

UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

MASTER'S THESIS

**THE EFFECTIVENESS OF SOCIAL MEDIA MARKETING IN THE LIVE
ENTERTAINMENT INDUSTRY: DRIVERS OF FACEBOOK ADVERTISING
SUCCESS**

Ljubljana, March 2016

JANA BENEDIK

AUTHORSHIP STATEMENT

The undersigned Jana Benedik, a student at the University of Ljubljana, Faculty of Economics, (hereafter: FELU), declare that I am the author of the master's thesis entitled: The Effectiveness of Social Media Marketing in Live Entertainment Industry: Drivers of Facebook Advertising Success, written under supervision of doc. dr. Gregor Pfajfar.

In accordance with the Copyright and Related Rights Act (Official Gazette of the Republic of Slovenia, Nr. 21/1995 with changes and amendments) I allow the text of my master's thesis to be published on the FELU website.

I further declare

- the text of my master's thesis to be based on the results of my own research;
- the text of my master's thesis to be language-edited and technically in adherence with the FELU's Technical Guidelines for Written Works which means that I
 - cited and / or quoted works and opinions of other authors in my master's thesis in accordance with the FELU's Technical Guidelines for Written Works and
 - obtained (and referred to in my master's thesis) all the necessary permits to use the works of other authors which are entirely (in written or graphical form) used in my text;
- to be aware of the fact that plagiarism (in written or graphical form) is a criminal offence and can be prosecuted in accordance with the Criminal Code (Official Gazette of the Republic of Slovenia, Nr. 55/2008 with changes and amendments);
- to be aware of the consequences a proven plagiarism charge based on the submitted master's thesis could have for my status at the FELU in accordance with the relevant FELU Rules on Master's Thesis.

Ljubljana, March 7th, 2016

Author's signature: _____

TABLE OF CONTENTS

| | |
|---|-----------|
| INTRODUCTION | 1 |
| 1 ONLINE MARKETING | 4 |
| 1.1 New Reality of the Global Digital World | 4 |
| 1.1.1 How New Technology Is Changing the Way We Acquire Consumers On Line.... | 6 |
| 1.1.2 Web 2.0 | 7 |
| 1.2 The Definition of Online Marketing | 9 |
| 1.2.1 Different Types of Online Marketing | 10 |
| 1.2.2 Facebook vs. Twitter vs. Instagram vs. Google..... | 11 |
| 2 SOCIAL MEDIA: ADAPT OR DIE | 14 |
| 2.1 The Importance of Social Media | 14 |
| 2.2 The Rise of Facebook..... | 15 |
| 2.3 Facebook in Numbers..... | 17 |
| 2.4 Facebook as an Advertising Platform | 18 |
| 2.4.1 A Brief History of Facebook Advertising..... | 18 |
| 2.4.2 A Deep Dive into Facebook Advertising..... | 19 |
| 2.4.2.1 Different Types of Facebook Ads | 20 |
| 2.4.2.2 The Anatomy of Successful Facebook Ads | 22 |
| 2.4.3 Advantages and Disadvantages of Advertising on Facebook..... | 24 |
| 3 THE IMPACT OF MEDIA ON THE CONSUMERS: BUYOLOGY | 25 |
| 3.1 The Negative Impact of Social Media..... | 26 |
| 3.2 Psychology Behind Buying | 27 |
| 3.3 The Consumer Buying Decision Process | 28 |
| 3.4 Thinking vs. Feeling: The Ultimate Secrets Behind Clicks | 31 |
| 4 THE EFFECTIVENESS OF FACEBOOK ADVERTISING..... | 32 |
| 4.1 Research Design | 32 |
| 4.1.1 Identification of Key Research Questions | 32 |
| 4.1.2 Key Performance Indicators: Metrics that Define Success on Facebook | 35 |
| 4.2 Methodology | 36 |
| 4.3 Quantitative Research: A/B Testing Experiment | 38 |
| 4.3.1 Research Goals and Objectives..... | 38 |
| 4.3.2 Data Collection Method | 39 |
| 4.3.3 Data Analysis | 39 |
| 4.3.4 Experiment 1: Call-To-Action Button vs. no Call-To-Action Button | 39 |
| 4.3.4.1 Measurement..... | 39 |
| 4.3.4.2 Sample Characteristics | 41 |
| 4.3.4.3 Findings..... | 42 |
| 4.3.5 Experiment 2: Video vs. Photo | 46 |
| 4.3.5.1 Measurement..... | 46 |

