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MICROSOFT ADVERTISING INSIGHTS

Preparing for Holiday 2021: Technology edition

Hardware & Software

Microsoft Advertising. Great relationships start here.

How will Holiday 2021 be different?

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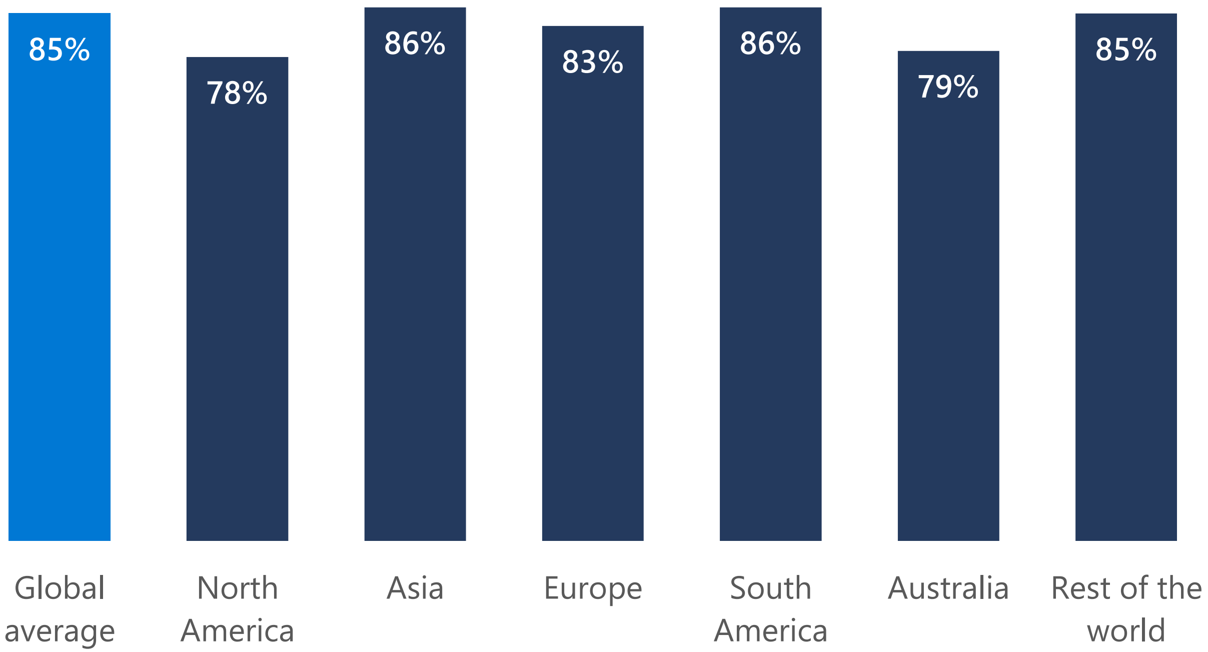
It’s going to be a digital-first holiday season globally, and the trend is expected to accelerate

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

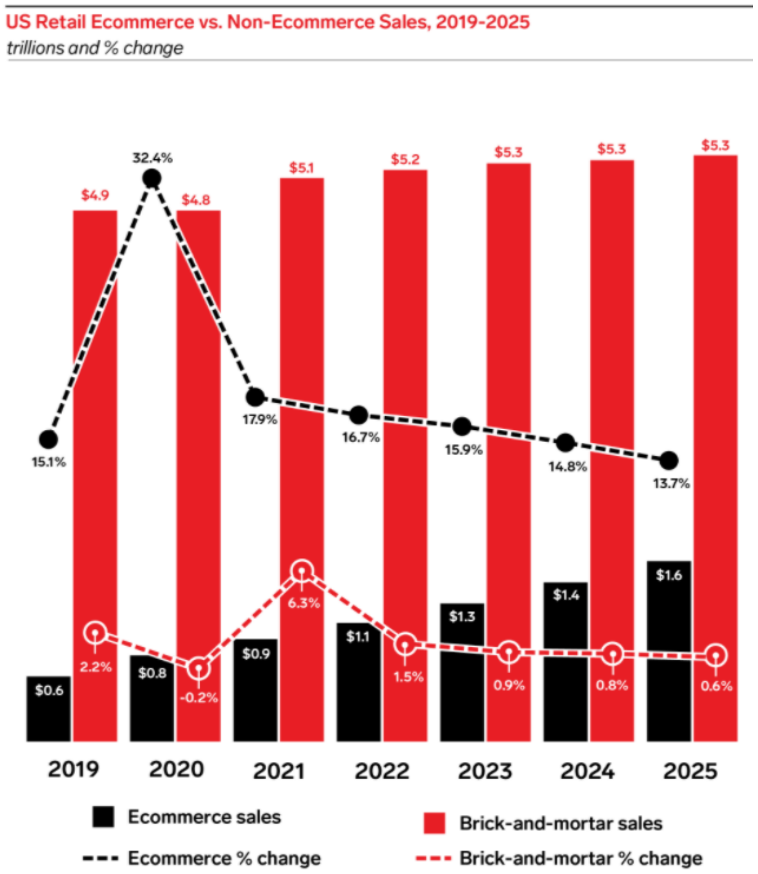


1 in 5
people are expecting to increase their online shopping behavior over the next year

