



3Q WHITEPAPER SERIES

**3Q Digital's
Complete Guide to
Facebook Advertising**

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Overview

Facebook advertising is a viable, profitable digital platform that can stand on its own or work in combination with other channels. Facebook has the power to help you find, build, nurture, and convert new audiences on mobile and desktop. It's an integral part of every digital strategy – ecommerce, B2C, B2B, health care, education, etc.

Today, a Facebook advertiser's biggest obstacle is that, with the proliferation of ad types, goals, and things you can actually achieve on Facebook, the options and best practices can get overwhelming. We're boiling it down for you in our unique, comprehensive guide to Facebook advertising, which adds our agency's secret sauce onto all the layers every Facebook marketer needs to know.

Those layers include:

1. **Tracking** (The best-run campaigns in the world lost tons of value if they're not properly tracked)
2. **Account Structure**
3. **Ad Sets** (Targeting, Bidding, Budget, and Placement)
4. Best Practices for **Acquisition Campaigns**
5. Best Practices for **Retention Campaigns**
6. **Ad Units** (Best Creative and Testing Practices)

As we walkthrough our Facebook Playbook, we will be referencing 2 fictional clients:

1. FashionFinds is an ecommerce site focused on women's fashion retail. They have a range of product lines including dresses, shoes, jewelry, etc. and ship to 10 countries. They do not have a mobile app.
2. GoodFood2U is a restaurant food delivery service that has a website and app component. They're very geo-based, serving specific markets in the US only.



Before we dive into the six layers mentioned above, a couple of notes. First, the techniques and optimizations discussed represent our breakdown of advanced advertising on the **native Facebook ads platform**; if you work with Nanigans, Kenshoo Social, 4C, etc., you may have experience with different naming conventions, API functionality, etc.

Second, what is our secret sauce? It's the 3Q Social Framework, a simple but effective way of reaching the right audiences, on the right platforms and devices, with the right creative and message. It serves as a scalable foundation to build profitable growth drivers on social platforms. Similar to our [Alpha-Beta structure for paid search](#), the 3Q Social Framework uses single-objective campaigns to isolate top performers, build their scale and continuously optimize. Top campaigns are managed 100% autonomously from one another, allowing for evergreen scale combined with new & seasonal campaigns. The 3Q Social Framework is a hub-and-spoke model, with the single objective sitting in the "hub" position. An example single objective for FashionFinds might be "Women's Dresses: Acquisition". From there, the Framework dictates that each "spoke" needs to be uniquely tailored towards the objective of selling women's dresses to new customers. In this set-up, your audience, placements, message, creative and post-click experience all need to feed back to your single objective.

Tracking

Implementing [Facebook's tracking pixel](#) allows us to determine if performance is on track with our clients goals. Generating a pixel and placing it on the site will capture events that take place on the client website such as a checkout, registration, view of a particular webpage, etc., when the code fires. To learn more about Facebook conversion tracking, pixel creation and verification, please click [here](#).

Once you have the Facebook pixel placed on all pages of your website, you can create custom lists of users who have visited specific pages or taken specific actions on your site. These Custom Audiences generated from the website can serve to meet strategic objectives for customer retention and acquisition. For more information on Website Custom Audiences, read the step-by-step guide [here](#).

Specific to mobile app campaigns, the Facebook SDK (Software Developer Kit) can be used as a single tracking solution. It allows for the tracking of installs of an app along with deeper app activities. Our best practice is to utilize the FBSDK to keep everything contained within the Facebook ad platform for the same reasons you'd want to utilize the Facebook Pixel placed in the FB ad platform for web conversion campaigns. To learn more about all things FBSDK including setup and deep linking, [click here](#).

You may already work with a third-party app tracking platform, such as AppsFlyer, Adjust, Kochava, or TUNE. If you are using any of these or another Mobile Measurement Partner (MMP) that is a Facebook Partner, keep in mind that you can map tracking events created within the MMP to Facebook Standard Events, so that you can report on and optimize for them.

Account Structure

When determining account structure, you want to first define your key strategic objectives and break those objectives into a series of Acquisition & Retention campaigns. As previously noted, the 3Q Social Framework dictates that your campaign should always be a single objective. When developing a naming convention for an account, make sure that it is easily understood by all involved parties.

At the campaign level, you'll also choose your primary advertising objective. The advertising objective is geared more towards the tracking and reporting selection rather than the overall strategic objective. Common advertising objectives for 3Q clients are website conversions and mobile app installs. Choosing website conversions will allow you to track and report on conversions whereas mobile app installs tracks installs. Ultimately, you will choose the objective that closest matches the objective and primary KPI for each of your campaigns. Below is a list of all the different objectives you can choose from:

- **Clicks to Website:** Send people to your website.
- **Website Conversions:** Increase conversions on your website. You'll need a [conversion pixel](#) for your website before you can create this ad.
- **Page Post Engagement:** Get likes, comments, and shares on your posts.
- **Page Likes:** Promote your Page and get Page likes to connect with more of the people who matter to you.
- **App Installs:** Get installs of your app.
- **App Engagement:** Increase engagement in your app.
- **Offer Claims:** Create offers for people to redeem in your store.
- **Event Responses:** [Raise attendance at your event.](#)
- **Video Views:** [Create ads that get more people to view a video.](#)

Ad Sets

The ad set level will carry your audience targeting, budget, bids and placements. Each of these elements will be optimized towards meeting your campaign objective. For better control, each ad set should represent a single audience. By segmenting targeting into separate ad sets, we can better determine performance and optimize accordingly. For this reason, we want to avoid overlaying audiences in a single ad set unless it's absolutely necessary.

