

PAID ADVERTISING IN SOCIAL MEDIA 2011

How investing in a winning Social Media strategy is helping brands acquire and engage a loyal customer base

APRIL 2011



QUESTIONS ANSWERED

- ? How much money is being spent advertising through facebook, twitter etc?
- ? How will this spending change over the next five years?
- ? How are major retail and consumer businesses using social media advertising?
- ? Why are the likes of Starbucks and Tesco embracing the medium?
- ? How do consumers react to, and interact with, social media adverts?
- ? How can existing customers be used to promote your brand?
- ? What are the strengths and weaknesses of the different networks when it comes to winning new customers?
- ? What is the potential for location based advertising?
- ? How do you make celebrities advocate your brand and share your USPs with their friends and followers?

FEATURES

- Detailed analysis of the most important networks
- Recommendations about how to structure the campaigns and a concise step by step guide how to reach your target audience
- The report includes a detailed guide of how to design, track and measure your online advertising campaign specific to every major network

BENEFITS

- Build and develop an online advertising strategy
- Ensure greater relevancy
- Engage customers with meaningful ads/rewards and encourage them to become brand affiliates and recommenders increasing relevancy as friends know the likes/dislikes of their peers and will only forward meaningful coupons/rewards/ads.



OVERVIEW

The rise of the internet and social media has generated huge amounts of interest and analysis on how new platforms allow better communication and engagement with customers. This report focuses on an equally powerful yet much less discussed potential of the technology – using paid for campaigns to reach out to new or less loyal consumers.

As of 2011 the likes of Facebook, Linkedin and Twitter, having initially been slow to monetise in favour of growing user numbers and perfecting user experience, are increasingly accepting that advertising offers great opportunities for driving revenue growth and profit maximisation.

From a \$1.1bn market in 2007, social media advertising is set to grow to \$12.0 by 2014. Major B2C brands are directing advertising budgets towards the networks. They are rapidly learning how to attract the attention of network users, how to coax them into action and how they can use social media to encourage their own existing customers to become vocal advocates of their brand.

Whether it is L'oreal on youtube, Starbucks on twitter or Walmart on Facebook, there are a growing number of examples of major consumer facing brands devising innovative strategies to win new shoppers and improve engagement with their customers.

There is also growing amount of data about the impact of social networks on consumers purchasing decisions and purchasing behaviour. For example the addition to a facebook advert of a caption stating that it has been recommended by a friend of the consumer has been shown to increase the likelihood of engagement with the advert by 5 – 15%.

Therefore B2C companies wondering where to direct advertising budgets, business looking to build exposure online and those who have had success with 'free' social media campaigns need increasingly to be considering the returns derived from paid social media campaigns. Moreover, they need to decide which are the most appropriate platforms and types of advertising for achieving their goals.



OUR METHODOLOGY

LAY THE GROUND FOR NEW GROWTH!

Researchfarm strives to deliver a starting point for constructive discussions and provide clear solutions and direction.

Our in depth observations of fundamental changes combined with our strategic insights into the sector and our entrepreneurial thinking provide unrivalled, actionable and meaningful solutions.

Our recommendations will enable you to formulate new strategies, head for the right milestones, drive future growth and set the right incentives.

DELIVERING ADDED VALUE THROUGH OUR REPORTS

1. ACTIONABLE RECOMMENDATIONS

Our reports provide you with recommendations for each chapter to help your strategic decisions.

2. BEST PRACTICE

Every chapter features a case example and in-depth insights and recommendations.

3. INTERVIEWS WITH KEY PEOPLE

The report is based on in depth conversation with business leaders, CEOs and CRM specialists.



ABOUT RESEARCHFARM

ResearchFarm is a start up boutique focused on strategic insight and innovative topics and trends in the FMCG/retail space. A key word for us is innovation. We try to unearth what works and what doesn't and tell our audience about it. For us the client comes first, as such we are focused on the story to tell, sharing insight and analysis, not on getting our names in the media – though we will engage in this as well occasionally.

