



Microsoft Advertising Insights

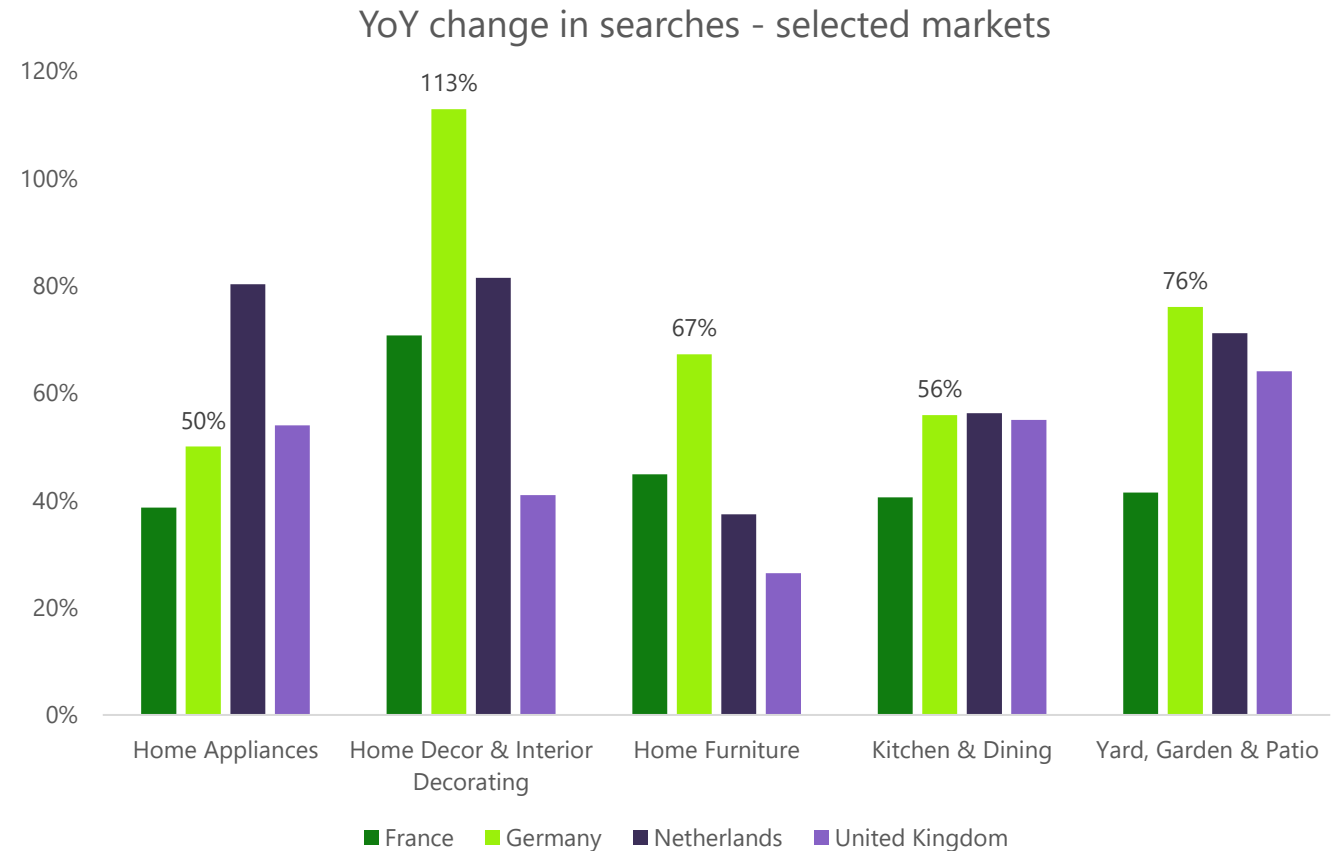
Home and Garden trends in Germany post COVID-19

Microsoft Advertising. Intelligent connections.



Home and Garden searches in Germany saw significant growth year over year (YoY)

