

# Pheed Read #4

## RSS and the Automotive Industry

### **Executive Summary**

*The Pheed Read is back, and this time out we're taking a different approach to our data. In Pheed Read #3, we discussed the issue of full text feeds vs. summary feeds and observed user behavior on clicking through from feeds to websites. Full and summary feeds garnered basically the same click through rates, and 90% percent of readers consumed feed content within their RSS aggregators regardless of the length of the feed item – conclusion being, RSS users are not visiting websites often, and should be marketed to at the feed level.*

*This time out, in Pheed Read #4, we will be analyzing the data from a specific Pheedo content channel – the automotive category. RSS is emerging as one of the most targeted online mediums for advertisers and the analysis of a single category demonstrates that each content category and its associated readership are different, and marketing strategies should be customized to reach the intended audience. On to the numbers and analysis.*

### **Key Pheed Read Findings Include:**

- **Feed reader market share statistics show drastic differences from other categories**
- **Headline-only feeds garner twice the CTR of summary feeds**
- **Auto category shows high rate of growth month over month and in Q4 of 2006, outpacing all other feed categories**
- **Most auto publishers offer headline and summary feeds**
- **Auto-enthusiasts are a financially diverse group**
- **More than three-quarters of auto category consumers are over the age of 35**

---

### **Headline Feeds vs. Summary Feeds**

Summary feeds make up 63% of automotive feeds in the Pheedo network, while the remainder consists of headline feeds. Unlike other categories in the Pheedo Network (which include entertainment, technology and travel, among others), there are no automotive content publishers that offer full-text feeds. To build on previous Pheed Read reports, we analyzed the click through rates (CTR) on the content (clicking through to the website) for each of these feed formats, within the automotive content channel:

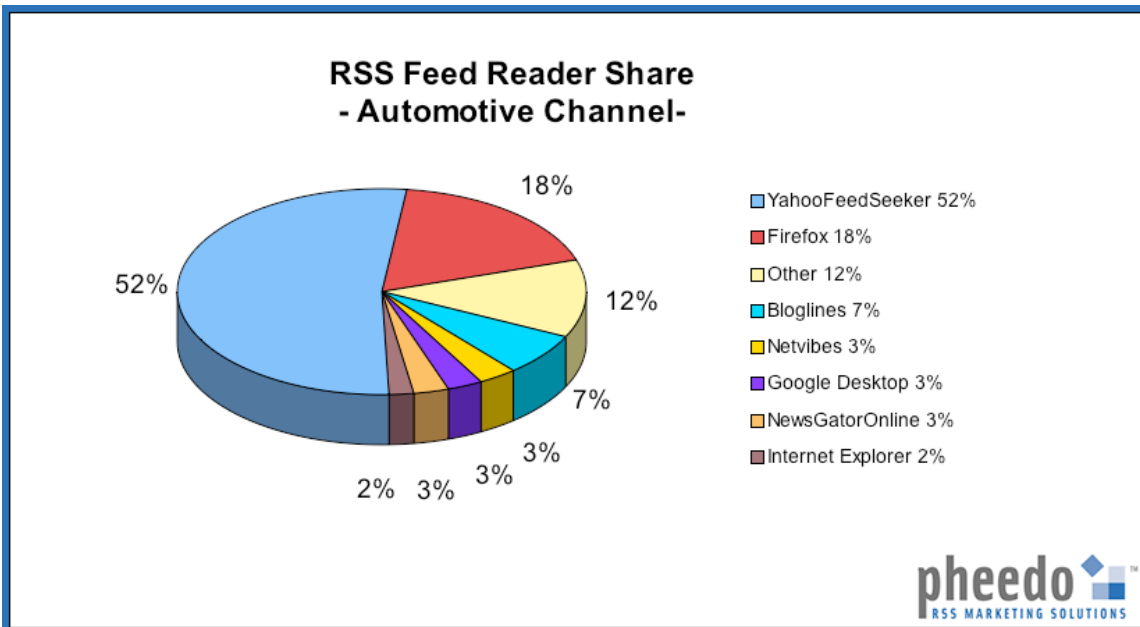
- **Headline feeds: 33% CTR on content**
- **Summary feeds: 15% CTR on content**

Headline feeds garner more than twice the CTR of summary feeds. In Pheed Read #3, we found that about 90% of readers of full and summary feeds stay within the aggregator and do not click through to the website. The auto category data shows a departure from previous, broad based research and illustrates clearly that when headline feeds are offered to consumers, the content click through rate is significantly higher indicating that less people stay within their aggregator. However, the feed offering is only one element in the equation leading to higher CTR, as we'll see next in the discussion on feed reader preferences.

