



MICROSOFT ADVERTISING INSIGHTS

Home loan growth in the AU marketplace

Microsoft Advertising. Intelligent connections.



Summary of findings



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

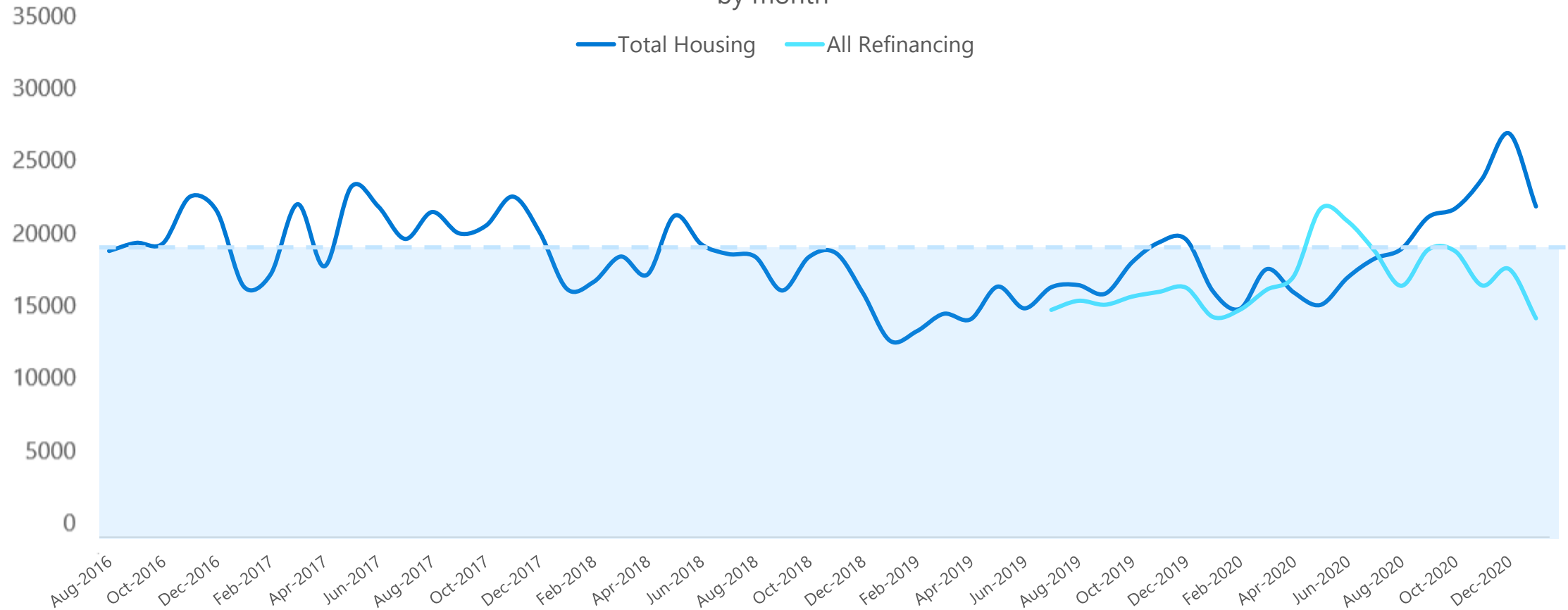


The highly competitive home loan space has caused big changes in the way our users shop for home loans

The home loan market is the highest its been in the last 5 years

In January 2021, new loan commitments for housing rose **34.5% year over year (YoY)**

Lending volumes by new commitments and refinancing
by month



*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.
Data Source: ABS Lending Indicators January 2021

