



CLASSIFIED INTELLIGENCE

Consulting Services for the Classified Advertising Industry

**PREVIEW
EDITION**

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Automotive Advertising 2007:

Are you ready to roll video?

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CLASSIFIED
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Executive summary

Each passing year in the Digital Age brings fresh challenges to the advertising industry. There's no end of things to fret about, whether you publish to print, the Web, whether you're a broadcaster or a "third-screen" publisher to mobile phones. It would seem that there are always forces at work beyond our direct control: technological improvements that raise advertisers' expectations and lower the threshold of what they're willing to buy. So what is it this year?

Online video.

It shouldn't surprise. It was only a matter of time before high-speed Internet caught up with full-motion video and 60 years of TV-watching. A medium that *moves* offers us a more familiar reflection of our world and our wants. Nowadays, not only can you get the video you want when you want it and anywhere you want it – on your TV, computer, phone or any number of portable digital devices – you can easily and cheaply produce it yourself and share it with the world.

This is the year we expect to see video really take off in digital advertising. The automotive-ad publishers we talked to are either embracing it full-on, or conceding that it's something they're going to have to deal with sooner than later. Of course, video advertising won't be limited to automotive, but it's a good place to see quick adoption. After all, the subject matter is all about *moving*.

There'll be some inevitable repurposing of TV ads for online, we think, and that'll probably prove to be a mistake. Those ads aren't the least bit interactive – nor entertaining – on interactive platforms. Video-on-demand will require something new from publishers. Companies such as AutoTrader.com and Cars.com are thinking that through.

But it's not just their problem – it's yours, too, whether you run a TV station or publish a newspaper. Video raises the bar for everyone – just as the Internet did – and you'll need to deal with it to stay in the game.

We see two standards emerging: If you're a publisher, an auto dealer or a manufacturer, your consumers are going to expect high production values, which can be costly. On the other hand, private-party sellers will be able to get away with YouTube-quality videos taken with their camera phones. But don't expect them to pay you anything for it – YouTube and sites like it have already set the free standard – and it will likely cost you to host and manage it.

Fun times ahead, and they're only beginning.

In this report, the automotive-ad industry's top leaders discuss video and other emerging trends. We look at the U.S., U.K., Canada, Australia and Germany. We talk to auto dealers from across North America who tell us what they're looking for from their advertising partners. They're growing less interested in third-party lead generators and they're growing more interested in search-engine marketing. As always, they're looking for more value and trackable results.

Finally, we'd like to thank our friends at Adicio Inc. for their sponsorship of this report. Our clients receive this report as part of our continuous-advisory service. Adicio's sponsorship makes it possible for us to offer this report to non-clients at a much-reduced rate.



Jim Townsend
Principal,
Editorial Director
Classified
Intelligence LLC



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About Classified Intelligence

Classified Intelligence is an in-depth consulting service that works with its clients to develop successful, real-world businesses. We deliver must-have competitive intelligence about interactive classified advertising – automotive, employment, real estate and auctions / merchandise.

We talk with our clients regularly. We work with their companies face-to-face, one-on-one. And we keep them up-to-date on what's happening in the field of e-classifieds with our regular and special reports.

Classified Intelligence is for...

- Newspapers: Expand your classified advertising revenue by combining the best of print and online services
- Dot-coms: Grow your business with new ways of serving Internet users with automotive, employment, real estate, merchandise and personal ads
- Advertisers: Tune in to the changes in the media you use – and how they are building new products and services to help you meet your advertising needs
- Vendors: Receive ongoing analysis of your market, and information on what your clients want, as you develop and provide technology for electronic classified services.

We're experts on interactive media. We help build interactive products and services; we don't just talk about them based on flimsy research. Our analysts and consultants are well known and respected. We speak nationally and internationally and work with top media companies.

Classified Intelligence clients receive:

- Regular conference calls, when you meet privately with your analyst – someone who knows the issues and your company – about issues that matter to your company
- Customized on-site consulting visits – meetings, workshops, intelligence briefings
- Classified Intelligence Report, twice monthly
- Classified Intelligence Advisories, reports focusing on a topic of immediate interest
- Classified Intelligence Alerts, immediate analysis of major newsworthy actions

Classified Intelligence is about who's doing what ... who's planning what ... who's working with whom ... and what you should be doing to improve your classified business.

Classified Intelligence LLC, is affiliated with the Advanced Interactive Media Group LLC, aimgroup.com, an industry-leading consulting firm that works with some of the biggest names in the media and corporate worlds. Our clients include:

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|---|--|--------------------------|
| ■ Newspaper Association of America | ■ CareerBuilder | ■ Workopolis, Toronto |
| ■ Shaker Recruitment Advertising & Communications | ■ ABC News | ■ Sensis, Sydney |
| ■ Hearst Newspapers | ■ Daily Mail and General Trust, London | ■ Naukri, New Dehli |
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Classified Intelligence and its affiliate, the Advanced Interactive Media Group (AIM Group), produce special reports regularly in addition to Classified Intelligence. Reports available include:

■ *Recruitment Advertising: Job sites, newspapers falling out of favor*

Coming off a great year and already into what is likely to be another good year, you might think recruitment advertising is finally back on track. And, from what you will read in this, our sixth Recruitment Annual, you wouldn't be wrong. Our panel of advertising experts – which includes recruitment-site founders, an ad-agency executive and others – insists that, despite the onslaught from free sites, the pay-to-post model is thriving, not just surviving. Similarly, recruiters told us they don't foresee any big change in how their company advertises job openings. This year. But there are changes coming.

■ *Real Estate Advertising 2006: Despite banner year, time running short for print classifieds*

Despite the fact that U.S. newspapers are enjoying a banner year in print classified real estate advertising, that train is about to run out of track, and there could be a rocky cliff below the barricades. Realtors tell us that they're still buying print – not because it works better than other ad choices, but because sellers expect to see their listings in the local paper as proof that their agents are working for them. In a survey we conducted with Realty Times, we found that no advertising choice dominates Realtors' ad spending, and that in general terms, agents are as unlikely to advertise in the local paper as they are with national Web sites.

■ *Online ad placement and online-only classifieds: Newspapers' best and worst practices*

Self-service advertising sales are finally becoming widely accepted among newspapers and other print publications. We offer 17 "best practices" recommendations that every newspaper and dot-com should review and follow as it builds or upgrades its self-service ad placement system. Separately, we asked 21 U.S. papers and one in Canada whether they offered online-only classifieds, and the reasoning behind their decisions. The consensus was simple: "You have to do it," several execs told us.

■ *Free Classifieds: They're all the rage, but where's the money?*

Classified content is hurtling toward free – prices driven downward by consumers' rising expectations. It's no longer a question of "if" – if it ever was. It's not even a question of "when" – the time is now. The real question is "how?" We profile ad publishers – newspapers and Web sites – that are making it work. There are opportunities, but given the head start heavyweights like Google, EBay and Craigslist have, the window of opportunities is a narrow one.





ADICIO, INC.

Media companies and niche sites around the world have entrusted their businesses to Adicio's online classified advertising solutions and dedicated staff. These companies join the ranks of prominent newspapers and media companies, both large and small, who have recognized the critical need to increase their competitiveness and generate more revenue.

ADICIO MOTORS



Scalable. Customizable. Secure.

Adicio Motors helps you maximize online classified automotive advertising revenue by matching automotive buyers and sellers with new or used cars. The best-in-class, award-winning technology of Adicio Motors accommodates both the technologically advanced, evolving needs of automotive advertisers, and the competitive marketplace. We offer a private-label application that seamlessly integrates within online classified offerings enabling our clients to retain their brand while building and managing their online automotive efforts. Clients can deploy our software as a turnkey solution or customize our application to leverage existing brand strategy and support online sales and marketing objectives.

THE ADICIO ADVANTAGE

With Adicio Motors, you can expand your reach and visibility within the automotive community instantly. You can choose from a variety of online capabilities to maximize your online revenue potential.

- Increase Revenues – Adicio Motors offers a variety of ways to exponentially grow online automotive classifieds revenue through premium advertising opportunities and upsells that can be deployed rapidly.
- Maximize Reach & Exposure – Our targeted banner ads enable advertisers and dealers to deliver specific ads to consumers based on their search criteria or activity on your automotive site(s).
- Attract & Retain More Advertisers, Dealers & Consumers – Robust advertiser and consumer tools, such as the Dealer Center & My Motors, simplify the automotive process for advertisers, dealers and consumers.
- Exceptional Search – Consumers can locate their ideal vehicle quickly & easily or extend their search criteria and use our comprehensive searching & mapping capabilities to pinpoint their options.
- Customize your Automotive Site – Extend your brand and marketing strategy online and stand out from your competition by customizing your Motors site with Adicio.
- Comprehensive Research Tools – Consumers can research, compare and configure new vehicles with our Vehicle Comparator or Vehicle Configurator tools.
- Research & Content Providers – Kelley Blue Book, Edmunds, eVOX Productions and New Car Test Drive to name a few.
- Extensive Reporting Tools – Analyze progress & determine sales strategy based on lead and traffic statistics.

SOME OF OUR MOTORS CLIENTS



REVENUE OPPORTUNITIES

Increase your revenue with Adicio Motors! You can integrate your print and online classifieds with 'Print to Click' Web Accounts and increase revenues through the sale of a print and online ad posting bundle, or an upsold online listing. Reverse publishing enables advertisers to run their online ads in print as well as online, increasing the visibility of their ads and capturing more revenue for your print products.

Our data aggregation and integration tools allow you to conveniently replicate auto listings and inventory data from dealer sites to your own via DMS polling, dealer wraps, 3rd party feeds, or our online vehicle manager, integrate data from various sources into one database, and ensure accuracy with Adicio's sophisticated feed-parsing technology that automatically converts complex content into fielded data so it is searchable.

Our new car lead revenue generation system seamlessly integrates with our vehicle configurator and automatically routes new car leads that are unsupported by your local dealerships to our lead partner who compensates you for each lead you send them!

Premium advertising offers upsell opportunities that increase visibility and help your advertisers generate maximum results. Featured Ads, Spotlight Ads, Ad Enhancement Options including bolding, font color, highlighting, and icon, Preferred Dealer to highlight a specific dealer or dealers as a run-of-site ad for maximum exposure, Dealer Directory to list local area dealers, Dealer Premium Placement to extend dealer reach and maximize visibility, Dealer Profiles that include supported vehicle makes and types, dealership address, logo and toll free number integration with voice recording and whisper features for further promotion, Loan Calculator that enables consumers to estimate monthly loan payments online while searching for a vehicle and additional revenue opportunities by selling banner ads to loan/lease brokers or by selling links to other lending companies, and Targeted Banner Ads based on what users are looking for, available in the search results, as well as the Vehicle Configurator and Vehicle Comparator tools are just some of the additional upsells available.

ABOUT ADICIO

Adicio is the industry's leading provider of web-based, private-label classified advertising software for the careers, motors, and real-estate verticals, serving local, niche, national and international markets. With more than 250 satisfied clients, Adicio is the vendor of choice among top newspaper, magazine, trade association, broadcast and other media companies. With its award-winning technology and enterprise-class software platforms, domain expertise and top-notch customer service, Adicio delivers a private-label application that is seamlessly integrated within online classified advertising offerings, enabling organizations to retain their brand while building and managing the largest, most valuable, and highest-quality communities of buyers and sellers. For more information, contact Adicio at 760.602.9502 or 800.276.1332, email sales@adicio.com, or visit www.adicio.com.



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