

MEDIA & MARKET

ADVERTISING

Modeling Tools Stretch Ad Dollars

Chrysler Uses Digital-Response Data to Adjust Commercials, Drive Web Visits

BY EMILY STEEL

WITH A REDUCED advertising budget and a desperate need to increase sales, Chrysler is relying more heavily on new technologies to predict how ad purchases will translate into sales.

A team of statisticians, economists, software engineers and media planners at Chrysler's digital marketing agency, Organic, has designed a "media modeling" system that helps the company calculate the best ways to allocate its marketing dollars. The system calculates how much ad spending is needed to meet certain sales targets and then analyzes how both online and offline ads affect Web activity and, ultimately, sales.

Car makers and other companies have used forecasting tools for years, but digital ads have ramped up the systems' sophistication and accelerated reaction time to the data gathered.

"As a marketer, it helps me be smarter about the dollars I need to reach the sales goals we're responsible for," says Susan Thomson, Chrysler's director of media and events. "It gives you some science."

Chrysler, operating under bankruptcy amid a government bailout, proposed spending \$4 million in advertising during the nine weeks it expected to be in bankruptcy court, but U.S. Treasury's auto-indus-

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try force said Chrysler can only half that amount. As its total U.S. ad spending fell to \$801.3 million in 2007, according to



Chrysler is using digital-ad agency Organic to try to make the most of its marketing. Organic's technology was used in Chrysler's campaign to promote the new Dodge Ram truck, shown above in a video.

WPP's ad tracking firm TNS Media Intelligence.

So Chrysler is deploying the new technology to calculate its ad budgets and tweak its marketing campaigns. A campaign to promote the recent launch of the new Dodge Ram truck illustrates how it works.

Nearly six months before the launch, a team at Organic started calculating how much Chrysler would need to spend on marketing to sell its target number of vehicles by figuring out how much Web traffic the company needed to generate.

When the ad campaign went live, the system started calcu-

lating whether the commercials were generating enough Web visits. Certain Web activities have become a good barometer for car sales, says Jason Harper, group director of analytics at Organic.

The agency estimates that about 70% to 80% of consumers research vehicle purchases on the Web, providing an indicator of whether visits translate to sales.

The TV spots, appearing during NFL football games among other places, didn't result in enough traffic to its Web site, so Chrysler made a couple changes. One included tripling

the amount of time that the URL appeared during the TV spot from two to six seconds. Chrysler also tweaked the homepage of its Ram Challenge Web site.

The agency says it noticed an uptick in traffic to the site.

When it started building the technology, Organic, an Omnicom unit, was trying to figure out the impact of the auto maker's online ad dollars. As the model evolved, Organic started including broader sets of data, ranging from sales data related to advertising in traditional media like print and TV to economic factors that affect car sales, such as housing starts, fuel prices and unemployment rates.

Ad agencies long have used complex models to calculate the best ad spending mix, but the rise of digital media has revolutionized these systems. Instead of waiting weeks or months for data, marketers now can get them in real time, allowing them to adjust their ad spending or the creative elements of their campaigns on the fly.

"Instead of looking in the rearview mirror, you have a heads-up display," says Greg Green, managing director at VivaKi, Publicis Groupe's digital marketing unit.

In refining its model, Organic learned how certain ads spur people to visit the Web. It then figured out which Web activities translate into actual auto sales. Some actions, such as scheduling a test drive online or entering a ZIP code to locate a dealer, are a good predictor of sales. Other actions, such as pricing a vehicle or playing with the coloring features on the site, occur earlier in the shopping process and aren't a direct indicator of serious buyer interest.

The result was a system that predicted 2008 sales within one percentage point of actual sales figures for its Jeep brands, Chrysler says.