

blitzmetrics[™]

What 120 Billion Impressions
Tells Us About
Successful
Facebook Marketing



DRIVING FACEBOOK ROI IN 2013

Table of Contents

Section 1: Organic Impressions are Declining	2
Figure 1.1 (Frequency Declines, but Reach Increases)	2
Figure 1.2 (Organic Declines, but Paid Increases)	3
Figure 1.3 (Has Engagement Rate By Month Really Declined?)	4
Figure 1.4 (Sales-Related Posts Rise in October, November, and December)	5
Figure 1.5 (Larger Pages Have Slightly Less Engagement)	6
Figure 1.6 (More People Are Talking About Brands)	7
Figure 1.7 (Longer Posts Perform Poorly)	9
Figure 1.8 (Brands Are Posting Weaker Content)	9
Section 2: Paid Impressions Help	10
Figure 2.1 (The Majority of Impressions Are Organic)	10
Figure 2.2 (Room for Growth: 3 in 4 Brands Are Not Advertising Yet)	11
Figure 2.3 (Advertise to Get More Engagement)	12
Figure 2.4 (Better Paid Coverage Equals Better Engagement)	13
Figure 2.5 (Share of Impressions for Pages That Advertise)	13
Section 3: The Cost-Effectiveness of Advertising is Decreasing	14
Figure 3.1 (CPC and CPM Increasing)	15
Figure 3.2 (A Decline in Social and Non-Social CTR)	16
Figure 3.3 (The Relationship Between CTR and Impressions)	17
Figure 3.4 (CTR)	18
Figure 3.5 (CPC)	19
Section 4: What Brands Are Saying	20
Conclusions and Recommendations	22
Glossary of Terms	23
Section 5: Your Team	24
Copyright, Acknowledgements and Contact Information	25

1 ORGANIC IMPRESSIONS ARE DECLINING

HIGHLIGHTS

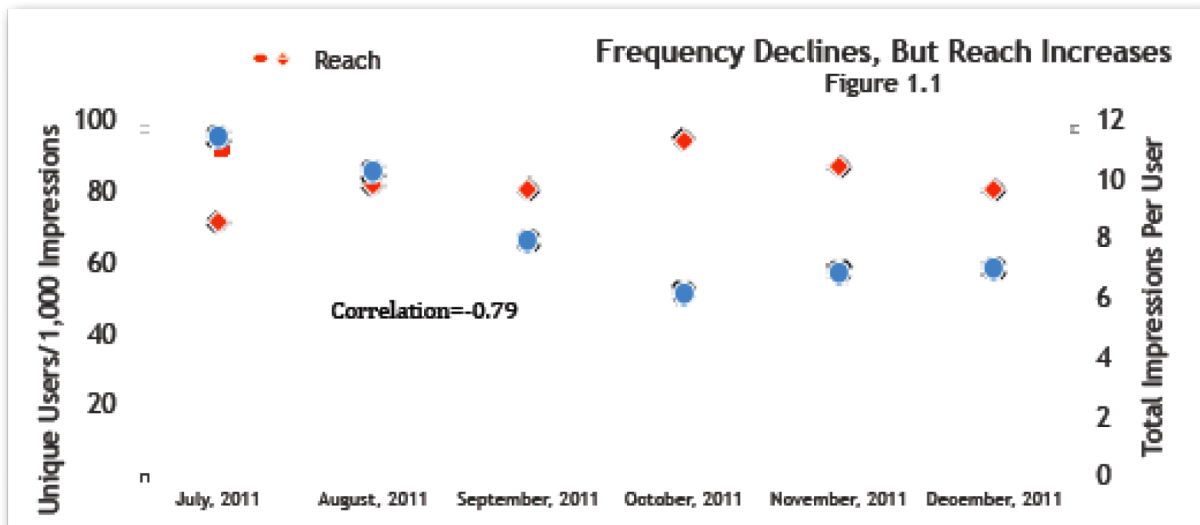
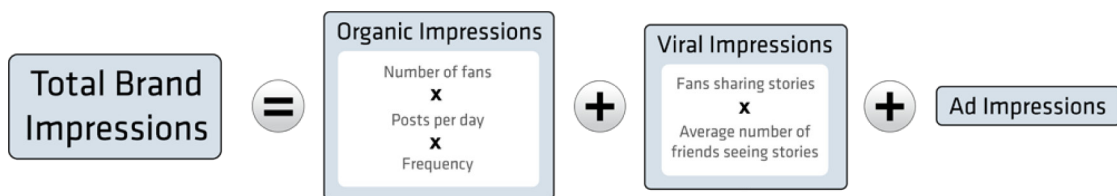
- Organic coverage is down 33% from July, while paid coverage was up 141% in November and 121% in December.
- Post decay, increasing competition in the newsfeed, sales-oriented posts, and changes in content type may have contributed to a decline in engagement, but we can't conclusively make this assertion.

From July to December 2011, organic coverage (number of organic impressions per 1,000 fans) decreased 33% from 836.1 to 608.

Some social mechanics to understand: Brands can increase their impressions by growing their reach (the number of fans that see their messages) or their frequency (how many times, on average, a fan sees these messages). Frequency is down 39.1%, while reach is up 12.5%, providing a net effect of a 31.5% decrease in impressions.

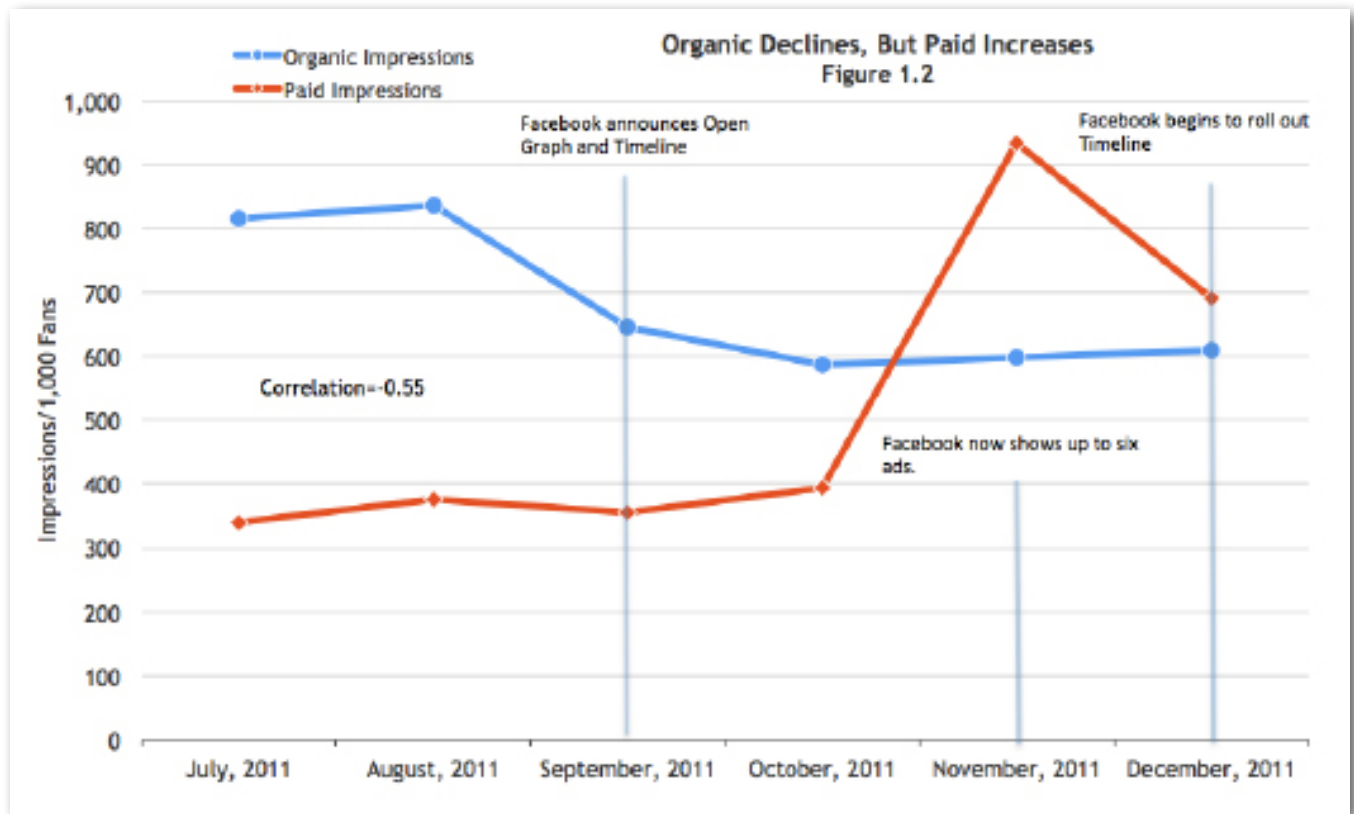
Impressions per 1,000 fans are the product of reach x frequency ÷ by total fans. We saw that the decline in frequency pushed impressions down by 34.5%, while reach pushed impressions up by less than 1.1% (Figure 1.1).

In this same period, there was a spike in paid coverage driven primarily by the holiday season resulting in 934.3 paid impressions per 1,000 fans in November (a 141% increase from October) and 691.9 paid impressions per 1,000 fans in December (a 121% increase from October).



There is a -0.56 correlation between organic and paid impressions (Figure 1.2).

We expect this correlation to get stronger as Facebook rolls out ads in the newsfeed, which will squeeze out organic impressions.

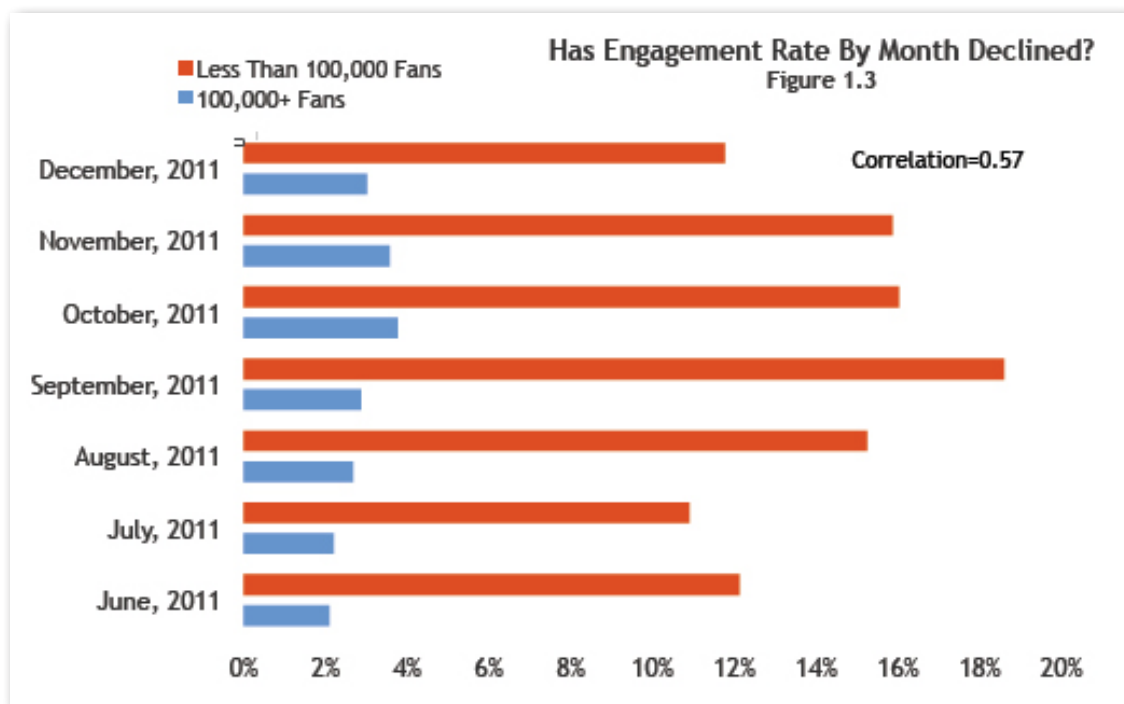


Organic Impressions: Impressions in the news feed, ticket, and from fans visiting a brand's page.

Paid Impressions: Number of ad impressions.

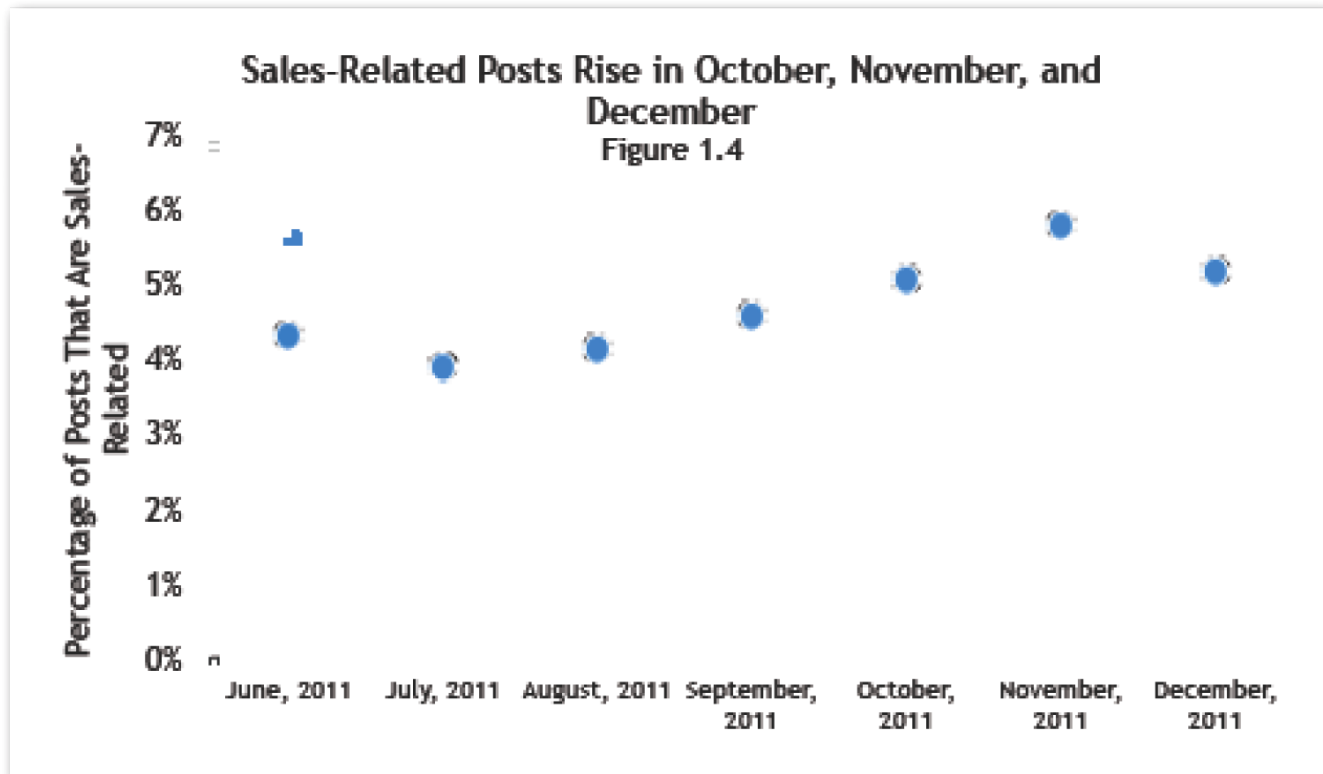
Why the Drop in Organic Coverage?

Engagement may be decreasing: Our analysis should show the decrease in engagement rate to be seasonal, but without a full year of data on the new metrics this cannot be judged conclusively. While engagement rate isn't definitively down, impressions are down, meaning that Facebook is better at filtering users news feeds. In other words, Facebook is showing fewer impressions but still getting the same level of feedback. Facebook's EdgeRank rewards pages in the news feed based on how many interactions they receive. Interactions are the number of likes, posts, and comments a page has. For pages with more than 100,000 fans, engagement declined 21% from 3.8% to 3% between October and December 2011. For pages with fewer than 100,000 fans, engagement also fell 26% from 16% to 11.8% (**Figure 1.3**). In this same period, active users fell by 27.3%.



Engagement Rate: Total Interactions/fan count over a 30-day period.

