

Microsoft Advertising Insights

How COVID-19 has changed Australia's Automotive market

- 1 Automotive demand 2021
- 2 COVID-19 trends
- 3 Microsoft Automotive search trends
- 4 Used and electric car search trends
- 5 Key takeaways



Automotive demand in 2021





In Australia, the Automotive industry has started to rebound with pent-up demand converting to car sales

Source;

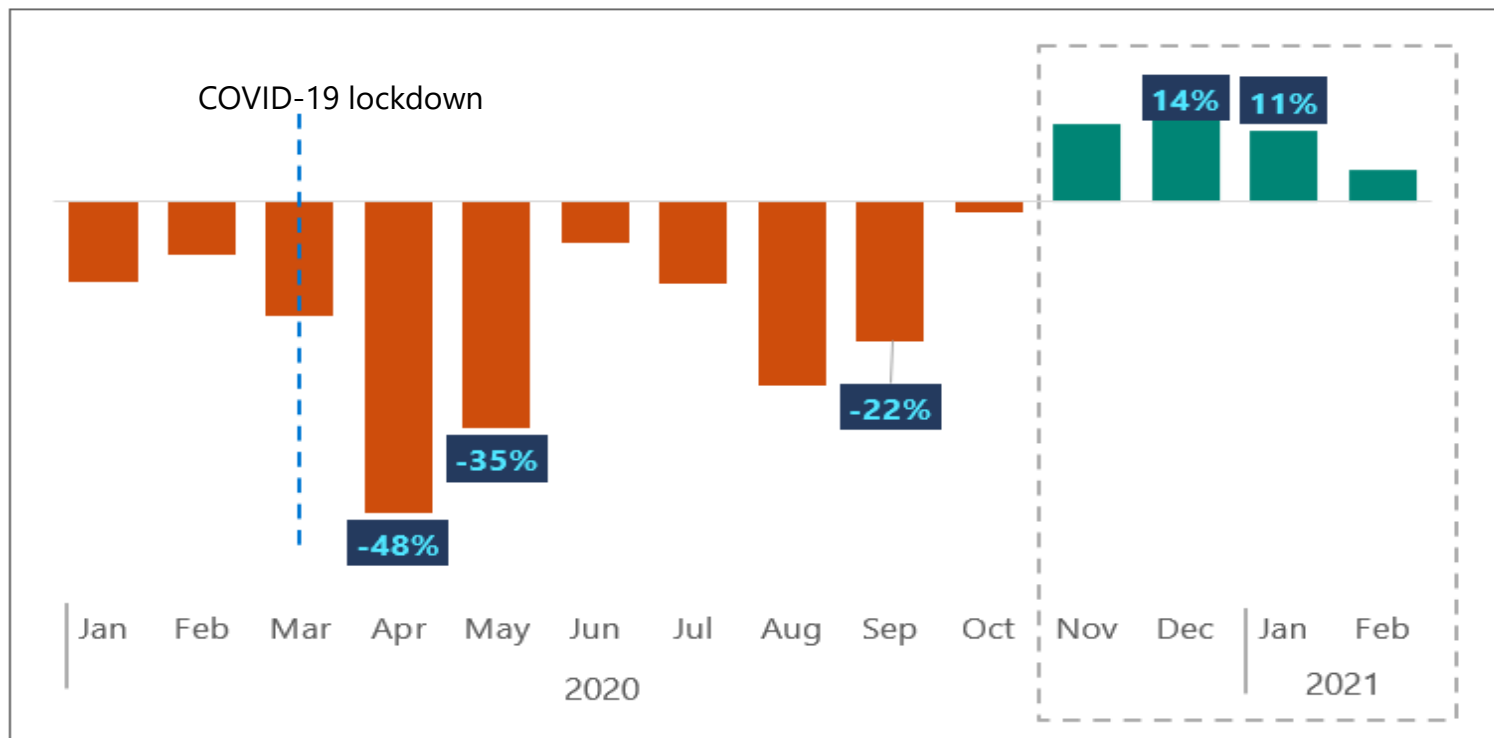
1. Pent up demand for off road adventures drives ARB sales rise, Oct 2020, The Australian
2. Luxury car market stirring as travel spend diverted (afr.com), Financial Review

Signs are showing we are nearing recovery, as car sales have increased the last four months

Key Drivers

- Cars market penetration grew in 2020 (+2% uplift since 2017)²
- Car stocks entering Australia increased +6.3% in Jan 2021 YoY³
- In response to the initial drop in sales, the government helped secure
 - *Instant asset write off March-Dec 2020*
 - *Temporary full expensing Oct 2020-June 2022*

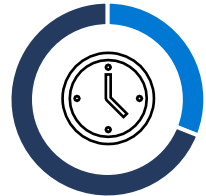
Monthly new vehicle sales (% change, YOY)¹



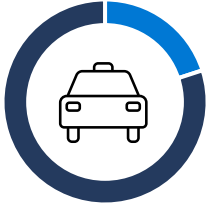
Source:

1. Federal Chamber of Automotive Industries, Australia
2. Datium insights
3. International Merchandise Trade, Australia, ABS

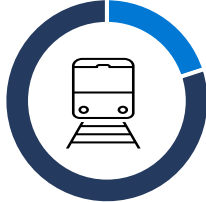
Household savings rates are higher than ever and purchase intent is growing



31%
Non-car owners intend on purchasing a car in **next 6 months**¹

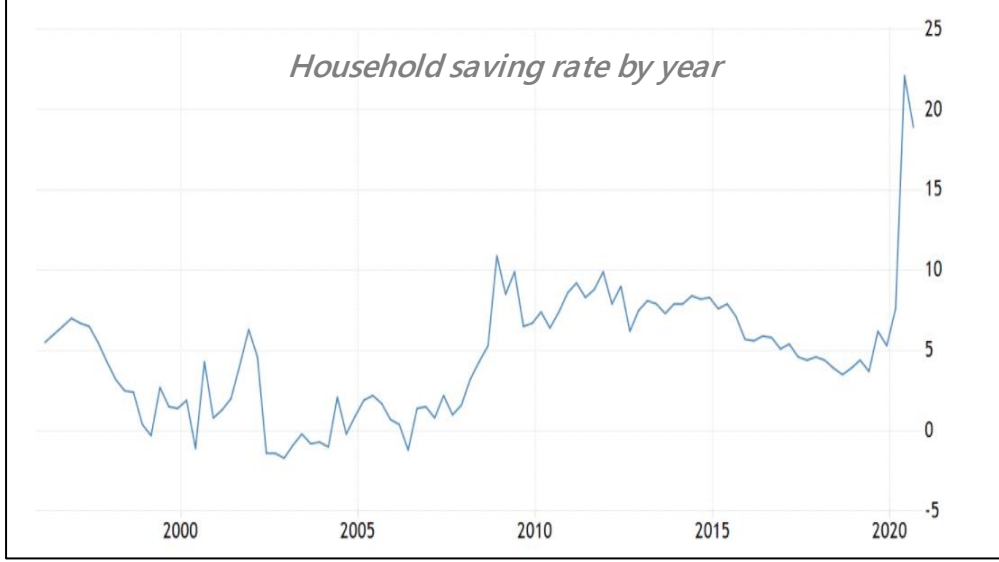


20%
Car owners intend to purchase an additional vehicle



78%
Will prefer travelling by car compared to public transport

Household saving rate highest in 34 years²



Source :
1 Millennials to lead COVID-induced car ownership boom – EY survey
2 Australian Bureau of statistics, Household Saving Ratio, TradingEconomics.com



COVID-19 trends

"Two third Australian buyers began their car buying journey online (+5% uplift in 2019)"

Source :

1. Connect with the new digital car buyer, October 2020, Autotrader, Gumtreecars

Emerging consumer trends in the automotive market

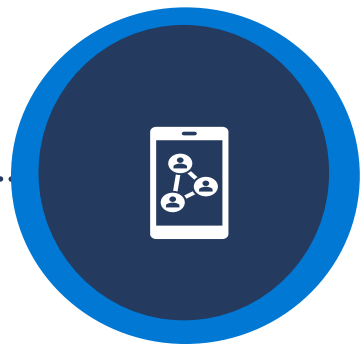


People are more informed before entering a dealership



Research window is **6 weeks** on an average¹

Online showrooms and digital tools have become popular along the entire purchase funnel



