MICROSOFT ADVERTISING INSIGHTS

Festive shopping season: UK Home and Garden

Microsoft Advertising. Great relationships start here.

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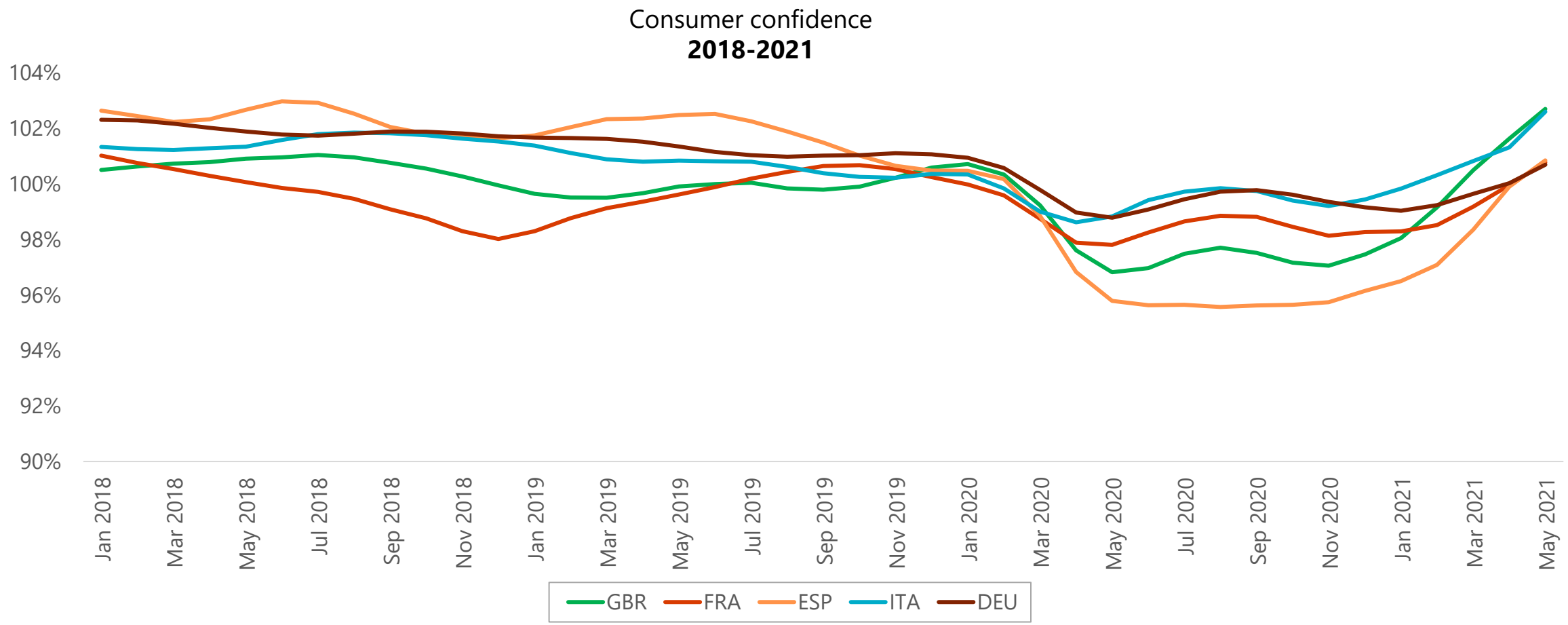
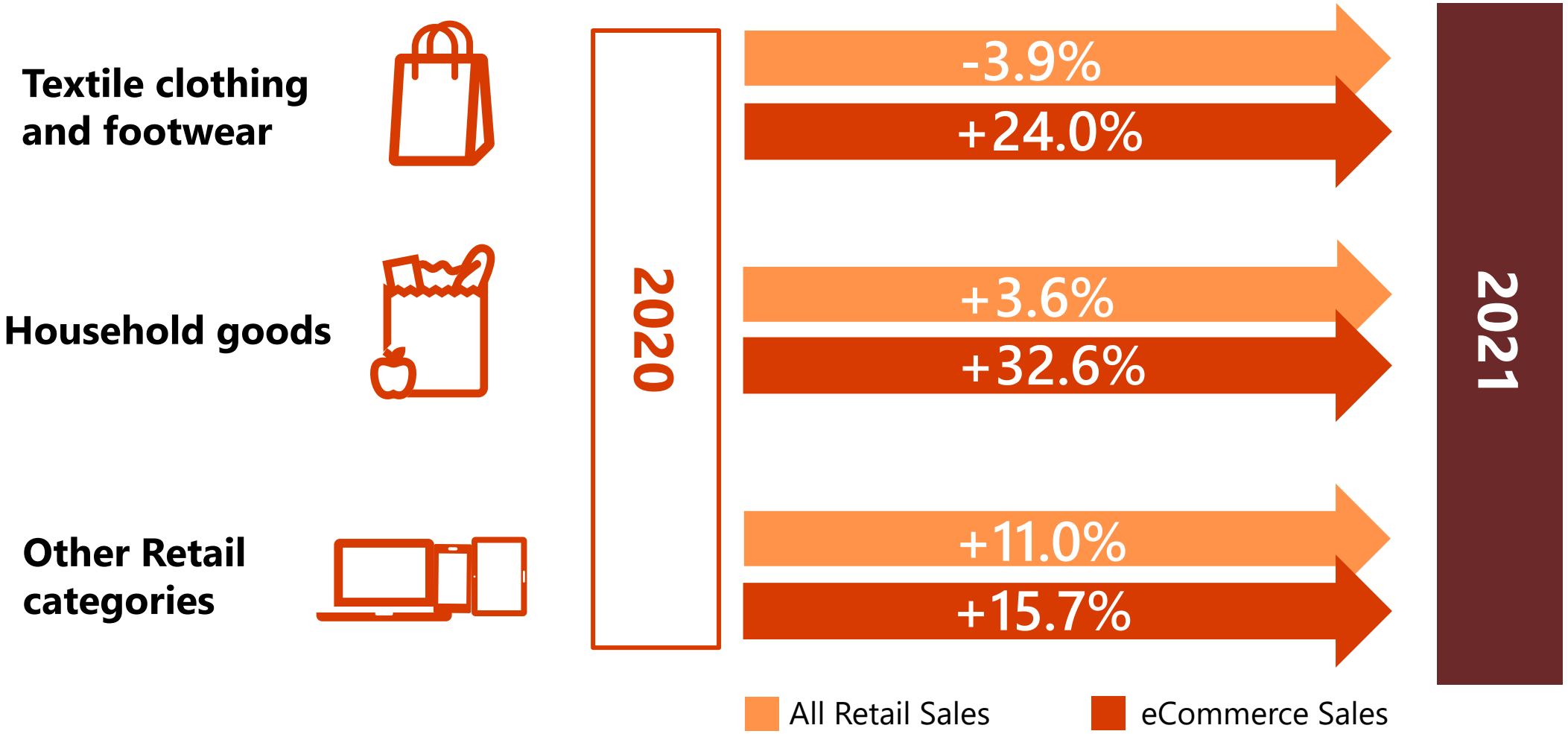
UK consumer confidence is the highest in the EU-5



