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**facebook**

# The history of Facebook advertising



# The first forms of advertising

2004: The first form of Facebook advertising appears on the fledgling website: the “Facebook Flyer”.

2005: Facebook begins experimenting with more profitable forms of advertising:

- deal with partypoker.net which nets Facebook \$300 USD for every new subscriber who signed up via Facebook.
- A Facebook group sponsored by Apple appears on the website. Apple agrees to pay Facebook \$1 USD monthly for every member.

## Facebook Flyer

Be a Butler  
Blogger!!



Want a paid job on campus that'll allow you to share your year at Butler with the world? Admission is looking for several students to be Bloggers this year. Msg me or click to email for more info!

Posted by Brad J Ward

Share +

A screenshot of the original 'thefacebook' website. The browser window shows the URL 'http://www.thefacebook.com/'. The page has a blue header with the text '[ thefacebook ]' and links for 'login', 'register', and 'about'. Below the header is a navigation bar with 'Welcome to Thefacebook!'. The main content area features a large heading '[ Welcome to Thefacebook ]', a paragraph describing the site as an online directory for colleges, and a specific mention of 'Harvard University'. A list of features is provided, followed by instructions on how to get started and two buttons for 'Register' and 'Login'. On the left side, there is a registration form with fields for 'Email' and 'Password', and 'register' and 'login' buttons.

thefacebook

login register about

Welcome to Thefacebook!

**[ Welcome to Thefacebook ]**

Thefacebook is an online directory that connects people through social networks at colleges.

We have opened up Thefacebook for popular consumption at **Harvard University**.

You can use Thefacebook to:

- Search for people at your school
- Find out who are in your classes
- Look up your friends' friends
- See a visualization of your social network

To get started, click below to register. If you have already registered, you can log in.

Register Login

Email

Password

register

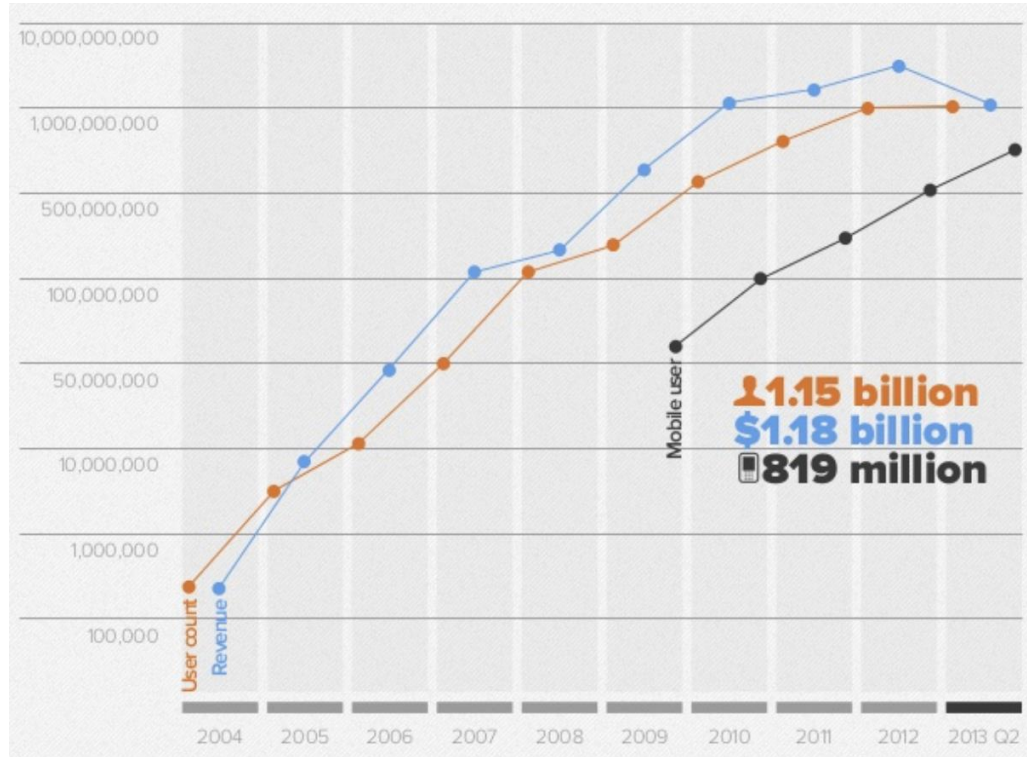
login

# 2007: The big change

- Facebook Ads is launched. Any company can now purchase advertising on the Facebook platform with relative ease, and many do.
- Facebook goes mobile



# Graph showing Facebook's evolution



We can see a constant evolution thanks to advertising.

