

## **Automakers and Dealers Fight for Online Inventory**

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By Steve Miller

Carmakers are finding they have a new rival for online ads: dealers.

Now that auto dealers are finally embracing the Internet, popular third-party sites like Edmunds.com and Cars.com are the subject of bidding wars.

CPMs at such sites have risen to as much as \$34 compared to only \$4 two years ago, according to Cheril Hendry, president of HLF Brandtillers in Irvine, Calif.

Hendry, who handles marketing for 35 local dealers, said the third-party sites have been more aggressive about selling ads to dealers "and that's convincing dealers who have never been on the Web to make these buys."

Online ad spending among auto dealers last year hit \$32 million, per TNS. Spending for dealers has more than doubled each of the last two years.

Dealer groups are attracted to the geographic targeting that lets them speak to consumers in their area, said Mitch Lowe, CEO of Jumpstart, San Francisco, a media buying group that represents most U.S. automakers.

"Buying space on the Web was never part of the strategy until recently, but now it's 50% of the conversation," said auto dealer Pat Primm, who is a partner with Cascade Auto Group in suburban Cleveland, which sells Porsche, Audi, Mazda and Subaru.

Jumpstart recently made a buy on behalf of one manufacturer at a \$20 CPM only to see dealer bodies offer \$40 for the same inventory. "Rates are still going up for the same ad units," said Lowe.

That's due in part to the fact that tier 2 dealers (associations) and tier 3 dealers (individual) are now joining the fray. "They're willing to pay even more," said Lowe.

Meanwhile, the auto manufacturers continue to invest heavily online. Ford spent \$102.6 million for Internet advertising in 2007, followed by Chevrolet (\$76.6 million) and Toyota (\$35.6 million), per TNS.

The third-party sites are reaping the rewards. Edmunds.com, for example, saw its ad revenue jump 93% in 2007 and 64% in 2006, per the company. "Dealers and dealer associations are coming in after years of spending 90% of their ad budgets on TV," said Jeremy Anwyl, CEO of Edmunds.com. "They are just now realizing that's too much."

As a result, it's not uncommon to see Ford and dozens of different Ford dealers end up battling for the same ad space to place a Ford ad, said Anwyl.

Another undesirable outcome is convoluted brand messaging. Third-party sites have created new ad units for dealers (who can create their own local ad messages) that compete with the manufacturer's national ad campaigns.

"What [the third-party sites] wanted to do is create revenue, of course, but it has created conflict on our side," said David Harris, ebusiness and CRM manager at Suzuki, Brea, Calif. "Our goal is to make sure we are communicating a consistent message. All of a sudden . . . you have a wide variety of messages."

In the past, dealers did not typically advertise on the opening page of the site. Now, they are trying to pull consumers into a dealership before they've even selected what brand they are going to buy, said Harris, who added, "If you try to cut short the [buying] process by taking offers before you have sold the product, you are undercutting the whole idea."

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