

UNDERSTANDING PAID AND EARNED REACH ON FACEBOOK

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EXECUTIVE SUMMARY

Research in the Power of Like series demonstrates brands' opportunity to reach a valuable audience by engaging their fans in order to reach friends of fans. The use of earned media to reach and influence consumers has been well documented, but little research has been focused on how paid media (ads) can be used to extend audience for socially-enabled brand content beyond those that can be reached organically or virally.

Facebook's advertising platform has been built to leverage the power of social endorsement at scale. Social ad units afford brands the opportunity to take content shared with fans (and friends of fans) and amplify its reach dramatically. The goal of this paper is to help quantify this effect as well as profile the audience reached through ads.

The summary below establishes the key findings and implications of this research.

- Leading brands on Facebook can use paid media to extend their total brand reach beyond the reach they achieve using organic media alone. Among a selection of 100 top brand pages on Facebook, those using paid media reach an audience that is on average 5.3 times larger than organic audience alone, and 5.4 times greater than the total audience of top brand pages using no paid media with a similarly sized fan base.
- As an example, we demonstrate how three pages with a range of fan base sizes use paid media to extend their reach significantly beyond their organic audience. Specifically, we found that a Major Retailer, Samsung Mobile, and a Major Financial Services brand use paid media to extend reach by five times over their organic audience in a single week.
- Paid media can extend the reach of a single piece of content by more than 100 times. Among pages like Major Retailer, Samsung Mobile, and Major Financial Services brand, paid media can amplify average lifetime reach of all page posts in a week by between two and 24 times.
- Paid and organic audiences have similar age distributions—the distribution of paid and organic audience in any given age band are within three percentage points of each other.
- Ads are slightly more likely to reach less active Facebook users (10 percentage points), while organic media reaches slightly more heavy Facebook users (between 5 and 10 percentage points).
- Within the paid audience for Major Retailer, Samsung, and Major Financial Services brand, participation in shopping and buying is higher than internet average in key areas relevant to the specific brands. This data suggests that audiences reached by paid media on Facebook represent a valuable potential set of customers for individual brands.

This research establishes that paid media provides an opportunity for brands to extend the reach of their socially-enabled brand content on Facebook significantly beyond the audience they are able to reach with organic media alone. Importantly, we find that even brands with the largest fan bases (greater than 20 million fans) benefit significantly from using ads to amplify

reach. Finally, this research provides evidence that paid audiences reached on Facebook represent segments that are active in-category buyers and shoppers.

UNDERSTANDING SOCIAL REACH ON FACEBOOK

It's been well established that recommendations from friends are a trusted and influential source of information about brands. Recent research, such as the September 2012 Nielsen Report "Trust in Advertising – Paid, Owned and Earned", has established that this power extends to implied endorsement as well.¹ On Facebook, all brand messages—whether paid, owned, or earned—can carry implied endorsement in the form of social context. The Nielsen "Trust in Advertising" report found that Facebook ads enabled with social context generate stronger breakthrough and persuasion than ads with no social information. Social ads in the Nielsen study were 55% more recalled than ads with no social endorsement.² The report suggests that the social layer in brand messages on Facebook builds trust through implied recommendation, and that this increases the power of individual brand messages.

The power of Facebook for brands, then, is the ability distribute this socially-enabled brand messaging at scale. As discussed in comScore's Power of Like series, fan and friend-of-fan connections represent an opportunity for brands to reach a substantial audience with organic and viral content. In the original Power of Like study, the top 100 brand pages were found to have friend of fan audiences that average 34x greater than their fan bases³. The ultimate reach of organic content is determined by a number of factors, some which are in the brand's control (targeting of a post) and some of which are not (such as the number of people online during a given time and the strength of their connection to the brand). Research from 2011 suggests that a piece of organic content may reach as few as 16% of fans.

Brands that have invested in building strong fan bases and creative can maximize the strength of these assets by ensuring that their socially-empowered content reaches a broad audience. If a given message reaches only a fraction of the brand's potential audience, this represents a lost opportunity for the brand to maximize the value of its brand page. In these instances, brands can use Facebook's ad platform to amplify the reach of a given piece of content beyond its natural organic and viral reach—significantly extending the total audience for socially enabled brand messaging ("stories"). As the platform can distribute to fans, friends of fans, and non-fans (people with no connection to the page), paid media offers brands the opportunity to distribute socially-enabled messaging at broad scale, regardless of the natural reach for a given message.

For small brand pages (<1M fans) the utility of paid media is clear, as the potential paid audience for a given message is vastly greater than the brand's potential organic and viral

¹ <http://blog.nielsen.com/nielsenwire/nielsen-news/trust-in-advertising-%E2%80%93-paid-owned-and-earned>. Retrieved 09/24/12

² Ibid.

audience. However, for large brand pages the value of amplifying organic and viral reach through the use of paid media is not as well understood. With potential organic and viral audiences in the hundreds of millions, do large brand pages achieve sufficiently broad reach using organic publishing alone? Or does paid media represent an opportunity for even the largest brands on Facebook to significantly extend the reach of their socially-enabled marketing messages?

