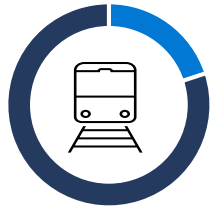Microsoft Advertising Insights

Auto Insurance seasonality insights

Microsoft Advertising. Intelligent connections.

Australians are readily in the market to purchase a car, due to COVID-19's impact on transportation preferences and saving rates
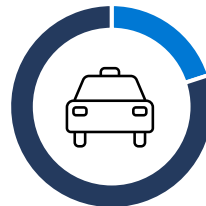
78%
Of people will prefer travelling by car compared to public transport[1]

31%
Non-car owners intend on purchasing a car in the next 6 months[1]

20%
Car owners intend to purchase an additional vehicle

Household saving rate at its highest in 34 years[3]

Microsoft

New car sales are picking up year over year (YoY), due to greater stock availability from gradual recovery in car imports

Car imports into Australia
by calendar month

■ YoY Change (%)
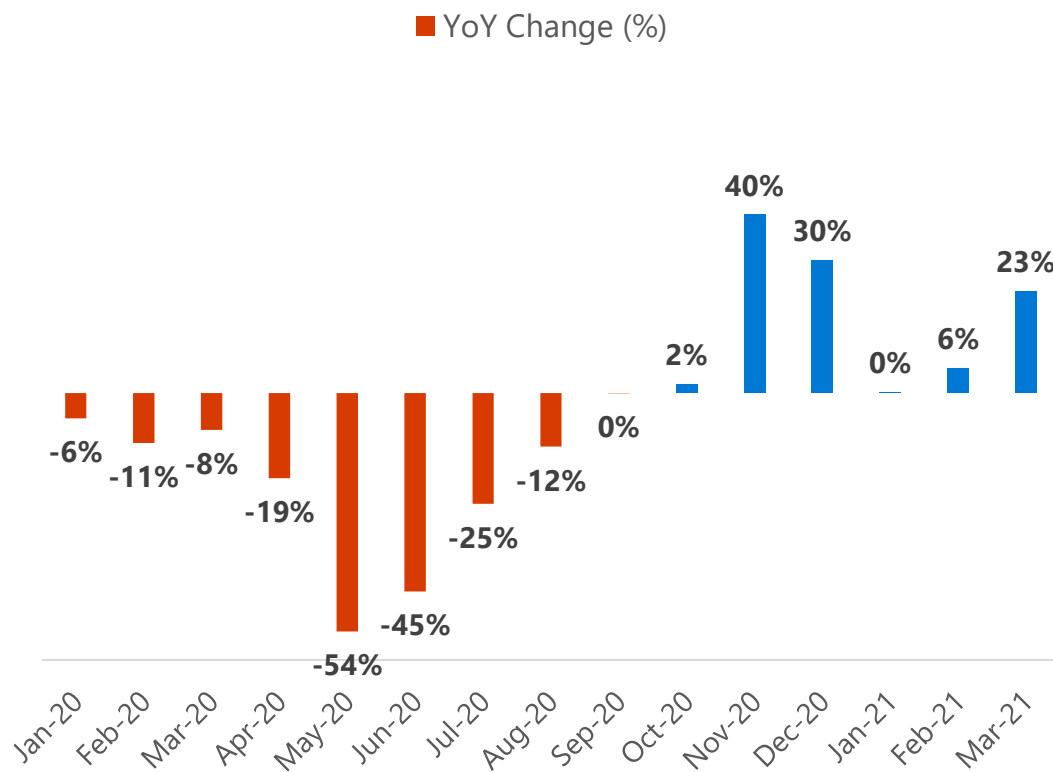
Australian 2021 New Car Sales
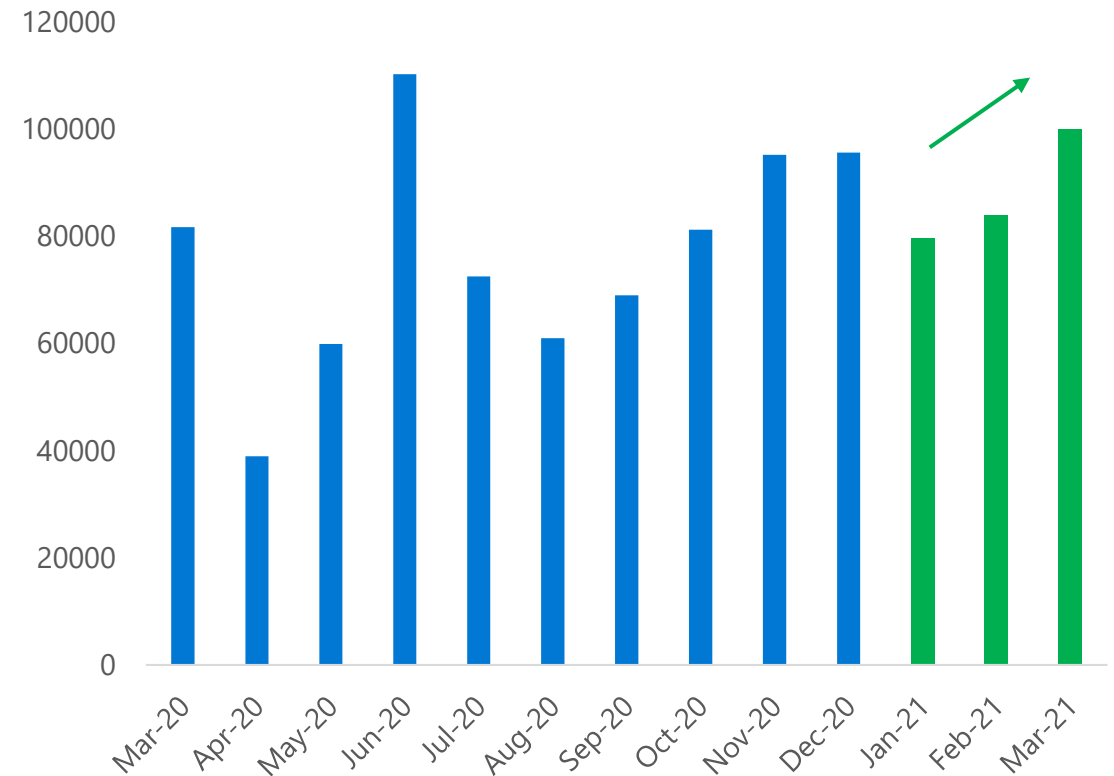### by calendar month

