Preparing for Holiday 2021: Technology edition
Hardware & Software
How will Holiday 2021 be different?
It’s going to be a digital-first holiday season globally, and the trend is expected to accelerate.

Total global share of consumers who shopped online in 2020, by region:

- **Global average**: 85%
- **North America**: 78%
- **Asia**: 86%
- **Europe**: 83%
- **South America**: 86%
- **Australia**: 79%
- **Rest of the world**: 85%

1 in 5 people are expecting to increase their online shopping behavior over the next year.

E-commerce is expected to sustain double digit growth

Retail Ecommerce predictions

Note: includes products or services ordered using the internet, regardless
of the method of payment or fulfillment; excludes travel and event tickets,
payments such as bill pay, taxes, or money transfers, food services, and
drinking place sales, and gambling and other vice good sales; brick and
mortar sales exclude products or services ordered using the internet.
Source: eMarketer, May 2021
For some, holiday shopping is already underway

% of respondents when asked in May, “When do you intend to start your holiday shopping?”

- already started 20%
- this spring 23%
- over the summer 25%
- in Oct. or Nov. 22%
- Black Friday/ Cyber Monday 7%
- in mid-December 3%

68% of respondents have already started shopping for Holiday
The Technology space is trending toward a competitive Holiday season

Snapshot of US Technology (Hardware + Software) market trends with year-to-date metrics (1/1-7/31)

Searches

Search volume is trending to be somewhere in-between 2020 and 2019, experiencing year-over-year growth, but less volume than last year.

Search behavior is shifting, so prepare to be agile this Holiday season.

Cost per click (CPC)

CPCs in the space continue to be elevated. This is due to more clicks on highly competitive queries.

Stay on top of new trends with Search Query Reports and manage efficiency by maximizing exact match and reducing phrase match.
The conversion funnel length for Hardware and Software has increased over the past year and a half, while Software searchers browse less.

Average user path length in days

- **Hardware**:
  - Jan-May 2020: 9
  - Jan-May 2021: 17

- **Software**:
  - Jan-May 2020: 16
  - Jan-May 2021: 32

Average number of user searches in path

- **Hardware**:
  - Jan-May 2020: 7
  - Jan-May 2021: 7

- **Software**:
  - Jan-May 2020: 8
  - Jan-May 2021: 4

Proprietary Microsoft Advertising Source Data
Product ad clicks are up substantially year over year, with Hardware up 155% and Software up 209%.

Product ad clicks: Hardware and Software

<table>
<thead>
<tr>
<th>Year</th>
<th>Product Ad Clicks</th>
<th>All Other Ad Clicks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>97.62%</td>
<td>2.38%</td>
</tr>
<tr>
<td>2021</td>
<td>92.63%</td>
<td>7.37%</td>
</tr>
</tbody>
</table>

Hardware

<table>
<thead>
<tr>
<th>Year</th>
<th>Product Ad Clicks</th>
<th>All Other Ad Clicks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>90.33%</td>
<td>9.67%</td>
</tr>
<tr>
<td>2021</td>
<td>75.31%</td>
<td>24.69%</td>
</tr>
</tbody>
</table>

Proprietary Microsoft Advertising Source Data
Reaching users across search and native during seasonal periods leads to an incremental lift in site visits and conversion rates.

Both Search and Native

+3.6x visitation rate
vs. only search ad-exposure

+5.4x conversion rate
vs. only search ad-exposure

Source: Microsoft internal data; results may vary for each advertiser based on campaign settings, targeted audiences, and other factors. Lift metrics represent an average of all advertisers with lift studies done during peak seasonal periods (thru May 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 = 3.5M
Premium vs. budget device trends
Average disposable income for US consumers is at its highest in ten years

Monthly percent change in disposable personal income in the US from June 2020 – June 2021

Personal income in the United States was 19.68 trillion U.S. dollars in 2020, the highest value in over ten years.
Interest in budget devices has declined in 2021, while appetite for premium devices increased.

Search volume over time: premium vs. budget devices

Searches for budget devices are moderately positively correlated to those of premium devices.
Premium devices are experiencing positive search momentum in 2021 thus far

Search volume in 2021: premium vs. budget laptops, smartphones, tablets

Pro tip: Plan for premium products to regain share of search interest for the 2021 holiday season.
Searchers in market for budget smartphones are less likely to search for premium devices

### Correlation matrix: search volume

<table>
<thead>
<tr>
<th></th>
<th>Budget laptops</th>
<th>Budget smartphones</th>
<th>Budget tablets</th>
<th>Premium laptops</th>
<th>Premium smartphones</th>
<th>Premium tablets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget laptops</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Budget smartphones</strong></td>
<td>0.51</td>
<td></td>
<td>0.67</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Budget tablets</strong></td>
<td>0.50</td>
<td></td>
<td></td>
<td>0.36</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Premium laptops</strong></td>
<td>0.36</td>
<td></td>
<td></td>
<td>0.15</td>
<td>0.36</td>
<td></td>
</tr>
<tr>
<td><strong>Premium smartphones</strong></td>
<td>0.42</td>
<td></td>
<td></td>
<td>0.21</td>
<td>0.35</td>
<td>0.90</td>
</tr>
<tr>
<td><strong>Premium tablets</strong></td>
<td>0.33</td>
<td></td>
<td>0.46</td>
<td>0.74</td>
<td>0.66</td>
<td>0.59</td>
</tr>
</tbody>
</table>

**Pro tip:** Those in the market for budget laptops and tablets may also be likely to jump to premium options.

Proprietary Microsoft Advertising Source Data
Key takeaways

- Expect consumers to start **shopping earlier this holiday season**, with 68% of survey respondents reporting that they have already started shopping.

- Consider a **multi-channel strategy** to capture consumers with **longer conversion windows**, as both conversion windows for hardware and software searches have increased since last year.

- Expect search volume for tech devices to be **around or slightly lower than last year**, and very likely higher than 2019.

- Plan for a holiday season driven by **premium devices** – interest in budget devices has declined in 2021 while appetite for premium devices increased. This is the opposite of what happened in 2020.

- Searchers in the market for budget laptop and tablets may **also be interested in premium options** based on search volume correlations (this is not the case for budget smartphone searchers). Keep this in mind when targeting audiences.
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