Microsoft Advertising Insights
Microsoft Audience Network for Valentine’s Day
Retail success, utilizing the Microsoft Audience Network for efficiencies

Complimenting existing search strategies advertisers saw

<table>
<thead>
<tr>
<th>Metric</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower CPMs¹</td>
<td>96%</td>
</tr>
<tr>
<td>Lower CPCs¹</td>
<td>28%</td>
</tr>
<tr>
<td>Lower CPAs¹</td>
<td>37%</td>
</tr>
</tbody>
</table>

CPM = cost per thousand impressions
CPC = cost per click
CPA = cost per action

Shopping/Dynamic Remarketing- assets are pulled directly from your feed

Image campaigns- 3-5 assets, or can be directly imported from Google Display Network

¹. Microsoft Internal Data, blended results August 2020.
Audience Network click volume for Valentine’s Day categories continue to trend upward month over month (MoM) and year over year (YoY), while key performance indicators (KPIs) improve.

Microsoft Audience Ad exposure drives brand awareness, consideration (site visits), and purchase (conversion) for Retail advertisers.

Leverage the Microsoft Audience Network as an effective way to reach users in market for gift-giving this coming Valentine’s Day.
Valentine’s Day performance trends
Gift-giving click volume continues to trend up on the Microsoft Audience Network

For our most recent gift-giving period (November), CTR was up 25% YoY while CPCs were down 30% YoY. Don’t miss out on targeting these shoppers ahead of Valentine’s Day!

Microsoft internal data; Jan 2019 – Nov 2019 vs Jan 2020 – Nov 2020

1. L2 Categories: Apparel & Accessories, Beauty & Personal Care, Consumer Electronics, Flowers/Candy/Gifts/Greetings, Home & Garden, Jewelry & Watches
Home & Garden and Apparel continue to drive the largest amount of volume, owning 74% of click share during November

Audience Network clicks for Valentine’s Day categories

These two retail categories make up 39% and 37% of total clicks respectively year to date (YTD)

Within Home & Garden, Furniture has driven 28% of clicks YTD, while Home Décor has driven the largest increase in clicks month over month (MoM) at 127%

Within Apparel, Fashion Apparel has driven 43% of clicks YTD

Microsoft internal data; Jan 2020 – Nov 2020

1. L2 Categories: Apparel & Accessories, Beauty & Personal Care, Consumer Electronics, Flowers/Candy/Gifts/Greetings, Home & Garden, Jewelry & Watches
Top Valentine’s Day categories continue to see an increase in clicks across the Audience Network

Audience Network clicks for Valentine’s Day categories; exclusive of Home & Garden and Apparel

Although lower in volume, other categories top of mind for Valentine’s Day continue to see growth across the Microsoft Audience Network

Jewelry & Watches saw a 34.9% increase in clicks MoM

Flowers, Candy, & Greetings saw a 19.6% increase in clicks MoM

Microsoft internal data; Jan 2020 – Nov 2020
1. L2 Categories: Beauty & Personal Care, Flowers/Candy/Gifts/Greetings, Jewelry & Watches
The majority of top Valentine’s Day sub-categories have seen an increase in clicks YoY

% change in clicks YoY for November; sorted by clicks

<table>
<thead>
<tr>
<th>Category</th>
<th>Change in Clicks YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fashion Apparel</td>
<td>129%</td>
</tr>
<tr>
<td>Shoes</td>
<td>178%</td>
</tr>
<tr>
<td>Gifts</td>
<td>271%</td>
</tr>
<tr>
<td>Clothing Accessories</td>
<td>154%</td>
</tr>
<tr>
<td>Flowers</td>
<td>52%</td>
</tr>
<tr>
<td>Watches</td>
<td>3%</td>
</tr>
<tr>
<td>E-Cards &amp; Greetings</td>
<td>-55%</td>
</tr>
<tr>
<td>Diamonds</td>
<td>538%</td>
</tr>
<tr>
<td>Jewelry Other</td>
<td>-3%</td>
</tr>
<tr>
<td>Jewelers</td>
<td>374%</td>
</tr>
<tr>
<td>Jewelry Accessories</td>
<td>361%</td>
</tr>
<tr>
<td>Gift Stores</td>
<td>133%</td>
</tr>
<tr>
<td>Candy</td>
<td>228%</td>
</tr>
</tbody>
</table>

Microsoft internal data; Nov 2019 vs Nov 2020
1. L2 Categories: Apparel & Accessories, Beauty & Personal Care, Flowers/Candy/Gifts/Greetings, Jewelry & Watches
2. ‘Jewelry Other’ includes body jewelry, metal jewelry, adult jewelry, charms, and gemstones (combined due to volume)
Home & Garden sub-categories top of mind for Valentine’s Day have also seen growth YoY

Top sub-categories based on % change in clicks YoY for November; sorted by clicks

- Furniture: 291%
- Home Improvement: 346%
- Lighting & Fans: 473%
- Appliances: 178%
- Bedding: 136%
- Outdoor Living: 218%
- Home Decor: 224%
- Tools & Hardware: 66%
- Bath: 1053%
- Kitchen & Housewares: 61%
- Home Furnishings: 128%
- Lawn & Garden: 311%

Although not all Home & Garden sub-categories may be applicable to Valentine’s Day, advertisers running promotions in the New Year can also benefit from the growth in volume experienced across the Microsoft Network for all Home & Garden sub-categories

Microsoft internal data; Nov 2019 vs Nov 2020
1. L2 Category: Home & Garden
Native drives online shoppers to search
Microsoft Audience Ads capture one-third of all touchpoints during the middle of the online shopper’s journey.

Ad served by conversion path position for Retail across the Microsoft Network⁴

- **Single Touchpoint Path**
  - **First**: 55.1%
  - **Middle**: 35.8%
  - **Last**: 67.9%

- **Microsoft Audience Network - Audience**: 22.2%
- **Microsoft Audience Network - Search**: 6.3%
- **ProductAds**: 18.5%
- **Text**: 18.0%

Microsoft Audience Ads see less last-touchpoint conversions than search but play an important role at the start (24.8% of paths) and during the middle (33.1% of paths) of the journey.

Single touchpoint paths only account for 8% of converting paths.

Microsoft internal data; Microsoft Advertising Query Path Data for US Retailers, Sep 2020 – Nov 2020, 500K total unique paths

1. Based on count of users.
Microsoft Audience Ads significantly improve engagement at every step of the marketing funnel

**Awareness**

+139%

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

**Consideration**

+427%

Lift in brand consideration per user, measured by post-exposure domain visit rate

**Purchase**

+323%

Lift in brand purchase per user, 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 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. See appendix for methodology.
Our unique first party In-market Audiences drive the highest post-exposure impact to user journey stages

<table>
<thead>
<tr>
<th></th>
<th>Remarketing audiences</th>
<th>In-market Audiences</th>
</tr>
</thead>
<tbody>
<tr>
<td>AWARENESS</td>
<td>+112%</td>
<td>+239%</td>
</tr>
<tr>
<td>CONSIDERATION</td>
<td>+335%</td>
<td>+664%</td>
</tr>
<tr>
<td>PURCHASE</td>
<td>+479%</td>
<td>+1,318%</td>
</tr>
</tbody>
</table>

Notes: Results may vary for each advertiser based on campaign settings, targeted audiences and other factors. Lift metrics represent an average of advertisers with completed lift studies to date (Sept. 2020). These advertisers are a non-representative sample of all advertisers in the marketplace. Verticals represented include Retail, Technology & Telecommunications, B2C Services, and Food & Grocery. 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 = 1.98M, data collected May-Sept. 2020.
Activate across both the Search and Audience Network to maximize performance for Retail

Microsoft internal data; 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. See appendix for methodology.

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

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

+340% Domain visitation vs. only Search ad exposure

+392% Domain conversion vs. only Search ad exposure
Activation
Our top tips and tricks for native success
Reach your audience across the consumer decision journey

Fill your marketing funnel to take advantage of Microsoft Advertising’s targeting capabilities.

