



Dealers miss out on millions by leaving personalised customer communication on the 'too difficult' pile

True customer segmentation by UK dealers is 3 to 5 years behind the US – and the revenue impact is huge, says ADS

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MILLIONS are lost in revenue by UK dealers due to a lack of truly personalised communication with customers.

That is the view of customer data segmentation experts ADS (Auto Data Solutions), after analysing UK dealer databases and comparing them to their US counterparts.

ADS says that the problem stems from relegating true data segmentation to the 'too difficult pile' among the priorities of many dealers.

Unlike other retail sectors, which have perfected customer segmentation, dealers often mistakenly believe their existing customer records are adequate - despite being typically riddled with incorrect details, says ADS.

In one recent dealer group database analysis ADS found that 12% of customer plate changes had not been recorded.

In this case the dealer had in fact cleansed its customer data but then failed to update their systems for 12 months, costing hundreds of thousands in lost revenue. ADS also estimates more than 500 potential additional car sales were also missed.

ADS contrasts UK motor retail with the approach of the grocery sector in Britain and the highly sophisticated data-led marketing of American dealers, estimating that marketing efforts in Britain are between three and five years behind the US.

At the heart of the issue is the lack of connectivity between multiple databases in the typical dealership - a problem already widely overcome in the US by implementing a 'single point of truth' through dedicated Customer Database Platforms (CDPs).

In Britain, customer information is typically spread between a Dealer Management System (DMS), a Showroom System, an Aftersales Booking System, a CRM system and ad hoc databases such as website sign-up lists for newsletters. Some dealer groups even run multiple DMS, often containing misaligned data.

It means that even when customer details are updated in one place they often remain incorrect in other systems. As analysis by ADS has previously identified, this means up to three quarters of customer data points are flawed in the typical dealership.

Jon Sheard, Operations Director of ADS, said: "Genuinely personalised communication with customers always unlocks additional revenue, but it's only possible with true customer segmentation - which dealers often tend to leave on the 'too difficult' pile.

"That's a mistake. Rigorously cleansing their data - ideally in real-time - and establishing a single point of truth for every customer will pay for itself many times over, as those who have done it will confirm."

ADS suggests that the minimum level of segmentation for any dealer means accurately answering at least 15 simple questions for each customer, ranging from basics such as address and contact details, through finance term data, previous change cycle behaviour and even factors such as the age and mileage of their tyres.

The business says one client drove seven-figure additional profits by simply asking customers who were booked in for service work whether they had begun considering a change of car. ADS points out that such practices help secure an existing relationship before the customer begins shopping around.

Jon Sheard said: "-You cannot make the most of a key contact moment if you don't know when a customer's MOT is due, or if you're relying on outdated details from a system that contains the wrong address. That's why a single point of truth, provided by one customer database platform, is so valuable.

"We've all experienced dealer communications based on out-of-date details, and when that issue is scaled to a national level, it represents millions in missed revenue opportunities. Properly cleansed data in a single system can capture those opportunities.

"When we compare this to the US approach, where true customer segmentation is already driving marketing success, we estimate that UK dealers are currently three-to-

five years behind in unlocking the full potential of their customer data to generate revenue and strengthen customer relationships.”

As leading experts in data cleansing ADS now aim to address the issue of enabling a 'single point of truth' by working with technological partners developing CDPs for the UK market.

Jon Sheard added: "Even the highest quality data of little use if it is trapped in just one part of the dealership's many business management tools. It's time to address this problem and unlock marketing that truly strengthens relationships and delivers growth."

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ABOUT ADS

ADS - Auto Data Solutions - connects motor retail businesses with market and customer data that increases efficiency and boosts revenue. Working with franchised and independent dealers, ADS (Auto Data Solutions), specialises as a 'hub' bringing together significant data sources for customers across the industry. In a fast-moving and fluid market its focus is on helping to prevent dealers from losing track of customers so that they can build stronger and more loyal relationships.

Founded by a team of former senior CAP-HPI managers, ADS partners with all of the leading data and system providers to provide a unique set of services designed to drive growth and profitability for dealers.