Microsoft

MICROSOFT ADVERTISING INSIGHTS

2022 Spring refresh
Home & Construction

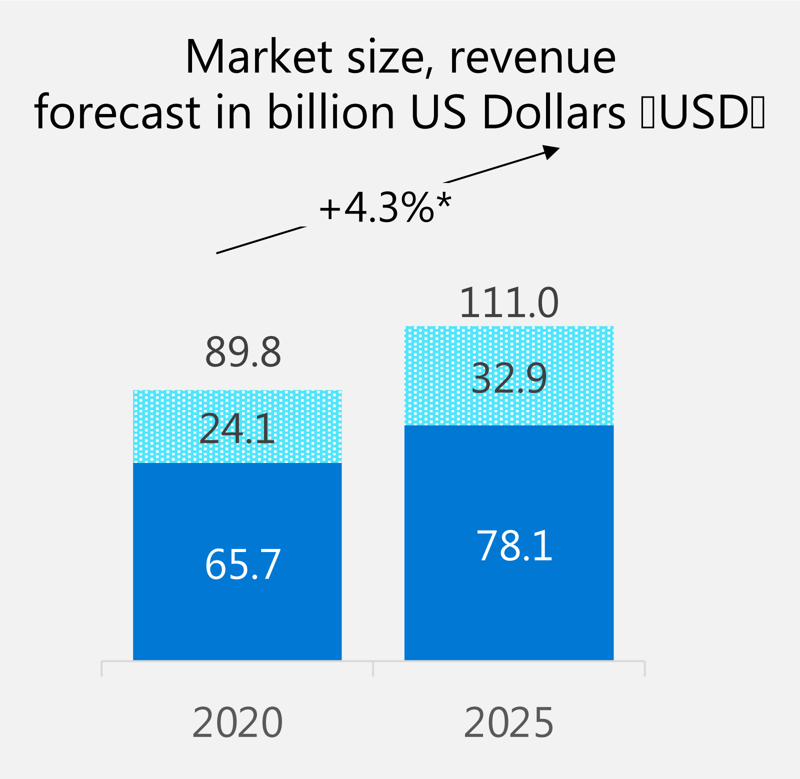
Microsoft Advertising. Great relationships start here.

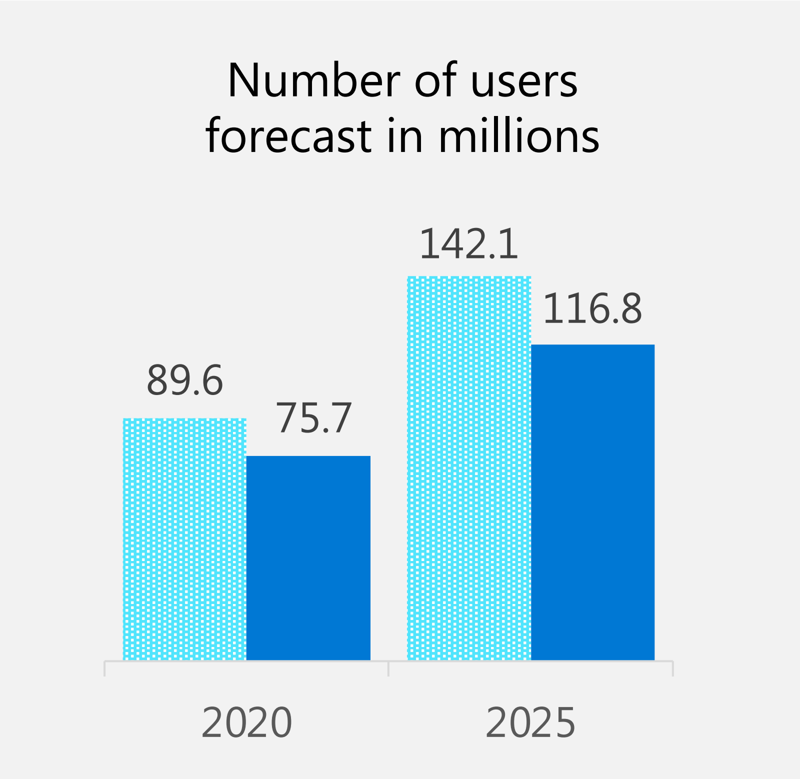
Total Furniture & Appliance revenue is projected to increase

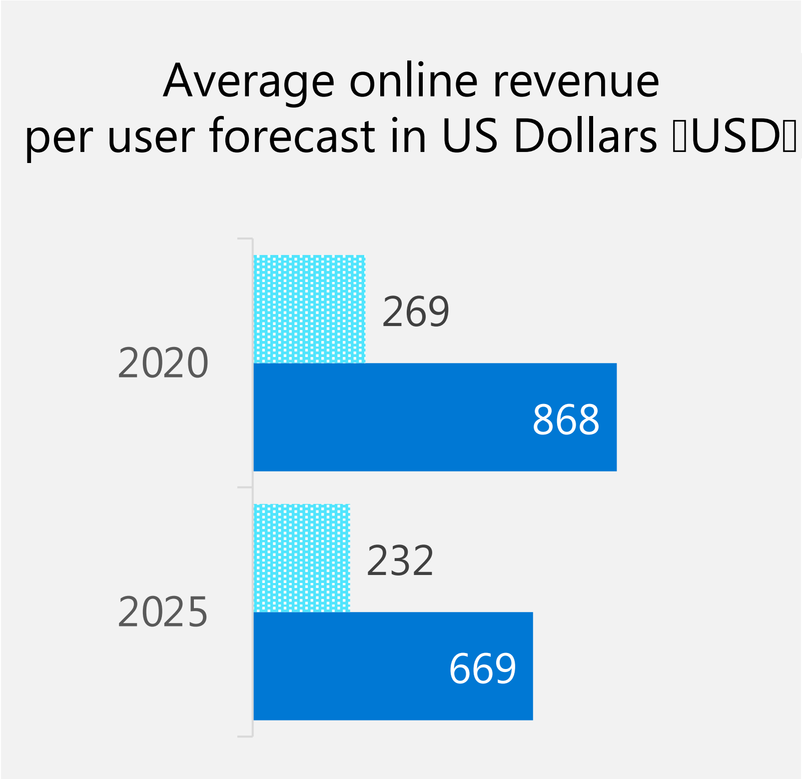
Compound Annual Growth Rate (CAGR*) is expected to be 4.3% by 2025 due to eRetail audience growth for these categories

US Statista forecasts for eRetail Furniture and Appliances

Furniture & homeware   Household appliances







*CAGR: Compound Annual Growth Rate / average growth rate per year
Source: Statista Digital Market Outlook 2021, eCommerce Report – Furniture & Appliances
study_id38859

Microsoft

Consumer interest in Home & Construction (H&C) grew year-over-year (YoY)

The reduction of net new cheap pandemic related queries coupled with an increase in competition aided to a rise in cost-per-click (CPC)

+6.4% YoY

Search growth across Home & Construction categories

+3.2% YoY

Click growth

+22.6% YoY

Spend increase due to larger competition and higher CPCs

Source: Microsoft internal data, US Only

Searches are presently outpacing clicks

This is likely the result of unseasonal click growth seen at this time in the prior year. More notably, CPCs appear to be stabilizing in 2022

