

Growing and maintaining customer value with Facebook Custom Audiences

Optimising retention marketing spend and customer engagement by targeting existing customers through Facebook Custom Audiences

Facebook appointed Torque Data to undertake this Study and produce this White Paper.

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Introduction

This White Paper demonstrates how customer targeting with Facebook Custom Audiences can be used in both commercial and not for profit sectors to improve the effectiveness of certain marketing campaigns, using Samsung Australia and Australian Red Cross as case studies.

It is a widely held view among marketing experts that it is more cost effective to retain and grow an existing customer than to acquire a new one, meaning every marketer now has a responsibility to focus on retaining and growing the loyalty and value of their existing customers.

In an environment where competition to acquire new customers is increasing by the day, having the ability to optimise your existing customer communications is a key competitive advantage. Data planning techniques are at the heart of customer retention and engagement which focus on the following three areas of customer marketing:

1.
Increasing customer value
through cross-sell or up-sell

2.
Decreasing churn
by targeting the right offer at the right time in the customer lifecycle

3.
Driving deeper engagement
to take customers on the journey to becoming brand advocates

Background to the White Paper

Many organisations are investing in more sophisticated ways of targeting and engaging with existing customers, employing marketing analytics teams who are able to create innovative segmentation models and test and learn frameworks that help measure the success of an existing customer retention or engagement marketing activity.

These data planning techniques are starting to filter through to email marketing for those organisations who understand and want to maximise the value of both the financial and brand relationship that they enjoy

with their customers. Consumer inboxes are getting increasingly crowded as organisations clamour for attention, therefore smarter targeting and the use of multi-channel approaches are more important than ever before.

Until recently, the role of digital or social channels (outside of email marketing) has been restricted to more sporadic or tactical uses to address specific challenges, e.g. personally addressing customer feedback or finding potential brand advocates or influencers and building a personal relationship with them and their followers.

Facebook Custom Audiences

Facebook Custom Audiences allows businesses to reach customers they already know with targeted ads on Facebook. This is done by a business matching its existing hashed customer database to Facebook. Facebook Custom Audiences can be embedded into customer retention and optimisation activity at a campaign level to drive higher response and conversion rates. Equally Facebook Custom Audiences can be deployed in a more nurturing, subtle manner to engage with existing customers in a relevant way, according to where they are on the customer lifecycle journey.

While there is clearly an important ongoing role for social in these areas, there is also a great opportunity for marketers to use Facebook Custom Audiences as part of their integrated customer communications.

Australian Red Cross and Samsung Australia both participated in this White Paper, deploying Facebook Custom Audiences as part of a

multi-channel campaign activity within a measurable framework, and the results that they achieved were positive across a variety of campaign metrics.

Key findings from Samsung Australia and Australian Red Cross are outlined on the following pages:

“Facebook Custom Audiences is a very exciting development for digital marketers looking to reach specific existing customer segments. Facebook Custom Audiences is a non-invasive channel which creates cut-through that could drive sustainably better results in customer retention.”

Oliver Rees - GM, Torque Data

Samsung Australia

The test was carried out as a secondary phase of a multi-phased product launch communications program.

Key Study Finding #1:

Facebook Custom Audience ads plus eDM drove higher sales than eDM only

For customers receiving Facebook Custom Audience ads plus eDM:



observed conversion uplift for Facebook Custom Audience ads plus eDM versus eDM only

Opportunity:

This result is a strong indication of the appropriateness of multi-channel targeting at all stages of the customer lifecycle, and suggests that even greater uplifts may be achieved as part of initial product launch activity if using Facebook Custom Audiences.

Key Study Finding #2:

Facebook Custom Audience ads plus eDM drove higher sales among both highly engaged and less engaged customers than eDM only

For customers receiving Facebook Custom Audience ads plus eDM:

36% higher

sales for highly engaged customers*

17% higher

sales for less engaged customers*

*as compared to sales for customers who received eDM only

Opportunity:

Uplift was observed for highly engaged and less engaged customers through targeted activity. This consistency across all target groups provides a strong indication that deploying Facebook in conjunction with eDM will result in a conversion uplift and therefore increased returns. This is a compelling argument for the use of Facebook as a channel alongside eDM.