Source: OECD (2021), Consumer confidence index (CCI) (indicator). doi: 10.1787/46434d78-en (Accessed on 14th June 2021)

Microsoft

eCommerce yearly growth is expected to remain strong



Source: eMarketer UK Retail eCommerce Sales by Product Category May 2021, UK Retail Sales by Product Category May 2021

Microsoft

Retail 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 and 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]

[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)

Microsoft

These changes are reflected in search behaviours

Increase in non-brand interaction

+34%

vs
Brand
24%

Yearly non-brand click growth is far surpassing brand 2021 vs 2020

Mobile is growing faster

+43%

vs
PC 37%

Yearly growth in Mobile clicks have increased in 2021 vs 2020

More interaction with shopping ads

+75%

Yearly growth product ad clicks have surged in 2021 vs 2020

Source: Microsoft Advertising Internal Data, Home & Garden Categories Jan-Jun 2021 vs the same period 2020

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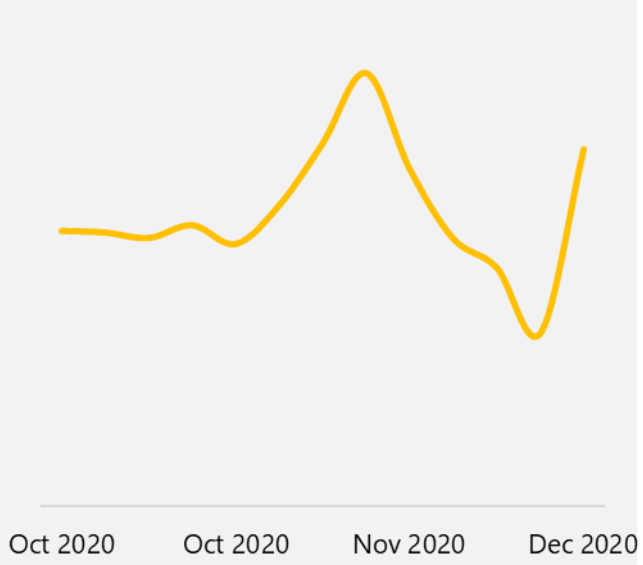
Peak season saw continued growth across categories