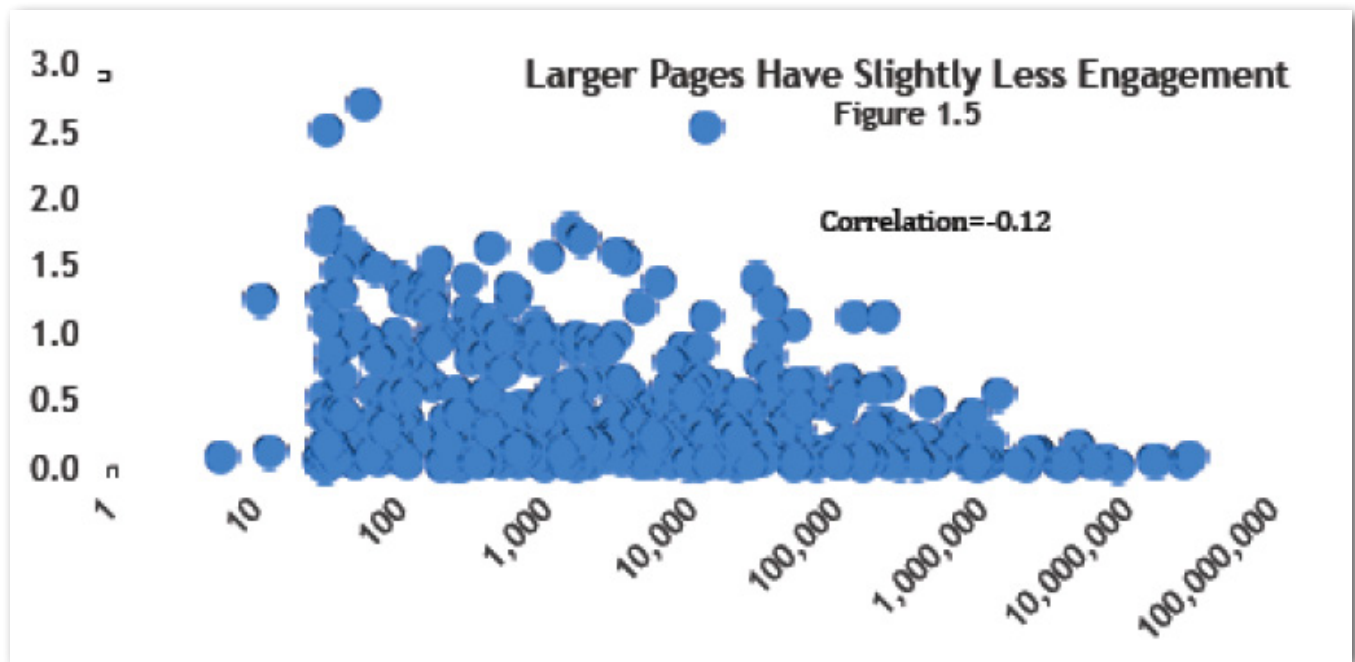
A shift towards sales-related posts in October, November, and December was a possible contributing factor to the drop in engagement and increase in fan removals. Matching words like “buy”, “sale”, and “purchase”, we saw an 11% increase in sales-related posting in October, a 26.5% increase in November, and a 13.2% increase in December (*Figure 1.4*).



Another possible contribution to the decrease in engagement was an increase in page sizes. There is a -0.12 correlation between page size and engagement.

(*Figure 1.4*) Despite the common perception that engagement tends to decline as page size increases, the low value of the correlation suggests a weak relationship between page size and engagement. It is possible that the first fans of a page are the most loyal. When the page gains mainstream presence it may have a more general audience contributing to lower engagement.

The data does not conclusively say engagement is down; rather it has gone up in the fall and down in the winter. Fourth quarter sales-oriented messaging may account for the drop, but without year-over-year data we are unable to confirm or disprove. It may be a sign that Facebook's algorithms are doing a better job in selecting what to show users. Clearly there is a lot more content, but Facebook's filtering mechanism has improved.



DIFFERENT ANGLES TO MEASURE ENGAGEMENT

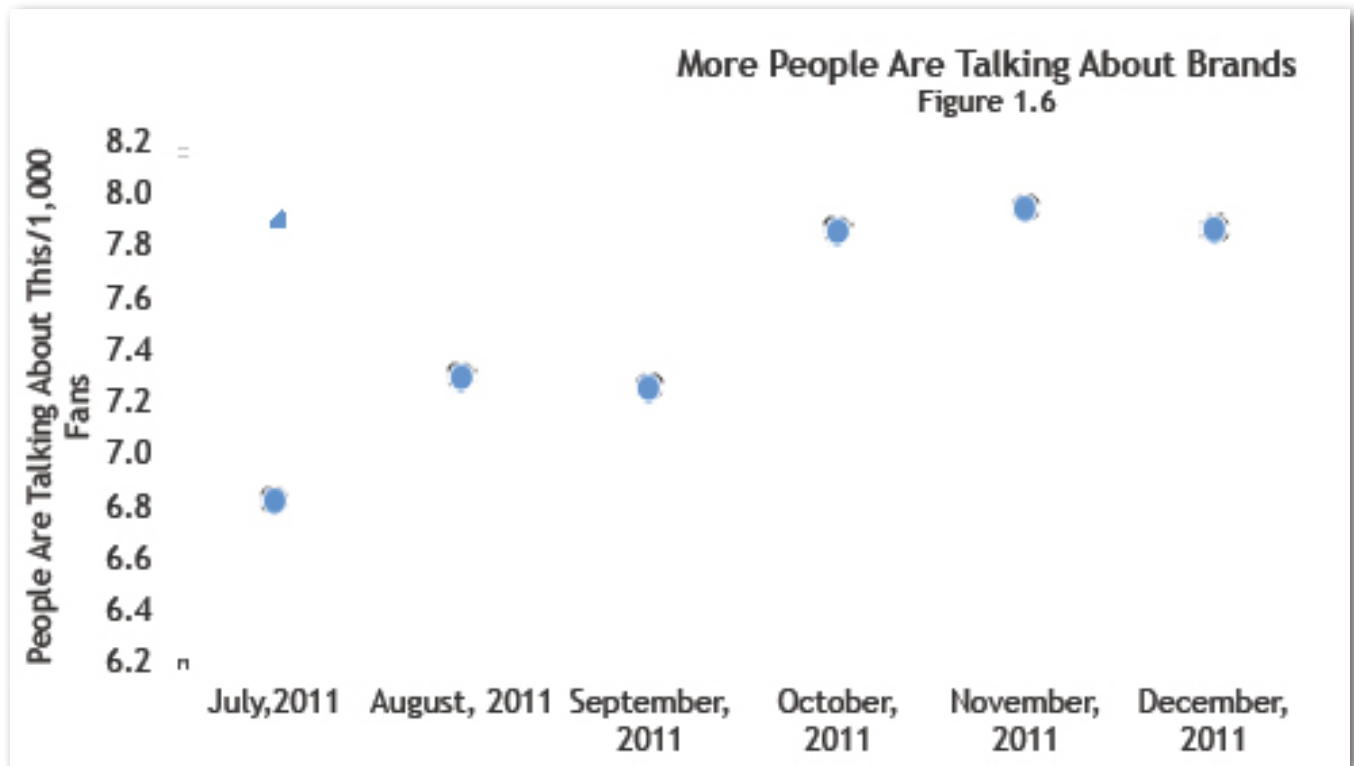
People Are Talking About This: Total number of people who have had a brand-related action show up in their news feed.

Coverage: Total number of impressions per 1,000 fans.

Unique Reach: Total number of people seeing impressions.

Engagement Rate: Percent of people who saw a post who commented or liked.

It is interesting to note that despite a decrease in engagement rate, there are more people than ever talking about brands. Between July and December 2011, there has been a 15.3% increase in “People Are Talking About This” (**Figure 1.6**). This could indicate that a broader group of active users are interacting with pages, but less frequently.



Answering the Engagement Rate Question:

Regardless of whether engagement rate has declined or not, people are talking about brands and engagement rates are low no matter how you cut it. This is likely due to Facebook algorithmically harming brands, and more due to the fact that for the last couple of years brands have focused on growing their fan numbers, and have only recently begun to focus on engagement. Year after year, we have seen a shift in attitudes and priorities of companies in regard to social media. In 2009, 2010, and 2011, most companies fearfully expanded social budgets in order to not be left behind by competitors. Companies that planned social budgets for 2012 were looking heavily towards measurement and engagement.

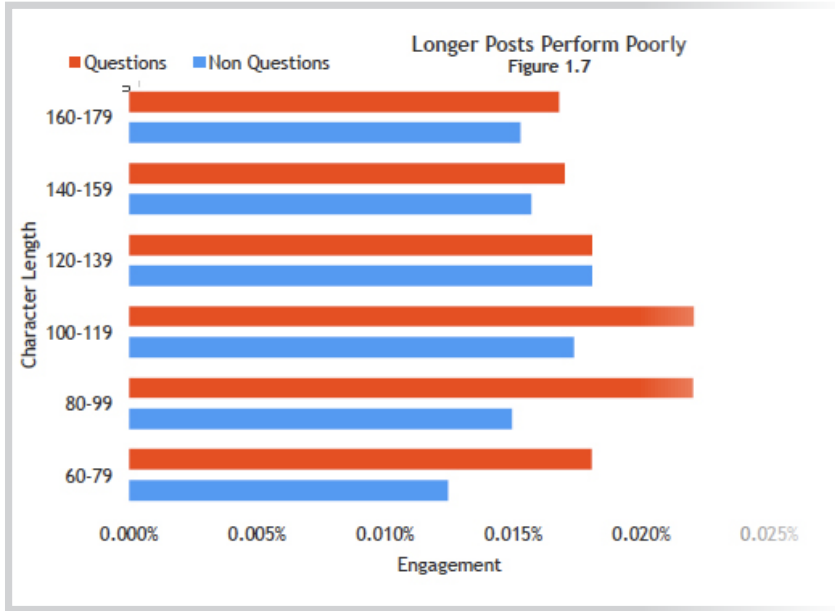
NEWSFEED COMPETITION:

Facebook cites 900 million objects (events, pages, community pages, and groups) that users can interact with on Facebook. In addition, there are 36.2 million user actions per hour showing up in the newsfeed.

More and more content is competing for visibility, appearing in the available impressions in a users news feed. Similarly, ranking on Google is more challenging today than ever, given that more pages are competing for the first page of search results.

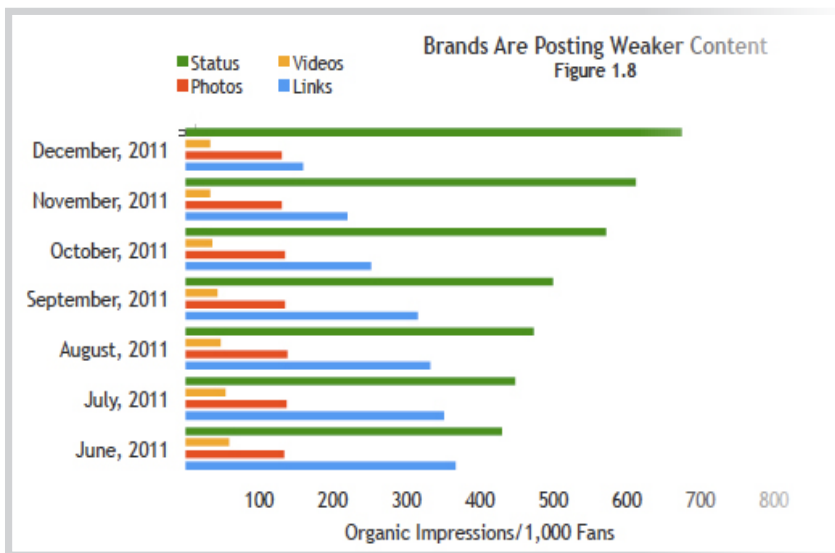
In addition to the amount of content generated on Facebook each day, we see another trend emerge that could reduce organic impressions. From October

to December, the overall time spent on Facebook dropped 12% from 28:26 minutes to 24:43 per what? Whether users spending less time on Facebook, and more content competing for display, the natural product is a decline in organic impressions.



Post length could easily affect the number of organic impressions.

On average, page posts are 157.7 characters, while user posts are 121.5 characters and mobile posts are 104.9 characters. Posts between 140 and 159 characters long are, on average, 13.3% less engaging than posts between 120 and 139 characters and 9% less engaging than posts between 100 and 119 characters. This demonstrates that the content many brands are competing against for a spot in the newsfeed, is more engaging and readable (Figure 1.7).



Changes in content type are hurting total coverage:

Some types of content generate more impressions than other types. For example, status posts have weaker coverage, on average, at 29.1% for pages with fewer than 100,000 fans and 54.8% for pages with more than 100,000 fans (Figure 1.8).

We also see link coverage is decreasing, while status coverage is increasing. A post with a link in it is more likely to be a sales-oriented post, especially in December. If true, then the increase in link posts may very well tie with engagement dropping in December.

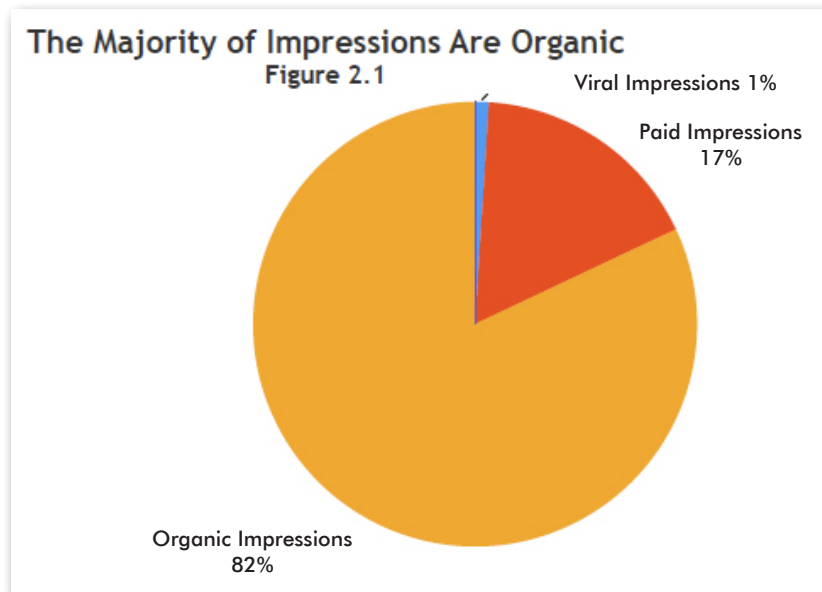
2 PAID IMPRESSIONS HELP

HIGHLIGHTS

- 82% of impressions are organic and 17% are paid.
- 77% of pages are not advertising.
- Large pages that advertise are 42.9% more engaging than pages that do not. Small pages are 21.2% more engaging.
- There is a strong positive correlation between paid impressions and engagement rate.

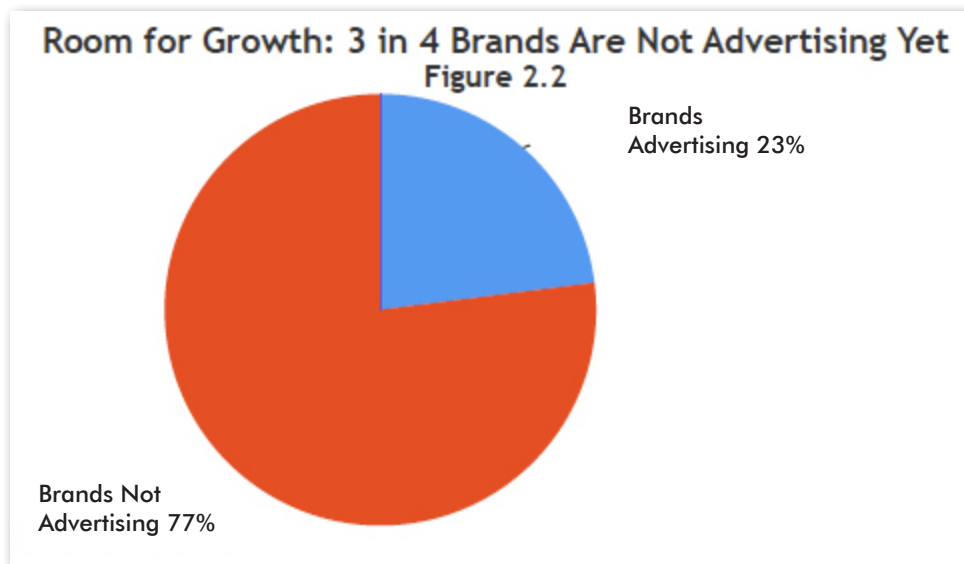
Over the last 6 months 82% of impressions were organic, 17% were paid, and 1% were viral (**Figure 2.1**). Even if total paid impressions were to double, it would not have much of an effect on news feed competition. Other factors such as the number of ad slots (which Facebook recently raised to 7) could also increase perceived competitiveness.

Viral impressions have remained a small percentage of total impressions. Over the last 6 months, their share has decreased 82% from an average of 3.3% in July to an average of 0.6% in December. When compared with overall organic impressions, there is a 0.69 correlation. Viral impressions are dependent on fans seeing posts and sharing them. Because the overall number of organic impressions decreased in November and December, the viral impressions decreased as well.



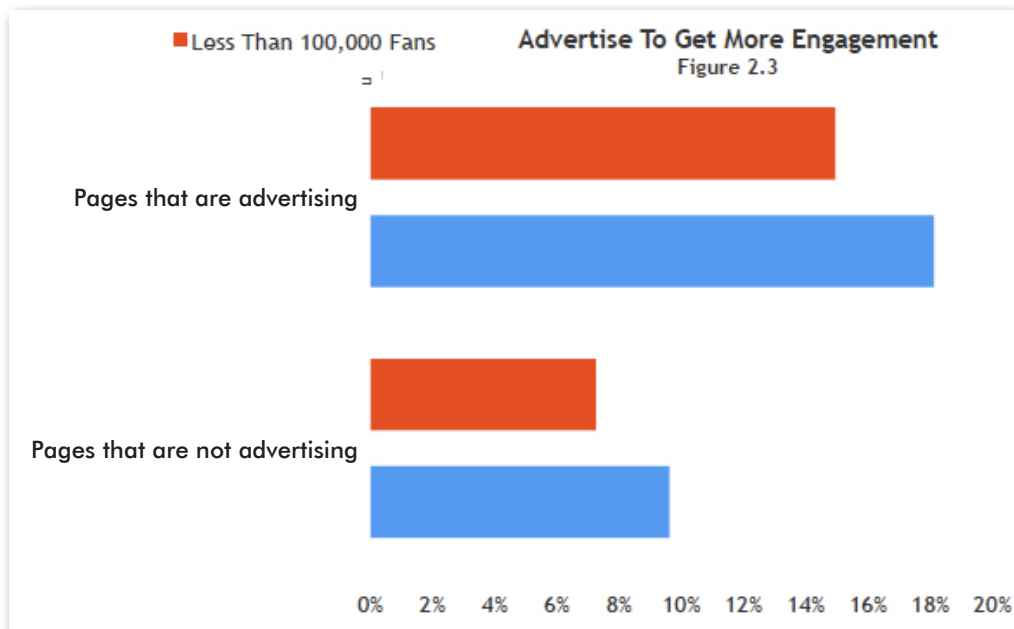
A sizeable amount of what is listed as organic might be considered viral, too. When we run ads we see that the organic and viral components increase.

In the same way, when we run TV ads, we see more people searching for the brand name in Google. Not detailed in this research is the impact that Facebook campaigns, organic or paid, have on other channels. The true incremental boost of any social marketing effort is not attributable at the upper level, so we have to correlate traffic by channel.

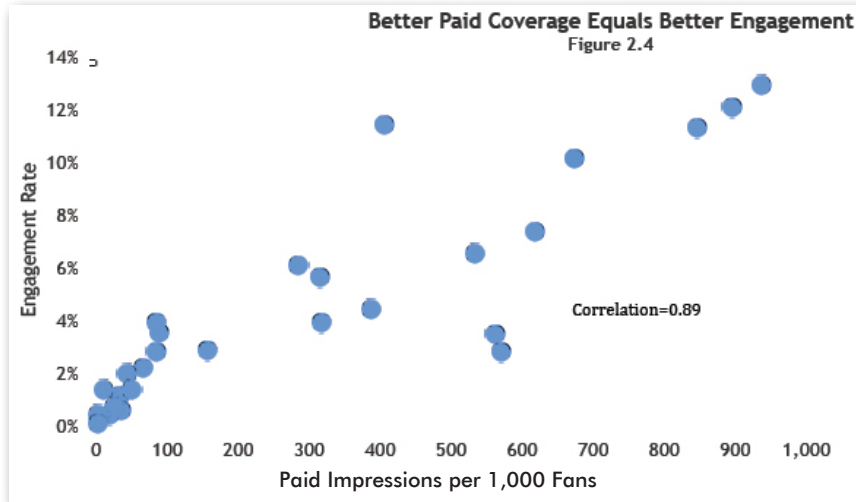


Only 23% of pages advertised on Facebook in the last 6 months, with the remainder relying on organic fan growth and impression (**Figure 2.2**). Considering that only 17% of impressions are paid, this suggests that many brands advertise only on a spot basis. Companies are running campaign-oriented ads, as opposed to persistent word-of-mouth ads, which Facebook recommends. In 2012, we will see whether Facebook can wean marketers from a start/stop mentality, as is that case with most forms of advertising, and shift to see Facebook ads as organic amplification with no end date.

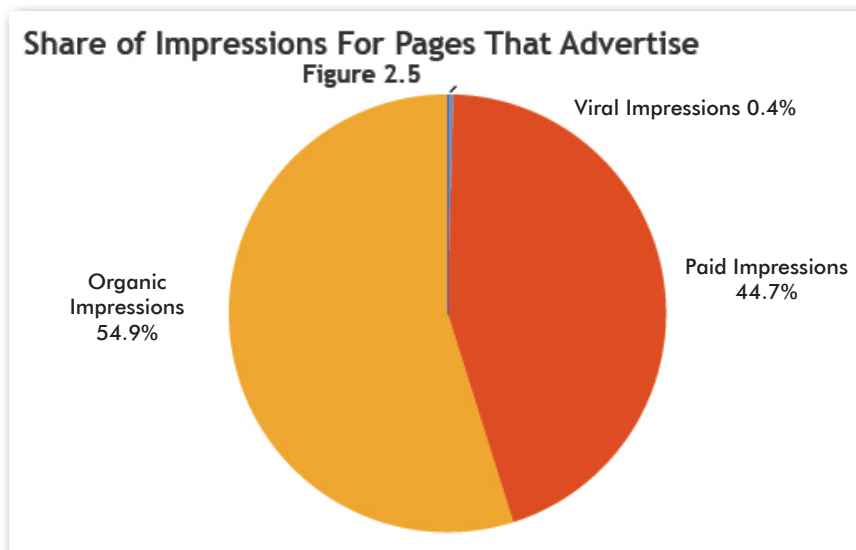
Pages with more than 100,000 fans that have advertised in the last six months saw a boost in engagement rate and organic power. There is a positive correlation of 0.47 between the number of paid impressions and engagement rate. Overall, pages advertising with more than 100,000 fans had a 42.9% higher engagement rate, while pages advertising with fewer than 100,000 fans had 21.2% higher engagement rate than those not advertising (**Figure 2.3**).



Interestingly, the effectiveness of advertising appears to be mostly linear. There is a 0.70 correlation between paid impressions per 1,000 fans and engagement rate (**Figure 2.4**). The more a brand spends, the higher its engagement. We should note that while paid activity does not affect organic ranking in search engines, this does not hold true in Facebook.



Pages that advertise get a 373% increase in organic impressions. This brings us back to an earlier point: the way Facebook defines viral traffic understates the power of word-of-mouth.



3

THE COST-EFFECTIVENESS OF ADVERTISING IS DECREASING

HIGHLIGHTS

- Between October and December, the average CPC increased by 135% and the average CPM increased by 55%.
- Both the social CTR and non-social CTR have declines by 56.8% and 58% respectively.
- Between 2010 and 2011 the average CTR rose by 6% and the average CPC rose by 34.8%

Facebook's ad inventory is growing rapidly now that there are more users and more ads per page. They haven't even begun to show ads on mobile, which is 33% of all Facebook postings.

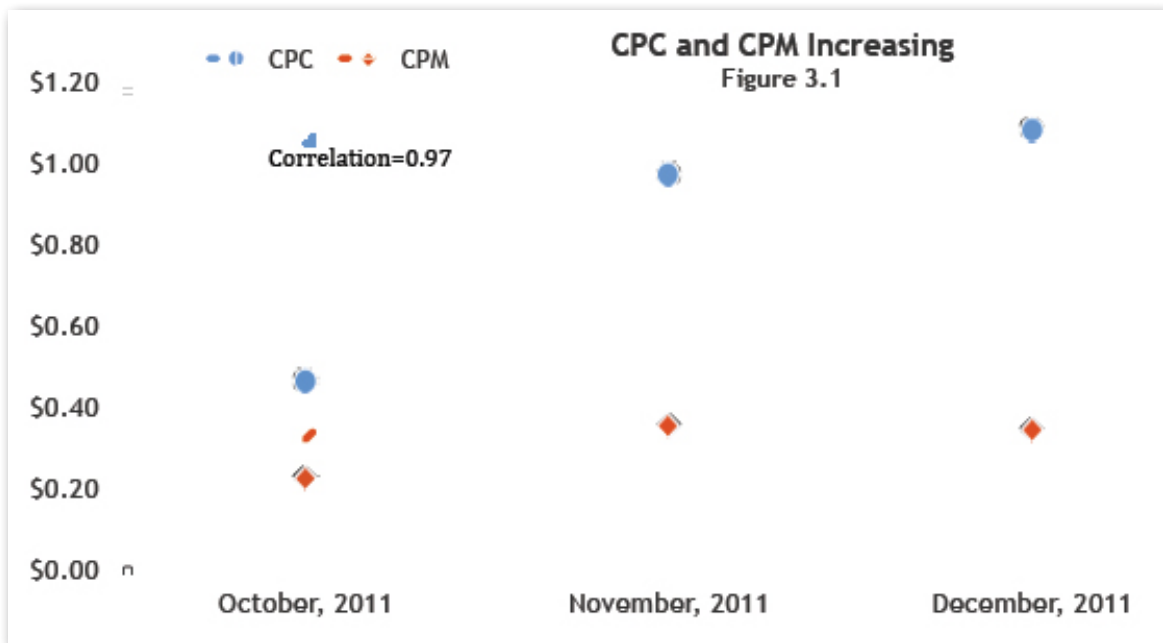
The number of brands advertising is increasing faster than Facebook is growing. As a result, Facebook is driving prices up, decreasing the cost-effectiveness of advertising. Traffic prices are going up only mildly, but the cost per click is increasing at a faster rate than the cost of raw traffic because of lower CTR.

CPM, CPC, CTR

There is a direct relationship between CTR, CPM, and CPC. Facebook will charge more per click if the click through rate is lower. Brands have an incentive to be relevant and social, while maintaining this mechanism also makes Facebook more money.

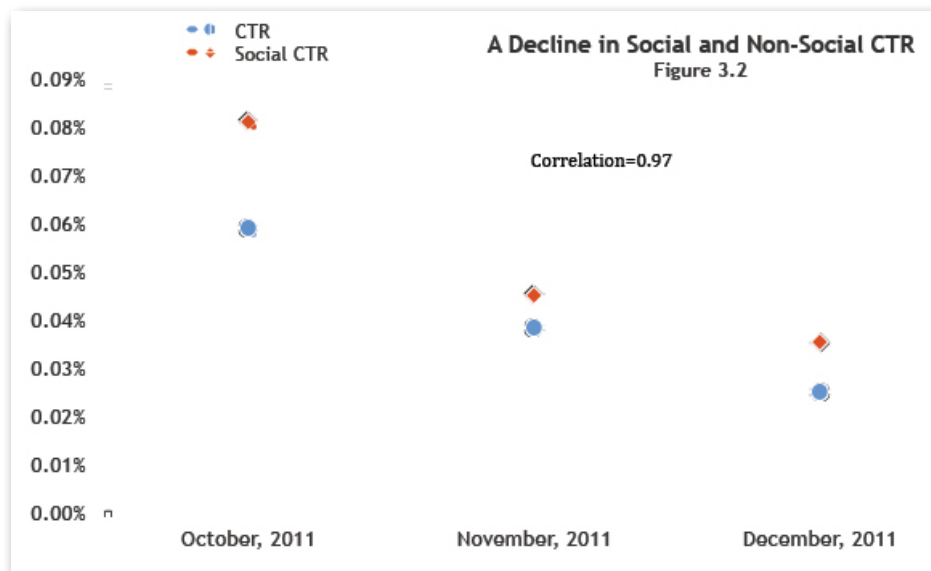
From October to December 2011, the average CPC increased by 135% and the average CPM increased by 55% (Figure 3.1).

From October to December 2011, the ratio increased from 2.38 to 2.42 impressions per social impression. In 2011, social ads were 56.7% more likely to be clicked on than non-social ads. Fewer social impressions brings down the average CTR, resulting in the increased CPC and CPM we see.



Despite the social CTR being much greater than the non-social CTR, both declined in the last three months of 2011. Between October and December, the social CTR decreased by 56.8% and the CTR decreased by 58% (**Figure 3.2**). This change is explained by the effect that total paid impressions have on CTR, social CTR and CPC. CTR has a -0.77 correlation with paid impressions, social CTR has a -0.84 correlation with paid impressions, and CPC has a 0.86 correlation with paid impressions. Note that Facebook's recent change in the number of ads displayed (six as of November) could contribute heavily to the decline in CTR and the increase in impressions.

Though technically the cost of traffic is decreasing, it is still a bargain at \$0.34 CPM. On average, \$1,000 of ad spend hits 658,823.5 unique users (reach x frequency = impressions).

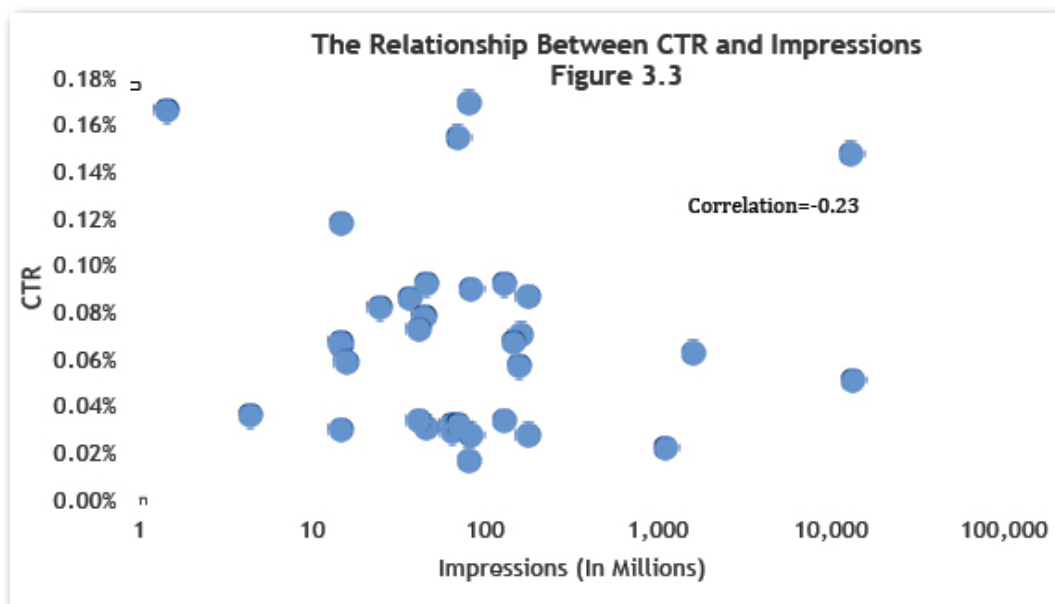


Non-Social: Clickthrough Rate of all ads that are friend of fan targeting. **Social CTR:** Clickthrough Rate of friend of fan ads.