+6.4% YoY
Search growth across Home & Construction categories

+6.7% year-to-date YoY
Search growth for Home & Construction categories

+3.2% YoY
Click growth

-13.8% year-to-date YoY
Click decline

+22.6% YoY
Spend increase potentially due to larger competition and higher CPCs

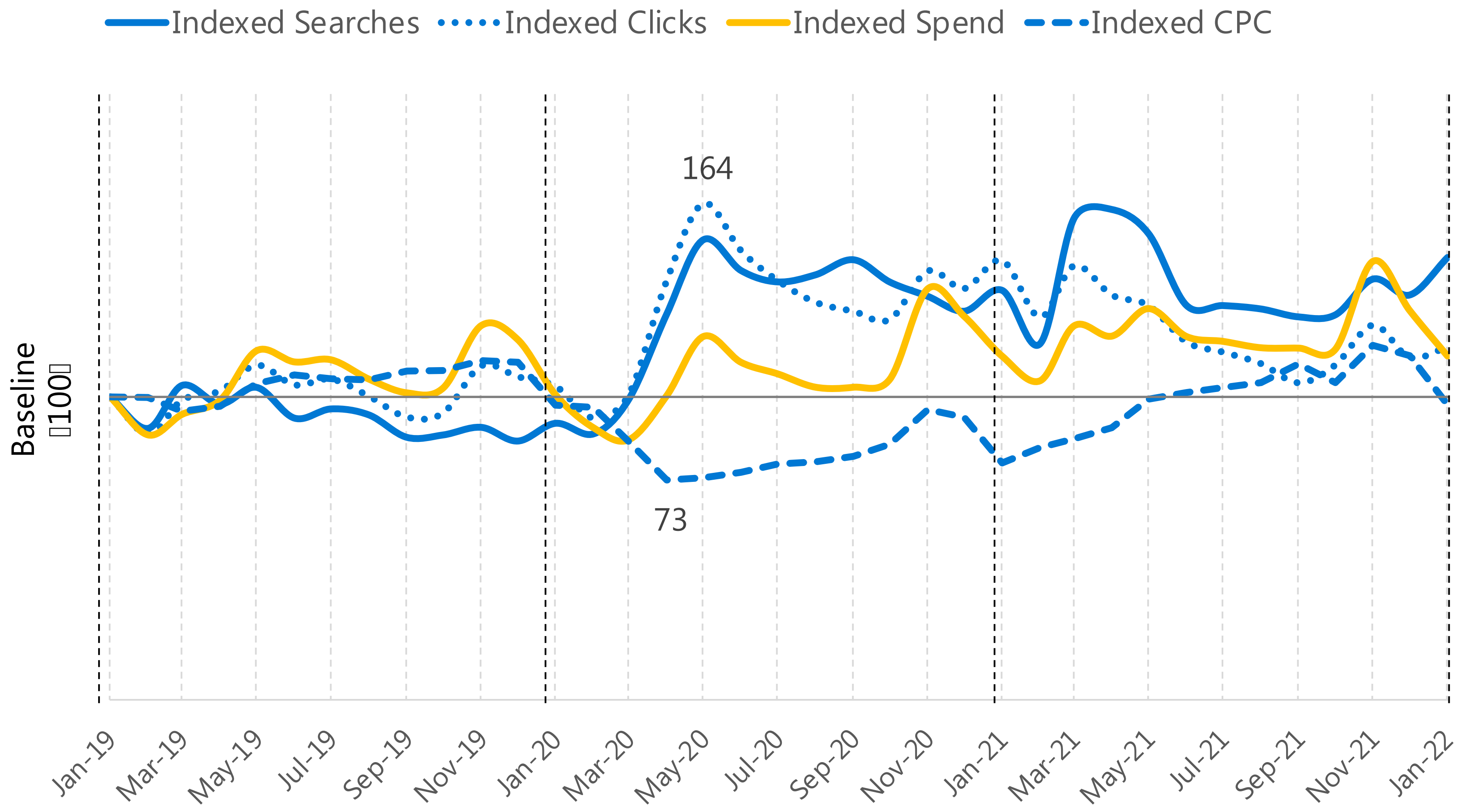
+9.2% year-to-date YoY
Spend growth

Microsoft

Source: Microsoft internal data, US Only

Pre-2020 historic performance highlights the return to pre-pandemic CPCs

Indexed performance by week



Looking further back, with 2019 as the baseline, indexed performance shows continued search and click growth with efficiencies more in line with pre-pandemic levels

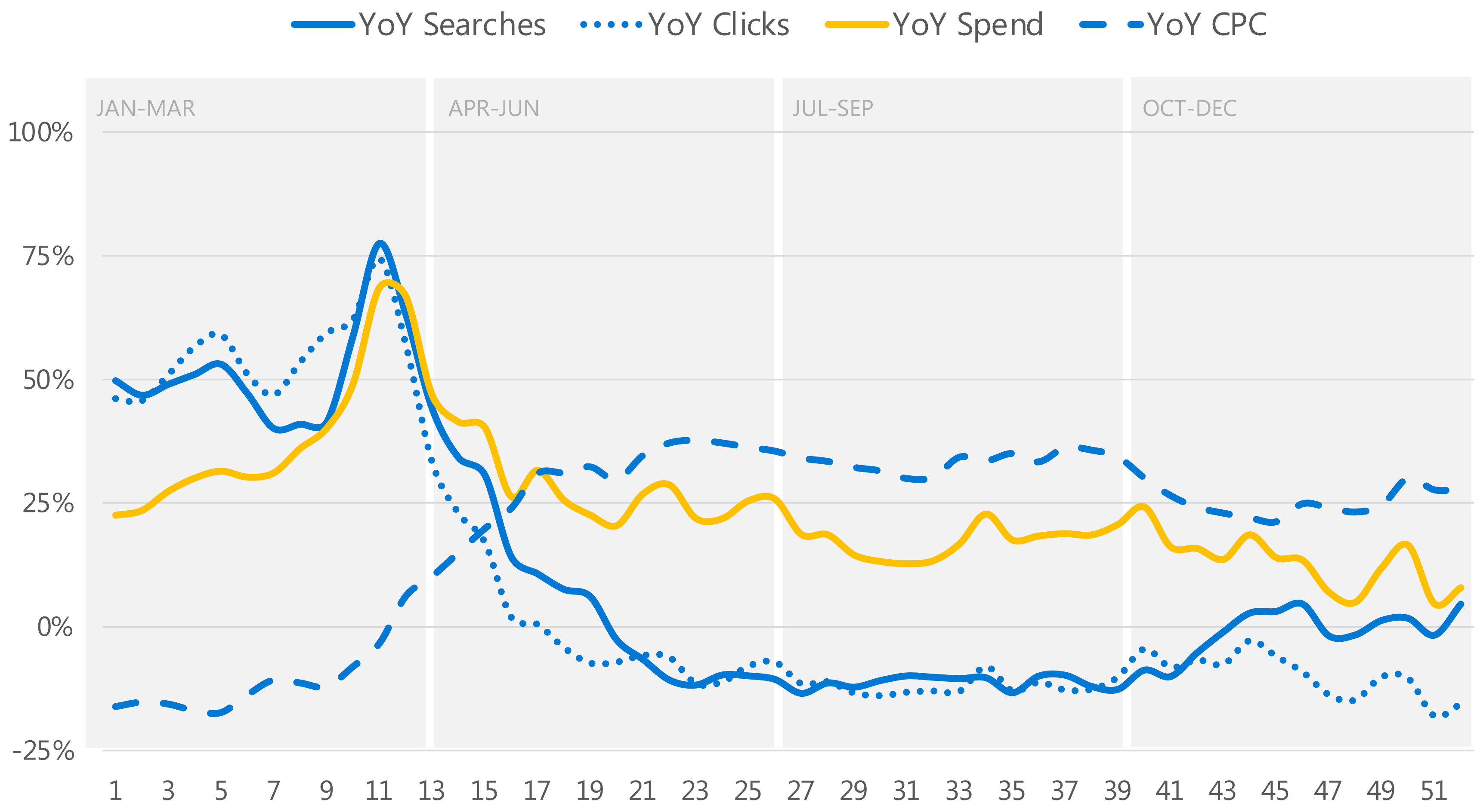
More recently, searches continue to outpace historic performance with clicks trailing behind

Microsoft

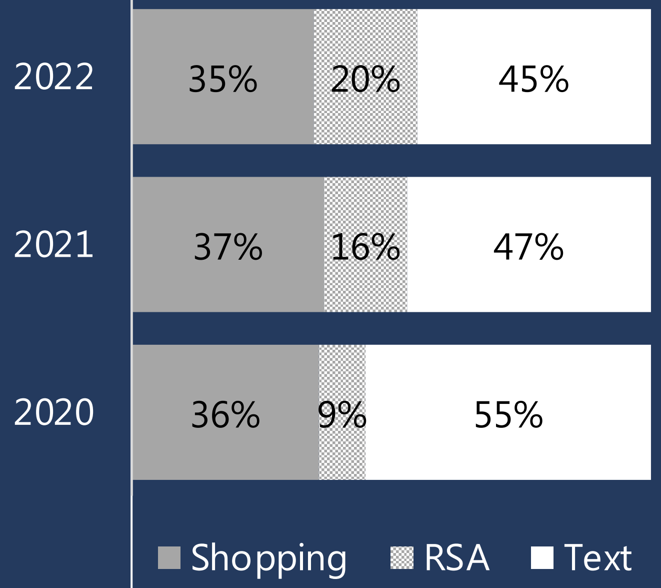
Source: Microsoft internal data, US Only

Looking at the latest YoY numbers, we see the shift in 2020's momentum

YoY performance by week



Note: click distribution shifts overtime as Responsive Search Ads (RSAs) are more widely adopted:

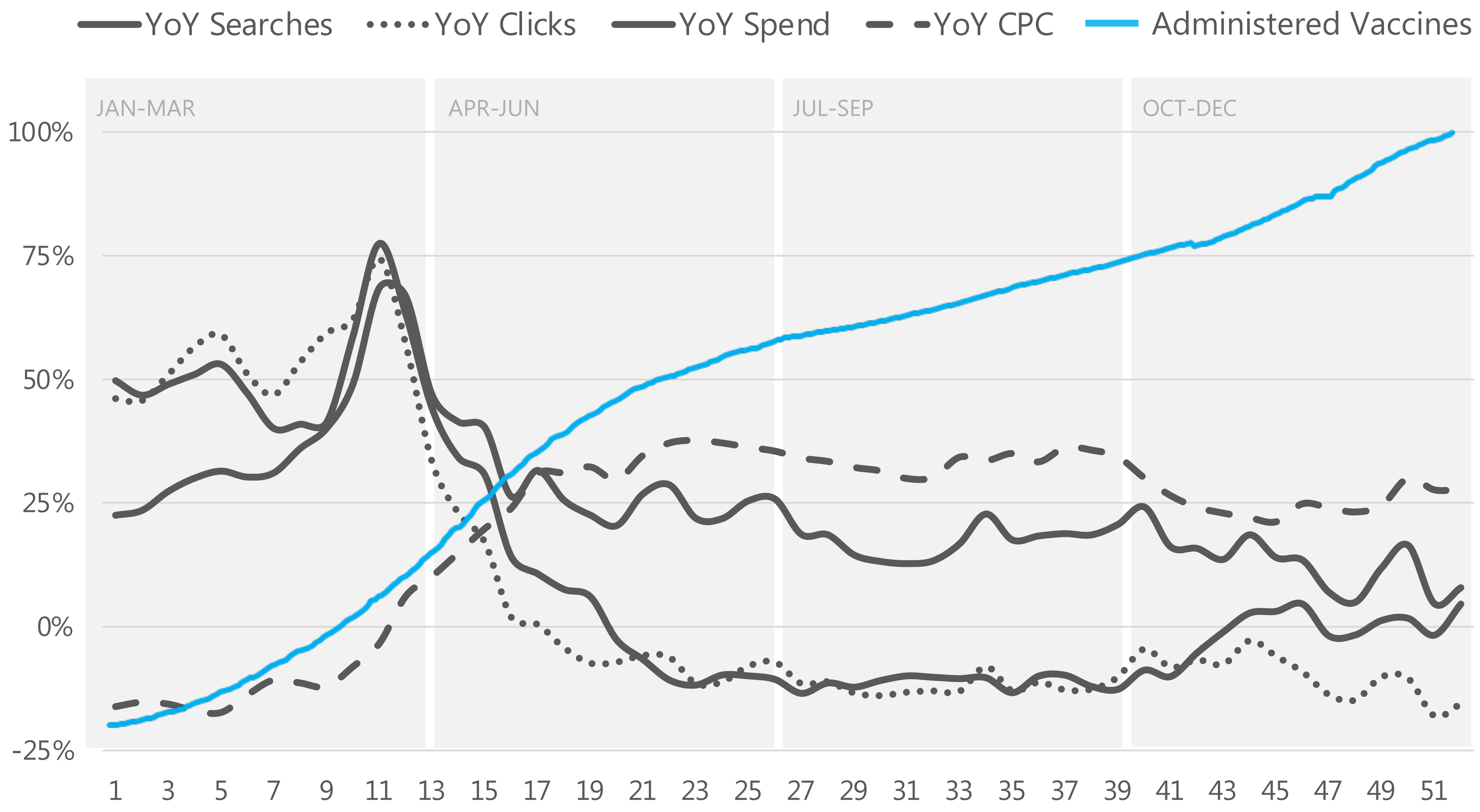


Microsoft

Source: Microsoft internal data, US Only

Vaccine rollout may have spurred the decline in record YoY volume gains

YoY performance by week



Home & Construction reported unanticipated growth as many stores stayed open and locked down DIYers grew inspired

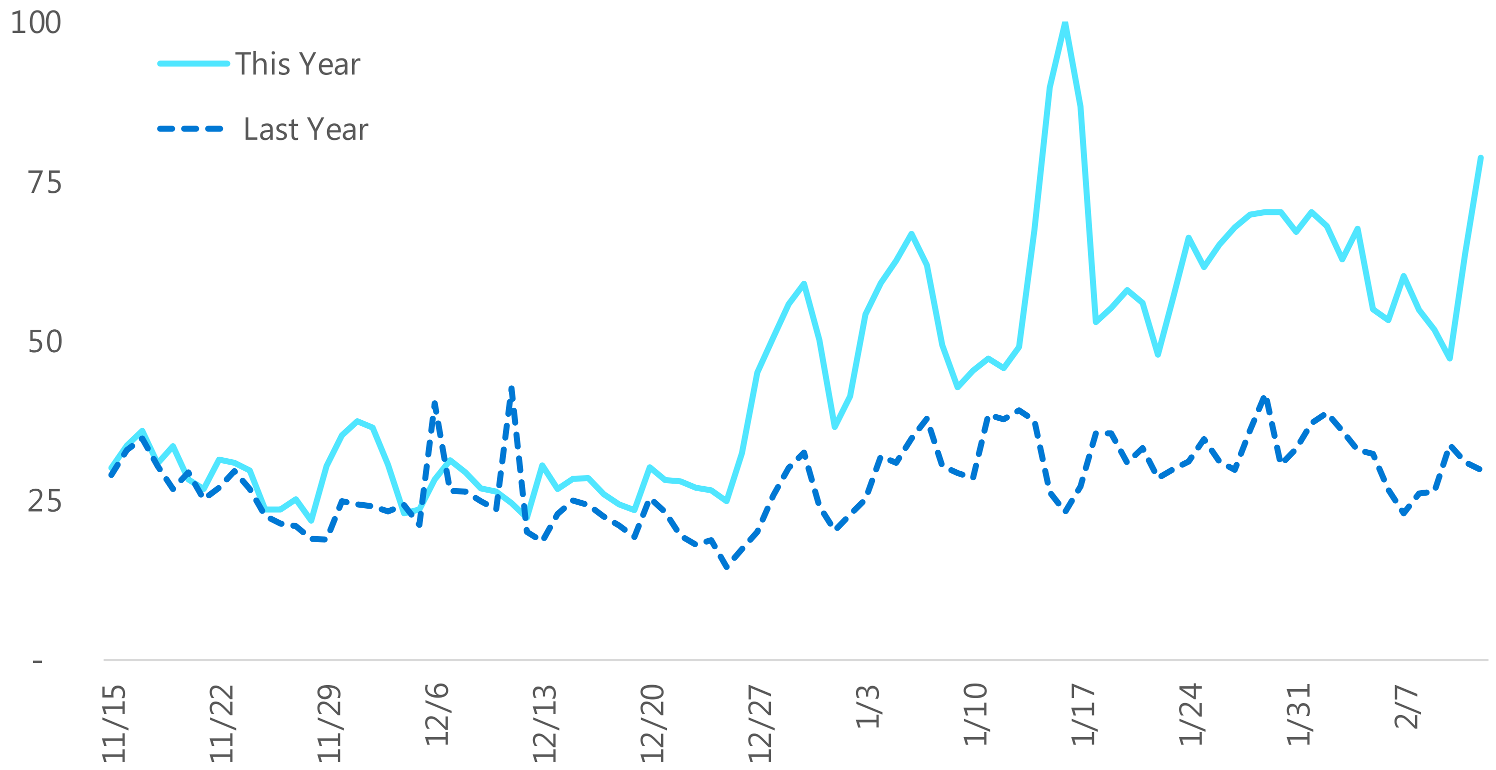
H&C projects slowed as vaccines rolled out, leaving online H&C highly saturated with lighter consumer interest

Microsoft

Source: Microsoft internal data, US Only

H&C searches that include the word ‘contractor’ are up 61% compared to this time last year

Indexed searches over time



Top growth contributing categories include:

Contractor +	**%Contribution**	**YoY**
roof/roofing	15%	135%
local/near	14%	127%
repair	10%	1747%
reno/remodel	9%	197%
install/ installation	8%	5887%
top/rated/ reviewed/best	7%	62%
general	5%	42%