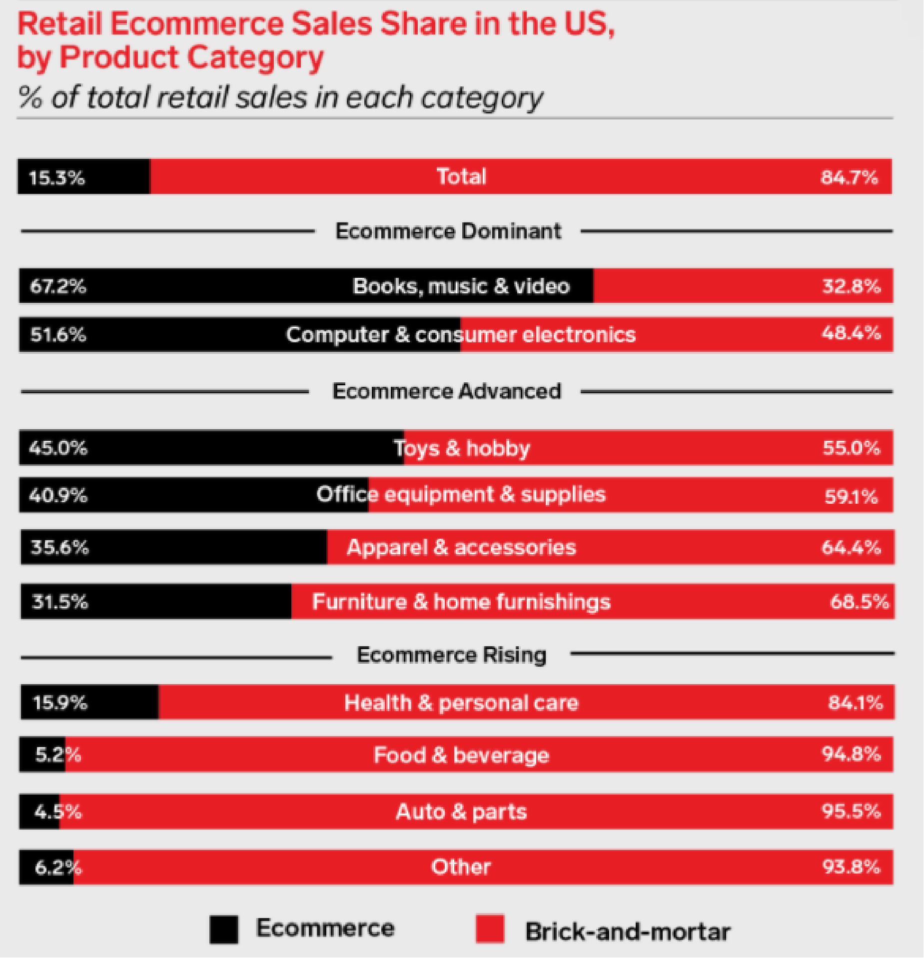
Source:: Statista, Total global share of consumers who shopped online in 2020, by region, 2021.
Source: IMI Next Wave, eCommerce: Winning in 2020 & Beyond, 2020.

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



US Ecommerce Forecast 2021 - Insider Intelligence Trends, Forecasts & Statistics (emarketer.com)