A Facebook best practice is to combine all placements. We recommend letting the data dictate how we handle placement breakouts. If your account is brand new, and if your mobile site is strong, we recommend combining placements initially. Once we have data on all placements, it makes sense to test breaking out the placements and prioritize budget towards the strongest placements. Facebook inventory tends to be 85% mobile and 15% desktop, so it's safe to expect that the bulk of traffic will go towards mobile with combined placements. An example: if we are working with the fictional FashionFinds and see that Facebook is putting 75% of the budget towards mobile news feed, but the mobile CPA is 5% higher than desktop, we would break out the placements and test a 60/40 split to see if desktop can sustain its stronger CPAs with more budget. We recommend testing this on 1-2 ad sets initially and then breaking out more in the future if performance appears strong.

Types of Audiences

We can target users a number of ways using a combination of your first-party data as well as the defined audiences made available for targeting on Facebook. Common audience targeting approaches include Custom Audiences, Lookalike Audiences, Partner (Third Party) Audiences, Locations, Demographics, Interests, and Behaviors. Below, you will find more information on common audience targeting practices.

1. Custom Audiences are defined by using existing information that identifies your customers. To define a custom audience, you must provide a list of customer email addresses or phone numbers to be uploaded to Facebook.

Define Seed Audiences. With CRM lists (such as customer email addresses) emphasis should be on quality over quantity. Highly selective parameters should be used to segment specific types of customers. Some examples can include the Top 5% LTV customers or customers that make a certain number of repurchases per year.

Your custom audience list should be between 1K and 5K, post-match, so if you are working with a larger seed audience it is best to break it into separate tiers and build custom audiences from those separate seed lists rather than working with one large custom audience. To try to achieve a higher match rate percentage with your seed lists we recommend using a “waterfall” approach, where you supply as much first-party data on users as possible. For example: in addition to email address, you would also include additional information such as physical address, phone number, full name, etc. The match rate percentage tends to be lower for B2B than B2C since it’s rarer for users to utilize their work email address on a personal social media account. However, third-party companies exist that can help match business emails to personal ones.

Facebook allows for advanced matching to create a stronger Custom Audience and improve your match rate. Prior to advanced matching, Facebook allowed an advertiser to upload email addresses, phone numbers, and mobile advertising IDs. Now, you can upload the following to improve match rate: Email, Phone Number, Mobile Advertiser IDs, First Name, Last Name, Date of Birth (year, month, date), Gender, City, State/Region, ZIP/postal code, and Country. Advanced matching is recommended for all accounts, but is especially important for brands that see a lower match rate when using just email addresses.

2. Website Custom Audiences (WCAs) fall under the Custom Audience umbrella as the audiences are defined by gathering first-party data on your website via Facebook pixel placement.

Define Audiences by Intent. You will want to take advantage of the targeting and segmenting possibilities of Website Custom Audiences (WCAs, only available when you are leveraging the Facebook pixel on all pages of your website). Depending on what pages someone hits on your site, they could have completely different motivations; therefore, you do not want to rely on retargeting solely to all site visitors. It’s also important to note that retargeting is not only reserved for retention campaign strategy. It can be utilized for both acquisition- and retention-focused campaigns. Depending upon your goals, retargeting audience lists can serve to meet your campaign objective. Below are some examples of how you may want to segment audiences given the different levels of intent:

- Shopping cart abandoners
- Grouping product category URLs
- Excluding past converters/order confirm page visitors
- Grouping by time spent on page
- Grouping by number of pages visited

You can also build WCAs off of people who came to your site from other marketing channels such as Paid Search, Affiliates, Email, or PLAs.

This method requires a unique URL parameter and provides the opportunity to match or beat that channel's best offer to incentivize action. Also, keep in mind that Lookalikes can be created off a WCA and they can be very effective. More information on how to build a WCA can be found [here](#).

3. Lookalike Audiences (LALs) can be derived from a Custom Audience or a Website Custom Audience, and provide the opportunity to target people who are likely to be interested in the offer because they share similar attributes to your existing customers.

Avoid Audience Overlay. When you are building Lookalikes off of your first-party data such as email lists or web traffic, it's a best practice to be more selective at the seed level and avoid overlaying additional targeting on top of the Lookalike Audience unless it's necessary (e.g. 21+ for an alcohol campaign). Lookalikes consistently refresh every 7 days and the algorithm will develop signals to improve ad serving based on your campaign objective and bidding method.

Define Audiences by Seasonality and Customer LTV. CRM data can be valuable for defining Lookalike audiences with similar attributes to your current customers. Seed audiences can be used for targeting holiday and promotion purchasers for brands with heavy seasonality. For example, the fictional GoodFood2U may want to define audience segments with higher delivery requests in colder months.

Additional audiences built off of CRM data can include product line converters, device converters, high value or high repeat customers, self-selected checkout parameters such as "this is a gift," or converters from social channels.

4. Interests, Behaviors, and Demographic targeting options are based off of user activity and information shared on Facebook as well as data surrounding offline activity that is provided to Facebook through trusted third-party partners.

