



Research Report

The Rise of CDPs in Automotive Retailing

Securing, Managing, and Activating First-Party Data

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Executive Summary

Dealership executives who are considering investments to improve their first-party data management and activation will find this research report helpful in evaluating the current offerings in the marketplace. The details revealed here about various platforms and expectations of their functionality will also accelerate comprehension of the complexities of selecting the right technology vendors for specific business needs. The content contained in this report has grown in scope based on feedback from dealer group executives, technology experts, OEMs, and data brokers. This emerging area of opportunity is not easily understood and will take time for the majority of dealer groups to embrace and trust first-party data management platforms.

The financial benefits to dealers who create a seamless customer experience (CX) are significant. Watermark Consulting found that publicly-traded companies who were leaders in CX had a 3.4x greater total return when compared to their peers who were laggards in customer experience (Watermark, 2021). One of the keys to achieving a differentiated CX is building a robust Customer Data Platform (CDP) – one which presents actionable data to feed personalized communications, customizes shopping experiences, elevates service, and launches efficient marketing campaigns.

The challenge is that both the dealer community and the technology providers have much work to do to overcome years of poor data management practices and the lack of prioritization to protect the integrity and ultimate value of first-party data.



**The phrase “seamless customer experience”
has *never* been associated
with automotive retail.**

As dealer groups grow their investments to create a seamless customer experience, the need to understand and capitalize on CDP benefits only intensifies. Based on our research, we have summarized a number of the opportunities and challenges facing the automotive retail industry as it relates to CDPs:

1. Automotive Customer Data Platform (CDP) offerings will significantly increase in 2023. Leaders will emerge in 2024 based on their proven experience with data capture, data handling, entity resolution, profile enhancement, and activation.
2. Robust CDP frameworks will represent both a significant savings opportunity and a new revenue source for dealer groups as customers are drawn to better customer experiences.
3. OEM co-op rules for advertising reimbursement and current CDP price-per-rooftop billing models have a significant cooling effect on dealer groups who are considering starting a CDP project. The list of approved OEM marketing partners will need to be expanded. The good news is that we are starting to see changes, even now, to allow co-op funds to be used for identity resolution frameworks and CDPs.
4. There are no standards established for describing the capabilities of automotive CDPs. The lack of standards has frustrated dealership executives as they try to compare the features, functionality, and benefits of each offering on the market.
5. There is a wide variety of offerings on the market, some which barely qualify to be called a CDP. Each offering must be carefully evaluated, but the existing technical skill sets inside dealer groups are limited, so many first-party data projects have been pushed off.
6. After numerous interviews with CDP providers, most will not disclose their business rules and data enhancement processes which are used to reliably merge data sources into a single entity (person or household). Readers should not infer that just because a company has more third-party data integrations (for record enhancement), that they have superior data management processes. Experience with handling automotive data and testing third-party data sources is valuable because of the risks of data contamination due to inferior data quality.
7. Larger dealer groups who build a customized CDP will likely need to establish a new role in their organization: Chief Data Officer (CDO), Chief Analytics Officer

(CAO), or Chief Experience Officer (CXO). This role will be dedicated to protecting and maximizing the Lifetime Value (LTV) of each customer who has transacted with the dealer group.

8. The terms CDP, CDEP, CJP, CXM, and CDXP represent attempts to differentiate products but add further confusion in the marketplace. This research report should add clarity to the features and functionalities which each offering can deliver today.
9. Identity resolution is not that difficult. However, resolving multiple data points into a single known entity or household is the real challenge. Dealers do not have independent ratings to see which CDP companies do a better job with entity resolution than others. We may introduce a data testing framework in the coming months to provide these insights.
10. Data activation is still very limited for some vendors. In many cases, activation is focused on marketing campaigns, and few investments have been made in personalized shopping, communication, service, and sales experiences powered by the CDP. A handful of vendors, however, are starting to redefine the CDP for a unified set of CX use cases starting in marketing and extending into sales, service, loyalty, and connected cars.
11. Security and privacy concerns are part of all CDP discussions. Each CDP vendor we interviewed had a very different perspective of what was legal and how third-party data could be used to further identify anonymous activity and activate campaigns to connect with in-market shoppers.
12. The future use of clean rooms will allow OEMs and dealer groups to share shopper information, in a privacy compliant manner, to help connect abandoned shopping experiences (i.e., vehicle configurator session) or in-market shoppers at Tier 1 with localized Tier 3 advertising and outreach.

With so much attention recently given to first-party data management and with the eventual demise of third-party cookies, the need for dealer groups to educate themselves on CDPs is very timely and appropriate. Since many dealership executives are unfamiliar with the terminology and data frameworks associated with CDPs, we have expanded the scope of this report to provide more background material for general industry education.

Brian Pasch
ACCELERATING CHANGE



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Automotive CDP Marketplace

DMS and CRM platforms were
never designed to create amazing
customer experiences

AUTOMOTIVE CDP MARKETPLACE

Automotive retailers in the United States have grown impatient with their sales, service, and marketing technology partners. Despite promises of greater integration, many automotive software companies operate in private or semi-private data silos because of business models, historical data rights rules, technological or staff limitations. Compounding the impact of customer data being kept in 12+ data silos, weak interoperability prevents auto dealers from having a consolidated record of each customer to create a seamless, sustainable customer experience (CX).

Consumer demand for perfection is at an all-time high, especially since competitors are only one click away. Today's consumer has moved beyond using a digital medium just because it provides a level of convenience. They have now developed a "just do it for me" mentality of immediate gratification; an expectation that is enabled by digital. You can't have a great customer experience without ensuring it is a seamlessly connected experience.

“As the public interacts with your brand, whether it's in-store or online, with your customer service center or sales team, from marketing ad campaigns or direct 1:1 messaging — it all needs to feel seamless, relevant, and personal.

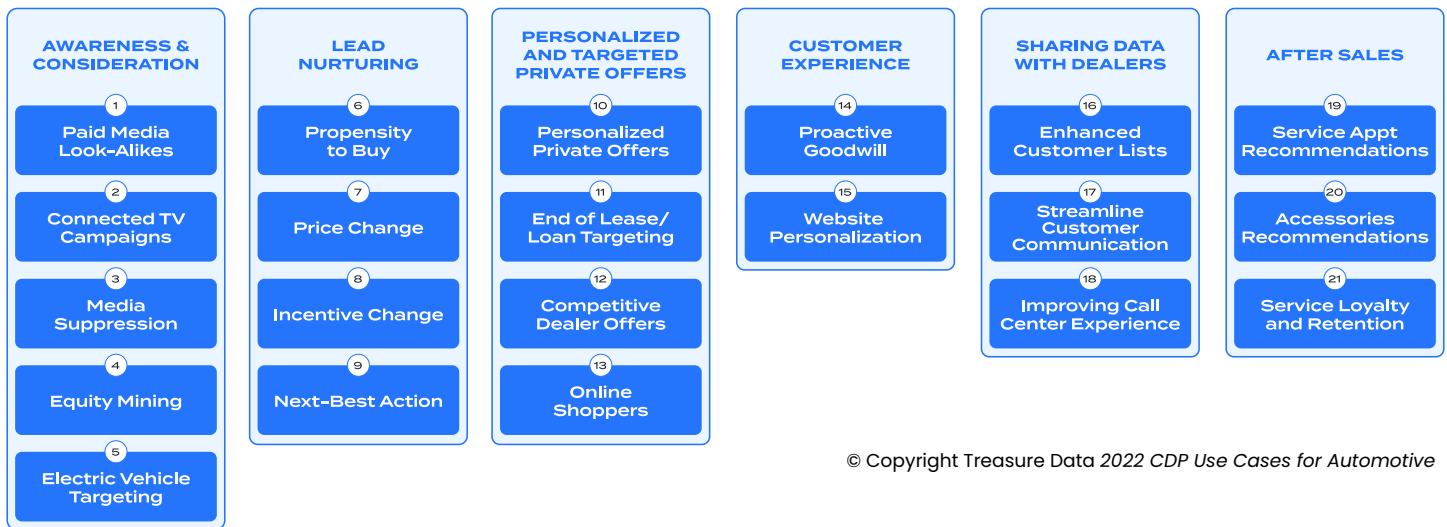
– Sitecore, 2022

Automotive dealer groups are starting to understand the use cases which are possible when an accurate and actionable record of each customer and prospect is made available. This report focuses on the growing investments by dealer groups to implement a Customer Data Platform (CDP). In a future state, automotive CDPs will show all transactions, communications, shopping activities, driver insights, subscriptions, lifestyle indicators, financial strength, and personal preferences which, when aggregated, quantifies the customer's value to the dealership and recommends what the next best action for that particular customer should be.

“CDPs, at their core, are purpose built to provide automated orchestration of a dealer's most valuable asset, their customer data; which when collected, standardized, enhanced, and then activated across all of the intersections of engagement are used to create enhanced experiences which lead to personalized communication with their customers.”

– Mike Greer, Tealium

Treasure Data documented CDP use cases for the automotive industry (Treasure Data, 2023, p. 9) in a [comprehensive guide](#) to help dealership executives see the potential communication and customized shopping experiences that are possible with a robust CDP. Here are the 21 use cases they identified, and there are many more to consider as well.



For years, dealers have relied on their DMS and CRM as the source files for outreach and communication, even though dealers know that the data is not updated on a regular basis. But the flaws in these two common automotive data platforms goes beyond data hygiene.

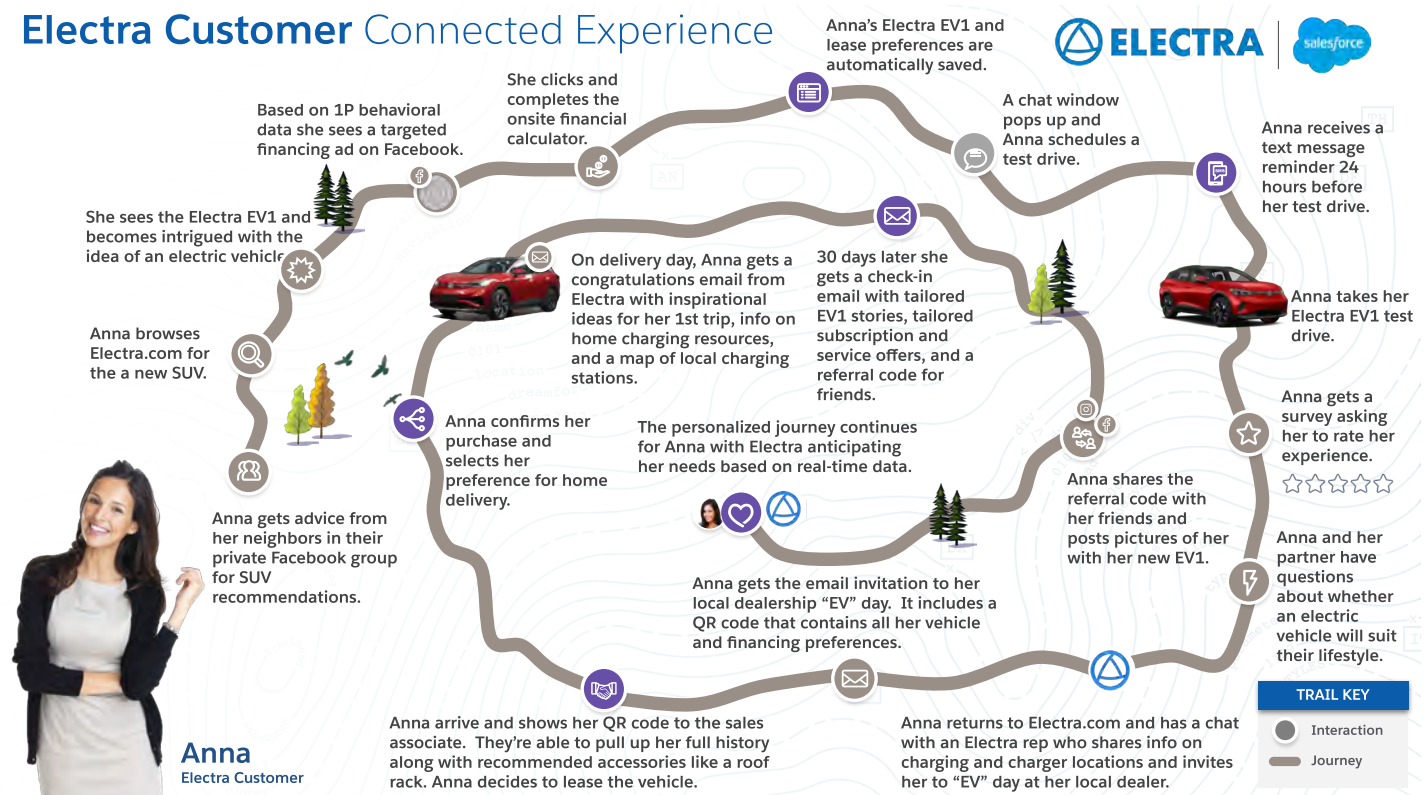
Research conducted by [Foureyes](#) showed that **12.4% of qualified leads**, determined to be a new sales opportunity by call recording or text analysis, were never entered into the CRM (Inda, 2023). This number may shock some and confirm suspicions in others. Additionally, research by [Fullpath](#) (formerly AutoLeadStar), showed that, on average, of dealer CRM data only 14.5% is engaged by the dealership in a given year, with an average 23% missing key pieces of information in the form of email addresses.

Payplans encourage sales and BDC employees to prefilter opportunities before entering them into the CRM to artificially inflate their closing percentages.

All calls, text messages, and chat sessions that can be connected back to a consumer are extremely valuable in the CDP and are also important for documenting implied consent to communicate with shoppers through marketing channels.

Salesforce is an example of a large software vendor taking a broader customer experience approach to the CDP. Focusing on the “Customer 360,” Salesforce’s [Data Cloud](#) solution is described as offering a single view of the consumer across marketing, sales, service, and the vehicles themselves, to connect each moment in a customer journey that spans the customer lifecycle, as illustrated in this data-powered journey example above.

Electra Customer Connected Experience



Salesforce says that connecting marketing, CRM, and back-office data is just the beginning. Connected cars are increasingly becoming part of manufacturer and dealer solutions to connect the driver experience, such as engagements based on driver behavior, service checkups, and subscription-based offerings within the vehicles themselves. Ford is one example of a manufacturer deploying [connected car experiences](#) now in the Mach-E series with Salesforce to better connect the consumer relationship with the brand and with the dealership.

With a comprehensive data set and an accurate 360 degree view of each customer created, customer data can be activated to improve brand experience, create unique shopping workflows, personalize messaging, initiate proactive outreach, eliminate conflicting messages, and deliver contextually relevant advertising. Relevant messaging and hyper-targeted advertising will increase sales and accelerate market share growth.

