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Facebook® Advertising

FOR DUMMIES®

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- Create an ad campaign on Facebook
- Perform precision ad targeting
- Make the most of landing pages
- Test and optimize your ads

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Facebook Advertising For Dummies

Chapter 1
Profiting from the Facebook Revolution
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Chapter 1

Profiting from the Facebook Revolution

In This Chapter

▶ Discovering what Facebook advertising offers

▶ Seeing the similarities between Facebook and other advertising

▶ Identifying the unique functions of Facebook advertising

▶ Understanding the direct and relationship marketing aspects of Facebook Ads

The old adage in real estate is that the three most important qualities of a property are "Location, location, location." Many say the same thing about advertising as we watch ads pop up (and under) all over the place. You can't watch a NASCAR race, drive along the road, read a magazine, or listen to the radio without hearing, seeing, or experiencing a message from an advertiser. Naturally, advertisers want to be where people are, and incorporate their products and messages into everyday life, from the bus stop bench to the clock on your doctor's office wall. As the World Wide Web has evolved, and more and more people incorporate the Internet into their daily lives, advertising naturally followed them online. And the Web has never been the same.

Online advertising has experienced a phenomenal growth, from the early days of text-only ads to the online streaming videos and media-rich ads that we can see today. In that time, advertising has taken on different forms (banner ads, pop-up ads, pop-under ads, everything but the Pop-Tarts ad) and different ways of charging the advertiser. One of the main functions of advertising, though, has been that ads allowed popular content to stay free of charge for users on the Internet. People got to host their own Web sites, have free e-mail accounts, and carry on all sorts of discussion with ad-supported Web sites and companies. In fact, the most popular Web sites today are the search engines, like Google and Yahoo!, that help direct people to what they are seeking on the Internet and receive a lot of revenue from the ads displayed alongside the search engine results.

Today, the hottest category of Internet usage for most people is the social networking space, where people use social Web sites to stay connected and communicate with their friends and colleagues. The current leader in personal

social networking is Facebook, with more than 500 million members as of this writing. Members can talk to their friends, share photos and stories, comment on each other's status, and join groups and discussions on their favorite topics. Facebook also has third-party applications that run on its site, allowing people to take and share quizzes, play online games, and support their favorite causes. Alongside all this activity and discussion, quietly and unobtrusively placed, are advertisements that anybody can purchase, create. and launch by using Facebook advertising.

Facebook is in a unique position: It has a wealth of information about its users, with more content being generated daily, and Facebook has figured out how to allow advertisers access to that information without affecting the privacy of any particular user's sensitive data.

In this chapter, we talk about the basics of Facebook advertising, from what an ad looks like to its basic structure and placement, and the different types of ads and pricing models that Facebook offers. We cover some of the basic principles Facebook Ads uses that are similar to other online advertising sites, as well as highlight some of the unique aspects that Facebook offers to their advertisers. We end the chapter by discussing the two types of marketing an advertiser should keep in mind when using Facebook Ads: direct marketing and relationship marketing. By showing you all of these concepts, we will demonstrate that Facebook Advertising gives you the power to advertise your exact message to your exact audience in a hip and non-threatening environment, which should be any marketer's dream.

Introducing Facebook Advertising

When you use Facebook, whether you're on your home page, reading comments on your Friends' Walls, or playing your favorite online Facebook game, you'll probably notice at least one advertisement, usually on the right side of the page. These are Facebook Ads, and they are available to anyone with an advertising budget, from $1 to $1 billion. (That last option is probably just for Dr. Evil from *Austin Powers*.) Large advertisers, such as Pepsi, Proctor & Gamble, and Walmart, run ads on Facebook, but it also offers a great opportunity for many small businesses. A quick look at the Facebook for Business Page (see Figure 1-1) shows ads from companies like Nike to a company selling eBay auction templates.

Every advertisement on Facebook has the same four core elements:

- ✔ A **title** (25 characters or fewer)
- ✔ An **image** (optional but we strongly recommend having one; 110 x 80 pixels)
- ✔ The **ad copy or message** (135 characters or fewer)
- ✔ A **link** to a Facebook or other Web page (when someone clicks the ad)

Figure 1-1:
Facebook
Ads appear
along the
right side of
the page.

