

Microsoft Advertising Insights

Home and Construction: spring refresh



Microsoft Advertising. Intelligent connections.



Marketplace trends: 2020

Home and Construction volume exceeds all up Retail with the help of Online Only



2020 Microsoft Retail reported gains in consumer demand with improved efficiency



+22% YoY

Search growth across Retail categories



+14% YoY

Click growth



-1% YoY

Spend decline due to gains in CPC efficiency

2020 Home & Construction growth outpaced all up Retail



+22% YoY

Search growth across Retail categories



+27% YoY

Search growth for Home & Construction categories



+14% YoY

Click growth



+25% YoY

Click growth



-1% YoY

Spend decline due to gains in cost per click (CPC) efficiency



+3% YoY

Spend growth, while CPCs are down **↓17%** YoY

Mobile & Shopping reported strong growth, accounting for more total clicks in 2020



Mobile

+45.7%

36.3%

+5.2%

YoY

% of Total

% of Total YoY growth



Shopping

+45.9%

35.9%

+5.2%

YoY

% of Total

% of Total YoY growth

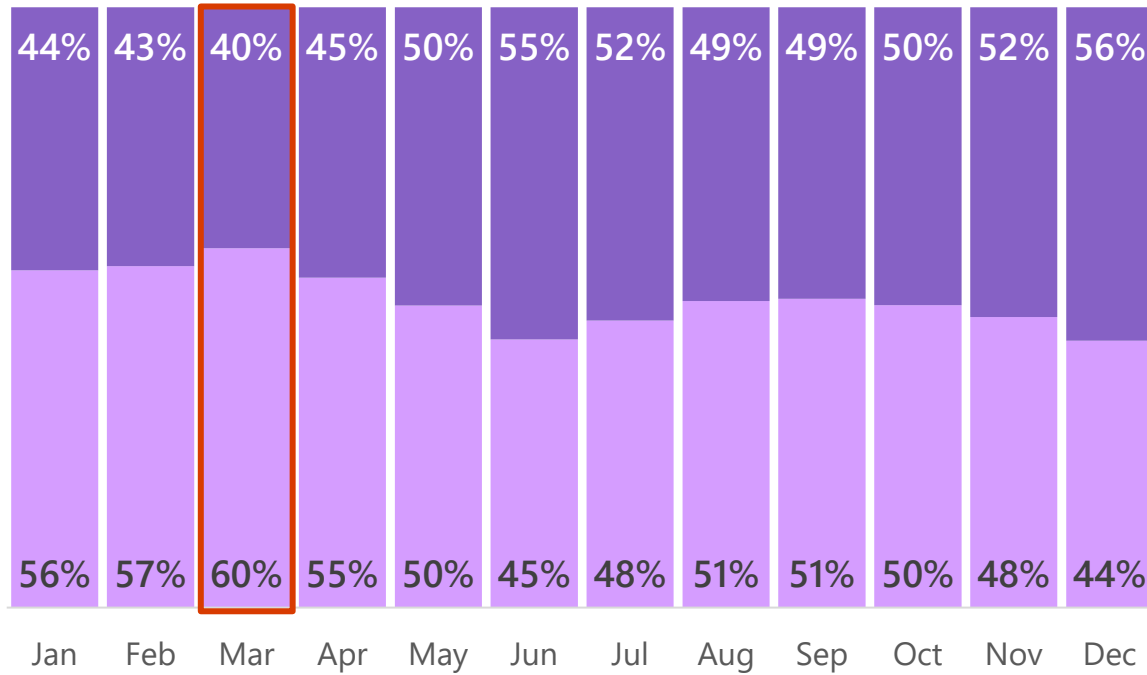
Audience windows were longer in the *new normal*

% of clicks & conversions by audience window, 2020, select H&C advertisers

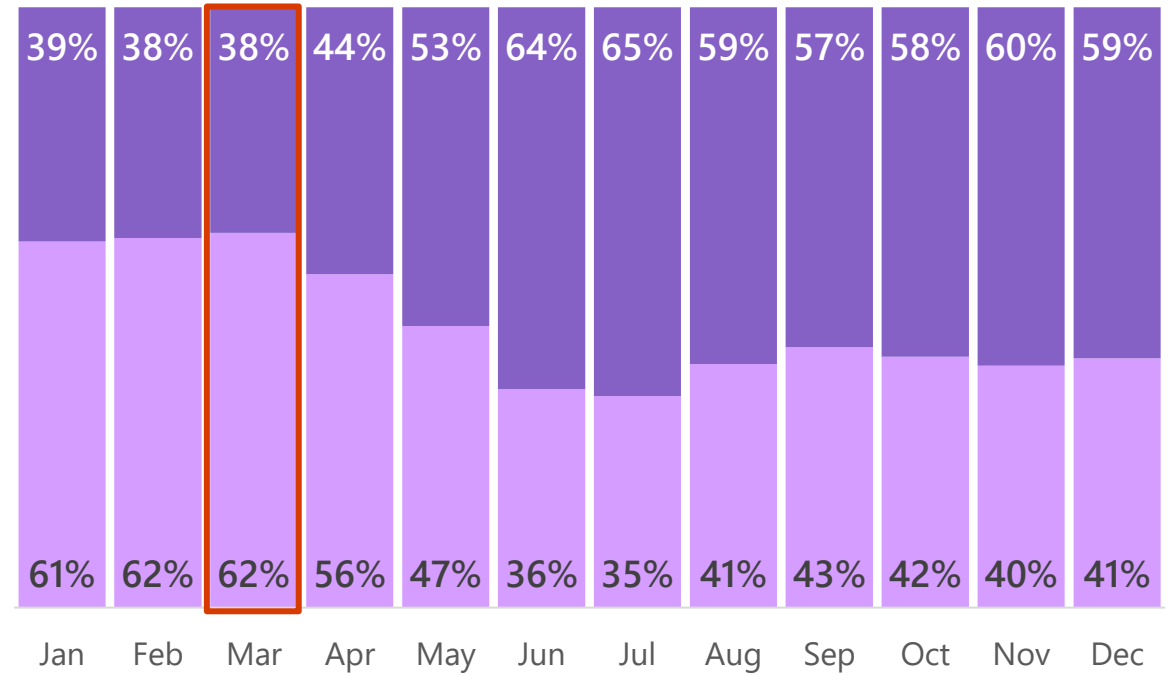


- > 30 Days
- < 30 Days
- Shelter in Place Order

% Clicks



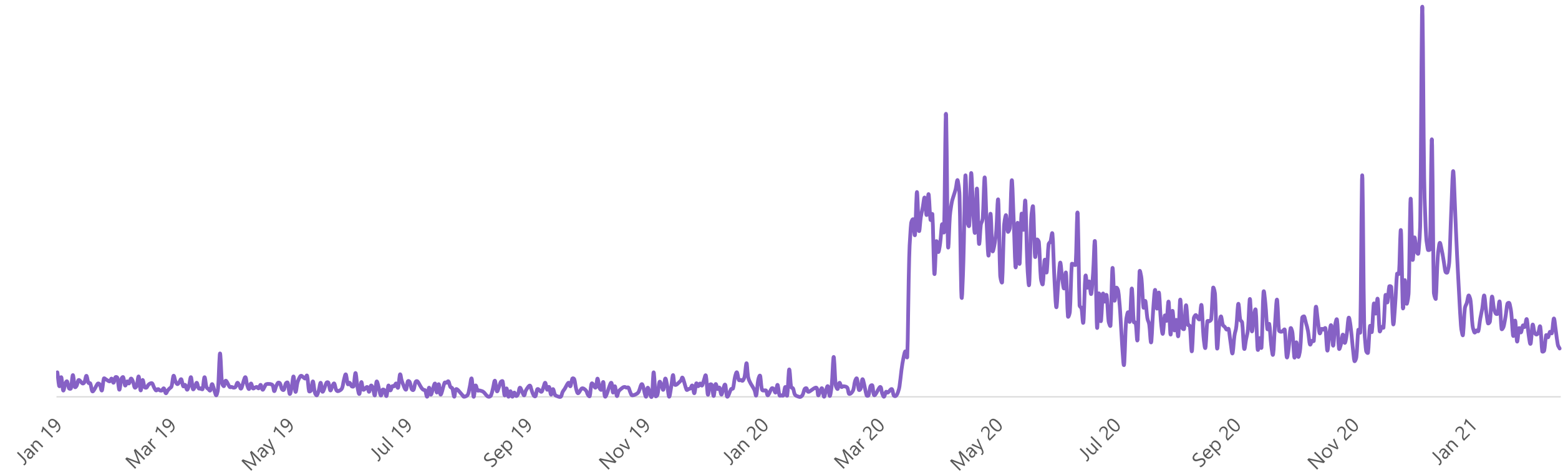
% Conversions



Shelter-in-place orders accelerated the otherwise slow to ramp curbside pick-up trend



Curbside pick-up (and like queries) indexed search volume



Takeaways

- 2020 Home & Construction growth outpaced all up Retail
- Home & Construction searches & clicks maintained significant YoY growth throughout 2020
 - ❑ Align campaign bids & budgets accordingly to meet increased demand
- Mobile and shopping reported strong growth, accounting for more total clicks YoY
 - ❑ Ensure optimal keyword, ad, and product coverage across your mobile and shopping campaigns
- Shelter-in-place orders accelerated the otherwise slow to ramp curbside pick-up trend
 - ❑ Convenience and safety are top of mind for consumers, retailers should consider curbside pick-up options and promote these offerings in ad copy and on landing pages



Current landscape

When unprecedented events translate to unprecedented growth



Furniture and home furnishings ecommerce forecasts significantly outpaced pre-pandemic estimates

eMarketer excerpt "2020's Biggest US Forecasting Shocks"

