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INTRODUCTION

User acquisition advertising never stays still. Best practices that worked even six months ago can become today's mistakes. And the more money you spend, the more those mistakes are amplified.

A two percent inefficiency in a \$10,000-a-month adspend budget isn't too dire. But in an account that spends \$2 million per month, it's half a million per year.

Because advertising strategies have to change so often, our recommendations for those strategies change constantly, too. So while we know the best practices outlined here work now, there's no guarantee they'll be as effective even a few months from now, much less this time new year.

Citing "best practices" is also problematic. While these strategies will help most advertisers, they won't help everyone. Or maybe they can help, but they have to be implemented and managed in a very specific way. There is no "one size fits all" for campaign management.

That said, there are massive shifts in advertising that are affecting all advertisers. For example, thanks to new machine learning algorithms on platforms like Facebook and Google, the playing field is more level than ever before. Many of the advantages adtech tools once delivered are now available to everyone natively on Facebook and Google. Features like value bidding and ROAS bidding take some aspects of campaign management out of advertisers' hands entirely.

All that has pushed creative development, creative testing, and audience selection up as the last remaining competitive advantages. It is possible to use both the new tools and some aggressive creative development and testing to maintain performance, but it often requires an amount of creative and a rigor of testing that most advertisers just don't normally do in-house.

HOW USER ACQUISITION ADVERTISING HAS CHANGED

Are you ready to have an algorithm do your job?

Ready or not, it's happened. Late in 2017, Google moved all new app install campaigns over to Google UAC (Universal App Campaigns). About a month later, they turned off any Search, Display and YouTube app promo campaigns that had been running. If you wanted to do mobile app install campaigns on Google, you were going to do them via Google UAC. And that meant you were going to let Google's algorithm manage many of the functions in your campaigns.

Facebook didn't take long to follow suit. Their move happened in February 2018, when they rolled out what we call their "best practices" update.

Facebook's changes weren't as forced as Google's, but they were just as consequential.

The shift has meant, basically, that we've handed over most of the control of some of our primary advertising tasks to the algorithms. This does mean we're freed up to focus on things like creative and audience expansion. But we've also given up a lot of control

Fortunately, giving the algorithms this much control - and having algorithms sophisticated enough to do this work in the first place - actually has a lot of upsides. Now that so much of the work of a user acquisition manager has been moved over to the algorithms:

- It's possible for less-experienced advertisers to get results comparable to their more advanced peers. This means more advertisers can profitably use the platforms.
- Many (if not most) third-party advertising tools have become less necessary.
 Ad tech tools had been a significant competitive advantage before, but now both Facebook and Google UAC basically offer comparable tools for free.
- Most of the companies we work with used to spend 10% of their bud gets on Google. Now they spend 30-50% Google. A little competition is always a good thing.

HOW TO MANAGE FACEBOOK CAMPAIGNS WITH GOOGLE UAC AND FACEBOOK'S BEST PRACTICES

Prior to February 2018, Facebook allowed advertisers to run a lot of ads. The ads could have overlapping audiences, and there were no penalties for making frequent bid changes, even if they were made every few hours. Ads could be paused and budgets could be modified all the time.

Our internal AdRules tool **(LINK)** allowed us and the companies we work with to edit bids, budgets and pause rules with the speed and precision of a high-frequency trading desk. We would get early indications of how an ad or ad set was performing, and then modify settings to either maximize that ad or ad set's exposure, or to kill the ad/ad set if it was underperforming. We can still do all that and more with AdRules, but how we use that tool has shifted.

So basically, prior to February 2018, optimization was done through thousands of actions that were controlled by the advertiser or a third-party ad tech tool.

Then everything changed. All those micro-management changes started to incur penalties, and it became clear that Facebook would reward advertisers for running their campaigns according to the best practices outlined in Facebook's "Blueprint Certification" (LINK).

Those best practices include:

- Running fewer ads. Prior to February, we had been running sometimes thousands of ads for each account. After February, we saw that some of our clients who had been running far fewer ads (like 50) were doing well.
- Using fewer campaigns with minimal audience overlap. Before, we had used many campaigns (thousands of them) with many different settings. We did detailed audience targeting and segmentation. But after the best practices shift, it worked better to rely more on the Facebook algorithm to sift through audiences and settings to find the right prospective customers. Broad targeting with no overlapping audiences, combined with Facebook's Value Optimization (VO) and App Event Optimization (AEO) (LINK) worked better. So now we let Facebook predict the quality of audiences and segments, and run less than 100 campaigns at a time.
- Managing for the concept of "significant edits". After February, if an advertiser paused a campaign, changed a campaign's budget by more than 40%, or changed an ad's bid by more than 30%, the campaign would be moved from an optimized mode back into what's called the "learning" phase or mode.
- All ads start out in the "learning" mode, then graduate to the optimized phase. Completing the learning phase typically requires about 50 conversions per ads set per week. Once that's completed, the campaign shifts into optimization mode, and CPMs tend to drop by 30%. Clearly, that's far more efficient, so there are real motivations to avoid substantial edits and keep campaigns in optimized mode.

- Google's implementation of this principle is even more pronounced than Facebook's. Google UACs are all but "set it and forget it" at this point. It takes some money and patience for Google's algorithm to get good results, but it usually happens within a couple of days.
- Shifting from Mobile App Installs (MAI) to Value Optimization (VO) and App Event Optimization (AEO). Before, we had used campaign goals like Mobile App Installs (MAI). Now we use Value Optimization (VO) and App Event Optimization (AEO) as campaign goals.

Before February 2018

Mobile App Installs (MAI)

- Advertiser identifies quality
- +1000 campaigns to scale profitably worldwide
- Focus on segmentation of audiences & placements to tier quality, bids & budgets

After February 2018

App Event Optimization (AEO)

- · Facebook predicts quality
- < 100 campaigns to drive same scale and profitability
- Focus on signal quality to predict LTV and secondarily on audience

HERE'S HOW FACEBOOK EXPLAINS WHY VO IS MORE EFFECTIVE:



"When marketers advertise with Facebook, they want to build campaigns that ultimately drive efficient return on their ad spend. Yet managing and optimizing their campaigns previously required using proxy metrics such as clicks, impressions, and installs to gauge whether or not a campaign had driven meaningful business impact. Today we're introducing value optimization so that marketers can focus their campaigns on anticipated purchase value.

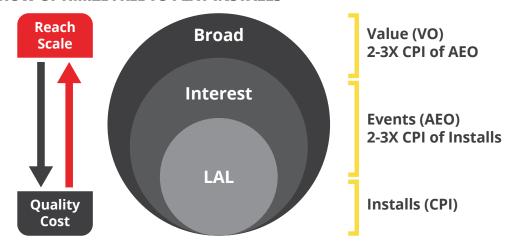
Value optimization works by using the purchase values sent from the Facebook pixel to estimate how much a person may spend with your business over a seven-day period. The ad's bid is then automatically adjusted based on this estimation, allowing campaigns to deliver ads to people likely to spend more with your business at a low cost."

This makes sense; it's revenue we want – not necessarily just app installs. So if the algorithm can crunch the data well enough to show us not just who's most likely to install an app, but who's most likely to purchase from it, that's a big help.

