



Measuring the incrementality of Paid Search

Agenda



1. Introduction

2. Why we tested for incrementality

3. Test set-up

4. Short-term impact

5. Long-term impact

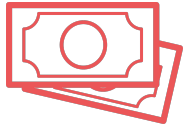
6. Attribution

7. Next steps

Introduction

Introduction

Who are we?



Mitch Komen - Lead Digital Marketing a.k.a. Spending Mitch

- Focusing on profitable growth, increasing customer value and trading efficiency
- Background in Paid Search
- Cycling, tennis and football



George Radix - Marketing Analyst

- Making sure Mitch doesn't spend all our money
- Background in data analytics & digital marketing
- Field hockey, kitesurfing & golf

Introduction Wehkamp

1952 - first advertisement

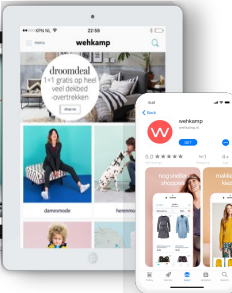
1955 - first catalogue

1995 - first steps online

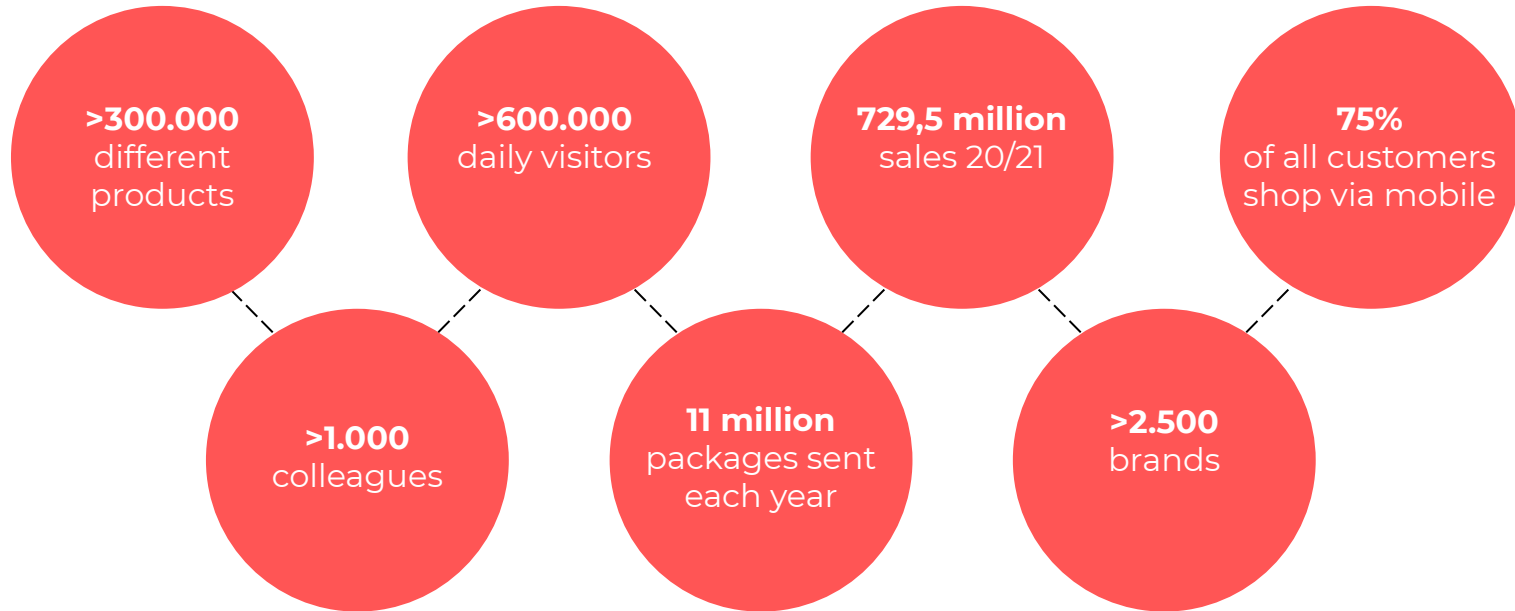
2010 - completely online

2018 - mobile first

2021 -
Acquisition
