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# The Ultimate Marketing Budget Planning Handbook

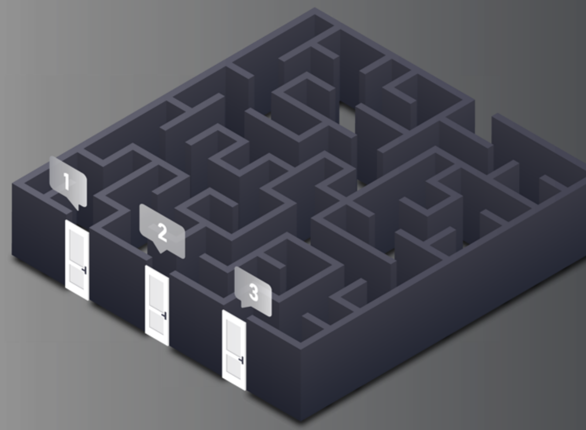
Written For Marketers, By Marketers


INCRMNTAL
2024

# *Introduction:*

You know what they say about plans. Right ?

Planning a marketing budget, allocating ad spend amongst advertising channels, and creating a plan to reach ambitious objectives often feels like a tedious exercise. The process starts well, with a clear goal (“we want to grow revenues by 3x!”), but once the various data points are collected – ad spend by channel, the performance generated based on channel reporting, attribution platforms, internal data, chaos starts.
The data coming from multiple different platforms does not match well, causing the whole process feel like trying to solve an impossible maze which has no easy starting point, no end in sight, and an enormous number of dead ends.




Many companies resort to compromises, calling the process “more of an art, than science” as an excuse for *guestimations*, leading to missed opportunities, overspend, reduced efficiencies, and waste.

Changes around user level privacy caused a sever deterioration in marketing attribution data, requiring companies to adapt by utilizing different methods of marketing measurement to evaluate performance. While many marketers believe this was a curse, the reality is that this was actually a blessing.
This guide will introduce you with the best way to create a marketing budget plan, using the **right** method, and the **right** tools, with practical tips from seasoned marketers and examples for growth plans, as well as plans designed to increase efficiencies.

*Who was this Handbook written for?*

This handbook was written for anyone who’s part of a marketing department who needed or needs to construct a marketing budget plan or provide a budget recommendation.
The handbook is suitable for Agencies or Advertisers, and for those in the position of CMO, VP Marketing, VP Growth, Marketing Director, Marketing Analyst, or a Marketer.
This book will also benefit people in a finance role, such as CFO, Financial Controller, or others who must create a budget plan and include a marketing budget plan as part of the wider plan.

Enjoy reading, and good luck with planning!

Maor Sadra
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And of course – thank you to the entire team at **INCRMNTAL**. Together we are helping our customers measure incrementality in the age of privacy.

# *Table of Contents*

# *The History of Budget Allocation*

The biggest promise of digital advertising was that "everything is trackable", but media planners created budget plans and some of the biggest brands in the world were built during a time when almost nothing was trackable.

One of the most well-known quotes in the marketing world was coined by John Wannamaker[1], considered to be the *father of modern advertising*, said: "Half the money I spend on Advertising is wasted; the trouble is I don't know which half".
We won't be the judges of whether the quote was right or wrong, but we will say that the obsession around marketing measurement has been on the minds of marketers for more than a century.

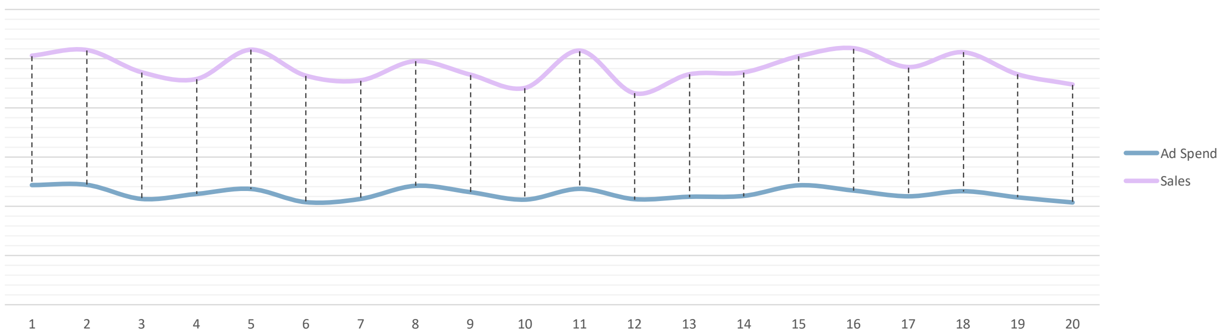
During the 1950s, the American economy was in hyper growth following the events of the previous decade. As most homes started owning a TV, Radio was in its hay day, and print newspapers and magazines circulation was rapidly accelerating – Advertising was booming[2]. With ad spend becoming important, the obsession for measurement became a requirement. Public companies needed a way to show that they are consistently increasing advertising efficiency, as saying "Half is wasted" was becoming unacceptable.

During the 1950s, a young Harvard professor named *Neil H Borden*[3] developed an econometric methodology to measure ad spend performance. Analyzing the advertising patterns, and sales results of dozens of companies, Borden was able to utilize two functions that allowed some sort of a measurement framework, that can also be utilized quite well for budget planning. The method was called: Marketing Mix Modeling[4].

## *Marketing Mix Modeling basics*

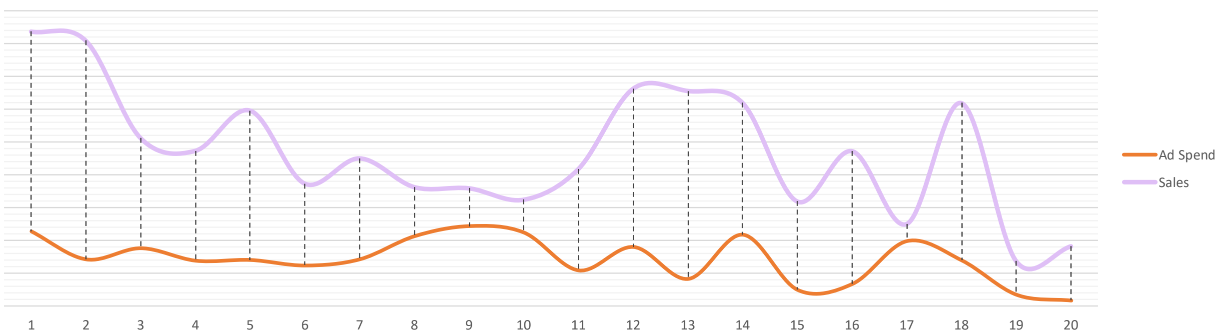
A regression method in applied econometrics, Marketing Mix Modeling, or MMM in short, analyzes the **correlation** between Ad Spend and other variables, and marketing performance utilizing some manipulation over the data using AdStock[5] and Ad Saturation[6] functions, to come up with a variable (β) that can be used to predict and forecast outcomes in various scenarios.

A high correlation between Advertising and Sales provided with a high β indicating a high marketing efficiency, as presented chart 1.




(Marketing performance showing a high correlation to Ad Spend; Source: illustration)

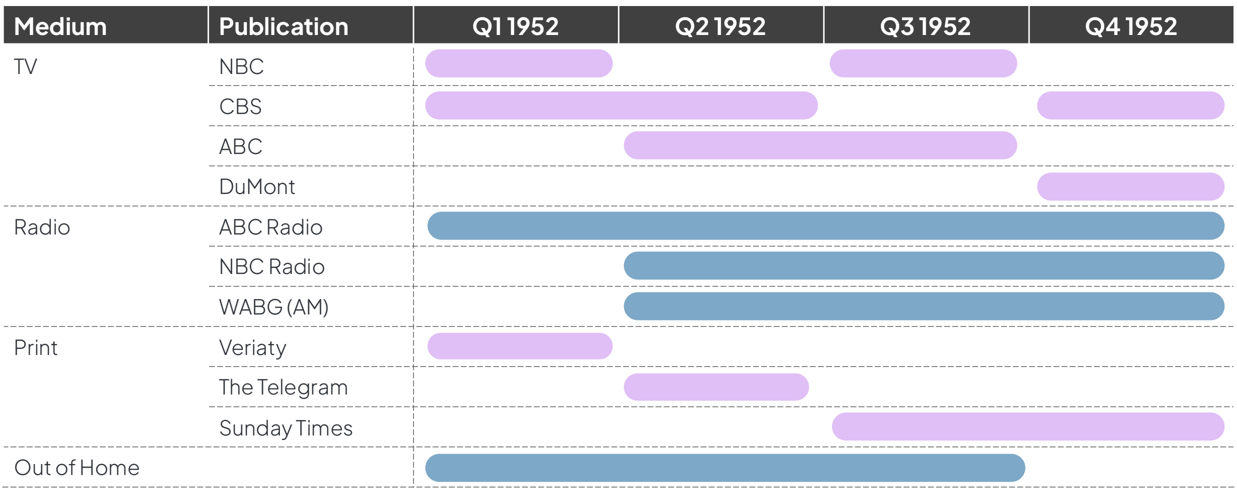
While a low correlation between Advertising and Sales provided with a low β indicating low efficiency, as presented chart 2.




(Marketing performance showing a low correlation to Ad Spend; Source: illustration)

The process of building a Marketing Mix required some assumptions and intentional biases introduced into the model. For example – An econometrician could introduce factors related to school holidays, or weather, with or without any proof that these had any impact over marketing performance. Moreover, the econometrician could manipulate the data by applying functions such as Ad Stock, delaying the expected impact Ad Spend has over sales.

During the era when MMM was invented, the average media plan looked somewhat different than a media plan today. The speed and frequency of changes in advertising activity was substantially slower[7] than the number and frequency of changes was limited.




(Example of a media plan for a 1950s brand; Source: illustration)

When a new publication came around, testing it allowed Advertisers to measure incrementality easily, just by calculating the additional sales to the previous time period. The job of Advertising agencies was mostly to do with Brand messaging, Ad Creative, as the pool of potential inventory was naturally limited by the options available.

MMM was an incredible innovation for its time, and it provided Advertisers with the ability to introduce measurement into the aspect of a marketing plan, during a time where data was limited, but MMM was traded away once Advertisers landed the most valuable asset: User Level Data.

## *Optimizing Ad Spend With User Level Attribution*

Budget optimization using attribution data was an extremely simple task to perform. Having *deterministic*[8] attribution data, offered marketers the ability to aggregate the data by channel, country, platform, and make allocation and optimization decisions monthly, weekly, or even daily

| Channel | Conversions | Spend | Attributed CPI | Attributed ROAS |
|---|---|---|---|---|
| Vungle | 152,302 | $510,789 | $3.35 | 58% |
| Adwords | 120,588 | $337,646 | $2.80 | 32% |
| IronSource | 112,383 | $270,366 | $2.41 | 41% |
| Apple Search Ads | 98,302 | $341,108 | $3.47 | 52% |
| Tiktok | 59,040 | $217,267 | $3.68 | 40% |
| Applovin | 46,404 | $163,342 | $3.52 | 49% |
| Unityads | 34,125 | $101,010 | $2.96 | 44% |
| Snapchat | 28,938 | $88,840 | $3.07 | 57% |
| Facebook | 19,058 | $53,553 | $2.81 | 49% |

Scale Up Candidates:

Scale Down Candidates:

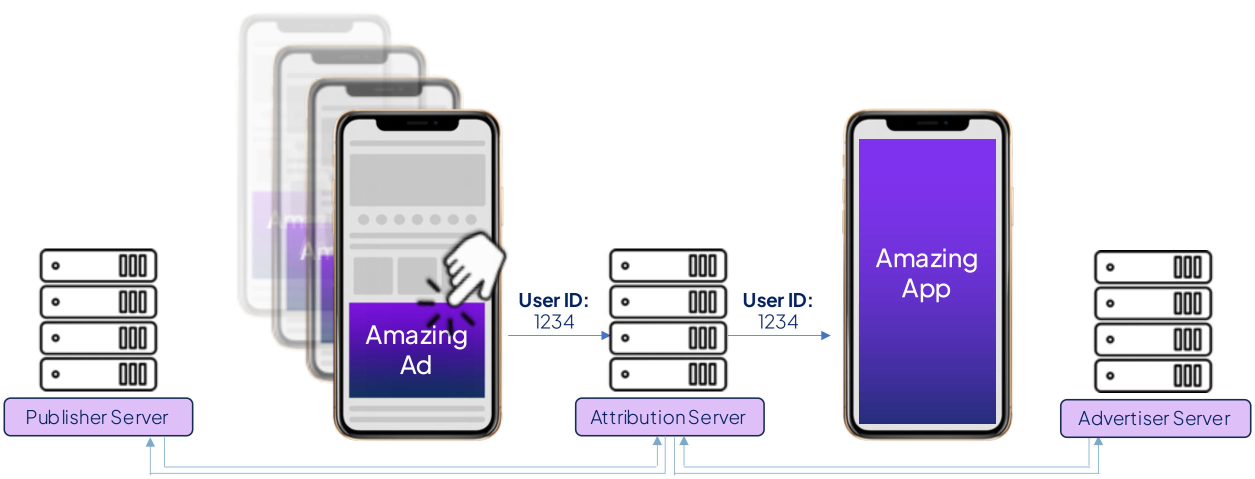
Requires Optimization:

(Performance report based on attribution data; Source: illustration)

User level attribution was the dream of every marketer. Being able to track the actions of users on their path to becoming customers was the greatest promise of digital advertising. Which and how many ads did your users engage with before converting and becoming a customer? What ads produced the best results? What demographics yield the best value?

