



2019

STATE OF
AUTOMOTIVE
MERCHANDISING



CONTENTS

Introduction	01
Defining Automotive Merchandising	02
Consumer Car-Buying Habits	02
The Dealer Perspective	03
Aligning Your Merchandising Strategy with Consumer Habits	04
Merchandising Solutions for Your Dealership	11

INTRODUCTION

Vehicle sales are won and lost online now that the Internet offers consumers access to more information than ever before. To close more deals and stay ahead of the competition, your dealership will need to stand out from the competitive clutter with effective online merchandising.

To help you develop your merchandising strategy, consider both sides of the car shopping experience and see how creating engaging listings is a key component of your sales strategy.

In this resource, you will first dive into consumer habits that expose the growing importance of online merchandising and examine the challenges dealers face in merchandising their inventory. Then, you will learn valuable best practices to implement at your dealership to increase visibility and engagement in a competitive market.



KEY INSIGHTS:

Keep an eye out for key insights into how to turn consumer habits and dealer trends into actionable ways to improve your merchandising efforts.

DEFINING AUTOMOTIVE MERCHANDISING



Merchandising is the activity of promoting the sale of goods, especially by their presentation in retail outlets.

At your dealership, merchandising is how you present your new and/or used vehicle inventory to your customers. Merchandising drives customer engagement online to generate leads, showroom traffic, and ultimately sales.

As the prevalence of shopping for and purchasing cars online continues to grow, how you merchandise your inventory and differentiate your dealership online will drive your profitability.

To put the most effective merchandising strategy in place, start by understanding what consumers value most when searching for vehicles.

CONSUMER CAR-BUYING HABITS

THE DIGITAL LOT



61%

of buyers' shopping time is spent online¹

52%

of consumers use multiple devices to get to the website¹

80%

of shoppers use third-party sites, the top online resource for buyers¹

96 DAYS

the average time car buyers spend in market, down 22 days since 2017¹

THE PHYSICAL LOT



2.4 DEALERSHIPS

the average number of stores visited by car buyers¹

41%

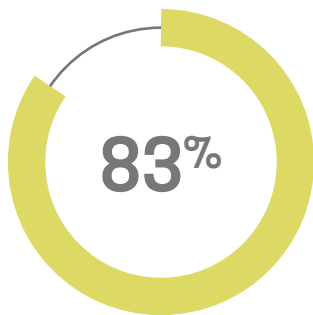
of car buyers visit only one dealership, up 11% since 2017¹

KEY INSIGHTS:

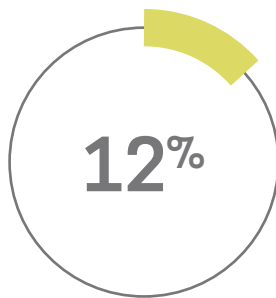
- Nearly all shopping for a vehicle begins online. Therefore, differentiating your dealership from the competition should also begin online.
- Shoppers are doing the majority of their research online. Bring your inventory to them and advertise where buyers are already looking.
- Multiple device usage means your website should be responsive to facilitate the shopping experience. It also means you can use location to your advantage, putting geo-targeting in place to reach the right customers at the right time.
- Getting your inventory in front of customers shouldn't stop at your dealership's website. To create a strong online presence, build a broad, yet integrated, online marketing strategy to reach more shoppers.
- Consumers are making faster, easier buying decisions now that they are equipped with better tools and more information online. Consider new ways your dealership can efficiently and effectively compete online.

¹ The 2019 Car Buyer Journey, commissioned by Cox Automotive

THE DEALER PERSPECTIVE



83% of dealers believe they can increase margin or reduce days to sell by improving online merchandising¹



12% believe they're doing enough to distinguish themselves from their competition¹



KEY INSIGHT:

Dealers realize the importance of online merchandising but struggle with how to differentiate their dealership online and stand out from the competitive clutter.

¹ HomeNet Automotive Brand and Product Study, 2018

MERCHANDISING CAPABILITIES

Dealers' reliance on technology varies greatly depending on the task.



