Microsoft Advertising Insights

Cross-channel marketing solutions
AGENDA

1. Cross-channel influence
2. Online shopper audience behaviors
3. Cross-channel audience
   • Offline-channel influence
   • Digital consumer decision journey
   • Microsoft Advertising journey
Online shoppers respond well to TV ads in a measurable way on search.

The digital journey is long; other channels play an important role in driving shoppers to paid search.

Users engage with both the Microsoft Audience Network and search throughout their journey across the Microsoft Network.
Cross-channel influence
The benefits of analyzing first- and third-party data to influence marketing strategies
The consumer decision journey

**STEP 01** High reach channel stimulus

**STEP 02** Decision to begin research

**STEP 03** Brand & Category searches

**STEP 04** Consideration & price compare

**STEP 05** Engage with paid & organic search

**STEP 06** Abandon research, continue browsing

**STEP 07** Engage with Native Re-marketing

**STEP 08** Re-engage product comparison

**STEP 09** Buy Online, Pick Up In Store (BOPIS)

**STEP 10** Consider next product need
Online shopping behaviors
Audience size and cross-visiting site behaviors for online shoppers
More users in the US and UK are actively searching on the Microsoft Search Network

<table>
<thead>
<tr>
<th>Country</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>31%</td>
<td>37%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Australia</td>
<td>11%</td>
<td>14%</td>
</tr>
<tr>
<td>Canada</td>
<td>15%</td>
<td>19%</td>
</tr>
<tr>
<td>France</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>Germany</td>
<td>7%</td>
<td>23%</td>
</tr>
</tbody>
</table>

comScore qSearch (custom), March 2020. The Microsoft Search Network includes Microsoft sites, Yahoo sites (searches powered by Bing) and AOL sites. Data represents desktop traffic only.
U.S. Audience size and cross-visiting site behaviors for online shoppers
Online shoppers in the U.S. are actively searching on the Microsoft Search Network

42M Retail PC searchers not on Google

39% Retail PC Paid click share

Source: ComScore qSearch (custom), U.S., December 2019; industry categories based on comScore classifications.
Online shoppers in the U.S. learn about a brand or product through TV ads or searching online

Top 10 ways Bing shoppers find out about new brands, products, or services

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

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

1. More than 10 items may appear in instances when two or more list items have the same percentage value.
UK Audience size and cross-visiting site behaviors for online shoppers
Users in the UK learn about a brand or product by searching online

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

- Search Engine: 50%
- Online retail websites: 46%
- Word-of-moth recommendations from friend/family members: 45%
- Ads seen on TV: 40%
- Brand/product websites: 29%
- Ads seen on social media: 28%
- Ads seen on websites: 25%
- Recommendations/comments on social media: 24%
- Consumer review sites: 24%
- Product comparison websites: 24%

¹ More than 10 items may appear in instances when two or more list items have the same percentage value.
More users in the UK are purchasing online
Based on individuals who made online purchases (UK)

Mid-to-older demographics saw the largest year-over-year (YoY) increase in online purchase behavior

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1. Office for National Statistics (UK) United Kingdom (Great Britain); 2008 to 2020; 1,800; 16 years and older; August 2020
2. Office for National Statistics (UK) United Kingdom (Great Britain); 2011 to 2020; 1,800; 16 years and older; August 2020
3. Microsoft Advertising; Q2 2020; GlobalWebIndex - UK (Online Shoppers); based on 3,202 survey responses classified as Microsoft Advertising Network audience members
How can retailers reach more users and keep their current shoppers brand loyal?
TV & Search: offline channel impact

What influences online shoppers to search online?
For retailers running TV ads, search is often what captures the newly generated consumer interest.

% search ad click lift on brand searches following TV spot exposure

A top retailer’s Cyber Monday TV spots increased awareness in exposed geographies lifting:

+0.2% clicks of all brand queries

+16% clicks of brand queries containing Cyber Monday

Source: Microsoft internal data, Holiday 2018
When TV marketing messages are received, consumers search on more than just brand names

U.S. search volume and clicks on TV ad influenced queries for the retailer

Consumers exposed to this retailer’s TV ad retained not just a general brand awareness, but a specific understanding of the content they viewed. They ran searches that specifically referenced sale information provided in the ad.

