
Using Automotive Data & Analytics to Engage Auto Dealers



February 22, 2016



Agenda

- **Current Trends**
- **Challenges for Newspapers**
- **Opportunities for Newspapers**
- **Best Practices for Approaching a Franchise Dealer**
- **Questions for your organization**
- **Q&A**

Current Trends

Automotive Industry

Trend 1: Automotive sales

By all accounts 2015 was a record year with ~ 17.5 million new vehicles sold

Automotive News      

SUNDAY, JANUARY 31, 2016 | [NO PATH TO PROFITS: WHY FORD EXITED 2 KEY ASIAN MARKETS](#)

2015 sales scoreboard



Toyota RAV4

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Automotive News
January 11, 2016 - 12:01 am ET

U.S. light-vehicle sales hit a new high of 17.5 million in 2015, so the industry is no longer simply bouncing back from the Great Recession. It's all the way back and then some. This after lots of smart guys predicted sales might never return to the lofty numbers of 2000 and 2001. So much for that theory. Let's run through some numbers from a record year.

SECTIONS  SEARCH

Los Angeles Times

SUNDAY FEB. 1, 2016 MOST POPULAR LOCAL SPORTS SAG AWARDS POLITICS EDUCATION OPINION PL

U.S. auto sales set record in 2015



A row of 2015 Ford F-150 pickup trucks are parked at Butler County Ford in Butler, Pa., on Nov. 19, 2015. (Keith Srakocic / Associated Press)

