



Autos marketplace index gauge

Data as of 8.10.2020

Microsoft Advertising. Intelligent connections.



Objective:

To provide an at-a-glance high-level signal about the health of our autos search marketplace, **as compared to times of relative normality**. It is a technical analysis agnostic to external indicators and should be treated accordingly.

***What* comprises the Marketplace Index?**

Marketplace Index is a composite metric built to reflect the following behaviors:

Search
volume



Advertiser
participation



Auction
activity



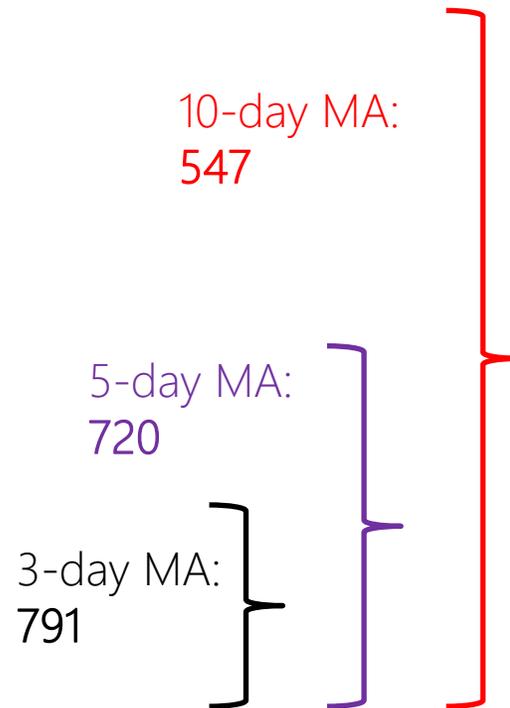
Searcher
intent



How are the signals extracted

A primer on how moving averages (MA) work

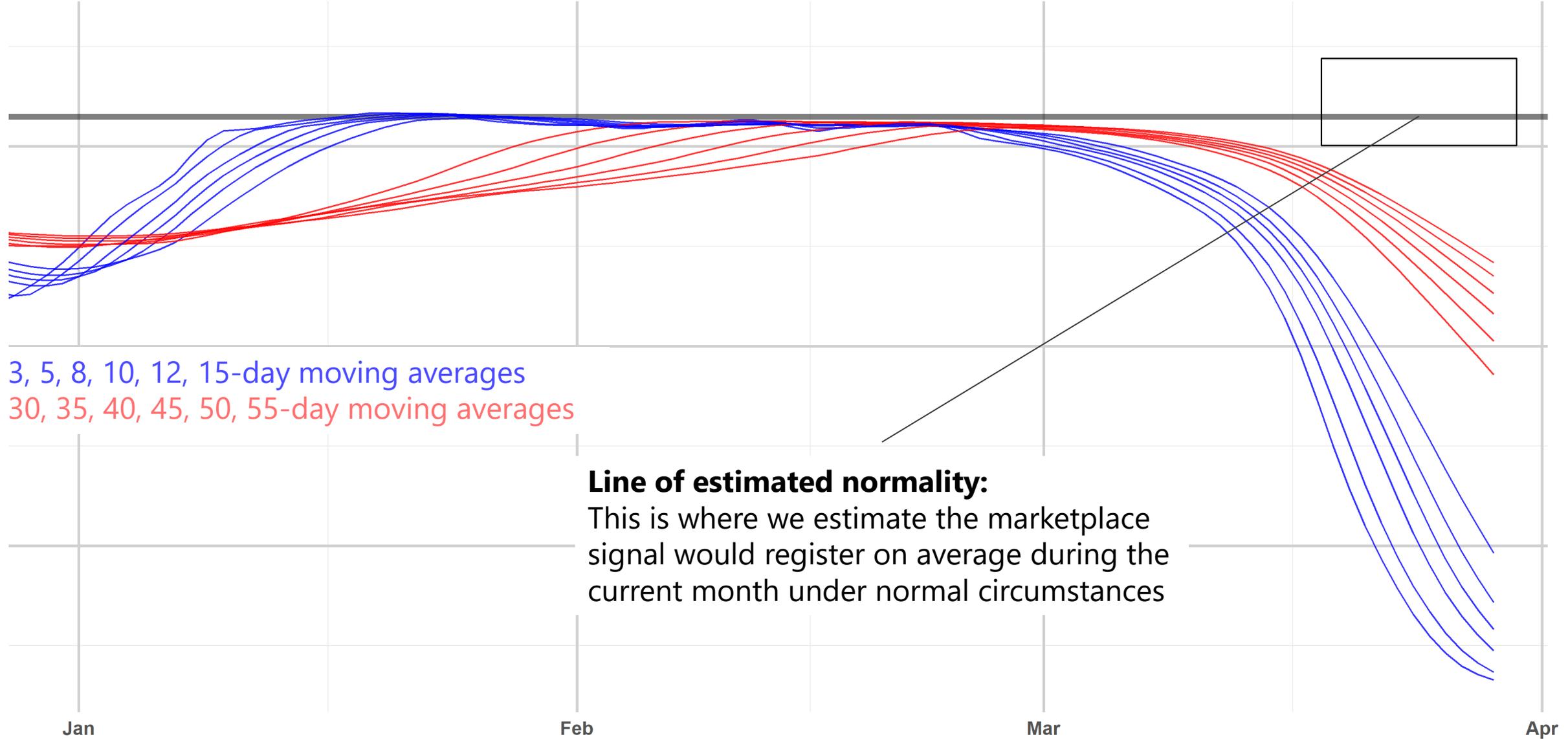
Date	Value
3/20	500
3/21	650
3/22	700
3/23	400
3/24	250
3/25	300
3/26	425
3/27	500
3/28	525
3/29	700
3/30	650
3/31	825
4/1	900



A **simple moving average** calculates the average of a selected range of values. For instance, the 3-day moving average for the date of 4/1 would be the average of the values for the dates of 4/1, 3/31, and 3/30.