While there are many attribution methods, the predominant methodology of attribution has been Last Touch Attribution[9], giving 100% credit to the last ad platform where a user had with an ad before converting to become a customer.

Attribution is easy to understand:




(Last Touch Attribution Stack; Source: illustration)

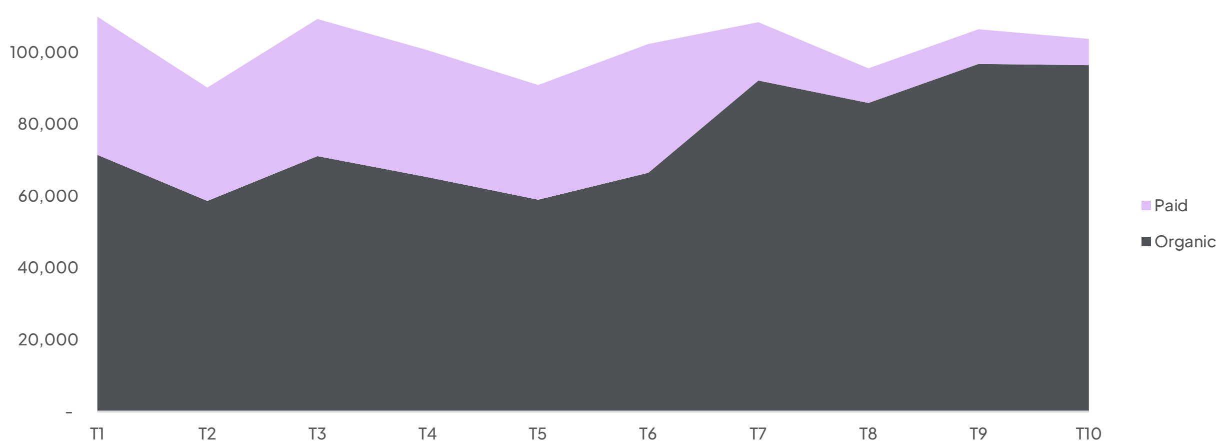
## Attribution and Spiraling Overspend

Utilizing data from the device, specifically the device identifier (iOS: IDFA / Android: GID) offered advertisers with a deterministic method of connecting between ad spend and advertising performance.
While user level attribution features several flaws and limitations[10], the biggest advantage it had was that it was simple to understand.

Amongst various flaws in user level attribution, the most critical has been the simplistic nature of attribution which tends to match between ad engagement and user conversions, even if the two were more incidental to one another. This may be caused by attribution fraud[11], but may also be referred to as *Cannibalization*[12].

The unfortunate way most companies figure this out is either when budget "runs out", or by intentionally reducing ad spend to measure the incremental value of ad spend, as seen in the example below:

| Timeseries | T1 | T2 | T3 | T4 | T5 | T6 | T7 | T8 | T9 | T10 |
|---|---|---|---|---|---|---|---|---|---|---|
| Organic | 71,426 | 58,648 | 71,050 | 65,272 | 59,026 | 66,490 | 92,118 | 85,921 | 96,730 | 96,408 |
| Paid | 38,460 | 31,579 | 38,257 | 35,147 | 31,783 | 35,803 | 16,256 | 9,547 | 9,567 | 7,257 |
| **Total** | **109,886** | **90,227** | **109,307** | **100,419** | **90,809** | **102,293** | **108,374** | **95,468** | **106,297** | **103,665** |

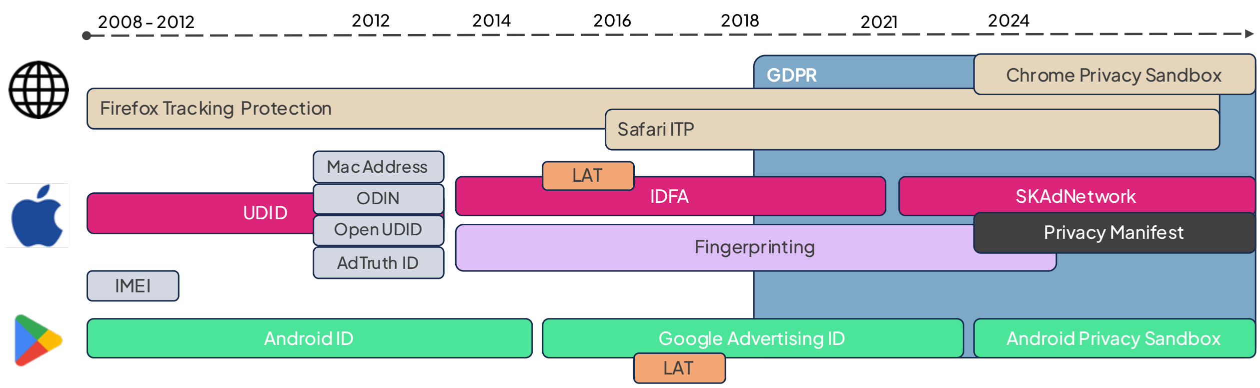



(Example of attribution cannibalization between Paid and Organic source of conversions)

Further Reading:
Last Touch Attribution has several advantages and disadvantages. To learn more about the use-cases it covers as well as the flaws it carries, you can further read the following whitepaper: Marketing Measurement Orchestration, Making Attribution, Incrementality, and MMM Play Nicely Together

## *Privacy and a New Paradigm of Measurement*

Digital Advertising has been experiencing constant change over the past decade, specifically changes around increasing user privacy regulations and restrictions.




(Major user privacy related milestones; Source: illustration)

The chart above represents the most *dramatic* milestones, but alongside these drastic changes, came dozens of smaller detailed restrictions and regulations showing a clear pattern: Access to User Level Data is getting deprecated.

Some would say that the most influential milestone was the introduction of "App Tracking Transparency"(13) by Apple during 2021.
This change caused a tear in attribution reporting, causing some of the largest companies in the world: Meta(14), Google(15), Twitter, Snapchat and others lose substantial Advertising revenues on account of limited capabilities to target, and attribute users ad engagement. But while the largest companies were susceptible for scrutiny, the smaller Adtech players continued tracking users, despite being against Apple's policies, utilizing *fingerprinting*(16) methods. In consequence, performance reporting started making no sense.

| Channel | Conversions | Spend | Attributed CPI | Attributed ROAS |
|---|---|---|---|---|
| Vungle | 174,330 | $510,789 | $2.93 | 88% |
| Adwords | 13,560 | $337,646 | $24.90 | 3% |
| IronSource | 659,429 | $270,366 | $0.41 | 91% |
| Apple Search Ads | 11,370,266 | $341,108 | $0.03 | 1,283% |
| Tiktok | 22,444 | $217,267 | $9.68 | 18% |
| Applovin | 175,636 | $163,342 | $0.93 | 101% |
| Unityads | 101,010 | $101,010 | $1.00 | 62% |
| Snapchat | 6,797 | $88,840 | $13.07 | 21% |
| Facebook | 1,014 | $53,553 | $52.81 | 1% |

Scale Up Candidates??

Scale Down Candidates?!

Requires Optimization?!

(Performance reporting based on user level attribution in a post IDFA world; Source: illustration)

*From Marketers to Marketers:*

Marcus Koch, CEO, pilot Stuttgart;

## Aligning Marketing with Organizational Goals

When we talk about marketing, we (media/performance) agencies often only think about the P for "promotion" and very often don't even focus on the other three P's according to Kotler: Product, Placement, and Price. However, if we practice "data-driven marketing", we need a lot of data from all four P's to recognize a measurable effect across this data. As an example: To measure the advertising impact of a product or product category with frequent price changes, measurement should compare the price indices of the advertised products to isolate the pure price advantage from the advertising effect.

However, the question of how the competition reacted to our campaigns with price changes and what effect this had on the advertising impact must not be ignored. The availability of the advertised products (placement) and the product characteristics such as quality, features etc. (product) are also decisive for the evaluation of the incremental effect of our marketing/communication campaigns. These simple examples show that it is always important for us to be in close dialogue with the other departments in the company.

Aligning relevant data from various departments, and feeding this into our systems and algorithms, is an important step in avoiding a biased evaluation. Finding the data and feeding it back to the department, allows for consistency and synergy.

In performance marketing, we have the closest dialogue with our customers' sales departments. This is because their key performance indicators such as turnover, leads or units sold can be influenced primarily and directly by our measures and have a direct impact on the success of the responsible managers and employees in these departments.

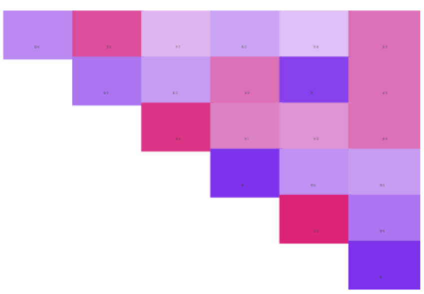
To be able to plan, record and control these influences and objectives in a structured manner, we work with our customers to develop KPI frameworks that aim to map these relationships in the best possible way. These frameworks are the starting point and basis for all planning and measurements.

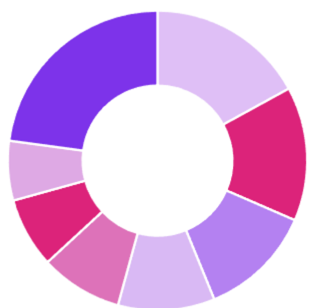
# *Budget Planning Principles*

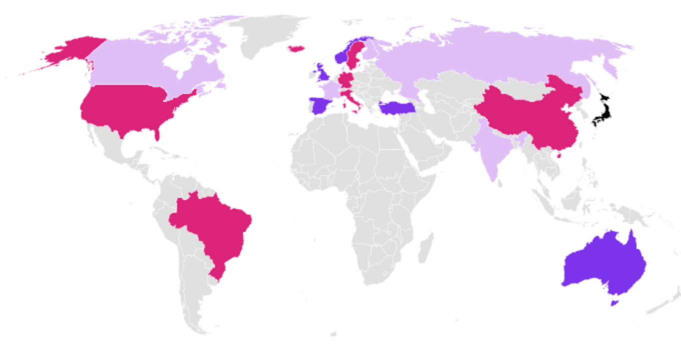
Budget planning is a multi-dimensional process,  requiring a methodical analysis of the true performance of paid channels in various scenarios, while keeping an eye over limitations, opportunities, and leaving enough space for unknown variables.

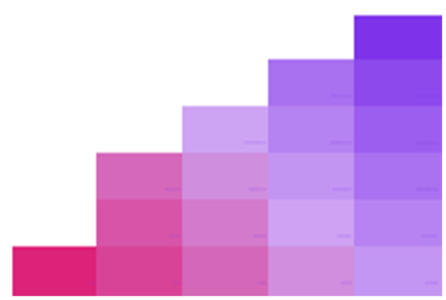
We will be focusing on 5 main principles in this handbook:

- Cohorts and Cohort development
- Market saturation
- Diminishing returns
- Contribution vs. Attribution
- Seasonality and External variables







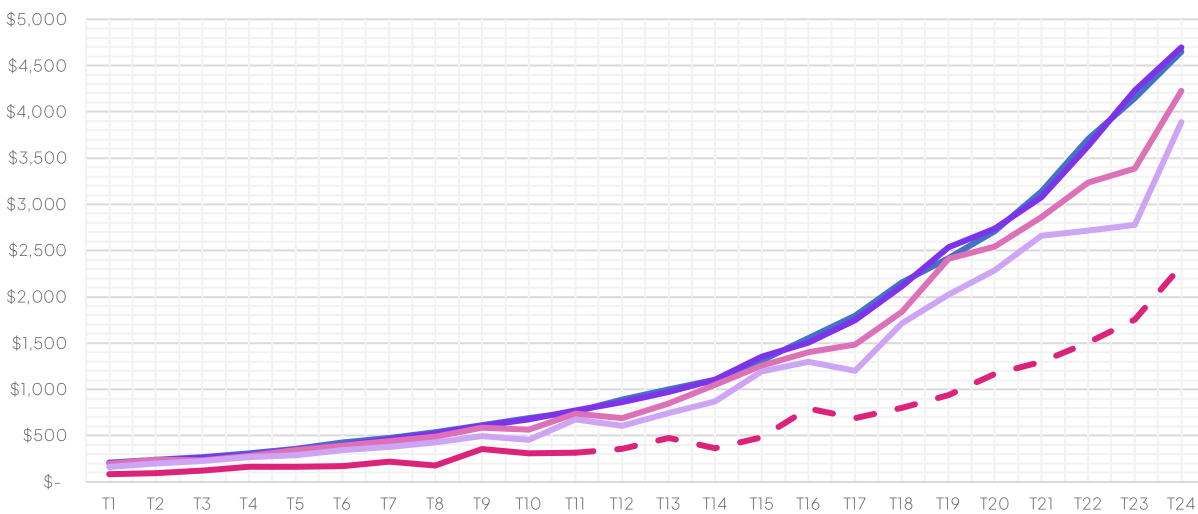


## Cohorts and Cohort Development

Many companies see marketing as an **investment** for long term growth. Acquiring new customers who will (hopefully) remain with the brand and continue using it, making additional purchases.
While Customer Acquisition Costs(17) (CAC) may be calculated early on, by calculating ad spend / acquired new customers, Lifetime Value(18) (LTV) may take several weeks, months, or even years to develop (depending on the company's product).