| | |
|--|-----------|
| 4.3.5.2 Sample Characteristics | 48 |
| 4.3.5.3 Results | 49 |
| 4.3.6 Limitations | 52 |
| 4.4 Quantitative Research: Online Survey | 52 |
| 4.4.1 Research Goals and Objectives | 52 |
| 4.4.2 Data Collection Method | 53 |
| 4.4.3 Sample Characteristics | 53 |
| 4.4.4 Data Analysis and Results | 55 |
| 4.4.5 Limitations | 60 |
| 5 RESULTS AND FINDINGS | 61 |
| CONCLUSION..... | 64 |
| REFERENCE LIST | 67 |
| APPENDIXES | |

LIST OF FIGURES

| | |
|---|----|
| Figure 1. Number of Internet Users from 1993 to 2014..... | 5 |
| Figure 2. Web 2.0 Meme Map | 8 |
| Figure 3. Number of Monthly Facebook Active Users Worldwide as of 3 rd Quarter of 2015 (in Millions)..... | 16 |
| Figure 4. The Process of Creating an Advertisement..... | 19 |
| Figure 5. FFF Model | 29 |
| Figure 6. Research Design | 32 |
| Figure 7. Percentage of People Reached by Age Group (Campaign 1 and Campaign 2)..... | 41 |
| Figure 8. Percentage of People Reached by Ad Placement (Campaign 1 and Campaign 2) .. | 42 |
| Figure 9. Total Conversions over a Two-Month Period | 46 |
| Figure 10. Percentage of Conversions by Version and Placement | 46 |
| Figure 11. Percentage of People Reached According to Age Group (Campaign 3)..... | 48 |
| Figure 12. Percentage of People Reached According to Age Group (Campaign 4)..... | 49 |
| Figure 13. Percentage of People Reached according to Ad Placement | 49 |
| Figure 14. Percentage of Respondents by Age Group | 54 |
| Figure 15. Percentage of Respondents according to Country of Origin | 54 |
| Figure 16. First Impressions When Viewing a Facebook Ad (Percentage) | 56 |
| Figure 17. Description of the Presented Ad | 57 |
| Figure 18. Facebook Photo Ad 1 vs. Facebook Video Ad 2 (Percentage)..... | 57 |
| Figure 19. Results on the Reasons behind the Decisions on the Visual Content..... | 58 |
| Figure 20. Facebook Ad 3 vs. Facebook Ad 4 (Percentage)..... | 59 |

LIST OF TABLES

| | |
|---|----|
| Table 1. Main Differences between the Four Major Advertising Players on the Market | 12 |
| Table 2. Facebook in Numbers | 17 |
| Table 3. Applied Settings for “Campaign 1” and “Campaign 2” | 40 |
| Table 4. Campaign 1, Version A: Call-to-Action Button | 42 |
| Table 5. Campaign 1, Version B: No Call-to-Action Button | 43 |
| Table 6. Campaign 2, Version A: Call-to-Action Button | 43 |
| Table 7. Campaign 2, Version B: No Call-to-Action Button | 44 |
| Table 8. Comparison of Ad Copies including Call-to-Action Button (Version A) and Ad Copies with No Button (version B) in Performance | 44 |
| Table 9. Percentage of Conversions according to Gender and Age Group | 45 |
| Table 10. Applied Settings for Observed Campaigns “Campaign 3” and “Campaign 4” | 47 |
| Table 11. Campaign 3, Version A: Video Ad | 50 |
| Table 12. Campaign 3, Version B: Photo Ad | 50 |
| Table 13. Campaign 4, Version A: Video Ad | 50 |
| Table 14. Campaign 4, Version B: Photo Ad | 51 |
| Table 15. Comparison of Ad Copies including Video (Version A) and Ad Copies including Photo (Version B) in Performance | 51 |
| Table 16. Results of the General Perception of Facebook Ads (Mean and Std. Deviation) | 56 |
| Table 17. Results on Visual Content (Mean and Std. Deviation) | 58 |
| Table 18. Results on the Call-to-Action Button (Mean and Std. Deviation) | 60 |

