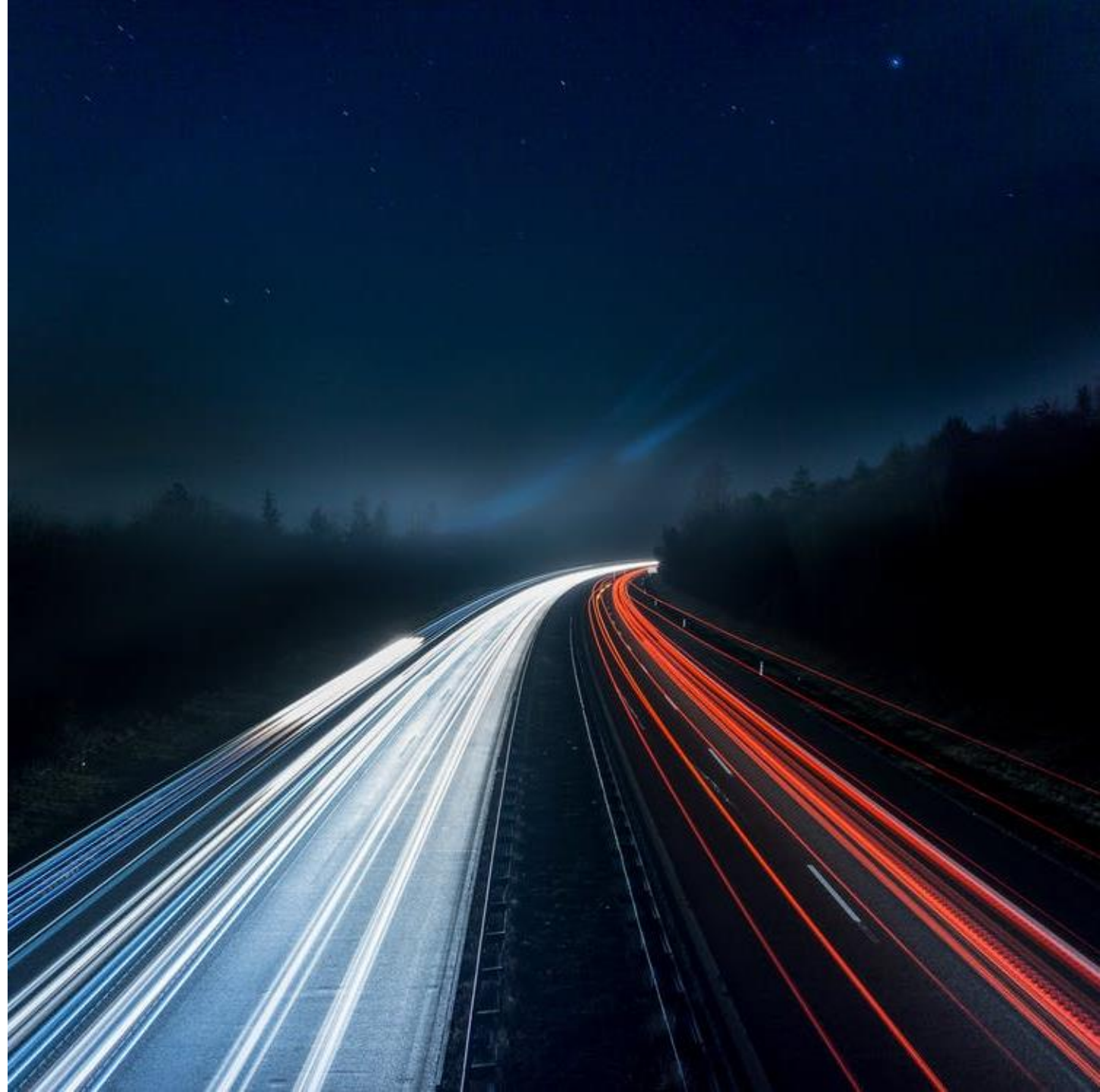




MICROSOFT ADVERTISING

# Charging ahead: shopping patterns across automobile fuel types

Microsoft Advertising. Intelligent connections.