Microsoft

Surge in demand within Australia's used car market

1. Shifts in people's travel preference to avoid public transport fuels increase in demand for cars[1]

2. Low stock of new cars within Australia and long waits have caused demand to spill into the used car market[1]

3. Significant rise in prices have resulted, due to the low used car stock in dealerships[2]

Weekly used car price index: COVID-19
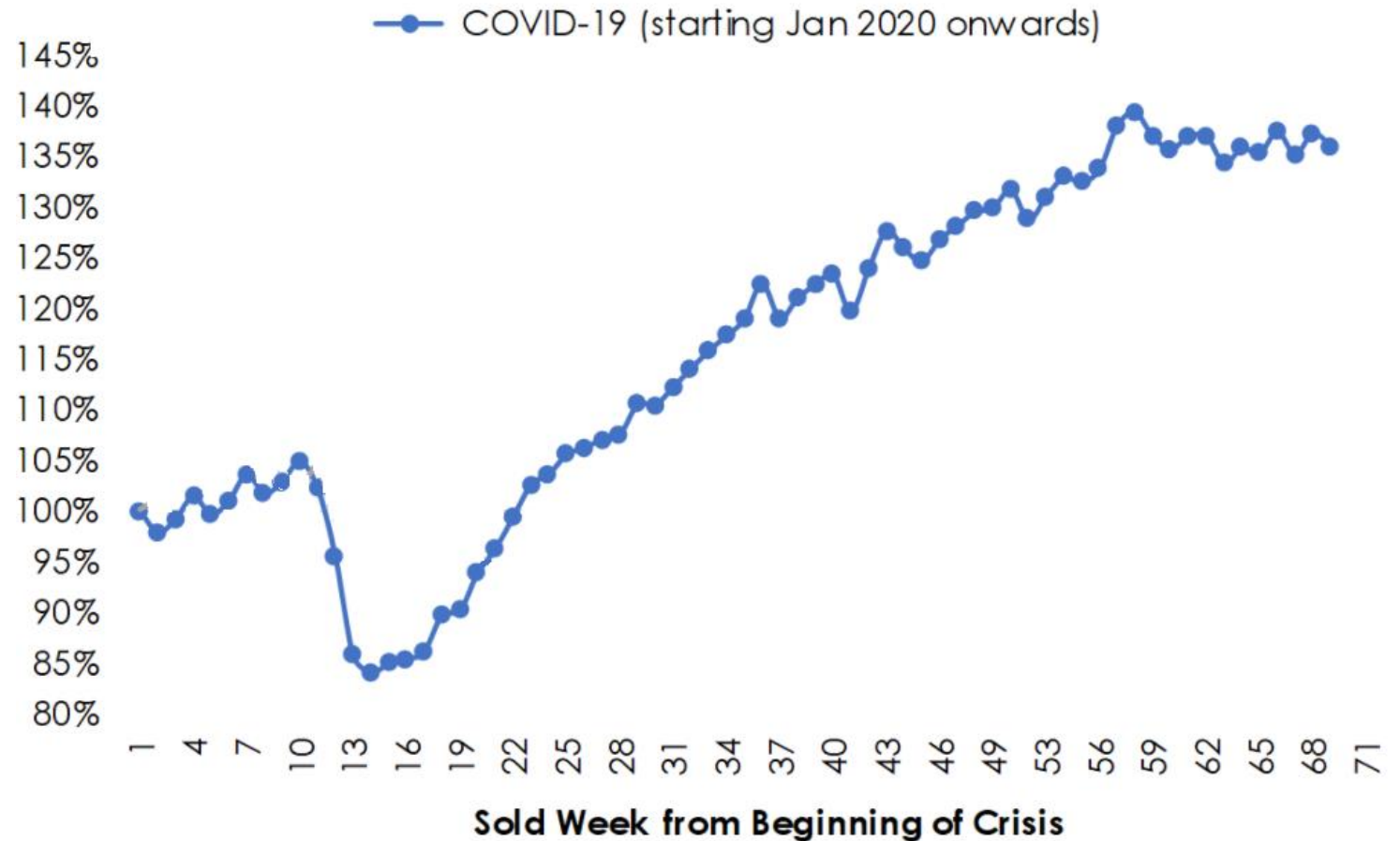
Data Source: ABS Lending Indicators January 2021

Microsoft

Used car searches are up 271% compared to pre-COVID19[1] and rising

Indexed used/second hand car searches
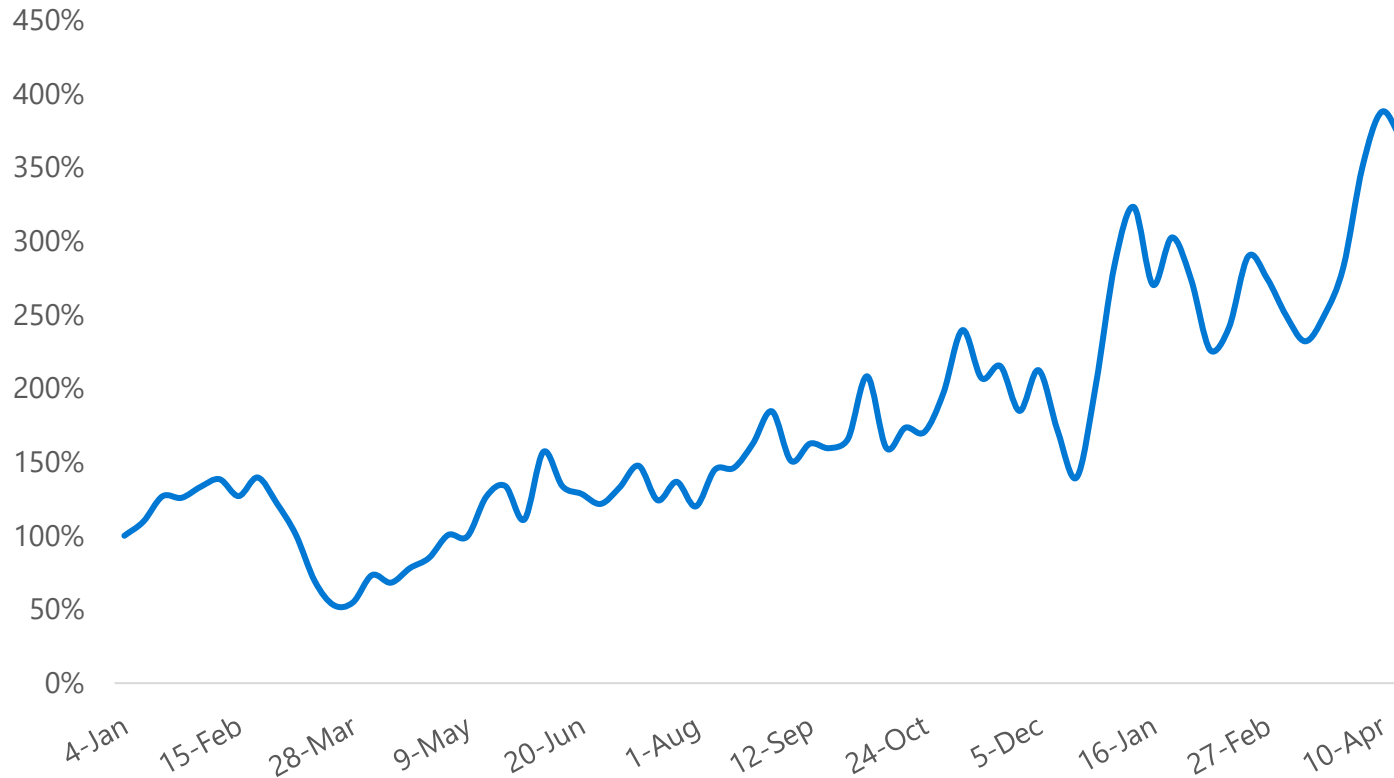by calendar week start date

Recommendation:

1. Build your brand presence early, by bidding on used and second-hand keywords

2. Advertise with premium calculators on both comprehensive/Compulsory Third Party (CTP) cover

Microsoft

Campervan and caravan industry is peaking due to being a safe and "insulated" way for travel during the COVID-19 pandemic[1]

Don't miss out on this surging popularity, capture these potential customers!