kleertjes.com

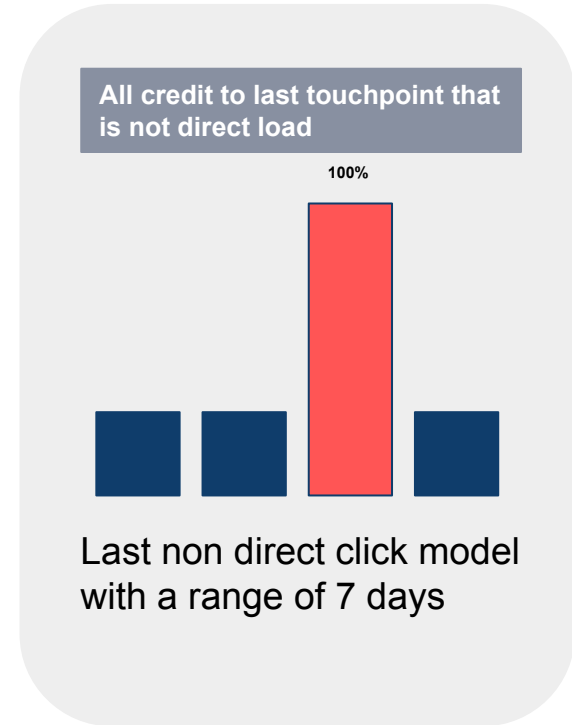


Wehkamp facts



Introduction paid search @ Wehkamp

- **ERS (effective revenue share)**
→ *Paid Search costs / Total Wehkamp revenue*
- **ROAS (return on ad spend)**
→ *Attributed revenue / Costs*
- **POAS (profit on ad spend)**
→ *Attributed profit / Costs*



Why test the incrementality?

Incrementality

/ɪŋkrɪ'mɛnt(ə)l/

adjective

relating to or denoting an increase or addition, especially one of a series on a fixed scale.
"incremental changes to the current system"

- **MATHEMATICS**

denoting a small positive or negative change in a variable quantity or function.

Why should we test the incrementality of Paid Search?



What's the real value of our Paid Search spend?

Across categories, user groups and channels



Short-term



Long-term

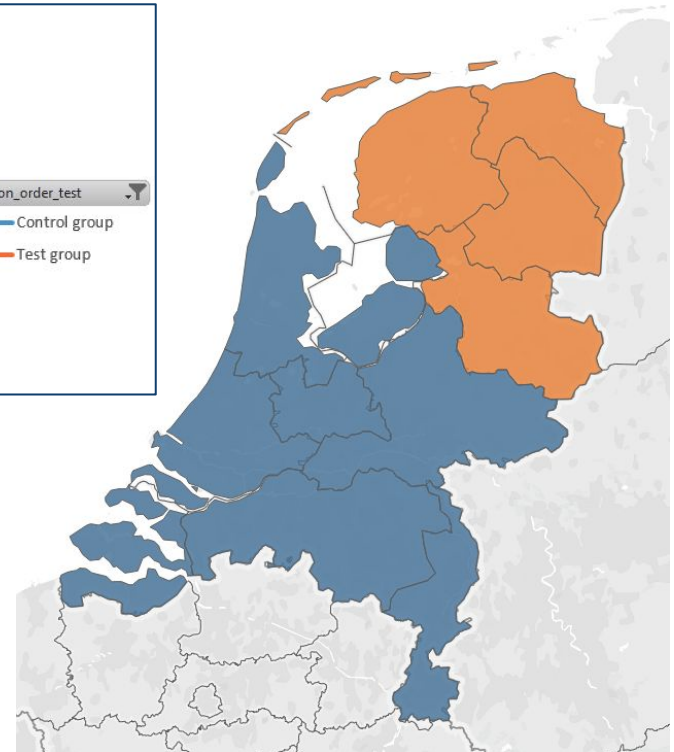
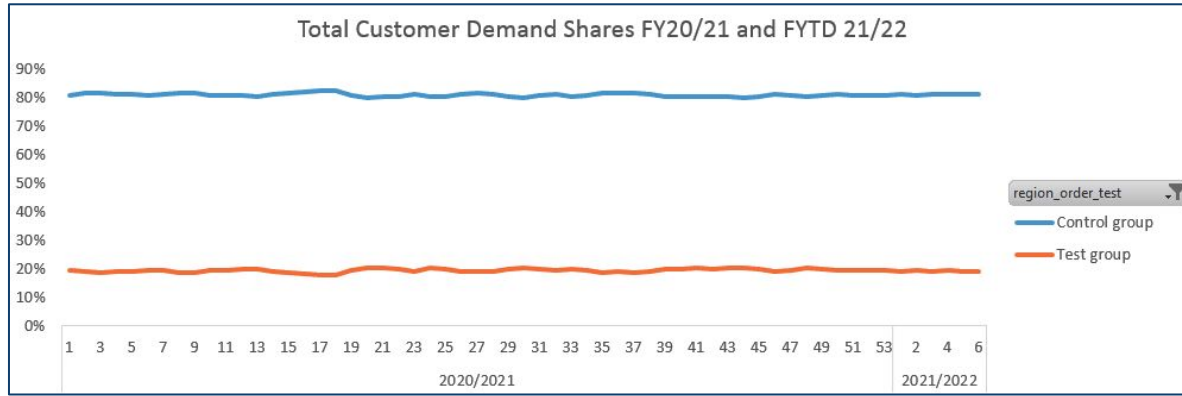


