Google

Discovery ads strategy (ACM)

June 5, 2020

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1:20-cv-03010-APM

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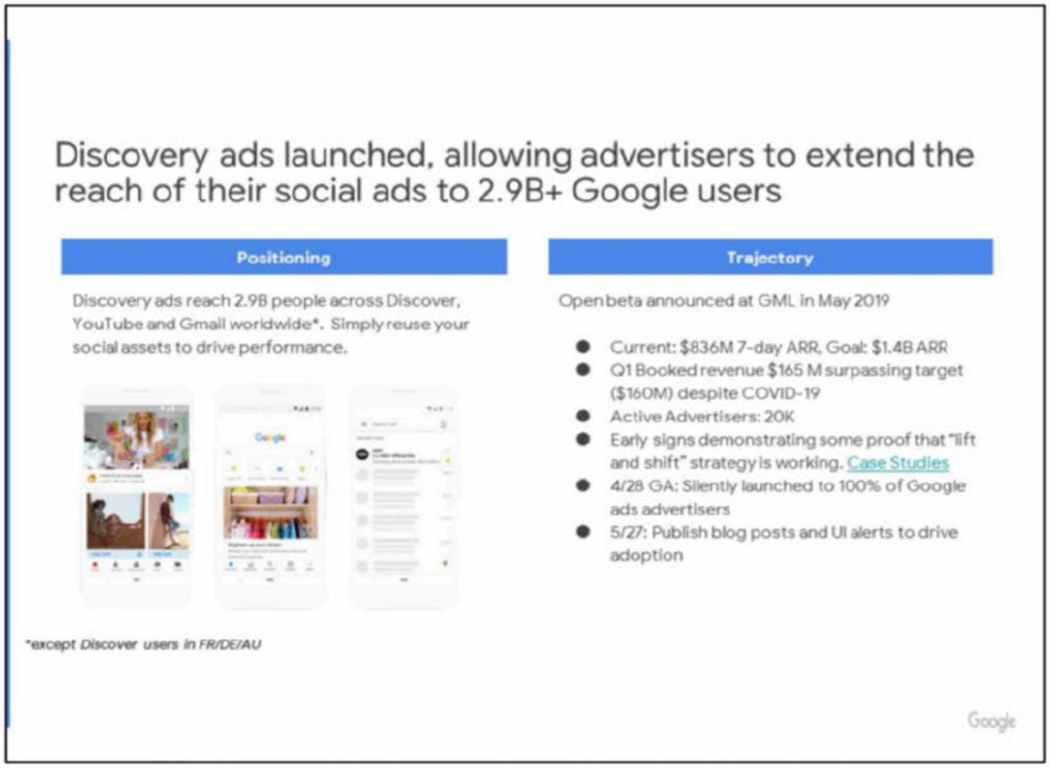

Discovery Ads pitch is crisp and simple - reach 2.9B+ users on Google O&O feed-like properties, Simply reuse your social assets and campaigns to drive performance.
It's been an exciting journey from alpha in holidays 2018, to an open beta at GML last year and GA last month.

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Net revenue impact of discovery Confidential

