



# Owner Enrichment

*Creating Automotive Customer Loyalty*



## Overview

# Owner Enrichment

The automotive market has faced several headwinds over the last few years. Supply chain shortages on the heels of the pandemic led to a lack of inventory. More recently, inventory has returned to dealer lots, but automakers are encountering different challenges like rising incentives to counter high transaction prices and interest rates. With more inventory available and competitive incentives and pricing, consumers can explore and consider other brands for better deals. Automakers are grappling with achieving new vehicle sales goals in this highly competitive market.

Historically, automakers struggle to predict vehicle buyers' behaviors due to lack of data. This has made it difficult to effectively provide product offers and incentives to the most viable customers. Newly available data technology and modeling are changing that, helping automakers to more precisely engage the vehicle owners who are most likely to be in market. An enhanced data strategy to identify and approach imminent buyers can bring a huge competitive advantage. It can create an opportunity to enrich your relationship with your vehicle owners using focused touchpoints to secure their loyalty.

### This whitepaper may help automakers to better understand:

- What drives loyalty and defection from an automotive brand.
- How to drive new vehicle sales by proactively communicating with existing vehicle owners based on their likelihood to purchase a new vehicle and their affinity to a brand.
- How to design an enhanced data strategy focused on fostering customer loyalty.
- How to better manage incentives as a tool to keep customers loyal.

## Research Summary

In July 2023, LexisNexis® Risk Solutions surveyed U.S. vehicle owners who purchased or leased a new car, model year 2017 or newer, from a franchised dealership in the last three years and were not a first-time car buyer. The objective was to uncover and map potential opportunities to enhance the vehicle ownership experience by better understanding owners' expectations.

Three stages were uncovered to extend better customer relationships across the vehicle ownership lifecycle:



### OWNER ENGAGEMENT

Vehicle ownership is a common automotive industry blind spot. Automakers must know and be able to engage the current owners of their vehicles to better establish the foundation for ongoing owner relationships.



### OWNER EXPERIENCE

Improved visibility of vehicle ownership information helps automakers to focus on creating and delivering a digital ownership experience — within and outside the dealership. Balancing ease of use with reliability in owner interactions is crucial to meet owner expectations and help drive subscription business models.



### OWNER ENRICHMENT

Through an ongoing enhanced data strategy, automakers can provide additional value beyond owners' expectations, helping to foster loyalty.

*This report will focus on the third stage, Owner Enrichment.*



## Three major factors affect loyalty

Loyalty is a challenge for nearly all brands.

The research shows that nearly identical amounts of customers are leaving brands (51%) and remaining loyal (49%).

When a consumer decides to purchase a new vehicle, there are several conscious and subconscious factors at play, making it challenging to accurately gauge the true motivations and considerations. The study delved into three tangible factors that influence vehicle owners when purchasing a new vehicle.

## Section 1

# Experiencing a Life Event Impacts Vehicle Purchase Decision

**Life is full of milestones. Such events shape our lives and often mark significant transitions.**

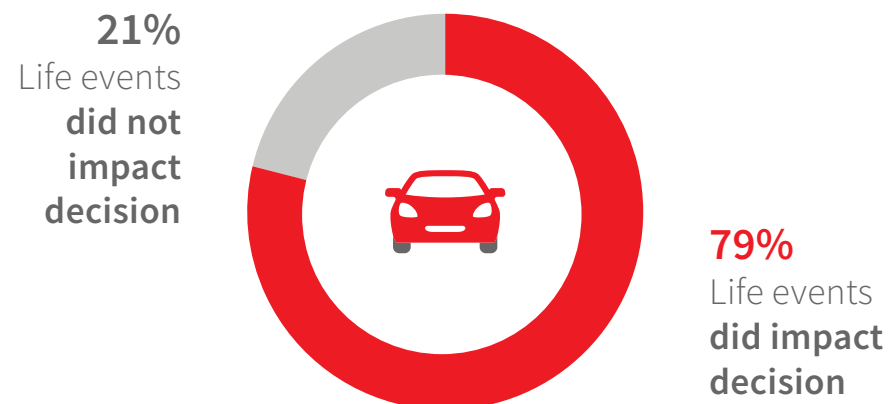
From the arrival of a new family member, change in marital status or finances, residential relocation to retirement, people experience an array of life changes. These life events can lead to modified behaviors that influence vehicle preferences.