74% of franchise dealers confirmed customers use digital tools²

51% of customers are more likely to buy from a dealer having an online showroom¹

People deliberate on new and used car simultaneously



57% of car buyers considered both new and used cars²

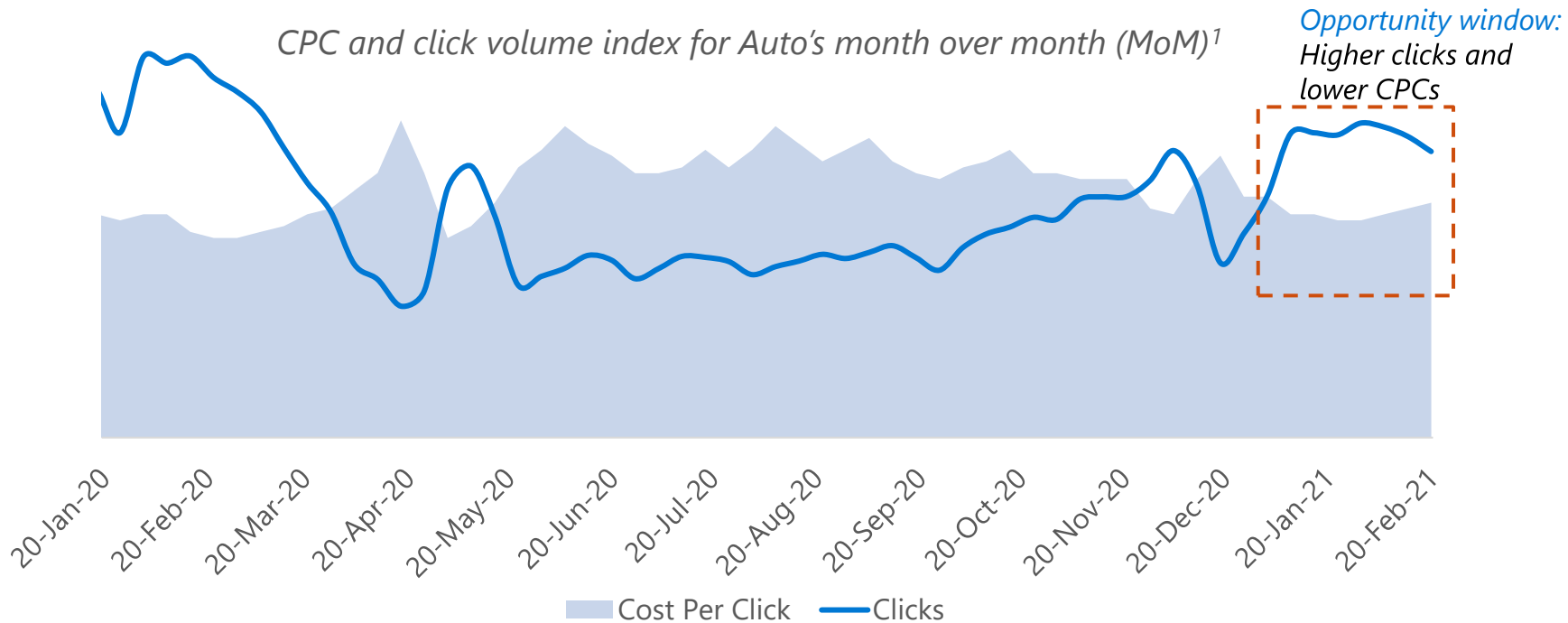
Source :
1 Connect with the new digital car buyer- Oct 2020, Autotrader, Gumtree cars
2 Cox Automotive Car Buyer Journey Study, Feb 2021



Microsoft Automotive search trends



Click volume is up year over year (YoY) and prices are low, take advantage of this opportunity with Microsoft Advertising



Automotive performance continues to improve YoY

- ✓ Users increasingly engage with our online ads
- ✓ CTR is up 1.9% YoY (higher than before COVID-19)

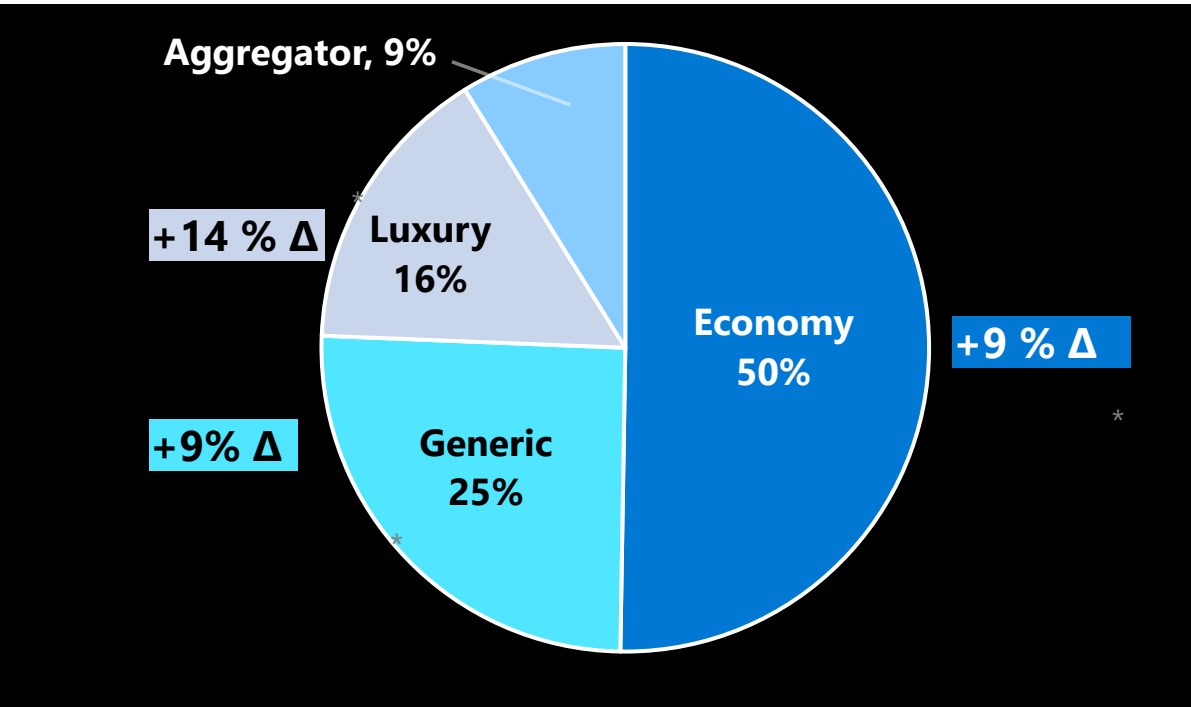
Tip:

Reach out to potential buyers cost effectively

Source :
1 Microsoft internal data : Autos vertical Jan-2020 to Feb 2021

Most searches are for economy cars, although luxury cars are seeing the largest search growth YoY

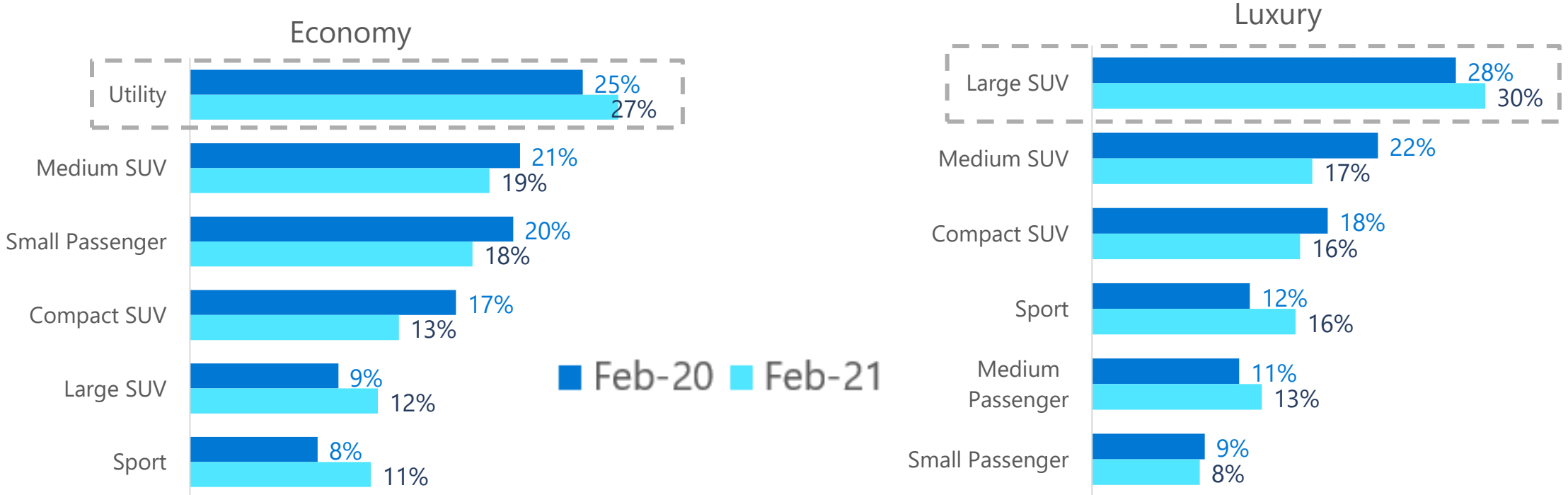
Search volume share by car brand categories- Feb 2021



Source :
1 Microsoft internal data : Autos vertical Fan-2020 to Feb 2021
* Feb 2021 increase on Feb 2020

