



Report

Stay the course: How in-car advertising fuels retail growth

wazeads 

Report

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United States, March 2021



Table of Contents

Introduction: The New Normal	4
1. The In-Store Outlook	7
2. Capturing the “Last Mile”	9
3. Reaching Customers with Waze	13



Introduction: The New Normal

Navigation trends under Covid

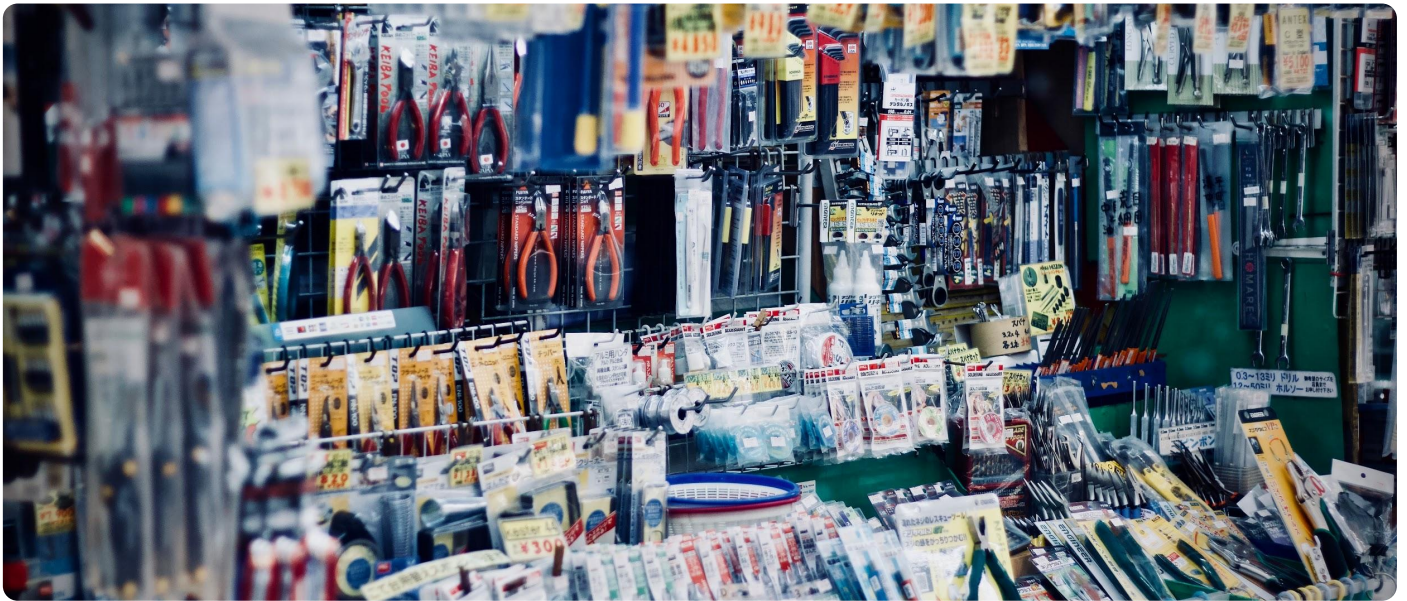
For retailers, each new phase of the COVID-19 pandemic has presented novel challenges and raised many questions. How will consumers navigate this new normal, and what will it even look like? What effect has the pandemic had on shopping behavior, and what are the projections for sustained change?

In the years leading up to COVID-19, consumer behavior had been shifting as shoppers toggled between online and in-store shopping. Yet despite the increase in options for consumers, in-store retail continued to not only thrive but also strongly outweigh e-commerce. According to the National Retail Foundation, online shopping generated only 10% of retail revenue in 2019, and the other 90% came from in-store retail.¹

