

RadioWorks for Car Sales

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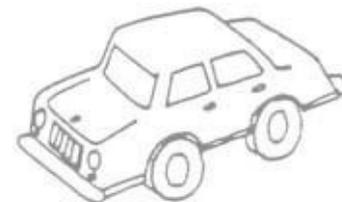
1. Summary

Radio advertising has proved successful for many local, regional and national car dealerships. Local dealers with, what is considered to be, low budgets are often found advertising on local radio stations – the main reason for their near constant presence has to be because it works. This report shows some of the reasons why radio has worked so well for car dealers in the past and also points to how radio can continue to work well in the future.

A recent article in the Sunday Times (24/8/08) has commented on the financial situation of Britain's largest car dealership, Pendragon. The group, that owns other dealerships including Reg Vardy and CD Brammall, have seen their share price drop across the year. However, the group remains quietly confident as 50% of their gross profit is from car servicing and leasing, rather than new car sales. This report provides a brief overview of the car sales market and points to the different services that the dealers can offer as being strong selling points.

2. Observations

- Radio Advertising has historically worked very well for car dealers and manufacturers alike
- Radio has the unique ability (amongst broadcast media) to reach people when they are in their cars
- Finance and additional services such as repairs and servicing are increasingly important parts of the car dealers offering
- Car dealers advertising should focus on themselves as a place to buy a car, as it is the manufacturer's job to sell the cars
- Radio Advertising can work well alongside other media such as press and online
- Radio can create many creative angles for car dealerships, not just within spot adverts but also promotional or sponsorship activity – the Traffic and Travel is a popular segment for car dealers to sponsor.



3. Introduction

This report has been written to provide the reader with top line information on radio advertising and how it can work well for car dealerships.

The report provides a list of ten of radio's strengths, briefly reviews the car dealership marketplace and then goes on to look at how radio can continue to work for car dealerships moving forward.

Radio advertising provides the opportunity to reach people who are looking to buy a car as well as those that are not actively in the market.

4. Radio Advertising

Listed below are ten reasons why radio advertising should be considered.

4.1 Efficient targeting

Commercial radio offers the opportunity for advertisers to target different audiences. Whether it be... van drivers listening to talkSPORT, new drivers listening to Kiss or school run mums listening to Heart – all are potentially in the market for cars.

4.2 Reaches people at relevant times and places

Over 50% of adults listen to the radio in-car (*RAJAR Q2 08*). What better time to talk to potential customers than when they are driving a car they may be looking to replace. This has historically been a strong reason for car dealers, and the motor industry as a whole, to use radio as no other broadcast medium can reach consumers while they are driving. An *RAB case study on Vauxhall Vans* states the following reason for using radio...

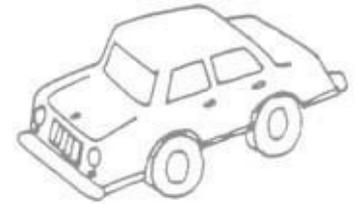
“Radio is especially effective at reaching listeners in-car, and research demonstrates that ad recall is higher when the listener is engaged in a related activity. Radio can be used to target listeners at key times of day and within a relevant environment.”

4.3 First for Information

47.2% choose radio as their most important source of information (*Bauer, The Inside 2006*). Consumers tune to the radio for information, this includes traffic and travel reports which provide car dealers with an ideal environment to present the listener with details on their latest offer.

4.4 Breaks through in an ad avoidance world

Those that are not specifically looking for a new car find it easy to flick straight through the car sales section of a newspaper without even noticing them. One of radio's strengths is that it can break through. The nature of listening to the radio means that it is rare for people to 'turn over' when the commercials come on.



4.5 Creates a large 'share of mind' for a brand

Radio, being the 'frequency medium', helps a brand build awareness and share in the consumers mind. Car manufacturers often use this to build a strong brand message amongst listeners, a recent example being Ford's sponsorship of the TalkSPORT breakfast show.

4.6 Radio drives response especially online

With the majority of car dealers now providing information and offers online the benefit of radio to push listeners to websites is an important one. More details are in section 6.2

4.7 Immediate and flexible

If a seller needs to react to market changes quickly radio can move just as fast. In many marketplaces it is possible to get a commercial to air within 48 hours. This can be particularly useful for car dealerships if they need to react to competitor activity or even following on from manufacturing advertising.