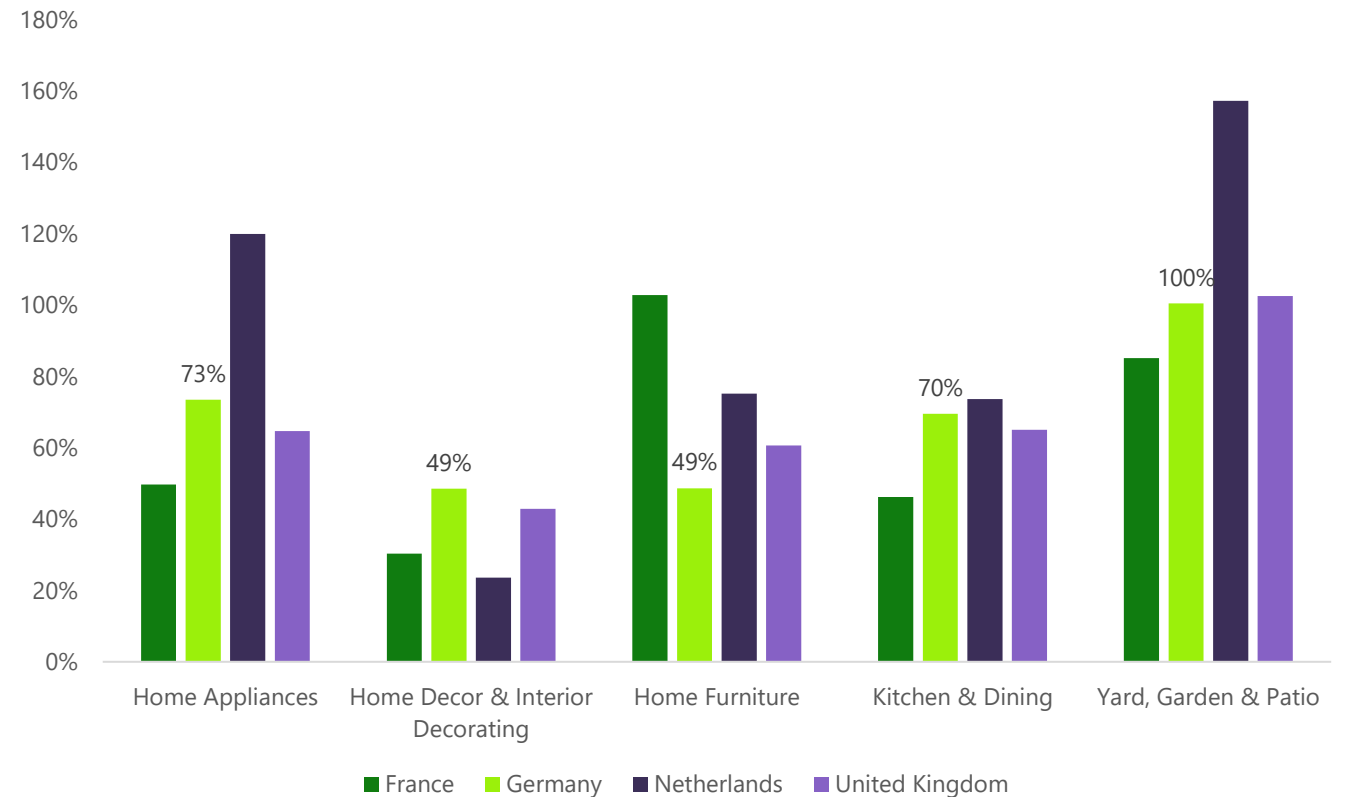
- In the five major Home and Garden sub-categories, searches increased between 50% and 113% in Germany
- Germany led other countries in YoY growth in Home Décor & Interior Decorating; Home Furniture; and Yard, Garden & Patio sub-categories
- As many people were forced to spend more time at home, interest in Home Decor was especially high



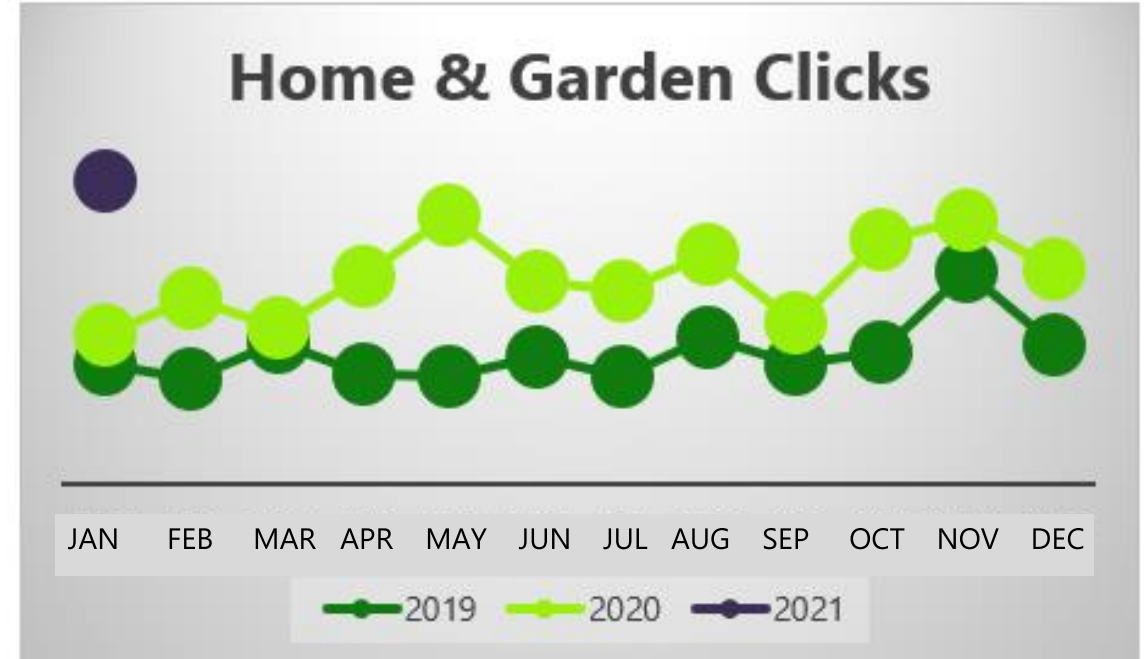
More searches translate into additional clicks

- In Germany alone, click growth was between 49% and 100% YoY
- Yard, Garden & Patio clicks doubled in 2020, showing an increased demand to use yard space with the arrival of COVID-19

