



THE FUTURE OF ADVERTISING

Make every ad dollar count with
1-to-1 customer journeys.

salesforce





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IS YOUR AD SPEND HITTING THE MARK?

The disconnected approach to digital advertising is dead. In its place, customers who provide a glut of data to marketers expect personalized experiences, and reward them with higher click-throughs, increased ROI, lower CPM, and reduced cost per checkout.





The availability of data means we can now develop a greater understanding of our customers, and the customer expects nothing less than personalized communications, even in marketing campaigns.

Welcome

This Salesforce Advertising Studio report is intended to inform those in and around the advertising and marketing industries about the proven enormous power and advantage of using CRM data to individualize campaigns.

There is no argument that the Age of the Customer has arrived. The availability of data means we can now develop a greater understanding of our customers, and the customer expects nothing less than personalized communications, even in marketing campaigns.

It is no longer acceptable for a pet store to send a cat food campaign to a dog owner, for a financial institution to send a transition-to-retirement promotion to a 40-year-old, or for a person who has just bought a pair of shoes to be retargeted with an ad for those shoes.

This report uses current research from around the globe, including from Salesforce, major players such as Facebook and Google, and respected research producers such as eMarketer and comScore.

Insights from the research can lead to significantly improved marketing results, including greater click-through rates, lower CPM, massive increases in return on investment, and large reductions in cost per checkout, as demonstrated in the case studies beginning on page 20.

The disconnected approach to advertising is history. Here's why you must personalize your individual customers' experiences, and how to do it.





THE AGE OF THE CUSTOMER HAS ARRIVED

PROVIDING A TAILORED EXPERIENCE PAYS OFF

With the enormous global spend behind digital advertising comes an urgent need for better targeting and audience engagement. There's no excuse for marketing to be hit-and-miss; marketers know enough about their customers to provide highly personalized interactions.





What if the \$200 billion digital spend earned substantial engagement? What if people welcomed an advertisement and were virtually guaranteed to act on it? What if other people on the same social platform who behaved in a similar way could also be served with the same ad?

Listen to the people.

Everything today is specialized and customized. Consider the fall of traditional print media and the rise of special-interest digital titles. Think about the tailored experience individuals are now able to have via social media and within apps, choosing their friends, interests, and likes. Look at the way leading e-commerce stores understand their customers so well they are able to predict what they're likely to buy before the customer even knows it.

And yet, within this highly specialized and data-heavy environment, digital advertising can still be hit-and-miss. Globally, around \$200 billion will be spent on digital advertising in 2016, but click-through rates (CTR) on the world's most popular sites and platforms remain low: 1% on Facebook and 0.11% on Instagram, for example. For the most part, cost per thousand (CPM) is growing, so marketers need to be smarter about how they target and convert individuals.

Digital advertising is still a high-volume numbers game, meaning there is an urgent need for a greater understanding of how to utilize data to better target and engage interested and motivated individuals and audiences. What if the \$200 billion digital spend instead earned substantial engagement? What if the people presented with specific campaign materials actually welcomed the information and were virtually guaranteed to act on a specific deal or a particular offer? What if other people on the same social platform who behaved in a similar way to those who welcomed the offer could also be served with the same ad?

The level of data about individuals available today not only allows you to deeply understand consumers' motivations and behaviors, but also offers the opportunity to identify other like-minded individuals with similar behavioral traits. An entirely new market of potential customers is opened up through the smart and personalized use of CRM data.



83% of high-performing marketers use CRM to power their ads – double the percentage of low performers.

CRM-powered ads have a 47% higher CTR on Facebook than traditional targeting.

Travel company Outrigger Resorts, for example, combined email engagement data, past sales, and sentiment data to build lookalike profiles in order to acquire new email subscribers via sweeps on Facebook. Not only did Outrigger Resorts beat its cost per acquisition (CPA) target by 89% (surpassing its search advertising goals along the way), but individuals targeted were also twice as likely to opt in for promotional email.

So whether a marketer is targeting a past, current, or potential customer, there must be a recognition of the customer's desire to have highly relevant advertising presented to him or her. Research supports this.

