



Microsoft Advertising Insights
**The rise of online
pharmacies in
Germany**

Trends and insights

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Online shopping for health is increasing in times of COVID-19



More people are buying health products online than in store. Medication was the leading category, showing the biggest shift to online shopping.



Trends are showing online ordering becomes more popular with age (50+ had the highest percentage of online orders) and women are ordering online more often than men.



Total ad spend of the health/pharmaceutical industry in the first half of 2020 was \$952MM (million), yet only \$64MM (7% of spend) went to digital channels.



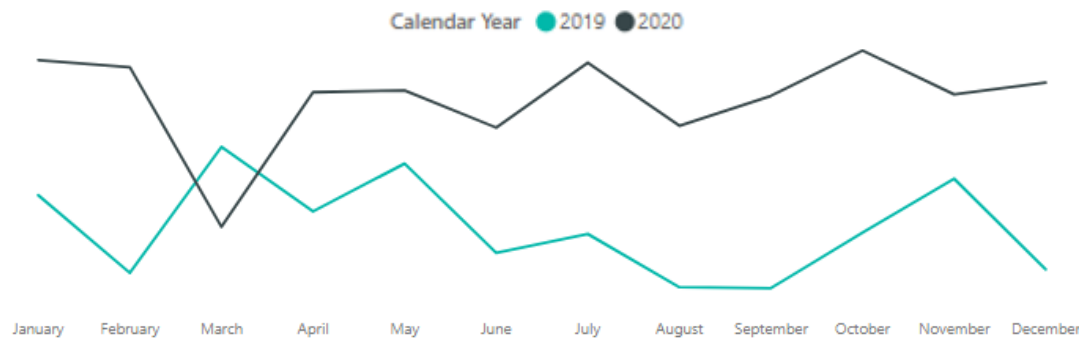
Online pharmacies at Microsoft Advertising

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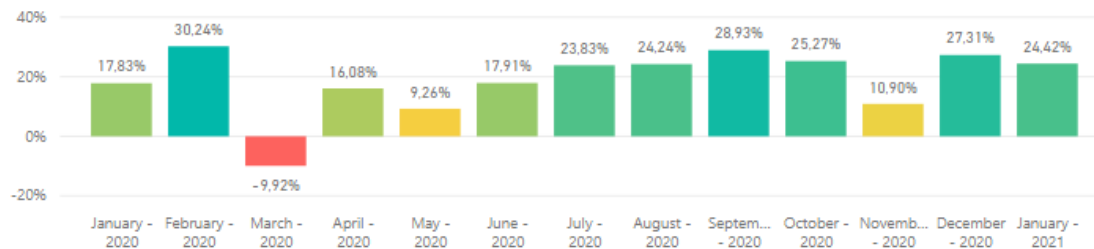


Clicks for online pharmacies are growing at rapid rates

Historical clicks year over year (YoY)

