

Dealer Innovation Series

VOLUME 1 | ANALYTICS

FROM KPI TO ROI

How to apply Dealer.com's proprietary engagement scoring method, nGauge by Pixall™, to transform traditional analytics into a clearer picture of the sales pipeline.

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Section 1: What is nGauge?

WHAT IF DEALERS COULD GAUGE ANY GIVEN WEBSITE VISITOR'S LIKELIHOOD TO BUY?

In the digital age, it's a fundamental question—and one that led our team of product analytics experts to push the limits of our proprietary data to understand not only how car buyers shop online, but how to qualify these shoppers as real opportunities.

That's because, like any business, dealerships need to expand profitability, drive increased business, and measure return on digital marketing investment. In an increasingly complex digital environment, this insight isn't just beneficial—it's essential.

With that in mind, Dealer.com's data science has made it possible to understand consumer shopping behavior in a groundbreaking new way. Drawing from our proprietary Pixall™ technology, which aggregates information across both our network and Cox Automotive's comprehensive data sets, we have created a data-science driven numerical score, called *nGauge*, that assigns meaning to a specific combination of online consumer engagement behaviors that most likely signal the intent to purchase a vehicle. By scoring engagement, this technology takes a much deeper approach to analyzing advertising metrics to filter out traffic noise, thus assembling a pool of higher quality shoppers that require priority sales engagement.

In doing so, it helps dealers:

- Focus your sales strategy on the most serious online car shoppers
- Spend more time with the right opportunities
- Prove digital advertising channel return on investment

The following pages discuss how this technology works, the methodology behind our data science, and how nGauge can be applied to drive your specific strategy.

Dealer.com's data science has made it possible to understand consumer shopping behavior in a groundbreaking new way.

Section 2: Methodology

Simply put, the nGauge score uses statistical modeling to calculate a scoring system that segments consumer behavior at the visit level. This method distinguishes quality traffic in order to improve understanding and inform crucial digital marketing decisions. Essentially, this score moves the conversation from a mere visit to an actual opportunity.

Let's start with visits. The average website reporting tool is able to show visit quantities. But, are all visits created equal? The straightforward answer is no, and there are a number of reasons why:

- Did the visit spike from an email campaign really generate interest in the dealership's inventory?
- Are display advertising dollars well spent?

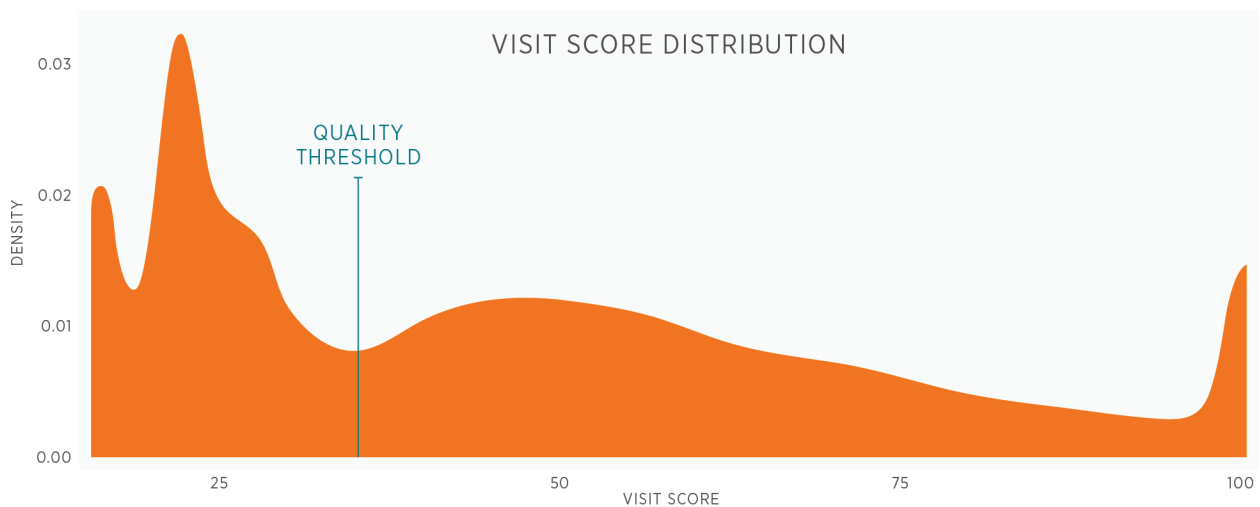
These questions are dependent on a myriad of variables that cannot be answered through a simple advertising metric. That's where the nGauge score comes in.

