MICROSOFT ADVERTISING INSIGHTS

Home loan growth in the AU marketplace
There are many positive driving factors accelerating Australia’s housing market, and home loans are also growing as a result.

User activity on the Microsoft Advertising network has grown inline with the housing market, for mortgages, refinancing, and first homes.

The highly competitive home loan space has caused big changes in the way our users shop for home loans.
The home loan market is the highest it's been in the last 5 years. In January 2021, new loan commitments for housing rose 34.5% year over year (YoY).

INDUSTRY TRENDS

Lending volumes by new commitments and refinancing by month

Data Source: ABS Lending Indicators January 2021

*Total housing includes newly erected and existing dwellings, land purchase and building alterations for both owner and investor borrowing types; Refinancing includes both internal and external.
Key macroeconomic factors influencing Australia’s surging housing market

1. Continually low mortgage rates reducing the cost of borrowing
2. Australia’s response to COVID-19 transmission
3. Increased optimism for the economy
4. First home buyers coming back
Continually low mortgage rates reducing the cost of borrowing

Data Source: ABS Lending Indicators 2021
Continually low mortgage rates reducing the cost of borrowing
Australia’s response to COVID-19 transmission

Data Source: Microsoft Bing Search Engine COVID19 Tracker
Increased optimism for the economy
First home buyers coming back
Growth in the Home Loans industry is seen through increases in both search and click volume via Microsoft Advertising.

Searches and Clicks year over year (YoY) by month

- **Searches YoY**: +29%
- **Clicks YoY**: +5%

Data Source: Microsoft internal data | Home Loans | Jan 2019 – Mar 2021 | Search and Click Volume | All Devices | O&O Core
2021 marks a perfect time to increase investment, given the reduced cost and increasing levels of user engagement.
Competitive, low mortgage rates have resulted in users that are less brand oriented
Generic total click proportion has gone up **21%**

**Top generic queries with highest search uplift**
(Mar 2021 vs Mar 2020)

- ‘refinance’ +1,000% YoY
- ‘investment calculator’ +1,000% YoY
- ‘best home loan rate’ +1,000% YoY
- ‘mortgage’ +1000% YoY
- ‘best interest rates’ +710% YoY
- ‘stamp duty calculator’ +400% YoY
- ‘compare home loans’ +80%
- ‘home loans’ +30%
- ‘mortgage repayment calculator’ +40%

*Ordered based on absolute value of click volume growth

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Data Source: Microsoft internal data | Home loans | Australia | Mar 2020 – Mar 2021 | All Devices | O&O Core

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**Click proportions by keyword type**
By year month

- Mar-20: 49% Generic, 51% Brand
- Mar-21: 28% Generic, 72% Brand

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User behaviour has heavily shifted across all states
Allocate budgets accordingly with a greater focus on generic keywords

Generic click % - 2020 to 2021 growth by state

<table>
<thead>
<tr>
<th>State</th>
<th>Generic click % in 2020</th>
<th>Generic click growth % in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>63%</td>
<td>11%</td>
</tr>
<tr>
<td>VIC</td>
<td>59%</td>
<td>14%</td>
</tr>
<tr>
<td>QLD</td>
<td>64%</td>
<td>11%</td>
</tr>
<tr>
<td>WA</td>
<td>64%</td>
<td>7%</td>
</tr>
<tr>
<td>SA</td>
<td>58%</td>
<td>18%</td>
</tr>
<tr>
<td>ACT</td>
<td>63%</td>
<td>14%</td>
</tr>
<tr>
<td>TAS</td>
<td>58%</td>
<td>18%</td>
</tr>
<tr>
<td>NT</td>
<td>64%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Data Source: Microsoft internal data | Home Loans | Mar 2020 – Mar 2021 | Click Volume | All Devices | O&O Core
Consumers rely heavily on **generic queries** throughout the whole journey. Always ensure high visibility on generic keywords.

