



## CONCEPTUAL ANALYSIS OF EFFECTIVENESS OF FACEBOOK ADVERTISEMENTS IN INDIA AND ABROAD

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### ABSTRACT

The communication technology revolutionized all aspects of life. Various new innovations are introduced by this technology. One could see the example of social networking websites. Although, these platforms are used primarily by the people for social networking, however, through these media people also share their experience and ideas about a product or service. Vast use of Facebook around the globe has made it a new and important advertising platform, where businesses place their ads to reach their prospective customers. This is probably because Facebook allows businesses to target specific customer and promoting their product or services through effective advertisements. This study conceptually investigates the advertisement patterns on Facebook and their effectiveness which also provide insights into whether consumers take notice of their peer's activity on Facebook and whether that activity influences consumer purchase intention or not. Growing Facebook based advertising is perhaps an indication that it is becoming an important source of business presentation and the firms are taking Facebook advertisement as a useful strategy to attract customers. Just in a few years, it has become a part of promotional mix of the firms to create awareness in target areas and influence customers mind. Because of its popularity, businesses are placing their ads on Facebook for creating awareness and influencing buying behavior.

**Keywords:** Facebook, Virtual community, Advertising, Attitudes, Viral marketing, Web advertising.

### 1. INTRODUCTION

Individuals act in such manner that would maximize their benefits gained from social interactions (James T. Tedeschi, 2009). Facebook provides an easy to use platform that can be accessed from almost anywhere in the world, to satisfy social needs of people. It can also be used for companies to advertise their products and keeping in touch with their customers. Facebook is also ideal for keeping in touch with large amount of people; a task that was formerly being handled via bulky e-mail message chains.

Facebook defines itself as: a social utility that connects people with friends and others who work, study and live around them. People use Facebook to keep in touch with friends,

upload photos, share textual, audio and videos, and learn more about the people they meet. Facebook is designed so that users can stay in contact with friends, family, or make new friends through shared-communities. The average Facebook user spends 700 minutes per month online, averaging 130 Facebook friends (Branckaute, 2010).

Facebook recently took first place for the most viewed site (Clark, 2016); thus it is an everyday occurrence for users to log into Facebook. Facebook is the way to stay connected 24/7 with the ability to log on through computers, laptops, iPads and mobile devices, and is considered by many businesses as a cost-effective strategy to employ when communicating with consumers (Nelson-Field et al., 2012), consequently the Facebook platform provides benefits to both consumers and businesses.

Advertising on social networks is a rapidly growing trend within social media marketing that should be considered as part of any social media marketing plan. Social network advertising does not include the viral promotion and distribution of brands and social network applications, using the viral channels that the social networks make available. Advertising on social media networks can take the form of direct display ad buys at the social networks; self-serve advertising through internal ad networks, and ad serving on social network applications through special social network application advertising networks.

Virtual community, social networking community, social networking service, online community, are words that are constantly brought up in general conversations, media and business world. Not just aggregates of people, social networks are for sharing social interactions, social ties as well as common space. A virtual community differs from any other community only by being in a “virtual space”, it still provides the same sociability support, information and sense of belonging. (de Moor & Weigand, 2007)

Services such as already mentioned Facebook, LinkedIn, MySpace, Twitter and Google+, have reached a vast popularity, especially among young adults. Latest addition to all of this is Diaspora, a Facebook alternative run by its users ("Facebook alternative Diaspora goes live," 2011). More alternatives in their different forms pop up constantly. Sheenan (2010) points out, that if advertising becomes too intrusive, people will go elsewhere to connect with their friends. This has been one of the ideas behind Diaspora, as well as the idea of not keeping detailed record of their members; a feature that Facebook is being constantly criticized of.

## **Salient Features of Facebook Advertisements**

### **1. Facebook advertising is highly effective**

Facebook is considered to be the most effective platform for social media advertising due to the following reasons:

- Facebook has more than 1.23 billions of active users
- Facebook advertisement work for B2C as well as B2B
- It increases the business of companies on a high scale

### **2. Easy set up process and fast results:**

- No large amount is to be spend on facebook advertisement
- It takes less than 10 minutes to set up an ad on facebook
- Managing those ads are trouble-free

### **3. Audience could be reached easily:**

- Facebook has more than 1.2 billion active users daily who can easily view the ads placed on facebook

- Facebook reach out to the audiences according to their interest and searches made by the customers on internet

#### **4. Highly customized facebook ads:**

Facebook provides exact same ad which a marketer want. It keeps in mind the following points:

- The purpose of the ad
- To attract audience
- Requesting the audience to view and revert back
- Understanding the need of customers

#### **5. Facebook keeps on adding new features:**

Facebook adds new features every month which help the facebook ads to get better day by day. Minimum six features are added by facebook every month which is an effective change on ads placed on facebook. It helps the marketer to get more customers and spread their business with no difficulty.

This study conceptually investigates the advertisement patterns on Facebook and their effectiveness which also provide insights into whether consumers take notice of their peer's activity on Facebook and whether that activity influences consumer purchase intention or not.

## **2. RESEARCH METHODOLOGY**

### **➤ Objectives:-**

- To review the status of Facebook Advertisements in India
- To conceptually analyse the effectiveness of Facebook Advertisement in India and Abroad.

The study is mainly based on the secondary source in form of various research papers, websites and eBooks. The researchers have placed their own observations regarding the same. Research-based case studies were created and provided by Coalition members and other industry stakeholders.

## **3. REVIEW OF LITERATURE**

Viswanath, Mislove, Cha, and Gummad (2009) investigated the evolution of activity between users on Facebook and the strength of social ties over time. Only 30% of Facebook interactions between pairs of people consistently run from one month to another. Facebook mechanisms such as birthday reminders facilitate much of this ongoing activity. This is evidence that Facebook users make use of the social plug-ins Facebook has.

More recently, Nelson-Field et al. (2012) investigated how valuable Facebook's reach was as a media platform. It appears heavy buyers of brands tend to be 'fans' of businesses' pages rather than light buyers, emphasising the importance of utilising Facebook in addition with other media vehicles.

The pitfalls of Facebook have been identified by Jain (2009), Dwyer et al. (2007) and Boyd (2008). These articles emphasise the lack of privacy on Facebook. Users are able to send 'friend requests' to people they have no prior association with and employers can 'stalk' potential employees before they are hired. Users have the ability to view photographs and personal messages between friends of people they don't really know. However, since the

introduction of Facebook's 'newsfeed' in 2006, where friends' activity is listed as soon as users sign in, privacy settings have been put in place. Consequently, it is likely consumers have more trust within Facebook since then.

Mehdi et. al, (2012), provided some insights regarding the adoption of internet advertising by Iranian small and medium-sized enterprises. The recent negative trends leading to a lack of competitive advantage in small businesses and the advantages of internet advertising makes it imperative to study various factors affecting this whereas of marketing. The variables for the study were Internet advertising, Adoption, Product involvement, Internet publishers, Small to medium-sized enterprises, advertising. This study reviewed 59 previous related studies, resulting in a comprehensive theoretical framework which explained the advantages of internet advertising for small to medium sized enterprises (SMEs). Via questionnaire, the paper compiles 346 Iranian experts' opinions in order to test the validity and applicability of variables in Iran. A structural equation model and LISREL software were used to analyze the data. A total of seven latent variables of internet advertising adoption were examined: advertising agencies, internet publishers, small and middle-sized enterprises, government role, e-commerce development and user types. The paper found that these constructs successfully explain internet advertising adoption by incorporating readiness and globalization stages. The small and medium-sized enterprises were found to be the most significant for explaining internet advertising adoption.

Essi Poyry, et. al, (2013), examined the distinguish between consumers' hedonic and utilitarian motivations for using company-hosted Facebook pages and relates them to two types of community usage behavior: browsing and participation. The effects on variables closely linked to business performance were examined. Analysis of data collected from 1162 members of a travel agency's Facebook page reveals that hedonic motivations indicate a higher propensity to participate in the community whereas utilitarian motivations relate more strongly to merely browsing the community page. The participating members, however, did not show intentions to buy from the host company or refer it to others, while the browsers do.

Zeljka Hadija, et. al, (2012), found that main sources of information that helps advertisers understand the ways in which advertisements were perceived online. Results were reached through qualitative research. Personal in-depth interviews, utilizing Zaltman Metaphor Elicitation Technique (ZMET), were conducted among 20 college students. Interviews consisted of using screenshots of advertisements in online social networks to uncover respondents' reactions it was generally concluded that the users of online social networks did not dislike advertisements, but they simply did not notice them. Other content found in online social networks mitigates the attractiveness of the advertisements. Hence, the respondents reported that the brand recognition in online social networks was found to be much lower than the one created through other media channels.

Consumer attitude towards internet advertising has also been looked into. For example, Kenneth C.C Yang (2006) wrote an article on how humanlike navigation interface affects attitudes towards internet advertising. He found out the result to be positive: When humanlike interface was introduced, it increased users' immersive feeling when navigating. When again clicking advertisings on web pages was investigated in "Internet advertising: Is anybody watching?" (Drèze & Hussherr, 2003). They used an eye-tracking device to see how online surfers pay attention on advertising. They found out that surfers do not click the banners, but still notice them. This, according to them, indicates that companies should rely more on the traditional brand equity measures, to create repetition to awaken unaided advertising recall,

brand awareness and brand recognition. However, not much research has been done on how virtual community members' attitude is towards advertising in their community.

Zafar and Khan (Shandana Zafar, 2011) were examining the attitude towards social network advertising among young Pakistani consumers. They found out that young Pakistani consumers have overall positive attitude towards virtual community advertising. They concluded that "The social networks can be therefore considered to be an effective advertising medium for targeting young consumers".

Another one was made in Finland by Virkkala (2009). She was studying the consumer attitude towards Facebook advertising in Finland. She found out that consumers are reluctant to receive advertising within their communities in Finland. Advertisements were experienced more disturbing than useful among Finnish Facebook users. She also found out that some people even avoid advertisements in as many ways as they can.

#### 4. KEY OBSERVATIONS

As the user bases grow, so does the interest of marketers. Marketers are willing to invest large amounts of money to reach their target market. Facebook for example offers customized ways to market your product. These virtual communities enable marketers to customize their advertisements to fit certain group of individuals. This can be done according to their demographic features or by their interests, and all marketers have to do is to choose which factors they are going to target their advertisements towards. This of course is ideal for the marketers; reaching that office worker with certain income and interests, who falls into their target group is easier. Instead of spending money on trying to reach these people the traditional way, Facebook and other online communities offer the better option. New generation of "smart advertising" is making it possible to enable such data mining technologies that enable advertisers to customize everything in their ad to correspond to the user viewing it. These new ways to reach consumers helped Hewlett Packard to reach twenty times the ROI (Return On Investment) it would have reached with traditional advertising methods (Mathieson, 2010).

There are two different ways of advertising of behavioral targeting; Network targeting and On-site Targeting. In network targeting, the data is collected from various different sites and user preferences, where as on-site targeting is based on a specific-site. Facebook used to have on-site targeting, but is now days following its users' moves even outside Facebook. There are two sides to this; Facebook follows users through their cookies as well as their "likes". (Popkin, 2011)

**Table 1. SOME COMMON FACEBOOK AD TYPES**

1. Link click ads	2. Video ads	3. Boosted page posts
4. Multi-Product (Carousel Ads)	5. Dynamic Product Ads (DPA)	6. Facebook Lead Ads
7. Canvas ads	8. Collection ads	9. Page like ads
10. Page post photo ads	11. Page post photo video ads	12. Page post text ads
13. Mobile app ads	14. Desktop app ads	15. Event ads

Facebook users have started utilizing this network to check out nearby organizations and what they have to offer. A user will browse via neighborhood restaurants, salons, flower shop, fashion shop etc and one need to be among the results they find.

The majority of the people that use Facebook are quite active offline. This means that they are potential clients who will buy anything they consider is cool once they see it on Facebook - especially from a "local" company. Consequently, if one run a nearby organization, it is vital for one to be active on Facebook now that one knows the numbers involved.

Fan pages are easy to create and will not cost one a dime if one do it one's self. Nonetheless, to really get the finest Fan page that will fully engage one's audience, it may be best to hire a professional who has extensive knowledge about Facebook marketing and advertising.

While creating a Fan page is the first step, the hard part is connecting with customers. One will need consistency and the ability to dedicate some time to build a loyal following of fans. One will need to communicate often in order to keep their attention and increase one's sales.

Once one creates a Facebook Fan page, one will need to let men and women know that one simply have it. One particular easy and fast way to do it is always to put a Facebook icon on one's website that is certainly linked to one's Fan Page. Another way is to incorporate a Facebook logo in one's print advertisements and any other advertising and marketing methods one use.

There are very successful companies making use of Facebook to increase sales and build a following. While one's business will not be an instant hit with millions of fans overnight, one will be able to eventually build a strong foundation and Facebook presence that will pay off.

If one really needs to build a relationship with one's consumers through interaction and communication, Facebook is the way to go. Begin by creating a Fan page and load it up with valuable, relevant information that one's target audience will enjoy.

The Foote, Cone & Belding Planning Model—The advertising planning model developed by Richard Vaughn and his associates at the Foote, Cone & Belding agency presents an interesting and useful way of analyzing the communication situation advertisers may be facing. This model builds on traditional response theories such as the hierarchy of effects model and its variants, research on high and low' involvement, and work on thinking versus feeling processing from right/left brain theories. The FCB grid model, which appears as delineates four primary advertising planning strategies —informative, affective, habitual, and satisfaction. The FCB grid provides a useful way for those involved in the advertising planning process to analyze consumer product relationships and to develop appropriate promotional strategies.

There has been a lot of growth in social media websites lately. Many are following this growth quite keenly for various reasons. Some of them are" looking to invest in companies. Others are looking to build a better brand awareness. In any case, here we present the five most surprising social media statistics from the year 2016.

### **Mobile only users on Facebook**

Of Facebook's nearly one billion strong users, approximately 200 million are mobile only. In other words, nearly a fifth of Facebook's user-base doesn't own a PC. Therefore they are compelled to access their favorite website through their smart phones. This underlines the growing importance of smart phones and mobile devices in general. It also makes it clear that in order to attract a large smart phone based audience, a company needs to provide smart apps to its customers. Many vendors have emerged to fill this niche in the market. It is now possible for a company to have an app for each of the major platforms, such as android, IOS, Blackberry and Windows Phone. Apps are essential for the phone-only population who don t use a PC. In many cases, these apps provide a better user experience than websites.

### **International users of Facebook**

The number of Facebook users is nearly three times the population of the United States. This shows the extent of globalization that has occurred in the internet age. This also shows that companies can expand their reach and presence in international markets quite effectively by using social media. Today internet is easily accessible in most parts of the world. These new markets can be tapped by social media marketers who can directly reach out to their customers through the internet.

These statistics reveal emerging trends in the social media space. However, we are still in the early stages of growth in social media and one will only have to wait to witness the far-reaching impact of digital media on businesses and their marketing efforts.

### **5. DISCUSSION & CONCLUSION**

Virtual community, social networking community, social networking service, online community, are words that are constantly brought up in general conversations, media and business world. Not just aggregates of people, social networks are for sharing social interactions, social ties as well as common space. A virtual community differs from any other community only by being in a “virtual space”, it still provides the same sociability support, information and sense of belonging. (de Moor & Weigand, 2007)

Facebook advertising is done to create likeness, attraction and influence buying behavior in positive way. Attitude-towards-the ads, is an interesting theory of advertising often used to understand the buying behavior. Effective advertisement influences the attitude towards brand and finally leads to purchase intention (Goldsmith & Lafferty, 2002). Ideally, consumers buying behavior is the products purchase decision (Adelaar et al., 2003).

Social media particularly Facebook has become a marketing channel to reach target market. According to a study, “Expand your Brand Community Online” social media has become a significant marketing channel to reach directly targeted customers and engages them with company brands (Hanlon et al., 2008).

Facebook alone has over 955 million active users and over 50% of active users log on to Facebook every day and an average user has approximately 130 friends on Facebook (Melason, 2012) (“Facebook Statistics,” 2012). LinkedIn has over 135 million users but is more of a professional network than casual (“LinkedIn About Us,” 2012). Social networking has become so popular, that according to Anderson Analytics, 71% of social network users could not live without it (Sheehan, 2010).

This study conceptually investigates the advertisement patterns on Facebook and their effectiveness which also provide insights into whether consumers take notice of their peer’s activity on Facebook and whether that activity influences consumer purchase intention or not.

Facebook users suggests that the use of Facebook’s like button, location based check-in service and the share button applications positively influence consumers purchase intention. Posting comments on Facebook shows no significant effect on purchase intention. Consequently, marketers should plan to add activities on their Facebook page to help create brand, product or service awareness, and stimulate sales. Shopping through Facebook may well be a key channel of the future. Consumers are increasingly taking notice of these Facebook applications which influence their purchase decision. Currently, many retailers still lack any real integration between their own web channel and social media despite the proliferation of ‘like’ buttons. However, as marketers realize the potential for Facebook to become an a shopping platform they need to

develop appropriate interdepartmental staff training for improved engagement with Facebook as a social medium and potential sales channel.

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