



Whitepaper | 2024



Leveraging Data and CDP Technologies to Transform Automotive Dealership Performance



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Data is Power

Data is a powerful but underutilized tool for car dealerships looking to deliver exceptional customer experiences. First- and third-party data holds the key to more informed sales conversations, targeted digital ads, and personalized emails. Yet, with most of this data scattered across numerous silos, its potential value remains largely untapped.

To fully harness the power of their data, dealerships are shifting focus to unifying and cleaning their data, ensuring seamless integration and communication across all sources. The technology available to support dealerships and their data is rapidly advancing. This growth is reflected in the substantial 54.1% increase predicted for automotive SaaS cloud service investment between 2022 and 2029.¹ This surge in investment indicates a significant shift towards digital transformation within the automotive industry, with dealerships embracing innovative tools to enhance customer experiences and streamline operations.

One software category that is making a big impact in the automotive industry is the Customer Data Platform. This is a data unification platform that acts as a smart

database of every single dealership data point. Beyond holding data, it offers the ability to extract deep insights into customer trends and patterns, without the dealer even knowing what to look for. These insights can be applied to numerous activities across the business, making it easier to make data-driven decisions in every department.

Data Collection and Integration

Unifying Data Sources

Dealerships generate a wealth of data from various sources, each providing valuable insights into different aspects of their business. Some of the main sources of data include Customer Relationship Management (CRM) systems, Dealer Management Systems (DMS), as well as other data sources including Google Analytics, website behaviors, dealership inventory, and more. However the complexity of sourcing, logging, and categorizing shopper data from so many different sources, has created an environment where 54% of dealers are struggling with managing conflicting data,² and as many as 71% of brand managers find maintaining accurate customer profiles to be a challenge.³

¹ [Automotive SaaS Cloud Service Market Report Overview, Business Research Insights, 2024](#)

² [Cox Automotive's Power of Data Study Reveals While Data Insights Provide Value to Heavy Users, Most Dealers Still Experience Data Challenges, Cox Automotive, 2024](#)

³ [The 30+ most important CDP market stats to know in 2023, Lytics, 2022](#)

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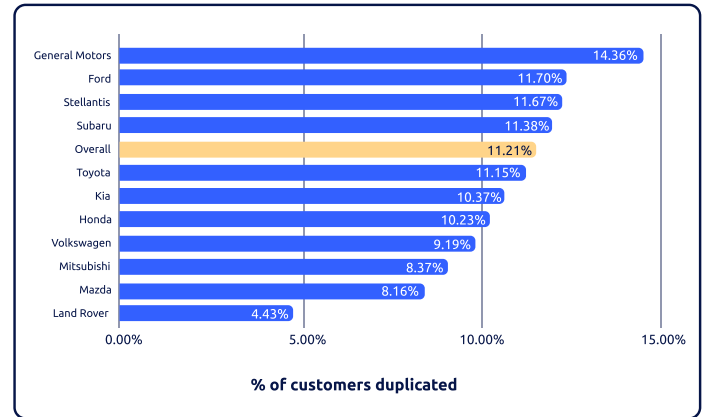
To effectively harness this disparate and sometimes inconsistent data, dealerships are increasingly turning to Customer Data Platforms (CDPs) as a unifying hub that integrates data from numerous sources using Application Programming Interfaces (APIs) and other methods. This data consolidation enables dealerships to move beyond siloed information and towards a more holistic and actionable view of their entire business.

Identity Resolution

On average, 10% of dealer customer data is duplicated, with some dealers seeing as high as 42% of their CRM data as duplicate shopper profiles.⁴ By leveraging robust identity resolution technology through a CDP, dealerships can ensure that their customer data is accurate, complete, and actionable.

Data Activation and Application

As the processes of data unification and identity resolution work constantly in the background, Customer Data Platforms are well



Data accurate as of September 10th, 2024

positioned to empower dealerships with a 360-degree view of their customers. Within the CDP, dealers are able to view all marketing engagements, from emails opened to lead gen forms completed, all time-stamped to provide a deeper understanding of the customer journey and what was most engaging for each individual.

