

Data in Motion

Marketing & Insights



July 17, 2024

Leveraging CRM to Reach the Right Social Media Audience

Since its emergence in 1997, social media has increasingly impacted our daily lives. With traditional media struggling to grab consumers' attention, more marketers have turned to social channels to get their messaging heard. Today, many marketers rely on social media as their primary method of advertising, representing almost 21% of global advertising spend in 2023.

Unsurprisingly, this reliance on social media advertising is expected to grow. In 2023, global social media ad spending was approximately \$207 billion U.S. dollars and is projected to surpass the \$255 billion mark by 2028¹.

Global Social Media Advertising Spend Forecast

(in billions US dollars)



Globally, Facebook is the most popular social media platform in terms of monthly active users, followed by YouTube, Instagram, WhatsApp, and TikTok².

Top Five Most Popular Social Networks Worldwide Ranked by Number of Monthly Active Users

(in millions as of April 2024)



Creating Custom Audiences

In today's market, lotteries obviously need to have a robust social media advertising program in place. But simply promoting products on social media does not guarantee success. To ensure their products are promoted to the right consumers, lotteries are starting to leverage more sophisticated strategies to optimize their social media advertising.

One way some lotteries are achieving this is through collaboration with SG Digital Academy, which has partnered with Optimove and Meta (Facebook and Instagram) to test the impact of Customer Relationship Management (CRM) segmentation in Facebook advertising. Optimove specializes in strategic CRM ideation, customer behavior, and first-party data insight to reach target audiences on social platforms.

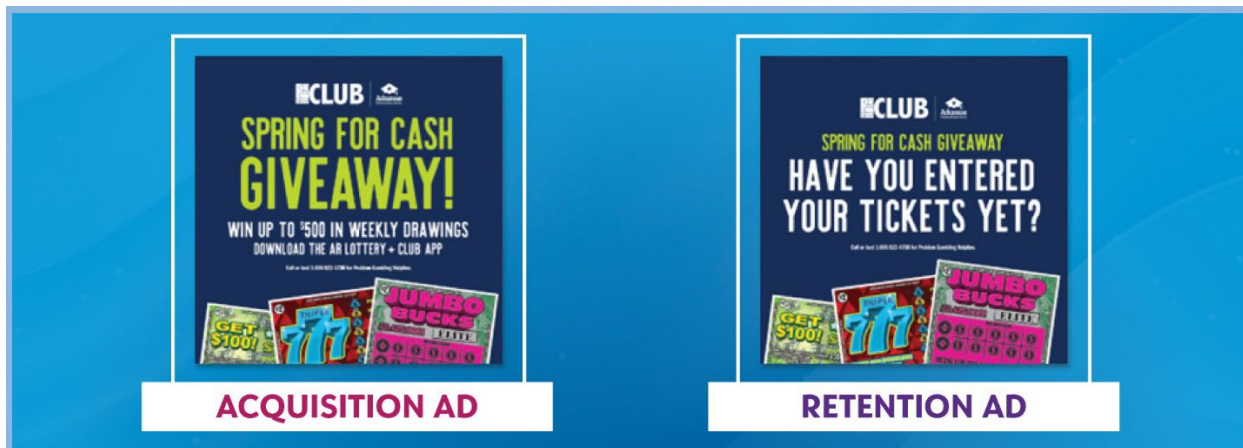
Working with various lotteries and their agencies, the SG/Optimove/Meta team conducted a series of tests to assess the effectiveness of utilizing CRM segments for generating "lookalike audiences" on Facebook. A lookalike audience is a segmentation tool that identifies customers whose interests and demographics are similar to an existing set of customers or followers. The objective was to evaluate how communicating to *custom audiences*, versus broader, more conventional demographic- and interest-based audiences, could improve customer acquisition and/or retention in paid social campaigns.

