



Facebook as a Marketing Tool

Case Asia Exchange

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Emil Halmén

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Utbildningsprogram:	Företagsekonomi
Identifikationsnummer:	7157
Författare:	Emil Halmén
Arbetets namn:	Facebook as a Marketing Tool, Case Asia Exchange
Handledare (Arcada):	Mikael Forsström
Uppdragsgivare:	Asia Exchange
<p>Sammandrag:</p> <p>I den digitala eran har reklamföring blivit en finjusterad praxis med hjälp av verktyg som Facebook Business Manager och Facebook Advertising. Den önskade målgruppen på social media kan nås med en bråkdel av budgeten jämfört med traditionella medier, och det är lättare än någonsin att följa upp kundens köpresa med nämnda verktyg. Annonsörer betalar nu för att fånga användarnas uppmärksamhet och det är lönsamt när rätt personer riktas in med rätt meddelanden. Med marknadsföringsstrategier och Facebook-reklamfärdigheter kan framgångsrika marknadsföringskampanjer byggas och optimeras för att generera mer försäljning och öka varumärkesmedvetenhet. I denna avhandling undersöks Asia Exchanges marknadsföringsinsatser genom intervju och analys av deras betalda online-reklamkampanjer. Syftet med studien är att förstå nyckelelementen i Facebook Advertising och vad som behövs för att göra reklamföring på Facebook lönsamt, och hur marknadsföring på Facebook optimeras. Resultaten visar vikten av att ha en tydlig marknadsföringsstrategi och hur ett trattmarknadsföringskoncept kan användas för att följa upp eventuella kunder och konvertera dem till betalande kunder, och hur en högre budget på Facebook-annonser kan skala upp marknadsföringskampanjerna och förbättra resultaten.</p>	
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Title:	Facebook as a Marketing Tool, Case Asia Exchange
Supervisor (Arcada):	Mikael Forsström
Commissioned by:	
<p>Advertising in the digital era has become a finely tuned practice with tools like Facebook Business Manager and Facebook Advertising. The desired target audience on social media is reachable with a fraction of the budget to that of traditional media, and it is easier than ever to follow up on the customer buying journey with said tools. Advertisers are paying now to capture the attention of users and it is paying off when the right people are targeted with the right messages. With marketing strategies and Facebook advertising skills successful marketing campaigns can be built and optimized to generate more sales and raise brand awareness. In this thesis Asia Exchange's marketing efforts are examined through interviews and analysis of their paid online advertising campaigns. The aim of the study is to understand the key elements of Facebook Advertising and what is needed to make advertising on Facebook profitable and how marketing on Facebook is optimized. The results demonstrate the importance of having a clear marketing strategy and how a funnel marketing concept can be utilized to follow up on prospects and turn them into customers, and how a higher budget on Facebook Ads can scale up the marketing campaigns and improve results.</p>	
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OPINNÄYTE	
Arcada	
Koulutusohjelma:	Företagsekonomi
Tunnistenumero:	7157
Tekijä:	Emil Halmén
Työn nimi:	Facebook as a Marketing Tool, Case Asia Exchange
Työn ohjaaja (Arcada):	Mikael Forsström
Toimeksiantaja:	
<p>Digitaalisella aikakaudella mainonnasta on tullut hienosäädetty käytäntö sellaisilla työkaluilla kuin Facebook Business Manager ja Facebook Advertising. Haluttu kohdeyleisö sosiaalisessa mediassa on saavutettavissa murto-osalla perinteisen median budjetista, ja asiakkaan ostopolkua on helpompaa kuin koskaan seurata mainituilla työkaluilla. Mainostajat maksavat nyt käyttäjien huomiosta, ja se on kannattavaa, kun oikeisiin ihmisiin kohdistetaan oikeat viestit. Markkinointistrategioiden ja Facebook-mainontataitojen avulla voidaan rakentaa ja optimoida menestyksekkäitä markkinointikampanjoita lisäämään myyntiä ja lisäämään tuotemerkkitietoisuutta. Tässä opinnäytetyössä Asia Exchangen markkinointia tarkastellaan haastattelun ja data-analyysin avulla heidän maksetuista verkkomainoskampanjoistaan. Tutkimuksen tavoitteena on ymmärtää Facebook-mainonnan keskeiset elementit ja se, mitä tarvitaan Facebook-mainonnan kannattavuuteen ja miten markkinointi Facebookissa optimoidaan. Tulokset osoittavat selkeän markkinointistrategian tärkeyden ja sen, miten suppilomarkkinointikonseptia voidaan käyttää potentiaalisten asiakkaiden seurantaan ja kuinka heistä voi tulla maksavia asiakkaita, ja kuinka Facebook-mainosten suurempi budjetti voi skaalata markkinointikampanjoita ja parantaa tuloksia.</p>	
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1 INTRODUCTION

With the emergence of the world-wide-web marketing has evolved into a finely tuned practice in the digital world. Information is available easier and faster than ever, and it is accessible for anyone with an internet connection. This very connection gives the consumer access to multiple options to choose from, and simultaneously opportunities for a business to reach potential customers, as the number of people using internet are now in the billions. Social media has partly fuelled the increase of people's time spent online, and as of 2015 there are over 2 billion people globally using social media, and according to Facebook, it alone has more than 1,6 billion active users daily (Stephen 2015)(The Facebook Pixel 2019). It has resulted in some ground-breaking changes within digital marketing.

One of the phenomenal changes is utilizing the vast amount of data in social media for marketing purposes. What started out as a hot-or-not kind of website in a college dorm, Facebook evolved into the pioneer of social media and furthermore into the most successful advertising machine in terms of target marketing. Advertising has never been as precise as it is today. It is very appealing for the marketer to reach for the desired target market with a fraction of the budget that would be used in traditional media to mass-advertise only to reach the few in said target market. The social media giant, Facebook, is nowadays used by millions of businesses to target potential customers with their ads hoping to generate more sales, and the number seems to be growing. In the first quarter of 2019 there were over 7 million active advertisers on Facebook, which is more than double to the number from 2016 (statista.com 2019[a]).

As I have agreed with Asia Exchange (AE) to write my thesis as a market research to their benefit, the study will focus on their Facebook marketing strategies and resultingly find the most lubricating way to advertise within said platform. The theoretical part of the thesis focuses on where the current research lies within digital marketing, the empirical part includes data from AE's current Facebook marketing strategies and will conclude with a propose for a marketing strategy.

1.1 Presentation of Company

Asia Exchange Oy is a Finnish company that organizes student exchanges mainly in Asian countries. The company was founded in 2007 by Harri Suominen and Tuomas Kauppinen, who were former exchange students in Asia themselves. Having experienced exchange semesters in Asia, they wanted to help others to do so as well with more convenience and extended options. Today, both of them are managing Asia Exchange, which employs 13 people in Finland alone, and the author in Bali. The company itself is operating in Taiwan, China, Indonesia, Malaysia, Thailand, South Korea, and New Zealand. Since autumn 2019 the company is not operating in New Zealand anymore. The yearly average is nearly one thousand students who are using the services of AE for their exchange periods in Asia. The company has reached more than 7000 students in over 600 universities and 80 countries. (Asia Exchange 2019)

The nature of their product can be characterized as a service: it is intangible, inseparable, perishable, and heterogenic. Due to the perishability of their product, the likelihood of a customer returning to use the services of Asia Exchange is rather small.

1.2 Research Problem

Because of Facebook Ads Manager and Facebook pixel the advertiser can follow up on how ads are performing. When an ad is shown to a user on Facebook and the user takes a desired action on the website, the pixel is fired and that attributes to the ad (The Facebook Pixel 2019). Asia Exchange's product is more complicated to follow up on as there has been nobody who has immediately purchased the product after clicking the ad, there is always few days, weeks or even months between first visit to website to actually purchasing the product. After all, it is an exchange semester, and the customer doesn't pay for it straight away before being certain about it in general.

Considering the product characteristics, the company's marketing efforts are mainly directed towards customer acquisition. It is the new students each semester that creates revenue for the company. Current marketing efforts within the company are mainly online, and today AE have established themselves with hundreds, or even thousands of followers in diverse social medias, mainly in Facebook, Instagram, and YouTube. Not only is the

company engaging with their followers but also paying money to have their ads shown through Facebook. The advertisements are optimized in terms of targeting and they are shown to the wanted audience. The paid online advertising efforts that AE is currently running is already creating profitable results but are they optimized to their full potential? Could there be something that could be done in order to get better results? In this study I am going to research what makes an advertising campaign in Facebook successful on behalf of Asia Exchange, and with these problems as a basis for my research, I will carry out the study.

1.3 Aim of the Study

The aim of the study is to optimize the POA strategies of Asia Exchange, and furthermore to understand how essential tools like Facebook Business Manager (FBM) and Ads Manager are used in online marketing efforts. This thesis will serve as a manual for Facebook advertising and will thus contain additional explanation about different elements within the process of creating advertising campaigns in Facebook. A framework to create successful advertising campaigns on behalf of Asia Exchange is the goal. Additional intentions include boosting the website traffic and generally providing suggestions that enhance the current marketing efforts. As an assist to achieve the aim I am striving to answer the following complementary research questions:

- How to create a successful advertising campaign in FBM?
- How are advertising campaigns optimized in Facebook Advertising?

1.4 Delimitations

In order to make the study more specific and accurate, the research will focus on AE's marketing efforts in one social media platform: Facebook. The study will focus on the Paid online advertising (POA) efforts within Facebook, and it is written through a company perspective. The research is limited only to the paid advertisements in Facebook and thus will not focus on the company's website nor other social medias.

1.5 Definitions

POA – Paid online advertising, an online marketing effort that include all advertisements that the advertiser is paying for to be displayed anywhere on the world wide web.

AE – Asia Exchange, Finnish company, and employer of the author.

PPM – Paid Per Mille, refers to cost per thousand impressions

CPA – Cost Per Action, price for desirable behaviour from users

CPC – Cost Per Click, how much each of the link click costs the advertiser on average.

Conversion – Desired result, acquired customer in this case.

CTA – Call to Action, a request the advertiser wants the audience to do.

CTR – Click Through Rate, the percentage of how many have seen the ad divided by how many have clicked the ad after seeing it.

ROAS – Return on Ad Spend

FBM – Facebook Business Manager

2 THEORETICAL FRAMEWORK

This part of the thesis contains the theoretical framework. It explains advertising in its many senses, what it is, how it was born, the evolution of it and how it is utilized today. Further explanation includes an overlook on the media landscape of today, and furthermore Facebook, what it is and how it is used for digital marketing efforts, and especially advertising. This framework will be adhered to in further chapters, and it aims to guide the author of creating a successful model of action when it comes to advertising online.

2.1 Media

Advertising has existed as long as media has. They walk hand in hand in terms of trying to win attention. As its Latin origins suggest, “advetere” means to draw attention to something, and advertising is still today used as a tool to draw attention to what is being marketed (Yakob F 2015). In order to understand the mechanics of advertising, a background explanation will be provided.

2.1.1 Paid attention

The media industry was partly born because of businesses started utilizing communication channels, such as the radio, with the purpose of spreading their commercialized messages to a bigger audience. Broadcasters would prefer advertisements over program during airtime because businesses were paying top-dollar for having their content aired if only for an ever so limited time. An advertising phenomenon can be witnessed in almost any media, where an advertisement is disrupting the flow on content. Whether it is a TV- or radio show, or a magazine that is being read, the advertisement is cutting in with its message (Yakob F 2015).

2.1.2 Communication

Advertising came to be in a different era, and in a different media landscape. Back then consumers could get information through advertising, and it was used as a tool to reach mass audiences about mass products and was considered successful. Advertisements had sentimental messages and were, in a way, describing how the world works. A prime example is the Coca-Cola advertisement from the 50's where the soft drink is embedded in the typical American dream happy family. Advertising was communication, it was information when the internet wasn't born yet. These days, when talking about advertisements in general, the mentality is mainly negative with connotations like "disturbing, annoying, and uninteresting". (Wind & Hays 2015).

The media landscape has changed drastically with the development of technology and advertisers have adapted accordingly, and the same pattern continues of trying to win attention. Advertising on social media is not any different from that.

Kotler argues that within the Interactive Age marketing principles must shift from mass-focused to more targeted, and that customers are now in contact with million other customers, which is beginning to realize the full potential of CRM. He continues by stating "But now, rather than pursue all types of customers at great expense only to lose many of them, the objective is to focus on those particular customers with current and long-term potential in order to preserve and increase their value to the company." (Peppers et al. 2016).

2.2 Digitalization

The digital era has enabled a sort of paradigm shift in the communication channels the marketers are utilizing. The art of marketing, however, still has the same key roles within an organization of identifying needs and wants of a customer, defining target markets, and developing means to serve the markets regardless of the communication channels. Valued relationships with customers remain as the building blocks contributing towards the goal of marketing, which ultimately is profitable customer satisfaction (Gilmore 2003).

Digital marketing, as the name says, is practicing marketing efforts in the digital form, which is almost entirely done through the world wide web. It includes a variety of means to communicate to and with the customer. Digital marketing efforts have also evolved from the first (spam) e-mails and big flashy banner ads on websites to finely designed newsletters and targeted ads in social medias. Websites are mainly designed gracefully with relevant information to attract visitors and keep them there rather than losing them due to clutter-y content.

Social medias have become globally successful platforms for practicing marketing thanks to their huge networks of users. It has also redefined CRM from closed, in-house systems to open, available-for-all type of technology (Bygstad et al. 2013). The customer centric data, which companies used to pay top-dollar for to boost their effectivity on sales, is now a few clicks away in social medias. This information is also more accurate since it hasn't been collected by a company employee but provided by the users themselves, who share the most valuable information of themselves in terms of demographic and even psychographic data. Advertising in particular has reached an entirely new level in success.

2.3 Marketing strategy

There is a continuous debate of the exact meaning of what marketing strategy exactly means, but the general assumption can be found in Investopedia's (Investopedia.com) definition: "A marketing strategy refers to a business's overall game plan for reaching prospective consumers and turning them into customers of their products or services. A

marketing strategy contains the company’s value proposition, key brand messaging, data on target customer demographics, and other high-level elements.”

Randazzo argues that vision and mission of a company are the most important factors to consider when developing a marketing strategy (Randazzo, Gary 2014). Based on the mission and vision, a marketing strategy can be developed, which will include any tactics and methods to pursue the goals set (see Figure 2.1). Examples of tactics are structural changes, product development, and new operational procedures. These include advertising, such as paid marketing campaigns on Facebook.

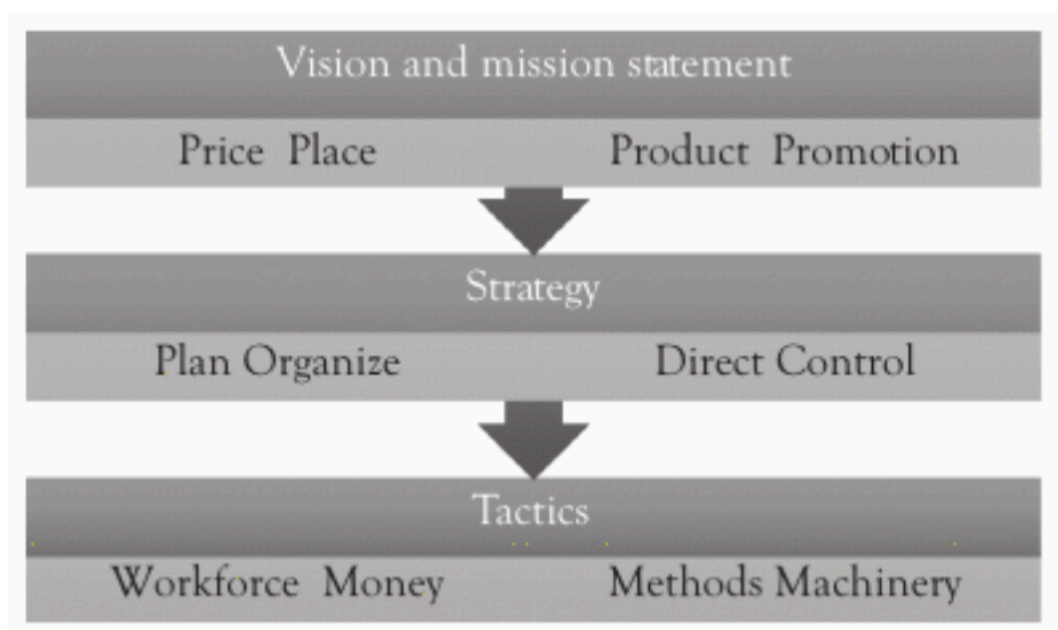


Figure 2.1. the development of a marketing strategy (Randazzo 2014).

2.4 The R.A.V.E.S model

Taken that advertisements are considered disruptive and unwanted; the advertiser is facing the challenge of successfully capturing the viewers’ attention.

In their book “Beyond Advertising”, Wind & Hays propose a new perspective on advertising, the R.A.V.E.S model, with 5 key elements concerning the content: it should be Relevant & Respectable, Actionable, Valuable, it should give an Exceptional Experience for the viewer, and it should create a Shareworthy Story (Wind & Hays 2015). The model aims to dismiss the negative connotations related to advertising.

2.4.1 Relevant & Respectable

The keyword within advertising online today is relevancy. It adheres to showing the right content to the right audience with the right message. Before the digital era, showing a beer ad on television at 6 p.m. when people would be off work and would want to kick back with a brew was the way of reaching the audience at the right time, to metaphorize. Today, if a person is watching tv and there is a commercial break, the likelihood that the person is not switching to another device or using it simultaneously while watching tv, is almost non-existent. The objective is to reach the desired audience. By making the advertisement personal the relevancy is increased. Wind & Hays argue that the advertisers must go back to the basics of figuring out who the customer is, what they are doing, where they are, what time it is, why they are doing it, and how. (Wind & Hays 2015, p.92).

The other R stands for respectable, and it comprises the privacy and non-intrusive aspects of advertising. Wind & Hays argue that when an ad is being too intrusive in a way that violates people’s privacy, the people will surely let the business behind the advertisement know about it. The advertiser risks coming across as “creepy” when tailoring the advertisement too specific and intrusive. Respecting the line by not crossing it will create mutual respect for the business and the customer. “To make advertising respectful, be on-demand; considerate of people’s time, energy, emotions, and intelligence; and sensitive to differences.” (Wind & Hays 2015, p.96)

2.4.2 Actionable

The advertiser should take into consideration the audience's capability to immediately interact or take action. Referring to the previously mentioned example of the television beer ad, the audience could simply not buy it there and then, but now, seeing an ad online allows the viewer to instantly interact with it. Within marketing and specifically online advertising there is a frequently appearing abbreviation: "CTA", which stands for call to action. Investopedia.com defines CTA as "a marketing term that refers to the next step a marketer wants its audience or reader to take "(Investopedia.com 2019).

2.4.3 Valuable

The advertisement should create value for both the viewer and the advertiser. Wind & Hays divides valuable into two dimensions: cognitive and emotional. Cognitive value incorporates the rational behaviour of the audience, whereas the emotional refers to the unconscious processes happening in the brain, which is followed up with rational explanations. To metaphorize, the cognitive value can be perceived as making a good deal because of a discounted price or that the advertiser is a trusted brand, and the emotional value can be demonstrated in the degree of social responsibility the advertiser practices, sustainable products etc. And research suggest that decisions are primarily made on an emotional level, and advertisers should take it into consideration when creating content: advertisements with emotional triggers (Wind & Hays 2015).

2.4.4 Exceptional Experience

Experience refers to how the audience perceives the advertiser. Emotional triggers contribute to distinguishing the advertiser from mainstream because they awaken feelings in the audience. It goes beyond the initial advertisement into a whole experience, which will make it memorable rather than clutter-y. Evidently exceptional experiences are highly effective, and an advertiser should provide them in both expected and unexpected places. (Wind & Hays 2015).

