Experts from Bing Share Critical New Research on Paid Search
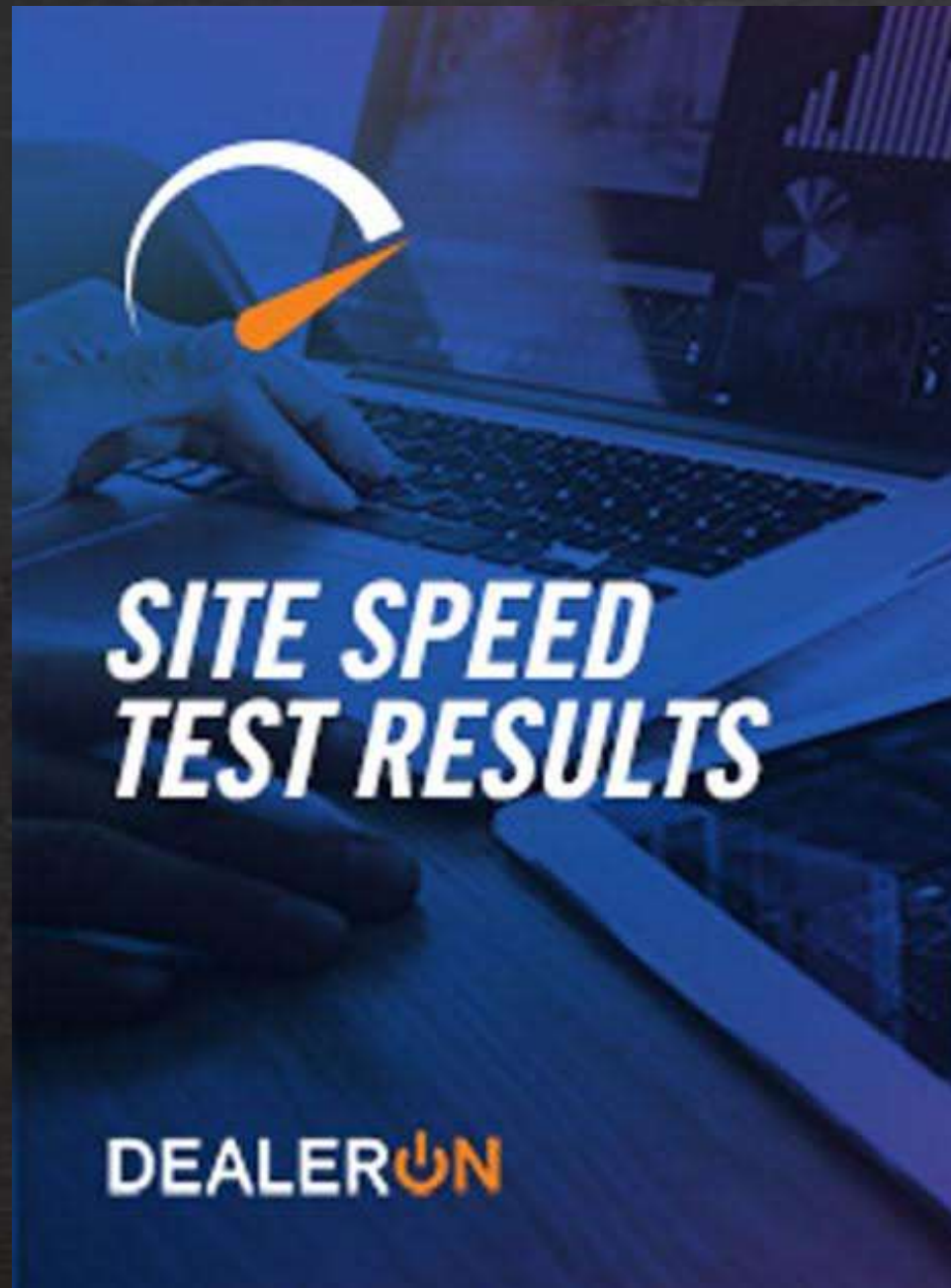
About DealerOn

▪DrivingSales Top Rated Website Provider, 2011 - 2017
  ✓ <u>Only</u> provider to have won the last 7 Years In A Row!

▪2X Digital Dealer Website Excellence Award Winner

▪DrivingSales Top Rated SEO Provider, 2017

▪3X AWA Winner

▪Premier Google Partner

▪More Dataium Monthly ASI Winners than all others combined

▪DealerOn's website customers have an average documented lead increase of 250%

I'M SPEAKING AT

DIGITAL Dealer 24 | **APRIL 10-12, 2018** ORLANDO, FLORIDA

CONFERENCE & EXPO

Christi Olson   **Amanda Pasciolla**

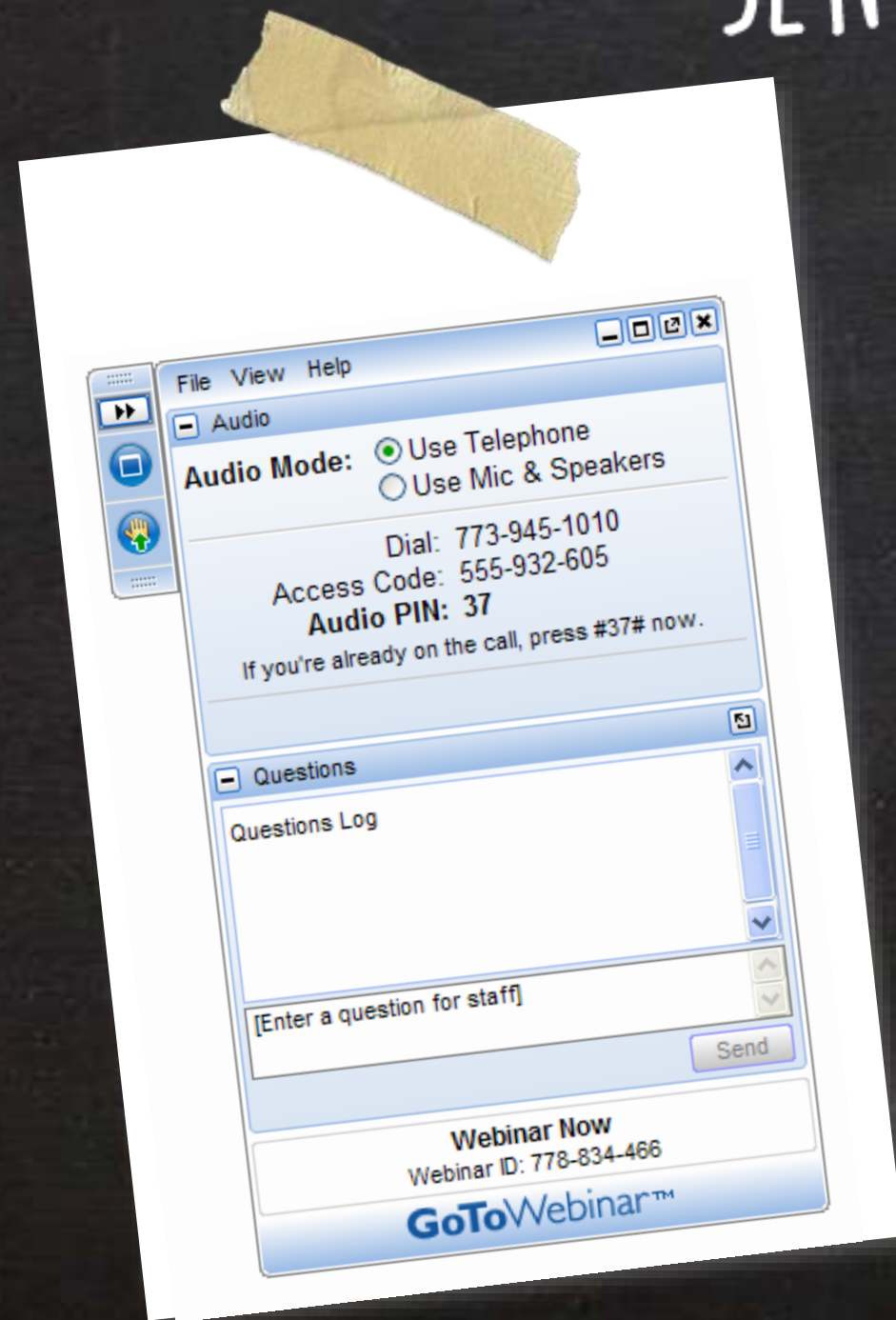Optimizing for Voice Search   Cross Tier PPC Strategies

SEND IN YOUR QUESTIONS

- If you have questions during the presentation, please submit them using the "Questions" feature

- Questions will be answered at the end of the webinar

- A link to the recorded webinar will be emailed to you within 24 hours and will also be posted on DealerOn.com/webinar as an On-Demand Webinar

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Harmon Kardon Invoke Speaker

After the presentation, be the first to answer the giveaway question correctly to win this awesome prize!

OBJECTIVES

* Drive performance and efficiency by appearing in the right position on the SERP based on query intent.

* Align your strategy with consumer behavior to drive brand awareness and reduce competitive consideration

* "OWN the SERP" your digital strategy to keep competitors from stealing performance by driving more clicks and impressions for your brand

* Mining for continued opportunities

* Giveaway

* Question & Answer Session

Bing Network. Intelligent search.