Utility vehicles and Large SUVs have gained popularity since COVID-19

Search share by popular body type and brand class

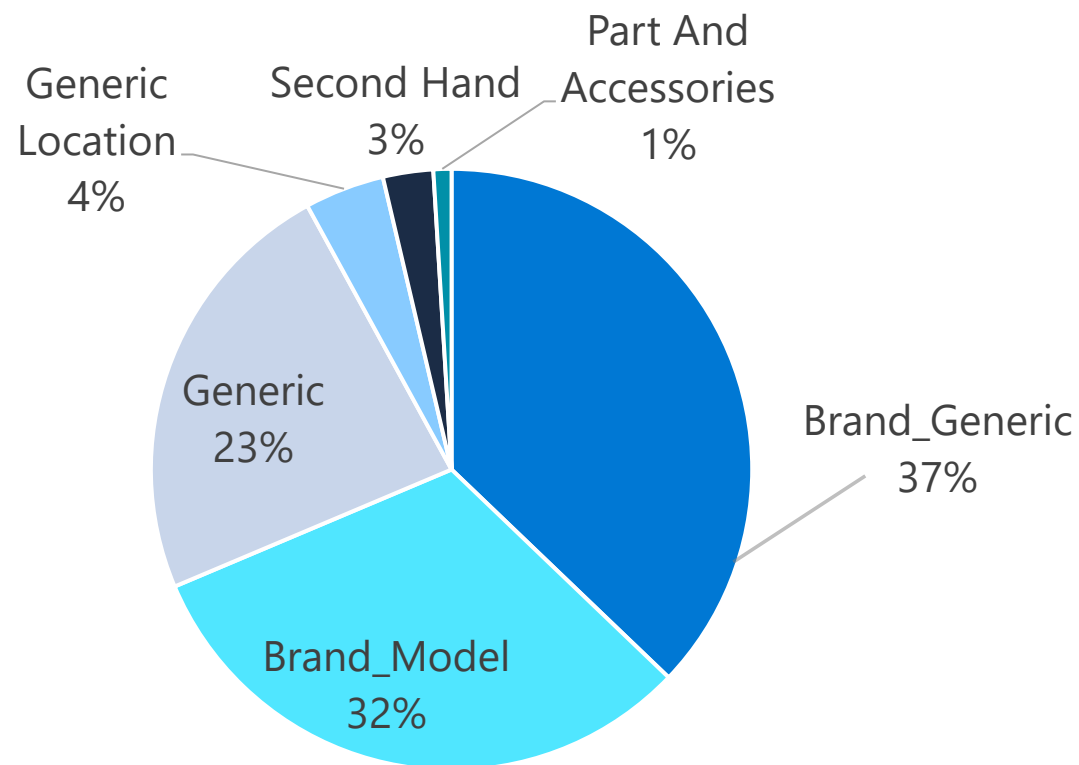


Tip: Use our in-market audiences and remarketing features to capture the customers searching for Autos

Source :
1 Microsoft internal data : Autos vertical Jan-2020 to Feb 2021

2 out of every 3 auto searches on Microsoft Advertising contains brand and model terms

Search volume share by search query type- Feb 2021



Did you know...?

“65% of car buyers are undecided on which vehicle type to purchase in the beginning of shopping process”²

Tip:

Ensure your campaigns have full coverage on your brand, available models and generic body type to target the right customers

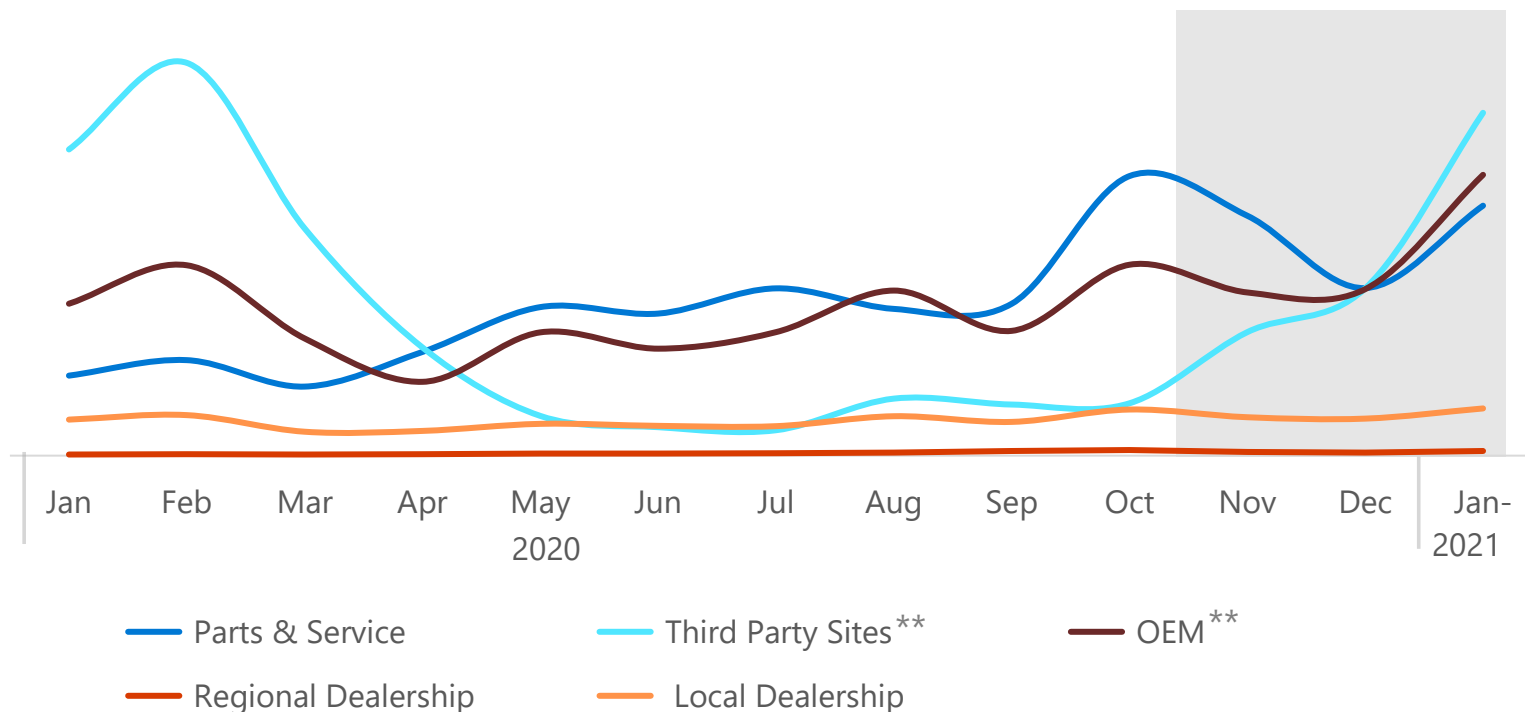
Source :
1 Microsoft internal data : Autos vertical Fan-2020 to Feb 2021
2. Cox Automotive car buyer journey report, Feb 2021

Ad click volume is up 71% since December and third party sites are leading in click share

3rd Party Sites are taking customers from Original Equipment Manufacturers (OEMs) and other categories

In January 2021 alone, OEM's and local dealerships lost 3% search share each to 3rd party sites

Click volume index by customer type for Autos month over month (MoM)¹



**Note: Third party sites refer to online retailers (not specific to a certain brand), while OEM refers to Original Equipment Manufacturers (specific car brands)

Source:
1. Microsoft internal data, Auto Vertical, Jan 2020 to Jan 2021

Auto searches responsive to seasonal events, plan your budget accordingly to capture key seasonality

% change in search volume MoM by brand class

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		Australia day Sales		Japanese EOFY sales		EOFY Sales						Plate clearance Sales
Economy	18%	16%	-16%	-12%	43%	17%	13%	9%	-6%	6%	9%	-12%
Generic	14%	5%	-8%	-1%	19%	6%	9%	7%	-4%	4%	11%	-13%
Luxury	7%	28%	-9%	-10%	32%	17%	15%	5%	-5%	2%	11%	-11%
Aggregator	21%	5%	-11%	2%	27%	2%	-3%	-6%	-6%	3%	3%	-7%

Within Microsoft Advertising, searches surged **51%** 1 month before EOFY (end of fiscal year)

PRO TIP: Make sure to increase your budgets 1-2 month prior to peak seasonality, to capture the surge in clicks accurately



