

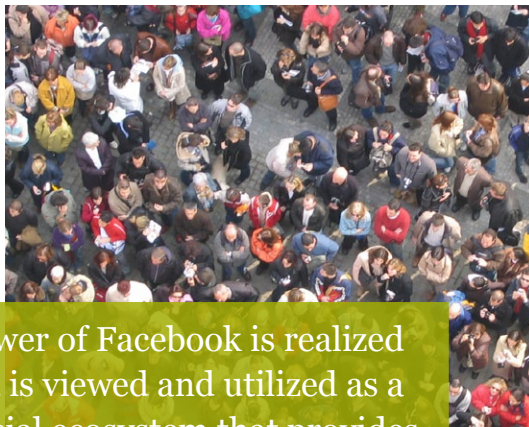
Facebook: Not an Ad Platform but an Ecosystem

Now that Facebook is a publicly traded company with shareholders to satisfy, the ongoing question of whether it will ever live up to its promise as an advertising platform becomes more urgent.



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While display advertising does account for approximately 80 percent of Facebook revenue, and advertisers continue to add Facebook to their online media plans, marketers and commentators are divided on its efficacy. For example, in the run-up to the Facebook IPO, General Motors announced that they were discontinuing display advertising on Facebook, while in the wake of that announcement, both Ford and Coca-Cola separately expressed their intentions to continue to use the platform.



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But in assessing the value of Facebook to advertisers, to focus narrowly on the impact of Facebook display may well be missing the point. The real power of Facebook is realized when it

is viewed and utilized not just as another display channel but as a rich social ecosystem that provides unparalleled opportunities for consumer engagement. Advertisers that understand the nuances of this system can deploy fan pages, Facebook display advertising, and other marketing channels to great synergistic effect.

GETTING TO GRIPS WITH FACEBOOK

It's not really surprising that advertisers have struggled to understand the opportunity that Facebook offers. Facebook takes some getting used to, whether you are a user or an advertiser. New users of Facebook—especially those over 40—are often confused by the multi-faceted communication tool, which combines familiar functions like email, IM, and photo-sharing with the ability to broadcast news, comment on news from others, and play games. But people try it because their friends (or their kids) are using it, and they don't want to be left out.

And so brands were also eager to leap in first and figure out the benefits later. They recognized that Facebook was something new and different, and they were ready to approach it in the same adventurous spirit as its new users. As people flocked to Facebook to have fun and connect with others, advertisers recognized that it was a place where they could connect too. They needed to evolve along with their customers in order to stay relevant. As Coca-Cola marketing chief Joe Tripodi explained, "Sometimes you have to take a little leap of faith."

FACEBOOK AS ONLINE DISPLAY CHANNEL

On one level, Facebook *is* an online display channel, and it has a unique and enviable position in this space. It is Facebook that has finally delivered on the level of targeting that online promised years ago. Facebook has not only vast reach but a rich trove of personal data freely offered up by users, who volunteer information on their family and friends, their beliefs, their connections, and their likes. Facebook combines a level of traffic that could be equaled only by portals like MSN or Yahoo! with a level of targeting that could only be achieved across a range of specialized sites.

Studies conducted by Dynamic Logic/Millward Brown over the past three years have shown that Facebook display outperforms other online display, particularly in ad awareness and purchase intent. (See Figure 1.)

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Of course, ads on Facebook are also distinguished by the social nature of the platform. Display advertising, sponsored stories, and promoted posts all include a social element that connects the user with a brand via a friend. And the ability to add “likes” and “comments” gives Facebook a word-of-mouth effect that other channels struggle to generate.

