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AUTOMOTIVE INDUSTRY REPORT
UNITED STATES, Q3, 2013





Why Mobile is Important for Automotive Marketers?

17.5 million smartphone owners are likely to purchase a vehicle in the next 6 months^a

This is a 95% increase in the likely buyers audience compared to the same time period a year ago. This is a huge opportunity for auto marketers to utilize the potential of mobile to reach their target audience.

141 minutes of daily mobile media consumption by US adults^b

It is imperative for auto marketers to embrace mobile-centric advertising as the time spent on mobile is beginning to outpace online, TV, and radio. This provides marketers more time and opportunities to engage target audiences.

51% of mobile auto searches result in a purchase^c

Consumers are placing greater emphasis on mobile devices to find auto-related information like car photos, reviews or product comparison. Mobile is critical for consumers as they find it a trustworthy source of information.

Overview of Vdopia and Auto

 **54%**

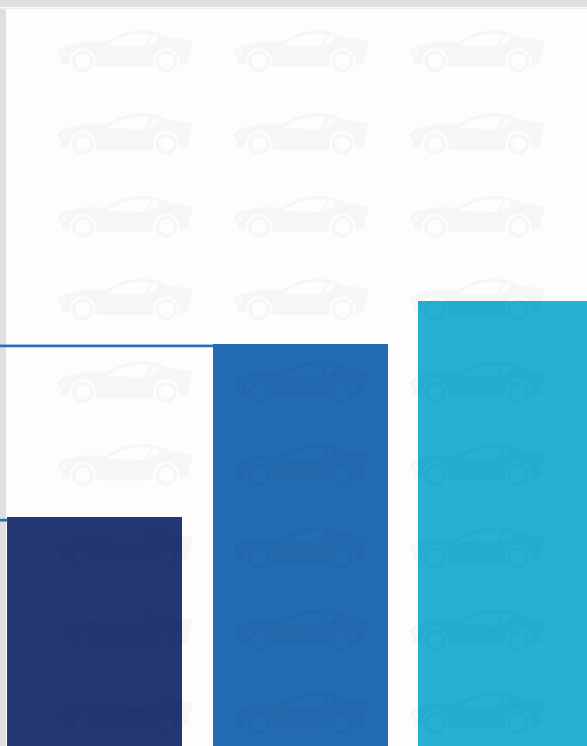
Of mobile auto users are between the ages of 18-34

 **31%**

Of mobile auto users belong to households with income \$100K+

 **59%**

Of mobile auto users can recall seeing ads on their smartphone



VDOPIA NETWORK GROWTH



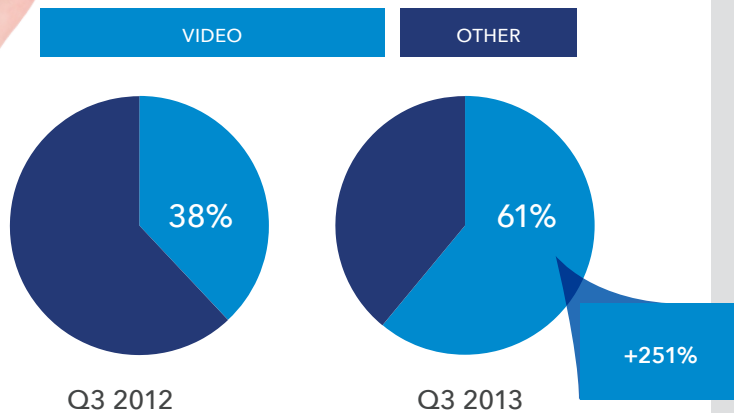
251%

Growth in Video Ad impressions for the Auto category on the Vdopia network in the past year.

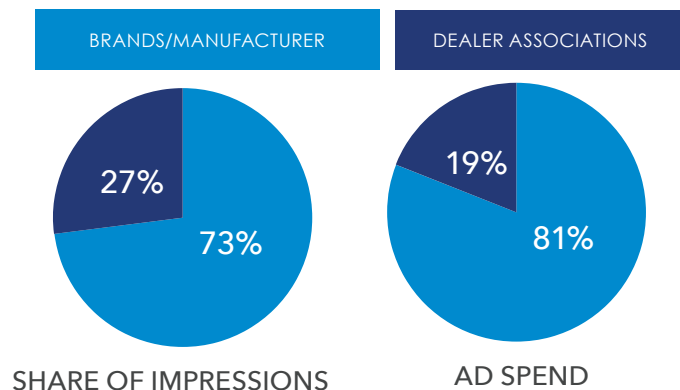
160%

Growth in Video Ad spend by Auto advertisers on the Vdopia network in the past year.

AD UNITS (Share of Ad Impressions)



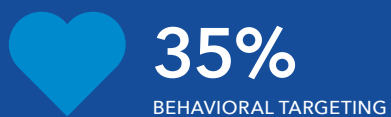
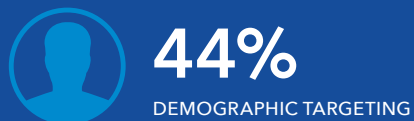
ADVERTISER TYPE



CAMPAIGN OBJECTIVES



CAMPAIGN TARGETING



*% Share of Ad Spend.

ENGAGEMENT

INTERACTIVE 17%

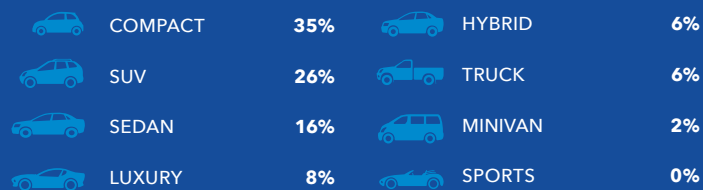
WATCH VIDEO 47%

WEBSITE/PAGE 13%

EVENT/OFFER PAGE 23%

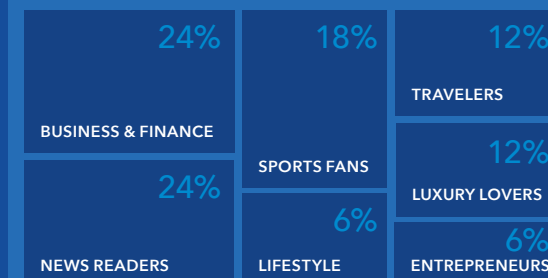
*% Share of Campaigns. Primary CTA, some campaigns have multiple CTA points.

TYPE OF VEHICLE ADVERTISED



*% Share of Impressions.

