

Signal Loss: The 6 Consequences of Inaction





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INTRODUCTION

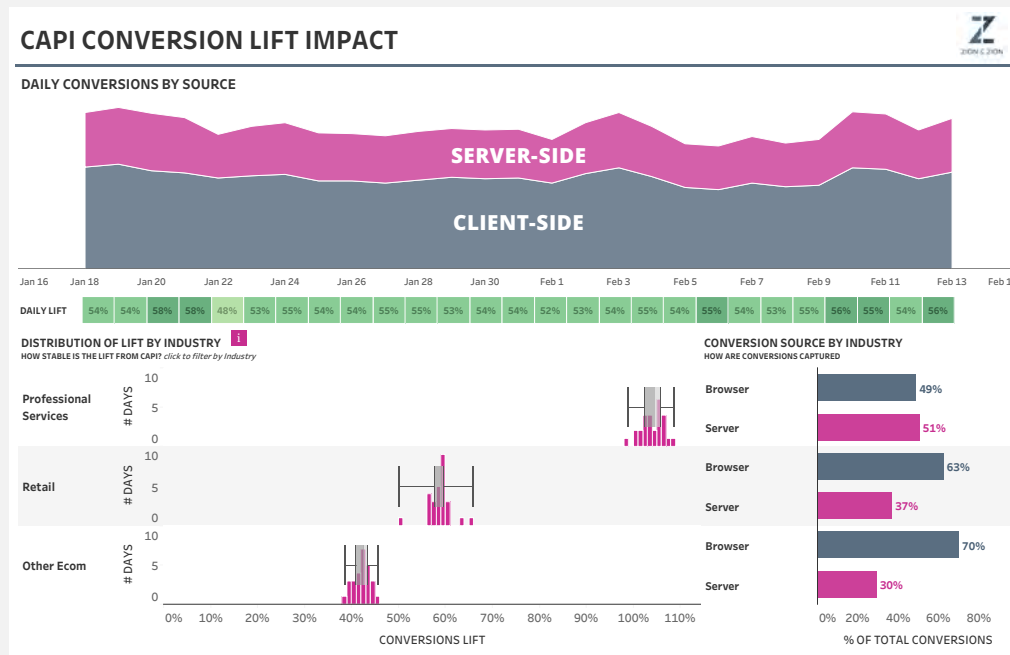
“Signal Loss” has been widely discussed among media professionals within organizations, agencies, and the AdTech and MarTech industries. Signal Loss refers to dropped conversion events that historically would have been passed to media platforms via client-side pixels. There are currently several factors contributing to increased urgency surrounding signal loss and its potential solutions. User privacy is now front and center, with Apple’s Safari and Mozilla’s Firefox having already implemented significant restrictions on third-party cookies. While Chrome’s future policy remains uncertain, these changes are already affecting media campaign performance across the industry. However, solutions do exist to mitigate the impact of third-party cookie restrictions, and media professionals play an integral role in both implementing and shaping the future of paid media attribution.

Signal Loss is Affecting Media

Signal loss is already a prominent issue across the media landscape, and it could intensify depending on future changes in Chrome's third-party cookie policy.

According to a study conducted by the Zion & Zion research team, reliance on a client-side pixel to send conversion events to vendors such as Meta, typically means missing between 32% and 37% of conversion events (see Figure 1). The study measured the lift in conversion events received via the Meta Conversion API (CAPI) that were not already captured by Meta client-side pixels. Meaning, had the Meta server-side CAPI not been implemented for these clients, Meta would have missed these events and they would not have been attributed to campaigns. To be clear, this is not just a Meta problem. The same signal loss impacts are applicable to Twitter, Snapchat, and TikTok, to name a few. There is significant missing conversion event volume on all of these platforms if a server-side conversion API is not being used.

Figure 1



The 6 Consequences of Inaction



01 Longer Learning Phases

Fewer conversion event signals received by Meta mean greatly extended algorithmic learning phases, which means longer periods of underperformance in ad campaigns and meaningful wasted dollars spent. It is therefore obviously important to receive as many conversion signals attributed back to Meta campaigns as possible, as quickly as possible. For some organizations, the impact of this loss reaches into the hundreds of thousands of dollars annually.