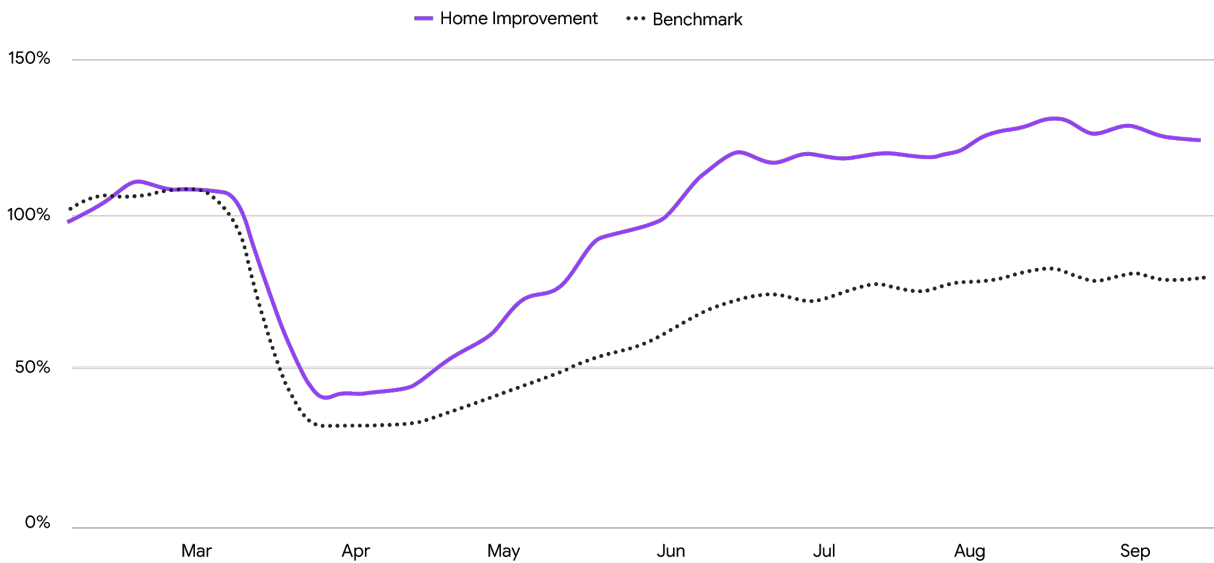
When COVID-19 first hit and quarantines and social distancing were put in place, most retailers assumed consumer spending would naturally move online. Although categories such as airports and gyms saw a downturn, on-site shopping for the retail category remained relatively consistent. Even at the peak of the pandemic onset, the total revenue stemming from in-store retail only fell by 9%.²

29%

As social distancing guidelines curbed, some retailers saw a surge in navigations back to their physical stores from lockdown lows as many consumers were eager to resume in-person shopping.³



When the uptick in some retail categories such as Home Improvement began in April, the increased trips to stores were spurred by the desire to stock up on cleaning supplies, with sales up 80% to 130% compared to the year prior.⁴ Trips to Home Improvement have continued to climb since then as sanitation guidelines and stay-at-home orders have led consumers to clean and spruce up their living environments.



On Waze, we saw trips to Home Improvement well exceed previous benchmarks—to the tune of a 55% increase from pre-pandemic onset periods.⁵ This increase shows that as the world started to move again post peak-pandemic, we saw navigations to retail stores not only return but even exceed pre-pandemic levels.

↑55%

increase in retail drives to Home Improvement stores in September compared to the pandemic onset period in March.⁵



In-person shopping levels remain consistent above their early-pandemic lows. And a new norm is taking hold.

Consumers have begun to adapt to this new reality. In addition to changes in what they are wearing to stores (masks), consumers have also made changes in the way they are getting there. Many who formerly chose public transportation as their dominant method of traveling to stores and other locales have transitioned to personal vehicles for the added layer of privacy and social distancing personal vehicles provide.

In fact, retail has increased its share of all category navigations on the Waze platform, growing more than 5.5% from last year.⁶ This increased share underscores how consumers are continuing to shop in-store in droves.

When infection rates are brought under control again and as vaccines bring immunization to communities, retailers expect consumers to return to stores in even greater numbers.

