



Microsoft Advertising Insights:
**Banking - Accelerate
your journey to the
new normal**

Microsoft Advertising. Intelligent connections.



Agenda



Navigate now



Plan the comeback

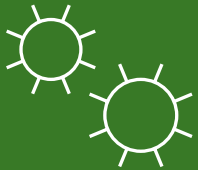


Shape the new normal

Navigate the now

The changing environment and habits

Historical models don't guide



Banks re-examine current strategy and priorities



Government stimulus support



Less spending from consumers



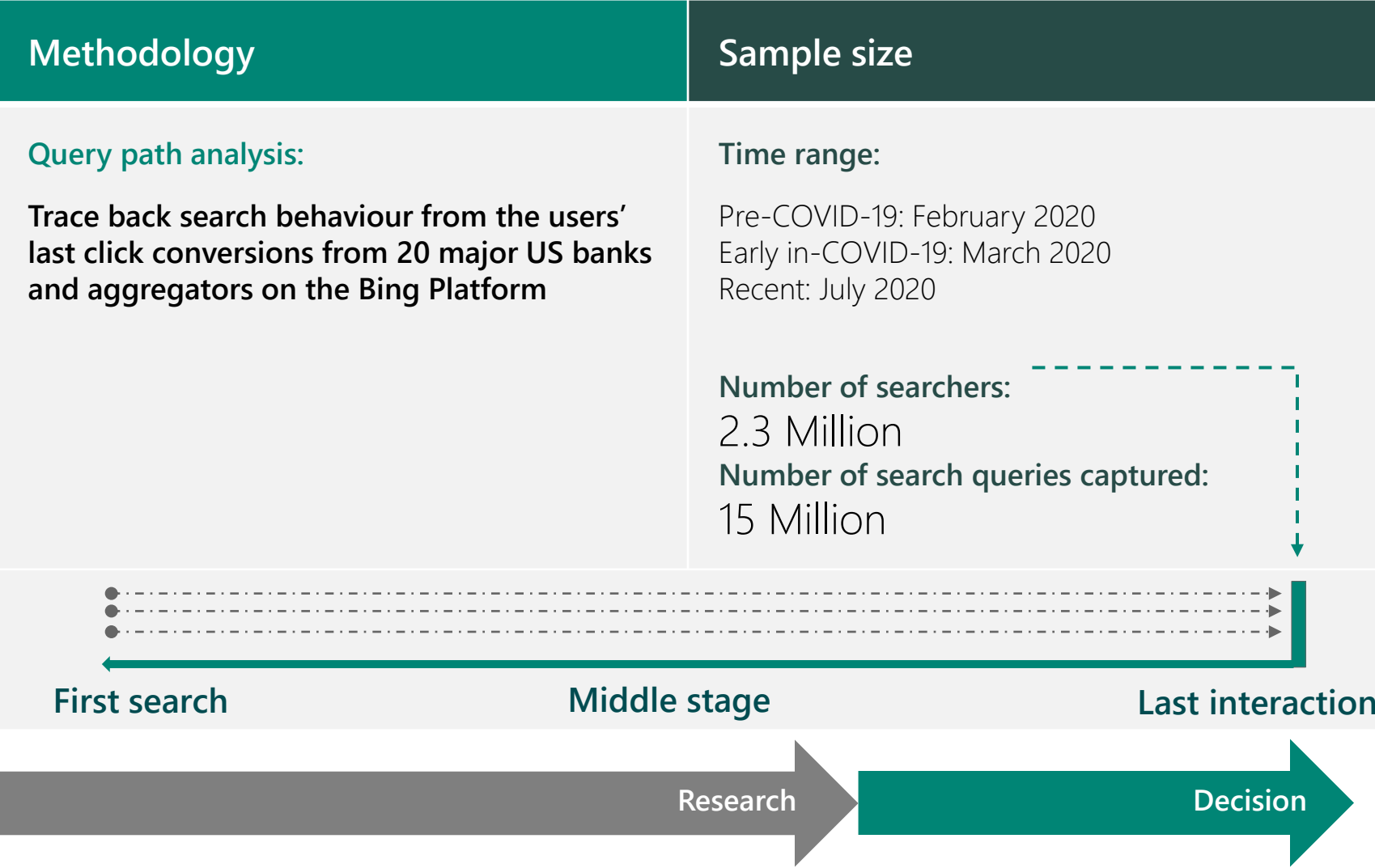
High unemployment rate



Shifting financial needs and interests



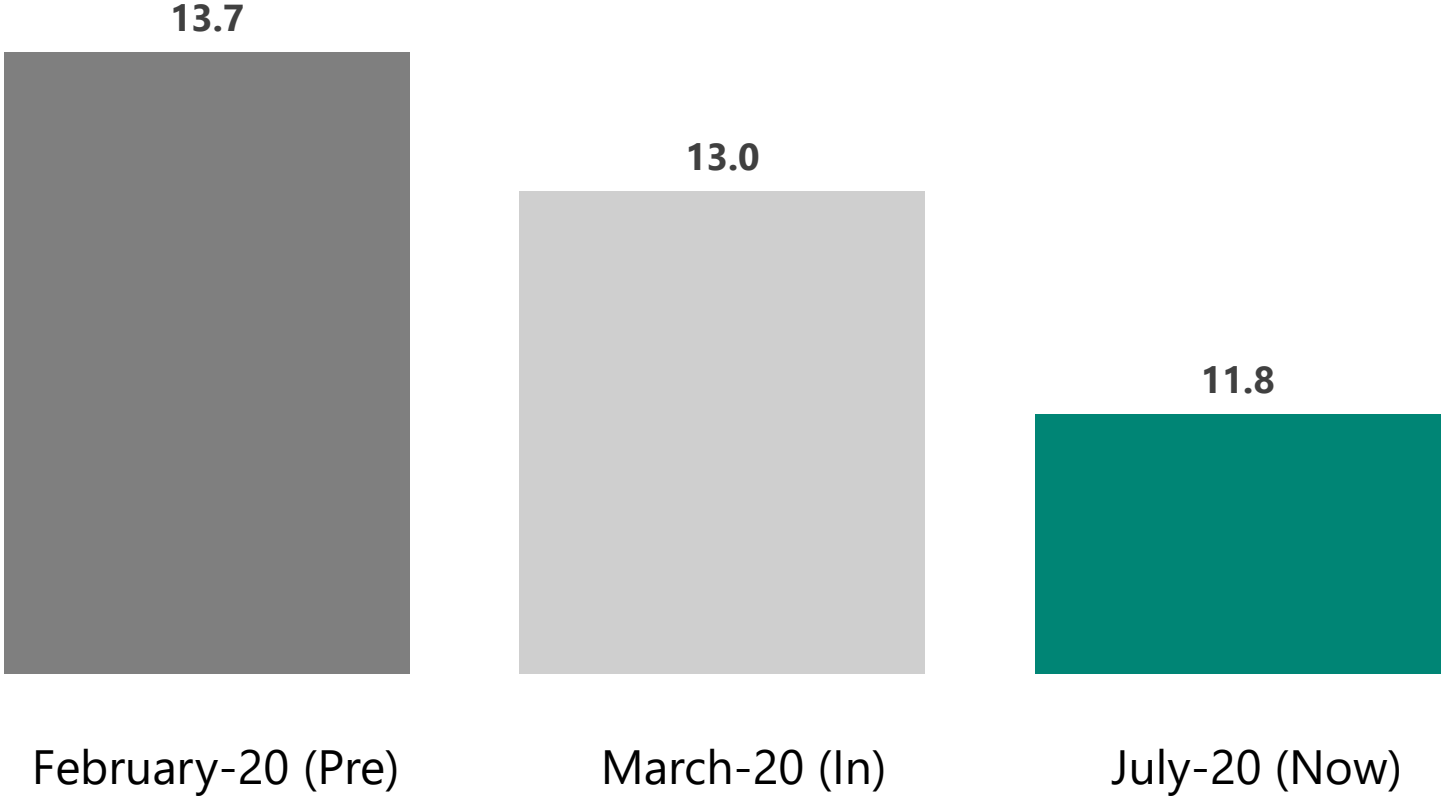
Search journey behaviour: Path to conversion (last interaction)



Consumers action and convert quicker



Conversion duration (in days)

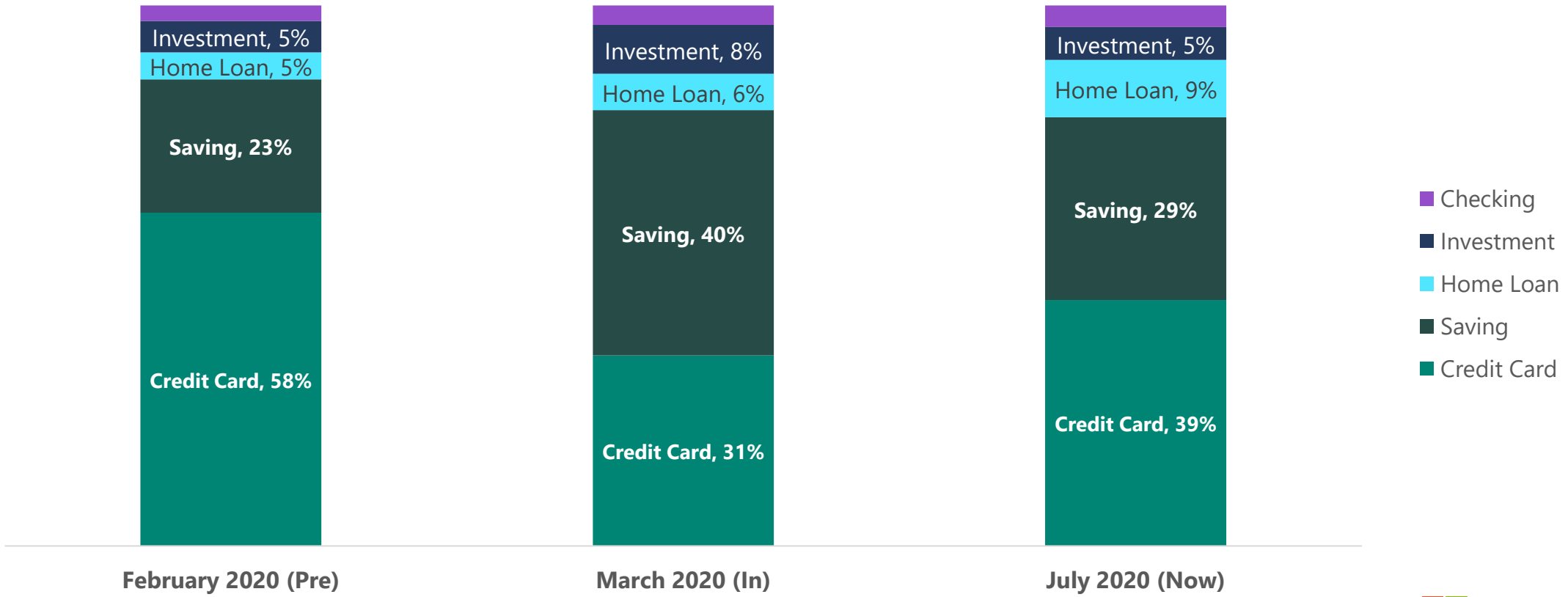


Conversions for Credit Cards pick up again, though Savings was extremely popular when COVID-19 just hit



Navigate the now

Conversions by products in banks



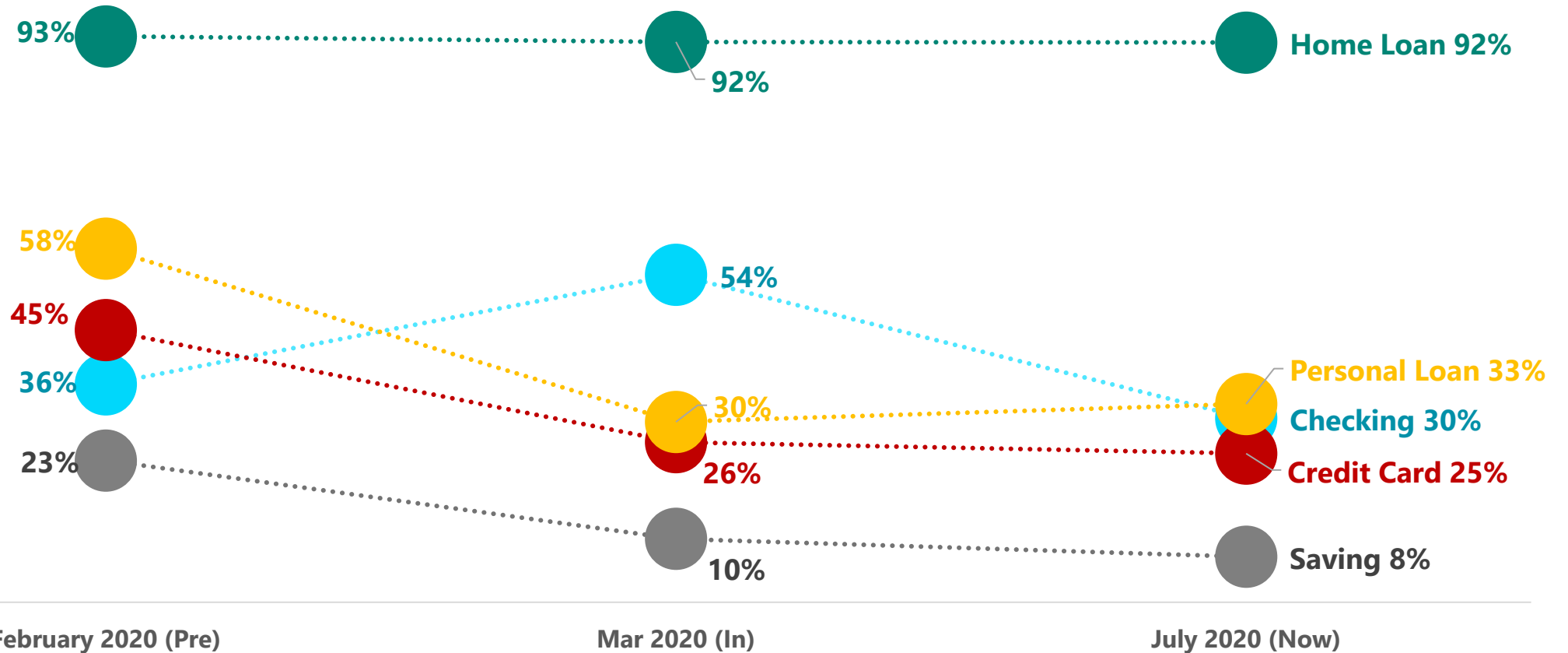
Microsoft internal data. Query pathing analysis based on last click conversion in top 20 clients in FinServ industry (Insurance and Tax are excluded), US, Date Frame defined as: Pre-Covid: Feb. 2020, In-Covid: Mar 2020, Now: July. 2020



Converters now have less reliance on aggregators



Percentage of converters who clicked aggregator ads

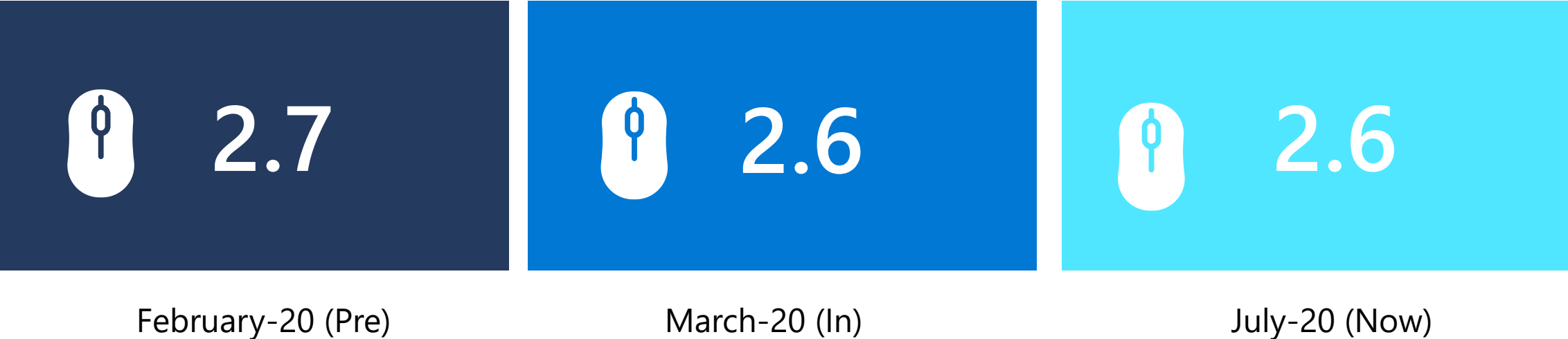


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Consumers didn't become more loyal, they clicked an average of three brands in the decision-making process



Average number of brands clicked before conversion



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Plan the comeback

Companies need to adapt to fundamentally different consumer preferences and behaviors

How

consumers get information

Shake-up of media mix—further shift to digital

Temporary comeback of TV
Decline in out-of-home-advertising

Decline of in-person engagement

Where

consumers purchase

Channel-mix reevaluation

E-commerce: 17-percentage-point increase in grocery, surge in e-pharmacy
On-the-go consumption decline
Decrease in travel retail

Replacement of offline channels by at-home alternatives (eg, gym, cinema)

New channel-selection attributes

Proximity to home
Hygiene
No queue/room in store

New shopping reality

Decrease in satisfaction due to inconvenience of safe shopping
Increase in basket size
Decrease in shopping frequency
Decrease in density of shoppers
Decrease in tourist spending

What

consumers purchase

Overall consumption: 15% US decline with recovery in 2023

Basket recomposition

- Grocery
- Nesting
- Health
- Discretionary-spend decline
- Trading down

Format polarization

Large and small packs
Reduced shopping frequency

Shake-up in hierarchy of needs

Health and hygiene rises
Polarization of sustainability

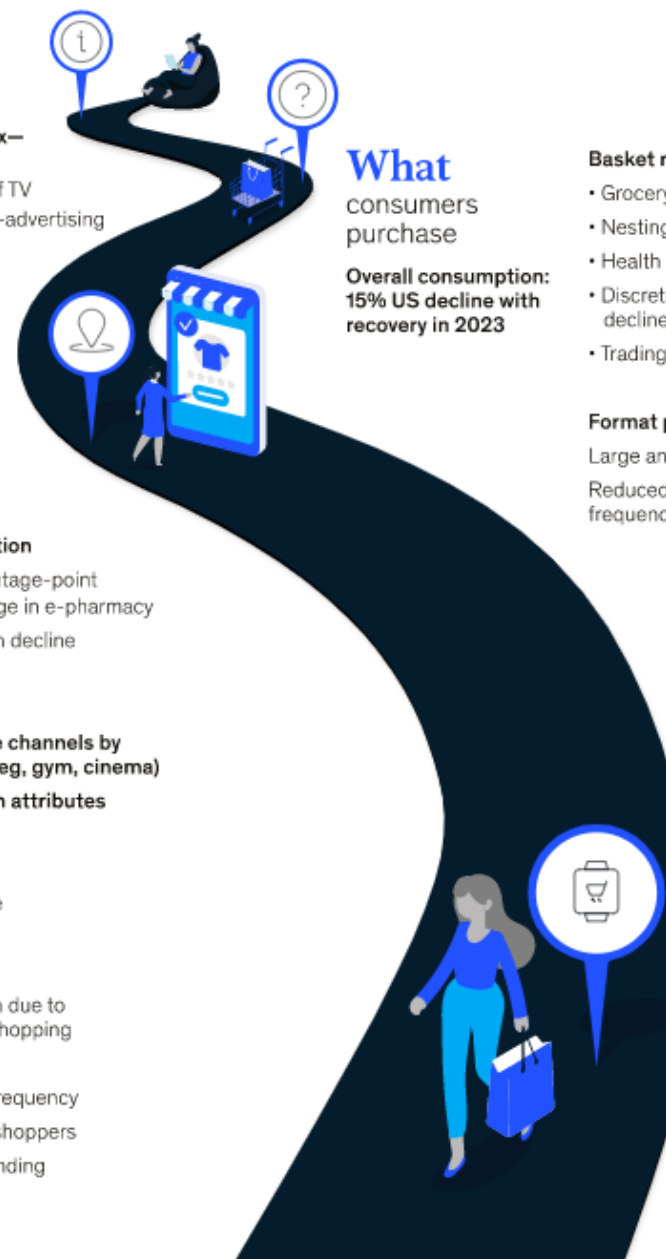
Brand-preference evaluation

Turning to A-brands for trust

How

consumers experience

Shake-up in what consumers value
Loyalty shake-up, as consumers are forced to try new things

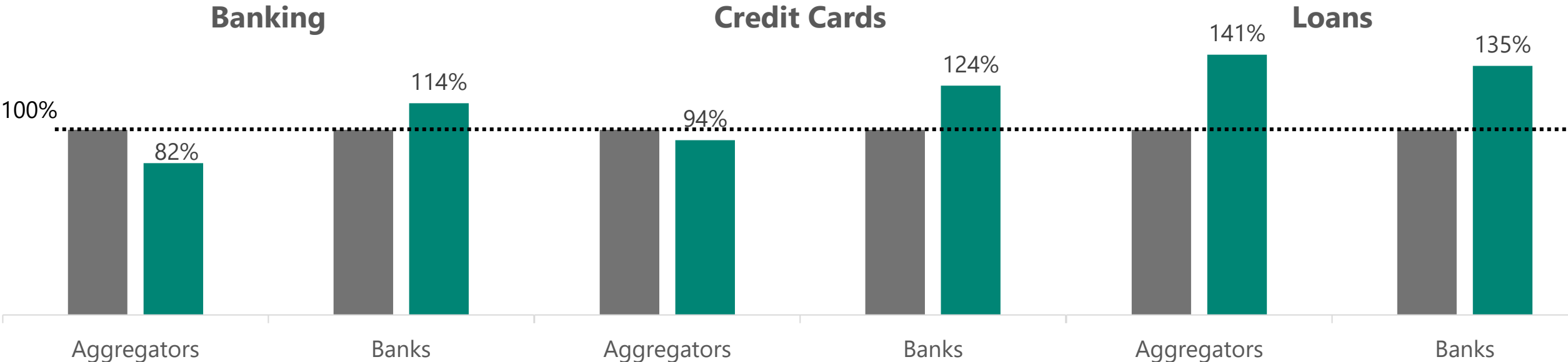


Finding 1: The comeback is slow but steady, Banks outperform in general



Relative spending by Retail Banking products

■ In (Mar-Jun) ■ Now (Jul-Aug)



Microsoft internal data. Investment analysis in FinServ industry, US. Date Frame defined as: Pre-Covid: Jan-Feb. 2020, In-Covid: Mar-Jun 2020, Now: July-Aug. 2020. Spending is relative to "In-covid" period

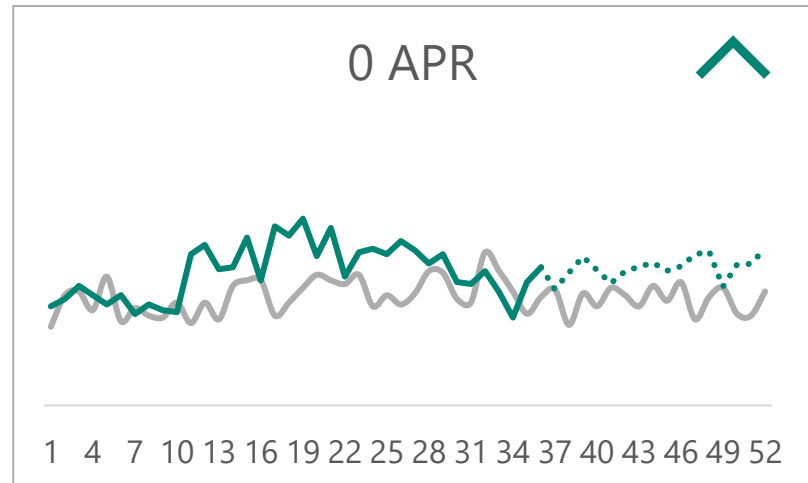
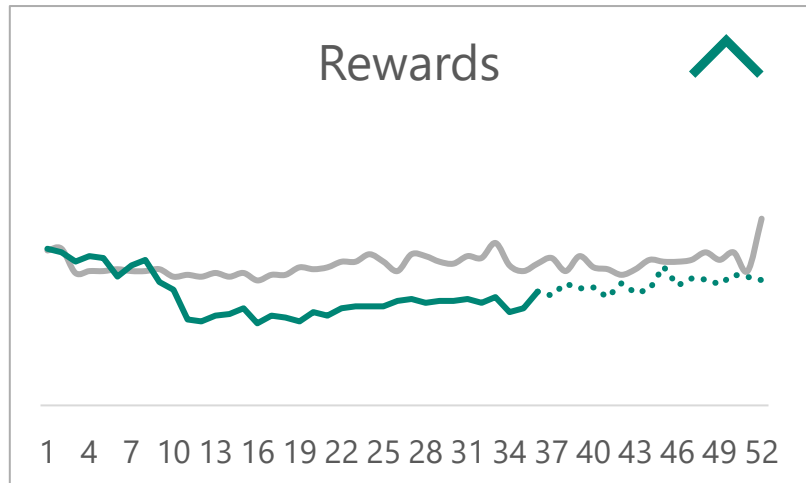
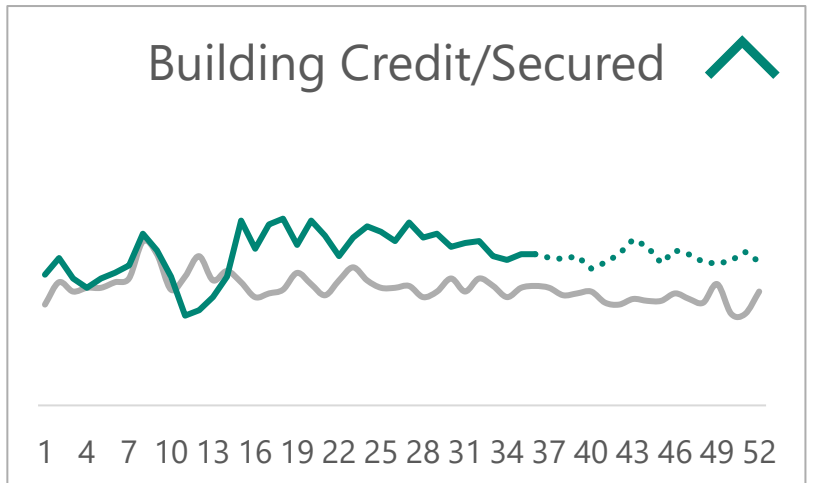
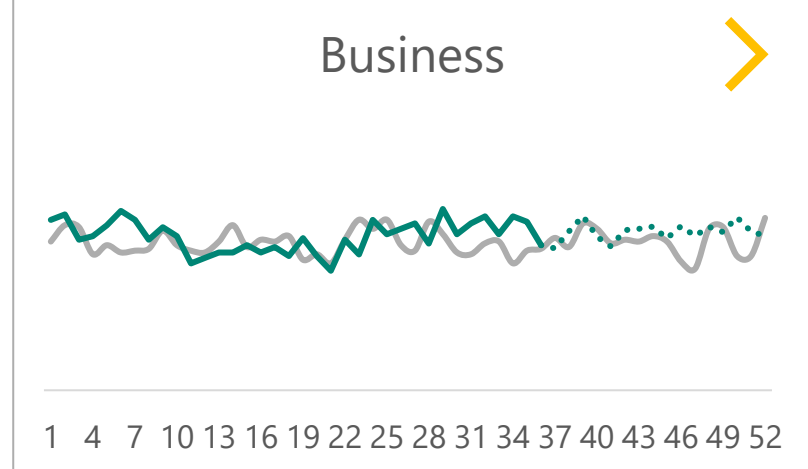
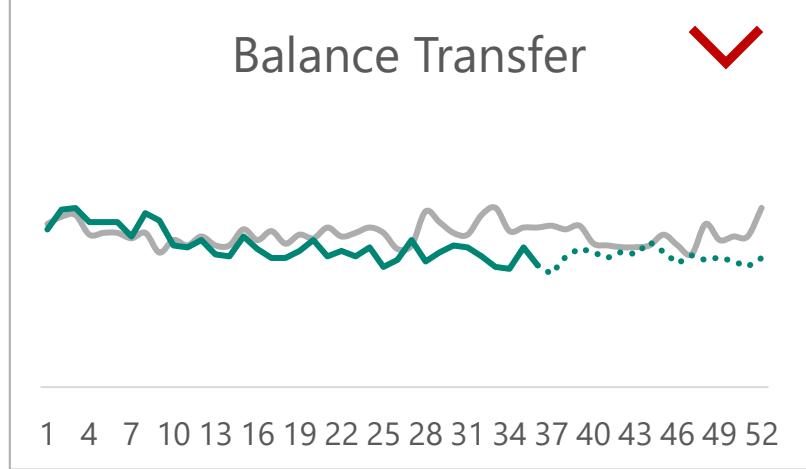
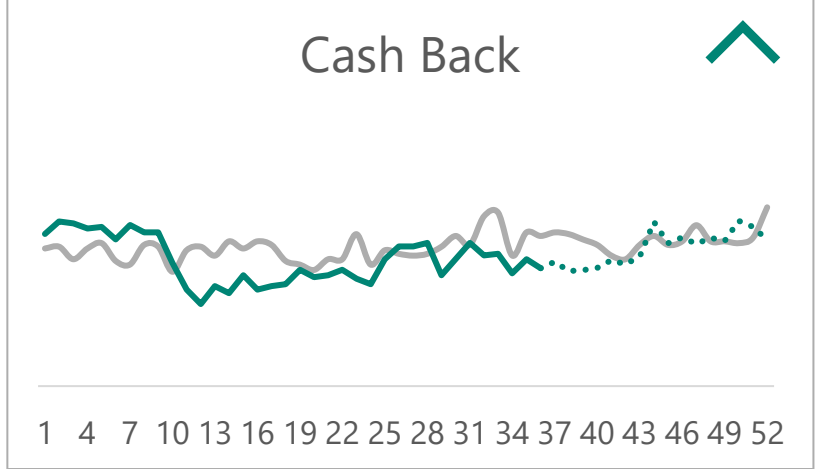