 By **Samantha Masunaga** - Contact Reporter

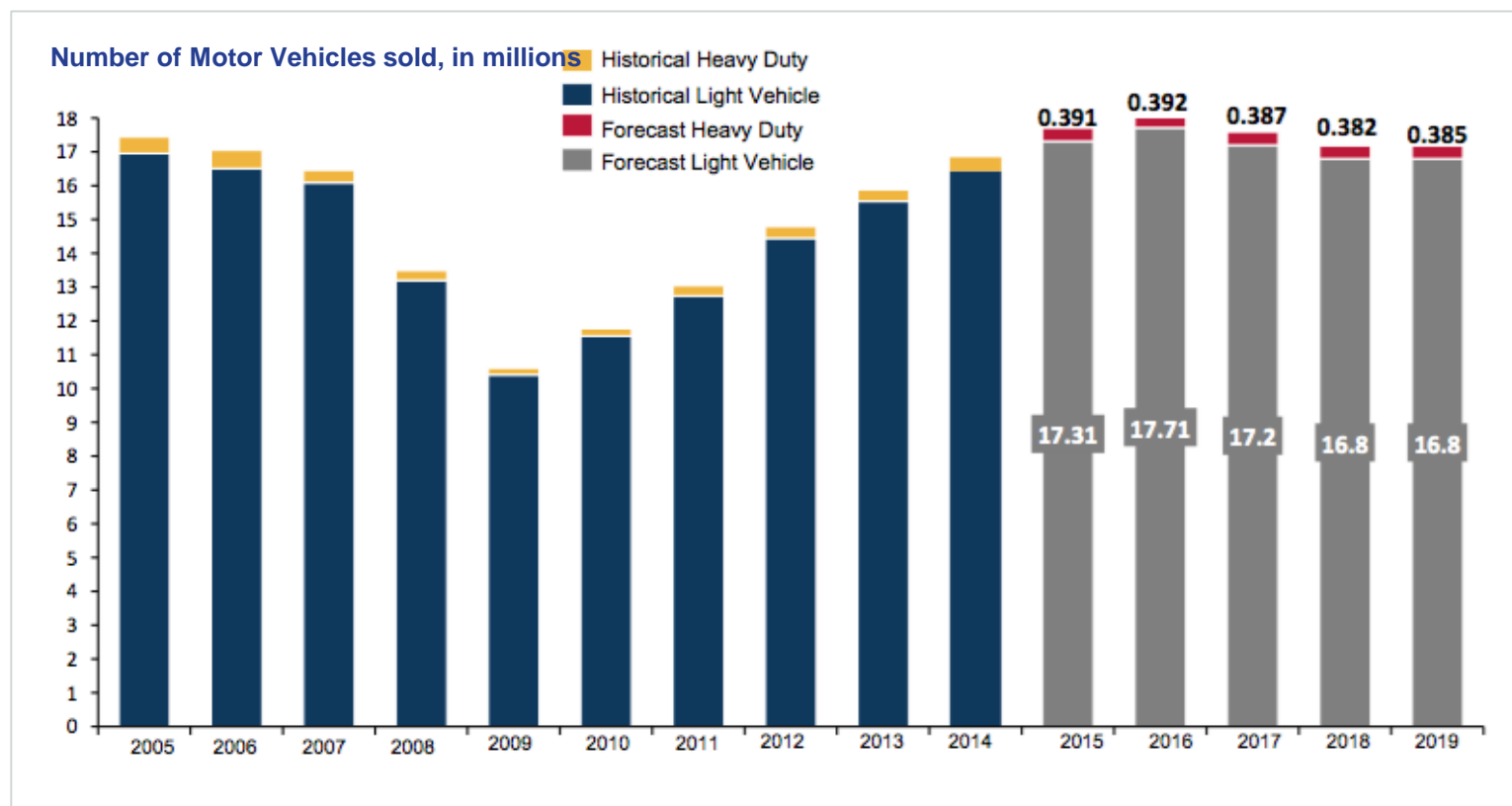
JANUARY 5, 2016, 8:39 PM

Americans have driven auto sales to their highest total in years, and analysts predicted more of the same for 2016.

Sales of new cars and trucks in 2015 hit 17.47 million, topping the previous

Trend 2: Automotive sales

The National Automobile Dealer Association expects this trend to continue



Trend 3: Dealers spend enormous amount of money on marketing



YTD through
November 2015:

- The average dealer had spent **\$473K** in advertising
- That is more than they spend on rent
- The average advertising expense per car is **\$615**



