



The Lean:

Auto Insights Brief

VOLUME 1 | OCTOBER 2021

Timely Consumer Insights for Marketers

Situational Overview

While most industries have seen significant signs of recovery this past year, auto dealers and automakers are still facing some critical challenges. Industry forecasters estimate that vehicle sales from July through September were less than 3.4 million, down between 13% and 14% from the year earlier.¹ Subsequently, July 4th foot traffic was 8% lower than last year, and Labor Day Weekend was even lower, dropping 25%. The decrease was primarily driven by low new car inventories due to semiconductor chip shortages stemming from COVID-19-related plant shutdowns.

The Silver Lining

Although the auto industry is navigating through chip supply issues and the ramifications of COVID-19 this past year, there are still several reasons for optimism. Low inventory levels, for example, accelerated new and used car margins, driving a modest level of sales growth. **Limited new care** inventory availability also causes consumers to be more efficient in how they shop for their next car. This could actually help evolve and improve the in-store experience in several ways, leading to a more efficient sales process for dealerships. What's more, the combination of limited car inventories and the average age of cars rising to more than 10 years old² is generating historical growth for DIY auto brands, such as Napa Auto Parts and AutoZone. These trends, along with the fact that car inventories are expected to grow significantly in the early part of next year, creates a path for a strong recovery as we enter 2022.

In GroundTruth's latest Lean Auto Insights Brief, we analyze 2021 foot traffic trends across key car buying demographics and identify which auto brands are thriving versus those that are struggling. We also dig into visitation trends before and after consumers buy a new or used car.

About the Lean

Between professional careers and personal lives, we understand that there is very little time left to read drawn out whitepapers. This is why we created The Lean — meaningful marketing insights that help brands make strategic decisions about their marketing campaigns. Specifically designed for easy consumption and quick reference, each issue of The Lean applies offline behavioral data filters and other industry sources to current consumer trends to help understand the impact they are having on business outcomes such as visits and sales. GroundTruth data is sourced from the 30 billion annual global visits observed on its platform. All data is anonymized and aggregated.

¹Cox Automotive, Edmunds and J.D. Power/LMC Automotive

²IHS Markit

AUTO INDUSTRY TRENDS

1. Stalled out

Industry-wide chip shortages cause vehicle inventory levels to plummet resulting in a decline in foot traffic to dealerships in August and September.

2. Sticker shock

Dealerships are not exactly struggling though, as lower inventory levels mean higher sales prices.

3. Time is money

With an increased amount of digital resources available, it's taking consumers less time to buy cars. This has the potential to benefit dealerships as much as buyers.

