



RTBHOUSE =

Accelerated commerce

Auto Industry

Digital Advertising Guide

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Welcome to accelerated e-commerce

A few words about why we are here

Most industry reports you read in 2021 will start with a story of “unexpected changes” or “unprecedented challenges”.

It’s true. However, in the automotive industry, that is also very much business as usual...

Change is the only constant. Car manufacturers deal with endless recalibrations to the supply chain, regulations, and customer expectations. They need to balance flexibility and innovation with brand consistency in order to stay relevant.

We’re going to look at the current situation in the automotive industry and at how brands can leverage online advertising more effectively in order to serve their customers and protect and elevate their brands.

First of all, we’re going to look at a major industry shift: the acceleration of e-commerce and a tipping point for customer trust toward online channels.

The road to online auto sales: 2021 and beyond

It's been a hard road to activating online sales in the automotive industry.

Other verticals have embraced and thrived from e-commerce while auto has lagged far behind.

[20% of all fashion revenue](#) is now through online channels, compared to [just 1% in the auto industry](#). And areas of e-commerce that thrive in other industries are virtually untapped in auto commerce.

Around **10%** of people in developed countries are already using smart speakers and making use of voice commerce, but did anyone ever say,

“Alexa, please order me the new Audi”?



The roadblocks

In a word: Trust.

Buying a vehicle is a bigger risk than picking up a new pair of shoes. A new car is a huge transaction and a financial burden that most people carry for a number of years. Buyers need to feel confident and be convinced of the reliability of both the vehicle and the vendor.

The shift

Yes, it's been a year of unprecedented challenges and unexpected changes.

Auto sales suffered during the first lockdowns of 2020 but had a substantial rebound. With showrooms closed, auto traders began to focus more budget on online channels and on challenging long-established processes.

- = Test drives can be booked online and the car delivered to your door.
- = Models can be discussed via chat or video call.
- = Financing and payment plans can be calibrated through online tools.

Why go to the showroom?

The highway

But let's not get ahead of ourselves.

The auto industry is moving the needle and online sales will not stay as low as **1%**.

But this isn't fashion; we're not about to see **20%** of vehicle purchases happening online in the next few years.

Even though **61%** of car buyers now say that they are willing to purchase online, and **18%** say they would make a purchase more quickly if there was an online option, there is a big difference between being “willing” and actually adding to the cart.

Instead, we are arriving at an “accelerated e-commerce” model for the auto industry. It's a hybrid scenario in which much of the product awareness, discovery, and comparison takes place online—along with booking test drives and discussing options—but the final transaction still takes place in the showroom.



