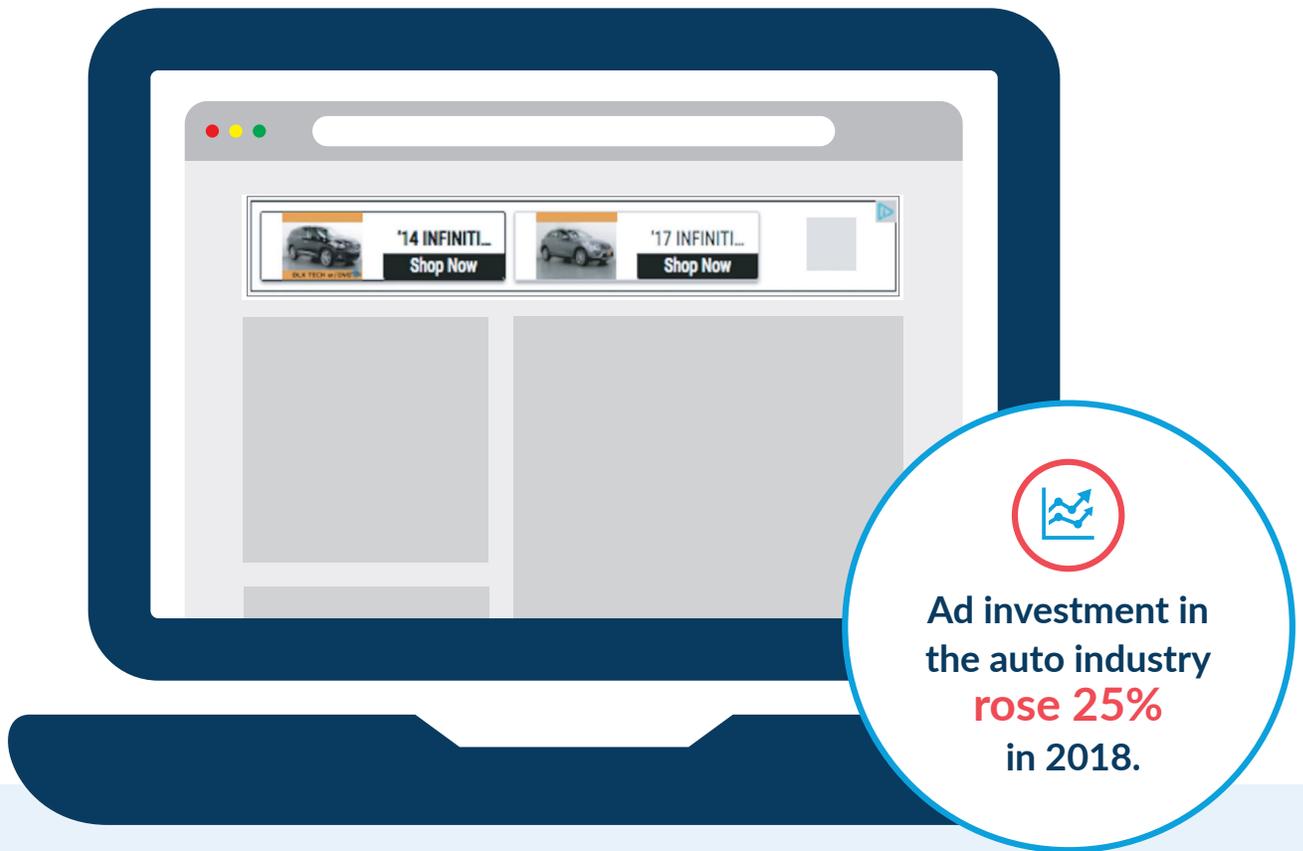


THE 2018 GUIDE TO DISPLAY ADVERTISING



For auto dealers, digital ads are here to stay.

Digital advertising investment in the auto industry increased 25 percent in 2017 and is expected to continue to increase in 2018.

In order to thrive in today's marketplace, your store must be visible on the web. Yet a website and social media profiles aren't enough: you also need to be grabbing the attention of in-market shoppers so you can turn them into customers. In other words, you need a digital marketing strategy that drives key shopper actions: **website visits, leads, appointments, and ultimately sales.**

With 2018 just beginning, it's the perfect time to take a holistic look at your digital outreach efforts. Digital ads can add real value to your marketing mix, and we at CarGurus are here to help!

Here are our best-practice tips for getting the most out of your display advertising program. This guide is meant for digital ad beginners, but we encourage you to read on for tips and tricks that even savvy digital advertisers can use.

Introduction to Digital Advertising for Dealers

Why digital ads are attracting a large - and growing - share of dealer marketing budgets

Just a decade ago, newspapers were one of the major advertising channels for dealerships. But now that the average consumer reads print media for just 25 minutes per day,¹ newspapers are losing popularity as an advertising medium.



In 2018, consumers will spend over **6 hours per day** with digital media.

Why is print on the decline? The answer is that consumers are spending most of their free time on the internet: watching online videos, browsing the web, and using social networks. In 2018, daily consumption of digital media will overtake traditional media, reaching over 6 hours per day.²

In auto retail, the move to digital has been even more stark. The average dealer now spends 63 percent of their marketing budget on digital ads, up from 5 percent in 2002.³

This digital revolution is too big for you to ignore. It's why we say that if you're not advertising online, now is a great time to start. The internet is where your customer is spending time, which means you have to be there, too.

Yet just being visible on the web isn't enough. You have to be smart about where you engage with auto shoppers and how you reach them – for example, making sure your digital ad strategy ties in with your broader business goals.

It's for this reason that display advertising is gaining traction among informed dealers. Display ads connect in-market consumers directly to dealers' websites, making them one of the best ways to get shoppers into your sales funnel and turn them into buyers.

Read on to learn how to get started with a digital display ad campaign that will help you convert and close more shoppers.

The average dealer spends 63% of their marketing budget on digital ads.

1 eMarketer estimate, Sep. 2016
2 eMarketer estimate, Oct 2018
3 Borrell Associates 2016 Auto Outlook

Four Steps to Digital Advertising Success

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Which metrics matter for advertising success



Step one:

Link Digital Ads to Business Goals

Think about the essential metrics that you use in your business. Depending on the size of your dealership, your specific KPIs may differ. But odds are, all of the metrics you focus on have something to do with generating sales.

The investments you make in marketing should be closely connected to your sales targets. That means your marketing goals should be indicators of low-funnel behavior – the kind of behavior that is likely to result in a shopper coming in for a test drive and ultimately making a purchase.

1. Decide what metrics make sense. These may include:

- ✓ Website visits
- ✓ Ad impressions
- ✓ Lead form submissions
- ✓ SRP views
- ✓ VDP views
- ✓ Map and directions page views

Because display ads point to your website, you really need to home in on website performance metrics, as well. **As a starting point, look at which pages on your site have the highest engagement.**

2. Look at which pages on your site have the highest engagement.

- ✓ What do visitors click on?
- ✓ Which pages do they spend the most time browsing?
- ✓ What do shoppers do before submitting a lead form or completing another low-funnel action?



Pro-Tip

Make sure your site is responsive (mobile-friendly), as well – and test your mobile site's functionality on a variety of devices. A good responsive site loads quickly and is easy to navigate on small screens.



Step two:

Find the Right Advertising Partners

To build a successful digital ad plan, you need to make sure you partner with sites that lead shoppers to exhibit low-funnel shopping behavior. To do that, following the following steps:

1. Identify the channels that are most successful at driving engaged shoppers to your business.

To compare channels against each other, ask all of your lead providers for key performance metrics. Data from unbiased third parties like comScore is especially valuable. Look at metrics like:

- ✓ Average daily visits
- ✓ Average time on site
- ✓ The number of times users return to each vendor's website

Platforms that lead in these areas should be the ones you focus on as you begin to build a digital ad program.

2. Optimize your presence on mobile.

Google has found that 84% of searches related to dealership operating hours happen on smartphones.⁴ To maximize your mobile presence, ask your advertising partners about the following mobile-related topics:

- ✓ The number of mobile visits they receive every month
- ✓ The percentage of their total traffic that comes from mobile devices
- ✓ How engaged their mobile users are

3. Favor channels that are more trackable.

Not only does trackability allow for better attribution, it improves the cost efficiency of your marketing efforts.