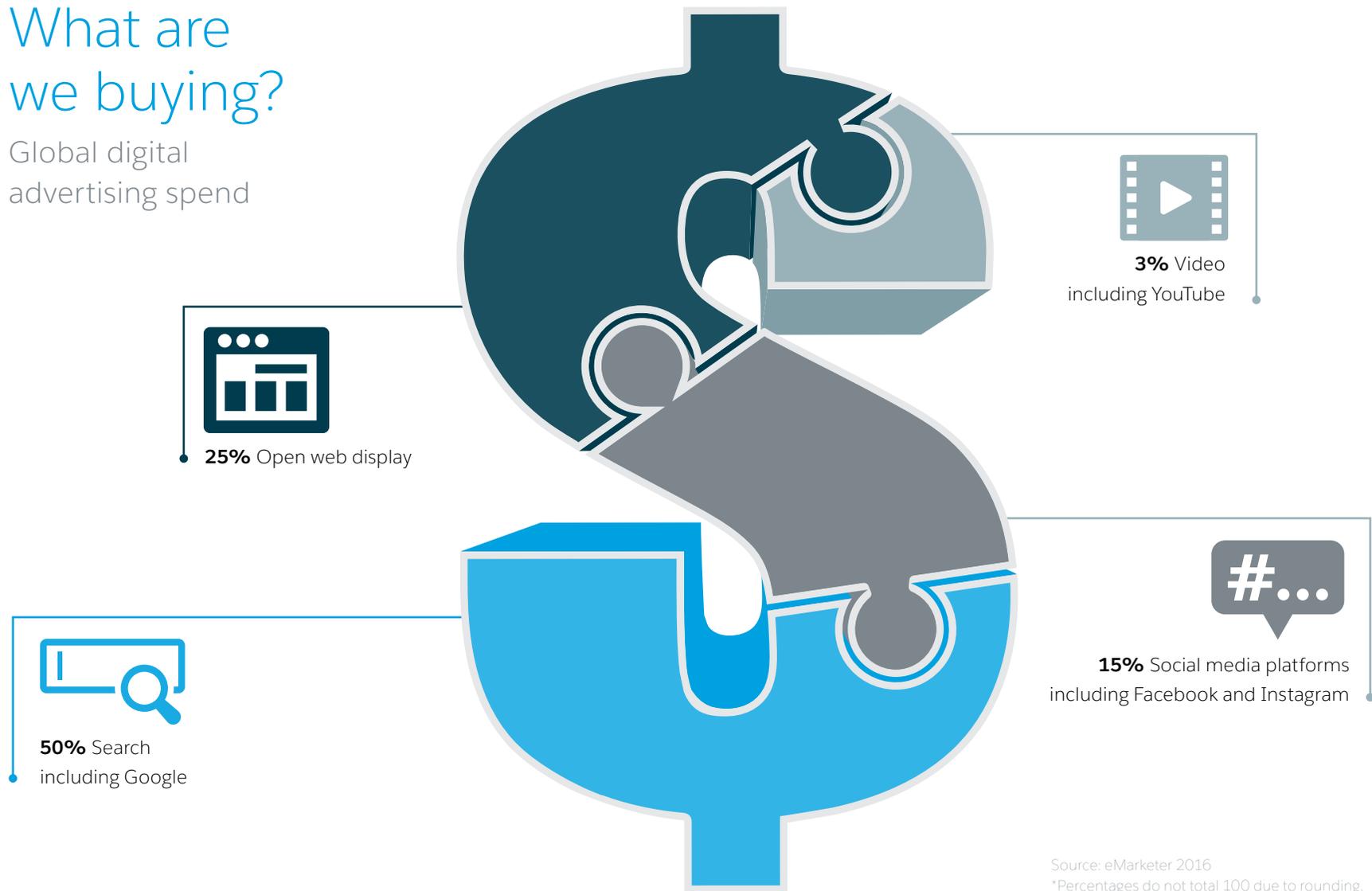
The Salesforce State of Marketing project in 2016 found that 83% of high-performing marketers use CRM to power their ads – double the percentage of low performers. The Salesforce Advertising Index Annual Report 2015 revealed that CRM-powered ads have a 47% higher CTR on Facebook than traditional targeting. And an Email + Ads study Salesforce did with Facebook in late 2014 showed that those exposed to messages from the same campaign by email as well as through Facebook ads were 8% more likely to click email links and 22% more likely to purchase.