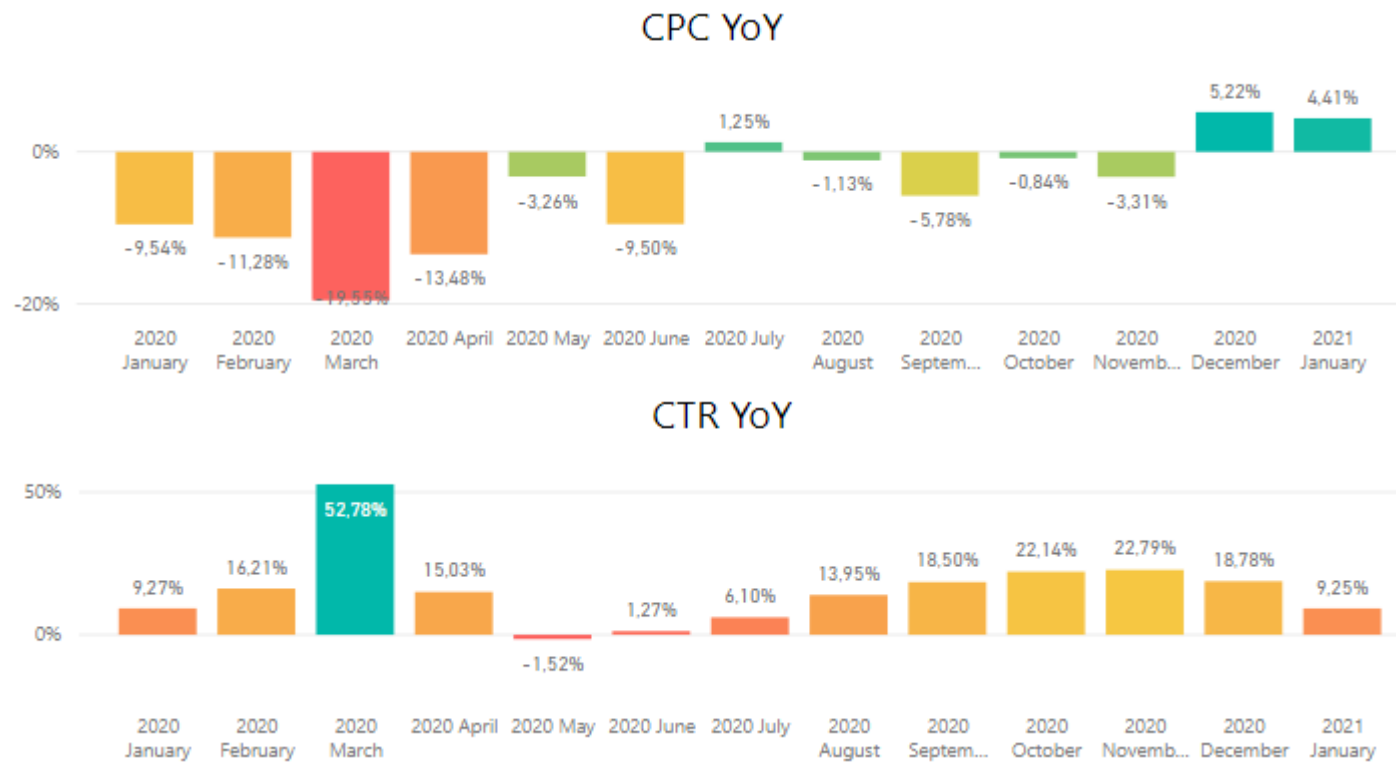


Clicks YoY



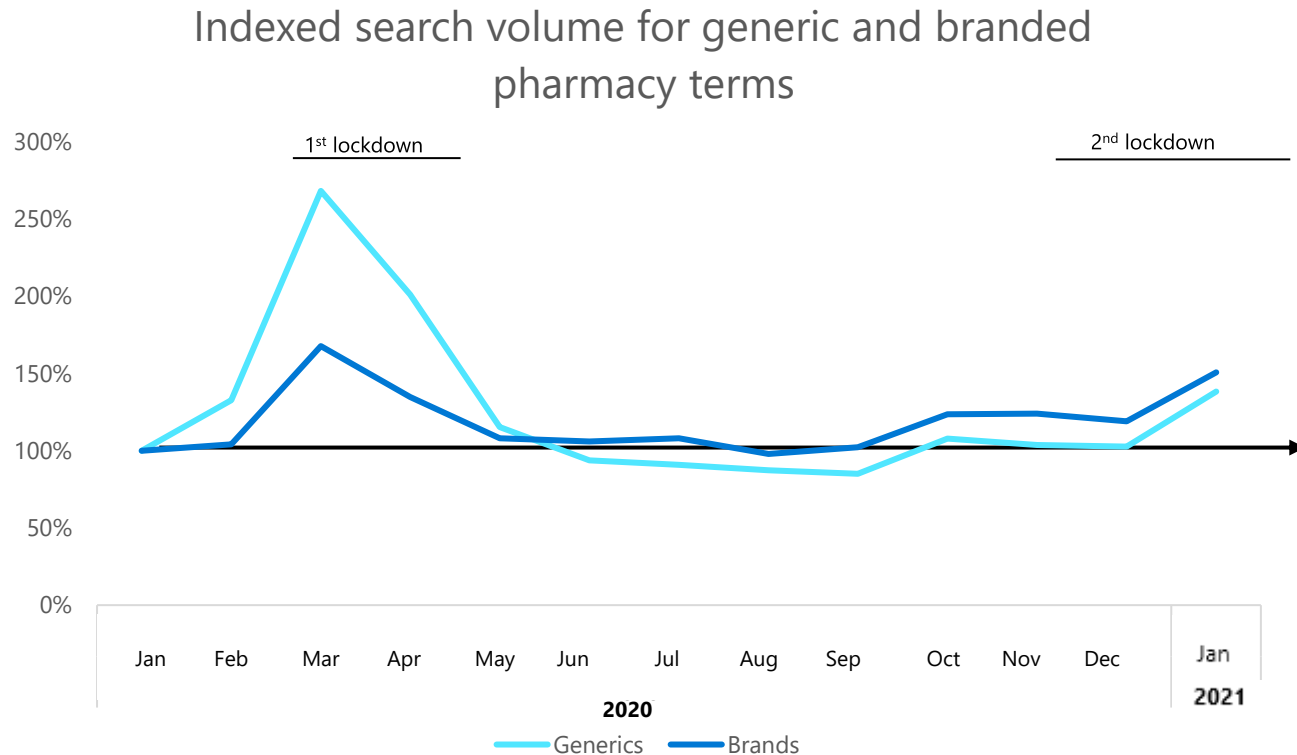
- After the first lockdown in March 2020, paid clicks started to rise and have since seen double-digit growth YoY (excluding May)
- Trends show that consumers acquired by online pharmacies during the first lockdown continued to shop online
- 2021 started with a 24% increase in clicks in January

