

The Dealer's Guide to **DIGITAL ADVERTISING**

DEALER.COM

Powering Consumer Experiences from Anywhere

COX AUTOMOTIVE

THIS IS THE "DIGITAL FIRST" ERA.

Digital advertising has evolved from a component of dealership marketing to the cornerstone of effective strategy.

Recent studies from Google and Autotrader show that virtually all of today's car buyers start their shopping process with an online search and turn to digital for the vast majority of their vehicle research.

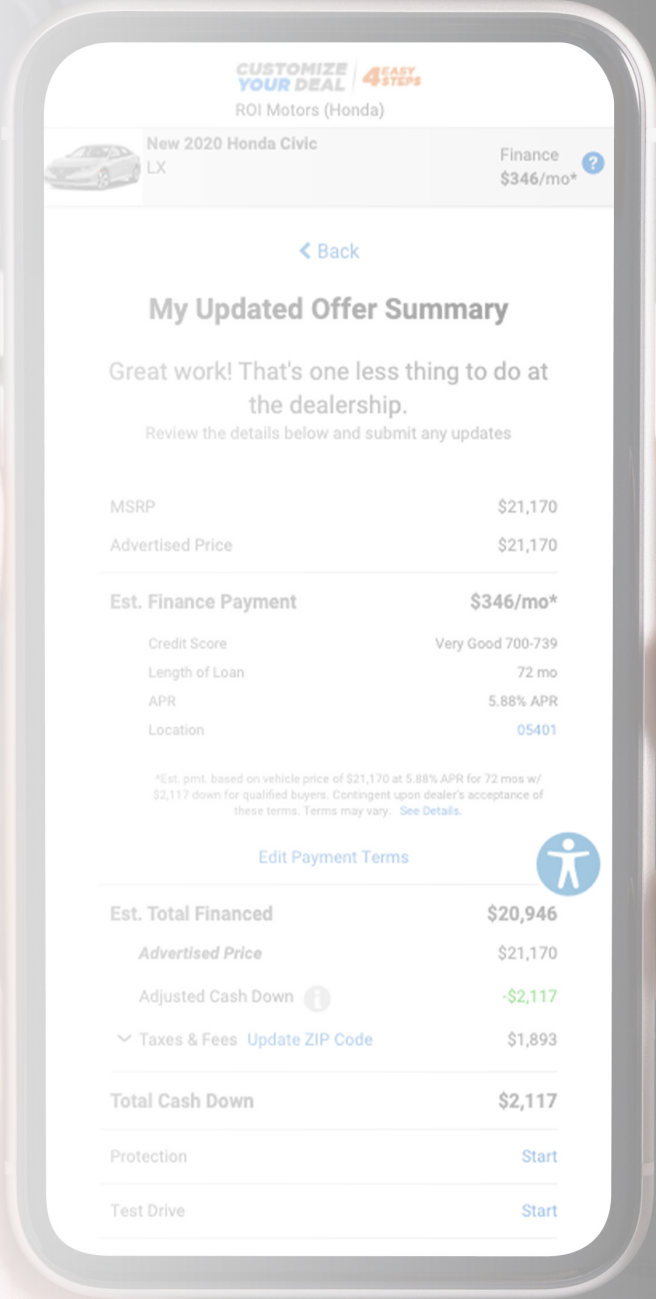
Similarly, the overwhelming majority of shoppers report that digital touchpoints influence their purchase decisions more than traditional media.

Consumer engagement with digital advertising continues to rise across our industry-wide network. Dealers who invest in a multi-channel, data-powered advertising portfolio enjoy more high-quality traffic, website engagement, and leads than Paid Search and Retargeting alone.*



Deliver connected digital campaigns promoting your inventory and dealership services to the places where your customers browse, shop, or consume content online.

*Average performance of 464 Dealers using search and retargeting channels vs. 291 using search, display, retargeting, Facebook, Video, and SEO.
June – November 2020



The following pages will help you build a successful advertising strategy. Through a close examination of the most effective practices used by today's top dealerships, and a few key data points from across our network, you will learn:

- The building blocks of a digital campaign strategy.
- Common digital advertising pitfalls, and how to avoid them.
- The types of digital ads most responsible for traffic and leads.
- How to capture existing demand and generate new demand in your market.
- How to balance the elements of a digital advertising portfolio.
- And, last but not least, the keys to success.



