



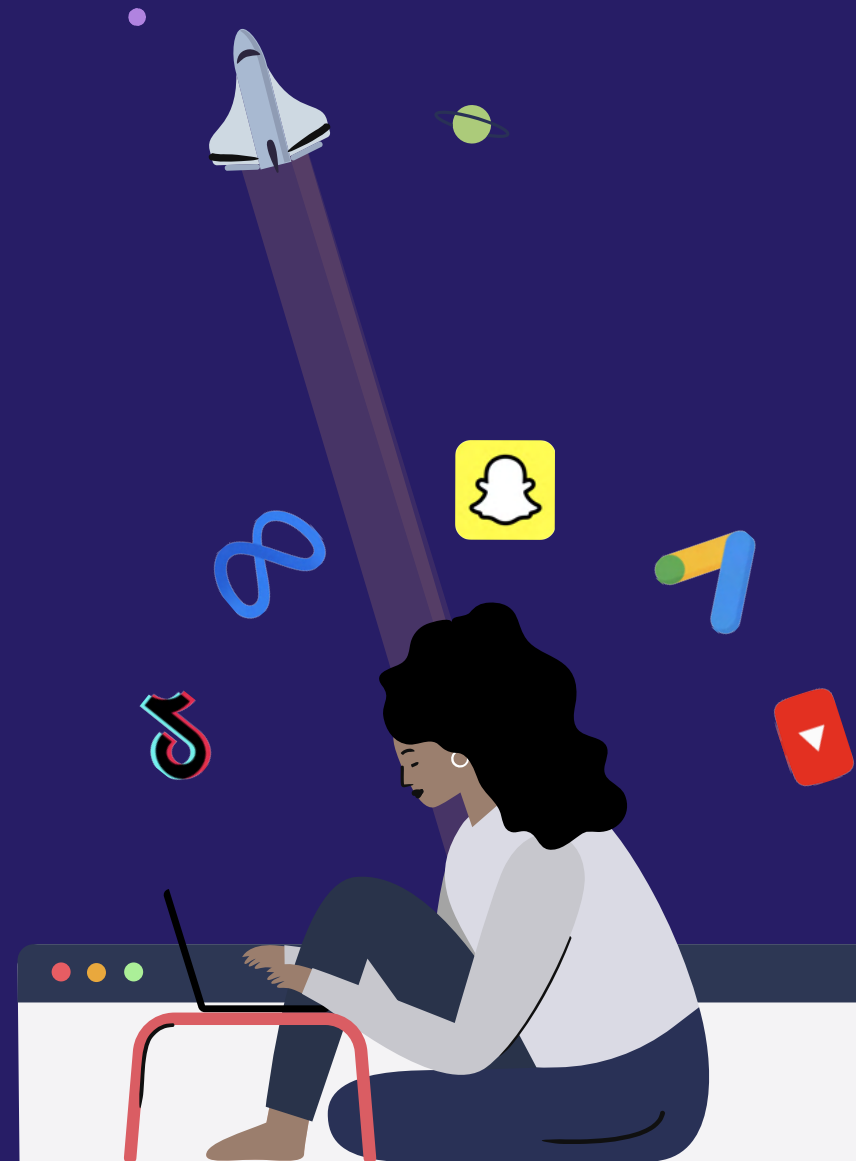
# State of eCommerce H2 2024

Expanding Growth Potential in TikTok,  
Snapchat, Meta & Google

H2 2024



[www.fospha.com](http://www.fospha.com)



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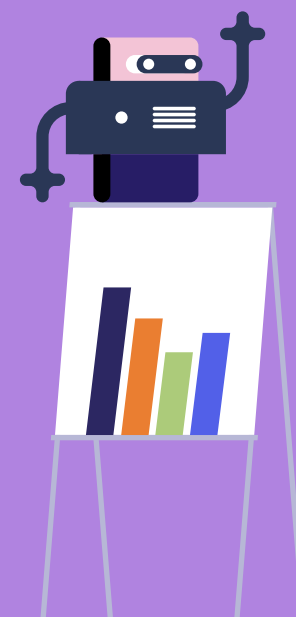
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H2

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# Introduction

eCommerce couldn't be changing at a faster pace.

From Google's cookie deprecation U-turn offering temporary solace to brands, to platforms like Meta becoming increasingly open to third-party measurement partnerships, to Amazon & Netflix introducing ads to streaming – it's been a ride.

A common theme is the continued shift towards privacy. Apple is giving its users more control over their data than ever, with Google expected to follow. This is a positive – protecting user privacy and autonomy is crucial for any business that wants to grow sustainably.

But it also poses a lot of challenges to marketers who need visibility over where their customers are actually coming from.

## [1] Advanced Modelling

At Fospha, we're in a privileged position – our model combines the best of MMM & MTA to provide a full-funnel, cross-channel view of performance. This gives us clarity over the most effective platforms and approaches.

Fospha works with 150+ leading eCommerce brands across the US, UK and EMEA and these insights are comprised of the most universally relevant and impactful statistics across these markets.

We cover channel and strategy trends in H1 2024 versus H1 2023, revealing how brands might apply H1's learnings into H2.





