

Lecture 54

SOCIAL MEDIA ADVERTISING – Part II

By, Prof. Vinay Sharma
Professor

Department of Management Studies
Indian Institute of Technology Roorkee



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Different Avenues for Ad Posts on Social Media

Social networking

- Facebook
- LinkedIn
- Google+

Microblogging

- Twitter
- Tumblr

Photo sharing

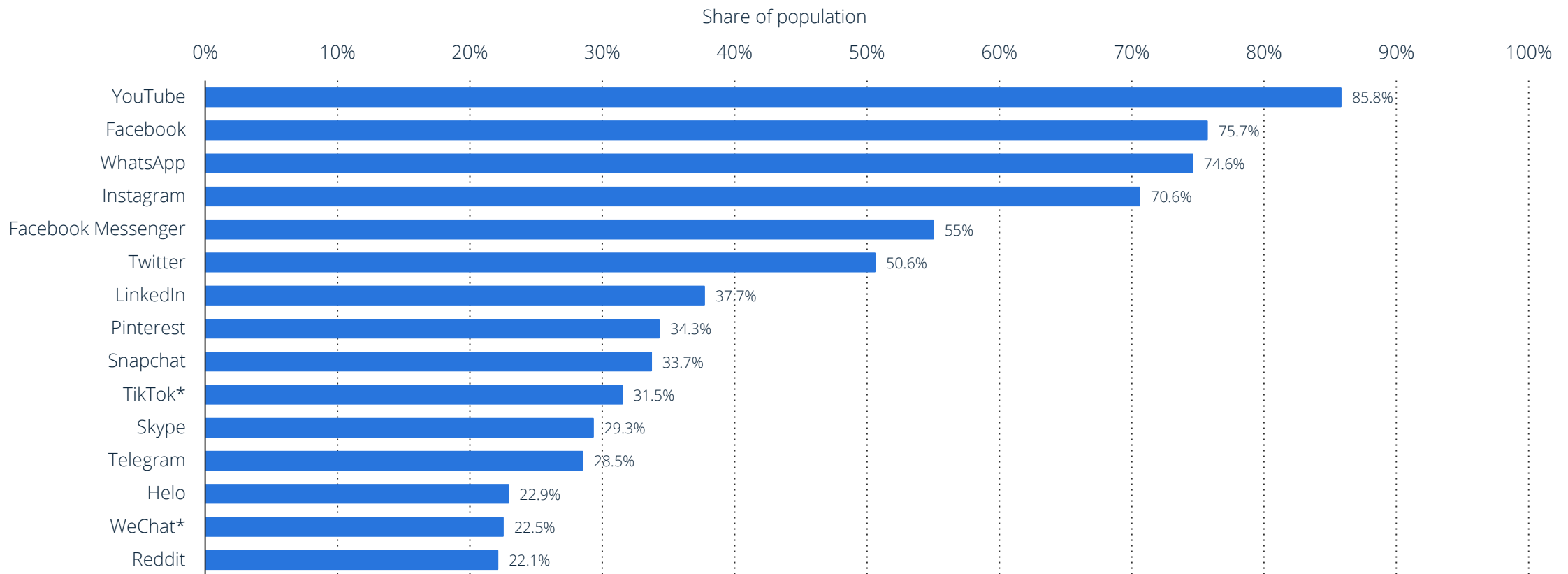
- Instagram
- Pinterest
- Snapchat

Video sharing

- YouTube
- Facebook Live
- Instagram Reels
- Periscope

Penetration of leading social networks in India as of January 2021

Social network penetration India 2021



Note(s): India; January 2021; 16 to 64 years; Tiktok and WeChat are now blocked in India.

Further information regarding this statistic can be found on [page 36](#).

Source(s): We Are Social; Hootsuite; DataReportal; [ID 284436](#)

Facebook

- **What they offer:**
 - Facebook has a wide appeal in India and offers a wide array of targeting options and the biggest social media audience in the world with its user base accounted for over 340 million users in 2021 (Statista, 2021).
 - Facebook is fairly intuitive and access to Facebook Ads Manager allows one to manage campaigns, ad sets and individual ads.
 - It is also available as an app.
- **Who uses it:**
 - The demographics are skewed toward the youth market, 74 million male-identified and over 23 million female-identified users between ages 18 and 24 use Facebook in 2018 (Statista, 2020).

- Almost 71 percent of Indians between 18 and 34 years old used Facebook alone.
- Most young adults spent between one and two hours on social media, which means it was a significant part of their day.
- **Best suited to:**
 - Every business can think of having a Facebook page at least listed with an address, website and other basic details, as it is the bare minimum of what users expect.
 - Whether a business should use paid advertising to promote posts depends on what it wants to achieve.

Advertising with Facebook

Ad Types Offered

- **Single image ads, Single Video Ads**
- **Carousel ads, Dynamic Ads**
- **Slideshow ads, Lead ads, Messenger ads**
- **Canvas** (an ad type that offers different components in various configurations to tell a brand story).

Targeting Options

- Core audiences, where you select your audience manually based on demographics like age and location.
- Custom audiences, where you upload a contact list to connect with customers on Facebook
- Lookalike audiences, where you use customer information to find people similar to them on Facebook.

Facebook Revenue Model

- Advertising represented 98% of Facebook's \$86bn revenue in 2020. The remaining 2% of revenue came mainly from selling Oculus and Portal devices and payment fees from developers (Report by US Security & Exchange Commission, 2020).
- Facebook users are Facebook's core revenue-making assets, and the value of Facebook's business model is highly dependent on it.
- Users, however, are not Facebook's primary customers; advertisers are.
- The Facebook business model is based on offering its tools and services mostly for free to billions of users and then making money by allowing businesses to show Facebook's users advertising.
- Advertisers pay the price to Facebook that is determined in an auction, based on demand and supply.

Source: US Securities And Exchange Commission Archives 2020



- Facebook Ad platform allows advertisers to show the ads to the targeted users and offers them detailed performance tracking on how different campaigns and different types of visuals work.
- Payment for advertisements are derived through auctions where advertisers compete for space. This auction considers how often users will click on ads, and it is designed to prefer advertisements that will make the most money for Facebook.
- Facebook shares only a small part of its gross advertising revenue with partners like app developers that use its ad platform to monetize their apps or video creators that upload videos to Facebook Watch or, more recently, Instagram TV (IGTV).

Revenue formula = Users x Time spent x Ads per hour x Price per ad.

Revenue Drivers

- **Users-** The more users Facebook has, the more revenue it will earn. But this statement is true only if users increase across all geographies, segments, and products.
 - Facebook users can also grow thanks to acquisitions, as it happened with Instagram and WhatsApp.
- **Time Spend-** More time people spend on Facebook using its different apps generally means Facebook can earn more revenue as it can show more ads to people.
 - For e.g., in pandemic people used social media more which means more revenue but also depressed prices of ads.

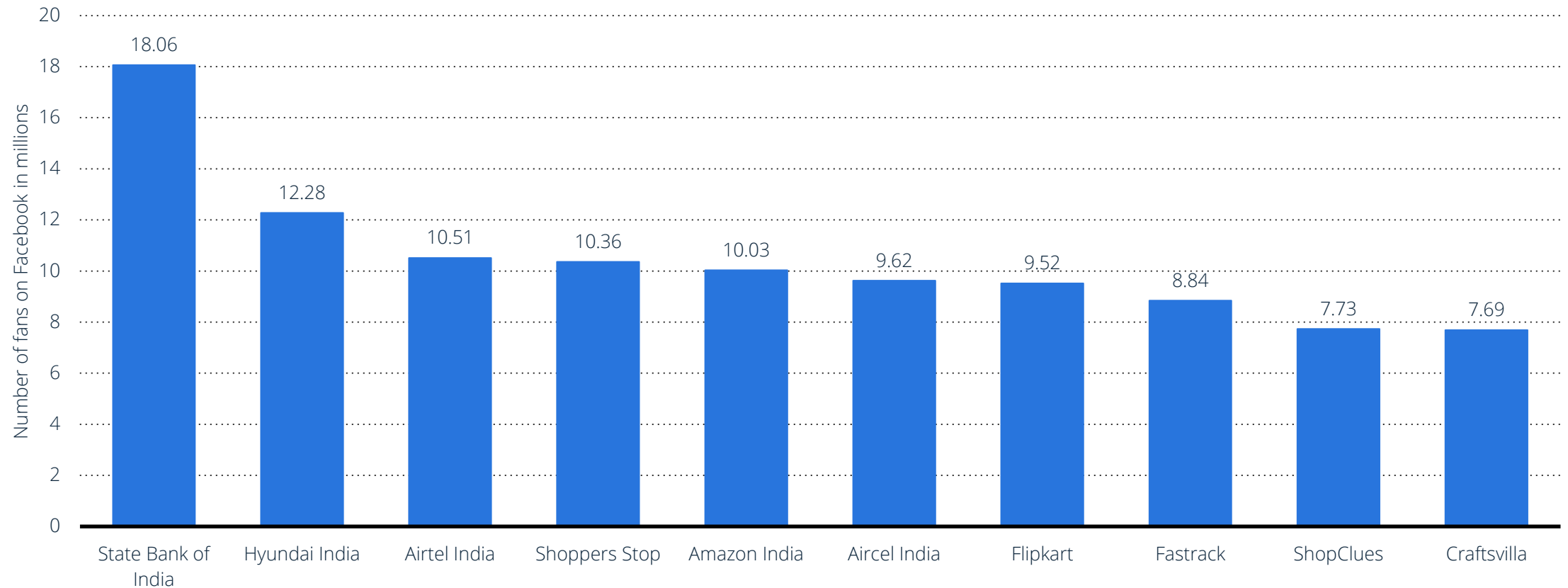
- **Ads per hour-** Tricky to assume that other revenue formula factors will stay unchanged, then more ads are showed per hour on Facebook, more revenue Facebook earns.
 - Pushing more ads also means average price per ad will slightly decrease.
- **Price per ad-** Most volatile part as price is easily influenced by other drivers.
 - For e.g., the reasoning behind Facebook's recent introduction of e-commerce functionality into its apps allowing businesses to set up shops within Facebook, Instagram, or WhatsApp.
 - The idea is that it will be a more seamless user experience, leading to more people who click on a particular ad ending up purchasing the product. That will drive prices per ad up and increase Facebook revenue.

- **Revenue from WhatsApp**

- Based on Facebook's current plans, WhatsApp won't be making money from advertising, but Facebook will earn money by providing tools for businesses to communicate with customers through WhatsApp.
- Facebook already collects some revenue from fees it charges business customers for using its WhatsApp API interface for sending messages to their customers.
- Revenue from these fees is currently tiny, but Facebook's plan is to build on top of this and offer a more comprehensive solution for businesses to communicate with their customers.

Most popular brands on Facebook from India as of December 2020, by number of fans (in millions)

Leading brands on Facebook from India 2020, by number of fans



Note(s): India; December 2020; total fans, not fans from chosen country

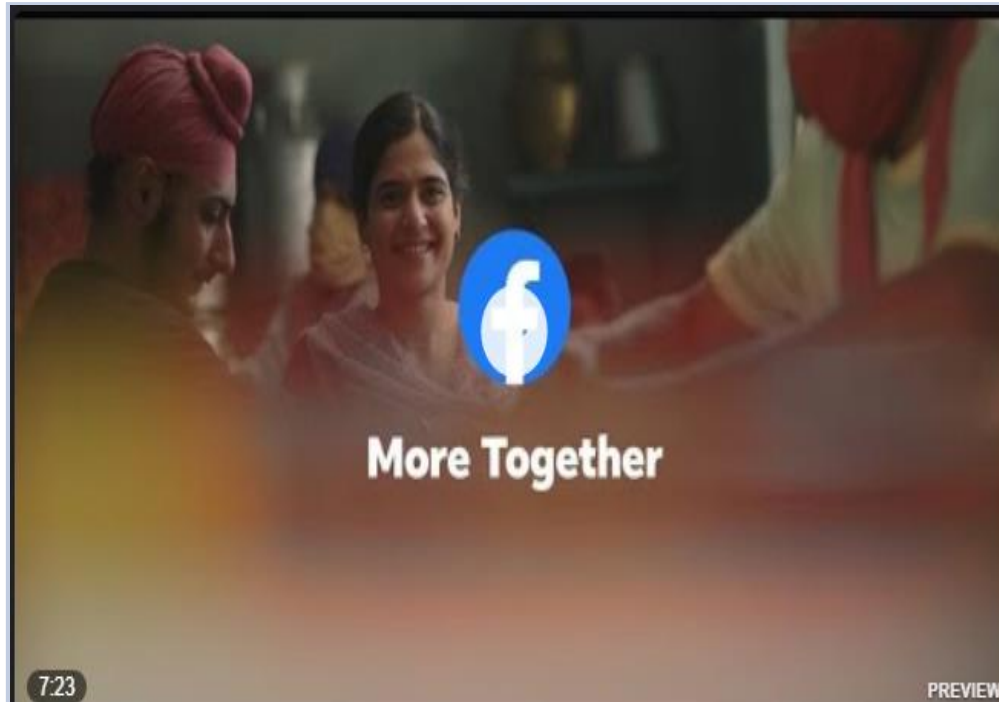
Further information regarding this statistic can be found on [page 8](#).

Source(s): Socialbakers; [ID 257278](#)

The two social media giants, **WhatsApp and Facebook** had the highest number of users in India compared to the world.

At the same time, India ranked second in the world in terms of the number of **Instagram** users.

And even though these are different social media platforms, Facebook owns both WhatsApp as well as Instagram, making it the **largest stakeholder in India's social media economy**.



Facebook- Pooja Didi Ad

*“Kuch aisa
bada kaam
karo ki
dukaan
chhoti padd
jaaye.”*

Source: YouTube

Instagram

- **What they offer:**
 - Instagram offers photo, video and carousel ads in a number of formats.
 - It is owned by Facebook, so it has many of the same features, including analytics (through Facebook Ads Manager), good targeting options and various objectives to drive campaigns.
 - Instagram stories is also a powerful feature.
 - It has a very tight community culture with a focus on quality, unique content and creativity.