61%

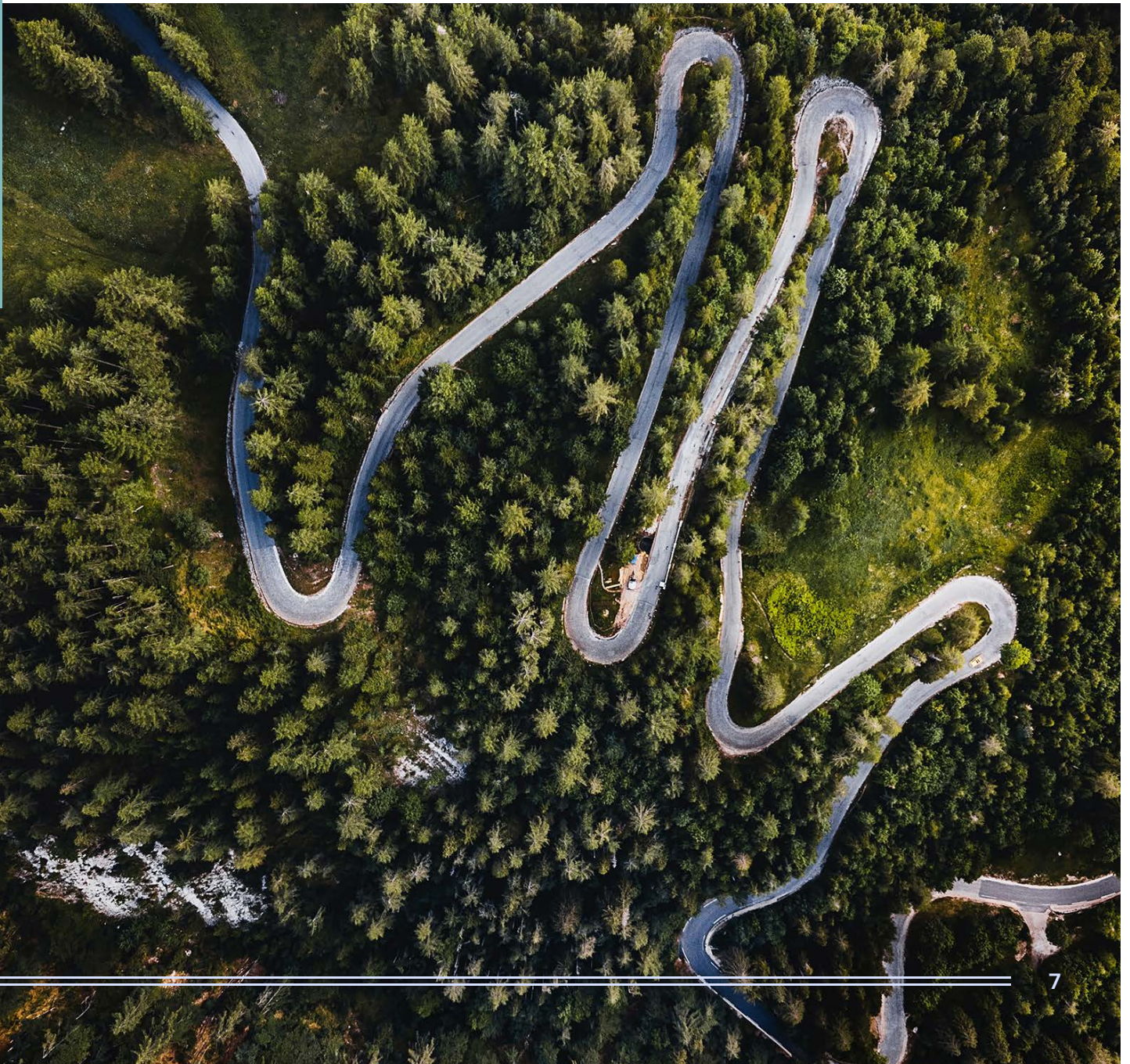
of car buyers now say that they are willing to purchase online

18%

say they would make a purchase more quickly if there was an online option

The destination

We're not ready for online-only sales just yet, though brands like [Volvo](#) and [Volkswagen](#) have announced that new electric vehicles will be available only through e-commerce channels. EVs are becoming the testing ground for innovations as the auto industry looks to solve its environmental impact issues and its lack of online sales. E-commerce is being tied to sustainability as a cleaner road ahead.





Section

3

The power of digital touchpoints

Digitalization is already massively powerful in the automotive industry. Just because final conversions are not happening online doesn't mean that it is not a critical part of the process.

The numbers

92%

of car buyers do
research online

30%

higher close rate
from digital leads

51%

higher gross profit from
e-commerce leads

Source: E-commerce Will Drive the Digital Revolution in Auto?

9x

more searches for the phrase
“is it a good time to buy a car”
in Q2’20 compared to Q1’20

10 online essentials for all car brands

Buyers expect a level of quality and innovation from auto brands. Your online presence should deliver a great customer experience. And here's how.

01 Virtual showroom

Not your average website. A 3D showroom in which users can stroll around like in a first-person perspective computer game. It's interactive, fun, and has a familiar feel.

02 Chat consultancy

Your human face is still your most persuasive selling tool. Clients should be able to engage in video chat with showroom assistants about any vehicle in the fleet at any time.

03 **Bookable and virtual test drives**

Offer test-drive bookings online, with delivery to the customer's door, so the buyer no longer needs to go to the showroom. However, some users don't even need to sit in the car; [watch time for YouTube "test drive" videos](#) went up **64%** in the year ending April 2019.

04 **Options configurator**

An online 3D car-builder tool. Customers choose the basic model and can change the color and configuration, add their preferred options, and see the vehicle change inside and out in real-time.

