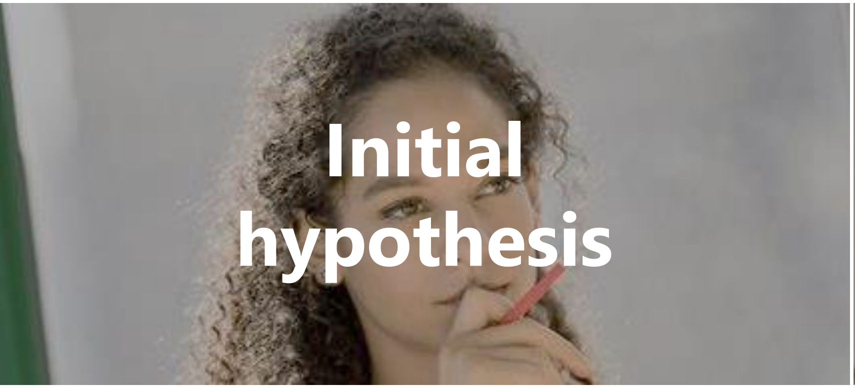
Retail-UK: Brand loyalty, a year-to-year comparison

Key findings and actions



Initial hypothesis

Since lockdown restrictions have taken place across Europe, normal purchasing-decision process has been disrupted.

Consequently, brand loyalty might be difficult to maintain in a scenario where consumers have become more mindful in budget allocation, comparing and researching products more to secure the best deal.

Are consumers looking for similar brands compared to last year or are they willing to explore multiple brands? How they can be influenced effectively in the funnel?

Key findings

Most of users are exploring multiple brands during the journey.

- **44%** of users are clicking on a **new brand** compared to pre-COVID-19 period. While **46%** of users are clicking on the same advertiser as the pre-COVID-19 time and a new competitors' ads. **Generic** searches is presenting a peculiar opportunity to influence users, due to an increase in clicks/searches but also a reduction in CPC.
- **62% of consumers are not brand-loyal**, searching for a brand different from the first domain visited**. MSAN can be leveraged to reach this audience** as 34% of these searchers landed on MSN properties.

Marketer opportunities

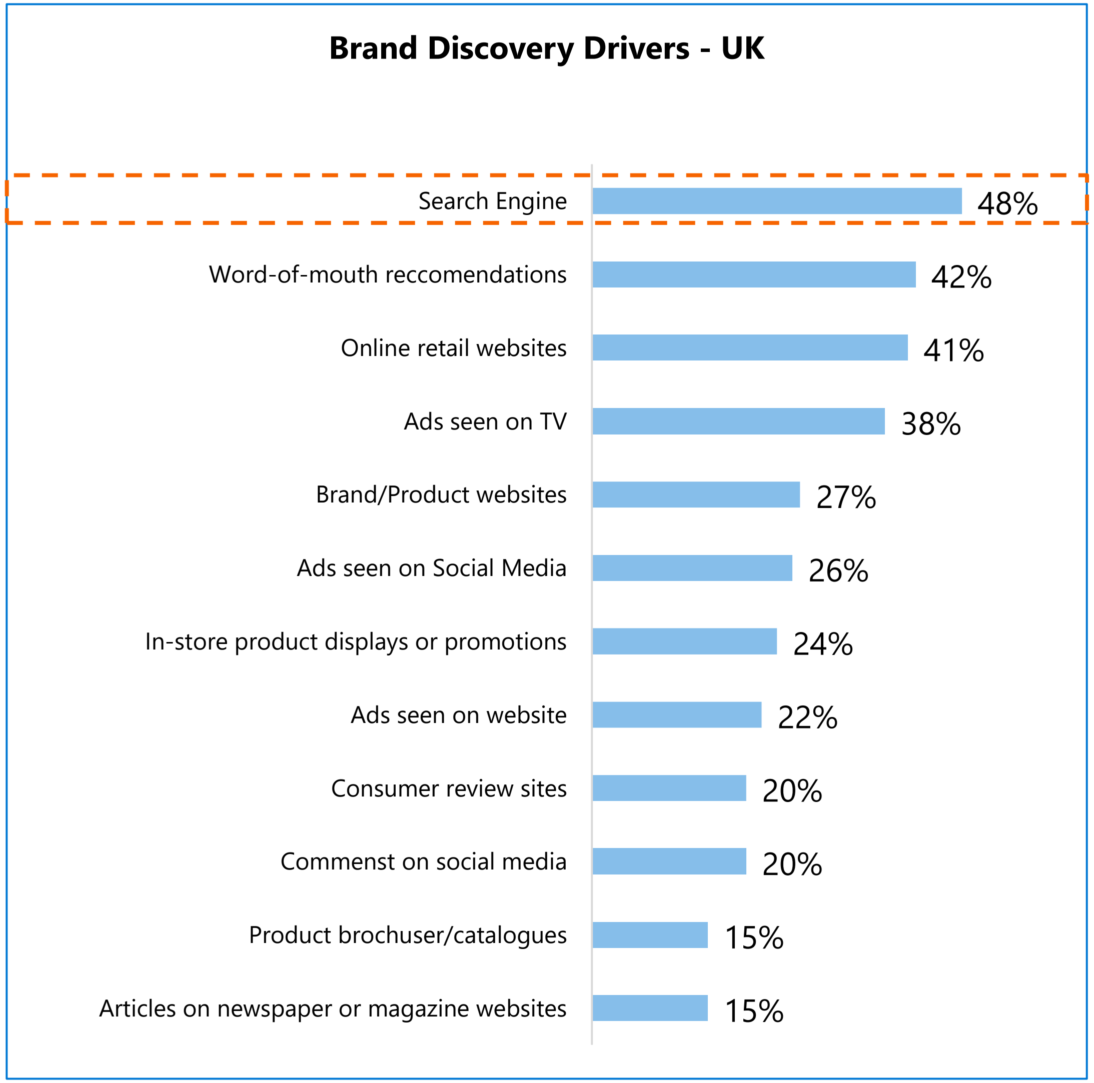
Persistent advertiser opportunity since brand indecisiveness is affecting consumer journey.

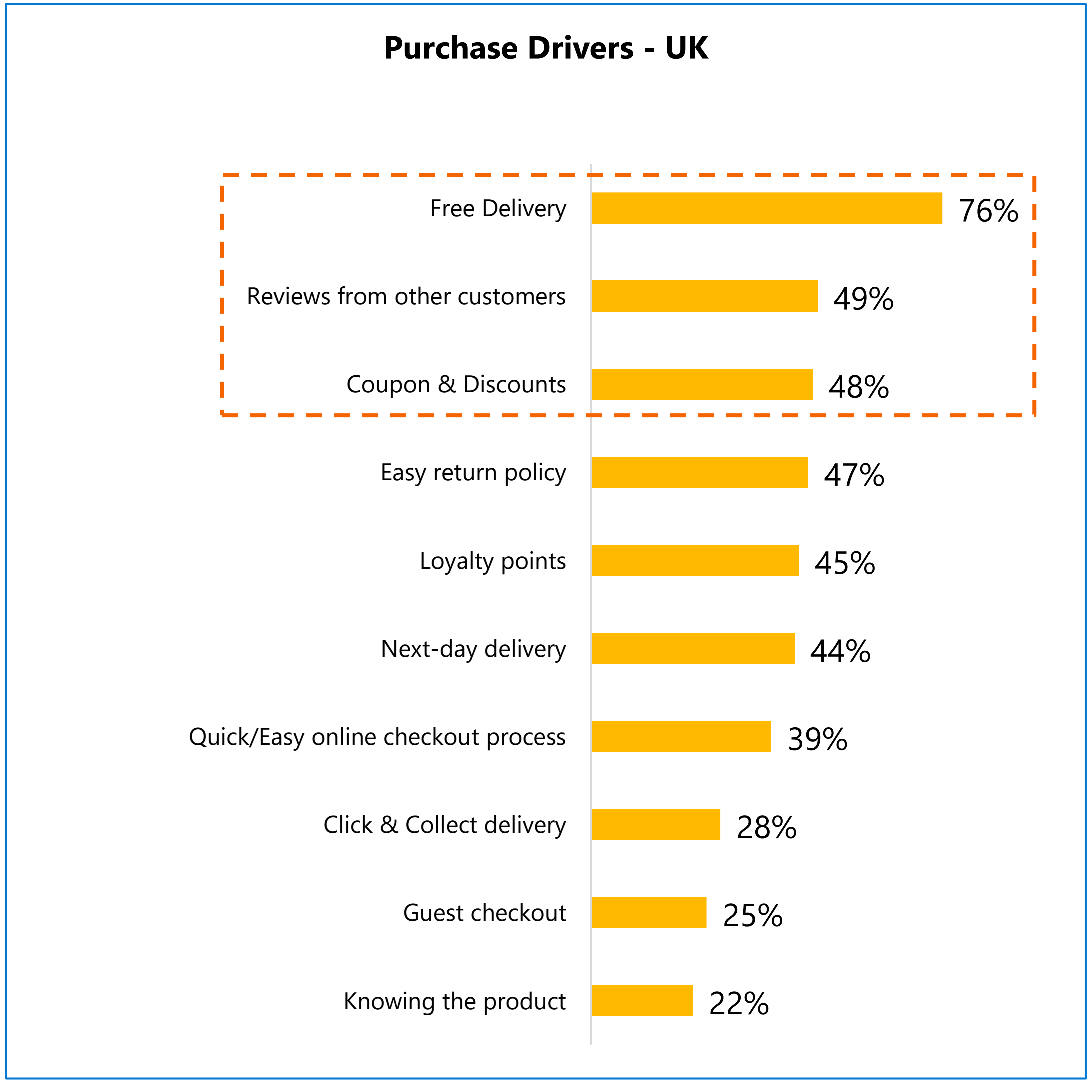
We highly recommend our partners to:

- Leverage **generic search traffic** to push your offers and services.
- Leverage **MSAN** to effectively reach and influence consumers
- **Drive conversions** by reaching the Mainline and expanding your keyword set to drive relevant traffic to your stores

Search engines are leading the way in the brand-discovery process

Free delivery, reviews and discounts are key factors that are influencing users





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Source: GWI based on online shoppers audience, Microsoft Advertising, UK, 2020

The Marketplace landscape has changed during COVID-19

Less popular brands in 2019 are now capturing more clicks.

Advertiser	Marketplace Rank 2019	Marketplace Rank 2020	Rank Change**	Clicks year-on-year
Advertiser 1	3	1	+2	352.00%
Advertiser 2	2	2	0	8.89%
Advertiser 3	8	3	+5	385.37%
Advertiser 4	7	5	+2	50.97%
Advertiser 5	4	6	+2	14.33%
Advertiser 6	6	8	+2	81.59%
Advertiser 7	9	9	0	134.54%
Advertiser 8	11	10	+1	119.76%
Advertiser 9	31	11	+21	846.61%

Key insights:

- **Advertisers marketplace varied** a lot compared to last year. **Less popular advertisers in 2019 are now getting more clicks**, ranking higher in 2020.
- On the overall, over 87% of advertisers that registered a positive jump in clicks, gained between 1% and 5% uplift in clicks compared to last year. On top of that, only 13% of the total advertisers enjoyed higher range.

Microsoft

Source: Microsoft Internal Data, UK, Jan-May 2019 vs Jan-May 2020, All Devices
** Marketplace Rank 2019– Marketplace Rank 2020. Rank based on clicks volume

Non-brand content is more important than ever before

	Year-on-year Searches	Year-on-year Clicks	Abs Variation CPC	Competition
Brand	+95%	+12%	+0.15 $	↓
Generic	+86%	+44%	-0.05$	↓

Key insights:

- At the advertiser level, brand/generic clicks distribution varies a lot, without following a clear pattern.
- However looking at the marketplace granularity, **generic products queries expressed a strong commercial intent** with clicks increment accounting to +44%.
- On top of that**, CPC is declining with a less competitive marketplace environment** (Competition recorded a drop). This is an ideal scenario for advertisers willing to influence brand loyalty through generic searches.

Source: Microsoft Internal Data, UK, Jan-May 2019 vs Jan-May 2020, All Devices
**Brand/Generic split referred to the whole retail marketplace, UK

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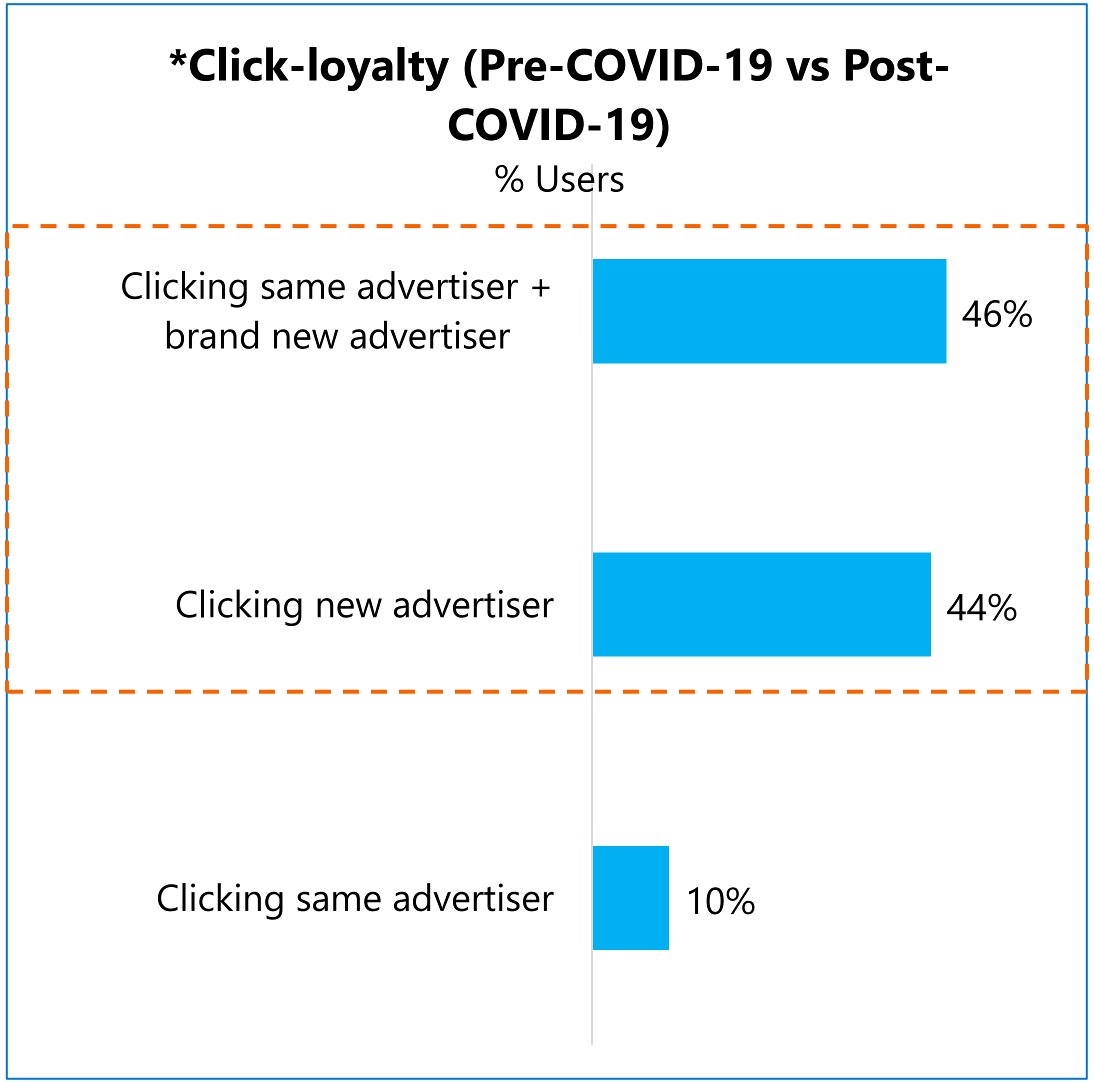
Users clicked on different brands for similar products compared to pre-COVID-19



Key Insights

Users recorded **a scarce degree of loyalty**, underlying their willingness to explore different brands. Indeed, 90% of consumers considered at least 1 new advertisers during their clicking decision-process.

- **44%** of sample population registered click intent towards a completely new advertiser compared to pre-COVID-19 period.
- **46%** of users recorded a click for the same advertiser as pre-COVID-19 time but clicked on other competitors as well.
- Make sure to engage with consumers and **differentiate from the competition with appealing ad copy.**

Microsoft

Microsoft Internal Data, Pre-COVID-19 considered from Jan 2020 to March 2020 and Post-COVID-19 from Apr 2020 to May 2020, UK, Retail

High number of generic searches before a retail-branded one is performed

61% of User Paths

Included at least one generic terms during their searches

10 Median Generic Searches

per user before including retail-branded terms in the query

Key insights:

- Consumers tend to **engage quite a lot with generic searches** before looking for a branded queries in the search engine.
- Indeed, **61% of consumers performed at least one generic search** with a median of **10 generic searches completed per user.**

Source: Microsoft Internal Data, Jan-Apr 2020,UK

Most frequently occurring attributes in generic searches

Most frequent attributes

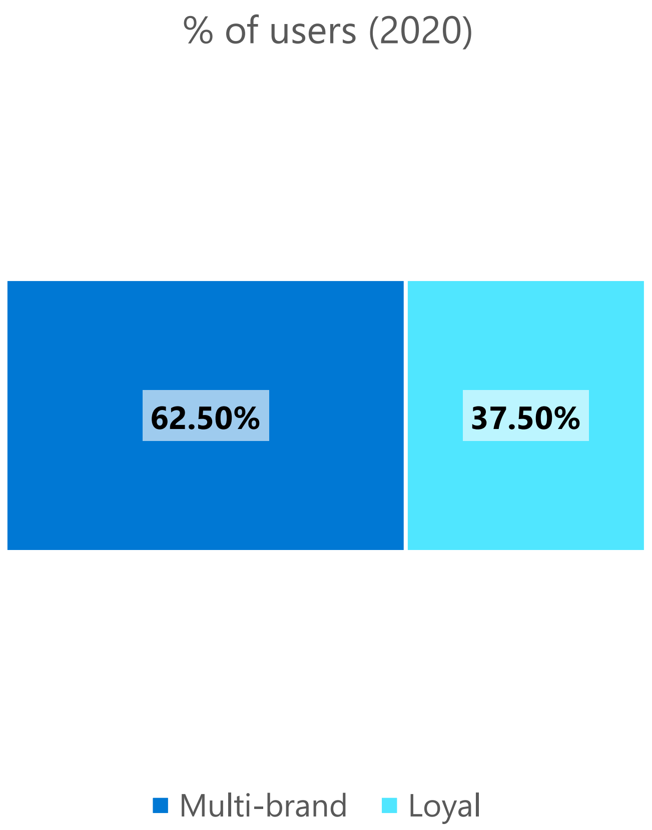
1. free
2. best
3. used
4. delivery
5. size
6. cheap
7. deals
8. prices
9. latest

<u>Key insights:</u>

- **Price-related** attributes are among the most recurrent in the searches journey. Having a good coverage over these top terms increases ad exposure with higher likelihood to influence indecisive consumers.

Source: Microsoft Internal Data, Jan-Apr 2020,UK
*Attributes ranked by popularity from searches

A large portion of users searched a retail-brand different from the first retail domain visited



5 Avg Domains Visited per user before performing a branded retail-search

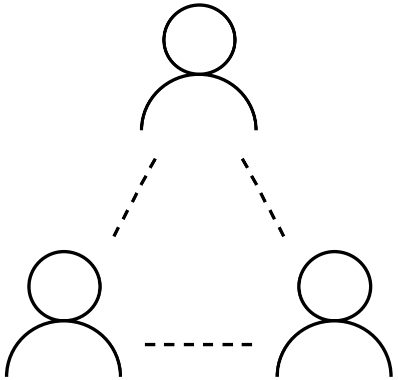
Key insights:

- **62%** of consumers are searching for an advertiser different from the first domain visited
- **Users are visiting different advertiser (5 avg domain visited) domains before performing a branded retail search**
- Only 37% of users remained loyal and search the same brand engaged during their first website visit

Source: Microsoft Internal Data, Jan-Apr 2020,UK
*Multi-brand: users looking for a branded retail different from the first website visit registered

Most of the multi-brand consumers landed to MSN properties before a branded search

34% of multi-brand users[1] visited a **MSN** domain before searching a competitor



17% of multi-brand users[1] searched directly on **Bing**

49% hit other domains

Key insights:

- **34%** of multi-brand consumers touched upon MSN domains before performing a brand-searches. This is a huge opportunities to influence user's decision-process before it gets deeper in the funnel using **MSAN display solutions.**

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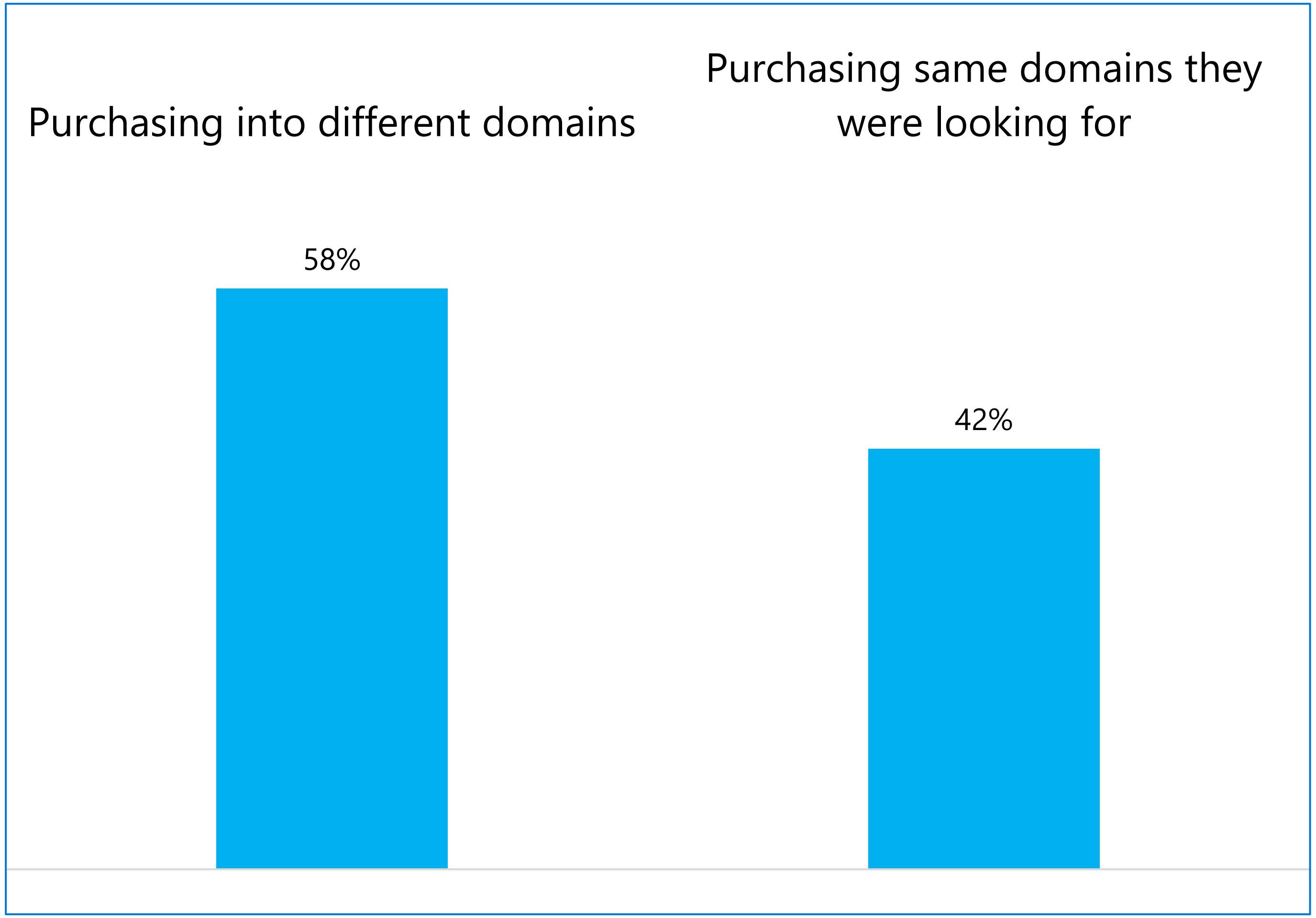
Source: Microsoft Internal Data, Jan-Apr 2020,UK
*Multi-brand users looking for a branded retail different from the first website visit registered

58% of multi-brand consumers finalized the purchase on a different brand than the one they searched for



Key insights:

- **58%** of multi-brand consumers purchased an item on a branded domain different from the first brand-related searches. This is a strong indication that indecisive users can be still persuaded despite they have already some advertisers in mind.

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Source: Microsoft Internal Data, Jan-Apr 2020,UK
*Multi-brand: users looking for a branded retail different from the first website visit registered

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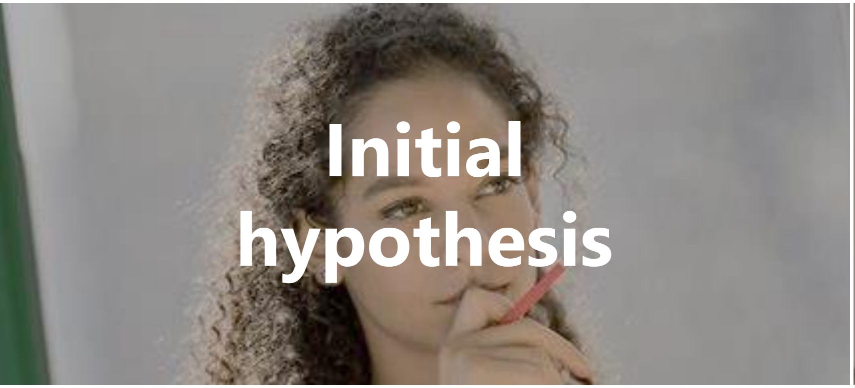

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