Transforming visits into opportunities.

The nGauge scoring model is specific enough to successfully pinpoint engaged website visitors, but also general enough to apply to virtually any digital strategy. The statistical model takes into account several factors:

- Time on site
- Form submissions
- MyCars interactions
- Specific page views:
 - Total page views
 - Vehicle Detail Page (VDP) views
 - Finance page views
 - Directions page views
 - Service and Parts page views

After taking these variables into account, nGauge develops a simple, actionable numerical "score," which ranges from 0-100, with a quality score defined as 35 or above.



Section 2: Methodology

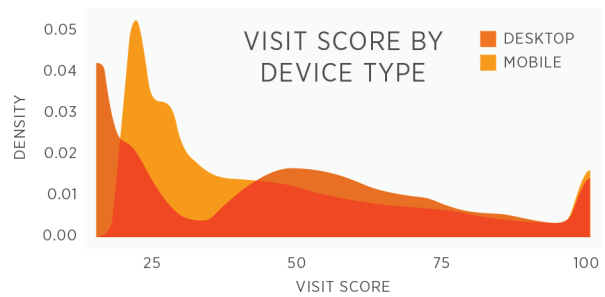
Providing a broader perspective.

While 61% of visits to the Dealer.com platform are quality visits, a wide variety of variables ensure a broad – and actionable – perspective on dealer site traffic, with the ability to gauge performance in a new way. Here are some examples of common visit types, and how they would score:

LOW SCORING VISIT	MODERATE SCORING VISIT	HIGH SCORING VISIT
Landed on Homepage Bounced Very low time on site Possible Bot	Viewed Homepage and Specials Page No VDPs viewed 2 minutes on site	Viewed three VDPs 10 minutes on site Submitted “Get ePrice” Lead
NGAUGE SCORE: 20	NGAUGE SCORE: 55	NGAUGE SCORE: 100

Visits by Device

It is important to consider device-specific visits. Desktop and mobile traffic are modeled separately, since engagement can look very different on these two device types. Desktop visitors typically spend longer on the site, and are more likely to interact with low-funnel workflows like form submissions and MyCars. Mobile visitors have shorter visits but view more Vehicle Detail Pages. In addition, bot activity deriving from mobile devices is less prevalent.



Channel Visits

Scores vary by referrer channel. The highest scoring visits come from Group sites, which is a very small proportion of all visits. Organic Search visits are also very high quality.

