

Conquest Sales: Why Conquering New Vehicle Sales is More Important Than Ever

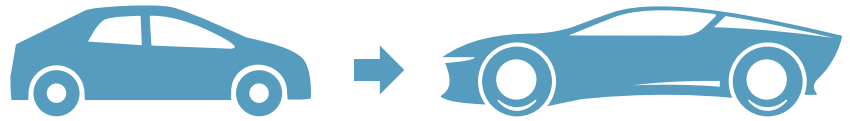


OVERVIEW

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In today's ultra competitive automotive marketplace, each and every new vehicle sale is either a win for one dealership or OEM/manufacturer or a lost opportunity for another one. Understanding

the underlying motivations and needs of the core consumer is more important than ever in order to turn lost opportunities into wins. In an ideal world, a manufacturer owns a customer relationship for life. An individual might start with an entry-level vehicle and then over the course of time move up incrementally towards the premium segment within the same manufacturer's product portfolio.



When you retain existing customers, they often buy higher-end models within your brand as they grow older. This shows your brand has resisted conquering by other brands.

However, consumers have access to more information than ever with the internet and mobile devices directly influencing their decision-making. This creates both a challenge and an opportunity for manufacturers and dealerships. The challenge is to retain the current customer base when they decide to purchase a new vehicle. However, increased information flow creates an opportunity for dealers and manufacturers to be a viable alternative for customers of entirely different brands.

A critical point of differentiation for dealerships is to win sales from competitive manufacturers.

Dealers not only need to retain their current customers with repeat vehicle sales, but also sell vehicles to those customers with an entirely different manufacturer not currently in their garage.

We define this opportunity as conquering. In this white paper, best practices around conquering are discussed as well as ways dealerships can both increase their loyalty/retention rates and conquest sales rates.

So, where is the best place for savvy automotive marketers to start when analyzing their conquest sales strategy? The first place to start is to look at the data.

- ✓ Take inventory of your current state of affairs by looking at your loyalty/retention rates as well as your conquest sales rates. This can be accomplished by analyzing internal data or by using a third party data company such as IHS Polk.
- ✓ Secondly, you are going to want to see where your dealership's numbers stack up in comparison to other dealerships as well as related industry averages. This can be accomplished by analyzing a cross-selling report or leveraging pump-in/out data.

If you are not tracking that information you will not have a baseline to see if your efforts to retain customers or conquest new sales are working. Third, identify your competition by vehicle make. These are all potential conquest sales opportunities.

There are many questions you should ask when crafting a strong conquest sales strategy. These include:



Audience

How many car shoppers does your dealership reach? Are you limiting the scope of the of your marketing efforts to these existing customers or new customers who typically purchase from other manufacturers?



Awareness

How familiar are potential conquests with your brand? By definition they will be changing brands in order to be considered a conquest sale so greater brand awareness (around make and model) is required to successfully conquest more sales



Competition

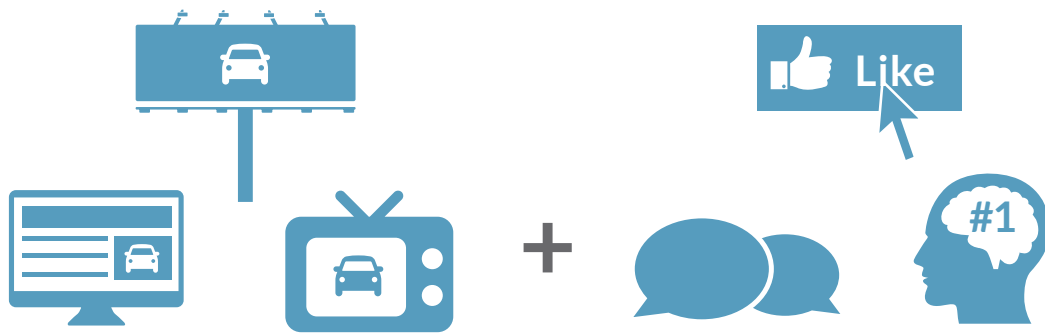
Who is your true competition? If you are GM dealer, it is not only other GM dealers you are competing with — you're competing with all other manufacturers within your segment.

It is also important to know who your consumers are, and who is a potential consumer. A shopper can be defined as the number of unique visitors to SRP's and VDP's. By understanding current consumers, you can truly understand why they love your brand and dealership, what they tell their friends about it, and what sort of messaging you should include in your marketing. You should also understand frustrations or unmet needs of potential consumers, who are in the market but have not previously bought your brand. Figuring out which models and features will most interest them is key information when potential customers show up at your showroom from your conquering tactics.

PART 3

Conquering Marketing Strategies

As manufacturers continue to compete for market share and growth, incremental sales need to be gained at the expense of their competitors. Effective and measurable conquest strategies need to be implemented in order to reach challenging sales goals.

