Microsoft Advertising Insights
Home & Garden on the Microsoft Audience Network

Microsoft Advertising. Intelligent connections.
Over 75% of consumers have completed at least one home improvement project as a result of the pandemic. Gardening has been one of the most common home improvement projects, with repainting not far behind.

<table>
<thead>
<tr>
<th>Home Improvement Project</th>
<th>Share of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garden landscaping</td>
<td>26%</td>
</tr>
<tr>
<td>Repainting indoors</td>
<td>24%</td>
</tr>
<tr>
<td>High-speed internet</td>
<td>21%</td>
</tr>
<tr>
<td>Fixing/adding lawn</td>
<td>18%</td>
</tr>
<tr>
<td>Security cameras</td>
<td>16%</td>
</tr>
</tbody>
</table>

1. Porch; Savanta; US, Jul. 7 – Jul. 9, 2020; 18 years and older; number of respondents 1,083
Leverage the Microsoft Audience Network to reach users in the market for Home & Garden needs
Retail Success, utilizing the Microsoft Audience Network for efficiencies

Complimenting existing search strategies advertisers saw¹

96% Lower CPMs¹  |  28% Lower CPCs¹  |  37% Lower CPAs¹

Highly relevant to the audience  |  Boosted performance

¹ Microsoft Internal Data, blended results August 2020.
2020 Home & Garden\(^1\) growth outpaced all-up Retail during peak seasonal period amid the pandemic
Microsoft Audience Network performance year over year (YoY)

**Retail**

+117% YoY during peak seasonal period
Click growth across Retail/business to consumer (B2C) categories

+140% YoY during peak seasonal period
CTR growth

-32% YoY during peak seasonal period
CPC decline due to efficiency gains and marketplace improvements

+71% YoY during peak seasonal period
Conversion growth across Retail/B2C categories

**Home & Garden**

+135% YoY during peak seasonal period
Click growth for Home & Garden\(^1\) categories

+145% YoY during peak seasonal period
CTR growth

-40% YoY during peak seasonal period
CPC decline despite increase in competition

+118% YoY during peak seasonal period
Conversion growth for Home & Garden\(^1\) categories


1. L2 Categories: Home & Garden, Home Improvement & Repair, Home Services, Home Furnishings & Furniture Services
Microsoft Audience Ad click volume for Home & Garden\(^1\) continues to grow while KPIs improve

Microsoft Audience Network clicks for Home & Garden\(^1\)

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Microsoft Audience Network clicks vs. CPC

Key performance indicators (KPIs) for Home & Garden continue to improve YoY due to marketplace improvements and more users engaging with our premium placements.

+18.6% CTR YoY\(^2\)

-21.7% CPC YoY\(^2\)

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Microsoft internal data; Global, Dec. 2019 – Dec. 2020

1. L2 Categories: Home & Garden, Home Improvement & Repair, Home Services, Home Furnishings & Furniture Services
Over 87% of Home & Garden\(^1\) categories saw an increase in clicks YoY for December

Top 10 Home & Garden\(^1\) categories; percent change in clicks YoY for December (sorted by clicks)

- Furniture: 348%
- Home Improvement: 464%
- Appliances: 285%
- Lighting & Fans: 358%
- Outdoor Living: 257%
- Bedding: 364%
- Tools & Hardware: 106%
- Home Decor: 287%
- Kitchen & Housewares: 157%
- Home Security: 298%

Microsoft internal data; Global, Dec. 2019 – Dec. 2020

1. L2 Categories: Home & Garden, Home Improvement & Repair, Home Services, Home Furnishings & Furniture Services
2. KPI YoY (Dec. 2020 vs. Dec. 2019); inclusive of all Home & Garden L2 categories
U.S. - Microsoft Audience Network trends
Microsoft Audience Network ad click volume for Home & Garden\(^1\) has continued to grow while KPIs improve

Microsoft Audience Network clicks for Home & Garden\(^1\)

Microsoft Audience Network clicks vs. CPCs (US)


