

Getting The Most Out Of Facebook Ads

Contributed by eMarketer
Wednesday, 27 June 2012

With wise use of Marketplace ads, targeting beats out low click rates

When General Motors pulled its advertising from Facebook, many took it as an indication that the social network's ad products didn't work. But in reality, the pullout tells a different story.

In 2011, major marketers dramatically increased their spending on Facebook, buying up the site's so-called "Premium" inventory ads on users' homepages and in other exclusive spots in a quest to acquire "likes." This year, some marketers have reduced spending on these Premium ads so they can reassess the ads' effectiveness. As a result, Facebook has seen weaker-than-expected revenues in 2012. However, the company has another side to its ad business, and that self-serve platform, Marketplace, is gaining new prominence.

"The importance of Marketplace is often underestimated," said Debra Aho Williamson, eMarketer principal analyst and author of the new report, "Facebook Advertising: Why the Marketplace Ad Platform Deserves a Second Look." "Because the clickthrough rates on these ads are minuscule and because their limited creative palette will never win them awards, Marketplace ads get little respect. Yet when Marketplace targeting and bidding are done correctly, advertisers can be highly successful."

"Click rate may be a standard metric across the web, but successful advertisers on Facebook are starting to focus less on driving clicks and more on understanding what happens after the click," said Williamson. "They are beginning to use more sophisticated tracking tools provided by Facebook and also by ad technology companies to determine how to attribute an action when it occurs and also how to target ads to people, depending on what sort of action they want to inspire."

According to Social Fresh, a social media education company, the most common targeting criterion has been age, used either, always or often by 55% of US respondents to a March 2012 survey. But fewer than one-third of respondents targeted people based on their language (26%) or their education (24%).

Marketers' narrow use of Facebook's ad targeting capabilities is due to the complexity of Facebook's ad tool, according to Social Fresh. "It is easy to use, but the sheer number of options creates a lot for the average business to learn before they can maximize the power of Facebook ads," Social Fresh's "2012 Facebook Ads Report" stated.

The full report, "Facebook Advertising: Why the Marketplace Ad Platform Deserves a Second Look," also answers these key questions:

- What do Marketplace advertisers do differently?
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- How can businesses use Marketplace and Premium ads together?
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- What else should Facebook do to bring Marketplace-style efficiencies to its Premium business and re-attract skeptical big brands?
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- How are ad-technology firms helping marketers make their Facebook advertising more effective?

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