Microsoft

Microsoft Advertising Insights
Driving Retail performance through the Microsoft Audience Network

Microsoft Advertising. Intelligent connections.

2021

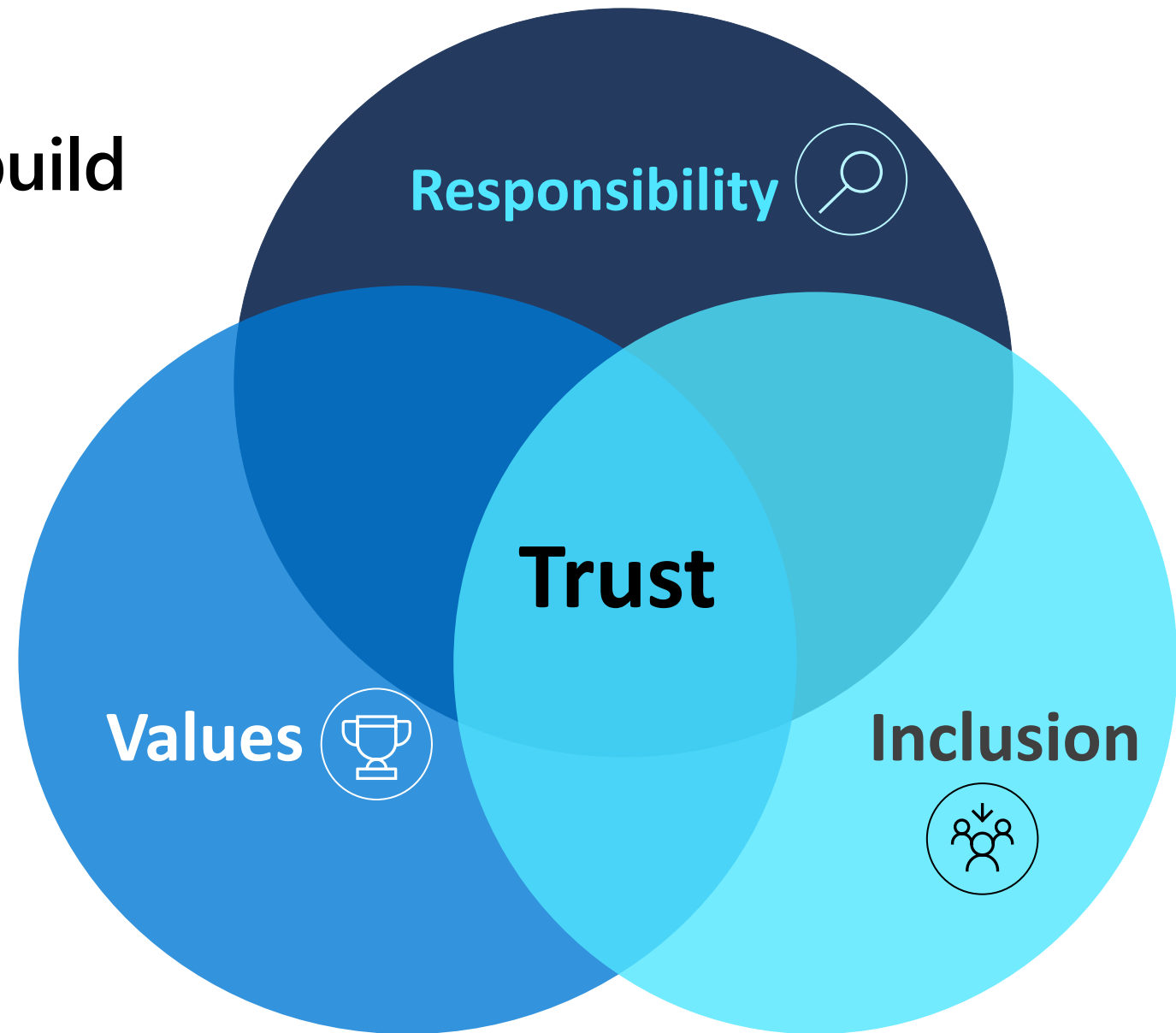# Market with a purpose to build trust with your customers

🔍 Focus on your responsibility to employees and consumers

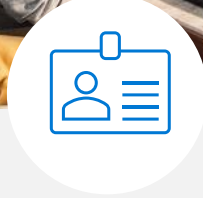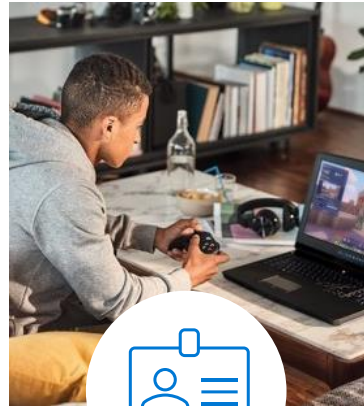🏆 Values should be more about the consumers you serve and less about the products you offer

👥 Inclusion creates authentic connections

Microsoft

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

Microsoft

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.

1. "Uncovering the trust drivers," Microsoft Advertising and LRW Research, 2019 (U.S.). 2. "The state of data," IAB, July 2020.