Advertisers are seeing higher click through rates (CTRs) at lower cost per clicks (CPCs)



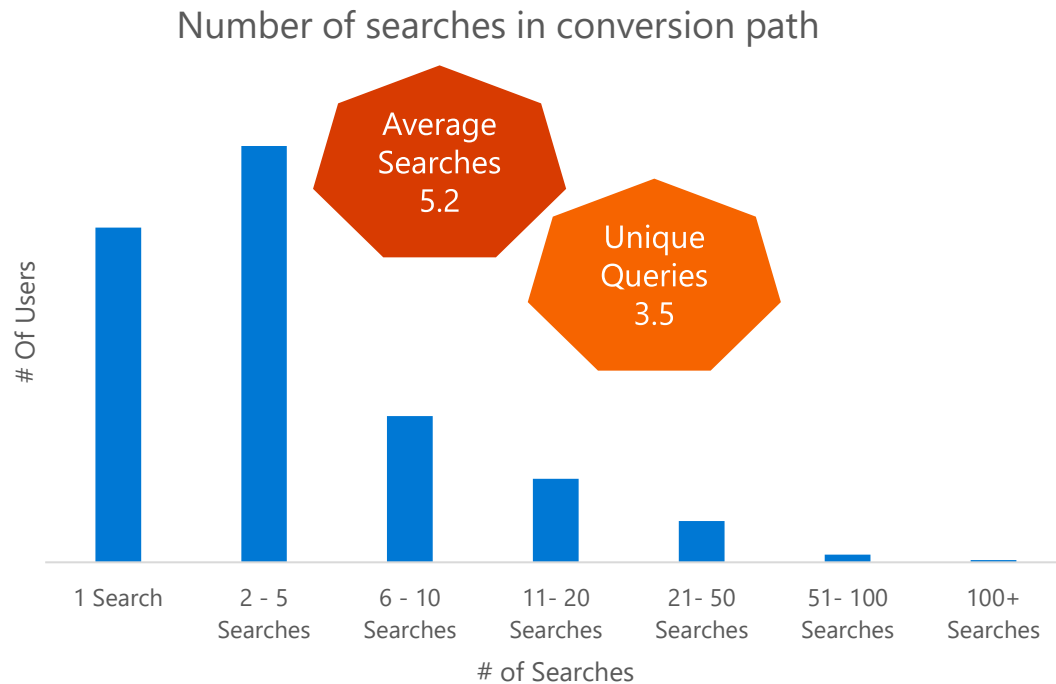
- While clicks grew, CPC trended mostly below last year's values. Only the last two months show a slight increase.
- Even as CPC trended down, CTR improved almost every month.
- March 2020 should be read as an outlier since many advertisers were offline during the first lockdown.

