MICROSOFT ADVERTISING INSIGHTS

Fueling the Future | the quest for electrified vehicles
Electrified marketplace
Consumer interest in electrified vehicles (EV) grew 27% year-over-year (YoY) in 2021; however, ad coverage lagged, down -11%.

Most recently, electrified searches were up 34% MoM, but 42% did not trigger ads.

Source: Microsoft Internal Data, Jan 20 – Mar 22. Electrified searches include hybrid, plug-ins and electric brand and non-brand. BSRPV = Bidded Search Results Page View
The rising cost of gas is influencing search behavior and transportation preferences

Electrified queries have a strong positive correlation with U.S. fuel prices.

Despite the unprecedented EV spike attributed to Super Bowl, the correlation is still very strong.

Fuel prices | weekly indexed searches

Gas $  Electrified Queries

Source: Gasbuddy, Microsoft Internal Data O&O 2022 YTD; SRPVs indexed share against all queries.
The rising cost of gas is influencing search behavior and transportation preferences.

Reach potential customers solving for the rising gas prices by exposing your EV lineup on fuel price searches.

Source: Gasbuddy, Microsoft Internal Data O&O 2022 YTD; SRPVs indexed share against all queries.

U.S. fuel prices have a strong correlation with fuel price queries.

Fuel prices | Weekly indexed searches

<table>
<thead>
<tr>
<th>Date</th>
<th>Gas $</th>
<th>Fuel Price Queries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/3/2022</td>
<td></td>
<td></td>
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<tr>
<td>1/10/2022</td>
<td></td>
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<tr>
<td>1/17/2022</td>
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<tr>
<td>1/24/2022</td>
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<tr>
<td>1/31/2022</td>
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<tr>
<td>2/7/2022</td>
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<tr>
<td>2/14/2022</td>
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<tr>
<td>2/21/2022</td>
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<tr>
<td>2/28/2022</td>
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<tr>
<td>3/7/2022</td>
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<td>3/14/2022</td>
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<td>3/21/2022</td>
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<tr>
<td>3/28/2022</td>
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</tbody>
</table>

Source: Gasbuddy, Microsoft Internal Data O&O 2022 YTD; SRPVs indexed share against all queries.
The rising cost of gas is influencing search behavior and transportation preferences
Reach potential customers solving for the rising gas prices by exposing your EV lineup on the Bus & Rail and Transportation in-market audiences

U.S. fuel prices are almost perfectly correlated with transit queries.

Fuel prices | weekly indexed searches

Source: Gasbuddy, Microsoft Internal Data O&O 2022 YTD; SRPVs indexed share against all queries.
Electrified clicks grew 25% month-over-month (MoM) and 72% YoY in March

Advertiser investment reflects how the industry is capitalizing on that growth

Source: Microsoft Internal Data  Jan 21 – Mar 22. US.
Electrified click growth is being driven by both economy and luxury makes

Luxury has seen steady growth, up 109% over the past 9 months. Meanwhile, Economy has accelerated more recently, up 104% over just the past 6 months and up 74% in the first 3 months to start the year.

Electrified clicks by class

Source: Microsoft Internal Data, Jan 21 – Mar 22. US.
Clicks have become more distributed in recent months, with a handful of makes leading the charge.

Source: Microsoft Internal Data  Jan 21 – Mar 22. US.
The role of third parties
60% of electrified shoppers who search for 3rd party (3P) brands drop 3rd Party from their query in their next search

Third Party advertisers need to invest more in electrified searches, or else risk being left out of the increasingly prominent electrified journey.

Electrified shoppers are 3x more likely to have searched for Hybrid vehicles versus EV/PHEV (plug in hybrid vehicles) models before searching for 3rd Party brand names. Consider tailoring ads on EV/PHEV keywords to prompt the same response (and subsequent search).

Source: Microsoft Internal Data, Oct – Dec 2021
Excludes aftermarket/parts & service.
Pure gas model searches make up **41%** of 3rd Party shoppers’ fuel-specific queries.

Source: Microsoft Internal Data, 2021.
Excludes aftermarket/parts & service.

13P shoppers defined by at least one click on a 3P ad; queries weighted by 3rd party click share by user.
However, the *average* 3rd Party shopper\(^1\) searches for EVs most frequently, exceeding pure Gas by 21%.