# How has interest in electrified vehicles grown?

- 1 Search network trends

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- 2 Fuel type cross-searching

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- 3 Shoppers' fuel type confusion

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- 4 Action items

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# Search network trends

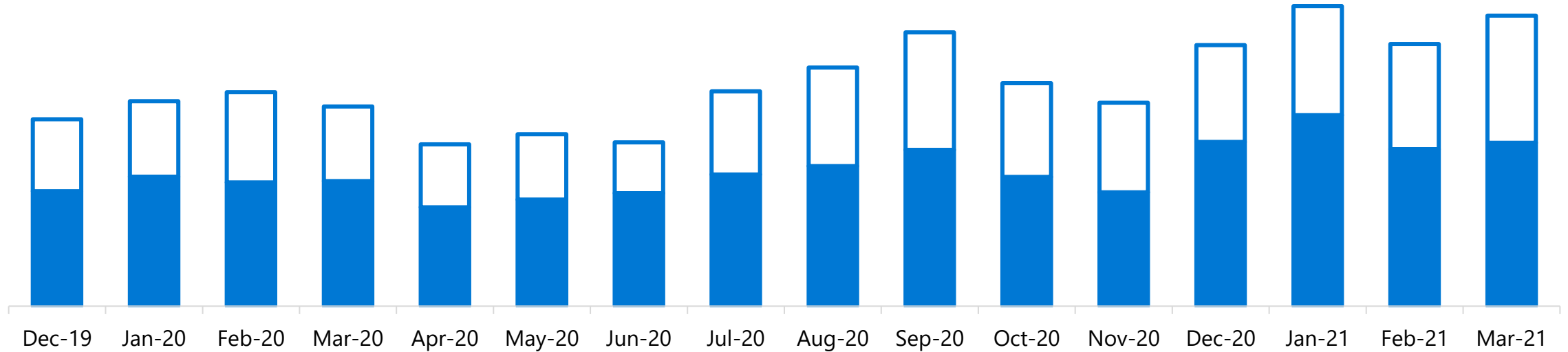


