

Retirement Savings Laboratory



Promoting Retirement Savings via Social Networks: Using a Facebook Ad Campaign to Encourage Voluntary Pension Savings in Mexico

WHAT IS IT?

Mexico has more than 69 million internet users, of which 75% use at least one social network. Taking advantage of this fact, a campaign of motivational ad messages was implemented on the social network, Facebook, to encourage voluntary pension savings among users of this platform.

Eight ads (Facebook Ads) were created and sent to users, with their respective landing pages. The first round took place during the AforeMovil app launch, an

app that, among other functionalities, allows contributions to be made, either sporadically or through debit from savings accounts. The second round took place once the aggregated savings patterns had stabilized after AforeMovil's launch.

This study investigates the effectiveness of the campaign on users' voluntary savings (aggregated at the municipal level) and the number of contributions and their volume.

IMPACT

For the first round, during AforeMovil's expansion period:

1. In the relatively large municipalities in the sample (more than 50,000 inhabitants), an effect on the number of transactions and number of workers making contributions was found.
 - a) The municipalities where the campaign was launched registered 59% more contributions than the municipalities where there was no campaign (control group), although in the control group the initial number of contributions is relatively small (45 per municipality per month). In addition, the average number of workers contributing per municipality went from 25 per month in the control group to 39 in the treatment group (a 53% increase).
 - b) However, among large municipalities no effect in the total amount saved per municipality was detected.
2. There is no evidence that the campaign had an effect on savings for the total sample.

For the second round, once AforeMovil had been established:

1. A significant increase of 16% was observed in the average amount of savings per month by municipality in the sample. In the treatment municipalities, average savings of MXM 2,636 (USD 130, approx.) were registered, more per month than the control group where municipalities had average savings of MXN 7,787 per month (USD 390, approx.).
2. No effect was found on the number of workers nor the number of contributions, neither in the general sample nor in the largest municipalities.

TITLE

Promoting Retirement Savings via Social Networks: Using a Facebook Ad Campaign to Encourage Voluntary Pension Savings in Mexico

TAGLINE

Sending motivational messages via Facebook Ads to encourage voluntary retirement savings among the users of this platform

FIELD OF WORK

Long-term savings for retirement.

SUBTOPICS

Retirement, savings, financial education.

YEAR

2017-2018 (first round) and 2019 (second round).

AUTHORS

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AIM

Motivating Facebook users in Mexico to make the decision to voluntarily save for retirement via Facebook Ads.

FUNDING SOURCE

IDB Lab and MetLife Foundation

BEHAVIORAL TOOLS

Reminders, nudges, financial education, de-biasing tools.

EXECUTING AGENCY

Inter-American Development Bank (IDB).

TARGET POPULATION

Facebook users in Mexico between 15 and 45 years of age.

DELIVERY MECHANISM

Sending promotional messages with different educational and debiasing content as well as in different formats, such as images and video.

SAMPLE SIZE

1,039 municipalities or large metropolitan zones in Mexico (521 in the treatment group and 518 in the control group in the first round, and 519 in the treatment and 520 in the control group in the second round).

EVALUATION DESIGN

Randomized controlled trial (RCT), with two rounds of treatment and re-randomization between rounds, within the first round's assignments.

COST

Total cost of Facebook Ad messages: USD 25,500 (USD 13,500 for the first round and USD 12,000 for the second round).



CHALLENGE

In Mexico there are multiple alternatives to contribute to the pension system directly and voluntarily, without the intermediation of an employer. This includes commercial networks and the AforeMovil app available for smartphones, as well as each Retirement Fund Administrator (afore) that offer savings options.

Despite this, the vast majority of workers in the country do not save for their pension, and only 6.2% of individual accounts of the Retirement Savings System (SAR) have any voluntary savings.

Informal or independent workers (63% of the total) prefer not to save, while others, despite being formal wage earners, do not have an automatic method to contribute to their pension fund through their company. People with lower incomes are those who are most disconnected from the retirement savings systems: only one in 10 workers in this group is saving for their pension.

Among the causes of these low savings rates, lack of knowledge and information about the SAR and behavioral biases stand out, because there are no automatic savings mechanisms for informal and independent workers. This exposes them to certain psychological barriers to saving documented

by behavioral economics, such as inertia, in which any deviation from the current state is perceived as a loss; procrastination, thinking that “I will save tomorrow”; and over-optimism, which manifests itself in ideas like “I can certainly continue working when I am old”, among others.

This intervention, carried out with support from the National Commission of the Retirement Savings System (CONSAR, for its Spanish acronym), analyzed how to use ad messages in social networks to motivate millions of Mexicans to save for retirement.

Reaching citizens at scale

Reminders are a promising tool to promote retirement savings, as they help people overcome limited attention biases by focusing their mind on the topic of saving. However, an important factor that in the past has limited the effectiveness of traditional means of sending reminders, such as letters, calls or text messages, is poor availability or quality of account holders’ contact information in national retirement savings systems. Against this backdrop, sending promotional messages through social networks, which can be done massively and without knowing individuals’ contact information, represents an opportunity to overcome this problem.

INTERVENTION DESIGN

95% of social network users in Mexico have a Facebook account, which is equivalent to more than 50 million Mexicans using this platform. Taking advantage of this fact, the Retirement Savings Laboratory of the IDB conducted a promotional campaign for voluntary savings with SAR aimed at providing users information and helping them overcome behavioral barriers in preparation for old age. To this end, eight Facebook Ad campaigns were created and sent to Facebook users who were 15 to 45 years old. In total, 1,039 municipalities or large metropolitan areas with at least one collection point during the 2 experimental rounds were randomly assigned to a control or treatment group.

The experiment was done in two rounds. The first began one month after AforeMovil’s launch, in August 2017. In this first round, the target users were located in 521 municipalities, and each ad was advertised twice during five days in a two-week interval, for a total period of 8 months. During this period, CONSAR also led efforts to promote both AforeMovil and commercial networks, and both contribution channels showed a considerable increase in their transactionality.

After a sustained increase in the number and amount of contributions, both in the treatment group and in the control group, in December 2018, and a subsequent stabilization as of

FIGURE 1. CAMPAIGN ELEMENTS.





January 2019, a second experimental round was carried out, starting in September 2019 (just 2 years after the first round). Once again, the municipalities were randomly assigned, this time taking into account the treatment they had received in the first round, so that half of those in the treatment group during the first round continued receiving the treatment and the other half did not, and half of those previously in the control now received the treatment. In the second round of the experiment, 519 municipalities were assigned to the treatment in which the campaign was promoted on one occasion, once again for five days at two-week intervals, for a total of 4 months.

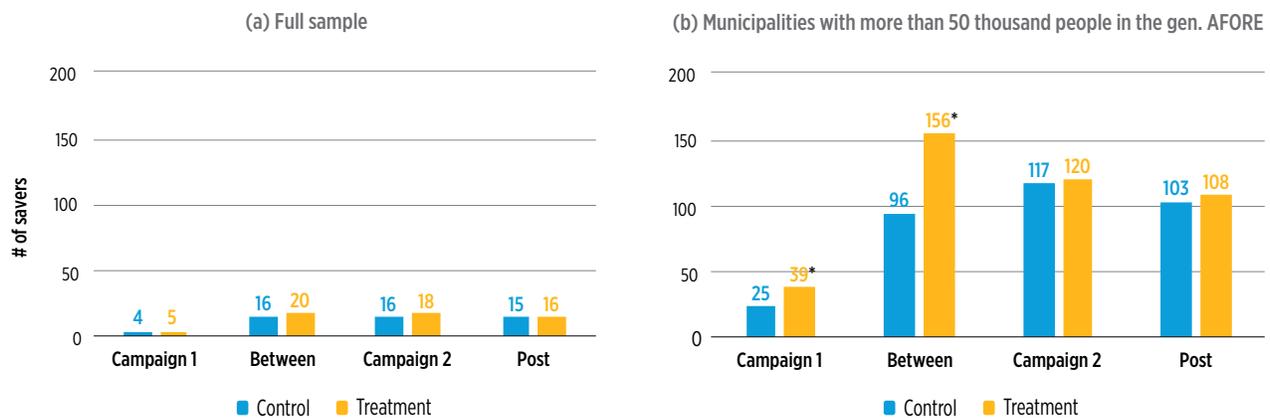
IMPACT

According to Facebook Ad estimates, overall, the ads appeared at least once in the newsfeed of 5,668,240 different people during the first round, and 5,831,188 during the second, appearing in almost 11 million and a half *newsfeeds* total. Of these, 157,888 made at least one click on one of the ads and, therefore, arrived at the corresponding landing page, whereas 171,008 clicks were registered during the second round. The cost per single click (excluding multiple clicks per person) per ad was USD 0.11 on average in the first round, and USD 0.07 in the second round.