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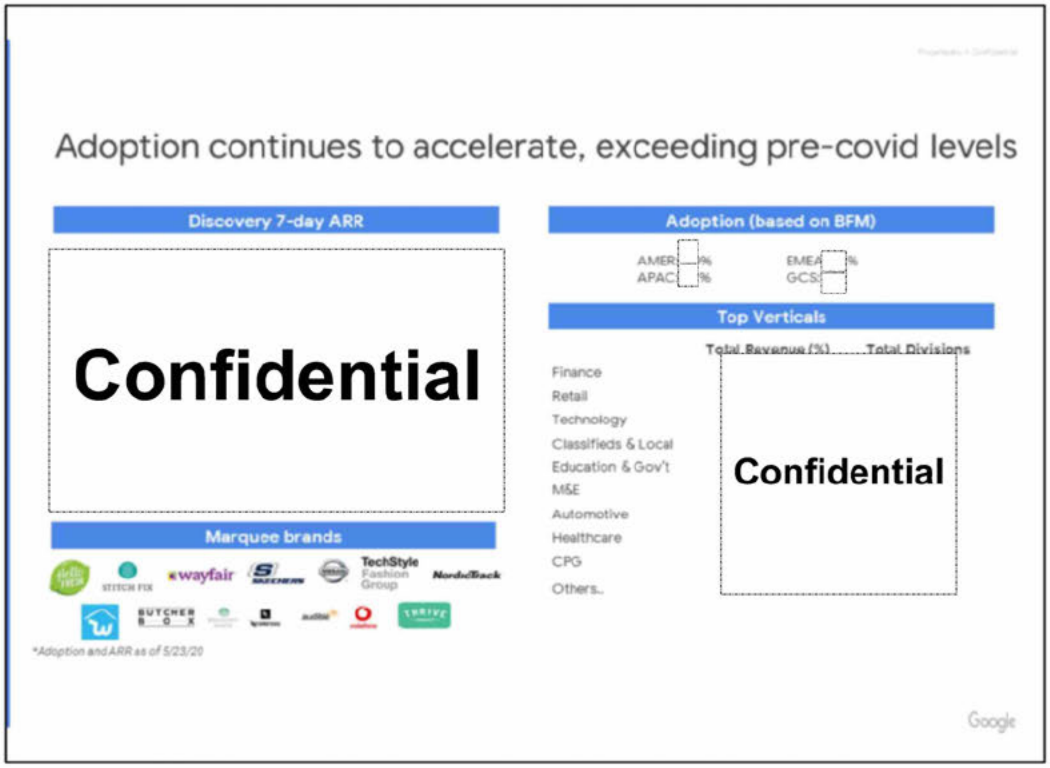


Off to a great start. Product adoption and revenue continues to accelerate as you can see from the ARR chart. We are seeing a steady growth in the business as brands are leaning into Google's feed based surfaces.

In terms of markets, we are seeing great numbers coming from AMER and APAC. Early on APAC paved the way from an adoption perspective and it continues to partner closely with our team to accelerate adoption (lot of competition in that market). AMER drives the bulk of our revenue today (Confidential%).
We have a BFM adoption metric and are now starting to see gains in advertiser adoption post COVID.

Re: verticals, we have been successful in building a product that works well across a variety of verticals. Now we need to go deep and strengthen our verticalized offerings. Retail contributes less revenue per division than e.g. Finance. And I'll put a pin on that, and will talk about it later as to why.

//We know online retail in particular is an area that has shown strength amid COVID for Facebook and is a clear area of investment for us.

Big focus of our sales strategy (which we will go into later) identifying the right customers, pitching social decision-makers and getting incremental performance budgets.
Our top advertisers include Skechers, P&G, Vodafone, Verizon, Finance advertisers

like Turbotax & several DTC brands like Chime, Hello Fresh. Fit among MMS & mid-tier LCS segment.
/* Top FB adverrtisers - Walmart, Microsoft, Disney, AT&T, P&G, DTC, Apps like Uber, Finance - Wells Fargo

