Executive Summary – An Opportunity to Optimize Spend and Save

IDIQ recently retained KCD PR for a one-off demand generation assignment, including a preliminary audit of paid media efforts. Julian Willis, a long-time fintech marketing executive and demand generation veteran, previously with Everflow Technologies, joined KCD PR in July 2023.

During the last month, we met with Joe Bernal at length and were provided access to Facebook, Google, LinkedIn, and Microsoft Ads accounts. Despite being relatively new, Joe had a strong handle on all efforts and was great to work with. During this period, we managed one ad within the Google Search IDIQ Campaign "AI Scams" and the "AI Voice Cloning" ad group. The results for this niche ad were:

- Total Spend: $16,500, Conversions: 147.00, CTR: 9.06%, Cost/Conv: $113.
- Performance: The third best-performing ad for IDIQ, despite being non-brand.

More importantly, we had the opportunity to audit all four paid media accounts, and review where IDIQ has seen success and where there is opportunity for improvement and significant optimization. The remaining pages of this brief walk through our findings. Highlights include:

- Google has a cost/conv of ~$48.00, MSFT ~$33.00, and FB ~$85.00 and ~14.00.
- Google and Microsoft are each running *thousands* of ads and keywords.
- IDIQ is leveraging Everflow for affiliate, but not paid media or other efforts.

We believe strongly that we can be of significant help to IDIQ with paid media and help the company optimize forward. In short, we can:

- Bring avg cost/conv down to $30 or less across all platforms – and perhaps far lower.
- Create one dashboard for every IDIQ marketing effort via Everflow, including PR.
- Save IDIQ more than 25% on its annual paid media spend (roughly $800K to $1M).

In the following pages, we walk through some of our findings, where we believe we can work closely with Joe Bernal and team to address inefficiencies, maximize IDIQ's spend, and drive ROI.

Thank You, Team KCD PR

IDIQ Preliminary Audit Findings

Facebook/Meta #1

- Facebook Ads #1 (account number ending in 6504): Spend through August 31 is just **$3,403**. All-time spend since March 2001 is **$814,370**. Joe shared that spend is low due this year due to underperformance.

- The conversion results from 21 campaigns are not reporting correctly due to attribution settings (Facebook tracked metrics like reach instead of conversions). Also, does IDIQ use Facebook for affiliate marketing? Everflow has several features for Facebook affiliate/partner tracking as well. In short, Everflow needs to be enabled for Facebook to drive attribution real-time conversion data reporting. Tools include the Facebook Conversions API Integration and the Everflow Postback Facebook feature.

- As of now, we see all-time "On-Facebook" leads of 9,511. When paired with the all-time spend, this gives us a cost per lead/conversion of **$85.58**. Are these purchases or MQLs? Either way the cost is more than double the target IDIQ should be achieving with Facebook.

- Impressions all-time or for the "maximum" period are 28,731,740. This gives us a cost for impression of $0.03. This is a strong result and means conversions, when driven effectively, should be attainable at a reasonable cost.

Facebook/Meta #2

- Facebook Ads #2 (account number ending in 7241) has a YTD spend of **$3,463**. All-time spend since Aug 2000 is **$337,734**.

- Impressions were 16,902,958, which gives us a cost per impression of $0.02. Again, this is a very positive data point.

- "Website purchases" were 23,187, which gives us a cost/conv of **$14.56**. We would recommend that we revisit this second Facebook account and switch all future events to track website purchases only and then enable Everflow across all Facebook efforts. This is considerably less than Google Ads and is worth pursuing.

LinkedIn Ads

- Spend through August 31st is **$34,852** for 5,857 clicks. This gives us a CPC of $5.95, which is very high, as compared to Google Ads below ($1.43).

- IDIQ has run 83 total ads across 21 campaigns, which is close to the 5:1 ratio. It should be 105 total ads or five ads per campaign.

- Impressions YTD are 2,226,403, giving us cost/impression of $0.15. LinkedIn is notorious for having higher impression costs than other platforms.

- We don't have permission to access leads generated. Joe said that the account has performed relatively well for institutional marketing purposes (credit unions).

Microsoft Ads

- Year-to-date spend is **$190,382**. Clicks are 104,016 for a CPC of **$1.83**. This is higher than Google Ads and can be brought down.

- Conversions YTD are 5,639 for a cost/conv of **$33.76**. This is a strong showing and we believe if Microsoft Ads is optimized (like Google Ads), we can drive this cost/conv far lower and would recommend expanding spend.

- All campaigns are currently paused, but IDIQ was running 49 campaigns, 1,104 ad groups, and 2,217 ads. We will get into this with Google Ads below, but this is far too high to manage.

- The account has 10,877 keywords and only 837 negative keywords. As we'll discuss below, this is upside down.

Google Ads

- Through Aug 31, spend is **$2.16 million**. Trailing 12 spend is **$2.9M**.

- Conversions: 45,100, Cost/Conv: **$47.94 (let's say $48.00)**. Avg CPC: $1.43, CTR: 6.08%. Impressions YTD are 24,200,000, so our cost/impression is $0.09. This is high for Google Ads and if campaigns are optimized, should come down considerably. Adding Google Display and

Video ads (YouTube) will also drive down the $0.09.

- If every IDIQ converting user stayed on for a CLV of 6 months at $30/month, revenue would be ~$180 per customer and would total $8.1 million. We don't know what the true churn figure is for IDIQ, but our guess is that six months is probably long, with cancellations and other issues. Three months would provide $90 per customer and revenue of $4.06M.

- The sweet spot for customer acquisition cost is 3:1. Not counting any other acquisition costs besides Google Ads, CLV/CAC is running at nearly 27% with a six-month CLV. A three-month CLV delivers a raw 2:1 ratio. Both are far higher if we include true CAC with other internal cost outlays for securing new customers (payment processing, product delivery, and customer support).

- Our goal for Google Ads (and other channels) would be to significantly reduce CAC percentage and deliver Cost/Conv beneath **$30.00**, shaving more than one-third off current spend.

Google Ads – Ideas for Improvement

- **Negative Keywords:** Across all campaigns, negatives sit at 3,412. Ideally, IDIQ should be hitting the maximum negative keywords of 5,000 to weed out junk leads and prevent customers from winding up with competitors.

- **Enabled Keywords:** IDIQ is currently running seven search campaigns. These search campaigns have 3,175 active search keywords across 10 active ad groups. The basic rule of thumb for Google Ads is ideally 12 keywords per ad group – and no more than 20. Across seven campaigns, we would recommend no more than 140 keywords. So, with these guardrails, IDIQ is more than 3,000 keywords over the target.

- **Geography:** In addition to targeting the United States only in Google Ads, advertisers must enable exclusions of all other countries across every campaign and effort, especially the known bad actors (Russia, Nigeria, Libya, and so on).

- **Google Ads Optimization Score:** Across all 10 campaigns, the average optimization score is 61% out of 100%. There are certain areas where's Google's optimization is off, but these recommendations can be checked off and still deliver a 100% optimization score. The goal is 100% optimized. This is a must for the algorithms to run correctly. Right now, Identity IQ is very far off this metric and probably running at 70% of its full potential, in terms of conversion

potential and spend reduction.

- **Brand:** The bulk of IDIQ's affordable conversions are "brand," where Identity IQ is bidding on its own brand name, like "identity iq." This is where a Google Search user visitor looks up the term "identity iq" and clicks on the Google Ad, instead of the IDIQ website (see below). In other words, the ad is just sitting on top of a search result that would probably already convert. All other search campaigns are running at $100 per conversion or more and ballooning the CAC. In addition, CAC is high because spend is so high on brand ads instead of letting SEO handle the legwork.
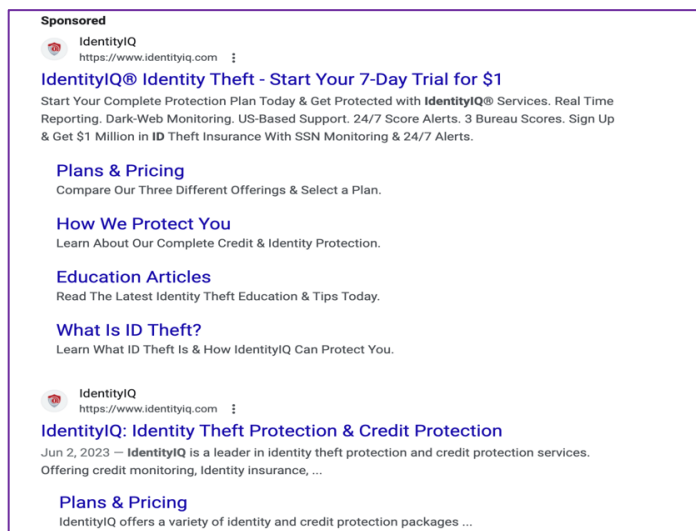
- **Google Ads Time Delays:** The problem with Google Ads is that it does not provide comprehensive <u>real-time</u> reporting. It can take anywhere from 24 to 72 hours, to receive conversion data back from Google. It also does not deliver the entirety of Google Click ID data, which can also help the advertiser optimize forward quickly.

- **Total Ads Enabled:** The number of enabled ads running is 2,487, which is also tremendously large/outsized for the number of campaigns and ad groups. For seven search campaigns, <u>KCD PR would recommend 21 to 35 ads maximum</u>. The harder you make it for the algorithms to focus on select keywords and serving high performing ads, the worse the account performance.

Potential Solutions

In short, success with Google Ads and all paid media efforts is about optimization, an unrelenting and narrow focus, and then continued optimization and testing. With thousands of ads and enabled

keywords, we believe that vital process has become exceedingly complex. There is just too much data to sort through and far too many keywords and ads to manage.

IDIQ is utilizing Everflow for its established affiliate marketing program. Everflow is just as effective or even more effective for paid media, organic tracking, email marketing, and really every other conceivable marketing effort.

For example, by way of Zapier, Everflow can provide real-time reporting for every click and conversion and append all Google Click ID data to each conversion. The same can be done with Facebook, where IDIQ has not had much success of late – which should be a considerable driver of conversions. Everflow can easily be engineered to do the same across many other platforms, like TikTok and Instagram and native ad platforms.

To optimize forward and greatly improve Google Ads and reduce Cost/Conv, we would roll all paid media tracking (Facebook, Google, LinkedIn, and Microsoft) into Everflow as soon as possible to get a far better picture of what is transpiring within these accounts daily.

This move also starts the process of creating a singular marketing dashboard for the entire marketing department. Every effort, whether an online or offline event, and whether paid or organic (free), should be tracked and attributed in Everflow. This includes conferences and it also includes **all public relations efforts**. For every future press release or piece of earned media coverage, we would recommend that we enable Everflow tracking and attribution, leverage their tracking links, QR codes, and coupon code capabilities., among other tools and features. We can also enable website traffic and conversion tracking in Everflow and view the customer journey from an online article to the Identity IQ website to an actual sale.

Optimizing channels and onboarding Everflow across all efforts will enable IDIQ to track every departmental effort in detail and drive true return on marketing investment (ROMI).

Channels Worth Testing

- TikTok (Everflow integration)
- Instagram (Everflow integration)
- Outbrain (native display, Everflow integration)
- Taboola (native display, Everflow integration)
- Google Display Ads (can drive cost/conv far lower)