

NBCUniversal

2023

Auto Industry Assessment



Welcome!



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



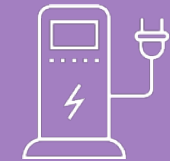
Dealership
Groups



3rd Party & New
Form Online
Retailers



Aftermarket /
Parts & Services



EV Charging
(Residential & Public)

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2023 in Review

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Key Industry
Trends
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The Power of
Advertising &
Media Trends
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Partnering
with NBCU

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 licenses¹ 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,² 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 2022³

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 EVs⁴ yet are on the frontline with buyers.

63%

of dealers are slightly or not at all familiar with EV battery health diagnostic tools⁴

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 record⁶

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 2019⁸

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**”

MARKETPLACE 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



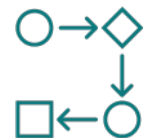
Consumer Needs, Motivations, & Expectations **Become More Complex**



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 dealership³; and multiculturals seek cars that represent who they are⁴.



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

Sources: 1. Mintel Car Purchasing Process US 2023; 2. Mintel Marketing Auto to Gen Z and Millennials; 3. Mintel Female Car Consumers 2022; 4. MRI Simmons FA22; 4. [Capital One](#)



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.

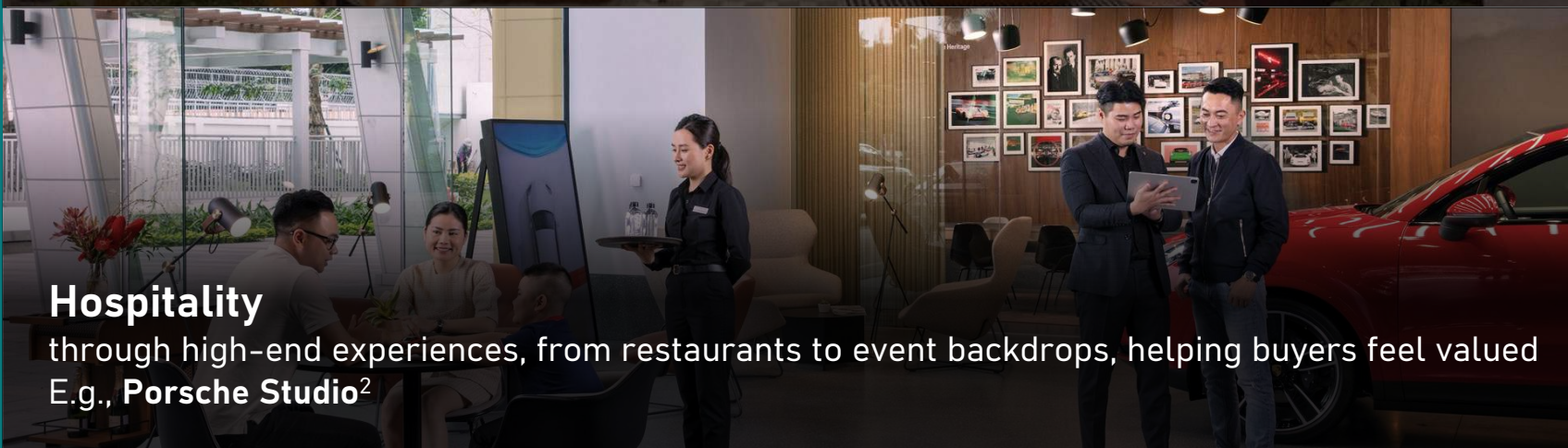


Ripple Effect: It is about the long game. To build loyalty means switching gears on traditional buying to more experience-led.

Sources: 1. Mintel Relax with Rivian; 2. Porsche; 3. Elle.

Social

where people can interact with vehicles and engage with other community members
E.g., **Rivian Spaces**¹



Hospitality

through high-end experiences, from restaurants to event backdrops, helping buyers feel valued
E.g., **Porsche Studio**²



Culture

celebrating the heritage and history behind automakers through immersive spaces
E.g., **Genesis House**³

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

Search
Voice Command GenAI
e.g., ChatGPT X Mercedes¹

Navigation
Immersive, Hi-Res
e.g., EPIC Games 3-D tech
auto partnerships²

Infotainment
Sleek display
e.g., Cadillac Escalade
IQ 55" screen³



Communication
Advanced Driver-
Assistant Systems
e.g., car-to-car comms⁴

Personalization
Multi-vehicle connect
e.g., MyBMW app powered
by Verizon⁵

Data
Consumer privacy
e.g., CA review
of consumer data
privacy in cars⁶



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.



