



Microsoft Advertising Insights

Lending snapshot

Understanding Credit & Lending trends during COVID-19

Agenda

1. Industry trends

- Employment
- Small Businesses
- Consumer confidence
- Mortgages

2. Advertising trends

- COVID-19 forecasting
- Vertical health
- Lending insights

3. Behavioral trends

- Competitive scene
- Age breakdown
- Brand vs. non-brand

Industry trends

What is the current health of the economy and lending?

- COVID-19 cases continue to rise
- Significant employment losses
- Small Businesses struggle to remain open
- Mortgage payments are being delayed

WHERE DO WE STAND?

COVID-19 continues to be a large part of societies day-to-day



Source: Chart retrieved from <https://tracktherecovery.org/> ;



IN US, EMPLOYMENT RATES DECREASED BY 6.8% SINCE JAN 1, 2020

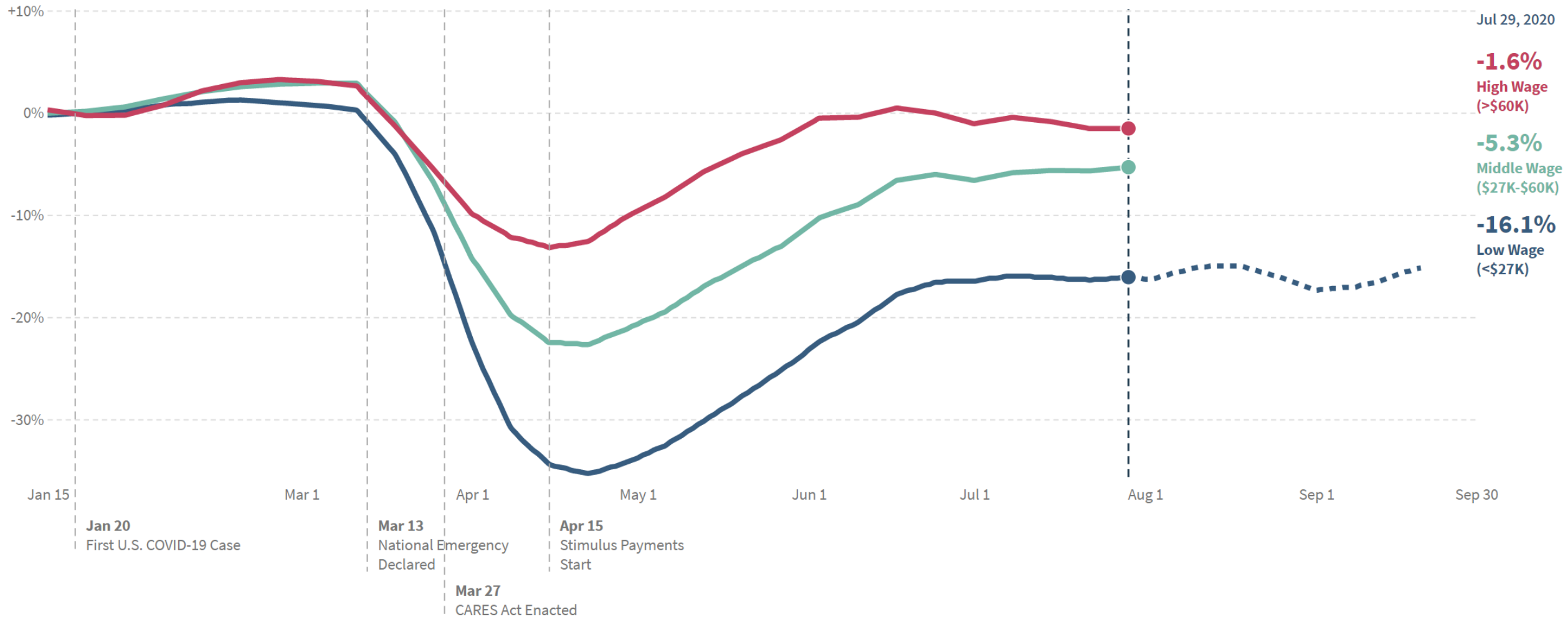
Containment efforts led to a 7% drop in employment since January



Source: Chart retrieved from <https://tracktherecovery.org/> ;