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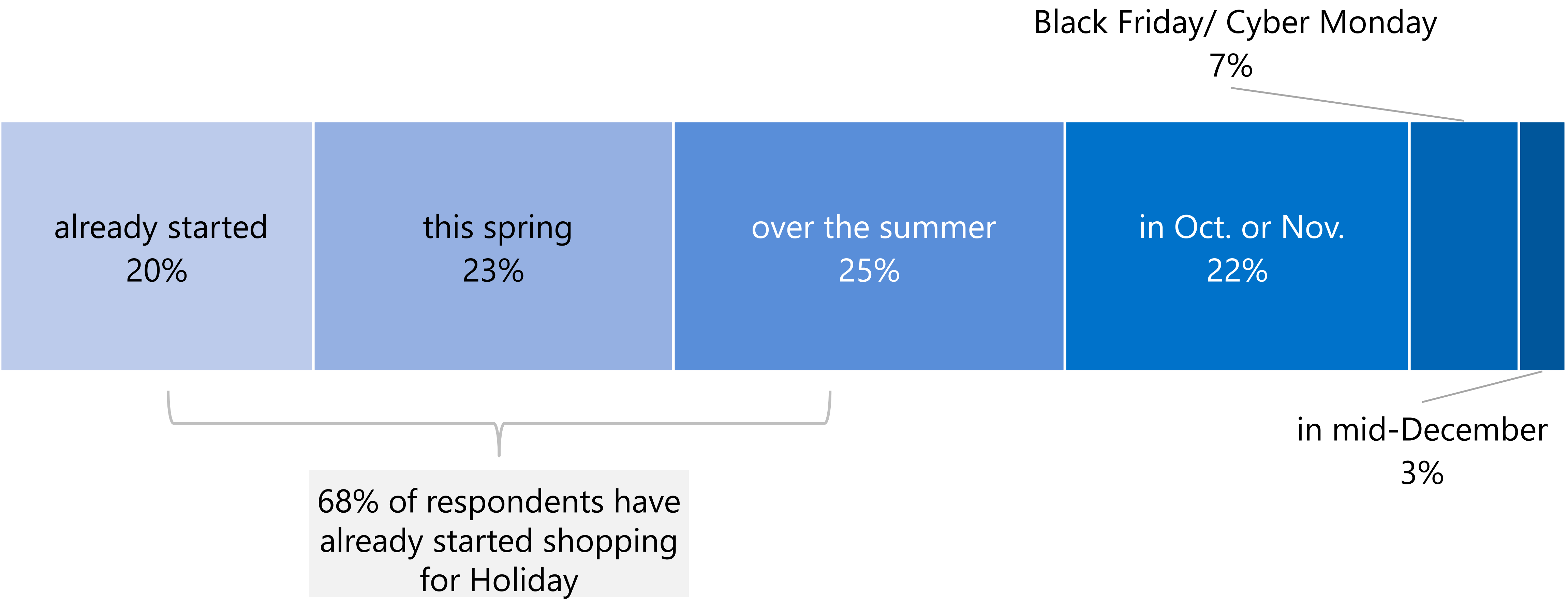
For some, holiday shopping is already underway

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



Microsoft Holiday Gifting Survey May 2021, n=1030

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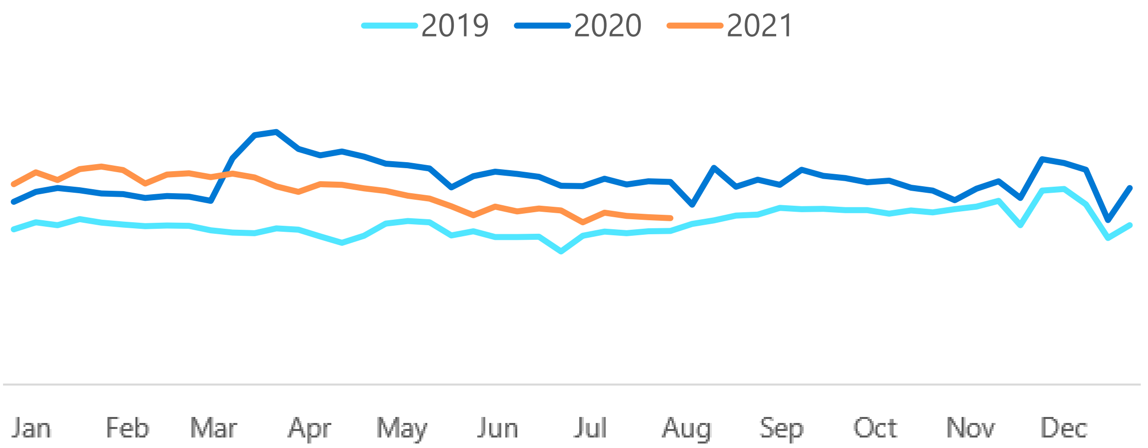
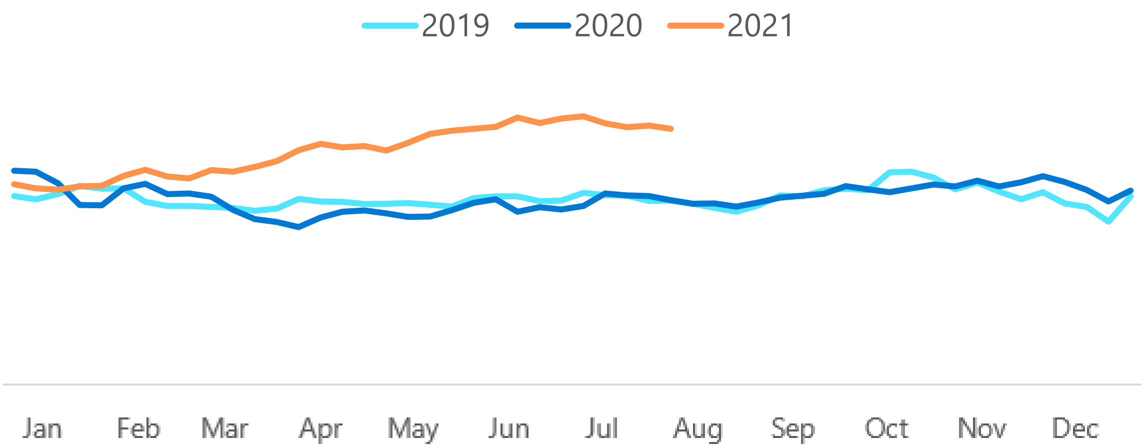
The Technology space is trending toward a competitive Holiday season

