Microsoft Advertising Insights: Australian Retail: COVID-19 and holiday shopping

Key learnings

General shopping behavior and COVID-19 shifts

2020 Holiday shopping intent

Retail ready audience

Holiday guide
Key learnings

- Shoppers are shopping online and in-store equally.
- Consumers rely on search for product research and product/brand discovery.
- They intend to maintain their online shopping habits post COVID-19.
- Most shoppers will buy a gift for their family and plan to spend same or more than last year.
- 40% of them intend to shop earlier this year, some have already started.
General shopping behavior and COVID-19 shifts
Australians’ preference for online shopping is on par with shopping in-store.

Overall shopping preference:
- Click & collect: 13%
- Online: 42%
- In-store: 46%

Frequency of shopping online:
- Daily: 39%
- 2-3x/week: 25%
- At least 1x/week: 32%
- At least 1x/month: 4%

Over 60% of respondents shop online at least once a week, with 25% of them shopping 2-3x/week.
Researching items and prices are the most frequent use cases for search while shopping online

How do you use search when shopping online?

- ONLY get to sites I want to visit: 15%
- Find new retailers: 25%
- Find deals on items: 31%
- Find products related to another purchase: 32%
- Find the best prices across retailers: 59%
- Research items before I purchase: 61%
Nearly half of respondents are using search more now than they did before COVID-19

When online shopping, do you use search more, less, or about the same as before COVID-19?

- Less than: 7%
- About the same: 44%
- More than: 49%
When compared to pre-COVID-19 times, respondents’ reliance on search has increased in their buying journeys.
About half of respondents intend to maintain doing most or all of their shopping online post COVID-19

![Shopping preference post-COVID-19 chart]

- 2% All in-store
- 14% Most in-store
- 38% Some online
- 42% Most online
- 4% All online

AU Market Survey Data | Date: Sep 16th – 23rd 2020 | N=211
Apparel, small electronics, and skin care are the top categories shopped for in the last 12 months.
Most respondents prefer shopping online for all categories; however, apparel and home furnishings have a more equal split between online and in-store.
Apparel, as well as toys and games are the most often purchased items online. Groceries are still predominantly shopped for in-store.

How did you purchase?

<table>
<thead>
<tr>
<th>Category</th>
<th>In-store</th>
<th>Online</th>
<th>Click &amp; Collect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groceries</td>
<td>18%</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>Apparel</td>
<td>6%</td>
<td>6%</td>
<td>31%</td>
</tr>
<tr>
<td>Small Electronics</td>
<td>12%</td>
<td>42%</td>
<td>42%</td>
</tr>
<tr>
<td>Skin-care, Make-up, or Cosmetics</td>
<td>8%</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>Pet-Care Items</td>
<td>20%</td>
<td>56%</td>
<td>18%</td>
</tr>
<tr>
<td>Toys &amp; Games</td>
<td>18%</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>Home Furnishings</td>
<td>17%</td>
<td>44%</td>
<td>20%</td>
</tr>
<tr>
<td>Household Decorations</td>
<td>6%</td>
<td>40%</td>
<td>17%</td>
</tr>
<tr>
<td>Gift Cards</td>
<td>6%</td>
<td>5%</td>
<td>23%</td>
</tr>
<tr>
<td>Large Electronics</td>
<td>23%</td>
<td>60%</td>
<td>31%</td>
</tr>
</tbody>
</table>

AU Market Survey Data | Date: Sep 16th – 23rd 2020 | N=211
2020 Holiday shopping intent
Most respondents intend to purchase gifts for their family, and over half of them plan to buy for their friends.

Who will you buy the gifts for?

- **Family**: 97%
- **Friends**: 55%
- **Pets**: 25%
- **Co-workers**: 18%
- **Neighbors**: 11%
A majority of respondents intend to spend the same as they did last year this holiday season

Over 40% of respondents intend to spend over $500 on gifts
Gift cards, Toys & Games and Apparel are the top three categories for holiday shopping.
40% of the respondents intend to shop earlier this year, with nearly one in five having already started

Will COVID-19 impact when you start shopping?

- 40% Start shopping earlier
- 41% Start shopping around same time
- 18% Start shopping later

When will they start shopping?

- 28% Already Started
- 27% In the next Month
- 19% After Halloween
- 18% Black Friday
- 9% Mid-December
Black Friday and Boxing Day are the clear favourites when it comes to sales events.

Overall, shoppers’ intent to shop during sales events have increased slightly YoY.
Nearly all respondents will shop Black Friday in the morning and are open to trying new brands, however, they will mostly be focused on the brands that they know.

When will you shop on Black Friday?
- 52% will wake up early to shop
- 34% will wake up normally and shop in the AM
- 12% will shop in the afternoon
- 8% will shop in the evening
- 6% will shop in the evening

How do you shop for brands during shopping events like Black Friday?
- 56% only look for brands they know
- 17% look for brands they know but are open to new brands
- 7% only look for new brands
- 8% look for new brands but are open to brands they know
- 12% don’t care about the brands they purchase
Respondents show a strong intention to purchase products online, however, shoppers show strong in-store purchase intent for some categories.
Retail ready audience
Microsoft Audience Insights
A different audience

Over-index across
Older age groups (35+)

...And over-index across
Higher income groups

...And over-indexes across
Higher education groups
(Postgrad & uni)

Source: GWI, crosstab builder, Australia, Q1-Q2 2020
Home & Garden

Users of the Microsoft Search Network are more likely to purchase these home & garden products
(compared to the average internet user = 100)

- Garden Furniture: +46%
- Home Exercise Equipment: +40%
- Household Furniture: +14%
- Refrigerator: +52%
- Sofa: +42%
- Vacuum Cleaner: +38%

Source: GWI, crosstab builder, AU, Q1-Q2 2020
Users of the Microsoft Search Network are more likely to purchase these apparel & accessories (compared to the average internet user = 100)

- **Spectacles**: +37%
- **(Hand)bag**: +54%
- **Jewelry**: +32%
- **Wallet**: +60%
- **Wristwatch**: +73%

Source: GWI, crosstab builder, AU, Q1-Q2 2020
Users of the Microsoft Search Network are more likely to purchase these consumer electronics (compared to the average internet user = 100)

- Laptop/tablet: +59%
- Video games: +36%
- Desktop PC: +67%
- Flat-screen TV: +39%
- Headphones: +32%
- Console: +28%
- Smart home: +64%
- Wearable: +52%
- Tablet: +64%

Source: GWI, crosstab builder, AU, Q1-Q2 2020
Holiday guide
Microsoft Advertising
Pre-Cyber Week Checklist
October 1 – Nov 23

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.

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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

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.

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

1. KPMG, ‘Australian Retail Outlook 2020’
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 to 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
Thank You