

NBCUniversal

# The Power of Advertising Auto



APRIL 2023





# Today

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Overarching Role & Benefits of Advertising

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Impact of Advertising for Auto Manufacturers

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Impact & Role of Advertising for Alt Fuel

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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 3<sup>rd</sup> Party Research Has Been Done to Show the Benefits of Advertising During Turbulent Times...



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 3<sup>rd</sup> place in the Import Auto category to being 1<sup>st</sup> 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

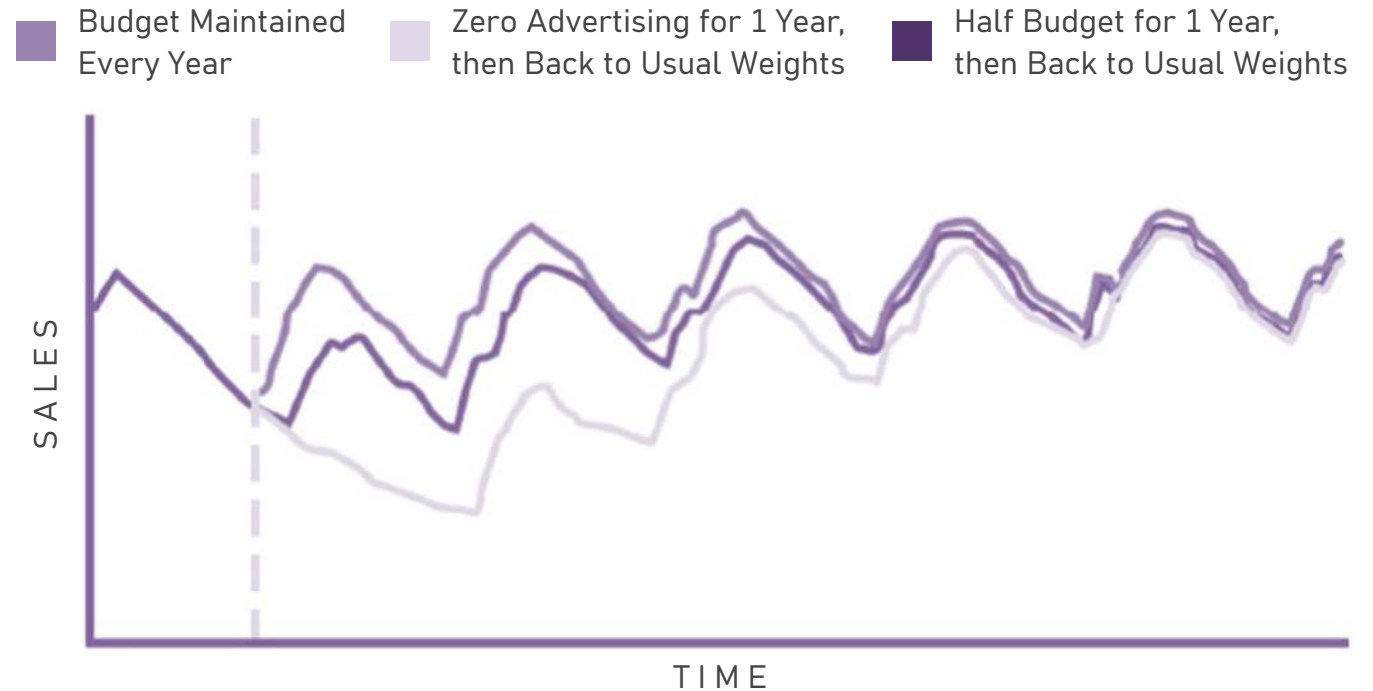
In a remote world, gum sales plummeted. Extra launched an all-out campaign showing an in-person future without gum. Extra became the market leader in gum for the first time ever and saw a nearly 20% boost in sales.

