



Microsoft Advertising

Retail unwrapped: 2020 Australian holiday insights

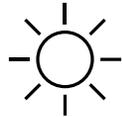
Microsoft Advertising. Intelligent connections.



Agenda



1 COVID-19 trends



2 Holiday 2019 trends



3 2020 holiday look ahead



4 Microsoft Advertising audience insights



5 Recommendations



COVID-19 trends



COVID-19 has driven consumers online, and they
have more choices than ever

COVID-19 brought eCommerce to the forefront, and it is here to stay



73%

Australian households are now shopping online¹



86%

per cent of Aussies increased the frequency of their online shopping to avoid going in store²



50%

of buyers are shopping online for products they've never bought online before³

Sources:

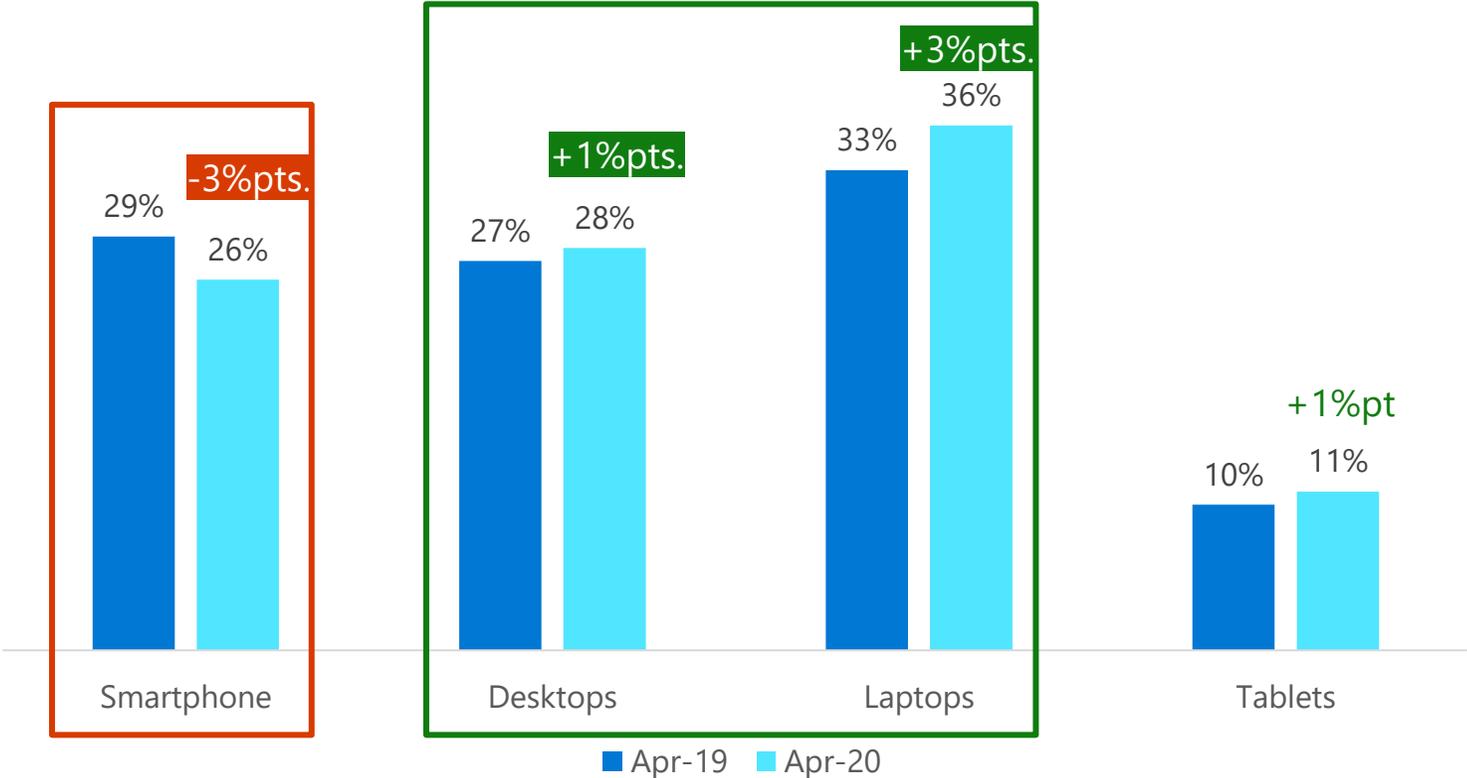
1 <https://auspost.com.au/business/business-ideas/selling-online/six-online-shopping-trends-shaping-ecommerce-industry-australia>

2 The new online shopping behaviours we formed during shutdown – AU Retailers association | July 2020

3. Bloomreach, 'The State of Commerce Experience'

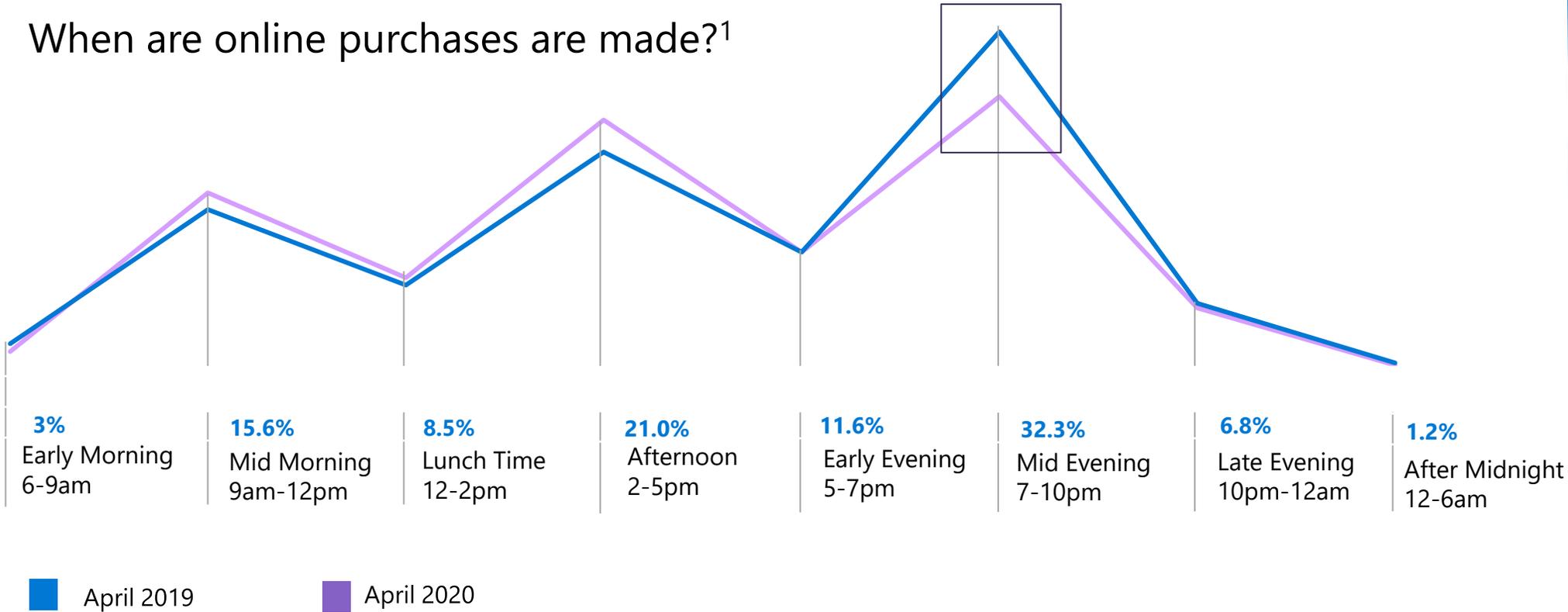
More time spent at home means more purchases made on PC and less on mobile

How are online purchases made?



Online purchases are now spread more evenly throughout the day

When are online purchases made?¹



“Saturday is the most popular day for online shopping for Australian customers”²

On Microsoft Search Network, **weekend searches** grew by **77% year-over-year (YoY)**³

Tip: Ensure budget throughout the day and week



Source:
 1. Inside Australian Online Shopping 2020 | eCommerce Industry Report | Auspost
 2. <https://powerretail.com.au/in-focus/covid-behaviour-changes/>
 3. Microsoft Internal Data | Jan – Jul 2019 vs. 2020

Category searches increased and demonstrated new consumer needs and interests



AU year-over-year (YoY) search trends from onset of COVID-19



+63%

increase in Food & Grocery searches



+49%

increase in Electronics & Office searches



+72%

increase in Home & Garden searches



+69%

increase in Sports & Fitness searches

Some categories skyrocketed at the onset of COVID-19 and will remain relevant



What did we search for "online"...



Flowers

300%+

YoY uplift in flowers
+"online" searches



Alcohol

160%+

YoY uplift in alcohol
+"online" searches



Grocery

120%+

YoY uplift in grocery
+"online" searches



Department Stores

120%+

YoY uplift in
department store
+"online" searches

Search queries containing the term "online"

...and what did we get “delivered”?