Taking a customer on a journey is no longer enough. It is now vital to know exactly how and why the journey ended, and to continue to customize communications with the individual in order to begin the next one. As hot as it might have been 18 months ago, retargeting using only cookies for target management (rather than customer records and email, which inform the advertiser whether a specific purchase was made or not) is now old-school. And regardless of whether customers know the back-end workings, they know when you're using old-school communication and targeting.



What are we buying?

Global digital advertising spend

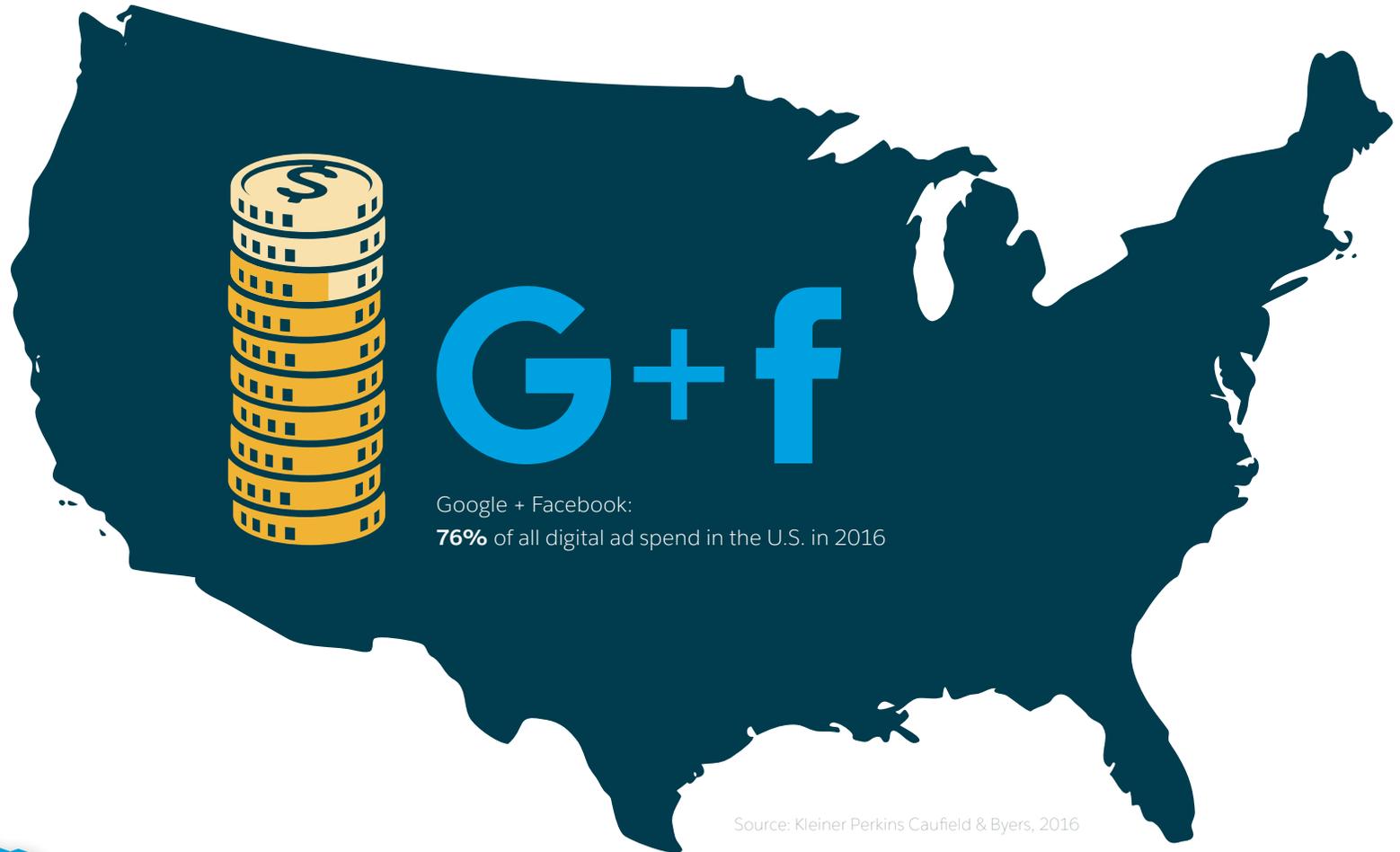


Source: eMarketer 2016
*Percentages do not total 100 due to rounding.



