

Microsoft Advertising Insights

Uncovering the value of search in CPG advertising



Microsoft Advertising. Intelligent connections.

Agenda



Challenges CPG advertisers are facing



How search can help with these challenges



The unique value of Microsoft Advertising



The top challenges CPG marketers face in 2021

The top challenges for CPG advertisers have not changed, but the pandemic has amplified concerns even more



The even more rapid transformation of CPG commerce to digital channels



The ability for smaller brands and start-ups to micro-target consumer segments with cheap capital to capture market share from larger brands



The continued adoption of value-driven consumption and the need for CPGs to personalize messaging to build brand connections



The pandemic digitalized CPG consumption earlier than anticipated

Recent developments in CPG consumer patterns

40%

of US households which shop for CPG products both in person and online, **an increase of 13% year over year (YoY)**

15
million

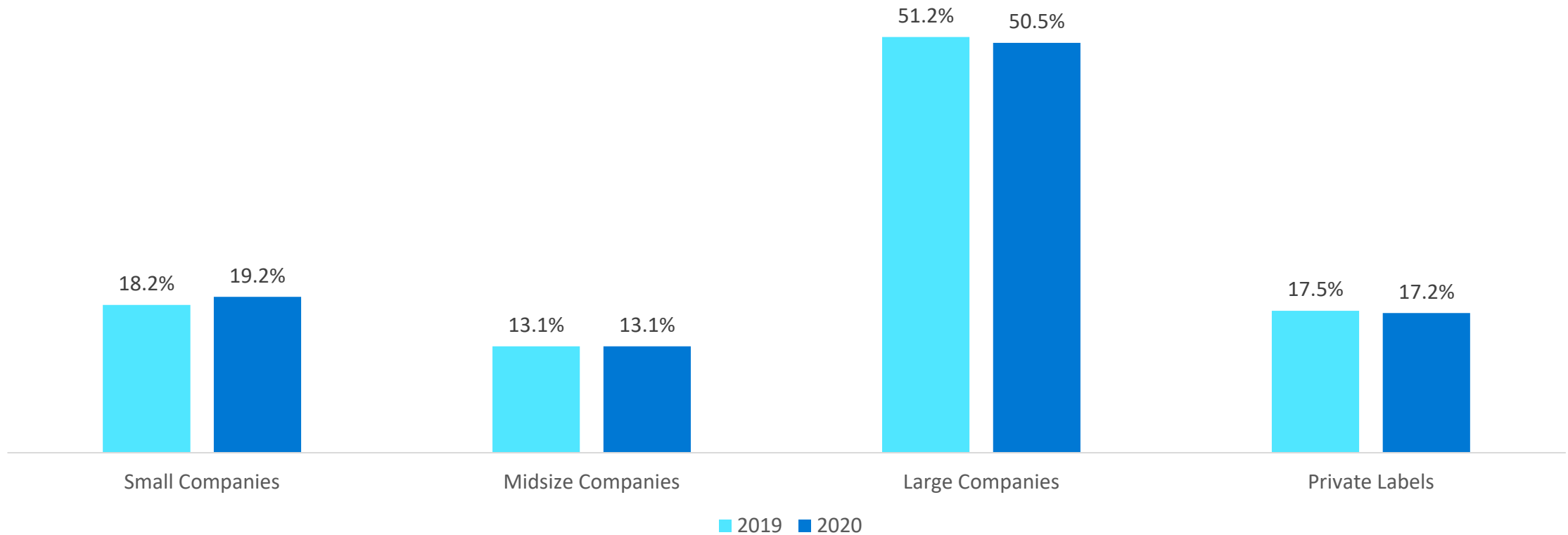
new customers have shopped for CPG products digitally since March 2020

\$110
billion

dollars spent on CPG products via online channels over the past year, **a 50% increase YoY**

Despite the increased overall CPG sales since the pandemic, only smaller brands gained new market share

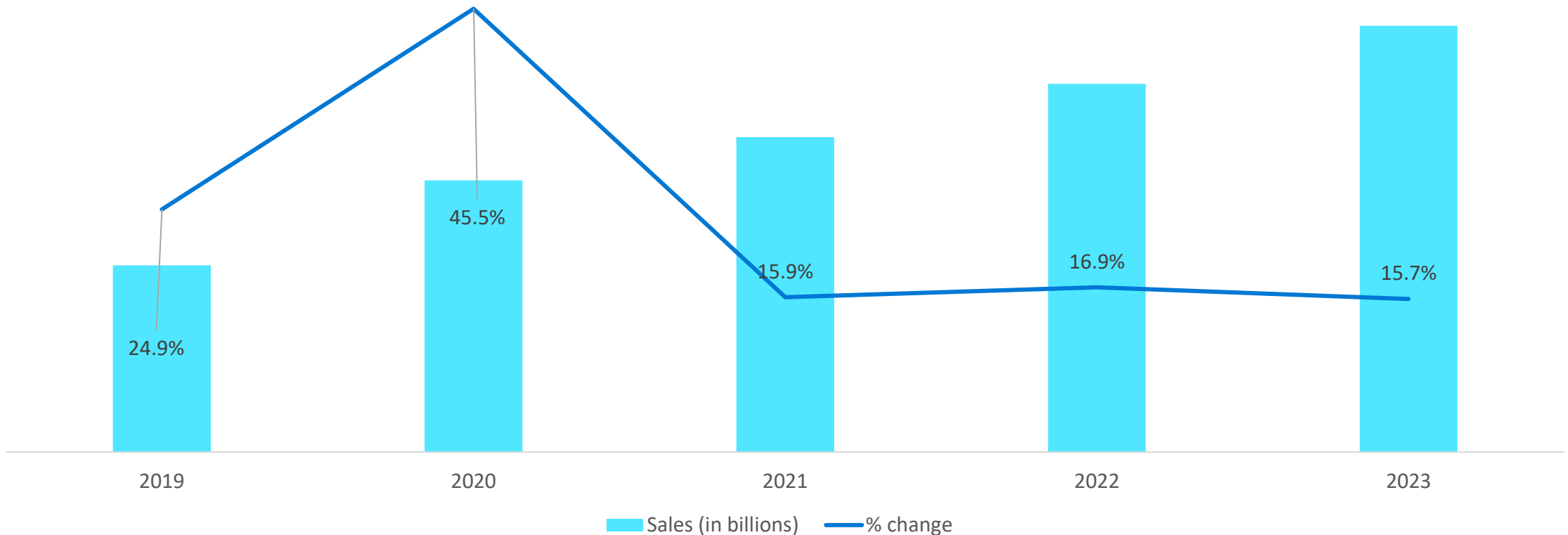
CPG market share in 2019 & 2020 by company size & type



As direct-to-consumer (D2C) sales become more popular, the importance of using first party data to build relationships rises



CPG D2C sales & YoY change



Imagine you're in a grocery store making your regular purchases.

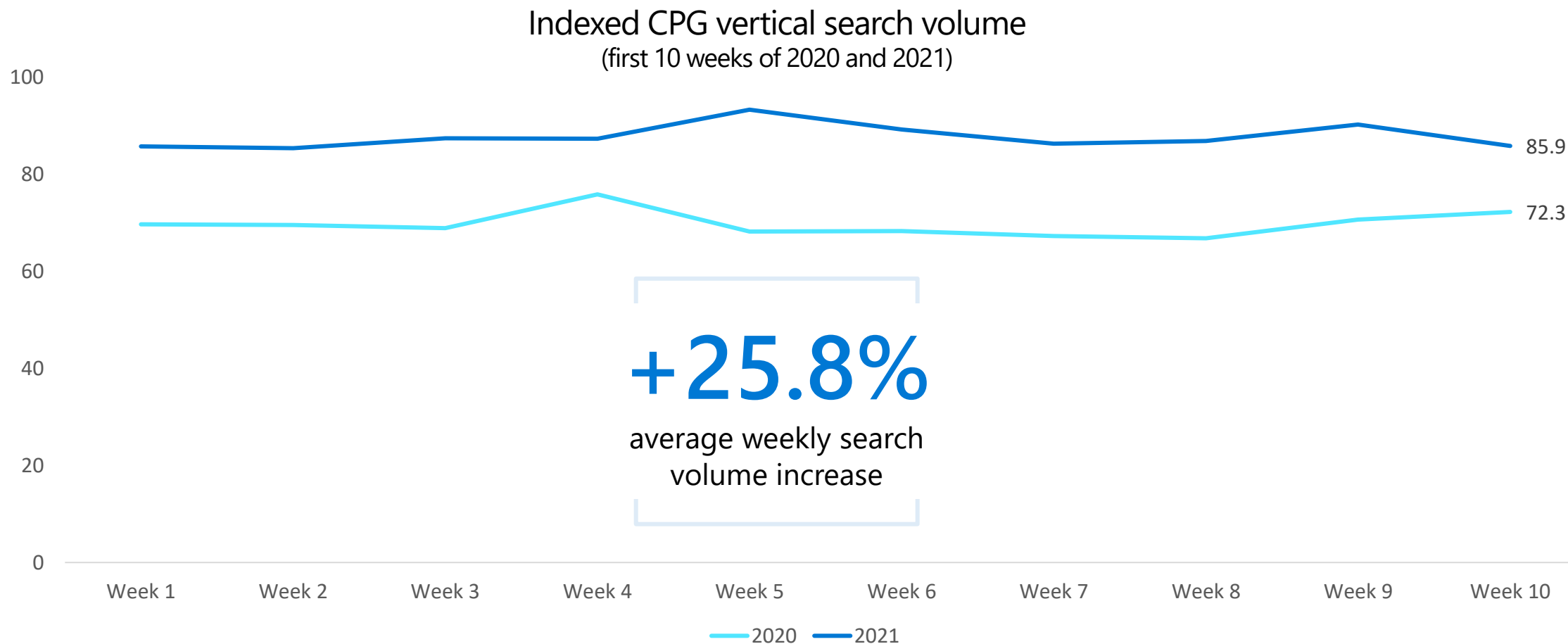
You're a conscientious shopper so you're looking for brands that match your values – ethically sourced and environmentally friendly. You're also looking for a good price.

How do you find what you want?





With more consumers shopping online in 2021, searches are climbing



Source: Microsoft Internal Data, Jan. 2020 – Mar. 2021

Clicks are also growing as CPG advertisers are reaching consumers in real time

HOW SEARCH CAN HELP



Indexed # of advertisers with $\geq 1,000$ monthly clicks in CPG categories



Serving the right ads to audiences researching CPG products will strengthen relationships and improve performance

HOW SEARCH CAN HELP



1

Ad serving increases the likelihood users will search for your specific brand in the future

2

Ad serving increases the likelihood users will visit your brand's website in the future, even if they do not click on an ad

