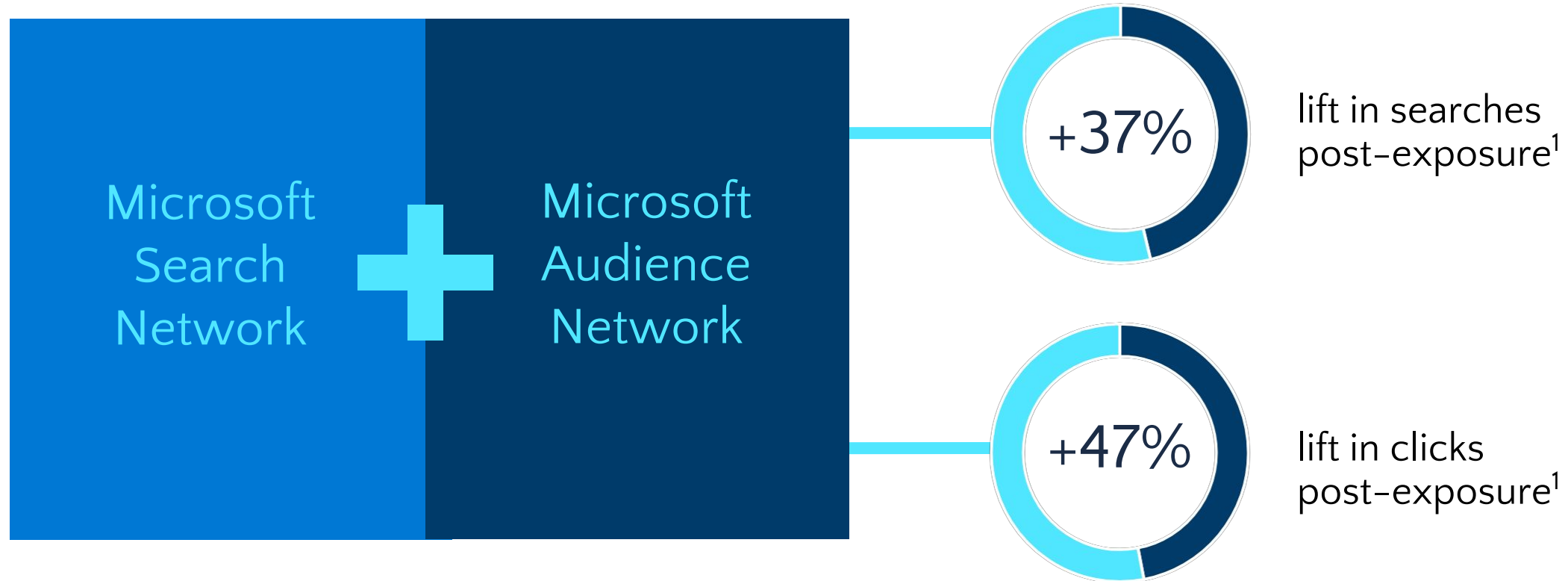# Microsoft Advertising: Getting Ready for the Near Future of Advertising

Kelly Thomas Nojaim – VP of Corporate Sales
Milton Reis – Sales Manager, North America
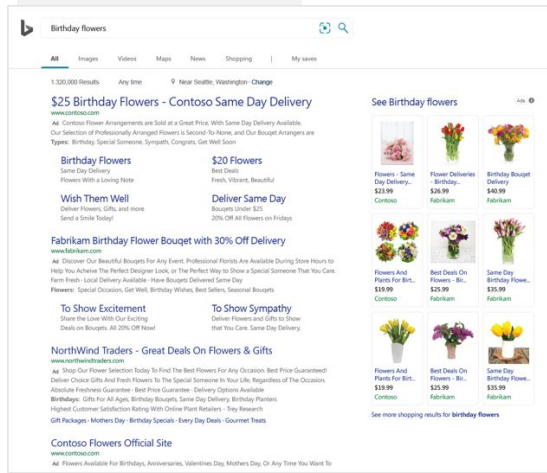
Microsoft Advertising is Search & Native

Microsoft Search Network **+** Microsoft Audience Network

+37% lift in searches post–exposure[1]

+47% lift in clicks post–exposure[1]

Microsoft
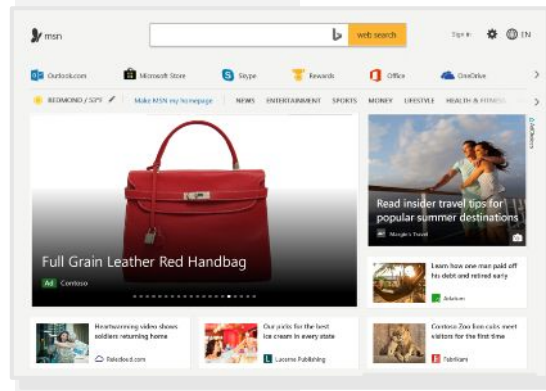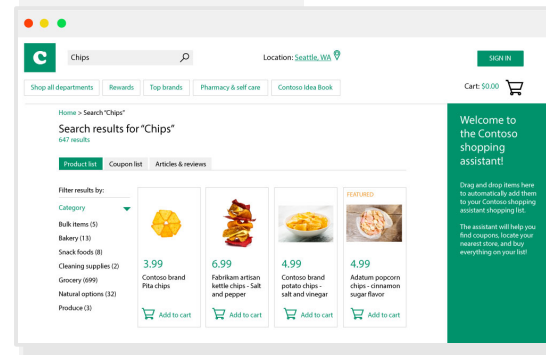
Audience marketing solutions
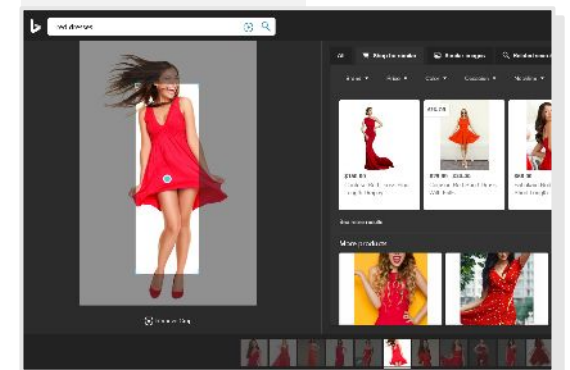
1

2

3

4

Microsoft
Search Network

Microsoft
Audience Network

Microsoft
Promote IQ

AI-powered
solutions

Microsoft

Reach your ideal customer

Data from Microsoft Advertising + data from you:

Right audience

Choose one or multiple dimensions

User intent targeting					User profile targeting		Location and device	
Remarketing	In-market Audiences	Custom Audiences	Product Audiences*	Similar Audiences*	LinkedIn Profile Targeting* (company, industry, job function)	Age and gender targeting	Location targeting	Device targeting

Get your ads in front of the right audience at the right time > With more options for targeting > Unique to the Microsoft Search Network

*Pilot in progress

Global search share

		2015	2019
United States		31%	**37%**
United Kingdom		17%	**21%**
Australia		11%	**16%**
Canada		15%	**21%**
France		11%	**15%**
Germany		7%	**22%**

Microsoft

We reach people across devices and platforms

1 in **5**

searches across all devices

1 in **3**

searches on PCs

Microsoft

Microsoft Advertising search partners

Managed partners, carefully vetted to bring you quality traffic

Owned and operated		Search partners	
MICROSOFT ADVERTISING PROPERTIES EXAMPLES	VERIZON MEDIA PROPERTIES EXAMPLES	MICROSOFT ADVERTISING SEARCH PARTNERS EXAMPLES	VERIZON MEDIA SEARCH PARTNERS EXAMPLES

A diverse audience on the Microsoft Search Network

50/50
men and women

More than 1/2
are under the age of 45

35%
graduated from college

1/3
has a household income $85K+

More buying power

People searching on the Microsoft Search Network spend **more** online than the average internet searcher by 31%.

100

131

Searchers only on the Microsoft Search Network

47M — PC searchers you can't reach on other search engines.
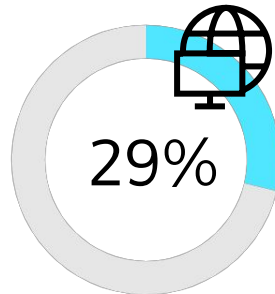
29% — of clicks come from searches that are unique to the Microsoft Search Network[2]
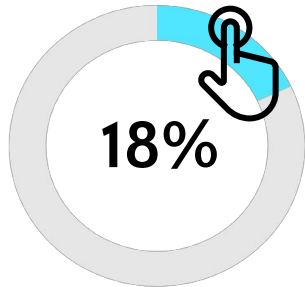
18% — of monthly searches on the Microsoft Search Network are new search queries[2]

Microsoft

Significant PC paid click share across verticals

Technology	Business/Finance	Retail	Automotive	Telecom	Health	Travel	Real Estate
40%	51%	39%	46%	48%	55%	41%	40%
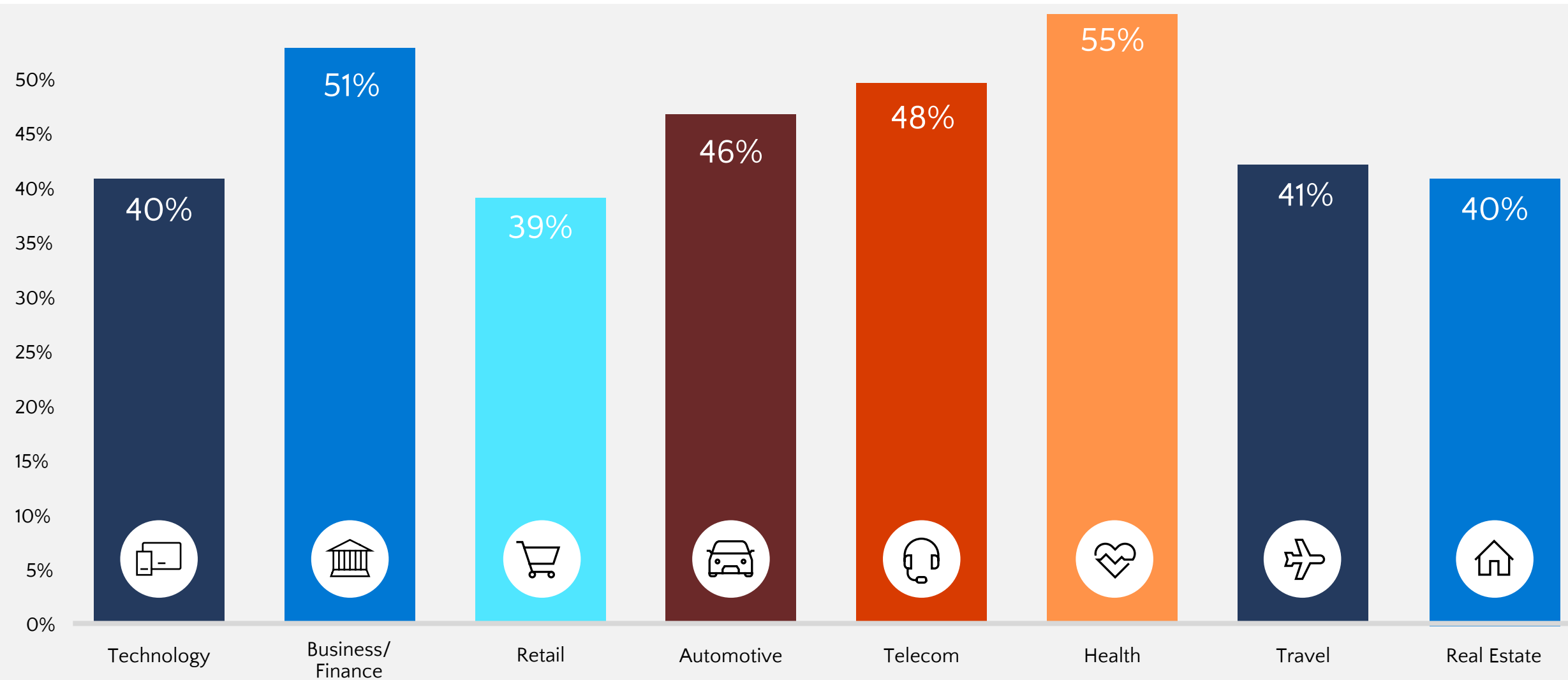
Source: comScore qSearch (custom), U.S., December 2019; industry categories based on comScore classifications.

Microsoft

COVID Insights and this years Holiday season.

Most categories expected to see decreased sales as COVID–19 impacts the economy

Apparel & Accessories

Auto & Parts

Books, Music & Video

Computer & Consumer Electronics

Food & Beverage 12.5

Furniture & Home Furnishings

Health, Personal Care & Beauty 6.9

Office Equipment & Supplies

Toys & Hobby

Other
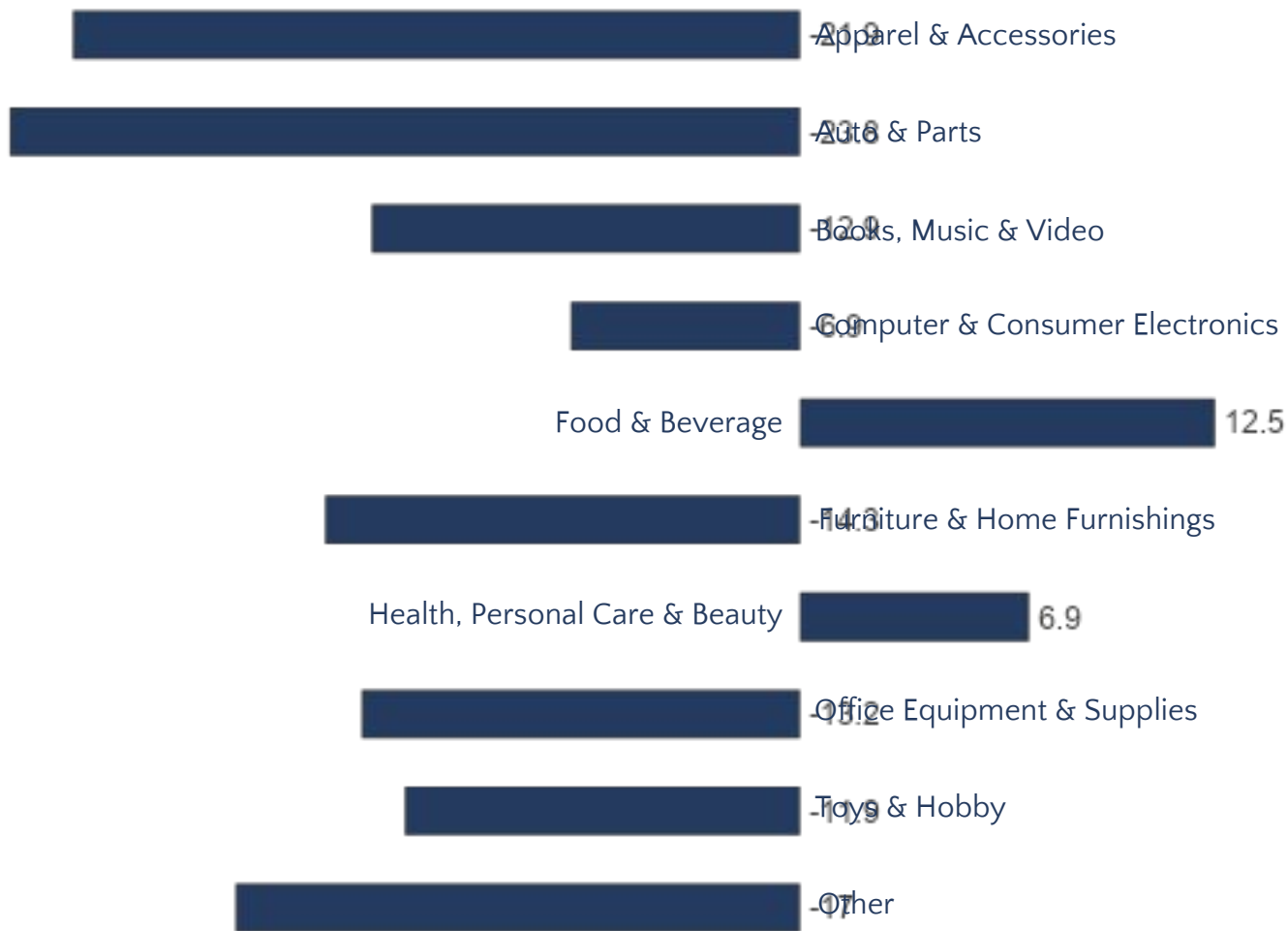
COVID–19 will likely lead to a decrease in YoY sales across categories, with eMarketer only forecasting overall growth in Food & Beverage and Health, Personal Care & Beauty.

Microsoft

Consumer preference for online shopping expected to increase eCommerce sales dramatically

Category	Value
Food & Beverage	58.5
Health, Personal Care & Beauty	32.4
Toys & Hobby	20.9
Computer & Consumer Electronics	17.9
Office Equipment & Supplies	17.9
Other	17.8
Books, Music & Video	13.9
Auto & Parts	12.6
Furniture & Home Furnishings	12.4
Apparel & Accessories	8.6

The top 2 growth categories remain the same, but even retail categories like Apparel, which have been hard-hit by COVID, are expected to see significant increases in eCommerce sales.

Microsoft

Source: eMarketer 'US Holiday 2019 and Looking Ahead to Holiday 2020 Planning'.

