

THE NIELSEN AUTO MARKETING REPORT 2018

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LETTER FROM THE AUTHORS

Welcome to The Nielsen Auto Marketing Report 2018!

As you probably know, buying a car is a long and complex process. For starters, it's an expensive purchase, so we tend to be cautious and deliberate about it. It's also a decision we live with for some time, so we owe it to ourselves to review the relevant options. Just consider that there are 412 distinct car models in the U.S. alone this year.¹

Picking the right car is not necessarily a rational process either. Ask anyone to explain what they're looking for in a new car and the words don't come easy: part of it is utilitarian, part of it is hedonic, and there's no readymade formula to make it any easier.

While we're hard at work trying to figure out which car to buy, you—the auto marketer—are working equally hard on sophisticated incentive packages and advertising campaigns to sway our decisions. The stakes are high: the industry spends \$35 billion a year in marketing initiatives in the U.S. alone.² Even as car sales in the U.S. have slowed down a bit in the past couple of years,³ automotive remains one of the top-spending advertising categories on the national stage, and by far the top spender on local media.

As consumers, we buy a new car every six to seven years on average, and in that timespan we're exposed to thousands of ads across all media channels. We're not actively shopping the whole time, of course, but those ad impressions are surely leaving a mark and shaping our preferences.⁴

At Nielsen, we've been studying shopping behavior for a long time, across all types of consumer products. It's become increasingly clear to us that car shopping follows a unique set of dynamics.

To investigate, we're launching the first of an annual series of auto marketing reports to take a deep dive into the consumer path to purchase, media's impact on brand awareness and purchase intent and buying behavior across age groups.

Enjoy the report!

Sincerely,
Nate Hutchins and Brett House

¹ "Car Shopping Guides." J.D. Power. Accessed September 2018.

² Almadrones, Erik, and Deloitte Digital. "Automotive Marketing: Shifting Gears in a Slowing Market." September 13, 2017.

³ "LMC Automotive Forecast June 2018." J.D. Power. June 25, 2018.

⁴ "Magna Advertising Forecasts. Fall Update." Magna Global. September 20, 2017.

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INTRODUCTION

In today's crowded car market, auto advertisers are hard-pressed to connect with consumers, encourage new sales, and do it all under diminishing budgets. It's a steep challenge, and one that can only be met with a full understanding of how people shop for cars and how they are influenced by automotive advertising.

Our research, based on online surveys conducted by Nielsen every quarter since 2012, analyzes the behavior of new car buyers in the U.S. To date, more than 220,000 interviews have been completed with prospective auto buyers.

You—for one—will get a new perspective on the automotive path to purchase. For example, we've learned that people don't shop for cars by simple process of elimination. When car shoppers are ready to buy, they consider twice as many cars as they did at the beginning of their journey. This presents a unique opportunity to influence buying decisions very late in the game.

In light of that, you'll see how different media channels impact brand awareness and purchase consideration and learn how to optimize your media strategy in order to build deeper connections with consumers. The key is to develop campaigns that can deliver on two fronts: building long-term brand equity and capturing people's attention when they're weighing their options.

You'll also get a close look at how different age groups not only don't shop for the same types of cars, but they don't shop in the same ways either. We zoom in on Millennials and compare their behavior to that of their older counterparts. Finally, you'll learn how brand market share impacts key path to purchase metrics, including unaided brand awareness and purchase intent.

We're confident that the findings in this report will shed new light on the automotive path to purchase and help you develop more informed marketing strategies that increase purchase consideration and—most importantly—new car sales.

COMING SOON

STAY TUNED FOR AUTO PATH-TO-PURCHASE INSIGHTS FOR MULTICULTURAL DEMOGRAPHICS!

Including: African Americans, Asian Americans and Hispanic Americans



PATH TO PURCHASE

A NEW PERSPECTIVE

The path to purchase is a simple and useful model that marketers have used for decades to illustrate how people shop. It's often described as a sequence of events, where people are exposed to a wide range of options, which they whittle down as they get closer to buying.

There are two big misconceptions with this view:

- 1 The first misconception is that people don't have any intrinsic bias favoring one brand over another at the start of the car-buying process;
- 2 The second misconception is that car shopping is a process of elimination, whereby people eliminate brands one by one until a winner finally emerges.

Let's start with the first. Our research shows car buyers do, in fact, have a bias in the mindshare that they allocate to brands throughout the path to purchase. We employ unaided brand awareness as a proxy for this mindshare bias throughout the report.

Second, the car shopping process doesn't follow a linear path with a consistently decreasing consideration set. Interestingly, the number of brands under consideration actually increases the closer a person gets to a final decision.

We came to these conclusions by asking prospective car buyers about their car buying journey. We began by asking a few questions about brands they think of without being prompted (*unaided awareness*), and then we asked respondents to identify brands they know from a list of 34 carmakers (*aided awareness*).⁵ Finally, respondents were asked in-depth questions about car consideration and purchase intent to draw connections between types of awareness and the path to purchase.

It turns out that not all brand awareness was created equal. Quality is significantly more important than quantity.

Seventy-five percent of all car buyers reported that they intend to purchase their top of mind brand, which as the name suggests, is the highest quality unaided awareness a brand can achieve. It has a serious edge over all others before the consumer ever sets foot inside a dealership (see figure 1.0).

Consumers with unaided brand awareness account for only 23% of total awareness, yet generate 60% of all purchase consideration and 90% of purchase intent. In fact, shoppers with unaided awareness have 10 times the purchase intent as those with aided awareness. Quality really is more important than quantity when it comes to automotive brand building.

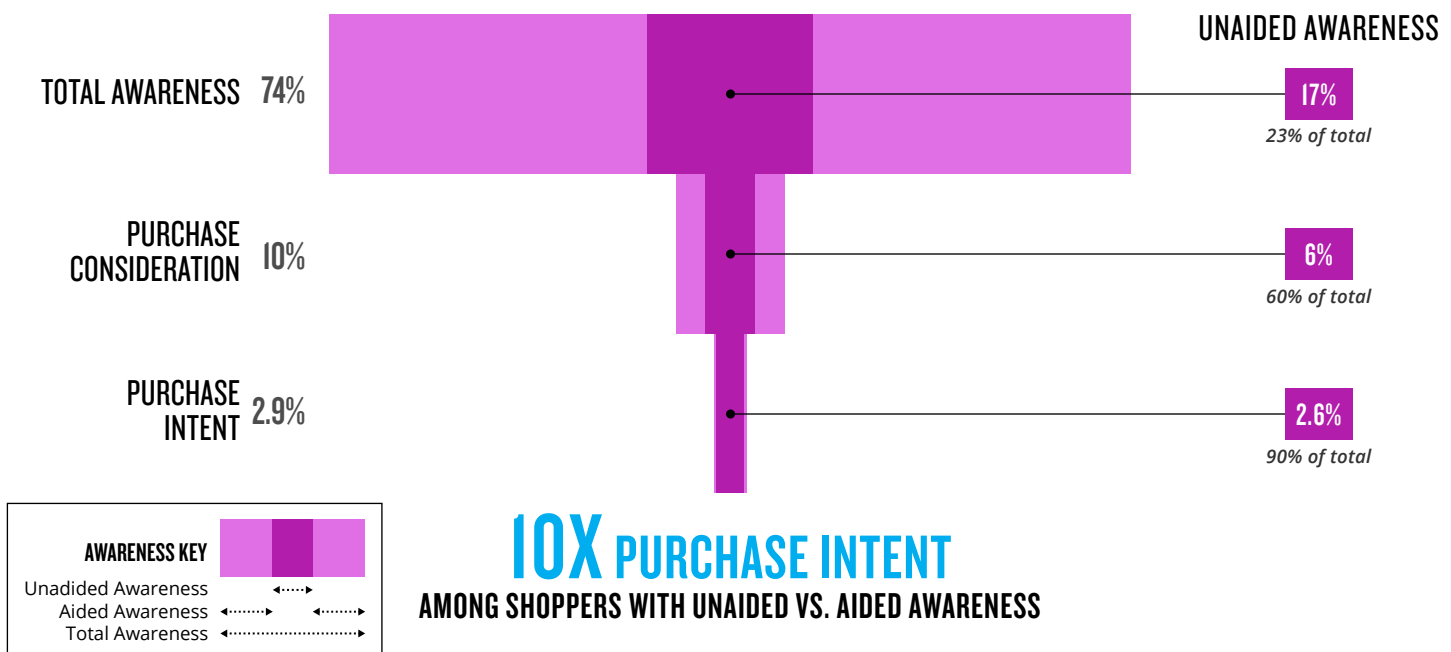
**NOT ALL BRAND AWARENESS
WAS CREATED EQUAL.
QUALITY IS SIGNIFICANTLY
MORE IMPORTANT THAN
QUANTITY.**



⁵ See [Glossary of Terms](#) at the end of the paper for all definitions.

FIGURE I.0

UNAIDED AWARENESS IS RESPONSIBLE FOR 90% OF ALL PURCHASE INTENTIONS



Source: Nielsen Auto Path-to-Purchase Study | USA | 34 brands | persons 18+ | Q1, Q2 2018 1,980 respondents

It's clear that, as a marketer, you need to build deeper connections with consumers—not simply awareness for awareness' sake.

It takes a media-agnostic, customer-first marketing approach to build these connections long before prospects are actively in the market for a new car, as stated by this automotive CMO in the [The Nielsen CMO Report 2018](#):



"We have to have a consumer-first mindset. It's how we approach the purchase journey. I think that we—at times—do it really well, but in pieces. When you think about the purchase funnel for automotive... you have future-market, near-market, end-market. We've done a really good job lately on the end market... the bottom of the funnel stuff. But if we're not building the demand in the mid- to upper funnel, then we're not filling that pipeline up with enough customers to deliver on our goal."