Marketplace Rebound Signal Search - United States

Short View

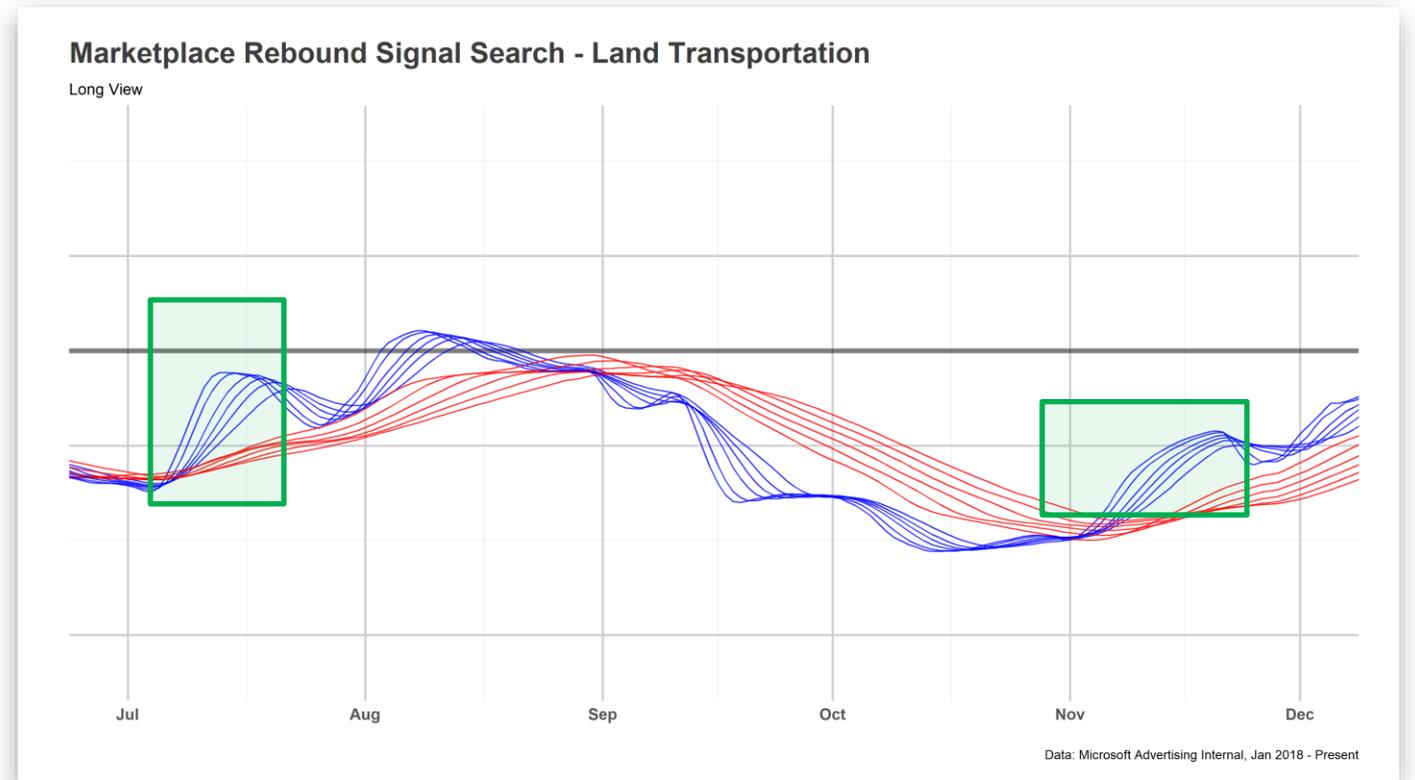


Signal:



Here our cluster of **shorter-term moving averages** has consolidated around the **estimated line of normality**, pulling latent **longer-term moving averages** with it

When there is a period with all six **short-term moving averages** above all six **long-term moving averages**, this is a confirmed market uptrend

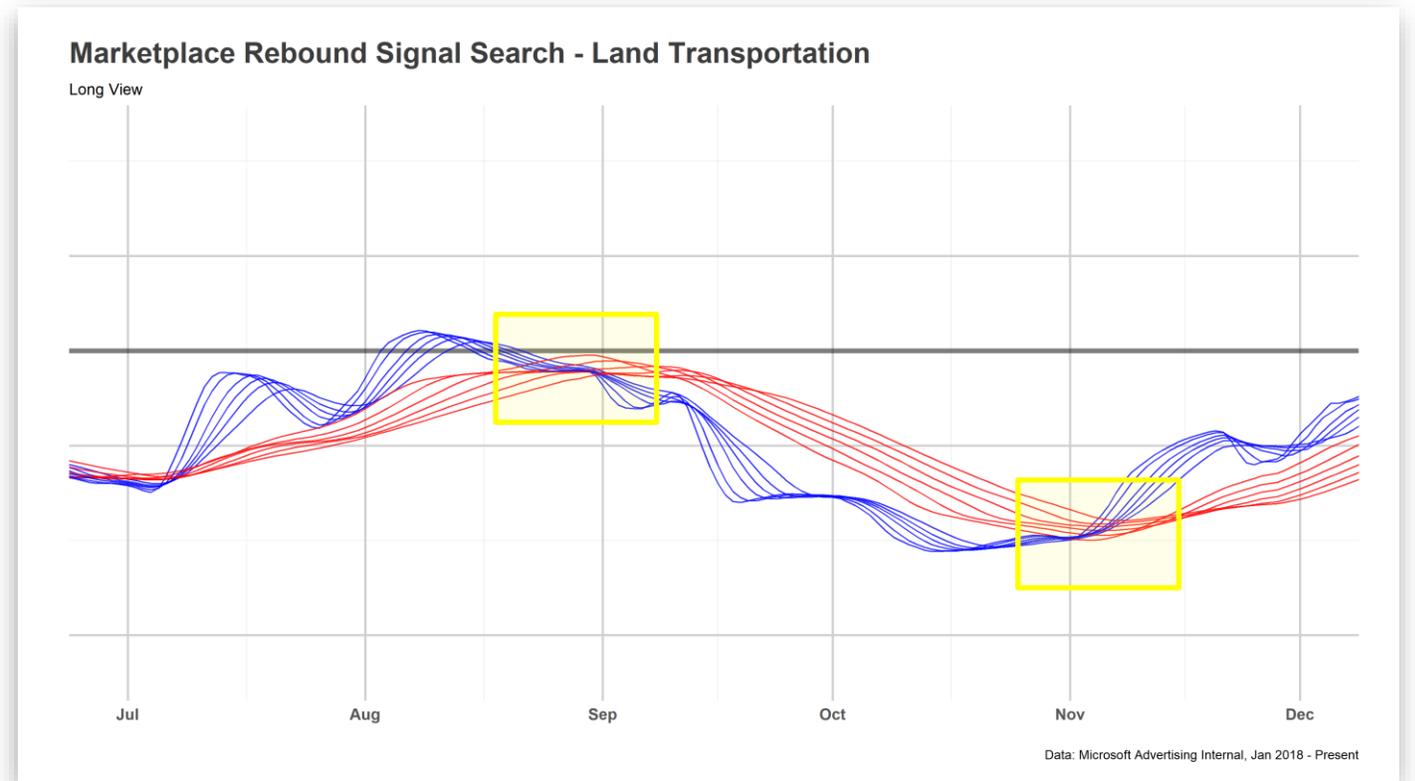


Signal:

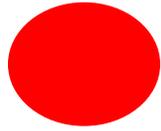


In this example, we see all six longer-term moving averages floating above all six shorter-term moving averages, suggesting a downtrend

However, the shorter-term moving averages begin to reverse course, and move back through the longer-term moving averages. This is an indication that the marketplace is possibly turning around, and a good opportunity for advertisers to re-enter.

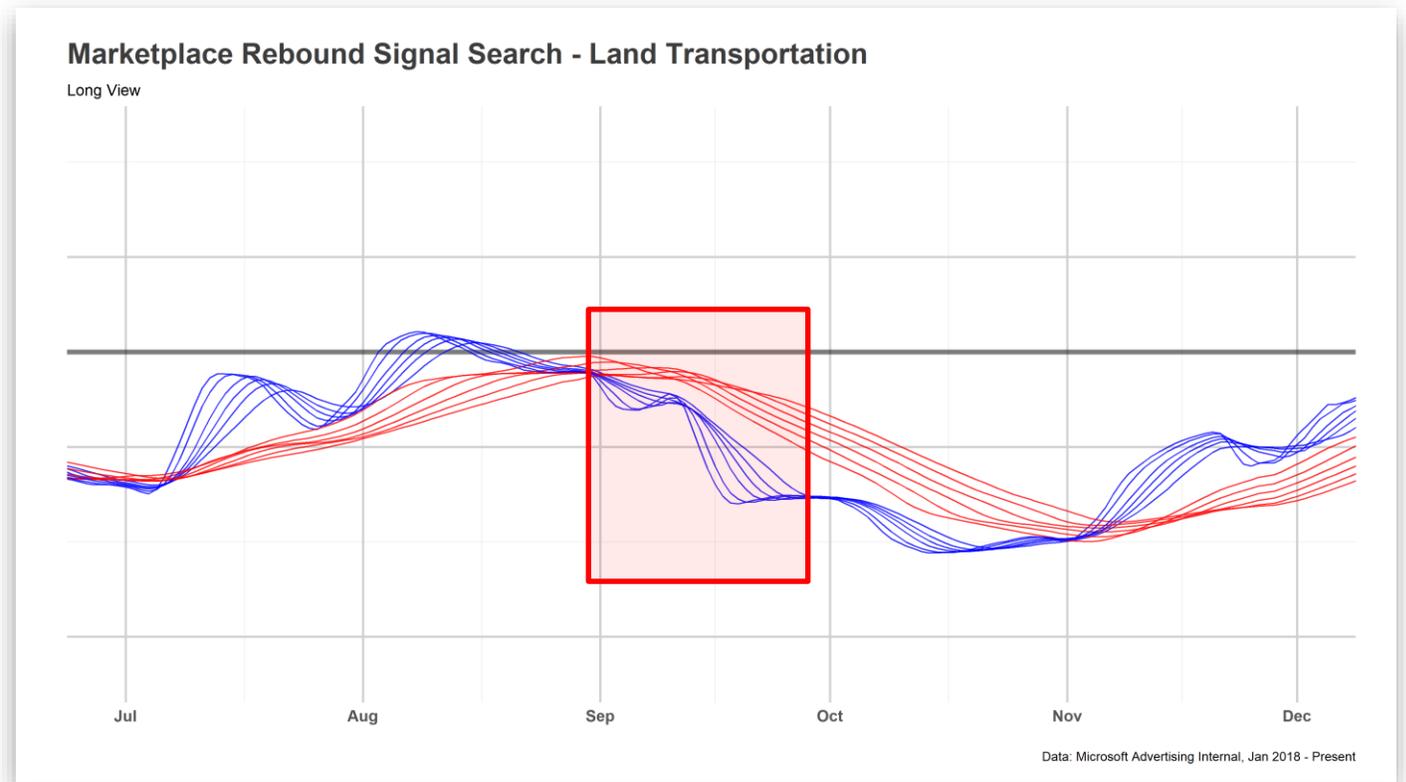


Signal:



In this example, there is a clear negative gap between the **long-term moving averages** and the **short-term moving averages**, and that gap is increasing

When the cluster of **short-term averages** demonstrates behavior in the opposite direction, it will be time to think about a yellow signal. Until then, this is firmly a downtrend.



How the auto marketplace is performing



U.S. marketplace signals



Auto marketplace signals – U.S. short window

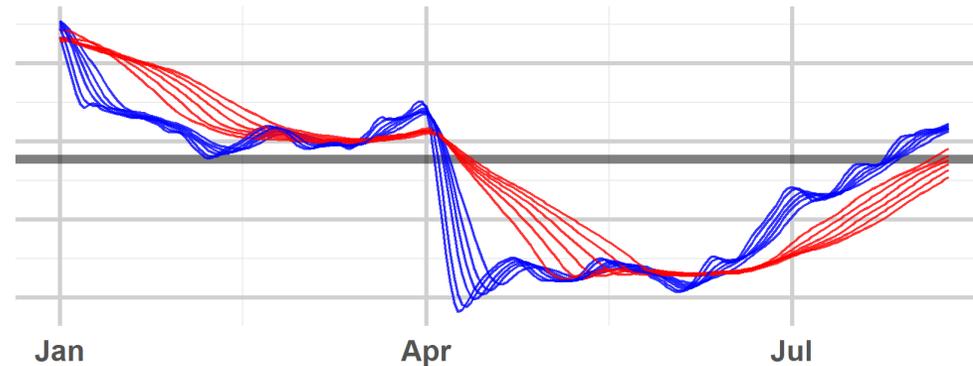
Sub-category	Signal	Signal guide	
Tier 1 OEM			Marketplace Index is trending above their normality line
Tier 2 Dealers			
Tier 3 Dealers			Marketplace Index is trending near their normality line
3 rd Parties			
Parts & Service			Marketplace Index is trending below their normality line

