

Social media analysis of distribution of ad objectives and spend by selected industry

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Abstract: This paper reports the latest trends of advertising on social media. Social media advertising means to gain traffic or attention of online users through social media sites. Today, when a user thinks about buying something, he first comes to the internet, searches for that product, compares its price with other competing brands and takes a decision, which one to buy. Paper focuses on the two main areas, namely Distribution of Ad Objectives by Industry and Distribution of Spend by Ad Objective. On the other side of this analysis stand Link Clicks, Video Views, Page Likes, Conversions, Brand Awareness and Reach. Reported analysis has been performed on 250,000 Facebook & Instagram Ads. Results showed significantly different point scores throughout selected fields as shown later.

Keywords: social media, advertising, spend, industry

JEL Classification: M30; M39

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1. Introduction

Social media marketing is a powerful way for businesses of all sizes to reach prospects and customers. Your customers are already interacting with brands through social media, and if you're not speaking directly to your audience through social platforms like Facebook, Twitter, Instagram, and Pinterest, you're missing out! Great marketing on social media can bring remarkable success to your business, creating devoted brand advocates and even driving leads and sales. Leveraging the power of content and social media marketing can help elevate your audience and customer base in a dramatic way. But getting started without any previous experience or insight could be challenging. It's vital that you understand social media marketing fundamentals. From maximizing quality to increasing your online entry points, abiding by these 10 laws will help build a foundation that will serve your customers, your brand and -- perhaps most importantly -- your bottom line. The goal of SMM is to produce content that users will share with their social network to help a company increase brand exposure and broaden customer reach. One of the key components of SMM is social media optimization (SMO). Like search engine optimization (SEO), SMO is a strategy for drawing new and unique visitors to a website. SMO can be done two ways: adding social media links to content, such as RSS feeds and sharing buttons -- or promoting activity through social media by updating statuses or tweets, or blog posts. SMM helps a company get direct feedback from customers (and potential customers) while making the company seem more personable. The interactive parts of social media give customers the opportunity to ask questions or voice complaints and feel they are being heard. This aspect of SMM is called social customer relationship management (social CRM). SMM became more common with the increased popularity of websites such as Twitter, Facebook, Myspace, LinkedIn, and YouTube. In response, the Federal Trade Commission (FTC) has updated its rules to include SMM. If a company or its advertising agency provides a blogger or other online commenter with free products or other incentives to generate positive buzz for a product, the online comments will be treated legally as endorsements. Both the blogger and the company will be held responsible for ensuring that the incentives are clearly and conspicuously disclosed, and that the blogger's posts contain no misleading or unsubstantiated statements and otherwise complies with the FTC's rules concerning unfair or deceptive advertising.

2. Literature review

Social media advertising, also social media targeting, is a group of terms that are used to describe forms of online advertising that focus on social networking services. One of the major benefits of this type of advertising is that advertisers can take advantage of the users' demographic information and target their ads appropriately. Social media targeting combines current targeting options (such as geotargeting, behavioral targeting, socio-psychographic targeting, etc.), to make detailed target group identification possible. With social media targeting, advertisements are distributed to users based on information gathered from target group profiles. Social network advertising is not necessarily the same as social media targeting. Social media targeting is a method of optimizing social media advertising by using profile data to deliver advertisements directly to individual users. Social media targeting refers to the process of matching social network users to target groups that have been specified by the advertiser. (Pick, 2014)

People who use social networks store various information about themselves, including their age, gender, interests, and location. This stored information allows advertisers to create specific target groups and individualize their advertisements. (Suhányi et al 2015) The advantage for advertisers is that their ads can reach people who are interested in the product or service. The advantage for users is that they can see ads that appeal to them. Facebook, for example, the hugely popular social network, has developed a targeting technology which allows advertisements to reach a specific audience. This is why Facebook users see advertisements on their profile page that are tailored to their gender, music taste, or location. (Pick, 2014) Within social communities users provide demographic information, interests, and images. This information is accessed by social media targeting software and enables advertisers to create display ads with characteristics that match those of social network users. The important component of social media targeting is the provision of the users' socio-demographic and interest information. By using this information, social media targeting makes it possible for users to see advertisements that might actually interest them. The availability of user data allows for detailed analysis and reporting, which is a big part of social media targeting and what makes it more effective than statistical projections alone. Popular social media sites, Facebook, Twitter, and YouTube, offer different ways to advertise brands. Facebook gives advertisers options such as promoted posts, sponsored stories, page post ads, Facebook object (like) ads, and external website (standard) ads. To advertise on

Twitter there are promoter tweets, trends, and promoted accounts that show up on users newsfeeds. For advertising on YouTube there are branded channels, promoted videos, and in video advertising. (Shewan, 2014) Another type of advertising is using a tool called "buy buttons". Some networks are already getting involved with "buy buttons", or being direct marketers for various products a business wishes to promote on their social media platform. Social networks like Facebook and Twitter are already involved with such partnerships, and this is still just the beginning. The "buy button" is the gateway to impulsive online shopping. These advertisements pop up in the news feed of social media interfaces and also give you the option to click a button and purchase the item right then and there. These account for just under 2% of online sales.