Use Applicable Audience Targeting. Typically, Interests & Behaviors do not work as well as leveraging first-party data and LALs, but if you are launching a brand new site or app and do not have a CRM list, Interests & Behaviors are a good option to start with targeting (once you have a CRM list you can test out layering Interests and Behaviors on top of your LALs). If you are unsure of where to begin with your targets, you can use Facebook Audience Insights to mine valuable demographic, interest, or behavior information. You may want to target audiences based on demographics such as jobs and titles for B2B or homeowners and parental status for relevant B2C targeting. You can also experiment with competitor targeting at the interest level. Interest and Behavioral targeting are generally the only areas in which we recommend combining audiences together in an ad set – this is because you want to create categories of audiences.

For example, if your brand has 3 main competitors, you may want to create a “Competitor Ad Set” which is targeting the combination of the competitors. This is an easy way to ensure that we aren’t overlapping interest targeting. For example, if you had each competitor in its own ad set, then we would likely have a lot of audience overlap between the ad sets. Oftentimes, we will see that interest targets are small in size. Facebook thrives with larger audiences, so combining interest targeting allows us to create large groups of people from smaller groups. If we find that there is one interest target that is larger than the others within a specific category, we would recommend breaking that one out on its own.

5. Partner Categories (Third Party Data) allow you to reach users based on behaviors taken outside of Facebook. This can include searching history, spending practices, home ownership, income, etc.

You should test any partner category that makes sense for your brand. Many Partner categories are available natively through Facebook. Others can be imported or whitelisted by Facebook. For more information on Partner Categories, please [click here](#). We recommend layering in additional demographic attributes (income, net worth, household ownership status, etc.) for larger, less targeted audiences (such as broad interest targeting campaigns).

Audience Segmentation

Performance can vary for the different audience types; therefore, each WCA, Custom Audience, or Lookalike should be broken out into separate ad sets rather than lumped together. For example, a Lookalike based off High LTV customers will have a different behavior than a Lookalike audience based off discount-driven customers. The goal is to keep things as controlled as possible; defining distinct audiences that will help to meet your campaign objective while limiting audience overlap. Alternatively, types of Interests & Behaviors such as media habits and credit history targeting can be combined within a single ad set.

In the example of the fictional FashionFinds client, we may consider an ad set targeted to a Lookalike audience based on their top 5,000 AOV jewelry customers. When you are making an acquisition play, proper exclusions for current customers should be applied to the ad set. A separate ad set for the FashionFinds business may be targeted to a custom audience based on European customers who haven’t purchased in 12+ months.

For the GoodFood2U client, we may consider an ad set targeting a group of people with interest in direct and indirect competitors and then add the layer of Boston Metro area targeting. Another acquisition strategy could be including a Lookalike audience based on San Francisco app installer emails. An app retention strategy may include a custom audience based on Brooklyn customers.

When using Lookalike targeting, it is important to implement a nesting strategy. In the pyramid nesting structure below, audiences exclude all audiences above them. In this example, the WCA audience has no exclusions while the Interest audiences exclude all other audiences.



Placements

Placements should be tested by being both broken out separately and combined. As a best practice, until the data tells us otherwise, we recommend starting with the placements combined. As data begins to roll in, it may make sense to break out the placements and reallocate budgets based on performance.

The five main placement options are:

1. Mobile News Feed

Typically, Facebook ad inventory is about 85% mobile. The Mobile News Feed placement (MNF) typically delivers lower conversion rates but often carries higher CTRs and lower CPCs than the Desktop News Feed. It is important to understand your mobile experience prior to launching on MNF. A weak mobile experience will create negative sentiment towards the brand and do more harm than good. MNF ads will typically perform well for shallow conversions. As conversions become deeper in the funnel, we tend to see the CVR from initial click drop even more.

2. Desktop News Feed

Desktop News Feed allows for longer character limits and larger images. It is best for when you need to deliver more detailed ad copy to viewers. Given the high conversion rates and limited inventory (remember, only about 15% of Facebook inventory is desktop), it is the most expensive placement. Engagement rates are important on all Facebook ads, but since DNF is so expensive, engagement rate is most important on this placement. A high CTR will drastically drop the CPC.

An effective strategy could be using the MNF as the first touch point and leveraging the DNF for retargeting, especially when advertising high consideration products.

3. Right Hand Column

Right Hand Column placement typically carries lower CTRs but higher CPCs. There is no frequency cap available for this placement. For this reason as well as others mentioned above, you will want to segment right rail placements into a separate ad set from MNF and DNF placements. RHC is not recommended for retargeting given its reliance on view performance.

4. Facebook Audience Network

Facebook Audience Network (FAN) supports video and display ads across third-party websites and apps outside of Facebook. Although you are unable to see which sites or apps your ads are being served on, you can upload block lists to prevent ads from appearing in specific places on the FAN (for example, specific publishers, websites, and apps). FAN is starting to show promise, as Facebook has been making a big push to make it a viable placement. Although not common, we sometimes see FAN as our top-performing placement. We highly recommend testing this placement. For more information on the Facebook Audience Network, please [click here](#).

5. Instagram

Instagram utilizes the same targeting as Facebook and can be built using any objective. Although Instagram is often referred to as a separate platform, it is listed under “Placements” in Facebook, and we utilize the same best practices for both Facebook and Instagram. Instagram typically sees higher CPCs than MNF. You should expect a lower reach on Instagram, particularly with Custom Audiences, relative to the Facebook News Feed.

Newer placements – Instant Articles and Sponsored Messages – are now available, but don’t yet have high volume. We only recommend instant articles for pushing content, and Sponsored Messages for an objective that aligns with sending users directly to a chat experience within Facebook. For more information on these placements, please click [here \(Instant Articles\)](#) and [here \(Sponsored Messages\)](#).