Tier 1 maintains growth trajectory into August

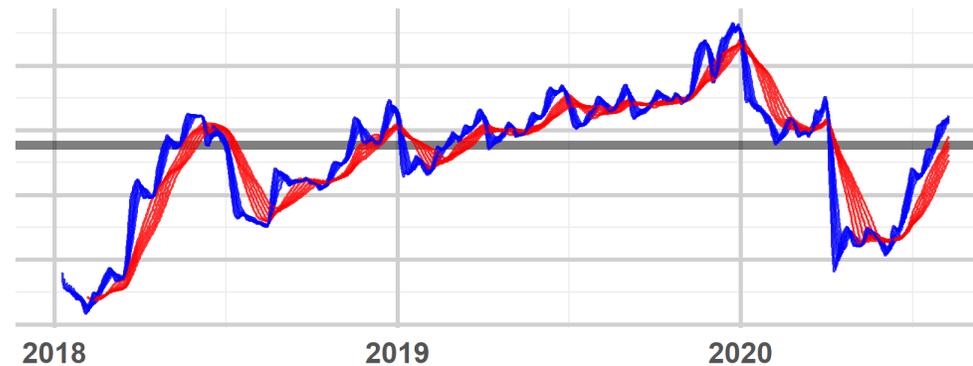
— Median of August '19 and August '18
3, 5, 8, 10, 12, 15-day moving average
30, 35, 40, 45, 50, 55-day moving average

- Tier 1 continues to pace nicely in August, maintaining its gap between the short-term and long-term moving averages
- This week, the long-term averages reached the August normality line indicating Tier 1 is meeting prior year August levels

Tier 1 Short Window



Tier 1 Long Window



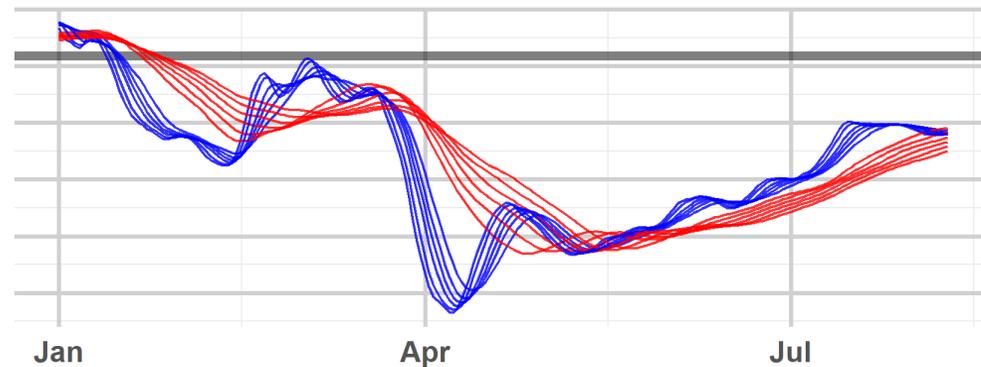
Tier 2 retracts some of its positive momentum



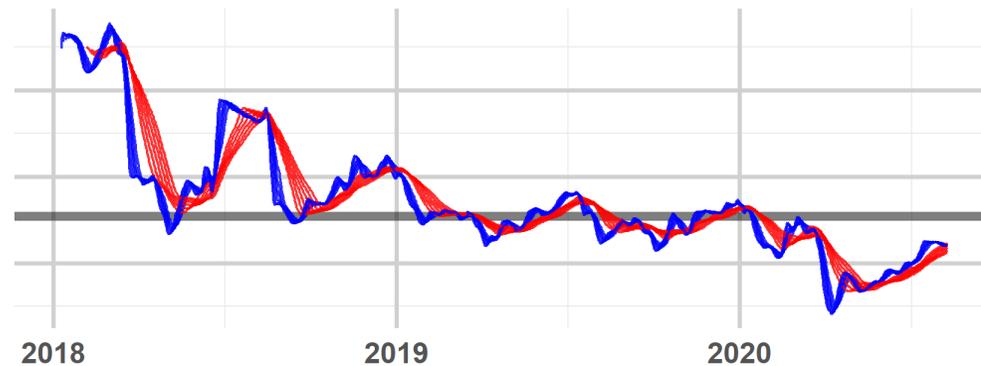
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- Tier 2 short-term moving averages have flattened this week and started to curve down, as they merge with the long-term moving averages. Short-term growth has dissipated, but levels are still noticeably above the lows.
- August normality line has moved down from the July reference line