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Source: Microsoft Internal Data, 2021.
Excludes aftermarket/parts & service.
\(^1\)3P shoppers defined by at least one click on a 3P ad; queries weighted by 3rd click share by user.
89% of 3rd Party shoppers’ electrified-specific searches are branded

Hybrids and PHEVs are 2.3x more likely to be searched without a brand (original equipment manufacturer or 3P) modifier than EV queries.

Source: Microsoft Internal Data, 2021.
Excludes aftermarket/parts & service.

13P shoppers defined by at least one click a 3P ad; queries weighted by 3rd click share by user.
The electrified audience
Regardless of current vehicle ownership, many Microsoft vehicle shoppers value sustainability. Microsoft car buyers are 12% more likely to support sustainable brands than Google car buyers.

Additionally, 56% of Microsoft car shoppers indicated they were more likely to be loyal to brands they like in Q4.

Highlight sustainable features from your electrified line-up with video ads on the Microsoft Audience Network.

Source: US GWI 2021

1 Plan to purchase a car in the next 3-6 months
Microsoft users consistently over-index in share of electrified vehicle owners that are in-market-again as compared to Google users.

In Q4, Microsoft electrified vehicle owners were 17% more likely to be in-market for a vehicle than Google electrified vehicle owners.

38% of Microsoft News (MSN) users indicated having interest in owning an electric vehicle in their lifetime.


Δ: % Difference Microsoft vs Google with Google as the baseline.

1 Electric or Hybrid | 2 Plan to purchase a car in the next 3-6 months
The Hybrid & Alternative Vehicles In-Market Audience on the Microsoft Network increased 3x in size over the last 6 months.

Reach this rapidly growing in-market audience on the Audience Network for upcoming electrified model launches.

Source: Microsoft Internal Data.

The Autos & Vehicles in-market audience (IMA) grew 1.5x in size over this period, while the Hybrid & Alternative Vehicles IMA grew at twice the rate.
With fewer choices, electrified vehicle shoppers were quicker to conclude their digital journey than exclusively gas vehicle shoppers.

Show up on Search & Native to effectively intersect these shoppers as they search for the right alternative.

**Share of shoppers by path length (Days)**

<table>
<thead>
<tr>
<th>Path Length</th>
<th>Electrified Vehicle Shoppers</th>
<th>Gas Vehicle Shoppers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>23%</td>
<td>22%</td>
</tr>
<tr>
<td>11-20</td>
<td>21%</td>
<td>20%</td>
</tr>
<tr>
<td>21-30</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>31-40</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>41-50</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>51-60</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td>61-70</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Electrified vehicle shoppers had an average of 14 Native touchpoints along their journey.

The shopper journey
38% of shoppers\(^1\) who complete their journeys with an electrified query have searched non-brand terms

Nearly half of these shoppers\(^2\) initiate their journey without a brand in mind

First non-brand search occurrence in journey

<table>
<thead>
<tr>
<th>Start to end of journey</th>
<th>First</th>
<th>Early</th>
<th>Midway</th>
<th>Late</th>
<th>Last</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.5%</td>
<td>11.7%</td>
<td>4.1%</td>
<td>4.2%</td>
<td>0.8%</td>
<td></td>
</tr>
</tbody>
</table>


\(^1\) Last search of the user journey (i.e. no activity for at least 2 weeks) was electrified (brand or nb).

\(^2\) Subset of last electrified searchers who included non-brand in their journeys.
50% of shoppers who end their journeys with an electrified query convey interest in alt-fuels prior to the midpoint.

The autos shopper can begin to consider electrified at any time during the path; your presence is critical during all touchpoints.