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

Searches



Cost per click (CPC)



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.

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.

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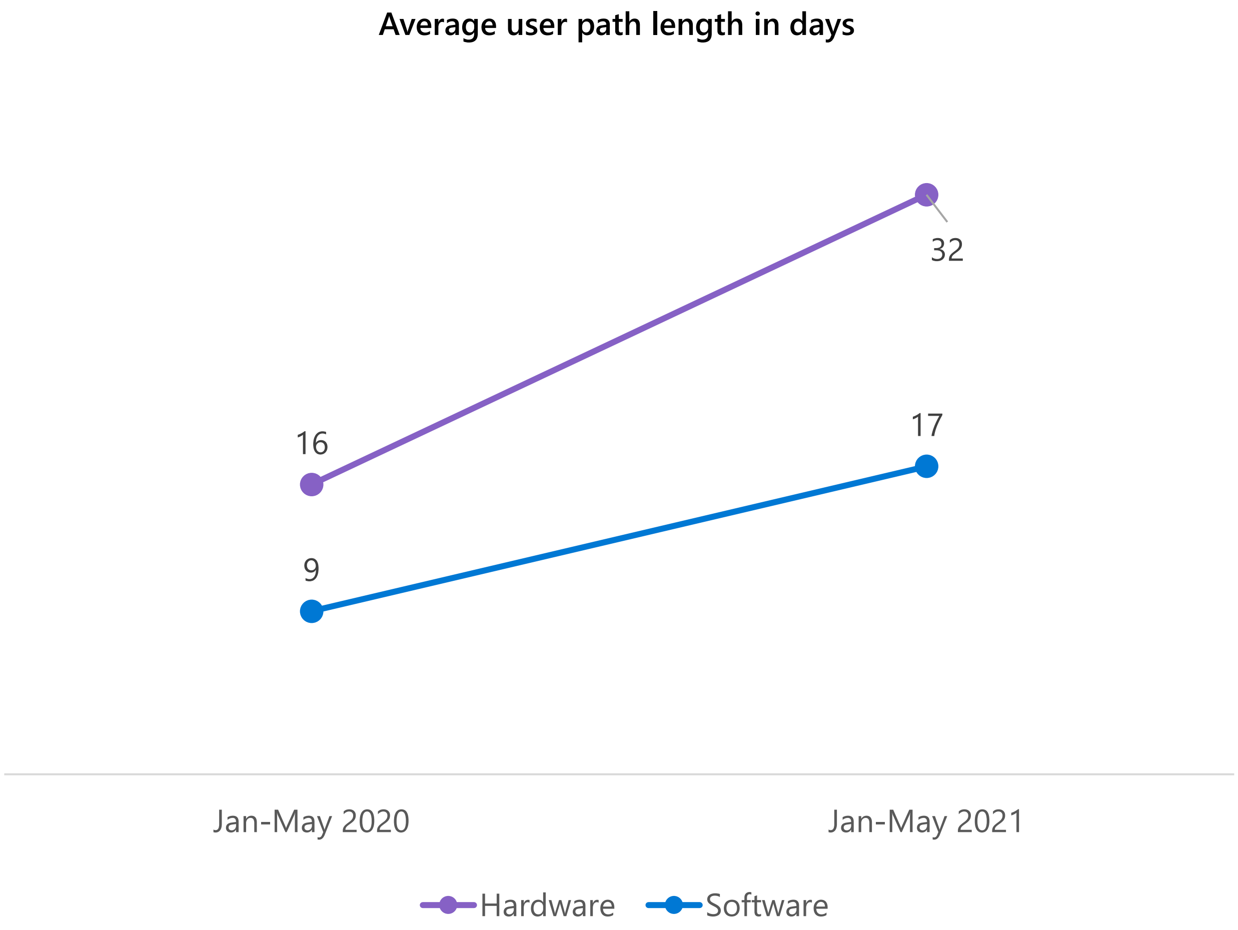
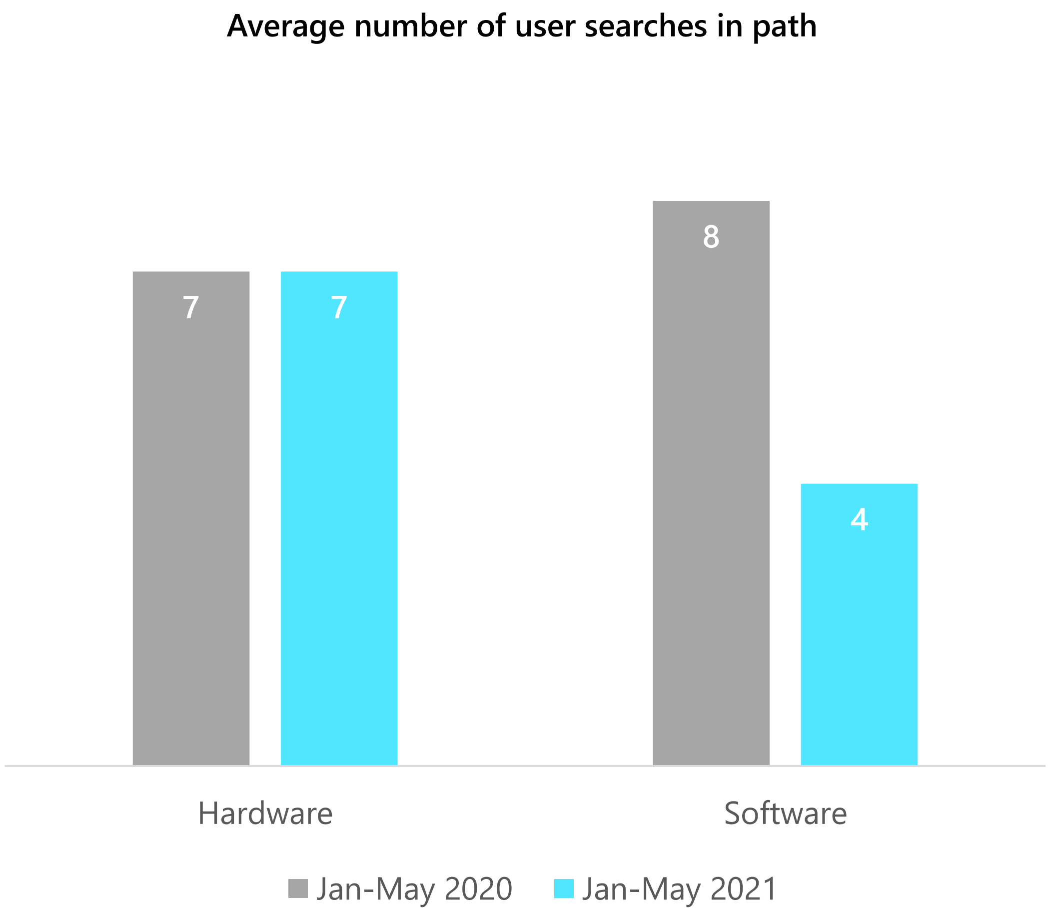
The conversion funnel length for Hardware and Software has increased over the past year and a half, while Software searchers browse less





