



# Automotive marketplace: purchase intent

April 2020

Microsoft Advertising. Intelligent connections.

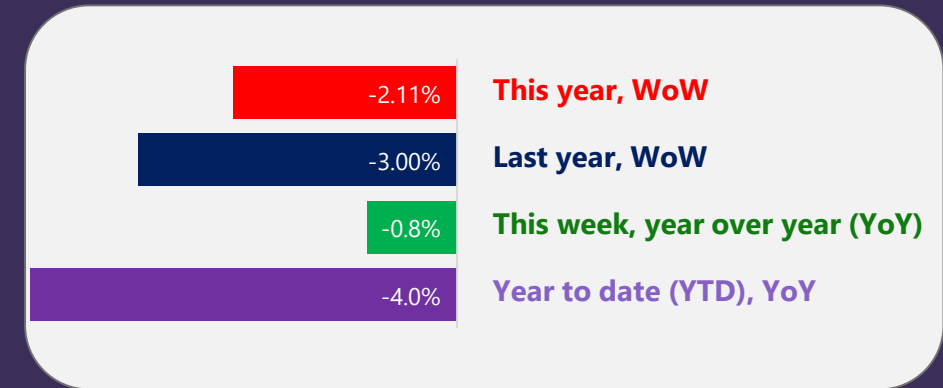
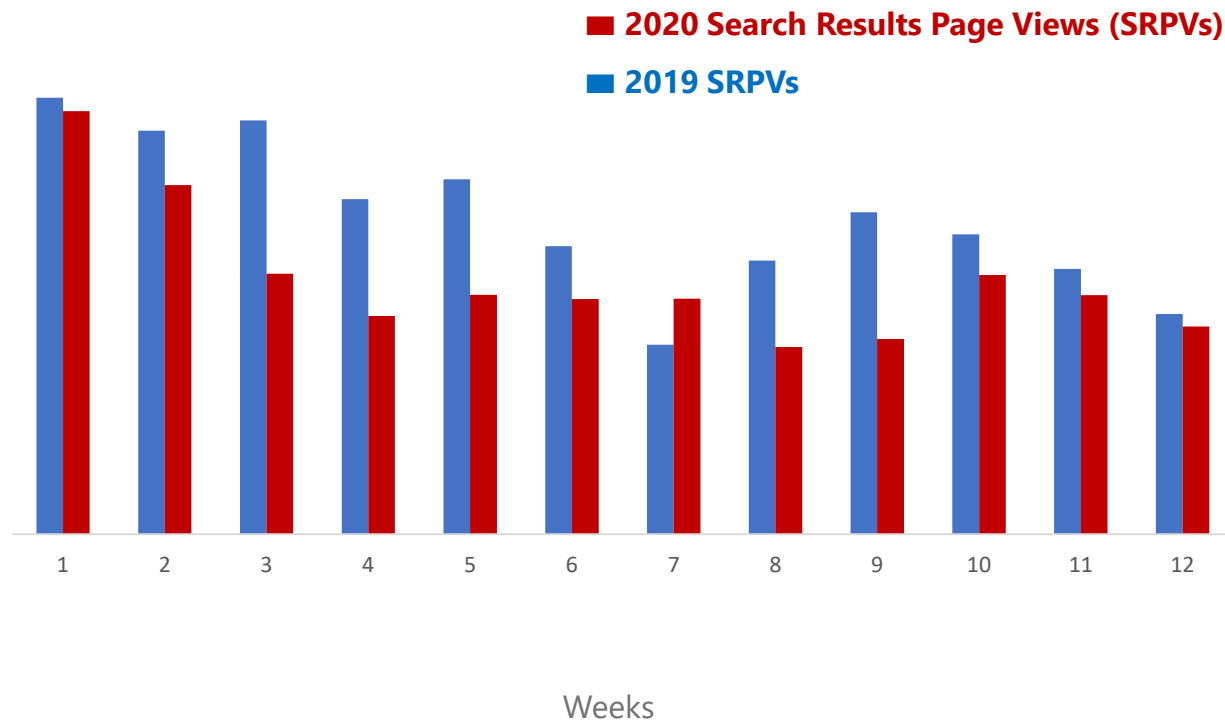


Adaptability is a differentiator. Consumers continue shopping for cars, but their methods have adjusted to the new normal.

Original Equipment Manufacturers (OEMs) are responding to the current climate and adapting to meet their customers' needs