OWN the SERP

Cross-Tier Strategies for Automotive

Analysis by Utsav Biswas & Amanda Pasciolla, in partnership with Ipsos

Bing

Why Advertise on Bing?

86M automotive searches across the US

17M automotive searchers **not reached on Google** and **40% of all automotive paid clicks**

Source: comScore qSearch, US, September 2017

Auto purchase decision-making

76%
of all car buyers use
the internet to shop.

Bing
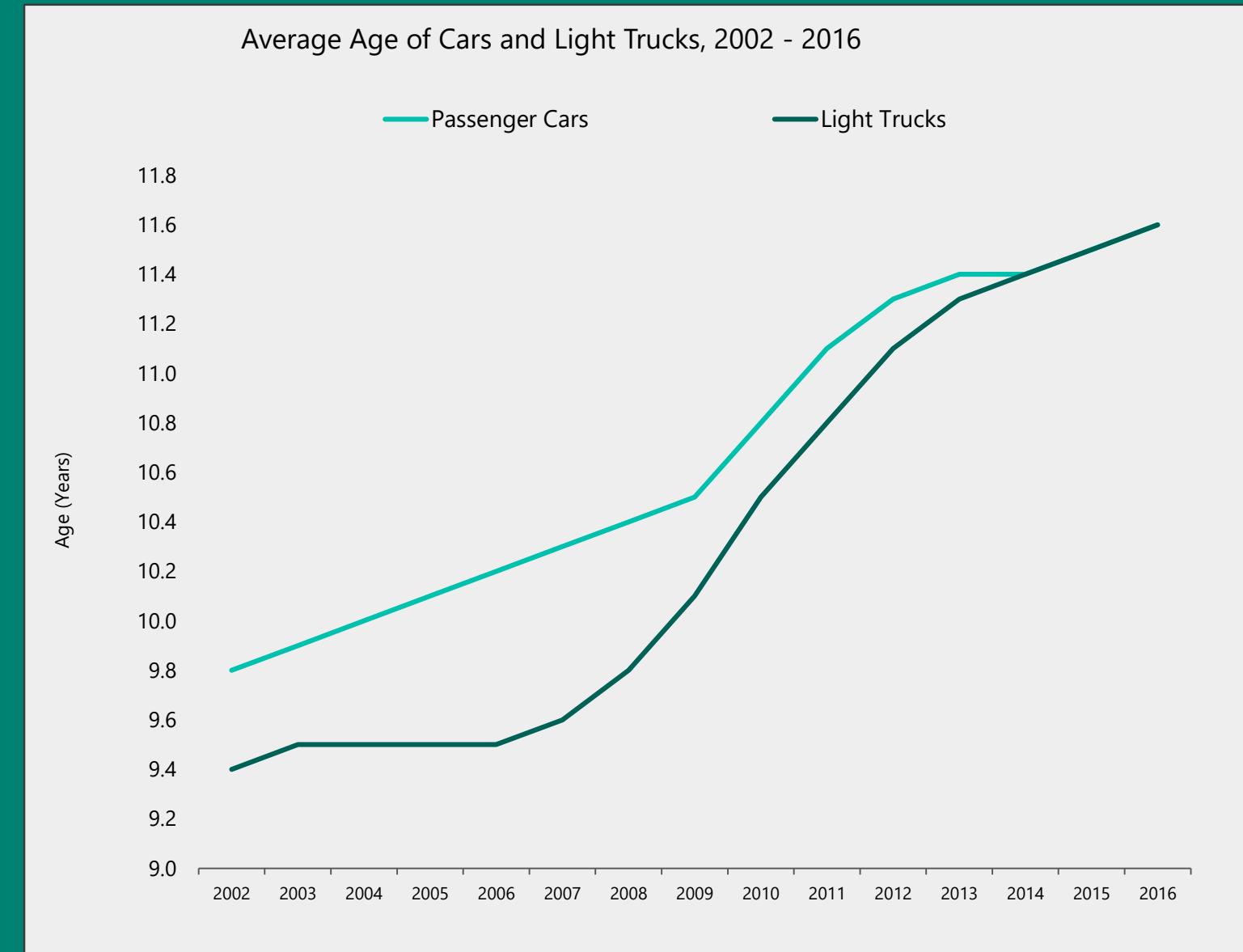
Microsoft

Auto purchase decision-making

69%

of car buyers start off knowing very little about the vehicles they want to purchase.

Bing

Microsoft

Auto Purchase Decision-Making

An increase in the age of vehicles represents pent-up **demand** for new vehicles.

.

Average Age of Cars and Light Trucks, 2002 - 2016

—— Passenger Cars   —— Light Trucks

Age (Years)

11.8
11.6
11.4
11.2
11.0
10.8
10.6
10.4
10.2
10.0
9.8
9.6
9.4
9.2
9.0

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016

Bing

Microsoft

Auto Purchase Decision-Making
Increase in consumer options drives competition.

75

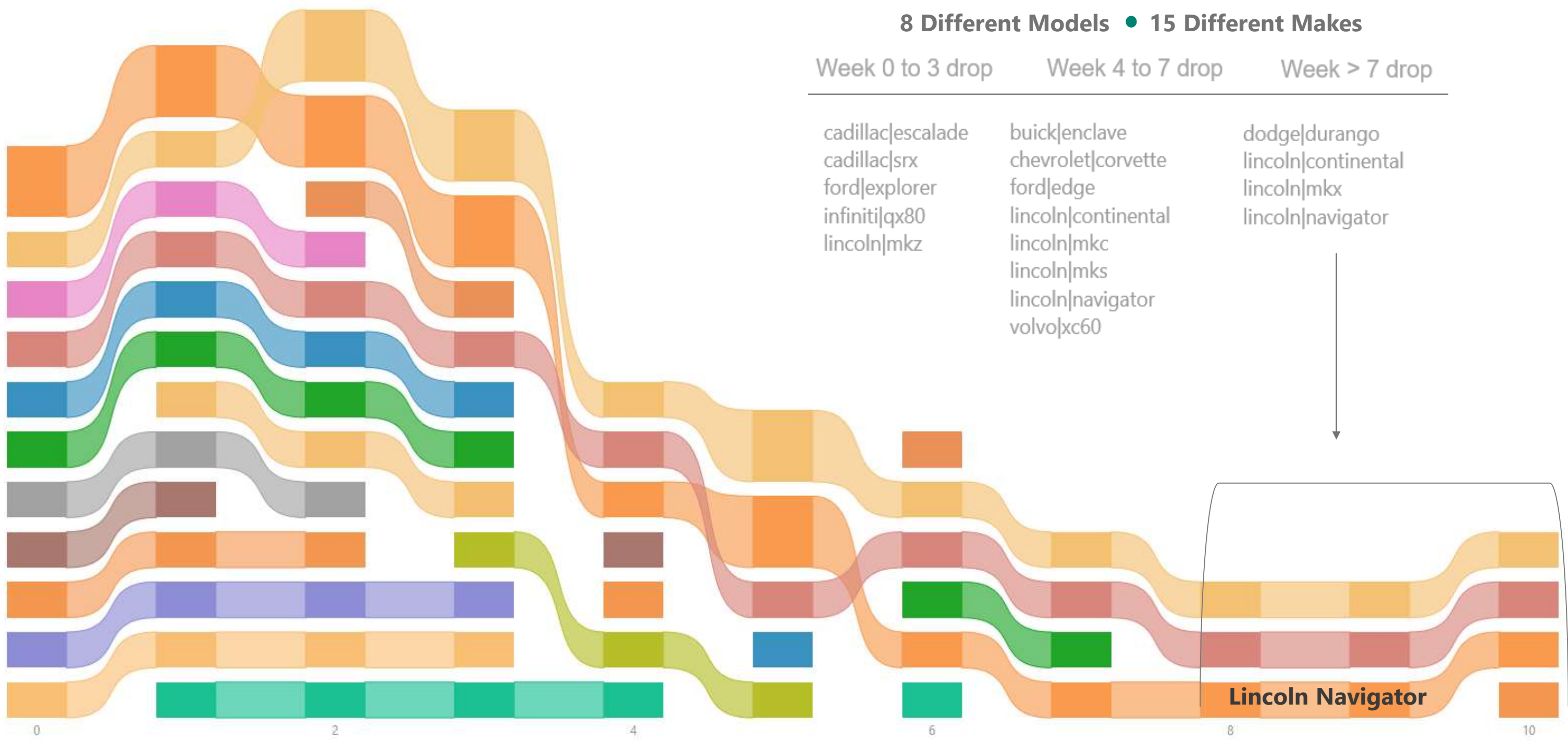new vehicles are expected to launch in 2018, a **41% increase** in new vehicle launches compared to 2017.

3.09 Million Units

are forecasted for 2019 once each new model has been released.
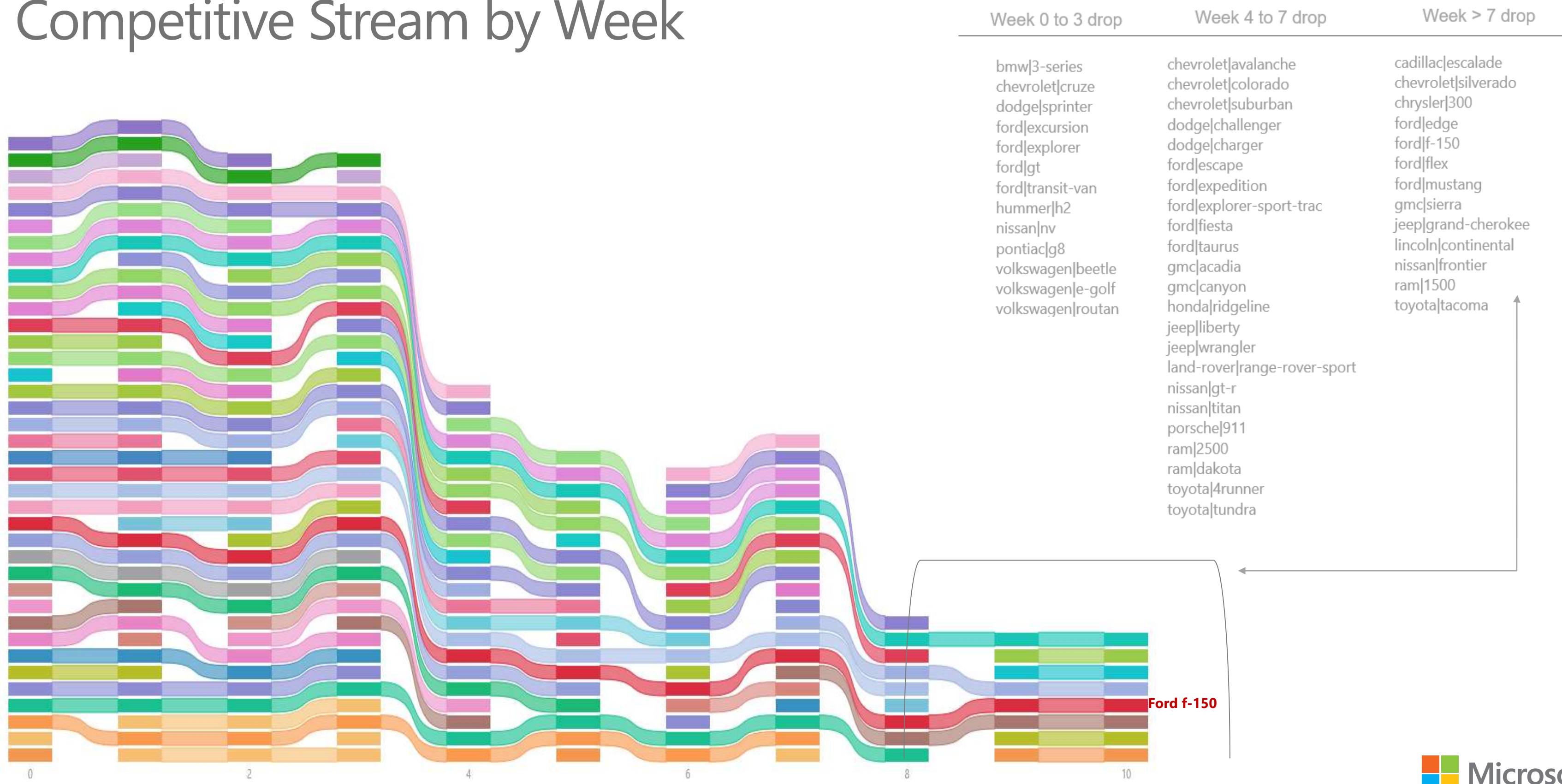
Lincoln Navigator
Competitive Stream by Week

8 Different Models • 15 Different Makes

Week 0 to 3 drop	Week 4 to 7 drop	Week > 7 drop
cadillac|escalade	buick|enclave	dodge|durango
cadillac|srx	chevrolet|corvette	lincoln|continental
ford|explorer	ford|edge	lincoln|mkx
infiniti|qx80	lincoln|continental	lincoln|navigator
lincoln|mkz	lincoln|mkc	
	lincoln|mks	
	lincoln|navigator	
	volvo|xc60	

Lincoln Navigator

Ford F150
Competitive Stream by Week

19 Different Makes ● **13 Different Ford Models**

Week 0 to 3 drop	Week 4 to 7 drop	Week > 7 drop
bmw|3-series	chevrolet|avalanche	cadillac|escalade
chevrolet|cruze	chevrolet|colorado	chevrolet|silverado
dodge|sprinter	chevrolet|suburban	chrysler|300
ford|excursion	dodge|challenger	ford|edge
ford|explorer	dodge|charger	ford|f-150
ford|gt	ford|escape	ford|flex
ford|transit-van	ford|expedition	ford|mustang
hummer|h2	ford|explorer-sport-trac	gmc|sierra
nissan|nv	ford|fiesta	jeep|grand-cherokee
pontiac|g8	ford|taurus	lincoln|continental
volkswagen|beetle	gmc|acadia	nissan|frontier
volkswagen|e-golf	gmc|canyon	ram|1500
volkswagen|routan	honda|ridgeline	toyota|tacoma
	jeep|liberty	
	jeep|wrangler	
	land-rover|range-rover-sport	
	nissan|gt-r	
	nissan|titan	
	porsche|911	
	ram|2500	
	ram|dakota	
	toyota|4runner	
	toyota|tundra	

Ford f-150

Source: Microsoft Internal, December 2017.

The opportunity for automotive advertisers to influence purchase decisions is **online**

Paid search helps you be there

Even when searchers don't click, advertising on the Bing Network can help you by boosting brand awareness, market leadership and purchase intent.

Bing

Microsoft

Here's what you'll learn today

Drive performance and efficiency by appearing in the right position on the SERP based on query intent.

Align your strategy with consumer behavior to drive brand awareness and reduce competitive consideration

"OWN the SERP" your digital strategy to keep competitors from stealing performance by driving more clicks and impressions for your brand

Mining for continued opportunities

Bing

Microsoft

Terminology Recap
SERP Positions

Mainline Ads

Sidebar Ads

Terminology Recap
SERP Positions

For the webinar, we will be referencing the first 3 positions: **Mainline 1,2,3**

ML1 – 1st Position on the SERP

ML2 – 2nd Position on the SERP

ML3 – 3rd Position on the SERP

Search results

Side bar

Microsoft

Terminology Recap
Strategy

Brand Query
Any search that contains a make or model reference.
2018 Ford - F-150 Dealerships - Dodge Ram Purchase

Segment Query
Any search that contains NO make or model reference.
Top 2018 SUVs - Buy Luxury Sedan - Crossover Options

Conquest Strategy
Bidding & Serving an Ad on a search that includes a competitor's make or model.

Retention Strategy
Bidding & Serving an Ad on a search that includes your own make and model.

Study Takeaways

1. ML1 position on Segment queries aids brand recall

2. ML3 position on Conquest queries drives unaided brand awareness

3. Stacking Tier 1-3 on branded queries reduces the number of competitive makes that enter consideration phase

Bing

Microsoft

Study Takeaways

4. Tier 2 & 3 knock parent OEMs out of ML1 and unintentionally inflate Tier 1 brand CPCs on ~20% searches

5. Stacking Tier 1-3 on Segment queries reduces the number of competitive upper funnel clicks competitors receive

b Bing

Microsoft

Study #1
Brand Lift Study

Bing

Microsoft

Brand lift study (conducted in partnership with IPSOS)
Objectives and methodology

Objectives

Assess the impact of paid search ads on automotive-related metrics.

Hypotheses include:

- Just viewing the ad on the search engine results page (SERP) will increase purchase intent, etc. for the brand advertised.
- The degree of increase will be greater when the ad is in the first position.
- The degree of increase will be greater with more ads.

Webcast
Series | b Bing ads

Microsoft

Brand lift study (conducted in partnership with IPSOS)
Objectives and methodology

Approach

10-minute online survey using PC/laptops only with simulated search exercise*	Fielded between June 20 and July 5, 2017	U.S. consumers who intended to purchase a new vehicle in the next three months

Due to the potential impact on key metrics by random variations in age, gender and past and present brand ownership (by brand), test cells are weighted to be identical on these dimensions.

Statistical significance testing is conducted at two confidence levels: 90% and 80%. 90% is the standard for Microsoft, and differences at this level are considered "significant." 80% provides "directional" indication for differences not quite large enough to meet the 90% threshold.

