COVID-19 geographic analysis (U.S.)

State “stay-at-home” orders and their effect on automotive advertising
Agenda

1. Considerations & methodology
2. Early movers
3. Late movers
4. Consumer response
Considerations

- Demand-side data (advertiser performance)
- Data aggregated at designated market area (DMA)-level; exact state lines not preserved
- Confusion in most states about a gray area for dealership sales

Methodology

Data available at a monthly cadence; looked at growth changes from Feb→Mar


Mar year-over-year (YoY) (COVID-19) vs. Feb YoY growth (Pre-COVID-19)

Growth changes displayed as percentage points ("pp") to represent deltas between two percentages

1. Microsoft internal data
Evaluation

9 states issued statewide “stay-at-home” orders early (Mar 19-23)

9 states issued statewide “stay-at-home” orders late (after Mar 30, or not at all)

1 state offered a discernible time lapse between a specific DMA’s early “stay-at-home” order and a late statewide order

Early movers

How search performance changed in states that issued “stay-at-home” orders first
For the 9 states that issued early “stay-at-home” orders, Mar 2020 clicks decreased significantly across all sub-verticals.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Percentage Decrease</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb→Mar 2020 vs. 2019</td>
<td>-15pp</td>
<td>Microsoft internal data, NYTimes</td>
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</table>
EARLY MOVERS

Tier 3 has been hit the hardest

-19pp
-14pp
-5.3pp
-2.9pp
-3.4pp
-4.7pp


Tier 3 clicks
Down in 8 of the 9 states that issued early “stay-at-home” orders
“Dealership” keywords declined sharply for Tier 3 advertisers

Late movers

Search performance in states that issued “stay-at-home” orders late or never at all
For the 9 states that issued “stay-at-home” orders late or not at all, Mar 2020 clicks were relatively flat

-0.5pp
Total clicks Feb→Mar 2020 vs. 2019

-0.4pp
Total clicks Mar YoY vs. Feb YoY

3 of 9 states
Total clicks were up

Tier 3 clicks increased, outpacing total clicks

+0.9pp
Feb→Mar 2020 vs. 2019

+0.8pp
Mar YoY vs. Feb YoY

In Georgia, there was a discernable time lapse between an early “stay-at-home” order for one specific county and the late state-wide order.

**Total clicks decreased** in the Albany, GA DMA, where Dougherty County issued an early “stay-at-home” order.

- **-1.8pp** Feb→Mar 2020 vs. 2019
- **-1.8pp** Mar YoY vs. Feb YoY

**Total clicks increased** in GA DMAs that waited for the late statewide “stay-at-home” order.

- **+4.3pp** Feb→Mar 2020 vs. 2019
- **+4pp** Mar YoY vs. Feb YoY
Consumer response

What search performance tells us about consumers in troubling times
Consumers turn to big brand messaging when it matters most

For the 19 states analyzed with either early, late or no “stay-at-home” orders, Mar 2020 Tier 1 CTR increased while CTR for the rest of the vertical decreased significantly.

For Tier 1:
- Feb→Mar 2020 vs. 2019: 2.6pp
- Mar YoY vs. Feb YoY: 2.1pp

For the Total:
- Feb→Mar 2020 vs. 2019: -12.3pp
- Mar YoY vs. Feb YoY: -12.2pp

Sources:
1. Microsoft internal data
Since publicizing their relief efforts, original equipment manufacturers (OEMs) providing COVID-19 specific incentives are seeing a lift in search volume.

Example keyword phrases include deals, rebates, offers, discounts, specials

Microsoft Internal Data, January-March 24, 2020

^Week 1-2 removed due to outliers in post-NYE query volume.

This week, incentive queries for brands offering relief are up **52%** week over week (WoW)
Keywords with “incentives” intent surge

- **Clicks**: Feb→Mar 2020 vs. 2019 = 15.6pp, Mar YoY vs. Feb YoY = 19.3pp
- **Impressions**: Feb→Mar 2020 vs. 2019 = 10.1pp, Mar YoY vs. Feb YoY = 11.8pp
- **CTR**: Feb→Mar 2020 vs. 2019 = 5pp, Mar YoY vs. Feb YoY = 5.3pp

**Early vs. late**

- **Early mover**
  - Clicks: +7.4pp Feb→Mar 2020 vs. 2019
  - Impressions: +10.2pp Mar YoY vs. Feb YoY

- **Late mover**
  - Clicks: +22.5pp Feb→Mar 2020 vs. 2019
  - Impressions: +30.7pp Mar YoY vs. Feb YoY

Example keyword phrases include deals, rebates, offers, discounts, specials

1. Microsoft internal data
Nationwide SRPVs for incentives are up, but ad saturation has declined -14.5% YoY, granting a recourse for advertisers.

User interest has peaked, but ad options have decreased, enabling advertisers to re-enter the market with a +10% more cost-efficient cost per click (CPC), as well as the opportunity to message consumers in a less convoluted space.

Example keyword phrases include deals, rebates, offers, discounts, specials.

Microsoft Internal Data, January-March 25, 2019; January-March 24, 2020

*Density = Ad Impressions / Bidded SRPVs (ie average # of ads per bidded query)
Strategies and recommendations

Learn immediate and recovery-phase strategies, and how to approach new opportunities and optimize account health in the Digital Advertiser’s Guide to COVID-19