



Unwrapping performance

The advertising holiday playbook



Worth reaching this holiday season

More reach doesn't win holiday.
Better shoppers do.

2026 is shaping up to be the first truly AI-powered holiday shopping season.

76%

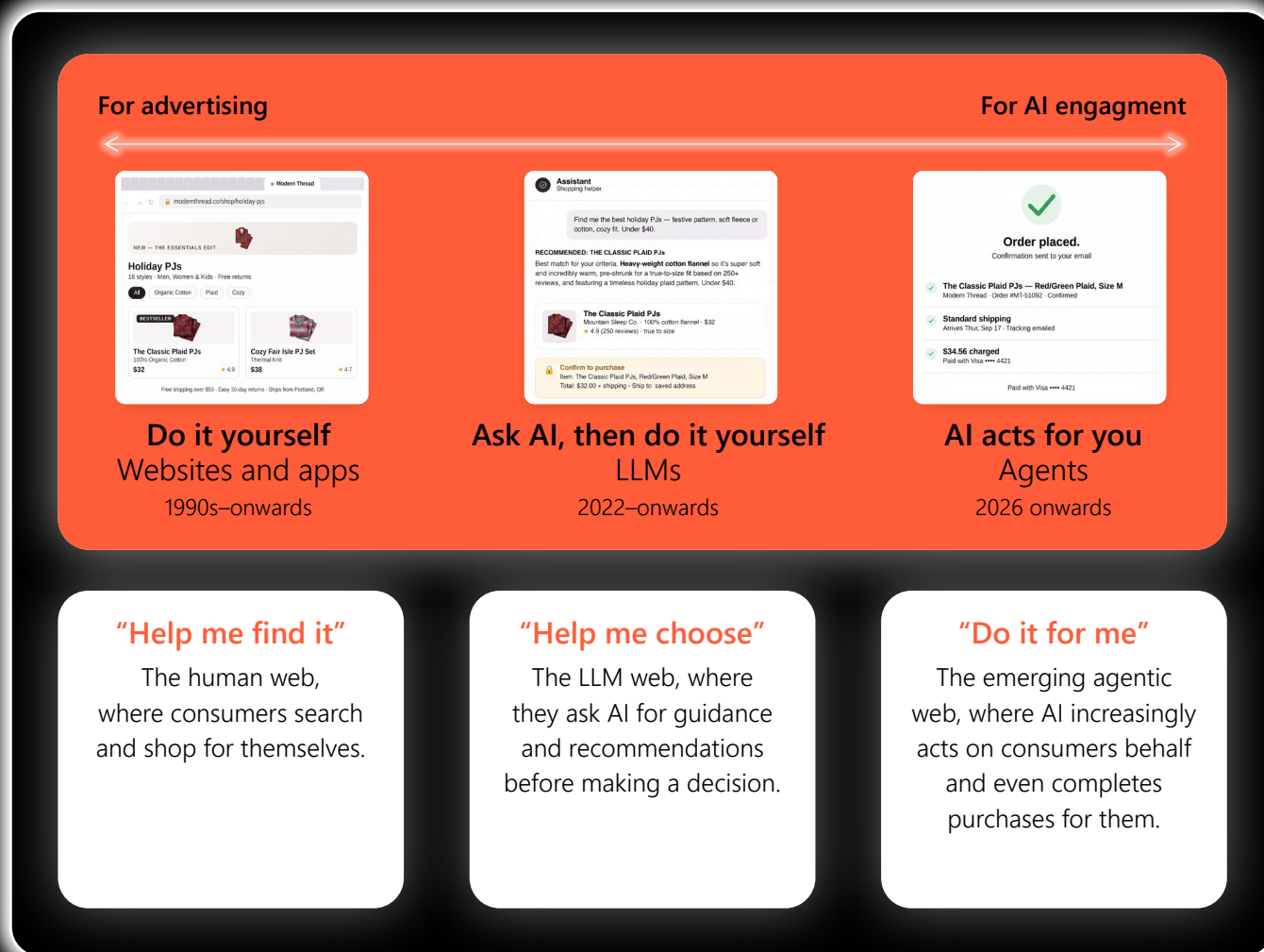
of shoppers say they will use AI to plan their seasonal spending¹ and help them brainstorm gift ideas, compare products side-by-side, and help them find the best deals.

And AI is shifting habits from last-minute impulse buys to meticulous deal hunting that begins months before the decorations go up. The journey is compressing: Shoppers are asking, comparing, validating, and deciding inside AI-powered experiences, often all in one session.

1. Holiday Survey Insights – Global; Microsoft 1P Consumer Trends research, US (n=1,024), Jul 2026.



To succeed this holiday season, brands need to understand the **three eras of the web** and how shoppers are operating across all of them at once...



This holiday playbook will provide practical strategies to help your brand stand out in AI-powered shopping experiences, making it easier for AI to find, understand, trust, recommend, and transact with you.



The brands that win won't just reach more people. They'll win on reaching the people most likely to spend and convert during the moments that shape decision-making, especially inside conversational AI spaces.

UNWRAPPING PERFORMANCE

What's inside

Section 01

What's changing this holiday season

Why the 2026 holiday season is different

Six shifts are defining Holiday 2026 across major markets. And each one will show up throughout this guide as a driver behind a recommended action.

Trend 01

AI is reshaping how shoppers discover and decide

Conversational AI is now a mainstream holiday-planning tool: **76% of US shoppers** plan to use it, alongside **74% in Australia**, and **70% in the UK**.² And AI users research and convert more actively. For example, in EMEA, they're 12 points more likely to use search and 9% more likely to convert within 24 hours.³

The presence of AI also expands the whole funnel, nearly doubling top-of-funnel awareness.⁴ Plus, queries are getting longer (**up 11% YoY**) and more unique (**up 13% YoY**) as shoppers give richer intent.⁵

How you can win

Prepare your brand to influence decisions before traditional search begins. AI is increasingly shaping consideration while shoppers are still forming preferences, which means visibility now depends on being understood, trusted, and recommended across AI experiences as well as search.