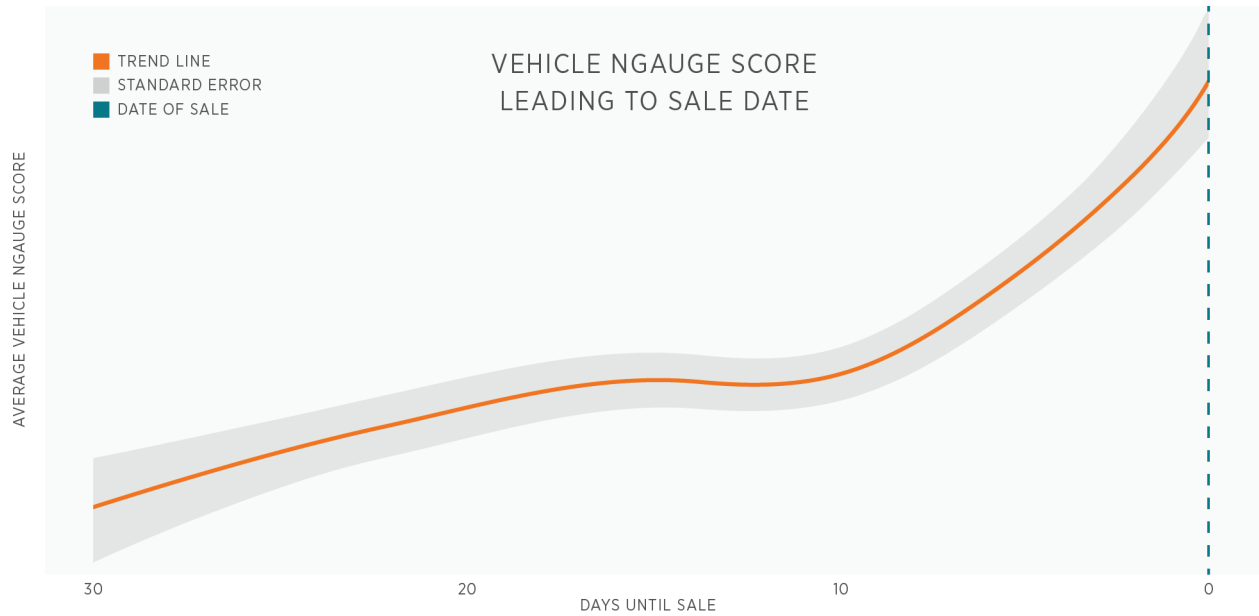
As a whole, visits coming from Third Party Lead Providers are low-scoring. However, this is a broad category that includes many providers. That is why we allow dealers to dig deeper into website scores in the new ControlCenter Analytics nGauge Score Report.

	AVERAGE NGAUGE SCORE	PERCENT OF ALL VISITORS
Group Site	57	0.4%
Organic Search	55	36%
OEM	54	2%
Paid Search	48	6%
Other Referrers	45	10%
Direct	45	49%

Section 2: Methodology

Delivering proven correlation between engagement and sales.

To ensure nGauge was not only simple, but actionable and reliable, Dealer.com’s data team analyzed correlations between nGauge scoring and vehicle sales.



In order to prove the connection between the nGauge score and a vehicle sale, our team created a way to analyze the nGauge score at the vehicle level. A random sample of vehicles listed on the Dealer.com platform were assembled, and reflected in the above visualization. Only vehicles with an exact sale date were included in this study.

The sale dates for all vehicles were then aligned to enable an aggregate analysis of the trend leading

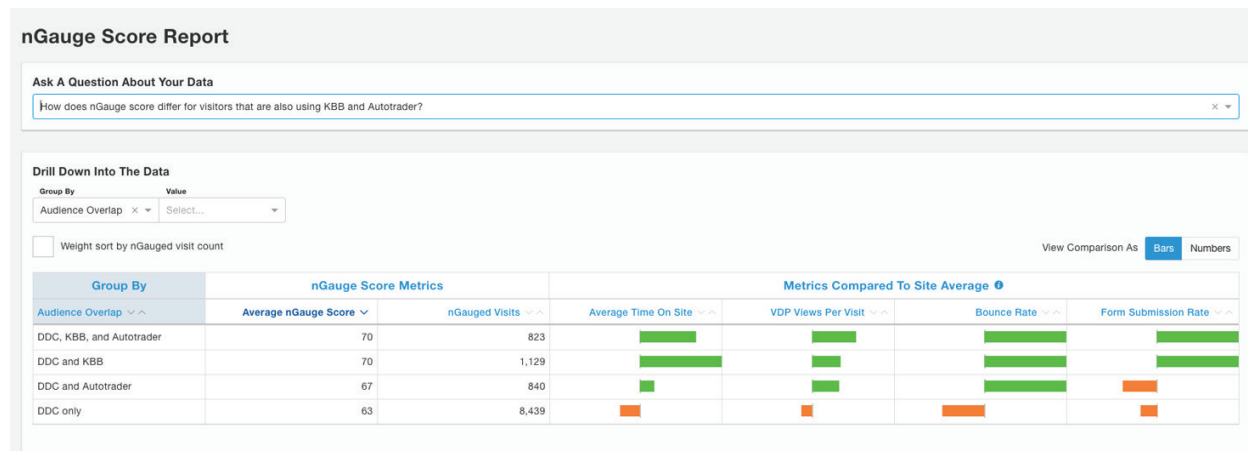
up to the vehicle sale date over a 30-day time period. As revealed in the analysis, there is a clear correlation between an increase in quality of the vehicle nGauge score and the vehicle’s sale date. The trend grows steeper as the sales date gets closer, starting approximately 10 days out from the date of sale — thus indicating a strong relationship between the nGauge score and a vehicle sale.