Ripple Effect: Offering these services & flexibility helps set autos apart, giving a competitive advantage to OEMs and more efficient services from dealers and aftermarket

Sources: 1. [Straits Research](#); 2. [S&P Global Mobility](#); 3 [Cox Auto FOD Study 2023](#)

Car Subscriptions

The Global Car Subscription Market is projected to reach **\$15B+** by 2030, increasing at a 23% CAGR¹

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 purchases²

Why Consumers Like FOD Over Required Add Ons³



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 2023¹

26%

of miles travelled by global passenger vehicles in 2050 are expected to come from Robotaxis²

Brands to Watch^{1,3}



cruise

ZOOX

US



China



DiDi

China



mobileye™

Germany



EASY MILE

France

Ad Spend

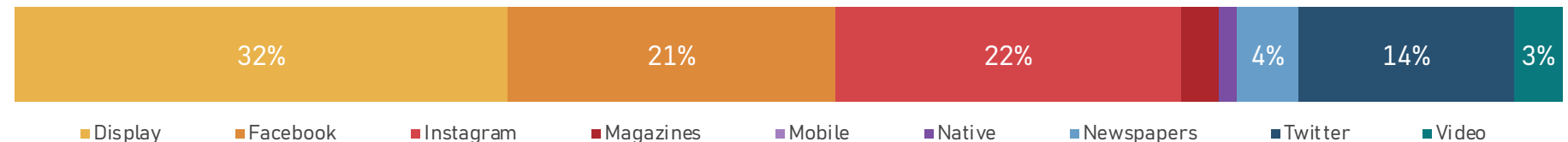
\$2M

Robotaxi

2022 U.S. Ad Spend⁴

+85% vs. 2021

2022 Media Mix⁴



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 Watch^{1,3}



wallbox



blink

Residential & Public

-chargepoint+

electrify
america

EVgo

Residential & Public

Residential & Public

Public

Ad Spend

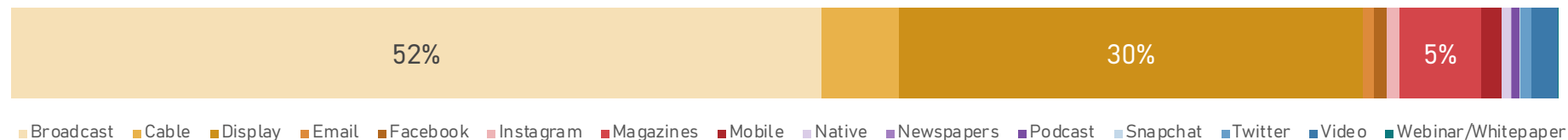
\$13M

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



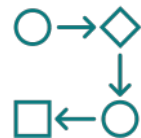
Dealerships Transform into Lifestyle Experiences

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.

QUESTIONS?

The Power of Advertising: Sean Wright & Megan Ryan

The Importance of Linear: Trish Wong & Megan Ryan

Role of Comms for EVs: Megan Ryan



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

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

Sources: JD Power

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

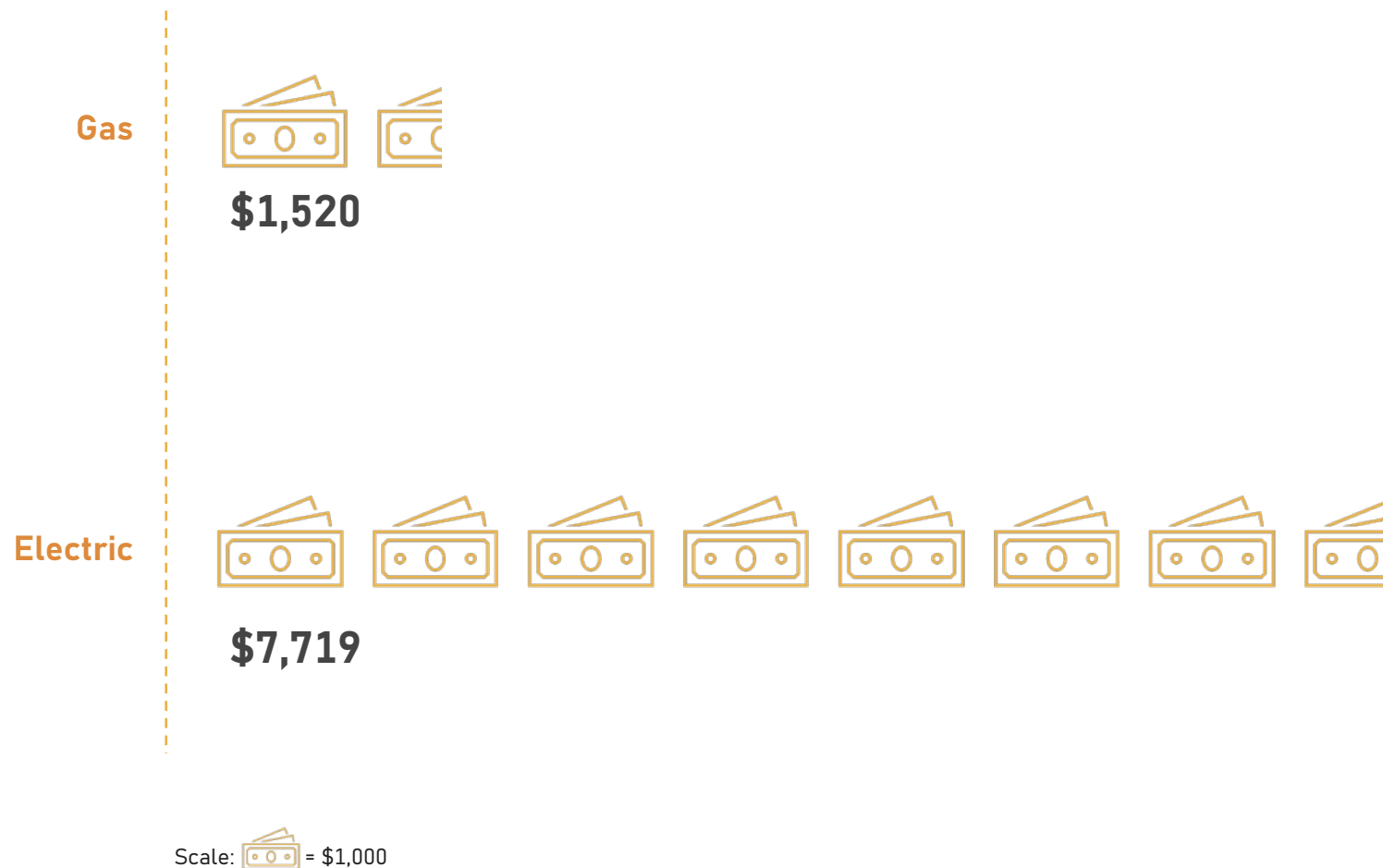
Advertising is Critical to Drive Demand, Especially for EV Launches