Marketers must follow suit

# Automotive queries slid **-2.1%** week over week (WoW)

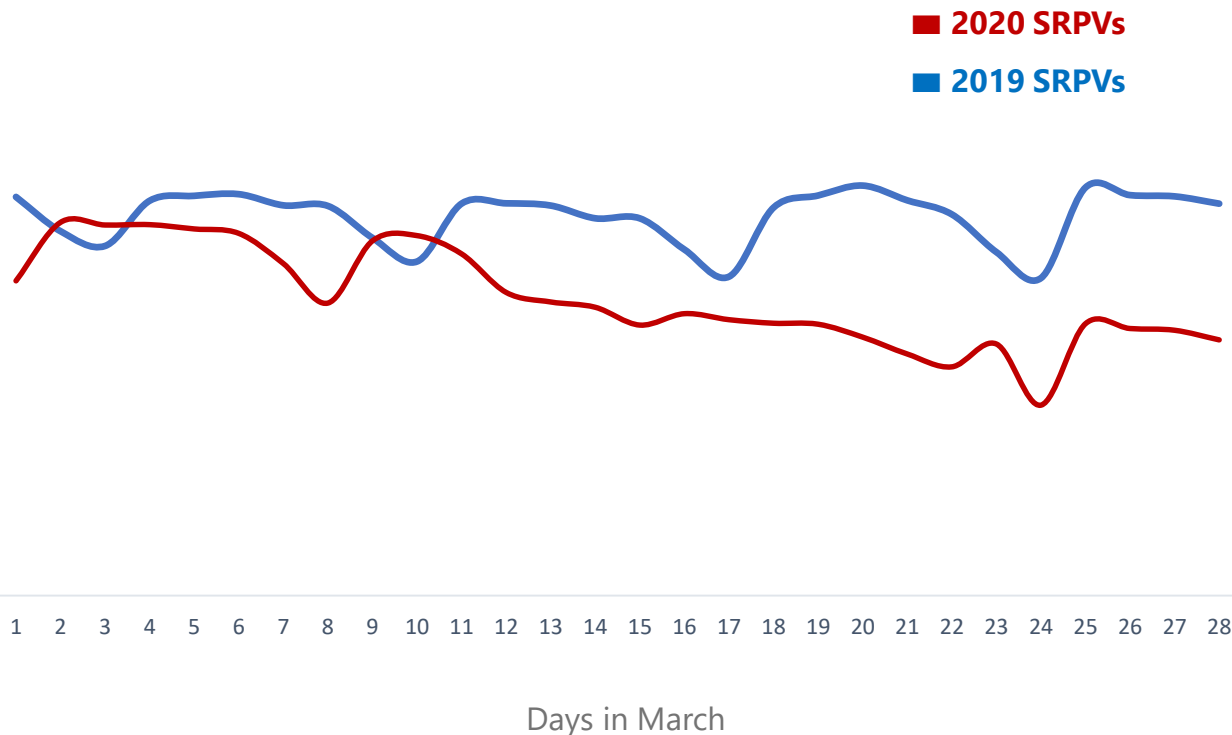


The drop in the marketplace was primarily attributed to fewer searches on model-specific queries

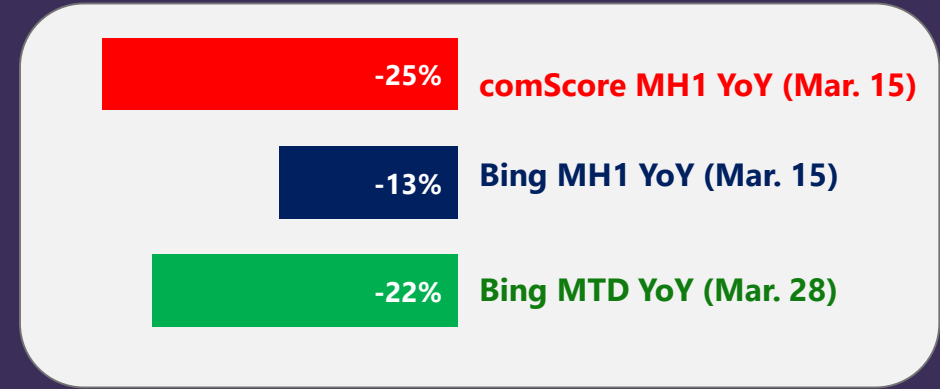
Microsoft Internal Data, January-March 2019; January-March 2020  
\*All-up includes in-market for new and used, aftermarket, and fsbo,  
\*\*Unless otherwise specified, in-market will refer to new vehicles.

“Overall shopper volume for the first 15 days of March 2020 was off 25 percent compared to the same period in 2019, with declines across most segments.”

In-market queries with the intent to visit lower-funnel shopping sites (3<sup>rd</sup>-party site modified queries) were down **-22%** month to date (MTD) in March



Microsoft Internal Data, January-March 2019; January-March 2020  
Sample queries include: carmax, kbb, cargurus, autotrader chevy, autonation toyota

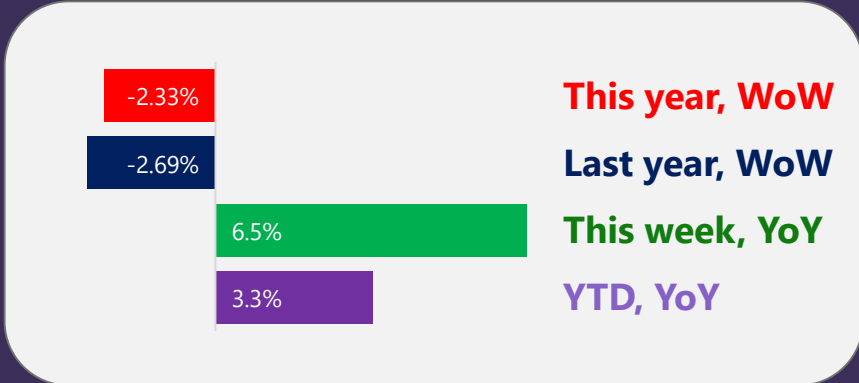
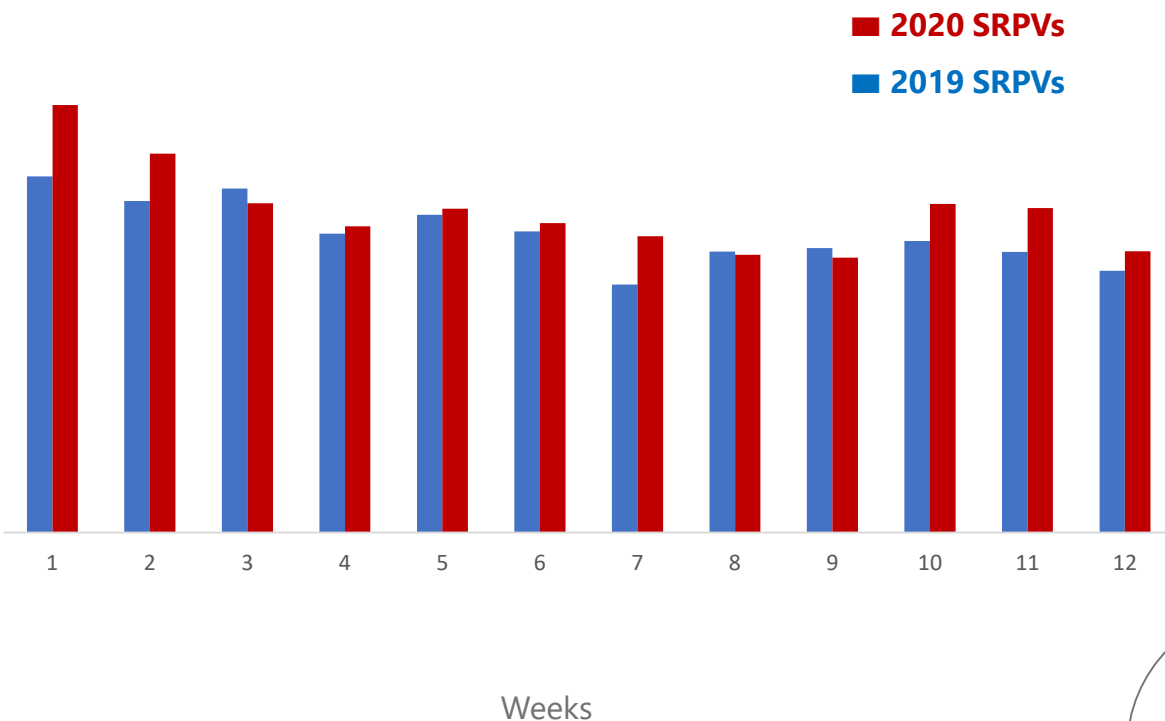