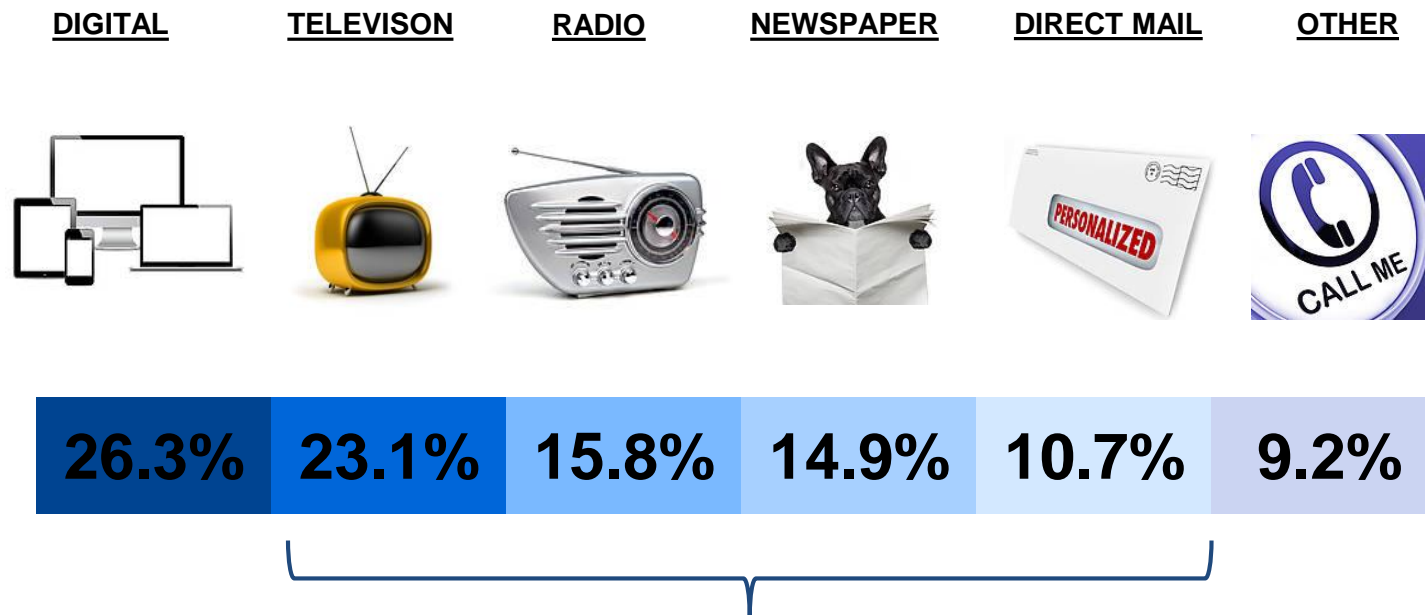
Dealership Financial Profile

	YTD Nov 2015	YTD Nov 2014	Percent Change
TOTAL DEALERSHIP SALES	47,570,047	44,461,642	7.0%
TOTAL GROSS ¹	6,265,314	5,914,379	5.9%
As % of Total Sales	13.2%	13.3%	
TOTAL EXPENSE	5,101,320	4,830,101	5.6%
As % of Total Sales	10.7%	10.9%	
NET PROFIT BEFORE TAX	1,163,994	1,084,278	7.4%
As % of Total Sales	2.4%	2.4%	
NEW VEHICLE DEPT. SALES	27,429,497	25,464,120	7.7%
As % of Total Sales	57.7%	57.3%	
USED VEHICLE DEPT. SALES	14,769,228	13,916,825	6.1%
As % of Total Sales	31.0%	31.3%	
SERVICE AND PARTS DEPTS. SALES	5,371,322	5,080,696	5.7%
As % of Total Sales	11.3%	11.4%	
ADVERTISING EXPENSE ²	473,096	445,536	6.2%
As % of Total Sales	0.99%	1.00%	
Per New Vehicle Retailed	\$615	\$606	1.5%
RENT & EQUIVALENT	438,908	423,378	3.7%
As % of Total Sales	0.92%	0.95%	
Per New Vehicle Retailed	\$571	\$576	-0.9%
FLOOR PLAN INTEREST	(109,960)	(81,687)	34.6%
As % of Total Sales	-0.23%	-0.18%	
Per New Vehicle Retailed	(\$143)	(\$111)	28.7%
NEW VEHICLE SELLING PRICE (Retail)	\$33,256	\$32,437	2.5%
Gross as % of Selling Price	3.45%	3.68%	
Retail Gross Profit Excluding F&I	\$1,147	\$1,193	-3.9%
USED VEHICLE SELLING PRICE (Retail)	\$19,346	\$18,812	2.8%
Gross as % of Selling Price	12.32%	12.55%	
Retail Gross Profit Excluding F&I	\$2,384	\$2,361	1.0%

Source: NADA, 2015, Dealer Financial Profile

Trend 4: Breakdown of dealer spend

↑ SHARE
↑ FT



In 2014, 64.5% of dealer advertising was in “traditional media”

Challenges for Newspapers

These are widespread

Challenge 1: Newspaper's approach

**Newspapers
are focused
on selling
products
without
accountability
to
effectiveness
or KPIs**



**Dealers are
focused on
results; most
of the time
they are
measuring
and tracking
KPIs**

Challenge 1: Newspaper's approach (cont.)

Sales staffs are not equipped to bridge the KPI gap

Sales teams address “needs” with “products” without any insights



Challenge 2: Newspaper's access diminished

Because of historic focus on products, instead of insights/strategy, dealer access is now at the ISM level at best



Lead generation is a commoditized tactic

Challenge 3: Newspaper's culture



Part of the industry challenge has been cultural:

- Trading away differentiation for commoditization
- Retail-centric (generic) digital portfolio
- Pure-play solutions are stronger and more customized to auto dealers
- Talent misalignment; dedicated experts, top talent

