



MICROSOFT ADVERTISING INSIGHTS

# Retail holiday 2021

The changing retail landscape

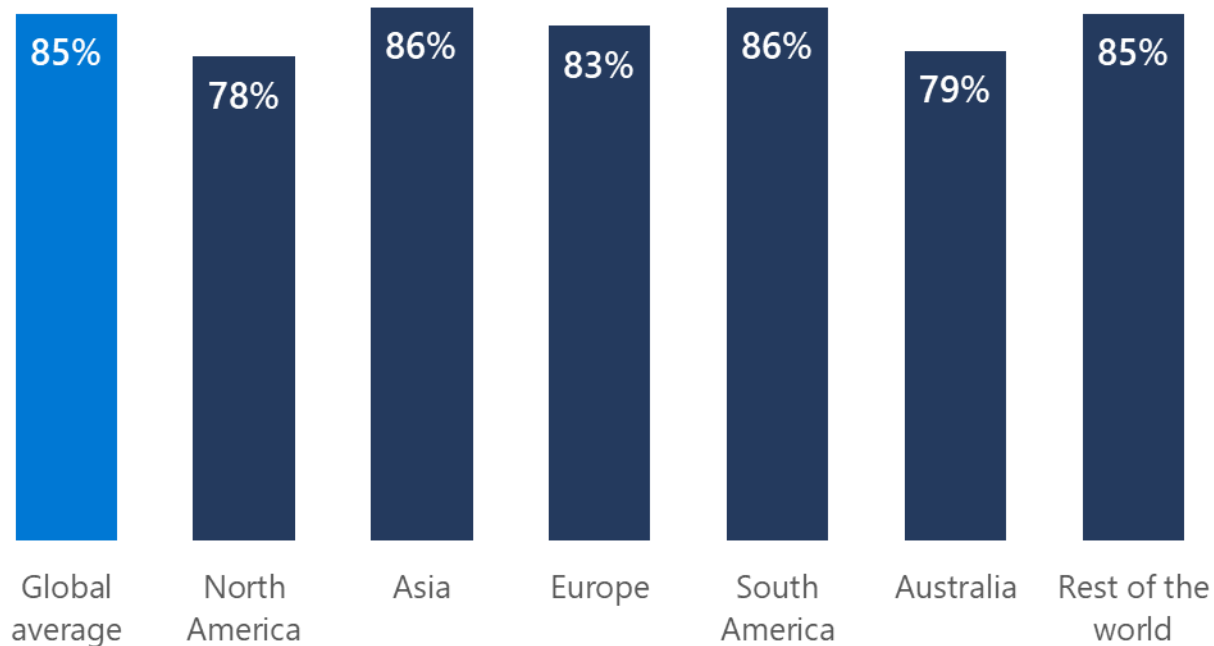


Microsoft Advertising. Great relationships start here.



# It's going to be a digital-first holiday season

Total global share of consumers who shopped online in 2020, by region



**1 in 5**  
people are expecting  
to increase their online  
shopping behavior  
over the next year

# Search continues to play a critical and ever-present role globally

**76%**  
**of consumers worldwide**  
bought a product due to  
researching online<sup>1</sup>



**48%**  
**of consumers worldwide**  
used search to start  
searching for products<sup>3</sup>

**25% of all global online orders**  
came from shoppers who utilize  
the search bar during their session<sup>2</sup>

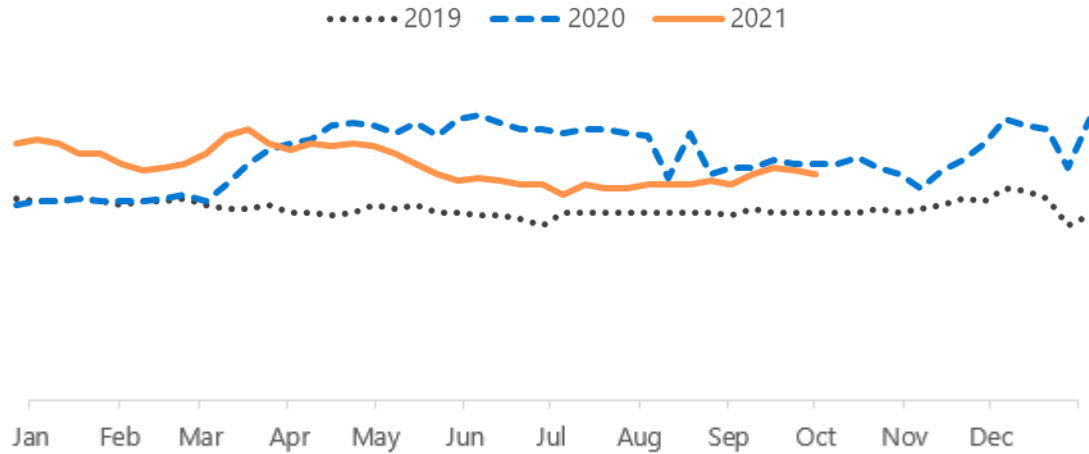
Source:

1. IMI Next Wave, dCommerce: Winning in 2020 & Beyond, 2020.
2. AWU - Impact Drivers – Salesforce Industry Insights, <https://public.tableau.com/app/profile/salesforcecommercecloud/viz/AWU-ImpactDrivers/AWU-ImpactDriversM>
3. Statista, <https://www.statista.com/statistics/1034209/global-product-search-online-sources/>