Search peaks during lockdowns based on generic and branded queries



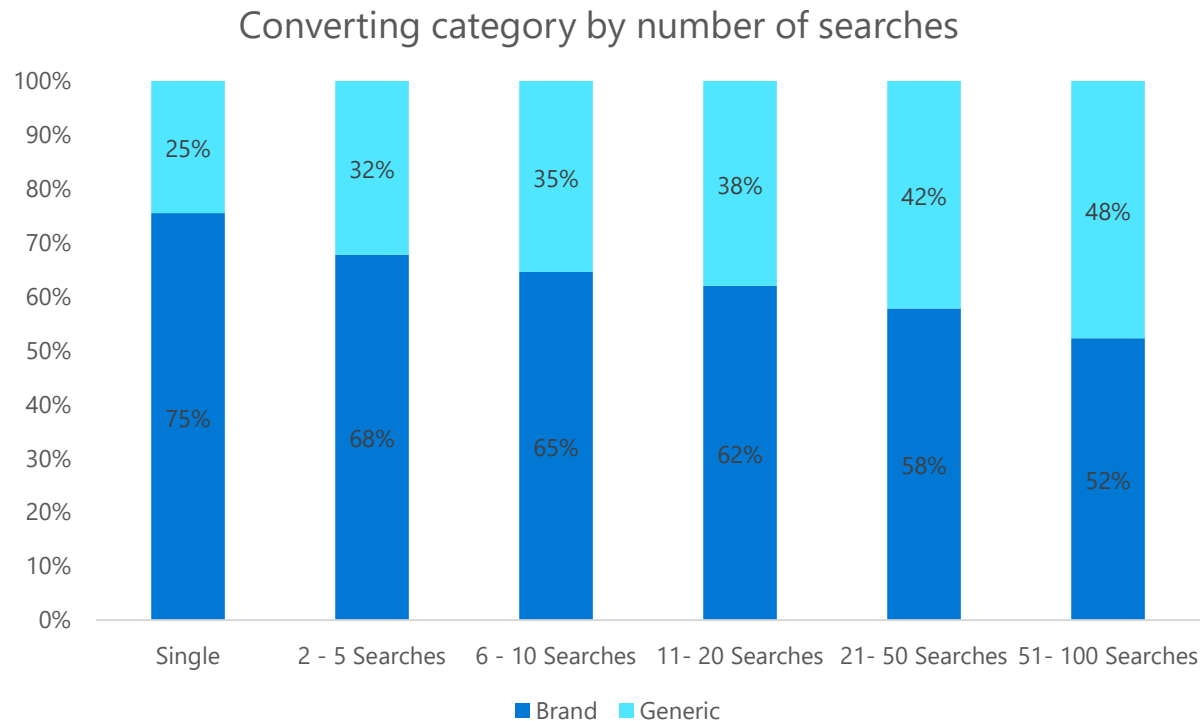
- Search peaks are aligned for generic and branded searches
- During the first lockdown, generic searches indexed higher but during the second lockdown we saw a shift to brand searches indexing higher
- It is likely that consumers built up a brand preference early in COVID-19, which would also explain lower CPCs and higher CTRs