# What are the recent changes?



- Delivery Insights are unveiled, giving advertisers a view into exactly where their ad dollars are going and who is seeing their ads.
  
- Phrasee for Facebook goes live. The awesome power of artificial intelligence has arrived in the Facebook advertising domain.

# *II/ How does Facebook make money from ads?*

The two sources of facebook revenue are :

- **Advertising (more than 80% of the company's revenues ) & payments**
- Other expenses



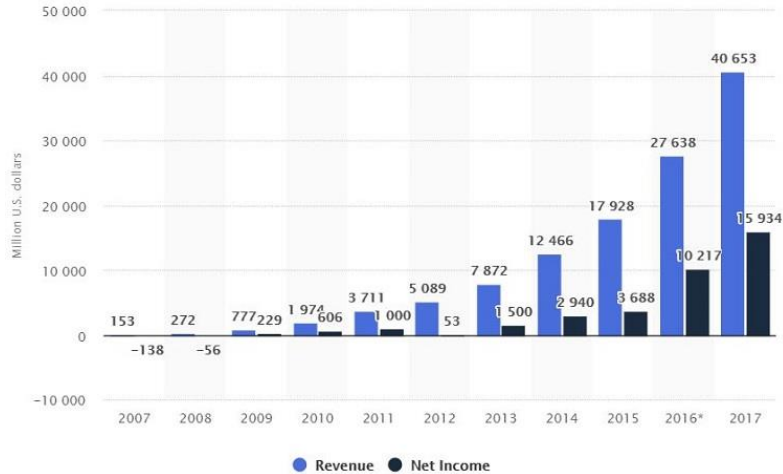


Fourth Quarter and Full Year 2017 Financial Highlights

	Year Ended December 31,		Year- over-Year % Change
	2017	2016	
In millions, except percentages and per share amounts			
Revenue:			
Advertising	\$ 39,942	\$ 26,885	49 %
Payments and other fees	711	753	(6) %
Total revenue	40,653	27,638	47 %
Total costs and expenses	20,450	15,211	34 %
Income from operations	\$ 20,203	\$ 12,427	63 %
Operating margin	50 %	45 %	
Provision for income taxes	\$ 4,660		
Effective tax rate	23 %		
Net income	\$ 15,934	\$ 10,217	56 %
Diluted Earnings per Share (EPS)	\$ 5.39	\$ 3.49	54 %

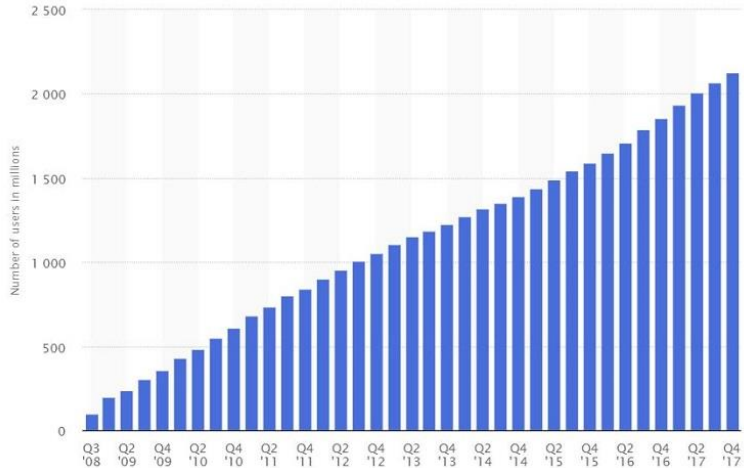
- **2017** : Facebook advertising revenue = more than \$1 billion
- A considerable increase from year to year (almost 50% increase between 2016 and 2017)

# What does this money allow?



- Compound annual growth rate of about 59%
- The company therefore maintains a significant cash flow
- Use this money to buy competitors → which increases its final value

# How does it work?



The average consumer who uses facebook pays "nothing" for the service

**The trap** : if you can't identify the product Facebook is winning, then you are either the product, or the information you generate, or the product, or a combination of both.

Facebook does not sell you anything because it sells you **to its advertisers**

- Last quarter of 2017: average of 1.4 billion users
- Number of active users per month: 1 billion
- 2.13% increase over the previous year

- The size of the audience determines the amount of money that companies such as Facebook can charge advertisers
- Companies are always looking for ways to expand their potential market. They pay well to reach as wide an audience as possible, in the hope of selling them something.
- Facebook being used by a very large number of users, the potential market for these companies is huge.