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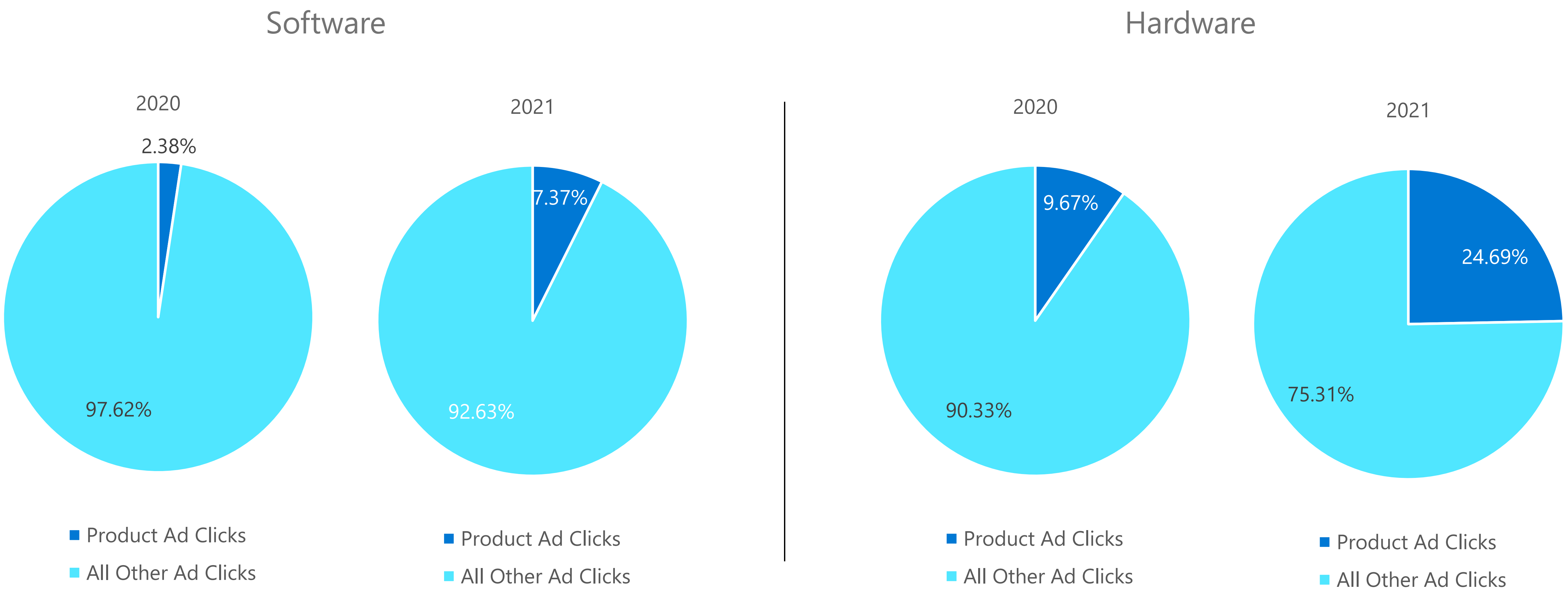
Proprietary Microsoft Advertising Source Data