1. L2 Categories: Home & Garden, Home Improvement & Repair, Home Services, Home Furnishings & Furniture Services
2. KPI YoY (Dec. 2020 vs. Dec. 2019); inclusive of all Home & Garden L2 categories

KPIs for Home & Garden continue to improve YoY as more users engage with our premium placements

+20.7% CTR YoY\(^2\)

-22.8% CPC YoY\(^2\)
Mobile captured 48% of clicks during 2020 peak Home & Garden\(^1\) seasonal period\(^2\)

Audience Network clicks by device for Home & Garden\(^1\)

Mobile KPIs consistently outperform desktop, with a +78% higher CTR and -44% lower CPC during December.

Although mobile traffic has been trending down month over month (MoM), there is still a lot of opportunity to reach users on their mobile devices, especially during the upcoming peak seasonal period.


1. L2 Categories: Home & Garden, Home Improvement & Repair, Home Services, Home Furnishings & Furniture Services
2. Peak seasonal period: Mar. – May 2020
In the US, over 86% of Home & Garden\(^1\) categories saw an increase in clicks YoY

Top 10 Home & Garden\(^1\) categories; percent change in clicks YoY for December (sorted by clicks)

- Furniture: 350%
- Home Improvement: 463%
- Lighting & Fans: 353%
- Appliances: 248%
- Outdoor Living: 244%
- Home Decor: 288%
- Tools & Hardware: 94%
- Bedding: 330%
- Kitchen & Housewares: 159%
- Home Security: 318%


1. L2 Categories: Home & Garden, Home Improvement & Repair, Home Services, Home Furnishings & Furniture Services
UK - Microsoft Audience Network trends
Microsoft Audience Ad click volume for Home & Garden continues to grow while KPIs continue to improve

Microsoft Audience Network clicks for Home & Garden

Microsoft Audience Network clicks vs. CPC (UK)

1. L2 Categories: Home & Garden, Home Improvement & Repair, Home Services, Home Furnishings & Furniture Services

CTR for Home & Garden continues to improve YoY as more users engage with our premium placements

CPCs have remained relatively steady despite the increase in demand & competition within the marketplace

+19.3% CTR YoY

+3.7% CPC YoY
Over 79% of Home & Garden\(^1\) categories have seen an increase in clicks in the UK

Top 10 Home & Garden\(^1\) categories; percent change in clicks YoY (sorted by clicks)

<table>
<thead>
<tr>
<th>Category</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>328%</td>
</tr>
<tr>
<td>Appliances</td>
<td>357%</td>
</tr>
<tr>
<td>Bedding</td>
<td>1220%</td>
</tr>
<tr>
<td>Home Furnishings</td>
<td>473%</td>
</tr>
<tr>
<td>Outdoor Living</td>
<td>451%</td>
</tr>
<tr>
<td>Plumbing</td>
<td>504%</td>
</tr>
<tr>
<td>Flooring</td>
<td>215%</td>
</tr>
<tr>
<td>Tools &amp; Hardware</td>
<td>234%</td>
</tr>
<tr>
<td>Kitchen &amp; Housewares</td>
<td>98%</td>
</tr>
<tr>
<td>Builder</td>
<td>262%</td>
</tr>
</tbody>
</table>

\(^1\) L2 Categories: Home & Garden, Home Improvement & Repair, Home Services, Home Furnishings & Furniture Services

KPI YoY (Dec. 2020 vs. Dec. 2019); inclusive of all Home & Garden L2 categories
Native drives online shoppers to search
The Microsoft Audience Network captures one-third of all touchpoints during the middle of the online shopper’s journey. Ad served by conversion path position for Retail across the Microsoft Network.