Section 3: nGauge in Action

We've outlined a scenario that puts the nGauge score into real-life perspective, and shows how it can be utilized to inform sales strategy.

Dealership ABC is reviewing their annual digital advertising spend, and paying particular attention to Autotrader performance. Traditionally, the dealership might have evaluated Autotrader based solely on the visits it sent to their website over the past year. And it's possible they may have only seen a few opportunities per day from Autotrader, with more opportunities coming from other vendors and products.

Accessing the nGauge report within the Dealer.com ControlCenter Analytics tab will help Dealership ABC's staff know for sure. After logging in, the dealer can review their shopper nGauge scores based on parameters set within the dashboard. The scores are derived from algorithms that utilize our innovative Pixall™ data technology after rigorous analyses of shopper engagement behaviors, as well as provide context behind the nGauge score by providing familiar Key Performance Indicators (KPIs).



In this hypothetical example, this particular search is aggregating Dealership ABC's shopper website engagement visits over a set period of time, and even more specifically, those that visited Autotrader along the way. It is here that the nGauge score value becomes clear.

According to the report, visitors who engaged with Autotrader during their online path to purchase reported longer time on site, viewed more VDPs, were

less likely to bounce, and had a significantly higher form submission rate. In fact, the average nGauge score of a visitor who visited all three sites was 11% higher than those shoppers who had not engaged with Autotrader or Kelley Blue Book during their digital path to purchase. Suddenly, the dealer's Autotrader investment is proving more ROI than initially expected. It's not only helping net traffic, but also sell vehicles. And that's worth knowing.

Section 3: nGauge in Action

A DEEPER LOOK AT ENGAGEMENT= A BETTER WAY TO ENSURE ROI

In an ever changing world filled with data, metrics and analysis, at the end of the day, we are undeniably seeking to transact.

Analyzing data on a much deeper level than traditional KPIs gets us a step closer to understanding how shoppers are truly shopping, and how effectively we are reaching and engaging them. And, by beginning to summarize this in simple, actionable metrics — like our nGauge scoring method — we can now boil this complex engagement story into a powerful indicator of purchase intention. It's a key step toward the true ROI optimization necessary to compete in automotive's digital future. And it's available today.

Thank you for your interest in Dealer.com's data science. To learn more about nGauge, connect with us at research@dealer.com



DEALER INNOVATION SERIES

Forward-thinking perspective that prepares your business for the road ahead.

The *Dealer Innovation Series* is a collection of white papers, informed by leading automotive subject-matter experts who provide a forward-thinking perspective on the industry's most important and influential topics and technology. These concise, research-packed resources deliver intelligence that can be applied instantly, helping dealerships stay equipped for the road ahead.

About Dealer.com Analytics

Dealer.com Analytics bring together the automotive industry's leading team of Data Scientists and Analysts that create groundbreaking technology to compile and analyze our proprietary digital marketing data and metrics. By providing the most up-to-date data, relevant metrics and accurate insight, dealerships are better informed to make business decisions and effective digital marketing strategies.

About Dealer.com

Dealer.com provides an integrated platform of Advertising, Website and Managed Services products which allow OEMs, dealer groups, retailers and agencies to leverage advanced digital technology and data to better engage and connect with their customers. The company practices a deep commitment to its culture of innovation, with a focus on health and wellness, making it one of the most desirable places to work and a valuable partner for automotive retailers. Based in Burlington, Vermont, Dealer.com is a Cox Automotive brand. For more information, visit www.dealer.com.