Webcast Series | Bing ads

Microsoft

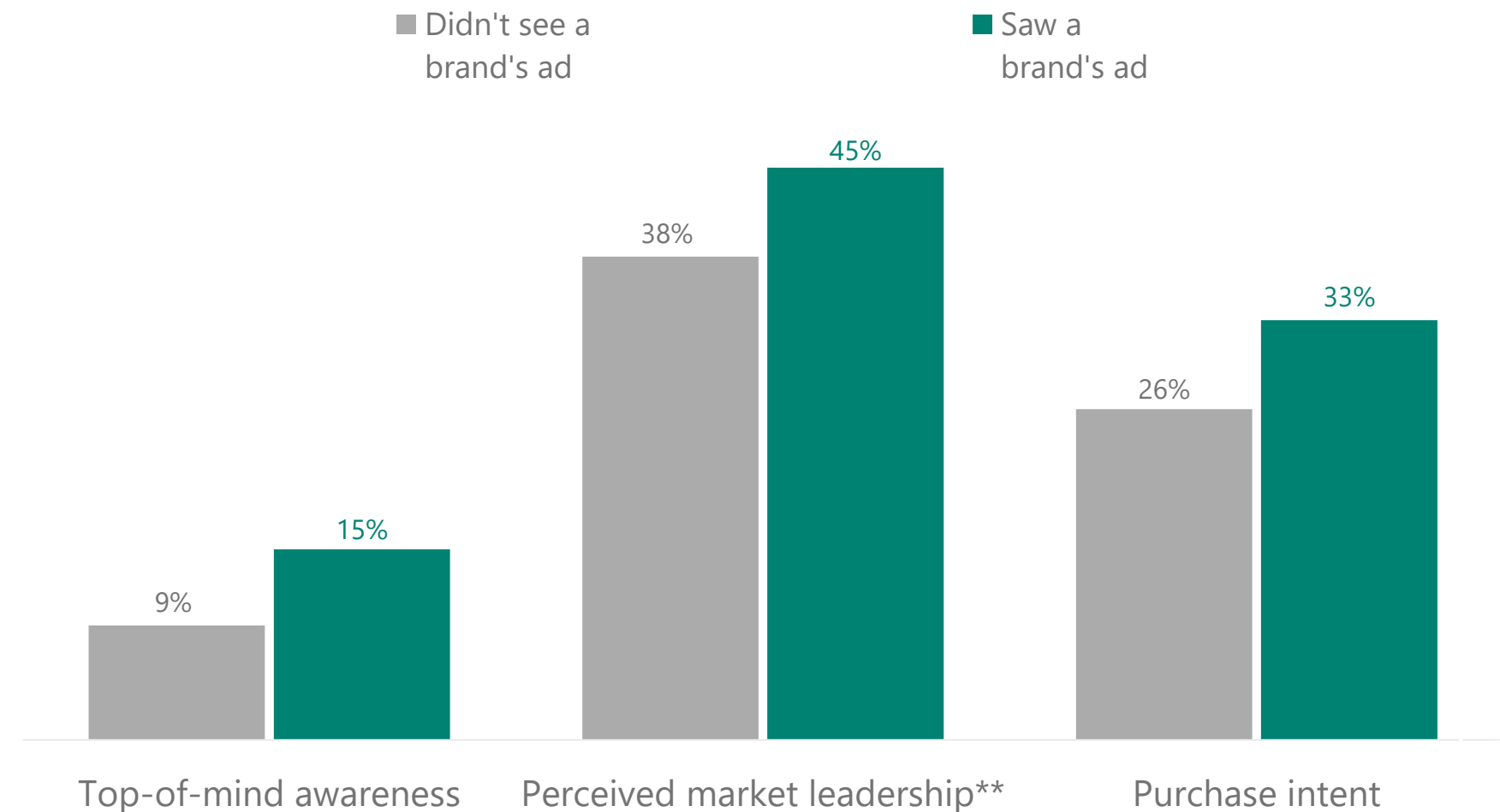# The non-brand impact of paid search **on segment searches**

Even without a click,

ML1 paid search ads can help you:

- Build brand awareness
- Increase perceived market leadership
- Improve purchase intent

Get more value from paid search by:

- Investing in category keywords
- Having your brand name in your ads
- Creating targeted landing pages

Impact of a brand's ad* on category searches
(no landing page exposure)

■ Didn't see a brand's ad   ■ Saw a brand's ad

	Top-of-mind awareness	Perceived market leadership**	Purchase intent
Didn't see a brand's ad	9%	38%	26%
Saw a brand's ad	15%	45%	33%

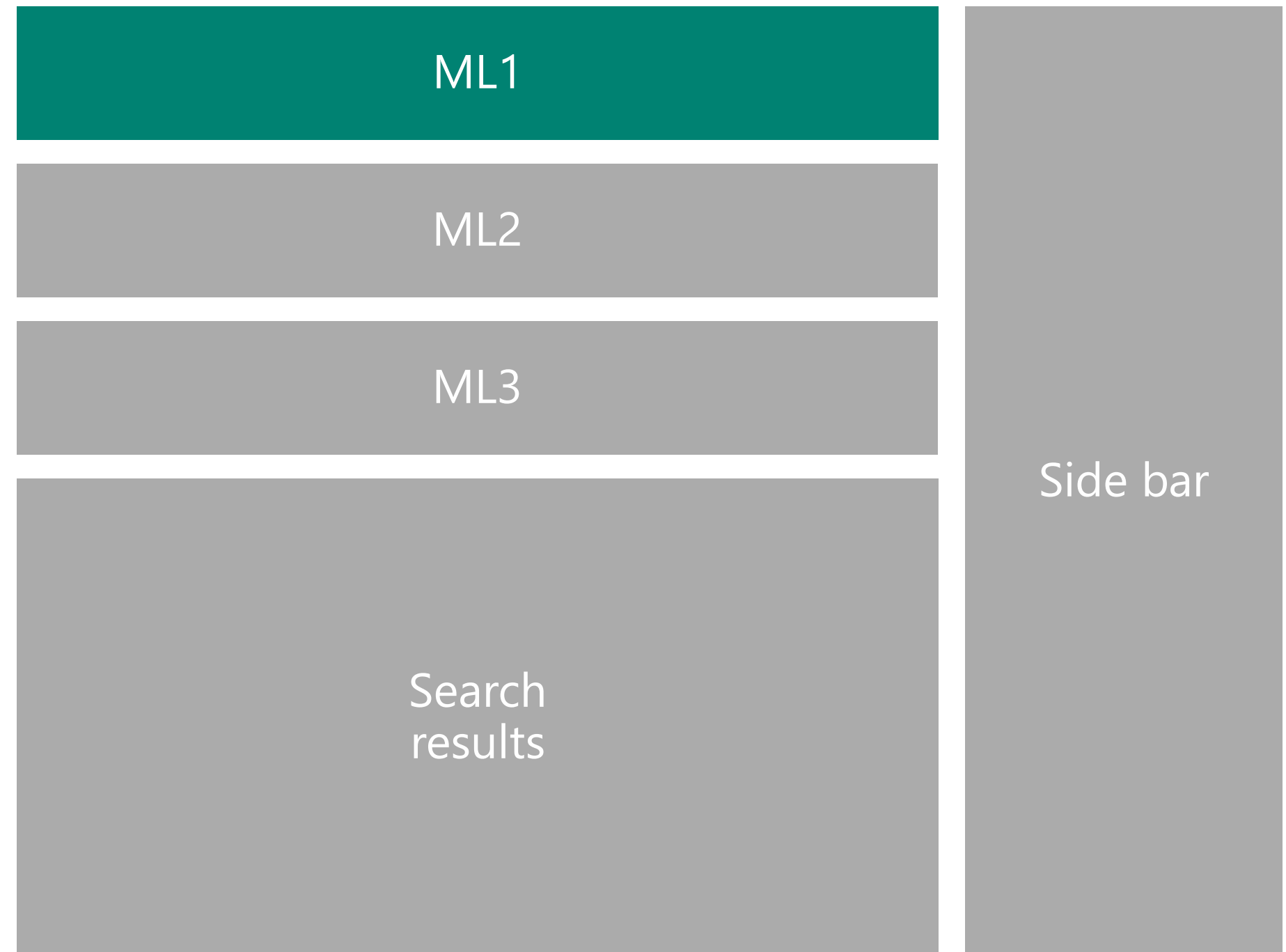*Results based on a large ML1 ad (ML1 only, no support from ML2 & ML3)

** Directional lift at 80% confidence

Source: Microsoft and Ipsos, Auto Brand Impact of Paid Search Study, 2017. All data points from a survey conducted online with a sample of 1,799 participants ages 18 and older in June 2017. All surveyed participants are U.S. consumers who intend to purchase a new vehicle in the next three months; they are members of Ipsos's own and their partners proprietary online panels.

Microsoft

Build brand awareness **on segment searches**

Your ad can help build brand awareness — even if searchers do not click it.

