

MAKE CHANGE, DRIVE RESULTS



AUTOMOTIVE MARKETING LEARNINGS
TO INCREASE ENGAGEMENT & SALES

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THE STATE OF AUTO ADVERTISING

The automotive sector is on the rebound, with OEMs and dealerships in all tiers working through recovery from the global pandemic that shook the market. Automotive retailers are adjusting to a “new normal” that’s here to stay, transforming the industry and the way cars are bought and sold.

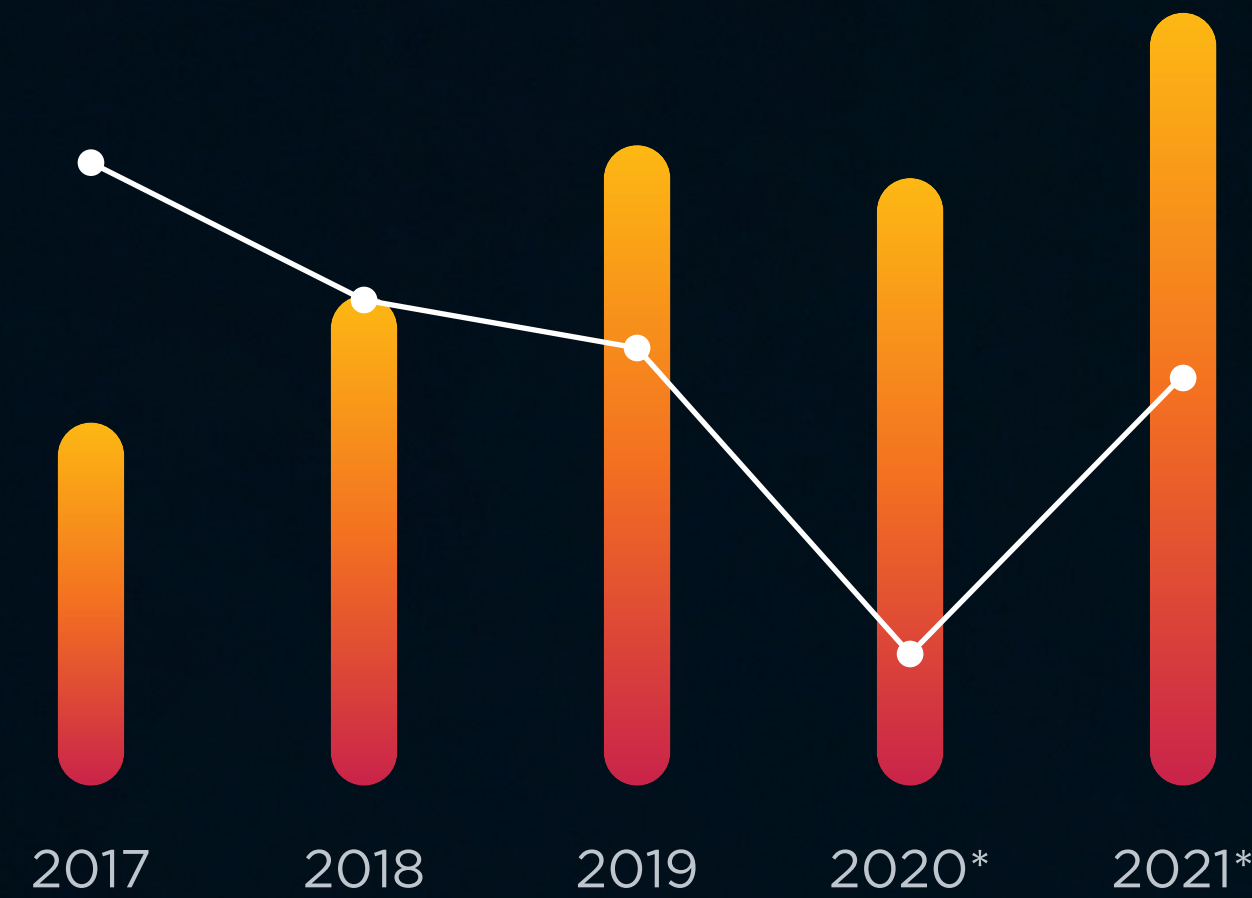
The industry realized an unprecedented standstill in 2020 both in terms of dealership shutdowns due to stay-at-home orders and tension on budgets and profit margins, leading to marketing dollar reductions and halts. For its part, video ad spending saw a 5% dip over the previous year and digital advertising’s percentage decrease was even greater at 10.5 percent.

There’s an upswing happening, however, in terms of ad spend with a forecast increase of 26.6% for video advertising, but more than that, the role of the dealership will experience lasting change.