Half of new vehicle buyers surveyed experienced a life event before or while shopping for their current vehicle. Nearly eight in ten (79%) respondents who experienced a life event say it impacted their vehicle purchasing decisions (refer to Figure 1).

FIGURE 1

## Life event impact on vehicle purchase decision

Base: New vehicle purchasers experienced life event(s)



Among the respondents who experience life events, having a child, increases in income and longer commutes have the greatest impact on a new vehicle purchase decision (Figure 2).

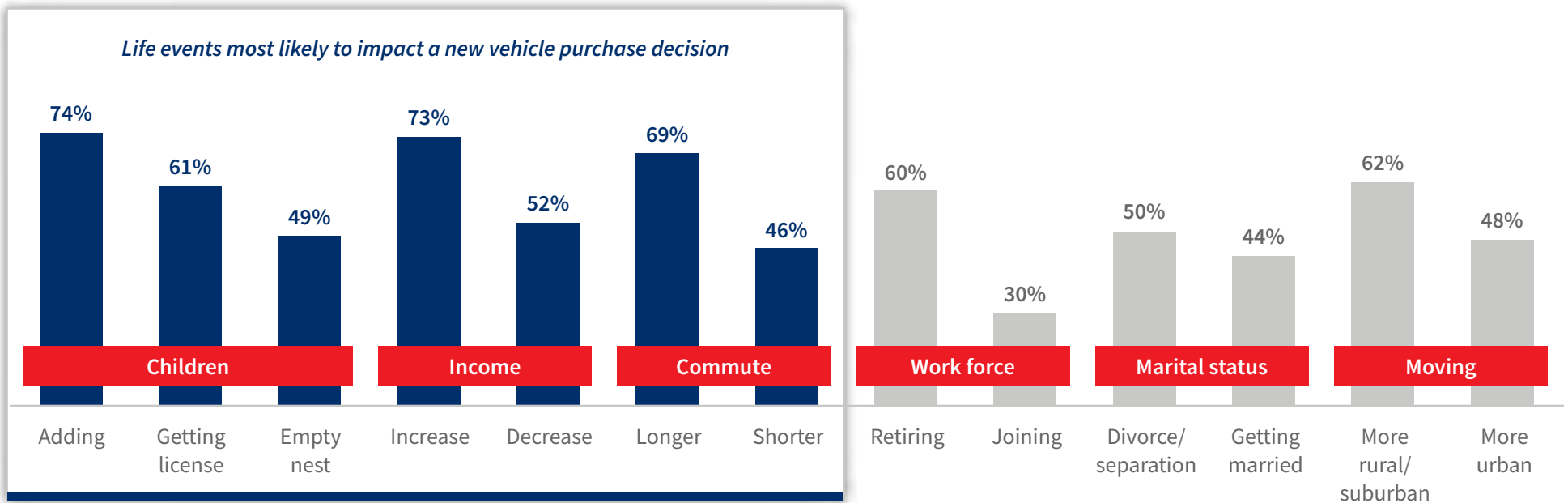
For example, having a child may prompt a family to purchase or lease a larger vehicle with enhanced safety features, seating capacity and ample storage. Longer commutes may warrant vehicles with comfortable seating, good fuel efficiency and advanced entertainment systems. These life events can lead to changes in vehicle ownership. However, it's important to note that these are general trends. Individual decisions can vary based on personal preferences and circumstances.



