



Thought piece

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# Wheels in motion: how digital is changing the automotive advertising industry

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High revs, gleaming chrome and an adrenaline-inducing scenic backdrop – the flagship car advert has been the turbocharged trailblazer of the automotive advertising industry since it began. But, as in every other sector, digital has delivered an entirely new dynamic. Here we take a look at how.

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## Hey, big spender

Automotive advertising is big business. In 2015, it was the largest-spending industry sector in the top 100 advertisers globally. In fact, seven of the top 25 leading spenders in advertising were from the automotive industry: VW led the pack at number four, General Motors cruised in at number six with Daimler AG a car bonnet behind in seventh<sup>1</sup>.

For most consumers, buying a car has always involved a significant financial and emotional investment. In turn, manufacturers have worked hard to build brand loyalty through sophisticated and often memorable advertising campaigns. But, while the car (usually) remains the four-wheeled vehicle it always has been, the whole model of consumer choice and purchase has changed radically since the birth of the internet at the tail end of the 20<sup>th</sup> century.

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## Deal or no deal

For a start, the role of the car dealership in the sales journey is fundamentally shifting. German automotive giant BMW tells us that buyers now visit showrooms 1.2 times on average for each purchase – down from a previous average of three visits<sup>2</sup>. Of course, no discerning consumer in 2017 is likely to make their way to a dealership without doing some online research first. Along with estate agents and politicians, car salespeople have a reputation for being more than a little fast and loose with the facts. So while some of us may enjoy the challenge of the big barter, most of us are at least slightly uncomfortable in conducting a transaction in which we have a significant knowledge disadvantage. With the internet, no one need come unarmed to the battle – indeed, many of us will verify facts or check alternatives standing in the car showroom itself.

So while the pre-knowledge of the consumer is consistently rising, the total time spent in dealerships goes down. Does this mean the physical showroom will cease to exist in the near future? Research indicates that 23% of prospective buyers expect to purchase their next car entirely online, circumventing the dealership completely<sup>3</sup>. Some manufacturers are already providing fully digital purchase experiences, such as Hyundai with Click to Buy<sup>4</sup> and Peugeot with its order online facility.

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<sup>1</sup> <http://www.autonews.com/article/20161209/RETAIL03/161209824/volkswagen-group-leads-automotive-spending-on-advertising>

<sup>2</sup> <http://www.thedrum.com/opinion/2017/08/30/how-digital-disrupting-the-automotive-industry>

<sup>3</sup> [http://www.weve.com/wp-content/uploads/2017/10/autos-2017\\_websitecompressed.pdf](http://www.weve.com/wp-content/uploads/2017/10/autos-2017_websitecompressed.pdf)

<sup>4</sup> <http://clicktobuy.hyundai.co.uk/>

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## Digital diversity

Of course, even at this mid-point where new digital advertising platforms coexist alongside the traditional model, the nature of automotive marketing has already undergone radical change. Digital advertising is the new frontier. In 2016, the digital media market for the US automotive industry was worth \$8.7billion and that figure is set to rise to \$14 billion by 2020<sup>5</sup>. That represents a compound annual growth of 12.6%, which, after entertainment, is the biggest predicted rise in any US industry sector.

As a multi-platform channel, new technologies and traditional approaches can coexist within the digital advertising space, offering an almost limitless diversity of marketing opportunities. As a result, manufacturers attempt to work harder and more creatively to capture the attention of an audience who are only ever one click away from shopping elsewhere.

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## Virtually perfect

Many of the big car brands are investing in virtual reality (VR) as a tool to create an exciting and immersive experience for potential customers. Audi, for example, has created a VR platform for use in its dealership which allows users to try out a whole host of customisation options on all of its 52 current models<sup>6</sup>.

Once the VR headset is on, you can get up-close and personal inside and outside the car – for petrolheads, it's a chance to stick your nose right into the belly of the engine without ever getting a spot of grease on your favourite shirt. Countless different specs can be tried out and you can even take your potential new purchase for a spin in different environments from a scenic trip in France to an out-of-this-world drive on the surface of the moon, as Audi goes the extra mile to create a unique digital experience.

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## Are you experienced?

It's a good example of the way in which digital media is blurring the lines between advertising, personalised sales experiences and content. While the traditional TV spot and print advert is not dead yet (more on this later), digital delivery is all about the interactive experience. Fiat, for example, has designed a neat mobile engagement tool which gives users a 360-degree video experience of its latest 500X model from the interior.