20%
of all nights spent in regional destinations

+16%
Growth in caravan/campervan registrations June 2020[2]
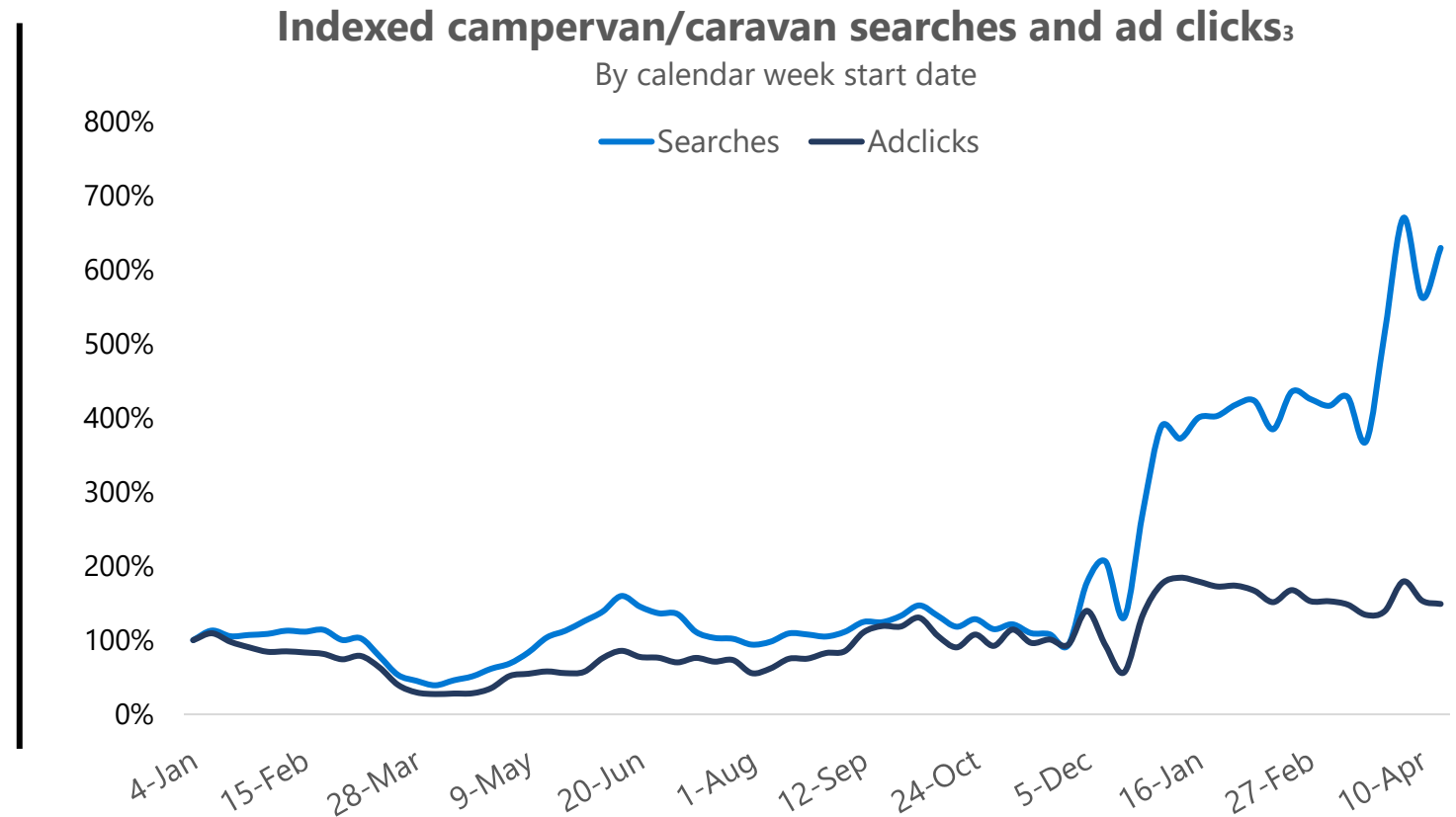
Indexed campervan/caravan searches and ad clicks[3]
By calendar week start date

— Searches — Adclicks

800%
700%
600%
500%
400%
300%
200%
100%
0%

4-Jan   15-Feb   28-Mar   9-May   20-Jun   1-Aug   12-Sep   24-Oct   5-Dec   16-Jan   27-Feb   10-Apr

Microsoft

Our users are increasingly looking to buy a car in 2021, with searches for vehicles and insurance higher than pre COVID-19 levels

Automotive and Auto Insurance searches + forecast
by calendar week
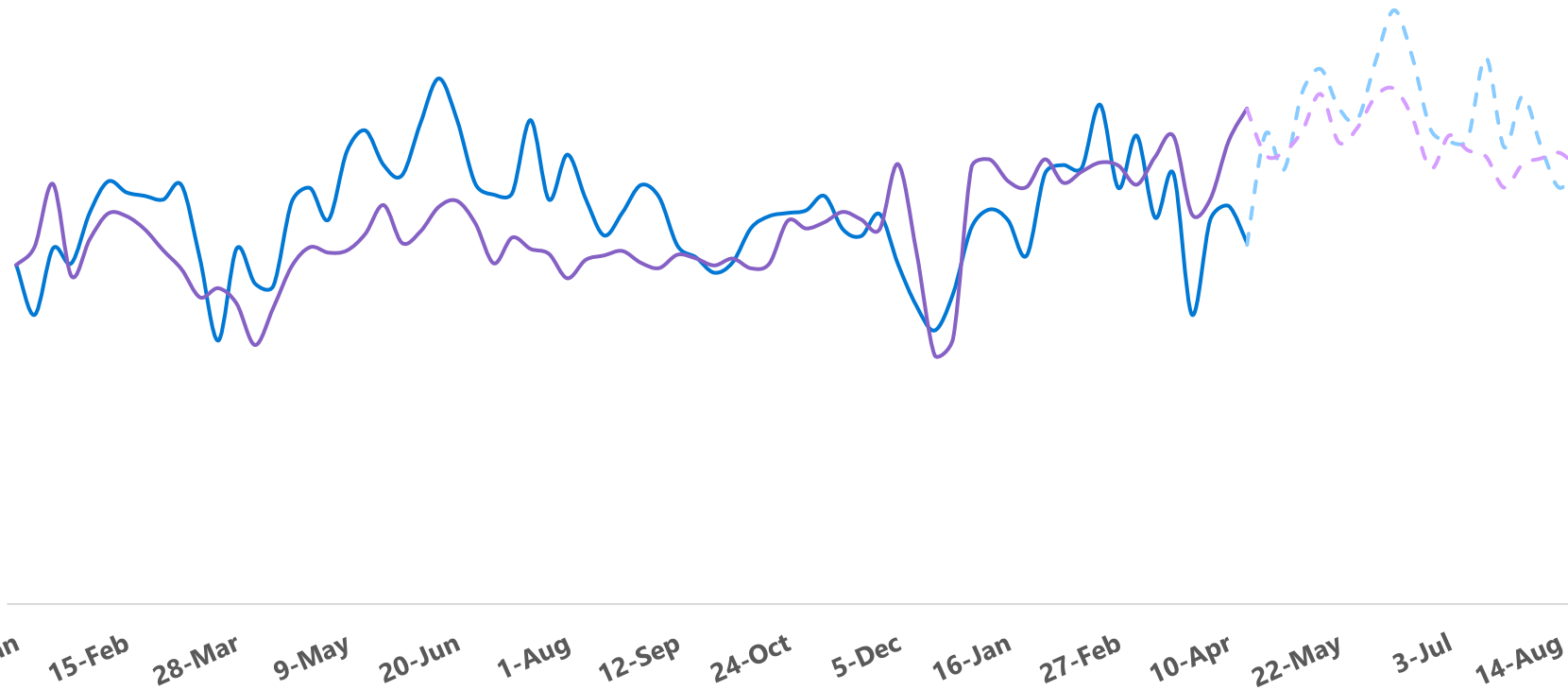
+11%
Automotive Searches
year to date (YTD) YoY

