

# CONNECTING WITH DIGITAL MARKETING

DIGITAL PLATFORMS OFFER DEALERS INNOVATIVE  
WAYS TO REACH CUSTOMERS

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3.2%

Online  
deals/  
coupons

14.8%

Internet display  
or video ad

4.7%

Blogs/  
review  
sites

1.7%

Tablet  
computer

11.3%

Internet  
search

4.3%

Social media

1.7%

Mobile/  
smartphone

## Digital Diversity

Several methods exist to capture shoppers in the digital space. Internet users ranked these online ad platforms as the most influential to their automotive purchasing decisions.

**W**hen dealers think about their marketing plans, advertising and promotions likely come to mind. However, in simplistic terms, marketing is about communicating with customers. That used to be done through television and radio commercials alongside newspaper and Yellow Pages advertisements. Today it also involves electronic media channels such as the Internet, Facebook, and YouTube. While traditional media can still be beneficial, the vast majority of today's consumers use digital media before making a vehicle purchase. To reach these customers, dealers must expand their web presence and social media footprint.

Digital marketing's challenge lies in the fact that it encompasses many forms of electronic media. For dealers, determining what digital media they should be using is no easy task. The Internet is the channel most closely associated with digital marketing, but others include text and email messaging, social media, and online advertising.

Many dealerships recognize the need to increase their use of digital marketing as it is generally less expensive and more effective. "We have found digital is a much lower cost per acquisition so we have to continue to find new ways to use it," said Andy Shaw, director of digital marketing for RLJ McLarty Landers Automotive.

Since the digital marketing landscape changes rapidly as new tools and platforms are introduced nearly every month, it is important to stay on top of the latest technologies.

### Search Engine Optimization

According to a 2012 survey of U.S. auto dealerships by Cars.com, 55 percent of respondents' digital ad spending went to paid search engine marketing (SEM). Users flock to search engines to organize the large amount of information most buyers need to make a purchase decision.

In the past, OEM brand sites — often developed with major digital agencies, strong media support, and cutting-edge SEM and SEO (search engine optimization) — attracted more attention in search results than dealerships.

These days, however, the tables have turned. The sophistication of U.S. dealer sites, in conjunction with the search result benefits of being a local business, has pushed dealership sites into direct competition for influence over U.S. car shoppers.

According to an August 2012 survey conducted by Good, Compete, TNS Global, and R.L. Polk & Co., 74 percent of U.S. new-vehicle buyers surveyed used dealership websites, via desktop, mobile phone, or tablet during the buying process.

What this means is that dealerships must stay on top of their SEO efforts, and often that means working with an outside SEO company to keep up with the latest trends.

"How you're working with your digital partners is huge," said Howard Hakes of Hitchcock Automotive in Southern California. "They can help identify what various products will do for you to ensure that your website and other digital marketing tools are being maximized."

Content is also critical to SEO. "We develop useful website content to attract organic searches," said Jeff Morrill of Planet Subaru in the Boston area. "Unfortunately, this can be very difficult and time consuming to create, but we believe that answering buyers' questions inspires more confidence than overt promotion."

Morrill added that his business develops website content that

appeals to specific shoppers. For example, it has a tire care page that helps owners obtain the best wear and safety from their tires. "If you search for tires in the Boston area, you are likely to find us," he said.

Shaw said the RML dealers have been looking to incorporate "digital layers" on top of their traditional media to increase website traffic. "We're using anything from unique custom URLs, dedicated phone tracking, and other call to actions to drive customers to our websites," he said.

### Social Media

While it can be debated whether being on Facebook or Twitter actually sells vehicles, most experts agree that it is important for dealers to have a social media presence as part of their overall digital marketing plan.