The impact results suggest that, for the total sample, the promotional campaigns did not have a significant effect on the contributions or on the amounts saved in the SAR. One pos-

sible explanation is that an important part of the sample was made up of small municipalities (55%), where there were no voluntary contributions before, during, or after the campaigns, which creates problems for estimating the campaigns' effect. However, only taking into account relatively large municipalities of the sample (those of 50,000+ afore accountholders), the campaigns had a significant effect on the number of contributions during the first round. Specifically, within this group, municipalities that received the ads showed a 56% increase in the number of workers saving and number of contributions, compared to the municipalities where campaigns weren't promoted, although this increase was not enough to raise the total amount saved per municipality.

FIGURE 2. SIMPLE DIFFERENCES IN THE NUMBER OF CONTRIBUTIONS BETWEEN THE TREATMENT AND CONTROL GROUPS DURING THE PILOT'S FOLLOW-UP, BASED ON MUNICIPALITY SIZE.



Note: Significant differences in logarithm-transformed regressions are indicated by an asterisk.



The latter suggests that, in the first round, when a new savings mechanism was introduced, the actual savings amounts derived from these campaigns were small. In other words, it is very possible that, as a new way of saving was introduced, a process of experimentation and learning followed, accelerated by the campaign taking place in treatment municipalities. On the other hand, the absence of effects in the total sample may be related to the fact that an important part of the sample (55%) are small municipalities where options for voluntary contributions had not been introduced, neither before nor after the treatment, indicating that the campaigns are not effective in areas where people have not previously used the promoted financial instrument.

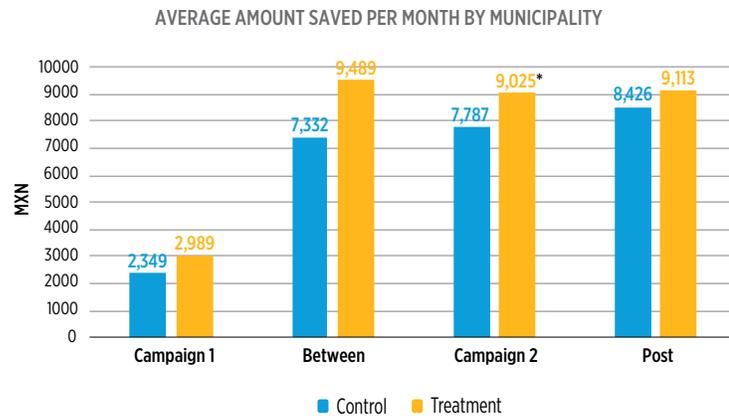
Once the new means of saving are already established, these campaigns show little effectiveness in increasing the number of savers or contributions, both in general terms and when only larger municipalities where previous savings were observed are analyzed. Evidence, as seen in figure 3, shows that for the total sample of municipalities and once the contributions by new media have stabilized, the campaign increases the total average amount saved per municipality by 16% (MXN 9,025 in the treatment municipalities vs MXN 7,787 in the control municipalities). However, this increase in the amounts saved is not accompanied by an increase in the number of contributors or the number of contributions, in all municipalities. Thus, under normal conditions, these results are similar to those found in campaigns based on SMS text messages, which we have found are especially useful as reminders for those who have already been saving and thus increase the amounts saved.

It should be noted that, just as we found an effect on the number of savers and contributions in the largest municipalities

POLICY LESSONS

The results of the intervention suggest that, on the one hand, social media campaigns can help early adoption of new savings mechanisms, although our evidence suggests that contributions are relatively low. On the other hand, we observed that in regular periods, campaigns on social networks can help increase the amounts saved, without necessarily causing more people to save.

FIGURE 3.



Note: Simple differences in the number of contributions and amounts saved between the treatment group and the control during the follow-up of the pilot, according to the size of the municipalities. Significant differences in logarithm-transformed regressions are pointed out by an asterisk.

during the first round, these same municipalities had more savers and contributions during the period between the two rounds. In other words, the effects are persistent throughout the AforeMovil expansion period. This is thanks to an additional advantage that social media campaigns have: in social media, campaigns remain “active” even after the promotion period has ended. In particular, 4% of the page hits occurred in the periods when the campaigns were not being promoted, either between the two rounds or in the two months after the second campaign.

In any case, social media campaigns are a cost-effective way of spreading messages to affiliates. According to our estimates, during the two months that the second round lasted, savings amounting to approximately USD 135,000 were generated, translating into USD 5.29 of savings obtained for every dollar invested in the two rounds. In addition, by segmenting by multiple demographic variables, these campaigns allow a high level of targeting.

However, it is worth noting that, although social networks make it possible to reach people on a massive scale, the interest generated does not necessarily translate into permanent behavior changes in long-term savings among the population.