Attribution

Test Approach

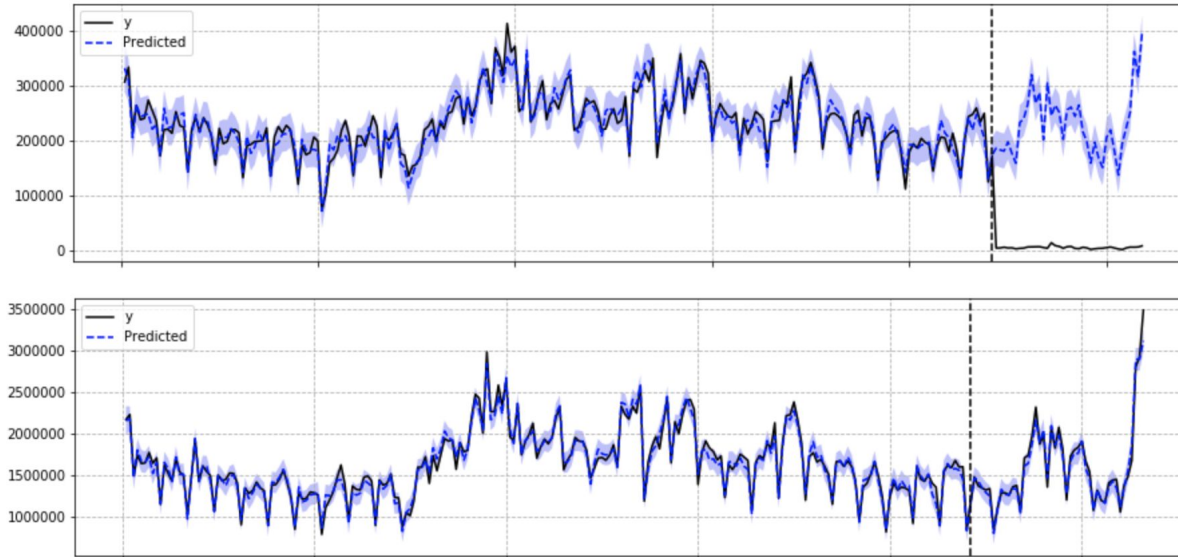
GEO-Experiment

Pre-analysis of the share of revenue for our projected control/test split



Analytical Approach

Trend Analysis and Causal Impact method



Short term impact

Initial Traffic Effect