EMPLOYMENT IS RECOVERING FOR HIGH-WAGE WORKERS, BUT JOB LOSSES PERSIST FOR LOW-WAGE WORKERS

Employment losses are most significant for low-wage workers

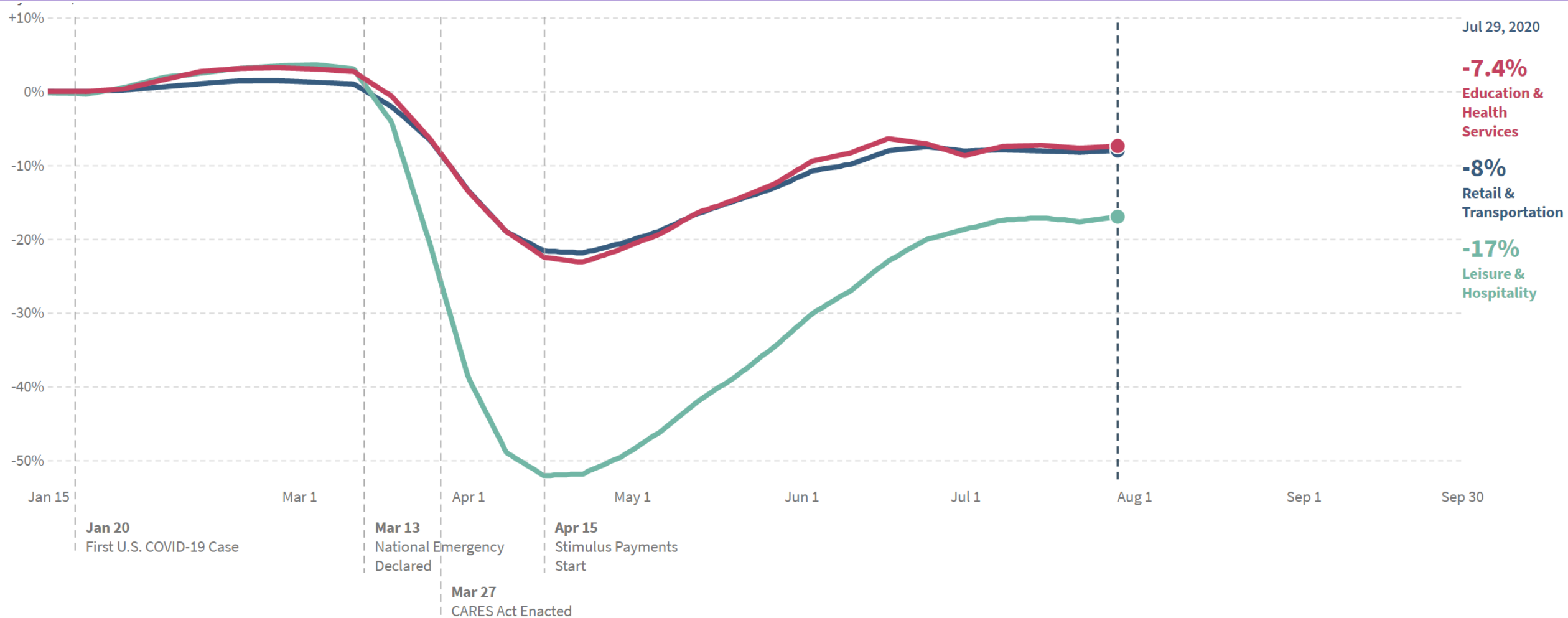


Source: Chart retrieved from <https://tracktherecovery.org/> ;



THE TRAVEL CATEGORY IS BEING AFFECTED THE MOST SEVERELY BECAUSE OF LOCKDOWN AND QUARANTINING

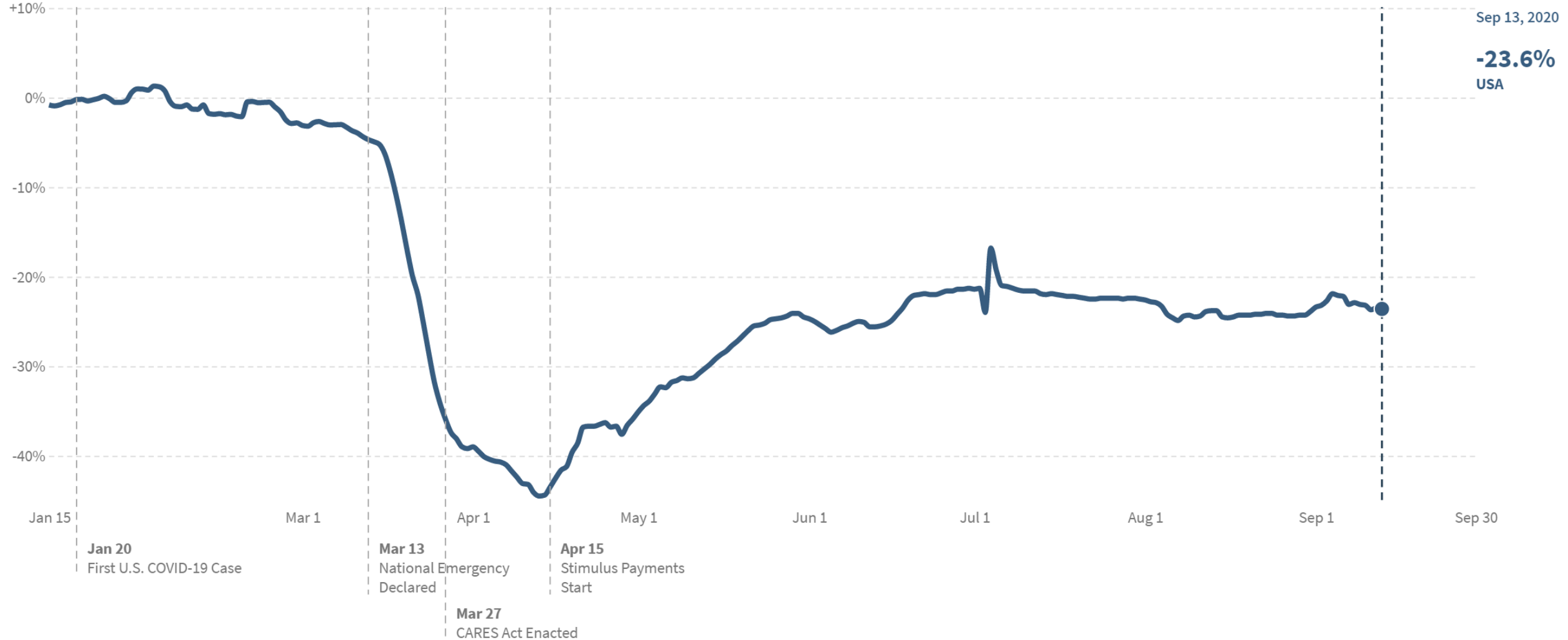
COVID-19 affected some sectors more severely than others



Source: Chart retrieved from <https://tracktherecovery.org/> ;