2.4.5 Shareworthy Story

Wind & Hays propose that the element of delight is to break through to the audience from all the various communications that are competing for the attention of the audience. It has, though, to be connected to a compelling story if it is to deliver a message. Sharing stories is fundamentally the oldest and most direct means of communication. Through them information can be processed, relevancy considered, and emotional responses evoked. When a story is shareworthy, the audience considers the message to be informational and engaging, and if the advertiser manages to deliver the message through a shareworthy story, it has succeeded (Wind & Hays 2015).

2.5 Funnel Marketing

Funnel marketing is an advertising concept that has been around for more than a century. There are variants to the concept, of which probably the most iconic one is the AIDA-model, introduced and developed by E. St. Elmo Lewis in 1898 by forming the slogan “attract attention, maintain interest, create desire”, adding “get action” later on (Strong 1925). So, attention, interest, desire, and action are the four key elements in creating a funnel model for advertising. The concept is to attract complete strangers into buying customers through the buying journey, visualized as a funnel (see figure 2.2). At the top of the funnel are people who are unaware of the brand, company, and the marketed products. They are being made aware of the product by attracting attention through advertising and other promotional work, with the purpose of awakening curiosity, moving them down the funnel. The next step is to provide the attracted people with information about the company or brand and their products with the intention of capturing their interest. The purpose of making people interested is to make them like the product(s), forming favourism towards the brand, and moving further down the funnel. In the next level sub-interest lies desire, where the mission is to create a buying desire in the already interested people, thus moving them down the funnel into taking the desired action, buying products.

Being an integral part of the customer journey, a marketing funnel will help a business to implement their marketing strategy and is considered a necessity in any marketing strategy (lyfemarketing.com).

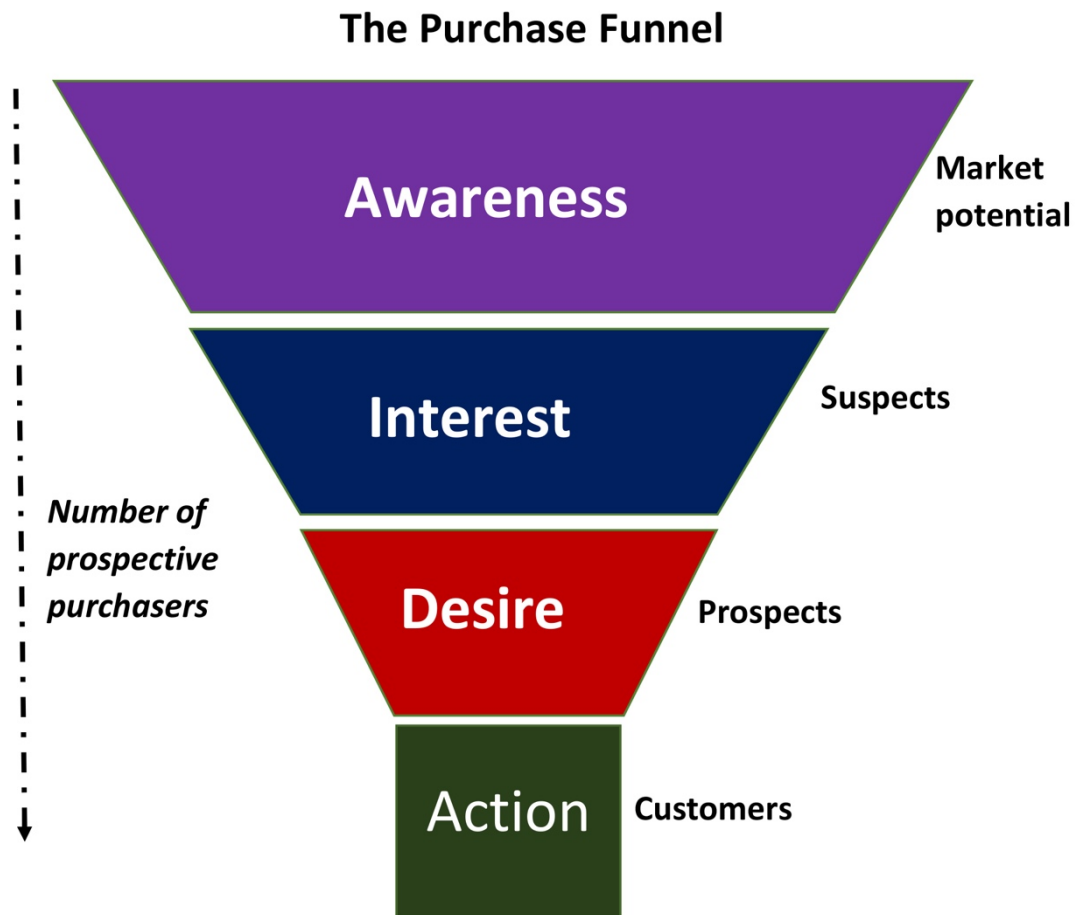


Figure 2.2. the AIDA-model illustrated by Bron Higgs. (BronHiggs - Own work, CC BY-SA 4.0, <https://commons.wikimedia.org/w/index.php?curid=53843096>)

Neil Patel goes as far as arguing that losing customers isn't a bad thing (neilpatel.com). He argues that not everyone in the funnel will convert and that the point is to simply raise brand awareness and drive traffic to the website, it is a marketing campaign of some sort. With higher traffic to the website there is more data to analyse too.

2.6 Facebook

As mentioned, advertising on social media is not different from traditional media when it comes to being disruptive because of its attention-driven nature. Cambridge Dictionary defines social media as follows: “websites and computer programs that allow people to communicate and share information on the internet using a computer or mobile phone” (dictionary.cambridge.com). Facebook is the biggest social network conglomerate

owning Instagram, Messenger, and WhatsApp. On average, roughly 2.2 billion people use at least one of the mentioned services daily (Facebook Newsroom 2019).

Because its massive user base it is also the ideal platform for marketers. It has been used by many businesses to create awareness and building brand-recognition (Juslén 2013). Not only is it used by businesses to maintain a presence on social medias but also for advertising.

With over 1 billion active monthly users, Instagram is one of the most used social media channels globally. Acquired by Facebook in 2012, Instagram became part of the social media conglomerate that is the biggest one there is. For the marketer looking to advertise on social medias, Facebook Business Manager allows the advertisements to be placed on both Instagram and Facebook. As of July 2019, 65% of Instagram's users are aged between 18 and 34 (statista.com, [b]).

2.6.1 Advertising on Facebook

Facebook has created a tool, Facebook Business Manager, which allows businesses to run and track their Facebook marketing efforts, such as creation and running of ads and related ads accounts. The FBM is completely free and in itself contains various tabs that are all related to the Facebook marketing efforts. Within the FBM there is also Ads Manager, which is the tool used to create, run, and track marketing campaigns including all the ads (Facebook Business Manager 2019).

Advertisements on Facebook have different purposes, such as gaining visibility for the business, driving traffic to the website, or acquiring followers. Depending on the goal of an advertisement, it can be designed to match a business' needs using the tools provided by Facebook. Driving traffic to a business' website is one thing but creating conversions is what ultimately matters for a profit-driven business, which means that the website also needs to cater the needs of the visitor. When it comes to advertising on Facebook, the business' market communication should have a focus on who they want to reach, what they want to say and how they want to communicate it. By choosing the right target

audience and studying it increases the possibility to reach them successfully (Dahlén & Lange 2003).

It is because of a piece of code, namely the Facebook Pixel, that it is possible to track ads. This piece of code is added to the website and with it, it is possible to measure different actions a user takes on the website, e.g., makes a purchase or clicks on a specific page. When a user makes a desired action, the pixel will fire, and the tracked event can be found in the FBM. This allows better understanding on what users are doing on the website (Facebook Business 2019).

Within FBM there is Facebook Ads Manager, which is the tool used to create, manage, and oversee the advertising efforts of the business in Facebook. Campaigns, ad sets and ads all serve a different purpose within Facebook Ads Manager. The campaign, as the name implies, is the marketing campaign level where the marketer chooses the objective of the campaign. The structure of them is hierarchical, where campaigns are on top (see Figure 2.3). Within the campaign it is possible to create multiple ad sets, which might all be serving their own purposes. Within the ad sets there can be multiple ads, with their own specific design and purpose. Below the structure is explained with the most crucial parts for this study.

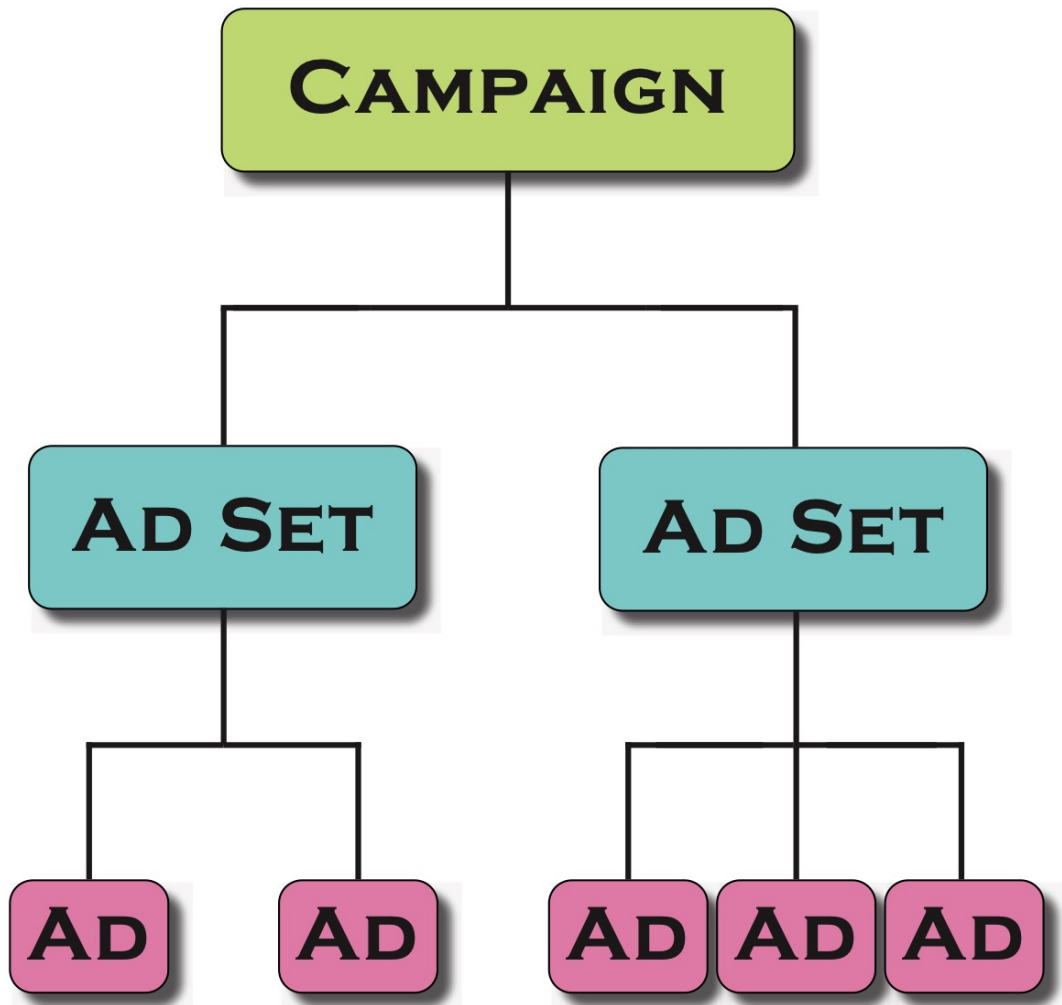


Figure 2.3, The structure of advertising campaigns in Facebook Business Manager

The primary level is the campaign. It directs the objective that the advertiser wants to reach, which can be chosen from various types of options (see figure 2.4). There are three main objectives from which the advertiser can choose from the specific purpose for the campaign. Of these three objectives, conversions are the most direct approach in terms of creating sales. It is possible to have multiple campaigns running simultaneously with their own budget and objectives for each and one of them.

Campaign objective

Awareness	Consideration	Conversion
<input type="radio"/> Brand Awareness	<input checked="" type="radio"/> Traffic	<input type="radio"/> Conversions
<input type="radio"/> Reach	<input type="radio"/> Engagement	<input type="radio"/> Catalogue Sales
	<input type="radio"/> App Installs	<input type="radio"/> Store Traffic
	<input type="radio"/> Video Views	
	<input type="radio"/> Lead Generation	
	<input type="radio"/> Messages	

Figure 2.4, choosing campaign objective when creating ads on Facebook Ads Manager

The budget for the campaign is chosen on this level and is determined on how much the advertiser is ready to pay daily. It will help the marketer have a better overlook on what is being marketed and how the campaigns are performing, which ones are paying off and which are performing poorly. When the campaign objective is set the ad sets can be created.

The level beneath campaign is called ad set and is, as the name implies, a set of ads. On this level the advertiser defines the audience: who to target, what is the budget for said ad set, scheduling of the ads, bidding, and placements of the ads. The advertiser may choose a custom audience or a lookalike audience, or both. There can be multiple custom audiences simultaneously for an ad set. On this level the advertiser may create the desired target market with the tools provided, with other words the advertiser can choose to whom and where to show the ads. The tools include demographics such as gender, age, languages, and location. There are also options for detailed targeting including interests, and behaviours, and there is an option to exclude users too.

The bottom level is the ad creative that lets the advertiser create the ad. On this level the mechanics are applied, e.g., what will happen when the ad reaches the user. With the ad creative tool, the format is defined, which can be a single picture or video, a carousel of scrollable media, or a collection that opens to a full-screen mobile experience. The headline and descriptions are written, and the link destination is chosen in the creative. There is a CTA option with a variety of options to choose from, which will be shown on the ad. Finally, it is possible to link the Facebook pixel account for tracking of the ad.

2.6.2 Cost of advertising

The advertiser can set a budget limit for all advertising effort within the account, for each campaign and for each ad set. The budget can be chosen as a daily average amount spent or as a lifetime budget, an amount spent for total run-time of the campaign or ad set. Cost is defined by the overall amount spent or cost per result. The overall amount spent is controlled through budget and cost per result through the chosen bid strategy. (Facebook Business 2019)

There are competing advertisers and ads that are bidding in auctions which ones are to be shown. Choosing a bidding strategy defines how the bidding is carried out. FBM offers a few different strategies for the advertiser to choose from, mainly for cost control of bidding and no cost control, which allows the system to acquire most results for the budget. The price per ad is, thus, determined by laws of fundamental market economics, where the equilibrium of supply and demand sets the price, at least partly (Facebook Business 2019).

Another factor contributing to the price of an ad is the relevance score of it. The relevance score is defined how well the advertisement reaches the target audience, and on FBM it is calculated through positive and negative feedbacks on ads. A positive feedback is engagement with the ad, such as watching a video or conversion from the ad etc., whereas a negative feedback is hiding or reporting of the ad. With a high relevancy score it is more likely for the ad to be targeted to a more specific audience and lowering the cost of reaching people. Through bidding and relevancy score it is determined which ad is shown for the audience, they are the contributing factors of ad delivery and price per ad.

The advertiser can choose the event when to get charged of Facebook delivering the ad, events such as link clicks or watching a certain percentage of a video. The campaign objective determines what kind of choices are available, for example, if the objective is to create conversions the charge will be upon impression (PPM) and cannot be changed.

Return on Ad Spend is the equivalent as return on investment (ROI), ad spend being the investment. It depends solely on the campaign objective if and how the ROAS can be

measured. Campaigns might be creating, for example, a lot of conversions but if the ad spend is higher than the revenue, the advertiser loses money (Facebook Business 2019).

How much it costs on average to have a click from the ad to the website is indicated with CPC (Cost per Click), and CTR (Click through rate) indicates how many users have clicked on it after seeing the ad. CPC and CTR work as general indicators as for the appeal. If an advertiser has a small daily budget, having ads with a high CPC eat the budget with fewer reach. The CTR shows the percentage of how many have clicked on the ad after seeing it, making it a KPI (key performance indicator) in terms of advertisements within same ad set. The advertiser should know how much it costs to have a user perform a desired behaviour, cost per action (CPA) is the metric showing exactly that.

Ad frequency is the average number of times each user has seen the ad. The frequency is calculated through impressions divided by reach. If the advertiser is marketing with a bigger budget, the frequency of the ads shown increase, and will be shown more often to the same users, which might affect negatively on the relevance score. It is likely for a user to dismiss the ad after seeing it multiple times (Facebook Business 2019).

2.6.3 Utilizing Facebook Ads Manager

When the advertiser has ads running it is possible to see how they are performing in Ads manager. There are columns for different indicators in the Ads Manager for each level, which makes it possible for the advertiser to oversee the overall run of campaigns, ad sets and ads. These are customizable to show the exact metrics of what the advertiser wants to see. Neil Patel argues that there are five key metrics to be followed on Facebook Ads: Conversion Rates, Frequency (not applicable for small advertising budgets; “few dollars per day”), Spend and ROAS, CPC and CTR, and CPA (NeilPatel.com 2019).

Conversions are the goals of conversion campaigns, whether it is generating sales or signing up for newsletters, they are objectives (Facebook Business 2019). A conversion rate shows how many objectives were reached. When a user lands on the thank you page, the pixel is fired and lists it as a conversion.

2.6.4 Targeting

As mentioned earlier, when creating the advertising campaigns, it is possible for the advertiser to specify targeting. It can be both demographic and psychographic. Demographics include basic elements such as age, gender, location etc. Psychographic elements can be found in the “interests” and “behaviour” drop-down column. These are considered crucial when targeting people on Facebook as they represent characteristics of the desired target audience. It is also possible to create a completely custom audience with a tool called Audience Insights without creating any advertising campaigns directed to them (see figure 2.6).

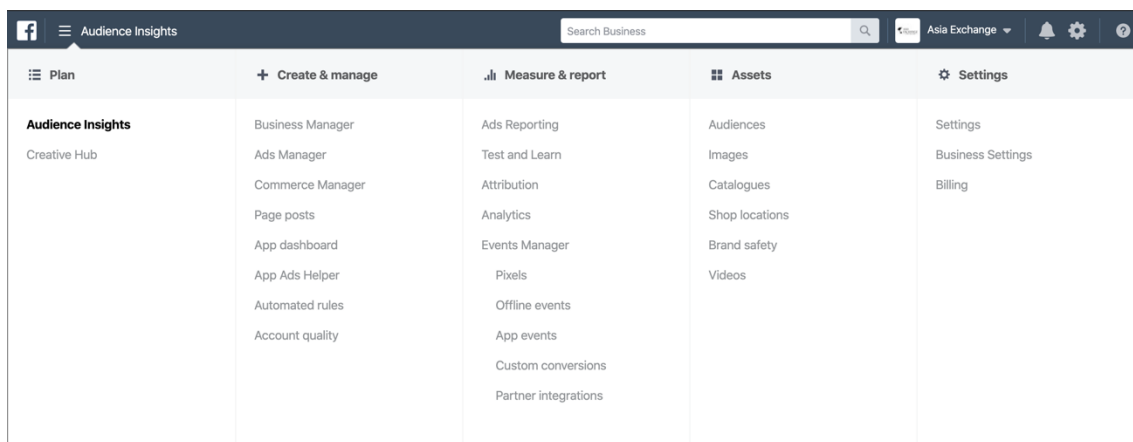


Figure 2.6. The menu of Facebook Business Manager showing "Audience Insights" under "Plan".

It is a useful tool when planning online marketing efforts in Facebook. Figure 2.6 shows the menu of FBM and under the first tab, “Plan”, there is Audience Insights. For the advertiser the tool can show the most relevant data about the desired target audience. Audience Insights collects data and aggregates this with two type of users: people connected to the page and not connected. It is extremely useful to have data of people who are connected to the page because they are either customers, potential customers, or interested in the business/product. Utilizing Audience Insights helps break down characteristics of the people connected to the page.

Audience Insights shows overall data of Facebook users in general as well, and this can help the advertiser plan the campaign. Figure 2.7 shows a screenshot of Audience Insights, where demographics are limited to Finland and psychographics into “Student Exchange Program” in interests. It shows clearly that the majority of Finnish people

interested in student exchange programs are between 18-34, with nearly half of the people being between 18-24. Further steps can be taken to define more specific characteristics if desired.