High reach media—such as television and radio—should be leveraged to build awareness and fill the top of the sales funnel. These channels, however, need to be reinforced across other media touchpoints to ensure you achieve deeper unaided awareness and remain part of the consideration set when prospects get closer to visiting a dealership.

Collectively, your media touchpoints with consumers – throughout the path to purchase – must reinforce your overall brand story and elevate it in consumers' minds.

Now to address the second misconception—that car shopping is a process of elimination. Our research shows that car shoppers consider more brands—not fewer—the closer they get to making a purchase.

Car shoppers start out on the path to purchase by considering two to three brands on average (see figure 1.1). They're aware of many more of course (29 out of the 34 in the study), but by the time they're ready to buy, they typically have five brands under consideration—nearly twice as many as they started with.

Interestingly, as they consider more brands, car shoppers develop 'tunnel vision' and focus on researching and evaluating only the cars that have made their expanded shortlist. It's not that they lack interest in other brands, rather it's a case of 'selective indifference' to brands outside their consideration set.

The fact that shoppers are considering more brands as time goes by is encouraging for auto marketers. It suggests that car shoppers are open to considering additional brands even while having a top of mind brand that carries a natural advantage.

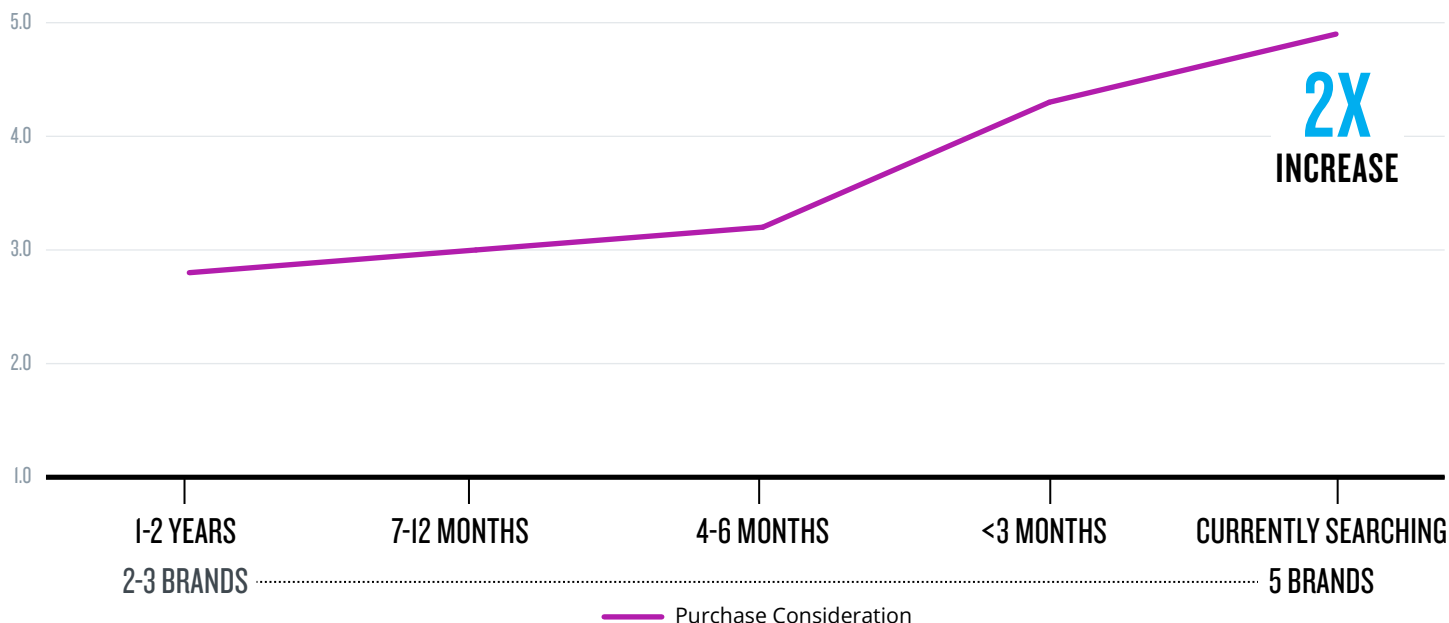
In the next section, we'll look at how you can improve the quality of awareness you're generating and increase the likelihood your brand will make a buyer's shortlist.

CAR SHOPPERS CONSIDER MORE BRANDS—NOT FEWER—THE CLOSER THEY GET TO MAKING A PURCHASE.



FIGURE 1.1

2X INCREASE IN CAR BRANDS UNDER CONSIDERATION AS PURCHASE NEARS



Source: Nielsen Auto Path-to-Purchase Study | USA | 34 brands | persons 18+ | Q1, Q2 2018 1,980 respondents



MEDIA'S IMPACT

FROM AD RECALL TO
PURCHASE CONSIDERATION

As we've learned, effective brand building remains critical through the path to purchase. The key is a holistic approach to media strategy that takes the customer journey into account (see figure 2.0).

As the recently published *Nielsen CMO Report 2018* made clear, marketing executives across industries agree that one of their biggest challenges lies in striking the right balance between their media mix, their core marketing key performance indicators (KPIs) and the experiences customers have with their brand.

Nearly all agreed that traditional media like TV or radio are critical to building upper-funnel awareness. On the other hand, digital media channels are thought to be particularly effective at driving mid- and lower-funnel engagement and conversion.

FIGURE 2.0

ALIGNING MEDIA WITH THE AUTO PATH TO PURCHASE



Source: The Nielsen CMO Report 2018

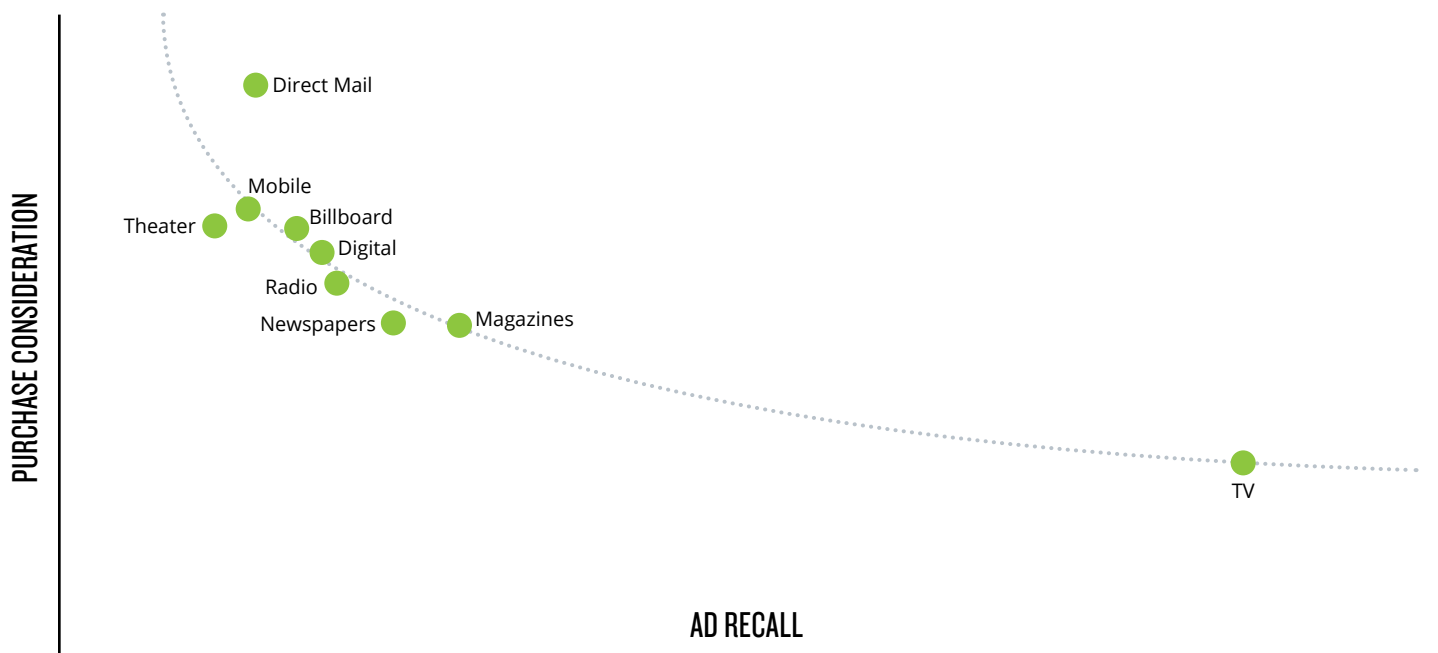
For this report, we were able to further confirm these findings and quantify the relative importance of each media channel by measuring ad recall (a surrogate for brand awareness) and purchase consideration (see figure 2.1). It's important to note that this analysis is based on national auto brand advertising recall. Additionally, high TV ad recall is – in part – influenced by the size of TV advertising budgets, which are larger relative to the other channels represented here.

Generating Awareness: TV drives the highest level of ad recall of all channels by a wide margin—over 2x greater than print, the next highest channel in terms of ad recall.

Increasing Consideration: Purchase consideration among those who recall an ad is higher across other channels (like mobile, direct mail and even billboards).