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



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:



## +\$29

An average of  
**+\$29 in revenue** with just  
**\$1 of ad spend**



## +\$5.78

An average of  
**\$5.78 higher in profit**  
vs. brands that cut



## +\$12M

**Increase in VC funding**  
compared to brands  
who went dark

WE'VE ALWAYS KNOWN

# 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**



As the Automotive Industry Continues to  
Transform & Alt Fuel Take Center Stage

# Advertising Plays an *Increasingly* Critical Role





## The World Then...

### JOURNEY

In 2019,  
**the journey was quick, with less touchpoints**  
4.2 websites & 13 hrs 55 min researching & shopping<sup>1</sup>

### MARKET

There were  
**30 new entry/major launches**  
in 2017<sup>3</sup>

### INFRASTRUCTURE

Scarcity of  
**Public Charging Stations**  
Prior to 2012, there were no more than 500 public electric vehicle charging stations available<sup>5</sup>



## The World Now...

### JOURNEY

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 min<sup>2</sup>

### MARKET

In 2024, there are  
**55 predicted launches**  
85% estimated to be alt fuel<sup>4</sup>

### INFRASTRUCTURE

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

GLOBALLY AND IN THE U.S.

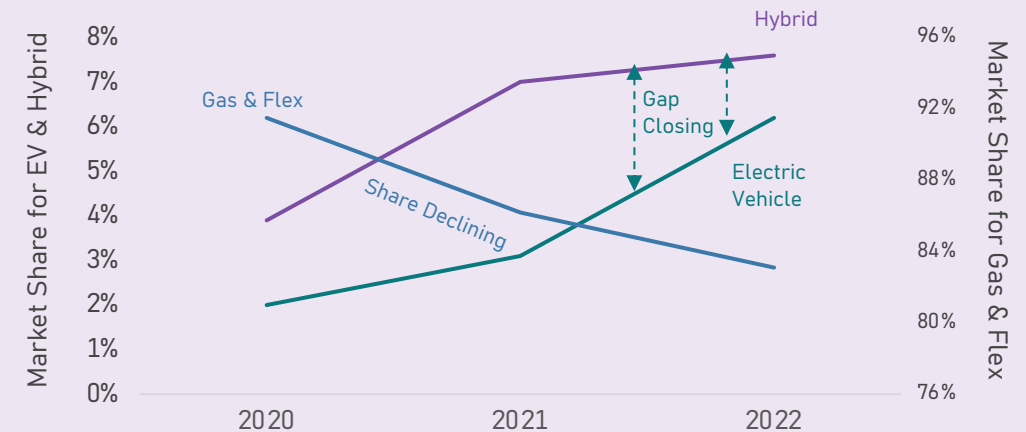
# Electric Vehicle Sales are Increasing

Globally,  
EV SALES  
**increased +51%**  
**to >10M vehicles**  
2022 vs. 2021<sup>1</sup>

## In the U.S.,

EV RETAIL SHARE TRIPLED IN 2 YEARS  
>6% @ end of 2022<sup>2</sup>

### Fuel Type Market Share<sup>2</sup>



As the # of EVs available increased (currently 40 BEV<sup>3</sup>)  
& 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