Rewards and Cash Back cards bounce back quickly while Balance Transfer trends lower in demand



Weekly Credit Card search volume index

—2019 —2020 (with forecast)



 Upward  Downward  Stable

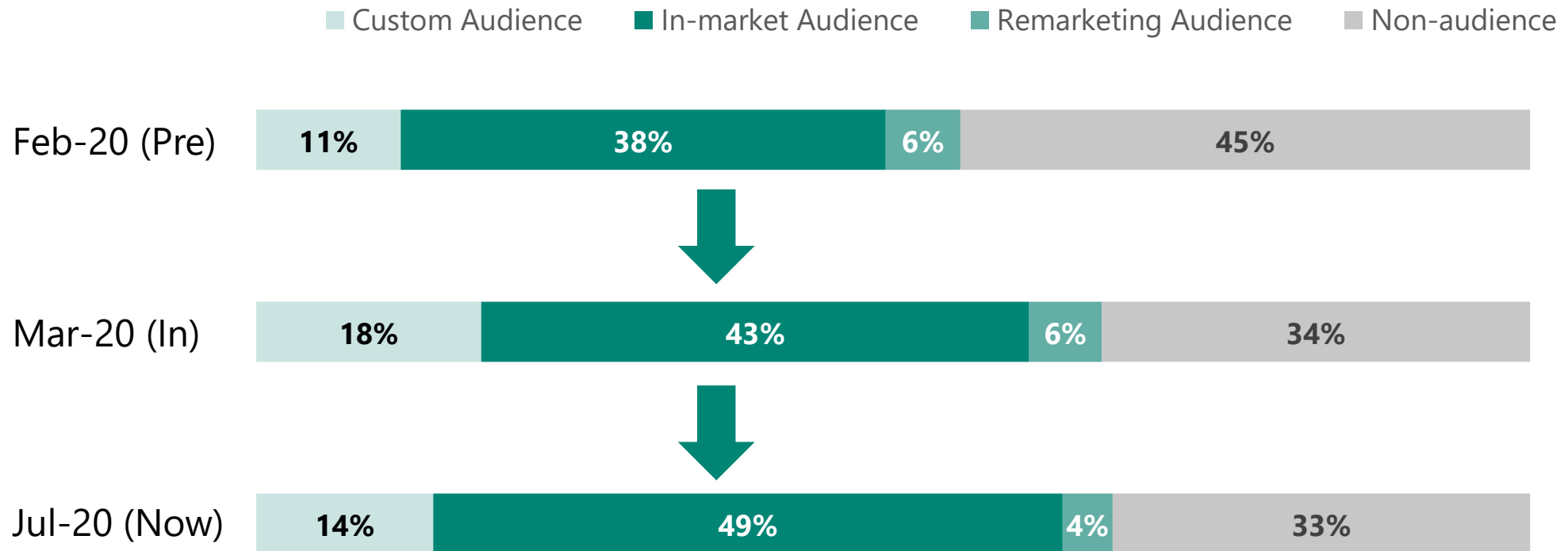


Source: Microsoft internal, FinServ credit card search volume index with forecasting - US, 2020

Finding 2: Half of Financial Services converters are coming from In-market Audiences after COVID-19

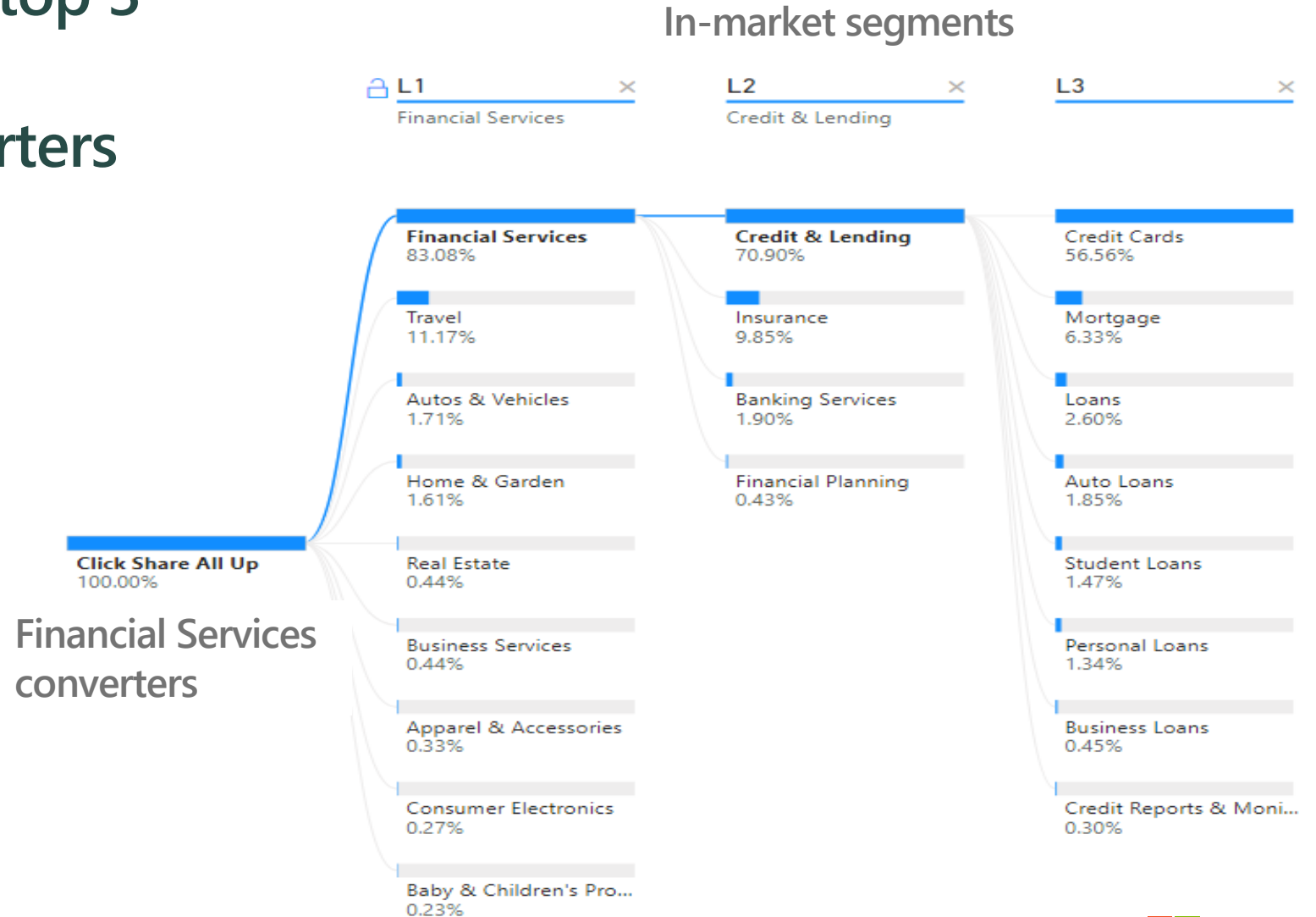


Financial Services by audience type



Microsoft internal data. Query pathing analysis based on last click conversion in top 20 clients in FinServ industry (Insurance and Tax are excluded), US, Date Frame defined as: Pre-Covid: Feb. 2020, In-Covid: Mar 2020, Now: July. 2020

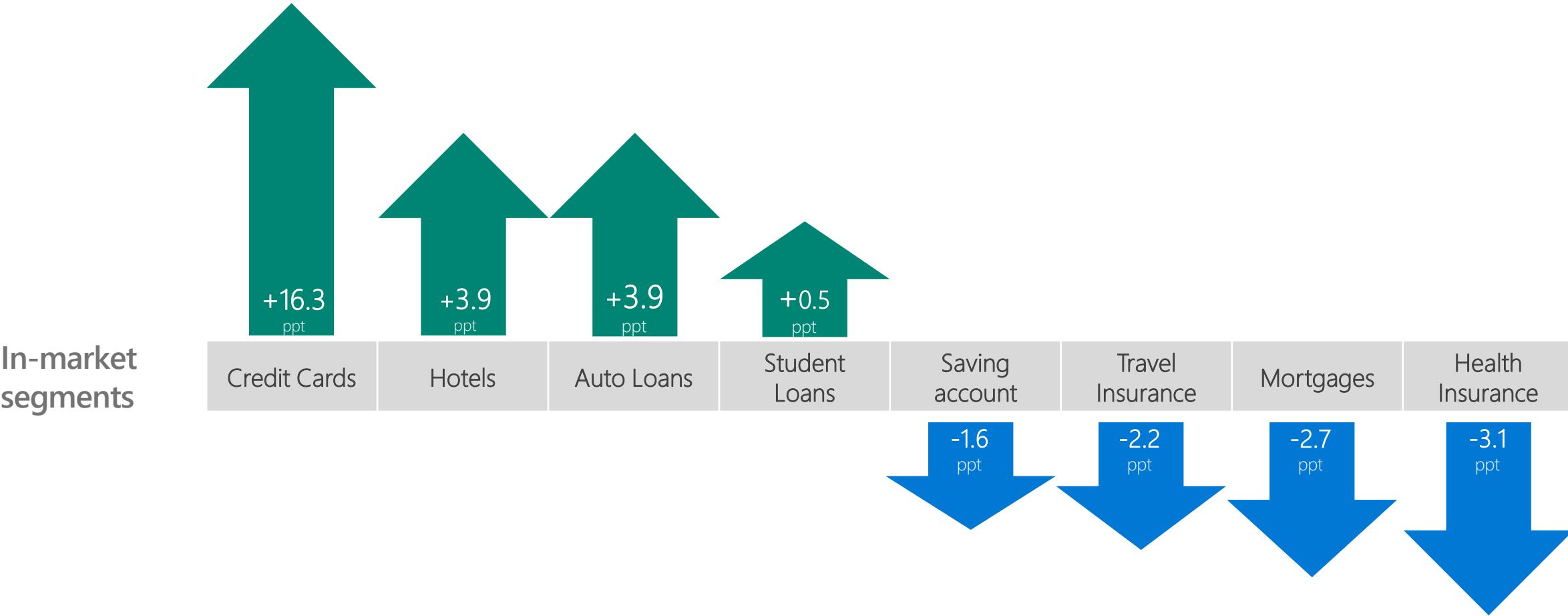
Financial Services, Travel, and Auto & Vehicles are the top 3 in-market categories for Financial Services converters



Credit cards and Hotels segments start to grow from Financial Service converters



Financial Service In-market Audience converting size analysis – Pre-COVID-19 vs. now, in percentage points



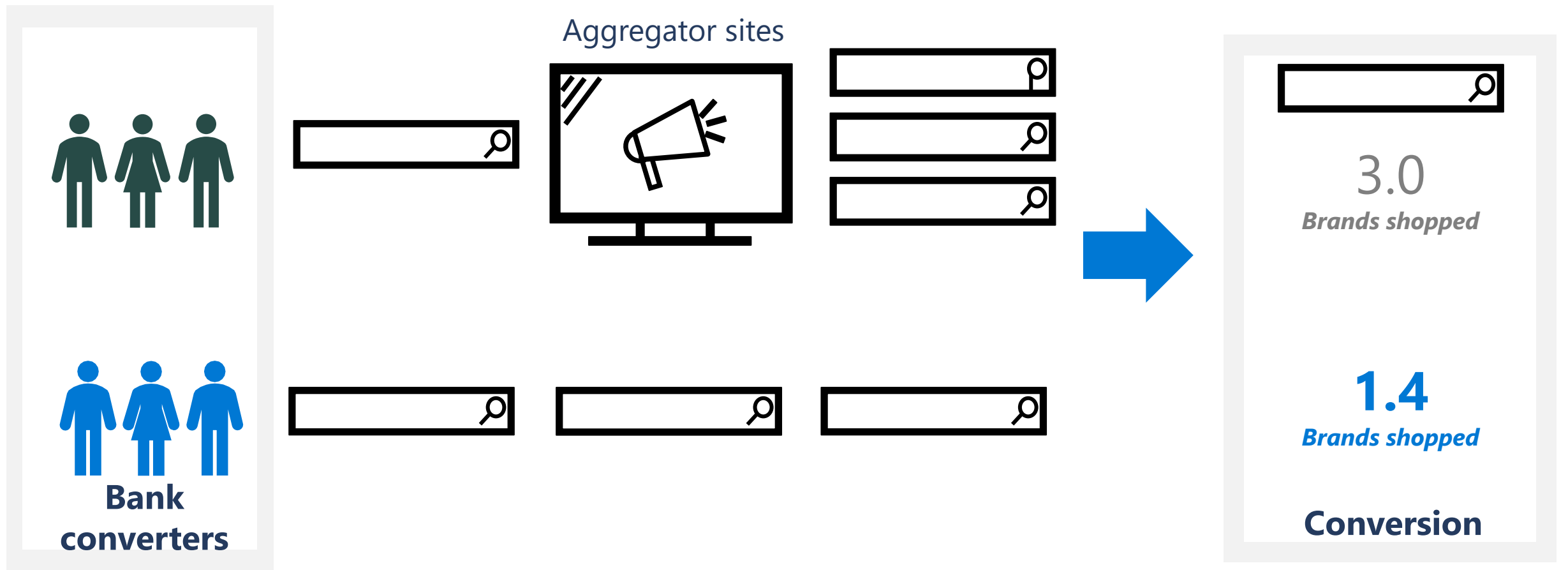
Microsoft internal data. Query pathing analysis based on last click conversion in top 20 clients in FinServ industry (Insurance and tax are excluded), in-market audience analysis, US, 2020 July
Date Frame defined as: Pre-Covid: Feb. 2020, In-Covid: Mar 2020, Now: July. 2020



Finding 3: Cross shopping and brand loyalty can be influenced in consumers' decision journey

 Plan the comeback

Aggregator sites bring more options for consumers to cross shop

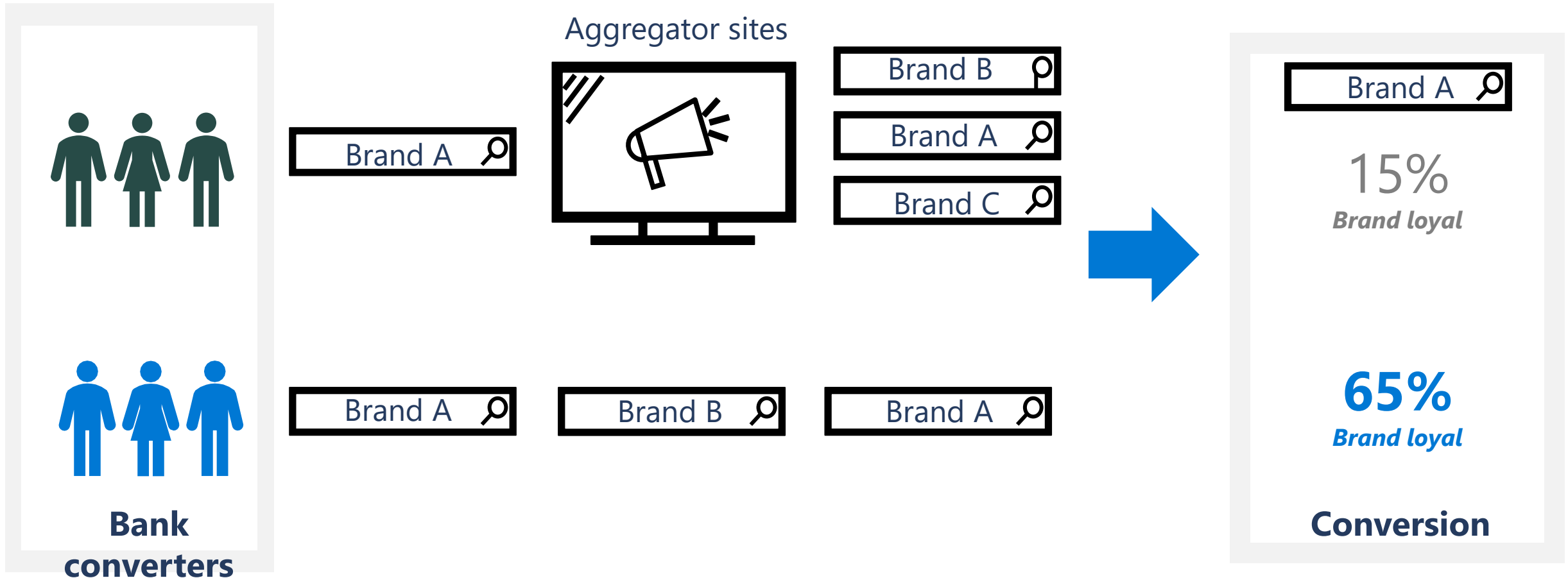


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Converters without exposure to aggregator sites tend to be more brand loyal

 Plan the comeback



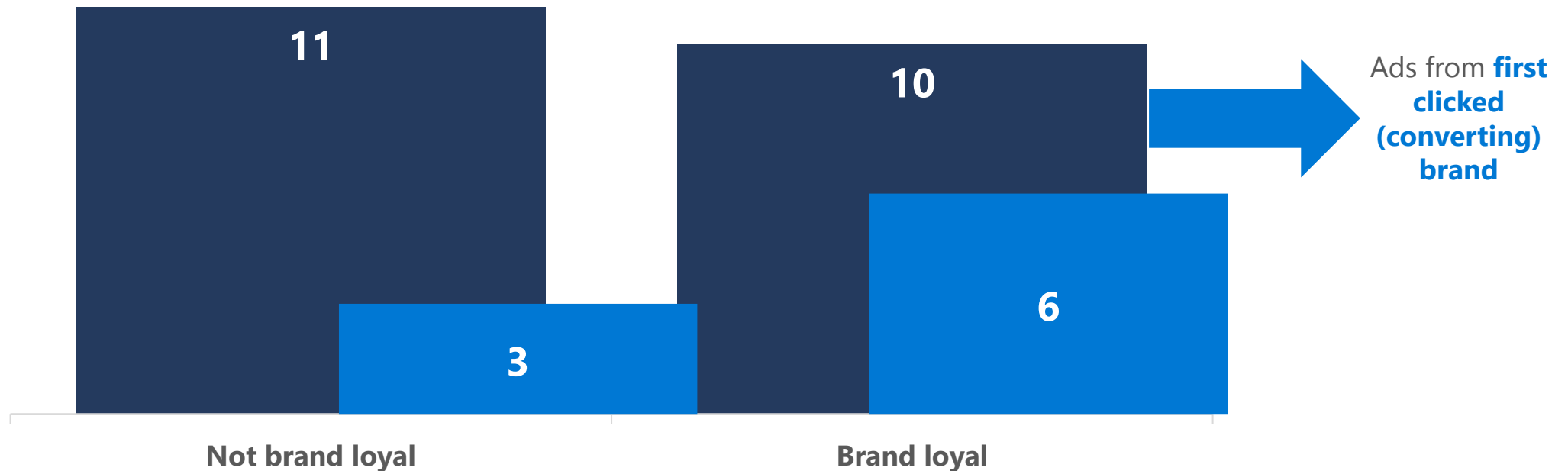
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Users are more likely to convert at the first clicked brand when they see more ads come from that brand



Brand loyalty (1st clicked brand=converting brand)

Average number of ads seen





Finding 1:

The comeback is slow but steady, Banks outperform in general

Follow the comeback trend and be there to capture the growing In-market users

Finding 2:

Half of Financial Service converters are coming from In-market Audiences after COVID-19

Try In-market Audiences for your campaigns as it helps efficacy significantly after COVID-19

Finding 3:

Cross shopping and brand loyalty can be influenced in consumers' decision journey

Use remarketing to reengage and influence consumers' brand choice and decision

To get actionable data, insights and best practices to help make decisions and grow your business, visit aka.ms/MicrosoftAdvertisingInsights



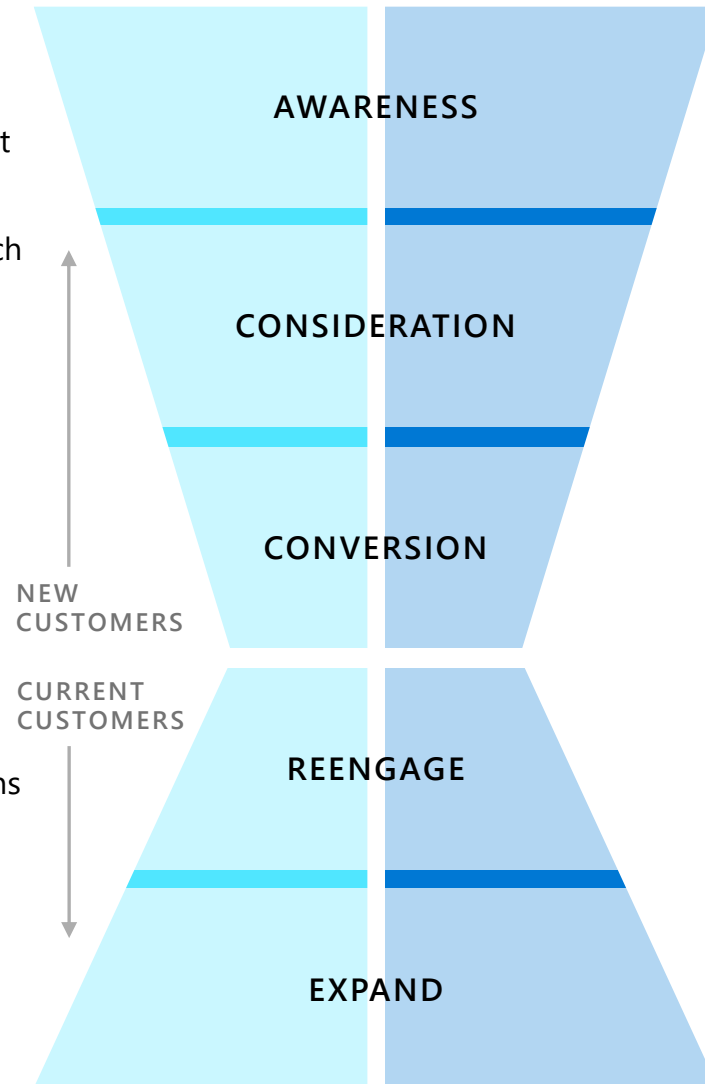
Microsoft Advertising. Intelligent connections.

Shape the new normal with Microsoft Advertising Solutions

Targeting and tactical solutions across Microsoft Advertising's networks

Microsoft Search Network solutions

- Dynamic Search Ads, broad match and search partners
- Similar Audiences to prospect
- Exact match and phrase match
- Remarketing to convert
- In-market Audiences
- Similar Audiences
- Sponsored Products
- Branded keywords
- Shopping Campaigns
- Remarketing to convert
- Sponsored Products

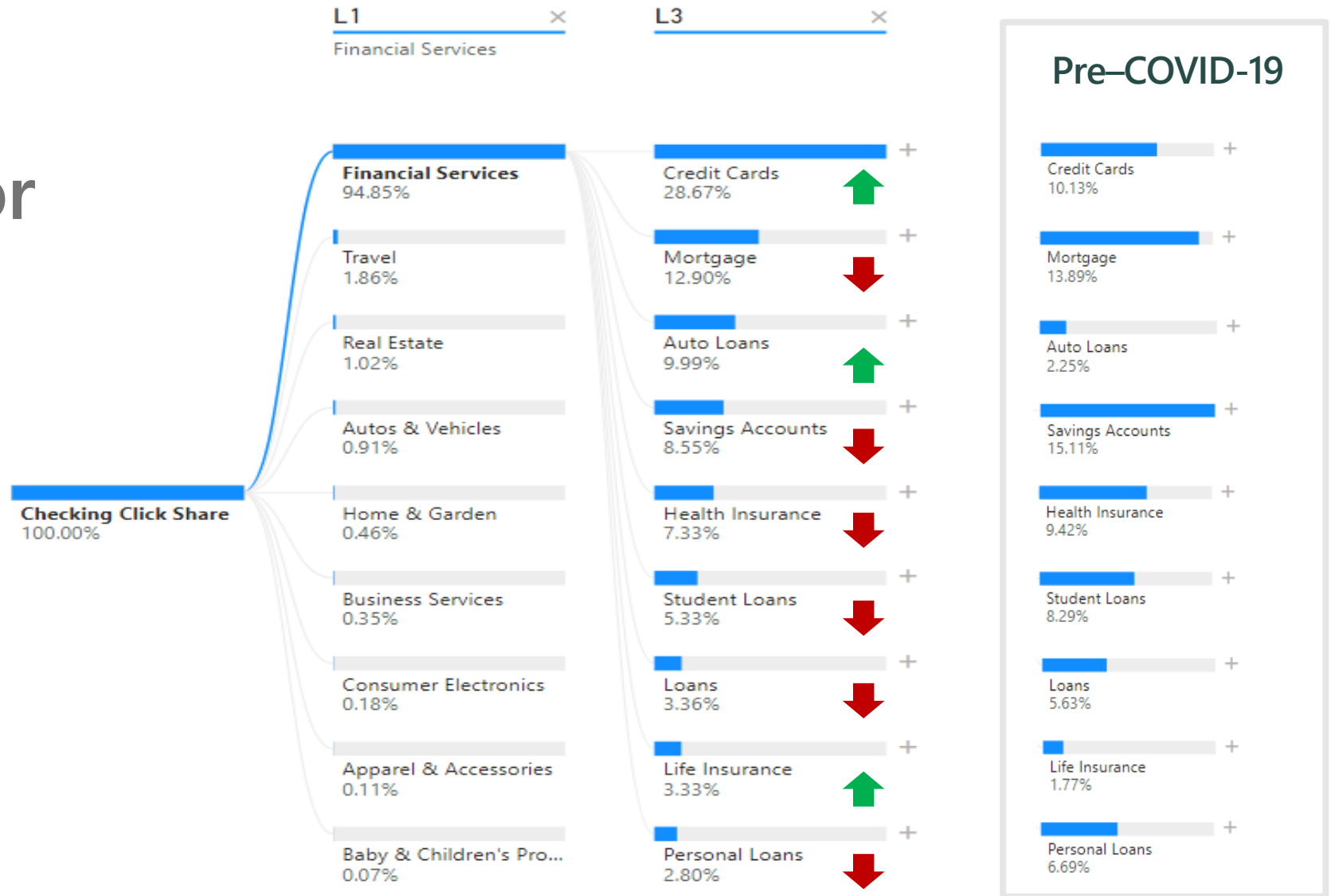


- Broad audience reach on the Microsoft Audience Network
- Similar Audiences to prospect
- In-market Audiences
- LinkedIn Profile Targeting
- Shopping feeds
- Custom Audiences
- Shopping Campaigns
- Remarketing to convert
- Product Audiences (dynamic remarketing)
- Remarketing to enforce
- Shopping upsells and add-ons
- Custom Audiences
- Product Audiences (dynamic remarketing)
- Similar Audiences
- Product Audiences (dynamic remarketing)

Microsoft Audience Network solutions

Note: This is a non-exhaustive list of available solutions. Many additional features are available for both the Microsoft Search Network and Microsoft Audience Network.

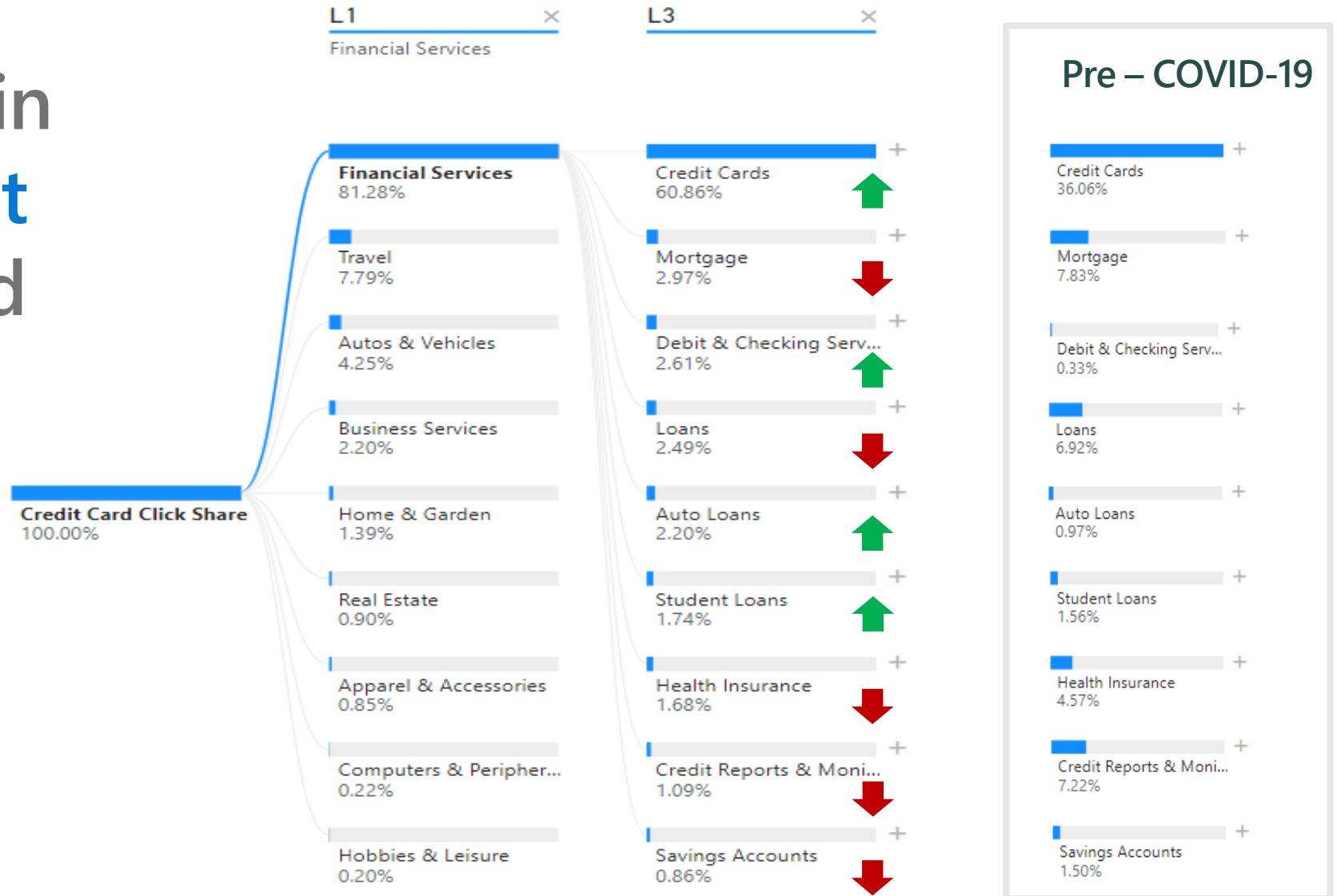
More Checking converters are also in market for Credit Cards and Auto Loans



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Credit Card converters are in market for Credit Cards, Travel and Checking

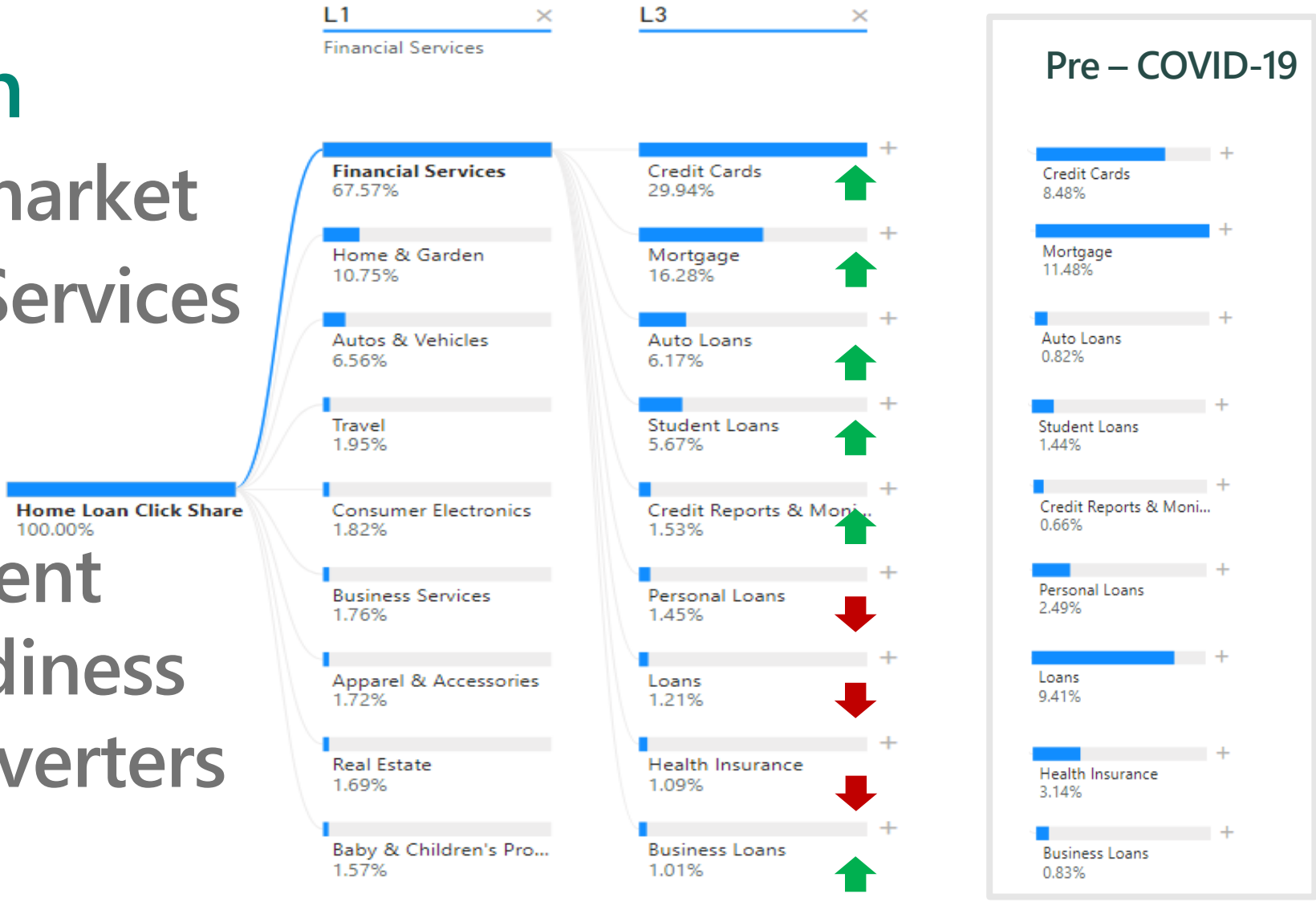
 Plan the comeback



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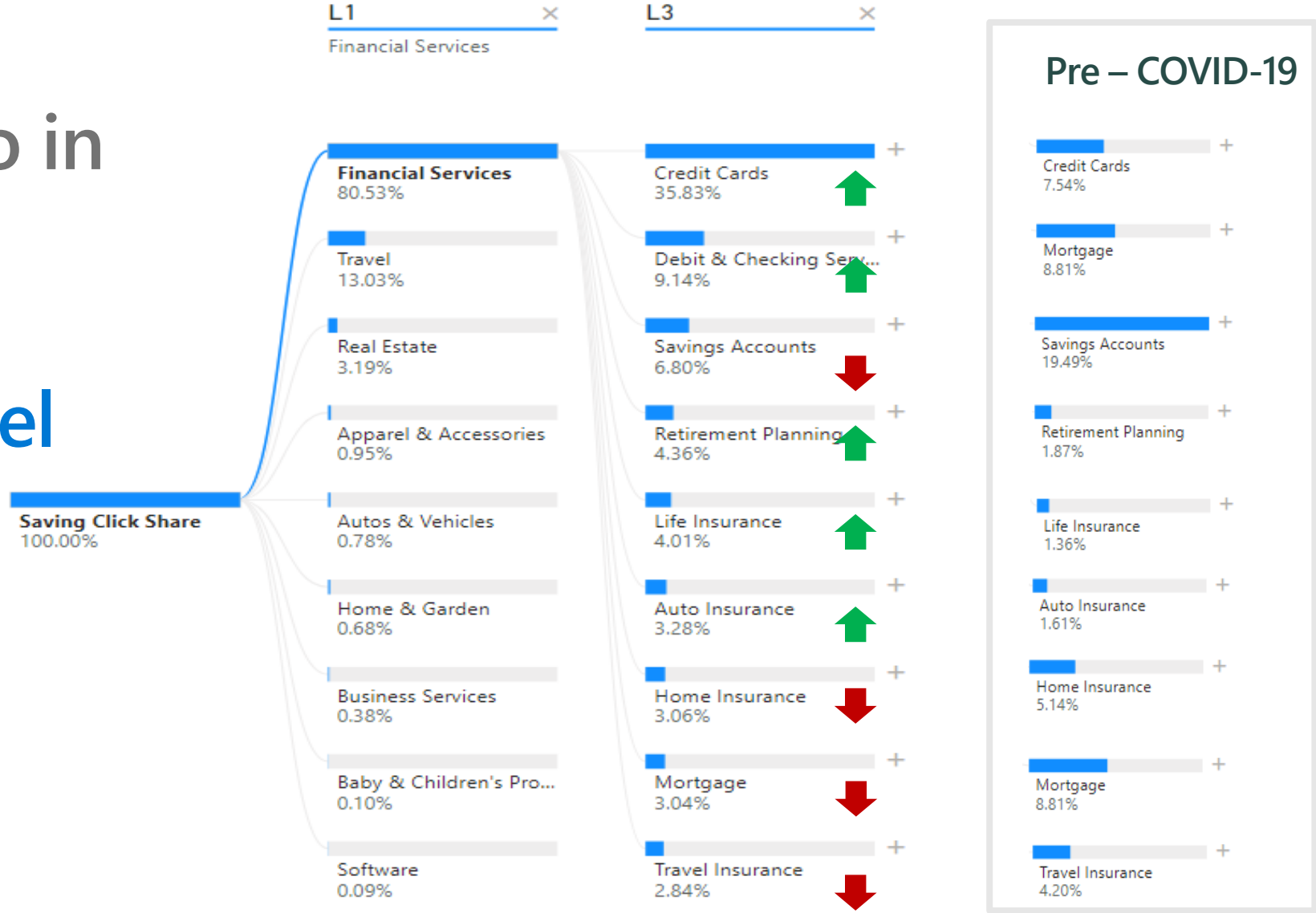
1 in 3 Home Loan converters are in market for non-Financial Services segments

Credit Cards segment shows greater readiness for home loan converters



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In addition to Savings Accounts, **Saving** converters are also in market for **Credit Cards, Retirement Planning and Travel**

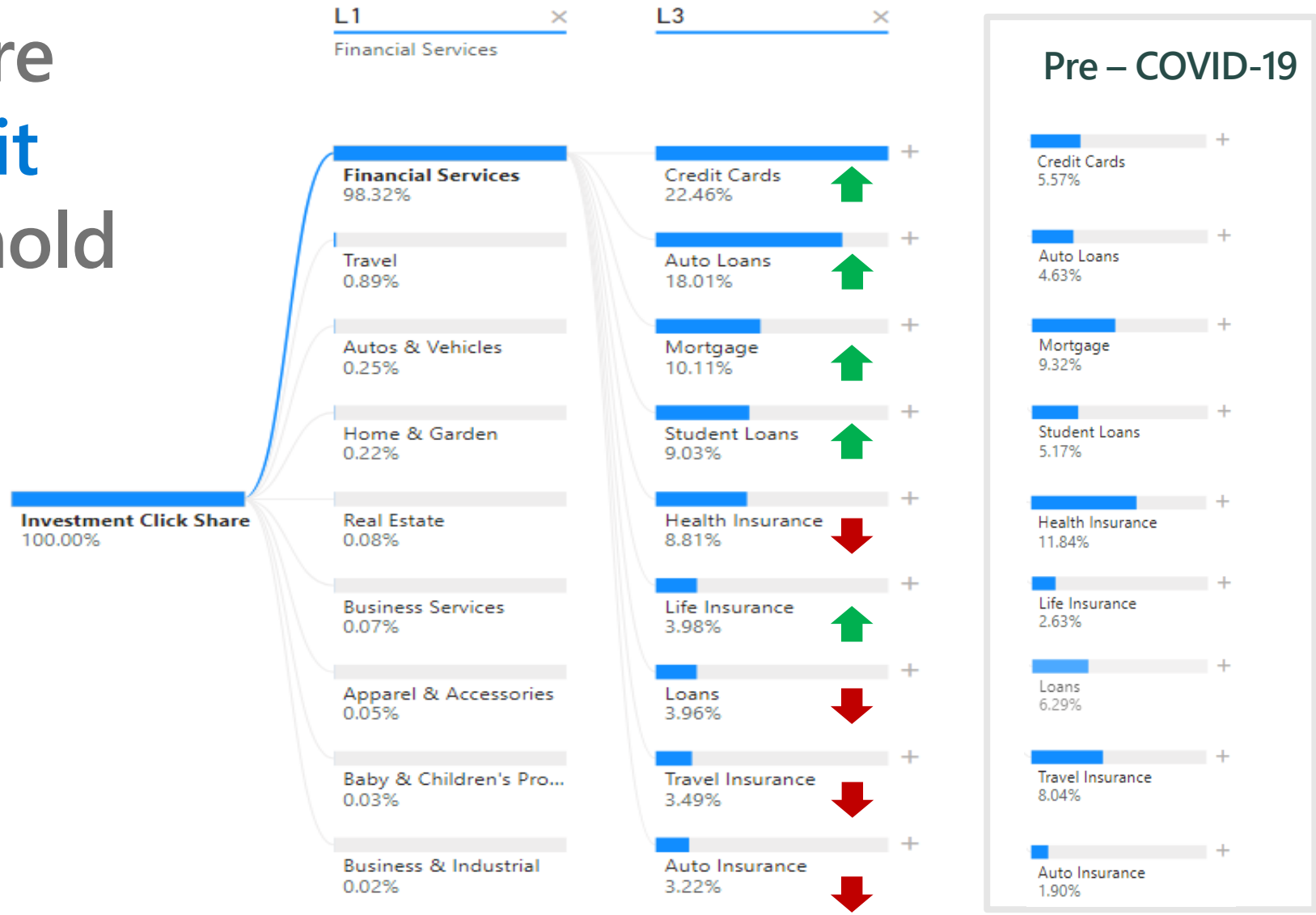


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Investment

converters are more in market for **Credit and Lending** and hold less interest in **Insurance** now



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