

CENTER OF EXCELLENCE ACTIVATION ANALYTICS

# Center of Excellence: Conversion APIs (CAPI)

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## Abstract

Publishers are encouraging agencies and clients to implement API-based conversion tracking solutions such as Meta's CAPI. Implementing these solutions require more complex engineering support on the client's end, compelling a need to demonstrate value of implementation. This whitepaper explores impact of such implementations and concludes with a recommendation to prioritize based on the client's measurement needs.

**Key words:** Conversion API, Cookieless, Google OGT, Meta CAPI, Snapchat CAPI

## The Challenge

We have an interest in ensuring conversion tracking continues uninterrupted as signal loss and regulations around privacy continues. With the rise of publishers having their own API-based conversion tracking, our clients face an increasingly daunting task of implementing different API protocols to ensure proper tracking for each one. Since the implementation requires engineering support, for some clients this involves increased scope for another implementation agency. Additionally, API protocols will be updated, requiring additional investment to revise existing implementations. As a trusted business partner, agencies need to be equipped to help clients prioritize certain protocols over the others. Center of Excellence (COE) has investigated this matter with a quantitative and qualitative lens and propose a prioritization framework. This framework is subject to change as more information comes to light.

## Quantitative Analysis

To study the possible effect of CAPI, we take clues from Google's One Google Tag (OGT), an update to gTag which was rolled out to combat signal loss from rising privacy concerns back in 2018. The analysis was challenging given data was viewed retroactively with an observational lens. The methodology employed was a time series analysis and diff-in-diff with generalized additive models (GAM).

## Key Findings

1. We found an additional 2% to 12% overall Google Search conversion volume being tracked, attributable to Google OGT implementation. This observational study considers media spend volume and keyword search interest through data from Google Trends. We detected a wide range of effect as the engineering engagement to implement the changes on client's assets also included other technical improvements in addition to OGT. Isolating the effect of OGT was challenging.
2. Contrary to Google's claim, there was no clear increase in observed conversions and subsequent decrease in modeled conversions. This finding was expected by Google because conversion signal resiliency should increase, decreasing the need for reliance on modeled conversions. Furthermore, breaking out by modeled vs observed conversions required attaining data from Ads Data Hub (ADH), which had a limited time window for a proper longitudinal analysis.

We conclude the impact of any technological implementation to combat signal loss is difficult to measure. Caution should be taken if implementation requires heavy investment.

## Qualitative Analysis

Qualitatively, we compare the level of effort required for implementation against its claimed benefits.

1. API implementations are typically more involved than changing pixels on a webpage. Level of effort differs by choice of how to implement. Below are several ways CAPI can be implemented:
  - a. Using Direct Advertiser Integration
  - b. Through a Customer Data Platform (CDP)
  - c. Through a Tag Management System (TMS)
  - d. Through a Gateway (recommended by OMG & Meta)

Further details on these methods can be found in [this document](#).

2. For CAPI solutions, identifiers are required to be passed such as hashed email, IP address and user agent. Each CAPI solution will require a threshold to be met. Meta refers to theirs as Event Match Quality (EMQ) and it needs to be 6 or above. Further details on EMQ can be found [here](#). We have seen a few accounts that don't have enough emails to meet the EMQ threshold and adding IP address didn't drastically improve the score.
3. Meta began requiring CAPI for conversion lift studies in October 2021. This necessitates a specific type of client who relies on conversion lift studies: clients who believe social media effectiveness should be measured by conversions. This is usually Direct- to-consumer (D2C) or e-commerce clients.
4. In addition to measurement benefits, COE is also seeking media activation benefits. Impact on measurement via improved conversion count is more valuable if publishers can demonstrate this leads to better targeting opportunities as measured by greater reach or cheaper cost-pers. A direct impact on lowering CPA is expected, but we have yet to attain evidence for wider or better targeting opportunities.

## Conclusion

Lacking conclusive evidence supporting the need of CAPI, COE recommends a 2x2 prioritization framework guided by the account's business KPIs and the role of the channel.

	Awareness driven account	Online Conversion driven account
Channel for Awareness	Deprioritize CAPI implementation until more is known	CAPI recommended
Channel for Conversions	Disconnect on goals: Engage with the client	CAPI recommended

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