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)



TV An Important Part of the Advertising Mix for Auto Manufacturers

Linear TV
Builds Brand
Familiarity & Fuels
Action

Impact
Pre-Journey
Behavior

Strong Connection
between Ad
Awareness, Brand
Consideration
& Purchase Intent

Stay Top of
Mind Through
the Journey

Linear TV
Investment Levels
Impact Performance
Against Funnel Metrics

Remain
Competitive
with Spend

A Mix of
Linear & Streaming
Yields Optimal Reach

Reach All
Potential
Buyers

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

14.5% Alt Fuel Share of OEM ad spend in 1H'23, +2pp SYAG¹

 **5x** more paid media needed to sell one EV vehicle vs. gas vehicle launches²

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

+18% 




increase in Sports UF 23/24 investment @ NBCU³

SEEKING EFFICIENCY WITH Short-Form Video

+43% increase in short form 1H'22-1H'23⁴

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

The Power Of TV To DRIVE AUTO SALES⁵

-  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, 21/22 UF Spend vs. 22/23, Current UF Projections as of July 7, 2023 – terms & conditions still being finalized and additional deals are still being negotiated, #s 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

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

Strategic Considerations Driving Growth for Auto Brands

Win Attention Via Trusted IP & Cultural Moments



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.

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.

Create Full Funnel Plans With Data As The Foundation



Why

The journey is increasingly complex, as the avg time spent as of 2022 was 14 hrs 22 min.¹ Secure mental availability with potential buyers before and throughout their increasingly complex journey.

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.

Secure Growth By Engaging Diverse Audiences



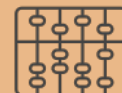
Why

Multicultural audiences accounted for 34% of total registrations and 52% sales of all Gen Z registrations in 1H'23² respectively. To achieve long term growth, it's essential for brands to understand priorities, needs, and motivations of these – and other key cohorts.

How

Connect through culture and reflect understanding of audiences in placement, message, and talent/ influencer choice.

Address Barriers And Win Emerging Audiences With Storytelling Platforms



Why

Societal adoption of EVs is growing yet, only 10% of Americans prefer a full BEV for their next vehicle³; and GenZ is questioning vehicle ownership.

How

Educate and influence through inspiring, informative, relatable content in engaging formats across amplified integrations, custom content, ad innovations, and activations.

NBCU Solutions for Delivering Brand & Business Impact for Auto Brands

Win Attention Via Cultural Moments & Trusted IP

Brand Safe, Premium Content



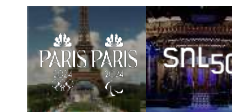
Sports



Prime, Entertainment,
Multicultural



Peacock
Originals



Tentpoles

Create Full Funnel Plans With Data As The Foundation

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

Secure Growth By Engaging Diverse Audiences



Connecting
Brands & Audiences
Through Relevant Talent



Acknowledging
Community & Change Through
Always On Opportunities



Recognizing Impacts of
Cultural Heritage Through
Celebratory Moments

Platforms and Formats

Integrations



Key
Tentpoles & IP



Editorial Content



Local



Activations



Amplification



Social
Sync

NBCUNIVERSAL PARTNERSHIP EXAMPLES

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

NBCUniversal

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NBCU AUTO CLIENT STRATEGY TEAM:
Megan Ryan, Nikita Tolani