Australian Red Cross

Key Study Finding #1:

Facebook Custom Audience ads improved the performance of direct mail as a channel for existing customers

For customers receiving Facebook Custom Audience ads plus direct mail:

15% higher
response rate

19% higher
total donation value

Opportunity:

To integrate Facebook Custom Audiences with direct mail as a cost effective way of driving campaign effectiveness and generating improved customer value. There is scope for further testing and learning in this area to ascertain the extent to which Facebook Custom Audiences can add value to the direct mail channel. This is relevant for not for profits as direct mail can have high creation and production costs associated with it.

Key Study Finding #2:

Integrating Facebook Custom Audience ads with donor eDM activity drove significantly improved performance

For customers receiving Facebook Custom Audience ads plus eDM:

25% higher
response rate

42% higher
total donation value

Opportunity:

Email marketing is commonly deployed by organisations as a cost effective route to market to engage with existing customers and ideally enrol them in a customer lifecycle or customer relationship management journey. The level of uplift achieved by Australian Red Cross from both a response rate and total donation perspective demonstrated a positive result from deploying eDM and Facebook Custom Audiences together as part of a multi-channel campaign. Australian Red Cross now deploy Facebook Custom Audience ads as an integral part of their donor retention program of work.

Recommendations for using Facebook Custom Audiences for customer retention and engagement

Facebook customer targeting powered by Custom Audiences affords advertisers that rarest of opportunities – namely to reach existing customers when they are in a receptive mood, through a channel which is unobtrusive and is one that the customer is personally engaged with by choice.

There is significant opportunity to derive brand engagement and financial gains through the channel, targeting specific groups of customers. Some of the opportunities for consideration include:

1.

Facebook Custom Audiences can be used as an integral part of your multi-channel customer communications and engagement program.

- a. Deployment as either a direct response or broadcast channel (or both).
- b. Direct targeting of your known customers with specific messages to discrete customer segments.

2.

Facebook Custom Audiences is a fast-start, flexible and adaptable channel for retention to test, learn and rollout efficiently and cost effectively.

- a. Consider multi-stage targeting as quick and easy to deploy (effectively instant).
- b. Be proactive or reactive according to your needs or competitive initiatives.

How we did the Study

The Study approach, illustrated below, was deployed for Samsung Australia and Australian Red Cross campaigns in order to monitor the campaign results and the deployment of Facebook Custom Audiences.

Collaboration with the participating company to create a customer testing framework that made sense in the context of the activity being monitored as part of the study.



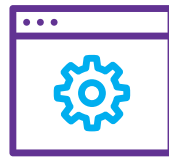
1.
Customer Testing Framework

Ensuring that the experimental design enabled comparison across other channels deployed.



2.
Experimental Design

Ensuring that the Facebook Custom Audiences selected were discrete.



3.
Facebook Custom Audiences

Campaign execution (creation) was entirely originated and produced by the participant with no external influence.



4.
Campaign Execution

Behavioural tracking was undertaken to measure Facebook interaction metrics and also campaign channel performance.



5.
Behaviour Tracking

Response analysis was carried out by the participating organisation and results verified by Torque Data. Facebook were not involved in the analysis or interpretation of results.



6.
Response Analysis

Facebook appointed Torque Data to undertake the Study and produce this White Paper. All areas of the Study were designed, managed and delivered by Torque Data, in close collaboration with Samsung Australia and Australian Red Cross.

About Torque Data



Founded in 2001, Torque Data delivers predictive analytics, intelligent customer relationship management and data visualisation services to businesses across a range of industries. Our passion is for all things data: to drive tangible business outcomes and to help grow the size and value of customer programs. Torque Data is owned by Velocity Frequent Flyer Pty Ltd.

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