

Industry Overview: Why SEO is a Dealer's Best Recession Investment

Historically Abysmal New-Vehicle Sales Pinching Dealer Budgets

Throughout the year, analysts' predictions for new vehicle sales keep being revised down, down, down. J.D. Power recently lowered its '08 forecast to 13.6 million units, predicting an even more sobering 13.2 next year...while other estimates start at 12.2 million for 2009, which would represent a 30% nosedive from 2007. Through October, the industry's slide is roughly 15%, or a loss of roughly 2 million new-vehicle sales. And consider: U.S. auto sales have averaged 16.8 million every year in this decade through 2007.

Sales are running at 25-year lows—no one's expecting any meaningful turnaround until 2010—NADA's predicting 700 dealerships will close shop this year, while CNW Research estimates that between 1,000-2,500 franchised dealerships are on the brink of closing. In this climate, all dealer marketing expenses are under review, and making the smartest, most cost-effective, highest ROI investments to generate business isn't just strategy-as-usual, it's become an issue of survival.

Search, The Way Car Shoppers Find Dealers Today

While new-vehicle sales are plummeting, the number of consumers who use search engines in their car shopping and dealer selection process continues to explode. Roughly 9 in 10 consumers now use search to hunt down local businesses—up from 70% just a year ago. And 8 in 10 consumers now use search engines to research/locate local car dealers, making it the #1 resource used (trumping Yellow Pages, newspaper, TV, radio, etc.).

So, if a decade ago, reaching car shoppers meant aggressive traditional advertising (that full-page newspaper ad, or TV buy), today, the most powerful form of 'media placement' may well be insuring your dealership comes up first at the Googles, when car shoppers are typing in "Toyota dealer Miami" or "Civic dealer San Francisco." A new-vehicle-related search like that will typically net over a million hits on any given day--and yet, 4 out of 5 searchers never go beyond the first page of results. So, if your dealership is not 'coming up first' at the search engines (where the vast majority of new-vehicle buyers are shopping), you might as well not come up at all...

SEO Delivers Far Better ROI Than Pay-Per-Click

Many dealers continue to spend big on paid search, but the industry data reveals that effective search engine optimization (SEO) has a far greater impact. Consider the facts: 87% of all search clicks come from 'free' search results, not paid ads--searchers are up to six times more likely to click on organic results than any paid listings—and 95% of all paid search impressions on Google never result in a click.

And in tough economic times, the ever-rising costs of pay-per-click campaigns (i.e., automotive search term prices spiked 300% in 2007), means paid search now delivers even less ROI. A dealer can spend as much in a day on paid search, compared with what a cutting-edge, aggressive, sustainable SEO solution can cost in a month. That's probably why a recent, national poll of U.S. marketers revealed that in these tough recession times, the #1 tactic they'll be investing in over the next 6 months is...SEO.

Organic or natural search yields free, unbiased results when a consumer enters keywords in an online search engine. The process of improving a website's ranking is called **SEO (search engine optimization)**, which involves managing sophisticated technology on an ongoing basis to make a website more easily found by the 'Googles.'

Why is organic search important for auto dealers?

- **87%** of all clicks come from organic search—not pay-per-click ads. (*Jupiter Research, 2008*)
- **Nearly 7 in 10 searchers** only click on results within the first page. (*iProspect/Jupiter Research/NDP Study, 2008*)
- Search is the **#1 most used source** consumers use to locate dealers—trumping traditional media like Yellow Pages, TV and newspapers (*Yahoo!/Cobalt Study, 2008*)