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MAKING SENSE OF INTERACTIVE BUSINESS

Advertising fails to induce social network users to buy

By Charlotte McEleny

Paid-for ads positively affect purchasing intent for only 3.5% of social network users, according to research by LinkShare.

A study into the effectiveness of online marketing on the purchasing decisions of over 2,000 consumers found just 3.5% said ads on social media sites such as Facebook are helpful, down from 9% in 2009.

The results were echoed for ads on professional networks like LinkedIn, with only 1.7% of respondents saying ads helped their buying decisions, against 5% in 2009.

Affiliate network LinkShare said there was a disconnect between the high number of people using social networks and the low click-through rates. MD Liane Dietrich said, "Despite there being more advertisers on Facebook, marketers don't seem to be fulfilling the site's potential."

However, agencies say the research doesn't reflect their results. David Gilbert, head of client services at TBG Digital, which is using the Facebook Ad API to deliver high volumes of paid-for ads for brands such as Vodafone and Ladbrokes, said, "Our campaign results contradict this research. Facebook has proven to be a highly effective acquisition channel for many clients.

"However, generating ROI isn't an

easy task; Facebook requires careful planning and continuous optimisation," he added. "But its unique mix of reach and targeting and its CPC buying model mean it plays a key role in our clients' acquisition strategies."

The research also revealed just 2.6% of people found brands using Twitter to be an effective way of influencing purchase decisions.

Neil Kleiner, Havas Media UK head of social media, said the group had also seen better results for paid social media activity than suggested by the research, but because it was part of a wider marketing strategy.

"Activity involving community building, blogger outreach, influencer marketing or a good old Facebook app can work brilliantly alongside targeted bought media," he said. "In these instances, ads can drive awareness for the campaign itself, interaction or community, rather than just a direct purchase. Ads on social media work best when they drive interaction and engagement, which can then drive purchase."

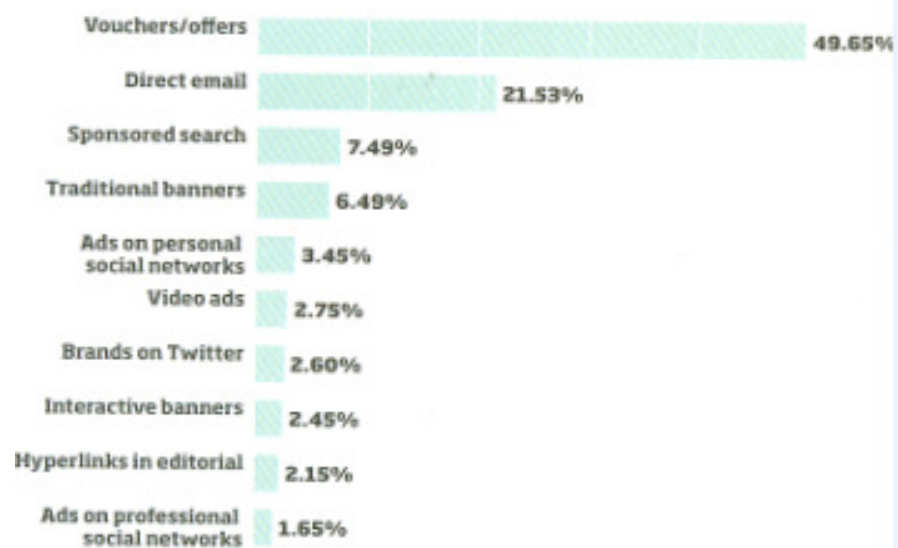
Jakub Hrabovsky, head of web relations at Vodafone UK, said, "Paid ads work and do matter for us, but this is because we use them as part of the wider marketing mix."

Paid-for search ads were effective for 7.5% of consumers. The most effective media were vouchers (50%) and direct email marketing (22%).

According to the research, the sectors that people think are using online marketing most effectively are supermarkets (13%) and travel (13%), followed by fashion brands (11%). Sectors underperforming were motoring (3%), entertainment (4%) and restaurants (4%).

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Types of online ads users find useful when making purchasing decisions



source: *LinkShare*