MICROSOFT ADVERTISING INSIGHTS

Riding the wave of change: examining consumer behaviour shifts in UK Apparel

Microsoft Advertising. Intelligent connections.
AGENDA

1. The changing landscape
2. Audience personas
3. Cross channel
The retail landscape is changing amid strong headwinds

7.25% predicted economic growth in 2021, fastest rate since WW2\(^1\)

\(^1\)Source: Bank of England May 2021
Online Apparel sales growth has outpaced all retail

UK internet Apparel and footwear stores

UK internet retail

2019

+78%

+62%

March 2021

Source: Statista Value of internet retail sales monthly in the UK from Jan 2016 to Mar 2021. [link](#)
UK Consumer confidence is now the highest across the EU5. Trending growth is also strong with highest figures since 2016.

So, is Apparel returning to "normal" levels?

Not quite...
The Retail Landscape has undergone a period of rapid evolution

+10 Years

The evolution in consumer and business digital adoption that occurred in the first 90 days of lockdown

63%

The Percentage of shoppers who tried different shopping behaviours since Covid that have high intent to continue these behaviours going forward

44%

tried new brands or made purchases with a new retailer during the first lockdown

42%

The percentage of UK Adults that stopped purchasing certain clothing and footwear brands due to ethical/sustainability concerns

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1 Source: McKinsey - Retail reimagined: The new era for customer experience, Aug 2020
2 Source: McKinsey - Consumer sentiment and behavior continue to reflect the uncertainty of the COVID-19 crisis, October 2020
3 Source: eMarketer - For Which Types of Consumer Goods/Services Have UK Adults Stopped Purchasing Certain Brands due to Ethical/Sustainability Concerns? (March 2021)
We are seeing changes reflected in Apparel search behaviours

- Decreased brand loyalty: -19%
  Yearly growth in Apparel brand searches have declined in 2021 vs 2020

- More time spent on mobile: +9%
  Yearly growth in Apparel searches on mobile have increased in 2021 vs 2020

- More interaction with shopping ads: +85%
  Yearly growth in clicks on Apparel product ads have largely increased in 2021

Source: Microsoft Advertising Internal Data 2019 to 2021
The Apparel consumer decision journey has also gotten longer.

Source: Microsoft Advertising internal data; UK Apparel consumer decision journey data Mar-Apr 2019 vs Jan-Feb 2021
So how can we attract consumers when their behaviours change?

Source: Microsoft internal UK consumer decision journeys converting in February 2021
One way is to use **Audience Personas** to guide your ad campaigns

Source: Microsoft internal UK consumer decision journeys converting in February 2021
How do we create Audience Personas?

- Consumer Decision Journey Data
- Feature Engineering & PCA
- Unsupervised Machine Learning Model
Non-Luxury Apparel Audience Personas
Non-Luxury Apparel Audience Personas

**The Browser**
- Browsed more in less time
- Focused on Men’s clothes and athletic footwear

**The Weekday Searcher**
- Converts in <10 Searches
- Converts during weekdays

**The Cautious Converter**
- Made the most searches
- Takes the most time

Source: Microsoft internal UK consumer decision journeys converting in February 2021
Persona Characteristics - UK Non-Luxury Apparel

The Browser
- Makes up 38% of all conversions
- Mature Audience, 78% over 35
- 84% of conversions take <10 searches
- 38% of all journeys start on Wednesdays and Thursdays
- 46% of all journeys end between Tuesday and Thursday
- 27% of all journeys started and converted at 12pm
- 14% of all journeys started and converted at 6pm
- 68% of middle of the journey searches happen between 7am and 5pm
- 33% of middle of the journey searches happen on Wednesdays
- 58% of conversion are influenced by remarketing
- 21% of conversions are for Men’s Clothing
- 11% of all searches were for Athletic Shoes