# What is Fospha?

## Fospha is a new type of marketing measurement

Using machine learning to combine multi-touch attribution and marketing mix modelling in one view, our platform gives clear, actionable insights on where to spend to maximize your growth.

Our cutting-edge approach shows you the impact of all clicks and impressions, restoring visibility you lost with iOS 14 & 17 and future-proofing you against further privacy changes.

## Tackling today's measurement challenges



- 1 Increased competition is pushing up costs, squeezing margins and threatening growth targets.
- 2 Headwinds like iOS 17, cookie deprecation and the privacy-first movement make it harder than ever to reliably see what's going on.
- 3 Cross-channel reporting with a single source of truth becoming more difficult as the number of channels increases, each with their own attribution methodology.

## Fospha clients achieve on average:

**-10%**

Customer  
acquisition cost

**+78%**

Faster revenue  
growth

**+9%**

ROAS

Fospha gives you 10x better measurement than Last Click so you can spend with confidence:

- 1 With an investment starting from just **\$2500/month**, your measurement will become 10x better than Last Click.
- 2 **Insane time to value.** Go live in 2 weeks without pixel deployment, with 10 minutes of set up required.
- 3 You get **outcomes, not outputs.**

To get started, contact us [here](#).

**Huel®**

“If you're trying to scale a D2C brand – invest in Fospha!”  
**Ben Bokaie**, Head of Performance

**Andie**

“This is the data I've needed to back up what I've always known”  
**Morgan Decker**, Director of Marketing

**THE ESSENCE VAULT**  
*Perfumes*

“For brands like us focused on driving fast, profitable growth, you need to be speaking to the guys at Fospha”  
**Connor Martin**, CEO



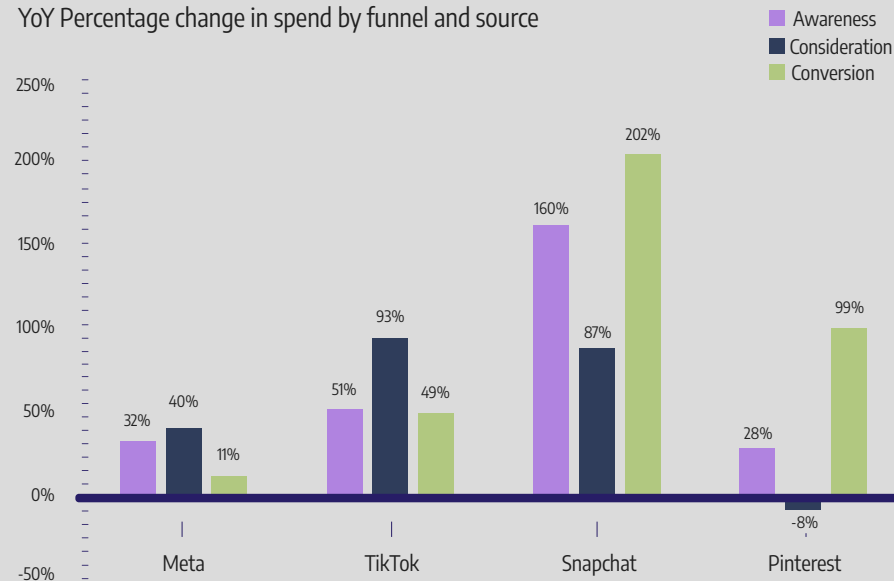
# Landscape overview

The data reveals the following cross-channel trends across the past 6 months:

## 1 Brands are going increasingly full-funnel.

Spend has gone up in Awareness & Consideration activity in Paid Social, particularly in Snapchat. We expect this to continue through the end of 2024 and beyond.

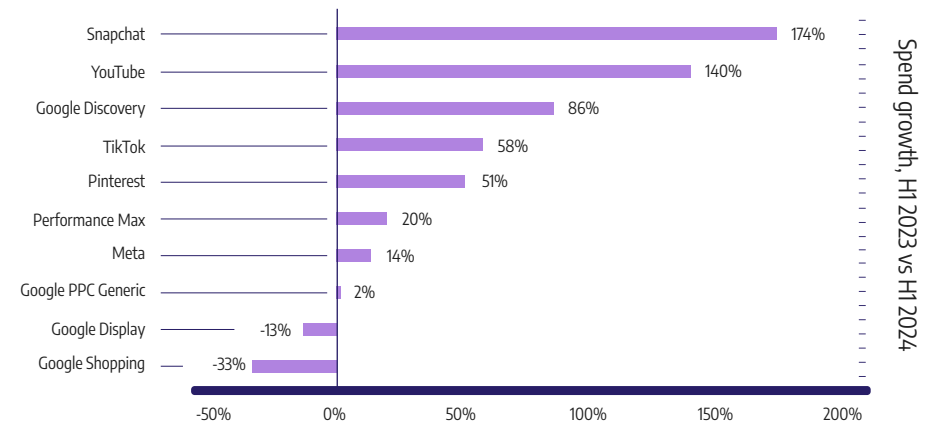
YoY Percentage change in spend by funnel and source



## 2 Brands are spending more YoY, with impressions-led channels seeing the strongest growth.

Cross-channel spend is up 50% YoY. The top 5 channels for growth derive their value through impressions: Snapchat, YouTube, Google Discovery, TikTok and Pinterest.

