Trends in the CPG vertical

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Agenda

1. State of Retail all up
2. Beauty & personal care trends
3. Food & beverage trends
4. Household supply trends
5. Pet supply trends
As in-store shopping has increased, early signals suggest consumer purchases for products and services are shifting back to historical norms.
Retail sales dropped 1.3% in May as shopping habits shifted toward service-based industries.

Total US retail and food-service sales in billions

Source: US Census Bureau, June 2021
Overall retail search volume has fallen the past 4 weeks as users change their research and purchasing behavior.

Search volume change across Retail

<table>
<thead>
<tr>
<th>Year</th>
<th>Weeks 16-19</th>
<th>Weeks 20-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>99.2</td>
<td>100</td>
</tr>
<tr>
<td>2021</td>
<td>95.9</td>
<td>87.4</td>
</tr>
</tbody>
</table>

Source: Microsoft internal data, Weeks 16-23 2020 & 2021
More in-person events and office work has driven an increased focus on beauty, hygiene, and personal presentation products.
Searchers have been wearing more makeup, which has led to an increased interest in makeup removal products.

Search volume change in Facial Cleansers & Makeup Removers:

- **2020**: 100
- **Weeks 16-19**:
  - 64.7
  - **-35.3%**
- **2021**: 50.5
- **Weeks 20-23**:
  - 52.5
  - **+4.1%**

Source: Microsoft internal data, Weeks 16-23 2020 & 2021
Additional makeup categories show a slowing decline in interest, suggesting new makeup purchases are coming.

Source: Microsoft internal data, Weeks 16-23 2020 & 2021
Various products and services associated with personal aesthetics are seeing a surge in interest

Search volume change in Dental Care Gum

Source: Microsoft internal data, Weeks 16-23 2020 & 2021
There has been an increase in self-care searches

- **Manicures & Pedicures**
  - 2020 Weeks 16-19: 85.7
  - 2020 Weeks 20-23: 75.1
  - 2021 Weeks 16-19: 78.3
  - 2021 Weeks 20-23: 78.3

- **Hair Loss Products**
  - 2020 Weeks 16-19: 100
  - 2020 Weeks 20-23: 89.6
  - 2021 Weeks 16-19: 33.0
  - 2021 Weeks 20-23: 37.2

- **Wrinkle Treatment Procedures**
  - 2020 Weeks 16-19: 100
  - 2020 Weeks 20-23: 97.7
  - 2021 Weeks 16-19: 84.3
  - 2021 Weeks 20-23: 99.3

Source: Microsoft internal data, Weeks 16-23 2020 & 2021
One relatively new category seeing a resurgence in interest is virtual makeovers

Search volume change in Virtual Makeovers

Source: Microsoft internal data, Weeks 16-23 2020 & 2021
A couple of food & beverage trends have shown significant interest growth recently, with excitement about the return of BBQ season being our #1 trend across CPG categories.
As we reach the summer months, we’re expecting a big BBQ season

Search volume change in BBQ & Grilling Sauces

Source: Microsoft internal data, Weeks 16-23 2020 & 2021
There has been an uptick in searches for food convenience

Search volume change in Prepared Foods

Source: Microsoft internal data, Weeks 16-23 2020 & 2021
Cleaning and sanitization products are not as popular as they were this time last year. However, a few categories are showing increased recent activity.
A very popular category during the past year, household cleansers have generated increased search volume.

Search volume change in **Household Cleansers**

- **2020**: 100
- **2021**: +37.6

Source: Microsoft internal data, Weeks 16-23 2020 & 2021
While overall paper towel and toilet tissue interest is down this year, there has been a small recent uptick.

Search volume change in Household Paper Products.
The many people who adopted pets over the past year should be a boon for pet supply businesses for years. In the short term, many new pet owners may be buying seasonal summer products for the first time.
Pet owners have their preferred supplier for all-year products, but some seasonal products are spiking

Search volume change in Flea & Tick Control Products

Source: Microsoft internal data, Weeks 16-23 2020 & 2021
Key takeaways

1. Signals suggest consumer purchases for products and services are shifting back to historical norms.

2. We are seeing users increasingly focus on beauty, hygiene, and personal presentation products.

3. The return of BBQ season is currently our #1 trend across CPG categories.

4. Cleaning and sanitization products are not as popular as they were this time last year.

5. Increased pet adoption has led to an influx in online pet product purchases. In the short term, many new pet owners may be buying seasonal summer products for the first time.
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