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# Optimize Facebook Campaigns in Real Time with CLV

Madison Reed ran a case study to show the effective use of customer lifetime value for campaign measurement and optimization.

## The Problem

Retina and Madison Reed began working together in December 2017. Over the past three years, the customer intelligence platform and leading hair care brand have collaborated on customer segmentation, acquisition, product strategy, and more.

Recently, Madison Reed was looking for a **real-time solution** to measure and optimize campaigns on Facebook. By partnering with Retina and Facebook, Madison Reed launched a live test campaign centered on the CLV:CAC ratio.

## The Solution

### Goals

With a test campaign on Facebook, Madison Reed aimed to achieve the following goals:



Measure campaign ROAS and CLV in near real time



Reallocate budgets toward more profitable campaigns



Understand which ad creative results in the highest CLV:CAC ratios

### Test Parameters

Madison Reed set up an **A/B test** using the same target audience for both segments: women 25 years of age or older in the United States who had never been a Madison Reed customer.

Campaign A was the business as usual campaign, while Campaign B was modified as the test segment. Using **customer lifetime value**, the test segment was optimized positively for purchases and negatively against unsubscribers. Both segments used the same ad creative.

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## The Results

Madison Reed ran the test on Facebook with a 50/50 split for 4 weeks without any mid-campaign changes.

The **CLV:CAC ratio** increased by 5% immediately, as a direct result of optimizing the campaign using customer lifetime value within Facebook ads manager.

Along with a better CLV:CAC ratio, the test campaign earned more impressions, more website purchases, and more subscriptions, ultimately leading to increased revenue. Madison Reed saved on cost per impression and cost per purchase.

Metric	Percent Increase
CLV:CAC	5%
Impressions	6%
Website Purchases	7%
Subscriptions	18%

Metric	Cost Savings
CPM	6%
Cost per purchase	9%

Madison Reed imported customer lifetime value and other first-party customer data into Facebook to achieve these results with the test campaign. The results are clear: the campaign **optimized by CLV** outperformed the business as usual campaign.

“We plan to apply CLV immediately for in-the-moment campaign optimization.”

**Christine Hoang,**

Growth Marketing,  
Madison Reed



## The Next Step

In the future, Madison Reed plans to use customer lifetime value for measurement and optimization across their business. CLV can help answer the following strategy questions:

Which marketing agency is driving a higher CLV:CAC ratio for the brand?

What ad creative and copy positively impacts CLV:CAC?

How should campaign budgets be adjusted on Facebook and other platforms?

For upcoming campaigns, Madison Reed plans to use Retina's CLV metrics directly within Facebook to optimize campaign budgets in real time.

Facebook's negative optimization event proved successful for Madison Reed as it allowed them to acquire higher LTV customers at a lower CAC.

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