YoY Spend growth strongest for impressions-led channels like Paid Social & YouTube

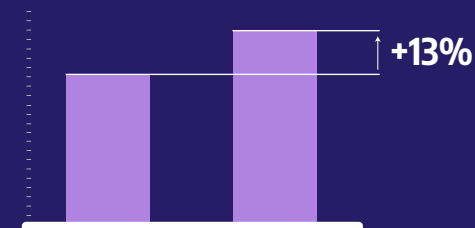


Spend growth, H1 2023 vs H1 2024

## 3 Cross-channel CPA is up (+13% YoY) reflecting the ad economy rebounding.\*

As the market rebounds, demand for ad placements rises, driving up competition and, consequently, the prices advertisers must pay to reach and convert their target audiences.

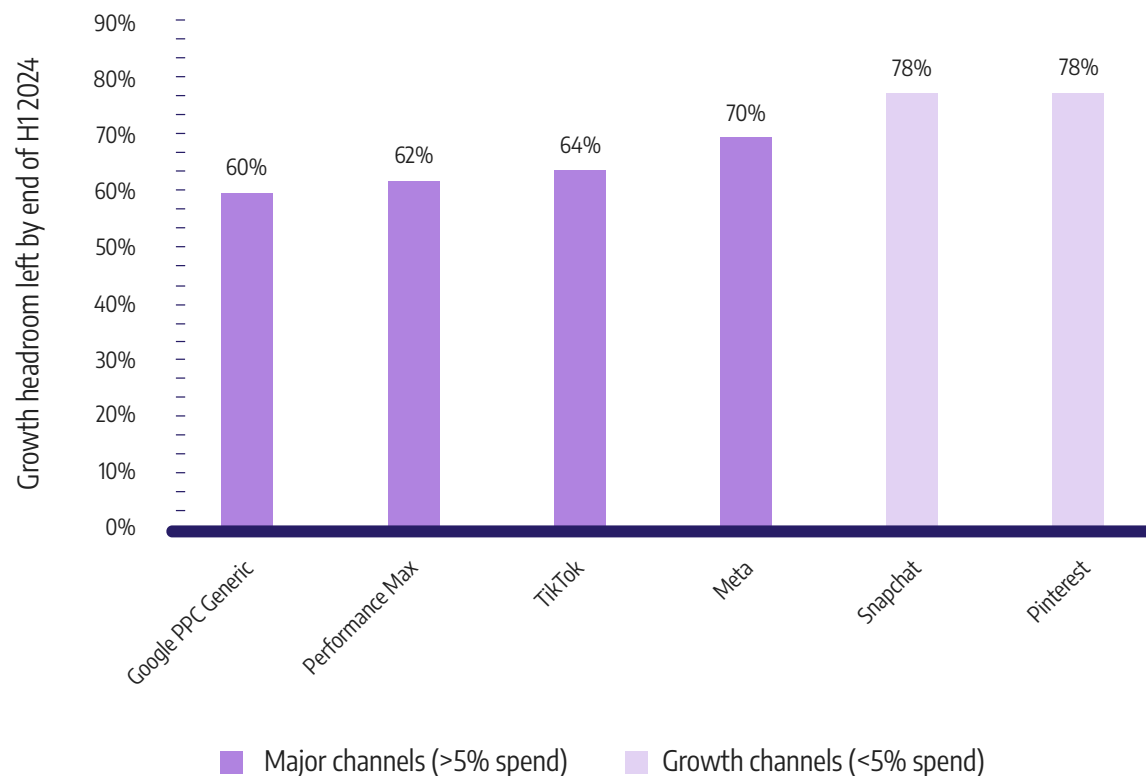
\*Nest's July Readout notes the same trend, with an 18% rise in Meta CPA.



# Paid Social remains hugely underinvested

This year we developed our predictive tool, Spend Strategist. It uses historic data to predict conversions, ROAS and CPA at any spend level. The tool was developed to answer a major question – how much more can I spend in a channel without being unprofitable?

Brands are only at 27.5% of Paid Social's profitable maximum



In Q1, Spend Strategist identified that brands have only reached 59% of the potential in Paid Social. We sought to investigate how things have changed since brands have ramped up spend.

Interestingly, growth headroom has continued increasing across Paid Social as brands have scaled.

Brands in Meta have only met 30% of its potential – an incredible feat given the channel's scale. The same is true for Performance Max, where brands have met just 38% of its potential.

Snapchat and Pinterest are the most underinvested, with 78% scaling potential remaining. This is an expected outcome, given the channels' smaller scale and audience comparative to the major channels.

# Full-funnel unlocks growth headroom

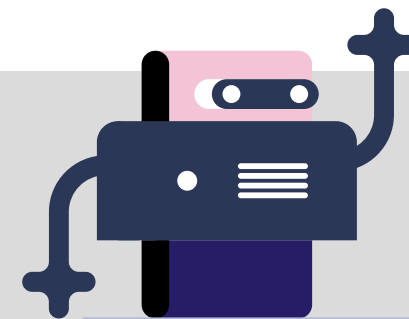


The data indicates that as brands are diversifying their funnel strategy by investing more in Awareness & Consideration, they're unlocking more profitable growth headroom in Paid Social.

