MICROSOFT ADVERTISING INSIGHTS

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

Microsoft Advertising. Intelligent connections.

AGENDA

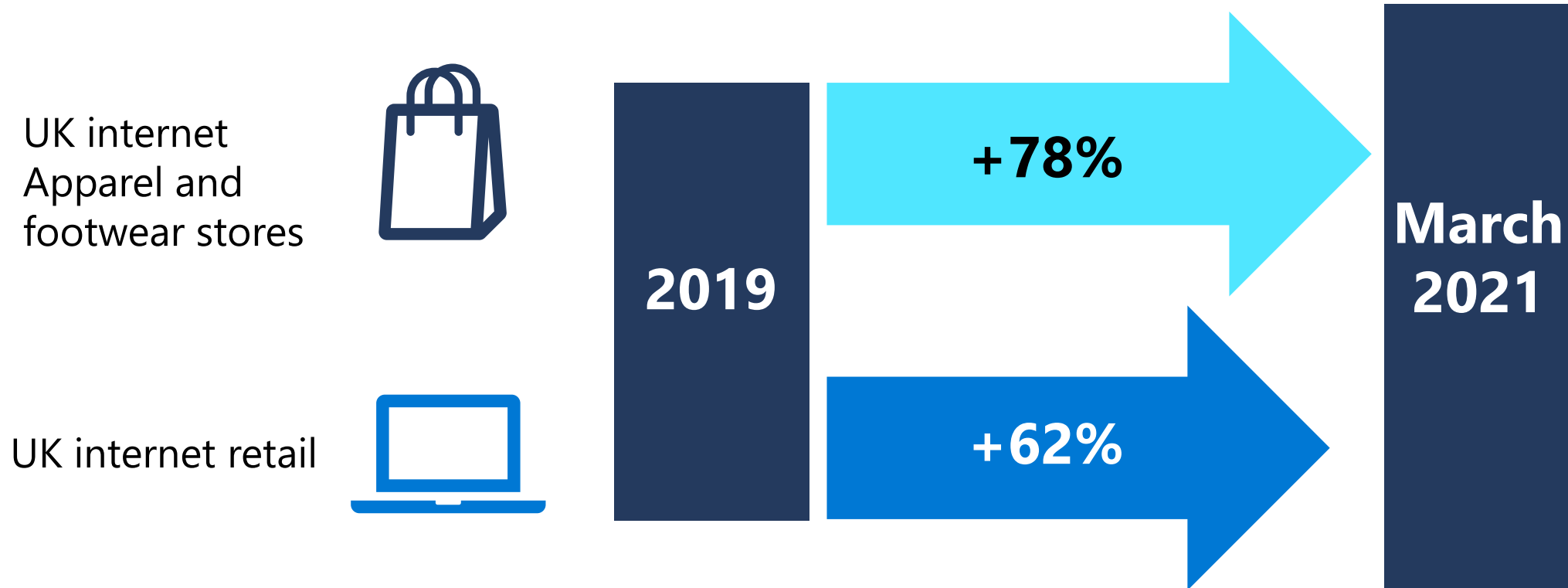1. The changing landscape

2. Audience personas

3. Cross channel

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The retail landscape is changing amid strong headwinds

