

SOCIAL ADVERTISING AND WORD-OF-MOUTH

THE SOCIAL ADVERTISER'S POINT OF VIEW

"SOCIAL" PRESSURES

Everyone's talking about it. All of your friends are doing it. In some ways, the same pressures that spur consumers to become involved with social networks tug at marketers to commit resources and media budgets to advertise on them. The fear that advertisers will miss out on this burgeoning opportunity to engage customers through social media compels many to dedicate budget to advertising before they fully understand how to measure success, much less derive a true return on marketing investment.

But savvy marketers know what they don't know, and are working to find answers that will allow them to find the right level of social media investment required to truly strengthen their brands.

Surveyed:

200 contacts in the U.S. spending an average of **\$2.2 million per year** on social media advertising

HOW'S IT GOING IN THE KITCHEN? ASK THE COOK

To best understand the motivations and strategies behind social advertising, we surveyed advertisers who have committed large budgets to social media. In challenging economic climates, marketers must justify and defend budgets with **favorable results** or **valuable insights**. Results from our survey of 200 marketer and agency contacts in the U.S. spending an average of \$2.2 million per year on social media advertising reflected some of each.

SOCIAL MARKETING – FUEL FOR WORD-OF-MOUTH AND BRANDING

What excites social marketers? Our respondents cited **word-of-mouth** as the top reason to invest in social media – particularly ratings and reviews. Marketers clearly want to identify and reach influencers who will generate valuable brand conversations with others among the target audience.

Branding was another key reason for respondents to invest in social media. Whether creating awareness for new products and services, or repositioning existing offerings, social marketing is seen as a powerful tool for building and strengthening brands.

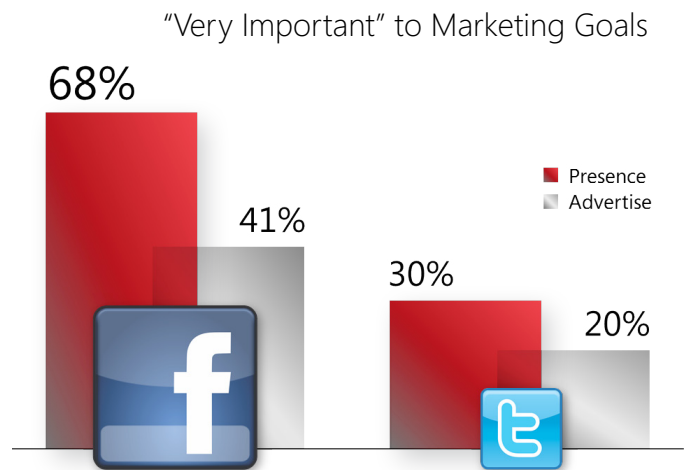
But how is social marketing success measured? The majority of social advertisers surveyed appear to take a holistic approach to performance, with two-thirds believing mere growth in fans/followers doesn't equal success. Still, fan/follower volume is by far the easiest metric to track, so advertisers must create a new set of social metrics that support marketing goals and enable ROI measurement.



SOCIAL ADVERTISING VS. SOCIAL PRESENCE

While advertisers may have different goals for social advertising, respondents do see a clear distinction between social advertising and social presence in a way that allows them to value and fund them separately. Perhaps because it's deemed table stakes, advertisers placed greater value on social presence over paid advertising on social networking sites.

Sixty-eight percent felt a presence on Facebook was "Very Important", while only 41% felt the same about paid advertising on Facebook. The same held for Twitter, with 30% stating a presence was "Very Important", and 20% stating the same about paid advertising on the social network.



Social media budgets are spent fairly evenly across attracting (46%) and engaging (41%) their online communities. Relative to acquisition, respondents spent 27% of their social budget attracting new fans/followers on Facebook and Twitter, while 19% was spent attracting new fans/followers off Facebook and Twitter.