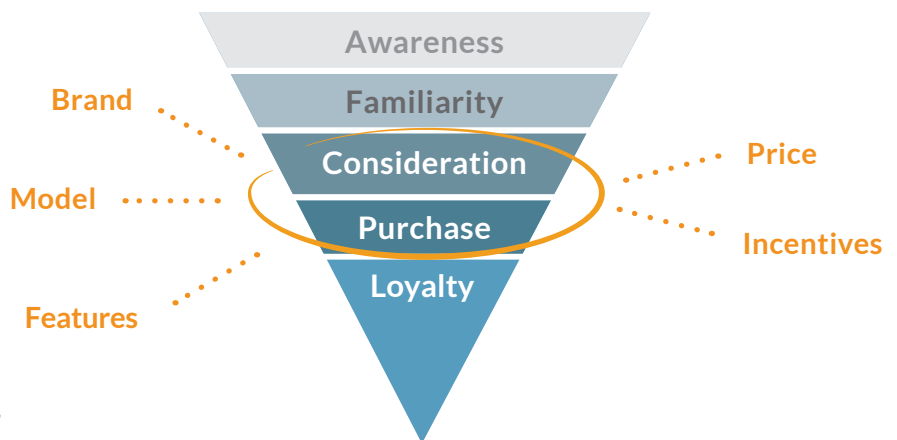


Millennials are an increasing part of the car-buying market.
They tend to be more tech-savvy and less brand loyal than older generations.

Balancing advertising and brand awareness is crucial.

Conquesting new sales requires the right balance of advertising and brand awareness to support the process. The right mix coupled with innovative technology can help differentiate a dealer who conquers successfully and those who do not. Other successful tactics include having best-in-class conversion tools on your website properties, a solid digital advertising and Remarketing plan, endemic site strategy, and tracking your successes and failures. Mobile will become a huge opportunity for growing market share and conquest buyers. Manufacturers and dealers must build a robust mobile advertising and showroom driving strategy with geo and behavioral targeting. However, the real secret is to sync up all of your marketing efforts that funnel conquest customers into the front door of your dealership. In market consumers have different consideration sets around make, model, price, features, and incentives when purchasing a new vehicle. All of these go into consideration and all present conquest opportunities. You can conquest new sales based not only by best leveraging your brand, but also by fully understanding which aspect of your offer provides the best conquering opportunity. The better you understand the needs and wants of your potential customers the better position you will be to conquest new sales.

Other industries have used conquering strategies quite effectively. From decades, consumer packaged goods companies have used coupons at the check out counter targeted by the product you just purchased, to encourage you to try another brand on the next purchase of diapers or laundry detergent. Online, paid search in travel and retail can be



used to target ads of competitive products to a browser who has not yet decided which hotel to book or product to buy. There is a big opportunity to include conquering in the auto industry as well.

Realizing our value proposition to dealers includes:

- ✓ A higher volume of leads generating showroom visits
- ✓ Higher close rates
- ✓ Industry-leading loyalty/defection rates.

AutoHook sought out to see how our suite of solutions impacted conquest sales. Working directly with IHS Driven by Polk, AutoHook was able to validate the last component of our attribution model.

In this study, a conquest is defined as a new vehicle purchase where the customer did not have the same manufacture already in their garage.

| | AutoHook Conquest Rate | Industry Average Conquest Rate |
|--------------------|------------------------|--------------------------------|
| BMW | 62% | 40% |
| Chrysler | 63% | 44% |
| Ford | 57% | 26% |
| General Motors | 52% | 30% |
| Honda | 61% | 27% |
| Hyundai | 63% | 29% |
| Kia | 71% | 29% |
| Mazda | 70% | 38% |
| Mercedes Benz | 68% | 35% |
| Mitsubishi | 59% | 33% |
| Nissan | 70% | 30% |
| Subaru | 73% | 36% |
| Toyota | 57% | 24% |
| Volkswagen | 64% | 41% |
| Volvo | 51% | 38% |
| Grand Total | 59% | 31% |

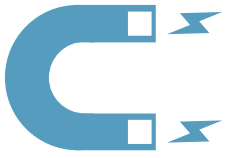
Dealers are always looking for ways to attract new customers and conquering provides another channel where digital marketing efforts can play a significant role in driving new sales. Over 90% of automotive consumers begin their search online¹, and nearly one-third of all vehicles purchased come from internet-generated leads². Additionally, the impact of mobile users on the vehicle purchasing process has never been higher. Having a robust mobile solution that complements your conquest efforts can be a differentiator when it comes to determining which dealerships conquest the most sales. The core reality of driving new sales whether the sale is from a returning customer or a conquest sale is that the greater the number of showroom leads you generate will ultimately impact your bottom line.

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¹ Automotive News – “Dealers master Web search to land on page 1 when consumers shop” David Barkholz (January 30, 2012)

² Automotive News – “Replies to online leads need more than speed” Jamie LaReau (Feb 12, 2012)

So what does this all mean for today's dealers?



Attract new customers

Focus your marketing strategies on attracting new consumers to your brand and dealer.



Conquesting leads to expansion

Include a conquest new sales strategy as a key component to your marketing mix. Selling cars to existing customers or customers loyal to your brand will only last so long. Your competition is trying to conquest sales from you so it is better to be proactive to better position your dealership.



Partnerships are key

Partner with a company like AutoHook whose solutions directly impact your ability to retain customers and improve conquest sales.

About AutoHook

AutoHook, the leader in commerce search advertising, partners with automotive companies to provide marketers unprecedented access to active category shoppers and a clear view into resulting sales attribution. The company's high-performance vertical marketing programs accelerate sales for product brands, marketplace sellers, hoteliers, and automotive marketers. Network partners and advertisers including Walmart, Target, Intel, LEGO, Expedia, Priceline, Chrysler, and Kia use AutoHook to increase sales and monetize site traffic.

For more information, please visit www.DriveAutoHook.com or call (855-532-3274)