Tier 2 Short Window



Tier 2 Long Window

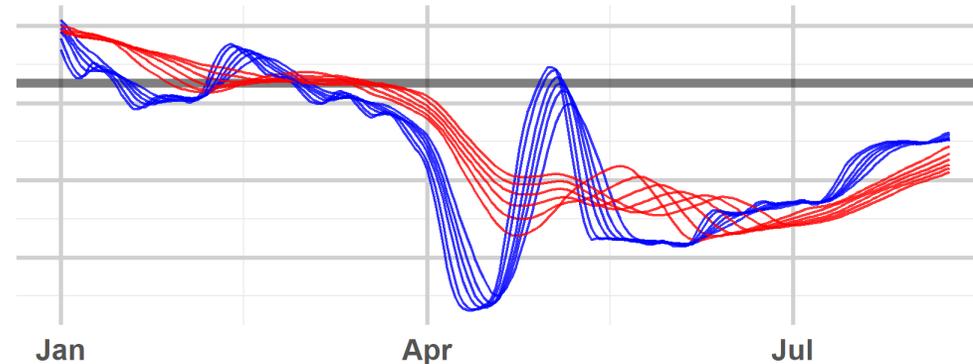


Tier 3 keeps up its growth momentum

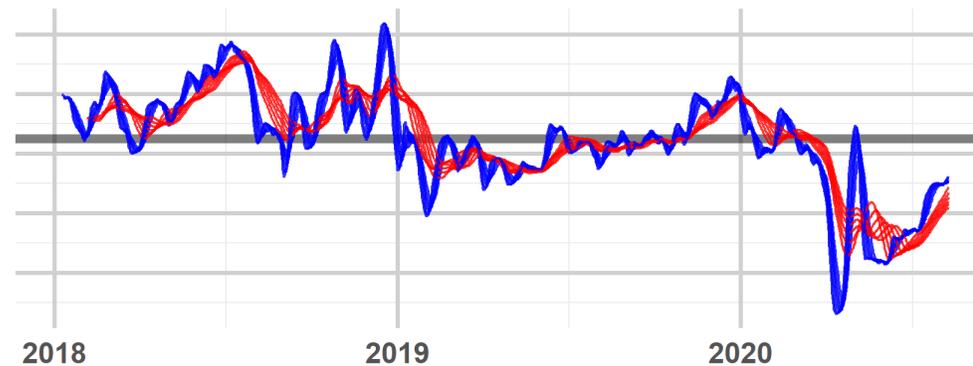
— Median of August '19 and August '18
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- Tier 3 has continued to see its short-term moving averages outpace the long term, as it starts to gain ground towards its August line of normality

Tier 3 Short Window



Tier 3 Long Window

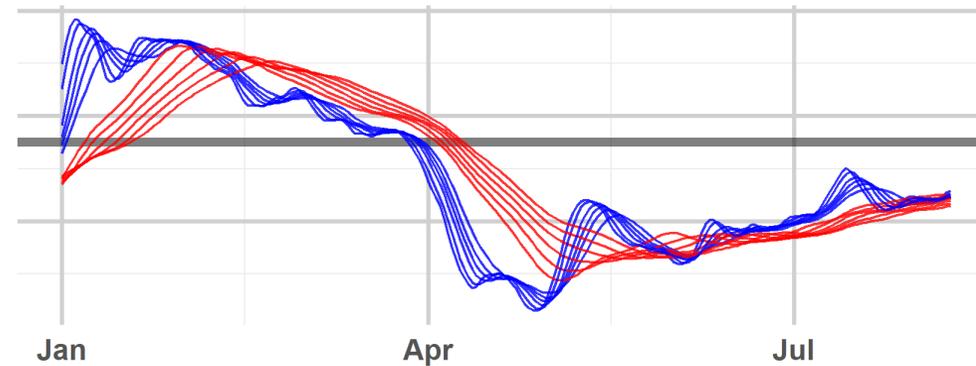


Third party trending flat in the short term

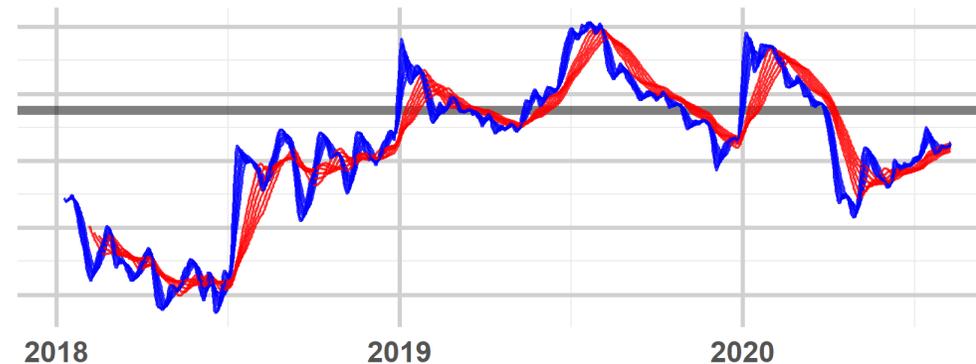
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- Third Party index illustrates how the short-term moving averages are trending flat and in-line with the long-term moving averages, a sign of a lack of momentum in either direction (up or down)

Third Party Short Window



Third Party Long Window



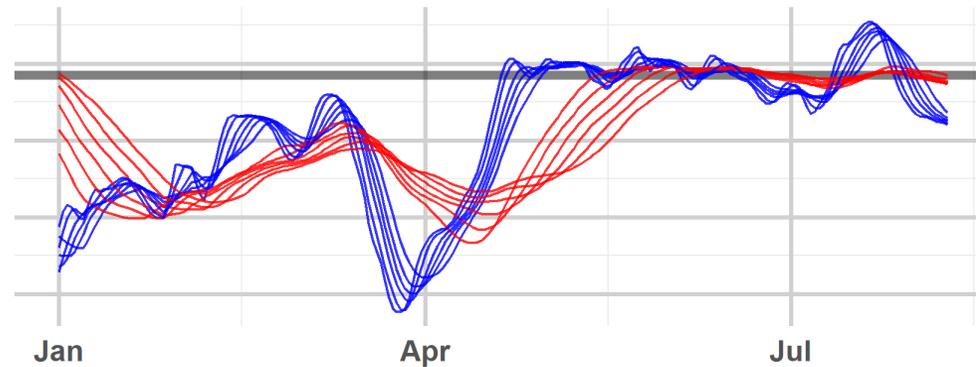
Parts & Service experiences downward trends



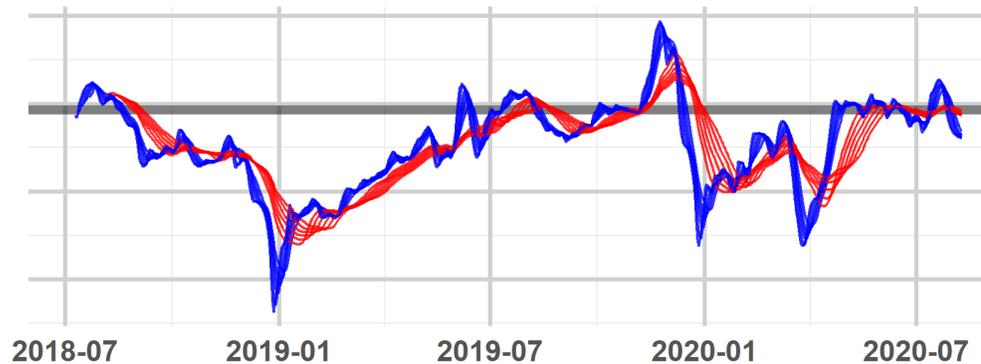
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- After a strong start to the summer, Parts & Service has started to trend down in the short-term, trending below the long-term averages
- The August line of normality is below the July reference line