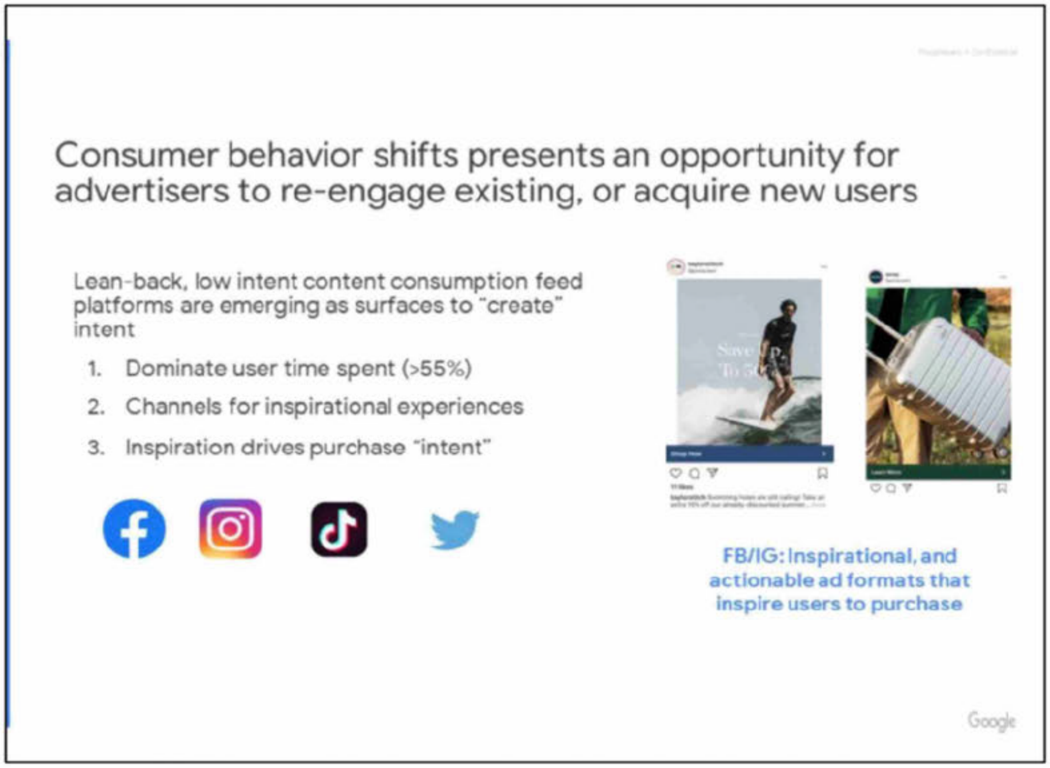
Finance - Chime, Turbo Tax
Retail - HelloFresh, Skechers
Tech - Vodafone, Charter Spectrum

2020 BFM: [redacted]% of Google Ads customers adopt Discovery ads ([redacted]% in LCS)
FB - Online retail, Gaming, DTC Innovators

With some of our early analysis, we're unlocking incremental revenue across our O&O properties and accelerating gains in net revenue as a result.

Adoption (BFM) is a revenue weighted metric. The formal definition is: % of 91-day total Google Ads revenue from division-country pairs with a Discovery campaign (defined as >$0 revenue).

https://docs.google.com/presentation/d/110COa5X1cuBxB4kz6h_S0CzBrFozmRV6l8aqIV1gHIM/edit#slide=id.g721de5698f_2_863.