Microsoft

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[2]

11B
global monthly searches[2]

675M
global professionals[3]

200M
monthly unique visitors[2]

Microsoft

Start testing Microsoft first-party data

Using permissioned audience data at scale

Leverage the Microsoft Audience Network

Premium native placements
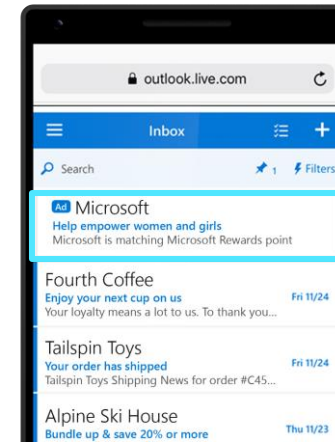Strict publisher standards and AI-powered curation

Brand-safe experiences
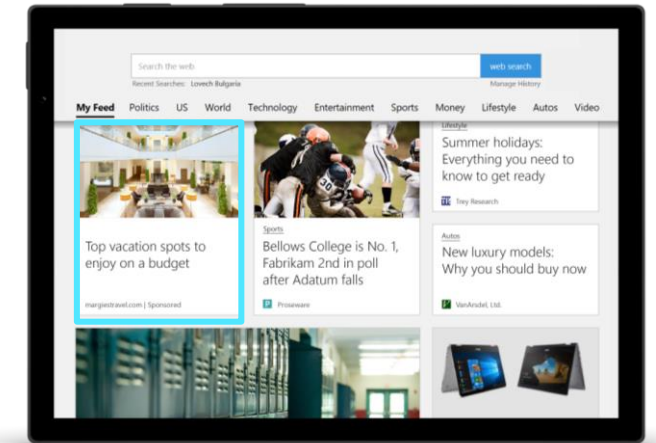Transparency and controls for advertisers

Highly contextual ad placements
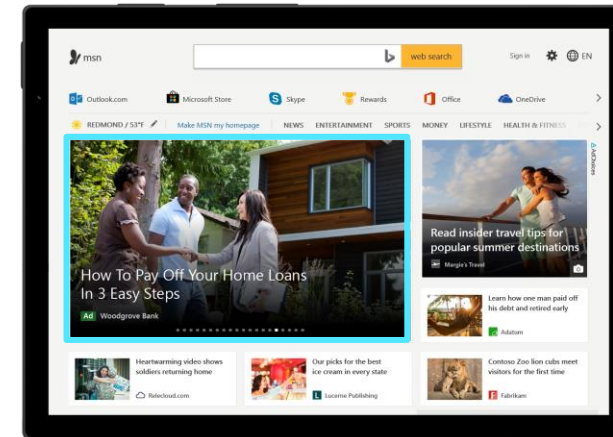Based on Microsoft first-party data

Strong industry ad performance
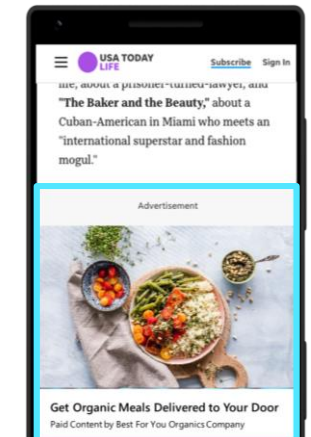Driven by leading-edge AI technology

Outlook.com

Microsoft Edge

MSN

Select publisher partners

Microsoft

Meet your customer where they browse, e-mail, & search

Percentage of user overlap between Microsoft properties & Bing
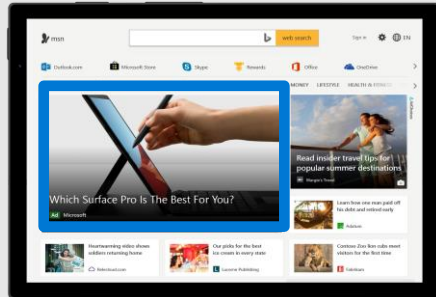
Microsoft Bing