YoY change in clicks - selected markets



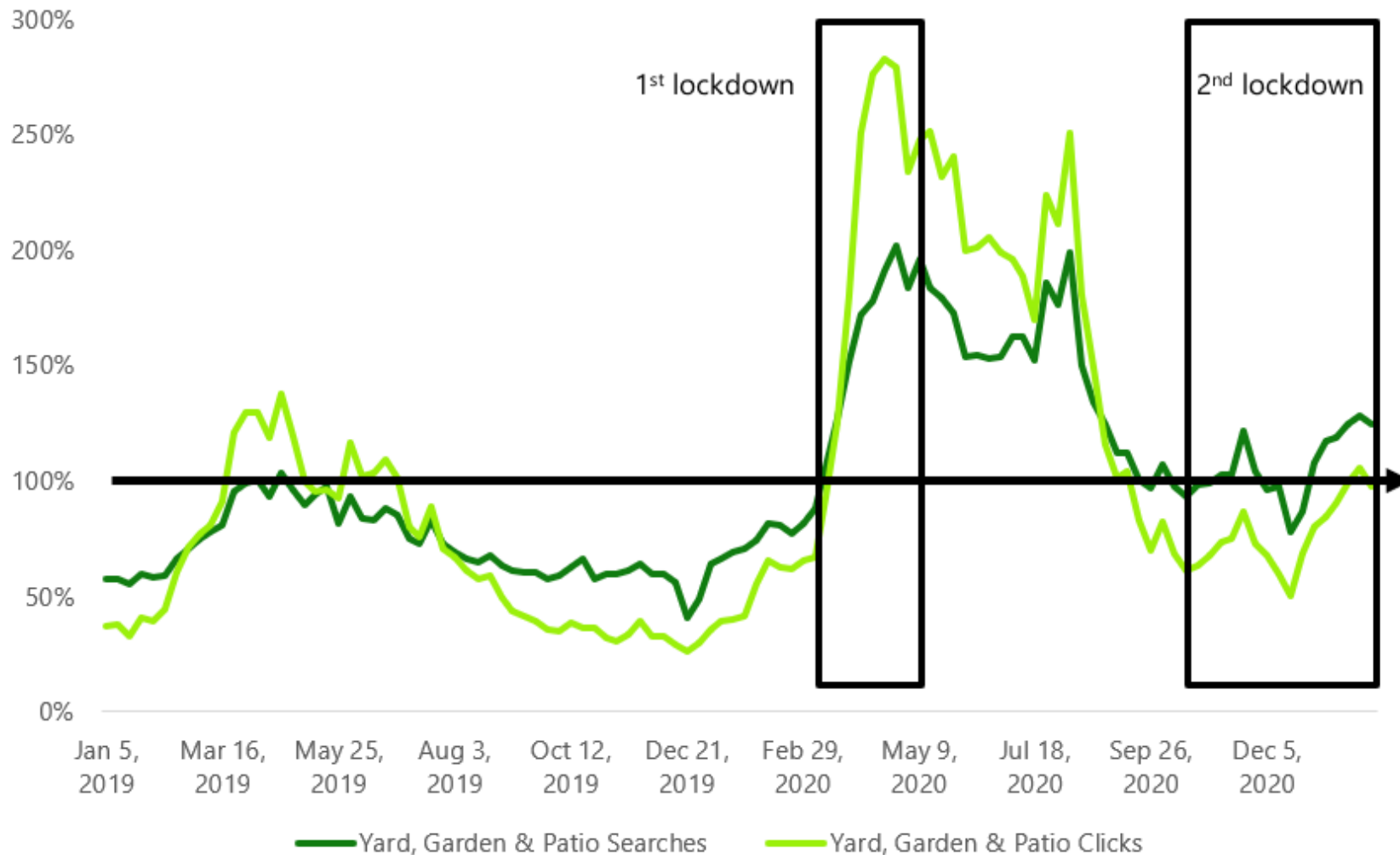
Home & Garden growth has continued into 2021



2021 started with high search and click volume in January despite an unusually cold winter in Germany, inferring consumers are preparing for spring early this year

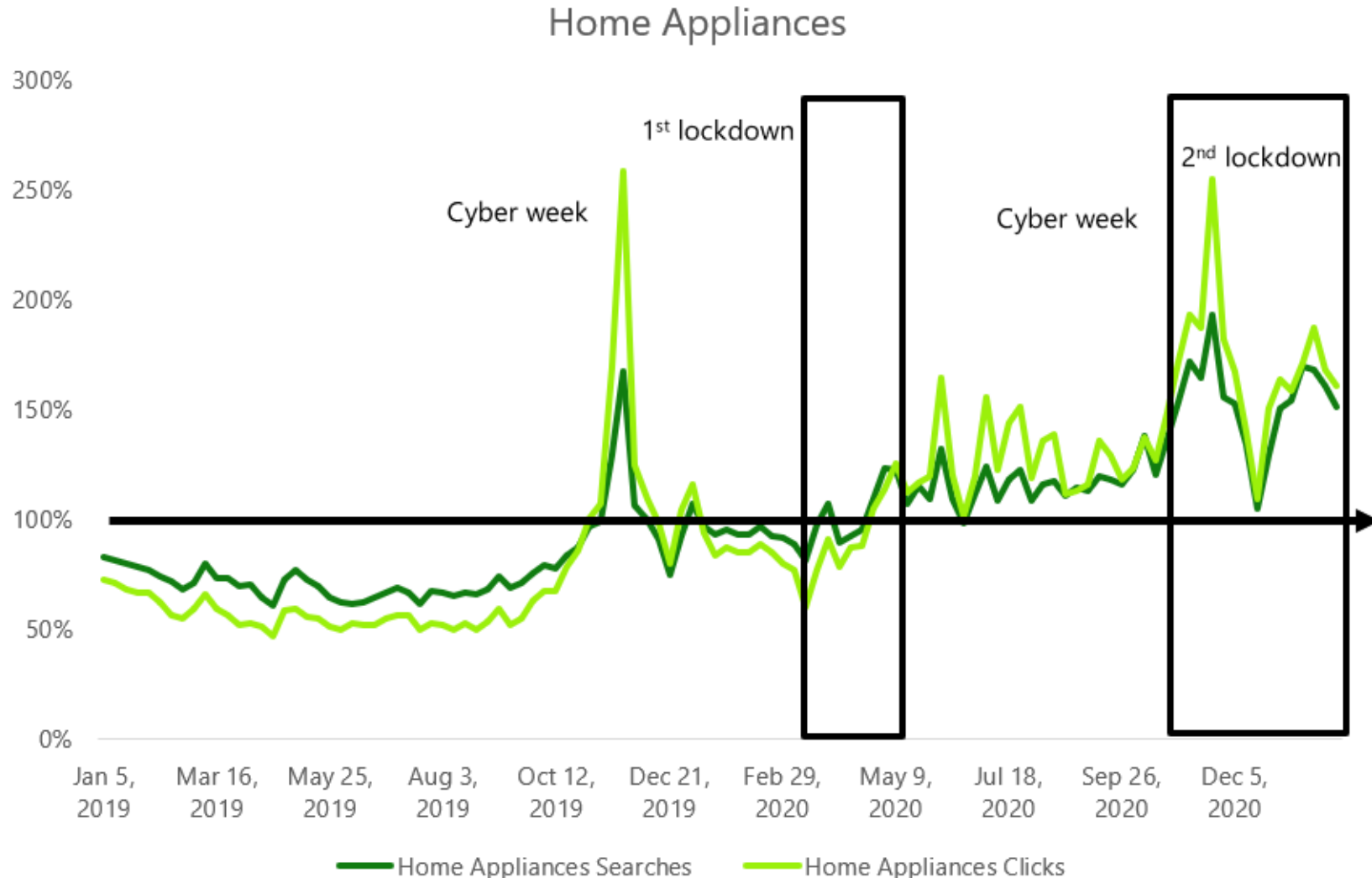
Yard, Garden & Patio traffic peaked in the first lockdown

