Meet the 2020 retail shopper through paid search ads
Paid search and retail friendship
Benefits of search partnered with other channels to increase retail buying intent

Know what shoppers are looking for
Understand changing retail consumer behaviors and interests

New trends in retail
Understand new opportunities for digital advertisers
The paid search and retail industry friendship

Benefits of search and buying intent
Retail shoppers are actively searching on the Microsoft Search Network and have more buying power

42M
Retail PC searchers not on Google

39%
Retail PC Paid click share

People searching on the Microsoft Search Network spend

31% more online than the average internet user

Source: ComScore qSearch (custom), U.S., December 2019; industry categories based on comScore classifications.
Search clicks drive higher conversions, especially for Retail

Our multi-touch attribution study found that on average, search clicks are directly followed by a conversion 2.6x more than clicks from other ad types, including social and video.

<table>
<thead>
<tr>
<th>Vertical</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>3.4x</td>
</tr>
<tr>
<td>Travel</td>
<td>3.0x</td>
</tr>
<tr>
<td>Auto</td>
<td>2.4x</td>
</tr>
<tr>
<td>FinServe</td>
<td>1.8x</td>
</tr>
</tbody>
</table>

Microsoft internal data. N = 1000 users per vertical, August 2019 – January 2020, 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 digital media click touchpoints required for analysis inclusion.
Paid Search (SEM) plays an integral role in the shopping journey

Percent of conversions; last-touch and multi-touch attribution for [BRAND]

Source: Internal Data – Consumer decision journey (August 2019 – January 2020); Multi-Touch Attribution based off click attribution

- Paid Search captures majority of last click conversions throughout the online shopper’s journey
- Other channels contribute from a multi-touch perspective. How do these channels drive a user to Paid Search during their journey?

Cross-channel Influence
“We look at paid search as the vehicle that’s going to capture that in-market consumer when they start researching a product or when they’re ready to buy.”

- Hilary Giesler, global digital marketing manager, Bose

Bose achieved a 69% increase in click-through rates (CTRs) when looking at the Black Friday to Cyber Monday period year over year. In-market Audiences alone led to a CTR that was a 28% higher rate than non-audience visitors and converted at a 21% higher rate. A whopping 47% of all traffic visits came from using audience targeting features in concert, specifically Remarketing, Similar Audiences and In-market Audiences.
Search has never been more important

Consumers are using search more to answer questions, solve problems, get information and buy products and services

Search has continued to generate the greatest return on ad spend and was least impacted due to COVID-19

Increased return comes from the combination of search with other channels through a sound cross-channel strategy

Most direct indication of user intent and gives retailers agility and control of their campaigns
Know what shoppers are looking for

U.S. retail trends to understand changed consumer behavior
50% of buyers are shopping online for products they’ve never bought online before \(^1\) and 70% are buying more than usual

38% have seen higher search volume in their online channels \(^2\)

34% have seen higher amount of online orders \(^2\)

Businesses continue shifting investments from offline to online channels over the next 12 months \(^1\)

Nearly 150 million more people globally will be ecommerce buyers this year than last year \(^3\)

Sources:
1. The State of Commerce Experience (Bloomreach)
2. The State of Commerce Experience (Bloomreach) - Nearly half of decision makers whose businesses sell online (46%) report growth as a result of COVID-19.
3. Global eCommerce 2020 eMarketer
The movement to online shopping was fast for all, and online sales will continue to increase in 2020 and beyond.

As restrictions swept across the U.S., consumers went online to shop. According to eMarketer, eCommerce sales are expected to see an 18% growth year-over-year (YoY).

Source: Microsoft Advertising internal data; Indexed search volume of top Retail sub-categories with first week = 100; January 5 to June 13, 2020
Retail category shopping searches increased and demonstrated new consumer needs and interests.

Adapt your campaign strategy to consider new keywords and categories of interest for your customers.
New trends in Retail
Understand new opportunities for digital advertisers
Adapting to new consumer shopping trends

- Consumers shop in ‘micro-moments’ (always on; shopping in background whilst doing other things)
- They are increasingly drawn to local products & services
- Visual search will be a new habit
- Sustainable products are more important than ever
- Consumers support brands they trust
Increasing always-on consumers reshape shopping trends, retail advertisers should have ‘always-on’ campaigns

71% of consumers shop in “micro-moments” (shopping while doing something else). More than one in three say they do so at least weekly and up to multiple times daily.¹

Consumers who have become accustomed to using digital channels will rely more on digital as an access point to brands.

TIP: Review your Targeting settings especially demographic and day parting bid modifiers that may be excluding a potential customer.

¹“Meet the 2020 consumers driving change” Study (IBM)
Consumers are expressing increased interest in local products & services, layer in location targeting

43%
Visual search is appealing to consumers and retailers should redesign their websites to support this trend.

- 71% of consumers prefer visual search
- 30% of Microsoft internal data.

Meet 2020 consumers driving change - IBM Study
Retail shoppers are prioritizing sustainability, brands should shift to sustainable practices and products

57% of consumers are willing to change their purchasing habits to help reduce negative environmental impact

68% of consumers rate sustainability as important regardless of age and gender

35% of consumers would pay 25% more than the original price for sustainable products

1 'Meet 2020 consumers driving change' IBM Study | ² CGS, '2019 U.S. Consumer Sustainability Survey.'
Trust plays a significant role in brand consideration

85% of people say they’ll only consider a brand they trust.

4.5X greater concern coming from marketing leaders over consumer backlash.

64% of people are more trusting of brands that represent diversity in ads.

49% of people have stopped purchasing from a brand that didn’t represent their values.

“There is no more important asset for a marketer than the brand. Brands are the basis for marketers’ relationships with customers.”

Bob Liodice (CEO of the Association of National Advertisers)

Empowering you to achieve more.

Additional Resources

Marketing with Purpose

Trust, loyalty and love create a sweet spot for purchase consideration. Learn how you can drive business results by making people feel seen and respected through inclusive marketing and purposeful personalisation.

Microsoft Trust Centre

Tips for how to build trust by focusing on data integrity, security, privacy & compliance.

- Be a brand worth trusting
- Giving back is good for business
- Every human being is a unique story

Learn more

Additional Resources

Microsoft Advertising Learning Lab

A hands-on learning environment to help you understand the features and functionality of Microsoft Ads.

COVID-19 insights and resources

Regularly updated insights and trends can be found here to allow you to make informed decisions for your business.

The digital advertiser’s guide to COVID-19

This guide will help businesses react and respond to trends in consumer behaviors and consider different search strategies.

Learn more

To learn more about Microsoft Advertising please visit:

www.microsoft.com/advertising
Retail advertisers can benefit from maximum control in search campaigns

Search allows for unique flexibility and agility to respond immediately to consumer behavior, allowing you to adapt based on supply and demand

(1) Microsoft Advertising internal data; Jan 1, 2020 to May 24, 2020, searches for 'face masks'

As demand for face masks increases, advertisers can control their campaign to adapt to supply levels
Online shoppers learn about a brand or product through TV ads or searching online

Top 10¹ ways Bing shoppers find out about new brands, products, or services

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ads seen on TV</td>
<td>43%</td>
</tr>
<tr>
<td>Search engine</td>
<td>42%</td>
</tr>
<tr>
<td>Word-of-mouth recommendations from...</td>
<td>41%</td>
</tr>
<tr>
<td>Online retail websites</td>
<td>38%</td>
</tr>
<tr>
<td>Ads seen on social media</td>
<td>27%</td>
</tr>
<tr>
<td>In-Store product displays or promotions</td>
<td>27%</td>
</tr>
<tr>
<td>Ads seen on websites</td>
<td>25%</td>
</tr>
<tr>
<td>Brand/product websites</td>
<td>23%</td>
</tr>
<tr>
<td>TV shows/films</td>
<td>23%</td>
</tr>
<tr>
<td>Ads seen before online videos or TV shows...</td>
<td>18%</td>
</tr>
<tr>
<td>Product samples or trials</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: Microsoft Advertising: Q3 2019; GlobalWebIndex; Based on 11,777 survey responses classified as Microsoft Advertising Network audience members

¹ More than 10 items may appear in instances when two or more list items have the same percentage value.
Buy online, pick up in store (BOPIS) options are being used much more, implement BOPIS and ensure your search campaigns highlight this option.

