



REPORT

State of CTV Advertising in the Automotive Industry

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Introduction

Car buying has changed. Unpredictable inventory, inflation, and post-COVID consumer behaviors are just a few of the obstacles the automotive industry faces today. Moving metal off the lot efficiently and meeting consumer demands is an ever-moving target. And when it comes to automotive marketing, the shift to digital platforms is undeniable.

Today's shoppers often start their car-buying journey online, which means the onus is on dealers to deliver the right message on the right digital channels to lure buyers onto their lot.



Introduction (continued)

What's more, TV advertising has always been an important touchpoint. But as consumers make the move from cable TV to streaming services like Paramount+, connected TV (CTV) has emerged as one of the most effective ways to drive sales in the automotive industry.

In this report, we dive into the complexities auto dealers are encountering, marketing strategies that overcome these, and recommendations for driving results with high-performance CTV campaigns.

Keep reading for an examination of CTV advertising in the automotive industry — where innovation paves the road to success.

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Automotive Industry Trends

1. Unpredictable inventory

The automotive industry has always been in flux. But since COVID-19, a new set of challenges has contributed to the shortage in car inventory. The global chip crisis, disruptions in the supply chain (ranging from the [rail car shortage in Canada](#) to [cartel activity in Mexico](#)), strikes by U.S. auto workers, and shifting consumer demands have all exasperated this reality.

For this reason, marketers in the auto industry must be nimble. Keeping up with these challenges requires adapting your strategy on a dime — and targeting entirely new audience segments based on what arrives on the lot.



Automotive Industry Trends (continued)

2. Digital sales journey

Gone are the days when people researched cars at the dealership. Today's buyers prefer to begin their car-buying journey online — with [81% of shoppers noting that online activities improved the experience](#). Oftentimes, buyers don't even set foot on a lot until they know what they want.

Because most of the consideration steps are now completed on our connected devices, dealers must reach their customers in these digital environments.

[Connected TV \(CTV\)](#), display, streaming audio, search, and social ads are all proven tactics for reaching car buyers. From there, dealers must keep their websites up to date so that shoppers are confident that the car they want is available before heading into a physical location.



Automotive Industry Trends (continued)