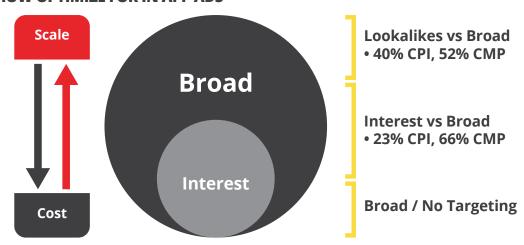
 Using value-based Lookalike Audiences. When we add in another new Facebook tool, value-based Lookalike Audiences, we can let the algorithm not just find people who are likely to purchase, but people who are likely to make a big purchase. For example, a \$20 purchase versus a 99-cent purchase. Of course, you're going to pay more to find these types of high-value users. We've found that Events (AEO) tend to cost two to three times as much as mobile installs, and that Value buyers (those \$20 purchasers we just talked about) tend to cost two to three times more than Event conversions.

So if you were paying \$1 for an app install, expect to pay \$2-3 for an app event, and \$4-9 for a value optimized event.

HOW OPTIMIZE FREE TO PLAY INSTALLS



HOW OPTIMIZE FOR IN APP ADS



• This also illustrates how the new algorithm-driven customer targeting allows us to vastly expand our audiences. If the algorithm is smart enough to handpick people, there's no need for narrowly-defined audiences. Cast the net wide, and give Facebook or Google plenty of people to choose from. They'll find the right ones.

So that's our approach to campaign structure. The next issue is which ads should be shown to these algorithm-targeted audiences.

CREATIVE FATIGUE

Creative fatigue – when an ad's performance declines because people have seen it too many times – affects every ad eventually. On Facebook, it happens especially fast.

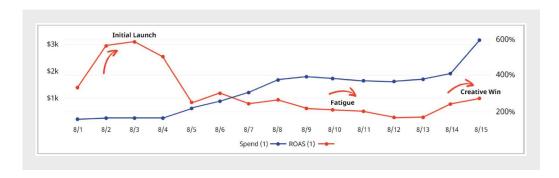
HOW SPENDING AFFECTS AD FATIGUE

The rate of ad fatigue depends in part on how much its advertiser is spending. This isn't some penalty enacted by Facebook; it's simply human nature. Each member of the audience being advertised to will notice a new ad only a couple of times. After that, they'll notice the ad less – and be less likely to click it.

Ad fatigue can begin in as little as three to four days for a campaign with a very large budget, because that budget lets the advertiser reach so many people. Or it could take as long as one to two weeks for a campaign with a much smaller budget.

After managing over \$100 million in Facebook advertising campaigns, we see this pattern every time: As spending increases, ad fatigue sets in and performance drops.

The chart below shows the typical cycle. On the far left of the chart, you see the initial launch of the ad. It does well – very well – and so it gets fed a lot more budget. But almost as soon as the budget increases, the ad's performance begins to taper off (LINK).



It's still a top-performing ad compared to the other ads, but creative fatigue has already set in. Over the next few days, the ad's performance slowly drifts down, until there's a new creative win and the performance spikes again. But just like before, as the spend for the newer ad goes up, it begins its slow decline.

This sine wave of performance and spending goes on indefinitely. It's why advertisers need to keep producing new Facebook ad creative.

But spending isn't the only thing that can accelerate ad fatigue. Having a limited number of creative assets can accelerate it, too.

HOW LIMITED ASSETS ACCELERATE FACEBOOK AD FATIGUE

Here's an example of how this works:

Advertiser A is spending \$1,000,000 with three videos. Advertiser B is spending \$1,000,000 with six videos.

Advertiser A's creative will fatigue two times faster than advertiser B's, because they're buying twice as many impressions for those three videos.

This is really just a different symptom of the same underlying issue we saw before: The members of the advertising audience will notice an ad when it's new. But after seeing an ad a couple of times, they don't pay as much attention to it. The ad fades back into all the other advertising noise.

So it isn't a question of if ad fatigue will happen. It's when it will happen.

Which means the next question to ask is...

HOW TO MANAGE CREATIVE FATIGUE



If ads are going to wear out so quickly, what's an advertiser to do?

They have two options: Expand their audience (which will only delay creative fatigue) or create new ads. Creating new ads is the more effective approach.

As we saw earlier in the example of the two advertisers: The larger your advertising budget, the more creative you're going to need.

An advertiser spending \$1 million per month needs ten times as much creative as an advertiser who spends \$100,000. That's because – all other things being equal – advertiser A is buying ten times as many impressions.

Once again, this is just another way of measuring the same principle of ad fatigue: The advertiser's audience will pay attention to a new ad for only so long. As soon as that window has passed, ad performance drops.

WHY CREATIVE (AND TESTING CREATIVE) IS THE LAST REAL COMPETITIVE ADVANTAGE ON FACEBOOK



So why all this focus on creative? Well, because it's the only real way to beat your competition. As Facebook's advertising features have gotten better and better, the playing field of advertising has largely been leveled.

The native advertising tools in Facebook (and in Google) have gotten so good now that third-party tools aren't as much of an advantage.

And so - because the advertising technology field is becoming increasingly flat - having advanced Facebook advertising and quantitative skills and tools is becoming less and less of an advantage.

As the Facebook optimization algorithm continues to improve, the only real control advertisers will have is developing better creative and showing it to new audiences.

Creative has become the primary differentiator for performance.

WHAT IT MEANS FOR CREATIVE TO BE THE LAST COMPETITIVE EDGE



Creative may be the last competitive advantage, but it's not an advantage that comes easy. Ask any advertiser or agency and they'll tell you: It's difficult to impossible to keep up with the need for new creative.

Why? Because advertisers don't just have to come up with enough creative to stay ahead of creative fatigue.

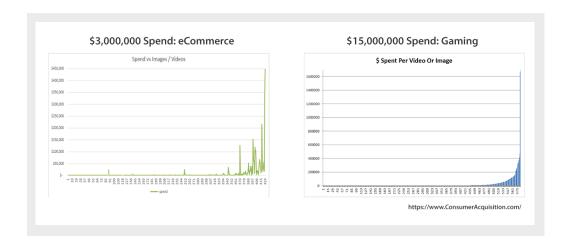
They have to come up with twenty times that.

This is because the vast majority of new advertising creative will fail. In our experience creating and testing 300,000 different ads, only about 5% of ads perform well enough to replace the old best-performing ad (aka "the control").

Nineteen out of twenty new ads will fail.

Here are two graphs that illustrate how unusual high-performing ads are. The charts show two different clients: one in ecommerce, the other in gaming. The y (vertical) axis shows how much advertising budget was spent on each individual ad. The x (horizontal) axis shows how many ads were created.

As you can see, the vast majority of ad creative never performed well enough to merit much budget. Only a very slim percentage of ads did well enough to spend real money on.

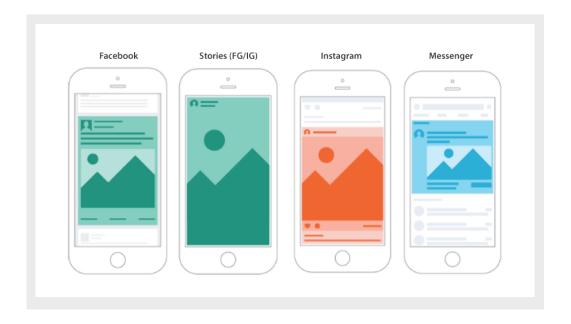


So what does this mean for advertisers? It means you need an efficient, systematic way to create and test ads. Because there's an enormous amount of work to do.