FIGURE 2

### Impact life events had on new vehicle purchase, when experienced before or during shopping

Base: New vehicle purchasers experienced life event(s)





## Timely communication with those getting ready to buy

**Growing new vehicle sales is critical for automakers and relies on the increased focus on the retention of their existing owners along with the acquisition of vehicle owners currently outside of their brand.**

Automakers struggle to accurately predict when existing vehicle owners will make another vehicle purchase. Automakers often rely on internal data such as lease end dates which only captures a small portion of the market or external data sources that can be restrictive, incomplete and often latent, making it difficult to quickly and accurately identify when a vehicle owner is in the market for a new car.

Due to a lack of sources and/or data to successfully predict owner buying behavior, automakers may rely on broad, unfocused owner outreach, which is often more costly and less effective. LexisNexis® Risk Solutions is developing a new loyalty and propensity solution for automakers that can help deliver insights into the behavior of vehicle owners with a high possibility of purchasing a new vehicle within the next 30 days from their specific automotive brand.

To produce the scores, our models use a robust attribute library of thousands of current and historical garage profiles with data covering 95% of all vehicle-owning garages in the U.S.

Being able to easily identify and better segment vehicle owners with the highest probability of purchasing a vehicle from the brand in the next month can help automakers develop configurable messaging to help increase owner retention.

***In short, our new solution will help enable automakers to use sophisticated loyalty and purchase propensity analytics by leveraging proprietary garage insights. Those insights will help enable automakers to segment their owner base and identify vehicle owners that are most likely to acquire a new vehicle within the next month. Knowing that, automakers can drive focused outreach efforts towards such potential buyers.***

## Section 2

### Vehicle Model and Body Styles

Approximately one-third (36%) of new vehicle buyers switch vehicle type (sedan, truck, SUV etc.) for their subsequent purchase (Figure 3).

These shifts can be attributed to various life events, changes in consumer preferences and evolving needs.

**Interestingly, 76% of buyers who switch vehicle type defected to another brand. Conversely, those who stay with the same type of vehicle are more likely to remain loyal to their automaker (Figure 3).**

The correlation between changing vehicle type and brand switching suggests several possibilities:

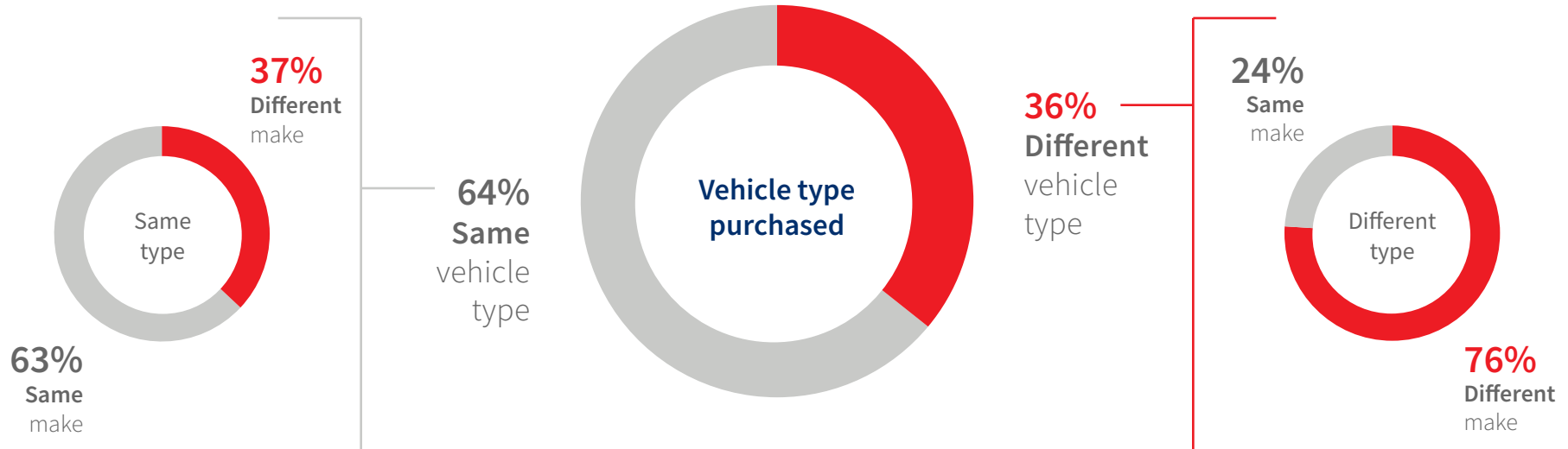
- **Product availability** — It's plausible that some automakers may not offer the desired vehicle type, prompting buyers to explore other brands.
- **Preference shifts** — Transitioning from a sedan to a truck, for instance, could lead buyers to reconsider different vehicle brand options based on their new needs.

However, consumer behavior is multifaceted, and individual preferences may play a significant role in their decisions.

FIGURE 3

#### Vehicle owner loyalty on make and body type

Base: New vehicle purchasers, owned a prior vehicle





### Section 3

## Consumer Satisfaction vs. Dissatisfaction

Satisfaction is table stakes, but when you venture into dissatisfaction there will be a downstream effect on your business.

High satisfaction garners some loyalty. Dissatisfaction, however, drives defection (Figure 5). Our findings show that almost nine in 10 owners left a brand when they were not satisfied with their vehicles. It can be very beneficial to have ongoing outreach regarding owner satisfaction with their vehicles. Given dissatisfaction drives defection, understanding why owners are dissatisfied and trying to address that dissatisfaction can help increase retention.



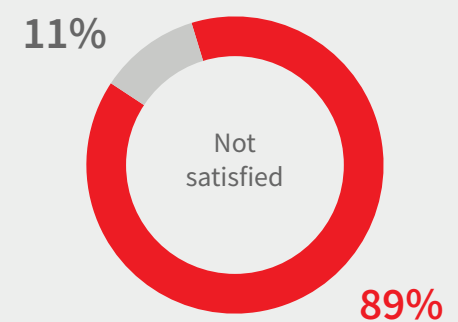
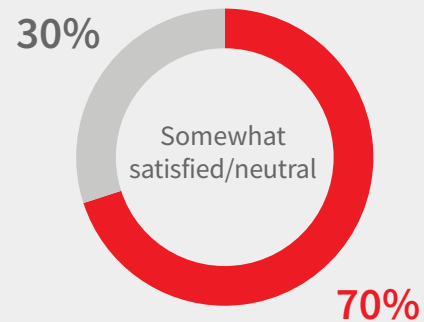
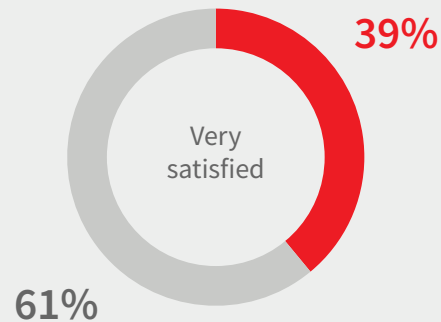
FIGURE 4

#### Make and model loyalty by previous vehicle satisfaction

Base: New vehicle purchasers, owned a prior vehicle

■ Different make

■ Same make  
and/or model



## Conclusion

# Enhancing Owner Enrichment

## Recommendations for Automakers:

**01**

**Build a robust vehicle owner data strategy** — Accurate and recent vehicle ownership information can be a challenge, and automakers need to ensure they have a data strategy in place to help them secure vehicle owner loyalty.

**02**

**Utilize more focused outreach** — When you learn that a customer is considering buying a new vehicle, use that opportunity to tailor and focus your outreach based on the owner's preferences for more efficient and less costly outreach.

**03**

**Personalized communication** — Buyers today are looking for a more personalized purchase experience. That personalization can be enhanced by better understanding the best times to communicate with vehicle owners based on their behavior and preferences. By knowing when a person is most likely to engage, automakers can execute the timing of the message to be more effective and the personalization more impactful.

**04**

**Advanced owner analytics** — To enhance consistency and operational efficiency, automakers should collaborate with partners who can integrate advanced owner knowledge into workflows. This strategy streamlines processes, reduces manual efforts, helps ensure data quality and ultimately can help improve owner loyalty.

**In all stages of the vehicle ownership lifecycle, it is important to develop and maintain strong relationships with your customers to help differentiate your brand in the competitive automotive market.**

Vehicle owners want and expect to hear from their automaker, which calls for enhanced communications at key points of the ownership lifecycle. Missed opportunities can lead to defection to other brands, while a robust data strategy can help cultivate customer loyalty. There are opportunities to establish a strong relationship and build loyalty throughout the vehicle ownership lifecycle. Our insights are tailored to help you achieve that.

*The two previous reports of the series are available at the links below.*

[Owner Engagement: The Foundation to Customer Connections](#)

[Owner Experience: Design a Personalized Automotive Customer Journey](#)





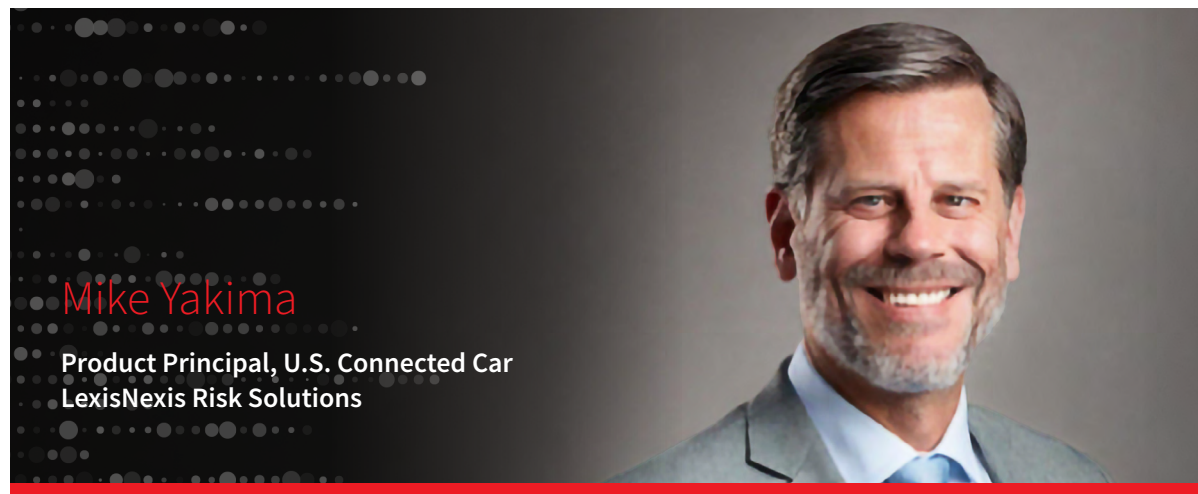
## Research Methodology

*Owner Enrichment: Creating Automotive Customer Loyalty* was a web-based survey conducted among recent U.S. car buyers.

The sample was selected based on the following criteria:

- Age 25 to 70
- Household yearly income higher than \$30,000
- Purchased/leased a new vehicle (2017 or newer vehicle model) from a franchised dealership in the last three years.
- Primary or joint decision-maker for vehicle purchase
- Not a first-time car buyer

A total of 2,227 surveys were completed between July 6-24, 2023. The online panel sample was managed to ensure a representative sample.



## About the Author

Mike Yakima is product principal, U.S. Connected Car, for LexisNexis Risk Solutions. In this role, he is responsible for the product strategy roadmap related to automotive owner retention and consumer behavior products and services. Prior to joining LexisNexis Risk Solutions, Mike spent more than 16 years as an automotive industry consultant and product manager with IHS Markit. Mike holds a bachelor's degree in behavioral science from The Ohio State University.



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#### About LexisNexis® Risk Solutions

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