Full list of top growers available in the appendix

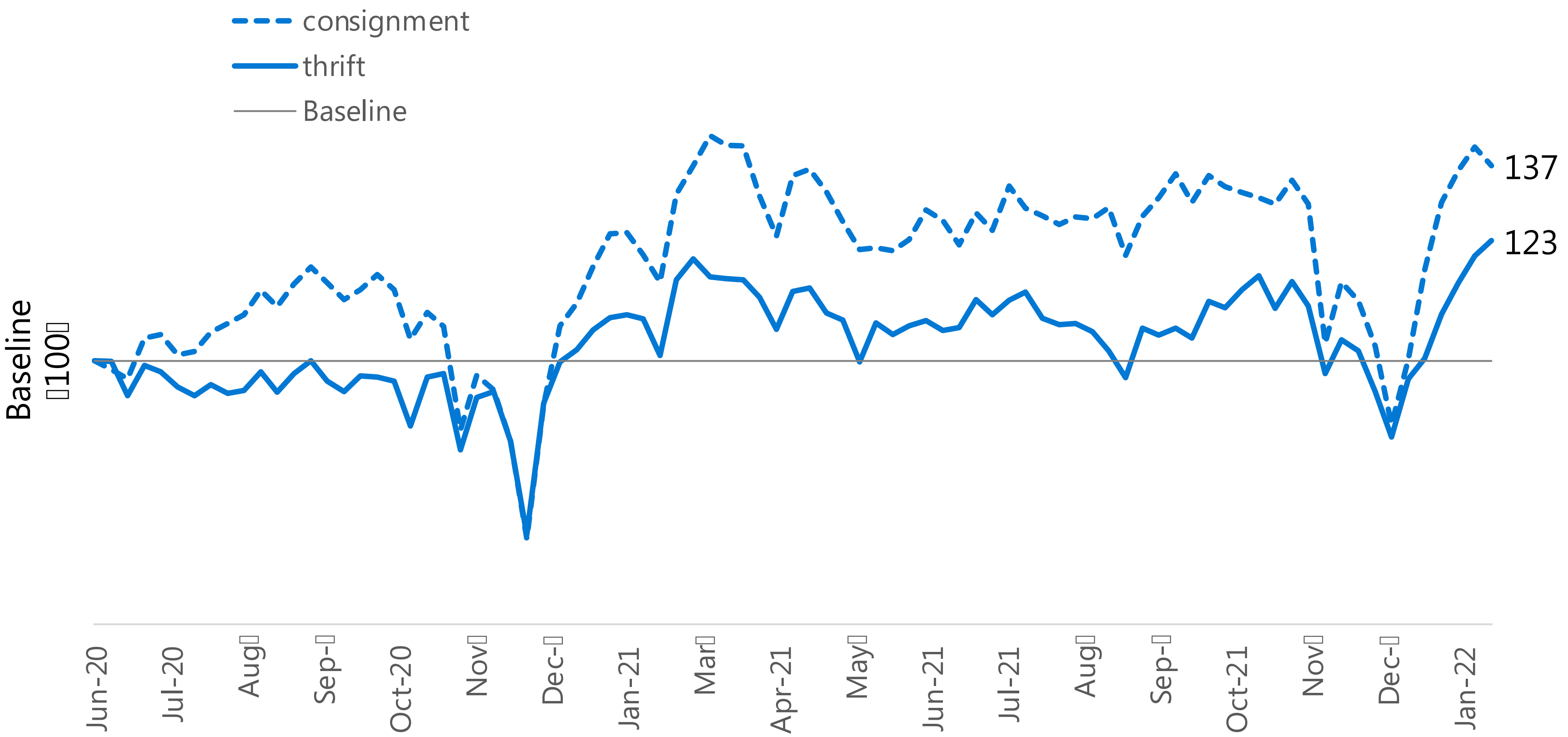
Microsoft

Source: Microsoft internal data, US Only

H&C search data aligns with re-commerce growth predictions

This is likely fueled by a combination of inventory limitations and environmental awareness

Indexed searches over time



Re-sale searches related to:

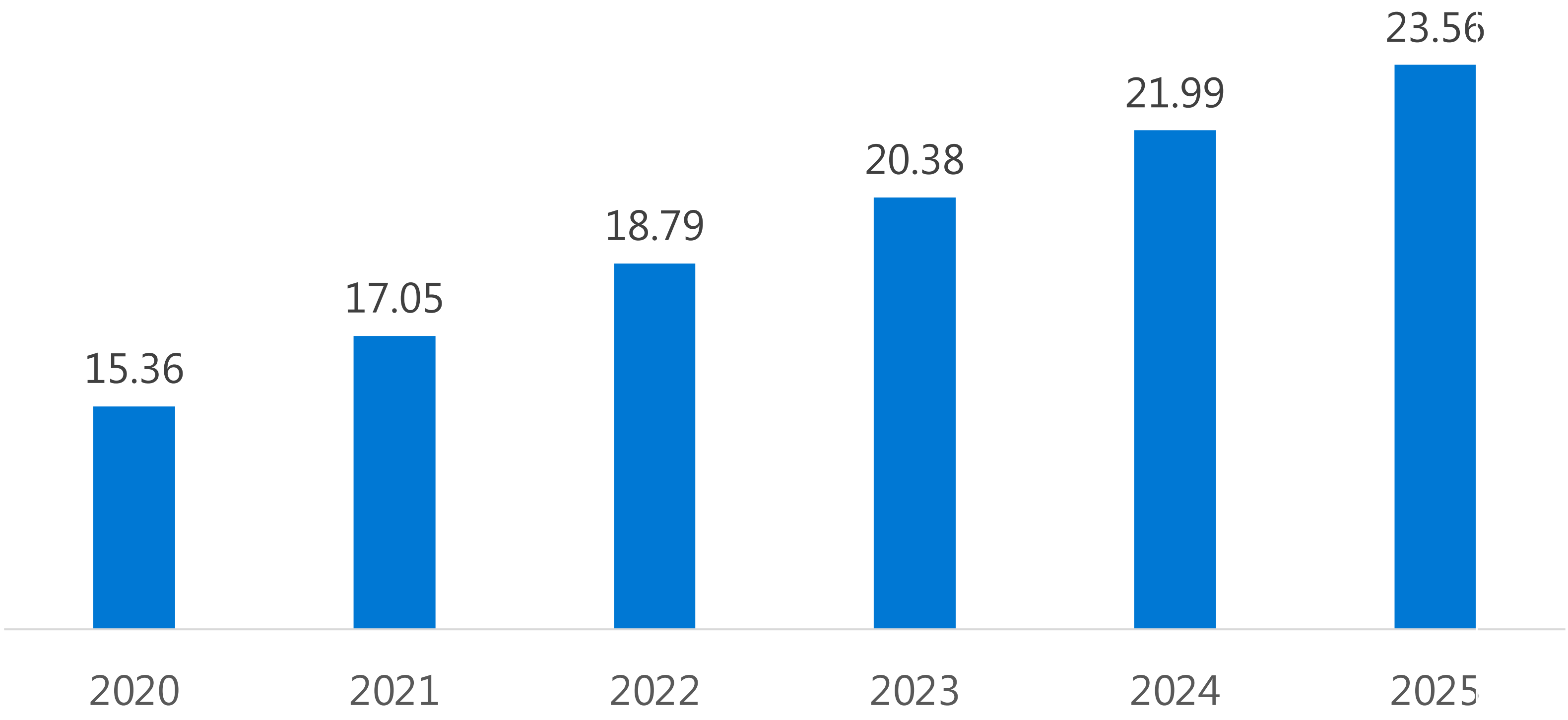
consignment
↑37%
and thrift
↑23%

Source: Microsoft internal data, US Only

Microsoft

Home Goods and Furniture re-commerce spend projected to grow to $24 billion by 2025 due to a rise in consumer interest for secondhand