Budgeting

Daily budgets are much easier for pacing evenly and are the preferred method for the vast majority of 3Q clients, especially when our client has a set monthly budget. In the example case of FashionFinds, daily budgets would be preferred since Facebook’s algorithm starts to learn site traffic patterns and will learn how to pace impressions throughout the day to maximize the daily budget.

Lifetime budgets should generally only be used when day-parting is part of your needed strategy. Day-parting is only available on Facebook when using Lifetime budgets. Since the fictional GoodFood2U client has very specific delivery hours in different geographic markets across the US with campaigns that are broken out by geo, they would require a day-parting strategy to keep the program efficient.

Bidding

There are four main bidding methods available at the ad set level:

1. CPC (cost per click) bidding is a basic strategy for performance advertisers where advertisers pay on a per-click basis and the system optimizes for the click traffic. CPC will reach users likely to engage (click) on your ad. We see a high CTR and low CPC on this placement. It is recommended for small audiences where oCPM does not work or where audience pools are smaller but are highly qualified.

2. CPM (cost per thousand impressions) bidding is a method that strictly aims to optimize for the cost of serving 1,000 impressions, regardless of the quality of impression. CPM should be reserved for when you want to reach as many users in an audience as possible. For example, if you have an audience of 2,500 who always purchases when there is a promo... you would want to use CPM for them.

3. oCPM (optimized CPM) is a more common route than CPC and CPM bidding, and optimizes for conversion on a cost per thousand impressions basis. With oCPM you'll pay to reach the portion of a given audience that Facebook thinks is most likely to convert.

4. CPA (cost per action) is a bidding method that optimizes towards actions such as mobile app install, page likes, offer claims, and link clicks. Under the CPA bidding method, advertisers pay on a per-action basis. Facebook allows you to choose which time window it should optimize off of (1 day click or 7 day click). You also need to choose either an automatic or manual bid.

When to use oCPM bidding

oCPM is generally going to be your best bidding option for Web Conversion campaigns and is often a great scaling mechanism. oCPM optimizes on a cost per 1,000 impressions basis. The bidding method essentially will show to the people in your audience who are most likely to take your desired action (convert). Because of this, Facebook will only serve impressions to ~20% of a given audience when using oCPM. Below are some things to consider:

- In order to use oCPM, Facebook needs a large enough audience to be able to optimize towards users most likely to convert. We recommend at least 500K users in the audience.
- Your budget should enable Facebook to get a minimum of 25 weekly conversions per ad set to begin. The algorithm needs these 25 conversions to begin optimizing, but it is critical that it continues to receive data frequently, so 20-25 conversions per week is recommended.
- If your conversion data doesn't meet the recommended threshold, you can create a proxy conversion event higher in the funnel to facilitate bidding under the oCPM method. An example of a proxy can be adding an item to a shopping cart as a demonstration of the person's intent to convert. The system will then use the proxy to predict performance in the auctions.
- We typically recommend launching with an automatic bid within Facebook. If you are having trouble, try switching to manual. The optimization window can be set to either 1 day or 7 day click. If there are enough conversions at the 1 day click, we recommend using the 1 day click window.
- If you are strict on CPA and efficiency, we recommend setting your bid at 15-20% above CPA target. This should keep things in line and your conversions close to a CPA goal.
 - You can set this as the average or maximum CPA goal. We have sometimes seen that average bidding paces slower than maximum, but you should test to see what works best for you.
- If getting impressions at scale is the goal, you should set your bid at 2-5x your CPA goal. This approach is also effective if it's a struggle to get delivery otherwise.
 - For example, the GoodFood2U client has a CPA goal of \$40. Under auto oCPM and a target of +15% of CPA goal, we are not getting any delivery. To combat this, we can set the bid at \$80-\$200. The significantly higher target doesn't mean you'll pay that much for a conversion, but it gives a signal to the algorithm that the audience is important to you and you want to serve impressions to it.

When to use CPC bidding

CPC (Cost per Click) bidding is typically used when your audience size is below 500k.

CPC works especially well for retargeting given the audience you are targeting has already had interactions on your site and are much more likely to be 'click converters.'

CPC bidding may also be a preferred option for companies that run regular promotions on a weekly basis given the Facebook algorithm takes a day to adjust to conversion rate fluctuations under the oCPM and CPA bidding methods.

Finally, using CPC bidding makes sense when the conversion event you are optimizing for is deep in the funnel or has a high CPA. This means that there won't be enough data poured into Facebook in order for the algorithm to optimize correctly. When this is the case, either switch to optimize for something earlier in the funnel (like add to cart) or switch to CPC bidding.

3Q Facebook Web Conversion Bidding Matrix

	oCPM	CPC
Goal of Bid Type:	Objective set at the campaign level	Clicks
Ideal Audience Size:	1.0 Million +	Under 1 Million
How to Set Bid:	5x CPA Goal	<ol style="list-style-type: none"> 1. Based off of similar CPCs 2. Depending on the expected relevance score
If ad set is not spending:	<ol style="list-style-type: none"> 1. Increase Budget 2. Increase Bid 	1. Increase Bid
Exceptions to the Rule:	Use CPC if: <ol style="list-style-type: none"> 1. Low CVR 2. High CPA 	Use oCPM if: <ol style="list-style-type: none"> 1. You want to scale! CPC bidding is for small audiences

oCPM vs CPA: When possible we want to choose oCPM or CPA bidding depending on the campaign objective. Both bidding methods are very similar in that they optimize towards a CPA target. The biggest difference with CPA bidding is that it only optimizes towards the below specific conversion types:

- Page Likes
- Offer Claims
- Link Clicks
- Mobile App Installs
- Mobile App Engagement Events

CPA bidding also does not take into account external website conversions, as oCPM does. An additional key difference is that oCPM bidding is about scaling your campaigns and aims to spend your daily budgets while trying to hit the CPA target. CPA bidding, on the other hand, is purely focused on efficiency and hitting your target CPA goal vs. making use of your entire budget.