- ✓ Focus your marketing dollars on channels that offer **analytics dashboards** to help you track both your spending and the results you're getting.



Auto shopping sites are the No. 2 source of information for car buyers



Pro-Tip

Because they offer both an audience of low-funnel shoppers and trackability, auto shopping sites are one of the best avenues for display advertising. They're the No. 2 source of information for car buyers,⁵ with a unique monthly audience of about 40 million users⁶ – most of whom are in the market for a car. That makes them a great candidate for your digital advertising.

⁴ Google, The 5 Auto Shopping Moments That Every Brand Must Own, Nov. 2015

⁵ Car and Driver, Jan. 2016

⁶ comScore, July 2016



Step three: Design Ads That Attract Attention

Selecting high-performing advertising channels is just one piece of the puzzle. Your ads need to compel attention, as well.

1. Ensure your digital ads are visually compelling.

Ads with a strong visual element typically see much higher engagement.

- ✓ Make sure your ads are appealing to the eye by either using in-house design talent or hiring a freelance designer.

This will give your ads extra polish – an important consideration when you’re running display ads, which have a visual element that search ads lack.

2. Draw clicks with strong calls to action.

Not only are we more engaged with visual content, we learn visually, as well. Research shows that people are much more likely to follow directions – over 300% more likely – when written instructions are paired with illustrations.⁷

- ✓ **Use calls to action that direct shoppers to click on your ads.** For example, highlight the savings you offer and instruct users to click through so they can learn more.

3. Upload great photos of your vehicles.

A large majority of CarGurus shoppers say that when they’re interested in a vehicle, they will browse all the available photos of that vehicle.

- ✓ **We recommend using the front three-quarter angle** – it puts vehicles in their best light. And be sure to keep your photo background consistent. This helps focus shoppers’ attention on the vehicles themselves, instead of your background.

4. Keep your ad copy clear and concise.

You can draw the shopper’s eye with verbiage that highlights why a particular vehicle – or your dealership – should be under consideration.

- ✓ Be concise in your messaging: **try to use no more than 70 characters.** Dealers who advertise with CarGurus and follow this rule see click-through rates of more than twice the industry average.

People are over
300% more
likely to follow
written instructions
when paired with
illustrations.



Pro-Tip

Test different images and copy variations to see what results in the highest engagement. Testing and analysis should be a regular part of your advertising efforts.

⁷ Levie, W.H. & Lentz, R., ECTJ, 1982



Step four:

Measure Your Ads' Performance

There are a handful of key metrics that you'll want to focus on to gauge how well your ads are performing.

1. Maximize impressions by adjusting where your ads run.

- ✓ Impressions: How many times your ads are shown to internet users

Think of impressions as a proxy for the number of people who see your ad. Specifically, impressions measure the number of times your ads were served to web users. It's a number that gives you a rough idea of how many eyeballs your ads are reaching.

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- ✓ To get in front of the largest number of qualified shoppers, pick ad partners that have a large audience.

2. Keep a close eye on costs.

The standard cost metric in display advertising is CPM, or cost per 1,000 impressions. Advertisers may be charged on a per-click or per-conversion basis, as well.

- ✓ One way to optimize your advertising spend is to adjust your targeting options. In the auto industry, ads are typically targeted on the basis of a few key parameters – make, model, geo and body style.

3. Examine how well your ads engage your target audience.

- ✓ To measure engagement, the online ad industry uses a standard measure called click-through rate, which divides the number of clicks an ad receives by the number of impressions it records.

What's critically important for engagement is the audience that sees your ads. To optimize your reach and ensure your ad dollars are being used efficiently, make sure your ads appear on sites that in-market shoppers visit.



The ultimate question to ask is:

Are you engaging with as many low-funnel shoppers as possible? Engagement and audience reach should be the focal points. Look closely at the metrics that capture these two parameters and you'll be well on your way to building a winning digital ad campaign.

