

## FOR LUXURY CAR MAKERS, BEHAVIORAL SCIENCE MAY HOLD KEY TO CUSTOMER LOYALTY IN FINANCIAL DOWNTURN.

New research compares car owners' attitudes toward their cars to marital and dating relationships.

CARY, N.C., Nov. 11, 2008— Although the luxury car market has long been considered “recession proof,” the current economic crisis has sent sales plummeting. Mercedes Benz, BMW and Lexus all reported stunning losses for the months of September and October.

Stung by the Dow and the credit crunch, car manufacturers are being forced to rethink some of the old rules of automotive marketing. In a climate where competition is keen and advertising budgets are under pressure, auto makers are being advised to target those customers who have not yet decided whether to stay or stray from the luxury brand their customers now drive.

“In a declining market, retaining customers is more efficient, more intimate and more cost-effective than any effort to lure new buyers,” said Alyson Connor, vice president of behavioral planning and analytics at MicroMass Communications, a North Carolina-based agency that has been a pioneer in applying behavioral science to relationship marketing.

“Loyalty is the name of the game,” she added. “Every point increase in loyalty is worth millions in revenue for the high-end manufacturer.” In order to help companies compete on what MicroMass calls the “loyalty battleground”—fighting to retain the undecided buyer in a grim financial environment—the agency has designed a breakthrough methodology that identifies current luxury car owners as defectors, loyalists or undecideds. This scientific approach also determines which messages are most likely to motivate specific customers to remain loyal.

According to Connor, luxury car owners have traditionally formed attachments with their cars, a bond often compared to marriage or dating. “There’s a real correlation between personal relationships and car ownership,” she explained, pointing out that MicroMass was able to mine the insights from a behavioral science model on human relationships and then apply them to the luxury auto market. The results showed that they could predict which customers were likely to remain loyal to a brand, which were most likely to defect and which were undecided.

“Throwing marketing dollars at those who’ve already made up their minds is a waste, especially when most are tightening their belts,” said Cameron McNaughton, principal of TreeFarm Partners, a marketing consultant firm that advises companies in the luxury automotive industry.

McNaughton, who partnered with MicroMass in the company’s effort to develop this approach, is committed to targeting the undecideds in the luxury car industry. “According to our research, this group embraces 63 percent of all current owners and leasers. We call them the ‘fence-sitters,’” he said, “and they can be a highly lucrative market. However, motivating them is the key factor in getting them to buy or lease a new car. And motivation is precisely where behavioral science comes in.”

**Kari Price**  
T (919) 256-2481  
E kari.price@micromass.com

**Julie Laitin**  
T (212) 286-2424  
E jlaitin@julielaitin.com

**Cynthia Amorese**  
T (908) 665-8072  
E camorese@comcast.net

According to primary research conducted by MicroMass, the undecided group is diverse. The agency identified five behavioral segments among luxury car buyers, each responding to a different combination of motivators. The segments range from the Status Seeker—who sees the car as an emblem of success—to the Confident Pragmatist, who, sitting at the other end of the spectrum, tends to ignore what others think and focuses on quality, safety and customer service.

“These two are polar opposites,” Connor said. “Along with the other segments, they respond to different motivators and reflect different ownership experiences. For marketing messages to succeed, they must be tailored to the individual motivators of behavior. If you are delivering a message that fits one of these segments, then you are bound to turn off customers in another segment. In other words, there’s no such thing as one size fits all.”

“The key,” she added, “is to go deeper than demographics and psychographics and get to the core of the individual buyer. Behavioral science tells us that if you know a customer’s mindset, then you will know what motivates that person to act. In this case, the car manufacturer can learn which buttons to push in order to generate brand loyalty.”

The concept of applying behavioral science to relationship marketing is one that MicroMass pioneered and has successfully applied in other industries. The agency’s business model is based on the belief that understanding the critical factors that influence individual behavior and creating a dialogue that addresses those factors is the best way of building enduring relationships between customers and brands.

For more information on MicroMass and its breakthrough methodology for the automotive industry, go to [www.igniteloyalty.com](http://www.igniteloyalty.com).

**Kari Price**  
T (919) 256-2481  
E [kari.price@micromass.com](mailto:kari.price@micromass.com)

**Julie Laitin**  
T (212) 286-2424  
E [jlaitin@julielaitin.com](mailto:jlaitin@julielaitin.com)

**Cynthia Amorese**  
T (908) 665-8072  
E [camorese@comcast.net](mailto:camorese@comcast.net)