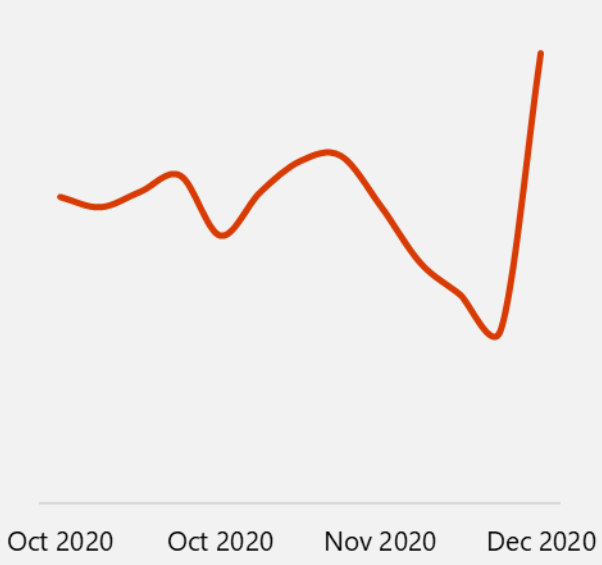
Home Appliance clicks Oct-Dec 2020



Yearly click growth

+29%

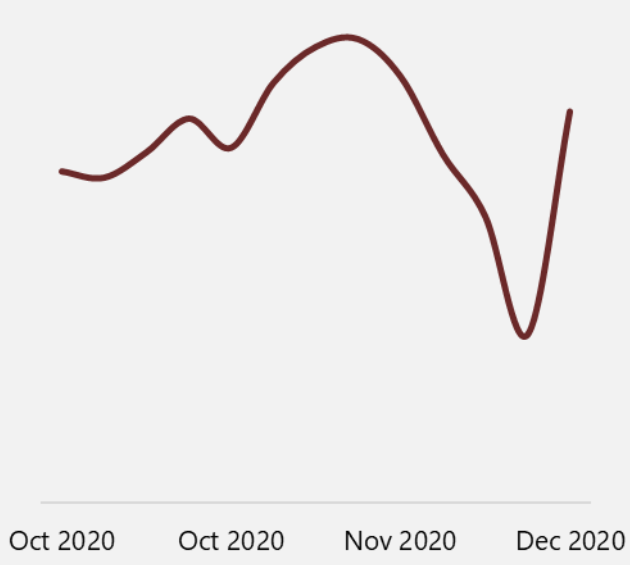
Home Furniture clicks Oct-Dec 2020



Yearly click growth

+24%

Home Décor & Interior Decorating clicks Oct-Dec 2020



Yearly click growth

+28%

Source: Microsoft internal O&O data UK Oct-Dec 2019 - 2020

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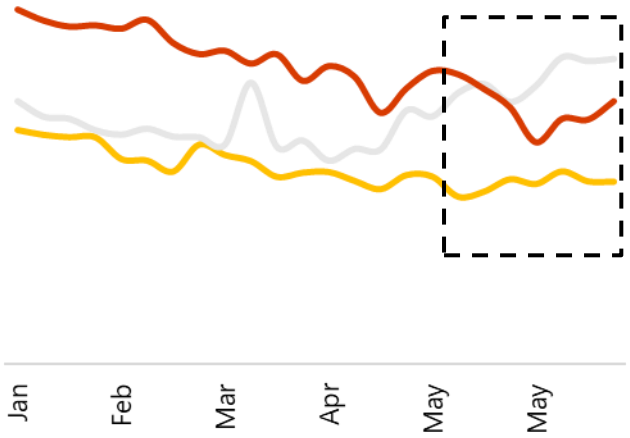
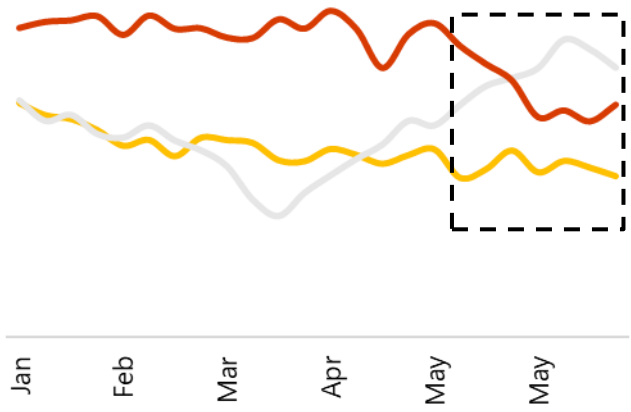
With restrictions easing, growth rates are stabilising

Home Appliances clicks
Jan-Jun 2019 - 2021



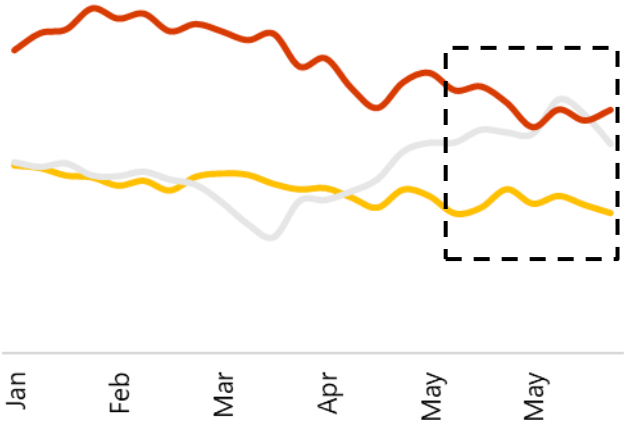
2019 click growth
+44%

Home Furniture clicks
Jan-Jun 2019 - 2021



2019 click growth
+48%

Home Décor & Interior Decorating clicks
Jan-Jun 2019 - 2021



2019 click growth
+67%

2019 2020 2021

Source: Microsoft internal O&O data UK 2019 - Jun 2021, Yearly growth based on May-June 2021 vs 2019 data

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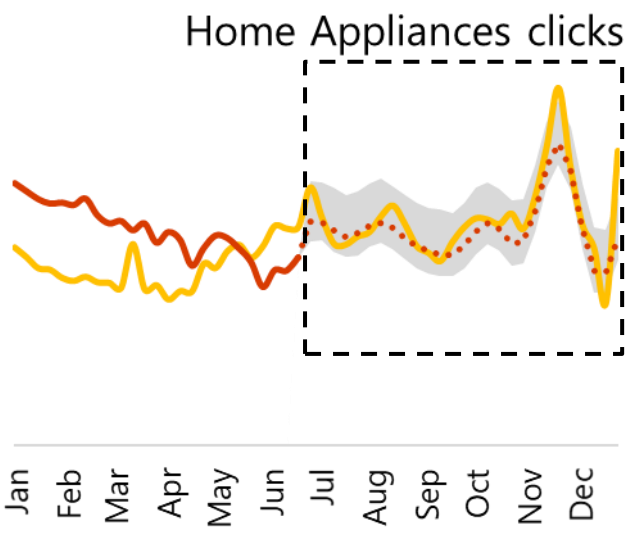
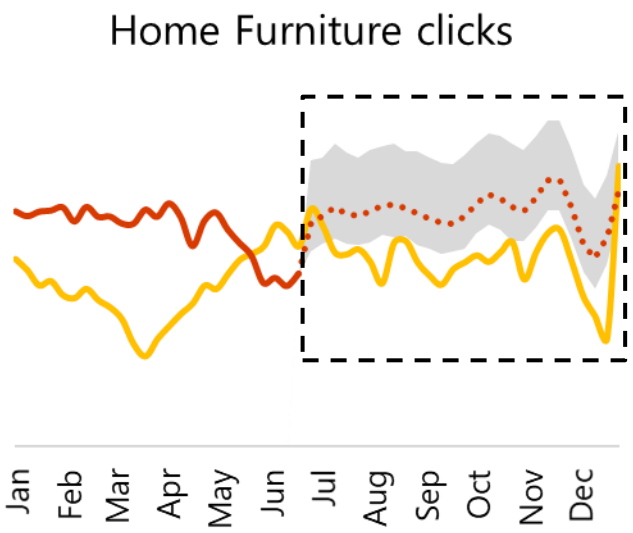
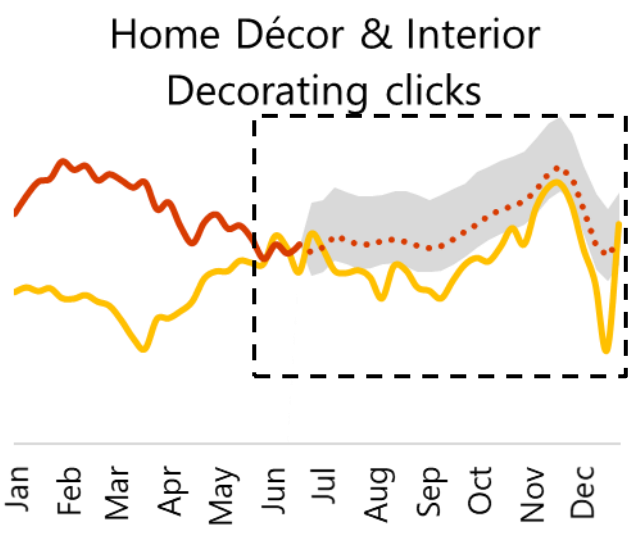
Forecasts are predicting **strong growth** into peak season



