

Think with Google

First-Party Data Activation Playbook



The world we do business in is continuously changing. The cost of capital fluctuates significantly. Consumer demand changes rapidly. Supply chains are continuously disrupted.

To lead a financially sustainable business in this context it's important to focus on one thing: find more valuable customers than your competitors, so that you can fuel faster growth.

In order to achieve this goal, you need to put three fundamentals in place:

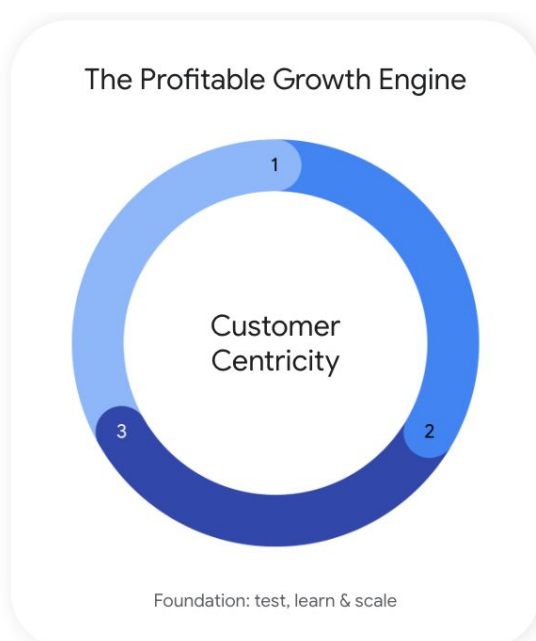
1. Connect your business objectives closely with your customer acquisition process. This means defining your “true” business goal that you want to optimise your marketing for - like profit.
2. Ensure that measurement fundamentals are in place. You used to be able to rely on third party data from browsers for this, however that is becoming less accurate and isn't privacy-safe. Instead you need to capture and activate customer and business data; or first-party data (1PD) for short. If you don't, every new customer will look the same, leading you to over-invest in some, and under-invest in others.
3. When you have linked your business objectives to your customer acquisition process and fuelled it with first-party data, you can use the strength of Google's AI to find the most profitable customers across channels, and in doing so maximise profit.

To make this happen it all starts with ownership and accountability. Having an overall measurement owner with a clear strategy who ensures customers get true value in return for sharing their data with you. Having people that can connect and activate all relevant data. New roles and skills are often needed to be successful in this area.

We would love to partner with you in helping you find more valuable customers with the help of your business and customer data.

Thank you.

Your Google team



Step 1

Define your “true” goal

Step 2

Build and connect your first-party data to train Google's AI on your goal, using privacy-first measurement

Step 3

Find the most valuable customers by activating all media, cross-channel

Overview

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1

Business objective & governance

In the initial phase of pursuing profit maximisation it is essential to get a deep understanding of the Business Objective (BO). Then, ensure that all vital stakeholders are involved and are aligned with the BO, to set the correct data foundation for activation of the underlying first party data.

➤ Defining the business objective

The first task is to align on the BO. What is the direction that the leadership team and the CFO are giving you? You need to be able to clearly articulate your BO and what you are optimising for: gross profit? Net profit? LTV, or future profit estimates? To give a few examples.



Translate your BO into clear marketing objectives. The unique business intelligence you provide is the key competitive advantage.

Then use Google's AI-powered systems to optimise for your goals.

- 1) Teach Google's AI on profit data, or a proxy value of that, and
- 2) Make sure that you have internal alignment on that profit business objective, how it's calculated and how it's measured from a shared source of truth.

➤ Build a steerco - governance

You should identify and build a Steerco of the relevant stakeholders that will be vital contributors to building, measuring and activating the first party data.

The number of people involved will vary depending on the complexity of your organisation. The purpose is to ensure the Steerco will have mandate to:

1. Prioritise technical/skill resources needed to gain access to right data
2. Mandate that the measurement solution being deployed is in line with how value is reported and accepted
3. Be able to identify the correct activation method (e.g. PMax) in the tools used either in house or through a Tech Partner and/or Agency