Who are we buying it from?

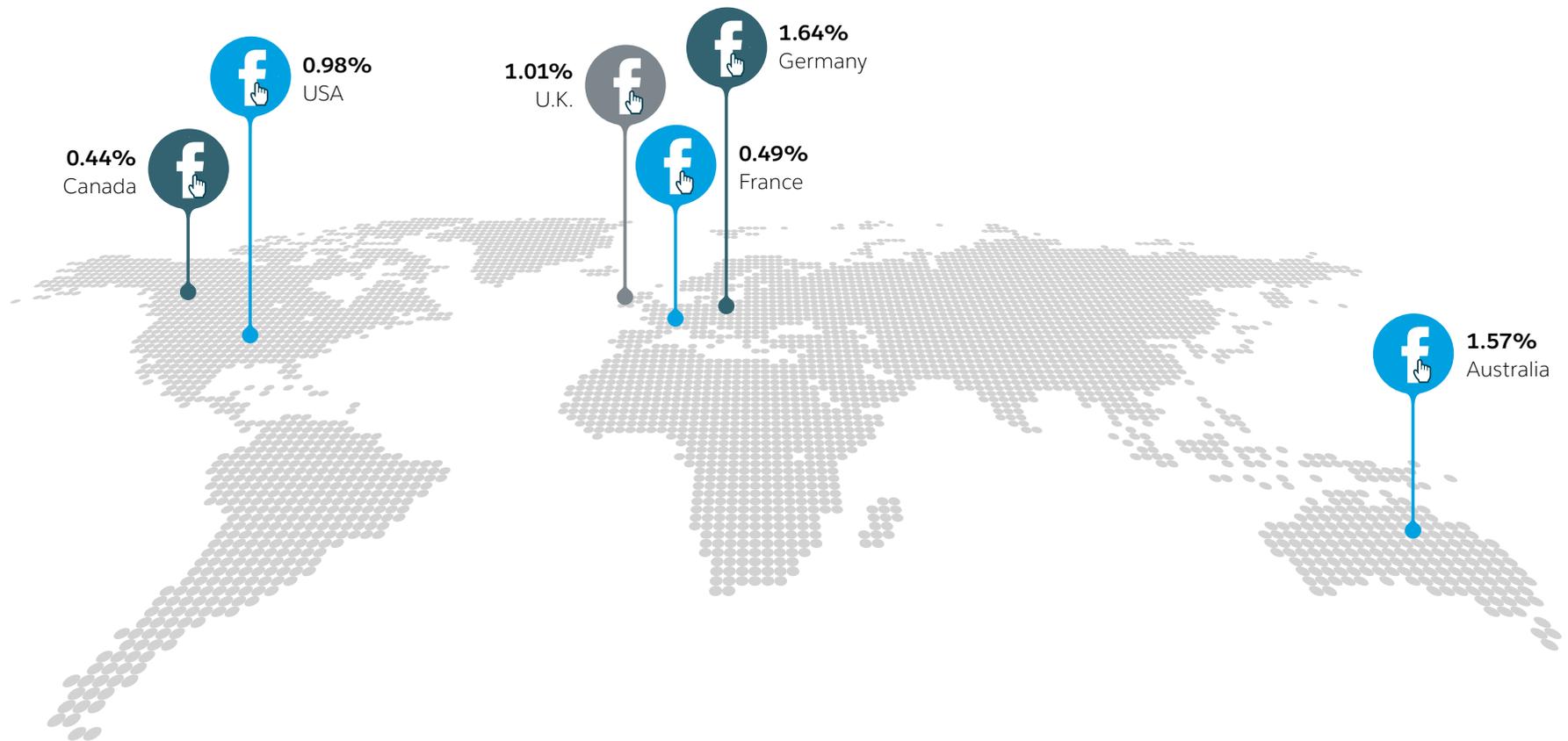
Here's where those dollars are going.



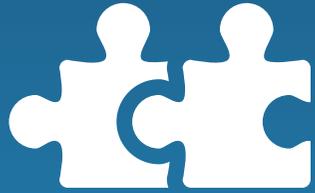
Source: Kleiner Perkins Caufield & Byers, 2016

What are we getting in return?