Brands that win will be those that show up across all three eras of the web: **search, AI assistants, and emerging agentic experiences.**

2. Holiday Survey Insights – Global; Microsoft 1P Consumer Trends research, US (n=1,024), Jul 2026.

3. Global Web Index (GWI), Q4 2024 – Q3 2025, Global. Microsoft Internal Data, US, PC, 2025 Dec; AI influenced users are those who searched AI related topics earlier in their journey.

4. Microsoft internal | Retail Holiday Query Path (Conversion) 2025.

5. Microsoft internal | Retail Holiday Query Path (Conversion) 2025.



Trend
02

Shoppers' budgets aren't one-size-fits-all

Economic pressure is real and broad. In the US, inflation has climbed sharply. The personal savings rate has fallen from 4.4% to 3%, and the highest-income households are now driving nearly half of all personal spending. Across EMEA, inflation sits at 2.7%, above target in all six major markets. In Australia, 73% of consumers expect to trim their holiday budget because of the economy, with 76% citing the rising cost of living as their top concern.

Not all shoppers are responding to these pressures in the same way. Holiday 2026 is increasingly shaped by a K-shaped economy, where spending is diverging across consumer groups. Some shoppers are becoming more value-driven, actively seeking promotions, affordability and flexibility. Others remain willing to spend, but are increasingly selective, choosing brands that deliver quality, trust, convenience, sustainability or exceptional service.

Despite the pressure, demand remains intact when shoppers feel their spend is justified. **A third of US shoppers** say the economy won't change their spending, while **23%** plan to spend more.

How you can win

Segment your approach. Use promotions, affordability messaging and flexible offers to engage value-conscious shoppers, while emphasizing quality, trust, convenience, strong brand values and differentiated experiences for higher-intent or less price-sensitive audiences.

Trend
03

Shopping is starting earlier and ending later

The average holiday conversion journey now runs for **52 days**. October is the first click for **56%** of November conversions and **35%** of December conversions.⁶

In the US, **63%** of shoppers start before Halloween.⁷ The pattern repeats globally: 52% of Australian shoppers plan to buy in the Prime Day-to-Black Friday window, and in the UK, nearly half start in that same window.⁸

How you can win

Create demand before shoppers create a shortlist. As holiday journeys stretch across weeks rather than days, many purchasing decisions are increasingly shaped during the research and inspiration phase. Brands that influence consideration early earn a place on the final shopping list, while brands that wait for peak season are often competing for demand that has already been decided.

Trend
04

Deals are still a very big deal

Sales events remain a powerful driver of holiday spending. In the US, **82%** shopped one last year, and **87%** intend to plan their purchases around seasonal sales this year, too. And with 2 in 3 shoppers using discount marketplaces like Temu and Shein, value continues to shape purchase decisions.⁹

How you can win

Treat sales events as demand accelerators, not standalone moments. Black Friday, Cyber Monday and major promotional periods remain critical, but winning brands build visibility and audience engagement before demand spikes, then stay present long enough to capture shoppers wherever they convert.

6. Microsoft internal | Retail Holiday Query Path (Conversion) 2025.

7. Microsoft internal | Retail Holiday Query Path (Conversion) 2025.

8. Holiday Survey Insights – Global; Microsoft 1P Consumer Trends research, AU (n=310), UK (n=519), Jul 2026.

9. Holiday Survey Insights – Global; Microsoft 1P Consumer Trends research, US (n=1,024), Jul 2026.

Trend
05

More gifts in more places

The holidays are filled with meaningful, emotional moments, so shoppers want to be inspired. Inspiration-seeking queries, like gift guides and custom-gifting terms have roughly tripled YoY.¹⁰

Gifting circles are expanding again: In the US, friend gifting rebounded to **67%**, and family gifting is steady at **93%**; in Australia, friend gifting rose to **62%**, and family gifting is up to **89%**.¹¹ Among younger shoppers, self-gifting is strong, and across global markets, sustainable gifting is growing.¹²

How you can win

Win the inspiration phase, not just the purchase phase. Holiday shoppers increasingly look for ideas, guidance and validation long before they're ready to buy. Brands that translate products into meaningful solutions, gifting ideas and seasonal moments will earn consideration before price and promotion become the primary decision factors.

Trend
06

Brand trust meets discovery

There are opportunities for trusted brands as well as challengers this year. While most shoppers are looking for brands they're familiar with, across markets nearly three-quarters of shoppers are either intentionally looking for or are open to discovering new brands during sales events.

How you can win

Win by making your differentiation easy to understand. While shoppers often begin with brands they know, many remain open to discovering new options during sales events. Whether your advantage comes from value, quality, convenience, innovation, or purpose, make it easy for consumers and AI systems to understand why your brand deserves consideration.

10. Microsoft internal | Retail Holiday Query Path (Conversion) 2025.

11. Microsoft 1P Survey | 2026 Consumer Trends Holiday Research, US Total respondents N=1,024 | UK Total respondents N=519 | AU Total respondents N=310

12. Microsoft 1P Survey | 2026 Consumer Trends Holiday Research, US Total respondents N=1,024 | UK Total respondents N=519 | AU Total respondents N=310



At a glance: The season across markets

A quick comparison of four trends signals across the global markets.



For more regional insights, [check out our holiday insights hub](#).

Trend signal	US	UK	AU
Plan to use AI chat for holiday planning	76%	70%	74%
Plan to participate in Black Friday	69%	68%	66%
Intend to shop a major sales event	87%	76%	80%
Start with known brands, but open to new	53%	62%	59%



Microsoft 1P Survey |2026 Consumer Trends Holiday Research, US Total respondents N=1,024 |UK Total respondents N=519 | AU Total respondents N=310

How Microsoft Advertising can help you this season:

Winning on reaching a ready, higher-value audience

The US Microsoft Advertising audience is uniquely worth reaching this season.

Compared with Google shoppers, US Microsoft shoppers are:

19%

more likely to discover brands through search.

10%

more likely to use search engines for product research.

14%

more likely to research products online before purchasing.

12%

more likely to buy brands they see advertised.

10%

more likely to actively seek the best deals.

12%

carry 12% higher household income.¹³



Microsoft audiences are also 41% more likely to be high-income and 25% more likely to add to cart.

By combining higher-value audiences, billions of first-party signals, and trusted surfaces spanning work, life, and play, Microsoft helps advertisers win across all three eras of the web. Brands can connect with shoppers from inspiration and research through purchase, while preparing for AI-driven commerce.

Holiday is now AI-powered and full-funnel, and brands that unify the journey will see outsized returns.

13. Based on Microsoft analysis of GWI data (Q1-Q4 2025) comparing GWI-defined Microsoft shopper and Google shopper audience segments among U.S. retail shoppers. Base: U.S. consumers who purchased clothing, fragrance, shoes/sneakers, beauty products, or baby clothes in the previous six months.





Success story



+140% ROAS

+311% conversion rate

Reached shoppers throughout the journey, from inspiration and research through purchase, to deliver stronger performance.

[Read the IKEA story](#)



Section 02

PHASE 1

Wrap the basics (July–August)

Holiday success starts long before shoppers begin buying and still comes down to the fundamentals.

Strong measurement, high-quality product data, relevant creative, and effective campaign strategies have never mattered more. Foundations are what let campaigns, shoppers, and AI systems discover, understand, and optimize your products. The signals you set now decide who you can reach later, so being early is a competitive advantage.

Focus on:

Feed health so your product listings are as accurate as possible.

Measurement fundamentals so you have strong signals to optimize before and during the peak.

Auto-bidding strategies with enough conversion history to adapt and perform when demand arrives.

AI readiness so you're part of every stage of the consumer journey.

Preparing for AI commerce

Trend
01

AI already makes product recommendations today, and it relies on structured product data to understand, compare, and recommend. The most reliable source is your product feed in Microsoft Merchant Center, so make sure it's complete, accurate, and AI-ready.

Your Merchant Center checklist and best practices for AI-powered discovery

Ensure your entire product catalog is ready to participate across Microsoft's shopping experiences so AI can discover, represent, and recommend your products correctly.

- ✓ **Upload your full product catalog**, not just the products you advertise. Many merchants send feeds built only for ads, but that leaves most of their catalog hidden to AI. A complete feed powers both paid and organic discovery, so every product can be found and recommended.
- ✓ **Share brand-wide policies with Universal Commerce Protocol (UCP)** in Merchant Center to give AI a standardized, real-time view of your catalog. Update your store settings in Merchant Center with your return policy and customer support contact information. Shoppers weigh these details before they buy, and missing information creates hesitation that can cost you the sale.
- ✓ **Update your product feed with UCP attributes** to keep every product accurate, compliant, and eligible. Gaps can lead to misrepresented products or lost placements in AI experiences:
 - Product warning messages if required for your product category: Use `consumer_message_type` for the warning category (e.g., safety, legal, health, environmental) and `consumer_message_content` for the warning text itself (the actual warning text shown to the shopper).
 - To consistently identify, update, and track that item across feeds and systems, assign a unique ID to each product via the `merchant_item_id` field.

BONUS TIP

For products that typically involve more research and consideration, ensure both your product feed and budget strategy support visibility throughout the shopper journey, from discovery and evaluation through purchase.

Feed readiness

The stronger your feed quality, the easier it is for shoppers and AI systems to discover the right products in both ads and organic experiences.

Optimize your product feed with these best practices:

- ✓ Audit feeds and resolve all errors before peak season. Turn on Merchant Center alerts to flag issues that prevent your products from showing, including feed-processing failures, disapproved products, price discrepancies, and out-of-stock mismatches. Learn how to set them up [here](#).
- ✓ Ensure inventory and pricing remain accurate. Stale prices, out-of-stock SKUs, or disapproved items silently shrink your eligible inventory. [Product explorer in Merchant Center](#) makes it quick and easy to search and filter on your top products to spot check these things.
- ✓ Prioritize optimizing key attributes in your product feed like 'product titles' and 'descriptions' to improve relevance.
- ✓ Use custom labels to tag holiday hero products, best sellers, and strategic inventory like gift ideas.
- ✓ Create a separate [Merchant promotions feed](#) to highlight your holiday promotional offers, discounts, and sale pricing in ads and help boost conversions and clicks.

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Measurement and signal readiness



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Optimization is only as strong as the signals you provide. Connecting first-party conversion data from online, offline, app, and CRM sources helps Microsoft Advertising learn faster, optimize more effectively, and drive better business outcomes.

Before holiday traffic ramps up, ensure your signals are complete and accurate, then validate your measurement foundation by confirming your tracking and conversion goals are working as intended.

To strengthen your optimization signals...

Use UET to capture conversions that happen on your website.

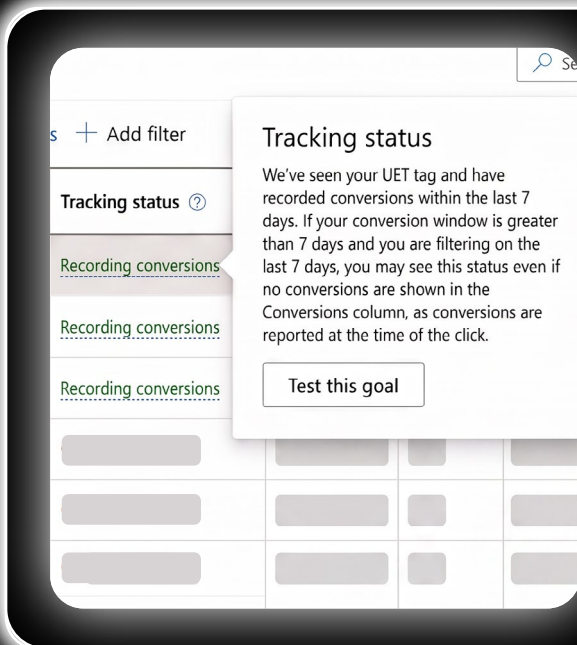
Use [Conversions API \(CAPI\)](#) alongside UET to create a direct connection between your online, offline, CRM, and app conversion sources and Microsoft Advertising. This helps provide richer signals for optimization in real-time and recover conversions that may be missed due to browser limitations.

If you're using offline uploads or offline conversions API, send conversions as close to real time as possible. Fresh signals improve bidding performance.

Pass conversion values whenever possible. Revenue or a meaningful proxy-values ensure you're optimizing for value and not just volume.

To validate your measurement foundation...

Audit your online UET goals and tracking setup monthly and after major site updates.
Missing conversions and incomplete or misfiring tags limit optimization.



Start with your conversion goals and make sure they're receiving conversions using either:

- Copilot in MAP by using a prompt like, 'Test my '[Conversion Goal Name]' goal and confirm if UET is configured correctly on my site.'
- The 'Test This Goal' feature in the conversion goal grid. Hover over the tracking status column and a pop up will appear for testing.
- If goals lack recent conversions or are unverified, use **UET Tag Helper** to confirm the associated UET tags are receiving data.

Use the Tag Helper to check for consent configurations or ad blockers that may limit signal collection.

Confirm your conversion goals reflect the outcomes that matter for your business to prevent misalignment.

For variable revenue conversions, setup **custom event tracking** to pass dynamic values so optimization can consider conversion value, not just volume. Ensure the base UET tag fires before the custom event. This is important if your sales have different average order values because not all conversions will be equal in value.

Bidding and campaign readiness

Campaign stability before the holiday season creates stronger performance during peak.

To build campaign structures that accelerate learning...

AI systems perform best when they have sufficient data and clear optimization signals. If you have data volume issues, now's the time to restructure and consolidate before the holiday season ramps up.

- ✓ Consolidate fragmented campaigns when conversion volume is limited. A campaign with less than 30 conversions in 30 days is a good candidate for consolidation with another.
- ✓ Reserve exact match for critical coverage of must-have search terms.
- ✓ Use Broad Match, AI Max, and Performance Max to capture new query opportunities across Bing Search, Copilot, and other surfaces—especially conversational queries in AI experiences.
- ✓ Use portfolio bid strategies for groups of campaigns with similar intent and margins.

To launch auto-bidding early...

Use conversion-based auto-bidding strategies to help you optimize toward your goals with the full breadth of auction and user signals this holiday season. It's important to give bidding strategies time to learn before holiday traffic arrives.

Allow at least four weeks for new bidding strategies to stabilize. If there's a new conversion goal ahead of holiday, we recommend waiting at least four weeks for your campaign to gather performance data on that new goal before starting a new automated bidding strategy.

Avoid large mid-season budget or target changes. Keep budget and target adjustments modest—around 15% at a time—to avoid destabilizing delivery during the highest traffic days.

Maintain seasonal budget headroom for major shopping periods like Black Friday and Cyber Monday. Review the daily budgets of campaigns and portfolios to ensure you're not constrained and missing out on sales.

Prioritize using ROAS or CPA targets instead of Max CPC and bid modifiers to steer your holiday goals. Manual bid constraints and adjustments can introduce noise into the auto-bidding system and negatively impact your performance.

Adopt Data Driven Attribution (DDA) for campaigns running conversion-based bid strategies and with large conversion volumes (over 200 within 30 days). DDA helps your bid strategies act on the full ad journey that drove the conversion, not just the last-click touchpoint that closed it.

To set up experiments to test before peak...

Use July and August to run structured A/B experiments for your Shopping, Performance Max, Audience ads, and AI Max campaigns while traffic is still stable enough to generate clean learnings.

Measure the impact of specific optimizations (e.g., audiences, creative, bidding) through controlled tests so you can make evidence-based decisions before scaling during peak. **(Note: Experiments on campaigns using shared or lifetime budgets are not currently supported).**

- ✓ Prioritize higher-volume campaigns to reach statistical significance faster.
- ✓ Do not run multiple concurrent experiments on the same campaign.
- ✓ Test one variable at a time.
- ✓ Use a 50/50 traffic split to gather volume quickly and make comparisons easier.
- ✓ Run A/B experiments for a minimum of four weeks before evaluating performance.



Success story

amsive

+1,042% ROAS

Reached profitability **2X** faster

Used AI-driven bidding and automation to achieve **1,042% ROAS** while reaching profitability **2X faster**. The results demonstrate how modern bidding strategies can adapt to demand in real time, helping advertisers capture more value from high-intent traffic during peak periods.

[Read the Amsive story](#)



AI readiness foundations

LLMs and agents are your fastest-growing audience segments. At the same time, the majority of holiday traffic and sales will continue to come from the human web this season.

As AI-powered discovery grows, understanding how customers find and engage with your brand and products using LLMs and agents becomes increasingly important. Journeys influenced by AI were associated with substantially higher top-of-funnel awareness and lifts further down the funnel, so being legible to AI is now a critical source of demand.¹⁴

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14. Microsoft 1P Survey | 2026 Consumer Trends Holiday Research, US Total respondents N=1,024 | UK Total respondents N=519 | AU Total respondents N=310

From AI discovery to on-site conversion with Microsoft Clarity

Clarity helps advertisers understand how they're discovered and selected by AI systems. They get deep insights including the actual grounding queries AI uses with actionable recommendations to improve GEO and on-site performance after the click.



Set up Clarity now to establish a baseline performance and understand how your pages and content are being found and chosen by AI before peak season.



Use AI Visibility reporting to see how your content is cited, where you stand against competitors, and what opportunities to act on, so your brand shows up and is recommended by AI more often.



Use Brand Agents on your website to give every customer a personal shopper and boost conversions. When enabled, your Shopify or WooCommerce catalog also becomes part of Microsoft's commerce ecosystem to make your products discoverable in Copilot and Bing as customers research, explore, and decide what to buy.



With Clarity's heatmaps and session recordings, you can see exactly what visitors do after they land. Dig into whether AI-referred traffic performs differently than other sources. Spot friction points, identify drop-off moments, and make on-site improvements that turn more visitors into customers.



Success story

Alexander
DEL ROSSA

3X
higher conversion rates

Alexander Del Rossa saw over **3X higher conversion rates** in Brand Agent-assisted sessions compared to unassisted sessions over the last 30 days.¹⁵



Integrating Brand Agents into our Shopify store was the best example of AI integration seen to date. Brand Agents learned our inventory and provided recommendations that required little engagement from our team.”

Tony Baldwin

CTO, Alexander Del Rossa

15. Based on total number of conversions from assisted vs. unassisted sessions from 11/8-12/8



Section 03

PHASE 2

Gift them a reason (September–October)

Weeks before they buy, shoppers are gathering ideas, building lists, and deciding which brands they trust. This is the part of the season where people are looking for inspiration, not just deals.

Show up with a reason to consider you, and you'll make their list before the deal-seeking and conversions begin. This is the time to build awareness, influence consideration, and stay top of mind while shoppers explore gift ideas, compare products, and evaluate brands.

KEEP IN MIND

The average holiday conversion journey is 52 days, and 63% of shoppers start before Halloween.¹⁶ And search is becoming more conversational. Bing query length is up 11% YoY as shoppers give richer intent.¹⁷

16. Microsoft 1P Survey |2026 Consumer Trends Holiday Research, US Total respondents N=1,024 |UK Total respondents N=519 | AU Total respondents N=310
17. Microsoft internal—Retail Holiday Query Path (Conversion/UET), 2025, US.

Build and engage audiences **before the peak**

Investing in audiences early lets you build demand and stay connected through the whole journey. October is the first click for **56% of November conversions** and **35% of December conversions**, so the audiences you build now are the demand you convert later.¹⁸

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Develop audience strategies early by...

- ✓ Building audience lists early to ensure sufficient scale before peak.
- ✓ Using impression-based remarketing to build audience lists off of ad exposure from impressions.
- ✓ Separating prospecting new customers and retargeting ones who've already engaged with your brand into distinct campaigns so you can tailor bids and messaging.
- ✓ Targeting users with in-market audiences who have recent purchase intent.
- ✓ Using similar audiences to target users based on behavioral similarities to your existing customer and remarketing lists.
- ✓ Re-engaging and personalizing offers with remarketing, dynamic remarketing, and customer match.
- ✓ Leveraging Microsoft Advertising's seasonal audiences such as Black Friday and Christmas segments to reach shoppers actively researching and purchasing in your category.

18. Microsoft internal — Retail Holiday Query Path (Conversion/UET), 2025, US.



Success story

NAOMI

+800%
higher conversions

Invested in audiences before peak demand arrived. By building and re-engaging high-intent audiences early, NAOMI increased the pool of shoppers available for conversion during the most competitive moments of the season.

[Read the NAOMI story](#)



Refresh creative for the season

Trend
04

Trend
05

Holiday shoppers expect even more inspiring, meaningful messaging compared to the rest of the year. Introduce diverse holiday creative with enough variants to resonate with different customer contexts and needs.

KEEP IN MIND

Inspiration-seeking queries have roughly tripled YoY.¹⁹

Think: gift ideas, gift guides, and custom gifting. This is the moment to turn your products into a carefully curated source of inspiration.

Adapt your creative throughout the season with these best practices:

- ✓ Lead with holiday or gifting-oriented messaging. Highlight promotions, special product bundles, and other key differentiators.
- ✓ Refresh creative to match intent as shoppers move from discovery to research to deal-seeking to urgency.
 - Introduce gift ideas and inspiration-focused creative to build awareness.
 - Retarget with relevant products and offers to drive consideration.
 - Drive urgency with promotions, shipping deadlines, or limited offers closer to purchase.
- ✓ Maximize creative asset variety by providing multiple aspect ratios and creative variations. This ensures your creative can flex to meet diverse customer interests and needs.
- ✓ Build AI-generated seasonal assets faster with [Ads Studio](#), including updating backgrounds of existing, high performing assets.

19. Microsoft internal — Retail Holiday Query Path (Conversion/UET), 2025, US.





Success story

Ray-Ban®

+80%
search growth

Refreshed creative and audience strategies ahead of Black Friday to stay visible as shoppers researched and compared options. By combining Native ads, in-market audiences, and impression-based remarketing, Ray-Ban drove an **80% lift in searches** and a **15% increase in site visits** heading into peak season.

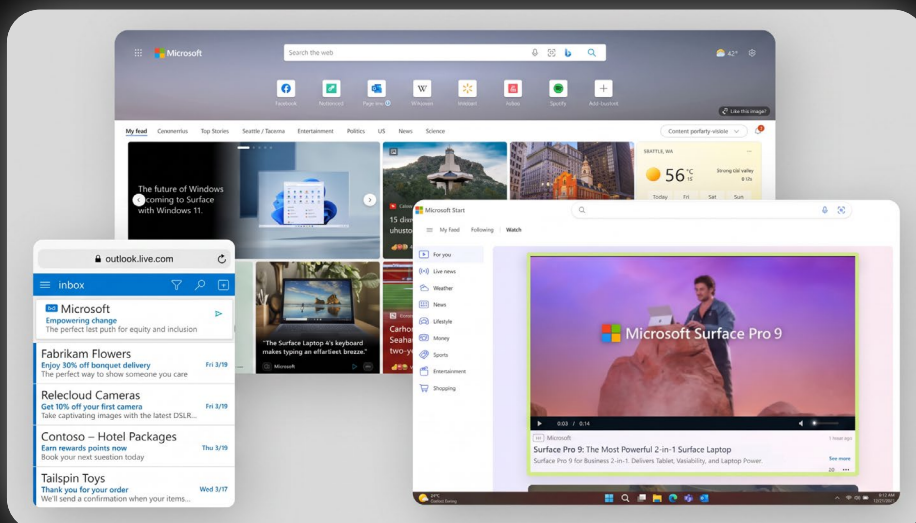
[Read the Ray-Ban story](#)



Microsoft Advertising

Create consideration with Audience ads

Engage audiences with visual experiences that influence choices before they enter high-intent purchase mode with Audience ads. People exposed to Microsoft's Display and Native ads are 3X more likely to search for your brand terms than eligible unexposed users.²⁰

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Here's how to build demand using visual experiences:

- ✓ Launch Audience ads before peak buying periods to build audience lists for remarketing to accelerate the path to purchase.
- ✓ Connect shopping feeds to create dynamic, shoppable experiences for early shoppers.
- ✓ Use gift guides, seasonal collections, and featured products to entice audiences.

DID YOU KNOW

Users who start their journey with an Audience ad exposure convert 6% more often across the season.²¹

20. Microsoft Internal Data, October 2023. Lift measured between users exposed to Microsoft Display and Native ads and a control group of eligible unexposed users. Results may vary by campaign settings, targeted audiences, and other factors
21. Microsoft Internal | Retail | Audience Campaigns



Success story

LOOKFANTASTIC

2.7x
conversion lift

Used Audience ads, Online Video, and impression-based remarketing to reach beauty shoppers before they started searching by connecting upper-funnel inspiration with search and conversion activity.

[Read the LOOKFANTASTIC story](#)



Drive consideration in AI experiences

Trend 01

Trend 06

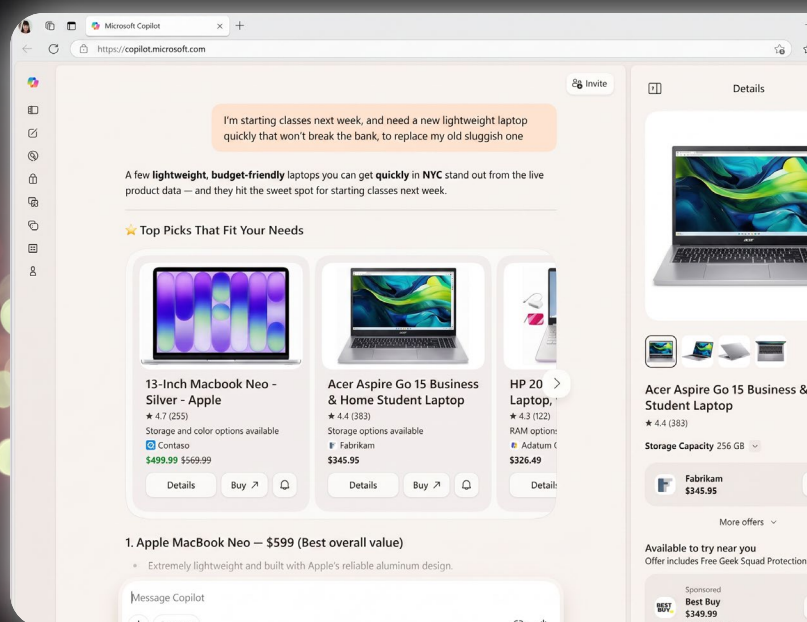
AI experiences continue to influence how holiday shoppers research and purchase. **76%** of shoppers plan to use chat for holiday planning.²²

Copilot ads bring advertising into these conversational experiences, unlocking a channel where users reveal deeper needs, preferences, and constraints. Plus shopping journeys that include Copilot are 53% more likely to lead to a purchase.²³

To engage with holiday shoppers on Copilot...

Activate Performance Max, AI Max or Shopping campaigns to capture demand in AI-driven discovery experiences across Bing and Copilot. As consumers shift from keyword-based searches to conversational interactions, AI Max and Performance Max help advertisers remain visible when intent is expressed through questions, comparisons and detailed requests rather than traditional search terms. These solutions are built to adapt to evolving consumer behavior, uncover new opportunities for consideration and maintain visibility as AI increasingly influences how decisions are made.

'Offer Highlights' take it further, matching your brand's strengths to a customer's needs and surfacing your offerings when there's clear user intent. The result is better relevance, better reach, and better results. To turn on 'Offer Highlights', ensure Performance Max, AI Max, or Shopping campaigns are activated.



22. Microsoft 1P Survey |2026 Consumer Trends Holiday Research, US Total respondents N=1,024 |UK Total respondents N=519 | AU Total respondents N=310

23. Microsoft Advertising. Conversations that Convert: Copilot Checkout and Brand Agents. January 2026.



Microsoft Advertising

Drive growth through new customers

Acquiring new customers helps you introduce your brand to untapped audiences. This is a great way to drive brand discovery from holiday shoppers doing early research.

In Performance Max campaigns, you can increase bids to prioritize new customers or target exclusively for new customers using 'Purchase' conversion goals.



If you're bidding up to prioritize new customer acquisition within an existing Performance Max campaign, ensure you set a conversion value for new customers (ideally, at least 30% of the average revenue you see from a usual sale).



Upload and refresh your audience lists as often as you can (daily or weekly) to help improve new customer detection and exclude existing customers.



Consider offering 'first order promotions' to attract new customers.





Section 04

PHASE 3

Ring in the sales (November–December)

As demand reaches its peak, the focus shifts from building awareness to converting intent. Shoppers are actively searching, looking for sales, and making their final decisions.

Success depends on strong foundations already in place, so AI-powered campaigns can respond quickly, optimize in real time, and maximize performance on the most competitive days of the season. The advertisers who set their signals, audiences, and visibility early are now free to do the one thing peak rewards most adapt on demand.

To capture the moment, you should prioritize:

- AI-powered campaigns like Performance Max and AI Max to adapt to shifts in demand and competitive pressure in real time.
- Promotions to highlight timely offers, discounts, and deals.
- Budget flexibility to capture high-intent opportunities and avoid missing out on sales due to budget constraints.

KEEP IN MIND

82% of shoppers shopped a sale event last year, and 87% plan to this year as well.²⁴ Cyber Week conversions run 52% stronger than an average week, with the biggest gains from 8–11 p.m. on Black Friday and Cyber Monday. Yet most conversions still happen outside Cyber Five at less competitive CPCs.²⁵

24. Microsoft 1P Survey | 15-min online study | n=1024 | US Only | Must have purchased from a Retail subcategory within the last year.
25. Microsoft internal — 2026 Core Holiday Insights, US (Retail & CPG), Jul 2026.

Choosing the right campaign mix to maximize coverage



No single campaign type can address every stage of the holiday journey. Different campaign types serve different objectives.

The most successful advertisers combine campaign solutions working together to build awareness, influence consideration, and capture demand as it emerges.

- Need cross-channel automation? **Use Performance Max**
- Need more Search coverage? **Use AI Max**
- Need Maximum holiday coverage?
Use Performance Max + AI Max + Audience ads

Measure success based on total account performance, not campaign-to-campaign comparisons.

- Use Performance Max for cross-channel AI and to maximize coverage and performance across Microsoft's full ecosystem.
- Use AI Max to increase Search-specific performance, expand relevant query coverage, and capture more high-intent demand.
- Many advertisers benefit from adding AI Max alongside existing Performance Max campaigns during peak season. Overlap between them can vary based on existing search coverage, budgets, bid targets, campaign structure, and goals.
 - Ad delivery for Search campaigns using exact match keywords is prioritized over Performance Max and Search campaigns using AI Max. For all other campaign types, the campaign with the highest ad rank will serve—only one campaign enters the auction, so there's no competition between campaigns.
- Use Standard Shopping as necessary, either as a catch-all campaign for your catalog or where greater product-level control is required.
- Monitor performance daily to ensure you're hitting your holiday goals. Remember to evaluate performance at the account level rather than comparing campaigns in isolation.

DID YOU KNOW

Adding Search and Performance Max delivers dramatic uplift versus Search-only:

+164%
conversion rate

+57%
user reach

+56%
ROAS

+35%
CTR

-28%
CPC

Only one campaign enters each auction, so there's no internal competition.²⁶

26. Microsoft internal—US, Retail & CPG (Search vs Search+PMax), Jan–May 2026; Retail Query Path Dec–Jun 2025.



Success story



+747%
click growth

Combined Performance Max, broad match, and automated bidding to create an AI-ready campaign strategy ahead of peak season. The new approach drove **747% click growth**, **99% higher brand conversion rates**, and significantly greater visibility during the busiest shopping periods.

[Read the JD Sports story](#)



Optimize holiday promotions

Promotions can drive significant performance gains when launched strategically... but only when they're live, approved, and discoverable at the moment demand spikes.

Trend
03

Trend
04

Trend
05

To prepare promotions before peak moments...

- ✓ Launch seasonal assets and offers early. Our system can take up to one day to ramp fully for all ad types.
- ✓ Allow sufficient time for editorial review and feed processing. Upload assets as 'paused' at least 48 hours in advance to ensure it can go through approvals.
- ✓ Build promotions within existing campaigns when possible for faster ramp-up (vs. launching them in new campaigns without performance history).
- ✓ Refresh promotions after key shopping events like Cyber Monday and Black Friday to ensure they reflect your latest deals.

To refresh signals throughout the peak...

- ✓ Add new search themes to Performance Max campaigns around promotions and seasonal demand (e.g., search themes that include 'Black Friday', 'Cyber Monday', and 'Christmas gifts').
- ✓ Refresh customer match lists with your most recent customer data. Remember, it can take up to 24 hours to process customer match lists.

Manage budgets and bids

Trend
03

The holiday peak is concentrated and competitive. Budget caps and daily tweaks are the most common ways advertisers leave conversions behind.

To create flexibility during peak demand...

Avoid budget constraints on top-performing campaigns during surge moments. Phase budget changes in 15–20% increments gradually and as early as possible to avoid scaling issues.

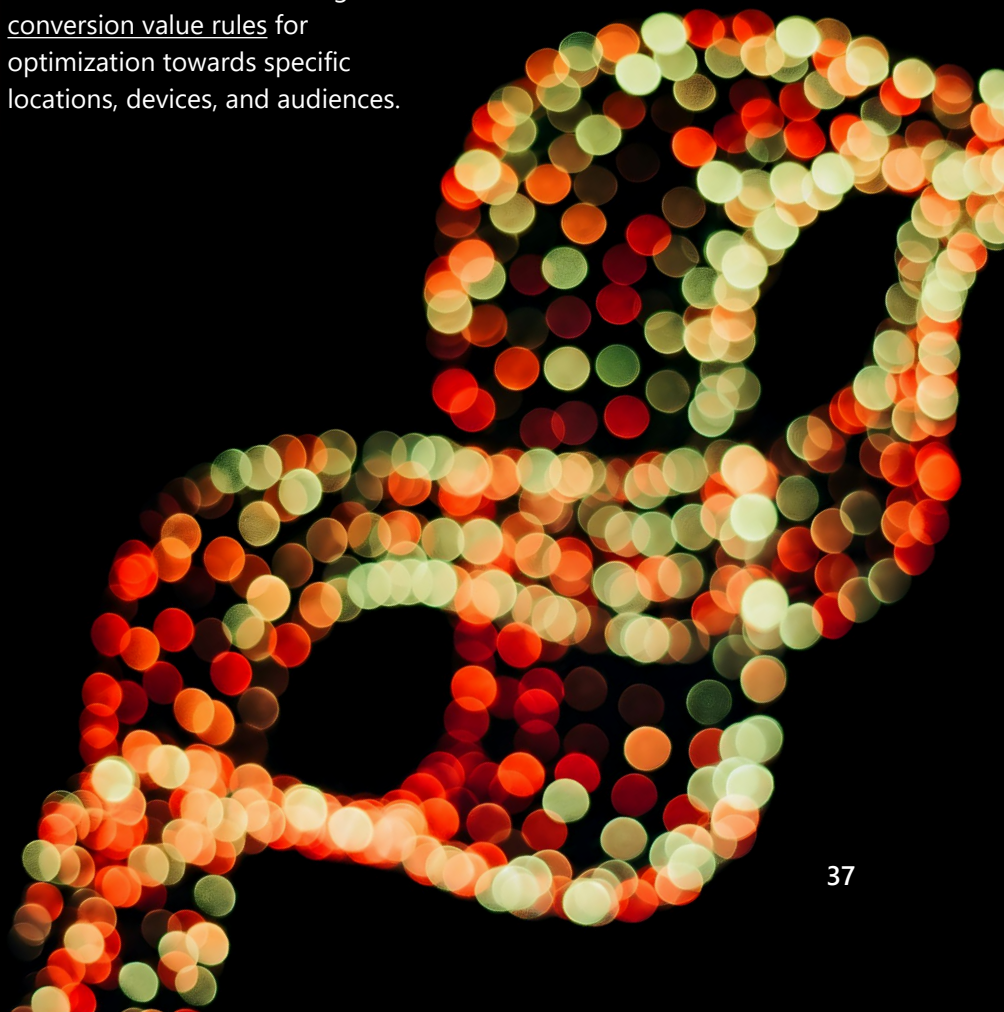
Black Friday and Cyber Monday typically fall at the end of the month, so monitor budget pacing accordingly to ensure you aren't constrained in these peak moments.

Loosen CPA or ROAS targets to give auto-bidding more room to compete in holiday auctions. Avoid making small daily updates, and instead, make more decisive changes in gradual 15–20% increments.

Use seasonality bid adjustments for short conversion-rate spikes, such as Black Friday and Cyber Monday promotions.

ROAS advertisers can leverage conversion value rules for optimization towards specific locations, devices, and audiences.

Account for conversion lag when evaluating performance. For example, if it typically takes a week for customers to complete a purchase after their initial ad click, wait this full amount of time after making campaign changes before you judge the impact.



Section 05



Tie the bow: Bringing it all together

As AI compresses the shopping journey, it's bringing discovery, validation, and action into the same moment. Holiday campaign success isn't about reaching more people; it's about reaching the people who matter most at the right moments. Across the season, Microsoft Advertising is here to help at every step of the way.

Understand who matters most

Understand your audience, and reach over a billion unique users across our ecosystem with rich data and insight.

Breaking through the noise of the attention economy during the holiday rush requires deep audience understanding and insight to craft content that resonates.

The Microsoft advantage: Microsoft audiences are more likely to be top earners, senior decision makers, and active discoverers of new brands, providing access to highly engaged consumers with strong purchasing power.

The tools to power your campaigns: Microsoft Clarity (plus Performance Snapshot and Diagnostics in Microsoft Advertising Platform) helps you see how and where you show up across AI platforms, with the actual user queries other platforms don't provide.

Show up where decisions form

Bring your brand into the moments where choices are made to influence decision-making early.

Instead of reacting to holiday demand, brands can actively shape it by being present in the environments like conversational AI chats where choices are increasingly being made.

The Microsoft advantage: Reach shoppers while they're still discovering, comparing, and deciding. Across search, premium content, and AI-powered experiences, Microsoft Advertising helps brands influence decisions before intent becomes a purchase.

The tools to power your campaigns: Keep your feed fresh with greater depth of information with Audience ads, Ads in Copilot, and UCP (plus Audience Generation in MAP).

Turn intent into performance

Convert demand at scale with AI-powered optimization that reacts as fast as shoppers do.

A successful holiday season requires perfect presence in the moments that matter. Brands need strong campaigns that react as quickly as shoppers do in real time.

The Microsoft advantage: 8% incremental conversions with Performance Max and +8% conversion lift with AI Max compared with control Search campaigns.

The tools to power your campaigns: Use AI help you scale through Performance Max, AI Max, and Brand Agents (plus UET, Copilot Checkout, and LinkedIn targeting).

Your holiday readiness checklist

Holiday 2026 will be won by advertisers who prepare early, build visibility before demand peaks, and make their products easy for shoppers and AI to understand. With Microsoft Advertising, you can adapt while key shopping decisions are still being made.

PHASE 1

Wrap the Basics (July–August)

- ✓ Install [Microsoft Clarity](#) tags to collect and analyze AI visibility insights.
- ✓ Update and optimize your complete product feed in [Merchant Center](#).
- ✓ Enable UCP settings in Merchant Center and add UCP attributes to your feed.
- ✓ Implement UET alongside Conversions API to connect first-party data across online, offline, app, and CRM sources.
- ✓ Validate UET online conversion goals using Copilot in MAP or the 'Test This Goal' feature in the conversion goal grid.
- ✓ Enable conversion values.
- ✓ Complete experiments early to lock in your holiday strategy.

PHASE 2

Gift them a reason (September–October)

- ✓ Build [audience lists](#).
- ✓ Launch [Audience ads](#).
- ✓ Enable [Performance Max](#) and [AI Max](#).
- ✓ Activate seasonal audiences.
- ✓ Upload holiday creatives.
- ✓ Go live with remarketing strategies.

PHASE 3

Ring in the sales (November–December)

- ✓ Optimize Performance Max and AI Max.
- ✓ Schedule key promotions and sales in advance.
- ✓ Secure budget headroom to prevent constraints.
- ✓ Refresh creative and audiences throughout the peak.
- ✓ Monitor performance daily.

Get ready to win on who you reach this holiday season and unwrap performance with Microsoft Advertising.

We're here to help



Contact a Microsoft Advertising expert to get personalized guidance, discover beta programs, and unlock campaign support.



Get started with Microsoft Advertising solutions today to power your holiday campaign performance.



Have more questions? Learn more about our products and solutions through our help page.



Watch our Winning Holiday Moments webinar series to tune into local insights, market-specific tips, and Q&A with industry experts.