- Awareness
- Consideration
- Conversion
- Reengage

Microsoft Internal Data Nov 2020; Retail
1. Niche In-Market Audiences includes Jewelry & Watches, Beauty & Personal Care, and Flowers/Candy/Gifts/Greetings
Utilize our first party audiences for even more volume

Want to target users specifically in market for Valentine’s day gifts?

Consumers In-market For Valentine’s Day items...

10M
Users who are In-Market for

/Gifts & Occasions/Holiday & Seasonal Items/Valentine’s Day Items & Decor

....Are also In-market for others

95% /Home & Garden
94% /Beauty Products & Services
93% /Apparel & Accessories/Jewelry & Watches/Fine Jewelry
93% /Apparel & Accessories/Clothing
92% /Social/Romance & Relationships

Source: Microsoft Internal Data
Six steps for success

1. Launch evergreen campaigns 1-2 weeks ahead of high impact dates. Build history and remarketing pools to maximize volume during high impact days.

2. Make sure your Shopping campaigns are live in the Audience Network to extend your reach. Already have UET++ implemented? Take advantage of efficient Dynamic Remarketing!

3. Stay top of mind by setting up targeted Image-based campaigns in addition to Shopping. Run Remarketing to remind consumers of products, promotions and offers.

4. Don’t be afraid to bid aggressively in the beginning to allow our system to learn your campaign, optimize after the first 10 days, then 1x per week. We’re here to help!

5. Use Shared Budgets and set up Automated Rules to maximize volume on top priority strategies during your promotional period.

6. Limited time promotions work but be sensitive to current events. Refresh and test creative more frequently to avoid fatigue.
What’s needed to launch?
A quick checklist

- Confirmation on audiences to target
- Creative:
  - 3-5 image assets, 1200x628
  - Ad Copy
  - GDN Import, Shutterstock image library, leverage existing assets (FAN, GDN, Verizon)
- Budget approval for promotional period

Image-based Campaign

Shopping/Dynamic Remarketing (Feed-based Campaign)

- Utilize the same Shopping feed you have with us across Search, or upload a product feed to the Merchant Center
- If running Dynamic Remarketing, confirm Remarketing audiences to target
- Budget approval for promotional period
Santa Barbara Chocolate and Sales & Orders: A sweet partnership for shopping campaign success

As master chocolatiers in California, Santa Barbara Chocolate’s gourmet chocolates and confections are prized by both leading local pastry chefs and national vendors of the most prestigious desserts. The wholesale chocolate supplier understands the need to advertise for continued success as a business, teaming up with marketing agency Sales & Orders to manage its online advertising campaigns.

A partnership that led to sweet results

Santa Barbara Chocolate wanted a fresh start for its digital marketing portfolio after finding mediocre results with previous agency collaborations. The chocolate supplier took a chance on Sales & Orders, employing the agency to improve the performance of its shopping campaigns.

Sales & Orders harnessed its own platform to set up and manage shopping campaigns for Santa Barbara Chocolate. The platform’s integration with Microsoft Ads API allowed Sales & Orders to optimize the chocolate supplier’s product titles by injecting actual search terms used by shoppers and applying hyper-focused location targeting. The agency then created product-level ad groups for both shopping and search campaigns using product ads on Microsoft Merchant Center.

With this approach, Santa Barbara Chocolate attained the sweet results it craved. The master chocolatier achieved a 476% increase in conversion rate, raised its average revenue growth by 315% in less than a year, and experienced a 5x boost in ROAS.

With the help of the Sales & Orders platform coupled with Microsoft Advertising, Santa Barbara Chocolate garnered advertising success. This sets the chocolate connoisseur up for future wins, ensuring the company continues to supply delectable, high-quality chocolates to chefs and bakers the world over.

“After comparing quite a few marketing firms, Sales & Orders became our company’s first choice for digital marketing management because of their results-driven orientation. Before finding them, we had tried other partners to manage our online advertising. Those results were mediocre because we felt these other companies did not take the time to fully understand the product range of what we sell.”

~ Santa Barbara Chocolate

Sales & Orders Internal Data, 2019.
To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights
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