Facebook also adds a link entitled Like to do one of two things. If the adver-
tiser is promoting a Facebook business Page, then clicking Like will add
that user to the Facebook Page as a Fan. Otherwise, this link let users vote
whether they like the advertisement. This is one way how Facebook enables
its community to help police the types of ads that get displayed on the site. It
also adds an interactive nature to the ads because when someone clicks the
Like link for an ad, their friends find out that the person liked the ad, which
may prompt some friends to view the ad as well.

If you're a Facebook member, you've likely seen ads displayed on the right
side of most Facebook Pages. These ads include a headline, an image, and
body copy (text). As we mention earlier, Facebook also includes a Like
link with which members can either join a Facebook Page or express their
thumbs-up approval for the ad. Like most traditional display ads, the user is
then redirected to another page within Facebook or an external Web site.

Increasingly, Facebook Ads also include an option to engage in a social
action, such as "Like," or "RSVP to this Event," like in Figure 1-2. Ads that
include a social action are referred to as *social ads* or *engagement ads.* Social
ads can even include a video (instead of a still image) that allows the user to
view the video from directly within the ad unit.

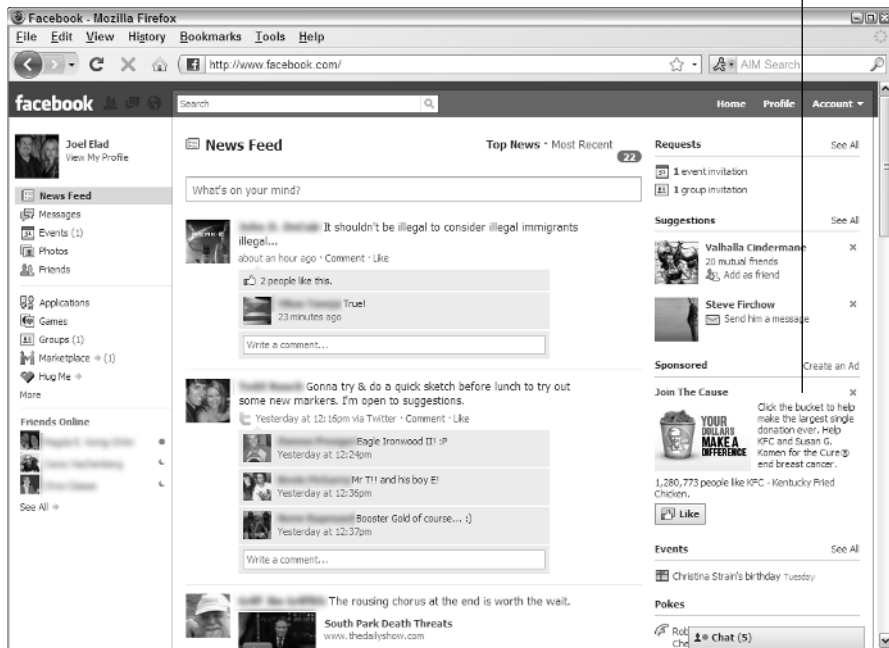A Sponsored social ad inviting visitors to "click the bucket"

Figure 1-2:
A social ad offers visitors the ability to engage in a social action.

On your Facebook home page, only one ad appears as the Sponsored ad, as shown in Figure 1-2. For most other Facebook Pages — also called *Rest-of-Site* pages — you should see at least three ads along the right side of the page, named the *Ad Space*.

Finding Your Way around Facebook Advertising

When you're ready to use Facebook Ads, start by going to its home page (www.facebook.com/ads), as shown in Figure 1-3.

Your Facebook Ad account will be tied to either your personal Facebook account or your Facebook Pages account, which is tied to your business. We walk you through how to create your own Pages account in Chapter 2. After these accounts are set up, Facebook walks you through the four-step process of building your own Facebook Ad:
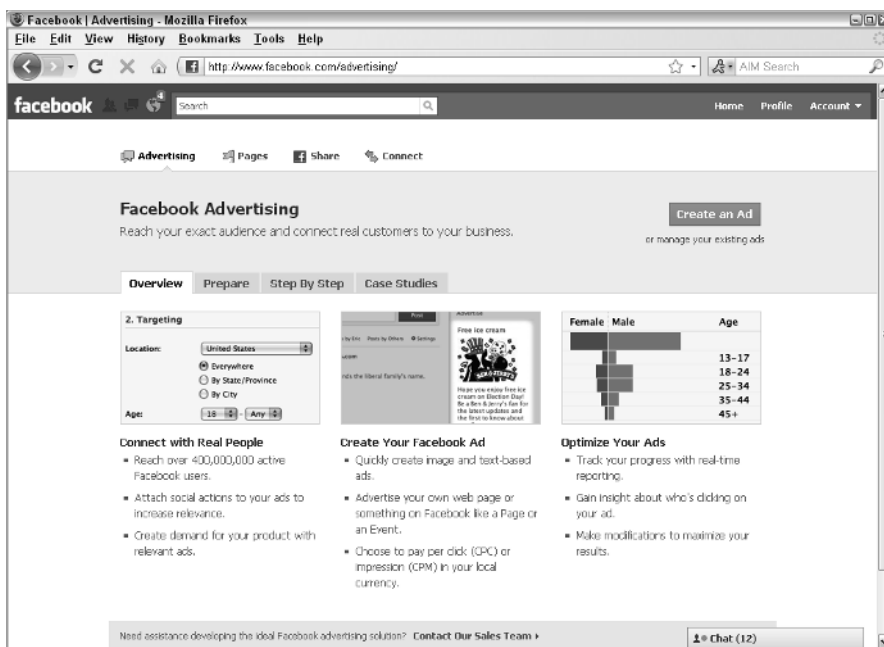
1. Design your ad.

   a. Write your title and ad message (or body text, *as Facebook calls it).*

   b. Attach an image to be included in the ad.

   c. Designate an internal Facebook Page or external Web page.

2. Target your ad.

   Use Facebook's different target filters to assign the specific audience that you want to view your ad.

3. Price your ad.

   You designate a campaign name for your ad, set a budget for that ad, and decide whether to use a CPC or CPM pricing model when the ad is displayed. (Read more about CPC and CMP pricing in later chapters.)

4. Review your ad.

   You go over all the information you entered in Steps 1–3, and make sure the ad is to your liking. After you review everything and make sure that it's correct, you submit the ad to Facebook for approval.

You can read about all these steps in more detail in Chapter 2.

Seeing the Familiar Aspects of Facebook Advertising

Certain elements of Facebook advertising are very similar to other ad solutions out there, like Google AdWords. Some of these elements — such as writing your own advertising messages (a catchy title, some enticing call to action) and managing your own advertising budget (setting ad bid prices, doing daily or total ad budgets) — are proven winners that simply make sense for an online advertiser and create a better experience and return on investment (ROI).Because of these similarities, anyone with some experience in online advertising can use the Facebook Ad platform with no sharp learning curve. Later, we discuss some of the unique aspects of Facebook Advertising to further demonstrate the power and reach of this platform.

Design your own advertisements

When running an ad on Facebook, it's time to channel your inner Don Draper (from the AMC TV show *Mad Men*) and come up with your own design. After all, it's up to you to write your own ad. And this is a good thing because you're the one writing an ad that speaks directly to the customer you're trying to attract instead of having to pick from templates or stale prescripted messages. You're free to design targeted advertisements that match your goals, product catalog, or intended cause.

Facebook guidelines, however, do govern what you can and cannot put in an ad. Most of these guidelines have to do with protecting other people's copyrighted or trademarked information; or preventing anything obscene, offensive, or illegal from being displayed. Failure to abide by these guidelines can result not only in your ad not running but even removal of your Facebook account. You can find out more at the Facebook Ad Guidelines page at `www.facebook.com/ad_guidelines.php`.

Manage your own ad budget

With Facebook Ads, like other ad systems, you can set your own daily, weekly, monthly, or yearly budget, so you have virtual control over how much you spend. This allows you to plan your ad campaigns so you know your ads will be on Facebook during specific periods of time. Too, you keep yourself from spending your entire yearly ad budget in one or two days.