According to Dan Smith, vice president of marketing at Outsell, a digital marketing firm, embedded social marketing is one of the biggest trends for digital marketing in 2014. "Marketers need to look for ways to embed social in all that they do," he said. "Give prospects the ability and incentives to share or tweet an email offer, pin or comment on a photo, and follow your brand or dealership via social media. Layering social on top of all of your marketing initiatives is an effective and low-cost way to promote your brand and extend your audience."

Hakes uses Facebook and Twitter as a tool to offer specials for his service department. "Say it's a rainy day and we have empty bays. We send out an oil change special and tell people to just show us their phone," he said. "It is immediate, costs nothing, and it can help boost business. It doesn't work for everyone, but it does work for those loyal customers who follow us."

### Email Communication

Communicating with customers via email is a great tool for dealerships, especially for fixed operations. Service reminders, special offers, and news can all be communicated at little or no cost.

"We are implementing AutoLoop (marketing software services) across our dealerships," reported Shaw. "Fixed operations has come a long way and has a huge opportunity digitally. These products can communicate via email, phone, and text. Today's customers want updates now and through their phones."

Email marketing has allowed Hakes to cut his direct mail costs. "We can send out the same piece digitally and hit customers three times a month, rather than once with a piece that likely gets lost with other mail," he said. "We have found that our customers are happier, too."

Beyond promotions and advertising, email can be used to simply stay in front of customers through a regular newsletter.

"We have had a lot of success with our online newsletter," said Paul Ross, Media & Web Consultant for BMW of Santa Maria in California. "We feature a customer car of the month, a personnel spotlight, and a few other custom articles. The custom articles always have high readership."