# Consumer interest in electrified vehicles is growing

Ad coverage is consistently ~60%, compared to the category-wide average of ~75%

### Electrified searches

■ Bidded search result page views    □ Search result page views

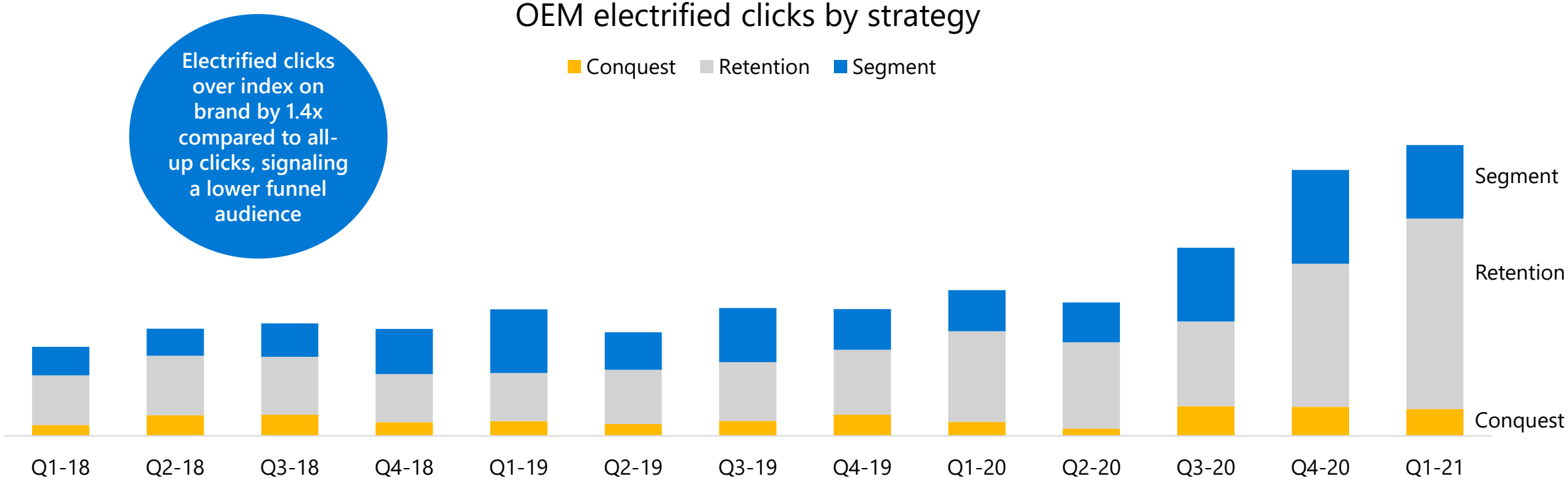


Source: Microsoft Internal Data, electrified searches include hybrid, plug-ins and electric brand and non-brand



# OEMs are increasing their electrified clicks on all strategies

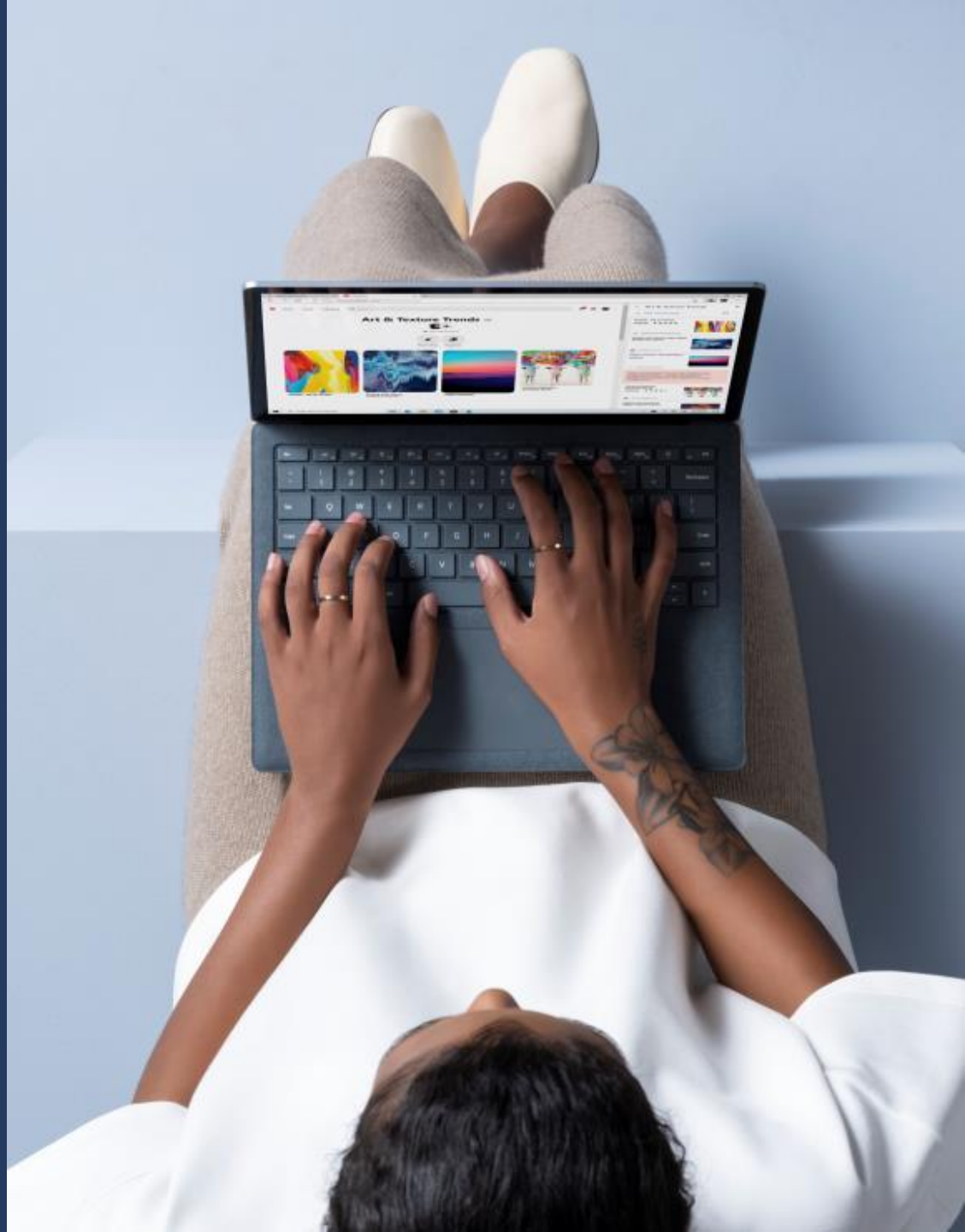
Retention clicks are up 110%, conquest is up 89% and segment is up 79% YoY in Q1