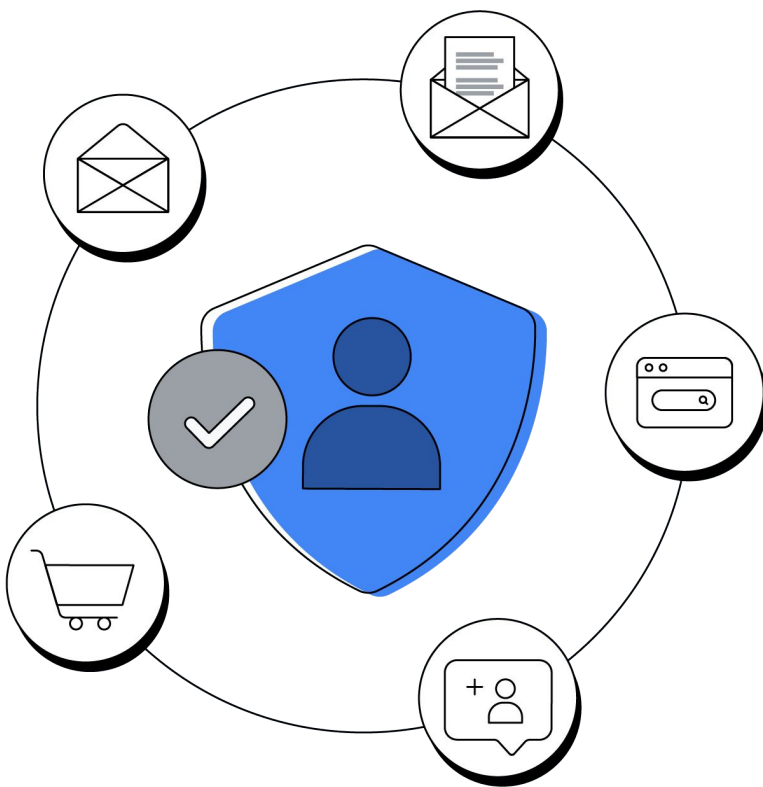
The “usual” relevant stakeholders:

- CMO and CFO (sponsors)
- Performance media
- Measurement owner (framework)
- Data scientist (Data team)
- MarTech Owner or CRM owner / Tech Team
- Business controller
- Partners (Where needed)
 - MarTech
 - Media Agency



➤ Ensure a solid data foundation

The third step towards executive alignment is ensuring that the data foundation for profit maximisation is in place. What constitutes first party data and do we have access to it? It's key to bring the identified relevant stakeholders together and discover the opportunities and potential gaps in activating business data and form a data strategy.



WHAT CONSTITUTES FIRST-PARTY DATA?

- Business data like profit, stock level, margin and store location data;
- Customer data collected with appropriate consent like email addresses and site visitors.

Before we dig into the tools to assess your technical & organisational capabilities and readiness to drive profitable growth, we will give you a quick look into why media/tech partners play a crucial role to set you up for success.

➤ Partners bring unique value

For some organisations the internal resources are not geared to drive such a cross functional business focus. Our partner ecosystem could support your organisation in driving profitable growth.

1

In the EMEA Boston Consulting Group research report - The Fast Track to Digital Marketing Maturity - “**New Skills and Partnerships**” is pointed out as one of the *most* important digital marketing accelerators in order for brands to become future-proof.

2

Google reps will be able to guide you along the way to find a partner that suits all your needs.

You can also do your own research here:

- [GMP Partner Gallery](#),
- [Google Cloud Partner Gallery](#)
- [Google Ads partners](#)

Filter for countries, global, certifications etc.

3

50% of multi-moment brands (most digital marketing mature) are keeping partnerships for capabilities such as content, measurement, attribution, and privacy management.*

Google partners provide a wide range of services from single projects to bigger, long-term partnerships and can offer services e.g. around:

- Data architecture
- Implementations
- Advanced analytics
- Attribution
- Audiences
- Automation
- Creative services
- AI
- Training



2

Are you set up for success?

Assessing your readiness for profitable growth is key to success, whether it's obtaining a better understanding of your organisational capabilities or identifying gaps in your privacy-centric data and measurement infrastructure.

1

Assess technical & organisational maturity

Having a solid understanding of your organisational capabilities can help determine areas of development. [Google's Digital Maturity Benchmark](#) is one way to help assess the current maturity of your organisation.

2

Link data to your objectives & increase measurement accuracy

We've already established the importance of having a clear set of business & marketing objectives. [Asking the right questions](#)² can help you assess if you have the right data points in place to deliver on them.

Next, [review our latest insights](#) on how to choose & apply the most suitable solutions to increase the accuracy of your measurement. Our [checklist](#) will help you get started.

3

Map data ingestion needed to support your activation use-cases

Enabling your collected data for activation is key to your growth, and might require a more in-depth assessment (e.g. an infrastructure audit) to understand if your current setup can support your activation use-cases, whether it being for targeting, bidding or optimisation.





Checklist A: Do you have the organisational & data readiness to succeed?

Is your organisation set up to support the ever changing environment?

- Have a **good understanding of resources** (internal or external) required to deliver on your business plan.
- A **dedicated team focusing on data privacy** and your ability to deliver on your set business goals from a ads privacy perspective.
- An organisational structure that **allows core teams to adapt for changes in the business environment** with the right level of agility.

Do you have the right strategy in place for data to solve your business goals?

- Have a defined approach for how to build **user trust and value-exchange** when collecting customer data.
- A **first-party data strategy** outlining how collected customer data solves for your business & marketing objectives.
- A **future-proofed measurement foundation** supporting your observable business data with modeling.



Checklist B: do you have the marketing readiness to succeed?

Are you set up to capture & maximise revenue from all channels?

- Bidding to **Conversion Value** (or able to pass Conversion Values to Google) including Omni-bidding to **Store values** - visits or sales
- Utilising AI features (**Performance Max, Broad Match & Responsive Search Ads**)
- Have all Sales channels included in Automation (**Omnichannel, Apps**)
- Ideally, have demand-driven investment (**Agile budgets**)
- Have strong assets (**Product data & Creatives**)

Do you have commitment to use profitability as the primary business objective?

- Have **C-level buy-in**, with cascading commitment through B & A-levels of the organisation
- Have **Agency/Partner alignment**
- All **incentives re-oriented** to profit over revenue
- Finance team** can be involved in bidding strategy / target definition

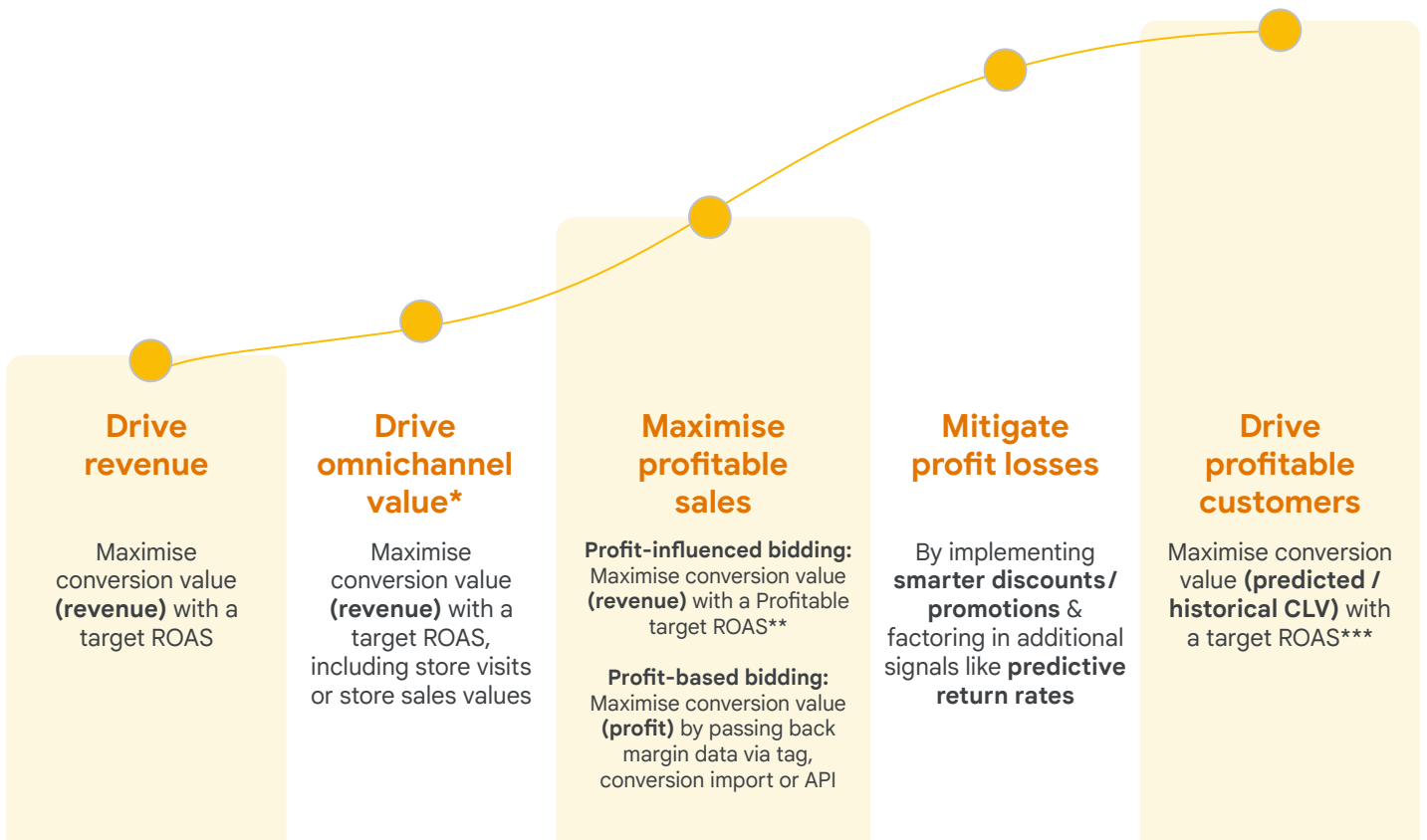
Do you have the technical resources to pass qualitative profit data to Google?

- Technical resources** to import offline conversion data & own API-based projects if needed
- Data alignment** with defined profit data (agreement on what you're able to share with Google)
- Profit Data quality** criteria:
Granularity: at category / SKU or transaction level (better)
Conversion delay: 90% of conversions occur within 14 days of the click and are uploaded/adjusted within 2 days of the conversion

3

Solutioning & data integration

In order to maximise profitable sales and use Google's AI to find the most valuable customers, we introduced a "profitable growth engine" at the start of this playbook. In the previous chapters, we've discussed step 1, defining your "true" business goal and setting the right metrics. In step 2 we have to actually build and connect the right first-party data to train Google's AI on your goal, using privacy-first measurement. Before we go into that, you must decide where on the "profit maximisation" maturity curve (below) you want to aim for - thinking also about the data you have - or can make - available:



* for advertisers with a storefront.

** leveraging account structure with custom labels to introduce a layer of profitability based on product clicked (not purchased)

*** LTV bidding doesn't necessarily make sense for all retailers. App and subscription business models are better fits than typical retail.

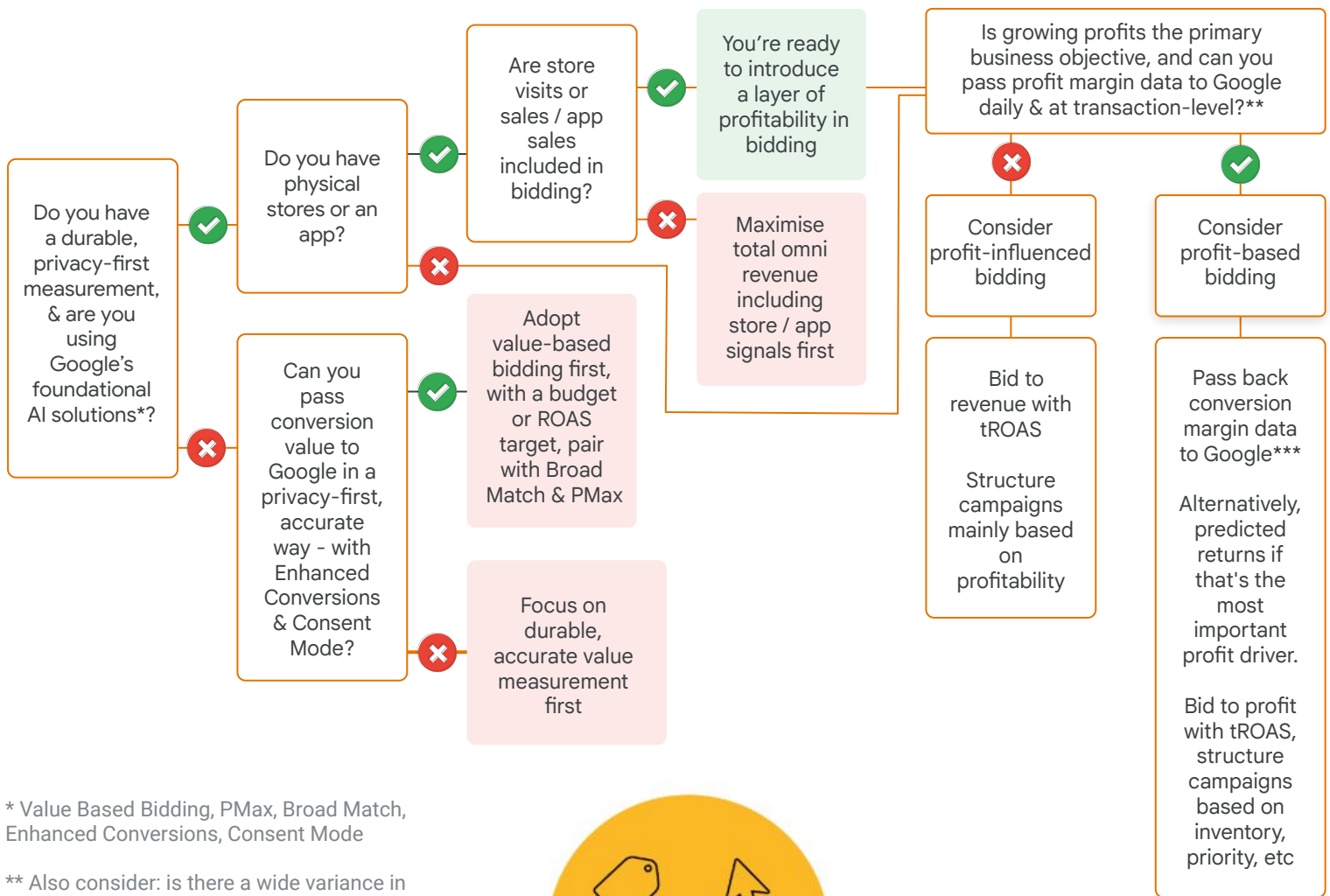


Decision Tree:

Determine the next steps to define your strategy

In general, it's advisable not to skip many steps on the curve shown on the previous page, because you risk overcomplicating the process. It might be better to take it step by step.

To help you decide on the most appropriate next step, you can refer to the flowchart below. After this, you're ready to start thinking about data integration.



* Value Based Bidding, PMax, Broad Match, Enhanced Conversions, Consent Mode

** Also consider: is there a wide variance in margin between conversions in a campaign? Or: do customers often buy products different from the one clicked in the ad?

*** Not currently possible for Store Sales



Improve data quality

Data collection is a vital part of achieving business objectives. In an environment where observable data is limited, it's crucial to effectively access and collect observable data and to have the right measures in place. Using the AI powered Google solutions will allow you to;

- Effectively capture data and improve data quality
- Understand campaign strengths & gaps
- Utilise 1PD and best practices to mitigate performance loss



Google Tag Manager

Leverage the site-wide container tag that uses rules to dynamically fire Google and third party tracking and measurement tags



GA4

Reduce the reliance on 3P cookies and preserve the accuracy of conversions across different channels



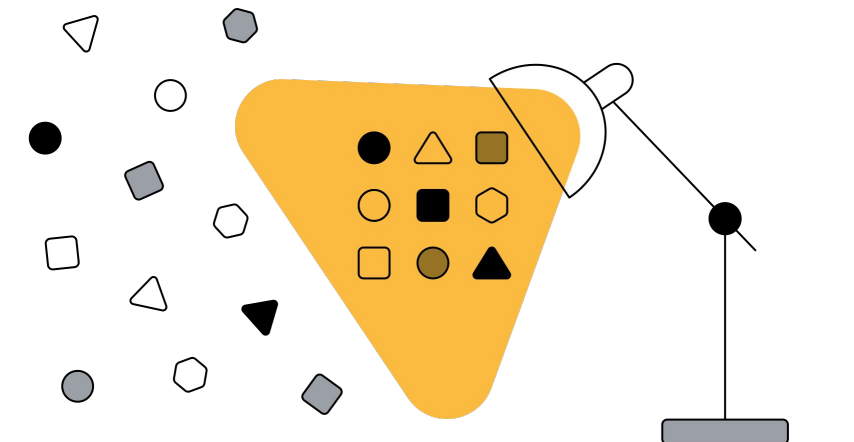
Measurement Protocol / OCA

Calculate conversion value (like profit) offline and upload daily and adjust values offline with a feed afterwards or send it via Measurement Protocol to GA



Server-side GTM


Improve data collection with higher security and privacy controls



Setup tracking foundation


Measurement is key when it comes to understanding the performance of your campaigns and making the right adjustments to cover gaps. Google's AI-based & privacy-centric measurement solutions will allow you to capture signals and gain a more accurate picture of your performance, ensuring you optimise to all profitable customers even when there are measurement gaps. Using these solutions you will be able to;

- Compensate for the data loss due to the reduction in observable data
- Use Google's AI powered solutions advanced modelling to find patterns and make predictions
- Use the best practices for your campaigns to maximise performance and profit




Enhanced Conversions for Web

Achieve more accurate conversion measurement by increasing observable data and improving overall quality of conversion modeling



Consent Mode for web & apps

Recover data observability across Google Platforms both for Web and App environments



PMax best practice dashboard

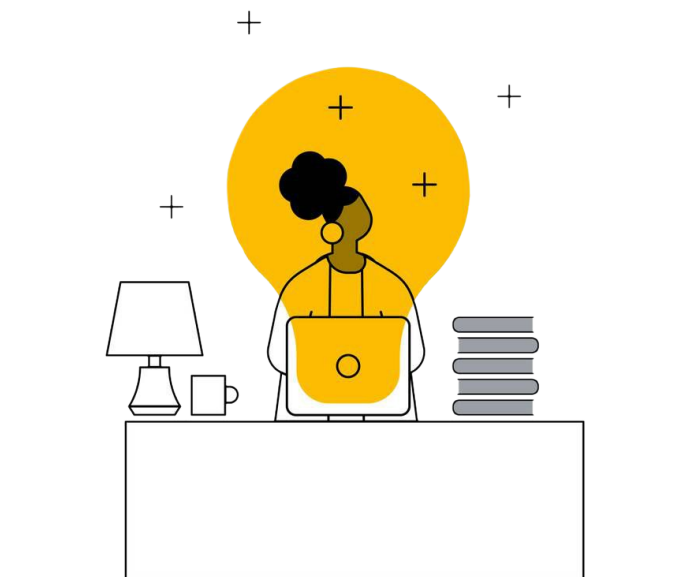
Get a complete overview of your pMax campaigns' performance and the assets uploaded



Utilise First Party Data

Campaign success heavily relies on effectively integrating the accessible data in a way that enables you to activate and deliver towards your business objectives. Utilise your first party data across the Google platforms by using secure & privacy centric data integration methods and enhance your bidding by optimising towards what matters to you the most. Google solutions would help you to;

- Bid on what matters you the most by using your own insights
- Leverage AI at every level of bidding in order to maximise your campaign performance
- Integrate and activate your own data to create valuable user segments



4

Data Activation

Training Google’s AI on the actual profit data (or relative proxy values) gives the best results, if your primary objective is to grow profits, and if margins vary a lot within a single campaign, with people often buying something else than the product they clicked. This is the case for all performance campaign types, like Search, Performance Max, Discovery, Smart Display and Video Action Campaigns. This is the same when activating via Google Ads or via Search Ads 360.

For Display & Video 360, you need to use [Custom Bidding](#) if you want to optimise to the profit definition you’re aiming for.

Below are different solutions at your disposal. Depending on the platform used for your search marketing and the outcome of the [decision tree](#) and [maturity assessment](#) in the previous chapters of this playbook, there are different solutions for activation within Google Ads, SA360 and DV360:

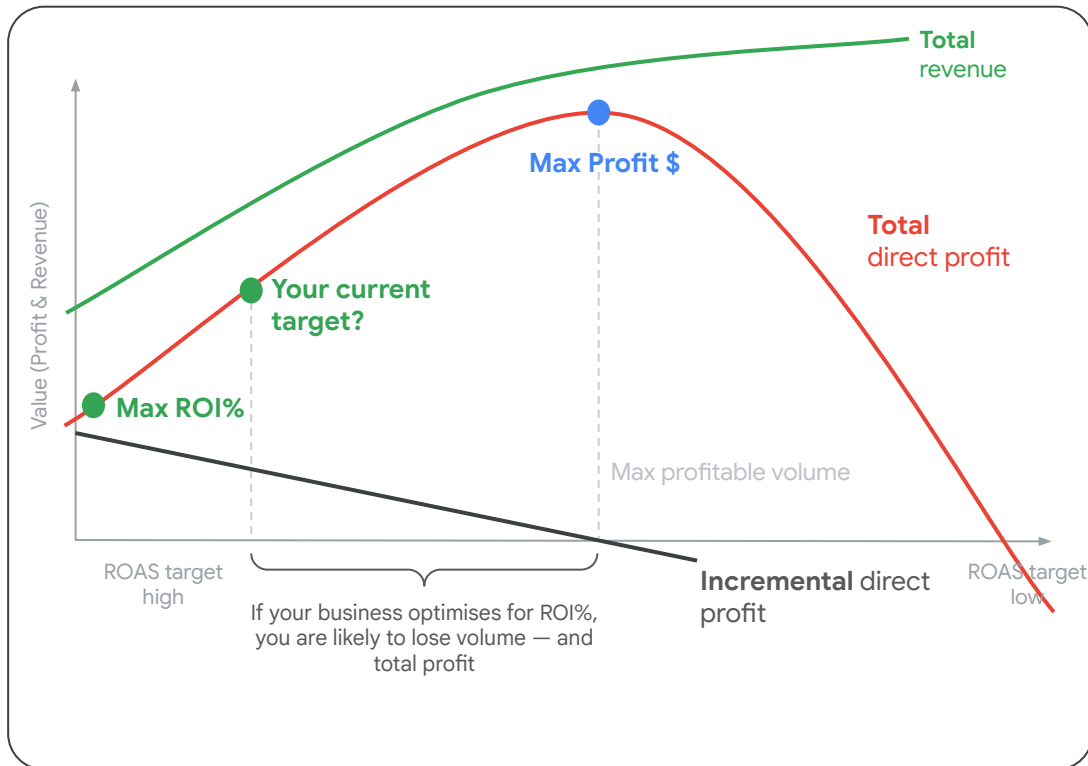
| Profit margin differs by... | Availability of data input | Solution complexity | Solution |
|------------------------------------|---|---|--|
| Product category / Brand / Product | Immediately / with delays | Low (need to make changes in Google Ads/SA360 + Merchant Center) | Google Ads/SA360: Segment campaigns by labeling products with Custom Labels + Cost Of Goods Sold in product data. DV360: Custom solution required. |
| Transaction | Immediately / with delays (profit value available within 48h) | Medium (need to edit website tag + make change in Google Ads/SA360) | Google Ads/SA360: Pass conversion value when users convert with tag , then adjust conversion value by factoring in returns / profit with Conversion Adjustments (Google Ads) , bulksheets or SA360 API (SA360) . DV360: Custom Bidding. GA: Measurement Protocol |
| Transaction | With delays (profit value available within 63 days) | Medium (need to import data, willing to share hashed PII) | Google Ads: Pass profit as conversion value through offline data import with Enhanced Conversions for Leads . SA360: use match-id with the conversions API. DV360: Custom Bidding. GA: Measurement Protocol |
| Transaction | Immediately (profit value available within 5 sec) | High (Cloud cost, tech resource needed) | Google Ads/SA360/GA: Instantly collect data, enrich first-party data with profit margin with server-side Google Tag Manager . DV360: Custom Bidding. |

Note 1: when you change [conversion goals](#), you need to gradually update your ROAS targets over the course of 3 conversion cycles (typically 3 weeks). Pre/post testing is the easiest, [causal impact](#) analysis is possible but more resource intensive.

Note 2: for omnichannel advertisers, Store Sales does not support profit values so we recommend omnichannel bidding to revenue instead, then segment campaigns by custom label

➤ ROAS vs Profit

When optimising for profit, it's important to understand what happens when you change your ROAS target. Maximising the profit per conversion is not the same as maximising total profit. A higher ROAS target gives you more profit per conversion, but reduces volume and thus total profit (and total revenue). Lowering the ROAS target (moving right on the curve below) may raise your total profit, to a point where the incremental profit drops below zero - then your total profit starts declining again (even if revenue keeps increasing). See the chart below:



This means you need to weigh profit % against total profit:

Finding the trade-off between profitability & volume

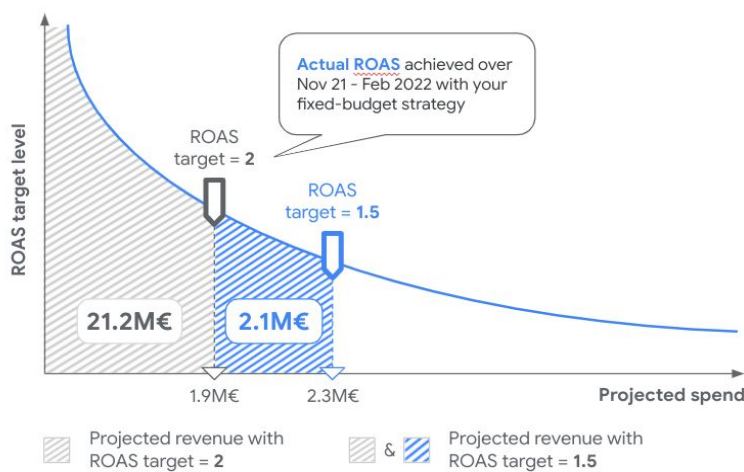
| | Maximise short term profitability strategy | Profitable growth strategy |
|---------------------------|--|----------------------------|
| tROAS | 6.7x | 5.0x |
| % Revenue invested | 15.0% | 20.0% |
| Search investment | \$6M | \$20M |
| Revenue | \$40M | \$100M |
| Profit | \$4M | \$5M |
| Profitability | 10.0% | 5.0% |

To create the scenarios on the previous page, and understand where you are on the profit curve, you need to use the [Performance Planner](#) and [Target Landscapes](#) in Google Ads - or the [Bid Strategy Forecasts](#) in SA360:



Make a predictive projection using the Performance Planner:

How much additional net revenue could you capture? Projections over November - December 2022 for PLA



- Reducing your ROAS target from 11 to 10 can help you drive an additional 9% net revenue (revenue - spend)
- This means you can capture 1.7M€ additional net revenue over 3 months

Source: Google Ads



Or use the Target Simulator or Bid Strategy Forecast for historical simulations (last 7 days)