In this paper, we aim to evaluate audiences reached by both paid and organic media among top brands on Facebook to answer the following questions:

- Does paid media meaningfully extend the total reach of the largest brands on Facebook?
- Is the audience reached by paid media valuable to these brands?

To evaluate the extent to which brands use paid media to extend reach on Facebook, we take two approaches. First, we look at the use of paid media among 100 brand pages with the greatest fan bases and organic reach. Second, we take a more detailed look into three brands of different sizes that ran paid media during the observation period in June.

PAID REACH AMPLIFICATION ON FACEBOOK PLATFORM

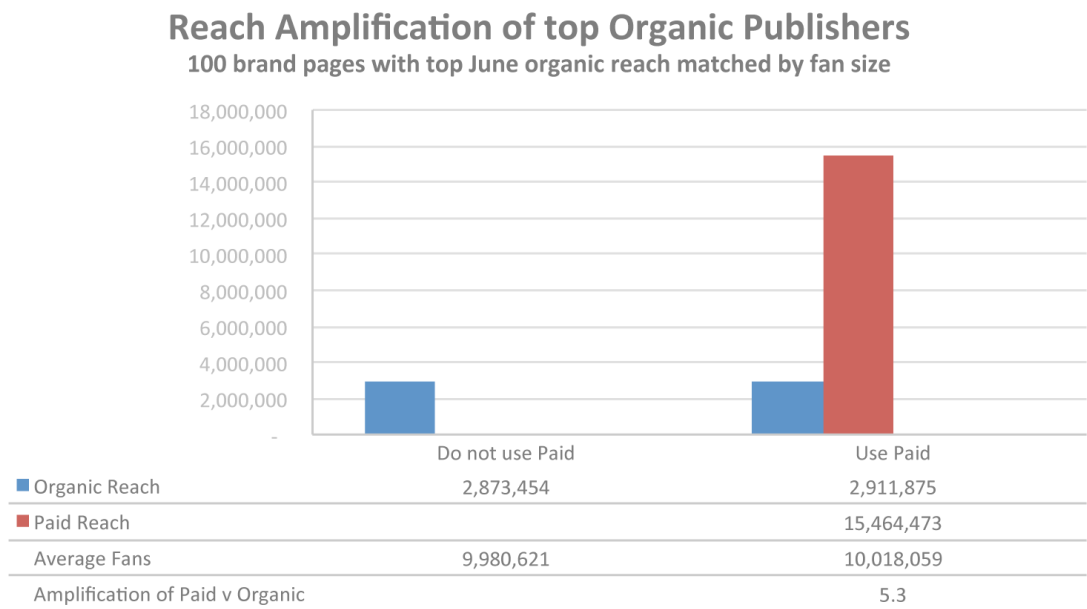
Does the use of paid media extend the audience reached by those brands that already reach a large Facebook audience through organic media?

To answer this question, we consider the most successful pages on Facebook—those with top fan bases and top weekly organic reach. Of these pages that have achieved leading results with both fan acquisition and organic page publishing strategies, we compare the total reach of those pages that use paid media to amplify their already successful organic reach against the total reach of same-size pages that rely on organic publishing alone.

To construct groups for comparison, we look at brand pages that are among the top US Facebook pages by fan count and that also reached an organic audience of at least 1M unique users in a single week in June. We divide these into pages that used organic media alone during the week in question, and pages that used both paid and organic media during the week in question. To construct an evenly matched set of 100 pages, we take the top 50 organic-only pages and match each to the paid + organic page with nearest fan count size. In this way we are able to observe the total reach of top pages that use organic media alone compared to the total reach of same-size pages that use both paid and organic media together.

The resulting sets each have an average fan base of 10M (9.98M for organic only and 10.02 for paid + organic). The groups achieved similar average organic reach (organic only = 2.87M organic reach, paid + organic = 2.91M organic reach). However, the average total reach achieved by each of the groups were vastly different: the group that used organic media alone achieved

an average total reach of 2.87M, while the group that combined paid and organic media achieved an average total reach of 15.46M, which is an amplification of 5x over the organic reach for those pages.



We see that even for the most successful brands on Facebook, amplification of brand content via paid media represents an opportunity to significantly extend total reach beyond audiences reached by organic and viral messaging alone. Further, the paid audience for large brand pages primarily represents the friend of fan (>80%) and fan networks (up to 10%, dependent on targeting), and as such these paid impressions carry social context that empowers each paid impression with the same social endorsement as a natural organic impression.

Among brand pages with top organic reach on Facebook, those also using paid media amplify their total reach 5x over organic reach alone.

CASE STUDY: IN DEPTH REACH ANALYSIS OF 3 BRANDS

As this study is designed to investigate the incremental opportunity that paid media represents for those brands on Facebook that have proven success with fan acquisition, page management, and organic publishing strategies, three case study brands were selected specifically to represent top page performance on Facebook across a diversity of verticals and fan page sizes.

