web site into sales.

Can companies expect to see results immediately?

They should see improvement very quickly, but the process involves tuning. You're predicting customer behav-

ior to provide intelligence to dealers so they can respond with the right information at the right moment.

How do the U.S. and Europe compare in the use of CRM?

There's a lot to be learned in both markets. More consumers use the Internet here than in Europe, which can be a tremendously valuable source of data. The question is whether the data are being mined effectively. Europe has a unique opportunity to take advantage of the experience set forth by the U.S. markets to use CRM techniques effectively.

Are European OEMs borrowing techniques from their North American subsidiaries?

There isn't a lot of cross-fertilization. Some European automakers are pursuing CRM in the U.S., but the home office hasn't paid much attention.

The changes in block exemption rules will help to facilitate standardized processes for the implementation of CRM strategies.

How can Urban Science contribute?

CRM is a business strategy encompassing all activities necessary to keep customers happy in a cost-effective manner. For most companies, this means systems and processes that manage interactions with customers to build loyalty and retention.

We are CRM strategic and process improvement consultants with expert knowledge of CRM analytics, marketing operations, automotive business processes and automotive marketing data.

What do you provide to your CRM clients?

We provide solutions combining strategy development, data, software and analysis. If the client's existing database is in good shape, we could begin producing results in a matter of weeks.

In the U.S., many OEMs are collecting good data, but they may not understand the real value of it. Some haven't begun to analyze their databases and take action. In Europe, companies are more likely to be starting from a base of little or no usable data. We can help in either case.

To learn more about how Urban Science can help companies develop their customer relationship management, contact Mark Yuhn in Detroit at (313) 259-9900 or mcyuhn@urbanscience.com.