Second-hand home goods and furniture spending in the U.S. 2020-2025



Source: Statista; ID 1162879: GlobalData; OfferUp; ID 1228969

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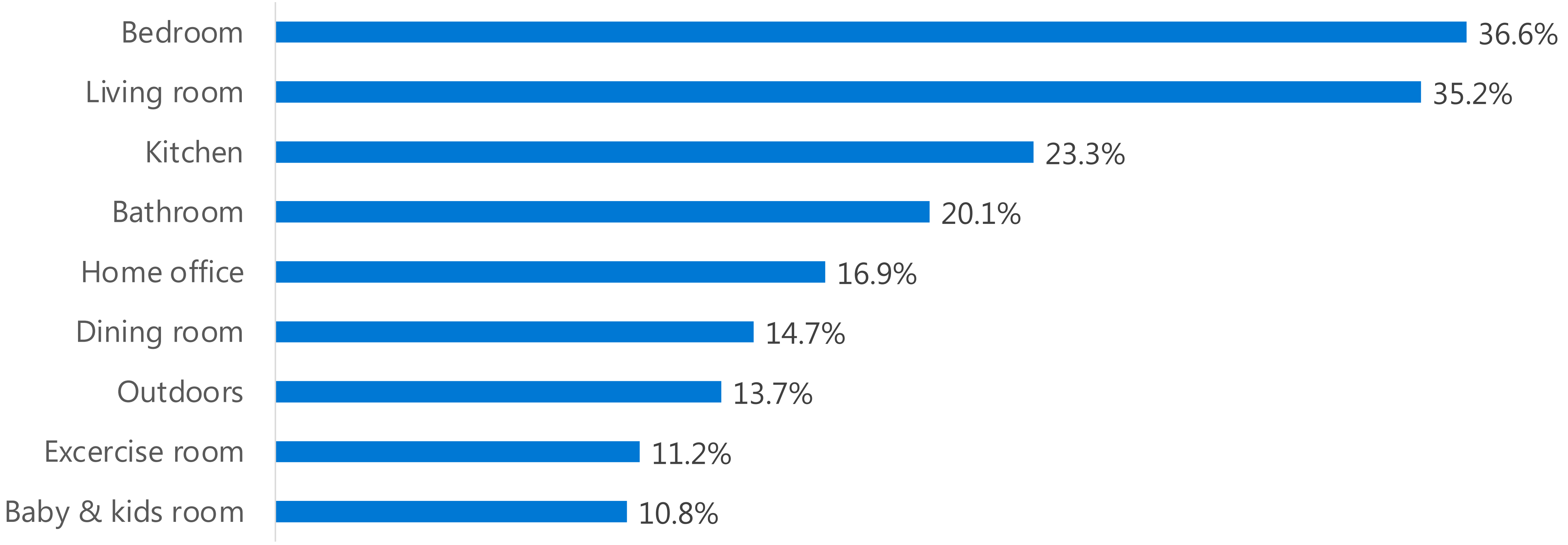
Bedroom and Living Room, appear to be leading the recent growth

Kitchen and Bath are typically tied to larger scale renovation

Sales increase of furniture and home goods in the US



Note(s): United States; 2020
Source(s): GlobalData; OfferUp; ID 1229442, Statista study_id52020

We are seeing search lift in interior "room+" queries

Most YoY growth contribution is coming from variations of patio & outdoor searches

Percent YoY search lift by top H&C search queries

patio sets

Patio+	17%
set(s)	87%
concrete	60%
umbrella(s)	56%
cushions	32%
chair(s)	15%
furniture	15%
table(s)	12%
dining	2%
backyard	1%

Outdoor+	25%
fountains	340%
sheds	107%
rug(s)	106%
cushions	93%
chair(s)	71%
indoor	43%
storage	33%
table(s)	30%
furniture	12%
gear	10%
patio	8%
dining	5%

Most YoY growth is coming from Patio & Outdoor + variations of furniture/accessories

living room sofa

Living Room+	19%
sofa	49%
sale	48%
chair(s)	34%
table(s)	31%
rug(s)	23%
set(s)	19%
decor	11%
furniture	2%

Kitchen+	7%
stools	58%
faucet(s)	4%

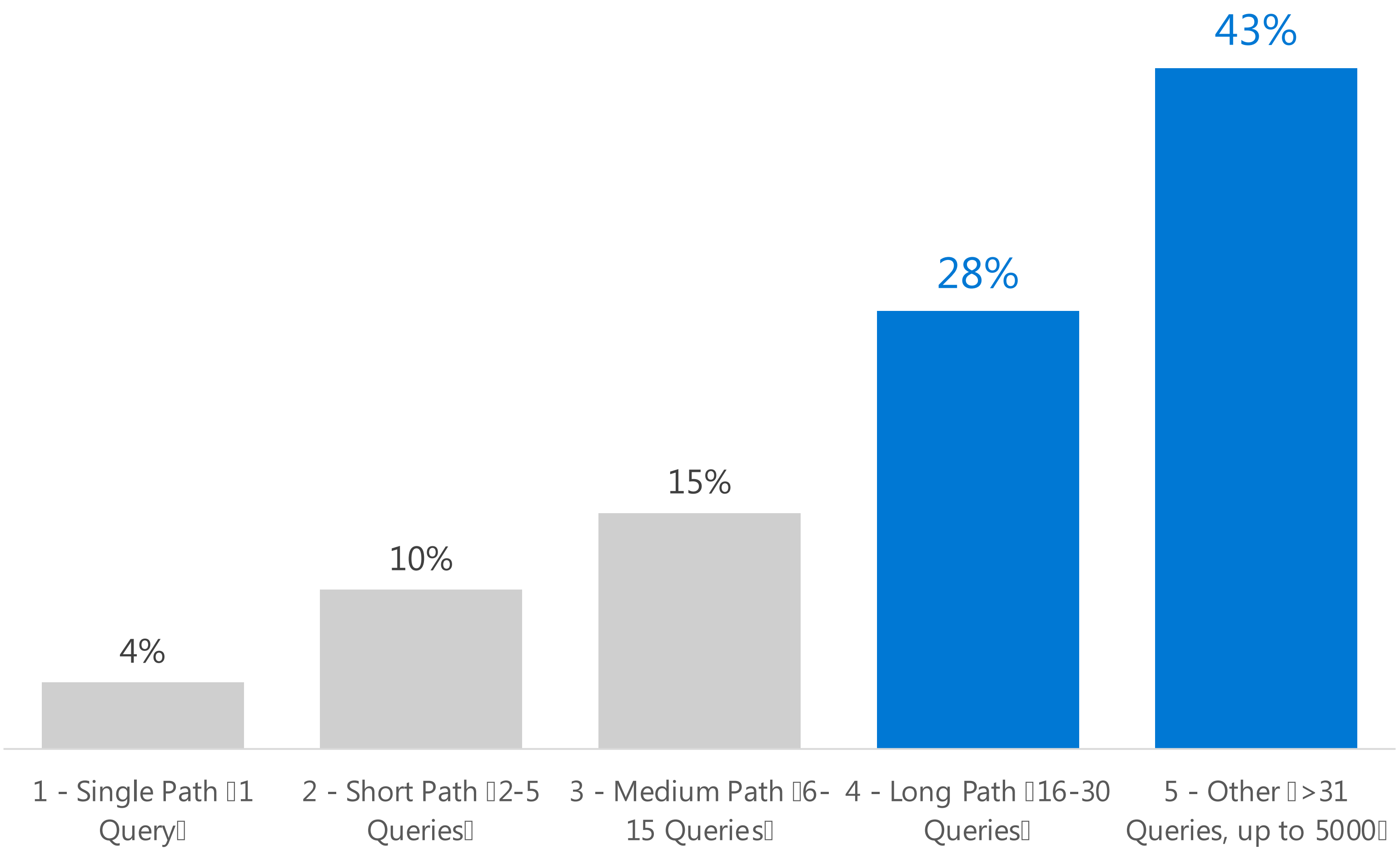
Bedroom+	496%
lamps	535%
small	8%

Bathroom +	465%
contractors	535%

Source: Microsoft Internal Data | September 1 – December 2021 | US only | Query Pathing | Conversion Advertiser | U.S.| All Devices

On average, consumers searched more than 90 times before converting

Path length by search count



>70%
of user journeys were defined as 'long'

48 Days
The average time it takes Home & Construction shoppers to convert after their first click

4%
Total single-query conversion paths

Source: Microsoft Internal Data | September 1 – December 2021 | US only | Query Pathing | Conversion Advertiser | U.S.| All Devices

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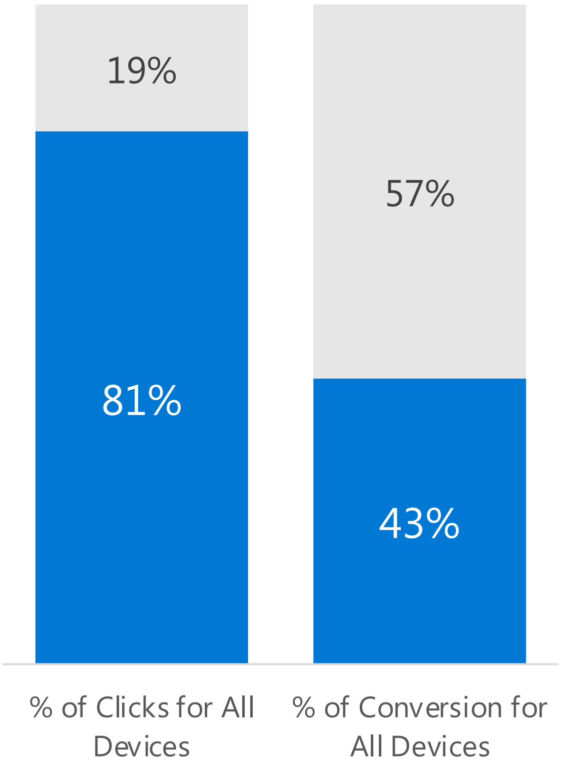
Non-Brand is integral to a Home & Construction conversion path