Three brands were selected for an in-depth study of audience reach: A Major Retailer (17M fans), Samsung Mobile USA (9M fans), and Major Financial Services brand (3M fans). As in the previous analysis, pages selected for case study were selected from those brands that achieve among the top organic reach for pages of similar size and vertical. For these test brands, we consider three sets of metrics:

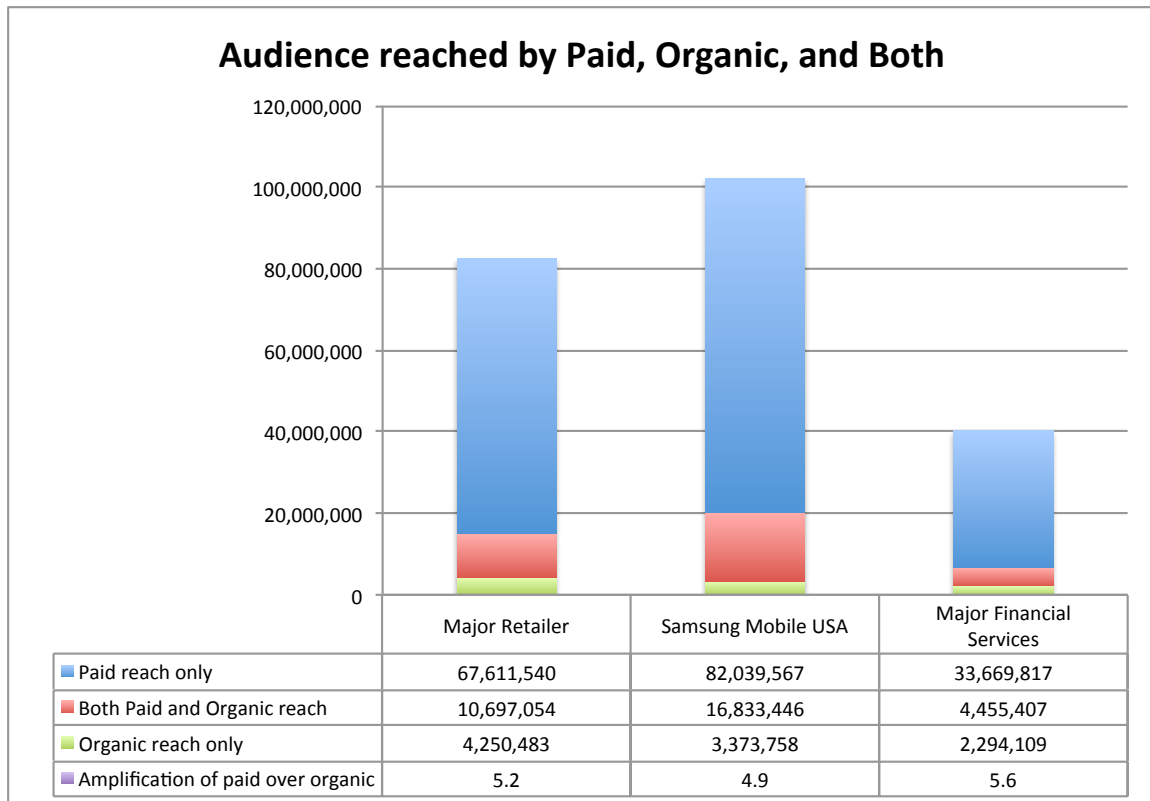
- Total and per-post brand reach
- Audience demographics and behavior on Facebook
- Shopping and buying behavior of paid audience off Facebook compared to average internet audience

TOTAL BRAND REACH

For the three brand pages, we selected a week in June during which a campaign was run, and measured paid and organic reach brand reach for that week.

Because it is possible for a single user to be reached by both organic and paid content in a given week, we divide each brand's total audience into three categories: users reached through organic content only, those reached through paid content only, and those reached by both paid and organic content.

We see below that across this spectrum of large brand pages on Facebook, brands achieve a paid reach that is 5x the size of their organic reach, significantly extending their audience.



In three brand pages ranging from 3M to 17M fans, paid media reaches 5x the audience of organic reach.

PER-POST REACH

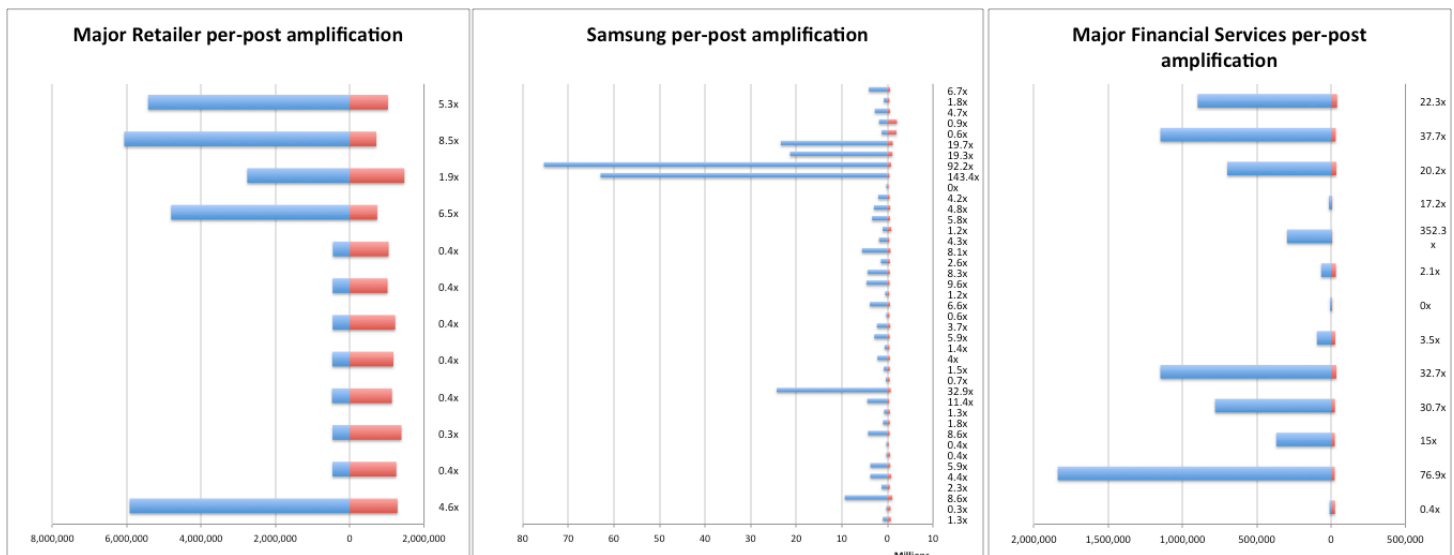
Another way to measure audience amplification is to look at how brands use paid media to extend the life of a single piece of content. In the graphs below, each bar represents a given brand page post that had both organic and paid distribution during the observation week. We then compare the total lifetime audience reached by those posts in the 28-day period that encompassed the test week for both organic distribution (red) and paid distribution (blue).

The relative sizes of the paid and organic portions of each post's audience are to a large extent determined by a brand's decisions, such as how the brand chooses to target a given post, when the content is posted, and whether the brand uses paid media to boost a post via News Feed or on the right hand side. As such, the per-post amplification figures in the graphs below represent a set of possibilities that can be achieved for brand pages of different sizes given different page posting and ad strategies.

We see that across the three brands, the average reach amplification for a single piece of content ranges from 2x to 24x. Within this, however, is a broad range of amplification figures

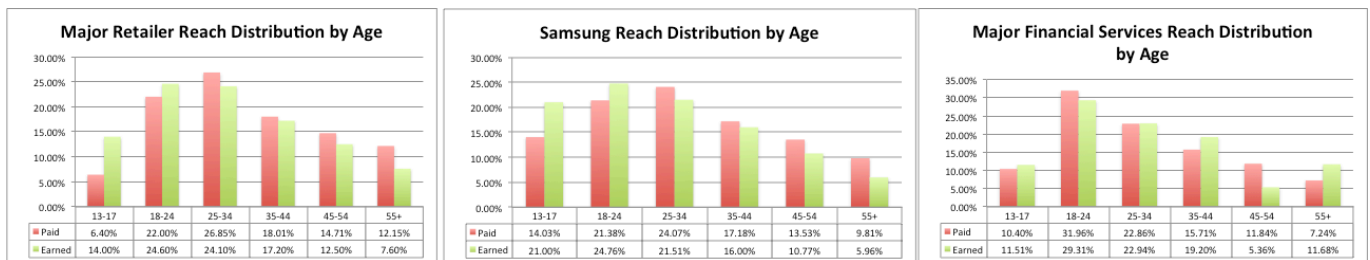
for single posts. Individual posts from Samsung and Major Financial Services brand achieved up to 90x, 140x, and even 350x amplification (paid reach divided by organic reach) over their lifetimes. These data also show that Major Retailer, Samsung, and Major Financial Services brand each had certain posts in which lifetime organic reach outpaced lifetime paid by 2x to 4x.

Taken together, these data suggest that brands can and should tune their posting thoughtfully, choosing to invest in paid amplification for some posts to address a broad audience through advertising, while utilizing other posts primarily to address their connected fans and friends of fans. For brands who have invested in the creation of content, this represents a potentially big lever to amplify and extend the life of content.