3. Are we there yet? Not quite

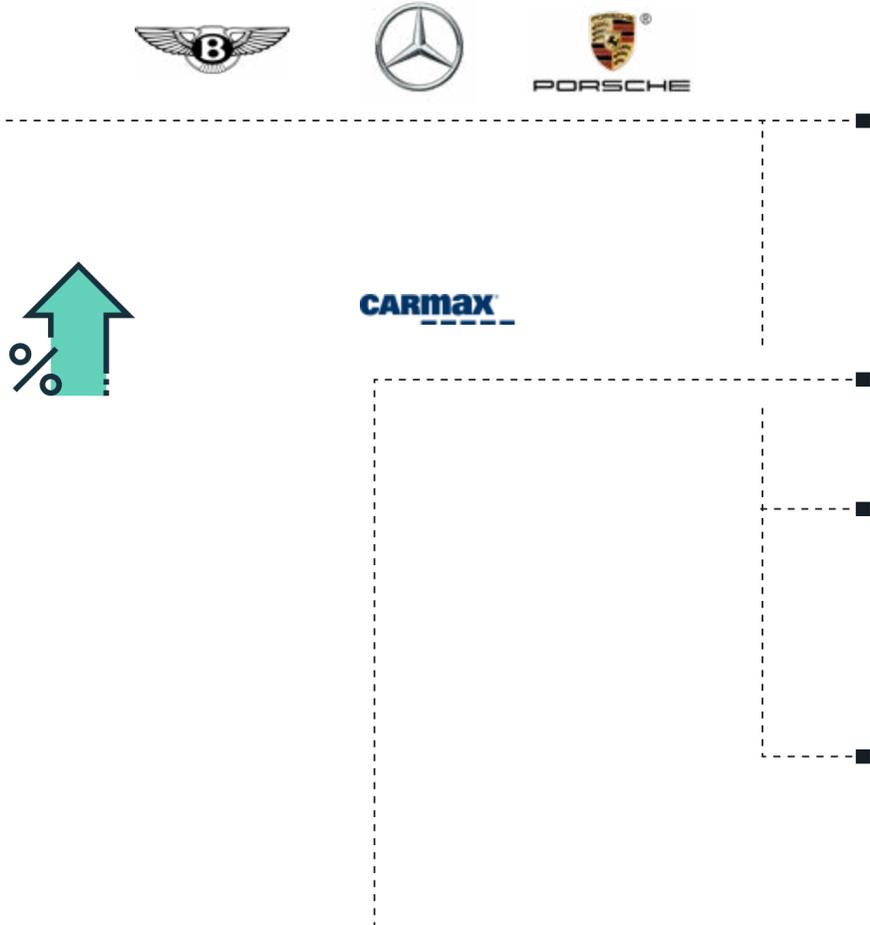
Purchasing a car online sounds like a good idea but continues to have significant adoption challenges. It remains difficult and rare to buy online, which continues to put pressure on dealerships to create more of a “quick-and-easy” in person buying experience.



AT A GLANCE: BRAND INSIGHTS

In 2020, sales of vehicles priced between \$80-\$90k grew 91% YOY¹ as wealthier Americans suffer less from the pandemic.

↳ The US luxury car market is forecasted to grow substantially in the coming years to almost 7 million units by 2024, and is projected to reach \$6.9 billion in revenue by the end of this year.²