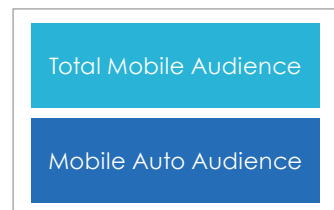
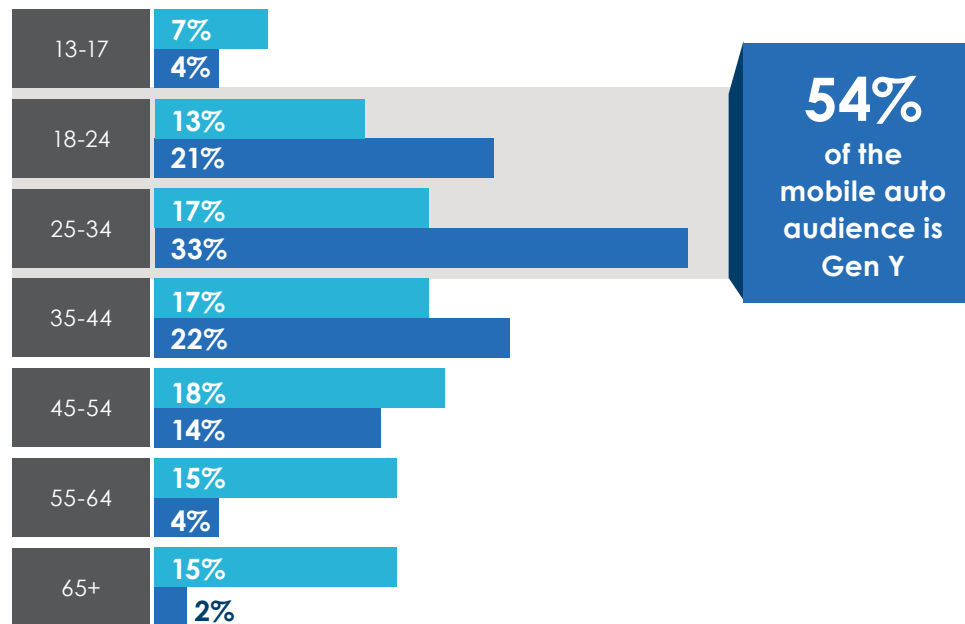
AUDIENCE TARGETED



Auto Campaigns on Vdopia US Network in Q3, 2013

Mobile Auto Audience | DEMOGRAPHICS

Mobile Auto Audience – Age Break-up



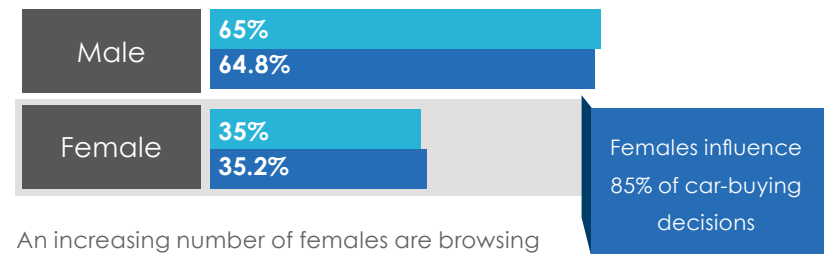
More than 50% of the mobile auto audience is Gen Y (18-34)¹ and understandably so as they are the first generation to grow up in a digitally ubiquitous world. Gen Y is an important segment as they comprise 20% of all vehicle retail sales in US among new vehicle buyers².

Mobile Auto Audience – Household Income



Mobile users in households with annual income greater than \$100K are much more likely to browse auto content on their smartphones compared to all other income groups³. For auto marketers, this is an important target audience due to their ability to purchase high-value items such as automobiles.

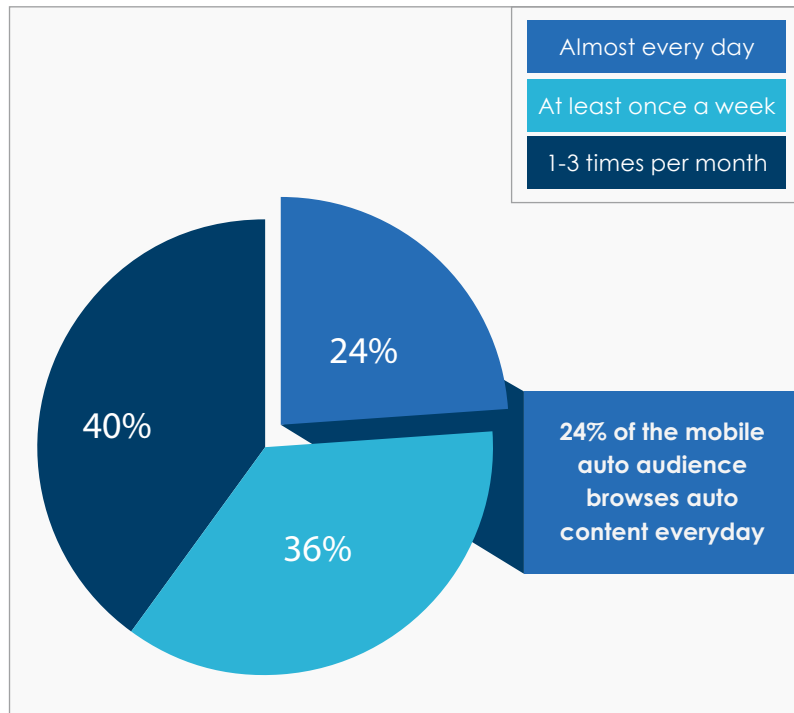
Mobile Auto Audience – Gender



An increasing number of females are browsing auto content on smartphones⁴. This trend could be attributed to the fact that women often like to avoid visiting multiple dealerships and showrooms, instead conducting research from the comfort of their homes. One key thing to note is that females influence 85% of car-buying decisions⁵, so auto marketers should treat them as an important segment for all marketing efforts.

