



**WE SUPPORT  
YOUR STAGE**

Value-based Bidding in Practice





# Agenda

- Intro
- Bax Music
- Bax Music challenges
- Strategy
- Outcome
- What's next?
- Key Takeaways



# Intro



- Bart van de Casteel
- Over 10 year online marketing experience
- SEA Marketeer @ Bax Music since 2015
- Happy father of 2 daughters



# Bax Music



- Founded in 2003
- Over 450 employees
- 5 stores
- 8 countries
- Revenue > 120 million euros



“Achieving sales is not difficult, improving profitability is the challenge”



# Challenges

1. EMPOMK - > POAS
2. Conversion value
3. Loyal customers



# Analysis



## PRODUCT ADVERTISING CONTRIBUTION MODEL

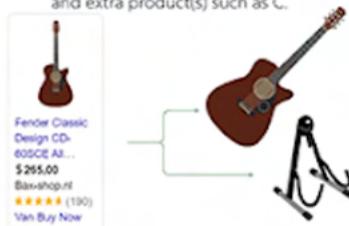
### Direct advertising contribution (DAC)

Advertisement A leads to the sale of product A.



### Upsell

Advertisement A leads to the sale of A and extra product(s) such as C.



### Cross-sell

Advertisement A leads to the sale of product B.



### Indirect advertising contribution (IAC)


Advertisement of product D, leads to product A purchase. Product A is also the cross-sell of the advertisement of product D.



# Analysis




## TOTAL SALES FROM ADVERTISEMENT



Fender Classic Design CD-60SCE All...  
\$265,00  
Bax-shop.nl  
★★★★★ (190)  
Van Buy Now


2 PIECES

10 PIECES



at \$265,- Margin% = 10%  
\$53 margin

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at \$144,- Margin% = 40%  
\$557 margin

Product margin % = 10%  
High ROAS target

Total: \$629,- margin and \$1970,- revenue  
Margin% of purchased products = 32%  
Low ROAS target





# Steps



Step 1



Connect  
Data

Step 2



Calculate  
Margins

Step 3



Group  
Products

Step 4



Optimize  
Targets



# 1: Connect data



Adgroup id



Google Analytics

Orderid  
Product id  
Adgroup id



Product id  
Purchase Costs  
Returns  
Kickbacks





## 2: Calculate Margins

### Total Revenue from order

- VAT
- Total purchasing cost order
- Shipping Costs
- Payment Costs
- Returns
- + Kickbacks

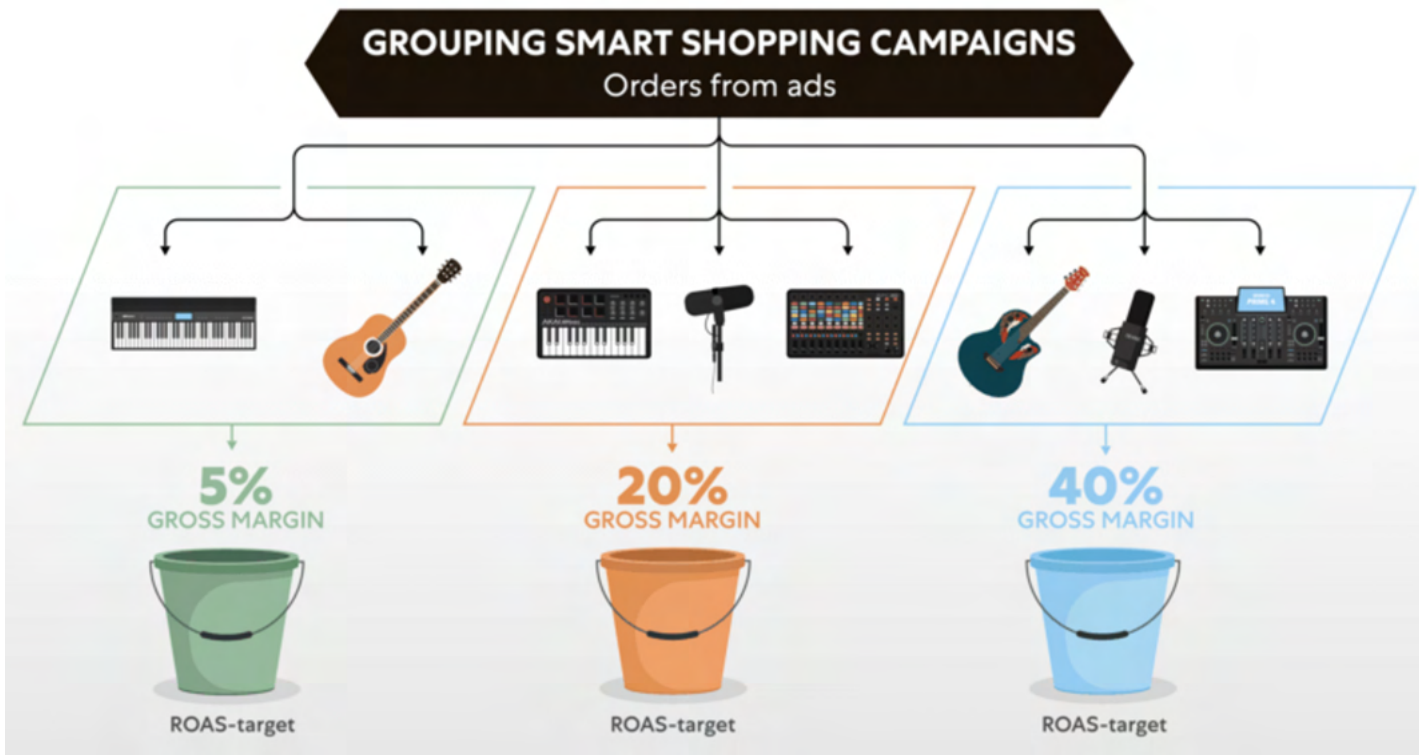
### Gross Margin

- Advertising Costs

**EMPOMK -> POAS**



# 3: Group Products



# 4: Optimize targets

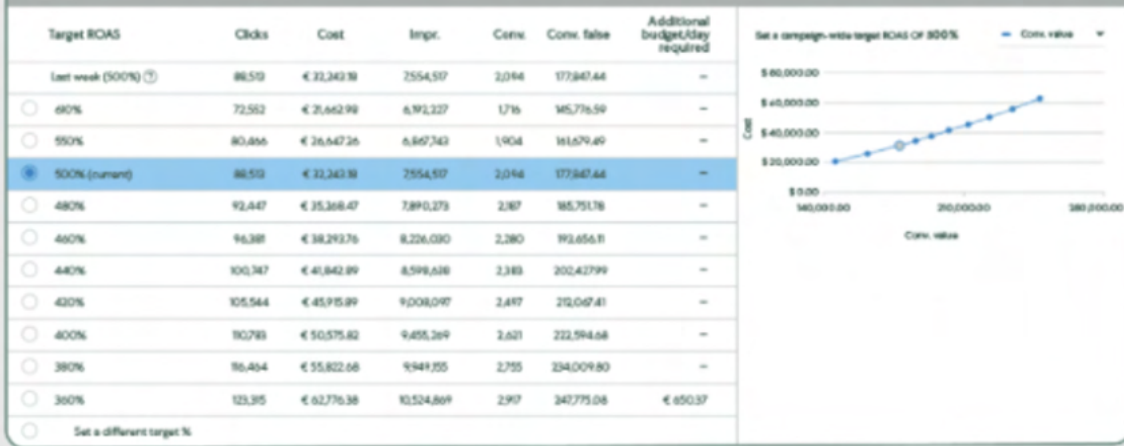


40%  
GROSS MARGIN



## Campaign Target ROAS simulator

See how different targets can impact your ad traffic. The target you select will be applied to this entire campaign. [Learn more](#)



