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Cut Media, Boost Profits



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Is it possible to spend less on media and still increase your revenue? Jumpstart Automotive's CEO outlines a plan for automotive marketers to achieve this win-win situation.

It is time to put to bed that century-old John Wanamaker saw: "I know that half of my advertising budget is wasted, but I'm not sure which half." That may have been true then, but frankly, today there is no excuse for advertising to be that much of a mystery-- or that inefficient. In fact, I know of a way that auto dealers can *increase* their profits by *reducing* their media spend. Let's set the stage.

To be sure, the auto market is unlike any other consumer advertising category. With most other categories, such as clothing, finance, food, travel or CPGs, potential consumers are constantly "in-market," shopping on a fairly regular basis. However, research shows that automotive consumers only enter the market every three or four years. Even worse, they are in-market for approximately three months before disappearing for another three or four years.

Under these unusual circumstances, it seems fair for dealers to ask, "Is my money being wasted?" And the answer likely is yes-- if they are spending most of their money on TV, radio or print. Think about it: According to J.D. Power & Associates, only three of every 100 people who see or hear your offline media ad are ever really in-market. The cluttered landscape, as well as reduced attention spans, means the vast majority of consumers will skip right past an auto ad, or it will go in one ear and out the other.

Now, let's be clear: I am not recommending that dealers stop spending money in these areas-- they do have proven value, after all. But if you want to increase efficiency of your marketing dollars (and ultimately profits), it's a good idea to take stock of your advertising patterns, and evaluate ways to revitalize your core strategies that might not be working as hard as they could be.

The re-evaluation plan

Here is how I would do it: First, cover off on all available opportunities by focusing marketing dollars on truly reaching "the right people." Through new advances in digital media, such as behavioral targeting and geotargeting, it is now possible to serve your message *ONLY* to consumers who are actively shopping for a new car and are geographically relevant to where your rooftops are located. Buying online leads is no doubt a part of this, but should only account for *a very small part*. Let's face it, only a small percentage of car shoppers actually submit a quote request to begin with, which leaves the vast majority of "the right people" finding dealerships through other means.

To reach these intenders, your media plan should also include display advertising on auto research sites, behavioral targeting of those same consumers on non-auto research sites, search marketing campaigns and online classifieds. All of these strategies can be geo-targeted to markets relevant to the respective franchises you sell, making them smarter choices for reaching busy consumers.

Trial-- without error

After this foundational strategy is in place, I would begin to test the overall media mix to determine whether or not you have the optimal allocation across your various media.

The best way to do this is to hold constant all of your media exposure over a period of time (maybe four to six months). Each month, reduce the allocation substantially of just one medium within your marketing plan. For instance, you could reduce your radio allocation by 25 or 50 percent for one month, and correlate that reduction with the number of vehicles sold in that month. The next month, try reducing your TV spend by 25 percent or so and correlate back to the impact on

actual vehicle sales. I believe that you are likely to find that the impact on vehicles sold will not be that significant by reducing the allocation of traditional media. Conversely, if you substantially reduce the allocation of marketing dollars online and draw a correlation to sales, you would in fact find a reduction in sales (and profit) as a result of doing so simply because online targets buyers and not just shoppers.

Just to be clear, I am not here to tell you to stop using traditional, less targeted media altogether-- they obviously do serve a purpose. What I will say is that there is an optimal structure for allocation that will maximize the efficiency of your ad spends and increase your profits. And with a little bit of testing to determine the best media mix, dealers can reduce their overall marketing spend by 20 percent, yet still increase overall sales and profits. Give it a try!

Mitch Lowe is CEO of [Jumpstart Automotive Media](#). [Read full bio](#).