Introduction
Explore NBCUniversal’s latest perspectives and insights into the Auto industry. This report provides an overview of recent marketplace dynamics, our prediction of key future trends impacting the industry, and strategic recommendations for Auto brands and marketers as they navigate what’s next.

Our Approach
At NBCUniversal, we have a legacy of working with a diverse range of Auto partners to build their brands. This report has been created based on NBCU’s:
- Ongoing Industry Evaluation
- Conversations with Auto Advertisers and Agencies
- Continual Marketplace Analysis
- Examination of Consumer Attitudes towards the Auto Industry
NBCUniversal Has a Unique Perspective

The Auto Industry Includes:

- Auto Manufacturers
- Motorcycle Manufacturers
- Dealership Groups
- 3rd Party & New Form Online Retailers
- Aftermarket / Parts & Services
- EV Charging (Residential & Public)
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02. Looking Ahead: Key Industry Trends to Watch
03. The Power of Advertising & Media Trends to Watch
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Looking Back
2023 IN REVIEW
After a few years of uncertainty, for Auto, 2023 was the year Conditions Began to Stabilize and optimism peaked through.
Brands Were at The Intersection of Industry Influence, Economic Conditions, and Consumer Shifts

**Seeing EVs Everywhere**

Brands beyond Auto aligned with EVs to help promote widespread adoption and attract new customers – from studios showcasing EVs on-screen, to rental car companies adding them to their fleets, to hotels installing charging stations.

**Shifting Focus to Emerging Auto Buyers**

The industry continued to turn attention to the next generation of buyers and met with hesitation as GenZ calls into question vehicle ownership for financial, sustainability, and necessity reasons. While it may be delayed buying, significantly less licenses\(^1\) were held by those 18 in 2020 vs. those 18 in 2004.

**Promotions Making a Comeback**

Automakers leaned into promotions to help move inventory, with levels not seen since 2021. Luxury cars had the highest incentives, followed by EVs, the two segments with the highest surplus of inventory.

**Affordability at a Crossroads**

Consumers continued to navigate affordability as climbing new vehicle prices slowed and inventory increased, while used vehicle prices declined. As prices steadied, consumers faced few low financing options, high interest rates, and declining incentives for EVs.

BRANDS ACROSS AUTO SUB-CATEGORIES
Navigated Shifts in Behavior and Affordability

Luxury Auto

As affordability continues to be an issue and affluence grows, the US car market started trending towards being a luxury market. More non-luxury brands are launching more "luxury priced" vehicles ($60K+)\(^1\), while the luxury market share grows YoY (~1/5 as of Spring 2023).\(^2\)

$82.5K
Estimated average luxury vehicle price in 2023 vs. $80.4 in 2022\(^3\)

Dealers & Service Arm

With the push for EV adoption, a gap still exists between dealers and consumers when it comes to EV readiness as less than half of dealers feel extremely prepared to sell or service EVs\(^4\) yet are on the frontline with buyers.

63%
of dealers are slightly or not at all familiar with EV battery health diagnostic tools\(^4\)

Parts & Services

Economic conditions and industry transformation continued to benefit aftermarket as (1) new vehicle prices remained high and used inventory remained tight, and (2) maintenance for certain EV parts (i.e., tires) is higher compared to gas vehicles.\(^5\)

13.6 Years
The average age of passenger vehicles on the road in the U.S. – a new record\(^6\)

3rd Party / New Form Online Retailers

Used vehicle only retailers continue to push ahead with new business models and strategies as they continued to feel the ripple effect from production woes such as limited and aged inventory and high costs.

