Connected car experiences appeal to early adopters, the types of consumers who are the first to buy an Apple Watch, the first to make Alexa as much a part of their family as the pet dog, the first to use Zelle. But how do car companies reach the rest of the market, the skeptical consumers who are more interested in practicality than having the next best thing? The answer is four-fold:

1. Stop thinking like a car company and start thinking like a tech company.
2. Make the customer experience (CX) a top priority.
3. Take a page from Google or Facebook and do a better job delivering perceived product value for the end user.
4. Retain more customers by frequent, meaningful, customer engagement and ongoing product innovation.

Right now, the customer retention rate for connected car solution products is dismal. The clear majority of consumers do not see enough value in connected car solutions to pay for a subscription service beyond the typical free trial period. The industry is recording a less than 10 percent retention rate in most connected car programs. That means a whopping 90 percent of these customers are leaving, having decided they can easily live without the particular connected car service.

It is not enough to roll out features and assume that customers will adopt them and continue to use them over time. To be successful, car companies need to go farther than that – and deploy tested strategies to increase perceived value, drive engagement, and improve retention.

Use Cohort Analysis
One of the retention practices car companies would be wise to adopt—one which successful tech companies employ—is cohort analysis. Typically, this analysis falls into two categories. The first is acquisition cohorts, tracking the consumer from the day they sign up for a service and seeing how long they continue to use it. The second is behavioral cohorts, dividing users by common behaviors such as those who use a new car streaming infotainment on the first day and immediately reconfigure favorites on the screen, as opposed to those who take two days to play around with the new streaming service.

A key benefit of cohort analysis is being able to more precisely discover not only when a customer leaves but also more deeply understand why they left. It enables a company to break down a churn rate into cohorts to identify patterns of behavior to more precisely learn why retention rates are so low.   In one example from an analysis company, Amplitude, if a company is launching a new music app, you can define a cohort as those who select favorite songs the first day. The analysis may reveal that while half of all users churn out within a day, only 15 percent of those who favorite 3 or more songs churn out after the first day. That could prompt the app developer to create more ways in which a new customer can select favorite songs, to promote retention. Getting more granular, cohort analysis enables you to add more filters, perhaps to see if the favorite song people also respond to community groups on the app. The analysis may show that combining these two attributes results in an even higher retention rate.

Increase Perceived Consumer Value
Terrific CX considers the customer's entire life, using the greater insights provided by cohort analysis. A good example is a working mother who drives infrequently and is concerned about her high vehicle insurance costs. By sharing her driving data with insurance companies, a connected car company can get her prequalified for highly competitive insurance offers, delivering a clear, perceived value. She will be incentivized to keep using the connected car solution since insurance rates change yearly and her access to great rates depends on her continuing to share her driving data. This is the type of 'sticky' service that companies like Facebook provide everyday – motivating end users to continue to provide the company with access to their data in exchange for services that they want and value.

Make Retention Central to Service
After doing the heavy lifting of cohort analysis and using this data for product and service refinement, connected car companies need to think about all the other ways in which they can keep customers better engaged and therefore, retained.

One example is that of a salesperson who constantly must find parking on congested city streets. A connected car service can provide her with a map showing parking lots in the area, and the price of parking for that day and time. The salesperson finds this application extremely helpful and stress-alleviating but over time, she can develop a list of preferred parking lots. At that time, she starts to wonder if she still needs the service. To retain her, the connected car company will need to understand other elements of her life, and offer her additional, complementary services. For example, the car company could invite her to also receive a fuel delivery while she is parked or suggest a cheaper spot than the place where she usually parks. Micro targeting at this level is needed to get the complete picture of the end user's driving experience –the context in which they work and travel – and deliver more value.

Few companies have done this more successfully than Apple, which launched features like iTunes and Apple Pay to extend value of the iPhone, and Facebook, which has expanded into

news curation and even dating.   Smartly Facebook ties the dating features to the Groups and Events pages that it already operates, and that customers are already accustomed to using. It understands one cohort of its customer base is already online looking around and how convenient now to also use the portal for mate searching!

To Win, Embrace a Silicon Valley Mindset
Car companies do not normally think like high tech entrepreneurs.   A consumer buys a car with bells and whistles, drives it off a lot and (other than routine maintenance, service and potential resale later), that is pretty much it. An example of this is connected car's low retention rate and difficulty in getting subscribers to stay on after the trial period. Subscription services from Netflix, Hulu, Showtime and a host of others have become part of everyday consumer life. Bringing this success to connected car service subscriptions requires better perceived value (to drive adoption) and continual innovation (to drive engagement) – the tenets of a successful consumer tech company.

Cohort analysis is a great first step toward improving customer engagement and retention. It provides the foundational understanding needed to continually create more and better services of greater value.

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