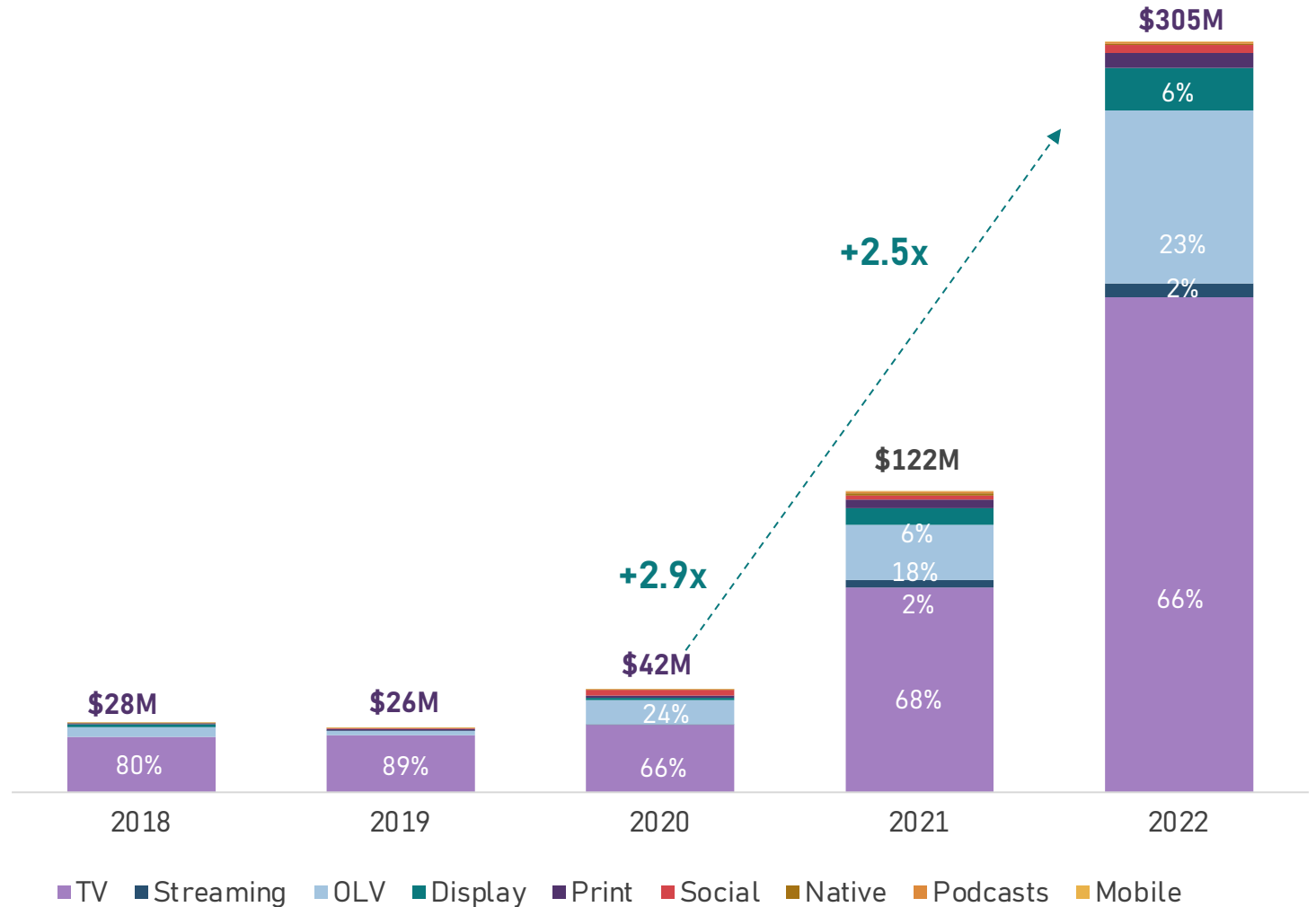
# 7x

Now accounting for

# 6%

of total Auto OEM spend  
(vs. 1% in 2020)