Source: Microsoft Internal Data, electrified clicks include hybrid, plug-ins and electric brand and non-brand



# Fuel type cross-searching



# Shoppers are cross-shopping for electrified vehicles

Expand your retention, conquest, and segment strategies to be inclusive of alternative fuels



16%

of shoppers<sup>1</sup> search for **alternative fuel vehicles**: **9%** look for **electric** vehicles, **6%** look for **hybrid** models, and **3%** look for **plug-ins** ("PHEV")



15%

of shoppers search for **two or more** models with **distinct fuel** types



48%

of alternative fuel queries are for **electric** models, **39%** are for **hybrid** models, and **13%** are for **plug-ins**

<sup>1</sup>Of subset of model-inclusive x-searching shoppers.  
Source: Microsoft Internal Data Oct. - Dec. 2020



There are over **100** electrified used models, illustrating how the alternative fuel market is not limited to just new vehicles

Sustainable used searches are **35%** more likely to be hybrid vehicles than sustainable new searches





**30%** of new gasoline models have an alternative fuel variant of their vehicle. As OEMs launch new electrified vehicles, this share is expected to rise.



On average, **21% of all new** gasoline shoppers also search for an alternative fuel model...

While **18% of all used** gasoline shoppers also search for an alternative fuel model on average.

# Shopper confusion



# Shoppers are often confused on electrified vehicles

Educate consumers about electrified cars by leveraging ad extensions.



17%

of alternative fuel shoppers<sup>1</sup> modify their model queries with a fuel type which isn't offered for the vehicle of interest



61%

of PHEV shoppers mistake these vehicles as electric or hybrid models



2%

of hybrid shoppers mistake these vehicles as electric or plug-in models and 2% of electric shoppers mistake these vehicles as plug-ins or hybrids

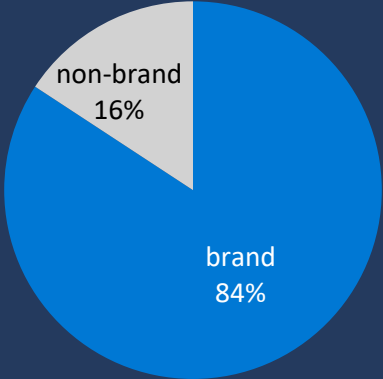
<sup>1</sup>Of subset of model-inclusive x-searching shoppers.  
Source: Microsoft Internal Data Oct. - Dec. 2020

# Sustainable shoppers ask **263%** more questions than the typical automotive customer

As more fuel type options become available, shoppers are increasingly confused

- 33%** • Question queries around sustainability YoY growth in Q1
- 66%** • Of users were most curious around electrified vehicles
- 64%** • YoY **increase** in PHEV questions, which outpaced the growth in overall electrification questions