- **Who uses it:**

- Instagram is one of the leading social networks in India with a far higher male user share compared to female users in 2021.
- Out of the total users, the social networking site reported to have around 73 percent male users and 27 percent female users (Statista, 2021).

- **Best suited to:**

- The key attraction for Instagram is visually attractive pictures and videos, so businesses that lend themselves to visuals like, such as food, decoration, or travel-related brands, will have an advantage, but any business that wants to capture that all-important 18–24 year-old demographic should be active here.

Advertising with Instagram

Ad Types Offered

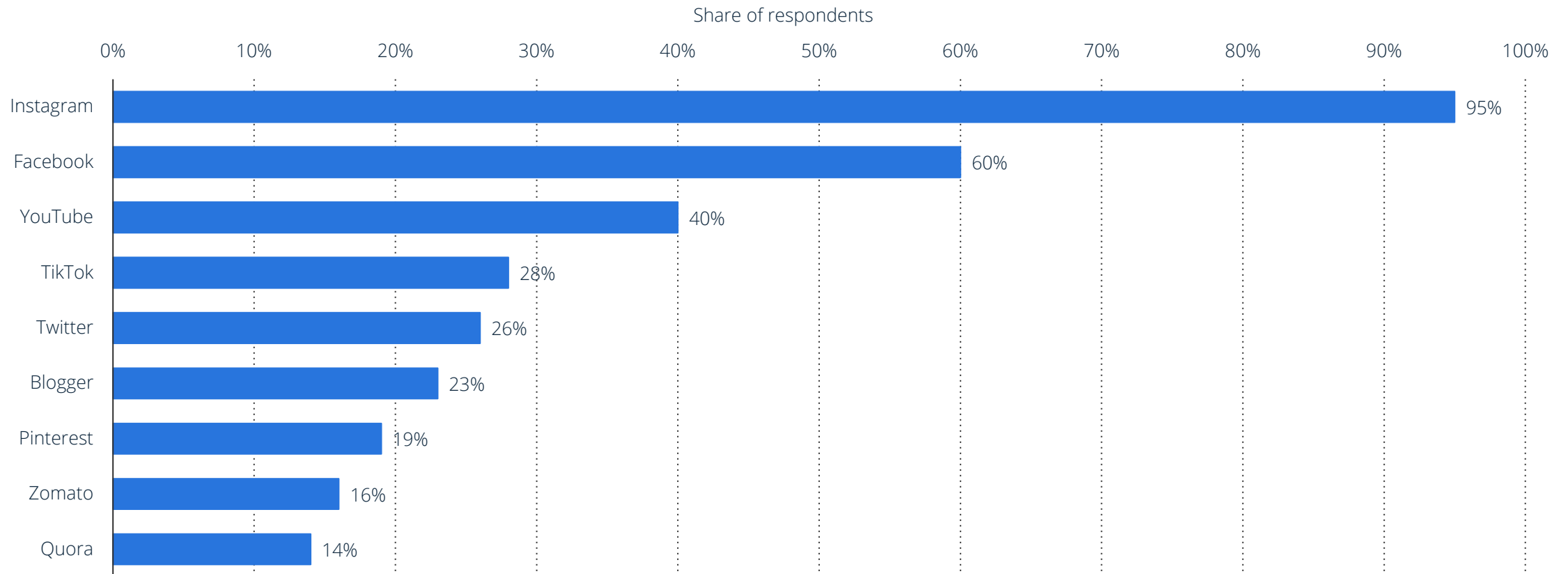
- **Single image ads**, which are exactly what they sound like.
- **Video ads**, which can share videos up to 60 seconds long.
- **Carousel ads**, which are similar to single image ads but include multiple images that users can swipe to see
- **Slideshow ads**, which are like Carousel ads, except the images scroll on their own with music creating a mini video.
- **Instagram Stories Ads**, which include single image and single video ad formats that are placed within Instagram Stories

Targeting Options

- Custom audiences (target audiences of users you already know, which includes lookalike audiences).
- Location, age, gender, language targeting.
- Detailed targeting (include or exclude users based on demographics, interests and/or behaviours)
- Connections (include or exclude users based on connections to your page, apps, or events).

Leading social media platforms for influencer marketing across India in 2020

Most active platform for social media influencer marketing in India 2020



Note(s): India; 2020; 18 to 50 years; 800 respondents
Further information regarding this statistic can be found on [page 53](#).
Source(s): Website (influencer.in); ID 1241426



Instagram- We are in the Making

“We Are In The Making’ is rooted in the fact that for young people, identity isn’t defined, it’s something that’s constantly explored. Identity formation means connecting more deeply with the people that matter to you, discovering and experimenting with new interests, or sharing your perspective, however work-in-progress it may be.

Source: Advertising and Media Insider

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