

Moving From Clicks and Leads to Marketing Influence on the Internet

AutoTrader.com President and CEO Chip Perry to Highlight How Information

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To find success in Internet marketing, automobile manufacturers and dealers must transition away from leads and clicks as success measures and learn to understand the Internet as an influencing medium on shoppers. This is the message being delivered by AutoTrader.com President and CEO Chip Perry at the 2010 NADA/IHS Global Insight Automotive Forum in New York City on March 30, which will be held in advance of the opening of the 2010 New York International Auto Show.

“Click-through rates have plummeted since the advent of online advertising, dropping from 30% in 1994 to just .2% in 2008,” said Perry. “Considering those numbers, we in the auto industry must rethink how we measure on-line brand metrics and advertising influence among the 99.8% of viewers who do not click on an ad, whether it is in the form of a display or an online classified listing.”

Perry notes that for lower-involvement, lower-cost purchases like books, CDs or consumer electronics, the click-and-buy model has thrived and revolutionized the economy. But for larger items like automobiles or homes, where the transactions are much more complex, high-cost and time consuming, the Internet has not had a strong track record as a transaction service. However, the Internet has thrived as an information source in many industries that have high cost items and complex transactions, including auto, which as a result has created many efficiencies.

For automobile marketers working on-line, Perry recommends better targeting of messaging for more granular contextual relevance, something that will drive deeper consumer engagement. By better engaging vehicle shoppers, auto dealers and manufacturers will have a greater influence on consumers' preference for specific brands and dealers.

“The impact of advertising upon online shoppers goes further than simply clicks and leads, but we tend to measure things – like clicks and leads – that are easy to measure” continued Perry. “Shoppers are heavily influenced by online research beyond what clicks and e-mail leads would indicate.”

The implications of this dynamic in on-line advertising, according to Perry, are:

- Over exuberant focus on clicks and leads is stifling the ability for marketers to influence consumers and drive brand preference;
- Much of the influencing power of the internet is being under measured and underutilized;
- Marketing organizations need new resources, skills and tools to fully leverage the power of the internet.

According to studies, shoppers exposed to on-line advertisements have raised awareness of a product and have an increased positive opinion of the brand they saw advertised, which leads to a higher likelihood of purchase. Looking specifically at automotive advertisements, brand awareness increased 15% for ads placed on non-automotive sites and 25% for ads placed on general automotive sites. Even

better results came from ads placed on AutoTrader.com, where awareness increased by 51% through exposure, a factor that led to a 78% increase in purchase likelihood among shoppers.

These results are critical for auto manufacturers and dealers who remain focused on click rates and email leads for measuring the success of an online campaign. Per another recent study, the number of people emailing during the shopping process has not grown over the past few years, despite an increase in the number of car shoppers using the Internet. Today, about 75% to 80% of car shoppers go online during their shopping process, but the use of email leads has stayed stable – and low – for years. In 2004, only 20% of those online shoppers sent an email lead as a part of their shopping process. In 2008, that number had only grown to 22%.

This reality differs sharply from dealers' perception of the situation. In a 2008 study, dealers said they believed that 17% of their showroom traffic first establishes contact via email and that an additional 41% call before coming in to the store. But in surveying consumers, the reality found is that typically only 2% of shoppers on dealers' lots initially contact the showroom via email first. In addition, it was determined that only 17% of shoppers on the lot called before arriving at the dealer. The vast majority—81%—simply walked in.

"Without an effective way to track these walk-in customers and then correlate them back to the Internet, dealers fail to correctly identify the sources of their traffic on the lot and may be making marketing decisions with flawed data," said Perry. "Much of the power of the Internet is underutilized and a campaign or advertisement that didn't result in a lot of clicks may actually have been very effective when measured by different criteria – namely how that on-line ad influenced awareness, purchase intent or walk-in traffic."

Chip Perry will be presenting on this topic as a part of the NADA/IHS Global Insight Automotive Forum on Tuesday, March 30, 2010, at the Marriott Marquis Times Square. The Forum will bring together leaders from OEMs, suppliers, retailers and the media to address how the recent transformative events within the industry will impact automotive stakeholders as we move into the second decade of the 21st century. To learn more, please visit www.autoforumny.com.

About AutoTrader.com

AutoTrader.com, created in 1997 and headquartered in Atlanta, Ga., is the Internet's leading auto classifieds marketplace and consumer information website. AutoTrader.com aggregates in a single location millions of new cars, used cars and certified pre-owned cars from thousands of auto dealers and private sellers and the site attracts about 15 million unique monthly visitors. Through innovative merchandising functionality such as multiple photos, videos, detailed descriptions and comprehensive research and compare tools, AutoTrader.com unites new and used car buyers and sellers online to improving the way people research, locate and advertise vehicles. AutoTrader.com is a majority-owned subsidiary of Cox Enterprises. The venture capital firm Kleiner Perkins Caufield & Byers is also an investor. For more information, please visit www.autotrader.com.

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