

There's a lot of different ways that we are beginning to use AI to do more with less, basically.

The effect ultimately that we've seen from a human capital point of view is displacement.

We have more people now than we've ever had, but the nature of the work that they do is more strategic.

It's more about modeling, validation, asking the right questions, being focused around creative levers, and less so the trench work of implementation and bid modifiers at the keyword level on Google search and some of the really hardcore manual analysis we had to do.

On our creative group, we can come up with mock-ups in literally 1% of the time that it took, and so you still have to understand what questions to ask of the AI and be capable of iterating, but these rough drafts that you might show the artwork of to a client to say, do we like this more?

Do we like this more?

That's AI generated.

It's really interesting.

Welcome to Lenny's podcast, where I interview world-class product leaders and growth experts to learn from their hard-won experiences building and growing today's most successful products.

Today, my guest is Jonathan Becker.

Jonathan is a legend and an OG in the world of performance marketing.

On this podcast, we've done deep dives into the many aspects of growth, including SEO, sales, conversion optimization, retention, product-led growth, product-led sales, but this is the first episode where we get super deep on paid growth.

For the past decade-plus, Jonathan and his team have planned, built, and executed more than \$3.5 billion in paid acquisition budgets for companies like Uber, Asana, Square, Masterclass, Tempurpedic, and many more, and they've built their agency, Thrive Digital, into one of the preeminent independent digital marketing agencies.

In our conversation, we get real deep

into all things paid growth,
including what's changed with recent privacy shifts,
why focusing on creatives
is the new biggest opportunity within paid growth,
how to think about attribution and what's changed there,
what to look for in people you hire
to run paid growth for you,
how AI is already changing how paid growth teams operate,
and so much more.

Enjoy this episode with Jonathan Becker

after a short word from our sponsors.

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Jonathan, welcome to the podcast.
Thank you. It's a pleasure to be here.
It's my pleasure.
So what we're going to be doing with this episode
is we're going to be digging real deep
into all things paid growth,
which we've never done on this podcast yet.
And normally I actually skip this part,

but I thought it'd be actually helpful
for you to spend a little bit of time
to give us a little bit of background
on your experience in the space of performance marketing,
aka paid growth, aka paid ads.
You tell us what the right tool is.
But yeah, just tell us what you've been up to
in this area over the past decade and a half, I think.
Sure. No, that's a great way to kick things off.
And again, thank you for having me here.
If I think about it,
my experience goes back about 15 years into this space.
I started off as a web developer.
And as I built and structured websites for people,
I became pretty obsessed and fascinated
with the fact that you could build landing pages
or home-designed websites.
Landing pages or home pages or whatever it was,
basically the content on a website
and structure it in a manner
where you had the chance to surface in organic.
So SEO results more prominently.
And as I became kind of a practitioner of SEO,
SEO really being my first love of marketing,
I started attracting attention
and people wanted to hire me on as a freelancer.
And what I noticed is that as people started asking me
what was the ROI of our SEO campaign
or how do I scale this or whatnot,
the answers to their questions ended up being
a lot more aligned with what then was the biggest driver
in the paid acquisition world, which was paid search.
And so I started experimenting with paid search.
And what I found was that it was a tangible format
and lever through which we could basically give people
the types of results they were expecting from SEO,
but that were obfuscated in terms of Google's analysis
algorithm from an organic point of view
being somewhat intangible and Google slowly
kind of removing a lot of the data early on
that allowed you to kind of guess and test more easily.
So 10 plus years later, what started off
as this freelancer consultancy that I started running

in a walk-in closet in my old apartment
became 130 people and we managed about \$500 million
a year in ad spend for small and large companies,
including Uber, Asana, Tempurpedic.

We've worked with Lululemon, very exciting companies,
mostly from the United States,
even though we randomly happen to be based
in Vancouver, Canada.

There's a number of threads I'm gonna pull on there
over the course of our chat, but you mentioned Uber
and you told me that you had a crazy story
about how you actually landed Uber as a customer.
Could you share that?

I had been running Thrive for a couple of years
and it was a very excellent regional agency in Canada
with really cool local clients.

In 2013, I got invited to go down to the TED conference
which was in Long Beach, California
and my friend, Andrew Wilkinson,
asked me to join him at a dinner that night.

I didn't know anybody from the TED community at the time,
so we have dinner and then afterwards,
as it goes, at conferences, there's an after party.

And so essentially, I hop into a taxi.

Everybody else kind of sped off in their cars
or however which way they were getting there.

And as we're talking to the driver saying,
hey, we're going to this place, can you take us?

There's a knock on the window and the person outside says,
hey, I think I'm heading to the same destination.

Do you mind if I hop in this car with you?

And so we're like, of course, and I turn to him
and I'm kind of like, I'm Jonathan.

I run a 10-person agency out of Vancouver
and he says, hey, I'm Garrett Camp.

I started the company called Uber.

And so ironically, I meet the founder of Uber,
the company that is in the process of disrupting
the entire taxi industry worldwide
in the back of a taxi cab.

And what happened next basically changed my career forever.

We end up at this party.

At the time, I was kind of spamming

Uber's referral program, so kind of a long story,
but essentially I was using paid search to camp out
on their branded keywords.
And as people would sign up
with my confusingly similar snippet
to Uber's organic snippet,
I was essentially siphoning off referral credits.
So I would get \$20 every single time someone signed up.
And I ended up making like tens of thousands of dollars
doing this.
And so fast forward, I'm getting a drink at the bar
and it's to Garrett.
And in my head, I'm kind of like,
should I tell him about this?
Maybe I can land them as a client.
This would be really interesting.
And essentially I tell him, I'm like, hey, I'm doing this.
I'm adding zero value,
but this is a loophole in your marketing system
and someone should close it.
He essentially is like, I need to report this to the board,
but here's my card, write me what you're doing
and we'll contact you.
And so I get contacted by a bunch of his lieutenants.
If you've read the book, Super Pumped,
like all the people that we dealt with at the time
are in the book and crude it.
I watched the show.
Yeah, exactly.
And they were kind of like, hey, this is bad.
You have to stop doing this,
but can we hire you to solve the problem?
And so what started off as me running projects
for like local bars in Vancouver or clothing stores
or whatever it was,
turned into me landing early stage Uber as a client
and really graduating us from like competent,
professionals to like leaders in our sector.
And so it was a fascinating project
and we worked with Uber for 10 years.
That is an incredible story.
I love the arbitrage game you're running there
to basically siphoning VC money out of Uber.

And I guess the lesson there a little bit is just like, sometimes, you know, like it's like this interesting combination of hustle in terms of trying to just like make some money and also taking advantage of this opportunity kind of were plopped into. Yeah, I think, you know, people often talk about entrepreneurs who have been successful and they comment that they're lucky. Whereas I actually look at that situation and I think that you have to make your own luck. So I could have been like, oh, cool. I met this guy in the back of a taxi and that was it. But I decided to take a risk, you know, being that I could get embarrassed or nothing could happen or they could shut down like this referral, you know, gimmicky thing that I was doing. I had like, you know, very little to lose, I guess, ultimately, but a lot of people just don't make these moves in life because they're nervous or they're worried too much about what the downside might be. And so I very much was like, I'm gonna shoot my shot here. And you put yourself in situations where everybody has luck but you have to capitalize on it basically. And so that was an example of, you know, being willing to take a risk and it paying off like pretty big time, I think. Also, being a Ted, that seems like a good move. Networking, paying off. Love that he was in a taxi. That's hilarious. I'm gonna ask you about that. And we really, he's doing some research I mentioned. Yeah. So let's start diving into the world of paid growth. And if you think about just like paid growth, and again, actually, what do you refer to this area as paid growth, performance marketing, paid ads? There's a lot of interchangeable terms. Performance marketing is a common term. Paid acquisition is a common term. Some people think of those two things as growth marketing whereas I see growth marketing as a bigger practice area

