Auto Insurance Insights
Opportunities in an evolving industry

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Microsoft Advertising. Intelligent connections.
Key trends and actions

Australia’s steady automotive market

The Internet and the smart consumer

Generate urgency in the face of rising premiums

Optimize demographic targeting
Steady growth in motor vehicles

1.8%

Average annual growth in registered motor vehicles nationally from 18.8m in 2017 to 19.5m in 2019

Source: ABS, Motor Vehicle Census 2017, 2018, 2019
Australia boasts high market penetration

- New cars demonstrate steady growth over last 10 years
- Australia is 7th highest country cars per capita (775 motor vehicles per 1000 people)

The Internet is empowering consumers

Increased accessibility to the internet and presence of online aggregators provide consumers:

- Larger pool of options
- Better price visibility
- More informed decisions

Source: IBISWORLD. Car insurance in Australia 2019
Consumers today want simple, easy to use, readily accessible experiences.

A steady industry reduction in:
- physical locations
- employment numbers
indicates that insurers are cutting physical costs to focus on their online presence.

Auto insurance related searches are growing YoY

- Car Insurance (+car insurance): +14%
- Comparison terms (+compare/+comparison/+best/+cheapest/+top): +6%
- Comprehensive Car Insurance (+comprehensive): +11%
- Budget Cover (+budget/+no frills/+basic): +13%

Online focus shown by +9.2% YOY click growth

Action: Increase budgets to take advantage of an industry evolving within the online space

Source: Microsoft Internal Data Jan 18 – Jan 19, Australia, all devices.
Auto insurance currently discounted

Premiums have experienced slow growth, but pressures are rising
Premiums have shown slow growth, but not for long!

**Avg auto insurance premium have increased slower than WPI (2.84% p.a. vs 2.77%).**

Steep premium growth over recent 5 years signals this will soon change.

Action: Generate urgency to your customer with the right ad copy!

Source: Insurance Council of Australia & Australian Bureau of Statistics for WPI Sep YOY Trends
Refine your audience

Leverage Microsoft Advertising’s demographic targeting to maximise spend
The 35-65 age groups comprise over **three quarters (78.7%)** of clicks in 2019.

Young drivers lean towards basic car insurance due to low income/vehicle value, and price discrimination.

**Go Do’s:**
- Apply bid adjustments to increase ad exposure for age groups:
  - 35-49,
  - 50-64,
  - 65+
- Bid boost no frills/budget policies to millennial age groups:
  - 18-24,
  - 25-34

Source: Microsoft internal data, CY 2019 for Auto Insurance queries.
Take advantage of dense click volume in NSW

Denser focus on NSW in auto insurance relative to finance verticals.

NSW, VIC, QLD and WA comprise over 90% of all click volume within auto insurance.

Go Do's:
- Apply appropriate bid adjustments to increase ad exposure for NSW, VIC, QLD and WA.

Source: Microsoft internal data, CY 2019 for Auto Insurance queries.
The auto insurance industry is evolving within the online and search landscape, creating ample opportunities for you to reach your consumers.

- Create brand awareness and establish your presence with developed campaigns to capture and retain your consumers.

Age groups and corresponding behaviours are well-defined, auto insurance in general receives more attention from the older generation, whereas younger users display a focus towards cheaper policies.

- Apply bid adjustments and age targeting to capitalize on these differences.

Auto insurance search volume is focused across some of the states, particularly in NSW

- Apply geolocation targeting to focus your budget in states where clicks are denser.