A Success Story

The results of this custom-audience approach to social media messaging have been promising. In 2023, for example, the Arkansas Scholarship Lottery partnered with SG Digital Academy to identify specific player segments using the Optimove platform to optimize both its customer retention and acquisition strategies on Facebook.

Through a direct Optimove/Meta integration, the Lottery was able to build a custom

audience based on players who had purchased \$1 or \$2 instant scratch games in the last 180 days. Using this information, the Lottery set out to achieve two objectives: 1) to build a lookalike audience to attract *new players* to its loyalty program, and 2) to reach *existing players* with retention-specific creative.

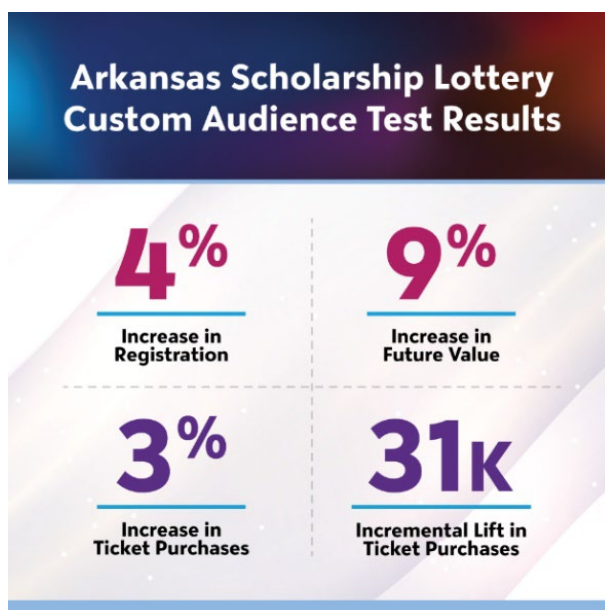


Acquisition Test Results

Using Optimove's predictive modeling tool, new players who registered during the CRM segmentation campaign were compared to new player registration 30 days prior and 30 days post-campaign. This predictive modeling tool analyzes historical data to help forecast the future value of newly registered players.

During the acquisition test period, registrations increased by 4%, and the average future value rose by 9% compared to the preceding periods. Remarkably, the

campaign achieved a desirable balance between cost and impact, showcasing a low cost per thousand impressions (CPM) of \$5.87 while boasting a higher-than-average click-through rate (CTR) of 3.77%.



Retention Test Results

In the retention test, a 3% increase in ticket purchases translated to an incremental lift of approximately 31,000 tickets, demonstrating a positive impact on ongoing player engagement. The campaign also achieved a 1% increase in Optimove's top-value segments, which include higher-value player accounts. Notably, the retention campaign matched the acquisition test's efficiency, with a low CPM of \$5.25 and an above-average CTR of 2.60%.

These results collectively confirm the success of a tailored, custom audience strategy in acquiring new registrations, boosting ticket purchases, and fostering engagement among high-value player segments.

Final Word

The Arkansas Scholarship Lottery campaign is just one example of how a lottery optimized its social media effort by implementing CRM segmentation to enhance player engagement and maximize advertising spend. However, lotteries have numerous strategies at their disposal. Whichever strategy you implement, the reality is this: incorporating CRM segmentation to optimize paid social campaigns can be an effective complement to your current digital strategy. To ensure the greatest impact on social media, marketers should craft data-driven advertising strategies that reach the appropriate audiences with relevant messaging.

Sources:

1. (2023). Here's How Global Ad Spend is Expected to Shake Out by Medium This Year. Marketingcharts.com. <https://www.marketingcharts.com/advertising-trends/spending-and-spenders>
2. Lindlahr, S. (2023) Social Media Advertising: market data & analysis, Statista Market Insights. Statista. <https://www.statista.com/statistics/global-social-networks-ranked-by-number-of-users>

© 2024 Scientific Games, LLC. All rights reserved.

Contributors:
Susan Rolfs & Corinne Law

Editor: John Paul Candler

Design: Sarah Schroeder