TESTIMONIALS AND CLIENTS

About our last report

«I found it very insightful. [...] Impressed with the amount of information that has been covered by your report.» (Retail merchandising company)

«I found the document easy to read, well laid out and the content thought-provoking. It reminds me of the major considerations that affect our markets, and to address these key issues when approaching the global brands and retailers. Retail Predictions 2011 is a very good demonstration of the quality of how ResearchFarm operates and communicates.» (Technology supplier)

«The content is very interesting to us, as we look after many of the largest shopping centres and we also represent many international retailers entering our market. There is plenty of food for thought.» (Property consultants)

«It looks impressive.» (Property company)

«It was helpful. It helped me to persuade my boss to take on a project about e-commerce research. I was really surprised by the importance of legal issues. I never read that elsewhere before.» (Government)

«Thank you again for the study. These are very, very interesting, well explained (so, logical) predictions. Highly reliable and useful (I like the idea very much that loyalty schemes will move onto smartphones). It's quite impressive!» (Publishing group)

«Great research, very useful.» (Retailer)

«We have enjoyed reading your research information and have found it to be helpful in validating some of the other Grocery industry news information and predictions.» (Retailer)

«On DLF's (Danish Association of Fast Moving Consumer Goods Manufacturers) New Years Conference on the 20th of January 2011 we had the great pleasure to hear ResearchFarm speak about future trends in online grocery retailing. The feedback from the conference participants was very positive as they gave ResearchFarm's presentation the highest score of all speakers, finding the analysis about the key success factors of chosen EU and US online retailers both very interesting and inspiring. We can therefore give ResearchFarm our best recommendation.»
Dagligvareleverandørerne – Danish Association of Fast Moving Consumer Goods Manufacturers



SAMPLE PAGES

Facebook – Unofficial Advertising

The screenshot shows a Fiverr gig listing. The title is "alanletsgo: I will like and become a fan and suggest or invite my 3,500 loyal friends to like your Facebook fan page, application, event, or group for \$5". The seller's profile picture is visible on the left. To the right of the title is an "Order Now" button and a "Contact Seller" link. Below the title, it says "In Social Marketing • Usually delivers within 3 days". There are 1205 orders, 8 reviews, and a 99% positive rating. The description states: "I'm the lead singer of a large band & have over 3,500 USA friends on my Facebook account. With this gig I'll like your fan page, group, event, or app, and suggest my friends to like it also. I'll send you a screen shot for proof. This is a great way to increase your fans on your fan page (results vary). NOTE: You must make me an admin of your fan page so I can suggest your page." Below the description are social media sharing icons for Facebook, Twitter, and Email, and a "Share" button. To the right of the description is a large blue box with the word "facebook" in white, and a list of keywords: "suggest facebook increase fanpage fan page american invite usa friends like become group".

Most third party facebook advertising services simply exist to manage official campaigns on a business's behalf. However, there are also some wider, niche opportunities, for services to gain 'fans', 'likes' and recommendations for a website or facebook page.