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



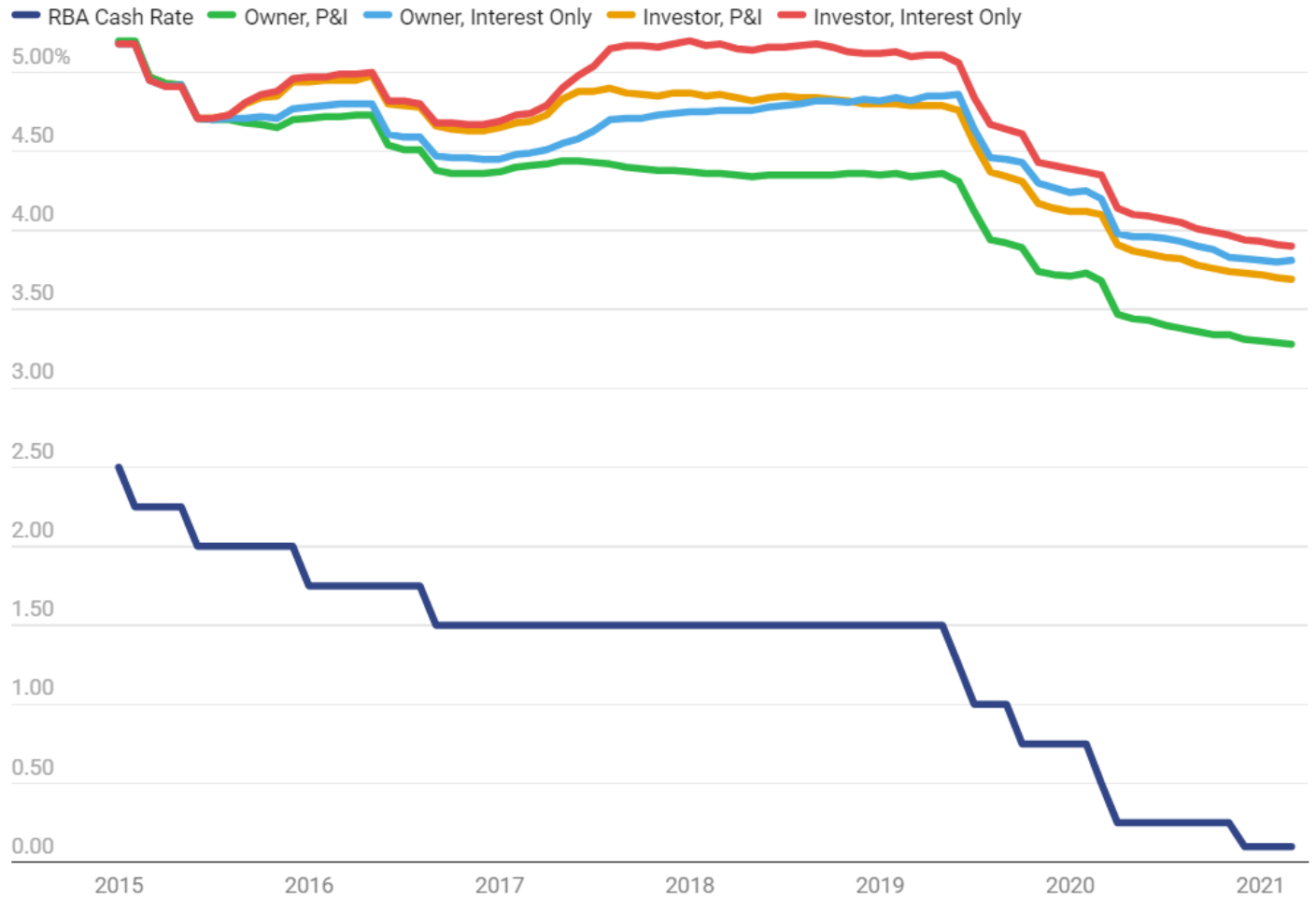
4. First home buyers coming back

1

Continually low mortgage rates reducing the cost of borrowing

Average variable home loan rates*

by year month



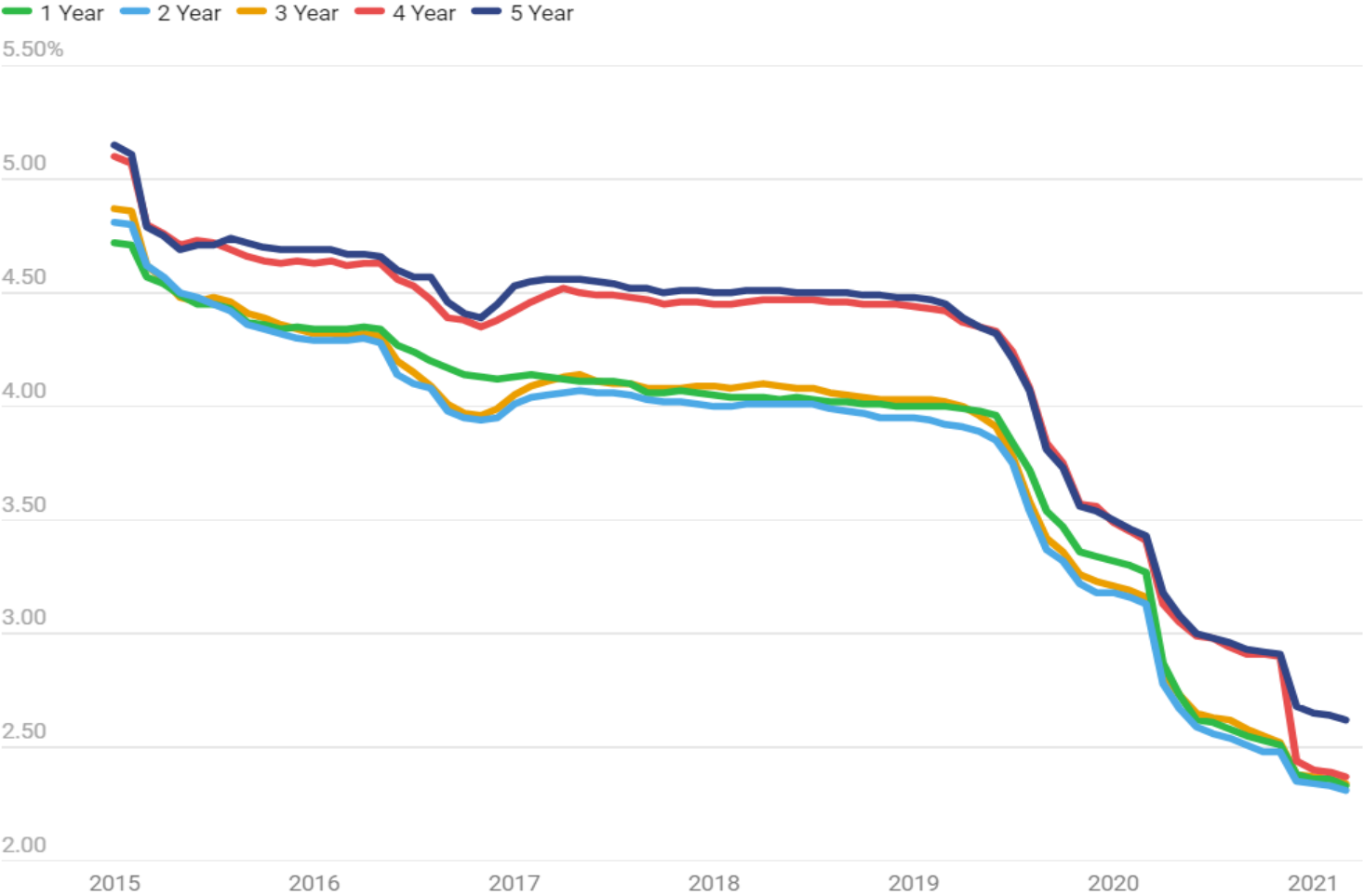
Data Source: ABS Lending Indicators 2021

1

Continually low mortgage rates reducing the cost of borrowing

Average fixed home loan rates*

by year month



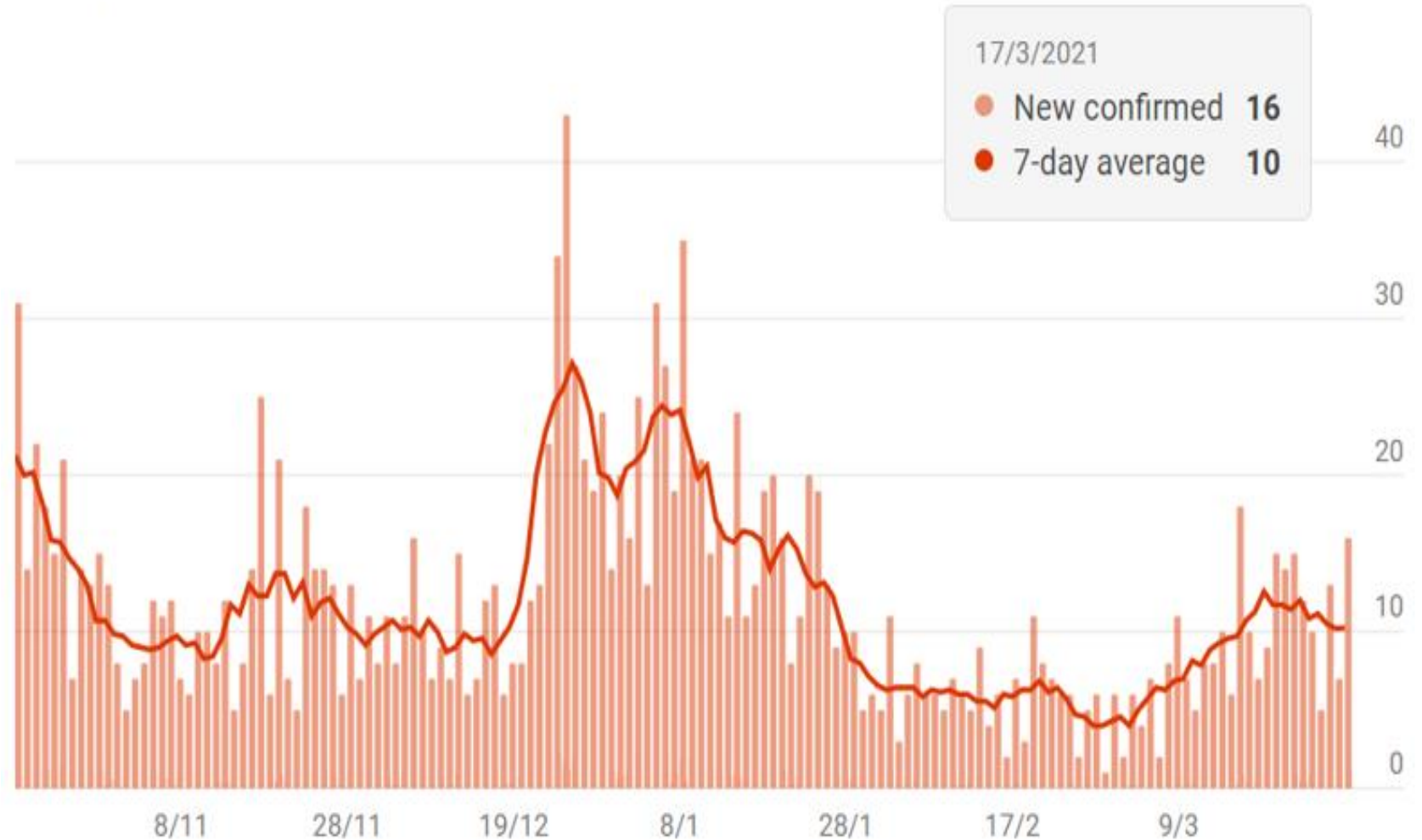
Data Source: ABS Lending Indicators 2021



