

ARE GOOGLE RESULTS **INFLATED?**



Exposing the Outcomes of Google SEM Campaigns

Search Engine Marketing continues to get more expensive to generate a sales opportunity in 2021, yet auto dealers do not have the data to optimize their campaign strategies. *Get ready for some eye-popping data...*



EXECUTIVE SUMMARY

Automotive digital marketing strategies have significantly evolved since Google introduced AdWords on October 23, 2000, now called Google Ads. Twenty years later, Google advertising is a core part of most automotive retail budgets, **with over 93% of local franchise dealers' Google Ads spend allocated to generate sales of new and used vehicles**, according to Dealer.com.*

Despite the wide adoption of Google Ads, auto dealers are still unclear on how to measure the effectiveness of Google advertising to connect their dealership with an actively shopping car buyer. The difficulty in measuring the business results from Google advertising is complicated by several factors, including:

- There are no standards for ad campaign performance reports across Google certified ad agencies. Many reports also include metrics that add no value to management review.
- There is no clear definition for the term **“conversions.”** It is common for agencies to combine what we define as a **“hard conversion”** with consumer engagement metrics that do not provide any consumer identifiable information to generate a sales conversation.
- The lack of reporting standards and performance definitions allow agencies to inflate the outcomes of Google Ads campaigns, to imply a higher level of performance.
- **Conversion outcomes**, which we will establish as a critical next step forward, are rarely reported to illuminate if the conversion was a sales opportunity to sell a new or used car – **over 50% of hard conversions from Google Ads campaigns are for fixed operations.**

*Based on Dealer.com managed campaigns (01/01/21-06/30/21)

EXECUTIVE SUMMARY

- Google Ads agencies are often not trained to effectively inspect dealership websites and configure Google Analytics to capture all conversion channels and shopping actions on their websites.
- Many ad agencies are using call conversions to optimize Google Ads sales campaigns (variable operations) despite the fact that **less than 13% of Google generated phone calls are for vehicle sales!** *
- The auto industry must move from a Cost per Lead (CPL) to a **Cost per Sales Opportunity (CSO)** to better compare advertising channels.

Readers may not understand all the implications of the challenges that I listed; however I hope that our research will illuminate new truths and a path forward to help dealers make smarter marketing decisions which will create a more effective marketing mix.

I want to thank all the industry leaders, dealers, and technology companies that supplied valuable data to build the foundation to our observations and conclusions. I look forward to sharing further insights in November at the 2021 Automotive Analytics & Attribution Summit (AAAS), Nov 14-16th in Palm Beach, Florida.

A handwritten signature in black ink that reads 'Brian Pasch'.

Brian Pasch | BPE, Founder & CEO

*Based on one million SEM calls reviewed by InteractiveTel

LET'S START BY ASKING...

WHAT IF THE MARKETING PLAYBOOK WAS RIGGED?

We believe that Google prioritized automotive retail as one of their key industries to dominate after AdWords was released in October 2000. Google created a dedicated automotive team to work with OEMs, Tier 2, and Tier 3 agencies. The Google automotive team worked to educate and certify agencies on the effective use of Google Ads to drive traffic to a dealer's website and showroom.



Did Google side-step full responsibility for educating agencies on how to properly record all conversion channels on dealership websites (*which is critical for Google Ads to work properly*) or inspect that goals were configured properly by their agency partners?

Soon, Google Ads (formerly AdWords) qualified for co-op dollars in most OEM franchise marketing programs. Once co-op was approved, franchise dealers were bombarded with incentives to increase Google advertising spend while reporting standards were vague and no clear KPIs established to allow dealers to audit their ad spend.



Google's agency compensation model was likely a key factor that led to massive overspending by dealers on the recommendations of their agencies. The largest agencies could never challenge or criticize Google publicly, because there was too much money at stake behind the scenes. Thankfully, Google ended sales incentives in 2020 and now the auto dealers can hopefully receive thoughtful, balanced guidance from their agency partners.

Most dealers we have spoken with were unaware that the largest Google Ads agencies, serving automotive dealers at Tier 3, were receiving large sales incentives (bonuses) for increasing monthly dealer ad spend. The bonuses, as we understand, were not aligned with the dealer's Return on Ad Spend (ROAS).

NOW THE QUESTION BECOMES:
**WHY CAN'T WE MEASURE
DIGITAL MARKETING ROAS?**

THIS MUCH IS CLEAR: WE MUST AGREE ON **WHAT IS TRULY A CONVERSION...**

Since most car dealers do not sell vehicles completely online, *like Amazon.com sells products*, online advertising campaigns must measure conversions (not sales) and shopper engagement to optimize Google SEM campaign performance. In ecommerce, conversions can be a purchase (sale), a reservation, or signing up for membership. ***For the auto industry, there are no clear standards which define a conversion.***

We believe that dealers should differentiate the consumer actions into two buckets: **(1) hard conversions** and **(2) engagement measurements**. Hard conversions would be a direct or assisted phone call, lead form completion, or a bi-directional message (Chat/SMS) which allows the dealer to start a conversation with a consumer. Lead forms can include digital retailing forms, finance applications, trade-in valuation offers, service bookings, etc. Dealers also need to inspect the conversion outcomes to know if they were for sales, service, or just an administrative contact.

By establishing clear definitions for conversions, dealers can compare the relative costs to generate a new sale or service opportunity. Moreover, we suggest that dealers avoid using the general term of “leads” and begin to inspect conversion outcomes so that values can be established using the metric **Cost per Sales Opportunity (CSO)** for sales and service *separately*.

HARD CONVERSIONS

-  Direct/Assisted Calls
-  Lead Form Completion
-  Chat/Message

ENGAGEMENT MEASUREMENTS

-  Viewing Photos
-  Condition Report Download
-  Payment Calculator
-  Checking Appt Availability

Engagement measurement would include tracking actions that consumers make on the dealership's website which would include viewing photos, downloading a vehicle condition report, using a payment calculator, or checking available time slots for a service appointment. Dealers can use engagement measurement to inspect the traffic quality generated by all advertising channels.

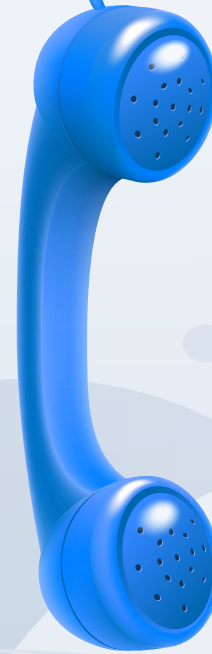
DID YOU KNOW?

THE COST TO GENERATE A
**MEASURABLE
SALES OPPORTUNITY**

USING GOOGLE SEM IS

5-10X

MORE EXPENSIVE
THAN DEALERS THINK IT IS



***HOW CAN
THE INDUSTRY
FIND CLARITY?***

We must inspect SEM
conversion outcomes,
especially for phone calls.
It's time to **stop** assuming
the calls are for sales!

PRIORITIZING

CALL OUTCOME MEASUREMENT IS **CRITICAL**

When we analyzed the types of hard conversions that are generated by Google Ads campaigns for auto dealers, the majority of conversions are phone calls. According to analysis conducted by Dealer eProcess, **67% of all hard conversions are a phone call** (Data A). Dealer.com had an even higher percentage of call conversions (**85%**) in the first half of 2021. Since many dealers add their phone number to mobile ads, phone call conversions increase dramatically.

With most of the conversions coming through the phone, dealers need to invest in call monitoring software that can properly identify incoming phone calls from Google SEM and categorize them into the proper dealership departments. **We suggest that dealers bucket calls into sales, service, parts, administration, non-prospect, undetermined and if there is a body shop or quick lube department, that can be added as well.**

CALL BUCKETS

- | | |
|--|--|
|  Sales |  Administration |
|  Service |  Body Shop |
|  Parts |  Quick Lube |
|  Non-prospect |  Undetermined |

2/3 OF CONVERSIONS ARE **PHONE CALLS**



DATA A
01/01/21 - 05/01/21



FOCUS ON **VARIABLE VS FIXED OPS** BREAKDOWN

Our research, in conjunction with data provided by InteractiveTel, shocked many dealers who were present at the Digital Marketing Strategies Conference (DMSC) in July 2021. InteractiveTel analyzed approximately one million phone calls generated by Google SEM campaigns and found that **less than 13% were consumers calling to purchase a vehicle while over 50% of the calls were for service or parts!** (Data B)

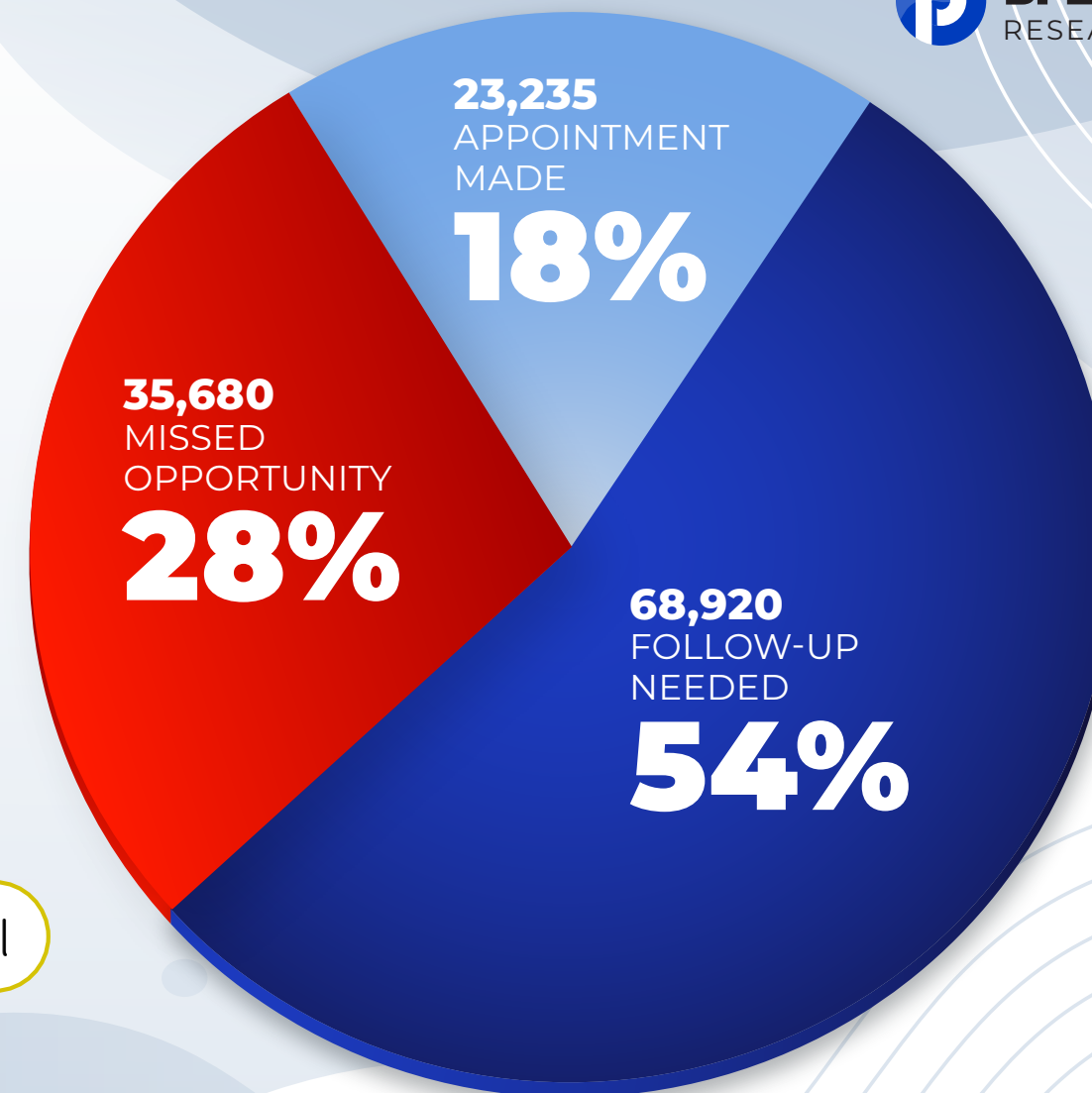
WHY IS THIS SHOCKING?

That is because over 93% of all Google Ads budgets are paid for by variable operations (sales) and not fixed operations (service) according to Dealer.com data. When dealers see a call conversion on their Google campaign performance reports, they assume that the calls were for sales, since most agency reports do not show call outcomes by department.

WHEN INSPECTING
ONE MILLION
SEM CALLS, **ONLY**
12.84%
WERE IDENTIFIED AS A
SALES OPPORTUNITY

OUT OF THOSE 12.84% SALES
OPPORTUNITIES ***THIS IS HOW
THEY WERE HANDLED...***

35,680
**MISSED
OPPORTUNITY
28%**



DATA C
01/01/21 - 05/01/21



SOLUTIONS IN THE INDUSTRY EXIST

TECHNOLOGY PROVIDED BY CARWARS ALLOWS DEALERS TO
TRANSFER CALLS PROPERLY TO ELIMINATE COLD TRANSFERS
(THE MAIN SOURCE OF MISHANDLED CALLS).



- Cassie Broemmer | CarWars, Partner & CRO

IT'S TIME TO ADHERE TO STANDARDS FOR **MEASURING & REPORTING**

Remember this simple distinction: Google Ads campaigns will generate conversions, but most consumer engagements with ads do not generate a hard conversion.

Dealers must require their website provider or third-party agency partners to measure and report on consumer website engagement. In 2014, Brian Pasch published the first public specification and naming convention to measure consumer engagement on dealership websites. (*Vistadash was the first automotive dashboard and Business Intelligence (BI) tool to adopt the standard*).

Since then, many companies have decided to support this open specification and to give dealers greater insights into which marketing channels bring the most engaged shoppers.

Once engagement measurement is in place, dealers can inspect the quality of website traffic generated by all of their advertising channels including Google Ads, Facebook, email marketing, and referral traffic from marketplaces like Cars.com, Autotrader, CarGurus, and Edmunds.

Google



facebook



Autotrader



CarGurus



edmunds



DID YOU KNOW:
BPE Research rebranded
from PCG Research in 2020

FACING THE CURRENT CHALLENGE, TOGETHER

“WE MUST OWN THE
FACT THAT THERE ARE
NO STANDARDS
FOR MEASURING
ENGAGEMENT ON
WEBSITES”

- Brian Pasch
BPE, Founder & CEO



THE DATA SPEAKS FOR ITSELF:

REFERRAL TRAFFIC QUALITY 3rd Party Marketplaces **VS** Google SEM

**3RD PARTY
AUTOMOTIVE
MARKETPLACE
WEBSITES A-F**

 **vistadash**

DATA D

SOURCE A-F = 3RD PARTY MARKETPLACES	VISITS 	ZEP ZERO ENGAGEMENTS PER PAGE	EPS ENGAGEMENT POINTS PER SESSION	PER PHOTO ENGAGEMENT RATE	GOALS
A	124,388	33.63%	37.17	27.25%	5.25%
B	201,789	30.61%	39.69	36.96%	5.13%
C	95,553	45.20%	36.45	27.59%	5.68%
D	17,209	43.31%	38.43	27.87%	9.36%
E	347,307	33.81%	37.50	32.40%	9.83%
F	10,614	45.54%	36.41	34.77%	12.97%
GOOGLE SEM	155,709	44.36%	14.09	18.04%	3.13%

WHY DOES GOOGLE SEM HAVE **LOW ENGAGEMENT?**

SERVICE CUSTOMERS LOWER ENGAGEMENT SCORES

Our research shows that dealers must be mindful that their local Google Ads campaigns will attract consumer clicks regardless of what the ad copy offers.

The frequency of service repairs orders (RO) per day compared to sales can be 7:1 up to 10:1 for car dealers.

This ratio supports the data that shows over 50% of all Google Ads calls are for service and parts.

Compare this local business behavior with national vehicle marketplaces like Autotrader, Cars.com, CarGurus, and Edmunds which do not attract consumers who are looking to service their vehicles.

Third-party marketplace website attract a significantly higher percentage of consumers who are shopping for a new or used vehicle. Data from Cars.com (Data E) shows just how engaged their shoppers are, which is significantly higher than what dealers see on their marketplace websites.



DATA E 01/01/21 -05/01/21

THIS IS WHAT **HIGHLY ENGAGED** SHOPPERS ON CARS.COM LOOK LIKE

AVERAGE TIME SPENT ON SITE

PER VISITOR

13.1 MIN

AVERAGE PAGE VIEWS

PER VISITOR

9.83

AVERAGE NUMBER OF SEARCHES

WITH FILTERS ADDED/REMOVED

15.04

AVERAGE VDP PAGE VIEWS

PER VDP VISITOR

4.93

VISITORS WHO SAW AN SRP

BY PERCENTAGE

52.97%

VISITORS TO SUBMIT LEAD

EMAIL OR CHAT LEAD

1.8%

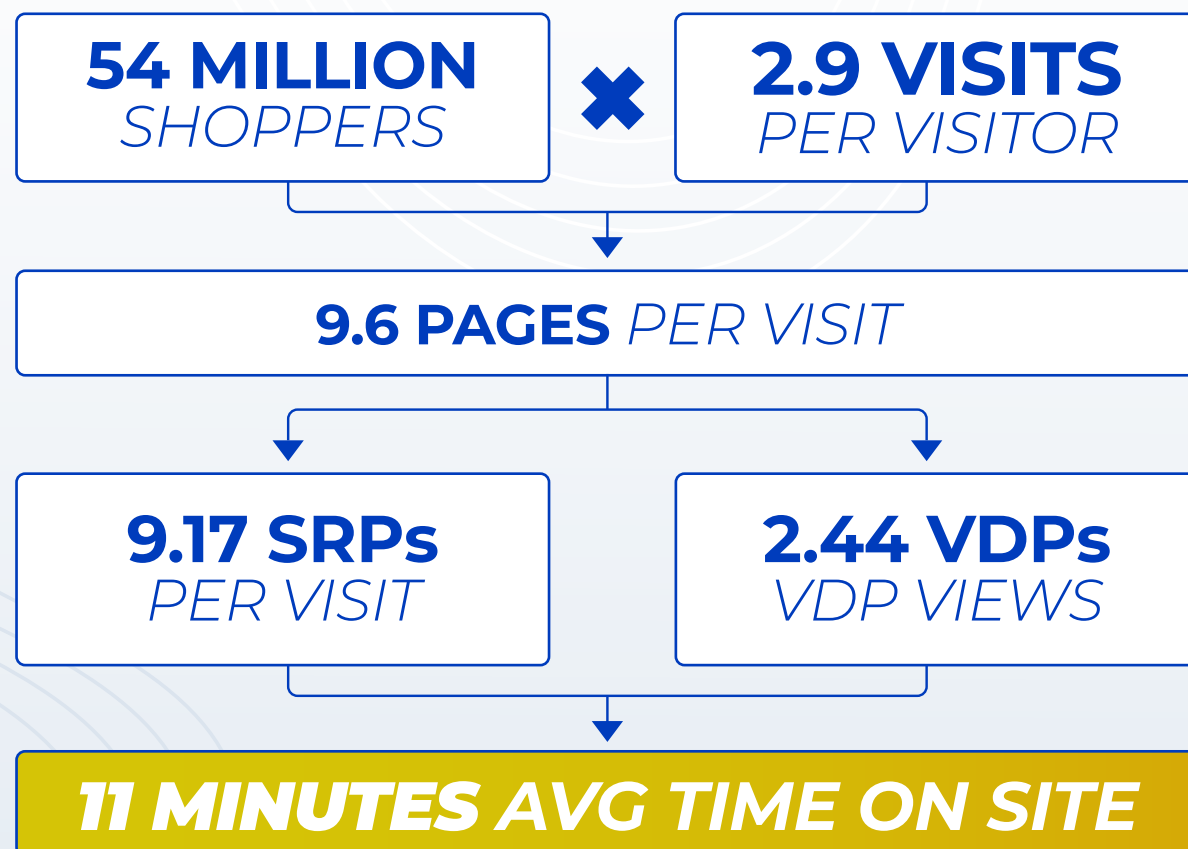
DID YOU KNOW?

3rd Party Automotive Marketplaces & Derivative Platforms Consistently Attract and Generate High Quality Shopper Traffic for Sales NOT Service



DATA CONTINUES TO PROVE THE INDUSTRY SHOULD LEVERAGE

3RD PARTY MARKETPLACE WEBSITES

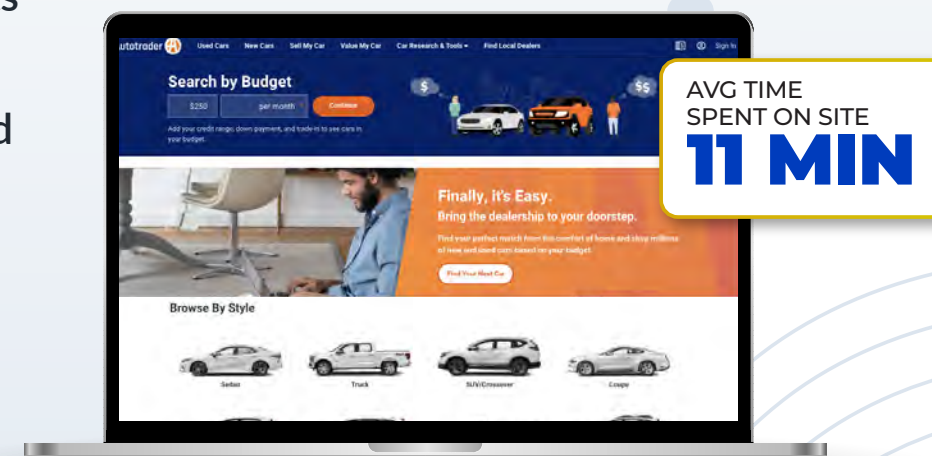


When you leverage “ready to buy” audiences, *who are 15x more likely to buy in the next 30 days according to Autotrader*, the lift performance of Google Ads, Facebook, and OTT campaigns is noticeable and *measurable*.

Data shared by Autotrader.com, Cars.com, and CarGurus.com has confirmed that marketplace websites attract highly engaged shoppers that cannot be replicated in local markets by running campaigns in Google Ads with standard targeting audiences.

DATA F

Autotrader 



IT'S CLEAR FROM **54 MILLION CAR SHOPPERS**, 3RD PARTY MARKETPLACES
ATTRACT MORE ENGAGED INTENDERS*

*Based on Autotrader data (01/01/21 - 06/31/21)

NOW, AS AN INDUSTRY LET'S ACKNOWLEDGE THAT

RESULTS CAN BE MISLEADING WITH **FAULTY METRICS**

We asked dealers to send us copies of their current Google Ads campaign reports, and all were incomplete and many used metrics that are outdated or misleading. It is sad that dealers are still given reports that show *bounce rate* as a measure of traffic quality. Well-trained Google Ads agencies know that the calculated bounce rate in Google Analytics can be artificially lowered when events are firing on landing pages.

In the following example, Google Ads reported a bounce rate of 55% when the actual abandon rate was 73%, as reports using the User Flow indicate in Google Analytics (Data G-1, G-2).

55% REPORTED BOUNCE RATE

Acquisition				Behavior			Conversions		
Campaign / Campaign ID	Clicks	Cost	CPC	Sessions	Bounce Rate	Pages / Session	Goal Conversion Rate	Goal Completions	
	43,792	\$231,048.54	\$5.28	35,836	55.15%	2.16	0.18%	65	
	% of Total: 100.00%	% of Total: 100.00%	Avg for View: \$5.38	% of Total: 100.00%	Avg for View: 60.44%	Avg for View: 2.33	Avg for View: 0.20%	% of Total: 100.00%	
	(43,792)	(\$231,048.54)	(10.00%)	(35,836)	(26.29%)	(15.29%)	(9.21%)	(65)	
1. Local Actions	10,402	\$7,340.27	\$0.71	3,649	87.91%	1.20	0.00%	0	
	(23.75%)	(\$3,188)		(10.18%)				(0.00%)	
2. Branding	6,777	\$14,885.57	\$2.20	7,294	21.99%	3.55	0.43%	31	
	(15.48%)	(\$6,449)		(20.35%)				(47.69%)	
3. Toyota Dealer	4,258	\$47,037.33	\$11.05	3,905	46.63%	2.29	0.31%	12	
	(9.72%)	(\$20,362)		(10.89%)				(18.46%)	
4. Display - Custom Intent	4,194	\$1,031.11	\$0.25	3,181	85.54%	1.19	0.00%	0	
	(9.58%)	(\$459)		(8.89%)				(0.00%)	
5. zzzToyota Model - Camry	3,390	\$40,103.32	\$11.83	3,657	55.10%	2.04	0.16%	6	
	(7.74%)	(\$17,363)		(10.19%)				(9.23%)	
6. Dynamic Used - Make/Model	3,150	\$21,193.39	\$6.73	3,211	60.54%	1.79	0.12%	4	
	(7.19%)	(\$9,176)		(8.96%)				(6.15%)	
7. Dynamic Used - Year/Make/Model	2,109	\$13,527.78	\$6.41	2,138	60.52%	1.76	0.14%	3	
	(4.82%)	(\$5,889)		(5.97%)				(4.60%)	
8. Toyota Model - Highlander	1,821	\$20,078.35	\$11.03	1,879	56.63%	2.04	0.00%	0	
	(4.16%)	(\$8,846)		(5.28%)				(0.00%)	
9. zzzToyota Model - Corolla	1,317	\$18,689.83	\$14.19	1,360	64.19%	1.78	0.29%	4	
	(3.01%)	(\$8,096)		(3.80%)				(6.15%)	
10. Display - Remarketing	1,301	\$301.10	\$0.23	576	69.10%	1.69	0.00%	0	
	(2.97%)	(\$131)		(1.61%)				(0.00%)	

(DATA G-1) 01/021/21 - 05/01/21



(DATA G-2) 01/021/21 - 05/01/21

RESULTS FROM \$230,000 SPENT IN GOOGLE ADS IN **90 DAYS!** | 65 CONVERSIONS IN GA



WHAT WAS ONCE OPTIONAL **IS NOW ESSENTIAL**

During the heyday of the Google Ads spending spree, dealers were often encouraged to cancel their investments in third-party marketplaces and cable TV advertising and redirect those funds to Google. Dealers were led to believe that they could generate high quality sales traffic at a much lower cost using Google Ads.

This narrative was supported by Google certified agencies who were getting sales incentives (\$\$\$) to increase Google spend and were not receiving commission from third-party marketplaces.

The advice of agencies to cancel third-party marketplace websites and traditional media, was hard to debunk since dealers were not measuring call outcomes or consumer website engagement. Our research shows that marketplace websites are extremely valuable today because dealers can leverage their high-quality shopper audiences to improve Google Ads campaigns, Facebook campaigns, and marketplace websites.

GOOGLE ADS PERFORMANCE BOOST

Dealers who now realize that their Google Ads campaigns generate more conversions for service than sales, do have a path forward. That path includes leveraging first-party data overlays and changing keyword targeting based on inspecting call outcomes.

**WE FOUND THAT REFERRAL TRAFFIC FROM MARKETPLACE WEBSITES IS UP TO
3X MORE ENGAGED AND TWICE AS LIKELY TO COMPLETE A HARD CONVERSION**

WE MUST ACKNOWLEDGE
THAT **CHANGE** CAN BE
DIFFICULT
& **REIMAGINING**
ANY PART OF AN
AUTOMOTIVE
RETAIL STRATEGY
WILL REQUIRE
NEW CONSIDERATIONS

CAN WE **TRULY** MEASURE
ENGAGEMENT & OUTCOMES?

YES! IT **IS** POSSIBLE!

Source / Medium	Campaign	Sessions	Clicks	Cost	CPE	ZEP	EPS	PER	% SRP Views	% VDP Views	Cost VDP	Assist	Web Costs
google / cpc	Core - Toyota Models - Priority	1,062	1,054	\$ 3,793.42	\$0.25	20.15 %	14.53	22.79 %	66.75%	19.74%	\$8.21	8	15
google / cpc	Service - Toyota	641	708	\$ 3,782.43	\$0.7	55.07 %	8.42	0.47 %	10.16%	0.38%	\$945.61	18	43
google / cpc	Geo Targeting - Toyota	2,407	2,188	\$ 3,647.49	\$0.04	35.52 %	36.69	23.35 %	52.28%	13.79%	\$2.83	62	130
google / cpc	Core - Toyota Models - Camry & Corolla	924	915	\$ 2,527.23	\$0.21	27.60 %	13.04	18.77 %	66.67%	18.65%	\$7.08	12	13
google / cpc	Video Campaign - Drive Conversions - Toyota	241	356	\$ 2,476.68	\$3.85	66.80 %	2.67	2.90 %	36.63%	4.36%	\$165.11	0	14
google / cpc	Core - Toyota General	1,375	1,279	\$ 2,303.25	\$0.05	34.62 %	33.68	20.87 %	50.42%	12.67%	\$3.90	33	56
google / cpc	Geo Targeting - Toyota	2,407	2,188	\$ 3,647.49	\$0.04	35.52 %	36.69	23.35 %	52.28%	13.79%	\$2.83	62	130
google / cpc	Core - Toyota Models - Camry & Corolla	924	915	\$ 2,527.23	\$0.21	27.60 %	13.04	18.77 %	66.67%	18.65%	\$7.08	12	13
google / cpc	Video Campaign - Drive Conversions - Toyota	241	356	\$ 2,476.68	\$3.85	66.80 %	2.67	2.90 %	36.63%	4.36%	\$165.11	0	14

THINGS TO CONSIDER

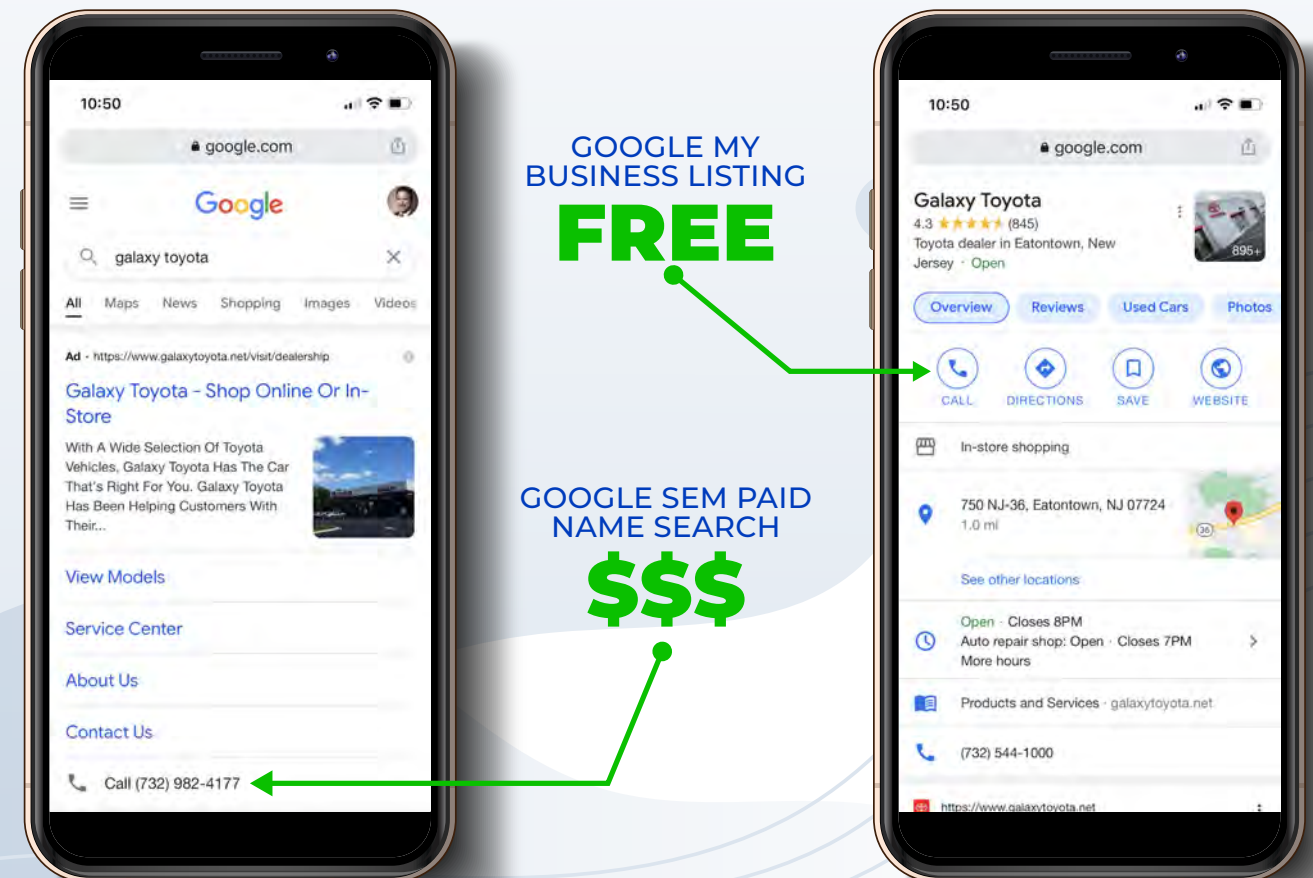
WHY ARE DEALERSHIPS STILL PAYING FOR THEIR OWN NAMES?

Dealers must also understand that the number of “new” customers to their website is directly related to their Google Ads strategies. Dealers who buy their own name or broad search terms should be aware they are paying for traffic that could have very likely found their website organically via their *free Google My Business listings*.

Once a car is purchased, a consumer might visit the dealer’s website once or twice a year when service intervals remind them to make an appointment. **Let’s look at a common scenario:** An existing dealership customer needs service and uses Google to search the dealer’s name and find the phone number.

The dealer is following Google’s advice to buy their own name, and so the consumer sees the ad, clicks on the ad, and this session is registered as a new visitor. They are not a new customer, and yet if they didn’t buy their name, the customer could have clicked on their Google My Business listing and called the dealership *without any fees*.

ARE NEW SESSIONS NEW CUSTOMERS?



THINGS TO CONSIDER

CALCULATE TOTAL SALES OPPORTUNITIES

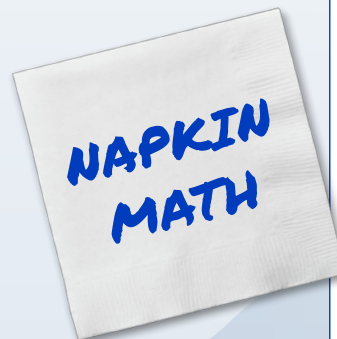
BASIC **NAPKIN MATH** CAN ESTIMATE SALES OPPORTUNITIES FROM GOOGLE CONVERSIONS

When dealers obtain their monthly performance reports from their agencies, they will rarely see phone call conversions broken out by sales, service, parts, and non-prospect. What they normally will see is *one* number for phone calls, lead forms, and chat/SMS conversions.

Based on our research, we can discount these conversions and estimate the number of sales opportunities, using the following formula:

$$(\text{PHONE CALLS} \times 13\%) + (\text{LEAD FORMS} \times 80\%) + (\text{CHAT/SMS} \times 50\%)$$

Using our napkin math formula, you can more accurately measure Google Ads performance by moving from a Cost Per Lead (CPL) framework to a Cost per Sales Opportunity (CSO) framework. Here is how it would be used for a dealer who received 140 calls, 25 lead forms, and 20 chat conversions based on their agency report:



$$\begin{aligned} 140 \text{ calls} \times 13\% \text{ sales call} &= 18 \text{ sales calls} \\ 25 \text{ lead forms} \times 80\% \text{ new sales leads} &= 20 \text{ sales leads} \\ 20 \text{ chat/sms} \times 50\% \text{ new sales conversations} &= 10 \text{ chat leads} \\ 18 + 20 + 10 &= 48 \text{ Total Sales Opportunities} \end{aligned}$$

The dealer who once thought the 185 conversions were for sales now has a sober estimate. **Only 48 sales opportunities their BDC can work.**

DO YOUR OWN CALCULATION: DO HARD CONVERSIONS ON GOOGLE ADS EQUAL SALES CALLS?