Predicted click growth
+5%



Predicted click growth
+25%



Predicted click growth
+17%

2020 Clicks **2021 Clicks** 2021 Forecasted Clicks

Source: Microsoft Internal O&O data UK 2019-2021 with applied PROPHET forecasting model

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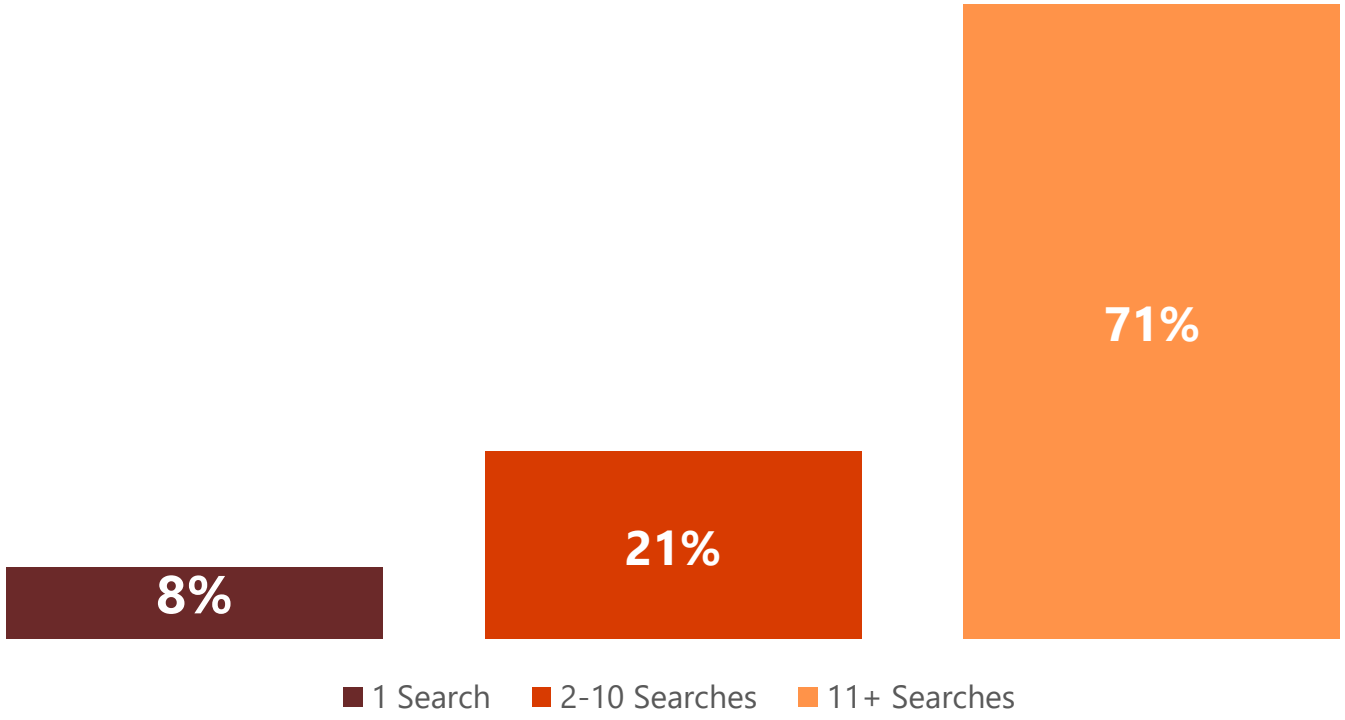
Consumers make multiple searches before converting

Search journeys by number of searches made



Source: Microsoft internal search data for UK Home & Garden journeys, Oct 2020 – Dec 2020