+28%
Insurance Searches
YTD YoY

4-Jan   15-Feb   28-Mar   9-May   20-Jun   1-Aug   12-Sep   24-Oct   5-Dec   16-Jan   27-Feb   10-Apr   22-May   3-Jul   14-Aug

1. Forecast volumes calclucated based on the YTD volume growth combined with the average monthly seasonality of 2019 and 2020 volumes.
Data Source: Microsoft internal data | Automotives & Auto Insurance | 2019 – 2021 | Search Volume | All Devices

Microsoft

Higher clicks combined with lower CPCs highlight the strong opportunity within Auto Insurance

Auto Insurance indexed click volume and CPC
by calendar week

CPC — clicks
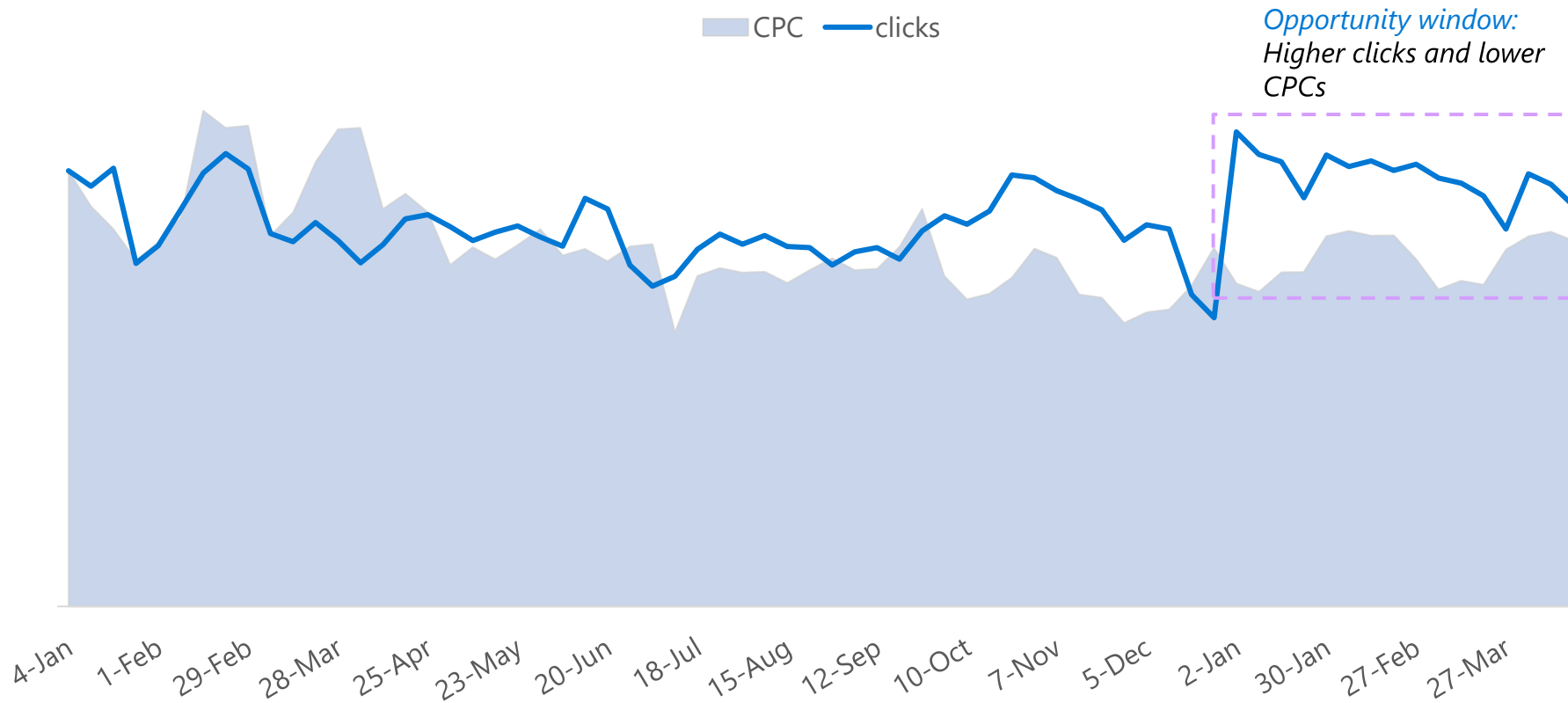
Opportunity window:
Higher clicks and lower CPCs

+9%
Insurance clicks
YTD YoY

-17%
Avg. cost per click
YTD YoY

4-Jan 1-Feb 29-Feb 28-Mar 25-Apr 23-May 20-Jun 18-Jul 15-Aug 12-Sep 10-Oct 7-Nov 5-Dec 2-Jan 30-Jan 27-Feb 27-Mar

Microsoft

New car sales have increased YoY across all states except ACT

Australian new car sales % change YoY[1]
March 2021 by state

ACT	NSW	NT	QLD	SA	TAS	VIC	WA
-31%	14%	39%	22%	16%	10%	4%	26%
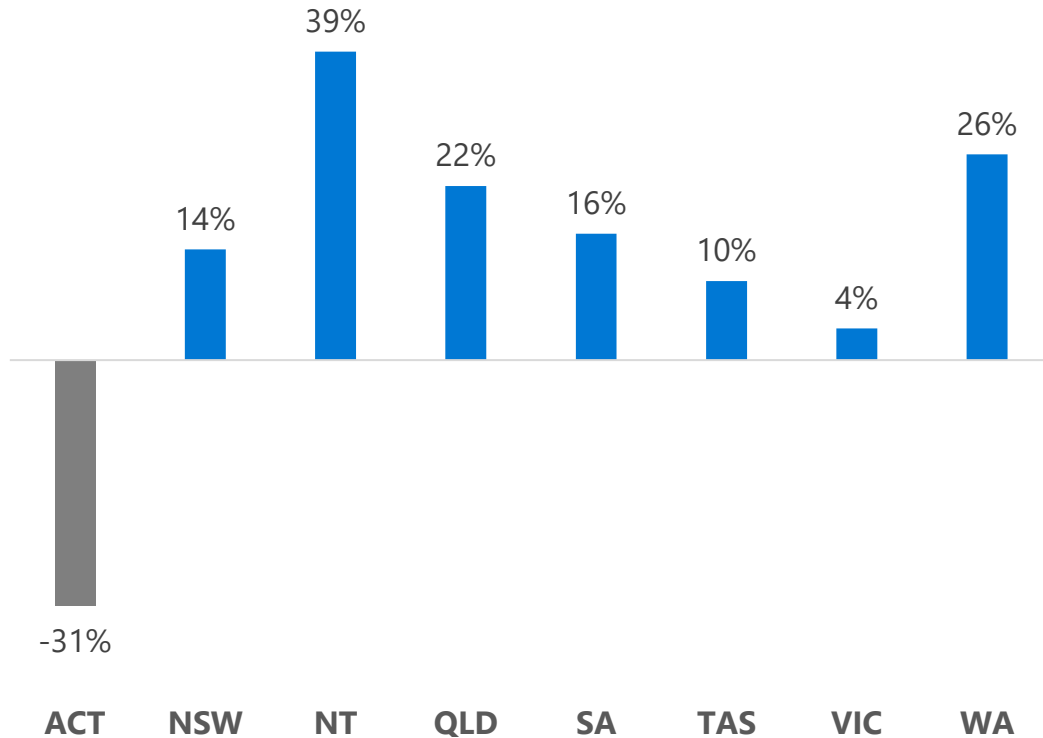
% Change in Insurance clicks, CTR
Apr 2021 vs Jan 2020 (pre-COVID), by state