THINGS TO CONSIDER

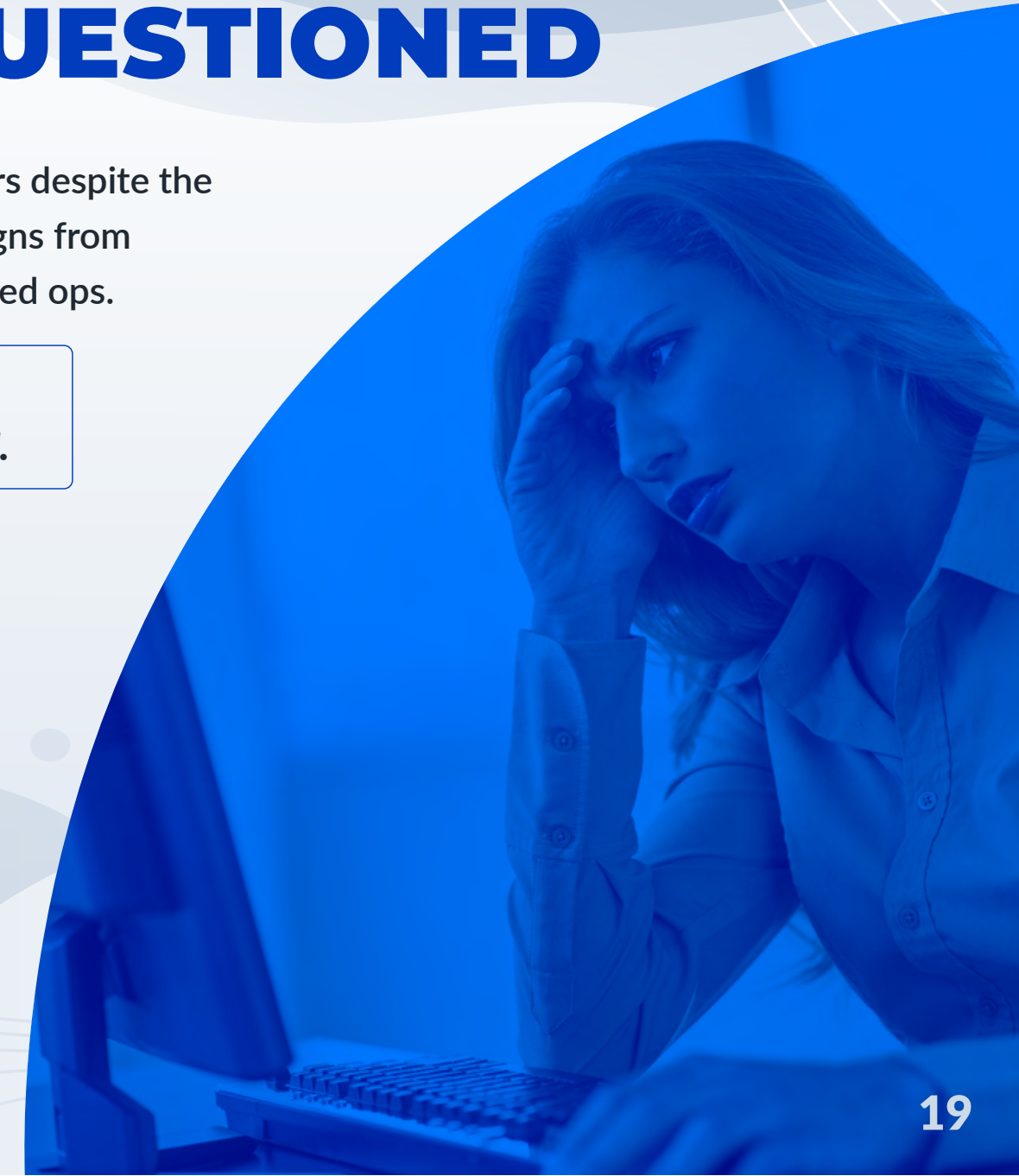
OEM CO-OP PROGRAMS SHOULD BE QUESTIONED

Most OEM managed digital marketing programs co-op Google Ads investments by dealers despite the unexpected outcomes that we have documented. Most dealers fund Google Ads campaigns from their variable operations budgets yet most of the measurable hard conversions are for fixed ops.

Do Google Ads campaigns drive shoppers to dealership websites to view new and used cars? **Yes**, however, the costs have been underreported and conversion metrics **inflated**.

We encourage OEM program managers to reconsider other digital marketing strategies that connect a higher percentage of car shoppers with local dealer inventory. We have documented that third-party marketplaces drive a higher percentage of natural car shoppers to dealership inventory, yet many OEMs still will not offer co-op funds to marketplace subscriptions. *Solutions that can enhance Google Ads with high-quality, first-party data should be added to eligibility lists.*

USE IT OR LOSE IT IS NOT A STRATEGY



THINGS TO CONSIDER

OEM CO-OP PROGRAMS SHOULD BE MODERNIZED

The data suggests that if OEM digital marketing supervisors want to generate more retail vehicle sales for their dealer network, they should reconsider alternative strategies that drive more engaged auto shopper traffic. Google Ads generates a mix of sales and service shoppers, with most conversion outcomes for service.

“...OEM PROGRAMS CONTINUE TO IGNORE OTHER AD STRATEGIES THAT GENERATE A HIGHER QUALITY SHOPPER, A MORE ENGAGED SHOPPER, AND A SHOPPER THAT IS MORE LIKELY TO CONVERT...”

If OEM programs continue to ignore other ad strategies that generate a higher quality shopper, a more engaged shopper, and a shopper that is more likely to convert, then the dealer network will have to question the motivations of those decisions and seek to understand if there are any conflicts of interest that disadvantage franchisees.

WHAT IF... IMAGINE IF CO-OP FUNDS COULD BE PUT TO BETTER USE?

THINGS TO CONSIDER

CALL HANDLING OPPORTUNITIES

We are grateful to all the companies and dealers who have contributed to our research of Google Ads campaigns. We want to give special recognition to the call monitoring/management platforms that provided deep insights to Google Ads phone call conversions: InteractiveTel, CallRevu, CallSource, and CarWars. From their contributions, dealers are likely unaware of just how many paid advertising phone calls are not being connected with the correct person in the dealership or handled properly.

CallRevu's inspection of Google SEM calls indicated that **over 22% of calls were never connected to the correct person**, and when calls were connected, many were not handled properly. InteractiveTel's data showed that over 28% of phone calls identified as a vehicle sales opportunity were mishandled by the dealership (Data C).

Dealers who invest in Google Ads campaigns must understand that the primary channel for conversion is the phone. While call handling has been an opportunity for improvements for years, now more than ever, dealers need to invest in call management platforms. The new urgency? To determine the outcomes of the call conversion and to learn which keywords, campaign strategies, and ad formats are generating more calls for new and used vehicles sales.

When dealers know what type of phone call was generated by their ad dollars, they can more accurately calculate their **Cost per Sales Opportunity (CSO)**, *which can be 5-10x higher than their agency reports imply!*

WHAT ARE
YOU MISSING
WITHOUT PROPER
CALL TRACKING?

ADAPT TO NEW GUIDANCE & PERSPECTIVES

SPRAY N' PRAY IS **NOT** A STRATEGY

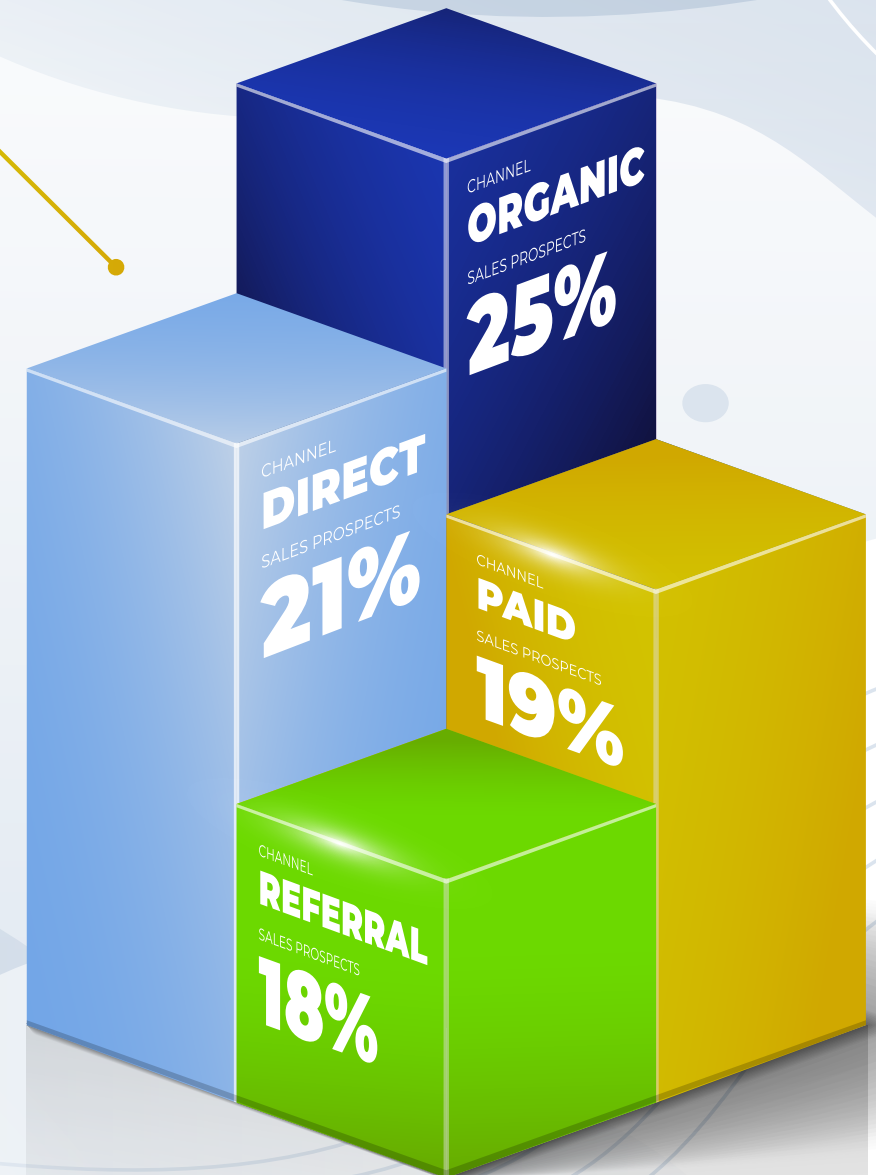
While this report has focused specifically on the outcomes of Google Ads campaigns, it is important to understand the context in which automotive retailers operate. Data from CallSource shows that of the highest volume website traffic channels (organic, direct, paid, and referral) all show relatively low percentages of sales opportunities for new and used car sales when consumers use the phone (Data H).