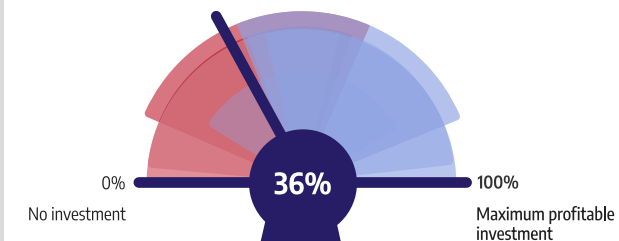
Going full-funnel in Paid Social also indirectly benefits the performance of conversion channels like Generic PPC and Performance Max – which still display 61% headroom remaining. This strong scaling potential suggests that spending across the whole funnel in Paid Social leads to less saturation in demand capture channels.

TikTok's overall headroom is 64%, which crucially remains stable even at very high spend levels. Brands who spend 12-25% of budget in the platform still have an average of 64% potential to grow.

Considering TikTok's improved performance at a 58% YoY spend increase, this comes as no surprise – and is a testament to the power of full-funnel investment.



Brands spending 12-25% of wallet in TikTok have only met 36% of its potential



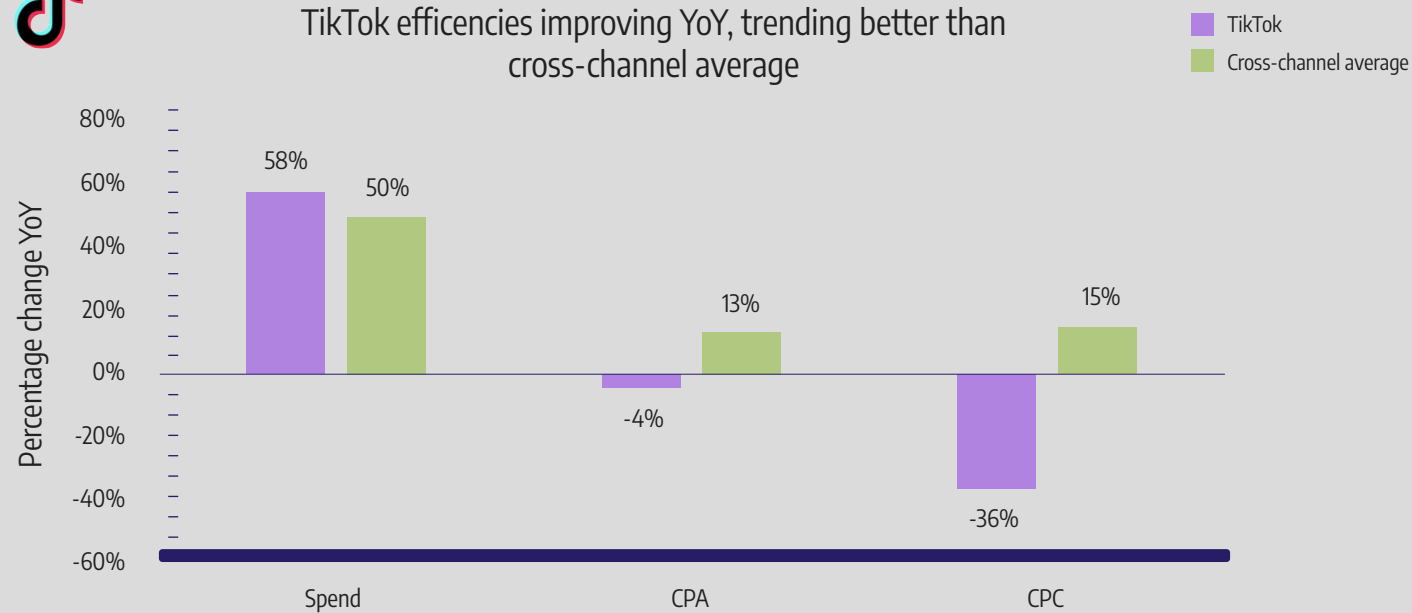
# TikTok's efficiency soars even as brands invest more

By 2024, TikTok has earned its spot as a core channel for advertisers.

Despite a 58% YoY increase in spend, efficiency is improving – with CPA down 3% YoY. This is more impressive in the context of cross-channel performance, where TikTok trends better than the average.