INTRODUCTION

In the past, potential consumers used to look up a product or service in the business telephone directory, or see them on TV or in the magazines and newspapers they came across. It was an especially difficult time for small businesses and marketers because traditional marketing methods were usually time-consuming, inconvenient, and very expensive. But times have changed. Despite the past growth in traditional marketing techniques, we have now stepped into a new era. And there is primarily one reason for this – the Internet (Hamit, 2015). Even though it does not feel like the year 2000 was so long ago, a decade is like a lifetime in Internet terms. In that year, only 413 million people used the Internet in the entire world, which is around eight times less than the number of Internet users at the end of 2015 (Internet Live Stats – Internet Users, 2015; Internet Usage Statistics, 2015). “Ten years ago it may have been a choice to jump on the online bandwagon, but now it’s an absolute must to survive and thrive as a small business,” explained Jenny Servis, Vice President of Marketing for SnapRetail, for Forbes magazine. Technology has put the cat amongst the pigeons on the marketing landscape. And why should all businesses make consistent use of online marketing? Because of their customers. They are on line, which means that the business needs to be on line too (Leinbach, 2015). With the rise of mobile and social technologies, consumers are now more powerful than ever. The digital medium has brought transparency in prices and made it easy for anyone with a computer or mobile device to quickly find the cheapest price for any product or service (Scott, 2006). The old methods of traditional, outbound marketing just cannot keep pace with these trends. One-way marketing today is yesterday’s message. Consumer engagement is no longer a series of one-way experiences; it is an ongoing dialogue (Chaffey, Ellis, Mayer, & Johnston, 2006, p. 350).

Facebook, one of the biggest social media giants, is fast becoming a master of online marketing. Not only does it allow companies to advertise quickly, at low cost and at their convenience, it also has well-mastered targeting options. Nevertheless, many people neglect the fact that Facebook advertising is not in itself enough, and that creating an ad does not necessarily mean a business will immediately see increased revenues and awareness. In today’s world, we are bombarded with countless offers and advertisements, and this complicates the decision process. Therefore, not only does creating an appealing and well-designed ad represent a challenge, it is necessary (Evans, 2010, pp. 7-9). Online marketing is all about experimenting and finding the best practice as a result, which is far from being a one size fits all approach. As a result, there is no scientifically proven method of success for a social media marketing campaign. However, certain experiments have been conducted which provide some fundamental insights and statistics. The main objective of any marketing campaign is to be successful. Nevertheless, it is exceptionally difficult to create an ad, which is an instant hit. The reason for this lies in the fact that its success also depends on the popularity of the company, product, service or, in my case, the artist. As a result, marketers should experiment with different ad settings and ad designs in

order to find the perfect fit. Over time, advertising on Facebook has evolved into a complex form of communication with more than just one way for marketers to get their message across to consumers. It is a mix of creativity, innovation, out-of-the-box thinking, simplicity and, above all, smart planning. New features such as the call-to-action button, new types of ads, and the button like are rapidly being implemented with basically no advice or instructions provided as to how to get the best out of them. It is therefore crucial for marketers to define their advertising requirements and to choose the right strategy for their specific situation. The question as to what works best can only be determined on a case-by-case basis.

The main goal of the thesis is to test and ultimately determine whether Facebook ads with a call-to-action button result in a higher number of conversions and, furthermore, if Facebook ads that include a video have a higher Click-Through-Rate (hereinafter referred to CTR) than Facebook ads with a photo. Even though social media marketing is fast becoming an indispensable tool in any marketing strategy, only few businesses acknowledge its value. Prior to working for a start-up company in Berlin, my knowledge about online marketing was extremely limited. While interning at this company, the way I thought about the concept of marketing changed completely. I learned how to market on line, especially on social media, and so realised just how important social media marketing actually is. Seeing marketing from an inside perspective inspired me to experiment and share my newly acquired knowledge. It is not hard to get to grips with online marketing, but it is difficult to learn how to outperform the competition. Therefore, deeper statistical insights and the sharing of best practices are of great value and can help many marketers in various industries. When it comes to making decisions, we all prefer independent, unbiased advice – shunning guidance which is to the benefit of the advising company in favour of impartial recommendations. For that reason, **the purpose** of this thesis is to present an objective step-by-step guideline for marketers by creating a document that will have additional functional value. It is my intention to explain to individuals and businesses the value of Facebook advertising, and to persuade them to acknowledge these benefits. Each additional experiment represents a small, but nonetheless, very important drop in the whole bowl of water. And since social media marketing is a relatively new phenomenon, there are many more drops yet to be captured.