**Automotive Channel Feed Reader Market Share**

Feed reader market share is a commonly tracked statistic in the RSS market, and Pheedo has tracked feed reader market share data since issuing Pheed Read #1, showing consistent results across the board in past analyses. Bloglines has taken top honors in prior reports with around 30% of the market followed by Yahoo! with about 15%.

A key aspect of feed reader preference that marketers and publishers should consider is the format in which each reader presents feeds – each RSS reader presents feeds slightly differently, impacting how publishers and marketers should format their content. Overall, our findings in the auto channel were pretty surprising and a marked departure from past reports, showing that each content category impacts behavior, and that trends cannot necessarily be applied across RSS readership in general, without also considering the flavor of the content:

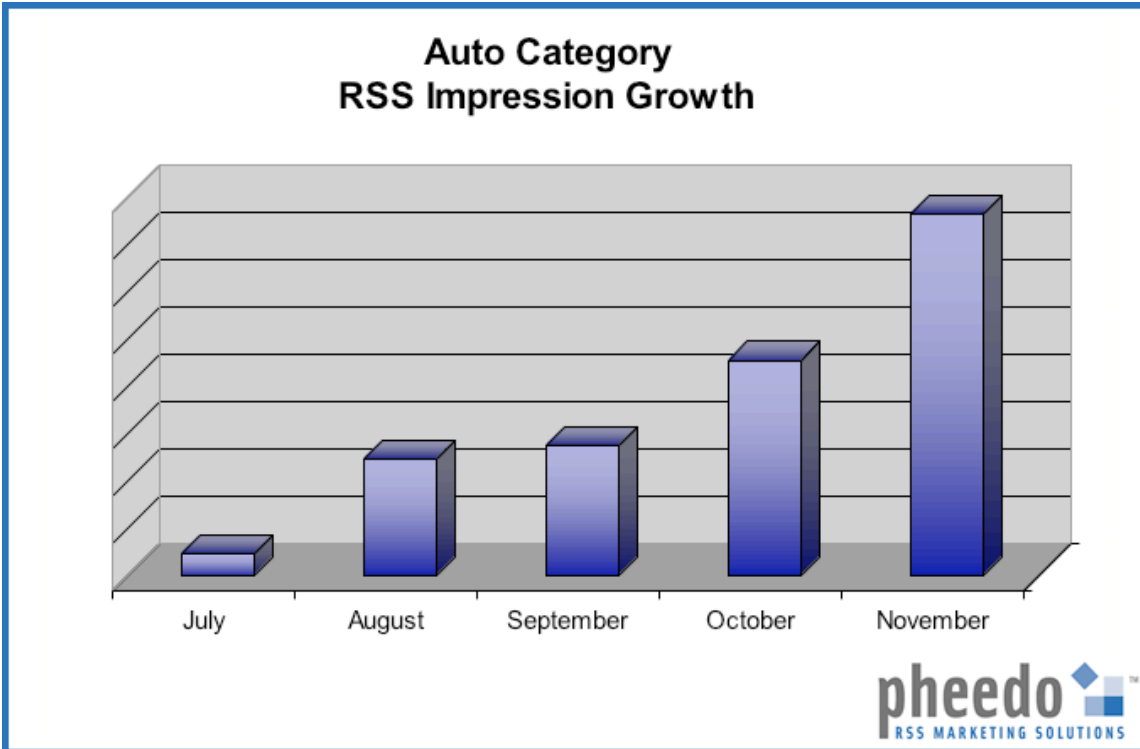


Yahoo! takes the leadership position with more than half of the market share with Firefox coming in second at 18%. Bloglines drops significantly with just 7% of the market.