% of users who end retail journey on BOPIS page

- 11.7% for Holiday 2019 Shopper (Nov. 1 - Jan. 15)
- 16.4% for Early COVID Shopper (Feb. 1 - Apr. 1)

Consumers are increasingly choosing buy online, pick up in store (BOPIS) options when presented with them.

eMarketer predicts that there will be a 60% YoY increase in BOPIS sales in 2020.
Consumers are ready to spend after the pandemic

- **Clothing**
  - 60% of consumers say they will spend the same or more when the pandemic is over.

- **Beauty and personal care products**
  - 79% of consumers say they will spend the same or more when the pandemic is over.

- **Luxury products**
  - 41% of consumers say they will spend the same or more when the pandemic is over.

Source: MSN CivicScience US on site user survey 18+ years May-June 20.
Innovation to improve the online customer experience is critical as eCommerce and search become essential to the shopper journey.

“We’ve seen two years’ worth of digital transformation in two months. From remote teamwork and learning, to sales and customer service, to critical cloud infrastructure and security…”

Satya Nadella

Deep dive into Microsoft Retail Solutions >>

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**VALUE OF EXPERIENCE**

81% of customers are willing to pay for a better experience.¹

**MUST BE PERSONALIZED**

66% of buyers won’t make a purchase if digital content isn’t personalized or optimized²

**AI IMPROVES EXPERIENCE**

81% of companies believe AI provides a competitive advantage³

**...BUT FEW LEVERAGE IT**

14% of companies have deployed AI and only 23% plan to deploy in next three months.³

Sources: 1–Bing/PSFK Retail study, 2017; 2 CapGemini 2017; 3 Gartner, 2019 2 BCG, 2017
Holiday: Retail best practices

Be there ahead of time.

- Review last season’s campaigns for successes and lessons learned.
- Set budgets to accommodate increases in traffic.
- Upload campaigns early.
- Double-check to make sure all relevant accounts and campaigns are active.
- Follow up on any rejected ads.
- Add new, relevant and emerging keywords.
- Test new features and pilots to optimize before traffic volumes increase with peak season.

Find approaches for a better ROI.

- Test In-market Audiences directly and indirectly related to your industry.
- Budget for PC/tablet and mobile traffic.
- Plan your budgets for periods of high CPC.
- Opt in to search partner sites to expand your mobile reach.
- Use long-tail brand terms.

Optimize keywords, ads and bids.

- Set up the relevant ad extensions to drive more traffic.
- Test new ad copy variations.
- Set bids in anticipation of increased competition during the seasonal peaks.
- Apply auto-bidding strategies to take advantage of key audiences.
- Set up Automated Rules to schedule and automate your top campaign management tasks on a weekly, or even daily, basis for invaluable time savings and efficiency gains.
- Optimize your keywords and ads by testing Dynamic Search Ads and Responsive Search Ads.

Optimize Shopping Campaigns.

- Schedule Merchant Promotions and Flyers Extensions to display relevant site wide or category specific offers and top products.
- Refresh your product feed daily.
- Send your full product feed with all product offers. Search query trends can change quickly, ensure your products are eligible to serve as traffic fluctuates.
- Go beyond the required attributes and populate your feed with as many recommended attributes as possible - including GTIN, MPN, Brand, size, color, shipping cost, and multiple images (up to 10 additional).
- Use Local Inventory Ads to promote instore products and include the Buy Online, Pick Up In-store (BOPIS) badge, if applicable.