Cohorts and Cohort Development is a great way to keep an eye over the acquired new customers without needing to wait for the full LTV to develop to make decisions over increasing or decreasing marketing investment.

Measuring Cohorts is relatively simple, as the only requirement to do so is keeping the date a customer reached the conversion point, allowing you to compare typical customer development against those of new customers, as seen in the chart below.




(Cohorts Development and Forecasting; Source: illustration)

The chart above shows the progression of revenues from several cohorts, pointing that one of these cohorts is not maturing as expected.

| *Time Series* | *T1* | *T2* | *T3* | *T4* | *T5* | *T6* | *T7* | *T8* | *T9* | *T10* | *T11* | *T12* | ***Sub Total*** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Full Matured LTV* | *$ 313* | *$ 376* | *$ 413* | *$ 475* | *$ 565* | *$ 622* | *$ 690* | *$ 773* | *$ 889* | *$ 1,067* | *$ 1,280* | *$ 1,524* | ***$ 8,988*** |
| *New Cohort (Forecasted)* | *$ 162* | *$ 164* | *$ 184* | *$ 213* | *$ 230* | *$ 287* | *$ 315* | *$ 348* | *$ 341* | *$ 363* | *$ 604* | *$ 758* | ***$ 3,969*** |
| *Difference* | *52%* | *44%* | *44%* | *45%* | *41%* | *46%* | *46%* | *45%* | *38%* | *34%* | *47%* | *50%* | *44%* |

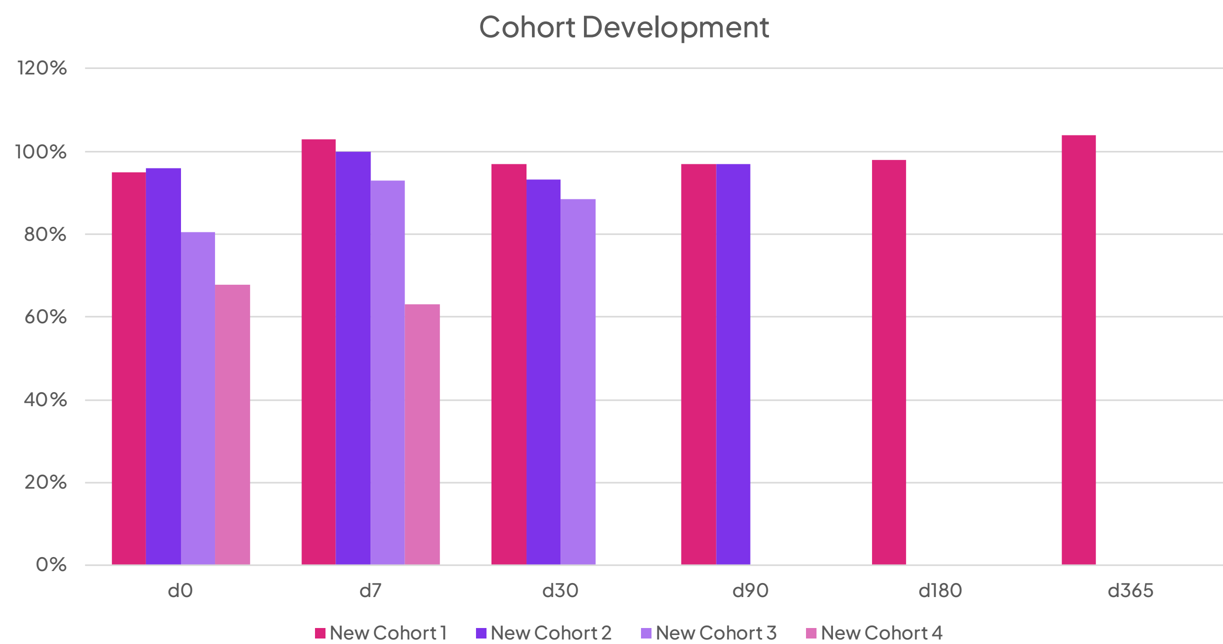
Utilizing simple forecasting will indicate that long term revenues from the new cohort will only achieve less than 50% of a typical cohort.

If customer acquisition costs remain the same in such a scenario, and customer acquisition represents a subset of potential profitability, in such scenario – continuing to acquire customers at the same CAC will eventually lead to catastrophe.

Creating a cohort development report is easy. Back-date consumer spend or activities over their timeline development, in comparison with the expected lifetime progression of earlier (i.e. matured) cohorts.

The example below shows that such monitoring could alert ahead of time that performance has taken a *dip* around Cohort 3 , and that if ad spend remains at the same level, this advertiser will reach a point where Advertising is yielding negative returns.

| Cohort | d0 | d7 | d30 | d90 | d180 | d365 |
|---|---|---|---|---|---|---|
| Full Matured LTV | $ 291 | $ 3,230 | $ 7,365 | $ 21,357 | $ 50,404 | $ 79,302 |
| New Cohort 1 | $ 276 | $ 3,327 | $ 7,144 | $ 20,717 | $ 49,395 | $ 82,474 |
| *(% of Target)* | *95%* | *103%* | *97%* | *97%* | *98%* | *104%* |
| New Cohort 2 | $ 279 | $ 3,227 | $ 6,858 | $ 20,717 | | |
| *(% of Target)* | *96%* | *100%* | *93%* | *97%* | | |
| New Cohort 3 | $ 235 | $ 3,001 | $ 6,515 | | | |
| *(% of Target)* | *81%* | *93%* | *88%* | | | |
| New Cohort 4 | $ 197 | $ 2,041 | | | | |
| *(% of Target)* | *68%* | *63%* | | | | |




Monitoring Cohort progression is a simple, and critical component within the budget planning process, as it can be used to set out early indication goals for how well will you likely to make a return over investment.

**Identifying underperforming cohorts early will reveal an underlying performance problem.**

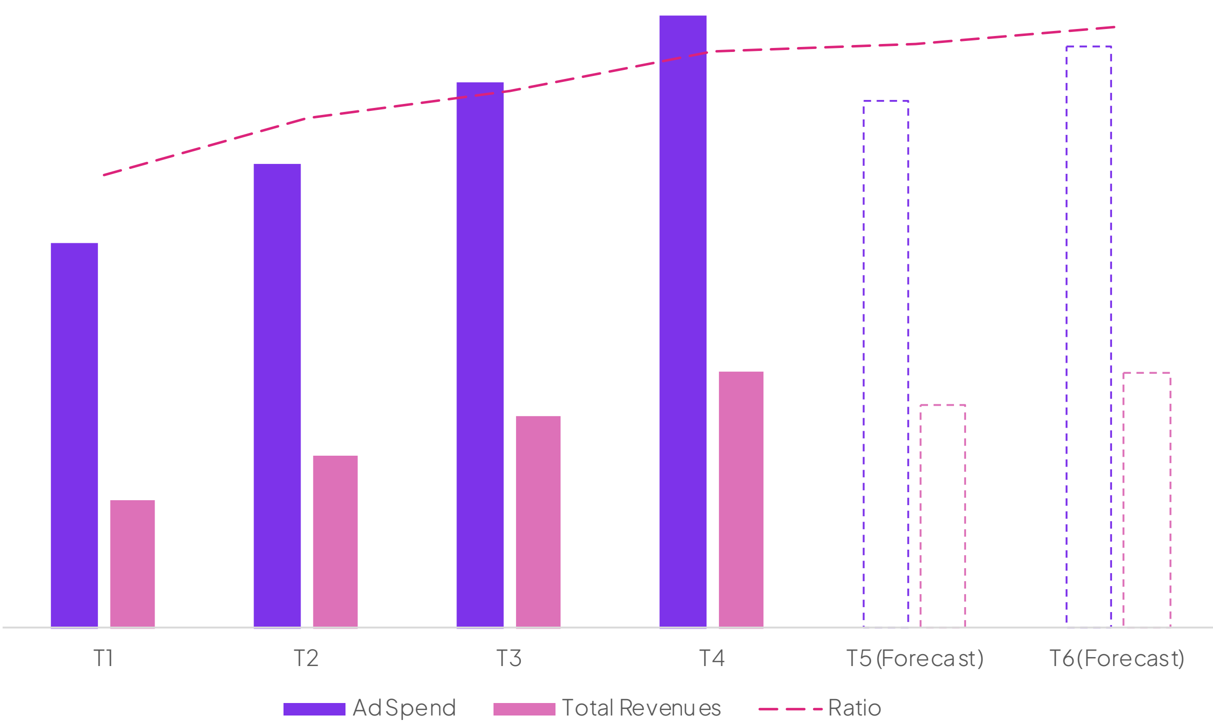
## Market Saturation

While Cohorts and Cohort development is important to acknowledge and understand, an often missed view is Product Market Saturation. The principle refers to having reached a certain point of saturation, where growth becomes unattainable, leading to losses. Monitoring market saturation using Cohort Development will often pose a fictitious view, as while cohort *seem* to be developing well – only once looking at total market development month over month, can one understand that the market has reached saturation.

The following two examples show data for a growth market and a saturated market.

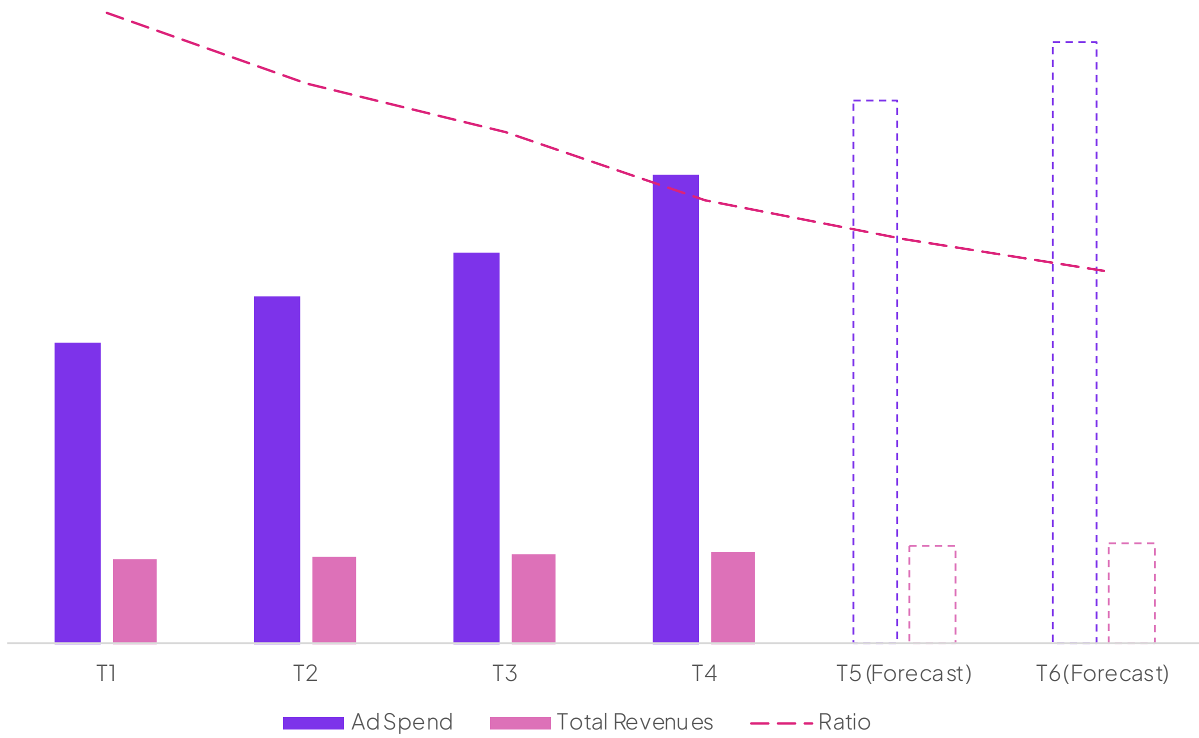
**Growth Market**: A market where additional ad spend is yielding additional revenues, and the overall revenues continue growing given that earlier cohorts continue generating revenues. This market is categorized as a growth market as the factor between Ad Spend and Revenues is growing gradually (Positive *Growth Factor*).