## Electric Vehicle Media Spend 2018-2022 (EV only)



# 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. Y.

**Olds Motor Works**

**Detroit, Mich.**

FACTORIES, DETROIT  
AND LANSING



Electric cars.  
They're  
**Normal Now.**



# And it Shows in Media Support

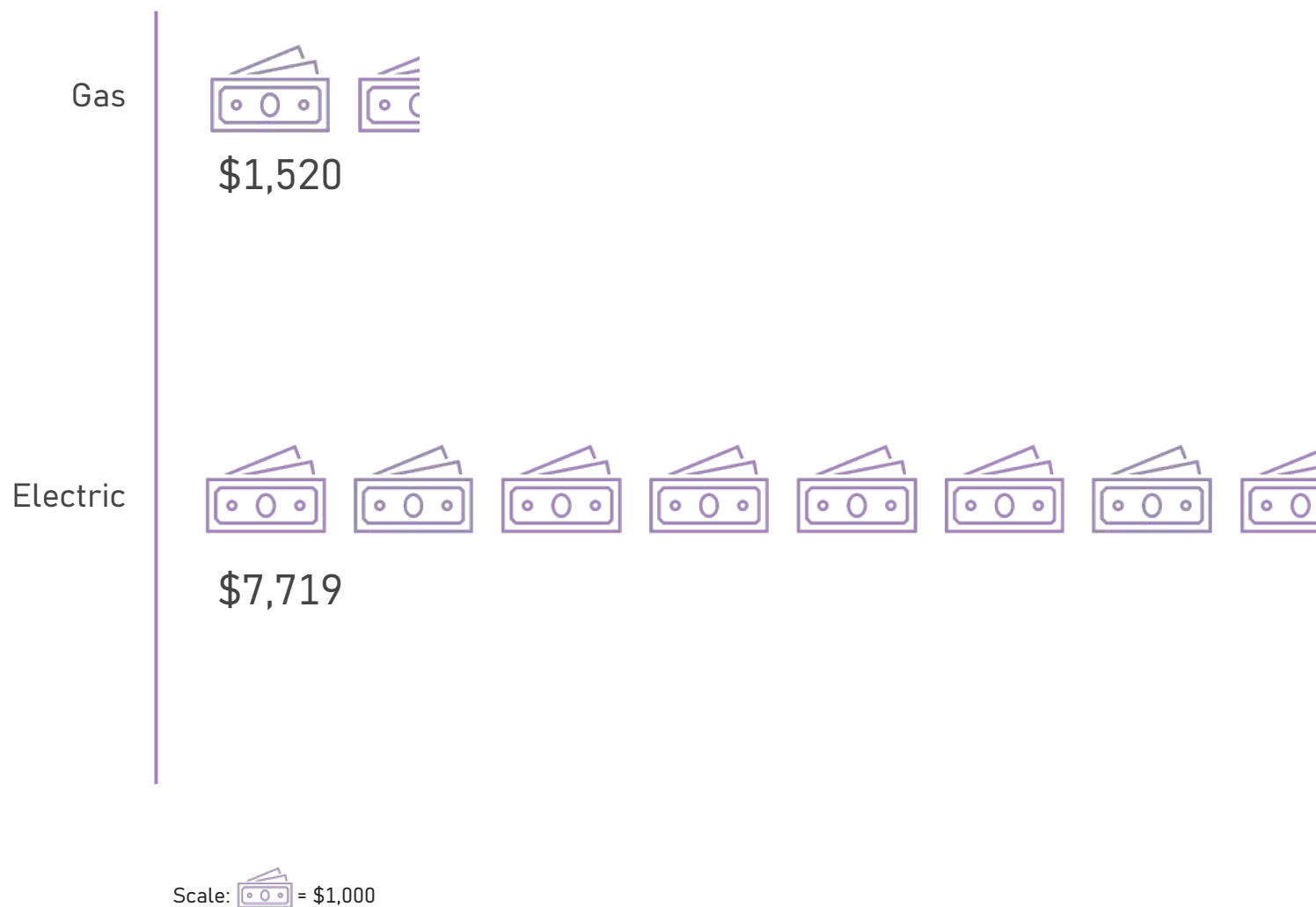
# 5x

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

Source: Internal Analysis. MediaRadar.  
JD Power. EV Only

## Average Advertising Spend

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





# With Ample Media Support, Comes Success

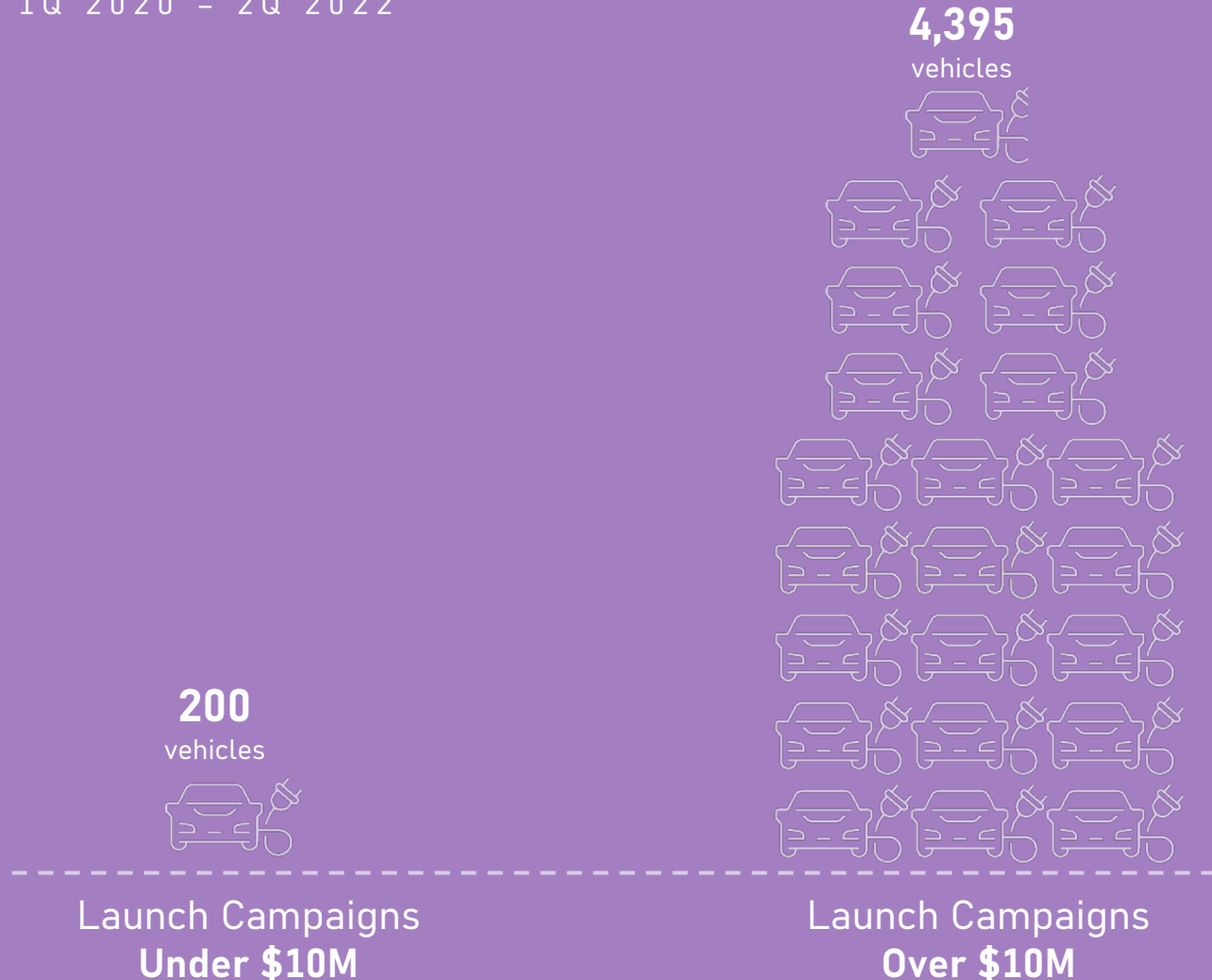
Brands that spent **>\$10M** on new EV launch campaigns sold **~22x more** vehicles vs. those that spent <\$10M