Most searchers modify their search term multiple times



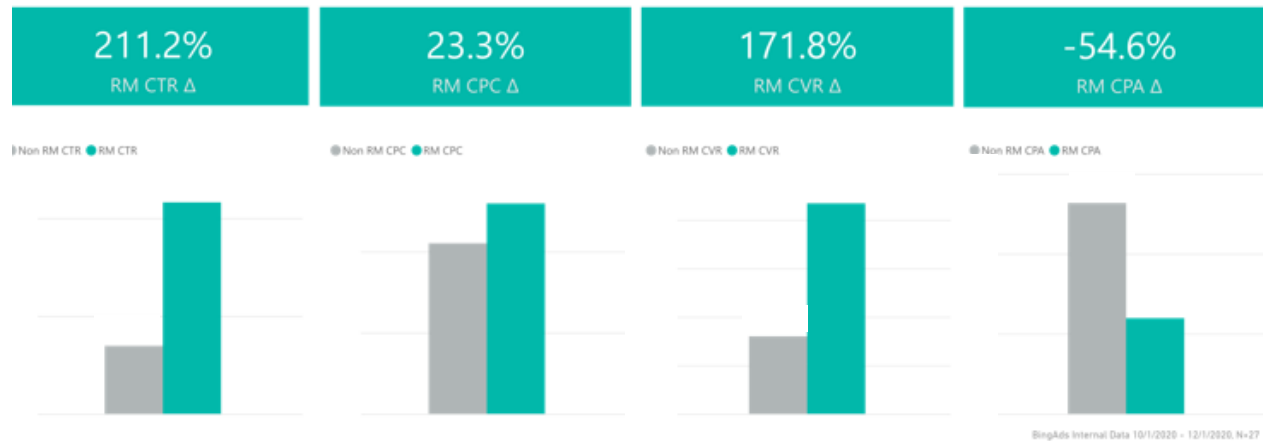
- Most users perform 2 to 5 searches before visiting an online pharmacy website
- Around 25% of users need a minimum of six searches before completing their purchase

Longer search cycles tend to convert on generic terms



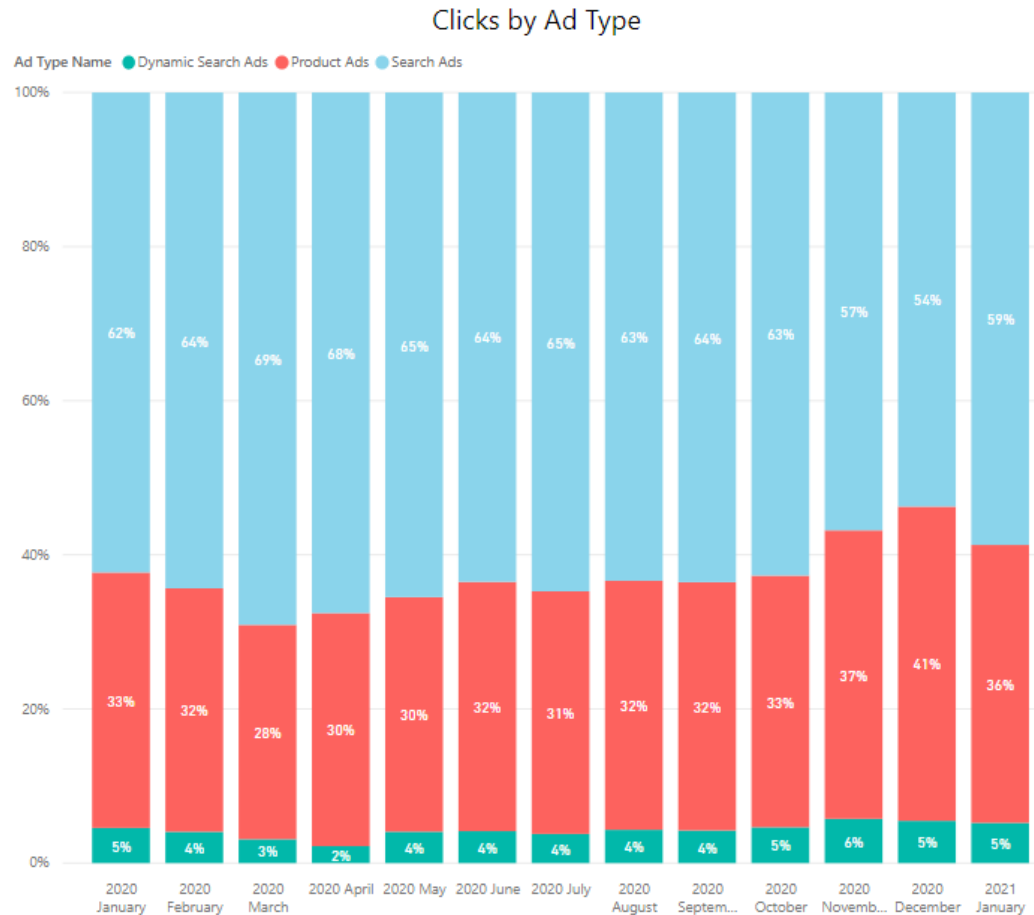
- Users converting at online pharmacies are more likely to have a brand preference than shop generic.
- 75% of those converting with just one search are searching for a brand.
- The longer the research phase, the more conversions are contributed to generic terms. After hitting 50 or more searches, consumers are almost equally as likely to buy generic as they are to buy brand.

