

SCI Enhances Automotive Lead Management at a Critical Time

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In a recovering automotive market, firms must work more efficiently to create consistent, positive and personalized buying experiences. SCI's offering addresses this challenge, at least for some value chain participants.

Event

On 11 September 2009, SCI, a provider of automotive retail solutions for North America, introduced its Torque 4.0 product version. For the first time the company offers a software as a service (SaaS) based solution that gives vehicle manufacturers, dealer groups, dealers and other automotive marketing partners collaborative tools and insights to manage and improve sales and marketing effectiveness across the entire sales process.

Analysis

SCI's new product release comes at a critical time. Although government-sponsored incentives such as the cash-for-clunkers program in the U.S. have helped to slow or even stop sales declines in recent months, the recovery phase will be prolonged.

During the next 12 months especially, vehicle manufacturers and dealers will need to focus their spending on collaborative initiatives to improve marketing effectiveness, improve customer life cycle management and maximize lead conversion rates. This requires a transparent and comprehensive understanding of the effectiveness of past and current customer management initiatives as well as the integration of marketing initiatives based on customer-centricity strategies. Gartner believes that improving lead aggregation, tracking and responsiveness can lead to an average sales conversion ratio gain of 10% to 30%.

SCI's newest offering focuses on this need by:

- For the first time, aggregating all lead management activities with a single-source repository for consolidated lead information, instead of the typical fragmented-lead approach
- Providing analytic capabilities for marketing and sales reporting across the entire sales process
- Allowing for simplified access via its SaaS-based approach among multiple user groups

When used holistically across all processes, SCI's new offering has the potential to reduce cost and complexity while increasing strategic insights into the effectiveness of marketing and lead management efforts. Dealerships typically have been exposed to vendor offerings that favor "quantity over quality" by marketing numerous unconnected point-to-point solutions. Torque 4.0 can benefit dealerships by optimizing dealer-generated lead and marketing management initiatives.

The goal of improving the effectiveness of the entire customer life cycle strategy across all value chain partners (OEMs, dealers, agencies and marketing partners) will be more challenging for SCI to realize and depends on an automotive company's current commitment to customer centricity. Due to the increased organizational complexity — which requires significant resource and technology scale — as well as established competition from traditional IT solution providers such as Oracle, SAP and IBM, SCI will have to first validate that its new offering can have a significant impact on key metrics such as lead conversion rates at the dealer level before engaging with other value chain participants on broader customer life cycle initiatives. The company has demonstrated this impact in its work with General Motors, but other automakers will take a careful approach in evaluating the benefits from a life cycle management offering.

RECOMMENDATIONS

- **Dealers and automakers:** Put SCI's latest offering to the test, and focus on evaluating the potential cost avoidance, lead conversion and customer satisfaction benefits. Improve your understanding of SaaS-based offerings to determine your company's IT and application readiness.
- **Technology vendors targeting vehicle manufacturers:** Explore potential partnership or collaboration scenarios with SCI to connect your offering with applications targeted at the automotive retail channel. Effective marketing campaigns will require organizational agility that can only be realized by linking key processes between automakers, marketing partners and dealers (for example, by linking lead generation at the OEM level with lead management at the dealer channel to maximize marketing effectiveness).

RECOMMENDED READING

- "Predicts 2009: The Auto Industry's Hope for Sustainable Growth Requires New Focus" — The success of auto companies requires investments in operational process improvements as well as the development of technology solutions that will ultimately change the automobile's value proposition. **By Thilo Koslowski**
- "Hype Cycle for Automotive Demand Chain and Supply Chain Technologies, 2009" — Leveraging innovative technologies across the demand and supply chains will become the foundation for successful and agile automotive organizations. **By Thilo Koslowski and Marc Halpern**

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