The rapid rise of the Internet and, consequently, online marketing is expected to leave traditional types of marketing behind, especially, printed newspapers and magazines (Barreto, 2013). Nevertheless, according to Yaveroglu and Donthu (2008), the effectiveness of Internet advertising remains a hotly debated issue (in Santana & Beerli, 2012). Following the need for further empirical study on the effectiveness of Facebook advertising, this master's thesis aims to determine the effectiveness of social media marketing and what specifically drives the success of Facebook advertising. The A/B testing experiment and the survey were used to ultimately answer **the research question**: “Does a Facebook ad that includes a video has a higher CTR than a Facebook ad that

includes a photo and, furthermore, if a call-to-action button has a positive impact on the number of conversions?”

The methodology differs between the theoretical and practical part of the thesis. In the first part of this master's thesis, the theoretical background is presented using the description method from secondary data. The data for the theoretical part of the thesis was mainly collected with the help of the Internet and other non-digital literature such as books, articles and various case studies. Moreover, the knowledge obtained during my studies and my internship at a start-up company is used and analysed herein. Regarding the practical part of the master's thesis, two types of research will be used. On one side, the empirical study of two-sample hypothesis testing is conducted in the form of an A/B testing experiments. The experiments were carried out on the Facebook Ads Manager platform under the supervision of a company I have worked for. The data is then analysed using descriptive statistics. The goal of the A/B testing is to identify the changes in consumer behaviour that increase or maximise the outcome of a chosen objective (in my case, the chosen objectives are the website conversions and CTR). The survey is then conducted and shared via social media networks in order to gain deeper insights into consumer behaviour and opinions about Facebook advertising. A different perspective can shape as well as improve the consumer experience, thereby improving marketing performance on social media platforms. To conclude, the data is analysed using descriptive statistics in the form of tables and graphs.

This master's thesis is structured into a theoretical and empirical part, and begins with a presentation on the theoretical framework of online marketing and the rise of social media. The reasons for and ways in which technology has changed the way we do business is an important issue these days since we have now stepped into the new reality of a global digital world. But not only that – social media also has an enormous impact on consumers. Among the many changes it has triggered, Facebook has revolutionised the way people communicate and socialise as well as share and obtain information, which presents marketers with a great opportunity to use social media platforms to their benefit. The following chapter therefore focuses on consumer behaviour. Understanding why people buy a product or use a service is the key to successful marketing campaigns. In the practical part of the thesis, the foundations for the empirical study are presented in detail, including the research hypotheses, research design and methodology, and the empirical study is conducted in the form of an A/B testing experiments. The experiments are carried out on the Facebook Ads Manager platform and focuses on obtaining data about the effectiveness of a call-to-action button as well as which form of visual content performs better. The questionnaire is then created and shared via social media networks in order to gain deeper insights into consumer behaviour and opinions about Facebook advertising. Various combinations of research methods are used in the master's thesis to expand upon the scope of the study before a conclusion is ultimately drawn.

1 ONLINE MARKETING

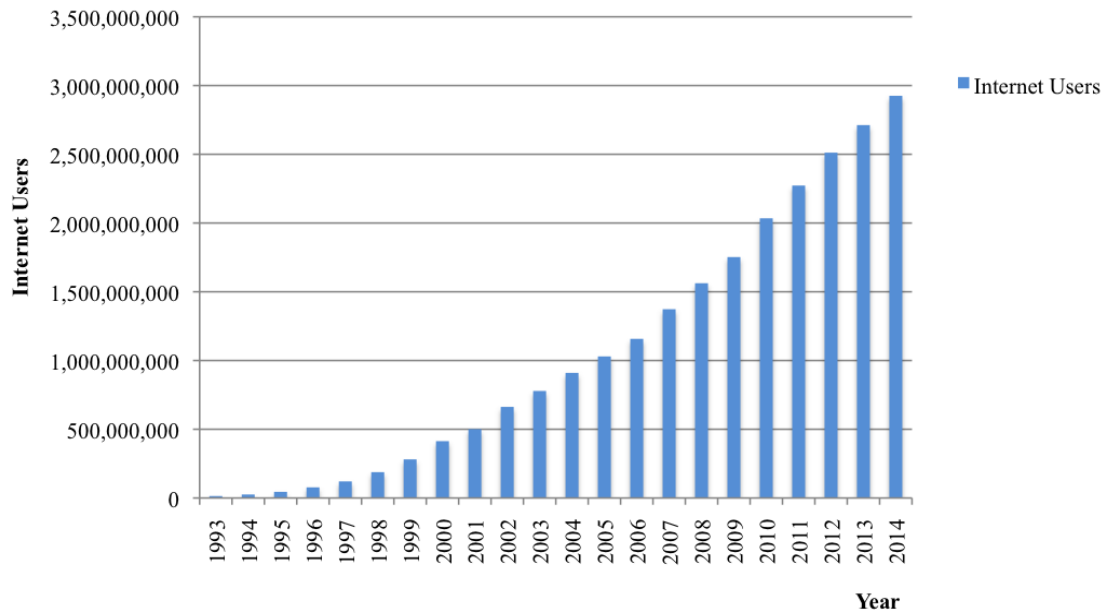
1.1 New Reality of the Global Digital World