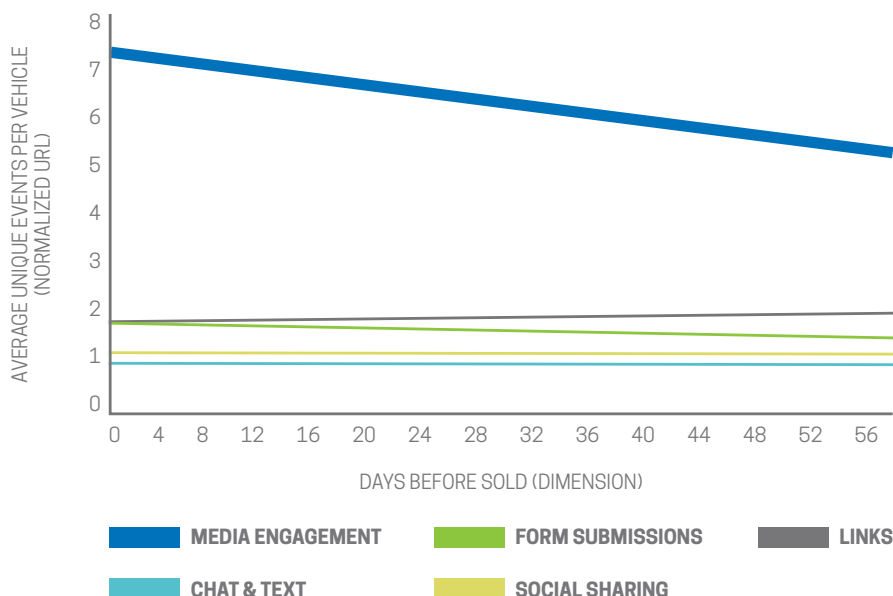
KEY INSIGHT:

Dealers have the opportunity to save more time on effective merchandising by relying on technology to create complete listings that engage more shoppers.

	OVERALL	
	Primarily done MANUALLY	Primarily done USING TECHNOLOGY
Syndicating vehicle info for posting on the internet	35%	65%
Generating vehicle window stickers	40%	59%
Setting and adjusting image overlays	41%	56%
Writing/editing vehicle descriptions	52%	47%
Taking/organizing vehicle photos	66%	34%

Source: HomeNet Foundational Study, 2017

DIGITAL MARKETING METRICS



1 Speed Shift Media Study, 2017

Lead submissions account for only **24%** of all interested shoppers¹
76% of shoppers do not submit forms¹

KEY INSIGHTS:

- When it comes to measuring the efficiency of your digital marketing efforts, take into account more factors than lead submissions alone.
- Media engagement increases in frequency the closer a vehicle is to its sale date. Look at VDP media engagement to measure a vehicle's likelihood to sell.



ALIGNING YOUR MERCHANDISING STRATEGY WITH CONSUMER HABITS

Effectively engage consumers online and empower shoppers to make informed—and fast—buying decisions.

The Power of Complete Listings

Create transparency with shoppers by offering the information that influences their decision-making process.

Complete listings include:

MULTIPLE VEHICLE PHOTOS



BACKGROUNDED PHOTOS



PHOTO OVERLAYS



360° DISPLAYS



VIDEOS



VEHICLE DESCRIPTIONS



SYNDICATION





VEHICLE PHOTOS

On average, used
car listings include
24 photos²

On average, new
car listings include
19 photos²

64%
of buyers want
extensive vehicle
data and photos,
along with
effective search
tools³

Single Custom Photo vs. Stock Photo



vs.



USED

193%
more VDPs
per listing¹

NEW

173%
more VDPs
per listing¹

Multiple Custom Photos vs. Stock Photo



vs.



USED

1,622%
more VDPs
per listing¹

NEW

1,500%
more VDPs
per listing¹

Multiple Custom Photos vs. Single Custom Photo



vs.



USED

487%
more VDPs
per listing¹

NEW

486%
more VDPs
per listing¹

KEY INSIGHTS:

- Your customers want to see what they're buying. Empower your customers with the high-resolution photos they need.
- To get your inventory seen and sold quickly, take custom photos. The more custom photos you have on your listings, the more you improve the shopping experience and boost engagement. Include clear photos that show any dents, dings, or scratches so there are no surprises when customers visit your lot.
- Consumers continue to have more leverage in today's retail environment. Rather than fight it, ensure your dealership has a strong online presence to help—rather than hurt—consumers' efforts to research vehicles before making a purchase.



¹ Netezza tables 10/01/2018 through 12/31/2018

² HomeNet Automotive Website Data, 2019

³ Used Cars, New Platforms: Accelerating Sales in a Digitally Disrupted Market, McKinsey & Company, 2019



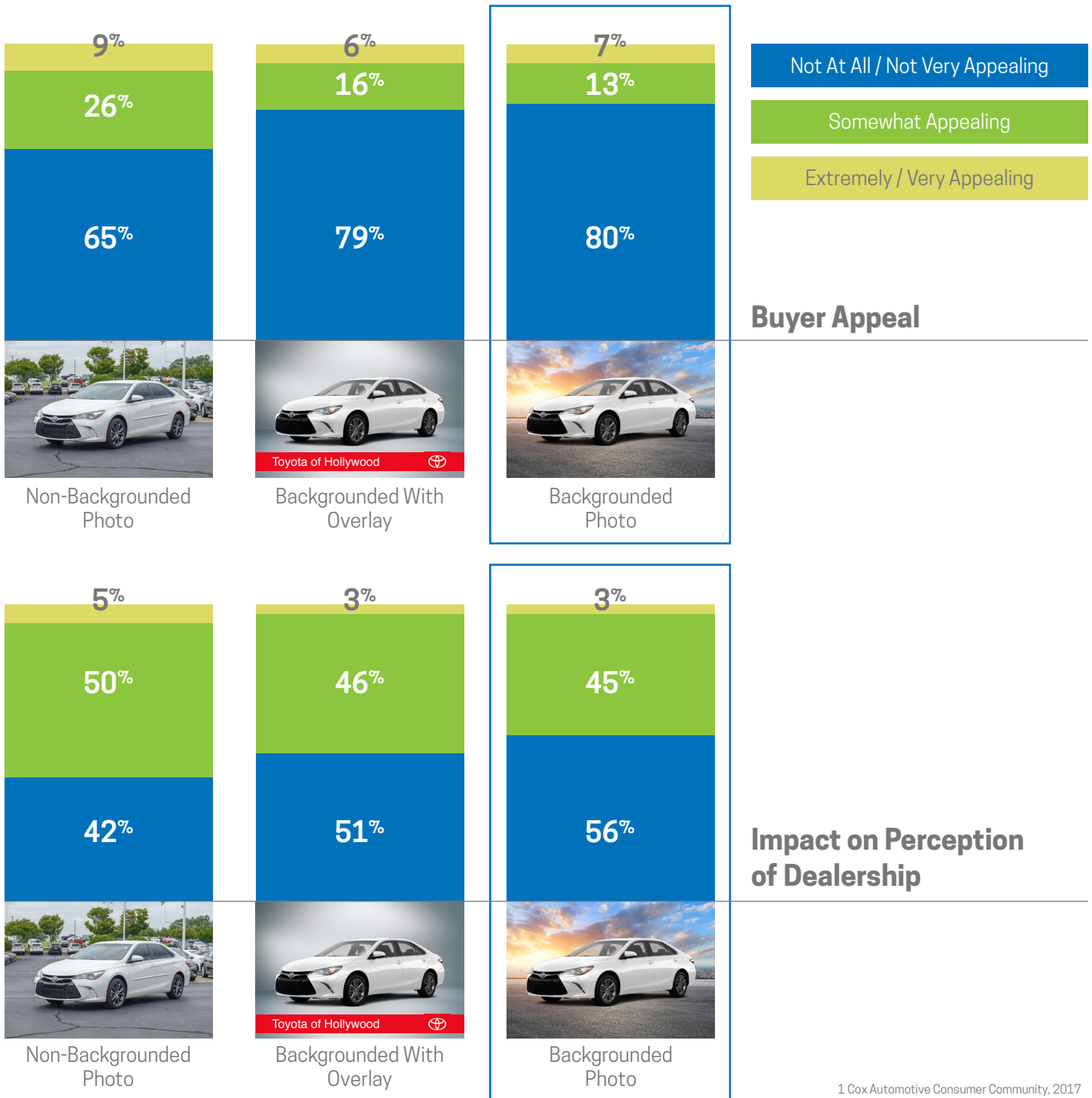
BACKGROUNDED PHOTOS

Backgrounded Images vs. Non-Backgrounded Images:

5% more click conversions from the SRP to the VDP¹

KEY INSIGHTS:

- Cluttered backgrounds can distract from a vehicle's value. For your listings to have the most impact, use backgrounded images that keep the focus on the car.
- Backgrounded photos boost buyer appeal and buyers' perceptions of your dealership.



¹ Cox Automotive Consumer Community, 2017



PHOTO OVERLAYS

Photo overlays are an easy way to serve relevant content to car shoppers and get your dealership's branding on the first photo.

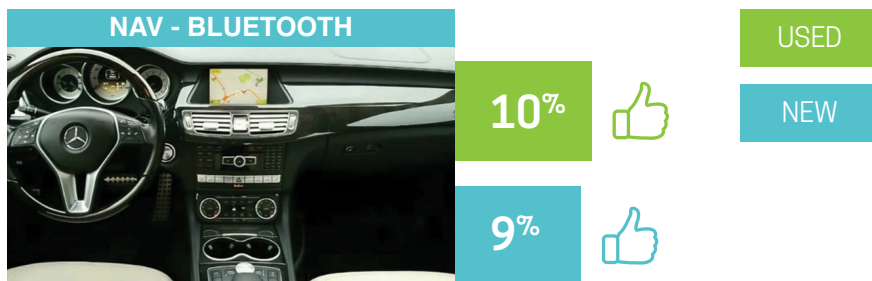
Gain shopper attention, highlight key equipment options, and include condition information within vehicle photos.



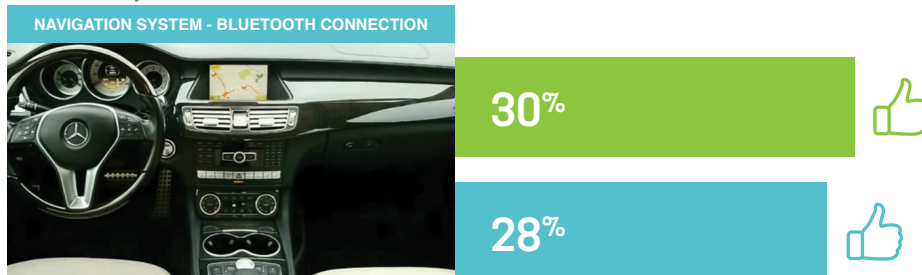
Relevant Text

New and used car shoppers prefer the image with the relevant long text more than the short text.

RELEVANT, SHORT TEXT



RELEVANT, LONG TEXT



Consumers shopping for new vehicles prefer safety and tech features, such as backup cameras, smartphone integration and blind-spot monitors.

Consumers shopping for used vehicles say 4WD/AWD and automatic headlights are absolutely essential.