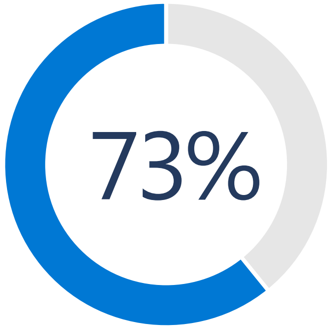
% of Paths that contain Brand vs Non-Brand

Non-Brand | Brand

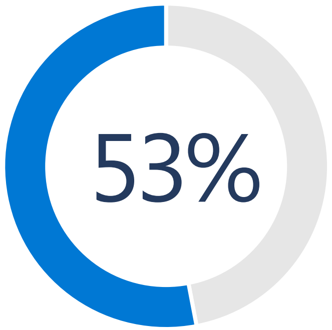
% of total clicks and conversions



% of total search paths



73% of converting paths start with a Non-Brand click



53% of converting paths end on a Non-Brand click

81%
of total clicks are on non-brand queries

57%
Of total conversion are on brand queries

62%
Of single-touchpoint paths convert on Brand

Source: Microsoft Internal Data | September 1 – December 2021 | US only | Query Pathing | Conversion Advertiser | U.S.| All Devices

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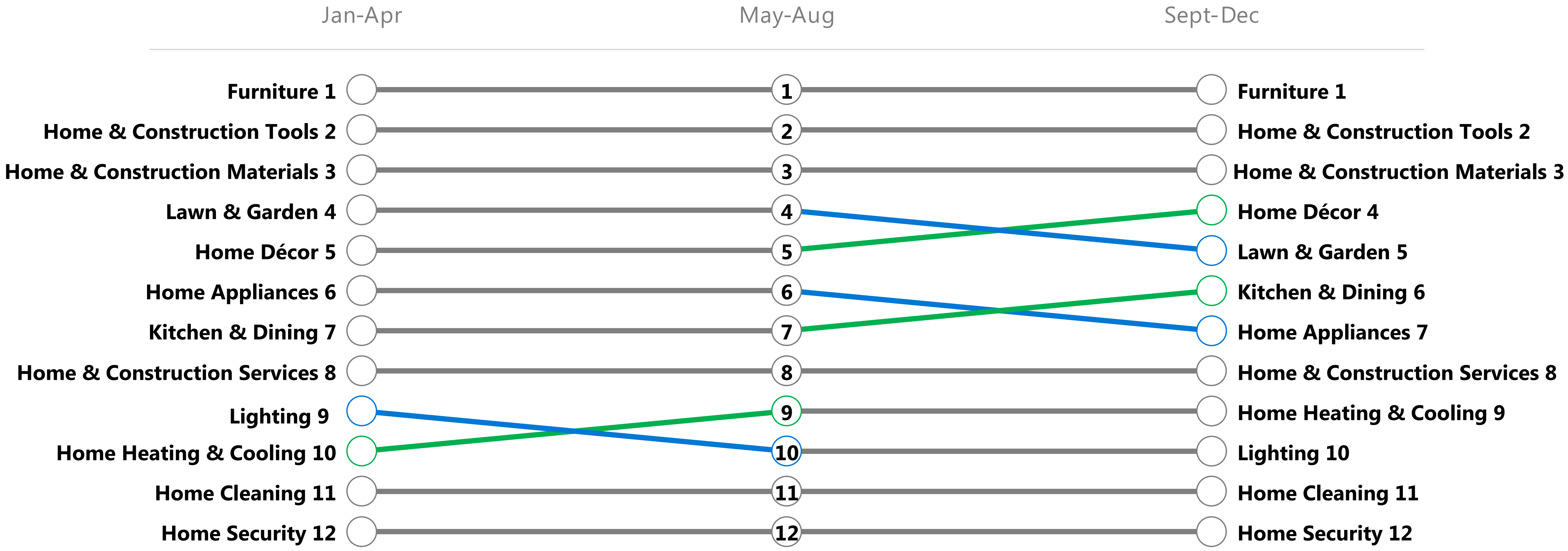
There is limited movement period-over-period PoP

When looking at the top searched categories, only a handful are shifting a single rank

Search rank by category PoP



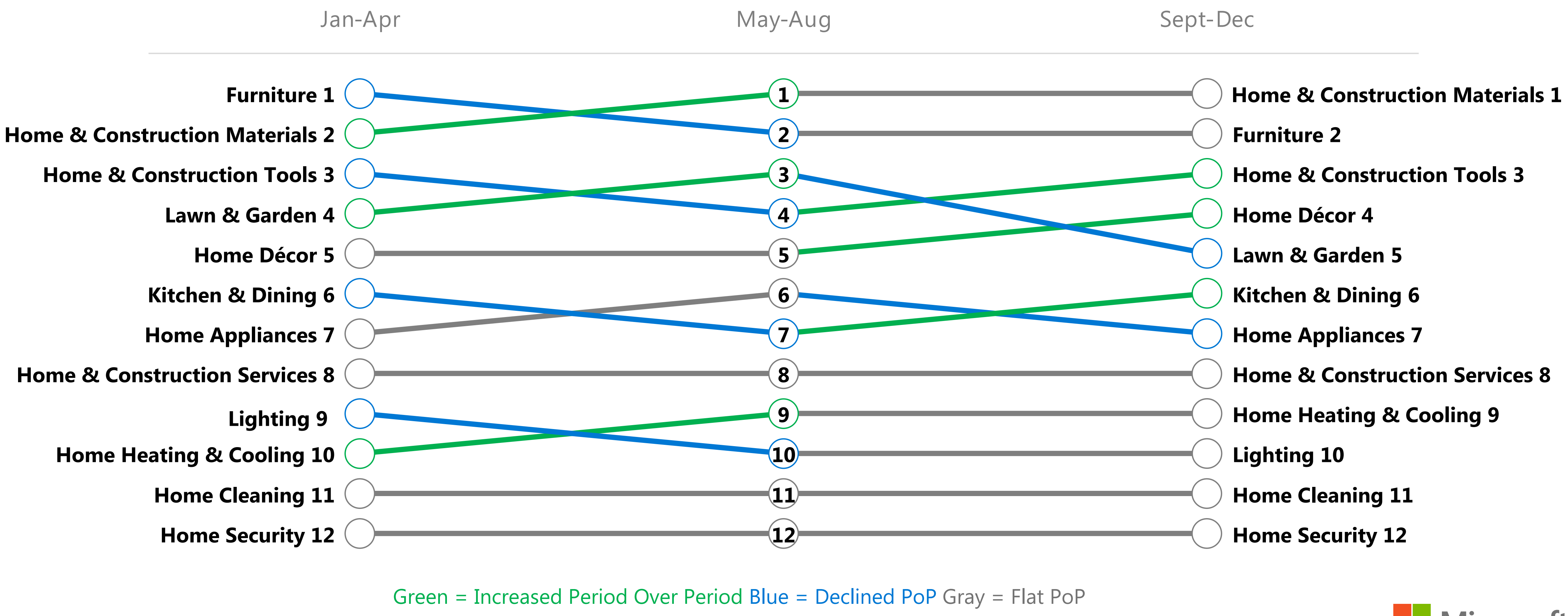
Green = Increased Period Over Period Blue = Declined PoP Gray = Flat PoP