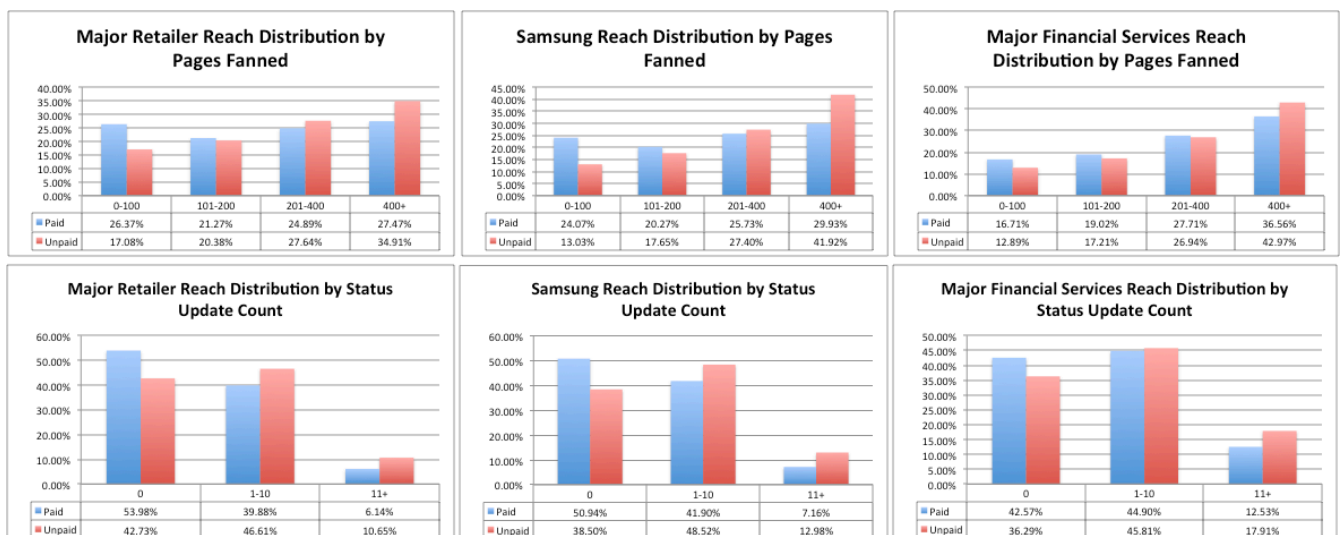
Financial Services brand. Facebook data represents total population, while comScore data represents Facebook users who are members of comScore’s panel.

Age distributions of audiences reached by paid and earned media were largely similar, though in some cases paid audiences reached slightly higher percentages of older age buckets that represent key demographics for brands. The percentage of the paid and earned audience that fall into each of the six age segments differ by an average of just three points. Only three segments differ meaningfully— both Major Retailer and Samsung had ~7 percentage point higher organic reach among the 13-27 age segment compared to paid exposed 11.4 percent of Major Financial Services brand’s paid audience was in 45-54 year old demographic compared to 5.4 percent of its earned media audience.



**comScore data.

To evaluate Facebook engagement among the paid and organic audience segments, we use internal Facebook data. We use the number of pages “liked” per user and the number of status updates posted in 28 days as two ways to describe a given segment’s Facebook engagement. While the paid and organic audiences again follow the same general distribution of behavior, we see here that a slightly greater share of paid audience fall into lightweight Facebook use categories. Specifically, we found paid messages were 30-60% more likely to reach users that have liked 100 or few pages. Similarly, paid messages were 17-32% more likely to reach user who hadn’t posted a status update in the past 28 days.



**internal Facebook data

In research entitled "Using Reach to Drive Impact" presented to the 2011 ARF Audience Measurement 6.0 Conference, Facebook found that lightweight users respond more strongly to marketing messages. Lightweight users in this study were 1.5x more likely to recall ads in the 72 hours following ad exposure compared to heavyweight users⁴. Taken together, these data suggest that paid media represents an opportunity for brands to reach more responsive users in key demographics with brand messages.

Paid and organic audiences have similar age distributions.

Paid audience are slightly lighter Facebook users than organic audience.

SHOPPING AND BUYING BEHAVIOR OF PAID AUDIENCE

Finally, we consider the question: is the audience reached by paid media valuable to brands in terms of shopping and buying behavior?

To answer this question, we used comScore's US online behavioral panel. comScore's opt-in panel passively collects online behavior such as site visitation and engagement, online spending, searching, and video streaming. For this analysis comScore identified panelists who were exposed to paid media during the selected week in June. comScore then profiled the online activities conducted by these audiences during the month of June.

We assess the value of paid audience to brands in terms of category and brand engagement. Because of the breadth of the paid audiences, total internet population represents the most meaningful comparison set in terms of these engagement metrics. As a result, we have indexed paid audience against total internet population for both category and brand engagement metrics.

Here, we consider metrics that represent different levels of engagement in terms of internet site category visitation and time spent, Online Buying Power Index (measured by total dollars spent per buyer on average across the segment indexed against the average dollars per buyer for the total Internet population), and various other conversion metrics that were pertinent to each advertiser/brand.

For Major Retailer, we evaluated both online and offline transactions and dollars per buyer spent at Major Retailer. For Samsung, the focus was on Samsung.com reach and engagement as

⁴ New Research Techniques and Approaches, Part A: "Using Reach to Drive Impact" B Smallwood and S Bruich, Facebook, presented at ARF Audience Measurement 6.0 Conference, June 13 2011.

well as searches conducted containing the term “Samsung.” For Major Financial Services brand, we looked at the percentage of the audience reached by paid media that had been active with a Major Financial Services brand card (i.e. made an online transaction or checked a Major Financial Services brand statement online), as well as Major Financial Services brand’s payment share among the other top other credit card companies. In each case, we compare paid audience to the total internet population.

MAJOR RETAILER PAID MEDIA AUDIENCE

The audience reached by Major Retailer paid media are more likely to be heavier overall internet users, spending nearly 2X more time than the average internet user. This audience spends more time on Entertainment and Retail sites (indices of 172 and 135), and has higher visitation rates in most categories, particularly categories relevant to Major Retailer such as Apparel (172), Consumer Goods (146), Coupons (153), Department Stores (157), and Retail (118)⁵. Interestingly, the Major Retailer paid media audience is no more likely to visit social media sites than the average internet user (index of 102 for the Social Media category).

Compared to the average internet user, those exposed to Paid Media index higher on e-commerce spending overall. Compared to the average internet user, users exposed to Major Retailer paid media on Facebook spent:

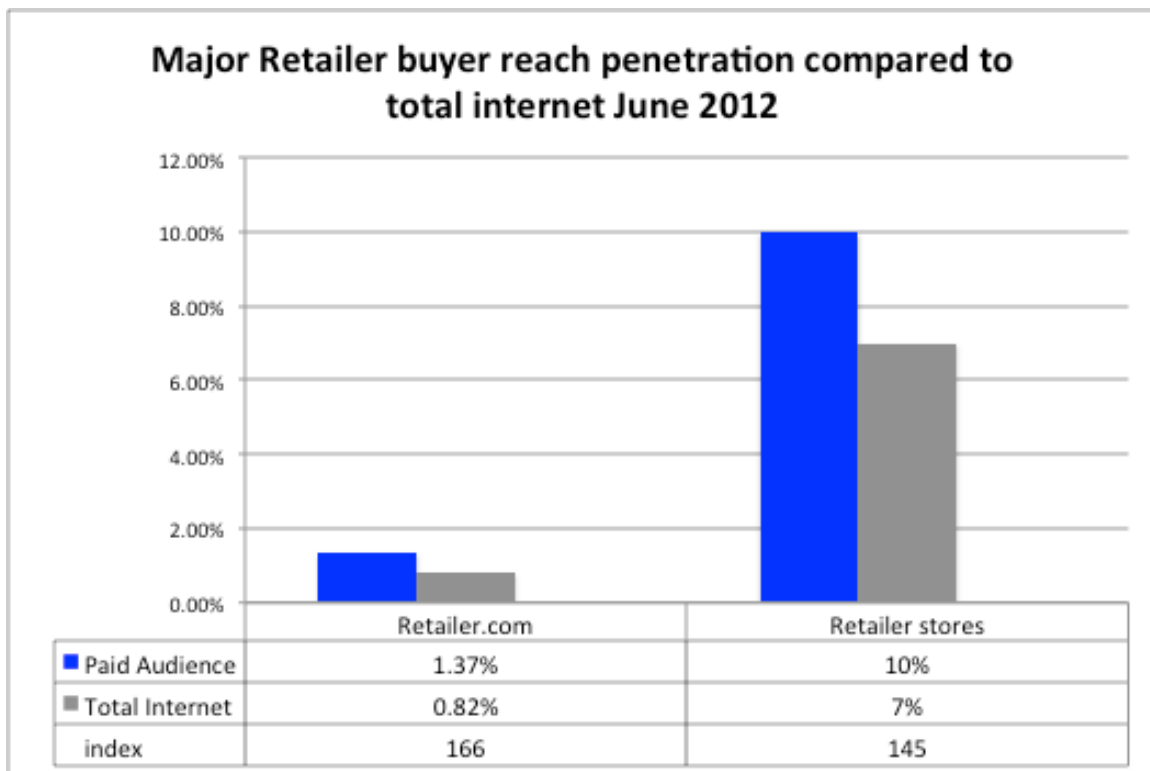
- 3 times more in the Gift Certificates/Coupons, Flowers/Gifts and Sports/Fitness categories
- 2 times more in the Baby Supplies, Handhelds/PDAs and Portable Devices categories
- Nearly 2 times more in the Books/Music, Event Tickets, Video Games/Consoles categories
- 20 percent more in the Apparel and Food, Beverage and CPG categories

When looking at overall Buying Power Index (BPI)⁶, users reached by Major Retailer paid media over indexed substantially compared to the average internet user. The 35-44 and 55+ age segments of the paid exposed group in particular, had above average online dollars per buyer during the period.

Compared to the average Internet user; those exposed to paid media are 66% more likely to buy at Major Retailer.com and 45% more likely to buy at a Major Retailer store than the average internet user.

⁵ Indices compare the behavior of the segment (users reached by paid media) to that of the average internet user. Base = 100.

⁶ BPI is defined as the total number of dollars spent online by the target group of interest during the month of June divided by the number of buyers in the segment (average dollars per buyer). That value is then indexed (divided by) the average dollars per buyer across the total Internet population and multiplied by 100 to arrive at the index. An index over 120 is considered to be a noteworthy over-index.