3Q Facebook Mobile Install Bidding Matrix

	CPA	oCPM
Goal of Bid Type:	Maximize ROI with strict bid caps	Increase delivery by paying by impressions
How to Set Bid:	Based off LTV/CPA goal numbers – set slightly above the cap to give FB flexibility	Try automatic at first; keep adjusting up until delivery kicks up and CPIs are at goal
When to use:	For controlling your maximum cost per install most effectively	To increase scale of installs and delivery of your ads <ul style="list-style-type: none"> • Good creative is key or you can easily miss your goals using this bidding method

*CPA Bidding is not an available option until after 1-2 weeks of oCPM buying due to FB verifying installs

Acquisition Campaigns

This section goes through a number of best practices to keep in mind as you build out Acquisition campaigns.

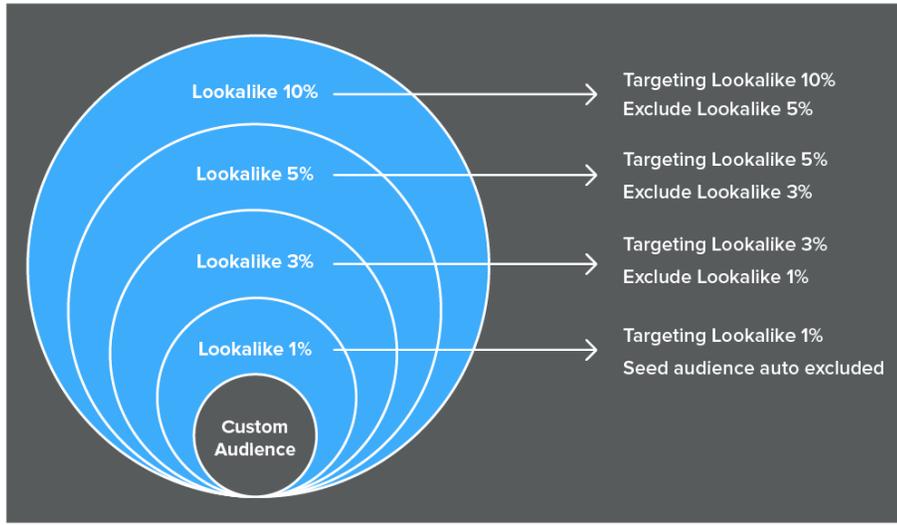
When we build out pure acquisition campaigns (where our client is only interested in new customers), we always exclude their CRM list of current customers, as well as a website custom audience of users who have converted.

For example, if a confirmed checkout on FashionFinds results in a URL that contains 'order-confirm' then we will want to set that URL up in its own website custom audience. It's a similar process for excluding a custom audience event that matches checkouts. For mobile app campaigns, it would involve excluding those who have installed the app if cost per install is the goal and/or excluding app purchases/checkouts if cost per new customer purchase is the goal.

Lookalike Audiences

When building ad sets for an Acquisition focused campaign, you should use Lookalike audiences modeled off highly targeted email seed audiences rather than creating an LAL off of your entire CRM list. The larger an audience is and the more variables at play between types of customers, the less likely for Facebook to be able to return a good LAL. For this reason, Lookalike audiences should be modeled off a single seed audience criteria. Examples of seed criteria can include top 5K LTV customers, top 10% repeat purchaser customers, and highest AOV customers. The custom audience, or the seed that an LAL is created from, will automatically be excluded from that LAL target.

Always begin testing Lookalike audiences with a 1% LAL. This 1% tier will give you a good indication if the audience has potential to scale. In theory, the lower % the LAL, the more alike they are to your seed audience. A 1% LAL will reach a finite scale somewhat quickly, so if you're seeing directionally positive results, you may want to consider opening up your LAL% tiers. Keep in mind as you expand outward to different tiers, nesting strategy specifies you should exclude previous tiers.



In the graphic above, the outer tiers exclude the inner tiers. So the 10% excludes all lookalikes under it while the 1% has no exclusions [the Custom Audience (seed audience) is automatically excluded].

As mentioned in the Audience Segmentation section above, if there are two audiences that are roughly the same size (IE Top LTV 2% and Most Recent Purchasers 2%), you exclude the weaker performer from the stronger audience.

Smaller percentages should not have demographic layers on top of them, unless it is absolutely mandatory (e.g. layering in 21+ for any sort of alcoholic product, or geographic restrictions). We have a lot of faith in Facebook’s algorithm and their ability to find the top users based on the seed audience. Assuming we upload a strong seed audience, Facebook will be able to pick out the core demographics that make up that group. As we expand out to larger tiers, it is okay to layer in age, income, or broad interests to the lookalike audience to make it stronger. Make sure you keep an eye on audience size, though. If you layer in a very specific interest on top of an 8% (which is excluding the tiers below it), the audience size may be too small.