Product ad clicks are up substantially year over year, with Hardware up 155% and Software up 209%

Product ad clicks: Hardware and Software



Proprietary Microsoft Advertising Source Data

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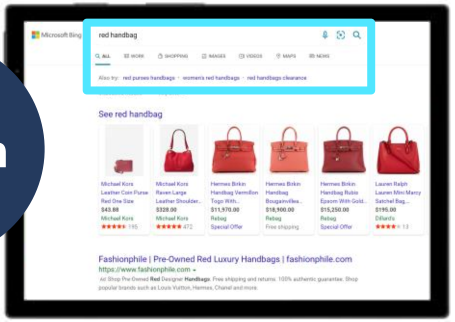
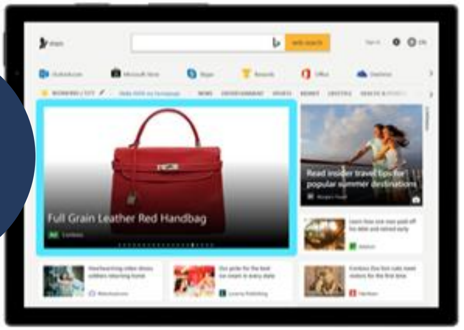
Reaching users across search and native during seasonal periods leads to an incremental lift in site visits and conversion rates

Search



+

Native



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

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Premium vs. budget device trends

