Glovo Partner Ads – Business Case

"Unlocking Retail Media Potential: A Strategic Forecast for Partner Ads at Glovo"

1. 📊 Data Exploration

- Data distribution
- OLS correlation analysis

Context, opportunity and deep dive data insights

- Dataset with ~101K store-month – 12 months (2023)
- Markets across Romania, Serbia, and Montenegro.
- Correlation and influence analysis to understand main growth drivers

2. 🔮 Forecasting Framework

- Model selection
- Results

Forecasting 2024 Ads Revenue

- Introduction of Performance-based Ads and CPC solutions in 2024
- Capturing trends and seasonality to optimize accuracy
- Projecting a 2x increase across RO, MS and RS

3. 📐 KPI Development

- KPIs
- Projections
- From KPIs to an action plan

From insights to action plan and execution

- Designing KPIS: Tracking performance and adoption in Retail Media
- Setting the baseline and targets
- From KPIS to OKRs:

📊 Data Exploration
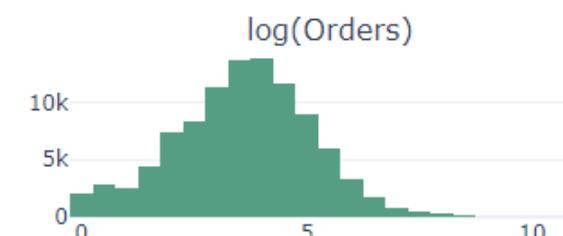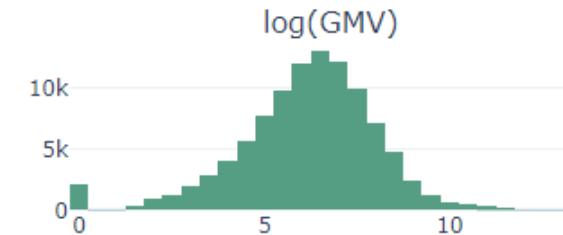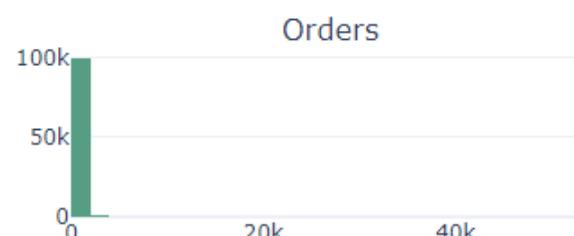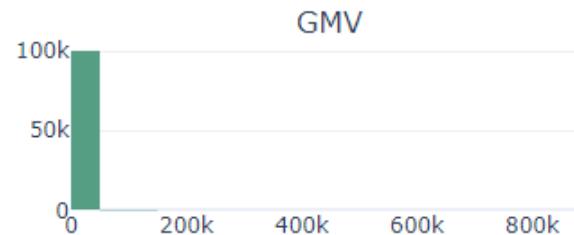
Context, opportunity and deep dive data insights

- Data distribution
- OLS correlation analysis

22% of stores driving 87% ads revenue

Historical patterns and uncovering data distribution insights
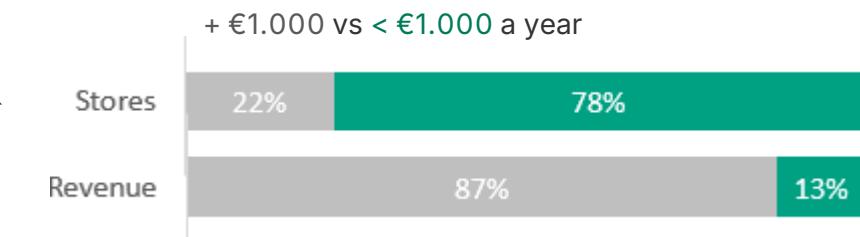
Distribution of GMV, Ads Revenue, and Orders
(Raw vs Log-Transformed)

Data Distribution – Business Insights

- GMV: Most stores have modest revenue; a few generate the bulk of sales.
- Orders: Most stores are low-volume.
- Ads Revenue: Many stores don't run ads → clear opportunity to increase adoption.

Pareto in Ads_Revenue

+ €1.000 vs < €1.000 a year

The outliers are the top stores_id running Ads.

- Only 22% of the ads_active_stores spent over €1k during the year
- This 22% represent the 87% of the Ads_Revenue
- Most of these accounts are in Romania

Key drivers of GMV & Ads Revenue

OLS regression model to understand correlation, influence and causality

🧠 **Interpretation:**

- Ads Revenue is growing faster than GMV
- Ads Revenue growth is less influenced by categorical variables (R-Square)

✅ **Top performers:**

- Segment – Top Country
- Segment – Top City
- Segment – Local Selection
- Subregion – RO - Bucharest

🚫 **Underperformers:**

- Glovo Concept: Internal brands
- RO - Expansion: Newer market

Feature (p < 0.001)	Effect on GMV	Effect on Ads Revenue
📐 R-squared	0.352	0.059
📦 Each additional order	+0.06%	+0.05%
📅 Monthly growth trend	+0.84% per month	+14.9% per month
🌍 "Top Country" segmentation	×7.52 GMV	✅ ×15.91 ads revenue
🏙️ "Top City" segmentation	×4.45 GMV	✅ ×2.31 ads revenue
🛒 Local Selection segmentation	×2.20 GMV	✅ ×2.36 ads revenue
🏙️ Being in Bucharest	×1.68 GMV	✅ ×1.53 ads revenue
🎈 Glovo Concept segmentation	×0.69 GMV (↓)	🚫 ×0.46 ads revenue (↓)
🆕 RO - Expansion subregion	×0.50 GMV (↓)	🚫 ×0.44 ads revenue (↓)

Segmented advertising efforts in Bucharest could yield higher returns given significant uplift 📈

Feature selection for forecasting:

Based on correlation and OLS modeling, we selected:
- Quantitative: orders, gmv
- Categorical: dummies for:
    - sub_region_RO
    - Bucharest,
    - store_segmentation_Top Country
    - store_segmentation_Top City

🔮 Forecasting Framework

Forecasting 2024 Ads Revenue

- Model selection
- Results

Forecasting Model - Capturing trends and seasonality to optimize accuracy

We used SARIMAX, a Seasonal ARIMA model with exogenous variables, as the forecasting framework.

✅ Why Sarimax:

- Captures seasonality, trend, and exogenous variables — making it ideal for this monetization model influenced by store segmentation or order trends.
- Robust with short historical windows (12M only)

🚫 Other Models:

AutoReg()
- Rejected after failing in Walk-Forward Validation — models lacked sufficient lags to generalize.

Random Forest - XGBoost
- Required more features and longer historical windows to stabilize.
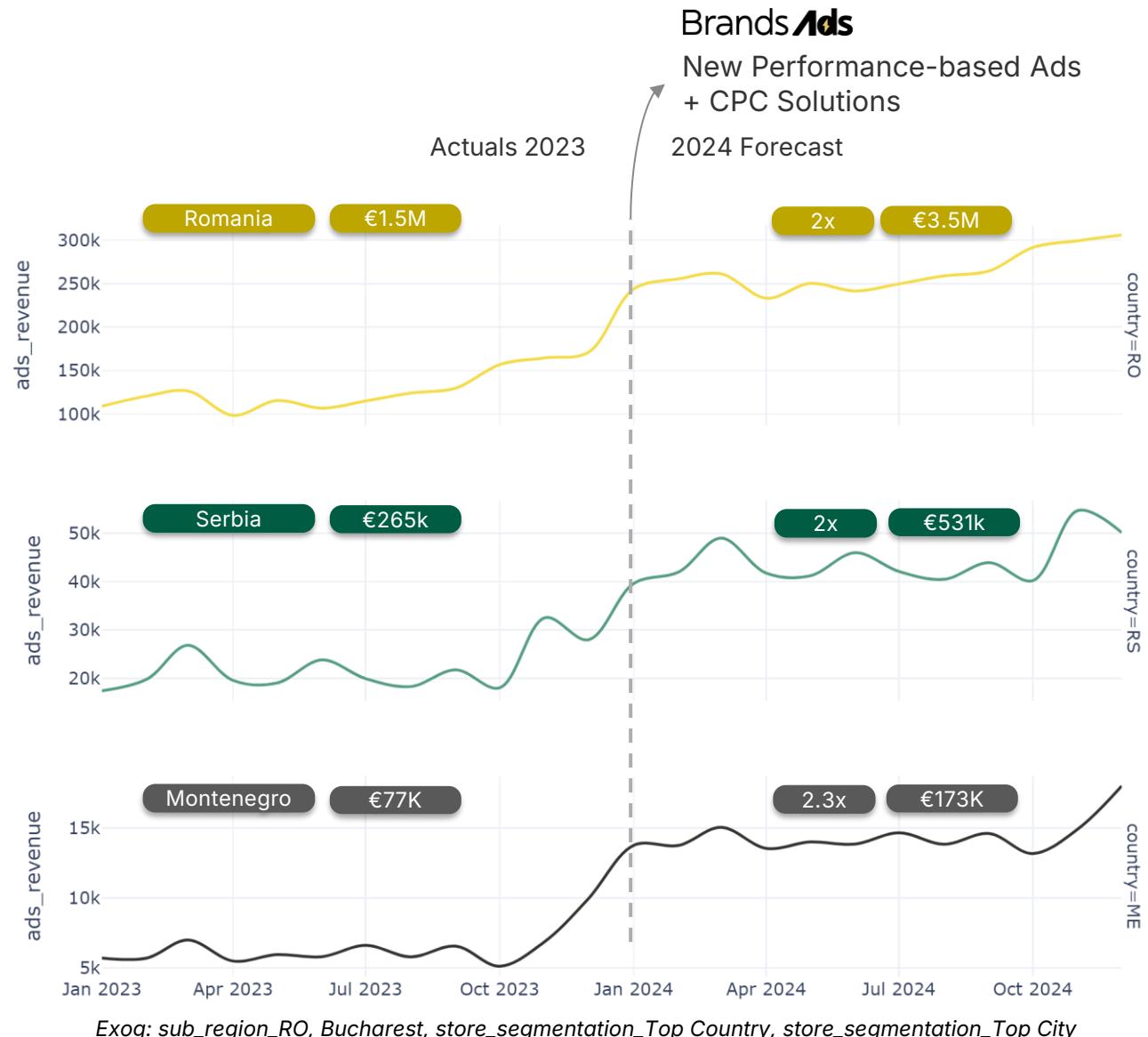
🧠 Granularity:

Modeled at country level:
- Clean, complete series available for RO, RS, and ME.
- City-level models had too many missing values and unstable patterns.

✨ Room for improvement:
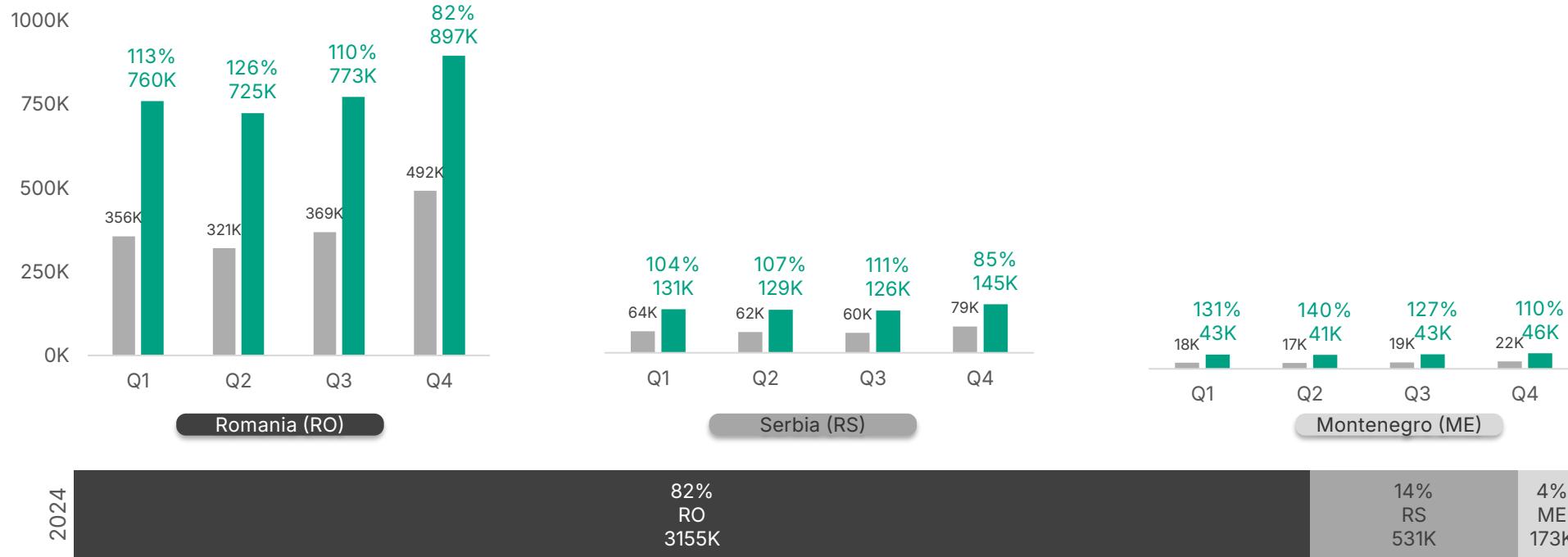
- Forecast with more granularity: City level
- Exog variable: Top Accounts (Due to the pareto)
- Trained with external data: Salesforce Opps, Market landscape
- Include alternative scenarios (optimistic/pessimistic)

Brands **Ads**
New Performance-based Ads + CPC Solutions

Actuals 2023

2024 Forecast

Romania €1.5M · 2x €3.5M · country=RO

Serbia €265k · 2x €531k · country=RS

Montenegro €77K · 2.3x €173K · country=ME

ads_revenue

Jan 2023 · Apr 2023 · Jul 2023 · Oct 2023 · Jan 2024 · Apr 2024 · Jul 2024 · Oct 2024

Exog: sub_region_RO, Bucharest, store_segmentation_Top Country, store_segmentation_Top City

Projecting a 2x increase across Romania, Serbia, and Montenegro

Romania is projected to have the 82% SoV

Ads Revenue (€) – Quarterly – 2023 vs forecast for 2024

- Romania leads growth doubling Ads Revenue to €3.15M, and contributing to the 82% of total revenue
- Serbia and Montenegro shows steady and consistend growth
- Replicating Romania's targeted approach in smaller countries, could amplify growth in newer markets

📐 KPI Development
From insights to action plan and execution

- KPIs
- Projections
- From KPIs to an action plan

KPIs that Matter: Tracking Performance and Adoption in Retail Media

We developed KPIs to monitor ads monetization maturity across regions:

🧭 Growth

KPI	Formula
📅 YoY Ads Revenue Growth %	(2024€ − 2023€) / 2023€
📅 QoQ Ads Revenue Growth %	(Q4 − Q3) / Q3, quarterly basis

📍 Acquisition KPIs *(Base: active stores with GMV > 0)*

KPI	Description	Formula
📍 Ad Adoption Rate	% of active stores running ads	# stores with ads_revenue > 0 / # active stores
📊 Ads Penetration Rate	% of Ads Revenue captured in proportion to GMV	ads_revenue / GMV

🔁 Retention & Upsell KPIs *(Base: stores with Ads activity)*

KPI	Description	Formula
🖼️ Avg Ads Investment/Store	Average Ads investment by store	ads_revenue / # active advertisers
🛒 Attributed orders by € Spend	Measures Glovo's Ads performance — key for ROI tracking.	# attributed orders (with ads) / ads_revenue
🔥 Churn Rate	Identifies product engagement or adoption/onboarding issues.	% of advertisers with 90+ days of inactivity

Setting the baseline and targets

2023 baseline and 2024 targets

🧭 Growth

- Romania: 2024 → 2x
- Serbia: 2024 → 2x
- Montenegro: 2024 → 2.3x

📍 Acquisition KPIs in 2023 *(Base: active stores with GMV > 0)*

KPI	Description	ME	RO	RS	Target
📍 Ad Adoption Rate	% of active stores running ads	9.9%	10.2%	6.9%	+4% - TBD 🎯
📊 Ads Penetration	€ from Ads / € GMV	1.15%	0.96%	0.73%	+0.5% - TBD 🎯

🔁 Retention & Upsell KPIs in 2023 *(Base: stores with Ads activity)*

KPI	Description	ME	RO	RS	Target
🗞️ Avg € Ads Investment	Avg spend per advertiser per month	€206.80	€255.19	€179.37	+€300 - TBD 🎯
🛒 Attributed orders by € Spend	Ads performance – Deliver value to the partners	-	-	-	TBD 🎯
🔥 Churn Rate	% of advertisers inactive for 90+ days vs Q1	39.1%	39.9%	31.2%	<25% - TBD 🎯

Turning KPIs into action: Proposed OKRs for Partner Ads

Sustain 2x Ads Revenue Growth through strong Acquisition and Retention strategy

Land   &   Expand   Strategically

O1 – Acquisition

Scale the Partner Ads Program across key markets

KR1.1: Increase Ad Adoption
% of active stores running ads
RO -- Base: 10% -- Target: ≥ 15%
Initiatives
- i1: Onboarding for successful activation
- i2: Design incrementally tests to prove the Ads value.
- i3: Document and measure success cases

KR1.2: Raise Ads Penetration Rate
€ from Ads / € GMV
RO -- Base: 0.96% -- Target ≥ 1.3%
Initiatives
- i1: Identify trending partners/restaurants, to offer the Ads solution
- i2: Launch a self-service platform so the partners can set-up and launch marketing campaigns

O2 – Retention & Up-sell

Deepen engagement with Active Advertisers and sell them more.

KR2.1: Avg Ads Investment/Store
RO -- Base: €250 -- Target: ≥ +15%
Initiatives
- i1: Onboard top-performing stores on the new Performance Model to up-sell.
- I2: Add "Professional-services" as an Add-On
- I3: Add Offsite campaigns 3PC

KR2.2: Reduce Churn Rate
RO -- Base: 39% -- < 25%TBD
Initiatives
- Design a retention program and assign a CSM for customer care.
- Contract renewals program

KR2.3: Ads performance
(Ads / Attributed orders)
RO -- Base: xx -- Target TBD
Initiatives
- i1: Work with product on the initiatives
- i2: Consider "Offsite Ads" – Ads out of Glovo app with Brand+Glovo agreements

O3 – Strategic Segments

Capitalize on high-performing segments

KR3.1: Create Audiences
"Top Country" & "Local Selection" segments
Initiatives
- i1: Create specific audiences to advertise by segment, tailored to user's preferences
- I2: Offer and sell these specific audiences to the segmented stores

KR3.2: Key events Ad Campaigns
Initiatives
- i1: Design and push key events campaigns (i.e: Sports events, Black Friday, Christmas)
- i2, i3 TBD

Q&A

Shaping the Future of Retail Media at Glovo

Jupyter Notebook (Python) here

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