4.8 Measurable results

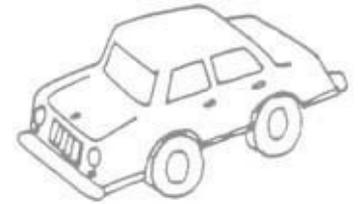
By using response mechanisms such as text numbers or bespoke URLs it is possible for a car dealership to measure the response levels from the radio commercial. Texting for more information can provide exact response times which can be measured alongside the times the commercial was aired.

4.9 Innovative solutions to reach your target market

As a medium the radio industry is always moving forward and looking for new solutions, whether it's in the form of online, mobile, on air or a completely different solution. An outside broadcast and event can be arranged from a car dealership, involving station presenters and competitions pulling in listeners from the area to see the site and cars available.

4.10 Radio is a friend

When buying a car consumers often take advice from friends and family. Radio has been spoken about as a friend due to its ability to speak to listeners on their level, provide companionship and a trusted voice. Radio as a friend can provide that helpful advice to potential consumers, this has been used to good effect with the AutoGlass adverts that provide advice on windscreen care. An example of one of the AutoGlass commercials is available online, click here (www.radioworks.co.uk/reports-and-studies) to be taken directly to the page.



5. The Car Dealership Market

5.1 The Market

Car dealers principally make their money by selling cars, unsurprisingly. However, selling finance is also increasingly becoming an important source of revenue. The additional services that dealerships can provide, including accident repair, parts and servicing, are less directly valuable but are important in building customer relationships.

Independent car dealers and multi-franchise services have grown dramatically in recent years due to deregulation which allows car servicing by non-main dealers. Also, the vehicle leasing business (private and corporate) and specialist services (tyres to valeting) has shown growth.

The majority of car dealers sell both new and used cars, with great profits being made from the used cars. However, new cars are also important to dealers as manufacturers provide incentives and it allows for finance packages to be sold. Manufacturer dealerships often have fixed styles of adverts and deals that they can offer for new cars, while the used cars advertising is not constrained by these restraints.

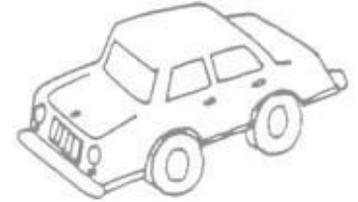
5.2 Selling the Car or the Dealership?

“It is the manufacturer’s job to sell the car, and the dealer’s job to sell themselves as a place to buy the car” (*RAB – Car Dealerships*).

A Ford Focus is the same car whether you buy it from dealer ‘A’ or dealer ‘B’. Therefore, it is reasonable to conclude that the main selling point for a dealer is the price or deal that they are offering. However, in reality consumers rate feeling comfortable and looked-after as high, if not higher, than cost. This makes it important for a car dealership to have a strong brand identity as well as a strong promotion. A brand identity can be built up simply by always using the same background music, style, voiceover artist, etc. Additionally, if dealers can make a unique claim, such as “The only place you can buy the new BMW M3 in Reading”, they will have an advantage over their competitors straight away.

A dealership should look to give customers a good reason for buying a car from them rather than trying to persuade consumers to buy a specific car, the million pound budgets of the manufactures do that.

Manufacturer’s official dealerships can also benefit from aligning the dealerships brand with that of the overall product. Honda dealers have recently done this well by using the same calm voice and assuring tones across both vehicles and dealers. (Audio examples of the commercials are available online, please click here (www.radioworks.co.uk/reports-and-studies) to be taken directly to the page).



6. Radio Advertising for Car Dealerships

Car dealerships have historically been strong advertisers in both press and radio. Local and national newspapers provide dedicated sections on cars, and dealerships often place commercials around them. While radio's strength of being able to reach consumers in-car has always been a strong reason for consideration on the media schedule

This section highlights the compatibility of radio advertising alongside press and online and also points to the strengths of radio being used as a stand alone medium.

6.1 Radio and Press

While radio and press are both high reaching and habitual, they predominantly offer different strengths. The below table from the RAB's guide to *Using Radio with Newspapers* helpfully labels the differences.

