

Transcript for EMEA Insights Webinar

September 12, 2018

Hi, everyone. Thank you for attending our webinar today. We still a few more attendees logging on right now so we're going to give them a couple more minutes before we begin. We'll begin very shortly. Thank you. Looks like a lot of people are on here now. Again, welcome to our webinar. Please note all these webinars will now be close captioned. You may notice my words appearing in real-time on the right in the chat pod. Feel free to open and close using the little arrow at the top left of the pod. Not only does closed captioning ensure this is accessible to the hearing impaired but it also provides us with a written transcript of the session. We'd like to thank Oath team for setting this service up with our partners. We'll now dive into the webinar. I'm Michelle Gerzon, part of Core. We are recording this live webinar. All participants are automated mute. If you have a question you can submit it through the chat feature. You should see a chat box and a chat icon on the top right. Please use it to ask any questions and use the all panelists when somebody misses questions. That way everyone presenting on the call will see them. We'll try to address questions at the end during the Q&A session. There are many partners on the call. Please keep questions general. We promise to do our best to answer everyone's questions. If we run out of time or if there are any questions we do not get to, we'll follow up with a partner separately after the webinar. Lastly, since this is being recorded, we'll send you an e-mail link to the recording that you can review at your convenience as well. We also have previous webinars on our newly launched website at Oath.com. If you go to Oath.com, go to solutions. You'll see partners, insights, and you'll find all our old webinars there. If you'd like to learn more about our topics like search features or product releases please check those out. Now let's get started. Today we have Katherine Buckee and Adele Young from our EMEA partner management team. Many of you have met them before but they work out of our London office and are working hard to help open up new opportunities for partners in the European marketplaces. We also have a special guest with us today, Jimmy Su from the market integrity team. He'll touch on plans for subsequent discounting that's being rolled out now. Both he as well as Katherine and Adele will be able to field questions at the end. So without further ado, let's jump right in and I'll hand it off to Katherine and Adele.

Thank you, Michelle. Hello, everyone. Good to talk to you. So today I'm going to be giving an overview of Oath in EMEA. We'll be talking specifically about our key EU3 markets and trends we're seeing in those markets. Give an overview on some of the products -- giving an overview on some of the products that are available. If you could move to the next slide. Next slide. To give you an overview, Oath has a very strong presence globally with over 1 billion consumers across the globe, with 52% reach, closely behind Facebook and YouTube. In EMEA specifically we have 200 million consumers with a 50% reach compared to Facebook and YouTube. This compares to 300 million viewers in the North American region. Next slide, please. In the UK, Oath has 42 million monthly active users and reaches 89% of the population. Oath is strong across a number of key verticals. Number 1 in finance. Third largest publisher in lifestyle behind telegraph and is fourth for news, reaching 21 million unique users a month. Next slide, please. focusing on specifically the global search partnerships, we have over 250 partners globally. They're operating in 22 markets and 12 languages. We're focused on growing revenue and driving high quality traffic with the will of our partners and helping our partners to use a wide range of Oath products and services. Next slide, please. In EMEA we have a dedicated team of four looking after our EMEA-based partners. Myself, Adele Young, Yunyun Hu and Daniel green and we're ready to help partners grow revenue in EMEA. If we look more closely as why partners work with us in EMEA, let me tell you key facts. We have 12 supported markets in the region ranging in size. We focus on the EU5. UK, Germany, France, Italy, and Spain. All offerings need to be localized to each market in order to get approval from M.I.T. We have a very strong pipeline of sponsored search and features available. Over 90% of global search features are available for partners operating in EMEA. We'll talk about these in more detail later on. As I mentioned, we have a dedicated partner management team ready to help support you on the

ground in the London office. We have a dedicated legal team that allows quick turnarounds for contracts and legal documents. The EMEA market support team can offer insight into the EMEA marketplace to help you grow. This speeds up approving and launching new activities. I wanted to touch on some of the general challenges the partners may find. Firstly, it's very important that all offerings are localized for the EMEA market. All campaigns need to be localized in local language, even U.S. language sites will require some localization in order to get approval. To be really successful in these markets, it requires investment. You need staff with local market expertise and ideally, native language skills to help optimize campaigns and build relationships. Then it's important to mention the varying size of the markets in EMEA. We have 12 markets and I've mentioned the largest five. The levels of investment required depend on the size and complexity of each market. We'd be happy to discuss this with you in more detail. I'm now going to hand over to Adele who will talk in more detail about some of the markets and the trends we've been seeing on the key metrics. Thank you.