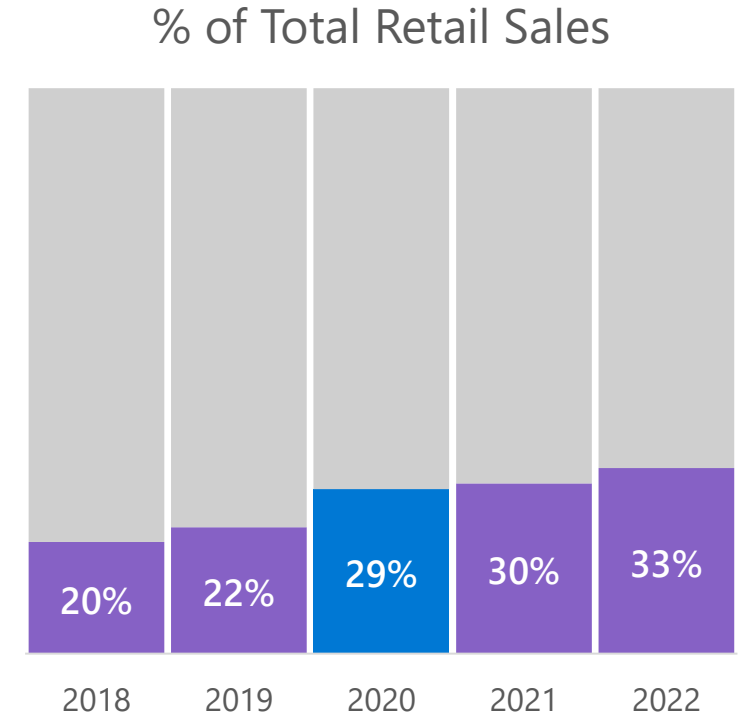
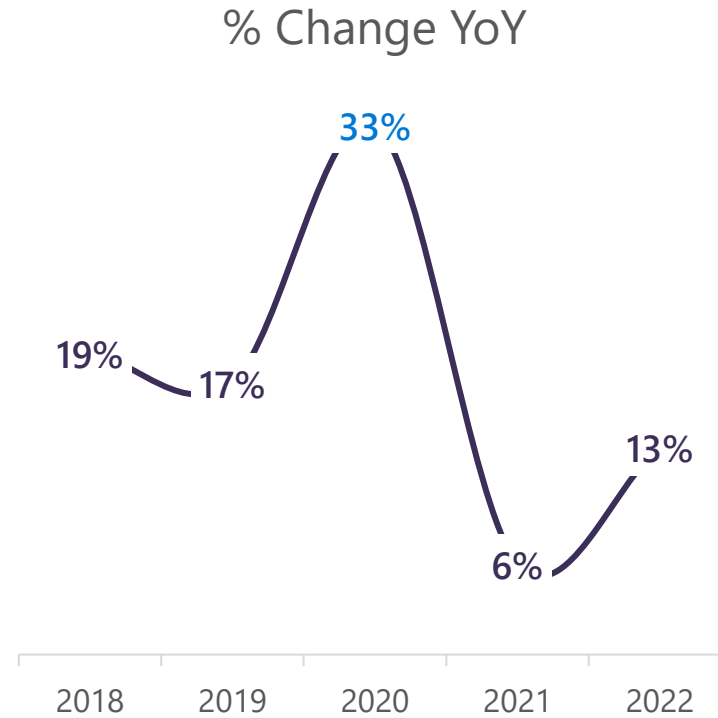
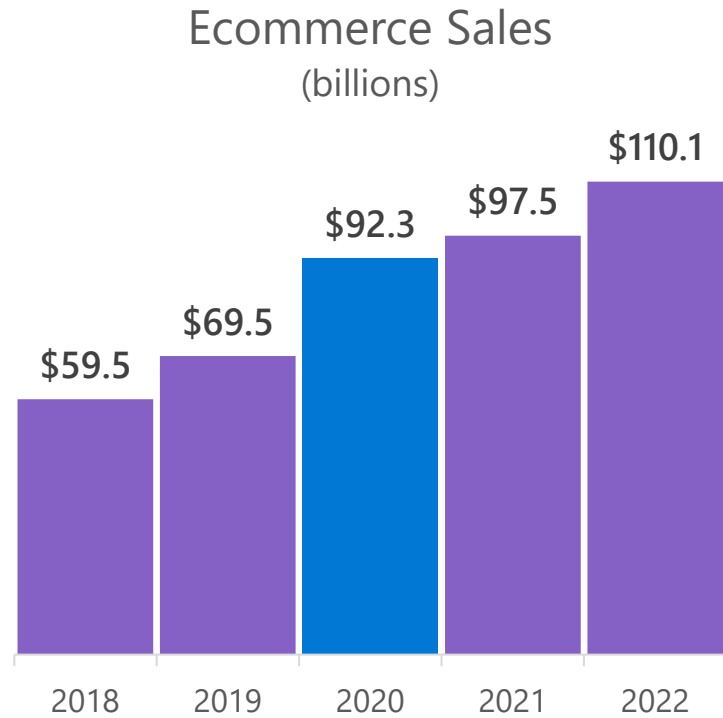


US households also found themselves unpredictably focused on home improvement this year, even as a lot of big-box furniture stores were closed or less accessible. This led to a **big shift in spending from brick-and-mortar to digital in the category.** In January, we estimated furniture and home furnishings ecommerce would amount to \$76.80 billion, but now **we forecast that figure will be \$92.32 billion—an uptick of \$15.50 billion.**

Rapid home improvement growth resulted in **year over year (YoY) gains** for furniture and home furnishing sales

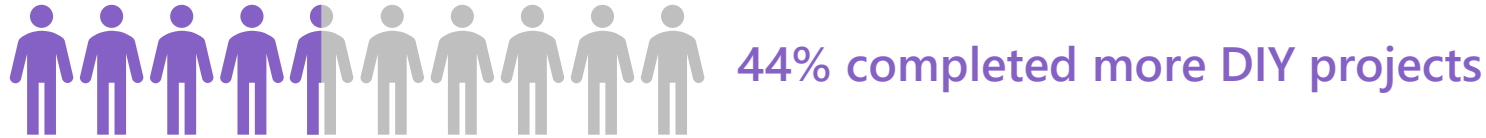


US Furniture & Home Furnishings Retail Ecommerce Sales

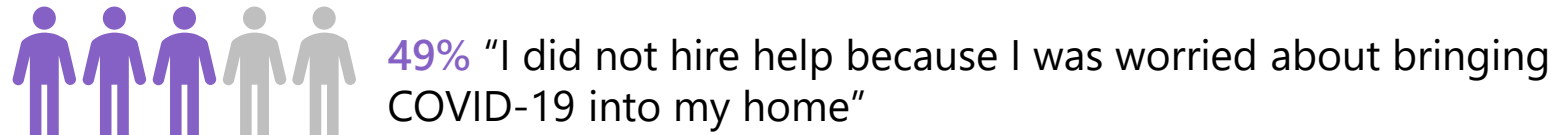
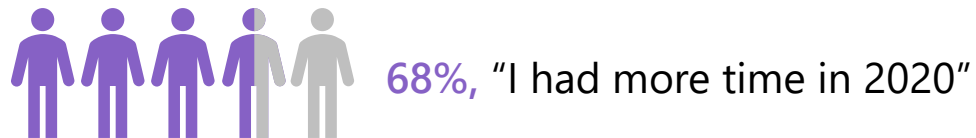
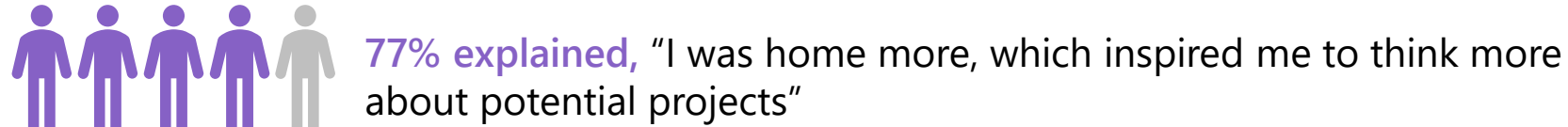


This was largely the result of COVID-19 prompted unplanned Home & Construction projects

First Party Microsoft Survey, > 1000 US participants, % of respondents 2020

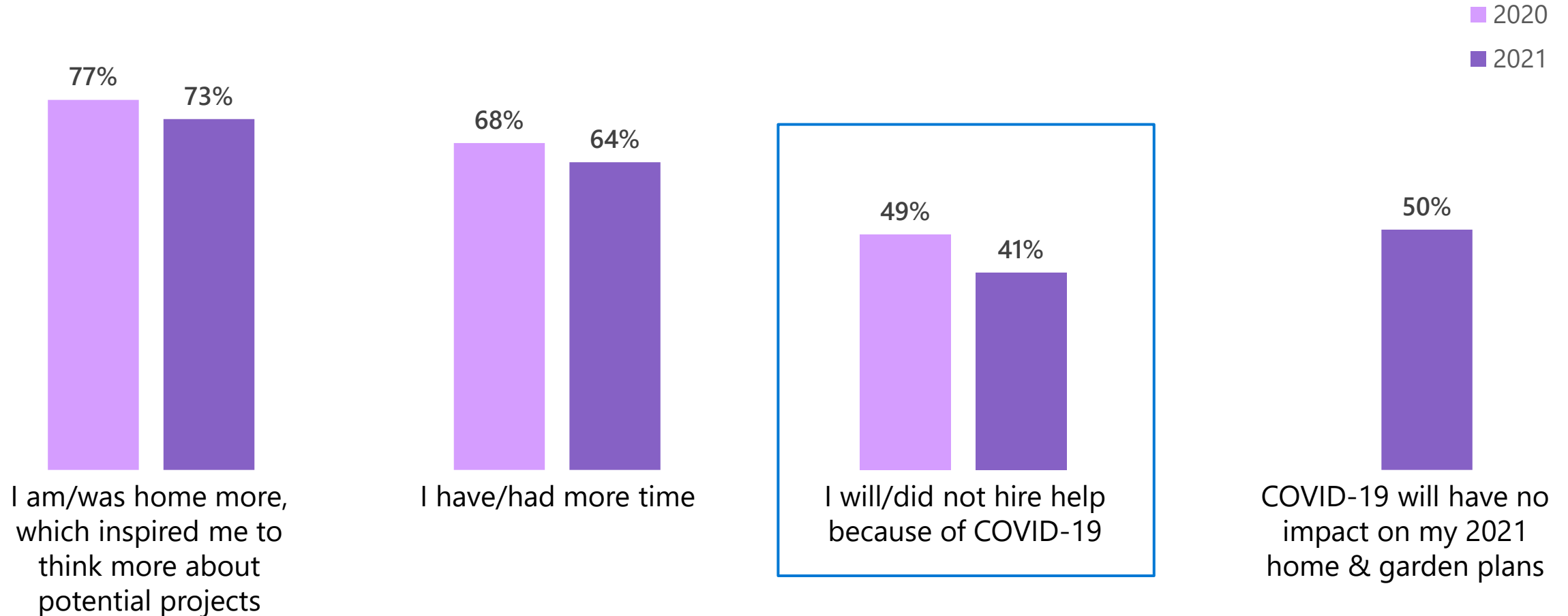


Of those respondents:



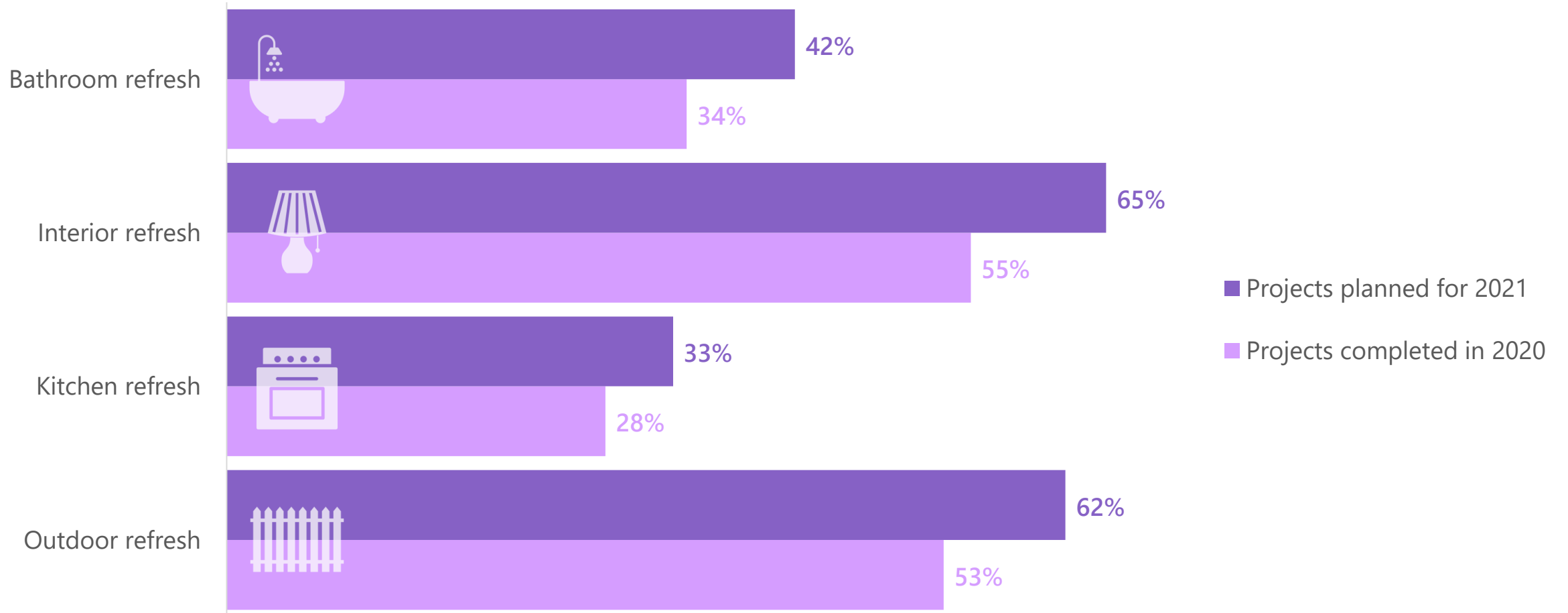
Looking forward, survey participants are **less hesitant to hire help** to complete their planned 2021 projects

First Party Microsoft Survey, % of Respondents 2020 & 2021



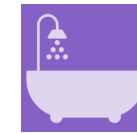
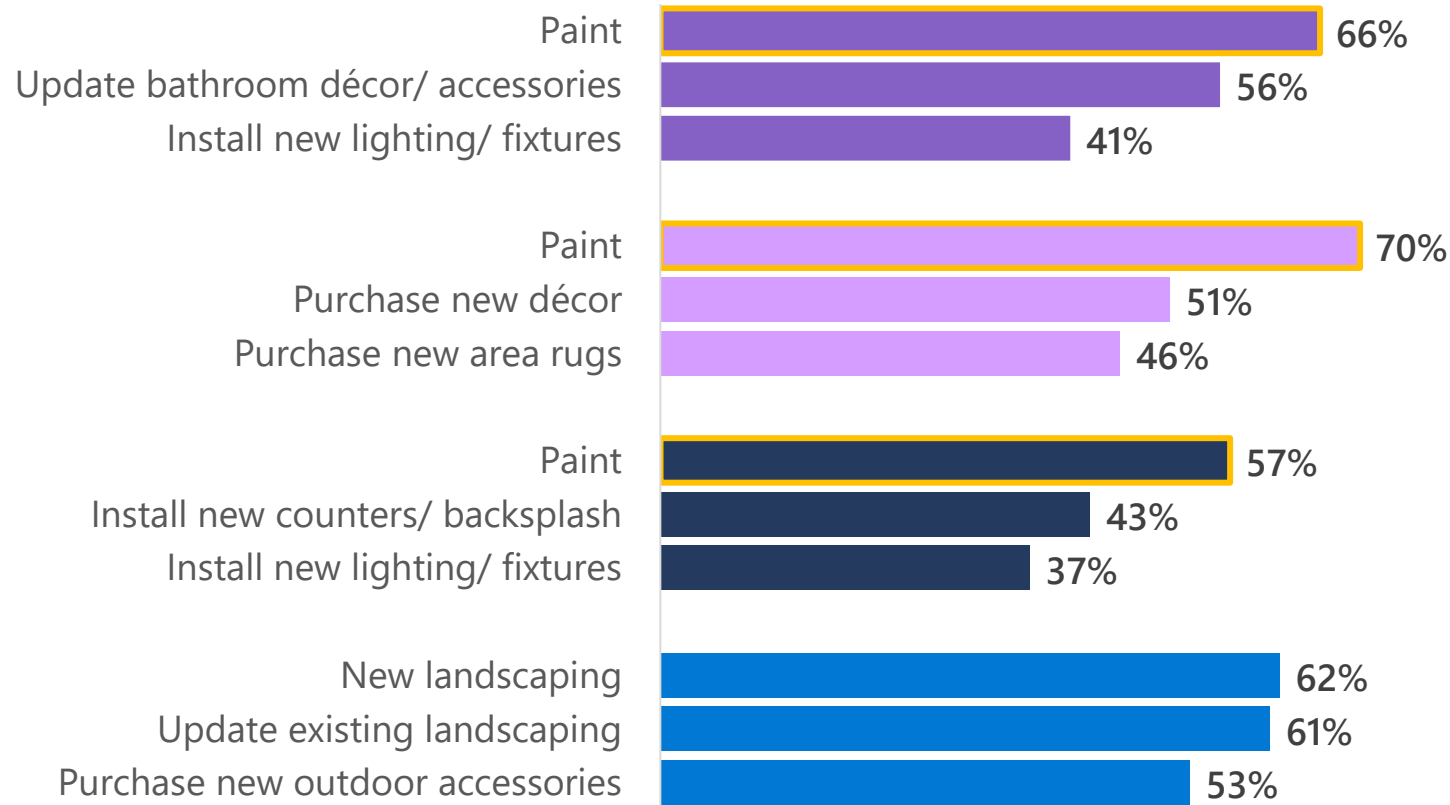
People are planning to tackle more projects in 2021