■ Clicks % Change ■ CTR % Change
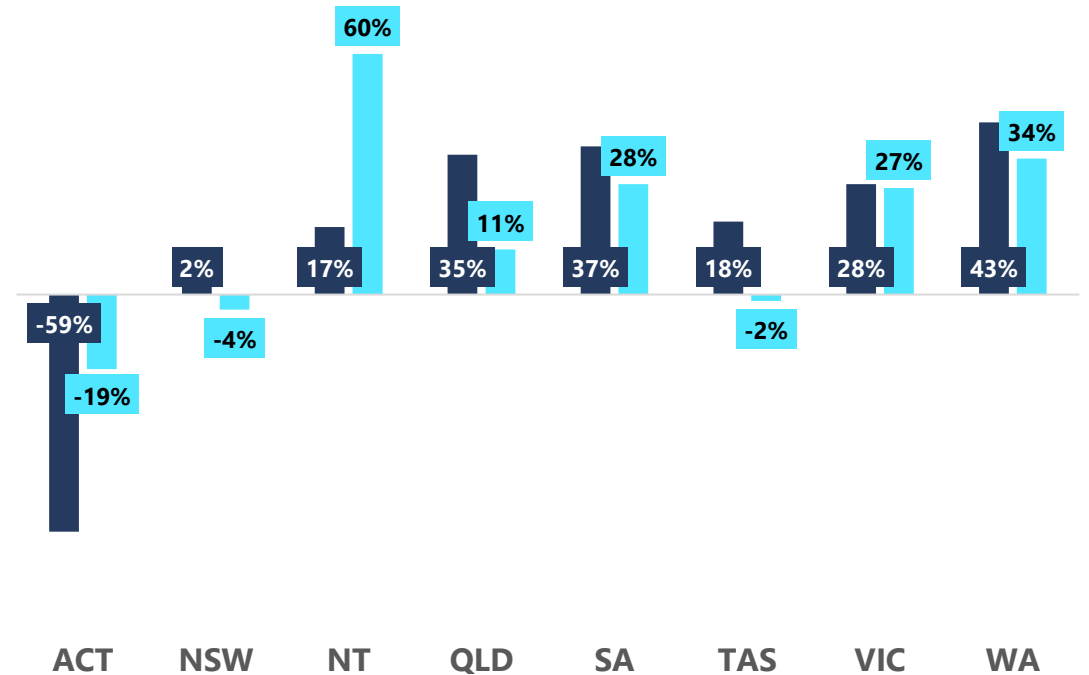
	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Clicks % Change	-59%	2%	17%	35%	37%	18%	28%	43%
CTR % Change	-19%	-4%	60%	11%	28%	-2%	27%	34%

Microsoft

Generic queries are spiking much higher this year for the Apr-Jul end of fiscal year (EOFY) seasonality

Average April weekly generic **searches +63% YoY**, **clicks +67%**

Indexed Auto Insurance generic searches and clicks₂
By calendar week start date

— 2019 — 2020

Apr-Jul generic searches and clicks are **+35%** & **+21%** vs monthly avg.

2021 EOFY seasonality starting strong!
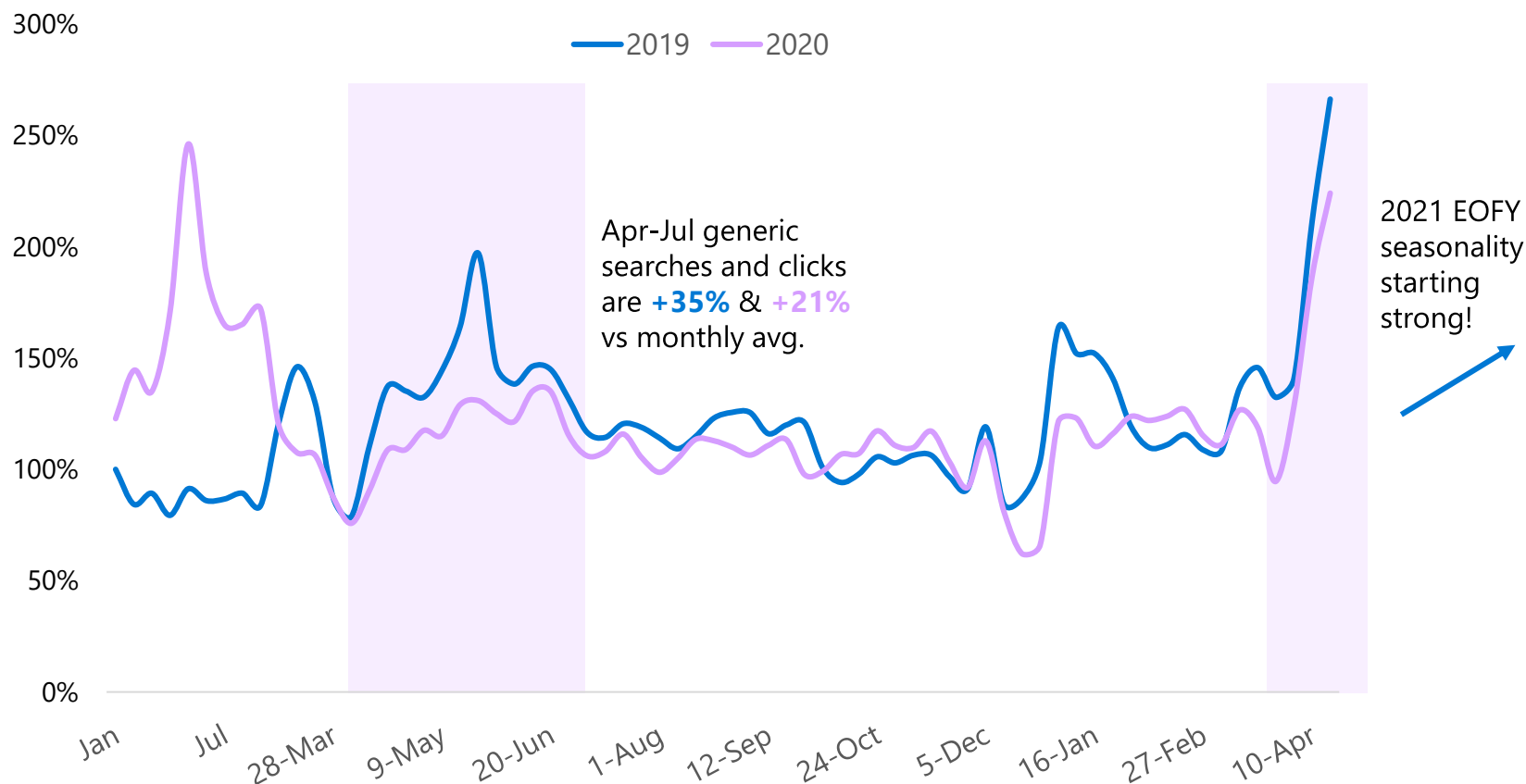
Top generic queries with highest search uplift
(Apr 2021 vs Jan 2020)