Parts & Service Short Window



Parts & Service Long Window





International marketplace signals



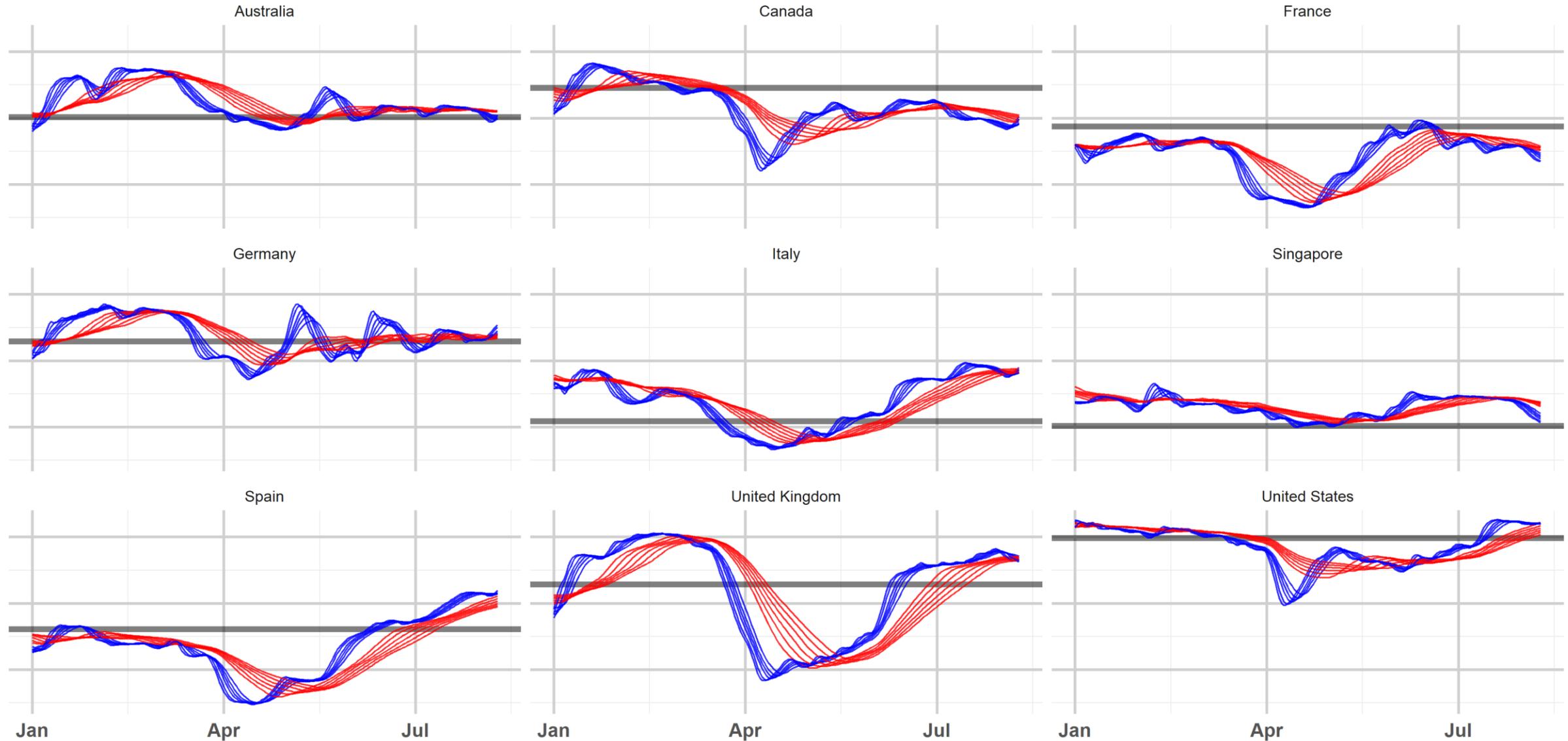
Auto marketplace signals – International short window

Market	Signal	Signal guide
 Australia		 Marketplace Index is trending above their normality line
 Canada		
 France		 Marketplace Index is trending near their normality line
 Germany		
 Italy		 Marketplace Index is trending below their normality line
 Singapore		
 Spain		
 United Kingdom		

Marketplace Rebound Gauge, Global, Short Window

When short term averages crest long term averages, this is a strong signal the marketplace is reversing