05 **Performance ad campaigns**

Even though transactions are not always completed online, performance ad campaigns are essential for automotive brands. Show clients your current deals and encourage them to book a meeting or test drive.

06 **Brand awareness campaigns**

Contrary to popular belief, [58% of car buyers are undecided](#) on the brand at the start of their search. Awareness campaigns keep your cars in the mix until they make a decision.

07 **Optimize for mobile**

53% of online car buyers search for information using multiple devices and **56%** use smartphones. Responsive Web Design is essential, so users can see the best of your offers on any screen size. Ad campaigns targeted at mobile devices are also hugely effective.

08 **Finance and emission calculators**

People have always cared about the cost of the vehicle. Nowadays, they also care about the cost to the environment. Create online tools to allow people to calculate their outlay and the impact of their choices.

09 **Social media**

22% of car buyers use social media as a source of information and **13%** say that [social media influenced their buying decision](#). Meet people where they are browsing. Be active online. And be authentic. Speaking of which...

10 **Influencer marketing**

Car buyers love recommendations from people who really know cars. Influencer marketing is not as saturated in automotive marketing as in other domains, so it is a good chance to get ahead of competitors.


Why now is a good time for the auto industry

Expert commentary

Daniel Volož, Country Manager DACH, RTB House

To say that the last year has been good for any industry would be to ignore the context of the global situation.

For the car industry, it has certainly not been a positive 12 months. However, as we start emerging from the worst of the pandemic and life begins to return to some form of normality, there are positive signs for the auto industry.



„Firstly, people still love their cars. In fact, a lack of mobility has not turned people off of their vehicles, it has made them value them even more than ever. In March 2020, 93% of people said they were using personal vehicles more. At one time it looked like automotive manufacturers would be brought to their knees but that simply hasn't been the case. The rebound from a huge drop in Q2'20 sales has been relatively robust and most manufacturers are looking at a brighter future.

„Challenging times always lead to innovations and act as a catalyst for changes. A number of polls have shown that the pandemic has heightened people's awareness of environmental issues. I believe that electric and hybrid vehicles will see a rise in popularity. Within a decade, they may be the prevalent type of personal vehicle, and that will have been accelerated by the pandemic.

„It's also a good time for some niche areas of the auto industry.

For example, fewer people are traveling abroad and vehicles such as caravans and motorhomes are booming. 46% of people who stated that they were interested in caravan holidays, said they would not have considered such an option before the coronavirus hit. It's also interesting to see how effective programmatic ad campaigns can be in response to sudden changes in behavior or customer interest. In June 2020, Auto Trader reported that caravan and motorhome advert views were up **18** and **17 percent**, respectively.

„For the automotive industry, the key is being ready for change. Manufacturers need to ask themselves:

- Are we ready for the unexpected today?

What if our least in-demand model suddenly becomes what customers most want?

- Are we ready for tomorrow?

Can the business quickly react to unforeseen changes in customer expectations?

- Can we tell the difference?

Do we know which trends are temporary and which are long-term? Can we succeed in both areas?

- Are we communicating with our customers?

Are we using our online ads effectively to give them what they want in these dynamic times?

high level

“We can’t say that this is a ‘good’ time for any industry. However, there are opportunities out there and customer interest remains at a high level.”

Performance and awareness ads for car producers

Purchasing a car is a complex user journey with multiple stages. As previously mentioned, most buyers are undecided on a brand or model when they start their journey. However, they are moving more quickly through the funnel than previously.

From 2017 to 2019, [the time spent on the purchasing process dropped](#) from **118 days** to **96 days**, and the time spent researching online fell from **13h 48m** to **13h 06m**. **66%** of potential customers use manufacturer websites as a first source of information. This means that car producers have price-less direct site visits which allow them to retarget customers with advertising during their search.

Manufacturers, therefore, have opportunities to influence buyer choices at every stage of the funnel but they need to utilize the right type of campaigns at each point.

A full-funnel marketing approach, such as that offered by RTB House, allows automotive companies to show either performance or awareness ads to users, depending on how ready each person is to make a purchase.



Here's how to engage people at different stages of the funnel, taking into account the unique nature of the car buying process.

