



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



Mercedes-Benz

“By driving people to web, it doubles the above the line media spend efficiency. Simple as that.”

William Adeney

Head of Market Intelligence,
Mercedes-Benz UK



Mercedes-Benz, working with Google and media mix modelling agency MarketShare Partners (MSP), have taken an innovative and extremely effective approach to quantifying the synergistic relationship between online and offline marketing. By studying the effect on sales of on- and offline marketing, Mercedes-Benz were able to demonstrate that online marketing not only doubled the efficiency of overall marketing spend, but also shortened the decision-making process for Mercedes-Benz buyers.

Many advertisers in the automotive industry, as well as others who do not follow a direct-response business model, find it a challenge to quantify return on investment for advertising spend across several media. Well-deployed web analytics packages can provide this for online advertising, but demonstrating that it will actually make offline advertising both more effective and more efficient is a further argument for investing online.

Mercedes-Benz developed a research project that would:

- Quantify the individual roles of online and offline media and how they work together
- Quantify the role of Google natural and paid search throughout the purchase funnel

Using data from Mercedes-Benz UK and Google, MSP have developed algorithms and regression modelling techniques to quantify the effect of these business drivers in the context of all other factors that drive sales, including the overall consistency of messaging above and below the line, the level and deployment of marketing media spending, competitor activity, branded search query volumes, new car launches, seasonal variability, incentives and macro-economic indicators.

Key project findings

Mercedes-Benz UK learned the following from this study:

- Both Brand and Model advertising drive sales, directly and indirectly:
 - Bring customers into dealerships
 - Drive potential customers through to corporate and brand websites
 - Stimulate search volume on Google – Search users then brought in through both natural and paid search
- Multiple factors affect sales of Mercedes-Benz’s vehicles:
 - 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.

6 key results: A greater understanding of how advertising media work together

- 1. Model-specific advertising is more effective than brand advertising.** Brand and model advertising both generate significant sales responses, but model advertising proved more effective. Brand advertising works across the whole portfolio although response by model varies. Model advertising is more effective than brand advertising at generating sales. The increase in response generated from a doubling in advertising spend could be as much as 5.5% across the entire media mix.
- 2. Offline marketing drives Google Search volumes.** Offline marketing plays an important role in this increase in marketing efficiency by driving query volume on Google search. The study found a substantial link between Mercedes-Benz media spend and an increase in search volumes on Google for specific keywords. Google query volume is also impacted by other factors, including seasonal trends, but it is crucial for advertisers to ensure visibility on Google search during and after offline activity.

TOP INSIGHTS

- Take advantage of online-offline integration
- Be always-on and match offline campaign with increased online spend
- Paid Search converts leads to sales more effectively than natural search
- Paid Search more effective than brand television advertising at increasing sales

3. Online advertising driving Mercedes-Benz' sales directly – independent of offline advertising.

One of the key results of the research was that it demonstrated that online display and paid search directly deliver sales, independent of market forces and of 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 models.

Paid search advertising converts queries to sales even more effectively than natural search. While the natural search results on Google and other search providers drive a significant amount of interested traffic for 'free', the study found that using paid search to capture this interest amplified the effectiveness of internet search as a driver of sales.

4. Both generic and model-specific keywords drive sales. Searches for both generic and model specific keywords drive an increase in sales. Generic 'Luxury' and 'Performance' keywords impacted sales, as did model-specific terms on Google. A doubling of searches for model-specific keywords generated an increase of 24% in sales for that model, whilst a doubling of searches on some generic keywords generated an additional 35% increase in sales across the Mercedes-Benz model range. 'In terms of search engine optimisation, we now know the real buzzwords that are making people go and buy a Mercedes-Benz', says William Adeney, Head of Market Intelligence, Mercedes-Benz UK.

5. Natural and paid search double the effectiveness of Mercedes-Benz media spend. The research provided a powerful endorsement for integrated online and offline advertising, but even more for the effectiveness of the Google search platform in improving the efficiency of Mercedes-Benz media spend. It proved that an increase in search volume results in a measurable increase in sales.

6. Paid search more effective than brand television advertising. In a further argument in favour of increasing investment in search engine advertising, the study demonstrated that paid search has a greater ability to increase sales than brand-focused television advertising. This establishes paid search advertising as a key component of a successful advertising strategy.

[Insights into the effectiveness of online advertising reshape Mercedes-Benz media mix](#)

Looking forward, the online space is increasingly important for Mercedes-Benz marketing strategy. Says Adeney, 'In terms of our 2009 strategy we are very much focusing on drive to web.' Their research in conjunction with MSP and Google has proven that the Internet is the most efficient medium for capturing and converting leads – and above all increasing car sales.

