



MICROSOFT ADVERTISING

# Autos Consumer Sentiment

March 2020

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**“If there’s going to be an economic shock that roils the auto industry, it’s going to come from changes to consumer psychology and confidence and spending patterns”**

- Alex Calderone, managing director of financial and litigation at Calderone Advisory Group  
*March 2020*

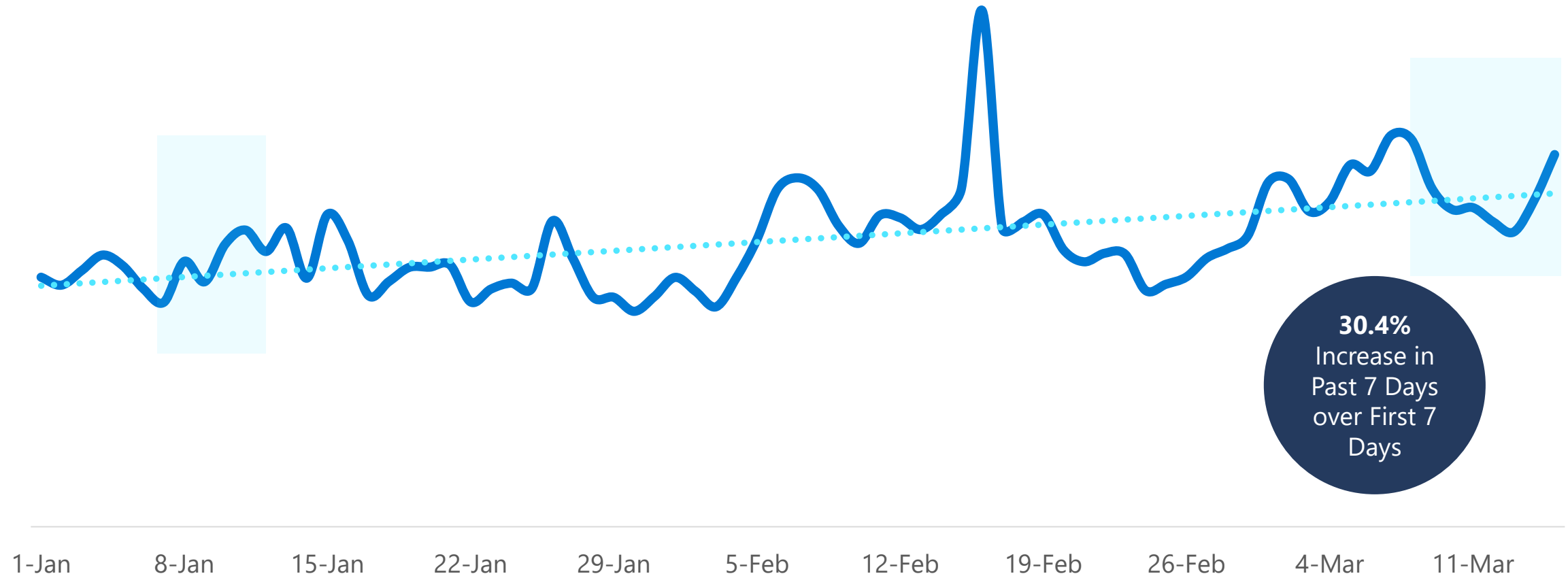
# Autos consumer mindset has shifted to being more financially conscious

- Amid our new normal and the shifts in our economy, consumers are showing an uptick in searches for vehicle purchase incentives, reflective of more financially-conscious consumers
  - Incentive queries include searches for “specials,” “sales,” “deals,” and “offers”
- The uptick in incentive queries is mostly concentrated in the most recent weeks in March
- Queries for luxury makes have shown more consumer interest for purchase incentives than queries for economy makes
- The median increase in luxury make incentives queries is 90.7% when comparing the latest 7 days vs. the first 7 days of the year, as compared to 11.3% for economy make incentive queries