Yard, Garden & Patio



- 2019 shows seasonal increases in spring and declining volumes as summer ends
- 2020 searches and clicks exploded during the 1st lockdown and over-indexed heavily until August
- 2021 started with high search volume again in February, hinting that people are preparing early for spring to hit

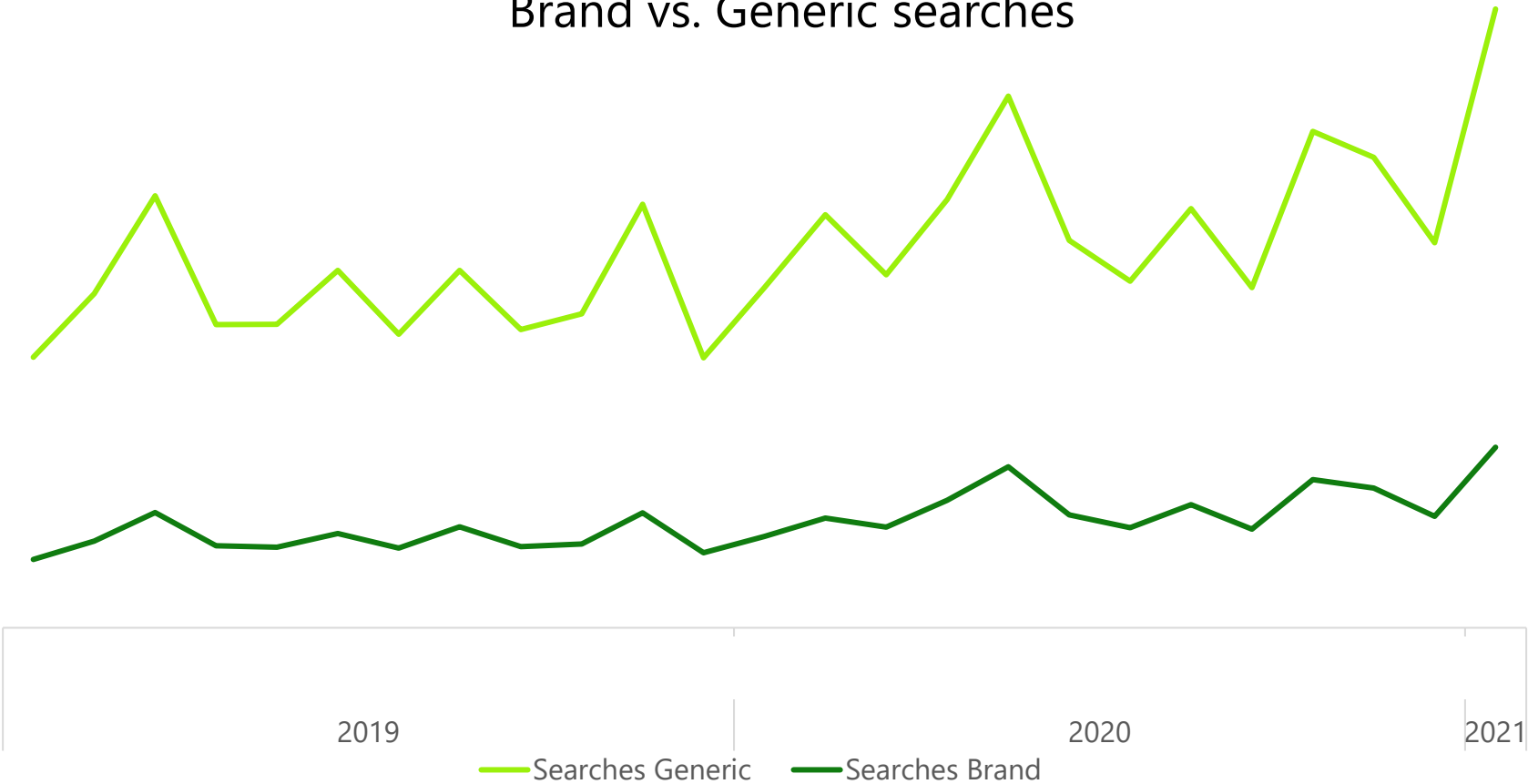
Home Appliances activity is growing at a steady rate