## 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

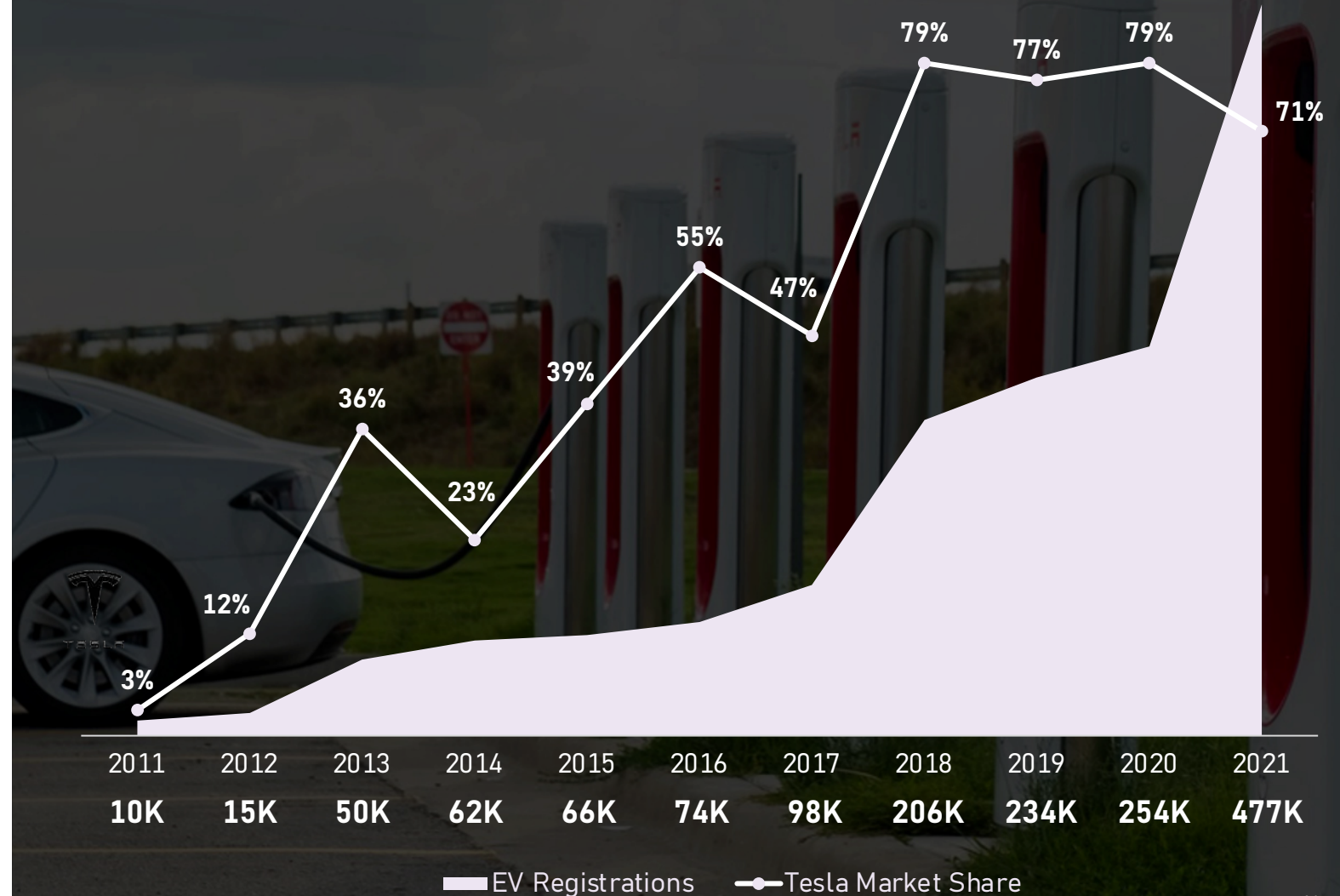
New Launches Only; First 6 Months Following Launch  
1Q 2020 - 2Q 2022