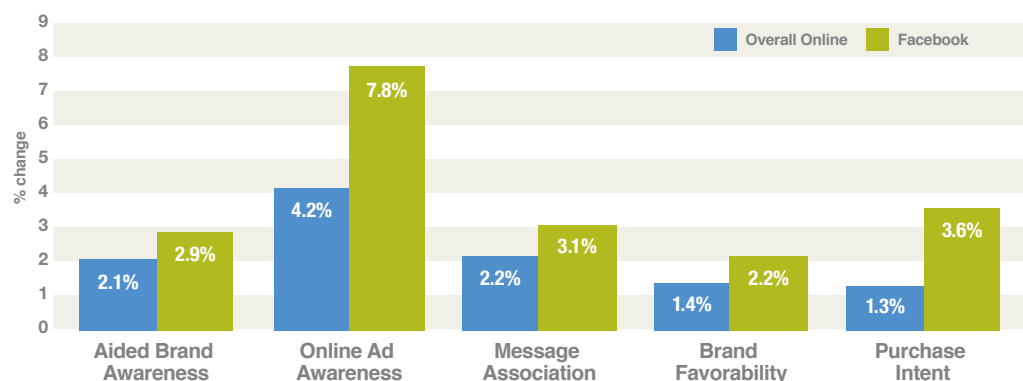
BRANDS AS FRIENDS: FAN PAGES

At the heart of Facebook is the space where an advertiser can have direct communication with consumers: the fan page. Brands invest time and money in recruiting fans to their pages using paid-for ads and lures of offers and competitions, and these fans should be at the core of a brand’s Facebook strategy. Our research suggests that fans are already more likely to buy the brand than others, and successful engagement can only solidify that bond. In one project, we found that engagement with a brand’s fan page enhanced perceptions that the brand was different from others and worth paying more for.

However, many brands have struggled with the idea of having a two-way conversation with consumers. The focus has too often been on reaching a specific number of fans and then attacking that community with messages more typical of traditional channels, in the style of “We shout, and then we hope you’ll listen.”

Research conducted by Millward Brown indicates that consumers do not “like” brands because they want to be advertised at. Though competitions and offers are enticing, many fans are looking for something more. They want to know what a brand (or celebrity, or TV program) is up to. They want news of new products, appearances, and relevant events. They welcome tips related to the brand’s category, whether that’s cooking, cleaning, home improvement, or recreation. People also prize the opportunity to share thoughts, concerns, and questions with other fans, so brands should work hard to foster a sense of community on their pages.

FIGURE 1: FACEBOOK DISPLAY OUTPERFORMS OVERALL ONLINE DISPLAY



BRAND+FRIEND: MORE THAN THE SUM OF THE PARTS

Brands that people have “liked” are in a much stronger position when they have messages to deliver. Not only are display ads from “friends” more likely to be noticed and remembered, but they can also remind fans of the brand’s Facebook page and motivate them to visit it—a result that is at least as valuable as any effect the ad has on its own.

Consumers do not “like” brands because they want to be advertised at; they are looking for something more.

In this way, the Facebook page and the display advertising work together, becoming a more potent brand-building combination than either one is on its own. The effect is analogous to one of our observations about TV from our CrossMedia studies. In addition to the not inconsiderable part it plays in delivering reach, TV plays an indispensable role in priming viewers to notice and respond to messages in other media. TV may not be as cost-efficient as lower-reach media like cinema and online, but those media seem to have less impact in the absence of TV. So too a Facebook page that is not supported by other online and offline activity will be less valuable to a brand than one that is incorporated into a larger strategy.

Of course, other media besides Facebook display can also drive traffic to fan pages. For the hugely successful and entertaining “Clean Campaign” for Andrex Washlets, lead agency SMC developed a campaign that featured the irrepressible Dawn Porter, known for taking on taboo subjects, talking to people on the street about their use of toilet paper. The campaign used TV, PR, a road show, and sampling to encourage people to visit the campaign’s site for a chance to win prizes. Over 32,000 people signed on as fans, Kimberly-Clark achieved its goal of recruiting 750,000 new households to try

the brand, and the brand’s year-to-date volume increased 35 percent over the previous year.

P&G’s corporate-level “Thank You, Mom” campaign, which included TV, digital, social, and PR activity, relied heavily on Facebook as it attempted to achieve a perfect storm of marketing communications during the 2012 Summer Olympics. Mothers of Olympians were featured in compelling and heart-warming “momumentaries” that aired on TV and could also be viewed on the Facebook pages launched in 29 countries. During specific Olympic events, TV ad placements were synchronized with Facebook posts and tweets to maximize the campaign’s impact. According to P&G’s Global Brand Building Officer Marc Pritchard, the retailers that activated the campaign with in-store displays achieved sales lifts between 5 and 20 percent during the Olympic merchandising period.



The combination of social media with TV and PR—as in the “Thank You, Mom” campaign—is worth focusing on. We have learned through our study of viral effects that ads and news stories rarely take off on their own. Exposure through mainstream media is often a necessary catalyst. And the resonant and compelling content provided by P&G, which rolled up the joy and sacrifice of motherhood with the virtues of hard work and perseverance in a wrapper of national pride, is exactly the type of material likely to benefit from an initial investment in broad mainstream exposure.

Facebook can also be used to great disruptive effect in the public sphere. A campaign designed on a shoestring budget by Leo Burnett/ARC Worldwide Detroit made a Facebook page a

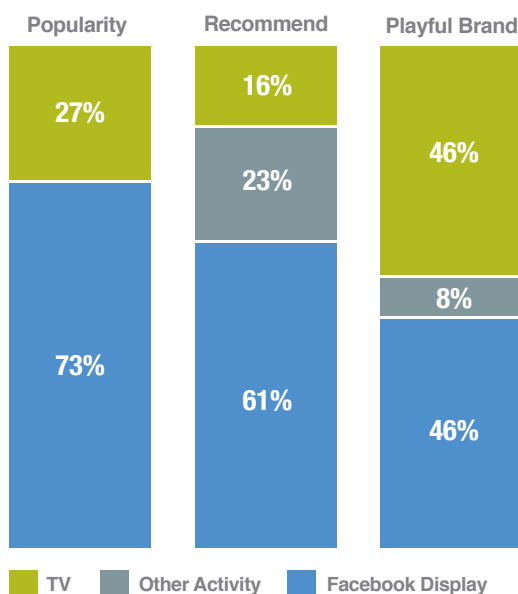
critical element in a successful effort to save the public library of Troy, Michigan. Lawn signs that read "Vote to close Troy Library August 2 - Book burning party August 5" were planted in the dark of night. The signs also directed people to the Facebook page of a bogus organization that was supposedly excited about closing the library and making a bonfire of the books.

People outraged by the idea of book burning demanded information via posts on Facebook and Twitter. Suddenly public opinion was focused not on lowering taxes, but on the prospects of having no library. The story not only generated discussion in Troy, but was picked up by the national news. On the day of the vote, twice as many voters turned out as had been expected, and the library supporters carried the day.

FACEBOOK IN THE WIDER MEDIA MIX

Not all media synergies involving Facebook have to do with driving traffic to a brand or campaign page. Our research has also shown that Facebook plays particular roles in multimedia campaigns. While it does not tend to increase brand awareness as strongly as TV does, Facebook, like other non-TV activity, does tend to perform well at driving increased consideration. And, as shown in Figure 2, it also delivers on particular images and objectives where TV is less effective.

FIGURE 2: FACEBOOK DELIVERS WHERE TV UNDERPERFORMS



THE VALUE OF A SOCIAL ECOSYSTEM: WHAT'S NOT TO "LIKE"?

Facebook has provided brands with a space where consumers can be brought into the heart of a brand or a creative idea in the context of a familiar environment. In that environment, display ads offer some value, but to use Facebook as just another surface to hold display ads is to misunderstand its true nature and potential. Brands that continue to buy Facebook display ads on those terms will continue to achieve a variety of mostly suboptimal results.

Advertisers who recognize and value the social nature of the Facebook ecosystem and build campaigns around it will reap greater rewards. Using Facebook, marketers can add value to their customers' lives that goes beyond their brands' benefits. They can provide something their customers value—whether it's information, tips and advice, or a brief and entertaining diversion—and enable them to share it with others. It is the brands that master this aspect of relating to consumers through Facebook that will be the real winners.

To read more about social media and brands, please visit www.mb-blog.com.

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