1 Last search of the user journey (ie no activity for at least 2 weeks) was electrified (brand or nb).
Hybrid and PHEV shoppers continue to have the lowest conviction on fuel type

Employ remarketing tactics to keep the Hybrid and PHEV audience engaged


Share of shoppers searching for the same fuel type in the next query

<table>
<thead>
<tr>
<th>Fuel Type</th>
<th>Next Search</th>
<th>Third Search</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas Shopper</td>
<td>63%</td>
<td>47%</td>
</tr>
<tr>
<td>Electric Shopper</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>Hybrid Shopper</td>
<td>50%</td>
<td>36%</td>
</tr>
<tr>
<td>PHEV Shopper</td>
<td>43%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Extend remarketing to Native to drive incremental traffic (3.3x) & conversions (2.4x) on the Audience Network.
There are clear affinities between fuel types even as shoppers cross-search alternative fuels

Expanding conquisting strategies can be more fruitful when targeting a close fuel alternative

- Hybrid queries are 7.2x more likely to precede a PHEV sequence\(^1\) vs an EV sequence.
- PHEV queries are 3.9x more likely to precede a Hybrid sequence\(^1\) vs a EV sequence.
- Electric queries are 3.4x more likely to precede a PHEV sequence\(^1\) vs a Hybrid sequence.


\(^1\)Fuel type sequence indicates the last of three searches was the mentioned fuel type.
Non-brand is 39% more likely to precede an electrified search than a gas search

Increase non-brand share of voice (SOV) in electrified campaigns and include both fuel and segment keywords.

- **+49%** There are 49% more non-brand queries that precede a **phev** brand search than preceding a gas brand search.

- **+45%** There are 45% more non-brand queries that precede an **electric** brand search than preceding a gas brand search.

- **+27%** There are 27% more non-brand queries that precede a **hybrid** brand search than preceding a gas brand search.

Source: Microsoft Internal Data. Oct - Dec 2021. Non-brand is inclusive of fuel + non-brand (e.g. electric suv). Excludes aftermarket queries.
Non-brand Fuel keywords lead shoppers to search brand more quickly than pure segment terms.

Share of shoppers moving from non-brand to brand by their third query

- Non-Brand + Electric: 60%
- Non-Brand + PHEV: 62%
- Non-Brand + Hybrid: 61%
- Non-Brand: 46%

Shoppers are undecided on fuel type. 40% of shoppers searching for Brand + Electric were previously querying for Brand + Undefined Fuel.

Sequences most commonly appearing in search patterns

First Search
- Brand + Electric 48%
- Brand + Undefined 40%
- Non-Brand 9%
- Brand + Hybrid or PHEV 2%
- Brand + Gas 1%

Second Search
- Brand + Electric 59%
- Brand + Undefined 31%
- Non-Brand 8%
- Brand + Hybrid or PHEV 1%
- Brand + Gas 1%

Third Search
- Brand + Electric

A larger share of Hybrid and PHEV shoppers precede a fuel-specific query with an unspecified fuel type than Electric and Gas shoppers.

Consider more upper-funnel strategies to influence the Hybrid and PHEV audience.

Share of brand queries preceding fuel search:

- Hybrid Shopper: 49% Brand + Undefined, 1% Brand + Alt Fuel, 1% Brand + Gas
- PHEV Shopper: 46% Brand + Undefined, 1% Brand + Alt Fuel, 1% Brand + Gas
- Electric Shopper: 40% Brand + Undefined, 1% Brand + Alt Fuel, 1% Brand + Gas
- Gas Shopper: 40% Brand + Undefined, 1% Brand + Alt Fuel, 1% Brand + Gas

Consumer interest in alternative fuel vehicles is growing.

There are now 2.5x more models with multiple fuel types than there are pure gas models.

Shoppers search for electric models 22% more than they search for pure gas models.

**Electrification – Key Learnings**

As the marketplace shifts, consumer interest in electrified vehicles continues to increase, yet the coverage is lagging overall. There are unique opportunities for advertisers to get ahead of the curve by efficiently reaching these users across search, display, and native.

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<thead>
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<tbody>
<tr>
<td><strong>1</strong></td>
<td>1 of 5 electrified consumers initiate their journey without a brand in mind and 64% without a fuel type specified. Ensure your electrified ads are serving on non-brand / undefined fuel type queries to provide direction to potential customers.</td>
<td><strong>2</strong></td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>60% of shoppers who have modified an electrified search with a 3P modifier will drop the 3rd party brand modifier in their next search.</td>
<td><strong>4</strong></td>
</tr>
<tr>
<td><strong>5</strong></td>
<td>Microsoft users consistently over-index in the share of electrified vehicle shoppers compared to Google users. Leverage Bing and MSAN in electrified vehicle media plans to reach the right consumer.</td>
<td><strong>6</strong></td>
</tr>
</tbody>
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