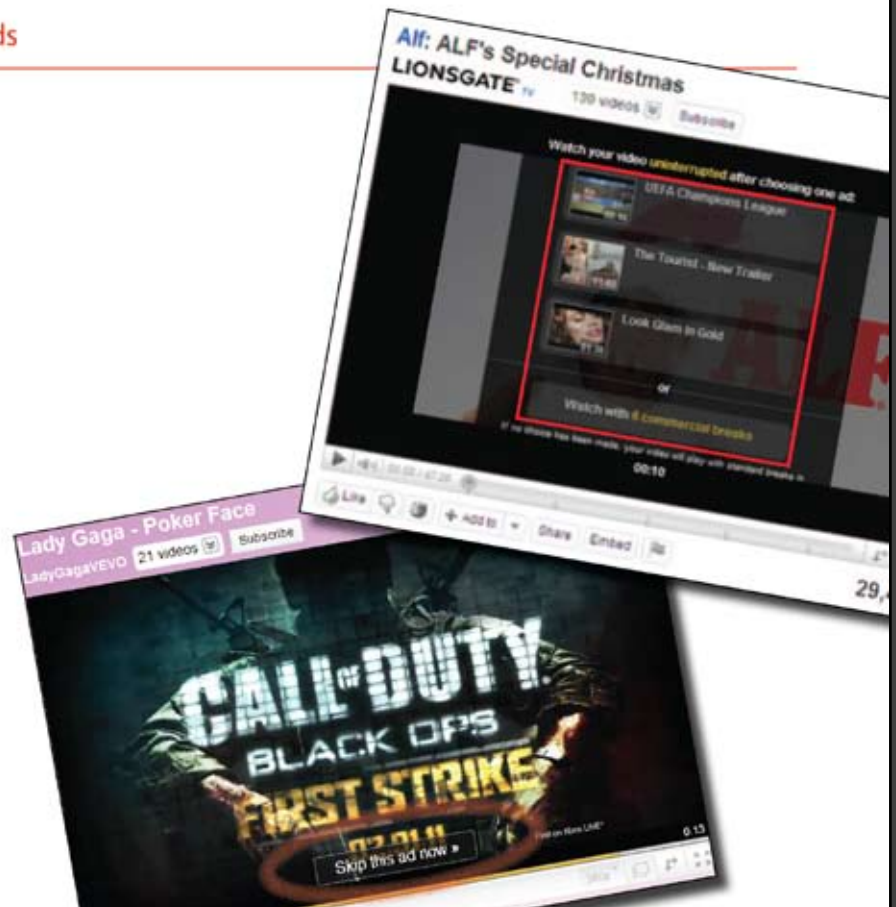
Because of the difficulty in validating the authenticity of these services, with the new 'fans' unlikely to demonstrate much interest, they are generally best avoided. However, sometimes it can be useful to inflate the amount of interest in your site, so it appears more intriguing to new visitors. In this case the website fiverr.com offers a range of such services, as well as opportunities to boost number of diggs, twitter followers etc, for just \$5 a time.

Youtube – TrueView Video Ads

TrueView Video Ads are CPC ads which only charge the advertiser when the viewer watches a certain proportion of an advertisement. There are two types:

InSlate (above left) adverts play with longer videos and give the option to choose to watch one ad among many, or to watch regular commercial breaks through the main feature. The advertiser is charged when the user watches the ad.

InStream (above right) adverts play before or during short to medium length videos. After 5 seconds the viewer gets the choice to skip it or watch the full ad. The advertiser is charged only when the viewer has watched either 30 seconds of an ad or to completion, if the ad is less than 30 seconds.



SAMPLE PAGES

Twitter – Analytics



Signing up as an official advertiser on twitter will also permit access to a more advanced version of the free analytical tools which are expected to be rolled out to all users in mid-2011.

Dashboards will display the fundamental metrics of paid for campaigns: impressions received, retweets, clicks, replies, favorites, and follows (for promoted accounts). Data will be updated in realtime.

The activity timeline will provide an overview of the performance of individual tweets. Users will be able to quickly determine how a tweet is performing in terms of mentions, follows, reach etc. From this they will be able to ascertain crucial trends about which tweets are most successful and which tweets caused people to unfollow.

Moreover, it will allow them to identify the most influential users in terms of replying to and retweeting their messages.

LinkedIn – Overview



LinkedIn is the largest professional social network on the Internet, with more than 90 million members in over 200 countries and territories and with more than one million company Pages.

Adverts are very similar to Facebook. They are displayed in similar positions and styles and offer similar options in terms of targeting and analytics.

The nature of LinkedIn means its it is more suited for advertising products and brands with a career/work tie-in (such as suits, ties and laptops) or for targeting more affluent consumers. For this reason it is likely to prove increasingly popular with niche luxury brands.

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RECEIVE YOUR REPORT BY EMAIL

CONTACT

ResearchFarm Ltd
Suite 12154 - 2nd Floor
145-157 St. John Street
London EC1V 4PY (UK)

Phone
Email
Web

+44 (0)20 3286 9801
sales@researchfarm.co.uk
www.researchfarm.co.uk