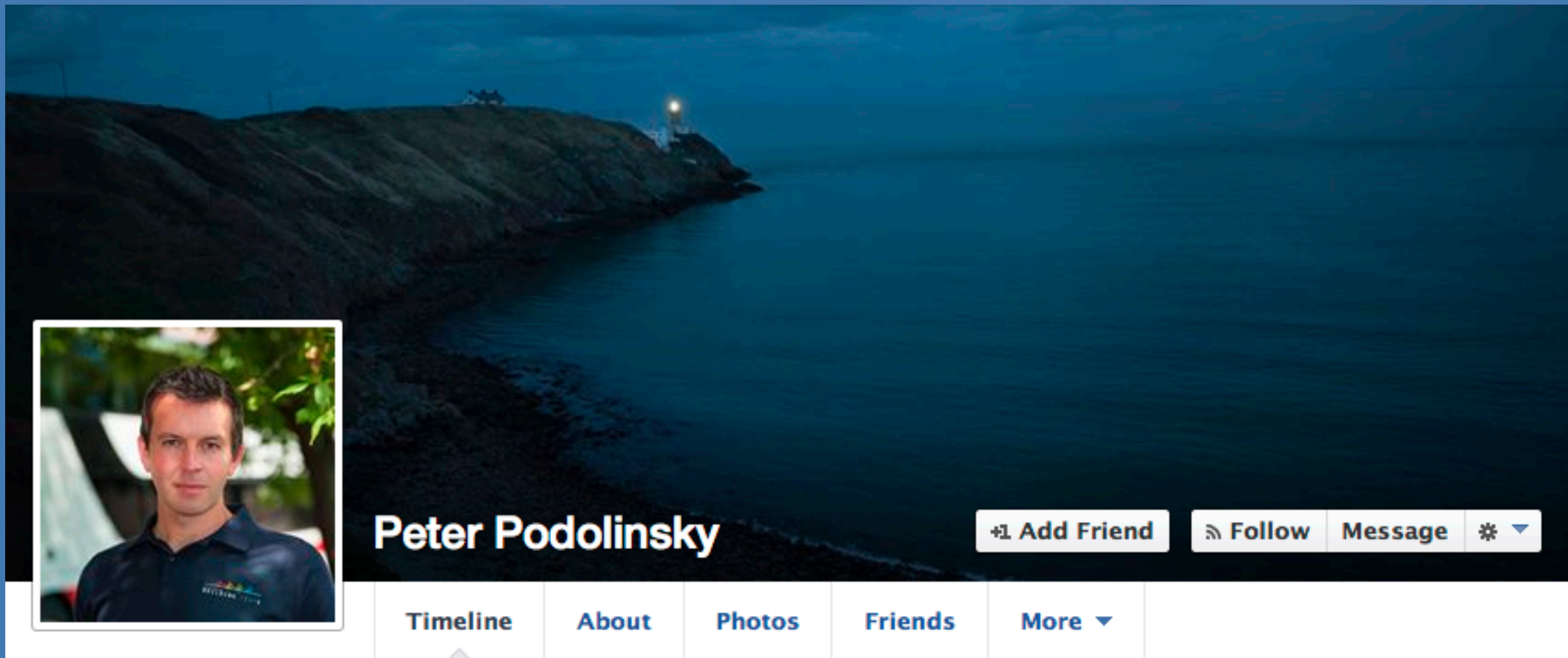**facebook** for business

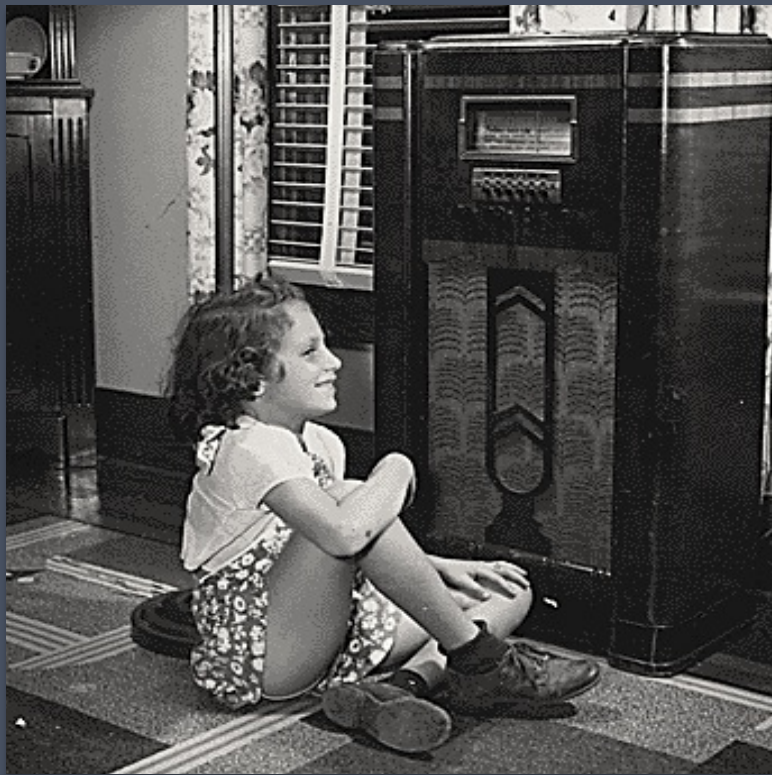# ROI matters
Internet Advertising Conference

Peter Podolinsky | Client Partner, Czech | Facebook

Peter Podolinsky

Client Partner, Czech | Facebook

Online has struggled to create standards for the metrics that matter
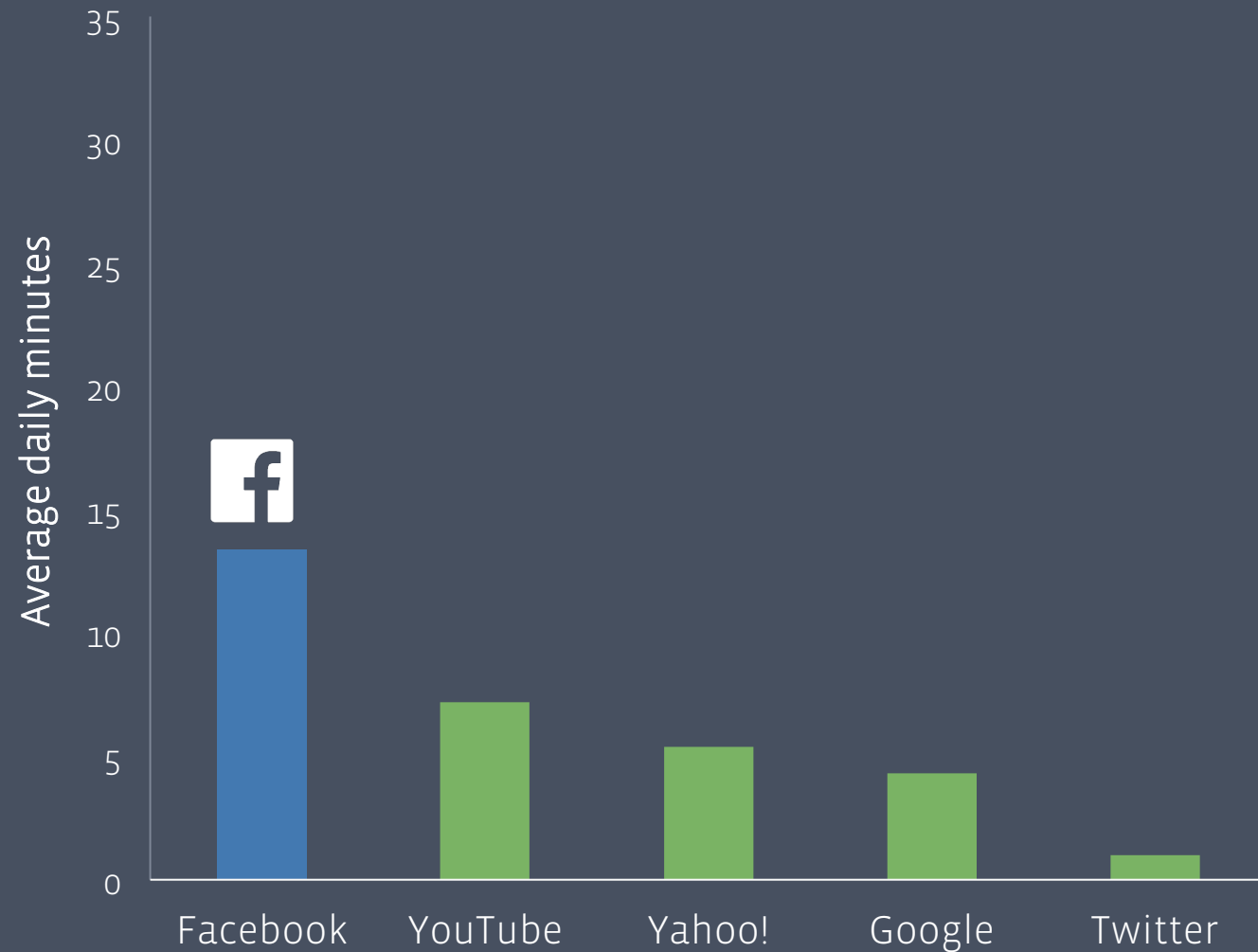

Radio (1930s)

Television (1950s)

Internet (1990s)

Real people, not cookies

More time spent daily than anywhere else

desktop

Average daily minutes

35	
30	
25	
20	
15	
10	
5	
0	

Facebook · YouTube · Yahoo! · Google · Twitter

mobile

Average daily minutes

35	
30	
25	
20	
15	
10	
5	
0	

Facebook · Google · Instagram · YouTube · Twitter · Yahoo!
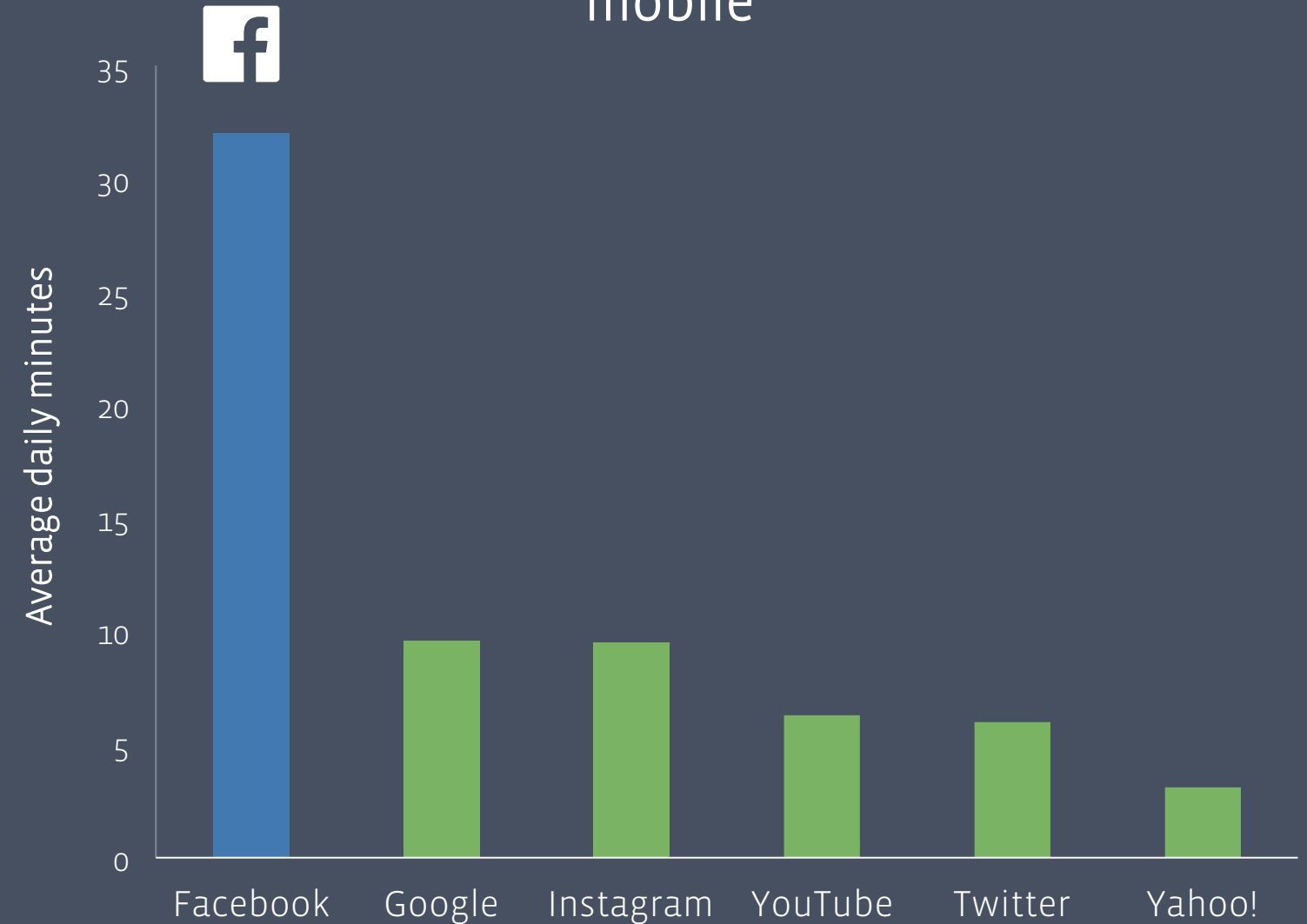
Clicks do not equal business results

nielsen

No strong correlations emerge between CTR and any of the Brand Effect metrics

	-1.0	-0.5	0.0	0.5	1.0
Ad Recall Delta					
Brand Awareness Delta					
Message Consideration Delta					
Purchase Consideration Delta					
Brand Favorability Delta					
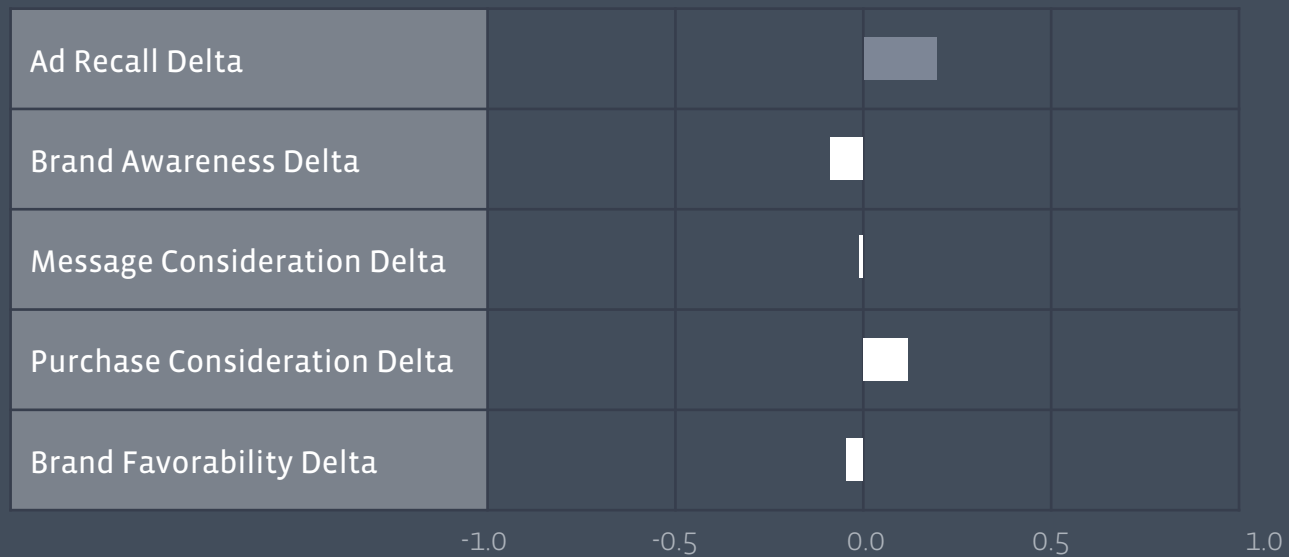
Nielsen NetEffect meta analysis indicate no correlation between CTR and ROI

ROI %

Breakeven

Click through rate
(correlation = -.07%)
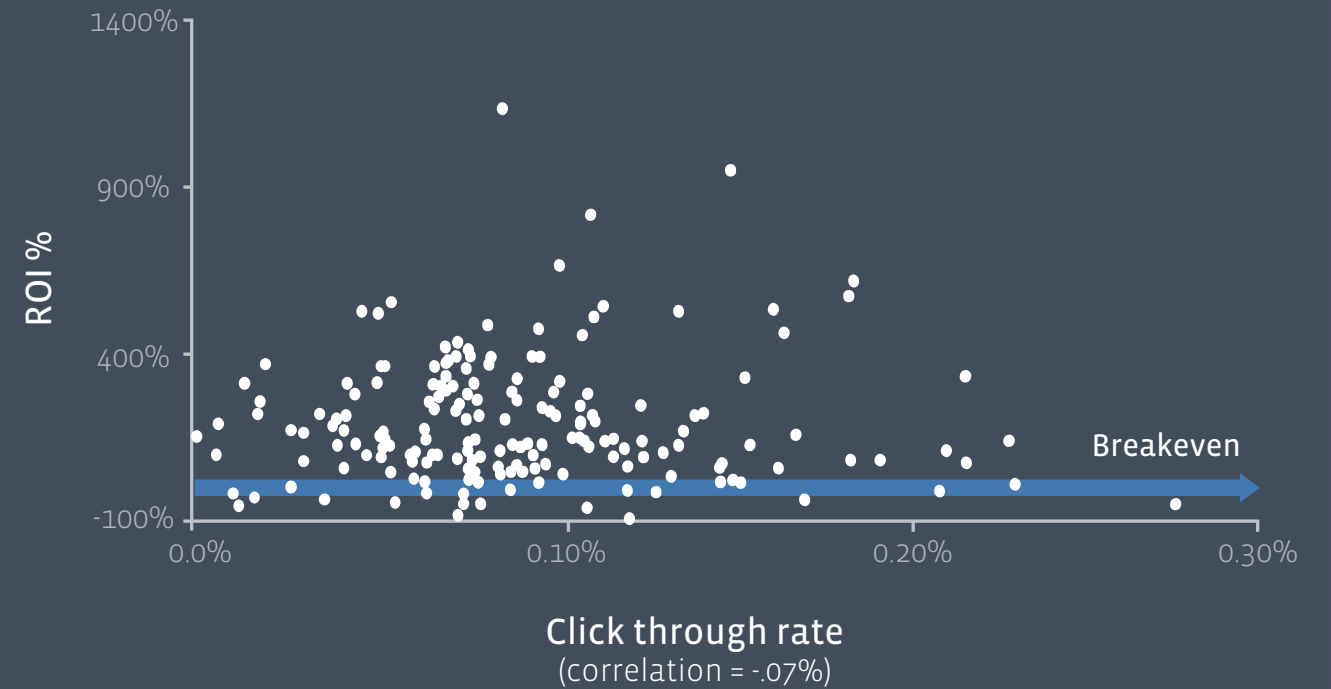
Measuring against your business objectives

Reach

Did I reach the right number of people and the right type of people?

Brand resonance

Did I improve my brand's image and change the attitudes of customers?

Reaction

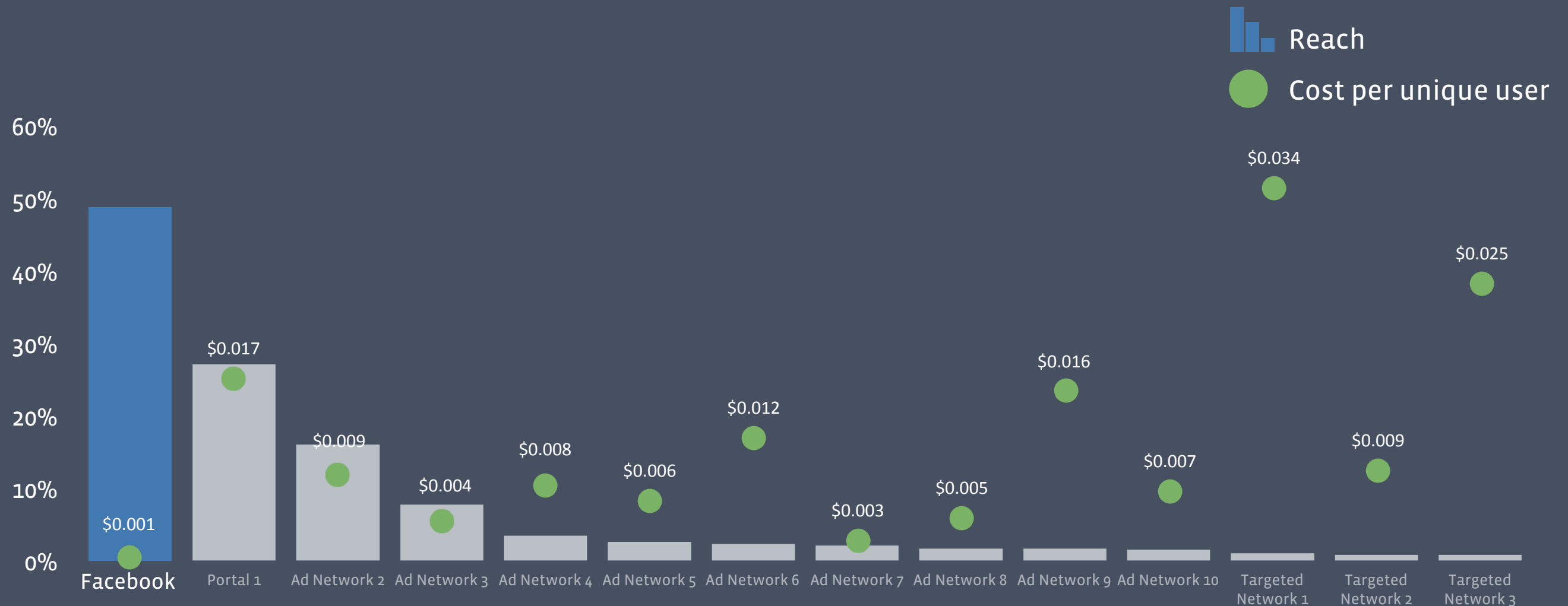Did I cause a customer to act—to buy a product, sign up for a service or make a referral?

Reach   Resonance   Reaction

Studies show that Facebook can achieve broad reach at far below the average cost

ak ®
EVERYTHING YOU NEED TO KNOW™

Reach

Cost per unique user

60%

50%

40%

30%

20%

10%

0%

$0.001 — Facebook
$0.017 — Portal 1
$0.009 — Ad Network 2
$0.004 — Ad Network 3
$0.008 — Ad Network 4
$0.006 — Ad Network 5
$0.012 — Ad Network 6
$0.003 — Ad Network 7
$0.005 — Ad Network 8
$0.016 — Ad Network 9
$0.007 — Ad Network 10
$0.034 — Targeted Network 1
$0.009 — Targeted Network 2
$0.025 — Targeted Network 3

Source: Aggregate Knowledge, based on a representative sample of campaigns from Q4 2012. Reach represents percent of total cookies reached; bars include overlap so will sum to more than 100%. Cost per unique user calculated by total cost of reach divided by total unique users reached by each publisher.

Facebook reach is highly accurate
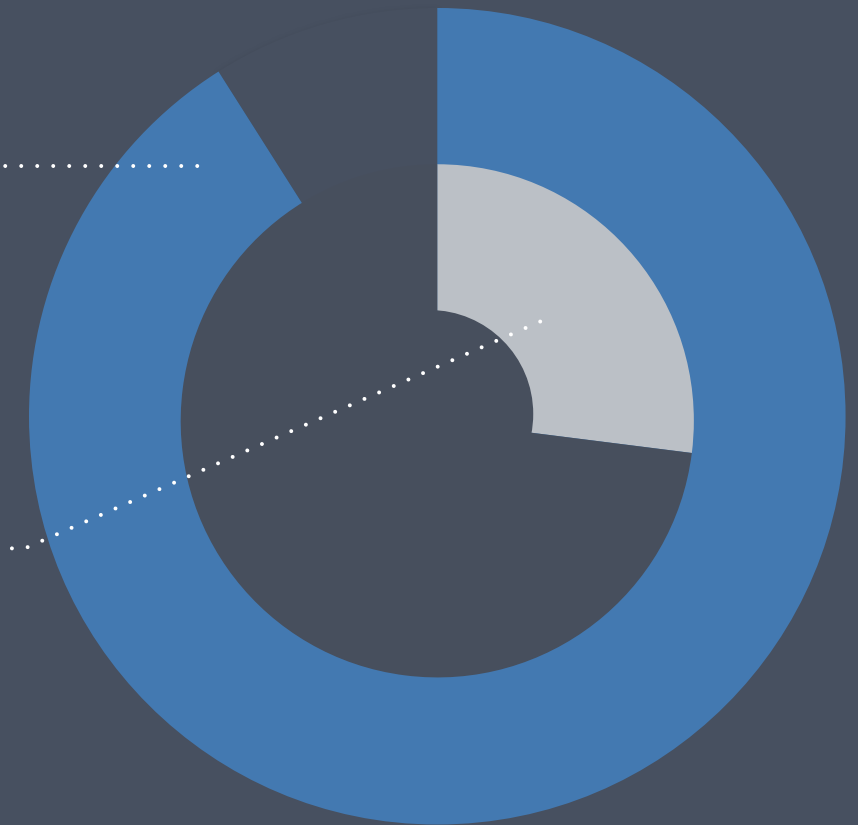
94%
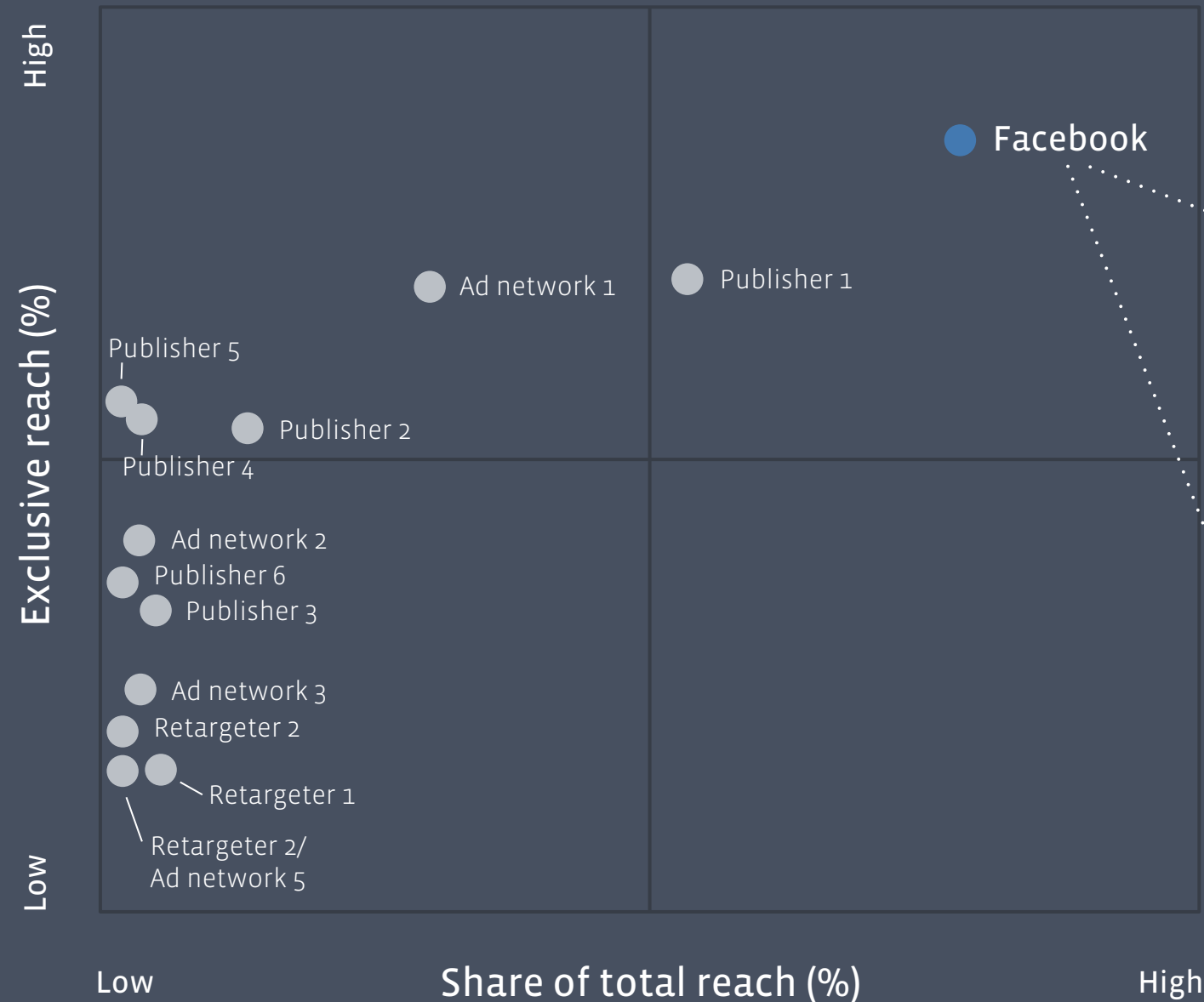**Facebook**

77%
Online average
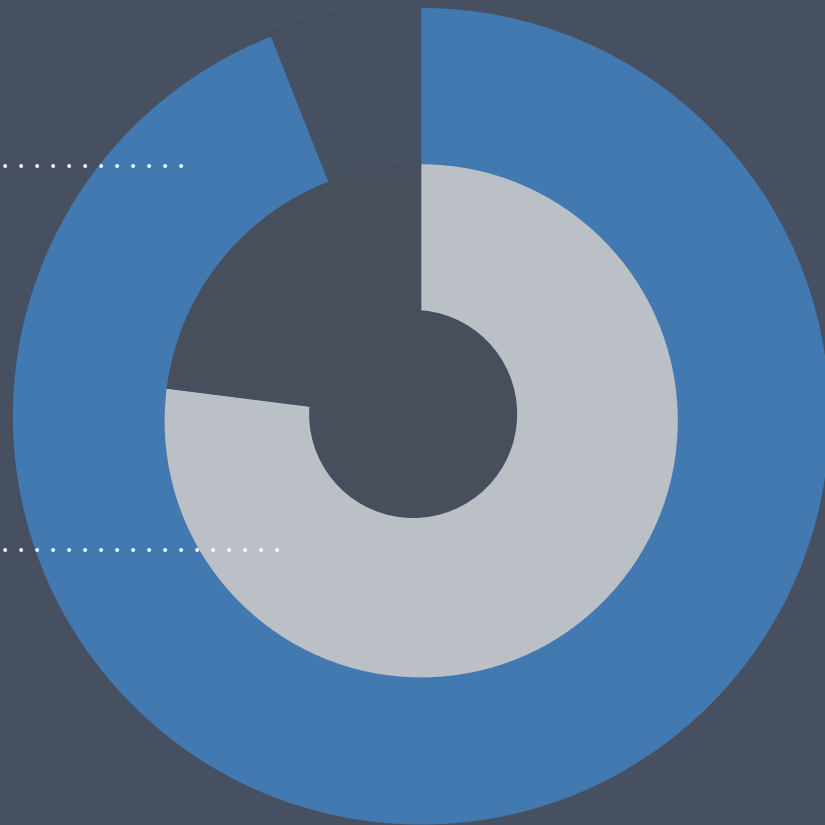
Broad campaign accuracy

91%
Facebook

27%
Online average

Narrow campaign accuracy

# Facebook's large base of users is simply not found elsewhere

Exclusive reach (%)

High

● Facebook

● Ad network 1   ● Publisher 1

Publisher 5
●●
● Publisher 2
Publisher 4

● Ad network 2
● Publisher 6
● Publisher 3

● Ad network 3
● Retargeter 2
●● Retargeter 1

Retargeter 2/
Ad network 5

Low

Low   **Share of total reach (%)**   High

77%
of FB reach cannot be found elsewhere

Facebook is not "stealing" conversions

Source: Aggregate Knowledge (across 10 billion impressions in Nov '12)