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<sup>5</sup> <https://www.salesforce.com/blog/2016/11/automotive-advertising-trends.html>

<sup>6</sup> <http://www.campaignlive.co.uk/article/audi-rolls-global-vr-experience-people-back-showroom/1441935>

Designed to drive users to its dealership, the video has prompted users to spend a “dwell time” 700% higher than the Celtra benchmark for digital display advertising. More importantly, to date it has also resulted in more than 10K visitors to Fiat’s digital dealership<sup>7</sup>. The all-important click-through is being achieved in many ways by the automotive industry, but engagement through mobile is potentially the most rewarding – and therefore most creatively challenging – angle through which manufacturers can thread the digital needle.

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## Big data, little details

As well its multimedia and interactive capabilities, digital offers another game-changing characteristic: the ability to collect extensive data on its audience’s demographics and consumer preferences, and to use this in delivering individualised advertising campaigns. Unsurprisingly, the world’s leading social media platform is right at the forefront in sophisticated user-based advertising. In the automotive sector, Facebook users receive targeted advertising based on a wide range of data, including whether they are “near market” or “in market” (looking to buy in the next year or 180 days respectively), as well as via vehicle history records and financial data such as median home value and credit score range. Browsing history, such as which manufacturer sites have been visited recently, is also widely used to deliver customised digital advertising.

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## Living in the moment

Always looking to push the digital curve, Google has identified the “5 Key Auto Micro-Moments Brands Should Win”<sup>8</sup> – pivotal moments in the purchasing journey which can provide a framework on which to build digital advertising strategy. The first of these micro-moments is the “Which car is best?” decision-making process. This experience is largely defined by digital video: more than two-thirds of people use YouTube in the car-buying process<sup>9</sup>. Next comes the “Is it right for me?” moment, an experiential decision where hands-on approaches such as VR and 360-video come into their own.

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<sup>7</sup> <http://www.weve.com/>

<sup>8</sup> <https://www.thinkwithgoogle.com/marketing-resources/micro-moments/key-auto-micro-moments-mobile-trends/>

<sup>9</sup> Google/TNS, Auto Shopper Study, 2015, United States. Consumer Barometer n=500.

Once the consumer is able to imagine owning the car, he or she confronts the “Can I afford it?” moment. Online searches for price are growing by 25% each year<sup>10</sup>, with 70% of these searches made on mobiles. Locating a nearby dealership is often the next key moment in this chain, as consumers experience the “Where should I buy it?” decision. And even in the dealership itself, digital content and advertising is still playing a part. Finally, as part of the “Am I getting a deal?” moment, nearly half of car buyers use a smartphone at the dealership to compare alternative deals and offers<sup>11</sup>.

Automotive manufacturers need to ensure that their digital advertising and content, particularly on mobile, is designed to create an authentic and engaging brand experience which drives consumer action. We should be careful not to write off traditional media entirely just yet. According to one recent market research study, television advertising still drives the highest ad recall by far: 76% of respondents remembered seeing a car advert on television recently, while out-of-home advertising came in second with just a 28% recall<sup>12</sup>.

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## Moving up the gears

Nevertheless, the nature of automotive advertising is unrecognisable from the print-and-broadcast model that dominated less than two short decades ago. And, of course, relatively speaking this is still just the beginning of the journey. Digital continues to evolve at pace, offering ever-more-sophisticated ways of delivering experiences and exploiting unprecedented insights mined from big data to target potential buyers with a world of choice at their fingertips. The scale of the challenge faced by automotive manufacturers to develop and retain brand loyalty is both daunting and exhilarating. Those who embrace the opportunity to innovate and re-evaluate their advertising models will surely shape the next phase of the digital revolution.

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<sup>10</sup> Google Trends, January 2004 – September 2015, United States

<sup>11</sup> [http://www.weve.com/wp-content/uploads/2017/10/autos-2017\\_websitecompressed.pdf](http://www.weve.com/wp-content/uploads/2017/10/autos-2017_websitecompressed.pdf)

<sup>12</sup> [http://www.weve.com/wp-content/uploads/2017/10/autos-2017\\_websitecompressed.pdf](http://www.weve.com/wp-content/uploads/2017/10/autos-2017_websitecompressed.pdf)

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