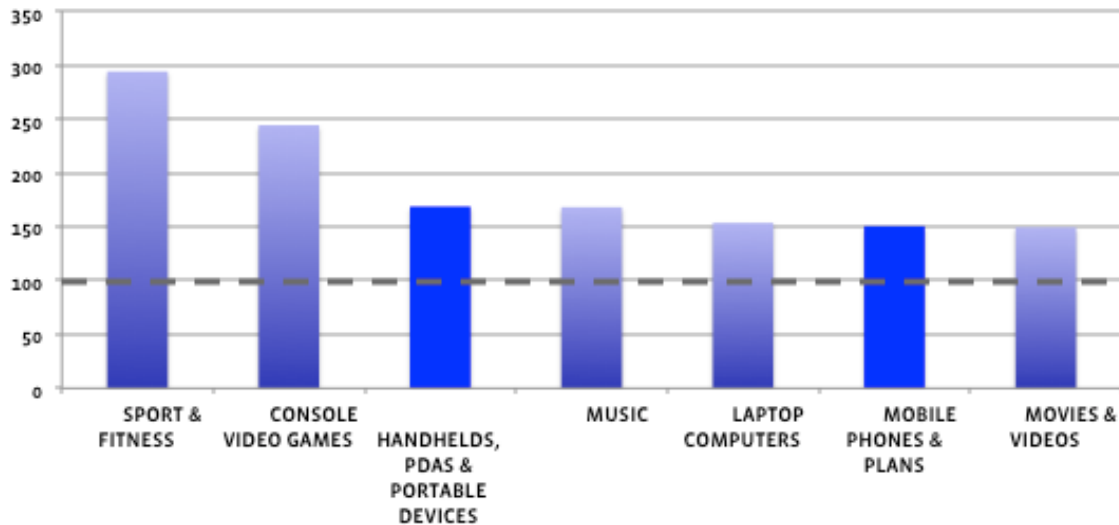
SAMSUNG PAID MEDIA AUDIENCE

Users reached by Samsung paid media on Facebook are heavy internet users overall -- they were more likely to visit sites in 85% of the categories comScore tracks. Perhaps more importantly, they were more likely than average to visit categories relevant to Samsung's products, potentially indicating they represent a strong target for Samsung ads. Specifically, users exposed to Samsung ads were 68% more likely than the average user to visit Technology News sites, 50% more likely to visit Telecommunications sites and 62% more likely to visit Consumer Electronics sites.

Users exposed to Samsung paid media were also 24% more likely to shop online than the average internet user. The Buying Power Index (BPI) of the paid audience was notably high in the two product categories most relevant to Samsung Mobile: Mobile Phones (BPI of 150) and Handhelds, PDAs (169).

Perhaps most telling, comScore found that the audience reached by Samsung paid media was 173 percent more likely than the average user to conduct searches that contained the word 'Samsung,' and when they did so, they searched for Samsung 39 percent more frequently. While it's important to point out that one cannot draw a causal connection between exposure to ads on Facebook and this search behavior, one can confidently conclude that the audience reached by these ads was high value in terms of its propensity to be interested in Samsung products.

Samsung Mobile Paid Audience buying power index compared to total internet



MAJOR FINANCIAL SERVICES BRAND PAID MEDIA AUDIENCE

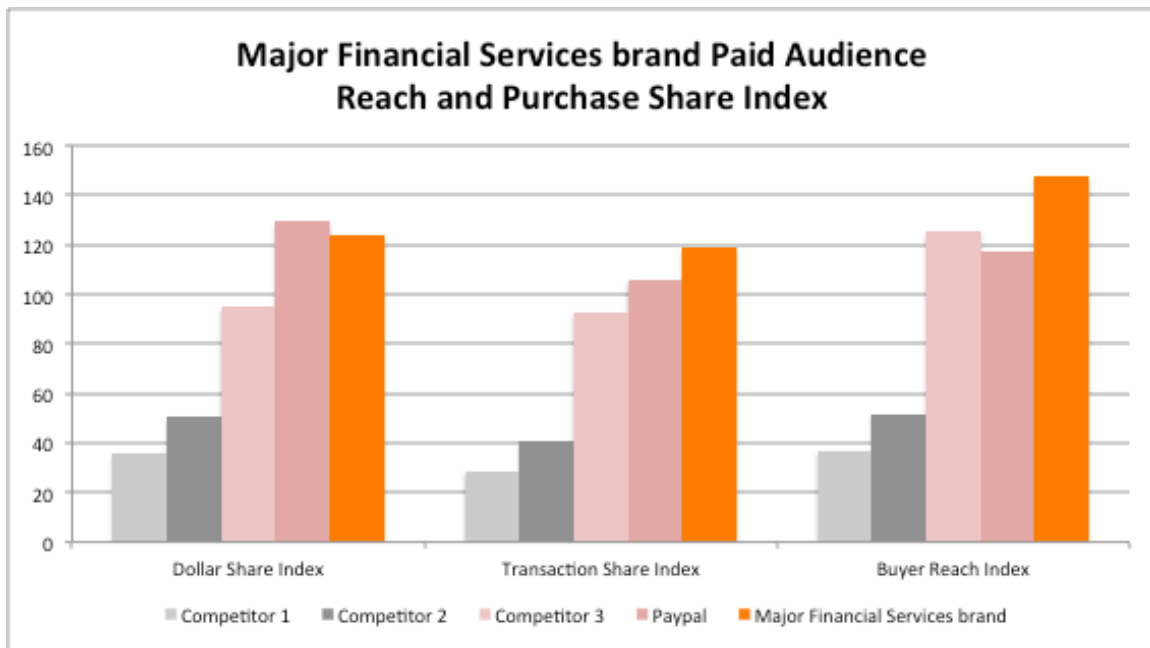
To better understand whether users reached by Major Financial Services brand ads on Facebook represent a potentially valuable audience for Major Financial Services brand, comScore utilized its panel to analyze this audience's credit card usage behaviors. Credit card usage among the paid audience is assessed using three different measures: card ownership, share of transactions, and share of dollars. Each metric provides a slightly different measure of credit card usage within the audience reached by Major Financial Services brand paid media.