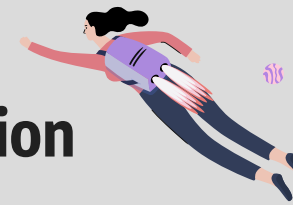


TikTok efficiencies improving YoY, trending better than cross-channel average

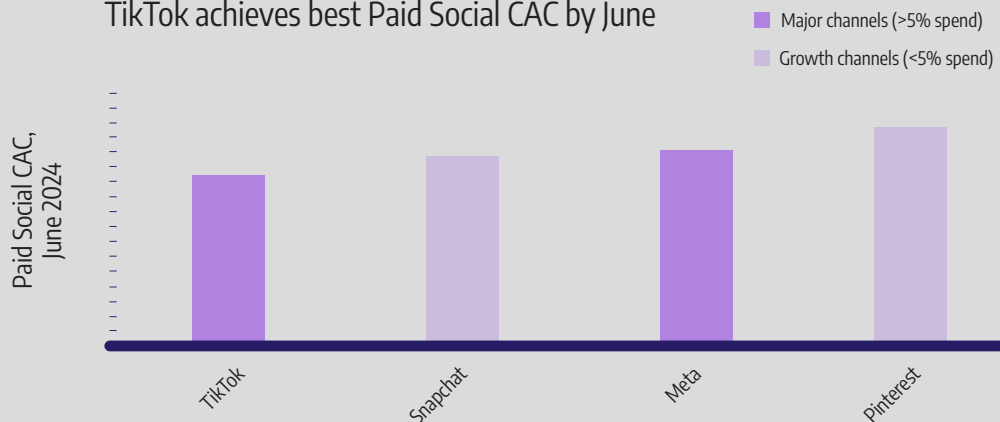


Brands are also increasingly spending across the TikTok funnel. For H1, spend in Awareness is up 51% YoY, while Consideration has grown by 93% YoY. This approach is a likely contributor to improved channel performance, as the TikTok algorithm has been shown to favor a full-funnel strategy.

# TikTok powers efficient new customer acquisition



## TikTok achieves best Paid Social CAC by June



In our Q1 report, TikTok emerged as a new customer acquisition powerhouse, with 70% of purchasers (on average) being new customers.

New data reveals TikTok is also strong for acquiring new customers efficiently, with the lowest CAC amongst the Paid Social channels by June 2024. Both spend and ROAS have continued climbing throughout the year.



**Steve Lockwood**, Head of Client Measurement at TikTok, comments on the platform's continued growth:



Leveraging sophisticated measurement solutions can be a key driver of business growth. With accurate attribution, brands can make decisions that majorly improve their blended ROAS, which then has a notable impact on their bottom line.

TikTok can be instrumental in driving this outcome. Many of our advertisers are now deploying full-funnel activity and taking full advantage of TikTok's creative flexibility and depth of consumer engagement. Fospha shows the exponential impact and financial return this can drive.

”

### Takeaway

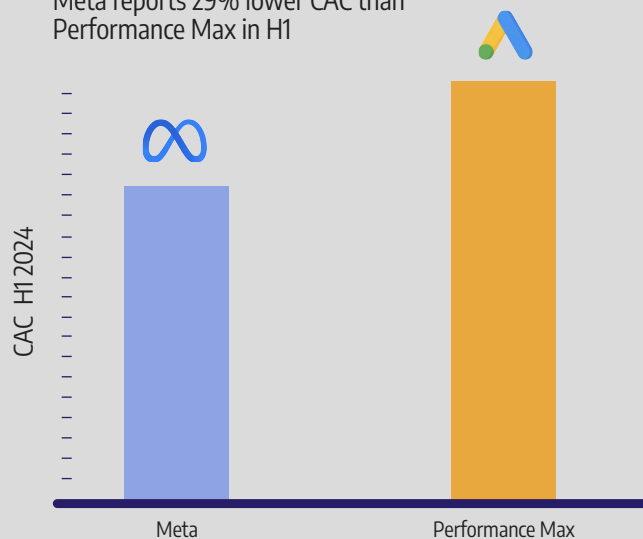
TikTok shows promise with improved metrics at higher spend. Brands should invest in TikTok to benefit from sustained, scalable growth across the full funnel.

# Meta holds crown as best channel for scale

Meta comprises almost half of marketers' budgets, yet continues to gain ground with a 14% spend increase YoY. Performance is still strong, with Meta maintaining the 2nd lowest CAC of the major channels.

For all clients, Meta and Performance Max are non-negotiables for scale, each with plenty of profitable growth headroom. However, Meta stands out for its efficiency in H1. The channel has a 10% higher ROAS and 29% lower CAC in H1 than Performance Max despite brands spending 49% more in Meta – another great indication of its scale.

Meta reports 29% lower CAC than Performance Max in H1



Brands are beginning to invest more across the entire Meta funnel. Spend in Consideration activity is up 40%, while spend in Awareness activity is up 32%.

To continuously create growth headroom in this channel, brands must embrace a full-funnel approach. This ensures demand is constantly being created, always leaving demand to capture.