Without a click, **67%** more people recall the brand after seeing an ad in ML1 than those who didn't see the ad.
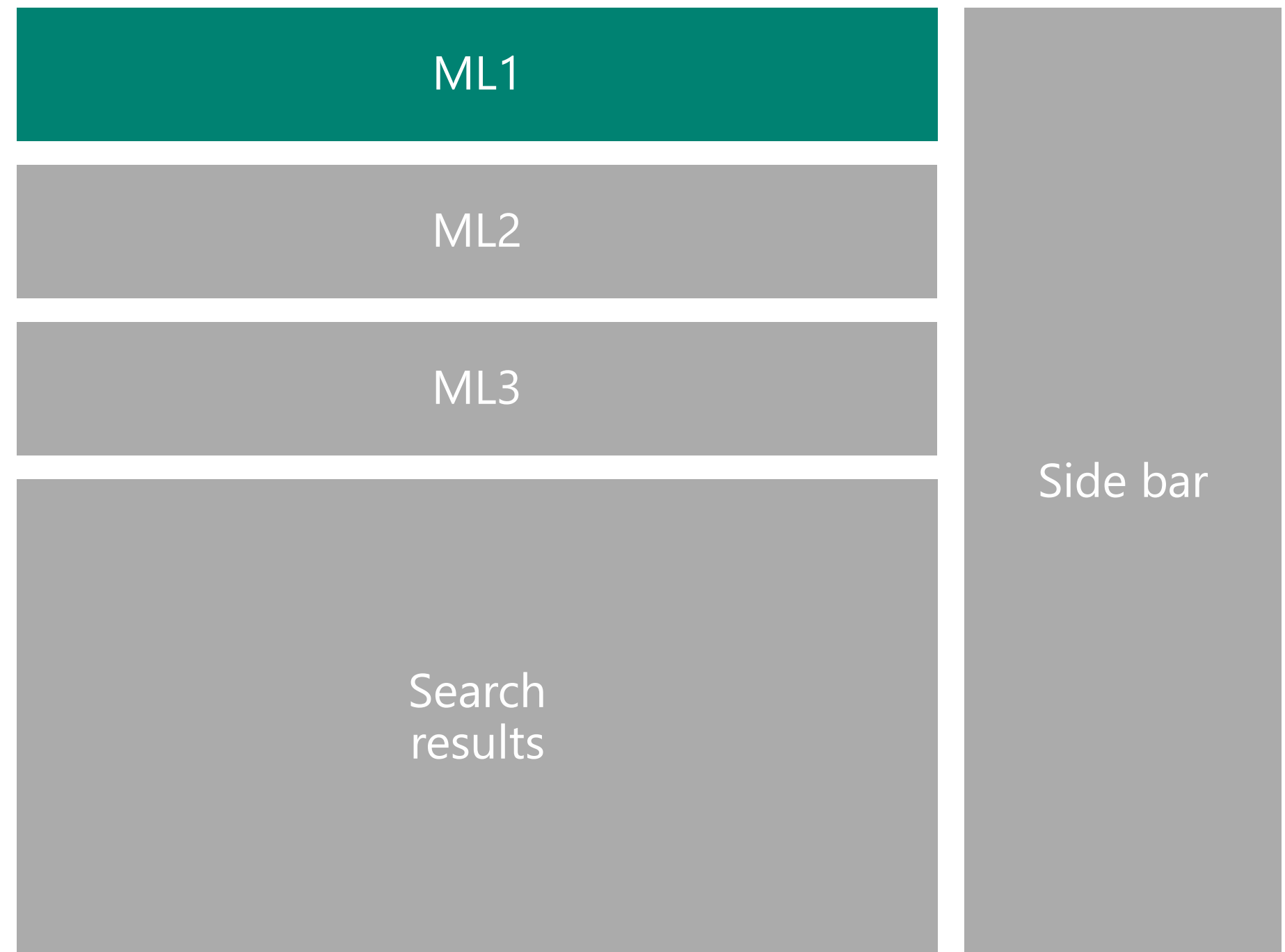
ML1
ML2
ML3
Search results

Side bar

Microsoft

Increase perceived market leadership **on segment searches**

Your ad can help build perceived market leadership — even if searchers do not click it.

After seeing a brand's ad, searchers are **18%** more likely to see that brand as a market leader than those who didn't see the ad.
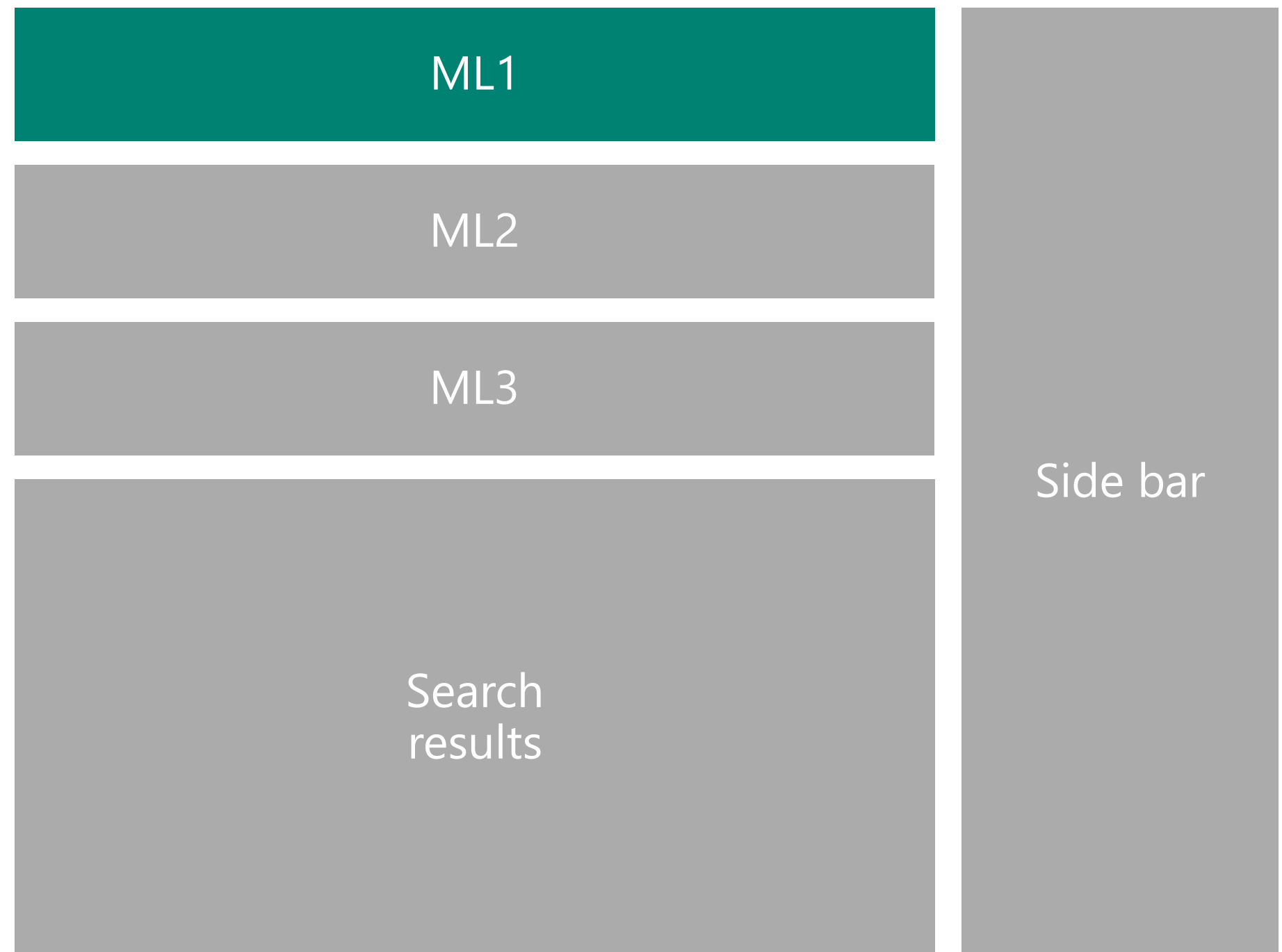
ML1
ML2
ML3
Search results

Side bar

*Results based on a large ML1 ad. Directional lift at 80% confidence.

Source: Microsoft and Ipsos, "Auto Brand Impact of Paid Search Study," 2017.

Microsoft

Improve purchase intent **on segment searches**

Your ad can help increase purchase intent — even if searchers do not click it.

After seeing a brand's ad, searchers showed a **27%** higher purchase intent than those who didn't see the ad.

ML1

ML2

ML3

Search results

Side bar

*Results based on a large ML1 ad.

Source: Microsoft and Ipsos, "Auto Brand Impact of Paid Search Study," 2017.

