



MICROSOFT ADVERTISING INSIGHTS

United Kingdom Retail festive season insights

Microsoft Advertising. Great relationships start here.



2021 year-to-date trends: Apparel

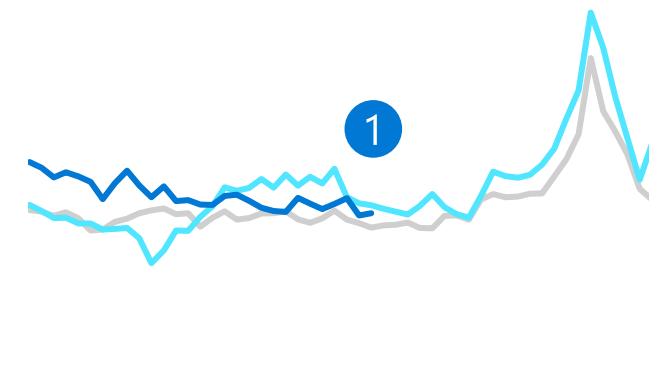


Recent openings are influencing dynamics in the auction

Weekly searches

(UK, Apparel)

— 2019 — 2020 — 2021



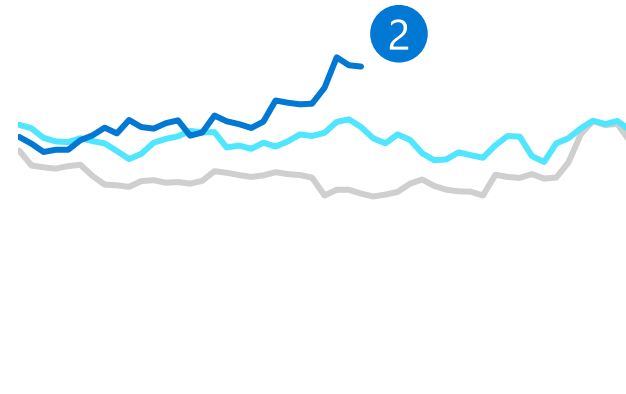
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

1. 2021 and 2020 **search volumes** are almost even in recent weeks, -5% year-over-year (YoY) growth in the last week

Weekly average CPC

(UK, apparel)

— 2019 — 2020 — 2021



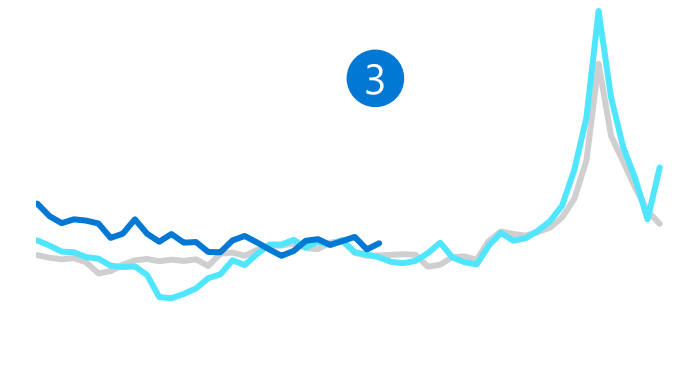
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

2. In recent weeks, average **cost per clicks (CPCs)** are **increasing**, probably due to changes in query mix, currently at **+22% YoY**

Weekly clicks

(UK, apparel)

— 2019 — 2020 — 2021

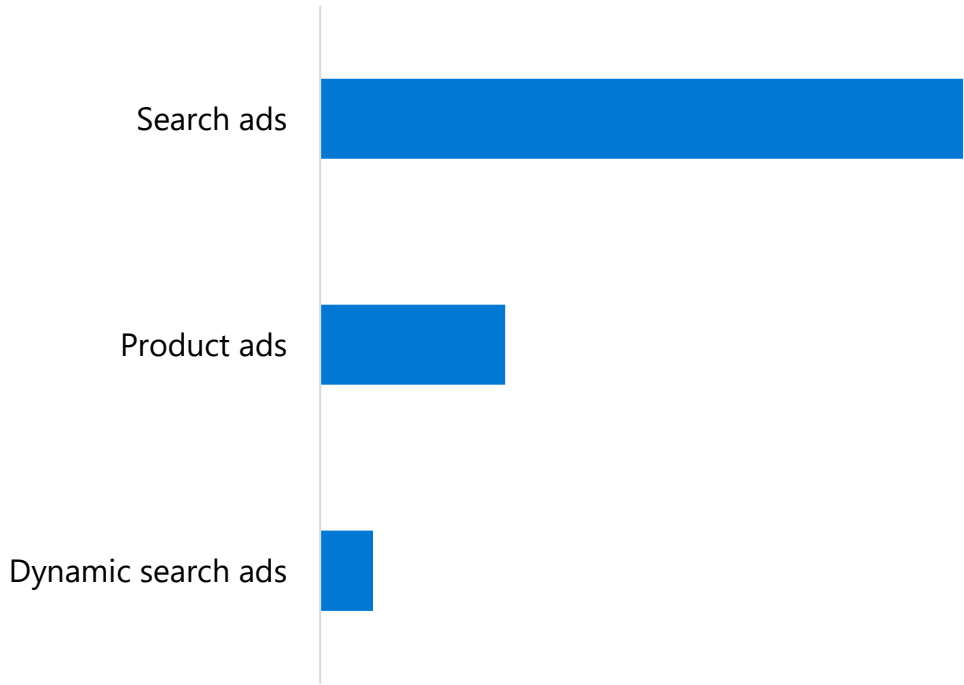


Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

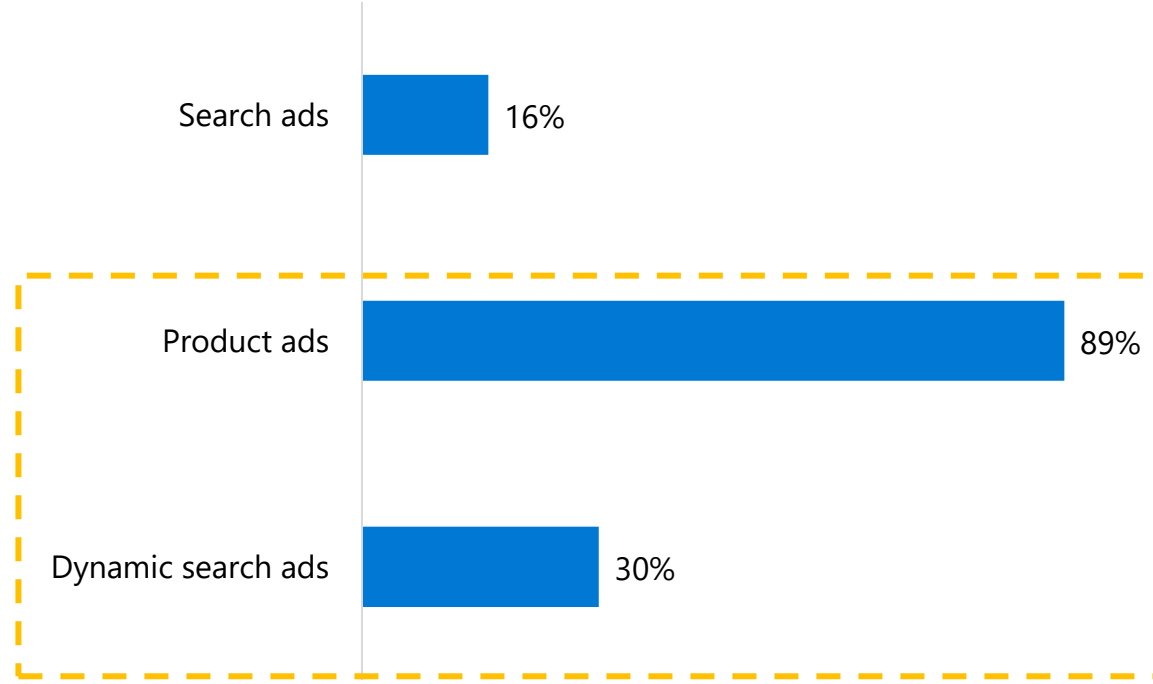
3. **2021 clicks are still going strong**, currently slightly over 2020 levels with **+11% YoY** in most recent week

New ad formats are outpacing average growth as adoption grows and consumer interaction increases

Ad type share of clicks 2021 year-to-date (YTD)
(UK, Apparel & Accessories advertisers)



Ad type clicks YoY growth 2021 year-to-date (YTD)
(UK, Apparel & Accessories advertisers)

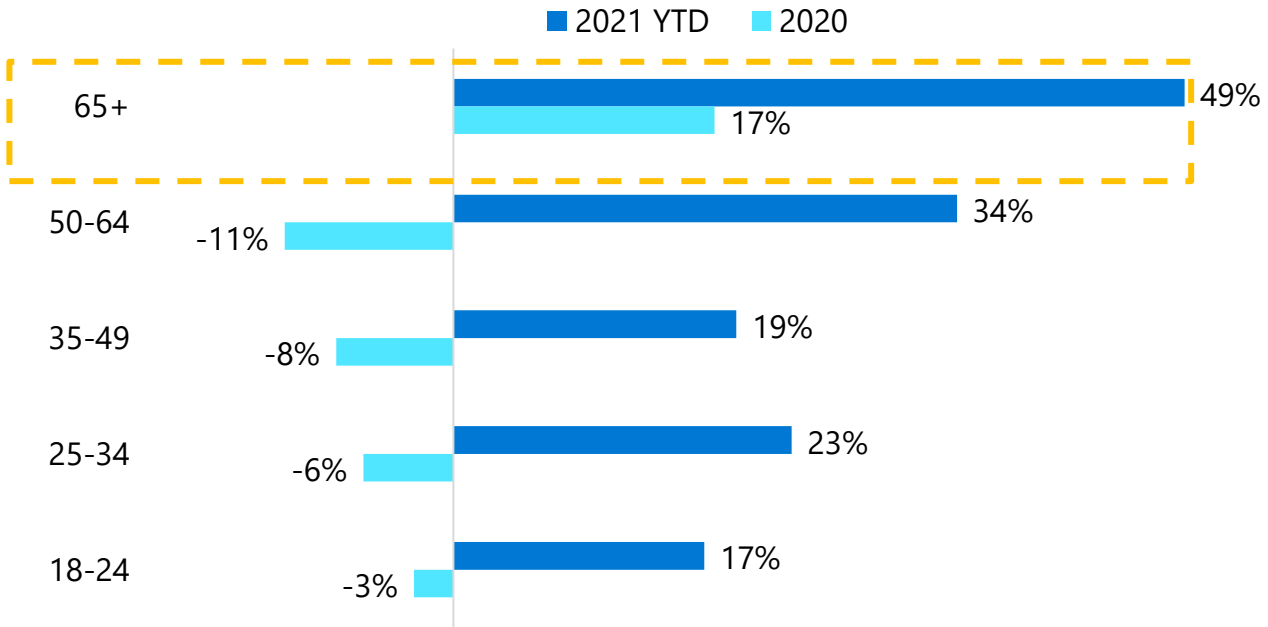


*) Numbers might not add up due to rounding
Source: Microsoft internal, market performance on owned and operated network, UK, Retail – Apparel & Accessories advertisers, 2020-2021 (up till August)



65+ outpacing average growth

YoY change in clicks by age group
(UK, Apparel)



Source: Microsoft internal, market performance on owned and operated network, UK, Retail – Apparel query categories, 2019-2021

2021 year-to-date trends: Computers & Consumer Electronics

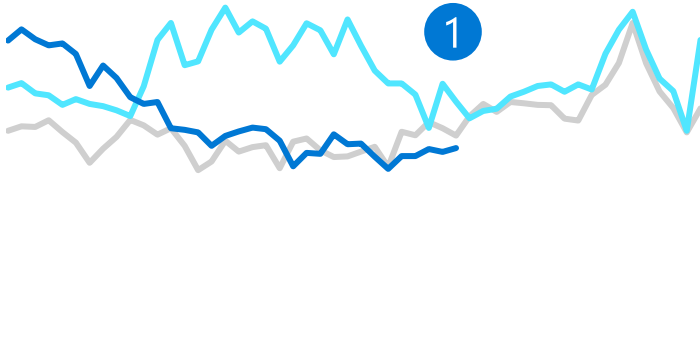


Current consumer interest is floating below 2020 levels

Weekly searches

(UK, Computers & Consumer Electronics)

— 2019 — 2020 — 2021



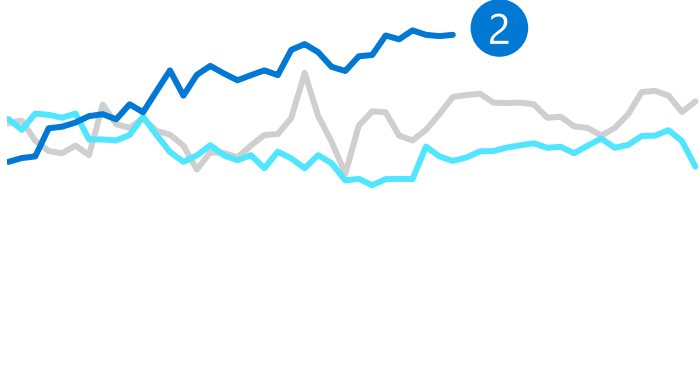
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

1. The buoying consumer interest early last year was not replicated this year. Currently volumes are down **-17% YoY**

Weekly average CPC

(UK, Computers & Consumer Electronics)

— 2019 — 2020 — 2021



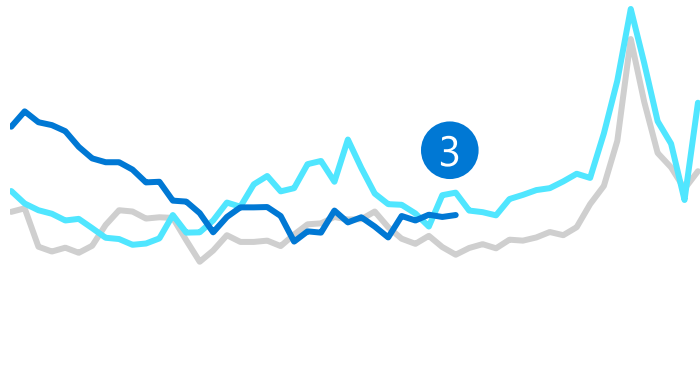
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

2. In line with decline in search volumes **cost per clicks (CPCs) are going up** potentially due to changes in query mix, currently at **+54% YoY**

Weekly clicks

(UK, Computers & Consumer Electronics)

— 2019 — 2020 — 2021



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

1. The surge in **clicks** in 2020 is not shown in 2021, current volumes are close to but not meeting 2021 levels showing **-12% YoY** in last week