Remarketing increases conversion rate (CVR) and lowers cost per action (CPA)



- When using Remarketing, online pharmacies saw a strong increase in click-through and conversion rates
- At the same time, CPAs dropped by 54%

Product Ads are highly popular with online pharmacies



- More than 1/3 of overall clicks in the online pharmacy vertical are coming from Product Ads (in comparison retail trends at 18%).
- Dynamic Search Ads contribute to 5% of overall spend (vs. retail at 1%).



Under the microscope: a keyword deconstructed

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Why use the microscope?

When online shoppers search for a **brand**, they typically already **know where to buy**. The searcher will likely buy at the online store they were searching for.

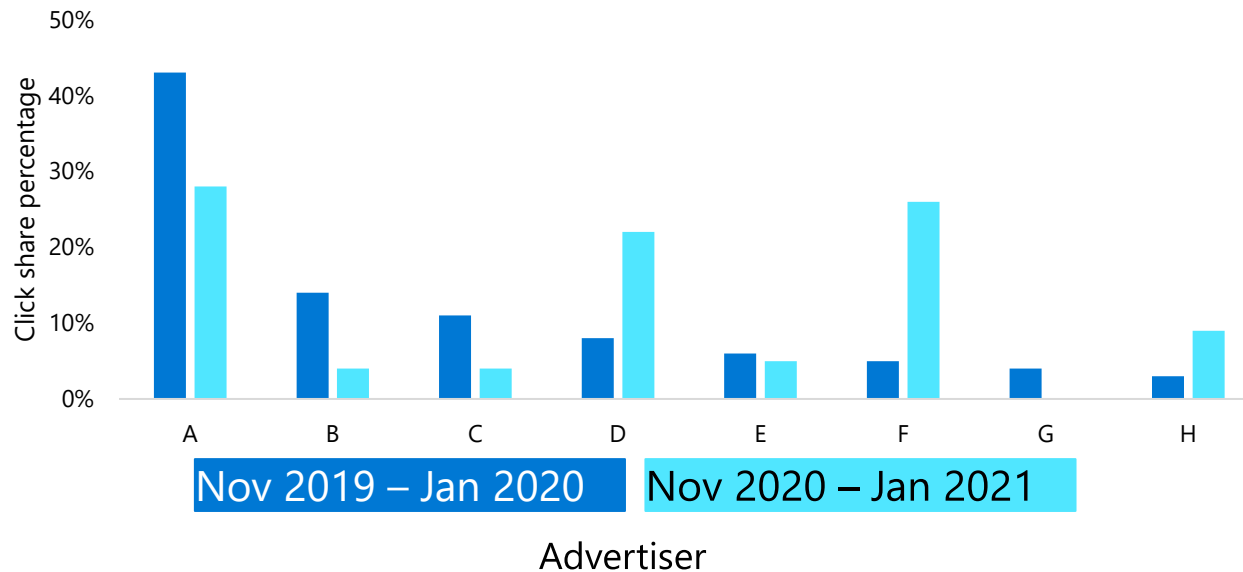
But when **acquiring new customers, generic searches decide**. That's why advertisers need to pay attention to those terms heavily used by the still undecided shopper and potential new client.