Source: Microsoft internal data, US Only, January – December 2021

Click rank appears to only shift by a single position each period

More notably with Furniture losing top rank to Home & Construction Materials

Click rank by category PoP



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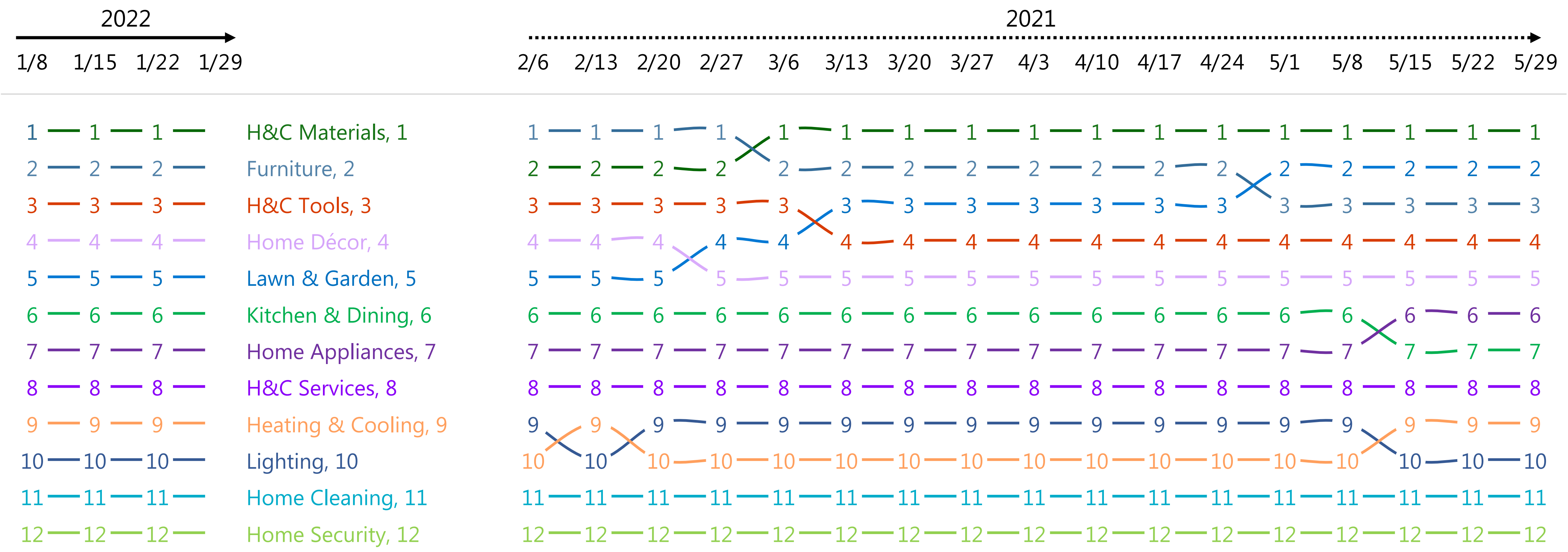
Source: Microsoft internal data, US Only, January – December 2021

Assessing by week, we can clearly see the seasonality of certain categories

For example, Lawn & Garden's seasonal shift upward in preparation for Summer

Click rank by category by week



Source: Microsoft internal data, US Only

Mobile & shopping reported strong YoY lifts in CTR

Device and format performance

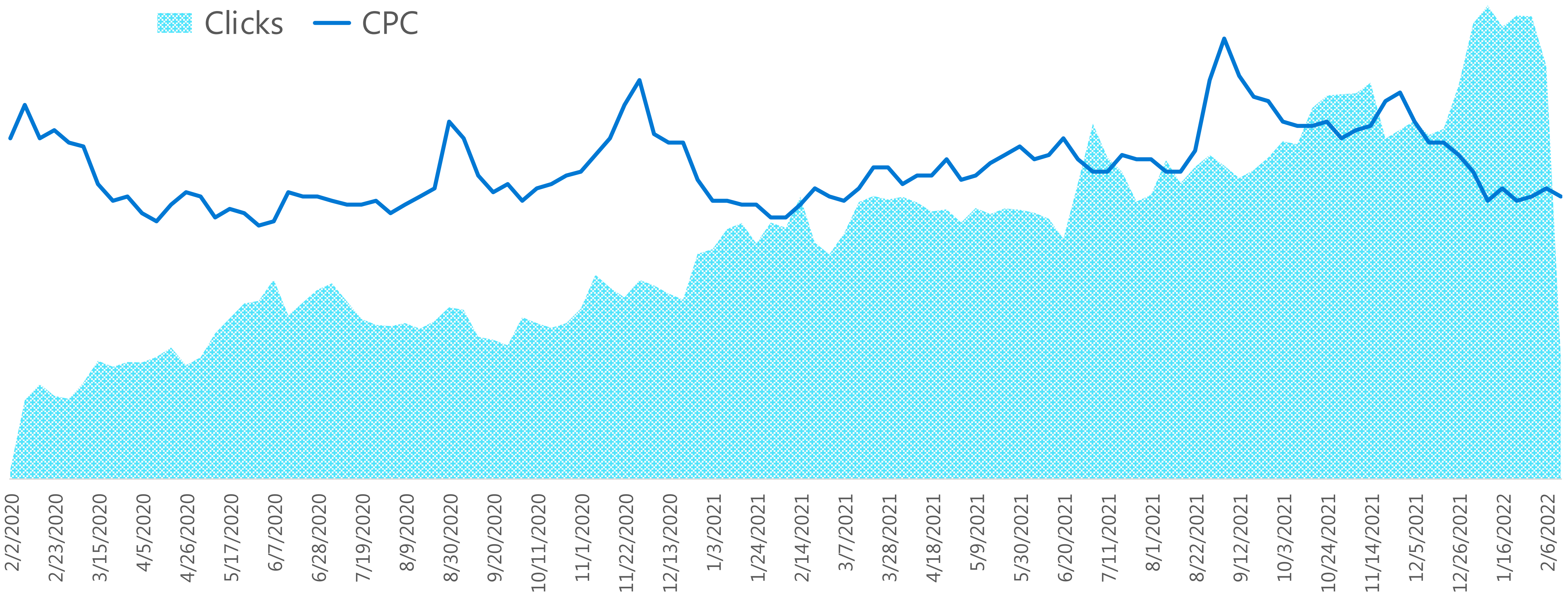
Mobile	**+22%**	**flat**	**35%**
	YoY improvement to CTR	YoY	% Contribution (2021)
Shopping	**+12%**	**+6%**	**37%**
	YoY improvement to CTR	YoY (2021 v 2020)	% Contribution (2021)

Microsoft

Source: Microsoft internal data, US Only

Significant Microsoft Audience Network traffic growth among Home & Garden advertisers, CPCs remain efficient going into Spring

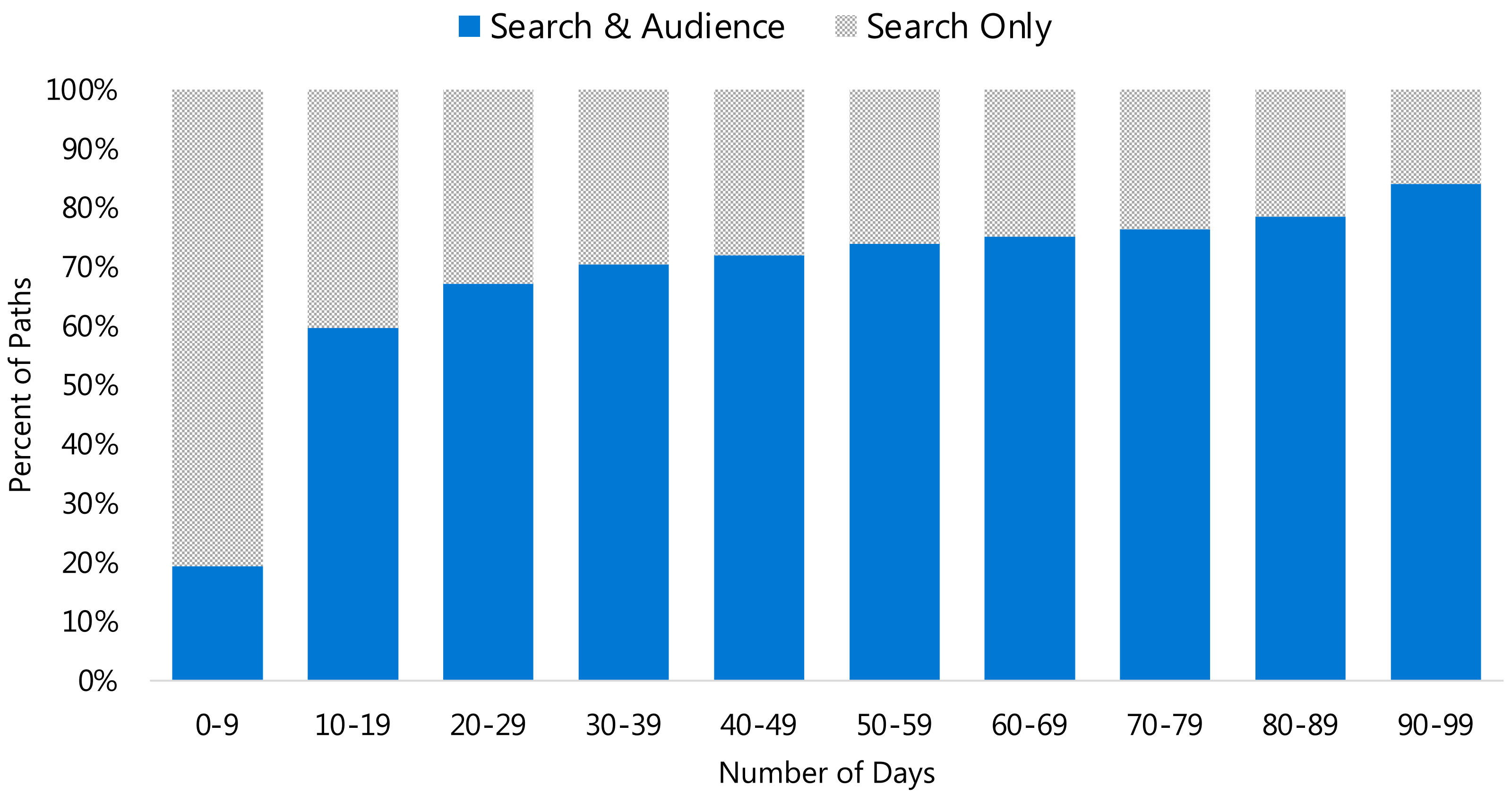
Microsoft Audience Network Clicks vs. Cost-Per-Click (US)