### Customers Purchase Funnel Brand/Generic Split

**First:**
- Brand: 17%
- Generics: 83%

**Middle:**
- Brand: 26%
- Generics: 74%

**Last:**
- Brand: 12%
- Generics: 88%

*Data Source: Microsoft internal data | Query Path Analysis output | Home Loans | Sep 2020 – Jan 2021 | Conversion and Search data | All Devices | Paid & Organic*
Both comparison and non-comparison keywords have seen YoY growth across all states

Focus on both comparison and non-comparison keywords to not miss out

Percentage YoY growth by keyword type by state

- Generics (excluding comparison)
- Generic comparison

<table>
<thead>
<tr>
<th>State</th>
<th>Generics</th>
<th>Generic Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>16%</td>
<td>29%</td>
</tr>
<tr>
<td>VIC</td>
<td>11%</td>
<td>20%</td>
</tr>
<tr>
<td>QLD</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>WA</td>
<td>31%</td>
<td>30%</td>
</tr>
<tr>
<td>SA</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>ACT</td>
<td>52%</td>
<td>56%</td>
</tr>
<tr>
<td>TAS</td>
<td>31%</td>
<td>41%</td>
</tr>
<tr>
<td>NT</td>
<td>44%</td>
<td>41%</td>
</tr>
</tbody>
</table>
Audiences are spending a longer time researching and comparing options for their best savings. Ensure coverage across comparison keywords in your campaigns.

1 in 3 of all users search for at least one comparison query.

35-65 aged users use comparison queries the most (37%), where 65+ use the least (25%).

Customer purchase funnel split by keyword type:

- First:
  - Brand: 17%
  - Generics: 63%
  - Comparison: 20%

- Middle:
  - Brand: 26%
  - Generics: 60%
  - Comparison: 14%

- Last:
  - Brand: 12%
  - Generics: 59%
  - Comparison: 29%

Data Source: Microsoft internal data | Query Path Analysis output | Home Loans | Sep 2020 – Jan 2021 | Conversion and Search data | All Devices | Paid & Organic
Capitalize on the lower CPCs and higher CTRs in the market right now to potentially raise your return on investment.

<table>
<thead>
<tr>
<th></th>
<th>Generic</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CPC</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar 2021</td>
<td>$3.69</td>
<td>$5.41</td>
</tr>
<tr>
<td>YoY % Change</td>
<td>-15%</td>
<td>-25%</td>
</tr>
<tr>
<td><strong>CTR</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar 2021</td>
<td>5.9%</td>
<td>14.4%</td>
</tr>
<tr>
<td>YoY % Change</td>
<td>+46%</td>
<td>+394%</td>
</tr>
</tbody>
</table>
Meet the Microsoft Audience Network

Microsoft's native advertising offering

- Strong results
- High-quality native placements
- Brand-safe properties across devices
- Unique access to Microsoft users

Powered by Microsoft's audience intelligence

Microsoft Audience Network

Microsoft Edge

Outlook.com

MSN

Select publisher partners
We set out to prove that users exposed to Microsoft audience ads engaged with brands at a higher rate

Financial Services Ad Effectiveness Study

AWARENESS

1.8x

Lift in brand awareness per user, measured by post-exposure brand search rate

CONSIDERATION

1.9x

Lift in brand consideration per user, measured by post-exposure domain visit rate

CONVERSION

4.0x

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. Metrics represent an average of all Financial Services advertisers with lift studies to date (Feb. 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 = 1.07M
Microsoft Audience Network AU highlights for the Financial Services Industry

Path channel impression mix

100%  
93%  
71%  
21%

1 - Single Path (1 Query)  
2 - Short Path (2-5 Queries)  
3 - Medium Path (6-15 Queries)  
4 - long Path (>15 Queries)

10.8 Million Unique Visitors AU

The longer the user journey, the more likely consumers are to be exposed to a Native ad by you or your competitors

*Refinancing includes both internal and external. Data Source: Microsoft GWI Audience insights | ABS Lending Indicators January 2021
Refinancing on our platform has surged in user activity

Key audience statistics

74% of our users are aged 35+

55% of our users have household income in the top 25%

15% of our users are planning to refinance

ABS refinancing volumes vs. searches by calendar month

ABS Refinancing Volumes

Refinancing Searches

*Refinancing includes both internal and external.
Data Source: Microsoft GWI Audience insights | ABS Lending Indicators January 2021
“First home” buyers are growing exponentially in 2021
Our user activity has been continually growing, evidenced by search and click volumes

ABS first home new loan commitments
by calendar month

Indexed “first home” searches and clicks
by calendar month

Data Source: ABS Lending Indicators January 2021 & Microsoft internal data | Home Loans | Jan 2019 – Jan 2021 | Search and Click Volume | All Devices | O&O Core
Enhance your CTR with sitelink extensions
Home Loans (August 2020 – Feb 2021 – On PC)

Opportunities
The home loans category presents groups of terms to take advantage of

User Needs
Dynamic Inclusion and Special Symbols
Brand Endorsements
CTA
Pricing and value perception drivers
Application Convenience
Home Loan Specifications

Relative Ad Quality

Great – highest relative probability of click
Good – Above average relative probability of click
Poor – Below average relative probability of click
Insufficient data

Data Source: Microsoft internal data | Ad copy analysis | Home Loans | Aug 2020 – Feb 2021 | All Devices | Paid & Organic
1. **Our users’ search behaviour has shifted toward non-brand queries:** Capture these new generic queries with Dynamic Search Ads to drive more upper-funnel volume in the highly competitive housing market.