12.4%
of used cars cost less than $20K in 2023, a massive drop from 49.3% in 2019\(^8\)

Key Auto
Headlines from 2023

**EV NORMALIZATION**
2/2/23

“Netflix to **include more EVs in its TV shows and movies** as part of new partnership with GM”

**INDUSTRY SIGNALS**
5/16/23

“Tesla will ‘try a little advertising’, Elon Musk says”

**SOCIETAL REACTIONS**
8/14/23

“**Autonomous cars** are free to roll in San Francisco. The first weekend was a doozy”

**SHIFTING OF THE TIMES**
9/4/23

UAW’s clash with Big 3 automakers shows off a more confrontational union as **strike deadline looms**”

*Click on a tile to read the article*
Marketsplace Partnership Examples

Evolving Media Strategy & Storytelling

Leaning into Cultural Moments
Ford celebrated the significant role women played in the development of the modern automobile by launching a new video, “The Ford Explorer Men's Only Edition” for International Women’s Day. The “Men’s Only Edition” was missing all inventions created by women.

Connecting with Drivers and Fans Through IP
XBOX gamers and car fanatics were brought into Barbie’s Dream World and gained exposure to EVs by being able to download and virtually drive Barbie’s iconic Corvette EV Convertible and Ken’s GMC cars in Forza Horizon 5.

Building Hype via Talent & Experiences
Big Boi stepped into the auto game with a short rap to help generate excitement around Cadillac’s Escalade IQ – their first fully electric model of the Escalade family.

Tapping Celebrities to Showcase Benefits
Dax Shepherd and Kristen Bell teamed up with Carvana to reach families and the individuals who spend the most time in a car while showcasing the provider’s Value Tracker feature.
Looking Ahead

KEY INDUSTRY TRENDS TO WATCH
LOOKING AHEAD

Key Tech Trends & Emerging Sub-Categories
We Expect to Influence Marketing & Media Strategies

- Consumer Needs, Motivations, & Expectations Become More Complex
- Dealerships Transform into Lifestyle Experiences
- Converging Expectations
- Subscription Models Will Hit their Stride
- Emerging Sub-Categories & Brands Robotaxis, EV Charging
Consumer Needs, Motivations, and Expectations Become More Complex

Why and how vehicles are purchased will continue to become more nuanced for all people - across generations and cultures.

Understanding motivations and influences - beyond features and functionality - will gain importance as the marketplace continues to grow. For example, more than half of women identify as sole decision-makers, yet 40% prefer not to go to the dealership\(^3\); and multiculturals seek cars that represent who they are\(^4\).

*Ripple Effect: Buyers will expect dealerships and aftermarket retail staff to guide them on what’s possible, beyond the typical.*


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**PRE-PLANNING**

Beginning anywhere from 6 mos to 3 years out

68% of Gen Z and 77% of Millennials plan to buy a car in the next year\(^1\)

86% of people believe buying a vehicle is a major investment\(^1\)

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**FEATURES & DESIGN**

Reflecting their personalities and values

Top areas they’re researching: fuel/energy efficiency (67%), safety (61%) and competitive pricing (60%)\(^1\)

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**AFFORDABILITY**

Concerning buyers, especially first-time

58% of consumers are worried they will overpay for their next vehicle\(^1\)

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**CHOICE**

Growing and impacting brand loyalty

75% of buyers most comfortable with a hybrid approach to purchasing\(^6\)

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**OMNICHANNEL RESEARCH**

Spending more time researching in-person & online

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**ENVIRONMENTAL VALUES**

Take a front seat, from aftermarket to batteries

23% of A18-42 auto intenders say sustainably sourced materials is an important feature\(^2\)

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**Ripple Effect:** Buyers will expect dealerships and aftermarket retail staff to guide them on what’s possible, beyond the typical.
Dealerships Transform into Lifestyle Experiences

Reimagining the retail space and its role in adapting to evolving cultural and consumer ideals

To get customers in the door and interacting with the full brand in a low-pressure environment, auto makers are rethinking retail spaces.

These immersive brand experiences build emotional connections with consumers and invite them into the brand – beyond the products being sold.

Ripple Effect: It is about the long game. To build loyalty means switching gears on traditional buying to more experience-led.


Social
where people can interact with vehicles and engage with other community members
E.g., Rivian Spaces¹

Hospitality
through high-end experiences, from restaurants to event backdrops, helping buyers feel valued
E.g., Porsche Studio²

Culture
celebrating the heritage and history behind automakers through immersive spaces
E.g., Genesis House³
Converging Expectations

With GenAI and consumers expecting the same convenience from a car as they do their smart devices, connected cars are heading to the next level.