Microsoft

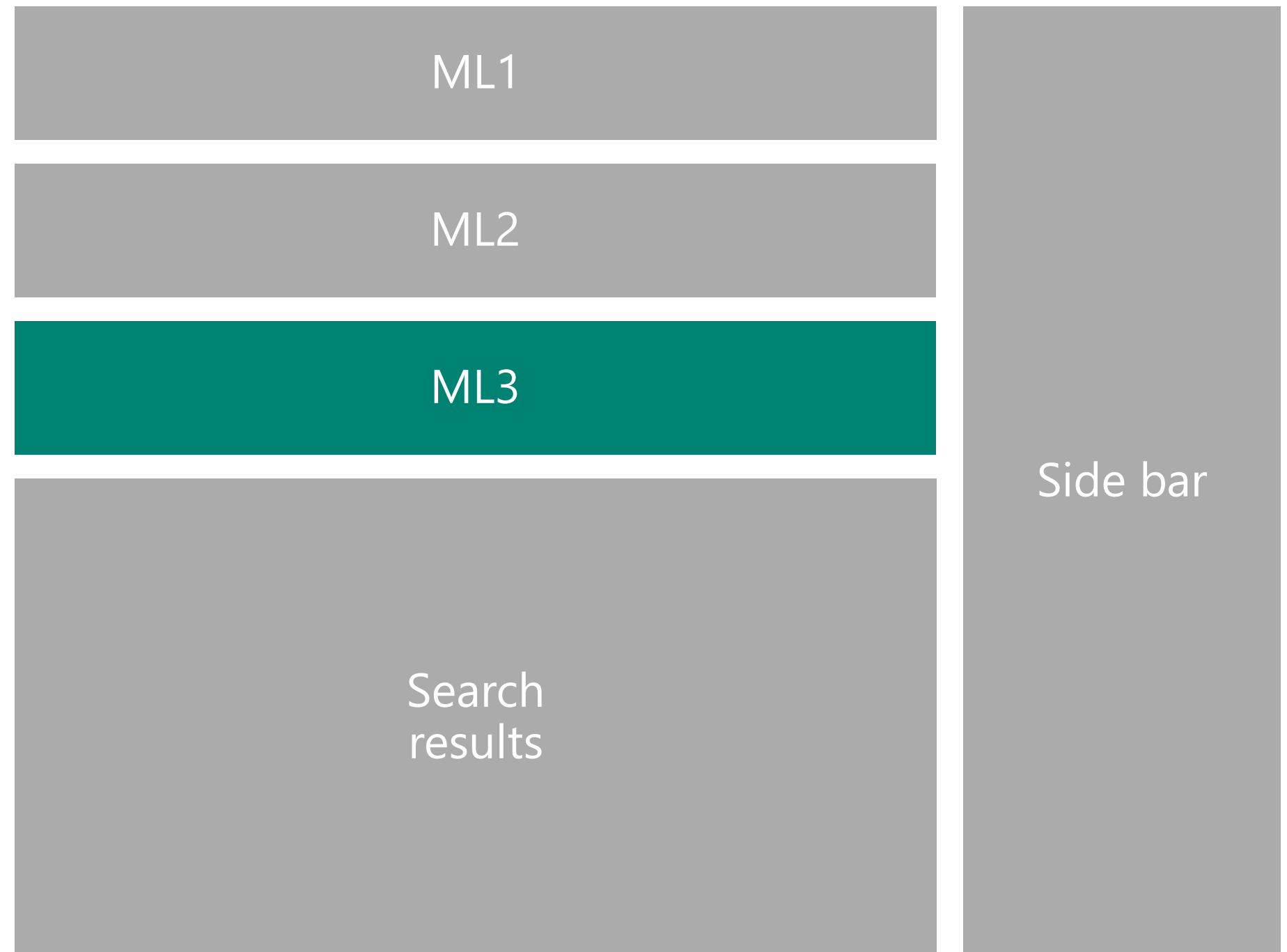# Build brand awareness **on conquest searches**

Your ad can help build brand awareness — even if searchers do not click it.

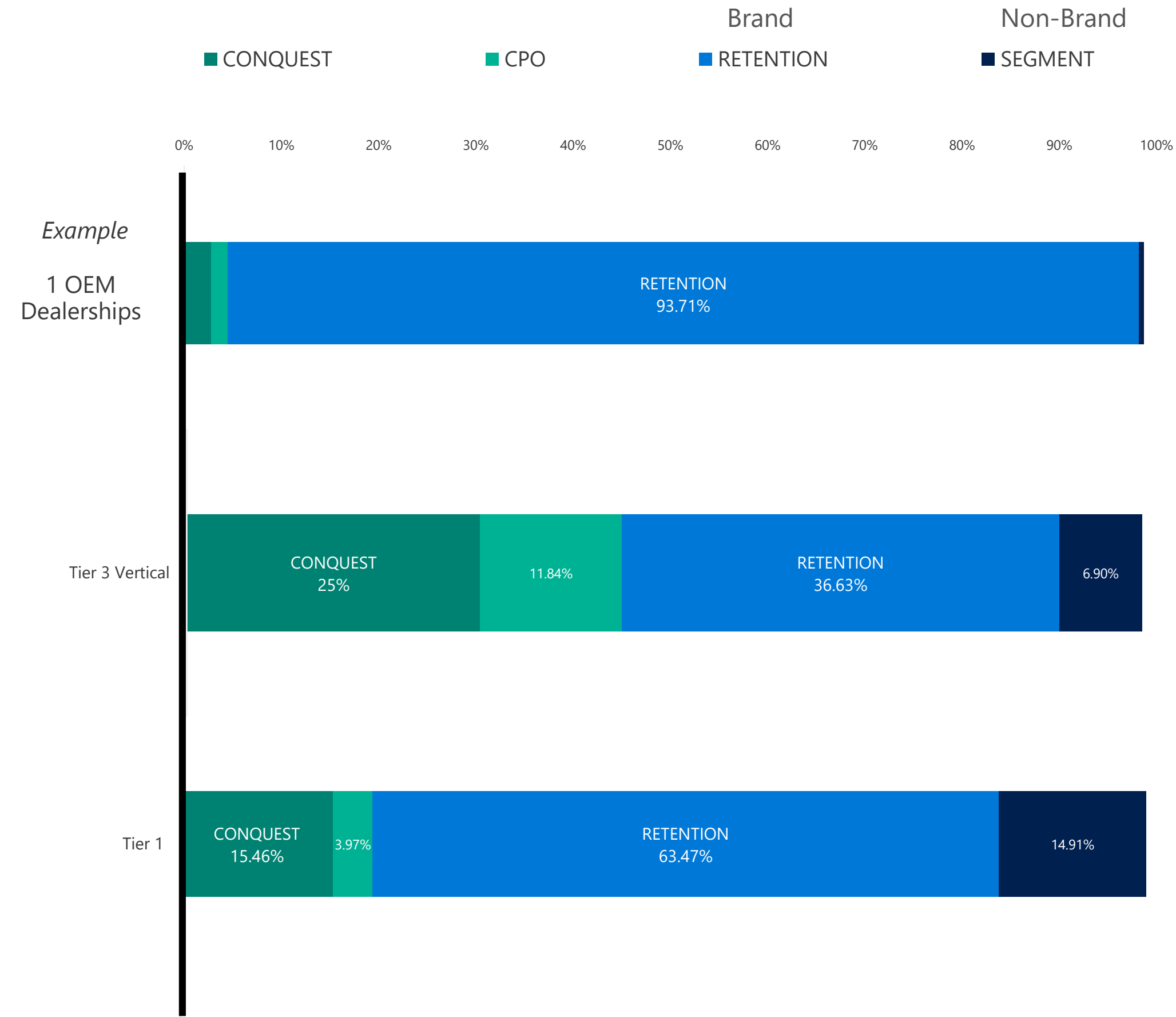Having a third-position ad in a competitive search yields higher unaided awareness.

25% more people recall the brand after seeing the brand in ML3 position after the competitors.

ML1	
ML2	
ML3	Side bar
Search results	

Microsoft

Drive results by having a balanced strategy that grows your customer base.

Tier 1 OEMs and the Tier 3 Dealership vertical received on avg. **20%** of their clicks from conquesting.

Brand | Non-Brand

- CONQUEST
- CPO
- RETENTION
- SEGMENT

Example

1 OEM Dealerships
- RETENTION 93.71%

Tier 3 Vertical
- CONQUEST 25%
- CPO 11.84%
- RETENTION 36.63%
- SEGMENT 6.90%

Tier 1
- CONQUEST 15.46%
- CPO 3.97%
- RETENTION 63.47%
- SEGMENT 14.91%

Tier 1 - 7 OEMs Included in Analysis:

Source: Microsoft Internal, December 2017.

Microsoft

Positional + Query Analysis

Microsoft

Users exposed to an ad on a non-brand/conquest query had a higher CR

15%

Higher conversion rate (vs control) when exposed to a brand ad.

Conversion Rate

Test — **72%**

Control — **63%**

58% 60% 62% 64% 66% 68% 70% 72% 74%

Source: Microsoft, "Effectiveness of Paid Search Study," January to April 2016.

Webcast Series | **b** Bing

Microsoft

Study#2
Performance Analysis by Position

Performance Analysis by Position
Objectives and methodology

Objectives

Look across Tier 1, Tier 2 and Tier 3 accounts for 6 Top OEM Brands to understand click impact by position:

- For Tier 1 – Brand Searches, serving more ads prevents competitors from appearing on the SERP.
- For Nonbrand Searches, serving more ads prevents competitors from taking clicks.
- By taking up more space on the SERP, click performance and brand protection increases.

■ Microsoft

Performance Analysis by Position
Objectives and methodology

Approach

| 6 OEM Brands | 78,159 Users | 413,939 Searches |

Analyzed searches that took place in July & August 2017

Analyzed searches that triggered an ad for a Tier 1, Tier 2 & Tier 3 account across the Auto Vertical for the following DMAs:

- New York, NY
- Los Angeles, CA
- Chicago, IL
- Dallas-Ft. Worth, TX
- Washington, DC (Hagerstown, MD)
- San Francisco-Oakland-San Jose, CA
- Atlanta, GA

- Houston, TX
- Seattle-Tacoma, WA
- Tampa-St Petersburg (Sarasota), FL
- Phoenix, AZ