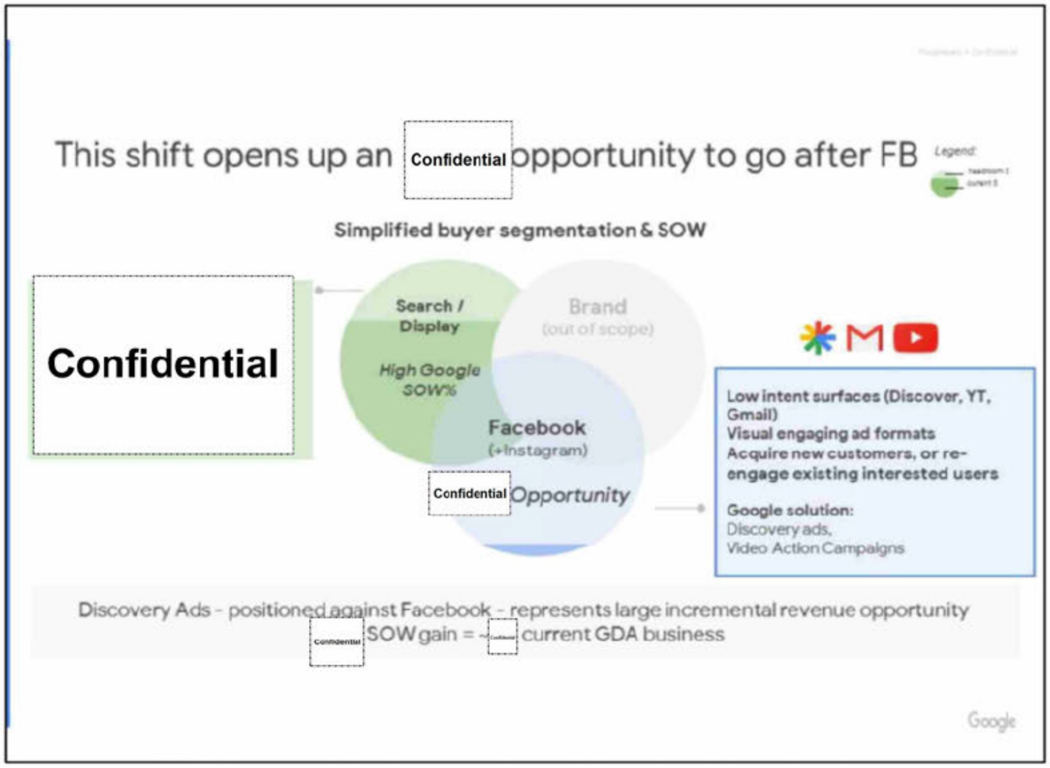


Why we are building what we are building
Taking a step back, consumer shopping behavior has significantly changed over the last few years and now it includes serendipitous discovery of products. Users are purchasing products that they discover on low-intent, browse-based surfaces.

[redacted]%+ of mobile time spent is in social + media apps.
Users seeks inspiration to inform their choices. Verbatim from user research in 2019 "I don't necessarily know what I'm looking for but I know it when I see it"
/[redacted]% users connect and communicate with brands on IG.[redacted]%+ growth in e-commerce sales is attributed to social & feed like surfaces

So this is a force and trend too significant to ignore

Platforms like Instagram have identified this trend. Recipe is visually engaging ad formats that inspire users to purchase. These solutions are resonating well with advertisers who are reaching out to customers to "create intent" or to "move them down the funnel".



This shift in consumer behavior, and advertiser desire to reach out these users opens up a Confidential opportunity for us to go after FB.

Discovery is clearly positioned for social buyers. We want to unlock access and play in this Confidential budget opportunity, which we believe Google (search + display) has not had access to. We want advertisers to lift n' shift social campaigns and achieve their performance goals on Google surfaces. Confidential
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We have the low intent, browsy properties with a scale of Confidential user (w/ time spent in apps), inspirational visual experiences that lets advertisers deliver their narrative the way they want, and we have the Google intent data to help advertisers with their performance goals (new users, and moving users down the funnel) at scale. This is what resonates with our social buyers.
This is why Discovery exists.

Comparison w/ Uber
The big difference is the buyer - Discovery is for the social buyer who has keys to Confidential of budgets.
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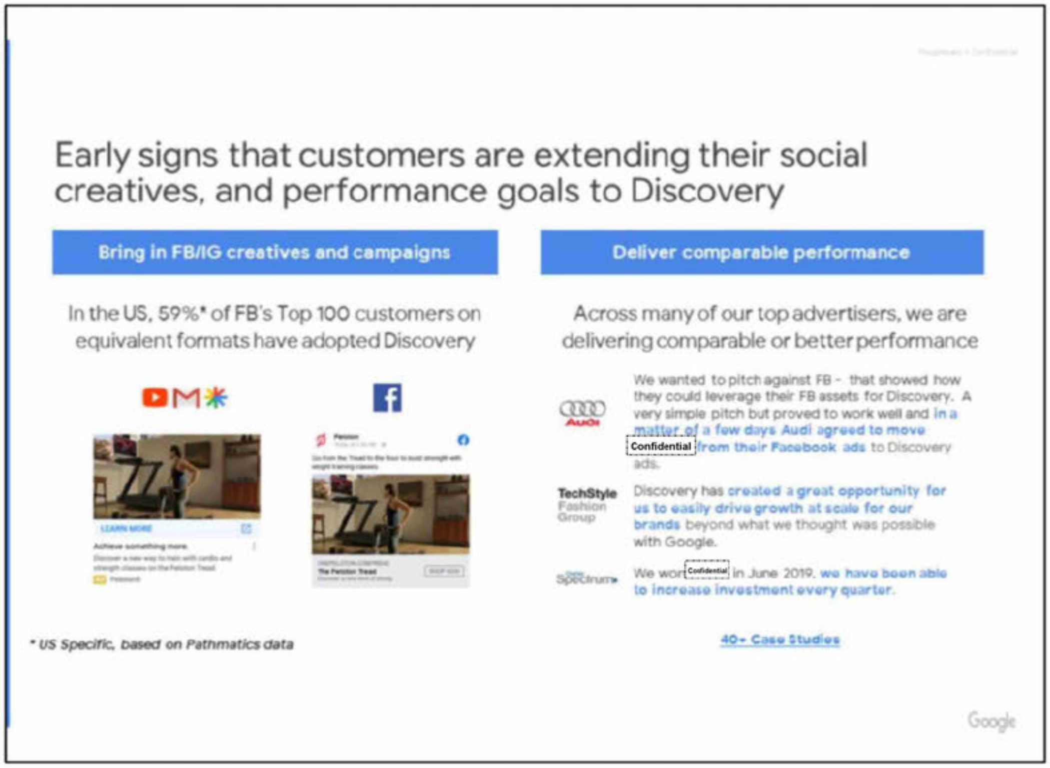
Q: How do we know we are succeeding in getting social budgets? When do we have enough demonstrated ability to prove this works, and we are winning?



