



Engaging Customers Before They Walk on the Lot

2007 Dealer eBusiness Performance Study: Part I

To better understand the key performance drivers of the automotive retail business in the Internet Age, Yahoo! and The Cobalt Group partnered to design a two-part study. For the first segment, Yahoo! commissioned Hall & Partners to conduct an online, survey-based study of in-market shoppers and recent new car purchasers. This part of the study examines the process and resources automotive shoppers use to help them decide which dealerships to visit and ultimately buy from.

Respondents all live in major metropolitan areas that have a substantial number of dealerships in close proximity, and all respondents had considered purchasing at least one major automotive brand.

The following represents findings from the study.

Your next car sale will start online.

Gone is the day when you could count on consumers living in the neighborhoods around your dealership for sales. These days, consumers go to great lengths to research and find their ideal dealership. According to the study, 88% of new car shoppers research auto dealerships before they make their first visit to a lot. They have begun the shopping process without you or your sales team having even met them. The vast majority will spend more than a week researching before visiting their first dealership.

Most "pre-shopping" activity occurs online, as customers seek information on your available inventory, including makes, models and colors, and reviews from other auto shoppers on your dealership. Today's consumer is more than twice as likely to search your inventory online than call to see what is in stock. Additionally, dealership websites have become the most popular place for shoppers to submit online leads – a simple and effective process is necessary if you hope to close them.

Did you do any of the following before actually visiting the dealership? (Select all that apply)



Shoppers see your website as an extension of your sales force

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Search is critical to the dealer selection process.

One of the top sources used by consumers researching dealerships is online search. According to the study, 79% of consumers use search engines to locate and research auto dealerships and 72% rely on search to help them choose the dealership they will visit. Consumers also use search to find dealerships in close proximity, to learn about vehicle makes and models, to find other buyer reviews on dealerships and to identify dealer special offers.

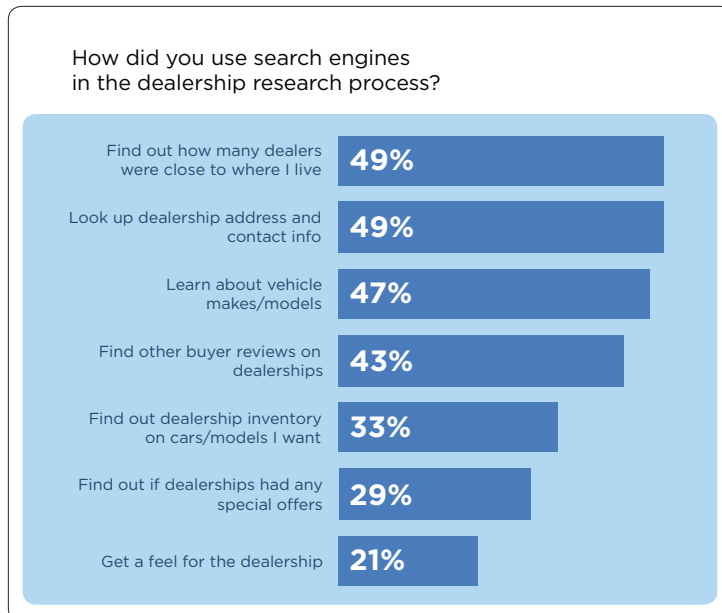
Not including physical drive bys, online search now trumps all traditional media as the #1 most often-used source that consumers

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use when looking for a dealership and the second most often-used source that helps consumers become aware of the existence of a dealership (top source is "recommendations").

Because shoppers have so many options at their fingertips, they now visit an average of six dealerships during the process, one per brand they are considering. Additionally, one-third of those surveyed said they traveled more than 20 miles to visit a dealership. A dealer's sphere of influence can increase significantly by using online marketing tools effectively.



Consumers use online search throughout the shopping process

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Advocates are your most valuable customers.

Connecting with customers while they are researching online can influence sales in other ways, too. You're more likely to attract a valuable breed of customer – the brand advocate. Brand advocates are more likely to do research and be open to influence. These are also consumers who do the most to promote your brand to others and influence their purchase decisions. In fact, brand advocates are 50% more likely than non-advocates to recommend dealerships to friends and family. And brand advocates are very persuasive, with 46% reporting that their friends or family visited a dealership based on their recommendation and 34% having actually influenced a friend or family member to purchase from the dealership.

Finally, brand advocates are much more likely to spend time reading and posting dealer reviews, and as such, can influence many people that they don't know to visit your store.

Implications for automotive marketers.

In the increasingly competitive world of local automotive marketing there is significant opportunity to attract and engage online researchers to drive traffic and sales for your dealerships. Understanding how consumers decide on the dealership they ultimately visit should drive a more effective marketing mix. Target your next auto shopper where he is spending time learning about who you are and what you have to offer: on the Internet.

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