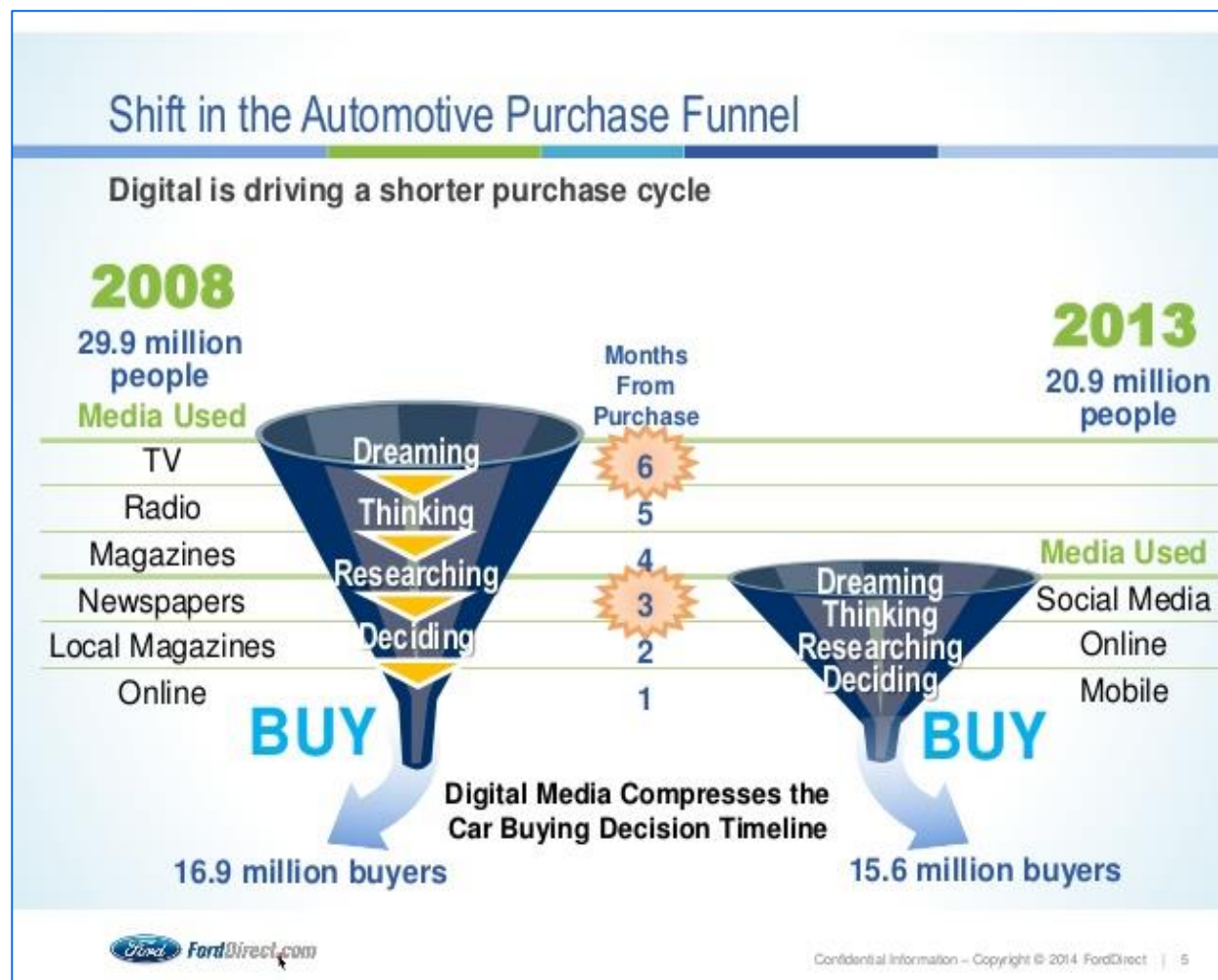
DIGITAL PURE-PLAYS



Challenge 4: Dealer perception

Being able to overcome the print stigma as a product:

- Dealerships are being operated by PHDs (2nd generation)
- Dealers are being directed away from traditional media by OEMs



Challenge 5: OEM Co-op requirements



OEM digital requirements for preferred vendor status is increasingly rigorous:

- **CDJR**
- **Ford**
- **GM**

OEMs are limiting print/traditional media to a certain % of marketing

- ***Ford Direct dictates that local dealers must spend a majority of marketing budgets on pre-approved, preferred-vendor digital products***

Automotive News

MONDAY, FEBRUARY 8, 2016 | AUTOMAKERS OPT FOR LESS TV TIME DURING SUPER BOWL

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Ford co-op program pushes more digital ads

50% of stores' spending earmarked for online

Ford dealer Rich Savino says the plan provides incentive for dealers to "dip their toes" into various digital advertising formats.

5 Comments | Print | Reprints | Respond | Recommend 22

David Barkholz
Automotive News
January 13, 2014 - 12:01 am ET

Ford Motor Co. is joining other automakers in using advertising co-op funds to get its 3,200 U.S. dealerships to do more digital advertising.

As part of a new program this month, Ford is requiring dealers to spend 25 percent of reimbursement-eligible advertising dollars for digital media, said Rich Savino, dealer principal of All American Ford of Old Bridge (N.J.) and a member of the Ford National Dealer Council.

In July, the figure doubles to 50 percent of co-op ad spend for digital media, Savino said.

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Opportunities for Newspapers

These are untapped (in most cases)

Opportunity 1: Local sales pressure

Many pure-plays have no consistent, local presence

Local sales pressure enables navigation of dealership hierarchy to influence true decision-makers

Decision-makers often divert traditional media salespeople to agencies and digital salespeople to ISMs



Opportunity 2: Fact based data

There is an enormous amount of data in the automotive space. Dealers crave fact based data

- Dealers mine their own databases to segment and market appropriately to their customers
- Dealers understand the value of vehicle registration data
- No survey extrapolations. It does not work with dealers....