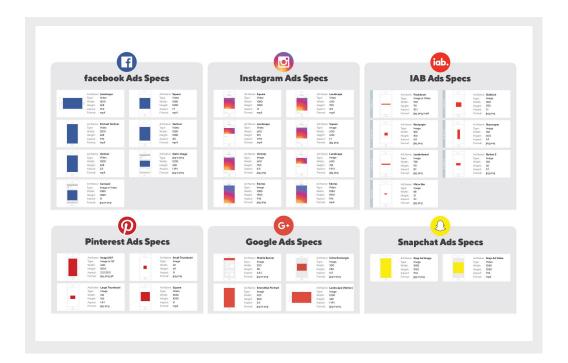
For example, let's assume you spend a medium amount on Facebook every week. Your top-performing ad will start to show ad fatigue after about a week.

To replace that one winning piece of creative, you need to create twenty pieces of new creative. Twenty ads a week is no small task, but it can definitely be done.

But that's not all you have to do. You want to have your winning ad run on more than one social media platform, right? So you'll need to make versions of that winning ad for each platform.

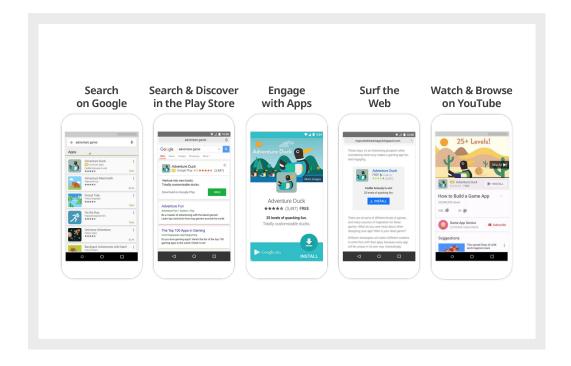


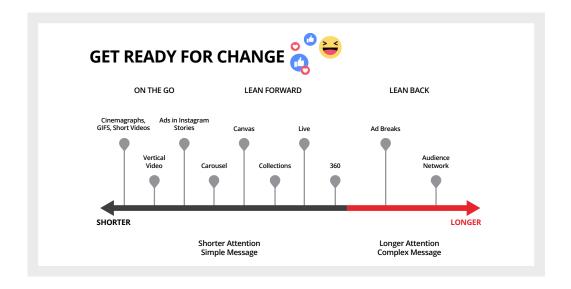
And then you'll need to make variations of that ad for all the different ad sizes (LINK).



But that's not the end, either. The best creative is optimized for how prospects use Facebook – whether they tend to be "on the go" users checking Facebook for updates, "lean forward" users accessing it from a desktop, or "lean back" users watching long-form video (LINK).

You may also want to optimize for a user's location, or even optimize ads for which app the ads will be advertised in. So yes, there's a lot of work to do. And we haven't even gotten into the testing required to find that new top-performing ad.



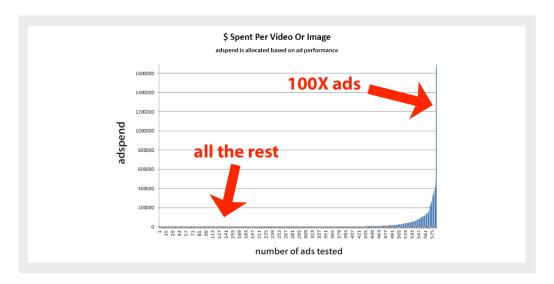


QUANTITATIVE CREATIVE TESTING

LET'S RECAP WHAT WE'VE COVERED UP UNTIL NOW:



- As ad tech becomes less and less of a competitive advantage, advertisers have had to find a new way to stay ahead of the pack: Creative.
- But not just any creative: They need the type of breakout creative that delivers outsized results. Not just 10x ads, but 100x ads.
- Because 95% of new ads won't beat the old control, they don't need just one ad. They need 20.
- To find that one-in-20 ad, they need a testing protocol that is as efficient as possible. They can't afford to blow half of a week's budget finding a new ad that may only last a few days once all of the remaining budget is funneled into it.



Most experience advertisers know you can't recognize this type of super high-performing creative just by looking at it. This isn't an issue of "I think this ad will do better." Opinions don't matter – performance matters. Breakout creative often doesn't look like anything terribly special... until you put it into a live campaign and look the reports. Then, that one ad starts to look very different from all the rest.

This is why creative can be such a competitive edge. But only if you know how to find the 100x ads. Finding a 100x ad will require you to develop a lot of prototype ads. You'll also have to test the bejesus out of them. That's the other challenge with creative testing: A couple of split-tests ain't gonna cut it.

To test ads the way we wanted to (and needed to, given the budgets of our partners) we developed a hybrid testing protocol call Quantitative Creative Testing. Quantitative Creative Testing is not quite a/b split-testing and not quite multivariate testing. It is a hybrid specifically designed for high-volume user acquisition advertising. Here's how it works:

QUANTITATIVE CREATIVE TESTING BASICS

THERE ARE TWO FLAVORS OF AD CREATIVE TESTS: CONCEPTS AND VARIATIONS.

HERE ARE THE KEY DIFFERENCES:



Concepts

Concepts are brand new, completely different ads. They are big "outside the box" style approaches that can result in large improvements to revenue... or large losses. Concepts are the core drivers of creative success on Facebook, but they have to be used in a limited way because when they fail, they tend to fail flop.

Variations

Variations leverage pieces of winning concepts. They reposition existing elements to create something similar but new. Because variations don't have the big differences that concepts have, and because they're based on high-performing ads, variations tend to generate smaller, incremental wins. And smaller losses.

• Creative Refresh

Creative refreshes leverage certain pieces of winning concepts. Unlike creative variations where simple elements such as headlines, colors, call to actions are changed, creative refreshes keeps those elements, and the winning concept but change the ad's main content such as characters or other creative components. Creative refreshes help your original ad stay profitable for a long period of time.

New Concepts



Change Many Elements Large Changes & Impact! Low Succes Rate – 5%

Variations



Change Main Content Keep Header & Footer Keeps Winners Alive Forever

Concept Refresh



Change Only 1 Element Use A/B Testing Methods Small Change & Impact

CREATIVE TESTING PHASES

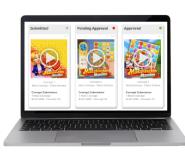
OUR QUANTITATIVE CREATIVE TESTING FRAMEWORK OPERATES IN FIVE PHASES:



- Phase 1: Competitive analysis
- Phase 2: Simple variation testing
- Phase 3: Advanced variation testing
- Phase 4: Create to convert
- Phase 5: New concept ideation

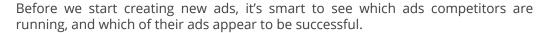
The general idea of the process is to spend about 80% of time optimizing the best ads and creating new variations. This limits the amount of non-converting spend, and also lets us prototype and iterate new ads rapidly. The remaining 20% of time is spent with new concept ideation – big "pie in the sky" ideas that often fail, but sometimes generate a 100x ad.