Stage	Awareness	Consideration	Intent	Evaluation	Conversion
Appropriate type of digital marketing campaign	Brand awareness adverts		Awareness and performance ads		Performance ads
Typical search term internet	"Best cars of 2021"	"Best family car with room for a dog"	"Cost calculator for a VW Passat"	"Nearest VW showroom" / "VW test drives"	"How to buy a VW Passat"
Specific features of online ads	Video ads without a specific model or strong CTA to the site. Impactful, aspirational content.	Video ads showing models within the brand that will meet the customer's needs, but still without a strong CTA.	Branding ads mixed with performance ads that show deals and discounts and direct to the site.	Branding ads. Performance ads driving users to the contact page of the dealership or the online model.	Performance ads leading to specific deals on chosen models for online conversion or booking a meeting.



DID YOU KNOW?

The multi-award-winning Full-Funnel Marketing Solution from RTB House uses contextual and behavioral data to work out where a user is in the funnel in real-time and shows them the right ads. For example, users who are just browsing might see aspirational video content.

More than half of auto buyers said video content had helped them during the consideration phase of their buying journey.

73% of brand-owned videos are under **1 minute** long.

64% of people who watch auto-related video content say that formats like 360 video might encourage them to buy a car without a test drive.

Micro-conversions

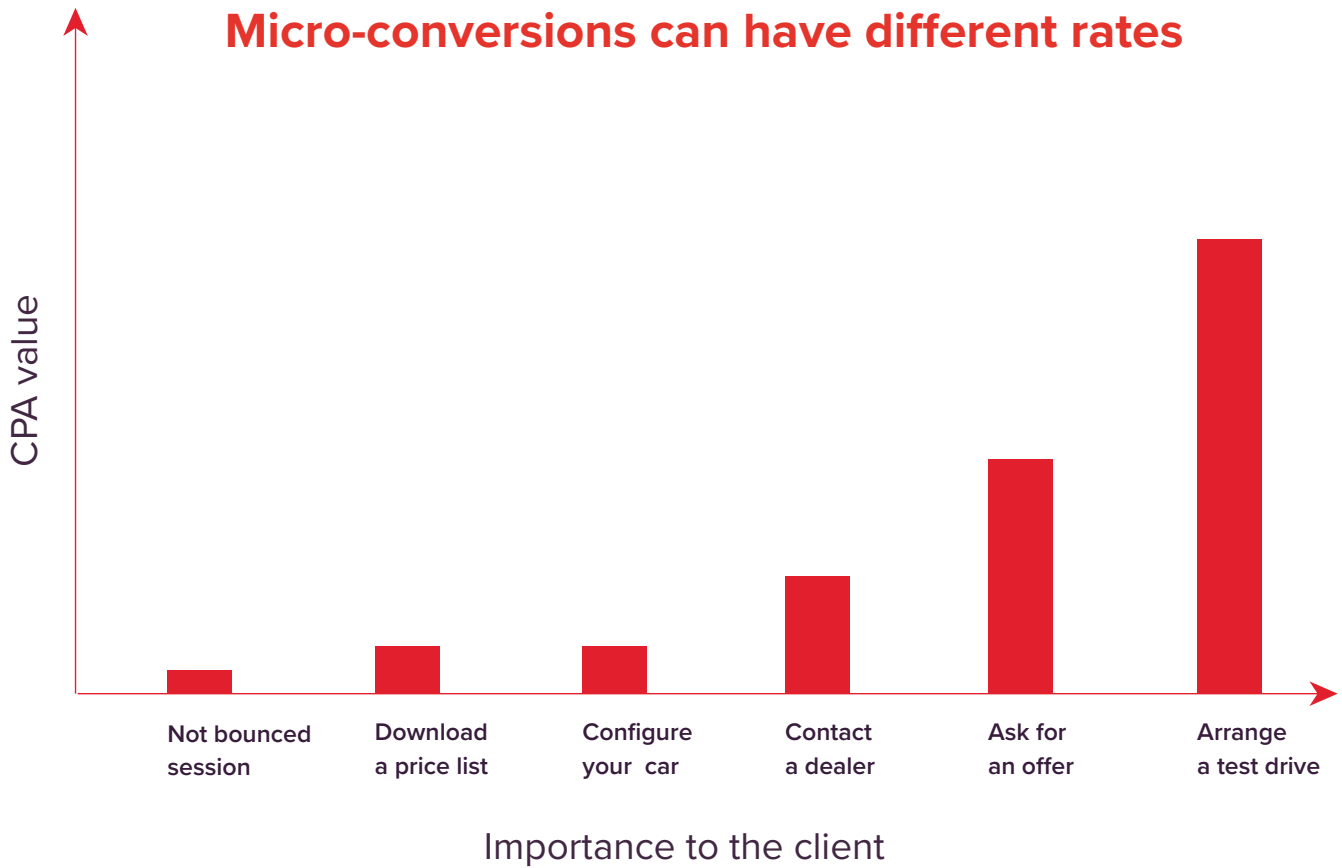
Expert commentary

Olivier Galichere, Country Manager France, RTB House

„Performance campaigns for the automotive industry are quite specific. Their success has more in common with sectors like real estate than fashion or household goods. This is because the research process takes place largely online, but the purchase is still happening in person, in the dealership.

„So, while the success of an ad campaign in the fashion vertical might be measured by the number of conversions, completed sales, and average order volumes, we can't assign the same metrics for programmatic ad campaigns in the automotive industry. We need to add levels of granularity to these campaigns so that we can better understand customers and measure the importance of each touchpoint along the buying journey.„We measure something called micro-conversions. These are the small steps that a user takes as they build up to making a big purchase. Each step is about gaining more confidence in their decision-making until they are comfortable parting with a large sum of money for such an important item as a vehicle.

Micro-conversions can have different rates





“