## 4: Optimize targets



40%  
GROSS MARGIN



Target ROAS	Costs	Conversion value	Gross margin %	Gross margin	Net margin
610%	€ 21.663	€ 141.506	40%	€ 56.603	€ 34.940
550%	€ 26.647	€ 154.244	40%	€ 61.697	€ 35.050
500%	€ 32.243	€ 167.370	40%	€ 66.948	€ 34.705
480%	€ 35.268	€ 172.975	40%	€ 69.190	€ 33.922
460%	€ 38.294	€ 178.424	40%	€ 71.370	€ 33.076
440%	€ 41.483	€ 183.176	40%	€ 73.271	€ 31.428
420%	€ 45.916	€ 188.409	40%	€ 75.364	€ 29.448
400%	€ 50.576	€ 194.099	40%	€ 77.640	€ 27.064
380%	€ 55.823	€ 200.203	40%	€ 80.081	€ 24.258
360%	€ 62.776	€ 203.826	40%	€ 81.531	€ 18.755



# Results



- Increase in profitable orders
- Insights how to increase margin and revenue
- Insights in Cross-sell and Upsell





# What's next?

## *Optimize Pricing*

Benchmark Product Price

group 1: -15 tot -7.5%

group 2: -7.5 tot -1%

group 3: -1 tm 1%

group 4: 1 tm 7.5%

group 5: 7.5 tm 15%

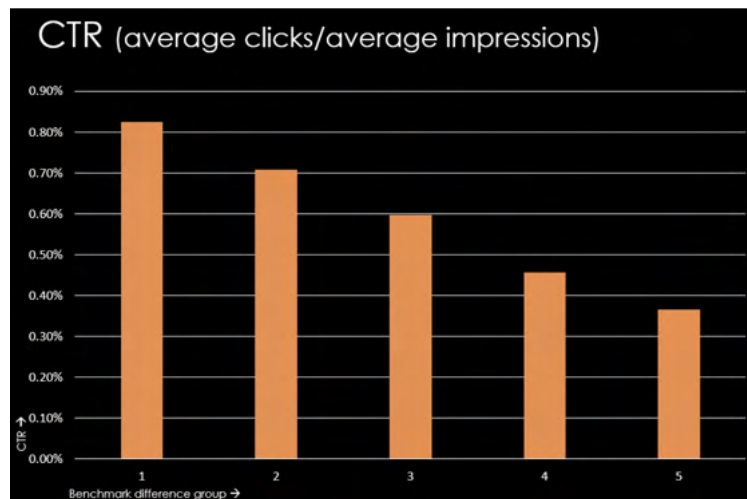
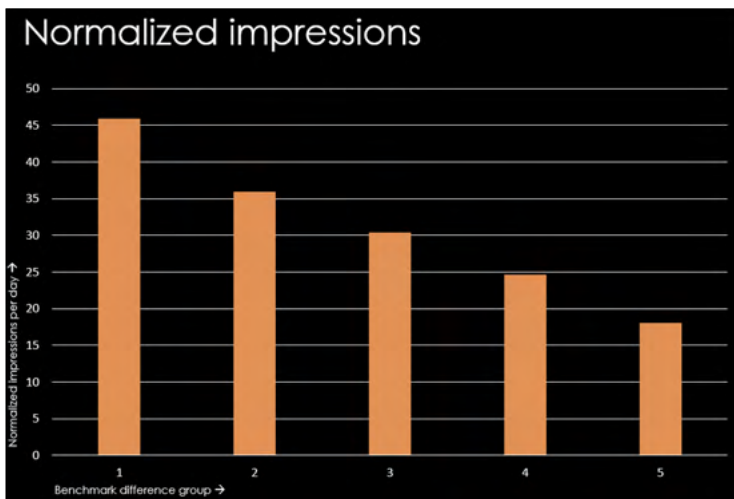




