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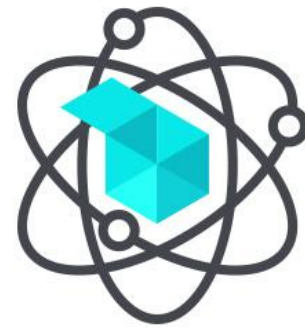
Future-proof your Advertising Strategy!

Marco Frighetto @Booster Box
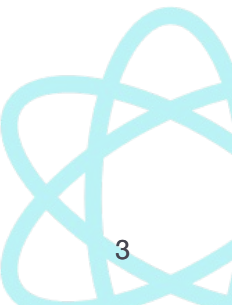
Marco Frighetto

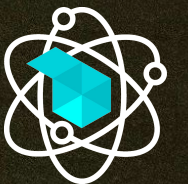*Head of MarTech*

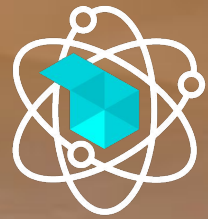marco@boosterboxdigital.com

@grattoformiche

We're the **best*** scientific performance marketing agency

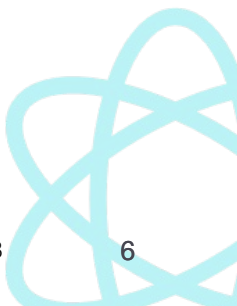* *according to our mums*
(but also to the Global Agency Awards 2022)

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.

Familiarity with Privacy Policy-Related Topics According to US Digital Media Professionals, May 2022
% of respondents

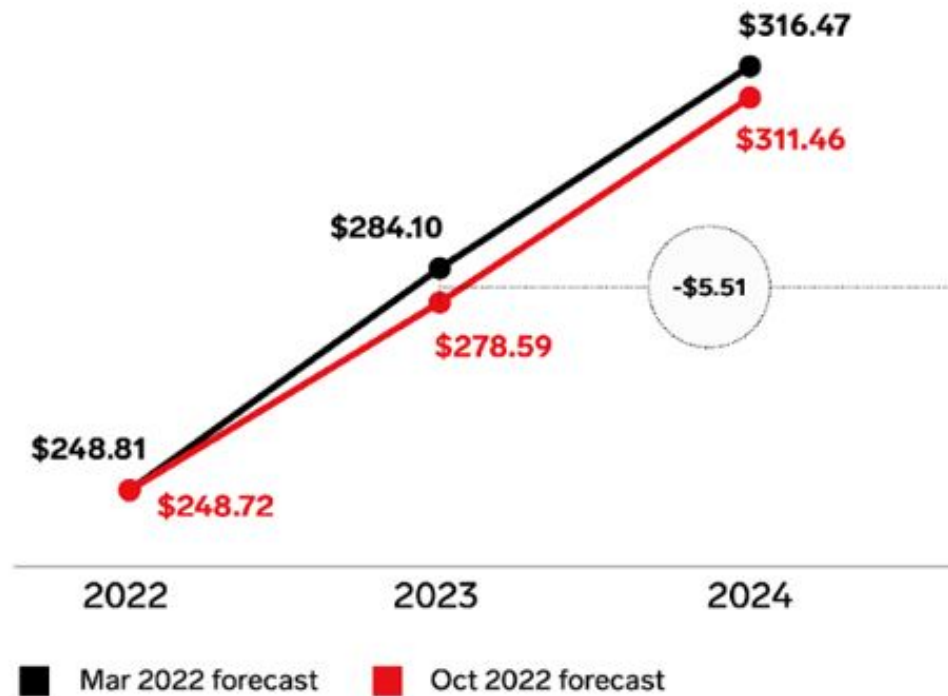|	
Browser level (e.g., cookie deprecation)	53%
Regulatory (e.g., GDPR, CCPA/CPRA)	51%
Device level (e.g., IDFA)	45%

Source: Integral Ad Science, "2022 Future of Privacy-First Advertising Report" in partnership with YouGov, Aug 22, 2022

278943

eMarketer | InsiderIntelligence.com

US Digital Ad Spending, 2022-2024
billions

$316.47
$284.10
$248.81
$311.46
$278.59
$248.72
-$5.51

2022   2023   2024

■ Mar 2022 forecast   ■ Oct 2022 forecast

Why We Lowered Our Short-Term Forecast

1. **Privacy changes**
   Apple's App Tracking Transparency policy | deprecation of third-party cookies | new regulations

2. **Macroeconomic headwinds**
   Inflation | recession | supply chain disruptions | geopolitical instability

3. **Post-pandemic normalization in ad spending**

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
Source: eMarketer, 2022
i278958

INSIDER INTELLIGENCE | eMarketer
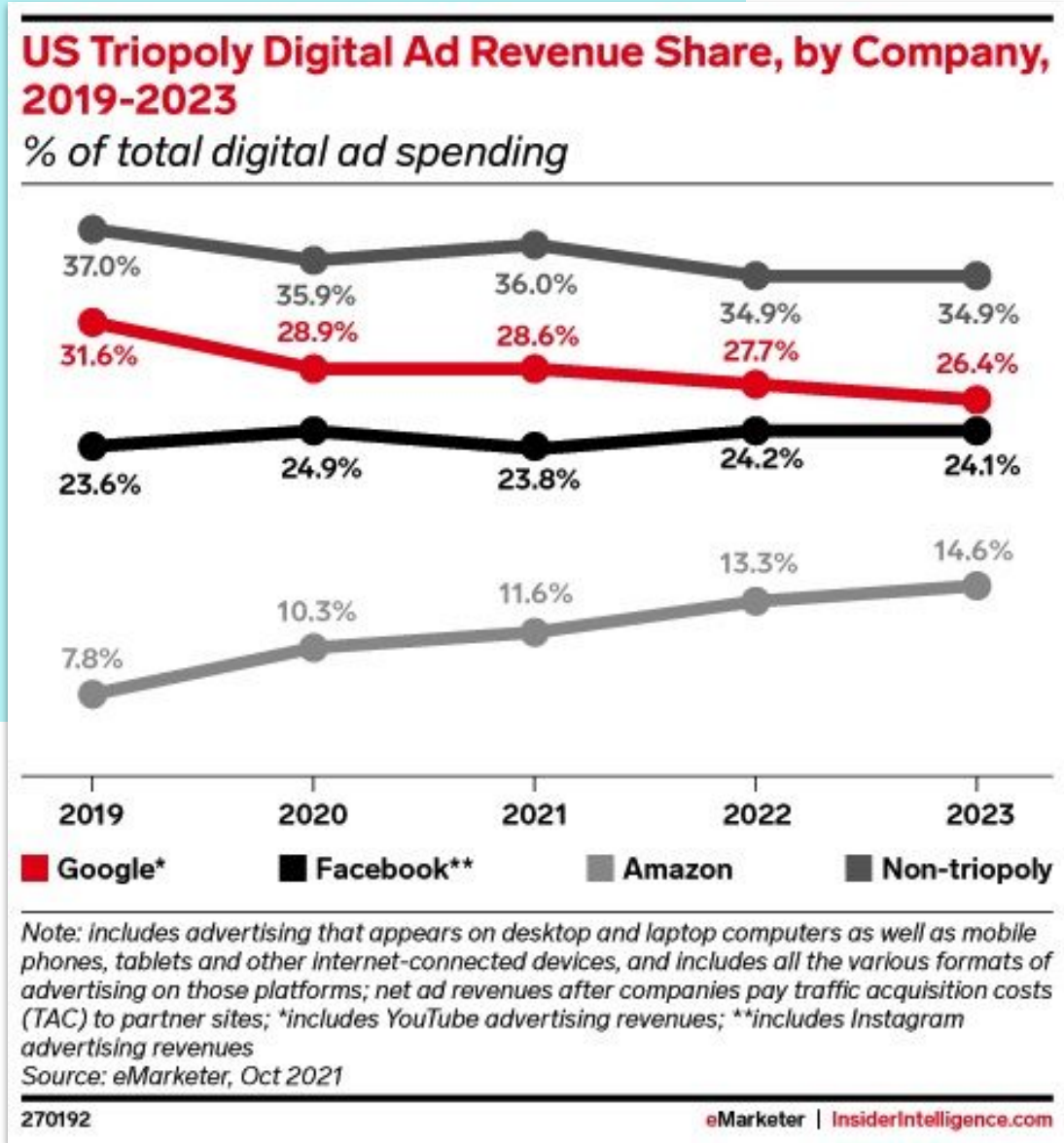
We expect headwinds in the economy in H1

Meaning less adv budget, yet

Not necessarily less digital adv budgets

Elonization

(Layoffs in big tech)

US Triopoly Digital Ad Revenue Share, by Company, 2019-2023
% of total digital ad spending

Non-triopoly: 37.0%, 35.9%, 36.0%, 34.9%, 34.9%
Google*: 31.6%, 28.9%, 28.6%, 27.7%, 26.4%
Facebook**: 23.6%, 24.9%, 23.8%, 24.2%, 24.1%
Amazon: 7.8%, 10.3%, 11.6%, 13.3%, 14.6%

2019 2020 2021 2022 2023

Google*   Facebook**   Amazon   Non-triopoly

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

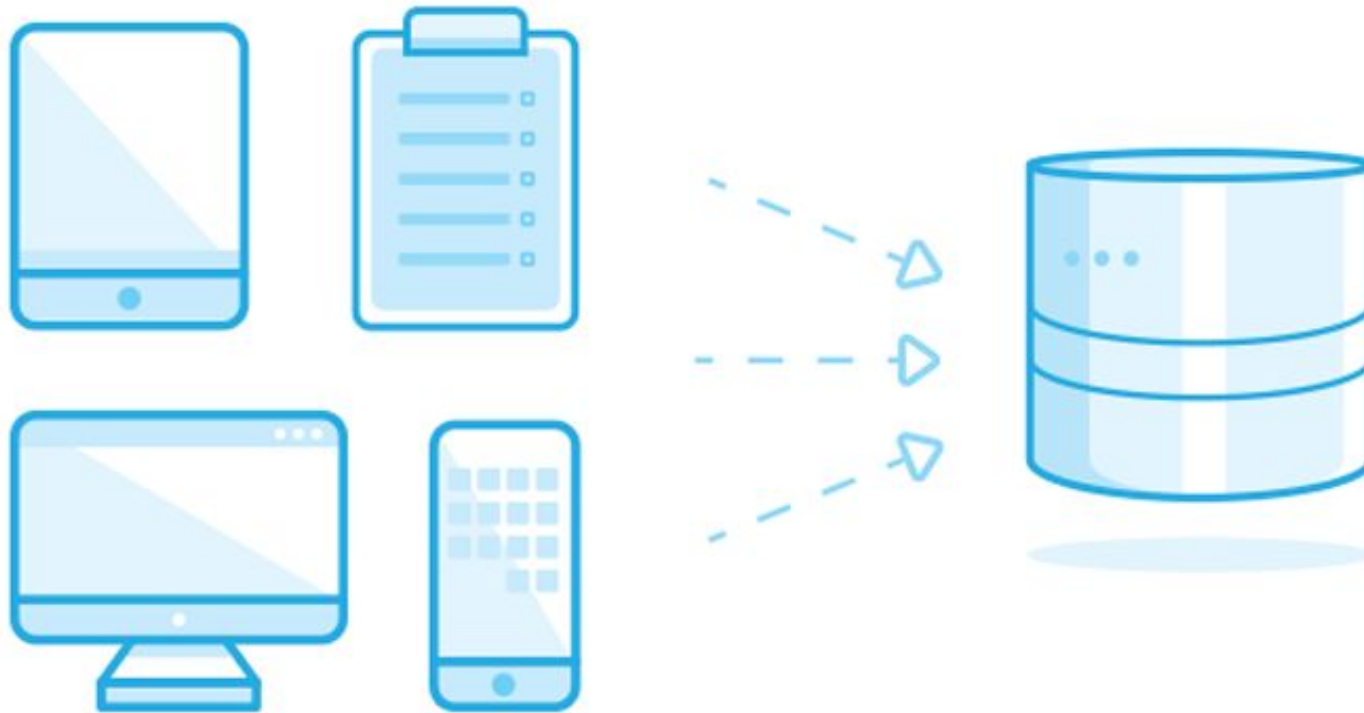270192   eMarketer | InsiderIntelligence.com

Triopoly

At 74%

(Google, Facebook, Amazon)

1PD are more than Crucial

- 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

2nd Party Data

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

3rd Party Data

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

1st Party Data

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

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- Provide insights into user behavior and preferences
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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

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Product / Transactions

- Include information on customers' purchases
    - Frequency
    - Volume
    - Spending

- Can identify trends and optimise marketing efforts accordingly

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Product / Transactions

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    - Volume
    - Spending

- Can identify trends and optimise marketing efforts accordingly

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

Quantity

Conversion Optimization looks for users who are most likely to convert

Quality

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 an hats e-commerce** that sells three types of headwear.

Psychedelic Hat

Cowboy Hat

Witch Hat

He knows how much she makes (his margin) for every one of them.

Sells for: 100$

Sells for: 200$

Sells for: 150$

Margin: 20$

Margin: 20$

Margin: 40$

MOAS (a.k.a. Margin On Ad Spend)

Our friend **Tom** **wants to increase his profit.**

So, he starts running Google Ads campaigns…

Campaign	Cost	Psychedelic Hats	Cowboy Hats	Witch Hats	Total Revenue	Total Margin	ROAS	MOAS
Campaign 1	$1,000	4	100	0	$20,400	$2,080	20	2
Campaign 2	$1,500	3	10	100	$17,300	$4,260	12	3
Campaign 3	$800	50	10	1	$7,150	$1,240	9	2

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**
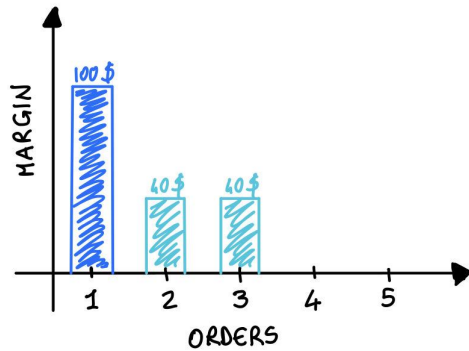
First Order: 100$

LTV: 180$
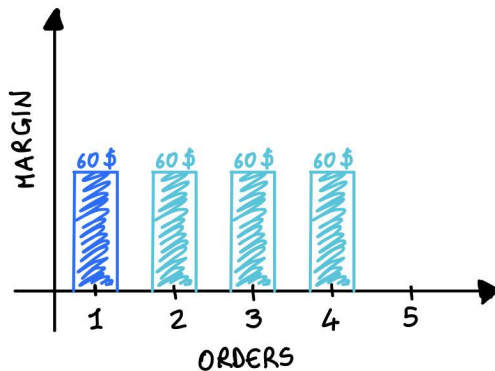
First Order: 60$

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
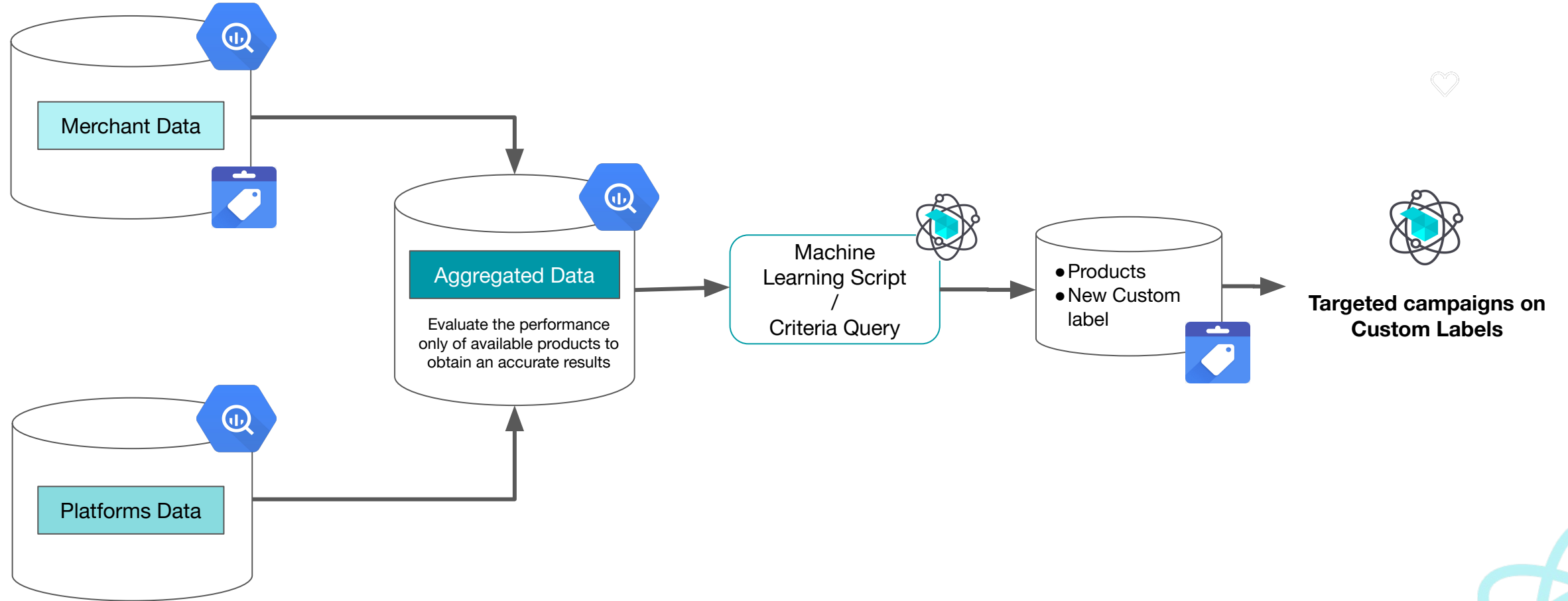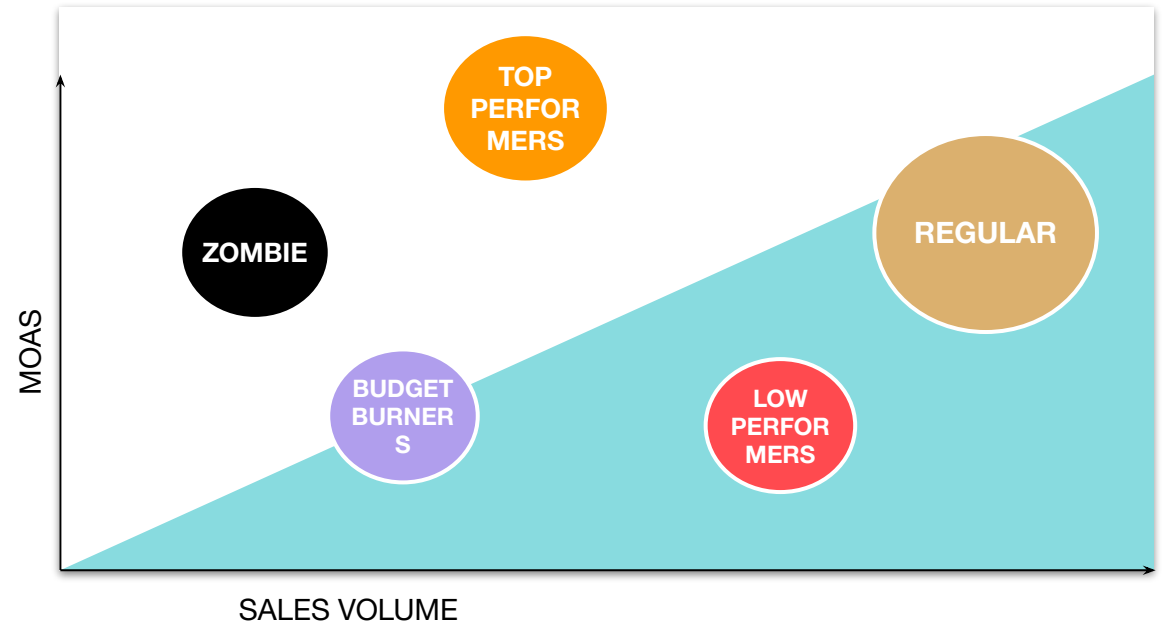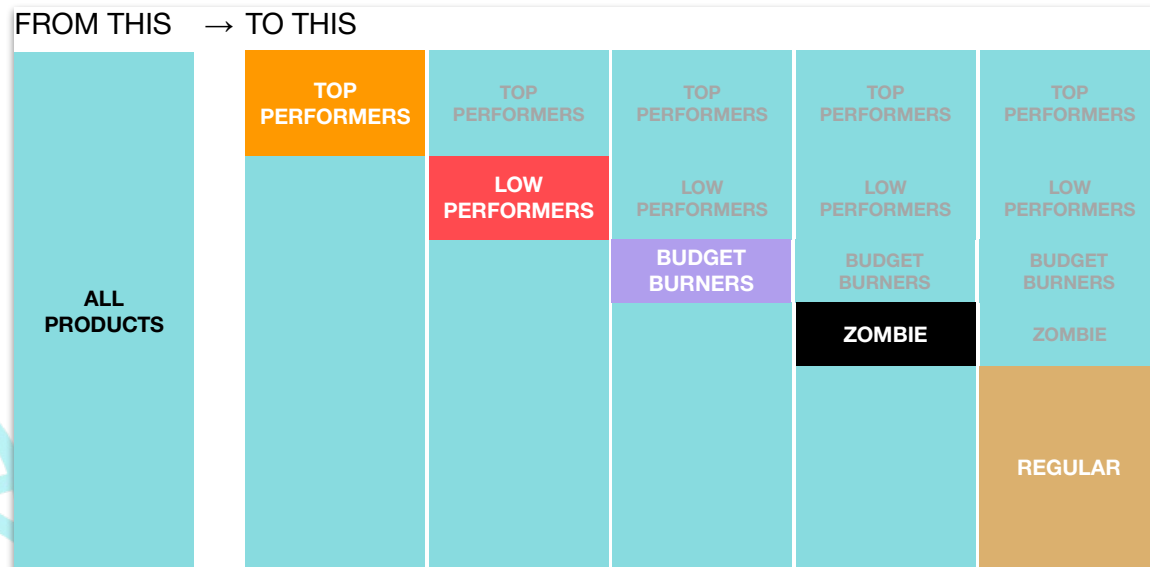
Depth in the e-coomerce funnel

Enter Website
value = 1$

Cowboy hat pageview
value = 2$

Conversion Value: 2$

Cowboy hat add to cart
value = 5$

Cowboy hat purchase
value = 20$

Conversion Value: 20$

Equal to real margin
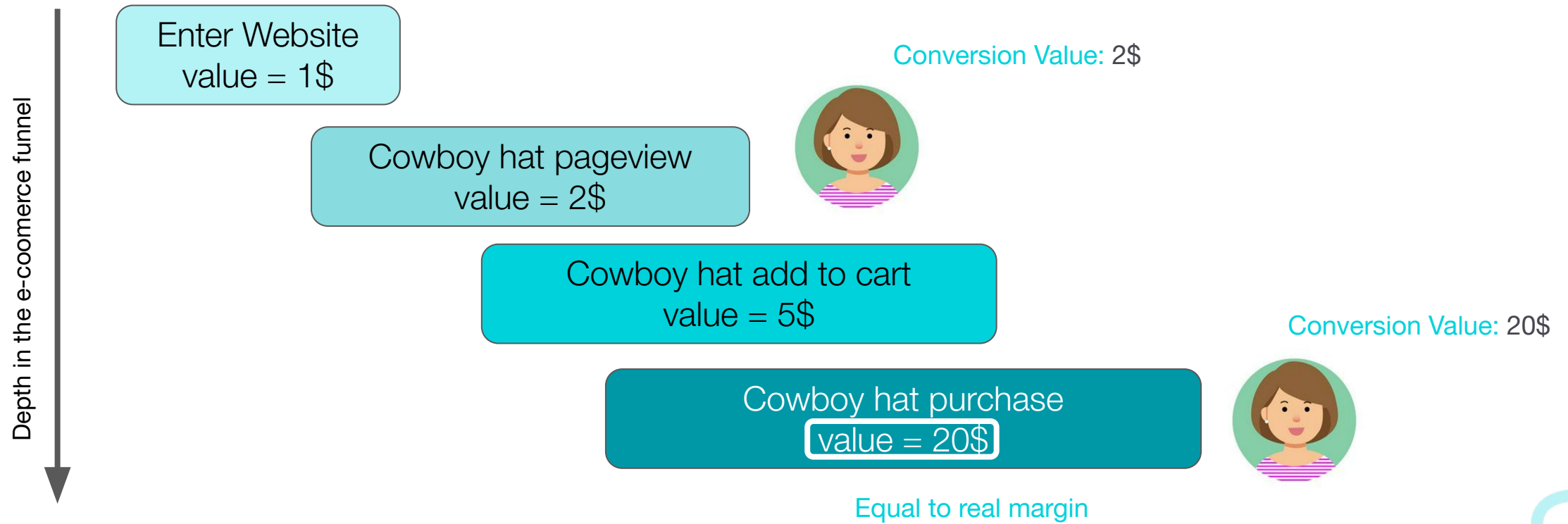
Product Clustering

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

FROM THIS → TO THIS

ALL PRODUCTS

TOP PERFORMERS
LOW PERFORMERS
BUDGET BURNERS
ZOMBIE
REGULAR

MOAS

SALES VOLUME

ZOMBIE
TOP PERFORMERS
REGULAR
BUDGET BURNERS
LOW PERFORMERS

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
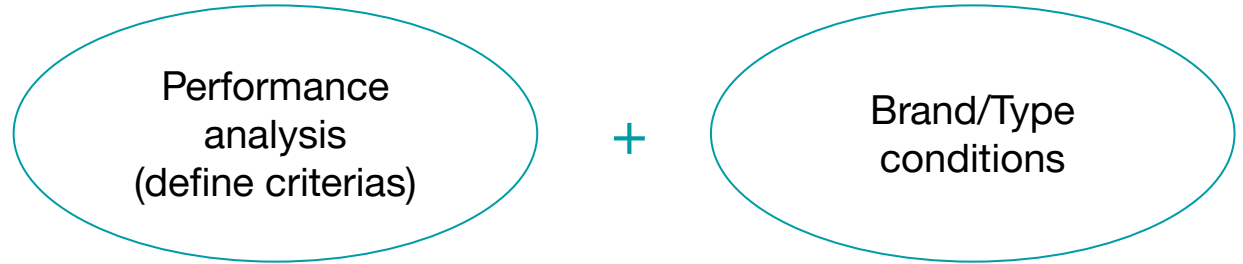
CRITERIA	TOP PERFORMERS	LOW PERFORMERS	BUDGET BURNERS	ZOMBIE	CUSTOM TARGET
	MOAS > 1.5 and/or Purchase > 15	MOAS < 1.5 and/or Conversion rate < 0.5%	Cost > 15 and/or Purchase < 15	Conversion = 0 and/or Clicks < 25	Brand = BBox

K-Means

MACHINE LEARNING TECHNIQUE

- Let product performance data talk
- Dynamically updates
- Reduces human bias
- **Can incorporate Top Down conditions as well**

Elbow method Number of groups definition

+

Dynamic homogeneous groups based on performance
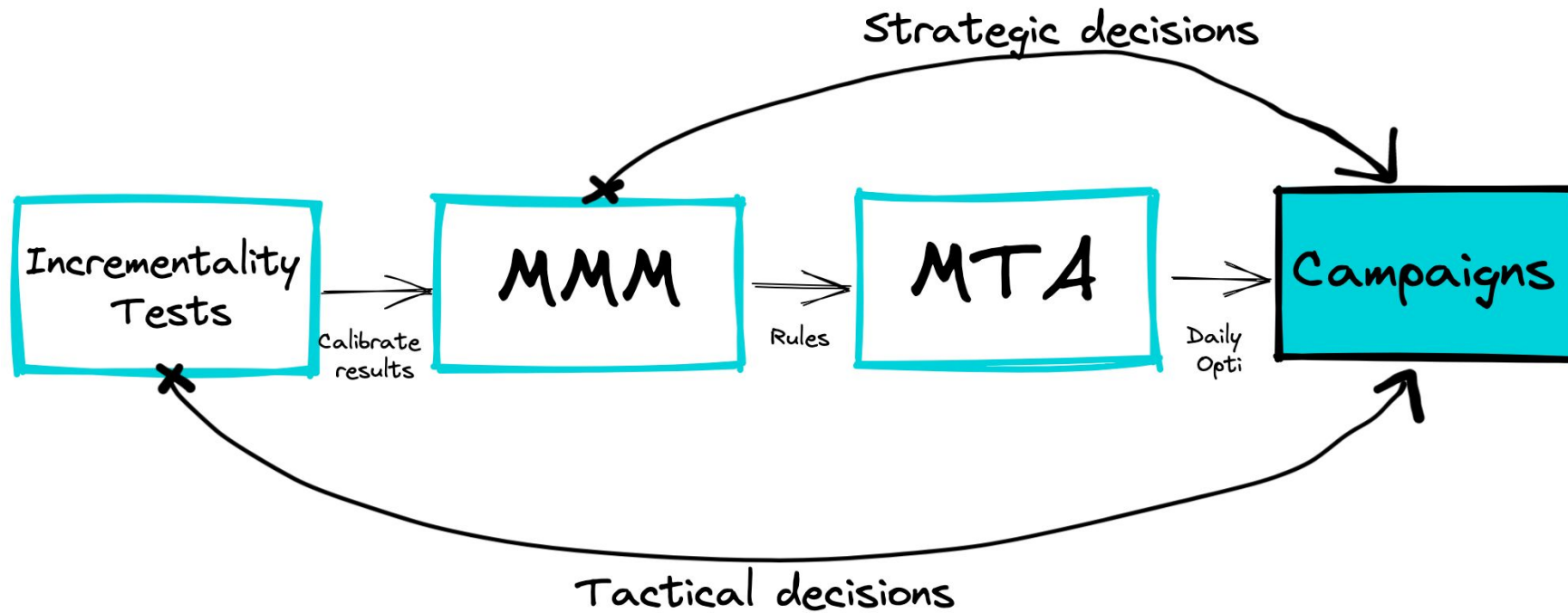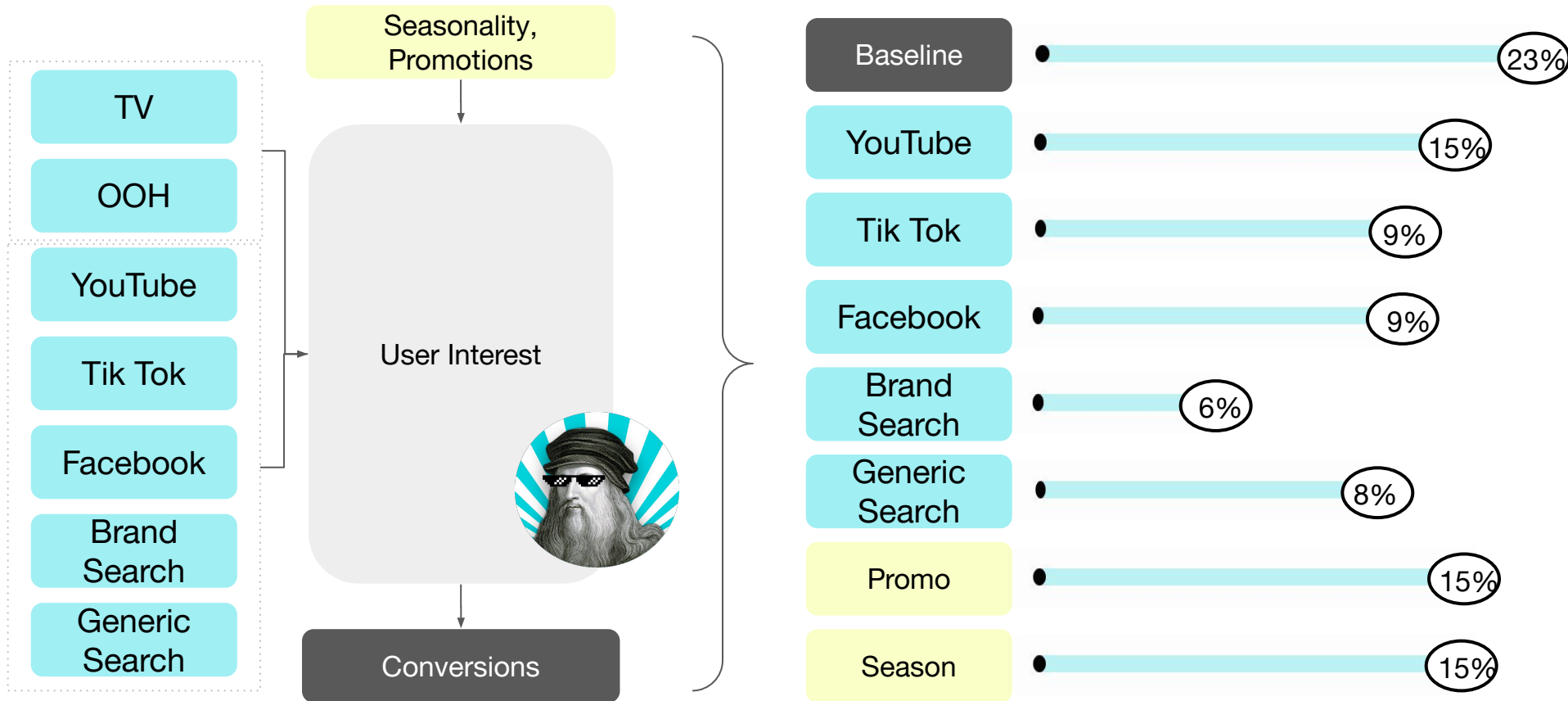
OPTIMAL DATA CLUSTERING
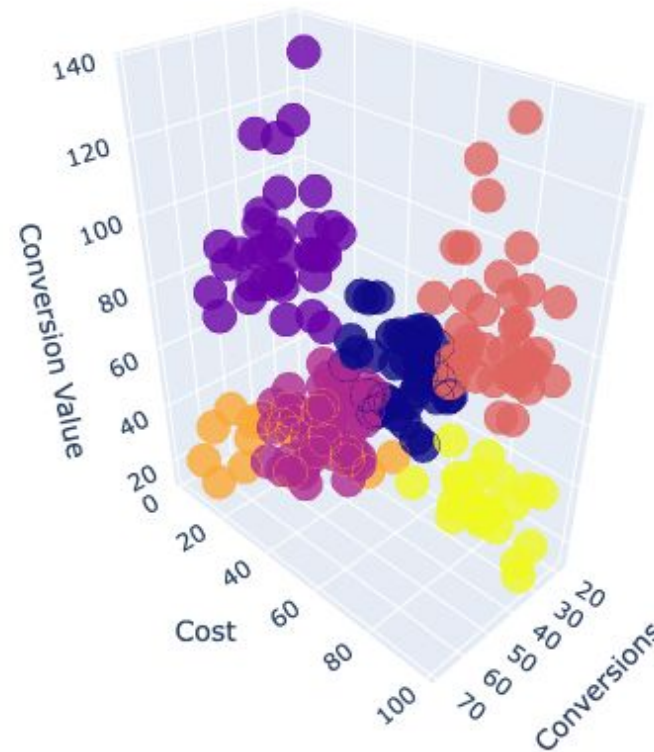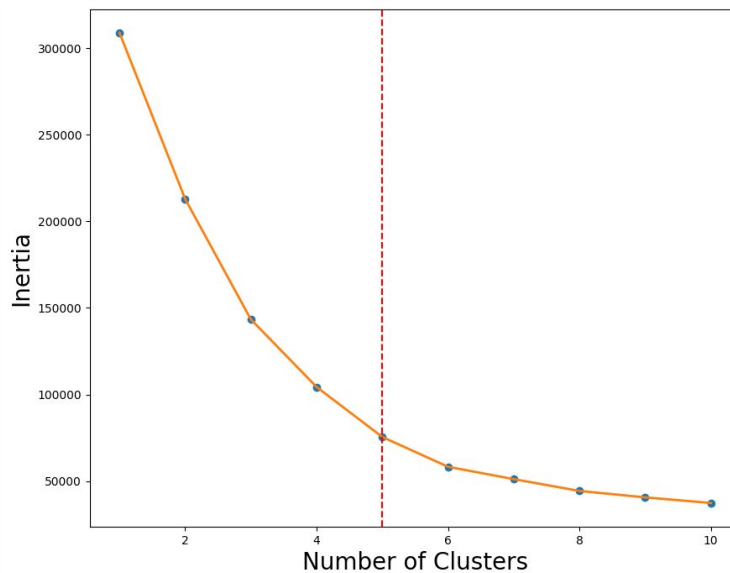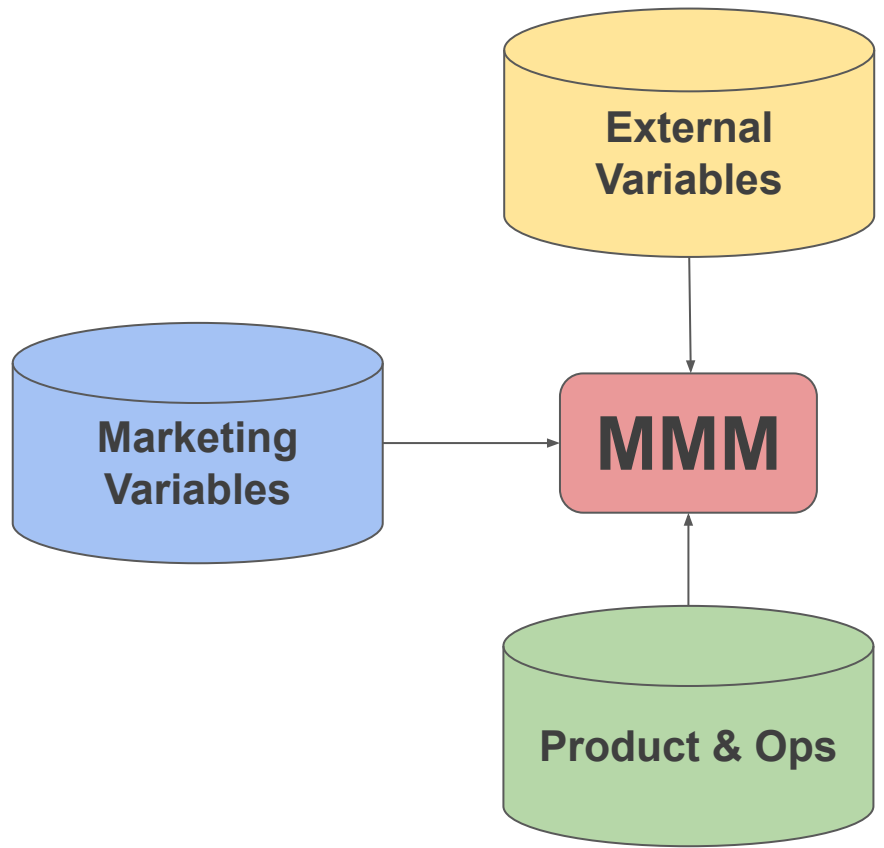
Measurement

Measurement Framework

Marketing Mix Modeling (MMM)

TV

OOH

YouTube

Tik Tok

Facebook

Brand Search

Generic Search

Seasonality, Promotions

User Interest

Conversions

Channel	Value
Baseline	23%
YouTube	15%
Tik Tok	9%
Facebook	9%
Brand Search	6%
Generic Search	8%
Promo	15%
Season	15%

DUMMY DATA

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

External Variables

- Seasonality
- COVID Impact
- TV Competitors Spend

Marketing Variables

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

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

Multi-objective Evolutionary Performance
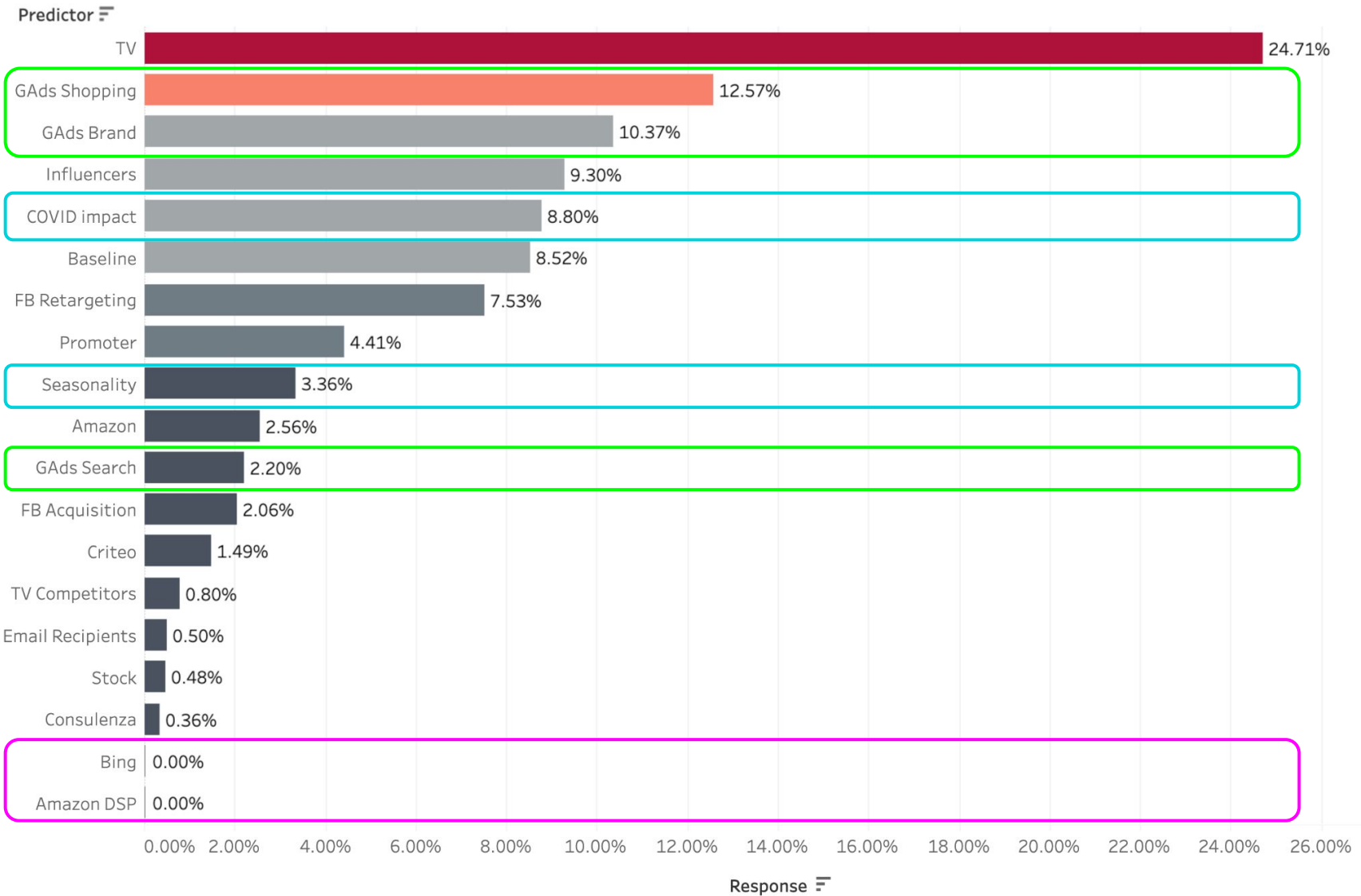*2D Pareto fronts with TwoPointsDE, for 10 trials with 10000 iterations each*
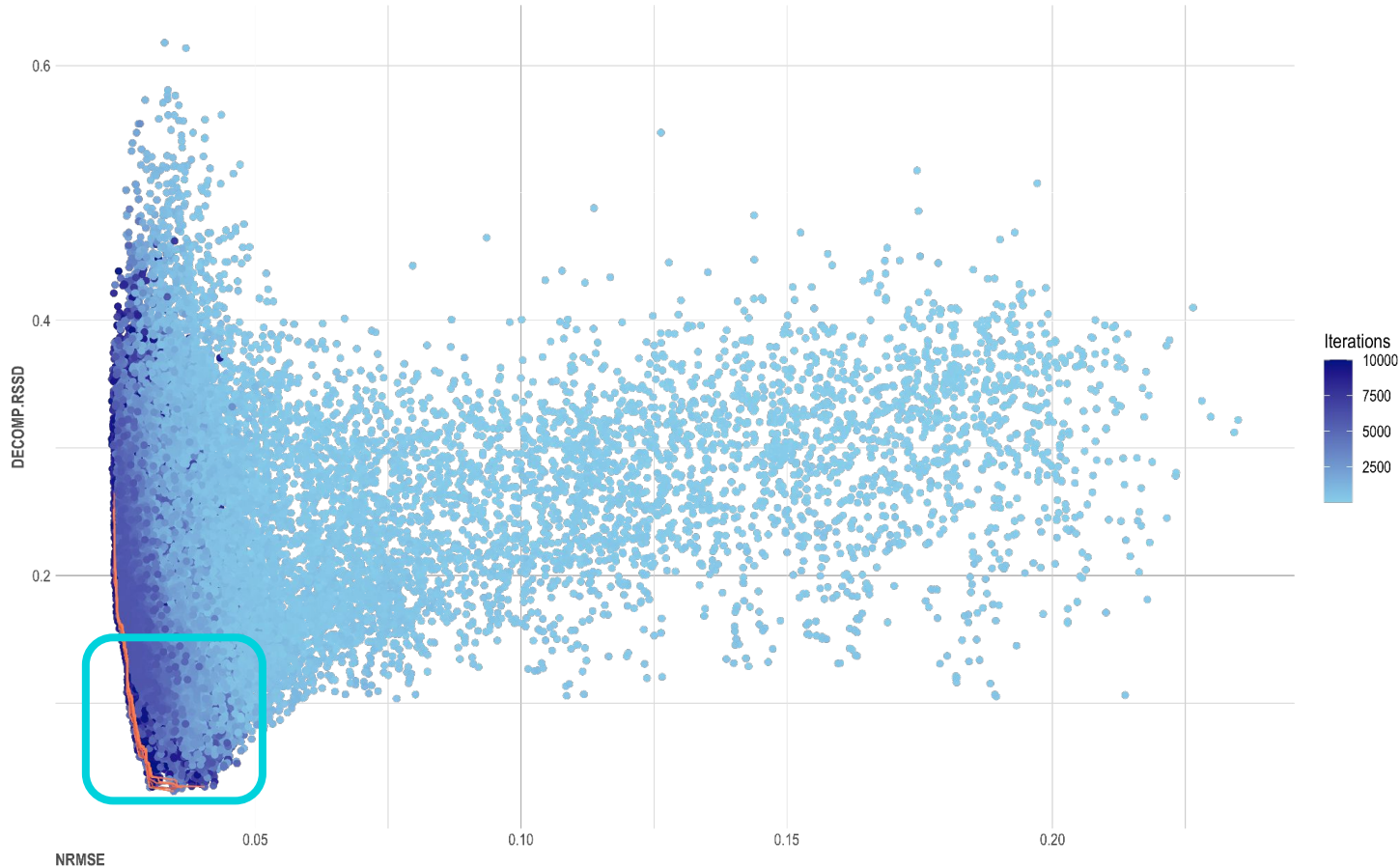
Every point is a trained model, the closer the point is to the left bottom corner, **the lower are the errors the model commits:** **we are projecting something that is really close to reality.**

.

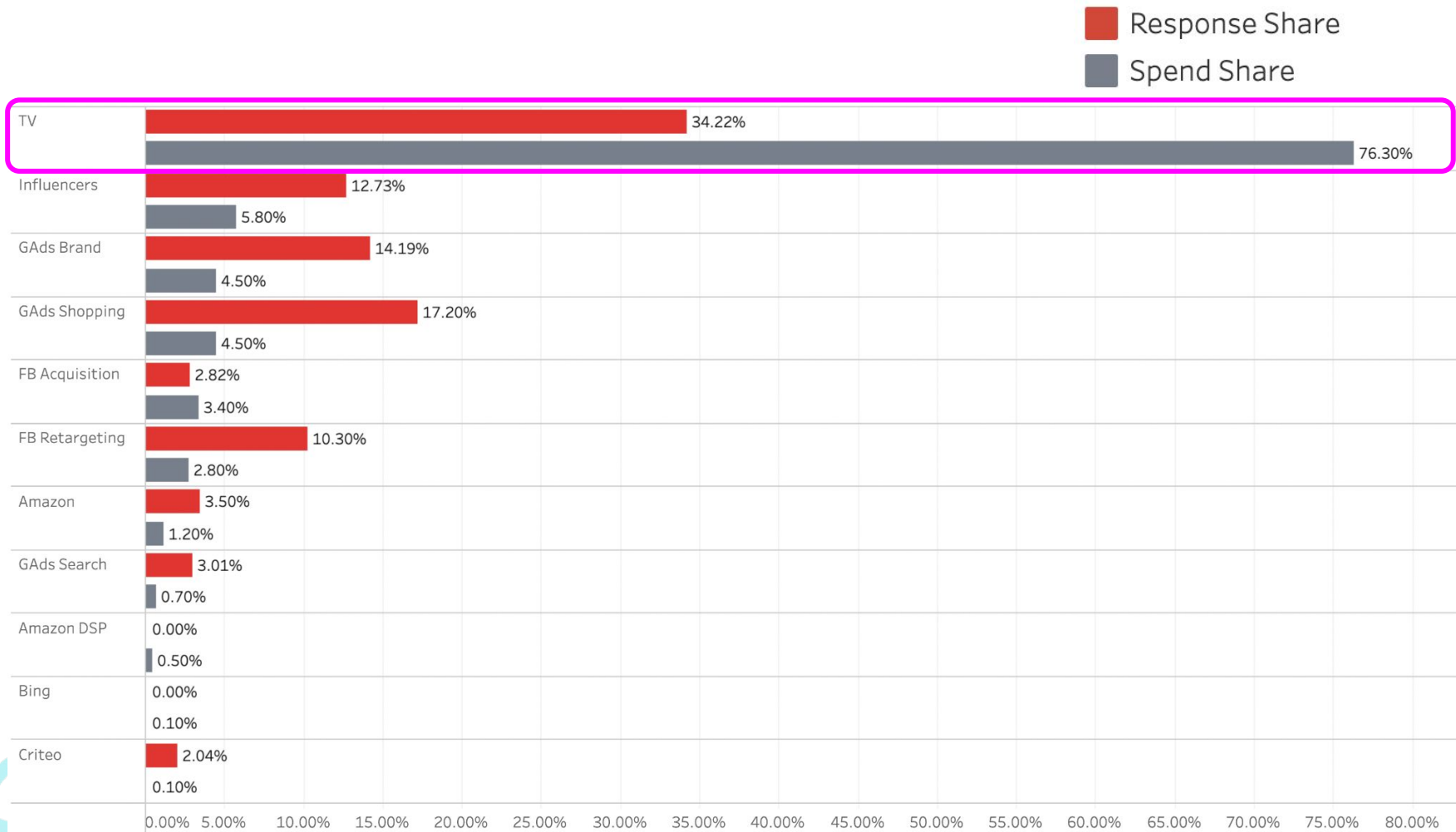# AFTER CAREFUL ANALYSIS, WE CHOOSE THE BEST MODEL
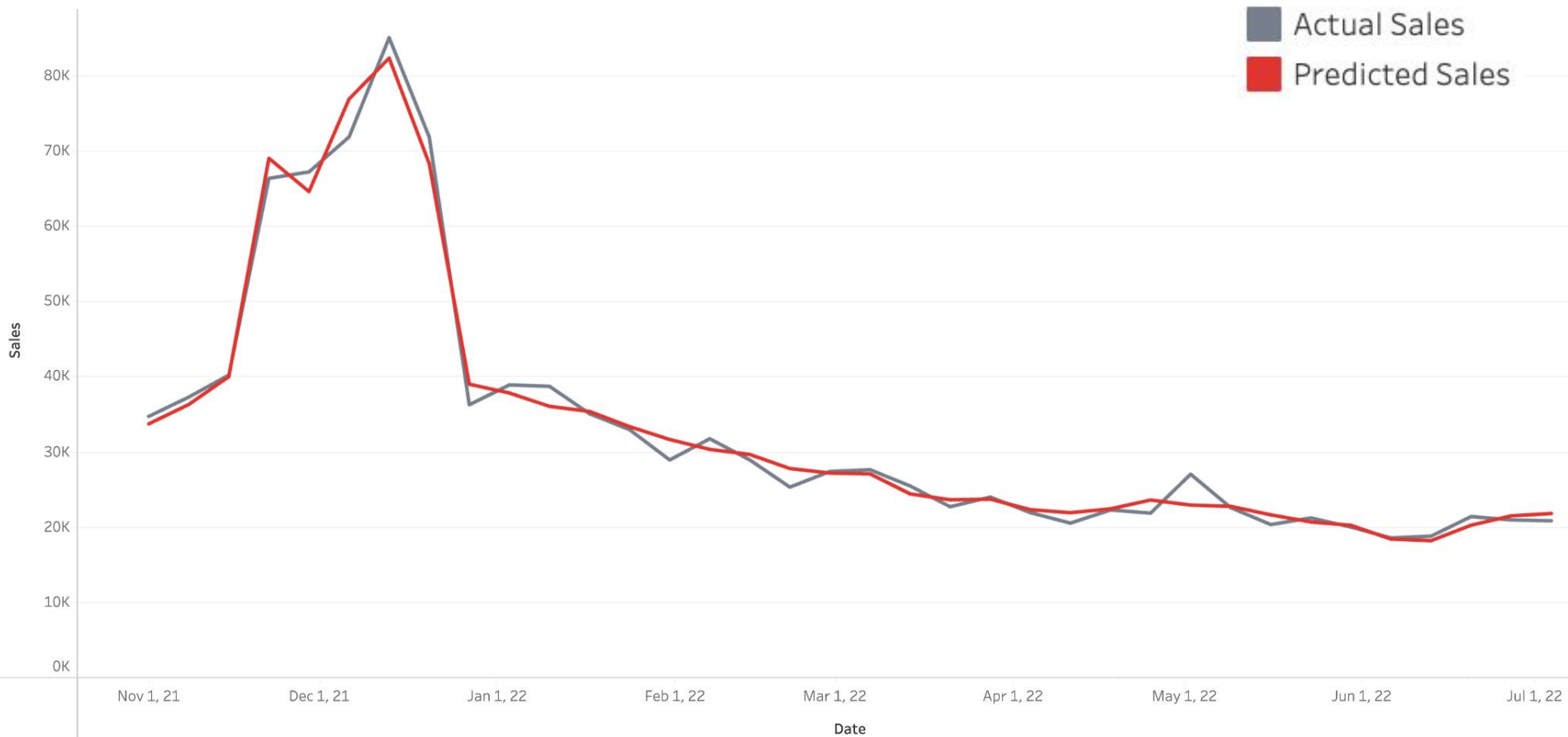
Quick heads up: the model shouldn't follow perfectly high peaks and low valleys - as they're probably outliers and wouldn't be representative of a standard path.

.

# INSIGHTS: 25% OF THE OVERALL SALES IS RELATED TO GADS

Predictor

TV	24.71%
GAds Shopping	12.57%
GAds Brand	10.37%
Influencers	9.30%
COVID impact	8.80%
Baseline	8.52%
FB Retargeting	7.53%
Promoter	4.41%
Seasonality	3.36%
Amazon	2.56%
GAds Search	2.20%
FB Acquisition	2.06%
Criteo	1.49%
TV Competitors	0.80%
Email Recipients	0.50%
Stock	0.48%
Consulenza	0.36%
Bing	0.00%
Amazon DSP	0.00%

Response

→ **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

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TV ACCOUNTS for 76% of SPEND SHARE, BUT ONLY FOR 34% of MARKETING SALES

■ Response Share
■ Spend Share

Channel	Response Share	Spend Share
TV	34.22%	76.30%
Influencers	12.73%	5.80%
GAds Brand	14.19%	4.50%
GAds Shopping	17.20%	4.50%
FB Acquisition	2.82%	3.40%
FB Retargeting	10.30%	2.80%
Amazon	3.50%	1.20%
GAds Search	3.01%	0.70%
Amazon DSP	0.00%	0.50%
Bing	0.00%	0.10%
Criteo	2.04%	0.10%

0.00% 5.00% 10.00% 15.00% 20.00% 25.00% 30.00% 35.00% 40.00% 45.00% 50.00% 55.00% 60.00% 65.00% 70.00% 75.00% 80.00%

➔ **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
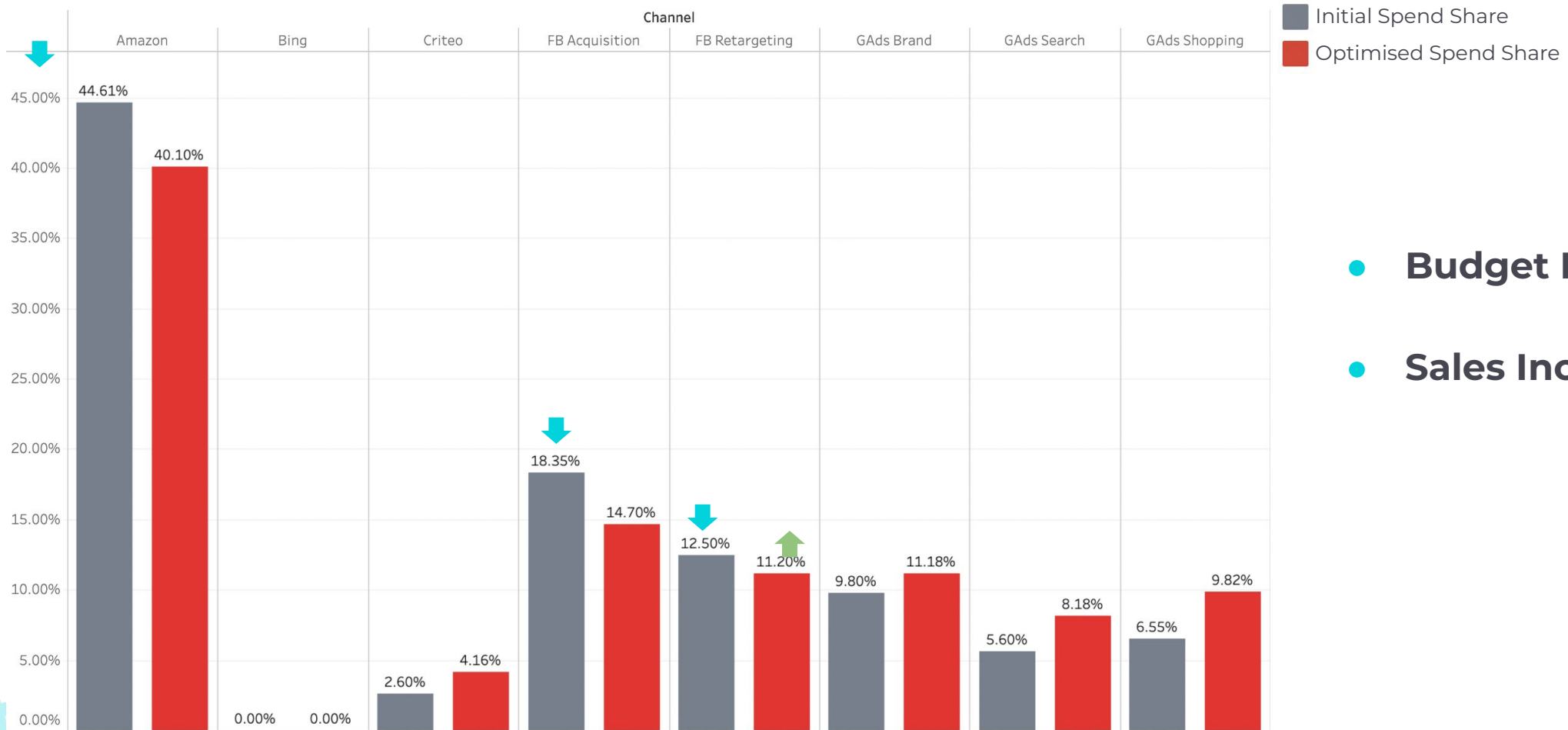
- **Budget Increase**: 0%

- **Sales Increase:** 8%

Thank you!

Marco Frighetto
Head of MarTech

marco@boosterboxdigital.com
boosterboxdigital.com

BOOSTER
BOX
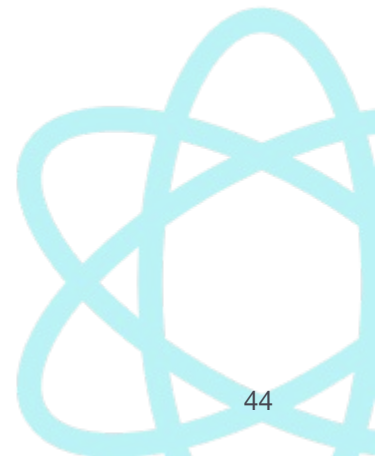
Appendix

1PD Collection & Implementation

7 DOs & DON'Ts

7 DOs & DON'Ts

1. **If you aren't yet, start collecting UTM information into your CRM**
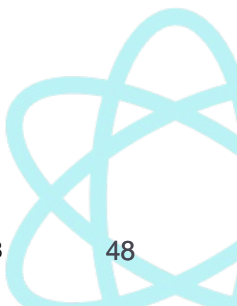
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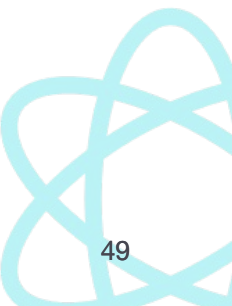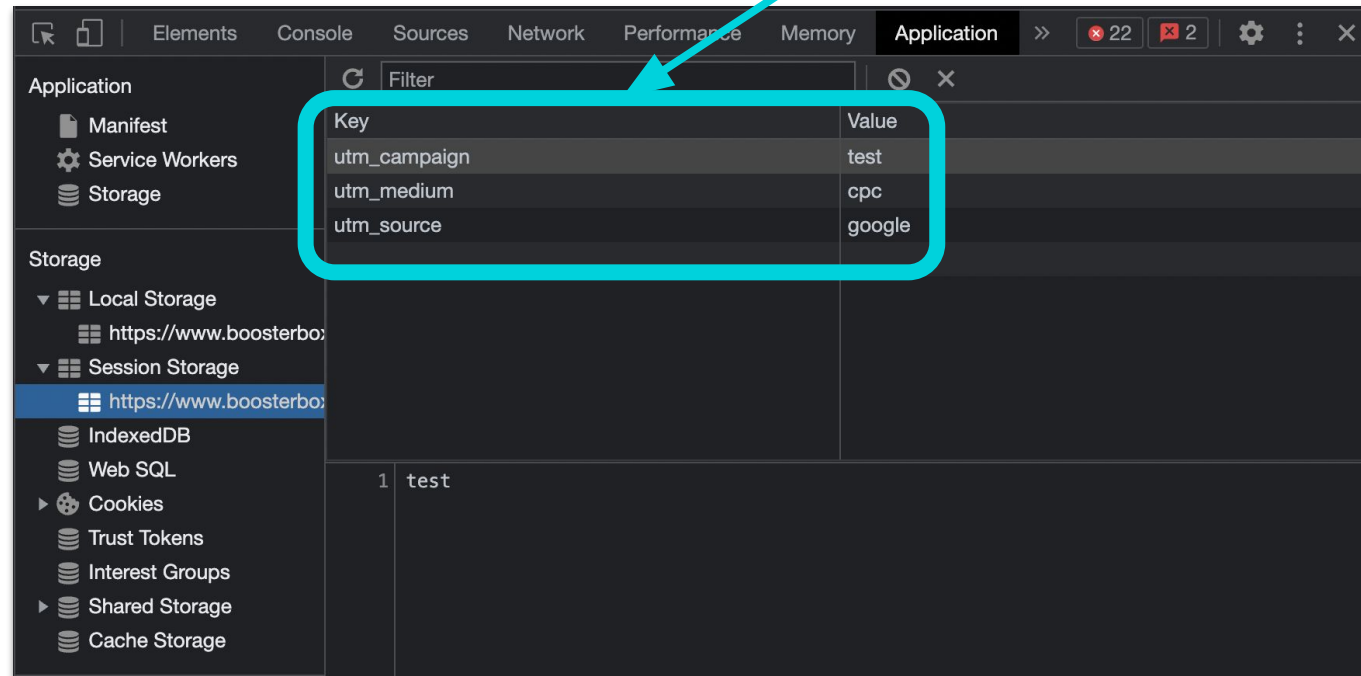
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3. **Direct integration tends to be clunky. Consider to have custom import to Adv Platforms**

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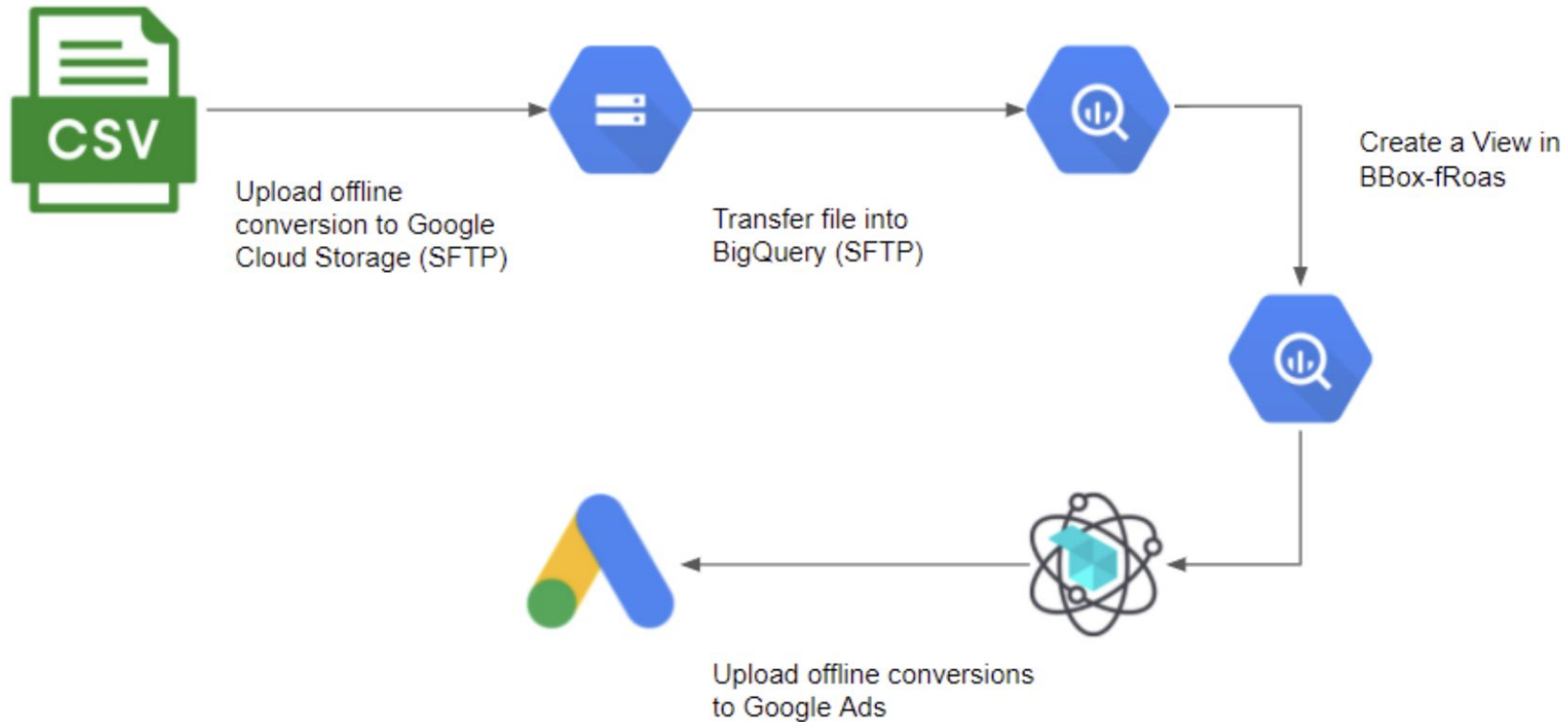
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4. **Too deep in the funnel is not always the right choice. Weight your conversion volume**

Too deep in the funnel is not always the right choice. Weight your conversion volume

SOURCE	CONVERSION ACTION NAME	N. OF CAMPAIGNS (1)	CAMPAIGNS %age	SPEND (2)	SPEND %age
GAds (Platform)	Sign-up	28	12%	185k	84%
GAds (Export)	Demo Video	23	10%	178k	81%
GAds (Export)	Survey Request	18	8%	165k	75%
GAds (Export)	Survey Completed	12	5%	142k	65%
GAds (Export)	1:1 Booked	7	3%	118k	54%
GAds (Export)	1:1 Completed	7	3%	118k	54%

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)

7 DOs & DON'Ts

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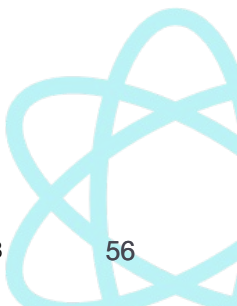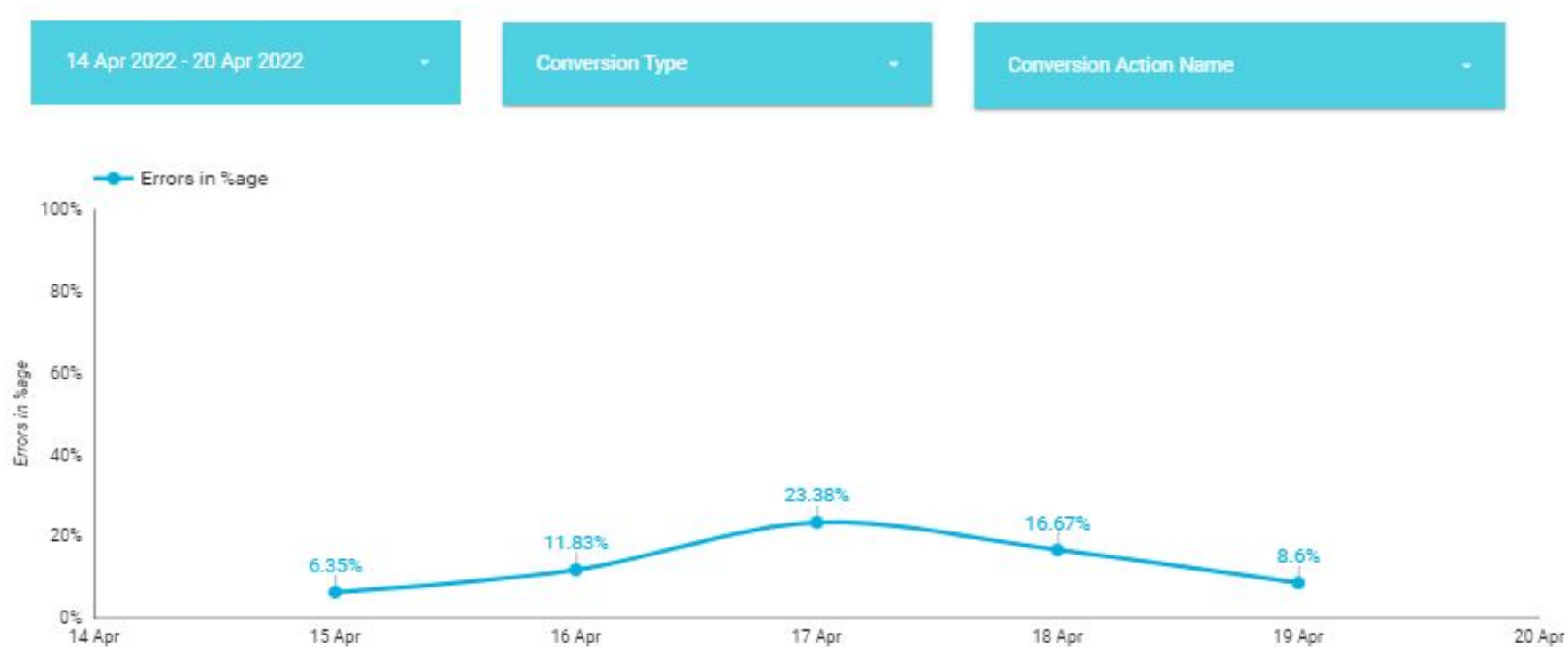
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Always adopt a DEV vs PROD approach in setting up your offline conversion

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6. Always adopt a DEV vs PROD approach in setting up your offline conversion

7. **Different Ad Platforms have different implementation logic: treat them differently**

Different Ads Platforms have different implementation logic: treat them differently

click_id

1PD DATA

email, fn, ln