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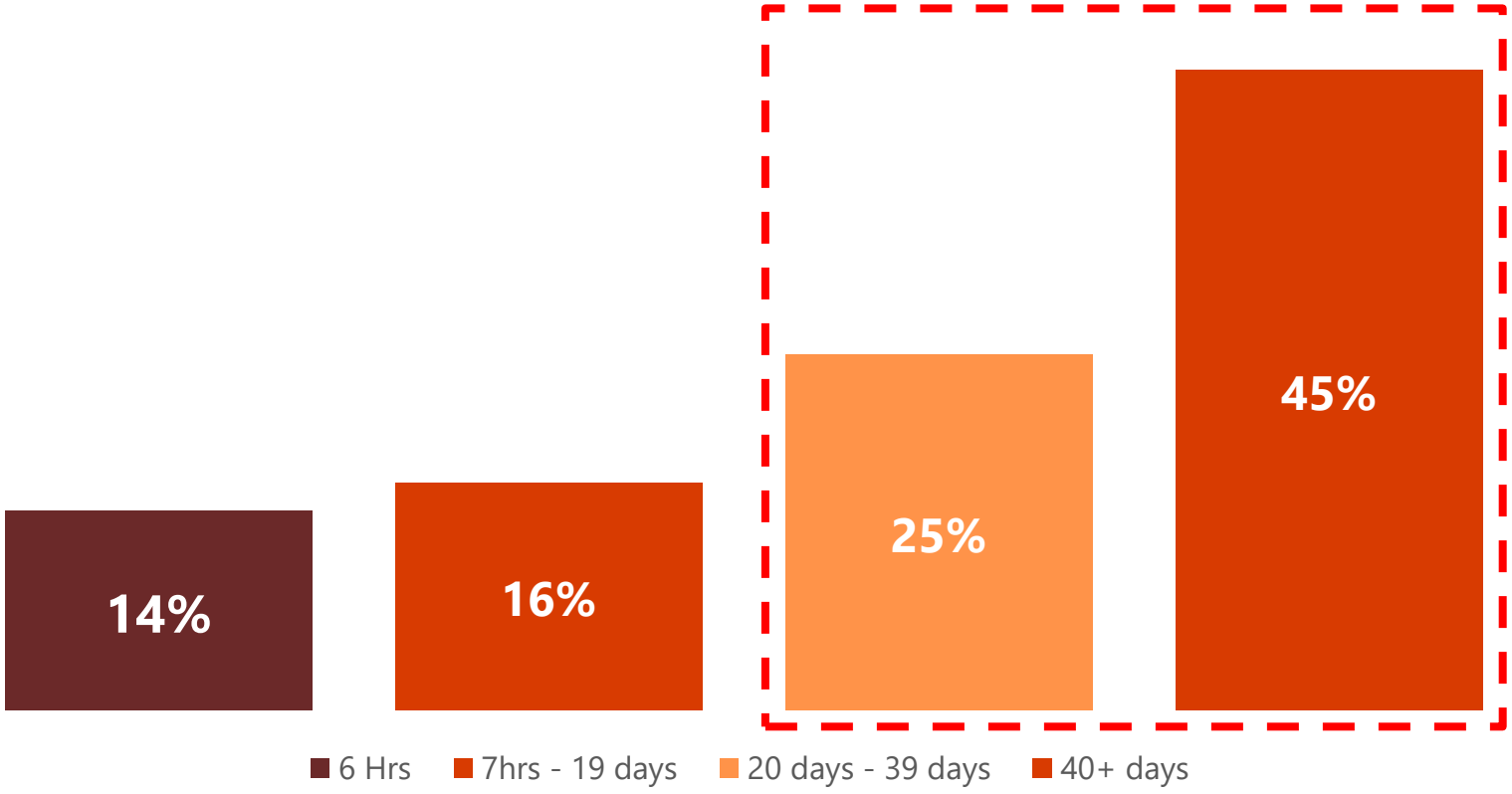
Most searchers take 20+ days before converting

Search journeys by number of searches made



Source: Microsoft internal search data for UK Home & Garden journeys, Oct 2020 – Dec 2020

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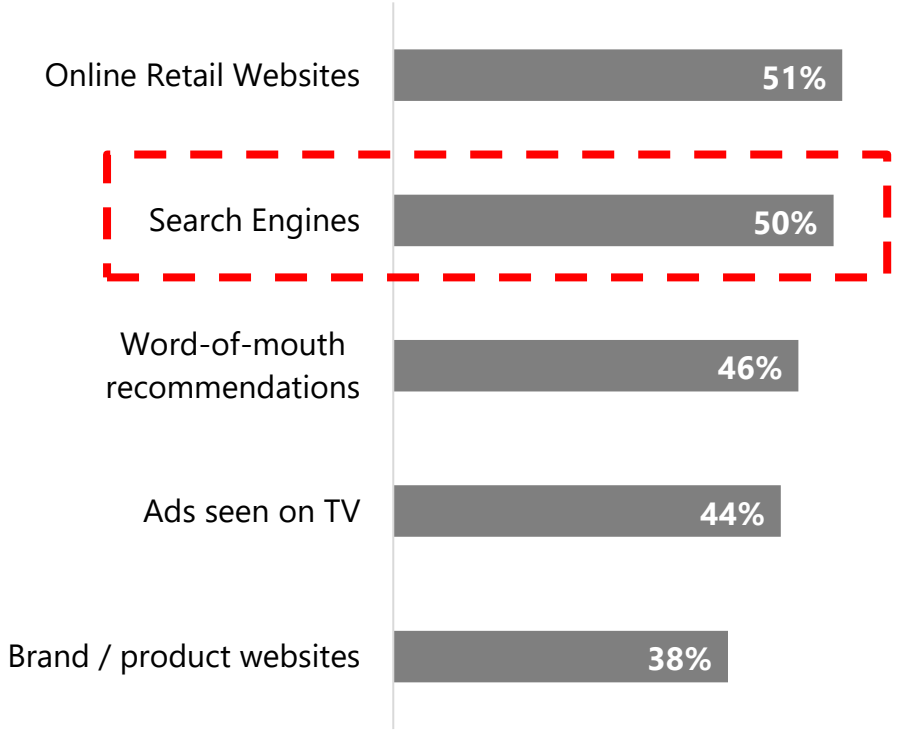
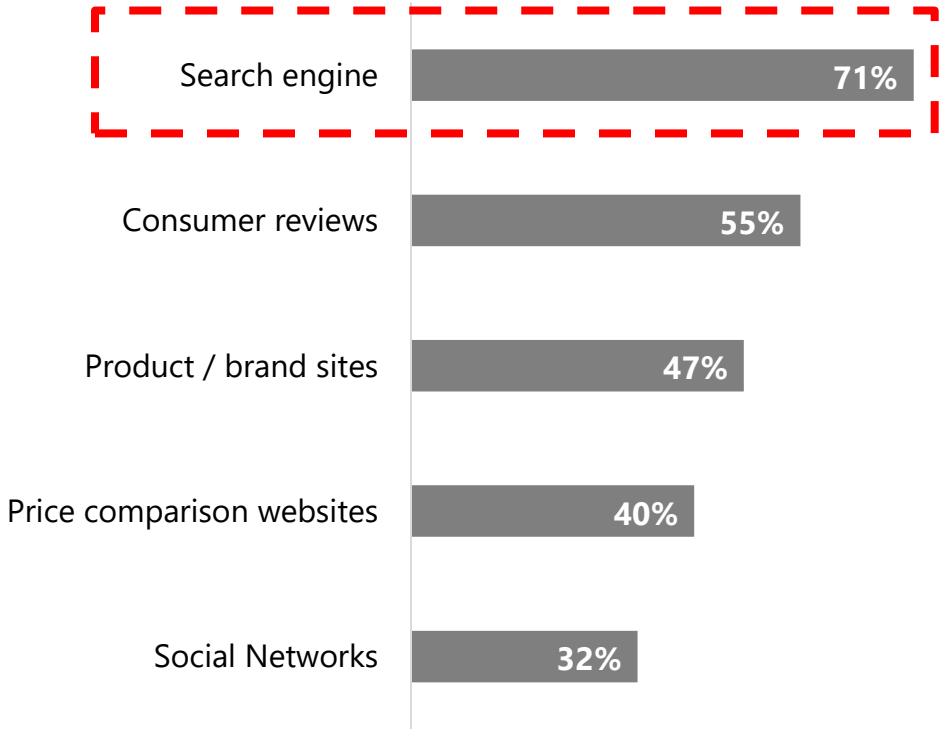
Search is a key channel for influencing consumers