Facebook click-through rate by country



Source: Salesforce Advertising Index Q1 2016 Report



IMPLICATIONS FOR MARKETERS

BUILDING RELATIONSHIPS WITH DATA

Building a relationship with a new customer? The goal isn't one sale; it's a long journey, with many milestone interactions and sales along the way. And for this long-term relationship to work out, you need to know what your customers want – how and when do they want to hear from you, and what do they want to hear from you about?





The aim is not a single interaction. Only an intimate knowledge of the customer's behaviors and motivations – meaning a marketing budget that is spent in the right places – will allow the relationship to thrive.

What is your real purpose?

All marketers now have a defined digital spend, but are they spending it in the right place? For instance, comScore tells us that 66% of digital retail time is spent on mobile, as opposed to 34% on desktop, and yet just 19 cents of every retail-specific digital advertising dollar goes to mobile. It raises the question of whether our customer interactions are happening in the right channels.

There is no arguing that digital is paying off. Around 75% of retail marketers, according to eMarketer, say digital ads have higher ROI than their offline marketing channels. Still, the marketing and advertising industries can do a lot better.

Do marketers know, for instance, whether the individuals they are targeting respond more positively to email offers, in-app offers, SMS, or Facebook ads?

When research tells us that 90% of mobile time is spent in apps rather than on a mobile browser, should ad spend be reweighted as a result?

Are marketers presenting personalized content for the same campaign across a number of platforms, a strategy that has been proven by Salesforce research to be 22% more likely to convert?

Speaking of personalization, do marketers know what each customer is worth in terms of how much and how often he or she purchases? In other words, does each customer have a subscriber score? Bringing CRM data into the equation makes such analyses far more simple and exceedingly powerful.





Mobile shopping searches increased 120% in the past year, eMarketer says. And 82% of purchasers consult their mobile while in-store, prior to making a purchase. Mobile can therefore be seen by retailers as a threat or an opportunity.

There is a great deal we know about behaviors, thanks to data. Mobile shopping searches increased 120% in the past year, eMarketer says. And 82% of purchasers consult their mobile device while in a store, prior to making a purchase. Mobile can therefore be seen by retailers as a threat or an opportunity. But consider that 73% of retailers have acquired a customer through Facebook (CMO.com, 2014) and you'll likely see more in the way of opportunity than threat.

It's not just the retail world being revolutionized by mobile. In the U.S. financial services arena, where the digital advertising spend is around \$8.4 billion (eMarketer, 2016), mobile banking use rose from 9% to 30% adoption between 2010 and 2015 (eMarketer, 2015).

According to CMO.com, 33% of financial services companies have acquired customers through Facebook. These businesses are also doing something very right with their marketing campaigns: Financial services companies have the highest industry web-conversion rates at 10%.

Smart marketers in good businesses are making a real difference by knowing what to use as an identifier for individual customers (email addresses, not cookies) and knowing how to use it.

It all begins with the base purpose of the campaign. Usually a campaign's ultimate goal is to increase revenue, but what is its base purpose? How does it go about increasing revenue? It could be through increasing conversion rates, boosting advocacy, encouraging app downloads, or one of many other purposes.

Clarity of purpose also means that the aim is not a single interaction. A customer is being attracted to the business to begin a relationship, not to make a purchase and be released again. Only an intimate knowledge of the customer's behaviors and motivations – meaning a marketing budget that is spent in the right places – will allow this relationship to thrive.

About half of all digital ad dollars went to mobile in 2016.



Source: eMarketer 2016

Where is the money going?



\$58 billion
Google global advertising revenue 2016

Source: e Marketer 2015/2016



\$23 billion
Facebook and Instagram global advertising revenue 2016



Where are your customers?