As reflected in comScore's analysis, Bing searchers are spending less time searching for, and effectively visiting, lower-funnel sites

This also aligns with declining demand-side 3<sup>rd</sup>-party advertiser click volume



# In-market (for new) automotive queries fell **-2.3%** WoW, yet YoY growth remains steady



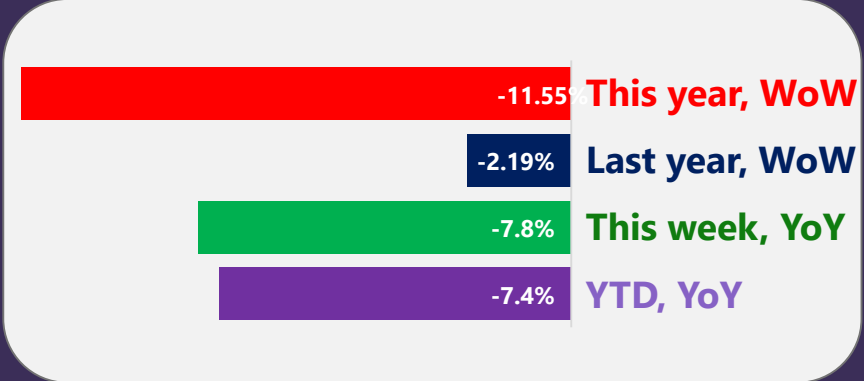
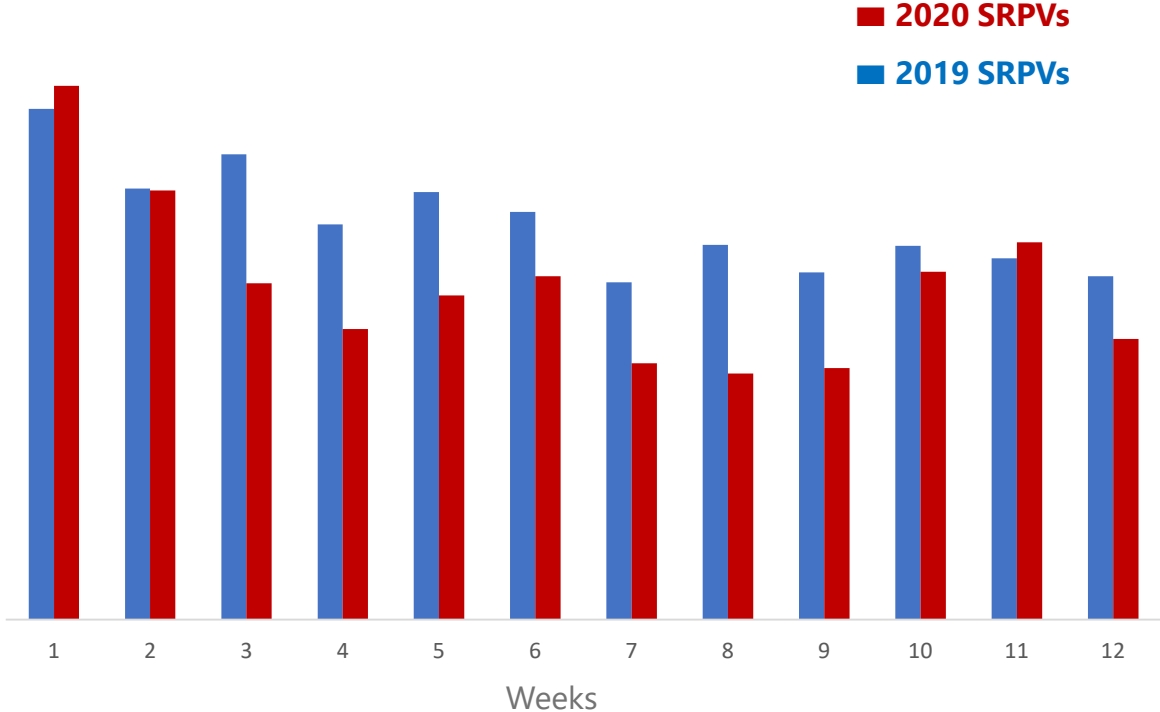
Despite various dealerships closing and the economy slumping, interest in buying cars has persevered. However, shopping patterns and search terms – and in-person dealer interactions – have shifted.

71% of SRPVs are in-market for new autos

Microsoft Internal Data, January-March 2019; January-March 2020  
 \*Queries include all autos w/ the exception of used / cpo, aftermarket, and fsbo.