# What's next?



## *Optimize Pricing*

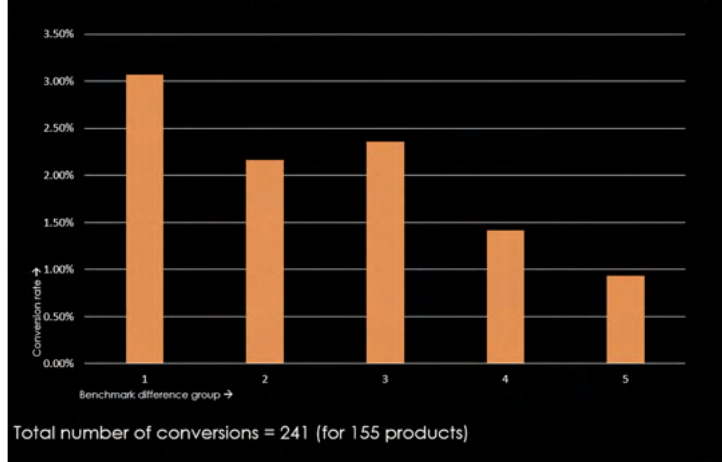


# What's next?

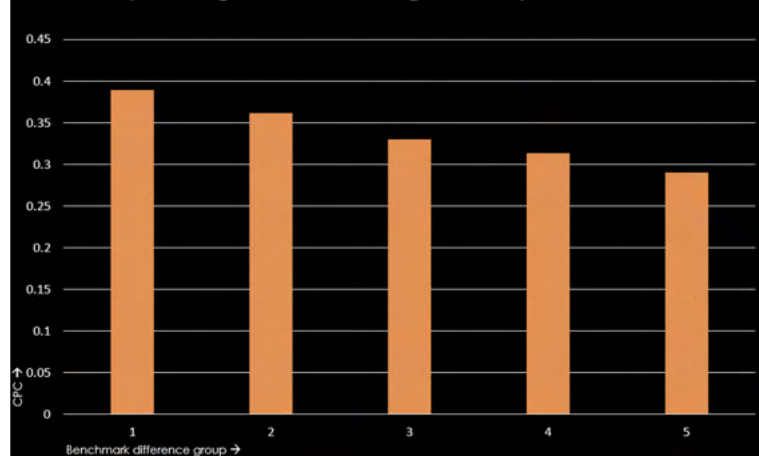


## Optimize Pricing

Conversion rate (average conversions/average clicks)



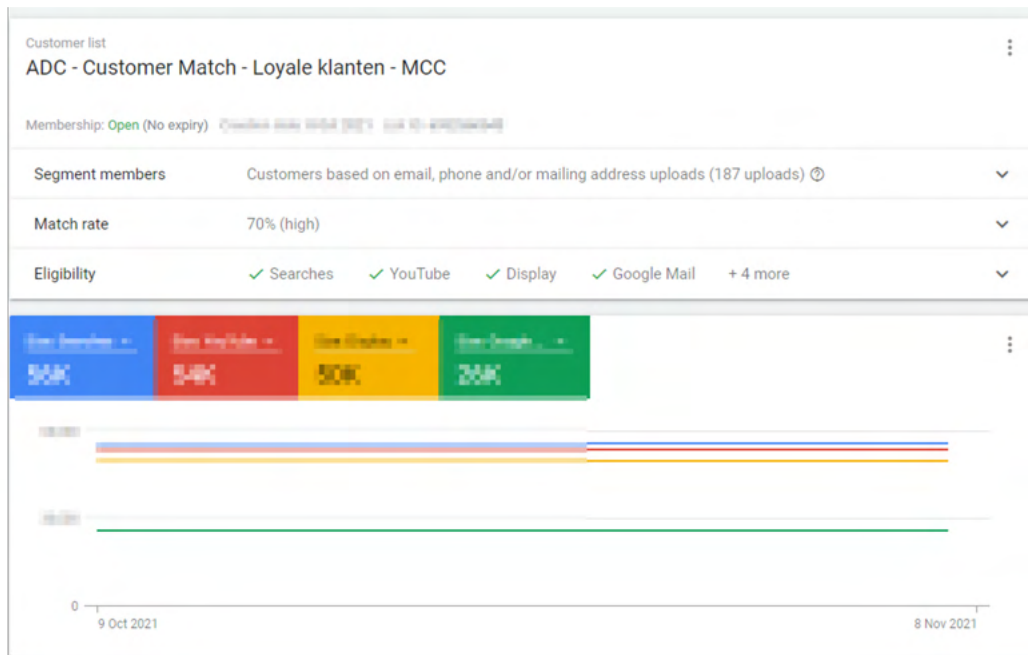
CPC (average cost/average clicks)