Search queries containing the term “delivery”

Emerging consumer behaviours

The stockpiler

36%

plan to keep their home stocked with more than they immediately need

The bargain hunter

42%

If I found a great deal on a non-essential item, would buy it today

The socially conscious shopper

49%

I plan to buy more locally sourced items going forward even if they cost a little more

The convenience seeker

38%

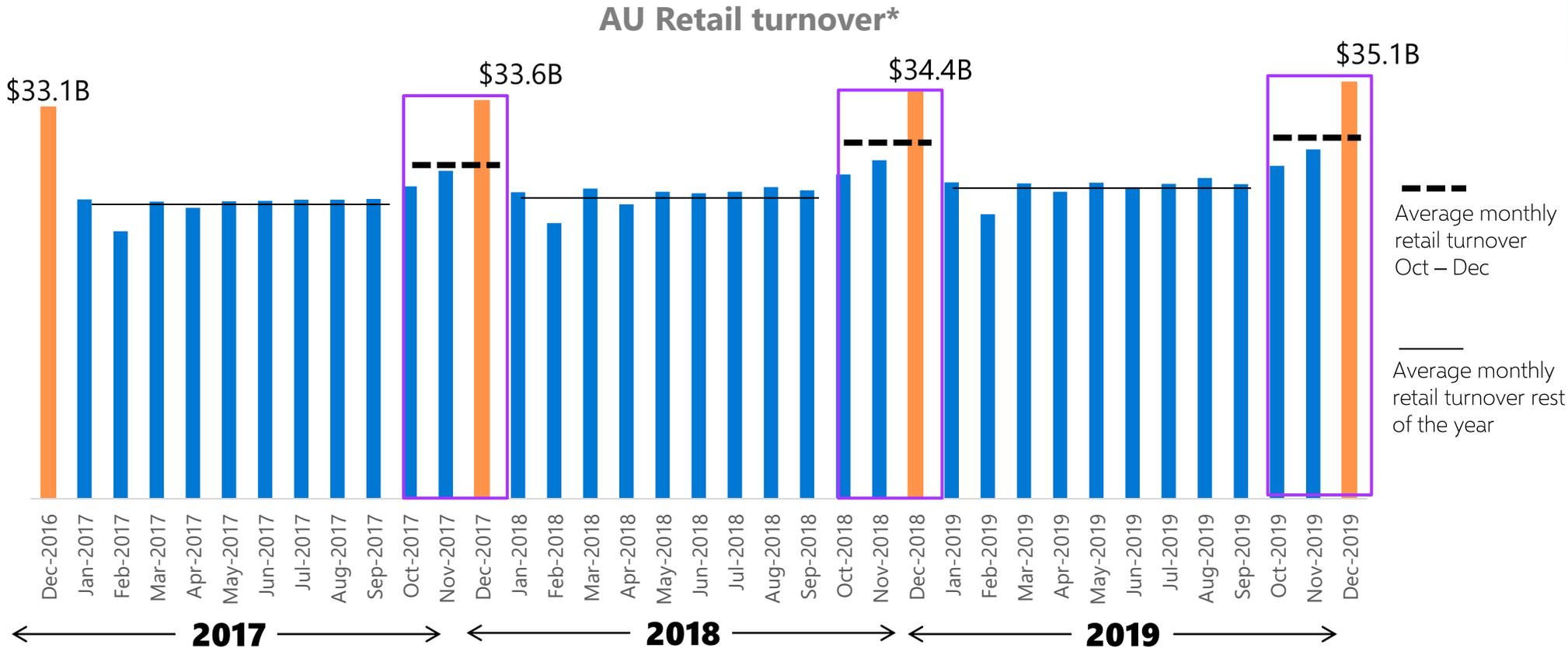
I'm ok with spending more on convenience



What happened last year? Holiday 2019 trends



Holiday season remains king for Retail



Christmas is often associated with spending and spending time together with friends and family. This year, pandemic driven restrictions have deepened our need to spend time with our loved ones.

Sources:
1. AU Retail Turnover – ABS data (includes Cafes, restaurants and takeaway food services)

Shopping days were a hit in 2019



32%

“Black Friday/Cyber Monday 2019 was a record breaker with YOY growth” – Auspost¹

On Microsoft Search Network, we saw a **107%** YoY uplift in searches and a **63%** YoY uplift in clicks, during the four days of Cyber week²

Source:

1. Inside Australian Online Shopping 2020 eCommerce Industry Report | Auspost

2. Microsoft Internal Data

We see a significant uplift in average monthly click volumes in Q4



Are your holiday campaigns set up for success?

Messaging

Keywords

Bids & Budgets

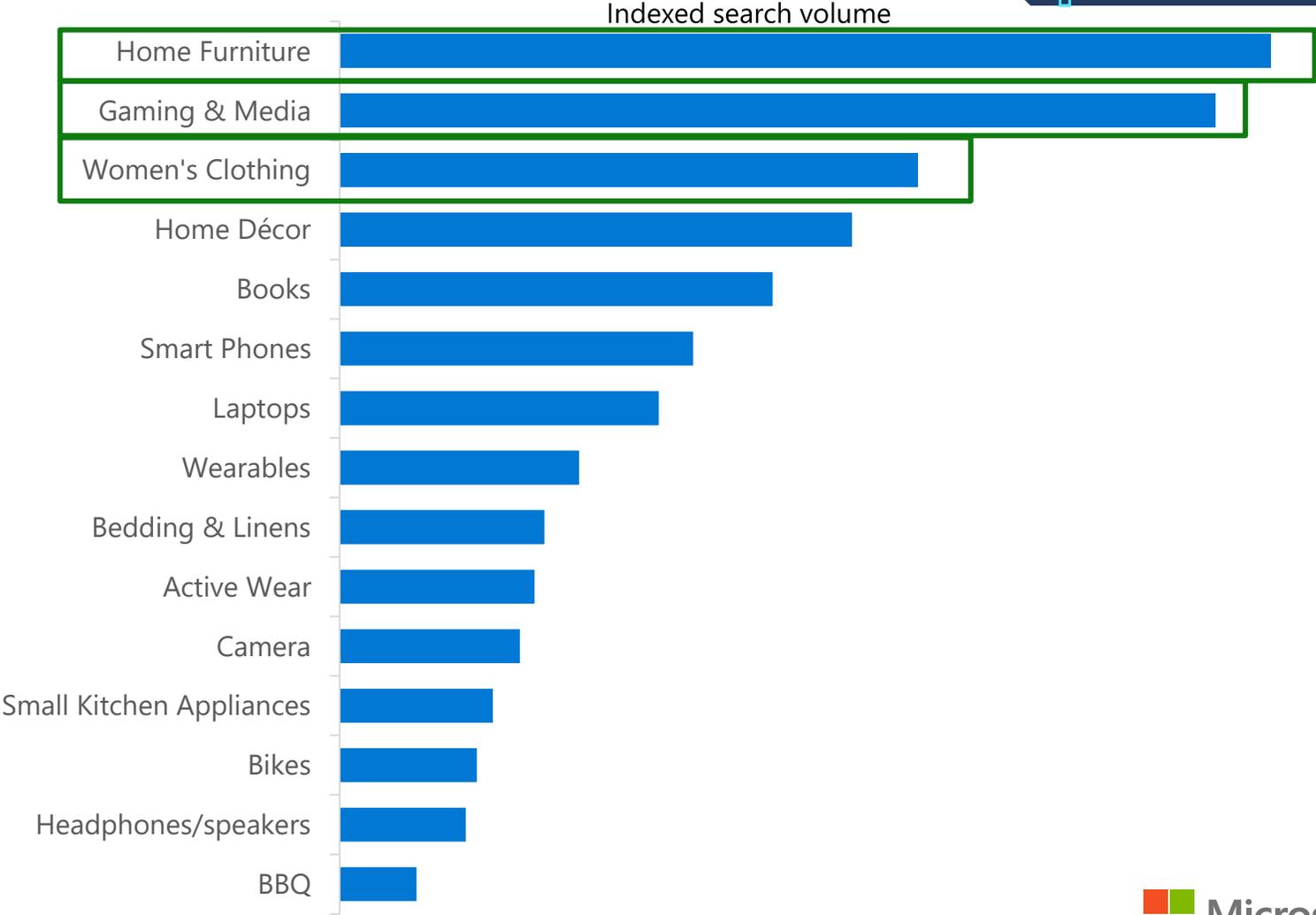
Source: Microsoft internal data | 2019 | Retail | AU



Most searched products on Microsoft Search Network last holiday season



Home & Garden and Consumer Electronics were our most searched categories during last holiday season