Optimizing reach across platforms decreases CPM

Total campaign: CPM
P18–49, Feb 2012

$15.41 — 0%

$11.98 — 5%

$9.80 — 10%

$8.29 — 15%

Shift to Facebook

Source: Nielsen MIO
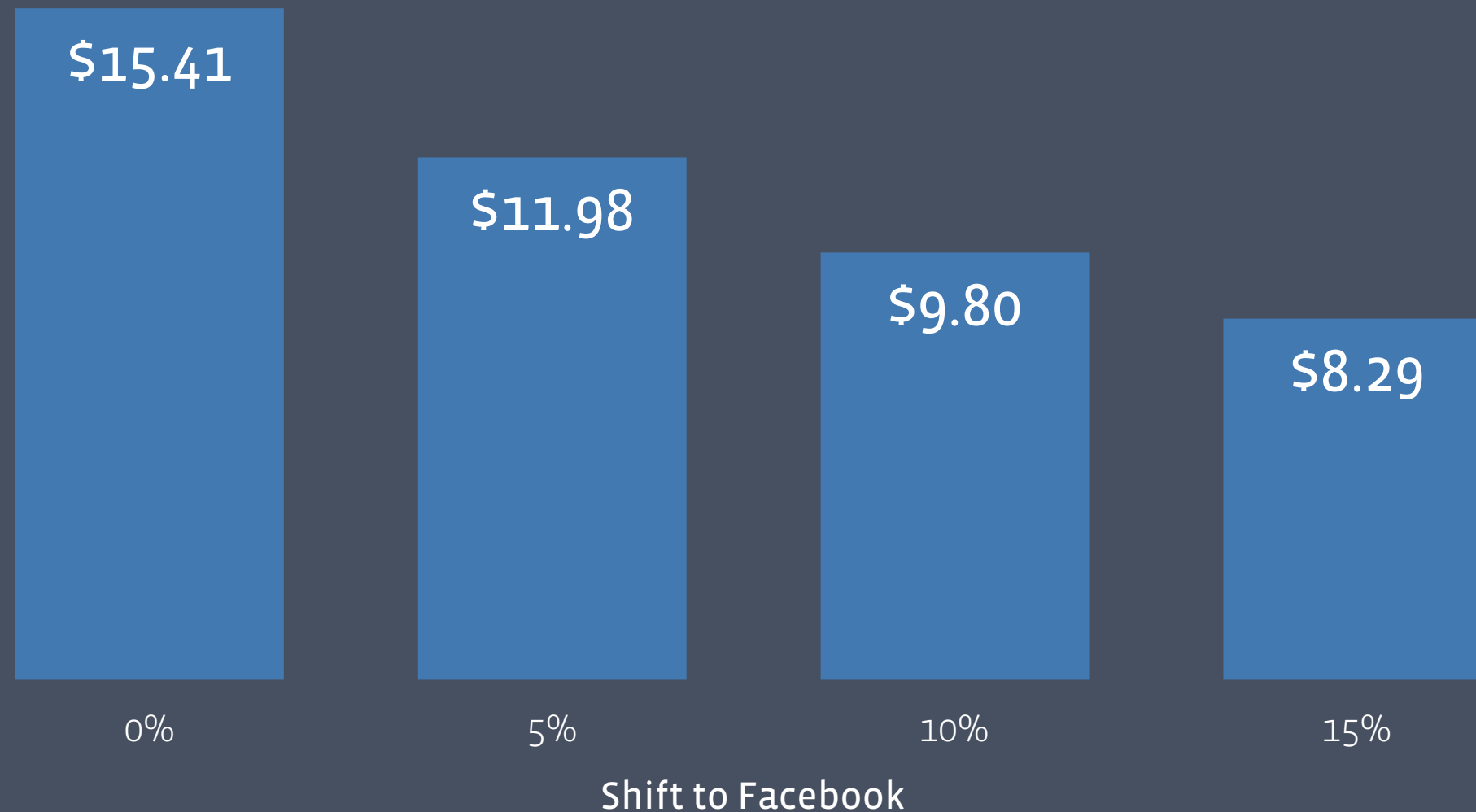
...without decreasing effective reach

Total campaign: Effective reach
P18–49, Feb 2012

43.6%

50.1%

52.3%

53.4%

0%

5%

10%

15%

Shift to Facebook

Source: Nielsen MIO
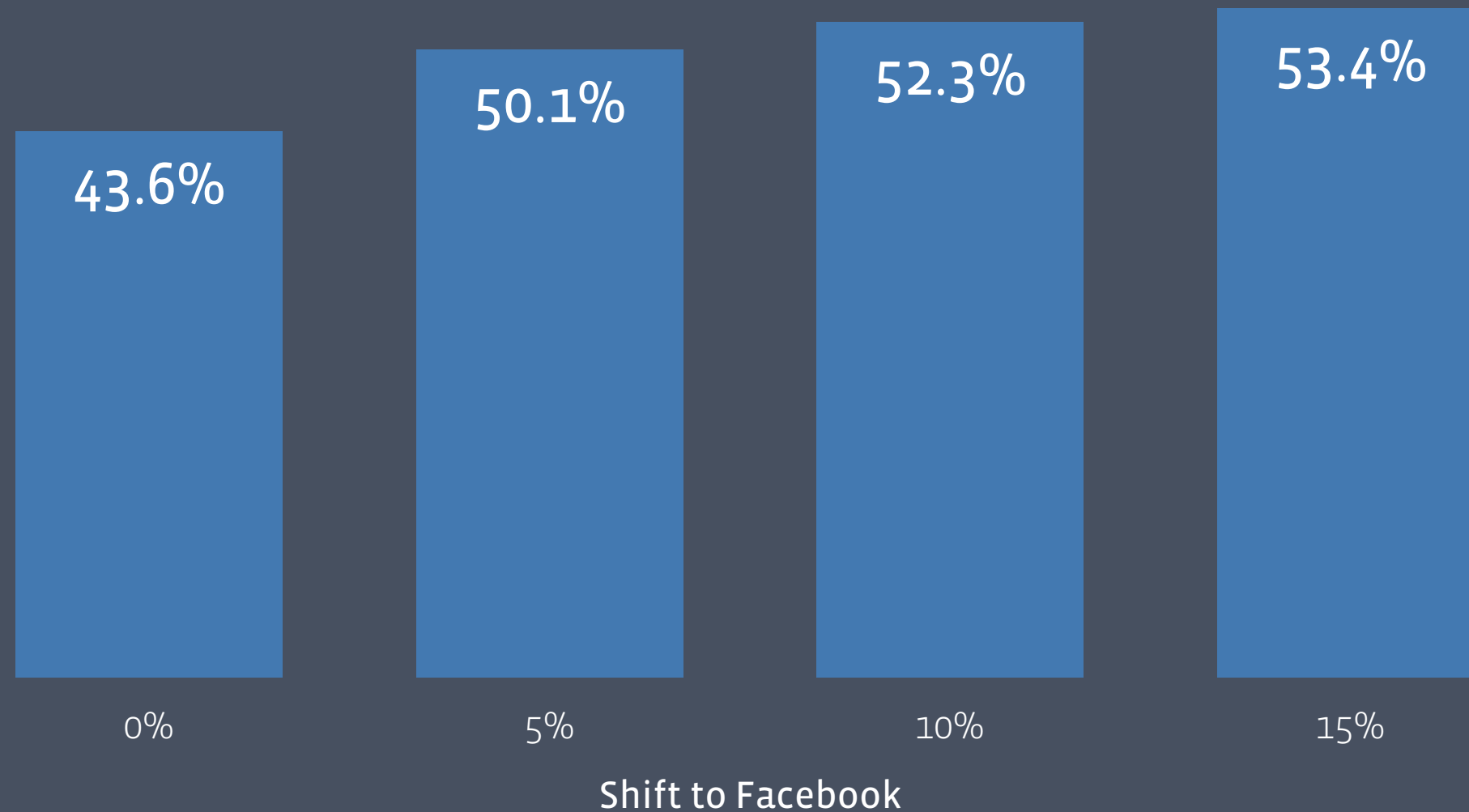
Measure cross-platform delivery with Nielsen XCR

Combined audience

TV only

Online only
with Nielsen OCR

TV and online
with Nielsen XCR
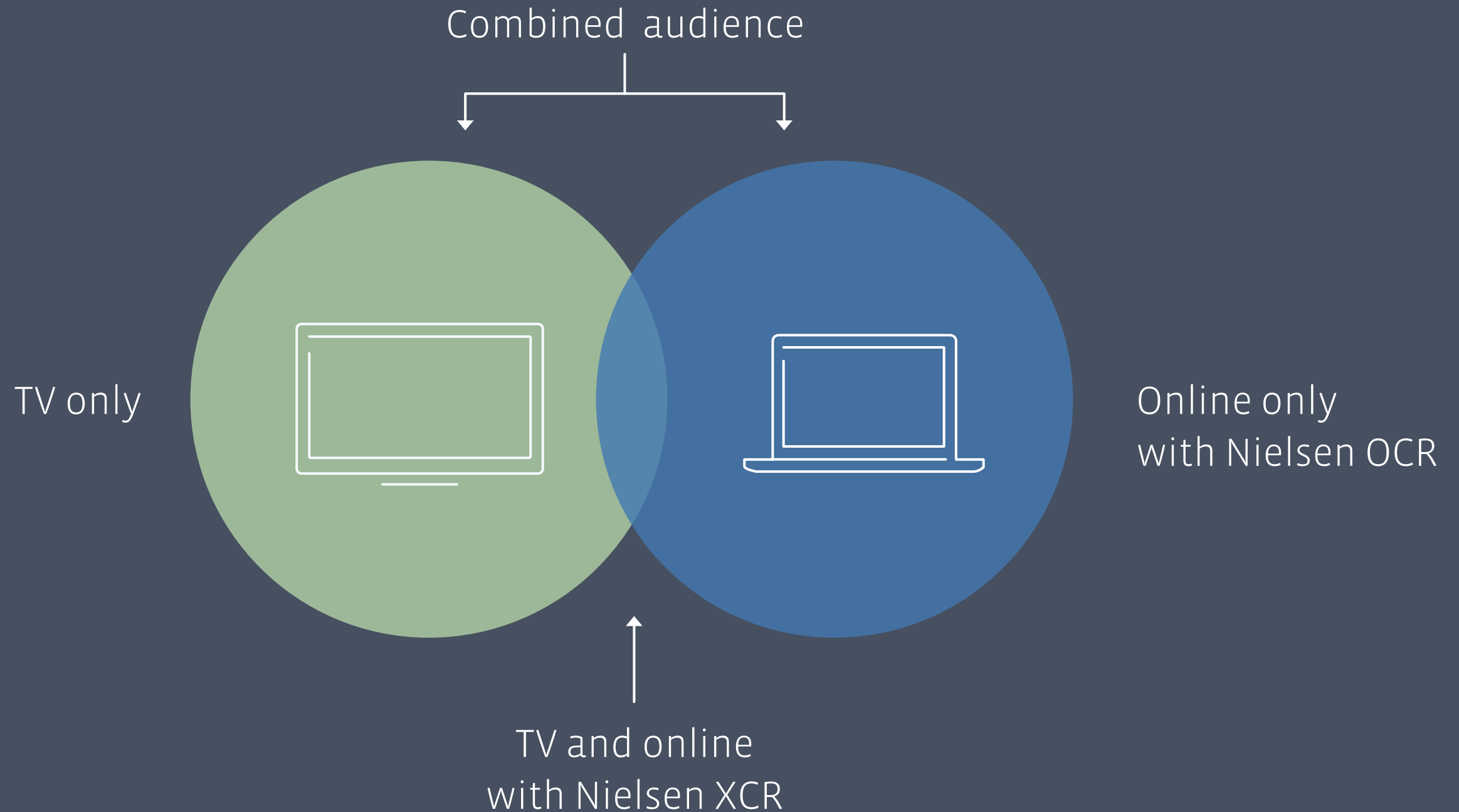
Facebook extends reach, complements TV