2. **Comparison queries are specifically important within a user’s journey:** Our audience is mature, savvy and invest their time in researching to find the best offer possible. Ensure your generics campaigns have full coverage on comparison terms.

3. **Refinancing is a rapidly growing space within our network:** Position your campaigns to target our affluent, older users who are increasingly looking to refinance in order to save on their mortgage.

4. **First home buyers are coming back:** Ensure you have advertising campaigns that specifically target consumers who are in the market for their first home.
To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights
Appendix
User journey methodology and sample size

Methodology

Query path analysis:
1. Trace back the search journey from the users’ conversions on Microsoft Search Network. A journey is defined by the searches performed by a user before reaching a conversion.
2. Conversion data is based on Universal Event Tracking setup, and contains both paid and organic data.

Sample size

Time range:
Journeys that began and ended within Sep 2020 – Jan 2021

Number of searchers: 10,000~
Number of search queries captured: 45,000~
Ad copy analysis methodology

- Due to the large number of ads analyzed and the significant number of words/phrases surfaced, phrases and words analyzed were bucketed.

Most buckets mirror the variation of the phrase itself, e.g. plurals, different tense, etc.

Others could be synonyms or same intent, e.g. “brand” includes all major brands in the sub-vertical.

Performance – Indicator of click performance (Probability of click)

Analysis Date Range – Aug 2020 & Feb 2021 | Ads Analysed – 39,000
<table>
<thead>
<tr>
<th>Brand Endorsements</th>
<th>Application Convenience</th>
<th>CTA</th>
<th>Home Loan Specifications</th>
<th>Pricing and value perception drivers</th>
<th>User Needs</th>
<th>Dynamic Inclusion &amp; Special Symbols</th>
</tr>
</thead>
<tbody>
<tr>
<td>[brand]</td>
<td>settle faster</td>
<td>lower your interest rate</td>
<td>principal and interest repayment</td>
<td>no hidden charges or fees</td>
<td>home lending specialist</td>
<td>(keyword:</td>
</tr>
<tr>
<td>Award winning</td>
<td>check limits</td>
<td>get your quote today</td>
<td>new to bank lending</td>
<td>no hidden fees or charges</td>
<td>consolidate your debts</td>
<td>(param1:</td>
</tr>
<tr>
<td>official</td>
<td>100% digital</td>
<td>book an appointment</td>
<td>loan to value ratio</td>
<td>no hidden charges</td>
<td>free property reports</td>
<td>(param2:</td>
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<tr>
<td>Australia’s top [] bank</td>
<td>convenient</td>
<td>apply online today</td>
<td>advantage package</td>
<td>price comparison</td>
<td>free extra repayments</td>
<td>!</td>
</tr>
<tr>
<td>Australia’s leading</td>
<td>from home</td>
<td>retrieve your quote</td>
<td>[]-year variable</td>
<td>potential savings</td>
<td>flexible repayment</td>
<td>?</td>
</tr>
<tr>
<td>flexible</td>
<td>apply online now</td>
<td>disaster relief</td>
<td>save $[] per year</td>
<td>reduce loan term</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>no paper</td>
<td>apply today</td>
<td>owner occupied</td>
<td>[%] of customers</td>
<td>home loan needs</td>
<td>&amp;</td>
<td></td>
</tr>
<tr>
<td>our app</td>
<td>pre-qualify</td>
<td>p&amp;i repayments</td>
<td>price guarantee</td>
<td>borrowing power</td>
<td></td>
<td></td>
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<td>modify</td>
<td>apply now</td>
<td>variable rates</td>
<td>no hidden fees</td>
<td>expert brokers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>cancel</td>
<td>buy today</td>
<td>owner-occupied</td>
<td>as low as [$]</td>
<td>online redraw</td>
<td></td>
<td></td>
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<tr>
<td>online</td>
<td>call now</td>
<td>interest only</td>
<td>from just [$]</td>
<td>100% offset</td>
<td></td>
<td></td>
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<tr>
<td>later</td>
<td>purchase</td>
<td>[]-year fixed</td>
<td>from only ($)</td>
<td>calculator</td>
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<td>buy now</td>
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<td></td>
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<td>investment</td>
<td>save up to</td>
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</table>