Immediate effect on traffic clearly visible



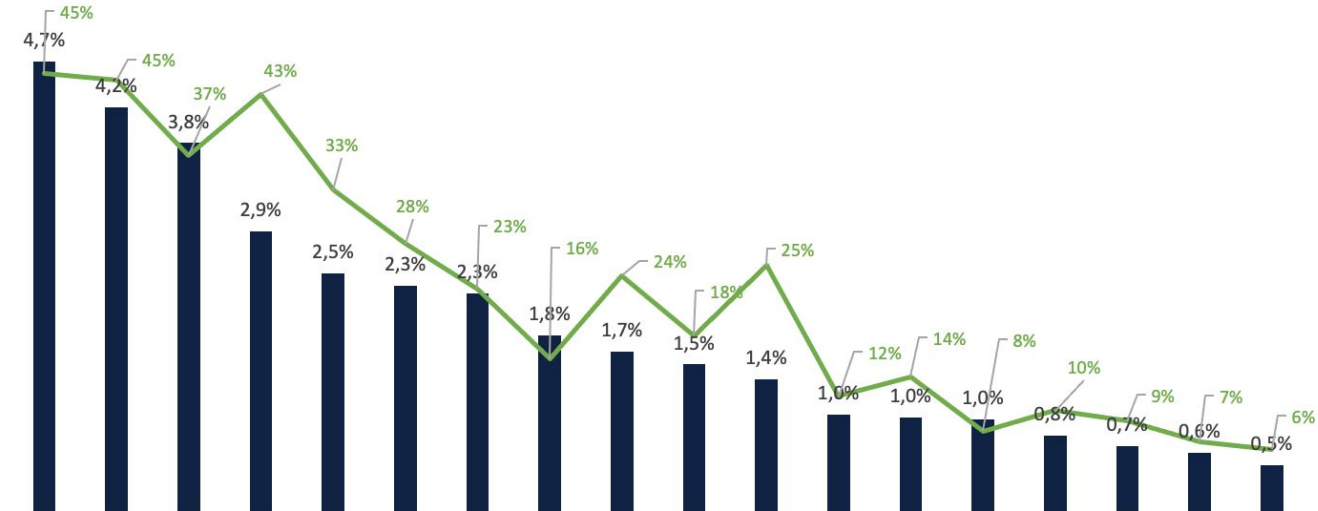
Total Observed Effect

Regardless of Attribution, these effects can be considered the incremental impact of paid search



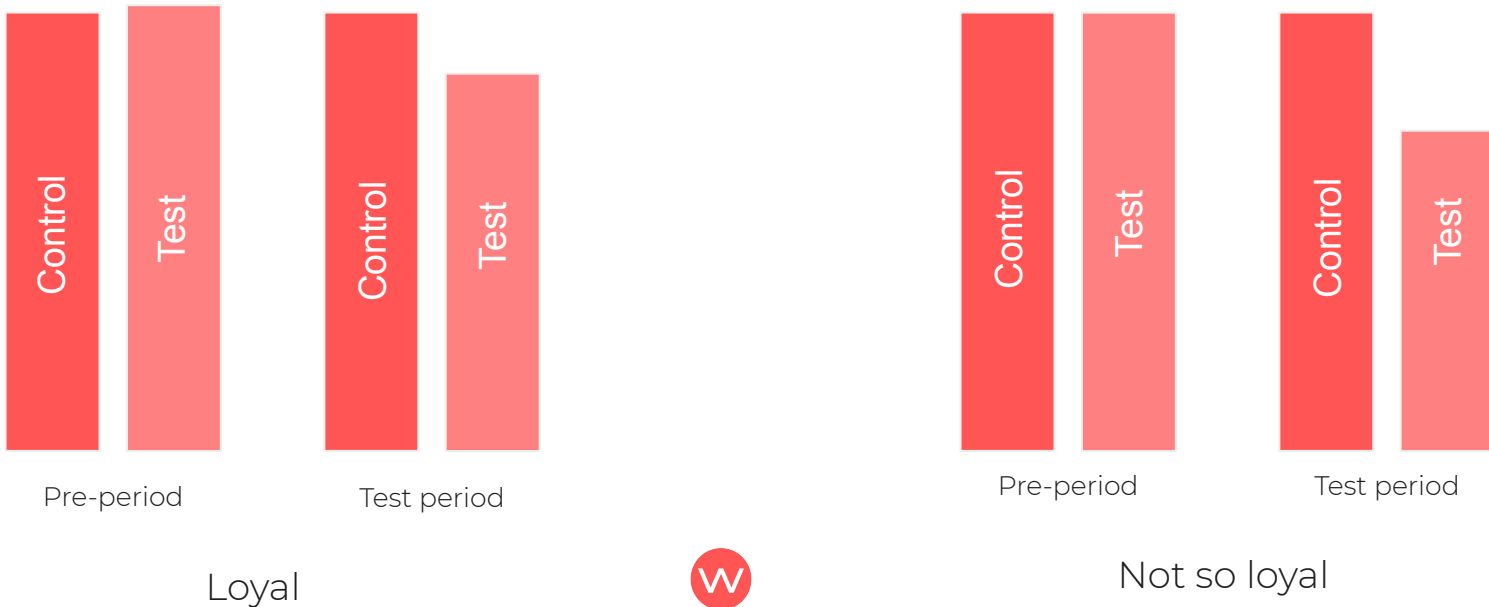
Lost traffic and SEA dependency highly correlated