This is a tall order -
Early signs that customers are extending their social creatives, and performance goals to Discovery.

Facebook's top customers on image and carousel formats have adopted Discovery (pathmatics data shows this percentage to be 59% in US). We are successfully and scalably bringing FB/IG creatives into Discovery. There's been strong XFN collaboration in defining the right guidelines, building good tools, seller + advertiser education on best practices to make this happen. Just one example of Peloton, but this is something our team continuously tracks and obsesses over.

In terms of performance, we've seen good performance delivered across customers. Confidential + of our spend is with campaigns that deliver performance below tCPA targets. Brands like Audi, TechStyle and Charter Spectrum and over 40+ case studies of advertisers are finding success & speaking to our value relative to their social spend. This is a good testament to the strength and positioning of the product and how Discovery now fits in in their overall media plan.

But we are just starting out

Top of mind

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59% of customers who buy photo or carousel ads on Facebook are also buying with us. Note: this is US specific given limitations in the scope of Pathmatics' panel data. Those customers include brands like Audi who with a simple email pitch shifted Confidential from low performing Facebook ad units to Discovery in a matter of a few days.

We have over 40 cases on this and have found success asking customers to speak to Discovery value.

Top of mind

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Deliver the promise of simplicity and single buying door to access Google's feed-like inventory. It is important for us to talk to social buyers in their language, and simplify for their needs to generate demand on Google's O&O inventory.

e.g. our advertisers care about prospecting buyers, or look-alikes, and how do we make this setup easier.

Our current buying experience, and complexity is not what social buyers want.