3. Inflation and high interest rates

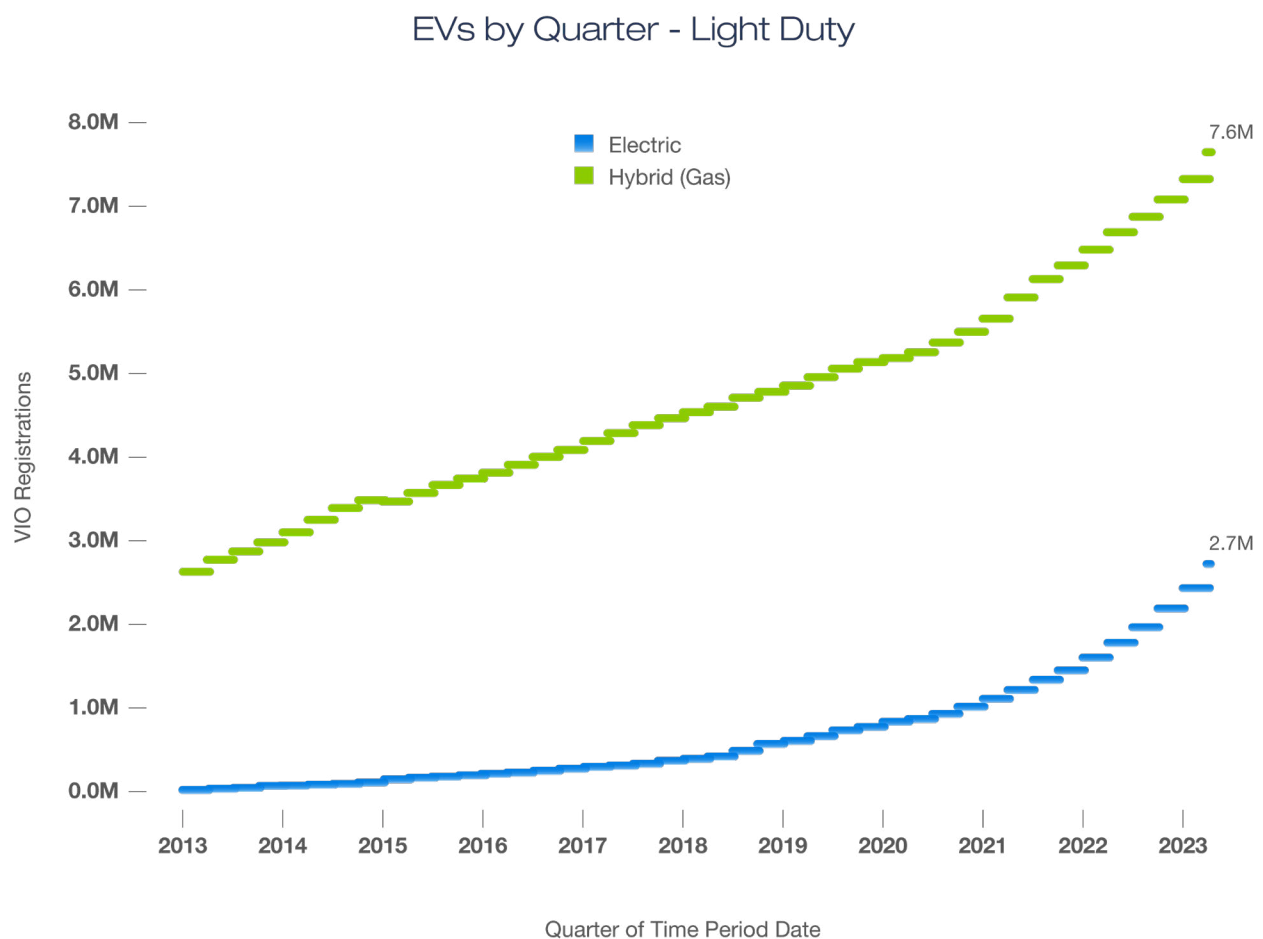
Although the cost of vehicles is leveling out, buyers still feel the pressures of the inflationary market and rising interest rates. This has led to brand flexibility as buyers explore alternative options that fall within their price range.

Highlighting current deals and promoting low-price vehicles are both great ways to incentivize these price-conscious buyers. Consumers are also likely to consider fuel efficiency and maintenance costs when starting their research, so it doesn't hurt to address these considerations head-on in your ad campaigns.

Automotive Industry Trends (continued)

4. Growth in electric vehicles (EVs)

With charging stations now available nationwide, the EV market is picking up. The availability of electric SUVs and more affordable options has also paved the way for growth. Research from Experian shows that more than 2.7 million EVs and 7.6 million hybrid vehicles are being driven across the U.S.



Automotive Industry Trends (continued)

4. Growth in electric vehicles (EVs) (continued)

This growing market opens up opportunities for dealerships to expand their consumer base by reaching new buyers. According to recent Edmunds data, EVs are capturing a more diverse set of brands involved as trade-ins, hinting at a disruption in brand loyalty. In 2023 (through November), new EV purchases involving a trade-in saw 59% of those trades come from another brand, while non-EV purchases involving a trade-in saw 48% of trades come from competitors. It's also an important consideration for reducing churn.

Even so, EV buyers represent a niche audience that must be messaged to appropriately. Whether the aim is to transition previous customers from gas-powered to electric or attract new customers with EV and hybrid options, CTV advertising is a flexible medium for targeting these buyers.

For instance, a dealership could run a conquest campaign promoting the Hyundai IONIQ 5 to people who've been shopping for a Tesla. Or, they could target urban millennials who'd shown a commitment to green initiatives with a similar campaign.

Automotive Industry Trends (continued)

5. Pent-up demand

Consumers who waited out the vehicle inventory issues of the past few years are now entering the market. For this reason, the car buying process has gotten longer — with 21% of shoppers stating that they've been planning their purchase for more than a year¹.

Nurturing these buyers down the funnel is more involved. Many dealerships are running comprehensive digital campaigns that leverage the entire programmatic ecosystem and reach their target audience across every device. CTV retargeting campaigns are one way to do this — allowing advertisers to re-engage the same viewers who've already seen a commercial for their dealership across alternative channels until they're ready to buy.