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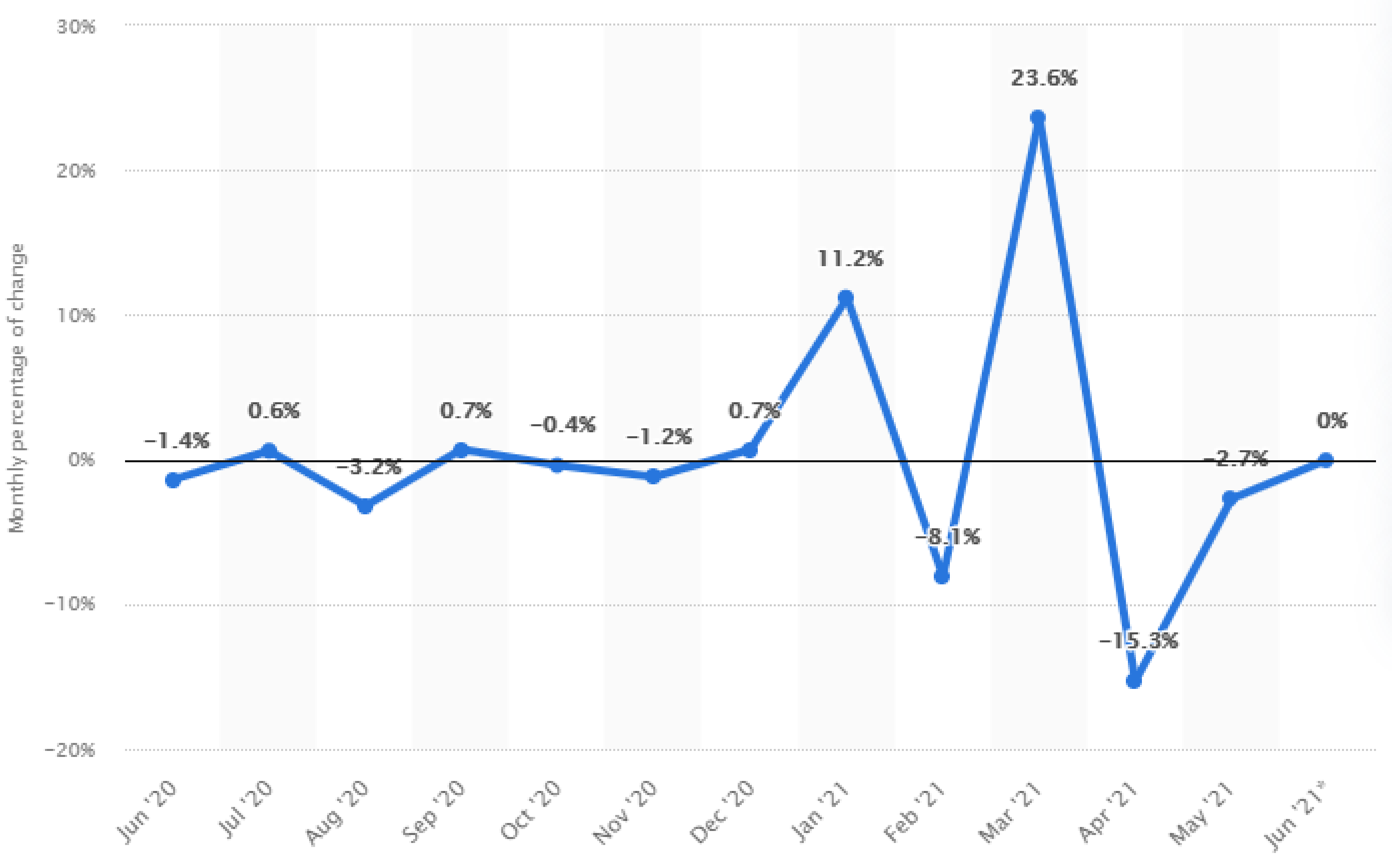
Average disposable income for US consumers is at its highest in ten years