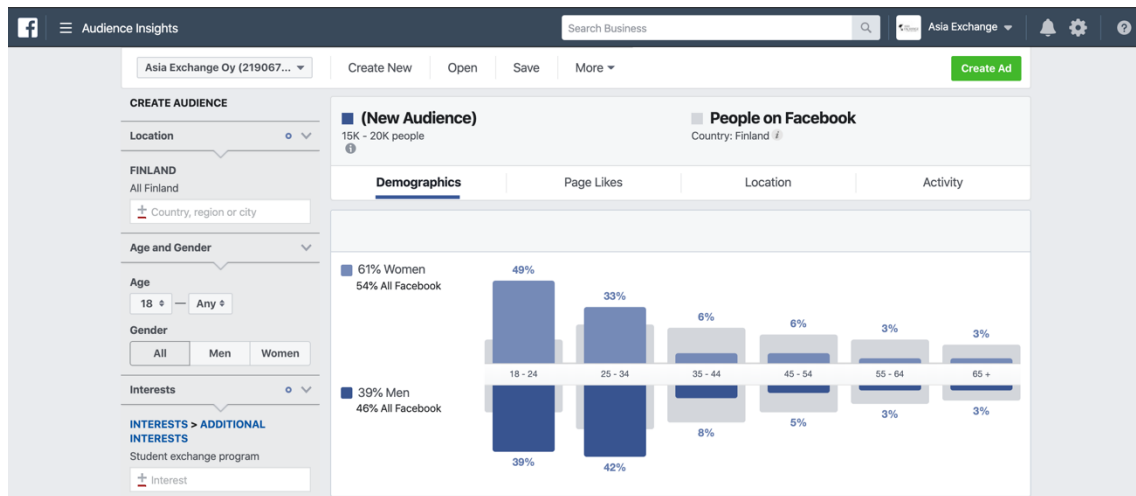


Figure 2.7. Statistics about Finnish people that are interested in "Student Exchange Program"

When creating a campaign, the advertiser may use the created audience to reach the desired people. It can be the target audience, a custom audience, or a lookalike audience.

Creating the desired audience for targeting of the ads can be made through Custom audiences in FBM. The custom audience is created of people who are already interacting with the business, may it be an engagement with a post, visiting the website or purchased something. When the Facebook pixel is installed, this user data can be collected and used for creating a custom audience. Custom audiences also allow the creation of another type of audience: Lookalike audiences.

Lookalike audiences can be created based on existing Custom audiences' features. Facebook will find similar people to those of the source audience, such as demographics and interests. The idea with a lookalike audience is to show advertisements to new people who are likely to be interested because they are similar to existing customers (Facebook business 2019).

Existing customers or people who have interacted with the business can be targeted with an ad, specifically designed for retargeting, in FBM. It is considered as one of the

essentially most successful targeting strategies. Spiralytics' research says that conversions are 70% more likely for website visitors who have been retargeted (spiralytics.com 2019).

Retargeting visitors of a website can be done with a specific campaign, which includes specific ad sets and ads. Ads can be showcasing the specific product or pages the user was browsing (dynamic), or it can be a more general, brand-level ad about the business (generic). Lambrecht and Tucker argue that the generic ad is generally more effective with some deviance. When a user has specific product preferences the dynamic ad is more effective (Lambrecht & Tucker 2013).

3 METHOD

This part of the study contains methodology for the research. Here the approach on executing the study is presented, exhibiting how the chosen methods are adequate to the research problem and questions, and additionally to enable the examination of the thesis. The selected research strategy, and how it is applied in this study, is discussed by examining the critical elements of it. Further discussion in this chapter includes the acquisition of data, its cultivation process and analysis of it, and finally acknowledging the limitations with it.

3.1 Approach

I will use an exploratory-descriptive case study as the research approach for this thesis. It is deemed as an adequate approach because of its investigative qualities. According to Gilham, the aim of a case study as a research method is to answer the research questions through examining evidence found in the case settings (Gilham 2000). The current marketing efforts of AE will be observed and examined and will serve as the basis for the study. To get a better overview an interview is set up with the author and a key person within AE. The key person is the marketing coordinator of AE, the interview guide can be found in the appendices section at the end of this thesis.

Specifically, the advertising efforts in Facebook will be examined and presented. In order to create a successful framework for AE in terms of Facebook advertising, there will be suggestions of changes in the advertising efforts of AE. This approach method can be presumed simply as interview and observation. Some elements of participatory action research are also implemented in this study.

3.2 Qualitative approach

The two most commonly used research approaches within the business field-of-study are qualitative and quantitative. Their main distinction is that the qualitative approach aims to generate theories (making it inductive), whereas the quantitative approach aims to test existing theories (making it deductive). In other words, the qualitative approach investigates a particular phenomenon and the quantitative investigates people's perception and comprehension of it. One doesn't exclude the other, however, and it is perfectly possible to use both when researching, which can even lead to better results in some cases. (Bell & Bryman 2013).

The quantitative approach is generally said to have a stronger connection to science and its perspective on reality is objective, it is about collecting numeric data. These characteristics enable the measurement of data, which is critical considering the aim of this study. It is, however, important to acknowledge the limitations that it implies. These include mainly the ignorance of human interpretation, uncertainty of accuracy in the measurement process, and the fact that relations between variables leads to a statistical perspective of the social, that is independent of the actual daily lives of the respondents. There is no way of knowing if an arisen connection between two variables is in fact dependent (Bell & Bryman 2013). The qualitative approach is more inductive and more of a strategy that puts data into words. Strict dividing lines are hard to draw between the two, as qualitative methods may often be driven by qualitative data. Because of the quantitative limitations, the qualitative aspects are considered more suitable and is, thus, chosen for this study.

3.3 Secondary research

In order to explain what is being researched in this study I will describe Facebook Business manager and the purpose of it. I will examine the importance of advertising on social medias and to my best efforts clarify how advertising in general has adapted to the constant change of digitalization. I will further explain how advertising is conducted on the platform and why it is crucial for this study.

By using relevantly considered literature as secondary research a theoretical basis is formed. It includes books and articles from academic sources, such as the library at the Arcada University of Applied Sciences, and related material from the school's marketing courses. Further sources are internet-based, both academical and non-academical. Because Facebook advertising has not been around for long there is little research so far about it, and thus other non-academical sources might be referred to. The theoretical part is written to explain the current perspectives and understanding of Facebook advertising. This secondary research is the framework referred to when analysing and explaining the primary research data, the empirical material collected.

3.3.1 Participatory action research

Baum et al. describes participatory action research as a reflective process that is directly associated with action, where participants through observation and reflection can improve the situations or actions, they are practicing in. Because of its continuous nature, participatory action research may use both qualitative and quantitative methods (Baum et al. 2006). In this study the participants are the author of the study and the employer (AE). Through continuous observation and reflection, the participants are aiming to improve the advertising efforts practiced in Facebook. Participatory action research should focus on academical theories while being applicable to practical undertaking. In this case the theoretical framework will be based on academical literature and other secondary research to support the motive of the study. The participatory action research is deemed as a suitable method for this thesis as there are already existing POA campaigns, and during the research any discoveries of enhancements or improvements of said campaigns can be applied immediately.

3.4 Data acquisition

Primary research data is collected from existing data in AE's Facebook Ads account. It depicts the current numbers of AE's POA activities and is the only source of numerical data of said activities in this thesis.

In order to have reliable information from non-academical sources I am only using those who have trustworthy references, or that are written by well-known authors. As mentioned earlier the research area has not existed for long and non-academical sources are included in this study too. The reliability of the information is based on the publisher's credibility in sources where the author is not mentioned.

3.5 Data Analysis

The collected data will be presented in the empirical part of this thesis, with an intention of explaining its meaning. In the following chapter it will be analysed and discussed on how they fit with what has been presented in the theory part of this thesis. The thesis will be concluded with a proposal of a marketing strategy within Facebook Advertising.

4 EMPIRICAL

This is the empirical part of the study and in it contains the data collected from the initial interview and numbers from AE's Facebook Advertising campaigns. The empirical part starts with explaining the data and is followed by referrals to the theoretical part of this thesis. The findings will be discussed in the following chapter.

4.1 AE POA efforts in Facebook today (December 2019), interview with Fabian

To know what the current marketing efforts of Asia Exchange are, the author interviewed the key person within AE, namely Fabian Muñoz Humeres, marketing coordinator of the company. The interview can be found transcribed in the appendices. Even though AE is practicing POA outside of Facebook, the study is limited to Facebook and the questions in the interview were designed and limited to reveal current POA efforts in Facebook.

In order to understand the current advertising efforts of AE we are having a look on what the company is currently doing. The research started with an interview with the marketing coordinator of AE, Fabian, to discuss the current marketing efforts within FBM. AE has already established marketing efforts in FBM and in terms of conversions the company is already reaching the goals that have been set, which is to generate 10% of all conversions through Facebook advertising. Fabian discussed that a higher budget would be in place in order to improve their current set up. A higher budget would allow the trial of A/B-split tests, optimizing the campaigns so that the best performing ads and ad sets could be scaled up. Further mentioning included the importance of target audience and usage of videos in ad creatives when considering key attributes in creation of campaign. The most successful campaign is considered the retargeting campaign, successful being considered the number of conversions created. In terms of reach and impressions, the look-alike audience was considered the most successful. But for the company, namely “the bosses”, the most important numbers are conversions.

4.2 Data from running FB campaigns from 1st of September to 30th of November

The collected data illustrated on Figure 4.1 is taken from AE’s FBM account. It is from a three-month span from 1st of September to 30th of November 2019. Within that timeframe there have been more than 7 different campaigns active. Not all of the campaigns have necessarily been running 24/7 through the three months, some have been deactivated and some have been reactivated. Below are the campaigns that have been running the whole time and produced data, which is collected for this study. Figure 4.1 shows the key metrics on the 7 different campaigns that was running during the three-month span. Of these campaigns there is one (AE WEBINARS) that has a different objective for conversion: registration for webinar. The other 6 campaigns’ conversions are submitted application for said destination.