Comprehensive car insurance +400%

Car insurance calculator + >500%

Cheapest third party insurance + >500%

Cheap car insurance +270%

Auto insurance quotes + >500%

Motorcycle insurance +315%

Compare car insurance quotes+ >500%

Auto insurance comparison +200%

Best car insurance +370%

Car insurance online + >500%

Ordered based on absolute value of volume growth

Microsoft

Generic queries and Microsoft Audience Network play a key role in the early to late stages of a user's search journey

Customer purchase funnel
Split by keyword type

■ Brand ■ Generics ■ Audience Network

Stage	Brand	Generics	Audience Network
First:	52%	40%	8%
Middle:	58%	36%	6%
Late:	65%	30%	5%
Last:	82%	16%	2%
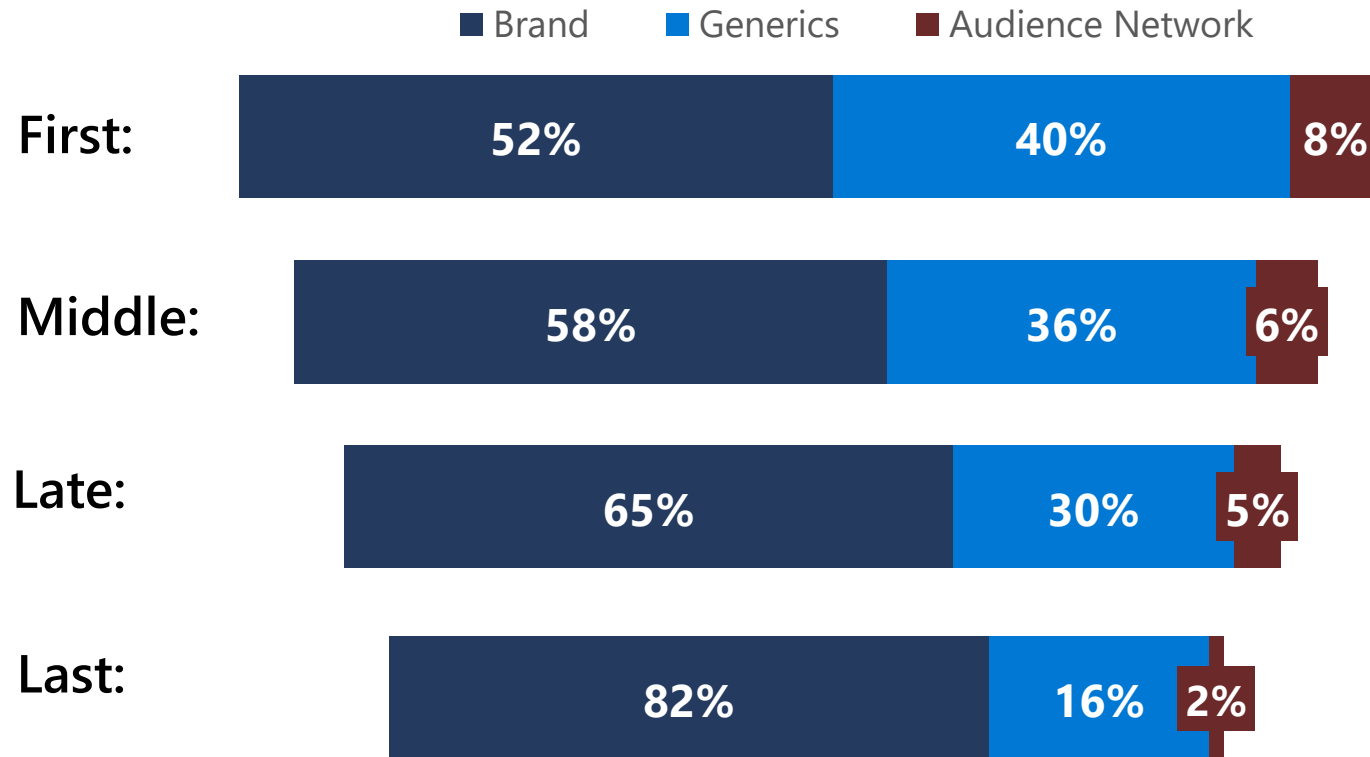
Recommendation:

1. Use a combined **generics + Microsoft Audience Network** strategy to increase your brand's exposure in the early research stages