# What's next?



## Customer Match API



# What's next?



## Optimize for Customer Lifetime Value

### Conversion value rules

Conversion value rules let you adjust values for conversion events based on conditions like location or device. You'll see the output of conversion value rules in your reporting and they'll be used for value-based bidding in your campaigns. [Learn more](#)

### Conditions

Select the condition for your customers and people interested in your business

Primary condition

Select your rule's primary condition ⓘ

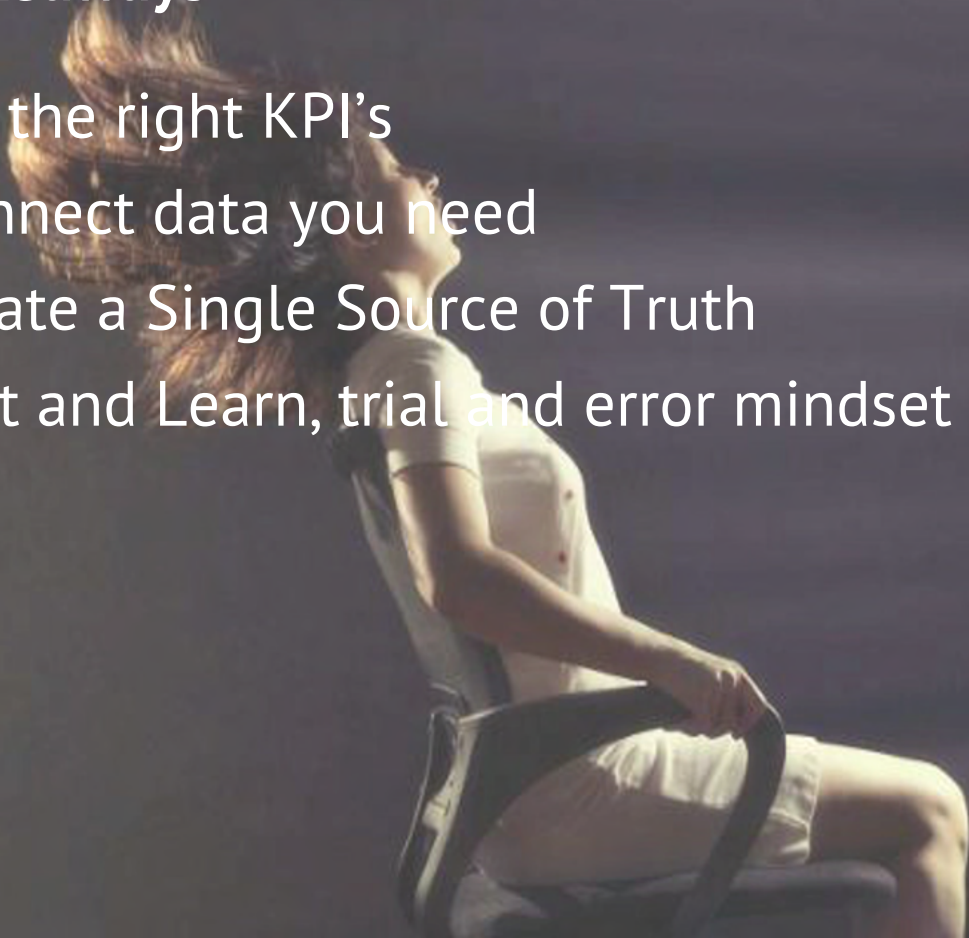
Audience ▾

- All audience segments
- Enter audience segment



## Key Takeaways

- Set the right KPI's
- Connect data you need
- Create a Single Source of Truth
- Test and Learn, trial and error mindset



Want to know more?



[linkedin.com/in/bartvandecasteeel](https://www.linkedin.com/in/bartvandecasteeel)