Holiday retail sales often stay strong even when consumers say they're cutting back
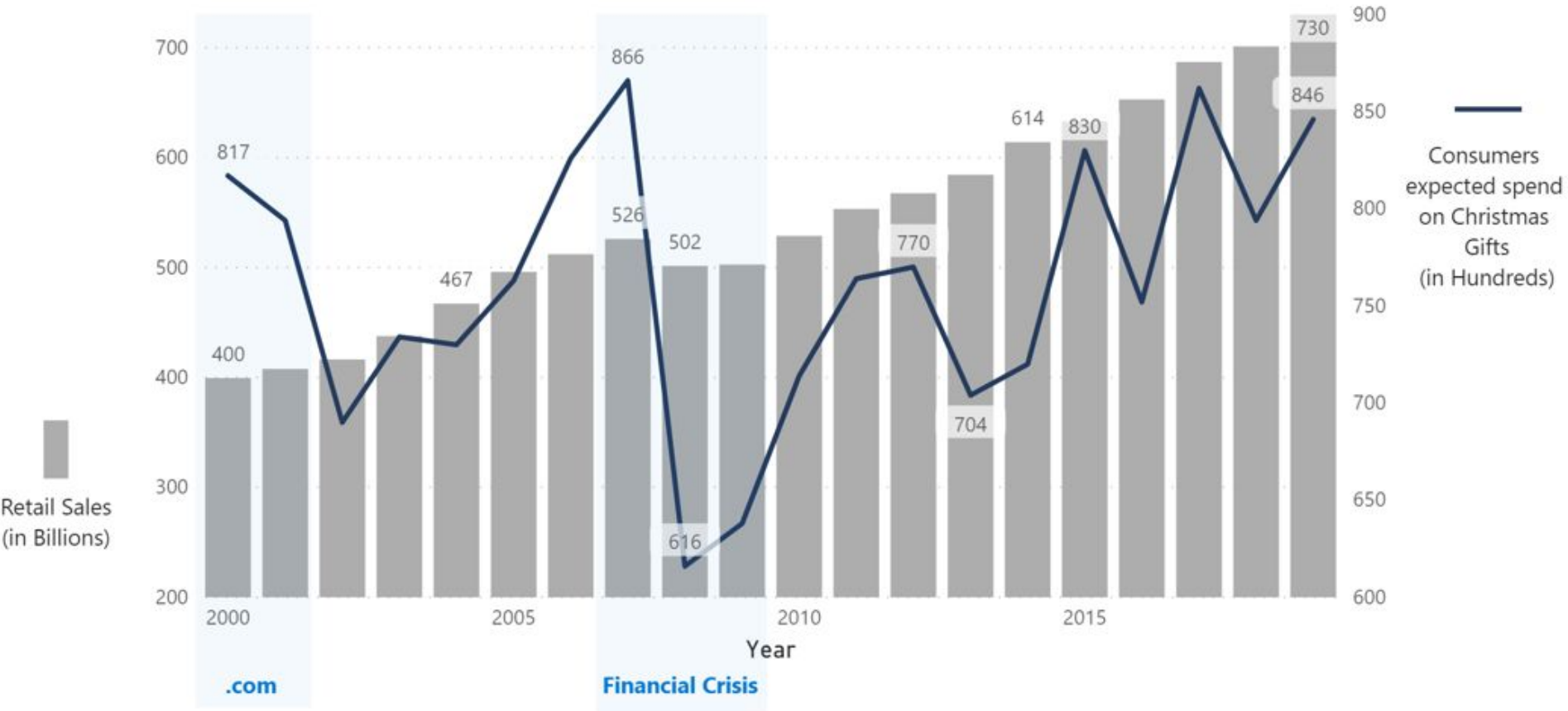
During the financial crisis, consumers reported they would spend 29% less during the holidays in 2008, when in reality retail sales dipped only –4.7% YoY.

During the .com bubble, retail sales continued to grow.

Microsoft

Sources:
1. Gallup, Telephone interview of 1,015 people ages 18+, Nov. 1 – Nov. 14 ,2019
2. National Retail Federation, US Census Bureau, 'Retail Sales in the US from 2000 to 2019 (in Billons) months of November and December', Oct. 2019

COVID-19 related quarantines and social distancing have pushed people increasingly online

US Retail Search volume and CPC (indexed)
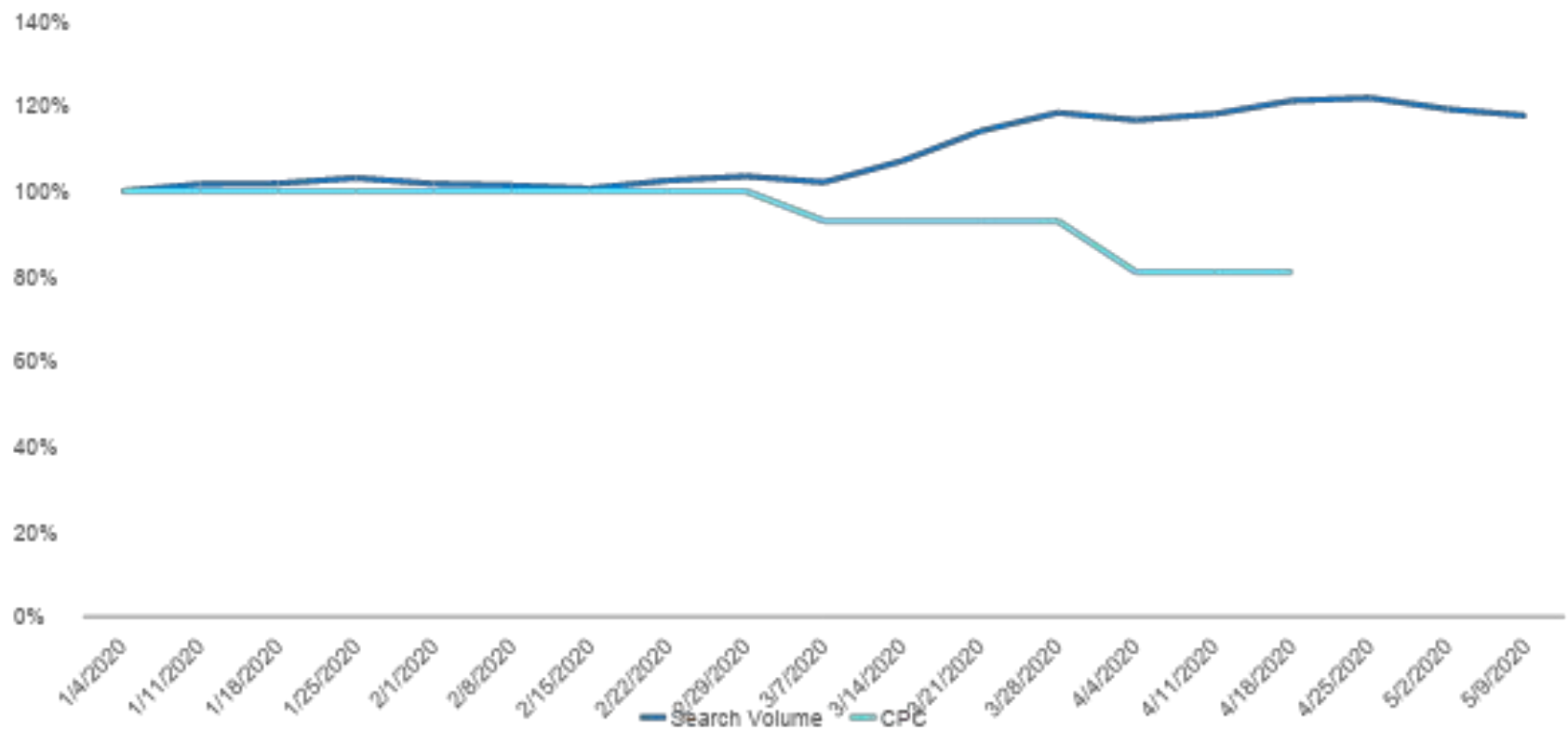
Desktop & Tablet Volume Share continues to grow respectively at 8% and 18% on average.

Weekend Volume grew significantly by 12%; 2x that of weekday volume growth

Non-business hours Volume[2] (5pm-5am) increased by 11%. This is approximately 2x the volume growth during regular business hours.

Microsoft

While all marketing budgets are being effected by the economy, search is projected to see the smallest hit

