COVID-19 marketplace rebound gauge

Travel
Purpose:

To provide an at-a-glance high-level signal about the current commercial viability of our travel 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.

<table>
<thead>
<tr>
<th>Sub-Category</th>
<th>Signal</th>
<th>Signal guide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activities</td>
<td>![Red]</td>
<td>Marketplace index has returned to a value of estimated normality. Risk-averse advertisers should re-enter confidently.</td>
</tr>
<tr>
<td>Air Travel</td>
<td>![Red]</td>
<td>Marketplace index has reversed its downtrend. Risk tolerant advertisers seeking competitive advantage should re-enter.</td>
</tr>
<tr>
<td>Cruises</td>
<td>![Yellow]</td>
<td>Marketplace index remains in a downtrend</td>
</tr>
<tr>
<td>Land Transportation</td>
<td>![Red]</td>
<td></td>
</tr>
<tr>
<td>Lodging</td>
<td>![Yellow]</td>
<td></td>
</tr>
<tr>
<td>OTA/Meta</td>
<td>![Yellow]</td>
<td></td>
</tr>
<tr>
<td>Traditional Travel Agency</td>
<td>![Red]</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>![Red]</td>
<td></td>
</tr>
</tbody>
</table>

Data through: 5/25/2020

Data: Microsoft Advertising Internal
Marketplace Rebound Gauge, Short Window

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

Activities | Air Travel | Cruise
---|---|---
Land Transportation | Lodging | OTA/ Meta Engine
Other | Traditional Travel Agency

3, 5, 8, 10, 12, 15-day moving averages
30, 35, 40, 45, 50, 55-day moving averages

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

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3, 5, 8, 10, 12, 15-day moving averages
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Data: Microsoft Advertising Internal, Jan 2018 - Present
## Marketplace signals - International

<table>
<thead>
<tr>
<th>Market</th>
<th>Signal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td><img src="image1.png" alt="Red Circle" /></td>
</tr>
<tr>
<td>France</td>
<td><img src="image2.png" alt="Yellow Circle" /></td>
</tr>
<tr>
<td>Germany</td>
<td><img src="image1.png" alt="Red Circle" /></td>
</tr>
<tr>
<td>Italy</td>
<td><img src="image1.png" alt="Red Circle" /></td>
</tr>
<tr>
<td>Spain</td>
<td><img src="image2.png" alt="Yellow Circle" /></td>
</tr>
<tr>
<td>United Kingdom</td>
<td><img src="image1.png" alt="Red Circle" /></td>
</tr>
<tr>
<td>Mexico</td>
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</tr>
<tr>
<td>Brazil</td>
<td><img src="image1.png" alt="Red Circle" /></td>
</tr>
<tr>
<td>Netherlands</td>
<td><img src="image2.png" alt="Yellow Circle" /></td>
</tr>
<tr>
<td>Austria</td>
<td><img src="image1.png" alt="Red Circle" /></td>
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### Signal guide

- **Marketplace index has returned to a value of estimated normality. Risk-averse advertisers should re-enter confidently.**
- **Marketplace index has reversed its downtrend. Risk-tolerant advertisers seeking competitive advantage should re-enter.**
- **Marketplace index remains in a downtrend**

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<td>Australia</td>
<td>🔴🔴🔴</td>
</tr>
<tr>
<td>India</td>
<td>🔴🔴🔴</td>
</tr>
<tr>
<td>Indonesia</td>
<td>🔴🔴🔴</td>
</tr>
<tr>
<td>Singapore</td>
<td>🔴🔴🔴</td>
</tr>
<tr>
<td>Taiwan</td>
<td>🔴🔴🟡</td>
</tr>
<tr>
<td>Thailand</td>
<td>🔴🟡🟡</td>
</tr>
<tr>
<td>Vietnam</td>
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<table>
<thead>
<tr>
<th>Market</th>
<th>Signal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td><img src="red" alt="Red" /></td>
</tr>
<tr>
<td>Finland</td>
<td><img src="yellow" alt="Yellow" /></td>
</tr>
<tr>
<td>Norway</td>
<td><img src="yellow" alt="Yellow" /></td>
</tr>
<tr>
<td>Sweden</td>
<td><img src="red" alt="Red" /></td>
</tr>
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When short term averages crest long term averages, this is a strong signal the market is reversing.
Marketplace Rebound Gauge, Long Window

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Denmark

Finland

Norway

Sweden

3, 5, 8, 10, 12, 15-day moving averages
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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.
Signal: 🟢

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 is 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.
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
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