Source: Microsoft internal data; Microsoft Advertising Query Path Data for US Retailers, Sep 2020 – Nov 2020, 500K total unique paths.
Microsoft Audience Ads significantly improve engagement at every step of the marketing funnel for Home & Garden

**Awareness**
+153%
Lift in brand awareness per user, measured by post-exposure brand search rate

**Consideration**
+273%
Lift in brand consideration per user, measured by post-exposure domain visit rate

**Purchase**
+268%
Lift in brand purchase per user, 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 Retail advertisers with completed lift studies to date (Jan. 2021). These advertisers are a non-representative sample of Home & Garden retail advertisers in the marketplace. Lift measured between exposed users and a control group of eligible unexposed users. Data points represent lift on a per-user basis. Average user count per advertiser study = 2.6M, data collected Jun.-Dec. 2020.
Activate across both search and the Microsoft Audience Network to maximize performance for Home & Garden

Users exposed to both Microsoft Audience Network Ads and Microsoft Search Network ads are more likely to visit a Home & Garden retailer’s website compared to those who are exposed to only one type of ad.

Layer additional audiences, such as Dynamic Remarketing for a more targeted reach.

+299% Domain visitation vs. only Search ad exposure

+365% Domain conversion vs. only Search ad exposure

Notes: Results may vary for each advertiser based on campaign settings, targeted audiences and other factors. Lift metrics represent an average of Retail advertisers with completed lift studies to date (Jan. 2021). These advertisers are a non-representative sample of Home & Garden retail advertisers in the marketplace. Lift measured between exposed users and a control group of eligible unexposed users. Data points represent lift on a per-user basis. Average user count per advertiser study = 2.6M, data collected Jun.-Dec. 2020.
Custom Audiences and Dynamic Remarketing perform best for Home & Garden\(^1\) and have stronger KPIs compared to all-up Retail

Audience Network feature performance for Home & Garden\(^1\)

PRO TIP: If you don’t have enhanced UET in place for Dynamic Remarketing, launch standard Shopping campaigns right away while you work to update the tag

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1. L2 Categories: Home & Garden, Home Improvement & Repair, Home Services, Home Furnishings & Furniture Services
2. Intelligence audiences only; exclusive of Location, Device, and Demographic targeting
Activation
Our top tips and tricks for native success
Reach your audience across the consumer decision journey

Fill your marketing funnel to take advantage of Microsoft Advertising’s targeting capabilities

- **Awareness**
  - Similar Audiences

- **Consideration**
  - LinkedIn Profile Targeting
  - Niche In-market Audiences

- **Conversion**
  - Dynamic Remarketing
  - Shopping Campaigns

- **Reengage**
  - Remarketing
  - Custom Audiences

Source: Microsoft Internal data; Global, Dec. 2020; L2 Categories: Home & Garden, Home Improvement & Repair, Home Services, Home Furnishings & Furniture Services
What does this strategy look like structurally?

**Option for Shopping Campaigns**

- **CAMPAIGN 1 | SHOPPING ON MICROSOFT AUDIENCE NETWORK**
  - FEED BASED ADS

- **CAMPAIGN 2 | REMARKETING TO REINFORCE**
  - IMAGE ADS

- **CAMPAIGN 3 | IN-MARKET AUDIENCES FOR CONSIDERATION**
  - IMAGE ADS

- **CAMPAIGN 4 | SIMILAR AUDIENCES FOR PROSPECTING**
  - IMAGE ADS

**Option for Dynamic Remarketing**

- **CAMPAIGN 1 | SHOPPING WITH DYNAMIC REMARKETING**
  - FEED BASED ADS

- **CAMPAIGN 2 | SHOPPING ON MICROSOFT AUDIENCE NETWORK**
  - FEED BASED ADS

- **CAMPAIGN 3 | REMARKETING TO REINFORCE**
  - IMAGE ADS

- **CAMPAIGN 4 | IN MARKET AUDIENCES FOR CONSIDERATION**
  - IMAGE ADS

- **CAMPAIGN 5 | SIMILAR AUDIENCES FOR PROSPECTING**
  - IMAGE ADS

**PRO TIP:** Bid aggressively during peak periods. CPCs for Holiday 2020 cleared 50% lower than average marketplace bids. Stay competitive and win high performing volume while still driving efficiencies.

