



2021 Holiday Season Predictions and Planning Guide



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This festive holiday season we predict 6 key moments that will mean more to consumers and advertisers.

As the happiest time of year approaches, the key theme seems to be that this holiday season will mean more togetherness, more commerce, and more revelry than last year.

Consumers have shifted many habits in how they're purchasing goods and services online over the last year. During this time, global e-commerce sales grew a whopping 32.4% from 2019 to 2020 and are forecast to increase another 6.8% in 2021.¹

Luckily for businesses, so has the [Microsoft Search Network](#). We added 82 million searchers globally in the last year,² while retaining a valuable audience that spends 22% more than the average internet searcher.³

Here are our predictions for the 2021 holiday season and how advertisers can help consumers make it mean more this year.



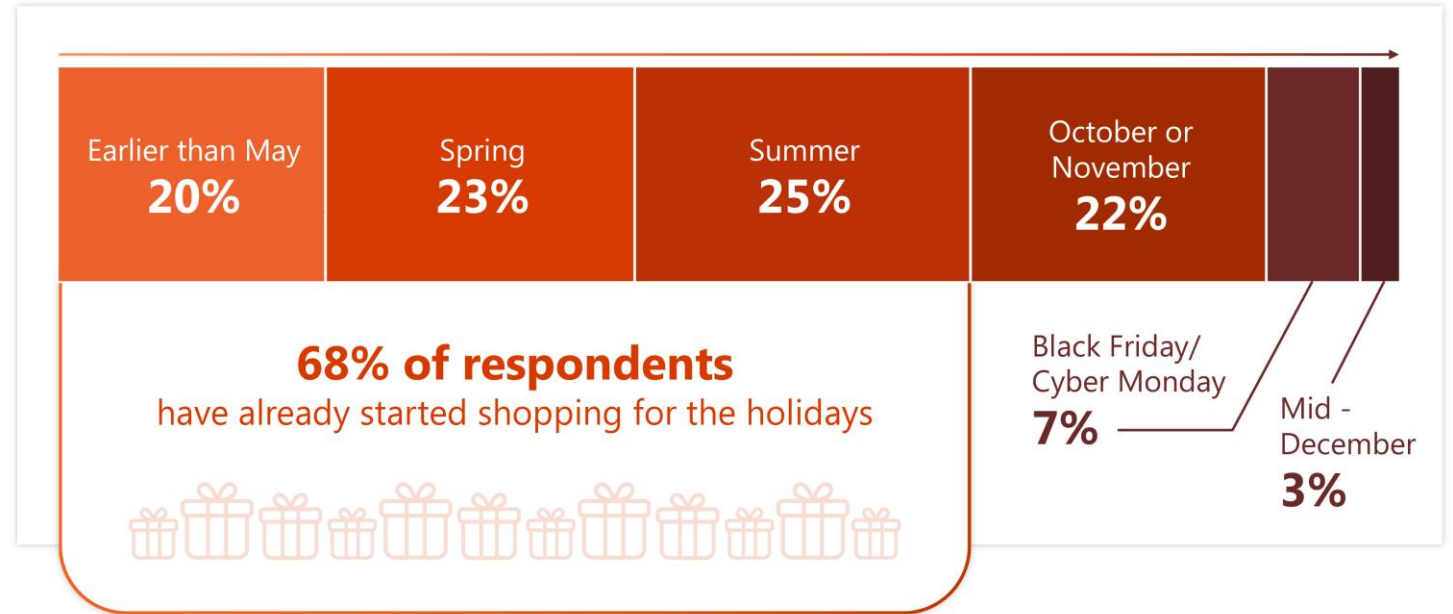
6 moments that will mean more to consumers and advertisers this holiday season

- 1 More research moments
- 2 More travel moments
- 3 More gathering moments
- 4 More deal-seeking moments
- 5 More shopping, shipping, and gifting moments
- 6 More treating ourselves moments

#1 More research moments

As Black Friday becomes less of a focal point during the holiday season, shoppers turn on the Christmas tunes earlier and earlier. In our 2021 Holiday Gifting Survey, we asked respondents when they intended to start their holiday shopping; surprisingly, 68% said they have already begun.⁴