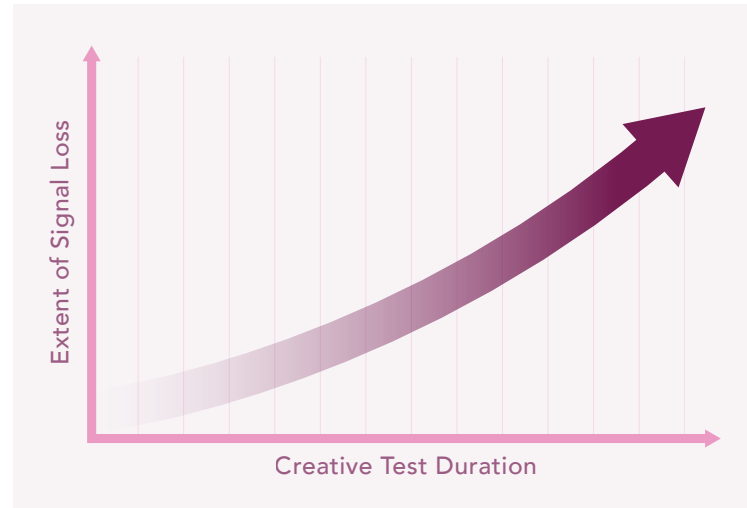
02 Smaller Audiences

Fewer conversion event signals mean smaller retargeting audiences, as well as smaller seed audiences for lookalike targeting. Most paid social platforms require targeting anywhere from a few hundred users to tens of thousands of users in an audience. LinkedIn suggests a minimum of 50,000 users in an audience to drive any meaningful results to a campaign. Retargeting audiences are reliant on first-party behavioral event data, traditionally collected from a pixel (for example, a cart abandonment use case), and with so many conversion events being dropped, the impact is dramatic. With the obvious aim being to grow media performance, smaller audiences mean reduced scalability, which naturally leads to higher frequency for the same budget. Increased frequency may not be desirable due to both results-efficiency and oversaturating an aspect of the customer's experience.

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03 Increased A/B Test Duration

A/B creative testing efforts within the Meta platform will be negatively impacted by reduced conversion event signals. This will lead to longer testing periods and longer time to action.



04 Misperceived Lack of Performance

Misallocation of media dollars due to perceived lack of performance from signal loss will lead to long-term negative impacts on clients' businesses. Just because a Meta campaign reported less conversions due to signal loss doesn't mean that those conversions didn't actually take place but rather that Meta just didn't receive the credit. This will lead to miscalculated media budget allocation, which could overfund lower funnel tactics like paid search and dry up mid-funnel and upper-funnel tactics like paid social and display.

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05 Inaccurate Data Science Modeling

Analytics and data science efforts related to paid media performance data will not simply be less accurate due to signal loss, but outright misleading, as these models will be built on incomplete and incorrect data. Regression analysis, decision trees, etc. all require accurate non-biased data to produce meaningful insights. For the statistically inclined, it's important to note that since signal loss is currently true for some platforms (e.g. Safari) and not others (e.g. Chrome), the loss of signal data is currently not non-biased.

06 Impaired Ad Suppression

As a result of signal loss, businesses are no longer able to engage in accurate ad suppression for users who have already converted. If you don't know who converted, then how can they be suppressed from an audience entirely and/or moved into a different, more appropriate audience? Relying on a suppression audience built off a conversion event captured solely by a client-side pixel means wasting money and ensuring that you have created a less than optimal customer experience for a large percentage of your customers.

The Solution



The answer to these problems is as straightforward as a server-side connection between the conversion source that is sending the event and a paid media platform. There are multiple ways to establish this connection including several out-of-the-box, minimal coding-oriented solutions. A more manual route is also an option, with a developer customizing the server-side API integration. To summarize, when measuring an event that's been configured through a client-side pixel, it's important to have both a browser and server connection established. This will allow the server to pick up any dropped events that the client-side pixel alone is missing.

The CAPI solution doesn't come without its challenges. The availability of customer information on configured events needs to be considered. This information will be required to pass via the CAPI integration to match the conversion with registered users on the paid media platform's end. Example: Sending a "lead" event through the conversion API to Meta will require sending that user's hashed email address, first name, last name, phone number, etc. The more information sent with the event, the better the Event Match Quality (EMQ) score will be. Ensuring deduplication keys are sent to the paid platform is also necessary. This will allow the platform that's receiving server-side events to deduplicate the same events that were sent via client-side pixel. Both EMQ and Event Deduplication rates will need to be closely monitored in the paid media platform after CAPI is implemented to ensure deduping events from the server and browser is being done accurately.



SUMMARY

Signal loss, as it currently stands, is already negatively impacting conversion event reporting. With third-party cookies' future still uncertain, paid media professionals need to be aware of both the consequences of inaction and the available solutions. There are six key consequences of inaction that we have identified: longer algorithmic learning phases, smaller targetable audiences, non-optimal media allocation, misleading data science analysis, inaccurate ad suppression, and substantially longer A/B test duration.

The solution to this problem is CAPI integrations that are available on almost all major paid social platforms, as well as Google Ads. Paid media professionals should be implementing these solutions to ensure future success while moving the industry forward in the context of a privacy-first media landscape.