FIGURE 2.1

MEDIA'S IMPACT ON AD RECALL AND PURCHASE CONSIDERATION



Source: Nielsen Auto Path-to-Purchase Study | USA | 34 brands | persons 18+ | Q2 2015 to Q1 2018

While digital tends to get all the headlines, direct mail leads the pack by a relatively large margin when it comes to impacting purchase consideration. It continues to be a top channel for direct response marketing, despite seeing a decline in volume over the past 10 years.⁶ Like with digital, direct mail personalization is key to cutting through the clutter and being seen by people.

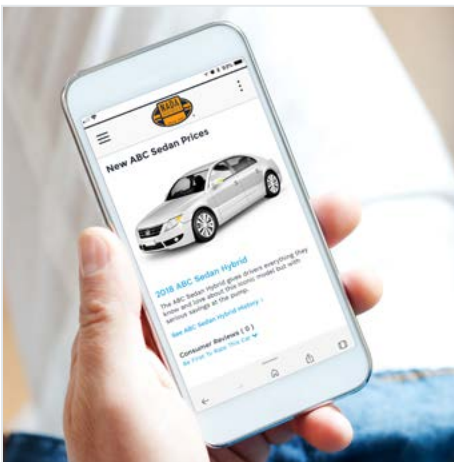
Mobile is proving to be an increasingly important channel in auto advertising. It's the second-highest driver of purchase consideration. With the growth of location-based advertising, not to mention mobile's targeting and dynamic creative capabilities, this may come as no surprise.

As an example, a mobile campaign could capitalize on the fact that a prospect just researched a particular car. A test drive ad could be sent to the prospect's phone from a local dealership (based on geo-location) inviting him/her to take a test drive of the make, model and even the color of the car being researched (see figure 2.2).

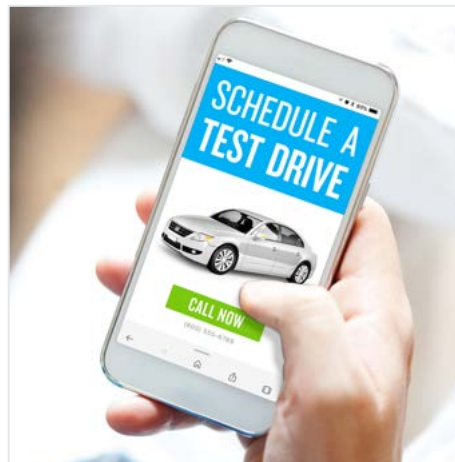
This is a great example of how marketers can be much more strategic in their advertising in an effort to increase dealership foot traffic. Talk about being at the right place at the right time with a more tailored customer experience!

FIGURE 2.2

A MOBILE ADVERTISING USE CASE



1 A prospect researches a particular car



2 An ad is delivered to his phone from a local dealer



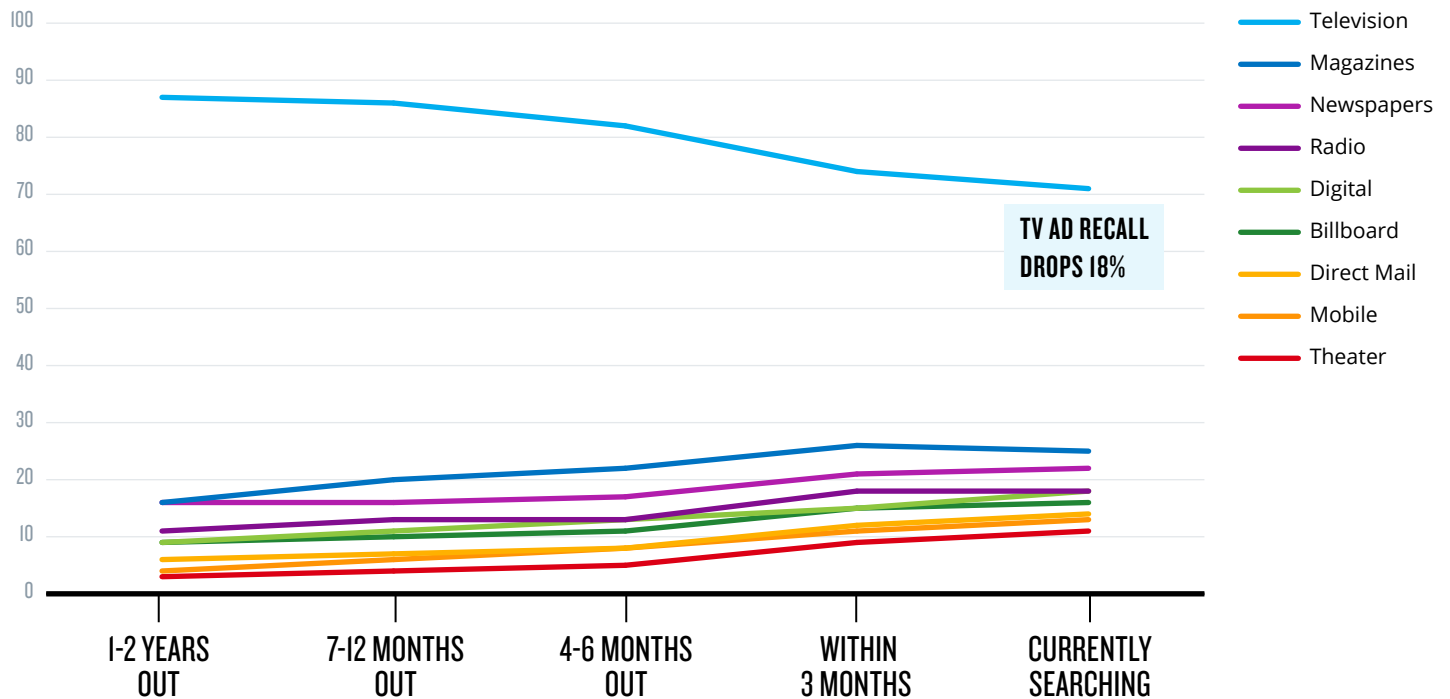
3 The prospect schedules a test drive & visits the dealer

⁶ Trends and Future of Direct Mail through 2020, 2015 Primir/Interquest

Our research also sheds light on how ad recall changes over time. It turns out that as people get closer to purchasing a new car, their ad recall for TV tends to drop, albeit from a much higher starting point, while their sensitivity to ads on other media channels tends to improve (see figure 2.3).

FIGURE 2.3

CHANGES IN AD RECALL WHEN NEARING A PURCHASE - ALL MEDIA



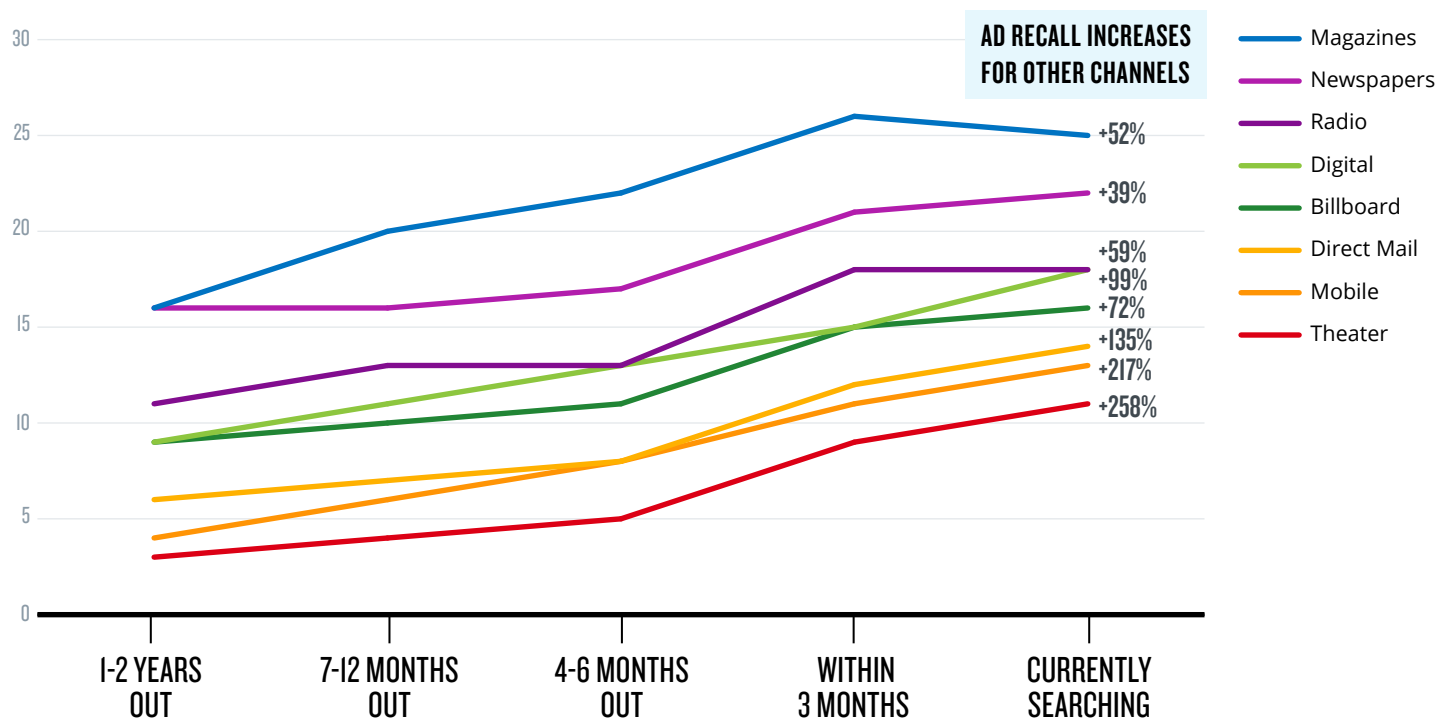
Source: Nielsen Auto Path-to-Purchase Study | USA | 34 brands | persons 18+ | Q2 2015 to Q1 2018 | N=11,955

Television ad recall decreases 18% from initial exposure (one-two years) to when the person is currently searching for a car. Whereas digital, mobile, direct mail and in-theater advertising all result in a big increase in ad recall during the same period. In-theater advertising sees the biggest jump in ad recall at +258%, followed by mobile at +217%, direct mail at +135% and digital at +99% (see figure 2.4).

These jumps could be due to a couple of reasons. For more targeted channels (e.g., mobile, digital and direct mail), shoppers in buying mode may exhibit digital behavior (such as dealership website visits, online form fills or Google search queries) that results in an increased frequency of advertising via digital retargeting and direct mail tactics. For in-theater advertising, the large screen video format and captive audience makes for an engaging and hard-to-ignore experience.

FIGURE 2.4

CHANGES IN AD RECALL WHEN NEARING A PURCHASE - WITHOUT TV



Source: Nielsen Auto Path-to-Purchase Study | USA | 34 brands | persons 18+ | Q2 2015 to Q1 2018 | N=11,955

It's important to note that TV advertising, despite showing a drop in ad recall over time, continues to engage car buyers at a level that far outpaces other media. Over 71% recall the advertising they see on linear TV when actively searching for a new car. That dwarfs the next three highest drivers of ad recall at this deep-in-market stage, magazines (25%) and newspapers (22%), with radio and digital coming in at just over 18%. It appears that TV ad recall takes the brunt of the "selective indifference" shoppers exhibit toward the end of the buying process.

Now, let's take a brief look at how media channels, when consumed together, are greater than the sum of their parts. To illustrate this, we analyzed the impact that TV and social media consumption have on their own and in combination across both awareness and consideration metrics in [figure 2.5](#).

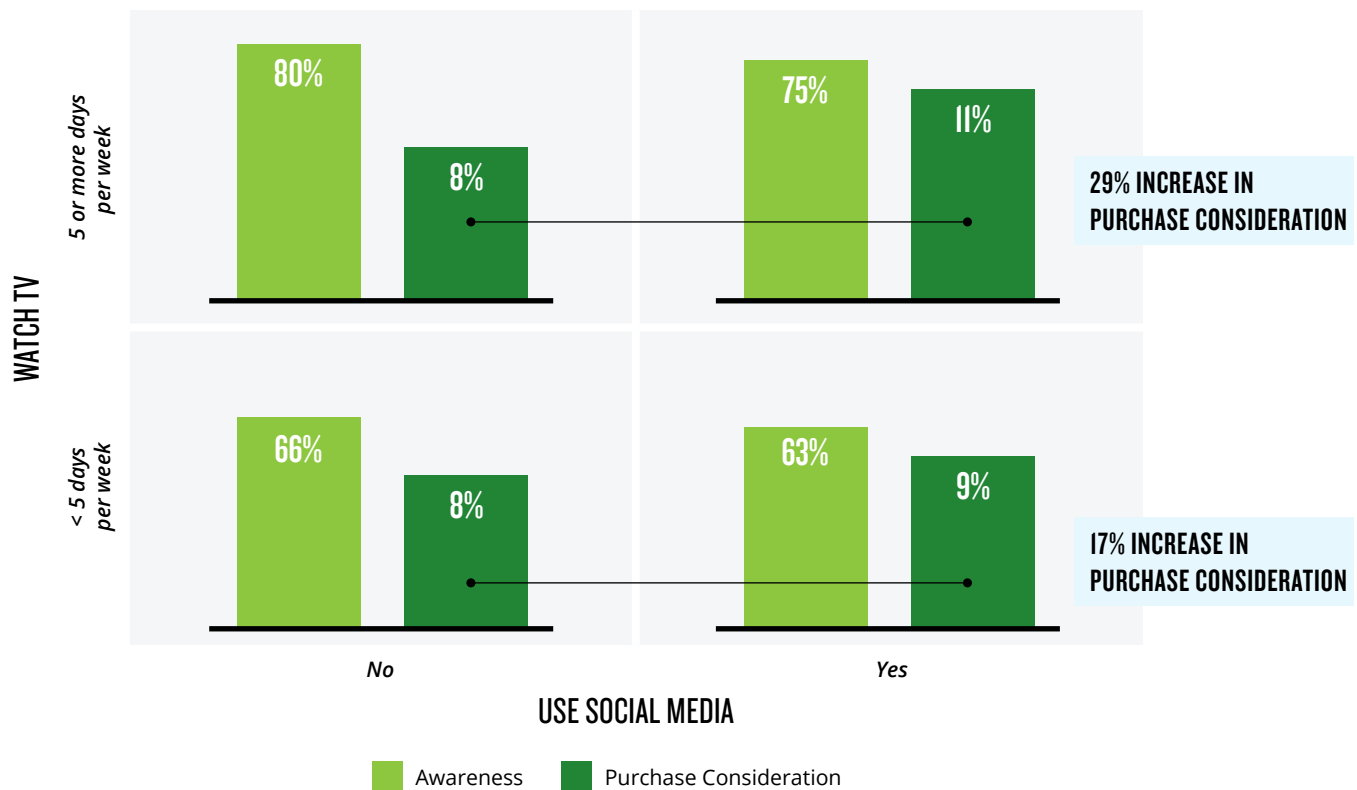
Consistent with our earlier ad recall analysis, total brand awareness is highest among heavy TV viewers (the upper two quadrants of [figure 2.5](#)), while purchase consideration is highest among social media users (right two quadrants).

71% RECALL THE ADVERTISING THEY SEE ON LINEAR TV WHEN SEARCHING FOR A NEW CAR.



Tweet

FIGURE 2.5
TV AND SOCIAL MEDIA SYNERGIES



Source: Nielsen Auto Path-to-Purchase Study, Q1, Q2 2018. Note: Awareness and Consideration shown on different scales.

Eleven percent of heavy TV viewers who use social media consider making a purchase. This represents a 29% increase over heavy TV viewers who do not use social media. Even among light TV viewers (< five days a week), purchase consideration increases by 17% to a relatively high level of 9.4% when TV and social media are used together.

What is clear is that automotive brands should leverage a coordinated mix of broad reach and targeted media, with careful consideration of the synergies between channels. At its most basic, this means using TV and radio for brand building throughout the path to purchase—especially at the outset—and combining these efforts with digital (including social), mobile, direct mail and even in-theater advertising to encourage purchase consideration.

We've covered the importance of building higher *quality* awareness (unaided brand awareness), how car shoppers' shortlists expand as they get closer to buying, and how media channels can best be leveraged to improve brand awareness and purchase consideration.

Our next area of analysis covers the hot topic of generational change and its impact on auto marketing.

11% OF HEAVY TV VIEWERS WHO USE SOCIAL MEDIA CONSIDER MAKING A PURCHASE.





DEMOGRAPHICS

ADAPTING TO CHANGE

The majority of new vehicles are purchased by consumers over 40 years of age. They represent 62% of the adult population in the U.S. and account for over 75% of all new car sales.⁷ While this population largely consists of Gen Xers (ages 40-54) and Baby Boomers (55+), the much-talked-about generation, Millennials, is “coming of age” in terms of buying power.

Currently, Millennials are half as likely to buy a new vehicle as their older counterparts.⁸ Their brand preferences, however, will have a big impact on the auto industry in the foreseeable future. Considering how long the purchase cycle is for cars, it's not too early for auto marketers to start catering to their needs.

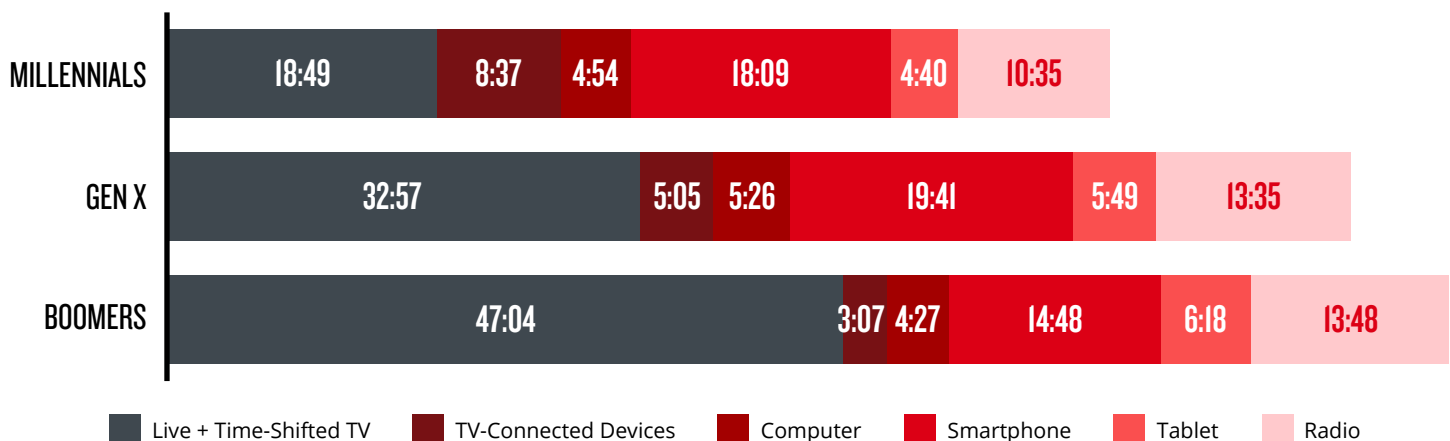
It comes as no surprise that Millennials consume media differently. They're digital natives after all, and engage much more heavily in social media, online video and connected TV. Baby Boomers, however, lean toward more traditional channels like TV and print, with Gen Xers falling somewhere in between.