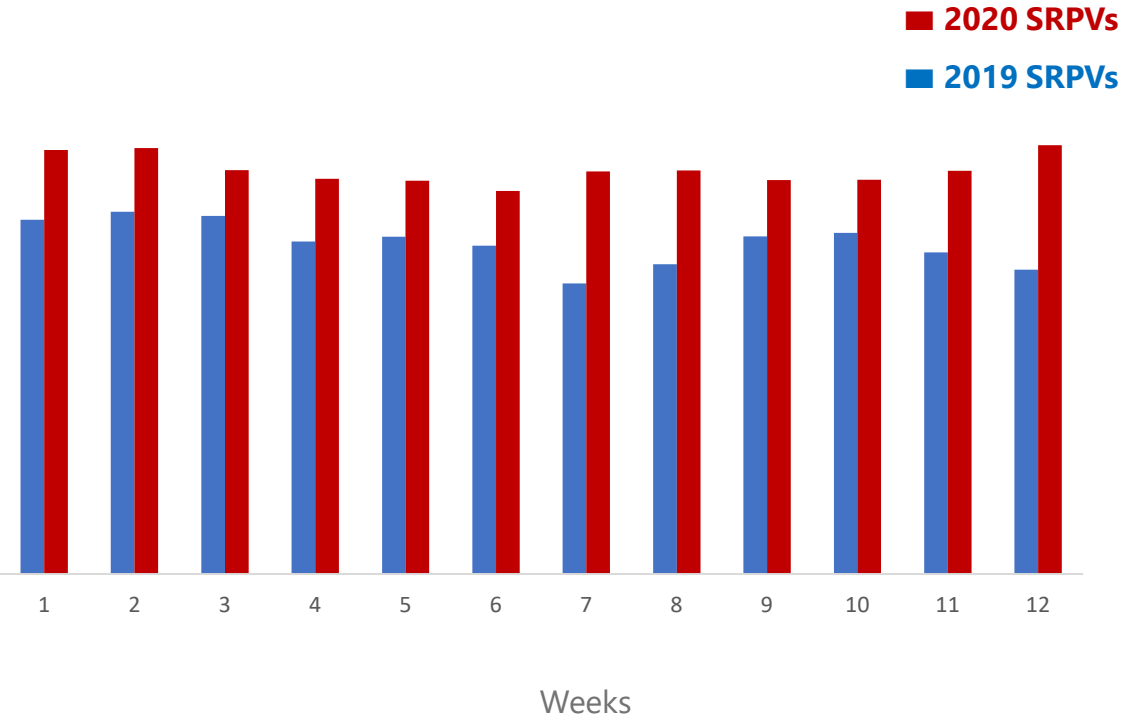
# Model-specific queries dropped -11.6% WoW as users adapt to the current circumstances



Broader, more general searches, are replacing more specific queries as browsing is taking place online vs. at dealers. Shoppers' physical dealer visits are now more deliberate and scheduled to accommodate by appointment only.

Although model queries dropped, make and segment searches saw some growth, as reflected in Tier I increases and Tier II and III declines in demand-side trends

Segment (non-brand) in-market queries have increased **6.4% WoW**, sustaining a 22% increase YoY YTD



<b>This year, WoW</b>	6.4%
<b>Last year, WoW</b>	-5.3%
<b>This week, YoY</b>	40.8%
<b>YTD, YoY</b>	22.0%

Cars, utility vehicles (UVs), and trucks all saw gains of ~8% WoW. Growth was stunted by vans and undefined non-branded queries.

33% of in-market SRPVs are non-brand

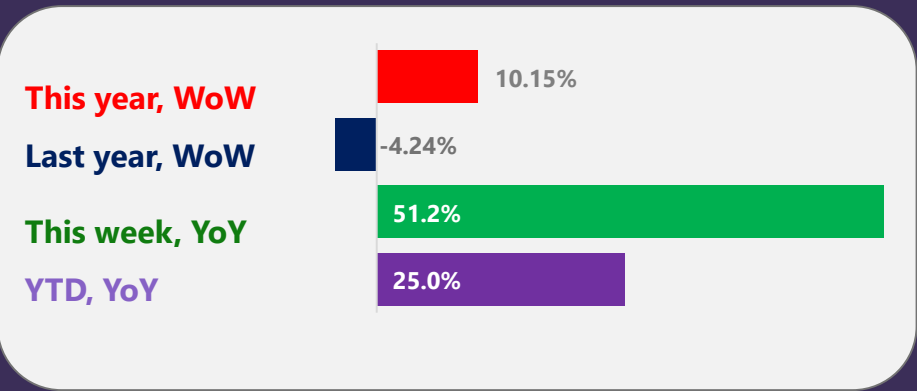
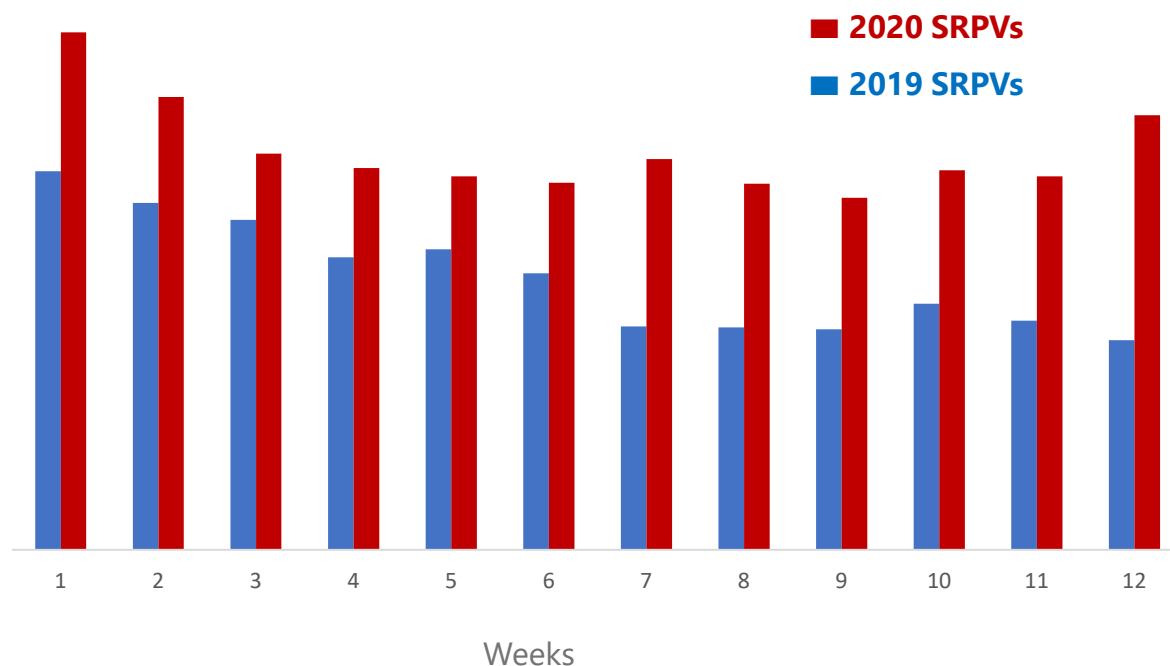
Microsoft Internal Data, January-March 2019; January-March 2020  
 \*Undefined non-branded queries include: hybrids, EVs, autos, vehicles.