Creative Testing Phases



- Competitive Analysis
 - Simple Variation Testing
 - Advanced Variation Testing
 - Benefits & Demo In Motion
 - **5** New Concept Ideation

PHASE 1: COMPETITIVE ANALYSIS



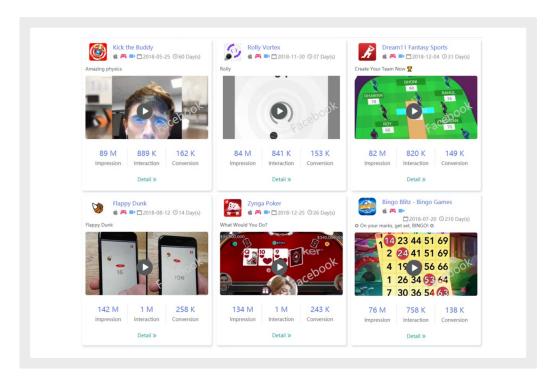
To do this yourself, identify your top ten competitors for Facebook ads. You can conduct a creative audit from their Facebook page if you look under the "Info and Ads" tab. This won't tell you how well the ads are performing, but it shows you what ads the company is running. Paid competitive tools like Social Pita can provide deeper performance analytics like estimates for spend and impressions.

This background work will optimize your ad spend because you'll create ads similar to other companies' best-performing ads. It will also give you a good creative framework based on what companies like yours are doing.





You may also use an Ad Insights tool such as Adsviser2.0, Social Ad Scout, PowerAd-Spy, Connect Explore, SocialPeta, AdSpy, AdSwiper, etc.



Caption: Facebook recently added the "Info and Ads" tab, which lets anyone see which ads a page is running.

PHASE 2: SIMPLE VARIATION TESTING

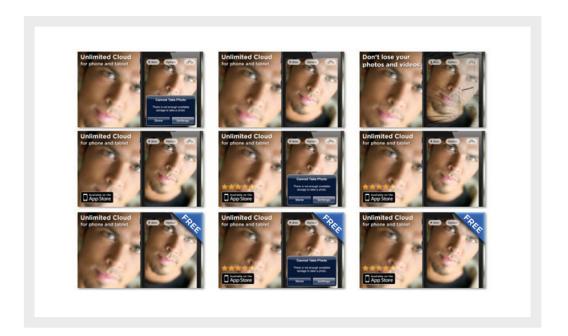
Now we're into the actual creative testing, but we're going to start carefully. Simple variation testing is where we basically tear apart ads that are already working and find out which elements of those ads drive results.

This minimizes the financial risk of inherent in testing, and it will also give us some best practices to apply to new ad concepts later.

Here are a few of the elements we like to test:

- Calls to Action / Buttons
- Text headers: Text placement, text length (4-6 words tend to perform best), text color and font. Text versus no text.
- Image format (square, horizontal, vertical, stories)
- Video length: 6, 10, 15 seconds.

Once you know which element or elements are the primary performance drivers, then you have some very valuable information. It can be used going forward for ad variations and for new ad concepts. This variation testing basically gives you a "best practices" template for future ads.



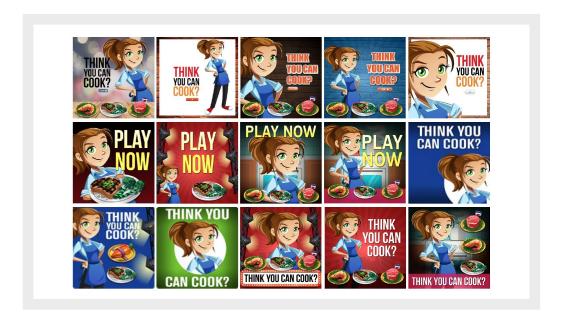
PHASE 3: ADVANCED VARIATION TESTING

Advanced Variation Testing takes everything we learned from competitive research and ad elements testing and uses it to start building new ads.

As you know, there's an awful lot to test. Here are some of our favorites:

- Start and End Cards. There are plenty of things to test with cards, aka calls to action. Try placing them at the beginning, or the end of videos. Test which call to action to use, and CTA colors.
- Colors. We've found that primary colors work best the bolder the better.
- Ad copy. Different ad copy, the placement of the ad copy, copy color and font. No ad copy.
- Showing a mobile device in the ad versus not showing a mobile device.
- Background image. Busy, or plain? Colored, or a patterned background? We've found that simpler backgrounds tend to perform better.
- Image layout. Split screen? Split it vertically or horizontally? Or try a grid of images. Horizontal, vertical?
- Images. As you know, images matter a lot, and so they get tested a lot. Often, we test images based on whether they user-generated or stock photos. Typically, user-generated photos, or photos that look like they are user generated, outperform "magazine-like" photos.
- One product versus multiple products.
- Include or exclude the AppStore logo and Google Play Badges. Removing the logo tends to lift performance about 15%.
- Logos and brand placement. Top, bottom, left or right? Or none at all... ads often perform better without branding elements.

It might seem like a lot, until you look at real ads and see all the possible combinations.



PHASE 4: BENEFIT & DEMO IN MOTION

These tactics leverage Facebook's "Create to Convert" feature (LINK) that lets advertisers take still images and convert them into videos.

Create to convert offers four ways to make stills into videos:

- **Basic motion:** Add one or two moving elements in front of a still image.
- **Brand in motion:** Your brand or logo element/s move in front of a still image or stock video footage.
- **Benefit in motion:** The benefit of your ad or its primary message moves.
- **Demo in motion:** Use video of how your app, website, service, product or feature works, shown over a static image so it looks like the ad is showing someone using your app (or website, etc.).



Of the four options, our two favorite features are Benefits in Motion and Demo in Motion. Here's why we like them:

BENEFITS IN MOTION

- Shows the user what to expect and why they should play explains the value of the app very quickly.
- Gives the viewer a flavor of what's in the app: characters, levels,
- action, features, and more.
 Works best with short ad copy that highlights benefits.
 Allows advertisers to animate multiple benefits. Facebook says ads perform best with two or three benefits in motion. Applovin recom-
- mends one. We recommend testing how many benefits will work best for each ad.
 - Sample benefits might include: Is the app safe and trustworthy? Will it save people money? Are there multiple levels? Can the app experience be customized?

DEMO IN MOTION

- Lets you show a screen capture of the app or show gameplay in a phone. It seems to work best to show the demo in a corner of the ad at first, and then zoom in so the gameplay view fills the ad space.
- This lets you show the most compelling or unique features of the ad, rather than just telling the viewer about them.

HOW TO CREATE VIDEO ADS FROM LIMITED CREATIVE ASSETS

So you want to do more video ads on Facebook and Google UAC... but you don't have any footage. Does that mean you're out of luck?

No. It's possible to create effective video ads with nothing more than still images. All it takes is a little motion.

Facebook recently added a new production framework called "Create to Convert". It's expressly designed to help advertisers create videos for ads from still images.

You've got four options for the types of videos you can make. These definitions are straight from Facebook's page about Create to Convert (LINK).

• **Basic motion:** Animate your still image by adding only one or two elements of motion in a few seconds and include a call-to-action (CTA) card at the end to drive your desired business outcome.

- **Brand in motion:** Bring the elements of your brand or logo to life in a few seconds to promote brand recognition and then add a CTA card at the end to drive action.
- **Benefit in motion:** Bring the key benefit or message of your ad to life through animation in a few seconds. This could be a product benefit, a special offer or discount, a testimonial or product variety. Highlighting the benefit will illuminate the value to your audience and adding a CTA at the end will enable them to easily take the next step toward conversion.
- **Demo in motion:** Focus motion on demonstrating how your app, website, service, product or feature works. Show people how to navigate your offerings and include a CTA at the end to enable them to seamlessly take action right from your ad.

