First Party Data & PPC
Future-proof your Advertising Strategy!

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We’re the best* scientific performance marketing agency

*according to our mums
(but also to the Global Agency Awards 2022)
Agenda

1. Macro Trends
2. First Party Data Taxonomy
3. Practical Examples
Chapter #1
Macro Trends
Privacy enforcement is heating up

But *advertisers* aren’t prepared for new legislation. The era of “accept all cookies” buttons will end.
We expect headwinds in the economy in H1

Meaning less adv budget, yet

Not necessarily less digital adv budgets
Elonization

(Layoffs in big tech)
**Triopoly**

At 74%

(Google, Facebook, Amazon)

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**US Triopoly Digital Ad Revenue Share, by Company, 2019-2023**

% of total digital ad spending

<table>
<thead>
<tr>
<th>Year</th>
<th>Google*</th>
<th>Facebook**</th>
<th>Amazon</th>
<th>Non-triopoly</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>37.0%</td>
<td>31.6%</td>
<td>23.6%</td>
<td>7.8%</td>
</tr>
<tr>
<td>2020</td>
<td>35.9%</td>
<td>28.9%</td>
<td>24.9%</td>
<td>10.3%</td>
</tr>
<tr>
<td>2021</td>
<td>36.0%</td>
<td>28.6%</td>
<td>23.8%</td>
<td>11.6%</td>
</tr>
<tr>
<td>2022</td>
<td>34.9%</td>
<td>27.7%</td>
<td>24.2%</td>
<td>13.3%</td>
</tr>
<tr>
<td>2023</td>
<td>34.9%</td>
<td>26.4%</td>
<td>24.1%</td>
<td>14.6%</td>
</tr>
</tbody>
</table>

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; *Includes YouTube advertising revenues; **Includes Instagram advertising revenues.

Source: eMarketer, Oct 2021
Advertisers are increasingly turning to first-party data as a solution. 1PD is valuable because it is both accurate and trustworthy. First-Party Data are the ready-to-go steroids for scaling your campaigns.
Chapter #2

A Taxonomy
3PD vs 2PD vs 1PD
Second-Party Data

- Obtained from another company
- Can be used to expand an audience or improve targeting
- **Example**: a retailer sharing their customer data with a manufacturer to improve product development

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Third-Party Data

- Collected by a third-party vendor and sold to companies for marketing purposes
- Can be used to supplement first-party data or to reach new audiences

- **Examples**:
  - Demographic data
  - Purchase history
  - Browsing behavior
Focus on First-Party Data

- Collected directly from the audience, customers, or users
- Most valuable and reliable data

**Examples:**
- Website analytics
- Transactional data
- Customer information
Website / APP

- A goldmine of first-party data
- Provide insights into user behavior and preferences
  - Website analytics
  - On-site search data
  - Heatmaps and clickstream data
- This information can be used to improve targeting and messaging in PPC campaigns
Website / APP

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CRM

- Customer Relationship Management (CRM) data includes information on customers’ interaction with the business
  - Contact information
  - Purchase history
  - Customer support inquiries
- Enables customers segmentation on behaviour, interests and preferences
**Website / APP**
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**Product / Transactions**
- Include information on customers’ purchases
  - Frequency
  - Volume
  - Spending
- Can identify trends and optimise marketing efforts accordingly
Website / APP

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Creatives

- Includes information on which ad formats, messaging, and visuals are most effective
- Unlocks optimisation of ad campaigns to create more effective ads that better resonate with the target audience
Chapter #3
Practical Examples
You need a strategy
3 Practical Examples
Value Based Optimisation
Value Based Optimisation

When we talk about Value Based Optimization, we consider multiple “types of value”: every client is different, therefore the same setup cannot be optimal for all of them.

The most common value types are:

- MOAS (Margin On Ad Spend)
  - Allows to focus on profit
- LTV (LifeTime Value)
  - Allows to focus on the most profitable clients
- Funnel Depth
  - Values are assigned actions
  - Optimize for value, not conversions

Value-Based Optimization looks for users who are most likely to convert and with higher value.
MOAS (a.k.a. Margin On Ad Spend)

Our friend Tom is running a hats e-commerce that sells three types of headwear.

Psychedelic Hat
Sells for: 100$
Margin: 20$

Cowboy Hat
Sells for: 200$
Margin: 20$

Witch Hat
Sells for: 150$
Margin: 40$

He knows how much she makes (his margin) for every one of them.
MOAS (a.k.a. Margin On Ad Spend)

Our friend Tom wants to increase his profit.

So, he starts running Google Ads campaigns…

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Cost</th>
<th>Psychedelic Hats</th>
<th>Cowboy Hats</th>
<th>Witch Hats</th>
<th>Total Revenue</th>
<th>Total Margin</th>
<th>ROAS</th>
<th>MOAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campaign 1</td>
<td>$1,000</td>
<td>4</td>
<td>100</td>
<td>0</td>
<td>$20,400</td>
<td>$2,080</td>
<td>20</td>
<td>2</td>
</tr>
<tr>
<td>Campaign 2</td>
<td>$1,500</td>
<td>3</td>
<td>10</td>
<td>100</td>
<td>$17,300</td>
<td>$4,260</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Campaign 3</td>
<td>$800</td>
<td>50</td>
<td>10</td>
<td>1</td>
<td>$7,150</td>
<td>$1,240</td>
<td>9</td>
<td>2</td>
</tr>
</tbody>
</table>
LTV (a.k.a. LifeTime Value)

Now that our friend Tom knows which is the best performing campaign, he wants to understand which are the most valuable customers.

First Order: 100$
LTV: 180$

First Order: 60$
LTV: 240$
Funnel Depth Value

To **better register the value that potential customers represent** to her, **Tom** decides to assign a value to people that visits his e-commerce website based on the funnel depth they reach.

- **Enter Website**: value = 1$
- **Cowboy hat pageview**: value = 2$
- **Cowboy hat add to cart**: value = 5$
- **Cowboy hat purchase**: value = 20$

Conversion Value: 2$
Conversion Value: 20$

Equal to real margin
Product Clustering
The process

- Merchant Data
- Platforms Data
- Aggregated Data
  - Evaluate the performance only of available products to obtain an accurate results
  - Machine Learning Script / Criteria Query
    - Products
    - New Custom label

Targeted campaigns on Custom Labels
Clustering Product Feed based on marginality and stop investing in budget-burning products

**IMPROVE SHOPPING PERFORMANCE**

- Cluster your Product Feed based on Marginality
- Focus on Top and Regular performing products
- Take into account Specific Brands, Seasonality, Sales Volume & Stock Availability
Top Down Approach

TECHNIQUE

- Exploits business knowledge
- Can include brand & product type conditions
- Control over the number of clusters
- Thresholds manual tracking

Performance analysis (define criterias) + Brand/Type conditions

CRITERIA

**TOP PERFORMERS**
- MOAS > 1.5
- Cost > 15
- Conversion rate > 0.5%
- Purchase > 15

**LOW PERFORMERS**
- MOAS < 1.5
- Cost < 15
- Conversion rate < 0.5%
- Purchase < 15

**BUDGET BURNERS**
- Conversion = 0
- Purchase < 15
- Clicks < 25

**ZOMBIE**
- Cost > 15
- Purchase > 15
- Conversion = 0

**CUSTOM TARGET**
- Purchase > 15
- Conversion = 0
- Clicks < 25

Brand = BBox

Performance analysis (define criterias) + Brand/Type conditions

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Brand = BBox
K-Means

MACHINE LEARNING TECHNIQUE

- Let product performance data talk
- Dynamically updates
- Reduces human bias
- Can incorporate Top Down conditions as well
Measurement
Measurement Framework
Marketing Mix Modeling (MMM)

- TV
- OOH
- YouTube
- Tik Tok
- Facebook
- Brand Search
- Generic Search

Seasonality, Promotions

User Interest

Conversions

Baseline: 23%

YouTube: 15%

Tik Tok: 9%

Facebook: 9%

Brand Search: 6%

Generic Search: 8%

Promo: 15%

Season: 15%
STRATEGY

MMM needs a large variation of input to create a solid model. Especially 1PD

- Facebook:
  - Acquisition Campaigns
  - Retargeting Campaigns
- Google Ads:
  - Search Campaigns
  - Shopping Campaigns
  - Brand Campaigns
- Criteo
- Bing Ads
- Amazon:
  - DSP Campaigns
  - Others Campaigns
- Influencers
- TV

External Variables
- Seasonality
- COVID Impact
- TV Competitors Spend

Marketing Variables

MMM

Product & Ops
- Marginality
- Consultancy on website
- Stock Availability
- Promoters
- Email Recipients
WE COMPARED OVER 100,000 MODELS IN ORDER TO FIND THE BEST FIT FOR CLIENTS DATA

Every point is a trained model, the closer the point is to the left bottom corner, the lower are the errors the model commits: we are projecting something that is really close to reality.
AFTER CAREFUL ANALYSIS, WE CHOOSE THE BEST MODEL

Quick heads up: the model shouldn’t follow perfectly high peaks and low valleys - as they’re probably outliers and wouldn’t be representative of a standard path.
INSIGHTS: 25% OF THE OVERALL SALES IS RELATED TO GADS

- Google Ads campaigns account for 25% of sales
- Seasonality & COVID have had a positive impact on sales
- Bing & Amazon DSP campaigns have no significant impact on sales
TV ACCOUNTS for 76% of SPEND SHARE, BUT ONLY FOR 34% of MARKETING SALES

TV: The effect share is lower than the spend share. This means that the channel is under performing.
THE MODEL SUGGESTS TO DECREASE AMAZON & FB SPENDS AND RISE THE OTHER CHANNELS IMPACT

- **Budget Increase**: 0%
- **Sales Increase**: 8%
Thank you!

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Appendix
Chapter #4

1PD Collection & Implementation
7 DOs & DON’Ts
FIRST PARTY DATA COLLECTION & IMPLEMENTATION

7 DOs & DON’Ts

1. If you aren’t yet, start collecting UTM information into your CRM
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https://www.boosterboxdigital.com/

source=google&medium=cpc&campaign=test
7 DOs & DON’Ts

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2. Do not rely on a predefined attribution logic for storing your UTM
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4. Too deep in the funnel is not always the right choice. Weight your conversion volume
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<table>
<thead>
<tr>
<th>SOURCE</th>
<th>CONVERSION ACTION NAME</th>
<th>N. OF CAMPAIGNS (1)</th>
<th>CAMPAIGNS %age</th>
<th>SPEND (2)</th>
<th>SPEND %age</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAds (Platform)</td>
<td>Sign-up</td>
<td>28</td>
<td>12%</td>
<td>185k</td>
<td>84%</td>
</tr>
<tr>
<td>GAds (Export)</td>
<td>Demo Video</td>
<td>23</td>
<td>10%</td>
<td>178k</td>
<td>81%</td>
</tr>
<tr>
<td>GAds (Export)</td>
<td>Survey Request</td>
<td>18</td>
<td>8%</td>
<td>165k</td>
<td>75%</td>
</tr>
<tr>
<td>GAds (Export)</td>
<td>Survey Completed</td>
<td>12</td>
<td>5%</td>
<td>142k</td>
<td>65%</td>
</tr>
<tr>
<td>GAds (Export)</td>
<td>1:1 Booked</td>
<td>7</td>
<td>3%</td>
<td>118k</td>
<td>54%</td>
</tr>
<tr>
<td>GAds (Export)</td>
<td>1:1 Completed</td>
<td>7</td>
<td>3%</td>
<td>118k</td>
<td>54%</td>
</tr>
</tbody>
</table>

Notes

(1) Number of Campaigns that meet the threshold of at least 30 conversions per month

(2) Sum of Average monthly Spend of Campaigns considered in (1)
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6. **Always adopt a DEV vs PROD approach in setting up your offline conversion**
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7. Different Ad Platforms have different implementation logic: treat them differently
Different Ads Platforms have different implementation logic: treat them differently

- **click_id**
- **email, fn, ln**