The Power of Advertising Auto

A P R I L  2  0  2  3
Today

1. Overarching Role & Benefits of Advertising

2. Impact of Advertising for Auto Manufacturers

3. Impact & Role of Advertising for Alt Fuel

4. Key Elements to Deliver Performance
Role of Advertising

Based on historical information, we have identified key three key impacts of advertising:

- **Maintain**: Sustain market share by continuing to invest in advertising to drive sales.
- **Secure**: Protect your existing customer base to drive revenue and enable future growth.
- **Thrive**: Ensure messaging is culturally relevant and resonates with prospective and existing customers.
Plenty of 3rd Party Research Has Been Done to Show the Benefits of Advertising During Turbulent Times...

The #1 cereal brand cut all advertising. Kellogg’s doubled ad spend and became the #1 share leader, a position they have held for nearly 100 years.

Pushing fuel efficiency, Toyota increased ad spend and moved from 3rd place in the Import Auto category to being 1st in imports by 1976.

While market leaders cut spending, Pizza Hut and Taco Bell increased spending. By the end of the recession, Pizza Hut and Taco Bell increased 61% and 48% respectively.

P&G’s Bounty grew market share even as the market leader, picking up 2 share points at the height of the Recession & stealing share from private label. Bounty debuted new creative and grew TV spend.

In a remote world, gum sales plummeted. Extra launched an all-out campaign showing an in-person future without gum. Extra became the market leader in gum for the first time ever and saw a nearly 20% boost in sales.

The Great Depression
1929

The #1 cereal brand cut all advertising. Kellogg’s doubled ad spend and became the #1 share leader, a position they have held for nearly 100 years.

The Oil Embargo
1973

Pushing fuel efficiency, Toyota increased ad spend and moved from 3rd place in the Import Auto category to being 1st in imports by 1976.

The 1991 Recession
1991

While market leaders cut spending, Pizza Hut and Taco Bell increased spending. By the end of the recession, Pizza Hut and Taco Bell increased 61% and 48% respectively.

The Great Recession
2008

P&G’s Bounty grew market share even as the market leader, picking up 2 share points at the height of the Recession & stealing share from private label. Bounty debuted new creative and grew TV spend.

The Covid-19 Pandemic
2020

In a remote world, gum sales plummeted. Extra launched an all-out campaign showing an in-person future without gum. Extra became the market leader in gum for the first time ever and saw a nearly 20% boost in sales.
ULTIMATELY...
Maintaining Budgets Drives Sales

Advocate for maintaining ad spend. Since Harvard Business Review conducted a study in 1927, almost every study since has shown that maintaining ad spend helps companies hold market share and grow faster post-recession.

Long Term Case History

- **Budget Maintained Every Year**
- **Zero Advertising for 1 Year, then Back to Usual Weights**
- **Half Budget for 1 Year, then Back to Usual Weights**


Clients who cut budgets at the onset of a recession will take **5x longer to recover sales** compared with clients who maintain spend.

Clients preserving ad spend **increase SOV** on networks and programs given cutting budgets is a common tactic.

Clients who maintain current levels may see **30-40% revenue increases** over clients who cut budgets post-recession.
Staying on Air Has Significant Benefits for Brands Big and Small
In the year after the Pandemic, brands (across all categories) that maintain ad spend also see:

- An average of $29 in revenue with just $1 of ad spend
- An average of $5.78 higher in profit vs. brands that cut
- Increase in VC funding compared to brands who went dark

Source: Internal Analyses using quasi-experimental modeling; more details can be found here
Advertising Plays an Integral Role in Auto Sales
IN FACT, We’ve Seen the Positive Impact Media Plays

**AUTO BRANDS THAT EXPERIENCED PRODUCT SHORTAGES**
But Chose To Keep Advertising,
Sold More Cars Per Month Than Those Who Cut Spend

25% of auto advertisers who did cut spend saw negative sales vs. PY

0 advertisers who increased spend saw declines

**Increase in Average Monthly Vehicle Sales**
2020–2021 from January to June

- **Increased Ad Spend 2020 – 2021**
  - +63,400

- **Decreased Ad Spend 2020 – 2021**
  - +49,940

Source: JD Power
As the Automotive Industry Continues to Transform & Alt Fuel Take Center Stage

Advertising Plays an Increasingly Critical Role
In 2019, the journey was quick, with less touchpoints
4.2 websites & 13 hrs 55 min researching & shopping¹

There were 30 new entry/ major launches in 2017³

Scarcity of Public Charging Stations
Prior to 2012, there were no more than 500 public electric vehicle charging stations available⁵

In 2022, there were more places to go, more info to consume
4.9 websites were used & time spent researching & shopping was 14 hrs 22 min²

In 2024, there are 55 predicted launches
85% estimated to be alt fuel⁴

There are now >130,000 Public Charging Stations available in the U.S.⁶

Source: 1. 2019 Cox Automotive Car Buyer Journey; 2. 2022 Cox Automotive Car Buyer Journey; 3. JD Power Auto Marketing RADAR; 4. JD Power Auto Marketing RADAR Q1 2023 – all new and new entry; alt fuel includes definitely and potential based on NBCU analysis; 5 Statista, 1Q 2022; 6. White House Fact Sheet 15 Feb 2023
Electric Vehicle Sales are Increasing

**Globally, EV Sales increased +51% to >10M vehicles**

2022 vs. 2021

**In the U.S., EV Retail Share Tripled in 2 Years**

>6% @ end of 2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas &amp; Flex</th>
<th>Gap Closing</th>
<th>Electric Vehicle</th>
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</thead>
<tbody>
<tr>
<td>2020</td>
<td>8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>6%</td>
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**Fuel Type Market Share**

-/share declining
- gap closing
- electric vehicle

As the # of EVs available increased (currently 40 BEVs) & media spend doubled

As the Push for EVs Takes Off, So Does Media Spend
Spend increases, mix diversifies

Since 2020, spend against dedicated EV models increased

7x

Now accounting for 6% of total Auto OEM spend (vs. 1% in 2020)

Electric Vehicle Media Spend
2018-2022 (EV only)

Spend increases, mix diversifies

Source: MediaRadar, Category: Electric Car, 2018-2022. Streaming is comprised of OTT. Social is comprised of Facebook and Snapchat. OLV includes YouTube.
An EV isn’t Just a Car, It’s a Concept.

NEW IDEAS ALWAYS NEED MORE ADVERTISING.

The PASSING of the HORSE

The silent horse power of this runabout is measurable, dependable and spontaneous—the horse-power generated by supplies of hay and oats is variable, uncertain and irresponsible. There is “Nothing to watch but the road” when you drive.

The Oldsmobile

The Best Thing on Wheels

You see it everywhere. Doctors, Lawyers and Merchants find the Oldsmobile the most practical vehicle for business purposes. Ladies and children can readily understand its mechanism. Unvarying reliability proves it is built to run and does it.

Price $650.00

Selling Agencies are established in all the larger cities where you will be gladly accorded the privilege of trying the Oldsmobile on the road. Write for illustrated book to Dept. A.

Olds Motor Works
Detroit, Mich.

Factories, Detroit and Lansing

Electric cars. They’re Normal Now.
And it Shows in Media Support

5x more paid media needed to sell one electric vehicle vs. gas vehicle launches over the last 3 years

**Average Advertising Spend**

**NEW MODEL LAUNCHES ONLY PER CAR SOLD (2020 – 1Q 2022)**

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<tr>
<th></th>
<th>Gas</th>
<th>Electric</th>
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<tr>
<td></td>
<td>$1,520</td>
<td>$7,719</td>
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Source: Internal Analysis, MediaRadar. JD Power: EV Only
With Ample Media Support, Comes Success

Brands that spent >$10M on new EV launch campaigns sold ~22x more vehicles vs. those that spent <$10M

Video, A Driving Force?
EV launches with campaigns >$10M, video averaged 94% of total ad spend vs. <$10M, where brands allocated on average 32% to video

Average New Electric Vehicles Sold
New Launches Only; First 6 Months Following Launch
1Q 2020 – 2Q 2022

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<tr>
<th>Launch Campaigns</th>
<th>Under $10M</th>
<th>Over $10M</th>
</tr>
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<tbody>
<tr>
<td>Vehicles</td>
<td>200</td>
<td>4,395</td>
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Source: Internal Analysis. MediaRadar (Video is Linear and Digital). JD Power. EV only.
Case Study: Tesla

While Tesla is still the leader in the EV space, its market share has declined as competition has increased & ad spend has been avoided.

Source: IHS Polk. EV Registration Data as of April 2022.
We Can Only Expect This Trend to Continue

Since 2019, Tesla’s share of the Retail EV Market has declined ~12pp.

**OEM Share of EV Market by Quarter**

The need to create and maintain awareness and tout differentiation will become even more vital as consumer demand increases.

Source: S&P Global Mobility; IHS Top Ten Report with Total 2022 CY Data.pdf
CASE STUDY: POLESTAR

Through One Superbowl Ad, Polestar Sold More Cars in a Quarter Than The Entire Prior Year

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<tr>
<th>Quarter</th>
<th>Total Cars Sold Per Quarter</th>
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<tr>
<td>Q1-21</td>
<td>225</td>
</tr>
<tr>
<td>Q1-22</td>
<td>1,236</td>
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(JD Power)
Still on the fence?

Less than 10% of Americans Prefer A Full Battery EV For Their Next Vehicle

Source: Deloitte 2023 Global Automotive Study
Similar to every category, Advertising Works

And is Needed To:
Build Awareness, Maintain Momentum, & Capture Marketshare

And for all fuel, and EVs especially, investment is crucial to their adoption

- Positioning your brand and generating awareness
- Normalizing and educating
- Supporting and driving vehicle sales
- Maintaining and growing market share
Connecting with Potential Buyers in Today’s Landscape
Delivering Against Needs

01. Scale Across Screens, Multi-Platform
Following consumers across mobile, tablet, and TV screens – where the majority of content is watched

02. Premium Content
Such as Sports, Prime and other Cultural Events as well as content creation and integrations to breakthrough

03. Ad Innovation & Emerging Platforms
From AR/VR to actionable overlays and partnerships with emerging platforms to capture attention, engage, and drive discovery

04. Data & Technology
Balancing scale & precisions to better connect with audiences with relevant messaging (1:1, 1:few)

05. Evolved Measurement
A heightened emphasis on full funnel and cross platform performance validation, learnings, & optimizations
Thank You

Q U E S T I O N S ?
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