The most clicked generic term in Germany is "**online pharmacy**." Whoever wins the click will likely add a new customer or sale.



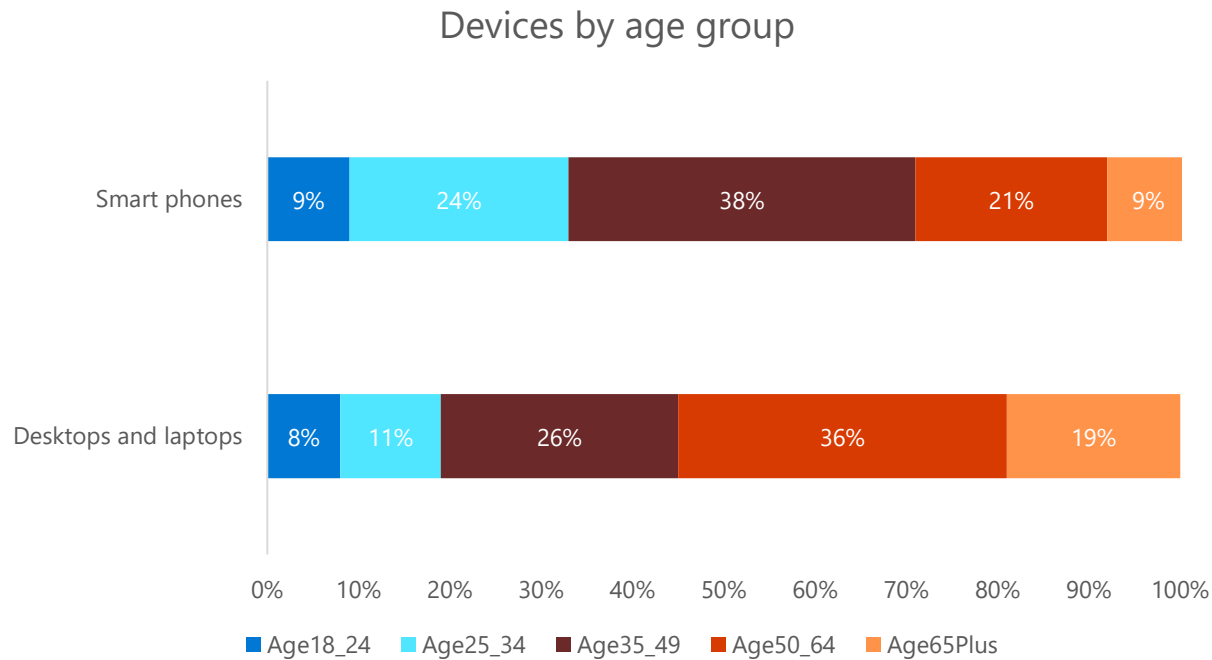
Click share is being distributed more evenly among advertisers post COVID-19

Current and previous click share – by advertiser



- Before COVID-19, one advertiser acquired more than 40% of all clicks. A year later, three advertisers compete at the top, each with a click share between 20% - 30%.
- Ranking the advertisers by their individual shares shows how COVID-19 has shifted the marketplace.

Younger audiences search by phone, elders from their laptops



- In the age groups of 25 to 49 searches for 'online pharmacy' are most consistently done on smartphones
- While older demographics are still primarily using PCs, mobile clicks saw a 5% overall growth YoY



Summary and recommendations



Key takeaways and recommendations

The marketplace for pharmacies is shifting toward online. Click volume significantly exceeded last years volume.



Optimize your shopping feed regularly using Product Ads for maximum impact, which contribute to 1/3rd of all clicks.

While some searchers already have a brand preference, new customers are acquired through generic terms related to online pharmacies or specific products.



Invest in generic terms. Undecided users are commonly searching for 'online pharmacy' or similar terms before deciding on a purchase.

Users starting with generic terms often build up a brand preference during the conversion cycle.



The longer the conversion cycle, the more generic terms are included. Remarketing is the perfect tool to attract returning visitors.

To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights



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