¹The Trade Desk x YouGov Customer Auto Study, March 2023

Automotive CTV Advertising Growth

While local TV advertising has always been a key part of the automotive media mix, dealerships need to make sure they're reaching viewers on streaming platforms as well. More people cut the cord each day — and one day CTV will be the standard for how media is consumed.

Premium services like Netflix and Prime, live sports programming, and the booming free ad-supported streaming TV (FAST) sector all now fall in the realm of CTV advertising.

Not only is the move to CTV necessary, it also opens up opportunities for dealerships to pinpoint ideal buyers, nurture their prospects across digital touchpoints, update their creative as inventory changes, and optimize their campaigns in real time.

Benefits of CTV Advertising for Auto Dealers

The spray-and-pray approach of traditional TV advertising is expensive, impossible to measure, and lacks targeting. Luckily, CTV advertising solves all these obstacles and more.

Let's drill down on the many benefits of this emerging channel.

1. Hypertargeting with personalized messaging

Having an updated ready-to-buy audience is crucial to automotive campaign success.

CTV advertising allows dealers to identify the finite number of consumers in the market for a car by tapping into third party data sources. From there, dealerships can segment their audience based on lifestyle components and customize the creative appropriately.

For new mothers requiring a spacious enough vehicle to fit a car seat, a dealership might opt to promote their Toyota Highlanders. Meanwhile, they could run ads for their Corollas to lower-earning individuals who'd been researching sedans.

The result? The right message to the right buyer at the right time.

Benefits of CTV Advertising for Auto Dealers

2. Clickable omnichannel campaigns

CTV advertising shouldn't be approached in a silo. The digital nature of streaming TV lets advertisers follow people who've been exposed to their commercials across devices as they progress down the marketing funnel. This type of retargeting drives campaign performance by delivering clickable ads to consumers' smartphones and laptops.

In one test comparing the results of a CTV-only campaign with one using omnichannel retargeting, an auto dealer saw a 200% increase in conversions.

3. Lower cost of entry

It used to be that TV advertising was only feasible for big businesses with massive budgets. That's no longer the case.

CTV ads are purchased on a per-viewer basis, making it affordable for even mom-and-pop car lots to run these campaigns. Not only does this get rid of wasted ad spend, it also ensures that ideal buyers are looped into the conversation.

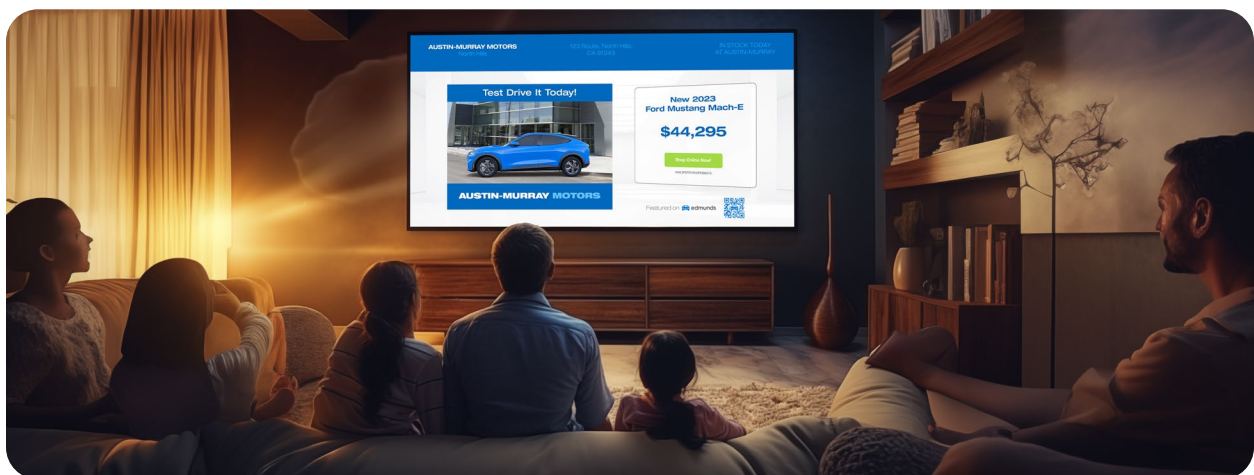
Benefits of CTV Advertising for Auto Dealers

4. Dynamic creative

Car dealership inventory changes daily. And because CTV advertising is dynamic and targeted, it allows dealers to send live listings to in-market buyers on their living room TV.