## Who advertises on Facebook?



The image shows a Facebook advertisement for Olympus OM-D cameras. At the top left, there is a logo for 'om-d' and the text 'OLYMPUS OM-D'. Below this, a red box highlights the word 'Sponsored'. To the right of the 'Sponsored' box is a 'Like Page' button. Below the header, the text reads: 'Anyone can participate with any kind of camera. Enter and win one of many prizes.' The main image of the ad depicts a city street at dusk or dawn, with tall buildings and a person walking on a bridge over a canal. The scene is reflected in the water.

- More than 1.5 million companies advertise on Facebook every month
- Giant companies that represent billions in advertising (McDonalds / HSBC / Dell ...)
- These companies also pay Facebook to help them increase the popularity and distribution of publications from their professional pages.

# Facebook Clicks

## AVERAGE CPC PER COUNTRY FACEBOOK ADS

### COUNTRIES



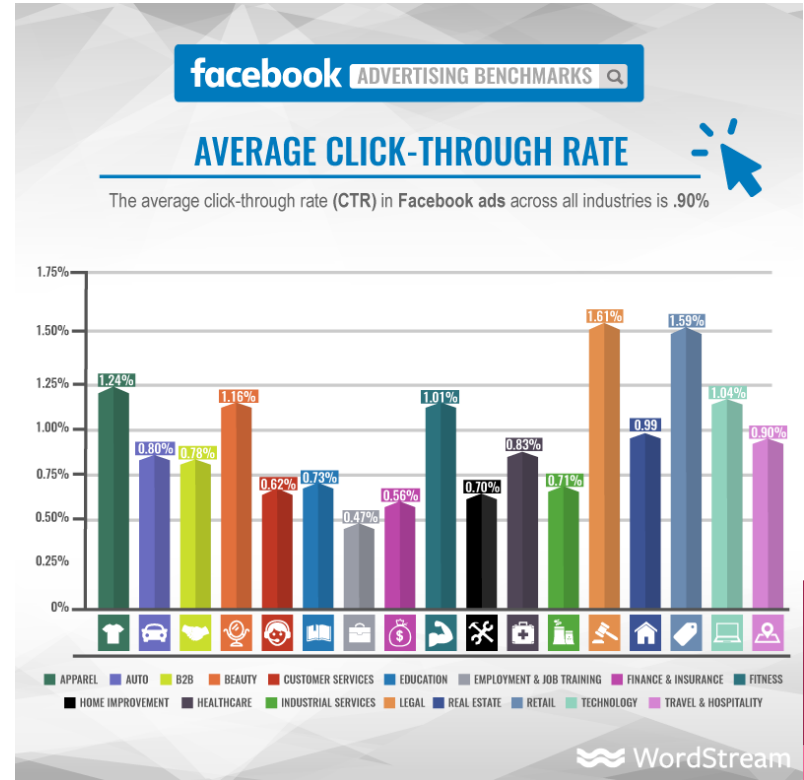
Average of \$0,05 CPC

Huge difference between countries

# Facebook Clicks

Average CTR is 0,90%

It's different depending on the segment



# Facebook Segmentation

Demographics: Gender and Age

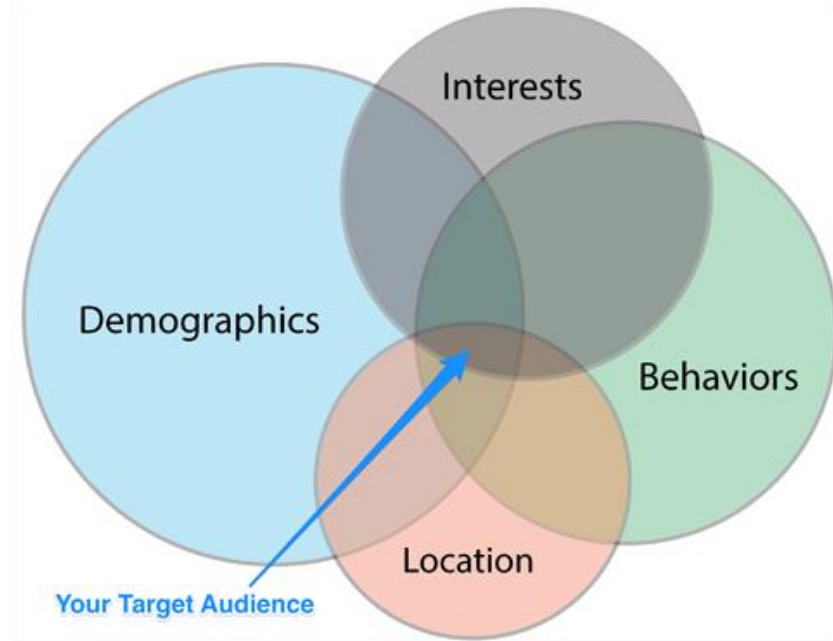
Location: Geo-target

Connections on Facebook: Target your fans

Interests: Match Activity

Behavior: Prior Purchase, Device Usage

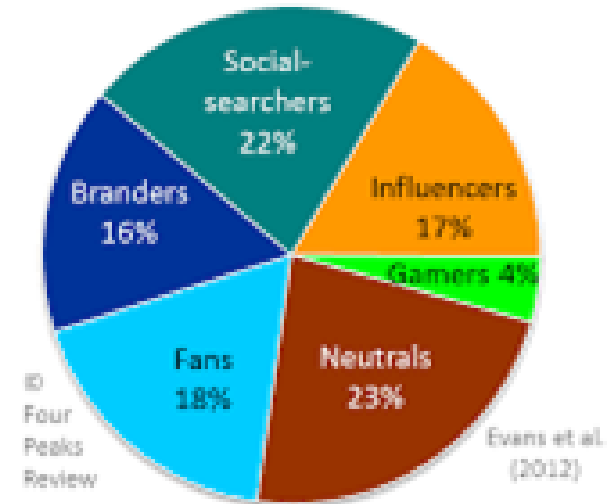
Estimated Reach: Size of prospective audience



# Facebook Segmentation(Big Data)

- Every ad users click on
- Any additional personal information, including schools, maiden name, hometown and current city, employment, other social networks like political clubs, groups, and alumni associations (current and former)
- Every IP address used when logging into the Facebook account
- Every friend in the network, including friends that have been deleted
- All of the user's activity

Facebook's User Types















A hand is holding a white smartphone. The screen shows a Facebook post from a user named 'Brandoo'. The post text reads: 'Wondering whether or not to invest in Facebook marketing? Let's look at some reasons...'. Below the text is a blue graphic with a yellow question mark. Underneath the graphic is the title '9 Step Guide to Create a Facebook Ad' and the name 'SecretBrewery'. At the bottom of the post, it shows '355' likes, '48 comments', and '34 shares'. The background of the entire image is a dark, blurred gradient.

*How to create a Facebook advertisement?*

# Objective

Awareness	Consideration	Conversion
<input checked="" type="checkbox"/> Brand awareness	 Traffic	 Conversions
 Reach	 Engagement	 Catalog sales
	 App installs	 Store visits
	 Video views	
	 Lead generation	
	 Messages	

# Targeted audience

## Create a Saved Audience



Audience Name Sprout Social Audience



### Potential Audience:

Potential Reach 235,000,000 people

### Custom Audiences

Add Custom Audiences or Lookalike Audiences

Exclude | Create New

### Locations

People who live in this location

United States

United States

include | Type to add more locations

Browse

Add Locations in Bulk

### Age

18

-

65+

### Gender

All

Men

Women

### Languages

Enter a language...

Cancel

Create Audience



# Budget plan

## Budget & Schedule

Define how much you'd like to spend, and when you'd like your ads to appear.

**Budget** ⓘ

Daily Budget ▼	\$20.00
✓ Daily Budget	.00 USD
Lifetime Budget	may vary. ⓘ

**Schedule** ⓘ

Run my ad set continuously starting today

Set a start and end date

You'll spend no more than **\$140.00** per week.

# Which format ?

Create New Advert

Use existing post

## Format

Choose how you'd like your advert to look.