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

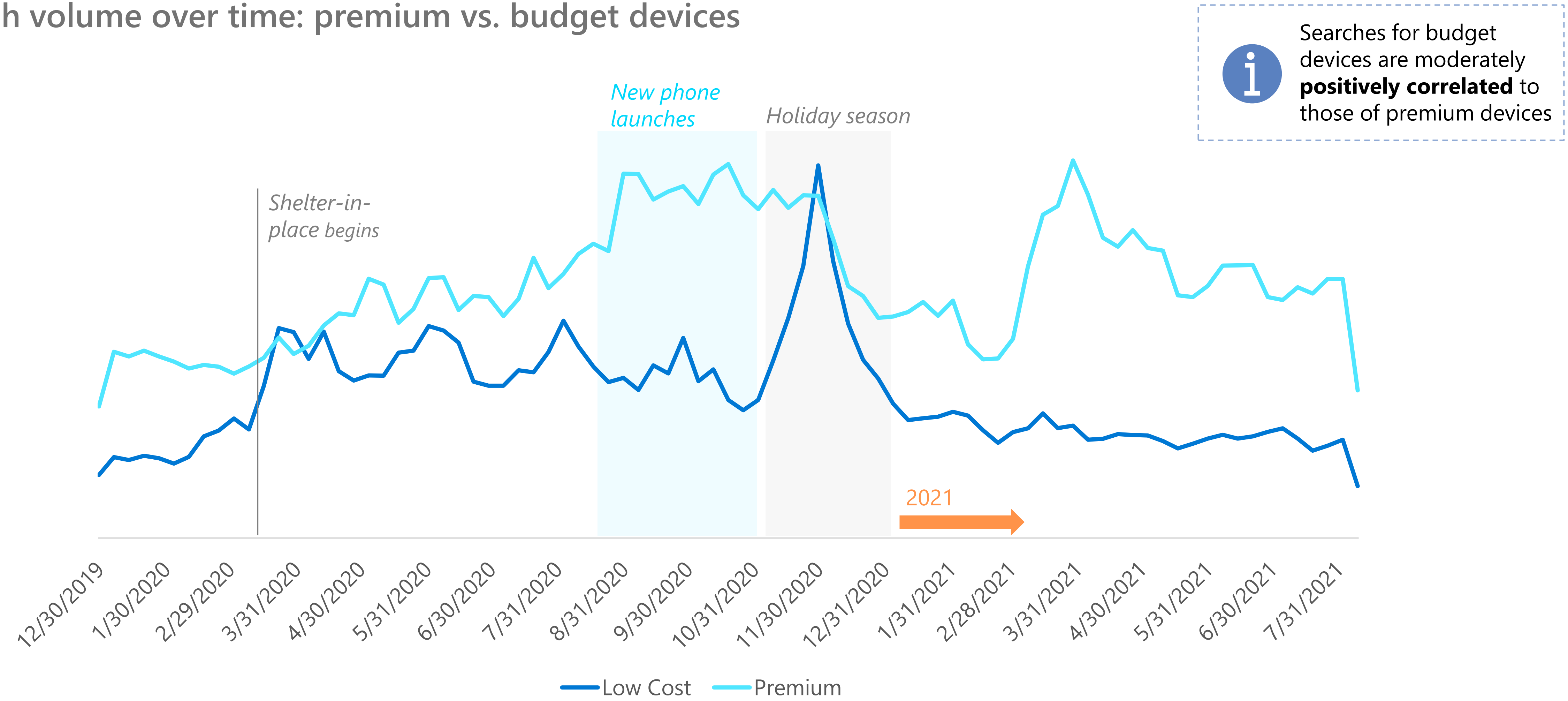


Personal income in the United States was 19.68 trillion U.S. dollars in 2020, the **highest value in over ten years**.

Statista, August 2021

Interest in budget devices has declined in 2021, while appetite for premium devices increased

Search volume over time: premium vs. budget devices



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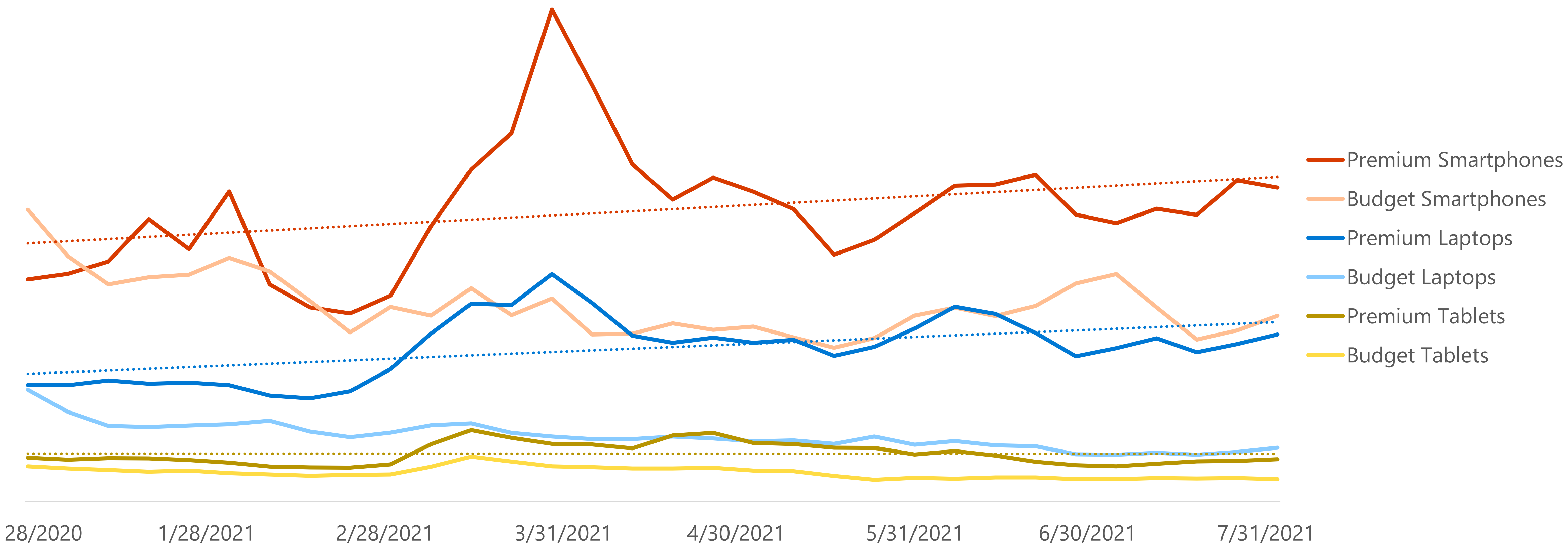
Premium devices are experiencing positive search momentum in 2021 thus far

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.

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Searchers in market for budget smartphones are less likely to search for premium devices

Correlation matrix: search volume

	Budget laptops	*Budget smartphones*	*Budget tablets*	Premium laptops	Premium smartphones	Premium tablets
Budget laptops						
Budget smartphones	0.51					
Budget tablets	0.50	0.67				
Premium laptops	0.36	0.15	0.36			
Premium smartphones	0.42	0.21	0.35	0.90		
Premium tablets	0.33	0.46	0.74	0.66	0.59	

Strongly Positively Correlated

Slightly Correlated

Not Correlated

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

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

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