



Ad agency Tier10 leveraged Urban Science data to optimize its Tier II off-lease mail strategy and saw a 2.6% conversion rate.

THE GOAL

- Increase Honda vehicle sales and steal market share.
- Increase efficacy and efficiency of identifying, targeting, and conquering consumers.

THE APPROACH

- Leveraged Urban Science data to both expand and refine targeting capabilities.
- Target both conquest and same-brand off-lease consumers with the highest statistical probability of upgrading to the Honda brand.
- Starting 12 months before the end of their leases.

THE RESULTS

- Successfully influenced consumers to defect to the Honda brand, delivering a much as a 28:1 ROI with a conversion rate as high as 2.6%.

THE STORY

As off lease opportunities continue to grow, a record 4.3 million leases ended in 2019 ([Edmunds](#)), making effective lease retention and conquest strategies imperative.

In Q3 2020, lease penetration was roughly 24% ([Cox](#)), compared to the record high of 29.6% in 2016. Lease remarketers are well-accustomed to cyclical swings in their portfolio performance. They went from large losses on end-of-term units in 2008 to record gains on units sold in 2011. Strong equity positions enabled lessors and dealers to strategically use pull-ahead lease programs to stimulate new sales, retain customer loyalty, and enhance customer satisfaction. A 24% lease penetration rate suggests ongoing demand which equates to millions of vehicles re-entering the market, improving CPO inventory and ultimately tons of opportunity for our clients to maximize.

Swings between gains and losses are also amplified by the fact that lease return rates increase when equity positions are more negative. In the 2008 recession, when wholesale prices were at their lowest, lease return rates were well above 80%. This is compared to 2011/2012, when as wholesale values reached new highs, returns rates fell well below 50%. With the pandemic shaking the global

economic foundation there was a need to capitalize on increase in lease return rate opportunities. The key to capturing returning lessees is coordinating communication through the right channels at critical moments in the auto shopping journey, sometimes starting as early as 12 months before lease end. Marketing to the off-lease audience when they are thinking about their next car is essential. In addition, coordinated lease-end communication practices and marketing efforts across Tier I, II, and III lead to increased retention, significantly influencing customer satisfaction.

THE SOLUTION

Tier10, a [DDH](#) company and sister company to Team Velocity, leveraged data from Urban Science, banks, credit unions, and third-party data providers to significantly expand its targeting capabilities. This data included more detailed FICO score filtering, registration data, and end-of-lease credit data with permissible purpose. Using this data, Tier10 identified conquest and same brand off-lease consumers with the highest statistical probability of upgrading a new Honda. Taking it a step further, Tier10 used proprietary data from Urban Science to purge customers that lack brand loyalty, ensuring its consumers had the most refined list of customers to target.

The agency developed mail pieces with variable printing fields specifically designed to conquest expiring leases. Each mail piece featured a table that pulled in customer-specific vehicle data, displaying it against the suggested Honda upgrade option. The table detailed repair costs, monthly fuels costs, and the total amount of money saved if the customer upgraded to a new Honda.

This strategy was first executed with three robust campaigns that focused on rate reduction, credit reduction, and expiring leases. When the rate and credit reduction campaigns produced a lower ROI, the campaign was adjusted to focus on expiring leases. To maximize client ROI, Tier10 expanded the expiring lease campaign to include additional same-brand lessees, which increased sales matches up to 15%. The Honda CR-V, Accord, and Civic were most often incorporated into the comparison chart due to their high conversion rates.



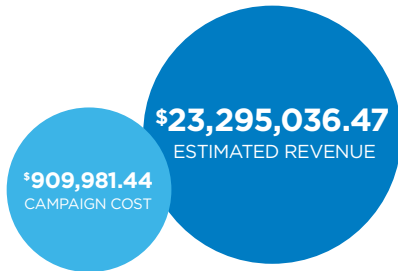
Understanding the importance of timing, Tier10 first executed this strategy six months before lease-end, but then adjusted to 12 months, finding that the extended timeframe and increased frequency significantly influenced the customer's next vehicle purchase.

THE RESULTS

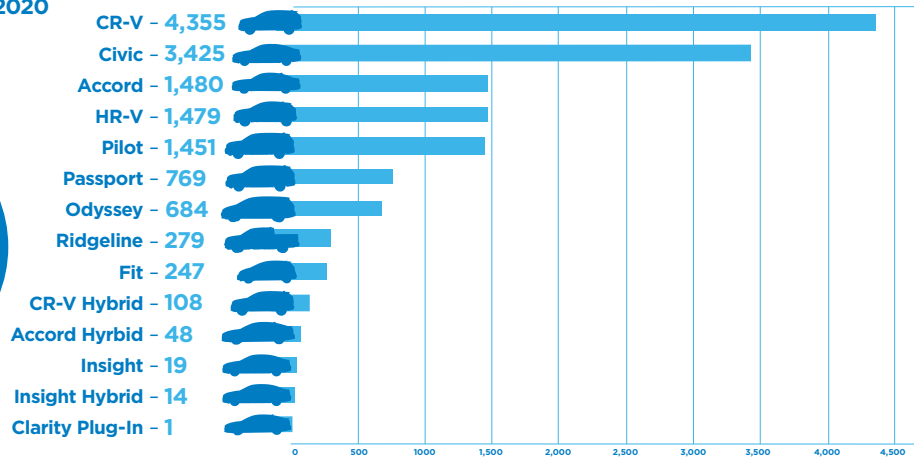
- In 2020, Greater Twin Cities Honda Dealers Association executed 9 mail drops targeting 17k HH per drop, matching 4,319 Hondas sold to the Urban Science data list, delivering a 28:1 ROI with a 2.6% CR.
- In 2020, Northern Ohio Honda Dealers Association executed 10 mail drops targeting 40k HH per drop, matching 8,992 Hondas sold to the Urban Science data list, delivering a 23:1 ROI with a 2.4% CR.
- In 2020, Maine Honda Dealers Association executed 12 mail drops targeting 5K HH per drop, matching 1,048 Hondas sold to the Urban Science data list, delivering a 15:1 ROI with a 1.5% CR.

ATTRIBUTION DATA FROM:
JANUARY 3, 2020 - DECEMBER 31, 2020

ROI → **25:1**



SALES BY MODEL



\$1,622.33 PROFIT PER CAR × **14,359** CARS SOLD = **\$23,295,036.47**

\$23,295,036.47 - **\$909,981.44** = **\$22,385,055.03** ESTIMATED GROSS PROFIT

14,359 CARS SOLD
31 DROPS
600,532 CAMPAIGNS DELIVERED

Greater Twin Cities
 Honda Dealers



Northern Ohio
 Honda Dealers



Maine Honda Dealers



URBAN SCIENCE