Note the striking differences between Millennials' and Baby Boomers' media consumption in figure 3.0. Millennials spend much less time watching live TV (including time shifting) than their older counterparts. In fact, Boomers watch +154% more live TV than Millennials, with Gen Xers at +76%.

Millennials, however, do spend 173% more time on TV-connected devices than Boomers and +66% more than Gen Xers. Millennials also spend more time on their computers and mobile devices than Boomers. Interestingly, despite their digital proclivities, Millennials listen to nearly as much terrestrial radio as their older counterparts.

FIGURE 3.0

GENERATIONAL MEDIA CONSUMPTION: WEEKLY TIME SPENT



Source: Nielsen NPOWER, Total Media Fusion and RADAR 137 June 2018, Q1 2018, TV based on 13 weeks; Digital based on 10 weeks; Weekly Time Spent among Total Population using Custom UEs from Total Media Fusion

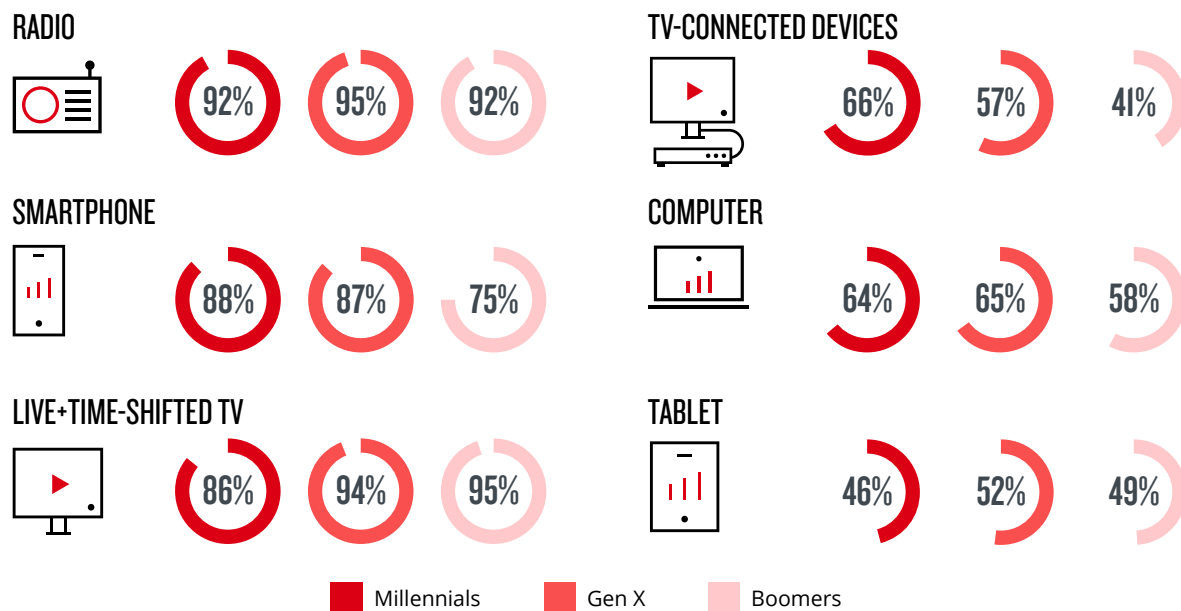
⁷ Sources: U.S. Census Bureau and J.D. Power, Power Information Network, 2018.

⁸ Millennials are projected to overtake Baby Boomers as early as next year. Source: [Pew Research](#).

We also analyzed the weekly reach of different media types by the same demographic categories discussed above. Auto marketers can expect to reach more Millennials on TV-connected devices, computers and smartphones than Baby Boomers. TV reach is higher for Gen Xers and Baby Boomers. Radio is the only media that reaches more than 90% of all three generations with 95% of all Gen Xers and 92% of all Millennials and Baby Boomers, respectively.

FIGURE 3.1

GENERATIONAL MEDIA CONSUMPTION: WEEKLY REACH



Nielsen NPOWER, Total Media Fusion, RADAR 137 June 2018 and National Regional Database Fall 2017 Q1 2018, TV based on 13 weeks; Digital based on 10 weeks; Weekly Reach among users; TV-Connected Devices = DVD, Internet Connected Devices and Video Game Consoles



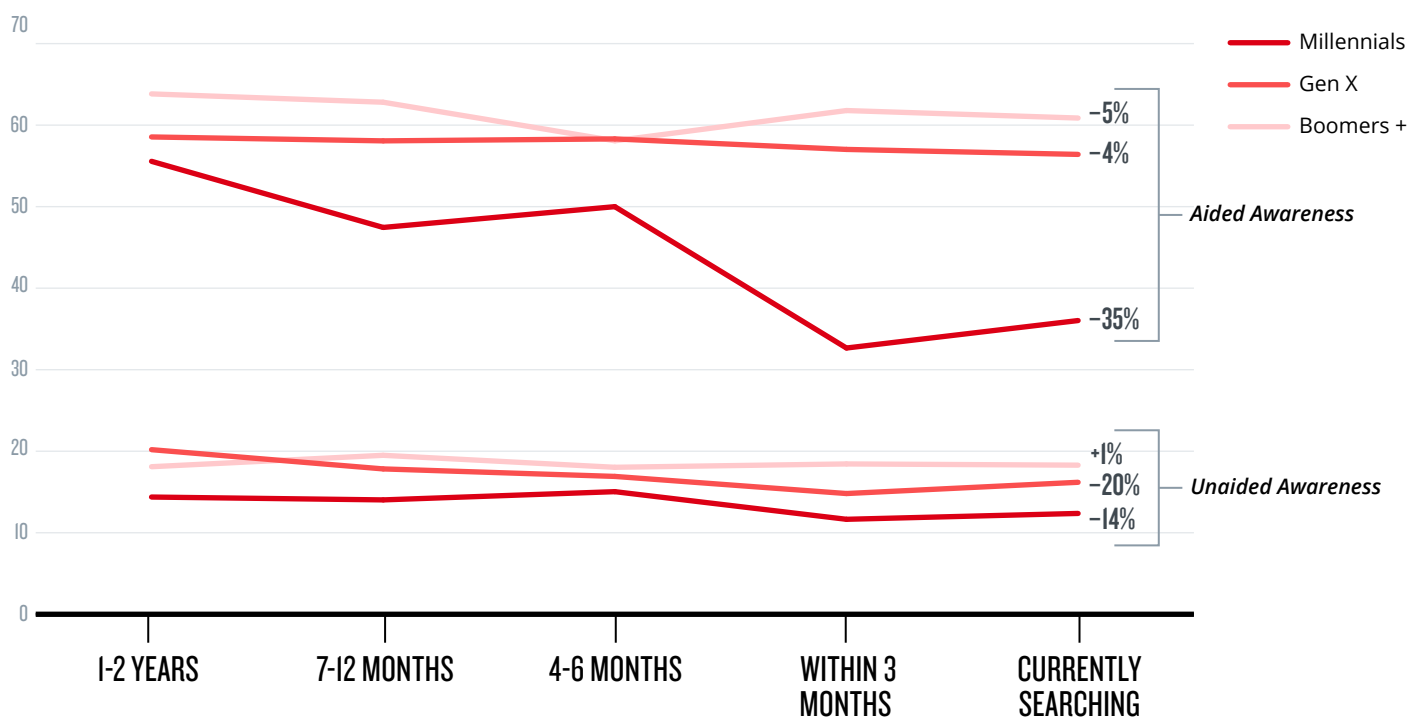
Next, we analyzed how Millennial car shoppers compare with Boomers and Gen Xers across brand awareness and purchase consideration measures.

When it comes to the ever-important unaided awareness measure, Boomers maintain the same levels (+1%) from initial exposure (one to two years out) through the final stages of the shopping process. Millennials and Gen Xers see decreases of -14% and -20%, respectively, which suggests that their penchant for selective indifference is higher as they approach their final decision (see figure 3.2).

Millennials do, however, see a big drop in aided awareness (-35%), which makes their drop in total awareness (unaided + aided) significantly larger than either Gen Xers or Boomers. This steep decline may be related to a similar drop in TV ad recall – a 38% decline among Millennials vs. 9% declines for both Gen Xers and Boomers.

FIGURE 3.2

GENERATIONAL DIFFERENCES: AIDED & UNAIDED AWARENESS



Source: Nielsen Auto Path-to-Purchase Study | USA | 34 brands | persons 18+ | Q1, Q2 2018 1,980 respondents

Purchase consideration for brands during the path to purchase understandably jumps as the final decision nears, but there are marked differences between the age categories illustrated in figure 3.3.

Despite Millennials' declining aided awareness through the path to purchase – as discussed earlier – their purchase consideration nearly doubles (+96%) during their buying journey. This is followed by Boomers at +72% and Gen Xers at +39%. In total, purchase consideration among Millennials outpaces that of older auto shoppers by 62%.

MILLENNIAL PURCHASE CONSIDERATION NEARLY DOUBLES (+96%) DURING THEIR CAR BUYING JOURNEY.

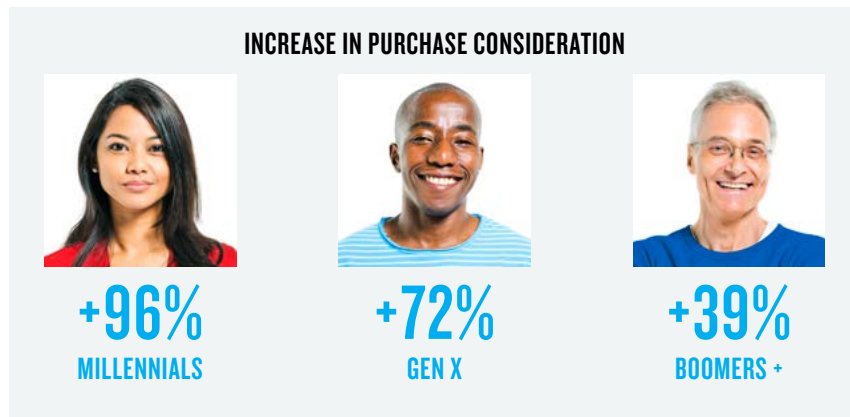
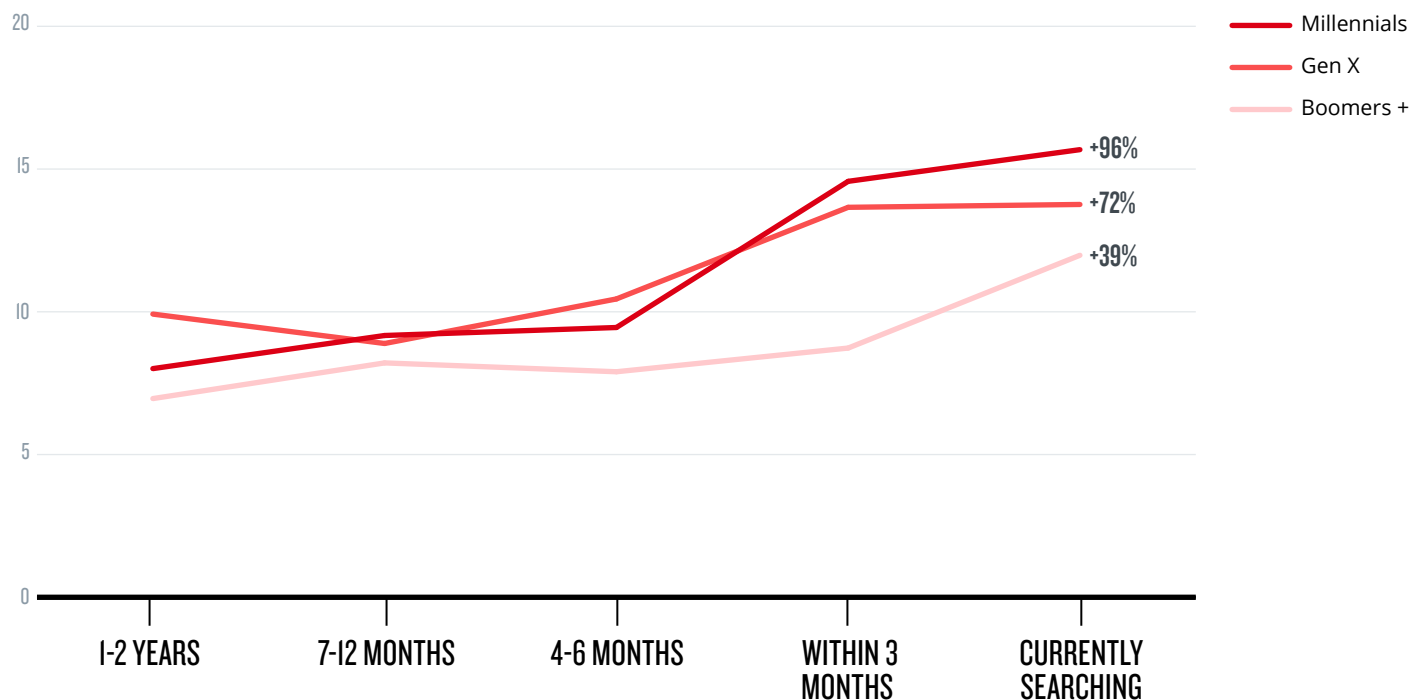


FIGURE 3.3

GENERATIONAL DIFFERENCES: PURCHASE CONSIDERATION

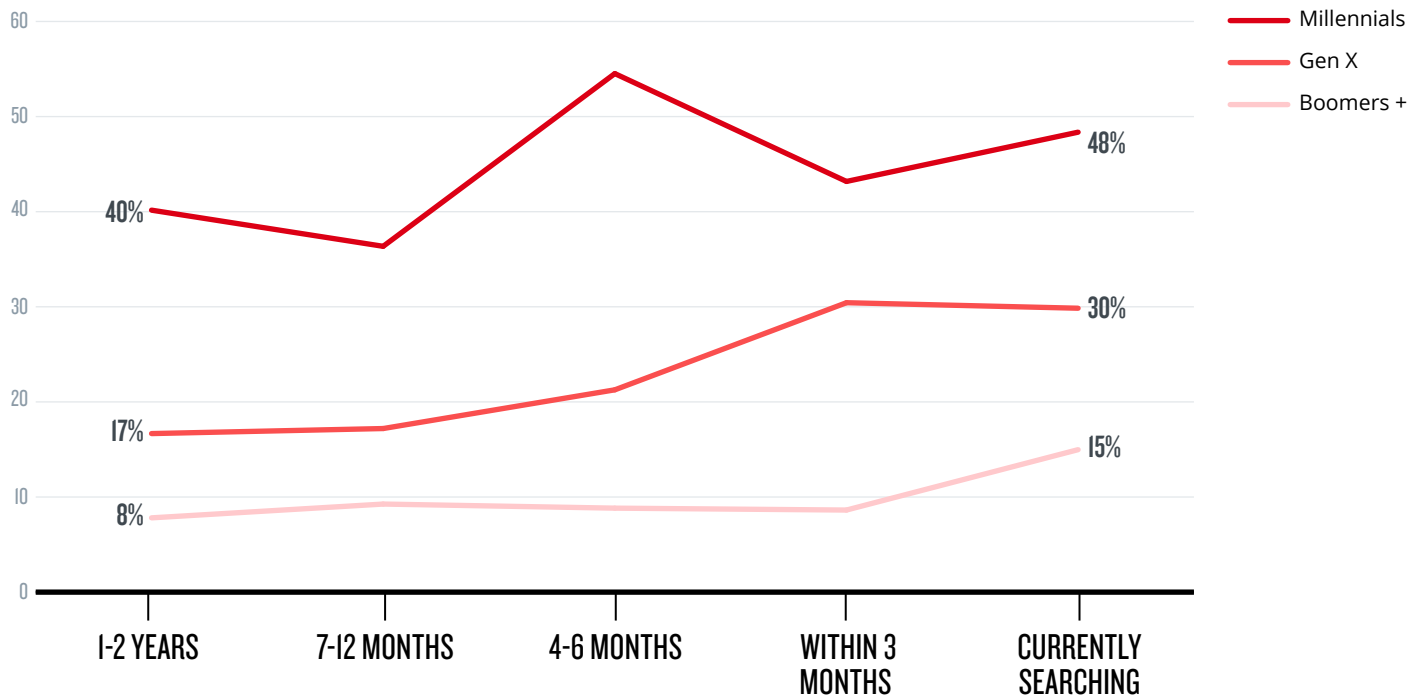


Source: Nielsen Auto Path-to-Purchase Study | USA | 34 brands | persons 18+ | Q1, Q2 2018 1,980 respondents

Millennials' – and to a lesser degree Gen Xers' – markedly different media consumption patterns may explain these trends. Millennials' digital and mobile ad recall increases from 40% to 48% through the path to purchase. Gen Xers' digital ad recall is lower increasing from 17% to 30%. Boomers' digital ad recall is lower still, increasing from 8% to 15% (see figure 3.4).