“Each micro-conversion signifies a small success and proves the effectiveness of online advertising campaigns; however, we need to take it a step further and weigh them differently. A client clicking on an ad and then downloading a price list is a significant action, but it’s still not nearly as important as someone booking a test drive.”



“The other important element of this granularity is that it allows car dealers to see where they are losing customers. If the bulk of people drop out after downloading a price list, does that mean that ads are targeting too many users who are not actually able to buy the product? If users know the price but disappear after contacting the dealer, is your customer service and sales messaging the issue?”



“Micro-conversions are incredibly valuable. They allow brands to assess the effectiveness of each touchpoint on the customer journey and take appropriate action. For example, if ads are targeting the wrong people, then campaigns need to be recalibrated. And if customer service is the issue, staff can have more training.”



Section

8

Understanding buyers. Understanding bias.

Let's start with some popular cars for "female" buyers. Then we'll take a look at why making such sweeping assumptions is no longer necessary...



Women account for around **60%** of sales of the Fiat 500. Indeed, insurance data suggests the figure could be as much as **73%**.



A 2020 study of car insurance quotes crowned the Vauxhall Adam as the most female-biased car in the UK.



Women are more likely to buy electric cars than men. The Renault Zoe is a compact and popular hatchback EV.

*Information and images taken from buyacar.co.uk

Understanding bias

The ultimate aim for any online brand is to serve each unique user with products that fit them as an individual and ones which they will want to buy.

Sometimes, the data works in our favor. Other times assumptions go against us. Let's look at two assumptions. Firstly, a user views a Fiat 500 online. The first conclusion we might draw is that the user is a woman.

However, if sales figures show that 60% of buyers of that specific model are women, that means we would probably be wrong 40% of the time. That's not much better than flipping a coin.

Secondly, coming from the other side; if we know that the buyer is a woman, we might reasonably assume that she is interested in a compact hatchback, perhaps an electric vehicle.

However, women are also very likely to buy an SUV, or a sedan, or even a small utility truck like a Toyota Tacoma or Chevrolet Silverado—all of which are very different from a compact hatchback. Again, if we were taking a guess, we have a very large chance of making a false assumption.

In the data-driven age, these numbers are simply not good enough. Yes, car manufacturers can market certain vehicles to particular demographic groups; however, when it comes to digital advertising, the most effective solution is to get rid of the profiling altogether and look at what users do online, not who they are.