Facebook only
TV + Facebook
TV only

Female audience

60%

40%

20%

0%

2-14 15-17 18-20 21-24 25-29 30-34 35-39 40-44 45-49 50-54 55-64 65+ Total

Male audience

60%

40%

20%

0%

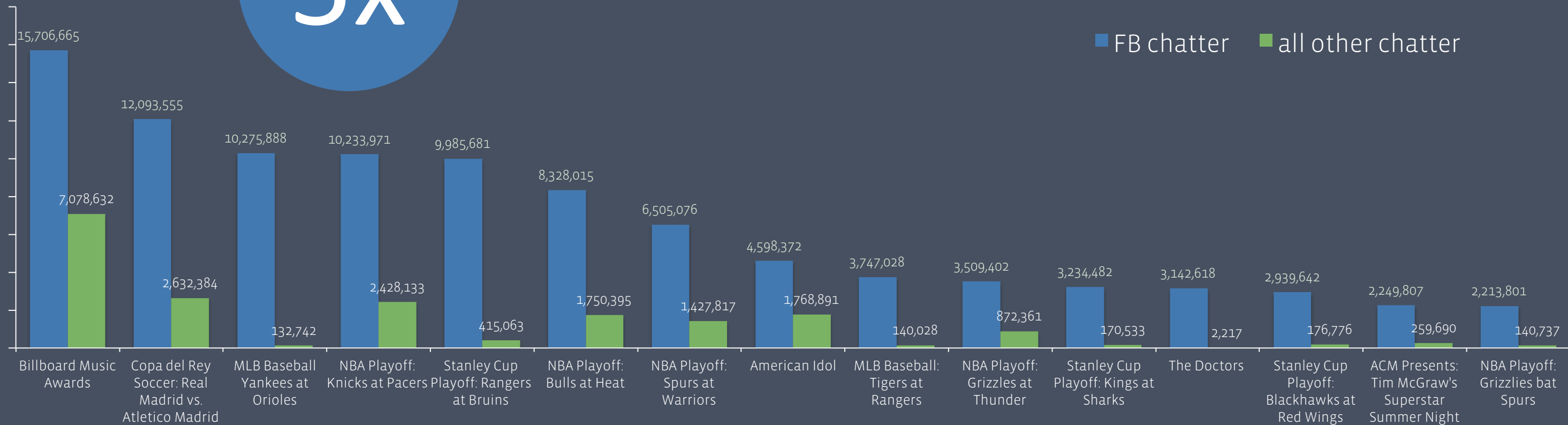2-14 15-17 18-20 21-24 25-29 30-34 35-39 40-44 45-49 50-54 55-64 65+ Total
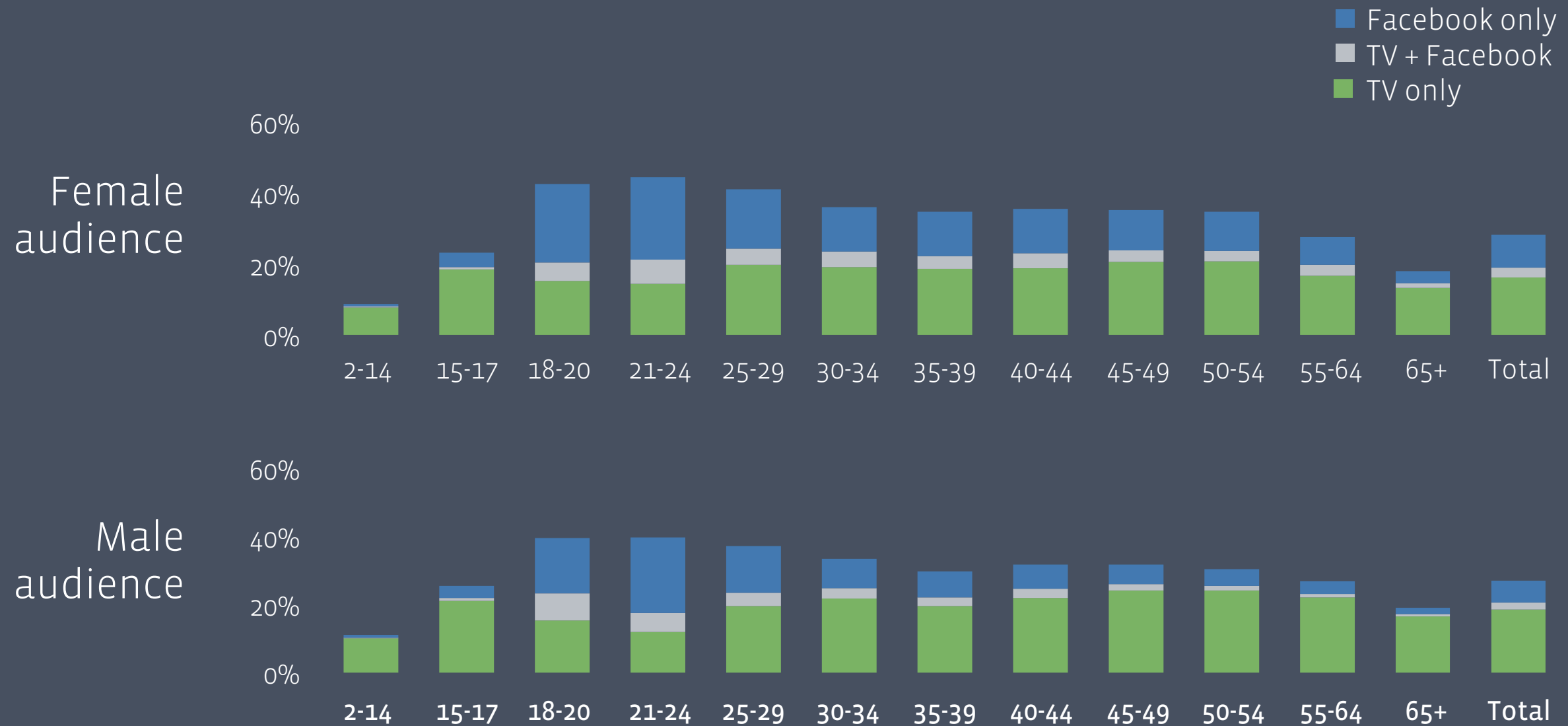
Note: Example, large QSR campaign, Audiences over 2 years of age

Total Facebook discussions vs. all other social media

5x more chatter on Facebook

5x

■ FB chatter   ■ all other chatter
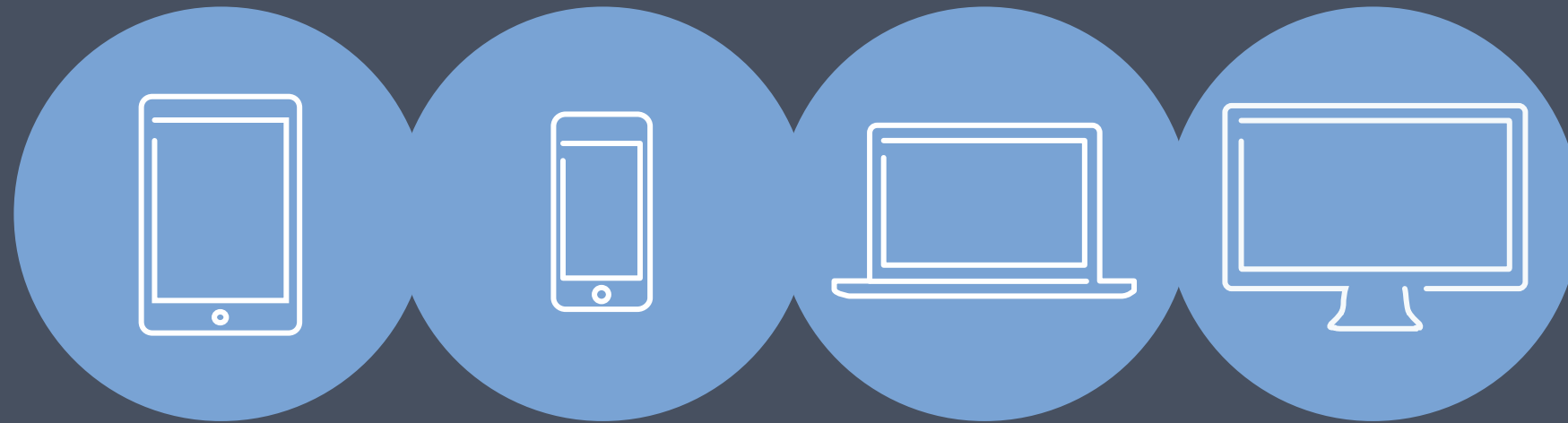
Event	FB chatter	all other chatter
Billboard Music Awards	15,706,665	7,078,632
Copa del Rey Soccer: Real Madrid vs. Atletico Madrid	12,093,555	2,632,384
MLB Baseball Yankees at Orioles	10,275,888	132,742
NBA Playoff: Knicks at Pacers	10,233,971	2,428,133
Stanley Cup Playoff: Rangers at Bruins	9,985,681	415,063
NBA Playoff: Bulls at Heat	8,328,015	1,750,395
NBA Playoff: Spurs at Warriors	6,505,076	1,427,817
American Idol	4,598,372	1,768,891
MLB Baseball: Tigers at Rangers	3,747,028	140,028
NBA Playoff: Grizzles at Thunder	3,509,402	872,361
Stanley Cup Playoff: Kings at Sharks	3,234,482	170,533
The Doctors	3,142,618	2,217
Stanley Cup Playoff: Blackhawks at Red Wings	2,939,642	176,776
ACM Presents: Tim McGraw's Superstar Summer Night	2,249,807	259,690
NBA Playoff: Grizzlies bat Spurs	2,213,801	140,737

Source: Trendrr, 2013

Reach

Resonance

Reaction

Incorporate measurement of Facebook into resonance systems used for TV, online and mobile