Microsoft internal data, Home & Garden category, January 2020 – February 2022

The average Home & Construction purchase journey lasts about 43 days

Percent of paths by length in days by channel mix



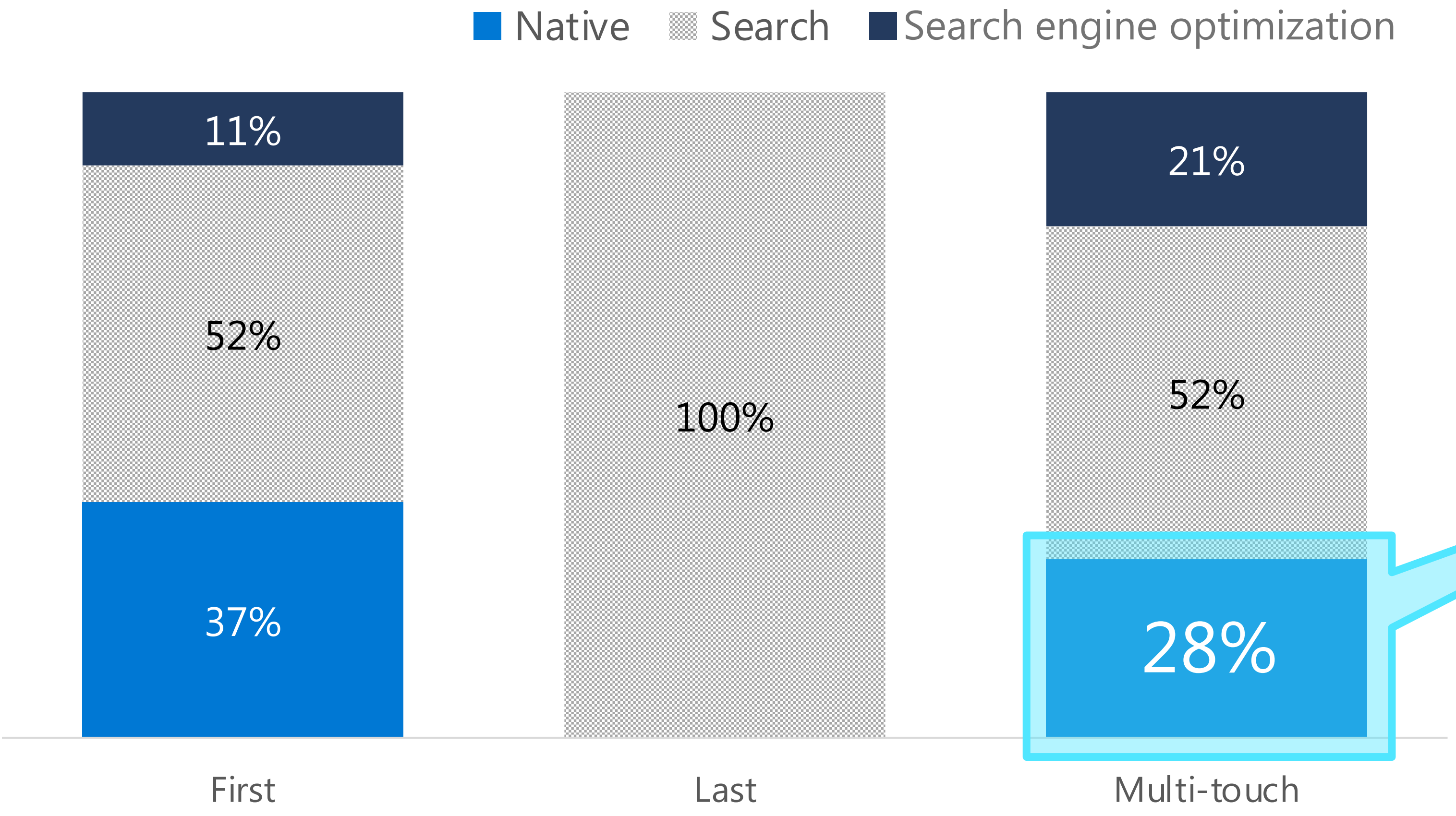
Home & Construction shoppers are more likely to interact with both Audience and Search ads when their path is longer

The average Home & Garden purchase journey in the Microsoft network lasted ~43 days

Microsoft internal query path data. Date range is from Sept to Dec 2021

Microsoft

Native channels take more credit in contributing conversions from the lens of the multi-touch attribution model



For example, Native plays a more important role in the user journey than might appear when using a last touch attribution model.

Using a multi-touch attribution view, +28% points of conversions were attributed, highlighting the importance of using our audience network along with your search campaigns

Microsoft internal query path data. Date range is from Sept to Dec 2021

Microsoft

Retail advertisers saw conversion share increase when an Audience ad was on a user's conversion path during the holidays

Advertiser conversion share comparison

Advertiser	Marketplace Conversion Share	Audience Campaign Conversion Share	Conversion Share Lift
Advertiser 1	3.21%	9.29%	2.9x
Advertiser 2	11.75%	21.17%	1.8x
Advertiser 3	19.75%	26.35%	1.3x
Advertiser 4	3.02%	9.77%	3.2x
Advertiser 5	0.11%	0.15%	1.4x
Advertiser 6	8.72%	14.31%	1.6x
Advertiser 7	33.84%		
Advertiser 8	11.00%		
Advertiser 9	2.71%		
Advertiser 10	3.87%		
Advertiser 11	1.18%		
Advertiser 12	0.84%		

Microsoft internal query path data. Home & Garden category. November - December 2021.

We set out to prove that users exposed to Microsoft Audience ads engage with Retail brands at a higher rate

Retail Ad Effectiveness Study

AWARENESS	CONSIDERATION	CONVERSION
3.2x	5.0x	6.5x
Lift in brand awareness per user for Retail, measured by post-exposure brand search rate	Lift in brand consideration per user for Retail, measured by post-exposure domain visitation rate	Lift in brand purchase per user for Retail, measured by post-exposure conversion page visit rate

Notes: Results may vary for each advertiser based on campaign settings, targeted audiences, and other factors. Lift metrics represent an average of all advertisers with completed lift studies to date (Sept. 2021). These advertisers may be a non-representative sample of all advertisers on the marketplace. Lift measured between exposed users and a control group of eligible unexposed users, with lift represented on a per-user basis. Average user count per advertiser study = 1.8M

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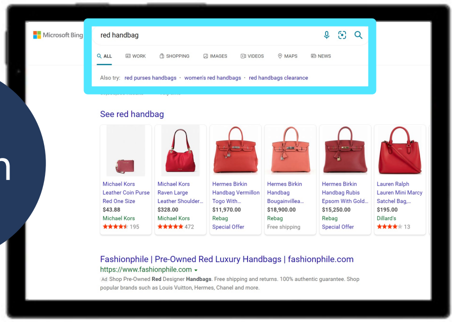
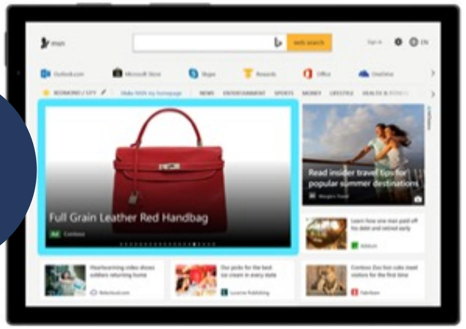
Reaching users across search and native leads to incremental lift in site visitation and conversion rate

Search



+

Native



Both Search and Native

+3.3x

visitation rate

vs. only search ad exposure

+6.9x

conversion rate

vs. only search ad exposure

Source: Microsoft internal data; results may vary for each advertiser based on campaign settings, targeted audiences, and other factors. Lift metrics represent an average of all advertisers with lift studies done during peak seasonal periods thru Sept 2021. These advertisers may be a non-representative sample of all advertisers on the marketplace. Lift measured between exposed users and a control group of eligible unexposed users, with lift represented on a per-user basis. Average user count per advertiser study = 1.8M

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