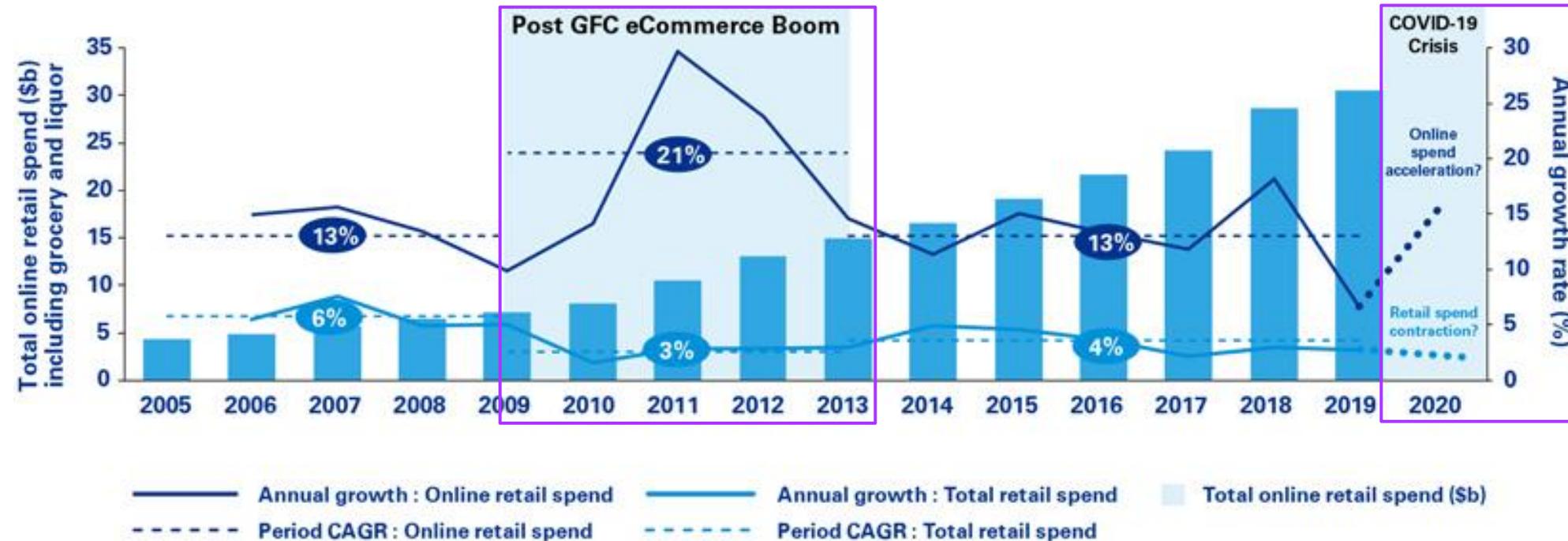




Holiday 2020 look-ahead



eCommerce boomed in Australia, as the economy recovered from the global financial crisis (GFC)



“Customers will still be cautious with money – and cautious consumers do *more research* prior to purchase and wait for *sales events*”*

Aussies are spending less and saving more¹



“The nation’s savings ratio soared to a *46-year high of 19.8%* in the three months through June” –

Australians’ Swelling War Chests | Bloomberg¹

“Income situation in Australia has stabilised, translating into *more stable spending and an improved savings pattern*” –

Australia’s next normal: The cautious consumer | Mckinsey²

Source:

¹ <https://www.bloomberg.com/news/articles/2020-09-02/australians-swelling-war-chests-pent-up-demand-augur-big-spend?srnd=premium>

² <https://www.mckinsey.com/featured-insights/asia-pacific/australias-next-normal-the-cautious-consumer>

\$63 billion of travel spending must go somewhere



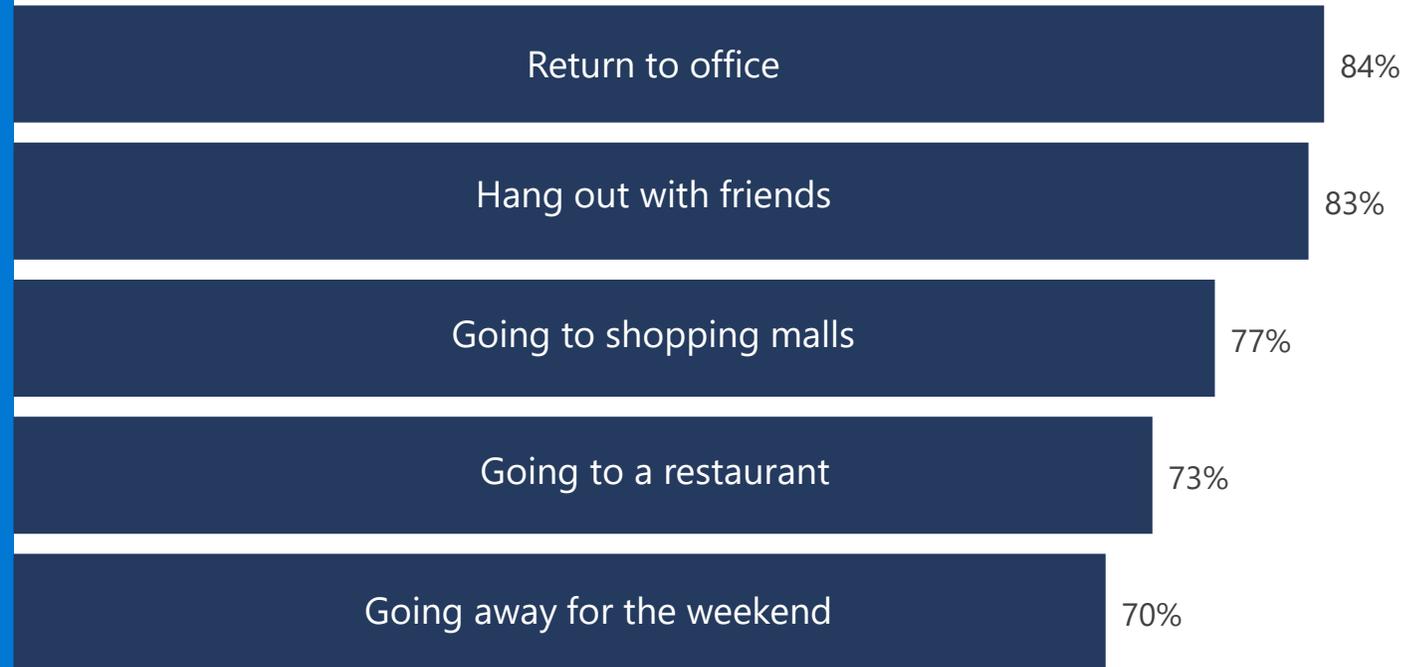
UBS forecasts that an **85% reallocation of travel spend** suggests consumers have **\$52 billion in extra purchasing power**

People are eager to get back to normal



By October, people feel they will be comfortable to...

When will you feel comfortable doing the following?



65%

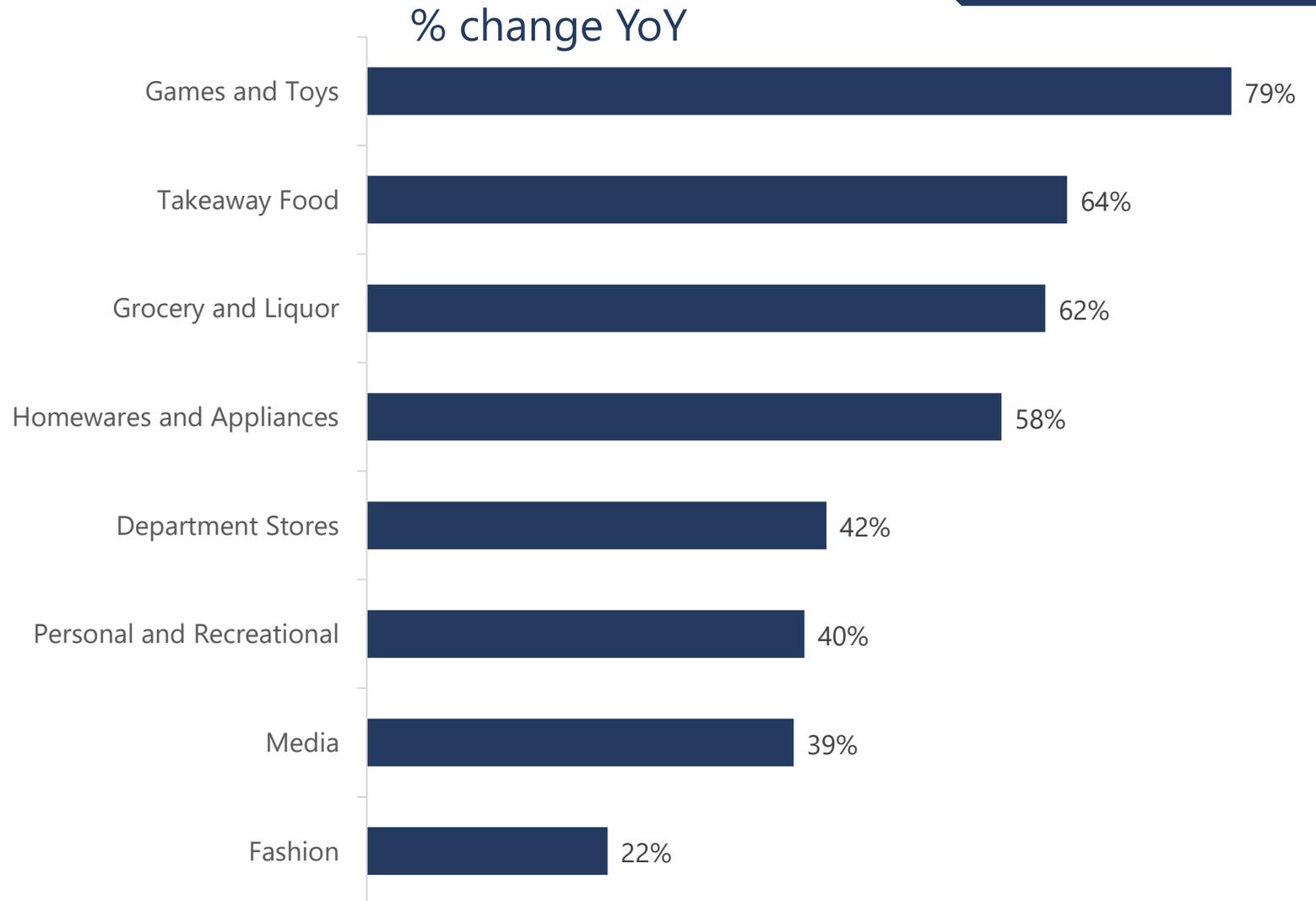
of Australians say they will shop
more online than in-store
during the next 12 months

