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White Paper

ad-machina for Automotive

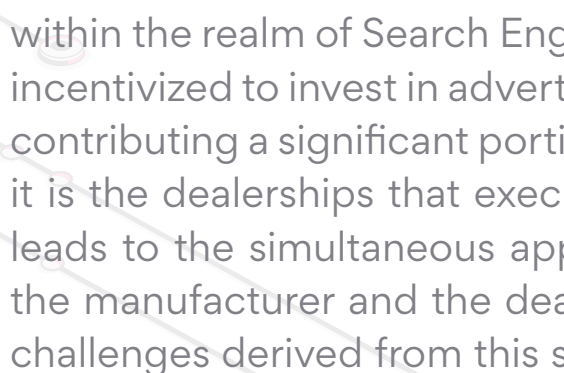
Introduction



The automotive industry presents a unique set of challenges involving both manufacturers and dealerships, the majority of which are independent, comprising approximately 90% of the industry.

Within the automotive sector, three primary business segments exist: the sale of used vehicles, the sale of new vehicles, and the provision of repair and maintenance services in workshops. The sale of used vehicles rarely yields significant profits, selling new vehicles typically results in neither losses nor substantial gains, while repair and maintenance workshops are consistently the most lucrative.

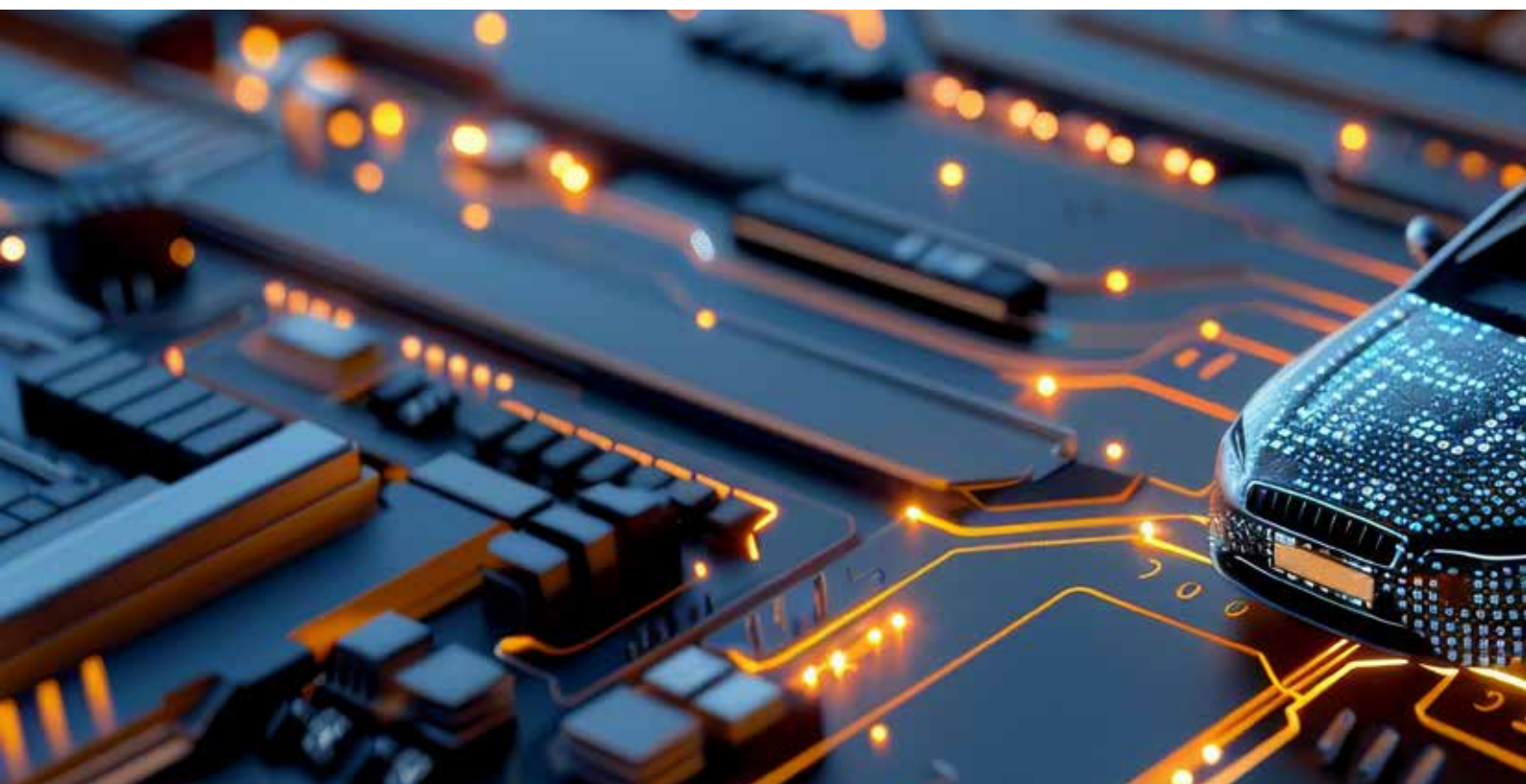
In their collaboration with dealerships, manufacturers undertake various initiatives to stimulate the sales of their products. Specifically, within the realm of Search Engine Marketing (SEM), dealerships are incentivized to invest in advertising campaigns, with manufacturers contributing a significant portion of the financial backing. However, it is the dealerships that execute these campaigns. This approach leads to the simultaneous appearance of advertisements by both the manufacturer and the dealerships, giving rise to three distinct challenges derived from this situation:





Brand Control Challenge: Despite a substantial investment in television branding strategies, manufacturers have limited control over advertisements in the SEM domain. Unlike dealership websites, which are often platforms designed by the manufacturer, or brochures created by the manufacturer and subsequently personalized by dealerships with their contact information, in SEM, the creation of advertising text rests in the hands of the dealerships. In this context, manufacturers lack control, posing a challenge in terms of brand identity management.

Coverage Control/Competition Challenge: The situation worsens because both manufacturers and dealerships simultaneously run advertisements. Why? It's due to competition within the market, with other sellers marketing vehicles from different brands or used vehicles using the manufacturer's name to attract traffic. The primary goal of the manufacturer is to maximize their controlled presence, ensuring that all advertisements are either from the manufacturer or authorized dealerships and that competitors like Clicars, Carwow, Carhero, and equivalents do not appear. This challenge translates into a Coverage Control/Competition challenge.



Inflation of Bidding Challenge: The question of who should have priority in the display of advertisements, either the manufacturer or a specific dealership, and in what order they should appear, poses an unresolved dilemma. The manufacturer aspires to secure a predominant position but currently lacks the means to do so. Additionally, if all dealerships participate in the advertising bid, bidding for visibility tends to increase, resulting in a challenge of inflated bidding costs.

In summary, the solution to the second challenge, related to coverage control and competition, inherently leads to an increase in advertising bidding costs, introducing an additional challenge in the form of inflation of bidding costs.



The Solution: ad-machina



Brand Control in SEM

ad-machina offers manufacturers a comprehensive control panel where they can upload their product catalog. Given the multitude of attributes associated with each vehicle, such as engine specifications, power, ecological features, and more, **ad-machina** allows manufacturers to manage this catalog thoroughly. Consequently, advertisements and messages are generated in accordance with the guidelines established by the manufacturer for each of these attributes. The manufacturer creates advertising assets and makes them available to dealerships, who only need to specify what they want to promote, identify the elements from their portfolio within the general catalog, and adjust certain attributes, such as price.

For example, consider a dealership situated in a mountainous region. Their priority might be to highlight vehicle power. Conversely, another dealership in a city might focus on promoting ecological features, while one located on the coast might emphasize air conditioning. **ad-machina** empowers dealerships to select the attributes that are a priority for them, enabling them to create advertisements that align with their needs and, ultimately, with the messages the manufacturer wants to convey and at the precise moment they wish to convey them.





Coverage Control

ad-machina continually monitors keywords in all search engine queries, automatically filling gaps in real-time, thereby maximizing relevance. Furthermore, it leverages generative artificial intelligence to maximize message personalization, ultimately enhancing the relevance of advertisements and improving their positioning.

Preventing Inflation of Bidding Costs

Google determines the cost per click using a system called “Ad rank,” which considers three primary factors: the bid amount, Quality Score (a relevance rating of the advertisement based on click history, ad relevance, and landing page quality relative to search terms), and the context of the search (details such as location, device, and time of user).

This has significant implications for both manufacturers and dealerships in terms of bidding cost inflation. Although a higher bid can lead to better positioning, Quality Score and search context can tilt the balance toward lower bids.





For instance, consider a scenario where a user searches from London, but the dealership is located in Ireland; the advertisement will not be displayed. Quality Score is another vital factor. If an advertiser searches for a high-end BMW with all the extras, Google assigns greater value to an advertisement that aligns best with the attributes of the search.

ad-machina utilizes generative artificial intelligence to create highly personalized advertisements tailored to search criteria. This significantly boosts the click-through rate (CTR), resulting in advertisements being recognized by Google as excellent, thereby improving positioning without increasing the cost per click (CPC).

Additionally, our platform enables the implementation of rules within Google's bidding system, ensuring that the manufacturer always has the highest CPC (Cost-Per-Click) and allowing for strategic management of dealerships based on the manufacturer's objectives, whether prioritizing excellence or loyalty.



Conclusion





ad-machina is the definitive solution to address the challenges faced by the automotive sector. It empowers manufacturers to regain control over their brand in SEM, optimize coverage, and prevent bidding cost inflation. By providing the tools needed to effectively manage brand identity, maximize controlled presence, and improve advertising relevance, **ad-machina** offers a comprehensive solution tailored to the unique dynamics of the automotive industry. With **ad-machina**, the automotive sector can confidently navigate the complex landscape of digital marketing while maintaining brand integrity and achieving marketing goals.



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info@makingscience.com

www.makingscience.com