

The complete guide to **Value-Based Bidding**

The transition from CPA to pROAS campaigns

BOOK



Navigating the Paradigm Shift: How **Value-Based Bidding** and AI Reshape Digital Advertising Strategies

1.1 Evolving from Conversions to Value

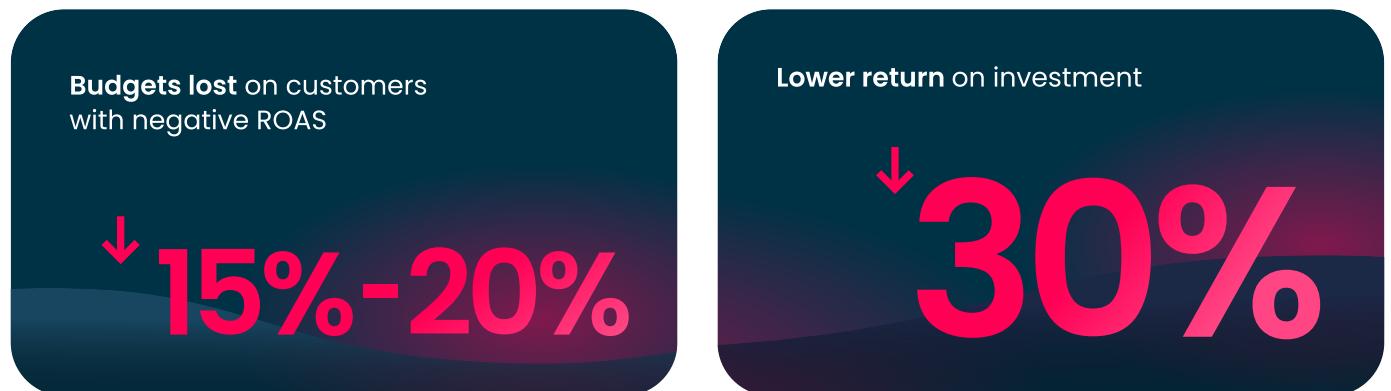
One major paradigm shift that took the business world in one seemingly fell swoop recently – and very much looks like an evergreen change in 21st-century terms – is the move from a growth-at-all-costs mentality to profitability and efficiency-first approach.

For performance and growth marketing pros, this means – on top of a whole slew of ramifications – that raking in “conversions” isn’t the appropriate business goal anymore. Shocking, we know. What is a way more suitable goal, then? Well, it’s easy: bringing in the right kind of conversions. The best kind of customers. It is, for many, indeed a paradigm shift.

And if that’s not enough, this whole thing did not happen in a vacuum. Digital advertising’s fast-paced landscape means performance marketers anyway face myriad challenges that demand innovative solutions – preferably ones based on a comprehensive understanding of customer behavior and effective optimization strategies. The fact most marketing decisions are still not optimized according to the right KPI is chiefly among them.

Performance marketers today manage ad campaigns based on indirect indicators such as CAC (Customer Acquisition Cost) or first purchase ROAS (Return on Advertising Spend). Since these measurements do not directly reflect future Lifetime Value (LTV), relying on them is not an optimized way to make decisions or to increase the return on budget spent. It is not aligned with businesses in 2023 and beyond.

This reality translates into **15–20%** of budgets that are lost on customers with negative ROAS, and a 30% lower return on investment than the target for a third of ad groups.¹



¹Based on proprietary Voyantis data

The fact that ad networks require "ear-marking" which acquired customers are "good" and which are "bad" forces marketers to adapt – but the networks require this to happen quickly, within a few days of the customer being acquired, at most.

And that's a problem, too. After all, any business founded on cultivating a long-term relationship and loyalty with its customers would usually have a very small portion of that value "revealed" in the form of actual revenue within the first few days – if at all.

To try and mitigate that, some marketers turn to external data enrichment sources to get more customer information early on. However, relying on those external sources has significant limitations.

Firstly, developing privacy trends cause their value to diminish over time (and rightfully so). Secondly, the data a user provides by exhibiting specific behaviors and interactions with your product is much more relevant to assessing the "customer-

product-fit" with your unique brand than any external information – thus, such data will have way more impact when building a powerful predictive LifeTime Value model (which is essential for that whole "converting the right kind of customers" thing.)

Letting you in on a poorly kept secret in predictive LTV modeling, it is well known that while external data may be valuable – once a user interacts with your product (or does not do so for a few days), the importance of that external enrichment data for the AI model drops exponentially. At the same time, the newly collected first-party interaction data shoots to the top of the model. You'll be better off, then, just starting with gathering the better kind of data, and leveraging a predictive LTV model that is based on it.

What can marketers do?

