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How to create custom and lookalike audience based on your existing customers
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Introduction

A custom and lookalike audience is a powerful weapon in your arsenal, a custom audience can be made up of existing buyers and your lookalike audience are those similar to existing buyers. We'll cover why you need it and how to create it.

But before that, an explanation as to what a custom audience is and what a lookalike audience is.

What is a Custom Audience

A custom audience is an audience list based on customers or prospects who has interacted with your business one way or the other. This custom audience can be how people have interacted with your Facebook business page, how much of your video content they have watched, what they have done on your website (using Facebook Pixel), whether they have opened and submitted your Facebook lead forms, etc.

Long story short is that a custom audience is a marketing list of prospects or customers who has either performed actions or interacted your business through for example Facebook or through your website or it can be a list you upload. For this lesson, we'll be showing you how to create a custom audience list based on existing customers and leads.

Why Custom Audience?

1. Remarketing Ads
   a. You would run remarketing ads for say example leads who just needs that extra push to convert into a customer or to promote another product to leads who has high affinity or interest in your product but did not convert due to certain factors such as price. An example of the latter would be say for example when a lead signs up for a specific property that you have for sale, they like the features of the property and the location, but the price and value offer is not to their liking therefore they did not convert. But later down the road there is another property development that has similar features and location wise is not too far that fits their budget better, you can remarket this development to these leads.
2. Exclusion list
   a. You would use this to further optimise on cost to not have your ads repeatedly shown to those who has already converted into a customer.
3. To build a lookalike audience
   a. I'll explain this a bit more in a bit.

Creating a Custom Audience

1. On Facebook Ads, go to Audience and click on "Create Audience"
2. Select "Custom Audience"
3. Then click on "Customer List"
4. Just like the above screenshot, ensure that your customer list has an identifier such as email or phone number. Facebook uses this information and matches it back to users, on Facebook and on Instagram. The other identifier is additional information you can add in order to increase accuracy match back. You can also add in customer values as well for the use of creating lookalike audience based on value.
5. You can either download the list template if you want to, this makes it easier to upload the list later. Click on next.
6. Here you have the choice of uploading a file or to copy and paste. But we'll stick with uploading the file. Once uploaded, click on next.
7. If you are using the template, all you have to do is click on "Upload and Create". If you are not using a template, Facebook will automatically match columns to field accordingly automatically. But if it doesn't do so, not an issue, in "Actions Needed" it will ask that you map the columns manually to fields. Select the fields to map accordingly, for columns not needed, you can choose to not upload it. Once done, click on "Upload and Create"
8. An upload window will pop-up giving you the progress of the upload, once done you'll have the options of creating a lookalike or to create an ad.
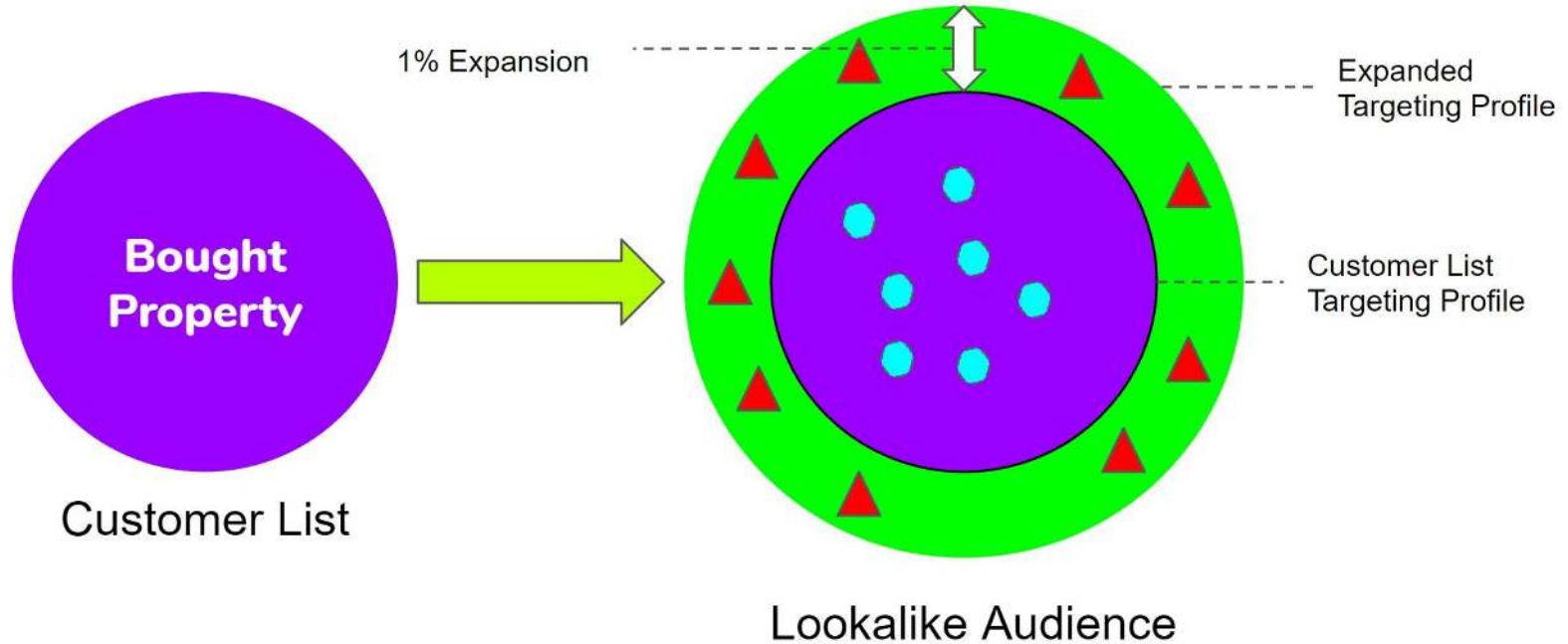
What is a Lookalike Audience

