# Global Luxury Beauty Retailer Sees ROAS Increase by 1.75 Using Propensity Model
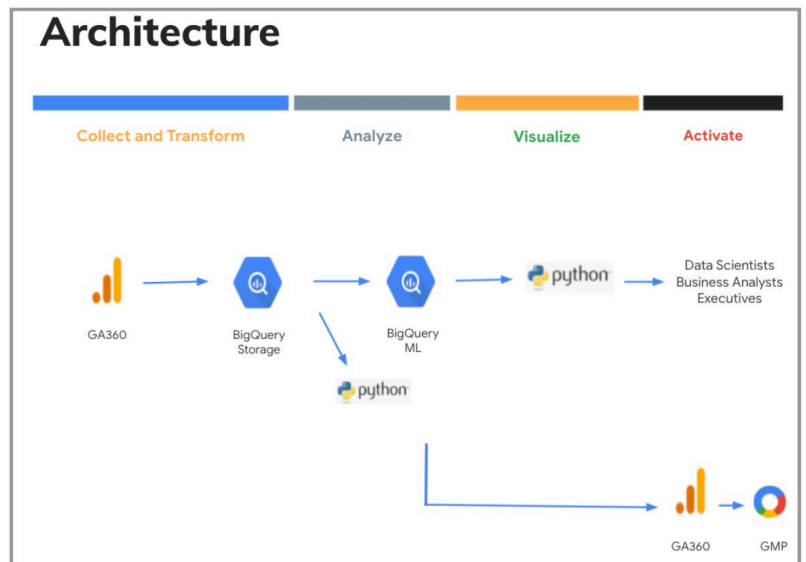
## THE CLIENT

A global luxury beauty retailer in skincare, cosmetics, and fragrances.

The company's high-end products are sold online and in retail stores throughout the United States and in approximately 150 other countries.

## THE PROBLEM

The client was looking to drive higher ROAS across their advertising platforms by improving their audience strategy. Previously, the client cast a wide net in their audience targeting which resulted in reaching an uninterested audience and wasted ad spend. Therefore, the client wanted to improve their targeting by engaging only with customers who are likely to make a purchase online and thereby reducing advertising waste resulting in higher ROAS.

## THE SOLUTION



InfoTrust built a propensity model to determine the varying degrees of likelihood of customers who have visited their website in the last 30 days and are likely to purchase. Using web analytics data stored in the client's Google Cloud Platform (GCP), InfoTrust used feature selection techniques to identify the user behaviors that were the strongest indicators of intent to purchase. Infotrust then built a gradient-boosted decision tree (GBDT) model and loaded the selected customer features to identify customers' intent to make a purchase online.

# Using Customer Cohort Analysis to Better Understand Purchase Behavior During the COVID-19 Pandemic

The model's predictions provided a ranking of customers from least to most likely to make a purchase. These predictions were imported into Google Analytics 360 using the data import feature and InfoTrust created audience segments using the data imported and activated these audiences in DV360. This enabled the client to use the audiences for their customer engagement marketing campaigns with the greatest propensity to convert.

## THE RESULTS

By applying the propensity model to build audience segments, the client activated the audience segments by targeting two types of ads in their media platforms for customers with high propensity to purchase. The client ran a test to compare the ROAS of the propensity audience compared to their standard site retargeting audience. The client achieved a 1.75x increase in ROAS for their high propensity audience, rising to $12.89 compared to $7.36 for their standard site retargeting audience.

All in all, the solution and test results demonstrated highlight three key factors. First, as the client had invested in building a solid web analytics architecture, it enabled the InfoTrust team to capture first-party data of customer interactions on the website. Second, the propensity model successfully identified customers who are likely to make an online purchase. Last, through the marketing campaign the client was able to reach and engage with the identified customers thereby reducing media spend, improving conversion rate, and increasing campaign ROAS.

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