We repeat this to remind dealers that their fixed operations department drains variable operations campaigns, without dealer knowledge, unless dealers invest in monitoring conversion outcomes.

CallSource

OVERALL TRAFFIC CHANNELS THAT GENERATE SALES OPPORTUNITIES VIA PHONE

(DATA H)



ORGANIC **25%**
DIRECT **21%**
PAID **19%**
REFERRAL **18%**



REMEMBER

DEALERS NEED TO LEVERAGE HIGH-QUALITY, FIRST-PARTY SHOPPER AUDIENCES TO REFINE ALL AD TARGETING TO PRODUCE MORE SALES OPPORTUNITIES. SPRAY N' PRAY ISN'T A STRATEGY.

- Brian Pasch
BPE, Founder & CEO

» RECOMMENDED ACTIONS TO DRIVE THE INDUSTRY FORWARD

1 INVEST IN CALL MANAGEMENT

We recommend the dealer network invest in call management platforms, not just for improved call handling, but to inspect the outcomes of each campaign strategy. This inspection will finally allow dealers to make changes that increase the number of sales opportunities for new and used vehicles. This recommendation is supported by a case study provided by CallRevu (Data I) which shows that by inspecting call outcomes, keywords, and campaign changes, dealers can significantly lower their cost per conversion.

CALLREVU

DATA I

 **\$10,000**
in google campaigns
 **5,000 clicks**
less than \$2.00 per click

CAMPAIGNS WITH DNI
 **104** calls
 **22** forms
 **21** chats
147 CONVERSIONS

\$8,600 of ad spend was spent on campaigns that **resulted in...**
 **01** call
 **10** chats
 **03** forms
= \$600 per conversion

\$600 → **\$76**
per conversion per conversion

2 TRACK CONSUMER SHOPPING ACTIVITY

Dealers **must** invest in tracking all consumer shopping activities on their website, which can be accomplished using Google Analytics events. When event tracking is in place, consumers who do not complete a hard conversion can be modeled to understand the nature of their visit: shopping for a vehicle, setting a service appointment, or just visiting the home page to confirm a phone number or address.

It is critical that dealers inspect that their digital retailing software is also sending consumer actions into Google Analytics. Since most of the car buying process will be handled by digital retailing software, these events will be critical for consumer engagement modeling.

When engagement is tracked, **then** new metrics and KPIs can be used to measure shopper engagement (*which has already been in place for years with dashboard products like Vistadash*).

» RECOMMENDED ACTIONS TO DRIVE THE INDUSTRY FORWARD

3 DEFINE MEANINGFUL REPORTING METRICS

REMOVE: We recommend Google agencies *remove meaningless or vague metrics* from their marketing reports like Bounce Rate, Cost per Lead, Cost per Conversion, and VDP Views. We must also create a definition for what constitutes a hard conversion and an assisted hard conversion.

REQUEST: Dealers should request metrics that count sales opportunities and measure sales traffic quality. Three such metrics are Cost per Sales Opportunity (**CSO**), Engagements Per Session (**EPS**), and Photo Engagement Rate (**PER**). These metrics can help dealers to properly evaluate the quality of traffic and outcomes that ad dollars produce.

RE~EVALUATE: When new metrics become a standard practice, *dealers that re-evaluate their data will find that marketplace websites are very efficient in generating sales opportunities* as well as advanced advertising platforms that use first-party shopper data. Many dealer campaigns are set up to “spray and pray” with most measured outcomes for service. Outcome and engagement-based metrics will also help improve Google Ads campaigns, lower waste, and improve Cost per Sales Opportunity (CSO).

REMOVE **VAGUE** METRICS

❌ Bounce Rate Cost Per Lead ❌
❌ Cost Per Conversion VDP Views ❌

REQUEST **VALUABLE** METRICS

+ **CSO** (Cost Per Sales Opportunity)
+ **EPS** (Engagements Per Session)
+ **PER** (Photo Engagement Rate)

» RECOMMENDED ACTIONS TO DRIVE THE INDUSTRY FORWARD

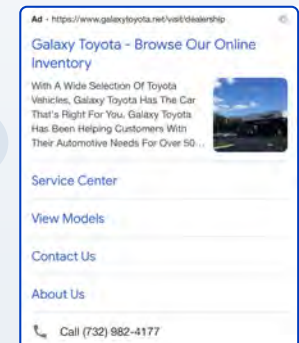
4 RETHINK HOW GOOGLE ADS ARE OPTIMIZED

Google agencies must reconsider which Google Analytics goals to import into Google Ads for campaign optimization. Since the majority of call conversions are not for sales, agencies must test and only import signals that reflect car shoppers for variable operations goals.

This means “unchecking” the default setting for mobile ad extensions calls and website calls as a conversion that matches the sales objectives of the campaigns. Agencies should import goals that show engaged shopper activity, and those consumers who complete sales lead forms or who send sales messages or chats.

MESSAGES
FORMS | **CALLS**
CONVERSION GOALS

**GOOGLE'S CURRENT
RECOMMENDED
STRATEGY FOR
ADS OPTIMIZATION**



REVISIT HOW YOU VIEW THE DATA

Why should we include call conversions into the Google Ads optimization engine when less than 13% are sales opportunities?

Why? This just creates optimization for more conversions for Fixed Ops!

SAVE GOALS FOR TRUE SALES OPPS

We should be sending Google Ads goals for highly engaged shoppers, and people who submit sales lead forms and who send sales messages.

Why? Because phones are polluting the optimization engine for variable operations sales goals.



» RECOMMENDED ACTIONS TO DRIVE THE INDUSTRY FORWARD

5 INJECT PURE IN-MARKET AUDIENCE DATA INTO GOOGLE

Now that we've seen how Marketplaces provide a higher quality traffic source, use that audience data to meet those engaged shoppers on low-funnel Google searches. We need to use what's working to fix what is not. Leverage first party data! Here is an example of that strategy from Joe Chura at Dealer Inspire:

DATA J
BEFORE VS. AFTER CARS.COM DATA,
07/01/20 - 08/31/20, DEALER INSPIRE

+35%
HIGHER CTR
WITH CARS.COM
AUDIENCE

-60%
LOWER CPL
THAN ANY GOOGLE
IN-MARKET AUDIENCE

-49%
LOWER CPL
THAN ANY OTHER
SEARCH AUDIENCE

WHEN ADDING  AUDIENCE TO SEM CAMPAIGNS

6 UTILIZE RICH LOCAL DATA FOR PRECISE VARIABLE OPS CAMPAIGNS

Stop the spray n' spray and start leveraging hyper-local, first-party data available from PCG Digital! Use any combination of zip codes to identify in-market shoppers and owners of vehicles and deliver a multichannel message of relevance across search, social media, email marketing, and video.