2

Australia's response to COVID-19 transmission

Daily New Cases in Australia



Data Source: Microsoft Bing Search Engine COVID19 Tracker

3

Increased optimism
for the economy

Australia consumer confidence



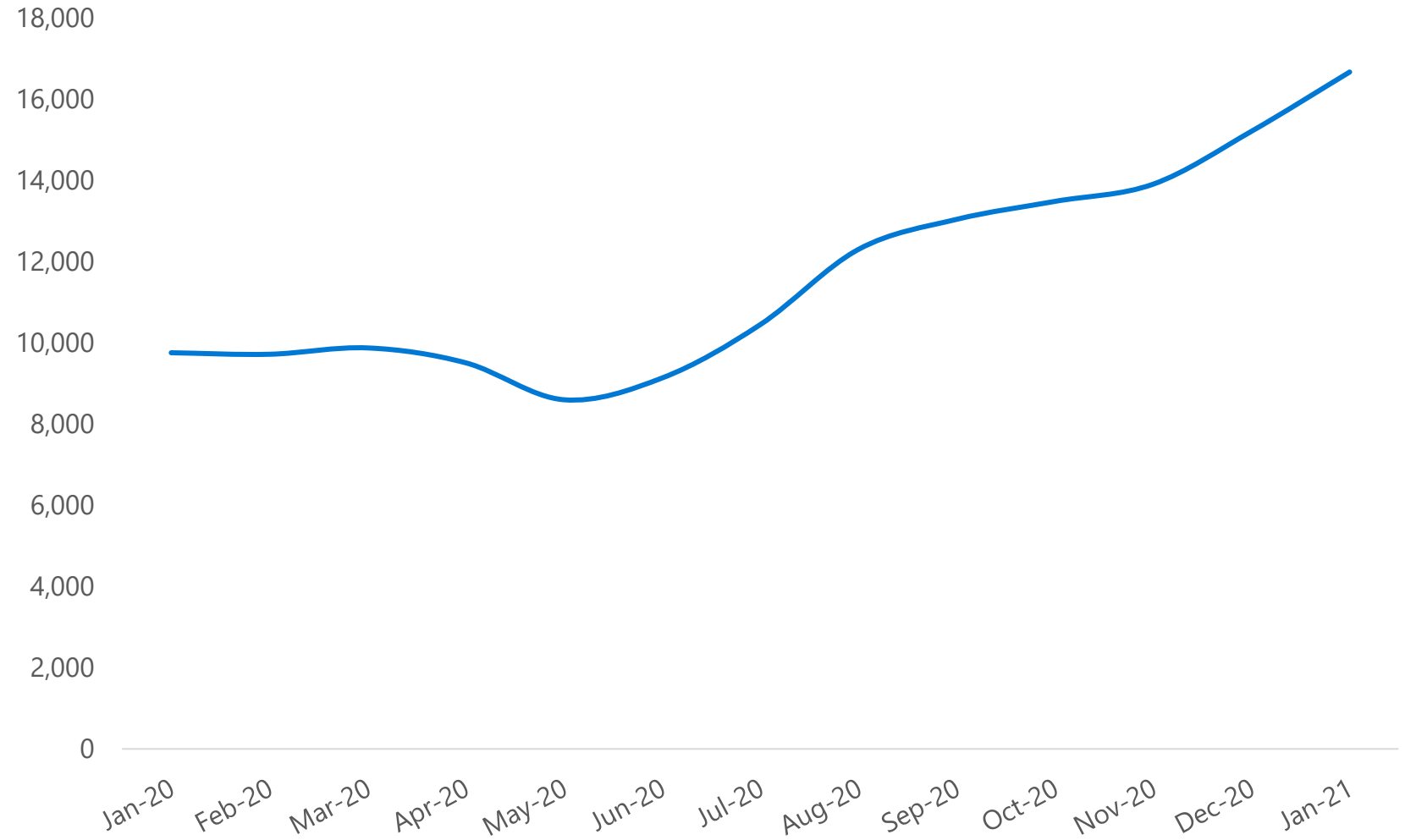
Data Source: Trading Economics, Westpac Banking Corporation, -Melbourne Institute

4

First home buyers
coming back

ABS First home new loan commitments

by year month



Data Source: ABS Lending Indicators 2021

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

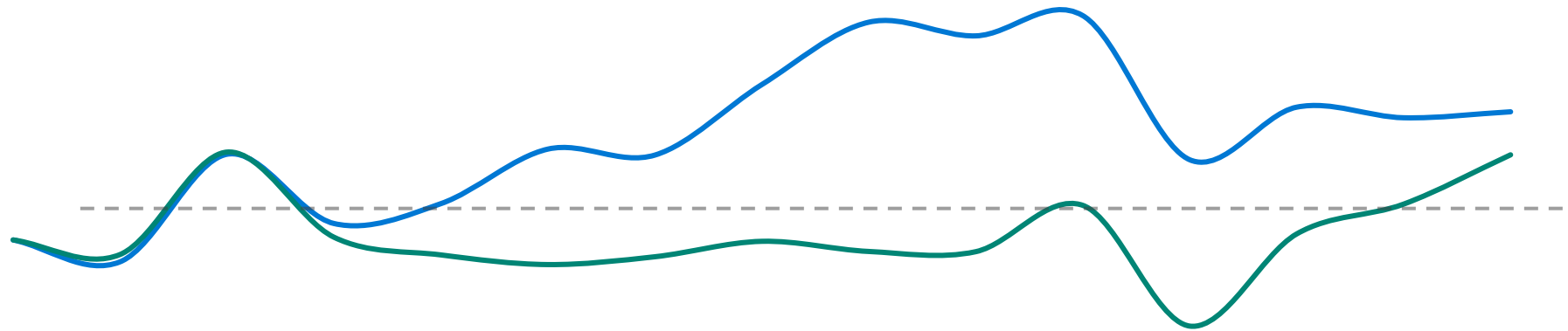
— searches — clicks

+29%

Searches YoY

+5%

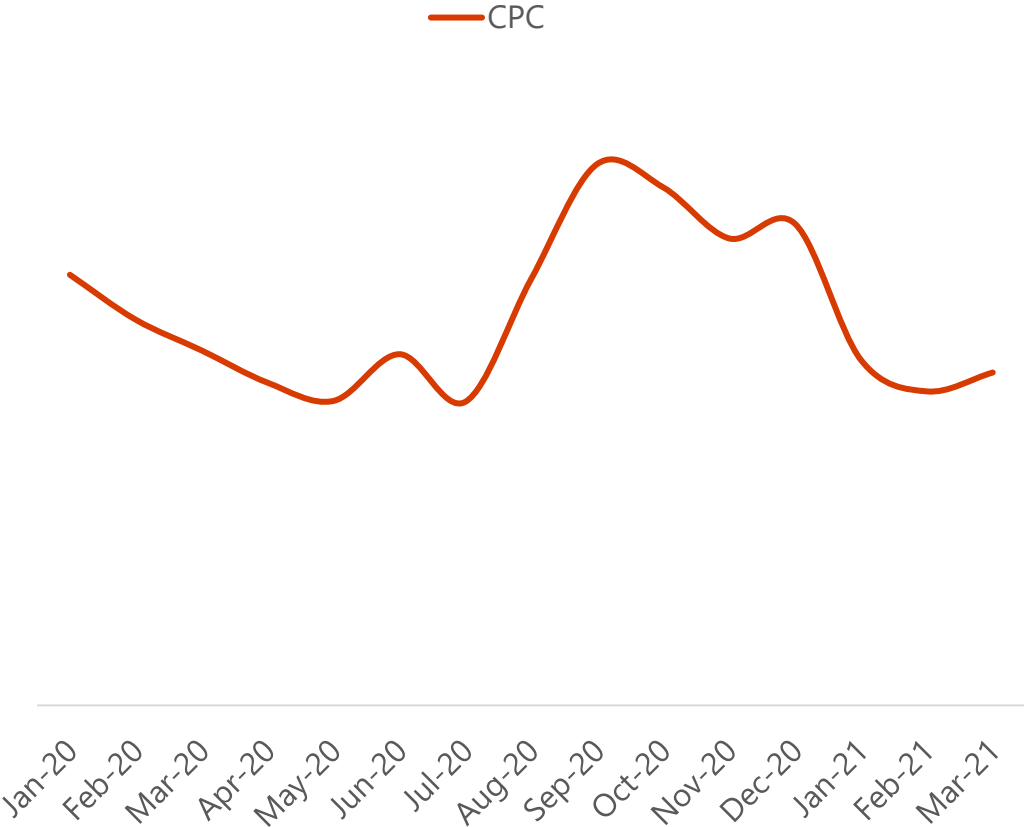
Clicks YoY



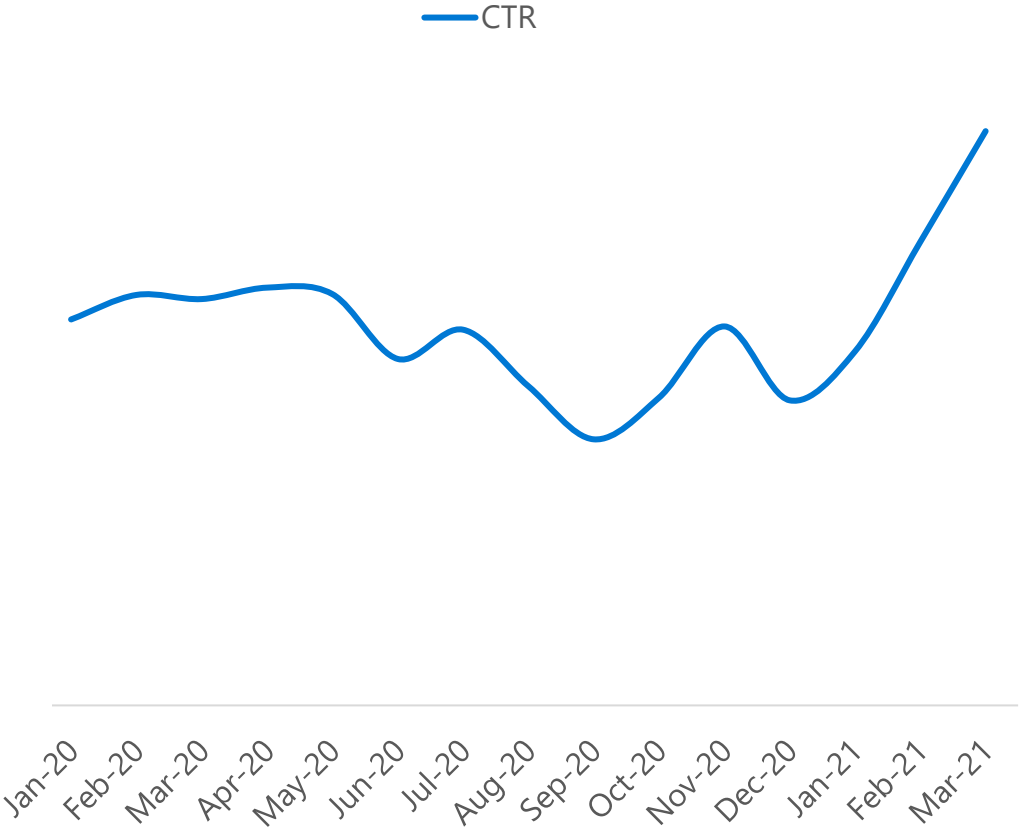
Jan-20 Feb-20 Mar-20 Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21 Feb-21 Mar-21

2021 marks a perfect time to increase investment, given the reduced cost and increasing levels of user engagement

Cost per click (CPC)



Clickthrough rate (CTR)



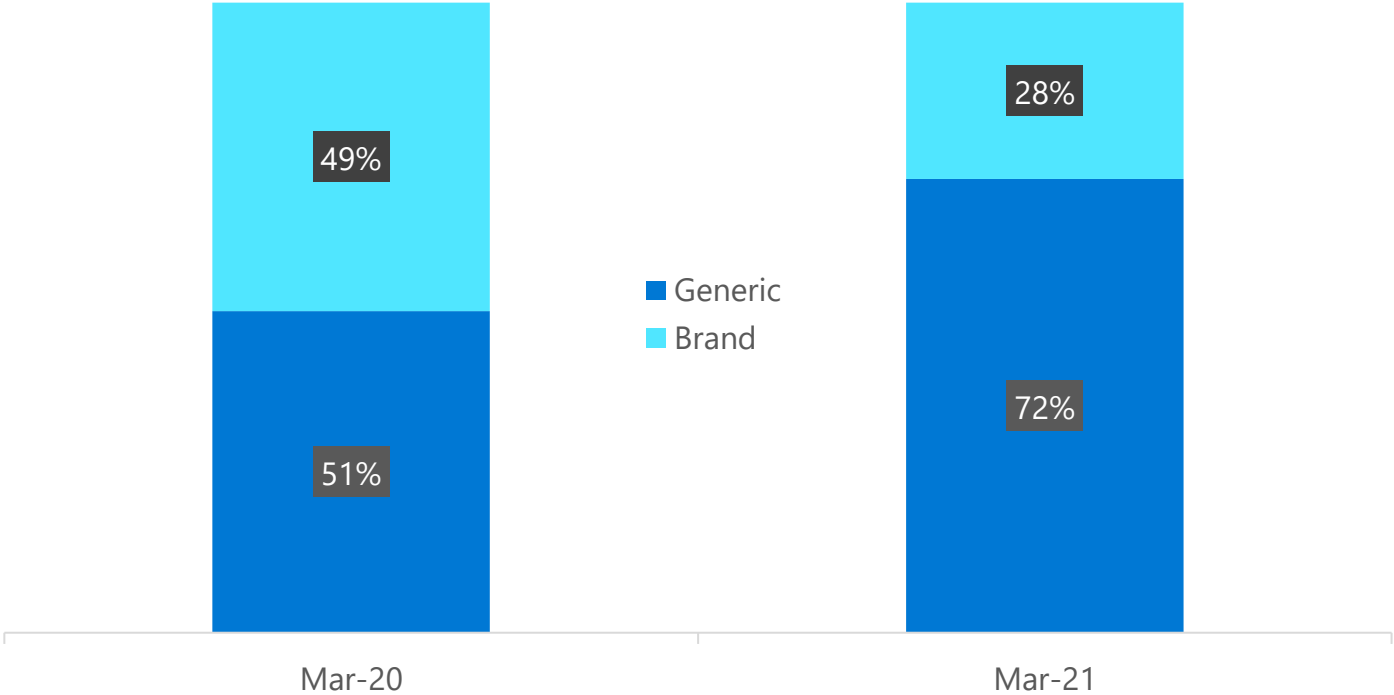
Data Source: Microsoft internal data | Home Loans | Jan 2019 – Mar 2021 | CPC and CTR | All Devices | O&O Core



Competitive, low mortgage rates have resulted in users that are less brand oriented

Generic total click proportion has gone up 21%

Click proportions by keyword type
By year month



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%

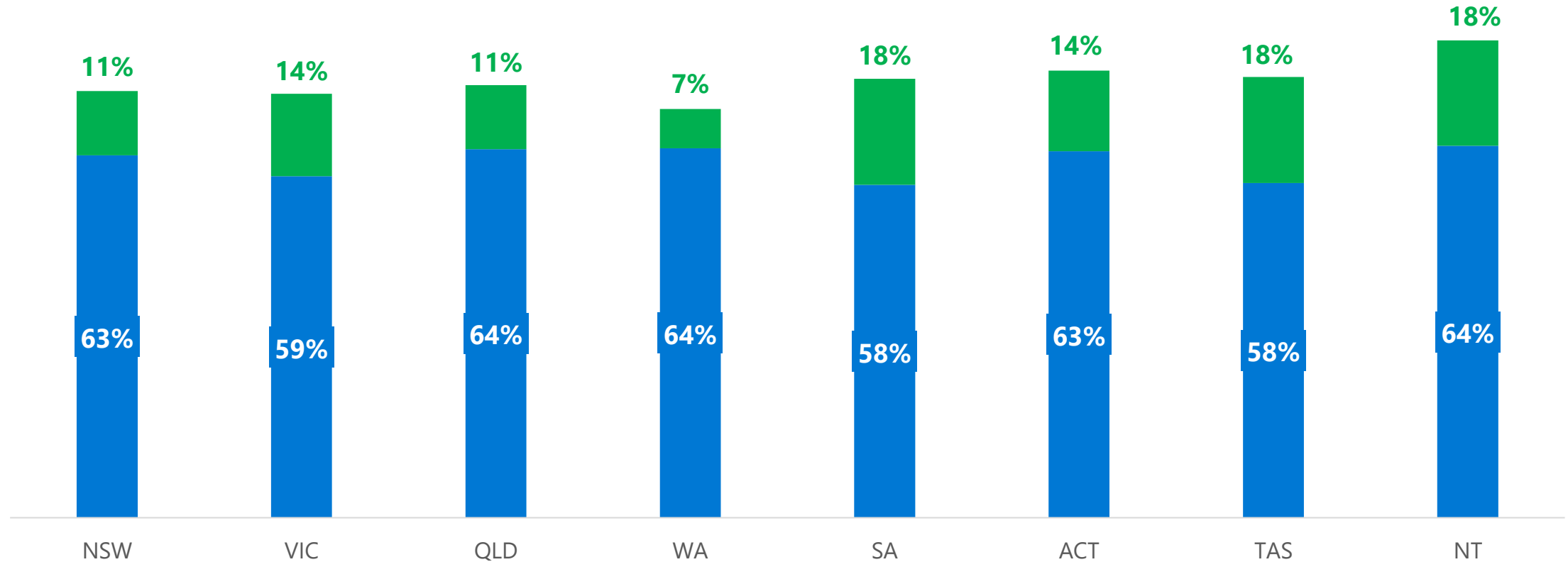
*Ordered based on absolute value of click volume growth

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

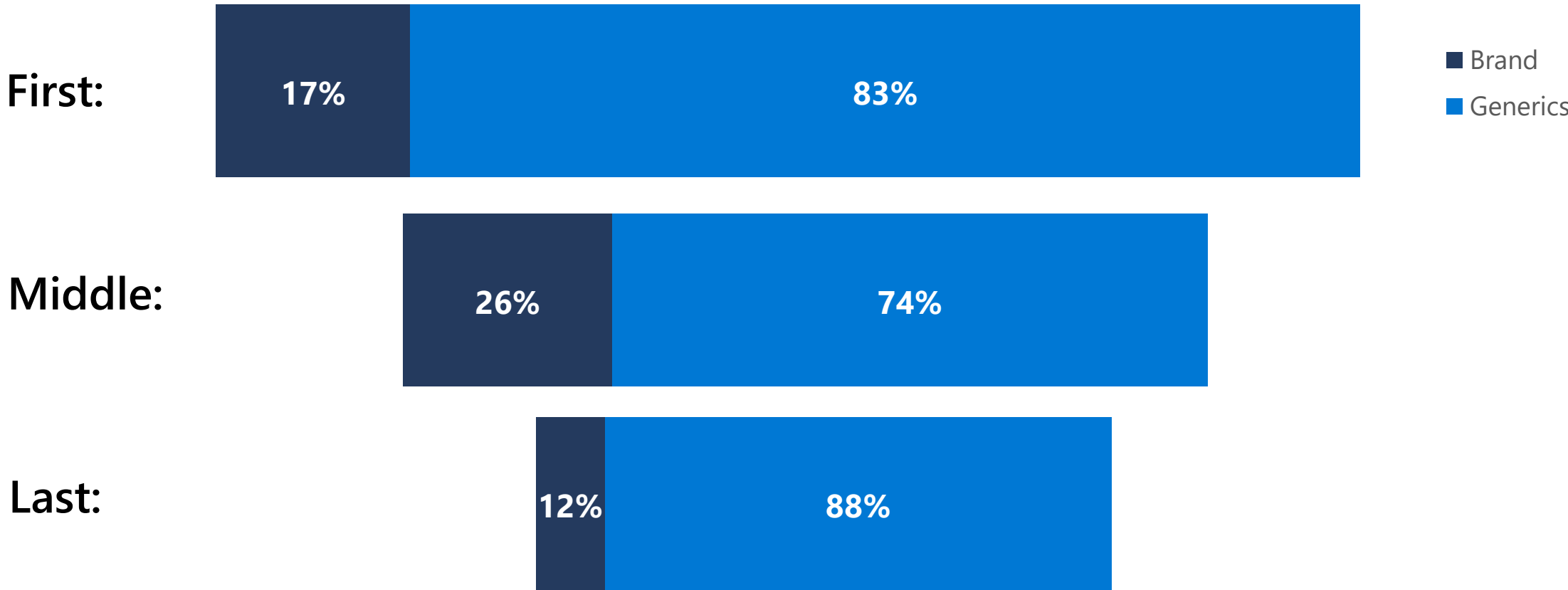
■ Generic click % in 2020 ■ Generic click growth % in 2021



Consumers rely heavily on **generic queries** throughout the whole journey

Always ensure high visibility on generic keywords

Customers Purchase Funnel Brand/Generic Split

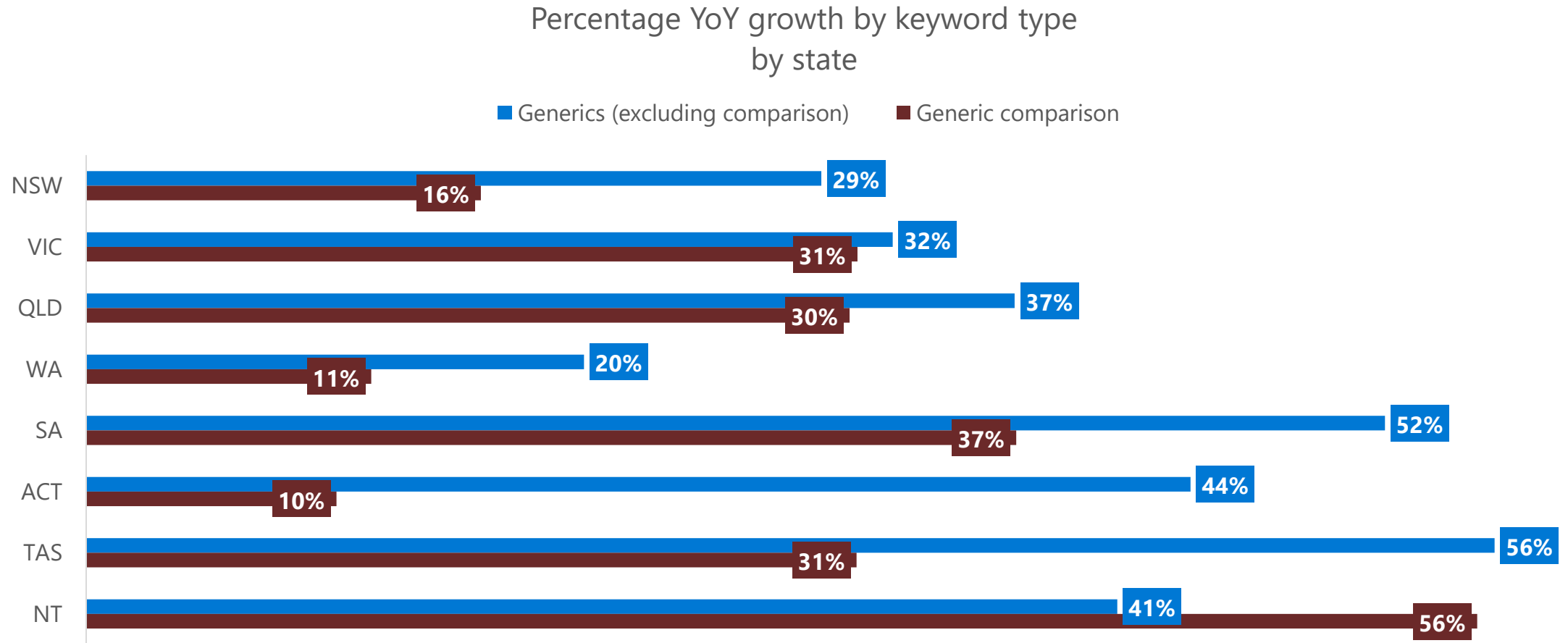


Data Source: Microsoft internal data | Query Path Analysis output | Home Loans | Sep 2020 – Jan 2021 | Conversion and Search data | All Devices | Paid & Organic



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



Audiences are spending a longer time researching and comparing options for their best savings

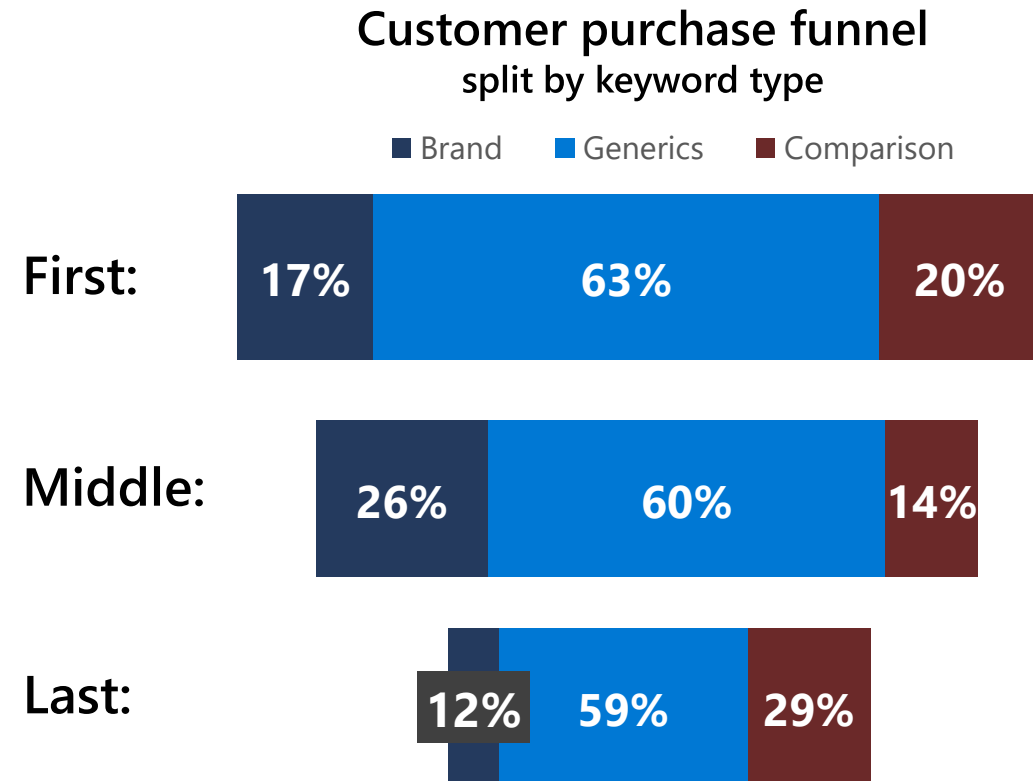
Ensure coverage across comparison keywords in your campaigns

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%**)



Capitalize on the lower CPCs and higher CTRs in the market right now to potentially raise your return on investment

Generic Comparison

CPC

Mar 2021
\$3.69
YoY % Change
-15%

Mar 2021
\$5.41
YoY % Change
-25%

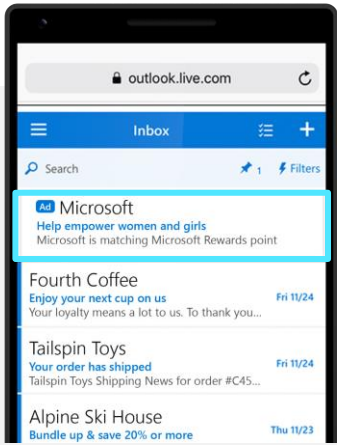
CTR

Mar 2021
5.9%
YoY % Change
+46%

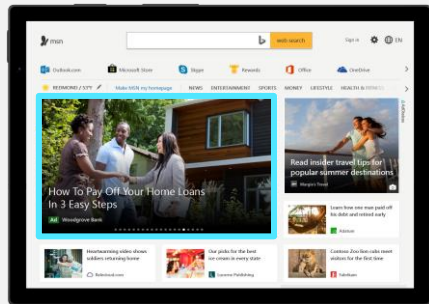
Mar 2021
14.4%
YoY % Change
+394%

Meet the Microsoft Audience Network

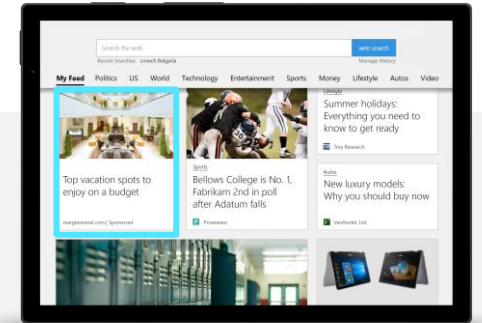
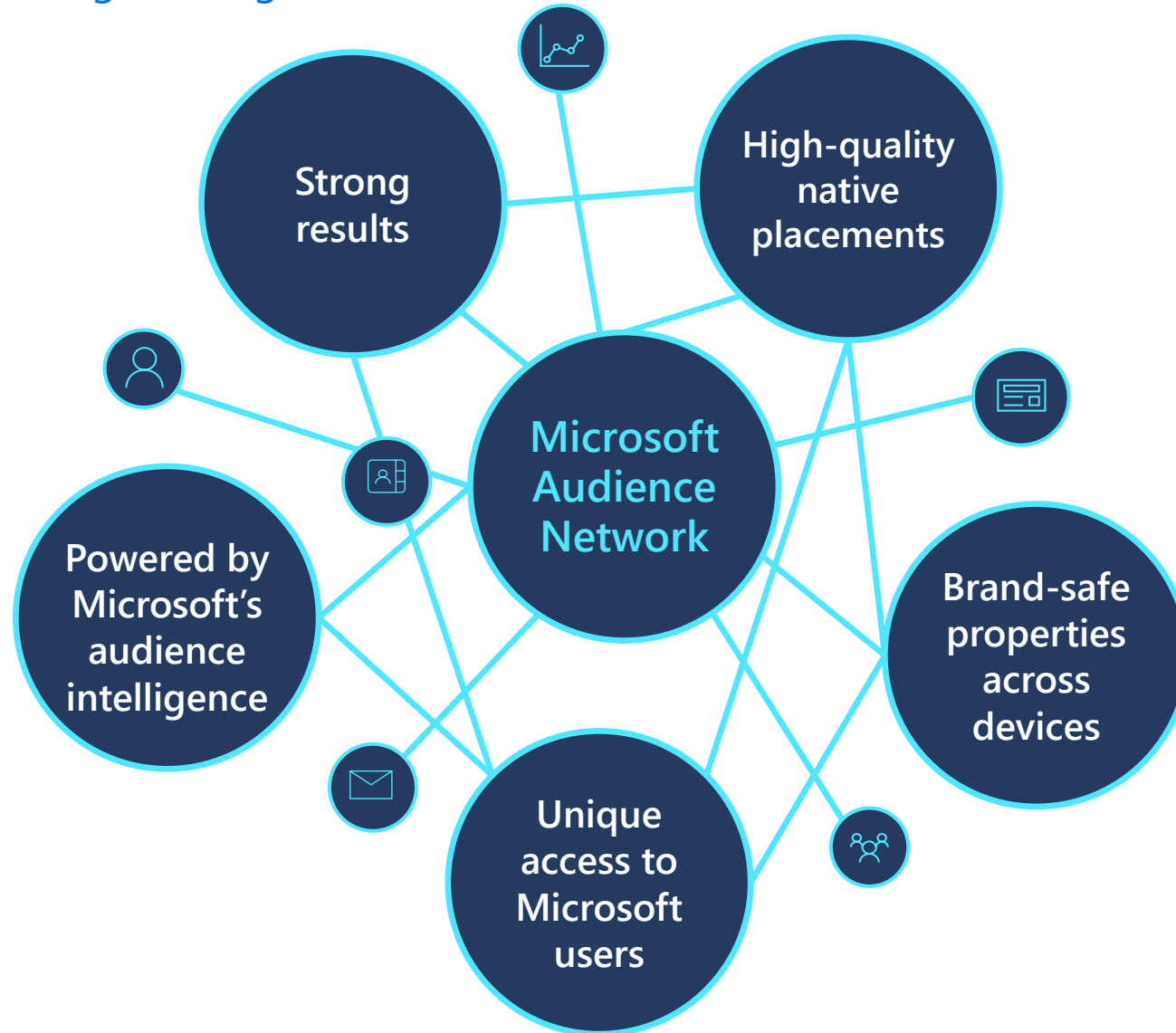
Microsoft's native advertising offering



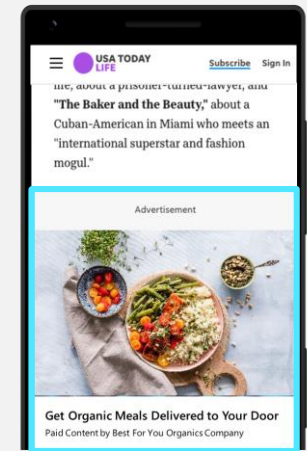
Outlook.com



MSN



Microsoft Edge



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

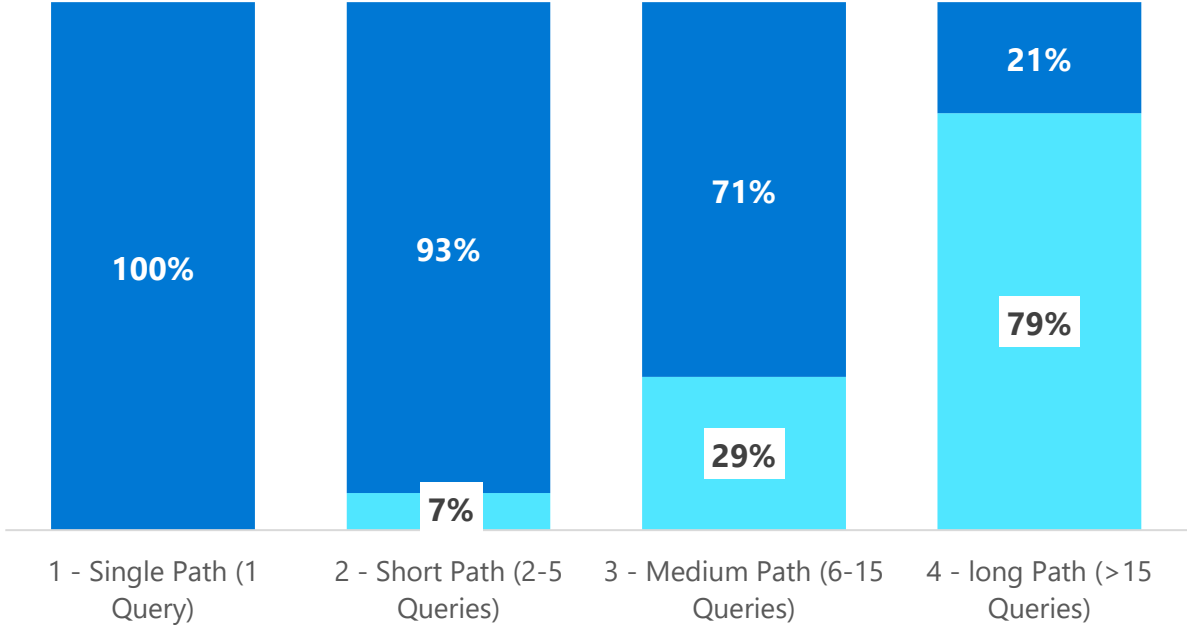
Notes: Results may vary for each advertiser based on campaign settings, targeted audiences, and other factors. Metrics represent an average of all Financial Services advertisers with lift studies to date (Feb. 2021). These advertisers may be a non-representative sample of all advertisers on the marketplace. 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

■ Search & Native ■ Search Only



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%

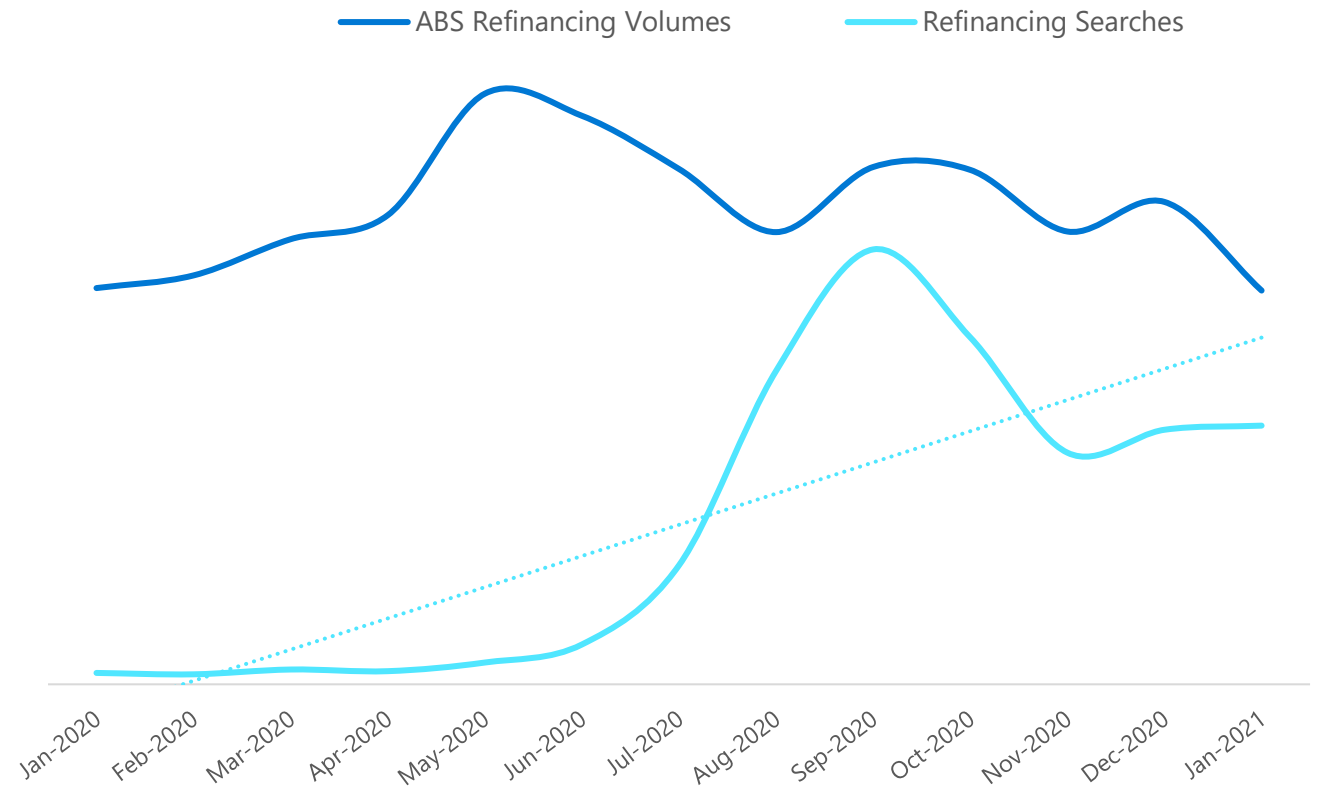
of our users have household income in the top 25%

15%

of our users are planning to refinance

ABS refinancing volumes vs. searches

by calendar month

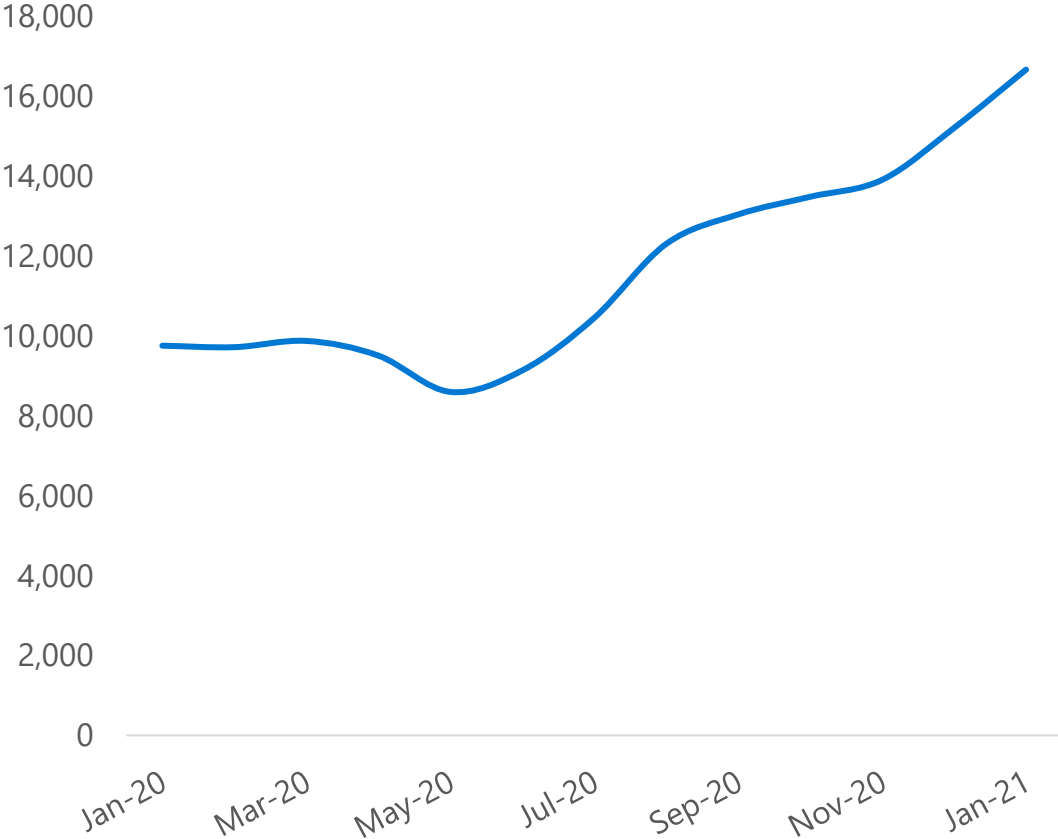


*Refinancing includes both internal and external.
Data Source: Microsoft GWI Audience insights | ABS Lending Indicators January 2021

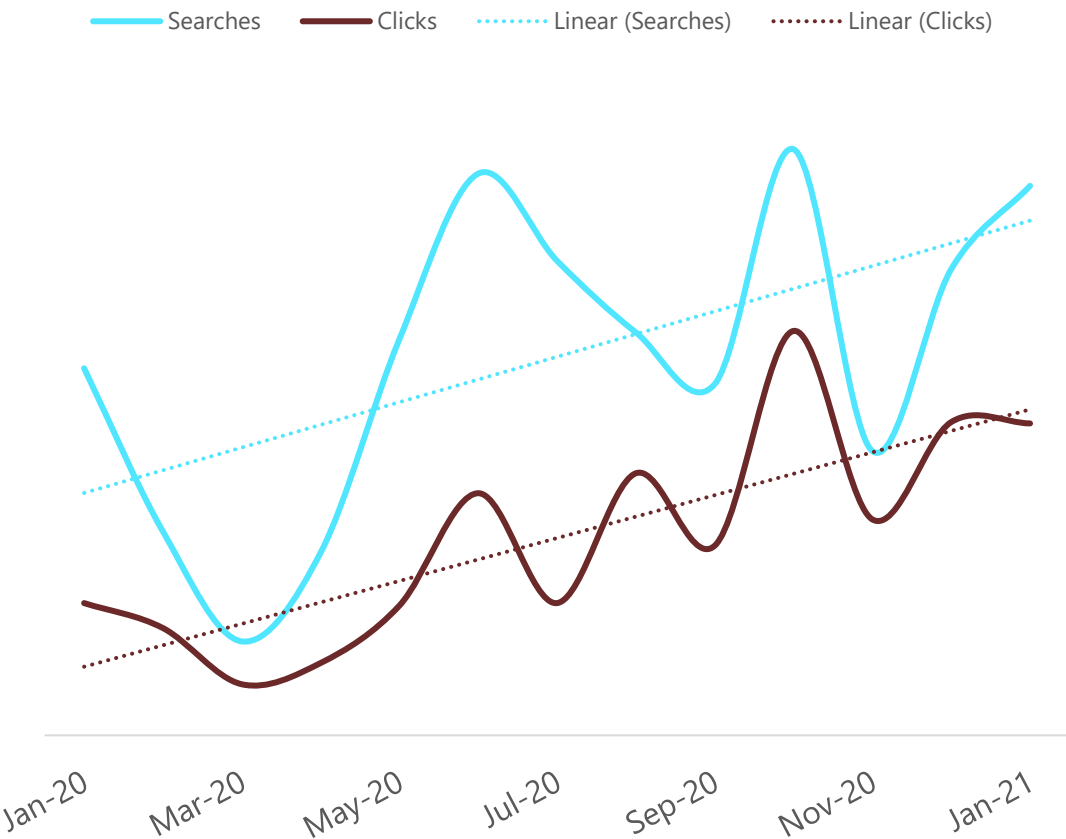
“First home” buyers are growing exponentially in 2021

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



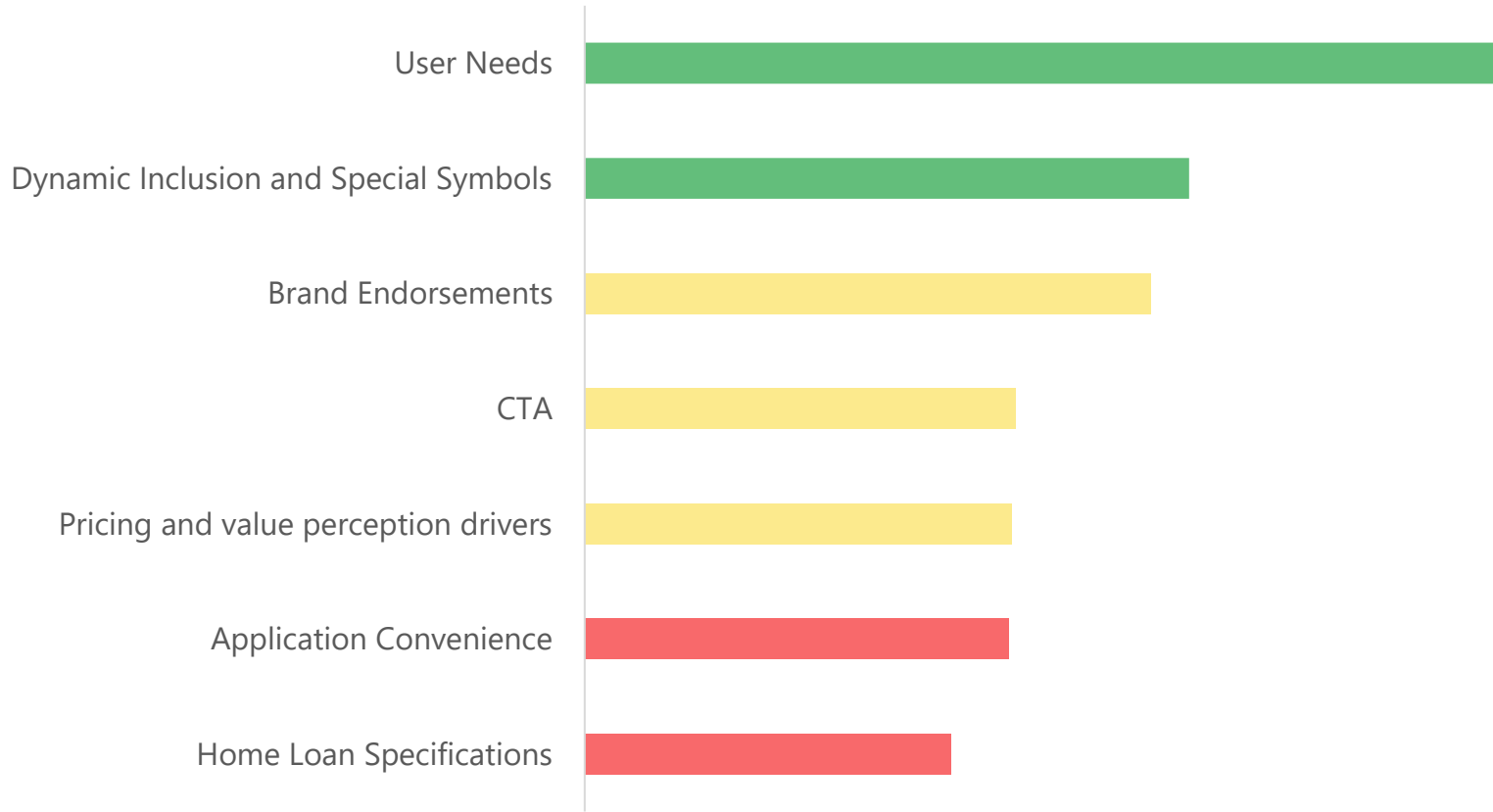
Data Source: ABS Lending Indicators January 2021 & Microsoft internal data | Home Loans | Jan 2019 – Jan 2021 | Search and Click Volume | All Devices | O&O Core



Enhance your CTR with sitelink extensions





Home Loans (August 2020 – Feb 2021 – On PC)

Relative Ad Quality



Opportunities

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

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

Key Takeaways and Actions

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



Microsoft Advertising. Intelligent connections.

Appendix

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

Ad copy: keyword buckets

Home Loans (Aug 2020 & Feb 2021 – On PC)

Brand Endorsements	Application Convenience	CTA	Home Loan Specifications	Pricing and value perception drivers	User Needs	Dynamic Inclusion & Special Symbols
Token	Token	Token	Token	Token	Token	Token
[brand]	settle faster	lower your interest rate	principal and interest repayment	no hidden charges or fees	home lending specialist	{keyword:
Award winning	check limits	get your quote today	new to bank lending	no hidden fees or charges	consolidate your debts	{param1:
official	100% digital	book an appointment	loan to value ratio	no hidden charges	free property reports	{param2:
Australia's top [] bank	convenient	apply online today	advantage package	price comparison	free extra repayments	!
Australia's leading	from home	retrive your quote	[-]-year variable	potential savings	flexible repayment	?
	flexible	apply online now	disaster relief	save \$[] per year	reduce loan term	+
	no paper	apply today	owner occupied	[%] of customers	home loan needs	&
	our app	pre-qualify	p&i repayments	price guarantee	borrowing power	
	modify	apply now	variable rates	no hidden fees	expert brokers	
	cancel	buy today	owner-occupied	as low as [\$]	online redraw	
	online	call now	interest only	from just [\$]	100% offset	
	later	purchase	[-]-year fixed	from only [\$]	calculator	
	quick	buy now	fixed rates	great price	live chat	
	easy	compare	annual rate	receive \$[]	options	
		contact	first home	affordable		
		enquire	investment	save up to		