| *Time Series* | *Paramter* | *T1* | *T2* | *T3* | *T4* | *T5 (Forecast)* | *T6 (Forecast)* |
|---|---|---|---|---|---|---|---|
| *Market A* | *Ad Spend* | *$ 75,531* | *$ 89,882* | *$ 98,870* | *$ 115,678* | *$ 91,797* | *$ 101,654* |
| | *Total Revenu* | *$ 24,925* | *$ 33,256* | *$ 38,559* | *$ 48,585* | *$ 39,015* | *$ 44,490* |
| | *Ratio* | *33%* | *37%* | *39%* | *42%* | *43%* | *44%* |



**Saturated Market**: A market where despite continued and growing ad spend, and early cohorts looking on par with cohort development – absolute revenues is not growing, and the *Growth Factor* is **negative**

| *Time Series* | *Paramter* | *T1* | *T2* | *T3* | *T4* | *T5 (Forecast)* | *T6 (Forecast)* |
|---|---|---|---|---|---|---|---|
| *Market B* | *Ad Spend* | *$ 61,097* | *$ 68,429* | *$ 82,114* | *$ 91,147* | *$ 96,475* | *$ 106,691* |
| | *Total Revenues* | *$ 17,107* | *$ 17,449* | *$ 17,624* | *$ 18,505* | *$ 17,270* | *$ 17,686* |
| | *Ratio* | *28%* | *26%* | *21%* | *20%* | *18%* | *17%* |




Analyzing the saturation of a market is relatively easy, as it only requires a simple formula, calculating the ratio between monthly ad spend and total monthly lifetime revenues. As long as the result is neutral or consistently positive – the market is showing growth, where as a negative trend indicates market saturation requiring action.

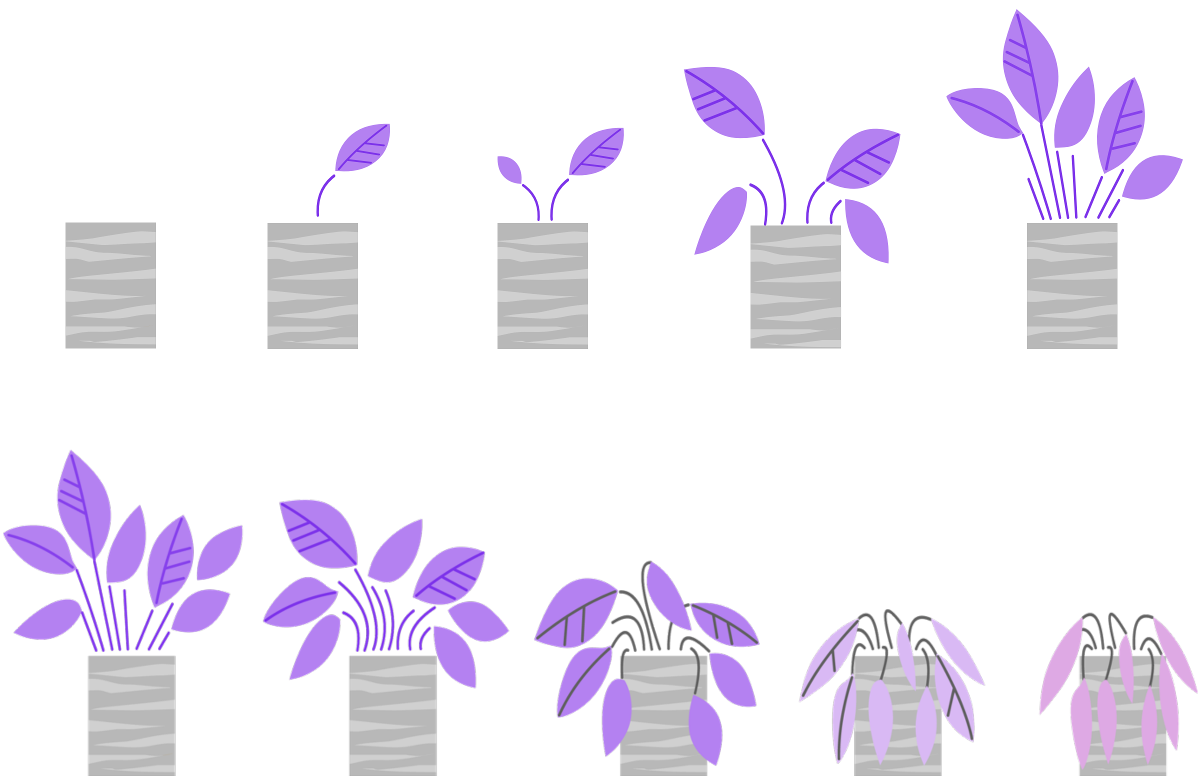
**A Growth Market is a market where the Growth Factor is either Positive or Neutral**

## Diminishing Returns

One of the concepts that seems to be most confusing for people is the concept of diminishing returns[19], the point of maximum yield, and negative returns.

When an Advertising campaign, or a channel, shows positive result, the natural desire of most marketers would be to scale up the activity, increasing ad spend by adjusting the bids or the budget. However, similar to the concept of market saturation, diminishing returns is a concept revealing that scaling up is not always possible, and increasing spend may actually lead to diminishing results, or even negative results.

*Diminishing Returns, Explained with an Analogy:*
Imagine planting a seed, watering it, until it sprouts. Overtime, continuing to water it, it may grow into a plant and produce a flower. But over watering it will cause it to wither away.

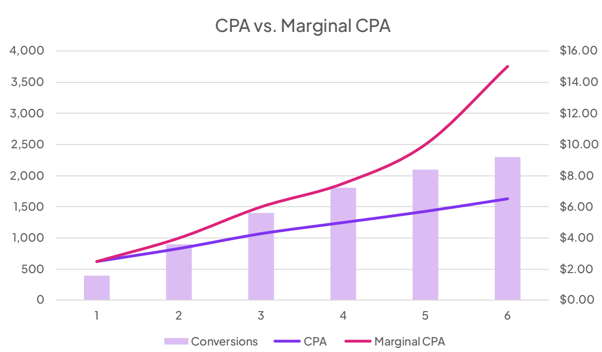


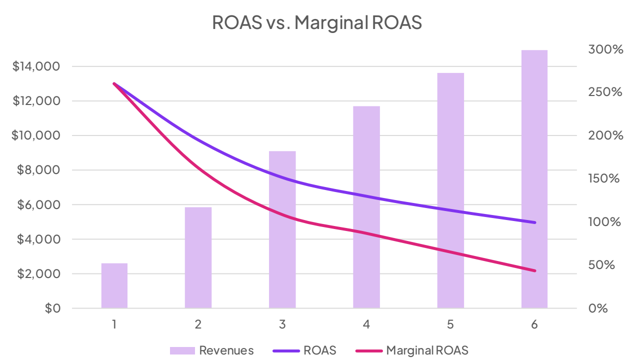
Diminishing returns in Advertising can be seen only when measuring the **marginal** costs. The following example presents a typical diminishing returns curve.

The target CPA in this example is $5 , and ROAS is +100% , but as seen below, scaling ad spend is yielding results at a CPA within the target. Same goes for ROAS.

However , due to the diminishing return point being at around the 4th spend level, **almost all additional ad spend** here will lead to **unprofitable** results to the Advertiser.

| Spend Level | Conversions | CPA | Revenues | ROAS | Spend (Delta) | Incremental Conversions | Marginal CPA | Incremental Revenues | Marginal ROAS |
|---|---|---|---|---|---|---|---|---|---|
| $1,000 | 400 | $2.50 | $2,600 | 260% | $1,000 | 400 | $2.50 | $2,600 | 260% |
| $3,000 | 900 | $3.33 | $5,850 | 195% | $2,000 | 500 | $4.00 | $3,250 | 163% |
| $6,000 | 1,400 | $4.29 | $9,100 | 152% | $3,000 | 500 | $6.00 | $3,250 | 108% |
| $9,000 | 1,800 | $5.00 | $11,700 | 130% | $3,000 | 400 | $7.50 | $2,600 | 87% |
| $12,000 | 2,100 | $5.71 | $13,650 | 114% | $3,000 | 300 | $10.00 | $1,950 | 65% |
| $15,000 | 2,300 | $6.52 | $14,950 | 100% | $3,000 | 200 | $15.00 | $1,300 | 43% |




Measuring for marginal costs requires a consistent comparison of pre/post spend changes and acquired results in order to not lose complete control over acquisition costs, using a simple formula:

$$\frac{\text{(Current Period Spend - Previous Period Spend)}}{\text{(Current Period Conversions - Previous Period Conversions)}}$$

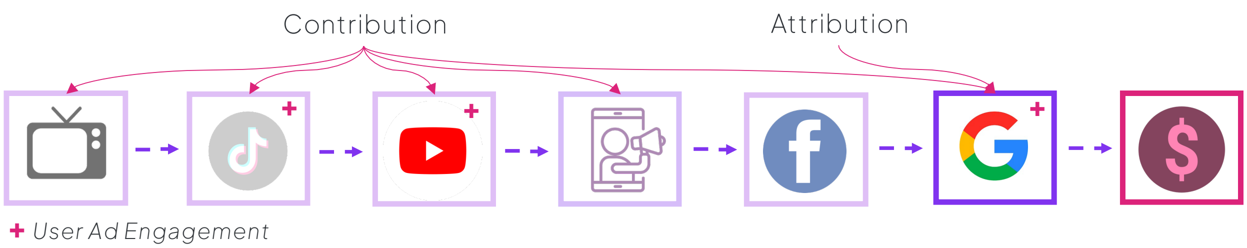
## Contribution vs. Attribution

One of the most confusing, yet critical to understand concepts, would be the difference between Attribution and Contribution.

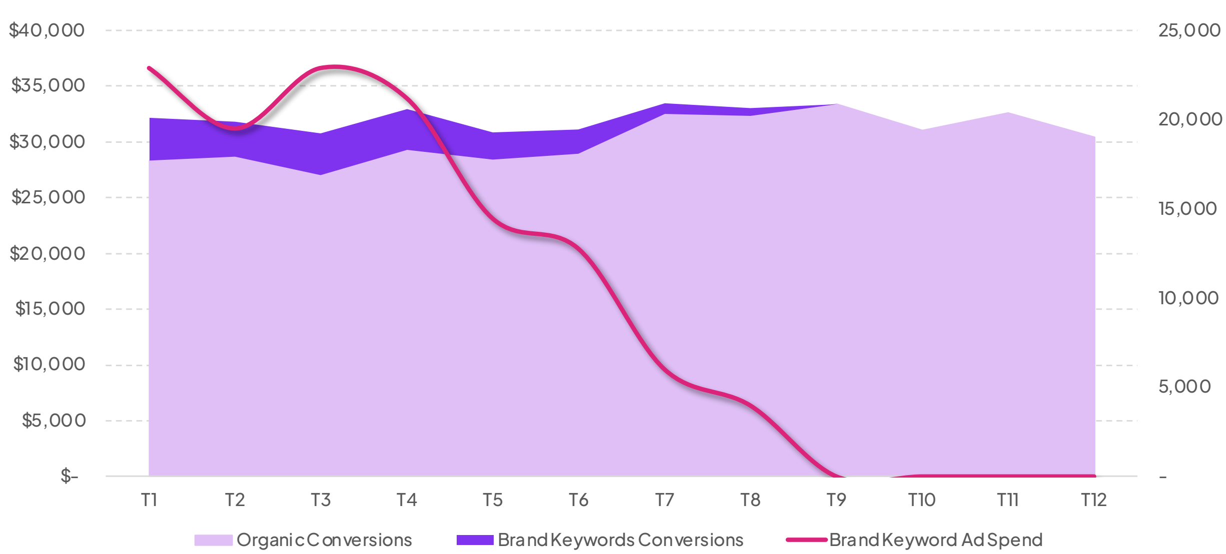
> ***Attribution*** (in marketing) is a term used to describe the assignment of **credit** for conversions generated to marketing channels, campaigns, ad creatives, derived from user level data (by matching device ID or other device data).
>
> ***Contribution*** is a term describe the **value** each marketing channel has over the overall marketing results.

While the two may seem similar, they are fundamentally different, as Attribution, will assign credit for conversions, even if the user was already on their journey to convert, or assign credit only to the <u>last</u> interaction the user had with an ad – assigning no credit to all other influencing factors (including previous ads) the user saw or engaged with.

Contribution does not measure ad engagement, but the actual causality between Advertising spends, and Results acquired.




One of the easiest ways to demonstrate the difference between Attribution and Contribution are the marketing results of *Brand Keyword* campaigns[20].
This type of a campaign offers Advertisers with the ability to target ads for users who use the Brand itself. Such campaigns tend to win credit by Attribution reporting, while the Contribution to conversions may be minimal or non-existent.



Measuring the contribution of each of your advertising channels, requires a powerful platform such as INCRMNTAL, or developing a consistent methodology of experimentation, by creating a series of planned experiments[21].

A typical experiment would involve pausing Advertising across all channels, testing each channel in isolation, followed by testing the channels in various combinations to understand the relationships and contribution of each channel.

| Channel | T1 | T2 | T3 | T4 | T5 | T6 | T7 | T8 | T9 | T10 | T11 | T12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Channel A | ■ | | | | | | ■ | | ■ | ■ | ■ | ■ |
| Channel B | ■ | | | | | ■ | | ■ | ■ | ■ | ■ | |
| Channel C | ■ | | | | ■ | | | ■ | ■ | ■ | | ■ |
| Channel D | ■ | | | ■ | | | | ■ | ■ | | ■ | ■ |
| Channel E | ■ | | ■ | | | | | ■ | | ■ | ■ | ■ |
| *Conversions of Baseline* | 100% | 30% | 41% | 53% | 47% | 45% | 48% | 95% | 98% | 89% | 91% | 99% |

Analyzing the results of each channel in isolation, as well as the various combination, would indicate that while Channel B claims significant contribution, when combined with other channels, Channel B's results show a pattern of cannibalization over other channels.

| Channels Contribution | |
|---|---|
| Channel A | 0% |
| Channel B | 23% |
| Channel C | 17% |
| Channel D | 15% |
| Channel E | 11% |

| Combination | Expected | Actual | Difference |
|---|---|---|---|
| B , C , D , E | 96% | 95% | -1% |
| A , B , C , D | 103% | 98% | -5% |
| A , B , C , E | 99% | 89% | -10% |
| A , B , D , E | 97% | 91% | -6% |
| A , C , D , E | 91% | 99% | 8% |

INCRMNTAL's platform does not require such planned experiments. The platform leverages day to day operational marketing changes *micro-experiments*, measuring the contribution of each channel continuously.

Channel / Audience overlap, and the overlap of Advertising channels with existing organic audience means that different results are achieved while combining channels.

**Measuring the contribution will result in the most optimal mix of Advertising channels.**

*From Marketers to Marketers:*

Paul Kovalski, Growth Marketing Lead, Self Financial Inc.

## Accounting For Different Methodologies in Planning

Fundamentally, the north star will always be your core business metrics. If your decision making framework for leveraging multiple measurement methodologies results in sustainable growth, you are doing something right! While there are some best practices on when to utilize specific forms of measurement, the source of truth is your first-party data. Everything else layers down from there.

A helpful way to think about utilizing multiple measurement methodologies is from the lens of a given spend change. The measurement methodology you utilize depends on the granularity of the spend change you are analyzing. Incrementality and Media Mix Models work well for larger changes over extended time periods while attribution data is sufficient to evaluate smaller tests at the campaign and creative level. Incrementality can be measured at lower-levels as well but requires thoughtful test design.

| Analysis Question: | Granularity | T | M | I | A |
|---|---|---|---|---|---|
| What change should I make to my overall media budget? | Total Spend | ● | ● | ● | |
| How should I allocate spend between channels? | Channel Spend | | ● | ● | |
| How should I allocate spend between campaigns? | Campaign Spend | | | ● | ● |
| What creative is performing best? | Creative Spend | | | ● | ● |

(T = Aggregated Data ; M = MMM ; I = Incrementality ; A = Attribution data)

Triangulating multiple measurement methodologies to come to a conclusion on where to allocate ad spend is both an art and science. There will always be core business metrics to optimize towards like CAC, LTV, and ROAS. The challenge is that utilizing multiple forms of measurement will inevitably produce conflicting results. What do you do when your attributed data says something wildly different than your incrementality test?

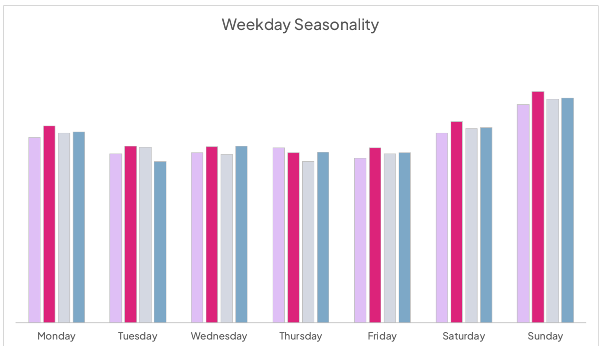
This is where having a systematic approach to budget testing becomes crucial. Marketers should not be analyzing changes in a silo. You can't just run one incrementality test and make changes- you have to run multiple tests to have results to compare against. The more tests you conduct, the great confidence you have in the results and the more you learn about your unique media mix.

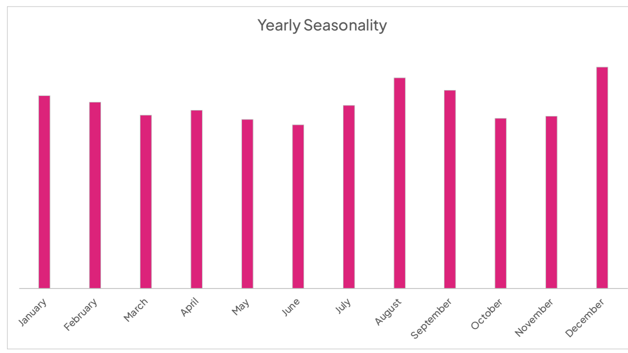
## Seasonality and External Variables

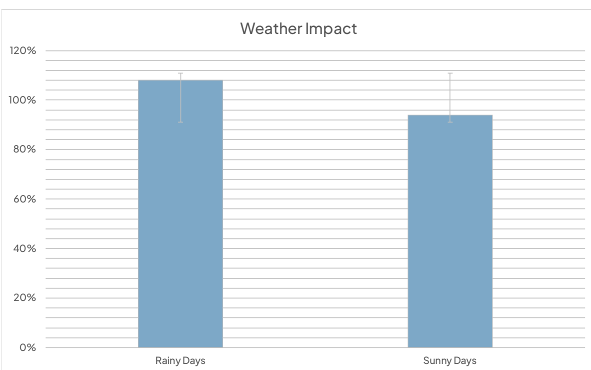
Marketing performance does not operate in a silo. Performance is affected by dozens of known and unknown variables.

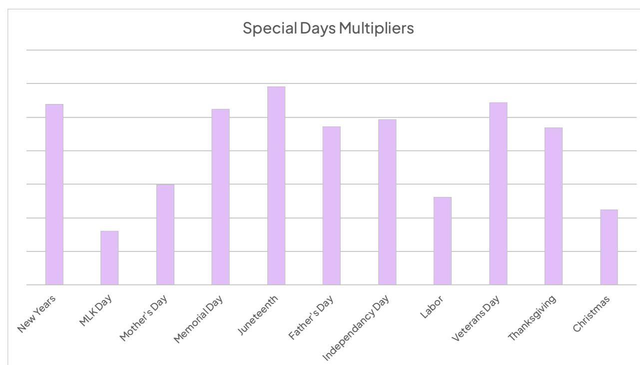
The more a company understands about the external (or internal) influencing factors impacting marketing performance, the better a company can leverage those to their advantage.

The following charts reflect typical seasonality factors that may or may not impact every product company: Week day, Month of Year, Special Days, Holidays, Weather




A good example of how a company may leverage understanding seasonality would be if conversions tend to organically spike during a specific holiday, a company would be wise to limit their advertising spend, while leveraging promotions, email marketing, and in-app messages to attract performance.

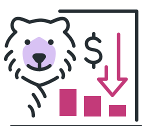
Incrementality measurement studies proved time and again that contribution of advertising spend during peak seasonality is very low. Budgets are better used during normal periods.

# *Budget Planning Process*

INCRMNTAL's platform is used by Advertisers across a wide spectrum of verticals, company sizes, and marketing goals.
To serve all types of companies, the following chapters will address various scenarios of budget planning:

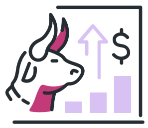
**Growth / Unlimited spend**
Set goal KPI ; No budget constraints
*"we're willing to spend as much as possible, as long as the ROAS is over X%"*

**Growth / Planned budget**
Set budget ; KPI target
*"we have $Xm to spend, and would like to keep CPA below $Y"*



**Efficiencies / Reducing waste**
Budget reduction by X%
*"we need to reduce ad spend by X% , keeping as much of our results"*

**Efficiencies / Improving metrics**
CPA reduction / ROAS improvement
*"we need to reduce our CAC or improve ROAS"*



## Growth / Unlimited spend

Set goal KPI ; No budget constraints

This objective of budget planning is most common with growth companies which have a performance mindset, and a set of *Golden KPIs*[22] where as long as the company reaches those, spend is merely one variable in the grand scheme of things.

Unlimited budget spend can be fun when scaling, but if not exercising control, a company may easily fall into a vicious cycle of waste, negative returns, market saturation, and acquiring users which will never materialized into profitable cohorts.

**Step 1: Define Clear Goals and Benchmarks**

- Map out LTV progression and set clear benchmarks for your blended* CPA or ROAS
- Differentiate benchmarks per platform (iOS, Android, Web…)
- Segment your top market/s and set benchmark for those (USA, Germany, UK…)
- Typical key milestone cohorts for budget planning: d7, d30

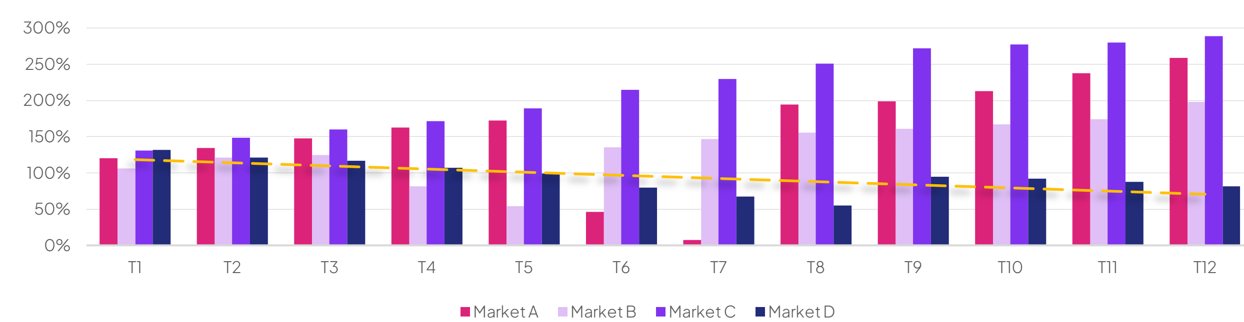
(* Blended combines the results of Paid and Organic, assuming that paid influences organic, and vice versa)

**Step 2: Analyze Market Saturation**

- Compare monthly ad spend with total monthly revenues across time
- Remove one-off outliers, or normalize those
- Identify any markets where the *Spend/Revenues factor* is either positive or neutral. These will be the key markets to focus scaling within
- If any markets show a negative Spend/Revenues factors – those markets may have already reached market saturation, requiring you to pull spends back

The example below shows that both markets A, and B, had outlier timeseries period – periods where the ratio dropped, but went back to *normal*.
Such patterns when not happening simultaneously across all markets, typically happen when an Advertiser tests a large new channel, or runs a Brand campaign, where there is a lag effect between ad spend and achievable performance.

| Market | T1 | T2 | T3 | T4 | T5 | T6 | T7 | T8 | T9 | T10 | T11 | T12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Market A | - | - | - | - | - | - | - | - | - | - | - | - |
| Market B | - | - | - | - | - | - | - | - | - | - | - | - |
| Market C | - | - | - | - | - | - | - | - | - | - | - | - |
| Market D | - | - | - | - | - | - | - | - | - | - | - | - |



**Step 3**: **Evaluate Channel Contribution and Yield**

- Measure the contribution of your channels using planned experiments, or INCRMNTAL. Identify the ideal contribution of your channels, while considering natural scaling limitations for channels such as Brand Search
- Identify the absolute CAC, and marginal CAC for each of your channels, identifying scaling opportunities

Channels Labels Heatmap KPIs CPI / Marginal CPI

| Channel | Incremental Conversions | Spend | CPI | ROAS | Marginal CPI | Marginal ROAS | Recommendation |
|---|---|---|---|---|---|---|---|
| Vungle | 67,209 | $510,789 | $7.60 | 45% | $22.60 | 36% | Keep |
| Adwords | 38,8310 | $337,646 | $8.70 | 52% | $10.40 | 23% | Scale Up |
| IronSource | 31,808 | $270,366 | $8.50 | 47% | $25.30 | 25% | Scale Down |
| Apple Search Ads | 41,097 | $341,108 | $8.30 | 55% | $27.50 | 7% | Scale Down |
| Tiktok | 34,487 | $217,267 | $6.30 | 55% | $21.20 | 5% | Keep |
| Applovin | 28,656 | $163,342 | $5.70 | 43% | $7.30 | 34% | Scale Up |
| Unityads | 17,416 | $101,010 | $5.80 | 55% | $13.20 | 7% | Scale Up |
| Snapchat | 19,742 | $88,840 | $4.50 | 41% | $18.80 | 29% | Keep |
| Facebook | 10,104 | $53,553 | $5.30 | 54% | $22.70 | 32% | Keep |

Total 13 « ‹ 1 2 › »

**Step 4**: **Establish optimization goals using K-factors**

- Platform optimizations are still mostly reliant over user level attribution and postback mechanisms, skewing results towards only what is credited to each ad platform
- Adjusting target CPA/ROAS using incremental and marginal performance for optimization will enable ad platforms to deliver against incremental performance

| Channel | Attributed CPA | Incremental CPA | K-factor |
|---|---|---|---|
| Vungle | $2.5 | $7.6 | 3.04 |
| Ad Words | $12.3 | $8.7 | 0.71 |

**Step 5**: **Continuous Monitoring and Optimization**

- Monitor performance regularly and adjust spend levels across channels
- Preserve 5-10% of your budget for testing new channels and/or new creative
- Analyze cohort development by platform, country, at least once per month
- Analyze market saturation at least once per quarter or more frequently
- Measure marginal performance and limit channel spends at least once a month
- Update K-factors routinely, at least once a month

*From Marketers to Marketers:*

Eva Wilke, Growth Lead, Lassie

## Planning and Monitoring Frequency

In an ideal world, marketing budgets are planned on an annual basis, monitored only once in a while. However, for growth startups, marketing budgets will be set a monthly basis and monitored every week.
Growth companies want to show month-over-month growth in the early stages of a business, which naturally leads a marketeer to look back to the performance of the previous month when accounting for the upcoming month. However, a forecast rarely matches reality, especially in the start-up world. This is why it is important to check-in on a weekly basis on marketing spend.

Some channel budgets are harder to control than others. Let's assume you find most incrementality in paid search and your measurement results indicate to heavily invest into those lower funnel channels. You set up the monthly budget accordingly. Yet, if there are less people searching for your product that month due to lower seasonality, you will have difficulties to match the budget forecast. Hence, you will need to shift your budgets or reduce it. Instead of investing your spend into lower funnel channels such as paid search, you can allocate more budget towards upper funnel channels such as paid social. The budgets for paid social are easier to control than for paid search as they are not dependent on demand in the market - You are instead creating the demand by investing in these channels. This is generally easier said than done as this shift in budget can result in higher customer acquisition costs (CAC). If paid search is your most incremental channel, with the lowest incremental CAC, shifting budget away from this channel will also affect your blended numbers.

This exercise often creates an odd measurement loop – where lower funnel channels receive all credit, while credit in fact should be shared with the upper funnel channels which created the surge in the market demand. Zooming in and out while monitoring results plays an important part when planning allocation amongst channels – as zooming too deep into any point will cause marketers to miss the bigger picture.

## Growth / Planned budget

Set budget ; KPI target

This method of budget planning is widely used in growth companies which have a performance mindset under a top-down yearly budget. In many cases, it applies to a more mature stage of a product, where the main growth has been reached, but there is still room for expansion and adjustments under a specific budget.
In this case, spend is usually quite strict even when performance metrics are met.

Growth under a specific budget may be more challenging to meet, and it is mostly about the interplay between spending on different channels and media types. An expansion of one channel may come at the expense of another.
Since in many cases, certain marketing mediums (i.e. Search, Social, Networks) tend to stabilize under a certain monthly budget, it is prone to biases amongst marketing managers to meet the budget, even without gaining real contribution to the market.

It is crucial to wisely spend the budget under a performance exhaustion mindset.

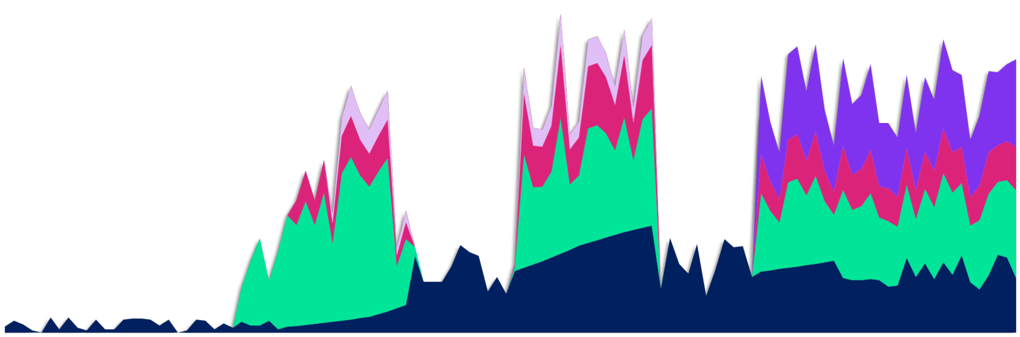
**Step 1: Define Clear Goals and Benchmarks**

- Map out LTV progression and set clear benchmarks for your blended* CPA or ROAS
- Differentiate benchmarks per platform (iOS, Android, Web…)
- Segment your top market/s and set benchmark for those (USA, Germany, UK…)
- Typical key milestone cohorts for budget planning: d7, d30

(* Blended combines the results of Paid and Organic, assuming that paid influences organic, and vice versa)

**Step 2: Find your top performing marketing channels – by their contribution**

- Understand the contribution of each of your media sources to a certain market
- Map the sources performance vs. their goal
- Identify the marginal KPI (CPX / ROAS) you are currently at, on a channel/market level



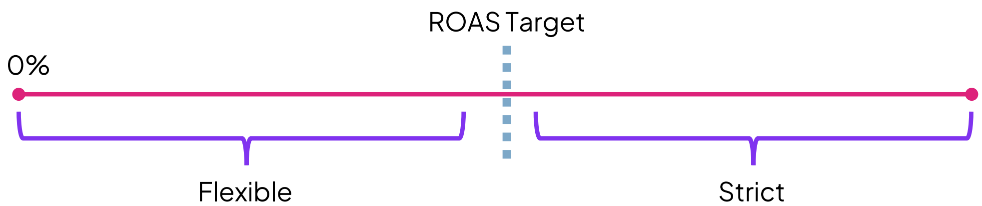
**Step 3: Plan budgets based on the Marginal KPI**

- Set up the monthly budget based on the sources that yield most opportunity: those which are on target + have a good marginal performance*.
- Budget allocation should be made on a channel / platform (and by country – where applicable) level, based on a prioritization waterfall
    1. Average performance exceeding targets & marginal performance that fits targets
    2. Average performance within target, marginal performance slightly below target
    3. Average performance shy of target, marginal performance below target
    4. Potentially redundant ad spends

*(The Marginal KPI is the cost or value of the next user at your current spend level, calculated by recent changes made in spend, as well as reaction to similar historical changes and levels of spend. This is an input you could get directly using INCRMNTAL)

**Remember:** Marginal performance is dependent on spend level, and is expected to be more expensive than the absolute/average performance, due to the curve of diminishing returns. The rule of thumb here says that you can be quite flexible with your marginal KPI (i.e. marginal ROAS), as long as your total ROAS is within range of your target, meaning, you can afford to keep spend with a low marginal ROAS as long as the total performance is met.

On which levels of contribution, should you be sensitive about **maringal ROAS**?




**Step 4: Add Domain Knowledge and known limitations**

- Add your marketing knowledge about the known restrictions and limitations of your sources (i.e. "my marginal CPI for Source X is amazing, but I can't scale if further as it is my brand and it's already maxed-out", or "I know I have to spend $XK monthly so I won't lose the learnings of source Y"). We only add this as the fourth stage, as we would like to avoid existing biases, and apply the rules and rationale after we find the opportunities.
- Allocate the next budget plan per the existing performance.

| Channel | % of Total | Average ROAS | Marginal ROAS | Recommendation | Next % of Total |
|---|---|---|---|---|---|
| Source A | 60% | 15% | 3% | Scale Down | 40% |
| Source B | 25% | 38% | 15% | Scale Up | 30% |
| Source C | 15% | 25% | 20% | Scale Up | 30% |

(ROAS target in the example is 20%)

**Step 5**: **Continuous Monitoring and Optimization**

- Monitor performance regularly and adjust spend levels across channels
- Preserve 5-10% of your budget for testing new channels and/or new creative
- Analyze cohort development by platform and, country, at least once per month
- Measure marginal performance and limit channel spends at least once a month

*From Marketers to Marketers:*

Torsten Köhler, Director Media Specialists, pilot

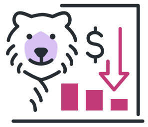
## The Role Of Historical Performance Data

In our view, it is fundamentally important to assess the overall situation of an advertising client before historical data is used in the decision-making process. The more stable the market situation and the influencing factors (competition, product, price, etc.) are, the more likely it is that historical data can be used.
Historical data can then play an important role and is always incorporated into decisions in the planning process of marketing campaigns. This concerns decisions about the media mix, media placements (environments, formats, targeting), budgets and timing (flightings).

The biggest challenge lies in the comparability of the effectiveness data of advertising measures across media channels and targeting systems, which has never been perfect and will continue to erode with the end of 3rd party cookies. In addition to historical data in the form of empirical values, the domain expertise of specialists also plays an important role in the decision-making processes. However, historical data is not only used in the planning process. It is also used during the ongoing campaign when it comes to comparing results, identifying relevant deviations in performance and searching for causes.

In our view, specific, individual performance values (CTR, CPX, ...) from performance campaigns should be evaluated critically, as they depend heavily on the time period under consideration. The shorter the time period, the stronger the seasonal effect on the performance results and the more cautiously the data must be handled. Longer time analyses, on the other hand, show more stable result corridors. We have found that it is worth converting past results into indices and making media placements comparable with relative CPX values. This approach also helps to preserve historical results over a longer period of time in order to make decisions based on older historical data.

Due to the highly dynamic nature of the media, market and target group environment in which advertisers operate, performance campaigns need to be continuously monitored and optimized, even if they only consist of the top performers from recent campaigns. In any case, historical data should always be used as a basis for decision-making. It can support the formation of hypotheses and always enables a better set-up for campaigns and tests than if no data is considered.



## Efficiencies / Reducing waste

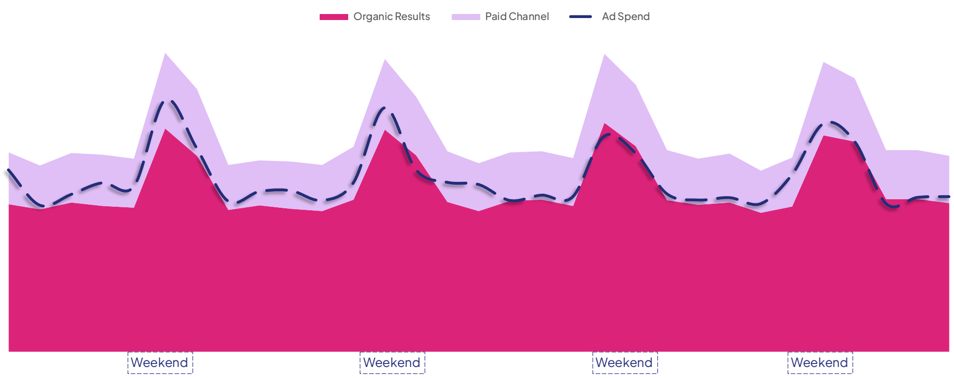
Budget reduction by X%

This objective of budget planning usually comes around challenging times: distress, cashflow, unlocking efficiencies program, or an understanding that a potentially substantial part of the ad spend is redundant.
More than often, this process starts by *accident*(23), when companies reduce ad spend, realizing that performance is not reduced proportionally.