First Party Microsoft Survey, % of Respondents 2020 & 2021



Paint is a top task across 3 of the 4 project categories

First Party Microsoft Survey, % of Respondents, Top Tasks Per Project Type



Bathroom refresh



Interior refresh



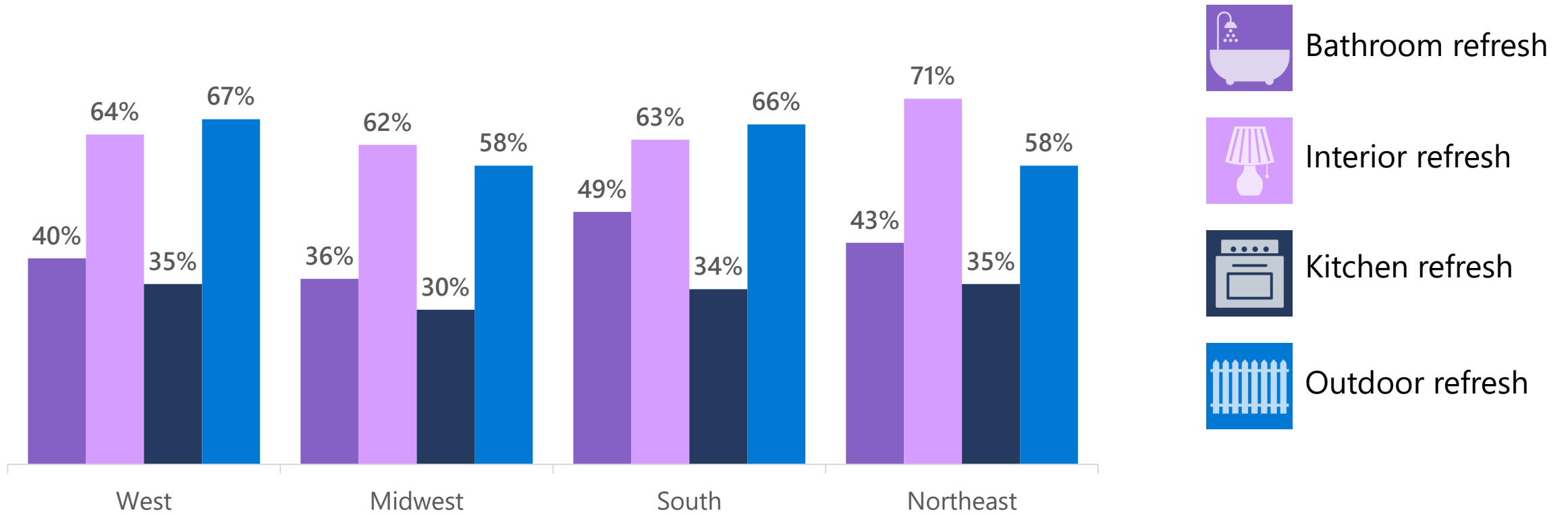
Kitchen refresh



Outdoor refresh

Planning appears to align with climate as West & South leans outdoor while the Northeast focuses inside

First Party Microsoft Survey, % of Respondents 2021, Planned Project by Region

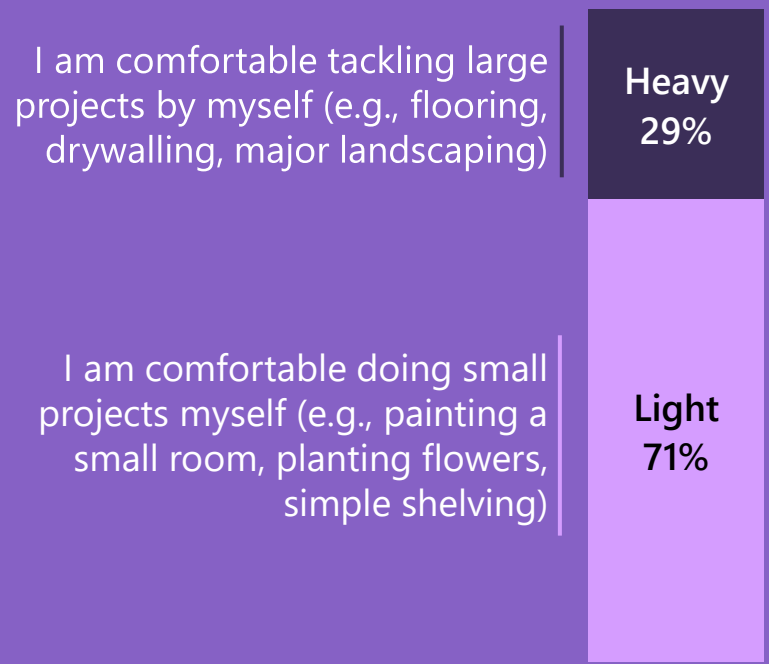


DIY and dwelling status may vary, but ultimately people are pushed to make changes based on major life events

