



MICROSOFT ADVERTISING INSIGHTS

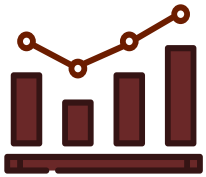
Back-to-school: retail, tech, and audience online trends for 2022

May 2022

Microsoft Advertising. Great relationships start here.



Back-to-school snapshot



Consumer confidence

+16% YoY

Open schools created a sense of normalcy in 2021 for the school year; thus, creating a sense of confidence and clarity for parents with 2021 spending projections expecting to rise 16% YoY. As we move into the 2nd year of open schools post pandemic consumer confidence will continue to rise.



Non-store & Online Sales

48%

In 2021 48% of consumers planned to conduct their back-to-school shopping online with department stores & discount stores as the top places. Expect to see a similar trend as inflation continues to drive up the cost of goods.



Back-to-school spending per household

\$849

The average planned back-to-school spending per household in the United States has gradually increased year-on-year to reach 848.9 U.S. dollars in 2021. This is an increase of over 350 dollars since the beginning of the survey period in 2004. Expect consumers to spend more for less items this year due to inflation.



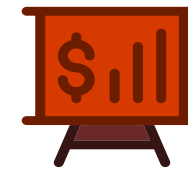
Alternative schooling

As of February 2020, 26% of the parents who had not tried homeschooling before had considered having full-time homeschooling. During the same time, 33% were considering doing it partially.



Expenditure by category

Together, computer and consumer electronics and apparel and accessories categories will make up more than 40% of all US ecommerce sales in 2022. A similar pattern can be applied for back-to-school spending.



Sale events

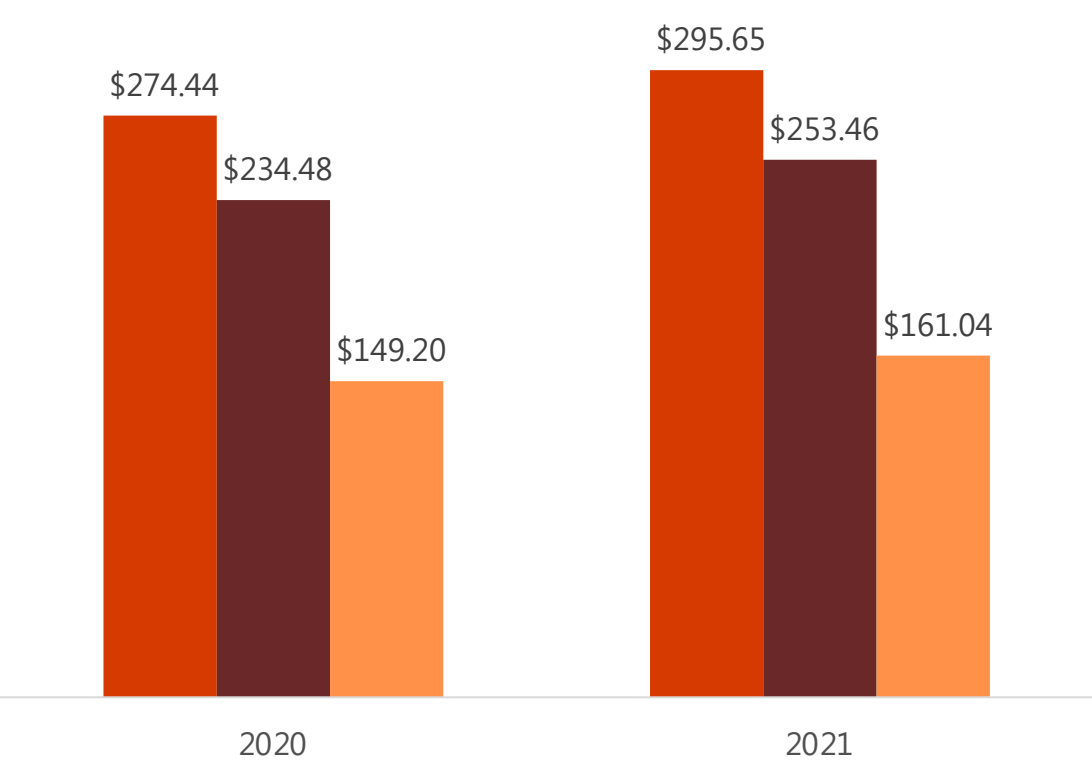
In 2021, 60% of consumers planned purchases around key sales events. Notable major sale events include Prime Day, Fourth of July & Labor Day. This year as consumers remain cost conscious, they will look for additional discounts from retailers.



Buyers are usually spending more on Electronics & Clothing

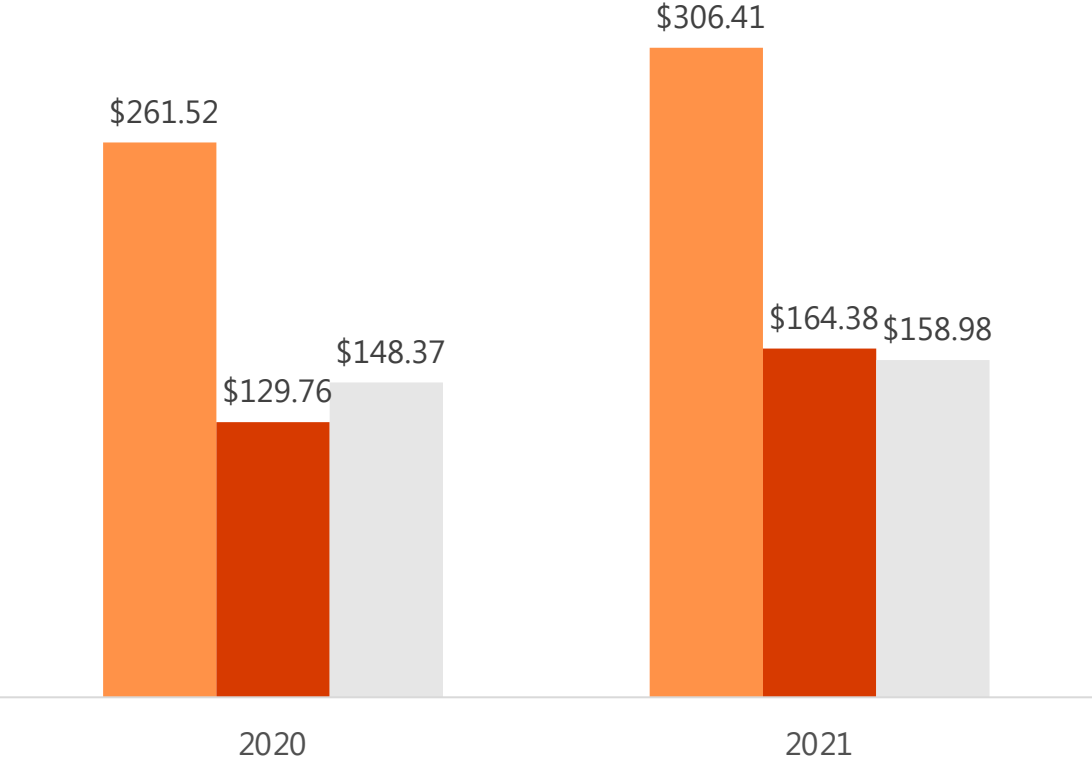
Back-to-school: Top categories by spend

■ Electronics ■ Clothing ■ Shoes



Back-to-college: Top categories by spend

■ Electronics ■ Dorm/apartment furnishings ■ Clothing

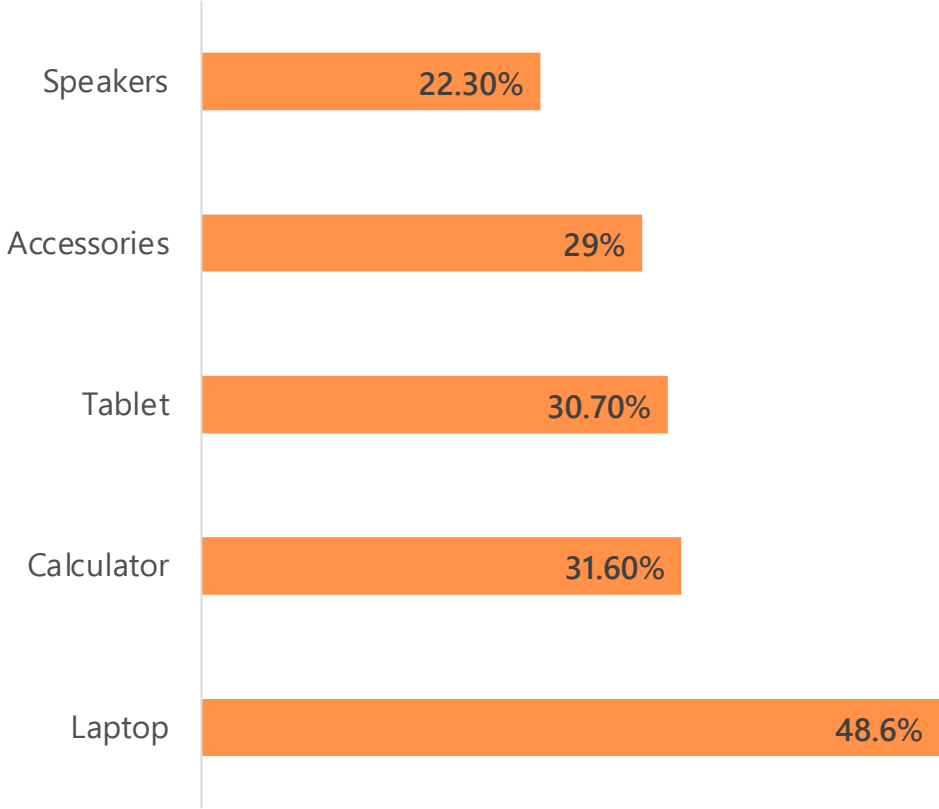


Source: NRF's annual 2021 June survey, conducted by Prosper Insights & Analytics

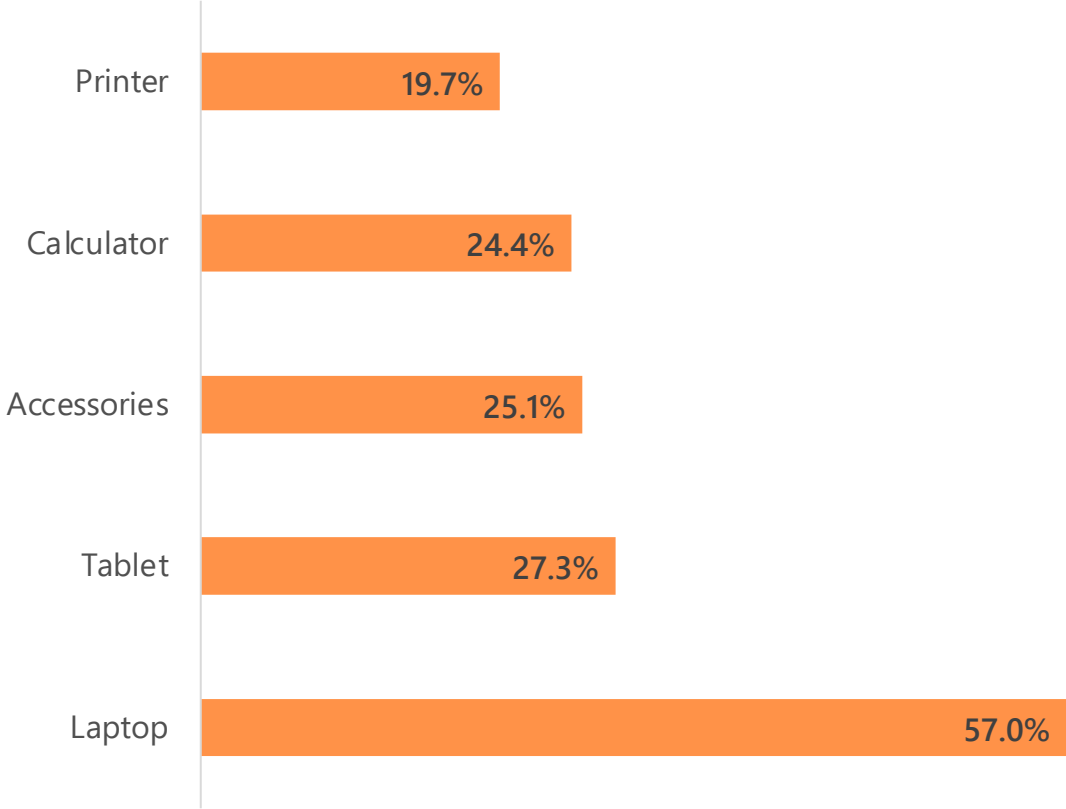


Laptops, tablets & calculators are top purchased items

Back-to-school



Back-to-College



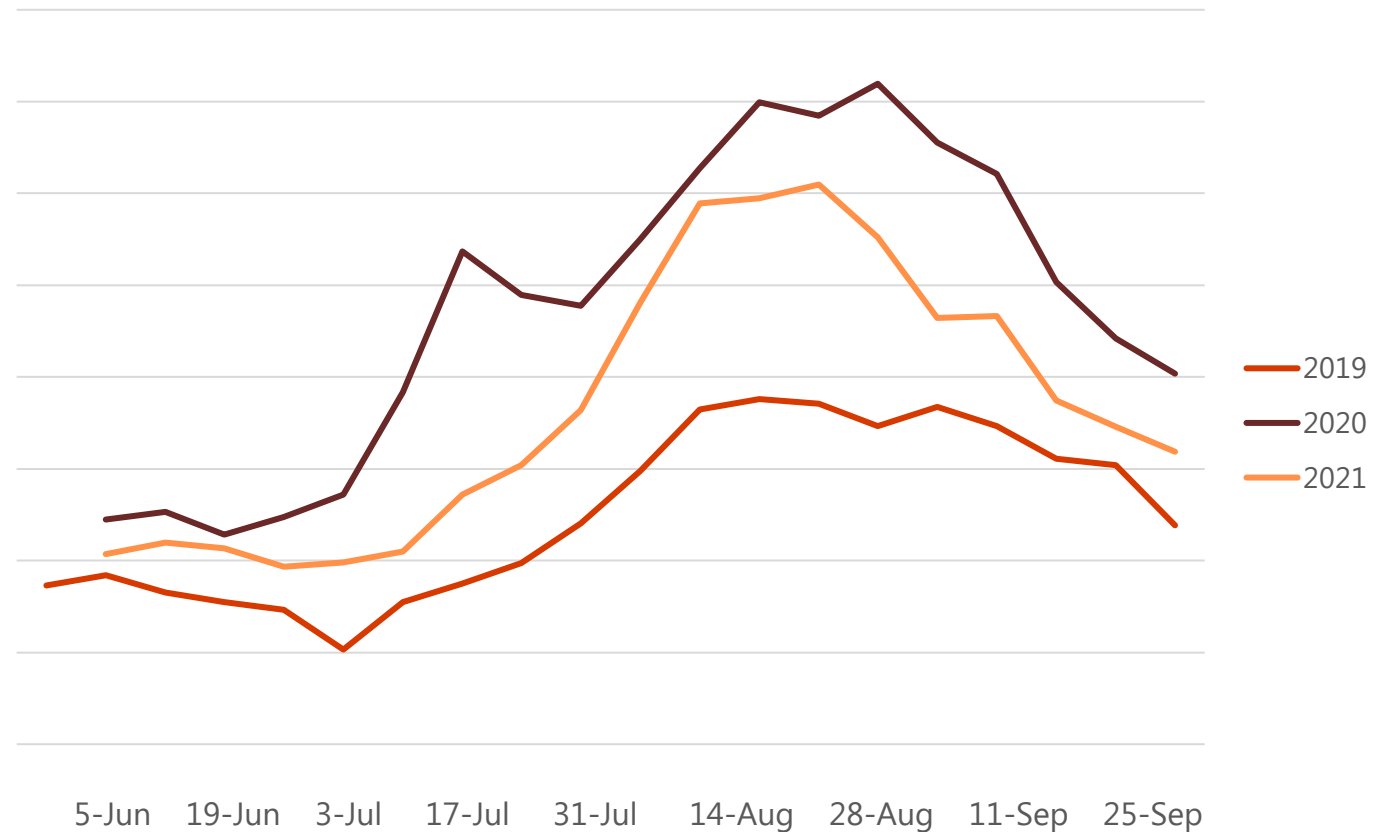
Source: NRF's annual 2021 June survey, conducted by Prosper Insights & Analytics