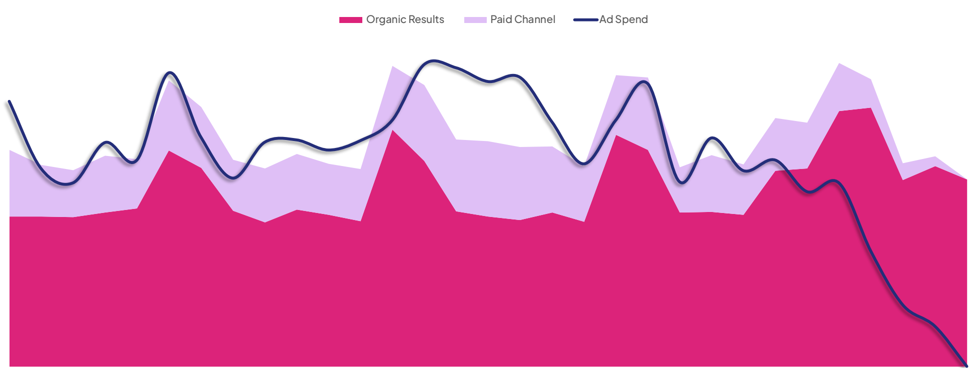
Reducing waste can be done with or without any budget reduction goals, however, this guide will focus on a specific % reduction goal

**Step 1: Identifying clear opportunities for unlocking efficiencies**

- Overlay ad spend against organic and paid results searching for high correlations
  - A high correlation would imply that ad spend results have a high dependency over performance seasonality, which in turn points to a high degree of ad spend inefficiencies



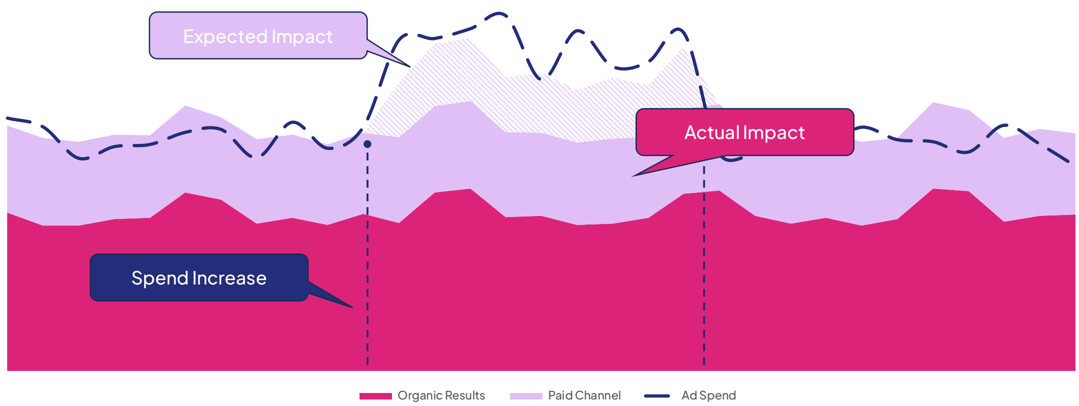

- Companies using *monthly budgets* can also overlay ad spend against organic and paid results, easily identifying if or by how much paid advertising results *cannibalize* results that would have otherwise been reached organically




These two views can unlock substantial efficiencies by setting a cannibalization factor for each channel. These can also be used towards adjusting ad spend pricing model to a CPM model where paid results and ad spend show a high correlation.

**Step 2: Identifying channel spend saturation points**

- Locate significant change points (spend increase or decrease) for any of your channels or meaningful campaigns.
- Compare the channel performance against your hypothesis (i.e. Expected Impact)




This process will allow you to identify the optimal spend level for each of your channels. You can also utilize INCRMNTAL to automatically run this analysis across all of your channels and campaigns.

**Step 3: Use the factor, and optimal spend level to adjust budget allocation**

- Set the target spend, or spend reduction
- Gather the level of cannibalization and optimal spend level for each channel
- Reduce channels with a high marginal performance
- Adjust daily spend against the optimal spend level for each channel
- Adjust the spend for the remaining channels proportionally against your target spend amount, leaving room for outliers, or strategic channels

Example:

| | | |
|---|---|---|
| Current Spend | $ | 2,083,921 |
| Target Spend | $ | 1,667,137 |

| Channel | Monthly Spend | Cannibalization | Daily (Avg.) | Optimal Daily | Monthly Spend | Adjusted | Reduction |
|---|---|---|---|---|---|---|---|
| Channel 1 | $510,789 | 15% | $17,026 | $14,472 | $434,171 | $416,076 | -19% |
| Channel 2 | $337,646 | 10% | $11,255 | $10,129 | $303,881 | $291,217 | -14% |
| Channel 3 | $270,366 | 20% | $9,012 | $7,210 | $216,293 | $207,279 | -23% |
| Channel 4 | $341,108 | 0% | $11,370 | $11,370 | $341,108 | $326,892 | -4% |
| Channel 5 | $217,267 | 25% | $7,242 | $5,432 | $162,950 | $156,159 | -28% |
| Channel 6 | $163,342 | 15% | $5,445 | $4,628 | $138,841 | $133,054 | -19% |
| *Cannibal Ads* | $101,010 | 100% | $3,367 | $0 | $0 | $0 | -100% |
| Channel 7 | $88,840 | 0% | $2,961 | $2,961 | $88,840 | $85,138 | -4% |
| Channel 8 | $53,553 | 0% | $1,785 | $1,785 | $53,553 | $51,321 | -4% |
| Total | $2,083,921 | | | | $1,739,637 | $1,667,137 | |

**Step 4**: **Continue monitoring for correlation and cannibalization regularly**

Budget adjustments provide a unique opportunity to identify additional pockets of efficiency. Following an adjustment, repeat the 1st and 2nd steps against your plan, identifying additional opportunities to unlock efficiency.

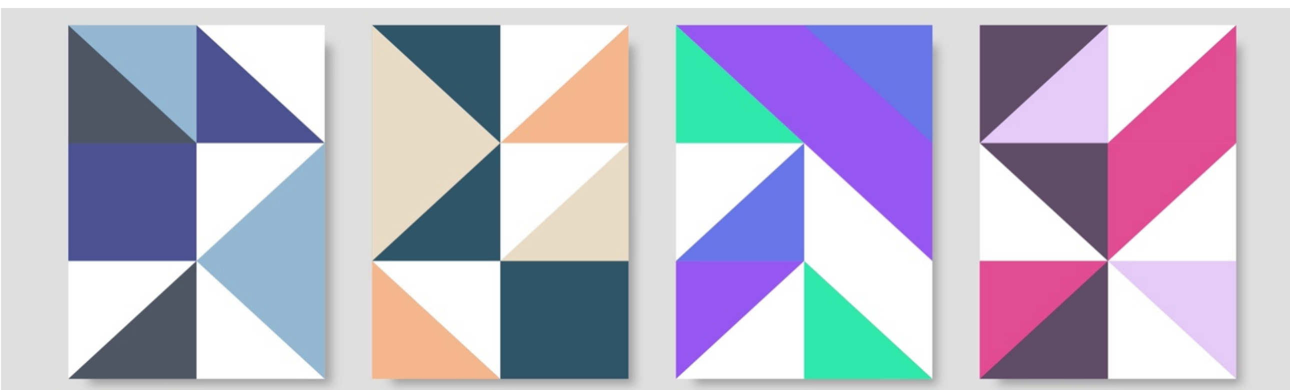
*From Marketers to Marketers:*

Paul Kovalski, Growth Marketing Lead, Self Financial Inc.

## Channel Mix Diversification

Investing legend Benjamin Graham said it best: “The essence of investment management is the management of risks, not the management of returns”. Diversification acts as a hedge against risk. It becomes more and more necessary as a brand scales their media mix. The more concentrated a mix is within a few channels, the more risk the marketer assumes. The more a brand relies on paid ads as its sole acquisition source, the less margin they will have in their CAC.

Marketers should ensure they have a diversification strategy aimed at healthy organic traffic as a foundation with efficient paid media channels layered on top. Their paid media mix should consist of a combination of “always-on” channels that they have a great degree of confidence in with an adequate testing budget for new opportunities. Much like the S&P 500 is a “self-cleansing” investment vehicle that results in consistent long-term growth, a media mix will naturally adjust over time with new channels replacing “always-on” as conditions change.



For smaller teams with less budget or a new product, they should be able to survive and thrive with a few channels. Their goal is to focus on message testing, conversion rate optimization, and finding Product Market Fit. Before diversifying into several channels, they need to build a sustainable customer acquisition funnel. Layering in time and resources on new channel testing into a sub-par acquisition funnel is a recipe for disaster.

Once a brand has figured out their funnel, they will be able to scale within a few channels until they reach diminishing returns. It is at this point that they can start to diversify their mix. As new channels get added, measurement gets more complex. Incrementality testing and the ability to triangulate multiple measurement methodologies becomes crucial at this stage.

The importance of diversification increases with the size of the marketing budget and the growth of the brand. Diminishing returns starts to set in as high-intent traffic is converted and competition begins to get fiercer. Marketers need to be mindful of the stage that they are in to determine how much diversification they need.

## Efficiencies / Improving metrics

CPA reduction / ROAS improvement

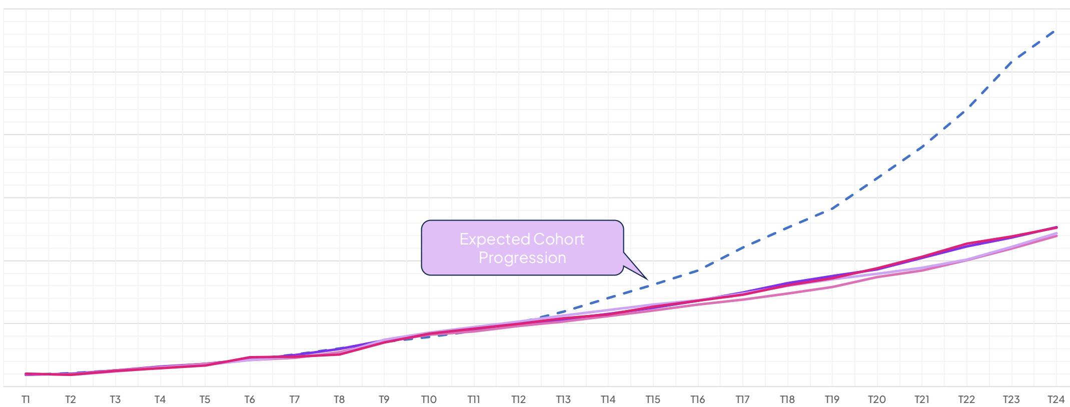
This objective of a budget plan with a target towards improving metrics often comes as a result of declining revenues, or a need to increase profitability.
The process of improving metrics is very similar to the process of reducing wasted ad spend, while the main difference is not having a target budget to reach.

A key step to improving metrics is differentiating if the cause of declining results is a consequence of an external variable, or decreasing advertising efficiency.

