Be More Like SpaceX:
The Elon Musk Approach To PPC

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Join or Die: Digital Advertising in the Age of Automation

Revered as a “masterclass in digital advertising,” Join or Die is the playbook for profitably leveraging automation within Google Ads, Facebook Ads, and other emerging ad platforms.
The SpaceX Business Plan

Key Goal: Get Mars ticket down to $500,000
Key Goal: Launch something into orbit

Point A
Point B

1,000,000 People

ONGOING MARS COLONIZATION
ONGOING SPACE DELIVERY BUSINESS
ONGOING R&D

TRIAL & ERROR

PHASE 1
Figure out how to put things into space

PHASE 2
Revolutionize the cost of space travel

PHASE 3
Colonize Mars

Original Source:
Tim Urban, waitbutwhy.com
The *freaking* rocket LANDS STRAIGHT UP after being in space!
The SpaceX Business Plan

Point A

Key Goal: Launch something into orbit

Point B

Key Goal: Get Mars ticket down to $500,000

1,000,000 People

ONGOING MARS COLONIZATION

ONGOING SPACE DELIVERY BUSINESS

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WHY don’t any of our PPC Strategies take a similar approach?
The FALCON Budget Framework
FALCON Budget Framework

1. Add clarity to long term vision
2. Identify starting position
3. Simplify complex problems
4. Identify main challenges
5. Manage expectations
What’s Your **Long Term Vision?**

(A very long road)
Identify **Starting Position**
Data Quantity < **Data Quality**

- **Sprinter**
- **Incumbent**
- **Dark Horse**
- **Opportunist**

**DATA QUALITY**
- Basic Conversion Tracking
- CRM Integration
- 2+ Years of Historic Data
- ADV. Conversion Tracking
- Cohort / LTV Data
Enter Dark Horse...

(A very long road)
Enter Dark Horse...

We should do PPC!

New Dark Horse

Colonize Market

(A very long road)
Test Budget Campaigns (TB)

- First test = Gut instinct

- Goal: Acquire a customer

- Expectations:
  - “When we will know if this can be successful?”
  
  **NOT**

  - “When can we expect this to be successful?”
Dark Horse: No Data, Not Profitable

- **Dark Horse**
- **Colonize Market**
- **Initial Test Budget**
  - **PHASE 1**
    - Figure out how to acquire a customer
High Confidence Response Campaigns (HCR)

- Examples include:
  - Most Search Campaigns
  - Shopping Campaigns
  - Some Facebook Campaigns

- Reliable source of customers

- CPA/ROAS is generally within profit targets

- Volume is finite

- Confidence = Measurable success
Sprinter: Some Profit, Little Data

Key Goal: Determine Bottom-Funnel Campaign(s)

Initial Test Budget

Ongoing Testing Budget

PHASE 1
Figure out how to acquire a customer

PHASE 2
Figure out how to acquire customers consistently

Short Term ROI-focused Budget via HCR Campaigns

Colonize Market

Dark Horse

Sprinter
Modeled Confidence Response Campaigns (MCR)

- Examples include:
  - YouTube
  - Display
  - Most Facebook campaigns

- True impact not easy to attribute

- Value of MCR campaigns realized as:
  - Direct response conversions
  - “Halo Effect” impact on HCR campaign conversion rates
  - Long term benefits of brand awareness and recall
Opportunist: Good Data, Not Profitable

Key Goal:
- Identify Opportunities to Reduce HCR CPA

Longer Term Budget via MCR Campaigns

- Initial Test Budget
- Short Term ROI-focused Budget via HCR Campaigns
- Ongoing Testing Budget

PHASE 1
Figure out how to acquire a customer

PHASE 2
Figure out how to acquire customers consistently

PHASE 3
Train algorithms to profitably reach new audiences at scale
Incumbent: Good Data, Profitable, Eager to Grow

Key Goal: Identify Opportunities to Reduce HCR CPA

Key Goal: Determine Bottom-Funnel Campaign(s)

PHASE 1
Figure out how to acquire a customer

PHASE 2
Figure out how to acquire customers consistently

PHASE 3
Train algorithms to profitably reach new audiences at scale

PHASE 4
Growth of MCR budget increases TAM for HCR campaigns

Initial Test Budget

Short Term ROI-focused Budget via HCR Campaigns

Ongoing Testing Budget

Longer Term Budget via MCR Campaigns

Colonize Market
The **FALCON** Budget Framework

**Dark Horse**
- Key Goal: Determine Bottom-Funnel Campaign(s)

**Sprinter**

**Opportunist**
- Key Goal: Identify Opportunities to Reduce HCR CPA

**Incumbent**

**Colonize Market**

**Initial Test Budget**

**Short Term ROI-focused Budget via HCR Campaigns**

**Longer Term Budget via MCR Campaigns**

**Ongoing Testing Budget**

**PHASE 1**
- Figure out how to acquire a customer

**PHASE 2**
- Figure out how to acquire customers consistently

**PHASE 3**
- Train algorithms to profitably reach new audiences at scale

**PHASE 4**
- Growth of MCR budget increases TAM for HCR campaigns
New Client Matrix

A client’s current level of profitability + quality data from their account determines where they begin the process.

FALCON Budget Framework

R&D (data) + Confidence + Profitability = Progress
Phase 1: Dark Horse
Phase 2: Sprinter

- Attributed ROAS
  - High Confidence Response Campaigns (HCR)
  - New Tests

- Budget

Legend:
- HCR Campaigns
- MCR Campaigns
- Test Budget
Phase 3 & Phase 4: Opportunist / Incumbent
Phase 1: Figure out how to acquire a customer
Phase 2: Figure out how to acquire customers **consistently**
Phase 3: Train algorithms to profitably reach new audiences at scale
Phase 3: Train algorithms to profitably reach new audiences at scale
**Problem:** Most clients exist outside of the matrix and the framework
Overall Results

- $150K spend
- $350K revenue
- 230% ROAS

Segmented Results

- **HCR:** $75K spend, $225K revenue, 300% ROAS
- **MCR:** $50K spend, $100K revenue, 200% ROAS
- **TB:** $25K spend, $25K revenue, 100% ROAS

Results Excluding Test Budget

- $125K spend
- $325K revenue
- 260% ROAS
Enter Dark Horse...

We should do PPC!

New Dark Horse

Colonize Market

(A very long road)
...this is actually kind of nice

Yeah it's not too bad!

Sprinter

Opportunistic

Consistent Returns

Short Term ROI-focused Budget via HCR Campaigns

Initial Test Budget

(A relatively smooth road)
Campaigns **graduate from testing phase** and become HCR or MCR
### Overall Results
- $160K spend (150K)
- $380K revenue (350K)
- 238% ROAS (230%)

### Segmented Results
- **HCR**: $85K spend, $255K revenue, 300% ROAS
- **MCR**: $50K spend, $100K revenue, 200% ROAS
- **TB**: $25K spend, $25K revenue, 100% ROAS

### Results Excluding Test Budget
- $135K spend (125K)
- $355K revenue (325K)
- 263% ROAS (260%)
Phase 4: Growth of MCR budget increases TAM for HCR campaigns
Overall Results

- $175K spend (150K)
- $475K revenue (350K)
- 270% ROAS (230%)

Segmented Results

- **HCR:** $100K spend, $350K revenue, 350% ROAS
- **MCR:** $50K spend, $100K revenue, 200% ROAS
- **TB:** $25K spend, $25K revenue, 100% ROAS

Results Excluding Test Budget

- $150 spend (125K)
- $450 revenue (325K)
- 300% ROAS (260%)
One last question: How would Elon Musk manage client expectations?
Thank You

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