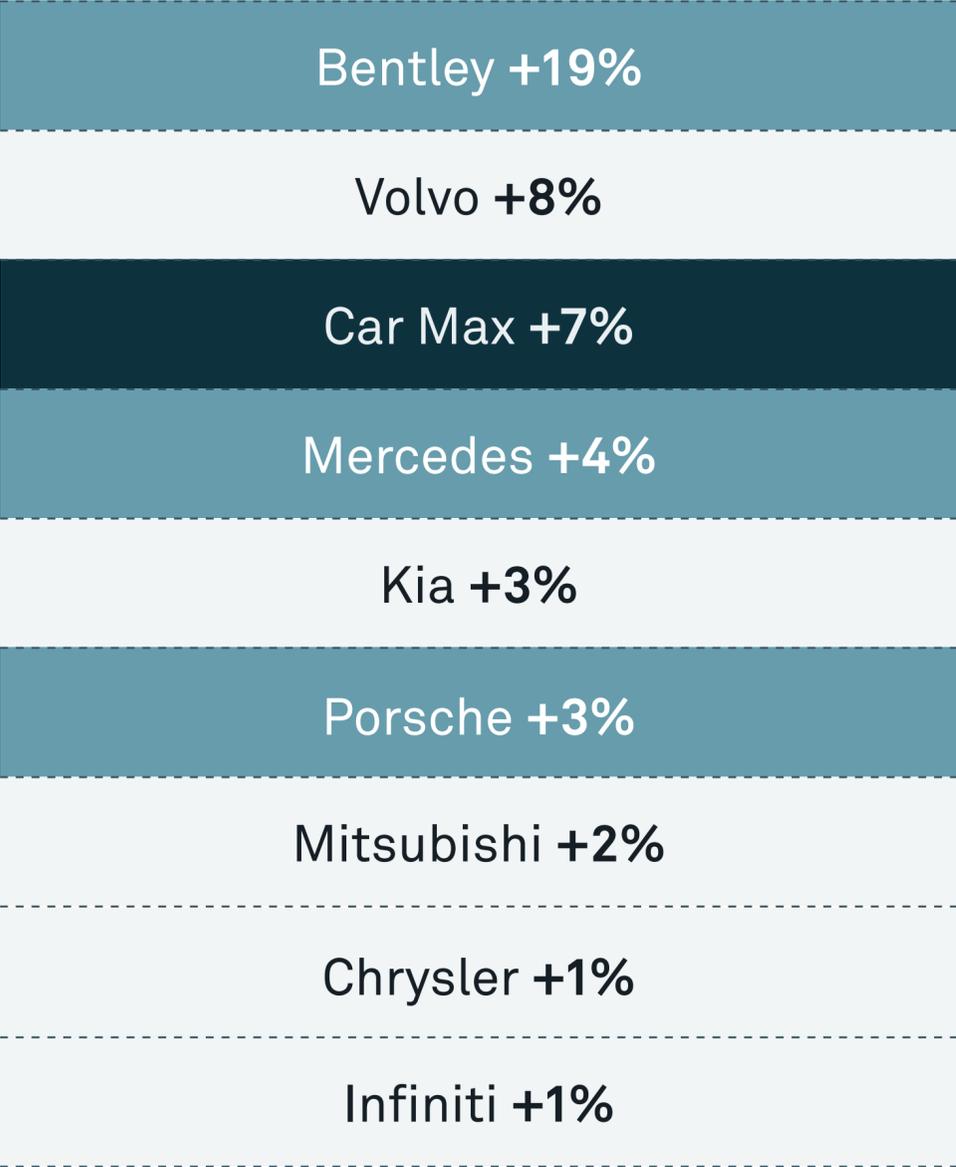


Nationwide Business is Taking Over

Dealerships are starting to consolidate with more of them being owned by national chains as opposed to local dealers.