7.25%

predicted economic
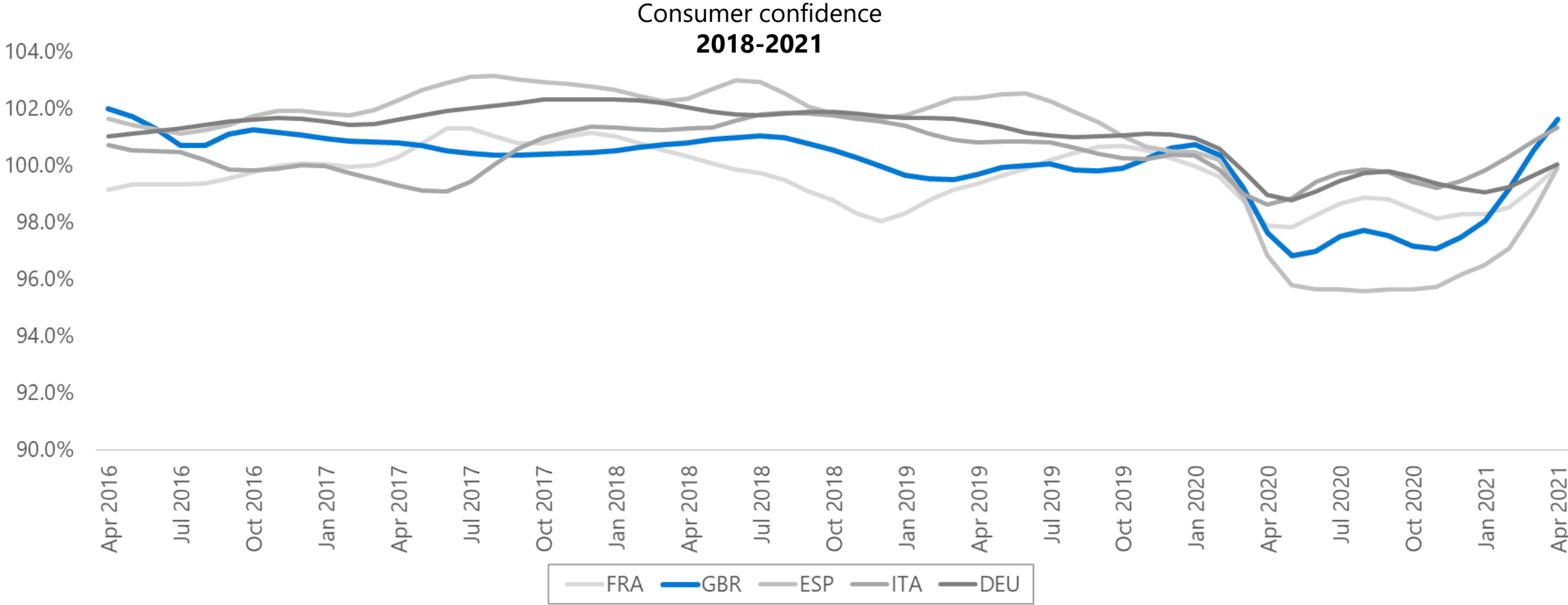growth in 2021,
fastest rate since WW2[1]

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Online Apparel **sales growth** has outpaced all retail

UK internet
Apparel and
footwear stores

2019

+78%

March 2021

UK internet retail

+62%

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UK Consumer confidence is now the highest across the EU5
Trending growth is also strong with highest figures since 2016

Consumer confidence
2018-2021

Microsoft

So, is Apparel returning to "normal" levels?

Not quite...

Microsoft

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[1]

63%

The Percentage of shoppers who tried different shopping behaviours since Covid that have high intent to continue these behaviours going forward[2]

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[3]
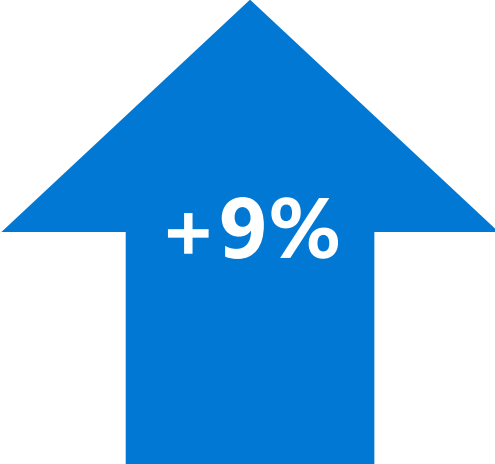
Microsoft

We are seeing changes reflected in Apparel search behaviours
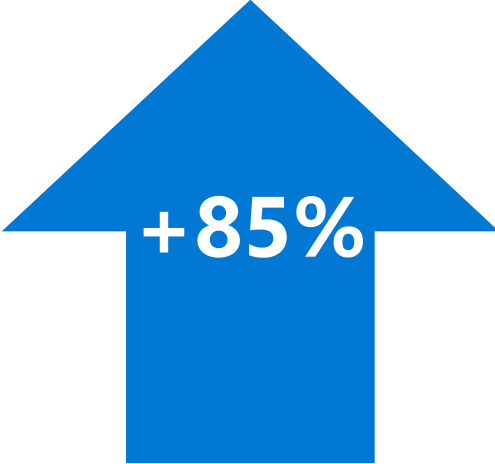
Decreased brand loyalty

-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

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The Apparel consumer decision journey has also gotten longer