DATA SOURCES

IHS AUTOMOTIVE
driven by **POLK**



Dominion
CROSS-SELL REPORT

AutoTrader.com



Opportunity 3: Audience access

Newspapers have access to robust audience databases:

Owned Audiences

- Newspaper audience
- Newspaper.com audience

Borrowed Audiences

- 3rd party lists
- Networks

Most importantly these can be measured

DIGITAL



NEWSPAPER



DIRECT MAIL



OTHER



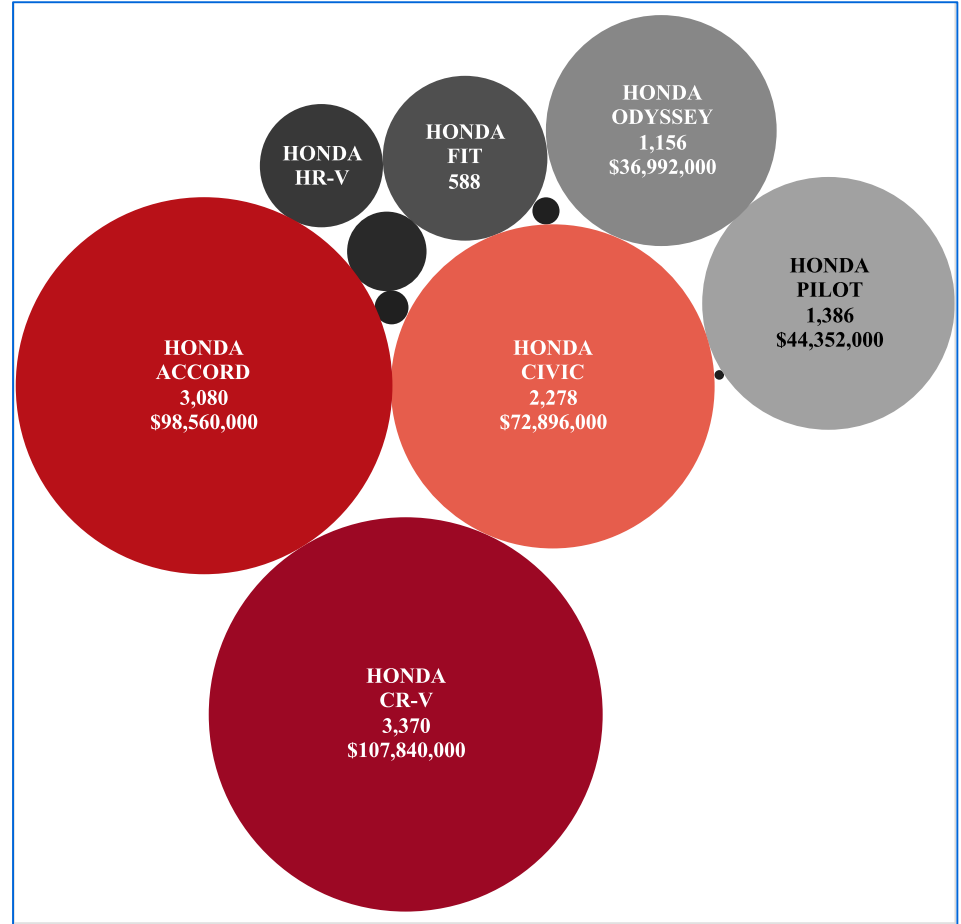
Best Practices

Insight selling

Best Practice 1: Embrace market data

Specifically, fact-based vehicle registration data. A data driven sales process

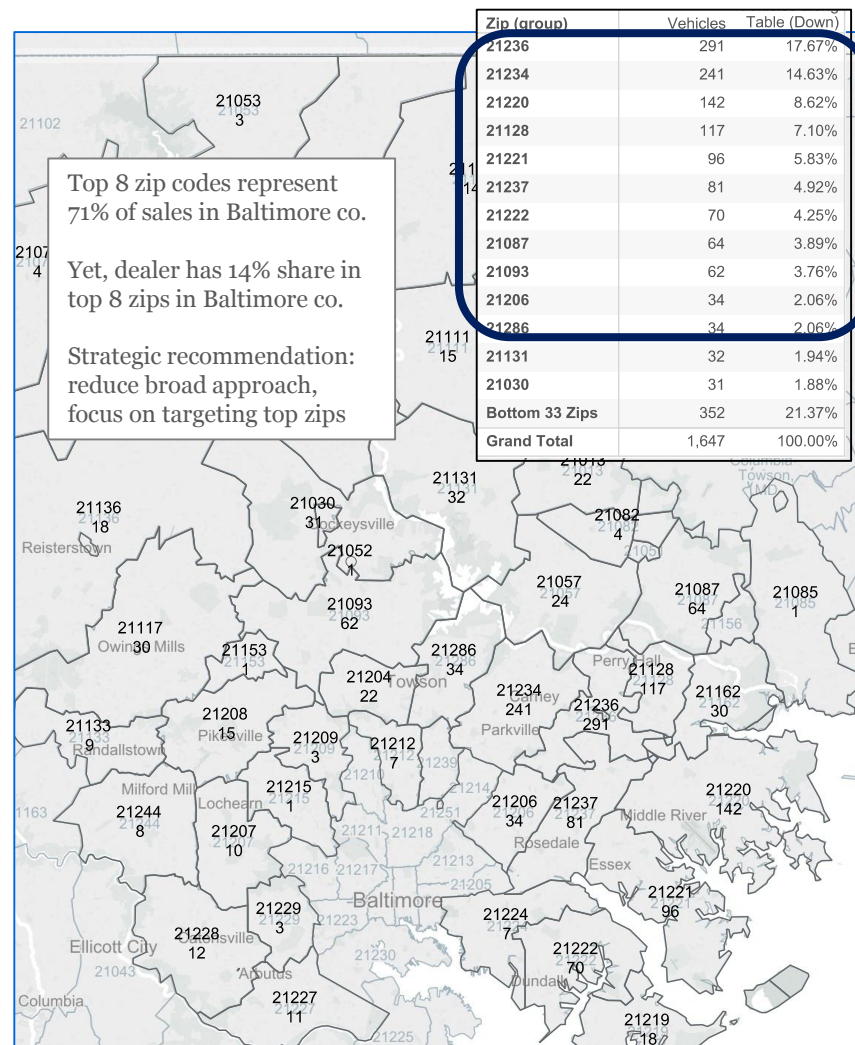
- Enables a dealer-centric conversation
- Develops a partnership with increased transparency & accountability
- Has high impact and is specific to: *Dealer, Brand, Model, Geography*



Best Practice 2: Insight Selling

By leading with vehicle registration data, analyses can be conducted to build fact-based advertising opportunities for dealers:

- Insights generated from vehicle registration data, don't allow for as much dealer pushback; *this is not survey based data; it is DMV data*
- Insights enable strategic recommendations based on interpretation of data; *these recommendations are specific to the individual dealers needs*



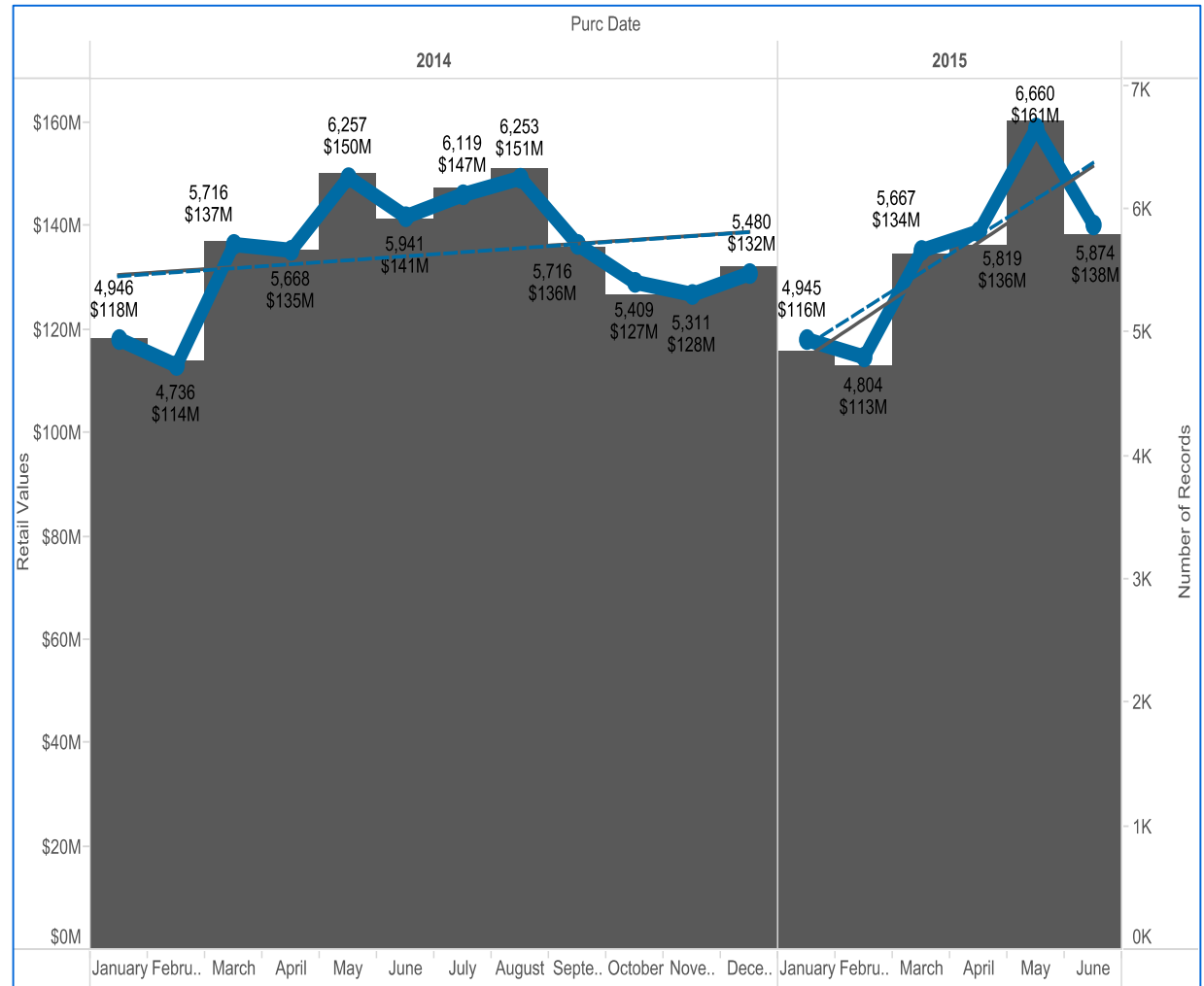
Best Practice 3: Leverage owned audiences



Newspapers/cable companies own a clean audience database with physical addresses

Enables:

- Insight selling
- The ability to demonstrate audience buying power



Best Practice 4: Promote your owned audiences



The value of an owned audience based can be established for:

- Make/model/segment/brand preference
- New vs. used purchases, luxury vs. non-luxury
- Pent up demand comparing previously owned duration versus current ownership duration
- Dealer preference, impact and pump out



LA Times subscribers in Orange County alone bought
20,808 VEHICLES
in the past year with a retail value of
\$537 MILLION

LA Times NOW has the ability to blind match our valuable subscriber database against official POLK DMV auto registrations. Based on our subscribers' vehicle purchasing habits we can now more accurately align our dealers' advertising with auto buyers through our zoned print editions. When it comes to spending on autos: LA Times subscribers have massive purchasing power. Don't miss out and book your ad today.

Los Angeles Times

Put the LA Times to work for your dealership:
Contact Carrie Brown @ 213-237-5391 or carrie.brown@latimes.com

Source for auto purchases and spending: Share Lift/IHS Polk for the time period Nov 2014 – Oct 2015. New and used vehicle retail values: NADA Data Report Annual Financial Profile of America's Franchised New-Car Dealerships 2014.

Best Practice 4: Promote your owned audiences



In a midsized market the story can be just as powerful. At an 85K circulation newspaper in Pennsylvania:

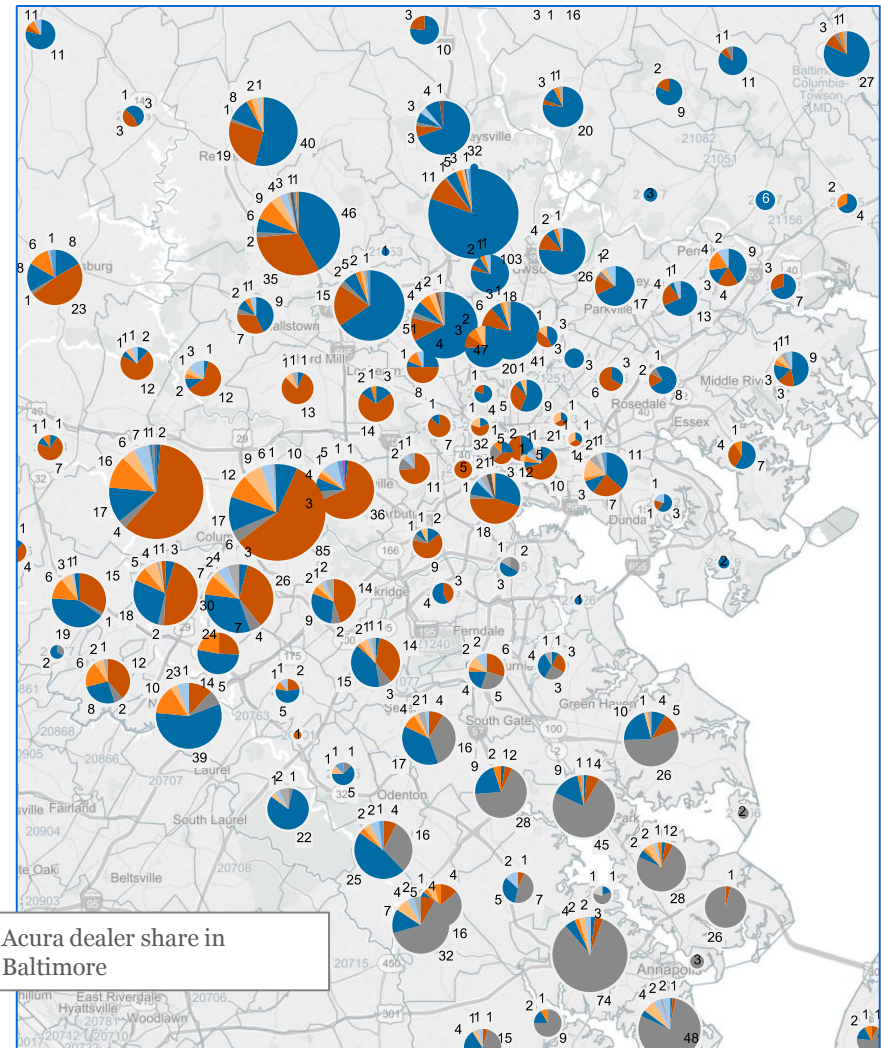
- **Subscribers bought 22,000 units with a retail value of \$532,810,000**
- **Subscribers buy 27% of all new cars in the market**
- **They buy 31% of new Fords (#1 make in the market) and 30% of new Chevys (#2 make in the market)**

Segment	Purchased New		Purchased Used		Grand Total	
	Number of Rec..	Retail Values	Number of Rec..	Retail Values	Number of Rec..	Retail Values
Car	3,958	\$122,698,000	6,715	\$120,870,000	10,673	\$243,568,000
CUV	3,766	\$116,746,000	2,225	\$40,050,000	5,991	\$156,796,000
Truck	885	\$27,435,000	1,888	\$33,984,000	2,773	\$61,419,000
SUV	618	\$19,158,000	1,479	\$26,622,000	2,097	\$45,780,000
Van	310	\$9,610,000	675	\$12,150,000	985	\$21,760,000
Unknown	1	\$31,000	192	\$3,456,000	193	\$3,487,000
Grand T..	9,538	\$295,678,000	13,174	\$237,132,000	22,712	\$532,810,000

Best Practice 5: Matching dealer objectives to audience insights

Understanding market trends and dealer positioning allows the sales teams to provide true value to a dealer

- Isolate top model opportunities for dealer
- Analyze geographic trends; *dealer share in ASA, conquest etc.*
- Develop marketing strategy for each model
- Identify marketing solution to target desired audience



Questions to pose to your automotive teams

Are your teams leading with insights?

Questions for your auto teams....

- How is the local auto market performing year over year?
- What brands and models are winning and losing in the market?
- What factors are driving brand and model performance?
- What dealers are winning and losing in the market?
- Do dealers have appropriate inventory to address market demand?
- What zip codes account for the highest number of registrations?
- What are the top selling used vehicles in the market?



Questions for your organization....

- Are we getting 14.9% of dealer marketing dollars in the local market?
- Do we have the best talent assigned to the category that spends the most locally?
- Is my team service oriented or sales oriented?
- Am I structured correctly? Do I have automotive expertise (automotive only reps)?
- What is our active advertiser penetration with the franchise dealers in our local market?
- Do we have access to GMs/Principles?



Q&A

Thank you for your time

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