By managing your own ad budget, you can also decide when to spend more or less based on how effective your ads are performing. We discuss this strategy in Chapter 4 when we talk about how to calculate the effectiveness and ROI of your ads.

Of course, the value of being able to manage your own advertising budget occurs only when you take the time to decide when and how much to spend on your advertisements. Before you start running any major campaign, ask yourself a few questions:

✔ How much money do I have, total, to spend on Facebook advertisements? What percentage of my overall ad budget will I dedicate to Facebook Ads?

✔ How long do I want this ad campaign to be visible on Facebook?

✔ For what specific dates or timeframes will I need extra visibility or spending?

After you've thought about total spending, decide your per-ad spending. Many online advertising systems, including Facebook, have a *bidding system* for determining an ad's price. A *bidding system* is a method in which the advertiser defines the ad they wish to run and then create and enter their own bid price, which they are willing to pay the ad system for running this ad on that ad system. The bidding system will also look at any competing advertisements in their system inventory and suggest a bidding price or bidding range for this new ad request that the ad system would likely accept.

Facebook bases its ad pricing on a *closed bidding system*. This means that you can't see what others are bidding for ads, nor can they see your bids. Facebook provides a recommended bidding range, although you can choose to under or overbid their suggested range. However, if your cost is too low, the ad will not appear. Sometimes a penny too low on a bid can mean the difference between an ad being seen and one that isn't.

Similar to other systems, you have two different methods you can use to bid for your ads:

✔ **CPC (cost per click):** This is the method most often used, preferred by advertisers who closely track the performance of their ad. In the CPC method, the advertiser doesn't pay until a potential customer clicks the ad and is taken to the intended target page of that ad. This way, the advertiser doesn't pay every time an ad is merely displayed, and each click can be tracked to see whether that potential customer performed any action after clicking the ad.

✔ **CPM (cost per [thousand] impresssions):** This method was how online ads were originally paid for by advertisers. Whenever Facebook displays your ad, that counts as an *impression* against your ad budget. You can bid on the rate charged per 1,000 impressions.

Some advertisers still opt for this method, especially in cases where they are looking for visibility instead of getting the customer to perform a specific action. The cost is much less with CPM because the advertiser is not paying for performance.

TECHNICAL STUFF

For those of you wondering why cost per *thousand* is abbreviated as CP*M* instead of CP*T,* the M refers to the Roman numeral system, in which M stands for 1,000.

We discuss more about CPC and CPM, as well as specific bidding strategies for both models, in Chapter 4.

Understanding Unique Aspects of Facebook Advertising

The most recent Interactive Advertising Bureau (IAB) Revenue Report (done by PricewaterhouseCoopers) estimated that $22.7 billion was spent on Internet advertising in 2009. Ten years ago, the estimates on Internet ad spending ranged from $1–2 billion. Part of this phenomenal growth is attributable to Internet companies figuring out bigger and better ways of serving the advertiser more — and, in most cases, better — information that advertisers can use in their efforts. As Internet technology has improved, Web sites have been able to incorporate images, then audio, video, and Flash technology into their ads to make them more attention-grabbing and user-friendly. Search engines were able to relay keywords typed in as a user's intent and geared ads targeted for those keywords.

Facebook Ads, unlike other ad systems (such as Google AdWords) can provide some great features for their advertisers mainly because of one thing: information. Facebook sits on a mountain of information about each of its users, from user profile information to the discussions, groups, and other ads that each user clicks or fills out while using Facebook. New information is generated daily, and Facebook has figured out how to harness that information in a way that shields the privacy of each particular user's sensitive data while providing a richer experience for the advertiser.

Targeting profile attributes

If you're designing an ad for a search engine like Google or Yahoo!, the most you know about your viewer is typically the keyword(s) that user types when using the search engine. Therefore, your ad has to be attractive to those visitors using those keywords as you try to figure out whether your product or service matches what they're searching for.

With Facebook, however, you can know a lot more about each person who will potentially view one of your ads. The typical Facebook user completes an extensive profile that tells the world (or just their Friends) everything from

their Interests, Likes, and Dislikes to their Age, Gender, and Marital Status. Because this information is stored in each Facebook user's profile, Facebook can offer its advertisers the ability to target specific profile attributes so that you, the advertiser, can set very specific audiences for your ad.

Say, for example, that you're trying to advertise a shop that sells wedding dresses in Los Angeles. With other ad systems you might run search engine ads targeting phrases like *wedding dress* or *getting married,* but with Facebook you can actually tell Facebook to display your ad only to those 35,620 Facebook users (see Figure 1-4) who are Women, 25 to 44 years old, whose Marital Status is Engaged, and whose location is Los Angeles or a surrounding area.

Facebook has 11 profile attributes that you can set for each ad, including location, age, sex, education, and so on. For more on this, see Chapter 2.

TIP

Targeting your audience is as important as the message itself. Develop personas to represent your target audience. Learn what they're interested in — their educational background, relationship status, and where they live. Reach only the audience you desire by leveraging Facebook's targeting to meet your ideal customer profile.

**Figure 1-4:** Target the exact users who will see your ad.

Using clickable ads that don't leave the original Web page

The design of most online advertisements is to redirect the viewer to a specific Web page, or pop open a new tab or window to get to a message that the advertiser wants the viewer to see and then hopefully perform some sort of action. This is why we discuss landing pages at various places throughout this book, primarily in Chapter 7. However, some Facebook Ads offer a feature not possible with other systems: namely, the ability for the viewer to click the ad, perform the *call to action* (what you want the viewer to do), and never be taken off the original Web page where the ad was displayed.

With Facebook Ads for Pages and Events, the ad actually includes another element not found in other ads. That extra element is a button or link that the user clicks to perform the necessary action on Facebook's server. This button or link then changes to a confirmation message when the action is complete — and, most importantly, never updates, redirects, or changes the Web page that the user was on when the ad was clicked.

For example, take the ad for AllPosters.com in the left side of Figure 1-5. If you click the Like link, the ad subtly changes, replacing the link with a confirmation message (You like AllPosters.com, as shown on the right side of Figure 1-5), but the rest of the page stays the same, allowing the customer to go about their Facebook experience as usual.

Figure 1-5:
You can interact with Facebook Ads without leaving the page!
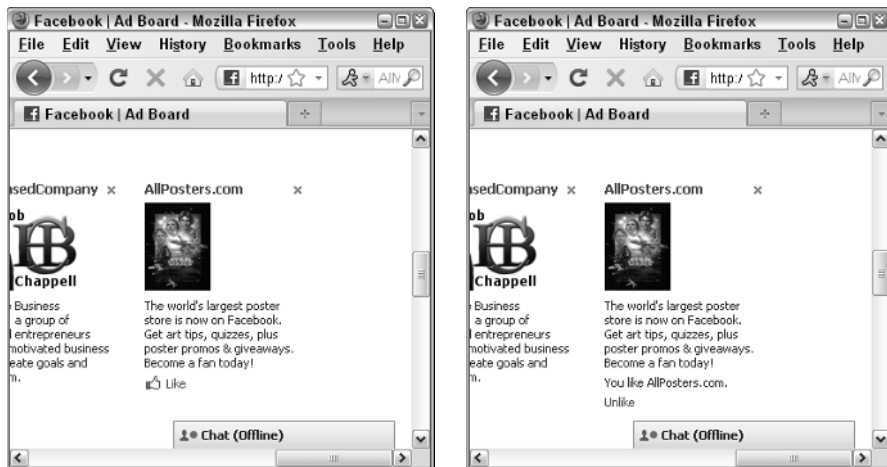
This feature is significant because it enhances the relationship marketing aspect of Facebook Ads. You, the advertiser, can interact with new customers without interrupting their daily activity. You become part of their overall experience as they are added to your Fan page or event RSVP list without losing track of their everyday Facebook interactions. The immediate confirmation of the action without the jarring effect of the visitor being moved to a new Web page often means that user is more likely to stay with that advertisers' brand in the future.

Gathering responder information with Facebook Insights

If you're going to advertise on Facebook, we highly recommend having a Page on Facebook as well. (We talk about how you can build a Facebook Page for your business in Chapter 2.) Not only will having a Page include you in an ongoing conversation with your customers and visitors by using Facebook, but it also gives you more information that you can use to update and refine your ads.