Journey Length:
3 Days

Journey Length:
17 Days
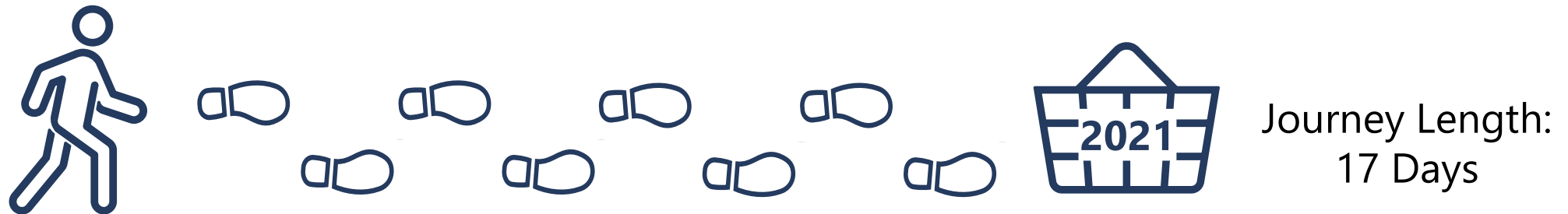
Microsoft

So how can we attract consumers when their behaviours change?
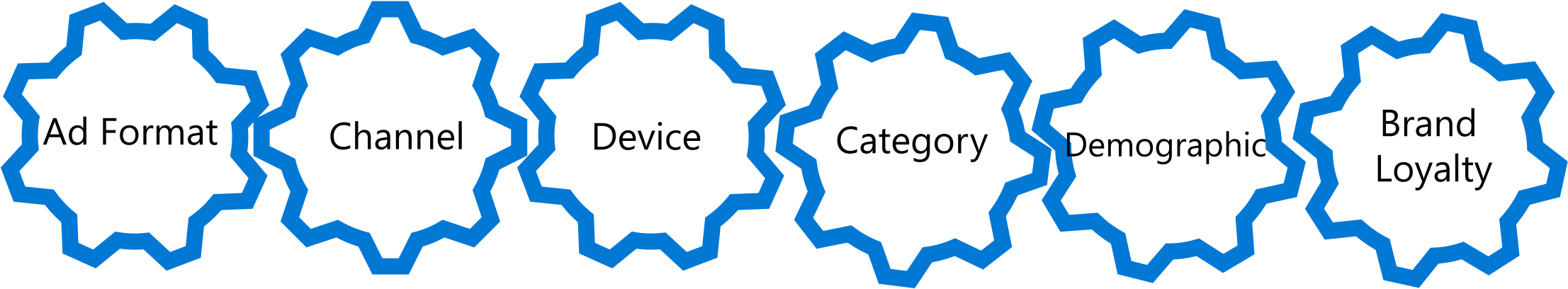
Ad Format   Channel   Device   Category   Demographic   Brand Loyalty

Microsoft

One way is to use Audience Personas to guide your ad campaigns
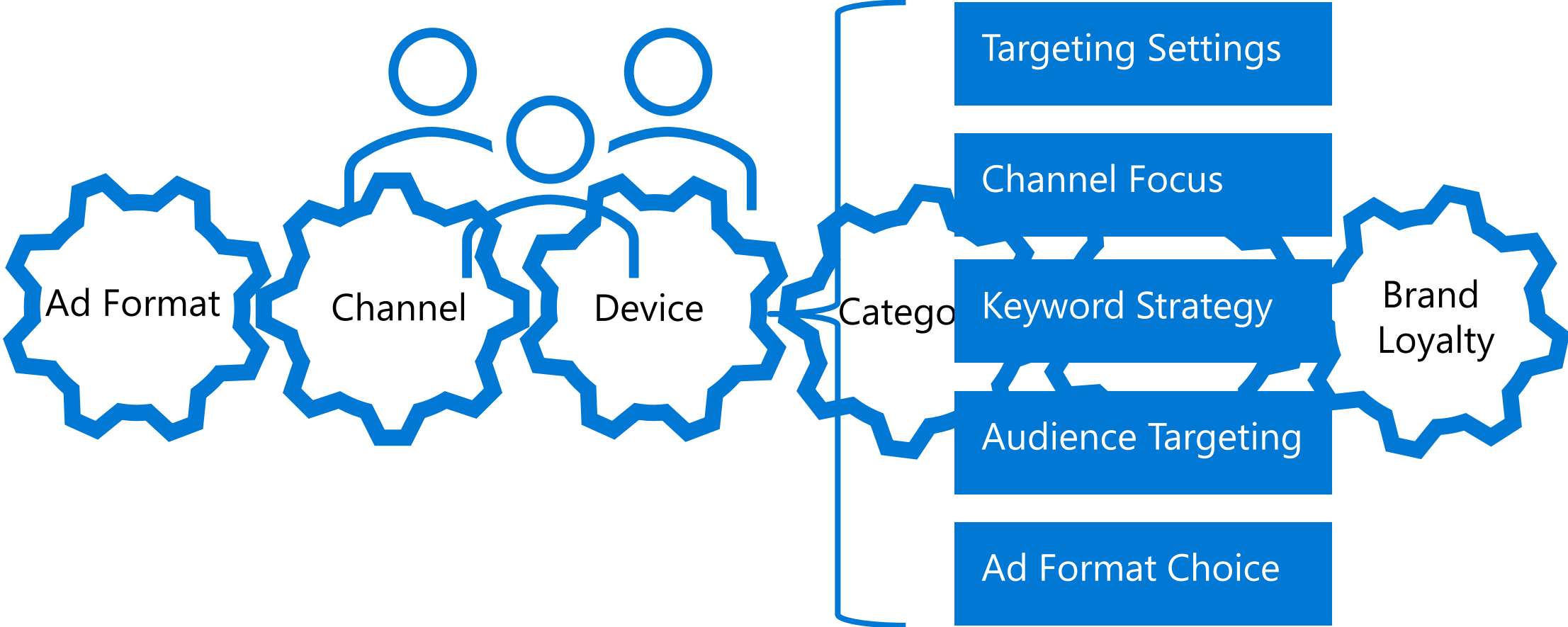
Ad Format

