

Optimizing Paid Search Advertising

- Used Vehicle Market in the U.S.



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Author: Joe LaMuraglia

Sorgenfrei, LLC
122 West 27th Street, 10th Floor
New York, NY 10001
Phone: (646) 875-8816
Fax: (646) 390-7547

Introduction

Internet search engines, once a foreign idea, are integral to the daily lives of an increasing number of people the United States. For the consumer, they help manage the massive amounts of information available online and for business owners, they provide a measurable medium to target online consumers.

When utilizing search engines, consumers rely not only on the search results displayed but also the sponsored links that surround the organic results. Generally, these ads are directly related to the search performed and can be a more effective means for the consumer to find what they are looking for.

For the business owner, these ads are an opportunity to supplement their Search Engine Optimization (SEO) strategy with Search Engine Marketing (SEM)/paid search advertising. Whereas SEO includes a multitude of factors and page ranking isn't guaranteed, with paid placement, the message and links are placed based on a bidding system and it affords the business owner more control and the ability to be more granular in their targeting.

When done properly, paid placement ads deliver an active consumer directly to the product or information that they are inquiring about rather than to a generic home page. This "deep-linking" saves the consumer time and increases the opportunity for the business owner to convert them into a paying customer.

This paper examines which companies are adept at delivering not only quantity but also quality of pay-per-click ads around searches for used vehicles in the U.S. We examined ads that were displayed when looking for the top 10 used cars in 10 markets. A total of 87 companies produced 992 ads of varying degrees of relationship to the searches.

This study was commissioned by Dealer.com.

Online Used Vehicle Research

Now that the basic outline of the study has been introduced, we'll explain the rationale of choosing used vehicle searches vs. new vehicle searches as the basis for analysis of paid search advertising.

Recent data from the Netpop Global Automotive Study¹ gives us some interesting information about how users utilize the Internet for vehicle shopping. It points out that 25% of the Internet users surveyed had purchased a car in the last year and 56% of those buyers purchased a used car. So the majority of the recent vehicle searches are for used cars.

The same study pointed out that used car buyers are less likely to be automotive enthusiasts and as a result use the Internet to help educate themselves about vehicles, with 55% saying that the Internet was the first place they referred to when beginning their search.

Once the online used car buyer has gathered information and narrowed their choice down to the vehicle they desire, 57% of them say that the Internet is "important" to help find the exact make/model of the vehicle they eventually purchased and 78% of them use search engines to conduct their research.

So, the used car buyer is more prevalent than the new car buyer online and they use the Internet more to shape their opinions about what to buy next. Finally, a majority of them identified the Internet, and specifically search engines, as "important" to their search for the exact make/model of the vehicle they ultimately bought.

Paid Search Advertising – An Overview

All search engines monetize their traffic by charging business owners to advertise around the "organic" results of a search. These are primarily text ads that are placed via a bidding system on keywords. A business owner can either pay for the number of impressions delivered around key terms, or they can adopt a cost per click model, where they pay only when a consumer clicks on the ad.

On a Google search results page, there are up to three paid search ads at the top of the page and up to ten ads on the right hand column. Although Google does not provide click-through data for these ad positions, it is widely accepted that the top spot receives

¹ Global Automotive Study, USA: Used Car Buyers, April 2009. Netpop Research, LLC

the most clicks. There is also data to suggest that over 90% of users look at the ads in the area above the organic search results during a search,² so at the very least, these ads are being viewed by the user.

Paid search advertising is an important part of an overall SEM strategy because of its ability to target consumers based on their search terms and get a message in front of active, interested parties. It is an efficient way to capture in-market consumers for a product and its efficacy is easily tracked with free online tools.

For example, if a consumer is looking for a used Dodge Ram in Cleveland, OH, it makes sense for the local Dodge dealers with used Ram inventory to advertise around those keywords. With tracking tools, the dealer can ascertain the total cost to get a consumer from that ad to their website and ultimately into the vehicle.

The Importance of Deep Linking

In the example above, if the local Dodge dealer in Cleveland paid for ads to be placed around that search, logic would dictate that if a consumer clicked on the link, it would take them to a listing of used Dodge Rams on their lot. Following that same rationale, any retail outlet with used Dodge Ram inventory near Cleveland should be advertising around that search and linking directly to the page that lists the details of the used Rams. This targeted link approach is called deep linking.

