Continued impact of COVID-19 on the Auto Industry

As of 30th May, 2020
New car registration shows signs of recovery

As we gradually head back to “normalcy” with the continued need for social distancing - a new wave of car buyers are expected to enter the market in coming months.
Changing scenarios & needs leading to increased research & searches

Indexed* search volume

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Potential reasons for increase in search activity:

- **Safer essential journey** and back to work – less public transport dependencies
- **Click and collect** was one step ahead of showroom opening encouraging potential buyers
- Continued shift towards **Alternate Fuel Vehicles (AFV)** as consumers explore available options (model + brand), government grants & AFV segment in general
- **Government aid** to car buyers esp. **potential scrappage scheme** for petrol and diesel cars
- Need to understand the changes in **back to showroom and test drives amidst COVID-19** situation and the need for social distancing
Recovery is expected to continue, as need increased

- Short-term averages are growing since the middle of April and have crested long-term averages at the start of May.

- Data suggests a start of recovery, advertiser could consider scaling up activity in this category to gain a first-mover/competitive advantage

More on how to read this graph and methodology in the appendix

MACD-type analysis:
This offers an at-a-glance high-level signal about the commercial viability (marketplace index) of our auto marketplace compared to times of relative normality
If all short-term averages (blue lines) grow/break through long-term averages (red lines) this might be a sign of recovery

Legend:
3, 5, 8, 10, 12, 15 day moving (short-term) averages of marketplace index
30, 35, 40, 45, 50, 55 day moving (long-term) averages of marketplace index
Grey thick line: Estimated 'normal' level
Consumers are back in the market with renewed needs and buying intent

Used vehicles and showroom visits readiness is the highlight amongst rest of the recovery

Search Volume month-on-month

Source: Internal Data, All Device
Electric & economy vehicles could spearhead needs of new car buyers

Source: Internal Data, All Device
Alternate Fuel Vehicle = Electric + Hybrid + PHEV
Slightly greater demand for SUVs, potentially due to continued family time and increased staycations post lockdown

Search volume month-by-month by vehicle body type

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<thead>
<tr>
<th></th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
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<tbody>
<tr>
<td>Car</td>
<td>7%</td>
<td>31%</td>
<td>37%</td>
<td>1%</td>
</tr>
<tr>
<td>SUV</td>
<td>7%</td>
<td>34%</td>
<td>31%</td>
<td>1%</td>
</tr>
<tr>
<td>Van</td>
<td>1%</td>
<td>4%</td>
<td>7%</td>
<td>37%</td>
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Source: Internal Data, All Device
SUV = SUV + MPV + Crossovers

Clicks month-by-month by vehicle body type

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<tr>
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<th>May</th>
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<tbody>
<tr>
<td>Car</td>
<td>1%</td>
<td>9%</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>SUV</td>
<td>9%</td>
<td>68%</td>
<td>34%</td>
<td>64%</td>
</tr>
<tr>
<td>Van</td>
<td>20%</td>
<td>59%</td>
<td>6%</td>
<td>55%</td>
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</table>

Source: Internal Data, All Device
AFV is top of mind for most consumers and a key shopping consideration. Expand and optimise for maximum visibility as the demand peaks.

**Top recommendations**

**Newer and greater demand in coming months**
Getting back to normalcy with the continuing need to social distancing, increase in demand is expected. Prepare-Communicate-Engage with consumers to the fullest.

**Retargeting**
Retargeting & Re-engage with consumers who visited your site and expressed interest in the recent months.

**Ensure your AFV campaigns are UpToDate**
AFV is top of mind for most consumers and a key shopping consideration. Expand and optimise for maximum visibility as the demand peaks.

**Not all of UK showrooms are opening yet**
Explore location targeting keeping in mind that the consumers can continue car buying in England with stores still closed in other parts of the country.

**Revise and revamp your ad copies and landing page content**
Reflect today’s needs and sentiments through your ad copies & Landing pages – like store visits and test drive info, AFV options, financing ....

**Expand further into generics**
Generics are critical than ever before, as consumer adapt to new lifestyle needs, new buying processes and new technology (AFV).
How the signals are extracted?
Line of estimated normality:

This is where we estimate the marketplace signal would register on average during the current month under normal circumstances.
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 a confirmed market uptrend.
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.
In this example, there is a clear negative gap between the long term moving averages and the short term moving averages.

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.
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**
# A primer on how moving averages work

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 attendant values for the dates of 4/1, 3/31, and 3/30.

<table>
<thead>
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<td>650</td>
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<tr>
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<tr>
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<tr>
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- **3 day MA:** 791
- **5 day MA:** 720
- **10 day MA:** 547