IDC is a global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. From their extensive study of customer data platform vendors, IDC concluded that when the fit is right, these systems work exceedingly well. Customers reported very positive experiences when they bought the right solution for their business needs, growth objectives, and technology infrastructure. However, the requirements can vary greatly and, accordingly, so do CDP capabilities, making a market that can be characterized as a “basket of fruit.”

The CDP market is incredibly diverse with functional overlaps and gaps all around, which causes a significant amount of confusion and frustration for buyers and sellers.

—Murray, Wallace & Morgan, 2022

Successful selection and implementation of a CDP will differentiate dealerships from their competitors and position them as a leader in utilizing customer data for improved business results. This can help attract new customers and retain existing ones. Dealer groups which are actively focused on building meaningful brand loyalty will recognize the significant benefits of CDPs and embrace this opportunity sooner than their peers.

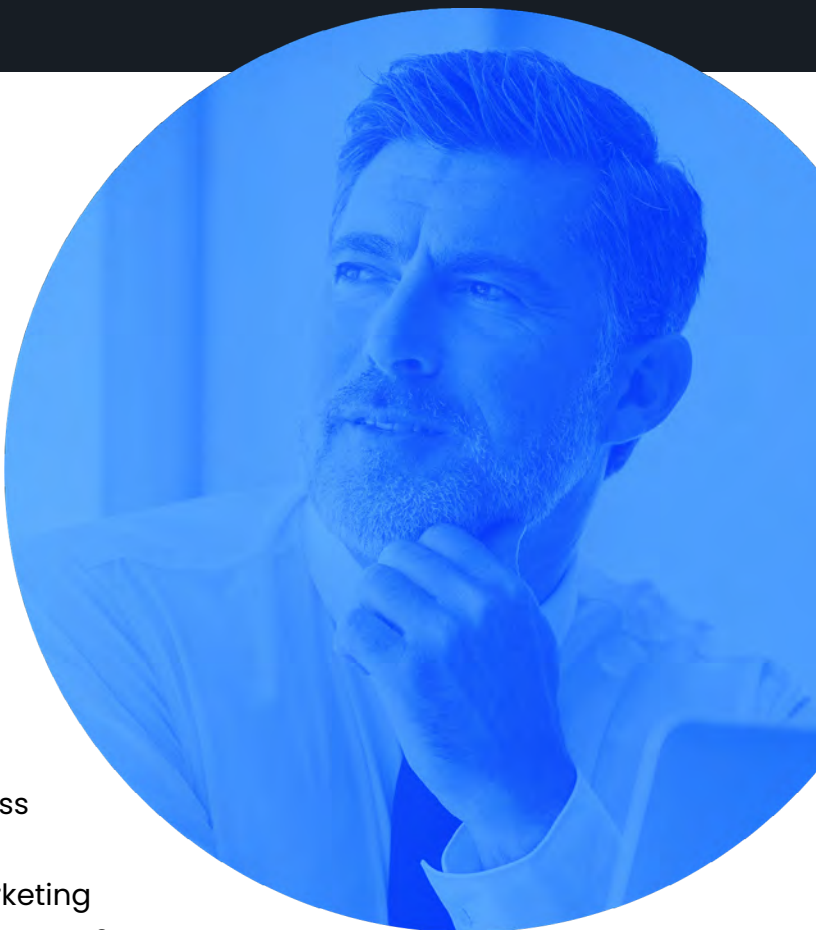
An ideal state of retail operations has been talked about for years, but it looks like 2023–2024 will be the years in which automotive first-party data management solutions go mainstream. Investments to create a bespoke automotive CDP have increased as companies realize that a strong CDP framework will reduce vendor battles over data sharing and allow dealers to finally **manage and optimize** their customer portfolio.

The automotive industry spends billions of dollars annually on marketing (Statista, 2022) and with customer acquisition costs (CAC) rising and brand defection increasing, CDPs are being funded to create a personalized brand experience with a lower CAC and improved abilities to nurture a higher lifetime value (LTV) for each customer. Marketing Automation Platforms (MAP) operate efficiently when enhanced, clean data is ingested from a CDP. The combination of benefits to customers, dealer profitability, lower marketing costs, and data privacy regulations are some of the reasons behind the recent acceleration of interest in first-party data management.

DO I NEED A CDP?

The first question dealers should ask themselves is not whether they need a CDP, it's whether they are creating a value exchange that captures data to power the experiences their customers and prospects want. The follow-up question is whether this data is usable (clean and accurate) and securely and readily accessible to everyone in the organization who can create value from it.

Many dealers will rely on agency partners to activate the data in the CDP across media and communication channels to achieve their business goals. Another important question is: How will the customers be able to control the cadence of marketing communications to match their needs and preferences?



“Brands should prepare for the future by housing these consumer profiles in an owned environment that is not beholden to any particular software solution. They need a tool that can easily take their owned consumer profiles, build on those profiles with additional data and manage when and how the resulting profiles are used across channel-specific platforms.

- O'Hara, 2023

O'Hara brings up a very important point: How can dealers not be beholden to any one software solution when this new category of technology is foreign to many dealership executives? Dealers will need to decide which core technology partners have the integrity, stability, security, and product vision to meet their current needs and those in the future.

One of the most common questions we have heard from dealers, regarding starting a CDP project is: how much money will they save? Most of the initial use cases dealers list are marketing related, which is fine, and money will be saved when duplicates are removed and better audiences are created.

However, I believe that the largest financial wins will be through reimagined communication and customer experiences. The wins will come from personalized real-time messaging, recognizing

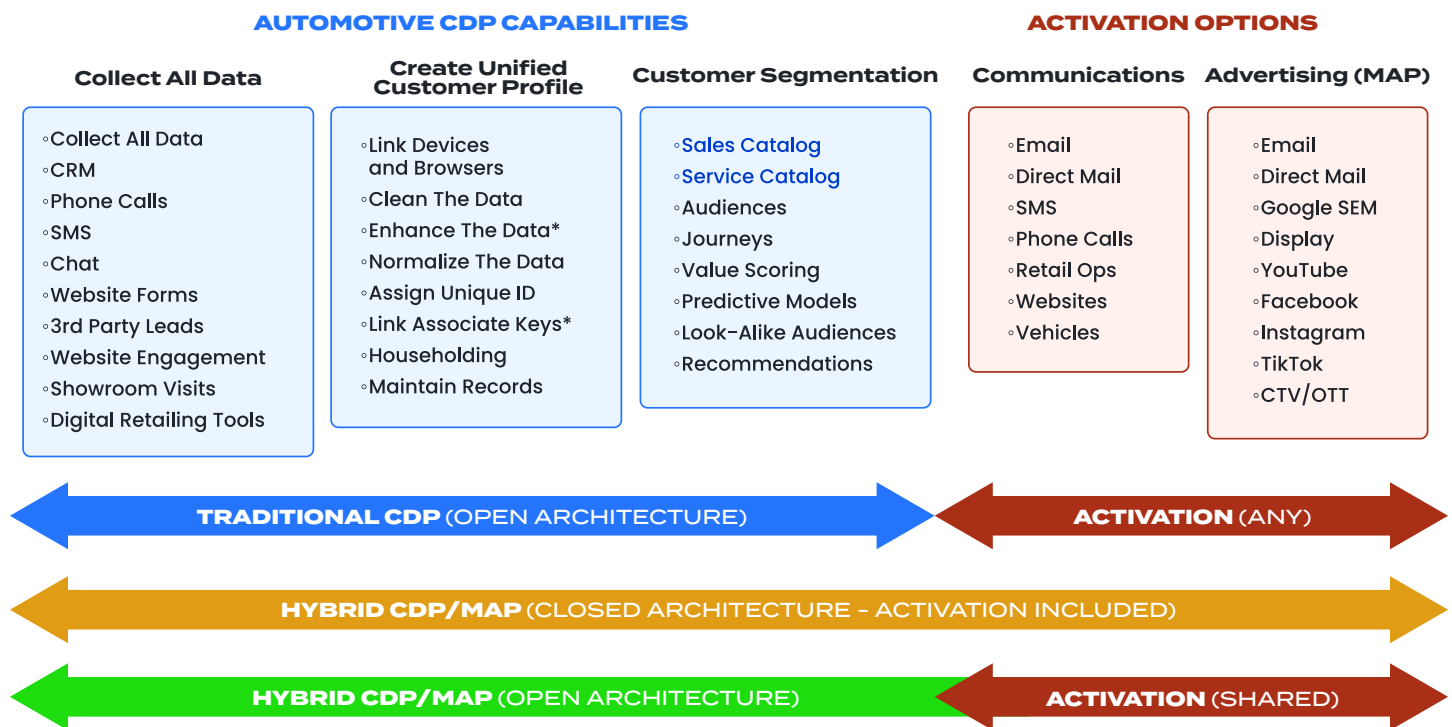
customers when they call, respecting their preferred communication channels, customizing the dealer's website based on their known information and owned vehicles, and proactive outreach when the CDP indicates the consumer is out shopping for a vehicle.

THREE CDP OPERATING FRAMEWORKS

Gartner research suggests that as companies start shopping for a CDP partner, they should outline their intended use cases by reviewing four primary CDP capabilities: 1) data collection, 2) profile unification, 3) segmentation, and 4) activation (Bloom & Kune, 2022). An automotive retail framework, which aligns with Gartner's categories, is presented in Figure 1.0, with the activation capabilities divided into personalized communication and advertising.

There are many approaches to managing automotive first-party data, but we will look at three primary models: 1) traditional CDPs which have a very open architecture and can link to any marketing automation platform (blue/red), 2) hybrid platforms which combine CDP and MAP functionality and are closed to other marketing partners (yellow), and 3) hybrid platforms which combine CDP and MAP functionality and open their CDP to other marketing automation partners (green/red).

Figure 1.0



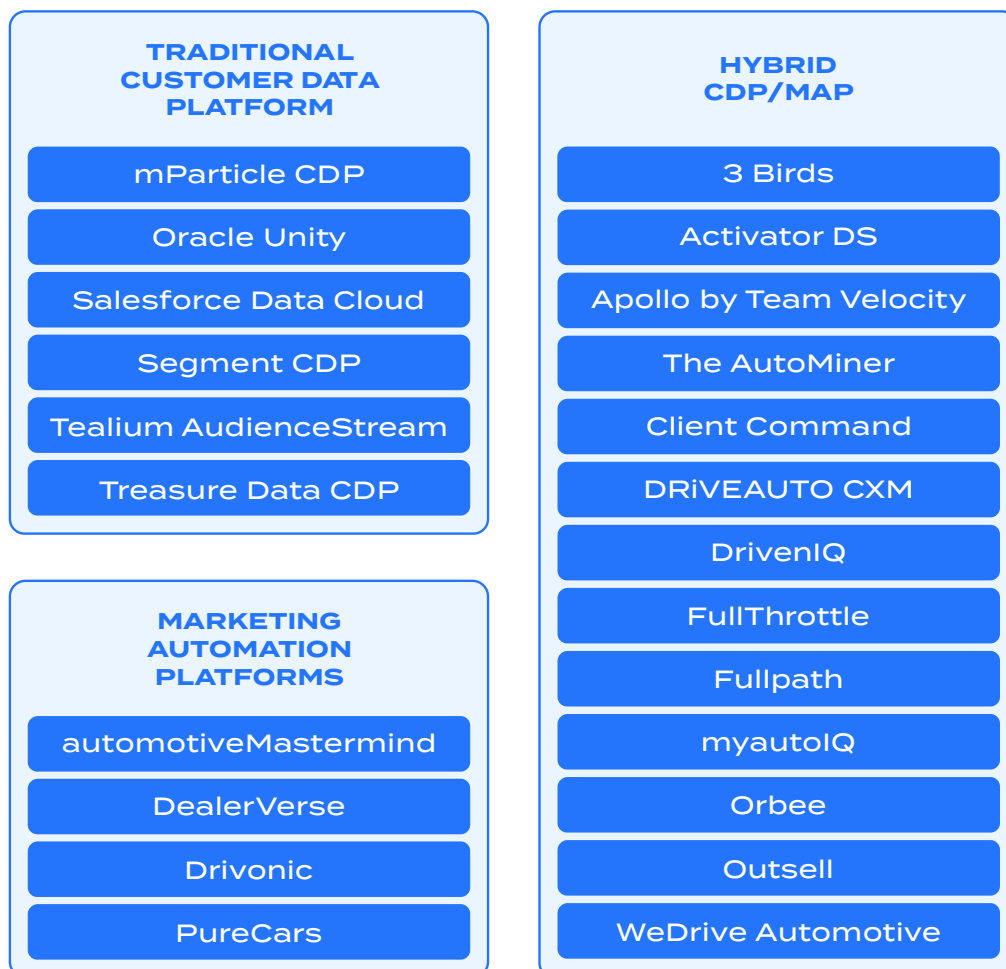
*Data enhancement and identity resolution companies play a big role in creating a unified customer profile.

Keep in mind that similar components across models do not necessarily have equivalent value. For example, model 3 may not have the extent of data access for the CDP component as model 1 due to competitive friction within the activation component. In these cases, dealers will have to broker the data access between an activation agency with a CDP (i.e., marketing) and an agency that does activation only (i.e., advertising).

The real challenge for auto dealers is the evaluation of CDP/MAP functionality and how it relates to their ideal use cases in the dealership. Dealers will need to learn which data channels CDPs process (outside of DMS and CRM data) and how many activation channels are available today. Futuristic roadmaps can be very tricky so dealers will have to make sure the current features of their CDP partner deliver a good ROI.

The goal of this research report is to facilitate a better understanding of the choices dealers have today so that the risk of project failure is minimized. In Figure 1.5, we have listed the companies that will be discussed (listed alphabetically) in this research report by their position in one of the three frameworks presented in Figure 1.0.

Figure 1.5



ENGAGING TWO GROUPS OF SHOPPERS

Depending on how local shoppers are being identified and resolved in your CDP, the use cases in the dealership will vary greatly. These examples should get dealers interested in better first-party and third-party data management:

- An existing customer starts shopping on Autotrader and Cars.com, and your CDP gets updated that night. This triggers a workflow to send an email or a text message to the consumer with a customized offer. The CDP can also be updated to show which cars they viewed on the marketplace website.
- A consumer has purchased a vehicle but has not been in for service in over a year. Your CDP gets updated, using a third-party data source, which documents that they are servicing their vehicle at a competing service center. This triggers a workflow to contact the consumer to win back their business.
- A dealer has 15 stores in a local market, and one of their existing Ford F-150 customers starts shopping on the group's RAM website. The consumer also compares truck prices at other RAM dealers in the local market and on CarGurus. The CDP gets updated and this triggers a truck loyalty communication process with the customer that shows matching trucks in the dealer group, new and used, to keep them in the family of stores.