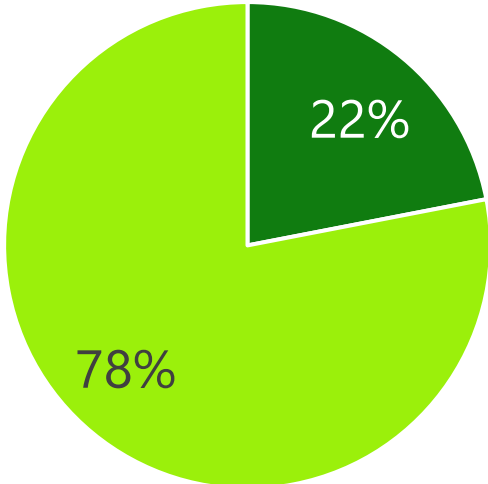
- Home Appliances seem less influenced by the pandemic but rather by seasonal sales
- Growth in 2020 is evident but appears after the 1st lockdown, while the first phase of the 2nd lockdown overlaps with the holiday shopping season 2020

Generic Searches are more popular than brand searches

Brand vs. Generic searches



Total searches



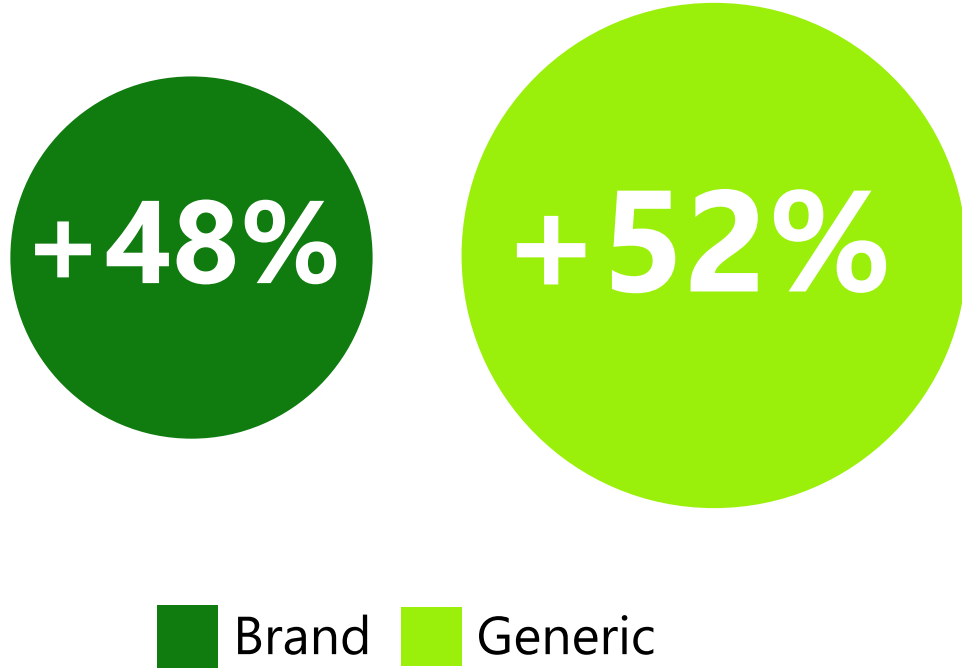
Brand Generic

Source: Microsoft Advertising Internal Data, Home & Garden clicks for DE, Nov 2019-Jan 2020 vs Nov 2020-Jan 2021