Microsoft News

69.6%
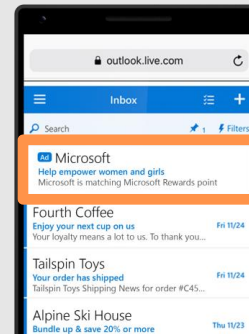
Outlook

48.4%
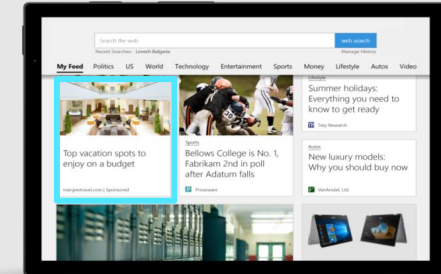
Edge & IE New Tab

72.6%

Microsoft
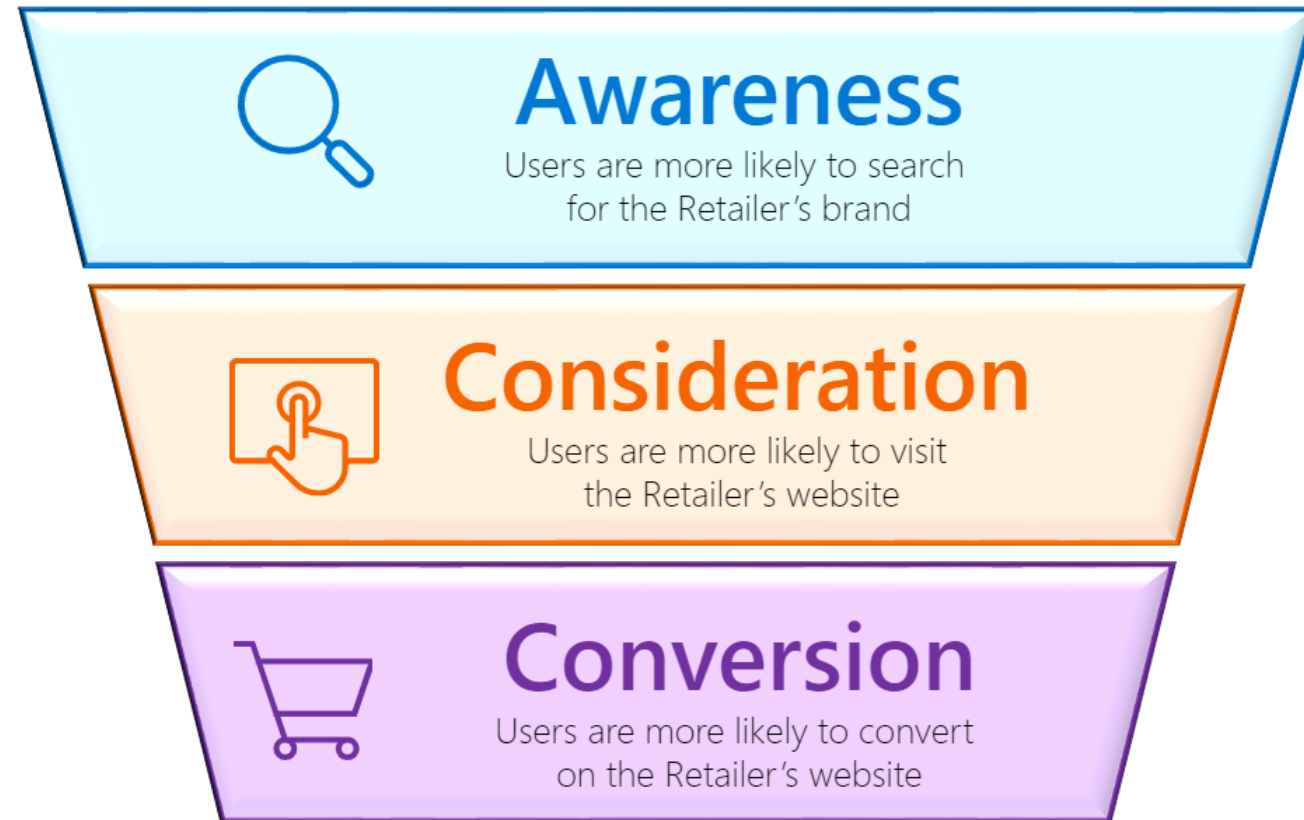
"The (marketing) funnel is fed from the top, so generating fireworks and brand equity at the awareness stage will ultimately drive higher conversion rates, more leads and ultimately, more sales."
- MarTech

Microsoft

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

Microsoft

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

Microsoft

Retail advertisers show performance lifts when combining Search and Native products

Retail Ad Effectiveness Study
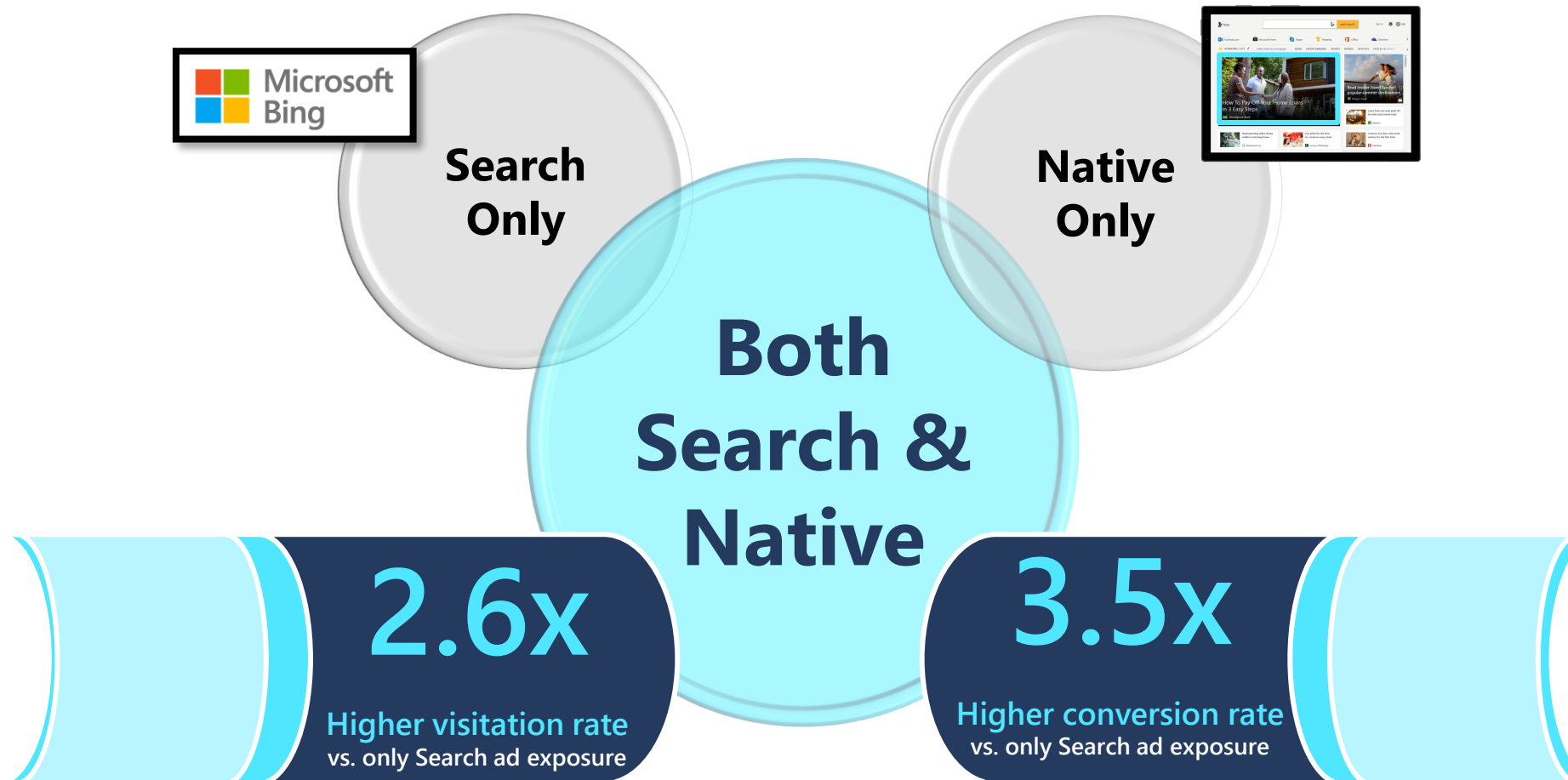
Search Only

Native Only

Both Search & Native

2.6x
Higher visitation rate
vs. only Search ad exposure

3.5x
Higher conversion rate
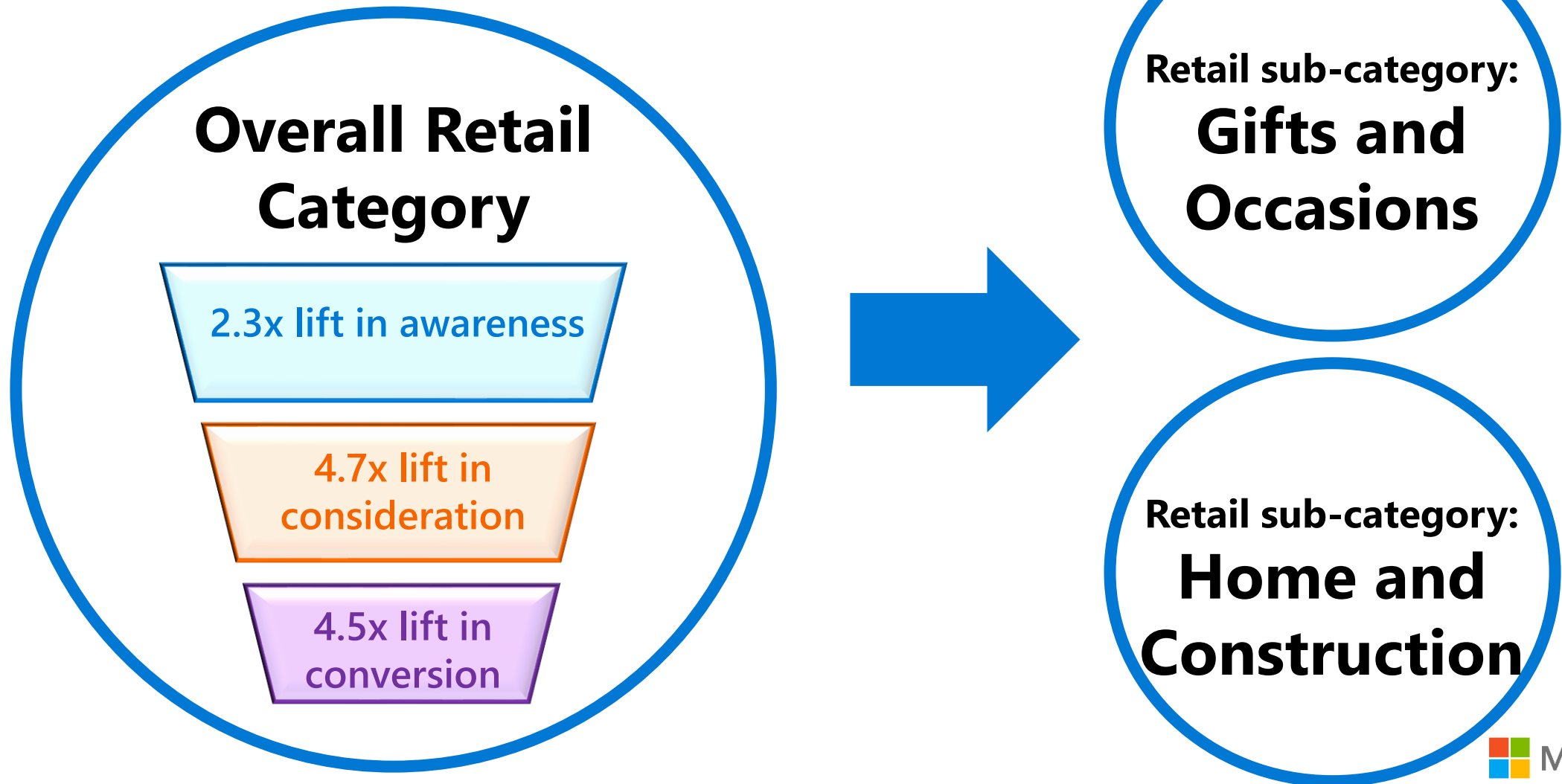vs. only Search ad exposure

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.

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

Microsoft Bing

Microsoft

After proving our initial analysis, we took a closer look at the sub-categories within Retail

Overall Retail Category

- 2.3x lift in awareness
- 4.7x lift in consideration
- 4.5x lift in conversion

Retail sub-category: **Gifts and Occasions**

Retail sub-category: **Home and Construction**

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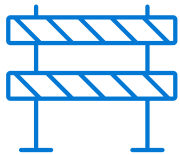
Retail sub-categories showed a strong lift in awareness
Gifts & Occasions and Home & Construction Ad Effectiveness Studies

GIFTS & OCCASSIONS
6.3x
lift in brand awareness per user

HOME & CONSTRUCTION
2.5x
lift in brand awareness per user

✓ **Lead with In-Market and Similar audiences for widest reach of net-new users**

✓ **Ensure campaigns are not budget constrained by monitoring Share of Voice Lost Due to Budget**

✓ **Deploy lifestyle imagery & simple ad copy to garner attention & recall**

Microsoft

Retail sub-categories showed a strong lift in consideration
Gifts & Occasions and Home & Construction Ad Effectiveness Studies

GIFTS & OCCASSIONS

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)

Microsoft

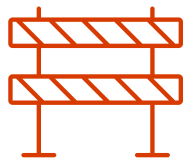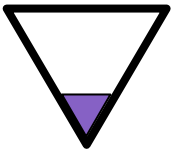# Retail sub-categories showed a strong lift in conversions
Gifts & Occasions and Home & Construction Ad Effectiveness Studies

GIFTS & OCCASSIONS

6.7x

Overall lift in brand conversion per user
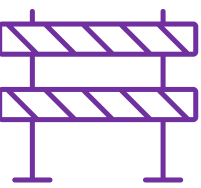
HOME & CONSTRUCTION

6.6x

Overall lift in brand conversion per user

Ensure an evergreen strategy, continually optimizing bids & budgets to exceed ROI targets

Monitor domain level performance and exclude low-performing domains if necessary

Encourage engagement with clear call to action & references to promotions

Microsoft

Occasion and Gift Retailers show performance lifts when combining Search and Native products

Gifts & Occasions Ad Effectiveness Study
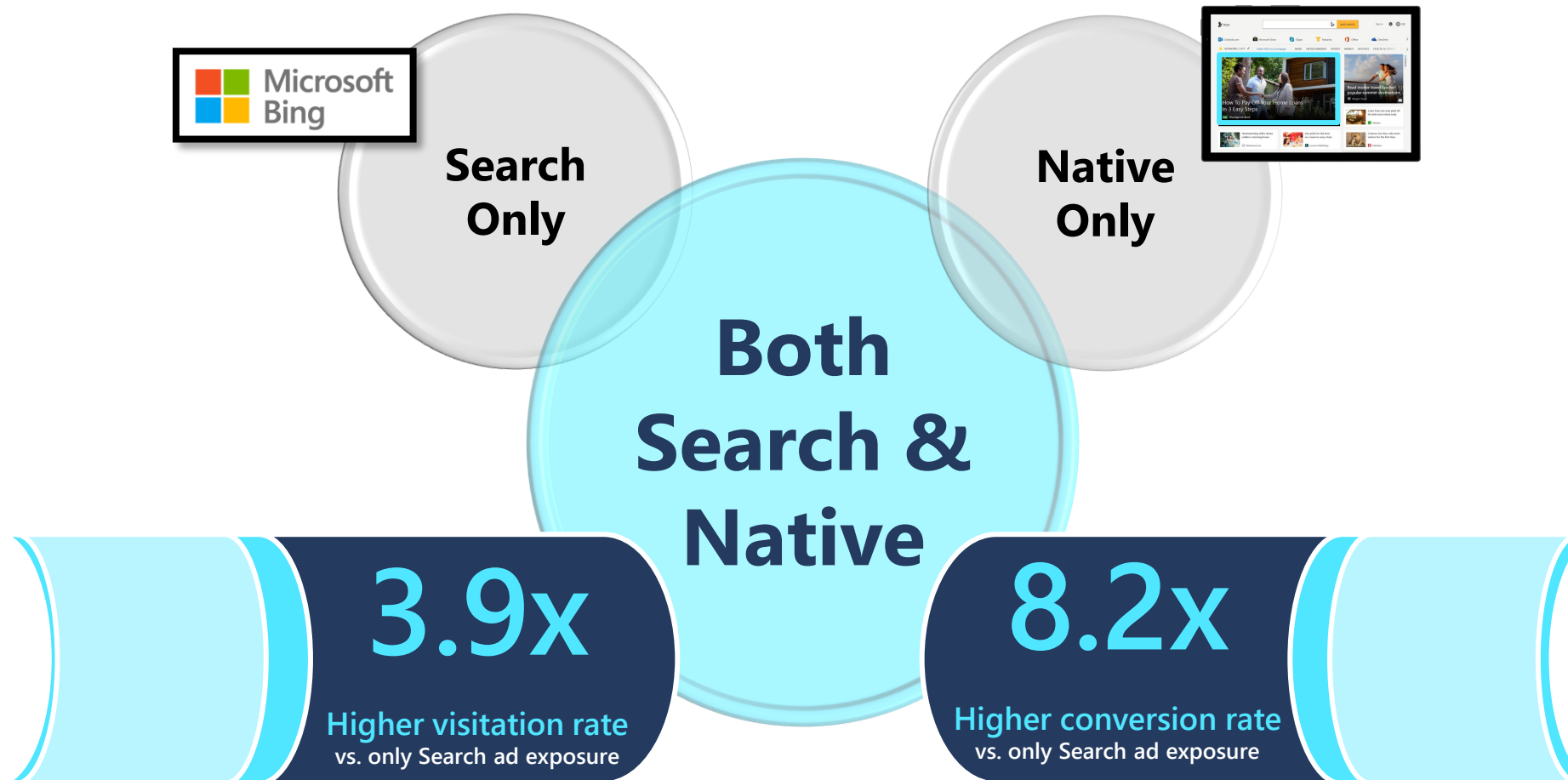
Microsoft Bing

Search Only

Native Only

Both Search & Native

3.9x
Higher visitation rate
vs. only Search ad exposure

8.2x
Higher conversion rate
vs. only Search ad exposure

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.

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

Microsoft

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

Home & Construction Ad Effectiveness Study
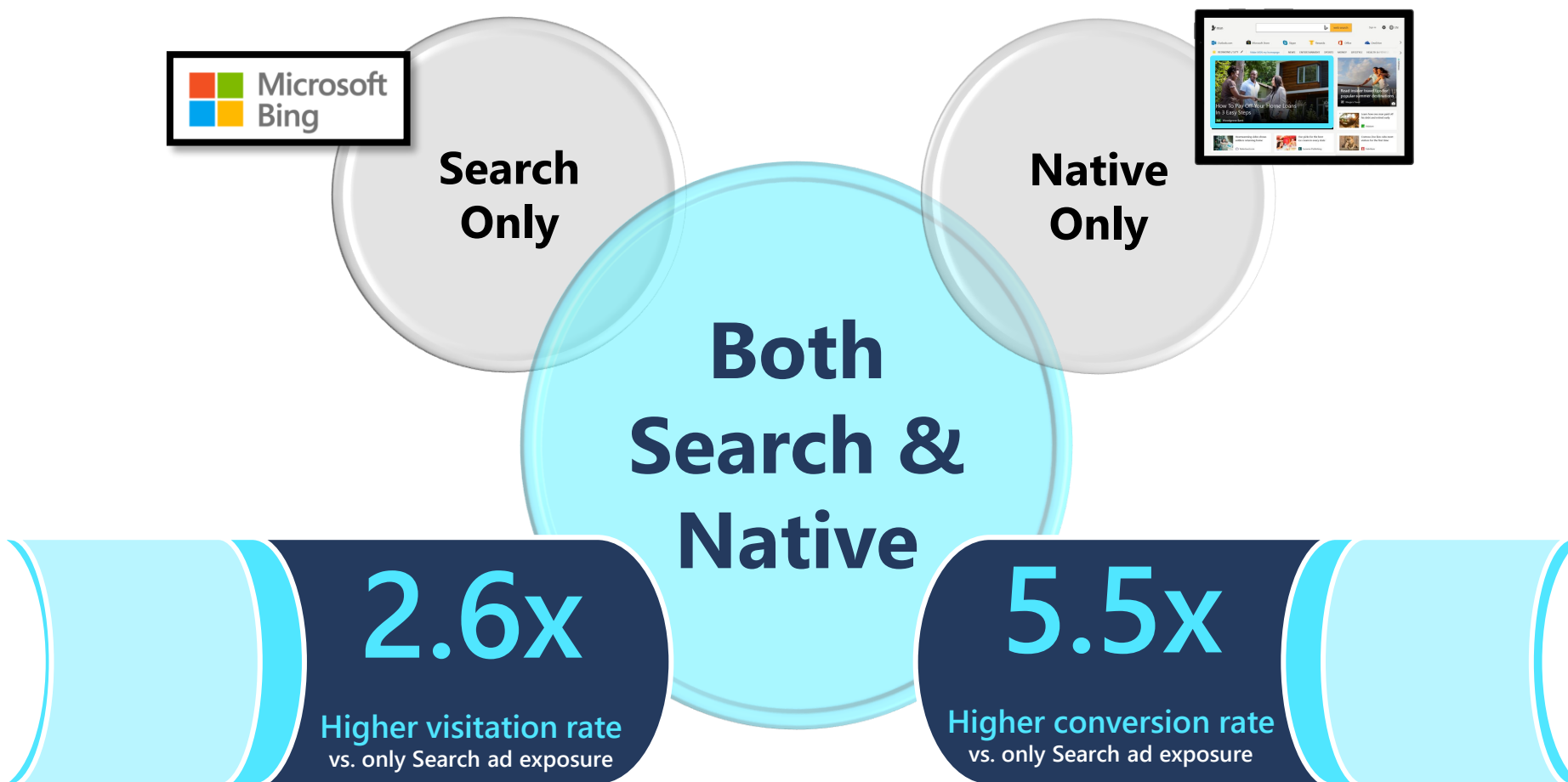
Search Only

Microsoft Bing

Native Only

Both Search & Native

2.6x
Higher visitation rate
vs. only Search ad exposure

5.5x
Higher conversion rate
vs. only Search ad exposure

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.

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

Microsoft

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

Microsoft

Top performing products on the Microsoft Audience Network

Remarketing

In-Market Audiences

Dynamic Remarketing

All targeting tactics drove a positive brand lift in ALL STAGES of the marketing funnel
* Not to be read in any particular order

Similar Audiences

Custom Audiences

Microsoft

Key Takeaways and Recommendations

Brands should be consistently evolving in how they source their data and use it to target consumers

Our survey showed that combining search and native strategies can help push consumers down the marketing funnel

We saw performance lifts across the board for Retail sub-verticals as well

Reach your audience in brand-safe environments through Microsoft Audience Network

As predicted, users exposed to Microsoft Audience ads engaged with Retail brands at a higher rate than those who were not exposed

Gifts & Occasion advertisers and Home & Construction advertisers all received brand lift at every stage of the marketing funnel with our ads

Microsoft

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 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

VIEW THE CUSTOMER STORY

HOTEL Chocolat.
BRITISH CACAO GROWER

stellarsearch*

Microsoft

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

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Microsoft Advertising. Intelligent connections.

advertising.microsoft.com

Appendix

Methodology

Microsoft

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

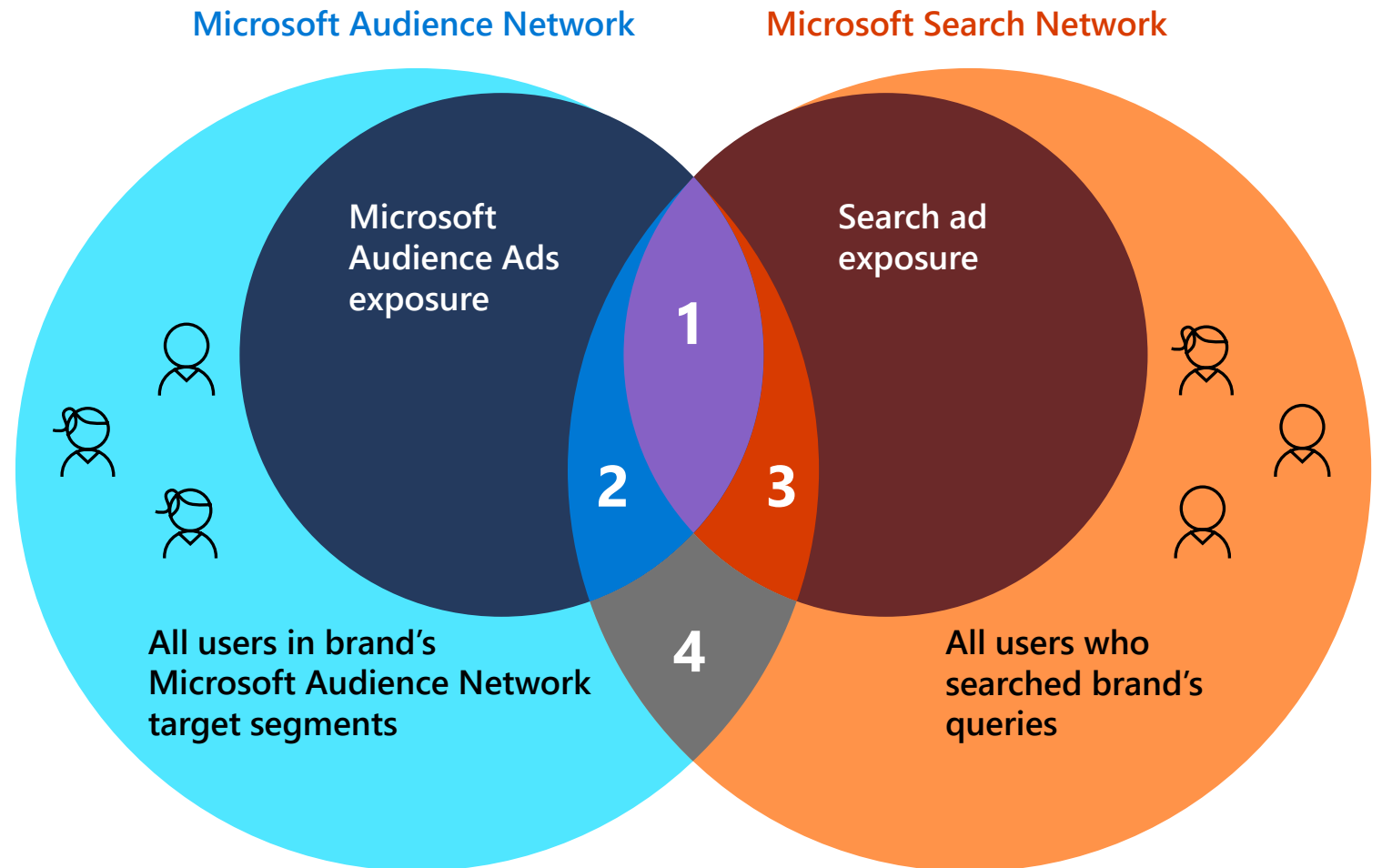> Search behavior and site visitation/conversion