# Across makes, incentive queries have been trending up

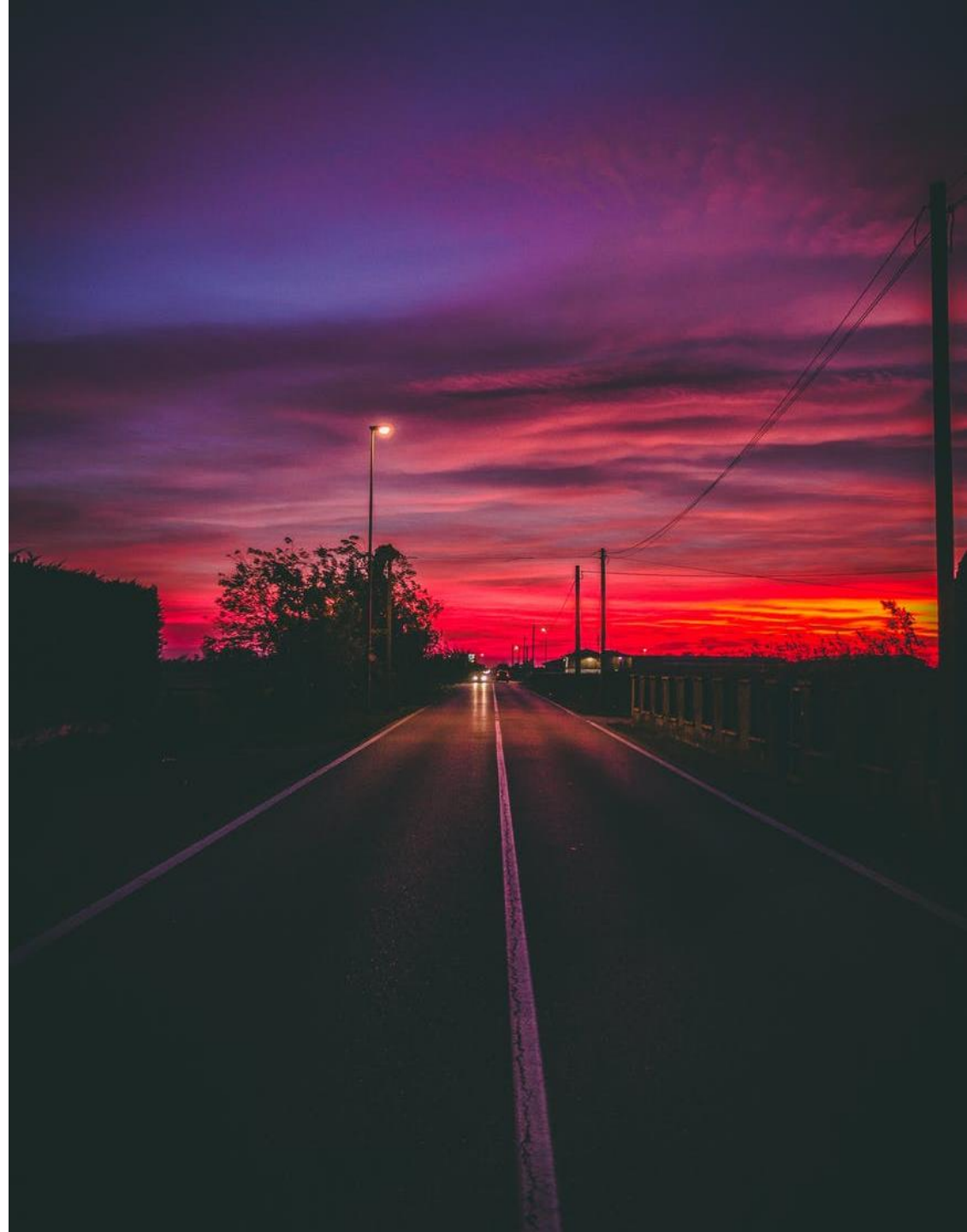
## Year-to-date (YTD) top incentive queries across top 25 makes



Source: Microsoft Internal Data Jan 1, 2020 – Mar 15, 2020,  
Inclusive of all devices and all network data in the U.S.  
All queries are make specific and for new vehicles only

# Recommendations

- Luxury original equipment manufacturers (OEMs) will face a more competitive consumer market as disposable incomes decrease. Some OEMs are offering deferred payment plans, while others are offering 0% financing.
  - Tier 1 OEMs should highlight financing options
- Tier 2 and Tier 3 dealerships should consider sweetening their incentives while also making sure to communicate these deals
  - Prioritize incentive keywords so they may reach the right audience
- 3<sup>rd</sup> parties should consider highlighting 2019 and 2018 car models that may be more affordable for shoppers and do not compromise on new car features





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