Understanding buyers

We can no longer afford to make assumptions... especially when it is free and easy to have an open mind about who may be interested in our products.

ContextAI

Proprietary technology from RTB House which uses first-party data to understand customers. With no guidelines on specific demographics to target, ContextAI learns from behavior in the browser and displays ads based on predictions, not biases.

Deep Learning

Builds an audience in real-time, based on similar interests and the probability of engagement. Essentially, it is still building groups, but targeting is not based on assumptions or a weak 60/40 chance of getting it right.

Understanding by us

Deep Learning-powered ad campaigns take the pressure off of companies to closely monitor and calibrate their advertising efforts. It's a huge step up from Machine Learning, which is, itself a more advanced form of Artificial Intelligence. For example, for every 80 calculations made by an ML engine, DL will make 200,000.

Deep Learning systems also learn and adjust as time passes. So, they find the patterns in customer behavior and serve them with the right ad content.

For vehicle manufacturers, this means that profiling is taken out of these automated marketing activities. You can focus, for example, on female buyers when designing vehicles and building your overall marketing strategy. However, when it comes to programmatic ad campaigns, you only need to set your KPIs and then let the Deep Learning algorithm take the wheel.



Second-hand car sales and online trust

The result of getting a car purchase wrong can be serious. It's a major purchase with long-term financial consequences. We, therefore, have to place a high level of trust in the vendor.

Buying a car from an online vendor is too much of a step for many people. It involves a level of trust that we previously reserved for face-to-face transactions. Although the value of second-hand cars is lower, this trust issue remains as people fear buying without cast-iron assurances that everything is in working order. However, as a result of the significant changes to society caused by the pandemic—along with an incremental increase in our trust towards online channels over time—we have now reached the tipping point for online sales of both new and used vehicles.

Blinded by the lights

McKinsey research from 2019 outlines the reasons why consumers have been hesitant to buy vehicles online up to now. It's interesting that the difficulty in returning a vehicle bought online is in fifth position, while the first concerns are centered around a lack of trust or confidence.

46%

It is hard to know exactly what you are purchasing online.

62%

I would not purchase a car without test-driving it.

45%

I want to be able to test-drive multiple cars before making a purchase.

52%

I cannot trust quality of a car unless I see it in person.

31%

It is more difficult to return car if there is a problem.

These numbers give us a hint that the human touch is really not the most important element for car buyers or their main motivating factor for buying in a dealership. In fact, [87% of Americans dislike something about car shopping at dealerships](#) and 61% feel they're taken advantage of while there. [This is backed up by a 2021 Deloitte report](#) showing that only 33% of Germans and 24% of Italians said that they preferred to buy in the dealership because they wanted personal contact, and only 11% and 6% of respondents, respectively, said that they wanted to be treated like they were important. If there is an imbalance between online and offline sales, it is because our perception is skewed.

We think that we can trust offline sales more but, when pushed to explain our choices, car buyers are actually not confident in any channel. In summary, online sales are perceived as being riskier simply because they are newer and feel less familiar.

The pandemic casts aside misconceptions

The pandemic has moved purchases online in almost all industries. Many analysts suggest that e-commerce has moved a decade forward in a single year. As a result, our trust in digital sales channels is changing rapidly. For example, over 70% of Chinese and Indian consumers, as well as over 60% of UK, US, and German car buyers, say they are now [more likely to buy a car online than they were before the pandemic](#).



How technology has won our trust

Incremental gains

Though the pandemic has accelerated change, our trust in online sales has been incrementally increasing for a number of years. We become convinced of the safety of online purchases through repeated, positive experiences.

We start with small purchases and gradually build up trust until we are comfortable purchasing big-ticket items like cars online. In the wider area of transportation and mobility, we start with hiring micro-mobility scooters or booking car maintenance online.

We then move on to renting cars and paying for plane tickets through web services. Next, we buy [replacement car parts](#), and the process continues onwards...

Breaking more false assumptions

We think that showrooms are more trustworthy, and yet over 60% of us also feel misled in some way during those experiences. Our lack of trust toward online sales is often another example of cognitive dissonance.