H1 Forecast - % change vs. prior year in spend

United States   France   Germany   United Kingdom

Search Ad   Display Ad   TV Ad   OOH Ad
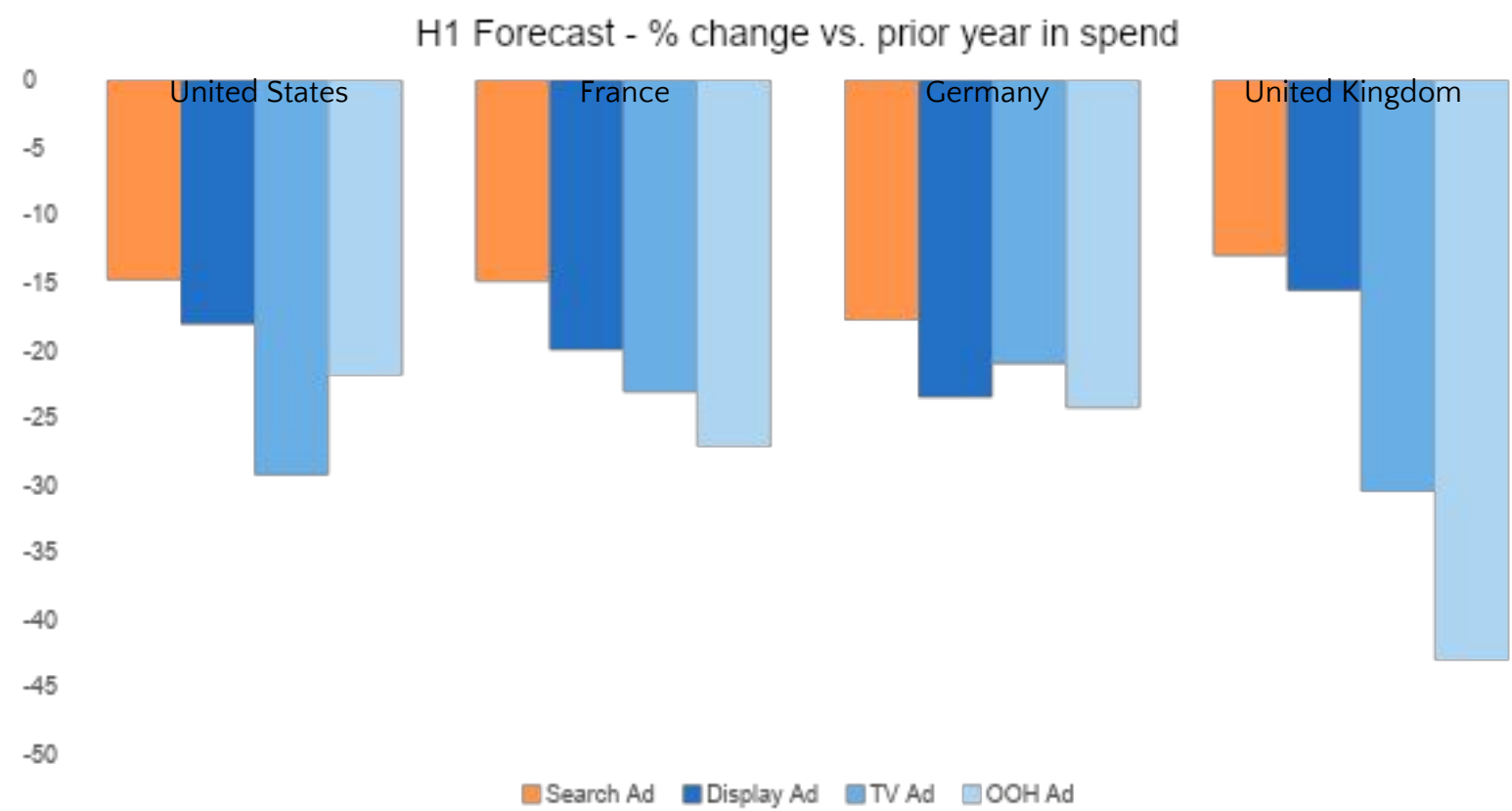
Consumers are increasingly at home and in front of Internet enabled devices trying to find new ways to service new needs and interests.

Microsoft

A cross–channel strategy still works best, as all up funnel marketing efforts tend to drive search behavior

+25%

+45%

Offline

Online

Offline
+
Online
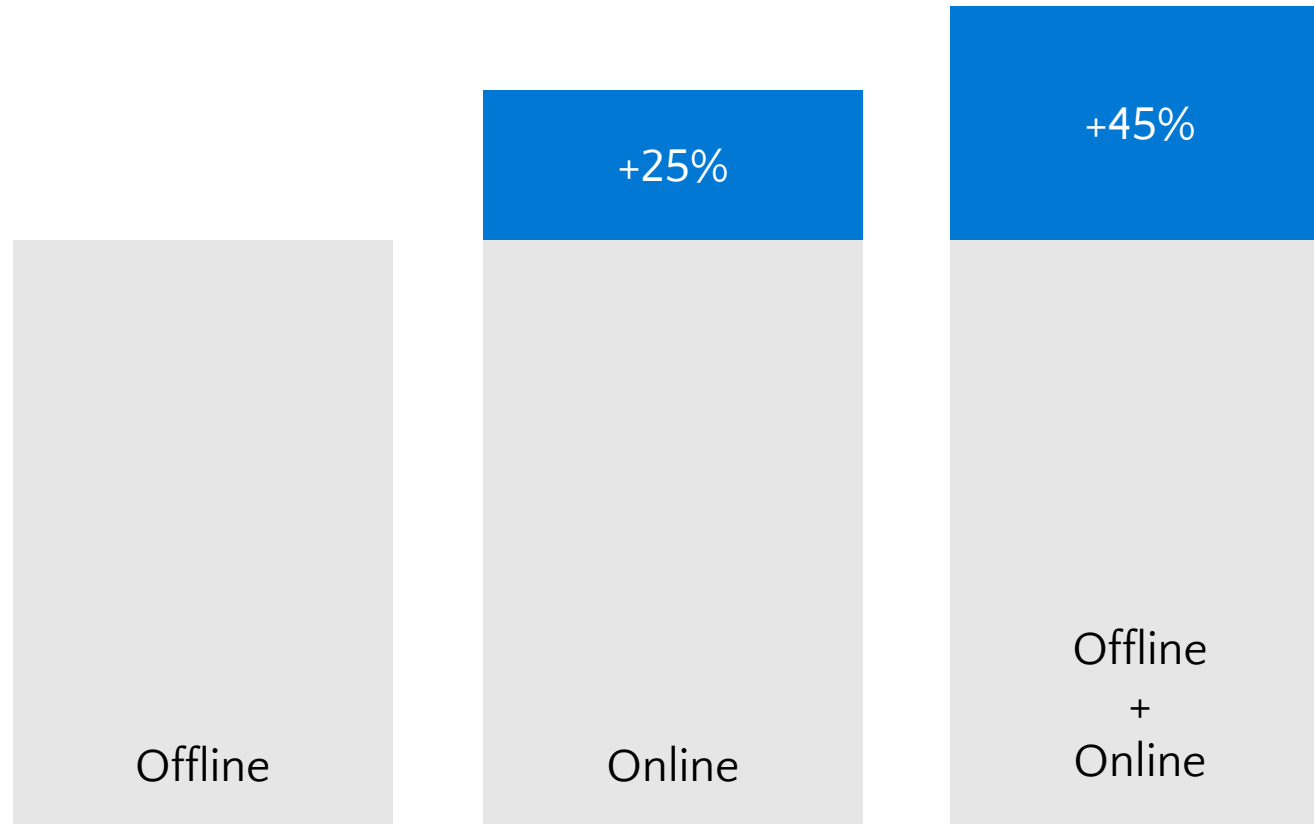
Combining paid search with other media channels will amplify your searches and can help you get the best return on investment during this unprecedented time.

Microsoft

Combine the Audience Network (MSAN) and Search to get the most out of your holiday investment

Post-Exposure Domain Visitation Rate1

- MSAN + Search: 22.10%
- Search Only: 7.70%
- MSAN Only: 9.50%
- No Exposure: 1.00%

Visitation Lift of MSAN + Search[1]

➡ +188% vs. Search Only

➡ +133% vs. MSAN Only
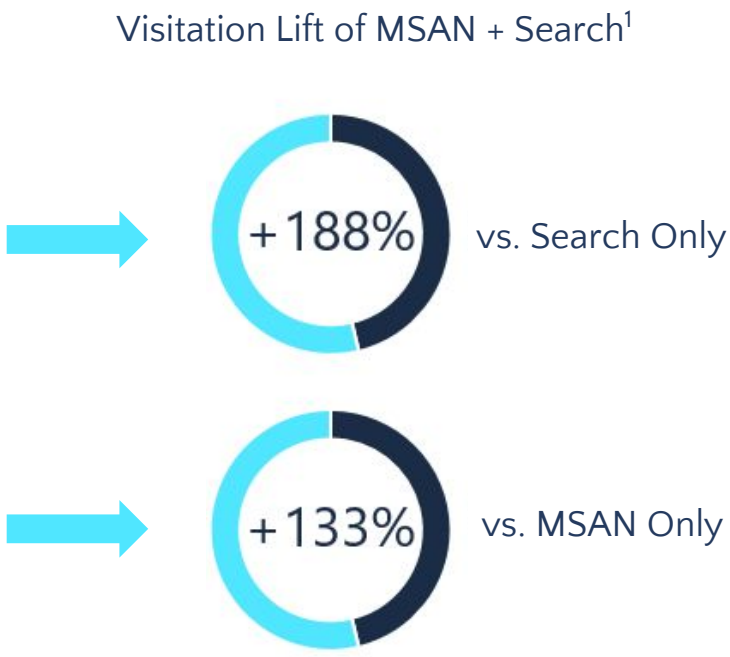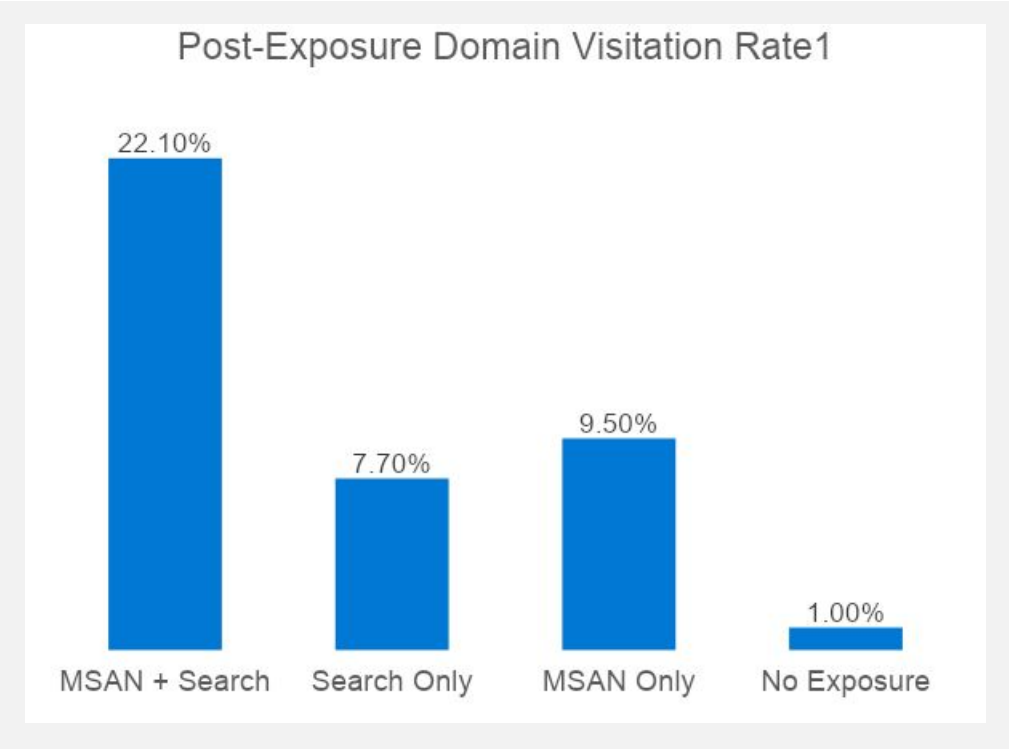
Users exposed to both MSAN and paid search ads are more likely to visit a retailer's website compared to those who are exposed to only one type of ad.

Layer additional audiences, such as Product Audiences and In-Market for a more targeted reach.

Microsoft

Search is often the last channel people reach before making a decision

Retail   Travel   Auto   FinServe
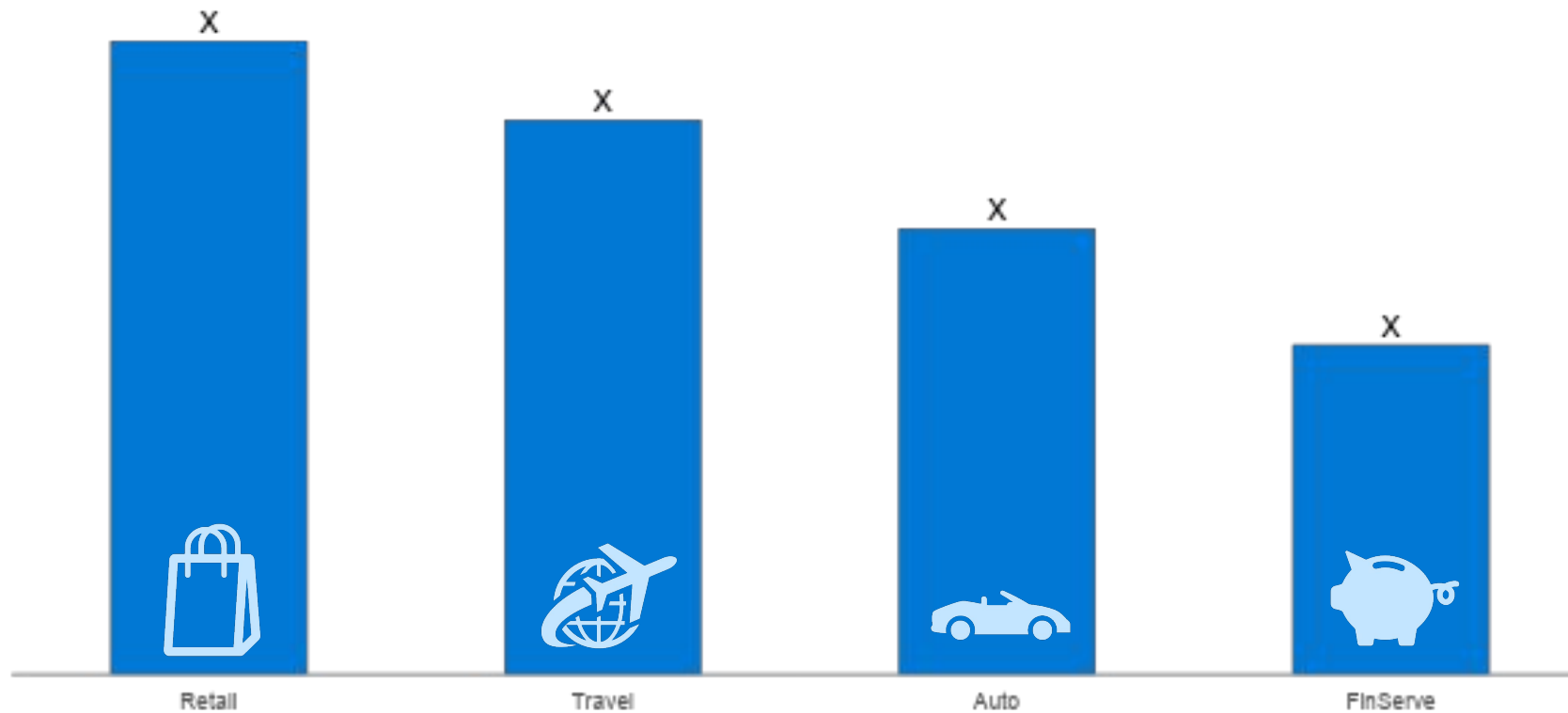
Our multi-touch attribution study found that on average, search clicks are directly followed by a conversion 2.6x more than clicks from other ad types, including social and video.

Microsoft

Microsoft

What key dates are most important for consumers?

Early shoppers begin researching in October, but the season truly kicks–off in November
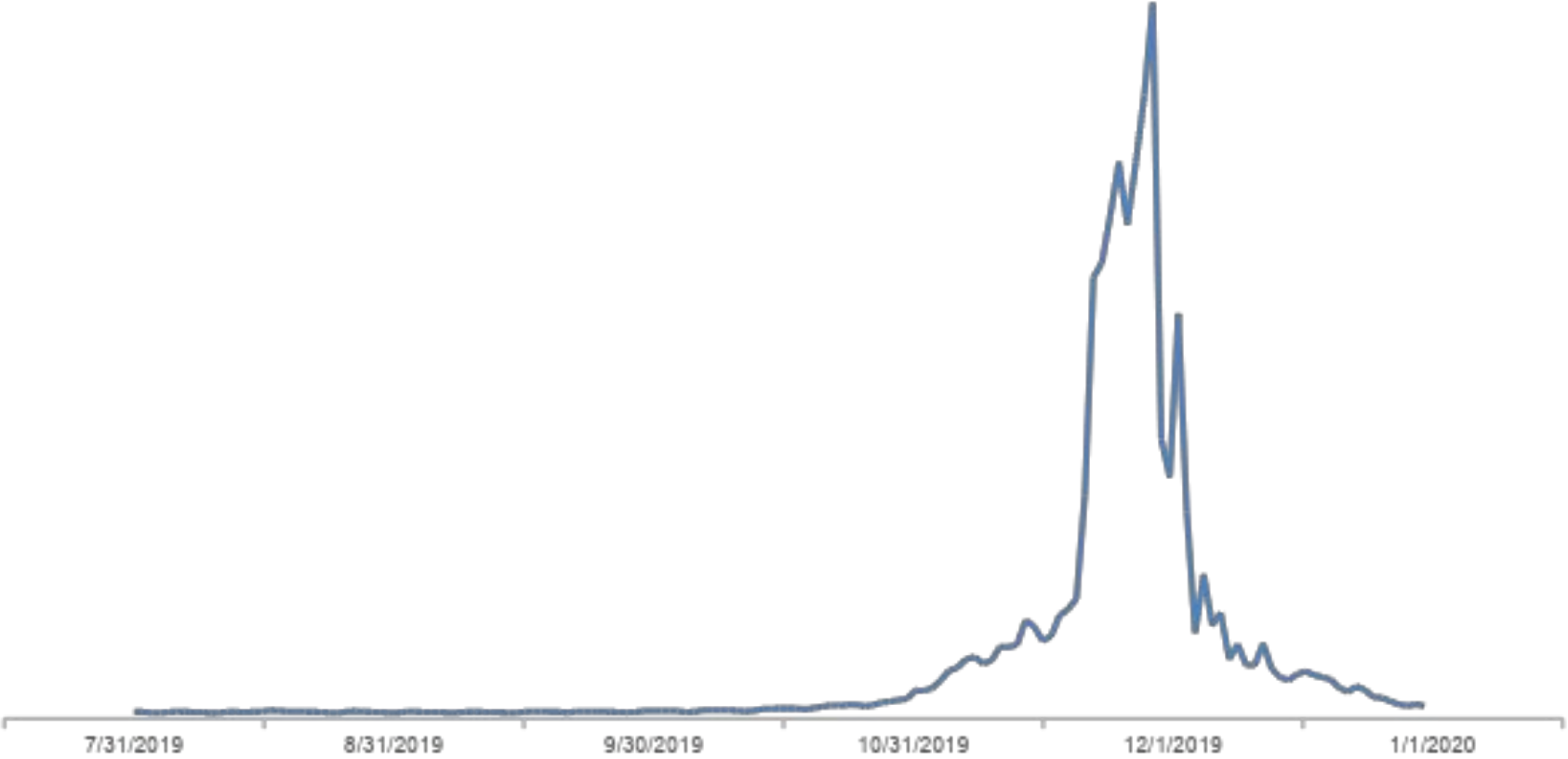
Holiday search volume change against August baseline:

September	–1%
October	62%
November	2,989%
December	949%
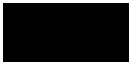
Microsoft

New year, same key dates to build your marketing calendar around

NOVEMBER 2020

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

DECEMBER 2020

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Black Friday

Cyber Monday

Expected peak search days

The post–Thanksgiving dates of Black Friday and Cyber Monday are expected again to deliver

However, the days surrounding those key dates as well as Mondays and Tuesdays in the following weeks are also expected to deliver notably high retail traffic.

Microsoft

COVID-19 related eCommerce focus brings astronomical expectations for holiday's biggest weekend

Year-over-year (YoY) % revenue growth projection, eCommerce

+15%	+20%	+	+	+20%
Thanksgiving, Nov. 28	Black Friday, Nov. 29	Small Business Saturday, Nov. 30	Super Sunday, Dec. 1	Cyber Monday, Dec. 2
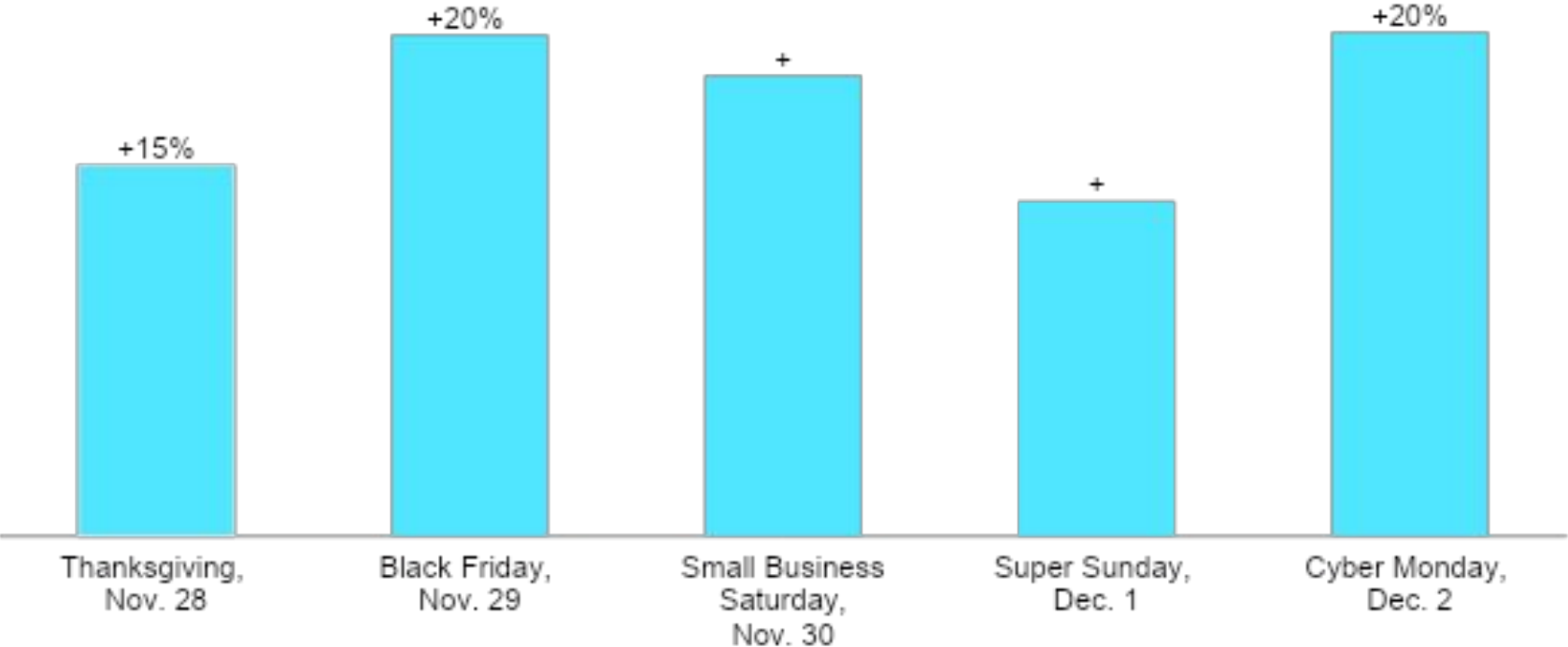
While retailers are likely to see a significant negative impact to in-store visits, expect double-digit growth to online sales.

Microsoft

The lead up to Black Friday is long, less so for Cyber Monday

Black Friday SRPV's ■ Cyber Monday SRPVs
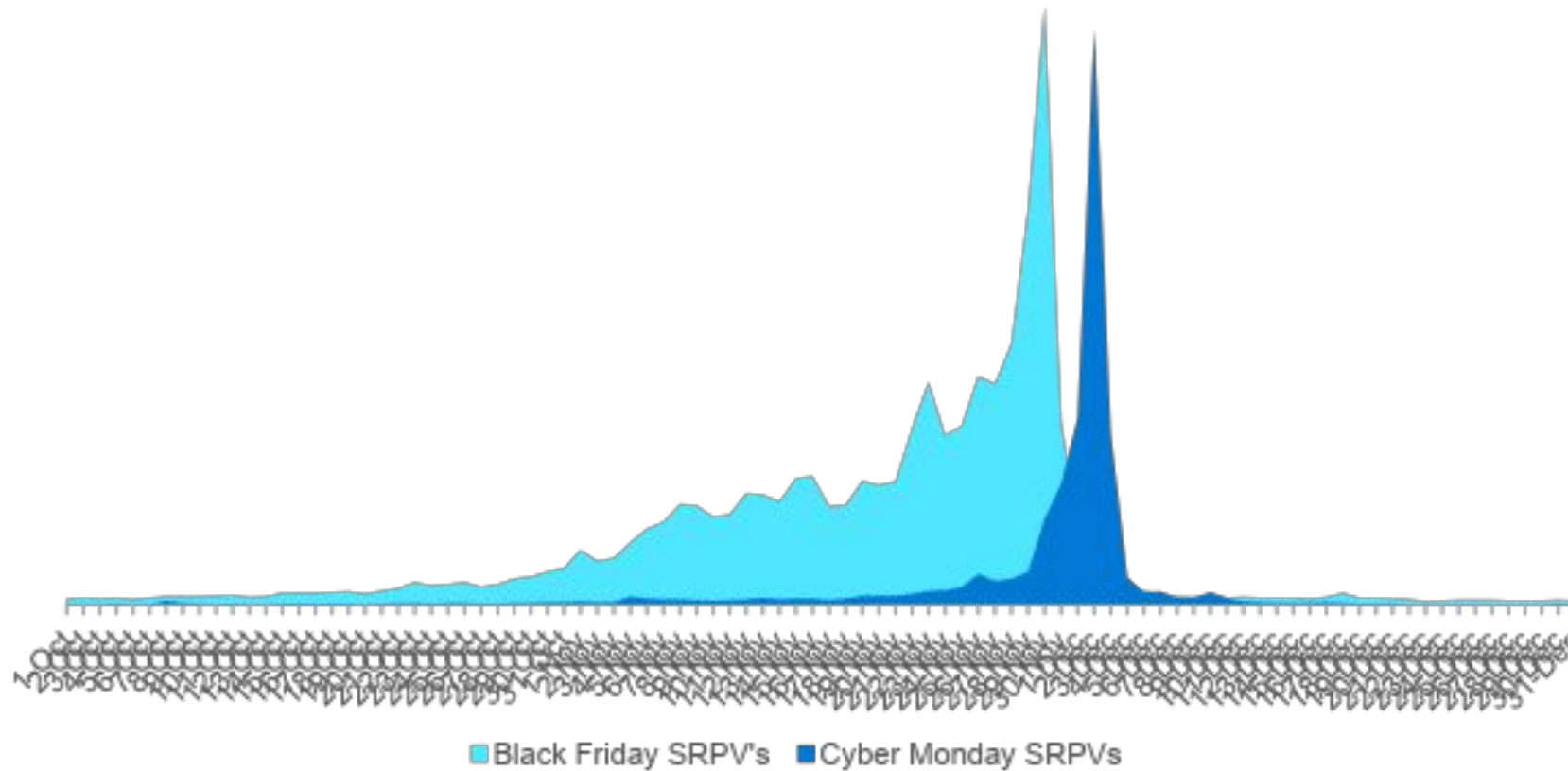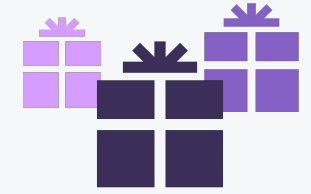
People begin hunting for Black Friday sale information weeks before the actual date, while Cyber Monday searches generally ramp up about a week beforehand.

Microsoft

In 2019, we touched on BOPIS shoppers from Holiday 2018

82% of BOPIS shoppers were instant converters
Users grouped by journey length

3140 users

User Count

124 Users – 1 Day

72 Users – 10 Days

58 Users – 31 days

Journey Length in Days

1 Day   Week 1 Week 2 Month 1   Month 2   Month 3   Month 4   Month 5+
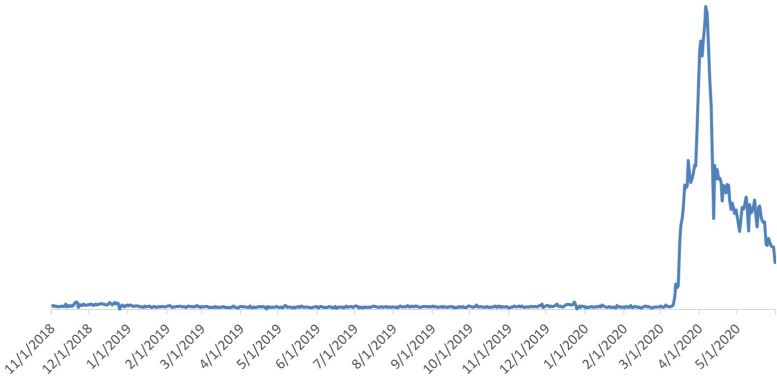
82%   5% 5% 4%

Source: Microsoft Internal data BOPIS CDJ Nov-Dec 2018

Clothing and Furniture are the top BOPIS items
% of queries by category

46% women's clothing

31% men's clothing

17% furniture

6% home decor

Source: Microsoft Internal data BOPIS CDJ Nov-Dec 2018

Shoppers during Holiday 2019 were even more eager to take advantage of BOPIS options

60% of retailers implemented BOPIS in 2019 holiday season[1]

35% increase in BOPIS purchases for 2019 holiday season[2]

Walmart KOHL'S BEST BUY TARGET

A new type of consumer, 2018 BOPIS shoppers converted quickly and were largely focused on apparel.

However, BOPIS was a steadily growing trend with a relatively distant time horizon till wider adoption.

11/1/2018 12/1/2018 1/1/2019 2/1/2019 3/1/2019 4/1/2019 5/1/2019 6/1/2019 7/1/2019 8/1/2019 9/1/2019 10/1/2019 11/1/2019 12/1/2019 1/1/2020 2/1/2020 3/1/2020 4/1/2020 5/1/2020

Source: Microsoft internal data, Nov. – Dec. 2018

Microsoft

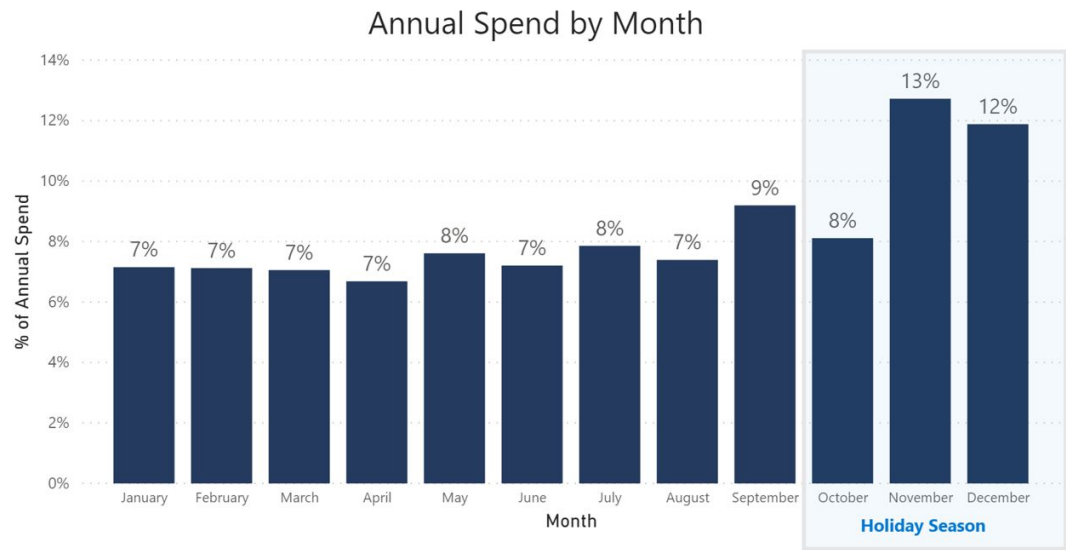# Consumers are increasingly choosing BOPIS options when presented with them

% of users who end retail journey on BOPIS page

16.4%

11.7%

Holiday 2019 Shopper (Nov. 1 - Jan. 15)

Early COVID Shopper (Feb. 1 - Apr. 1)
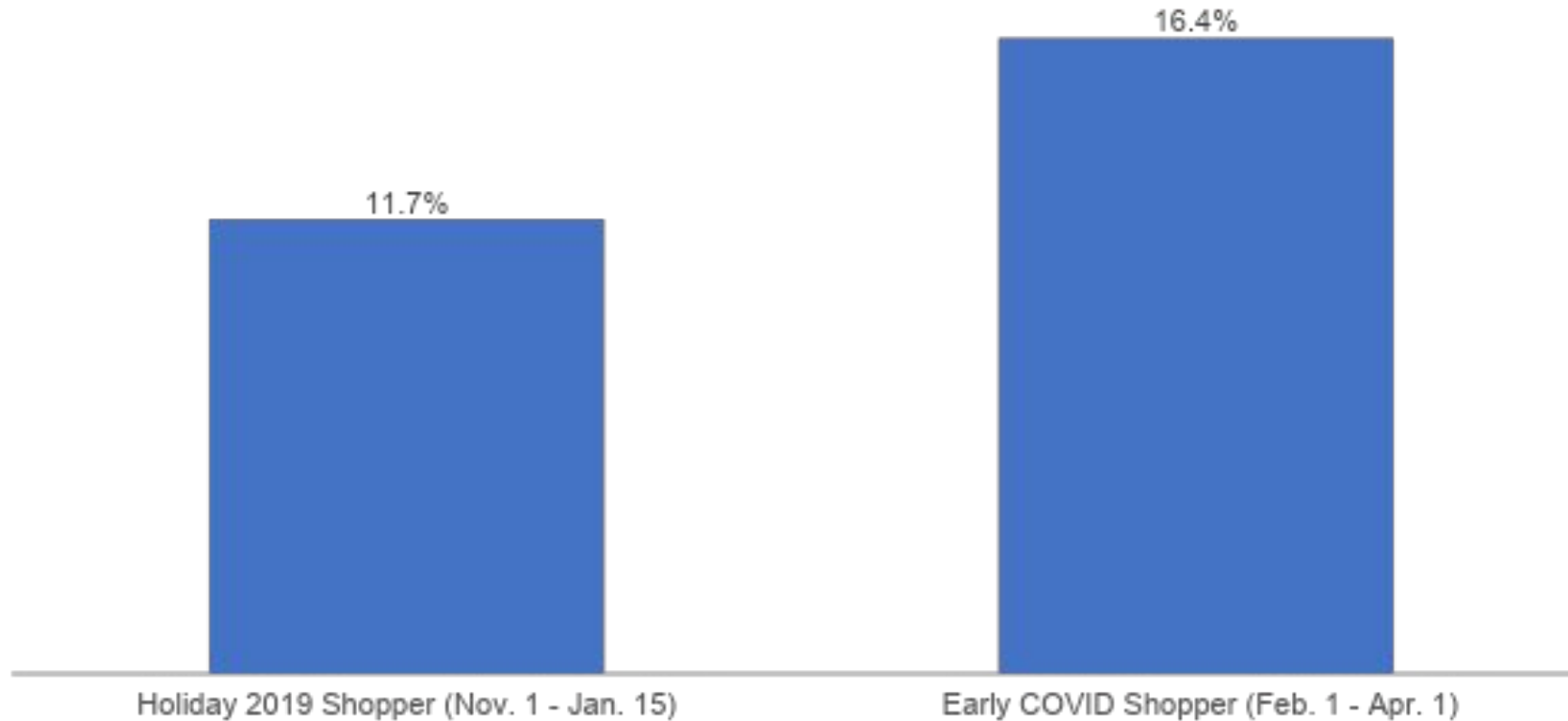
With just a few months difference, as COVID related quarantines began to impact decisions, users browsing online retailers like Best Buy, Kohl's, Home Depot increasingly ended their journey considering BOPIS purchasing.

Microsoft

Uncovering opportunties

Avg. CPC and Avg. Searches for All Categories

Niche
Low Volume, High CPC

High Intensity
High Volume, High CPC

Low Risk
Low Volume, Low CPC

Opportunity
High Volume, Low CPC

Top 5 Categories by Search Volume

Gaming

Home Appliances

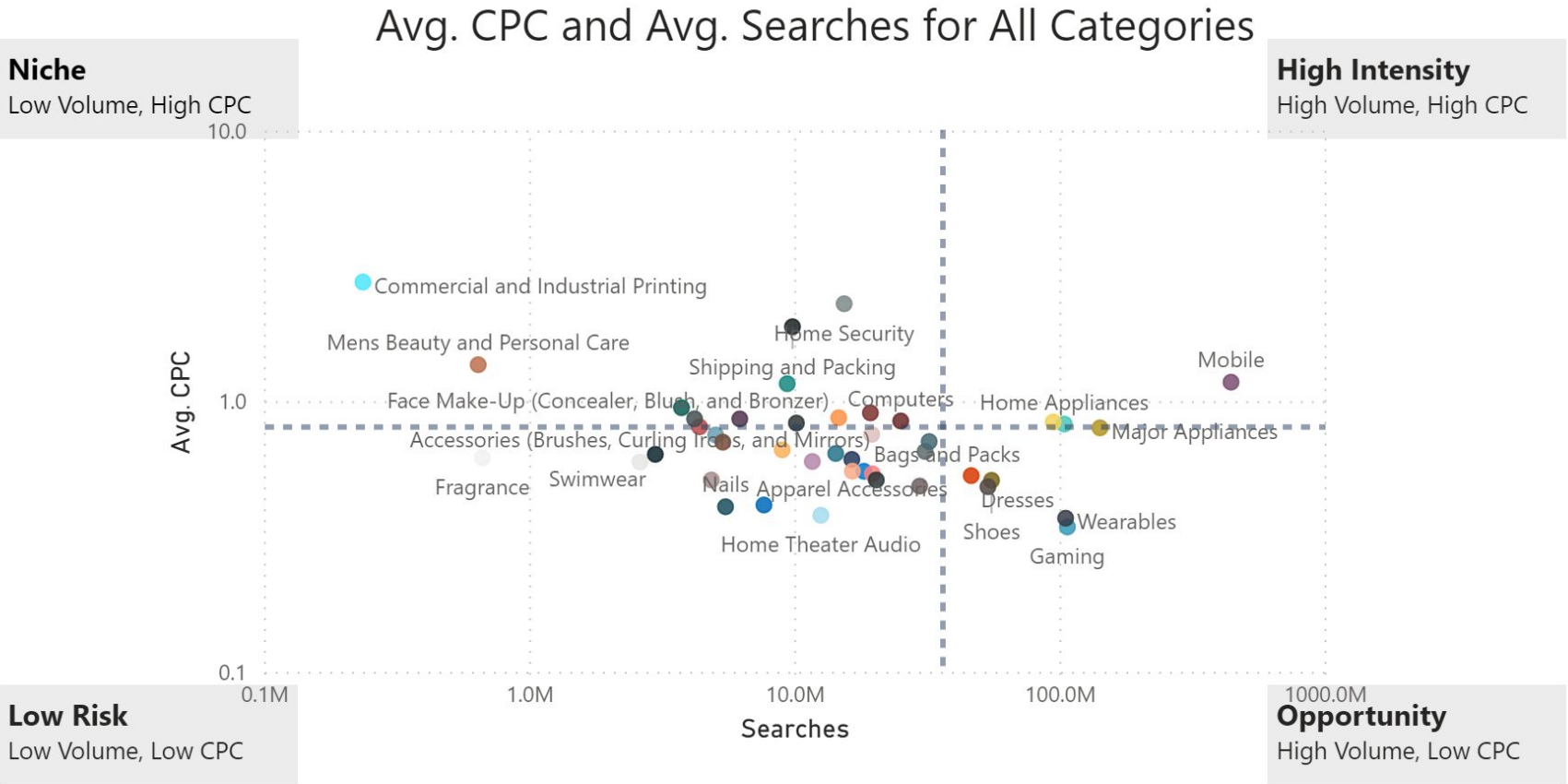Major Appliances

Mobile

Wearables

Data Source: | Microsoft Ads

Time frame: | Tuesday, May 1, 2018 · Friday, May 1, 2020

Country: | United States

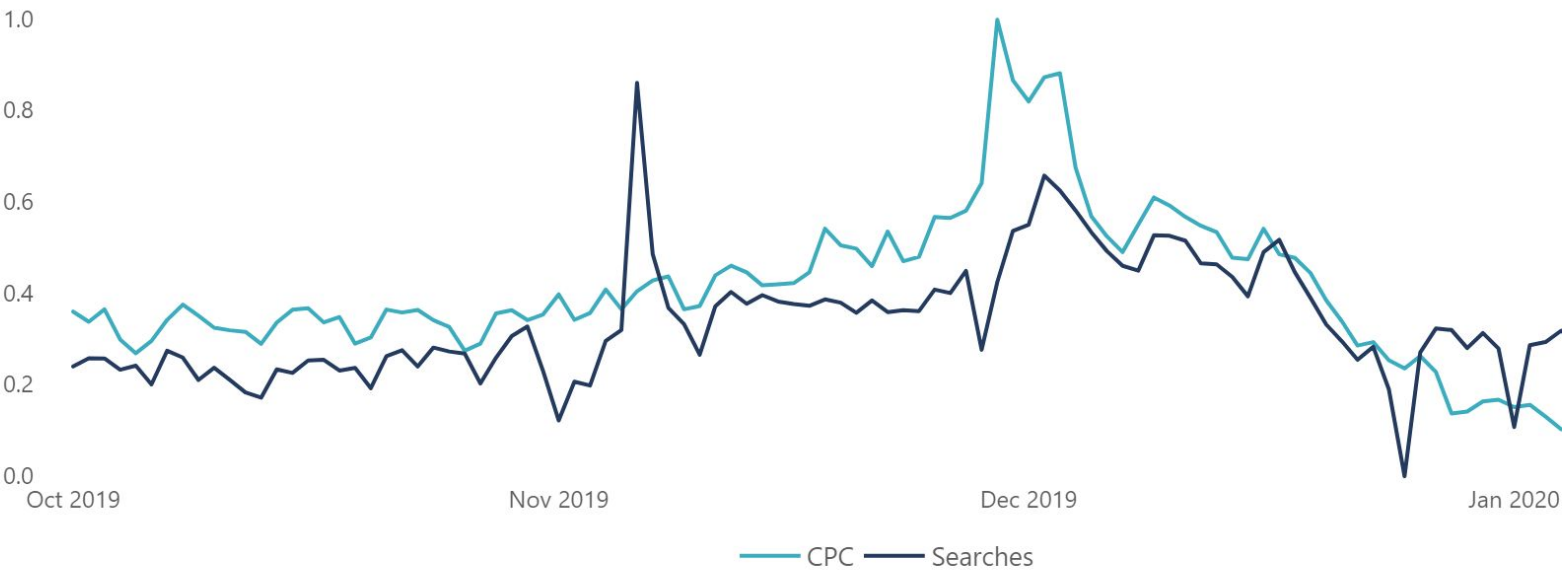Microsoft

Timing the Opportunities

Opportunity Periods

12/27-12/31	5 days	
1/2-1/15	14 days	

Risk Periods

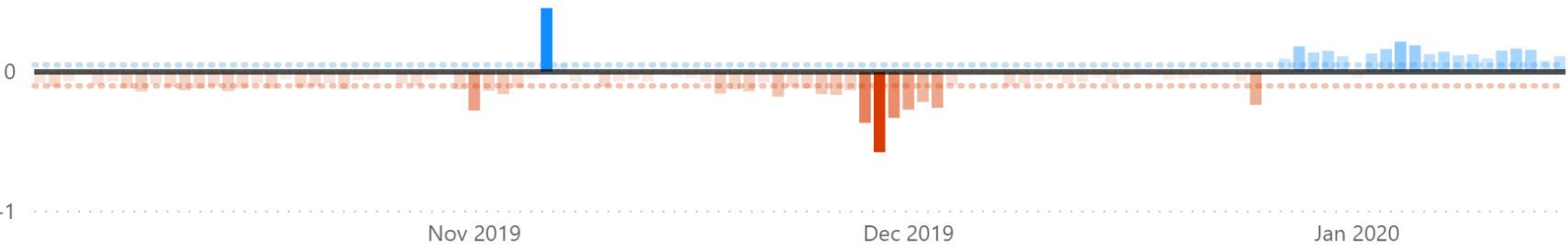|		
10/11-10/16	6 days	
10/31-11/4	5 days	
11/18-11/20	3 days	
11/22-12/3	12 days	

Holiday Risk Index

Opportunity and Risk periods are defined as 3 or more consecutive days where CPC is 10 points below the index and Search Volume and 5 points above.

Key Takeaways

The online landscape has changed. Activate a cross-channel strategy to meet your customers where they are, not where you want them to be.

Holiday starts as early as October. 33% of Retailers annual spend happens in October through December.

The consumer journey looks different with increased BOPIS and your strategy should too!

Audience Targeting is key. Enable all products & features for better results!

Microsoft