Where online shoppers discover new brands and products



Where online shoppers research brands and products



Source: GlobalWebIndex, UK, wave: Q1 2021, based on respondents classified as 'Online Shoppers' and members of the Microsoft Advertising Network audience (self-identified users of Bing, Yahoo, MSN, Outlook) Top 5 results shown

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Our Advertising Audience has **higher purchase intent**

Our Audience's purchase intent

Washing machine
1.14x higher

Bed
1.11x higher

Refrigerator
1.15x higher

Microwave
1.14x higher

Aircon units
1.14x higher

Garden furniture
1.16x higher

Furniture
1.2x higher

Sofa
1.13x higher

Dishwasher
1.16x higher

Iron
1.12x higher

Home exercise
1.26x higher

Vacuum cleaner
1.16x higher

Source : Global Web Index – Q1 2021 UK data - Which of these things are you / your household thinking about purchasing in the next 3-6 months?
[1] vs the average internet audience

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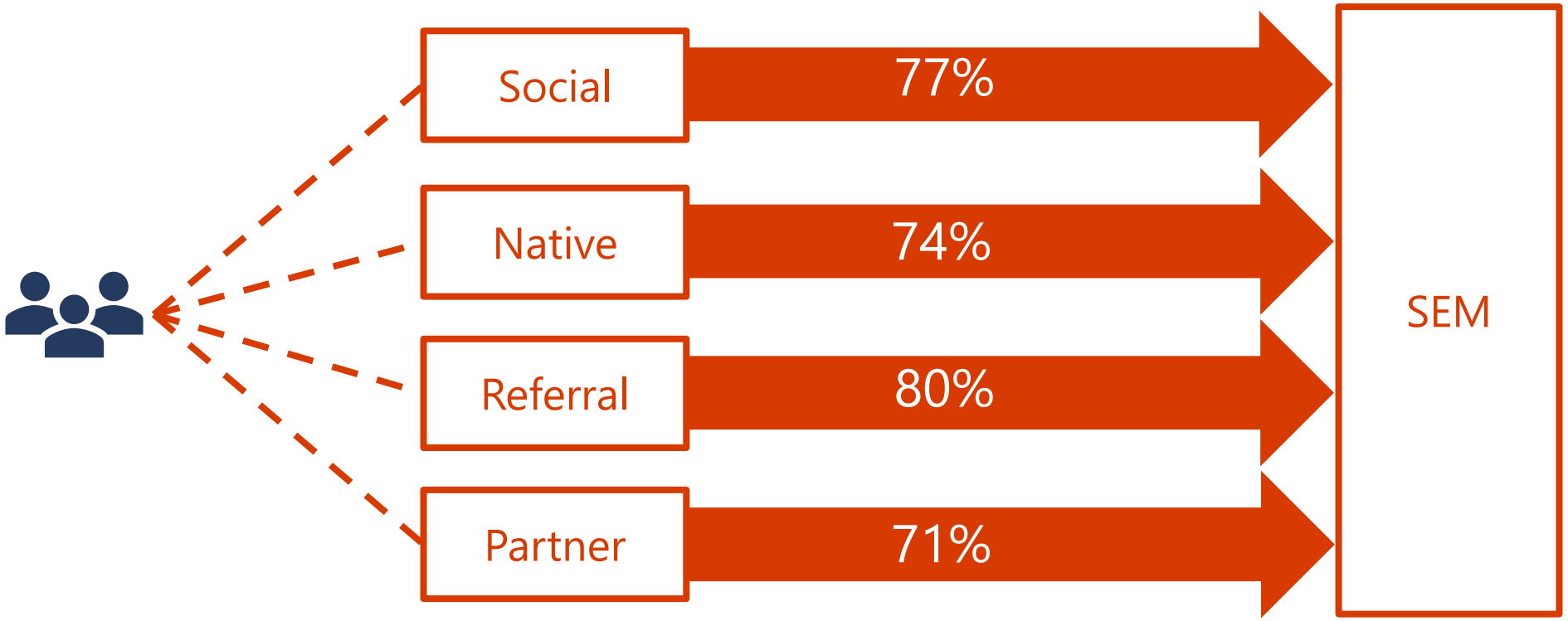
Cross channel insights

How did things look last peak season?

Upper funnel channels had a higher probability of driving user engagement on search



Probability of next engagement being an SEM click

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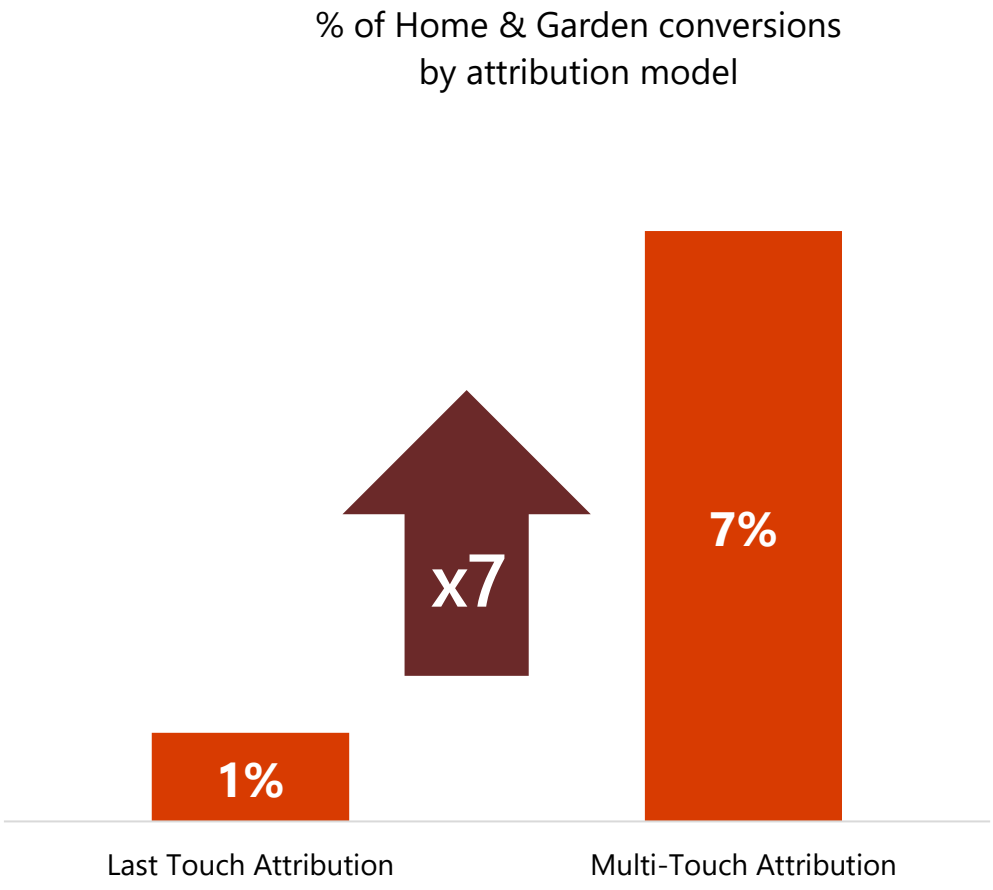
Microsoft internal data; click based attribution (impression ad exposure not considered). N = 1000 users. Oct 2020 – Dec 2020. UK Home & Garden data Analysis of paid media only. Inclusive of Display, Native, Partner, Referral (including affiliates), Social, Video, and Paid Search. Publisher and platform agnostic. Multiple paid media click touchpoints required for analysis inclusion.

Native drove 7x more Home & Garden conversions



Native plays a much larger part in the overall user conversion journey than might appear when directly measured, with **7x higher conversions attributed** when viewed through a **multi-touch attribution** perspective

Source: Microsoft internal search data for Home & Garden journeys, Oct 2020 – Dec 2020, multi-touch attribution based on Markov chains, single touch journeys excluded

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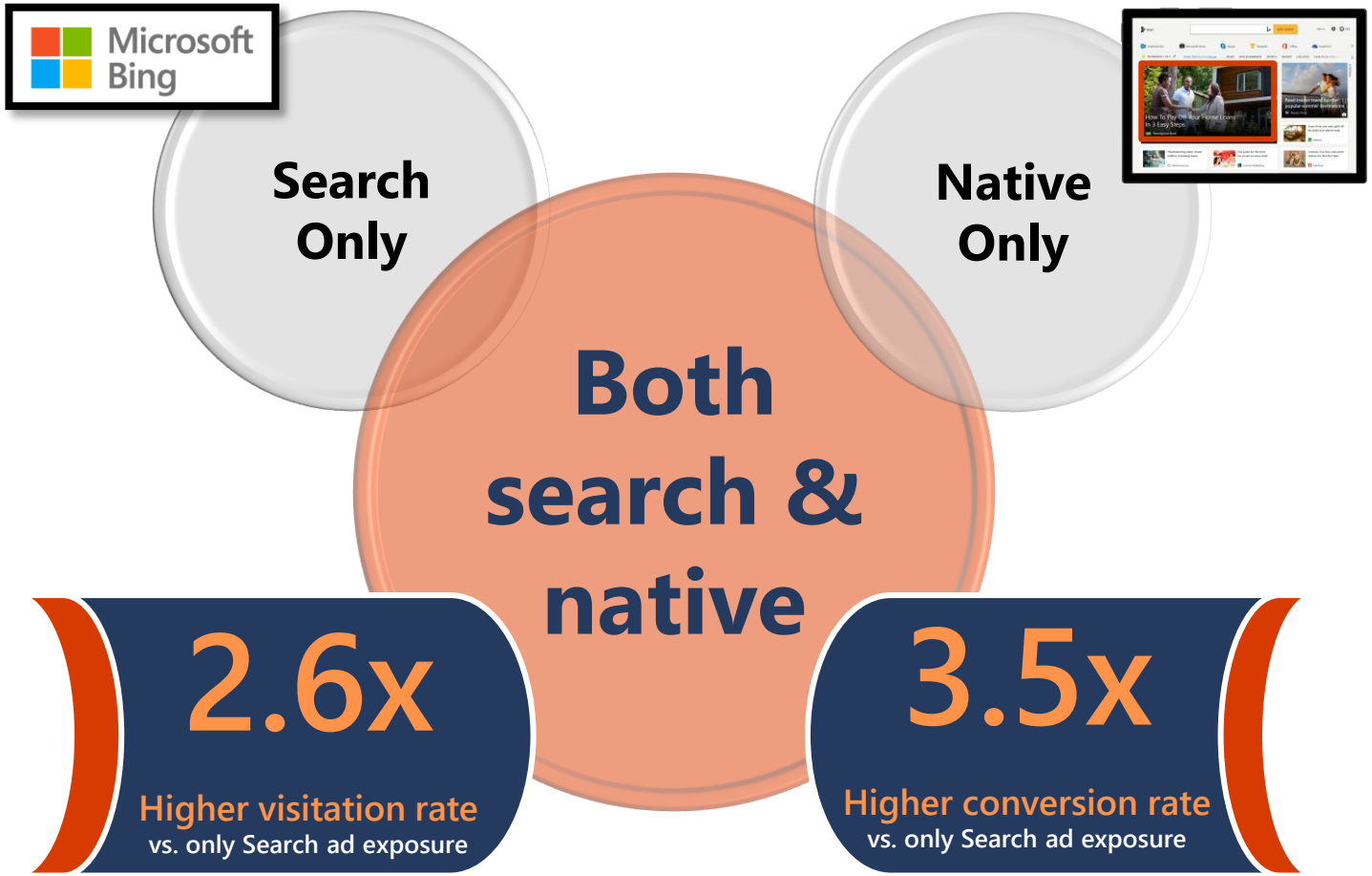
Advertisers using both search & native perform better



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 later on.