It is only a lack of familiarity that makes new technology less trustworthy. In reality, car-sharing apps are safer than hitchhiking, an Uber is better than an unlicensed taxi, buying used car parts on a P2P marketplace is safer than from the same vendor in a street market. With technology, we can find the vendor again if we are not happy. We can make a complaint or, at the very least, leave a negative rating and give our opinion.

Technology has consequences and is, therefore, usually better. However, it takes us a while as consumers to come to that realization and break our initial assumptions.



Online vendors are remodeling used auto sales

New car sales were down 28% YoY in 2020, mainly as a result of the pandemic. Used car sales were also down, but only by 15%.

In terms of online auto sales, purchasing a used car online is often more of an issue for consumers than when buying new. A three-year-old vehicle costs 62% less than the same car new; however, purchasing a used vehicle means trusting a stranger about the vehicle's history and technical state.

Reshaping the way the sales process works is an important step for online used car sales.

CarMax (along with other similar big players like Carvana—both of which have added more than 200% to the value of their shares since January 2020) is a great example of how to address and eliminate customer trust issues by changing the accepted way of doing things.

Instead of working as a P2P portal where individuals can sell cars to one another, CarMax purchases all the cars they sell, puts them through a professional technical inspection, offers them at set prices, and sells them with a guarantee.

This removes three of the main trust issues that stop people from buying cars online: “How do I know it is safe?”

= “How can I evaluate the car if I’m not an expert?”

= “How do I know what is a reasonable price to negotiate?”

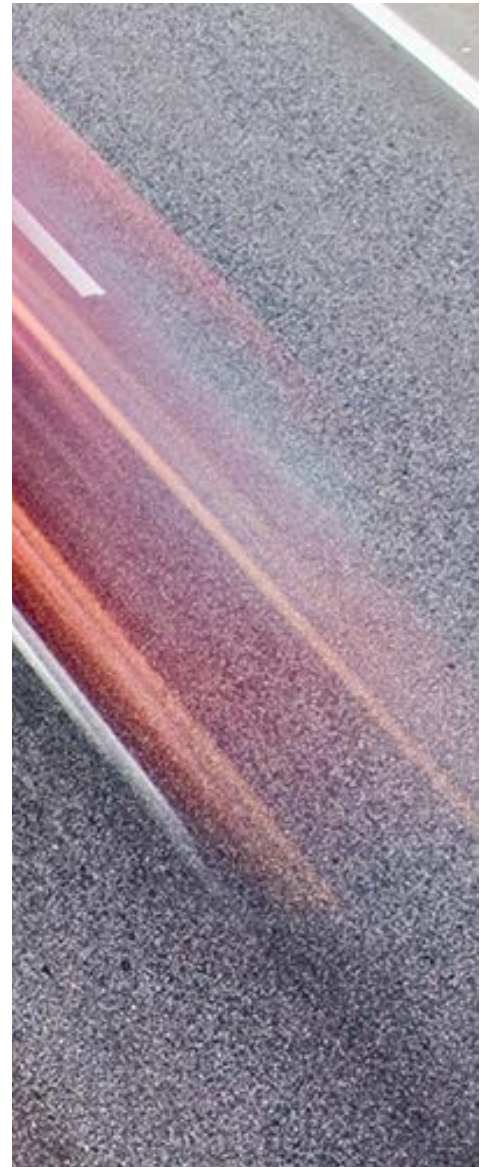


What does it mean for auto manufacturers?



This shift is actually a major challenge to auto manufacturers. Most traditional brand dealerships will sell a mix of new, used, and ex-lease vehicles. Online websites follow this pattern, giving buyers a guarantee that a used vehicle comes with some level of customer care and warranty.

Manufacturers need to consider if used vehicles should also be included in performance campaigns. If a buyer is identified by the algorithm as being interested in the second-hand market and is not likely to purchase new, is that where brands can win against competitors such as CarMax and Carvana? Or should manufacturers be looking to partner with second-hand vehicle sites and redirect second-hand sales entirely through these channels with mutual benefit?



What's next?

