Microsoft Advertising Insights
Australia's end of fiscal year Retail insights

Microsoft Advertising. Intelligent connections.
“While consumers were stuck at home, their dollars travelled far and wide thanks to e-commerce.”

-Bricklin Dwyer, Mastercard chief economist
Make the most of your upcoming end of fiscal year (EOFY) seasonality

1. State of play
2. Retail on Microsoft Advertising Network
3. EOFY trends
State of play
The rise of online shopping in 2020

9M (82%) Australian households shopped online*

$50.4B Online goods spend +57% year over year* (YoY)

16.3% Online share of retail spend*

Source: *Online shopping trends in Australia - Australia Post (auspost.com.au)
Trends consumers will follow

**Continue shopping online**
“shoppers expect their **online shopping** frequency to remain **28% higher** than before the pandemic”**

**Shop local**
67% of participants agree that, ‘in the future, they will buy more online from **e-retailers based in their country**’**

57% of shoppers said they wanted to **support local businesses** ***

**Shop around**
22% of shoppers purchased from an **online store that was new** for them in 2020**

Source:
Australia Post, Consumer Survey 2020, n=2,011, December 2020*
Australia Post, Consumer Survey 2020, n=1,792, September 2020**
Australia Post, Consumer Survey 2020, n=2,000, July 2020 ***
2020 showed large growth across various retail categories

<table>
<thead>
<tr>
<th></th>
<th>All up e-Com</th>
<th>Variety stores</th>
<th>Fashion and apparel</th>
<th>Home &amp; Garden</th>
<th>Health &amp; Beauty</th>
<th>Hobbies &amp; Recreational Goods</th>
<th>Specialty Food &amp; Liquor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>eCommerce growth year over year (YoY)</strong>*</td>
<td>57%</td>
<td>51%</td>
<td>46%</td>
<td>70%</td>
<td>57%</td>
<td>54%</td>
<td>77%</td>
</tr>
<tr>
<td><strong>Search growth on Microsoft Search Network</strong></td>
<td>36%**</td>
<td>21%</td>
<td>25%</td>
<td>69%</td>
<td>41%</td>
<td>54%</td>
<td>42%#</td>
</tr>
<tr>
<td><strong>Click growth on Microsoft Search Network</strong></td>
<td>38%**</td>
<td>41%</td>
<td>6%</td>
<td>32%</td>
<td>22%</td>
<td>55%</td>
<td>45%#</td>
</tr>
</tbody>
</table>

Source:
** search and click growth for all up Retail on MSA
#Food and groceries category on MSA
Variety stores had the highest sales and clicks closely align

**Variety stores’ breakdown**

- Fashion & Apparel 7.3%
- Hobbies & Recreational Goods 6.4%
- Home & Garden 10.3%
- Other 9%

**Share of all online purchases***

- Fashion & Apparel 26%
- Variety Stores 34%
- Hobbies & Recreational Goods 14%
- Home & Garden 13%
- Health & Beauty 9%
- Speciality Food & Liquor 6%

**Share of clicks on Microsoft Advertising**

- Fashion & Apparel 17%
- Variety Stores 55%
- Home & Garden 16%
- Hobbies & Recreational Goods, 8%
- Speciality Food & Liquor, 3%
- Health & Beauty, 1%

Source:
- **Microsoft internal data | Retail Clicks 2020**
Retail on Microsoft Advertising Network
Retail on Microsoft Advertising reflects market momentum

+36% Searches YoY
+38% Clicks YoY
+72% Conversions YoY

Source: Microsoft internal data | 2019 vs 2020
Retail clicks are spiking, showing strong intent for online shopping.

Source: Microsoft internal data
Lockdown/restrictions info from Auspost ecom. report
EOFY trends
A rise in EOFY sales contributed to search growth in 2020

Source: Microsoft Internal Data
Therefore, nearly all categories experienced a surge in traffic.
“EOFY” related searches also grew 26% YoY due to lockdowns
Top categories for EOFY growth on Microsoft Advertising

2019 search trends

- +11% uplift in avg. monthly clicks
- +20% uplift in avg. monthly clicks
- +34% uplift in avg. monthly clicks
- +80% uplift in avg. monthly clicks
- +18% uplift in avg. monthly clicks

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

- Apparel & Accessories
- Dept. Store
- Electronics & Office
- Online Marketplace
- Home & Garden

Dept. stores and Apparel witnessed the highest uplift in clicks in 2019

Microsoft internal data | 2019
Takeaways and recommendations

**Online retail** is here to stay. Retail clicks continue to see a strong momentum on Microsoft Advertising.

Retail clicks grew **38% YoY** as consumers moved online due to restrictions and began seeking a safe way to shop.

Conversions also grew **72% YoY** and we are seeing even more growth thus far in 2021.

Utilize **Microsoft Shopping Campaigns, Dynamic Search Ads** and **Audiences** to drive additional volume.
To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights