Incrementality
A Deep Dive into Advanced Marketing Tactics
11-11:30
Incrementality Testing

4 Primary Instances of Potential Incrementality Issues:
- Brand
- View-Through
- Remarketing
- Facebook

Flaws and Limitations of Incrementality Tests:
- Single-Channel View
- Seasonality
- Contamination of Control Group
- Channel Overlap
3Q Summit 2016
8.25.2016
#3QSUMMIT
Brand
Brand Incrementality

A.K.A. Brand Cannibalization, Brand Lift
Brand Incrementality

A.K.A. Brand Cannibalization, Brand Lift

What’s the purpose?
• To quantify the true value of brand spend and conversions
Brand Incrementality

A.K.A. Brand Cannibalization, Brand Lift

What’s the purpose?
• To quantify the true value of brand spend and conversions

Why run the test?
• If Brand is NOT incremental, you can re-allocate that budget to fund new initiatives or channels
Brand Incrementality

A.K.A. Brand Cannibalization, Brand Lift

What’s the purpose?
• To quantify the true value of brand spend and conversions

Why run the test?
• If Brand is NOT incremental, you can re-allocate that budget to fund new initiatives or channels

We can all agree that it makes sense to run this test. The real question is, what’s the priority?
How To Prioritize

It’s not a matter of if, it’s when
How To Prioritize

It’s not a matter of if, it’s when

Ask yourself the following questions to help prioritize this test:

- Is Brand less than 10% of overall budget?
- Are competitors bidding on your brand?
- Is Brand extremely ROI-positive?
How To Prioritize

It’s not a matter of if, it’s when

Ask yourself the following questions to help prioritize this test:

• Is Brand less than 10% of overall budget?
• Are competitors bidding on your brand?
• Is Brand extremely ROI-positive?

If you answer YES to these questions, I would consider this test a lower priority.
How To Prioritize

It’s not a matter of if, it’s when

Ask yourself the following questions to help prioritize this test:

- Is Brand less than 10% of overall budget?
- Are competitors bidding on your brand?
- Is Brand extremely ROI-positive?

If you answer YES to these questions, I would consider this test a lower priority.

If you answer NO, you should add this test to the roadmap!
Methodology

How do we measure incrementality?

- No brand ad: 60%
- Brand ad + organ: 49%
  - Brand ad: 31%
  - Organ: 11%
Methodology

How do we measure incrementality?

Setup:
- Day on & day off
- Week on & week off
- Split the US in half (25 states on, 25 states off)
**Methodology**

How do we measure incrementality?

**Setup:**
- Day on & day off
- Week on & week off
- Split the US in half (25 states on, 25 states off)

**Math:**
- Lift = Incremental ((Brand + Organic) – Organic) / Brand

![Graph showing the comparison between No brand ad and Brand ad + organ]
Methodology

How do we measure incrementality?

Setup:
• Day on & day off
• Week on & week off
• Split the US in half (25 states on, 25 states off)

Math:
• Lift = Incremental ((Brand + Organic) – Organic) / Brand

Caveats / external factors:
• Seasonality
• PR, TV, DM, Promotions
• Brand negatives
• Update monthly/quarterly projections
3Q Client Example 1

Day Off, Day On

- This test was supposed to run for two weeks, but the results from week 1 were already significant, so we called the test early.

- Brand ads were 95% incremental.
Since this test resulted in zero incrementality, Brand was shut off.
View-Through Conversions
What Is A View-Through Conversion?

**View-Through Conversions:**
Conversions that occur after a customer saw – *but did not click* – a display or video ad before completing a conversion.
The View-Through Conversion Argument

Display isn’t a response to a question (it is there to influence the question to be asked)

Consumers are hesitant to click on ads (and then be cookied and followed all over the web)

VTCs demonstrate value by assisting the conversion (and creating demand for the product)
The View-Through Conversion Argument

Use Them

- Display isn’t a response to a question (it is there to influence the question to be asked)
- Consumers are hesitant to click on ads (and then be cookied and followed all over the web)
- VTCs demonstrate value by assisting the conversion (and creating demand for the product)

Don't Use Them

- How can we be sure a VTC *legitimately* assisted in the conversion?
- VTCs are just a crutch used to *defend campaign failures*
- Publishers/media owners use *questionable tactics* to inflate their real value (cookie stuffing)
Display PSA Testing Execution
Display PSA Testing Execution

Client Ad

PSA Ad
Display PSA Testing Execution

Client Ad

329 VTCs

PSA Ad

261 VTCs
Display PSA Testing Execution

Valid VTC % = \( \frac{\text{Client Ad VTC} - \text{PSA Ad VTC}}{\text{Client Ad VTC}} \)

\[ \begin{align*}
\text{Client Ad} & : 329 \text{ VTCs} \\
\text{PSA Ad} & : 261 \text{ VTCs}
\end{align*} \]

\[ \text{Valid VTC %} = \frac{329 - 261}{329} = 20\% \]
3Q Client Example

How our clients have used PSA testing in their programs...

Prior agency was using 100% VTC credit

3Q recommended shifting to 20% until testing could take place

PSA tests were executed for prospecting & remarketing

Results showed 24% for prospecting & 6% for remarketing
3Q PSA Test Findings Overview

High-level food for thought….

Prospecting
- 16 PSA Tests Analyzed
- Average VTC Attribution Credit: 17.56%

Remarketing
- 12 PSA Tests Analyzed
- Average VTC Attribution Credit: 7.8%
PSA Testing Best Practices

Things to consider…

Try to isolate your audience from external marketing influences
PSA Testing Best Practices

Things to consider…

Try to isolate your audience from external marketing influences

For remarketing, exclude control user list from experiment group and vice versa
PSA Testing Best Practices

Things to consider…

- Try to isolate your audience from external marketing influences
- For remarketing, exclude control user list from experiment group and vice versa
- Run separate tests for each campaign type and network
PSA Testing Best Practices

Things to consider...

- Try to isolate your audience from external marketing influences
- For remarketing, exclude control user list from experiment group and vice versa
- Run separate tests for each campaign type and network
- PSA test findings should be considered in all reporting and optimizations
2016 SUMMIT
8.25.2016
#3QSUMMIT

Remarketing
## Remarketing Incrementality

<table>
<thead>
<tr>
<th></th>
<th>0 to 3 Days</th>
<th>4 to 7 Days</th>
<th>8 to 14 Days</th>
<th>14 to 30 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visitors</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Category page</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Product Page</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Shopping Cart</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
</tbody>
</table>
## Remarketing Incrementality

Are remarketing ads actually influencing returning visitor behavior?

<table>
<thead>
<tr>
<th></th>
<th>0 to 3 Days</th>
<th>4 to 7 Days</th>
<th>8 to 14 Days</th>
<th>14 to 30 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visitors</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Category page</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Product Page</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Shopping Cart</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
</tbody>
</table>
## Remarketing Incrementality

- Are remarketing ads actually influencing returning visitor behavior?
- Did remarketing drive the conversion or did it just shorten the sales cycle?

<table>
<thead>
<tr>
<th></th>
<th>0 to 3 Days</th>
<th>4 to 7 Days</th>
<th>8 to 14 Days</th>
<th>14 to 30 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visitors</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Category page</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Product Page</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Shopping Cart</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
</tbody>
</table>
**Remarketing Incrementality**

- Are remarketing ads actually influencing returning visitor behavior?
- Did remarketing drive the conversion or did it just shorten the sales cycle?
- Are remarketing partners spamming impressions to all previous visitors to insert themselves into the conversion path and increase View Through Conversions and navigational clicks?

<table>
<thead>
<tr>
<th>Visitors</th>
<th>0 to 3 Days</th>
<th>4 to 7 Days</th>
<th>8 to 14 Days</th>
<th>14 to 30 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category page</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Product Page</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Shopping Cart</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Visitors</th>
<th>0 to 3 Days</th>
<th>4 to 7 Days</th>
<th>8 to 14 Days</th>
<th>14 to 30 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category page</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Product Page</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Shopping Cart</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>
Remarking Test Setup

• **Control Group**: users in the potential retargeting pool who are excluded from being shown ads

• **Exposed Group**: users who are given “normal” treatment and shown the client’s remarketing ads
  • Total audience split 70/30 between Exposed and Control

• **Uplift** = increase in CVR as a result of being shown a remarketing ad
# Criteo vs. Rocketfuel Incrementality Test Results

<table>
<thead>
<tr>
<th></th>
<th>Exposed Group</th>
<th>Control Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unique Users</strong></td>
<td>1,099,598</td>
<td>465,965</td>
</tr>
<tr>
<td><strong>Purchases</strong></td>
<td>29,590</td>
<td>12,006</td>
</tr>
<tr>
<td><strong>CVR</strong></td>
<td>2.69%</td>
<td>2.58%</td>
</tr>
</tbody>
</table>

- **CVR Lift = 4.4%**

<table>
<thead>
<tr>
<th></th>
<th>Exposed Group</th>
<th>Control Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unique Users</strong></td>
<td>749,530</td>
<td>83,309</td>
</tr>
<tr>
<td><strong>Purchases</strong></td>
<td>371</td>
<td>38</td>
</tr>
<tr>
<td><strong>CVR</strong></td>
<td>0.049%</td>
<td>0.046%</td>
</tr>
</tbody>
</table>

- **CVR Lift = 8.5%**
## Criteo vs. Rocketfuel Incrementality Test Results

<table>
<thead>
<tr>
<th></th>
<th>Exposed Group</th>
<th>Control Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unique Users</strong></td>
<td>1,099,598</td>
<td>465,965</td>
</tr>
<tr>
<td><strong>Purchases</strong></td>
<td>29,590</td>
<td>12,006</td>
</tr>
<tr>
<td><strong>CVR</strong></td>
<td>2.69%</td>
<td>2.58%</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td>$131,769</td>
<td></td>
</tr>
<tr>
<td><strong>CPA</strong></td>
<td>$4.45</td>
<td></td>
</tr>
</tbody>
</table>

**CVR Lift = 4.4%**

<table>
<thead>
<tr>
<th></th>
<th>Exposed Group</th>
<th>Control Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unique Users</strong></td>
<td>749,530</td>
<td>83,309</td>
</tr>
<tr>
<td><strong>Purchases</strong></td>
<td>371</td>
<td>38</td>
</tr>
<tr>
<td><strong>CVR</strong></td>
<td>0.049%</td>
<td>0.046%</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td>$33,121</td>
<td></td>
</tr>
<tr>
<td><strong>CPA</strong></td>
<td>$89.27</td>
<td></td>
</tr>
</tbody>
</table>

**CVR Lift = 8.5%**
## Criteo vs. Rocketfuel Incrementality Test Results

<table>
<thead>
<tr>
<th></th>
<th>Exposed Group</th>
<th>Control Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique Users</td>
<td>1,099,598</td>
<td>465,965</td>
</tr>
<tr>
<td>Purchases</td>
<td>29,590</td>
<td>12,006</td>
</tr>
<tr>
<td>CVR</td>
<td>2.69%</td>
<td>2.58%</td>
</tr>
<tr>
<td>Cost</td>
<td>$131,769</td>
<td>$131,769</td>
</tr>
<tr>
<td>CPA</td>
<td>$4.45</td>
<td>$4.45</td>
</tr>
</tbody>
</table>

CVR Lift = 4.4%

<table>
<thead>
<tr>
<th></th>
<th>Exposed Group</th>
<th>Control Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique Users</td>
<td>749,530</td>
<td>83,309</td>
</tr>
<tr>
<td>Purchases</td>
<td>371</td>
<td>38</td>
</tr>
<tr>
<td>CVR</td>
<td>0.049%</td>
<td>0.046%</td>
</tr>
<tr>
<td>Cost</td>
<td>$33,121</td>
<td>$33,121</td>
</tr>
<tr>
<td>CPA</td>
<td>$89.27</td>
<td>$89.27</td>
</tr>
</tbody>
</table>

CVR Lift = 8.5%

Adjusted CPA = $100

Adjusted CPA = $1,050
Key Takeaways

• Good numbers in your marketing channel UIs do not necessarily mean good performance
Key Takeaways

• Good numbers in your marketing channel UIs do not necessarily mean good performance

• There is no “magic bullet” to solving for incrementality; you have to test it for yourself
Key Takeaways

• Good numbers in your marketing channel UIs do not necessarily mean good performance

• There is no “magic bullet” to solving for incrementality; you have to test it for yourself

• Incrementality will vary by campaign type, marketing channel, and media mix
Key Takeaways

• Good numbers in your marketing channel UIs do not necessarily mean good performance

• There is no “magic bullet” to solving for incrementality; you have to test it for yourself

• Incrementality will vary by campaign type, marketing channel, and media mix

• Incrementality tests have potential flaws and should be retested over time to ensure consistent results