Website Custom Audiences

Website custom audiences are generated from the Facebook pixel placement on your website. WCAs can be utilized to exclude current customers and real-time conversions for the purposes of creating audience siloes for Acquisition focused objectives. WCAs can also be used to target non-converters, and when defining Website Custom Audiences, we recommend working backwards from steps in the checkout process. Essentially, someone who did all the steps besides the very last one will be your most efficient retargeting pool. General website visitors such as all visitors to the homepage may not be as effective as audiences created from visitors who have demonstrated more specific intent on your website. Facebook can go back up to 180 days for a website custom audience, so if your site gets enough traffic, you may want to set up different ad sets for time frame of the visit such as 30 days, 60 days, and so on. Note that some of these audiences will be extremely qualified (e.g an audience that made it all the way to the checkout page) but have a very small reach. It is worth testing both CPM and CPC bidding on these audiences.

Interests, Demos and Behaviors

Generally, interests, demographics, and behavior targeting do not perform as well as custom audiences and Lookalikes built from your company's first-party data; however, they can work well for certain verticals and drive more volume for the campaign. When structuring ad sets, similar interests should be lumped together in a single ad set whereas Behaviors should be designated to separate ad sets given large audience sizes in the millions. By segmenting Behavior targets into separate ad sets, we then can identify which behavior targets carry the biggest impact on performance.

In the example of the FashionFinds example client, you could target women in a certain age range who have an interest in Fashion. You could also target Behaviors such as women online purchasers. Additionally, you could target direct and indirect competitors as well as complementary brands and products.

In the example of the fictional GoodFood2U client, you could create a single ad set that targets people who have expressed interest food delivery services such as GrubHub, Postmates, DoorDash, Eat24, Caviar, etc.

Large interests, demos, and behaviors can be layered on with large lookalikes (7%+) to create a more refined audience.

Retention Campaigns

Retention refers to current customers or mobile app installers, where you are trying to stoke repurchase rates or deeper app and brand engagements. Retention strategy can also involve moving a person further down the funnel. Examples of this can include encouraging web sign-up users to complete a web application or moving mobile app installers to complete a mobile app purchase. It's important to identify key strategic objectives for retention, following the 3Q Social Framework to meet key specific objectives.

It is also important to confirm what sort of attribution window you are comfortable with for retention vs. acquisition.

Retention audiences will always be in the form of a custom audience or website custom audience supplied by any of the following:

- CRM lists
- Conversion Pixels
- Website URLs
 - Create a website custom audience of people who have reached URLs that indicate a prior purchase (e.g. order_confirm)
- Custom Audience Events
- Mobile App Events

Retention campaign strategy can be approached in a variety of ways. Below are some examples of the different strategies one can take:

- Lapsed customer retention (e.g. customers that haven't purchased in 12+ months)
- Upselling or repurchase incentives for current customers
- Matching segmentation, message, and creative used in email marketing; Social provides an additional touch point on the consumer path to purchase
- Re-engaging those who have uninstalled your app, not opened your app in x days, installed but not used, etc.

Ad Units

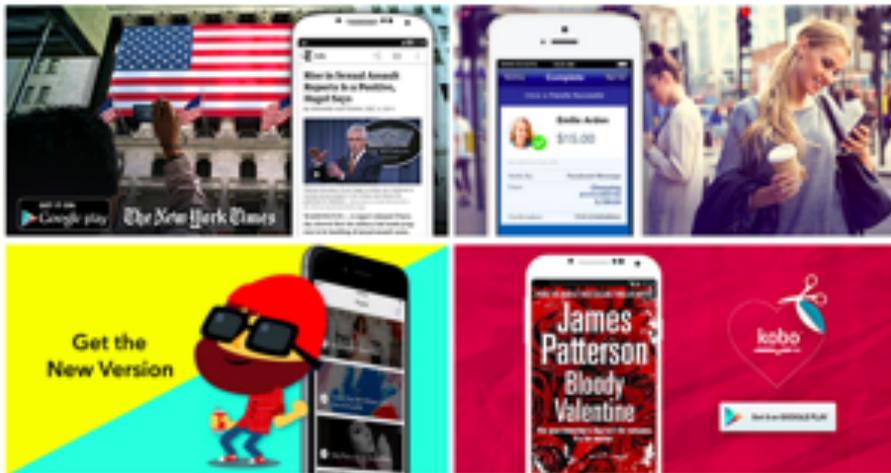
The range of available Facebook ad units can be overwhelming. Each ad unit has its own distinct advantages and ultimately your vertical will dictate the best ad units to launch with. As a general rule of thumb, you may want to initially run with a few single product image/static image ads and a carousel ad and then eventually layer in other types of ad units.

There are some exceptions to the rule for selecting ad units. For example, all e-commerce companies should be running dynamic product ads, whereas all lead gen companies should be testing the mobile lead gen ad unit. Naturally, video service businesses should be testing video for conversions. To get a better understanding of the newer ad units such as carousel and video, please check out this [3Q blog post](#).

Best Practices for Creative Elements

The evolution of Facebook's algorithm requires us to leverage each component of the ad unit to create a more tailored experience for the user. Elements controlled at the ad unit level in text (headline, copy, descriptions), destination URL as well as UTM tagging, images or video, and call-to-action buttons. Each of these elements in your creative should work together to carry a cohesive message that speaks to your audience and your desired objective.