Microsoft

User segmentation and normalization are applied to ensure exposed and control groups are comparable

EXPOSED — **Exposed to an advertiser's Microsoft Audience Ads**

Seg1&2 Seg1&3&4 Seg4 Seg2&5

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

Behavior difference

Comparison and normalization
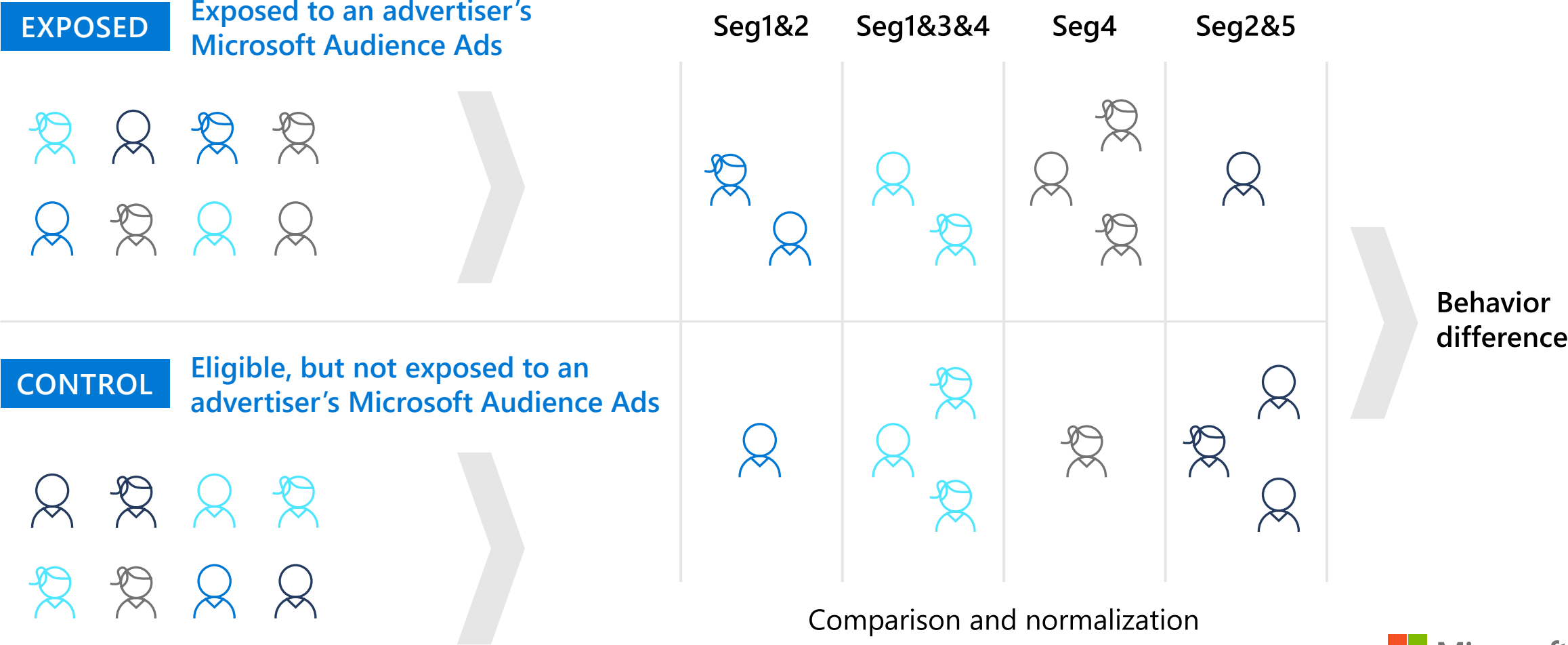
Microsoft

When connecting our **Audience Network** with our **Search Network**, we can measure the true value of advertising with Microsoft

Microsoft Audience Network

Microsoft Search Network

Microsoft Audience Ads exposure

Search ad exposure

1

2 **3**

4

All users in brand's Microsoft Audience Network target segments

All users who searched brand's queries

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

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

Microsoft