Microsoft Advertising Insights

Lending snapshot
Understanding Credit & Lending trends during COVID-19

MICROSOFT ADVERTISING
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/
Containment efforts led to a 7% drop in employment since January.

Source: Chart retrieved from https://tracktherecovery.org/
Employment losses are most significant for low-wage workers.

Source: Chart retrieved from https://tracktherecovery.org/
COVID-19 affected some sectors more severely than others.

The travel category is being affected the most severely because of lockdown and quarantining.

Source: Chart retrieved from https://tracktherecovery.org/.

Microsoft
Around 25% of Small Businesses are closed right now.
Consumer Confidence has dropped ~16 points driven by forward-looking uncertainty

Legend:
- Present Situation
- Consumer Confidence
- Expectations

Source: Conference Board
OVERALL MORTGAGE DELINQUENCIES INCREASED BY 78% YOY

Consumers are struggling to meet mortgage payments
Advertising trends

How are different Credit & Lending categories performing?
Spend in Credit & Lending has decreased by -54% against forecast, due to the effects of COVID-19.
• Increases in unemployment and forward-looking uncertainty has led to search spikes in credit counseling, identity monitoring and debt management
Credit Cards, Credit Reporting, and Loans see year over year (YoY) decreases in user searches as consumers are cutting back on spending.

Source: Microsoft Advertising Internal CAT Data (US Only)
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.

Source: Microsoft Advertising Internal CAT Data
<table>
<thead>
<tr>
<th>Dates</th>
<th>Personal Loans</th>
<th>Auto Financing</th>
<th>Home Loans</th>
<th>Unsecured Lending</th>
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<td>8/17/2019</td>
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</table>

-35% | -27% | -11% | +7%

Source: Microsoft Advertising Internal CAT Data
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.

Legend:
- $20K annual spend
- $20K - $100K annual spend
- $100K+ annual spend

Source: Internal Microsoft Advertising Category Analytics Data (Size of Medium and Large advertisers are magnified to make differences more visible)
Younger generations are searching more in 2020

Search share by age group

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>18-34</td>
<td>68%</td>
<td>60%</td>
</tr>
<tr>
<td>35-64</td>
<td>22%</td>
<td>20%</td>
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<tr>
<td>65+</td>
<td>17%</td>
<td>20%</td>
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</tbody>
</table>

Legend

Ages: 65+ YoY ∆:
- 65+  -9%
- 35-64  -12%
- 18-34  +18%

Source: Internal Microsoft Advertising Category Analytics
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)
To get actionable data, insights and best practices to help make decisions and grow your business, visit aka.ms/MicrosoftAdvertisingInsights