¹ Cox Automotive Consumer Community, 2018

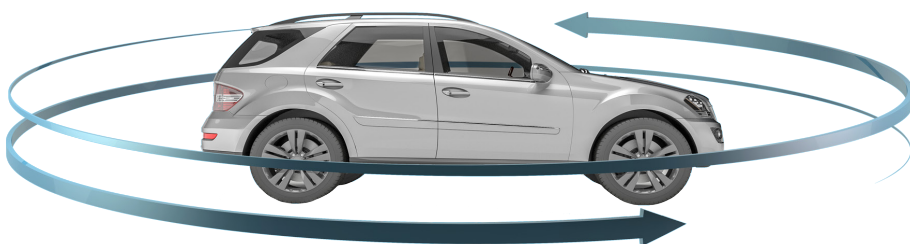


KEY INSIGHTS:

- Presenting custom content inside of photos, such as equipment details and condition information, is an emerging trend. With few dealers taking advantage of this strategy today, this creates an opportunity to differentiate your online listings.
- Including your dealership's branding on the first photos can be especially powerful on third-party websites. This step will help you stand out from the competition and drive quality engagement.
- While common practice is to keep the message short and easy to read, shoppers are looking for relevant details and are willing to read through features to find their ideal car.
- Customize your message to the audience and advertising destination, considering what used car shoppers prefer to see versus new car shoppers.

360°

360° DISPLAYS



73%

of consumers who browsed and then bought or leased a vehicle rated 360 displays as extremely or very helpful¹

80%

of consumers who browsed for vehicles online think offering 360 displays on a dealer website reflects well on the dealer's reputation¹

42%

of dealers indicated they never merchandise with 360 displays²

¹ HomeNet 360 Consumer Study, 2019 | ² HomeNet Automotive Brand and Product Study, 2018



KEY INSIGHTS:

- 360 displays have a positive impact on your business. They allow shoppers to make informed buying decisions while also improving your dealership's reputation in their minds.
- With such a large group of dealers ignoring 360 displays, this unique function is an opportunity for you to stand out from the competition.



VIDEOS

Inventory with videos receive

18% more vehicle details page clicks than listings without videos.¹



¹ Autotrader Nettezza Tables - 2018



KEY INSIGHTS:

- Video content optimizes online merchandising. It differentiates your dealership online and improves the chances that your listings will appear in search results.
- Videos offer consumers an even more in-depth look at vehicles, providing further detail and an up-close look at vehicle condition.
- Vehicles with descriptions get **27% more VDPs** than vehicles without descriptions¹