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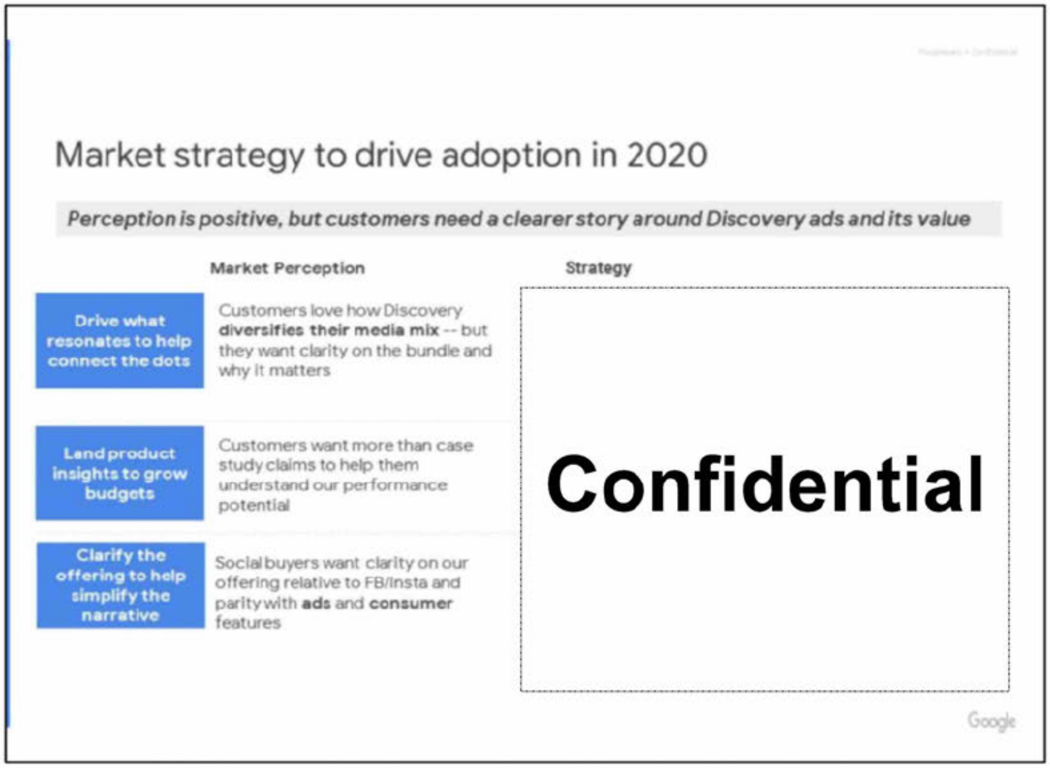
Flag from Video GPL: If the voice over here is around the co-sell, how will we speak to top features required to ease planning/optimization. Full list here: https://docs.google.com/spreadsheets/d/1RJn2L_JBYJhLjRDbxxhj14acoXxl-arjZh83lw70kqo/edit#gid=306916437



- Hi everyone, I'm Miriam Wynn on the Discovery Ads Marketing team, and I'll be covering our plans to drive adoption this year with a strong go-to-market message.
- Fresh off our launch, we've seen great press and a positive overall response to the product in the market:
- The industry is catching on to our comparable reach of Confidential monthly active users relative to facebook
- The easy lift and shift from social campaigns to Discovery
- And lastly, the market recognizes our call for aspirational creative -- even calling out our creative guide!

- The biggest gap we've seen in market perception to date is that advertisers are confused about our positioning next to Facebook due to the lack of performance benchmarks, social media features, and on par formats and measurement.

- To address this, we'll focus our positioning for the rest of the year on:

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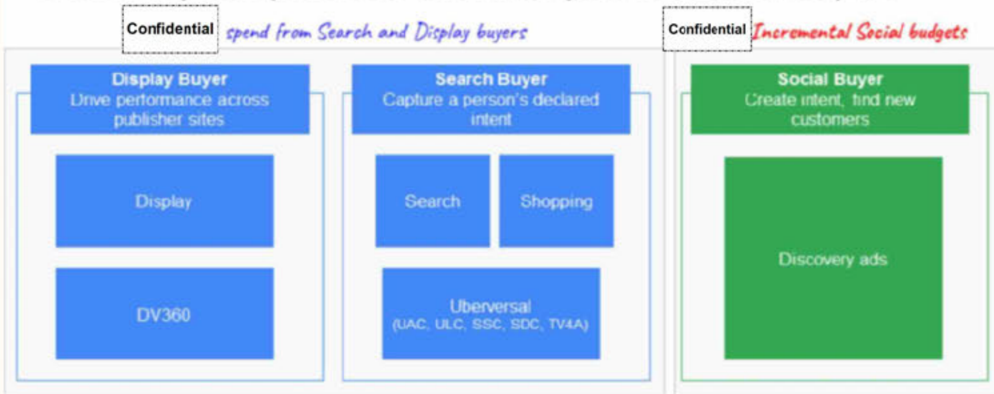
Discovery ads provides a familiar pitch to social buyers



- **Beyond Search and Display buyers, Google can now access social budgets and *creatives***
- **Discovery's lift and shift strategy brings social campaigns for feed surfaces and drives higher marginal ROI for social buyers using Search Intent**

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No evidence of cannibalization with existing campaigns

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