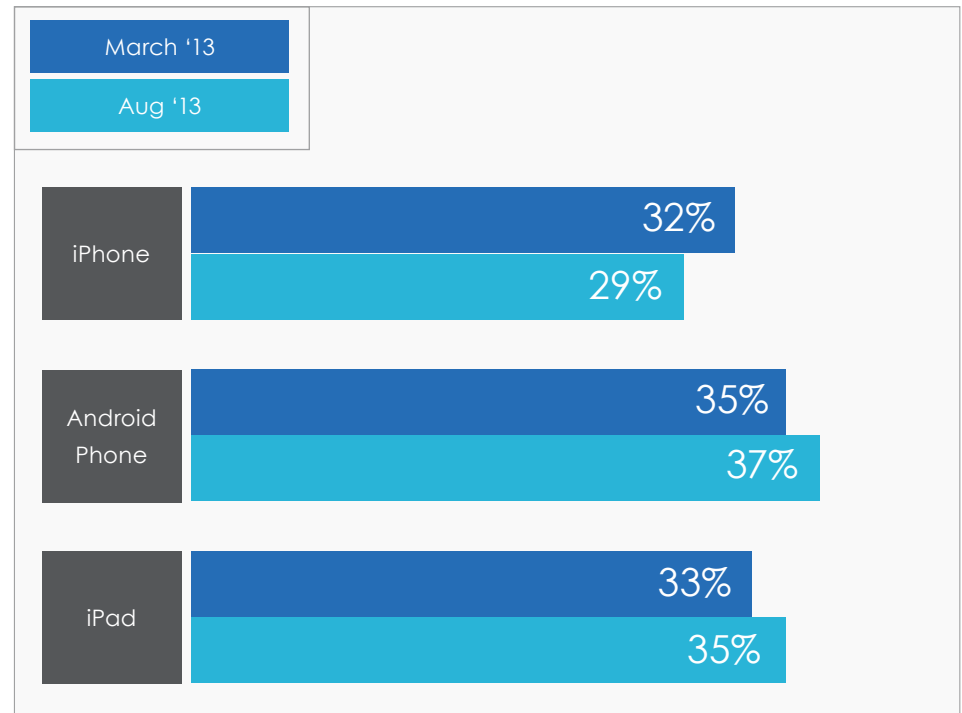


Mobile Auto Audience – Access Frequency



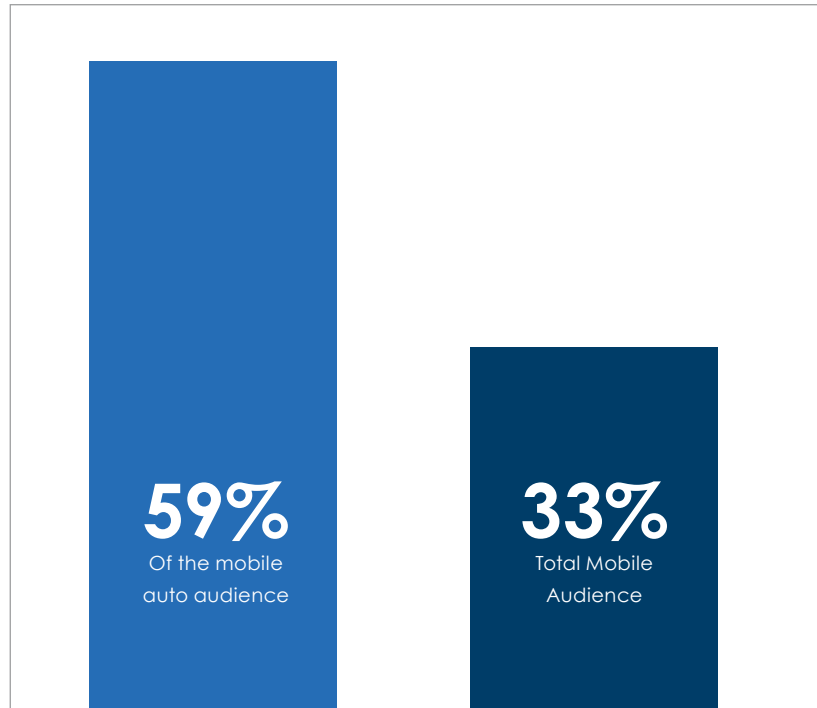
Interestingly, 24% of the mobile auto audience browses auto content every day⁷. This is a huge marketing opportunity considering a majority of these users are looking to contact a dealer or view photos of vehicles⁸.

Mobile Auto Audience – Time Spent on Different Devices



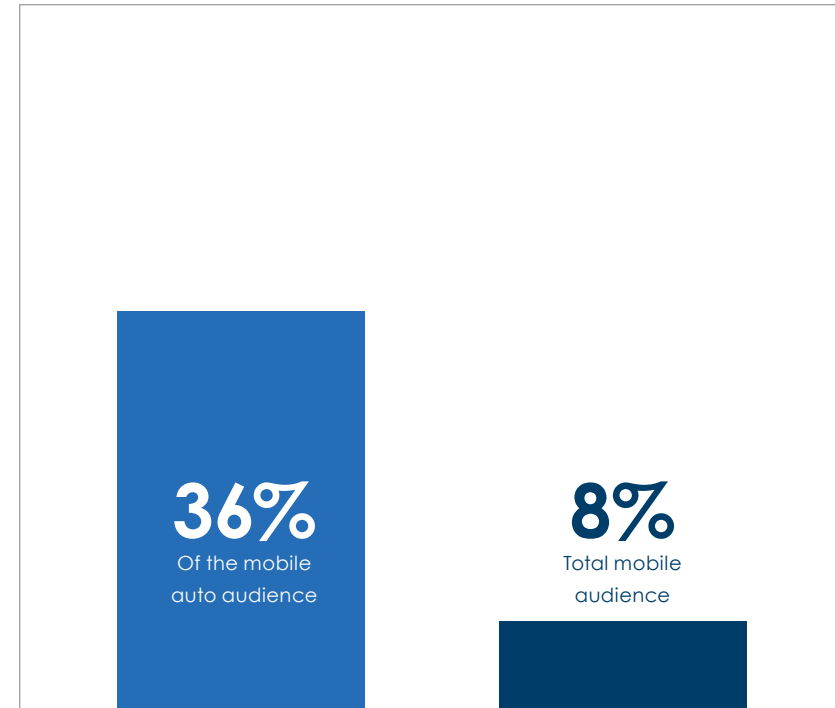
Total time spent by consumers browsing auto content in a month is highest on Android phones followed by iPad¹⁰. It is interesting to see that the iPhone share has dropped in the past 6 months, highlighting how tablets and Android phones with bigger screens are becoming mainstream devices for browsing auto content.

Recall Any Browser or In-App Ad



3 out of 5 people in the mobile auto audience recall seeing an ad on their mobile device¹¹. This is great news for marketers as mobile advertising leaves a strong imprint on users and subsequently drives brand awareness along with purchase intent.