Both generic and brand terms are seeing significant click growth YoY

Home & Garden
yearly click growth

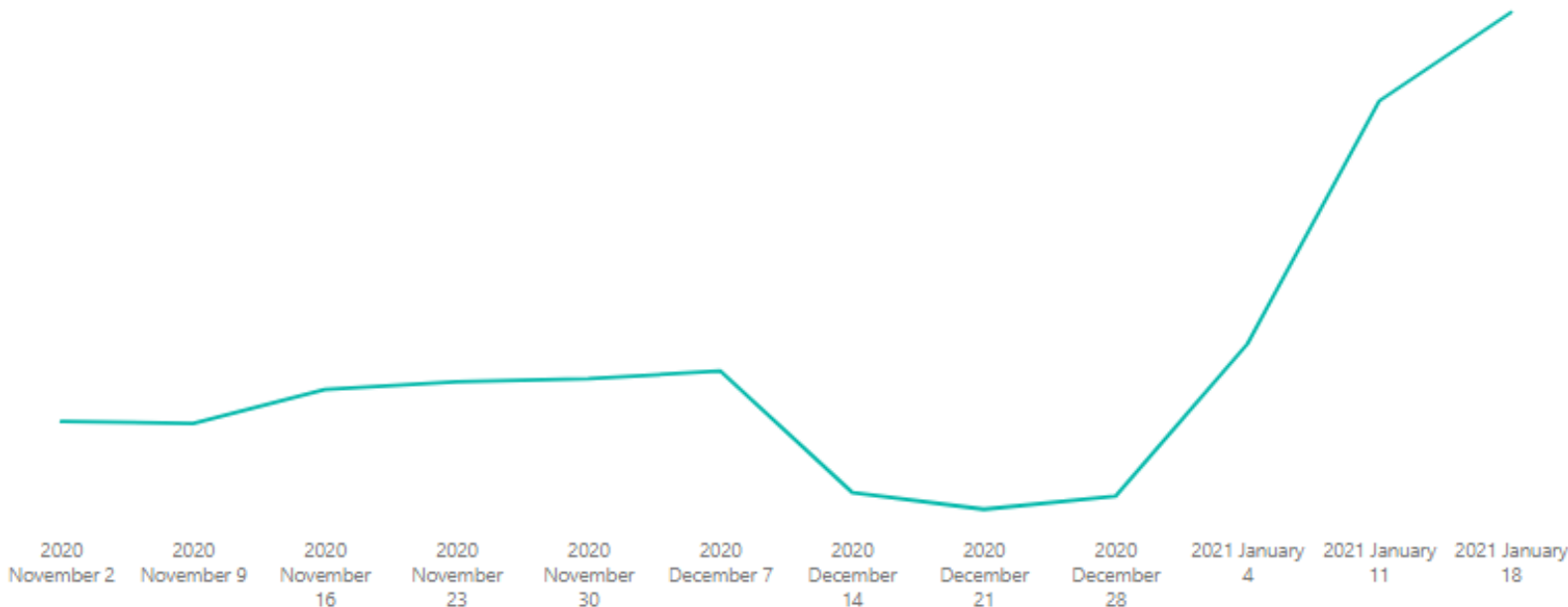


Source: Microsoft Advertising Internal Data, Home & Garden clicks for DE, Nov 2019-Jan 2020 vs Nov 2020-Jan 2021



Clicks surrounding 'hardware stores' have quadrupled since November 2020

'hardware store' clicks



Before the 2nd lockdown the queries surrounding 'hardware stores' was already popular in Germany

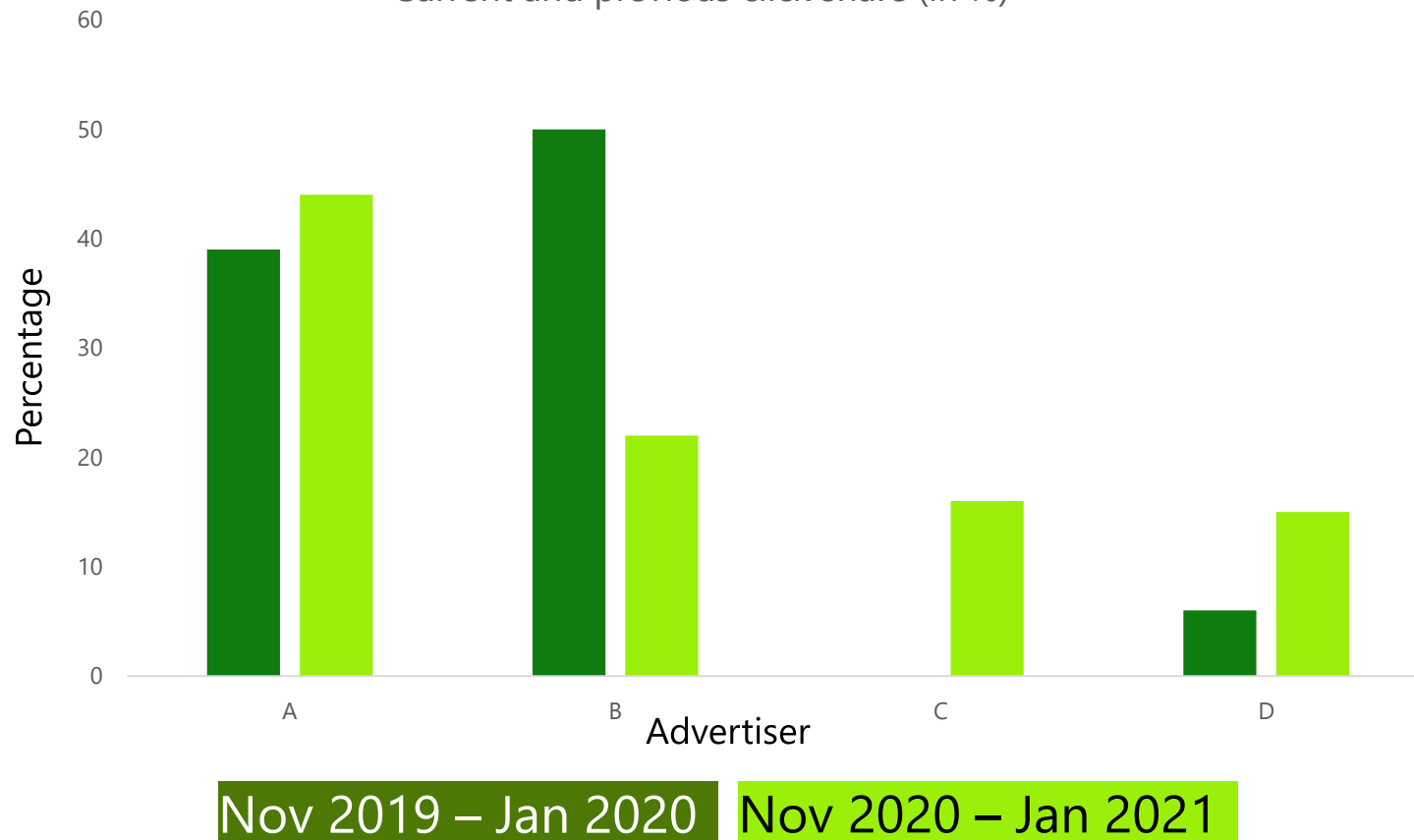
January 2021 showed even greater demand with the number of clicks quadrupled

Source: Microsoft Advertising internal data / Online Pharmacy Keyword Analysis; based on keyword Baumarkt; Germany Nov 2020 – Jan 2021



