3rd Party Auto Retailers Playbook

NBCUniversal

Fall 2021
The digitization of the Auto consumer journey has led to the growth of 3rd Party Retailers.

This presentation provides an overview of the 3rd Party Auto Retailer marketplace and NBCU solutions for the challenges.
TABLE OF CONTENTS

1. Marketplace
2. NBCU Strategic Solutions
MARKETPLACE

An overview of the 3rd Party Auto Retailer landscape including the opportunities and challenges
With rising consumer interest and shifting marketplace conditions, 3rd Party Auto Retailers are experiencing success.

NOW IS THE TIME FOR 3RD PARTY AUTO RETAILERS

The car buying process is moving online, with a focus on used cars.

Search volume is up.

3rd Party sites are indispensable to the consumer journey.

Consumers see them as trustworthy, offering good warranties, and convenient.
THE CURRENT CAR BUYING PROCESS IS SHIFTING IN FAVOR OF 3RD PARTY AUTO RETAILERS

DIGITAL ACCELERATION
64% of shoppers want to do more of the purchase process online the next time they buy a vehicle¹

SHORTENED PURCHASE PROCESS
Car buyers are spending 13h 13m in the purchase process in 2020 vs. 14h 53m in 2019²

USED CAR GROWTH
57% of vehicle buyers looked at both new and used vehicles in 2020 vs. 53% in 2019²

NEW SOURCES FOR EXPLORATION
Dealership visitation fell an avg of 7% YoY since 2016 while online retailer use increased an avg of 5% YoY²

Source: 1) Cox Automotive, As the Car-Buying Process Moves Online, Satisfaction Jumps to an All-Time High, February 1, 2021; 2) Cox Automotive Car Buyer Journey Study: February 2021.
CONSUMERS ARE INCREASINGLY INTERESTED IN 3RD PARTY AUTO RETAILERS
Search Volume has Risen to a 4-year High

Source: Google Trends (pulled 5/18/2021). Note: search trends do not seem to be correlated with media spend.
3rd party websites are the most common first and last website visited.

80% of all car buyers visit them during the shopping process.

Consumers use these websites to get ideas, research more objective information, and more often, complete some or all of the buying process.

Source: Cox Automotive, 2019 Car Buyer Journey Study; Cox Automotive, 2020 Car Buyer Journey Study: Pandemic Edition
A CONSUMER-FOCUSED APPROACH IS FUELING GROWTH

**TRANSPARENCY**
Consumers **trust** a brand that is transparent and appears to truly have their best interest at heart

**WARRANTY**
A vehicle warranty provides **peace of mind** and adds to a brand’s perception as trustworthy and reliable

**CONVENIENCE**
A **low-pressure sales environment** helps car buyers feel heard and able to choose a car that best meets their needs

*CarMax Example:*

**39%**
Of buyers said, “I trusted this **seller,**” vs. 37% for a traditional dealership, and 31% for a dealer group

**32%**
Of buyers said, “They gave me a good **warranty,**” vs. 17% for a traditional dealership, and 19% for a dealer group

**28%**
Of buyers said, “They had an easy **purchasing process,**” vs. 21% for a traditional dealership, and 21% for a dealer group

“I think of them [third party auto retailers] as convenient and trustworthy. They’re not pushy and urgent like typical car dealerships.”

- Female, 18-24

HOWEVER, THERE IS A SIGNIFICANT GAP BETWEEN AWARENESS AND CONSIDERATION FOR ALL BRANDS

3rd Party Auto Retailers Need to Focus on Middle-funnel Tactics

Key Objectives

<table>
<thead>
<tr>
<th></th>
<th>Awareness</th>
<th>Consideration</th>
<th>Purchase Intent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>54.8%</td>
<td>11.5%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Source: YouGov. Brand Index. 2020 Calendar Year vs 2019 Calendar Year. NBCU Viewers vs non-NBCU Viewers.
CONSIDERATION USED TO BE DRIVEN BY A SUPERIOR WEBSITE, NOW IT NEEDS TO COME FROM MARKETING

9 Points
separate the top 6 websites (vs. 38 in 2013)

Overall Customer Satisfaction Website Index Ranking

Source: JD Power 2020 US Automotive Website Evaluation Study
NBCU STRATEGIC SOLUTIONS

Media Solutions Addressing 3rd Party Auto Challenges
3rd Party Auto Retailers Face Unique Challenges

- **Quickened Purchase Process**: Leaving a smaller window to reach in-market buyers during their decision process.
- **Low Differentiation**: Giving consumers little reason to choose one brand over another.
- **Middle Funnel Conundrum**: Resulting in a steep decline between awareness, consideration, and purchase intent.
- **Crowded Landscape**: Leading to difficulty breaking through the noise.

**Marketplace**

**Business**

**Media**
NBCU CAN HELP ADDRESS THESE CHALLENGES…

<table>
<thead>
<tr>
<th>Break Through the Noise</th>
<th>Tell Your Story</th>
<th>Reach In-Market Buyers</th>
<th>Drive Consumer Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build brand association among potential in-market buyers through cultural relevance</td>
<td>Establish your unique value proposition and become top-of-mind</td>
<td>Engage high value audiences at scale</td>
<td>Motivate audiences with actionable content</td>
</tr>
</tbody>
</table>
WITH SOLUTIONS THAT BUILD BRAND AND DRIVE ACTION

**Break Through the Noise**

Utilize commercial innovation within a tentpole or Sports event to stand out and get people talking

**Tell Your Story**

Educate consumers by creating custom content with relevant NBCU talent using your brand and its suite of functionality

**Reach In-Market Buyers**

Engage your target audiences through their decision journey across screens leveraging a surround sound approach

**Drive Consumer Engagement**

Target Auto Intenders on Apple News and drive immediate action via tap-to-dealer maps and model discovery units
THANK YOU