Tapped on Any Browser or In-App Ad

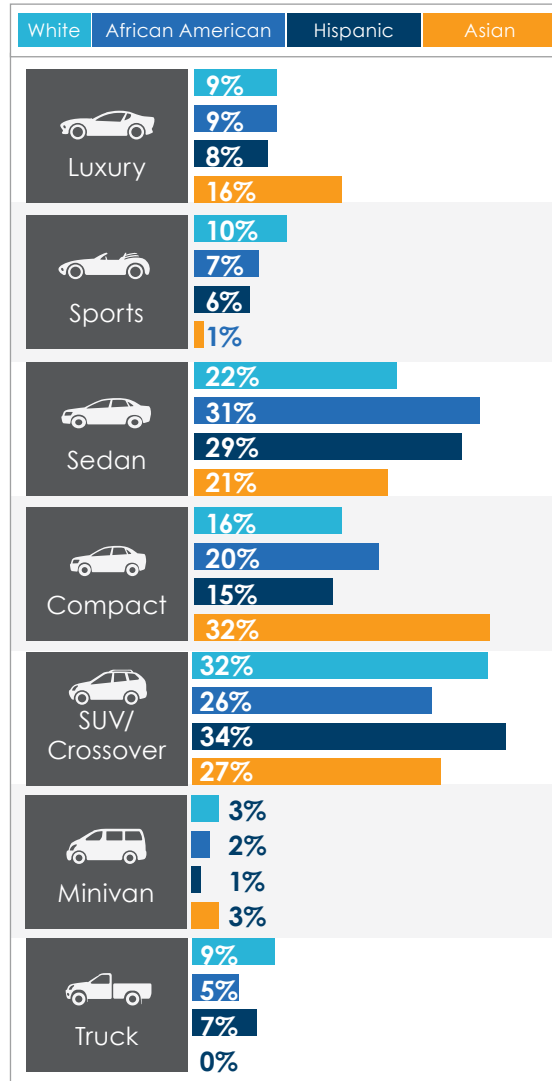


More than one third of the mobile auto audience has opened an ad on their mobile device¹². Users are more likely to click on an auto ad that has a coupon/promotion or a recognizable brand according to a study by xAd/Telemetrics and Nielsen.¹³

Mobile Auto Audience | USER INTENT

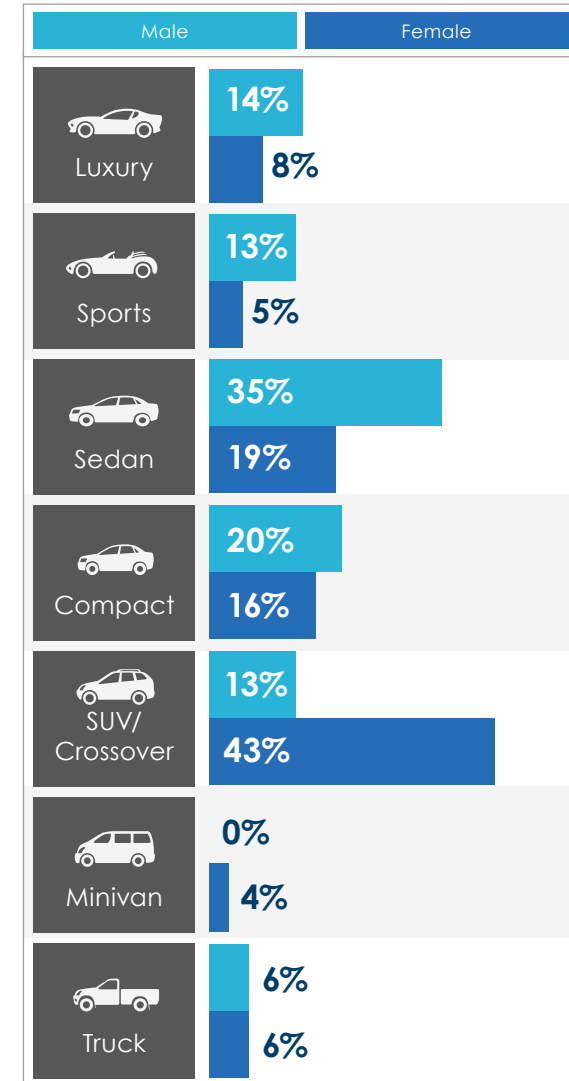
Smartphone Owners: Likely to purchase a car in next 6 months (Ethnicity)

More than 2 million Hispanic smartphone owners are likely to purchase a car in the next 6 months. The preferred choice among Hispanics is SUV/Crossovers. African-Americans are likely to opt for a sedan as their next car while Asians prefer compact cars (overall 32% of consumers are likely to purchase a compact). Based on the type of vehicle they are advertising, marketers can target specific audiences to deliver the best ROI.⁶



Smartphone Owners: Likely to purchase a car in next 6 months (Gender)

Females are biased towards SUV/Crossovers (43%) while males are more inclined to purchase a sedan (35%) in the next 6 months¹⁴. This is an interesting trend considering the SUV market is perceived to be male dominated. In a study by Clearview Automobiles, over 50% of women polled prefer to drive an SUV over all other vehicles combined (minivans, small sedans, mid-size sedans and trucks).





3.5 X increase in number of automotive campaigns

Three-fold increase in the number of automotive campaigns on the Vdopia network in the past year.

Emerging trends in mobile advertising have lured auto manufacturers and dealers across the globe to focus on mobile. Top brands and dealership associations throughout the US have leveraged Vdopia's proprietary technology to reach the right audience with highly interactive video and rich media ads.

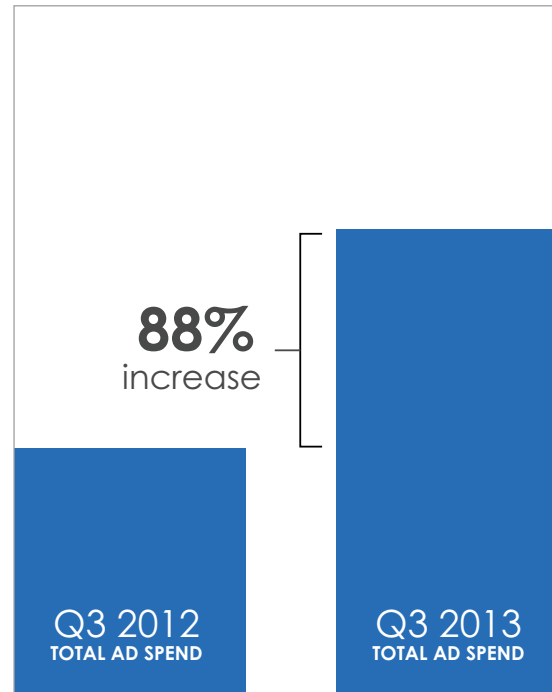
3rd largest industry vertical in terms of ad spend

The automotive industry relies heavily on ads to connect with consumers on an emotional level and strengthen loyalty. Auto marketers are leveraging mobile for a more personalized, highly interactive experience, along with location-based targeting to reach audiences with highly targeted, relevant messages.

Vdopia Network Auto Campaign Insights

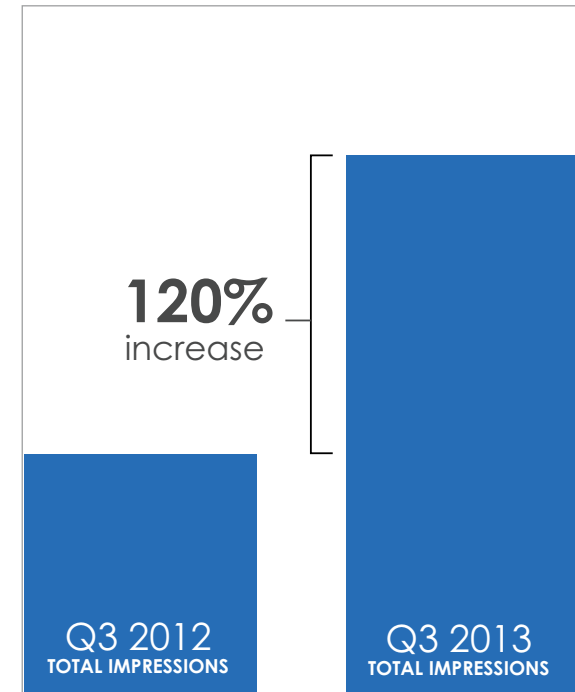


88% increase in total ad spend by automotive advertisers



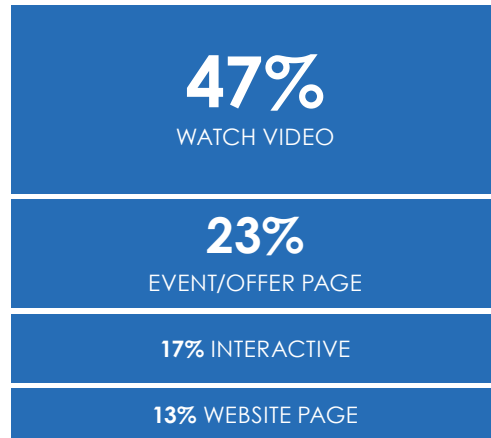
Auto marketers have embraced interactive mobile marketing fueling significant growth in overall ad spend. This growth has resulted in a 160% increase in video ads.

120% increase in total automotive ad impressions



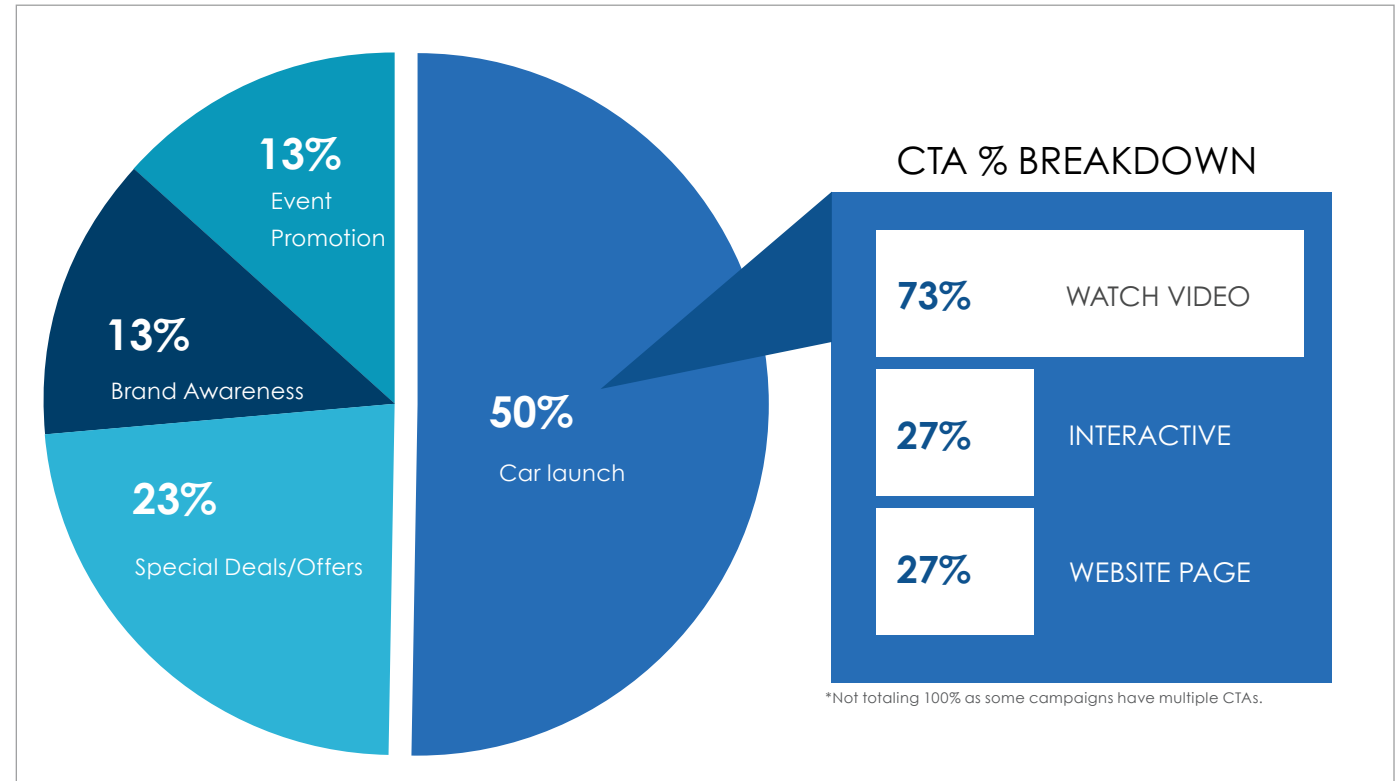
The number of ad impressions for auto ads has more than doubled in the past year. This strong growth is a positive sign for the auto industry as more consumers are embracing mobile ads—increasing overall ROI for marketers.