# 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**

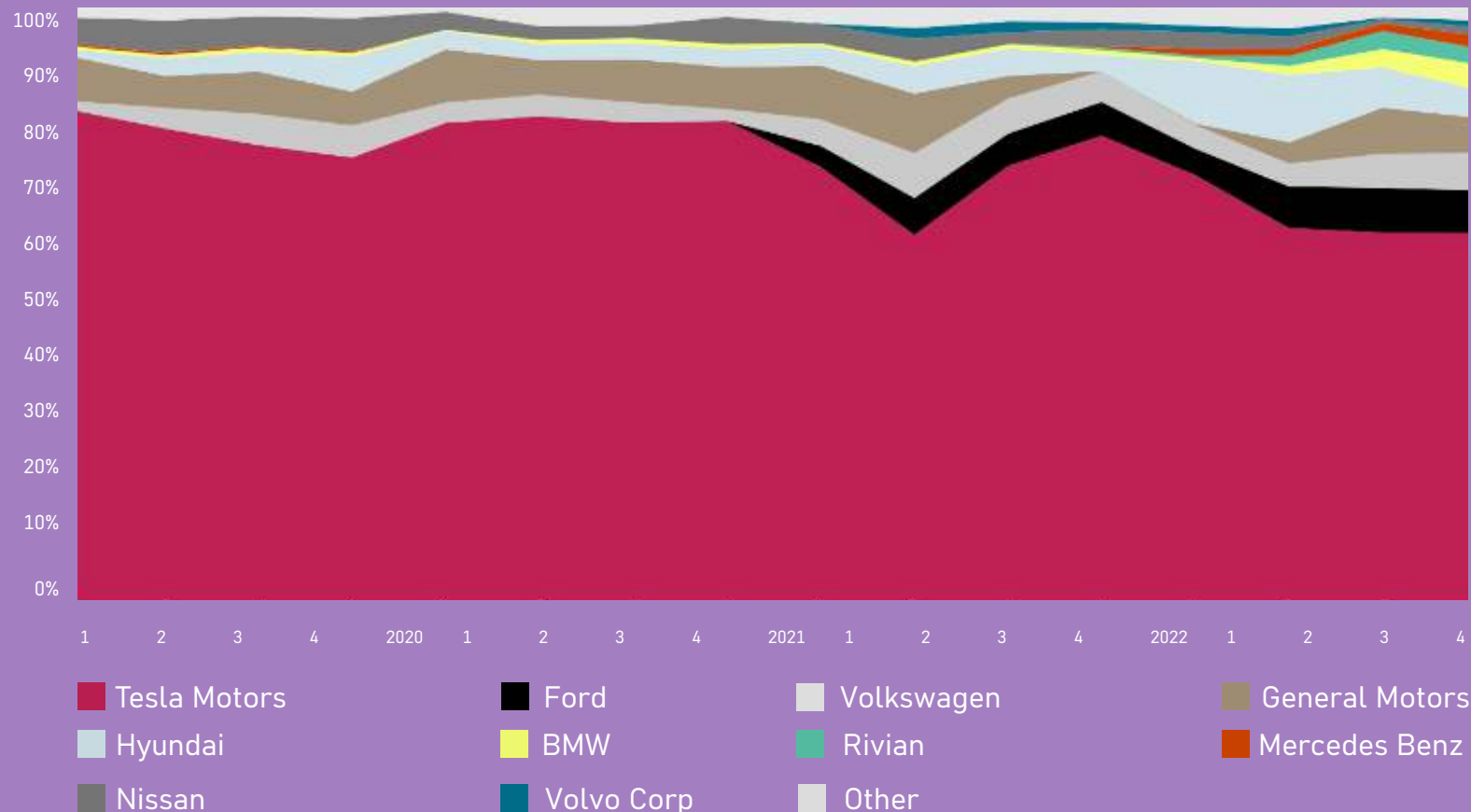
## New Electric Vehicle Registrations Per Year vs. Tesla Market Share 2011 - 2021