Homeschooling is more popular after COVID-19

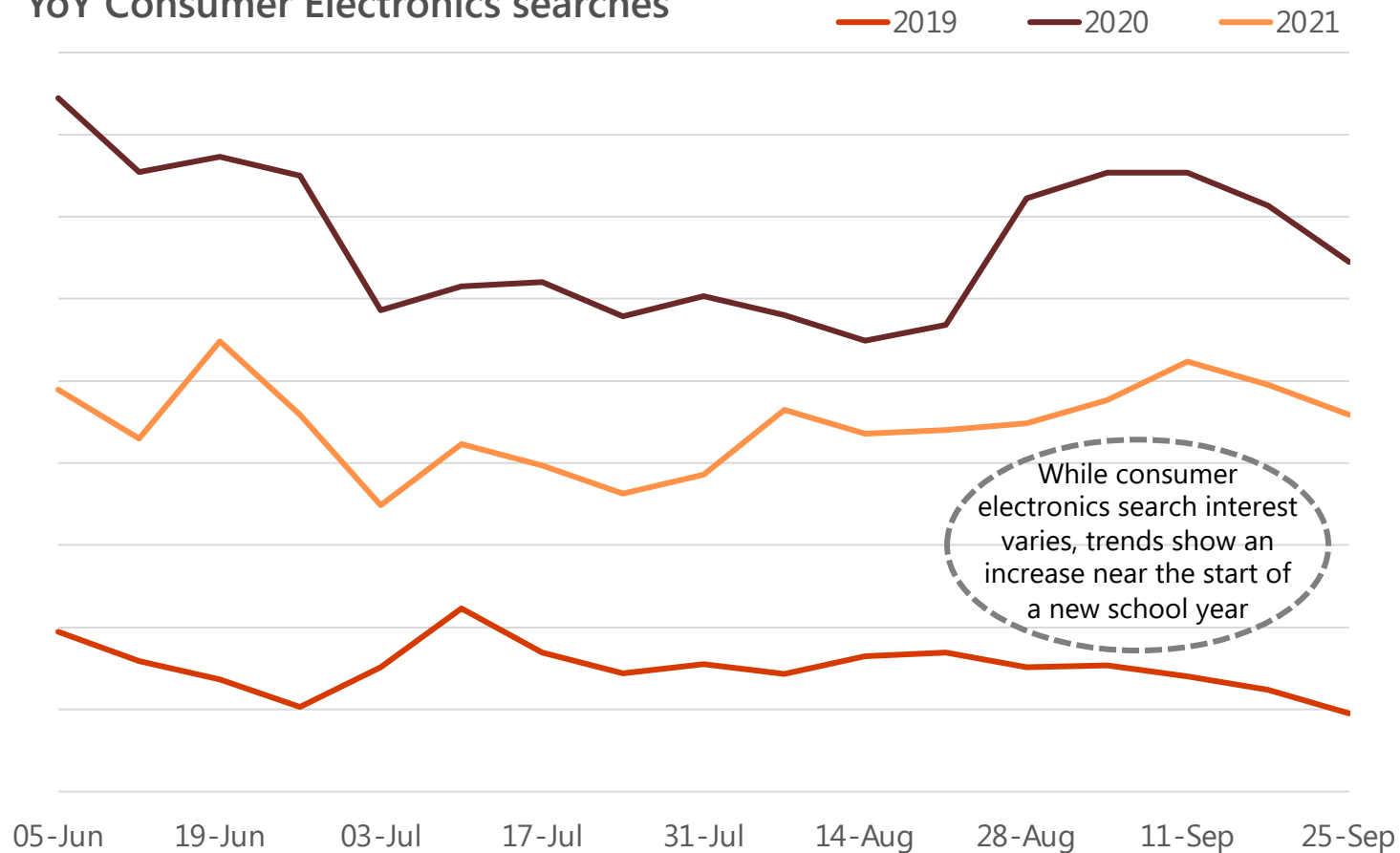
- 2020 had the highest number of homeschooling clicks, most likely as a result of the COVID-19 pandemic. 2021 was still higher than pre-pandemic levels, but not quite as high as 2020.
- Homeschooling clicks start rising in July. Plan campaign timing and spend accordingly to account for the heightened search interest from beginning of July through mid September.

Year-over-year (YoY) homeschool clicks



Plan your campaign timing for Consumer Electronics

YoY Consumer Electronics searches



2020 & 2021

Trends

From **August 28th to September 18th**, searches for 2020 and 2021 were both higher than average.

2021

NRF data

Shoppers are planning these purchases around major sale events. **61% of consumers typically plan their back-to-class shopping around retailer sale events.**¹

Increase coverage

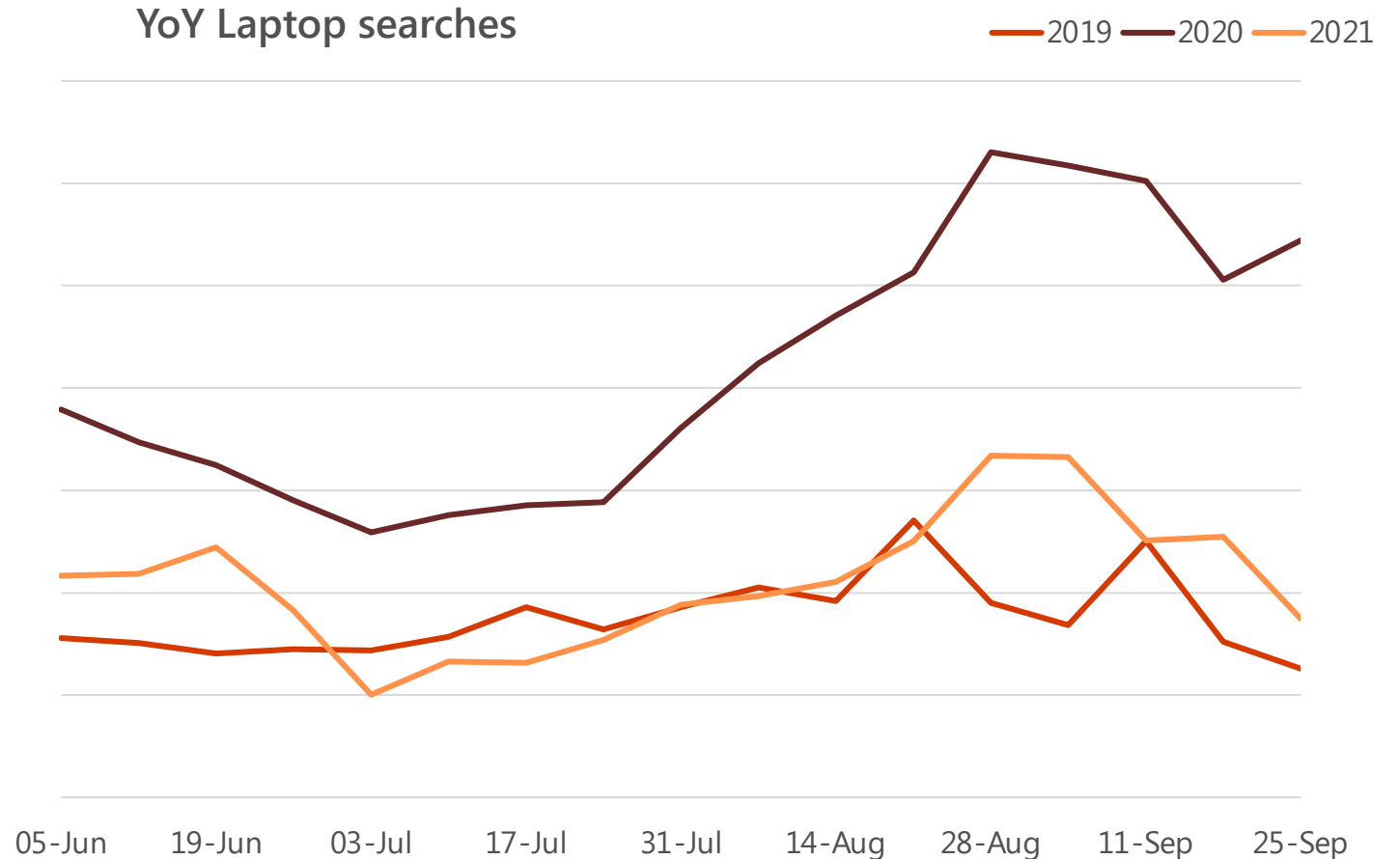
Native

When users are exposed to both a Native and Responsive Search Ads they are **3.6x more likely to visit your site** and **9.4x more likely to convert** vs Search ad only.²

Source: Microsoft Internal Data, Jun 2019 to Sep 2021. 1: NRF's annual 2021 June survey, conducted by Prosper Insights & Analytics. 2: 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 Feb 2022). 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 = 2.1M

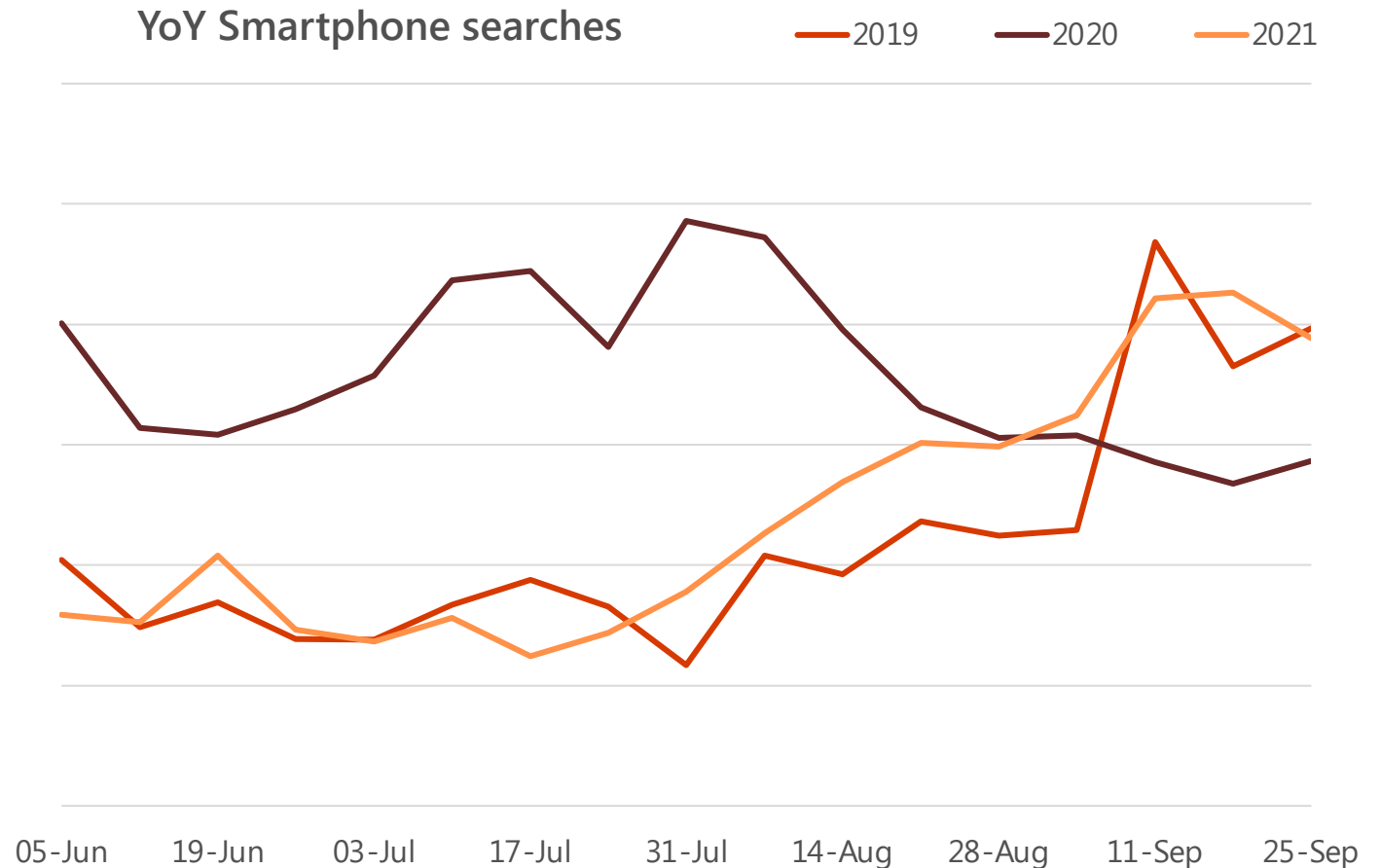
Reach people who are in-market for Laptops

- Between August 7th and September 18th of 2020 and 2021, **Laptop** searches were higher than average.
- With In-market Audiences, you can find curated lists of users who have been determined to be in-market for Laptops this school year.
- Additionally, consider adding Remarketing ads to reach users who have been searching for Laptops but haven't purchased yet.