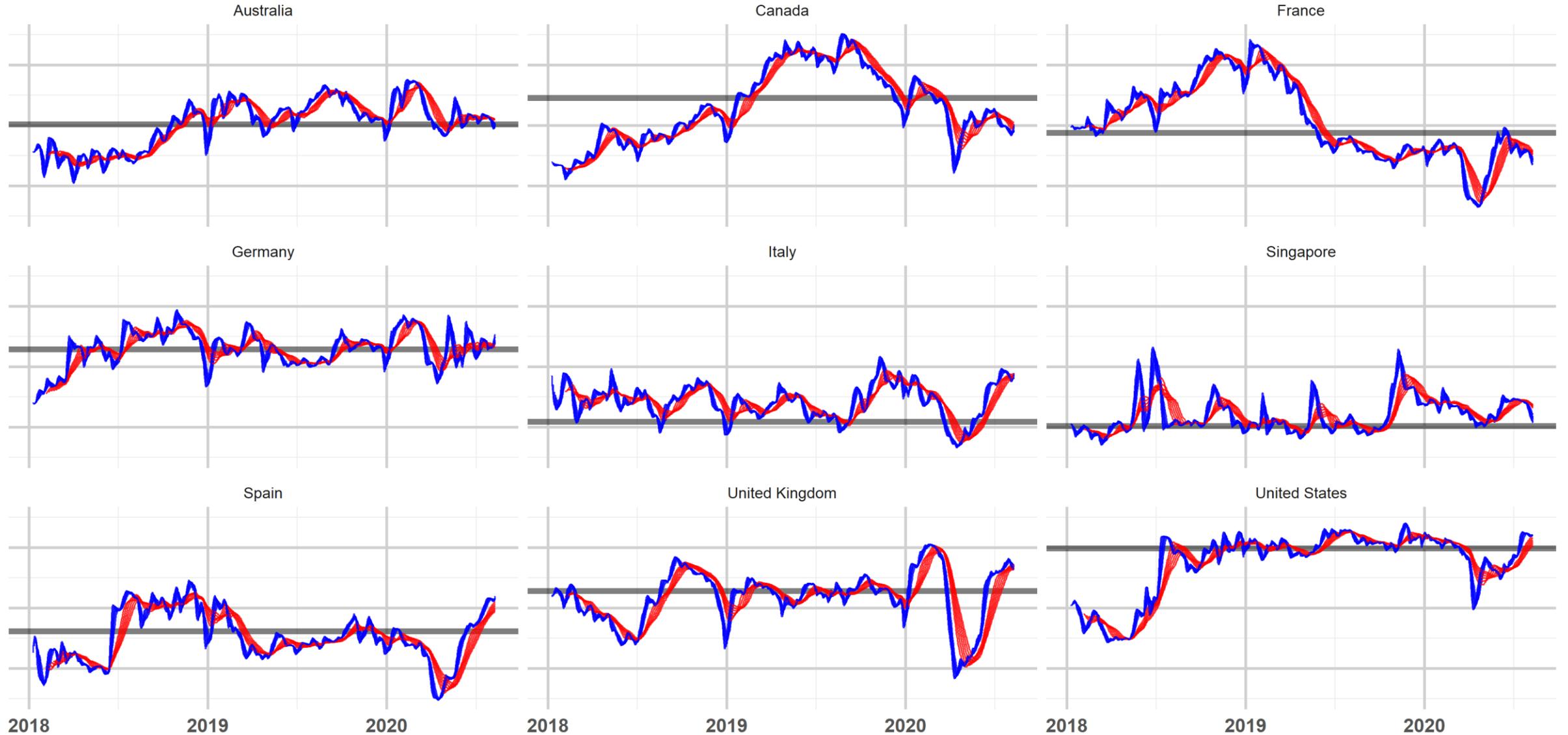
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Strategies and recommendations

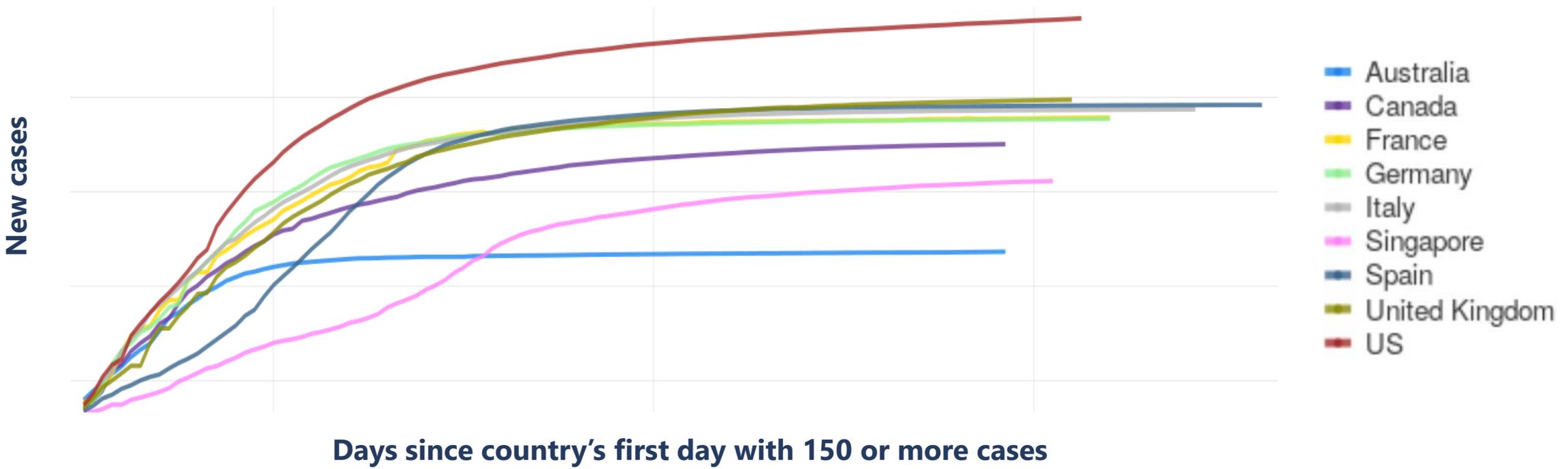
Learn immediate and recovery-phase strategies, and how to approach new opportunities and optimize account health in the [Digital Advertiser's Guide to COVID-19](#)