SMALL BUSINESSES ARE STRUGGLING TO KEEP AFLOAT

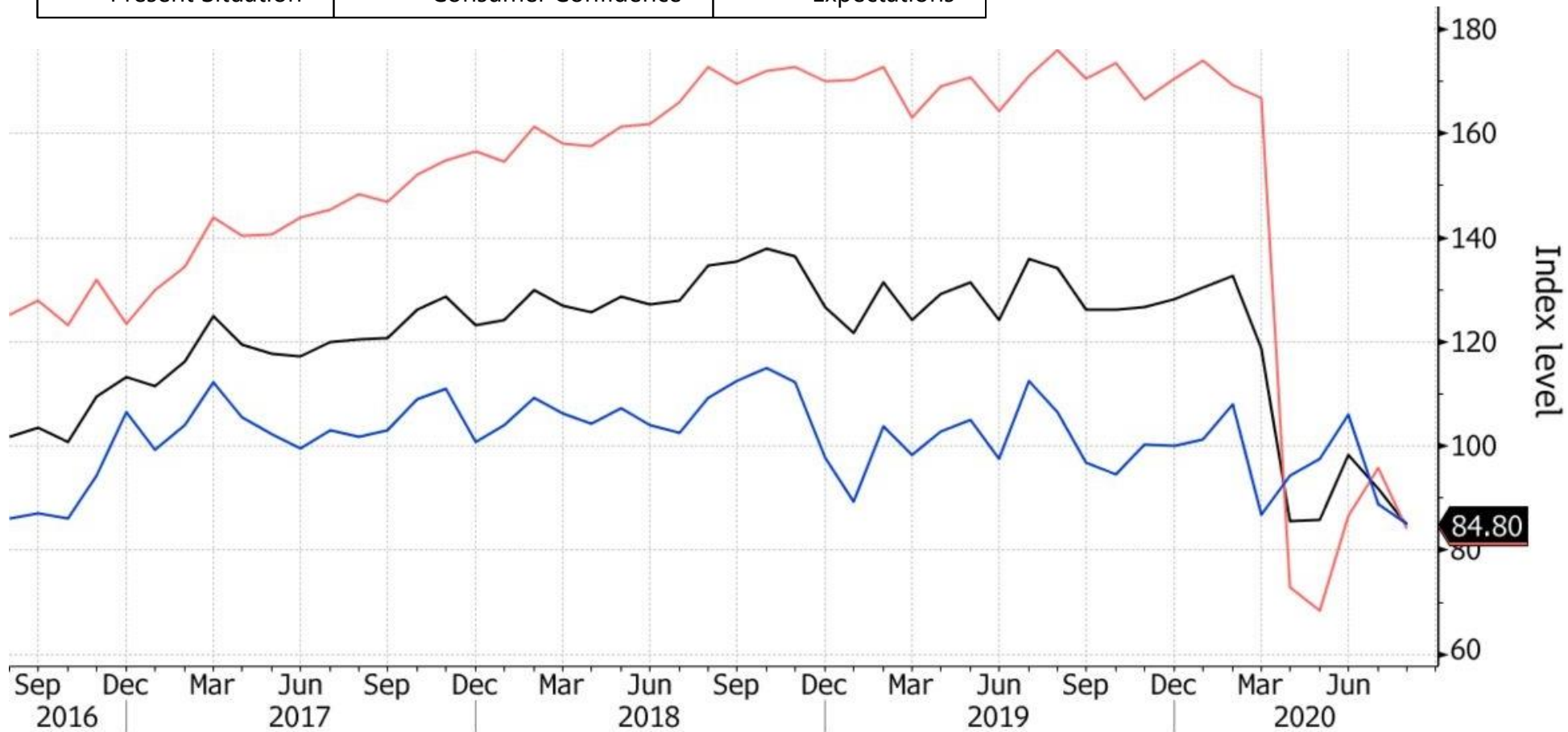
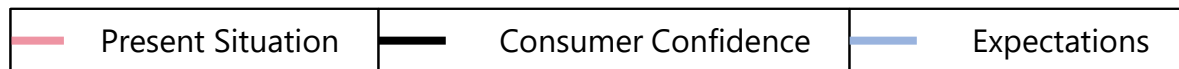
Around 25% of Small Businesses are closed right now



CONSUMER CONFIDENCE IS THE LOWEST IN SIX YEARS

Consumer Confidence has dropped ~16 points driven by forward-looking uncertainty

Legend:



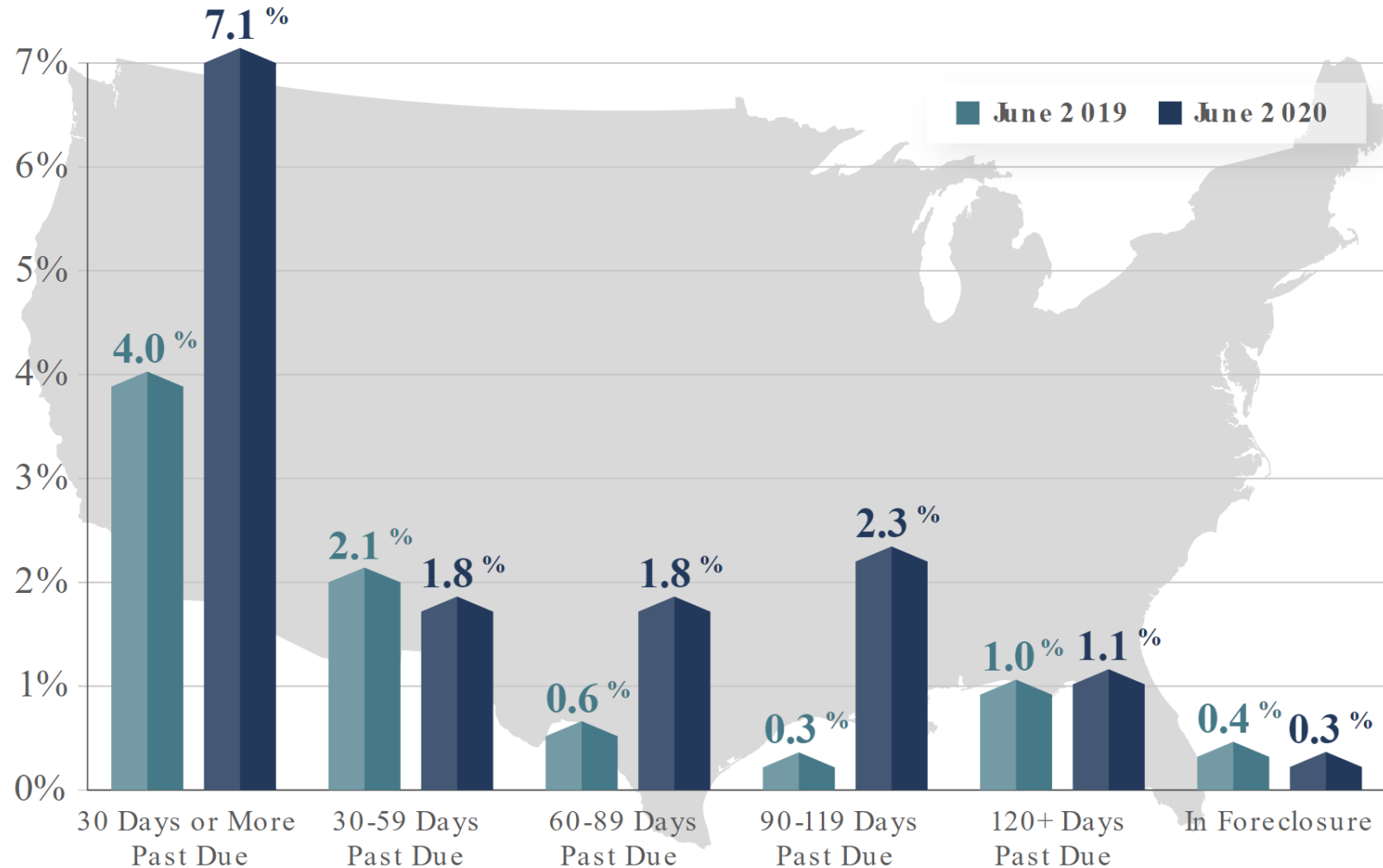
Source: Conference Board

Data Pulled from: <https://www.bloomberg.com/news/articles/2020-08-25/u-s-consumer-confidence-falls-to-lowest-level-in-six-years?sref=NzfUqEPA>



OVERALL MORTGAGE DELINQUENCIES INCREASED BY 78% YOY

Consumers are struggling to meet mortgage payments



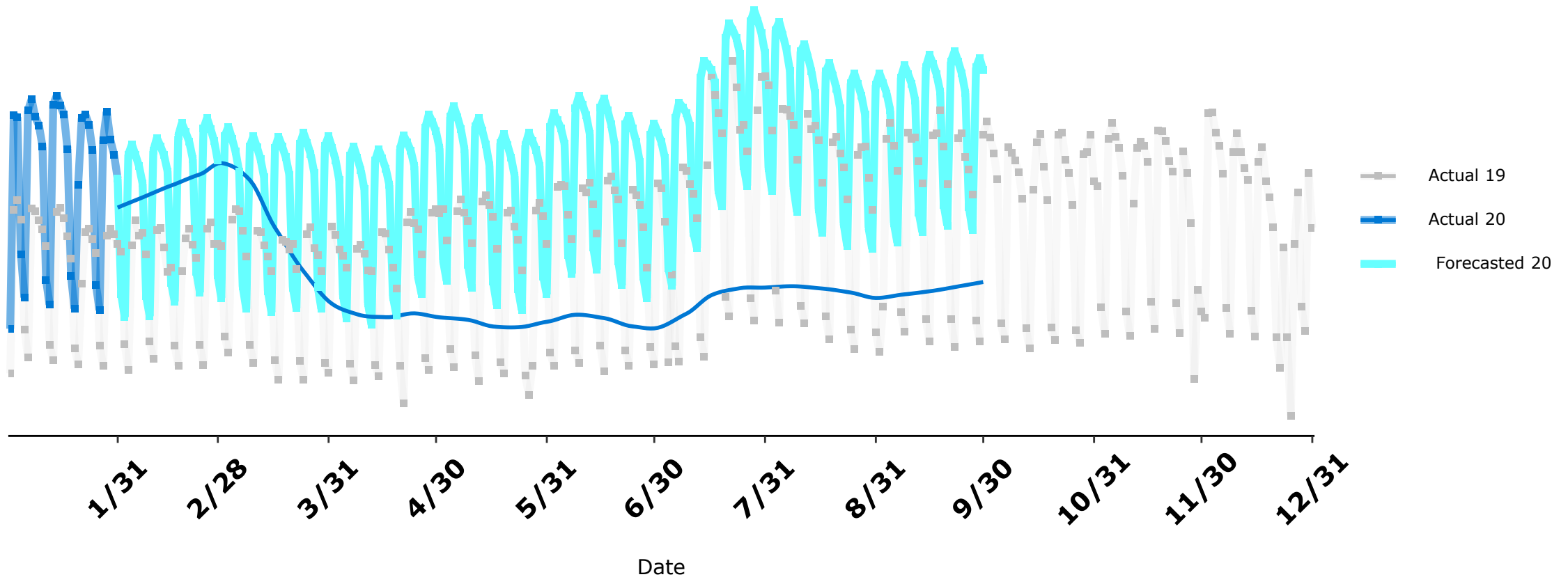
Source: Core logic data <https://www.corelogic.com/images/lpi/03-lpi-natl-delinquency-rate-2009-01.svg>

Advertising trends

How are different Credit & Lending categories performing?

Vertical Health: Credit & Lending

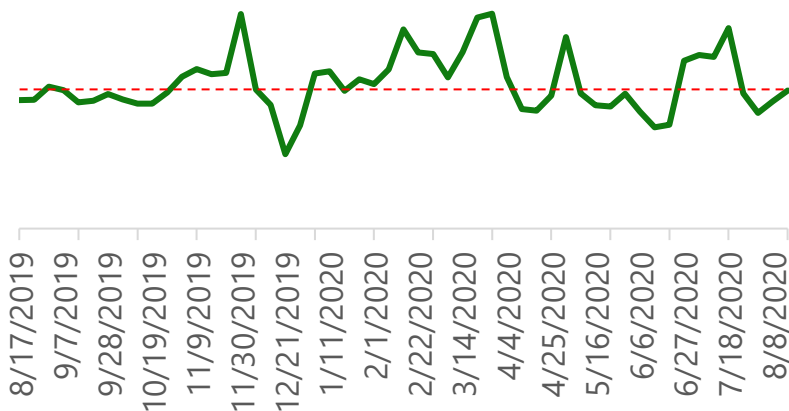
Spend in Credit & Lending has decreased by -54% against forecast, due to the effects of COVID-19



