Microsoft Advertising Insights
Driving Retail performance through the Microsoft Audience Network

Microsoft Advertising. Intelligent connections.
Market with a purpose to build trust with your customers

Focus on your responsibility to employees and consumers

Values should be more about the consumers you serve and less about the products you offer

Inclusion creates authentic connections
Brands will need a new data strategy to meet their goals

- A greater emphasis on first-party data
- Importance of logged-in activity
- A new reliance on context and behavior
- Publishers and brands working more closely
- New ways to track the decision journey
It’s a new age for privacy

87% of people in the U.S. believe that privacy is a right, not a privilege.¹

Brands and publishers invested U.S.$19.7B in audience data and activation in the U.S. alone.²

Regulations and consumer demand will change how brands collect and use data to engage with audiences.

Microsoft’s Audience Intelligence uses first-party data to identify consumer intent and drive performance.

AI powered by billions of first-party data signals to identify the right permissioned audience.

498M monthly unique visitors

11B global monthly searches

675M global professionals

200M monthly unique visitors

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Microsoft confidential
Start testing Microsoft first-party data
Using permissioned audience data at scale

Leverage the Microsoft Audience Network

- Premium native placements
- Brand-safe experiences
- Highly contextual ad placements

- Strict publisher standards and AI-powered curation
- Transparency and controls for advertisers
- Strong industry ad performance

Based on Microsoft first-party data
Driven by leading-edge AI technology
Meet your customer where they browse, e-mail, & search
Percentage of user overlap between Microsoft properties & Bing

Microsoft News: 69.6%
Outlook: 48.4%
Edge & IE New Tab: 72.6%

Hypothesis:
Microsoft Audience Ads in native environments drive a lift in engagement at every step of the marketing funnel for retail advertisers (including sub-categories of gifts & occasions and home & construction advertisers).
“The (marketing) funnel is fed from the top, so generating fireworks and brand equity at the awareness stage will ultimately drive higher conversion rates, more leads and ultimately, more sales.”

- MarTech
In order to test our hypothesis, we compared online search behavior between those who saw Microsoft Audience retail ads and those who did not.

**EXPOSED** Exposed to an advertiser’s Microsoft Audience Ads

- Microsoft Audience Ads exposure
- Search behavior and site visitation/conversion

**CONTROL** Eligible, but not exposed to an advertiser’s Microsoft Audience Ads

- Search behavior and site visitation/conversion

**Group 1** Exposed to both brand’s Microsoft Audience Ads and search ads
**Group 2** Exposed to brand’s Microsoft Audience Ads only
**Group 3** Exposed to brand’s search ads only
**Group 4** No brand ad exposure
As predicted, we found that users exposed to Microsoft Audience ads engage with Retail brands at a higher rate

Retail Ad effectiveness study

OVERALL AWARENESS

2.3x

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

OVERALL CONSIDERATION

4.7x

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

OVERALL CONVERSION

4.5x

Lift in overall Retail 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 all advertisers with completed lift studies to date (Feb. 2021). 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 = 2.5M
Retail advertisers show performance lifts when combining Search and Native products

Retail Ad Effectiveness Study

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. 2021). 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 = 2.5M

Users exposed to both Microsoft Search ads & Microsoft Audience ads are more likely to visit any Retailer’s website compared to those who are exposed to only one type of ad.

- Search Only
- Native Only
- Both Search & Native

2.6x Higher visitation rate vs. only Search ad exposure
3.5x Higher conversion rate vs. only Search ad exposure
After proving our initial analysis, we took a closer look at the sub-categories within Retail.
Retail sub-categories showed a strong lift in awareness
Gifts & Occasions and Home & Construction Ad Effectiveness Studies

**GIFTS & OCCASSIONS**
6.3x  
*lift in brand awareness per user*

**HOME & CONSTRUCTION**
2.5x  
*lift in brand awareness per user*

*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. 2020). These advertisers are 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 = 2.5M*
Retail sub-categories showed a strong lift in consideration
Gifts & Occasions and Home & Construction Ad Effectiveness Studies

**GIFTS & OCCASIONS**

*6.3x*

*Overall lift in brand consideration per user*

**HOME & CONSTRUCTION**

*4.5x*

*Overall lift in brand consideration per user*

Maximize targeting of your own 1st party audiences, especially recent visitors

Actively monitor & optimize bids, budget levels, & share of voice

Test & learn across all available ad types
*Ex. Image, Feed-Based, Text, Video (coming soon)*

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. 2020). These advertisers are 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 = 2.5M
Retail sub-categories showed a strong lift in conversions

Gifts & Occasions and Home & Construction Ad Effectiveness Studies

**GIFTS & OCCASSIONS**

6.7x

*Overall lift in brand conversion per user*

**HOME & CONSTRUCTION**

6.6x

*Overall lift in brand conversion per user*

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. 2020). These advertisers are 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 = 2.5M
Occasion and Gift Retailers show performance lifts when combining Search and Native products

Gifts & Occasions Ad Effectiveness Study

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. 2021). 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 = 680K

Users exposed to both Microsoft Search ads & Microsoft Audience ads are more likely to visit a Gifts & Occasions website compared to those who are exposed to only one type of ad.

Higher visitation rate vs. only Search ad exposure

Search Only

Native Only

Both Search & Native

Search & Native

3.9x

Native Only

Both

8.2x

Higher conversion rate vs. only Search ad exposure

Search Only

Native Only
Home and Construction Retailers show performance lifts when combining Search and Native products

Home & Construction Ad Effectiveness Study

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. 2021). 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 = 1.5M

Users exposed to both Microsoft Search ads & Microsoft Audience ads are more likely to visit a Home & Construction website compared to those who are exposed to only one type of ad.
Delivering on what matters most to YOU

Safety

- Evolving partnership with Integral Ad Science for Brand Safety & Viewability
- Premium & reliable ad placements away from user-generated content

Transparency

- Full reporting suite in the Microsoft Advertising User Interface
- Integration with 3rd party tools through 1x1 Impression tracking

Ease of Use

- Ease of getting started through Google & Facebook Import tools
- Partnership with Shutterstock giving you access to over 300 million images
Top performing products on the Microsoft Audience Network

In-Market Audiences

Remarketing

Dynamic Remarketing

Similar Audiences

Custom Audiences

All targeting tactics drove a positive brand lift in ALL STAGES of the marketing funnel

* Not to be read in any particular order
### Key Takeaways and Recommendations

- **Brands should be consistently evolving in how they source their data and use it to target consumers**
  - Reach your audience in brand-safe environments through Microsoft Audience Network

- **Our survey showed that combining search and native strategies can help push consumers down the marketing funnel**
  - As predicted, users exposed to Microsoft Audience ads engaged with Retail brands at a higher rate than those who were not exposed

- **We saw performance lifts across the board for Retail sub-verticals as well**
  - Gifts & Occasion advertisers and Home & Construction advertisers all received brand lift at every stage of the marketing funnel with our ads
Hotel Chocolat finds sweet spot with Microsoft Audience Ads

British chocolatier Hotel Chocolat is one of the UK’s largest chocolate retail franchises. Working with digital agency Stellar Search, Hotel Chocolat set aggressive revenue targets for its digital advertising to deliver. In 2020 the agency recommended implementing Microsoft Audience Ads as a new digital discipline that would expand the reach of Hotel Chocolat’s campaigns.

Stellar Search supported Hotel Chocolat in achieving a more holistic digital strategy across the customer journey. As Head of Paid Media Operations, Nicole Inacio outlines: “We were already doing smaller display activity with Google and Facebook Ads so knew that Hotel Chocolat had assets that we could use for Audience Ads. We also wanted to expand the reach for the brand so when this new avenue came along, we were all very excited.”

Compelling results that drive conversions

Stellar Search decided to implement three different Audience Ads campaigns for Hotel Chocolat, each focused on a different audience targeting product: in-market audiences, remarketing, and dynamic remarketing.

The unique combination of interconnected targeting strategies made for a compelling overall performance on the Microsoft Audience Network. Audience Ads in the in-market and remarketing campaigns increased the reach of Hotel Chocolat’s campaigns, bringing 52% more impressions to overall search activity. In addition, conversion rates were 30% higher than generic search campaigns whilst maintaining the same cost-per-acquisition (CPA) as standard search.

Dynamic remarketing meanwhile increased shopping clicks by 78% and conversions by 43%. The conversion rate was 67% higher than standard shopping campaigns and because of the strong number of conversions and cheaper clicks, the overall CPA was 45% cheaper than standard shopping campaigns.

As Nicole stated: “These results are very encouraging and if I compare them to campaigns we run in other platforms it’s a lot cheaper.”

“Microsoft Audience Ads allow us to communicate with a consistent message wherever our customers are searching or browsing online.”

Nicole Inacio
Head of Paid Media Operations, Stellar Search

Microsoft Audience Ads

- Added: 43%
- New conversions when implemented with dynamic remarketing

Microsoft Audience Ads received

- 67% Higher conversion rate compared to standard shopping campaigns

Microsoft Audience Ads delivered

- 45% Cheaper CPA compared to standard shopping campaigns

Hotel Chocolat internal data, January to September 2020
To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights
Used experimental design principles to evaluate impact of Microsoft Audience Ads

**EXPOSED**  Exposed to an advertiser’s Microsoft Audience Ads

Microsoft Audience Ads exposure  Search behavior and site visitation/conversion

**CONTROL**  Eligible, but not exposed to an advertiser’s Microsoft Audience Ads

Search behavior and site visitation/conversion
User segmentation and normalization are applied to ensure exposed and control groups are comparable.

**EXPOSED**
Exposed to an advertiser’s Microsoft Audience Ads

**CONTROL**
Eligible, but not exposed to an advertiser’s Microsoft Audience Ads

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<tr>
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<th>Seg1&amp;3&amp;4</th>
<th>Seg4</th>
<th>Seg2&amp;5</th>
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Behavior difference

Comparison and normalization
When connecting our Audience Network with our Search Network, we can measure the true value of advertising with Microsoft.

*The visual is to give representation of the four different audience breakouts and is not to scale.