# 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



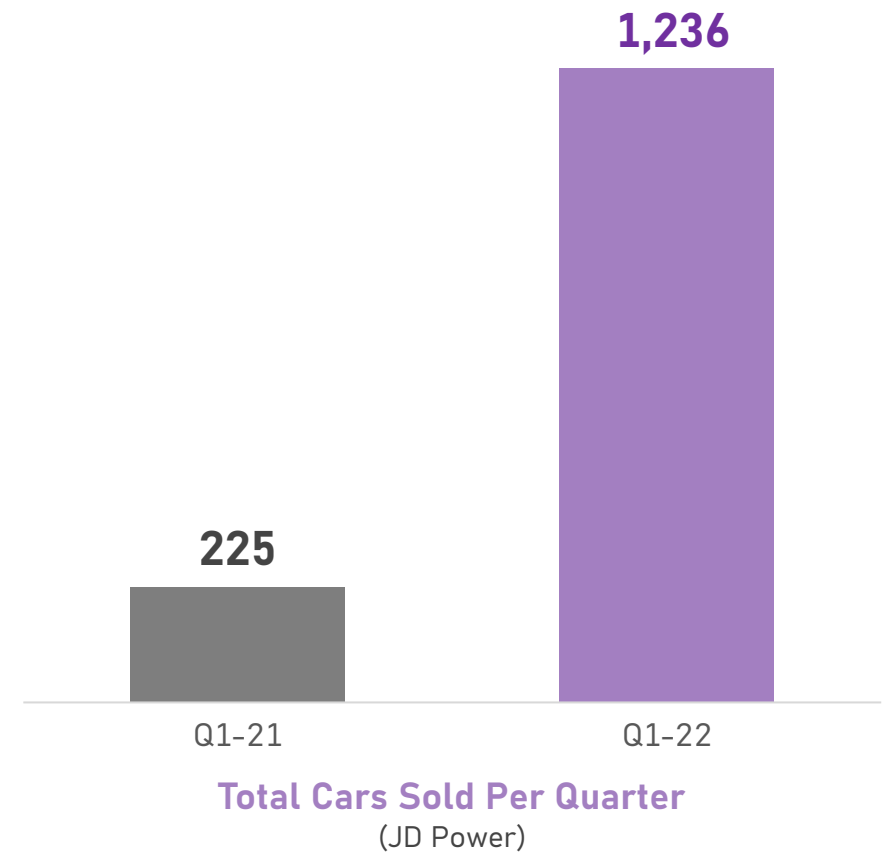
The need to **create and maintain awareness and tout differentiation** will become even more vital as consumer demand increases





CASE STUDY: POLESTAR

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



# Still on the fence?

*Less than 10%*

OF AMERICANS  
Prefer A Full Battery EV  
For Their Next Vehicle

Similar to every category,

## Advertising Works

*And is Needed To:*

***Build Awareness, Maintain  
Momentum, & Capture Marketshare***



And for alt 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



**NBCUniversal**

# Thank You



## QUESTIONS?

Please contact Client Strategy  
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