The answer, then, lies in plain sight – your data. Your whole data. It's the only thing within your absolute control; your brand and the information resulting from how your entire customer base interacts with it.

Gathering, analyzing, and leveraging all your customer data – and not just that of a specific user's early indicators – is what you need in order to understand customers' value and predict prospects' future value, regardless of outside factors. This is what you can then leverage to improve digital marketing performance. This is what you need so you can model your customer's LTV properly.

And while you could use tCPA² bidding, the real power of LTV optimization comes into play by using Value-Optimization (or tROAS³) – otherwise known as **Value-Based Bidding (VBB) by Google and Value Optimization by Meta, the ultimate way to leverage your data for improved performance.**

² **tCPA:** Standing for "target cost-per-acquisition," is a tool advertisers can use to set bids that capture conversions closest to the price parameters they want to pay per acquisition.

³ **tROAS:** Standing for "target return on ad spend," it is one of Google's categories of Smart Bidding strategies – automated bidding strategies that use "auction-time bidding", in which Google optimizes for conversion/conversion value in every auction you enter.

Topped with advanced AI capabilities, it's the most impactful strategy available for marketers right now.

In this ebook, we delve into what makes Value-Based Bidding/Value Optimization (simply "VBB" from now on), and especially AI-based models, the ideal solution that addresses all these challenges described above and paves the way for enhanced campaign performance and profitability.

1.2 Meet the Answer: Value-Based Bidding

In the face of the challenges encountered by performance marketers and data experts, VBB emerges as the game-changing solution that revolutionizes digital advertising strategies. At its core, VBB shifts the focus from mere conversions to a more insightful and holistic approach that considers the actual value brought by customers to the business.



Unlike traditional bidding optimization methods, which often prioritize quantity over quality, VBB seeks to maximize the overall value generated by campaigns.

By earmarking the true value of your users, you are asking the networks to bid on each user (and similar ones) according to their individual value to your business – thus, you get a much higher return on your spend. It means the network will no longer treat all earmarked users as worth the same but will be more nuanced and bid

proportionally higher on users with higher predictive value.

It means you pay more for customers who are more likely to convert, retain, and repeat buy and pay less for those less likely to do so. This is the very definition of the most efficient media buying you can get.

The key differentiator of VBB lies in differential bidding, proportional to each individual user's (predicted future) value. It's that simple (and that complex...).

In other words, ingrained into the strategy is the fact that VBB centers its approach around maximizing the overall value generated by each campaign – instead of bidding methods that primarily focus on achieving more conversions.

On top of that, you can also use those same predictions in your measurement solution (your BI or analytics) to ensure these campaigns are on track to deliver your long-term ROAS. By adding the metric of predictive LTV (pLTV) and predictive ROAS (pROAS), the future becomes observable.

Ultimately, incorporating VBB in your advertising strategy ensures that your campaigns are laser-focused on maximizing value, enhancing customer acquisition, and ultimately driving greater revenue. As we dive deeper into the mechanics of VBB and its implementation, you'll discover how AI plays a pivotal role in refining the bidding process and transforming your digital advertising landscape.

1.3 How Value is Estimated (Hint: AI can help)

Let's start by clarifying something basic, VBB doesn't always require predictions or AI. It can become a game-changer in digital advertising without it simply because, unlike traditional bidding approaches that rely on one conversion type, one can apply VBB by optimizing for several funnel stages (implemented as separate conversion actions/custom events) together. It allows you to assign a different (static)

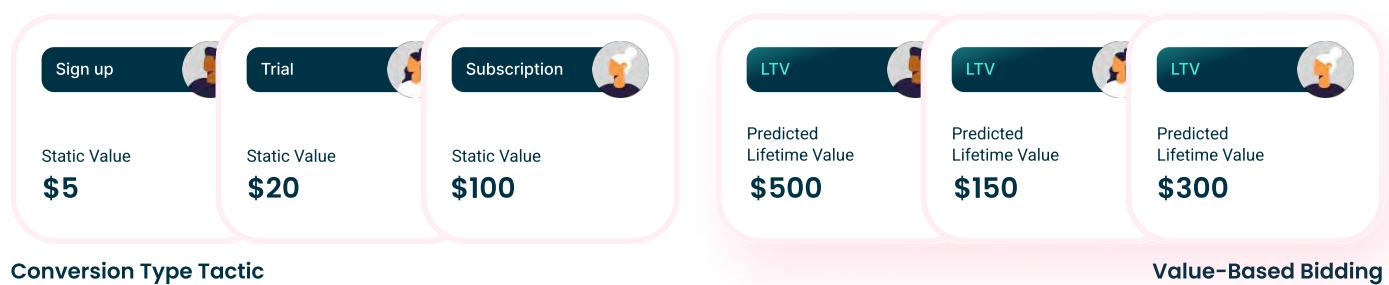
stage-specific value to each funnel stage (so, e.g., \$5 for a signup, \$20 for a trial, \$100 for a subscription, etc.). This already enables advertisers to fine-tune their bids at each stage of the customer journey.

So even before AI comes into the picture, such tactics can bring increased efficiency over tCPA or conversion volume maximization.

Additionally, many e-commerce companies may have a good grasp on the future value of their users very early on in the customer's journey. Their model can assign distinct values to different users because many of those users make purchases at varying amounts and because their business is not really a repeat business (for example, a 1.3X factor between the first purchase amount and LTV is common in e-commerce, so some 75% of the value is present on day 1...).

So, these companies can work excellently with what may be referred to as "basic VBB" because they collect enough distinct data early on.

However, the efficiency achieved here is sometimes too focused on the short-term ROAS and not the lifetime ROAS. It's not only not ideal, it's also completely irrelevant for some businesses.



Think about all those businesses that struggle to differentiate user values during early conversion stages simply because customers make no actual payments in the first few days. For example, businesses with freemium and free-trial models. These companies need AI to chime in and help power a smart predictive model. And that's where AI-based predictive VBB models emerge as the ultimate solution.

We'll dig deeper into that later in this report.

Crawl, Walk, AI

2.1 Assessing Your Readiness for Value-based Bidding

Transitioning to a VBB strategy requires careful consideration and preparation. Here are key steps for advertisers to assess their readiness for VBB:

Checklist #1



Evaluate Data Quality and Availability:

Before implementing VBB, assess the quality and availability of your data. Ensure that you have accurate and comprehensive conversion tracking in place, capturing both monetary and non-monetary conversions. High-quality data is essential for the success of VBB as it forms the foundation for predictive modeling and bid optimization.



Analyze Historical Performance:

Review your historical campaign performance to set the correct values for your different funnel steps. Analyze your CRM data to identify customer behavior with a high correlation to actual revenue – and add those behaviors as conversions as well.



Assess Budget Flexibility:

VBB strategies often require budget flexibility to adapt to changing market conditions and customer behavior. Evaluate

whether you have the capacity to allocate budgets dynamically to accommodate bid adjustments based on the value of conversions.



Align with Business Goals:

Ensure that what you are being measured on is what you are asking the network to optimize for (profitability, CAC, etc.). VBB should be set to reflect that KPI.



Assess Technological Capabilities:

Evaluate your technological capabilities and resources for implementing VBB. While Google Ads provides powerful Smart Bidding options, advanced predictive modeling may require specialized tools or the expertise of a vendor.



Allow for a Learning “Grace Period”:

Keep in mind that transitioning to VBB involves the ad network recalibrating to the new goal. Be prepared to allow sufficient time and scale for the algorithm to learn and fine-tune your bids effectively.



Determine the Right Occasion(s):

VBB is a powerful approach that becomes particularly advantageous under specific circumstances.

Consider the following scenarios to determine which strategy is the right fit for your campaign:

1

Opt for "Max Conversions" if your primary goal is to maximize conversions for budget (minimize CAC). This strategy is ideal when your priority is to fully utilize the allocated budget without a specific Return on Investment (ROI) target. This will NOT work if the conversion

- event is not happening mostly within the first few days, though. In that case, switch to VBB on “probability to convert.”
- 2 Choose “Target CPA” if your objective is to maximize conversions while maintaining a maximum CAC. This approach is effective when the conversions being optimized for have similar values for your business.
 - 3 Consider “Max Conversion Value” when your focus is on maximizing conversion **values** for a certain budget. This strategy is suitable if you aim to exhaust the budget while catering to conversions that hold different values for your business. Additionally, if there’s no specific ROI target, “Max Conversion Value” can be the preferred option.
 - 4 Opt for tROAS if your goal is to maximize conversions within your tROAS and you have a specific ROI target in mind. This bidding strategy is well-suited for campaigns where conversions vary in value for your business.

Each bidding strategy caters to distinct objectives and can be optimized based on the different values of conversions for your business. The flexibility and precision offered by VBB make it an invaluable tool for performance marketers seeking to maximize their campaign’s effectiveness while achieving their desired ROI.

By conducting a thorough assessment of these factors, advertisers can determine their readiness for VBB. Later in this report, we will explore the considerations and factors in deciding whether to build VBB models in-house or to leverage a specialized vendor like Voyantis. This decision plays a crucial role in the successful implementation and optimization of your VBB strategy.

2.2 Ten Steps for Implementing Value-Based Bidding

The implementation process involves several crucial steps, each contributing to the overall success of your VBB endeavors. From data preparation and conversion action setup to selecting the right predictive models, every stage plays a vital role in

optimizing your ad campaigns for maximum conversion value.

Let's begin our journey into the world of VBB and equip you with the tools and knowledge needed to achieve outstanding results. Whether you're an experienced marketer or just starting, this guide will provide practical insights to help you succeed in your digital advertising efforts.



1 Share Better Data:

The foundation of successful VBB lies in having accurate and comprehensive data. Ensure you have a robust data collection system in place to gather essential insights about your customers. Leverage first-party data, as it provides a direct understanding of your audience and their interactions with your brand. This data can include website interactions, app usage, purchase history, know-your-customer (KYC) questionnaire results, and more.

2 Choose Single or Multiple Conversion Event(s):

You can either assign distinctive conversion values to different funnel steps (\$1 for site visit, \$10 for signup, \$20 for newsletter registration, \$100 for purchase, etc.) or choose to send a single conversion action with a dynamic value (so, the conversion event can be signup, but assign different values to different kind of signups). Note that while using different conversion events seems easier, as you don't need any automation from your R&D, it has two main drawbacks. (a) Not all networks allow optimizing the same adgroup/adset to more than one conversion event at a time, and (b) you are limited to very quantized steps in the funnel - and it's hard to incorporate further information that is not in a linear yes/no funnel, such as user engagement or user attributes.

3 Build Dynamic Rules for Conversion Values:

To enhance the accuracy of your bidding strategy, create rules for conversion values based on specific criteria. For example, you can set rules that consider the time of day, device type, or geographic location to adjust conversion values. These rules help the VBB algorithm make more informed decisions and optimize bids accordingly.

4 Pick the Right Bid Strategy:

Selecting the appropriate bid strategy is crucial to the success of your VBB campaigns. Google Ads offers various bid strategies, such as tROAS and Maximize Conversion Value (MCV). Choose the bid strategy that aligns with your campaign goals and business objectives. For instance, if you have a specific tROAS in mind, tROAS bidding can help you achieve it, while MCV bidding focuses on maximizing the total conversion value within your budget and makes more sense when first starting to run VBB. (more on that later)

5 Define Clear Campaign Objectives:

Establish clear and specific campaign objectives. Determine whether your primary goal is to maximize conversions, increase revenue, achieve a tROAS, or optimize for a specific customer lifetime value (LTV). Defining your objectives will guide your bidding strategy selection and bid optimization.

6 Don't Forget to Consolidate Adgroups!

When optimizing for CAC, or the number of conversions, one might need to fragment adgroups and campaigns, to set different tCPAs for different segments of customers. With VBB, no matter the chosen strategy, this is redundant, as each user gets their own value label. Consolidating campaigns and adgroups would hasten the networks' learning - and has the added operational benefit of maintaining a small number of media units to manage.

7

Find an Accurate Representation of the Value

There are cases where it is more challenging to find an accurate estimation of the value of the user to be used by VBB. For example, when the conversion funnel is longer than a few days it is hard to predict which of the users will be the valuable one. Another example is when the first purchase is not correlated with the total purchases a user will do throughout their lifetime.

That's where regular VBB falls short and where AI-powered Predictive VBB, exemplified by Voyantis, can help. Here, VBB ascends to the next level – as the secret lies in the ability to translate users behavior into precise mathematical models to quickly and accurately predict the lifetime value of each user to be signalled back to the ad network.

With AI-based value models, accuracy of life time value prediction exceeds 90% which maximizes the results of your VBB campaigns.



8

Optimize VBB Precision for Superior Performance

Increase your chances of success by enhancing your predictive capabilities. The more accurately you can separate between different tiers of user value, the better your VBB strategy will perform.

9

Strategize Timing with AI for Conversion Impact

Add an AI layer that focuses and excels at balancing the early sending of

signals to impact the conversion window vs. waiting for enough data to accrue for the model to have the best accuracy. Reverse engineering the best timing strategy is paramount for success.

10

Ensure Data Integrity with Continuous Monitoring

To avoid potential issues, continuously monitor your data, and have backup functionality ready off-the-shelf. Even if your model initially performs well, data discrepancies can occur over time. Early detection of such issues is crucial to maintaining the effectiveness of your advertising campaigns.

Checklist #2

- Regularly clean and update your data to ensure accuracy and relevancy.
- Implement conversion tracking across all relevant touchpoints, including websites, apps, and other platforms.
- Segment your data to gain insights into different customer groups and their behavior.
- Utilize custom parameters and events to track specific actions that are valuable to your business.
- Set up conversion actions that align with the customer journey, considering different stages of the sales funnel.
- Choose predictive models that are tailored to your specific business needs and goals.
- Consider models that factor in customer lifetime value (LTV) and customer acquisition cost (CAC) [yes, **you can use VBB to**

2.3 Tips for Excellent Value-Based Bidding

reduce your CAC! Not only to increase your LTV] for a comprehensive approach.