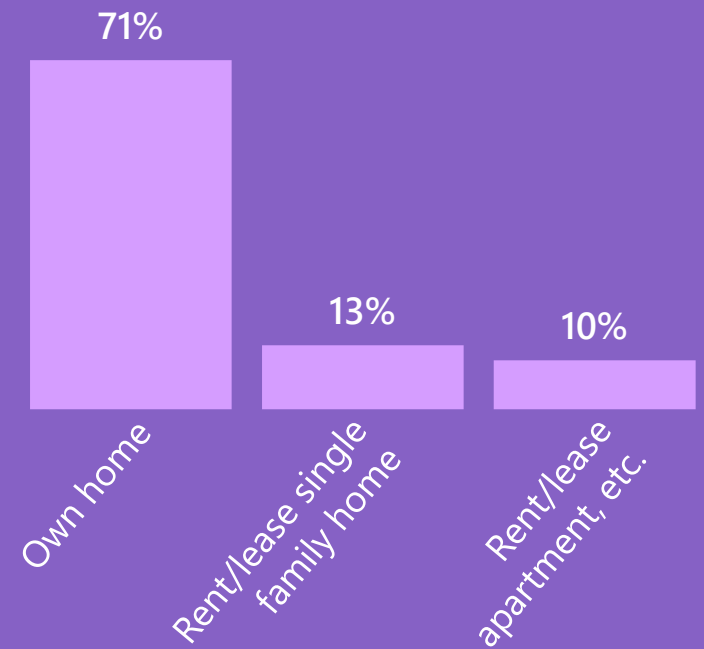


First Party Microsoft Survey, % of Respondents

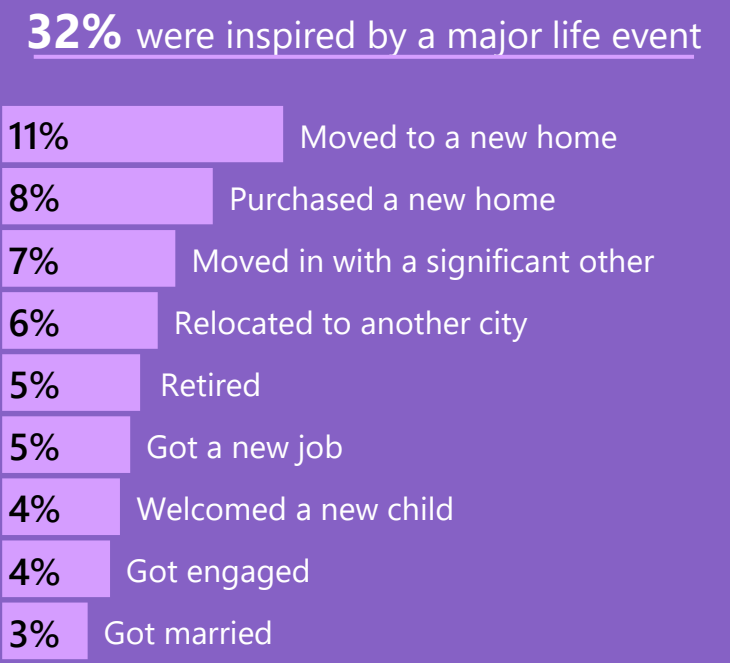
Level of DIY Comfort



Dwelling Status



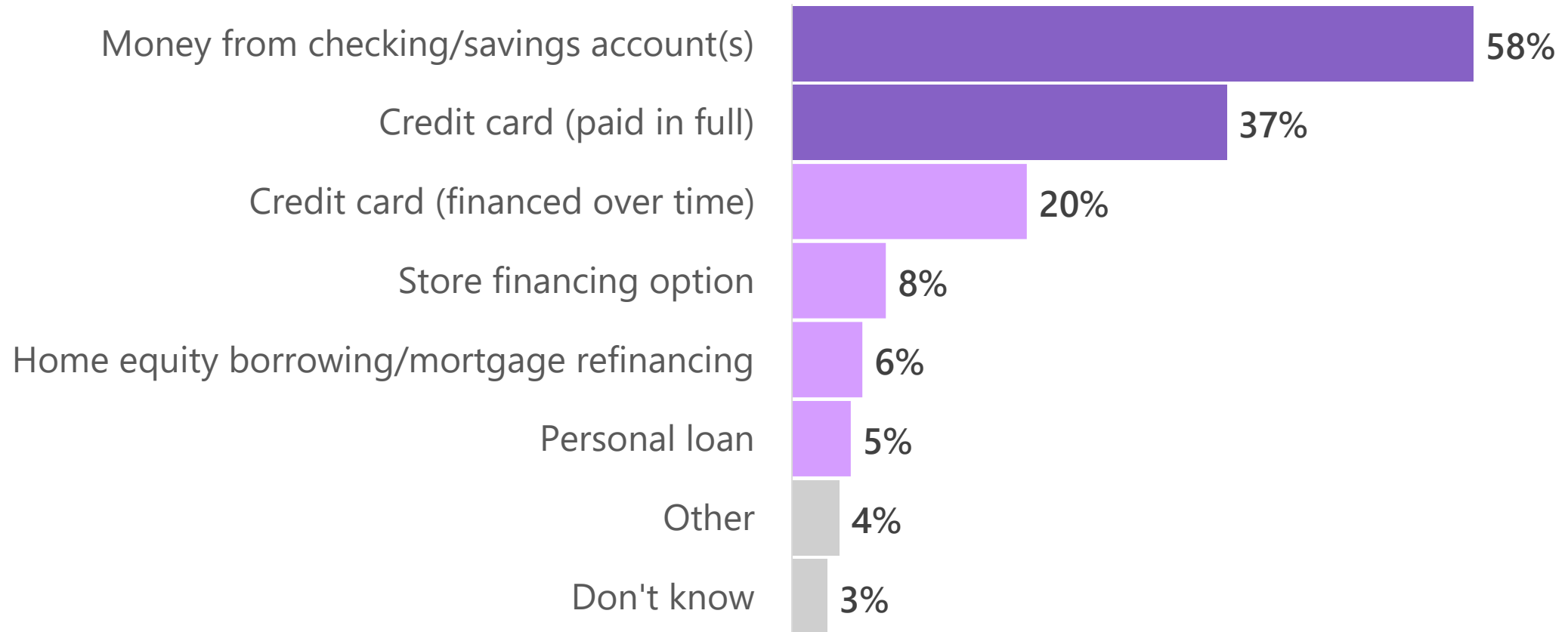
Top Reasons for Renovation



Home improvement projects were typically financed with **current funds**, as opposed to **borrowing**

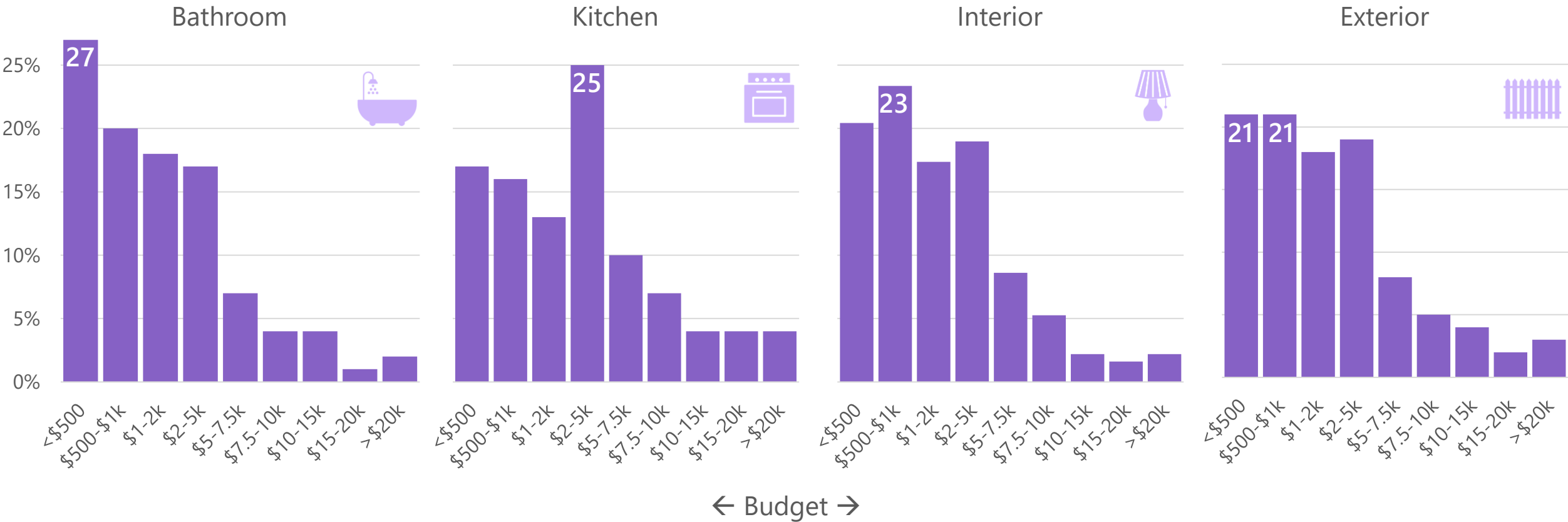


% of Respondents, Aug 2020



Respondents budgeted more for kitchen renovations

First Party Microsoft Survey, % of Respondents, Budget per project



Takeaways

- US households found themselves unpredictably focused on home improvement this year, with consumer spending forecasted to be well over predictions.
 - ❑ Align campaign bids & budgets accordingly
- Consumers plan to tackle more projects in 2021 with less hesitation for contracting outside help
 - ❑ Expand Keywords to capture new search queries as consumers research projects
- Planning appears to align with climate as West & South lean outdoor while the Northeast focuses inside Kitchen Remodels
 - ❑ Incorporate geo-targeting to meet project demand in specific regions
- Consumers plan to budget the most for Kitchen renovations
 - ❑ Implement remarketing to ensure you capture these high value consumers throughout their renovation journey

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