- Boston, MA-Manchester, NH

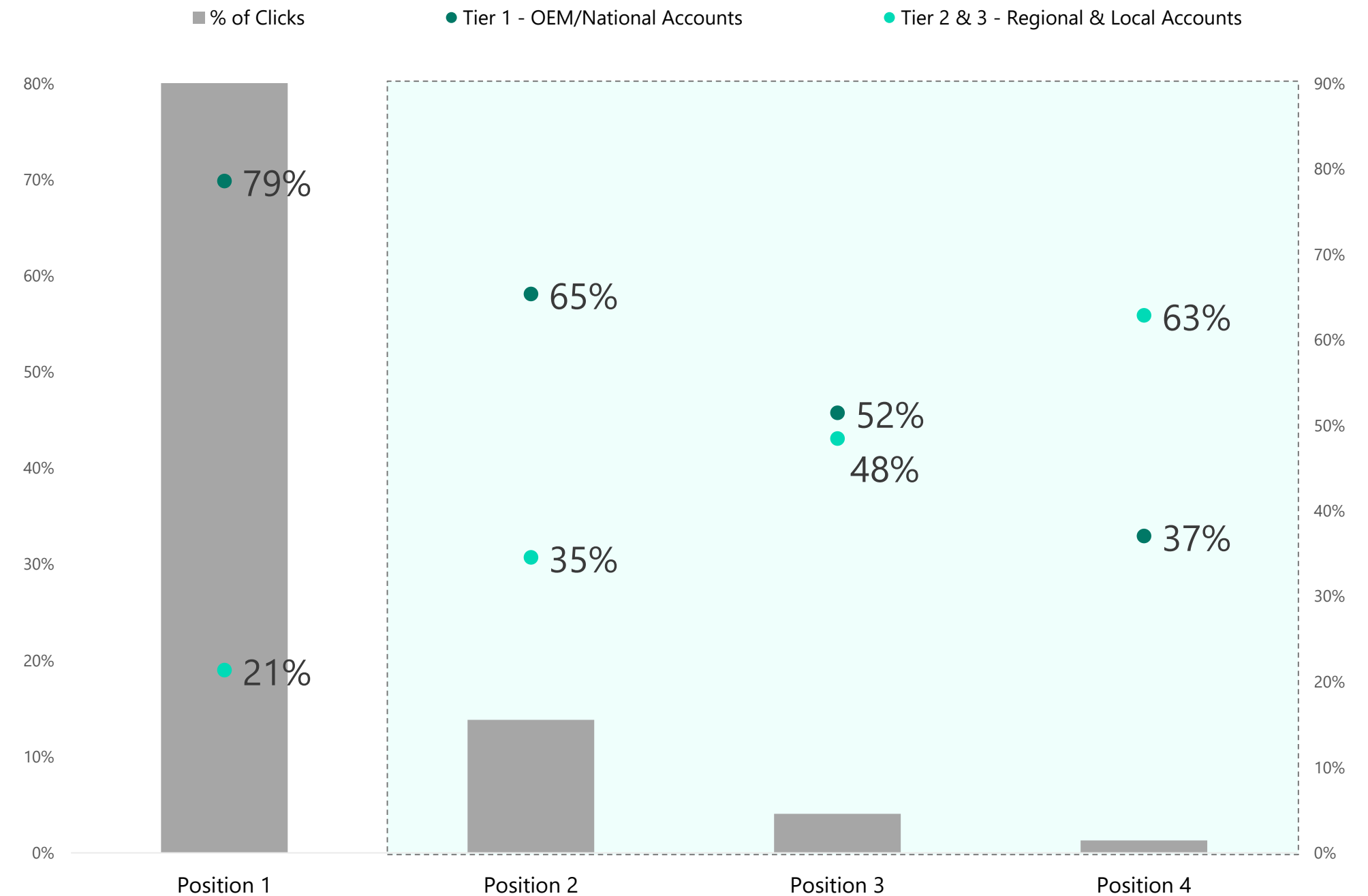# Misalignment of positions for Branded queries **drive inefficiencies**

19% of Clicks for Tier 1 Brand queries were captured in position 2 – 4.

- Tier 2 & 3 accounts are being used to capture clicks and fill the SERP in lower positions.

  - 35% of accounts that served and captured a click in position 2 were Tier 2 & 3

  - 48% of accounts that served and captured a click in position 3 were Tier 2 & 3

Tier 1 – Brand Queries

o   Brand, Make, Model

o   **No** geo- region or local

o   **No** service, parts, replacements, financial, lease, deals, price, inventory, dealerships

% of Tier Position Misalignment
Tier 1 – Branded Queries Clicks by Account

■ % of Clicks   ● Tier 1 - OEM/National Accounts   ● Tier 2 & 3 - Regional & Local Accounts

Position 1: 79% (Tier 1), 21% (Tier 2 & 3)
Position 2: 65% (Tier 1), 35% (Tier 2 & 3)
Position 3: 52% (Tier 1), 48% (Tier 2 & 3)
Position 4: 63% (Tier 2 & 3), 37% (Tier 1)

Microsoft

When you do not stack the mainline on Brand queries **competitors capitalize**
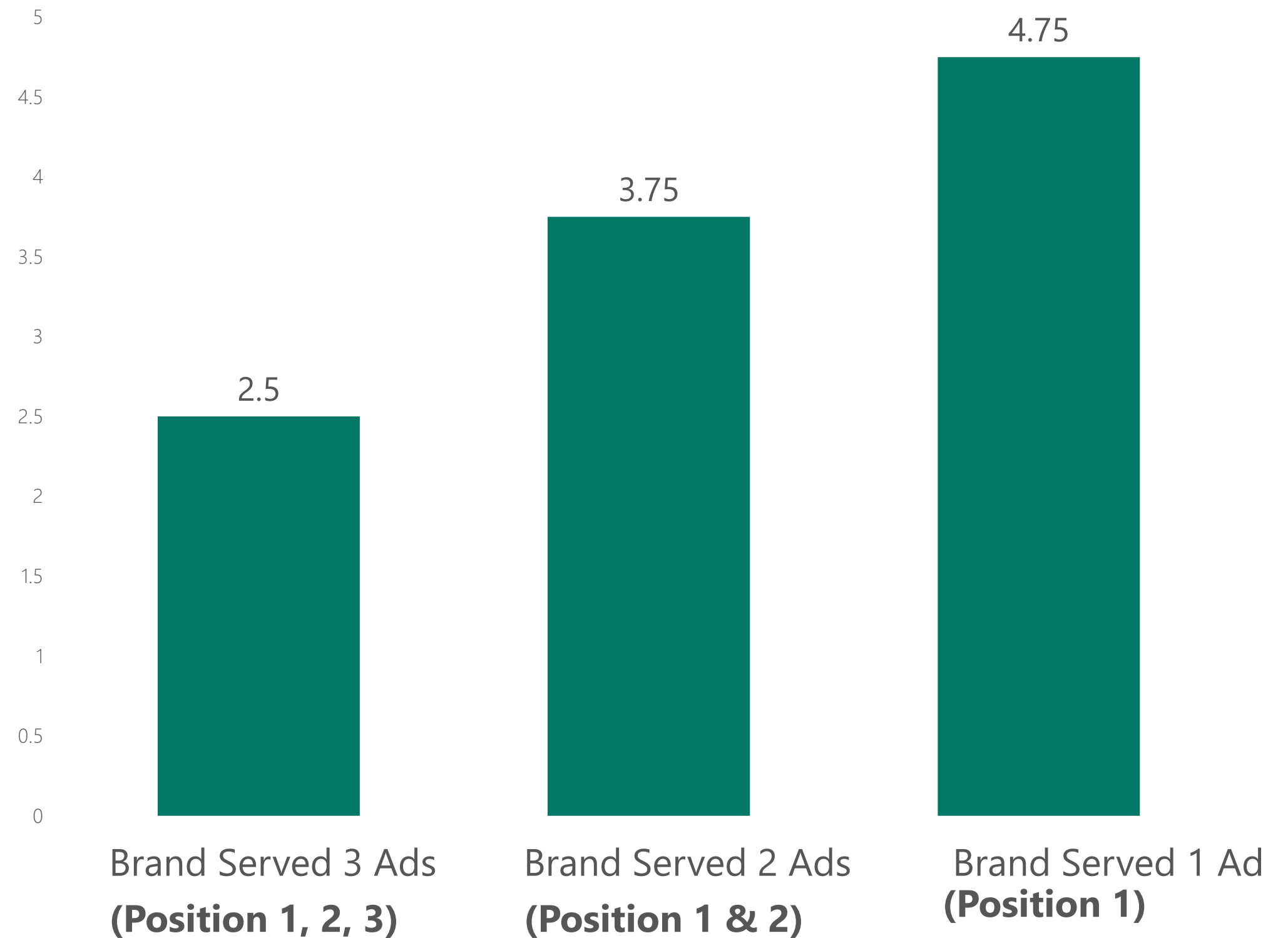
For Brand Queries, only serving an ad in position 1 allowed for an average of 5 OEM competitors to win a click

Protect brand clicks and performance by serving an ad in positions 1, 2, and 3

Brand Queries

o   Mention of any Brand, Make, Model

Avg. # of OEM Competitors that Won a Click
When a Brand Served an Ad for Their Own Brand Query

Category	Value
Brand Served 3 Ads **(Position 1, 2, 3)**	2.5
Brand Served 2 Ads **(Position 1 & 2)**	3.75
Brand Served 1 Ad **(Position 1)**	4.75

