El océano del eCommerce
navegando a través de las olas
Agenda

**Global eCommerce growth trends**

eCommerce is booming, but is it going to be a smooth ride?

**Retail trends on our Network**

Partner with us to grow your business and reach new customers

**Ad Product Recommendations**

How to leverage our offerings to improve your campaigns. Ads, bid strategies, Audiences and more...
An unprecedented high-tide

Global eCommerce growth trends
eCommerce Retail growing and gaining significant rise in online shopping during lockdown

+16.6%
expected global eCommerce Sales growth in 2020

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales Growth 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central/Eastern Europe</td>
<td>21.5%</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>19.8%</td>
</tr>
<tr>
<td>Latin America</td>
<td>19.4%</td>
</tr>
<tr>
<td>North America</td>
<td>18.1%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>16.9%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>15.5%</td>
</tr>
</tbody>
</table>

+16.9%
expected Western Europe eCommerce Sales growth in 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Sales Growth 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>22.9%</td>
</tr>
<tr>
<td>Italy</td>
<td>20.5%</td>
</tr>
<tr>
<td>France</td>
<td>17.1%</td>
</tr>
<tr>
<td>Germany</td>
<td>16.2%</td>
</tr>
<tr>
<td>UK</td>
<td>14.7%</td>
</tr>
</tbody>
</table>

Source: eMarketer, September 2020
Boosted by the increased number of people shopping online – that will also continue to do so

Source: eMarketer, September 2020

Expected global eCommerce Buyers growth in 2020:
- Asia-Pacific: 8.6%
- Latin America: 6.0%
- Middle East & Africa: 5.9%
- Central/Eastern Europe: 5.1%
- North America: 3.7%
- Western Europe: 3.5%

Expected Western Europe eCommerce Buyers growth in 2020:
- Italy: 9.5%
- Spain: 5.4%
- France: 3.8%
- Germany: 1.9%
- UK: 1.5%
There is also an increased average number of orders by users seen across the globe.

**Ecommerce Retail**

Average volume of orders by user

(Year-over-year (YoY) growth, Q2 2020)

<table>
<thead>
<tr>
<th>Region</th>
<th>PC/Tablet</th>
<th>Mobile</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>37%</td>
<td>56%</td>
<td>40%</td>
</tr>
<tr>
<td>France</td>
<td>51%</td>
<td>65%</td>
<td>103%</td>
</tr>
<tr>
<td>Germany</td>
<td>13%</td>
<td>32%</td>
<td>17%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>63%</td>
<td>56%</td>
<td>47%</td>
</tr>
<tr>
<td>Nordics</td>
<td>81%</td>
<td>62%</td>
<td>57%</td>
</tr>
<tr>
<td>Spain</td>
<td>46%</td>
<td>73%</td>
<td>109%</td>
</tr>
<tr>
<td>UK</td>
<td>43%</td>
<td>43%</td>
<td>82%</td>
</tr>
<tr>
<td>US</td>
<td>82%</td>
<td>103%</td>
<td>145%</td>
</tr>
</tbody>
</table>

Source: Salesforce, The Shopping Index, Q2 2020
Unprecedented sales growth was seen for “essential” merchandise when it comes to enduring a lockdown.

Global digital commerce growth in Q2 2020

- **Toys & Learning**: +181%
- **Health & Beauty**: +138%
- **Home & Garden**: +134%
- **Apparel General**: +73%
- **Apparel Luxury**: +35%

Source: Salesforce, The Shopping Index, Q2 2020
Not an easy path though

Challenging waves are on the way
In a moment of uncertainty, rather than sticking to familiarity, consumers did the opposite.


**Switching behavior**

- **US**
  - Respondents: 1,014
  - 46%

- **UK**
  - Respondents: 504
  - 44%

- **Germany**
  - Respondents: 597
  - 32%

- **France**
  - Respondents: 512
  - 38%

During the last 2 months, when shopping for a specific category or product, have you switched from brands or retailers where you previously shopped?

**40%** of respondents said they tried new brands or made purchases with a new retailer.
Top 6 reasons for switching brands/retailers during shutdown, by country, % of respondents

United States (n = 619)
- Offer lower prices: 51%
- Offer better price/value ratio: 46%
- Offers ways to maintain social connections: 27%
- Support employees: 22%
- Donates to COVID-19 relief efforts: 21%
- Repurposing facilities: 19%
- Communicates in preferred channel: 14%

United Kingdom (n = 314)
- Offer lower prices: 52%
- Offer better price/value ratio: 48%
- Offers ways to maintain social connections: 19%
- Support employees: 15%
- Donates to COVID-19 relief efforts: 14%
- Repurposing facilities: 15%
- Communicates in preferred channel: 14%

Germany (n = 292)
- Offer lower prices: 45%
- Offer better price/value ratio: 41%
- Offers ways to maintain social connections: 21%
- Support employees: 21%
- Donates to COVID-19 relief efforts: 19%
- Repurposing facilities: 19%
- Communicates in preferred channel: 18%

France (n = 317)
- Offer lower prices: 45%
- Offer better price/value ratio: 36%
- Offers ways to maintain social connections: 26%
- Support employees: 26%
- Donates to COVID-19 relief efforts: 19%
- Repurposing facilities: 18%
- Communicates in preferred channel: 18%

Source: Periscope by McKinsey, "Retail Reimagined: The new era for customer experience", August 2020
In the depth of our Network

Latests on Retail from the Microsoft Advertising Network
EMEA Retail speeds up dramatically both in terms of traffic and clicks.