Facebook keeps track of visitor information for your business Pages through an interface called Facebook Insights. You can see user exposure, actions taken, and behavior related to either your social ads or your business Page, which allows you to monitor trends so that you can better gauge the effects of your ads beyond the common metrics of click-through rate and CPC.

We discuss the ins and outs of Facebook Insights, and how to use the data to update your ad campaigns, in Chapter 8.

Direct and Relationship Marketing Aspects of Facebook Ads

As you begin to use Facebook Ads to create and run your ad campaigns, you should understand two of the basic marketing disciplines that are coming into play in your efforts to reach the consumer:

✔ Direct marketing
✔ Relationship marketing

Your individual ads and ad campaigns are very much a direct marketing effort. You have specific goals, messages, and offers in mind, and you can measure the cost, ROI, and effectiveness of each ad that you run. Here, you are thinking about how each ad is acted upon and how it directly affects your business.

However, your presence in general is more of a relationship marketing effort. You're not simply running ads to get a one-time sales bump and then fade away. Your goal with these ads is to increase overall usage in your company's products, brand image, or even your Facebook presence.

Therefore, keep both disciplines in mind while you devise and implement your advertising strategy. The best success stories come from businesses that play to both these discipline's strengths while understanding the benefits their ad campaigns can bring in dollars as well as good will and brand presence.

How direct marketing techniques affects your advertisements

Facebook is an ideal direct marketing channel, offering direct marketers a cost-effective buy and easy-to-deploy testing environment from which to hone in on their target audience and refine the message. Direct marketing is a science in which measurement of response is an essential component. Facebook provides a platform from which to experiment and measure the results almost instantly.

It's no wonder that direct marketers are flocking to Facebook. When measuring results, a one percent difference in outcome could easily translate into hundreds or thousands of additional sales, depending upon the scale. That's why Facebook is a direct marketer's dream. The site allows you to run very focused and incremental tests, optimizing what works, and expanding your scope to reach up to tens of millions of consumers. For example, the Bradford Exchange uses Facebook Ads to market their Star Trek Electric Train (see Figure 1-6), where interested parties click the ad to buy the train from their Web site. (See Figure 1-7.)

Figure 1-6:
You can directly market your products on Facebook...

To have an effective ad campaign, here are some basic rules to consider when creating a direct marketing campaign via Facebook:

✔ Always test your message on a small percentage of your target group before you launch a full-out campaign.

✔ Test only one element at a time in a series of experiments so that you can access what effect each change caused.

✔ Focus initial testing on the target audience; then refine the offer.

✔ Test pricing based on CPC and CPM (even though CPC will typically outperform).

✔ It's better to send a bad offer to the right audience as opposed to a good offer served to the wrong audience.

When it comes to direct marketing, the important thing to remember when using Facebook Ads, is that you should try to test ads, compare results, and update your efforts as you go along. We cover these concepts in more detail throughout the book. Just know that you should achieve better success if you take the time to employ some of these direct marketing techniques with your Facebook Ad campaigns.

Figure 1-7:
. . . to sell something on your own Web site.

Understanding relationship marketing as part of your sales cycle

Throughout this chapter, we talk about the immediate nature of this ad system, and how you can measure, test, and retest your different ad campaigns. However, with Facebook (as opposed to a search engine), you might need to engage in some relationship marketing to complement your direct marketing. Think of your advertising presence as an ongoing part of your business, not just a one-time sales promotion.

In many cases, don't expect that your first ad to a new consumer will lead to a direct sale. Instead, you should view your clicks and interactions with viewers as steps in a relationship as you use Facebook Ads to build a relationship with each customer. Some examples of your goals and measurable results for relationship marketing would be

- The number of new people on your mailing list for a given month
- The number of Fans on your business Facebook Page
- The number of comments or Like votes to your Facebook posts

After you make an initial connection, make sure to do a steady amount of follow-up to move that customer along the right path from curious bystander to repeat paying customer.

Here, you have to consider how each ad affects that relationship, and whether you are running too many, too few, or just the right amount of ad campaigns to create that balance. You need to think like your prospects and ask yourself whether each campaign helps your customers find what they need or want — and most importantly, whether each campaign moves each visitor in the right direction, from stranger to loyal follower of your business.