Source: Microsoft internal data, Holiday 2018
Digital consumer decision journey
How do online shoppers search online across all digital channels?
How do online shoppers search online across all digital channels in the U.S.?
Search (SEM) plays an integral role in the journey

Percent of conversions; last-touch and multi-touch attribution


Search captures majority of last click conversions throughout the online shopper’s journey

Other channels contribute from a multi-touch perspective. How do these channels drive users to Search during their journey?
Native remains a key channel for Retail in the U.S.
Percent of conversions; last-touch and multi-touch attribution

<table>
<thead>
<tr>
<th>Channel From</th>
<th>display</th>
<th>email</th>
<th>native</th>
<th>partner</th>
<th>referral</th>
<th>sem</th>
<th>social</th>
<th>video</th>
</tr>
</thead>
<tbody>
<tr>
<td>native</td>
<td>8.8%</td>
<td>4.3%</td>
<td>1.0%</td>
<td>1.0%</td>
<td>7.8%</td>
<td>70.6%</td>
<td>5.9%</td>
<td></td>
</tr>
<tr>
<td>partner</td>
<td>14.1%</td>
<td>0.7%</td>
<td>0.7%</td>
<td>6.0%</td>
<td>73.2%</td>
<td>4.0%</td>
<td>1.3%</td>
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<tr>
<td>referral</td>
<td>71.6%</td>
<td>0.6%</td>
<td>5.1%</td>
<td>0.3%</td>
<td>1.9%</td>
<td>83.1%</td>
<td>1.9%</td>
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<tr>
<td>sem</td>
<td>37.3%</td>
<td>3.2%</td>
<td>7.8%</td>
<td>6.8%</td>
<td>9.5%</td>
<td>20.3%</td>
<td>14.3%</td>
<td></td>
</tr>
<tr>
<td>social</td>
<td>66.1%</td>
<td>0.9%</td>
<td>2.8%</td>
<td>3.2%</td>
<td>4.1%</td>
<td>82.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>video</td>
<td>14.3%</td>
<td>28.6%</td>
<td>57.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. User clicks on a retailer's Native ad
2. 8.8% of users convert after clicking on the Native ad
3. 70.6% of users who do not convert on the Native ad go on to engage with a retailer's Search ad in their next touchpoint

70.6% of Native ad clicks in the U.S. lead to search clicks
Leverage the Audience Network, Microsoft’s premium Native offering to reach users who are likely to interact with search after seeing a Native placement
Other channels also play an important role in driving U.S. shoppers to paid search

The likelihood of an online shopper engaging with one touchpoint after another (represents lift >1%)

Users are also engaging with multiple retailers throughout their journey. Ensure you have a strong search program in place to capture these users.
How do online shoppers search online across all digital channels in the UK?
Search (SEM) plays an integral role in the journey

Percent of conversions; last-touch and multi-touch attribution

Microsoft Internal Data. Retail UK Consumer Decision Journey; Multi-Touch Attribution based off click attribution (impression ad exposure not considered). N = 1000 users. February 2020 – July 2020. UK and PC only. Analysis of paid media only. Inclusive of Display, Native, Partner, Referral (including affiliates), Social (including Native Social), Video, and Paid Search. Publisher and platform agnostic. Multiple paid media click touchpoints required for analysis inclusion.

Search captured the majority of last click conversions throughout the online shopper’s journey.

Other channels contributed from a multi-touch perspective. How do these channels drive users to search during their journey?
Other channels\(^1\) play an important role in driving UK shoppers to paid search

The likelihood of an online shopper engaging with one touchpoint after another (represents lift >1%)

Users are also engaging with multiple retailers throughout their journey. Ensure you have a strong Search program in place to capture these users.


Multiple paid media click touchpoints required for analysis inclusion.

1. The L1/L2 listed represents the advertiser domain
Native has a strong interaction with search in the UK

The likelihood of an online shopper engaging with one digital touchpoint after another

<table>
<thead>
<tr>
<th>Channel From</th>
<th>(conversion)</th>
<th>display</th>
<th>email</th>
<th>native</th>
<th>partner</th>
<th>referral</th>
<th>sem</th>
<th>social</th>
</tr>
</thead>
<tbody>
<tr>
<td>display</td>
<td>16.7%</td>
<td>16.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>email</td>
<td>7.1%</td>
<td></td>
<td>1.2%</td>
<td>4.7%</td>
<td>78.8%</td>
<td>8.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>native</td>
<td>21.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>partner</td>
<td>11.9%</td>
<td></td>
<td>1.5%</td>
<td>1.5%</td>
<td>79.1%</td>
<td>6.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>referral</td>
<td>8.2%</td>
<td></td>
<td>3.4%</td>
<td>2.1%</td>
<td>1.4%</td>
<td>83.6%</td>
<td>1.4%</td>
<td></td>
</tr>
<tr>
<td>sem</td>
<td>63.4%</td>
<td>0.8%</td>
<td>4.8%</td>
<td>5.2%</td>
<td>4.7%</td>
<td>10.3%</td>
<td>10.4%</td>
<td></td>
</tr>
<tr>
<td>social</td>
<td>12.8%</td>
<td>6.8%</td>
<td>2.7%</td>
<td>0.7%</td>
<td>77.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

User clicks on a retailer's Native ad

21.7% of users convert after clicking on the Native ad

68.1% of users who do not convert on the Native ad go on to engage with a retailer’s Paid Search ad in their next touchpoint

Touchpoint = Rows
Subsequent Touchpoint = Columns

Leverage the Microsoft Audience Network, Microsoft’s premium native offering, to reach users who interact with search after seeing a native ad.
Reach a large number of unique visitors across the Microsoft Audience Network

**Microsoft Audience Network – Total unique visitors**

<table>
<thead>
<tr>
<th>Country</th>
<th>Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>242M¹</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>23M²</td>
</tr>
<tr>
<td>Canada</td>
<td>19M²</td>
</tr>
<tr>
<td>Australia</td>
<td>11M²</td>
</tr>
</tbody>
</table>

¹ comScore Microsoft Audience Platform Report, December 2019. Numbers are rounded to the nearest percentage point.

² comScore, Microsoft Audience Platform Report, August 2018. U.K., Australia and Canada desktop. Numbers are rounded to the nearest million.
In a study evaluating several campaigns over a three-month period, Microsoft Audience Network advertisers saw increased performance in their paid search campaigns.¹

¹ Jan – Mar 2019: Exposed vs. Control lifts for both clicks and searches per user; Searches based on ad flag for selected advertiser and other advertisers in that vertical. On average, those clients saw the reported lift in Search Impressions per user and reported lift Search Clicks per user for exposed users compared to those who were not exposed to an ad on the Microsoft Audience Network.
Leverage Dynamic Remarketing for increased performance

On average, our retailer clients using Dynamic Remarketing on the Microsoft Audience Network during the 2019 holiday season saw greater results¹

30% Higher CTR¹  38% Lower CPA¹  72% Higher CVR¹

Highly relevant to the audience
Boosted performance
Easy to use

CTR = click-through rate
CPA = cost per action
CVR = conversion rate

¹ Microsoft Internal Data, CTR for our clients on the Microsoft Audience Network using Product Audiences versus our native marketplace overall CTR, 17th November, 2019 to 28th December, 2019.
Microsoft Ads - Retail vertical query path
How do online shoppers engage between Microsoft Audience Network and search across the Microsoft Network?
92% of users take more than one day to convert
Paid Search (SEM) is where **most users start**

Transition matrix\(^1\) across the Microsoft Network

<table>
<thead>
<tr>
<th>Touchpoint</th>
<th>(conversion)</th>
<th>MSAN-click</th>
<th>MSAN-impression</th>
<th>SEM-click</th>
<th>SEM-impression</th>
<th>SEO-click</th>
</tr>
</thead>
<tbody>
<tr>
<td>(start)</td>
<td></td>
<td>0.1%</td>
<td>12.7%</td>
<td>13.5%</td>
<td>63.6%</td>
<td>10.1%</td>
</tr>
<tr>
<td>MSAN-click</td>
<td>15.9%</td>
<td>53.4%</td>
<td>7.1%</td>
<td>18.2%</td>
<td>5.4%</td>
<td></td>
</tr>
<tr>
<td>MSAN-impression</td>
<td>2.3%</td>
<td>18.8%</td>
<td>61.4%</td>
<td>17.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEM-click</td>
<td>25.6%</td>
<td>0.1%</td>
<td>7.1%</td>
<td></td>
<td>56.7%</td>
<td>10.5%</td>
</tr>
<tr>
<td>SEM-impression</td>
<td>0.3%</td>
<td>19.1%</td>
<td>46.7%</td>
<td></td>
<td>34.0%</td>
<td></td>
</tr>
<tr>
<td>SEO-click</td>
<td>0.2%</td>
<td>12.1%</td>
<td>17.3%</td>
<td>70.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SEM = Paid Search ad on Bing/Yahoo/Partner Network
SEO = Organic Listing on Bing/Yahoo