2.1 Strategy for advertising on social media

From the advertiser's point of view, it is very important to discover where their target audiences lie. What are their estimated budgets? How much they can invest? It is extremely important for the advertisers to know exactly what category the network they are going to be using falls into; this way they can make the most of out of their social media agency and have the best return on their campaign. For all this, they need right people, who should have experience, expertise and knowledge of social media hosting, architecture and integration. People, who can contribute to web content strategy, design and interactive development, manage web development and support procedures, tools, and documentation. This includes writing documents and developing technical support standards and procedures. They need people who can design comprehensive social media strategy (objectives, tactics, timelines, accountabilities and metrics) to increase visibility, membership and traffic across all their web touch points; implement and manage social media campaigns, and who can collaborate with sales and external communications teams to create and leverage new web applications and channels, identify, select and manage external service providers and third party tools/licenses. Also, who can work with external vendors for complex web projects like App development, etc. Companies must use in-house web developer for regular web mastering. Employees should have the ability to map out advertising strategy into web and social media plan and then drive that plan with metrics. A company should be very clear about its goal and should create/monitor social media employee policy/guidelines for HR. From time to time, there should be a training program for people who are engaged in advertising on social media, as advertising trends change very quickly on social media. Companies must craft and implement group web policies that meet high standards. (Goyal 2013)

2.2 Purposes and tactics

One of the main purposes of employing social media in marketing is as a communications tool that makes the companies accessible to those interested in their product and makes them visible to those who have no knowledge of their products. These companies use social media to create buzz, and learn from and target customers. It's the only form of marketing that can finger consumers at each and every stage of the consumer decision journey. Marketing through social media has other benefits as well. Of the top 10 factors that correlate with a strong Google organic search, seven are social media dependent. This means that if brands are less or non-active on social media, they tend to show up less on Google searches. (Mahapatra, 2013) While platforms such as Twitter, Facebook, and Google+ have a larger number of monthly users, the visual media sharing based mobile platforms, however, garner a higher interaction rate in comparison and have registered the fastest growth and have changed the ways in which consumers engage with brand content. Instagram has an interaction rate of 1.46% with an average of 130 million users monthly as opposed to Twitter which has a .03% interaction rate with an average of 210 million monthly users. Unlike traditional media that are often cost-prohibitive to many companies, a social media strategy does not require astronomical budgeting. (Neti, 2011)

To this end, companies make use of platforms such as Facebook, Twitter, YouTube, and Instagram to reach audiences much wider than through the use of traditional print/TV/radio advertisements alone at a fraction of the cost, as most social networking sites can be used at little or no cost (however, some websites charge companies for premium services). This has changed the ways that companies approach to interact with customers, as a substantial percentage of consumer interactions are now being carried out over online platforms with much higher visibility. Customers can now post reviews of products and services, rate customer service, and ask questions or voice concerns directly to companies through social media platforms. (Hlavac 2014) Thus social media marketing is also used by businesses in order to build relationships of trust with consumers. To this aim, companies may also hire personnel to specifically handle these social media interactions, who usually report under the title of Online community managers.

Handling these interactions in a satisfactory manner can result in an increase of consumer trust. To both this aim and to fix the public's perception of a company, 3 steps are taken in order to address consumer concerns, identifying the extent of the social chatter, engaging the influencers to help, and developing a proportional response. (Olenski 2014)