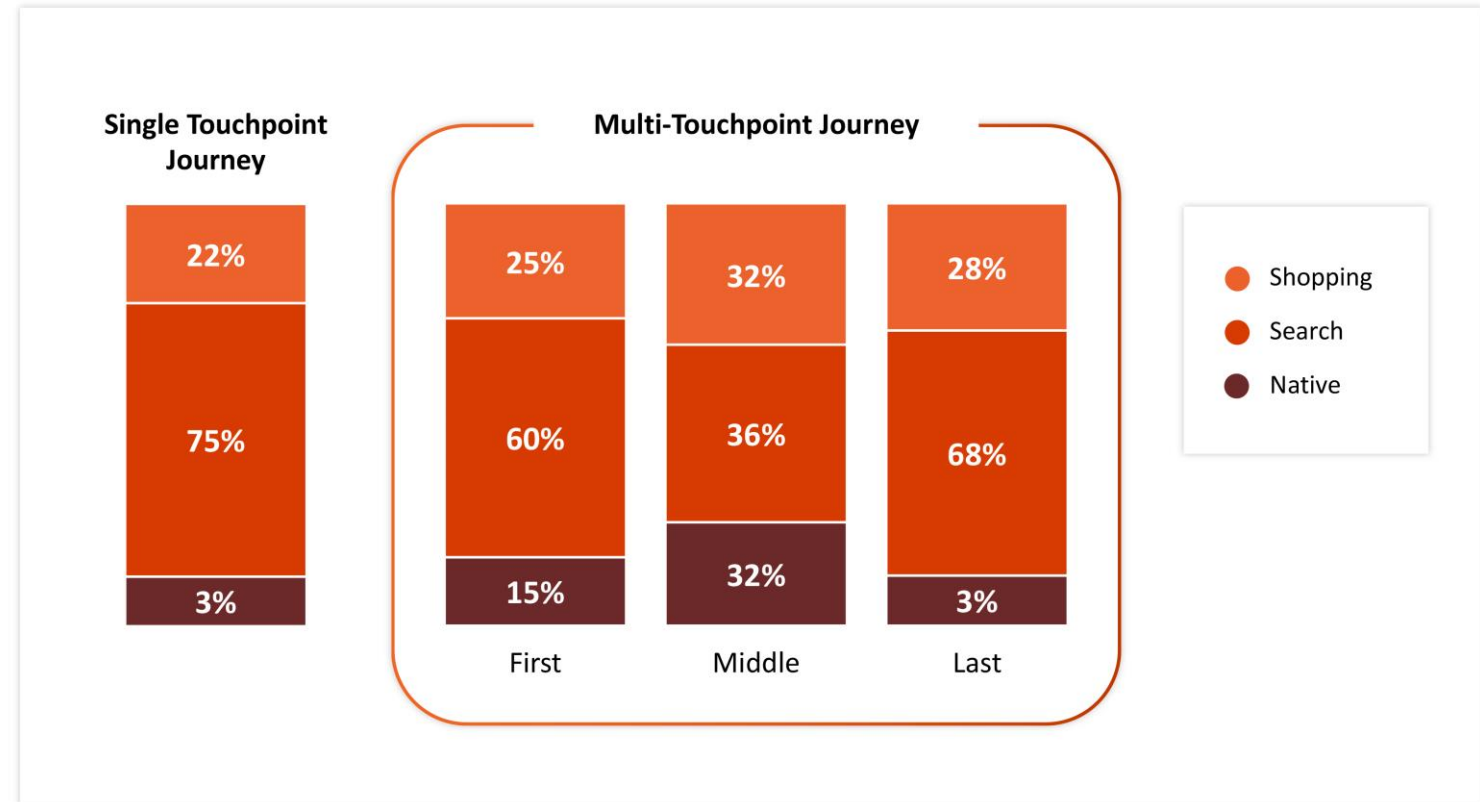
When do shoppers plan to begin?



