Company:

TrueCar, Inc

Applications:

Customer Close Rate Prediction

> "Our business is the analysis and refinement of data from various automotive market sources to help consumers make an informed and unique choice. That purpose necessarily requires a versatile Business Analytics approach. With MicroStrategy, we've found a solution that provides the analytics, accessibility, and extensibility we need, while integrating seamlessly with our existing platforms."
>
> – Jim Berger
>   Vice President, Business Intelligence and Operations, TrueCar, Inc.

TrueCar, Inc. is a digital automotive marketplace that matches car buyers with dealers. Their national network includes over 6,000 certified dealers based in 48 U.S. states. Founded in 2008, the company also manages auto buying programs for major corporations, some of which include the nation's largest banks and insurers.

CONSUMING, MANUAL PROCESSES INHIBIT ACCURATE AND TIMELY PROJECTIONS

In TrueCar programs, customers submit information such as personal data and vehicle interest and receive dealership pricing and commitments in return. To improve the TrueCar experience for all parties in a transaction, the company sought ways to convert as many of these "leads" as possible into buyers for their member dealers. If the close rate went up – that is, if a greater proportion of customers purchased a vehicle from dealers referred by TrueCar– TrueCar would know that their efforts were working.

TrueCar did not want to rely on trial and error methods to improve close rates because prospects were costly to acquire. Instead, the company opted to identify leads that were more likely to result in a purchase based on past and current behavior.

However, projecting the close rate based on incoming leads was a time-consuming effort. Timelines and purchasing trends added complexity, which the company dealt with by manually generating applicable data from a statistical model. This level of effort forced TrueCar to generalize its close rate calculations across its 100+ car buying programs, rather than calculate them accurately for each program. Additionally, because of uncertainty in recent sales activity data, several weeks of purchase history had to accumulate before TrueCar could make a reliable projection. As a result, projections were less accurate and less reliable than the company would have liked and TrueCar was forced to settle with a lower ROI.

ACCURATE AND TIMELY INFORMATION WITH MICROSTRATEGY

Supported by MicroStrategy, TrueCar created a business analytics application with a "plug-in" function based on R, an open source programming language widely used for statistical computing. With the plug-in, users could create custom functions that executed automatically when running a MicroStrategy report.

Now TrueCar can project close rates against a variety of factors, such as car brands, day of week or month, geographical location, or specific buying programs. Refreshed information is available via same-day reports and customized dashboards for multiple stakeholders at all levels of the company. The improved accuracy and availability of information enables TrueCar to make more effective business decisions that have resulted in better targeted promotions, faster reaction to successful testing variants, and more staff time for strategic initiatives. Additionally, MicroStrategy's compatibility with R has offset any incremental costs for the plug-in solution.

TRUECAR BENEFITS FROM MICROSTRATEGY'S ADVANCED ANALYTICS

TrueCar has experienced the following benefits from their MicroStrategy advanced analytics solution:

- **Empowered decision-making.** Company executives can pursue bolder strategies, confident in the accuracy of the projections available to them.

- **Improved customer satisfaction.** With better insight into which customers are likely to purchase, the company can provide an exceptional TrueCar experience for auto buyers and dealers alike.

- **Opportunity cost savings.** Resources no longer work complex and time-consuming spreadsheet models to generate a forecast result.

- **Customer acquisition cost savings.** Customer acquisition expenses will decline as improvements are identified faster and deployed more broadly.

Since MicroStrategy runs R functions in memory, TrueCar can readily add sophisticated analytical functions to its MicroStrategy reports, dashboards and scorecards like customer clustering, vehicle brand cross shopping and much more. Today, TrueCar is creating customized dashboards for its C-level executives, dealer relations staff, car buying program partners, and manufacturers. The company is also customizing dashboards for its finance, product, marketing, partner management, technology and customer service teams, as well as the company board of directors.

Before MicroStrategy

- Time-consuming, manual process with infrequent data updates
- Projections that were too general
- Lack of immediate visibility into data

Goals

- Incorporate predictive analytics into enterprise reports and dashboards
- Support analytics developed and executed in the R toolset
- Automate processes to satisfy high-priority KPIs
- Foster visibility and accessibility via specialized dashboards
- Create more comprehensive analysis opportunities for incoming data

After MicroStrategy

- More timely decision making for better dealership relations and customer experience delivery
- Faster testing/optimization response accelerates time to value
- Faster decisions and reduced waste in marketing/acquisition spend
- Increased company focus and profitability