Adversity in the market exacerbated changes in consumer behaviors in car buying and mobility, creating new buying trends; accelerated the development of new dealer tools and technologies; and highlighted the importance of data to understand the customer journey to inform advertising. These fundamental shifts in the auto marketplace created a ripple effect for marketing on a go-forward basis, and there are some learnings coming out of this challenging year.

Automotive Industry Video Ad Spending US, 2017-2021

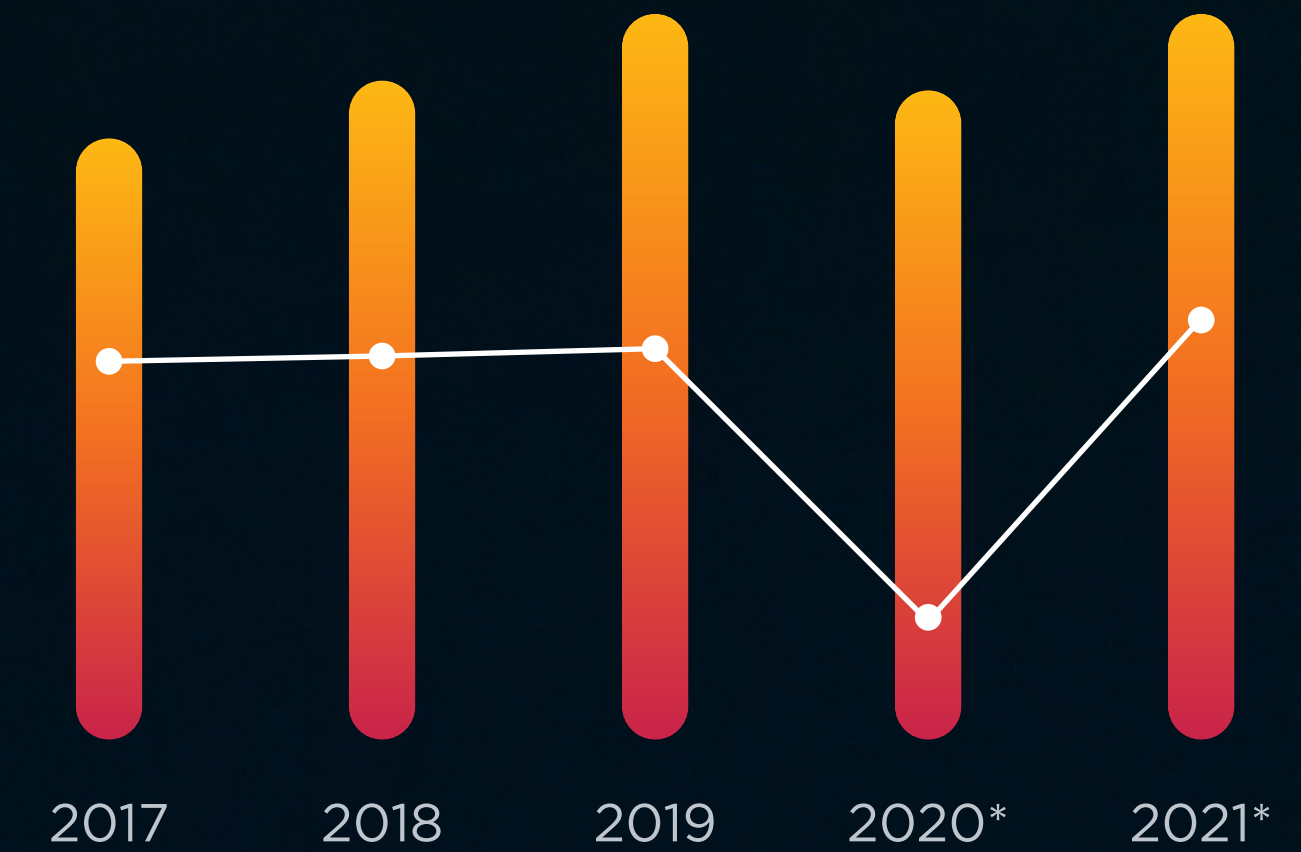
Billions	\$2.09	\$2.83	\$3.68	\$3.49	\$4.42
% Change	51.4%	35.2%	29.9%	-5.0%	26.6%



Source: eMarketer, July 2020.
*Projected.

Automotive Industry Other Digital Ad Spending US, 2017-2021

Billions	\$0.53	\$0.58	\$0.64	\$0.57	\$0.64
% Change	9.1%	9.6%	10.1%	-10.5%	12.4%



Source: eMarketer, July 2020.
*Projected.



ADAPTING TO MEET PRE- & MID-PANDEMIC CONSUMER NEEDS

In increased sentiment, car buyers are growing dissatisfied with the automotive dealership experience. A [recent consumer survey](#) conducted by McKinsey & Company found that less than a third of younger consumers prefer conducting new and used car sales in person at a dealership. Respondents are even more interested in contactless services with approximately half of respondents willing to pay extra for this service.

Consumers expect buying a car to be simple and on par with other retail shopping experiences, making digital retailing and discovery all the more important. In addition to research, price comparison tools and car purchase modules, the dealership's digital experience also lends a hand to consumers searching for the nearest dealership. Given the importance of digital retailing for the consumer of today, dealers should adapt their video advertising messaging to maximize this opportunity.

STAYING ON & STAYING RELEVANT

As the pangs of the virus raged on for businesses, many auto dealers reduced their ad spend and even halted altogether. For many, the result of that decision was less website visitation in a time when digital retailing mattered most. Meanwhile, those that didn't reduce ad spend have benefitted. (based on TVSquared Analysis Jan-May 2020. [Learn more](#)).

For one dealership, maintaining a brand presence in the marketplace was deemed essential. As the pandemic picked up momentum toward the end of Q1 2020, the dealer added an audience focus to their campaign—more networks and dayparts and maintained their on-air presence. By simply holding their ad spend steady while other dealerships went quiet, this dealership was able to more than triple their share of voice, from 9% in Q1 to a full third in Q2. Alongside increased share of voice, the dealership saw increased reach and frequency in their advertising.

In turn, the dealership saw other successes across the board as well. Their Q2 advertising correlated to an immediate and long-lasting lift in website visitors. Immediate website visitors doubled, and the dealership saw 4.5 times as many long-term site visitors.

The steady advertising also correlated to real business results. From Q1 to Q2, pick-up vehicle sales increased a whopping 43%.

The dealership's TV advertising was successful in driving potential customers at every stage of the buyer journey. Awareness and consideration increased, as evidenced by the website results, as well as purchase intent and actual deals closed.

Case Study Results: Full-Funnel Performance

Q1 2020  63% Reach

Q2 2020  84% Reach

Q1 2020  5.7 Frequency

Q2 2020  13.9 Frequency

Better Sales Performance

+43%
Increase in
Pick-up
Sales

+13
More
Pick-ups
Sold

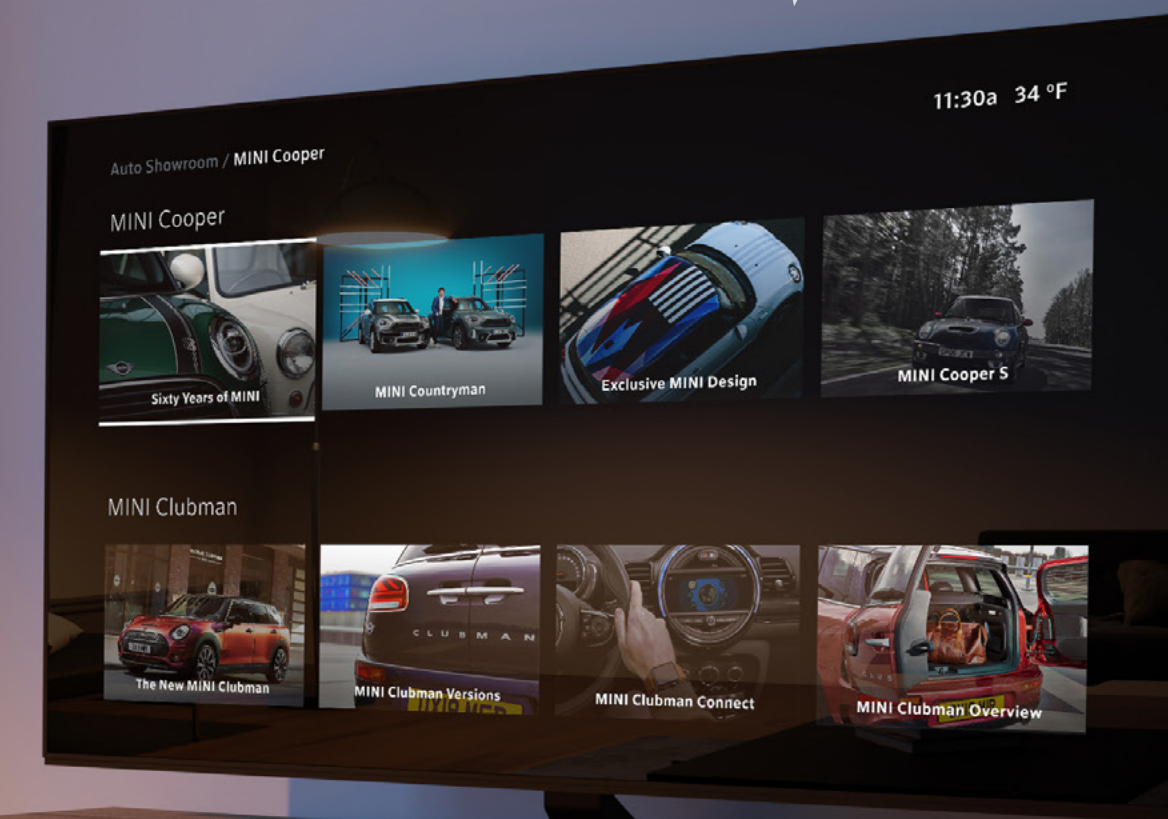
SCRAPPING THE SCHEDULE IN LIGHT OF A NEW NORMAL

Changing times require new strategies. Content distribution channels for OEMs continue to emerge, increasing the ways consumers shop for vehicles. And consumer expectations for digital sales channels aren't limited to informational websites; they demand end-to-end solutions inclusive of boutique experiences, subscription services, even virtual showrooms. In a time where test drives and showroom tours aren't always wanted or even offered (due to safety regulations by U.S. county and state), auto marketers are getting creative with their offerings.

Take for example, Effectv's [Virtual Auto Showroom](#) available on the Xfinity X1 platform. It serves as an engaging video experience for consumers complete with a full-scale user interface and voice activation (Xfinity subscribers just say "Auto Showroom" into their voice-activated X1 remote). New vehicle intenders can access video content and explore offerings from participating manufacturers from the safety of their own home. The Auto Showroom helps brands specifically reach auto intenders, as those who visit the showroom are +26% more likely to be in the market for a new vehicle than the average Comcast household.

With changes in consumer demand, buying behavior and OEM and dealership offerings, marketers are racing to keep up. Some are getting it right, meeting consumers where they are and developing strategies that meet the moment; even still, there's room incrementality to reach audiences where they are showing up which—broadly speaking—looks a lot different year-on-year. Scrapping the schedule or appending it with new strategies can increase reach and deliver sales results.

Click to learn more about
the Virtual Auto Showroom





NEWS AND SPORTS TOP TIME SPENT WITH VIDEO

Time spent with cable TV news viewing at the start of the pandemic surged 79% according to Comcast viewership data (3/30/20 through 4/26/20 vs. same period one year ago) and remains high as viewers remain engaged in wanting to stay on top of pandemic-related news, politics and more.

While many sports leagues faced postponements and cancellations, live events that were able to take place saw tune-in happen in droves. 98% of all sports programming airs on cable (Nielsen Consumer Neuroscience internal study, FMCG brands 2015) and networks have reported historic viewership. The starts (and restarts) of measured sports seasons averaged a viewership increase of 71% over last year.

Regardless of the schedule advertisers are running on cable TV, news and sports are where audiences of all demographics are showing up. Layering sports and cable news onto an already well-performing schedule adds incremental reach and drives results.

INSIGHTS, OPTIMIZATION & LAYERING

In August, Tate Dodge, Chrysler, Jeep, Inc., a dealer in Maryland was able to increase their television investment, optimize their schedule to create efficiencies and re-focus on their desired audience—new vehicle intenders. They also recognized the importance of adjusting their campaign messaging to align with the unique moment in time.

With this revised campaign message, increased investment of 24% over the prior year, along with reformatting their one-month media schedule to include 22 more networks than their previous year's, the campaign resulted in substantial growth in reach and frequency and ultimately, sales.

In addition to a revised schedule reaching 46% more desired audience households, Tate enhanced their audience-focused campaign by including a news and sports package based on [Effectv viewership insights](#).

“The first thing we did was really take a look at what message we wanted out there, and we really took a step back and made [our campaign] a message of trust. We thought: ‘how are people going to want to buy a car whether in the short term or even the long term because nobody really knew where we were going.’”