Share of PHEV Questions

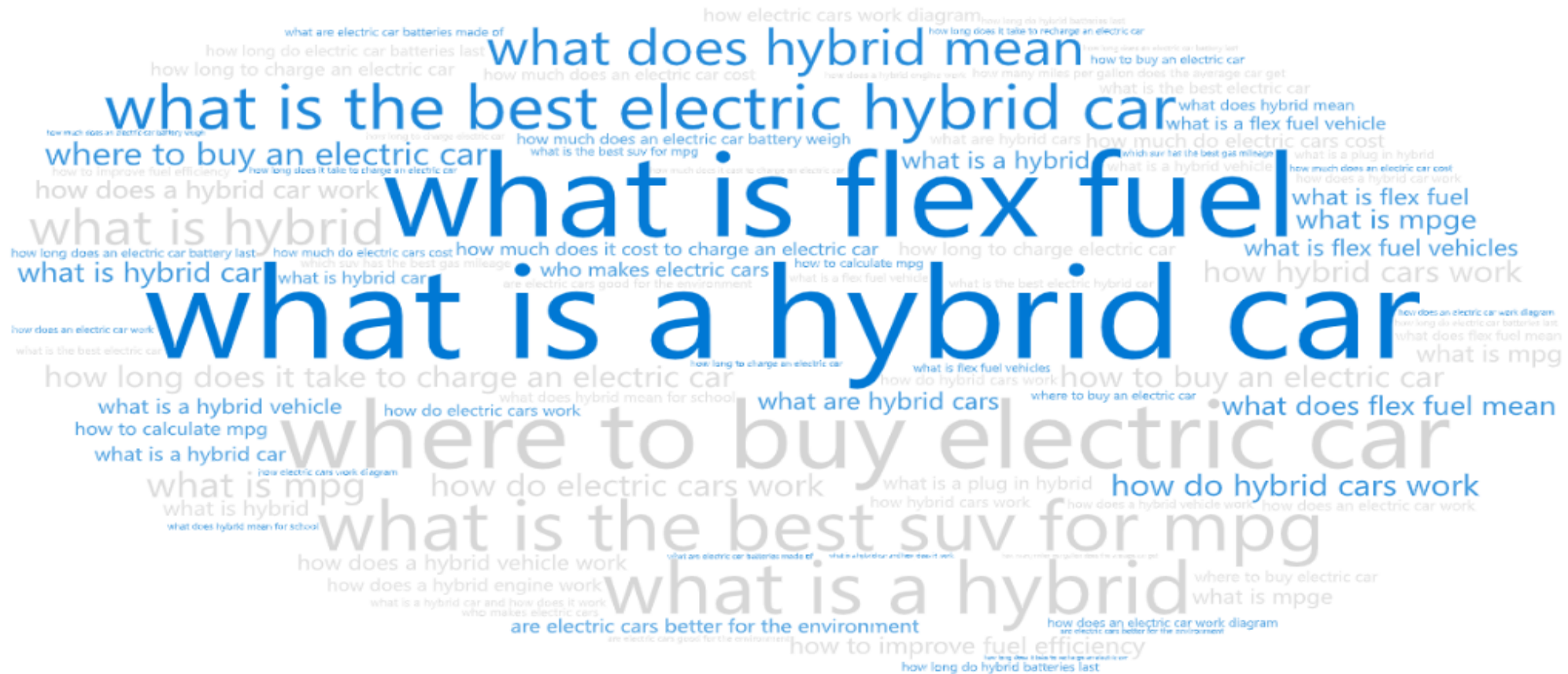


As more PHEV-only models are released, brand-inclusive questions about plug-ins continue to rise (as people are not inclined to search with plug-in-specific modifiers)

Source: Microsoft Internal Data Jan. - Mar. 2020, automotive queries – question specific.

# Sustainable shoppers ask **76%** more upper funnel<sup>1</sup> questions while researching than the typical automotive customer

In Q1, hybrids and electrics' share of non-brand questions were almost equal at **41%** and **45%**



Source: Microsoft Internal Data Jan – Mar 2021.

<sup>1</sup>Sustainable non-brand question queries (vs automotive non-brand question queries)

# Electrified vehicles are expected to reach manufacturing cost parity with gasoline vehicles by 2024

Questions around price points and incentives on electrified vehicles index **773%** higher than across all autos. Once costs have declined, we can expect demand to surge.

# Key Takeaways

- Consumer interest in electrified vehicles is growing, and as a result, so is ad investment
- Top strategies for ad investment include: retention (+110% YoY), conquest (+89% YoY) and segment (+79% YoY)
- Shoppers are cross-shopping for electrified vehicles, with 15% of shoppers searching for two or more models with distinct fuel types
- Shoppers are often confused on electrified vehicles and sustainable shoppers ask 263% more questions than the average automotive user
- Electrified vehicles are expected to reach manufacturing cost parity with gasoline vehicles by 2024



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