While the feed aggregator type analysis is certainly not the end of the story on the high CTR on headline-only feeds that we discussed earlier, it is a key piece of the puzzle. The first two reader types in our analysis, the Yahoo! and Firefox readers (pre-Firefox 2.0, which renders feeds differently) display only the feed headline in their default state, which naturally leads to a higher CTR as readers MUST click through the headline to obtain additional content.

**Auto Channel Growth vs. RSS Feed Growth**

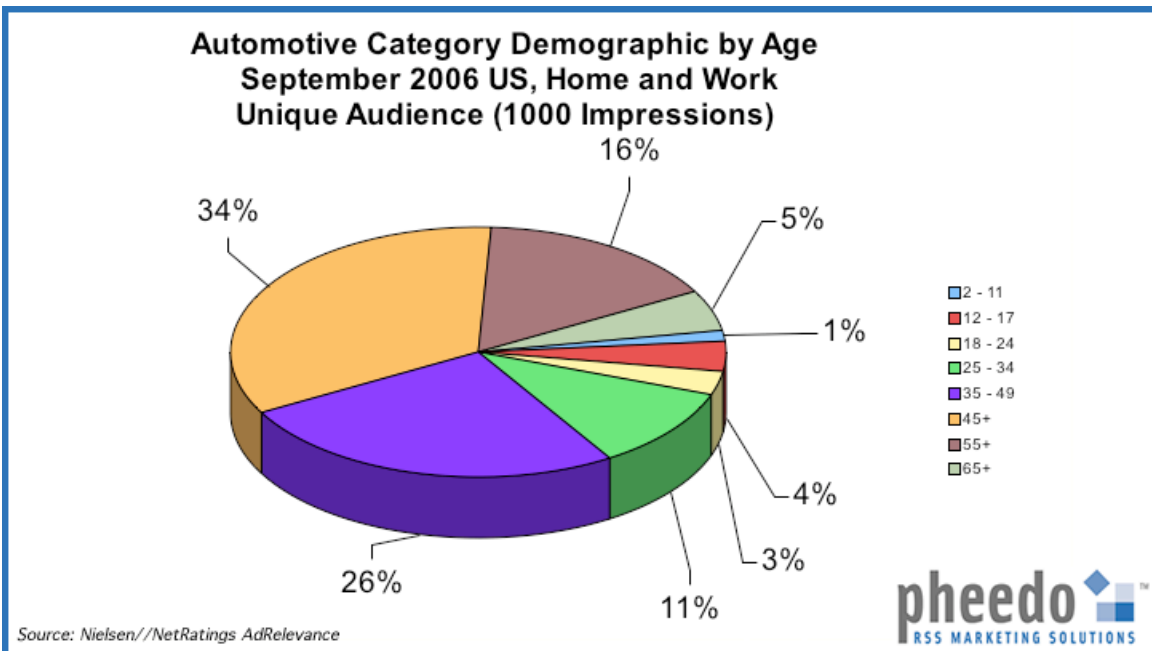
Impressions in the auto category show a growth rate of 38% month over month growth. This is a rapidly growing category. From July to November 2006, the total impression growth of the auto category has grown more than 500% with the last quarter of 2006 showing the highest rates of growth.