within which paid acquisition sits.
And then of course there's subsets.
There's social ads, there's paid search, there's programmatic.
And so there's a lot of different ways
of saying the same thing.
I'm gonna use performance marketing.
I kind of like that term
because it really describes what it is.
It's like marketing with, you can measure performance.
So let's see how that goes.
So as a channel, it's such an interesting mix of,
on the one hand, it's this incredible growth lever
that allows basically any company to spend money
and understand the ROI and acquiring users.
It's something that like never existed
before essentially Facebook and Google
created these platforms.
On the other hand, there's this like sense
that it's this like drug that you start
and then you get hooked on and you can never leave.
And there's a lot of advice of just like avoid paid growth.
That's just like not a good healthy way of growing
especially as a startup.
And so my question to you is just
how do you think about that element of it?
And then even more specifically,
what kind of products do you find paid growth
as a channel is right for and not right for?
Yeah, it's a really great question.
And so I think there's a couple of different things
that need to be unpacked here.
So paid acquisition or performance marketing.
Performance marketing, what can you call it?
Can be seen as a drug, I suppose,
when you are entirely reliant on it
to fuel the revenue of your business.
And so the analogy that I try and use here
is that it would be very dangerous
if I was advising you with your life savings
and I told you to put it all in a single stock
in the stock market.
Stocks can be volatile.
Instead, and as a result of that,

your net worth would fluctuate quite a bit in the short term and the long term based on a lot of things that you don't control like the external markets or like things that are happening within the performance of that particular company that you invested in. When I think about all of the marketing mix, so email, direct mail, linear television, performance marketing, whatever it is, I think about it as investing capital with the expectation of a return and in the same manner that I would not take all of your life savings and dump it into a single stock. I don't recommend putting all of your money into a single performance marketing channel and then somewhat exposing you to the volatility of fluctuating CPCs or changing market conditions. And so I would agree with you that it is a drug, in a sense, if you have all of your eggs in one basket and that basket takes you on a very intense roller coaster in terms of performance. But when I think about the fact that Thrive manages, you know, \$500 million a year, I think of myself to an extent as like a fund manager. We are managing people's money with the expectation of a return and part of the strategy is to diversify across channels. And so we decrease the reliance of any individual project on a singular channel and its performance. And similarly, I always say to people that the first rule of performance marketing is not to forget about offline marketing and the classic marketing that works for organizations. So in other words, direct mail can really work. Email marketing works beautifully, SEO can really work. Like there's all of these like wonderful things at your disposal. And so I think the comments, like the real crash and burn scenarios that I've seen are these like not fly by night brands, but brands that, you know, figured out just like with Uber, I figured out this weird tie-in where I could like make, you know, free money

from their referral, you know, system.
Sometimes people find kind of like shortcuts, hacks,
if you will, to scale rapidly
because of one specific nuance
of like the Facebook ad platform or something like that.
And what they fail to see is that those loopholes come and go.
And so if they scale massively
and their entire, you know, business is predicated
on the performance of this one loophole that they found
or like, you know, investing everything in a single channel
and then the conditions change,
they're not going to be very happy
and the business will suffer dramatically.
And so when I think about this,
it's, you know, a responsible channel mix, diversity
and understanding that you can't be overly reliant
on performance marketing for the success
or failure of your business.
What about the second part of that question of
when you think about, when companies come to you,
what do you look for to help you understand
this is going to be a really good fit
for performance marketing
and this is going to give them a lot of opportunity to grow
versus like maybe not, maybe they're,
maybe it'll be a small sliver,
but it's not like going to be a massive success.
Yeah, so I would say that the answer to that question
is different at different stages of a company's life cycle.
So early stage, you know, look at what the company is doing.
Look at your own company.
Do you, have you established product market fit?
So is this an idea that has yet to be tested
and are they entirely looking to performance marketing
to scale, you know, everything?
So are they at risk of it becoming like
an over reliance on performance marketing
at a later stage?
We look at, you know, certain criteria that they might
or might not possess.
And so typically that will come down to resourcing.
So the question at a later stage is not does it work
but to what scale can it work?

And so we're looking at things like,
do they have adequate creative resources and buy in
that does creative resourcing tie into performance
and can we create a feedback loop there around testing?
I'll talk to you about that in a bit.
Do they have professional marketers on staff?
So are there people who have experience, you know,
doing what we do that speak our language so to speak
or is part of this an organizational educational, you know,
and creating buy in through stakeholders process
that needs to take place?
Do they have technical resources?
If we say, hey, tracking an attribution is broken.
Here's how to solve that.
Can you implement it?
And so on and so forth.
And so there's no, you know, one magic formula
for what works or what type of company will be successful
on performance marketing channels.
I think like just as evidence of this, Google,
which I think had a down quarter recorded sales this week
and it was \$70 billion in three months.
And Facebook similarly, I think just recorded yesterday evening
and it was \$32 billion.
And so that's \$100 billion on just Google
and Facebook in three months.
And the majority of that revenue is from ads.
And so like this works really well
for lots of different companies.
It's just a question of at what scale?
Just to pull on that thread a little bit more,
something I've heard from other guests is that paid ads
are best for products where you get basically payback
really quickly, basically to feed the flywheel of spend
so that you're not sitting around waiting for someone
to buy something in the future
or it's like a small trickle of pay.
How important is that, I guess?
Like do you find that you could just do pay for any company?
Doesn't matter their business model
or is there something you're like, okay,
this needs to exist for you to invest serious resources
and even hire that team that you just talked about?

It's always nice when there's a quick turnaround on investment and return.
And that's wonderful for like D2C or e-commerce style businesses where they're essentially taking the revenue to fuel additional inventory and operating costs. However, not all businesses work that way. And so in a B2C or B2B lead generation scenario, we have to undertake pretty sophisticated modeling around these abstract concepts like lifetime value, which is difficult because like that's, most businesses are relatively new that we work with. And so the idea of lifetime value is kind of a misnomer. Like they don't know what that is yet, but we have to model things like LTV2CAC. So cost per acquisition costs versus lifetime value and the period within which the payback occurs. You end up getting to a pretty sophisticated place where you can build out things like a lead scoring model, which predictively can determine in a statistically significant way the likelihood that one lead will convert to revenue over another. And so there are ways around the slower payback period that still end up being pretty accurate based on what you're bidding on today versus the latent revenue that will be accrued to those campaigns through attribution. Do you have any just rules of thumb for someone listening and trying to decide like has paid a real model for us? Like either on LTV2CAC or payback period or something, just like here's what you probably should have, especially early stage for it to be worth, for you to feel like paid growth is gonna be a great lever for you to use and maybe a primary lever. Product market fit. If you know that your business sells into audiences, let's say you are a social media influencer or you had a really strong email marketing game or organically your content surfaces within Google search results. Or you did a lot of direct mail or linear television and billboard advertising and that worked. If other things work, it is highly likely

that paid acquisition will work.
The issue for most companies is in this incorrect assumption that the data that is provided through paid channels allows you to have full end-to-end understanding of attribution, which is wrong.
It's never been that way.
And the other aspect of this is the patience to understand that every business is unique.
And these metrics that we know are important are different for every business.
Lifetime value like propensity to repurchase, ROAS, which is return on amount spent, CPA, CAC, all of these different things are different for every business.
Even if I worked with two hotels in the same city, they would have different results based on the nuances of their budget, their brand, the market that they sit within, the services that they offer, and so on and so forth.
And so I think that like everything else, the main problem here is that nobody should expect an overnight turnaround with performance marketing.
It is a very difficult channel to manage, and that's why people hire experts like us to help them with it, because it's a never-ending problem with constantly changing issues.
It's always been like that.
That's not a new thing since pandemic or whatever.
And it will take some time to work out what works.
I have this kind of framework of there's these four growth channels.
Basically, growth engines is what I call them.
There's paid slash performance marketing.
There's SEO, there's a variety in their sales.
And essentially, there's some companies whose growth is almost primarily paid.
So a few that come to mind are booking.com, which we know well at Airbnb.
It's just like almost all paid growth driven.
Credit Karma comes to mind as a classic paid performance marketing.
I keep coming to paid growth as my term,

so I'm just gonna stick with it.
TikTok initially was very performance marketing,
paid growth oriented,
which was another one I think about.
And I wanna talk about how much things are changing
within this realm, but before we get there,
do you think there's still an opportunity
for startups to emerge where they get to scale
almost exclusively through performance marketing?
And this question actually came from Twitter.
So when we did this randomly the other day
and I was like, oh, that's a great question for Jonathan.
And by the way, her name is Liz Georgie asked this question.
So there you go.
I'll put it this way.
Every unicorn from like the 2010s era
that scale did performance marketing,
but not everyone during that time
who did performance marketing scaled.
So I wanna remove the bias here that just because
all the successful organizations did this
didn't mean that it was like a magical channel for everyone.
We had plenty of projects that we worked on
that flat lined during that period.
And so the sense that there was a period of time
where this was easy or it worked on any project
is not correct in my opinion.
With that said, we see companies
that are spending millions of dollars a month
on performance marketing channels like Google and Metta
still despite all the ups and downs that they've faced.
And they do so profitably.
And I think there's some really great examples
of companies that have scaled in relatively recent times
almost exclusively through paid.
Like Grammarly is a really good example of this.
They have been good at solving for this problem
that exists around understanding the cost per acquisition
versus lifetime value, like how sticky customers are
predicting how much revenue can come from a customer
and backing out into therefore how much we can pay
per click and per lead and so on and so forth.
Athletic Greens is another good example.

So Athletic Greens is actually a pretty old company.
I think they've been around for 10 years.
I think they have retail distribution.
I think they have done a lot of the more classic marketing things that are important in terms of developing that channel mix.
But I think the amplification of that brand really, really gained traction quite recently where now everybody knows where Athletic Greens is and that's because they're buying loads of ads on TikTok. They're buying loads of ads on other social channels like Facebook.
They're investing in podcasting partnerships.
But this is all digital paid acquisition, right?
And so it had a wonderful effect on this like really interesting business that they had already built.
So yes, it's still doable.
We still see people doing it.
And I think that there's been a bit of a reckoning in the performance marketing industry pertaining to things like privacy and the changes that Apple made and people being very creeped out at how their data is being used, rightfully so.
And then obviously the economy in 2022, we had a terrible macroeconomic shift where interest rates rise and inflation's out of control.
And so of course the first thing that people cut are typically marketing budgets and we see Facebook and Google and other ad channels directly suffering from that.
So all of that said, these storms pass.
And so when the economy improves, generally speaking, I imagine people will go back to trying to find as much inventory from a pay-per-click point of view that they can purchase as possible and figuring out the economics of how to do that.
I was definitely gonna ask about that.
And I love that you touched on it.
Just like clearly a lot is changing in paid growth slash performance marketing recently.
I talked about the privacy stuff.
You talked about COVID kind of shifted the way people spend and kind of dropped and then came back.

So my question is who are you finding as the most success these days in performance marketing? And I will plan one seed, which from the examples you just shared, it's mostly companies that are very efficient. Like I think Grammarly, they're just like super efficient as a business. And then I think Athletic Greens, they're a sponsor and they're negotiations for sponsor. And it's just like, okay, here's the number that makes sense for them financially and they're not gonna go anywhere but that. Yeah, because they know, they understand like how many impressions they'll get and on average what the quality of impression is and how many dollars they can put behind that before it has a cliff in terms of ROI. Exactly. So broadly, who do you think is having the most success now with the changes? And then generally, what should people know about what has changed in the past, say, year in the space of performance marketing? I'm not gonna really be able to point to like, this company is really getting it right. And I think that you can do that, but it's like saying, a friend of mine recently on Twitter tweeted this funny thing where he was like, this is the number that I used to win the lottery, said every successful founder ever trying to give advice to other founders, right? And so in other words, like, just because they won the lottery doesn't mean you're gonna be successful picking the same number. To that extent, there is a bit of a playbook around, you know, modern day performance marketing. And that includes everything from really stringent and rigorous creative testing and thinking about that correctly to understanding the subjectivity of attribution and its strengths and weaknesses, doing a lot of work around validity of these campaigns. So really just like the measurement and whatnot, companies that can do those things

and then understand their own marketing economics.
In other words, like quite, quite basically,
how much can we afford to spend in acquiring a customer
on any channel before that acquisition
is no longer profitable.
So really focusing on the profitability of the bottom line
and not just break net growth, for instance,
companies that have those capabilities
and see the world that way tend to be successful
in performance marketing.
When you were giving your intro,
you talked about how you initially started doing SEO.
That's where you started and then you moved to paid growth.
Well, how do you think about those two investments
as a founder trying to decide which direction to go?
What would your advice be of like,
spend your time here versus there if XYZ?
When I'm asked a question of like,
should we put money into organic search or paid search?
My response is often that they're actually
not mutually exclusive to one another.
So it's a great idea to do both
and that backs into my strategy
of diversification of channels.
So don't build up exclusively in one area
and create volatility within your marketing mix, essentially.
SEO is a wonderful marketing capability
when it's built out correctly.
I think the issues that you run into
are cause and effect related.
So one of the things that people really like
about performance marketing, theoretically,
is that we can spend a certain amount
and then if we're modeling things correctly,
we can essentially determine how much revenue
was generated from the actions that we took.
Finance teams love that, C-suite teams love that,
they can build projections, they can budget around it.
There's some degree of predictability around it
if it's done properly.
Search engine optimization is different
in that the attribution can be tough.
It's difficult to determine whether, you know,

ultimately the actions that you took contributed to a rise in organic traffic. You have to essentially correlate that. And the reason is because when you build clusters of content, you know, and it's grouped thematically and you're targeting buckets of keywords, whether they're long tail or head keywords, whatever it may be. You could publish all of that on your website. Google still has to crawl it. They run it through their analysis algorithm, which is comprised of 200 different signals, of which maybe like 20 to 30 have been publicly disclosed. So it's a bit of a black box. We don't really know ultimately, you know, what ROI comes off of that, unless you're very sophisticated, like probably one of your other guests eat then in terms of measurement. Whereas Paid, the ROI is still a difficult problem to solve, but there was a lot more of a linear relationship as it relates to attribution. And so Paid being tangible was the reason why I leaned heavily into Paid and ultimately away from SEO. But I do think that if you do SEO properly, the payoffs are indisputable and it is certainly an important part of a modern medium mix. You mentioned this earlier. I've heard this more and more recently that one of the biggest levers these days in Paid growth is around creatives. It's not like tooling or like smarter data, or you tell me if I'm wrong, but it's just like getting creative, getting better creatives. And so I'll let you actually explain what are creatives. There's a term creative that people outside the industry don't really necessarily get. And then broadly, what should people be doing to optimize the way they approach creatives? Certainly.

So when we say creative,
we're referring to the assets that power
typically visual, programmatic,
or pay-per-click campaigns on social channels
or display networks.
And so literally, the motion graphics ad
that you see on Facebook,
the user-generated content that you see on TikTok,
or a static ad that you might see
that has like a pretty picture in it or whatever.
And so I think that when we talk about creative
as a big lever around efficiency and optimization,
the underlying conversation there is that
over time, our industry has been heavily automated.
So a lot of the levers, so to speak,
around performance have been automated
by Google and Facebook over the last seven to 10 years.
That's because originally, when you ran these campaigns,
you needed to have like a rocket scientist in front of them.
It was so complicated,
and there were so many different things
that you could get wrong.
And their solution, the channels,
like the big tech company's solution to this,
is figuring out for you.
So eventually, Google wants you to say,
hey, I'm Google, give me your credit card,
and I'll take care of everything else.
Facebook.
And URL to point people to, and then we'll do the rest.
Yeah, yeah.
I don't know if that's a great idea for consumers,
by the way, but in the meantime,
there's certain things that have just been fully automated.
In the context of creative,
it's still one of these things
that for now is not auto-generated in the world of AI
and all the changes that we're seeing.
Maybe that's something that will change.
But for now, essentially creative directors and their teams
are concepting and producing different types of assets.
And so there's a bunch of problems
that we typically see when people come to us.

So number one, performance marketing and brand marketing in a lot of organizations are two different things. And the designers that occupy brand teams, bandwidth and whatnot, often don't have a sense of how paid acquisition works. And so one of the pitfalls of working with certain companies or the mistake that they make is the design team will hand off a file full of random assets for paid acquisition without any sense of how the channel works. And what I mean by that is these days, we're using the analogy, the classic analogy of the funnel to organize our thinking around creative assets. So you can think about this as like generating intent at the top of funnel and capturing intent at the bottom of the funnel. When I think about an experience that I want a consumer to have on Facebook and audience targeting and creative, I think about us beginning a conversation at the top of funnel creatively with an audience, having that conversation change as we say different things and the audience that we're targeting ultimately graduates through different behaviors on our website from one to another. And then ultimately it resulting in an end to the conversation where they take an action, hopefully, that the brand that we're working with is looking for. And so there's a clear beginning, middle and end to that. And one of the major pitfalls that we see is that certain brands just dump one homogenous message into all of their targeting. You see the same ad over and over again. It creates banner blindness and it's total lack of efficiency. The antidote to that is to have resources dedicated to paid and essentially iterate upon the creative assets themselves based on the data that we see coming from ad sets and campaigns in various channels. And so what that means is that you have to experiment. You have to take a bit of a scientific approach, although it's a bit of an art and a bit of a science. You have to try and isolate variables, maintain similar conditions across targeting and then determine which style and feature of an ad

performs best at which stage of the funnel versus which audience.

And the results that we see are dramatically different from brand to brand.

But if you're not undertaking rigorous testing in conjunction with how you are driving the iteration and design of your ads, then you will not make progress essentially.

Is there a specific example that comes to mind as here is like something we did that just dramatically changed the impact of a change to your creative?

Or if you can't think of one, are there just like specific tactics that you can suggest for people to improve the way they approach creatives?

Yeah, so I think from a testing point of view, let's say I was running ads on meta, you know, beneath the campaign level when I create a campaign, I would have the structure that my testing might take would be that I would have an audience, that a single audience at the ad set level, and then I would have two nearly identical creatives within that ad set.

The only thing being different across those two creative assets is a single variable.

So it might be the copy, it might be an image or whatnot. That allows us to isolate a lot of variables and really test into one singular change across two creative assets.

There's a lot of nuance to this.

So sometimes like the ad serving algorithms, even when we set up a test structurally in that way, we'll serve one ad, you know, a different number of impressions than the other ad, in which case we then have to say, what is a leveling factor that allows us to look at these two ads equally, even though one received dramatically more impressions than the other.

This becomes where it becomes subjective in terms of how you want to determine success.

But a good example is looking at like the click through rate,

which is essentially a ratio,
or a metric like impressions until conversion,
which is a, you know, leveling metric
that allows us to determine,
even though in a scenario where two ads facing
the same audience within the same campaign,
received different numbers of impressions,
we can still measure the efficiency or effectiveness
of one ad over the other using metrics like that.
And so from a testing point of view,
I think that this is one way that we might look at
trying to assess ad performance
so that we can gather learnings,
send that back to a creative team,
and say, hey, it turns out that when this copy is used
at this stage of the funnel,
it converts, you know, 50% more frequently
than this other copy.
So let's now take that copy, use it as our base copy
and challenge it with a different type of copy
and see if we can continually iterate and refine.
So that's a very practical example
of how like ad creative testing might work
on a channel like Meta.
You asked for specific examples
where we've seen like an unlock.
There's two that come to mind.
Several years ago, we realized that highly produced ads
from brand teams.
There's nothing wrong with brand teams.
We work with them all the time.
They do amazing work.
I think we're just trying to work as a singular unit
as opposed to being fragmented.
But a lot of the brand guidelines of different companies
would end up yielding these like highly polished assets.
And when you launch those on like Instagram,
you know, back in the day or something like that,
what we found is that they would always underperform
next to user generated assets.
A brand that essentially has an influencer in front of it
that says, I tried this product, I love it.
I'm filming this ad for my iPhone, like look,

check it out, here's the product, here's me,
I'm better off or whatever it is that they're talking about.
The unpolished iPhone, mobile phone, creative,
suddenly we realized massively outperformed
these other channels because there was an authenticity to it.
And rather than the brands themselves saying
like, hey, you know, trust us, like our product is great.
Here's like a third party, essentially validating
the what is so great about these brands basically.
So I can't speak to like specific clients
because I'm not allowed to talk about like the work
that we've done in large part.
But that would be, you know, one example
and another example is we worked with a furniture company
several years ago, which scaled dramatically,
but they were having difficulty early on thinking
through how to scale social ads.
And so, you know, paid search worked really well for them.
Social ads, again, they had these highly produced
styled rooms and one of the owners had their dog
in the office all the time.
And so, you know, they have these models
like sitting on furniture or whatever it was
and they would take these beautiful styled shots
of their furniture in a room.
And one of the art directors was like,
put the dog on the couch and let's take some photos of,
you know, dogs on furniture,
which made it more playful and approachable.
That one change resulted in a total unlock
of their performance on paid social channels.
It would like double or triple, you know,
the ROAS that we were seeing type thing.
So it's these minute differences that you can test into
that ultimately can drive performance.
That reminds me at Airbnb, the photography team found,
and actually the photography team was initially
including people in the photos of listings.
And that was like the hero images of listing photos.
And it turns out when there's no people
in the listing photo, much higher conversion.
And the theory basically, people don't wanna see other
strangers in the place they're gonna sleep.

And that's not, I was not expected.

It's a really great example.

And so the question becomes as a company and as a brand, do you arrive at those learnings anecdotally by accident?

Is it the brilliance of one person on the team that the whole brand, you know, is predicated upon in terms of performance, or do you put a very rigorous structure around testing and the iteration of assets and how to determine whether something works over another thing that is a process that yields the outcomes that you're looking for.

And so a lot of times with agencies, people talk to us about the obvious hard skills that we have, but the soft skills are around, you know, process that can be deployed, that can actually be the difference between being highly sophisticated or unsophisticated.

Internal teams do this too.

But that Airbnb example is a great illustration of how if you put the right, you know, testing in place, you can yield an outcome that becomes an unlock for performance.

Getting even more tactical with that idea of testing a bunch of creatives makes me think about a story from chatting with the guy from Wish, who's had a growth at Wish about how they uploaded like hundreds of variations.

And I think Wish is like the epitome of the opposite of brand highly polished ads, or it's just the most ridiculous looking products with just banners and numbers and prices and crossouts and all kinds of stuff, just like anything that would take to get people to click.

Is there a tool or process that you can point people to to help them do this testing on creatives or is it mostly built into the existing tools now and there's nothing really fancy about it?

We get asked this a lot.

And I think there are tools for different types of functions that we undertake in the process of, you know, running paid acquisition for different brands.

But these days, most of the testing that we do is within the channels themselves.

So meta ads, Google ads,
I keep touching on those two specifically
because they're the most advanced in my opinion.
They're really powerful.
And so the good news here is that you don't necessarily
need some exotic tool to do sophisticated creative testing.
You can do it in platform and you can occupy,
you can use the structure that I just kind of outlined
as a starting point.
You mentioned Google and Facebook.
What is your take on TikTok and YouTube and maybe Snap?
Just do you recommend people go there
and there's a big opportunity?
Do you think it's overblown?
Do you think people should just take Google and Facebook
basically at this point?
What's your general advice?
So when I say Google and I say Facebook,
I'm talking about the Google ecosystem of channels
inclusive of YouTube.
And when I talk about Facebook,
I'm talking about Facebook, Instagram,
and probably eventually WhatsApp,
which I think we'll probably launch ads later this year.
With all that said,
some interesting opportunities these days
really exist on channels like Amazon and TikTok,
as well as a number of other challenger channels, I think.
Snap, I'll talk a little bit less about,
because I think really there's just fewer
and fewer people potentially using Snap.
There's no knock on Snap, I use Snap, I like it a lot,
but at the same time, most individuals
or organizations tend to want to place ads
where there's a lot of views and engagement.
And the king of this right now is definitely TikTok.
And so TikTok faces its own set of challenges
and arguably there is as much an opportunity there
as a barrier at the moment.
I love TikTok, I'm a consumer of content on TikTok,
not a producer of content on TikTok.
Their ads platform kind of reminds me
of where Facebook ads was like six, seven years ago.

It's not super sophisticated
and attribution is not great yet,
but you can get cheap CPCs
because there's just fewer organizations advertising there,
fewer companies have figured out how to make that work.
And same thing with Amazon.
Amazon is a bit of a bespoke channel,
like it doesn't work for a B2B SaaS company,
it's more specific to like D2C, I would say.
But essentially, you know, those channels are wonderful.
They're not at the point yet
where they're kind of ubiquitous.
Like every single advertiser that has ever worked with us,
I think in the last 10 years is for sure on Google.
Like everybody does that.
And then the question is,
what else can I invest money in
with the expectation of profitability?
And so TikTok and Amazon,
and even, you know, if I want to break out YouTube,
they tend to be a little bit more specific
and they definitely work, but not for everybody yet.
And so the question becomes like,
will TikTok become as prominent
as like a social ads platform like Meta ads?
And we just don't know yet.
What we see working very nicely on TikTok, by the way,
are these like founder-led brands
where the founder is the ambassador
and they're doing those handheld videos with their iPhone,
they're talking about the merits of, you know,
the products that they make,
they're talking about the problems that they solve,
they are great at cultivating a following,
their content is highly engaging.
Those types of organizations crush it.
Also companies that got really good
at partnering with influencers.
So we haven't talked about like partner marketing that much,
but affiliate marketing companies got into this early
and then influencer marketing networks,
you know, are all over this,
but essentially having these third parties

be an ambassador, you know, for your brand in an authentic way, partnering with them, having them generate the content, and that's, you know, the nature of the partnership. Stuff like that seems to work quite well. Awesome, I love those small points of just like, what is likely to work on TikTok? Just broadly, would you say TikTok advertising today is underrated, overrated, or just right? If you are e-com based, if you're wholesale retail based, you know, anything like direct to consumer, you have to investigate TikTok and try and figure out whether there's a way of promoting your products there, basically. It's a massive, highly engaged audience with somewhat specific demographics. It's a very exciting opportunity. Other brands need to pay attention to this and figure out what their entry point is going to be. And just because the innovation hasn't happened for B2B SaaS yet on TikTok doesn't mean it won't. TikTok wants that to happen. And so the question becomes how? And so someone will unlock that and they'll make, you know, a billion dollars because of it. But I wouldn't recommend that channel to everybody yet. And like at Thrive, for instance, we don't have a huge amount of people coming to us yet saying, hey, I'm spending \$750,000 a month on TikTok. Can you help me type thing? The other problem with TikTok is that it's extraordinarily creative asset dependent and heavy. And so like you are launching net new assets several times per week. It is hard for creative teams and brands to produce that much content. It takes a machine and that's expensive. And so that all factors into the cost of not only just the ad dollars, but the, you know, creative resourcing and investment that's required to power that. So it can be done in a more nimble manner

if you're spending less, but you can't really get to like a million dollars a month on TikTok without having like a huge amount of creative being pushed to that channel.

Awesome, that's really good advice.

I want to talk about AI soon just because I imagine that could help with some of these things.

But you mentioned B2B SaaS and I wanted to ask, I imagine Google is the primary channel for B2B SaaS.

And if not, or if it is, where else do you find there's value in spending money to drive growth for B2B SaaS, which channels and networks?

So I'm agnostic here in terms of like where people should be spending money.

I see this world in terms of impressions and clicks and does that conform to the marketing economics of a project that needs to be achieved in order for it to grow.

It's less about where to place your money and how to think about the placement of those funds.

And so the common mistake that we see as people build out a funnel, so to speak, for, you know, B2B lead gen projects or B2C lead gen projects is they'll be overly reliant on the first of a sequence of metrics that ultimately yields a sale.

So typically it's something like cost per lead, marketing qualified lead, sales accepted lead.

There might be a couple more metrics there and then eventually like a sale occurs.

And so the thinking is that, okay, for sales to occur, I need more leads at the top of the funnel.

The more leads I have, you know, the more marketing qualified leads I'll get, the more sales accepted leads I'll get.

And ultimately the more opportunities there will be and the more revenue will generate.

And so if I think about this world of lead generation on performance marketing platforms as a function of cost per lead in that sense that I just described, then the tendency is always to wanna drive down the cost per lead, thinking that that's the efficiency

I can get more cheaper leads
and that will yield more revenue.
When in fact it turns out that
if you flip that conversation on its head
and say not all opportunities and sales are equal
and instead of, you know, focusing upfront
on a cost per lead, I now wanna focus
on what is a high value customer.
So the cost per lead is actually higher
but the ROI of targeting those people is also higher.
And so to get the higher quality leads,
it's not a function of CPL.
And so that is a very common pitfall
that we see when people come to us.
The antidote to this, it's interesting.
So Thrive developed an ETL tool
and extract transfer load tool called Thrive Stack.
It's not commercially available
but if you wanted a commercially available version of this
you can use something called Supermetrics.
Basically Supermetrics is a data connector.
There's a world of different data connectors out there
but it allows you to pipe via an API
revenue data from your CRM into a third party database
that can then be joined with data
from like the channel itself.
You can build tables within a database
and normalize them together in a manner
where you can start to determine the relationship
between again, the audience that particular cohort
of opportunities came from
and whether a sufficient degree of revenue
was derived from those opportunities.
And then you can build upon that
what is known as a lead scoring model
which allows you to bid in real time
on the audiences that have a higher likelihood
to convert to high revenue generating customers.
And so the magic there, we talked a little bit about
rates of return and instant gratification
in the performance marketing world.
Lead generation inherently is a slow gratification process.
And so the problem is that if my pipeline

is full of opportunities that yield revenue
in two months, six months, sometimes 12 months,
how do I determine how heavily to bid on different leads
today in order to predictively have an outcome
where I'm maximizing revenue
and a lead scoring model basically solves for that.
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You talked about attribution
and I thought this would be a great time to get into that.
So the way I think about this is,
like oftentimes the biggest challenge in driving growth
isn't like the actual work you do to drive growth,
it's measuring what impact your work is having

and understanding where dollars are spent effectively.
And things are changing heavily in attribution land
with privacy shifts and ATT and iOS 14.5.1
or maybe whatever the version was
that came out that changed everything.
And so my question is, what changed is one
in terms of being able to do attribution?
Maybe even explain what attribution means for folks
that are just like, what the hell are you even talking about?
And then finally, just what do you recommend people do now
to do attribution well in this new environment?
Yeah, it's a really, really great
and pertinent question in the industry
and it has a lot of focus on it now
but attribution has always been a conversation
that's been very important.
So just to kick things off,
attribution essentially is how we determine
the relationship between what we did and what happened.
In the context of performance marketing,
this means what ads did we serve, what campaigns did we launch
and generally what was the revenue ultimately
that was derived from these campaigns.
And so there's a funny quote that I love,
someone named John Wanamaker in 1919 said
I bet I'm gonna guess what it is.
Do you wanna guess?
It's half my marketing dollars are wasted,
I just don't know what you have.
Exactly, I love the youth, I love that you knew that.
He said this in 1919, you know,
the world was a very different place there
but oddly enough, we still have these types of problems today
and it's because the world of what I did
and what happened because of what I did is very complicated.
There's so many variables, some of which we know
and then some of which we don't know
that we don't know type thing.
And so attribution as it stands in our industry
is still an incredibly subjective art
and somewhat of a science.
It doesn't mean that it's impossible
and it doesn't mean that there aren't varying degrees

of sophistication as it relates to attribution but we're still in a place where we have to understand the business and its goals and then start to work on an attribution model.

An attribution model is probably something that is never solved but I'll give you a couple of examples.

So number one, around attribution, it's important to determine whether an organization, a company, a client is focused on profitability or growth. Whether I use one attribution lens or another will drive those outcomes.

And so these days, for a number of different reasons, we saw you mentioned iOS 14.5 in addition to third party cookie deprecation and whatnot. There's no one way necessarily of approaching attribution. The most classic and like commonly held version of attribution used to be a cookie based form of attribution called last click attribution meaning that the last quick click in the sequence of clicks that yielded a conversion would be attributed with all the revenue from that conversion.

Other models in a cookie based world involved first touch attribution. So it's actually the first click.

So like I launch an ad, it's in an audience that doesn't know about my service or my brand. And so the first click that I get should be given all the credit for that sale.

And then there's multi-touch attribution which can take several different forms but essentially is saying it's not one way or the other of the two first versus last click options. It's somewhere in between.

So I'm going to create a weighted attribution model where the first touch gets so much of the credit and the last touch gets so much of the credit. This is very subjective, as you can see.

I am essentially looking at my business model determining what my goals are and then I'm backing out into an attribution methodology that I think adheres to both the economics of my business and the capabilities of these platforms.

And again, we live in a world where a single brand

might do television advertising.
They might buy media in magazines.
They might buy billboards.
They might get impressions from Facebook.
They might do paid search.
And so there's a big argument over
how to ultimately model this.
So there was something called an IDFA
that Apple allowed advertisers to use
and essentially what that was,
it literally means ID for advertisers.
And it allowed Facebook, Google and other advertisers,
Snap, TikTok, whoever was essentially selling ads
that were predicated on being displayed
on a Apple mobile device or a desktop device.
It allowed the advertiser to provide attribution metrics
and certain types of customer match metrics
in their own platforms.
And so when Apple ultimately launches its privacy changes,
I believe in like mid 2021, overnight it allows users
to say, well, I don't wanna share that information.
I'm not gonna share my IDFA anymore.
Or yes, I do wanna share my IDFA.
And so what you see as a result of that
is less of the core data that Facebook in particular
would have required to make attribution more airtight
and ultimately validate its advertising.
And so because we can no longer validate attribution
on Facebook as seamlessly, we're in a situation
where we're not sure any longer which audience is to target
and we're not sure how to run all of our creative testing.
And ultimately we can't even determine
the degree of revenue that's coming from particular campaigns
that we've launched and whatnot.
And so it created quite a stir in the world of attribution,
which is obviously like this core discussion
to is it working or not.
People want to answer John Wanamaker's question,
but the modern methodology now
is through a number of different approaches to validation.
So the cookie-based attribution,
which had been probably the most popular
version of attribution in the 2010s,

really up to this point is now one of the ways that we would look at this, but we would also include things like various forms of statistical modeling, customer surveys, population surveys. There's a number of different ways kind of to the same place here. Statistical modeling, by the way, one thing that's very popular these days, which I think was originally created in the 1950s, is a form of statistical modeling called media mix modeling. It's essentially regression analysis. And it is trying to determine the causal relationship between again what you did and what the effect was on revenue. That's very topical in the industry these days. If you're looking for a tool kind of off the shelf that can help with this, ReCast, is something that I see people using, but a lot of organizations build these highly customized bespoke models that ultimately feed the algorithm inside of an MMM model in a customized manner. What is it? Or is there a recommendation of just like, hey, if you're trying to do attribution today, here's what you should do. Is there a clear, do this kind of piece of advice, or is it super personalized, depending on what you're trying to do? The advice is that there's no single source of truth. Anyone who claims that they are a single source of truth, whether it's an individual, a model that they've created or a tool that they've created is not being accurate. I believe that the approach that works to attribution is that it's an ongoing investigation and it never stops. And essentially what you're doing is looking for evidence that validates the outcome of your performance marketing campaigns one way or the other. There have been plenty of incredibly sophisticated attribution models that we've helped build

and invalidated with like MMM or other types of tools that have indicated that the campaigns do not work.

So I will repeat that.

We, a very sophisticated organization, have stood up campaigns that we measure and ultimately determine do not work.

And that is an important finding in terms of an organization's determination of whether they want to continually invest, take budget out of these channels or invest into other areas.

Awesome.

You mentioned a company called Recast.

I don't think you knew this, but I'm actually an investor and so obviously a big fan. So check it out.

I don't even know what the site is, recast.com.

Maybe I think if you Google recast attribution, we'll also have a link in the show notes.

Cool.

And they're working with a couple of our clients right now and it's interesting, I like their approach.

Yeah, basically they're building the model as a SaaS tool to your attribution in a really clever way.

Amazing.

Okay, just a couple more questions.

One is around AI, one is the around agencies and just how to start down this road.

How has AI in any way impacted the work you're doing today or the work of paid growth, performance marketing?

And then where do you think this will go in the next few years?

Interestingly, and I think I alluded to this earlier, but our industry has been influenced by AI for over a decade.

So Google, Facebook, other, even Microsoft, these are some of the organizations that historically have been at the bleeding edge of artificial intelligence and their goal was always to automate as much as possible within these platforms. And so the effect ultimately that we've seen from a human capital point of view is displacement.

So we're actually, we have more people now than we've ever had, but the nature of the work that they do is more strategic. It's more about modeling, validation, asking the right questions, being focused around creative levers, like some of the things that we've talked about and less so the trench work of implementation and bid modifiers at the keyword level on Google search and some of the really hardcore manual analysis we had to do.

So I think if we are like the canary and the coal mine for other industries, what will be interesting is, I assume that if you work in an architecture office that you'll be doing less of like the drafting and it's kind of already been a change that's occurred in those offices, but you'll be doing less of the drafting and more of the strategic problem solving around like what kind of building is necessary for the client in this scenario type thing. And so on a practical level though, some of these conversational AI like models are very interesting for us in that when I think about creative testing, for instance, we can have chat GPT come up with all kinds of variants of copy that we would not have necessarily thought of. It can do a lot of drafting of things like RFP responses. So we can feed chat GPT 100 previous RFP responses that we've done and have it spit out net new responses to net new questions in a net new RFP. And it's like 80% good and still requires like 10 hours of work to like massage to the point where we can send it off to a client. But that replaces like a week of work with five or six people that it would have previously taken. And that's already happening today, you're saying? That's happening now, literally right now type thing. All of what I just said. And there's a lot of different ways that we are beginning to use AI to do more with less basically.

So that's kind of how I see it influencing
not just our industry, but other people's businesses as well.
That's amazing.

So just to repeat what you said,
your team now, because of chat GPT
is able to spend more time higher level
and leverage specifically chat GPT to do this kind of,
and RFPs are basically proposal
people are asking you to pitch to work with them.
Is that?

Okay, yeah.

Some of these like AI driven organizations
that allow you to like type in a prompt
and it spits out an image on our creative group.
We can come up with like mockups in like literally
one percent of the time that it took.

So you no longer have to like draw the initial
mockups for art.

Suddenly, you know, what might have taken one person a week
of work on a campaign takes like an afternoon type thing.

And so you still have to understand what questions
to ask of the AI and be capable of iterating.

But like these like rough drafts
that you might show like the artwork of, you know
to a client to say like, do we like this more?

Do we like this more?

That's like AI generated.

It's really interesting.

What's the tool your team uses for that
as a mid-journey or dolly or something else?

It's dolly and it's mid-journey.

So you got it.

Got it.

And so what you use it for is you're thinking
about a concept and you just come up with a mock
coming up with a prompt to kind of pitch what this could be.

Yeah, the interesting thing there is that these concepts
often live inside of someone's head.

And we do this thing as humans where we verbally discuss it.

And I try and put the image in my mind's eye
in your mind's eye, which is an inherently
inefficient process and actually hurts our ability
to be creative leaders.

Someone might just see it slightly differently than you do.
Now that person theoretically can use dolly
to output what is inside their head.
And they can refine that easily through subsequent prompts
in dolly or mid-journey or whatever it may be.
And then just say, do you like this?
This is my idea.
And so in a way it's helped humans connect
more easily in that context than we were capable
of doing before.
And then in the context of like pitching a client on ideas,
we are capable of generating more ideas faster
and iterating upon them alive.
So I can have a Zoom call with you.
I can present my screen.
And if you don't like the output of dolly
that I just prompted, I can reprompt
based on your feedback in real time.
There's this sentiment that AI is gonna take away
the fun stuff of jobs, like maybe being creative
and coming up with a new concept
and photography setting up a whole photo shoot, whatever.
Do you find that your team is excited
about uploading this to dolly?
Or are they just like, god damn it, this is what I love.
And I'm just sitting around in docs writing prompts.
I am not an incredible artist,
but now I can take those thoughts in my mind
and output them just as well as like someone
who's pretty skilled in artwork.
So in a sense, I'm excited because this technology
democratizes the ability to do this across everyone.
Anyone who can think a thought
can generate an image on an AI image generator.
How many scribes do you know?
Zero, I believe zero.
Because we invented something called the printing press.
And the printing press, you know,
took over what was a cottage industry
for very specific individuals
that allowed them to control the flow of information.
Yet today, it's not like we have fewer writers
or creative thinkers.

They're just using different tools
to arrive at the same place.
You could say the same thing of the loom.
There used to be people who would stitch your T-shirt
together or your sweater together
and none of those people have worked anymore.
There's still people who knit, I suppose,
but your clothes are made in factories with machines
and the quality of the clothing
is arguably a lot better than it was.
I maybe I'm wrong about that point,
but you can make more of it in more sophisticated clothing.
There's no question that AI is going to displace
and replace certain industries of people, certain roles.
I'm not gonna pretend like I know
whether that's a good or bad thing.
And I'm also not a poster child for AI.
I am really just using the technology
that's available to us to run our business
the best way we can.
We haven't let anybody go yet
because of these efficiencies.
The people who used to do the artwork
are the ones using these tools.
And I think they're excited that they're more productive.
Is there going to be nuance around that?
Of course.
Are some people going to be sad about the changes?
Yes, I think human nature
is that people generally don't like change.
But I think over time,
we've seen change has been a productive
and positive thing for society, not a negative thing.
Awesome.
Yeah, so it sounds like the team is excited.
Generally, that's a good sign.
And that's what I find generally.
I think some people will be really upset
but most people will be like amazing.
And I never wanted to do this part.
This generation of people will be upset
and then there will be a subsequent generation
that never knew anything different.

So the way I think about this is
the people growing up these days
have always had the internet.
Whereas you and I probably remember a time
before the internet existed.
AI is a platform like the internet.
And just as when the internet was launched,
you couldn't conceive of Amazon.com
or all of these wonderful or social networks
or whatever it was,
the permutations of what AI will become
even in the current like GPT-4 context
or Dolly context or whatever it may be,
we don't know what people are gonna create with this.
And so it's difficult for the generation
that knew what life was like before the hand,
before iPhone, before internet, before AI.
But there will be people who know nothing but this
eventually and to them, it'll just be normal.
Until we're all just replaced by AI
and then it's AI running ads to get other AI tools
to buy some products from each other
and then we're just sitting around watching Netflix.
And that'll be great.
There's always this question
when you're starting to invest in paid growth,
performance marketing up, should we work in an agency?
Should we work in house?
Should we hire someone junior to figure it out?
Should we hire someone senior?
What's your general advice for say an early stage startup
when it makes sense to work with an agency
versus bringing someone in house?
So we need people in house to do our jobs properly.
So agencies are not mutually exclusive to personal in house.
If we don't have a point of contact,
for instance, at an earlier stage company
and we're supposed to report to like the CEO,
CEOs tend to be very busy people.
And we often just like can't get the information
and approvals that we need to be successful.
So if you think that growth marketing is an opportunity
and that performance marketing is a subset of growth marketing

that you want some focus on,
the reality is you're going to need expertise
and you probably should start in house
and then hire an agency.
Again, there's different stages of companies
and different examples of like what makes sense
at different stages and the nature of the work
that we do at different stages changes.
Very, very late stage.
We're kind of doing a lot of this like sophisticated,
you know, production work.
We're implementing sophisticated testing.
We're working on attribution.
We're building beautiful reporting,
but in a sense we're maintaining like this machine
that already exists.
Earlier stage, we're doing a lot more of net new experimentation
trying to discover what is working
and what sequence of audience targeting
versus creative asset display, you know,
we'll work what channel mix works and all of that.
And so a lot of times the body of work
that's required to nail that
and the inputs to like literally like out front,
like what questions to be asking
isn't something that a small in-house team possesses.
And so they will work with an agency to scale faster
to get where they're going quicker
to bring in more resources, you know, quickly basically.
And then later stage,
sometimes it's a permutation of the same thing
or, you know, we're really just managing
a whole bunch of different capabilities that they have
because it's very complicated and difficult to staff.
That is really interesting.
So it's not like agency versus in-house full-time person.
It's unique both is what you're finding.
I don't think we have any projects that we're working on
where there's not like a professional, you know,
marketing person as our POC.
And generally the people that we report to
have a background in what we do,
whether they ended up doing something different

and now they're like a VP or a director level
and not directly managing channels themselves
is one thing or another.
But yeah, I mean, we work with people
that have in-house expertise all day long.
So sometimes it could just be a generalist marketing person
that becomes your point of contact.
They don't have to be experienced in paper.
There's one more thing.
So as agencies, we're constantly solving
people's problems in the market.
And as a result of that,
I have a fairly large team of 130 people
that think about, you know, performance marketing
all day long.
It's the first thing we think about
when we have our morning coffee
and it's the last thing we think about
is we're like leaving the office kind of thing.
We have very sophisticated and built out capabilities
as well as all kinds of software and processes
and capabilities, I guess, that we've created
that most in-house teams just don't have
because they're smaller or newer
or someone might be really sophisticated
but they don't have the resources to implement it and stuff.
And so in the same way that a really sophisticated organization
might go to Boston Consulting Group or McKinsey
to say, hey, like we did this,
but you do more of this all day long
and we need advice on how to be more efficient.
People come to thrive saying, hey, we're top of our game.
We have really strong people.
You know, they absolutely know what they're doing,
which is always the case, by the way.
But we're looking for extra, you know,
sophistication and additional capabilities
that are very difficult to create
in an in-house organization.
It's why we worked with Uber for 10 years.
It was tough to replace us.
Yeah, that's quite the retention.
10 years, 10 years going.

Imagine ARR, a net dollar retention has gone up too.

Yeah.

When you're looking to hire someone full-time to drive the paid growth channel and or work with an agency, what do you recommend people look for specifically, especially things maybe they're not likely to think about when they're hiring someone that people often miss?

So there's a couple of competencies that I think are very important.

I found that, so I was like a nerd as a child.

If you can't tell, I don't know.

Super nerdy geeky kid.

I would take apart my parents' computers.

I try and rebuild them.

I was fooling around with bulletin boards before websites existed, stuff like that.

And then I became a web developer.

And as I transitioned into a performance marketing role,

I realized that being technical and having technical aptitudes was extraordinarily helpful in terms of being on the front line of what we were doing in solving problems.

So if you're making your first hire, you probably want them to have the ingenuity and capability to solve a lot of the problems that you're gonna run into within the context of tracking, attribution, data visualization, and then campaign management.

So number one, do they have a technical background?

That can be multidisciplinary at Thrive.

We have someone who is a nuclear physicist that left that discipline and became a performance marketer.

We have people who have left mathematics and become performance marketers, people who left finance, full-stack engineering, like all kinds of stuff.

Those are technical fields where people tend to be good at math and good at problem solving.

And so that's like a strong piece of evidence that they might have a strong aptitude for performance marketing and managing this.

Another thing is just, literally, do they have experience in this discipline?

So have they managed, on any level,

Meta ads, Google ads, TikTok, Amazon,
some of the things we talked about?
Do they have an appreciation for some of the inputs
that we just discussed today that ultimately make
create the conditions for success
within a performance marketing environment?
So do they understand the role of creative?
Do they understand the role of proper attribution
and are they capable of understanding
the mechanics of your business
and so on and so forth?
So I would say just fundamentally,
those are some of the areas that,
when we are interviewing, we're looking for.
As an agency too, we are looking for the ability
to work with people and be excellent at client services.
And so one of the questions we might ask,
I actually borrowed a Jeff Bezos question
from early stage Amazon where I asked people,
without much warning in an interview,
I'll ask them whether it's okay
to do a bit of a thought experiment together
and whether they are comfortable
asking a logic or responding to a logic question.
And I'll ask the question of how many windows
are there in New York City?
And so there's two things that I look for in this scenario.
One is can they think on their feet?
So I'm not actually looking for the correct answer.
It's a pretty difficult question to solve.
But like number one, do you realize that windows
are not just building windows and windows are also
in cars and trucks and stuff like that.
So there's more than one type of window.
And then can you just do the arithmetic of saying,
there's so many buildings per hectare or square mile
or whatever it is and it's division,
multiplication type stuff.
But also from a client services point of view,
I'm trying to see whether in a scenario
where I've asked them something that they obviously
probably weren't prepared for that is a strange thing to ask
and probably makes them feel a little bit uncomfortable,

how they react in that situation.

So do they remain composed or do they lose their composure to get frustrated or even angry, that I asked them something that's pretty weird to ask. Their reaction there is often a good leading indicator of whether or not in a client scenario, working with our clients, they can compose themselves in a difficult situation.

Very tactically, what level of experience do you recommend people look for in their first performance marketing hire, like year two, four or five years longer?

I've seen people who have like 10 years of experience in the industry not be that great.

And then I've seen people who have like one year of experience be absolutely phenomenal.

So I would say that like, again, like, you know, the years of service under their belt is one clue or piece of evidence to their potential aptitude.

But really, you know, you want someone who can clearly demonstrate to you that they can competently run the channels, I suppose.

If what you're asking is like, literally like at the level where someone is like managing, you know, pay-per-click and programmatic media buying, then you wanna make sure that they can just do that. And I would say it's less about like the years of experience. A lot of times people only wanna do those types of jobs for a couple years before they're like, hey, what's your plan for me?

Like I'm tired of running ads and building campaigns.

I wanna manage the people who do that now.

And so, you know, the people who tend to really do that are often somewhat earlier on in their careers.

And so that's just a reality that we see.

One more very tactical question.

What do you recommend the title for this role be, growth marketer, some else?

I've seen so many different, you know, names for this.

So I think, again, if the intention is to grow out in growth marketing capability, which again, is not exclusive to performance marketing, then you're looking for a manager role

of, you know, growth marketing manager.
I've seen paid acquisition specialist
for people who've just managed channels.
I've seen paid acquisition manager,
performance marketing manager, media planner and buyer.
I've seen all kinds of different roles.
But when we are launching a new role,
these days there's such wonderful tools
like everything from Glassdoor to LinkedIn to Payscale,
you know, where you can essentially just look
at what other people are calling it
and borrow from their role descriptions
and then, you know, create your own role description
and then determine what role is meaningful
in the context of your own organization.
Awesome.

Last question, we started with the story
of how you landed Uber.

And I know you also have an interesting story
which I haven't heard of how you landed
snap snap snap chat as a client.
So maybe tell that story.

It's a fun story.

And I think it's about ultimately, you know,
confidence and knowing your craft.

And so I believe it was like 2015 or 2016.

We were essentially contacted to participate
in an RFP down in Los Angeles.

And RFPs are difficult processes
and essentially, you know, a department of a company
is saying we want performance marketing
and hear all the questions that we're gonna ask you
and exercises you need to complete in order to vet you
as to whether you're the right partner or not.
And so sometimes RFPs are incredibly thoughtful
and they're run by people who have either done a lot of RFPs
in the context of what we do
or they know specifically, you know, what the outcome is.

And then in other cases,
they're very like experienced marketing departments
with senior people and an approach that they may take
is like every stakeholder within that department
gets to submit one or two questions, you know,

to a long list of questions and the, you know,
the respondents have to like respond to all of this.
And so the RFP process for SNAP was somewhat complex
and they asked a range of different questions.
And we find ourselves in LA at a hotel the night before.
It's two o'clock in the morning.
My business partner and I and another team member
that we had brought down are sweating
and were like, how are we going to build a presentation
out of this?
Like they're asking so many well-meaning
but difficult questions that are zigging and zagging.
And like, you know, in a pitch situation,
you want to tell a story, it's important.
And that story has to have a beginning, middle and end.
And it was just difficult.
And yet here we were and we had worked with like
all these really cool organizations.
And I was very confident that we knew precisely
what we were doing.
And I kind of had this Eureka moment
where I was like, here's what we're going to do.
It was Brent MacArthur, my business partner
and I kind of arrived at this together,
but we're kind of like, here's what we're going to do.
We're going to have a completely, you know,
unique take on how to respond to this.
And we're going to build a deck, you know,
that's bespoke around like X, Y and Z.
And so we worked till like six in the morning.
I think we get a couple of hours of sleep.
And then by like 10 o'clock, we're sitting in their offices.
And essentially the pitch is something like this.
I stand there in front of about 20 different executives
from their organization.
And I say, you have thoughtfully curated an RFP
for us to respond to today.
And you have asked us to respond to about
20 to 30 different questions.
With the utmost respect,
I'm not going to answer any of your questions today.
I'm standing here because you are looking
for a marketing partner and you need expertise in this area.

And instead of telling you the answers to the questions that you asked, I'm going to tell you what I think you need to do to get where you want to go.

And if you agree with me and my logic and what I talked to you about here today, then you should hire us.

And if you do not agree with my logic and you think that we're out to lunch, then you should not hire us.

Everybody, you could hear a pin drop in the room.

My own team, I think, was a little bit surprised.

We had a whole bunch of like technical difficulties that day, like someone who was supposed to zoom in like couldn't make it.

And so I have to like add a little part of the pitch that I wasn't prepared for, like lots of zig and zags.

They thank us for RFP response, lots of handshakes and smiling faces, but we don't know whether we're going to land the client or not.

And then about two hours later,

I was driving to San Francisco with a friend, immediately like leave LA for SF

because I had a bunch of follow-on meetings.

And I get a phone call and they were like, we loved your approach, congratulations, you're hired.

And so these days, I think SNAP is still a really interesting organization, but at the time they were kind of bringing the future of a social platform or what a social platform could be in the same way that we think about TikTok right now.

TikTok wasn't on the scene yet and Facebook was very worried about SNAP and there was tons of engagement on SNAP.

So this was like the it client of the day and it felt amazing.

And essentially, the lesson was that you have to trust yourself and understand your strengths and weaknesses and in situations where someone is well-meaning but may not understand what they need, be brave and tell them what they need rather than just conforming to what they're asking for because sometimes inadvertently that leads you down the wrong path.

And so we took a big risk and it had a wonderful payoff
and we have, in addition to this story,
we had a wonderful relationship with them
for a couple of years.

I love that story.

I love how dramatic all your new customers,
your way of acquiring customers ends up being,
I imagine not all of them are this dramatic.
Not all of them are this dramatic
but there have been some pretty dramatic ones
and I think part of running a business
and running an agency has been the curation
and experience around all these fun, crazy stories
that have accumulated as we run
this really interesting services business.

Awesome.

Well, with that, we've reached
our very exciting lightning round.

I've got six questions for you.

Are you ready for the lightning round?

I'm ready. Let's do it.

Okay, great.

You look very excited.

Okay, first question.

What are two or three books
that you've recommended most to other people?
So, As a Marketer, Storyworthy by Matthew Dix
is a wonderful book.

He is like a world-class storyteller.

I don't know if you know him.

And he wrote this book about how to structure
and think about the art of storytelling
and every marketer should read Storyworthy.

It was a huge contributor to how I think about
what we do at Thrive.

As an entrepreneur, I love startup stories.

So, Shoe Dog, which is the startup story of Nike.

It's basically, you know,

Phil Knight talking about all the ups and downs
and it's crazy.

Like Nike shouldn't be a company at this, you know,
based on all the turmoil and challenges that they overcame.

And so, you know, fascinating read about taking risk

and doing what you think is right
and ultimately, you know, succeeding and building Nike.
And then a book by Nick Bilton called American Kingpin,
which is the story of the startup of the Silk Road,
which was like this dark web, you know,
marketplace for some pretty bad stuff.
But it is half tech story, you know, startup story
and half gangster kind of Kingpin story.
It honestly should be a Hollywood movie.
It reads like a Hollywood thriller.
So awesome, great book.
Favorite recent movie or TV show?
I don't know how recent it is,
but I love the big short.
Just love it.
Not recent at all, but it's still great.
It's still great.
And the reason why I like it is because someone found truth
in the data they were analyzing and then capitalized on it,
which is really an analog for what we do
in performance marketing.
And then recently, I have fallen in love with White Lotus
for no particular reason, it's just raw entertainment.
What's something you've changed in the way
that you all operate that's been relatively minor
in terms of how hard it was to change,
but that had a tremendous impact
on your ability to execute as a team or a company?
The tools that we use in performance marketing
change constantly.
So the channels themselves change
and therefore what problems exist
and what SaaS companies or different types of platforms
offer as solutions to problems change.
And so I don't think it's one thing necessarily.
This might be a bit of a roundabout answer here,
but I mentioned that change itself earlier
is something that humans seem to not love,
whereas in our industry, and I don't think we're alone here,
but there's a culture of change.
And so a welcoming of change, aptitude around change,
implementing, having a playful mindset
with new technology and tools,

rather than being upset about the fact that AI exists
or third-party cookies are being deprecated
or iOS 14 removed IDFA and trying to be creative
around those types of solutions
has been like a constant for us.
So I'm kind of sidestepping the question a little bit,
but it is the cultural willingness to adapt
that I think has been a strong suit for us as a company.
Speaking of tools, final question,
what is your favorite most underrated tool
for performance marketing work?
It's Thrive Stack.
So it's a tool that we built in-house
that allows us to pipe third-party data
and customized customer-level data into a database
and then ultimately visualize it in a format
like Data Studio, Google Data Studio,
which I think now is called Looker Studio.
That has been a profoundly powerful platform
from which we're capable of delivering insights
that are built upon the data
as opposed to just regurgitated data, if that makes sense.
We have not released this technology yet.
It's basically a tool we use in-house with our clients,
but to a certain extent, I mentioned Supermetrics,
which is another ETL
and has some of the same capabilities,
but isn't quite as powerful.
Amazing. Jonathan, this is by far the deepest
I've ever gone into the world of paid growth.
I really appreciate you making time
and sharing all of your wisdom with us.
Two final questions, working folks,
find you online if they wanna learn more,
reach out, ask some questions maybe,
and how can listeners be useful to you?
Thank you for having me again.
By the way, this was a lot of fun.
So I'm available through Thrive.
So ThriveDigital.com.
You can contact us through our site
by accessing the contact form.
Personally, I'm on LinkedIn under my name,

Jonathan Becker, or Twitter, JZ Becker.
And then things that would be interesting
from the audience, always looking for feedback
in terms of whether people agree or disagree
with thoughts and feelings that we have about what we do.
And obviously always looking for amazing people,
ultimately to join our team at Thrive.
So if you're a practitioner of growth marketing
or performance marketing,
and you're looking for a top place
to spend some time, would love to talk to you.
And also I suppose if you need some help
making this stuff work within the context
of your own organization, we'd love to be at your service.
Awesome, and what is the URL again?
ThriveDigital.com.
Sweet, and you asked for feedback.
Be careful what you wish for,
we get some hilarious C2 comments.
We'll see what comes in on this one.
Sounds good.
Jonathan, thank you so much for being here.
Pleasure, thanks Lenny, thanks for having me.
Bye everyone.
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