Say a thousand EVs show up on your lot, and you're challenged to get them moving based on what's scheduled to come in. With CTV advertising, dealers can dynamically insert inventory from their website as an overlay on their standard evergreen content — thus showing a live feed of what's available.

Getting this right also requires changing the audience. And because CTV is delivered programmatically, dealers benefit from that same level of agility.



Benefits of CTV Advertising for Auto Dealers

5. Measurement and attribution

CTV ad campaigns connect dealerships with enough data to tie marketing dollars to quantifiable outcomes. The right attribution modeling can provide insight into how many people visited your website, filled out a form, set foot inside your dealership, and more after being exposed to an ad.

In this way, dealerships can gain better insight into the customer journey and find new ways to model the success of a campaign.



Best Practices

There's no one-size-fits-all approach to automotive advertising. But there are a few techniques for ensuring that your creative, inventory, and audience are aligned in a way that drives purchases.

At a minimum, dealerships should strive to do the following:

- **Continuously update creative:** Keeping the content of your ads updated on a monthly basis will drive better results. An evergreen ad that continues to run month over month simply won't perform as well as a monthly promotional message highlighting current deals.

- **Tailor messaging to different buyers and funnel stage:**

It's always a good idea to personalize the messaging according to the end-user. An offroading enthusiast shouldn't be grouped into the same campaign as a sports car fanatic, and ideally, an existing customer would see different messaging than someone who isn't familiar with your dealership.

Best Practices (continued)

- **Test and optimize based on real-time data:** In the same way that CTV has democratized TV media buying by letting more mid-market companies into the space, it's also democratized the ability to have multi-variant testing at any budget. Auto dealers running CTV campaigns should always aim to adapt their strategy based on performance metrics. If resource constraints make this an impossibility, then it's a good idea to team up with a CTV partner that streamlines the complexities of CTV with hands-on execution and optimization.

Success Stories

The real measure of success in the automotive industry isn't just about adopting innovative strategies; it's about seeing concrete results. Here's a look at auto dealerships that have harnessed the power of CTV advertising to drive sales, engage their audiences, and thrive in an ever evolving market.

Driving Brand Awareness and Website Traffic for a Tier 3 Nissan Dealer

[A rural Nissan dealer](#) sought to leverage CTV advertising to increase online traffic and enhance brand awareness. Their goal was not only to reach automotive shoppers in their vicinity — but also to measure the holistic impact of their ads beyond digital impressions.

The dealership combined CTV awareness ads with cross device display ad retargeting that drove users to their website. This approach enabled them to track the online actions taken by viewers post-CTV ad exposure, thereby linking awareness campaigns to tangible results.

Success Stories (continued)

Driving Brand Awareness and Website Traffic for a Tier 3 Nissan Dealer

Results Attributed to Campaign

- 250% increase in website visitors
- ~1,788 additional monthly website visits



Success Stories (continued)

Combining CTV With Search and Social for a Family-Owned Chevrolet Dealership

A Chevy dealership already running campaigns on search and social wanted to link their digital marketing efforts into a cohesive approach while exploring CTV for the first time. Their objectives were clear: drive online traffic, deliver seamless marketing experiences, and go beyond the boundaries of digital impressions.

To define the ideal target audience, they integrated first party data from customers who had made purchases at the dealership with third-party data to narrow down in-market auto intenders and individuals who had visited competitor dealerships in the preceding 30 days. The results were undeniable — 45,771 web conversions were attributed to the campaign.

Conclusion

As the automotive industry continues to evolve, one thing is certain: CTV advertising delivers the flexibility and trackability to drive measurable results. Learn more about how you can reach people searching for cars with messaging that drives them to make a purchase by [contacting Edmunds today](#).