What have consumers been buying online?



While overall retail sales will decline, online sales will remain elevated

This holiday season, advertisers should focus on eCommerce efforts and reimagine the business digitally and to capture customers who will be buying more online and from different retailers



Consumers will continue to seek contactless shopping during the 2020 holiday season



43%

of consumers are concerned about social distancing in shopping centre environments



45%

of Australians plan to utilise click and collect options in 2020²



42%

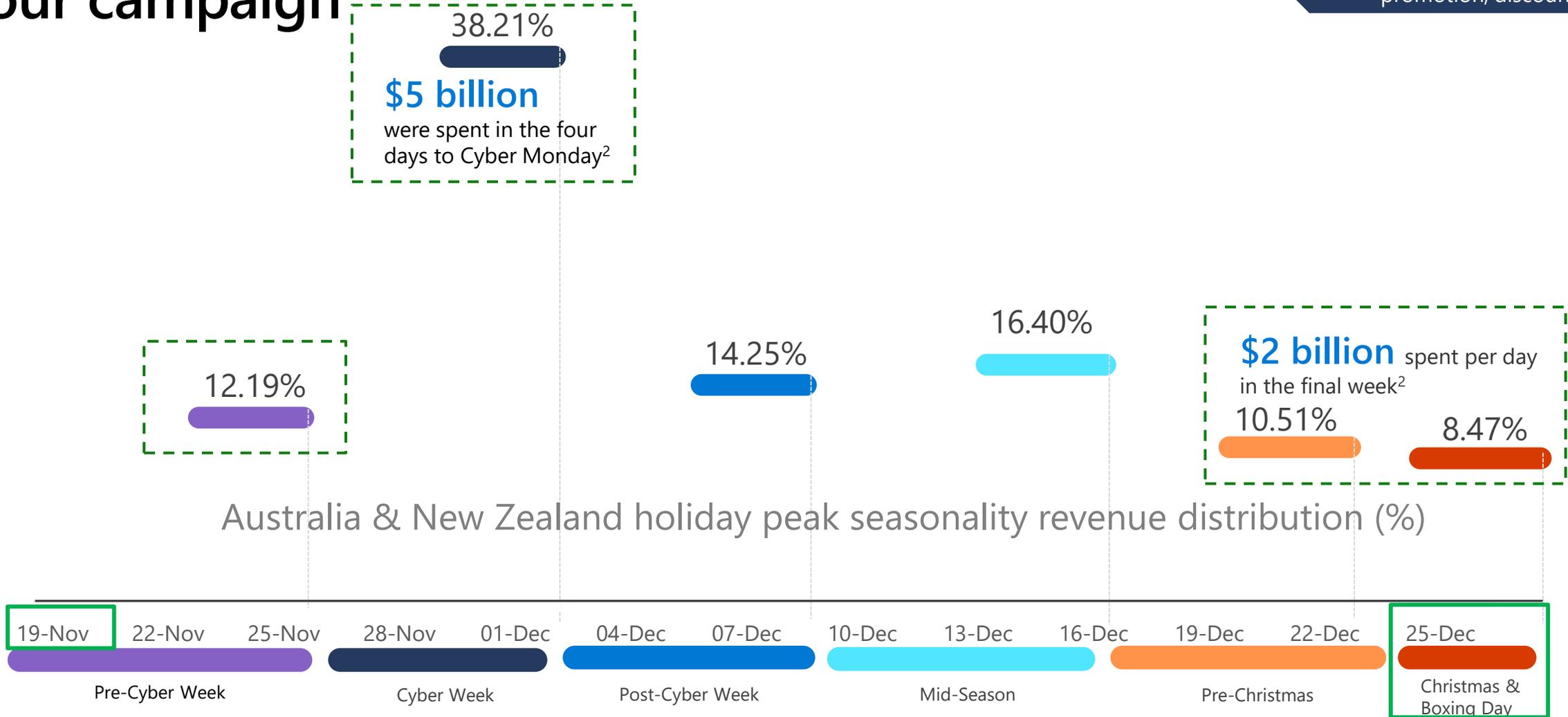
of Australian consumers will have increased expectations of delivery speed³

Sources:

1. Retail Doctor Group research into Consumer Sentiment 2020
2. Statista, 'Global Consumer Survey – Australia'.
3. KPMG, 'Australian Retail Outlook 2020'.

Consider holiday shopping trends when planning your campaign

 37% say they will wait for products to be on promotion, discount or sale¹



Australia & New Zealand holiday peak seasonality revenue distribution (%)

Sources:
2020 Holiday Shopping Predictions, Trends, and Insights - Salesforce.com | ANZ | Nov 19 – Dec 26
1. Coronavirus Research April 2020* by GWI, April 2020
2. Aussie's staggering Christmas Eve spending habits revealed (msn.com)