2. Combine that with **remarketing audiences** to ensure your brand's presence until conversion

Microsoft

Maximize performance by combining Microsoft Search and Native strategies
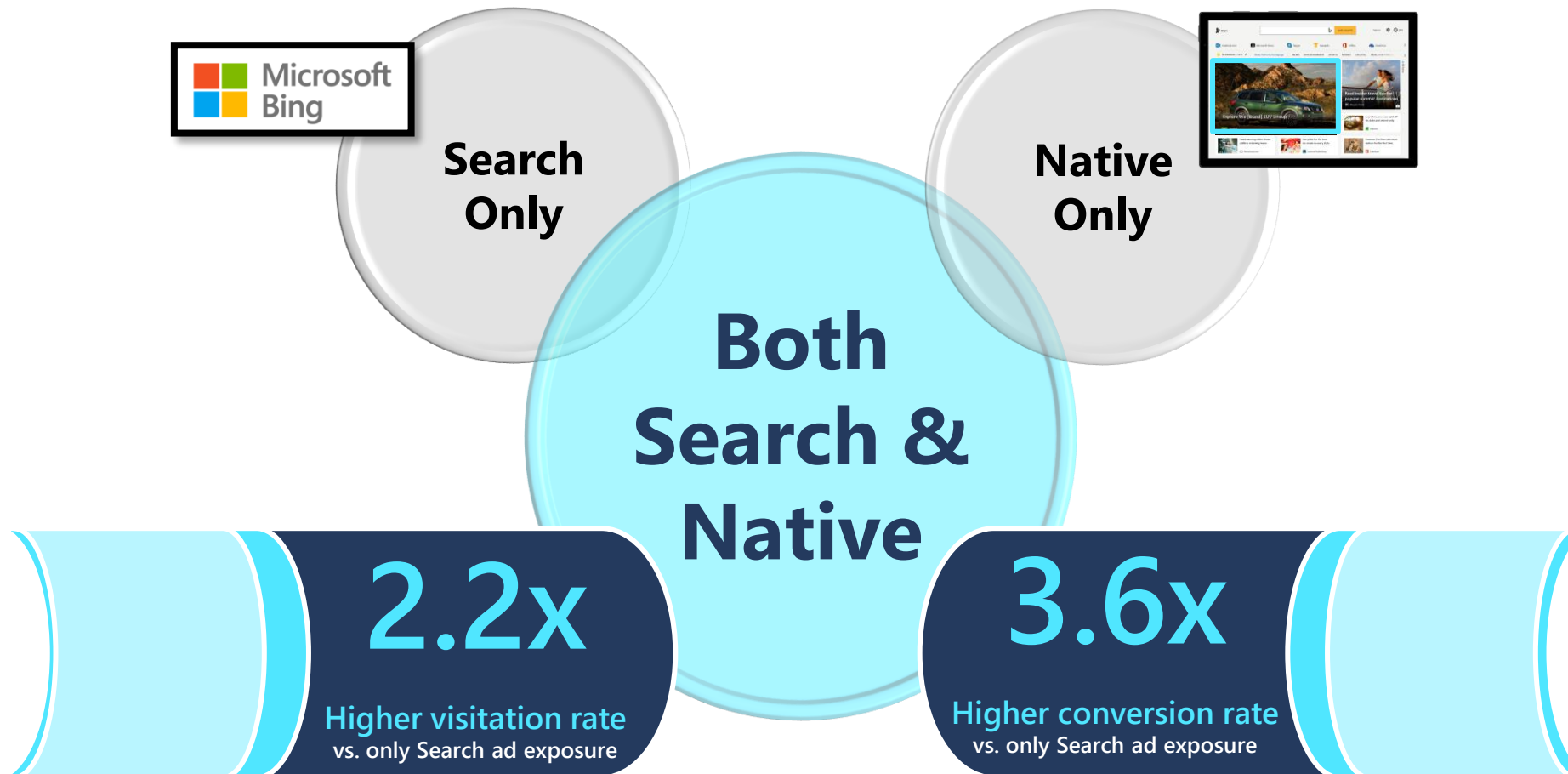
Autos Ad Effectiveness Study

Search Only

Native Only

Both Search & Native

2.2x
Higher visitation rate
vs. only Search ad exposure

3.6x
Higher conversion rate
vs. only Search ad exposure

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

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

Microsoft

We set out to prove that users exposed to Microsoft audience ads engaged with brands at a higher rate

Financial Services Ad Effectiveness Global Study

AWARENESS

1.8x

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

CONSIDERATION

1.9x

Lift in brand consideration per user, measured by post-exposure domain visit rate

CONVERSION

4.0x

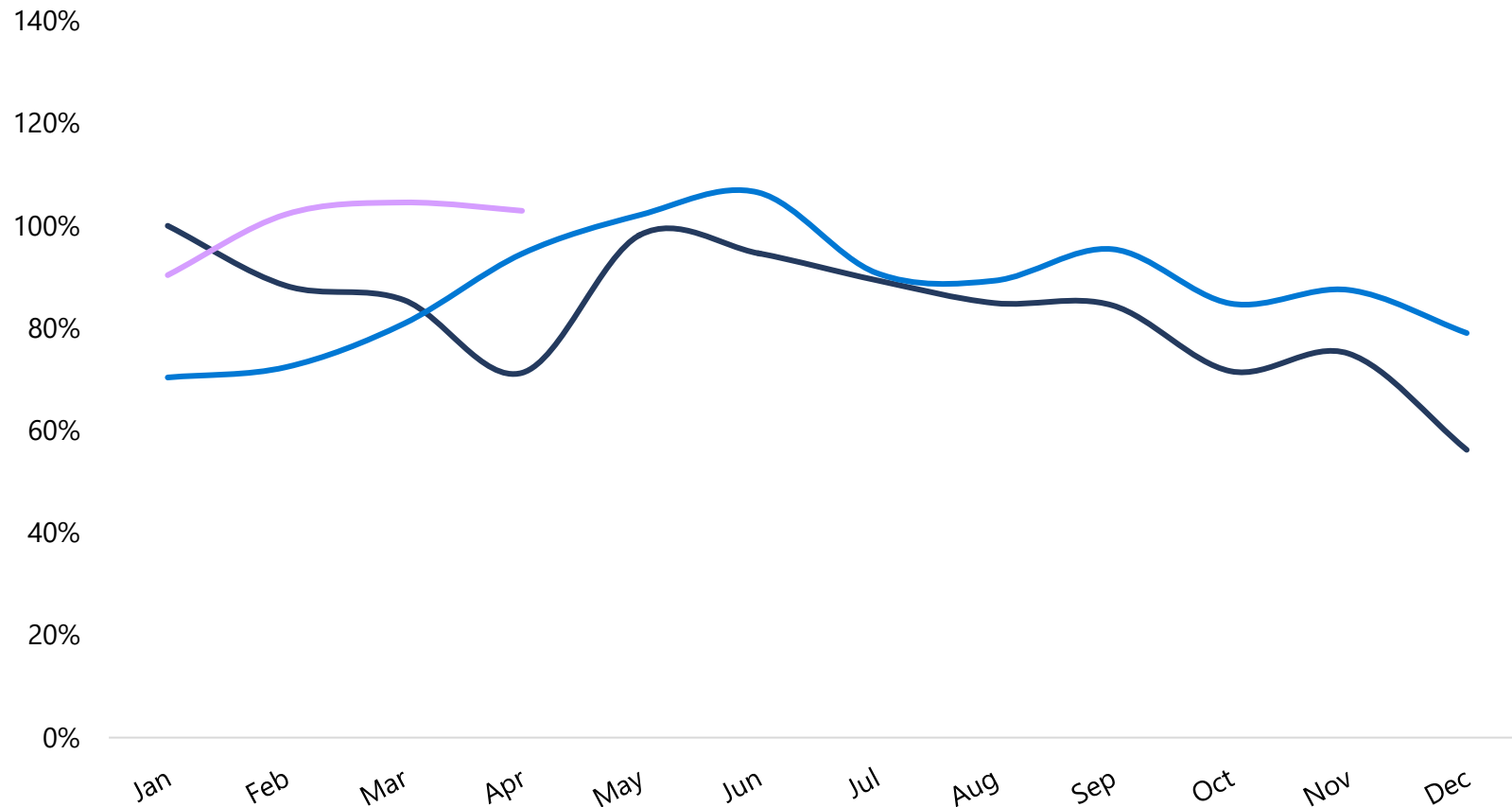*Lift in brand purchase per user, measured by post-exposure conversion page visit rate*

