Advantages of WCA Facebook advertising with analysis and comparison of efficiency to classic Facebook advertising

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Abstract: - As marketing has become an indisputable key to success for almost any kind of business today, this paper tries to evaluate the efficiency of Facebook Website Custom Audience (WCA) as an online marketing tool. The research was conducted on over 100,000 ad views and the analysis was made to compare the cost effectiveness between running ads using dynamic databases and classic Facebook advertising. To evaluate different tools and strategies, customers and potential customers were divided into four main groups – Interest advertising, WCA advertising, Lookalike Audience of 1% advertising and Lookalike Audience of 3 - 1% advertising. Also, in order to get more valuable data, the analysis was separated into 9 different criteria's on the mentioned four groups - number of link clicks, CTR for accomplished goals, average cost per accomplished goal, number of ad interactions, CTR for ad interactions, average cost per ad interaction, number of new Facebook fans, percentage of new Facebook fans based on views and average cost per new fan. The results show the effectiveness and successfulness of all advertisements and campaigns combined with WCA strategy, as it completely overpowers other tools and types of targeting of the needed audience.

Key-Words: Website Custom Audience, Facebook, Marketing, Facebook marketing, Custom Audience

1 Introduction

Nowadays, marketing is an indisputable key to success for almost any kind of business. From the efficiency to communicate with clients and potential customers, the possibility of contacting the clients at the right moment, the chance to present a product to a client, the ability of tracking records about client's interests to following the progress of the marketing story and its successfulness – are all much needed elements to not only grow a business, but also to sustain and survive on the market.

Marketing deals with people's needs and by doing so, finds different ways of satisfying those needs. It can also be defined as a social and control process which creates, offers and exchanges products that people want for the benefit of both sides of the party. [1, 2]

By examining the near-past trends of marketing, it is obvious that marketing experts faced many challenges which were changed drastically in that point of time. This is all connected to the relation between supply and demand which is far more different than before, but also because of the availability of the tools to place a message to targeted and highly segmented audiences. New and developed technology enabled us to not only place the right ad to the right targeted audience, but to enter the new age of modern marketing which offers structured metric data based on the performance and efficiency of an ad placement.

One of the tools that enables these elements is the advertising system within the globally popular social network, Facebook. This social network was a trigger to move to a completely new marketing concept which was practically unthinkable 15 years ago. [3]

2 Advertising on Facebook

The beginning of Facebook advertising was in November of 2007, which is quite late given the

date of launch. The reason why it was lately introduced with advertising was to work on a system that will be able to provide relevant advertisements to each user individually, not just to drop random advertisers' messages and start building revenue for Facebook as soon as possible. This was one of the things Mark Zuckerberg insisted on, even though he had to cope with the tremendous pressure from investors for three years since they were looking for a quick return on investment. [4, 5]

Facebook's policy to connect people of a certain line, such as friends, students, colleagues, manifested itself in a similar way for advertisers as well. Facebook started connecting people to companies, but the clients had an option to choose which companies or what products they want to be connected to. It is for this reason why advertising and advertisements should not be considered as interruptive tools, but just the opposite. By connecting with only chosen people and companies, people have access to the information that they consider as news of high importance to them. [6]

2.1 Website Custom Audience

Website Custom Audience (WCA) or dynamical database is one of the newest advertising tools on Facebook. [7, 8] Its main function is to allow advertising and to create Facebook ads specifically for the users which visited a certain website. This presents tremendous possibility changes regarding classical Facebook advertising (ads towards interests) and static databases (Custom Audience).

What makes dynamic databases different from static databases, is that dynamic databases automatically and incessantly complement and form content based on the criteria chosen for their design. Static databases must be handled manually with data such as Emails or phone numbers of clients, where dynamic databases refresh with the latest version of data.

3 Research

A special research was conducted to compare cost effectiveness in displaying ads, as well as the effectiveness of achieving goals on Facebook.

The survey was conducted using classic Facebook advertising (by interest) and advertising through the Website Custom Audience database. Additionally, the Lookalike Audience database of 1% and the Lookalike Audience database of 3% - 1% were added to the research for obtaining more relevant data and to see which audience selection method and ad showing gives the best results.

The research included four ads that were on the same level of creativity. Image, text description and destination were exactly the same as shown in Figure 1, and the only difference was the audience that was selected to show ads.

Fig.1. Ad example that was used in the research

Ad groups and audience selection for each campaign:

1. Interest advertising
   - Country: Croatia
   - Gender: Men
   - Age: 18+
   - Interests: NBA league, basketball
2. Advertising via WCA database for those who visited www.nbaknights.com in the last 180 days
3. Advertising Lookalike Audience database of 1% made over the WCA database of those who have been on the page in the last 180 days
4. Advertising Lookalike Audience database of 3% - 1% made over the WCA database of those who have been on the page in the last 180 days

To assess the effectiveness of Facebook campaigns and to analyze the effectiveness of different ads, it is necessary to monitor several parameters. One of the main parameters is precisely the goal we want to achieve through a campaign. In this case, the main goal is to make people click on

the ad and through the link to visit the website and the article which describes a certain product.

In addition to the main goal, there are subtleties and other tasks that are happening in parallel with the main goal for each campaign. Some of the subtasks may include a lower cost per ad click, higher Click Through Rate (CTR) of the ad or a number of new fans that the website acquired through the campaign - they are all part of the research as very important variables.

3.1 Criteria list for efficiency ranking

1. Number of link clicks
2. CTR for accomplished goals
3. Average cost per accomplished goal
4. Number of ad interactions
5. CTR for ad interactions
6. Average cost per ad interaction
7. Number of new Facebook fans
8. Percentage of new Facebook fans based on views
9. Average cost per new fan

3.2 Hypothesis before the research

This paper describes the possibilities offered by the WCA databases. There are many reasons why the WCA database advertising is considered as much more precise and more relevant than the classic Facebook advertising through interest. Thus, the hypothesis before the research is that, judging by the principle of the WCA database functions, ads that are being advertised in this way should be more effective on the cost side and on the number of actions taken.

It is hard to give a certain assessment for Lookalike Audience database before time, but giving the fact that it is 1% of the very similar people regarding real visitors, according to Facebook algorithm, the results should be quite interesting. The given results could be interpreted as a test for Facebook's similarity algorithm as it shows how well Facebook finds similar people.

3.3 Results

In this research, the ads were shown 104,391 times in total of 44,840 unique users. This means that the frequency of ad showing was 2.33 per user on average, which shows that the users were not overloaded and annoyed with the ads.

The most used group in ad showing was group 1, that is, the group of interests. In this group, 42,708 ads were displayed to 15,980 unique users. Group 2, the ad group across the WCA database, generated 25,183 ad views per 9,072 unique users. Figure 2 shows more detailed results for the other groups as well as for other parameters.

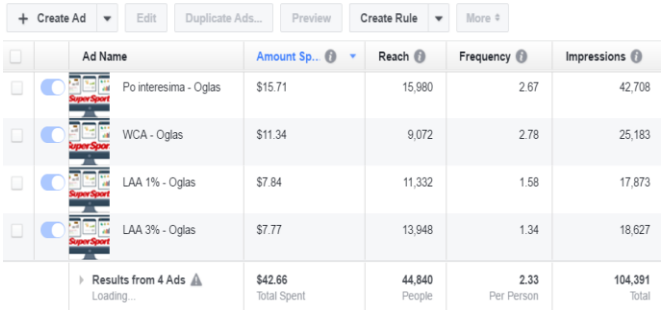

Fig.2. Research results per cost, views and unique users

3.3.1 Number / percent of accomplished goals (click on a link)

Given the number of goals that have been achieved, Figure 3 shows us that the ad that used the WCA database was by far the most effective with 763 clicks on the ads. The ad that is shown through classic Facebook advertising, interest, is ranked 3rd with 352 achieved goals. The difference goes as high as to 411 clicks more in favor of the WCA base. Interestingly, the ad that used the 1% Lookalike audience database also proved more effective than classical Facebook advertising with 364 clicks.

The most successful ad by "Number / percent of accomplished goals" criteria was WCA database.

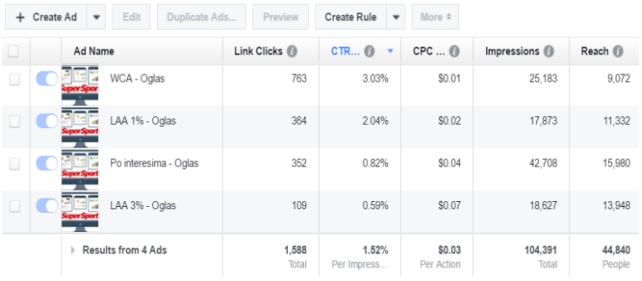

Fig.3. Research results of "Number / percent of accomplished goals" criteria

3.3.2 CTR for accomplished goals

Firstly, it has to be taken into account that not all 4 ads had the same number of views as it can be seen in the column "impressions". That is the reason why the focus can't be solely on the number of completed goals, it also has to be placed in relation to the display number in order to get a more accurate result. From the Figure 3, it can also be seen that WCA ad was shown in total of 25,183 times, and the ad of interest was shown up to 42,708 times, even though the WCA ad had 411 more

clicks. For this reason, it is necessary to look at what the CTR was like on the ads.

As it can be seen in Figure 3, the audience was 3.7 times better responsive to the ad when the WCA database was used with CTR 3.03% than when we used CTR advertising of just 0.82%. By this criteria, it can be noticed that 1% of the Lookalike audience ad had better results than the 2.04% of CTR ads.

The most successful ad by "CTR for accomplished goals" criteria is WCA database.

3.3.3 Average cost per accomplished goals

When the cost is seen by accomplished goals, from Figure 3 it can be seen that WCA ad wins again in this criteria as well, which means it is by far most cost efficient so far. Pay per click for dynamic databases was 0.01$ per click, while every click for ad by interest was 4 times more expensive, meaning it was 0.04$ per click. Even in this case, the Lookalike Audience database was more efficient than the ad by interests with a cost that was "double-the-less" of 0.02$, while the Lookalike audience database of 3% had the most expensive cost of 0.07$ per click.

The most successful ad by "Average cost per accomplished goals" criteria is WCA database.

3.3.4 Number of ad interactions

Except the accomplished goals and all other parameters that go with it, it is also important to evaluate the number of interactions with the ad because that data shows us the successfulness of specific ads. Ad interactions include ad clicks, ad comment, ads sharing with friends, ad reaction, and more.

Fig.4. Research results for number of ad interactions

Figure 4 shows us that the WCA ad was the most successful ad in interacting with users with 1685 interactions in relation to the 772 interactions that the ad by interest had. Minding the fact that WCA ad and Lookalike Audience of 1% ad had much less ad showing, it is noticeable that the difference in effectiveness was drastic.

The most successful ad by "Number of ad interactions" criteria is WCA database.

3.3.5 CTR for ad interactions

In this case, CTR is also important as it shows the percentage of people who made an interaction of 100 shown ads. WCA database, once again, showed its dominance and successfulness with CTR of 6.69%, while ad by interests had a lower CTR with 1.81%. Although, the Lookalike Audience of 1% database is better than ad by interests with a CTR of 4.39%.

The most successful ad by "CTR for ad interactions" criteria is WCA database.

3.3.6 Average cost per ad interaction

When the focus is on cost per interaction, Figure 4 shows us that WCA leads again in this category as well. Even though the figure shows the cost of 0.01$, it is actually a cost of 0.0067$ per click, but, advertising interface on Facebook only shows 2 decimals. With the fact that the cost per interaction of the advertisement with interest is 0.02$, it is easy to conclude that this WCA base is the best option in terms of cost effectiveness, as it is three times more cost effective than the rest.

The most successful ad by "Average cost per ad interaction" criteria is WCA database.

3.3.7 Number of new Facebook fans

Figure 5 shows that WCA ad has 86 new fans, while ad per interests has 31 new fans. The Lookalike Audience of 1% database is also pretty successful in the criteria, even though it has less than 10 of new fans.

The most successful ad by "Number of new Facebook fans" criteria is WCA database.

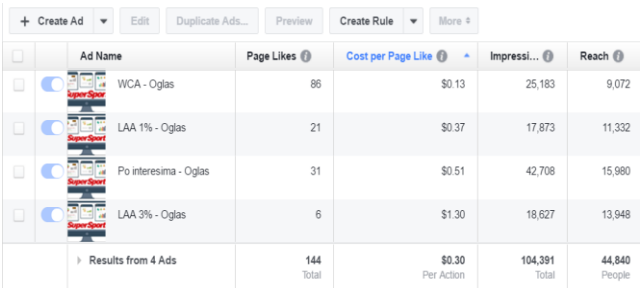

Fig.5. Research results for number of new Facebook fans

3.3.8 Percentage of new Facebook fans based on views

When the number of new fans and number of unique users are placed into a ratio, we get next results:

WCA database:

$$\frac{86}{9.072} = 0.94\%$$

Ad by interests:

$$\frac{31}{15.980} = 0.19\%$$

From the given numbers, it is easy to see that WCA database is 5 times more efficient in turning the percentage of people who became Facebook fans.

The most successful ad by "Percentage of new Facebook fans based on views" criteria is WCA database.

3.3.9 Average cost per new fan

The last criteria in this research was the cost per new fan or "cost per page like". Figure 5 shows us that WCA database has a cost of 0.13$, which is more cost efficient than ad by interests with a cost of 0.51$.

The most successful ad by "average cost per new fan" criteria is again, WCA database.

4 Conclusion

In this research, WCA database has shown to be more efficient and successful with ads than ads based on interests in all 9 criteria's. From all the numbers achieved, the CTR, and all up to the cost, the WCA database has demonstrated in practice why it is one of the most important tools that companies can use in online business to achieve the best business results.

Also, it is very interesting to see that Lookalike Audience database of 1% has also achieved unexpected good results. Even though it did not surpass WCA database in any criteria, it was better than ad by interests in 7 out of 9 criteria's. This research shows a very good signal and proves that Facebook's similarity algorithm actually works very well in searching and connecting similar people.

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