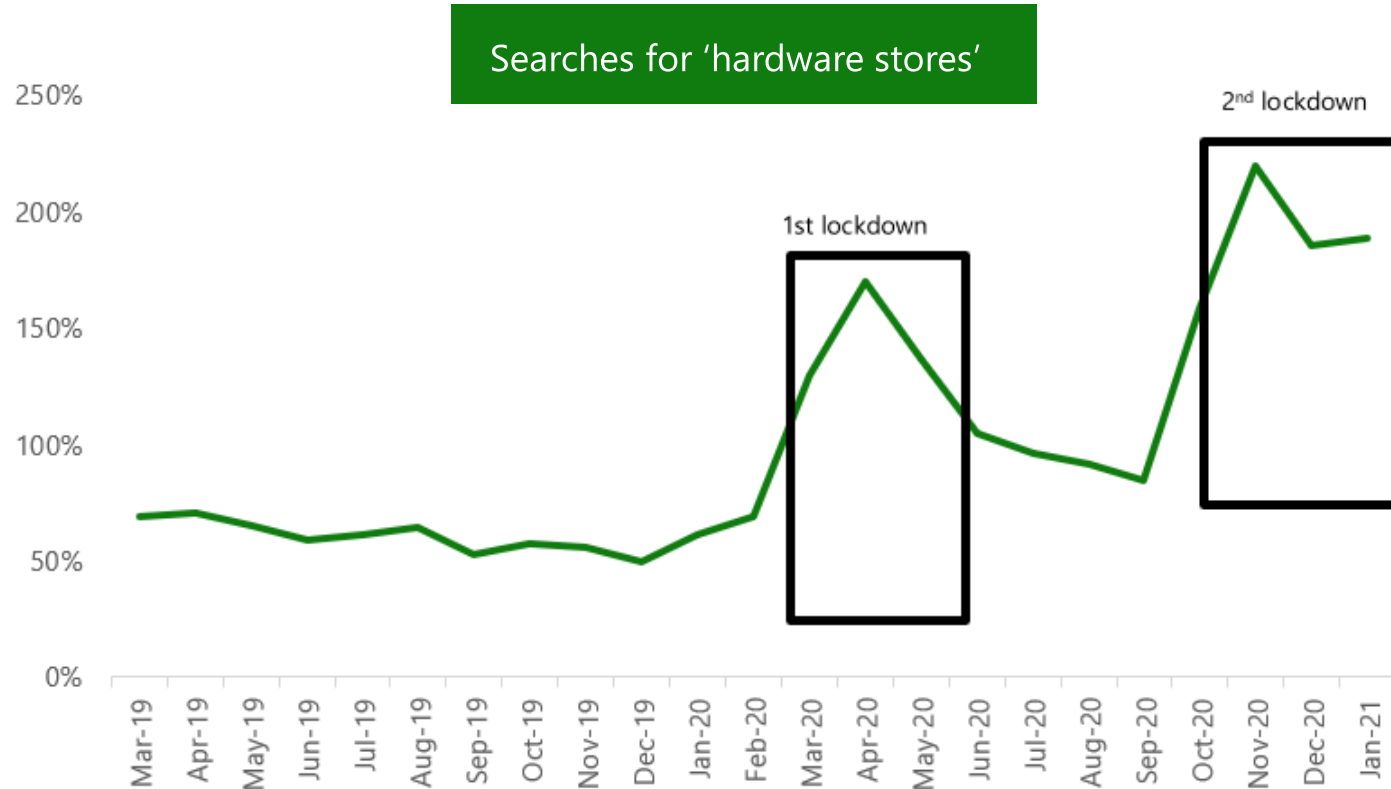
COVID-19 has created an even playing field in competition for 'hardware stores' clicks

Current and previous click share (in %)



- Before COVID-19, one advertiser held more than 50% of the click share for queries including 'hardware store'
- A year later, this advertiser has lost half their share, creating room for others in the space

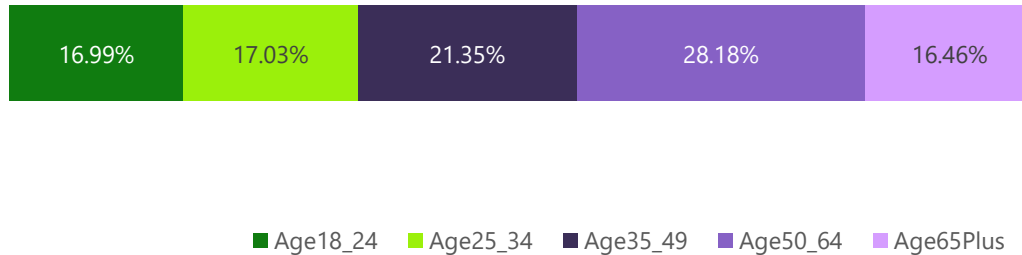
The stricter the lockdown, the more searches for 'hardware stores'



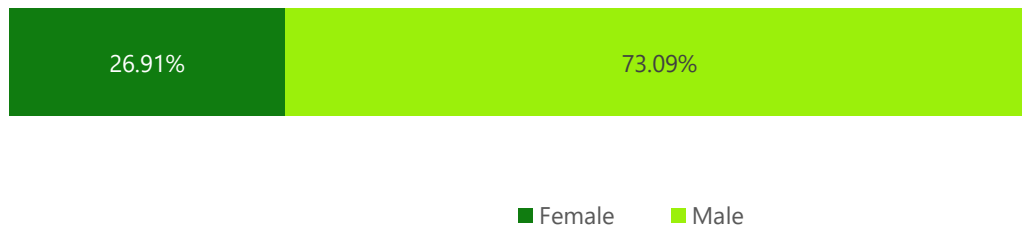
- From a user perspective, search spikes are correlated with the two lockdown phases
- Lockdown 2 became severe in mid December, so the impact is seen in January 2021