This combined with the strong growth show it's an effective approach for both reach and efficiency growth.

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

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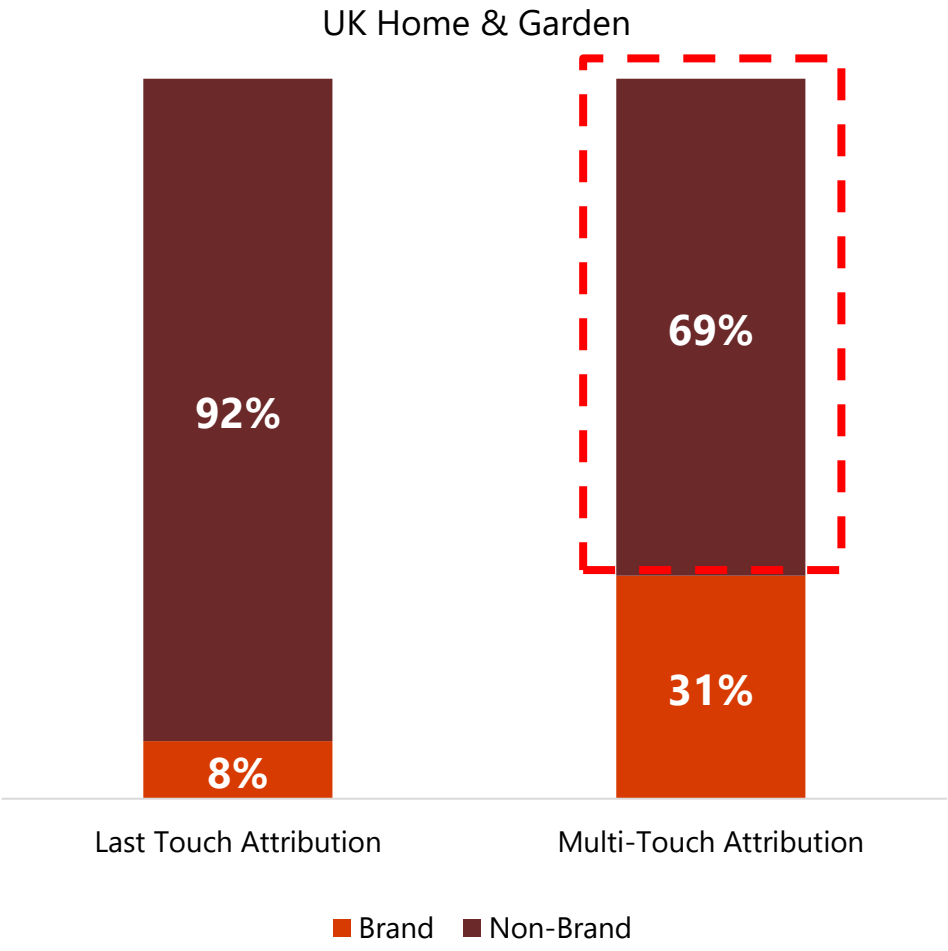
Non-brand queries drove most conversions during peak



With a multi-touch perspective we can see that **brand content grew massively in importance.**

Despite this, **non-brand** content drove approximately **70% of all conversions** in UK Home & Garden during peak season, highlighting its importance.

Source: Microsoft internal search data for Home & Garden Journeys, Oct 2020 – Dec 2020, multi-touch attribution based on Markov chains, single touch journeys excluded

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To effectively reach consumers during their journey, start using in-market audiences

Machine learning powered Microsoft Advertising predictive intelligence identifies users who have shown **purchase intent** signals within a particular category

In-Market Audiences

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Expand reach in-market audiences by expanding into overlapping categories

People 'in-market' for
Home & Garden…

…have **x% chance** to be 'in-market' for these categories as well:
(top 5 based on reach)

Employment	**61%**
Home & Garden /Home Furnishings	**31%**
Home & Garden /Home Improvement	**29%**
Computers & Peripherals	**28%**
Apparel & Accessories	**28%**

Source: Microsoft Internal Data, April 2021, United Kingdom
*For a user to be considered "overlapping" across two In-Market segments, they must have been exposed to an ad by an advertiser targeting that audience in the associated time frame, currently monthly.

Microsoft

Key actions to prepare for a festive shopping season

Key insights	Next steps
The pandemic has drastically **changed consumer behaviors**	The rules of the game have changed, advertisers now need to reassess their strategies and **adapt to a new reality**
Peak season growth will likely be less than previous years, given recovery in other verticals attract consumer's expendable income away from retail. Despite this, we are expecting click volumes to show **up to 25%** growth compared to 2020	With increased competition in the digital space and slowing growth, incremental performance needs to come from more **advanced strategies**
Search continues to be a **preferred channel** for consumers, but journeys are complex and need to be thought of with a **multi-channel** perspective	Search is an **essential part** of the advertiser's media mix and can be easily assessed directly, assess other channel such as **native** by looking at direct performance, but also attributed value in other channels
Looking at full consumer journey through **multi-touch attribution,** we see the **full value** of different search tactics	While non-brand queries reduce in importance when viewed through a multi-channel perspective, they still drive around **70% of conversions.** Ensure you have coverage and are using broader tactics to capture new and changing behaviours and searches.
In-market audiences are a perfect way to target **new customers** that are actively doing research on Bing	Leverage **in-market audiences** by bidding up for relevant audiences and finding audiences with high overlap to expand reach further
Native advertising drives search engagement	**Diversify upper funnel investments** by leveraging the **Microsoft Audience Network** next to other native solutions and social channels to increase unique reach

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To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights

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