Green line shows traffic loss, blue bar is costs divided by total revenue of category



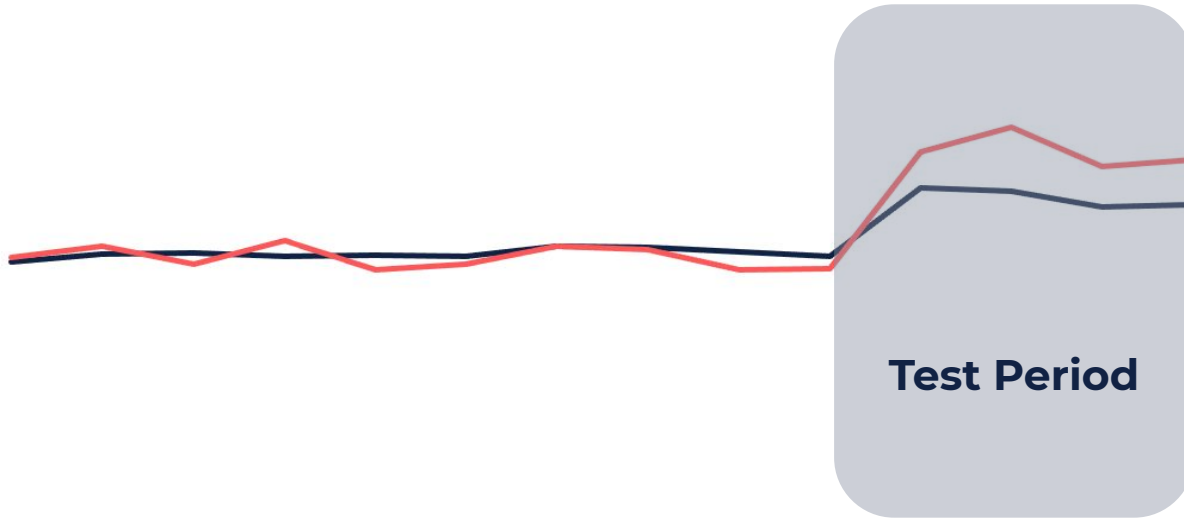
Loyal customers less reliant on Paid Search

Pre-post period comparison, left shows less impact for loyal customers



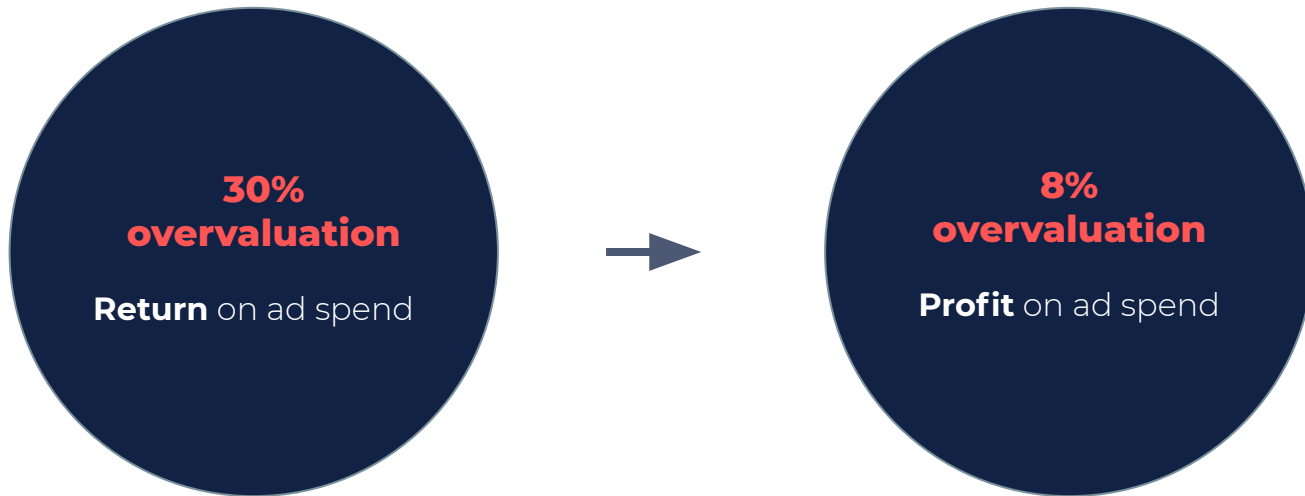
Cannibalization

Immediate effect on traffic and demand for Organic Search



Short-term incrementality

We compare incremental results vs. 7 days last non-direct click attribution.