As consumers adapt to a rapidly changing world, marketers need to do the same. The best place to start is with a strategy that keeps your brand present in the moments that matter most to your customers. This white paper, based on research commissioned by Waze, focuses on the benefits of digital out-of-home advertising for retailers. Here's what you'll learn:

- **How consumers are getting around during this new normal**
- **What marketers can do to capture these shifts and support their COVID recovery**



01

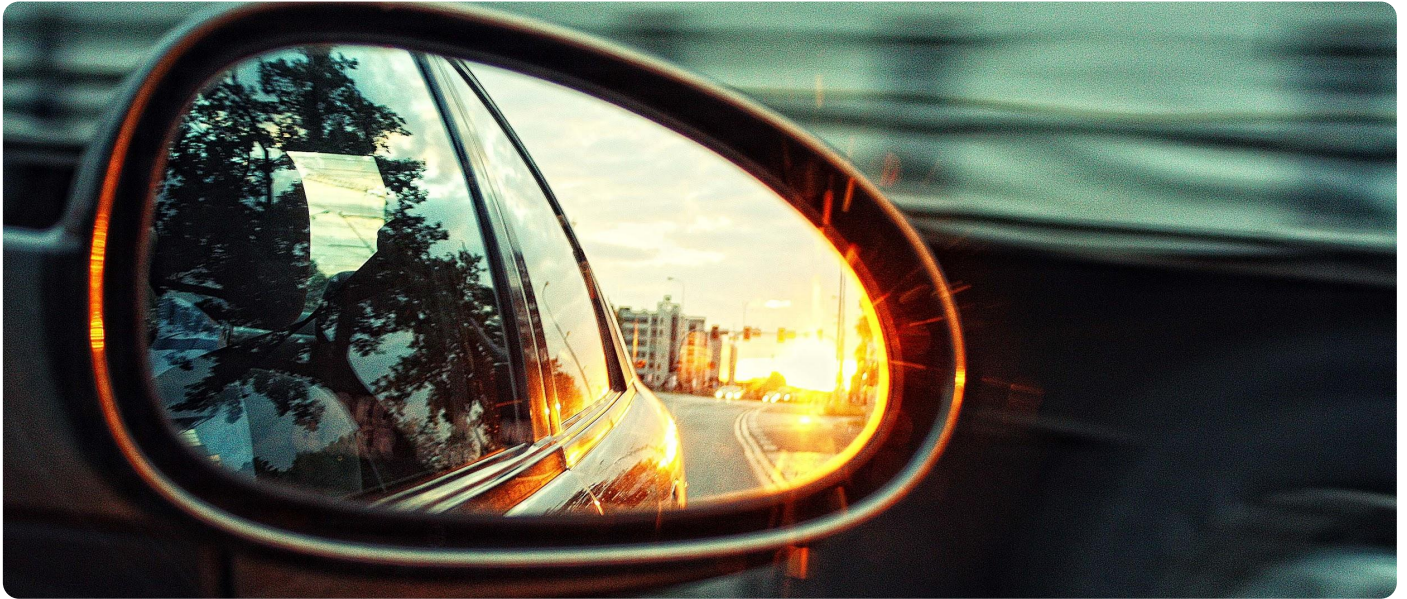
The In-Store Outlook

In a year dominated by in-home quarantine, online shopping captured consumers' attention and experienced strong growth.⁷ Yet in-store remained strong and continues to be a critical retail buying channel because it is still the buying channel that consumers most prefer. In fact, only 4% of consumers intend to shop exclusively online when the pandemic resolves.⁸ And this preference is predicted to continue for some time. It's expected that 78% of purchases will still be made in-store by 2024.⁹

Leading up to the pandemic, a research study commissioned by Waze found that consumers preferred in-store shopping to online retail because of the opportunities it provides that online can't replicate. The study found that one-third of shoppers made an online purchase once a week. But almost twice as many respondents bought something once a week in a retail store, motivated by the ability to assess quality in-person and buy right away if they liked what they found.¹¹

This trend has persisted even into lockdown. Searches containing "available near me" more than doubled globally in the early months of the pandemic,¹² and Google searches for "on my route" are up 1,000% YOY.¹³ Adding to this, 42% of consumers reported facing issues with an online order in the past few months,¹⁴ driving many would-be online shoppers back into stores for a more consistent shopping experience.

