



Chip Perry
President & CEO
AutoTrader.com

Chip Perry is President and CEO of **AutoTrader.com**. He was the company's first employee in 1997 when he was asked by Manheim Auctions, a unit of Cox Enterprises, to launch the company. Since then, AutoTrader.com has grown to become the world's largest automotive marketplace and Perry has become widely recognized as a pioneer of the online automotive industry.

What do you see as the future in advertising, particularly with respect to your primary market, the dealers?

Over the last ten years, we've seen a tremendous consumer phenomenon occur in which they've embraced third party websites; dealer websites and manufacturer websites, as important information tools in the shopping process. Now 60-80% of folks are shopping for cars online. We've reached a point today, where the big issue for the future is how can dealers of all types; independent dealers, franchise dealers, and manufacturers capitalize on the traffic that exists amongst people who are shopping and influence-able in the car shopping process. Very few people actually buy a car online, but many people are heavily influenced by the information they find online.

Now, websites, like AutoTrader.com and other parties like Cars.com, Edmunds and Kelley; have developed rich shopping experiences that enable people to go pretty far down in the decision making process before they walk into the dealership. At the same time, as web shopping is vitally influential in the process, dealership visits remain the number one source of information for consumers.

You initially and very effectively enabled a dealer to present their entire available new and used inventory. Have you given them the total marketing capability to present not only the vehicle, but sell it and support the whole sales transaction?

Absolutely. What we are looking at is an interactive environment where consumers are able to get the information they want, when they want it. Mounting inventory was a first step and it was a critical step because the used car market in America, when we came along, had never been aggregated in one place. In fact, it defied aggregation. To create a search engine on top of a huge database of vehicle listings; starting out used and evolving to both new and used, was a massive technical undertaking. It cost us tens of millions of dollars on the technology end. Once you have that in place, then you can start asking questions like how can you help consumers better make a decision about the car they are going to buy and the dealer they are going to select working with?

It is clear that you have been able to deliver your capabilities to the dealer through your force of 1000-plus people in the trenches. Is it possible to characterize for the dealer audience what they can expect from AutoTrader with respect to its advertising for the consumer? What are your plans for bringing this new capability to consumers through your television advertising in the future?

You can't take a light and put it under a bushel in our business. You've got to promote your value proposition; your unique selling points that make a site worth visiting. Over time, we've been able to establish an audience that has grown from a few million a number of years ago to 14 million unique shoppers per month, of which 65% are going to buy in the next two months and 45% will buy in the next 30 days. We've become a magnet for eyeballs. The way we've done that, historically, is by spending hundreds of millions of dollars over the last ten years; about \$500 million in marketing AutoTrader.com to the consumer public.

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The way we've approached this is both with online advertising and marketing balanced with a good solid mix of off-line marketing and advertising.. One of the things that we coach and encourage dealers to do is to really look at their traditional media spending. We believe that the traditional media has some cost effectiveness problems and some declining reach problems. The average dealer is 90-10; ninety percent traditional media and ten percent Internet. We are 50-50. We haven't given up on traditional media. We believe it plays a role. In our case, what we are doing every year is attempting to grow our audience by 20%. To do that, what we've done is improve our products; making the website experience better every year. Search tools are getting better. The content and applications are getting better. We are taking our marketing budget up every year; more than that 15-20%.

Off-line, what you will see from us next year is an even bigger campaign on national network television. We will also be involved with sponsorships at a number of major league baseball parks, which gives high visibility with behind-home plate-signage and that sort of thing. We are also involved as a presenting sponsor and key player in about eight or nine major consumer auto shows across America including the big ones; Los Angeles, New York and others.

Online, we basically try to help our dealer customers corner the market for online auto shopper eyeballs. In 2008, three of the major guidebooks; Kelley, Edmunds, and NADA Guides will exclusively work with AutoTrader.com. MSN is working with AutoTrader.com on an exclusive basis, as well as Univision.com.