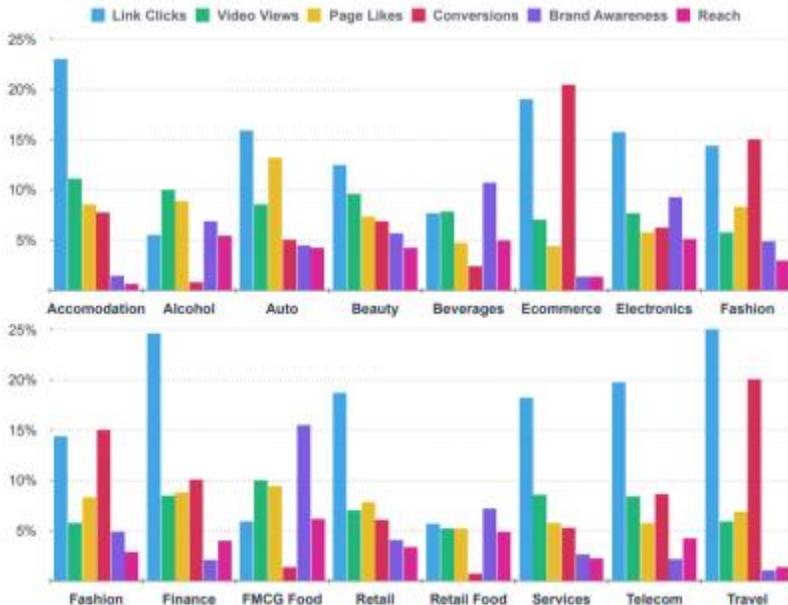
3. Data and Methodology

In this paper we are trying to analyze latest information presented via channels of social media analyzing company Socialbakers, one of the leaders in this field. Presented data are relevant for this matter their main objective is to see how effectively have brands across industries and regions leveraged the platform's advertising features. Analysis has been performed on 250,000 Facebook & Instagram Ads. We have focused on the two main areas, namely Distribution of Ad Objectives by Industry and Distribution of Spend by Ad Objective. We have selected following areas of industry: Accommodation, Alcohol, Auto, Beauty, Beverages, Ecommerce, Electronics, Fashion, Finance, FMCG Food, Retail, Retail Food, Services, Telecom and Travel. On the other side of this analysis stand Link Clicks, Video Views, Page Likes, Conversions, Brand Awareness and Reach.

4. Results and discussion

Brands across industries continue to focus on fan growth and invest significantly into Page Like campaigns. However, audience growth needs to be balanced with deeper business goals. Not only brands should focus on creating more Brand Awareness and Reach campaigns, they should also invest into nurturing those newly captured audiences towards conversions. If marketers want to tie their early stage marketing campaigns to social media ROI, it is necessary for them to track their audiences from one campaign to the next - from awareness to purchase. Distribution of ad objectives is an indicator of how the industries are using Facebook's Ads Manager features to reach their audiences and what their marketing priorities are. The differences between the industries are significant. While majority of the industries do focus heavily on Link Click ads, hinting at the need for marketers to maximize their web traffic, many overlook ad objectives that maintain users inside the platform or are optimized to generate Conversions.

Chart 1. Distribution of Ad Objectives by Industry

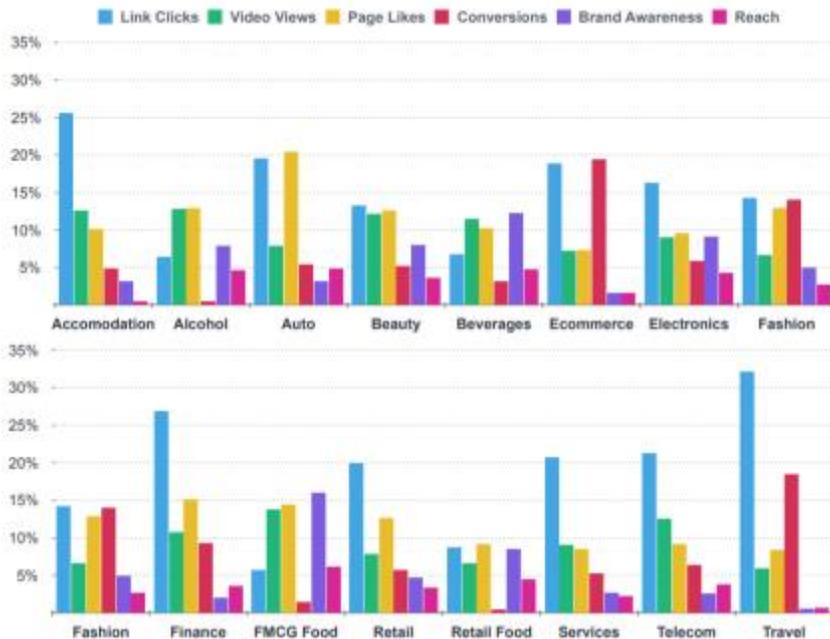


Source: according to Socialbakers

Knowing the distribution of ad objectives can help marketers see the volume of ads in their industry, but to see the bigger picture, it has to be measured next to the distribution of spend. Both data points are critical in helping marketers build strategies that leverage the objectives their competitors do not. For instance, the accommodation industry invests the most in generating website traffic, but are they creating enough Brand Awareness content to build interest in their services?

Facebook advertising can yield tangible business results, but to do so brands need to build comprehensive advertising strategies that are personalised for audiences at the different stages of their buying intent. Focusing solely on one campaign objective for the brand will likely result in bottlenecks in other strategy sections. To make the most of Facebook's advertising capabilities marketers should start leveraging a wide scope of objectives available to them, test them and measure what's contributing to their business outcomes the most. While investment in Link Clicks is high across most industries, Conversion campaigns are still largely underused.

Chart 2. Distribution of Spend by Industry



Source: according to Socialbakers

5. Conclusions

We can see that within the spectrum of various industry fields, results are significantly different in case of ad objectives and their spend on it. Non of analysed factors, link clics, video views, page likes, conversions, brand awareness or reach showed any sign of unity through all fields. . To make the most of Facebook's advertising capabilities marketers should start leveraging a wide scope of objectives available to them, test them and measure what's contributing to their business outcomes the most. If marketers want to tie their early stage marketing campaigns to social media ROI, it is necessary for them to track their audiences from one campaign to the next - from awareness to purchase.

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