Radio offers:

- real-time communication
- high frequency of impacts
- reaches out-of-market consumers

Newspapers offer:

- room for detail
- "keepability"
- well-segmented editorial environments

Radio seen as:

- personal
- human
- "at my level"

Newspapers characterised by:

- public
- stature
- authority

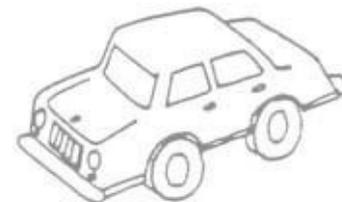
Radio is a "push" medium:

- all ads reach all listeners regardless of relevance

Newspapers are a "pull" medium:

- readers select according to interest or relevance

Just from considering these differences it is possible to see how a press campaign can be added to by also using radio. Car dealers normally use the press to advertise all their used cars by listing them in categories and price. It would not be possible to list off a large number of cars and their price on radio, however, entire categories could be covered. A good way to do this could be to create an event – the word of mouth benefits of radio can work very well to push this. Another point of difference for radio is its ability to reach 'out of market' consumers, making this more relevant to car dealerships – Radio can reach those consumers that aren't specifically looking for a new car, by turning to the press pages, as it is a push medium.



6.2 Radio and Online

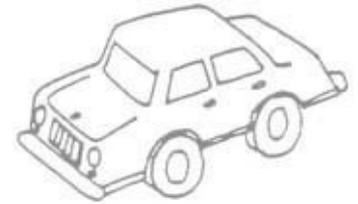
A previous *RadioWorks* review of radio and online provided the below key facts each of which indicate how the use of radio and online combine well together...

- Online provides access to 'My World' while Radio provides access to 'My Wider World'
- In a one week period, 48% of people will have listened to the radio while being online
- At any given time, 20% of web users are listening to the radio
- Listening to the radio makes an online session longer as people are more relaxed
- Radio can push listeners to the pull of the internet
- Radio can provide a trusted voice to encourage people to broaden their repertoire of sites
- 57% of those who listen to the radio while online say that they have 'checked out things on the internet after just hearing about them'
- Hearing a brand on the radio can increase the likely hood of brand specific search by three times

The above facts and figures can point to the benefits of using radio and online together. For car dealers the internet can provide a place to find out more about the cars that are being sold. This may be both a positive and negative thing for the dealership... positively the web can provide details of the dealerships location and offers, but negatively the web can also provide competitor information and pricing. An RAB review of car dealers revealed that consumers used the web for price comparison, not necessarily to go to another dealership but to get the price down at their chosen dealership (chosen because of the brand identity previously mentioned in section 5.2)

Radio commercials have the ability to get through to people even when they are not specifically in the market. Hearing the commercial on air can then push the listener to the internet to find more information. And the internet advertising or web search works best by pulling the consumers in to the relevant material. One in five people are listening to the radio while online (*RAB: Using Radio with Online*) and a radio commercial can push the listener to your website rather than a competitors.

Radio's strength is in providing the consumer with something to search for.



6.3 Radio and Radio

Radio advertising works well as part of the media mix but there is more to radio advertising than simply supporting other mediums. For car dealerships radio has a number of uses some of which are listed below...

Radio Promotions – These normally take the form of a competition where the station gives away a prize in association with an advertiser. In the past radio stations have given away cars on air this can build awareness of the manufacturer. To increase awareness of the dealership the competition could be held at the site, encouraging listeners to attend. A radio station in New Zealand once ran a promotion that pulled listeners in to a dealership, people went to the dealers and had the opportunity to win a car or see it get crushed, the car got crushed but the pull to the site was massive.

Radio Sponsorships – Are normally long-term (minimum of three months) and work by bringing a brand closer to the stations programming. Sponsorships work hardest when there is a close fit between the brand and the programme being sponsored, i.e. a cereal company sponsoring the breakfast show or a car dealership sponsoring the travel news (“get to your destination in style with Dodgy Dealers, the only dealers to offer the latest top spec Lexus”)

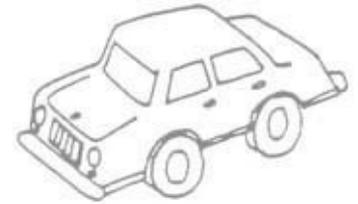
Radio Events – Radio stations can be involved in many events from festivals to store openings. Road Team activity can be popular at car dealerships; normally it consists of a team from the radio station giving out merchandise at a dealership while also being talked up on air driving consumers to the site.

Broadcast PR – This allows the client to get into the fabric of the radio station. If the car dealership has a news worthy story to tell, possibly off the back of some research, it could provide a spokesperson with the opportunity to discuss it on a station within programming. For example, if a well known car dealership had research to show that there was an increase in sales of cars with smaller engines while there was a big reduction in the sale of 4X4s due to consumers caring about the environment, it may be possible to get a spokesperson into the local station to discuss it live on air.

Podcasts – It is possible to produce podcasts that provide further information to consumers, hosted on station websites, iTunes and client websites. For car dealerships podcasts can provide a good platform for reviews and full details on cars that they are selling, this could even lead to a point of difference with other dealerships if worked through in the correct way.

Station Websites – Banner ads, interactive games, competitions and, in the, future car portals via the station websites which are cross promoted on air.

Text Response – Can provide an effective response method for a campaign. ‘Text to arrange a test drive’ and ‘Text to find your closest dealer’ are just a couple of ways in which texting could be used for car dealerships.



Creative Spot Advertising – All advertisers can benefit from creative spot advertising such as being first in break, using longer/shorter ads, top and tail ads, placing solus spots, etc. Car dealerships can also take advantage of this, one possibility being to place commercials around traffic and travel during drive time – tagged “drive home in a new car from Dodgy Dealers” for example. The Enhancing Your Airtime section of the RadioWorks website provides further opportunities, click here (www.radioworks.co.uk/enhancing-your-airtime) to view the page.

Creative Commercials – A truly creative commercial can really help a client to stand out and the creative’s at **Maple Street Studios** (www.maplestreetstudios.co.uk) are there to help. Radio creative is discussed further in the following section.

Last Minute Spot Advertising – On occasions it is necessary to place a campaign at the last minute and take advantage of potentially reduced rates. Car dealerships that are running generic branding commercials may turn to this method rather than a standard campaign to ensure they get their brand to air. This can be arranged via www.Bid4Spots.co.uk

Radio Creative

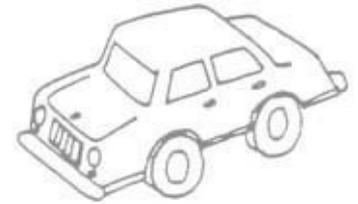
“An effective commercial gives the listener what they want to hear” (RAB).

A car dealership may have a range of new cars for sale but selling all cars within the same creative execution may make the commercial sound complicated and irrelevant. Better instead to run a number of commercials each with individual offers targeting listeners individually. After all, it is unlikely that a consumer looking for a people carrier will also be interested in a sports car. The radio commercial is the advertiser’s opportunity to give the listener a good reason to go to the dealership and buy a car from them over their competition.

If a particular dealer has a number of used ‘prestige’ cars, a radio commercial could be used to create a ‘prestige’ car event. The commercial would work to build the dealership’s brand but would also provide a point of difference from other dealerships that are just informing listeners that they are open and selling cars.

Building Response on Radio

Most car dealers aim to get customers into the showroom, where they can see, touch and feel the car. The radio creative can push people in to the showroom, this may be helped by creating a time specific or limited offer, i.e. This weekend only.



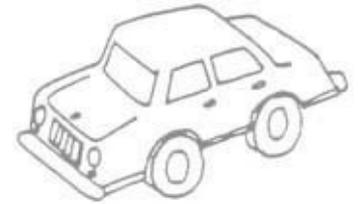
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9. Source Information:

RAJAR Q2 08
Data collected via IMS

RAB Case Study – Vauxhall Vans
<http://www.rab.co.uk/rab2006/showContent.aspx?id=1527>

RAB: Radio and Online
<http://www.rab.co.uk/rab2006/showContent.aspx?id=1271>

RAB – Car Dealerships, A beginner's guide
http://www.rab.co.uk/rab2006/publicationDocs/SOS_CarDealV2.pdf

Bauer Advertising – Inside Panel
The Inside on Information Sources, April 2006

RAB's guide to *Using Radio with Newspapers*
<http://www.rab.co.uk/rab2006/showContent.aspx?id=1200>

RadioWorks, Radio and Online Overview
An overview created in April 08 – www.radioworks.co.uk/reports-and-studies

Sunday Times, 24th August 2008
http://business.timesonline.co.uk/tol/business/industry_sectors/retailing/article4596903.ece

10. Appendix

Relevant RAB Case Studies...

Volkswagen Retailers - http://www.rab.co.uk/rab2006/case_study.aspx?Study_id=168

Peugeot 107 - http://www.rab.co.uk/rab2006/case_study.aspx?Study_id=292

Toyota RAV4 - http://www.rab.co.uk/rab2006/case_study.aspx?Study_id=246

Vauxhall Vans - <http://www.rab.co.uk/rab2006/showContent.aspx?id=1527>

Carland - http://www.rab.co.uk/rab2006/case_study.aspx?Study_id=87