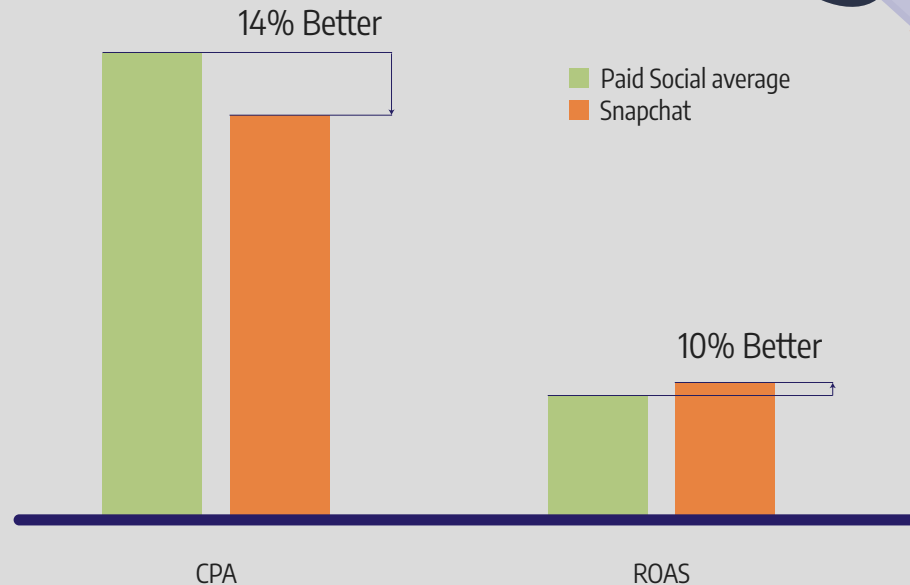
**Takeaway** Meta is a reliable Paid Social player and a key component in any brand's mix. Meta shows no sign of slowing down in popularity, and its continued efficiency justifies brands' increased spend.

# Snapchat holds strong ROAS despite spend ramp

In our last State of eCommerce report, we identified Snapchat as a channel to watch. With ROAS showing a steady upwards trajectory and surpassing the average across Paid Social, Snapchat showed huge potential as a growth channel for eCom brands.



Snapchat beats the Paid Social average for CPA & ROAS in H1



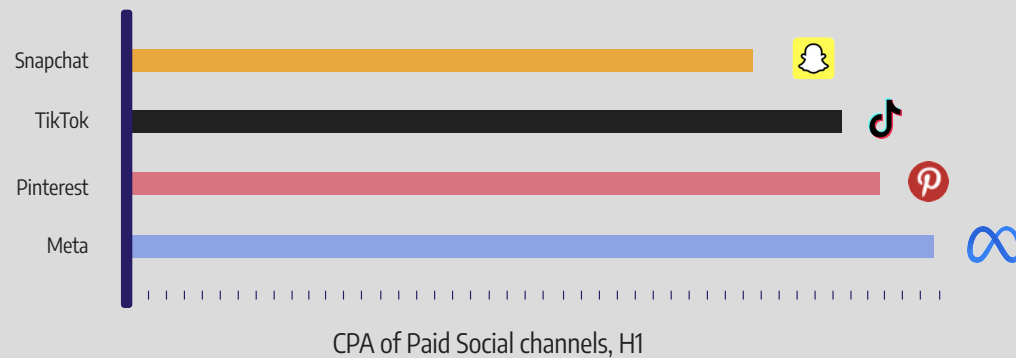
Revisiting Snapchat at the end of H1, this potential has been realized. Spend has skyrocketed by 173% YoY compared to an average of 50% increase across all channels. Snapchat's popularity shows no sign of slowing down, gaining increased spend throughout 2024. In June, spend was 75% higher than in January.

# Snapchat reports lowest Paid Social CPA

At higher spend levels, Snapchat is incredibly efficient. It still retains the lowest CPA across Paid Social, and one of the highest cross-channel ROAS at 5.31. Its ROAS peak was in February, at a huge 8.03.

While budget in Snapchat is still ~1% on average, we see brands who allocate higher budget to Snapchat perform particularly well. Certain brands spend up to 30% in Snapchat and see exceptional results.

Snapchat wins for Paid Social CPA



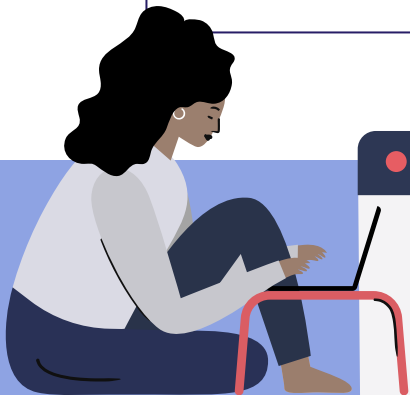
**Sidharth Malhotra**, VP SMB & Mid-Market, Snap Inc.

“Over the past year, we have significantly enhanced our performance for Direct Response advertisers, resulting in a 75% year-over-year increase in purchase-related conversions. Our 7-0 optimization model enables advertisers to target our unique audience at scale and generate high returns on ad spend

I encourage brands to utilize Snapchat across the entire marketing funnel to fully capitalize on this opportunity. With accurate measurement, brands will know where their successes and opportunities lie – making it so much easier to optimize.



**Takeaway** Despite a huge spend growth, Snapchat is still incredibly strong for ROAS and CPA. Brands should take advantage of Snapchat's low costs and spend in the run-up to peak.



