



August 2020

How To Scale Facebook User Acquisition

WHITEPAPER



Introduction

User acquisition has been a numbers game for a long time. Back in the old days, like 2017, the numbers were largely managed by people. At Consumer Acquisition, we managed campaigns with an intra-day bid management system that worked with the velocity and accuracy of a trading desk. We would edit budgets and placements and tweak audience targeting several times a day to maintain ROAS.

All that changed in February 2018. Almost overnight, the duopoly's algorithms evolved into something sophisticated enough to take over humans' jobs. Google took back all control all at once at first, then dolled it back to us slowly. Facebook took the opposite approach, starting small, and has been incrementally nudging us all toward the near total automation we're at now.

This has had a profound effect on user acquisition advertising and user acquisition managers. We've got far fewer levers left to achieve results with now than we used to have. And yes, the automation has taken a lot of work away from us. It's made entire industries (like adtech) increasingly obsolete. And it will probably shrink the size of many UA teams.

But while some things are being taken away, other opportunities are opening up. Creative strategy, development, and testing actually end up being the primary driver of improvements to ROAS. Those things are still best done by humans.

In the following pages, we'll review how we got to this point of automation, how it's affected UA performance and management, and what UA managers should do to evolve into this very new environment, as well as elevate their level of UA techniques to become skillful masters. It's an exciting time to be in user acquisition, but it demands a great deal of agility.

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How the Algorithms Have Been Moving Toward Automation

Facebook and Google have made major strides in 2019 and 2020 towards simplifying and streamlining their ad platforms. This is overwhelmingly a good thing because:

- It allows more people to effectively use the platforms, regardless of their advertising skills
- It saves ad UA managers' valuable and very limited time
- It gets better more consistent results

However... if you're an experienced, proactive and performance-driven advertiser, giving up so many controls of how you run your campaigns is tough. It means UA managers have to completely rethink how they advertise. It also means UA advertisers have to and [update their skills](#) because the algorithms can do so many user acquisition tasks better than people can now.

While there has been concern about UA managers losing their jobs to all this new automation, we see it as an opportunity. We recommend UA managers switch how they spend their time over to [creative strategy](#), [player profiles](#), and competitive analysis. Those are the key drivers of performance now, though it's also critical for UA managers to understand how automation works. The algorithms, in a sense, are now key members of your team.

To navigate UA in 2020 and beyond, you'll also need to understand how automation has affected UA advertising, UA teams, and what it means for your own career prospects. We'll cover all this and more in these pages.

How We Got Here A Brief History of UA Automation Over the Last Two Years

If you're in the trenches of UA, it's easy to lose sight of the larger picture. So while we know you're probably more focused on the future than on the past, understanding what's happened in the last two years will help frame what's happening now, and what's likely to happen soon.

Phase One of User Acquisition Automation

Way back in the stone age of UA, near the end of 2017, Google instituted a sudden change. It moved the all-new app install campaigns to over to a thing called "Google App Campaigns." Advertisers were pushed into a very new advertising environment that had both significant limitations and significant powerful new features... all of which were made possible by the platform's algorithm.

About a month after that, Google took things a step further. They turned off any Search, Display, and YouTube app promo campaigns that were running. All [mobile app install](#) campaigns on Google now had to be run through Google App Campaigns.

Here's how [Google described the new UAC](#):

"As an app advertiser, you want to get your app into the hands of more paying users. So, how do you connect with those people? Google App campaigns streamline the process for you, making it easy to promote your apps across Google's largest properties including Search, Google Play, YouTube, and the Google Display Network. Just add a few lines of text, a bid, some assets, and the rest is optimized to help your users find you."

Facebook followed suit quickly after. At the beginning of 2018, they rolled out an update which included new best practices for advertising on a platform now run mostly by an algorithm. Facebook's changes at the time weren't as forced as Google's, they still influenced results.

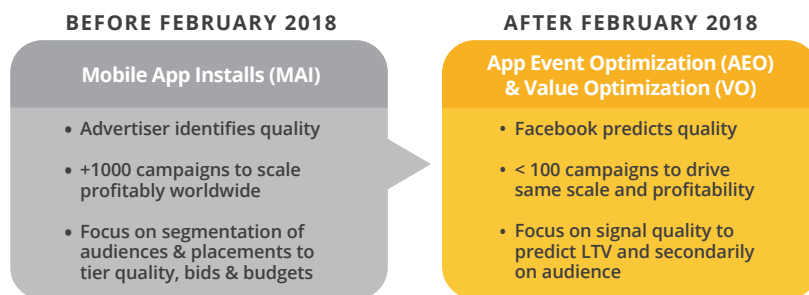
All this was basically Phase 1 of UA's shift towards automation.

Phase 2 began on February 19, 2018. That was when [Facebook's algorithm](#) significantly changed how mobile app installs and lead generation campaigns were managed. Advertisers suddenly handed over quite a bit of social advertising control to these algorithms.

The Advantages of Algorithm Control

Luckily, giving algorithms this much control has a couple of upsides.

1. Since many responsibilities of the user acquisition manager have moved over to algorithms, there is an opportunity for less-experienced advertisers to get results comparable to their more advanced peers. This means more advertisers, even with less experience, can profitably use the platforms. This means, of course, that Facebook and Google get to expand their user base.
2. As advertising platform algorithms have become increasingly sophisticated, many third-party advertising tools are no longer needed. In the past, adtech tools were a significant competitive advantage available only to companies who could afford them. Now, both Facebook and Google App Campaigns offer almost comparable adtech tools for free.



Before February 2018, Facebook advertisers could run almost an unlimited number of ads. These ads could have audiences that overlapped. There were also no penalties for making frequent bid changes; even if there were multiple bid changes every couple of hours. Advertisers could pause ads, and budgets could be modified all the time. Facebook allowed adtech providers (similar to our [AdRules](#) tool) to edit bids, budgets, and pause rules with the utmost of precision and speed. Optimizations were done through many actions—most of which were controlled by the advertiser or by a third-party adtech tool.

All that changed dramatically on February 19th. The constant changes suddenly started to incur penalties for advertisers. Soon enough, it became clear Facebook would reward social advertisers for running and optimizing their campaigns according to the best practices outlined in [Facebook's "Blueprint Certification."](#)

Fewer Campaigns with Minimal Audience Overlap

One of the overarching principles of Facebook's Blueprint Certification is that it's better to rely more heavily on the Facebook algorithm, which will help sift through audiences and settings to help you [acquire the right customers](#). Broad targeting with no overlapping audiences, combined with Facebook's Value Optimization (VO) and App Event Optimization (AEO) work well to create a successful campaign.

We had come to the point (like Google had articulated earlier) where the algorithm was now doing the heavy lifting to "help your users find you."

Since February 2018, Google has rolled out Value Bidding, Similar Audiences, Ad Groups, Media Library, and Asset Reporting. Two of those new features (Value Bidding, similar to Facebook's value bidding, aka "target return on ad spend") take significant advertising management tasks out of the hands of humans and give them over to the algorithm – aka "the machines."

Facebook has rolled out many similar features, and most notably it's Power5 and then Structure for Scale frameworks, which are basically a new set of best practices for advertising on a platform run by an algorithm.

So the machines have arrived. In fact, they've been running our campaigns for a while. It's well past time for advertising managers to step back from many of the tasks that used to define their jobs and let the algorithms take the lead.

Facebook's Structure for Scale framework lays out exactly how to do this.

Creative Audit

If you want to know how to prepare for automated media buying, auditing is an excellent place to start.

Never just leap into an account and start making changes. Before you do anything, you need to know how the account has been performing to date, where it's working and not working. To do this, we always start with an audit. When we're working with a new client or creating a new media account we start with a full audit of both their creative and their media buying.

A thorough audit includes:

The Creative Audit

1. Identify your best and worst-performing creative.

Why do you think each standout piece of creative performed well or badly? The goal here is not to replicate ideas that have won or failed but to discover fresh new directions to explore new ways for your creative to evolve.