FIGURE 3.4

GENERATIONAL DIFFERENCES: DIGITAL & MOBILE AD RECALL



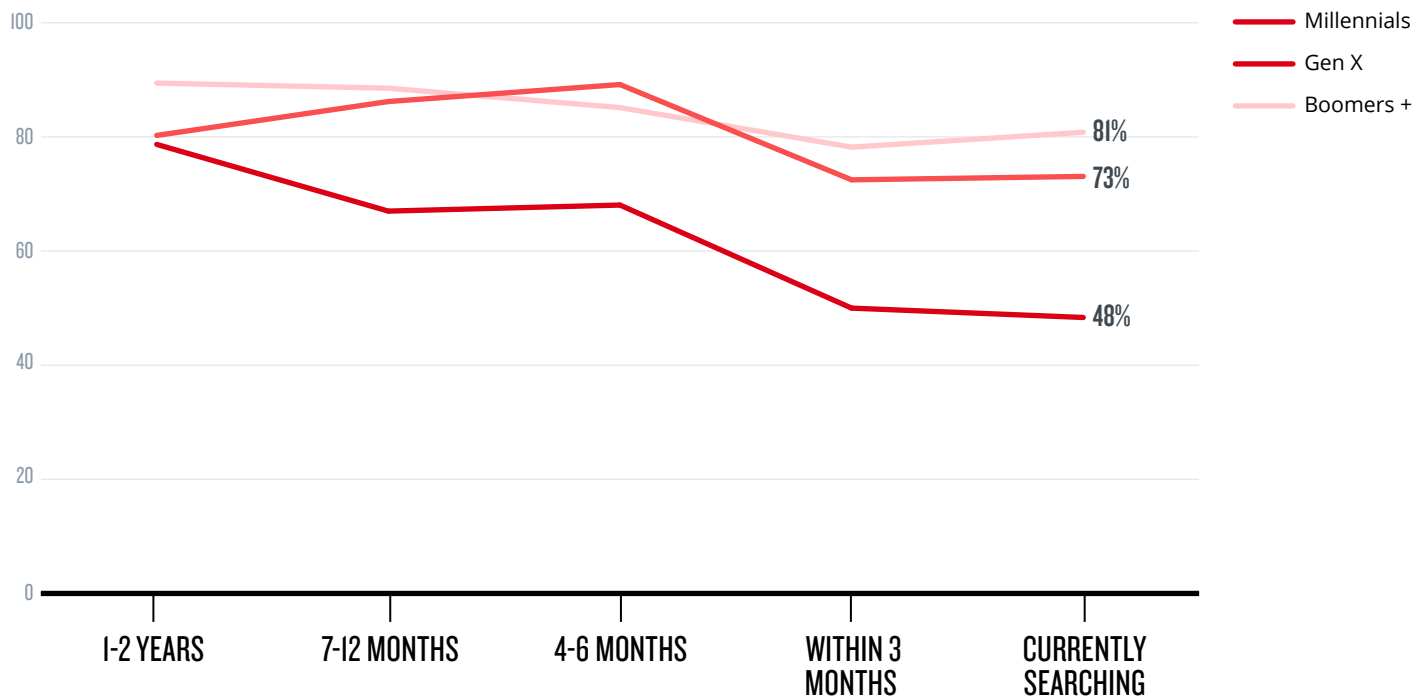
Source: Nielsen Auto Path-to-Purchase Study | USA | 34 brands | persons 18+ | Q1, Q2 2018 1,980 respondents

Overall, younger audiences have less awareness (or more selective indifference) as they move closer to buying a car than their older counterparts. One likely explanation is tied to the media they spend the most time with—namely digital in all its variations. Most car brands advertise heavily on linear television, and Millennials watch much less traditional TV than older generations.

Millennials more digital-orientation is reflected in their linear TV ad recall. It drops from 79% to 48% through the path to purchase. As their TV ad recall declines, so does their aided awareness as represented on page 19 ([figure 3.2](#)). Gen Xers' TV ad recall is high throughout, decreasing slightly from 80% to 73%. Boomers is even higher at 89% to start, finishing at 81% – the highest of the bunch ([see figure 3.5](#)).

FIGURE 3.5

GENERATIONAL DIFFERENCES: LINEAR TV AD RECALL



Source: Nielsen Auto Path-to-Purchase Study | USA | 34 brands | persons 18+ | Q1, Q2 2018 1,980 respondents

It's important to understand that digital targeting strategies can expose shoppers to a narrower set of brands. This combination of lower TV and higher digital consumption appears to contribute to Millennials' more pronounced 'tunnel vision.'

Millennials exhibit more purchase consideration when in their final buying stage than Boomers or Gen Xers. Being younger, they – arguably – have less experience shopping for cars – especially new cars. They're still exploring different brands and have yet to develop entrenched car preferences. Boomers (and Gen Xers to some extent) have had years of brand exposure, education and driving experience. They're more set in their ways and less likely to try something new (or outside of their more firmly established consideration set).

It appears that when Millennials get serious about buying a car, their favored digital media channels reinforce their brand choices with targeted advertising, rather than expose them to alternatives. After all, once you search for a Camry online, you're more likely to see digital ads for Toyota than for other brands.

THE IMPLICATIONS FOR AUTO MARKETERS ARE CLEAR



Younger car shoppers are more malleable: they're not yet set in their ways and are more willing to consider your brand, but if you're not their brand of choice at the outset, you need to find a way to reach them on the media they consume the most, which is largely digital.



Older car shoppers are more readily reached via traditional, broad reach media like TV, radio and print. They are more likely to be loyal to the brands they've used before, and your marketing dollars and messages should be used to reinforce that bond.

COMING SOON

STAY TUNED FOR AUTO PATH-TO-PURCHASE INSIGHTS FOR MULTICULTURAL DEMOGRAPHICS!

Including: African Americans, Asian Americans and Hispanic Americans



BRAND IMPACT

DEFENDERS VS. CHALLENGERS

In our final section, we look at the impact brand market share has on car buyer awareness, consideration and intent.

Our analysis made clear that it's helpful to view brand impact through the lens of two core brand categories: defenders and challengers.

Defenders are defined as brands that have 7% (or greater) market share in the U.S. This group includes large brands, such as Toyota, Chevrolet, Ford, Honda and Nissan.

Challengers are defined as brands that have less than 7% market share in the U.S. This group includes brands like Volkswagen, Subaru, KIA, Volvo and Lincoln.

**DEFENDERS HAVE
4 TO 5 TIMES THE
UNAIDED AWARENESS
OF CHALLENGERS.**

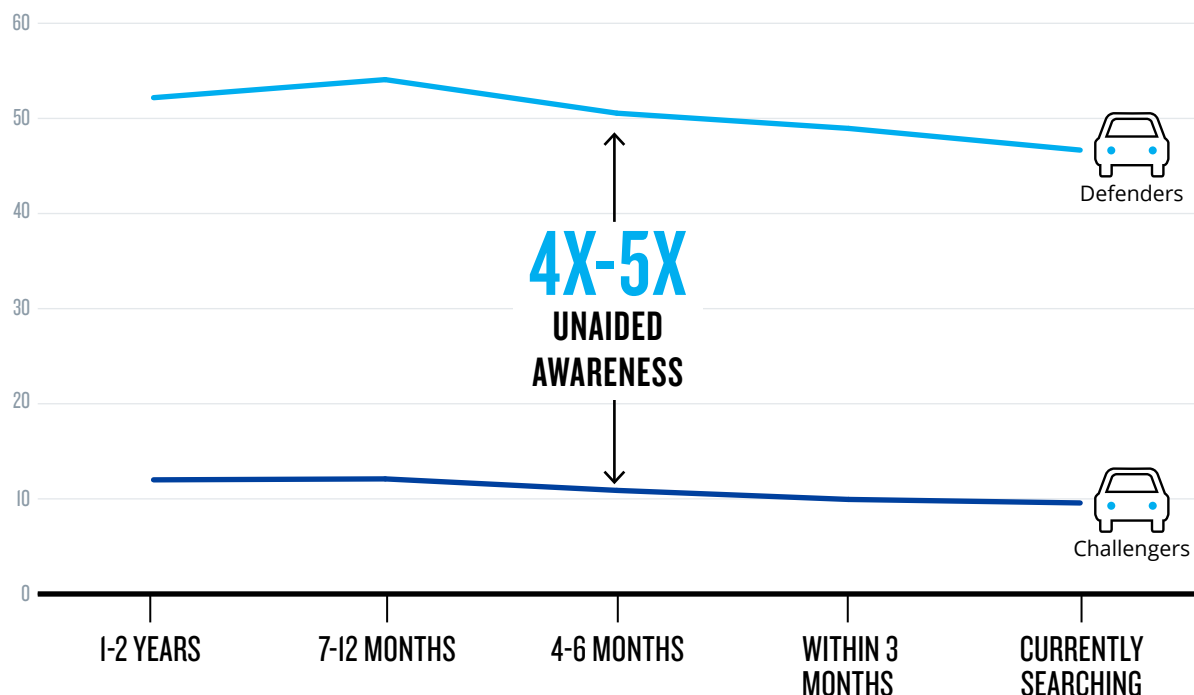


Tweet

As we'll see, the differences between defenders and challengers in the minds of car shoppers are striking.

Defenders have 4 to 5 times the unaided awareness of challengers. In fact, unaided awareness is 388% higher for defenders than challengers when people are getting ready to buy. These brands have a natural head start in the minds of car buyers (see figure 4.0).

FIGURE 4.0
UNAIDED AWARENESS: DEFENDERS VS. CHALLENGERS



Source: Nielsen Auto Path-to-Purchase Study | USA | 34 brands | persons 18+ | Q1, Q2 2018 1,980 respondents

That awareness advantage carries over to how people shop for those brands. Defenders have 3 to 4 times the purchase consideration of challengers. Even in the final stretch, when people are getting ready to buy, the level of purchase consideration for defenders stands 173% higher than for challengers. Throughout the path to purchase, defenders are more likely to make a car buyer's shortlist than the lesser-known challengers (see figure 4.1).