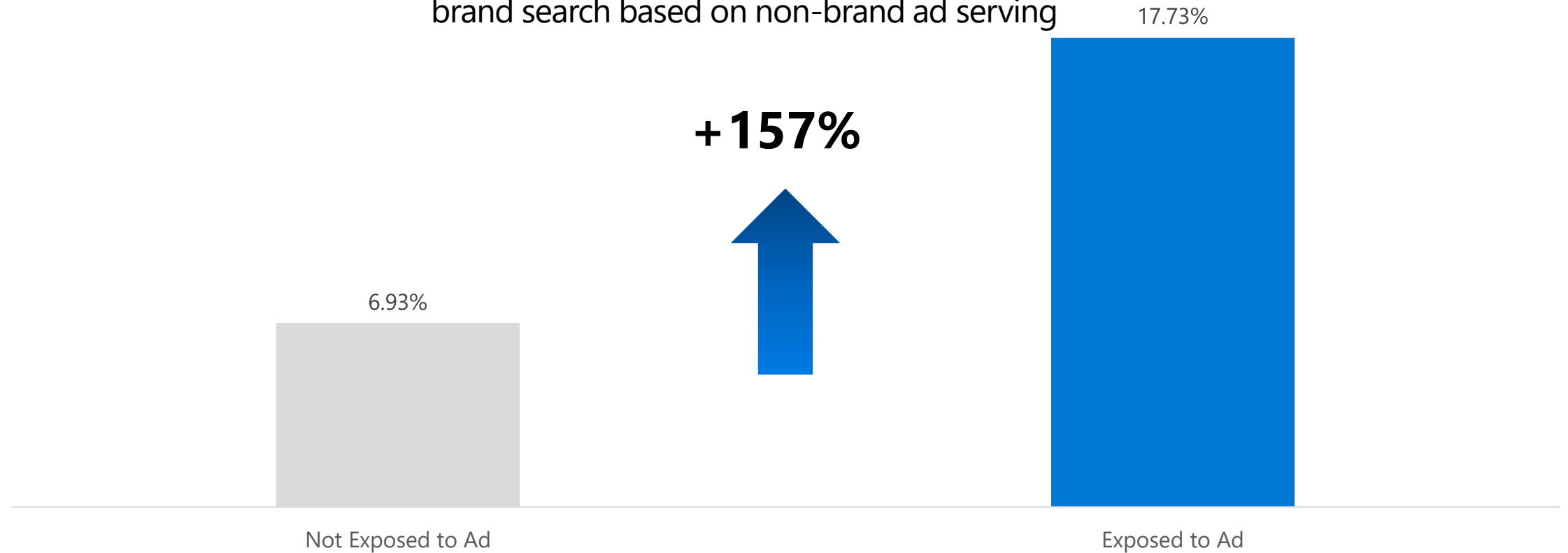
3

Ad serving increases the likelihood users will visit your brand's product pages on retail websites

Targeting non-brand searchers largely increases your likelihood of future brand searches



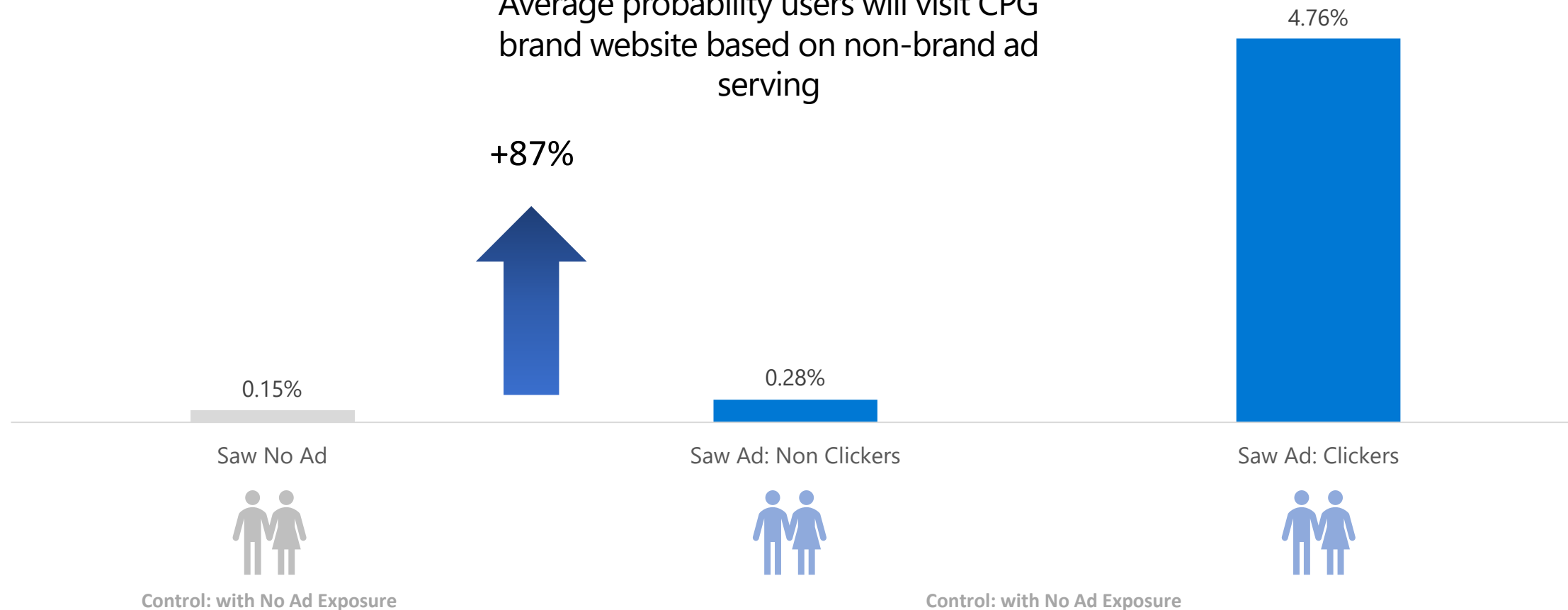
Average probability users will run a future brand search based on non-brand ad serving





Even users who do not click are 87% more likely to visit your website after ad exposure

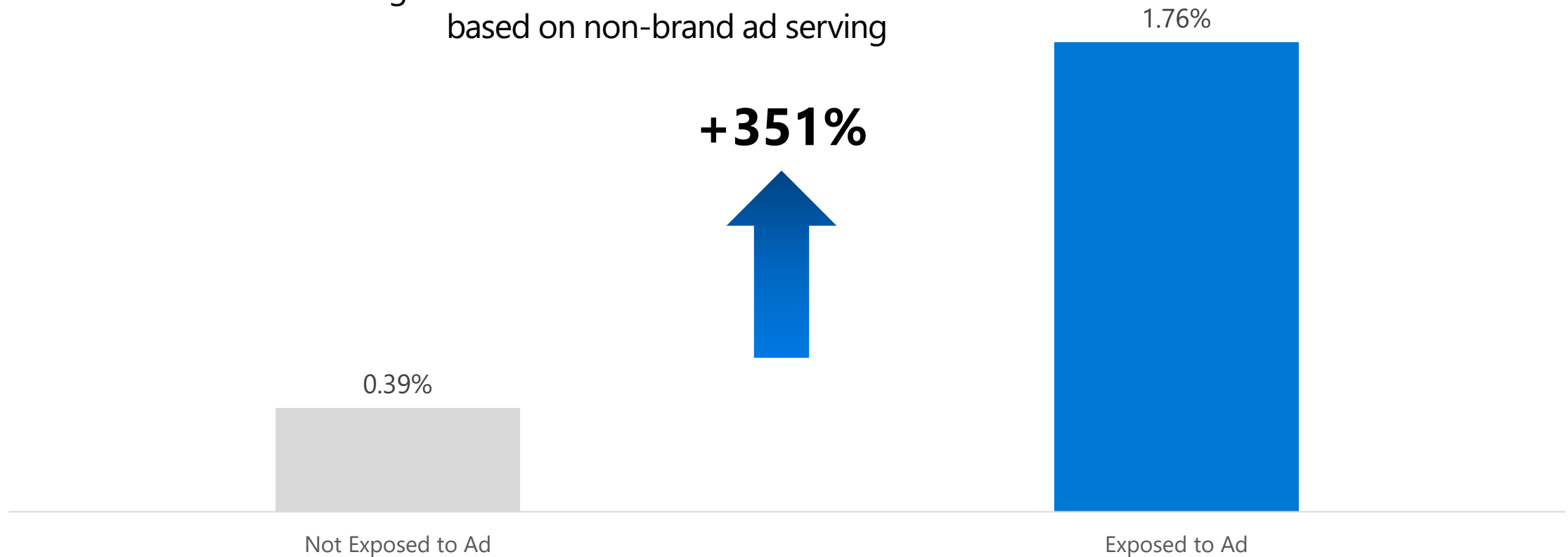
Average probability users will visit CPG brand website based on non-brand ad serving



Delivering ads to non-brand searchers increases the likelihood of being considered by 351%



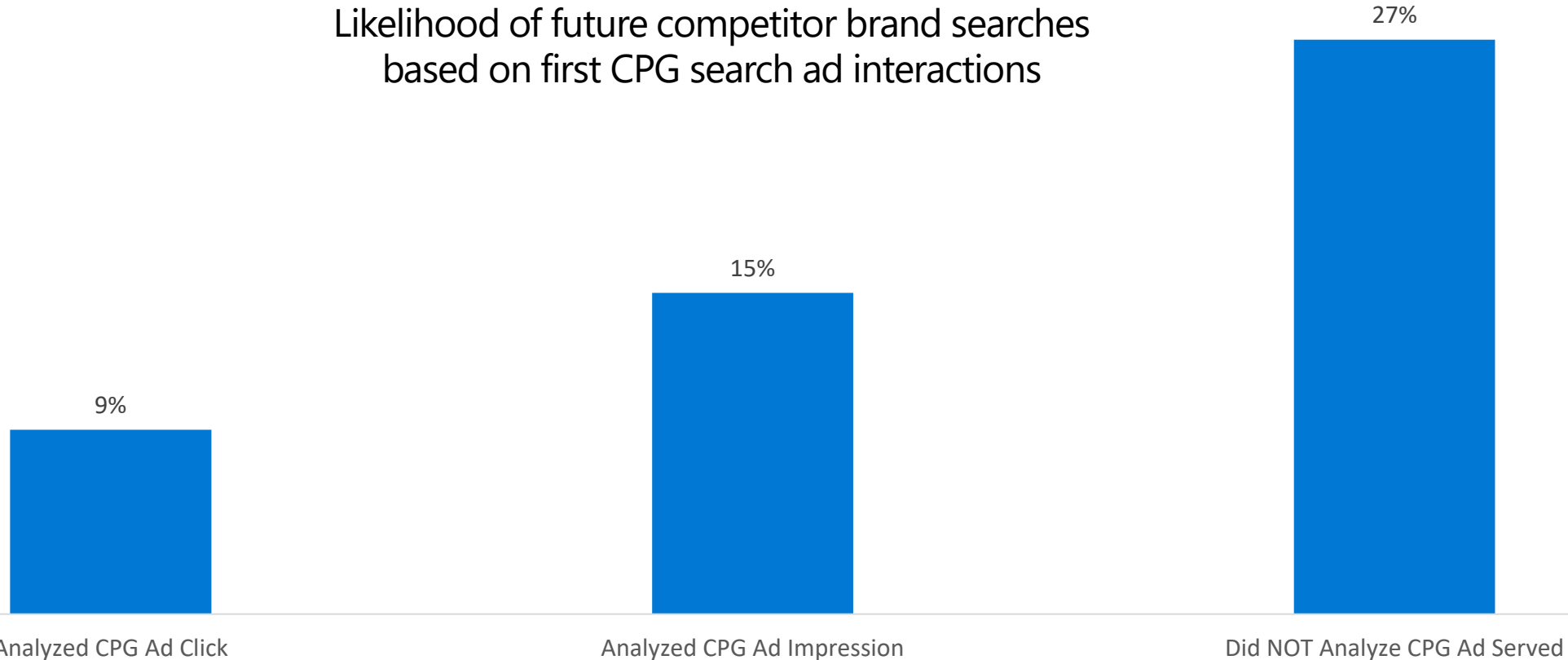
Average chance users will run a future brand search based on non-brand ad serving



If you don't engage with consumers searching for CPG products, your competitors will



Likelihood of future competitor brand searches based on first CPG search ad interactions



Search is crucial to CPG success

CPG Challenge

Value of Search



The acceleration of CPG eCommerce buying

Search helps influence consumers throughout the conversion funnel, even when they make purchases elsewhere



The continued success of smaller brands in capturing market share

Search helps large CPG brands defend territory against the smaller digital native brands looking to grab attention



The continued success of smaller brands in capturing market share

Search brings the most relevant potential consumers available to your site so you can build long-lasting, lucrative relationships



Why Microsoft Advertising

If you're not on the Microsoft Search Network, you're missing out on over **46,000,000 searchers** not found on Google

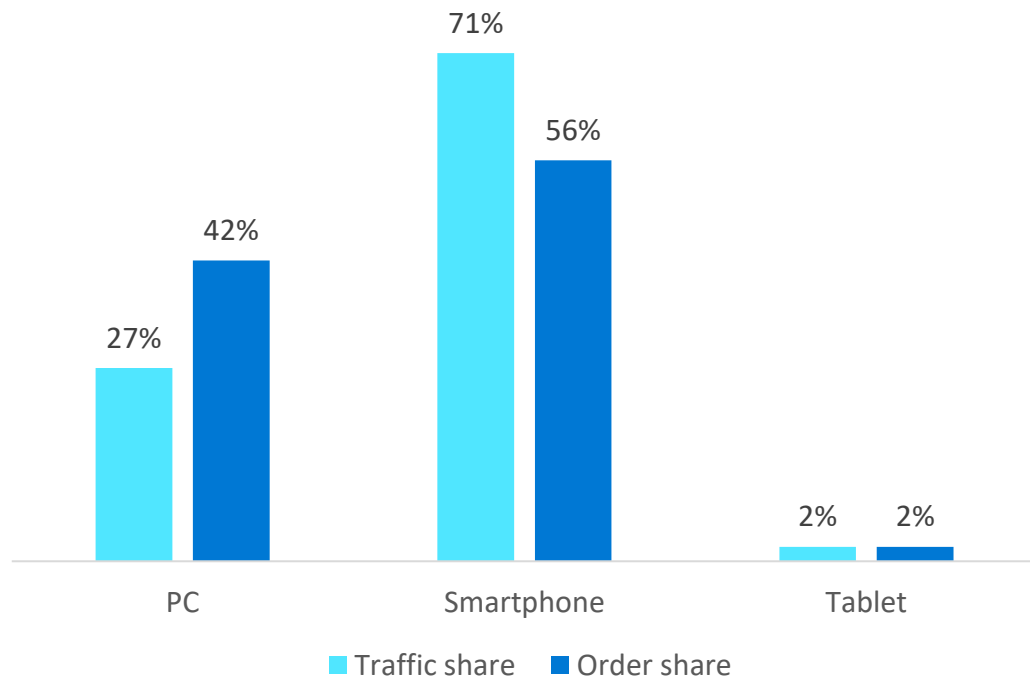
Unique searchers on Bing spend **30% more** than the average internet user



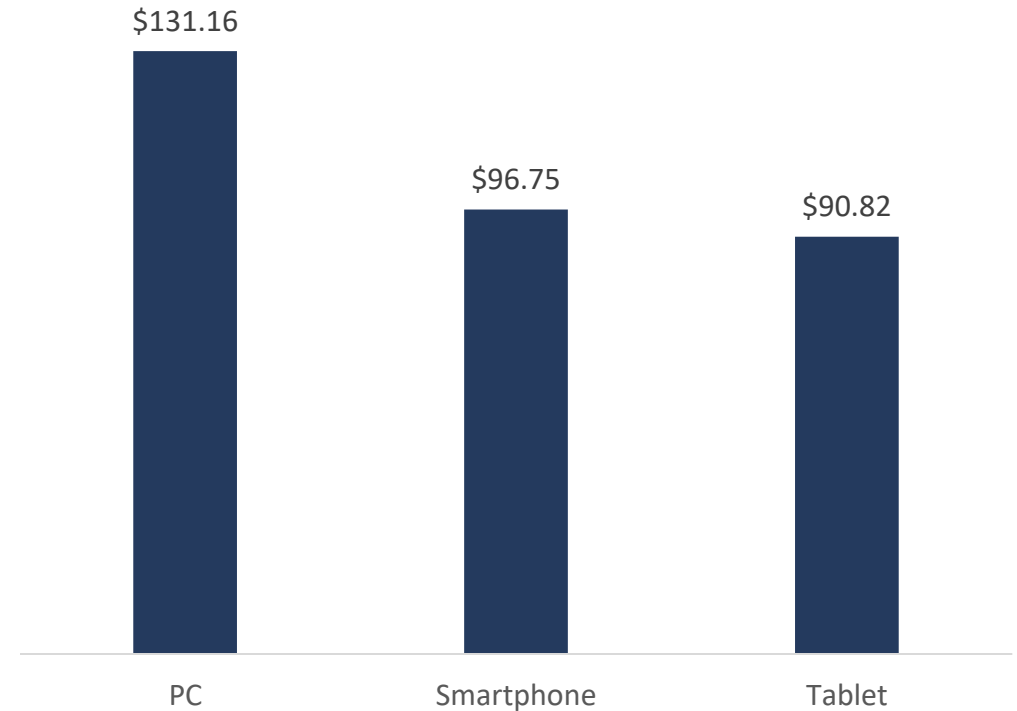
Bing searchers lean toward PC traffic, a short-term benefit to CPG marketers