DEFINE THE ROAD TO SUCCESS.

Before spending the first dollar on a new marketing campaign, invest time in developing a strategy. This process can start with examining the objective of this initiative, the performance of past campaigns designed to meet similar objectives, and key variables that will influence campaign planning and execution. Once you have a clear picture of where you've been and where you want to go, follow these simple steps to design your next digital advertising strategy.

- 1. Create a Campaign Goal.** In order to achieve success, it must be defined. Consider how the categories of brand awareness, conversions, and lead generation fit with broader business priorities. Limit goals to one or two per campaign to help maintain focus, which will improve your chances for success.
- 2. Choose Which KPIs to Measure.** Select an appropriate way to track your progress and measure success. How will you know when you have achieved your goal? Digital marketing KPIs (Key Performance Indicators) are quantifiable metrics that align with your goals. Whether you have one KPI or multiple, each should be specific and measurable.
- 3. Set a Campaign Budget.** Allocate sufficient funds to achieve your goals. Not all digital marketing is created equal when it comes to return on investment. However, the good news is that digital marketing is often more cost-effective than traditional marketing, so your budget should go further if you plan carefully.
- 4. Define Your Target Audience.** Work to identify the characteristics, needs and preferences of this group. Google Analytics and most social media channels provide insight into the people who interact with your business. By pinpointing what your audience is looking for, you'll be on track to deliver the right message to the right audience.
- 5. Build a Campaign Message.** Communication to your target audience should have a defined purpose, be engaging, and prompt them to action. Define the core message before selecting channels and formats, then be sure to maintain consistency as it is tailored for distribution. The tone and purpose of your message should remain the same throughout the campaign.
- 6. Identify Communication Mediums to Reach Your Audience.** Consider whether your customers will respond best to emails, display ads, social media content, or some combination of these. Take into account the content and objective of your campaign. For instance, an email marketing campaign will perform better than a social post for a personalized message.
- 7. Select the Best-fit Networks.** As with mediums, the best choice here will depend on your target audience, and preferences will evolve over time. Stay on top of this by searching the current hot topics and see which channels are driving the most engagement.
- 8. Measure Your Results.** Take time to evaluate your campaign for what worked well, what may be worth repeating, and where it didn't work out as planned. Did you achieve your campaign goals and KPIs in the defined period of time? This step is important for determining ROI of the campaign and understanding how to improve the design for your next one.

When you have completed this full cycle, you'll have a good grasp of how to design a marketing campaign and measure its success. Take the next steps toward building a best-in-class digital advertising strategy by adding the following best practices and tips to your dealership's marketing toolkit.

CREATE A "CONNECTED" FOUNDATION.

As digital advertising's importance has risen, so too has the number of specialized technologies promising instant SEO improvement, guaranteed paid search top billing, custom-made display ads and other isolated benefits.

Unfortunately, most of these solutions won't move the needle for your dealership. For digital advertising to work effectively, it needs to be deeply integrated with all the components of your digital marketing strategy: your website, your inventory merchandising, your customers' shopping tendencies, the advertising networks that serve your ads, and so on.

If your tools don't integrate – and most of the individualized technologies do not – you'll be at risk for the three most common digital advertising pitfalls:

- **Disconnected assets and activities.**

Advertising managed by separate providers leads to multiple logins and support numbers, inconsistent messaging, and de-centralized analytics.

- **Incomplete go-to-market plans.**

Customized display ads and other creative, designed by an agency, that lack effective distribution and targeting will not reach your intended audience and achieve full ROI.

- **Limited resources with limited results.**

Small teams and limited data sets will inhibit the ability to effectively target potential high-value customers.

KEYS TO SUCCESS

Ask the right questions and integrate your strategy. Before investing more heavily in your digital strategy, ensure that you have the right strategic and technical framework. Look at the entire picture, rather than checking off the requirements piece by piece. You can begin by asking a few key questions about your campaigns:

- Do they connect “holistically” with shoppers, across search engines, the websites they visit every day, their social channels, your website retargeting, and beyond?
- Do they reach across every major display network and advertising channel?
- Do they reflect your manufacturer's campaigns and compliance guidelines?
- Do they integrate your incentives, pricing, inventory, and overall digital marketing strategy?

MAXIMIZE VISIBILITY WITH CONNECTED VIDEO.

Media consumption has changed significantly in the past few years, with traditional TV viewership taking the biggest hit from declining consumption. According to market research company eMarketer, providers of cable, satellite, and telecom TV services lost the most subscribers in 2020 – a trend that appears to be gaining momentum. They also projected that 33 million US households would cut the cable TV cord, in aggregate, by the end of 2020.

Among consumers still watching traditional TV, many are more distracted, and therefore less interested in the content and ads being shown on their screen due to distraction. Recent studies show that 73 percent of TV viewers are simultaneously using their smartphones. How can dealerships overcome these challenges to target in-market shoppers and showcase their brands across these channels, devices, and networks?

Digital video consumption is on the rise, with 82 percent of households forecasted to adopt Connected TV by 2023. In the age of “cord-cutting” and internet TV, your dealership can target consumers through streaming platforms and devices with as much precision as other digital channels—with verifiable ROI that challenges traditional TV spend.

Video advertising on streaming services has the power to reach in-market shoppers wherever they consume this media. To stay at the top of your game, you need a provider that delivers hyper-targeted video ads to consumers of over-the-top media content across every device, including Connected TVs.

**Source: Think With Google*

KEYS TO SUCCESS

Reach shoppers everywhere. Target low-funnel shoppers wherever they consume digital and create new demand across the channels that drive sales opportunities. Expand your reach across paid search, retargeting and display channels, Facebook and YouTube, along with CTV and OTT media.

READER TIP

Not sure about the difference between Connected TV and Over-the-Top media?

- **“Connected TV” (CTV) refers to the device** connected to the internet that is used to watch content online.
 - Smart TVs that stream video directly over the internet
 - Streaming Devices, such as Roku, Chromecast, and Fire stick
 - Game consoles, such as Xbox, PlayStation, and Nintendo
- **“Over-the-top” (OTT) refers to the streaming content** that bypasses traditional distribution.
 - Examples include Hulu, Netflix, Disney+, Amazon Video, and Sling

CAPTURE EXISTING DEMAND WITH PAID SEARCH AND RETARGETING.

With the right approach to your digital strategy, it's possible to target your most coveted audience: shoppers who have already shown interest in your specific vehicles.

For example, search engines enable shoppers to kickstart their query for a specific vehicle—right down to the color and trim level. These searches are invaluable, as they reflect existing demand in your market and signal purchase intention for your specific vehicles.

Reaching these consumers is essential and cost-effective. Think of it as permission-based marketing: customers are actively seeking information with the end goal of building a deal, and they are willing to give up personal details along the way in order to speed up their search. They're effectively giving you permission to target them. And the best way to do so is by serving relevant, top-spot paid search ads the next time these shoppers search for inventory like yours on Google, Bing, or Yahoo.

Similarly, if shoppers have already visited your website, you need to inspire them to return to your digital showroom through retargeting display ads. After all, these shoppers have already demonstrated an interest in your inventory. Retargeting ads leverage an advertising network of relevant in-market research sites and take advantage of real-time bidding and machine learning technology to maximize odds of success and ROI. Accordingly, these ads should show the inventory most relevant to the browsing this shopper did on your website, down to the pricing and specials.

KEYS TO SUCCESS

Optimize your investment to capture every available lead. While a demand capture strategy may seem intuitive, most dealerships nationwide fail to implement it effectively. Indeed, the average dealer loses out on 160 potential leads per month due to underinvestment. Paid search and retargeting are the two most cost-effective forms of digital advertising across the Dealer.com network, translating to low risk and high reward. An effective digital partner will be able to analyze your specific market and recommend a strategy that can capture every available lead.

GENERATE NEW DEMAND WITH TARGETED DISPLAY AND SOCIAL.

In a perfect world, demand for new and pre-owned cars would be constant. Phones would ring off the hook, inboxes would be stuffed to capacity with new leads, and showrooms would be bursting at the seams with eager shoppers ready to sign. The reality, however, is that demand ebbs and flows as a result of seasonal and economic cycles.

Display and social advertising help mitigate dips in demand by generating new interest in your inventory. By reflecting your specific pricing and incentives, targeting the shoppers and zips that matter most to you, and mirroring your specific marketing strategy, these campaigns can transcend the “spray and pray” tactics of the past to create demand for your vehicles.