Used and electric car search trends





+29%

increase in used car searches in Jan 21 compared to previous year¹

3% of total searches on MSA

+72%

increase in electric cars and hybrid car searches¹

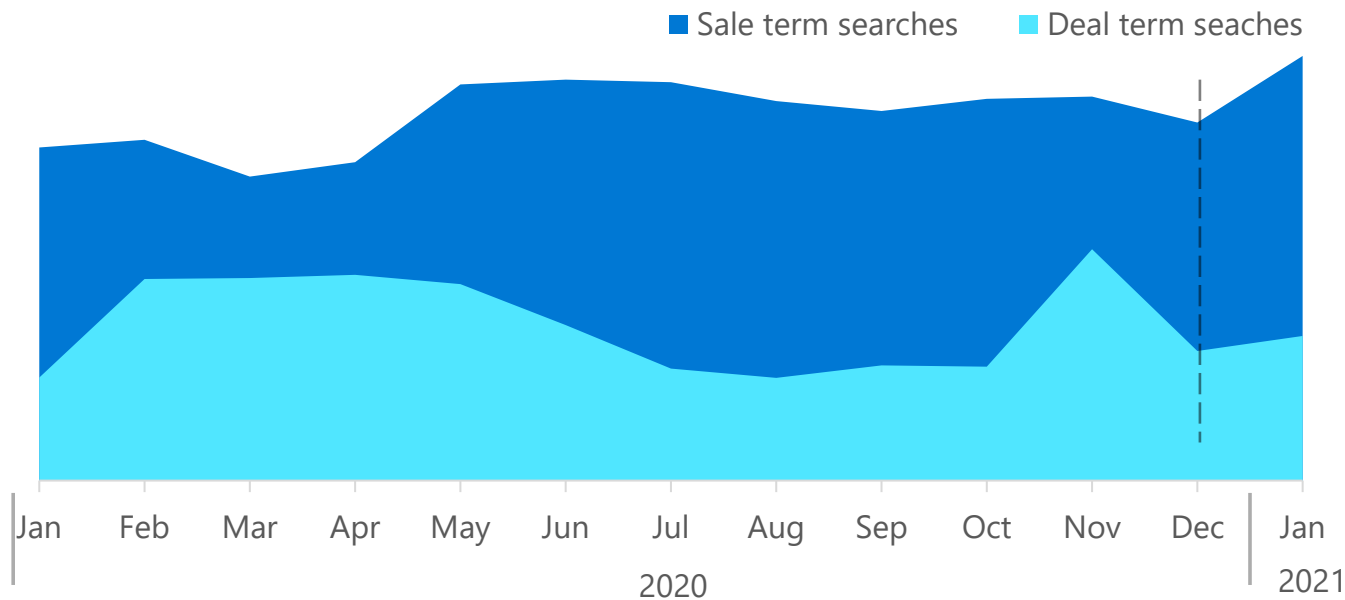
0.3% of total searches on MSA

"Men are more likely to purchase used cars and electric vehicles compared to women"²



Searches containing “sales” and “deals” are up +19% and +12% from previous month

Monthly search volume index for searches with sales and deals¹



Two-thirds of the touch points during the active-evaluation phase involve consumer-driven activities such as internet reviews and word-of-mouth recommendations from friends and family²

Tip: Optimize your ads with [review extensions](#) to make them more relevant.

Source :
1 Microsoft internal data : Autos vertical Jan-2020 to Feb 2021
2. [The consumer decision journey](#) | McKinsey



Stay connected with your customers by using Microsoft search coupled with Microsoft Audience Network to stay ahead of your competitors

"Automobile shoppers added 2.2 brands to their initial consideration set of 3.8 brands during active consideration stage".¹



Audience ads significantly improve engagement at every step of the marketing funnel for Autos



AWARENESS

2.4x

Lift in brand awareness per user for Autos, measured by post-exposure brand search rate



CONSIDERATION

6.6x

Lift in brand consideration per user for Autos, measured by post-exposure domain visitation rate



CONVERSION

3.8x

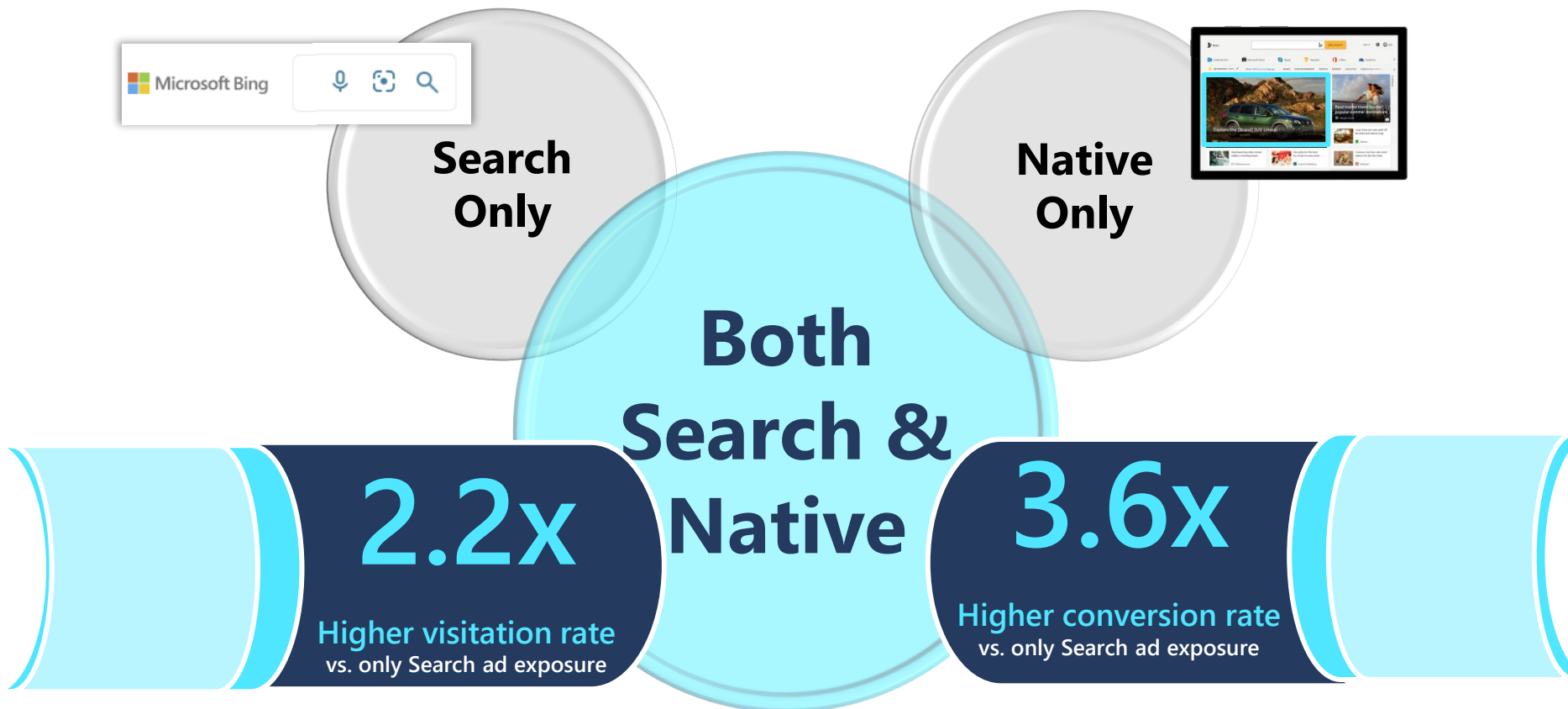
Lift in brand purchase per user for Autos, measured by post-exposure conversion page visit rate