“Globally, people are most in favor of brands responding to the outbreak by providing flexible payment terms (83%), offering free services (81%), closing non-essential stores (79%) and helping to produce essential supplies (67%).”

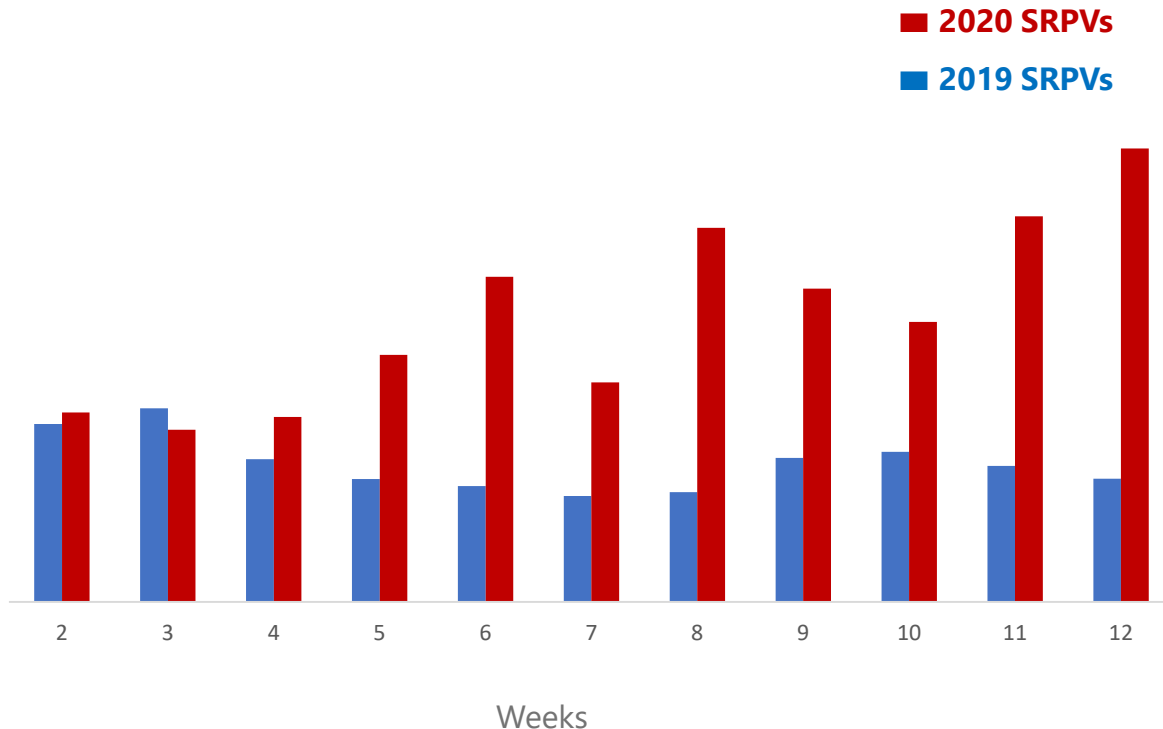
In-market searches with evident purchase intent are up 25% YoY YTD. Per *standard seasonality*, shopping slowed after the new year, however, with the newly announced incentives, interest has resumed and SRPVs increased **10.2%** WoW.



Apart from general purchase queries, which were relatively flat, all categories that indicate an intent to buy (e.g., dealers, leasing, incentives, price point, financing) increased significantly WoW

Microsoft Internal Data, January-March 2019; January-March 2020  
 \*General purchase query modifiers: pricing, quote, purchase, buy, shop, cost, msrp, lease.

Intent to buy/lease *now* is up **17.6%** WoW, presumably attributed to recently announced incentives only being offered for a limited time



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

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

Sample queries: *best suv deals now, best time to buy a car, car loan rates today, best cars to buy now.*