Distribution of US retail website visits and orders (3rd quarter 2020)



Average value of US online shopping carts (2nd quarter 2020)



Source: U.S. online retail website visits and order & average online shopping order value 2020, Statista, Feb. 2021

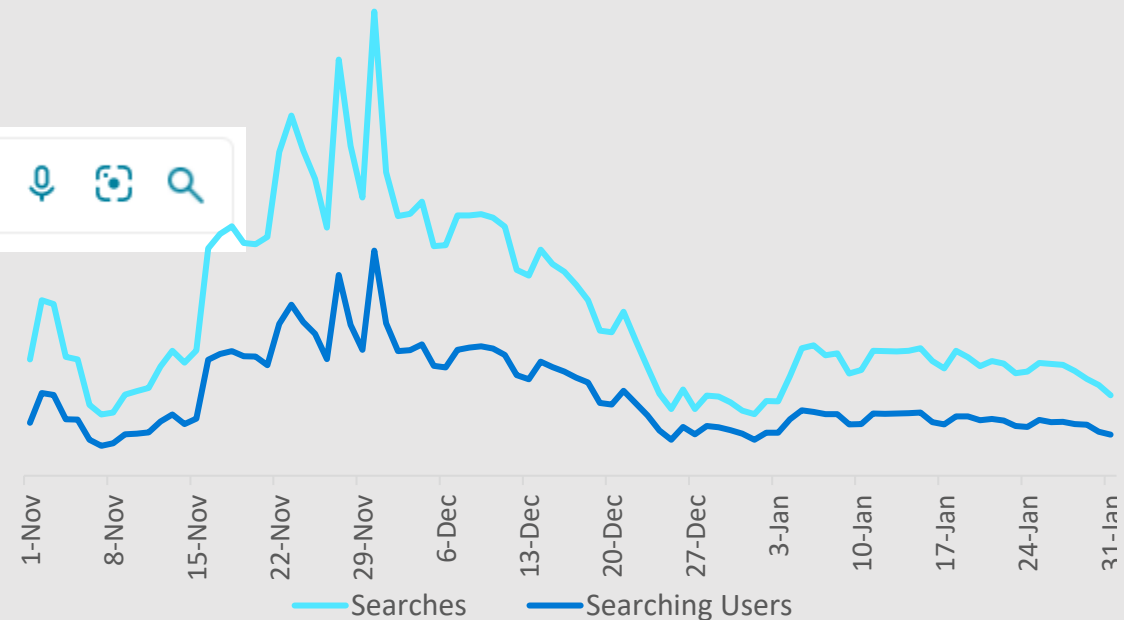
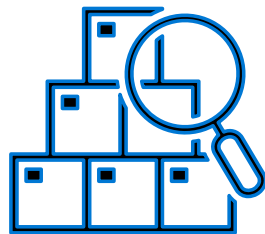


Reaching users on Microsoft Advertising combines user purchase potential, timing, and scale more efficiently than other channels

Search volume & searching users by day from a recent Beauty & Personal analysis



what is the best face moisturizer?



Source: Microsoft Internal Data, Dec. 2020 – Jan. 2021

Takeaways



1

CPG marketers face many of the same tough challenges in 2021 as they did before the pandemic. They now have less time to adapt to digital transformation and the changing values of consumers.



2

When CPGs serve search ads, they provably and consistently affect user brand awareness and product consideration.



3

A Microsoft Advertising user researching your exact product is an extremely valuable potential customer.

To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights