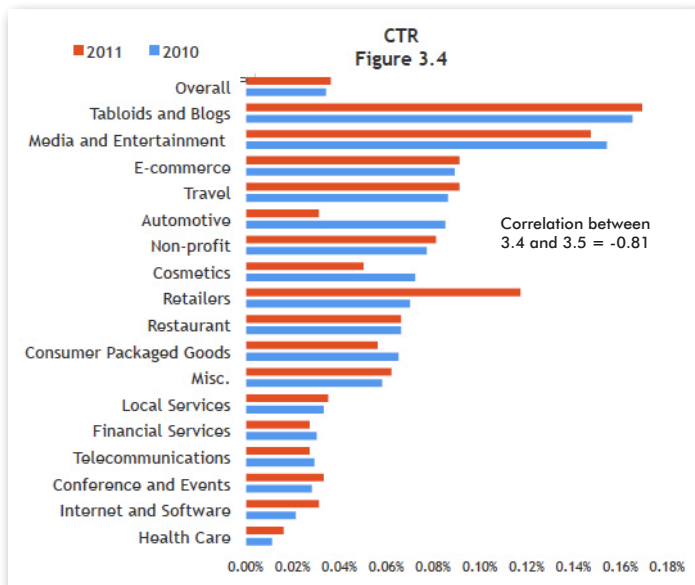
Advertisers Suffer Ad Burnout

Unlike search ads, Facebook ads burn out quickly if brands are not refreshing them weekly, if not daily. Because more than half of Facebook users log in daily, brands that practice “set it and forget it” show their ads dozens of times to the same users: of course their ads don’t perform well.

Though prices are increasing, not all industries fared the same. When split up by category, CPC has a positive correlation of 0.41 with total impressions. There is a negative correlation of -0.23 between impressions and CTR. This appears to support a connection between impressions and CTR, as well as impressions and CPC. For example, retailers had a 67% increase in CTR between 2010 and 2011. Over the same period, total impressions declines 32.7%. Automotive companies, on the other hand, had a 66% decrease in CTR, while seeing a 73% increase in impressions in the same period (**Figure 3.3**). Big brands do not do a better job in advertising compared to small businesses, despite their tools, bigger budgets, and general sophistication.



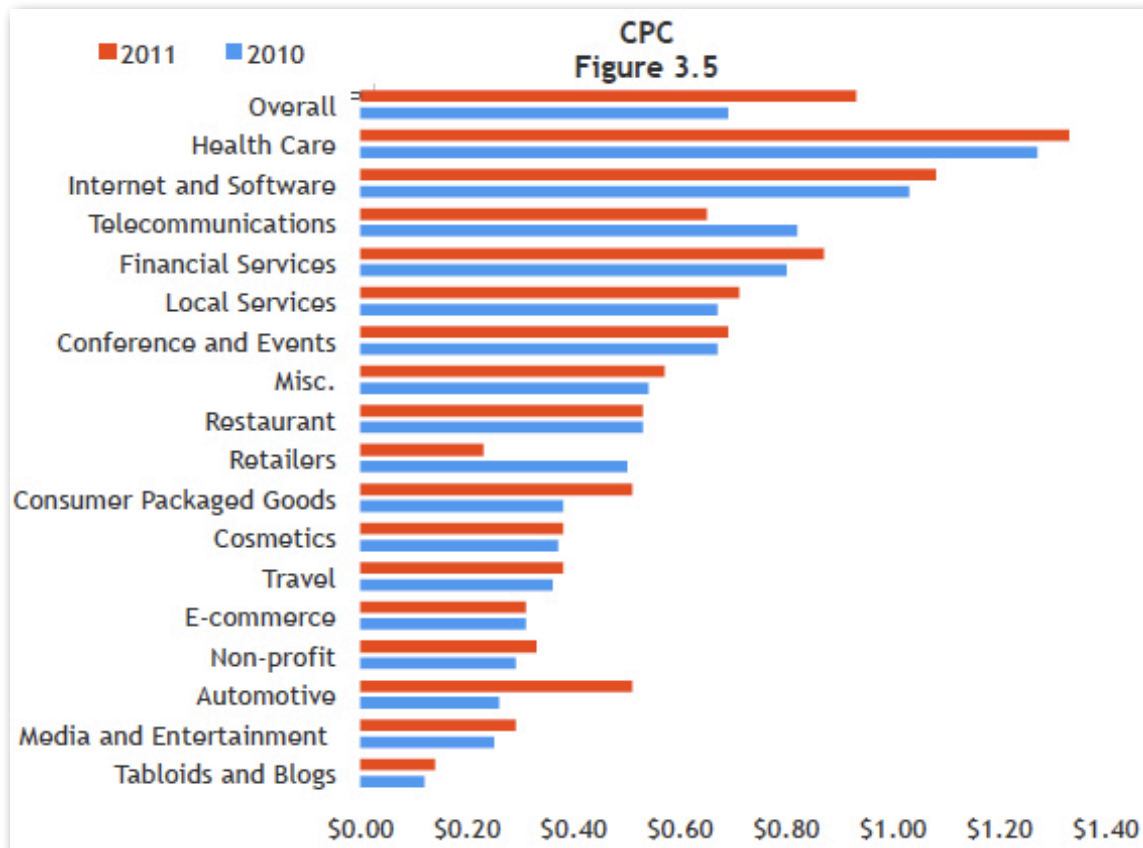
From 2010 to 2011, the cost of traffic increased as well. The average CPC of 2011 was up 34.8% from \$0.69 to \$0.93. Despite the increased CPC, the average CTR increased by 6%. There were few exceptions:



- Retailers in 2011 paid less than half the CPC of what they paid in 2010. This can be explained by a 67% increase in CTR due to an 89% increase in total social impressions. This reflects the introduction of sponsored-like ads, making it easier for brands to utilize fan-of-fan targeting.
- The CPC for telecommunications companies decreased by 21%, despite a 7% decrease in CTR. Decreasing competition in this area led to fewer impressions and less competition over ad inventory.
- The CTR and CPC of restaurants remained the same between 2010 and 2011. Decreasing competition as demonstrated by fewer impressions balanced the natural increase in the cost of traffic.

Social Brands Fare Better

Though total impressions certainly played a part in changes to CTR and CPC in both 2010 and 2011, the type of brand played a much larger role in the overall CTR and CPC. Social brands like retailers, restaurants, tabloids, and blogs had a higher CTR and lower CPC. At the other end of the spectrum, non-social brands such as health care providers and telecommunications companies continued to perform poorly in comparison.



3 WHAT BRANDS ARE SAYING

“Year over year, the amount of content available on Facebook has increased dramatically. More brands are beginning to leverage this channel, and while the number of consumers on Facebook continues to grow, it is going to get harder for brands to attentively engage consumers. Here are some key points highlighted in this report:

Successful brands will focus on increasing interaction effectiveness with their consumer base. This is done by increasing the frequency of exposure, paying close attention to what is being discussed, and focused advertising.

Interactions with consumers will occur as you post. More than 70% of the interaction occurs within the first hour. So keep up your efforts on posting more often and monitoring right after you post versus posting and going to bed. Also, a post with a question tends to drive increased interaction.

Don't forget that advertising does work. Your engagement rate can go up by 21% to 43% by knowing what to say, and when and how to say it.

Brands have a significant opportunity to leverage social. The key to success is understanding how much of the social data is public, how to collect the data without alienating the consumer, and how best to quickly use the data that is collected.”



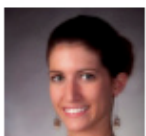
Sundeep Kapur, Author
Digital Evangelist -NCR
www.emailyogi.com

“This research by Dennis and his Blitz team provides a measured view, and helps makes sense, of what we already knew: We are drowning in data. It will take the use of effective big-data-filtering platforms like BlitzMetrics to allow brands to effectively sift through the data noise as well as successfully engage the right conversations and the right consumers.”



Lee Bogner, Consulting marketing technologist and social business analyst
Social Business Ambassadors and Board Director, Social Media Club LI.
Reach@leebogner

“At Gordmans, we were able to capitalize on the low CPC in 2011 and run a multitude of ads throughout the year. We found that our paid advertising acts as a catalyst in driving additional organic impressions; because of this, we saw an increase in both our organic and paid performance last year.”



Veronica Stecker, Manager of Converged Channel Advertising –Gordmans

About the Data Set:

This report data spans a seven-month time period from June 1, 2011 to December 31, 2011:

- 11,365 pages
- 5,744,550 admin and user posts
- 76,202,654 Facebook users spread over 75 countries
- 1,009,142,252 organic impressions
- 27,969,233,010 paid impressions
- 1,142,652,653 viral impressions
- 120,111,027,915 total impressions

Limitations: This study does not include open graph and app data. While these factors do not currently affect EdgeRank, it may be possible that GraphRank and EdgeRank will affect one another in the future. The majority of these brands are US-based, though they have global presences. Also keep in mind that our data is also skewed towards major brands, who perform differently and have different goals from small businesses.

On January 18, 2011, Facebook announced that Open Graph would be going live on the Facebook developers' blog. In the coming months, it will be interesting to see their effects on organic impressions and engagement. Industry results were based on categorizing campaigns in our dataset, which means some industries had only a single brand and may not be representative of an industry's performance overall. Our analysis does not include premium ads, since they are reported in separate systems.

For further questions about this research,

please email research@blitzmetrics.com or message us at facebook.com/blitzmetrics

You can find some of our data on organic and paid impressions here:

<https://blitzmetrics.com/dashboard/?account=wsj&page=wsjAbout>

Conclusions and Recommendations

- **If you want to play, you have to pay — Your facebook posts are getting less exposure.** Advertise to ensure your content gets reach. A side benefit is that ads improve your EdgeRank, which helps your organic power. Pages that advertise get 373% more impressions.
- **The new timeline for pages heavily emphasizes pictures and open graph actions.** Combine pictures and short text for maximum impact. The ideal post length is between 120 and 129 characters. If it's a question, keep it even shorter.
- **17% of impressions on Facebook are paid.** Expect this to increase as Facebook matures into a public company, squeezing out organic impressions. Sponsored Stories get double the performance of traditional ads.
- **Media, Entertainment, and Sports verticals performed far better** at over 0.150% CTR (Click-Through Rate) for ads, while B2B and health care generated only 0.030%. Shareable content performs better in social. The cost per click for these verticals is inverse to their CTR, ranging from 10 cents to \$1.40 respectively.

Glossary of Terms

I. - Page Metrics

Fans: Total number of Facebook users who have “Liked” the page.

Posts: Total number of Posts to the Facebook page’s wall, including Admin and User Posts.

Admin Posts: Total number of Posts by Facebook page Administrators.

Likes: Total number of times a Facebook user has “Liked” a post or comment.

Comments: Total number of times a Facebook user has “Commented” on a post.

Interactions: Total combined number of “Likes” and “Comments.”

Engagement %: A unique metric created by BlitzMetrics that uses Total Interactions and Total Posts from the last 30 days, Fan Count, and Potential Fan Count to determine the percentage of a Facebook page’s users who are engaging and interacting with the Facebook wall.

Unfan %: Percentage of total Facebook fans whom no longer “Like” the Facebook page.

EOY Projection: A prediction of how many fans the Facebook page will have by the year’s end.

Value Per Fan: The average value of a fan, based on the total earned media a brand generates from their Facebook page. Earned media is based on the number of posts seen by fans per year multiplied by how a brand pays per impression using CPM advertising.

Last Admin Post: Time elapsed since an administrator last posted.

II. - Ad Metrics

Reach: The total number of fans targeted by an ad.

Frequency: The average number of times an ad has been served per person.

Social Reach: The total number of fans targeted using friend of fan targeting.

Clicks: The total number of people who have clicked on an ad.

Connections: The total number of people who have committed an action after seeing an ad (liking the page, RSVPing to an event, etc).

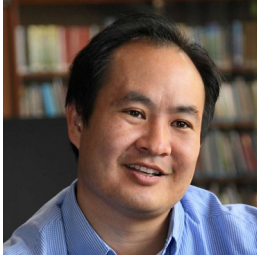
Spend: Total amount spent per ad and campaign.

CPC: The average cost per click for an ad or campaign.

CTR: The percentage of the fans that have clicked on an ad.

CPF: The average cost per fan for an ad or campaign.

Your Team

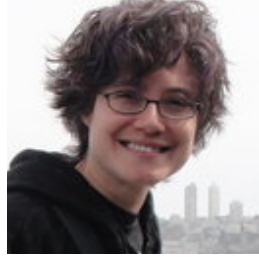


Dennis Yu

Architect

dennis@blitzmetrics.com

Dennis Yu has helped brands grow and measure their Facebook presence. He has spoken at Search Marketing Expo, Search Engine Strategies, Web 2.0, The American Marketing Association, PubCon, Conversational Commerce Conference, Pacific Conferences, HostingCon, Affiliate Summit, Affiliate Convention, UltraLight Startups, MIVA Merchant, and other venues. Yu has also counseled the Federal Trade Commission on privacy issues for social networks. Dennis has held leadership positions at Yahoo! and American Airlines. His educational background is Finance and Economics from Southern Methodist University and London School of Economics.



Mely Wilcox

Chief Financial Officer

mely@blitzmetrics.com

Mely Wilcox earned a JD in Criminal Law from Benemérita Universidad Autónoma de Puebla and became a Criminal Law Attorney in 1997. In 2004 she earned both US citizenship and a degree in construction project management from the Dunwoody institute in Minneapolis MN. She worked as a commercial Construction Project Manager at Kraus-Anderson Construction for several years before helping co-found BlitzMetrics. She is the mother of two boys, an avid runner, and enjoys learning new languages (her most recent challenge is Japanese).



Matt Prater

Senior Manager of Facebook Marketing

matthew.prater@blitzmetrics.com

Matt Prater spends his professional life managing Facebook marketing and working closely with brands such as The National Football League, Nike, MTV, and AT&T. His area of expertise includes ad campaign management and project development. He graduated from the University of Colorado, Boulder with degrees in Economics and Political Science. Outside of work, Matt is an avid tennis player and enjoys rock climbing, cycling, and travel.

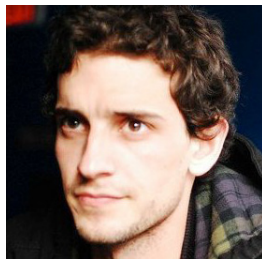


Brynn Smith

Creative Director

brynn.smith@blitzmetrics.com

Brynn Smith has a passion for making complex problems easy to understand and graphically pleasing. At Blitz, she works to maximize the design of their marketing materials so they reach farther and stronger. Brynn has a BS in graphic design and is a collegiate All-American runner. In her spare time she spends her days living an active outdoor lifestyle with her husband, son and two dogs.



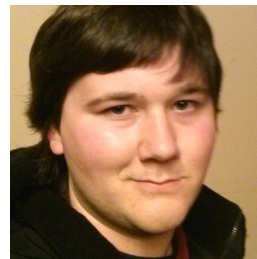
Travis King

Manager of Facebook Marketing
travis.king@blitzmetrics.com



JC Medina

Corporate Development
jc.medina@blitzmetrics.com



Cody Blair

Facebook Ads Expert
cody.blair@blitzmetrics.com



Ming Chao

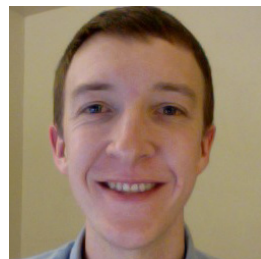
Analyst
ming.chao@blitzmetrics.com



Robert Hilario

Analyst

rob.hilario@blitzmetrics.com



Zack Davis

Analyst

zack.davis@blitzmetrics.com



Max Darby

Analyst

max.darby@blitzmetrics.com



Josh Hamby

Analyst

josh@blitzlocal.com

Copyright, Acknowledgements, and Contact Information

Copyright Information:

© 2013 BlitzMetrics, Corp. All rights reserved. All brand names, registered trademarks, and logos appearing in this study are the property of their respective trademark owners.

Acknowledgements:

Special thanks to Sundeep Kapur, Todd Tweedy, Marty Weintraub, Aaron Kahlow, Eric Ludwig, Andjelika Martin, Justin Kistner, and other partners for reviewing and adding insights. If we didn't mention your name, I personally apologize and promise to get you in the next version.

Contact Information:

BlitzMetrics Corp.
1960 Joslyn Pl.
Boulder, CO. 80304
dennis@blitzmetrics.com