So do these in motion ads actually work? Yes! According to tests by Facebook, 69% of the companies who tested ads made with the Create to Convert framework saw improvements. And in one case, conversion rates skyrocketed 500% with these new video ads.

For more details on how to create video ads from still assets, see our blog post WHERE BLOG POST IS PUBLISHED

PHASE 5: BEST PRACTICES FOR CONCEPT IDEATION



This is where we try to capture lightning in a bottle and produce a breakout, 100x, unicorn ad. About 95% of ads will fail to outperform your existing ads, and some of those losing ads will fail hard. To minimize the losses, usually about 20% of creative work is focused on new concepts.

To develop these new concepts, we

- Leverage what we learned from competitive research on Facebook
- Use storytelling skills to frame, present, and create new concepts. Leverage character animation and new assets in new ways. If the brand has
- a strong character or spokesperson, we'll use it. If not, we won't.
- Create variations of all these new concepts, drawing on what simple variation testing taught us about which ad elements and combinations of ad elements tend to work best.

Not every advertiser has the bandwidth to develop this much creative, or to manage this many tests. But it can be done, and it works. It can definitely help your Facebook ads regain a competitive edge. If you're seeking assistance with creative strategy or production, please check out our Creative Studio (LINK).

Once creative development and testing is maxed out, it's time to turn to the next best competitive advantage: Audience selection.

A WORD ABOUT BRAND COMPLIANCE

Here's a scenario we see a lot: A partner has created a testing system that is good enough to test all their new creative and deliver a breakout, control-defeating ad every week.

They've got their competitive edge back.

And so the creative machine cranks out new ads, and the testing machine evaluates them like a digital assembly line.

They can now reliably produce a breakout ad every week. They meet and beat their KPIs. The team lead gets a nice pat-on-the-back chat with the C-Suite.

Until someone sees one of the ads they're running and exclaims, "That ad's not brand compliant!"

And the whole system stops.

We've seen this situation many times before. We've prompted it, too – by providing both the creative and the creative tests (LINK).

After much trial and error, here's what seems to resolve the situation best: prototype ads.

WHY PROTOTYPE ADS WORK



Prototype ads let you make data-driven decisions while still mostly staying within brand-driven rules.

So what are prototype ads?

Prototype ads are concept ads.

As mentioned earlier, "Concepts are brand new, completely different ads. They are big "outside the box" style approaches that can result in large improvements to revenue... and to large losses."

• Prototype ads meet 60% of brand guidelines.

This will require some buy-in from the brand marketers, but we've found that if ads are at least 60% complaint with brand guidelines, they won't do too much damage to the brand. And having that much freedom with ad creation lets the creative team develop ads rapidly. This is essential given the volume of creative required.

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Forcing ads to be even 10% more brand complaint – so they meet 70% of brand requirements – makes creating new ads a lot harder. It slows ad creation down substantially and makes it more expensive.

If a prototype ad happens to survive the first round of testing, it can be retooled to better fit within brand guidelines. We've found that it's far more efficient to take a winning ad and tweak it a bit to make it brand compliant than it is to take an underperforming but brand compliant ad and incrementally test it until it finally (if ever) performs well.

Prototype ads work under the premise of "fail fast".

The first round of testing for prototype ads is ruthless. Each ad will only have about 10,000 impressions to prove itself.

This has three key benefits:

- ★ It lets us test a large number of ads very quickly. If 95% of ads we test are going to fail to beat the control, it's essential to be able to test fast so we can weed through all the losing ads to find that one breakout gem.
- ★ If an ad is bending brand guidelines, it limits how much the ad will be seen. 10,000 impressions is not enough exposure to damage a brand, especially if the ad being shown is at least 60% brand complaint.
- ★ It minimizes wasted ad spend. Prototype ads only get 10,000 impressions to prove themselves. That's roughly \$15-20 in ad spend. So no more spending \$500 each on ads that don't perform.

ABOUT STATISTICAL SIGNIFICANCE

"But 10,000 impressions is not enough to achieve statistical significance," someone says. "You're going to get a lot of false positive and false negatives with that system."

That would be true – if we were doing a typical A/B split test. But we're not. We're not looking for small 5 to 10% improvements. We're looking for that one breakout ad that will outperform 95% of other ads.

We're looking for earthquakes.

A prototype ad test is fundamentally different than a standard A/B split-test. It's not looking for which version performs incrementally better – it's looking for breakout results.

Prototypes ads may not always be perfectly true to brand guidelines, but they are true enough. The added performance they deliver is a good trade for temporarily bending branding rules... if by only just a little.

AUDIENCE SELECTION AND SATURATION

Who you show your ads to is just as important – or more important – than what you show them. Every advertiser knows this, and uses it. Platforms like Facebook and Google's UAC have given us incredible tools to slice and dice audiences so the most likely buyers rise to the top.

But just like with creative, those audiences can wear out.

WHAT IS AUDIENCE SATURATION / AUDIENCE FATIGUE?



Audience saturation is why advertisers can't just pick one lookalike audience and leave it at that. If the same people see the same creative over and over they'll just start to ignore your ads.

But that's not the only reason audience saturation sets in. Some people will respond to your ads. But after they've downloaded your app, or bought something, or whatever action you're optimizing for, they aren't going to do it again. At a certain point, audience saturation happens just because everybody who's going to buy/download/etc has already done so. You've prompted all the actions these people are going to take. It's time to find a new crowd.

This is why ad performance is best when users first see an ad. As the ad frequency increases, performance begins to decline. We also believe that Facebook shows ads to the users most likely to convert first. So if you haven't gotten the responses you wanted from those first ad exposures, as time goes on, you're only less likely to get the response you want. From there, your ROAS will start to fall.

So what's the solution? To continually test new audiences, but to do it in a systematic way so you can extend the life of your advertising creative as long as possible. Given how expensive it is to develop new creative – especially high-performing creative – the longer you can make those ads last, the better.

There are a number of ways to do this, but most of them start with a custom audience.

HOW TO CREATE A CUSTOM AUDIENCE



First, choose 7,500 customers (via device IDs, phone numbers, email addresses, etc) who took an action you want your prospects to take. This could be downloading an app, making an in-app purchase, or whatever action you want more of.

You can create a custom audience with as few as 3,000 people, but we find that 7,500 is the sweet spot. It's possible to go up to 25,000, but again, we find that 7,500 is most efficient. And once you get below 7,500, the algorithm doesn't perform as well.

That's the standard way to create a basic lookalike audience. You've probably done it at least a hundred times.

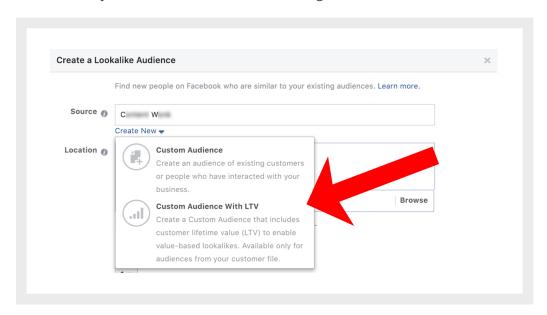
Here's how to make it more effective.

HOW TO ALTER CUSTOM AUDIENCE LTV DATA TO TARGET NEW PROSPECTS MORE PRECISELY



If we manipulate the LTV data we give Facebook's algorithm, we can target high-value prospects more effectively. To do that, create a new custom audience with LTV (lifetime value) data.

Here's where you do that in Facebook's ad manager:



This can also be done with a third-party tool like our Audience Builder. Here's what the interface for creating a LTV Custom Audience looks like in Audience Builder:

AUDIENCE BUILDER SCREENSHOT



Back to the Facebook ad manager setup: Before you upload the file, take the top 10% most valuable customers – 750 of the top payers in this example – and multiply their value by ten. For example, say the top 10% of payers had been worth 99 cents. Now we'll tell Facebook they're worth \$9.99.

We'll also take the bottom 10% of payers – the least valuable 750 people of this 7,500-member audience – and reduce their value by 90%. So we'll take users that had been worth, say, 50 cents, and tell Facebook they're now worth 5 cents.

Here's an example of how we break out audiences with this technique:

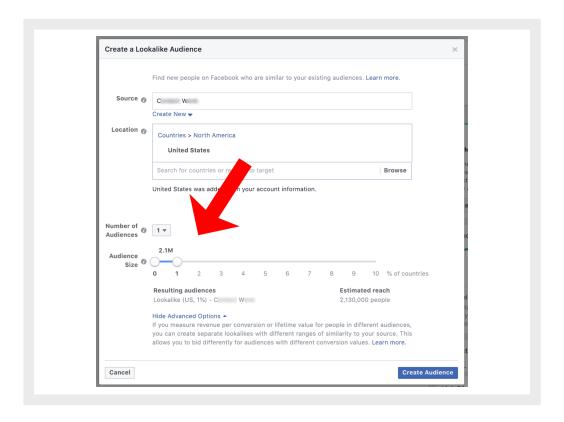
Audiences	Count of payers	Increase Rev of Top Payers	Increase By X	Decrease Rev of Bottom Payers	Decrease By X
1	Top 3,000 payers	Top 10% of Payers	Increase By 10X	Bottom 10% of Payers	Decrease By 90
2	Top 3,000 payers	Top 10% of Payers	Increase By 20X	Bottom 10% of Payers	Decrease By 90
3	Top 3,000 payers	Top 10% of Payers	Increase By 30X	Bottom 10% of Payers	Decrease By 90
4	Top 7,500 payers	Top 10% of Payers	Increase By 10X	Bottom 10% of Payers	Decrease By 90
5	Top 7,500 payers	Top 10% of Payers	Increase By 20X	Bottom 10% of Payers	Decrease By 90
6	Top 7,500 payers	Top 10% of Payers	Increase By 30X	Bottom 10% of Payers	Decrease By 90
7	Top 3,000 payers	Top 25% of Payers	Increase By 10X	Bottom 10% of Payers	Decrease By 90
8	Top 3,000 payers	Top 25% of Payers	Increase By 20X	Bottom 10% of Payers	Decrease By 90
9	Top 3,000 payers	Top 25% of Payers	Increase By 30X	Bottom 10% of Payers	Decrease By 90
10	Top 7,500 payers	Top 25% of Payers	Increase By 10X	Bottom 10% of Payers	Decrease By 90
11	Top 7,500 payers	Top 25% of Payers	Increase By 20X	Bottom 10% of Payers	Decrease By 90
12	Top 7,500 payers	Top 25% of Payers	Increase By 30X	Bottom 10% of Payers	Decrease By 90

By stretching the data like this, Facebook will now be more likely to target the super-high value prospects.

This method doesn't have to use just 90% and 10x either. It can be 75%, 5X – whatever makes sense for the audience you want to target. The idea is to manipulate the data in such a way that Facebook sees a specific set of users as super-valuable, and that it prioritizes finding more users like that.

The next thing to define is how many people we want the algorithm to find. With each new seed/custom audience, you're introducing a new set of users into the lookalike audience. So you feed in a custom audience – 7,500 people – and you ask Facebook to give you a certain percent of the available audience.

Like this:



If you choose only the 1% group, you'll have a high-quality audience, but a smaller group of people. Having that quality is great, but it means this audience will fatigue quickly. If you want to make your creative last as long as possible, it's worth testing the less-valuable audiences – reaching into 2%, 3%, or even 20% of the available universe of people.

If all the other settings of your campaign are lined up, and you've got some really excellent creative, you may be able to profitably show ads to these broader, less high-value audiences. Google's UAC will do this for you automatically, and Facebook will do it for you if your campaigns' goals are set to either App Event Optimization or Value Optimization.

The algorithms will always go look for people who appear to be most appropriate for the action you're looking for. So it's possible that you don't have to show ads only to the super-most-likely audiences. There could be affordable conversions to be found in broader audiences.

Using controls like this means that as you manipulate the data, you are telling Facebook or Google to look at different people based on different views of the data. It's a really simple way to use your own data to find new audiences. Every new audience you can find means new people to show your ads to, so your expensive creative assets last longer.

But that's only one way to manipulate the data. Here's another technique to find new people.

DEFINING NEW CUSTOM AUDIENCES BASED ON TIME SINCE PURCHASE/ACTION

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Just like before, you'll be creating custom audiences from the top 1%, 2%, 3% - up to 25% of the potential audience.

The difference here is you'll be testing time frames. So target only the people who paid within the last day. Or people who paid within the last seven days. You can define custom audiences for people who have bought (or have taken whatever action you want more people to take) within the last seven, thirty or sixty days.

Here's how we break out audiences with this method:

ROAS Rank	List	Notes
1	Payers - 1 day	Recent payers
2	Payers - 7 day - 1 day (days 2-7)	Semi-recent payers
3	Payers - (30 day - 7 day (days 8 - 30)	Old payers
4	Installs - (1 day) - payers 180 days	Recent installs that didn't pay
5	Installs - (7 days - 1 day) - payers 180 days	Semi-recent installs that didn't pay
6	Installs - (30 days - 7 days) - payers 180 days	Old installs that didn't pay

The next table below shows the same recency-based audiences, but it also includes the manipulations of LTV values we talked about earlier. For these audiences, we've increased the value of the top buyers by 30X, and decreased the value of the bottom 10% of payers by 90%.

Audience #	# of payers	Day of Rev	Increase Rev of Top Payers	% to Increase	Decrease revenue for bottom X% of Payers	% to Decrease	os
1	Top 7,500 payers	D1 Rev	Top 10%	+30x	Bottom 10% of payers	-90%	iOS only
2	Top 12,500 payers	D1 Rev	Top 10%	+30x	Bottom 10% of payers	-90%	iOS only
3	All payers	D1 Rev	Top 10%	+30x	Bottom 10% of payers	-90%	iOS only
4	Top 7,500 payers	D1 Rev	Top 25%	+30x	Bottom 25% of payers	-90%	iOS only
5	Top 12,500 payers	D1 Rev	Top 25%	+30x	Bottom 25% of payers	-90%	iOS only
6	All payers	D1 Rev	Top 25%	+30x	Bottom 25% of payers	-90%	iOS only
7	Top 7,500 payers	D2 Rev	Top 10%	+30x	Bottom 10% of payers	-90%	iOS only
8	Top 12,500 payers	D2 Rev	Top 10%	+30x	Bottom 10% of payers	-90%	iOS only
9	All payers	D2 Rev	Top 10%	+30x	Bottom 10% of payers	-90%	iOS only
10	Top 7,500 payers	D2 Rev	Top 25%	+30x	Bottom 10% of payers	-90%	iOS only
11	Top 12,500 payers	D2 Rev	Top 25%	+30x	Bottom 10% of payers	-90%	iOS only
12	All payers	D2 Rev	Top 25%	+30x	Bottom 10% of payers	-90%	iOS only
13	Top 7,500 payers	D7 Rev	Top 10%	+30x	Bottom 10% of payers	-90%	iOS only
14	Top 12,500 payers	D7 Rev	Top 10%	+30x	Bottom 10% of payers	-90%	iOS only
15	All payers	D7 Rev	Top 10%	+30x	Bottom 10% of payers	-90%	iOS only
16	Top 7,500 payers	D7 Rev	Top 25%	+30x	Bottom 10% of payers	-90%	iOS only
17	Top 12,500 payers	D7 Rev	Top 25%	+30x	Bottom 10% of payers	-90%	iOS only
18	All payers	D7 Rev	Top 25%	+30x	Bottom 10% of payers	-90%	iOS only

THREE OTHER WAYS TO FIND NEW CUSTOM AUDIENCES: STACKING, NESTING, AND BY COUNTRY



It's also possible to "stack" or combine lookalike audiences. So, for instance, you move all your 2% people across multiple custom audiences into one larger custom audience group.

You can nest audiences, too. So you can pull, say, a 2% audience, then subtract your 1% people from it. That leaves you with just the 2% people. This can be useful if you want to isolate different tiers of prospects.

These lookalike audiences can also be split out by country. This often surfaces excellent prospects who might not have been identified by the algorithm before. You can use all the same techniques described here - stacking, nesting, defining by time since purchase - but at the country level.

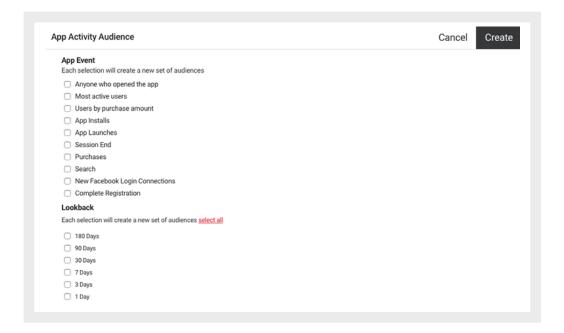
Just be careful: For countries with 70 million people or less, don't target a 1% audience. Instead, begin with a 3% audience. This helps you get a broader reach and helps Facebook maintain good data.

If this all seems a little complicated, you're right. It's complicated enough that we actually built an in-house tool called Audience Builder that makes this slicing and dicing of audiences much easier and more efficient.

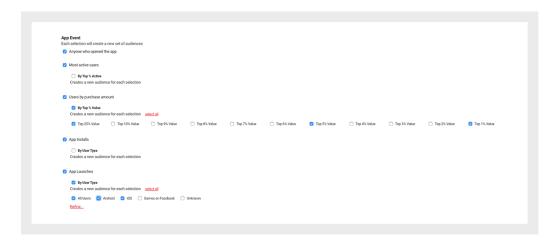
Here's how Audience Builder works:

1.- We start by creating a custom audience (or audiences) based off of any App Event a developer has set up.

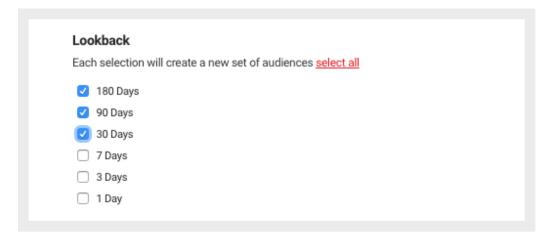
This is a partial view of the selection options:



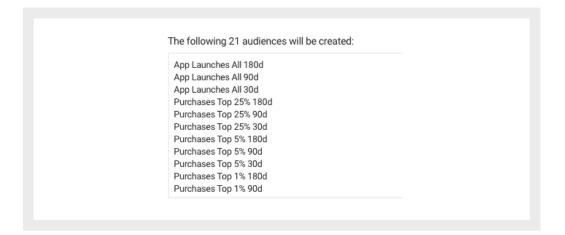
2. Next you specify the criteria for the audience you'd like to pull. For example, you can choose Top 1% of Purchasers, Top 5% of Purchasers, App Launches All Users, App Launches in Android or App Launches in iOS.



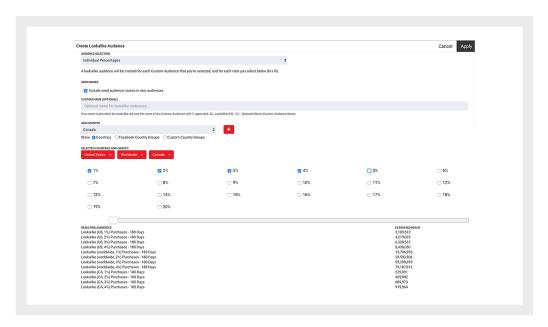
3. Then you choose your lookback window - or multiple lookback windows.



4. The audience creation tool will then take the number of app events/criteria and multiply that by the number of lookback windows. In this case, there were seven app events selected, multiplied by three lookback windows, resulting in 21 custom audiences.



5. Once the custom audiences are created, we can then create lookalike audiences off of those custom audiences. In the screenshot below, we've chosen one audience with three countries/country groups and four percentages. So we've now got twelve new lookalike audiences derived from that one original custom audience.



If you took those twenty-one custom audiences we created above, then added three additional countries/country groups and four percentages, you'd have 252 unique lookalike audiences. That would be a nightmare to manage manually, but with the Audience Builder, it's all selected, labeled and managed for you.

That's really the superpower of this tool: It lets you create a handful of strong custom audiences, then lets you turn them into hundreds, if not thousands, of lookalikes based off of those custom audiences. And it can all be done in just a few clicks, with no worries about human errors in setup.

Having an abundance of audiences like this means you can systematically move through fresh, well-targeted audiences. That in turn means you can sustain a piece of creative for considerably longer than if you were just doing basic lookalike audiences.

WORK WITH CONSUMER ACQUISITION

WE'RE HERE TO SUPPORT INTERNAL MARKETING TEAMS - NOT TO REPLACE THEM



Let's get one thing out of the way right now: We're not looking to replace your internal team. Instead, we're here to augment your work. We support companies building or running internal marketing teams. Our goal is to help teams run at peak efficiency.

Our core strategic value is benchmarking internal teams to validate performance, increase intensity, expand creative testing abilities, gather new ideas, and share best practices. We believe all companies should have an internal marketing team as part of their core competence. If they're going to maintain the highest possible net profit it is vitally important for them to have an internal marketing team.

But we have also seen that there is tremendous strategic value in benchmarking internal teams:

- It helps management verify that they've got a great team, so they don't have to lose focus wondering if they could do better.
- It increases competition and intensity within the internal team, but in a way that supports performance and shares best practices.
- It allows the internal team (and the external team) to develop new ideas faster and build on each other's work, both for media buying and creative strategy. This helps to reduce tunnel vision, to keep ad creative fresh, and ad performance up.

So we're not here to replace you. We're here to augment your efforts. We are an external creative studio and user acquisition team.

WHO WE SERVE



We've managed over \$1 billion of social advertising on Facebook and Google UAC for the world's largest mobile games and apps who want to maximize profitability from mobile app installs and lead generation.

We are direct response marketers at our core, so our clients tend to be interested in metrics like return on ad spend, average revenue per user/unit, net profit, cost per subscriber, and similar KPIs.

You can see a partial list of the companies we work with here (LINK).

ConsumerAcquisition.com (C) ConsumerAcquisition LLC

WHAT WE DO

You can get support from us with:

• Video and image ad strategy and production via our Creative Studio.

We can create high volumes of creative for Facebook, Instagram, Google UAC, Snapchat, Pinterest and IAB ad formats. If you need 100 new videos every month, that's not a problem.

We charge on a per unit cost. There is a flat rate minimum of \$5,000 per month and discounts for three months or for high-volume video creation. See more information on our pricing page (LINK).

Want to test us out before jumping in? We offer a \$99 Video Ad promotion for your first video. We'll show you what it would be like working with us.

Managed services for social advertisers of all sizes.

This bundles media buying, all creative development and testing services, reporting and campaign execution. This is meant for companies who want to scale their direct response advertising on Facebook and Google UAC.

 Self-Service SaaS tool for media buying on Google UAC, Facebook, and Instagram.

This focuses on three things: workflow automation, ad building and reporting, and creative analytics. Our fee for this service is 0.7% of spend with a maximum of \$15,000 per month. It's free if you spend less than \$50,000 per month on Facebook or Google UAC across your accounts.

WAYS TO WORK WITH US

We offer three tiers of managed services:

- Fully-Managed Services. Social advertiser spending > \$100,000 per month with significant creative demands. Our fees are 15% of spend or \$15,000/month, whichever is greater. The term is 90 days for unlimited video and image production. We offer discounts if spend exceeds \$100,000 a month.
- Managed SMB. Designed for social advertisers spending less than \$50,000 per month seeking guidance with user acquisition and creative production.
 Our fees are 20% of spend or \$5,000/month, whichever is greater. The term is 60 days and we bundle in two videos and one image per month. Additional creative available for an incremental fee.





Managed Startup. This is designed for true startups who need to get their
ads working on Facebook and who are spending up to \$25,000 per month. If
you are looking for a quick 30-day test to experiment with Facebook ads, this
is your plan. We will use your creative and cut our usual rates for creative by
50% for the first ten videos.

See more about our managed services here (LINK).

HOW WE WORK



• 100% Transparency in All Communications

Call it a radical idea, but we believe in 100% transparency in communications. That means we share all our ideas, all our strategies and the ideas that shape them, all our tests, and all performance reports.

• Your "Creative History" and "Media Buying History" documents

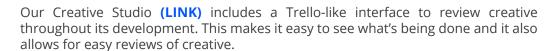
We document testing and then we share it with clients so they have a road map and a record of everything that's worked or not worked. We create documents like this for all creative development and testing, and for all our media buys and audience targeting. Clients own this document, and they are free to take it away with them.

• Daily and weekly communications

We also conduct weekly or biweekly calls where we share what we've done in the last week, and discuss strategy and tactics for the next week. These calls help clients stay on top of what we're doing, but also allow us to get insights into clients' priorities and any strategy changes or other shifts that could affect their ads' performance.

For intraday communications, we use dedicated Slack channels so clients can reach us instantly, but also so information stays out of email and can be efficiently exchanged.

CREATIVE REVIEWS AND APPROVALS



We know how important it is to make creative reviews as easy as possible. We work with several companies who have intellectual property holders who are television shows, feature films, celebrities, or athletes. There are often a multitude of outside sources who need to access creative and give feedback and approval. Our system is designed to gather comments and feedback and to centralize reviews and approvals as efficiently as possible.

Of course, having all this in one interface also keeps it out of email, so every evolution of creative and every piece of feedback is easy to see, track, and archive as development moves forward.

FULLY-MANAGED "BAKE OFFS", AKA "HEAD-TO-HEAD" COMPETITIONS

It's really easy to get stuck in a rut with direct response creative, and with digital advertising strategy in general. We benchmark your internal team's performance or complement their work with new ideas via agency "bake offs" or "head to head" competitions.

We've conducted 56 competitions like this – and have yet to lose one.

So why do a bake off? Plenty of reasons, but here are the best ones:

- Best creative and UA practices will be shared and documented. Everything we learn, we'll share with you.
- Generate fresh creative concepts and new media buying strategies. If your creative has started to get stale but you have to preserve performance, a bake off is a great way to gather fresh creative concepts and new variations.
- New variations based on winning concepts and high-performing competitors reduces non-converting spend.

Here's how we do our bake offs (LINK):

- Each bake off lasts 30 calendar days.
- Each partner us and your internal team gets \$50,000 to \$100,000 of budget.
- Each team must spend two-thirds of their budget on iOS and one third on Android or they lose.
- Mobile app engagement ads aren't allowed.
- Each team starts with a fresh account at exactly the same time, so there can be no account history bias.
- Audiences are split 50/50 between teams (Facebook can set this up).
- Each team starts with the same seed creative and audiences.
- After the first day, teams don't share creative, audiences or account access.
- Teams share metrics every Tuesday and Friday.
- Performance is measured by net profit (so our fees are included in that calculation).
- The winner is determined by the highest net profit.

THE CREATIVE BENEFITS OF WORKING WITH CONSUMER ACQUISITION

Our best creative practices are always shared and documented. Lots of companies use us for the heavy lifting of developing new creative concepts. We help generate endless fresh creative concepts that help eliminate team's tunnel vision.



But we don't just work in a vacuum. When we get a winner, we send that over to our client for them to use. When they get a winner, they send it over to us. This creates an environment where both teams are building on each others' best work. It usually ends up being a "1+1=3" situation, and the combined teams generate better results than they would if they were working independently. Internal teams can also easily generate new variations from our winning concepts, which in turn reduces non-converting spend even more.

For an example of this, see our Quantitative Testing document (LINK). It shows how the two teams work together to rapidly iterate new creative. The foundation of this work is the Creative History we put together for every client. That's the document mentioned earlier that contains all the wins and all the failures of our creative testing. For the client, this means they can bring on new employees or new partners and not make them "reinvent the wheel" from the beginning. Instead, they can build from what we've already done.

Want to know more? Our Creative Testing Phases (LINK) and Creative Studio summary page (LINK) explain our process and abilities.

MEDIA BUYING BENEFITS

Our media buying works just like our creative services in several ways:



- We'll benchmark your internal team's performance.
- All user acquisition best practices are documented and shared.
- We'll generate a media buying document containing all wins and failures from media testing. This will allow you to bring on new employees and partners and share learnings so mistakes are not repeated.

Because we work as an external team, that means your advertising is now done through two accounts. This has its advantages: If a certain campaign gets wonky or gets moved into learning phase, then the other account can take on more traffic, and thus insulate the revenue stream from any vagaries in that one account's performance.

For our best relationships, we do a weekly review of both teams – internal and external. If we outperformed the internal team in terms of net profits, we'll be given a bit more budget. If they've outperformed us, we'll give some budget back. This keeps some mild pressure on for competitiveness and performance, but it also helps smooth out any hiccups in either account.

See our Managed Services Overview (LINK) for more information.

READY TO MOVE FORWARD?

Contact us

Sales@ConsumerAcquisition.com

to schedule a demo or a call.