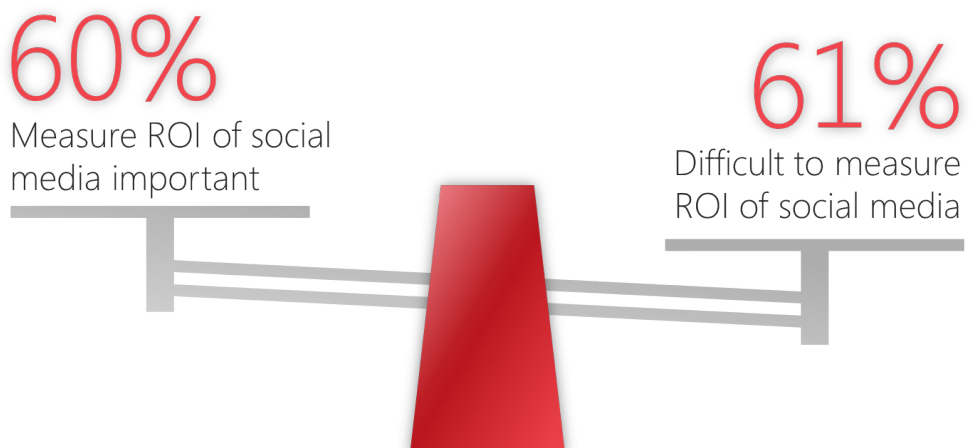
DO SOCIAL ADVERTISERS "LIKE" THE PERFORMANCE OF THEIR SOCIAL CAMPAIGNS?

For as much focus and resources as social marketing receives, our research reflected a fair amount of advertiser dissatisfaction, particularly around perceptions of effectiveness and ability to measure return.

REACHING THE WRONG AUDIENCE: When asked about the makeup of their social community, only 36% of respondents stated they were satisfied with the target appropriateness of their fan/follower base. Advertisers also estimated that only 31% of the **word-of-mouth** they generate is heard by their target customer. These stats clearly reflect advertisers' desire for greater influence over the characteristics of audiences they reach through social media.

NOT ENOUGH EDITORIAL CONTROL: Advertisers also expressed concerns about the types of conversations that take place within their social community, and their lack of influence to shape this **word-of-mouth** in a way that supports their brands. Sixty-three percent were not satisfied with their ability to prevent negative things being said about their brands, while 54% weren't satisfied with their ability to encourage conversations that align to their brand attributes.

ROI CHALLENGES: Sixty percent of respondents stated measuring ROI of their social advertising efforts is important, but 61% felt that it was too hard to measure with their current tools and methodologies. This poses obvious conflicts around finding the appropriate levels of investment.





DESPITE CHALLENGES, OUTLOOK REMAINS POSITIVE

Despite the concerns voiced in this study, advertisers appear committed to making investments in social media now, believing there's greater risk in NOT having a social presence, or that they'll soon be able to resolve these challenges.

Sixty-four percent of respondents projected their investment in social media advertising will rise over the next year, while only 3% felt it would decrease. And looking out three years, social advertisers believe that **word-of-mouth** and branding will continue to be the top goals driving their social marketing investments.

TAKEAWAYS TO SHARE WITH YOUR FRIENDS AND FOLLOWERS

Social networks have a lot to offer advertisers, boasting huge user bases and impressive engagement stats. And, based on the size of their current social media budgets and optimism toward its future contribution to their marketing goals, it's clear the majority of respondents are committed to social advertising. However, despite the lofty expectations for social media, we found these advertisers acknowledge there's still much to learn about amplifying their brand messages to the right audiences, and getting the best return for their social marketing investment.

Even if your social budget isn't as big as those of whom we surveyed, know that few of your fellow marketers have found the secret to using social media most effectively. On a positive note, advertisers who approach social media with clear goals and strong measurement will have a better chance of engaging influencers, and sparking the right word-of-mouth. And that's worthy of a "Like".



About Microsoft Advertising

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