Channel

Device

Category

Targeting Settings

Channel Focus

Keyword Strategy

Audience Targeting

Ad Format Choice

Brand Loyalty

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How do we create Audience Personas?

Consumer Decision Journey Data → Feature Engineering & PCA → Unsupervised Machine Learning Model

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Non-Luxury Apparel Audience Personas

Non-Luxury Apparel Audience Personas
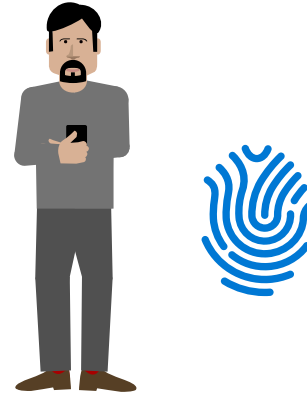
The Browser

- 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**

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Persona Characteristics - UK Non-Luxury Apparel
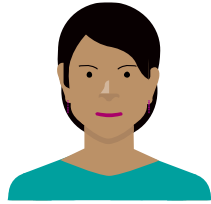
The Browser

- 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
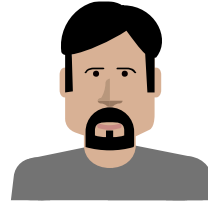
The Weekday Searcher

- 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

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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
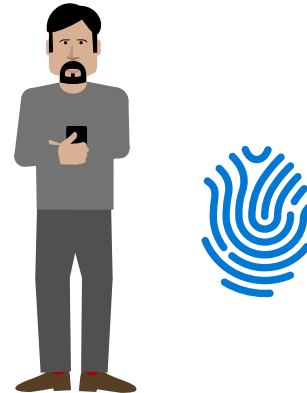
The Cautious Converter

- 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**

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Luxury Apparel Audience Personas

The Cautious Converter
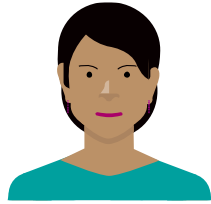
The Speedy Sixers

The Late Week Lunchers

- **Highest** time to convert
- Makes **most searches**

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

- Most searches made **end of week**
- Most searches **from 7-11**

Microsoft

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**
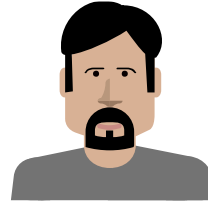
The Speedy Sixers

- **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**
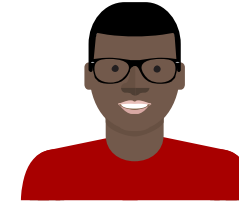
The Late Week Lunchers

- **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**

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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