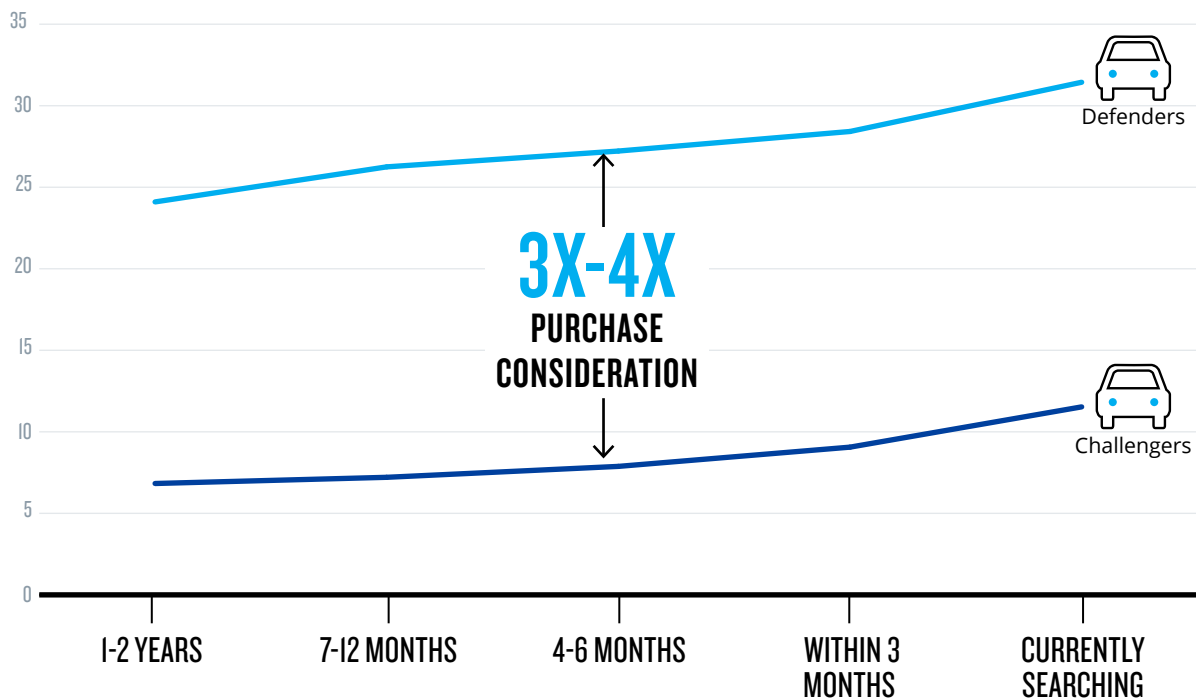
So it's an uphill battle for challengers: they're not as well known, hence they're less likely to be part of the shopping conversation, less likely to be purchased or to benefit from prior experience when the time comes to purchase again.

Breaking this cycle, however, is not an impossible task. Purchase consideration for challengers is low to begin with (below 7% one to two years out), but it increases by nearly 70% at purchase time—far outpacing the equivalent lift among defenders (+30%). As we saw earlier, younger car buyers are more open-minded shoppers, and thus prime targets for challengers looking to make their mark.

**DEFENDERS HAVE
3 TO 4 TIMES THE
PURCHASE CONSIDERATION
OF CHALLENGERS.**



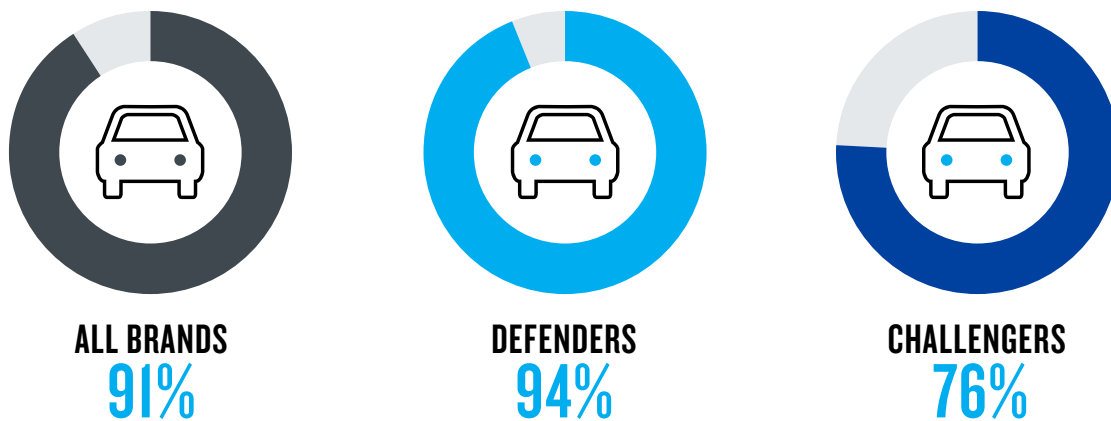
FIGURE 4.1
PURCHASE CONSIDERATION: DEFENDERS VS. CHALLENGERS



Source: Nielsen Auto Path-to-Purchase Study | USA | 34 brands | persons 18+ | Q1, Q2 2018 1,980 respondents

Finally, it's important to understand that despite challengers having lower unaided awareness than defenders (76% vs 94%), they're starting point is lower. While defenders have a head start, there is plenty of opportunity for challengers to catch up. They need to build deeper awareness – especially among audiences that only have aided awareness of their brand – to make that final purchase shortlist (see figure 4.2).

FIGURE 4.2
PERCENTAGE OF PURCHASE INTENDERS WITH
UNAIDED AWARENESS: BRAND TYPE



Source: Nielsen Auto Path-to-Purchase Study | USA | 34 brands | persons 18+ | Q1, Q2 2018 1,980 respondents

CONCLUSION

In summary, it's critical for you to understand and capitalize on two behaviors consistently exhibited by car buyers:

- First, car buyers are much more likely to purchase a car from a carmaker they had on their mind already. If they need to be prompted to recall the carmaker's name, chances are slim that they'll end up seriously considering it.
- Second, they don't start out with a superset of brands and models and proceed to rule them out one by one. Rather, they add new brands to their shortlist as time goes by. They are still seriously considering an average of five different cars in the final stages of the path to purchase.

On the surface, these two findings seem paradoxical: the first points to inertia or immutability in the car selection process, while the second points to a degree of open-mindedness for new brands along the way. The key is to develop campaigns that can deliver on both fronts: building long-term brand equity and capturing people's attention when they're weighing their options.

This takes an understanding of how different media channels should be leveraged along the path to purchase: employing mass reach media like radio and TV for brand building, and transitioning to more targeted and 'personalizable' media including mobile, digital and direct mail to increase purchase consideration and dealership foot traffic.

The good news is that you have many more channels at your disposal than you've ever had before to reach car shoppers efficiently. You also have more and better car shopper data to guide your audience segmentation, targeting and creative decisions, not to mention the technology to control and optimize much of your media activation.

Buying a car is a long process that requires consumers to strike a delicate balance between wants and needs, and their exposure to hundreds of car advertisements along the way makes their quest for the perfect car that much more complex.

For marketers, understanding consumer behavior has always been a challenge. But things have changed. You now have access to consumer data that is more predictive of purchase intent due to three primary reasons: it's higher quality, more representative of recent behavior and significantly more detailed.

This level of consumer insight coupled with the right marketing and measurement technology can help you deliver more timely advertising, better customer experiences and more dealership visits.

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ABOUT THE REPORT

The *Nielsen Auto Marketing Report* will be produced annually to understand the behavior of U.S. car buyers.

MISSION

To help automotive marketing executives capture the voice of the car buyer by taking a deep dive into the consumer path to purchase, media's impact on brand awareness and purchase intent, and buying behavior across age groups.

The report is an objective source of information dedicated to the field of auto marketing.

METHODOLOGY

The insights discussed in this paper are based on online surveys conducted by Nielsen every quarter since 2012 to understand the behavior of car buyers in the U.S. This is not a longitudinal survey.

Survey Administration and Sample

- We surveyed people ages 18+ who are planning to purchase a car in the next two years, using new car purchasers' demographics as the benchmark for sample composition
- To date, more than 220,000 surveys have been completed with prospective auto buyers as part of this research
- Approximately 9,000 new respondents are recruited every quarter. Their answers are statistically weighted so that we may compare results from quarter to quarter
- The margin of error follows a bell curve distribution, with a maximum value of +/- 2.2 percentage points at 1,980 survey completes
- The questionnaire takes approximately 25 minutes to fill out and captures general as well as brand-level variables pertinent to auto shopping—all the way down to personal preferences for subjective car attributes like style, perceived value or prestige
- It also captures media habits and recent exposure to automotive advertising, making it possible to correlate media consumption with buyer behavior
- The questions we explored in this report correspond to concepts that, based on decades of academic and industry research,⁹ have emerged as critical to understanding the path to purchase, not just for cars but for any type of consumer product

⁹ The idea that a consumer goes through several stages before buying a product goes back a long way and is rooted in mid-20th century theories that were initially developed to understand how humans process information, acquire knowledge and make decisions. For a comprehensive review of academic research in this field, see Thomas Barry's 1987 review in *Current Issues and Research in Advertising*.

GLOSSARY OF TERMS

AD RECALL	The percentage of respondents who recall an ad for a specific brand within a specific media channel.
AWARENESS: AIDED	The percentage of respondents that are aware of a car brand only when explicitly asked or prompted with the name of the brand.
AWARENESS: UNAIDED	The percentage of respondents that are aware of a car brand without assistance (or prompts) of any kind.
PURCHASE CONSIDERATION	The percentage of respondents who would consider purchasing a specific car brand (respondents may choose multiple brands).
PURCHASE INTENT	The percentage of respondents who intend to purchase a specific car brand (respondents may choose only one brand).

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ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global measurement and data analytics company that provides the most complete and trusted view available of consumers and markets worldwide. Our approach marries proprietary Nielsen data with other data sources to help clients around the world understand what's happening now, what's happening next, and how to best act on this knowledge. For more than 90 years Nielsen has provided data and analytics based on scientific rigor and innovation, continually developing new ways to answer the most important questions facing the media, advertising, retail and fast-moving consumer goods industries. An S&P 500 company, Nielsen has operations in over 100 countries, covering more than 90% of the world's population. For more information, visit www.nielsen.com.



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The background of the entire image is a dense, abstract pattern of red, three-dimensional, rounded rectangular shapes. These shapes are oriented in various directions, creating a sense of depth and movement. The lighting is soft, with some shapes appearing slightly brighter than others, giving the pattern a textured, almost organic feel.

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