This year, WoW

17.62%

Last year, WoW

-9.56%

This week, YoY

268.4%

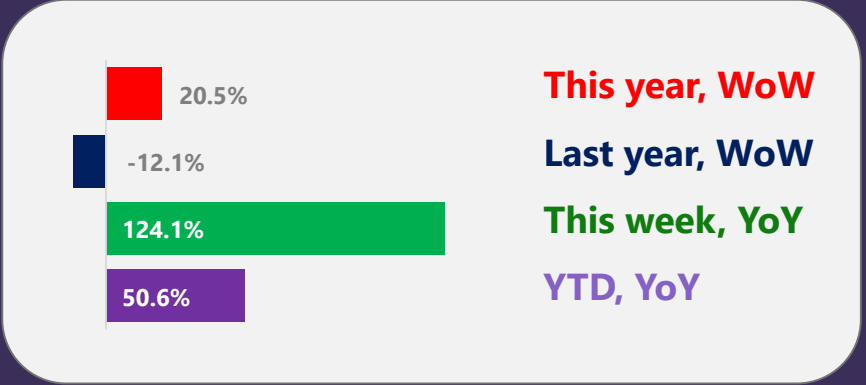
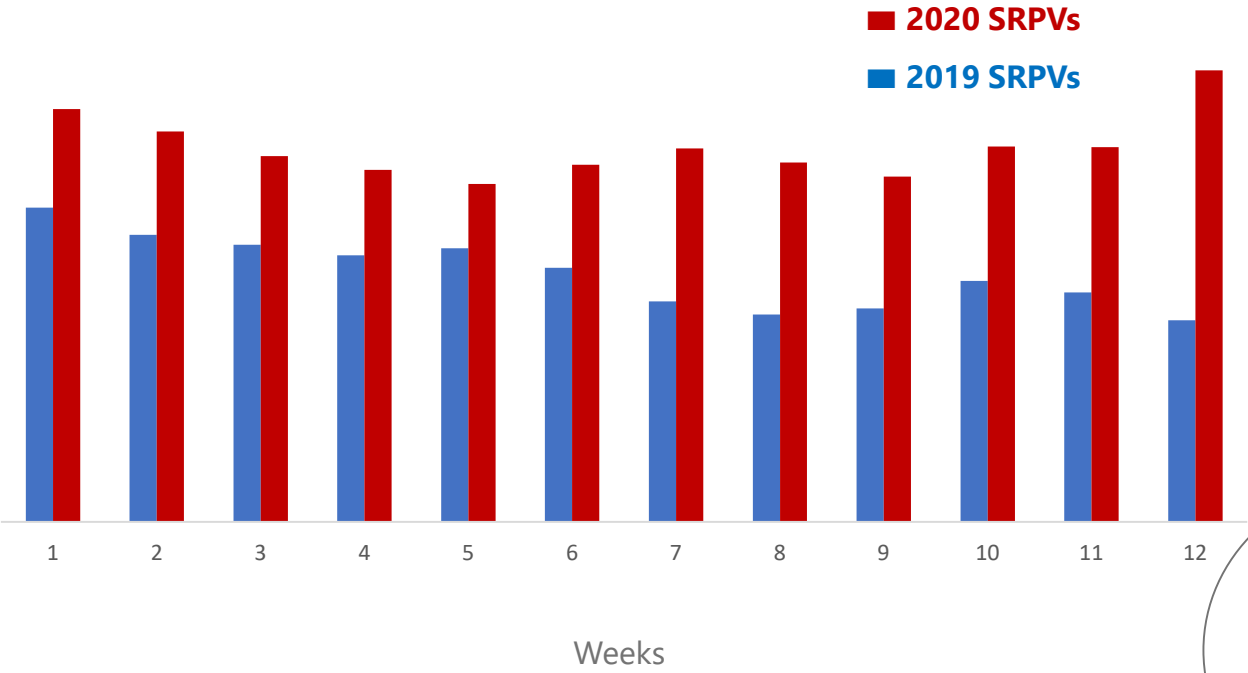
YTD, YoY

106.7%

Queries indicating urgency/immediacy are rising, reflecting consumer sentiment to take advantage of incentives now

The upward trend began in February when the climate became uncertain. Consumers were not only interested in incentives but exploring whether it was a good time to buy, explaining the YTD, YoY jump of **106.7%**.

Preceding OEM's new vehicle incentive announcements, incentive queries rose **20.5%** WoW and **124.1%** over the same period YoY



Generous incentives and relaxed financing options offering relief to consumers are driving the autos marketplace

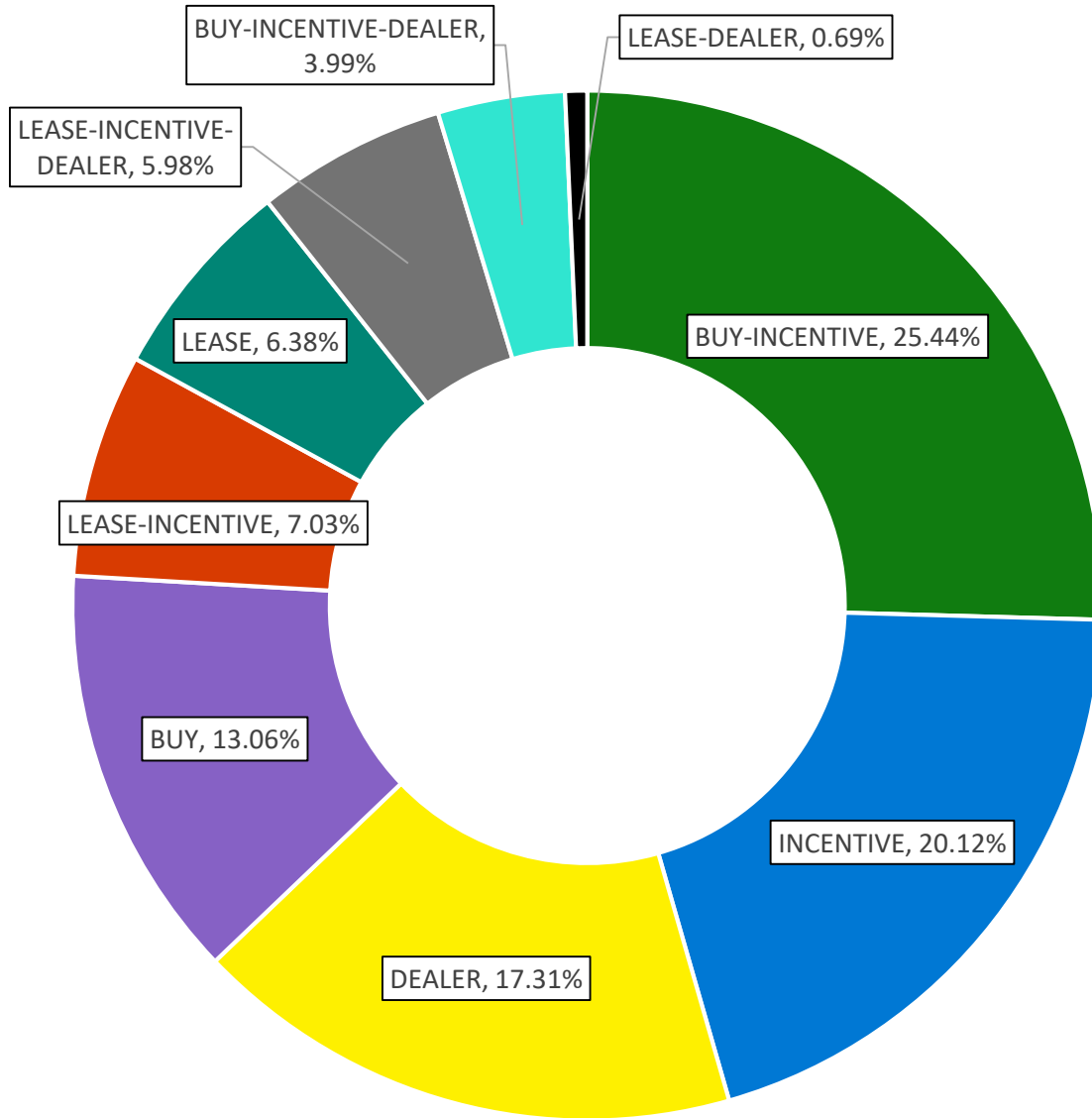
Despite the overall declining interest in specific models, we have seen a 39% increase WoW when paired with incentives