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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
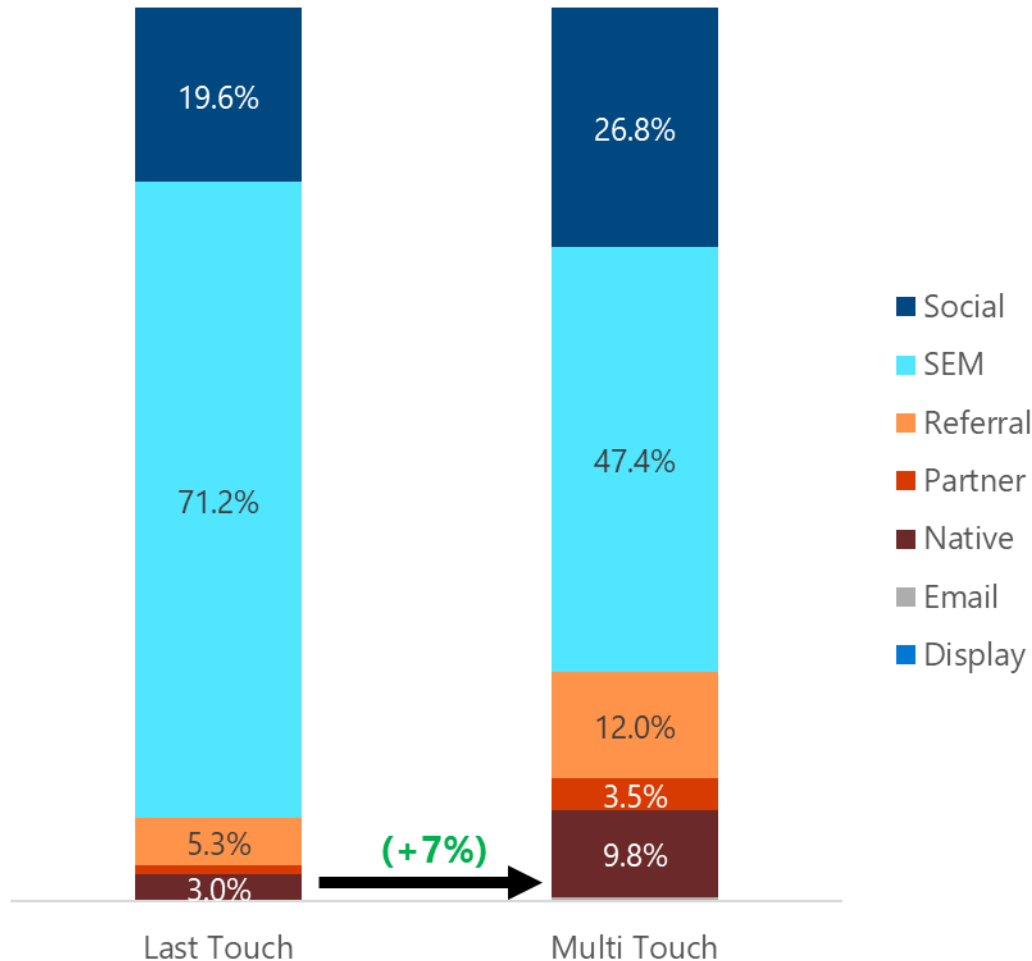
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What about Multi Channel?

How can we understand the true value of a channel in the Consumer Decision Journey?

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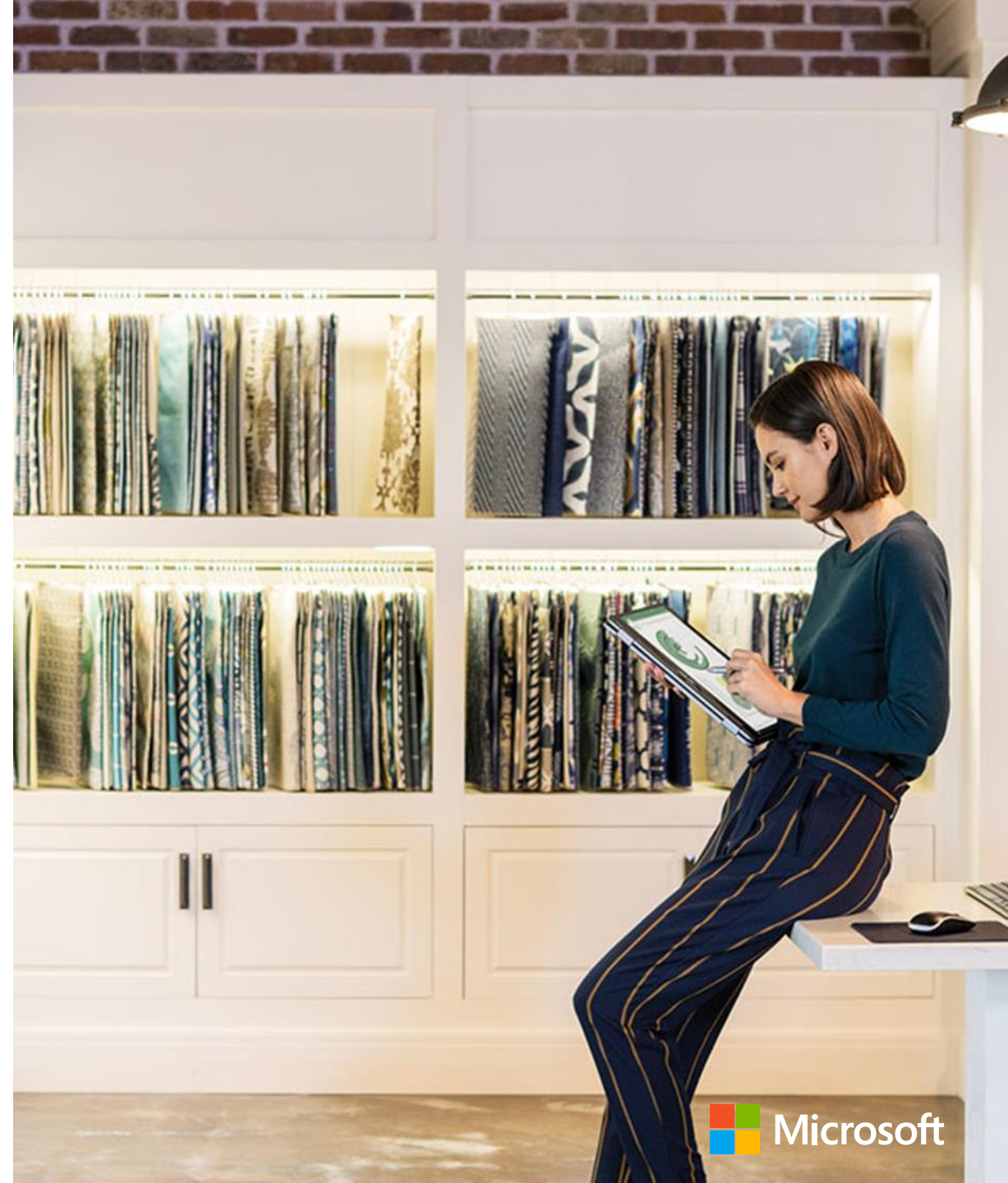
Channel value gets clearer using Multi Touch Attribution