Can dealers finally have greater control of shopper activities outside of their dealer-owned websites?
The answer is *YES!*

Approach #1: Dealer Data Focused

Some companies are focused on consolidating, enhancing, activating, and messaging the dealer's existing customers who are shopping online on the website(s) the dealer/dealer group owns. If an existing customer comes to the dealer's website and does not submit a lead or call, the dealer should know about that visit. Agreed.

Focusing on known customers makes sense, as a first step, because dealers know that their first-party data has duplicates, errors, and, over time, it becomes less effective for outreach and retention. Retaining existing customers is also much cheaper than recruiting new ones.

Approach #2: Local Shopper Focused (Anonymous Included)

Other CDP/MAP vendors take a much broader approach to connecting a local dealer with all in-market shoppers. This includes existing customers and anonymous shoppers who are not in their DMS/CRM. The in-market shopper identification has three levels:

- Identifying shoppers (customers and anonymous) on a dealer or group-owned website(s)
- Identifying shoppers (with unique IDs) outside of dealer or group-owned website(s) which includes third-party classified websites and automotive research websites
- Identifying shoppers (customers and anonymous) on the OEM's brand site once the shopper has conducted activity related to dealer-specific inventory.

Dealers now pay a premium for shopper audiences sold by Cars.com, CarGurus, Edmunds, or Autotrader.com/KBB to power advertising campaigns on Meta, Google, and OTT/CTV platforms. CDP/MAP offerings may threaten the premium prices that classified advertising websites charge for their unique audiences. Another outcome could be that marketplaces will adapt to allow those audiences to be more easily leveraged inside a CDP.

The impact of advanced CDPs and identity resolution frameworks will also impact other premium marketing partners including email companies, equity mining companies, and service retention companies.

UNDERSTANDING SHOPPER OUTREACH

Let's look at Figure 2.0 which illustrates the two different in-market shopper models.

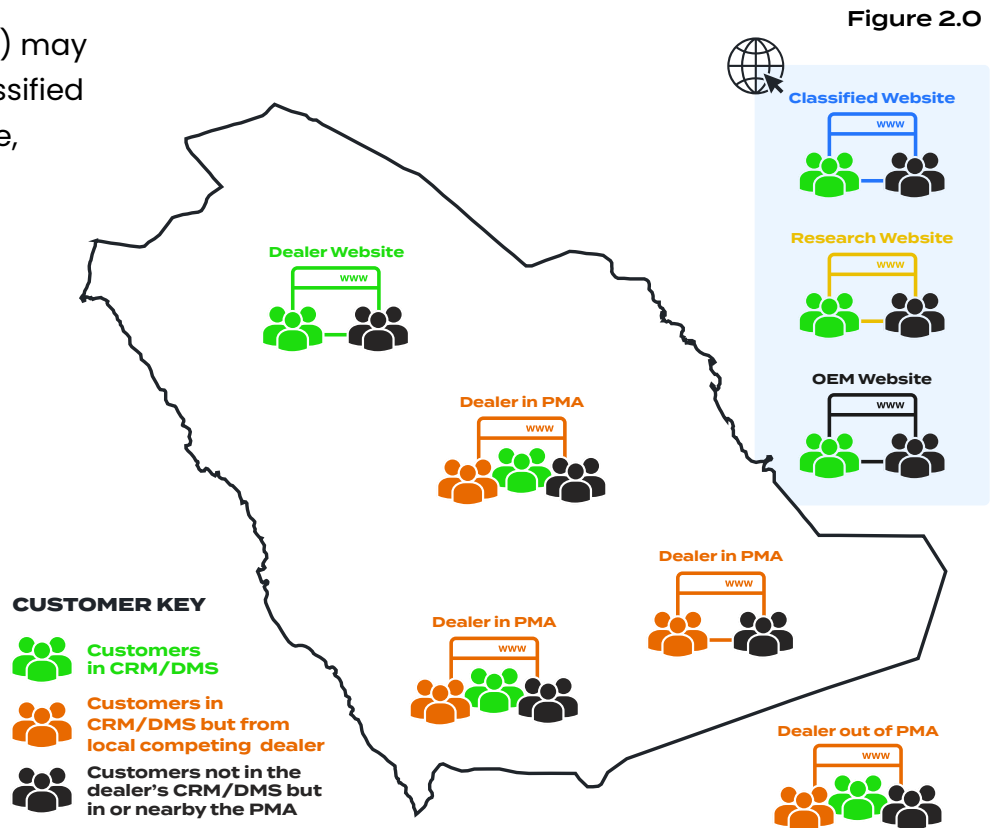
For a single franchise dealer website (green), the consumers visiting their website are either existing customers (green) or unknown (black). The dealer's existing customers (green) could be shopping at other local competitor websites (orange), but the dealer would never know.

The dealer's customers (green) may also be visiting third-party classified websites and, at the same time, local shoppers in the dealer's PMA (black) are also shopping on third-party classified and research websites.

There are ways by which CDP/MAP vendors can identify which local consumers are visiting Cars.com, Autotrader, KBB, Edmunds, CarFax, and CarGurus and share that data with the local dealer, in a privacy compliant manner. There could even be a way to properly

compensate the proprietary audience creator (third-party sites) without reverse engineering the [bidstream](#). If dealers and their CDP/MAP partner utilize this, they should expect to pay for the audience data like they would any enrichment provider.

Dealers with advanced CDP/MAP platforms have to understand the potential for local advertising when they can resolve identity and entity to better serve their existing customers and gain new ones at a lower cost per acquisition.



WHO ARE THE PLAYERS?

This report includes CDP companies that are not exclusive to the automotive industry (i.e., [Oracle](#), [Salesforce](#), [Segment](#), [Sitecore](#), [Tealium](#), [Treasure Data](#)) who score well on data collection, profile unification, and segmenting. They have a large list of data integration partners, including marketing automation platforms, but they don't have auto-specific integrations to automate advertising messages with real-time dealer inventory, OEM image libraries, or automotive specific disclaimers.

The strength of these "pure play" companies is their scale to handle large datasets, dozens of unique data streams, and multi-store inputs seamlessly. Some of the publicly listed automotive dealer groups and OEMs are using these companies. It is important to note, larger CDP platforms **do not** charge dealer groups on a per rooftop model, which is very common in automotive retail. This is a strength for these companies and an important part of decisions which impact the total cost of ownership, over time.

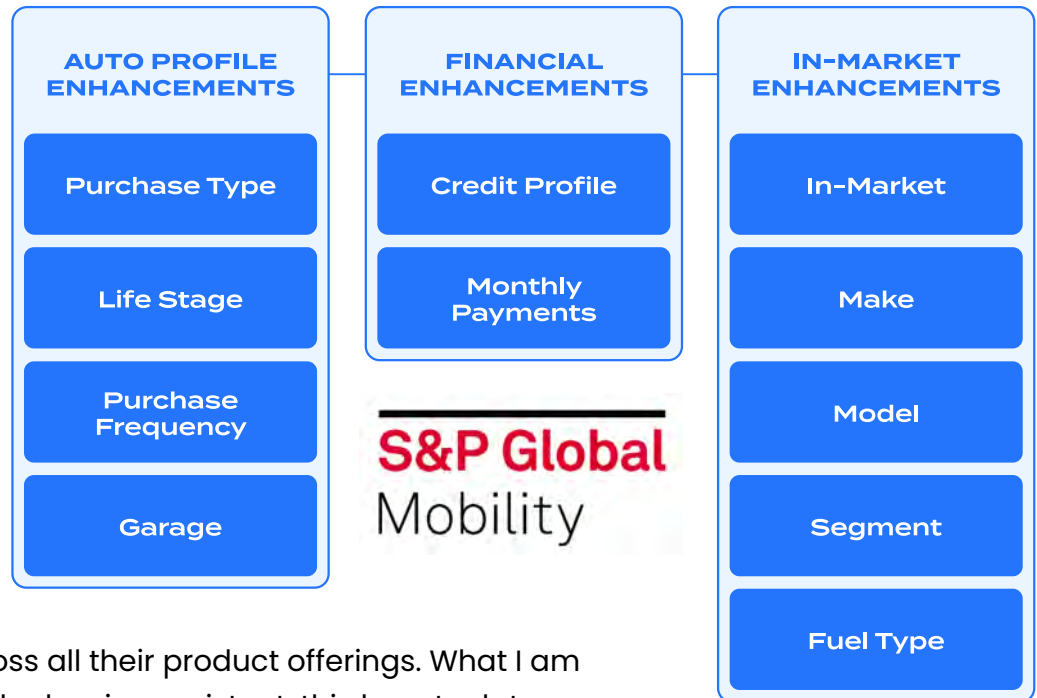
Since dealer groups may initially select turnkey first-party data management solutions made for the automotive industry, this report includes hybrid platforms which offer a CDP and a Marketing Automation Platform (MAP). Hybrid platforms are offered by 3 Birds, Activator DS, Fullpath (Formerly AutoLeadStar), Client Command, DRiVE AUTO CXM, DrivenIQ, FullThrottle, myautoIQ, Orbee, Outsell, Team Velocity, The AutoMiner, WeDrive Automotive, and others.

Turnkey hybrid platforms are much easier to implement but, in many cases, are limited by which customer data sets they can ingest and how they activate the data.

We have included a Features Comparison Table in this report (Pg 38) to help dealers differentiate these hybrid offerings. While data activation is possible with all hybrid platforms, many require manual file handling (i.e. loading an audience file) to run marketing campaigns. Dealers should ask each MAP platform how data leaves the CDP and how it is loaded into platforms like Facebook, Google, TikTok, or LinkedIn for ad campaigns.

To help CDP vendors unify data from online and offline sources, **identity resolution** companies (i.e., [TransUnion](#), [Acxiom](#), [Orbee](#), [TapAd](#), [Equifax](#)) and **entity resolution** companies (i.e., [Senzing](#) and [Quantexa](#)) are often called in to help connect data records that have different spellings, similar addresses, or incomplete data. To create effective segments, CDPs may also partner with data enhancement companies (i.e., [Urban Science](#), [S&P Global Mobility](#) (SPGM), [Equifax](#), [Experian](#)) to improve segmentation opportunities to match business goals.

There are hundreds of data points that could be included in a data enhancement initiative, which would depend on the vendor partner a dealer chooses. For example, [SPGM](#) has some very helpful data sets that include:



Not all data enhancement companies have consistent data quality across all their product offerings. What I am hearing from vendors and dealers is consistent: third-party data sources have to be carefully tested before deciding to use their data to update the master customer records. This point cannot be emphasized enough, and some vendors have gone to the extreme to say that they do not trust many of the third-party data enhancement services.

Additionally, it must be recognized that privacy rules can greatly impact how this data is connected with other data, which data is available at the individual and household levels, and how that data can be stored and utilized in communication. This understanding becomes a challenge for most dealer groups as they embark on the process of sourcing third-party data.

For instance, you cannot simply obtain a household's actual income, but you will receive an affluence level. This further emphasizes the importance of a CDP and why dealers must harvest and accumulate their own datasets they have rights to in their normal course of business. It is always better if the consumer provides the data directly to the dealer or dealer group.

MAPs connect to the CDP and ingest data associated with customer segments, audiences, or customer journeys. The MAP can activate data and build ad campaigns on Google, Meta, TikTok, OTT/CTV, and send messages via SMS, email, or direct mail. The best of the MAPs will also send back marketing outcomes to the CDP to update the unified customer profile. To leverage the CDP data inside the dealership, dealers will need to discuss with their software partners how to connect their platforms with the CDP to create bespoke retail experiences.

For larger dealer groups, one key point will be whether hybrid platforms will allow access to their CDP framework from competing MAP vendors. Dealers will also need to consider the financial stability, ethics, data security, and scalability of their CDP and MAP partners, especially since changing CDP platforms is not an easy task. My research will summarize the various companies that have offerings in the market and provide guidelines to help dealers narrow their shopping list.



Is there one perfect solution for dealers today?



No. However, that is no reason to delay action. The financial benefits from starting a CDP implementation plan far outweigh the costs and, in some cases, the ROI is 10x the investment in year one and continued savings each following year.

UNIFYING AND ENHANCING CUSTOMER DATA

Unifying customer data silos will require dealers to invest in identity resolution and entity resolution services which can merge online and offline data into a unified customer record. The unification of data is even more important for dealer groups with customers who shop and transact at their multiple physical locations. The unification of customer data is a complex process and is not simply matching name, address, email, and phone numbers. Data unification service may also include the device IDs that consumers own, the devices used in each household, and the IP addresses for each location which the consumer frequently uses as their data pipe.

Understanding the strengths and weaknesses of each identity resolution partner, and their integration with the CDP, is **a real challenge for dealers**. From my research, it appears that dealers will need to consider the transparency and integrity of companies which are tracking consumer behavior online. Some of the identity resolution services may push the limits of what a compliance officer may tolerate.

Creating a unified data record is meaningless unless the investments to create a CDP can increase sales, profits, and lifetime value of customers. When dealers clearly understand the gaps in their first-party data, it becomes clear that they need to select competent data enhancement partners. Data enhancement is table stakes for any competent CDP that seeks to activate dealership data and increase the reach of their advertising dollars.

Many identity resolution and data source providers utilize each other to deliver their services. Because of this, it's important to consider multiple providers to combine each of their unique specializations and have direct access to the capability or data that is otherwise being repackaged. For instance, a data provider offering consumer purchase intention may be using

another company's registration data to identify those signals. As data augmentation matures, there will be a clear understanding of each provider's strengths and data models.

CDP data partnerships will empower dealers by enhancing their first-party data to gain shopper insights, create better customer journeys, and deliver audiences to marketing partners that produce better outcomes. Here are some powerful examples:

- Vehicle affordability will be a major focus for dealers in the coming years. Equifax has a unique solution ([IXI data foundation](#)) which is the most accurate predictor of affordability generated from their network of Direct-measured™ financial asset data. Using this data in combination with income, discretionary spending, and credit creates a financial affordability profile for each US household. Dealers who automate targeted offers to their customers or who have personalized their websites for known customers can increase engagement with Equifax consumer data enrichment in their CDP.
- CDP data partnerships will also include faster resolution of problematic customer outreach such as a disconnected phone number, a rejected email, or a mail piece being returned undeliverable. [TransUnion](#) can provide their best suggested phone and email address in real time to allow re-engagement, which can increase retention and the lifetime value (LTV) of each customer.
- Brand loyalty is at an all-time low so dealers will need real-time insights to identify an existing customer who sells their vehicle outside of their dealership or dealer group. Companies, including [Urban Science](#) and [S&P Global Mobility](#), can update the dealer's CDP within 24-72 hours of a vehicle sale, loan, or lease. These signals can move existing customers out of current service or sales journeys and trigger a personal outreach to see how the dealer can service the customer and their new purchase.
- Every dealer has a group of local customers who have purchased a vehicle but who do not bring their car into the dealership for service. Using data from [AutoCheck](#) (owned by Experian), dealers can append service data to existing customer records to indicate if they are servicing at a competing franchise dealer or an independent service center. This information can power more effective win-back messaging and customized offers.
- Co-op approved digital agencies in the Ford Advantage advertising program are using custom audiences based on Ford customers visiting Tier 1, Tier 2, and dealer websites as well as CRM, and DMS activity which creates models to predict their propensity to purchase. This data is captured, unified, and modeled in a central CDP that sits within an extensive dealer network built by [FordDirect](#).

TURNING DATA INTO DOLLARS

In this report, I am not limiting the phrase “data activation” to pertain to the creation and deployment of marketing campaigns, although that is one valuable benefit to dealers. Activation includes using the unified customer record to change the way dealers: 1) greet customers at the reception desk, 2) email and call in the BDC, 3) personalize the service drive, 4) change the offers on the dealership’s website, and 5) personalize all messaging to create a better customer experience.

CDPs will allow dealers to increase their advertising reach to existing customers and their look-alike peers. Here are a few examples of how data activation can work to improve marketing outcomes:

- Dealers who want to deploy OTT and CTV video campaigns can work with MAPs to match the dealer’s customer data to the mobile devices they use as well as devices in their household which support video delivery. Companies like [Blockgraph](#) provide this service. Direct OTT/CTV campaign integrations, with proof of performance measurement, can include website visits, shopping engagement, CRM leads, and DMS transactions which is great news for dealers who have felt that video marketing attribution was elusive.
- Many dealers use their customer data to create custom audiences on Meta and Google platforms. Yet, dealers often fail to understand that one email address and/or phone number in their customer files is not sufficient to maximize match rates. CDPs can utilize data enhancement services (i.e., [Acxiom](#), [Experian](#), [Equifax](#)) to append up to six emails and multiple phone numbers to each customer record. This practical step can dramatically increase match rates on social platforms and better leverage look-alike modeling which Google and Meta offer.
- Using identity resolution partners (i.e., [Orbee](#)), dealers can identify when existing customers are on their website or a website in their dealer group. This information can be used to activate a call center campaign, generate a personalized shopper email, customize the website, or move the prospect into a new customer journey.
- [Dealer eProcess](#) recently indicated that they will directly integrate with popular CDPs so that an existing customer can see a completely personalized website experience, including thanking them for their recent purchase or reminding them of lapsed service.

- The creation of new global or match-friendly identifiers had already begun when third-party cookie deprecation was announced. Initiatives like The Trade Desk's Unified ID 2.0 ([UID2](#)), [Lotame Panorama ID](#), and others will create additional ways for dealerships and their CDP providers to match audiences across systems. Each of these ID frameworks is still rooted in personal identification, so having a first-party data and CDP strategy is imperative to prepare for the future.

Credible case studies on the value of automotive CDPs are limited, and the ones published are clearly slanted to support a sales pitch. However, dealers who are mindful of customer experiences outside of automotive retail know that they are not properly handling, securing, and activating their customer data. Future research reports from Pasch Group will include the measurement of KPIs from CDP projects that I supervise or audit.

Axiom's Director of Automotive Strategy Steve Schmith stated: "CDPs are a game changer in their ability to use predictive analytics to drive personalization; engaging consumers with just-in-time maintenance notices and encouraging consumers to come back to the dealership again and again for those services. And those brands that successfully deliver that kind of customer experience likely have a competitive advantage when that person is ready to buy their next vehicle" (Harnett, 2022).

CDPs will help dealers create a better brand experience for customers because messaging will be more personalized, and experiences will be tailored to their customer history on file as well as including insights from third-party data enhancement partners. CDPs will reduce marketing waste, improve multi-touch attribution (MTA) models, reduce conflicting messages, and allow dealers to create a comfortable cadence of dealer communications.

CDPs will also help dealers address recent and upcoming legislation pertaining to customer data privacy and sharing. Today, many dealers share data files with their vendor partners over email, which is a clear violation of current laws and, if discovered, would be very costly for dealers. CDPs, when properly implemented, can allow data to be shared safely and, in many cases, anonymized using [hashing techniques](#) or secure APIs.

Mike Greer, Strategic Business Advisor at Tealium stated: "Automotive brands that prioritize customer privacy and data governance will reinforce the idea they are worthy of trust. A great CDP goes beyond regulatory compliance to centralize customer consent management. You'll be demonstrating just how carefully you handle your customers' data – setting you up to be a trustworthy partner not just for the duration of a sale, but for life" (Greer, 2022).

OEMS HAVE A HEAD START

Most global OEMs have invested in developing their own CDP frameworks to track consumer shopping activities across Tier 1, 2, and 3 websites as well as transactions at local franchise dealerships. CDPs have the potential to lower customer acquisition costs (CAC) and increase the LTV of each customer.

Saito Kazutaka, GM of Digital Innovation at Subaru, says data management is critical to delivering a great customer experience. Since 2016, Subaru has unified more than 200 data points and 80 billion data records in their CDP and collects more than 8 million new transactions daily across the entire customer journey. “The volume and variety of data we collect help Subaru build customer loyalty and distinguish our brand for success in a highly competitive transportation market” (Treasure Data, 2022).

Franchise dealers have expressed a desire to know the cadence of marketing communications from OEMs and the messages that are being sent. Data sharing between Tier 1 and Tier 3 campaigns has been difficult due to a lack of standards across marketing agencies. As more dealers implement CDPs, there will be more opportunities for data sharing via clean rooms and secure data exchange rooms. This future vision would allow OEMs to get customer data and signals faster, and local dealers can enhance their customer outreach based on messages sent from the OEM.



First-Party Data Management

**Meaningful change to your
customer experience starts by
listening to your customers...
their data speaks loudly**

FIRST-PARTY DATA MANAGEMENT

This section of the report is designed to provide additional details on the foundational elements of managing zero-party (customer confirmed) and first-party data using a CDP framework. Each section will reference technology partners who may be involved in the construction of a unified customer record, the enhancement of dealer data, or the activation of the data to reach business objectives. The companies referenced are not meant to imply an endorsement, and dealers should use this report as a discovery tool for future planning and interviews with potential data partners.

Automotive dealers rely on a number of different software platforms to run their business, across sales, service, parts, fleet services, and human resources. When you consider the number of software companies who have a slice of the customer journey, transaction, or communication stream, the list is very long. With over 14 companies sharing customer data in a typical dealership, you can start to understand why disjointed communication is commonplace.



Recommended Action:

Dealers undertaking a CDP project should list all their vendors who store pieces of their customer journey with the dealership. The list should include the methods that each company supports to share data with a CDP platform. That can vary from a secure bidirectional API (ideal) to a flat file export that has to be manually ingested into the CDP (worst).

Some dealers will need the assistance of a consultant to help navigate the decisions involved in conforming the proper data architecture required for the smooth deployment of a CDP. For example, dealers have 10+ data sources that can contribute to a 360 degree view of the customer, but some hybrid CDP companies may not support all data feeds (i.e., call data from their telephony platform). The lack of full integration may be dismissed or marginalized by a vendor who does not offer unlimited data ingestion, which is why an independent consultant should be included in the initial design specifications.

Whether hiring an independent consultant or choosing the consultancy which is offered by the CDP platform, dealers should require clear timelines mapped to the initial functionality and clear use cases of the CDP. If possible, these commitments to functional use cases should be a line item reflected in the sales contract. For example, the initial deployment may include a “starter set” of customer journeys or marketing streams which can be enhanced once the initial CDP build is completed. The initial journeys may include service reminders, lease retention offers, declined service outreach, inactive customer website visitation alerts, or even a birthday celebration message.

As the CDP functionality grows, advanced journeys should be supplied. For example, a dealer could expect transactions and shopping signals across multiple stores in a dealer group to be analyzed, assigning LTV scores for each customer and providing customized journeys based on more complex business rules. The dealership should also consider the ongoing support of their CDP either from consultants or using internal data engineering and data science resources. There will be a constant need to ingest new data sources, manage the connection/APIs of existing data sources, and model raw CDP data for advanced scores for journey profiling used for future customer experiences.

WEAKNESS OF USING ONLY CRM DATA

Most automotive CDPs will ingest data from the dealer’s CRM platform because, of all the technologies dealers use, the CRM has easier export features and some have API interfaces. While connected CRM data is a starting point for all CDPs, the data is incomplete and oftentimes manipulated by dealership employees. Research conducted by [Foureyes](#) showed that **12.4% of qualified leads** (those determined to be a new sales opportunity by call recording or text analysis) were never entered into the CRM (Inda, 2023).

Dealership compensation models can include lead conversion rates, which have an interesting impact on how much data is entered into the CRM. If a customer calls and is marginally interested in buying a car, the sales associate may decide not to enter the inbound lead into the CRM out of fear that it could lower their closing rate!

There are also cases where sales opportunities (leads) from third-party sources will be marked bad or unworkable, even though the data in the record is correct. Since most CRMs accept data in the ADF/XML standard (first developed in 2000), valuable data can be lost or compressed in the CRM notes field making the unstructured data difficult to utilize. Furthermore, the most popular method by which ADF/XMLs are transported is one-way email, which lacks the bidirectional acknowledgment or the ability to create an ID handshake. Name, email, and phone number

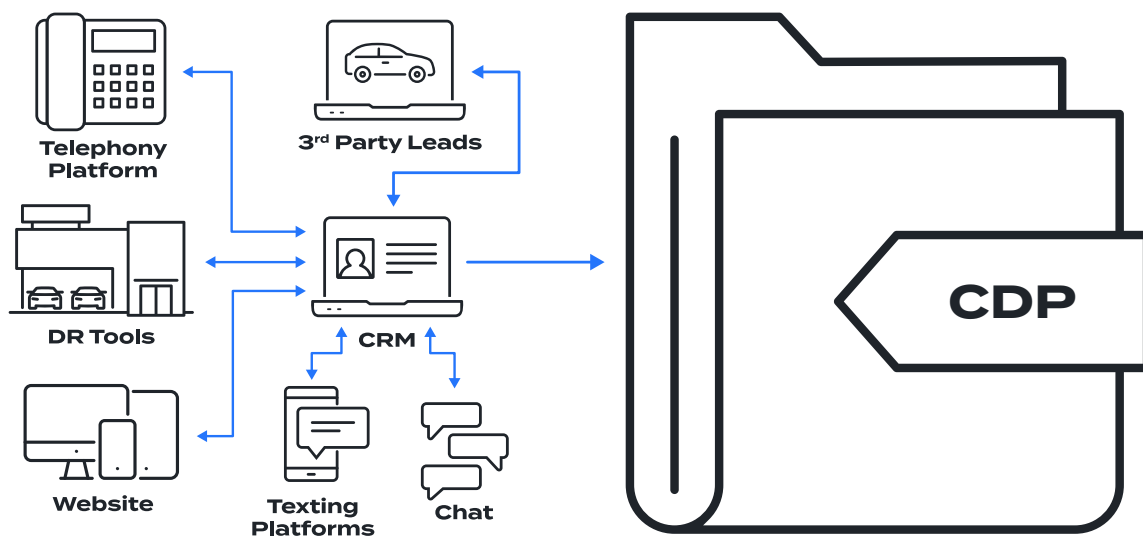
(or other combination of PII) are used to create the match-key, but if information is corrected, the match is severed. Instead, coordinating around identifiers will be the critical solution. Dealer groups who are considering the creation of their own IDs must also be prepared to store additional identifiers to bridge their CDP to the ecosystem.

CRM platforms also have some design flaws that impact engagement rates. For example, a major CRM only accepts email addresses of 25 characters or less. This means that many ADF leads coming in see their emails cut off (aharon.horwitz.long.name@gmail.c) and therefore, marked as bad. A smart CDP can correct for things like this and make sure those customers are still engaged.

– Aharon Horowitz, CEO of FullPath

The good news is that dealer groups are requesting a direct integration with the CDPs or data lakes from their technology partners. This will allow all touchpoints to be considered when data is used to update a customer profile, which could place the customer in a new marketing stream or journey. As larger dealer groups flex their financial muscles, more software companies will deliver a robust API to connect into a dealer's CDP without needing to use a manual export to a flat file.

Figure 2.1

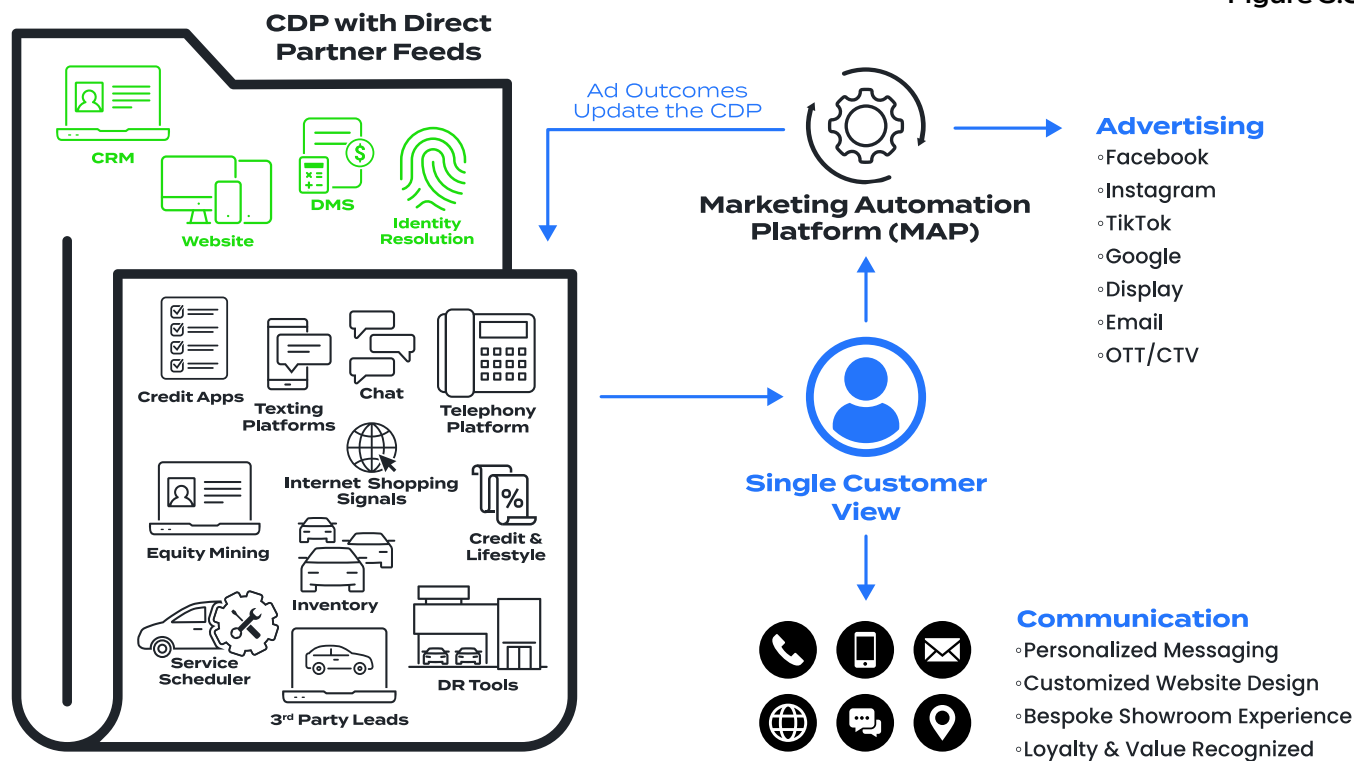


- ⊙ CRM Systems Merge Leads
- ⊙ Agents Disable Leads
- ⊙ Agents Change Data
- ⊙ ADF/XML Limits ASC Data
- ⊙ All Calls Are Not Logged
- ⊙ Only Chat/SMS leads are sent into the CRM which misses engagement

THE IDEAL STATE

In an ideal state, dealers would create a project timeline to request that each of their customer touchpoints contribute directly into the dealer's data lake or CDP. In Figure 3.0, you will see that most automotive CDP platforms ingest data from the dealer's CRM, DMS, and website (green icons) which are table stakes to win any data management contract.

Figure 3.0



The greater opportunity is to ingest all first-party data directly into the CDP so that a more robust picture of how each customer engages with the dealership can be created. For example, if a customer calls or sends an SMS message to the dealership for a quick question or a status update, those activities would likely not be added to the CRM. If all channels of customer engagement data are ingested, processed, and leveraged in the CDP, then dealers will have additional insights that could identify the best channel for customer communication, including a preferred time of day or day of week.

It's also important for the dealer to track outbound communications in the CDP. Direct mail and email submissions should be counted as a signal in the CDP since both the response or non-response to these communications have value. Knowing which audiences any known or unknown customers have been placed in can quantify the effect of ad placement and search keywords for these profiles.

Recommended Action:

Dealers should contact the companies that send leads into their CRM and request that leads also be sent, in parallel, to their CDP platform. Dealers should contact their telephony, SMS, and chat providers and request they also send data directly to the CDP so that every call and message, associated with known consumers in the CDP, can reflect that engagement.

IDENTITY AND ENTITY RESOLUTION

Identity resolution is the foundation of a CDP. Dealers will need to trust their CDP project partners to properly connect data from the many data silos inside the dealership as well as offsite data that might be available to enhance a consumer profile. Identity resolution is really two parts: resolving the identity of the person for a specific action or activity and then connecting that person to a known entity, often using an identifier called a persistent key.

Since the dealer only knows a fraction of the data associated with a consumer, they will need multiple third-party data sources to append, correct, and normalize customer data for specific use cases. In Figure 4.0, [TransUnion](#) shows how their identity resolution services can be used to update customer data to help find duplicates in a dealer's DMS or CRM files (Better Customer Data Delivers Better Results, 2022). The use of persistent keys allows identity resolution to be durable, month after month. Data updates from credit bureaus can be done in batch processes; triggered when a significant life event occurs or in real-time, depending on how your CDP or MAP determines when an update is needed.

In Figure 4.0, the first and third data records have been found to be the same person, since the TransUnion keys are exactly the same.

Figure 4.0

Name	Address	Phone 1	Phone 2	Email	EKEY	HH Key	Verification	Attributes (examples)
John Smith	123 Main St. Vienna, VA 22102	~~(571) 545-6789~~ (703) 313-3456	(325) 212-825	J.smith@gmail.com	123	90876	Name: EE Add: Y Phonet: N Email: Y	Age: 33 Gender: M Income: \$175K Et: 19 Purch pizza: 279
Mary Clark	234 Forest Hills Rd. Ashburn, VA 23456	~~(701) 213-3456~~ (571) 545-6789	(847) 348-2121	Mary.clark@msn.com	456	98765	Name: EE Add: b Phonet: N Email: Y	Age: 55 Gender: F Income: \$80K Et: 76 Purch pizza: 110
↓ Smith John Smith	123 Main St. Vienna, VA 22102	(773) 348-2953	(325) 212-8255	jsmith@univ.edu	123	90876	Name: EE Add: b Phonet: Y Email: Y	Age: 33 Gender: M Income: \$175K Et: 19 Purch pizza: 279
~~Greg Sander~~ Greg Sanders	456 Center St. Fairfax, VA 22030	(442)332-9090	(442) 987-1023	gregs@yahoo.com	789	98767	Name: IE Add: Y Phonet: Y Email: Y	Age: 42 Gender: M Income: \$55K Et: 50 Purch pizza: 32

Key: --Data Corrected-- Missing Data Now Populated

Each identity resolution partner will have their specific strengths. For example, TransUnion provides both digital and offline identity resolution. TransUnion provides caller identification services for most of the telcos in the United States. They also have a specialized fraud detection business. As a result, their phone data is at the very highest level for quality. Other bureaus will have specific strengths as well.

The Equifax IXI data network leverages an exclusive community of leading financial institutions to accurately measure nearly half of all US consumer investment assets. It combines that data with proprietary measures of income, discretionary spend and credit data, providing a more complete picture of all households' financial position in the US. This data allows CDPs to know which vehicles a consumer can afford and can lead to smarter marketing offers when the dealer's data is activated. Other data providers claiming to have wealth-based data typically leverage a small sample of data sourced from self-reported consumer surveys, which will never be as accurate.

Identity resolution strategies can also include data from sources outside of a typical credit bureau. There are many companies that sell data to show where consumers are shopping online, outside of the dealer's website(s), and can utilize data that a consumer input to complete a form or a purchase in order to establish identity. These digital identities provided by companies like [TransUnion](#), [TapAd](#), [Liveramp](#), [Acxiom](#) allow dealers to connect online activities with offline data.

How many sources of data will be needed to complete a robust picture of each customer? My research indicates that dealers will benefit from multiple partnerships, and for the hybrid CDP platforms I review in this report, that need has been confirmed. For example, [Orbee](#) enhances customer data with specific services from Equifax, Experian, [S&P Global](#), [TransUnion](#), and [Urban Science](#).

Dealer groups who are large enough should consider direct data relationships and utilize their CDP as the integration method. This will ensure that the commercial arrangement between a CDP and a data or technology provider does not negatively influence or impact the dealer group. While it might not be feasible in the short term, given these data contracts can be sizable and require minimums and upfront technology development, dealer groups should still confirm with CDPs if they are willing and able to provide integration work rather than the data itself.

DATA ENHANCEMENT SERVICES

When a CDP sales pitch includes statements that claim the platform has data relationships that adds hundreds of data points for each customer, that is no exaggeration.

However, dealership executives should not get caught up in the “hype” around how many data sources they have.

The number of data points per consumer is only meaningful if the data can be used to increase desired business outcomes when data is activated.

For example, a dealer may not be able to scale a campaign based on customers who like fly fishing, but they could activate a campaign by knowing which consumers just applied for a new mortgage, had a baby, or were involved in a car accident. Much of the details regarding data enhancement is fairly easy to understand, and yet other data enhancement services can get dealers a bit concerned.

For another use case, a dealership GM might want to know which cars a consumer was viewing online anywhere on the web. For years, Google and Facebook have sold anonymous “in-market shopper” audiences, but can dealers get that data down to an individual consumer within a CDP? If they could, then by connecting their CDP to their website platform, personalized web experiences could be created. Dealers could also personalize messages when they advertise with an email conquest campaign if they know which cars are in the consumer’s consideration set.

Credit bureaus sell in-market shopper data to append the dealer’s CDP. Some CDP platforms claim that they know the individual consumer’s vehicle shopping activities on popular third-party classified websites, OEM websites, Tier 2 websites, and from consumer information websites like Edmunds, TrueCar, or Road & Track. This is great from a marketing perspective, but does it have the potential to freak out consumers?

KNOWN DATA GAPS

One of the most persistent gaps in dealership first-party data revolves around the current owner of a vehicle and use of the Vehicle Identification Number (VIN), the key piece of information for matching ownership records. We all have experience with receiving emails, phone calls, or postal letters regarding vehicles that we no longer own. Dealers are not alone in this challenge, as OEMs also have an incomplete picture of ownership data.

These gaps are closing as additional data partnerships are built to provide a more comprehensive view of each VIN and its current owner. Dealers should be requesting specific information from each CDP vendor being considered as to how often the customer files are updated with current registration data.

DATA SHARING AND INTEGRATIONS

Outside of the automotive retail industry, software platforms commonly exchange information using bidirectional connections called Application Programming Interfaces (API). Any legitimate CDP should be able to operate via bidirectional APIs when and where appropriate. However, many key software platforms used by dealers do not offer robust, bidirectional APIs that allow full access to platform data. When these situations arise, there are other considerations to investigate.

When solving a problem technically, a company should use the best solution, not the most in-vogue solution. The best solution should prioritize security which ensures privacy, efficacy, user impacts, complexity, and cost. Sometimes an API provides that. Sometimes there is a better solution.

There are also other secure ways to transmit data, especially in large batches, and the other solutions may provide better results for certain use cases. The use cases where APIs make sense are when there are real-time data calls or when small batches of records are necessary to provide the information instantaneously.

You shouldn't move millions of records that change weekly via API. There are also use cases where using an API creates latency in the user experience, increases the likelihood of downtime due to breakage, increases costs, and provides zero security advantage.

DMS DATA INTEGRATION USE CASE

If there are features that do not require real-time data, for example, daily sales data or historical data pulls, an encrypted file can be automatically generated on a pre-scheduled cadence. Let's call it hourly or daily. That file can then be accessed and imported by the CDP without making real-time API calls.

There is no additional security risk for this. If there is an issue with the file, the user does not experience any breakage as the file that was imported an hour ago just continues to be used until the issue is resolved, and the cost, which is ultimately baked into the dealer's price, is lower because you don't have to pay for constantly pinging the DMS.

Also, consider most DMSs only recently offered APIs, and some still don't provide this option to the vendor community. When they do, the costs are oftentimes higher. Using a solution that costs more and isn't the best solution for the problem is not good business for the dealer. It should be noted that DMS and CRM companies are not offering functional APIs to the broader tech community.

A blue padlock is the central focus, appearing to be part of a digital interface. Above the padlock, there is a horizontal row of nine white dots. The first three dots are solid, while the remaining six are hollow circles. The padlock itself has a glowing blue light emanating from its top, suggesting it is active or being unlocked. The background is a solid blue color.

Data Activation

The biggest financial gains
will not be from marketing,
but rather from **personalized,
bespoke retail experiences**

DATA ACTIVATION

When vendors use the phrase “data activation,” most CDP platform providers talk about using customer data to fuel personalized marketing campaigns. Marketing is the most popular category of use cases with clean data from the CDP. Dealers are making increased investments to use data to personalize website experiences, send relevant text messages, or drive a better meet-and-greet experience in the showroom.

Since marketing campaigns are the most common use case for CDPs, dealers will need to determine who will be best suited to connect into the CDP and run OEM-compliant marketing campaigns, with as little effort as possible. The hard facts are that most large scale marketing automation platforms that connect to CDPs like Tealium, Treasure Data, or Salesforce do not have the ready-to-go media assets that can meet OEM compliance requirements. In addition, not all dealers have the marketing and technology-proficient staff in-house to configure these complex platforms. In many cases, an agency partner is responsible for running campaigns.

There are two distinct camps forming in the automotive CDP/CDEP/MAP world when we look at the hybrid platforms on the market:

1. Data companies who use tech to fuel their agency business. These companies may have a lower CDP platform cost which allows for greater margins in their own agency and media platforms, with activation fees mostly hidden.
2. CDP platforms that have both the engagement and data/insights/platform to help dealers and their agencies transform their relationships with their customers.

Regardless of who you choose to run marketing campaigns, dealers must ask if the CDP/MAP vendor will allow the dealer to own the Google and Facebook accounts, with full access. Some vendors will not agree to this request. **Dealers must control the historical advertising data if they decide to end business with the marketing company or hybrid CDP.**

Salesforce Marketing Cloud can take an in-market shopper audience from their Data Cloud solution (or third-party CDPs) and run cross-channel advertising campaigns without any manual file loading. However, out of the box, Salesforce MC does not have dynamic VIN-level advertising capabilities or libraries of OEM-compliant images with custom data overlays to show lease payments that the customer could qualify to transact. These types of Tier 3 customized ads are often only found in hybrid platforms that were built from the ground up for automotive retail.

Hybrid platforms are not perfect either. As you look at the product comparison tables in this report, you will see that the number of media channels that are directly automated vary greatly. The missing media channels would require the dealer or their agency to download an encrypted audience file and manually load the list into Meta, Google Ads, OTT, or a direct mail house. Dealers will need to be very careful when interviewing hybrid companies. Having sat through over a dozen sales presentations, it was often not clear how much of the marketing execution was automated, how much was manually generated, and what pieces were completely missing, but needed, to activate campaigns effectively.

“One reason why CDP implementations are not getting the required ROI is the lack of content automation. It is great to have clean and well-organized data, but not having the right content limits the effectiveness of the CDP implementations.”

- Vikrant Pathak, CEO of myautolQ

Data activation also includes creating look-alike audiences, which is another feature common to CDPs, but how these look-alike audiences are generated is very opaque. CDPs need to support organizations as they put their data and insights into action for targeting, both by deriving initial lists of target accounts and then through look-alike modeling based on high-value customer accounts (Howard, 2022).

Look-alike audiences rely on a number of factors including the robustness of the data attached to each customer and the ability for the CDP platform to find similar profiles using third-party data. Some hybrid platforms claim to track millions of consumers each day who are shopping for cars or in the process of selecting a service center. When platforms have their own data profiles on local consumers, the chances that look-alike audiences are credible increase.

With the push by large media channels such as Meta and Google to protect audience data for both regulators and shareholders, features such as look-alike modeling were removed by Meta, and IP address transparency is not available from Google Analytics. It's increasingly important that dealer groups work to build their own audience data and then syndicate those audiences, rather than relying on media channels as their audience database. The same applies with how dealerships implement the analytics and audience pixels of those media channels on their websites.

OEM CO-OP REIMBURSEMENT

Before we end this section of activating data for marketing campaigns, we need to address the influence of OEM co-op reimbursements on decision making. Many of the large scale marketing

activation platforms (MAP) or hybrid CDP/MAP platforms are not currently eligible for OEM co-op when digital advertising investments are managed by companies like Shift Digital, FordDirect, JD Power, or Unite Digital. Hybrid platforms that execute marketing campaigns have feedback loops to the dealer's CDP which makes using one platform the ideal choice.

However, dealers will likely be reluctant to lose out on co-op funds for Google, Meta, or OTT campaigns. It is clear from my dealer interviews that paying a monthly per rooftop fee for their CDP and paying the monthly per rooftop fee to the approved OEM marketing agency does not make good financial sense. There are some exceptions when the marketing agency provides unique marketing campaigns that the dealer's hybrid platform can't provide.

MOVING BEYOND MARKETING

Dealerships in the United States have started to deploy the unified data in their CDP to power better customer experiences. The challenge with this approach is the lack of robust APIs or development resources allocated to integrate popular retail software platforms with CDPs. Our research has exposed how weak data integrations are today with popular automotive DMS and CRM platforms.

Let's imagine what the future could look like for automotive retail operations. When a call comes into the shared Business Development Center (BDC) run by a dealer group, it would make sense that the inbound call would pull up the clean customer record from the CDP. The CDP can reflect the current value "score" to the dealership and allow the BDC agent to recognize the customer's loyalty and also see if they have any pending recalls, service appointments, or offers that would be personalized to their purchase or service history.

The automotive industry has been sold on "personalized websites" for many years. However, from our testing, the personalization is often undetectable which makes dealership executives question the value. In the near future, you will start to see more true personalized experiences on websites powered by CDPs. We have discovered that some CDP platforms do not have the ability to resolve identity and dip into the CDP instantly when a shopper arrives on a website in order to personalize the experience. This is a feature that dealers should discuss with their potential CDP partners.

Recently, Dealer eProcess announced their website platform is transitioning to a [Connected Retail Platform](#) including multiple data integrations with CDPs, which is currently in development. This will allow shoppers to be greeted with real personalized messages, offers, and recommendations based on the rich data in the CDP. Personalization will also be experienced through automated text messaging platforms and digital voice assistants (DVA). This is an opportunity to tap into the CDP to automate a relevant customer outreach that is often skipped or ignored.



CDP Deployment Concerns

Dealers have **no existing frameworks**
to guide their CDP initiatives

CDP DEPLOYMENT CONCERNS

Automotive OEM retailers in the United States are slowly embracing the truth that they need to build better customer experiences to protect their business from external and internal competition. Based on this report, dealers will start to understand how a CDP can be a cornerstone of the CX investments in the years ahead. However, after interviewing dealer group leaders there are a number of valid concerns that need to be addressed:

* How do I pick the right partners to build a CDP?

In many cases, dealer groups will need to rely on a combination of sources including outside consultants, peers who have started similar projects, and findings from their own product investigations. This research report is a start in the dealer education process, and we plan to offer more tailored research in the coming months. Critical to the selection process should be demonstrations on how the platform rolls up data across multiple stores and activates audiences based on actions consumers take across the group and not limited to one store.

* Should I select a robust CDP or a hybrid CDP/MAP?

This is a fundamental question that needs to be discussed by multiple decision makers in the organization. Most dealer groups we interviewed did not want to have all the data activation done by a single company, who also owned the CDP. They would prefer a hybrid platform that is willing to allow other marketing partners and agencies to access and contribute to the CDP. Some hybrid platforms are closed, so dealer groups must be comfortable with the limitations or opportunities that each platform offers.

* Who will be responsible for the data integrity inside the CDP?

In most dealer groups, the roles of Chief Experience Officer (CXO) or Chief Data Officer (CDO) do not exist. The skills and experience to properly manage and nurture the CDP are not commonly found within automotive retail, so these skills will need to be imported or developed. One common finding was that successful CDP installations occurred when a person inside the dealer group was dedicated to the project and not distracted with day-to-day operational issues that pull away technical people from their projects.

* How much will the CDP cost and what will be my ROI?

There is no simple answer to this question. Pricing models will be evaluated based on the number of stores in a dealer group and the scope of the use cases they want to implement. For some dealers, they will be able to eliminate selected data activation vendors or bring services inside the dealer group. One big factor impacting ROI will be if the marketing audiences created by the CDP can be activated by approved marketing partners in OEM co-op programs. The performance of these audiences are best measured by improvement in media efficiency.

The assumption is that CDP-driven audiences allow for better targeting of more qualified customers, thus resulting in a reduction in cost per lead and an improvement in lead close rates.

★ **How long will it take to get up and running?**

Data unification is not the hard part with a competent CDP partner. The ongoing data updates, segmentation, and activation capabilities of the CDP platform should be the primary focus of process planning and support. The readiness of dealer group data impacts timing and could be a potential delay. Some larger dealer groups already have their own data lake with DMS and CRM data updated each day. In these cases, CDP deployment can be accomplished within 90 days.

★ **What are the initial use cases that you recommend we implement first?**

Dealers are not sure which initial use cases of unified data will provide the best returns. The answer depends on how the CDP segments data into actionable audiences (journeys) and then which marketing agency can activate the data to reach the intended consumers. Our recommendation is that dealers prioritize the initial use cases across sales and service before a CDP contract is signed. This will keep everyone focused on the deliverables that are expected when the data unification is complete.

★ **What happens when I want to change CDP platforms?**

Since CDPs in automotive retail are fairly new, at scale, there are few examples of how switching CDPs actually work. In theory, the unified customer data from one CDP should be able to be mapped to a new CDP platform. Similar to [The Data Transfer Project](#) which was formed by Google, Facebook, Twitter, Microsoft, and Apple, the industry's players must consider methods to make the data in their systems portable. Given that standardization in the near-term may be difficult, dealer groups must recognize that while portability may be provided by a CDP provider, it will still require the dealer group's own staff or other vendor to help with a transition.

Consent, Opting In,
and Opting Out

Casual data management
and weak privacy controls
put dealers at risk

CONSENT, OPTING IN, AND OPTING OUT

Note: In this section, Mackenzie L. Duelge, Vice President of Legal at Client Command, shares her perspective on the use of consumer data in the CDP ecosystem:

When it comes to collecting, buying, sharing, and using consumer data for marketing purposes, dealerships are – and should be – naturally cautious. However, this natural caution may also create opportunities for fear-mongering from vendors who serve dealerships as well, turning healthy caution into a business-paralyzing problem.

So, how can a dealership make decisions around data, and, in particular, in choosing a CDP in this kind of environment? While a few paragraphs is no substitute for advice from an attorney familiar with your business and privacy law in your jurisdiction, there are a few things to consider and keep in mind when seeking that advice and making decisions.

When it comes to selecting and utilizing a CDP, one of the most exciting features for dealerships may be the ability to resolve consumer identities for marketing purposes and pair those identities with online behavior. Various vendors provide identity resolution at three basic levels:

- **Consumer Submitted Identification:** Consumers you have worked with in the past may have provided you with their Personally Identifiable Information (“PII”) and consented to its use when they purchased a vehicle, had a vehicle serviced, or for another purpose. Linking this PII from your DMS to online behavior and additional data via a CDP can help your dealership craft marketing tailored to these consumers’ needs. Making this linkage should not raise any red flags so long as your marketing uses of their data follows relevant laws, and the consent you received (if required in your state) includes consent to marketing that hasn’t been revoked.
- **Partially Submitted Consumer Information:** Consumers may visit your website or participate in an online chat with your dealership team and, in so doing, provide some identifying information to you. This may come by accepting cookies or a privacy policy on your website or by providing a name or a phone number via chat. You may wish to utilize a CDP to connect this information to a specific individual or online behavior to market meaningfully to them. This should also not raise red flags so long as you provide appropriate notices and consents to visitors, as required by your state laws, and you follow relevant marketing laws.
- **Unsubmitted Consumer Information:** You may be looking for a CDP to not just help you better connect with consumers who have reached out to you, but also to draw new consumers to your dealership. Your marketing dollars are not infinite, so you may wish to only market to consumers who seem interested in the vehicles or services you are selling. Some CDPs can

help you do this by collecting and aggregating data from behavioral and other sources ranging from third-party lists to cookies to proprietary data collection methods. The CDP would then provide targeted audiences to you for marketing purposes. Some may actually sell you these lists while others market on your behalf based on parameters you set. While these services exist at the greatest distance from a dealership's control, they can be provided entirely lawfully as well. A CDP providing identity resolution for consumers who your dealership has no existing relationship with should be able to comfortably attest that any required consents were secured at collection and that any consumer opt-outs or data requests are honored in a timely fashion.

So, what are some of the basics you need to know about privacy and data protection laws to help guide you through the process? In general, the United States is an "opt-out" system when it comes to the collection and usage of PII. PII includes any data from which an individual can reasonably be identified and typically includes things like name, home address, phone number, and email address among others.

In an opt-out system like the one here in the US, consumers have certain rights to stop their data from being used, collected, or stored in ways they dislike. The extent of those rights varies by state at the moment with California leading the charge and Virginia, Colorado, Connecticut, and Utah setting their own standards. However, even in the United States, there are exceptions. That means there are three areas of consumer rights to have an eye on when it comes to using consumer data:

- 1. Consent:** Consent is required by some states at the collection of PII, and may be secured in multiple ways. A consumer may give consent to having their information collected, stored, sold, shared, or used by agreeing to a privacy policy presented at the time of collection. This consent does not need to be re-secured until or unless the consumer opts-out or withdraws consent.
- 2. Opt-In:** Consumers must affirmatively opt-in to the collection, storage, sale, sharing, or usage of certain types of data including, but not limited to, data around health information, finances, race, religion, and ethnicity as well as data belonging to minors. In addition, consumers must opt-in to receive marketing via SMS. These protections are nationwide protections in the United States.
- 3. Opt-Out:** Consumers have some nationwide rights to opt-out of certain usages of their data as well as some state-specific rights. Nationwide, consumers must have the ability to opt-out of receiving marketing emails via opt-out or unsubscribe options, and consumers have the

ability to opt-out of telephone marketing by adding themselves to that national do not call list. On a state-by-state basis, consumers also have rights to prevent the sale or sharing of their data, correct inaccurate data, and delete their data.

These summaries are not comprehensive and don't reflect the full scope of what dealerships need to consider when it comes to data protection and privacy, but they provide a place to start when you are setting out to choose a CDP and a data privacy scheme that suits your business.

“We have focused intently on understanding privacy requirements and getting ahead of them in our product development. What is isolated to a few states today is in front of over a dozen more state legislatures as we speak and is even before the House of Representatives. Whether or not your state has privacy regulations today, it will in the near future, and your CDP should be ready.”

– Mackenzie L. Duelge, VP of Legal at Client Command

It is vitally important that dealerships take the handling and usage of consumer data seriously. Dealerships should also hold their vendors to a standard of accountability that aligns with the law as well as their ethics. However, it is important to understand that the law in the United States does not strive to prevent you from marketing to existing, potential, or unknown consumers.

The law instead demands that, when business owners use consumer data, you keep consumer rights at the forefront of your efforts and do it right. Your CDP may utilize data from many sources, ranging from your database to third-party websites and beyond to resolve consumer identities. As long as they are collecting the data lawfully, obtaining proper consents, and honoring consumer opt-outs and requests, they are positioned well to maintain both their compliance and yours.

They and you may face many other compliance requirements, but this foundation makes meeting those requirements far more straightforward. Dealers should feel comfortable asking a CDP provider to commit to complying with the law as it applies to their business and how it impacts yours, and they should feel comfortable sharing their compliance efforts with you in turn.

Additional resources include:

[iapp – US Federal Privacy Legislation Tracker](#)

[icgl – Data Protection Laws and Regulations USA 2022–2023](#)

The background of the top half of the slide is a solid blue color. Overlaid on this are several smooth, rounded blue stones of varying sizes, some stacked on top of each other. A faint, light blue path leads from the bottom center towards the stones. In the top right corner, there is a horizontal row of ten white circles; the first seven are solid, and the last three are hollow.

Product Comparison Tables

Features may facilitate inquiries,
but lasting partnerships are
formed when **trust** is established

PRODUCT COMPARISON TABLES

The product features comparison tables have been compiled with feedback from the companies which we interviewed and participated in deeper conversations about their products. Not every CDP or hybrid platform decided to participate in this research, for example, Total CX (formerly InteractiveTel) is developing a comprehensive Customer Experience Management platform, but their first release will be available to review this summer. These product comparison tables will be updated quarterly, and presented on paschgroup.com in a special section for Automotive CDP platforms. We also plan to release a follow-up report featuring actual use cases and dealer group case studies on the benefits or failures of their CDP investments.

The tables represent the majority of hybrid companies that are approaching dealer groups regarding a first-party data strategy. Not included in the comparison tables are the large scale CDP platforms that serve the largest dealer groups, OEMs, and companies outside of automotive. These pure play CDP platforms include Tealium, Treasure Data, Oracle, Sitecore, Salesforce, Segment, and mParticle. We have quoted many of these companies and relied on their advice to guide the content of this report. We believe that large dealer groups would benefit from interviewing these companies for major CDP initiatives. The references section of this report contains many excellent resources that we believe will be useful in comparing the features of these pure play CDP platforms.

HYBRID PLATFORMS (CDP/MAP)

We have created a number of comparison grids based on the different features of each hybrid platform that we were able to discuss with company executives and who completed our requests for product information. The data tables reflect features that are in production as of March 1, 2023. We will be updating these tables online each quarter, on paschgroup.com.

In Figure 6.0, we have summarized some common features that dealers may include in their interviewing process. A closed ecosystem implies that the platform is primarily designed to automate all data unification and marketing, with limited direct support for API connections from other marketing agencies. How each platform identifies consumers is also important, as some platforms will resolve shoppers on dealer-owned websites, and others have local in-market shopper data that can be activated for conquest or to identify when existing customers are shopping on competitor websites.