Facebook advertising efforts of AE are on a monthly budget of 250€. The budget is distributed on various campaigns, which are rotating in priority and size of budget. As figure 4.1 shows there was 7 different campaigns running during the past three months. Of the seven campaigns six were advertising destinations and one was advertising a webinar.

The marketing goal of each campaign was to create as many conversions as possible, for the six destination campaigns it means as many applications as possible and for the webinar sign-ups, or subscriptions.

4.2.1 Data explanation

What Figure 4.1 illustrates are the key metrics for the running campaigns and each column have their specific information. Here their definitions are explained. Campaign name includes each campaign that has been active through or sometime of September 1st to November 30th. Reach includes how many users each campaign has reached. Impressions tells how many times ads within each campaign have been shown to users. Amount Spent (EUR) is the total number spent for each campaign during the three-month span. CTR is the percentage of how many times an ad has been clicked within each campaign compared to reach. CPC is the average price per click for an ad for each campaign. Clicks signifies the number of clicks for all ads within each campaign. CONV stands for Conversion and demonstrates the number of submitted applications for each campaign (except for AE WEBINARS). Cost per CONV is the average price per conversion within each campaign.

Campaign name	Reach	Impressions	Amount spent (EUR)	CTR % (all)
AE STUDY EXCHANGE SEMESTER Lookalike	42208	64418	197,04	1,89232823
AE BALI	26903	39818	180,59	1,56713044
AE STUDY EXCHANGE SEMESTER Retargeting	666	28059	336,90	0,74485905
AE PSU	14340	17515	80,44	0,46246075
AE SOUTH KOREA	1412	9634	58,47	2,68839527
AE WEBINARS	1065	1132	5,38	0,35335689
AE THAILAND	621	629	1,86	0

Campaign name	CPC (all)	Clicks (all)	CONV	Cost per CONV
AE STUDY EXCHANGE SEMESTER Lookalike	0,16164069	1219	5	39,408
AE BALI	0,28940705	624	10	18,059
AE STUDY EXCHANGE SEMESTER Retargeting	1,61196172	209	40	8,4225
AE PSU	0,99308642	81	2	40,22
AE SOUTH KOREA	0,2257529	259	6	9,745
AE WEBINARS	1,345	4		
AE THAILAND		0		

Figure 4.1. Key metrics for running marketing campaigns on AE's Facebook account

In the initial interview it was said that the monthly advertising budget is 250 EUR, making it 750 EUR for three months. The total amount spend on the campaigns over the three months (excluding the before-mentioned deactivated campaigns) in Figure 4.1 is 860.68. Even though spend limit has been set for each campaign, they have been modified during the three-month time span resulting in higher ad spend in total. As can be seen, the retargeting campaign was the campaign with the highest spend, with a 139.86 EUR difference to the second highest ad spend, which was the Lookalike campaign.

4.3 POA efforts in line with R.A.V.E.S. model

The campaigns in Figure 4.1 are all created with the specific purpose of acquiring conversions. Considering the five characteristics in the R.A.V.E.S. model, the existing ads are all in line with the key elements in the model. They are all relevant; the target audience is carefully chosen, the university students, people interested in studying abroad, and people who are already familiar with the company. The ads are actionable: all of them have a CTA button on them, literally calling the user to take action. Value is demonstrated by showing ads with a purpose of making the user (the viewer) want to choose a tropical or exotic study destination. The successfulness is also demonstrated in numbers: The average CTR in Figure 4.1 for all campaigns is 1.10%, which is 0.20% higher than the industrial average CTR for Facebook ads within Travel & Hospitality (0.90%), and 0.37% higher than the industrial average within Education (0.73%) according to a report published by the online advertising agency Wordstream (Wordstream.com). It indicates that the ads are performing well in terms of attracting people to the website.

4.4 Asia Exchange Mission and Vision

Referring to chapter 2.3, stating that a company's mission and vision should guide the marketing strategy, here are Asia Exchange's mission and vision statements:

- Mission
 - » Asia Exchange enables students to study abroad in Asia.
 - » We increase internationalization and streamline student mobility in a convenient and affordable way

- Vision
 - » Asia Exchange is the world’s most recognised and wanted study abroad organisation
 - » Asia Exchange brand is an equivalent for quality, friendliness, convenience and expertise. As the most cost-efficient, largest, and international student exchange organisation specialising in Asia, we are a forerunner in our student orientation.
 - » We are widely known within the field of student mobility and media outlets. At the same time, we are the best place to work for each of our staff members.” (asiaexchange.org)

4.5 POA efforts put into a funnel marketing concept

There is trackable data in Figure 4.1 to support a funnel marketing concept, but it isn’t implied directly. For example, none of the campaigns were created with the sole purpose of raising brand awareness or generating traffic. There is only one retargeting campaign signifying the existence of a middle of funnel target audience. All campaign objectives have been set to conversion, brand awareness and traffic as objectives being disregarded. It also creates an additional difficulty to track the ads in a correct manner: the user might be a cold lead and see an ad about a destination, for example, only to click on it to go to the website. As the objective for the ad is conversion the pixel will only fire once the user has visited the “thank you” page. Even though the user won’t buy the product immediately, the tracking is still in progress and afterwards the same user might be targeted with the retargeting ad. If the user ends up converting without clicking on the retargeting ad, the conversion event is attributed to the original destination ad. If the user clicks on the retargeting ad, the conversion is attributed to it.

Having multiple campaigns with the same goal of conversion results in competition of which of the ads, ad sets, or campaigns have most conversions. That is the purpose of an A/B-split test (see chapter 5).

	Campaign name	Budget	Results	Reach	Impressions	Cost per result	Amount spent	Ends	Link clicks
<input type="checkbox"/>	AE STUDY EXCHANGE SEMESTER Lookalike	€2.00 Daily	2 CONV - Su...	18,992	25,773	€33.87 Per CONV - S...	€67.73	Ongoing	248
<input type="checkbox"/>	AE BALI - CAMPAIGN	€2.00 Daily	— Multiple co...	10,988	14,179	— Multiple conv...	€56.79	30 Nov 2019	112
<input type="checkbox"/>	AE STUDY EXCHANGE SEMESTER Retargeting	€4.00 Daily	6 CONV - Su...	334	7,994	€16.17 Per CONV - S...	€97.00	Ongoing	35
<input type="checkbox"/>	AE SOUTH KOREA	€1.00 Daily	3 CONV - HU...	1,014	5,521	€11.19 Per CONV - H...	€33.57	30 Nov 2019	92
<input type="checkbox"/>	AE Vaasa REMA sitoutuminen	€10.00 Daily	— Post Engag...	—	—	— Per Post Enga...	€0.00	Ongoing	—
<input type="checkbox"/>	AE SUOMI konversiot	€16.00	—	—	—	—	€0.00	Ongoing	—
> Results from 30 campaigns				30,112 People	53,467 Total	—	€255.09 Total Spent		487 Total

Figure 4.2, overview of advertising campaigns in Ads Manager in FBM

As shown in Figure 4.2, the results for AE’s ongoing campaigns are conversions, which in turn are measured in number of submitted applications. A submitted application for AE is a user who has gone from filling out an application to study in one of the many destinations and landed on the “thank you” page. The CPA in figure 4.2 is indicated as “cost per result” and shows the average cost per submitted application within a specific campaign. For AE, the ROAS are calculated based on the number of conversions for each campaign. For AE the desired behaviour is currently conversions and CPA (Cost per Action) will show the exact cost for that.

As mentioned earlier, there are elements of participatory action research included in this thesis, one of which is to through observation and understanding together with the participants develop and apply changes. During the time of the internship, I noticed that the setting within Facebook advertising was set to include conversions, in other words the ads were also shown to users who had already bought the product. I pointed it out and it was immediately changed to exclude users who had already visited the “Thank you” page. Later on, I realized that the data collected from that time span include both numbers, with the setting on and off, becoming thus harder to analyse and draw potential conclusions.

5 DISCUSSIONS

In the last chapter, here, I will discuss the research findings and present a framework for Asia Exchange and their POA efforts within Facebook.

The evidence suggests that Asia Exchange is performing generally well on their current POA efforts, however, there could be some room for improvement on some areas. As mentioned earlier, their advertisements are closely in line with the R.A.V.E.S. model, following the 5 key elements: Relevant, Actionable, Valuable, Exceptional Experience, Shareworthy story. This is demonstrated in the CTR in their ads, which is above the industrial average within education, and travel and hospitality. In the previous chapter I discussed the first three elements and how they are implemented in the advertisements. I did not mention the last two elements as they are difficult to demonstrate in an advertisement. For an exceptional experience and a shareworthy story, it could be beneficial to sell the product, the exchange semester as an exceptional experience itself and let it become a shareworthy story.

The combined ROAS on all campaigns in Figure 4.1 is most likely generating revenue as the price on their products range between 900 and 1900 EUR (different destinations and universities vary in pricing). The total amount spent on ads was 860.68 EUR for three months, in which time there were 63 conversions in total. That makes the average CPA (cost per conversion in this case) 13.66 EUR.

Considering that the objectives for Asia Exchange is to generate traffic, raise brand awareness and generate conversions it could be beneficial to the company to create advertising campaigns with the specific goals of raising brand awareness and generating traffic. As the current set up is only running with the goal of conversions, the other two objectives are difficult to follow up on.

The data in Figure 4.1 confirms also what the marketing coordinator of AE said in the initial interview about the retargeting campaign being the most successful in terms of conversions. The retargeting campaign alone has created more conversions alone than the

other campaigns combined, suggesting that retargeting is a highly effective method for advertising in this case study.

5.1 Framework for marketing

To form a basis for the framework, a clear marketing strategy could be defined. As a marketing strategy should be based on the mission and vision of a company (Ragazzo, Gary 2014), the mission and vision statements could be reviewed. The vision statement should describe where the company wants to go, which evidently is missing from the current statement. Thus, a marketing strategy is difficult to form as there is no vision, no goal to reach with the marketing strategy. So, perhaps AE could rethink their vision statement by asking themselves: what is our vision? What do we want to achieve? Where do we want to go as a company? By defining some goals, answers on those questions, a marketing strategy could be developed in line with the answers to reach the goals.