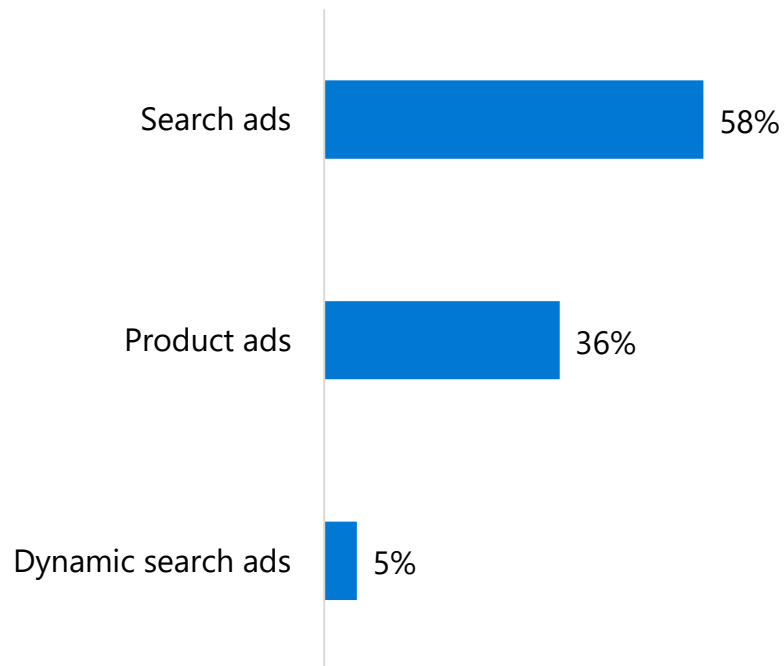
Source: Microsoft internal, market performance on owned and operated network, UK, Retail – Computers & Consumer Electronics categories, 2019-2021



Product ads are driving overall growth

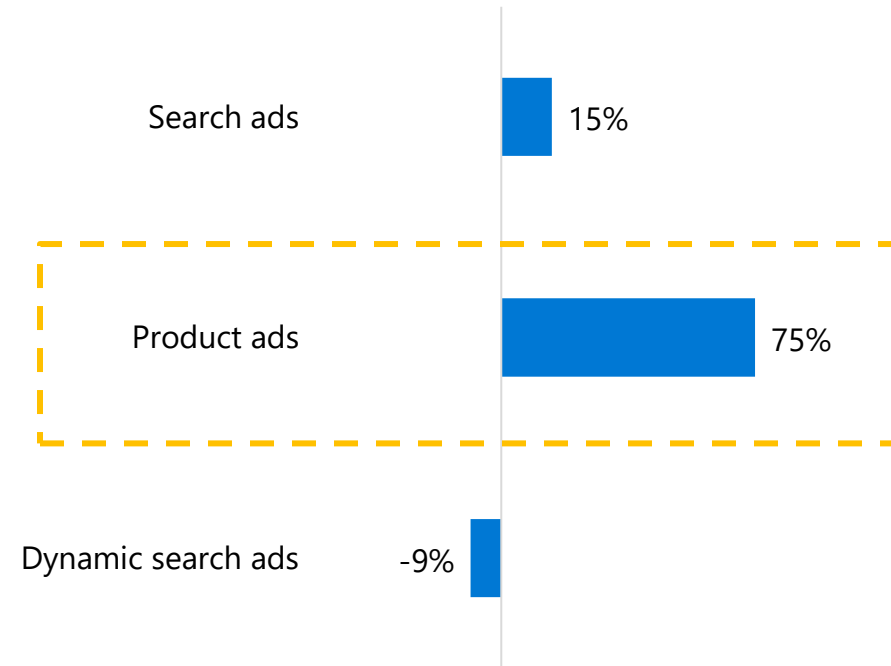
Ad type share of clicks 2021 YTD

(UK, Consumer Electronics advertisers)



Ad type clicks YoY growth 2021 YTD

(UK, Consumer Electronics advertisers)

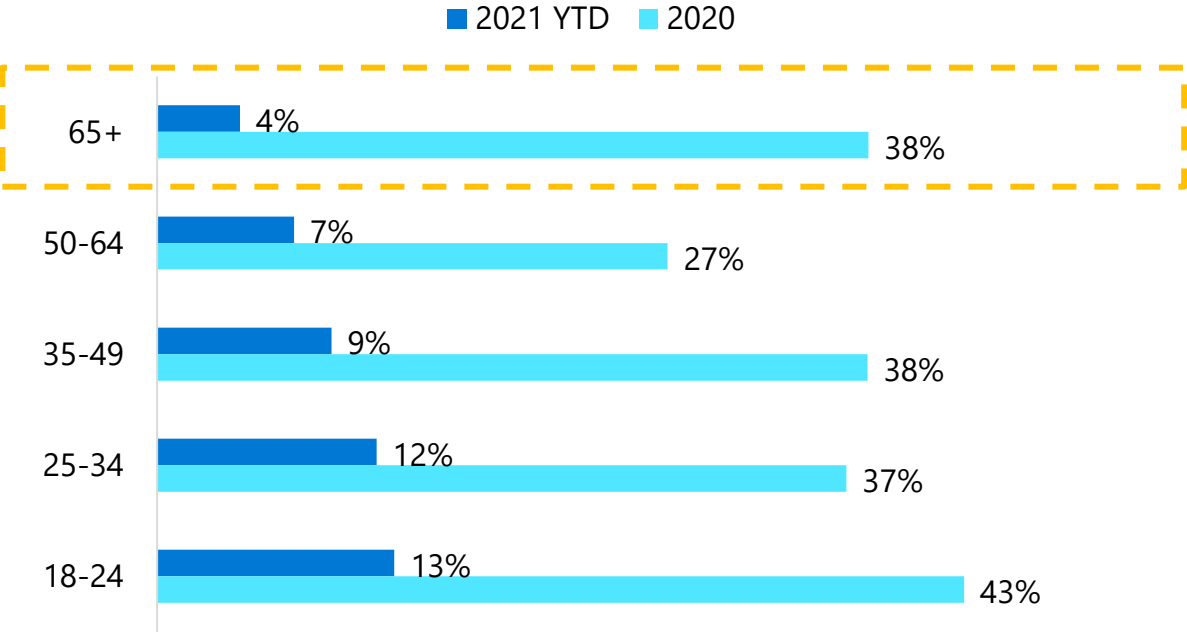


*) Numbers might not add up due to rounding

Source: Microsoft internal, market performance on owned and operated network, UK, Retail – Consumer Electronics advertisers, 2020-2021 (up till August)

65+ is growing in line with average

YoY change in clicks by age group
(UK, Computers & Consumer Electronics)



Source: Microsoft internal, market performance on owned and operated network, UK, Retail – Computers & Consumer Electronics query categories, 2019-2021



2021 year-to-date trends: Home & Garden

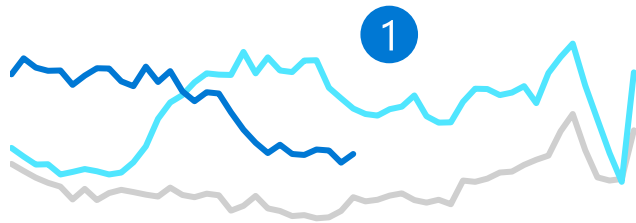


Recent openings have resulted in less online activity, but clicks are still close to 2020 levels

Weekly searches

(UK, Home & Garden)

— 2019 — 2020 — 2021



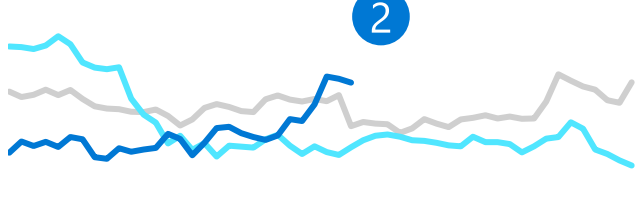
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

1. 2021 did not replicate the 2020 search volume pattern but is still above 2019 levels, currently showing **-18% YoY decline**

Weekly average CPC

(UK, Home & Garden)

— 2019 — 2020 — 2021



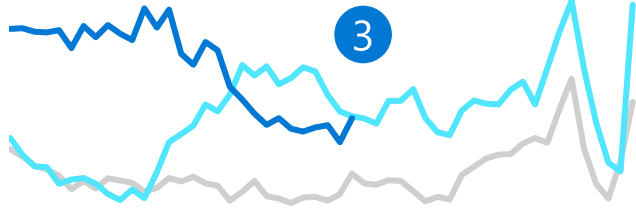
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

2. **Cost per clicks (CPCs)** have been going up in recent weeks, potentially due to changes in query mix, currently at **+29% YoY**

Weekly clicks

(UK, Home & Garden)

— 2019 — 2020 — 2021



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

3. 2021 **clicks** had a head start vs. 2020 but could not replicate Mar-May 2020 growth, trending below 2020 since May but **equal to 2020 in most recent week**

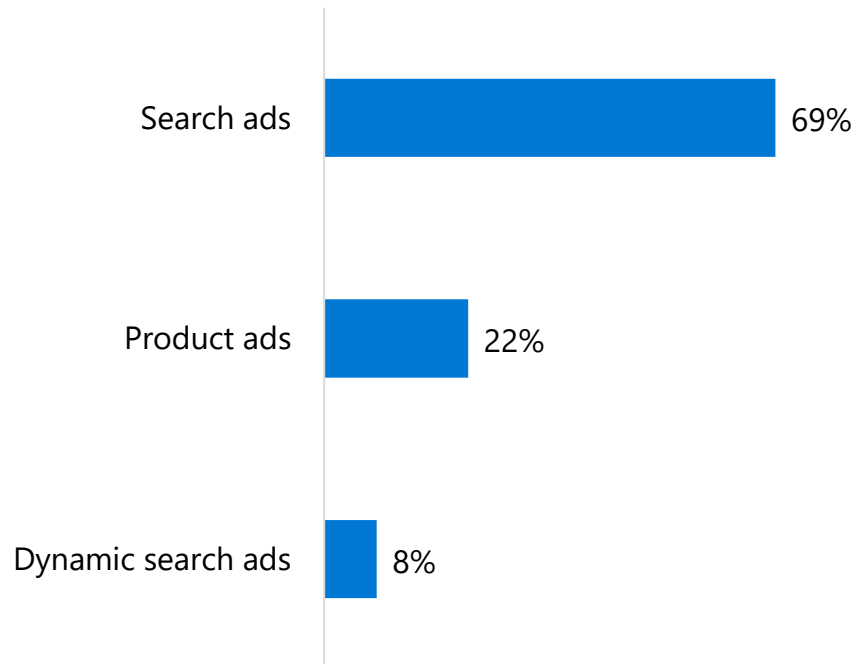
Source: Microsoft internal, market performance on owned and operated network, UK, Retail – Home & Garden categories, 2019-2021



New ad formats are driving up category growth

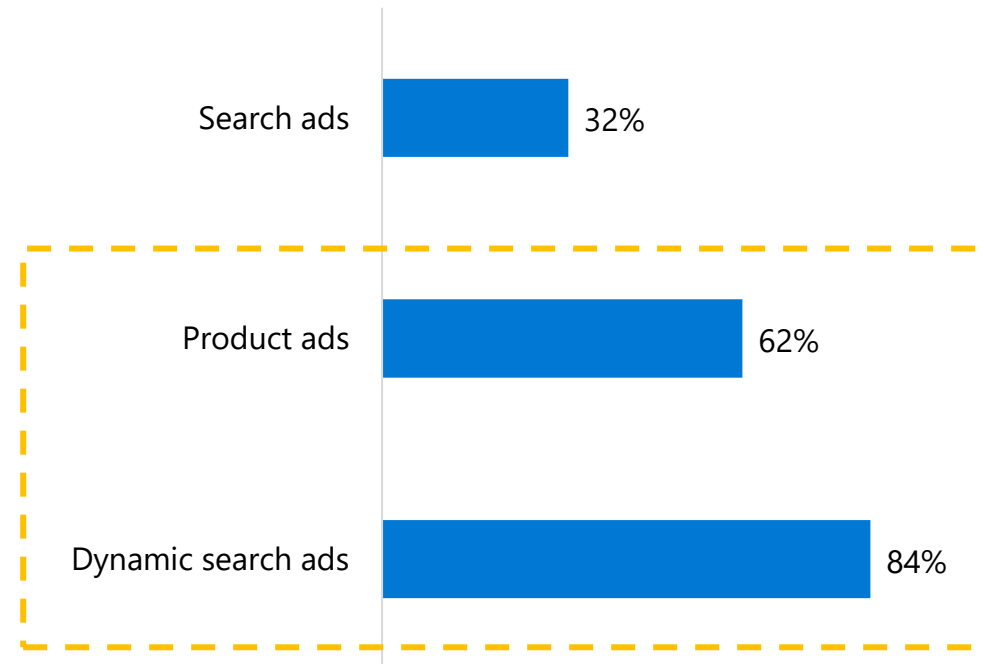
Ad type share of clicks 2021 YTD

(UK, Home & Garden advertisers)



Ad type clicks YoY growth 2021 YTD

(UK, Home & Garden advertisers)



*) Numbers might not add up due to rounding

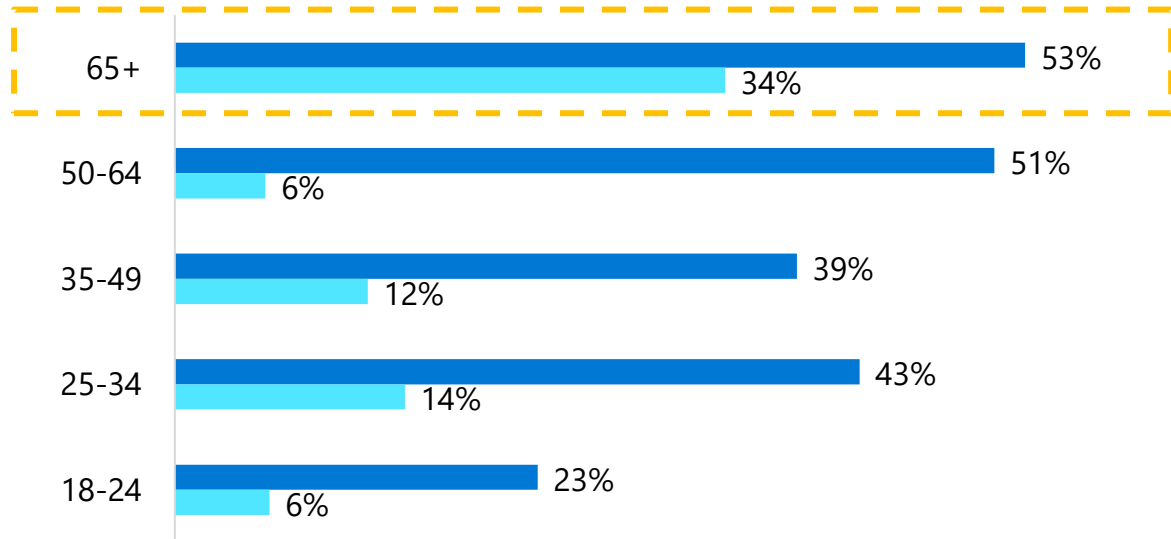
Source: Microsoft internal, market performance on owned and operated network, UK, Retail – Home & Garden advertisers, 2020-2021 (up till August)

65+ outpacing average growth

YoY change in clicks by age group

(UK, Home & Garden)

■ 2021 YTD ■ 2020



Source: Microsoft internal, market performance on owned and operated network, UK, Retail – Home & Garden categories, 2019-2021



Focus on Black Friday



Prime Day not occurring in October may lead to additional Black Friday sales

Retail calendar November – December 2021

NOVEMBER 2021						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

DECEMBER 2021						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

- 26 Black Friday
- 29 Cyber Monday
- Black Friday Week

- 25 Christmas Day
- 26 Boxing Day

The runup to Black Friday is expected to show increasing search volumes, as promotions get released by Retailers.

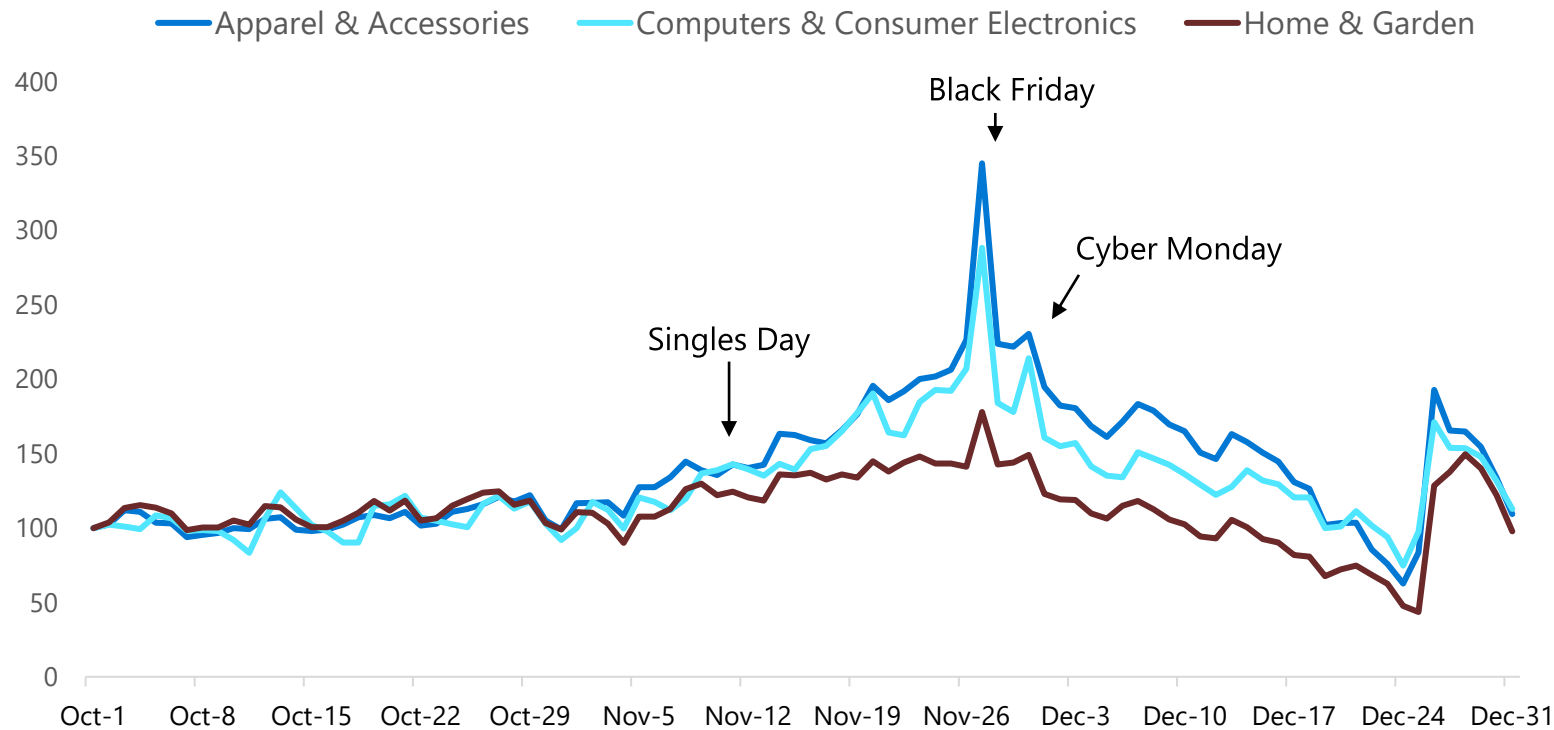
Consumers shopping for Christmas will continue to drive increased search volumes in the first weeks of December.

Amazon Prime Day will not happen in October this year, which potentially will drive consumers to shop more during Black Friday.

Apparel shows the highest acceleration towards Black Friday

Daily clicks indexed – festive season 2020

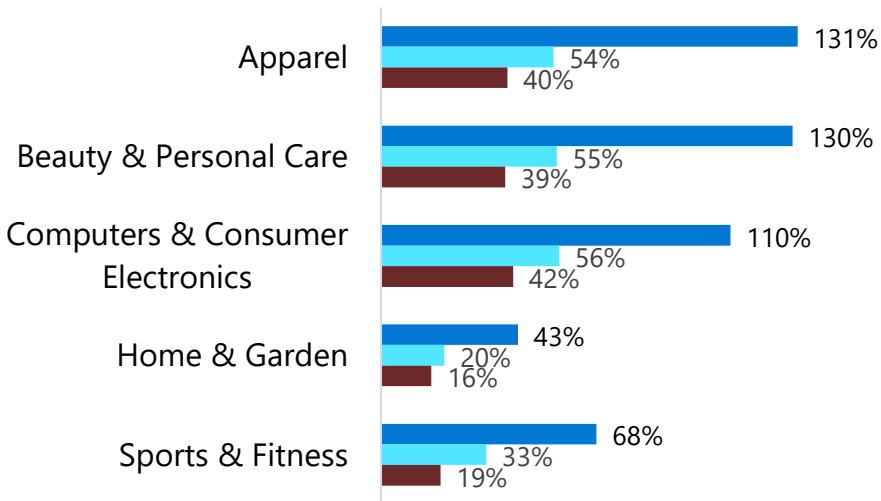
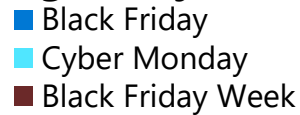
(UK)



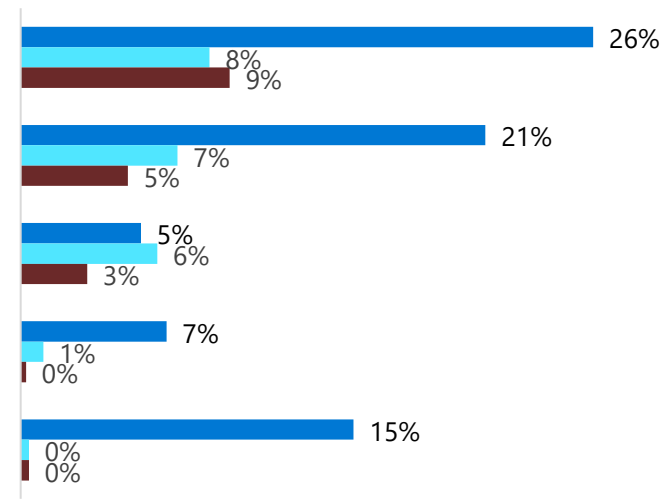
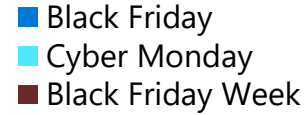
- **Apparel:** Volumes take off early November, data suggests this category is showing highest Black Friday impact.
- **Computers & Consumer Electronics:** Like Apparel, volumes start taking off early November, peaking on Black Friday with equally Cyber Monday uptick
- **Home & Garden:** Showing slower growth towards Black Friday, yet interest is rising early November

As Black Friday approaches, consumers interact more with ads

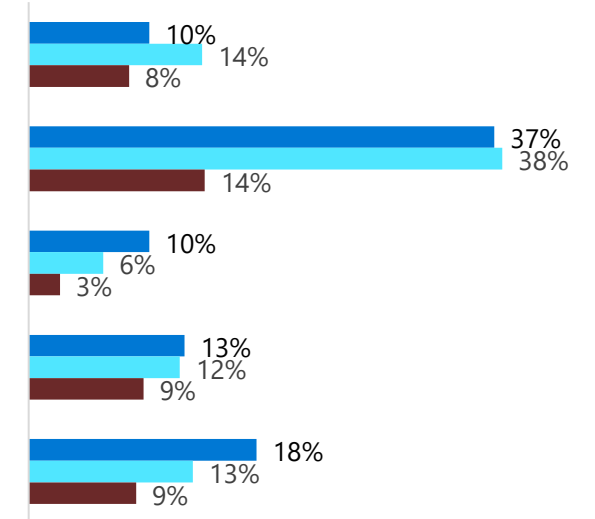
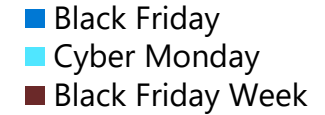
Average daily click uplift



Average click-thru-rate (CTR) uplift



Average CPC uplift



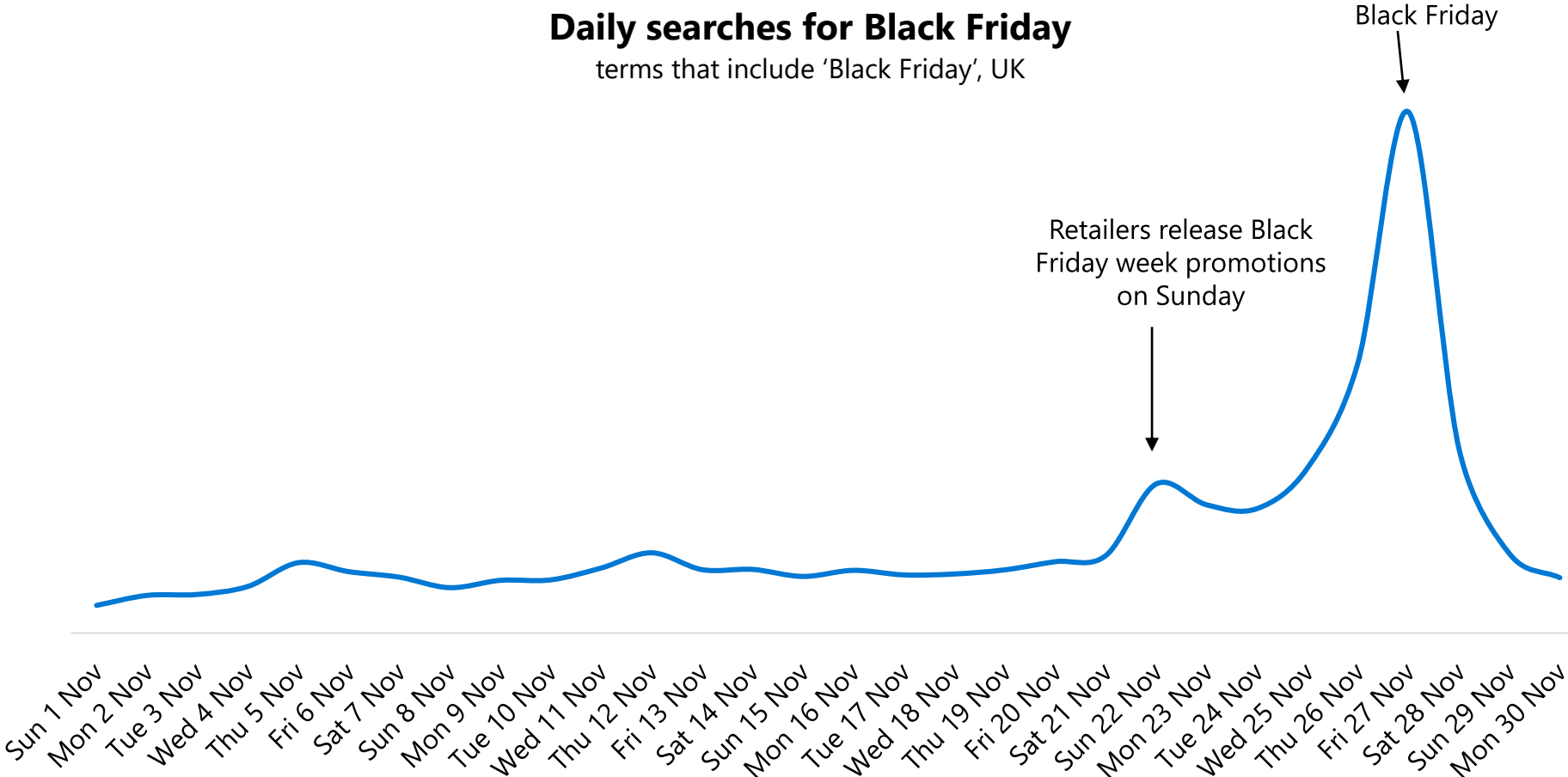
1 Black Friday is especially strong for **Apparel** and **Beauty & Personal Care**

2 People increasingly interact with ads when promotional days occur

3 CPCs generally go up

*) Uplift measured by comparing Black Friday average performance, Cyber Monday average performance and Black Friday week average performance to average daily performance in first 3 weeks November
Source: Microsoft internal, Bing Search and Yahoo Search, UK, Q4 2020

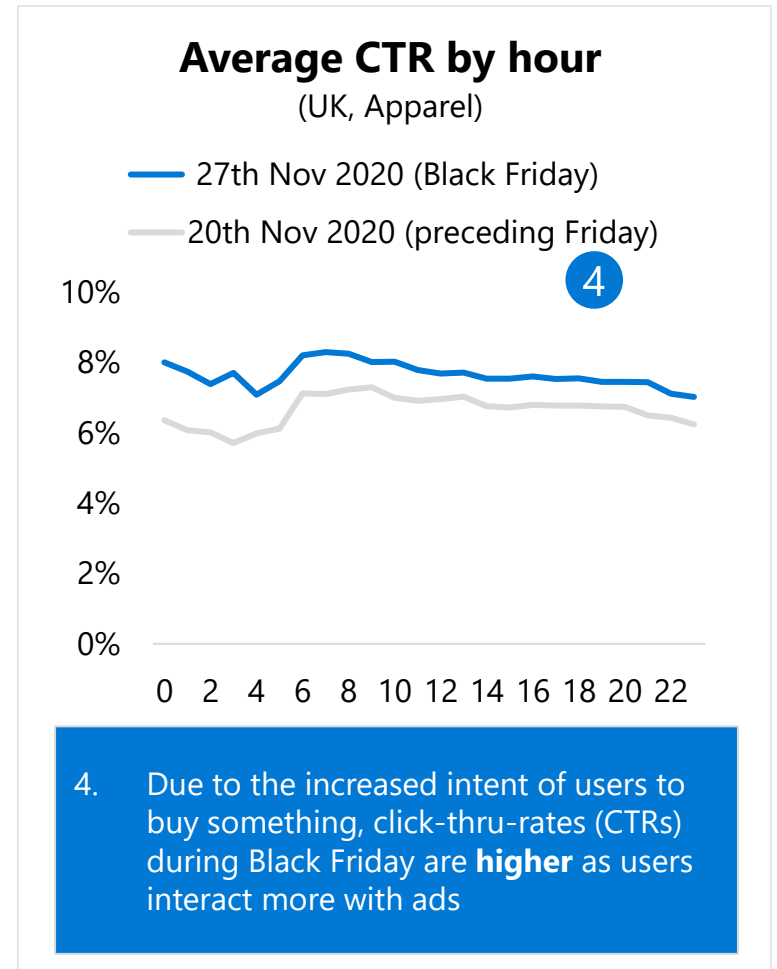
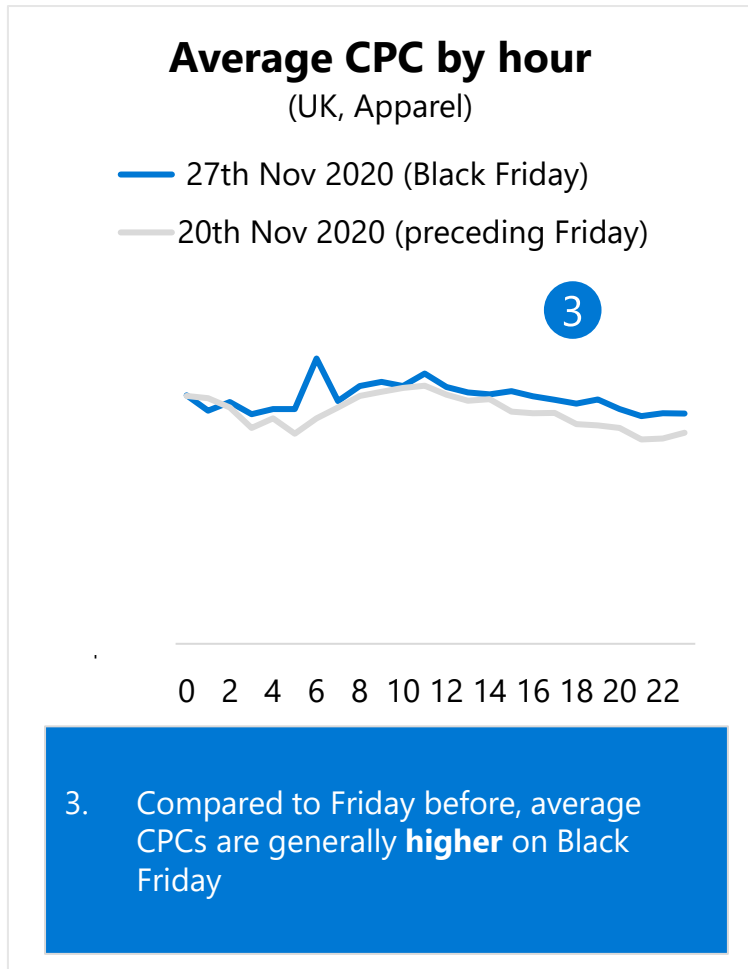
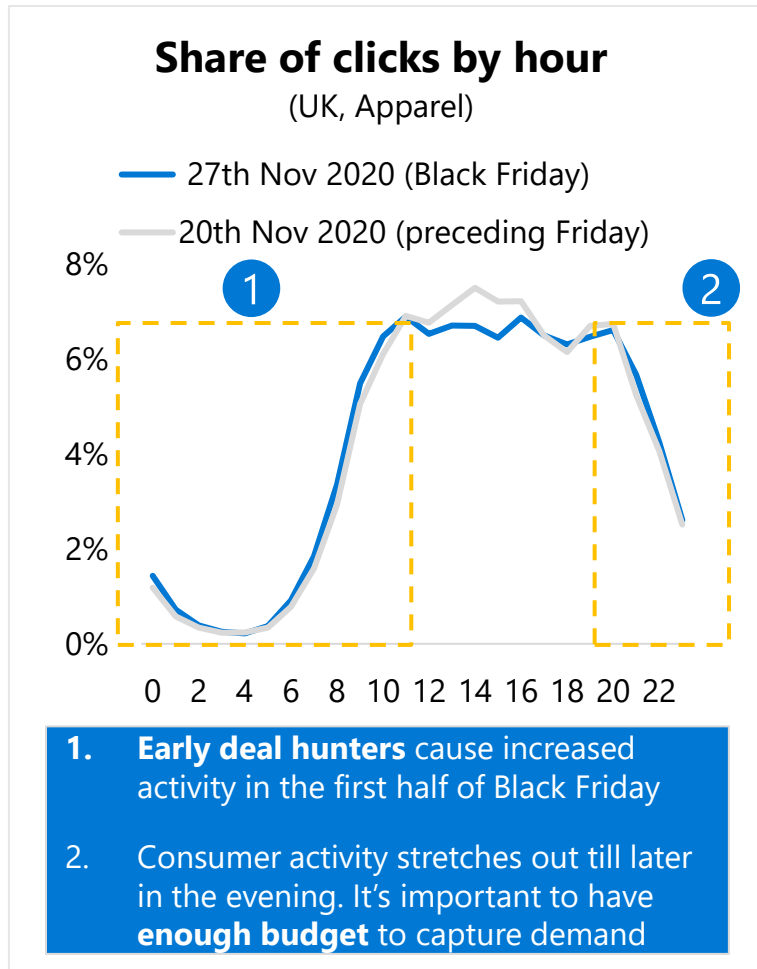
Black Friday interest started to accelerate from November 22nd



Source: Microsoft internal, market performance on owned and operated network, UK, searches that include 'black friday', November 2020



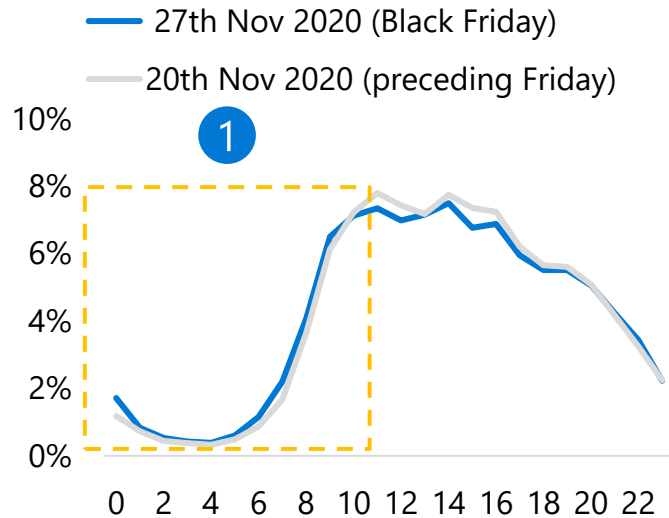
Black Friday starts off with early deal-hunters, with increased activity into late in the evening



Early deal-hunters start at midnight, lifting AM click volumes

Share of clicks by hour

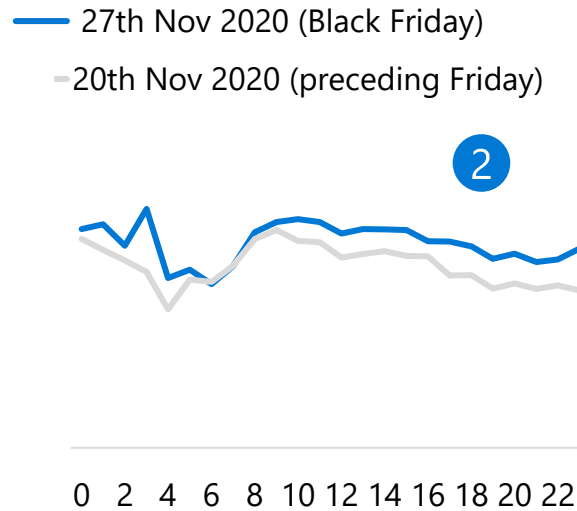
(UK, Computers & Consumer Electronics)



1. **Early deal hunters** cause increased activity at the start of Black Friday

Average CPC by hour

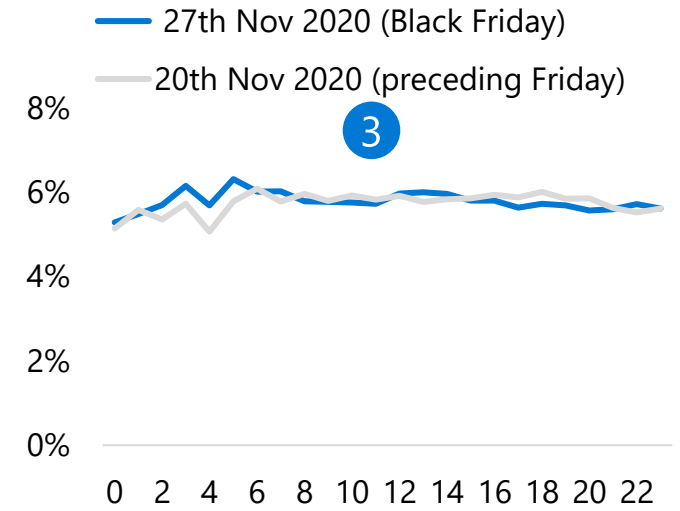
(UK, Computers & Consumer Electronics)



2. Compared to Friday before, average CPCs are generally slightly **higher** on Black Friday

Average CTR by hour

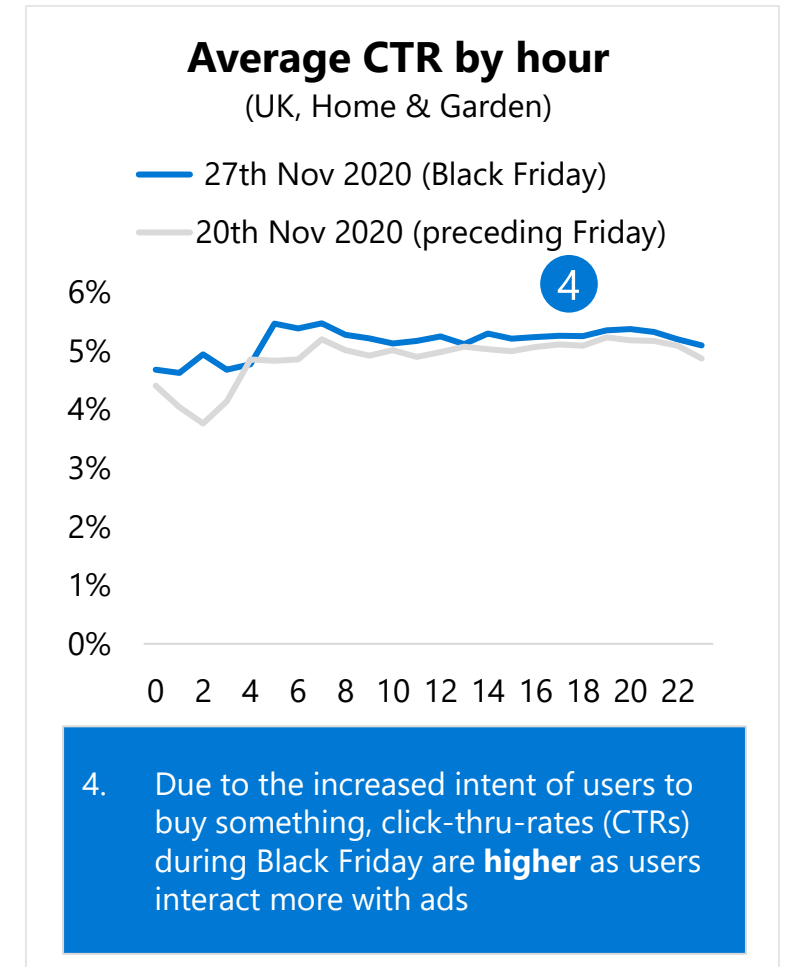
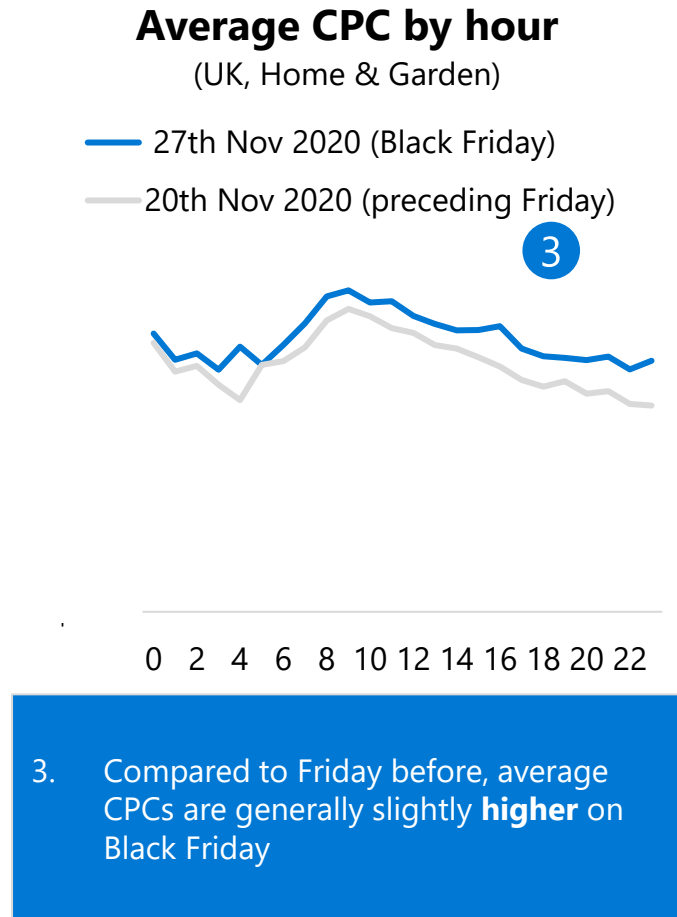
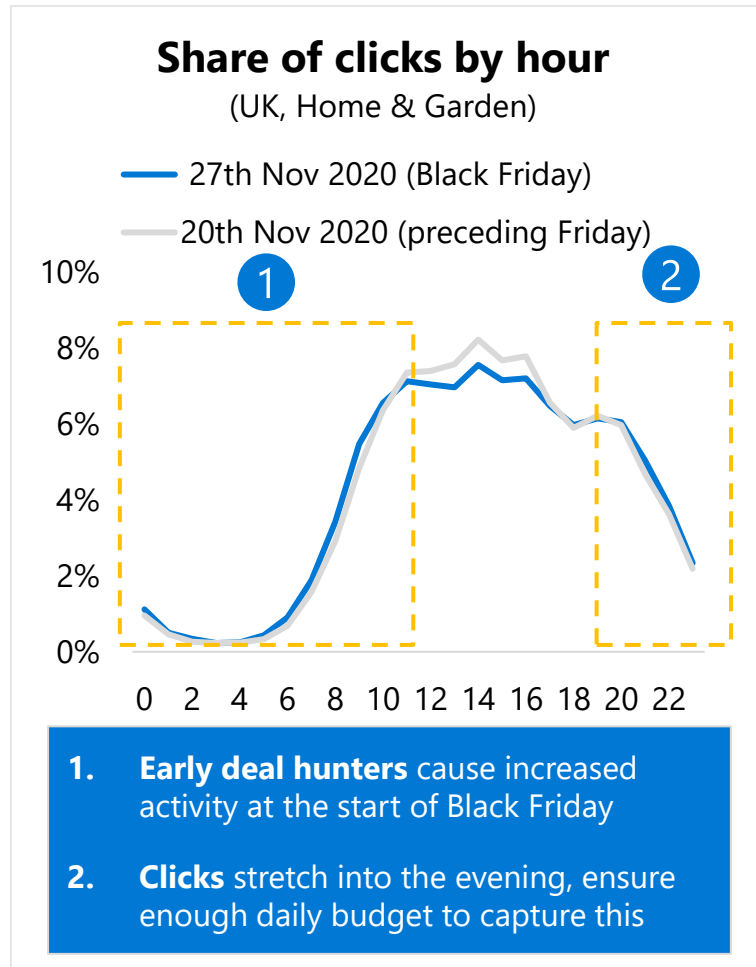
(UK, Computers & Consumer Electronics)



3. Click-thru-rates (CTRs) during Black Friday are almost constant compared to previous Friday

Home & Garden

Early deal-hunters start at midnight, lifting AM click volumes



Festive season **recommended preparations**



Reserve **enough budget** to ensure visibility throughout holiday season



Start **influencing early** as demand heats up



Check **bid modifiers** to capture volume during Black Friday period



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