Features

Figure 6.0

	Activator DS	Client Command	DRIVE AUTO CXM	DrivenIQ	Fullpath	FullThrottle.ai	myautoIQ	Orbee	Outsell	3 Birds	WeDrive Automotive
Open Ecosystem	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
API for Data Ingestion	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
API for Data Activation or Marketing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dealer Group Shopper / Engagement Reporting	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Identify Customers on Dealer Website	-	✓	✓	✓	✓	✓	-	✓	✓	✓	✓
Identify Prospects on Dealer Website	-	✓	✓	✓	-	✓	-	✓	✓	✓	✓
Identify In-Market Shoppers Not On Dealer Website	-	✓	✓	✓	-	-	✓	-	✓	-	✓
Offers Shopper Propensity Models	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Audiences Can Be Exported To Third-Party Agencies	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marketing Attribution Connected to a Sale	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marketing Assets Compliant with OEM Standards	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Figure 6.1 lists each hybrid platform's integration strategy with popular automotive DMS platforms. Many companies are using Authenticom, as a middleware strategy, to ingest data from the DMS. In some cases, larger dealer groups have created their own private data lakes. In these situations, the CDP must be flexible to ingest DMS and CRM data from these private cloud storage frameworks.

DMS Integration

Figure 6.1

	Activator DS	Client Command	DRIVE AUTO CXM	DrivenIQ	Fullpath	FullThrottle.ai	myautoIQ	Orbee	Outsell	3 Birds	weDrive Automotive
AutoMate	✓	✓	✓	✓	✓	✓	-	-	✓	✓	✓
CDK	✓	✓	✓	-	✓	✓	-	-	✓	✓	✓
DealerBuilt	✓	✓	✓	✓	✓	✓	-	-	✓	✓	✓
Dealertrack	✓	✓	✓	✓	✓	✓	-	-	✓	✓	✓
PBS	✓	✓	✓	✓	✓	✓	-	-	✓	✓	✓
Reynolds	✓	✓	✓	-	✓	✓	-	-	✓	✓	✓
Tekion	✓	✓	✓	✓	✓	✓	-	-	✓	✓	-

✓ Direct Data Integration ✓ Direct Data via Authenticom

In Figure 6.2, we have listed the CRM integrations that are currently available, and this list will continue to expand based on Q2 and Q3 development plans that have been shared with our team.

CRM Integration
Figure 6.2

	Activator DS	Client Command	DRIVE AUTO CXM	DrivenIQ	Fulpath	FullThrottle.ai	myautoIQ	Orbee	Outsell	3 Birds	WeDrive Automotive
AutoAlert CXM	-	-	-	-	-	✓	-	-	✓	-	-
DealerSocket	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DriveCentric	-	-	-	✓	✓	✓	✓	✓	✓	-	✓
Elead	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Reynolds Focus	-	-	✓	✓	-	✓	-	-	✓	-	✓
Salesforce	✓	✓	-	✓	-	✓	-	-	✓	-	✓
Tekion	-	-	-	-	-	✓	-	-	-	-	-
VinSolutions	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

In Figure 6.3, we have summarized the current data sources which each hybrid platform ingests to update consumer data records, as of March 1, 2023. You can see that ingesting phone call data is a big opportunity for CDP companies. Most vendors rely on the CRM for their call data and customer communications. The same goes for SMS and chat platform data feeds. Most hybrid platforms have not yet seen the value in ingesting all customer outreach directly from the sources and not the CRM.

In regard to chat data, we are seeing more hybrid companies add their pixel to chat platforms, which is normally in a type of iframe, so that the chat sessions can be included in the connected identity resolution framework. It is our position that every phone call, SMS message, or chat session originating from a known customer is extremely valuable to have in the CDP master engagement record.

Consumer Engagement Channels Figure 6.3

	Activator DS	Client Command	DRIVE AUTO CXM	DrivenIQ	Fullpath	FullThrottle.ai	myautolQ	Orbee	Outsell	3 Birds	WeDrive Automotive
Phone Calls from Switch (not CRM)	-	-	✓	-	-	-	-	-	-	-	✓
CRM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DMS	✓	✓	✓	✓	✓	✓	-	-	✓	✓	✓
SMS Platforms (not from CRM)	✓	✓	✓	✓	-	-	-	✓	✓	✓	✓
Chat/Messaging (not from CRM)	-	-	✓	✓	✓	-	-	✓	✓	-	✓
Email Campaigns outside of CRM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Website Visits (Dealer Owned)	-	✓	✓	✓	✓	✓	-	✓	✓	✓	✓
Website Visits (not Dealer Owned)	-	✓	✓	✓	-	✓	-	-	✓	-	✓
Digital Retailing Tools	-	-	✓	✓	✓	✓	-	✓	✓	-	✓
Third-Party Classified	-	✓	✓	✓	-	-	✓	-	✓	-	✓
Inventory Management Feeds	✓	-	✓	✓	✓	-	✓	✓	✓	✓	✓
Video Platforms (OTT/CTV)	-	-	✓	✓	-	✓	-	-	-	-	✓

Figure 6.4 shows the current data enhancement partnerships that are in place, but this list will change quickly in Q2 and Q3 of 2023. This is due, in part, to increased competition and the new data services that third-party sources are offering to CDP companies. Readers should keep in mind that “more data” is not always better. The proper use of third-party data includes testing data sources for accuracy and value, since appending data to dealer first-party data will impact the overall health and effectiveness of a CDP.

Data Partnerships

Figure 6.4

	Activator DS	Client Command	DRIVE AUTO CXM	DrivenIQ	Fullpath	FullThrottle.ai	myautoIQ	Orbee	Outsell	3 Birds	WeDrive Automotive
700 Credit	-	✓	-	-	-	-	-	-	-	-	-
Acxiom	-	-	-	✓	-	✓	-	-	✓	-	✓
eLEND	-	-	-	-	-	✓	-	-	-	-	-
Equifax	✓	-	✓	✓	-	✓	-	✓	-	-	-
Experian	-	-	-	✓	-	✓	-	✓	✓	-	✓
Infutor	-	✓	✓	✓	-	✓	✓	-	-	-	✓
LiveRamp	-	-	✓	✓	-	✓	-	-	✓	-	✓
Market Scan	-	-	-	-	-	-	-	-	✓	-	-
Neustar	-	-	-	✓	-	✓	-	✓	-	-	-
OfferLogix	-	-	✓	-	-	✓	-	-	-	-	-
S&P Global Mobility	✓	-	-	✓	-	✓	-	-	-	-	✓
TransUnion	-	-	✓	✓	-	✓	-	-	✓	-	-
Urban Science	-	-	-	-	-	✓	-	-	✓	-	-

Marketing campaigns generated from audiences in the CDP can be personalized, but often special data partnerships are needed to accurately quote payments, rates, or present firm offers on a trade-in. Figure 6.5 lists the current specialty integrations that these hybrid platforms have in production as of 3/1/2023.

Specialty Integrations

Figure 6.5

	Activator DS	Client Command	DRIVE AUTO CXM	DrivenIQ	Fullpath	FullThrottle.ai	myautoIQ	Orbee	Outsell	3 Birds	WeDrive Automotive
AIS Rebates	✓	-	✓	-	-	✓	-	-	-	-	-
AutoAlert	-	-	-	-	-	-	-	-	-	-	-
AutoCheck	-	-	-	-	-	-	-	-	-	-	✓
automotiveMastermind	-	-	-	-	-	-	-	-	-	-	-
Black Book	✓	✓	✓	✓	-	-	-	-	-	✓	✓
CARFAX	-	-	✓	✓	-	-	-	-	-	-	-
Chrome Data	-	✓	✓	✓	-	✓	-	-	-	-	✓
eAutoAppraise	-	-	-	-	-	-	-	-	-	-	-
KBB AutoCheck	-	-	✓	✓	✓	✓	-	-	-	-	✓
Market Scan	-	-	-	-	-	-	-	-	-	-	-
OfferLogix	-	-	✓	-	-	-	-	-	-	-	-
TradePending	-	✓	-	✓	-	-	-	-	-	-	-

Data activation for marketing purposes is one of the base use cases for CDPs, and Figure 6.6 lists which media channels are supported by hybrid platforms. The support should include direct placement of custom audiences into these media platforms and not the ability to manually export audiences and load them into a media platform. We have done our best to request that each company truthfully state these automated capabilities, but, for the scope of this report, these data tables are self-reported and thus should be validated.

Media Activation

Figure 6.6

	Activator DS	Client Command	DRIVE AUTO CXM	DrivenIQ	Fulpath	FullThrottle.ai	myautoloQ	Orbee	Outsell	3 Birds	WeDrive Automotive
Adobe Marketing Cloud	-	-	-	✓	-	✓	-	-	-	-	-
Amazon	-	-	✓	✓	-	✓	-	-	-	-	✓
Direct Mail	✓	✓	✓	✓	-	✓	✓	✓	✓	✓	✓
Email	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
General Display	-	✓	✓	✓	✓	✓	-	✓	-	-	✓
Google	-	-	✓	✓	✓	✓	-	✓	-	-	✓
LinkedIn	-	-	✓	✓	-	✓	-	-	-	-	✓
Meta	-	✓	✓	✓	✓	✓	-	✓	✓	✓	✓
Oracle Marketing Cloud	-	-	-	✓	-	-	-	-	-	-	✓
OTT / CTV	-	-	✓	✓	-	✓	-	✓	-	-	✓
Salesforce Marketing Cloud	✓	-	-	✓	-	✓	-	-	-	-	✓
SMS	✓	✓	✓	✓	-	✓	-	-	✓	✓	✓
TikTok	-	-	-	-	-	-	-	✓	-	-	-
Trade Desk	-	-	✓	✓	-	✓	-	-	-	-	✓

MAPs

A number of automotive-specific marketing automation platforms (MAP) can also manually ingest custom audiences from CDPs and could effectively serve as a partner to CDP platforms. Many of the hybrid CDP platforms are expanding their marketing activation channels, but until then, there will be a need for CDPs and MAPs to collaborate. This is even more important when you consider the benefits of having marketing campaigns qualify for OEM co-op funds.

Many CDPs offer basic list segmentation (i.e., customers who bought but haven't serviced or customers nearing maturity on their lease) and marketing services. But there are other companies out there like automotiveMastermind who are focused specifically on activating and analyzing the data to supercharge the immediate benefits of investing in a CDP.

automotiveMastermind, a division of S&P Global Mobility, has been in the industry for over 10 years and has been regarded as one of the premier solutions for data mining. Over time, they have evolved their product and strategy to focus on the data science behind car buyers' motivations. Their proprietary Behavior Prediction Score utilizes first-party data combined with dozens of other data sources, including unique data sets only available to the S&P Global Mobility portfolio companies (Automotive Insights, Polk Auto Direct, automotiveMastermind, and CARFAX). They use this aggregated data to predict who's about to be in-market, when, for which vehicle, and at what price. These motivations (or Behavior Drivers in Mastermind terms) are injected dynamically into hyper-personalized marketing to drive increased response rates.

With this increase in the popularity of automotive CDPs, automotiveMastermind's strategy has become even more relevant. Their strategy is simple at its core; to predict and engage every car buyer. By enabling and integrating a dealer's CDP into Mastermind, the segmentation, prediction, execution, and insights become amplified to identify and execute on even the most complex use cases.

We view the movement to CDPs as a necessary evolution for dealers. And while components of a CDP are built inherently into Mastermind, we don't view our role as becoming the core CDP for a dealer. Our role is to stay true to our mission by integrating and enabling CDPs as well as other key technologies that power a dealership to drive more efficiency for sales teams. Mastermind predicts who is about to be in-market, when they are going to be in-market, for what vehicle, and at what price. Combining the intelligence of a CDP supercharges this capability creating a world where 1 + 1 = 10. – Aaron Baldwin, CPO of automotiveMastermind

Data activation, business intelligence tools, and sales enablement campaigns are some of the specialties of [automotiveMastermind](#) (AMM) so they will be a company to watch. Dealers have many choices for dedicated marketing activation platforms including Drivonic, DealerVerse (formerly DOM360), Mudd Advertising, and PureCars. In our follow-up report, we will take more time to investigate which MAPs are truly integrated with CDPs and provide bidirectional updates on how the campaigns performed so that marketing attribution can be included in business reporting. We intentionally did not include detailed information on how each platform plans to show marketing attribution because of the scope of work that would be required to validate vendor claims of performance measurement.



In the coming weeks and months, dealers will start to see new alliances forming between CDPs and approved OEM marketing companies so that data activation can qualify for co-op funds.

A blue-tinted silhouette of a person's head in profile, facing left, with their hand resting on their chin in a thinking pose. The silhouette is filled with various white digital and technological icons, including a globe, a house, a Wi-Fi symbol, a play button, a bar chart, a line graph, a pie chart, and a keyboard. In the top right corner, there is a horizontal row of ten circles; the first eight are solid white, and the last two are hollow white.

Imagine The Future

Dealer groups will lead the way
fueled by their **desire to win** on
customer experience

IMAGINE THE FUTURE

Creating better customer experiences through proper first-party and third-party data management should excite automotive retailers. Yet, it is hard for some executives to visualize modern retailing experiences since many of their sales practices have been unchanged for the last 10 years. We asked dealers who are starting CDP projects to share their visions for how their unified customer data will be deployed, and we also added some of our own ideas to get leaders excited about the future.

1. **Personalizing BDC Experiences:** Today, when a customer calls a dealership, rarely is the phone number checked against the DMS or CRM to provide for a better initial greeting. Imagine a future state where the incoming call triggers a connection to the CDP where a summarized customer record can be displayed. The customized screen can prompt the agent to recognize the customer's loyalty, confirm upcoming appointments, discuss open recalls, review trade-in offers, or show the vehicles that they own to facilitate a seamless customer experience.
2. **Filling Gaps In Customer Outreach:** Dealers are well aware that customers are not being contacted as frequently as they should be, especially for declined services, overdue maintenance, equity trade-up offers, or open recalls. Imagine a future where CDPs connect with text messaging and digital voice assistants which can conduct automated outreach to reduce the need for human intervention. When a consumer responds to the AI-driven communication channels, dealers still have the choice to connect their customers with a live customer service agent, if needed.
3. **Creating a Bonvoy Experience in the Showroom:** The top tier at Marriott hotels customer loyalty program (Bonvoy) is Ambassador Elite. When a loyal customer presents their ID to the reception manager, they will be thanked for their loyalty and recognized as an Ambassador Elite member. They are offered a choice of specific perks and made to feel appreciated. Imagine a day when the dealership's receptionist can quickly look up a customer who enters the showroom to recognize their loyalty, confirm their scheduled appointment, or offer them a special personalized perk based on data in the CDP.
4. **Crafting Better Website Workflows:** Since identity resolution frameworks can sit on dealership websites, store managers can know when existing customers are back online. Imagine an ecommerce experience tailored to each existing customer which would reduce the need to re-enter contact information or existing vehicle information that is already in the CDP. Using data from the CDP, suggested vehicles, upgrade options, or service reminders can be presented in a tactful manner to enhance the customer experience. When interviewing CDP platforms, ask them if their pixel/tag can communicate with their CDP in real-time to make adjustments to website experiences. **Not all vendors we interviewed can do this type of first-party data activation.**

5. Choosing The Best Activation Channels: Most dealership marketing could be described as “spray and pray” tactics. Mass emails, direct mail offers, and generic lead response templates are commonplace despite the well-known impact they have on degrading the customer experience. Powered by contact data in the CDP, dealers will know which are the most likely channels by which a customer will respond. Having a tiered approach to each customer, marketing costs can be reduced and engagement rates increased.

There are many more examples that can be outlined to help support the CX goals for each dealer group embarking on a CDP project. Through the efforts of many brave pioneers documenting the best data management and activation processes, customer experiences can be significantly improved.



PORTFOLIO MANAGEMENT FRAMEWORK

Effective portfolio management begins when a dealer looks beyond the “next customer transaction.” Instead, it focuses on the ongoing revenue and LTV (lifetime value) of each customer, based on the future multiple transactions during the customer’s ownership cycle that the dealer has the potential to earn. To do this, dealers must break down the barriers between sales and service, looking at the revenue potential of each customer across all departments.

If dealers start to look at their customers as a valuable portfolio of assets, then portfolio management will be a skillset that can be enabled by the CDP.

In essence, dealers need to view each customer as the “baton” in the “relay race” of growing LTV. This race is infinite. The flow of revenue from each customer will continue as long as the dealer can retain the customer, keeping the “customer baton” passing between members of the sales and service teams without a fumble.

Data is at the core of this portfolio-centric approach because good data, properly organized, allows dealers to quantify the current financial performance of their overall database of customers, including LTV.

But just as important as understanding current financial performance is the ability for dealers to calculate the ongoing and future revenue potential that exists within their portfolio of customers.

“If dealers don’t understand the potential that exists in their current customer database, they will stay trapped in the whirlwind of today’s business, continuing to focus the majority of their resources chasing new business while a large portion of their existing customer base quietly defects every month.”

– Jeff Williams, CEO of Absolute Results

Dealers who focus on achieving this potential often discover that the sales and revenue opportunities within their existing portfolio of customers are greater than they imagined. Hundreds of their past customers are defecting each month...customers who trusted them in the past, but who the dealership has largely ignored. Strategic activations that start with the goal of reconnection, followed by a discovery conversation and sharing of new and beneficial information, can produce quick sales wins and boost retention.

Dealers can then use the historical data gathered about each customer in their CDP to create benchmarks around the drivers of LTV. New KPIs, such as monthly sales to past customers, service to sales conversion rates, renewal cycles, trade-in rates, and even VIN retention can be established, all with the focus of growing LTV.

When growing LTV becomes the dealer’s “operational north star,” this portfolio-centric approach forces a dealer to analyze all of their sales and service processes through the filter of “does this activity extract value or add value to my customer?”. Processes that are extractational (that destroy loyalty) because they are solely focused on maximizing a single transaction without regard to the long-term customer care or benefit must be eliminated.

Dealers can then leverage the new LTV KPIs to create sales processes focused on retaining customers and accelerating renewal. Compensation models should be reviewed to ensure that the right behavior is being rewarded.

CDPs then play a crucial role in managing all communication to the customer during their ownership cycle. They become the communication hub that doesn't just throttle communication but rather becomes the architect and author of the communication. The CDP determines the content, the cadence, and the medium of each message. It also measures the attribution of the responses, engagement, and subsequent customer activities.

This portfolio-centric approach has the potential to shift the dealership culture towards delivering exceptional customer experience. Studies in other industries have shown that when retail sales team members understand and are compensated on LTV, they are far more attentive to their customers' needs. The best evidence of customer satisfaction is a repeat purchase.

The ultimate benefit of this portfolio-centric approach to an automotive dealer is the growth in the enterprise value of their dealership. Historically, dealerships and brands with a high lease penetration have been more desirable and have commanded a higher valuation. As automotive OEMs and dealers become more and more reliant on ongoing revenue from each customer, whether it be through features on demand, over-the-air paid upgrades, subscription revenues, and even mobility-as-a-service, dealers who can irrefutably prove that they can retain more customers and grow LTV will have a substantially higher enterprise value.

According to Jeff Williams, CEO of [Absolute Results](#), their analysis of 150+ dealers with over 20 domestic, import, and luxury brands found:

- 26% of monthly sales are to past customers (sales and service) and 74% are new to dealer or conquest
- The average dealer renews just under 3% of their active customer database annually – they sell 287 vehicles annually to past customers...they lose more customers than they renew

Could the combination of a portfolio management mindset and an accurate CDP fuel the next wave of growth in automotive retail?



What Role Can OEM Managers Play?

Clean rooms may be the key for
connecting the consumer journey
across online marketplaces
and Tier 1 websites

WHAT ROLE CAN OEM MANAGERS PLAY?

Shift Digital

One of the unexpected findings in our research was a new awareness of CDP-related projects in the works at OEM digital marketing management companies. One of the companies who agreed to be included in the research report was Shift Digital. After meeting with their management team, I came away with a few observations about a future role that they could play to bridge the data gap between activities at Tier 1 and Tier 2 and activities at Tier 3.

- Shift Digital is a very well-positioned company based on their relationship with about 3/4ths of the automotive brands in North America.
- Shift has built a completely open first-party data platform that will integrate with all other certified providers and is piloting it with a large dealer group.

Shift's unique vantage point gives them access to Tier I and Tier III lead data as well as certification programs for websites, digital advertising, digital retailing, and other tools.

- In addition, Shift has inventory, sales, and the ability to connect OEM Tier I website shopping data for unique cross tier insights into shopper activity.
- Shift is working with brands to leverage this as part of their OEM programs and is also developing dealer group solutions.
- Shift has built their data platform with open APIs that will integrate with any certified vendor so dealers will have choice and flexibility in the activation tools that they plug into it.

When you consider these strengths and the scale by which the company has been able to manage automotive retail data, it should be interesting to see how dealer groups embrace this new entrant into the retail CDP marketplace for larger dealer groups.

“Using a CDP not only improves the customer experience, but also saves dealers media dollars and cost per acquisition. The U.S. automotive market is projected to spend \$19 billion on digital ads in 2022. Those media dollars include spending by OEMs and dealers whose campaigns often compete for the same buyer.”

- Greer, 2023

FordDirect

FordDirect, a joint venture between Ford Motor Co. and the Ford and Lincoln dealerships in the US and Canada, has a mission to help dealers succeed at retail by offering a full suite of digital experiences for vehicle shoppers and owners. This unique partnership gives FordDirect unprecedented access to OEM, Tier 2, and dealer data. FordDirect is able to extensively bridge the gap between activities across all tiers. As a result, they started development of a Customer Journey Platform (CJP) over three years ago and launched it last Spring. The purpose of the FordDirect CJP is to help dealers and the OEM:

- Know more about their customers than ever before, in a privacy-compliant manner, backed by a SOC2 Type 2 certification
- Identify a prospect/owner consistently
- Enable a consistent brand and owner experience regardless of tier or channel (online or in-store)
- Reduce waste and increase efficiency

Unique features of FordDirect's data position and the capabilities of its Customer Journey Platform (CJP) are as follows:

- FordDirect is the sole supplier of Tier 1-Tier 2 website leads to all North American Ford and Lincoln dealers/retailers and captures ~99% of the form leads, phone calls, chats, and retail orders from dealer websites giving extensive PII for identity resolution and graphing.
- The CJP stitches extensive cross-tier and cross-channel customer signals in sequential time series from all OEM and dealer websites, Tier 1-Tier 3 paid media and email attribution, CRM/In-Store, DMS, and Tier 3 marketing activity.
- The CJP has considerable scale with over 50M+ identified customers across 70M+ unique dealer journeys in addition to 1 billion tracked but unidentified customer records.
- With up to seven years of journey history across 3000+ dealers, CJP data has high statistical significance for machine learning, data science modeling, and artificial intelligence made available for profiling and marketing automation.
- By EOY '23, shopping and owner signal matching to 90+% of dealer sales and service transactions will be available to predict next best actions, measure marketing (and partner) effectiveness (ROI), and recommend media mix.

- The CJP consumes all phone and chat transcriptions and has applied Natural Language Processing (NLP) to classify the meaning and intent of 700K+ calls.
- FordDirect's CJP is also an open first-party data platform using pre-built integrations with 20 major dealer digital technology partners and OEM data systems for vehicle order data, incentives, and digital content.

We look forward to following dealer group implementation projects for both FordDirect and Shift Digital's platforms.

LOOK FOR CLEAN ROOM LEADERS IN 2023

OEMs are actively testing methods to securely leverage their first-party data from Tier 1 website shopping activities to their franchise dealers at Tier 3. Developers are utilizing a cloud framework called a clean room. By strict definition, clean rooms allow two parties to compare data, at scale, without exchanging or updating specific data records. For example, Subaru may use a clean room company like Snowflake to see how many of their customers shop at Walmart.com and to determine if advertising on that website would have a good ROAS.

OEMs will likely not give dealers direct shopper data from their national web portals. However, they know that they can improve the customer experience of their brand by using clean room (or safe room) partners to personalize website experiences and marketing outreach at Tier 3. Offering universal automotive clean room services is where Shift Digital could find traction because they work with so many franchise networks.

One use case would be to recapture the attention of local shoppers who have abandoned a vehicle configurator tool at Tier 1 without completing the build and without supplying their contact information. Audiences can be created and activated in the form of Tier 3 marketing outreach or personalized messaging, depending on if the consumer was an existing dealership customer. Dealer groups should keep an eye out for new ways in which privacy compliant data sharing can be achieved using clean rooms in automotive retail.



Final Thoughts, Glossary & References

The conversation around automotive
CDPs is **only just beginning**

FINAL THOUGHTS

Our research into CDP and MAP offerings for US automotive retailers revealed wide variations and product overlaps which will require dealer groups to interview potential partners with greater care and planning. The companies that are on the market today represent the early investors in first-party data management and more entrants will be confirmed in the year ahead. The wild cards in dealer choice include co-op decisions by OEMs or offerings by OEM program managers like Shift Digital and FordDirect.

Dealership managers, marketing directors, and compliance officers are invited to join the first-party data discussion on May 21–23, 2023 in Austin, Texas at the Digital Marketing Strategies Conference. Readers of this research report can activate a special discount for DMSC tickets by using code **CDP200**. Tickets are available at digitalmarketingstrategies.org.

CDP Research – Part Two

Further research is needed to continue dealer education on first-party data management and to help dealership managers navigate the various product offerings on the marketplace. As Pasch Group expands its research, we plan to release a follow-up report that will include:

- Data security measures taken by each CDP/MAP vendor, which can include SOC2 and ISO27001 certifications.
- Data privacy frameworks that ensure that dealers are able to comply with Federal and state regulations regarding consumer information.
- Closed loop attribution modeling and campaign reporting tools.
- Business intelligence tools that connect into CDPs which will help dealers turn their data into dollars.
- Business use cases which require third-party data partnerships to provide better activation rates and outcomes.
- The documentation of which media activation channels are configured to provide bidirectional data updates to the CDP.

We welcome feedback on this research report: Send comments to brian@brianpasch.com.

Dealership managers who would like to stay connected with the developments in automotive first-party data management and CDPs are invited to subscribe to the [Modern Retailing Newsletter](#) on LinkedIn.

DIGITAL MARKETING STRATEGIES CONFERENCE



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PASCH GROUP CDP RESOURCES



GLOSSARY OF DATA MANAGEMENT TERMINOLOGY

This section is designed to assist readers with the terminology and acronyms used in this research report and likely to appear during sales and planning meetings with CDP vendors.

- **Composable CDP:** consists of the same components as their off-the-shelf counterparts; Data Collection, Data Storage and Modeling, and Data Activation.
- **Customer Data Platform (CDP):** is packaged software that creates a persistent, unified customer database that is accessible to other systems. In some cases, automotive CDP platforms are closed to outside integrations because the vendor provides both CDP and MAP functionalities.
- **Data Clean Room:** provides aggregated and anonymized user information to protect user privacy, while providing advertisers with non-personally identifiable information (non-PII) to target a specific demographic and for audience measurement. Content platforms collect user information as part of day-to-day operations.
- **Databricks:** is a unified set of tools for building, deploying, sharing, and maintaining enterprise-grade data solutions at scale. Databricks integrates with cloud storage and security in your cloud account, and manages and deploys cloud infrastructure on your behalf.
- **Data Lake:** is a centralized repository designed to store, process, and secure large amounts of structured, semistructured, and unstructured data. It can store data in its native format and process any variety of it, ignoring size limits.
- **ETL and ELT:** Terms to describe the two major data integration architectures – extract-transform-load (ETL) and extract-load-transform (ELT). These architectures reflect the fact that data can be transformed at two stages of the data integration process. Transformation can take place before the data is loaded to its destination (ETL) or after (ELT). The destination is typically a data warehouse (The Ultimate Guide to Data Transformation, 2023).
- **Marketing Automation Platforms (MAP):** A technology platform that can take custom audiences or lists and activate the data across various media channels. Automotive MAPs will have unique integrations with auto dealer inventory and OEM image libraries to create and automate advertising campaigns.
- **MD5:** is a message-digest algorithm and is a widely used hash function producing a 128-bit hash value. MD5 was designed by Ronald Rivest in 1991. MD5 can be used as a checksum to verify data integrity against unintentional corruption.

- **SHA256:** stands for Secure Hash Algorithm 256-bit and it's used for cryptographic security. Cryptographic hash algorithms produce irreversible and unique hashes. The larger the number of possible hashes, the smaller the chance that two values will create the same hash.
- **Snowflake:** is a cloud data warehouse that can store and analyze all your data records in one place. It can automatically scale up/down its computer resources to load, integrate, and analyze data.

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Brian Pasch, a graduate of Rutgers University, has a diverse background including roles as a Civil Engineer, High School Physics Teacher, Senior Telecom Analyst at Goldman Sachs, and CIO of a national marketing agency. In 2005, he founded PCG Companies which provides strategic sales and digital marketing services to automotive retailers in North America. Brian has published nine books on sales and marketing strategies for the automotive industry and hosts two annual conferences in the automotive industry, which highlight next generation technology, data management, marketing, and sales processes. In 2022, Brian founded the Automotive Standards Council (ASC) to bring together over 100 automotive dealers and technology companies to support unified events in Google Analytics. Brian is an active keynote speaker and coach to both dealers and members of the automotive technology community. Brian has led PCG's expansion into international markets where his training curriculum is being utilized by dealer groups and manufacturers as part of a modern retail sales process. PCG Companies, recently rebranded to **Pasch Group**, includes PCG Digital, PCG Research, and Brian Pasch Enterprises.