Source: Yahoo/Flurry (US) 2015

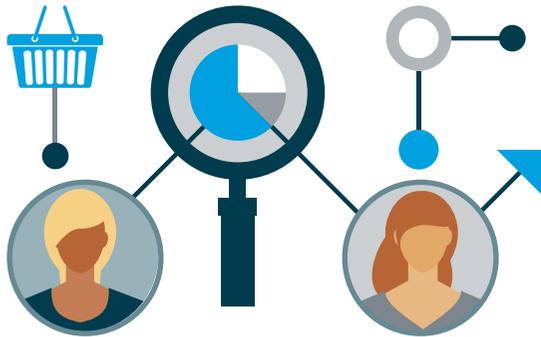


HERE'S THE SOLUTION

HOW TO UNLOCK YOUR CRM DATA

You have so much customer data at your fingertips, but are you using it? We want to help you unlock this data to create campaigns that are powered by identity, that will engage with your customers; integrate with your sales, marketing, and customer service; and increase the return for your ad spend.





Analyze your most valuable customers and create lookalike profiles, actively targeting individuals who are likely to share common interests and motivations with those high-value customers.

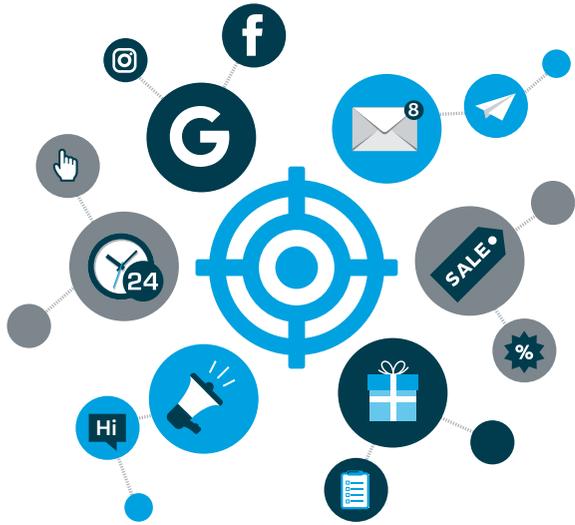
Connect in an entirely new way.

How does a marketer combine CRM data with digital advertising for the very best chance of success? Thanks to Advertising Studio, you can now securely use your customer data to drive all your digital advertising. You can drive powerful campaigns across some of the most important audience platforms and use Journey Builder to connect your advertising to the rest of your marketing, sales, and customer service.

The data you already have about your customers – including email, phone numbers, social media profiles, mobile push notifications, purchase histories, and more – tells a powerful story. It tells you about various preferences and behaviors. It lets you know when and where customers like to be engaged and, on the flip side, when you're likely wasting time, effort, and money.

Advertising Studio allows you to develop campaigns based directly on identity across Facebook, Google, and Instagram; mobile apps; and websites powered by Facebook Audience Network, LiveIntent for Publishers, and Twitter. You can extend this to enhance your open web display advertising powered by DMPs and DSPs, using our API and onboarding partners. Advertising Studio is used by major companies around the globe but can just as effectively boost the advertising performance of a small to medium-sized enterprise.





With customer data, you can identify inactive subscribers and reconnect with them on a new channel.

One of the most potent offerings of the Advertising Studio suite is the ability to use the data you have about your existing customers to find new customers who behave in similar ways to your current ones. Analyze your most valuable customers and create lookalike profiles, actively targeting individuals who are likely to share common interests and motivations with those high-value customers.

With customer data, you can identify inactive subscribers and reconnect with them on a new channel. You can also increase your advertising efficiency, especially on search ads, by not advertising to existing customers who aren't a fit for your campaign.

Best of all, all of the ad targeting can be securely automated, so that your customer data is always protected and your audiences are always up to date.

Finally, Advertising Studio has integrated lead generation, so you can capture leads directly from Facebook into the Customer Success Platform.

Advertising Studio gives you the opportunity to connect with customers in the way they most prefer: 1-to-1. It makes you a very smart marketer.



CASE STUDIES

IT WORKS

These highlighted businesses know the importance of connecting with their customers 1-to-1, on the platform customers prefer. They've created lookalike campaigns to find new customers and re-engagement campaigns to keep existing ones on their journey. They've combined their CRM with social platforms' deep demographic targeting to increase their ROI and lower their cost per checkout. They've used social targeting alongside advertising to triple their previous ROI. Basically, these marketers look good.





Lookalike campaign

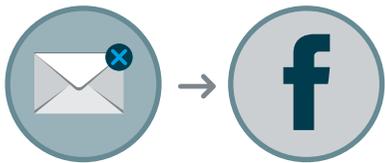
9 x ROI

cost per checkout €3.95

Re-engagement campaign

16 x ROI

cost per checkout €2.36



Targeting inactive email users via social returned \$13 for every dollar spent.

13 x ROI

① Lookalikes and re-engagement

Holland-based global fashion retailer Scotch & Soda, with marketing technology partner Emark, built an audience segment of email lists to sync to Facebook in order to acquire new customers with similar attributes to existing customers.

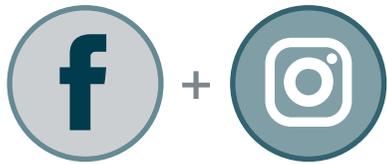
The lookalike campaign returned nine times the ad spend, with cost per checkout at €3.95 (around USD \$4.40). A further re-engagement campaign saw a 16x ROI and lowered cost per checkout to €2.36 (USD \$2.63).

② Re-engaging inactive users

When an online retailer decided to attempt to re-engage inactive email users via Facebook advertising, it saw a \$13 return for every \$1 of Facebook ad spend. The icing on the cake? Inactive users were 50% more likely to click on the ads than active users.



Lookalikes delivered three times the transaction volume of search advertising customers.



100%
improvement in CTR



Using CRM data tripled ROI.

③ Lookalikes more valuable

An online retailer that conducted a successful lookalike campaign on Facebook to acquire new customers, all based on CRM data, found the new customers were 50% more likely to convert than those sourced via search advertising.

The lookalikes also delivered three times the transaction volume and boasted a 53% reduction in cost per checkout, again compared to those attracted via search advertising.

④ CRM meets social

When they combined Advertising Studio campaigns with the deep demographic targeting capabilities of Facebook and Instagram, Australia Post and agency iProspect managed to achieve a 100% improvement in CTR and an 18% increase in view rates of a video promoting their new travel debit card for China.

Cost per video view came in at just \$0.03 with a view rate of 11%.

⑤ Combining with CRM works

Cedar Fair, a major U.S. entertainment brand that operates amusement parks, tripled the ROI of past campaigns by basing customer acquisition on CRM data. And a speciality online retailer reached 162% more email subscribers by coordinating its email campaign with advertising.



FIND OUT MORE

No matter the size of your business, dramatically improve your marketing and advertising performance by efficiently using your CRM data. We're happy to help you get started.

We are proud to be a world leader in the field and a thought leader in the relationships between consumers and brands.



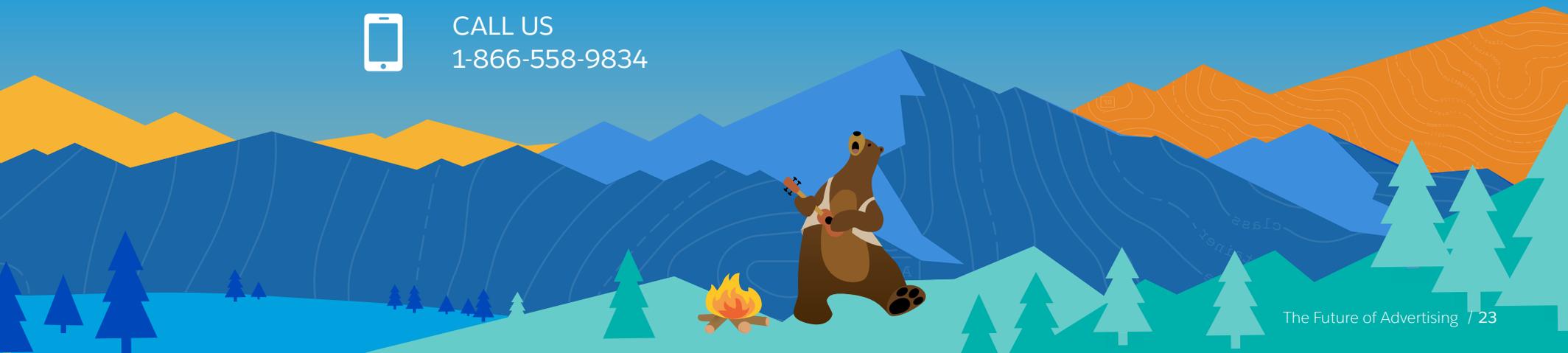
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CONNECT TO YOUR CUSTOMERS
IN A WHOLE NEW WAY