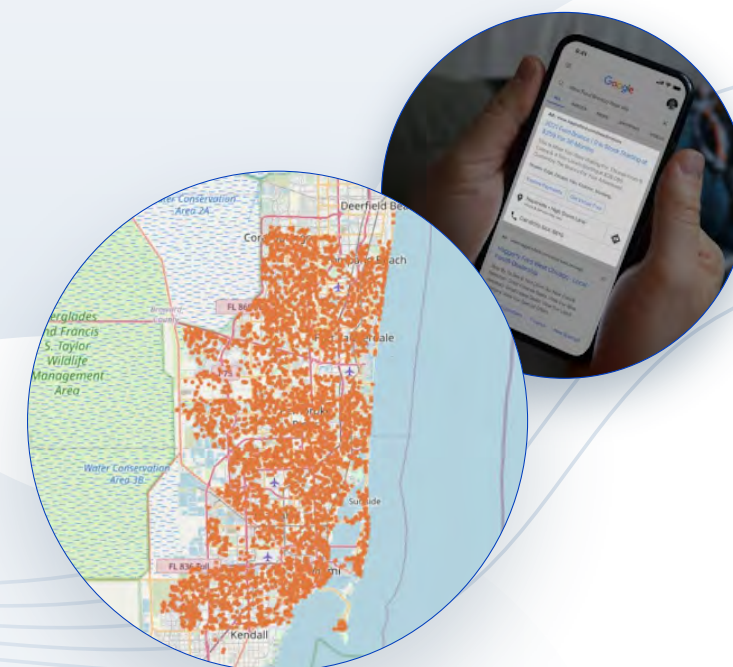
269,129
TOTAL AUDIENCE

1 Million
TOTAL AUDIENCE

488,818
PHONES

HYPER-LOCAL AD TARGET EXAMPLE FOR BUICK, GMC, CADILLAC DEALER FROM 

DATA K



FINAL THOUGHTS

Now that automotive advertising agencies do not have a financial incentive to promote Google Ads over other marketing strategies, it is our hope that this research creates a framework by which all marketing channels can be evaluated more fairly. By moving from counting conversions to inspecting conversion outcomes, it will become clear which marketing investments generate more sales opportunities to sell a new or used vehicle.

It is our position that Google needs to step up and assist their certified agency partners on how to properly configure conversion goals for the tools that reside on dealership websites. This includes digital retailing software which is replacing the traditional lead forms, trade-in tools, and finance applications on dealership websites. It is also clear that Google needs to work with call management platforms who can determine the nature of a phone call and properly categorize the conversion for sales, service, parts, or general administration. **Without both actions, Google Ads will remain a platform that generates calls and traffic that will be hard to measure due to opaque, incomplete, or incorrect reporting metrics. Google Ads needs specific and immediate attention to achieve the results that dealers expect for their ad campaigns funded by variable operations.**

OEMs also have a role in the future of automotive digital marketing as well as their program management partners. If OEMs continue to favor Google Ads over other, higher performing channels for sales, then they better make sure that website companies, dealers, and certified agency partners are working to configure Google Ads to function properly. Right now, everyone is pointing fingers, and no one is willing to address the problem that Google Ads is not configured properly to generate a high percentage of sales opportunities over service and parts calls.

WANT TO DISCUSS? SIMPLY SCAN TO EMAIL BRIAN PASCH DIRECTLY



ARE YOU AN AUTOMOTIVE DEALER?

CONTINUE THE CONVERSATION

THIS NOVEMBER 14-16TH AT

WE'VE CHALLENGED THE **TOP**
VENDORS IN THE INDUSTRY TO
SHOW US THEIR DATA! JOIN
TO SEE WHICH VENDORS HAVE
TAKEN THE **#AAASCHALLENGE**

3 DAYS OF DATA DRIVEN:

KEYNOTES

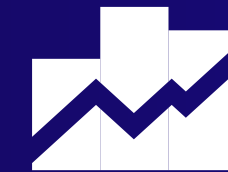
WORKSHOPS

PANELS

FACEOFFS

DISCUSSIONS

NETWORKING



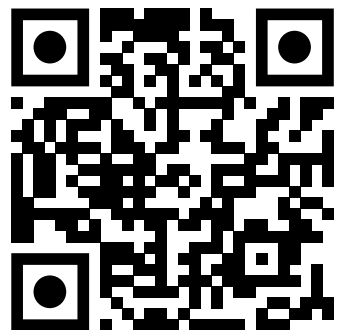
**AUTOMOTIVE ANALYTICS
& ATTRIBUTION SUMMIT**

NOVEMBER 14-16TH 2021

PALM BEACH, FLORIDA

**THE AUTOMOTIVE
RETAIL EVENT
OF THE YEAR**

GET TICKETS NOW!

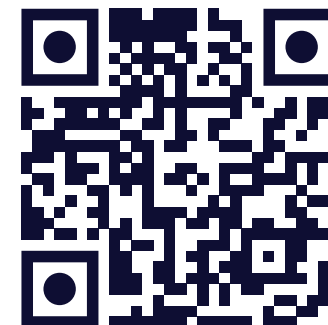


LIVE TICKET

**GET \$200 OFF YOUR
LIVE TICKET AT CHECKOUT**

CODE: AAAS-SEM-200

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VIRTUAL TICKET

**GET \$100 OFF YOUR VIRTUAL
TICKET AT CHECKOUT**

CODE: AAAS-SEM-100

<https://bit.ly/SEM-AAAS-100>

AND IF YOU ARE AN...

AUTOMOTIVE FRANCHISE DEALER GROUP'S: CEO, CFO, COO, CIO or CMO

**JOIN ONE DAY PRIOR TO AAAS FOR
EXCLUSIVE C-LEVEL TRAININGS!**



NOVEMBER 13TH 2021
PALM BEACH, FLORIDA

SATURDAY | NOVEMBER 13TH | 1-6 PM

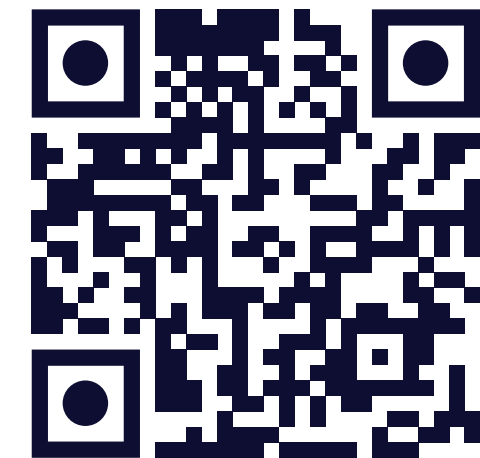
TOPICS INCLUDE

- DEALER GROUP PERFORMANCE REPORTING AND METRICS
- CREATING A UNIFIED ONLINE SALES PROCESS
- EMPLOYEE TRAINING AND RETENTION STRATEGIES
- MARKETING AT SCALE FOR DEALER GROUPS
- THE NEXT GENERATION OF DMS PLATFORMS

PLUS, NETWORKING!

6:00PM VIP WINE DINNER

WITH WINES CURATED FROM BRIAN'S PERSONAL WINE COLLECTION



bit.ly/cxo-aaas-summit