As an example, if the vision statement would be something like: “we want to be the global facilitator of exchange students going to Asia”, it would have a clear definition of what the company is aiming towards, and why a marketing strategy should be developed. With a marketing strategy, marketing tools such as the marketing funnel could be utilized to follow up on how well the company is doing in order to reach their goal.

Considering the interview with AE’s marketing coordinator Fabian, that the current advertising objectives in FBM is to create conversions, brand awareness and traffic, the collected data shows more KPI’s for conversions than brand awareness and traffic. All the campaign objectives are set to create conversions, and none are set to increase or maximize traffic nor to create brand awareness. To have a framework for marketing helps to underline the objectives of each campaign in order to reach the desired results. Referring to chapter 2.6.5 there are a few different objectives to choose from when creating a marketing campaign in FBM. Currently all campaigns are created with conversions as objective, so this framework will include further desired objectives such as brand awareness and traffic.

5.2 Retargeting through Funnel Marketing

As retargeting is regarded as the most successful campaign in terms of conversions (spiralalytics.com, 2019), retargeting is going to be incorporated further in this framework. Figure 5.1 demonstrates a framework for a funnel campaign, referring to chapter 2.5. On the top of the funnel there is the so-called cold leads; people that are unaware of the brand, the company, and the product. The idea is to create individual advertising campaigns for each target group in the funnel, starting from the top. The objective with a top of the funnel campaign is to reach new people, to introduce the product to them and to direct them to the website. In the middle of the funnel there are existing leads, the website visitors generated from the top of the funnel campaign. The following campaign will target the middle of the funnel, i.e., the website visitors and will be the first retargeting campaign. It can also include existing lookalikes and generally people who are already aware of the brand but have not purchased. The aim is to nurture them and get them to maintain interest through advertising product centric offers (products they viewed) with the goal of creating a desire in them. This retargeting campaign could very well already lead to conversions, just as the top of the funnel campaign could. On the bottom of the funnel could be a last campaign, containing hot deals or reminding of application deadline for instance. The target group in the bottom of the funnel should be highly exclusive, only targeting users who have spent considerable amounts of time on the website, viewed a few products (destinations) and started filling out forms but haven't submitted any applications. The goal is to get them to buy the product from the consideration/hesitation state. The advertisement could include incentives such as limited time offers and discounts. The campaigns in this framework are explained further below.

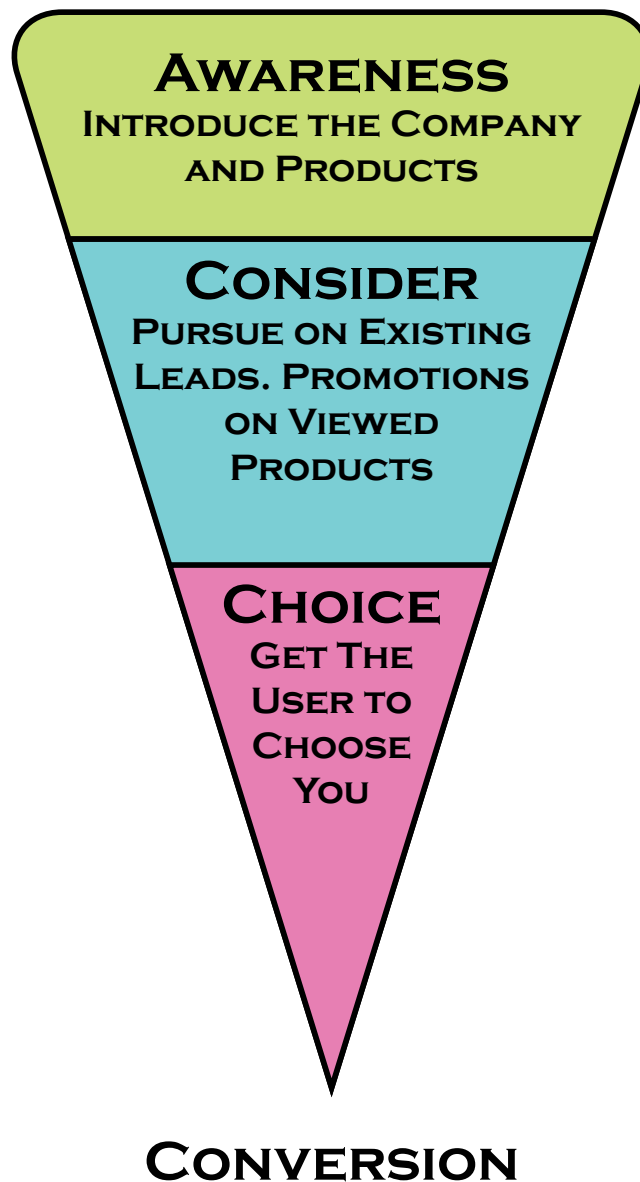


Figure 5.1 Funnel marketing structure

When funnel marketing is used as a core structure for marketing activities in Facebook, the retargeting can be applied on each stage from the top of the funnel to the middle and bottom. Leads generated from the top, i.e., website visitors and users who get acquainted with the product, can be retargeted with more tailored and specific ads. If the user has spent a considerable amount of time on a page or viewed a product, the ad can be retargeted with the same content or a special promotion regarding the product the user viewed. This way the retargeting can be applied through the funnel.

5.2.1 Brand Awareness

The first objective in the funnel (top-of-funnel) is to increase brand awareness. In FBM it can be done through Ads Manager. The campaign name is simply “Brand awareness”. As mentioned earlier, here it is important to keep the audience fairly broad, with some limitations such as age: university students are in general people between 18-30. If the budget is limited, a lookalike can also be used. As AE is already established in advertising activities, there is already an existing one to choose from. Since the lookalike audience is based on existing customers it is important to exclude them, simply by excluding the users who have visited the “thank you” page. As the goal is to raise brand awareness, even people who are familiar with the product can be excluded in order to target complete strangers. Here the ad could be a generic ad, providing information about what the company is offering, which should be more effective (Lambrecht & Tucker 2013).

Figure 5.2 shows the attributes within an existing lookalike audience. As the algorithm in Facebook is learning from the ads the optimization will happen automatically, through finding common attributes for engaging users, after the learning phase of the ads. For this reason, it is preferable to have a fairly wide audience for the top of the funnel campaign.

The screenshot displays the Facebook Ads Manager interface for an existing lookalike audience. On the left, under the 'Audience' section, there are options to 'Create new audience' or 'Use saved audience'. Below this, the 'Boost post Traffic' campaign is shown with the following attributes: Location – Living in: Austria, Belgium, Germany, Denmark, Finland, France, Netherlands, Sweden, United States; Age: 18-30; People who match: Interests: University, Bachelor's degree, International student or Student, Education Level: At university, University graduate or Master's degree; And must also match: Interests: Southeast Asia, Malaysia or Travel. An 'Edit' button is visible at the bottom of this section. On the right, the 'Audience size' section shows a gauge indicating the audience selection is 'fairly broad' and a 'Potential reach: 57,000,000 people'. Below this, the 'Estimated daily results' section states that results are not available due to budget optimization.

Figure 5.2 Existing lookalike audience in Facebook advertising for Asia Exchange

To increase brand awareness through a campaign in FBM, a video advertisement is well suited for the role. According to a survey by HubSpot (www.blog.hubspot.com) videos are the most preferred option for consumers when it comes to seeing content from a brand or business. This was also confirmed by the marketing coordinator of Asia Exchange,

stating that videos perform better than pictures and carousel ads. Referring to the R.A.V.E.S. model in chapter 2.3, a video advertisement ticks many boxes of the concept. Considering the product, a video could showcase some highlights of each destination, thus triggering the emotional levels of the viewer. It is also actionable, as there is a link to AE's website incorporated in the creative in the form of a CTA.

A video advertisement at the top of the funnel gives great amount of relevant information to the advertiser when it comes to retargeting. If a viewer has only looked for example 5 seconds of the video and realized it's a product that is not relevant for them, they might just skip the ad and continue browsing, whereas other users might view the whole ad or even visit the website. The users who have viewed a significant amount of the video or engaged with it (liking, clicking, sharing etc.) can be considered as the middle of funnel target group, they might be considering the product.

In the top of the funnel campaign the KPI's within Facebook Advertising should be Reach, Impressions, CTR, Ad Spend, and possibly the relevance score. With said KPI's it is possible to track how many people the ad was shown to, how often it was shown, how many engaged with it in some way, and how many people clicked on the ad. Also, if there is a budget for the ad spend, that is also trackable. People who engage with the ad in some way become prospects and will be moved down the funnel, which means they will be retargeted in case they haven't converted yet.

5.2.2 Lead Generation

For the middle of funnel campaign, the objective in FBM could be simply lead generation. Considering the product characteristics this option fits well into the frame. At the top of the funnel the audience was fairly broad, and it should generate prospects, users who have engaged with the generic ad in some way. These prospects are now potential leads, and they can be retargeted through various attributes. In the middle of funnel category all website visitors and video advertisement engagers can be retargeted with a bit more specific ads tailored to their interests and behaviour. For example, if a user has clicked on to a specific page, i.e., viewing a certain destination, they can be retargeted with a dynamic ad containing a promotion for that destination, a buying guide or other similar enticing

aspects. The dynamic ad should be more effective here as the users might already have some buying preferences (Lambrecht & Tucker 2013). The goal is to nurture the prospects and leads so they move from the top of the funnel towards the bottom, towards conversion.

In the middle of the funnel campaign the KPI's to be followed within Facebook Advertising should be Frequency, Ad Spend, ROAS, CPA, and Conversions. These KPI's will help follow that the budget isn't wasted, how much is spent, and how well the campaign is performing overall.

It is, however, important here to be selective and exclusive again. Major importance should be placed on users who most definitely won't create conversions. In the case of Asia Exchange these are the users who already has purchased the product. Now, for a retail store this would be the opposite; retargeting already existing customers is very lucrative as the customer is already familiar with the product and is likely to return to the store. But a product with these characteristics is highly ineffective when retargeted to existing customers. Not only is the budget wasted but Facebook will most likely target the users who already bought the product as their behaviour entail conversions, and thus neglect the other prospects and leads, especially when the budget is limited.