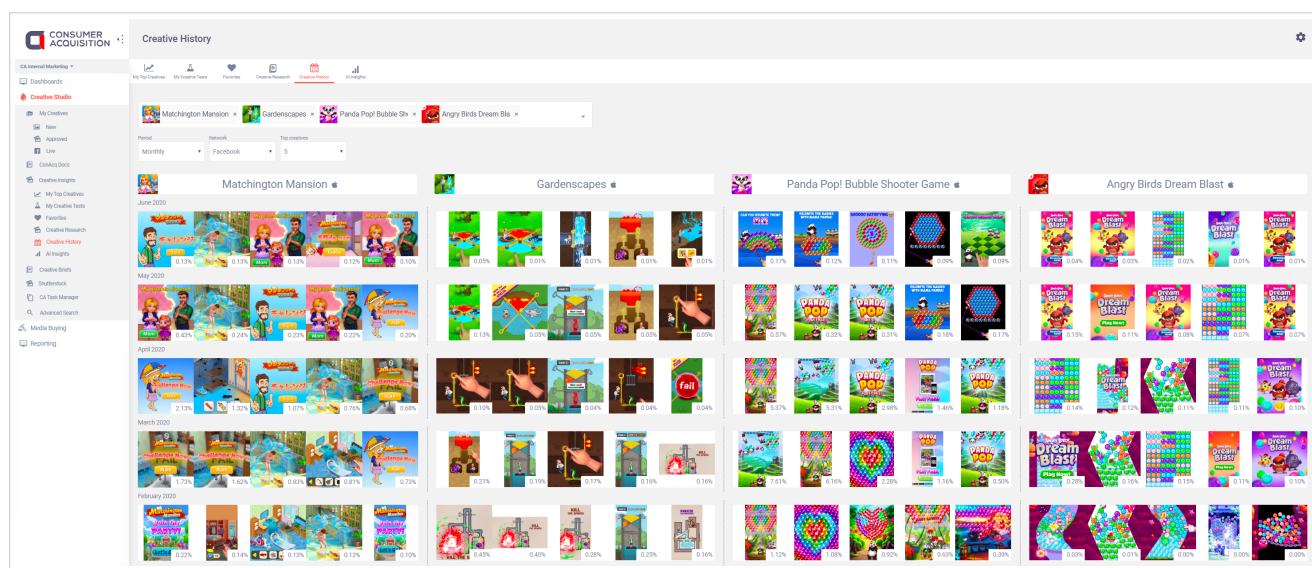
Also look for which demographic selections tend to perform best (like age, gender, geography, and device). Then check how the performance of static or video ads compares.

2. Do a robust review of your competitors' ads.

Pablo Picasso said it best: “A good artist will borrow but a great artist will steal.” So go ahead — steal the best ideas of your competitors. [Competitive analysis](#) is one of the highest-value things user acquisition managers can do now.

Just know that your competitors are failing at the same rate as you are — between 85% to 95%. That means a vast majority of all their new concepts [fail to outperform the best creative](#) in a portfolio. And if your new creative can't outperform your best ad, you lose money running it.

However, if you can incorporate your competitor's best concepts and creative trends, it will give you an endless supply of concepts that they've tested.



Special Offer: See your competitors' top video creative and understand which ads drive their performance. We're giving away FREE access to over 1 million competitive videos.

3. Do a complete review of your assets to determine what's required to take the pieces and recombine them to create new concepts.

4. If you have done a market segmentation analysis and produced [player profiles](#), employ that information now to refine your calls to action to appeal to your best audiences.

Want some help with this phase of the audit? We offer a premium service called “Collaborative Creative” where we'll put together a strategic creative plan with mini briefs that contain concept hypotheses and motivations. We then walk you through the document for feedback

The Media Buying Audit

Now that your creative is dialed in, it's time to pivot to audiences, ad spend, and campaign goals. These aren't as big a driver of performance as creative, but they still matter — a lot.

- Review KPIs (Key Performance Indicators) and Lifetime Data to verify your campaigns are achieving the KPIs they are expected to meet. If your campaigns aren't meeting those KPIs, how far off are they from your goals?
- Do you have a MMP (Mobile Measurement Partner)? If you do, check to make sure your Facebook data aligns with your MMP's first-party data. If the data doesn't align, how much is it off by?
- Review your creative, campaign, and audience performance. See which components are achieving or near KPI.
- Review your top-performing campaigns, audiences, and creative and highlight the top performers. What has worked best? Why do you think it's worked so well?
- Are you using CBO (Campaign Budget Optimization) and/or Non-CBO campaigns? Compare the performance of each type of campaign. Remember: CBO Campaigns allow Facebook's algorithm to split out a set budget between the different ad sets instead of manually inputting these budgets at the ad set level.
 - Are you running DLO (Dynamic Language Optimization) ads? If you are, check their performance. Specifically, check if any languages monetize better than others and if that maps to their geography targeting. DLO allows multiple languages in one ad unit which Facebook dynamically serves to users based on their indicated language. Sometimes it works well, some times not so much.
 - Review your bid types to determine what is working (VO, MinROAS, AEO, MAI, etc.). Here are the key differences to each type:
 - AEO (App Event Optimization): Instructs Facebook to optimize for users most likely to complete the indicated event. For example: level achieved, add to cart, registration completed, purchase.
 - VO (Value Optimization): Tells Facebook to optimize towards users that are most likely to purchase at a great amount over a longer period of time. VO is typically used for highest LTV (Lifetime Value).
 - MinROAS: This is a function of VO that instructs Facebook to optimize towards users who are likely to generate a specified Return on Ad Spend within a specified timeframe.
 - MAI (Mobile App Install): Tells Facebook to optimize towards users that are most likely to install the app.
 - Review your campaigns' performance by media type and determine if videos or static images, carousels, DCO (Dynamic Creative Optimization) are performing on the account.
 - Review your campaigns' operating system performance (Android vs iOS).

Throughout your audits

- Look for new testing opportunities.
Here are some of our favorite things to test:
 - Facebook best practices ([Structure for Scale](#) or Power 5).
 - Ad copy. Headline and ad text.
 - Ad set structure testing (one ad per ad set, multiple ads per ad set).
 - Your entire creative testing process. “Test your testing” against the best practices we outline in these resources:
 - [Video](#): Funny Facebook Explainer Video On Creative Testing
 - [Whitepaper](#): Creative Testing: Why Is The Control So Hard To Beat?



- **Plan your strategy going forward.**

Prepare to normalize your account structures with a balance between Facebook best practices of Structure for Scale (S4S) / Power 5 and our proven methodologies to achieve both scale and ROAS. Plan out what you'd want to do first, what it will take to implement it, and how you'll use the resources you have to get it done.

Keep in mind that:

- Structure For Scale's main strategy is to streamline and minimize the number of campaigns and ad sets targeting wider reach audiences. This allows the algorithm to more efficiently drive ROAS and other desired outcomes.
 - Concentrating spend in fewer ad sets allows Facebook to quickly accumulate events and exit the learning phase. As you know, the longer your campaigns stay in the learning phase, the more revenue you lose.
 - Maximize audience reach so the Facebook algorithm can find the most qualified users while it also minimizes audience overlap.
- Try to minimize changes to campaign/ad set settings so you can avoid a “[significant edit](#)” and have your campaigns forced into reverting back to the learning phase. To avoid this, we will often launch a new campaign with the desired changes to avoid affecting the original campaign.

- We tend to follow four out of the five “Power Five” best practices. Those five are:
 - Auto Advanced Matching. Use this if you want to sync customer data.
 - Account Simplification / Structure For Scale.
 - Campaign Budget Optimization.
 - Automatic Placements. This setting allows Facebook to choose where your ads will most efficiently be displayed across their ad networks.
 - Dynamic Ads. We use these infrequently, but they can be effective for personalized product retargeting campaigns for e-commerce clients.

After all that is done and we’re clear about how to target audiences, which bidding strategies we’ll use to reach them, and which Structure for Scale / Power 5 best practices we’ll use to implement the strategy, then we’ll move over to media buying.

Media Buying

Establish performance benchmarks

We use our client's strongest elements (videos, images, ad copy, and audiences) to establish baseline performance while using our preferred campaign structure. So if you’re working on your own campaigns, make sure you have solid baseline performance data before you move forward.

While you’re doing that benchmarking, you can begin to develop new creative based on what you’ve learned from your audits. For example, we will start writing new copy and our creative studio will begin creative development as soon as the creative audit is complete. That way, there’s no delay waiting for new creative. It’s ready to go right about the same time as the benchmarks have accrued enough data to go forward.

Question: How long do you use a client's (or your own) legacy videos, audiences, ad copy, etc during the benchmarking process?

Answer: Typically, we don’t use clients’ creative assets very long. In most cases we’ll beat their copy and other creative elements within the first week we work with them. But we will let their creatives run for the first week so we can establish a baseline/benchmark metric.

Once the second week starts, we’ll begin testing our creative, copy, and audiences. Usually within a week or two most clients’ creative assets are shut off or outperformed.

All that said, sometimes a client’s top-performing video can last quite a while. So long as that creative’s performance is on par or outperforming our new creative we will continue to run it.

So if you’re doing your own campaign optimization, don’t kill off old creative just because it’s old and doesn’t fit with your new strategy. So long as it works, keep it running. If your new approach is correct you’ll beat that old creative soon enough.

Optimize audience structure

Audiences are a critical part of campaign performance, so we test them rigorously. This is our preferred testing approach to build an effective audience structure:

- **Test available geographic setting.** We usually use WW, T1, and US on Broad, Interest Groups, and Lookalike Audiences.

Lookalike audiences are especially critical for our process. We'll initially test narrower (higher quality) 1%, 3%, 5% audiences, analyze performance and then expand to wider (less expensive) 10%, 15%, 20% audiences in an effort to balance cost versus Return on Ad Spend.

Lookalike audiences can range from 1-20%, though typically we use 1, 3, 5, 7, 10, 12, 15, and 20%. These can also be based on seed audiences of spend (value) or events committed that drive KPIs like monetization, retention, and LTV.

Here are some examples of seed audiences:

- Purchase
 - Registration
 - Purchase greater than certain \$ amount
 - Top 1% Purchasers
 - Top Active users
 - Top 10% Users
 - Top App Launch Users
 - Users who have reached a particular milestone
- **Create “MegaStacks.”**
These are a group of lookalike audiences that consist of similar lookalike audiences in the same percentage range. This allows us to create an expanded audience that is similar in intent. This expanded audience can include:
 - Similar audiences (purchases vs top purchasers vs purchases > 9.99)
 - Different lookback windows (7D, 30D, 90D, etc.)
 - Different Geos (if audience is worldwide)
 - **Develop an audience of “Early Whales.”**
These use a revenue value that is relevant to the particular game. So instead of going after just any buyer, we're targeting super-high value buyers.

To do this, first we'll create lists of users that meet “early whale” criteria. The values shown below are placeholders, but the idea is that the highest amount (in this case \$10) may not be achievable for 1 day or even 2-day users but only 7-day users. Once these audiences are built, they are uploaded to Facebook for lookalike audience creation.

For example:

- Day 1 all users with at least \$2 of revenue
- Day 2 all users with at least \$2 of revenue
- Day 7 all users with at least \$2 of revenue

- **Budgets and Bidding**

Once the lookalike audiences are established, we'll increase the dollar amounts.

- Day 1 all users with at least \$5 of revenue
- Day 2 all users with at least \$5 of revenue
- Day 7 all users with at least \$5 of revenue

then

- Day 1 all users with at least \$10 of revenue
- Day 2 all users with at least \$10 of revenue
- Day 7 all users with at least \$10 of revenue

- **Some of our favorite tactics for optimizing bids and budgets**

- **Value-based manipulated audiences.**

This is a sophisticated and powerful technique made easier with our [Audience Builder Express](#). First, we generate a list of users sorted by revenue that is then manipulated to go much higher and much lower based on their place along the average. This creates a profile of users who are “high value” and “low value” for Facebook.

You can use any one of the attributes below in your profile:

- Interest Groups. Programmatically generated groupings of Facebook interest categories, games, products, pages, etc.
- Broad Targeting. Unrestricted targeting of all users in the geographic area. This allows Facebook the most reach in identifying quality users, but may be too wide to control costs.



Create a Lookalike Audience

Find new people on Facebook who are similar to your existing audiences. [Learn more.](#)

Source ⓘ C... W...

[Create New](#) ▼

Location ⓘ

-  **Custom Audience**
Create an audience of existing customers or people who have interacted with your business.
-  **Custom Audience With LTV**
Create a Custom Audience that includes customer lifetime value (LTV) to enable value-based lookalikes. Available only for audiences from your customer file.

[Browse](#)

- **AEO and VO.**

We'll also test AEO and VO campaign optimization against the audiences described above to determine which bidding strategy produces the best results based on client KPIs.

These tests can include:

VO+MinROAS. We follow this set of best practices:

- Start with 1% bids (unless you have a very high ROAS goal) or a range of bids
- Adjust the bid higher or lower depending on audience performance
- If we see that quality is too low, we increase the bid
- If we see that scale is too low, we decrease the bid
- If performance is very high, decrease the bid to increase scale

- **Leverage campaign structure.**

Our preferred audience/campaign structure allows us to quickly determine which geographies/audiences and bidding optimizations will achieve client goals from both a cost and scalability perspective.

This structure delivers more precise results with fewer variables within each campaign. Other agencies/media buyers may change bid strategy or audiences on the fly within campaigns as a quick fix, but we split out variables to identify true performance.

- We split audiences based on similar events (purchases, top purchases)
- We separate broad and interest campaigns
- We split out campaigns from VO/AEO/MinROAS/MAI
- We split out different country targeting
- We split out different conversion window targeting

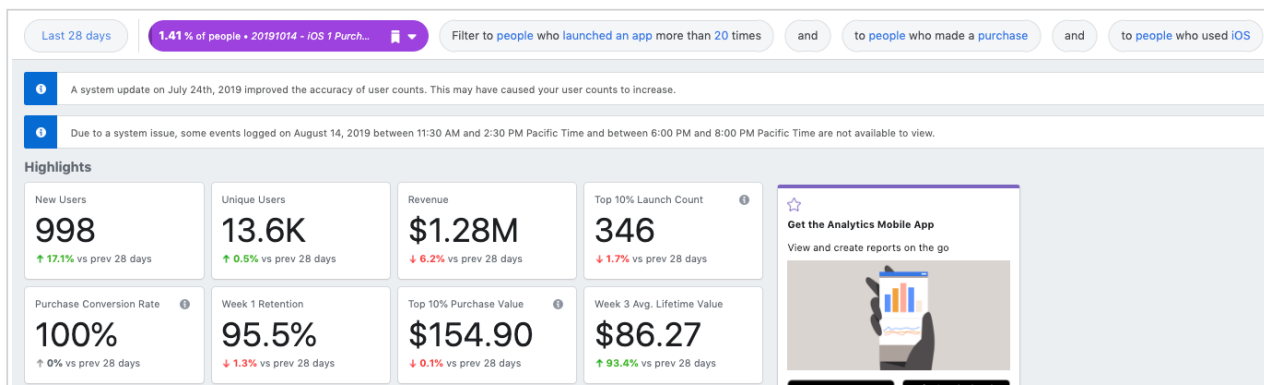
We'll try all those tests just so we can understand specifically what causes a campaign to perform well. This is critical for later testing: We need to know which creative elements and campaign settings make a difference and which don't.

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

Optimizing for Special Situations

By now you've done your audits and you've done a close evaluation of your audiences, ad spend, and campaign targeting options. Basically, you know where you've been, where you want to go, and how you want to get there.

Now let's layer in some extra strategy for special situations. We've outlined three common situations that deserve a slightly different approach. Use these only if they apply to your situation, but each one of them should be familiar to you so you can apply them if the need arises.



- **How to Optimize for a Monetization Strategy: Ads (IAA) vs Purchases (IAP)**

- **IAA (Inter-App Audio)**

(IAA) apps monetize with in-app ads. Generally, the longer a user remains in the game, the more revenue (ad views) they generate. The goal is to find high-retention users for the lowest acquisition cost possible. Targeting for these campaigns is designed to be low cost / low CPM. Usually that means App Install optimization with broad, wide lookalikes (10%-20%) and interest groups.

Basic App Install campaigns lack optimization levers (AEO, VO, etc), so instead we optimize on top performing age, gender, geo, language, device/Android/iOS, and platform placement (IG, FB, FAN, etc).

- **IAPs (In-App Purchases)**

(IAP) apps monetize with in-app purchases. The goal is to acquire high-ROAS users, which is typically achieved through AEO & VO optimizations.

Typically for IAP campaigns we seek high ROAS campaigns that are driven by AEO and VO bidding and are tied to lookalike campaigns.

Here's how it works:

- We kick off campaign creation by testing broad campaigns and lookalike campaigns for initial testing.
If there is enough data initially, we tend to test AEO and VO against each other to see which is the better performer.
- If we start to see strong performance in VO, then we start testing MinROAS Bidding.
- We kick off testing with WW and US campaigns. Typically this is because the US has always been a consistent performer, and WW campaigns give us data on the other countries for further testing.
- As we continue to run campaigns and identify top-performing countries, we create lookalikes for those specific countries and test them against worldwide.
- Once we get a winning bidding strategy and audience, we test different levers of optimization like:
 - DLO vs Non-DLO
 - CBO vs Non-CBO
 - Multiple Ads per Ad Set vs One Ad Per Ad Set
 - Different MinROAS Bidding Levels
 - D1 Conversion Window vs D7 Conversion Window
- We also review different breakdowns to determine if top-performing breakdowns could be specifically targeted on a new campaign. These breakdowns include:
 - Age
 - Gender
 - Geographies
 - OS Version
 - Publisher Platform
- While we are testing different campaign builds and audiences, we are consistently putting new creative through Phase1, Phase 2, and Phase 3 testing. Once we have determined winners we introduce these ads into our top-performing campaigns to determine their performance against control creative.

SECTION 2

What UA Automation Means for UA Advertisers, UA Managers, and UA Teams.

As we've seen in the prior pages, the largest ad platforms have automated many of the tasks UA managers used to do. Much of the day-to-day operations work UA managers had been responsible for has shifted over to Facebook and Google's advertising algorithms.

User acquisition advertising simply requires less work and less expertise than it used to. So, does this mean UA managers and their teams aren't needed anymore? And even if they're needed less, what are the consequences of that?

What should UA teams and UA managers do in this new environment?

We believe they should shift their focus to [creative testing](#) and optimization.

Here's why: Creative performance has become the only lever where marketing and/or UA teams can have a large impact on ROAS. This can be done by testing and scaling creative.

Because "creative is king" now, sourcing effective [ad creative is critical](#). There is an increasing call for [media buying](#) teams and creative teams to have better collaboration in order to take a more quantitative approach to [creative development and testing](#) in order to [boost ROAS](#).

See our other whitepapers, like our [2020 Definitive Guide of Facebook Ads Creative Strategy](#), [Creative Testing and Launching New Games](#) or our [2020 Facebook Advertising & Google App Campaign Best Practices](#) to learn more about the massive impact of creative on UA ROAS, and how to leverage it to your advantage.

Don't Fear the Machines

"This is going to be a human-driven business for five to 10 years... For the foreseeable future, humans will do the work in creative analytics. The opportunity is to become good at creativity. The question is how you evolve your creative thinking."

Brian Bowman, CEO of Consumer Acquisition

So this is where we are in Q2 2020: Not only can "the machines" efficiently run advertising campaigns, but if you want optimal performance, you should constantly be testing how to hand over control of your media buying to their algorithms.

That often makes UA teams nervous. Usually for one of two reasons:

Reason #1:

Are Machine-Managed Campaigns Really Able to Outperform Human-Managed Campaigns?

Yes. Machine-managed campaigns can perform within 10% (+/-) the performance of human-managed campaigns, and this performance is certain to get better quarter-over-quarter.

Want proof? Check out the [30 case studies](#) Facebook has on its Power5 page.

E-commerce company Kortni Jeane is just one example. Kortni Jeane, a swimsuit retailer, used Facebook's Campaign Budget Optimization and consolidated some of their audiences to get a 22x return on ad spend.

That is not a typo. They got 22 times their ad spend back in revenue. And they got 57% higher revenue in February 2019 than they did in February 2018.

Here's the deal: The algorithms work. They can crunch the numbers way faster than a human can. They're built to review billions of data points, to calculate and recalculate that data to achieve the haloed goal: Serve the right ad to the right customer at the right time. But there's UA managers don't have to [fear the machines](#).

Reason #2:

Will My Job be Replaced by a Machine?

Yes – part of it. We've reached the tipping point where humans have to let go of the intra-day ad management tasks they used to control as part of the value they provided to a company. Machines are quickly becoming better at granular campaign management. The good news is that when the machines' campaign management capabilities are partnered with a human for idea expansion, the combination is very powerful.

If the bulk of your time at your job is spent running reports and poring over spreadsheets to find small pockets of opportunity, you must expand your skills. The machines can simply do this faster and better than people can, and by several orders of magnitude.

Does this mean you're about to be out of a job? ABSOLUTELY NOT!

You have an opportunity to expand your skills into new areas of focus:

- **Learn how the machines do their optimization work, so you can manage them appropriately.**

Some experts have compared our new environment to a pilot flying a plane. The pilot has this huge dashboard of data inputs they monitor, even though the plane automates a lot of its own systems. But there's still a keen need for a human to be there, making sure the machine takes appropriate actions.

The human is there to overcome the primary weakness of the machines: The algorithms only do what they've been coded to do based on patterns they've seen in the past. They cannot conceive of new creative concepts. At least for now, only humans can do that.

- **Prove your value to your employers or your clients in new ways.**

You aren't going to be making bid edits or sifting through dozens of audiences and ad sets/ad groups all day anymore.

So what? You've got better things to do. To [develop better creative](#), for starters. As we've discussed, now that every advertiser has access to algorithmic campaign management, most of the advantage advertisers used to get from adtech is gone. High-performance creative is the only real competitive advantage left now, and this will become increasingly apparent as Google and Facebook's advertising algorithms take over more and more of campaign management.

If success hinges on creative, it's time to get serious about creative development and testing. These four resources can get you started:

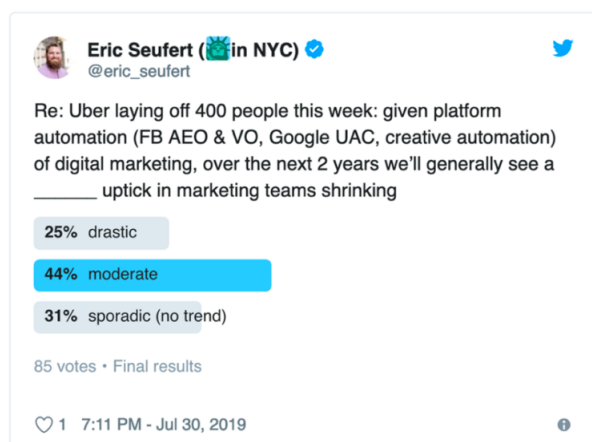
- [2019 Video Ad Creative Best Practices](#)
- [Media Buying Best Practices For Creative Testing](#)
- [2019 Creative Testing Best Practices](#)
- [Our whitepapers](#)

One last word for UA teams worried about these changes: Given the speed and intensity most of us live at now, and the pressures most UA managers are under, should we really worry about machines taking over granular campaign management? Did you not have enough to do already? Most of the UA managers and teams we know are very busy people.

The Shrinking UA Department

So now that the quantitative side of UA management has been streamlined, what's a UA professional to do? Smart UA managers will [pivot over to creative strategy and testing](#). But if you had people on your team that were exclusively doing media buying or that were only adjusting bids or budgets and building new lookalike audiences ... their desks may be empty soon.

So let's be clear: [We do expect some layoffs and reduction](#) in user acquisition team sizes in 2020. Even [Uber laid off a third of its marketing department](#) last summer. We suspect this is driven at least in part by new automation capabilities.



But here's the doozy: The automation capabilities driving those layoffs won't just affect a small group of well-funded advertisers who have access to expensive adtech. These automation features are available to everyone. Facebook and Google's AI capabilities are free.

This could affect not only the user acquisition community, but also ad agencies, marketing consultants, and in-house marketers all over the world — especially those firms who focus on the SMB market (small to medium size businesses).

Small businesses are always pressed to maximize their budgets, and if it takes less work and expertise to manage digital advertising than it used to, SMBs will probably embrace automated campaign management as soon as they trust it to do a better job than their human Facebook ads manager can. That trust is not completely in place yet, but it's building.

Returning to the UA world, smart UA team members and other individuals must pivot to [creative strategy](#), [creative competitive analysis](#) and [creative testing and optimization](#). The only alternative they have is to become specialists in how the algorithms work and in the new features the platforms are offering, like [Google's Pre-Launch tool and other features](#), so they can better manage their remaining levers of control servicing the top end / most sophisticated advertisers.

But even if they take the path of being “algorithm managers,” their skill set still has to evolve.

You can't be in an industry that's evolving as fast as UA is and not radically and continually improve your skills.

What's Next for UA Managers and Their Employers

As business owners consider their own UA teams now and into 2021, they may see opportunities to reduce some overhead, or to hire less experienced and less expensive media buyers.

So leaner UA teams are probably the future, and we've seen some teams consolidate already.

UA and Product Teams Will... Align, Overlap, or Merge?

So the roles of individual user acquisition professionals and teams may change. But the role of user acquisition teams as a whole may change, too.

For a long time, we've built up a bit of an organizational wall between acquisition teams and growth teams. The functions of these two teams were fairly separate: UA teams got the customers, and growth or product teams tested the app for better engagement, monetization, and lifetime value.

But is that separation really necessary – or even beneficial? As both teams are interested in LTV, and as advertising platforms simplify to the point where advertisers just give the algorithms a profile of the type of customer they want, might it make sense to overlap or merge the staff and the functions of UA and product teams?

It's essential to consider the role of [creative development and creative strategy](#) in all this, too. Ads use an awful lot of creative assets from the apps themselves. So could creative testing morph from a user acquisition role into aspects of product development? Could growth teams be influenced by user acquisition so that they develop different paths through apps for different types of customers?

Some companies are already exploring how UA teams and product teams can be more closely aligned. Creative and [quantitative testing](#) may be their common ground. That could mean (among many other things) merged teams... and that makes for more opportunities for business owners to reduce their overhead.

How Automation Affects Other Aspects of User Acquisition Management

Every UA manager knows ad campaigns are complex systems. Make one change to one aspect of a campaign, and it will affect all the other aspects of the campaign. UA automation is no different.

UA automation and the Three-Legged Stool

These are the three biggest drivers of UA campaign performance right now:

1. Creative optimization
2. Budget
3. Targeting

While targeting and budget manipulations are powerful ways to improve performance, creative optimization beats the pants off both of them.

Google itself [has acknowledged](#) this, citing a study that found “on average, media placements only account for about 30% of a brand campaign’s success while the creative drives 70%.”

The fact that creative accounts for 70% of brand campaigns’ success is not the only reason to get serious about optimizing creative. The best reason to focus on creative is that the other two main drivers of UA performance – budget and targeting – are now largely automated.

We have shifted into a world where creative is the only real competitive advantage left.

All that said, there are still significant performance wins to be had with better targeting and budgeting. They may not have the same potential impact as creative, but they have to be dialed in or your creative won’t perform as well as it could.

Targeting for Campaign Optimization

Yes – Facebook and Google’s ad platform algorithms can now go out and find your ideal customers for you. But that doesn’t mean those algorithms can’t benefit from a little help.

Audience targeting is so critical to performance that we’ve created a power tool to help us slice and dice audiences with a level of precision and efficiency that most advertisers never even know is possible.

Our [Audience Builder Express](#) lets us create hundreds of lookalike audiences with incredibly granular targeting in seconds. It also allows us to alter the life time value of certain audiences just enough so that Facebook can better target the super-high value prospects. By “stretching” the data in certain ways, we can give the algorithm a much clearer profile of the ultra high-value customers we want the most.

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%
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7	Top 3,000 payers	Top 25% of Payers	Increase By 10X	Bottom 10% of Payers	Decrease By 90%
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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%

All this sophisticated audience targeting helps performance and reduces audience fatigue, but it has one other benefit: It lets us keep creative alive and performing well for much longer than without our advanced targeting. The longer we can keep creative alive and performing well, the better.

Budgeting for Campaign Optimization

We've come a long way from bid edits at the ad set or the keyword level. With [campaign budget optimization](#), AEO bidding, value bidding, and other tools, now we can simply tell the algorithm which types of conversions we want, and it will go get them for us.

There is still an art to budgeting, though. Per [Facebook's Structure for Scale](#) best practices, while UA managers do need to step back from close control of their budgets, they do have one level of control left. That's to shift which phase of the purchase cycle they want to target.

If a UA manager needs to get more conversions so that the Facebook algorithm could perform better, they can [move the event they're optimizing for](#) closer to the top of the funnel – to app installs, for example. Then, as the data accrue and they have enough conversions to optimize for a more specific, less frequent event (like in-app purchases), then they can change their conversion event target to something further down the funnel.

This is still budgeting, in the sense that its managing spend, but it's managing spend at a more strategic level. [Now that the algorithms run so much of this side of UA management](#), we humans are left to figure out a strategy, not individual bids.

Bottom Line, Creative is King! UA Performance is NOT a Three-Legged Stool

Each of these primary drivers is critical to campaign performance, but it's not until you use them in concert with creative that they really start to stoke ROAS. They are all interconnected. Ignore one, and suddenly the other two won't hold you up.

This is a big part of the art of campaign management right now – bringing creative, targeting, and budgeting together in just the right way. The exact execution of this varies from industry to industry, client to client, and even week to week. But that's the challenge of great user acquisition management right now. For some of us, it's a lot of fun.

The Algorithms Still Need to Be Monitored

While user acquisition managers can now step back from certain parts of campaign management, there's still a need for humans to supervise the machines.

The algorithms are increasingly effective, but they still have some serious blind spots. For example, algorithms run on data. Restrict their access to data, and performance drops off precipitously.

Data restrictions can happen due to campaign structure (which we talked about earlier), but they can also occur when market conditions change rapidly... during events like a [pandemic](#), for example. Or during [Black Friday](#). It's surprise events like these when humans are most valuable: We can adapt to unfamiliar situations faster and more effectively than machines can.

Another critical aspect of “algorithm management” is to question the decisions the algorithms make. We can across a very interesting example of this in early 2020 when we started to really wonder why the control ad always seemed to win. After some careful strategic testing, we revealed a bias in the algorithm. The video below explains what it is, how we found it, and how to adapt you're A/B testing to get around this “bug” that could arguably be seen as a feature for most beginner advertisers.



Third-Party Adtech is Largely Obsolete

As Facebook and Google App Campaign optimization algorithms have drastically improved, and each platform has rolled out powerful – and powerfully effective new automation features, they've created a more level playing field for social advertisers of all sizes.

Advantages that were once held by third-party adtech providers have diminished, with media buying and bidding becoming much easier and faster with these improved native tools. As a result, Facebook and Google's algorithm improvements have made a lot of [adtech largely obsolete](#).

A lot of adtech... but not all of it.

...But Some AdTech is Still Useful

We've managed over \$3 Billion in ad spend over the last few years, driving ROAS for some of the most profitable apps and companies in the world. We do it as efficiently as humanly – or “mechanically” (?) possible, thanks to having both a gifted team and some very powerful tools.

AdRules is our own Self-Service Ad Buying & Creative Automation For Facebook & Google App Campaigns. It simplifies the process of social advertising by using workflow automation to build ads quickly, reduce management, and improve reporting performance over Facebook's native tools. AdRules is free until the end of July.

AdRules also includes the AdRules Audience Builder, which we introduced in an earlier section of this whitepaper. It allows users to create hundreds of defined audiences with just a few clicks.

App Event

Each selection will create a new set of audiences

☒ **Anyone who opened the app**

☒ **Most active users**

☐ **By Top % Active**
Creates a new audience for each selection

☒ **Users by purchase amount**

☒ **By Top % Value**
Creates a new audience for each selection [select all](#)

☐ Top 25% Value ☐ Top 10% Value ☐ Top 5% Value ☐ Top 1% Value ☐ Top 0% Value ☒ Top 5% Value ☐ Top 4% Value ☐ Top 3% Value ☐ Top 2% Value ☒ Top 1% Value

☒ **App Installs**

☐ **By User Type**
Creates a new audience for each selection

☒ **App Launches**

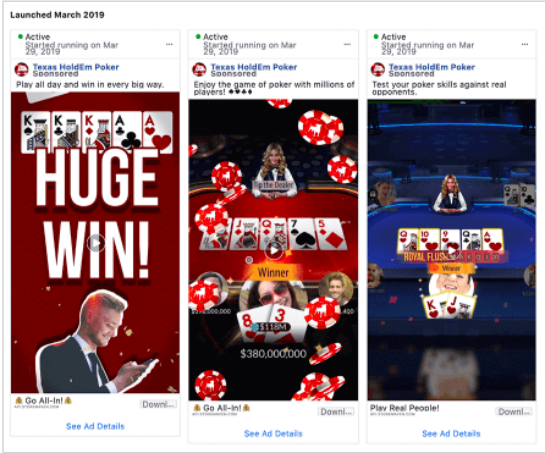
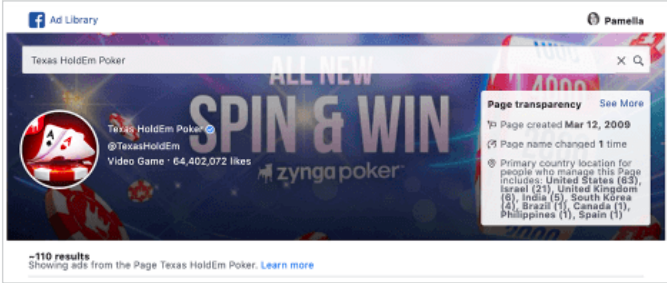
☒ **By User Type**
Creates a new audience for each selection [select all](#)

☒ All Users ☒ Android ☒ iOS ☐ Games on Facebook ☐ Unknown

[Refine...](#)

Competitive Analysis Tracking Tools. We didn't build any of these in-house, but we recommend their use highly. Competitive analysis is one of the highest-return activities a UA manager can do now, especially if they include [player profiles](#) and [creative trends](#) in their analysis. For tools, start with [Facebook's Ads Library](#) to see what your competitors are publishing, then experiment with: Social Ad Scout, PowerAdSpy, Connect Explore, SocialPeta and AdSpy.

See our article, [Facebook and Google App Campaign Best Practices for Competitive Analysis of a Competitor's Best Ads, Using the Latest Ad Spying Tools](#), for a detailed explanation of how to do competitive analysis.



Achieving UA Mastery: Advanced Techniques for Facebook

Although automation has its place in everyday UA operations, there are still many distinct and advanced levers to pull. [Creative strategy](#) and manipulating lookalike audiences have become the primary drivers of ROAS.

And, as advertisers grow their business and exceed \$300,000 per month, we have found that advanced UA techniques change quite drastically. Here we provide our best practices to achieve both UA scale and profitability. We like to call this our “UA Masterclass”.

Testing Mastery

Advanced Testing Strategies When Resources are Limited

The best way to improve performance is to test new media buying ideas and structures, and you should be running multiple tests simultaneously. Some tests can be launched immediately, where other tests (like producing new video concepts) require time and creative resources.

Here’s a list of items you can test right now, without waiting for help from anyone else.

Creative: Text, headlines and calls-to-action can be tested immediately without creative resources:

- Text: text has a strong impact on performance and should be tested regularly.
- Headlines: headlines have an impact on performance, but the impact is not as strong as the impact of text. Headlines should be tested at a 1:3 ratio vs text, meaning we should test 10 headlines for every 30 text variations that are tested.
- CTA: Call-to-action buttons are predefined by Facebook and are limited in options that are appropriate to test periodically for each client. CTA should be tested early for each client, but infrequently once a clear winner is established.

Audiences: Audience testing has a significant impact on performance and there are always audience tests that we can run

- Custom audiences: by creating new custom audiences, we can reach net new users through retargeting and acquisition
 - For retargeting
 - For lookalike creation
- Lookalike audiences: there are many different ways to create new lookalike audiences
 - Expand into a high volume of seeds
 - Expand into a broader affinity %
 - Test stacks of lookalikes
 - Test country-specific vs. worldwide
 - Test nested vs. not nested

- Interest groups: interest groups commonly perform worse than lookalike audiences, but should be tested for all clients because some interest groups perform well
 - Competitors
 - Industry
 - Random
 - Aiming for demographics
- Behaviors/Job titles: Similar to interest groups, Facebook allows for targeting certain behaviors and job titles. These also generally perform worse than LAL audiences, but should be tested.
- Broad targeting: Facebook generally charges a lower CPM for larger audiences, so running ads with no interest groups or lookalike audiences can drive down costs
- No interest groups or lookalikes
- Demographics: Facebook generally charges a lower CPM for larger audiences, so running ads with broader age ranges and both genders can outperform ads that are more narrowly targeted
 - Gender
 - Age
- Device type: Depending on the client, targeting newer vs. older hardware and software could boost performance due to the technological requirements one app may have over the other.
 - OS version
 - Device
 - Device type (phone, tablet, iPod)
- Geographies: countries that run in multiple countries, there are many ways to target locations and performance varies by client.
 - Worldwide with / without various country exclusions
 - Individual countries
 - Groups of countries
 - Continents
 - Country tiers
 - Facebook country groupings
- Facebook placements: Currently, Facebook is able to subjectively whitelist platform-specific targeting for mobile gaming clients.
 - Facebook Feed only
 - Instagram only
 - FAN only
 - Messenger only

Sample language and country targeting test for a gaming client:

Countries	Language	Targeting
BR, PT	Portuguese	Broad
AR, CL, CR, MX, PA, PE, UY	Spanish	Broad
IT	Italian	Broad
AU, CA, GB, NZ	English	Broad
KR	Korean	Broad
BE, CH, DK, FI, IE, IS, LU, NL, NO, SE	English	Broad
BE, CA, CH, FR, LU	French	Broad
AT, CH, DE, LU	German	Broad
Worldwide (not localized, English only)	English	Broad

Writing Ad Copy for ROI

Ad copy has a significant performance impact and is also a quick process, so the ROI from time spent is often very strong. Effective ad copy generally tells the story clearly and succinctly, but many different writing styles are effective. When writing ad copy, it's helpful to first outline the themes of ad copy you want to test, and then write variations for each theme with different writing styles. By testing a variety of themes, and then testing a variety of variations of writing styles for each theme, you can quickly learn which themes perform best before optimizing messaging within a theme.

Themes: to identify appropriate themes to test, look at the messaging in the conversion funnel (landing pages, app store pages) for inspiration. There are some themes that can generally be applied to all businesses, and some themes that will be genre-specific. Below is a list of themes that can be generally applied to all genres of businesses:

- Features
 - Game play
 - How it works
- Benefits
 - Why use this product?
 - Why play this game?
- Promotions
 - Discounts
 - Special events
 - Welcome bonuses
- F.U.D.: fear / uncertainty / doubt
 - Don't miss out (FoMo)
 - Don't take risk
- Specific for a video or image
 - Not all ad copy is appropriate for all videos and images, and some images or videos will carry their own themes
- Buzz words
 - Key words from landing page headlines
 - Key words from the first 100 words of app store descriptions
 - Words that appear on app store images or in app store videos
 - Relax (this is a common theme for anyone playing casual games)
 - "Best" game ever (within genre, i.e. "this is the best solitaire game ever!")
- Challenges
 - "Only 1% of users can beat this game"
 - "Me vs. my grandma/mom/boyfriend/girlfriend/etc."
 - "Can you do better?"
- Testimonials
 - Taking quotes from actual 5-star reviews and quoting positive reviews for the game
 - Fake testimonials and/or fake quotes (if the client is ok with this)
- Emojis
 - Leveraging popular and/or relevant app genre emojis
 - "Stacked"
 - "Stacking" long ad copy (multiple lines) while mixing in emojis and/or challenges, questions, benefits

Variations: for each theme, you should test multiple variations of ad copy, using various writing styles and spinning out slight variations. The best writing style is dependent on the audience, so many styles should be tested.

- Writing styles: use one or many ad copy styles for each ad copy variation, and these are common styles that perform well
 - Short copy (a few words up to a couple of sentences)
 - Long copy (paragraphs)
 - Ask questions
 - Use emoji
 - Use bullet points (with hyphens or emojis)
- Slight variations
 - Change 1 word
 - Change the order of words / phrases

Audience Mastery

Next Level Custom and Lookalike Audience Creation

Building custom and lookalike audiences is a constant part of audience expansion. By reaching net new users through audience expansion, you can significantly improve CPA / ROAS. Outside of creative testing, this is the most common method of significantly improving CPA / ROAS.

There is no limit to the volume of custom and lookalike audiences you can create. You can create custom audiences based off of different events like app starts, purchases, tutorial completions, revenue, etc.

- For each event, can create custom audiences based off of the top 1% of users, top 10% of users, top 25% of users, etc.
- For each event, create different custom audiences for users in the past 7 days, past 30 days, past 60 days, etc.
- For each event and time range, target a different location like worldwide or the United States
- For each custom audience, create lookalikes that are top 1% affinity, top 2% affinity, top 3% affinity, etc.

We see strong performance when creating a highly diverse set of custom audiences and then targeting the top 1% - 3% affinity across the various audiences. For audiences with overlap above 40%, it can be beneficial to group them in a single ad set, creating a “lookalike stack.” For lookalike audiences without high overlap, they should be tested as individual audiences as well as lookalike stacks.

For location, worldwide audiences generally perform well whether we’re targeting individual countries, groups of countries or worldwide. Country-specific audiences generally perform well for the countries they were built from, but generally do not perform well when targeting other countries or worldwide.

Value-based audiences work well (i.e. top 25% of purchasers), and you can manipulate purchase values to create different lookalike audiences. The theory is that Facebook has an easier time finding whales when there’s a greater variance between the highest-value and lowest-value purchasers. We manipulate audiences by increasing revenue for top payers, and by decreasing revenue values for low-value payers. Below is an example of 12 different custom audiences that were generated with various revenue increases and decreases for high-value and low-value payers. example of 12 different custom audiences that were generated with various revenue increases and decreases for high-value and low-value payers.

Custom Audience List	% of total list - payers	Increase Revenue for Top X% Of Payers	Increase Revenue by X	Decrease revenue for Bottom X% of Payers	Decrease Revenue 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%
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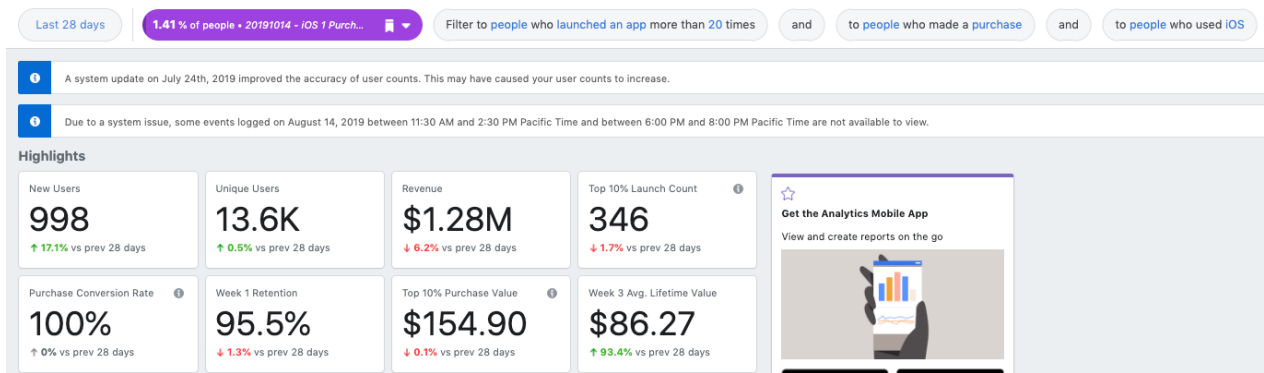
ROAS Rank	List	Notes
1	Payers - 1 day	Recent payers
2	Payers - 7 day - 1 day (days 2-7)	Semi-recent payers
3	Payers - (30 day - 7 day (days 8 - 30)	Old payers
4	Installs - (1 day) - payers 180 days	Recent installs that didn't pay
5	Installs - (7 days - 1 day) - payers 180 days	Semi-recent installs that didn't pay
6	Installs - (30 days - 7 days) - payers 180 days	Old installs that didn't pay

You can also create additional types of audiences through Facebook Analytics. This can be useful for 1) new audiences to test that may not be available through other tools and 2) analytics to gain insights into FB-specific traffic quality.

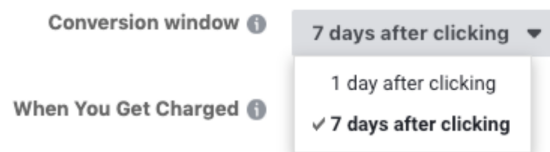
Improving CPA and ROAS without Reducing Spend

The simplest way to improve CPA and/or ROAS is to reduce daily spend, as we generally see a correlation between lower daily spend and stronger CPA / ROAS. However, UA teams are generally tasked with improving CPA/ROAS without reducing spend, and the most common ways to do this are by producing new winners through creative testing, audience expansion, changes to targeting, and optimization techniques.

- **Creative testing:** testing entirely new concepts with a different look and feel can improve ROAS massively.
- **Audience expansion:** By reaching net new users from audience expansion, we are able to significantly improve performance. Outside of creative testing, this is the most common method of improving KPIs. In today's market, lookalike audiences that are generated from custom audiences commonly outperform interest groups and usually broad targeting (IAP games), and there is no limit to the volume of lookalike audiences we can create.
- **Audience expansion through FB Analytics:** in addition to leveraging Facebook Analytics to gather app insights, Facebook also allows for the creation of "non-standard" audiences through Facebook Analytics. One example of this can be seen through the creation of "rule-based" audiences. Rule-based audiences can be more defined than standard audiences due to the specific actions one can target on the FB Analytics platform. The following example shows data for iOS users who launched this app more than 20 times and also made a purchase within the last 28 days.



- **Changes to Targeting:** Changes to age, gender, location, placements and devices can all have positive impacts on CPA / ROAS, and targeting tests should be run early so that future creative testing uses efficient targeting.
- **Campaign structure and optimization techniques** Facebook has rolled out a variety of new products over the past couple of years. Performance for these products is often inconsistent. Due to performance variance, these items should be tested periodically, but we can generally assume that best practices, on average, should be used as a starting point.
 - **AEO vs VO:** app event optimization is used to optimize for the lowest cost per app event, where value optimization is used to optimize for the highest revenue per event. Value optimization generally carries both a higher CPA and a higher ROAS than app event optimization, as Facebook is effective at identifying “whales” (high-revenue purchasers) through value optimization targeting.
 - **Conversion Windows:** Currently, Facebook offers advertisers the option to optimize toward a 1 day or 7-day post-click conversion window for AEO and VO campaigns. Generally, 1-day conversion windows net out higher ROAS with higher costs, while 7-day conversion windows typically bring in lower ROAS with higher volume. However, it is important to test both options occasionally to validate account-specific performance.



- **Min ROAS (VO):** Available only for VO. Min ROAS bids allow the advertiser to “bid” preferred ROAS percentages, according to the selected conversion window selected during adset setup. Bidding here is slightly different as the advertiser is choosing the preferred return on spend instead of “cost per X”. Generally, it is recommended to cast a wide net of bids on each conversion window to optimize toward a “sweet spot” of quality and volume.
- **DLO:** dynamic language optimization allows us to input ads for various languages in the same ad, and Facebook will dynamically serve ads with the appropriate language to the appropriate audience.
- **CBO:** campaign budget optimization allows us to use a single campaign budget that governs all ad sets within a campaign. When using a single CBO campaign budget, Facebook then adjusts budgets for each ad set and shifts more spend to ad sets with better performance. This is different from non-CBO where each individual ad set has its own budget that is managed separately.
- **DCO:** dynamic creative optimization allows us to input multiple variations of each creative element (video, text, headline, etc.) and Facebook will automatically randomize the creative combinations and begin serving more impressions to the creative combinations that perform best.

Scaling Spend and Maintaining Performance at High Scale

There is a general rule that CPA will increase and / or ROAS will decrease as we scale spend on Facebook. This is true both for aggregate spend over time (audiences get saturated and creative fatigues as overall spend increases), and for scaling spend overnight (Facebook often reaches into lower-quality inventory to fulfill inventory for incremental budgets). We are able to gain efficiencies vs. the market by taking intelligent approaches to scaling spend with a goal of protecting CPA / ROAS.

Scaling spend overnight: The two most common methods of scaling spend overnight are increasing budgets for existing ads and launching new ads

- **Increasing budgets for existing ads:** when increasing budgets for existing ads, there are two primary reasons why CPA increases / ROAS decreases. The first reason is that anytime a budget is adjusted, a “significant edit” is triggered and a significant edit causes ads to go into the “learning phase.” When an ad is stuck in the learning phase, backend history is reset, and the ad faces temporary volatility as backend history builds back up. Because of this, our goal is to limit the frequency and volume of significant edits. The second reason is because Facebook will reach into lower-quality inventory to fulfill incremental budgets, so the quality of users generally drops as individual ad set or campaign budgets are increased. We generally see better performance when running a higher volume of ad sets at a lower average budget per ad set.
- **Optimizing for significant edits:** while making significant edits can cause performance volatility, it’s a necessary part of scaling and it’s acceptable to make significant edits as long as you limit the frequency of significant edits and analyzing the impact. We often need to decide whether to take a significant edit for a top ad versus increase volume by launching new ads, and the best approach can vary depending on account. For instance, if we have a relatively low volume of ads that are responsible for most of the account’s strong performance, we may decide not to edit these ads (to protect their performance) and instead focus on launching new ads to capture more volume. Or, if there are a high volume of ads performing well, there’s less risk to portfolio performance by triggering a significant edit for a single ad, so we would be more willing to trigger a significant edit for a top ad since risk is lower. When taking a significant edit, the best practice is to not change budgets or bids more than 30% at one time.
- **Launching new ads:** new ads begin in the learning phase and carry a higher CPM than mature ads, so launching a high-volume of new ads can hurt performance. Launching new ads generally carries more risk than editing existing ads, but the rewards can be much greater for launching new ads versus editing existing ads. For instance, if new ad launches are focused on expanding into new audiences and reaching net-new users, we may see CPA / ROAS improve in aggregate for new ads. Or, if new ad launches are focused on creative testing and we produce a winner, then CPA / ROAS may improve in aggregate for new ads. In general, new ad launches should be focused on doing something different, and most commonly this would be different audiences, different creative, different targeting or different campaign structure / budget / bid strategies.

Maintaining performance at high scale has different challenges than scaling spend overnight, but the optimization techniques are similar. Creative fatigue and audience saturation are the main drivers of performance degradation as advertiser spend increases, and these challenges are more pronounced at high scale than when increasing spend overnight.

- **Creative fatigue:** creative fatigue means that users are repeatedly seeing the same creative over time and click-through rates / general performance declines as the frequency of impressions per user increases. Creative fatigue occurs at a faster rate when spend is higher, and when we have fewer high-performing creative assets. For instance, if we spend \$1,000,000 with 3 high-performing video concepts for client A and we spend \$1,000,000 with 6 high-performing video concepts for client B, client A's creative will fatigue roughly twice as fast as client B because the impression volume for each of client A's creative concepts will be double the impressions of creative concepts for client B. There is a benefit to having a higher volume of high-performing creative and this means that we need to increase the frequency and volume of creative testing as we increase spend. Clients that spend \$1,000,000 per month need roughly 10X the creative testing as a client at \$100,000 per month, to maintain the same rates of creative fatigue.
- **Audience saturation:** users are more likely to click when they see an ad for a product for the first time, so performance is stronger the first time we show ads to a new audience. As the frequency of impressions increases for an audience, users become less likely to click. An increased frequency of impressions causes an audience's performance to decline, and simultaneously the highest-value users are effectively being removed from our audiences as they convert, so there are multiple reasons why performance drops as audience impression frequency increases. We combat the performance degradation from audience saturation by continually testing new audiences that are designed to reach net-new users that have not seen our ads. Similar to the benefit of having a higher-volume of strong performing creative assets, we see a slower rate of fatigue for clients that have a higher volume of high-performing audiences. With twice as many high-performing audiences, we would expect the performance degradation to occur at roughly 50% the rate, depending on the amount of overlap that exists between audiences.

Media Buying Mastery

Diagnosing Performance Fluctuations

With Facebook advertising, the only constant is change. Performance commonly fluctuates as creative fatigues, audiences saturate, marketplace conditions change and Facebook updates algorithms. When we notice an account's performance fluctuating, the next step is to determine why performance is fluctuating. While each performance fluctuation is unique, there are four common questions we can ask in the process of attempting to diagnose the cause of performance fluctuation:

What changes did we make that could have caused volatility?

- The common changes that drive significant fluctuation are new ad launches and major shifts to traffic from pausing ads or adjusting budgets. To easily identify whether new ad builds are the cause of volatility, we can view ad build performance in advanced reporting and then filter out recent ad builds to determine if performance was "normal" if we ignore the recent ad launches. Outside of understanding the impact of recent ad builds, we can compare different date ranges in our reports for any object to identify major shifts in traffic allocation. For instance, we can compare video performance for yesterday vs. two days ago to quickly determine whether any major shifts in traffic distribution by video have occurred.

What changes occurred within traffic distribution?

- If we can't identify any major shifts in traffic that we caused, the next step is to identify if any shifts in traffic were caused by changes outside of our control. For instance, our top ads may become disapproved and stop spending, which could reduce volume and hurt performance. The common shifts in contribution % that significantly impact performance are shifts by ad, by creative, and by audience. It's helpful to use the date comparison function in advanced reporting to compare traffic contribution % over different time periods for ads, creative, audiences and demographics.

Assuming we can't point to any major shifts in traffic allocation within Facebook, were there any product or tracking changes on the client side?

- If we can't find any major shifts in Facebook traffic distribution, and performance is fluctuating for all / most high-volume ads, then we need to understand if anything changed with a client's product (app or conversion funnel) or if any changes to tracking were made. With apps, we can see the version history in the app store or sites like App Annie and we can determine if any releases correlate with performance fluctuations. There could be changes to an app's tracking that are not made through an app store release, so app store releases are not a definitive answer for whether changes were made, so it's appropriate to ask a client if anything changed even if we don't see any releases that correlate with performance fluctuation. For web clients, the first step should be to visit the destination URL and look for any obvious changes to the site or to the Facebook pixel. The Chrome browser extension for Facebook pixel help is very helpful. If we notice app store releases or changes to a website, then we should discuss the changes with the client and determine whether they are the cause of performance fluctuation. Comparing Facebook performance to performance across other high-volume traffic sources can help identify if the issue is global and appears to be caused by a product change.

Assuming we can't point to any changes on Facebook or the product, performance fluctuation may be caused by macro events that are outside of our control

- If we're unable to identify shifts in Facebook traffic or a client's product, then we may be dealing with macro events that are outside of our control. For instance, competition on Facebook may shift end of the month, end of the quarter and end of the year. We also see major shifts in performance around national holidays and seasonal events like summer when school is out and human behavior changes. There are also events like the start of NFL season when daily fantasy sports companies disrupt the Facebook marketplace by increasing aggressiveness. We can also look across our portfolio to determine if the fluctuation is client specific or global. If we see performance fluctuation with most / all clients during the same time frame, then we will have higher confidence that we're not in control of the fluctuation. Lastly, the release of competitor apps could also play a large factor in diagnosing performance fluctuations. If we've completed a thorough analysis of Facebook changes and product changes, and we still can't explain the performance fluctuation, then we need to work with clients to determine whether we should temporarily reduce spend until fluctuation normalizes, or if we should increase testing in an effort to produce a win that will offset the fluctuation. In most cases, it makes sense to temporarily reduce spend because new ads that are launched during volatile marketplaces often perform poorly, regardless of creative and audiences.

Conclusion

Artificial intelligence will play a key role (if not THE role) in the future of user acquisition.

Even now, AI can run many key components of UA more effectively and more efficiently than humans can. So instead of spending time and overhead on quantitative tasks, UA managers should pivot into creative strategy, development, and testing if they want to keep their jobs.

This can be an exciting shift into UA management 2.0 if you're agile enough to keep pace with all the changes.

Note that we do anticipate AI will eventually scale creative production beyond human capacity. It will eventually learn to create videos and develop copy in a greater capacity than people. But we are still years away from that reality. At least for now, [creative is king](#), and humans can still do it best.



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