

Dealer Marketing Mixology – Digital, Traditional, and Advertising Done Right



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Executive Summary

The main drivers for your dealership are market share, retention, and profitability. The ins and outs of your budget, revenue, and overall ROI are always top of mind, as is the question of just how much of your marketing spend should be dedicated to each channel.

Marketing budgets in the auto industry have shifted over the past few years to an almost 50/50 split between digital and traditional. Some dealers advocate for even more digital, while others remain skeptical when TV, radio, and print continue to work for them, but the question remains – **what is the ideal marketing mix for you?**

This whitepaper explores best practices for utilizing the most of your marketing dollars toward each of these channels and how they can and ideally should work together. Learn how to enhance customer satisfaction and reach in your primary market area by:

- Maximizing digital efforts as the automotive landscape shifts
- Capitalizing on traditional methods for increased brand presence
- Optimizing advertising budget to improve timeliness of communications for individual consumers
- Realizing the ideal mix of these channels for your dealership

Digital

How do you tailor your digital spend to complement traditional marketing?

A 50/50 split may not be appropriate in your region but failing to incorporate a digital strategy that complements your traditional marketing is a detrimental mistake.

Every seasoned dealer is familiar with producing a TV or radio ad, but because nothing about the success of traditional efforts can be measured unless a customer mentions an ad when they come through your door, very little if anything is ever improved from one spot to the next to make an ad more successful.

This is where digital marketing has an edge over traditional, because it can be measured and easily improved upon over time.



Some dealers argue that TV is more viewed than any single digital platform—which is true. But that’s the problem. Whether your primary market area is 500 or 500,000, the same message doesn’t resonate with every consumer you want to reach. The data gathered from digital marketing efforts can reveal segments of your CRM and DMS systems that provide you with the best ROI, who is interested in what when, and what content is most engaged with overall and most engaging to individual consumers.

That means you can’t ignore email, social, or digital advertising. Investing in digital marketing allows you to be more relevant to consumers who might dismiss your TV or radio ad amidst the din of every other dealership doing the same thing.

"Just like your best salesperson, good digital marketing focuses on quality rather than quantity."¹

The same can be said within digital marketing. As a dealer, you want to drive consumers to specific Vehicle Detail Pages (VDPs) because that makes them more likely to submit a lead and eventually purchase. But it doesn’t matter if you send 400 leads to the same VDP if only 5 of those people are interested in it. The other 395 will go to the dealer across the street because they served them content for a vehicle they actually wanted.

This is where artificial intelligence comes in, tracking behavior online and offline to determine what consumers want to see. The future of automotive marketing is in being able to match that data with actual inventory on your lot, delivering a whole new level of individualization.

Buying a car is going to be completely different in the future (and has already drastically changed) so the way dealers market now will need to change as well if you want to exist in 10 years. That means investing time and focus into where the next generation is spending their time – Instagram, YouTube, text messaging – which is all digital.

You know the automotive industry is shifting. Don’t get left behind with the dealers failing to keep up with the trends that are shaping what that future looks like.

¹:[“How much should my dealership invest in digital platforms?” 9 Clouds. April 2015.](#)



Traditional

Regardless of the shift, traditional is not going away as it is integral to maintaining a brand presence. The key to successful traditional campaigns is to avoid getting lost in the throng of similar voices in over-saturated spaces like radio and TV.

TV ad spending continues to decrease, but not by a huge margin, and radio actually increased since 2012 by over \$100 million according to Borrell.²

“Small markets where satellite radio and flawless internet service are rare should continue to hit traditional radio and TV hard. Just remember that most of the dealers in your market are competing to get the same spots on local TV that you want.

“If you watch the 6 o'clock news, you're likely to get five or six different dealerships advertising in the course of 15 minutes in a market like that. How do you get your dealership to stand out? Not by forgoing the TV spot entirely, but by being in the other places your customers are likely to go—which includes online.”

All dealers, especially those in small markets, enjoy the personal touch of consumers hearing about them on the radio or during a favorite TV show. Brand recognition makes those channels invaluable and still necessary to maintaining a consistent identity. But don't forget one of the most important aspects of traditional marketing—the store itself. Invest in the brick-and-mortar and how the dealership presents the brand you want consumers to see.

Loyal customers will appreciate the brand recognition of traditional channels, and online lead generation tools provide you with prospects already interested in purchasing. A marriage between the two is in how you market to consumers you might not know are in-market and who you aren't currently reaching, using both online and offline efforts to get in front of most likely buyers with content relevant to them.

²[“Forget Internet marketing, many dealers still prefer traditional media.” Automotive News. February 2016.](#)



Advertising

Often the crux of any marketing effort, whether traditional or digital, is advertising – not just a TV or radio ad, but also print and display ads online. The hot topics for advertising used to be reach and frequency, but with the current shift in consumer engagement, more important is recency.

Recency measures how closely your efforts tie into what a consumer wants to see when and on which channels.

Are you relevant to their needs when they want you to be?

Retargeting works on this same principle, because how recently someone clicked on a certain link in a social media feed or on a competitor’s ad determines what sort of content you serve them the next time they’re on sites you’re tracking. Advertising campaigns also need to be designed with each platform in mind, whether that’s what will be most eye-catching in the newspaper, a local mailer, or on Facebook versus Twitter. It’s no longer a priority to get people to LIKE your Facebook page either, but to get them to interact with ads that drive them to where you want them to engage.

Don’t assume only the younger generation is spending their time on Facebook. Pew Research found that 72% of online adults over 50 regularly use the social platform, and it’s still 62% for adults over 65.³ Shoppers of every age can be found there. Similar to more general marketing being utilized to drive people to VDP pages, Facebook ads can be made dynamic with the right vendor, serving tailored content to each consumer the same way a retargeting ad can follow them online based on previous behavior.

Even if you don’t have someone in your database already, Facebook ads are a great tool for conquering, allowing you to send dynamic content to look-a-like audiences and more effectively engage those new prospects not in your system.

“Unlike paid search platforms such as Google Adwords, paid social products like Facebook Ads are active rather than passive. Rather than waiting around until someone types something into Google, paid social allows dealers to reach out to the best prospects at the best time within their social media feeds.”⁴

You need to reach in-market buyers with the right recency to maximize the potential for a conversion. Google found that millennial car shoppers use Google Search 100 or more times before making a purchase decision.⁵ Combining digital, traditional, and general advertising is how you get in front of them multiple times to make the most impact.

³“Social Media Update 2016.” Pew Research Center. November 2016.

⁴“Digital Dazzle: Optimize Your Advertising Digital Spend.” CBC Automotive Marketing. March 2017.

⁵“The Car-Buying Process: One Consumer's 900+ Digital Interactions.” Google. March 2016.



But what about budget?

One way of calculating your minimum and maximum allowable advertising budget is to consider outside costs along with the profitability of your average sale.

Realistically, when following a formula that considers yearly costs (including rent and employees and gross sales, your annual ad budget should range between 1.7 and 3.5 percent of sales figures, but how should you allot that for the most ROI? Traditional spend is organized around 10-15% for newspaper, 10% radio, 10% direct mail, and the remaining 20% for TV.⁶

Maybe you fall under the lower average for digital and spend less than \$10,000 a month online, but in more competitive markets, some dealers double that or spend as much as \$40,000.

Your spend will depend on your market, but consider what your competitors are doing, where they're showing up in front of consumers you might be missing, and determine how important retention and conquering is to you.

Mixology

If you need advertising and additional marketing both online and offline to be relevant, the perfect mix should include the three "O's" discussed by Glenn Pasch: *Offline*, *Online* and *Onsite* marketing.

Traditional has its place, regardless of the percentage you choose to put toward it, but we're no longer in a landscape where anyone can afford to allocate funds just because it's how things have always been done.

All the same, Pasch warns that moving to that 50% split with digital or even all the way to 100% just because your 20 group is doing it, isn't effective either without measurement and positive results to back up that decision.

"What dealers need to invest in is the right education so they can have more relevant conversations with their vendors. Dealers need to concentrate on finding data tools that can help aggregate their reports so that it is easier to review them as a whole strategy, not as separate pieces."⁷

⁶ ["What Should Dealers Spend on Advertising?" DrivingSales. August 2014.](#)

⁷ ["Marketing Budget and ROI—What is the Right Mix?" Dealer Marketing Magazine. November 2014.](#)



Google Analytics is a free tool most dealers are already using to track website traffic as a checks and balances for vendors. Look for vendors who are consultative and want to regularly review their reporting to see how they are making a positive impact on your goals and bottom line.

If certain online tactics aren't working for you and you believe that last radio or TV ad is, check the data. Conduct A/B tests on various strategies, and look at what is really working based on the goals initially set with each vendor or campaign.

A single botched ad or email isn't enough to nix a vendor, but if their performance consistently misses the mark, shift your marketing spend to the vendors that are performing. Continue to refine your messaging and tactics to improve with each channel rather than remaining stagnant in an ever-changing landscape.

Consumer expectations have changed beyond preferring email over mailers or vice versa because of the huge amount of content and channels available to digest information. If you can't provide a tailored experience for each consumer—a radio ad for the old-school shopper who doesn't have time for email, a Facebook ad for the savvy shopper who's always online, and dynamic communications that can target the shopper who's only interested in the exact vehicle they're looking for—you will be left behind as the industry continues to shift.

No dealer can manage marketing to everyone in their primary market area with the type of tailored experience each consumer expects – it is impossible. But by testing, digesting campaign performance data from third-party sources like Google Analytics, and refining your marketing mix to find the perfect combination for you, it is possible down to a single consumer to give everyone what they want.

Be the type of dealer that closes more deals while your peers scramble to keep up with where the auto industry is headed next.

About Outsell

Outsell drives more revenue for auto dealers by transforming how they engage customers and prospects throughout their lifecycle. Dealers using Outsell's proprietary technology are tipped off when customers are most ready to engage, buy, or service. Outsell makes dealers' lives easier by keeping them in front of customers on a consistent, individualized basis, and automating follow up. The Outsell multi-channel customer engagement platform manages millions of interactions every month for dealers representing all major automotive brands.