Regularly test and fine-tune your predictive models to ensure they align with changing market dynamics and customer behavior.

By implementing VBB with a data-driven and strategic approach, you can unlock the full potential of your marketing campaigns and drive higher conversion values.

The next section will focus on assessing your readiness for VBB and understanding the key indicators for a successful transition.

2.4 Conversions and Bidding Strategies

In the realm of VBB, understanding the intricacies of conversions and bidding strategies is paramount. We'll now walk through the critical aspects of mapping conversions, assigning values, and choosing the right bidding approach for your business.

1

Conversions with Monetary Value:

Identify the conversions that have a direct monetary value associated with them, such as Purchases, Renewals, Discounted Trials, or Subscriptions. These are the actions that directly impact your revenue or profit margins. Assign specific monetary values to each of these conversions based on their importance to your business.

2

Conversions without Monetary Value:

Some conversions may not have a direct monetary value but are still valuable

for your business. These could include actions like newsletter signups, content downloads, or account creations. While these actions might not generate immediate revenue, they contribute to building customer relationships and brand loyalty. Assign relative values to these conversions to reflect their importance in the overall customer journey. A good value to assign is the historical conversion between this event and an actual monetary event times the monetary event's value. (So, if a Signup converts to a Purchase with an average of 5%, and a Purchase is worth \$50 on average, then a Signup is worth $5\% * \$50 = \2.5)

3 Setting Up the Conversion Values:

Ensure that your conversion tracking is set up accurately to capture the data for both monetary and non-monetary conversions. Use Google Ads conversion tracking with conversion values to track and measure the success of your VBB campaigns effectively.

4 Recommended If You Have Differential Pricing:

If your products or services have varying price points, it's essential to account for differential pricing in your VBB strategy. Consider setting up conversion values that reflect the different price ranges and customer segments. This approach enables the bidding algorithm to optimize bids based on the value derived from each conversion. You might need to use multiple conversion events for this or generate those values dynamically by reporting to the pixel.

5 Choosing the Right Bid Strategy:

Once you have established clear conversion values and identified the key actions that drive value for your business, it's time to select the appropriate bidding strategy. Google Ads offers several Smart Bidding strategies that align with VBB goals – these two are the most relevant here:

a

tROAS: With tROAS, you set a specific target return on ad spend. The algorithm optimizes

your bids to maximize conversions with the goal of achieving your tROAS. It promises to stay above your target on any given window of 30 days but might not spend all the budget you allocate if it estimates it cannot deliver that target at scale.

b

Maximize Conversion Value (MCV): MCV bidding focuses on achieving the maximum conversion value within your specified budget. The algorithm bids higher for conversions likely to drive higher value for your business and aims to spend the set budget, on average, in any given window of 30 days.

Conversions and Bidding Strategies – long story short



By setting up VBB in a thoughtful and data-driven manner, you can optimize your ad spend, reach valuable customers, and drive meaningful results for your digital advertising campaigns. The next section will delve into assessing your readiness for VBB and the considerations to ensure a successful transition to this strategy.

2.5 Do's and Don't: tROAS and Maximum Conversion

tROAS

- 1 **Adjust tROAS instead of spend** – marketers should consider adjusting the tROAS rather than the daily “budget spend” if budget capping becomes necessary. By aligning the tROAS with historical performance, advertisers strike the right balance and avoid limiting ad reach due to overly aggressive ROAS settings.
- 2 **Assign realising tROAS** – Assigning a realistic tROAS is essential for achieving optimal results. Based on the 6-week average historical ROAS, marketers can set achievable goals that align with their desired returns. Setting excessively high ROAS targets may hinder ad reach and limit campaign performance.
- 3 **Waiting time recommended:** this can be categorized into two approaches: "Number of Conversions" and "Number of Days."
 - a For campaigns that fall under the "Number of Conversions" type, the wait time varies according to the campaign's nature. For Display Campaigns, it's advisable to wait for at least 15 conversions with valid conversion values before proceeding. App Campaigns require a slightly different approach, with a recommendation to wait for at least 10 conversions every day, resulting in a total of 300 conversions. Similarly, for Discovery Campaigns, you should aim for at least 75 conversions, out of which 10 must have occurred in the past 7 days. As for Video Action Campaigns, the minimum number of conversions to wait for is 30.
 - b Alternatively, for campaigns that follow the "Number of Days" approach, the waiting period is standardized across different campaign types. Display Campaigns, App Campaigns, and Discovery Campaigns all require a 30-day waiting period across all campaigns combined. Similarly, Video Action Campaigns share the same 30-day waiting period. However, when it comes to Search Campaigns, it's recommended to extend the waiting period to 6 weeks.
- 4 **Measure targeted return on ad spend instead of clicks:** Make sure you, and

your whole organization, are measuring your success by the same (predictive) ROAS metric. Failing to do this is the number one cause of VBB never getting the chance to impact your business properly.

Maximum Conversion Value (MCV)

Campaign structure remains important, and shared budgets across campaigns using the Portfolio Bid Strategy enable efficient budget allocation.

- 1 **Capping budget** - They become a focal point in Maximum Conversion Value. To control daily spending, marketers can opt for capping the daily budget while still achieving maximum conversion value.
- 2 **What is a good cap?** A good rule of thumb is to start with a budget that is typically 10x of your typical CPA for the higher funnel event you are providing an LTV prediction on (so, Signup for freemium, a Purchase for eCOM, etc.) and let it run for 3-5 days before adjusting budgets.

Voyantis, Case Studies, Conclusion

3.1 Making the Case for "In-house vs. Vendor"

In-house Pros:

- 1 Control: Developing VBB models in-house gives unmatched control over data, algorithms, and strategies tailored to your business.
- 2 Customization: Tailor bidding strategies precisely to your unique needs, target audience, and marketing objectives.
- 3 Confidentiality: Keep sensitive data secure and comply with privacy regulations by keeping models in-house.

In-house Cons:

- 1 Resource Intensive: Requires skilled teams, ongoing efforts, and model-serving solutions for effectiveness.
- 2 Time-to-Market: Delays in development, testing, and fine-tuning can hinder quick results.
- 3 Budget Intensive: Initial challenges can lead to wasted resources and capital.
- 4 Expertise Gap: Building advanced models demands specialized expertise often lacking in organizations.

Vendor Benefits:

- 1 Expertise and Experience: Specialized vendors like Voyantis offer expert teams for accurate models. For instance, even with a top prediction model, timing the signal correctly can outweigh accuracy. Balancing network comprehension and model precision is a time-intensive learning curve.
- 2 Faster Implementation: Vendor platforms speed up integration for quicker results.
- 3 Continuous Optimization: Vendors update and optimize models regularly for industry trends.
- 4 Full Monitoring and Alerting: Vendors provide performance and data integrity monitoring.

Choosing Approach:

- 1 Budget: Compare costs of in-house vs. vendor services for cost-effectiveness.
- 2 Resources: Evaluate vendor expertise against in-house skills for an informed decision.
- 3 Time to Market: Consider vendor speed vs. in-house development timeline.
- 4 Chance of Success: Reflect on your organization's alignment and resources for success.

Conclusion:

After weighing the advantages and drawbacks of building in-house VBB models versus partnering with a specialized vendor like Voyantis, in our (unbiased :) opinion the evidence leans towards embracing the expertise and capabilities of a trusted vendor.

While in-house development offers control and customization, it demands substantial resources and expertise. On the other hand, a vendor brings a wealth of experience, faster implementation, and continuous optimization, all leading to enhanced performance.

By teaming up with a vendor, you can tap into their deep understanding of VBB, swift integration of cutting-edge models, and ongoing improvements aligned with industry trends. Choosing a specialized vendor paves the way for your digital advertising campaigns to thrive with unprecedented success and yields the highest return on investment.

3.2 The Voyantis Advantage

As covered here before, while an in-house model might sometimes be more accurate, it often falls short in driving marketing impact. Because having the best model just isn't enough. To drive significantly improved results from your digital marketing campaigns, a good model needs to be wrapped in a suite of features and capabilities just as sophisticated, if not more. Here's how we at Voyantis do it.

Empowering Marketers to Chase Value with AI

Voyantis is a leading LTV prediction platform that powers the decisions of performance marketing teams. Our platform provides accurate future lifetime value predictions for each user shortly after acquisition, allowing marketing teams to optimize revenues and make data-driven decisions.

Voyantis has been chosen to power LTV prediction for some of the largest tech brands, such as **Ipsy**, **Notion**, **Miro**, and **HelloFresh**, and has strategic partnerships with **Meta** and **Google**.



Using indirect indicators such as ROAS or CPA to make decisions regarding ad performance leads to suboptimal results in ad campaigns. Voyantis solves this problem by providing direct KPIs for marketing decisions through our predictive AI engine, which creates accurate future LTVs for each customer within the first website visit.

Optimal Timing and Balancing Act in Data Signals

One key Voyantis capability revolves around the all-critical question of "when" is the ideal time to send the event to the network because we know that there's a very subtle and critical tradeoff here between sending early data and sending accurate data.

For example, if your conversion window is of one day, you don't want to be sending your events to the network after 23 hours – the learning weight the network provides to conversion towards the end of the window is exponentially low. For the sake of helping the ad network's model pick up "the scent" and get better results, it's better to send an early event with a slightly higher variance than a late one that might be more accurate.

Similarly, if your conversion window is a whole week, the most impactful signals should be fired in the first couple of days. And a signal sent after the conversion window is like a sunroof in a submarine – pointless :).

The bottom line is there's a balance to strike here, and developing, optimizing, and maintaining it goes beyond just an accurate model. Voyantis' proprietary orchestration layer is how we constantly optimize that balance as we reverse-engineer the impact on the network.

Enhancing Insights and Debugging with Control Signals

Another example of a business-driven approach a dedicated vendor can provide is

that of sending "control signals" – on top of the ones meant to feed the model. These additional conversion events are sent for subsegments (corporate vs non-corporates, geo segments, etc.) – sent in addition to the ones on which the optimization is done – that are there to allow you to easily debug issues and gain deeper insights into your performance.

For example, say your business generates income from both corporate users and non-corporate users. Then your VBB model knows the difference and how to separate them, giving each user its value. The problem here is that when you want to analyze your ROAS according to these two segments and the network's attribution model, you will not be able to separate how much of the conversion value came from each segment.

A solution provided by Voyantis is to send this same signal – of "corporate" or "non-corporate" users – separately and to even extend this practice for each segment that you want to track. That unique and designated analytics signal will allow you to then see the full picture in a much clearer way, enabling smarter analysis.

Monitoring Match Rate and Data Quality for Model Accuracy and ROI

A third example of a very critical capability that goes beyond the model is that of monitoring data and the match rate (the ratio between the signals sent and the signals the network manages to understand correctly.)

The higher this match rate is, the better you are at capturing the identifier of each user and how well it fits with the network's ability to understand your intentions.

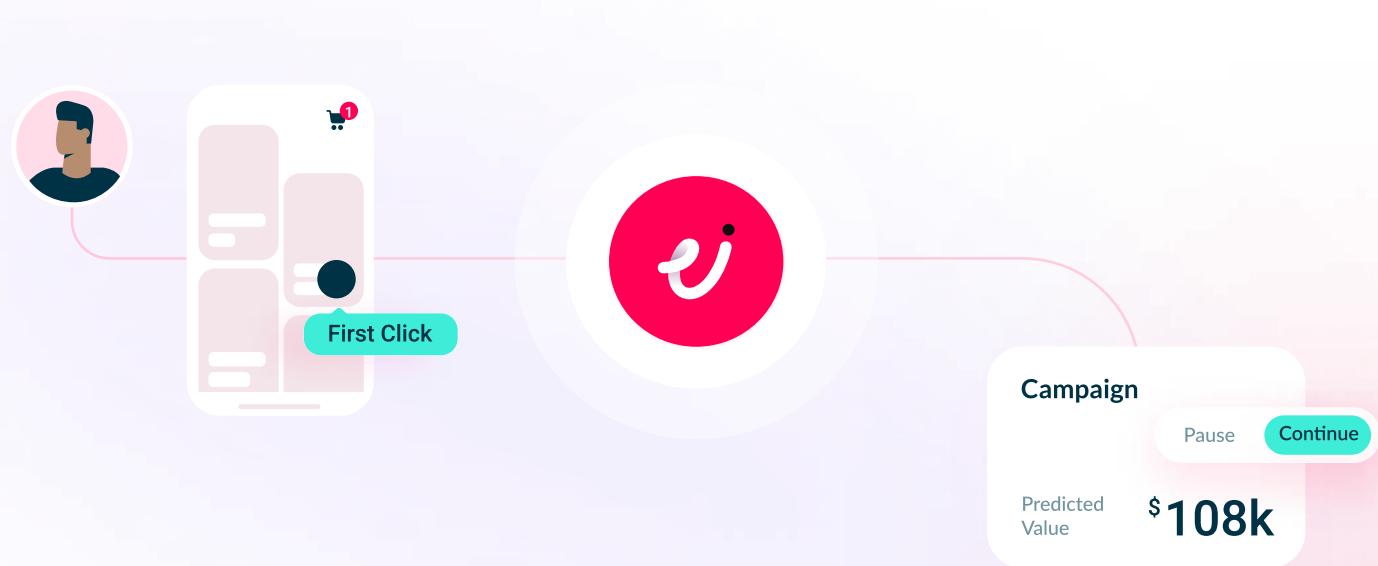
If done wrongly, you may go weeks or months before realizing you've been training your model with data of lower quality and/or that you've been spending money on the wrong users.

A fourth example is the monitoring and alerting on drifts and data drops, which can

wreak havoc on predictive models, and the ability to self-heal, retrain, or fallback to a simpler model while the data issue is being addressed.

From our experience, when it comes to embracing VBB, companies often fall into two categories. Some lack the necessary resources and expertise to build models in-house and are seeking external solutions. Other companies, usually with data teams, understand the complexity involved and the value of specialized expertise and scalable product – and the data team acts as the chaperone and gatekeeper to shepherd this partnership. Voyantis caters to both types, providing tailored solutions that perfectly align with each company's unique requirements.

Voyantis offers an all-encompassing product fortified with an unwavering commitment to your success. With all the above, plus proactive data drift monitoring and early access to Google and Meta features in beta – it's way more than just a model.



3.3 Value-based FOMO: Success Stories

And now, the moment you've all been waiting for! In this chapter, we explore real-life cases of companies that successfully implemented VBB *(with us :) and achieved remarkable results.



Acquiring High-LTV Users

Candivore, a mobile game development company, sought to drive hyper-growth by targeting new high-value audiences and optimizing for maximum customer lifetime value (LTV).

Based on a predictive model built for them, they could optimize user acquisition efforts and reach users with high, long-term value.

Results

4.2x Lower cost per acquisition of highly engaged users

4.2x

12% Increase in return on ad spend (ROAS) by day 180

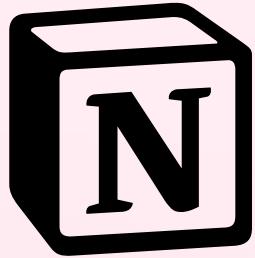
12%

2.2x Lower cost per impression

2.2x

With VBB, Candivore expanded its audience, increased customer lifetime value, and improved overall ad spend ROI.

Maximizing Customer Lifetime Value



Notion, a global team collaboration SaaS company, aimed to scale user acquisition while maintaining healthy unit economics.

Their long conversion funnel required optimization for high LTV users by forecasting each team's 180 days LTV within the first 7 days and optimizing VBB to that predictive metric.

Results

21% increase in team activation rate

21%

38% ROAS increase after implementing Voyantis.

38%

Leveraging predictive bidding allowed Notion to **significantly** lower customer activation costs while increasing customer retention.

Acquiring Loyal Customers



BoxyCharm, a beauty subscription box with over a million subscribers, wanted to retain existing customers and attract new ones with higher LTV.

Voyantis enabled them to optimize Facebook campaigns for maximum

Results

23% increase in the four-month retention rate

23%

30% higher return on ad spend at the end of a 12-month period.

30%

BoxyCharm's focus on **LTV optimization** through VBB led to substantial uplifts in ad spend ROI and customer retention.

Acquiring Loyal Customers

Honeybook, an all-in-one clientflow management platform for independent service-based businesses, wanted to optimize campaigns based on trials and to measure their success early.

Voyantis created custom prediction models to generate value prediction based on HoneyBook anonymized data.

Results

lower high-value segment **CAC**

53%

2.1x High-Value User **conversions**

30%

Voyantis predictions are now being used as key metrics in Honeybooks's **day-to-day decision-making**.

As you consider your advertising strategy, exploring the potential of VBB can lead to substantial growth and success in your digital marketing efforts.

Embrace the power of VBB, align it with your unique needs, and usher in new possibilities for your business today.

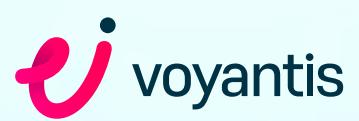
3.4 Conclusion: Embrace the Future of Digital Advertising

In this whitepaper, we have explored the game-changing potential of VBB (VBB) and its ability to revolutionize digital advertising campaigns. Throughout the three chapters, we delved into the challenges faced by performance marketers and heads of data in the fast-paced digital advertising landscape. We identified the primary problem of difficulty in identifying "good customers" early on and the limitations of using external data for optimization.

As we conclude this whitepaper, we recap the key benefits of VBB. By adopting VBB, marketers can optimize their campaigns for high lifetime-value customers, reduce acquisition costs, increase customer retention, and improve overall campaign profitability.

We encourage readers to take actionable steps and leverage the Voyantis platform to unlock the full potential of VBB. As you embrace VBB in your digital advertising strategy, remember that Voyantis offers expertise, experience, and cutting-edge technology to ensure a seamless and successful implementation.

Now is the time to embrace the future of digital advertising. By adopting VBB, you can stay ahead of the competition, reach new valuable audiences, and drive unprecedented growth for your business. So, take the leap, explore the possibilities, and embark on a journey of success with Voyantis and Value-Based Bidding.



w w w . v o y a n t i s . a i

