



Published: April 30 2009

How to rescue the flailing auto sector

By **Matt Kapko**

TNS Media Group's CEO Dean DeBiase shared some fresh research with iMedia's Driving Interactive audience that addresses the particularly challenging road ahead for auto marketers, and where the positive signs lie.

Right out of the gate, DeBiase said it was difficult not to focus on the troubling economic news of the day, but he summed it up by urging the industry to match its product plans and strategies with what consumers are going to want over the next few years.

"There's a lot of pent-up demand out there, so you can trigger certain things in consumers and get them to buy," he said. "Personally, I think the automotive industry supports a lot of sports and venues throughout this country, so for this to go away would be especially damaging."

TNS is comprised of four core business units: Compete, which monitors all online behavior; Cymphony, which monitors social media; Media Research, which monitors set-top box behavior; and Media Intelligence, which monitors all sides of advertising.

DeBiase is convinced that interactive ads on set-top boxes will be the next frontier of advertising, and he presented some data later on in his presentation to back up that theory.

First, DeBiase walked the room through the current state of ad spending in automotive, which has decreased dramatically since 2006, and is poised to drop even lower by year's end.

Ad spend

In 2006, dealers spent \$8.25 million on ads, while the industry as a whole spent \$26.46 million. In 2007, dealers spent \$7.59 million, when the industry spent \$24.36 million as a whole. And finally, in 2008, dealers cut their ad spend to \$5.85 million when the industry cut its total budget to \$20.9 million.

"This year we expect it to be way down," he said. "We're missing the boat as an industry. What most OEMs, dealer groups, and agencies ask us is to deal with questions" related to media types, and their inherent strengths and weaknesses.

In television, TNS has been working with Starcom and Comcast to determine how marketers can compete more effectively in a pull medium rather than the traditional pull. DeBiase argued that people have less and less time and/or patience for irrelevant advertising.

Meanwhile, data is becoming available that allows advertisers to find their true targets, he said.

Marketing objectives

In its research, TNS found that efficiency was up 56 percent, and effectiveness was up 38 percent as it related to brands' use of interactive ads on two prominent cable providers. DeBiase added that the data was taken from numerous industries, not just automotive, but he believes it rings true across the board.

The firms found that viewers who were exposed to interactive ads were less likely to tune away when it was well targeted. For example, when General Motors' ads were delivered to marketers' true targets, efficiency and effectiveness both climbed, he added.

The online space is more difficult to maneuver in because of crowding and its rapidly changing complexities. In a study with J.D. Power & Associates, Compete dug into very deep level data to determine where advertising is most efficient.

The less targeted niche sites like Facebook, Yahoo, Google, and MSN are much worse for marketers' needs, DeBiase said, citing the research, and they do very little for ROI.

In the online portal space, most brands want to be on Google, Yahoo, and MSN, but AOL was a much better destination for brands to reach new vehicle buyers a year ago.

Social media

For all the talk about social networks and their marketing potential, TNS presented some data that might cause some social media gurus to frown. The bulk of automotive-related discussions, 88 percent, are occurring on message boards, DeBiase said. Blogs capture 10 percent of the discussion, social networking sites and user groups come in at 1 percent each, while Twitter holds a small 0.35 percent, he added.

"It's all happening on message boards," which existed before most of us could even spell internet, he said. Lesser-known blogs like Luxist, Badling, and ParentDish are having more influence on shoppers and drive more car purchases than many blogs with much greater reach.

Moreover, in looking at raw-text conversations online, more than 50 percent come from car owners, TNS reported.

DeBiase grouped auto marketers' target audiences into four groups: "I have to buy now," "Old car, but still running," "American car? Not me," and "I love my wheels."

"There are literally hundreds of thousands of places you have to be," he said. "I will say that social media is one place you have to be. You don't have to spend much on it."

Social media is complex, and brands need an expert to help make the most of that opportunity, he said.

Not surprisingly, YouTube sits at the top of the video space with 40 percent of new vehicle buyers being reached by the site, DeBiase added.

Staying ahead of the curve

With so many rapid changes occurring in every medium, search strategy has to flow quickly to adhere to changing consumer attitudes, he said. Strategies are needed for third-party sites, OEM sites, and search engines.

TNS also presented new research about the likelihood of future vehicle purchases, and where those sales are most likely to occur. No more than 48 percent of those surveyed said their next vehicle would be a new one -- that number is very low compared to what it was a couple years ago, DeBiase said. At least 64 percent said the economy is affecting when they'll decide to purchase a vehicle, regardless of its condition or price.

Finally, DeBiase closed his presentation with some readings from the small, but growing green market of car buyers. SEO strategies have totally changed to match the growing interest in gas-efficient cars, he said.

"We want to see what's going on with the green folks," he said. "It's all going through their brains about what's going on out there. But, for the first time, we're seeing a gap in intent and consumer confidence. That's a new one."

The number of interested car shoppers is staying relatively flat or dipping slightly, but consumer confidence, especially in the auto sector, is diving rapidly, DeBiase added.

"Consumers are more open to new ideas" like hybrids, he said. "That's intent, but I'm not sure how likely they are to do it."

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