These “deep links” deliver the results that the consumer is looking for and minimize their time spent hunting for the vehicle. Imagine seeing an ad for a sporting good item on sale and then when you arrived at the store you had to hunt around to find it. Would it not be more effective and efficient if you were able to walk into the store and find the sale item immediately?

Logic and reality are not always in concert; as is the case with paid search for used cars. In our research of 992 ads displayed around the country, only 13% of the ads were deep-linked directly to the search items entered. That indicates that companies building dealer sites and the people responsible for SEM and paid placement are not working together efficiently.

It is impossible for us to know who is managing the paid placement/SEM strategy for a given organization. It would make sense, however, that the company designing the site with strong SEO principles would be also be responsible for the SEM/paid search strategy. The fundamental principles of good SEO (keyword strategy, content

² User Centric, Inc. Eye-Tracking Study. June 2009

optimization and proper tagging) are essential to a successful deep-linking strategy. Using the Dodge Ram example again, it would be difficult to point to the page listing the Dodge Rams if the keywords and content were not easily identified.

The question is, which companies do the best job of integrating deep-linked paid search for their clients as part of their overall SEM strategy and are they the same organizations that handle a clients' SEO?

Methodology

The case for looking at used vehicles has been established earlier in this paper. The next step was to figure out which vehicles we should use in our research. We identified the Top 10 used vehicles sold by automotive dealerships in the U.S. from January – July 2009³. The vehicles are: Ford F-150, Chevrolet Silverado, Dodge Ram, Toyota Camry, Honda Accord, Honda Civic, Toyota Corolla, Chevrolet Impala, Dodge Caravan and the Ford Explorer.

With the top 10 vehicles identified, we then chose the top 10 markets in the U.S. They are New York, Los Angeles, Chicago, Houston, Philadelphia, San Diego, San Francisco, Columbus, Baltimore and Charlotte, NC.

Using Google.com, the most popular search engine⁴, we entered “used Brand + model + city, state” for each vehicle in each city. An example would be “used Toyota Camry San Diego, CA”. We then identified the paid search ads for each search and recorded the link title, link placement, the URL displayed in the ad, the destination URL and the site builder. Each destination URL was classified using an internal three-tier “link level” classification.

³ Polk Regis Used Vehicle Sales. January – July 2009

⁴ Google Owns 65% of U.S. Searches – Comscore July 2009

Google [Advanced Search](#)

Web [Show options](#) Results 1 - 10 of about 250,000 for used toyota camry, san diego, ca (0.34 seconds)

<p>1 See Our Camrys www.ToyotaCarlsbad.com Visit Toyota Carlsbad. Browse Our Toyotas Online.</p> <p>2 Used Toyota Cars www.GoAlexanderLand.com Get Great Deals On Used Toyotas At Alexander Toyota Stop By Today!</p> <p>3 Toyota Cars www.Toyota.com View interactive demos. Explore key features. Only at toyota.com.</p>	<p>Sponsored Links</p> <p>4 Used Toyota Camry at CarMax Used Toyota Camrys at Low, No-Haggle Prices. Search Our Inventory www.CarMax.com San Diego, CA</p> <p>5 Used Cars for Sale Used Car Listings. Find the best deal online. www.autosite.com</p> <p>6 Used Camry Call (800) 246-1982 for a Great Selection of Toyota Vehicles! OlatheToyota.com</p> <p>7 Toyota of El Cajon Great Prices on Toyota's at your local San Diego Toyota Dealer! www.ToyotaofElCajon.com 300 El Cajon Blvd, El Cajon, CA</p> <p>8 Toyota for Sale by Owner Search over 3 million Vehicles Find a great deal in your area autoMedia.com/Toyota</p> <p>9 Used Cars for Sale Find Used Cars & Get Prices, Specs & Photos Now! UsedCars.com</p> <p>10 Buying a Used Car? Find Used Cars in San Diego. Contact Local Sellers Today! www.Cars.com/SanDiego San Diego, CA</p> <p>More Sponsored Links</p>
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[Used Toyota Camry Cars For Sale In San Diego, CA - Yahoo! Autos](#)
Autos - Find used Toyota Camry cars for sale in San Diego, CA. Review San Diego used Toyota Camry pictures, price, options, features, and easily contact the ...
autos.yahoo.com/used-cars/ca-san_diego-toyota-camry.html - Cached - Similar -

[Used Toyota Camry Solara Cars For Sale In San Diego, CA - Yahoo! Autos](#)
Yahoo! Autos - Find used Toyota Camry Solara cars for sale in San Diego, CA. Review San Diego used Toyota Camry Solara pictures, price, options, features, ...
autos.yahoo.com/used_/ca-san_diego-toyota-camry_solara.html - Cached - Similar -

[Show more results from autos.yahoo.com](#)

[Used Toyota Camry For Sale In San Diego, California - Vast Autos](#)
Find a Used Toyota Camry For Sale In San Diego, California. Free at Vast Autos. When you're ready to buy, get in contact with a seller directly.
www.vast.com/.../used_Toyota_Camry/location-San-Diego-CA - Cached - Similar -

[Used Toyota San Diego](#)
Searching for a great used Toyota in San Diego? ... And don't forget to look at a used Toyota Camry, 3-time 'Car of the Year,' or a used Toyota Sienna ... Toyota San Diego. (619) 280-4100 5910 Mission Gorge Road San Diego, CA 92120 ...
www.carsandiego.com/pre_owned/toyota.htm - Cached - Similar -

[Used TOYOTA CAMRY in San Diego California CA | San Diego ...](#)
Search TOYOTA CAMRY for sale in San Diego California CA: new & used listings on LemonFree.com car classifieds; sort by year, price and mileage on TOYOTA ...
www.lemonfree.com/map.php?..San+Diego...TOYOTA..CAMRY - Cached - Similar -

[Used 2009 Toyota Camry LE for Sale by Courtesy Chevrolet San Diego](#)
Red 2009 Toyota Camry LE for Sale with 17066 miles for \$16900 at Courtesv ... San Diego

Link Level 1 (LL1) identified URLs that took us to destinations that were not relevant to the search entered. In the example given above, the paid search ad in the #3 position is a Link Level 1 because it takes you to the homepage of Toyota.com, which is not related to the search for a Used Toyota Camry. The consumer would have to go through multiple steps to find the vehicle they are looking for at a local dealer.

Link Level 2 (LL2) identified URLs that took us to destinations that were more specific to the search but did not include all the information entered in the search query to deliver tailored results. In the screen shot above, the paid search ad in the 4th spot takes the consumer to a CarMax page for a Used Toyota Camry but it is a national landing page and the user still has to enter the city and state to find a used Toyota Camry near them. It is closer to the desired result but still involves additional steps from the consumer, which increases the chances of them going to a different search result or ad.

Link Level 3 (LL3) was assigned to URLs that pointed to deep-linked results. Using the search terms referenced above, an LL3 ad takes the user to the inventory page of a retailer's site that lists available used Toyota Camrys for sale in the San Diego area – which is exactly what the consumer is looking for. In the example above, no Link Level 3 ads were displayed, which supports the aforementioned fact that only 13% of the ads reviewed were LL3.

The 992 results included in-house dealer sites, online properties created by the vehicle manufacturers (OEM) and third-party dealer site builders. The information was analyzed by: Link Level for the destination URL, ad position in the results and the website vendor that built the site.

Research Results

Analysis of the results focused on both the quantity and quality of paid search ads around the search results. In terms of volume, whoever is responsible for paid search for the vehicle manufacturers is doing the best job of getting ads placed around search results. The OEM placements were responsible for 15% of the ads served with sites built by Dealer.com in the second position at 11%. Sites built by Cobalt (9%), CarMax (6%), AutoTrader (5%), AOL (4%), In-house designers (4%), Reynolds Web Solutions (4%), Autosite (3%) and Kelly Blue Book (3%) rounded out the Top 10.