Source: Microsoft, Internal Bing Data, 2017
Based on 6 OEM Brands

Microsoft

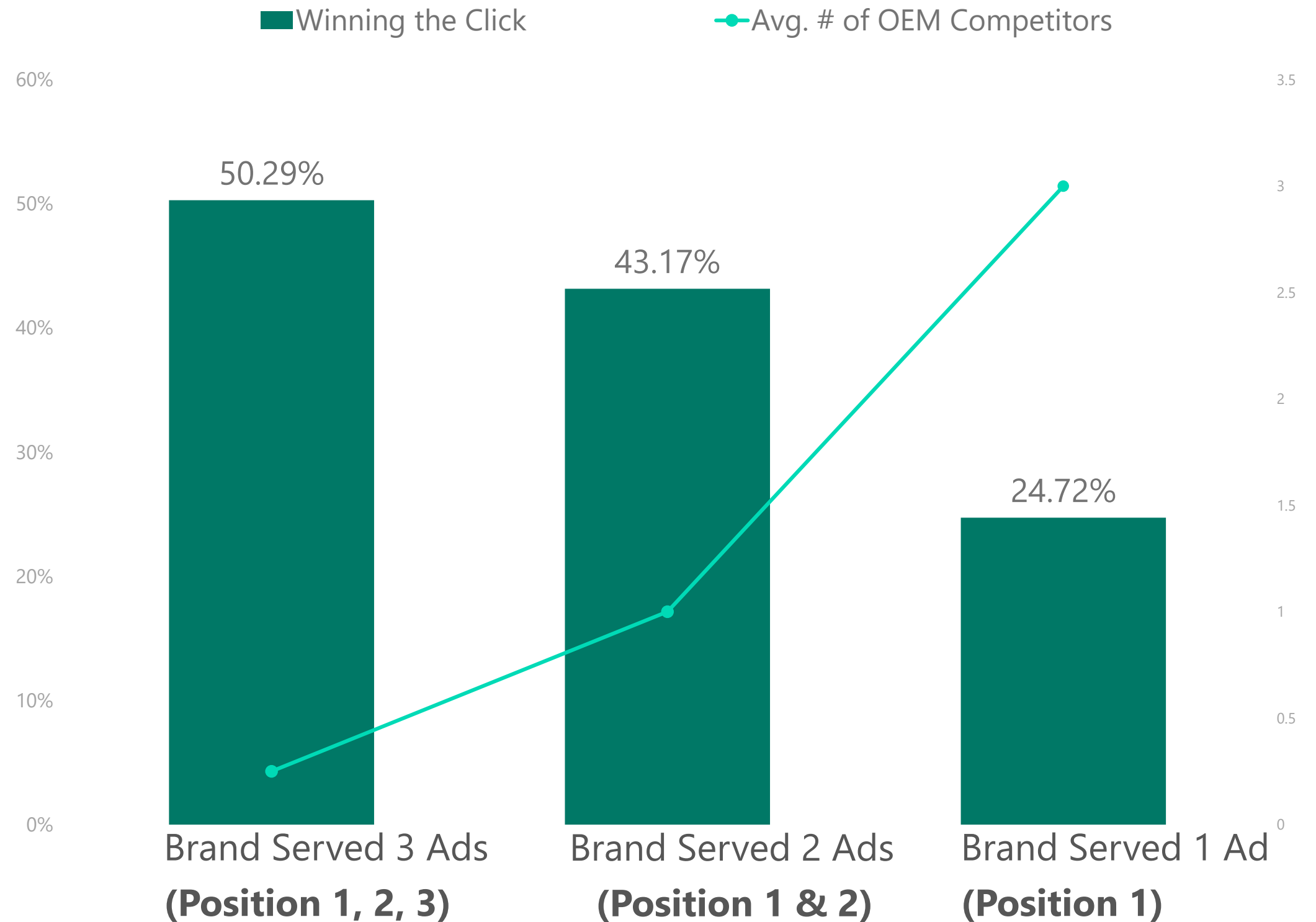# Prevent competitors from consideration and **reduce Segment clicks share**

Only serving an ad in position 1 resulted in a 26% decrease in the brand winning the click and 3X as many competitors winning the click compared to serving an ad in all 3 positions.

• When a brand served an ad in all 3 positions, a click was captured 50% of the time

Non-Brand Queries

o No mention of Brand, Make, Model

Owning the SERP - Segment Queries

■ Winning the Click   ──●── Avg. # of OEM Competitors

50.29%

43.17%

24.72%

Brand Served 3 Ads
(Position 1, 2, 3)

Brand Served 2 Ads
(Position 1 & 2)

Brand Served 1 Ad
(Position 1)

Source: Microsoft, Internal Bing Data, 2017

Based on 6 OEM Brands

Microsoft

OWN the SERP, take action NOW

1. ## ML1 position on Segment Keywords

   Searchers show an increase of

Top-of-mind awareness	67%
Purchase Intent	27%
Perceived Market Leadership	18%

2. ## ML3 position on Conquest Keywords

   Searchers after seeing the brand ad
   after competitors

Brand Recall	25%

Bing

Microsoft

OWN the SERP, take action NOW

3. Disrupt the customer journey and reduce competitive consideration, stack ML1-3 on Brand Keywords

When ML1-3 was stacked

-41.18%   Avg# of Competitors Winning a Click

4. Reduce the number of Segment clicks for competitors, stack ML1-3 on Non-Brand Keywords

When ML1-3 was stacked

Increase in Brand Winning a Click   48.15%

5. Align brand swim-lanes, reinvest CPC efficiencies on Segment and Conquest position, drive more clicks & increased brand awareness

Bing

Microsoft

Here's what you learned today

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Mining for continued opportunities

Bing

Microsoft

SUGGESTED RESOURCES

* Bing Ads Blog
* Bing Ads Automotive Industry Trends
* Bing Ads Audience Industry Trends

@DealerOn
@ElianaRaggio
@ChristiJOlson
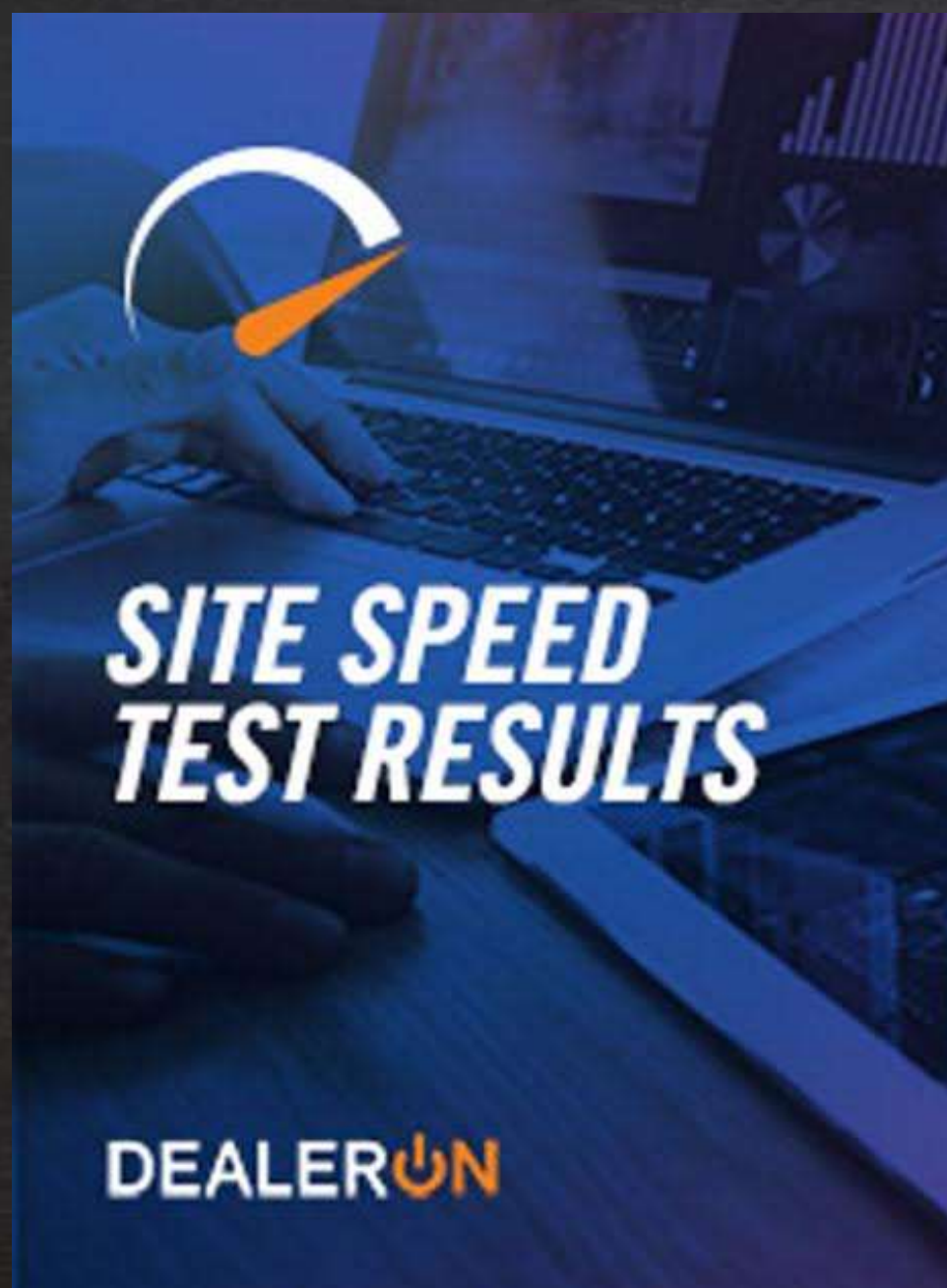
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and let us know what YOU thought of today's presentation!

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DEALERON

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