Long term impact

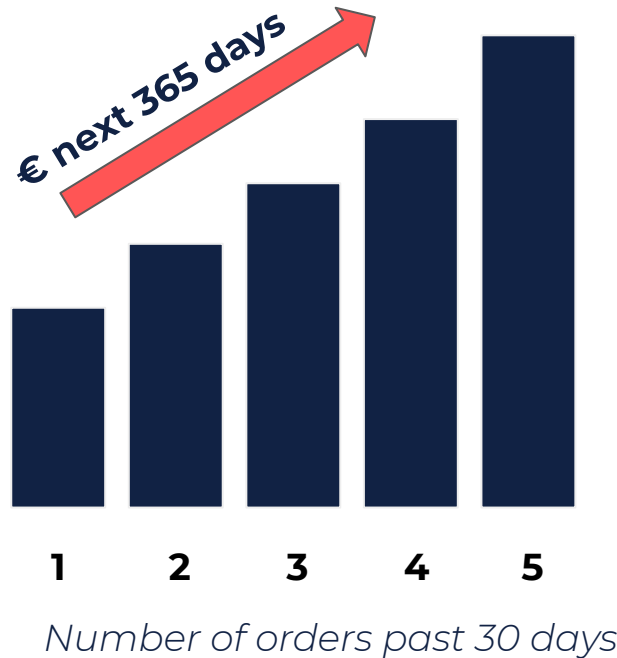
New and Reactivated Customer impact

Calculating the missed future value of customers not acquired in test period

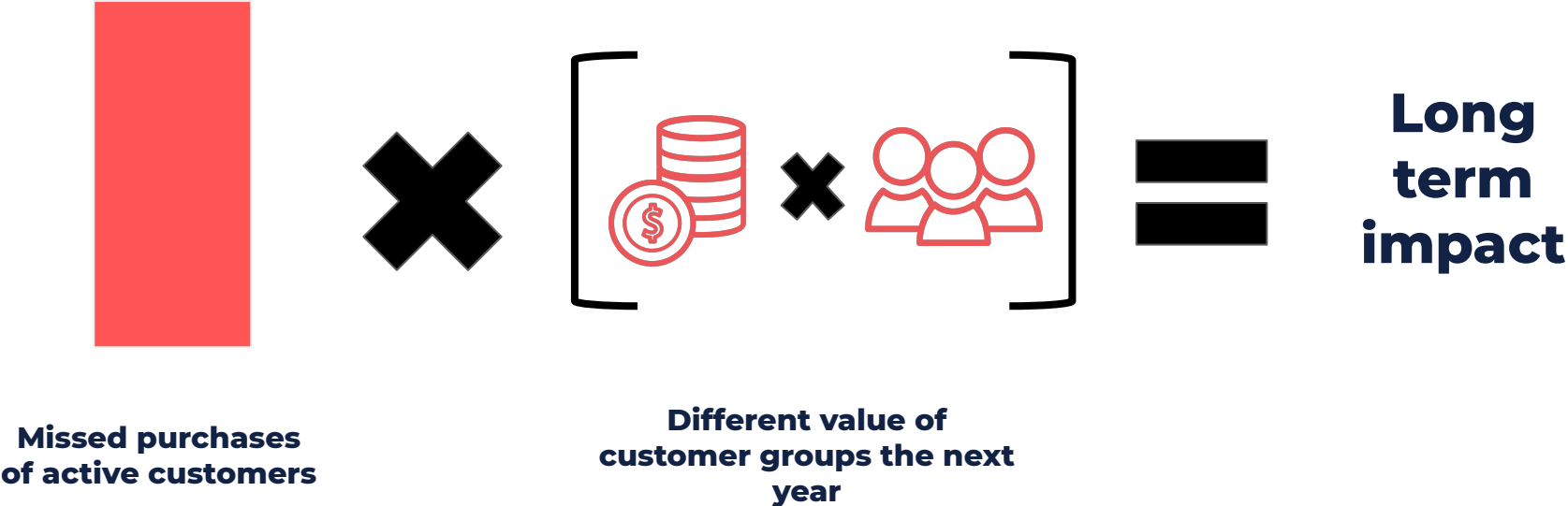


Effect on active customer base

Linear relationship between number of orders placed in the last month and revenue generated year following