The highest-performing in-market automotive digital advertisements appear over established research sites like Kelley Blue Book, Car and Driver, Autotrader, NADA Guides, and more. Real-time display on automotive research sites is proven to influence in-market shoppers.

- 27 million unique visitors on premium network sites.*
- 79% are currently looking to purchase or lease a vehicle.*

*Source: Jumpstart Automotive Group Insights Book (Rep.). (2016, March 11). Retrieved December 1, 2016 from Jumpstart Automotive Group website: http://jumpstartautomotivemediacom/files/Jumpstart_Automotive_Group_Insights_Book_2015-2016.pdf



KEYS TO SUCCESS

- **Create demand with purpose.** Confirm your advertising partner can reach shoppers across every major advertising network—not just Google’s—and work with them to focus on your specific goals. This is an occasion to think big; when in market for a car, your customers traverse a variety of general interest websites, social sites, and automotive research sites. Connect with your advertising partner about how to reach them on the sites and networks that matter most.
- **Display campaigns are proven to be most effective when they are:**
 - Purposeful. Campaigns should target the specific shoppers you want to reach, the vehicles you want to move, or the competition you want to squash.
 - Pervasive. Campaigns should reach your local shoppers wherever they travel online.

STRATEGIZE EVERY MONTH AND PLAN FOR THE LONG-HAUL.

While a long-term advertising approach built on seasonal and monthly advertising campaigns has long been a cornerstone of automotive marketing, the rise of data and local digital targeting has created new opportunities to measure and maximize performance.

To do so effectively requires a combination of real-time performance monitoring and long-term strategic consultation. Effective analytics tools will provide clear visibility into performance across your video advertising, demand capture (paid search, retargeting), and demand generation (display, social) campaigns.

These tools should be accompanied by longer-term strategic guidance from a trained analyst who can examine seasonal trends and shopper data in your market to help you plan for future months.

KEYS TO SUCCESS

- **Maintain a balanced portfolio.** Connected campaigns built around demand capture and demand generation will provide a framework for success, but actually achieving success will depend on willingness to pivot strategy and investment as needed. Work with your advertising partner to ensure your portfolio is balanced. For instance, heavy investment in paid search and low investment in display means you'll win when the tide is high, but also miss opportunity when demand is down, simply because not as many people are looking to buy cars. Similarly, if you're trying to build interest in a new model release, you'll want to invest more heavily in display to generate demand.
- **Flex your portfolio as your needs and goals change.** Market forces challenge dealership marketing budgets, so opt for the flexibility to choose the channels that work best, and to adjust your strategy as needed. Look for a digital marketing partner with automotive expertise to help you pivot when you need to.

THINK AHEAD AND BIGGER.

Today's advertising environment rewards those willing to think big about digital. Success starts with an understanding of digital and consumer trends, a defined goal, and a strategic multi-channel portfolio that accounts for existing and new demand. You will also need fluid budgeting across your ad campaigns in accordance with seasonal business, and an advertising partner with the ability to analyze market demand and optimize accordingly. Those willing to invest in this formula can enjoy virtually unlimited opportunity.

KEYS TO SUCCESS

- **Invest wisely.** The broader and deeper your digital advertising provider can reach across consumer networks to collect and synthesize buying signals, the better your chances of achieving your digital advertising goals. Select an automotive partner that will help you reach the right customer with the right message at precisely the right time in their buying journey.
- **Protect your investment.** Ensure your digital investment is spent reaching the right shoppers, and is protected from bots, non-human traffic, and fraud. Your provider should monitor your campaigns and offer best-in-class investment protection.

LEARN MORE ABOUT DIGITAL ADVERTISING.

Dealer.com connects your cars to your customers through a flexible, intelligent, and secure advertising solution powered by exclusive consumer insights, market intelligence, and first-party data.

No other provider can compete with the breadth of Cox Automotive data. We turn our vast, exclusive collection of first party buying signals from across our family of brands into predictive insights and real-time business intelligence.

Our team will work with you to customize a strategic advertising portfolio that meets your needs. To learn more about how to incorporate advertising into your complete digital marketing solution, connect with your Dealer.com Performance Manager or visit us at www.dealer.com/advertising.

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