Thanks, Katherine. Hi, everybody. I'm going to be covering key market insights for EU3. I want to start by covering some key facts about EU3 market. First, I want to start off with what is EU3? We refer to the largest markets in EMEA at EU3. This comprises of UK, France, and Germany. These are the largest markets in EMEA thus providing the largest opportunities. The largest of these markets is the UK, followed by Germany and then by France. The right level of investment, partners can grow Germany to a larger size than the UK. The UK is the lowest barrier to entry as U.S. English language sites can be used. Small adjustments do need to be made such as changing dollar signs to pound signs to get approval from M.I.T. All the main traffic sources are available in EU3 and subject to M.I.T. approval. For any new markets you're entering, you always need to have some knowledge and this rings true for EMEA particularly in France and Germany. To be successful in these markets, you need native language speakers and market expertise. Partners who don't have these resources available to them struggle. EU3 tends to have good network quality and thus creates a very stable marketplace. And just to give you an opportunity of opportunity size, if you have the right strategy and resource you can expect to grow any EU3 market by 20% to 30% of the size of your current U.S. revenue. UK and Germany will normally be around 30%. France slightly smaller at 20%. So, we can go to the next slide. Over the next few slides, we're going to talk about share volume, CTR, and friends across the last two years across desktop and mobile for EU3. We can't show you the absolutely numbers but the graph we'll show will give you an idea of the direction of trends in each of the markets. On this slide we're starting with such volume across PC and tablet. As you can see from these graphs, UK, Germany shows relatively flat volume growth. France shows the largest growth in the market with 101% increase. Main drivers for the high increases in France are changes that are made for optimizations with Microsoft made on the platform to increase performance. Volume trends across mobile show a very different story with all three markets showing very strong increases. And this is actually expected because during this time, many of our partners were shifting more and more into mobile and also starting to use native sources where the majority of traffic comes from mobile devices. UK source slightly lower growth rate of 110% compared to the other two markets because it is a bit more of a mature market compared to the other two. We also have seen more recently European partners starting to focus more on France and Germany as they understood the potential there and therefore started to source more traffic in these markets in order to widen the European footprint. This slide shows CTR trends for PC and tablet. Last two years we've seen increases across all markets. UK has seen a 55% increase. Germany, 93%. And France, the largest at 219%. Main drivers for these significant increases are changes in the keyword and those platform optimizations we're talking about in France have really helped to drive the significant performance seen in this market. Next slide. CTR trends on mobile has also shown some growth. The UK, which is the most mature market out of all three, shows a flatter growth rate of 11%. Germany and France have seen much greater increases with Germany seeing an increase of 88% and France an increase of 133%. The main drivers here are very similar to those we share to the desktop. Changes in the key work mix, the partner mix, and the Microsoft platform optimizations have all helped to drive the CTR increases in those two markets. The next

slide shows us the RPM trends for desktop and mobile. And as you can see, all have seen strong growth, particularly France. Again, with UK being the most mature market, it's seen a flatter growth rate compared to the other two. France with the platform optimizations has seen a significantly higher growth rate than the UK and Germany. Our last slide shows us the RPM trends for mobile. And as you can see from this slide, we're seeing a slightly different story. The RPMs in the UK are actually showing a 17% drop, where Germany is showing an 8% increase and France a 245% increase. -- Germany a 108% increase. It is mainly changes to the keyword mix. When we're looking at these graphs, there are a few things we need to bear in mind. Firstly, we're showing a view across the entire partner network and all those graphs show the decline for the UK market, not all partners share the same story and have actually seen growth during the same period. And secondly, we're shown a directional trend and not an absolute value. If you were to look at the absolute RPM for UK compared to France, it would generally be higher. Next slide. We thought it would be good to share some of the key verticals across desktop and also smart phone for EU3. As we can see for this slide, across all devices, travel, finance, arts and entertainment and home and garden are the four main verticals. Computer and electronics is an additional category. We're going to talk about some of the product features and also products available in EMEA. We're going to start with our sponsor search features which is on the next slide. As you can see from this slide and table, one of the main sponsor search features for you are also available for partners in Europe. We're very committed in order to try to make as many of our sponsor search features and products available to all of our partners globally. The top performing features available include L.A. T, stem building, L.A.T. Being long ad title. We've seen double-digit CTR growth. For some of the features, such as merchant ratings and more sponsors, they be restricted to certain markets, and normally this would be EU3. If there are any of these sponsor search features that you want to launch, please discuss with your partner manager and they can discuss next steps with you. The next slide shows us the search products available in EMEA and again, from this table, you can see many of the products available to partners in the U.S. are also available in EMEA. And this includes some of the newer products such as search assist and in-text. For some products such as Search Buzz, they'll be restricted to certain markets. In these cases, we're working very closely with product teams to define a wider roll-out plan for EMEA. For Search Buzz we've already agreed an EU5 roll-out. Germany, France, UK, Italy, and Spain by the end of Q3. Please bear in mind that many of these new products do require M.I.T. approval. Please discuss any of these that are of interest with your partner manager so they can advise you on the next steps. That is all of the slides that we have prepared for you today on EMEA insights. And we hope they've been of interest. We're really keen to help partners build a strategy for growing their EMEA traffic or to expand to EMEA markets if they have not done so already. If you're interested in discussing an EMEA strategy with us, please contact your partner manager who can advise you on next steps and set up a discussion with our EMEA team. I'm now going to hand you over to our guest speaker from the marketplace team who will provide you with an overview on the roll-out of mobile quality traffic scores and mobile discounting in EU3.