Primary Engagement Form



In an age of dwindling attention spans, video is proving to be a strong tactic to engage mobile auto audiences. 47% of auto campaigns use video in some capacity. The average engagement rate for automotive video ads is highest amongst all of the major all verticals¹⁶. Leveraging short form videos (15 sec, 30 sec) and interactive ads are proving to be very effective for achieving high engagement rates. By using interactive features like store locator, car photos gallery and 'click to test drive' within the ad, advertisers are able to engage users with focused, highly effective messaging.

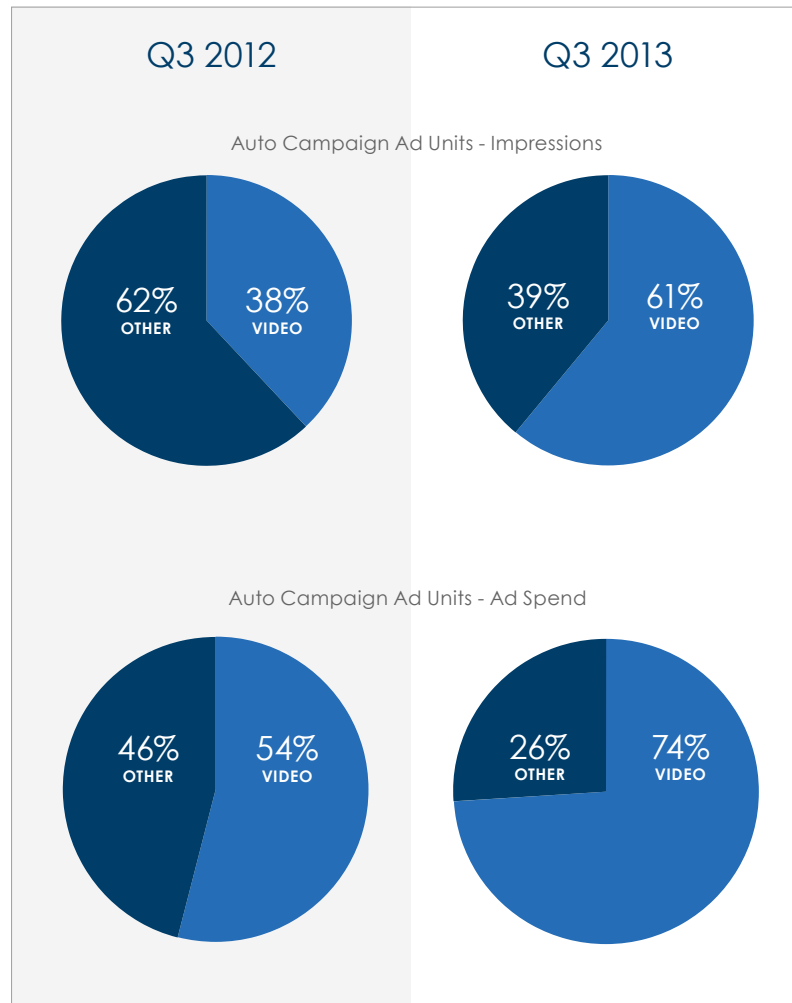
Auto Campaign Objectives



Auto manufacturers and dealer associations have found that mobile is the perfect medium to advertise. In Q3 2013, 50% of auto campaigns targeted potential buyers by providing information about new car launches.

Incentivizing consumers with special deals and offers (23%), promoting factory sales (13%) and driving brand awareness to keep auto brands top of mind for consumers (13%) are other major campaign objectives for auto marketers.

Ad Units

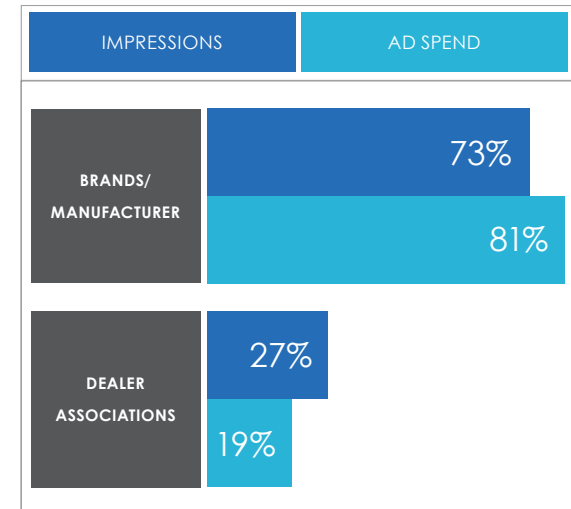


In the past, mobile marketers were often unsure which ad format to use for mobile campaigns. Video is now seen as the best way to engage auto consumers with spend on automotive video ads showing a significant increase of 160% in the past year. Combined with an unprecedented growth of 251% in video ad impressions, video is undoubtedly the next big thing in mobile advertising.

Video accounted for 61% of total auto ad impressions and 74% of total ad spend by auto advertisers in Q3, 2013 on the Vdopia network in the US. Video ads offer a highly persuasive and engaging experience to interact with car photos, features, interiors and color variants.

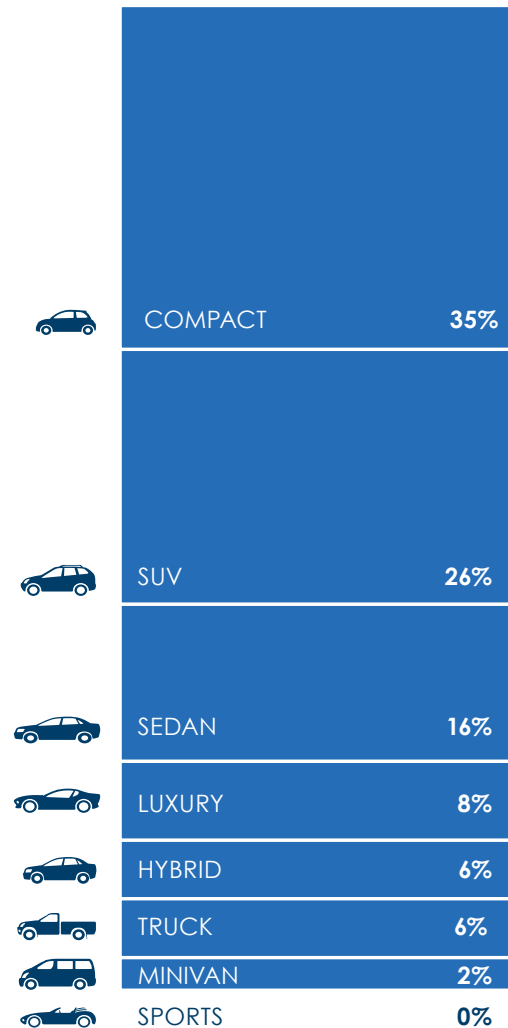
Other display ads have lost considerable share, comprising only 26% of total ad spend by the auto industry in Q3, 2013 — a drop of 20 percentage points from the same period a year ago.