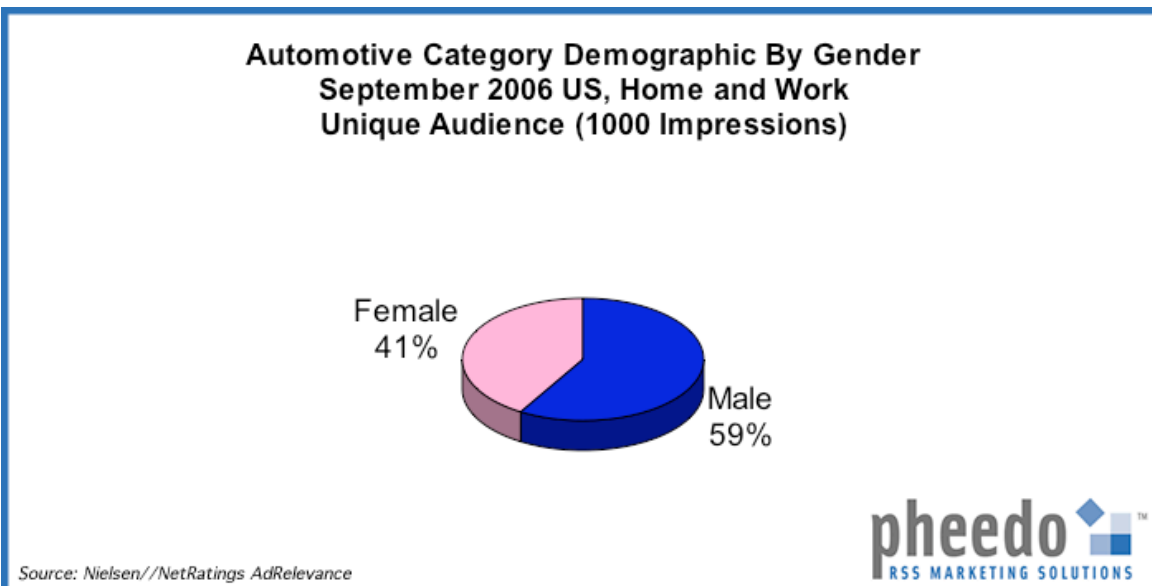
**Auto Channel Demographics**

We broke down the auto category by several demographics including age, gender and household income. While there is data out there that indicates these statistics for RSS in general, it is valuable to break out the auto vertical as the results (as with feed reader market share) do vary from general RSS statistics.

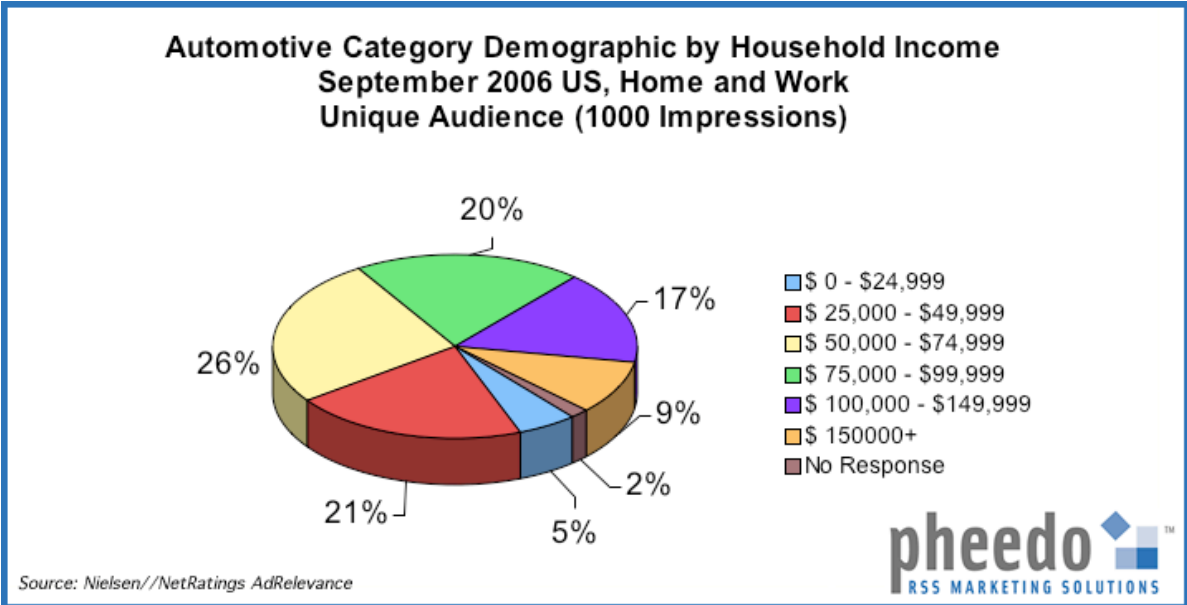
**Age:** more than 75% of auto category consumers are over the age of 35. The “coveted” 18 to 24 year old demographic is not the sweet spot when it comes to marketing in auto focused RSS feeds. They make up only 3% of the total audience:



**Gender:** male readers represent close to two-thirds of the auto category audience:



**Household income data:** Each demographic other than the \$150,000+ group holds a roughly equal share in auto category readership (~20%). Financially, auto enthusiasts are a diverse group:



### ***The Car Connection Story***

One of the auto category publishers included in the Pheed Read report data is [The Car Connection](#), an award-winning automotive site offering a complete editorial source for news and reviews, spy shots and shopping guides, tips and expert advice.

When the publishers of *The Car Connection* first heard about RSS integration into Internet Explorer 7 and the resulting mass audience that would be exposed to the medium, they decided to ramp up RSS efforts and offer their content to readers via feeds. Paul Eisenstein, publisher of *The Car Connection*, says that the site has seen significant growth in their RSS feeds, and that it is the fastest growing content delivery method for *The Car Connection*.

*The Car Connection* offers headline feeds and a short one-line description of the article in the body of the feed. Advertisements are presented as a standalone item in the feed. *The Car Connection* formats their feeds to drive people to *The Car Connection* website, but also markets within the feed, to reach those consumers who stay in the aggregator, and monetize their content at the feed level. *The Car Connection* takes a hybrid approach to their feeds by using it as both a way to drive more traffic to their site and as a monetization tool.

In 2007, *The Car Connection* plans to increase its RSS publishing efforts and engage in new programs to increase RSS readership and monetize RSS content.

### **Third Party Data**

To add perspective and insight to our home-grown Pheedo data, we've taken a glance at recent findings from other sources. A few highlights:

- Online advertising spending continues to grow at a fast clip: U.S. online advertising spending is expected to reach a record-setting \$16.7 billion this year, up from \$12.5 billion last year, according to online marketing analyst group eMarketer.
- Online video advertising spend is on a rapid upswing. According to a survey from the American Advertising Federation, more than half (53%) of the 168 respondents said they expect 20% or more of their TV advertising budgets to shift into online video by 2010.
- eMarketer also predicts that automotive spending will account for 15 percent of online ad dollars in 2007, to the tune of \$2.7 billion.
- Automotive publishers are seeing a high demand for web ad inventory: according to Kevin Considine, vp of national sales for Cars.com [as reported by *MediaWeek's* Mike Shields, 12/4/06], close to 88 percent of Cars.com inventory is sold out for next year, with most brands increasing their budgets by anywhere from 20 percent to 100 percent.
- PQ Media Alternative Media Research Series reports that spending on blog, podcast and RSS advertising is projected to climb another 144.9% in 2006 to \$49.8 million.

It's no secret that online advertising is on the rise, and that marketers are looking for new mediums to tap to reach new audiences. Online publishers focused on producing automotive-related content are seeing some of the fastest growth with inventory at sites such as Cars.com almost sold out for all of next year. New online, social mediums such as RSS, blogs present a new medium for these advertisers looking to expand their

advertising reach. And from the data presented above, it appears we will start to see marketers spending more and more in these areas.

### **Conclusions**

The auto category is a fast growing online content channel, and as auto manufacturers shift more and more ad dollars to online media, RSS is taking a large chunk of new media marketing efforts.

The data shows that different categories' readers interact with RSS feeds differently, which presents a challenge to marketers trying to make a broad ad buy across several categories, but also demonstrates the highly targeted nature of RSS feeds. The intricacies of RSS usage should not be seen as barriers, because they in fact give more insight to marketers on who their audience is, and how to target them.

Based on the Pheedo data and findings from across the field of marketing research, we can offer the following take-aways:

1. Automotive web sites should increase their available inventory in high growth areas (RSS) as brands shift dollars online in 2007;
2. RSS/Blogs and social media in general represent new opportunities for the auto industry;
3. Overall RSS usage amongst Auto enthusiasts is growing steadily;
4. Trends in video and rich media highlight additional areas for growth in syndicated content channels as consumers' desire for RSS-fed information and affinity for online video converge.