Retail trends for the stay-at-home consumer (U.S.)

Impact of COVID-19 on retail shopping behaviors

May 2020, US, Microsoft Advertising Internal Data
Background and methodology
High-level impact of COVID-19 on Retail
COVID-19 effect on Retail product categories
COVID-19 effect on Retail search queries
Q&A
Search trends of a stay-at-home consumer | Analysis methodology

Sifted through billions of Retail specific searches to identify key search trends.

Analysis was constrained to searches located in the U.S. only.

Compared pre* vs. post** COVID-19 pandemic time frames:
- *Pre-COVID-19 = Week starting Jan 4th, 2020
- **Post-COVID-19 = March 14th, 2020 onward

Determined categories with high interest post COVID-19:
- Hobbies & Leisure
- Home & Garden
- Food & Beverage
- Sports & Fitness
- Beauty & Personal Care
High-level impact of COVID-19 on Retail
Online Retail searches surged post COVID-19 declaration
Consumers have swiftly responded by flocking to online search as they adapt to their new stay-at-home lifestyles with a 17% lift year over year (YoY).

Retail search trends shown by YoY % change per week

Source: Microsoft Advertising Internal Data, Jan – April 2019 vs. 2020 Retail categories for North America

*Pre COVID-19 = week starting 1/4/2020 to 3/13/2020
**Post COVID-19 = week starting 3/14/2020 to 5/1/2020
Retail volume has risen across the board and has shown increased engagement among shopping ads, audience ads, mobile devices, and branded traffic.

Retail share of clicks pre COVID-19 vs. post COVID-19

**Retail clicks +8%**

Source: Microsoft Advertising Internal Data, Jan – April 2019 vs. 2020 Retail categories for North America

*Pre COVID-19 = 1/1/2020 to 3/13/2020
**Post COVID-19 = 3/14/2020 to 5/1/2020
Retail searches have surged post COVID-19, up 17% YoY

Retail click volume is up 8% YoY post COVID-19

Consumers are engaging more with Audience Ads, Shopping Ads, and Mobile Devices since sheltering-in-place
COVID-19 effect on Retail product categories
Despite economic uncertainty, Retail e-commerce has strengthened as consumers turn to online search for their wide range of ‘essentials’
Categories seeing the most search lift align with post-pandemic lifestyle changes and the array of products considered essential

YoY % change of searches by Retail category for pre COVID-19 vs. post COVID-19 time periods

<table>
<thead>
<tr>
<th>Category</th>
<th>Pre COVID-19</th>
<th>Post COVID-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food, Grocery &amp; Cooking</td>
<td>53.8%</td>
<td>5%</td>
</tr>
<tr>
<td>Computers &amp; Consumer Electronics</td>
<td>41.4%</td>
<td>-10%</td>
</tr>
<tr>
<td>Sports &amp; Fitness</td>
<td>-35.5%</td>
<td>-8%</td>
</tr>
<tr>
<td>Hobbies &amp; Leisure</td>
<td>26.8%</td>
<td>-5%</td>
</tr>
<tr>
<td>Beauty &amp; Personal Care</td>
<td>23.0%</td>
<td>-10%</td>
</tr>
<tr>
<td>Home Improvement &amp; Construction</td>
<td>12.8%</td>
<td>-7%</td>
</tr>
<tr>
<td>Occasions &amp; Gifts</td>
<td></td>
<td>-7.7%</td>
</tr>
<tr>
<td>Apparel</td>
<td></td>
<td>-14% -12.9%</td>
</tr>
</tbody>
</table>

Source: Microsoft Advertising Internal Data, Jan – April 2019 vs. 2020 Retail categories for North America

*Pre COVID-19 = 1/1/2020 to 3/13/2020
**Post COVID-19 = 3/14/2020 to 5/1/2020
Categorical demand trends for essentials remain strong as the pandemic lingers while other categories show potential signs of rebounding.

YoY % change of searches by week by Retail category for pre COVID-19 vs. post COVID-19 time periods.

Each bar represents YoY Search lift by week, starting with the week of 3/14/2020 ending with the week of 5/1/2020.

Source: Microsoft Advertising Internal Data, Jan – April 2019 vs. 2020 Retail categories for North America

*Pre COVID-19 = 1/1/2020 to 3/13/2020
**Post COVID-19 = 3/14/2020 to 5/1/2020
Top Retail sub-categories with the most post COVID-19 interest show consumer behavioral shifts

**FOOD, GROCERY, & COOKING**
- Online Grocery & Delivery +202%
- Major & Minor Kitchen Appliances +44%
- Food & Beverages +27%
- Culinary Supplies +20%
- Wine & Beer Making Supplies +15%

**SPORTING GOODS & FITNESS**
- Fitness Classes & Equipment +134%
- Sports & Fitness Apparel +17%

**HOBBIES & LEISURE**
- Art, Crafts, & Design +63%
- Toys & Games +52%
- Birding +45%
- Pets & Animals +29%

**HOME & GARDEN**
- Residential Cleaning +70%
- Home Improvement +21%
- Office & School Supplies +20%
- Landscaping & Gardening +17%
- Home Décor +10%
- Exterior Improvement +10%

**BEAUTY & PERSONAL CARE**
- Skin Care +192%
- Lip Care +30%
- Anti-Aging +27%
- Shaving & Grooming +26%
- Hygiene & Toiletries +20%

Source: Microsoft Advertising Internal Data, Jan – April 2019 vs. 2020 Retail categories for North America

*Pre COVID-19 = 1/1/2020 to 3/13/2020
**Post COVID-19 = 3/14/2020 to 5/1/2020
Search demand for essential product categories continues to trend up. Certain non-essential categories starting to signal a rebound.

Post-pandemic lifestyle changes, such as having more time to devote to interests, is driving new product demand.

Consumers will react and adapt quickly to maintaining their pre-COVID-19 habits and turn to DIY if necessary.
High-level impact of COVID-19 on Retail
Consumers empowering themselves through online search, showing online reliance for answers
Consumers seek inspiration, instruction, and ideas when it comes to searching

YoY search growth post COVID-19, queries that contain the following tokens

how to make bread without yeast

- Make: 906%
- Homemade: 564%
- Projects: 331%
- How To: 196%
- Do It Yourself: 108%
- Repurpose: 78%
- DIY: 53%
- Create: 25%
- Repair: 20%
- Ideas: 12%

Source: Microsoft Advertising Internal Data, Jan – April, 2019 v. 2020, North America
Sorted from Top to Bottom by YoY search difference per category
Consumers need direction on Food essentials, Arts & Crafts, Homeschooling, Work from Home needs, and Home Improvements

Sample of top searched queries across DIY searches

**Make**
- make face mask
- make hand sanitizer
- make slime
- drinks make tequila
- make disinfectant spray
- make money home
- make buttermilk
- make whipped cream
- make cold brew coffee
- make pizza dough
- make sourdough starter
- make bread
- make iced coffee
- make french toast
- make meatloaf

**Projects**
- diy projects
- woodworking projects
- toilet paper roll art projects
- kids craft projects
- pallet projects
- art projects kids
- 3d printer projects
- easter projects kids
- science projects kids
- small sewing projects
- 10 easy home diy projects
- wood projects
- art projects
- sewing projects
- earth day projects
- plans woodworking projects

**Homemade**
- homemade face mask
- homemade pizza dough
- homemade bread recipe
- homemade ice cream recipes
- homemade taco seasoning
- homemade bread recipes
- homemade pizza dough recipe
- homemade cinnamon rolls
- easy homemade biscuits
- homemade buttercream frosting
- homemade bread
- homemade dog treats
- homemade spaghetti sauce

**DIY**
- diy face mask
- diy chocolate covered strawberries
- diy hand sanitizer
- diy projects
- diy crafts
- diy chicken coop
- garage door repair diy
- diy fire pit
- diy raised garden beds
- diy sauna
- diy greenhouse
- diy haircut
- diy compost bin
- diy pull up bar
Recap

• US Retail searches up by **17 percent** post COVID-19 declaration

• US Retail **shopping & audience ads** and **mobile ads** seeing click volume lift post COVID-19 declaration

• **Food & Grocery, Consumer Electronics, Sports & Fitness, Hobbies & Leisure, Home & Garden**, and **Beauty & Personal Care** lead search growth for US Retail categories post COVID-19

• **Food & Beverages, Fitness Equipment, Arts & Crafts Supplies, Skin Care**, and **Residential Cleaning** lead search growth for US Retail sub-categories post COVID-19 declaration

• Non-essential categories such as **Gifts** and **Apparel** are starting to see a rebound in search lift for the first-time post COVID-19, indicating positive future shopping trends

• Having **more time at home** is leading to new hobbies & interests and creating new search demand

• Stay-at-home consumers are **adaptable, quick to react** and will turn to **DIY** to adjust to their new stay-at-home lifestyles
What can you do today?
**Shopping + Audience Ads**
are seeing a lift in clicks in response to consumer behavior shifts

1. Search volume is up! So, advertisers need to **mine search query reports** to identify the product categories and types of inspiration and inquiry searches consumers are looking for and they need to meet consumers demand through maximizing budgets/bids.

2. Adjust or adapt **keywords and ad copy and sitelinks** to offer their service or product to consumers who are in need of help and support. For example, on “how to/DIY” instruction, give creative ideas and inspiration and therefore provide value in a time of necessity.

3. Advertisers will also need to make sure **bids and budgets** are in line to meet this new online search volume surge

4. Expand across **ad types and devices** to make sure you’re capturing shifts in how stay at home audiences are researching and engaging

5. Add images to your search campaign, so your ads can serve on the Microsoft Audience Network and get in front of more potential customers.

6. Optimize your **Audience Ads** campaign and reach people where they are today while navigating the web and news sites at home.

7. Once stores open again, use **Local Inventory Ads** to drive traffic to your physical stores. Also a great option for the Shop online, pick-up in-store trend.
COVID-19 research
COVID-19 insights and resources for advertisers

As consumers remain home, search has grown in increasing importance. Our goal is to provide you with regularly updated insights and trends to allow you to make informed decisions for your business.

https://microsoftadvertising.com/covid

May 5, 2020

- Consumer sentiment (U.S.)

April 28, 2020

- Geographic analysis (U.S.)
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
Microsoft Advertising. Intelligent connections.