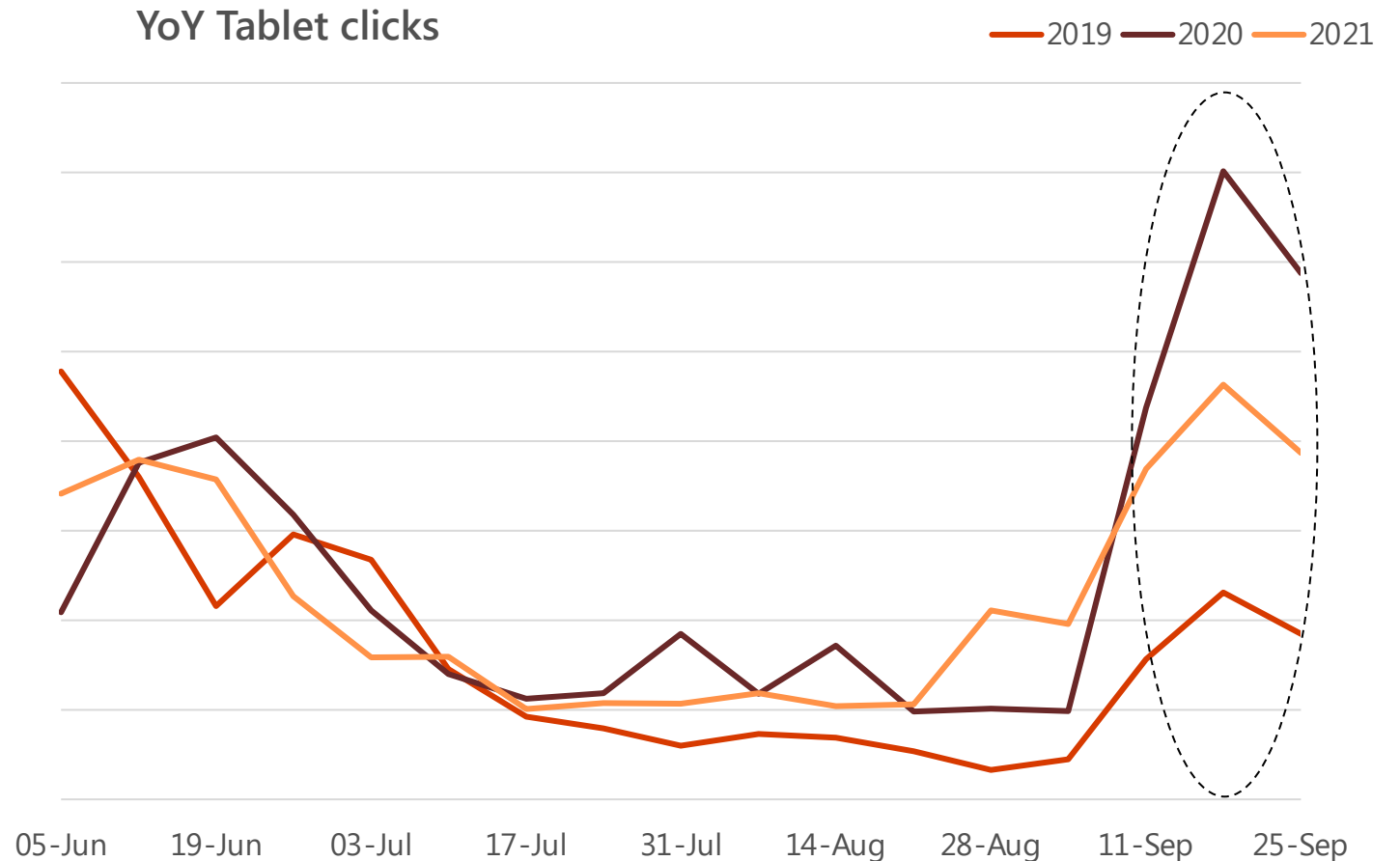
Increase Smartphone coverage in early September

- In 2019 & 2021, **Smartphone** searches gradually increased and peaked around the same time period in early September.
- Use Filter Link Extensions, Action Extensions and Image Extensions to highlight your variety of Smartphones.



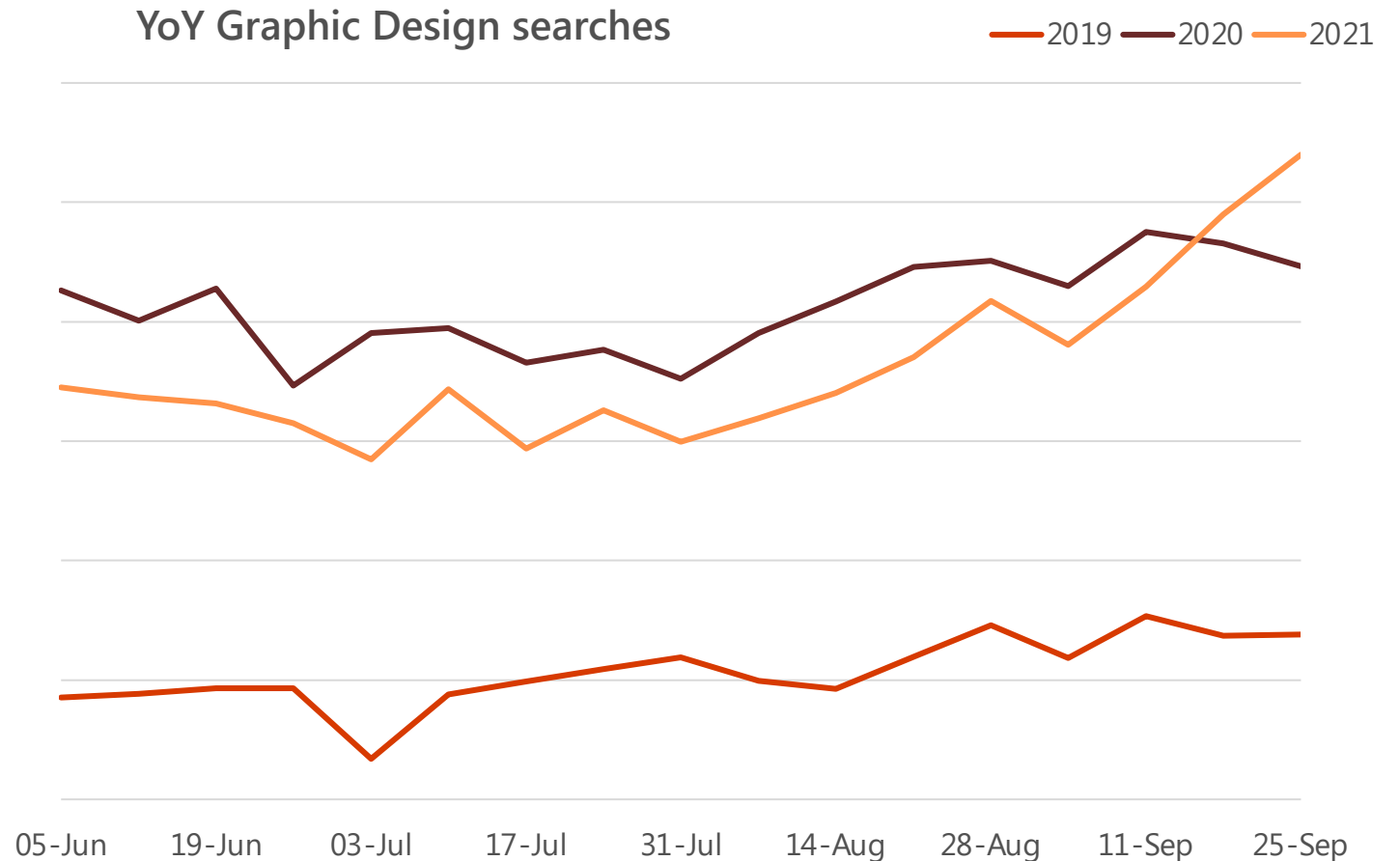
Send the right message at the right time for Tablet users

- In 2020 and 2021, Tablet clicks peaked around September 18th.
- Responsive Search Ads will automatically produce and serve many ad variations to show the most relevant ad to each potential customer, increasing conversions +7% on average.¹



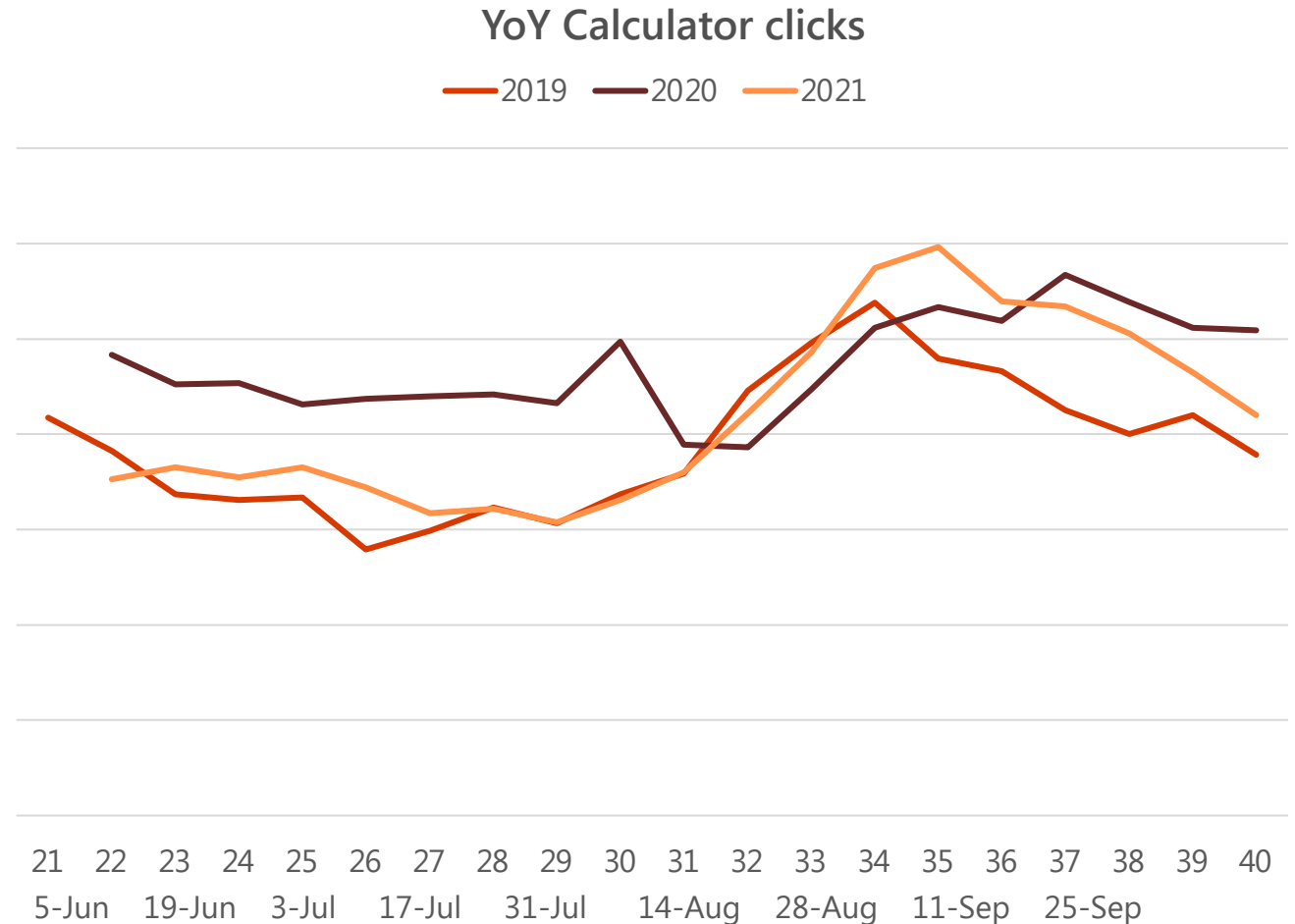
Increase visibility, interest and sales for Graphic Design

- **Graphic Design Software** search interest has increased since 2019 and searches usually spike in the first week of September.
- Using machine learning technology, Multimedia Ads will serve multiple ad permutations using your ad assets to deliver the best performing combination, which in turn will increase clicks and conversions.



Increase keyword coverage for Calculators late summer

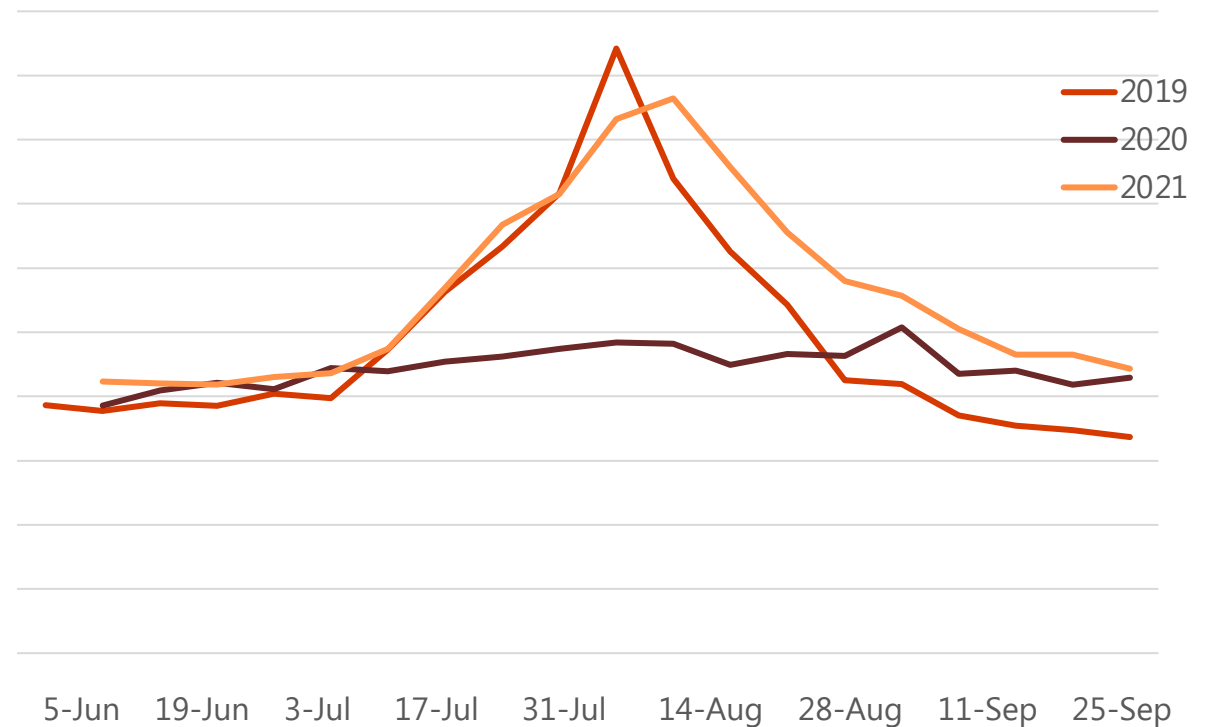
- While some back-to-school supplies saw a large dip in activity after the pandemic, Calculator clicks grew +3% from 2019 to 2021.
- Track new and emerging keyword terms in a hard-to-predict search landscape with Broad Match. Our algorithms evolve and improve all the time, and matching technology ensures accurate results to drive high ROI.
- Increase your search term coverage for Calculators by using customized ad experiences with Dynamic Search Ads.



Target shoppers looking for Backpacks before August

- After a year of steep declines, 2021 searches were in-line with 2019.
- According to a recent survey, **45% of consumers** who intend to purchase back-to-school supplies this year **will buy a Backpack.**²
- Reach consumers on their retail journey with Shopping Ads. Multimedia Ads are also a great way to use rich imagery to showcase how your Backpacks differ from competitors' products. To effectively compete for user's attention, a 40% bid modifier will be applied as the default setting.

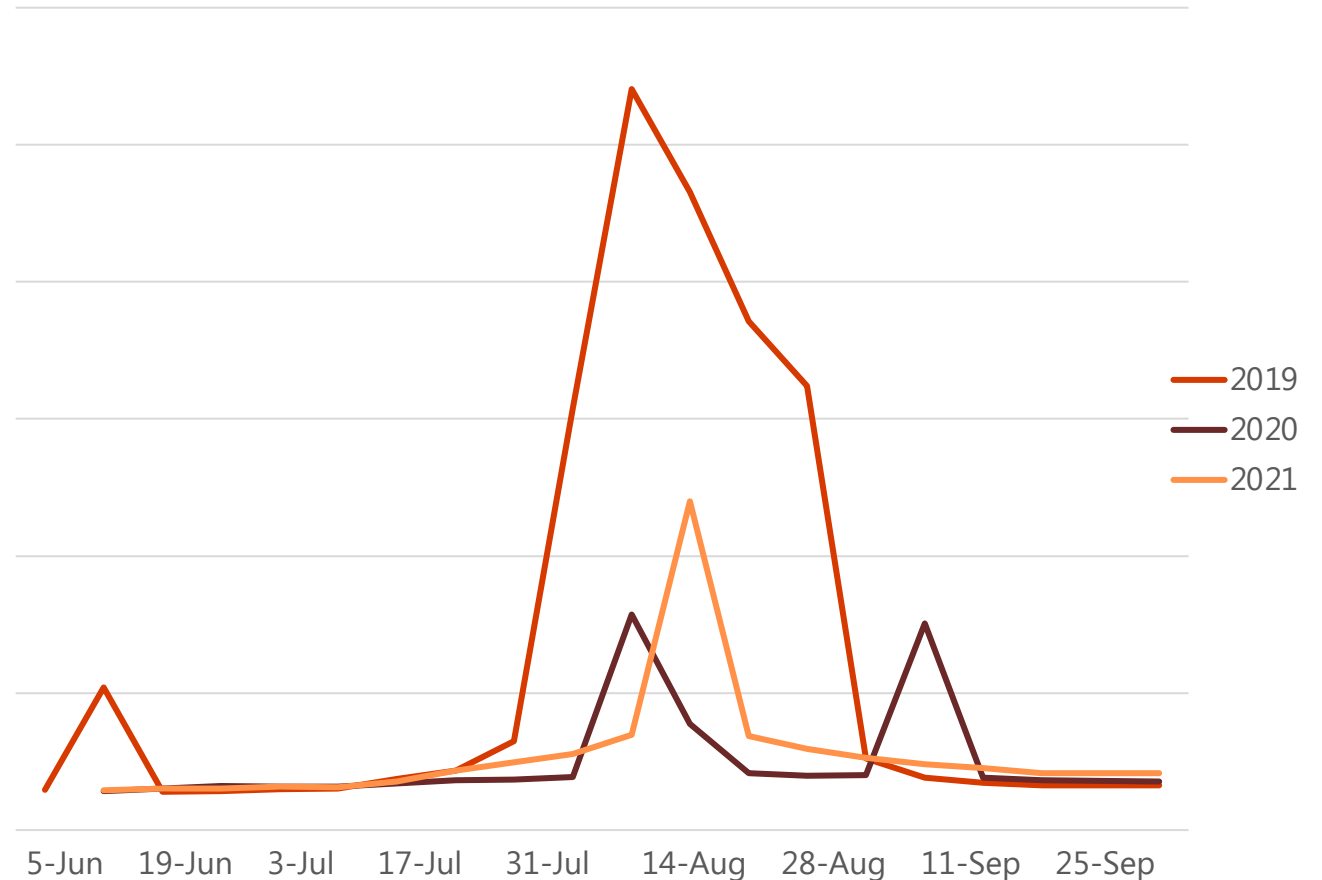
YoY Backpack searches



Expect School Uniform searches to slowly rise YoY

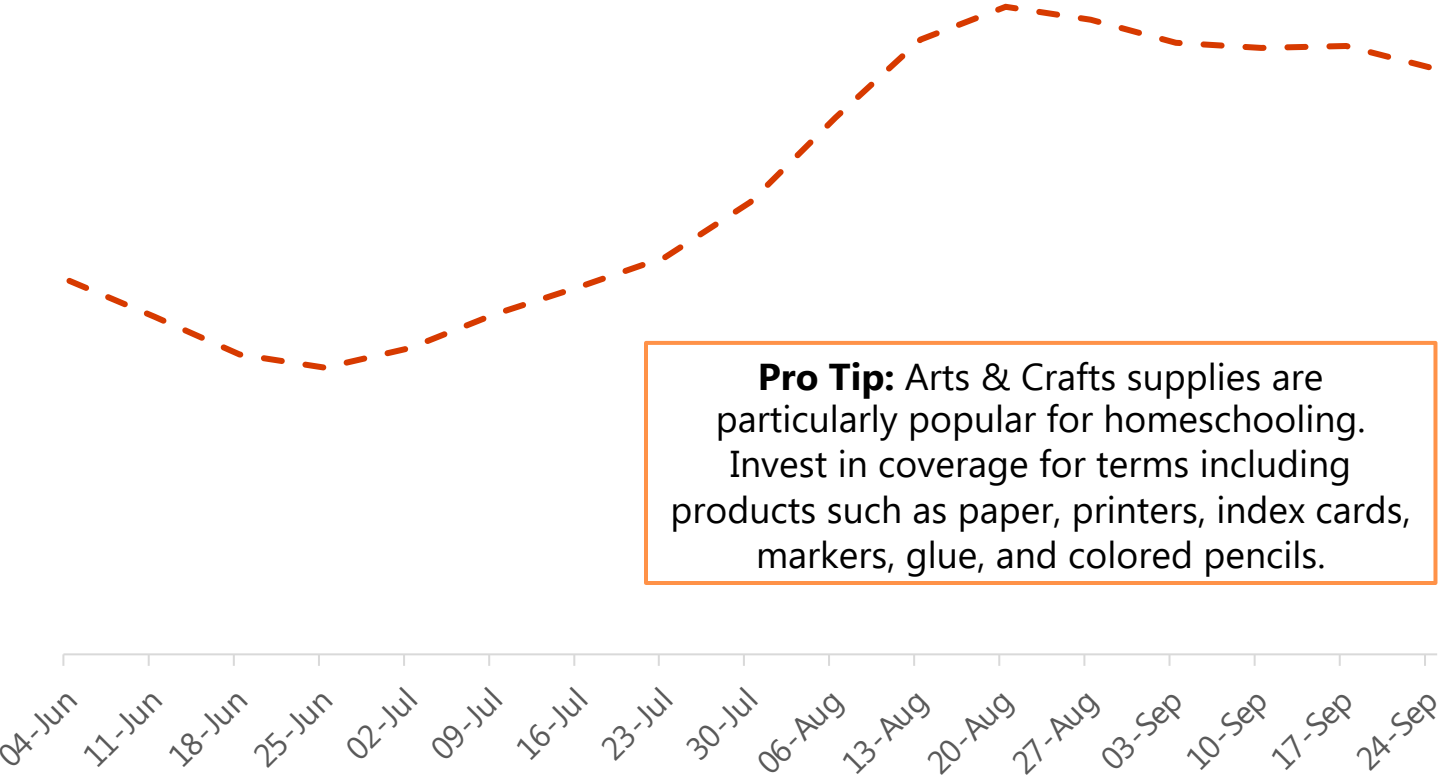
- Although YoY trends show similar search patterns, volume the last two years has been significantly down from 2019, likely due to hybrid school models with the onset of the COVID-19 pandemic.
- Bring shoppers into your store by implementing [Location Targeting](#) and showcase your clothing options to nearby shoppers with [Local Inventory Ads](#).

YoY School Uniform searches



2022 Homeschooling search forecast

Homeschooling search forecast



Pro Tip: Arts & Crafts supplies are particularly popular for homeschooling. Invest in coverage for terms including products such as paper, printers, index cards, markers, glue, and colored pencils.

Parents are choosing Homeschooling over in-person learning

“Homeschooling increased more where schools provided in-person instruction while private schooling increased more where instruction was remote, suggesting important differences across families in their concerns about children’s physical health and instructional quality.” – Homeschooling News 2022

Clicks are trending later than normal

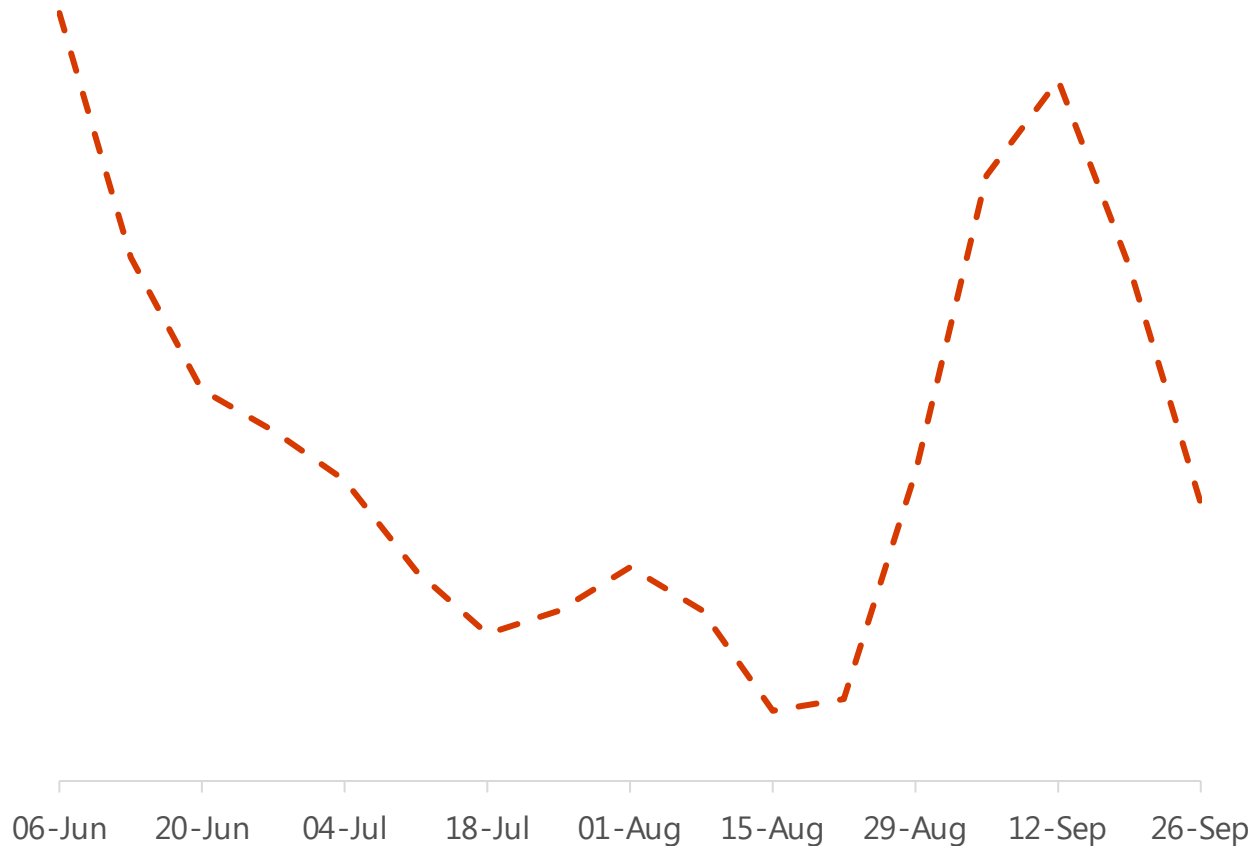
Clicks are forecasted to spike a bit later than previous years, toward the end of August. However, overall patterns remain the same compared to previous years.