#1 More research moments

A longer holiday season also means consumers will rely less on a single channel or ad to make their purchases. While search remains the most prominent ad type in the retail conversion funnel, Shopping Ads and Native Ads play a crucial role in influencing purchases in the middle and top of the funnel. Our first-party data shows 75.6% of users are likely to engage with a Search Ad in their next touchpoint after exposure to a Native Ad.⁵

Search, Shopping, and Native Ads work together to drive customer journeys⁶



Source: Microsoft internal data; Microsoft Advertising query path data for US Retailers, Sept 2020 – Dec 2020, 500k total unique paths

Top tips for planning your Holiday campaign



- **Start early:** Businesses will need to prepare and launch their seasonal marketing campaigns much earlier to take advantage of lengthening consumer demand.
- **Spread out:** Businesses who take advantage of [native](#), [search](#), and [shopping](#) ad types will have the most coverage across the consumer path to purchase.

#2 More travel moments

As travel demand continues its upwards trajectory, it can also support businesses of other industries, including retail and automotive. When travelers plan their trips, they plan transportation, accommodations, rentals, things to do, and purchases such as apparel, luggage, and footwear. On average, an American family spends \$1,979 on vacation.⁷



As travelers plan to head home for festivities or away for a much-needed vacation, here are a few ways businesses can stand out to travelers:



- **Target an unexpected audience** – 66% of in-market searchers for a hotel room are also searching for women’s apparel.⁸
- Use [In-Market Audiences](#) to target audiences across industries and extend reach to interested shoppers.
- **Target audiences in or interested in a location** – [Location Targeting](#) helped [RVshare](#) drive 76% more traffic to their website YoY.

#3 More gathering moments

Dining and entertaining are core to the holiday season, with numerous occasions oriented around gatherings like Halloween, Diwali, Christmas, Kwanza, Hanukkah, New Year's Eve, and seasonal sips and suppers in-between. Consumers are likely to host or attend small celebrations with loved ones more often this festive season than they did last year. They will need help decorating, preparing, cooking, dressing, impressing, and keeping festivities safe for everyone.

Smaller businesses, especially, have a big opportunity to capitalize on more consumer gatherings. In a US consumer study, 93% of people typically travel 20 minutes or less when shopping for everyday purchases. In 2020, small consumer packaged goods companies were the only size to grow market share, from 18.2% to 19.2% YoY.⁷

Search engines have become even more important to CPG shopping. Not only did weekly average search volume grow 25.8% from 2020 to 2021,⁸ but also search engine marketing (SEM) continues to help CPG brands drive discovery.

In fact, during the holiday season, when searchers were exposed to a CPG company's brand during a non-brand search, they were 157% more likely to search for that brand in the future.⁹

Businesses that want to influence where consumers turn to purchase groceries, hire professionals, and find festive attire, and more should remember:



- **Strengthen buyer confidence in your brand** – [Review Extensions](#) showcase top reviews and ratings from your peers and customers to build trust with searchers.
- **Location matters for local shoppers** – [Location Extensions](#) make it easy for customers to see your address, phone number, directions, URL and business description while increasing click-through rates 7 to 10%.
- **Reach consumers unfamiliar with your brand** - [Non-brand keyword campaigns](#) reach shoppers before they've decided on a brand and helps grow acquisition and sales.

#4 More deal seeking moments

Despite the uncertainty of the pandemic last year, Cyber Week and Singles Day (Nov 11) smashed records, with 67% and 26% YoY growth,¹⁰ respectively, and are forecasted to continue growing in 2021.

The deal-seeking spirit spans across categories. According to BigCommerce, top categories for Cyber Week 2020 included Sporting Goods (+136% GMV YoY), Apparel and Accessories (+37% GMV YoY), Autos (+51% GMV YoY), Health & Beauty (+43% GMV YoY).¹¹



See how businesses can capitalize on the deal-seeking spirit



- **Advance your audience targeting** – See how [Bose](#) increased traffic by 47% by using a combination of audiences features, including In-Market Audiences, Remarketing, and Similar Audiences.
- **Showcase your products** – [Shopping Campaigns](#) display products with custom images, pricing and brand info -- putting searchers closer to making a purchasing decision even before they click. See [10 more ways to improve your Shopping Campaigns](#) for festive season.
- **Reach MSN, Outlook.com, Microsoft Edge users** – [Audience Ads](#) on the [Microsoft Audience Network](#) helped [Daily Sale](#) increase brand visibility 20% and generate incremental revenue with 2.6x return on ad spend.

#5 More shopping, shipping, and gifting moments

Once Cyber Week (October 18 – 21, 2021) concludes, December sees a shift in the shopper behavior from deal-seeking to prioritizing inventory availability, delivery time, and convenience. Impending shipping deadlines also drives shoppers to local businesses and to leverage options like buy online, pick-up in-store (BOPIS). Furthermore, a US consumer study found that 93% of disposable income is spent within 20 minutes of home,¹² which provides heaps of opportunity to local businesses.



Help gift givers finish off their shopping lists



- Set up your [Local Inventory Ads](#), including curbside pick-up details.
- Use [Sitelink Extensions](#) in ads to highlight promotions, key categories, and Buy Now Pick-up Later (BNPL) options.
- [Multimedia Ads](#) or [Multiple Image Extensions](#) can help retailers display multiple product offerings and non-profits share visual media to attract donors and volunteers by their heartstrings.
- [Responsive Search Ads](#) resonate with the shoppers' most pressing needs – convenience, availability, delivery, and more – by showing them the most relevant ad from 15 headlines and four descriptions.

#6 More treating ourselves moments

Consumers are giving themselves something to be merry about. Year after year, Christmas Day (December 25) and the day after (December 26) earn some of the highest click volumes of the entire year.¹³ The popularity of gift cards, expanding return options, and prevalence of after-Christmas sales across markets drive self-gifting in-store and from our couches.



How to help shoppers treat themselves

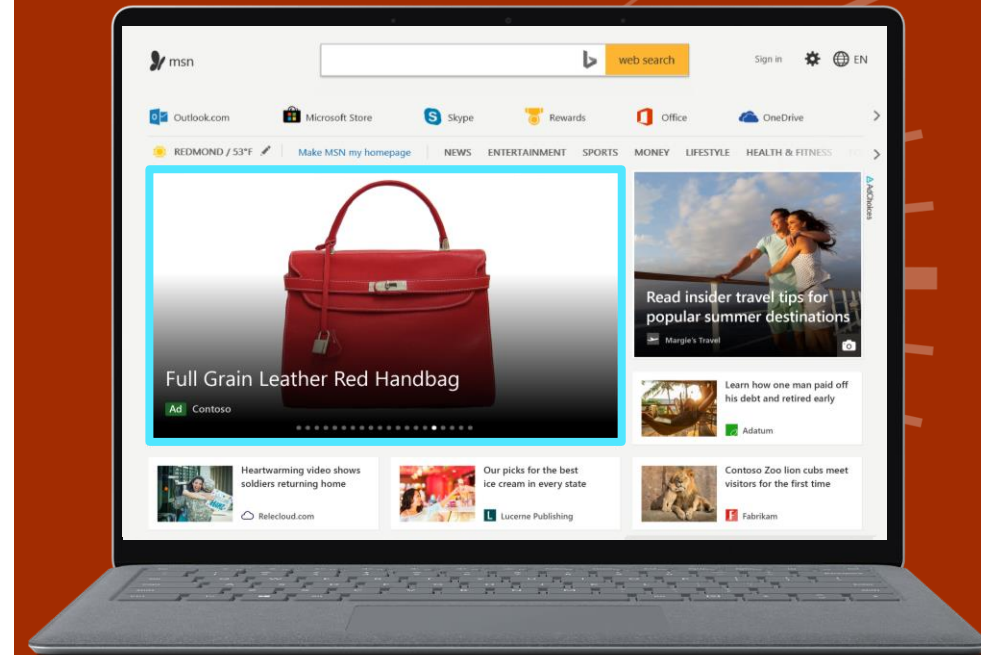


- Even though 70% of people abandon online shopping carts,¹⁴ you can bring them back after the holiday season with [Dynamic Remarketing Ads](#), so they revisit their abandoned shopping cart.
- Use [Callout Extensions](#) to entice gift users, feature sales, and pick-up and delivery options. These free extensions increase your ad size and attract shoppers.

Get ready for the holidays

Learn more about what you can do to make this holiday season mean more for your business with Microsoft Advertising:

1. Tune in to our [2021 Holiday Digital Marketing Guide webinar](#). Available on-demand.
2. Dig deeper into our [2021 Holiday Insights](#) and register for the [Microsoft Advertising Insider newsletter](#).
3. Schedule a [free consultation](#) with a digital marketing specialist.
4. [Launch a Search, Shopping, or Audience Ad](#) with Microsoft Advertising today to access over 1 billion people globally.



Holiday Checklist

Be there ahead of time

- ✓ Review last season's campaigns for successes and lessons learned
- ✓ Set [budgets](#) to accommodate increases in traffic
- ✓ Upload campaigns early and add [Merchant Promotions](#) and [Flyers](#)
- ✓ Double-check to make sure all relevant accounts and campaigns are active
- ✓ Follow up on any rejected ads
- ✓ Add new, relevant and emerging keywords
- ✓ Be visible early by influencing decision making using rich image-based ads among shoppers who are choosing brands ([Multimedia Ads \(new\)](#), [Multi-Image Extensions](#) and [Microsoft Audience Ads](#))

Find approaches for a better ROI

- ✓ Test [In-market Audiences](#) directly and indirectly related to your industry
- ✓ Use [remarketing](#), [dynamic remarketing](#) and [similar audiences](#) to boost your ad performance
- ✓ Budget for PC/tablet and mobile traffic.
- ✓ Plan your [budgets](#) for periods of high CPC
- ✓ Opt-in to [search partner sites](#) to expand your mobile reach
- ✓ Use long-tail brand terms
- ✓ Optimize your keywords and ads

Optimize keywords, ads and bids

- ✓ Use the right combination of [ad extensions](#) ([Action](#), [Promotion](#), [Filter Link \(new\)](#) and others)
- ✓ Test ad copy variations
- ✓ Set bids in anticipation of increased competition during the seasonal peaks
- ✓ Apply [auto-bidding](#) to maximize profitability
- ✓ Set up [Automated Rules](#) to schedule and automate your top campaign management tasks on a weekly, or even daily, basis for invaluable time savings and efficiency gains

Optimize Shopping Campaigns

- ✓ Automate part of your product offerings with [Smart Shopping Campaigns \(new\)](#) to target customers who are more likely to convert at higher revenue values
- ✓ [Refresh your product feed daily](#)
- ✓ Go beyond the required attributes and **populate your feed with as many recommended attributes as possible for each product offer**
- ✓ **Use the SKU column and unique identifiers to help differentiate product titles and descriptions that may only differ in size, color, etc.** All unique identifiers should be consistent between data feeds
- ✓ Include specific brands, product types or individual products that align with your business goals



HAPPY HOLIDAYS!

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Sources

¹ Statista: Worldwide e-commerce share of retail sales 2015-2024, Global, Jan 2021.

² comScore qSearch, Explicit Core Search (custom), Global, March 2021. The Microsoft Search Network includes Microsoft sites, Yahoo sites (searches powered by Bing) and AOL sites worldwide. Data represents desktop traffic only.

³ comScore qSearch, Explicit Core Search (custom), US, March 2021. The Microsoft Search Network includes Microsoft sites, Yahoo sites (searches powered by Bing) and AOL sites in the United States. Data represents desktop traffic only.

⁴ Microsoft Holiday Gifting Survey, US, May 2021, N=1030.

⁵ Microsoft first-party data. Click based attribution (impression ad exposure not considered). N = 1000 users per time frame. US and PC only. 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.

⁶ Microsoft internal data. Microsoft Advertising query path data for US retailers, Sept 2020 – Dec 2020. N = 500K total unique paths.

⁷ BankRate: [Survey: High Costs Keep Americans From Summer Vacation](#), June 2020.

⁸ Microsoft Internal data, US, October 2020.

⁹ Access Development: [The Impact of Proximity on Consumer Purchases](#), US, 2020.

¹⁰ Microsoft internal data, US, Jan 2020 – March 2021.

¹¹ Microsoft internal data, US, Nov 2020 – Feb 2021.

¹² BigCommerce, [2020 Cyber Week Trends Report](#).

¹³ Microsoft internal data, US, Dec 2020.

¹⁴ Baymard Institute, [44 Cart Abandonment Rate Statistics](#), Global, Dec 2020.



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