¹ Autotrader Nettezza Tables - 2018

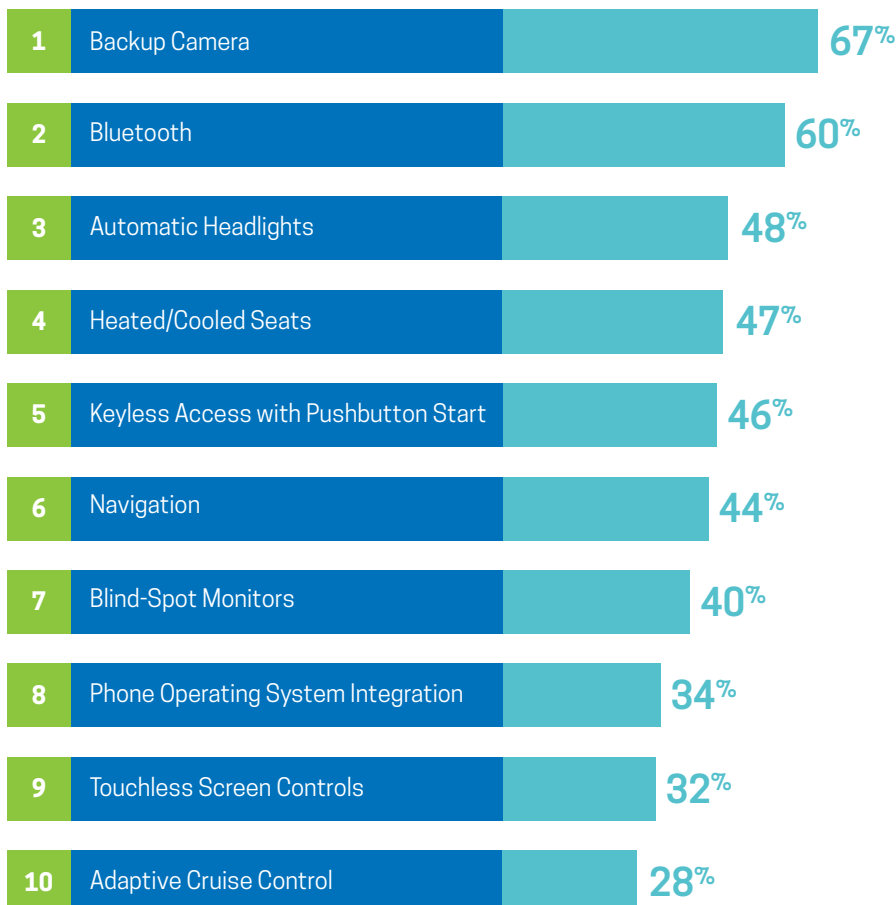


VEHICLE DESCRIPTIONS

What vehicle details do shoppers need to make informed buying decisions?
Importance of Information to Include in Used Vehicle Descriptions:¹



TOP 10 MUST-HAVE TECH FEATURES



KEY INSIGHTS:

- Help your shoppers collect the information they need during the research phase. Provide details on must-have features and relevant options to match the right car to the right buyer.
- Build trust through transparency. Give your shoppers access to complete car histories right as they research online.
- Use the three B's of building better vehicle descriptions.
 - Be Specific – Generate interest through describing the features that make this vehicle special.
 - Build a Connection – Tell your dealership's story and connect with your customers before they get to your lot.
 - Balance the Message – Reinforce the value of your inventory through editorials and awards from the industry's most respected brands.

¹ The 2017 Car Buyer Journey, commissioned by Cox Automotive through IHS Automotive

² Cox Automotive Technology Features Survey, 2017, KBB user responses



SYNDICATION

Getting your inventory in front of customers shouldn't stop with your online website. To create a strong online presence, build a broad, yet integrated, marketing strategy to reach and influence online buyers.

How much do buyers depend on third-party websites?

Websites/Apps Used to Research & Shop¹

80%

Third-Party Sites

46%

Dealership Sites

27%

OEM Sites

27%

Google Search

The Top Sites Used¹



Best Practices for Listings on Third-Party Websites

- Autotrader lists merchandising as the third most relevant factor in driving search result rankings, just behind "Shopper Search Criteria" and "Previous Shopping Behavior."²
- Cars.com states, "Used car inventory needs to have at least twenty photos, mileage listed and price in an acceptable range for it to be considered a quality listing. For new cars, it's advisable to have a reasonable price and multiple photos."³
- Facebook Marketplace sees 550 million visits per month and has experienced a 77% growth in unique conversations between buyers and sellers.⁴

KEY INSIGHTS:

- Make sure your listings are featured on 3rd party websites where shoppers are already looking and most likely to see them. After the search factors controlled by consumers, merchandising is the next most effective way to increase engagement and click-throughs.
- Create complete listings that contain the information shoppers need to build trust in your dealership and help them make informed buying decisions.
- Leverage the growing popularity of Facebook Marketplace as a new destination for used car listings and another opportunity to get your inventory in front of shoppers.

¹ The 2017 Car Buyer Journey, commissioned by Cox Automotive through HIS Automotive

² Autotrader, "Relevant Search," <https://b2b.autotrader.com/dealer/relevant/>

³ Cars.com, "Best Match," <https://growwithcars.com/best-match/>

⁴ AdWeek, "Is Facebook Marketplace Thriving?," <https://www.adweek.com/digital/facebook-marketplace-stats-june-2017/>

MERCHANDISING SOLUTIONS FOR YOUR DEALERSHIP

Think about your dealership's merchandising capabilities. Is your strategy as effective as it could be? Consider what aspects of your merchandising efforts can be automated with the use of technology to convert listings into leads.

Drive Online Visibility and Engagement with HomeNet

HomeNet's digital merchandising platforms are designed to help providers support their clients and help dealers build an online presence that attracts and engages shoppers quickly. That way, consumers can make fast, informed buying decisions that drive sales and the success of your business.

Schedule a personalized demo to learn which solutions are best for your business.

HomeNetAuto.com | 877.738.3313