Source: Microsoft Internal Data, Jun 2022 – Sep 2022



2022 Consumer Electronics search volume forecast

Consumer Electronics search forecast



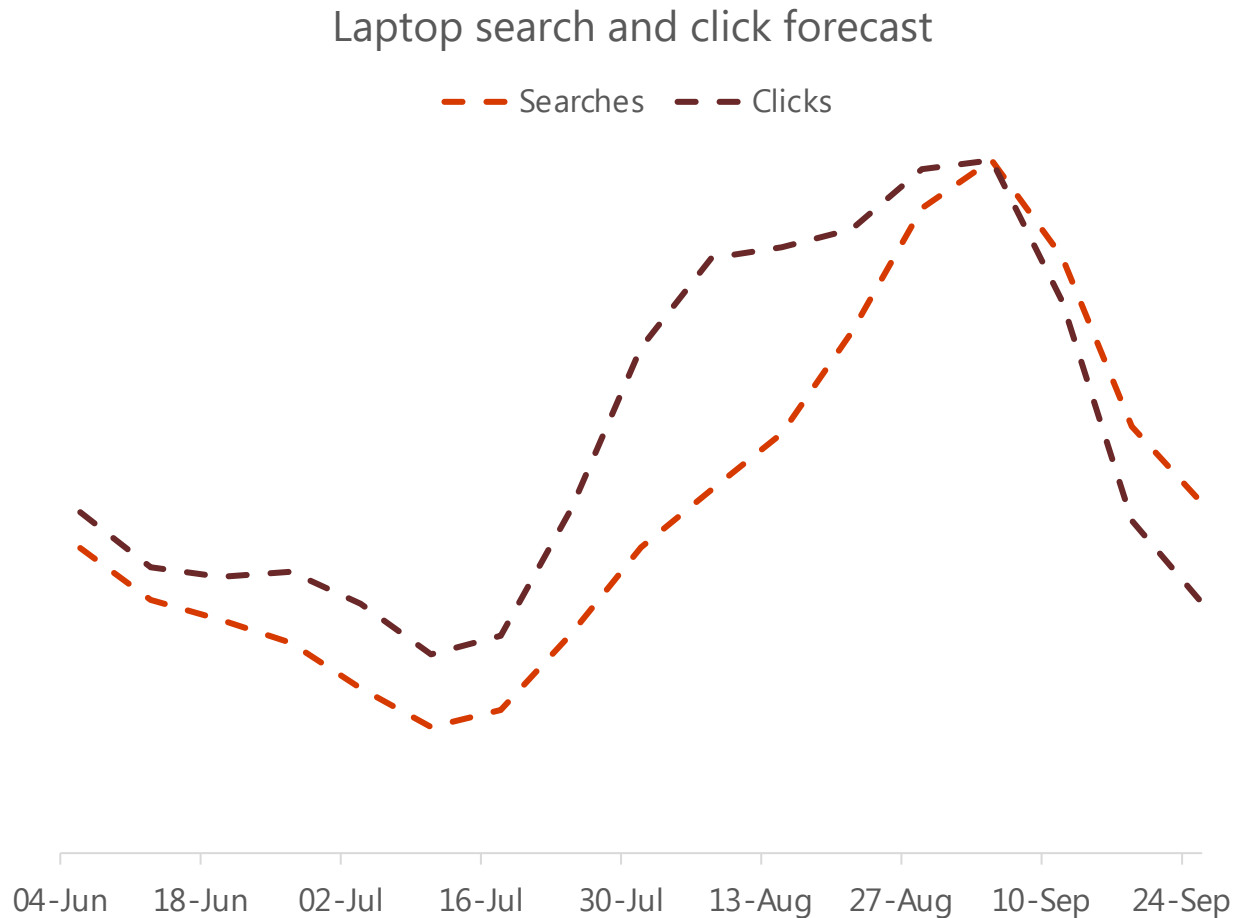
In today's backpack, tech takes over survey says

*"Digital learning tools are replacing traditional school supplies, driving tech sales up 37% YoY. Even as schools open, more than half of respondents plan to spend on online resources."*¹

Meet consumer demand and plan accordingly

1. Searches are expected to rise by an average of **23%**.
2. Forecast shows that searches will be high at the beginning of June, slow down throughout the summer and start to ramp up again around August 22nd.

2022 Laptop search & click volume forecast



Laptops are essential for students

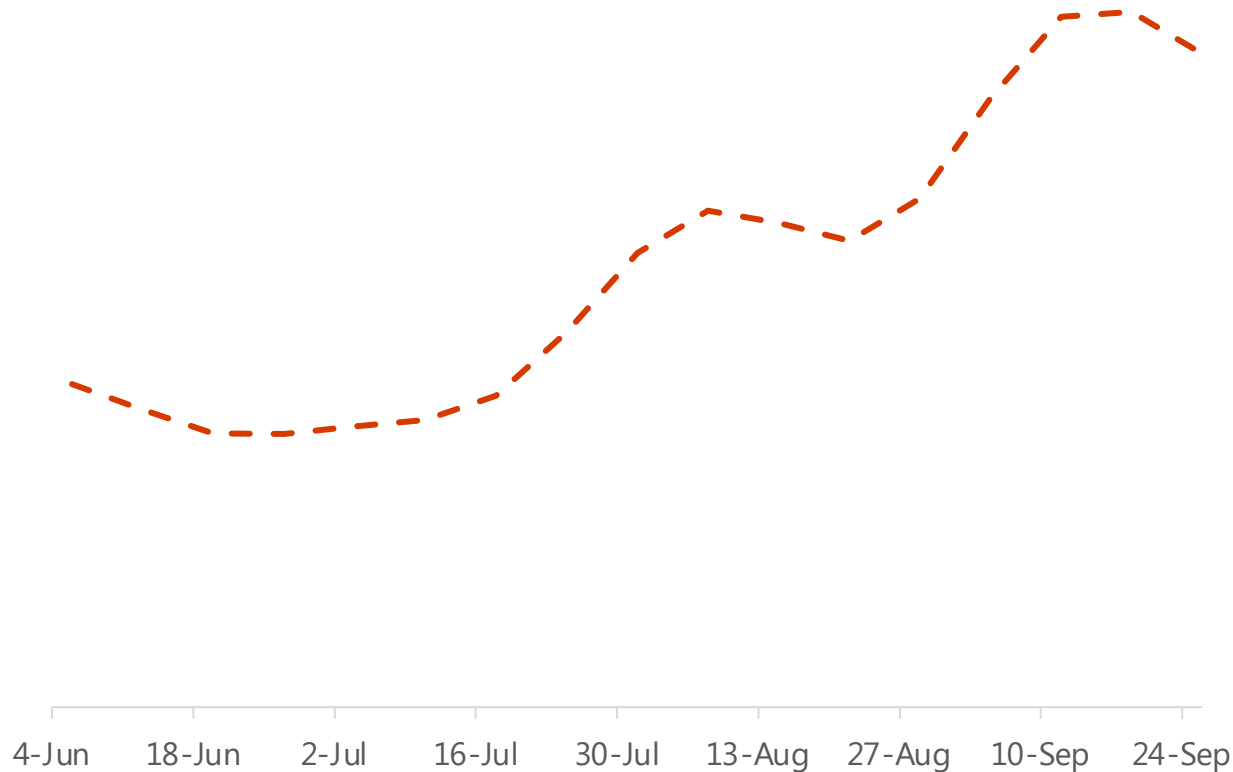
*"For students, a Laptop is as essential as textbooks and a school ID—and not just for taking notes and doing homework. It should also be able to handle your big extracurricular activities."*¹

Forecast results follow trends from past three years

1. Searches are expected to ramp from the second week of July and are expected to peak around September 5th.
2. Clicks are expected to be above average from around August 1st to September 12th and are expected to peak around September 5th as well.

2022 Smartphone search volume forecast

Smartphone search forecast



Smartphones for students

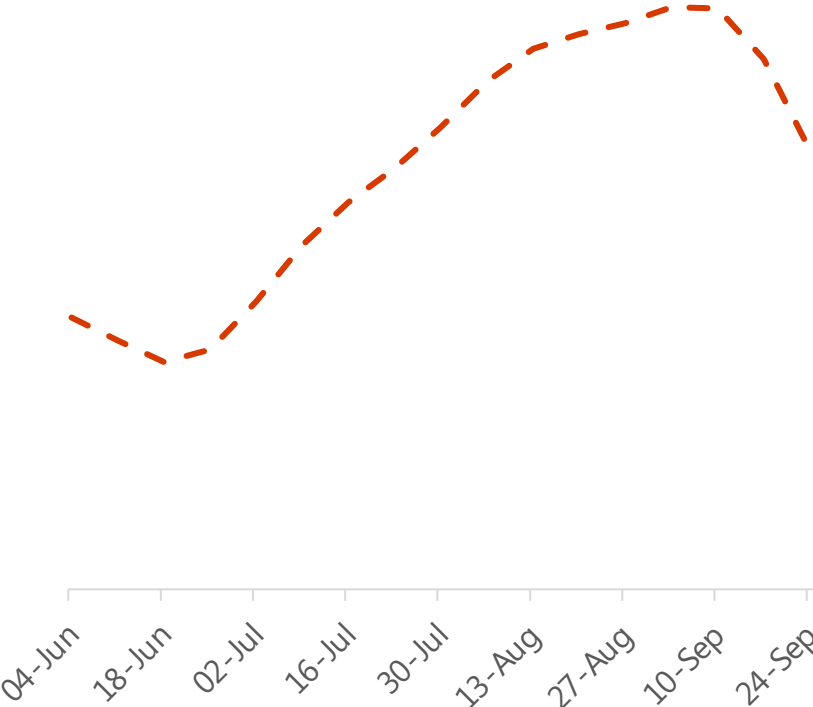
*"There are many reasons why both kids and parents will want to include a Smartphone in their back-to-school shopping. While security or peace of mind will undoubtedly be top-of-the-list for many parents, the kids' focus will almost certainly be on social connectivity with friends."*¹

Forecasts show a gradual growth over the summer

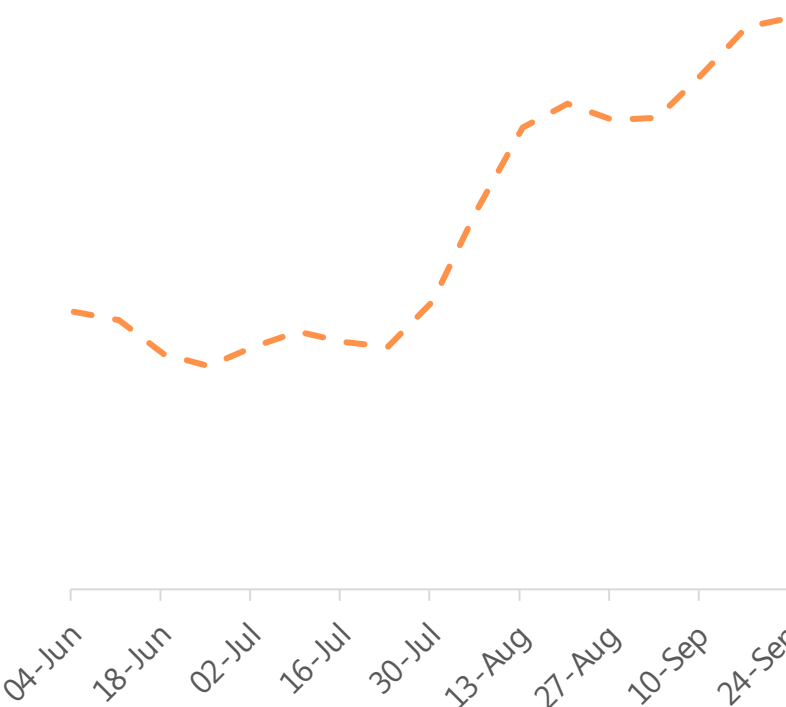
1. Searches are expected to rise by an average of **14%**.
2. Forecast shows that searches will start to gradually ramp up mid-July, and peak around the second week of September.

2022 Organization Tools search forecast

Desk Organizer search forecast



Calendar & Planner search forecast



Get organized

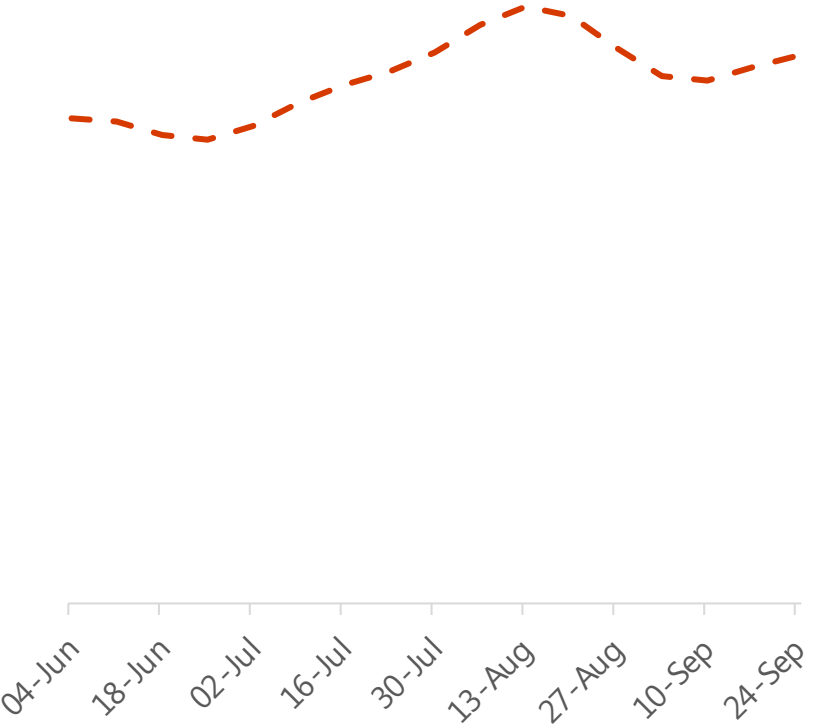
Being organized makes everything easier! Tools for organization start ramping in July and keep building through September.

Source: Microsoft Internal Data, Jun 2022 – Sep 2022

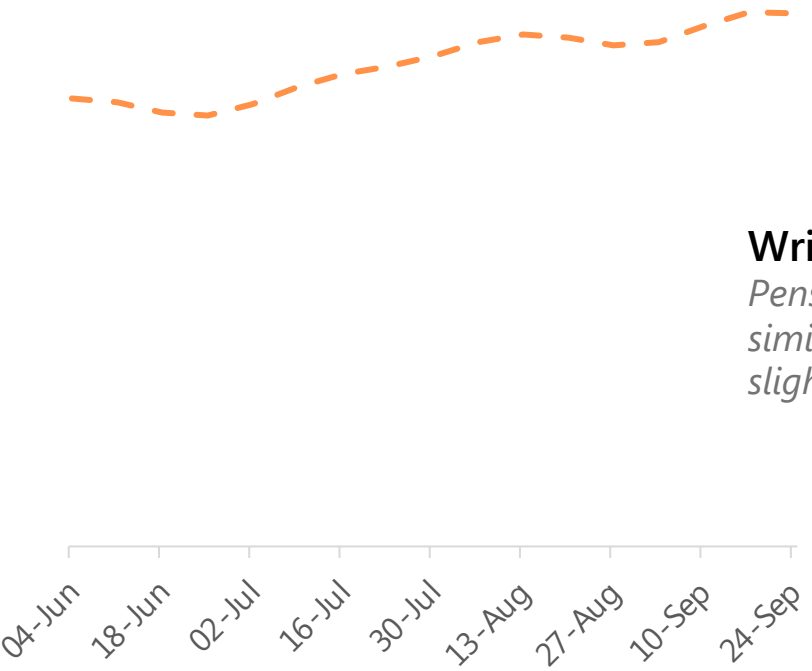


2022 Writing Tools click forecast

Pens & Pencil click forecast



Paper click forecast



Writing tools ramp together
Pens, Pencils and Paper all have similar click forecast predictions, with slight peaks around Mid august.

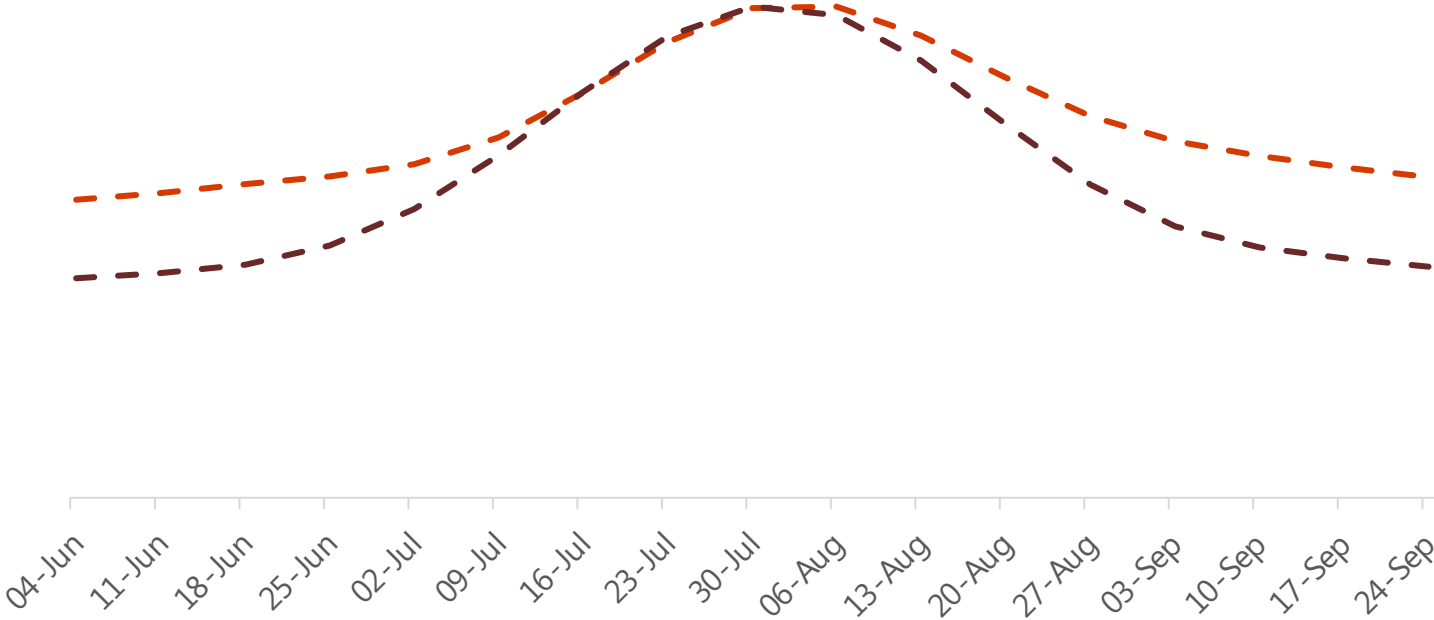
Source: Microsoft Internal Data, Jun 2022 – Sep 2022



2022 Backpack search and click volume forecast

Backpack search and click forecast

--- Searches --- Clicks



Backpacks are essential for in-person learning

Backpacks are expected to be the #3 most purchased item this year for back-to-school, next to Clothing and Books.

Search and click patterns follow the same trend

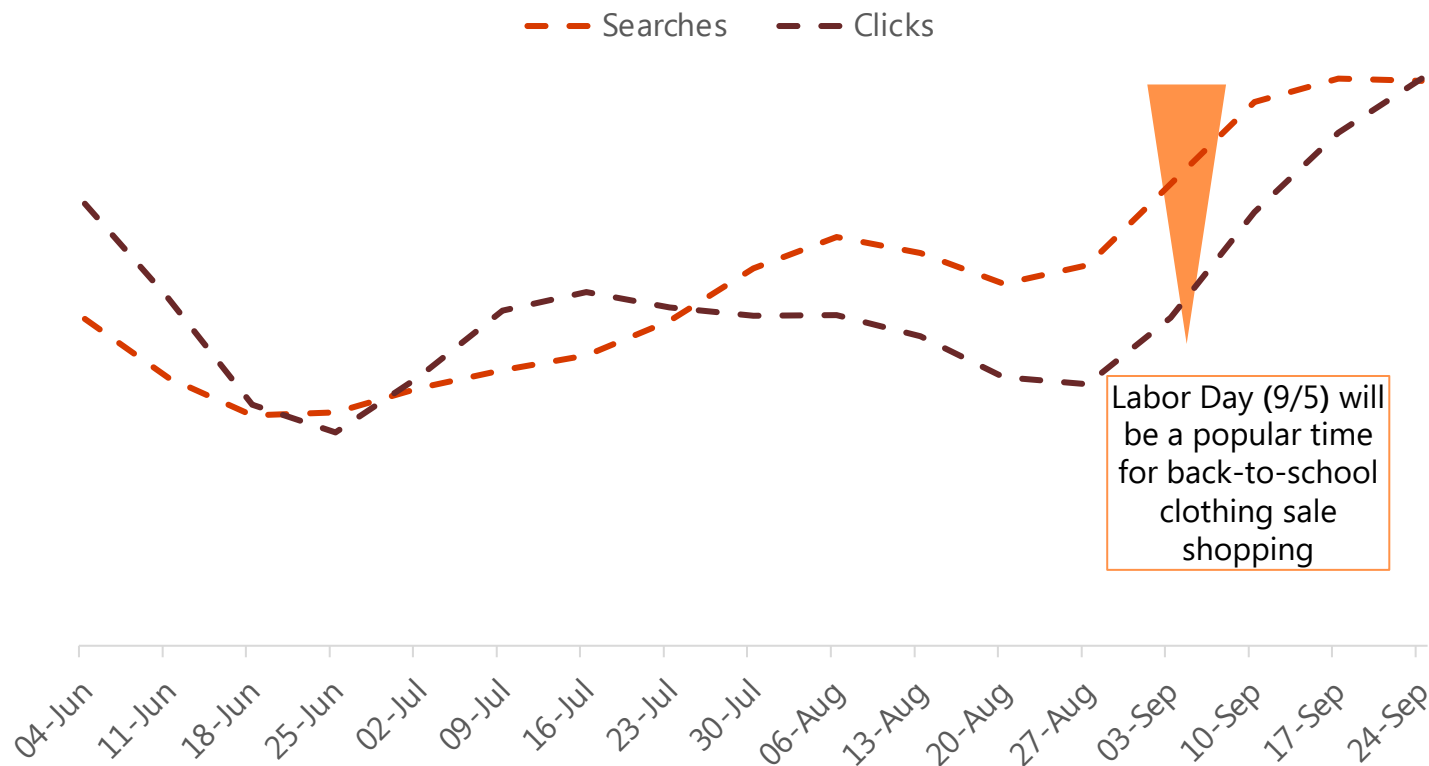
1. Both searches and clicks show clear growth during back-to-school season, peaking around July 30th. This is earlier than previous years.
2. Activity follows a clear bell-curve model, indicating timing is very important for capturing users' attention.

Source: Microsoft Internal Data, Jun 2022 – Sep 2022



2022 Clothing search & click volume forecast

Clothing search and click forecast



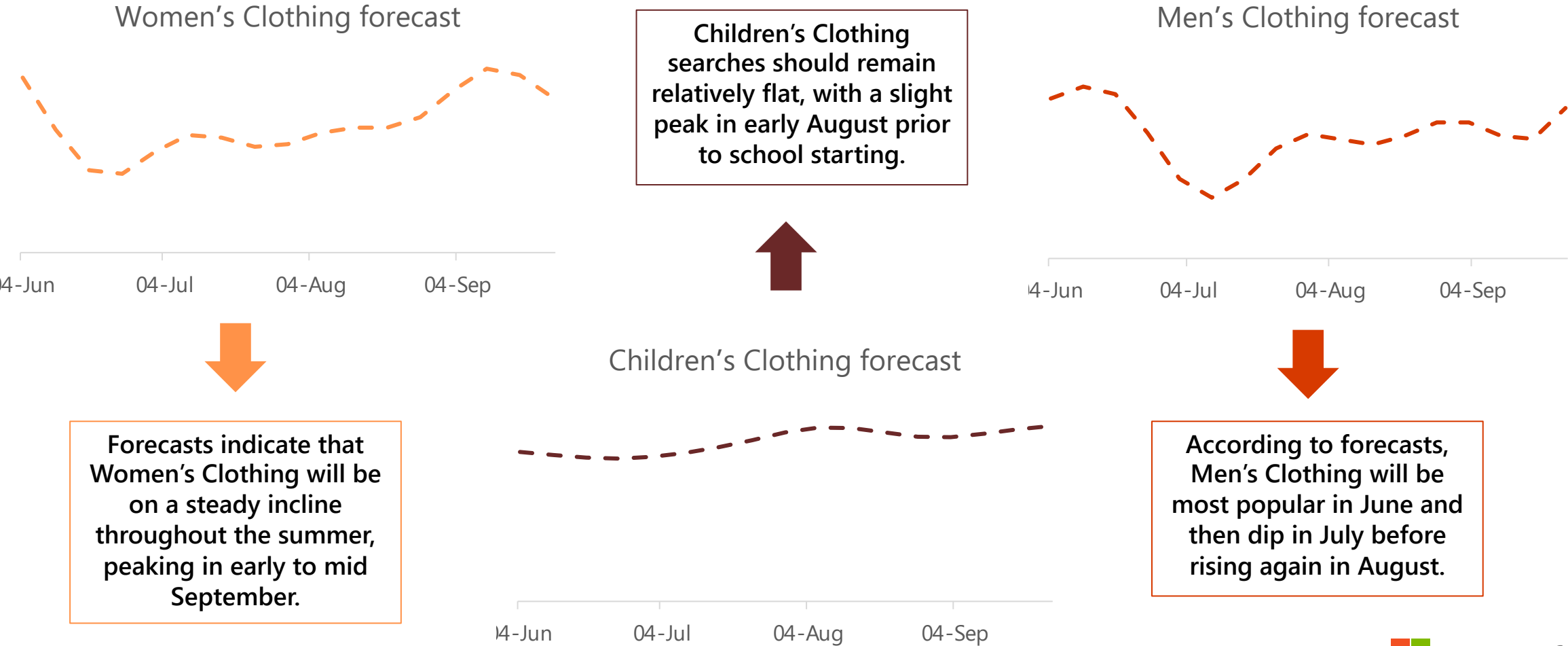
Interest in Clothing is high for the fall

According to a recent survey, out of all consumers who are intending to buy school supplies this year, more than two-thirds of the respondents (67%) said they plan to buy Clothing.²

Forecasts for Clothing grow over time

1. Searches and clicks are expected to follow similar search trends WoW, although clicks will start ramping slightly before searches.
2. All Clothing activity is forecasted to peak in September, possibly indicating that consumers will continue shopping after school starts (such as after signing up for after school sports and activities).

2022 Clothing search forecast: Women's, Men's, & Kid's

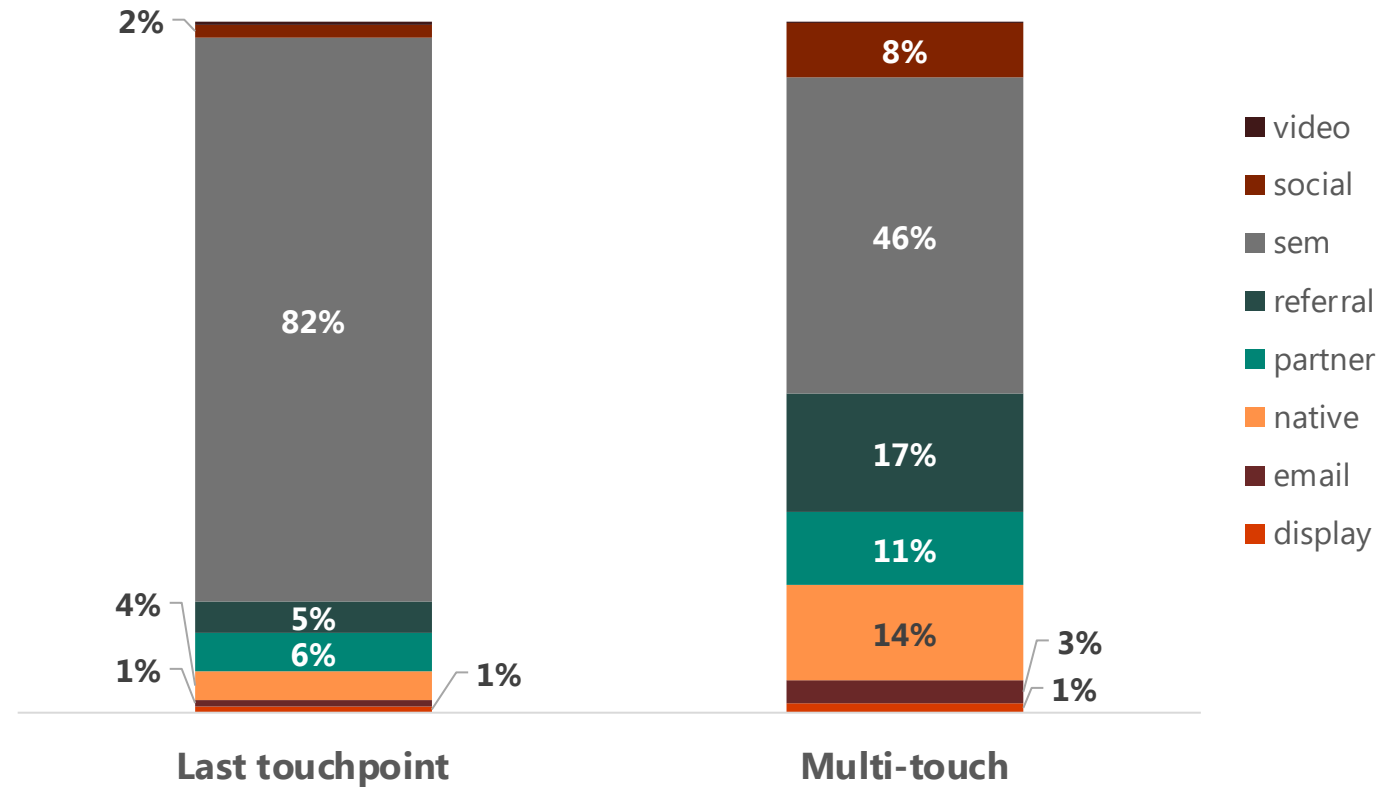


Source: Microsoft Internal Data, Jun 2022 – Sep 2022



Search (SEM) plays an integral role in the journey while other channels contribute from a multi-touch perspective