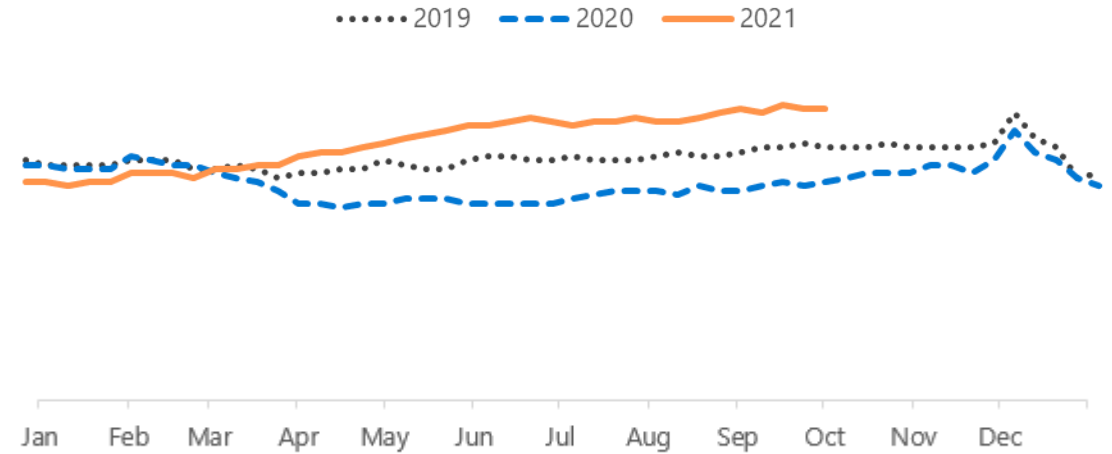
# Retail is trending toward a very competitive Holiday season

Snapshot of US Retail market trends with year-to-date (YTD) metrics (1/1-10/1)

## Searches



## Cost per Click



Search volume is trending to be somewhere in between 2020 and 2019.

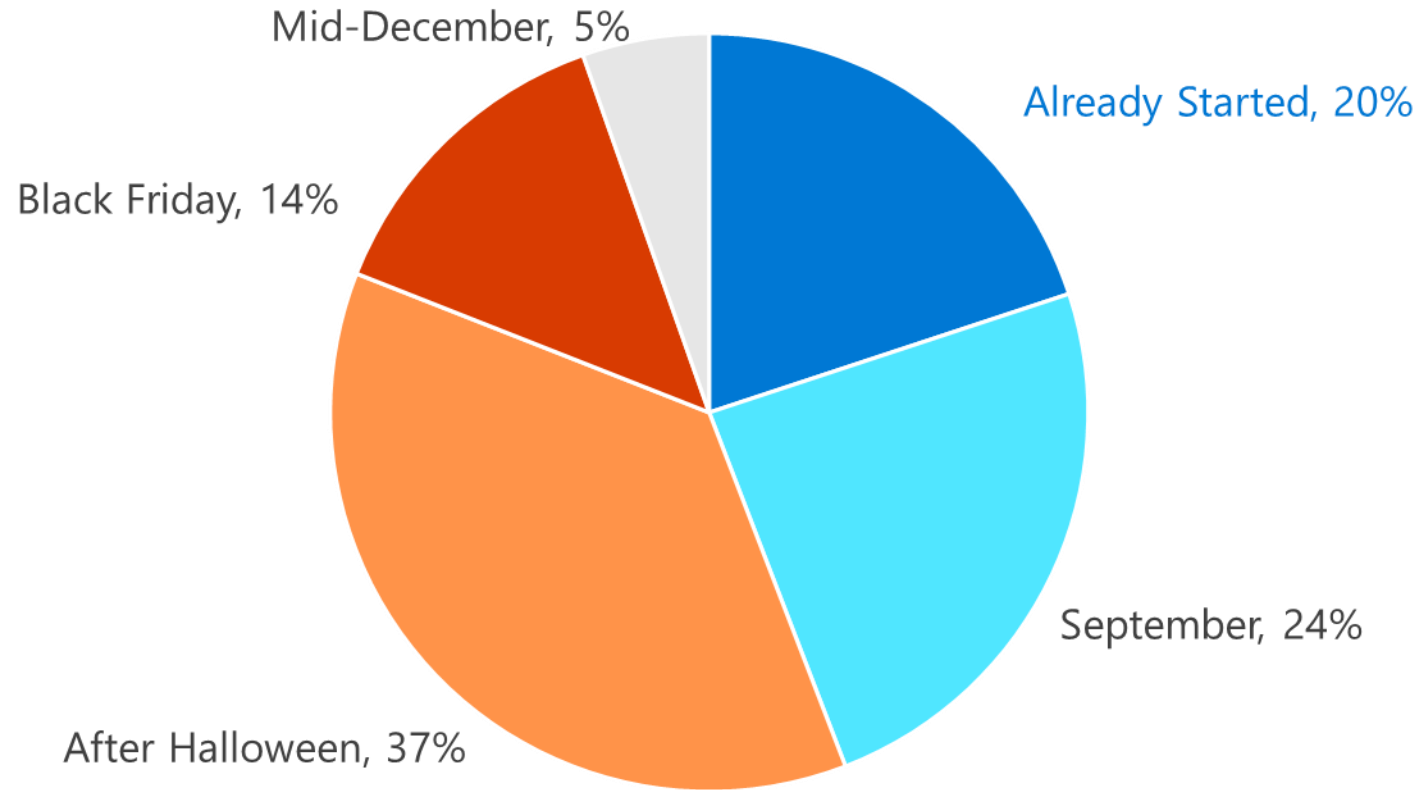
Search behavior is shifting, so prepare to be agile this Holiday season.

Second quarter cost per clicks (CPCs) were +15% vs first quarter.

This was due to more clicks on highly competitive queries

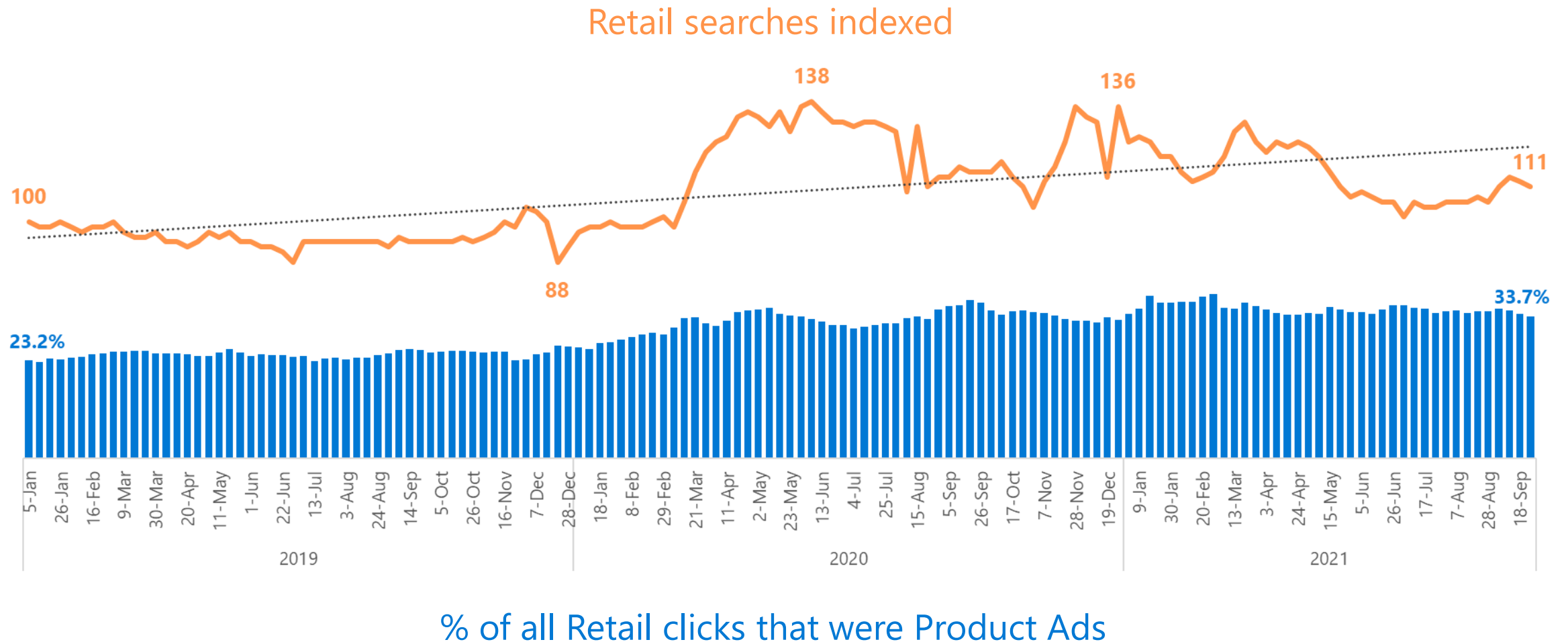
# For some, holiday shopping is **already** underway!

% of respondents when asked in August, "When do you intend to start your holiday shopping?"



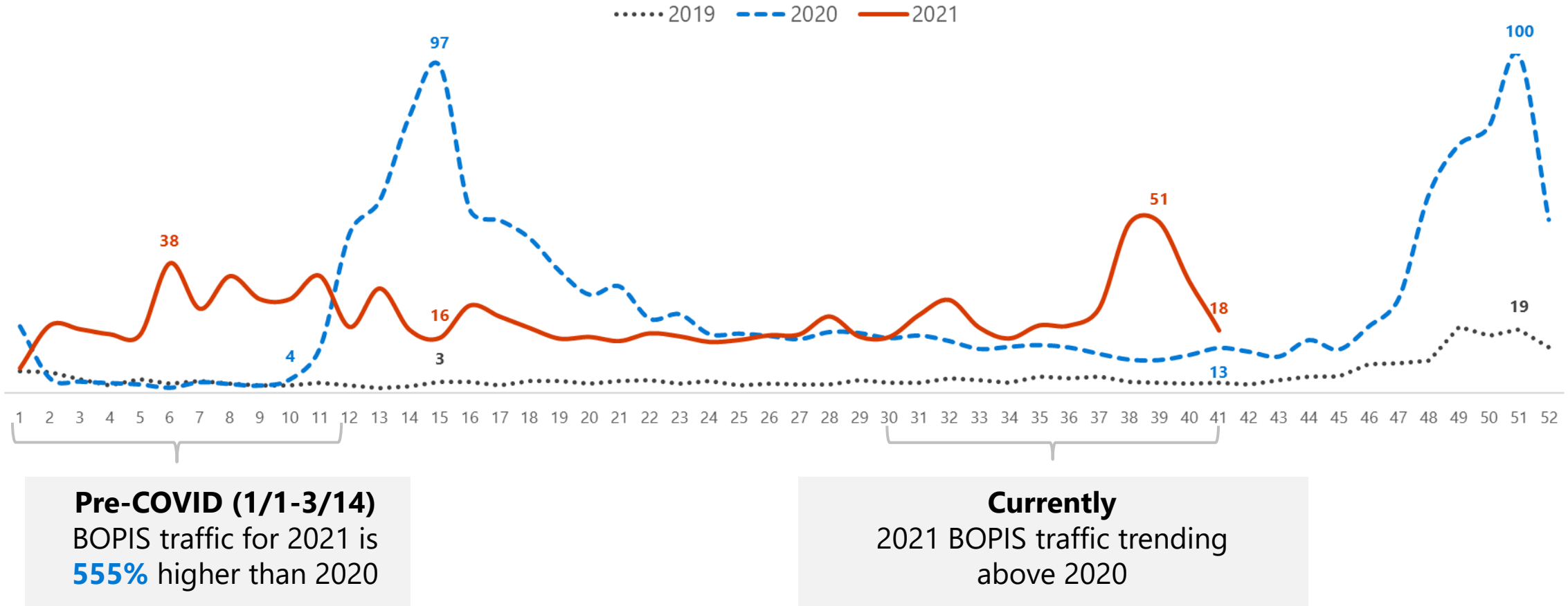
# 2021 is a continued transition to Shopping Campaigns