Hello, everyone. Hope you are all well. I'll go quickly into the topic. The question came up, why are we doing this now? And as you are all were, the traffic quality scores are a measurement of advertiser ROI and the feedback from partners in EMEA are that they want these scores published in order to help them manage their traffic quality and their sources of traffic and their implementations. We've been listening and working with our counterparts and Microsoft to develop the scores for EMEA specifically EU3 in order to provide you guys that feedback, in order to help you guys manage your traffic quality, your traffic sources and your implementations. So, in terms of timing, I'll go through timing first on the left side. As you are probably all aware, we launched mobile traffic quality scores on August 15th. So, you should be able to see those scores and partner insights today. In terms of type tag level scores, we understand that's very important to help you guys manage your different segments of traffic. To date we don't have a launch date for that. We're working diligently to determine what that launch date is. It was originally scheduled for the end of August to early September. We did encounter some issues with the score's accuracy and we're working very diligently with Microsoft to make sure those scores that are being published are the

most accurate. We'll let you know in the next few days, maybe in a week or so as to when we think the up to tag level scores will be published. In the meantime, we'll be providing off line data, not in partner insights but your managers will be sending you data of the scores. Generally, it will likely be on a weekly basis, though we are trying to see if we can get you more updates, twice per week perhaps, of your type tag level scores, until they get into partner insights. So, more information to follow. And your partner manager will be in touch with you as to when that will launch. In terms of discounting, that will launch on September 18th. It's scheduled for a September 18th launch. On September 18th, you may or may not see discounts on your traffic, depending on your TQ scores, traffic segments and what not. Eventually on the 18th you'll see some source tags; some tags may see discounts applied. Over time as we phase in additional discounts during a phase period you may see discounts being applied over time. The idea is to make sure we're not disrupting your business but we're also providing you with the accurate scores and the directional information so you can manage and minimize the discounts being applied to your traffic. So, during this time, what are the recommended actions? I'll read through these really quick and provide additional context. Ideally, we want to make sure you keep your mobile volume very stable. The issue is when it's not stable, it introduces a volatility and that can have -- that introduces an uncertainty into the system. That did have detrimental impact on tag TQ score. We recommend keep it as stable as possible. We understand the holiday season is coming so you're going to need to ramp some mobile traffic. We understand that. Try to reduce as much volatility as possible because that just introduces uncertainty and you'll see changes in your TQ score that you may not expect. Insure the traffic is tagged correctly and per traffic source. Try to minimize any shifting of traffic between tags. The system is trying to learn off the traffic that's currently in your tags. And as you shift traffic over, that introduces a lot of uncertainty and volatility into the system and the system tries to adjust for it but may adjust, over adjust, or under adjust, and therefore try not to shift or mix traffic too much there. Third bullet point. Ensure that you're targeting a large keyword mix on each source tag. If you're targeting a very high CPC keywords on a given source tag, you're overly relying, the system will be overly relying on the keywords to determine what your traffic quality score is. And it may rate, score higher or lower depending on what that is. So ideally, I think we recommend that you have a varied mix of keywords with each source tag to make sure the system is stabilized basically. And therefore, you won't see too much fluctuations in your TQ score. Review source tags and type tags with low TQ scores and work to improve them. I believe your partner management team has reached out to you to work with you to improve the low TQ source tags. Once we have it in the system you can do this automatically. We'll be sending you type tag level scores. You should ideally focus your efforts on those low-quality source tags and type tags. I'd recommend looking at anything below five, for example, and work to improve that. Things you can do to improve TQ scores there is looking at your query mix. Diversifying your query mix a little bit. Like I said in the previous bullet point. Look at the sources of traffic. Remove sources of traffic that are low TQ or aren't performing well. Then look at different sites, domains where your ads are being shown and make sure those are optimized and anything that's below a five, you should really take a look and make sure that's something you want to maintain. And see if you can improve that. Fifth bullet point. I would not recommend adding new traffic sources during this period. If you must and you need to, I would say take that to your partner manager and we'll evaluate it with M.I.T. but any introduction of new traffic sources, especially if they drive an influx of significant traffic will destabilize the system and will then fluctuate your scores. Again, that introduces uncertainty into the system. The scores may fluctuate wildly which we want to try to minimize. Then the last point. Reach out to your partner managers. If you have questions about your traffic quality scores, reach out to your partner managers and we'll work with them to try to isolate the issue or identify what's driving the issue and provide that feedback to you. In terms of the traffic quality roll-out here, traffic quality score roll-out, it is something we think will help you guys manage your traffic better. It is a good measurement of our advertiser ROI and helps minimize impact to the marketplace as well as maintain marketplace health. So that's really all I had. If you have any questions, please wait till the end and we'll answer what we can.