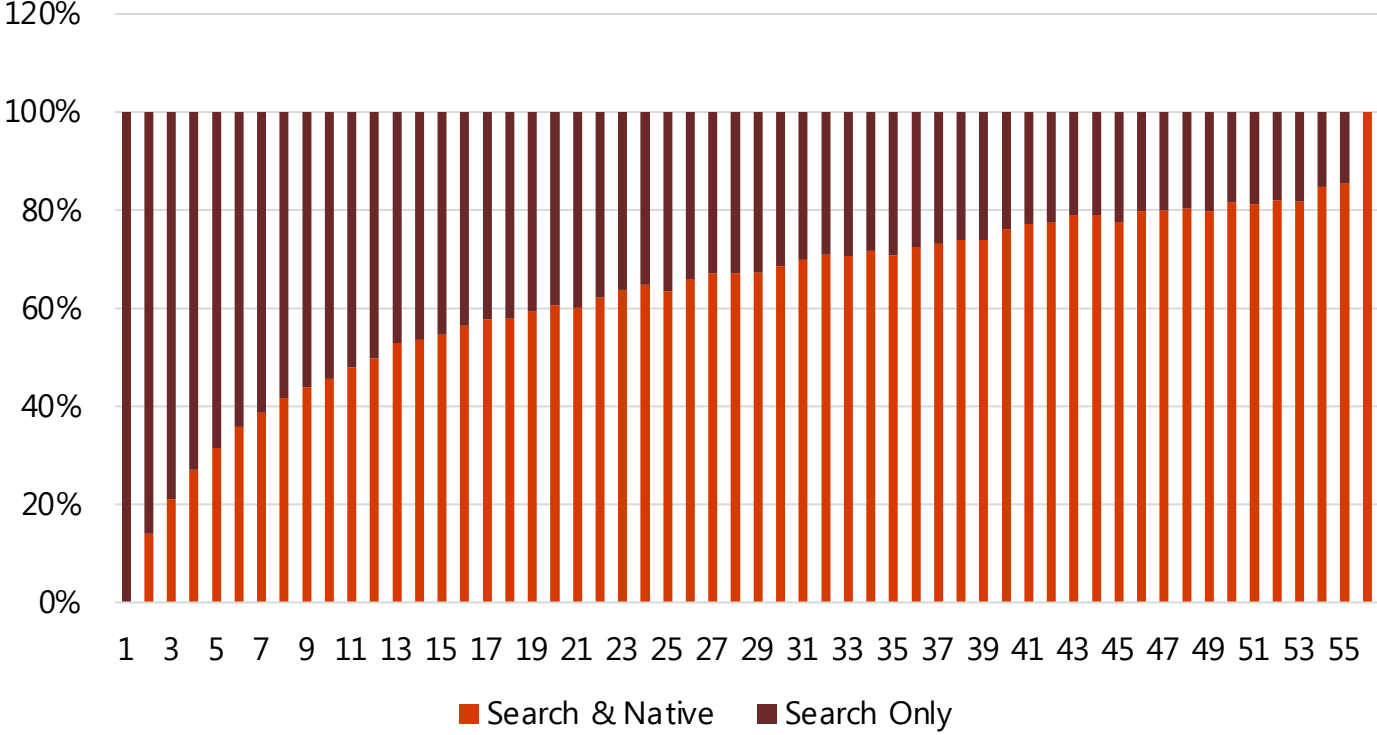
% of conversions; last-touch and multi-touch attribution across paid channels



Microsoft internal data; click based attribution (impression ad exposure not considered). N = 1000 users. Nov 2021 – April 2022. 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.

Back-to-school shoppers are more likely to interact with both the Native and Search when their path is longer

Percent of paths by length in days | channel mix



The average Retail journey on the Microsoft network lasts ~27 days

Microsoft internal data; Microsoft Advertising query path data for US BTS Retailers, Nov. 2021 – Jan. 2022; Native = Microsoft Audience Network.



Users are exposed to
Awareness tactics

50 days
before conversion

Users are exposed to
Consideration tactics

28 days
before conversion

Native drives users to Search

	(conversion)	Native Ad Click	Native Ad Impression	Paid Search Click	Paid Search Impression	SEO Click	Grand Total
(start)			26%	13%	52%	8%	100%
Native Ad Click			75%	7%	16%	3%	100%
Native Ad Impression		2%		21%	63%	14%	100%
Paid Search Click	22%		19%		51%	8%	100%
Paid Search Impression			40%	36%		24%	100%
SEO Click			24%	14%	62%		100%

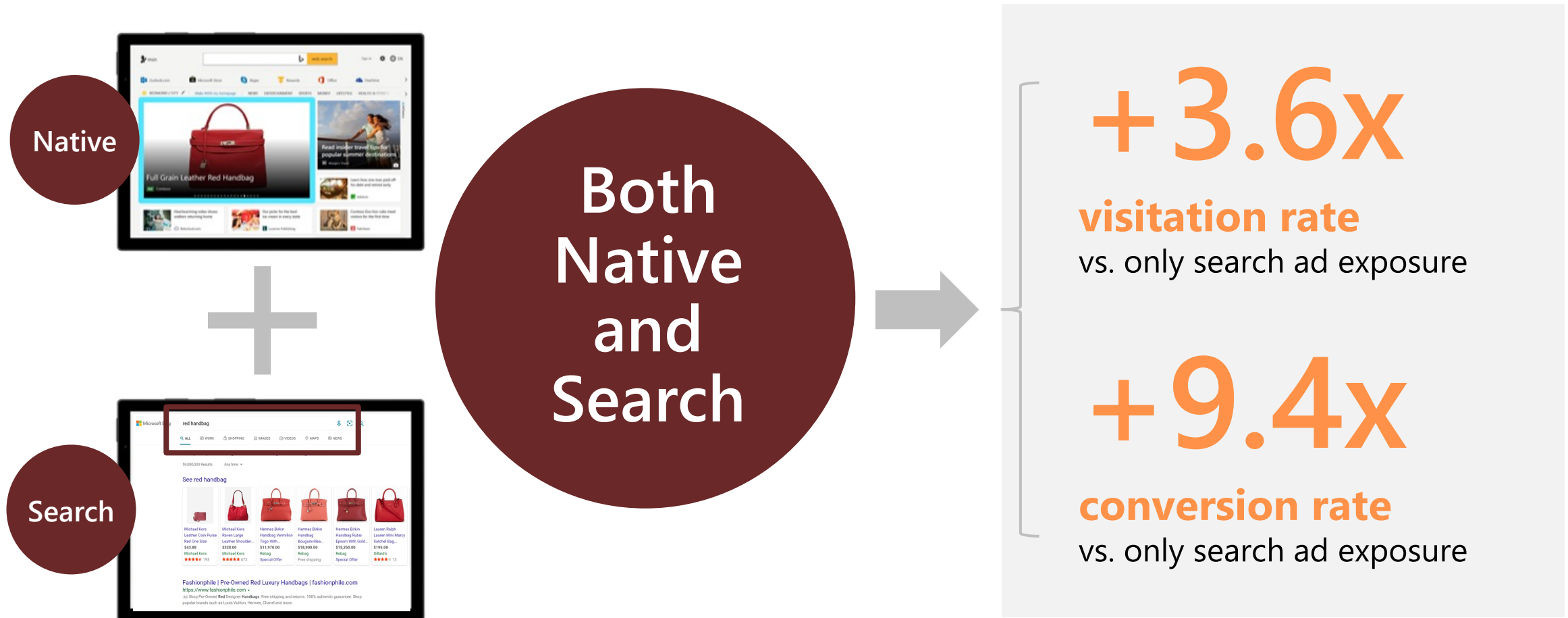
63% of users who do not convert on Native have a **probability of engaging with a retailers Search ad** in their next touchpoint

Capture increased search demand driven by Native ads with strong coverage in Paid Search



Reaching users across Native and Search leads to incremental lift in **site visitation** and **conversion rate**

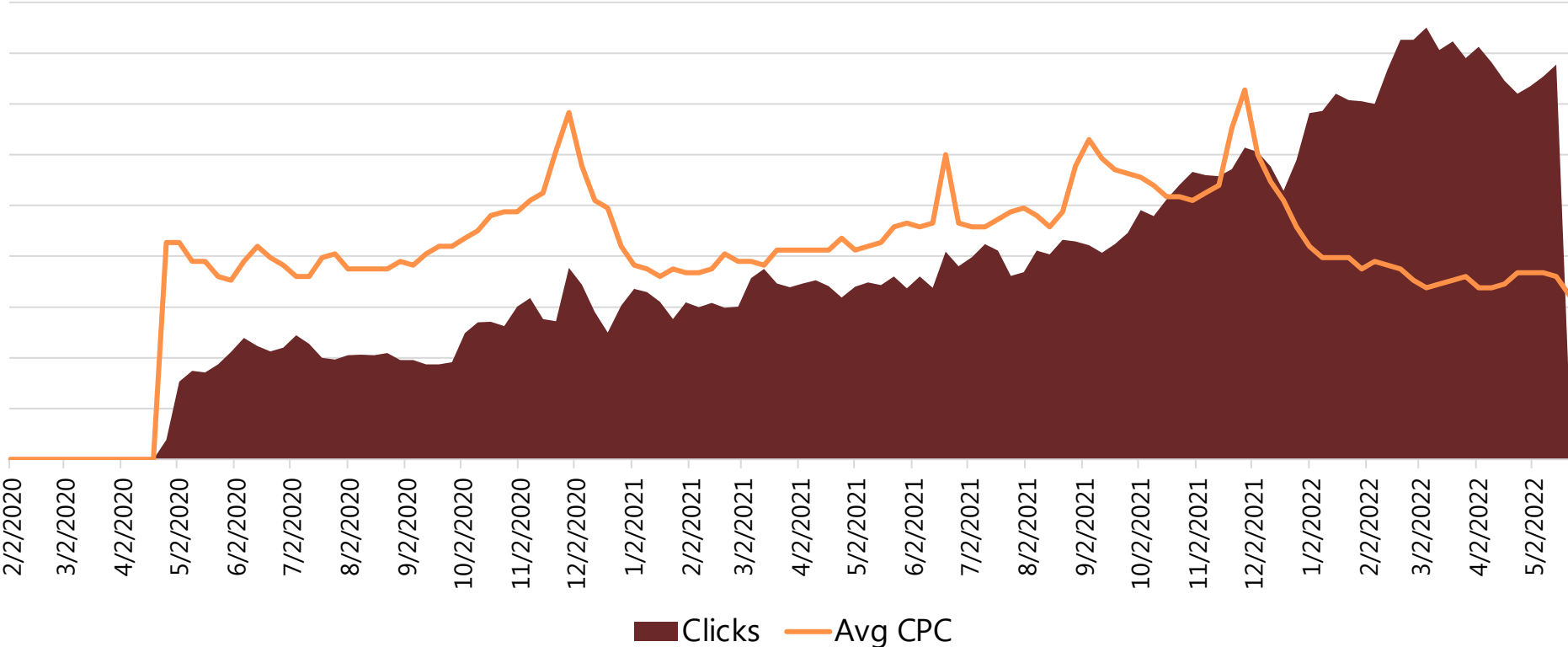
US Retail Ad Effectiveness Study Benchmarks



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 Feb 2022). 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 = 2.1M

Volume is growing & CPCs are decreasing for key back-to-school categories on the Microsoft Audience Network

Microsoft Audience Network
Clicks vs average cost per click (CPC)



Source: Microsoft internal data (US – Microsoft Audience Network trends for Apparel & Accessories, Books, Consumer Electronics, Mass Merchants, Shopping), Apr. 2020 – Apr. 2022

Key audiences to reach during back to school

Teachers



Parents



Degree Students





Teachers

Defined by those users who visited [teacherspayteachers.com](https://www.teacherspayteachers.com)

Back-to-School Interests

Restocking
classroom
supplies

Lesson
planning &
resources

Supporting &
motivating
students

Classroom
safety &
cleaning

Virtual learning
preparedness

Personal
mental
health

Demographics

84%

female



55%

age 35-49



Teachers

Defined by those users who visited [teacherspayteachers.com](https://www.teacherspayteachers.com)

Where do Teachers over index vs US Gen Pop?



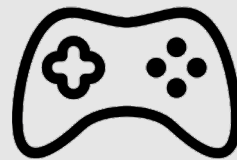
5.8x

more likely to be exploring Bridal & Wedding content



3.7x

more likely to be Job Hunting & visiting Career sites



4.1x

more likely to visit online game sites



8.8x

more likely to explore Health Service sites like Speech Therapy, Occupational Therapy & Physical Therapy



Parents

Defined by those users who are members of Childcare & Education and Primary & Secondary School (K-12) in-market audiences

Back-to-School Interests

Purchasing school supplies

Home buying & real estate

Financial planning

Children's COVID safety

Schooling options like homeschooling

Personal mental health

Demographics

61%

female



59%

age 35-64



Parents

Defined by those users who are members of Childcare & Education and Primary & Secondary School (K-12) in-market audiences

Where do Parents over index vs US Gen Pop?



5.5x

more likely to be interested in Tech Services



1.3x

more likely to search for what they're looking for on Bing.com



2.1x

more likely to research CDC guidelines



1.7x

more likely to be House Hunting & interested in Real Estate



Degree Students

Defined by those users who are members of Post-Secondary Education in-market audience lists

Back-to-School Interests

Homework/
project
clarification

Career &
financial
planning

Staying
connected with
loved ones

Online
dating

COVID
safety &
testing

Self care &
mental
health

Demographics

61%

female



57%

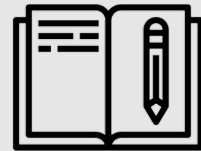
age 35-64



Degree Students

Defined by those users who are members of Post-Secondary Education in-market audience lists

Where do Degree Students over index vs US Gen Pop?