% UK Apparel Conversions by Channel
Last Touch vs Multi Touch Attribution

Last Touch:
- 19.6% Social
- 71.2% SEM
- 5.3% Referral
- 3.0% Native

Multi Touch:
- 26.8% Social
- 47.4% SEM
- 12.0% Referral
- 3.5% Partner
- 9.8% Native

(+7%)

Legend:
- ■ Social
- ■ SEM
- ■ Referral
- ■ Partner
- ■ Native
- ■ Email
- ■ Display
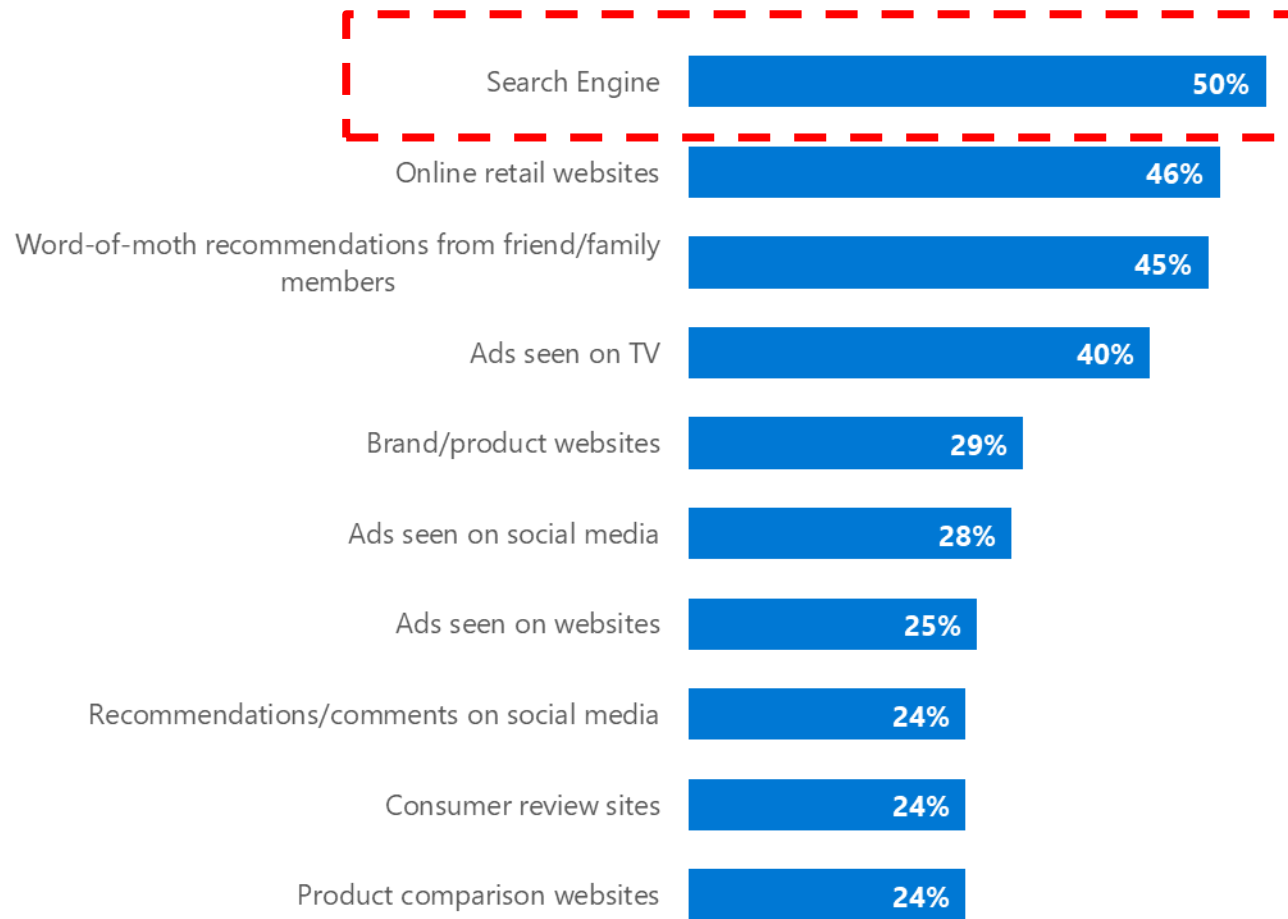
Last Touch   Multi Touch