As OEMs advance, parts and services should be innovating and investing in infrastructure to keep up and be prepared to handle repairs for new tech and equipment.

Ripple Effect: Business models and offerings of Parts & Services companies will need to be revisited to handle repairs for new tech and equipment.

Sources: 1. CNN; 2. WSJ; 3. The Verge; 4. Car And Driver; 5. Verizon; 6. Bloomberg
Subscription Models Will Hit Their Stride

Creating solutions for the non-traditional driver

To stand out from the competition, different auto makers will continue to explore and test subscription models aligning with consumers lifestyles and preferences.

The purpose car subscriptions serve align directly with Gen Z, who expect convenience and flexibility in everything they do.

Car Subscriptions

The Global Car Subscription Market is projected to reach $15B+ by 2030, increasing at a 23% CAGR.

Why Consumers Like This Over Leasing

- **Short-Term Mobility**
- **Commuting Alternatives**
- **Lower Vehicle Expenses**
- **Vehicle Swaps**
- **Easier than Leasing**

Brands leaning in: Care By Volvo, Porsche Drive

Features On Demand

82% of consumers who experienced a free-trial would consider purchasing subscription-based services on future new car purchases.

Why Consumers Like FOD Over Required Add Ons

- **Test and Turn Off vs. Long-Term**
- **Upgrade or Downgrade As Needed**
- **Access New Tech Constantly**
- **Lower Upfront Car Price**
- **Free Trial Period Offered**

Brands leaning in: Audi Connect, BMW ConnectedDrive

EMERGING SUBCATEGORY
Robotaxis

What it is: Self-driving electric taxis are a test bed for fully autonomous vehicles, and are disrupting the traditional taxi and ride hailing landscape

Why it matters: Like EVs, robotaxis will need more paid advertising to introduce the new concept and address consumer barriers and overcome current challenges

Why To Watch

$45.7B
Projected 2030 Global Market Size | +92% CAGR from 2023

26%
of miles travelled by global passenger vehicles in 2050 are expected to come from Robotaxis

Ad Spend

$2M
Robotaxi
2022 U.S. Ad Spend +85% vs. 2021

Brands to Watch

WAYMO, Cruise, Zoox, Motional

China, China, Germany, France

2022 Media Mix

32% Display
21% Facebook
22% Instagram
4% Magazines
14% Mobile
3% Native
4% Newspapers
14% Twitter
3% Video
EMERGING SUBCATEGORY
EV Charging

What it is: Electric Vehicle charging systems for public or private/residential use

Why it matters: Education is important, as charging availability and operation is a major consumer concern and will be key in accelerating widespread adoption

Why To Watch

$76.9B
Projected 2027 Global Market Size | +45% CAGR from 2022¹

2030s
when charging network growth is expected to peak for most markets²

Brands to Watch¹,³

Wallbox
Blink
Tesla
ChargePoint
Electrify America
EVgo

Ad Spend

$13M
EV Charging
2022 U.S. Ad Spend⁴
+186% vs. 2021

2022 Media Mix⁴

SUMMARY

Key Auto Trends & Emerging Sub-Categories We Expect to Influence Marketing & Media Strategies

Consumer Needs, Motivations, and Expectations Become More Complex
The way people buy cars is becoming more nuanced for all people, across generations and cultures.

Dealerships Transform into Lifestyle Experiences
Reimagining the retail space and its role to adapt to evolving cultural and consumer ideals.

Converging Expectations
With GenAI and consumers expecting the same convenience from a car as they do their smart devices, connected cars are heading to the next level.

Subscription Models Will Hit Their Stride
Creating solutions for the non-traditional driver.

Emerging Sub-Categories & Brands we anticipate strong growth from include Robotaxis, EV Charging.
The Power of Advertising

& MEDIA TRENDS TO WATCH
Auto Manufacturers
The Importance of Advertising Series

Highlighting how advertising is critical to vehicle sales as the auto industry navigates marketplace headwinds and tailwinds.

**The Power of Advertising**
The impact advertising has on driving overall auto and EV sales

**The Importance of TV**
How TV impacts marketing metrics to drive sales

**What If Scenarios**
The impact advertising has on market share in an increasing crowded market

**Role of Comms for EVs**
The marketplace factors and consumer barriers advertising needs to address to sell EVs

QUESTIONS?
The Power of Advertising: Sean Wright & Megan Ryan
The Importance of Linear: Trish Wong & Megan Ryan
Role of Comms for EVs: Megan Ryan
Brands That Saw Product Shortages But Chose to Keep Advertising Sold More Cars Per Month Than Those Who Didn’t

25% of those who did cut spend saw negative sales vs. LY; zero advertisers who increased spend saw declines

Average Increase Car Sales by Manufacturer
2020-2021 from January to June

Increased Ad Spend 2020 – 2021
63,400

Decreased Ad Spend 2020 – 2021
49,940

Scale: = 10,000

Sources: JD Power
Advertising is Critical to Drive Demand, Especially for EV Launches

5x more paid media needed to sell one EV vehicle vs. gas vehicle launches

Average Advertising Spend
New Model Launches Only per Car Sold (2020 – 1Q 2022)

Gas
$1,520

Electric
$7,719

Scale: = $1,000

Sources: Internal Analysis, MediaRadar, JD Power, EV Only
TV An Important Part of the Advertising Mix for Auto Manufacturers

A Diversified Video Plan
Delivers optimal reach, a key metric in building maximizing impact throughout the funnel
Media Trends to Watch

To reach and connect with auto buyers, intenders and enthusiasts, expect to see the industry balance brand and performance through media and marketing.

EVS MAINSTREAM MEANS
More EV Education

To continue the momentum of EV and alt fuel adoption requires paid media to work hard to help overcome consumer barriers and address headwinds.

Alt Fuel Share of OEM ad spend in 1H’23, +2pp SYAG:

14.5%

More paid media needed to sell one EV vehicle vs. gas vehicle launches:

5x

SEEKING EFFICIENCY WITH
Short-Form Video

Leveraging an audience-led approach to identify and connect with key segments with relevant messaging; balancing with broad reach media.

Increase in short form:

+43%

1H’22-1H’23

Showing Up “Big” In
CONTENT & CULTURE

Recognizing the need to show up in broad reaching and engaging content to capture potential buyers’ attention and build mental availability.

Increase in Sports UF 23/24 investment:

+18%

The Power Of TV To
DRIVE AUTO SALES

The more aware consumers are of a brand’s ad, the more likely they are to consider & purchase.

Television builds brand familiarity and fuels consumer action.

Level of investment matters – impacting reach & frequency, search, and registrations.

Sources: 1. MediaRadar, EV & Hybrid, OEM spend; 2. NBCU Analysis, MediaRadar, JD Power, EV Only; 3. NBCU: Spend Analysis, 22/23 UF Spend vs. 23/23. Current UF Projections as of July 7, 2023 – terms & conditions still being finalized and additional deals are still being negotiated; R is subject to change. 4. SMI Automotive; 5. NBCU Analysis. YouGov, EDO, Kantar AdIntel.
Partnering with NBCU

Industry Performance, Strategic Considerations & Partnership Examples
NBCU Proven Impact for Auto Advertisers
Across Brand KPIs

BUSINESS OUTCOME

Brand
(Upper Funnel)

Brand Familiarity
+5%

Ad Recall
+25%

Brand Favorability
+9%

Brand Consideration
+15%

Performance
(Lower Funnel)

Search Engagement
+58%

Purchase Intent
+13%

Site Visitation
+20%

Foot Traffic
+19%

Buy Rate
+11%

NBCU AUTO CAMPAIGNS
– Test vs. Control

Source: NBCU Ad Impact Database 2017-2022, 68 Brand Impact, 20 Attribution NBCU measured Auto campaigns
Custom research, vendors vary. Average of exposed vs. control cells for NBCU. Top 2 box.
Search Engagement (SER Index): EDO, Volume in five minutes following ads airing on NBCU vs. same brand competitive averages expressed as an index (158).
Campaigns Across More than One Platform are More Effective

Automotive Category NBCU Campaigns: Multi-Platform vs. Single Platform

% LIFT

+37% Ad Recall
+34% Brand Favorability
+102% Brand Consideration
+64% Brand Recommendation

Source: NBCU Ad Impact Database 2017-2022, 68 Auto Brand Impact Studies
Custom research, vendors vary. Average of test cells for 2+ platforms vs. single platform campaigns
### Strategic Considerations

#### Driving Growth for Auto Brands

| Win Attention Via | Why | Consumer priorities, motivations, and loyalty is shifting in an increasingly crowded market. Building and maintaining key brand metrics and foster discovery via search will be key to continue momentum. |
| Create Full Funnel Plans With | How | Align with broad reaching trusted IP and channels to maintain presence, re-enforcing positioning amongst all potential buyers. Leverage cultural moments / tentpoles to break through with new “news” and supercharge conversation. |
| Trusted IP & Cultural Moments | | |
| Secure Growth By | Why | The journey is increasingly complex, as the avg time spent as of 2022 was 14 hrs 22 min. Secure mental availability with potential buyers before and throughout their increasingly complex journey. |
| Engaging Diverse Audiences | How | Target near and in-market buyers via unique data sets to capture attention across screens in premium content with relevant messaging to drive engagement and influence decision. |
| Address Barriers And Win Emerging Audiences With | Why | Multicultural audiences accounted for 34% of total registrations and 52% sales of all Gen Z registrations in 1H'23 respectively. To achieve long term growth, it’s essential for brands to understand priorities, needs, and motivations of these – and other key cohorts. |
| Storytelling Platforms | How | Connect through culture and reflect understanding of audiences in placement, message, and talent/ influencer choice. |

NBCU Solutions for Delivering Brand & Business Impact for Auto Brands

Win Attention Via Cultural Moments & Trusted IP

Brand Safe, Premium Content
- Sports
- Prime, Entertainment, Multicultural
- Peacock Originals
- Tentpoles

Audience Targeting & Automation
- Media
  - NBCU Streaming
  - Local Media
  - Data-driven Linear (DDL)
  - Apple News
- Activation
  - Direct IO
  - Programmatic
  - Private Marketplace
  - Via Local Spoton & Adsmart
- Data
  - NBCUnified
  - BYOD
  - Apple

Create Full Funnel Plans With Data As The Foundation

Secure Growth By Engaging Diverse Audiences

Opportunities Reflecting Culture & Societal Expectations
- Connecting Brands & Audiences Through Relevant Talent
- Acknowledging Community & Change Through Always On Opportunities
- Recognizing Impacts of Cultural Heritage Through Celebratory Moments

Address Barriers And Win Emerging Audiences With Storytelling

Platforms and Formats
- Integrations
- Editorial Content
- Activations
- Amplification

Key Tentpoles & IP
- Local
How Our Partners are Evolving Their Media Strategy & Storytelling

Getting in on Gaming

BMW Mini partnered with Anzu and its diverse gaming portfolio by embedding advertising within their popular game “Gravity Rider Zero”. Gamers were able to engage with the content resulting in the integration driving positive brand performance.

Leaning into Cultural Moments

Infiniti QX60 allowed fans to get an inside look at an exclusive Housewives Travel Diary of her Journey throughout BravoCon featuring Real Housewife of New Jersey Bravolebrity, Jackie Goldschneider.

Leveraging Sports Partnerships

Mazda leveraged the FIFA World Cup Qatar 2022 with local campaigns across linear and digital in the Florida and California markets in order to engage Hispanic auto intenders.

Engaging Multicultural Audiences

Telemundo Deportes’ tapped into its official partnership with Team USA to put Volkswagen front-and-center during soccer’s biggest moments including the Women’s World Cup.
2023 Auto Industry Assessment

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