

The Ultimate Guide to Dynamic Ads on Facebook

Marin
SOFTWARE





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Introduction

Facebook is on course to hit **two billion monthly active users** by mid-2017. Its 2016 ad revenue was over **\$26 billion**. Every marketer worth their salt is on Facebook – but not all of them are taking full advantage of the platform.

Enter Dynamic Ads. This **ad format of the future** allows advertisers with a product feed to automatically deliver personalized ads based on the interest people have shown on their website site or app. Dynamic Ads is a powerful – and largely untapped – way to deliver hyper-targeted ads on Facebook, Instagram, and the Audience Network to people most likely to buy what you're selling.

Facebook first launched Dynamic Product Ads in 2015. At that time, it was a solution just for e-commerce advertisers looking for a more efficient way to launch remarketing campaigns, without having to manually create hundreds of link ads and custom audiences per SKU.

Now, Facebook is expanding this format to meet the needs of specific verticals. It has offerings for retail, e-commerce, travel, and automotive, with plans to add additional verticals such as real estate and even financial services. Here at Marin, we firmly believe that feed-based ads are the future of direct response marketing online and will one day encompass all verticals.

In this guide, we share tactical advice and timely tips to get you up, running, and profitable with this powerful ad type.

Key Benefits of Dynamic Ads

Why consider Dynamic Ads? Because of the efficiencies, time savings, and improved performance, it's kind of a no-brainer. Here's what retail advertisers stand to gain with this pace-setting innovation.

Increase Sales

Dynamic Ads allows you to capture intent data across each stage of the customer journey and optimize performance accordingly. Not only can you increase the life-time value of your customer base – you can also find new customers to boost your top-line revenue.



Save Time

Dynamic Ads allows advertisers to create ads automatically with unique creatives without having to configure each individual ad one by one. You can pull all of the elements needed to launch an ad on Facebook from your product feed. This includes information like content ID, name, price, availability, image URL, landing page URL, and more.

Automatically Aligned with Inventory

Another key benefit of Dynamic Ads is the ability to sync with your product feed in real time, meaning your ads will always be up to date with relevant information. As information in your product feed changes, your ad creative automatically updates to reflect those changes. Real-time relevance greatly reduces the risk of advertisers potentially spending money on products that have a history of poor performance.

Personalized Creative

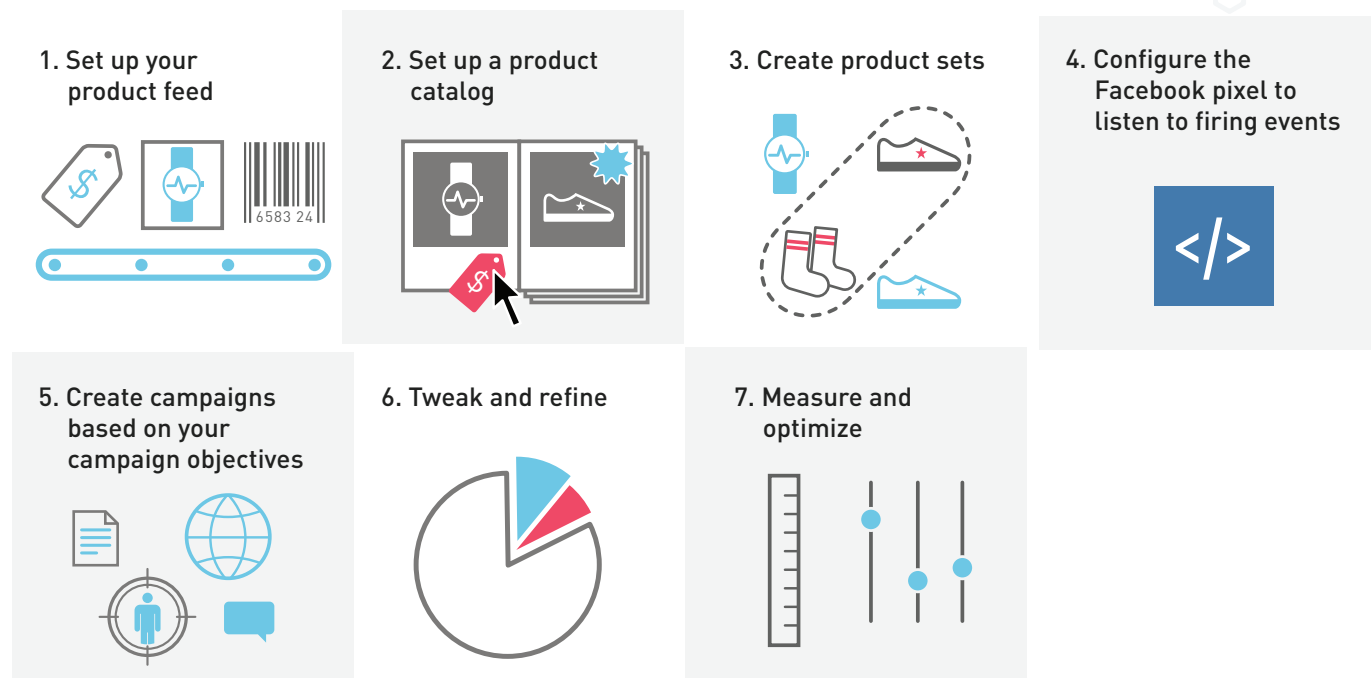
Use macros in the copy of your ad including the headline, body copy, and description. For example, you could use a **Hotel.Destination** macro to personalize copy to the actual hotels people are looking for. You can also use macros for other dynamic elements such as **Sales.Price** to ensure your copy is up to date with your feed.

Next, let's look at how you can ace your Dynamic Ads cross-sell and upsell campaigns.

High-Level Steps for Implementing Dynamic Ads

If you don't already have a product feed, the first step in launching Dynamic Ads is setting one up. From there, it's just a matter of configuring the Facebook Pixel, building out campaigns based on your objectives, and measuring and optimizing.

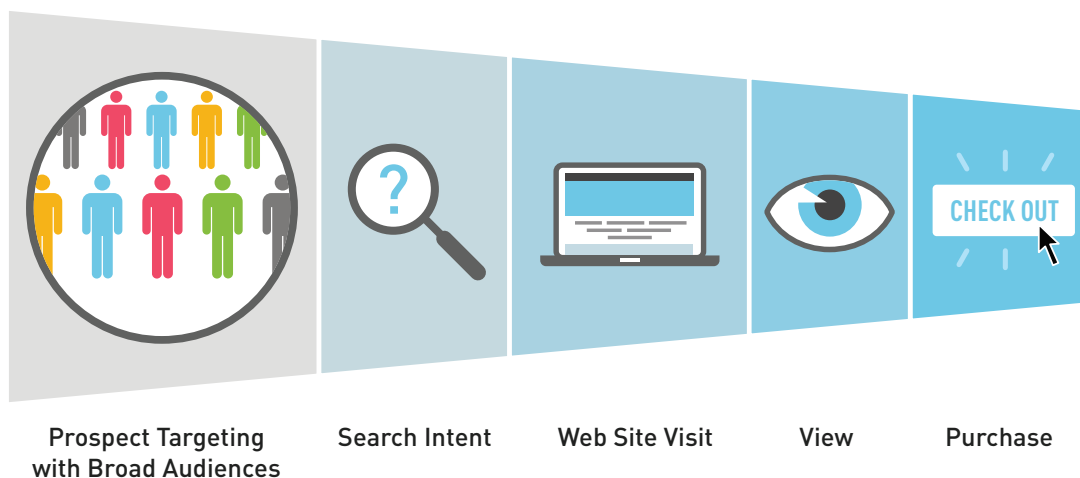
Here's the basic flow.



A Facebook Marketing Partner like Marin Software will help you with the first four steps, with innovative features to help you supercharge performance. We cover the remainder of the steps in this guide.

Broad Audiences: Find New Customers and Improve Conversion Rates at the Top of the Funnel

When Dynamic Ads first rolled out, scalability was based entirely on the volume of traffic to your website. This was a serious limitation for small to mid-size companies without a ton of traffic to their owned properties.



Then came Broad Audiences, a way to expand the reach of your Dynamic Ad campaigns by serving more relevant ads to people who haven't visited your website. This is a must for direct response advertisers looking for a cost-efficient way to find new customers and increase sales.

A Closer Look

First off, how is Broad Audience targeting different than lookalikes? Well, Facebook looks at people who liked pages and browsed particular products across the web that match the products you've defined in your product sets. Complex algorithms work in the background to do this matching for you. A name-brand jeweler saw a **357% increase in return on ad spend** when shifting from lookalikes of Website Custom Audience traffic to Broad Audiences with Dynamic Ads. This is a significant difference worth checking out.

You may also be wondering: Should I use Website Custom Audiences (WCAs) or Dynamic Ads? If you have a product catalog of more than 10 SKUs, then you should transition from Website Custom Audiences to Dynamic Ads.

As you get savvier launching and honing your Dynamic Ads campaigns, you're ready to tackle more advanced refinements.

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Our goal at Milestone is to create a scalable approach to personalized marketing in order to drive the best value for our clients and their customers. Facebook's Dynamic Ads, combined with Marin Social, covered all elements of our goals.

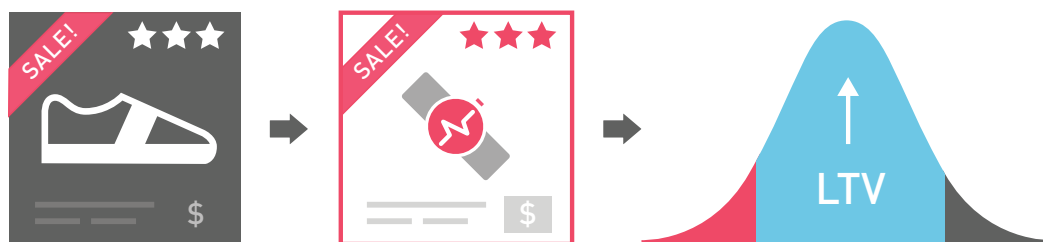
Nicolette Martinez, Sr. Digital Account Manager – Retail, Milestone

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Cross-Sell and Upsell Existing Customers

Dynamic Ads is perfect for attracting customers to a more expensive item or an entirely different product from your catalog. Use these tips to increase revenue and expand reach.

Dynamic Ads Upsell Techniques



Gear your upsell campaigns to offering a higher-margin product or service based on someone's browse or purchase behavior. For example:

- Visitors viewed and purchased fitness shoes → upsell smart fitness watches
- Visitors viewed hotels in San Francisco → upsell hotels with great reviews and amenities

Dynamic Ads Cross-Sell Techniques



For your cross-sell campaigns, offer a complementary product or service based on someone's browse or purchase behavior. For example:

- Visitors viewed and purchased fitness shoes → cross-sell complementary socks
- Visitors purchased an airline ticket to vacation in Hawaii → cross-sell hotels within that destination
- Visitors bought a hotel room for a weekend stay in New York → cross-sell a discount on drinks in the lobby bar

Follow these suggestions, and you should see more engagement and more clicks from your Dynamic Ads campaigns right away.

Fine-Tune Your Campaigns

You can continue to tweak your Dynamic Ads campaigns until they're a perfect fit for your business goals and campaign objectives. We've identified the following plays to fine-tune your Dynamic Ads campaigns for the best possible results.

1. Improve match rates from your feed for optimal delivery

Conversion events from the Facebook Pixel such as **View.Content** and **Purchase** signal which ad to deliver from your feed. A content ID# from this particular online event is mapped to a content ID# within your feed, which dictates which ad creative to deliver.

For example, if someone makes a purchase on your website and the content ID# doesn't match your feed, then people who already made a purchase may continue to see your ads. This leads to wasted ad spend and makes it difficult to scale your cross-sell and upsell campaigns.

2. Tailor copy and creative to your product set strategy

Make sure you have multiple product sets in place to specify which grouping of products to upsell or cross-sell. Once you have those product sets defined, you should tailor your creative to these audiences to be more customer-centric.

For example, you could cross-sell people while they're on vacation at a hotel with a message that says, "Welcome to [San Francisco]. Enjoy 10% off a complimentary drink in the hotel lobby during your stay." With Marin's Smart Images, you can create templates to add to all your products in just a few clicks and make creative edits directly in the editor.

3. More is better when it comes to audience size

Create product set groupings by brand and product category versus specific SKUs. Then, add in an additional performance layer to your product set groupings to only show top-selling products with the best margin that you want to cross-sell or upsell. To scale delivery and get the most out of optimized bidding, use broader strokes when grouping your product sets. If your product set is too specific then your ads may not deliver at all.


4. Test different recency windows

With Dynamic Ads campaigns, you can choose to promote products to people from zero to 180-day splits. Be sure to test different recency windows to see which are optimal and where fatigue starts to kick in. For cross-sell and upsell campaigns, we generally see top performance within three days of conversion. However, this will greatly vary based on buying cycles for your business.

5. Organize media plans by new vs. existing customers with a planned budget for upsell and cross-sell

We recommend that you create media plans specific to new and existing customers so you can more easily roll up performance to each one with unique KPIs and budgets. Most companies should have a significantly higher budget for top-of-funnel activity to find new customers, simply because the audience will be larger compared to existing customers.

Also, attracting net new customers will probably take multiple paid media touches to get them from awareness to conversion. Note that the more intent that you capture at the top of the funnel, the better your upsell and cross-sell campaigns will perform due to the additional information collected on your customers.



For campaigns targeted to existing customers, test which strategies perform better with a fraction of your total budget. We recommend a direct response budget split of 90% towards net new customers and 10% towards existing customers.

6. Use Broad Audiences for prospecting net new customers for top of funnel initiatives

Keep your Broad Audiences as broad as possible with only location, gender, and age targeting inputs selected. Don't layer in lookalikes or any detailed interest targeting to your ad sets, since this will limit delivery. Use exclusion audiences to block out people from seeing your ads who've recently made a purchase on your website.

7. Specify upsell and cross-sell at the campaign level, and product set at the ad set level

Once you've created a media plan specific to existing customers, create separate campaigns for upsell and cross-sell. This will allow you to quickly drill down into which is performing best and make adjustments accordingly. At the ad set level, define which product set was used with a nomenclature you'll be able to quickly identify.

8. Use the carousel format to show multiple products and optimize to top performers

With the carousel format, you can show a sequence of up to 5 different product images. You can choose to auto-optimize the sequence to illustrate the products with the highest engagement first, after enough people have seen your ads. This format is a great way to optimize performance of your campaigns based on what people have browsed and purchased.

Three Retention-Based KPIs for Measuring Success

Beyond clicks, there are several Facebook Dynamic Ads metrics you should use to measure the success of campaigns targeted to existing customers. These metrics provide the best means of achieving the goals of increasing revenue and customer lifetime value through reduced churn or increased average order value.

Note: You should have an understanding of these benchmarks prior to launching your campaigns. You can then segment your campaigns to audiences based on these success metrics, and choose to give higher bids to those likely to spend more with higher lifetime values or those who may be more likely to churn.

Customer Lifetime Value

Customer lifetime value projects how much revenue the average customer nets throughout the time they're a customer. The better your customer lifetime value, the less you have to spend on acquisition costs. The calculation is simple:

$$\text{customer value} \times \text{average lifespan}$$

Note that these values will vary greatly based on your type of business. Determine the ones that work for you.


Average Order Value

This is the amount of money each customer spends on each purchase with your brand. The more successful you are increasing this amount, the less you'll need to spend on acquisition. And, customers will have a stronger affinity with your brand. The calculation for this is:

$$\text{total revenue over 365 days} \div \text{total number of orders 365 days}$$

Repeat Purchase Rate

This is a calculation that illustrates the percentage of your customer base that purchased a second time over a full calendar year of 365 days. A good repeat purchase rate depends on the industry – you should consider average sales cycle time to make a subsequent purchase.



This is especially important for companies in travel, retail, and e-commerce verticals. For these industries, sales cycles are generally shorter, and a high repeat purchase rate illustrates strong brand affinity as a result of your retention campaigns. The calculation here is:

$$\frac{\text{Number of customers who bought more than once 365 days}}{\text{total number of customers 365 days}}$$

Case Study: Melia Sees a 6.7× ROI with Marin’s Dynamic Ads for Travel Solutions

Melia is a Spanish hotel chain and the 17th largest hotel company worldwide. Melia needed to find a way to quickly spot the best performing destinations for the right audience in the right channel in the right moment. When people are searching for hotels tailored to their desired destination, the window from planning to conversion is short.

Melia wanted to find a way to deliver more relevant ads to audiences who had expressed actual travel intent to a specific destination with Marin’s Dynamic Ads For Travel solutions.

With Marin’s Dynamic Ads For Travel Solutions Melia:

- Decreased overall CPA by 79%
- Delivered a 6.7× increase in ROI compared to Website Custom Audiences
- Consistent spend increase each month due to positive results

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The performance that we saw with Marin Social’s Dynamic Ads for Travel solution for re-marketing was above expectations!

José Luis Aranda, Digital Media Advertising Director, Melia

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Bonus Feature from Marin: Automate the Creative Process and Increase Sales with Smart Images for Dynamic Ads

To help retail and e-commerce advertisers create more compelling creative and increase sales, we developed **Smart Images** for Dynamic Ads.

Smart Images allows you to automate the entire creative process, since the templates pull each detail in your ad creative from your product feed with up-to-date information at a SKU level, in both the image and ad copy. As information in your product feed changes, your creative updates accordingly in real time. Just think of how many hours your design team would have to put into creating each iteration with that level of detail!



The Smart Images editor gives you complete control of creative elements of your Dynamic Ads – all you have to do is edit the template once, then in just one click, update thousands of ad permutations across your entire product catalog. As a best practice, include details such as sales price, product ratings, brand logos, CTAs, and background colors to stand out from the competition and get noticed. Apply dynamic text and image layers to automatically update your ad creative with attributes from your product feed in real time.

For more information, just [get in touch](#).

Grow Revenue Across Search and Social from One Platform Facebook's Features for Dynamic Ads Compared to Marin

Feature	Dynamic Ads on Facebook	Dynamic Ads on Marin
Carousel Format	X	X
Dynamic Ads for Travel	X	X
Upsell and Cross-Sell Targeting	X	X
Prospecting with Broad Audiences	X	X
Smart Images with Overlays		X
Product Set Splitter		X
Smart Images for Dynamic Ads*		X
Search Intent*		X
Google Merchant Center Integration*		X
Smart Sync for Shopping*		X
Unified Reports Across Google and Facebook*		X
SKU-Level Reporting		X

*Indicates Cross-Channel Feature

About Marin Software

Marin Software Incorporated (NYSE: MRIN) provides a leading Revenue Acquisition Management platform used by advertisers and agencies to measure, manage, and optimize billions of dollars in annualized ad spend. Offering an integrated platform for search, social, and display advertising, Marin helps advertisers and agencies improve financial performance, save time, and make better decisions. Marin's technology powers marketing campaigns in more than 160 countries. For more information about Marin's products, please visit: <http://www.marinsoftware.com/>