Microsoft

Ensure your CTP campaigns are prepared for high volumes in May and June

Indexed CTP/green slip generic searches and CPCs
By month

—— 2019   —— 2020   —— 2021

140%
120%
100%
80%
60%
40%
20%
0%

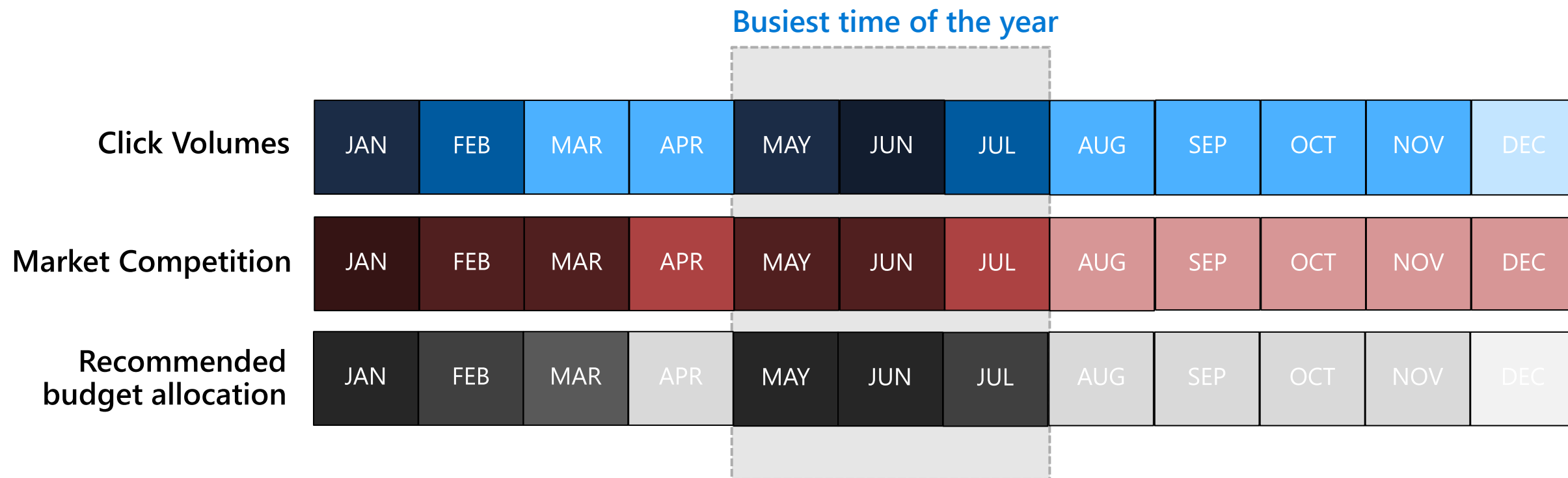Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Data Source: Microsoft internal data | Home loans | Australia | Mar 2020 – Mar 2021 | All Devices | O&O Core

Key Observations

1. CTP and green slip generic searches are **~23% higher** in May and June compared to the monthly average throughout the year

2. Monthly searches in 2021 year to date are **~26% higher** YoY

Microsoft

Over the past two years, the Auto Insurance category on our network sees peak traffic from May to July

Busiest time of the year

| Click Volumes | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |

| Market Competition | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |

| Recommended budget allocation | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |

How to read the chart:
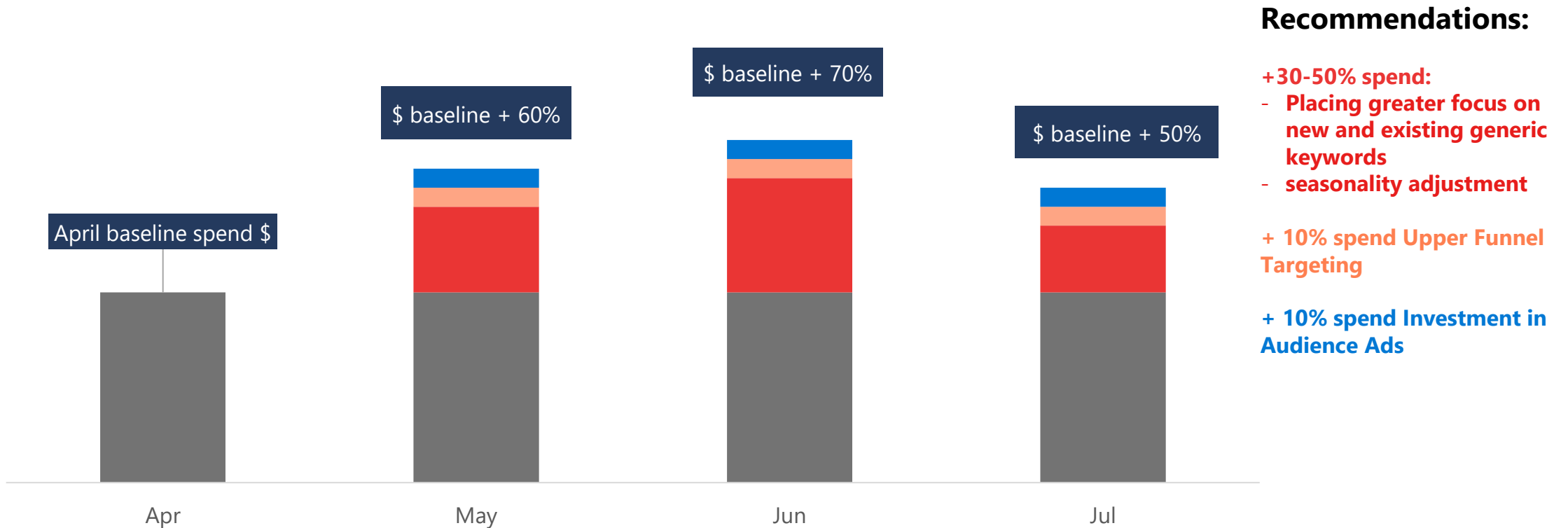The **darker** the opacity highlights
1. The higher the **search volumes** are relative to the monthly average
2. The higher the **CPC** relative to monthly average
3. The more **budget weighting** is recommended

Tip: Check your IO's and campaign budgets to make sure you're not capped this EOFY!

Microsoft

Seasonal budget recommendations per account for Auto Insurance

Recommended budget allocation for seasonal period*
represented as % difference vs baseline monthly spend

Recommendations:

+30-50% spend:
- **Placing greater focus on new and existing generic keywords**
- **seasonality adjustment**

+ 10% spend Upper Funnel Targeting

+ 10% spend Investment in Audience Ads

$ baseline + 70%

$ baseline + 60%

$ baseline + 50%

April baseline spend $

Apr   May   Jun   Jul

Budget recommendation calculated through factoring in the increased volume and cost per clicks per month throughout the year, modelled off normalised 2019 and 2020 data, with month patterns weighted towards 2019 data.
Data Source: Microsoft internal data | Auto Insurance | 2019 & 2020 | Searches and CPCs | All Devices

Microsoft

Summary of findings

Australian's intent to purchase cars have steadily risen, driven by shifts in transport preferences due to the pandemic. This leads to higher demand for auto insurance.

The Microsoft Search Network has seen strong recovery in 2021 across both the automotive and insurance categories, with KPIs improving YoY.

Our users are less brand-oriented and shop around for deals during the EOFY season, seen by the higher proportion of generic searches and clicks during this period.

Microsoft

Key Takeaways and Actions

1. There is abundant demand within the automotive industry for new and used cars. In a high demand environment for vehicles, insurance advertisers need to be active and establish strong brand presence for the EOFY season.

2. Generic queries are specifically important during EOFY. Average April weekly generic searches are up 63% YoY, while clicks are up 67%, highlighting the focus towards shopping around for deals during this period. Make sure to focus on your generics strategy by targeting new keywords and increasing investment in existing keywords.

3. The Audience Network is great for creating brand awareness in the upper stages of the purchase channel. Implement a combined generic keywords + Audience network strategy to increase exposure to potential buyers and drive lift in awareness, consideration, and conversion.

Microsoft

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