

## Social Media Spending and ROI

# IS PAYING FOR FACEBOOK ADS WORTH IT?

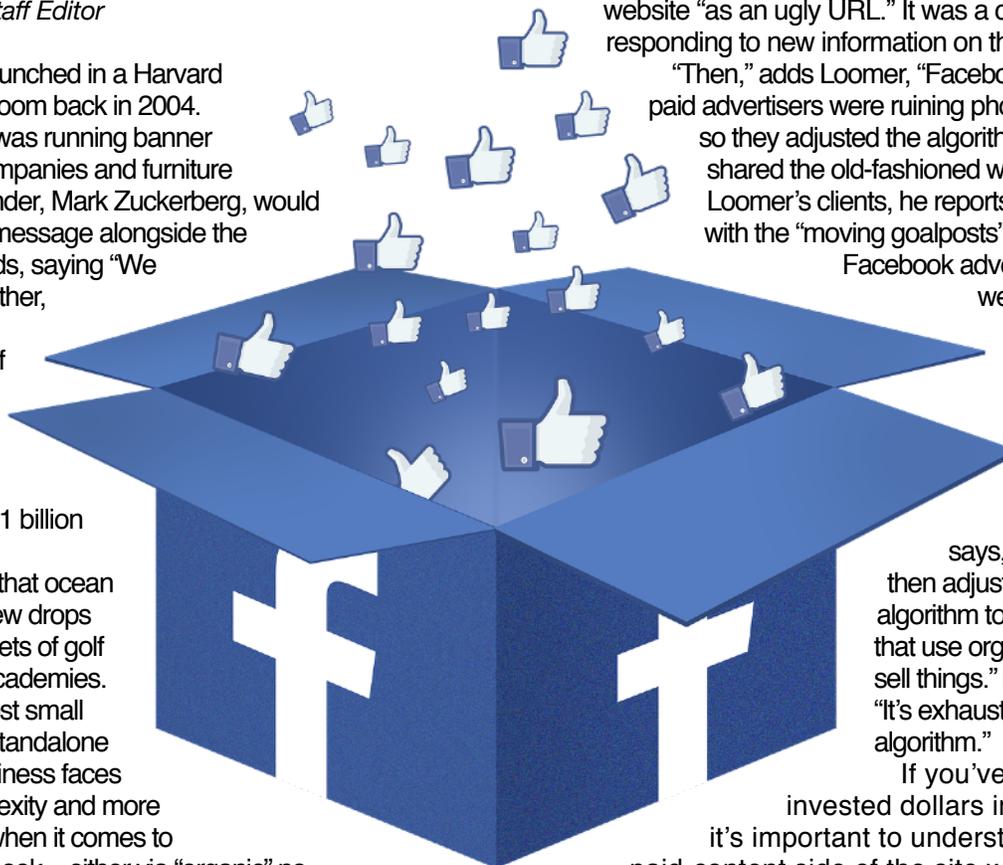
By **David Gould**, Staff Editor

Facebook was launched in a Harvard University dorm room back in 2004. Within months it was running banner ads for T-shirt companies and furniture movers. The founder, Mark Zuckerberg, would include a critical message alongside the website's early ads, saying "We don't like these either, but they pay the bills." By March of last year, Facebook's revenues from advertising were ticking along at \$1 billion per month.

Sprinkled into that ocean of money are a few drops from the ad budgets of golf instructors and academies. However, like most small enterprises, the standalone golf teaching business faces increasing complexity and more question marks when it comes to leveraging Facebook—either via "organic" no-charge posts and messages or via paid advertising.

What "works" on Facebook is subject to continual change. The algorithm that sends news feeds into users' individual pages presents a moving target, mostly because Facebook must protect its golden goose—user engagement and satisfaction. According to Facebook marketing specialist Jon Loomer, some small businesses that have been buying Facebook advertising have come to the conclusion they are losing money running their ads. Furthermore, they find that they lack the time or resources to keep up with all the analytics that get generated, so as to properly measure the results they're getting.

"For a while there, everyone was sharing photos in their Facebook ads," writes Loomer in his widely-read blog, "even making sure to include photos when sharing links." Over time, however, it was determined that text updates actually got the most reach, so advertisers started sharing links to their



website "as an ugly URL." It was a case of responding to new information on the fly.

"Then," adds Loomer, "Facebook said that paid advertisers were ruining photos and links, so they adjusted the algorithm to favor links shared the old-fashioned way." Many of Loomer's clients, he reports, got fed up with the "moving goalposts" scenario of Facebook advertising. Many

went back to simply posting content without paying, at which point, Loomer says, "Facebook

then adjusted the algorithm to punish brands that use organic posts to sell things." His conclusion: "It's exhausting chasing an algorithm."

If you've never invested dollars in Facebook, it's important to understand that the paid-content side of the site works like an auction. This is noteworthy because it helps explain why there's no set answer to the simple question of how much Facebook ads cost. The prospective advertiser will create an account and state how long they want their ad program to run and how much they are willing to pay for the ads they place. These are details they can manually adjust on-screen, in the site's pricing-and-bidding section. If you don't plug this data into the template, Facebook will automatically calculate a bid for you based on your budget and how long you choose to have your ad run. Then the auction begins. You, the advertiser, are entering a bid, meanwhile plenty of other advertisers are trying to get the same ad space in the Newsfeeds of a certain cohort of users. Obviously, Facebook limits the number of ads each user sees.

*(Continued on next page)*

**It's important to understand that the paid-content side of the site works like an auction. This is noteworthy because it helps explain why there's no set answer to the simple question of "how much Facebook ads cost."**

As with all advertising, Facebook advertising can't be evaluated without some reference to competition in your marketplace. You're not trying to be the most brilliant Facebook advertiser in the world, you're trying to be as good or better at it than other academies and coaches in your area. It's difficult to discover how much Facebook advertising your competitors are doing, but if you ask enough questions—and even study your own Newsfeed—you'll get a decent feel for who's doing what.

Again, as with any advertising, you must have a sense of what you are trying to accomplish and how you expect to measure it. The seasoned professionals at 1-2-1 Marketing, a golf-specialized company based in central Florida, encourage golf clients (these are mostly courses, selling green fees, memberships, etc.) to use Facebook advertising on a trial basis to sell events such as golf clinics and special tournaments.

“Advertising to local golfers regarding the variety of events taking place at your facility can be accomplished best with Facebook ads,” according to 1-2-1's Kent Ashby, who says it's common for clients to use Facebook ads “to promote holiday parties at the clubhouse, group golf lessons, pro shop sales, and more.” The focus on an event, plus the time-sensitivity factor, are both positives, because you'll know when to start, when to stop, and what your goals are. In the end you'll have a solid ROI number to use as a benchmark.

Speaking of ROI, or old-fashioned *financial* return-on-investment, there is another, much-discussed criterion for evaluating Facebook advertising, known as “Social ROI.”

Though it sounds vague, the pros in the field see it as sturdy data for judging how well money has been spent. “Social ROI,” says online marketing expert Matthew



Tyson, “is not a New Age buzzword. It's an analysis of how well your audience engaged with your ads, and it's measured by a number of metrics.” These various metrics include:

*Impressions* (number of times your ad was seen—by any and all), *Reach* (number of individual people your ad was shown to), *Likes* (number of people who liked your ad), *Shares* (number who shared it), *Comments* (total number of comments on your ad), *Frequency* (number of times your ad was shown, on average, to a user), *Click-through rate* (percentage of times a consumer who saw the ad clicked through to the landing page) and, finally, *Page Likes*, which is the number of likes generated for your own Facebook page, because of the ad.

It's ironic, but the golf instructor just now looking into Facebook advertising is probably better off than the one who got started with it a half-dozen years ago. Those were the pioneering

days, when Facebook needed advertisers large and small to post their promotional content and provoke a consumer response. It was also the era when whatever you sent “organically” to your audience of friends got delivered to all of them. Getting impatient with Facebook's ever-shifting policies is a product of having advertised with the site before it came to more or less rule the world. **PG**

**“Social ROI,” says online marketing expert Matthew Tyson, “is not a New Age buzzword. It's an analysis of how well your audience engaged with your ads, and it's measured by a number of metrics.”**