**EMEA – Retail YoY % change**

- **Search Volume YoY**
  - Jan: 6%  
  - Feb: 38%  
  - Mar: 45%  
  - Apr: 57%  
  - May: 90%  
  - Jun: 31%  
  - Jul: 46%  
  - Aug: 14%

- **Clicks YoY**
  - Jan: 13%  
  - Feb: 14%  
  - Mar: 13%  
  - Apr: 60%  
  - May: 11%  
  - Jun: 28%  
  - Jul: 14%  
  - Aug: 11%

**Source:** Microsoft Internal Data, EMEA, Jan 2019 – Aug 2020 YoY
The growth in traffic and clicks was seen in all the top five markets.

**EMEA – Retail YoY % change**

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<thead>
<tr>
<th>Country</th>
<th>Search Volume YoY</th>
<th>Clicks YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>50%</td>
<td>17%</td>
</tr>
<tr>
<td>Germany</td>
<td>49%</td>
<td>27%</td>
</tr>
<tr>
<td>Italy</td>
<td>33%</td>
<td>30%</td>
</tr>
<tr>
<td>Spain</td>
<td>37%</td>
<td>32%</td>
</tr>
<tr>
<td>United Kingdom</td>
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Source: Microsoft Internal Data, EMEA, Jan 2019 – Aug 2020 YoY
Consumer Electronics and Beauty were the fastest growing categories

EMEA – Retail YoY % change

Source: Microsoft Internal Data, EMEA, Jan 2019 – Aug 2020 YoY
Consumer Electronics and Food & Groceries were the fastest growing categories

Source: Microsoft Internal Data, Spain, Jan 2019 – Aug 2020 YoY

Spain – Retail YoY % change

- Apparel: Search Volume YoY 7%, Clicks YoY 10%
- Beauty & Personal Care: Search Volume YoY 21%, Clicks YoY 14%
- Consumer Electronics: Search Volume YoY 51%, Clicks YoY 52%
- Food & Groceries: Search Volume YoY 34%, Clicks YoY 52%
- Home & Garden: Search Volume YoY 13%, Clicks YoY 32%

Source: Microsoft Internal Data, Spain, Jan 2019 – Aug 2020 YoY
A massive opportunity as retail cost per click (CPC) stays lower than last year

Source: Microsoft Internal Data, EMEA, Jan 2019 – August 2020 YoY
And the best is yet to come... Let the Winter season begin

Retail EMEA Search Volume Forecast

EMEA Clicks YoY Growth (2019 vs 2018)
- 23%

SPAIN Clicks YoY Growth (2019 vs 2018)
- 36%

Source: Microsoft Internal Data, EMEA, Jan 2019 – August 2020 + Forecasting for H2 reminder
Increased online shopping activity from older generations

Aside few exceptions, search volume grew across all age-groups and markets. However, age group distribution is also changing with older generations (65+) with previous low/no online shopping are now increasing their activity (+74% YoY searches in the region). This is particularly true for France, Germany and the UK.
Catch the high waves
Ad Product recommendations
A higher % of conversions are driven by Microsoft automated bidding strategies

Source: Microsoft Internal Data, Jan-August 2020, EMEA
A growing % of Retail conversions are driven by Responsive Search Ads in EMEA

Source: Microsoft Internal Data, Jan-August 2020; Top EMEA retail accounts (>top 500 list)
A higher Retail conversions rate with **Remarketing** in EMEA

Period: July 2020

Conversion rate (CVR) uplift with Remarketing Audiences
(EMEA, July 2020)

Source: Microsoft Internal Data; July 2020; EMEA
A higher Retail conversions rate with In-market Audiences in EMEA

Period: July 2020

CVR uplift with In-market Audiences
(EMEA, July 2020)

Source: Microsoft Internal Data; July 2020; EMEA
Microsoft Audience Network: Users exposed to both Microsoft Audience Network and Search ads for Retail\(^1\) are more likely to visit and purchase compared to users only exposed to Search

Post-exposure conversion rate\(^1\)

- **X3.8**
  - conversion rate lift\(^2\)

- **X3.5**
  - conversion rate lift\(^2\)

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**Search only**

**Microsoft Audience Network only**

**Microsoft Audience Network + Search**

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Microsoft Internal data; 3-week range per advertiser (2-weeks MSAN exposure + 1-week post-exposure activities), within 1/6/20 – 6/27/20

1. Based off performance for multiple top retailers; +10.6M study users
2. Lift represents the difference between percent of users in the treatment (exposed) vs. control (eligible, not exposed)
Why use Dynamic Search Ads (DSA)?

**WHAT THE DATA SHOWS**

- **Lowering cost per click (CPC)**
  - Dynamic search ads have a 4.23% lower CPC than ads with non-exact match type keywords

- **Discovering unique queries**
  - On average, ~90% of DSA impressions for a given DSA user are discovered from queries that were only found by DSA

- **Driving incremental click volume**
  - On average, the unique queries that DSA discovers are driving a 2.5% increase in total clicks across all search ad campaigns

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*Microsoft Advertising internal data, May 2019, billable traffic, EN-US.
^ Microsoft Internal Data, Dynamic Search Ads Click Data United States All Networks 2020-06-21 – 2020-06-22
Key takeaways

Be ready to ride the growing waves!

Defend your position and brand to expand

Leverage Ad Types and Bid Strategies to improve performance
Microsoft Advertising. Intelligent connections.