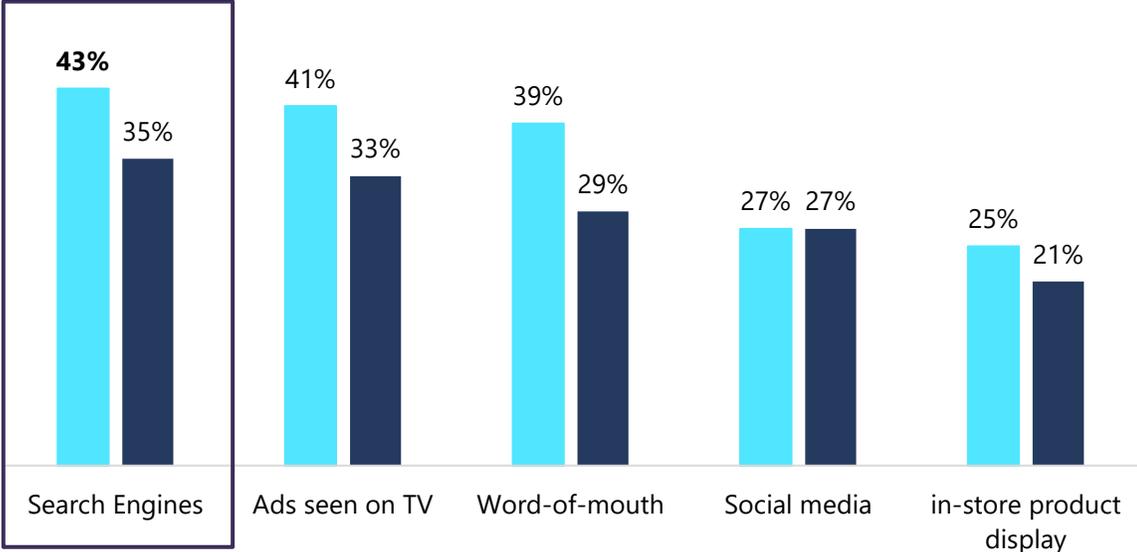
Microsoft Advertising audience insights



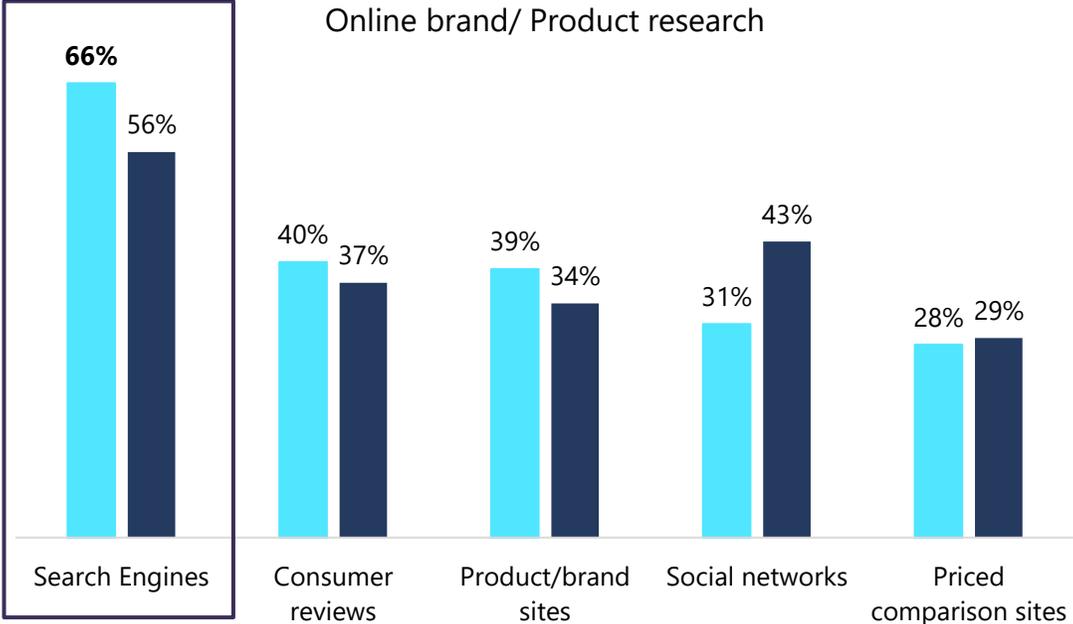
Aussies rely on search engines more than their global counterparts

■ Australia ■ Global Average

Brand/ Product discovery



Online brand/ Product research



% who say they discover brands/products via the following sources

% who say they use the following when looking for more information about a brand/product

Source:
 GWI | Australia Key digital behaviors and trends over time and across demographics | n=8077 | Q3-Q4 2019
 1 %who say they discover brands/products via the following sources
 2 %who say they use the following when looking for more information about a brand/product



Microsoft Search Network reach | Australia



8 million
unique monthly searchers



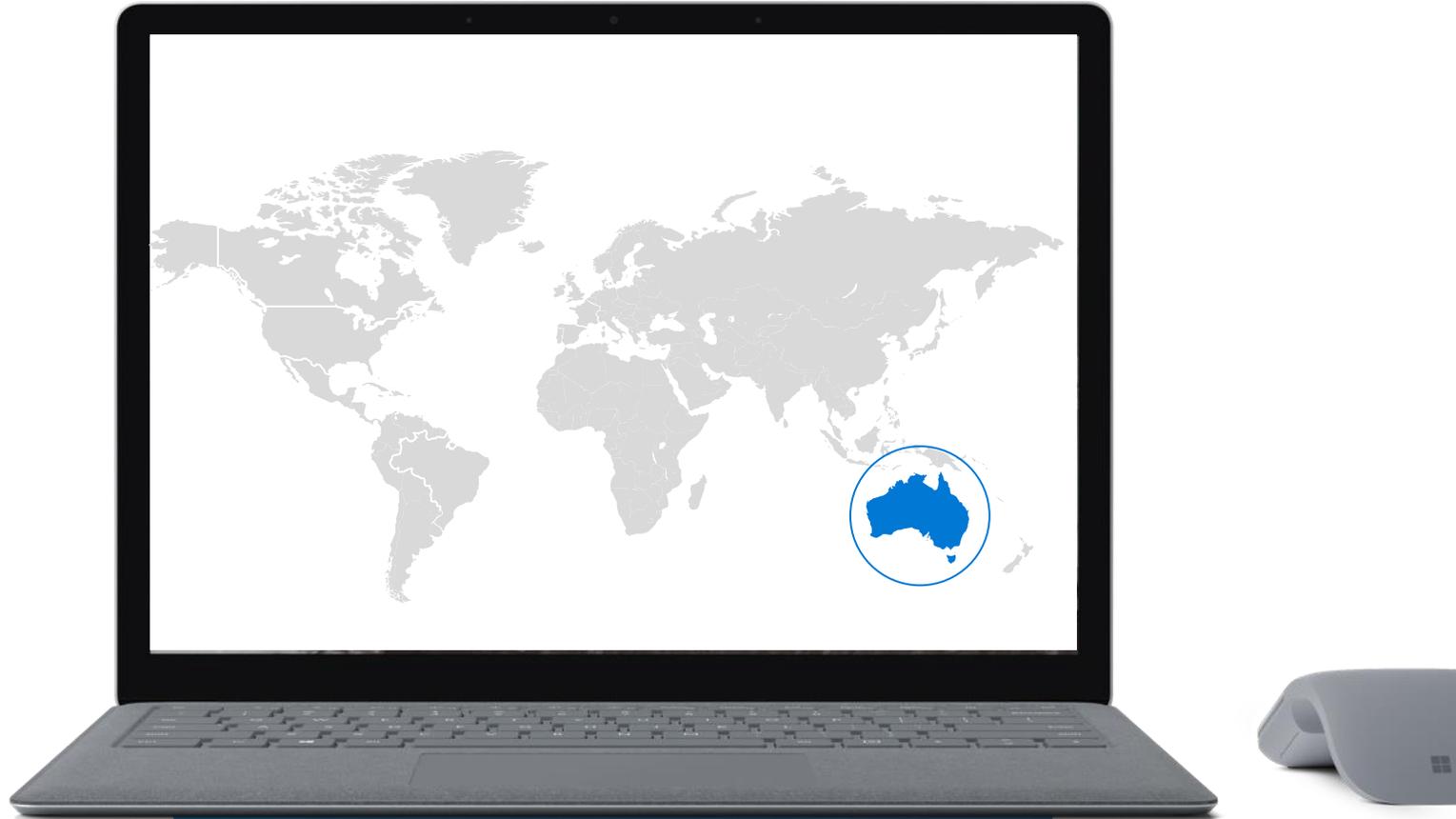
133 million
monthly searches



15%
PC market share in the AU



5 million+
average monthly retail clicks*



Source:
comScore qSearch AU (custom), June 2020.
*Microsoft Internal data | 2020

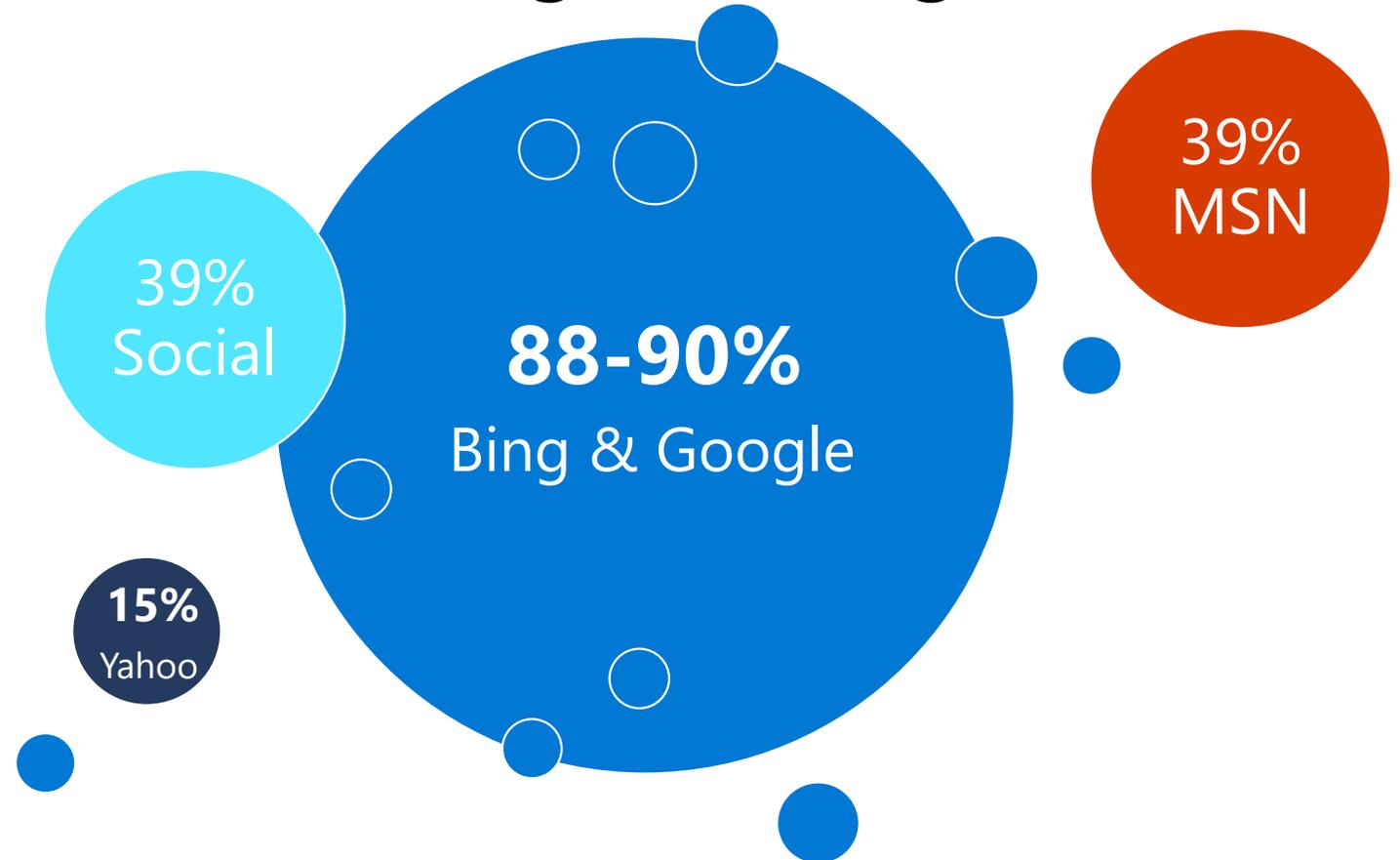
The consumer journey

11,000 unique queries | 87 unique brands | 73 unique websites | 6 categories

Most of the users searched on both Bing and Google*

Did you know?