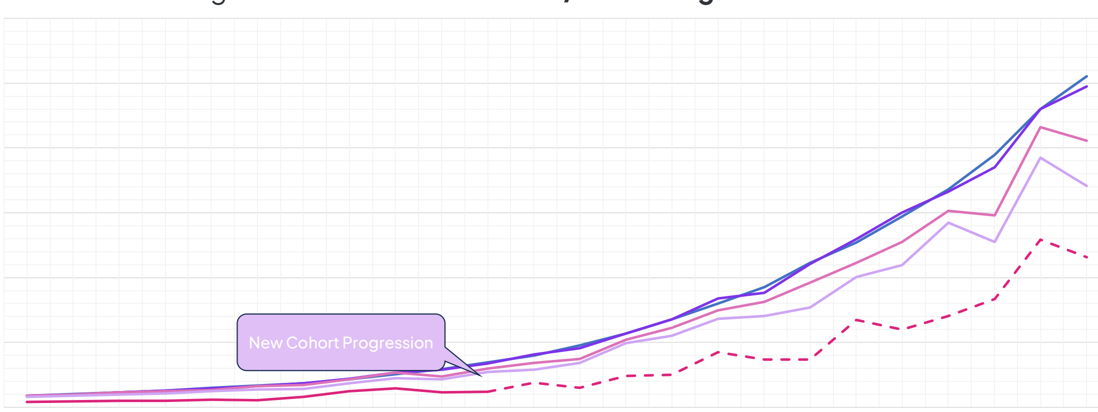
**Step 1: Identifying the root cause**

- Create a cohort report, combining both paid and organic results into one cohort
- Identify if there is a consistent deterioration across cohort progression across all cohorts, or specific cohorts

  If all cohorts are deteriorating around the same period, the root cause for the decline in performance is most likely an **external cause**: An example of such an event was the global pandemic during the years 2020 - 2022

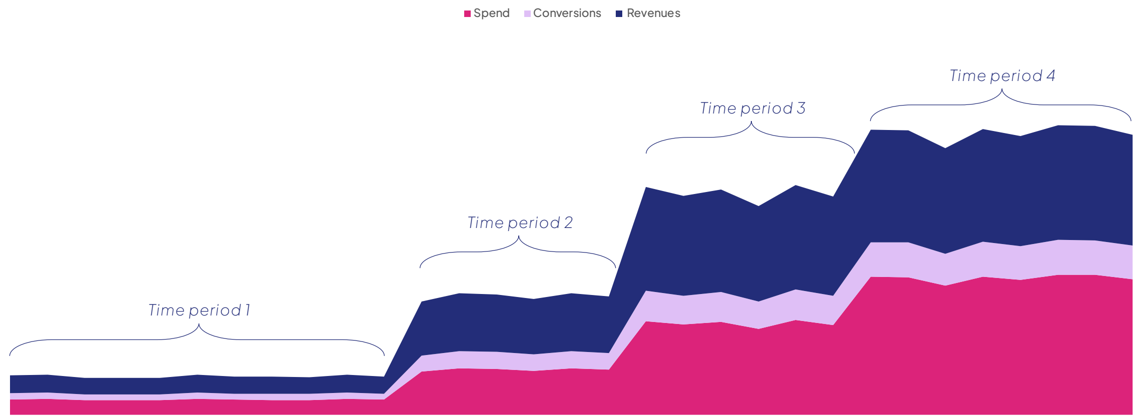



If only recent cohorts are not developing as expected, the root cause for the decline can be isolated and categorized as an **internal cause / marketing cause**



### Step 2.1: Reducing budget as a result of an external variable

- Measure the marginal[24] performance of each of your advertising channels, and compare those with the average performance
  You can do this within minutes by using a platform like INCRMNTAL, or by analyzing and examining significant change points in ad spend across your channels, comparing the average daily spend against the performance, calculating the incremental contribution and the marginal performance.




| Time Series | Av. Daily Spend | Daily Conversions | CPA | Daily Revenues | ROAS | Marginal CPA | Marginal ROAS |
|---|---|---|---|---|---|---|---|
| T1 | $1,000 | 417 | $2.4 | $1,129 | 113% | $2.4 | 113% |
| T2 | $3,000 | 1,111 | $2.7 | $3,773 | 126% | $2.9 | 132% |
| T3 | $6,000 | 1,935 | $3.1 | $6,410 | 107% | $3.6 | 88% |
| T4 | $9,000 | 2,250 | $4.0 | $7,749 | 86% | $9.5 | 45% |

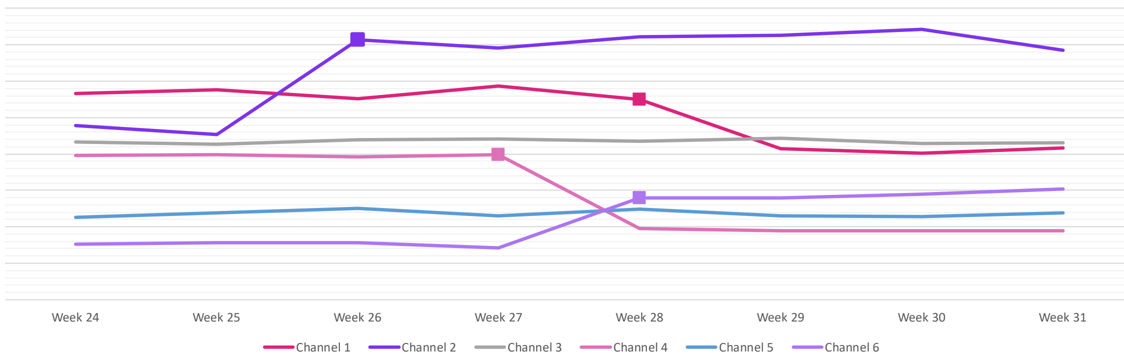
Measuring the marginal performance is critical for optimization, as while the average CPA and ROAS may show a positive result, measuring the marginal performance, can unlock efficiencies.

### Step 2.2: Reducing budget as a result of a marketing cause

- Following the cohort analysis described in the first step, you should be able to identify the time period of the start of the cohorts that are not maturing as expected.
- Create a timeseries report, for the period before and after this time period, with the ad spend of all channels.

| Channel | Week 24 | Week 25 | Week 26 | Week 27 | Week 28 | Week 29 | Week 30 | Week 31 |
|---|---|---|---|---|---|---|---|---|
| Channel 1 | $11,344 | $11,537 | $11,024 | $11,734 | $11,002 | $8,310 | $8,044 | $8,341 |
| Channel 2 | $9,579 | $9,067 | $14,268 | $13,826 | $14,432 | $14,526 | $14,858 | $13,682 |
| Channel 3 | $8,678 | $8,535 | $8,776 | $8,811 | $8,683 | $8,873 | $8,583 | $8,631 |
| Channel 4 | $7,943 | $7,949 | $7,855 | $7,947 | $3,923 | $3,793 | $3,770 | $3,789 |
| Channel 5 | $4,526 | $4,772 | $5,000 | $4,610 | $4,986 | $4,586 | $4,555 | $4,777 |
| Channel 6 | $3,047 | $3,107 | $3,135 | $2,844 | $5,606 | $5,602 | $5,784 | $6,064 |

- Identify any channels which experienced significant change in spend




- Use a platform such as INCRMNTAL to measure the incremental value gained / lost during each significant change point, or, create a planned experiment following one of the following 4 scenarios
    - Revert all 4 changes for a period of 2 – 4 weeks
    - Scale back the 2 channels that were increased (channels 2, 6)
    - Scale back up the 2 channels that were decreased (channels 1, 4)
    - Turn off channels 2 and 6 sequentially

  For each of these experiments, compare the results of the underperforming cohort against the results of the new established cohort of users acquired, finding the specific channel/s that caused the decline in performance.

**Step 3: Make tradeoff decisions**
When optimizing budget towards efficiencies, specifically towards improving metrics, an Advertiser will need to make tradeoff decisions if whether to reduce volume at the expense of improving underlying results.

Understanding average metrics against marginal metrics will enable Advertisers to make conscious decisions on whether to scale, or scale back ad spend on specific channels during certain periods based on the overall marketing objectives: Scaling up, improving efficiencies, and so on.

Channels Labels Heatmap KPIs CPI / Marginal CPI

| Channel | Incremental Conversions | Spend | CPI | Marginal CPI | ROAS | Marginal ROAS | Recommendation |
|---|---|---|---|---|---|---|---|
| Vungle | 67,209 | $510,789 | $7.60 | $22.60 | 45% | 36% | Keep |
| Adwords | 38,8310 | $337,646 | $8.70 | $10.40 | 52% | 23% | Scale Up |
| IronSource | 31,808 | $270,366 | $8.50 | $25.30 | 47% | 25% | Keep |
| Apple Search Ads | 41,097 | $341,108 | $8.30 | $27.50 | 55% | 7% | Scale Down |
| Tiktok | 34,487 | $217,267 | $6.30 | $21.20 | 55% | 5% | Scale Down |
| Applovin | 28,656 | $163,342 | $5.70 | $7.30 | 43% | 34% | Scale Up |

(image source: INCRMNTAL's platform)

*From Marketers to Marketers:*

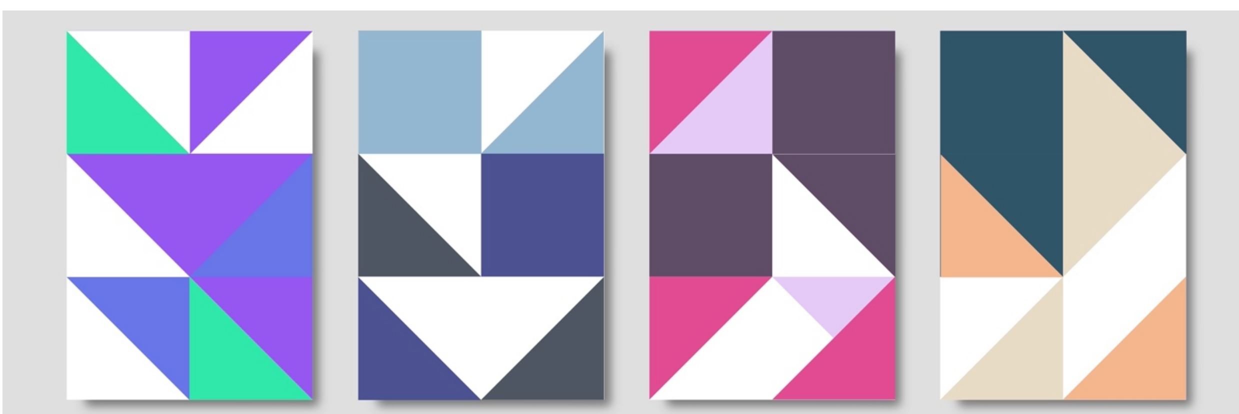
Vasil Georgiev, User Acquisition Director, Gameloft

## Top Down, Bottom up, and Incorporating the Unexpected

**Should budget planning be a "top down" or "bottom up" process ?**
I believe it should be a mix of the two – we all operate in an environment with limited resources, and very often companies need to wear their "investment hat", trying to maximize results while considering limited resources. To make the investments optimal, companies must consider the inputs from the teams on the front line, those who manage day to day business. Considering the inputs from the operational floor (bottom up) while fitting this into wider picture, considering the goals (top down) would create a framework that doesn't miss opportunities seen by the various sides of an organization.

But as the saying goes: "We make plans – God laughs". Plans need to allow for unexpected change, and a company should be open to listening and understanding that change can come from anywhere – therefore, keeping an eye on the top line is important.
When Apple introduced SKAdNetwork in 2021, Gameloft invested resources to prepare for this, but the release did not occur as expected. The company never lost track on what iOS results were before, during, and after the changes, recalling the "baseline" of spend and performance expected.

Another, more recent example of an unexpected change, was preparing for a large milestone, waking up to an accidental leak of one of the most well-known games in history, massively interfering in the plans, taking (gaming) users attention away. Thanks to us tracking the impact vs. our plans,we were able to revert the changes, knowing that harder decisions may need to be taken if results will not meet our expectations.



**Diversification is a multiplier of power**. Without diversification of Advertising channels, and mediums, Advertisers products are doomed to a slow demise. We operate in a dynamic, not static environment, where the pieces of the "internet pie" are limited, and often subject to an auction. Users overlap amongst channels, and mediums, but stop responding to advertising, when they see the same ads repeatedly.
Diversification acts as a multiplier for audience reach, and improving performance, proving once again that the whole is larger than the sum of its parts.

# *Budget Planning Practicalities*


The process of budget planning and allocation is an exhilarating process, as it uses all aspects of the marketing decision making: strategic, tactical, operational, all while considering different data points, beliefs, and constraints.

No matter what the goal of the budget is, there are some commonalities across all budget planning processes.

Do's:

- Top Down / bottom up
- Give it time
- Use contribution rather than attribution
- Be mindful over cohort development
- Reduce by more, increase by less
- Use seasonality to your advantage

Don'ts:

- Relying solely platform attribution data
- Relying on last touch attribution reporting
- Zoom in too deep
- Under-estimate market saturation curves

Following these guidelines, you should be able to be a master in budget planning and allocation, even during these times of change, where access to user level data and "deterministic" measurement options are gone from the world.

We do hope that you found this handbook useful, and enjoyed reading through it!

# *About INCRMNTAL*

INCRMNTAL, founded in 2020 by industry veterans, develops a marketing measurement platform measuring the incremental value and absolute contribution of marketing activities using causal AI technology

The platform aligns with the company vision: Evolving marketers from the measurement of traffic to the measurement of value.

The most sophisticated Advertisers in the world use INCRMNTAL to understand true incrementality, and marginal cost per performance to make decisions such as "where should we spend the next advertising dollar?" and "how much should we scale up or cut down spends?" across campaigns and channels, without needing to rely on user level data or any inaccurate planned experiments.

The INCRMNTAL platform is the only marketing measurement platform that utilizes the operational changes in marketing as micro experiments, and by doing so, eliminates the need of any geolift holdouts, or control group testing.

INCRMNTAL is the market leader in marketing measurement, working with multiple brands spending anywhere between $100K - $50M per month.

The platform features 3 modes: Analyst, Explorer, and AI Recommendations, fitting various people in a marketing organization, from a small scale up, to a large fortune 200 companies.

To learn more, visit incrmntal.com or schedule a demo at incrmntal.com/demo

## *Additional Reading*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