3.3x

more likely to use Homework Help sites like Quizlet & Brainly



3.5x

more likely to be using Online Dating sites



4.6x

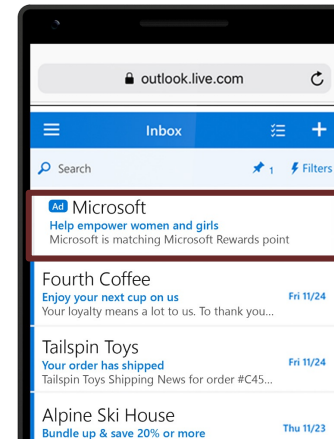
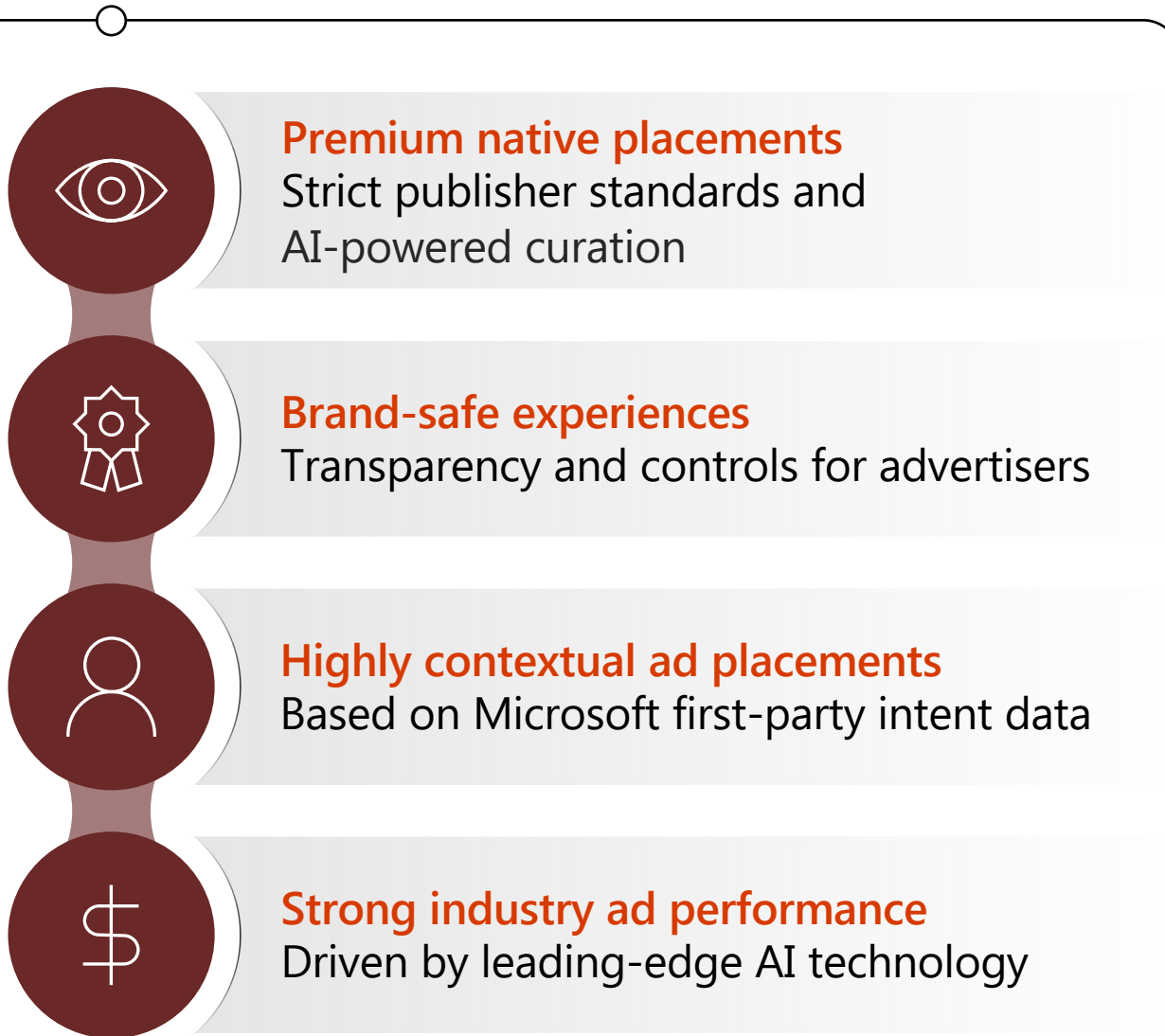
more likely to visit Health Insurance sites



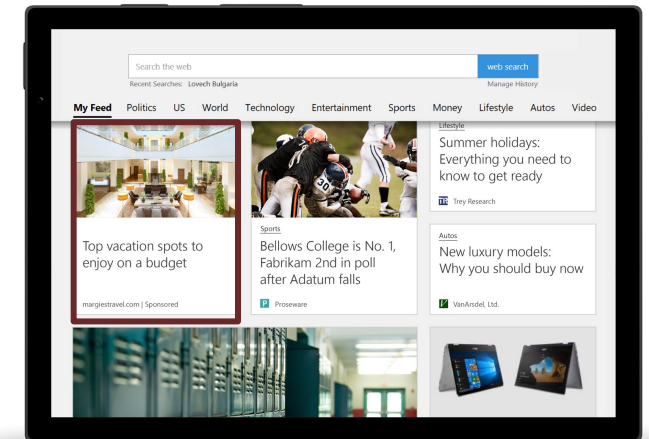
2.1x

more likely to be looking for Shopping Deals/Coupons

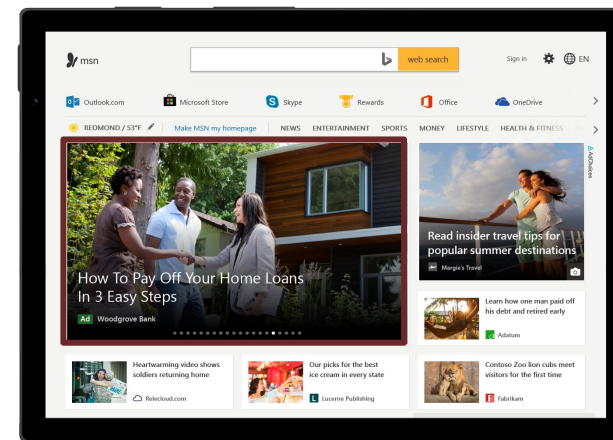
Meet the **Microsoft Audience Network**



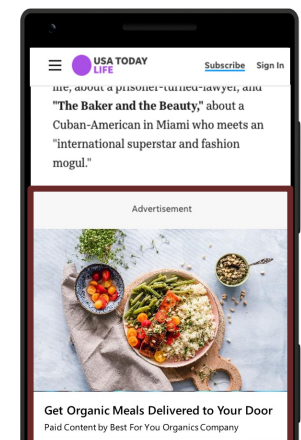
Outlook.com



Microsoft Edge



MSN



Select publisher partners

Scale your reach to an **engaged** and **unique** audience

SCALED AUDIENCE



260 million
total unique visitors¹

ENGAGED AUDIENCE



1 in 3 users
stay on MSN and Microsoft News to
get the content they need²

72 min
is the average time spent by a visitor
on Microsoft News per month³

UNIQUE AUDIENCE



47 million
users on Microsoft News
not on Facebook⁴

21 million
users on Microsoft News
not on Google⁴



Leverage Microsoft's Ad Effectiveness studies to show impact

US Retail Ad Effectiveness Study Benchmarks



AWARENESS

3.0x

Lift in brand awareness per user for US Retail, measured by post-exposure brand search rate



CONSIDERATION

4.0x

Lift in brand consideration per user for US Retail, measured by post-exposure domain visitation rate



CONVERSION

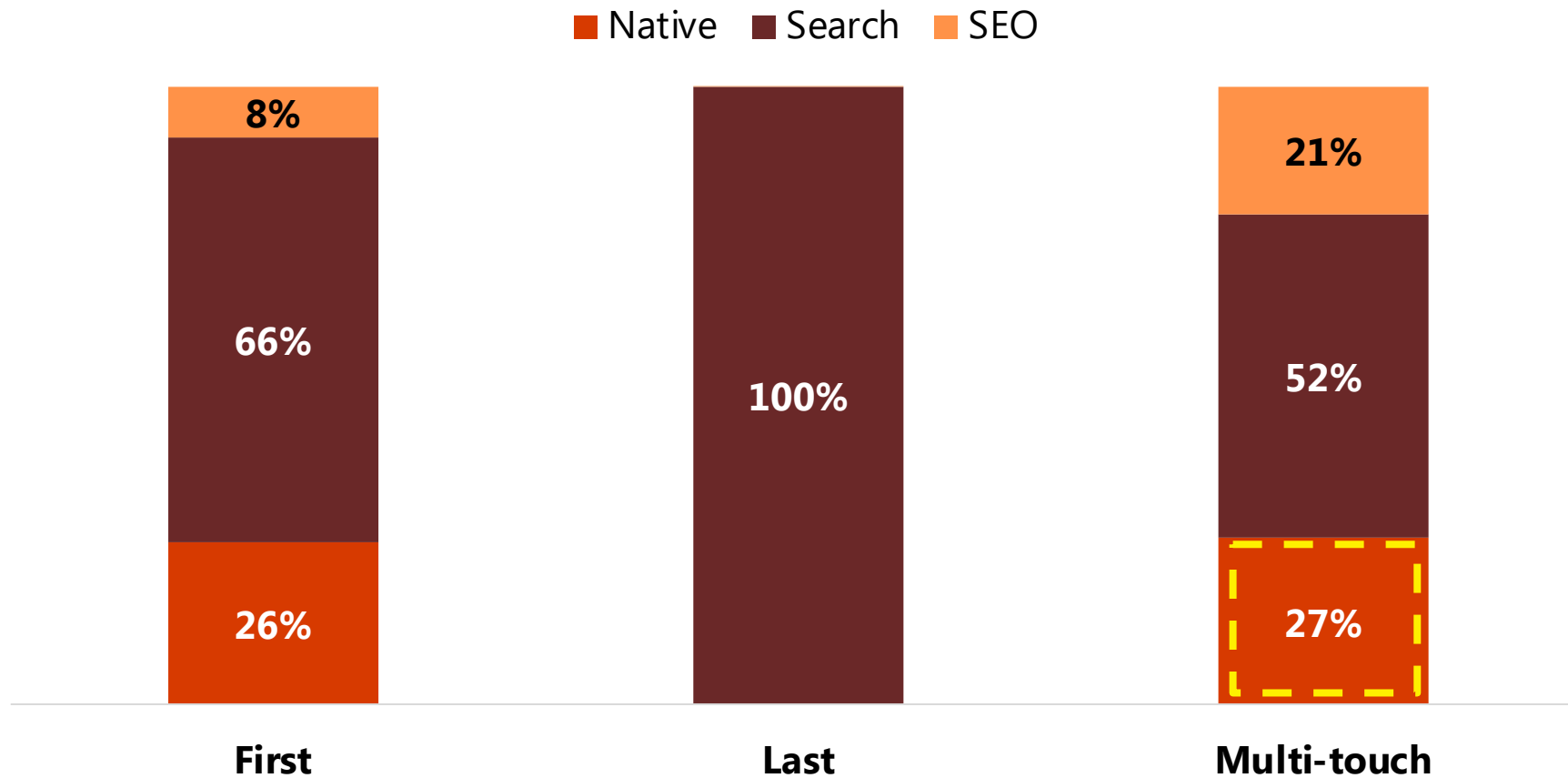
6.9x

Lift in brand purchase per user for US Retail, measured by post-exposure conversion page visit rate

Notes: Results may vary for each advertiser based on campaign settings, targeted audiences, and other factors. Lift metrics represent an average of all advertisers with completed lift studies to date (Feb. 2022). 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 = 2.1M



Use Multi-touch Attribution to fully measure impact of Native ads



Last click models fail to represent true impact of Native on conversion

Using a multi-touch attribution view, **+27% points of conversions were attributed**, highlighting the importance of using the Audience Network along with your search campaigns

Search takeaways

Rise of interest in Homeschooling

- Although 2020 had the highest number of Homeschooling clicks, 2021 was still higher than pre-pandemic levels. Forecasting predicts a strong year again for 2022 Homeschooling searches.
- Clicks tend to start rising in July. Plan campaign timing and spend accordingly to account for the heightened search interest from the beginning of July through mid September.

Plan your campaign for Consumer Electronics spikes

- While Consumer Electronics search interest varies, trends show increases happen near the start of a new school year.
- Increase coverage with [MSAN](#): when users are exposed to both a Native and Search Ad, they are 3.6x more likely to visit your site and 9.4x more likely to convert (as opposed to using Search ads only).

Reach people who are in-market for Laptops and Tablets

- In 2020 and 2021, Laptop searches were higher than average between August 7th and September 18th.
- Clicks for Tablets tend to follow similar trends and usually peak around September 18th.
- Consider adding [Remarketing ads](#) to reach users who have been searching for Laptops or Tablets but haven't purchased yet.

Target shoppers looking for new Backpacks and Clothing

- Backpack search and click forecasts show clear growth during back-to-school season, peaking in late July.
- All Clothing activity is forecasted to peak in September, possibly indicating that consumers will continue shopping for clothes after school starts.
- [Multimedia Ads](#) are a great way to use rich imagery to showcase how your clothes and/or backpacks differ from competition.

Native & audience takeaways

Cross-channel insights

- Users are more likely to interact with a Native ad when conversion path is longer
- Having a Native & Search ad on a user's path drives incremental lift in site visitation and conversion rate
- Users are exposed to awareness tactics ~50 days prior to converting

Key audiences to reach

- Reach key audiences using other relevant in-market audiences based on their interests & speak to them with offers they care about
- This back-to-school season, prioritize:
 - Teachers
 - Parents
 - Degree Students

Activate for impact

- Launch awareness tactics at least 50 days prior to peak back-to-school season, building remarketing lists
- Target remarketing lists a month prior to drive conversion for interested users while heavying up Search & Shopping tactics to capture growing interest
- Leverage in-market audience targeting options to reach the right audience

Measurement

- Microsoft's Native ads drive lift in brand awareness, consideration and conversion metrics
- In-market audience targeting gives most opportunity to reach net new users & drive lift
- Multi-touch attribution measurement is necessary to accurately attribute conversion contribution by channel

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