Site Builder	LL 1	LL 2	LL 3	Total	% of Total
OEM	41	79	29	149	15%
Dealer.com	29	32	50	111	11%
The Cobalt Group	18	67		85	9%
CarMax	7	54		61	6%
AutoTrader	52			52	5%
AOL	6	33		39	4%
In-house Designers	20	17	1	38	4%
Reynolds Web Solutions	13	20	3	36	4%
Autosite	2	30	2	34	3%
Kelly Blue Book	32	1		33	3%

When it comes to quality of ads, there is distinct room for improvement. Only 13% of the ads analyzed were Link Level 3. Slightly over half were Link Level 2 and 36% were Link Level 1.

Link Levels of Destination URLs	LL 1	LL 2	LL 3	Grand Total
Total	357	502	133	992
% of Grand Total	36%	51%	13%	

From a consumer’s perspective, these results leave a lot to be desired. If they click on a paid search ad, 87% of the time they will not find exactly what they are looking for and are likely to go back to the results or start all over again.

This is counter-productive to both the consumer and the advertiser. It wastes the consumer’s time and the advertiser’s money. If more ads were deep-linked like the LL3 ads, consumer satisfaction and advertiser efficiency would increase.

Which Brands Do It Right?

Based on this study, the OEMs have done the best job in terms of volume of ads placed around the search results. Looking further, Toyota, followed closely by Ford, has the highest volume of ads.

OEM	LL1	LL2	LL3	Total	% of OEM Total
Toyota	4	24	12	40	27%
Ford	15	19	5	39	26%
Chrysler	10	14		24	16%
Honda		11	12	23	15%
GM	4	10		14	9%
Audi	6			6	4%
Mercedes-Benz	2			2	1%
Nissan		1		1	1%

Diving deeper into the results, Toyota and Honda are tied in terms of the number of LL3 ads but Honda arguably does a better job with 52% of their ads placed being the higher-quality LL3 ads. Toyota does a good job with 30% of their ads being LL3 and Ford, the only other OEM with LL3 ads managed to get 13% of their ads to be deep-linked.

These are small numbers for sure, but it seems that these three brands have a cohesive approach between their content (all were from their respective Certified Pre Owned programs) and their SEM strategy.

Also notice that brands that did not have vehicles in this study (Audi, Mercedes-Benz and Nissan) have placed ads around the results. These dealers had a used vehicle on their lot that may have matched the search term. While none placed a deep-linked ad, they are at least placing ads around other brands to drive traffic to their site. If they become more efficient with their paid placement, the likelihood of traffic to their site increases.

Link Level 3 – Who Does It Best?

Dealer.com is the distinct leader among the companies that were able to place Link Level 3 ads. They are also one of the few companies that actively integrate their organic and paid search strategy into one platform for their clients and their technology seems to be paying off. They were responsible for 38% of the total LL3 ads. The OEMs are in second position with 22% of the ads. The next closest competitor is eBizAutos, a full 30 percentage points behind the leader.

Site Builder	% of Level 3 Sites
Dealer.com	38%
OEM	22%
eBizAutos	8%
Clickmotive	6%
ClassifiedAds.com	4%
Reynolds Web Solutions	2%
gsMARKETING	2%
Edmunds, Inc.	2%
The Magna Group	2%
Dealermade	2%

The data above indicates that quality is more important than quantity. Whereas the OEMs had the majority of the ads in the study, Dealer.com had a higher volume of deep-linked quality ads. Dealer.com LL3 ads represented 45% of their total ad volume. OEMs only managed to get 19% of their ads as LL3.

The results also support the fact that a coordinated SEO and SEM strategy is the most effective way to create and deliver effective search engine advertising. Companies that are able to leverage their expertise in SEO to create targeted advertising that deep links to the content queried are more likely to create efficiencies for their clients and increase traffic and closing rates. Based on the results of this study, Dealer.com’s approach seems to be the most effective.

Summary

There is no argument that the importance of the Internet in consumers' lives is on the rise and that search engines, specifically Google, are an important part of their Internet experience. These Internet search tools manage data and deliver results for a user's query that make finding exactly what they want easy and efficient.