Appendix



COVID-19 curve by international market

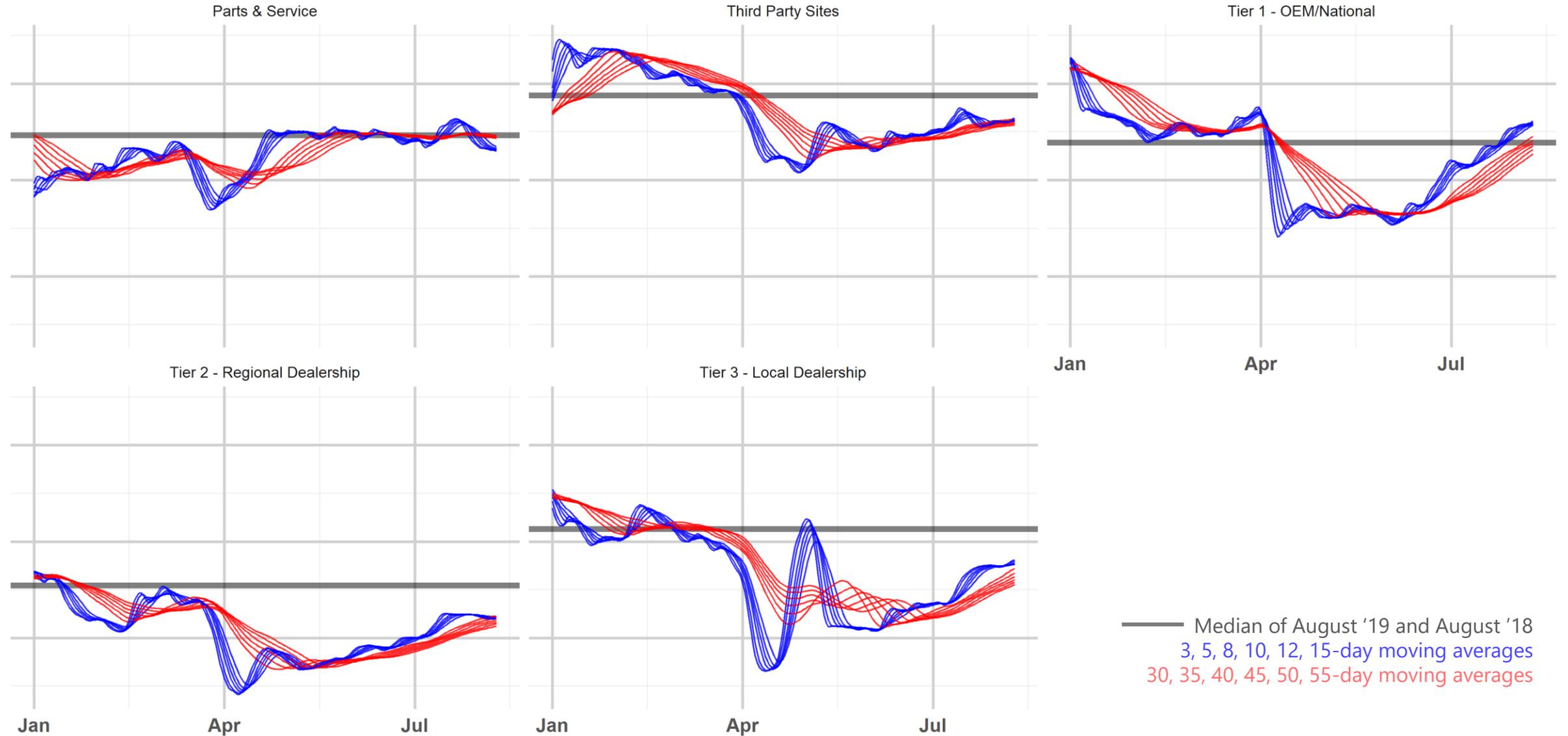


Source: Data as of 6.19.2020 <https://www.datacat.cc/covid/>



Autos Marketplace Rebound Gauge, United States, Short Window

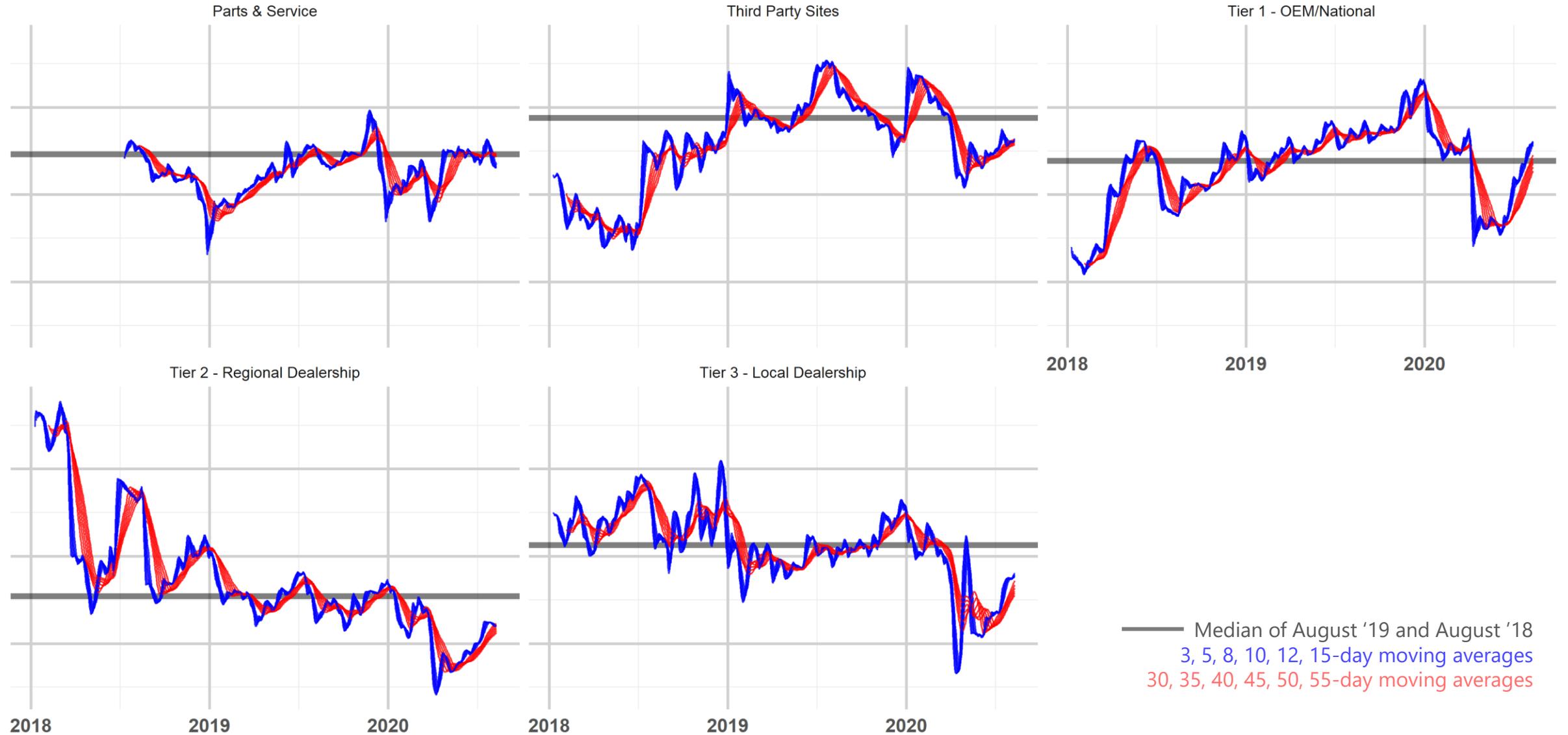
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Autos Marketplace Rebound Gauge, United States, Long Window

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