- Bing search is built into Windows 10 that is now on over **1B** devices**

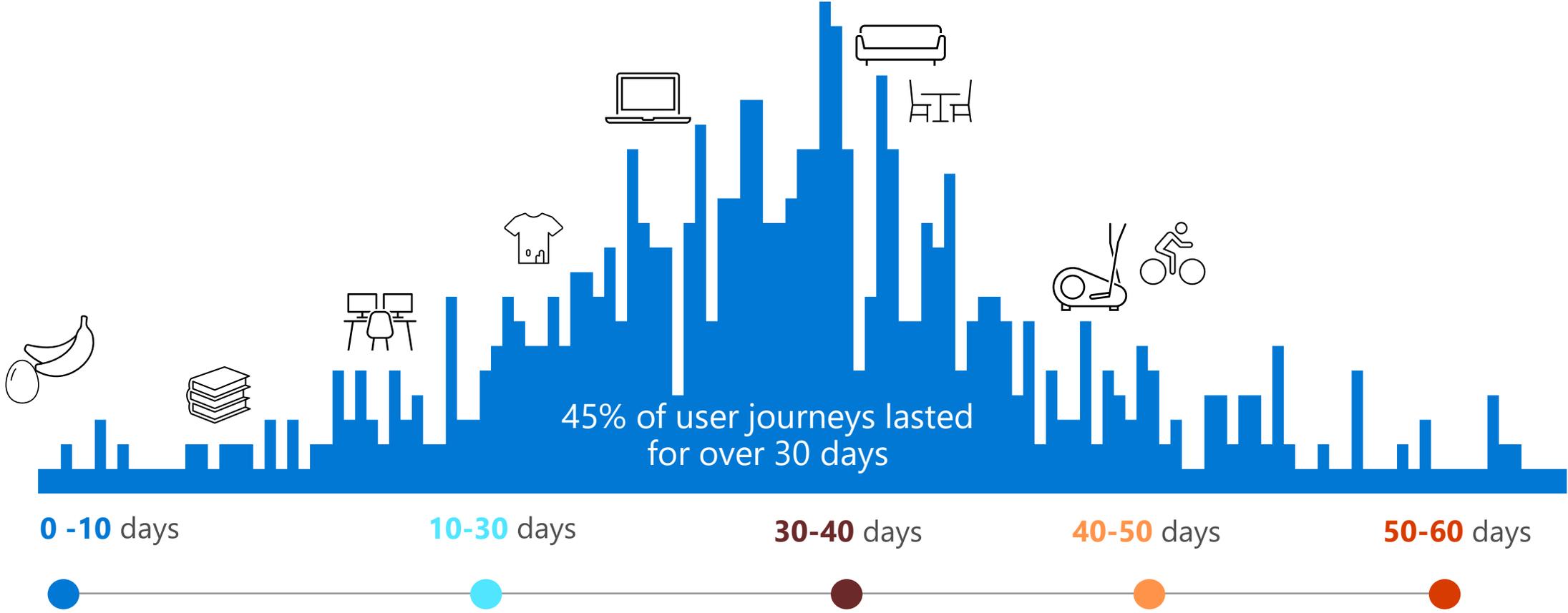
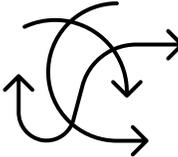


Source:

*Microsoft Internal Data | N=1000 | Time Period: Feb - Jul 2020

**Microsoft internal data, March 2020.

75% of them shopped for more than 4 brands across 3 different categories

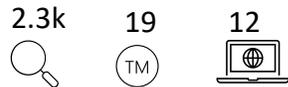


% of users shopped across these categories

Online Marketplace



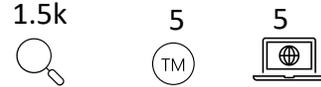
Electronic & Office



Home & Garden



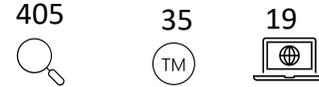
Groceries & Beverages



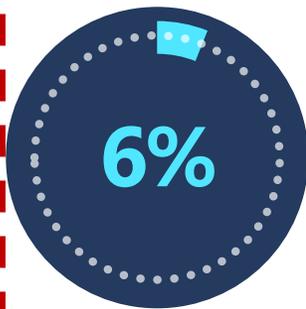
Department Stores



Apparel & Accessories



Sports & Fitness

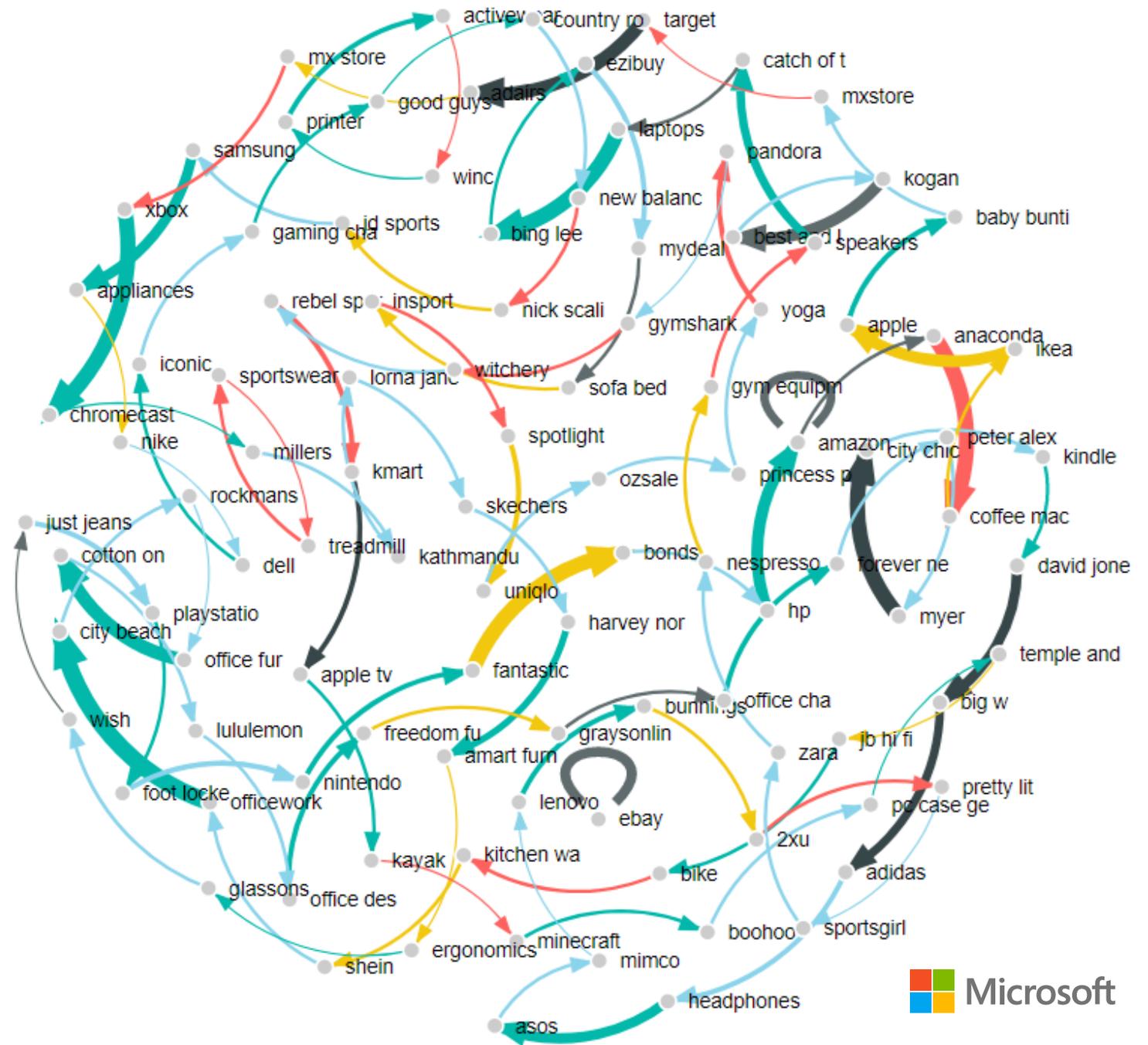


 Unique queries searched

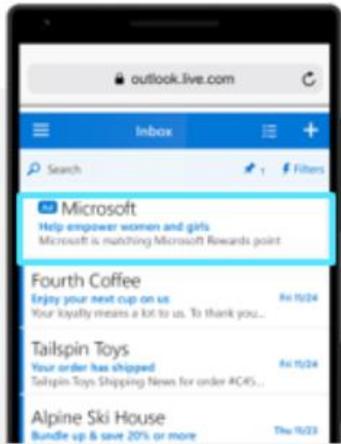
 Brands searched

 Websites browsed

User journeys are complicated and aren't linear



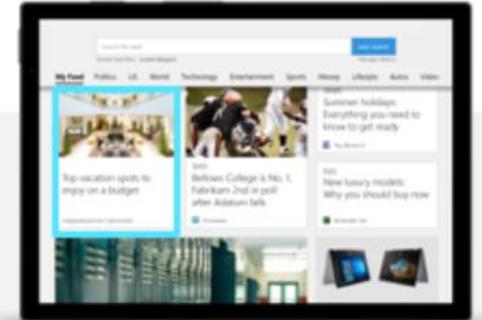
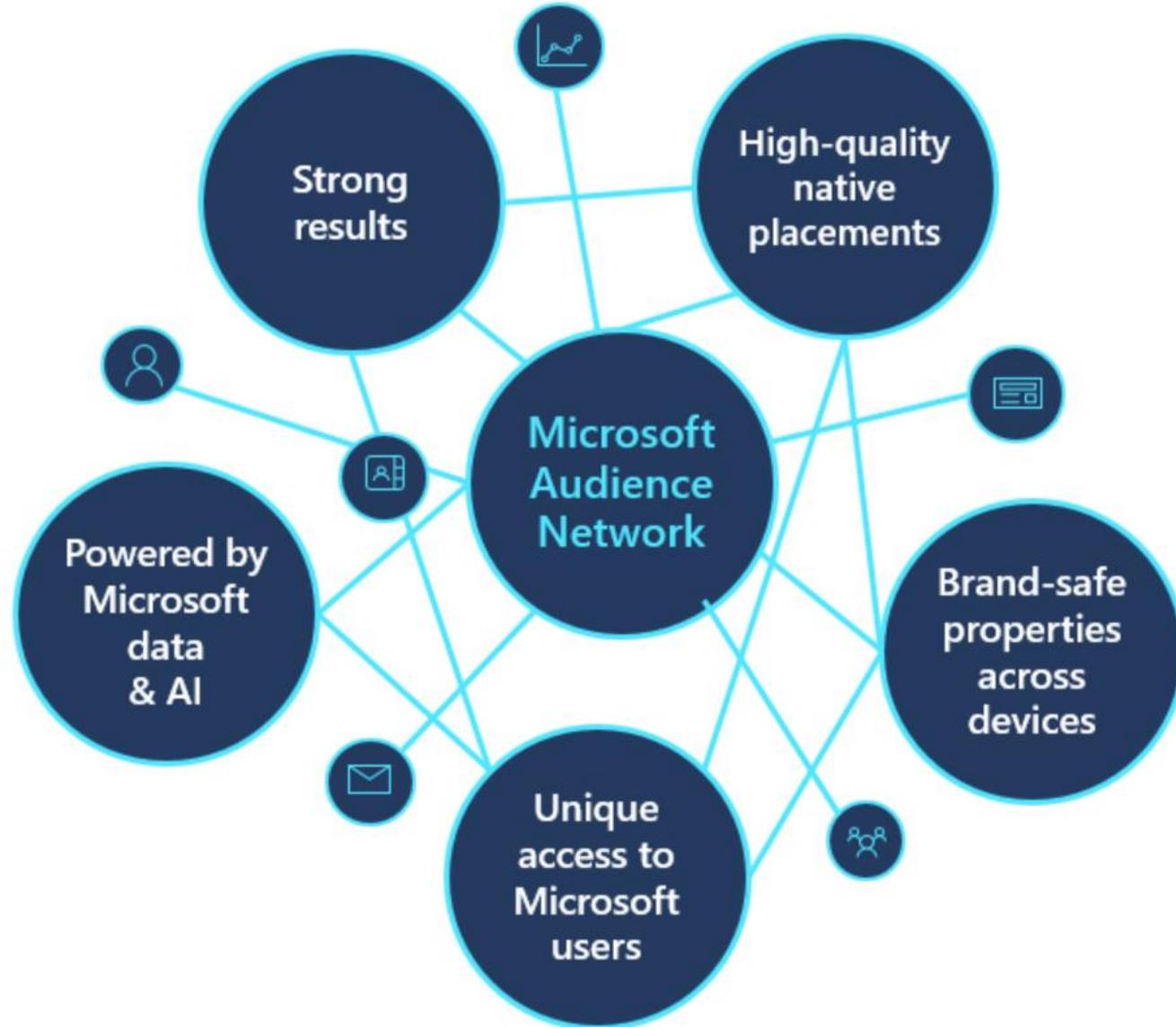
Meet the Microsoft Audience Network



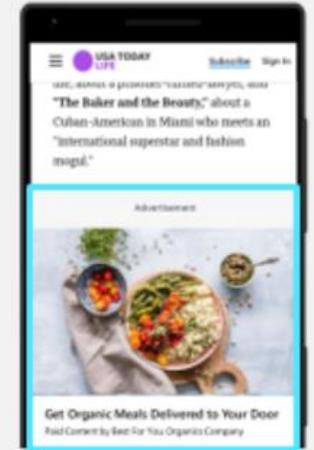
Outlook.com



MSN



Microsoft Edge



Select publisher partners

Access the Microsoft Advertising audience



1B

devices running
Windows 10¹



498M

monthly unique
visitors²



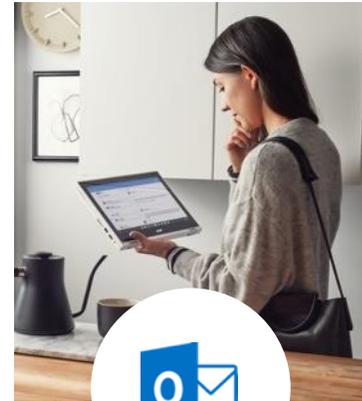
11B

global monthly
searches²



675M

global
professionals³



200M

monthly unique
visitors²



64M

monthly unique
users²

1. Microsoft internal data, September 2019, (<https://news.microsoft.com/bythenumbers/en/windowsdevices>). 2. comScore, August 2018. 3. Omnicore, May 2019. 4. Microsoft internal data.

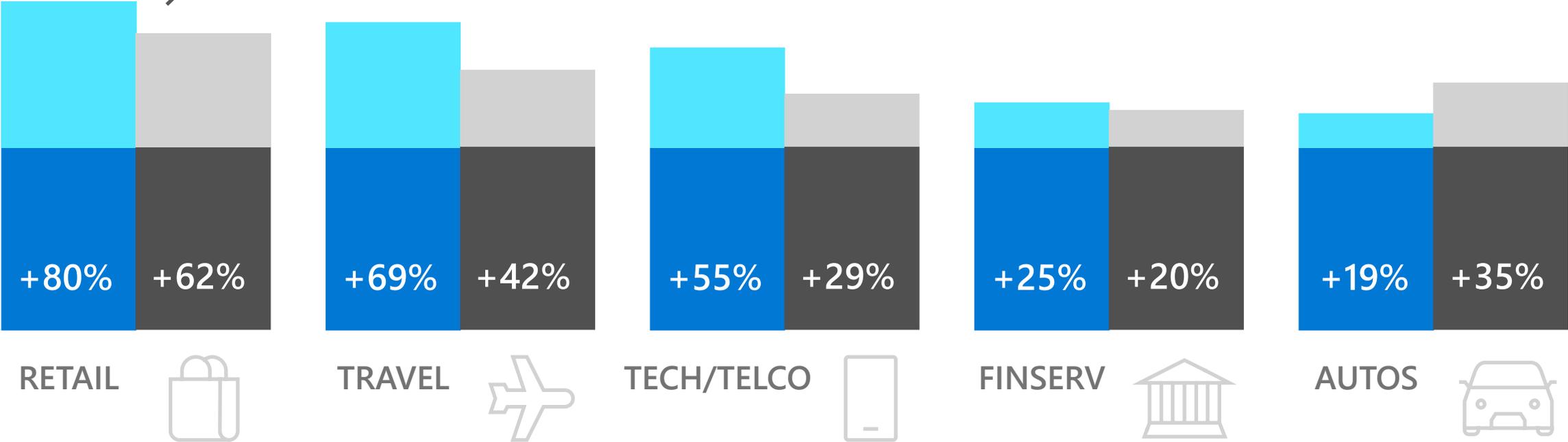
Increased results across verticals



Lift in clicks post-exposure¹



Lift in impressions post-exposure¹



1. January 2019 – March 2020; Exposed vs. Control lifts for both clicks and searches per user; searches based on ad flag for selected advertiser and other advertisers in that vertical. On average, those clients saw the reported lift in Search Impressions per user and reported lift Search Clicks per user for exposed users compared with those who weren't exposed to an ad on the Microsoft Audience Network. This is based on a **sample of our pilot advertisers** and isn't a marketplace lift. The experienced lift is on a **per-user basis for the exposed users**, not the advertisers' full search program.

In conclusion

1. Holidays will certainly be different this year. There is a shift in consumer focus to prioritize important things in life.
2. Holidays are often associated with spending and spending time together with friends and family. After a rough start to 2020, the need to spend time with loved ones and make them feel special has only deepened.
3. While it's difficult to forecast how retail will rebound from COVID-19, the increased shift to online shopping represents a unique opportunity for retailers to not only connect their customers with right products but also differentiate their brand by highlighting their brand values



Recommendations



How should you reimagine the 2020 holiday season?



eCommerce and search will grow and be at the forefront for consumers this season



Consumers will continue to largely use desktop as their purchasing platform



Click and collect will remain a top shopping option this holiday season



Differentiate your brand by highlighting your values



Overall, consumers are delaying big purchases due to the impact of COVID-19¹





Microsoft Advertising Pre-Cyber Week Checklist

October 1 – Nov 23

22.5%

Online holiday sales growth in 2019.¹



56%

of the Australian population will shop online more than before.²



Start building an audience of your best customers

- ✓ Ensure [Conversion Tracking](#) is set up to build remarketing pools and measure your impact online and offline.
- ✓ Build awareness before Cyber Week sales start by extending reach beyond search with [Microsoft Audience Ads](#).
- ✓ Set up [automated rules and bids](#) early in the season to allow the algorithm to build in advance of Cyber Week.
- ✓ Reach mobile audiences through our [Partner Network](#) and get performance insights with website reports.

Learn how headlines and descriptions perform for your business objectives

- ✓ Use [responsive search ads](#) to take advantage of additional headline and character limits, and let Microsoft Advertising identify and report to you the best performing ad combinations.

Influence decision-making among those who are choosing brands

- ✓ Increase your search term coverage using customized ad experiences with [Dynamic Search Ads](#), and uncover new business opportunities without draining your budget and team resources with [broad match](#).
- ✓ Use broad keyword targeting (e.g., category keywords, brand keywords) with [In-market Audiences](#) or [remarketing](#) layered to reach relevant audiences who may be searching in a variety of ways.
- ✓ Help your ads be more visible with mainline bidding. Check out the Opportunities Tab for bid adjustment recommendations

Tease upcoming sales and events

- ✓ Enhance your text ads with eye-catching [ad customizers](#) to give potential customers greater incentive to click your ads.

1. eMarketer 'Retail Holiday Season sales in Australia, by Channel'

2. Australian Retailers Association, 'The new online shopping behaviours we formed during shutdown'.



Microsoft Advertising Cyber Week checklist

Nov 24 – Nov 30

71%

of Australians planned to shop Cyber Week in 2019.¹



38%

of 2019 holiday sales were made on Cyber Week.²



Work smarter to be more efficient

- ✓ Have more control and flexibility when enabling campaigns, adjust budgets and send email alerts with [automated rules and bids](#) or scripts. Create an automatic rule to optimize your campaigns, ad groups, ads and keywords.
- ✓ Focus on downstream conversions when CPCs are most competitive with [Target CPA](#), [Enhanced CPC](#) and [Maximize Conversions](#). Let Microsoft Advertising adjust your keyword bids in real time to reach the CPA you want.
- ✓ Hone efforts to expand coverage on highly profitable products or priority categories, and bid differently based on custom labels you create, with [page feed Dynamic Search Ads](#).
- ✓ Sharpen audience targeting using your own rich, first-party customer data with [Custom Audiences](#), which can be built based on segments like purchase history, lifetime value and time since last purchase.
- ✓ Reduce the risk of campaigns pausing during peak shopping by automatically redistributing unused budget to top performers with [Shared Budgets](#).
- ✓ Save time and target customers ready to buy across the Microsoft Audience Network with [In-market Audiences](#).

Compete by leading with offer-focused messaging

- ✓ Display special offers on specific products or site-wide sales with [Merchant Promotions](#), via Microsoft Shopping campaign Product Ads.
- ✓ Highlight competitive offers, top features of your business and value propositions with [Callout Extensions](#); expanding your ads could increase click-through rate.
- ✓ Improve ad effectiveness with [ad customizers and Target audience ID](#) to provide better deals to audiences built pre-Cyber Week, and those already looking for your products or service.
- ✓ Reconnect with visitors that leave your website with [remarketing](#). Provide a compelling offer to drive conversions.

1. FinderAU, 'Black Friday statistics'.
2. Salesforce, 'Retail Holiday Insights'.



Microsoft Advertising Post-Cyber Week Checklist

Dec 1 – Jan 3



42%

Of Australian consumers will have increased expectations of delivery speed.¹

50%

of buyers are shopping online for products they've never bought online before.²



Convert last-minute shoppers by making in-store and digital shopping complementary

- ✓ Reach those who prefer to buy online and pick up in-store by promoting products available in nearby stores with [Local Inventory Ads](#) (LIA); provide the exact store location with [Location Extensions](#).

Be direct

- ✓ Drive customers to click through clear calls-to-action with [Action Extensions](#). Encourage engagement through direct messages, such as “Download” or “Reserve.”
- ✓ Use [countdown customizers](#) to ensure your customers know when shipping promotions end.
- ✓ Highlight top features of your business, like free shipping dates, with [Callout Extensions](#) and Promotion Extensions.

Optimize based on learnings gleaned from (pre-)Cyber Week performance

- ✓ Reduce setup time and improve ad quality with [ad customizers](#). Let Microsoft Advertising do the heavy lifting – provide one ad copy and hundreds of customized ad variations will be created to test across audiences.
- ✓ Redistribute unused budget to top campaigns, increase your chances of getting more clicks and ensure high-performing campaigns do not pause with [Shared Budgets](#).
- ✓ Boost clicks and conversions outside search with [Microsoft Audience Ads](#) and remarket to those who viewed or added specific products to their carts with [Product Audiences](#).
- ✓ Target your best customers on any device with [device targeting](#) and advertise where your best customers are with [location targeting](#).

1. KPMG, 'Australian Retail Outlook 2020'.
2. Bloomreach, 'The State of Commerce Experience'

Holiday: Retail best practices

Be there ahead of time.

- ✓ Review last season's campaigns for successes and lessons learned.
- ✓ Set budgets to accommodate increases in traffic.
- ✓ Upload campaigns early.
- ✓ Double-check to make sure all relevant accounts and campaigns are active.
- ✓ Follow up on any rejected ads.
- ✓ Add new, relevant and emerging keywords.
- ✓ Test new features and pilots to optimize before traffic volumes increase with peak season.

Find approaches for a better ROI.

- ✓ Test In-market Audiences directly and indirectly related to your industry.
- ✓ Budget for PC/tablet and mobile traffic.
- ✓ Plan your budgets for periods of high CPC.
- ✓ Opt in to search partner sites to expand your mobile reach.
- ✓ Use long-tail brand terms.

Optimize keywords, ads and bids.

- ✓ Set up the relevant ad extensions to drive more traffic.
- ✓ Test new ad copy variations.
- ✓ Set bids in anticipation of increased competition during the seasonal peaks.
- ✓ Apply auto-bidding strategies to take advantage of key audiences.
- ✓ Set up Automated Rules to schedule and automate your top campaign management tasks on a weekly, or even daily, basis for invaluable time savings and efficiency gains.
- ✓ Optimize your keywords and ads by testing Dynamic Search Ads and Responsive Search Ads.

Optimize Shopping Campaigns.

- ✓ Schedule Merchant Promotions display relevant site wide or category specific offers and top products.
- ✓ Refresh your product feed daily.
- ✓ Send your full product feed with all product offers. Search query trends can change quickly, ensure your products are eligible to serve as traffic fluctuates.
- ✓ Go beyond the required attributes and populate your feed with as many recommended attributes as possible - including GTIN, MPN, Brand, size, color, shipping cost, and multiple images (up to 10 additional).
- ✓ Use Local Inventory Ads to promote instore products and include the Buy Online.

To get actionable data, insights and best practices to help make decisions and grow your business, visit aka.ms/MicrosoftAdvertisingInsights

