COVID-19 marketplace rebound gauge

Health - Pharma Rx
Data: 01.01.2018-7.5.2020
What comprises the marketplace index?
Marketplace index is a composite metric built to reflect the following behaviors:

- Search volume
- Advertiser participation
- Auction activity
- Searcher intent
A primer on how moving averages (MA) work

A simple moving average calculates the average of a selected range of values. For instance, the 3-day moving average for the date of 4/1 would be the average of the attendant values for the dates of 4/1, 3/31, and 3/30.

*Values are arbitrary and used to illustrate the concept*
Purpose:

To provide an at-a-glance high-level signal about the current commercial viability of our Pharma RX marketplace, **as compared to times of relative normality**. It is a technical analysis agnostic to external indicators and should be treated accordingly.
## Marketplace signals – U.S. short window

**Data from 1.1.18 to 7.5.20**

<table>
<thead>
<tr>
<th>U.S. market short window</th>
<th>This update</th>
<th>Changes from last update</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td><img src="https://example.com/green.png" alt="Green" /></td>
<td>No change, still green. Although the last two weeks has shown more volatility in the short-term moving averages</td>
</tr>
</tbody>
</table>

**Sub-category**

| Health aids and medical supplies | ![Yellow](https://example.com/yellow.png) | From green to yellow |
| Health Information              | ![Red](https://example.com/red.png) | From green to red |
| Health Services                 | ![Green](https://example.com/green.png) | From yellow to green |
| Pharma OTC                      | ![Green](https://example.com/green.png) | New category this week |
| Pharma Rx                       | ![Green](https://example.com/green.png) | From yellow to green |

### Signal Guide

- ![Green](https://example.com/green.png): Marketplace index is showing positive momentum
- ![Yellow](https://example.com/yellow.png): Marketplace index is showing some stability
- ![Red](https://example.com/red.png): Marketplace index is showing negative momentum

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*Data: Microsoft Advertising Internal*
Marketplace Rebound Signal Search - United States, Short Window

When short term averages crest long term averages, this is a strong signal the marketplace is reversing.
Marketplace Rebound Gauge, United States, Short Window

When short term averages crest long term averages, this is a strong signal the marketplace is reversing

Data: Microsoft Advertising Internal, January 2020 - Present
Marketplace Rebound Gauge, Long Window

When short term averages crest long term averages, this is a strong signal the marketplace is reversing

United States

Data: Microsoft Advertising Internal, January 2018 - Present
Marketplace Rebound Gauge, United States, Long Window

When short term averages crest long term averages, this is a strong signal the marketplace is reversing.

Data: Microsoft Advertising Internal. January 2018 - Present
How the signals are extracted
Line of estimated normality:
This is where we estimate the marketplace signal would register on average during the current month under normal circumstances.
Here our cluster of shorter-term moving averages has consolidated around the estimated line of normality, pulling latent longer-term moving averages with it.

When there is a period with all six short-term moving averages above all six long-term moving averages, this a confirmed market uptrend.
In this example, we see all six longer-term moving averages floating above all six shorter-term moving averages suggesting a downtrend.

However, the shorter-term moving averages begin to reverse course, and move back through the longer-term moving averages. This is an indication that the marketplace is possibly turning around, and a good opportunity for advertisers to re-enter.
In this example, there is a clear negative gap between the long-term moving averages and the short-term moving averages, and that gap is increasing.

When the cluster of short-term averages demonstrates behavior in the opposite direction, it will be time to think about a yellow signal. Until then, this is firmly a downtrend.
Strategies and recommendations

Learn immediate and recovery-phase strategies, and how to approach new opportunities and optimize account health in the Digital Advertiser’s Guide to COVID-19
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advertising.microsoft.com

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