Proof of Concept Case Study: Texas New Car Dealer Group Direct Mail Campaign

Background

The Texas New Car Dealer Group aimed to boost sales and enhance revenue through a targeted direct mail campaign. Leveraging Data Decisions Group's (DDG) In-Market New Vehicle Intender Audience, they strategically reached out to 10,000 potential customers within a 15-mile radius of their dealership. This audience was specifically curated by DDG to include individuals actively considering the purchase of a new vehicle, ensuring the campaign reached the most relevant prospects.

The Campaign Strategy

DDG's In-Market New Vehicle Intender Audience is designed to target consumers who are actively shopping for a vehicle, utilizing cutting-edge data science and modeling techniques to ensure the highest possible conversion rates. The Texas New Car Dealer Group tailored their messaging to this audience, emphasizing new vehicle offerings, promotions, and trade-in options.

Results

Sales from Direct Mail Campaign:

- The campaign successfully generated 25 new vehicle sales. The average gross profit per unit: $2,200. The total gross profit from new vehicle sales: 25 units × $2,200 = $55,000.

Trade-Ins:

- The dealership also traded 16 retail trade-ins as part of the campaign. These vehicles were sent through the service department, where the dealership realized a gross profit of $1,044 per unit. 16 units × $1,044 = $16,704.

Additional Profit from Trade-In Sales:

- In addition to the service profits, the dealership expected to sell the 16 trade-ins at an average of $2,750 per unit in gross profit. 16 units × $2,750 = $44,000.

Total Financial Impact

- Gross profit from new vehicle sales: $55,000.
- Gross profit from service department (trade-ins): $16,704.
- Expected gross profit from selling trade-ins: $44,000.

Total gross profit: $55,000 + $16,704 + $44,000 = $115,704.

Investment: Total campaign investment: $8,500.

Return on Investment (ROI)

The total gross profit generated by the campaign amounted to $115,704, while the investment was $8,500. This resulted in a ROI of 1,620%, highlighting the effectiveness and profitability of the direct mail campaign targeted at the right audience.

Conclusion

By leveraging DDG's **In-Market New Vehicle Intender Audience**, the Texas New Car Dealer Group proof of concept achieved outstanding results: 25 new vehicle sales and additional revenue streams from trade-ins and service profits. With a marketing expense ratio of just **7.3% against gross profit**, the campaign demonstrated exceptional efficiency and ROI.

Based on this success, the dealership group has decided to **roll out the campaign across all locations**, aiming to scale results and significantly boost sales and profitability through expanded investment.