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

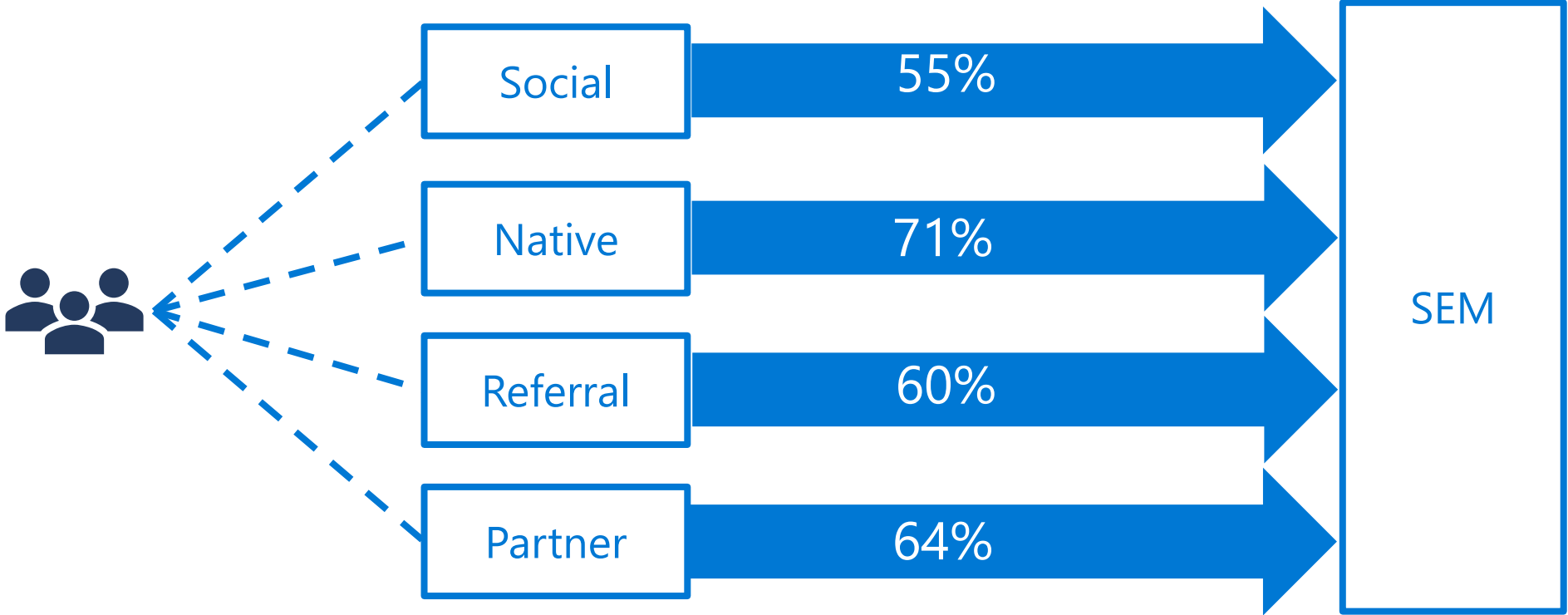Microsoft

Search is key in the decision journey

Where people discover products

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

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Upper funnel channels have a higher probability of driving user engagement towards search