Overall retail clicks were up 9.3% year-over-year (YOY) (November/December 2020)



# Shoppers are likely to utilize Buy Online Pick-up In Store (BOPIS) options

BOPIS related search traffic (indexed by week)



# We expect a YoY decline this upcoming Holiday for these categories



Toys & Games

+34%  
YoY

-17%  
YoY



Household Supplies

+48%  
YoY

-13%  
YoY



Office Furniture

+98%  
YoY

-66%  
YoY



Hobbies

+63%  
YoY

-2%  
YoY

Bounced back to near  
flat YoY



Gift Baskets

+94%  
YoY

-1%  
YoY

Bounced back to near  
flat YoY



Fitness Equipment

+161%  
YoY

-44%  
YoY



# We expect **YoY growth this Holiday** for these categories



Parties & Party Supplies

Holiday 2020

-39%  
YoY

September 2021

+43%  
YoY



Jewelry

-2%  
YoY

+4%  
YoY

Growth slowed since  
June analysis



Formal Clothing

-55%  
YoY

+46%  
YoY



Dress Shoes

-26%  
YoY

+9%  
YoY

Growth slowed since  
June analysis



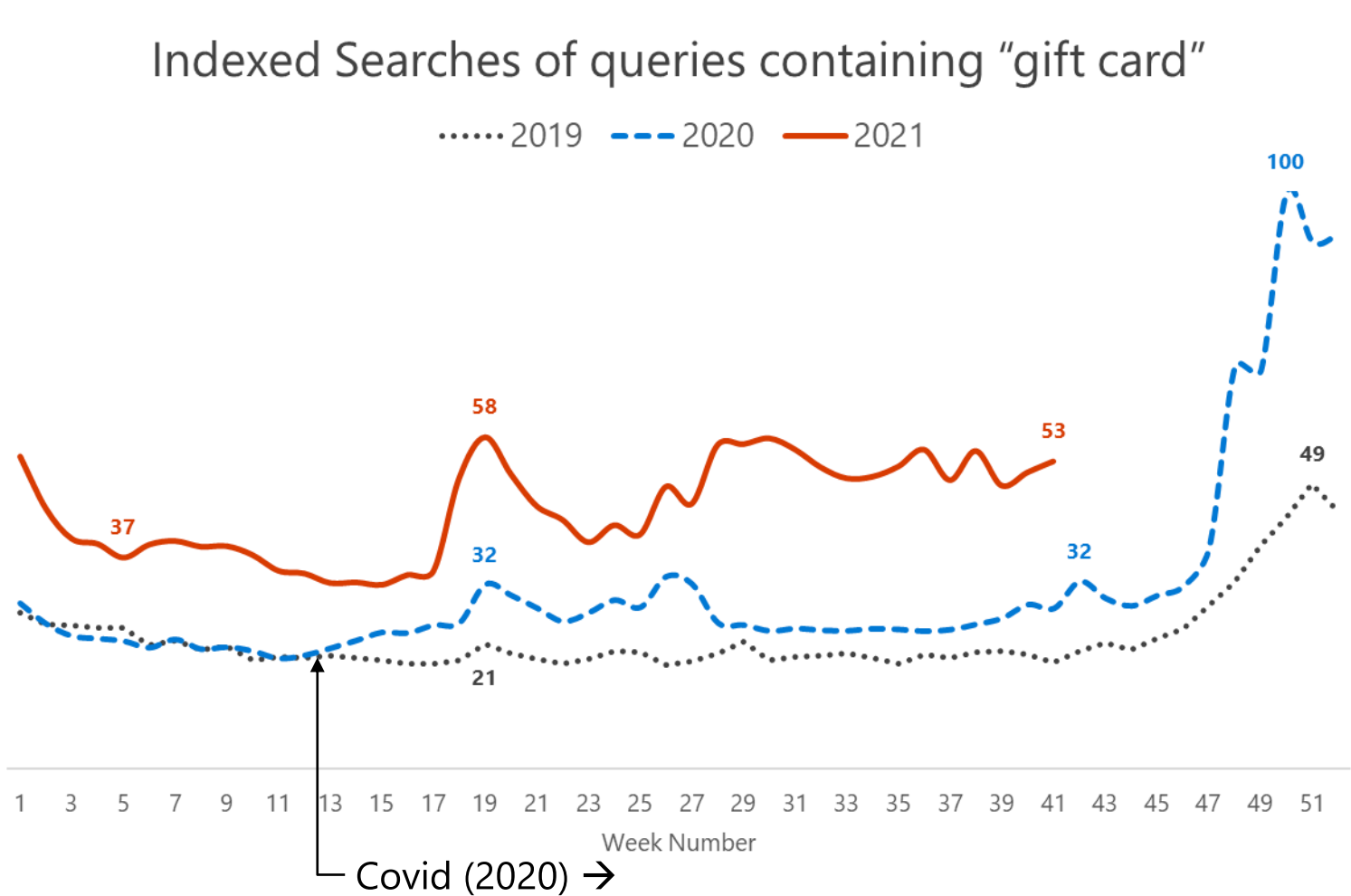
Bags & Luggage

-1%  
YoY

+9%  
YoY

Growth slowed since  
June analysis

~1 in 4 shoppers are considering a gift card purchase



**23%**

Share of holiday gift shoppers who visited at least 1 gift card purchase page

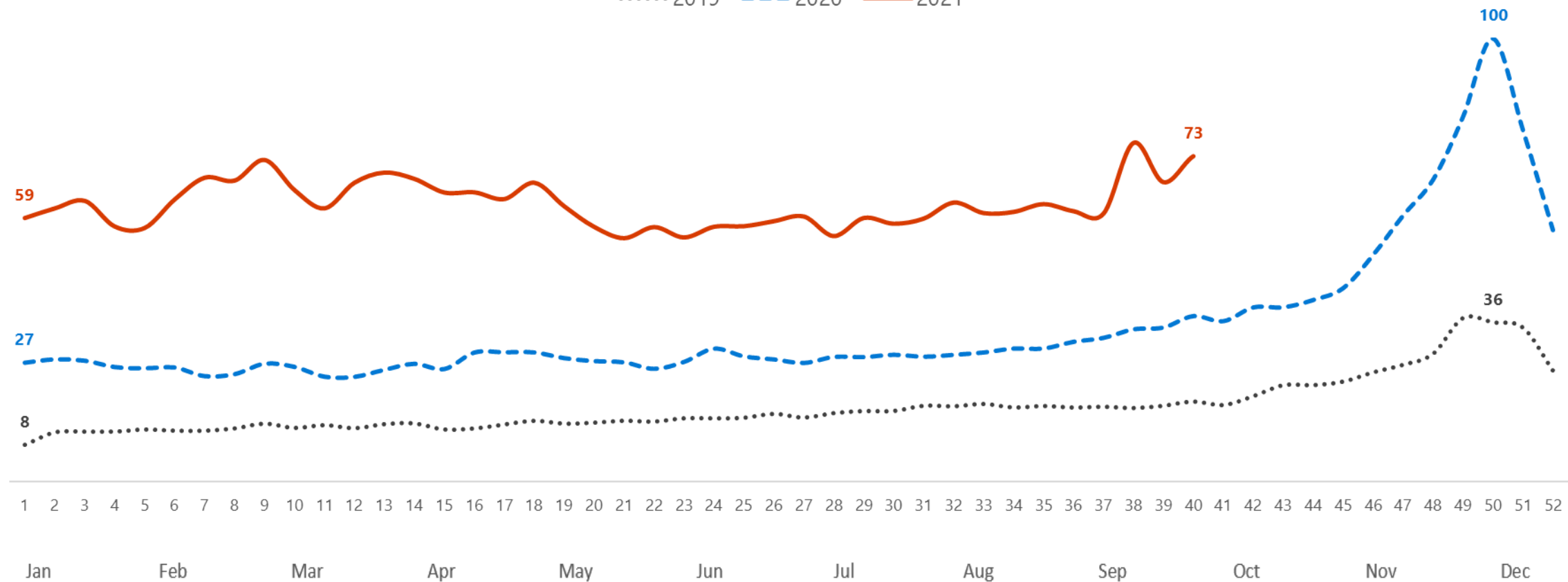
Source: Microsoft internal data, Jan 2019 – Sep 2021



# Shoppers will continue to use Buy Now, Pay Later (BNPL) solutions

BNPL indexed searches by week

..... 2019    - - - 2020    — 2021

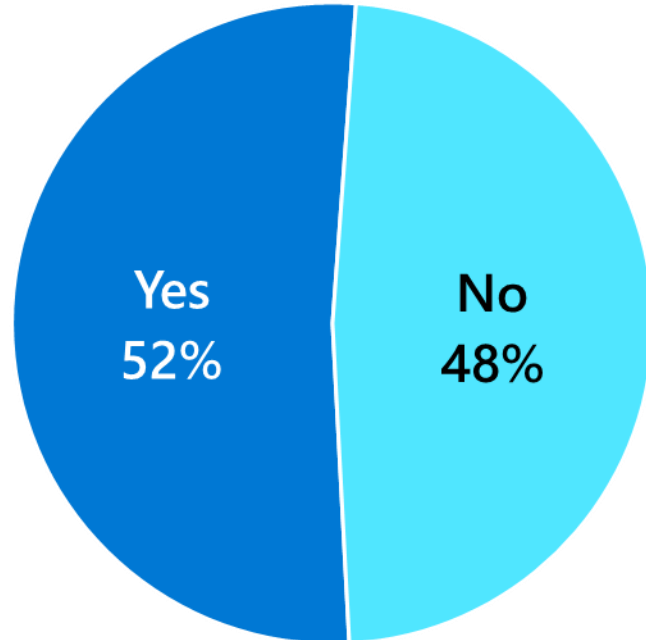


Microsoft Advertising Internal Data, 2019-Sep 2021, queries containing top BNPL-related tokens

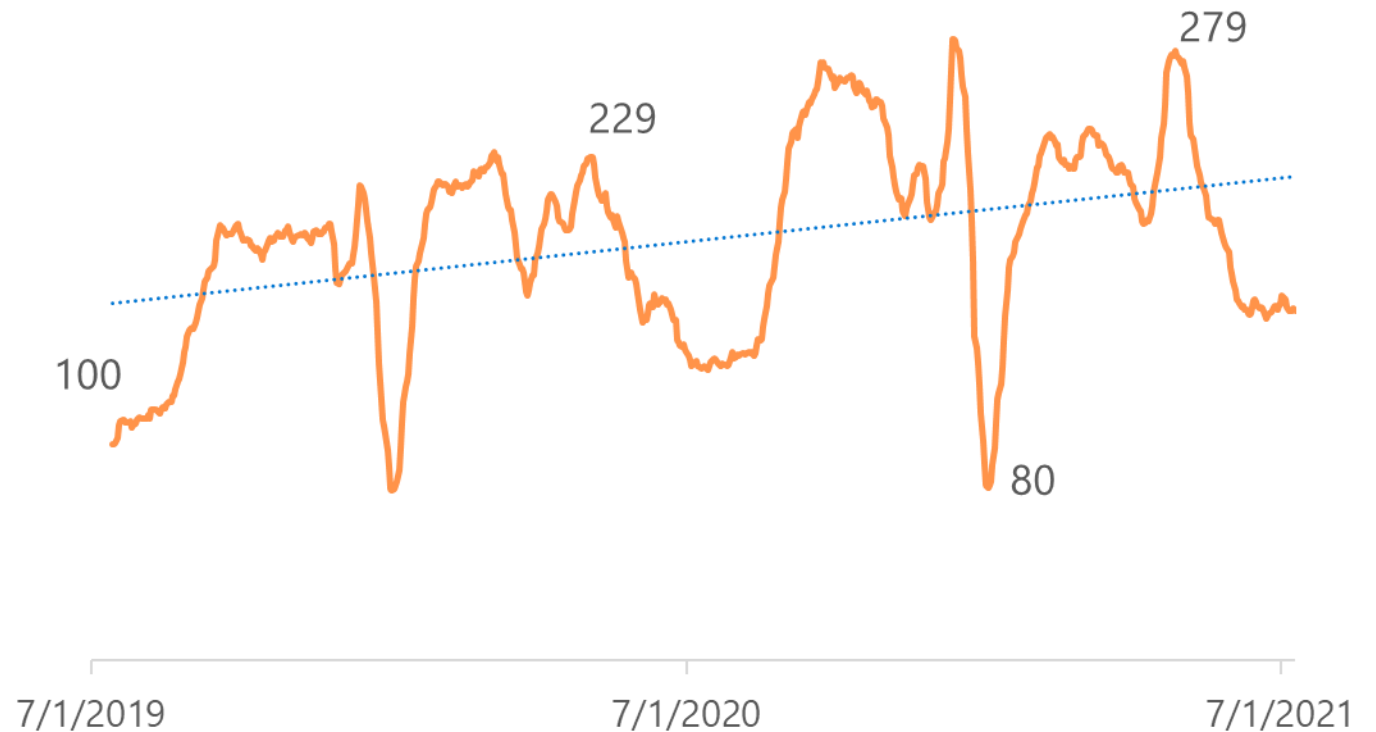


# Shoppers will buy sustainable gifts as average searches have increased

Did you buy gifts last holiday that were sustainable/eco-friendly?



Sustainability-related search traffic index

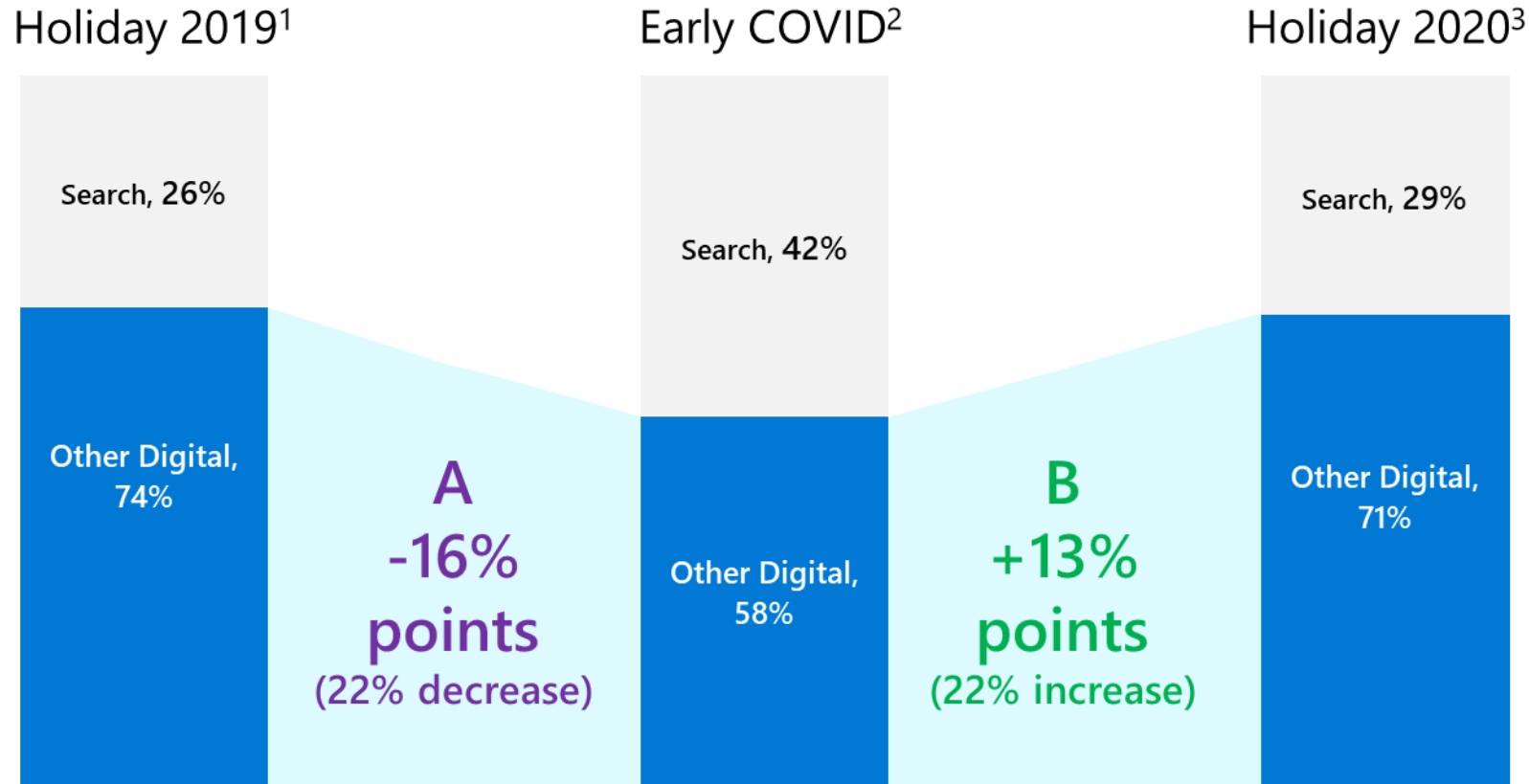


# Microsoft Advertising Audience Attribution Trends



# Digital expected to take a bigger share in holiday 2021

Multi-touch attribution - Retail

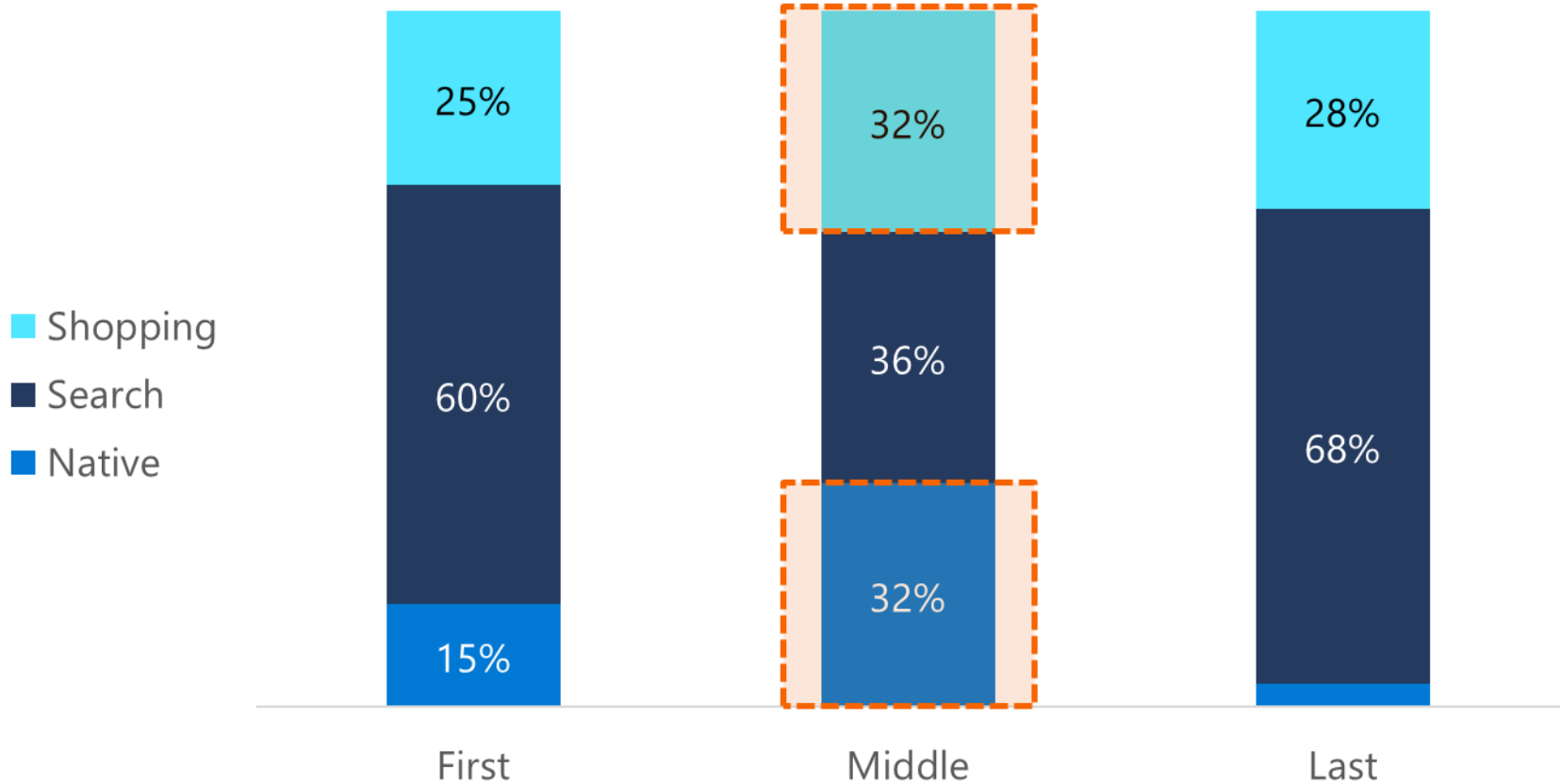


- A. COVID pushed advertiser media mix toward direct-response-skewing Search channel
- B. Expect other channels to play an important role during holiday 2021

Source: Microsoft Internal data. Click based attribution (impression ad exposure not considered). N = 1000 users per time frame. Us and PC only. Analysis of paid media only. Inclusive of Display, Native, Partner, Referral (including affiliates), social, video, and Paid Search. Publisher and platform agnostic. Multiple paid media click touchpoints required for analysis inclusion. **1.** Holiday 2019: Aug. 2019 – Jan. 2020 **2.** Early COVID: Jan. 2020 – Jun. 2020 **3.** Holiday 2020: Sep. 2020 – Feb. 2021

# Native as important as Shopping Ads for retail users researching a purchase

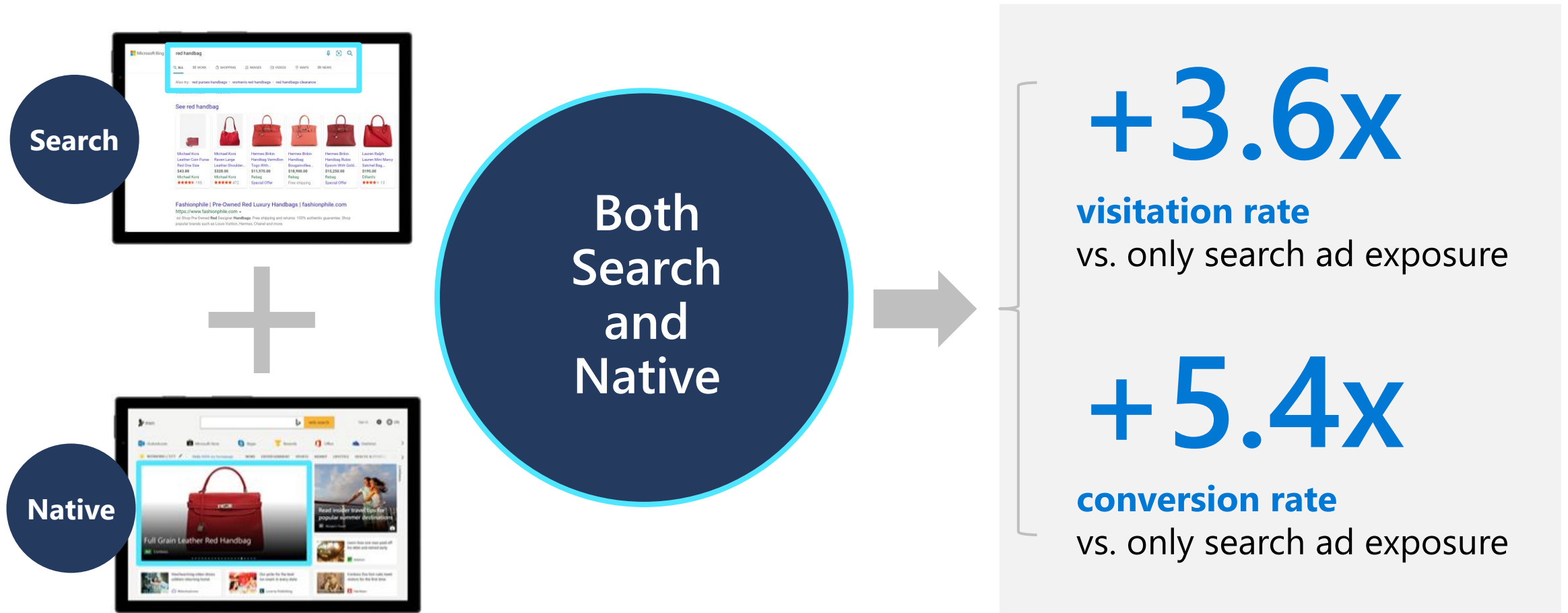
Ad served by conversion path position for Retail across the Microsoft Network



Converters in the middle of their journey skew towards rich ad formats

Source: Microsoft internal data; Microsoft Advertising query path data for US Retailers, Sep 2020 – Dec 2020, 500K total unique paths

# Reaching users across search and native during seasonal periods leads to incremental lift in **site visits** and **conversion rate**



Source: Microsoft internal data; results may vary for each advertiser based on campaign settings, targeted audiences, and other factors. **Lift metrics represent an average of all advertisers with lift studies done during peak seasonal periods** (thru May 2021). These advertisers may be a non-representative sample of all advertisers on the marketplace. Lift measured between exposed users and a control group of eligible unexposed users, with lift represented on a per-user basis. Average user count per advertiser study = 3.5M



# Summary



Competition is high this year driven by changing behavior and increased advertiser demand



Shoppers have started early this year – as seen in both survey and search data



Gift Cards, BOPIS (Buy-Online and Pick-up In-Store), BNPL (Buy Now Pay Later), and Sustainability will be key trends this Holiday



Categories that rose or fell due to shelter-in-place have reversed trends



Advertisers see incremental lift in site visits and conversion rate when reaching users across both Search and Native

To get actionable data, insights and best practices to help make decisions and grow your business, visit [MicrosoftAdvertising.com/Insights](https://MicrosoftAdvertising.com/Insights)



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