Greater brand resonance than other online ad campaigns

Ad recall

online average

Facebook

98%

Brand awareness

online average

Facebook

31%
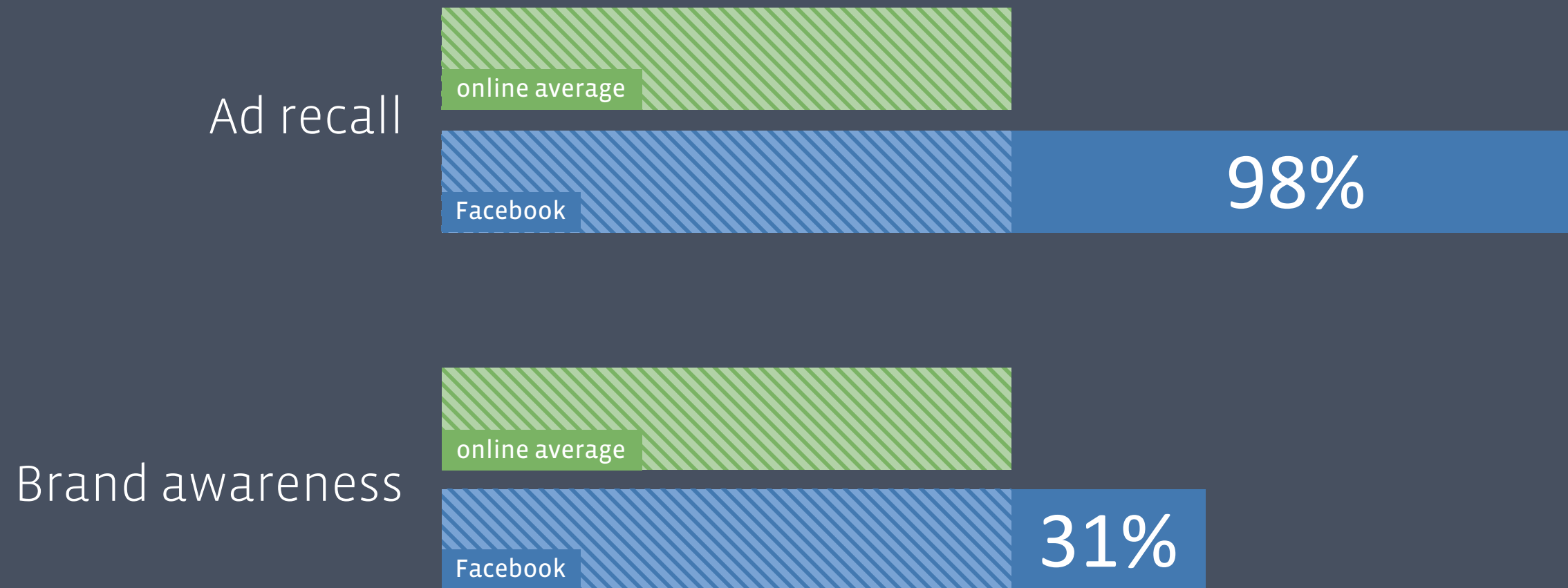
Research polls measure brand resonance

Research polls reflect offline behavior

Intent, Attendance & Weekend Gross

% intending or reporting attendance

Opening weekend gross (millions)

Weekend gross: ($M)
Intent: Are you planning to go the movies this weekend? R=.79
Attendance: Did you go to the movies this weekend? R=.89

Source: Facebook internal polling & Box Office Mojo data, February 2011
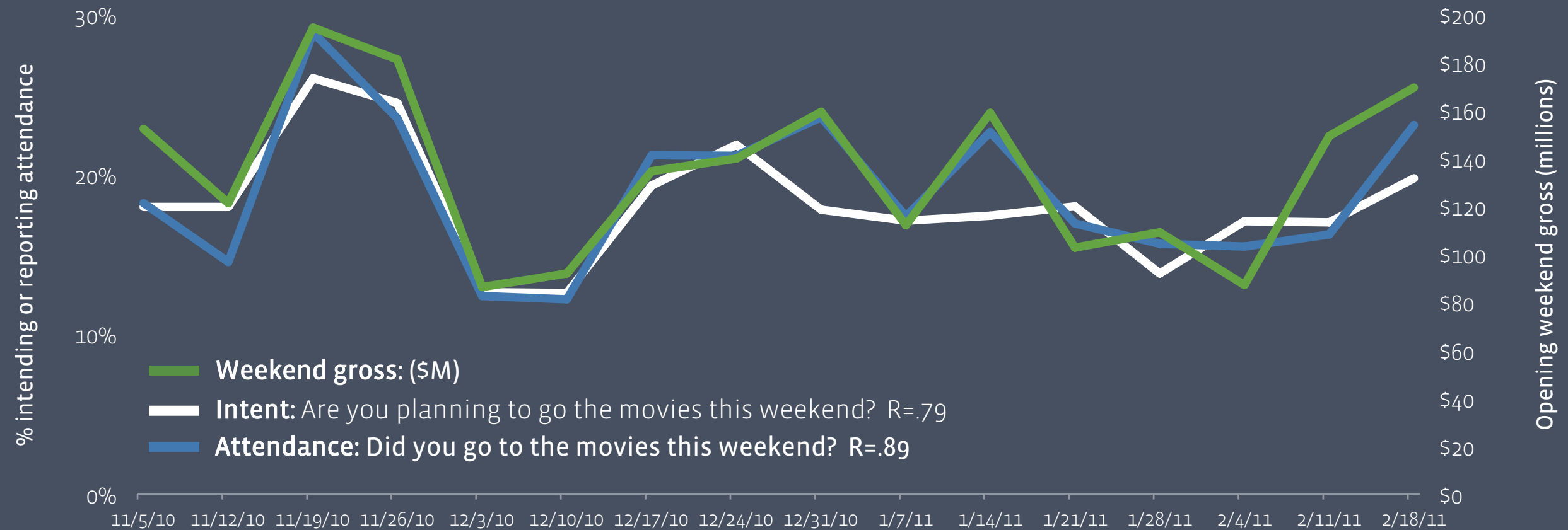
Nielsen Brand Effect measures ad effectiveness at driving brand metrics

1. Ad displayed to user

Control group created dynamically

Users randomly assigned to exposed & control groups while ads are served, yielding two groups that are perfectly matched on targeting and site usage
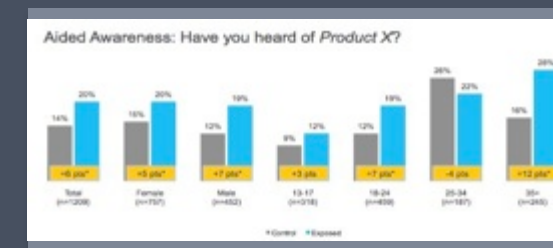

2. Polls next day in ad context

Representative results delivered quickly

- Summary results with demographic cuts delivered in 3 days (2 days post ad run)
- High response rates, 10-100x of other methods, ensure representative sample & not "professional survey takers"

Reach

Resonance

Reaction

# OCM closes the in-store loop for your Facebook marketing

"Facebook's new Custom Audiences measurement could make it clear that someone didn't just stumble into a physical store's big Sunday sale, but instead saw an ad for it that inspired their visit."

– TechCrunch, December 2013

Offline Conversion Measurement: Nuts and bolts

Target audience (1)

Test group (2)

Holdout group

(3)
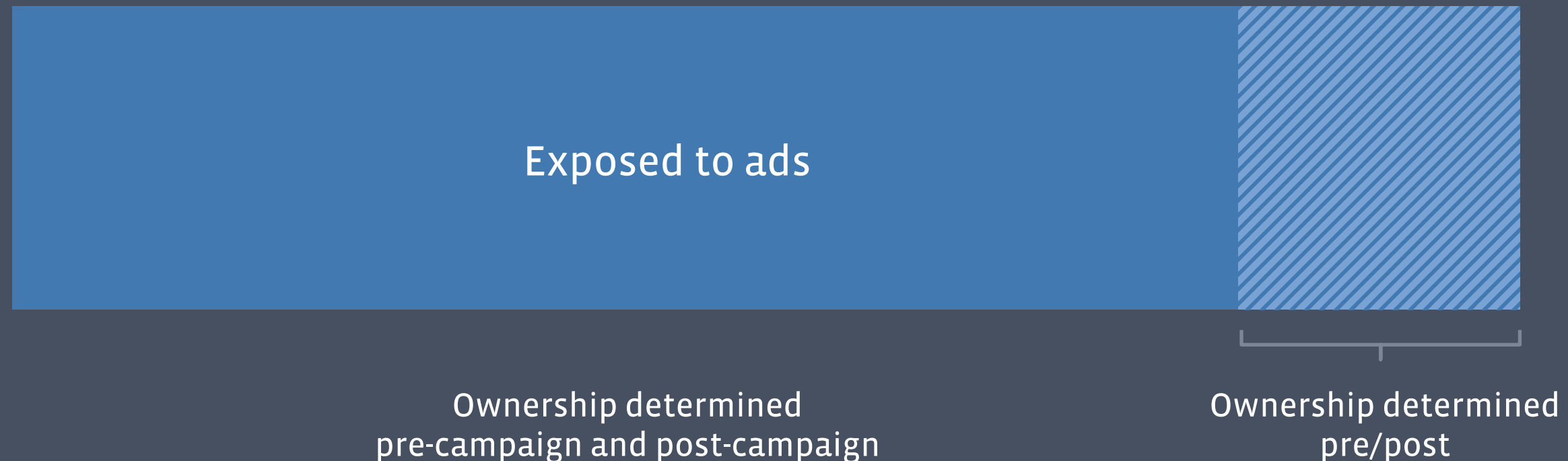
Test group

Sales lift

(5)

(4)
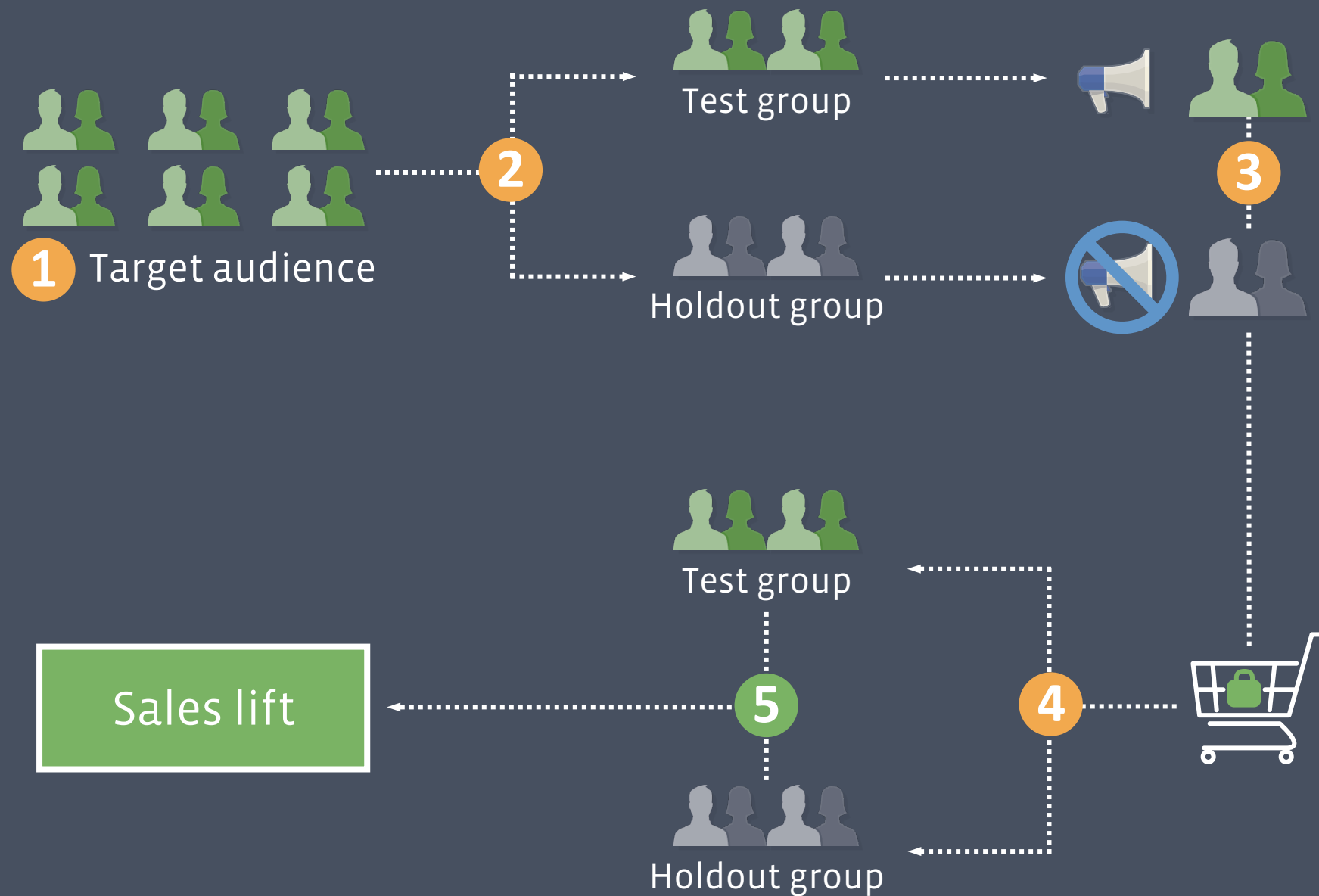
Holdout group

1. CLIENT: Identify an audience you'd like to target from your CRM

2. CLIENT: Split this audience into two groups—test and holdout—then upload to Facebook

3. CLIENT: Target the test group with media and exclude the holdout group

4. CLIENT: Send encrypted transaction data to Facebook

5. FACEBOOK: Analyze ad impression data and transaction data to calculate lift between two groups

Outcome measurement methodology
## Propensity score matching

- Match exposed and unexposed users based on demographics, Facebook engagement, fan status, etc.

- Compare ownership patterns across matched samples of exposed and unexposed
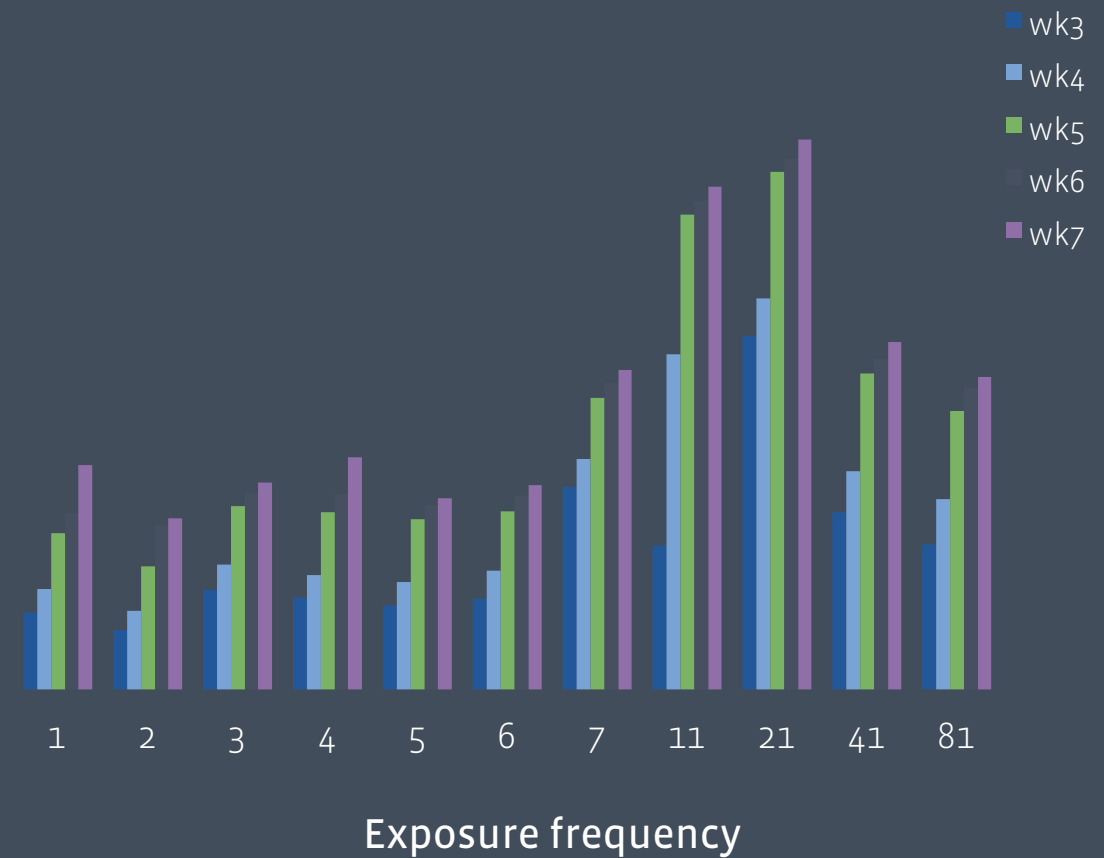
Exposed to ads

Ownership determined
pre-campaign and post-campaign

Ownership determined
pre/post

Outcome measurement internal test
Analysis controls for gender, age, fan status, FB engagement level, etc.

Percentage lift in device adoption

Control
Exposed

wk 3 · wk 4 · wk 5 · wk 6 · wk 7

Weeks from campaign end
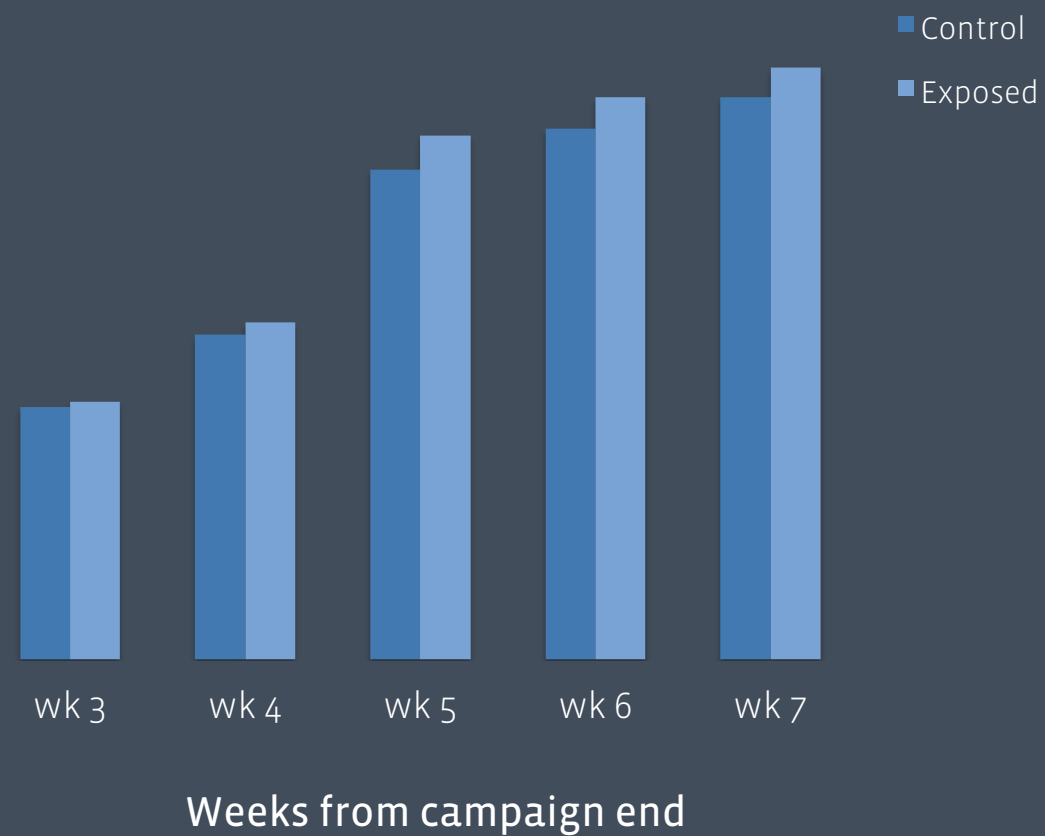
Device adoption by ad exposure frequency

wk3
wk4
wk5
wk6
wk7

1 2 3 4 5 6 7 11 21 41 81

Exposure frequency

Two core analyses to drive insights

Audiences

+

Campaigns

=

ROI insights

8X

median return on
ad spend

The opportunity: Optimize ROI with the right message for right person at the right time

Pet product mid-cycle

Personal care product end-of-cycle loyalists

Grocery product Saturday shoppers

Cleaning product recent switchers

Moving towards a multi-touch attribution model

A last-touch attribution model attributes entire value of a conversion to the last ad clicked or seen

✖ Miscalculates ROI by assuming the consumer doesn't see or click any other ads along the way

A multi-touch attribution model attributes value to observed touch point along the path to conversion
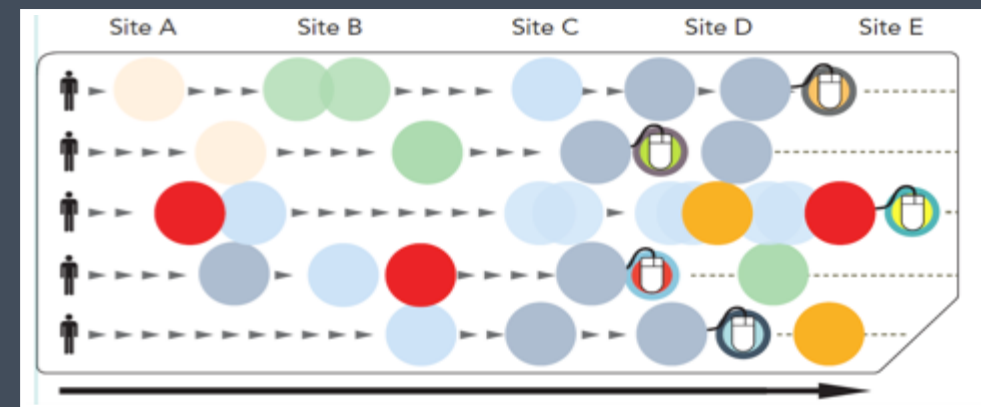
✔ Provides a more realistic assessment of ROI by capturing a holistic picture of the customer journey across channels
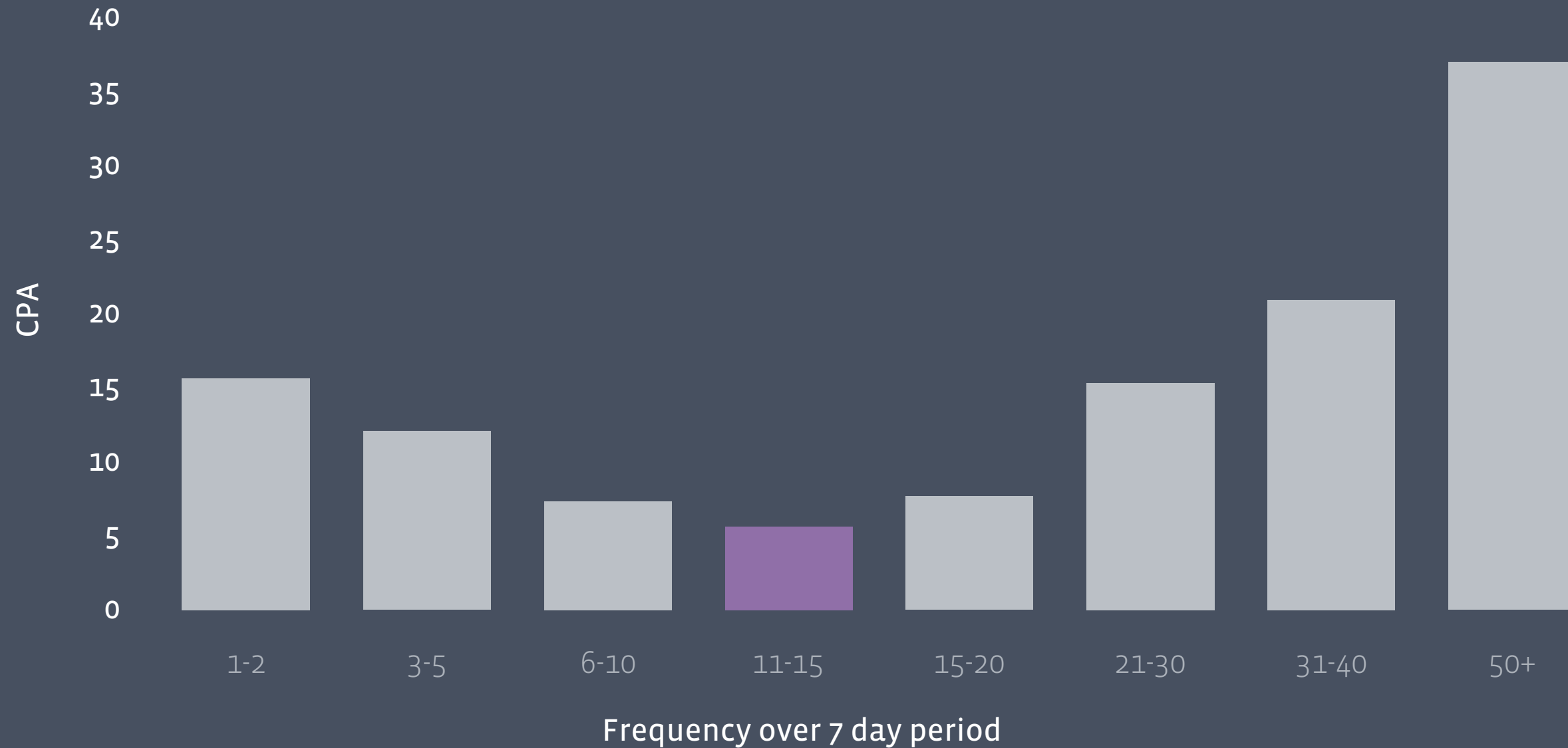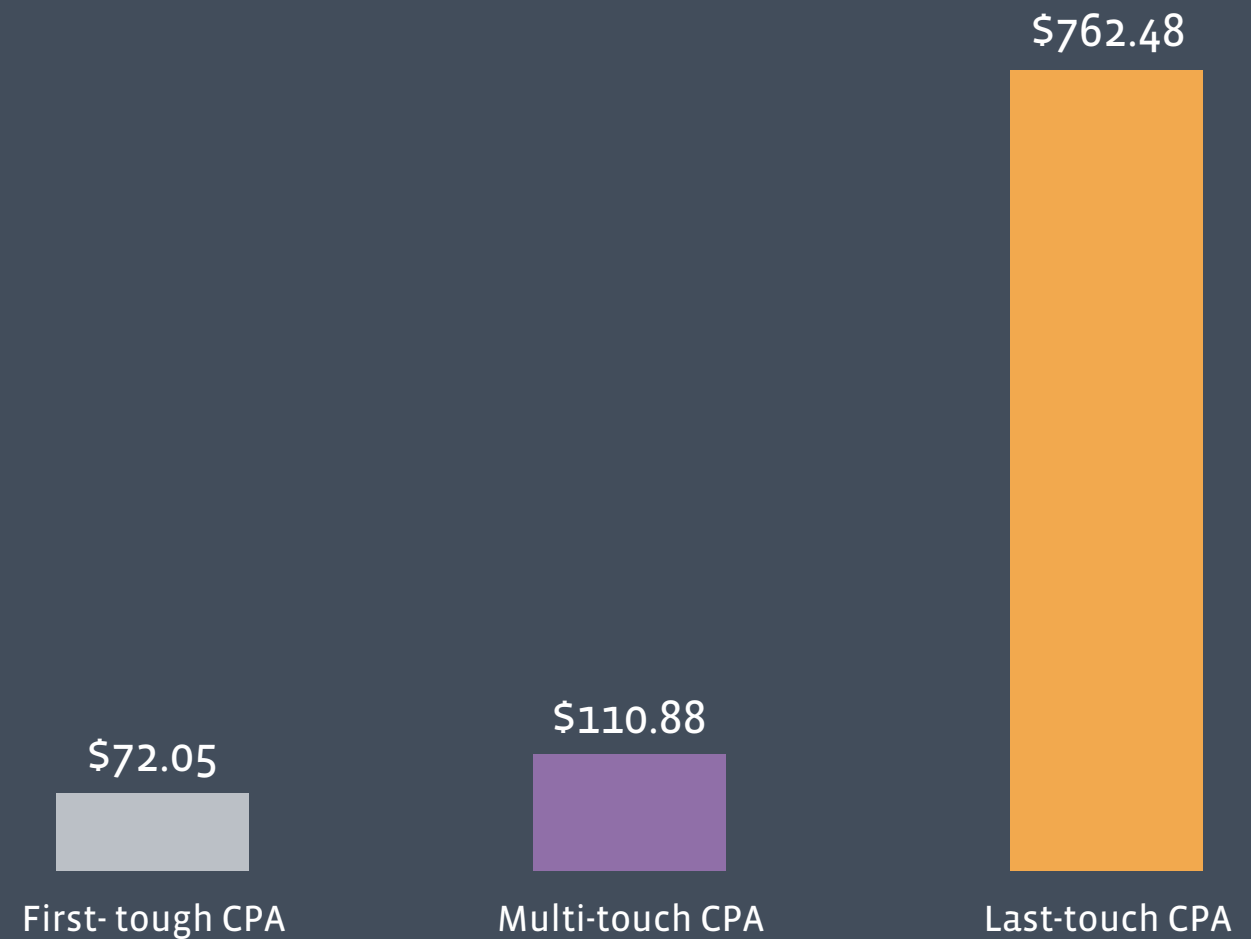
Multi-touch models reduce CPA

convertro

First test segment for this client:
Conquesting Fans of a competitor

Overall multi-touch attribution is
promising (3-day view, 30-day click
windows)

Facebook View-Through Beta: Overall Results

$762.48

$110.88

$72.05

First- tough CPA   Multi-touch CPA   Last-touch CPA

People drive business results

When clients moved from allocating their advertising spend using last-touch attribution to using multi-touch attribution, they saw a

33%

increase in actions, conversions and sales

Source: Aggregate Knowledge, Q4 2012

Exposure on Facebook drives results

On average,

99%

of people who saw a Facebook ad and then bought a product in the store never clicked on an ad at all
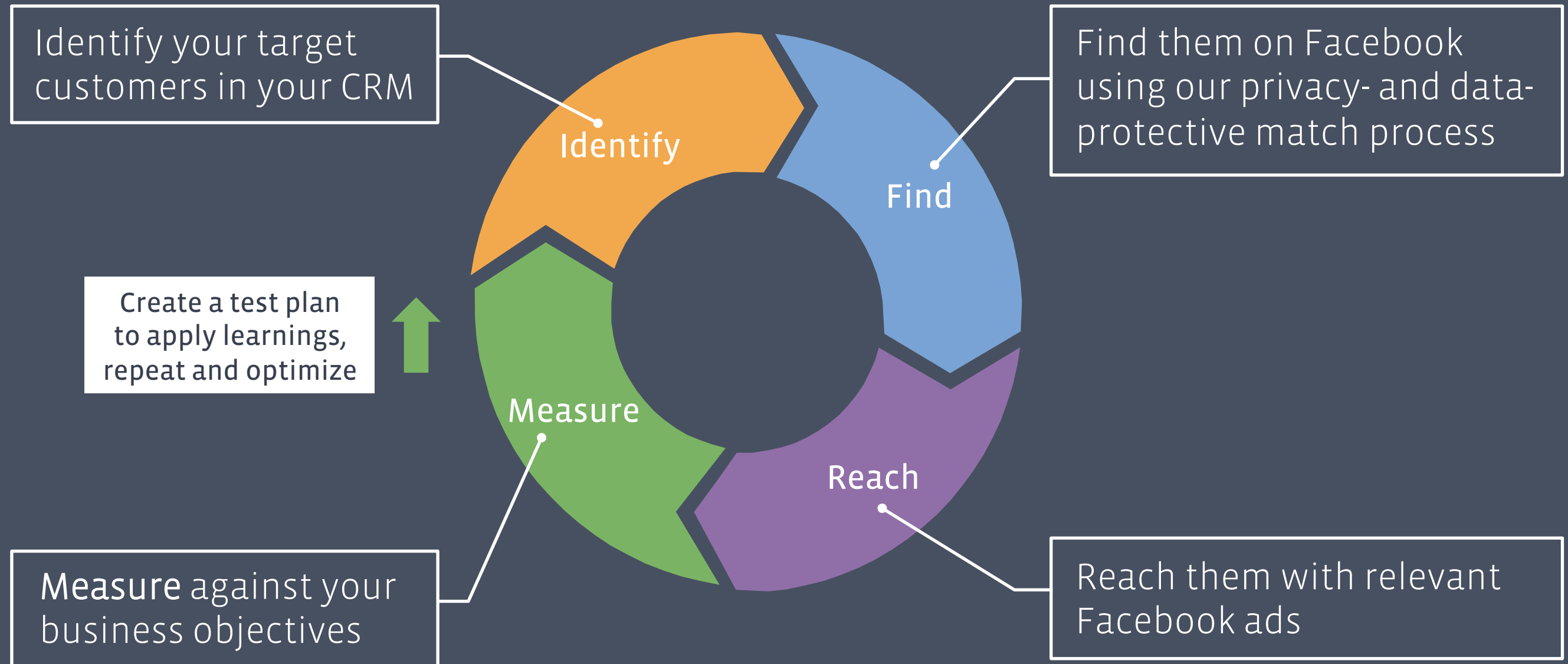
Source: Datalogix, June 2013

Reach your customers more efficiently

Campaigns that maximize for reach among their target audiences achieved **70%** higher offline ROI than those that didn't

Incorporate learnings into future marketing

Identify your target customers in your CRM

Find them on Facebook using our privacy- and data-protective match process

Create a test plan to apply learnings, repeat and optimize

Measure against your business objectives

Reach them with relevant Facebook ads

Identify

Find

Measure

Reach

Summary

Measure against your Business Objectives

Optimise for Reach, Resonance and Reaction

Plan TV and Facebook media together

Use Multi Touch Attribution models to determine your media split

Optimise ROI with the right message, to the right people, at the right time

Personal marketing at scale

Make your marketing personal. Again.