5.2.3 Conversion

At the bottom of the funnel are the most promising leads. The target audience here is the users who are familiar with the product and already considering of purchasing. These users have been to the website, have seen the different products and maybe even added them to the cart (assuming there is an option to do that) without actually purchasing. The objective is to simply convert those prospects and leads into purchasing the product. Here a specific, product centric offer can be applied such as a limited time discount or other additional value generating strategies. Here the target audience is very narrow, only those who haven't moved from the middle of the funnel to conversion. In other words, the re-targeting is only on those prospects who have been browsing on the website and reading about the destinations, visited the application form but have not submitted anything. The

objective is to pursue those hot leads with reminders of application deadlines and limited time offers and other incentives.

In the bottom of the funnel campaign the KPI's within Facebook Advertising should be the same as in the middle of the funnel campaign.

5.3 Suggestions for improvement

When asked whether AE is reaching their advertising objectives with current strategy, the marketing coordinator answered yes. There are however a few things that AE could take into account when creating marketing campaigns on Facebook, on top of following a funnel structure. Firstly, as the marketing coordinator mentioned himself: having a higher budget. A higher budget is beneficial in a few ways, including more data. When the budget for an ad is higher, it might be shown more frequently and result in either better results or what Facebook calls “ad fatigue” (Facebook 2021). Ad fatigue means that the ads are shown to the same users multiple times, increasing total costs for ad spend and decreasing ad performance. Either way can be considered beneficial, the latter being an indicator for poor performance and implying that a change of ad creative or targeting may be in place.

5.3.1 Higher budget

A higher budget will give the opportunity to perform A/B-split tests, just as the marketing coordinator said. An A/B-split test implies that two ads within an ad set are competing with each other and the results will help determine which of the ads are more successful. The unsuccessful ad can then be discharged, and the budget moved on the successful ad. The A/B-split test can also be implemented on ad-sets level within campaigns, determining which ad sets are better performing than others.

Considering the overall well-performing attributes of the current campaigns, a higher budget on the top of the funnel, targeting strangers and people who are unfamiliar with the product or company, would likely raise brand awareness and drive more traffic to the website. As the advertisements are considered relevant and well-targeted, a higher budget

would mean a higher reach, which would also be beneficial for the retargeting as the audience would be bigger.

5.3.2 Sufficient time for each ad, ad set and campaign

It is important to let the campaigns run for a sufficient amount of time in order for the Facebook algorithm to learn and optimize itself. With a higher budget it is done easier since the ads are shown more often, both frequently and to a wider audience, resulting in sufficient data in a shorter period of time. Even though the algorithm in Facebook is very intelligent in optimizing itself, it is also important to understand the customer buying cycle. In the case of Asia Exchange, the amount of time to close a client is significantly higher than business with short buying cycles. For that very reason it might take longer time to see the ROAS growing from the initial investment.

5.3.3 Scalability

Again, higher budget enables scalability of campaigns. If a campaign has been found to be effective and lucrative, evidence suggests that spending more money on it will produce higher results. Dann Albright on databox.com concludes that most marketers generally agree on higher ad spend of Facebook will generate more sales (databox.com 2020). This is, however, correlated with a range of conditions: the audience is targeted very well, they have not been all reached, and they have not been all spammed. As the average CTR is higher than what is considered the industrial average (compared to the two industries where Asia Exchange is more or less established), it can be concluded that the ads are targeted well. It is also safe to assume that not all of the target audience has been reached: as of 2018 there were 17,5 million students in tertiary education in Europe alone (Eurostat.com 2020). The current campaigns total a reach less than 100 000. That is one in every 175 students in Europe (being the largest customer base for AE currently). They haven't been "spammed" either, meaning that the ads haven't been shown multiple times to the same users according to the statistics in figure 4.1: frequency is calculated as impressions divided by reach, and excluding the retargeting campaign and AE South Korea, none of the campaigns have an average frequency ratio above 2.

The evidence above suggests that it could be profitable to scale up the campaigns. Another interesting fact is that even though the only campaign (excluding the retargeting campaign) with a higher frequency is South Korea, it has by far the highest CTR. In terms of driving traffic to the website it is a good number. What it implies based on figure 4.1 solely is that by increasing the frequency the CTR also increases.

6 CONCLUSIONS

Asia Exchange has successfully penetrated the POA-landscape through Facebook as the results clearly show. As there is an ongoing competition of capturing the attention of users, referred as paid attention (see chapter 2.1), AE has strategically used their budget to increase their sales in Facebook. They have found their target audience and are reaching their customers through the platform with successful ads (both on Instagram and Facebook). The company has valuable knowledge of their target audience and is performing already very well in terms of profits. Their ads are very well in line with the R.A.V.E.S. model (see chapter 2.4) and are performing better than their comparative industrial averages (see chapter 4.3). They've found that their video ads are performing better than others, which is also supported by the Spiralytic's data (spiralytics.com).

In this thesis there were two research questions:

- How to create a successful advertising campaign in FBM?
- How are advertising campaigns optimized in Facebook Advertising?

The first question was answered thoroughly through explaining the mechanisms of the advertising machine that is Facebook Business Manager and demonstrating how Asia Exchange has utilized it in its' POA efforts. The second question was also answered, although on a bit more general level. The different factors contributing to the optimization of a campaign were explained but lacked demonstration. Further research could include demonstration of scalability: how bigger budgets affect results.

The research was solely based on advertising efforts on one platform, but as advertising is a part of marketing, a look on AE's marketing strategy was needed and it led to point out some interesting details of the company, such as the mission and vision statements.

As it turns out, they are the guiding factors in forming of a marketing strategy, and without a clear vision a complementary marketing strategy is difficult to develop.

In summary Asia Exchange has already good knowledge about POA activities in Facebook, and they know how to make it profitable. The next step would be to implement a marketing strategy led by the company's mission and vision and follow through it with a marketing funnel. The demonstrated POA-skills combined with a higher budget would likely affect the sales positively as the results indicate.

6.1 Closing words and suggestions for further research

This thesis was started as a part of an internship opportunity by the former employer of the author and took longer time to finish than anticipated. It has been an interesting topic to work with and noticeably there are constant changes in the field of digital marketing and advertising on Facebook. Recently the tech giant Apple informed of changes in their new operating system IOS 14, which will affect the tracking and ultimately Facebook ads on IOS 14 devices. I will not go into the specifics here but in summary it will decrease the attribution window to a 7-day maximum, making it difficult for companies like AE selling products with a generally longer buying cycle, to track their ads.

The writing of this thesis has been a continuous learning process in which a deepened understanding of Facebook advertising works. I started this thesis with two research questions as general guides, and they were certainly answered in depth. I hope this thesis will serve as a valuable manual for Asia Exchange and their employees running Facebook ads.

There were many challenges during the writing of this thesis, including the lack of academic literature on the topic of Facebook Advertising, and corporal changes in the organisation (the marketing coordinator, Fabian, quit the company).

What I've come to understand with the advertising of AE on Facebook seem to confirm what the marketing coordinator was telling in the initial interview as well. As he said, the company is already reaching its targets but could do better with a higher budget. Further

research on this topic would be how a higher budget would affect sales, how A/B-split tests would be utilized in Facebook advertising, and how implementing a funnel-marketing method within Facebook advertising would impact the numbers.

As the topic was changed a few times, starting from analysing Facebook Pixel to creating ads, and finally to generalise the whole process into a manual called “Facebook as a marketing tool”, the writing and aim of the study was changed a few times. I’m a bit unsure if the chosen method was adequate in this thesis. The challenge was time usage, as a part of the internship mentioned earlier, this thesis was scheduled to be finished in December 2019, but as other work would come in the way, there was little time and motivation to work on this thesis, which is why it has taken so long to finish it. The following year was spent in complete disregard of this project and was picked up on again in 2021. During the time there has been changes in AE marketing strategies, such as disruption of POA efforts due to COVID-19. What is good is that the collected data was before the pandemic, whereas after the pandemic hit the POA efforts of AE were disrupted.

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APPENDICES

Interview guide for initial interview

Emil Halmén, author

Interview and discussion with key person in Asia Exchange, Fabian Muñoz Humeres, Marketing coordinator for Asia Exchange.

With the following questions I intend to understand AE's advertising strategies and objectives within FBM to establish the current state of their marketing efforts within said platform. Additionally, I hope to receive valuable information that will help me and, thus, the company to create the most effective advertising strategy within FBM.

1. **What are the current objectives with AE's advertising in Facebook?** Traffic and conversions.
2. **What does AE hope to achieve with current advertising strategy?** We want of course to get conversions so to get new, paying customers, and to create brand awareness. To reach as many people as possible, to plant the seed of our product in their head.
3. **Is AE reaching the advertising objectives with current strategy?** We are reaching our goals with the current set-up.
4. **How do you think the advertising strategy could be improved?** Higher budget. At the moment we cannot really compare the ads and the ad sets. We are quite limited what we can do. If we could do A/B -splitting tests, for example, we could see which one of the ads are performing best. But at the moment with our low budget, we cannot really explore because of the limitations. The ideal would be to have minimum 5€ daily budget per campaign [currently various campaigns running, with a monthly total of 250 EUR for all of the campaigns].
5. **Taken the current monthly budget for advertising, what is the minimum number of conversions hoped to achieve?** 10% of all the applications we get. So, if there are a hundred applications in November, we hope to have at least 10 of them coming from Facebook advertising.

6. **Which attributes are considered when creating a campaign?** Appealing to target group, which are students between the age of 18 and 30. So try to have engagement marketing so for example, the ad should have a student at the destination explaining about the destination. So, if I am a student, I want to see another student in a tropical environment. And also, we have noticed that videos performing way better than traditional pictures, carousel ads etc.
7. **Which of the campaigns have been the most successful so far?** In terms of conversions, it has been the retargeting campaign. In terms of reach and impression it's the Lookalike-campaign.
8. **What is considered a successful campaign for AE?** Conversions, that people end up on our Thank you page, that's a successful ad, of course. But also, that we get higher reach and impression, and that the CTR is good. But for the bosses it's really important to get as many conversions as possible, because they want to see numbers. They don't care so much about reach and impressions; they care about paying customers.
9. **What is AE's current KPIs when it comes to advertising in FBM?** To get 10% per month of our applications.