A lookalike audience is a targeting setting provided by Facebook Ads to target those similar to your customers. The way it works is that it will use the custom audience that you have created, identify and build the profile of their interest and behaviour and then expand on these targeting profile.

So say for example that your current property buyers have a common interest, and that is Terrace Houses (illustrated by the blue circles above), looking at the parent target profile, it now understand that 70% in this targeting profile are also engaged shoppers (illustrated by the red triangles above). So it will expand by adding in engaged shoppers into the targeting profile. On Facebook you can expand your custom audience list up to 10%, the further you work up the larger you audience pool, but the further it deviates from your original targeting profile. What this means is that the further your expand your Lookalike audience, the less accurate it is. In the grand scale of things however, it is far more accurate than just broadening your cold targeting.

What is a Lookalike Audience

1% Expansion

Expanded Targeting Profile

Customer List Targeting Profile

Bought Property

Customer List

Lookalike Audience

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Why a Lookalike Audience

1. Lookalike Campaigns
   a. When you have already run or if you already have an existing list of buyers and you want your ads to target those who are similar to your buyers.
2. Targeting expansion
   a. It is always inevitable that your audience pool will dry up, this causes your cost to increase and your performance to drop. You can use a lookalike audience to expand your audience pool with accuracy.

Creating a Lookalike Audience

1. On Facebook Ads, go to Audience and click on "Create Audience"
2. Select "Custom Audience"
3. Then click on "Lookalike Audience"
4. In "Select your lookalike source", select the custom audience you would like to use
5. In "Select audience location", set the location of your audience. It is recommended that you use the location of the origin country of the customer list, for example if the list you are using is a list of customers from Malaysia, then you should use locations within Malaysia itself. This also works in a way whereby if your customer list has locations included, such as state, the lookalike created will be made based on customers within that location. It also uses this information to build the lookalike list of those within that location. The issue of building a lookalike in another country using a customer list of those in a different country is that the targeting would not be accurate. To explain further, if you use a customer list of Malaysian's and try to create a lookalike of a different location such as Korea, chances are that the targeting profile and expansions made will not be accurate as behaviours and interest would be different.
6. In "Select audience size", specify the expansion size. As explained previously, the larger the expansion size the larger your audience pool, the bigger the deviation.
7. Once done, click on "Create Audience"
8. The lookalike audience will then begin to populate, you're fine to continue to create ads with the list still populating. But until your lookalike audience is finished populating, your ads initial performance may not be so good, it will however pickup once the lookalike audience is done populating.