Top Trending Auto Brands % CHANGE IN FOOT TRAFFIC FROM Q2 TO Q3 2021



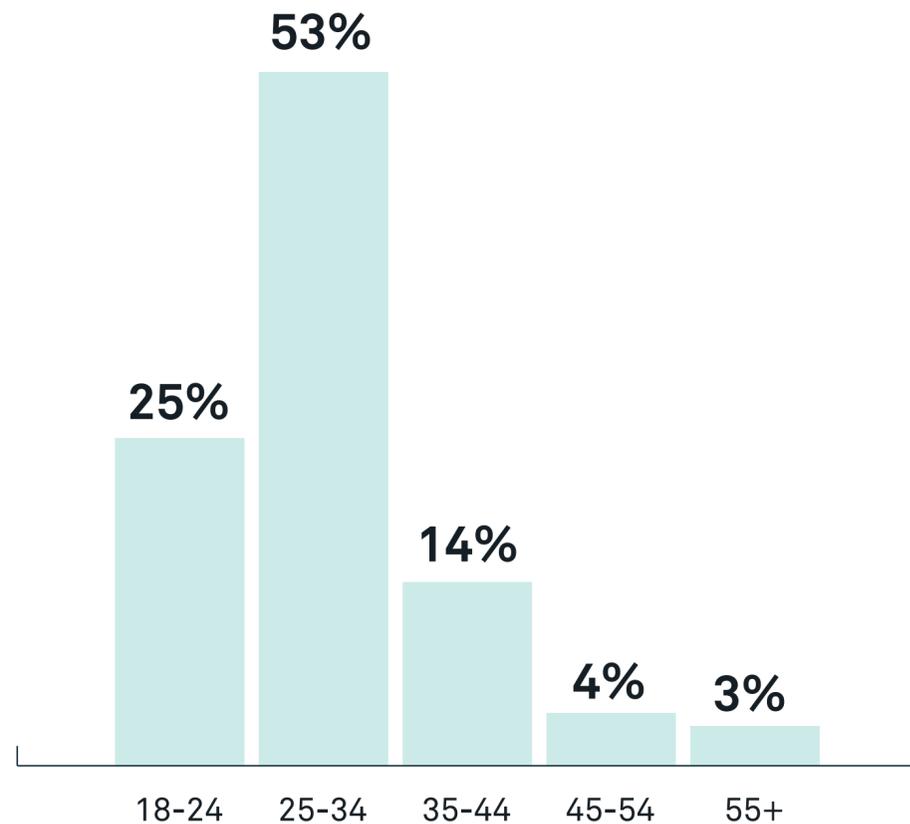
¹J.D. Power

²Statista

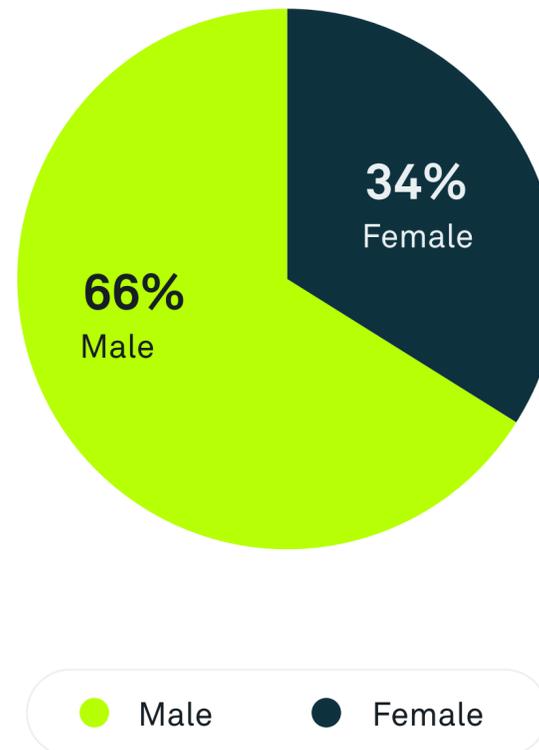
AT A GLANCE: AUDIENCE INSIGHTS

The majority of 2021 car buyers are males, age 25-34, who are making other big purchases such as homes & furniture

AGE DISTRIBUTION



GENDER SPLIT



Top 5 Car Buying Audiences

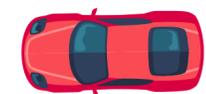
Recently Moved

Financial Advisor Visitors

Payday Loan Visitors

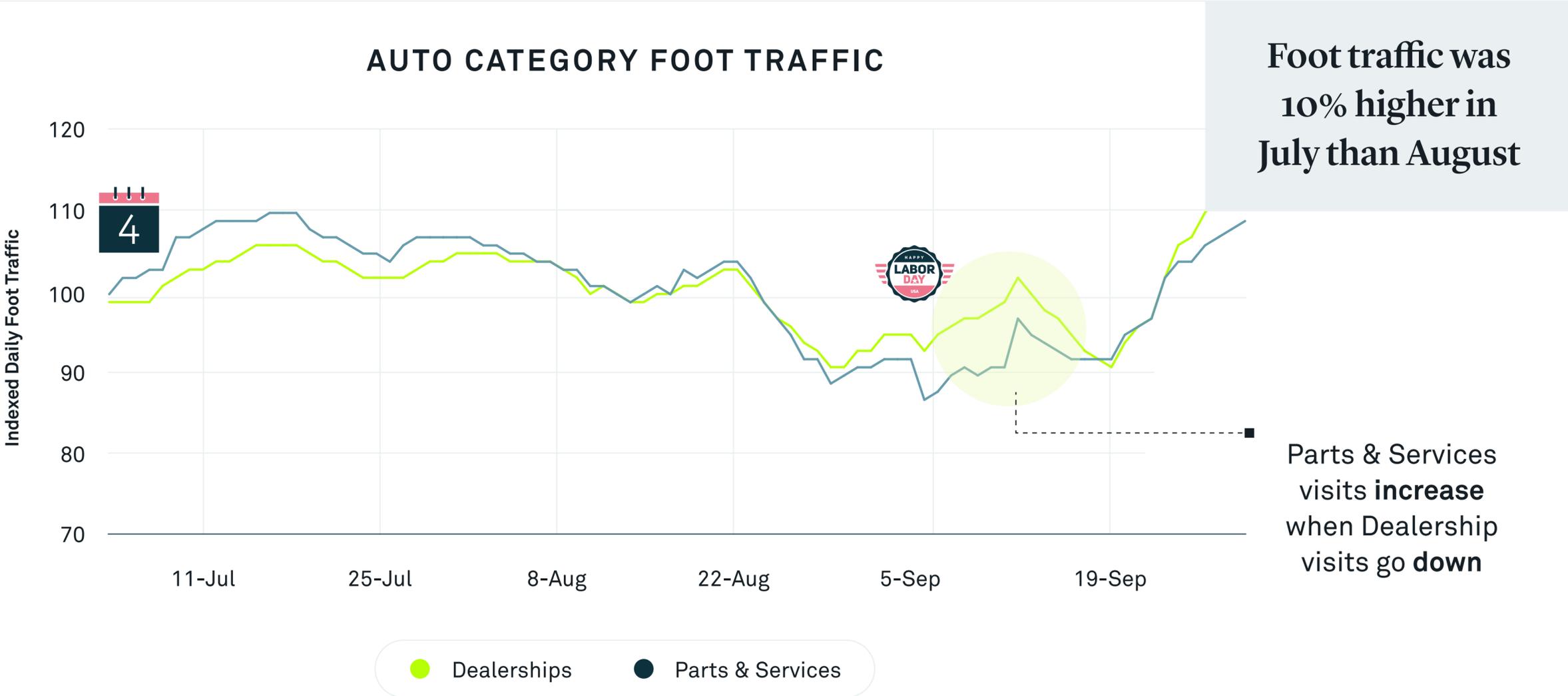
In-Market for Furniture

Frequent Bank Customers



FOOT TRAFFIC SNAPSHOT

While foot traffic was 20% lower than the same time last year, July was a better month than August and September



- Holiday weekends are no longer big drivers in foot traffic to dealerships.
- July 4th traffic was 8% lower than last year and Labor Day Weekend was 25% lower.



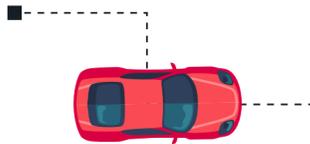
CAR BUYING PROCESS

Car buyers can be found at a variety of locations before and after making a purchase

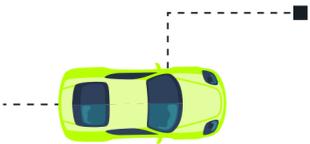
TOP PLACES CAR BUYERS VISIT IN 2021

Before Buying

Credit Unions
Auto Repair Shops
Casinos
Insurance Companies
Universities/Colleges



Credit unions are locations car buyers are likely to be found both before and after making a car purchase



After Buying

Credit Unions
Airports
Tourist Attractions
Resorts
Car Washes

CAR BUYING PROCESS

Car buyers visit multiple dealerships, mostly on Fridays, and spend less time at each subsequent lot they visit

% OF DEALERSHIP FOOT TRAFFIC BY DAY OF THE WEEK

Sunday	3%
Monday	16%
Tuesday	16%
Wednesday	16%
Thursday	16%
Friday	18%
Saturday	14%

Car buyers visit about 3.4 dealerships on average before making a purchase

Showrooming

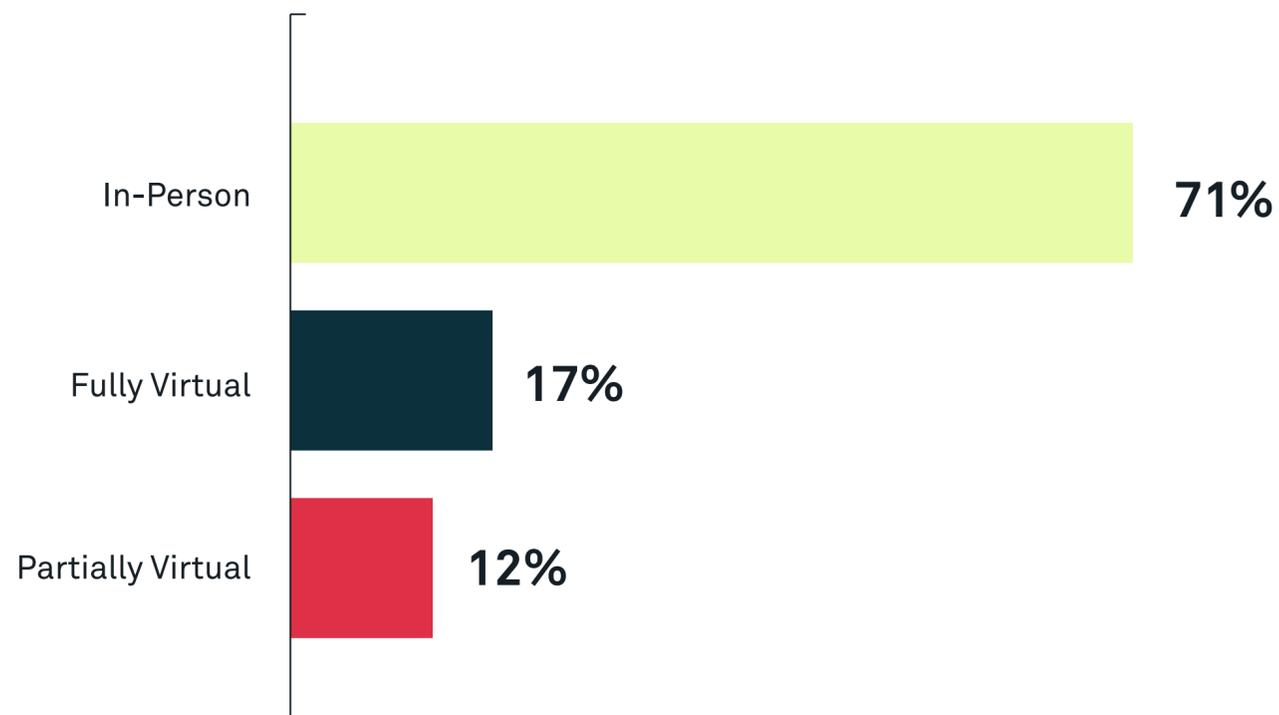
- Less time at the dealership means shoppers are spending more time on media devices before and after a visit
- Car buyers spend an average of 24 min. at dealerships



PANDEMIC-DRIVEN TREND:

Dealerships are still necessary, but consumers want to spend less time at them

MOST PREFERRED WAY TO ACQUIRE NEXT VEHICLE¹



71% said they prefer to acquire their next vehicle in-person

86% said they shopped online to save time at the dealership during the pandemic.²

¹Deloitte

²Cox Automotive

LOOKING FORWARD

Several industry-related trends point toward a more substantial rebound for the auto industry in 2022. If you are an auto brand looking to regain your market share and create a new buying experience for customers, here are several ways you can get started:

- 1 Don't forget about consumers who are showrooming.** If they are visiting your showroom, they are likely also visiting your competitor's showroom or scouring the internet for the best deal. With visitation data, you can retarget these audiences with relevant offers to increase your position over other nearby dealerships and offers.
- 2 Your best measure of success is foot traffic.** Visitation is the best measure of success for any brand with a physical location because a visit represents true buying intent. Use visitation data to not only understand the effectiveness of your advertising strategy but also optimize campaigns towards your results. Brands can also lower acquisition costs by improving targeting across traditional mediums, such as linear TV, by understanding which channels are driving the most relevant results.
- 3 Winterize your campaign strategies.** If you are a DIY brand, make sure to fuel this past year's growth during the fall/winter seasons. With weather triggering ad technology, you can automatically activate campaigns for everything from windshield wipers to snow chains during inclement weather conditions. Conversely, if you are an auto dealer, you can automatically turn on/off your mobile campaign when there is a shift in weather that will impact visitation to your locations.
- 4 An integrated marketing strategy will go a long way.** As people transition from outdoor activities to indoor, it's important for marketing campaigns to maintain their reach no matter where your potential customers are spending their time. Adding CTV and social media to your marketing mix can help ensure you are reaching consumers no matter where they are.
- 5 Reach for the longtail.** With a growing market of consumers with older cars on the road, service departments and DIY auto brands are in a unique position to engage with this growing segment. Layer your CRM data with location-based audience data to help understand and reach your customers at important maintenance timeframes.





Questions?

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