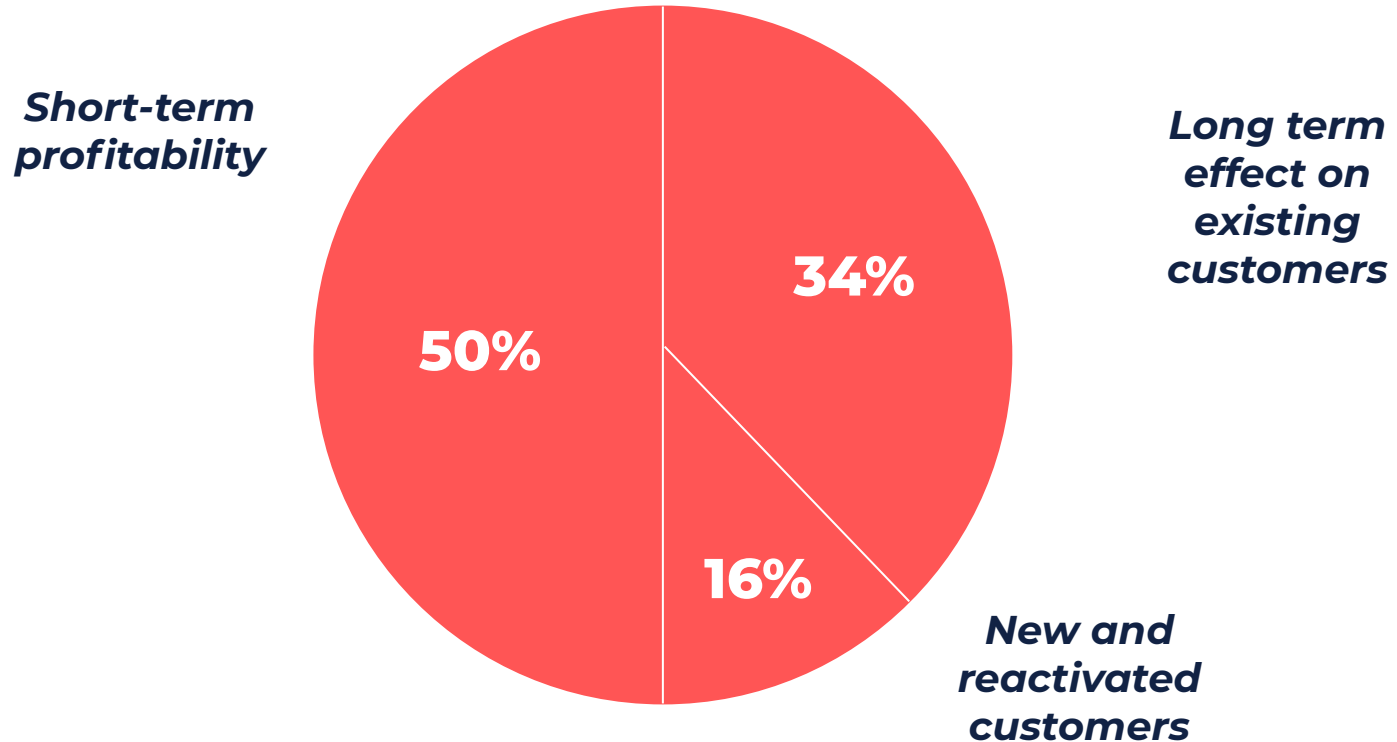
Effect on active customer base



Total SEA effectiveness

The incremental short-term effect is measured to be 8% below our current estimates

When adding acquisition and long term effects the incremental value doubles.



Attribution

Comparing to 7Days Last Non-Direct Click ROAS

■ Incremental ROAS

■ 7DLC attribution ROAS



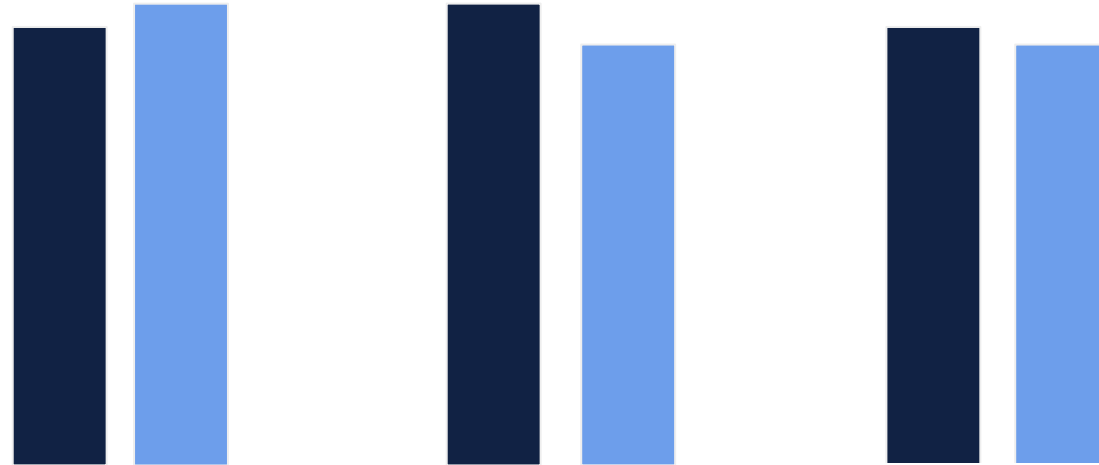
Fashion

Non-Fashion

Total

Comparing to MTA

■ Incremental ROAS ■ MTA attribution ROAS



Fashion

Non-Fashion

Total

**Next steps
&
Takeaways**

Next steps

Implementation of Multi Touch Attribution

New source of truth in order to improve the assessment of the true value of channels

Multiplier per User Group

Adjust profit values in the offline conversion upload to our Bidding Algorithm based on incremental insights per Customer Segment

Future Value / SEA Toolbox

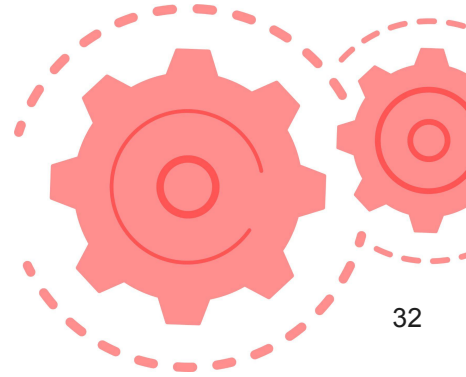
In order to make valid spend decisions we want to know what the elasticity on account level is and how deep the spend actually is based on modelling. Both as on short- and long-term.

Remarketing Incremental Test

As we relatively see less impact on engaged customers and over 80% of our orders via display retargeting are driven by engaged customers, we will set-up an incremental test to verify the spend.

Test the other way around

What if we increase the budget / bids?



Takeaways

Move away from revenue steering

Steer on profit metrics, of course if you have profit guardrails

Test, test and test

Validate your steering structure multiple times a year

Measure incrementality without attribution on a total-level

Look at the total impact of an ad click, so not only on the channel were the click came from

Take long term value into account when you evaluating your spend efficiency

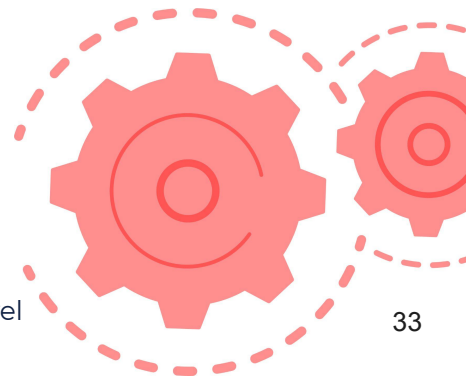
New and reactivated customers, but as well your existing customer base

Search for your data-driven attribution model

Improve your steering structure by using your “incremental” attribution model

First-party-data

Use first-party data, like customer match lists for more in depth steering and insights on a customer level



Thanks!
Any questions?