Searchers are dominantly male and half of them are between 35 and 64

Searches by Age



Searches by Gender



- Searches including 'hardware stores' are most common between adults aged 50 and 64
- Males are responsible for almost 3/4^{ths} of the total searches

Germany Home and Garden

Users of the Microsoft Search Network are more likely to purchase these Home & Garden products

(compared to the average internet user = 100)



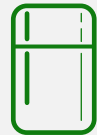
+43%
Garden Furniture



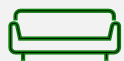
+59%
Home Exercise Equipment



+15%
Washing Machine



+32%
Refrigerator



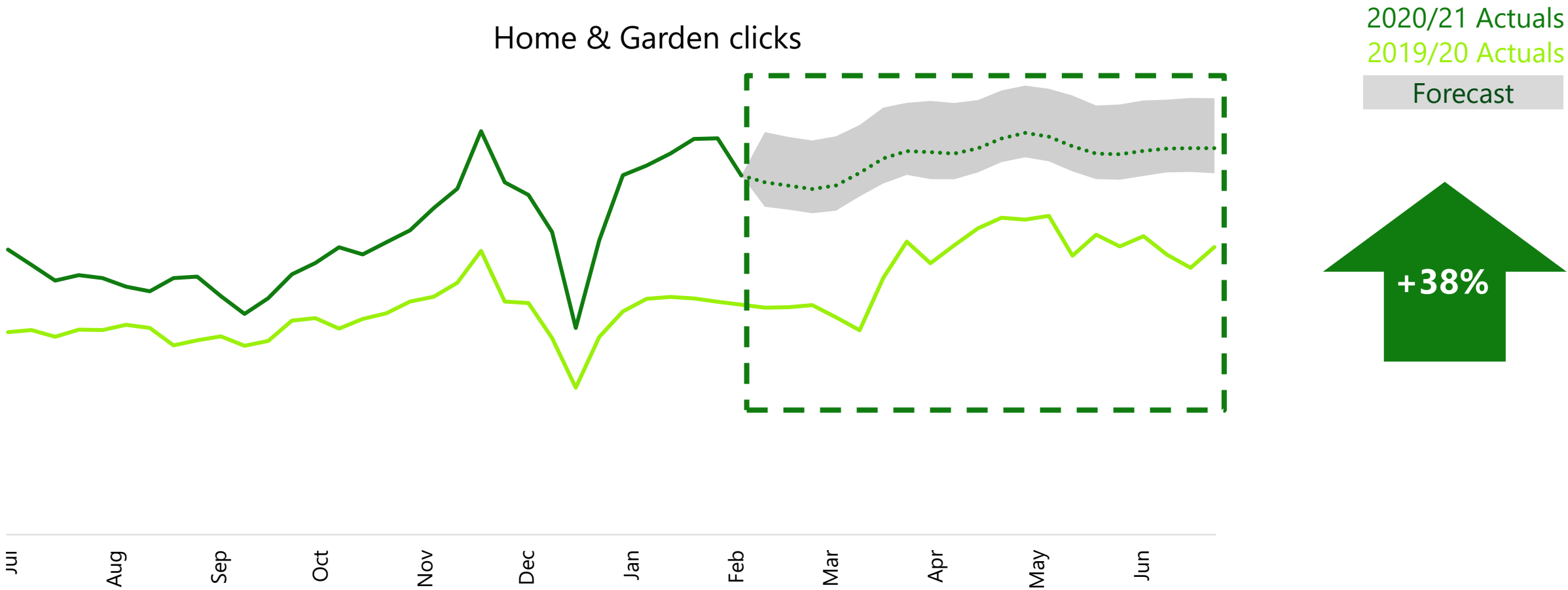
+39%
Sofa



+29%
Vacuum Cleaner



Home and Garden click forecasts predict strong growth for spring of 2021



Source: Microsoft Advertising Internal Data, Jan 2019-Feb 2021 Home & Garden clicks for DE using PROPHET forecasting model



3 key components to grow wonderful campaigns



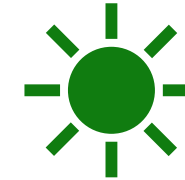
Microsoft Shopping Campaigns

- **Product Ads** account for **18% of clicks** in Home and Garden¹
- **Cost per clicks (CPCs)** are **22% lower** than Search Ads CPCs¹



Dynamic Search Ads

- **Dynamic Search Ads** drives on average **39%** of **click volume** from broad matching with **27% lower CPCs**²



Audiences

- **Remarketing** has a **134% higher ad click through rate (CTR)** vs. regular activity
- **In-market Audiences** to increase the size of your **target audience**

1. Microsoft Internal, November 2020 – January 2021, German Home and Garden advertisers, Owned and Operated network

2. Microsoft Internal, November 2020 – January 2021, Top German Retail advertisers having DSA and Broad Match implemented, Owned and Operated network

3. Microsoft Internal, Retail advertisers in Germany with remarketing, December 2020, Owned and Operated network

Summary and Recommendations



Plan

Germany saw a spike in both searches and clicks between 2019 and 2020 and we are seeing that growth continue into 2021

Generic searches are more popular than brand searches for this industry and we are seeing a strong uptick in queries relating to 'hardware stores'

We're seeing best performance for advertisers who use targeted capabilities to reach consumers

Adapt

Pro tip: make sure to secure budget and plan time investment to realise this growth

Pro tip: discover new queries and clicks with Dynamic Search Ads to drive incremental query coverage

Pro tip: Remarketing has a 14% lower CPA and 134% higher Ad CTR vs. regular activity

To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights



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