The Weekday Searcher
- Makes up 29% of all conversions
- Mature Audience, 77% over 35
- 99% of conversions take <10 searches
- 48% of all journeys start between Wednesdays and Fridays
- 63% of all journeys end between Tuesday and Friday
- 33% of all journeys started and converted at 12pm
- 15% of all journeys started and converted at 6pm
- 70% of middle of the journey searches happen between 7am and 5pm
- 34% of middle of the journey searches happen on Wednesdays and Thursdays
- 43% of conversion are influenced by remarketing
- 36% of conversions are for Pant, Jeans & Trousers
- 9% of all searches were for plus size clothing

The Cautious Converter
- Makes up 33% of all conversions
- Mature Audience, 80% over 35
- 66% of conversions take >5 searches
- 97% of conversions taking >40 Days
- 48% of all journeys start on Wednesdays and Thursdays
- 31% of all journeys end on Wednesdays and Fridays
- 21% of all journeys started and converted at 12pm
- 13% of all journeys started at 6pm and converted at 12pm
- 68% of middle of the journey searches happen between 7am and 5pm
- 43% of middle of the journey searches happen on Wednesdays
- 86% of conversion are influenced by remarketing
- 29% of conversions are for Women’s Clothing

Source: Microsoft internal UK consumer decision journeys converting in February 2021
How to target these Personas?

**The Browser**
- Ensure coverage on Men’s clothes and athletic footwear categories and push performance in these categories
- Use broad keywords and catch-all campaigns to attract the browser during their short but extensive journey

**The Weekday Searcher**
- Ensure coverage on Pant, Jeans & Trousers and push performance in these categories
- Use weekday bid boosts to push performance in key activity times for the weekday searcher

**The Cautious Converter**
- Ensure coverage and push performance on Womens Clothes
- The cautious converter journey is long, focus on coverage and remarketing lists that cover 40+ day periods
Luxury Apparel Audience Personas

**The Cautious Converter**
- Highest time to convert
- Makes most searches

**The Speedy Sixers**
- Fastest converter, fewest searches
- Most journeys finish at 6, 12 and 18

**The Late Week Lunchers**
- Most searches made end of week
- Most searches from 7-11

Source: Microsoft internal UK consumer decision journeys converting in February 2021
Persona Characteristics - UK Luxury Apparel

The Cautious Converter
- 69% Female Searchers
- Makes up 19% of all conversions
- Mature Audience, 68% over 35
- 47% of conversions take 20-40 Days
- 46% of converters make 5-10 unique searches
- 45% of all journeys start on Wednesdays and Thursdays
- Conversions happen equally on all days except Friday with only 7% of conversions
- 29% of all journeys started and converted at 12pm
- 46% of middle of the journey searches happen between 12pm-2pm and 3pm-5pm
- 20% of middle of the journey searches happen on Wednesdays
- 67% of conversion are influenced by remarketing
- 26% of conversions are for Women’s Clothing
- 14% of all searches were for Bags and Packs

The Speedy Sixers
- 52% Male Searchers
- Makes up 47% of all conversions
- Mature Audience, 73% over 35
- 99% of conversions take <1 Days
- 100% of converters make 1-5 unique searches
- 35% of all journeys start between Wednesdays and Saturdays
- 35% of all conversions happen on Wednesdays and Saturdays
- 98% of journeys started and finished at 6am, 12pm and 6pm
- 33% of middle of the journey searches happen between 6pm-8pm
- 58% of middle of the journey searches happen on Mondays and Thursdays
- 25% of conversion are influenced by remarketing
- 51% of conversions are for Formal Wear

The Late Week Lunchers
- 52% Male Searchers
- Makes up 34% of all conversions
- Mature Audience, 77% over 35
- 51% of conversions take 1-10 Days
- 54% of converters make 2 unique searches
- 34% of all journeys start on Tuesdays and Thursdays
- 36% of all conversions happen on Mondays and Thursdays
- 28% of all journeys started and converted at 12pm
- 31% of middle of the journey searches happen between 7am-11am
- 38% of middle of the journey searches happen on Sundays and Mondays
- 50% of conversion are influenced by remarketing
- 32% of conversions are for Formal Wear
- 22% of all searches were for Women’s Clothing

Source: Microsoft internal UK consumer decision journeys converting in February 2021
Luxury Apparel Audience Personas