Source: Microsoft Internal Data Nov-Dec 2020, Retail Vertical Advertisers for Audience Campaigns
Target overlapping first party audiences for even more volume

Place our highest post-exposure audiences within the consideration/niche campaign, customize via our Audience Planner found in our User Interface.

Consumers In-market for Home & Garden needs...

16.9M
Users who are In-Market for
/Home & Garden

....Are also In-market for others

48% /Apparel & Accessories/Clothing
46% /Home & Garden/Home Decor
42% /Home & Garden/Kitchen & Dining
42% /Pets & Animals/Pet Food & Supplies/Pet Food & Treats
41% /Apparel & Accessories/Handbags
Six steps for success

1. Launch evergreen campaigns 1-2 weeks ahead of high impact dates. Build history and remarketing pools to maximize volume and amplify during high impact timeframes.

2. Launch standard Shopping campaigns right away since you don’t need UET++. Expand volume for product ads while you update the tag to leverage Dynamic Remarketing.

3. Stay top of mind by setting up targeted image-based campaigns in addition to Shopping. Run Remarketing and In-market Audiences to remind consumers of promotions and offers.

4. Bid aggressively in the beginning to allow system to ramp and stay competitive with bids throughout campaign flight, optimize after the first 10 days, then 1x per week.

5. Use Shared Budgets and set up Automated Rules to maximize volume on top priority strategies during your promotional period.

6. Limited time promotions work but be sensitive to current events. Refresh and test creative more frequently to avoid fatigue.
What’s needed to launch?
A quick checklist

- **Image-based Campaign**
  - Confirmation on audiences to target
  - Creative
    - 3-5 image assets, 1200x628
    - Ad Copy
    - Turnkey ways to secure assets:
      - Leverage existing assets
      - Import Tools from other campaigns
      - Shutterstock Image Library
  - New IO approval for budget

- **Dynamic Remarketing (Feed-based Campaign)**
  - Confirm existing product feed available or upload feed to merchant center
    (Reminder: No creative needed, all assets pulled from feed)
  - Confirmation on Dynamic Remarketing lists to target
  - New IO approval for budget
Norwall PowerSystems partners with White Shark Media and Microsoft Advertising to expand digital reach

As an e-commerce business selling backup power generators and related equipment to other businesses, Norwall PowerSystems understands the importance of targeting the right customers online. That’s why the company enlisted marketing agency White Shark Media to manage its pay-per-click (PPC) campaigns and expand its digital reach.

A threefold approach to delivering high ROAS

With the goal of delivering a high ROAS for Norwall PowerSystems while increasing conversions at a lower cost, White Shark Media applied a threefold strategy:

- **Targeting the right audience**
- **360-degree tracking**
- **Implementing best practices**

Knowing that audiences on Microsoft Advertising tend to have a high purchasing power, White Shark Media leveraged the platform’s targeting options to show Norwall PowerSystems’ ads to those in the real estate and construction industries. The agency also installed Call Tracking Metrics and Universal Event Tracking tags to monitor revenue and ROAS. Moreover, White Shark Media employed best practices such as conducting split testing, updating ads with promotions alongside their corresponding ad copy, and ensuring proper campaign and ad group segmentation.

This approach led to impressive campaign performance, with ROAS up 309% and conversions up 236%\(^1\). In June of 2019, the start of hurricane season in the U.S. and one of Norwall PowerSystems’ peak months, the company’s ROAS increased by more than 1,000%\(^1\). These results have even earned White Shark Media a nomination in the Audience Excellence Category of the 2019 Microsoft Advertising Agency Awards.

Generate powerful results with Microsoft Advertising

By partnering with White Shark Media, Norwall PowerSystems has seen a tremendous impact on its online reach. And with the help of Microsoft Advertising, White Shark Media delivers outstanding results and exceeds the expectations of its B2B clients.\(^1\)

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\(^1\) White Shark Media Internal Data, 2019.
To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights
Microsoft Advertising. Intelligent connections.

microsoftadvertising.ai