### Carousel

Create an advert with 2 or more scrollable images or videos



### Single image

Create up to 6 adverts with one image each at no extra charge



### Single video

Create an advert with one video



### Slideshow

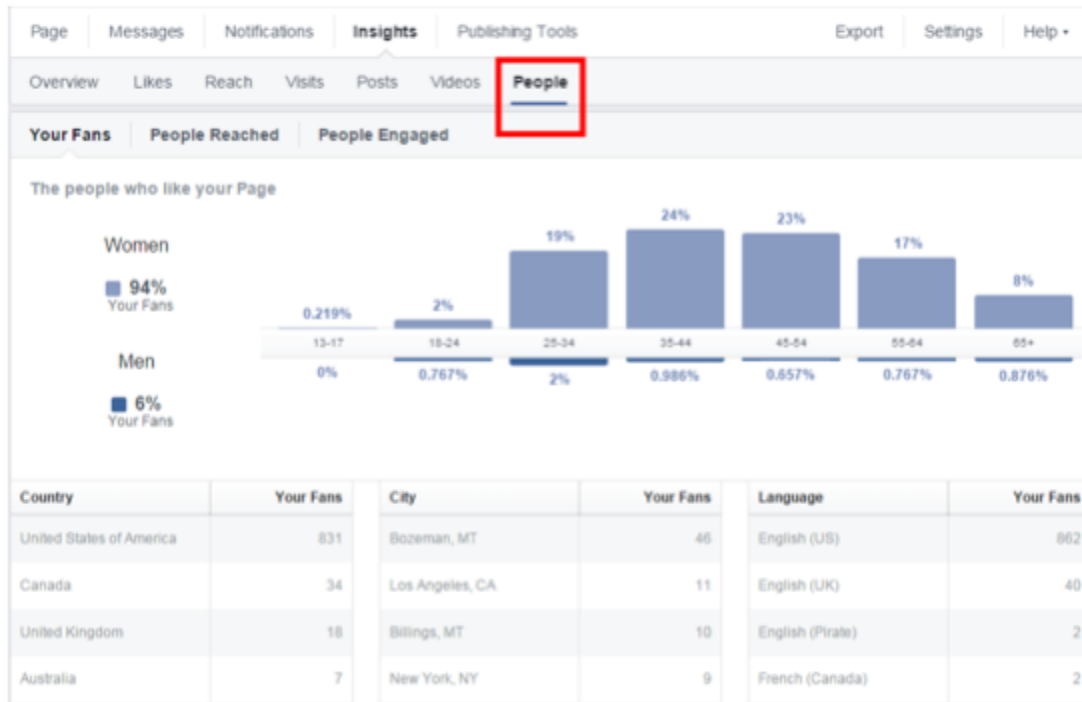
Create a looping video advert with up to 10 images



### Canvas

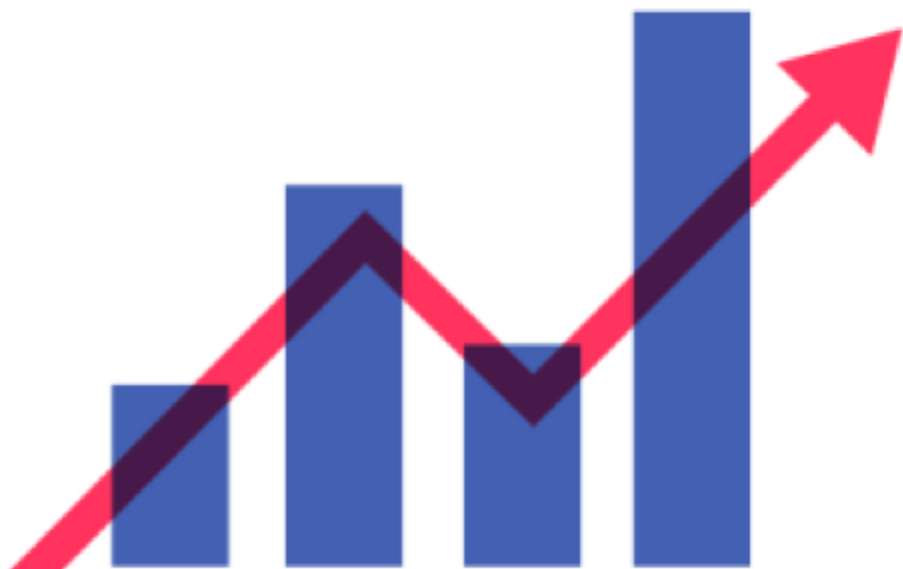
Tell a more immersive story by combining images and videos

# Facebook feedback tools



## Facebook ads : real time results analysis

- Improve the impact of ads in real time
- Three very useful tools
- A lot of different possibilities