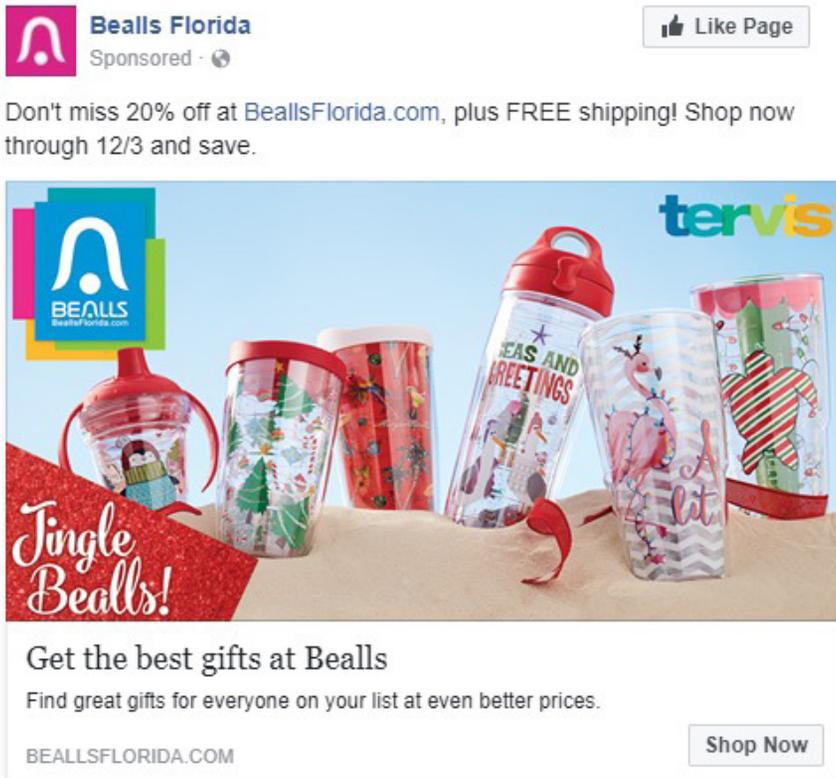
The most important element of any ad is always the image. In most cases, the ad will only receive a fraction of attention from a user, so it's important to pique interest in a short time span. As a best practice, bright colors such as oranges, reds, yellows, and greens can be used to contrast the cool color scheme of Facebook. The careful selection of color palette and use of high-quality images that tell a story can draw attention and potentially lead to higher CTRs for your creative. Whenever possible, avoid obvious stock imagery. For example, the mobile app ads below show a mobile device and the app screenshots in use that are winning tactics across all verticals.



When used in combination with images, compelling text can help break through the noise and motivate the person to complete a desired action through the use of call-to-actions. Messaging such as “deal of the day” or “last minute” can serve to create urgency for your call to action and use of “site-wide” can be applied for any broad percent or dollars off promotion.

The headline of the creative is highly visible and should always contain an offer or key value proposition. Effective ad messaging occurs when your audience can derive the value of the product or service; for this reason we recommend avoiding using first person because it can kill engagement. Ad messaging written in a more conversational tone with second person using words such as “you” and “your” can lead to better engagement rates and higher relevancy scores. Examples of stressing brand value propositions is messaging such as “delivered straight to your doorstep”, “skip the mall”, “don’t wait in line,” etc. An additional example of second person copy is using ““You’re going to fall for the new fall collection. Shop for your new favorite pair of shoes now.” instead of “Our new fall collection is in. We have lots of great new shoes to shop from.”

To improve relevancy of the ad messaging, you may incorporate hints of seasonality in creative and copy to keep top performers relevant all year-round and reduce ad fatigue. In the case of GoodFood2U, we may want to incorporate more seasonal specific messaging. Examples of this can include “It’s football season and that means it’s also food season,” or “It’s cold out there. Order in just a few clicks and have your food delivered right to your doorstep.” Or “beat the summer heat with delicious treats delivered to you.” In the example below, Bealls Florida used their creative and messaging to promote savings on gifts for the holiday season.



The image shows a Facebook advertisement for Bealls Florida. At the top left is the Bealls Florida logo, a pink square with a white stylized 'A' shape, followed by the text 'Bealls Florida' and 'Sponsored · 🌐'. To the right is a 'Like Page' button. Below this is the text: 'Don't miss 20% off at [BeallsFlorida.com](https://www.beallsflorida.com), plus FREE shipping! Shop now through 12/3 and save.' The main creative is a photograph of several Tervis tumblers with various holiday-themed designs, including a Christmas tree, a pink flamingo, and a striped pattern. The text 'Jingle Bealls!' is written in a white, cursive font on a red, textured background in the bottom left corner of the image. In the top right corner of the image, the 'tervis' logo is visible. Below the image, the text reads: 'Get the best gifts at Bealls' followed by 'Find great gifts for everyone on your list at even better prices.' At the bottom left is the URL 'BEALLSFLORIDA.COM' and at the bottom right is a 'Shop Now' button.

Text-heavy creative may negatively impact engagement rates, so you want to ensure that you are getting your messaging across in a concise manner. We recommend limiting the amount of text in your ad to 20% or less because delivery can be slowed down if the ad is too text heavy. To determine if your creative is too text-heavy, Facebook has a text overlay rule, where text cannot touch more than 20% of the boxes in [this tool](#).

It’s important to note that you want to consider the form factor when building your creative so that it translates to different placements such as mobile and right hand side. Ad copy character limits will vary depending on placement, and in some cases the creative will have to be retooled for improved readability on the placement.

Ad Testing Methodology

As mentioned before, it's important to refresh creative from time to time even with top-performing ads to avoid fatigue and reap the potential benefits of the algorithm favoring fresher ad copy. The level of rigor with ad testing and how the testing is structured is up to you. Determine if you would like directional learnings that can be gathered quickly or want things as controlled as possible.

For companies who are interested in gathering directional learnings for testing efforts, you can launch multiple ad variations to the same ad set and allow Facebook to optimize and spend on the best-performing ad. Note: in this scenario, the same audience may see both ads, which some feel creates a bias towards the 2nd ad they see (as the audience may be farther down the funnel at that point).

If you are adamant about having a very controlled environment, you will want to test ads using the "Split Audience" function found within [Power Editor](#). This functionality splits your audience out into two groups of unique users. This prevents audiences overlap. For example, an ad set targets 4M people. With the Split Audience Tool, we can split the audience into two groups totaling 2M each and upload each ad variation into its own segment allowing for greater control over the test.

At 3Q, we have developed the Creative Matrix Testing Module. This allows us to test creative quickly and in a methodical way. The base of the Creative Matrix is simple: Every 4-6 weeks we will perform a macro test. These larger tests will have the ability to alter the type of creative we run. A common example of a macro test is product vs. lifestyle creative, or still images vs. video. The creatives are divided between the same audience, using User Segments (which ensures no overlap between the audiences) and run for 1-2 weeks depending on budgets. Between these large macro tests, we perform micro tests that can minorly improve engagement and CPCs. Examples of micro tests are: background color and CTA overlay button. The micro tests are run in the same ad set, so they are not performed in a true AB testing environment. All results from both macro and micro tests and logged in a living reporting doc.

	<i>Audience:</i>	Week 1	Week 2	Week 3
ProductSingle Image	Lookalike 1%			
Illustrated Single Image	Lookalike 1%			
With CTA Overlay	Lookalike 3%			
With Pricing Overlay	Lookalike 3%			
Original	Lookalike 3%			

In the majority of cases, you'll want to test 2-5 distinctly different ads. The number of ad variations in rotation ensures that you're doing your due diligence to find winning creative and mitigates any over-segmentation of the data. With this approach, you get a better idea of what creative can really move the needle and inform future optimizations, such as testing product vs. lifestyle, offer 1 vs. offer 2, etc.

In monitoring ad test performance, pay close attention to the individual relevance score that is evaluated on a scale of 1 to 10 for each ad. High CTR is a main indicator of relevance score as well as engagement. When people hide an ad and then click "I don't want to see this ad", the relevance score will be negatively impacted. We strive to optimize creative for higher relevance scores as it generally translates into lower CPCs in the auction. It's also important to closely monitor frequencies. That said, it is important to note that some brands and industries naturally see more negative engagement than others. As a result, it is possible to rarely achieve above a relevance score of 2 for certain brands. High frequencies will also lower relevance scores. A good rule of thumb on frequencies is to rotate in new creative the moment you start to see diminishing returns in performance metrics from running the same creative to the same audience.

Conclusion

As you know if you've read this far, Facebook advertising is a huge, powerful platform that's always changing and improving, giving advertisers new tools to work with (rest assured, Facebook is working on a handful of cool new features at any given time). We recommend reading top industry blogs and following the Facebook Blog daily to supplement this guide. By following the structure and best practices outlined within this guide, you will be able to reach the right audience, on the right platforms and devices, with the right creative and message.

Good luck!

About the Authors

Brad O'Brien joined 3Q Digital as Director of Social in 2015 after spending several years on the brand side at Provide Commerce and FTD companies. Brad has a strong background in Social, SEO, e-commerce, landing page and test optimizations, analytics, as well as production and promotion of digital content. Originally from New Jersey, Brad went to college in Virginia at James Madison University and received a degree in Marketing. He has called San Diego home for the last seven years, and also works out of San Diego. Brad enjoys surfing, being outdoors, music festivals, traveling, cooking, and spending time with his dog Duke.

Molly McCarty joined 3Q Digital in April of 2013 after working as a marketing and social strategist for a web development firm in Washington DC. Molly has experience with online advertising for members of Congress, as well as small businesses. She graduated from St. Olaf College in Northfield, MA, in May of 2012 with degrees in Political Science and Social Studies Education. When she is not working, you can find Molly walking her dog or trying out new restaurants.

Mike Stetzer joined 3Q in August of 2015 with a diverse digital background. From SEO and Web Analytics to SEM and Paid Social, Mike has worn many hats in his digital career. He has spent the last several years on the agency-side specializing in (and very much enjoying) Paid Social. Mike graduated from Illinois State University with a degree in Psychology and loves to apply those principles to an intent-driving, people-based marketing channel like Social. In his free time, Mike enjoys Netflix documentaries, craft beer, the Chicago Cubs, and spending time with his dog, Kedzie.

About 3Q Digital

3Q Digital, a Harte Hanks company, provides strategic growth consulting and execution across six growth drivers: customer journey, user experience, device strategy, analytics, technology, and growth platforms. The company offers best-in-class services in SEM, SEO, display, social advertising, mobile, video, creative, and analytics. 3Q Digital works with some of today's fastest-growing clients, including ModCloth, SurveyMonkey, The RealReal, and Eventbrite.

If you're interested in learning more about 3Q Digital's services, please call us at 650-539-4124 or visit <https://3qdigital.com/contact/>. 3Q Digital is based in Silicon Valley and has offices in San Francisco, Chicago, New York, San Diego, Austin, Raleigh, Charlottesville, and Burlington, VT.