Overall brand (make or model) + incentives searches are up 50% WoW

55% of purchase intent (PI) SRPVs YTD are incentive-focused

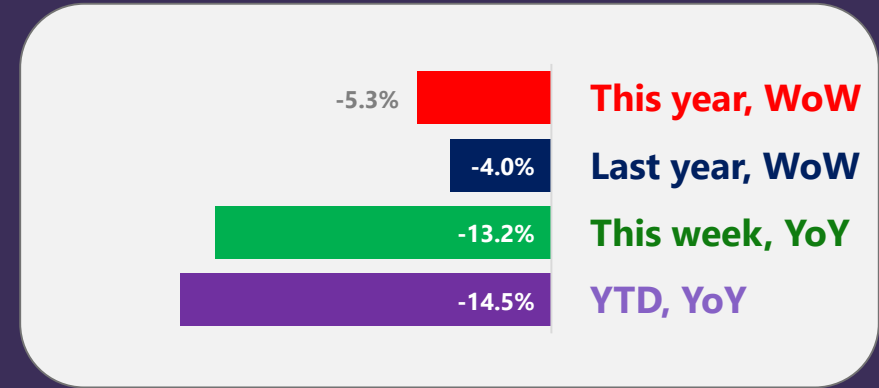
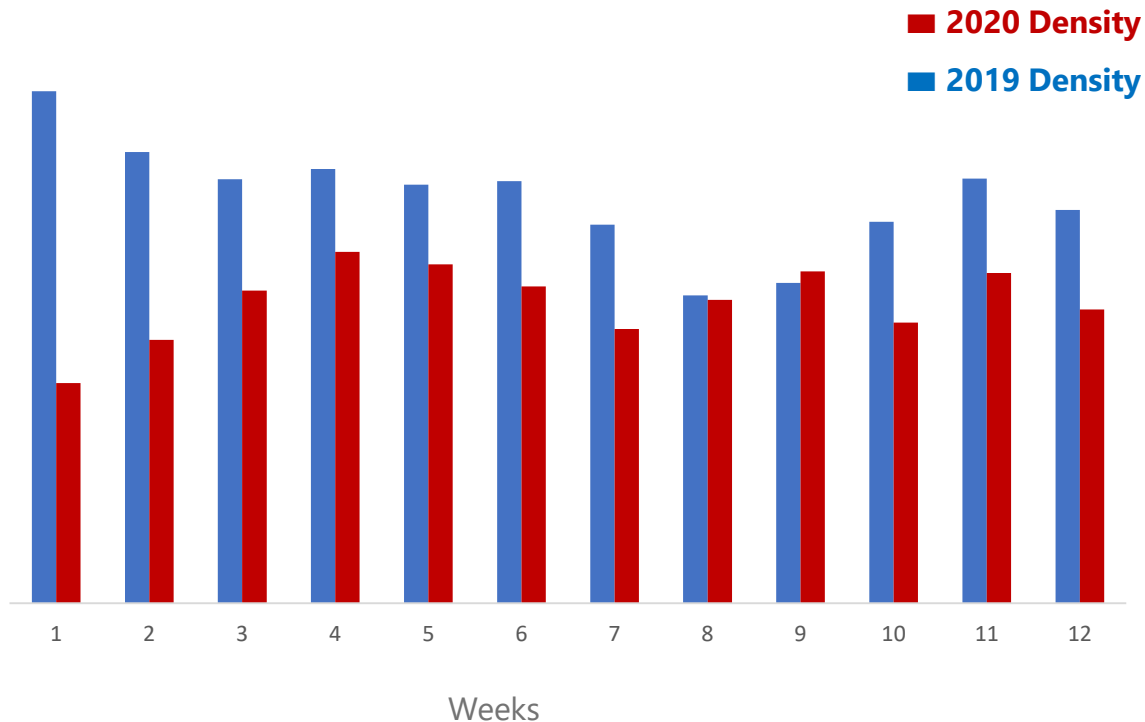
Microsoft Internal Data, January-March 2019; January-March 2020  
 Sample incentive modifiers: deals, rebate, affordable, cash back, offer, special, incentive, discount, on sale





Incentives overlap with all other purchase intent (PI) categories, contributing to 63% of PI SRPVs in Week 12 of 2020