79% of US adults will shop in physical stores about the same or more often than before once the pandemic is resolved.¹⁰



Although consumers have not stopped traveling to stores, they have made changes to how they get there. In response to the pandemic, more are using their car as the transportation method of choice when they decide to leave the house. Recent data shows that only 10% of people believe that public transportation and ride-sharing are currently safe, with 43% of consumers no longer using public transportation and 20% feeling “increased urgency” about buying a car.¹⁵ Even in metro areas with historically low levels of car ownership like Manhattan, there was a boom in car sales in 2020.¹⁶

The reason? Consumers view their cars as the one place where they can feel safe and comfortable outside their own homes.

Traveling in a personal vehicle not only helps limit contact with others, but it also offers a sense of independence and control. In fact, 80% of Americans said they felt safer driving their cars than taking other types of transportation.¹⁷ These trends represent a growing opportunity to connect with consumers in a space where they feel safe and comfortable outside their own homes.

43%

of consumers no longer using public transportation

20%

of consumers feeling “increased urgency” about buying a car¹⁵

80%

Americans said they feel safer driving their cars than taking other types of transportation¹⁷



02

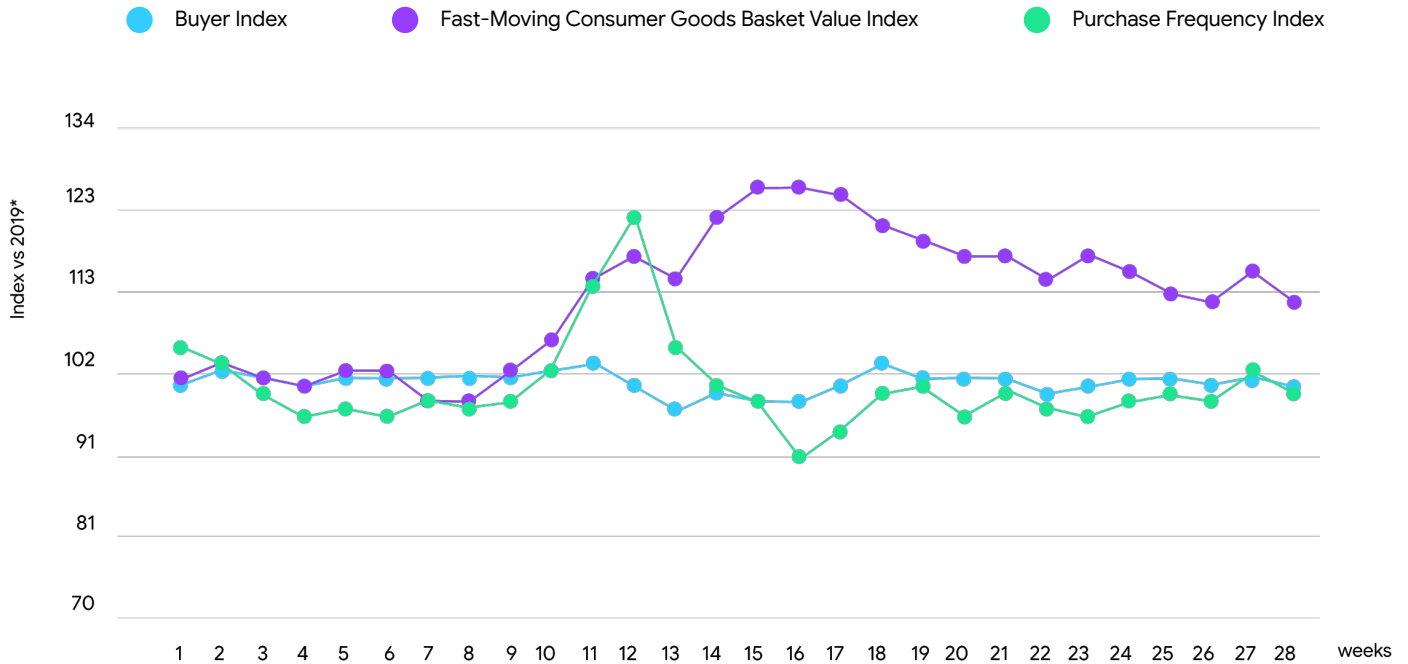
Capturing the “Last Mile”

In-person shopping excursions present an opportunity for marketers to reach consumers at a pivotal touchpoint. These proverbial “last miles,” when consumers drive from home to brick-and-mortar stores, are digital advertising’s golden moments—the window of time in which a potential customer is deciding what to shop for and where to shop for it, and in which properly timed brand messaging and promotions can have their maximum influence.

And the global market intelligence firm Numerator found that despite the changing dynamics presented by the ongoing pandemic, only 4% of shoppers plan to shop solely online.¹⁸ So what has changed with the pandemic?

84% of consumers try to run errands when they’re already going about their day, and 68% usually like to browse while shopping or running errands.¹⁹

Frequency of purchases has gone down, basket size has gone up



Index value of 100 represents behavior in line with 2019 norm. * U.S. data indexed to the average week in 2019. Read as: In the week ended June 27, 2020 (Week 26), basket size of the U.S. consumer was 11% above (Index of 111) the average weekly basket across the 2019 calendar year. In the week ended July 11, 2020 (Week 28), the number of fast-moving consumer goods (FMCG) buyers in France was 10% above (Index of 110) that of the same week in 2019. Source: Nielsen Homescan, 2020, weekly data²⁰

Consumers have been consolidating buying trips, buying more from fewer store visits, leading to increased basket size per visit for fast-moving consumer goods. (See figure above.)²⁰ This means that the retailer who can attract the consumer is likely to be rewarded with larger purchases from that trip.

The long-term value of in-person shopping over online retail for brands is significant: 74% of high-performing marketers say that in-person visitors are more loyal to the products they purchase, driving more frequent sales and a higher customer lifetime value, even among brands that have a growing online presence. And 72% say in-person customers are more valuable, spending more money per purchase overall.²¹ The clear takeaway is that marketers should be striving to drive live visits to their physical retail locations when circumstances allow.

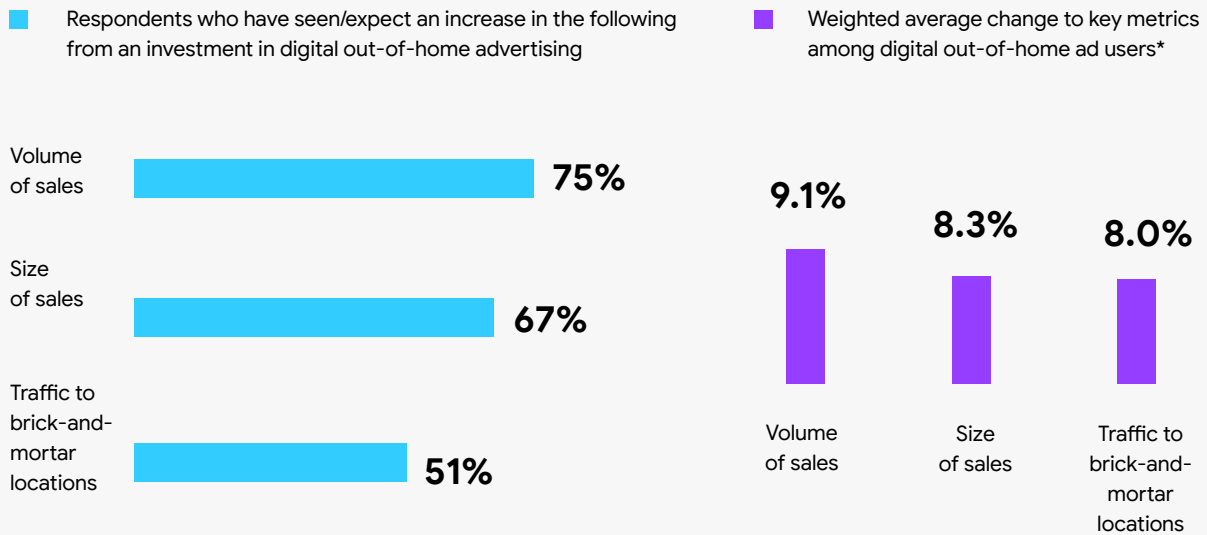
While up to 90% of retail revenue stems from in-store,²² retail marketer spending is mismatched.²³

But most retailers aren't optimizing their media mix around this objective accordingly. Six of every ten marketing campaigns seek to direct consumers to a website, yet only four in ten focus on driving in-store traffic, according to Forrester Consulting.²⁴

Even though retail marketers acknowledge the outsized value of in-store shopping relative to online, many are not investing accordingly. These retailers risk getting left behind, as high-performing brands—defined by key metrics such as revenue, customer acquisition, customer lifetime value, return on investment (ROI), and return on advertising spend (ROAS)—are increasing their investment in digital out-of-home advertising at three times the rate of lower performers. And they're seeing significant, positive returns.

Leading marketers acknowledge that the value of digital out-of-home advertising—digital advertising that reaches consumers on the go—is outsized relative to digital out-of-home ads' reach and cost. In fact, more than two-thirds of marketers surveyed who invested in out-of-home saw an increase in both the volume and size of sales, along with a weighted increase of 8% to 9% in both of those benchmarks. These marketers also saw an 8% weighted increase in traffic to brick-and-mortar locations.²⁵ (See figure below.)

Marketers that invest in Digital Out-of-Home cite sales and traffic benefits





Digital out-of-home has the added advantage of complying with growing customer privacy concerns. Forrester found that four out of five marketers believe their customers care more about privacy today than they did five years ago. And most consumers are particularly sensitive about sharing the sorts of personally identifiable information (PII) that inform today’s most common forms of ad targeting.²⁶ Digital out-of-home takes advantage of temporal geographic data rather than PII. Waze helps marketers tailor their messaging not to PII but instead to temporal geographic data—“where consumers are and where they’re going.”

On unplanned shopping trips and spur-of-the-moment drives, shoppers are more likely to use a navigation app, travel farther, and spend more time (and more money) within them. These “last mile” shoppers are in deal-savvy discovery mode, receptive to promotions they receive on the road, in the moment of decision making. A research consultancy found that 30% of buyers who used a navigation app to reach a retail store spent more than they’d intended once they got there.²⁷

30% of buyers who used a navigation app to reach a retail store spent more than they’d intended once they got there.²⁷

High-performing marketers prioritize in-person visitors because they are:

74%

More loyal customers

72%

More valuable customers²⁶



03

Reaching Customers with Waze

For marketers, an increased consumer preference for driving, as well as a renewed love of the road, offers an opportunity to connect with people in the safety of their cars, and navigation apps like Waze deliver that connection. [Waze ads](#) capture shoppers at the moment of maximum influence: while they are on the way to the store and most likely to make a purchase, during the window when they are still deciding what to buy and where.

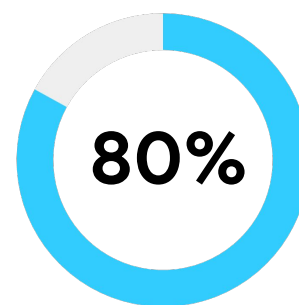
Marketers who use Waze saw that the platform had large impacts on their campaigns. Here are just a few:

- **Increased foot traffic by 8%**
- **Increased conversion rate by 13%**
- **Increased Average Order Value by 7%.²⁸**

According to Forrester, these gains lead to an overall 17:1 return on ad spend (ROAS) for advertisers who use Waze, with most of that value (more than 80%) stemming from in-store foot traffic.²⁸ These findings strongly point not just to the power of the Waze platform but also to the outsized value of in-store shoppers. In addition to these quantified benefits, a Total Economic Impact™ study by Forrester also acknowledges improved customer lifetime value and brand loyalty stemming from an investment in Waze.

17:1

Return on ad spend (ROAS) for advertisers who use Waze



of value driven by increased foot traffic²⁸

To meet the shifts in consumer behavior, use Waze to easily reach consumers on-the-go

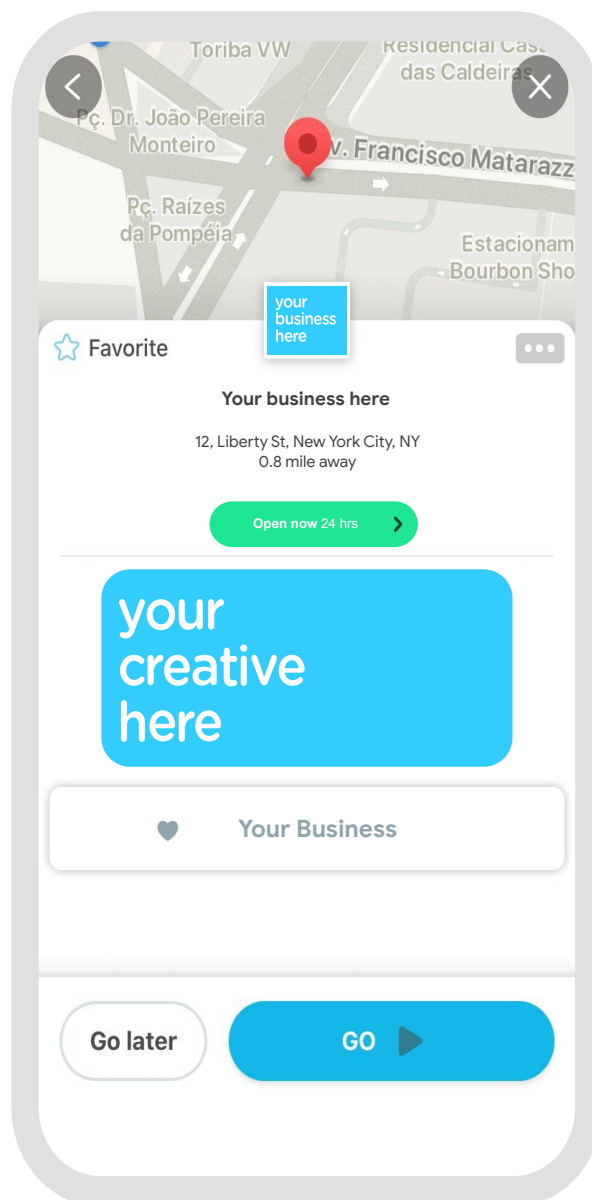
✓ Optimize your media mix to reach the highest-value customer

Digital-out-of-home has not only proven its value as a channel on its own but also as one that can increase the impact of traditional media. A Clear Channel study conducted in partnership with Waze showed 4X the impact of traditional out-of-home billboards when the two mediums are used together.²⁹

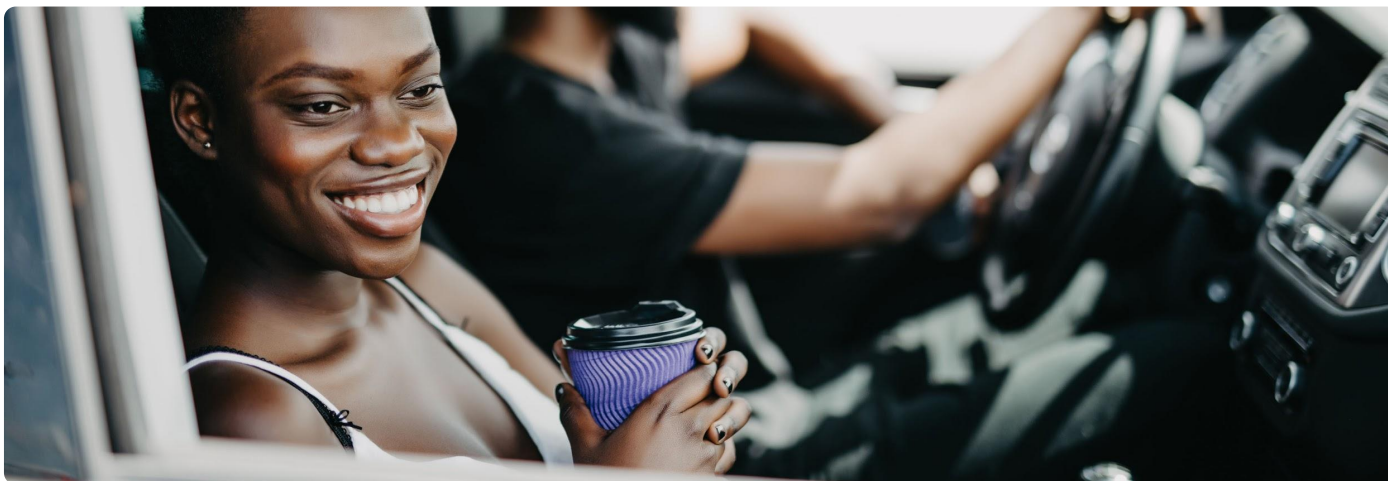
For the best performance, add Waze to your omnichannel advertising strategy. Connecting your digital out-of-home messaging with traditional out-of-home and in-store advertisements keeps your brand top of mind throughout the buyer journey.

✓ Be there in the moment of decision-making

Research has shown that in-car ads and Waze specifically produce a 17:1 ROAS, directionally.³⁰ Still, many marketers have yet to embrace digital out-of-home as an ad format. In a time when consumers are turning to in-car advertising for safety, return-minded brands can achieve stronger results by investing in a proven format.



To learn more about Waze Ads, explore waze.com/ads/resources.



Reach consumers on-the-move, as the world moves

Here are some tactics you can implement to maximize the way you reach consumers on-the-go at critical points of influence:

- ✓ **Add location personalities**
to share your most up-to-date offerings to customers, like curbside pickup and drive-thru options
- ✓ **Employ pins & takeovers**
to bring awareness to store locations being open and specific store policies as regulations continue to update, along with new best practices (such as cleaning protocols) around COVID-19
- ✓ **Use takeovers**
to inform shoppers about special offers and promotions to stand out from competitors or to suggest items to add to their basket
- ✓ **Modify search text results**
so shoppers stay up-to-date on hours and convenient curbside pickup options
- ✓ **Use creative targeting tactics**
to gain preference over your competition:
 - Tell drivers who live a short X distance from your store that you're more accessible
 - Highlight your curbside capabilities to differentiate yourself from competitors within 1 mile of your store
 - Speak to drivers currently en-route to a competitor about your store's cleanliness
 - Tap into daypart targeting to reach users at times never available before due to the increased flexibility remote work and work-from-home shifts have provided, along with consumers' increased desire to shop at off-peak times that has brought about more early-hour and mid-day shopping

As consumers navigate this new normal, they are prioritizing safety while turning to their cars to continue to make in-person shopping excursions. Although the continuing pandemic makes it hard to predict the future, it's clear that in-car advertising will remain a key component of retail marketers' plans to maximize their in-store shopping returns. Implementing your digital out-of-home marketing plan with Waze ads helps brands maximize their return by reaching shoppers at key moments in their journey.

Success stories



Florence Hardware

Locally owned Florence Hardware is situated less than 2 miles from major hardware chains, which means it needed a way to stand out in a crowded market, particularly as COVID was beginning to unfold and consumers were rushing to buy items quickly.

The approach

To meet these goals, the store found a powerful partner in Waze. This local brand used Pins and Search to target nearby drivers and highlight in-stock products to drive store visits, build brand awareness, and stand out among the competition.

The results

This campaign delivered more than one navigation per day in the first month it was live on the map.³¹ In just a short period of time, the Florence Hardware brand was able to set itself apart.

“Our walk-in traffic has been absolutely numbers shattering compared to anything before. Marketing is kind of a hard metric, because people are coming in and saying, “I found you on Waze.” If someone is getting directions here, that’s a true hard measurement.”

— Steven Swann, President, Florence Hardware



Walmart

In Mexico, Walmart employed Waze Ads to drive visits to stores, including for buy online and curbside pickup.

The approach

Walmart turned to Waze Ads to tap into the “moment of decision-making” of buyers on the road, as well as into the behavior of consumers of the road who like to run errands as part of their day on the go.

The results

By employing this strategy on Waze, Walmart saw 48K visits, a 17% YOY lift from the previous year with this campaign.³²

“After this campaign, we have no doubt that Waze not only brings us closer to the consumer as a brand, [but also] Waze brings the consumer to the store [with] Store Visits with high potential to become” sales.”

— Eduardo Peñalosa, Digital Marketing Lead, Walmart & Superama Mexico

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