Social — 55% → SEM

Native — 71% → SEM

Referral — 60% → SEM

Partner — 64% → SEM

Probability of next engagement being an SEM click

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Advertisers using both Search & Native perform better

Search Only

Native Only

Both Search & Native

2.6x
Higher visitation rate
vs. only Search ad exposure

3.5x
Higher conversion rate
vs. only Search ad exposure
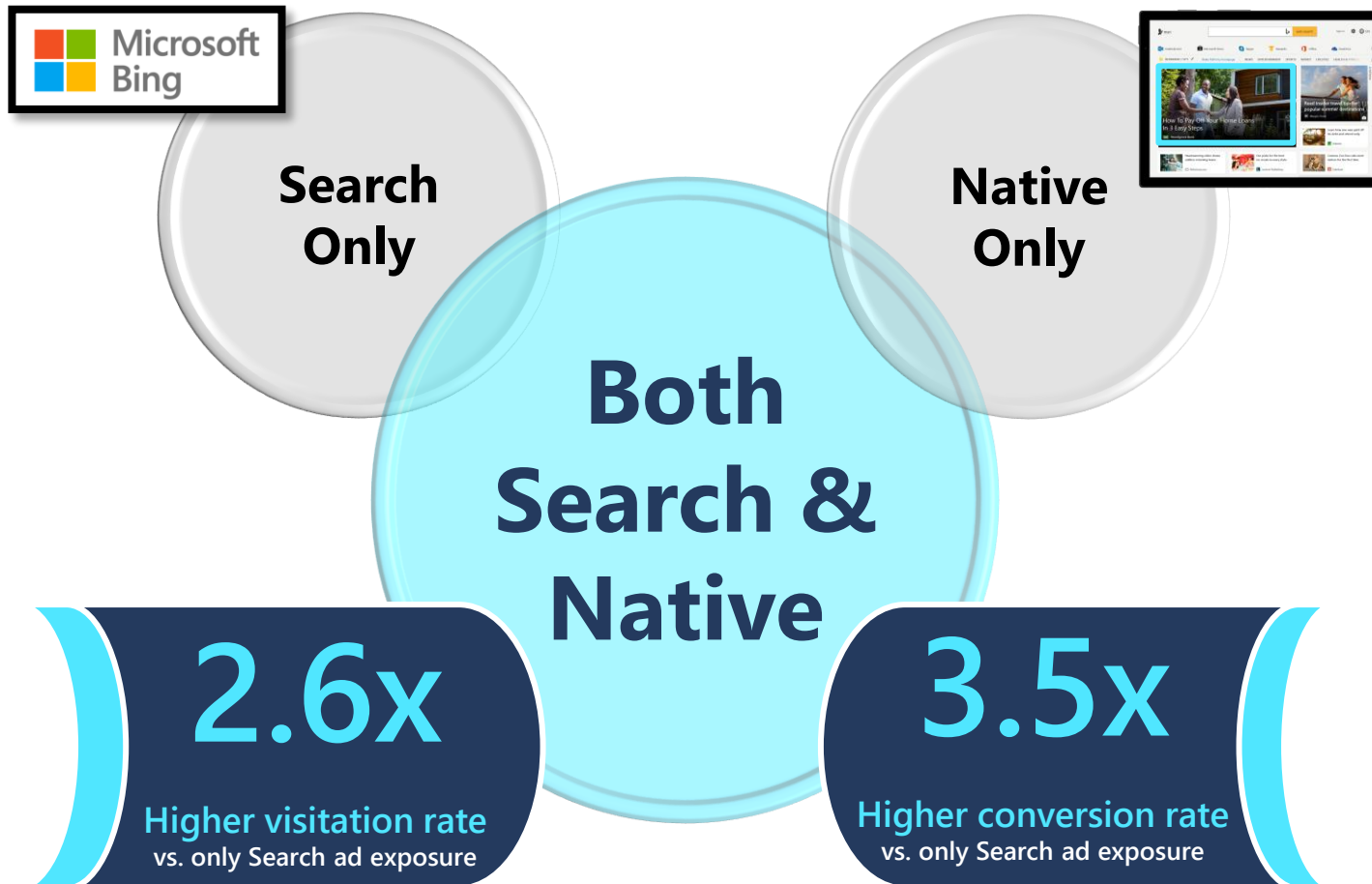
In our recent **Retail** ad effectiveness study, we found that users who are exposed to a brand's ad in **both Search and Native** environments are more likely to visit that brand's website and convert.

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

Microsoft Bing

Microsoft

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**

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