Source :
Microsoft internal data : Autos vertical,, USA

Notes: Results may vary for each advertiser based on campaign settings, targeted audiences, and other factors. Lift metrics represent an average of all advertisers with completed lift studies to date (Feb. 2021). These advertisers may be a non-representative sample of all advertisers on the marketplace. Lift measured between exposed users and a control group of eligible unexposed users, with lift represented on a per-user basis. Average user count per advertiser study = 795K



Reach users across both the search & Audience Network to maximize performance



Users exposed to both Microsoft search ads & Audience ads are **more likely to visit an Auto advertiser's website** compared to those who are exposed to only one type of ad

Layer additional audiences, such as Remarketing & In-Market Audiences for a more targeted reach

Source :
1 Microsoft internal data : Autos vertical,, USA

Notes: Results may vary for each advertiser based on campaign settings, targeted audiences, and other factors. Lift metrics represent an average of all advertisers with completed lift studies to date (Feb. 2021). These advertisers may be a non-representative sample of all advertisers on the marketplace. Lift measured between exposed users and a control group of eligible unexposed users, with lift represented on a per-user basis. Average user count per advertiser study = 795K

Auto advertisements have higher engagement rates for a lower cost than other categories on the Microsoft Audience Network

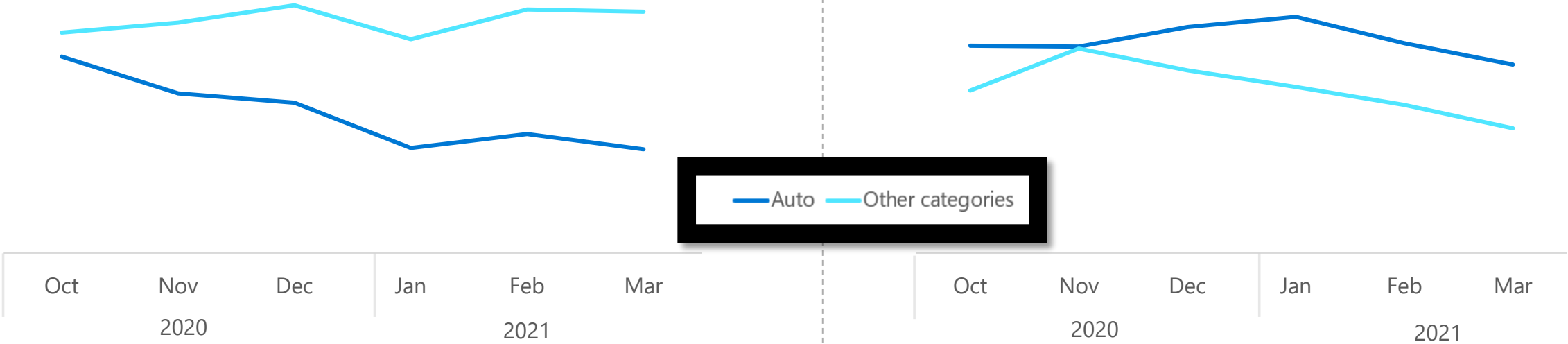


Auto cost per click (CPC) is **57% lower*** than all other channels

Auto cost per impression (CTR) is **51% higher*** than all other channels

CPC on Microsoft Audience Network

CTR on Microsoft Audience Network



— Auto — Other categories

Source :
1 Microsoft internal data : Autos vertical Oct 2020 to March 2021, AU
* March 2021 comparison

Key takeaways and recommendations

1. As the market is rebounding, the search volume for car sales has increased. Respond to increasing consumer demand early and benefit from softer competition.
2. Ensure your campaigns have full coverage on your brand, available models and generic body type keywords, since 2 out of every 3 auto searches on Microsoft Advertising contains brand and model terms.
3. Car sales follow seasonal trends; enhance your bids 1-2 months prior to peak seasonal sales period to capture the surge in clicks at cost effective CPCs.
4. The market is shifting toward electric and hybrid cars, with a 72% increase YoY in searches.
5. Use Audience network and search together to maximize customer performance.

To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights



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