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Armed with myriad data points on each shopper, the CDP is fueled to produce marketing and sales insights, reports, and more, to support hyper-targeted marketing and sales activities. This data-driven approach transforms marketing and sales from reactive functions to

⁴ [Automotive Industry Data Insights, Fullpath, 2024](#)

proactive drivers of customer engagement and business growth, boosted further by artificial intelligence. Marketing and sales were among the top adopters of artificial intelligence (AI) tools in 2023, using the technology for content creation, personalized campaigns, and chatbot interactions.⁵ In fact, businesses leveraging AI for continuous data analysis have witnessed a 20-30% increase in marketing ROI.⁶

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AI serves as a powerful catalyst, propelling Customer Data Platforms beyond their original capabilities. Successfully integrating artificial intelligence into a CDP not only rapidly accelerates anything the CDP is already capable of doing, but more importantly, it unlocks advanced capabilities like real-time audience segmentation, list building, pattern recognition, and predictive behavior modeling.

While dealers can manually generate reports on customer behavior, like VDP views or overdue service, this process is time-consuming and diverts valuable staff resources. AI integration with a CDP automates these tasks, creating dynamic reports and targeted lists at incredible speed and scale, freeing up staff for higher-value and customer-facing activities, while providing the dealership with timely actionable insights.

In addition to creating 360-degree customer profiles, there are several key applications of data activation for car dealerships that can be supported by an AI-powered CDP:

- **Audience Segmentation and Lists** - CDP data can be transformed into highly targeted customer segments for more precise marketing and sales efforts.
- **Website Engagements** - AI-powered

⁵ [The State of AI in 2023: Generative AI's Breakout Year, McKinsey, 2023](#)

⁶ [Transforming Marketing: AI's Role in Shaping the Future, BW Marketing World, 2024](#)

chatbots and dynamic content can create personalized website experiences.

- **Emails** - AI crafts hyper-personalized one-to-one email at scale.
- **Digital Ads** - AI optimizes ad targeting and budgeting across multiple platforms.
- **Post-Sales and Servicing** - Customers can continue to be engaged post-sale with targeted email follow-ups, service reminders, and personalized offers.

While these applications are commonplace in dealerships, they are typically performed manually and without using data. AI transforms these static tools into dynamic, data-driven tools that can transform the way a dealership operates. Automated, real-time list segmentation ensures that every website visit, email sent, or ad shown can be highly-targeted or personalized, and therefore more likely to resonate with shoppers. In the current age of digital retail, 81% of people are in favor of using AI to build more personalized insights,⁷ which can be leveraged by dealerships to refine their sales, operations, and marketing strategies.

Ultimately, the true measure of success for any dealership lies in cultivating long-lasting, profitable customer relationships. By leveraging AI-driven solutions together with a Customer Data Platform to activate their data, dealerships can foster deeper, more personal connections with their customers, even as the retail experience shifts online. Personalized experiences and timely engagement service create a virtuous cycle of loyalty and advocacy that not only drives repeat business and referrals, but elevates the customer lifetime value (LTV) ensuring sustainable growth and profitability over time.



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⁷ [Getting Personal: Consumer Perspectives on AI in Marketing and Customer Service, CDP.com, 2024](#)

Conclusion

The automotive industry is in the midst of a data revolution. Dealerships that tap into their first-party data, especially through a Customer Data Platform, are finding unprecedented opportunities for growth and increased customer satisfaction.

Once coupled with AI, the data goes even further. From personalized email campaigns that resonate with individual shoppers, to AI-driven chatbots that deliver instant support, data-driven decision-making is transforming every aspect of the customer experience. **With at least 68% of dealerships already using or planning to use AI in the near future, those who fail to embrace this technology risk being left behind.**

By unifying data sources, resolving identities, and activating insights across the customer journey, dealerships can expect to achieve:

- Increased marketing ROI
- Higher email open and conversion rates
- Enhanced ad performance and efficiency¹⁰
- Stronger customer relationships and loyalty¹¹

Dealerships that will continue to grow and succeed in the future are those who transition from viewing data as an operational byproduct to recognizing its strategic value. A proactive assessment of existing data infrastructure, coupled with identification of areas for enhancement, is the crucial first step in maintaining a competitive edge in the ever evolving automotive market.

⁸ [What Automotive Dealers Think About Artificial Intelligence, CDK, 2021](#)

⁹ [2022 State of the CDP, Tealium, 2022](#)

¹⁰ [The ROI of a Customer Data Platform: Metrics for Marketers.](#)

¹¹ [Why CDP Adoption Benefits the Automotive Industry, CMSWire, 2022](#)