**The Breaktime Buyer**
- Ensure coverage on Women’s Clothing and Bags and Packs categories and push performance in these categories
- Use broad keywords and catch-all campaigns to attract the browser during their extensive journey

**The Browser**
- Ensure coverage and push performance in Formal Wear categories
- Use time of day bid boosts for the hours 6am, 12pm and 6pm

**The Cautious Converter**
- Ensure coverage and push performance on Women’s Clothing and Formal wear categories
- Use day of week bid boosts for Sundays and Mondays with a focus on 7am to 12pm as >31% of searches and >28 conversions happen between these times
Why should I try and target these personas?

- Bulk campaigning for a persona can expand your sales pipeline leading to increased brand awareness and conversion volumes.
- You have a higher chance to target more relevant customers with less effort and in most cases time commitment.
- You have a higher chance of driving conversions in a more cost-effective way by targeting personas or enhancing existing targeting using their key behaviours.
What about Multi Channel?

How can we understand the true value of a channel in the Consumer Decision Journey?
Channel value gets clearer using Multi Touch Attribution

Native plays a much larger part in the overall user journey than might appear when using a last touch attribution model.

Using a multi touch view, we saw a +7% lift in attributed conversions, highlighting the importance of using multiple channels at once.

Microsoft internal data; click based attribution (impression ad exposure not considered). N = 1000 users. Jan 2021 – Feb 2021. UK data Analysis of paid media only. Inclusive of Display, Native, Partner, Referral (including affiliates), Social, Video, and Paid Search. Publisher and platform agnostic. Multiple paid media click touchpoints required for analysis inclusion.
**Search is key in the decision journey**

### Where people discover products

<table>
<thead>
<tr>
<th>Source of Information</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search Engine</td>
<td>50%</td>
</tr>
<tr>
<td>Online retail websites</td>
<td>46%</td>
</tr>
<tr>
<td>Word-of-moth recommendations from friend/family members</td>
<td>45%</td>
</tr>
<tr>
<td>Ads seen on TV</td>
<td>40%</td>
</tr>
<tr>
<td>Brand/product websites</td>
<td>29%</td>
</tr>
<tr>
<td>Ads seen on social media</td>
<td>28%</td>
</tr>
<tr>
<td>Ads seen on websites</td>
<td>25%</td>
</tr>
<tr>
<td>Recommendations/comments on social media</td>
<td>24%</td>
</tr>
<tr>
<td>Consumer review sites</td>
<td>24%</td>
</tr>
<tr>
<td>Product comparison websites</td>
<td>24%</td>
</tr>
</tbody>
</table>

1. More than 10 items may appear in instances when two or more list items have the same percentage value.
Upper funnel channels have a higher probability of driving user engagement towards search.

- Social: 55%
- Native: 71%
- Referral: 60%
- Partner: 64%

Probability of next engagement being an SEM click.
Advertisers using both **Search & Native** perform better

In our recent *Retail* ad effectiveness study, we found that users who are exposed to a brand’s ad in both Search and Native environments are more likely to visit that brand’s website and convert.

This and strong growth in the market equates to the perfect approach for both reach and efficiency.

Notes: Results may vary for each advertiser based on campaign settings, targeted audiences, and other factors. Lift metrics represent an average of all advertisers with completed lift studies to date (Feb. 2021). These advertisers may be a non-representative sample of all advertisers on the marketplace. Lift measured between exposed users and a control group of eligible unexposed users, with lift represented on a per-user basis. Average user count per advertiser study = 2.5M
Key takeaways

- Online Apparel sales growth has outpaced all retail, showing a 78% growth since 2019
- The evolution in consumer and business digital adoption that occurred in the first 90 days of lockdown was equal to 10 years of time in a non-pandemic world
- Consumer behaviour is shifting: people are less brand loyal and more likely to use shopping ads than in the past
- Audience Personas help advertisers target more relevant customers with less effort and time, all while increasing conversion rates
- Advertisers who combine search and native strategies show better performance across the funnel and using multi-touch attribution is important when viewing native conversions
To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights