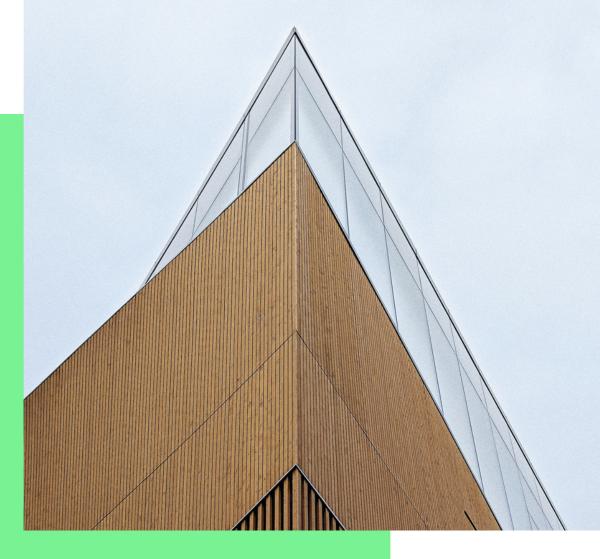


Performance and Privacy in the New Ad Ecosystem

# Unlock the Potential of Your Data





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#### Meta

A paper by Acceleration, a GroupM agency.
This research project was partially funded by Meta.

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# The Future of Performance and Measurement

"Server-to-server connections are the foundation of smarter and more efficient digital marketing. At Acceleration, we aim to leverage Conversions API (CAPI) as a tool to help brands navigate both relevancy and consumer privacy for mutual benefit. CAPI is more than a solid alternative to cookies: It can – among other things – help brands pass on Lifetime Value data, qualify leads acquired through Meta ad campaigns better, and assess profitability.

This can be combined with our unique expertise in integrated custom algorithms, which allow real-time differential bidding for deeper funnel events or offline events. Think about a world where all our clients can optimize and measure campaign performance on and off Meta for their entire business, not just the e-comm part. Think about a world where all our clients can seamlessly juggle profit margin goals, short-term sales goals, and long-term sustainable consumer value growth. CAPI is the enabler, and we are already on that journey."



**Andreas Nordfors**Executive Director Tech Solutions
Acceleration Sweden





# 02 The Opportunity of The New Ad Ecosystem

Cookies and personal identifiers storing consumers' digital footprint have long been delivering data in assessing digital advertising performance through attribution tools. However, cookies and personal identifiers are no longer the bedrock of digital advertising. Google Chrome made this clear in January 2020, with additional updates in March 2021 and April 2021.

Furthermore, Apple announced a device-centric permission framework where users are at the center of managing their data and consent. The Apple-owned App Tracking Transparency framework rolled out in the first half of 2021 after regulations protecting consumers' privacy came into force (e.g., GDPR and ePrivacy regulations in Europe, CCPA in California, and the Brazilian General Data Protection Law).

At <u>Acceleration</u> we see the profound changes to the advertising ecosystem as an opportunity. We help brands reconcile privacy and personalization and enhance how they assess digital advertising performance in this new world. We partnered with Meta and three prestigious brands in the GroupM Nordics portfolio: Tele2, Stadium, and Klättermusen – to explore two interrelated outcomes of this evolution:

- 1. The need to leverage first-party customer data in a privacy-safe way.
- 2. The need to measure the business impact of advertising differently.

We believe the intent, findings, and forward-looking view of this project by three leading brands is the footprint of the new advertising ecosystem.



## 03 A Tool for Leveraging First-Party Data

Meta's Conversions API tool establishes a more reliable data-connection between the first-party marketing data from the advertiser and the Meta platform. Instead of relying on cookies to transmit key information about consumer actions (such as the purchase of an item) on a brand's property (such as a website) and Meta, a secure server-to-server connection is created and maintained. Through this connection, the appropriate information is reliably and safely transmitted to Meta without cookie-dependency and with explicit consent from the consumer.

Conversions API is a business tool from Meta. Yet the underlying server-to-server connection may be enabled by a technology and consultancy partner like Acceleration, or by various players in the ad ecosystem, such as Customer Data Platforms, Commerce Platforms, System Integrators, or Marketing Technology platforms.

These platforms offer a more standardized way of integration. However, going through a partner like Acceleration allows a neutral third party to advise on which route to take. It also offers a degree of customization to each brand's business objectives and existing setup that may not otherwise be easily achievable.

The goal of implementing Meta Conversions API is to enhance targeting, optimization, and measurement of your Meta ad campaigns.



# META'S CONVERSIONS API CAN HELP:

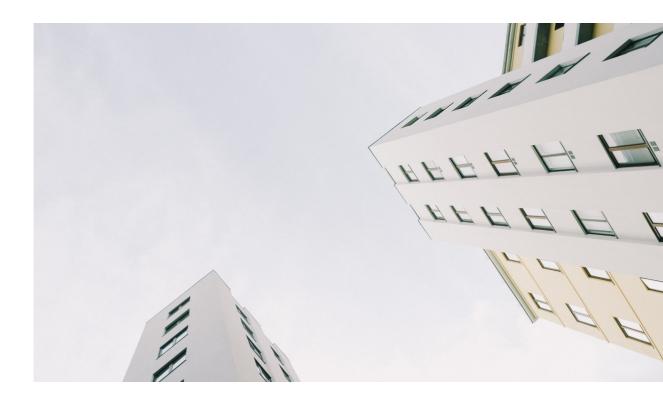
- 1. Reduce cost per action as a result of improved data connectivity and increased event matching.
- 2. Optimize campaigns for off-website actions like in-store purchases or Customer Lifetime Value.
- **3. Improve measurement.** Understand how your Meta advertising impacts online and offline results.
- 4. Increase control over what data you share and when you share it.



## 04 Two Ways of Implementing CAPI

There are different options to set up Meta's Conversions API. Direct integration is a good choice for businesses that have developer resources available, access to their server codebase, and need the ability to customize their configuration.

Does the advertiser use a website platform, customer data platform(CDP), commerce platform, AdTech, tag manager, or system integrator? Then it may be faster and easier to set up the Conversions API through a partner integration, as it requires minimal or no editing of website code. This was the case for the clients in our study.



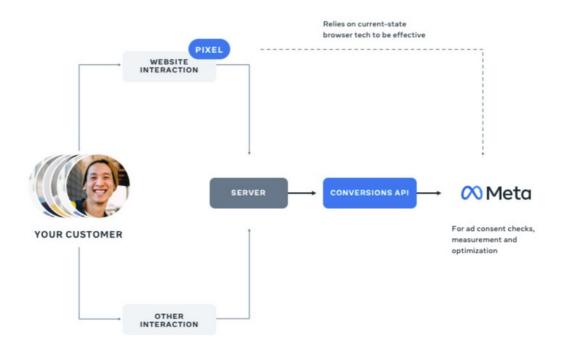
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## 05 Why Your Match Quality Matters

Event Match Quality (EMQ) is a proxy that can help brands understand how well the Conversions API is implemented. An event's EMQ score (out of 10) indicates how effectively your server event's customer information matches the event to a Meta account. Your EMQ depends to a large extent on the availability of customer information parameters (for example email address, phone number or name). The more conversion events that are transmitted together with hashed customer information parameters, and the more hashed customer information parameters each event has, the more likely an event will be matched to a Meta user account. <sup>1</sup>

At Acceleration, we have the expertise to help brands ensure that the quality of the implementation is raised to a high level quickly. We work jointly on the quality and volume of data passed on through Conversion API and its latency. We recommend an EMQ score of 6+ for lower funnel events like purchases or conversions. Not only will it enable brands to measure their campaigns efficiently through Conversion Lift experiments, but it can also help reduce the cost per result.



<sup>&</sup>lt;sup>1</sup> Ensure that you have obtained the proper lawful permissions and any necessary consent before you share any information with a third party. Meta provides general information and links to helpful industry resources in their <u>Consent Guide but</u> work with your legal counsel to develop your data sharing compliance plan.

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# 06 Case Studies: Strong Match Quality Through CAPI

# Tele2 The Conversions API setup for Sweden's second largest telecom company Tele2 began late summer 2021 and was completed over the course of the autumn. The integration was executed by Meta integration partner ZZG together with Tele2's IT and developer teams, with GroupM agencies MediaCom and Acceleration co-driving the project. The integration was completed in November 2021, with EMQ score reaching 7.3 in December 2021 due to several customer information parameters being sent alongside each event.

# Stadium is Sweden's largest sports and sports fashion retailer, with approximately 180 stores in Sweden, Finland and Norway, plus a growing online presence. The Conversions API integration for Stadium was, similarly to Tele2, executed by Meta Business Partner ZZG during the second half of 2021. Thanks to customer information parameters accompanying each conversion event being sent through the Conversions API, the EMQ reached 8.1 by the end of the integration work, which was jointly driven and coordinated by GroupM agencies Mindshare and Acceleration together with Stadium developer teams and Meta.

# Klättermusen The work to set up Conversions API for Swedish mountaineering and outdoor equipment brand Klättermusen was managed and executed end to end by Acceleration Nordics, in collaboration with the eCommerce Operations Manager and Web Developer at Klättermusen, in the final quarter of 2021.

The integration was done through Google Tag Manager, where two separate containers were created: a web container including Pixel events and triggers and a server container including the server events. As with the other two advertisers in this study, customer information parameters are sent via the Meta Conversions API along with each purchase event instance, which raised the EMQ score to 8.7 in February 2022.

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# O7 How to Measure Incrementality in the New Ad Ecosystem

A common concern in the wake of third-party cookie deprecation, consumer privacy legislation, and Apple's App Tracking Transparency framework is about the impact of these changes on ad performance measurement. In 2021, Meta adapted its <u>Conversion Lift</u> measurement solution to work off conversion data passed via CAPI to address these concerns and safeguard robust incrementality measurement in the new ecosystem.

Conversion Lift works by dividing the marketers' chosen audience into randomized test and control groups in an intent-to-treat test methodology. Ads are delivered to the test group(s) only. Conversion data is passed via the Conversion API, and conversion events in the test and control groups are compared to calculate lift, incremental Return on Ad Spend (iROAS), and cost per incremental conversion.

Regardless of advertising, one expects conversions to occur (control group). But the difference in conversions between the test and the control group, once the campaign is run, is what is referred to as lift. Conversion lift is the estimated number of incremental conversions resulting from your ads in the test.



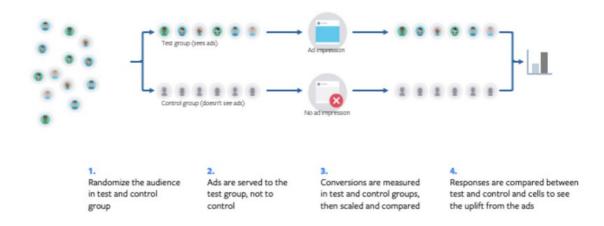
Measuring lift allows brands to gain insight into the causal impact of their ads on true business value, i.e., a particular conversion event and the associated additional revenue. In other words, brands can assess the true incremental gains generated by one or more campaigns. Few other measurement solutions can determine the actual causal impact of marketing. Thus, Conversion Lift results are particularly valuable as a source of truth measurement to calibrate measurement tools such as attribution or Marketing Mix Modelling (MMM).

#### CAPI Anonymizes and Aggregates Data for Lift Studies

Meta Conversions API needs to be in place for Conversion Lift measurement on Facebook and Instagram to be possible. This is because CAPI **anonymizes** users' personal data (age, gender, demographics) and enables the **aggregation** of events from users who have opted out of the Ad Tracking Transparency (ATT) prompt on Apple's iOS 14.5+, which is required for lift calculation.

Also, by uploading in-store (offline) purchase data manually or automated through **Offline CAPI** (OCAPI), it is possible to measure the **incremental store sales** caused by your ads and identify net new sales taking place in-store from your media spend on Facebook and Instagram.

#### Meta Conversion Lift - Experimental Design



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### 08

# Case Studies: Measuring Business Impact with Conversion Lift

#### Stadium

Following the CAPI implementation for Stadium, we ran a Conversion Lift study over a three-week period in the first quarter of 2022 to verify the server-to-server data connection and measure the **incremental online and in-store sales effect** of Stadium's advertising on Facebook and Instagram in their home market Sweden.

Advertisers may choose how to transmit offline event data to Meta to include sales data from physical stores in the calculation of lift study results. They can automate uploads with the **Offline Conversions API** (OCAPI), or they can upload data from the test period manually in Meta Events Manager.

As a first step towards setting up OCAPI, Stadium performed a manual data upload to gauge the quality of their offline sales data – specifically to find out to which extent offline purchase events matched Meta accounts. Stadium's match rate was 95%: a solid first-party data foundation for measuring and optimizing ad spend towards omnichannel business results.

The test resulted in an online lift (number of online purchases in the test group compared to the non-exposed control group) of **7.5**% and an offline lift (number of in-store purchases in the test group compared to the control group) of **1.1**%. Furthermore, with the size of the ad budget and the sales value of the lifts factored in, the test proved that Stadium's ad investment on Meta platforms delivered a **positive incremental return on ad spend** – in physical stores and online.

Both online and offline lift results were statistically significant at 92% or higher, proving that the Conversions API setup, including customer data parameters, provides a **robust data foundation** for incrementality measurement as well as for continuous campaign reporting and optimization in the new privacy-first ad ecosystem.

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"Having Conversions API in place allows us to run lift tests and learn how to improve both the online and in-store ROI of our Facebook and Instagram ads, even as regulations and technologies change. Privacy safe activation of our first-party data is essential to help us drive performance."

#### Rikard Arodén Jonsson

Performance Marketing Manager Stadium

#### Klättermusen

Similarly, to verify the CAPI setup for Klättermusen, a Conversion Lift study was set up to measure the incremental online sales impact of their ads on Facebook and Instagram in Sweden and Norway. The test detected a lift in the number of online purchases in the test group compared to the control group, of **22**%. A 15% lift in sales value meant that Klättermusen's Meta campaigns during the test period caused **15% additional sales revenue** that would not have happened without the ads. <sup>2</sup>

"At Klättermusen, our ongoing work to maintain proper responsibility for our first-party data is not affected by the loss of third-party cookies in itself. We are however probably not alone in wondering how we can or should use our data.

With the help of server-to-server connections, like Meta's Conversions API, and Google Tag Manager, Acceleration helped us set up digital media reporting and measurement which allows us to safely use our first-party data to measure the effectiveness of our ads in driving real sales results."

#### **Ida Holmen**

Global Head of Marketing Klättermusen

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 $<sup>^2</sup>$  Both conversion and sales lift results for Klättermusen had 88% statistical significance.



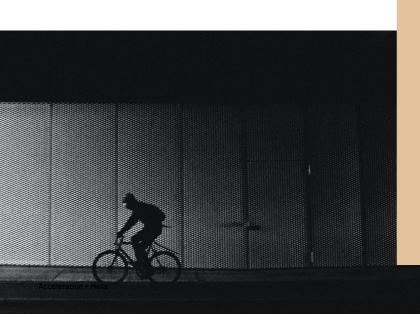
# 09 Taking Measurement to the Next Level

At Acceleration, we work with a toolbox of solutions to measure the effect of marketing activities. We strongly believe that today's advertisers need different solutions as data becomes increasingly siloed. As third-party cookies and mobile device identifiers become obsolete, so do some measurement and attribution methods, prompting us to rethink how we approach measurement and attribution.