1. Users starting their journey have a 77.1% probability of using paid search
Paid Search (SEM) is where most users start, and most users finish

Transition matrix\(^1\) across the Microsoft Network

<table>
<thead>
<tr>
<th>Touchpoint</th>
<th>Subsequent touchpoint (conversion)</th>
<th>MSAN-click</th>
<th>MSAN-impression</th>
<th>SEM-click</th>
<th>SEM-impression</th>
<th>SEO-click</th>
</tr>
</thead>
<tbody>
<tr>
<td>(start)</td>
<td>0.1%</td>
<td>12.7%</td>
<td>13.5%</td>
<td>63.6%</td>
<td>10.1%</td>
<td></td>
</tr>
<tr>
<td>MSAN-click</td>
<td>15.9%</td>
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<td></td>
</tr>
<tr>
<td>MSAN-impression</td>
<td>2.3%</td>
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<td>70.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Users starting their journey have a 73% probability of using Paid Search.
2. Of the 13.5% of users who click on a paid search ad, 25.6% have a probability of converting.
Users who click on a Microsoft Audience Network ad have a 15.9% probability of converting

Transition matrix across the Microsoft Network

<table>
<thead>
<tr>
<th>Touchpoint</th>
<th>(conversion)</th>
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<td>5.4%</td>
</tr>
<tr>
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<td>2.5%</td>
<td></td>
<td>18.8%</td>
<td></td>
<td>61.4%</td>
<td>17.5%</td>
</tr>
<tr>
<td>SEM-click</td>
<td>25.6%</td>
<td>0.1%</td>
<td>7.1%</td>
<td></td>
<td>56.7%</td>
<td>10.5%</td>
</tr>
<tr>
<td>SEM-impression</td>
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<td>34.0%</td>
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<tr>
<td>SEO-click</td>
<td>0.2%</td>
<td>12.1%</td>
<td>17.3%</td>
<td></td>
<td>70.5%</td>
<td></td>
</tr>
</tbody>
</table>

1. Users starting their journey have a 73% probability of using Paid Search
2. Of the 13.5% of users who click on a Paid Search ad, 25.6% have a probability of converting
3. Users who are exposed to a Microsoft Audience Network ad have an 18.8% probability of engaging with a paid search ad in their next touchpoint

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Microsoft Advertising Query Path Data for US Retailers – July 2020 – August 2020, 26.6% total unique paths; Multi-touch Attribution

1. The matrix highlights probably from one ad format to another; it does not show instances of ad format to the same ad format (i.e. does not show Search ad click to Search ad click)
Users are actively engaging between Microsoft Audience Network and search

Percent of paths from first channel to last channel across the Microsoft Network

Of the people who converted via paid search, 12% started their journey with a Microsoft Audience Network impression.

The path is not linear; it’s important to have coverage across both the Microsoft Audience Network and search to ensure you’re present during every step of the user journey.
Activate across both search and the Microsoft Audience Network to maximize performance for Retail

Users exposed to both Microsoft Audience Network and paid search ads are more likely to visit a retailer’s website compared to those who are exposed to only one type of ad

+340% Domain **visitation** vs. only search ad exposure

+392% Domain **conversion** vs. only search ad exposure

Layer additional audiences, such as Remarketing and In-market Audiences for a more targeted reach

Notes: Results may vary for each advertiser based on campaign settings, targeted audiences, and other factors. Lift metrics represent an average of Retail advertisers with completed lift studies to date (Sept. 2020). These advertisers are a non-representative sample of retail advertisers in the marketplace. Lift measured between exposed users and a control group of eligible unexposed users. Data points represent lift on a per-user basis. Average user count per advertiser study = 3.3M, data collected May-Sept 2020.
Online shoppers respond well to TV ads in a measurable way on search

The digital journey is long; other channels play an important role in driving online shoppers to paid search

Users engage between Microsoft Audience Network and search throughout their journey across the Microsoft Network

Ensure you have coverage on core terms related to your TV commercial to ensure brand presence when users are search

Native has a strong interaction with paid search – leverage Microsoft Audience Network to reach more users likely to engage with search

Reach your audience across both the Audience Network and Search Network to get the most out of your investment
To get actionable data, insights and best practices to help make decisions and grow your business, visit aka.ms/MicrosoftAdvertisingInsights