

Automotive News

MARKETING

Integrating tiers of ads can stretch a tight budget

National, regional, local messages need links to create leads

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Having slashed national advertising during the recession, automakers are turning more to online ads by regional dealer associations to help make up the difference.

"As Tier 1 has been reduced by necessity, there's more accountability for the branding element in Tier 2," said Philip Zelinger, president of Ad Agency Online LLC.

But it can be tricky mixing the factory's brand message with the dealers' hard sell — especially online. Automakers and dealers don't always link their digital messages effectively, and that can lead to lost business, warns a leading provider of digital marketing services.

Cobalt Group, of Seattle, advises factories and dealers to work more closely together — and to spend more — on Tier 2 digital marketing.

Tier 2 advertising by regional dealer associations is funded by car companies and local dealers. It is sandwiched between Tier 1 national advertising by automakers and Tier 3 local advertising by individual dealers.

Ad executives and dealers agree that integrating online marketing messages from factory and dealer sites creates more and better leads and increases the likelihood that those leads will become sales. More than four out of five shoppers use the Internet when they buy a car or truck, industry studies suggest.

"There needs to be coordinated, consistent messaging across tiers," said Matt Muilenburg, Cobalt's vice president of enterprise marketing solutions. "Tier 2 is critical to connecting OEMs' marketing messages to dealer sites."

Layered approach

Automakers and dealers advertise on 3 levels.

- **Tier 1:** National advertising by car companies
- **Tier 2:** Regional advertising by dealer marketing associations
- **Tier 3:** Local advertising by individual dealers

Leads to sales

Tier 2 sites can link shoppers directly to dealers, Muilenburg said. When such programs are coordinated effectively, he said, they generate sales leads from more than 10 percent of site visitors. When they are poorly integrated, he said, the rate is less than 1 percent.

And the best-integrated programs convert leads into sales at nearly twice the overall industry conversion rate of about 8 percent, Muilenburg said.

Cobalt's Matt
Muilenburg:

Chris Reed, Cobalt's chief marketing officer, said his company is working with three automakers and more than 7,000 dealerships on Tier 2 digital



Dealers can piggyback on national ads by making it easy for shoppers to find specific offers.

programs. He declined to identify the car companies.

Last year, regional dealer associations spent nearly \$2 billion to advertise in U.S. media, roughly 15 percent of all ad spending by automakers and dealers, according to TNS Media Intelligence. As much as 80 percent of Tier 2 spending goes to TV, Cobalt estimates. Shifting some of that spending to digital marketing, the company argues, could cut overall costs while boosting efficiency.

As carmakers cut their national spending, Tier 2 digital ads have become especially valuable for transmitting brand messages, said Zelinger of Ad Agency Online.

"The dollars are not there to support conventional advertising," said Zelinger, a former dealer whose company works with about 340 U.S. dealerships and more than 30 regional associations to craft online ads. "The

shift to the online market is pervasive."

Cobalt cites Chevrolet for a recent Tier 2 digital program that worked. The brand sponsored a sale over the Memorial Day holiday weekend. Shoppers in the San Jose, Calif., area who used the Google search engine saw a dealer association Web site as the first paid-search link.

The association site, which promoted the sale in banner ads, guided visitors to a Chevrolet dealer locator. Shoppers who clicked local dealership sites saw the same sales messages.

Hamsters don't piggyback

A recent campaign that worked less well, Cobalt says, was for the 2010 Kia Soul. Kia promoted the crossover on national TV with a popular spot featuring dancing hamsters.

But a shopper in the Los Angeles area who searched for the car on Google had to work well down the paid-search ranking to find a Kia dealership site — and the top site listed did not mention the Soul on its home page.

"The ideal implementation is piggybacking on Tier 1 OEM messages at the dealer level," Muilenburg told *Automotive News*. "You need to let shoppers know which cars are available, which promotions are running and which dealers are participating."

Steve Noonan, general sales manager of Coral Cadillac-Hummer in suburban Fort Lauderdale, Fla., said coordinating the marketing messages of automakers, dealers and regional associations "gives the customer a comfortable feeling."

"When you run all three together, everyone's saying the same thing," Noonan said. "The more you inform the consumer about what the factory is doing, the more you become a one-stop shop."

Noonan said he talks marketing strategy regularly with leaders of his regional dealer association in south Florida. "They're usually ahead of the curve" when it comes to relating national messages to local buyers, he said.

Leo Bunnin owns four General Motors dealerships in the Los Angeles area. As GM works its way through bankruptcy, he said, it's especially important that messages on his dealerships' Web sites correspond to the automaker's marketing themes, such as Buick's renaissance.

"Consistency is just a must," Bunnin said. "You take the factory message that is coming nationally and send it regionally and at the dealership level."

GM declined to discuss its Tier 2 digital initiatives.



ENLARGE

Cobalt Group says Kia should have linked its clever TV hamster-driver ads, shown, to Web site content.

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