An important part of search engines' strategy is the paid ad placements around the organic search results. For the search engine companies, it monetizes their traffic and allows them to continually improve their services. To the consumer, the ads are a no-cost option that gets a lot of attention and if the information is relevant to their search, most likely a high click-through rate. For the business owner, paid search ads are an obvious extension of their SEO and an integral part of a cohesive SEM strategy to get consumers to their properties and ultimately involved in a transaction.

The idea that the more relevant a paid ad is, the more likely it will be effective is logical. When a consumer is searching for something, the fewer steps required to find it will result in higher customer satisfaction and likely a higher close rate for the advertiser.

Based on the results of this study, there is high adoption of paid search advertising by automotive manufacturers but the quality of the advertising is not as good as it could be. The OEMs are doing a good job in terms of volume of ads placed around search results but only three (Honda, Toyota and Ford) have achieved any success of placing deep-linking ads to their dealers' sites.

The data suggest that Dealer.com is the leader in getting high-quality, deep-linked ads for their clients' sites. Their technology leverages the fundamental SEO principles and combines them with SEM strategy to deliver targeted, relevant paid search advertising.

Appendix

Site Builder	LL 1	LL 2	LL 3	Total
OEM	41	79	29	149
Dealer.com	29	32	50	111
The Cobalt Group	18	67		85
CarMax	7	54		61
AutoTrader	52			52
AOL	6	33		39
In-house	20	17	1	38
Reynolds Web Solutions	13	20	3	36
AutoSite	2	30	2	34
KBB	32	1		33
gsMARKETING	6	13	3	22
Chrome Systems	5	16	1	22
Clickmotive	5	8	8	21
Reach Local	13	6		19
BZ Results	3	16		19
eBay	1	12	2	15
eBizAutos	1	2	11	14
Edmunds, Inc.	6	5	3	14
Local.com	5	9		14
TK Carsites	2	9		11
Parked Domain	5	3		8
DealerOn	4	4		8
Autobytel	1	7		8
The Magna Group	1	3	3	7
LTF	7			7
Swapalease	7			7
Dealerskins	5	2		7
izmocars		4	2	6
Kijiji	5	1		6
Autosalesweb	3	3		6
Nexteppe		6		6
ClassifiedAds.com			5	5
XI Group	2	2	1	5
DealerTrend		5		5
nimblelight	4			4
ecarlist	3	1		4
Autofusion		4		4
Dealermade			3	3
WorldDealer			3	3
azlDESIGN		1	2	3
Auto Corner	3			3
Dealer E Process	1	2		3
JustAnswer		3		3
Dealer Impact	1		1	2
50Below.com	2			2
Cox Ohio Publishing	2			2
Dayton Daily News	2			2
Mate1.com	2			2
MJM Internet	2			2
Newsday.com	2			2
The Net Lab	2			2
WEBPRO	2			2
Webvisible.com	2			2
YellowPages.com	2			2
Cars.com	1	1		2
Online Design, Inc.	1	1		2
AIC		2		2

Auto Web Design		2		2
AutoMedia		2		2
GetAuto.com		2		2
NowCom		2		2
Aria Marketing	1			1
AutoOne Media	1			1
Cybertire	1			1
Dealer Specialties	1			1
Diamondlot.com	1			1
DNS eSolutions	1			1
DominionEnterprises	1			1
Drivetime.com	1			1
GoDaddy's Website Tonight	1			1
Gulliver USA	1			1
Hearts Communications	1			1
NYC & Company	1			1
Pack Creative	1			1
Public Motors	1			1
SeccionAmarillaUs.com	1			1
AlleghenyDesignworks		1		1
AutoGiant.com		1		1
AutoWebDesign.net		1		1
CarGurus.com		1		1
Dudley-Miller, Inc.		1		1
Grassroots		1		1
Hello Metro		1		1
Motorwebs		1		1
Search Optics		1		1
SmartAutoSavings.com		1		1
St. Gregory Group		1		1
Grand Total	357	502	133	992
% of Grand Total	36%	51%	13%	

Link Placement on Google	Link Level		
	LL1	LL2	LL3
1	22	45	33
2	23	56	21
3	22	61	17
4	35	52	13
5	37	57	6
6	46	47	7
7	45	45	9
8	40	50	9
9	48	44	7
10	39	45	11
Grand Total	357	502	133