



Mercedes-Benz: Quantifying how online and offline marketing work together to drive sales volume



Mercedes-Benz



According to a recent MarketShare Partners (MSP) cross-media optimization review, marketers need to ensure their advertising budgets contain a sizeable online media component.

Building on a successful relationship between Mercedes-Benz and MSP, the challenge this year was to:

- Quantify the individual roles and synergies between online and offline media
- Quantify the role of Google (natural and paid search) in the purchase funnel

Using enhanced data from Mercedes-Benz UK and Google, MSP developed breakthrough algorithms and modeling techniques to quantify these business drivers in the context of all other sales drivers including the overall consistency, level and deployment of marketing media spending, competitor effects, branded search words, new car launches, seasonal variability, incentives and macro-economic indicators.

Project results

Mercedes-Benz UK learned the following from this study:

- Both Brand and Model advertising drive sales, directly and Indirectly:
 - Directly to dealerships
 - Indirectly through their corporate and brand websites
 - Indirectly by stimulating search volume on Google, then through natural and paid search
- Multiple factors affect sales of MB's vehicles:
 - Especially new designs, enhanced technology and styling
 - Advertising (all forms have been quantified)
 - Incentives
 - Competitor actions and media spend
 - Macroeconomic factors
- Online search queries and online advertising drive sales:
 - Online display drives online search and direct sales
 - Paid search captures these queries and delivers incremental lift over the "free" organic search.
 - Both generic keywords and model specific keywords drive sales.

The findings

- 1. Brand and model advertising generate significant sales responses in a variety of ways.** Brand advertising works across the whole portfolio although response by model varies. Model advertising is more effective than brand advertising at generating sales. The response generated from a doubled spend could be as much as 5.5% across the entire portfolio.
- 2. Online display and paid search directly deliver sales** independent of market forces and of other offline media spending. Mercedes-Benz's spending on paid search drove sales that were incremental to query volume. A doubling of brand paid search could generate 2% additional sales for that model.

3. **Offline marketing drives query volume on Google.** The study found a significant causal link between the firm's media spend and specific sets of keyword query volume on Google. Google query volume is also impacted by other factors, including seasonal trends.
4. **Both generic and model specific keywords drive sales volume** – both Luxury and performance keywords impacted sales as did Model-specific terms on Google. Doubling model specific key words will generate an additional 24% of sales across that model, whilst doubling generic keywords could generate an additional 35% of sales across the portfolio.
5. **Paid search incrementally converts the queries to sales.** Google and other search drive a significant amount of interested traffic for “free”. The study found that using paid search to capture this interest amplified the effectiveness of the medium.
6. **Overall, query volume and paid search double the effectiveness of MB media.** The impact of advertising in driving online search behavior and capturing the queries with paid search is to significantly increase the effectiveness of brand and model-specific advertising. TV is the most effective brand advertising driver with press being effective during launch periods. Online (display) is the most effective non-launch driver of Model specific advertising with TV, press and outdoor also contributing significantly. Given the numerous touch points for consumers to control and gather information, search is emerging as one of the most powerful forces in driving sales, as shown below.