Category searches

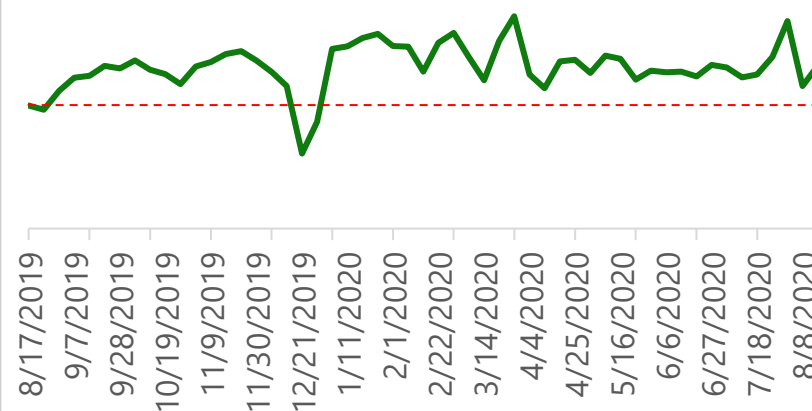
Credit Counseling

+7%



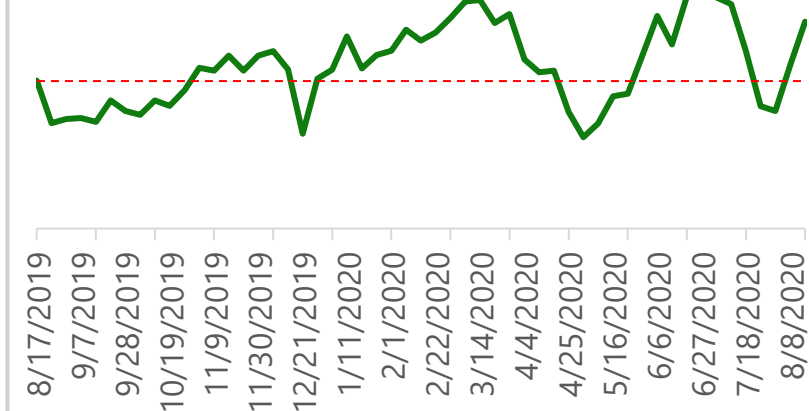
Identity Monitoring

+33%



Debt Management

+40%

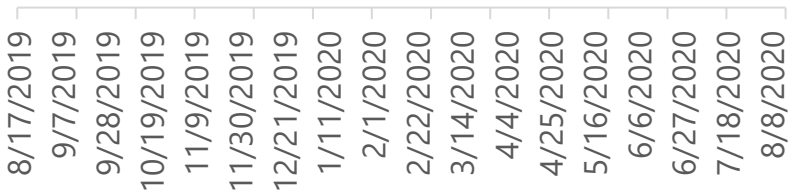


- Increases in unemployment and forward-looking uncertainty has led to search spikes in credit counseling, identity monitoring and debt management

Category Searches

Credit Cards

-19%



Loans

-14%



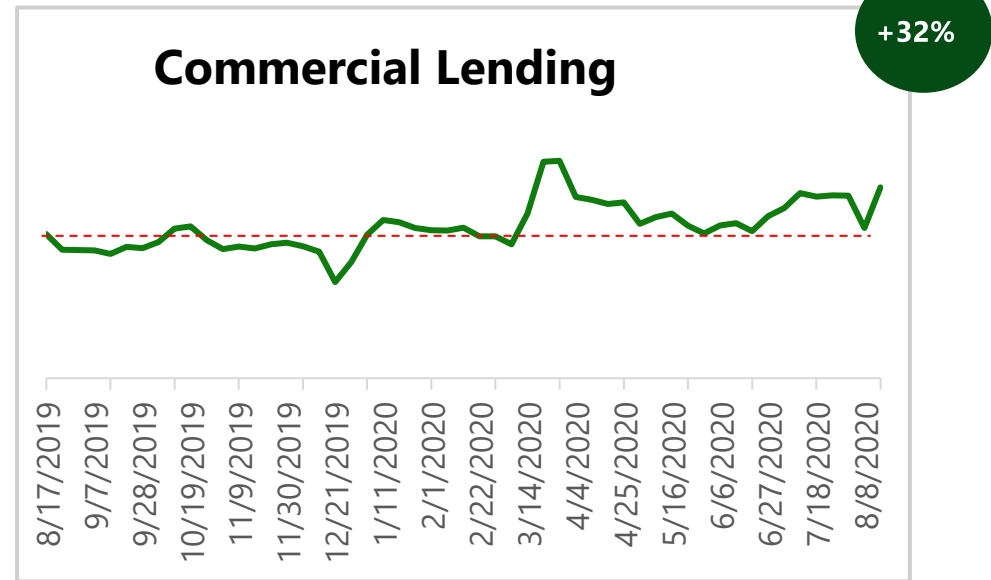
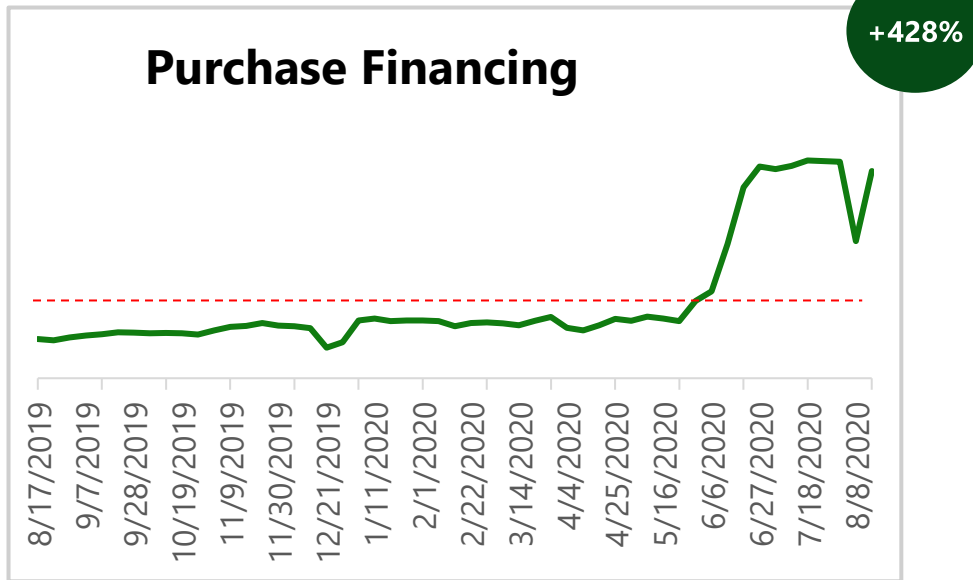
Credit Reporting

-6%



- Credit Cards, Credit Reporting, and Loans see year over year (YoY) decreases in user searches as consumers are cutting back on spending

Loans breakdowns

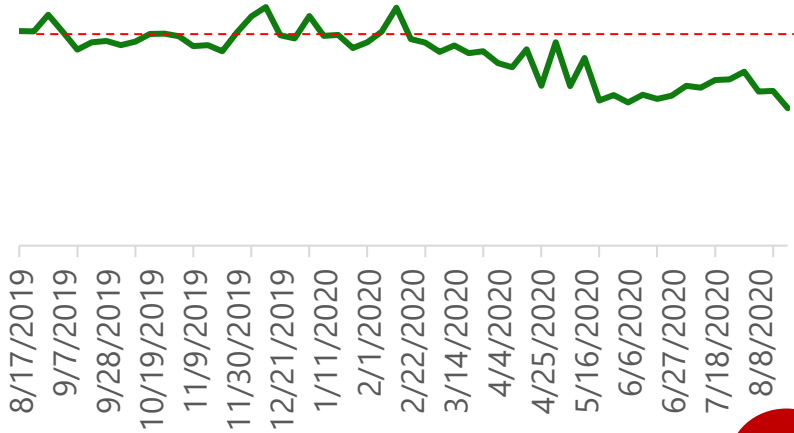


- Within loans which saw a 14% decrease in YoY searches, the majority of this increase was driven by new purchase financing queries and commercial lending

Loans breakdowns

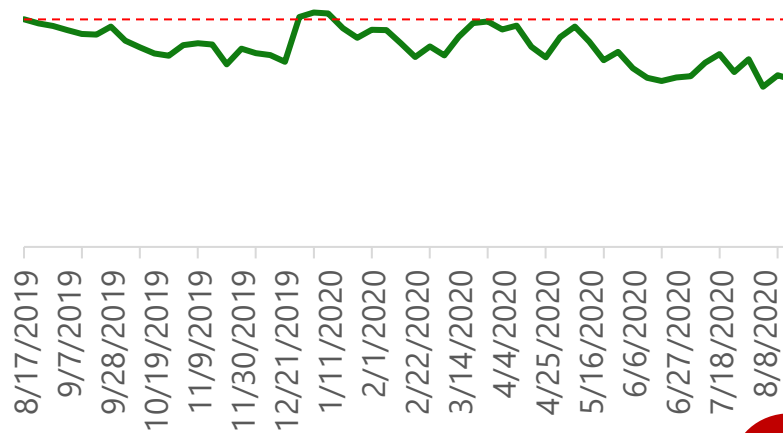
Personal Loans

-35%



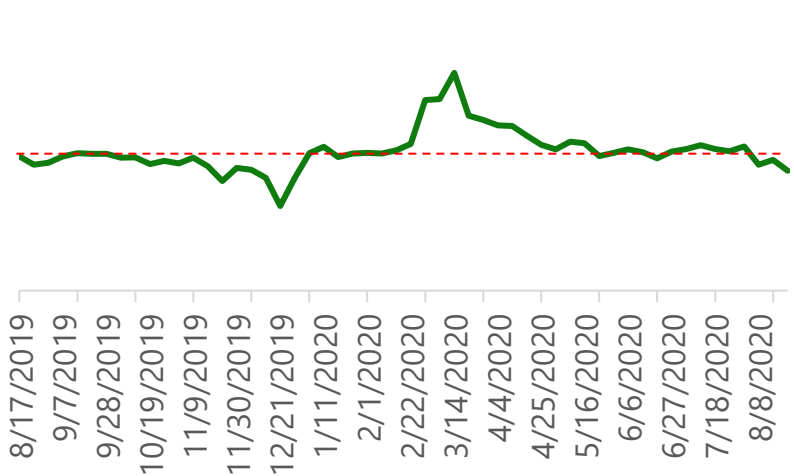
Auto Financing

-27%



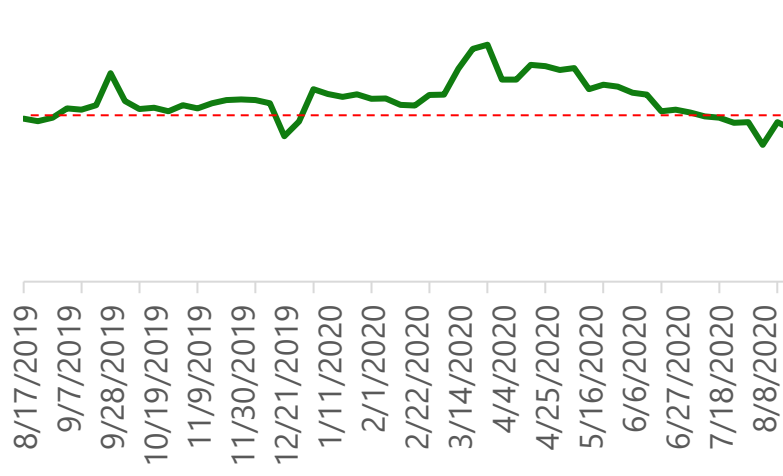
Home Loans

-11%



Unsecured Lending

-7%

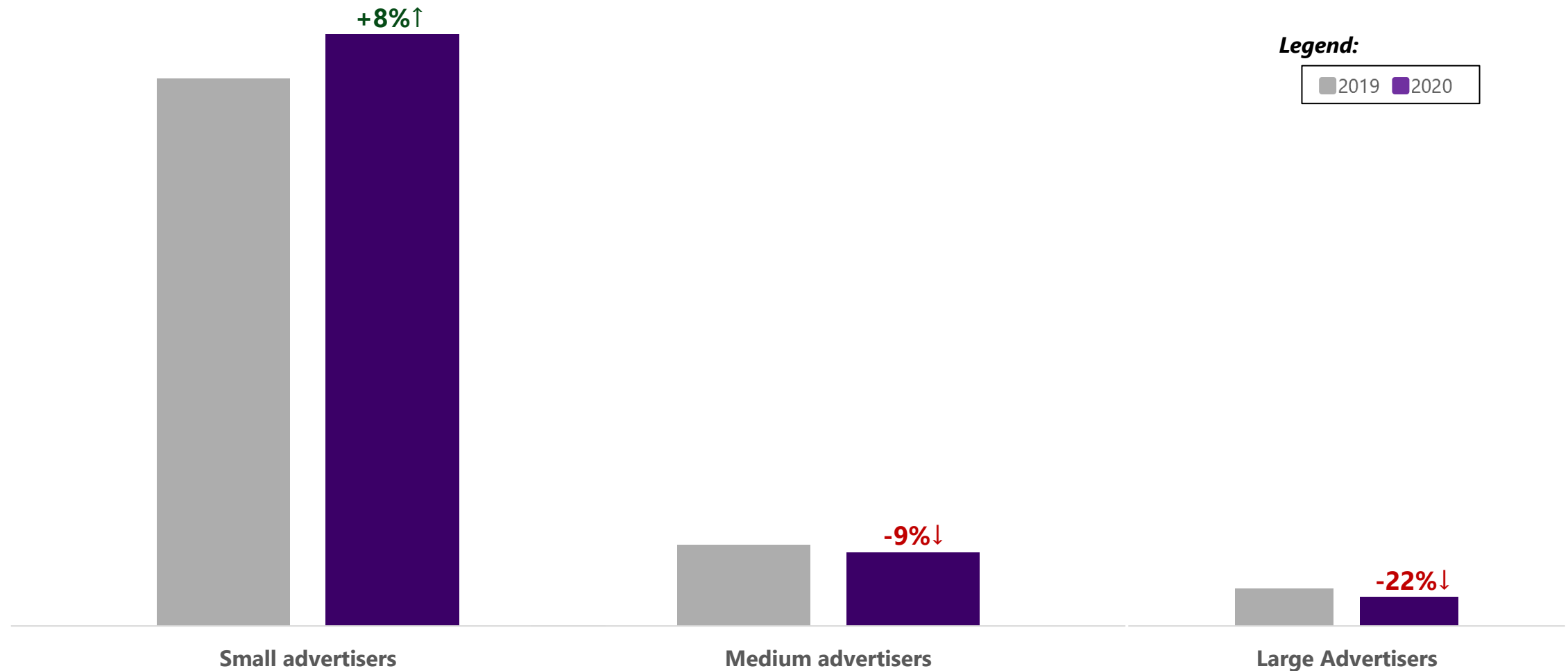


Behavioral trends

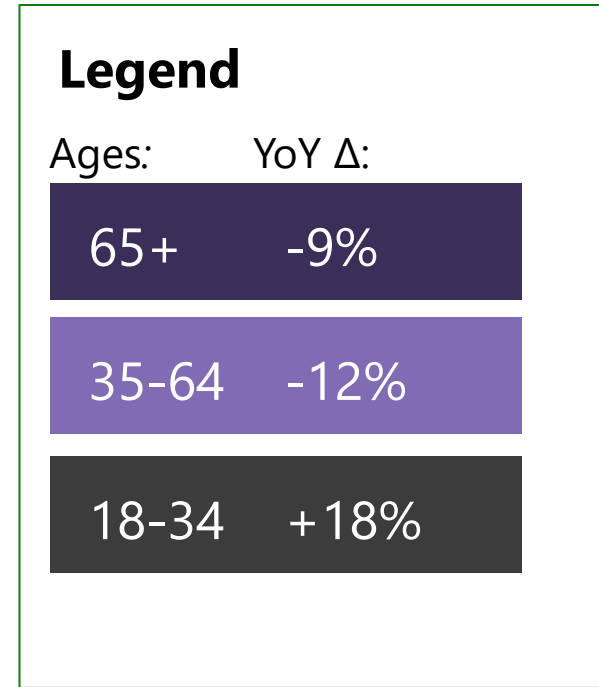
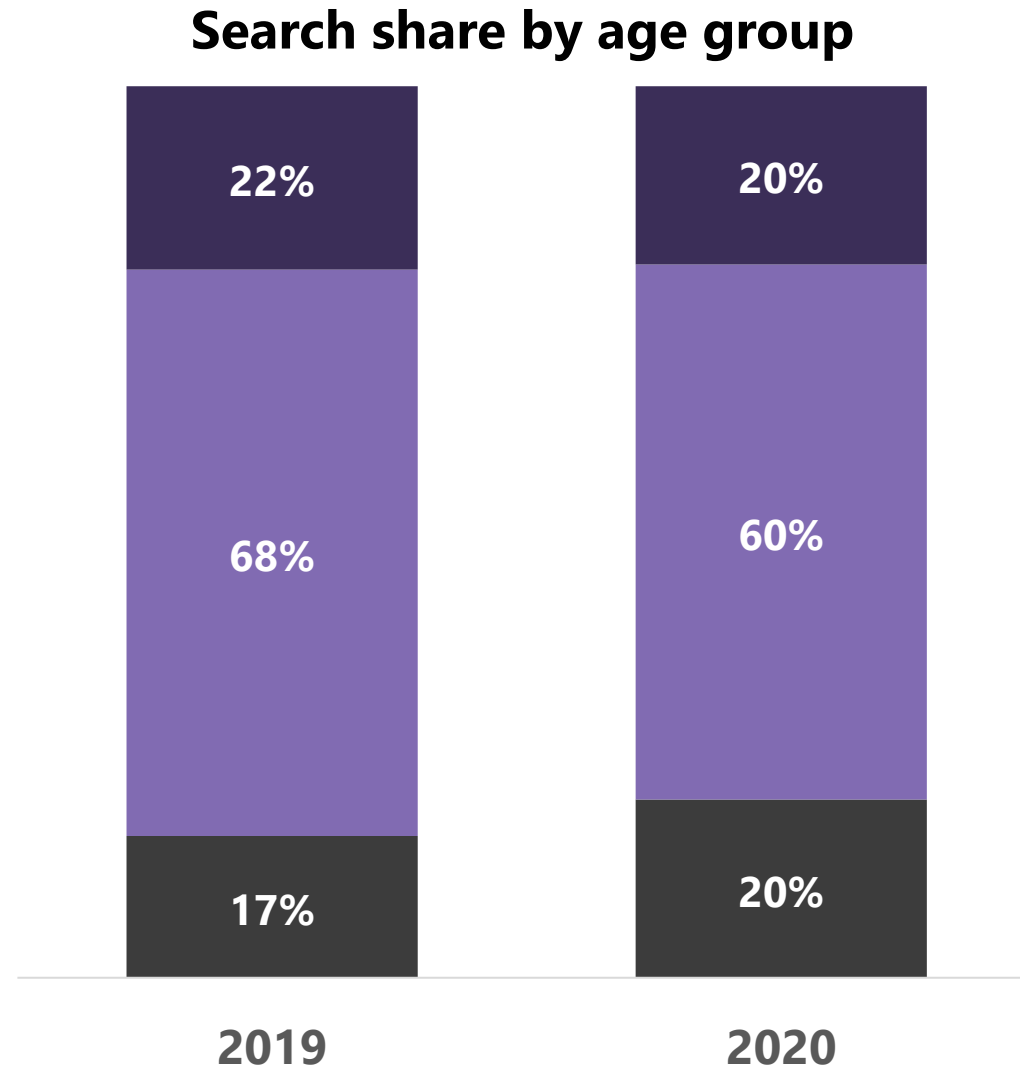
What's driving performance?

- Increased competition
- Younger audiences are searching more
- Non-brand continues to be the focus for advertisers

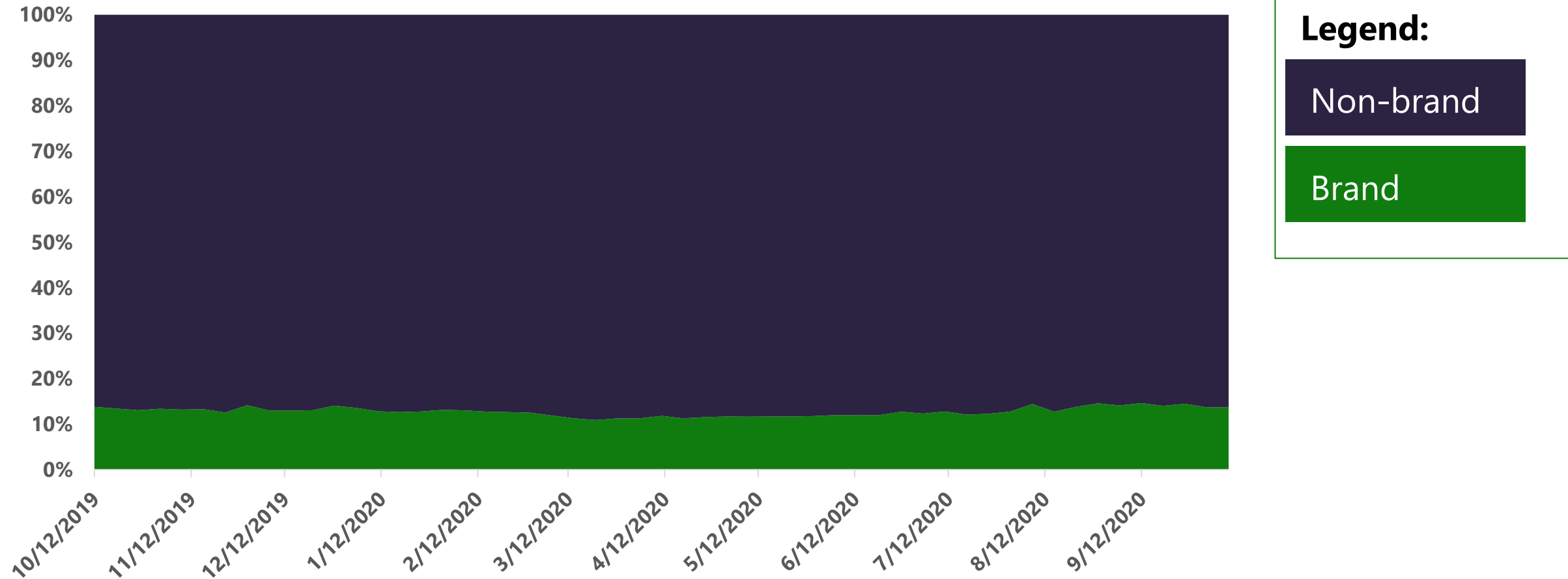
Competition is being driven by more small advertisers



Younger generations are searching more in 2020



Advertisers continue to focus on non-brand keywords through COVID-19



Source: Internal Microsoft Advertising Category Analytics Data (Size of Medium and Large advertisers are magnified to make differences more visible)

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