Expert commentary

Karolina Klijer, Business Development Director Nordics, RTB House

„The next 15 years may see the biggest changes in the automotive industry in one hundred years. Major manufacturers have pledged to change the status quo. Jaguar, Volvo, Lotus, General Motors, Ford, and the VW Group are all committed to producing exclusively or mostly electric vehicles by 2035. Some claim that it will come even more quickly now that the first dominos have fallen. The end of the dominance of petrol and diesel vehicles is now inevitable and this will be one of the defining moments of our times.

„The other major ongoing trend is less heralded but I believe it is equally important. In the last decade, we have seen individual manufacturers consolidating into super-groups and ultra-powerful alliances: VW-Skoda-Seat-Audi-Porsche; Peugeot-Citroen-Vauxhall-Opel; Renault-Nissan-Mitsubishi. As it becomes harder for standalone brands to gain market share, we'll continue to see more such mergers and acquisitions.

„Within the digital advertising industry, this presents some interesting possibilities. Will brands within super-groups continue to market themselves autonomously, or will the group take a wider view and adopt more fluidity in marketing?

„As Deep Learning becomes more and more able to assess customer needs, we may see customers being offered different brands from within the same group which are a better match to their needs and preferences than the ones they are actually researching.

„For example, if a customer is searching the Audi site but trying to limit the options on the car to keep the price down, the algorithm may retarget them with ads for VW cars which are of a similar type to the Audi but allow the user to include more options for the same price. Similarly, if a user is configuring a Seat with every possible additional option, then perhaps they are better suited to an Audi?

„The technology makes it feasible, and it certainly has benefits for automotive super-groups. Individual brands may push back at first but, eventually, they will see that giving customers the perfect option means less lost sales. And the algorithm works both ways. For every potential sale a brand loses, they will gain a stronger lead from another brand.



In numbers: RTB House and the auto industry

+200%

increase in the number of **campaigns** run with car producers since the start of the pandemic

24

automotive brands have already trusted us as their digital marketing partner

+74%

increase in marketing spend on RTB House campaigns from automotive clients in 2020 vs. 2019

Performance campaigns

0.34%

average CTR

27.9%

average CR, meaning that more than one in four users performed at least one micro-conversion on the client's website

Awareness campaigns

1.2M

average reach of each awareness campaign for automotive clients

2.72

number of times, on average, ads were displayed to each user

+70%

average video visibility

Case studies

RTB House works with companies from all around the world and in every section of the automotive industry. We enable multinational brands, local user car marketplaces, parts and equipment dealers, and insurance companies to attract and convert more customers.

Honda

Our Full-Funnel Market Solution helped Honda exceed campaign KPIs by 300%, increasing user engagement by the same amount.

iCarros

The Brazilian automotive classifieds site with 20 million monthly visitors generated 72% of conversions through RTB House retargeting.

motors.co.uk

The UK car search portal saw a 7x increase in the volume of leads, while tracking micro-conversions along the way.

About RTB House

RTB House is a global company that provides state-of-the-art marketing technologies for top brands and agencies worldwide. Its proprietary ad buying engine is the first in the world to be powered entirely by Deep Learning algorithms, enabling advertisers to generate outstanding results and reach their goals at every stage of the funnel.

Founded in 2012, the RTB House team comprises 750+ specialists in over 30 locations around the globe. It serves more than 2,000 campaigns for clients across the EMEA, APAC, and Americas regions. After successfully deploying Deep Learning into 100 percent of its algorithms in 2018, RTB House has continued its research in the field of AI. The AI Marketing Lab and Creative Lab were set up as new divisions of the company focused on inventing and advancing MarTech products. As a result of their work, in 2020 the company introduced AI Full-Funnel Marketing Solutions and awareness video ads, lifting brand communication to the next level.

Contact

Speak to us about:

- = Improving retargeting campaign results
- = The advantages of Deep Learning
- = Branding campaigns for the auto industry
- = Multiple retargeting strategies
- = Full-funnel marketing solutions
- = Adapting to the cookieless future

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A high-angle, wide shot of a winding asphalt road that curves through a lush, hilly landscape. The terrain is covered in dense vegetation, including tall grasses and various trees. In the distance, a range of mountains is visible under a clear sky. The entire image is overlaid with a semi-transparent purple filter. The text 'RTB HOUSE =' is centered in the upper half of the image.

RTB HOUSE =

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