The analysis revealed that the audience reached by Major Financial Services brand on Facebook was 31 percent more likely to be Major Financial Services brand cardholder⁷ than the average Internet user. When considering online transactions, comScore found that eighteen percent of the paid media exposed group made an online purchase with a Major Financial Services brand card, compared to twelve percent of the total Internet (index of 147). In addition, comScore found that Major Financial Services brand's dollar share of online purchases was 24 percent higher among users exposed to Major Financial Services brand paid media compared to average.

Taken together, these data suggest that the paid audience reached by Major Financial Services brand represent active users of credit cards and of Major Financial Services brand cards, and

⁷ comScore panelists were determined to be cardholders if they were observed making an online transaction with a Major Financial Services brand and/OR logged into a Major Financial Services brand account online during the month of June 2012

therefore represent a potentially valuable audience for Major Financial Services brand to reach with brand marketing messaging.



CONCLUSION

Collectively, this research establishes that paid media provides an opportunity for brands to extend their reach on Facebook significantly beyond the audience they are able to reach with organic media alone. Our analysis found this to be true even for brands with some of the largest fan bases on Facebook. We also found that there is a wide variance in the amount of paid amplification that occurs for any given Fan page post suggesting that brands have control over the amount of distribution a message receives. Further, this study provides evidence that paid audiences reached on Facebook are generally similar demographically to those reached using earned media and are often more likely than the average user to be engaged with the brand and its category.

METHODOLOGY

To evaluate the extent to which brands use paid media to extend reach on Facebook, we take two approaches. First, we look at use of paid media among brand pages with top organic reach. Second, we take a more detailed look into three brands of different sizes who ran paid media during the test period in June.

REACH MEASUREMENT

COMSCORE METHODOLOGY AND DATA SOURCES

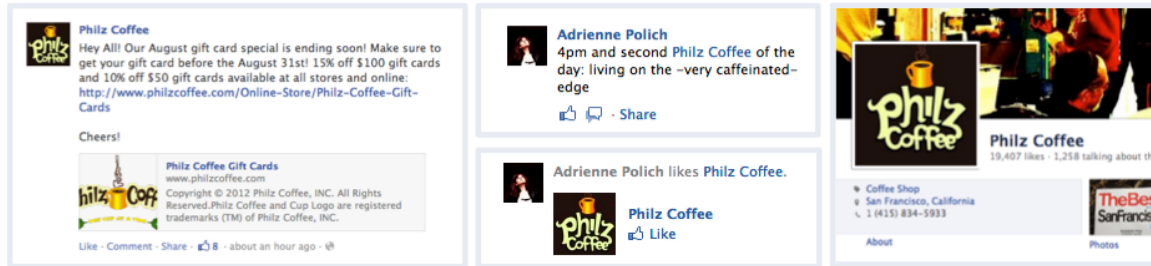
comScore data in this paper was collected and analyzed using the comScore's Social Essentials product, which is a measurement service based on the company's proprietary 2 million person global panel of Internet users from a home or work computer (note: mobile based Internet browsing is not included in this analysis). Opt-in panelists provide comScore with explicit permission to passively observe their online behavior, including site visitation, search activity, advertising exposure, and online purchases. By measuring online behavior for these opt-in panelists, comScore can observe both public and non-public pages within particular social networks such as Facebook. Measurement of panelists' exposure to social media marketing within social networks can be linked to other behaviors in which they engage around the web.

DEFINITION OF PAID AND ORGANIC REACH

TOTAL PAID BRAND REACH represents the number of unique people who saw brand content from a sponsored product, such as an ad or sponsored story from a Page post. These ads can appear in News Feed, Ticker, or on the right hand side of the page.



TOTAL ORGANIC BRAND REACH represents the number of unique people, fans or non-fans, who saw brand content in their News Feed, Ticker, or on the Brand Page. This includes all impressions of any piece of content generated by the Brand Page, all impressions of organic stories about the brand generated by users, and impressions generated when users navigate to the brand page on their own. This includes page posts, user likes and comments, user mentions and tags, and organic brand page impressions.



PER-POST REACH represents the number of unique people, fans or non-fans, reached by a single page post. For organic per-post reach, this includes all organic impressions of a given post in newsfeed, ticker, or on the brand page. For paid per-post reach, this includes any promoted impression of a given post in newsfeed or in the right hand side.