-Ryan Dooley, Owner, Dooley Advertising, Tate Automotive

+46%

Year-Over-Year Increase in Target HH Reach

August 2019 Campaign

12	48%	3.7
Networks	Target Reach	Frequency

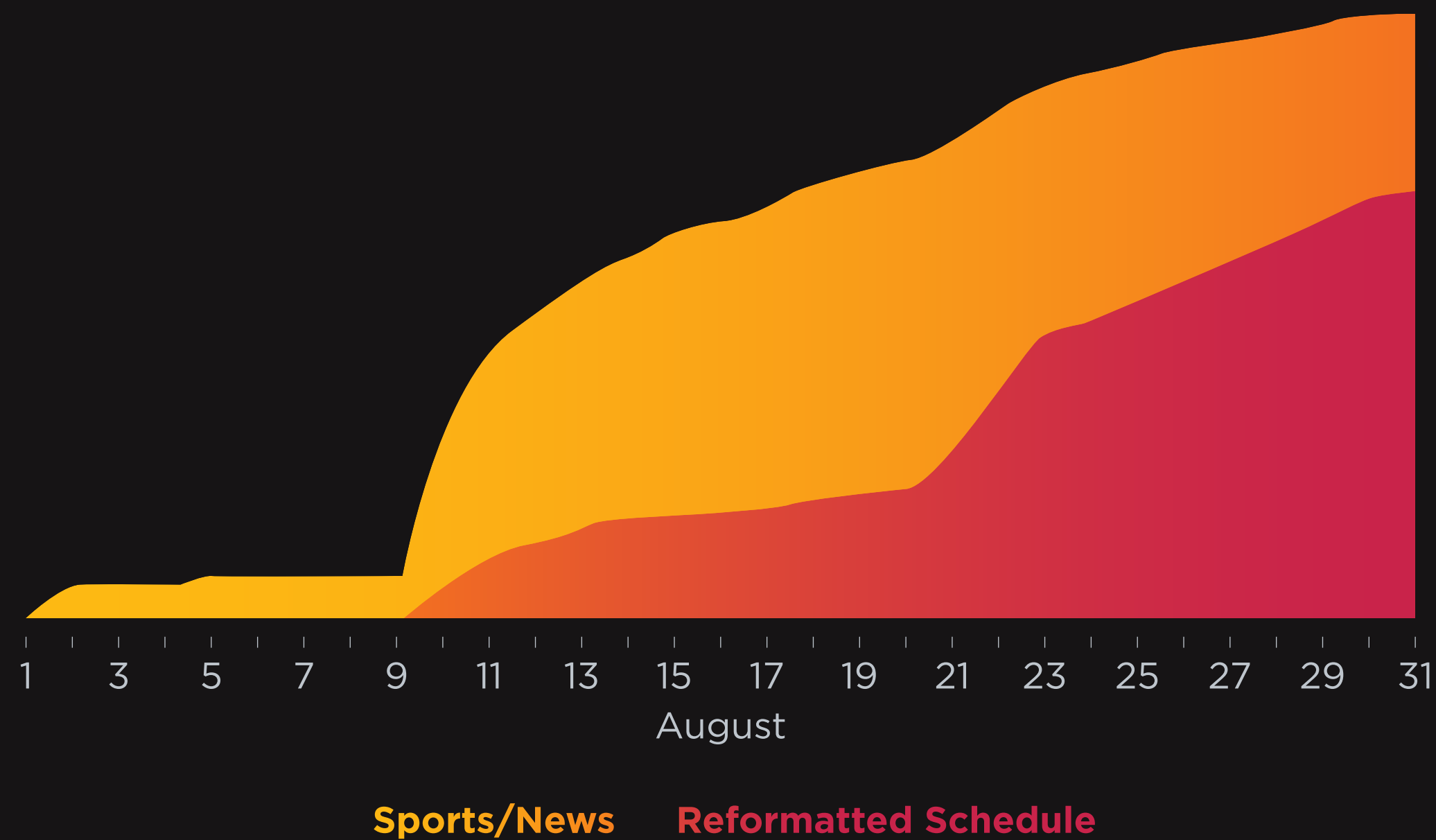
August 2020 Campaign

34	70%	11.1
Networks	Target Reach	Frequency

The results amount to 20% incremental reach on top of the 50% reach already added from the reformatted media schedule.

The one-month campaign, which leveraged insights to drive these TV advertising results, saw direct sales impact with 160 cars sold during the campaign run and the dealer was ranked number one brand dealer (by their manufacturer) in the state of Maryland.

August 2020 Campaign Target HH Reach In Market for New Vehicle



+20%

Incremental Reach
From News/Sports

50%

Reach From Audience
Targeted Schedule

CONCLUSION

Automotive retailing isn't the same now as it was in the ides of 2020. The COVID-19 pandemic is having a lasting impact on consumer behavior and has drastically accelerated the transformation of the industry. Forward-thinking auto brands are staying two steps ahead of consumer expectations, changing the way cars are sold by rolling out innovative technology - both online and offline - and challenging the traditional dealer franchise system. Combined with maintaining ad spend and visibility, strategic auto dealers are successfully continuing to grow throughout the pandemic.