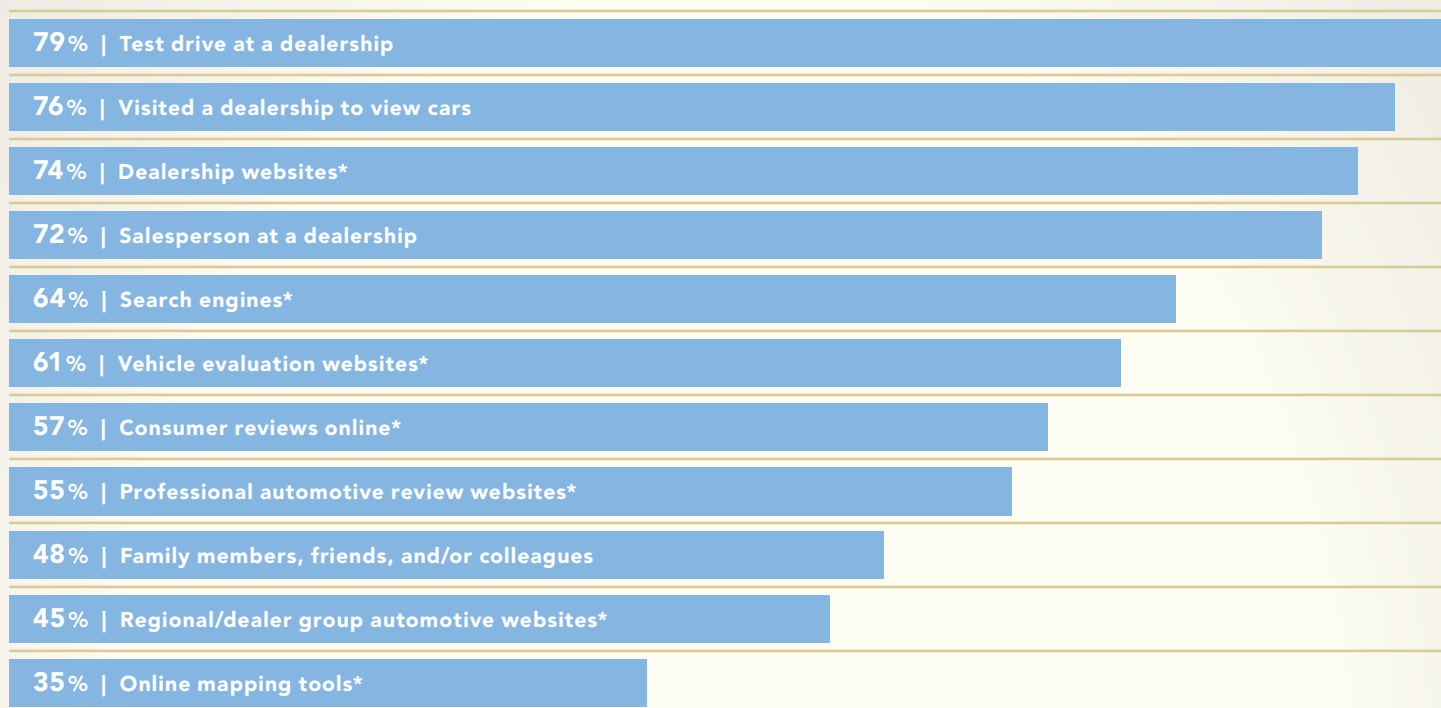
### Mobile Capabilities

In 2013, there was a huge transition from PCs to mobile devices. In 2014, Smith believes marketers should assume that for the majority of

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# Digital Marketing = Influence

Digital resources are playing a growing role in automotive research. Automotive shoppers indicated they used the following resources when looking for information on cars and trucks.



\*accessed on desktop, mobile phone, or tablet

Source: Google, Compete, R.L. Polk & Co., and TNS Global, "Constant Consideration: Brand Choice on the New Vehicle Path to Purchase, September 2012"

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consumers, a significant amount of their online automobile research will take place using a mobile device. This has ramifications that dealers will need to address.

"The use of responsive design so that emails and websites can dynamically adapt to the consumer's screen size will become a must-have, rather than a nice-to-have," he noted. "Also, the use of SMS (text message) marketing will increase dramatically. With a 99-plus percent delivery rate and 90 percent open rates, this is one of the most effective, and most overlooked, channels for automotive marketing."

Shaw agreed that dealers need to be prepared to accommodate all of these different platforms in order to reach customers. "Multi-device segmentation tied with demographic and geographic segmentation is the future," he said. "Mobile and tablets are changing the way we market. We have to build both unique and synergistic experiences for all these devices."

## Offers and Messages

When dealers communicate with potential and existing customers, they have to provide them with the right offer and the right message at the right time. Digital marketing tools allow them to do just that by sending targeted messages to each customer.

Remarketing lets dealers show ads to users who have previously visited their website as they browse the Internet. Most have looked at a particular item on a site, then visited a different site only to see an ad with the item they were just viewing on the previous site. That's remarketing and it can be very persuasive and effective.

Hakes tracks visitors to his websites just like those on the actual

showroom floor. "We have tools in place to get customers the information they want," he said. "We can drill down to each customer to send them some sort of offer based on what they've been viewing on our site."

Hakes explained that he has mechanisms available that allow him to know what type of device a customer is using so if he's using an iPad, Hakes can send him a coupon for an iTunes card with a tie-in to a visit to his dealership. He can do the same for someone looking for parts or service. "We work to maximize the potential of every customer that comes to our Website by sending them an offer that hopefully causes them to act."

One thing to keep in mind is that too many marketers manage customer engagement with separate tools for each channel. Smith suggests that the meta-theme for 2014 is that dealers will need to think about customers holistically, and be able to create an orchestrated, analytics-driven dialogue that transcends individual devices and channels. "The fact is, your customers aren't using just one channel — they are using all of them, and they expect continuity from one channel to another," said Smith.

There is little doubt that electronic media should be a part of every dealer's marketing plans. Dealers are shifting a significant portion of their overall marketing spend to digital as it is less expensive and more effective.

"I think we can all agree digital marketing is crucial to our long-term success," said Shaw. "The dealerships that incorporate their website into their day-to-day process are the ones who are going to win in the next few years." **AD**