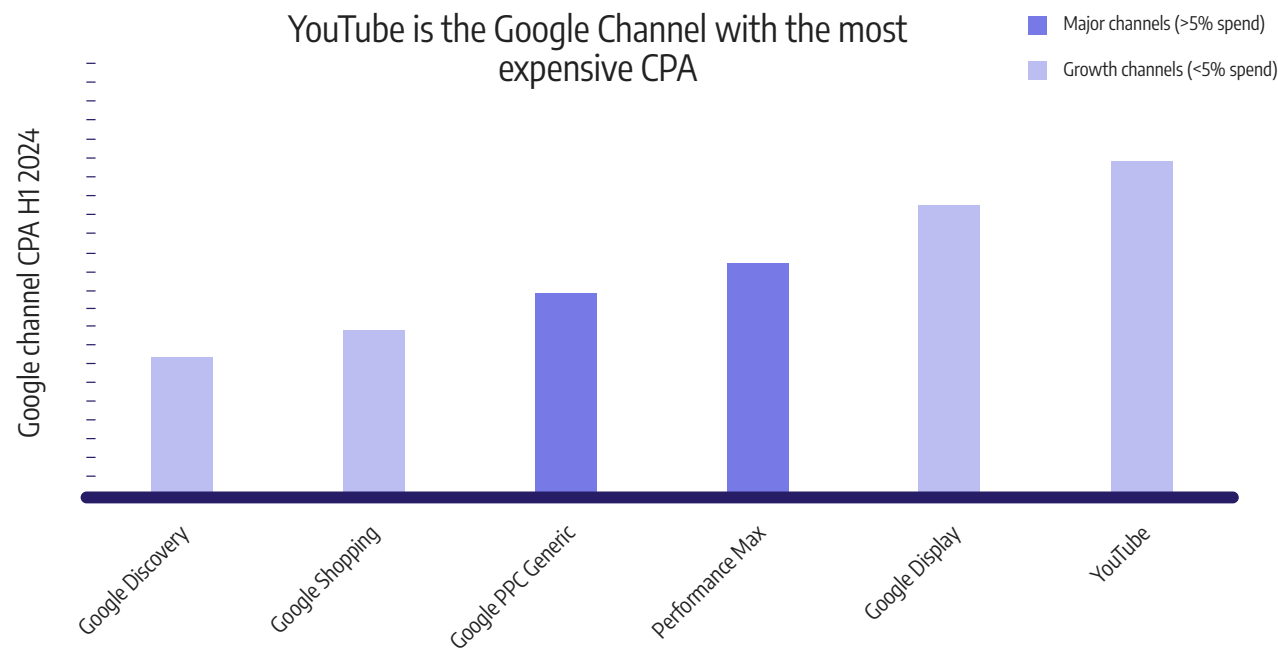
# YouTube is still adjusting to spend growth

YouTube has seen a 140% spend rise YoY, lifting the channel to 3% of brands' budget on average. It's clear that advertisers are making big bets on the greater ad attention that YouTube promises.

However, the channel's metrics are yet to adjust to the increased scale, with YouTube reporting Google's highest CPA.

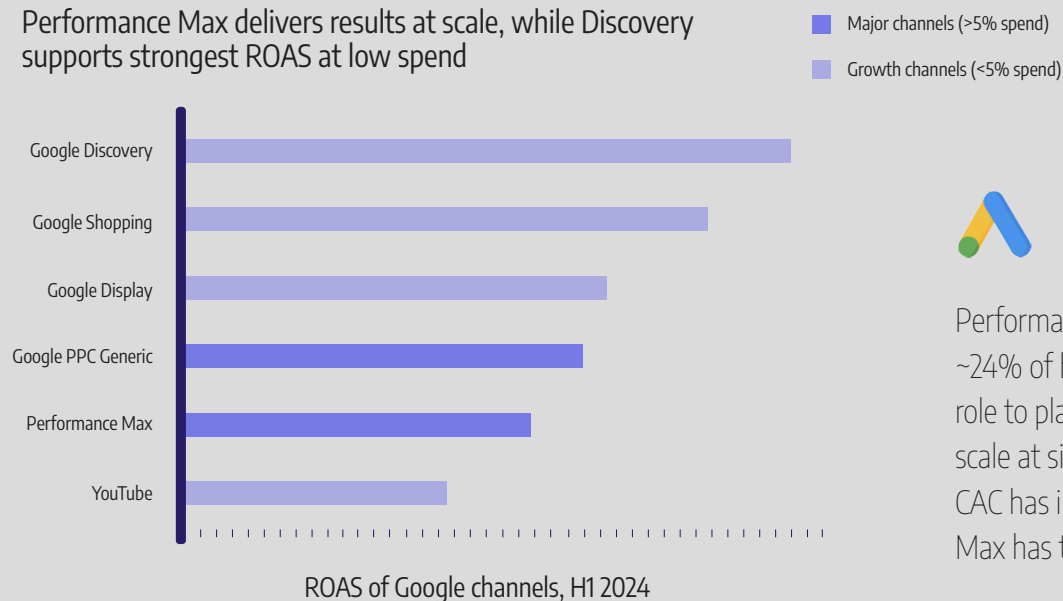
Fospha data reveals YouTube as the channel that yields the broadest range of performance outcomes, which indicates that advertisers are still learning how to best optimize this channel and capitalize on the big opportunity it presents during peak. To improve metrics, YouTube recommends the combined use of image + video, adding feeds to boost relevance, and using custom segments for targeting.

As YouTube is typically used to mid-to-high funnel activities, an initially higher CPA is not unexpected. It's likely that performance will improve as brands become more acquainted with the platform.



# Performance Max supports increased scale

Performance Max delivers results at scale, while Discovery supports strongest ROAS at low spend



Performance Max is by far the most popular of the Google channels at ~24% of budget on average, and 20% spend rise YoY. PMAx has a key role to play in demand capture, and has been able to support higher scale at similar performance. ROAS has only declined by 3%, and CAC has increased by an equal amount. This means Performance Max has trended better than the cross-channel average YoY.

This channel stands out more than Generic PPC, where a 2% spend rise has been followed by a 16% decline in ROAS.

**Takeaway** H1 results point to Performance Max's efficiency at scale. While YouTube's CPA is high, it continues to be a big bet for brands. As brands optimize the platform, performance is expected to improve.

# Recommendations



## Utilize Paid Social's significant growth headroom

Higher funnel spend has skyrocketed YoY across Paid Social, unlocking more scaling potential as brands continuously generate new audiences. Brands are now only meeting 27.5% of the opportunity in Paid Social - peak period is the perfect time to capture it.



## Lean into TikTok for efficient new customer growth

TikTok continues to be a new customer acquisition powerhouse, generating the lowest Paid Social CAC in H1. Efficiencies continue to improve despite 58% spend growth, solidifying TikTok as a reliable channel for performance at scale.



## Harness Meta's scaling power for results you can rely on

Meta has long dominated marketing budgets, and its popularity steadily grows. Given Meta's consistent performance, ongoing investment in the platform is a no-brainer. However, brands need to embrace the entire funnel to continue generating headroom here.



## Leverage Snapchat to elevate your peak period performance

Originally identified as a key player for Q1, Snapchat has lived up to its potential, boasting remarkably strong ROAS in H1 at massively increased spend. Given the channel's low CPA and high ROAS, Snapchat is a strong candidate for investment during Black Friday.



## Invest in Performance Max for efficient demand capture

At 20% higher scale YoY, Performance Max sees only slightly lower ROAS & CPA, performing better than the industry average. This makes it an attractive channel for demand capture.



## Optimize YouTube to benefit from a highly engaged audience

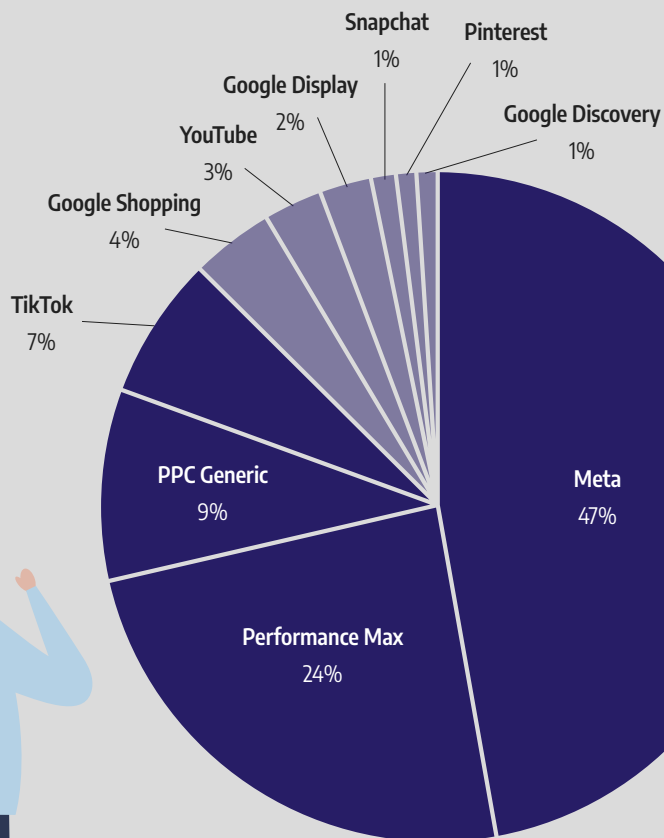
YouTube's performance is still adjusting to a meteoric 140% spend rise YoY. Advertisers should invest time into optimizing the platform to capitalize on its highly engaged audience.



# Appendix

## 1 Channel share of spend, 2024

- Major channels (>5% spend)
- Growth channels (<5% spend)



## What is an impressions-driven channel?

### Definition:

Paid Social, Display and Video are channels where impact is derived from impressions. A customer may view an ad and return later to purchase via Natural Search or Direct. In a Last Click model, the impressions-driven channel receives none of the credit.

In contrast, Performance Max and Google Search drive impact through clicks that generate traffic directly to your website. This impact is therefore more easily tracked by Last Click.

## Campaign objective definitions

**Awareness:** Brand campaigns (highest funnel).

**Consideration:** Traffic campaigns (higher-to-mid funnel).

**Conversion:** Ads focused on driving sales (bottom-of-funnel).

## What is CAC?

### Definition:

CAC is the cost of acquiring a new customer, calculated by  $\text{Total Cost} / \text{New Conversions}$ .

## What is CPA?

### Definition:

CPA is the cost of acquiring all customers, calculated by  $\text{Total Cost} / \text{Total Conversions}$ .

H2



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