We believe that the future of measurement will be characterized by first-party data gathered in compliance with applicable privacy regulations, augmented with relevant aggregated data and statistical methods like MMM, and calibrated with incrementality testing like Meta's Conversion Lift.

Our toolbox consists of MMM, attribution, and experiments, including conversion lift studies. To unlock the full scale of our data science toolbox, we implement bespoke measurement frameworks to combine MMM with experiments, attribution with MMM, and so forth to utilize all the data at hand. In summary, we use Bayesian statistics to transfer knowledge from one model to another and feed prior knowledge into new models.

The conversion lift studies we can access from Meta through the Conversions API have great value from a measurement point of view. It leans into our Bayesian approach, efficiently transferring prior knowledge between models. The strongest use case for Meta's Conversions API-enabled Conversion Lift solution is to validate and calibrate our ongoing attribution tools to obtain an even better reflection of true incremental ROI and media contribution.



### CONVERSIONS API ENABLES ADVERTISERS TO:

- Have robust data available easily and
- Have a reliable attribution tool to make solid decisions for their marketing budgets





# 10 Creating Future-Proof First-Party Data Solutions

Part of Acceleration's DNA has always been helping our clients orchestrate and activate first-party data in their value-chain, whether for analysis or marketing optimizations. We believe that for a solution to have longevity in the rapidly evolving media industry, it must form an integrated part of our client's future strategy and be in line with the direction of the industry. Additionally, our solutions must incorporate the standards of tomorrow regarding consumer privacy and secure data so that, as regulation evolves, the impact on our solutions is minimal.

To achieve the above, we work closely with our clients to understand their businesses and goals and with partners like Meta to understand the changes and opportunities regarding privacy and safety and how they affect businesses using their platforms.

Meta's Conversion API is an example of a solution that fits our philosophy. We were aware of it early on due to our close collaboration – and we have leveraged the Conversions API to activate our clients' first-party data in a safer and more controlled manner than previously possible. We can also ensure that this data gets shared in a responsible, safe way that helps our clients move away from third-party cookies and insecure browser connections.



# 11 Executive Summary

#### How do you measure your digital marketing and its effect across channels today?

The ad ecosystem has changed, erasing much of our old foundation for performance tracking. Cookies and personal identifiers are no longer the bedrock of digital advertising – leaving many businesses searching for signals on user behavior.

#### What Happens When the Cookie Crumbles?

Data is still the raw material we need to extract insights and knowledge to target and optimize the advertising effort. However, the rules have changed, and we are now operating in a different world, forcing us to rethink how we leverage first-party customer data in a privacy-safe way. The cookie may have crumbled, and the pixel may have lost power. But there is a new set of tools to help you attribute campaigns to conversions.

#### Using First-Party Data and Measuring Success in the Future

Meta's Conversions API (CAPI) tool lets you transmit first-party data reliably via a server-to-server connection, to activate data safely and controlled – using an EMQ (Event Match Quality) score to assess how effectively your customer data matches user accounts on Meta's platforms. Enabled by CAPI, Meta's Conversion Lift helps you determine the causal impact of your ads and measure the true incremental gains generated by your campaigns – whether online conversions, offline in-store purchases, average order value or other business results.

#### Showing the Way with Three Case Studies

The two tools combined powerfully paves the way for numbers and knowledge that, combined with other tools and experiments, can unlock the full potential of your data. In this white paper, we present three case studies in collaboration with Meta to document how CAPI can be used as a foundation for incrementality measurement solutions like Conversion Lift to optimize ad budgets on real business results and measure success in the new advertising ecosystem.

We hope to inspire. And at Acceleration we are ready to help you unlock the potential based on a deep understanding of your business, the ever-changing media industry, and the balance between performance and privacy.

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## The authors



Allan Gunnar Nielsen Innovation Manager, Denmark



Lisa Gröning Head of Data Science, Sweden



Andreas Nordfors
Executive Director Tech
Solutions, Sweden



Stylianos Sidiropoulos Data Science Engineer, Sweden