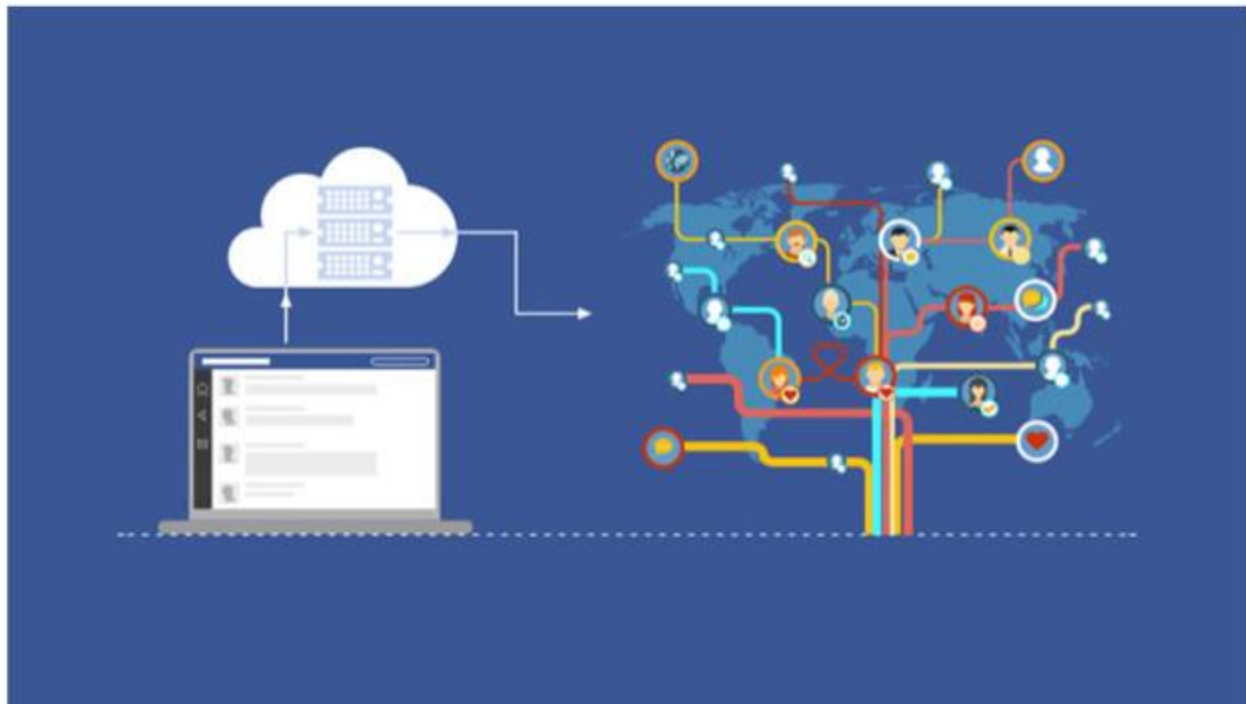



## Facebook ads on mobile devices

- *Part of the life*
- *7 000 000 every day*
- *Efficient on mobile devices*
- *A lot of different options*



## Some data about Facebook



- ❖ Facebook: 2.3 billion active users per month
  
  - ❖ You can advertise on Facebook with 1€/day.
    - This is same tool, interface and features whether you spend €1/day or €500/day.
    - However, more people will be touched if you spend €500/day.
  
  - ❖ Facebook has collected information on its users for more than 10 years.
    - Provides advertisers with an advertising tool that allows them to target very precisely the people they want to reach.
- 

# Example

For example, you can target

→ Men between 35 and 50 years old

→ who live in the Jardim Sumaré, Ribeirao Preto

→ who like the Zara and Louis Vuitton brands,

→ who go to McDonalds and eat sushi

→ who watch ESPN in the evening

→ who have made a purchase on an e-commerce site in the last 7 days.



# Some breath-taking figures

- ❖ Brands increased their publication promotion by 80% from 2013 to 2015.

→ As a reminder, boosting a publication on Facebook is like taking a publication on your Facebook Page and putting a little money into it to reach a larger audience.

- ❖ In March 2016, there were only 3 million companies worldwide using Facebook Ads to reach their target audience.

→ Currently, it is estimated that 6 million companies advertise on Facebook.



# Some breath-taking figures

- ❖ Between January and March 2017, Facebook earned \$7.86 billion in advertising revenue, up 51% from last year
- ❖ 84% of Facebook's advertising revenue comes from mobile advertising

→ Ads on the desktop and right column have the highest CPC



# Some breath-taking figures

- ❖ Facebook ads are cheapest at night

→ AdEspresso (facebook ad analysis software) shows that the average CPC between 4pm and 8pm drops to \$0.23.

- ❖ According to AdEspresso, the most successful call to action is "Download Now".