Great. Thank you, Jimmy, Katherine, and Adele. We'll now open it up to Q&A. If you have any questions from our speakers, type them in the chat box on the bottom right of the screen and select all panelists in the drop-down when you submit them. The first is for the EMEA team. I have in the past tested EMEA YHS and it didn't perform so well. Has anything changed?

Thanks, Michelle. I can answer that question. It's Adele. Actually, yes, a lot of change has changed with the product in EMEA. Depending on how long ago, maybe it was some time ago, we've actually had a huge platform overhaul on the back end. Previously our YHS product was running on a very different platform and due to that, our partners who operate on a global basis, were seeing a very different performance between the U.S. offering and also the EMEA offering. During the course of H1 of last year, our product teams worked very diligently to overhaul the international offering, including the EMEA YHS product in order to put them on to the same platform as the U.S. and increase performance. And due to that, we've seen really high CTR and RPM uplifts since the launch in H1 of last year. It really is a good time to revisit YHS and retest if you haven't tested that product in a while, particularly in EMEA. And the product teams are also going to be continually updating and investing in the international product. So, we should see further enhancements and performance increases moving forward. If partners want some specific insights, they can reach out to me, and I'm happy to share those with them.

Thank you, Adele. Second EMEA question. I have global markets in my contract for all approved implementations. Can I just switch on the EMEA traffic?

Hi, this is Katherine. I think the thing to do is for partners to speak to their partner manager about what they'd like to do. And we would need to run new implementations by M.I.T. and just to talk about expected volumes and traffic sources. We'd very much like to discuss partners' ideas about what they can do in EMEA, run them by M.I.T. and quickly move to get those lives.

Thanks, Katherine. Then a lot of the insights here are EU3 focused. How can I get more information about the other EMEA markets?

I can take that one. It's Adele. In regards to other EMEA markets, we focused on EU3 because they're the largest market. If we covered all 12 we'd probably be talking for another hour or so. So, they can reach out through their partner manager to our team and we will get some insights and share those with you.

Great. Thank you. And the last question I have, last call if anyone else has any other questions to type in. The last one we have right now is who can I speak to about EMEA opportunities? What are the next steps?

This is Katherine. So again, I think it will be good to approach your partner manager. They can connect, set up a call with us. So, it's a very straightforward process really. Bring your ideas as soon as possible. We'd love to talk about them. If you already have approval rights in the contract, then we just need to run a few bits of information by M.I.T. then we can get going with testing. Very keen to talk soon.

Okay. Great. Going to move on to concluding this in just a minute. If anyone has other questions, please type them now. If you think of something after the webinar, please feel free to reach out to your partner manager. In the meantime, thank you for joining, everyone. And thank you to Katherine, Adele, and Jimmy for joining us today. If you have any additional questions, reach out to your partner manager. As a reminder, you will receive an e-mail after today's webinar that will contain a link to the recording of the event, as well as a copy of the presentation that you can review at your convenience. If you want to learn more, please visit our website at Oath.com/partners. Thank you all

for your time and for joining us again. We hope to see you at our next webinar. Have a great rest of the day and rest of the night for those in EMEA. Thank you. [Event concluded]