Portfolio performance simulator: ROAS Search 81%
See how different ROAS targets might affect your traffic (Search Network Only) [Learn more](#)

| Target ROAS | Clicks | Cost | Impr. | Top Impr. | Conv. | Conv. value |
|--|--------|--------------|---------|-----------|-------|-------------|
| Last week (81%) | 9,062 | \$33,493.29 | 127,222 | 97,765 | 720 | 27,945.00 |
| <input type="radio"/> 135% | 7,221 | \$16,773.57 | 89,100 | 71,249 | 575 | 22,865.02 |
| <input type="radio"/> 115% | 7,994 | \$22,117.97 | 100,571 | 79,427 | 625 | 24,551.41 |
| <input type="radio"/> 89% | 8,782 | \$27,856.70 | 116,073 | 90,255 | 672 | 26,260.33 |
| <input checked="" type="radio"/> 81% (current) | 9,433 | \$33,513.97 | 124,783 | 96,105 | 720 | 27,945.00 |
| <input type="radio"/> 61% | 10,021 | \$41,948.74 | 130,294 | 103,060 | 761 | 29,282.32 |
| <input type="radio"/> 42% | 10,516 | \$52,149.42 | 135,899 | 109,550 | 796 | 30,421.26 |
| <input type="radio"/> 31% | 10,990 | \$63,242.75 | 139,847 | 114,102 | 830 | 31,427.44 |
| <input type="radio"/> 19% | 11,352 | \$75,133.12 | 142,708 | 117,859 | 855 | 32,248.08 |
| <input type="radio"/> 17% | 11,606 | \$87,984.78 | 143,387 | 118,689 | 873 | 32,828.02 |
| <input type="radio"/> 16% | 11,873 | \$101,002.04 | 143,802 | 119,184 | 889 | 33,365.96 |
| <input type="radio"/> Set a different target % | | | | | | |

Set a portfolio target ROAS of 81% Conv. value

Applying this adjustment will affect ad group-specific targets.

This simulation is based on performance from Nov 6 - 12, 2019. These estimates do not guarantee similar results. [Learn more](#)

[CANCEL](#) [APPLY](#)

5

Measuring change

Determining the success or failure of a test requires a **disciplined approach** and planning. Appropriate measurement must be set up **before** the change is made. Sometimes a special approach to executing the change is required to make it measurable by a specific method. **The measurement owner** plays a critical role in aligning KPIs to objectives and selecting the best tool based on the type of change, decision window and strength of evidence that is required.

The end-to-end process of measuring change can look like this:

| | What | Who | Key considerations |
|---|--------------------------|---|---|
| 1 | <i>Form a hypothesis</i> | <i>Measurement owner + stakeholders</i> | <i>What should be proven by the test? What is the action if proven true?</i> |
| 2 | <i>Set a KPI + goal</i> | <i>Measurement owner + stakeholders</i> | <i>What is the objective? What does "good" look like?</i> |
| 3 | <i>Select a tool</i> | <i>Measurement owner</i> | <i>Which tools measures the selected KPI in the desired time window?</i> |
| 4 | <i>Plan execution</i> | <i>Measurement owner + stakeholders</i> | <i>Is experimental media design required for measurement feasibility? (e.g. minimum campaign length, investment, holdout group)</i> |
| 6 | <i>Execute media</i> | <i>Stakeholders</i> | <i>Run the campaign(s)</i> |
| 7 | <i>Measure</i> | <i>Measurement owner</i> | <i>Apply the analysis</i> |
| 8 | <i>Evaluate</i> | <i>Measurement owner + stakeholders</i> | <i>What is the result? Did it prove the hypothesis?</i> |
| 9 | <i>Act</i> | <i>Stakeholders</i> | <i>Should this change be scaled as Business As Usual across the entire business?</i> |



Selecting the right tool for measuring improvement in profitability depends on six key factors:

1. KPI
2. Frequency of measurement
3. Type of change
4. Strength of evidence
5. Decision window
6. Resource required

| | KPI | Frequency | Type of Change | Strength of Evidence | Decision window | Resources required |
|--------------------------|--|-----------|---|----------------------|-----------------|----------------------------------|
| MMM | Offline sales Online sales ROI Conversions CPA Brand impact | 1-2/Year | Strategic (e.g. channel budget changes) | High | Medium to Long | High |
| Attribution | Online sales ROI Conversions CPA | Ongoing | Tactical (campaign optimisation) | Medium | Short | Low |
| Incrementality | Online sales Offline sales ROI Brand impact | Quarterly | Strategic and tactical | High | Short | High (in case of profit bidding) |
| Causal Impact | Offline sales Online sales ROI Custom KPI | As needed | Strategic and tactical | Medium | Short | Medium |
| Pre/post Analysis | Offline sales Online sales ROI Custom KPI | As needed | Tactical | Low | Short | Low |

“You can’t improve what you don’t measure.”
Peter Drucker

The most robust measurement set up will lean on 2-3 tools to triangulate the true effect of bidding changes on business outcomes.

Important: most media effectiveness solutions measure the impact on sales, not profit. It is critical to either supplement with profit data or interpret the results given the limitations of sales-based proof points.

To learn more read the [A media effectiveness guide for CMOs \(and CFOs\)](#)

Think with 