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The Effectiveness of Advertising Through Social Media

Advancements in technology have exploded in the past 50 years. Instead of typewriters, now computers sit upon desks; sleek, lightweight portable laptops allow people to work anywhere. Phones have evolved from rotary, to cordless, to mobile phones hidden in purses and back pockets, to high tech wearable watches. Televisions are high definition and have hundreds of channels to choose from. Perhaps the most impactful technological advancement though, is the Internet. It allows for world-wide communication, broadcasting, information dissemination, interaction and collaboration between individuals no matter what their geographic location. The internet has created a massive shift in how people conduct their day-to-day lives. It provides businesses a new way to sell and consumers a new way to buy. Within the world of the Internet, social media has grown significantly in the 21st century. Major social media websites and social networking sites (SNS) have launched including Facebook (a social network), Instagram (a photo-sharing application), Snapchat (an instant photo messaging application), LinkedIn (a business-and employment-oriented social networking service), Twitter (a microblogging application), Pinterest (an idea or photo-sharing website), and Google+ (an interest-based social network) (Voorveld, Van Noor, et al., 2018). Social media has opened up a whole new world of communication to the advertising industry. With the popularity and growth of SNS, advertisers are able to reach and engage with more and more consumers. Advertising a brand, a campaign,

or a cause on social media is a beneficial, strategic, and effective way to reach a bigger audience than ever before.

The internet and e-commerce have had a substantial impact on how businesses and organizations operate and market. Social media like Twitter, Facebook, LinkedIn, Skype, Myspace, YouTube, etc., are becoming more and more popular and are being used extensively for the purpose of communication. Social media turns communication into interactive dialogue through the use of web-based and mobile technologies (Divya & Regi, 2014). Social media marketing allows businesses to gain both attention and website traffic through social media sites. Building a business through social media such as blogs and viral videos can be an effective way to immediately build strong relationships and form connections between the public and a company's brand in an online environment. In addition, social media as a marketing tool encourages two-way communication between businesses and customers. For example, the feedback a business receives from email marketing can be invaluable, as it allows customers to quickly share their thoughts, ideas, and questions about a company and its product (Divya & Regi, 2014).

In the past, advertisers have relied on traditional methods to reach out to customers: on the radio, on television, in print (magazines/newspapers), and outdoors (billboards). In regards to advertising, social media can offer advantages. Consider user activity and interaction when comparing offline (traditional) to online environments.. Interaction and user activity tend to be more passive, with few opportunities for interaction (i.e. callback options in television or print ads) in traditional advertising media (Eisend, 2018). In contrast, online advertising media can be highly interactive. For example, consumers can actively click on an ad/product that interests

them while scrolling through Instagram feeds, or “follow” a business on Facebook, or click on an ad while searching for and watching videos on YouTube. Even clicking the “like” button on Facebook is interactive. Starbucks is a good example to emphasize how brands can use the internet to communicate with millions of consumers, with over 35 million people on Facebook “Liking” the brand (Campbell, et al., 2014). The result is when Starbucks posts something (i.e. a picture or promotion) on its page, millions of consumers can see it when they log in to Facebook. Furthermore, by engaging with brand content on Facebook (i.e. sharing, liking, or commenting) more users can be exposed to a brand indirectly because their Facebook friends are engaged with the content. This can result in more users “liking” a brand page, which can be seen as an endorsement of that brand (Voorveld, Araujo, et al., 2018). Consumers can interact, connect, and share with other consumers, potentially further expanding a brand’s reach.

Social media networks also offer flexibility and measurability to advertisers. The online environment is very active and changes frequently. Smartphones have allowed advertising to become available to users no matter the time or the place. In general, online advertising media offers more flexibility, as it more easily adjusts to sudden changes and new circumstances in the environment than traditional advertising media (Eisend, 2018). Data is important to advertisers, particularly consumer responses. In the online world, consumer responses are easy to measure because all behavioral data are tracked. This is an advantage over traditional media, where responses are often approximates (Eisend, 2018). Tracking consumer responses helps in evaluating the success of advertising campaigns on social media which is important so companies can better formulate improvements.

As society is crowded with ads and Americans are bombarded with these ads, it becomes more important for marketers to focus on tailoring messages and building relationships with customers. Social media offers a strategic way to target an intended audience with the right message. According to Wright, et al. (2010), marketers must establish customers that share similar values by dividing the market. By segmenting the market, people can be reached who can then promote interest among others, increasing potential customers. Social networking media, such as Facebook and Twitter, gives marketers the ability to segment the market automatically, making them very effective. For example, Facebook and social networking pages can be customized by consumers, making the information they receive relevant to them (Wright, et al., 2010). Developing targeted marketing programs can help reach the right customers in a more personalized way.

With the constant changes in the active online environment, advertisers and researchers want to address how to improve advertising campaigns. In order to assess the primary factors that influence the effectiveness of social media advertising campaigns, Raudeliuniene et al. (2018) analysed scientific literature, and used expert assessment through interviews and surveys as research methods in this study. Eight crucial factors that influence the effectiveness of social media ad campaigns were identified: sales, content reach, traffic to website, frequency, relevance score, impressions, audience growth and leads (Raudeliuniene et al., 2018). By focusing on the most important criteria that influences how effective a social media campaign is, organizations can improve their image (brand), reduce marketing costs, promote sales, and encourage users to share content. Another study investigated the role of social media and its influence on the consumer's intention to purchase and its impact on a user's trust in an online environment. Two

important results were found. When potential consumers trust a SNS and are persuaded to trust a business by their peers, they are more likely to buy through social networking sites (Hajli, 2014). Trust is a key foundation in developing successful advertisements and relationships with consumers on social media.

The relationship between companies and consumers on social media play an important part in determining how effective advertising is and how different the outcomes are on each platform. Much research has taken place and data collected on this subject. Vries et al., 2017, studied the effects of traditional advertising and social messages on brand building and customer acquisition. Specifically two different kinds of messages were explored on social media: firm-to-customer (F2C) where firms hope to build the brand and stimulate sales by posting messages on networking sites like Facebook, and consumer-to-consumer (C2C) where messages initiated by consumers influence other consumers on social media sites like Twitter. The results showed that in addition to using traditional advertising methods (television, print, radio, and outdoor), a firm's performance in regards to building the brand and encouraging customer acquisition were improved through social media activities (Vries et al., 2017). In other words, F2C social messages and C2C messages complement traditional advertising efforts and can be a powerful medium for brand building and customer acquisition. Another study examines the difference between two popular social media platforms, Facebook and Instagram. Belanche et al. (2019) examine the effectiveness of advertising in these two social media sites concerning ad intrusiveness, ad attitude, and loyalty intentions. Results proved that Instagram Stories built better attitudes toward ads than Facebook Wall. Therefore, Instagram Stories could be more effective for short-term objectives such as flash sales. In contrast, Facebook's Wall format might

be a better choice to build long-term goals, such as brand equity since this format was perceived as less intrusive than Instagram Stories. Age and gender also impacted loyalty to ads. Millennials of both genders and non-millennial women were more loyal to ads on Instagram Stories, while non-millennial men showed more loyalty toward Facebook Wall ads (Belanche, et al., 2019). This data may help advertisers be more aware of the differential features and market segmentation in social media, allowing them to be more successful in addressing target audiences.

It's important to realize that advertisements aren't just about making a purchase. It can be used for changing a behavior (i.e. improve one's health) or political campaigning. Online social networks can serve as platforms for public health interventions. The objective of a 2016 study was to pilot a public health intervention aimed at women who may be interested in maternity care via campaigns on social media (Twitter), social networks (Facebook), and online search engines (Google Search). The targeted users (Los Angeles market) were exposed to a sponsored message soliciting them to start the process of engaging by clicking through a study website containing information on maternity care. Responses were measured through observation. The results suggest that online advertising platforms could play a role in targeted public health interventions with Facebook and Google showing greater reach, higher click-throughs and costing less compared to Twitter (Bandyopadhyay, 2016). An example of using social media to market a political campaign is the 2008 presidential election. President Barack Obama had a successful social networking campaign by utilizing a comprehensive Facebook site and Twitter account. These social networking sites allowed Obama to raise money and motivate the electorate through successful email campaigns; and in addition Obama and McCain YouTube

videos drew 1.45 billion views, increasing visibility to voters (Wright, et al., 2010). Social media platforms offer an effective way to encourage healthy behavior and promote political campaigns.

Social media marketing provides a massive opportunity to reach more consumers. In order to appreciate how significant today's social media use is, some statistics are necessary. According to Statista, approximately 2.65 billion people used social media worldwide in 2018. This number is projected to increase to over 3 billion by 2021 (Clement, 2019). Pew Research Center states that 72% of Americans use some type of social media as of 2019. The average time U.S. users spend on social media per day is just under two hours (Clement, 2019). The number of users on specific social networking sites is impressive, with 1.871 billion active users on Facebook, 1 billion users on YouTube, 600 million users on Instagram, 317 million users on Twitter and 106 million users on LinkedIn (Raudeliuniene et al., 2018). As more and more people utilize social networking sites, advertisers are sure to take advantage of reaching so many consumers at one time.

The cost to advertise online is a critical consideration for any business. According to the 2018 interactive advertising revenue report, commissioned by the Interactive Advertising Bureau (IAB), and conducted by PricewaterhouseCoopers LLP, US advertisers spent over \$100 billion on online advertising. Within this world of online advertising, social media in particular has a tremendous cost advantage. The upfront costs for any person or business to get started on many social media sites is free. For example, LinkedIn, Instagram, Facebook and Twitter are free to register, add a profile picture to, and announce to the world what you or your business is all about (Divya & Regi, 2014). Other popular social media platforms, such as YouTube charge a

small fee to advertisers who wish to advertise on this video sharing website. Potential customers can be reached as people watch and search for videos on YouTube. According to YouTube, advertisers only pay when people choose to watch their ad for at least 30 seconds, or click to engage with the ad. These effective, lower cost/free advertising options are important to many individuals and businesses trying to improve their marketing reach and revenue. A significant number of small businesses fail within five years, in part due to the high costs of marketing and communication strategies (Bandyopadhyay, 2016). Since it can be more challenging for many small businesses to afford investing in expensive marketing strategies (like tv commercials), they can take advantage of popular lower cost social networking sites such as Facebook, LinkedIn, YouTube and Twitter. With so many online choices for advertisers, social media offers a cost effective way to reach more potential consumers quickly.

Not only is advertising on social media cost effective, but the earning potential is massive. Advertising revenue, or the income that businesses or individuals earn from paid advertisements on social media platforms has grown into the billions. According to the Interactive Advertising Bureau, social media continues to surpass the overall industry and is expected to show continued growth in the future. Specifically, in 2018 social media advertising revenue reached \$28.9 billion, a 30.6% growth over fiscal year 2017 (PricewaterhouseCoopers, 2018). Social media sites help stimulate consumer interaction, capture the attention of consumers, and drive revenue, making them a very effective platform to promote a business or brand.

In conclusion, we live in a world where being online is the norm; on home computers, laptops, or smartphones. Social media networks are excellent tools for marketing and

advertising campaigns. They offer an effective, low cost platform to promote brand awareness, improve a company's image, and increase online visibility with millions of potential consumers all over the world.

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