Advertiser Type



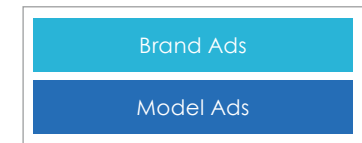
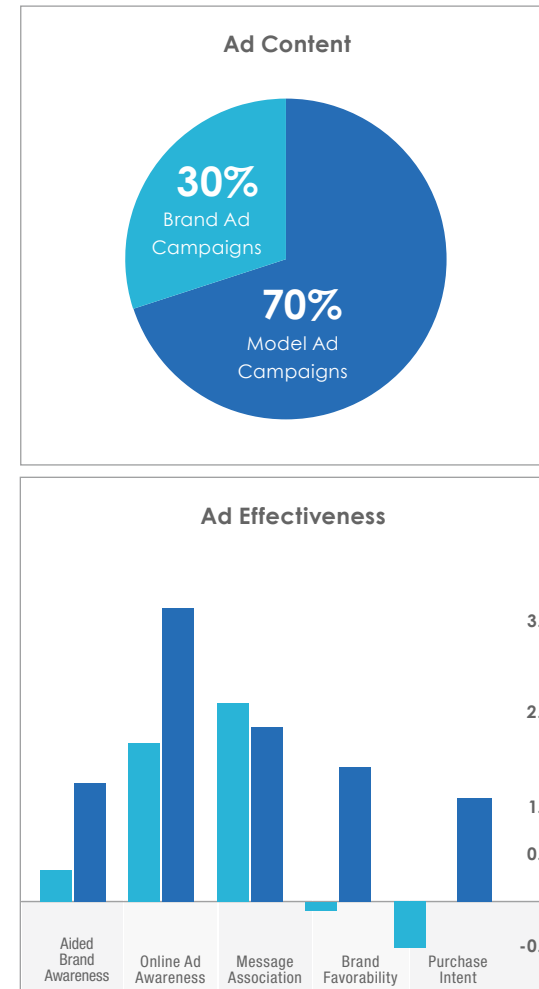
Marketing on mobile has become increasingly popular among auto manufacturers, auto dealerships and dealer associations. Auto manufacturers dominate, accounting for 81% of total ad spend in Q3, 2013. However, it is interesting to note that a year ago there were no dealerships and dealer associations advertising on mobile. By taking advantage of geo, demographic and other targeting capabilities, dealer associations accounted for nearly 20% of total ad spend in Q3, 2013.

Vehicle Type



Compact and small cars (35%) were the most advertised vehicle type on the Vdopia Network in US in Q3, 2013. Understandably so as modern-day consumers look for fuel efficiency and advanced technology for their new vehicles, even if it comes at a premium price. SUVs (26%) historically have broadly appealed to US consumers and this is reflected in the marketing strategy of auto marketers. Sedan (16%), luxury cars (8%) and hybrids (6%) round out the top five advertised vehicles.

Auto Campaign - Ad Units



Should I opt for an ad showcasing a car model or overall brand? This question is asked frequently by many auto marketers. A recent study by Millward Brown suggests single model ads outperform brand ads. The same is reflected on the Vdopia network where 70% of auto campaigns use car model ad units as an integral part of the campaign.

*source: Millward Brown

Vdopia Auto Campaigns | TARGETING

Targeting

The true value of mobile as an advertising platform lies in the fact that it can create a unique experience that auto advertisers can offer by combining location, demographic and behavioral data of the mobile user.

Geo, demographic and behavioral targeting have all been embraced by auto advertisers, with many auto campaigns incorporating multiple targeting parameters. This has ensured auto advertisers are maximizing ROI and reaching relevant, highly targeted audiences.

On Vdopia's network, advertisers are embracing geo targeting capabilities with ALL campaigns run by dealers/associations in Q3, 2013 featuring geo targeting. Advertisers are taking advantage of city level targeting, DMA level targeting and hyper local targeting to reach consumers within a certain distance from dealerships/showrooms.

Behavioral targeting is another key targeting parameter to reach the right audience and build brand credibility/loyalty. On Vdopia's network, auto manufacturers and brands are taking advantage of behavioral targeting for auto ads to reach business and finance enthusiasts, news readers, sports fans and other relevant audiences who are likely to purchase a vehicle.



GEO TARGETING: TOP CITIES TARGETED BY AUTO ADVERTISERS

41% GEO TARGETING

44% DEMOGRAPHIC TARGETING

35% BEHAVIORAL TARGETING

AUTO CAMPAIGN TARGETING (% Share of Ad Spend)