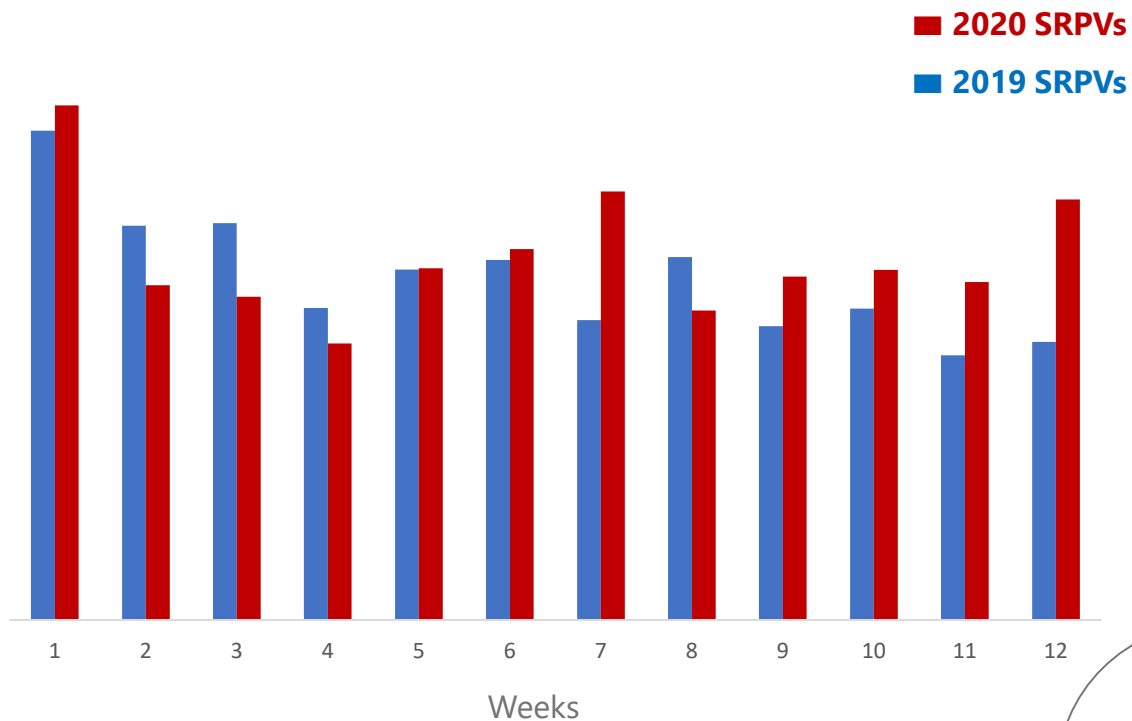
Although SRPVs for incentives are up, ad saturation has declined **-14.5%** YoY, granting a recourse for advertisers



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

# In-market (for new) dealer queries rose **17.9%** WoW, the largest weekly increase YTD

Weekly SRPVs for queries with dealer / local intent



25% of PI in-market SRPVs are dealer-modified

<b>This year, WoW</b>	17.89%
<b>Last year, WoW</b>	1.68%
<b>This week, YoY</b>	28.4%
<b>YTD, YoY</b>	3.4%

Incentive queries are driving dealer / local interest. Dealer + incentive jumped **96%** WoW. Consumers are presumably interested in whether the publicized incentives are offered near them, effecting a shift in the YoY trend lines.

\*OEM relief is primarily for new vehicles (with some offers for current owners). When including aftermarket / CPO dealer queries, growth is far less at **10%** WoW.

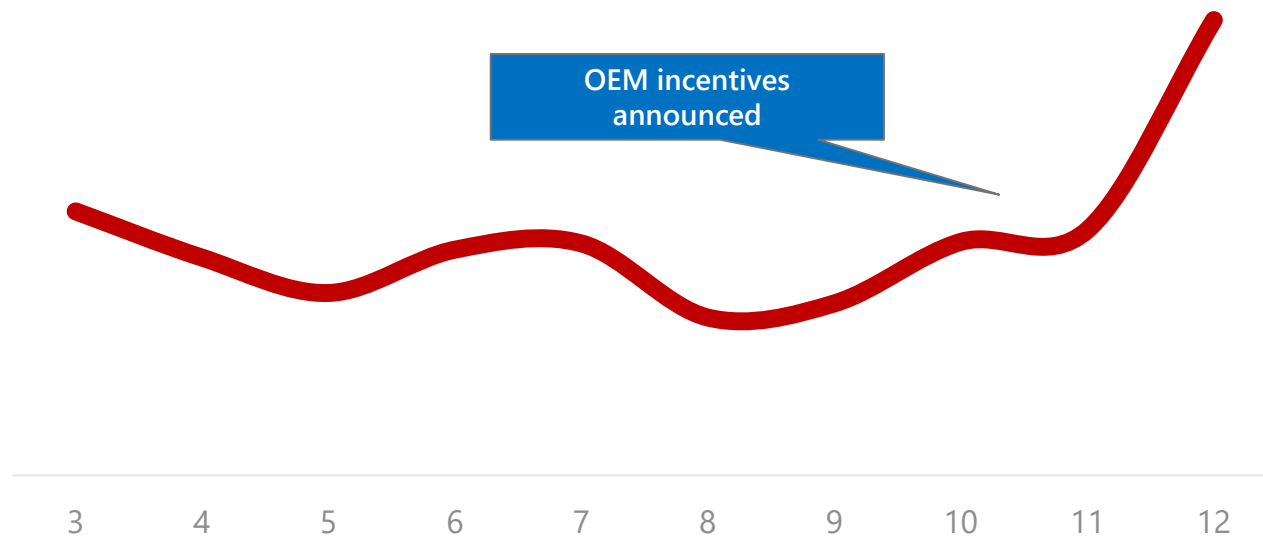
Microsoft Internal Data, January-March 2019; January-March 2020  
 \*Sample dealer query modifiers: specific dealers, dealer/ship, geos, near me, local.



Since publicizing their relief efforts, brands providing COVID-19 specific incentives are seeing a lift in search volume

Incentive + brand SRPVs per week

Incentive queries for brands offering relief were up **52%** WoW in Week 12







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