TURNING HEADWINDS
INTO TAILWINDS

LEVERS FOR GROWTH

IN 2023

A GUIDE FOR BUSINESS LEADERS

∞ Meta

Marketing in economic uncertainty

As we all navigate uncertain times, marketers will be re-examining strategies to understand how best to find success in a more competitive climate. And with economic forecasts predicting a recession, it's more important than ever to understand how to keep businesses thriving.

To help achieve this goal, Meta spoke to a spectrum of the industry's top thinkers to understand what strategies they are using today to help tomorrow. The result is this report outlining the strategies marketers can use today, to generate growth for years ahead.

This year, all businesses are expecting to operate in a climate of some economic uncertainty. These external pressures will need to be balanced with an evolution in how marketing can best reach consumers.

Yet despite these tensions, there are significant opportunities for growth. Businesses often already have assets on hand that they can use to not only connect with existing customers, but reach entirely new audiences in a more competitive economic climate. Used correctly, these tools can be embedded within a business' strategies and provide growth for years to come.

This report will focus on the levers that can be pulled to drive long-term success for brands, providing additional growth opportunities.

Maximising first-party data

A tool that can enable businesses to deliver customer-centric and personalised experiences, all with the aim of improving performance.

Embracing digital branding

Achieving long-term value alongside individual sales is a balance businesses may struggle to meet. Utilising a performance mindset whilst implementing brand marketing may be the key to not only meeting this challenge, but unlocking new growth.

Adopt a test-and-learn mindset

Relying on just algorithms is no longer enough when it comes to making smarter decisions and increasing campaign efficiencies. Prioritising experimentation, on the other hand, will help businesses optimise the strategies that perform best.

Businesses which utilise these tools and adequately prepare in the coming months will be able to capitalise on this approaching growth opportunity, building success for many years to come.

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Doing more with less –
AI and Machine Learning

Machine learning and advanced AI was one of the leading themes for fuelling sustainable growth. According to Kate Young, Head of Customer Centricity & Capability at ANZ: "When we leverage machine learning, we can deliver so much more to our customers in an efficient and effective way."

Machine learning can help brands find new customers, grow or retain existing ones, whilst keeping costs down.

"It's about getting the most out of everything we have, through automation and scale, and especially in times of uncertainty," says Mandy Eyles, Regional Vice-President Partnerships, Asia-Pacific Japan, Tealium.

A lot has been said about rising costs across nearly every industry, but when it comes to media, the more pertinent question is, 'Are you doing as much as you can to keep costs down?'

Working with smart, auction-based platforms and understanding how to leverage their machine learning is a great way to drive higher return on investment (ROI). This mechanism allows buyers to manage costs via a number of factors.

The process is similar to driving a car on the motorway with the hope of getting to your destination as quickly as (legally) possible. The fuel (including bidding, quality of data or creative quality) will help power the engine. The better the fuel quality, the better the performance.

"When we leverage machine learning, we can deliver so much more to our customers in an efficient and effective way"

Kate Young – Head of Customer Centricity & Capability, ANZ

But this power is only useful if the motorway is fully open and the speed limit is not throttled. In this metaphor, the lanes and speed limits are the targeting, frequency and placements. Allowing them maximum freedom to move means the journey will be shorter. Without the right fuel though, the car can only drive a fraction of its potential. Without opening up the motorway, the fuel type is irrelevant.
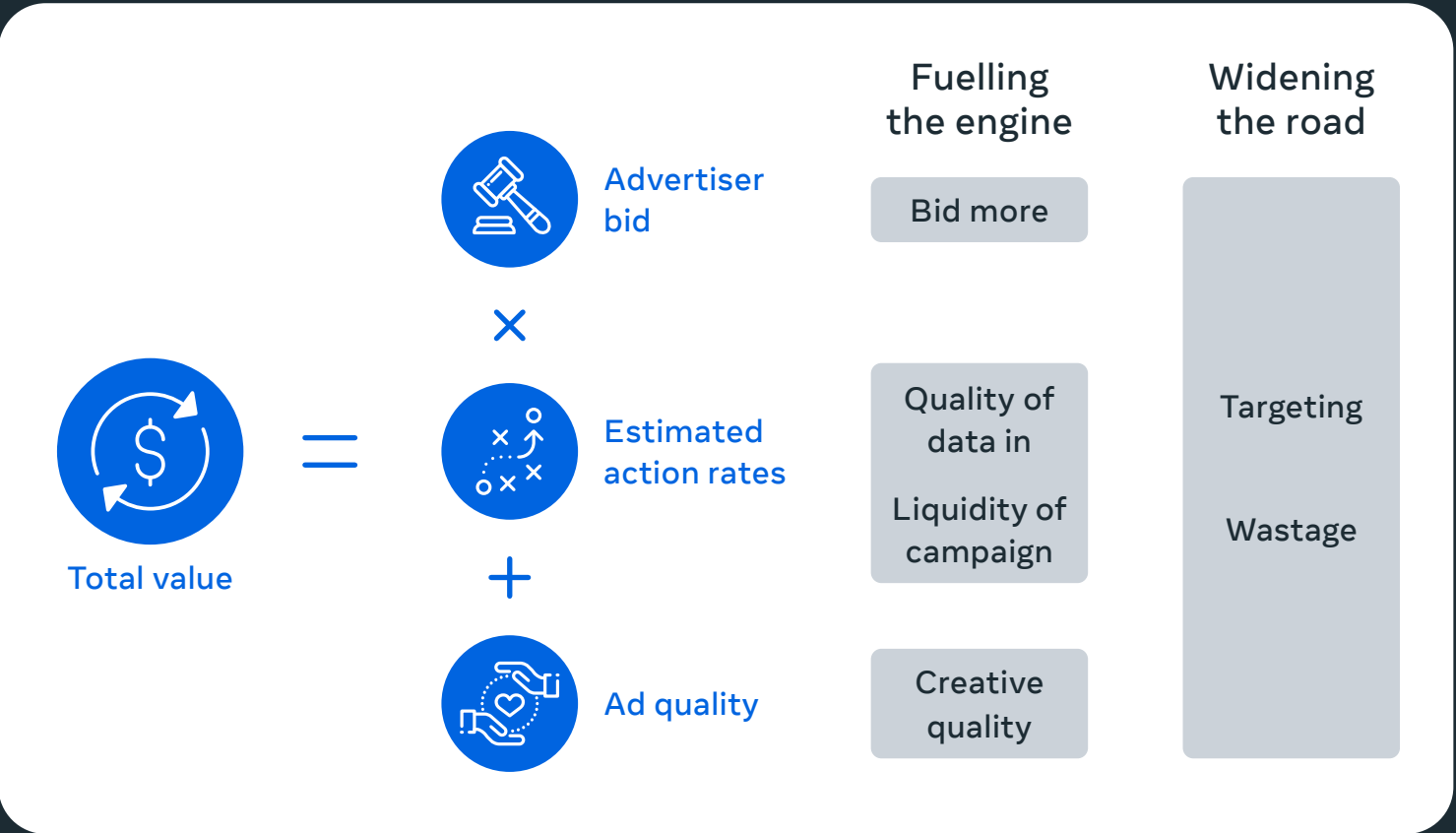
A powerful combination of these factors can help support a brand's machine learning strategy, ensuring it can be both cost efficient and effective.

For example, Meta Advantage's 'Detailed Targeting Expansion' can help improve campaign performance by allowing the system to reach a broader group of people than initially defined. When Detailed Targeting Expansion is used, marketers see 37% lower median cost per incremental conversion than when not used[1].

Campaigns that are optimised for conversion also see an average of 71% lower cost per purchase than campaigns optimised for 'Link Click', which are the number of clicks on links within the ad that lead to advertiser-specified destinations[2].

Controls in a smart auction

			Fuelling the engine	Widening the road
	Advertiser bid		Bid more	
	×			
Total value =	Estimated action rates		Quality of data in Liquidity of campaign	Targeting Wastage
	+			
	Ad quality		Creative quality	

The key to unlocking more from machine learning

First-party data and machine learning are intrinsically linked - capitalising on this relationship is essential for all growth-minded marketers.

"We use first-party data to get closer to what we think is right," adds Rob Ward, Co-Founder & CGO of Quad Lock. "It can really effectively load up the machine."

A lot has been said about the need to grow first-party data. In fact, the global customer data platform (CDP) market is expected to rise from US$1.42 billion in 2022 to US$6.94 billion by 2029[3]. But first-party data needs supplementing in order to unlock incremental growth.

"It's helped us accurately predict a customer's lifetime value," says Dan Ferguson, CMO of Adore Beauty. "Once we know that, we can decide how we invest in the customer."

Advertisers need to think more broadly than retention. Limiting applications to owned channels such as EDMs or websites prove to plateau quickly. Having a data strategy that includes paid channels with machine learning, and unlocking holistic measurement, is crucial.

Mandy Eyles, Regional Vice President (Partnerships) at Tealium explains that adopting a CDP can improve operational efficiency and achieve organisational future-readiness.

"Our research grants marketers the benefit of foresight through AI-powered predictive analytics to automate the activation of trusted data for CX performance," she says. "This enables marketers to do more with less, whilst simultaneously improving the brand experience and conversion rate."

Machine learning can be a key to unlocking incremental growth through first-party data. When coupled with the smart auction-based tools, buyers can also achieve more control and higher optimisation.

First-party data is so powerful that Kate Clark, Senior Brand Marketing Manager at Felix Mobile, called it the "holy grail".

"It can help people trust you enough that they consider and eventually convert," she adds.

"First-party data can help people trust you enough that they consider and eventually convert"

Kate Clark – Senior Brand Marketing Manager, Felix Mobile

7 steps to building a growth-focused data strategy

If you are looking to establish a strong data strategy, there are 7 key steps.

1. Acquire data with strong value exchanges and consent

2. Store and use data in a privacy-compliant manner

3. Build segments that can drive growth in both owned and paid partnerships

4. Partner with marketing channels that will add to your data's value

5. Plug into machine learning with privacy ensured

6. Empower machine learning to drive growth

7. Utilise higher coverage measurement to find incremental growth

The digital natives already growing the value of their first-party data

ADOREBEAUTY

Adore Beauty is an online beauty retailer that has already started to reap the benefits of its machine learning strategy.

"As a pureplay e-commerce brand, we live and die by our first party data," says Ferguson of Adore Beauty. "It's fundamental, there's no other option. It fuels our optimisation."

Securely sending their 1st party data through Conversions API, designed to create a direct connection between your marketing data and the systems, Adore Beauty was able to significantly lower its cost per acquisition and cost per thousand impressions (CPM). Specifically, the company saw:

**A decrease of 21.3%
in cost per acquisition**

**A decrease of 7.8%
in cost per 1000 impressions**

These are significant performance improvements for Adore Beauty. The results are a clear indication of how Conversions API can optimise ad targeting, decrease cost per action, measure results across Meta technologies, and ultimately boost the bottom line.

"When it comes to machine learning and letting the platform do the work for us, we used to run things a lot more open than we do now," says Ward of Quad Lock, referring to open web tracking on browsers. "Now, we need more guardrails."

This shift is why Quad Lock, a smartphone mounting company, implemented Conversions API.

The brand pursued CAPI as it was interested in strengthening its data sharing with Facebook and shifting away from cookies. Conversions API Gateway offers a quick, hassle free and convenient solution for brands looking to increase their data offerings through Meta. And the solution took under an hour to implement.

Have you heard of CAPI?

Meta's Conversions API (or 'CAPI') is a way of connecting your marketing data from your website, server or CRM to Meta technologies.

It can help fuel ad personalisation, optimisation and measurement.

Brand building

is important

for all businesses

For Luke Waldren, Chief Customer Officer, Les Mills: "We're in a global fight for attention. Brands suddenly need to do a whole lot of heavy lifting that they've never had to do before."

Digital has often only been seen as a place for performance-based marketing, but the significant amount of consumer time spent online means there needs to be an increased focus on brand-based marketing. This is doubly important as attention becomes critical for growth.

"Just because we're one of the Big Four banks doesn't mean everybody knows who we are," says Thomas Dobson, Executive, Operations, Planning & Partnerships, at National Australia Bank (NAB). "In a difficult economic time, people want relevant information. That may not be product suggestions."

The reasons for this performance focus is self explanatory. Shifts in consumer spending to online shopping has been significant, and continues to grow, with the average consumer in 2025 expected to spend 3.5x more online than they did in 2018[4].

"We're in a global fight for attention. Brands suddenly need to do a whole lot of heavy lifting"

Luke Waldren – Chief Customer Officer, Les Mills

As a result of these seismic shifts, consumers now spend even more time online, and are increasingly fluid between different stages of the purchase funnel, from discovery all the way to purchase.

Consequently, businesses can no longer treat brand and performance marketing as disparate streams on digital. Consumers are increasingly making decisions through the experiences and interactions they have with brands online, from first touch points, through to long term engagement.

This long-term investment into brand is something businesses may struggle with, especially when compared with the short-term gains of performance-based marketing.

"It's really hard to consistently show people what the brand means," says Lilian Sor, Chief Strategy Officer of CHE Proximity. "It's like committing to a marriage, while performance is like a fabulous first date."

In tough times it is tempting for businesses to look to digital as purely a place to bolster short-term gains for the bottom line. But it is now clear that digital has a place for both brand building and performance marketing in recessionary environments. Research has discovered that when a campaign uses both, it can see an increase in benefits by 18%[5].

According to Hugh Munro, Head of Planning at The Monkeys: "You have to be picky. Maybe it's doing less relationship building, but still doing it in a richer way. Show up and make people feel special - they need an emotional boost."

Reconfiguring your full-funnel approach

Reimagining your marketing funnel online, means understanding how your bottom line metrics can work better with mid or top-of-the-funnel activity. Understanding the power of blending top and mid funnel activity, in conjunction with lower funnel marketing, is not just imperative for boosting revenue. It is also essential when it comes to lifting campaign efficiency.

In fact, when you remove any one of the funnel's primary objectives - awareness, consideration or conversion - you risk decreasing return on advertising spend (ROAS) by at least 11%[6]. By using a multiple objective strategy, you can increase the reach of your digital campaigns, whilst also being efficient. Companies that have recognised this risk and implemented a combined approach instead, such as RXBAR, have experienced the benefits firsthand.

RXBAR, a purveyor of nutrition bars, adopted a multi objective buying approach to its Meta campaigns. The company employed a more holistic approach - using top of funnel objectives, such as brand awareness and ad recall, as well as lower funnel objectives such as conversions.

Through this strategy, RXBAR increased both in-store sales and online sales by 2.3% and 22%, respectively[7]. Finding the right multi objective buying strategy is key to growing audiences and revenue moving forward.

If you remove any one of the funnel's primary objectives you risk decreasing return on advertising spend by at least

11%[6]

Industry focus:
How to send your results stratospheric

How well your full-funnel marketing approach works will differ from industry to industry.
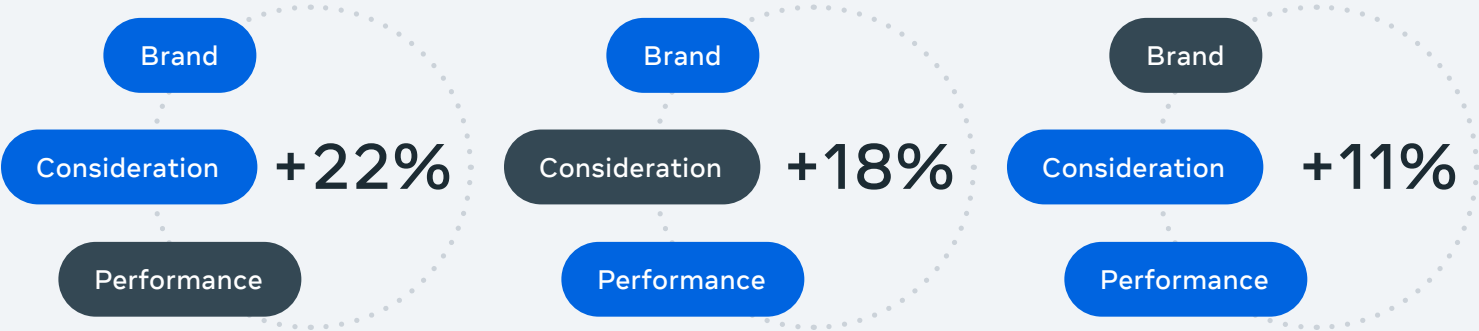
So when adapting your marketing strategy, analyse your brand's core offering to understand what your best approach should be.

There is not one multi objective buying strategy, with e-commerce conversion objectives potentially being partnered with mid-funnel consideration objectives, and CPG awareness objectives being partnered with consideration or performance ones.

Consider the primary objective utilised, and test how different objectives can help grow audiences and hit critical metrics efficiently.

In some instances, businesses stand to achieve 22% in incremental gains by running multiple buying objectives, and can lose 16% in return on advertising spend (ROAS) when removing a category of objectives[8].

Incremental gains in the effectiveness when running multiple buying objectives

Brand	
Consideration	**+22%**
Performance	

Brand	
Consideration	**+18%**
Performance	

Brand	
Consideration	**+11%**
Performance	

Change in ROAS when removing a category of objectives

Brand	
Consideration	**−16%**
Performance	

Brand	
Consideration	**−16%**
Performance	

Brand	
Consideration	**−11%**
Performance	

These findings showcase how campaign efficiency can be compromised when advertisers do not develop a buying objective-focused media strategy.[9]

Finding opportunities around every corner

There are two key areas marketers can begin working on now to improve their brand's sustainable growth.

Use upper-funnel techniques for long-term growth

Utilising upper-funnel strategies for the long-term growth of your brand on Meta is one of the most efficient and potent ways marketers can work towards sustained long term growth.

Pure performance strategies tend to focus on cost efficient growth, however, this strategy may impede campaign reach, with incremental reach likely to plateau and drop over time[10].

Adding upper funnel strategies to your performance goals can instead increase search volumes and incremental sales. Organic incremental volumes can increase by 84% for reach and performance campaigns vs. when performance is used alone[11]. Incremental sales for reach and performance campaigns can also increase by 18% by adding upper funnel, as opposed to lower funnel alone[12].

Organic incremental volumes can increase by

84%

for reach and performance campaigns vs. when performance is used alone[10]

Optimise growth with AI-powered machine learning tools

New solutions have been created in a post-signal-loss environment to leverage machine learning. For example, Meta has recently launched Advantage+ shopping Campaigns (ASC), which leans into the idea of simplification and automation.

Rather than manually testing many campaigns with a patchwork of targeting, creative, placement and budget set-ups, a single ASC on Meta can test up to 150 different creative combinations to optimise for the highest performing ads.

ASC works by implementing the following:

Machine learning for broad reach

By using greater reach, and optimising to find more qualified customers, brands can capture intent from new shopping surfaces.

Automated creative

This combines creative and delivers across all creative placements, consequently reducing creative fatigue and sustaining performance.

Streamlined ad delivery optimisation

By decreasing inputs and automation in campaign setup, Meta's systems can better maximise potential outcomes, such as conversions.

An analysis of ASC revealed it can increase ROAS by 32%, and decrease cost per acquisition by 17%[13]. Tools such as ASC can help brands meet short-term goals whilst upper-funnel strategies satisfy long-term KPIs.

Case Study

# How Luxury Escapes took machine learning to another level

Luxury Escapes, a leader in the luxury travel industry, had a simple question; Does adding Advantage+ Shopping Campaigns (ASC) to its business-as-usual (BAU) activity improve overall performance?

Put simply, the answer was yes.
Let's break that answer down.

ASC automates much of the campaign creation and management process, helping businesses save valuable time. It does this through incorporating new delivery optimisation models and driving efficiencies.

Luxury Escapes ran a Conversion Lift study, a test where businesses can track conversions to understand the value of Facebook advertising when compared to other marketing efforts.

This specific study measured the impact of Luxury Escapes' BAU activity against BAU activity in conjunction with Meta's ASC. It found that when ASC was used in BAU, ROAS increased by 1.9x, compared to 1.8x without. Luxury Escapes also achieved a 27% reduction in cost per incremental purchase, and a significant 95% reduction in cost per incremental subscription[14].
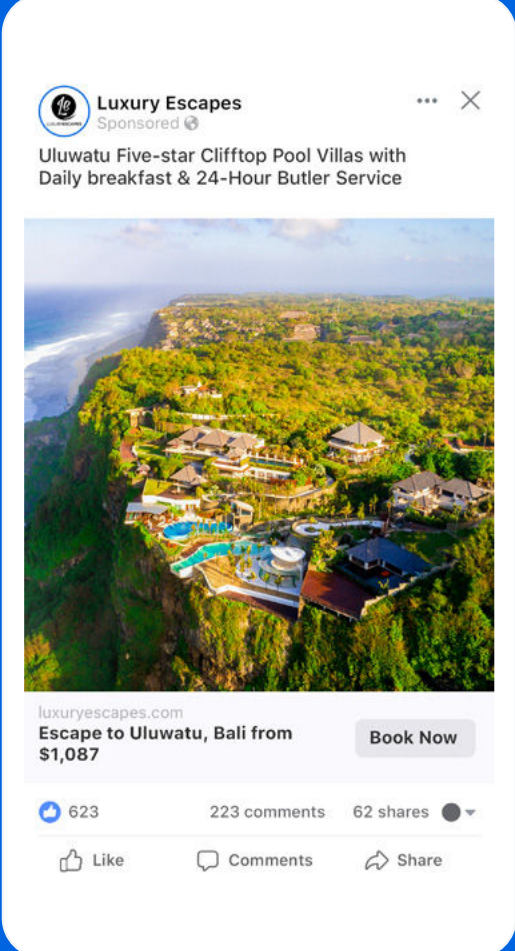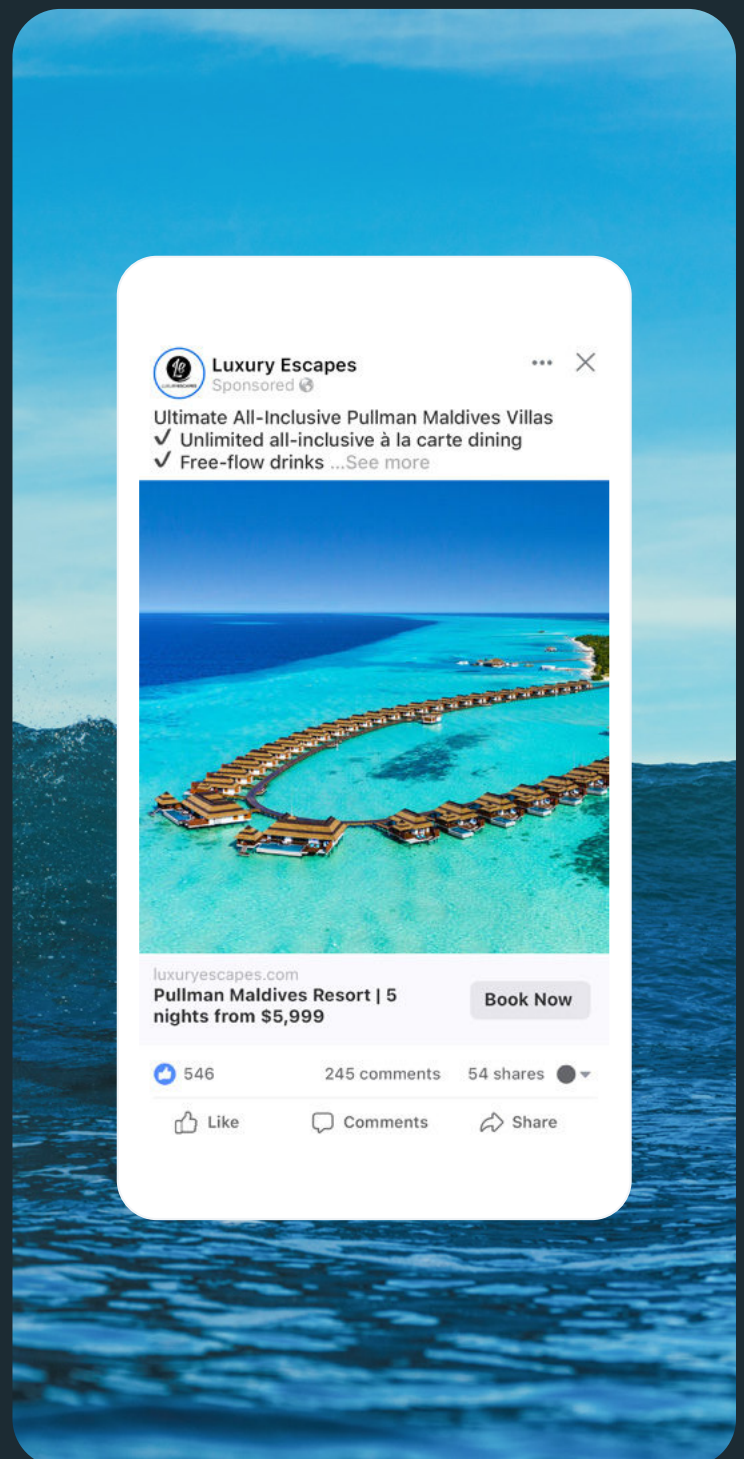
These findings unveil the power of a tool like ASC, particularly when embedded with BAU activity. Luxury Escapes, along with discovering greater efficiencies and cost-saving strategies, will continue to test ASC activity to determine the optimal budget. There is also the potential of scaling this strategy to other markets.

Overall, the implementation of ASC into BAU activity was a resounding success, and allowed Luxury Escapes to keep costs down whilst driving new growth.

Optimisation is essential for ensuring ASC activity continues to deliver efficiencies for businesses. Here are some key ways marketers can support ASC strategies to deliver the most value:

- Including a mix of both catalogue and static creative

- Featuring at least 10 assets for the ASC to discover which asset is best performing

- Maximising liquidity by avoiding setting existing customer budgets

Luxury Escapes
Sponsored

Uluwatu Five-star Clifftop Pool Villas with Daily breakfast & 24-Hour Butler Service

luxuryescapes.com
Escape to Uluwatu, Bali from $1,087

Book Now

623   223 comments   62 shares

Like   Comments   Share

Empowering marketing through experimentation and measurement

Fostering a test-and-learn culture is increasingly essential for marketers as they approach a potential recession.

"NAB does use a test and learn mentality," says Dobson. "Our conversational messaging work with Meta has been a great example of testing and learning. We hope to continue this approach."

Fostering experimentation and learning is a way for marketers to make smarter decisions, and to share feedback internally.

"We've always used a test, measure, learn strategy, but since iOS 14 we found we can't rely on the algorithm like we used to," says Rob Ward, Quad Lock. "We've tested our way to a system that's working."

Securing buy-in from C-suite executives will help ensure the learnings will be implemented efficiently. Brands that test more often also tend to see better results[15].

When it comes to measuring success, few techniques offer the opportunity of growth more than incrementality. Testing strategies and identifying those that drive the highest incremental return allows marketers to scale their investments.

A single perfect measurement solution does not exist

Some of the most used measurement tools, such as attribution models and marketing mix modelling (MMM), need to be supported with science (incrementality) to provide the most powerful intelligence.

Scientific experimentation discovered that 78% of cost per acquisition results from attribution models do not accurately reflect growth value, and 67% of ROI results from MMM also do not accurately reflect true growth value[16].

The future will be a measurement system which consists of multiple measurement tools/methods. Each configured and calibrated to give a holistic overview, as well as actionable insights.

As you consider testing your marketing mix, measurement strategies such as time series modelling, incrementality and attribution combined can help identify where true business value can be gained. It's important to find the right mix for your brand, as some tools will optimise for the short term and others for the long.

"We want to make sure every dollar counts, and that means custom incrementality testing across all marketing efforts," explains Kuo Lumpur, Global Head of Paid Social, Display & Programmatic at Canva. "Whether that's brand, offline, online, direct response, lower funnel, mid funnel - we need to see what actually generates impact."

"We want to make sure every dollar counts, and that means custom incrementality testing across all marketing efforts"

Kuo Lumpur – Global Head of Paid Social, Display & Programmatic at Canva

Building for privacy first

Consumers expect both privacy and personalised ads. And these two things are not in opposition to each other.

Privacy concerns will be paramount as businesses settle into 2023, which makes this the opportune time to understand how machine learning can help resolve these tensions.

Personalised ads are valuable to people and businesses. People can find relevant products and services, and businesses can reach audiences that will be interested in what they offer.

Technological innovations, more options, and increased transparency can help drive personalisation while respecting people's privacy.

There are a number of technologies marketers can use in order to protect and effectively use data:
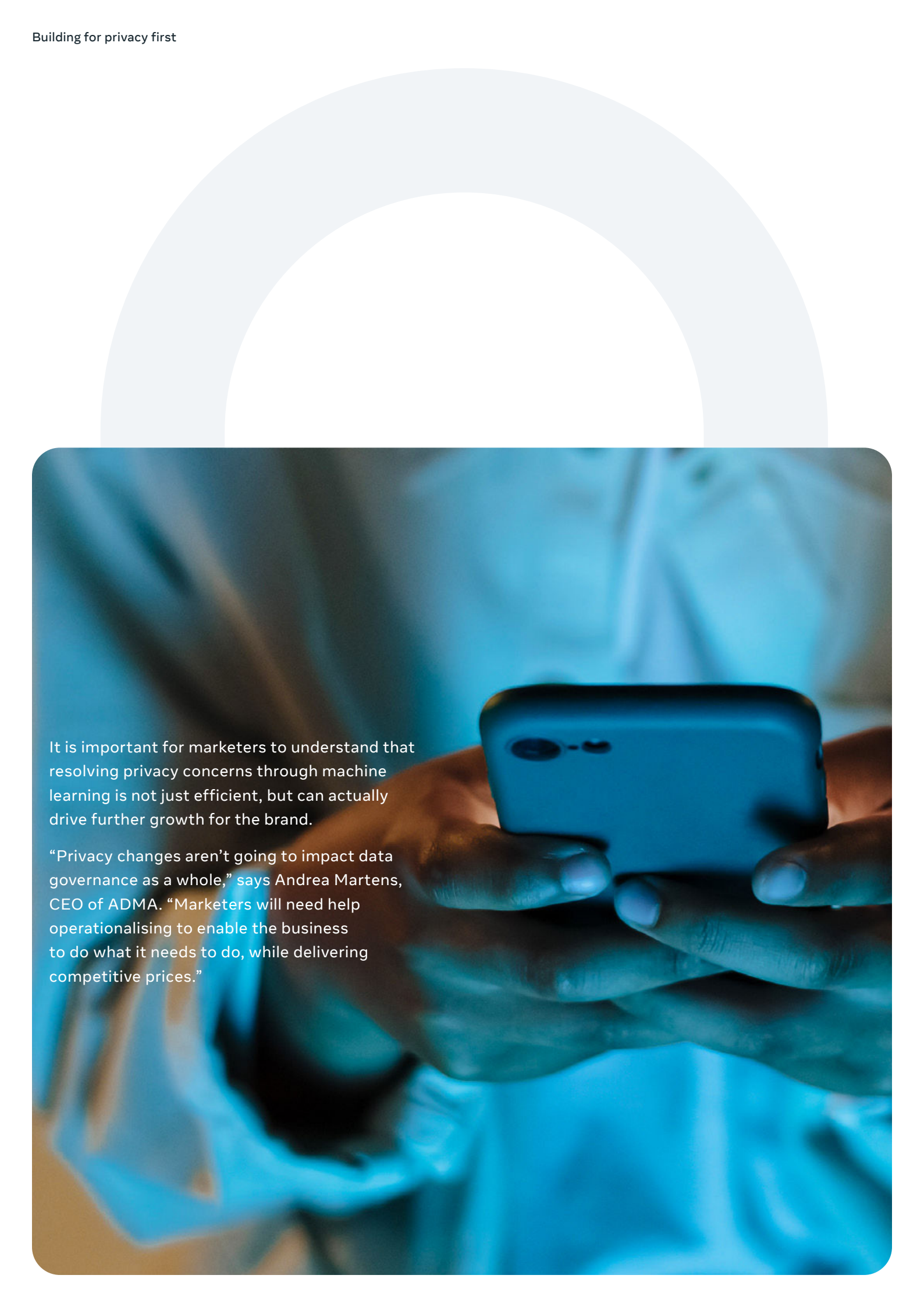
1. Multi-party computation

This technology allows businesses to come together and share encrypted data with each other.

2. Trusted Execution Environments (TEE)

A process of using secure hardware and encryption to process data.

3. On-device learning

Machine learning is used to identify patterns in data in order to make predictions. This technique ensures that individual data remains on consumer devices.

It is important for marketers to understand that resolving privacy concerns through machine learning is not just efficient, but can actually drive further growth for the brand.

"Privacy changes aren't going to impact data governance as a whole," says Andrea Martens, CEO of ADMA. "Marketers will need help operationalising to enable the business to do what it needs to do, while delivering competitive prices."

Conclusion

Preparing for an economic downturn requires a deep level of analysis and forward-thinking on the part of marketers.

Laser focused marketing has the potential to shore up business strategies for this uncertain environment, and when done well, can drive profit even through a period of slower consumer spending.

By taking these steps now, brands will be in a better position to combat any challenges that come their way over the next 18 months. Brands that find ways to better utilise the tools they already have on hand will gain a much-needed edge over their competitors.

Key things for advertisers to think about as they look to unlock growth from marketing, this year and beyond:

1.
Do I have a data strategy that drives growth through paid and owned?

2.
Am I fully leveraging the power of machine learning on paid and owned?

3.
Am I basing my decisions off robust measurement aligned to incremental growth such as incrementality?

4.
Can a full funnel approach offer efficiencies and expansion into new audiences?

5.
Do I have a bespoke testing roadmap that will uncover efficiency gains and pockets of incremental growth that can be scaled?

With these questions to consider, Meta is on hand to support businesses through this uncertain time - and there are a number of solutions available.

In fact, let's think back to the car metaphor used earlier. Marketers want to ensure their car, their company, is being powered by the best quality fuel possible. Solutions such as Conversions API, machine learning and Advantage+ Shopping Campaigns can be this fuel. These tools are all capable of helping marketers prepare for a privacy-first future whilst achieving performance, efficiency and growth. With this in the tank, businesses can feel more confident about safely and successfully navigating the road ahead.

This array of strategies prove there are many levers marketers can pull in order to build growth and seize the upcoming opportunity. And, it is clear that some of the industry's best minds are already building a path forward towards this future, using these techniques.

Brands are about to embark on a journey with an uncertain destination - but preparing now will smooth the path forward.

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