24%

BUSINESS & FINANCE

24%

NEWS READERS

18%

SPORTS FANS

6%

LIFESTYLE

12%

TRAVELERS

12%

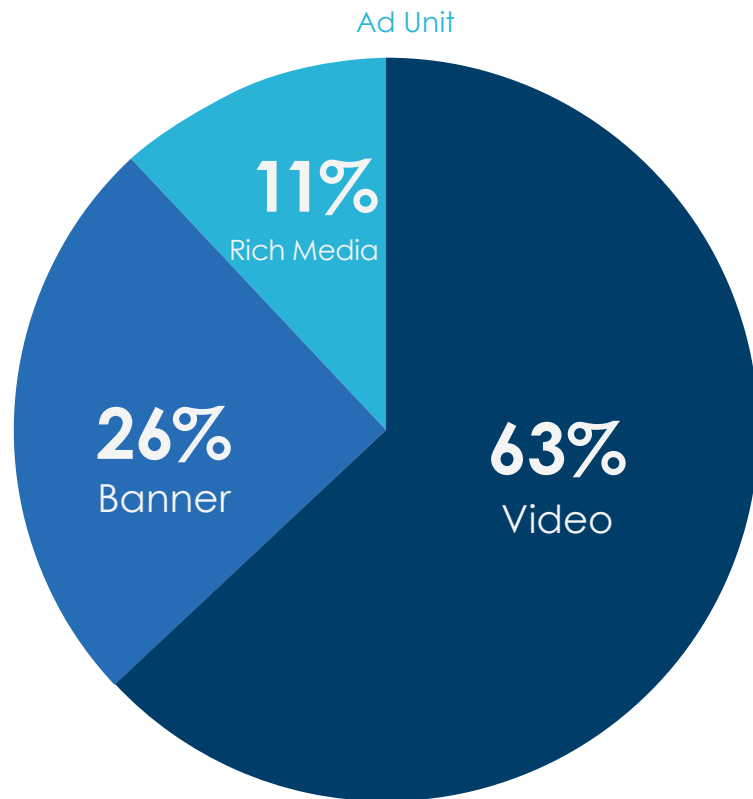
LUXURY LOVERS

6%

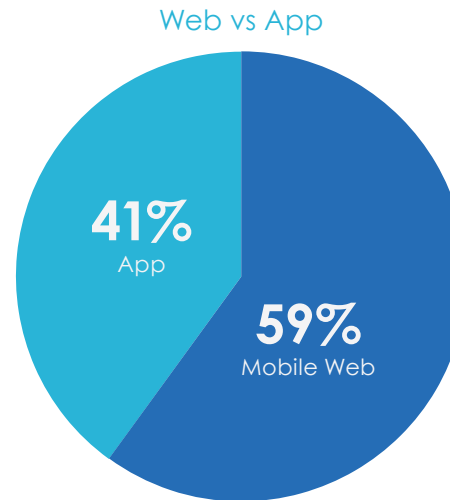
ENTREPRENEURS

AUDIENCE TARGETING BREAK UP

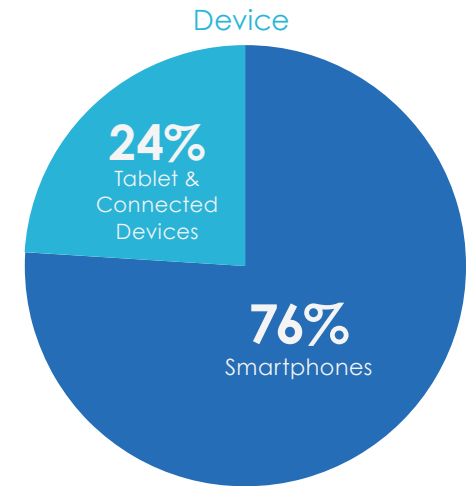
Vdopia US Network Overview — All Verticals



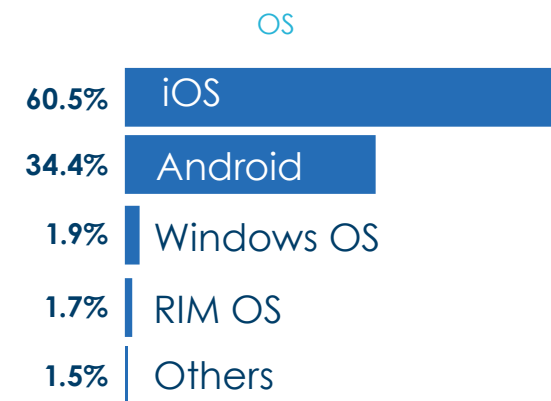
Video ads dominate the total inventory served on Vdopia's network in the US. Video along with rich media now account for 74% of total inventory. This indicates how advertisers and publishers are shifting towards highly engaging and interactive ad content to attract customers. Banner ads account for a quarter of total inventory, however, this is expected to decrease considerably as the mobile ecosystem evolves further.



Vdopia Network comprises both mobile web and in-app ads.



In Q3, 2013 tablets and connected devices accounted for 24% of total inventory on the Vdopia network. The market share for tablets will continue to increase as their popularity increases at a rapid rate.



In Q3, 2013 Apple's iOS accounted for 60.5% with Android at 34.4%. No other operating system had more than 2% market share.

Terms and Definitions

Mobile Auto Audience. Consumers who have accessed automotive related content on their smartphones or tablets at least once a month.

Impressions. Smartphone and tablet ads served on the Vdopia network.

Ad Spend. Total amount spent by advertisers.

Ad Unit/Ad Format. Different types of ads which appear on smartphones and tablets. These are categorized as follows: Banner, Rich Media and Video.

Banner Ad. A rectangular static advertisement placed either on top or at the bottom of a mobile web site page or mobile app screen.

Rich Media Ad. An interactive expandable advertisement which includes animation or complex user interactions like swipes, rollovers, social media interactions, etc.

Video Ad. An ad unit whereby the primary purpose is to deliver a video advertisement to mobile devices.

Interactive. Any dynamic user interaction within the ad content such as: Photo Viewing Gallery, 360 View, Store Locator Map and more.

Geo Targeting. Target users based on location such as: country, state, region, city, DMA and zip code. It also includes geo fencing and hyper-local targeting.

Demographic Targeting. Target users based on: gender, age, ethnicity, household income and language.

Behavioral Targeting. Target users based on interests and behaviors. Uses third party data to specifically target user segments such as: sports fans, in-market auto shoppers, news readers and more.

Sources

- ^a comScore Plan Metric, July '13
- ^b eMarketer, July '13
- ^c xAD, Nielsen & Telemetrics, November '12
- ¹ comScore MobiLens, Aug'13 (3 Month Avg), US
- ² J.D. Power 2013 New Autosshopper Study
- ³ comScore MobiLens, Aug'13 (3 Month Avg), US
- ⁴ comScore MobiLens, Aug'13 (3 Month Avg), US
- ⁵ From the book: Influence: How Women's Economic Power Will Transform Our World For The Better
- ⁶ comScore PlanMetric, July'13, US
- ⁷ comScore MobiLens, Aug'13 (3 Month Avg), US
- ⁸ 2012, Nielsen Mobile Automotive Shopper Study
- ⁹ comScore MobiLens, Aug'13 (3 Month Avg), US
- ¹⁰ comScore Mobile Metrix
- ¹¹ comScore MobiLens, Aug'13 (3 Month Avg), US
- ¹² comScore MobiLens, Aug'13 (3 Month Avg), US
- ¹³ <http://www.mobilepathtopurchase.com/>
- ¹⁴ comScore PlanMetric, July'13, US
- ¹⁵ Celtra's quarterly Mobile Rich Media Monitor Report