“It has become appallingly obvious that our technology has exceeded our humanity.” – Albert Einstein (Ann, 2011)

One thing we can all say for certain is that the Internet has changed the world. It has revolutionised the way we live, communicate, work and collaborate. The Internet has turned our lives upside down. Ordering pizza, watching movies, listening to music, buying products and talking to our friends are all everyday activities we can do on line. Changes in social communication are of particular significance (Dentzel, n.d.). New technologies continue to transform our communication systems and have already removed all communication barriers. When on line, the confines of space and time disappear (Rosenfeld & Thomas, 2006). Only a few years ago, social media was little more than just a growing trend; however, fast forward to 2015 and social media platforms have become a key part of modern life (Landry, 2014). Nowadays, the Internet has a tremendous impact on our lives. Matters have developed to such an extent that social media even influences our impressions of people and businesses. Our awareness of brands, our decision making and, above all, our knowledge of what is happening in the world depends mainly on information we receive on line. A study of online research habits, which was published by University College London, proposes that we may be in the midst of a sea change in the way we read and think (Carr, 2008).

It was not so long ago that we lived without any idea of the Web, but it has since become a tool that most could not live without. Having an Internet connection is nothing special anymore – it has become the norm. The number of users has exploded, topping the three billion mark at the end of 2014 (Internet Live Stats – Internet Users, 2015). This expansion shows no signs of abating and continues to grow day by day. Half a billion new users got on line in 2014, which led to Internet use reaching 46.4% of the global population at the end of 2015 (Internet Usage Statistics, 2015). In just a few years, the Internet has brought the world closer together and become a universal source of information for millions of people. Nevertheless, over half of the world’s population still does not have access to the Internet. A 75% majority of the world’s online presence come from the 20 countries which have the most Internet users, with the remaining 25% distributed among the world’s 178 other countries. Among these top 20 countries, penetration is highest in the United States, Germany, France, the UK and Canada. Over 80% of the population in these countries have an Internet connection and access to the World Wide Web (Internet Live Stats – Internet Users, 2015). Figure 1 shows the incredibly rapid evolution of the Internet since 1993.

Figure 1. Number of Internet Users from 1993 to 2014



Source: *Internet Live Stats - Internet Users*, 2015.

Not only does the number of users continue to grow, the amount of time spent on line is also increasing every year. The number of total hours spent on line per day via all media devices rose from 5.55 hours in 2012 to 6.15 hours in 2014. It is manifestly clear that we are spending more and more time on the Internet each day. This increase in engagement with social networks is one of the main reasons for this development, and the corresponding indicator (time spent on line) has climbed from a daily average of 1.61 hours to 1.72 hours over the same period of time. Time spent on social networks now accounts for almost 30% of our daily Internet activities (Mander, 2015). The rise in smartphone and tablet penetration, as well as the resulting web mobility, mean that people spend more time on the Internet than ever before. Stuart Miles, the founder of the technology website Pocket-lint.com, explained that we basically carry the Internet with us in almost every device we use nowadays (Press Association, 2015). Smartphones already comprise the majority of today's mobile broadband devices, and the number of subscriptions is even expected to double by 2020. There were a total of 2.6 billion smartphone subscriptions taken out in 2014 and this figure will continue to grow (Ericsson, 2015). Internet access is available almost everywhere, especially in developed countries, and is no longer restricted to a Wireless Fidelity (hereinafter referred to WIFI) connection. Technology giants such as Facebook and Google are currently working flat out to bring Internet access to the entire planet.

Wind and Mahajan (2001, p. 3) illustrated the significance of digital revolution as follows: “Digital technology has put the customer in charge, creating a fundamental shift in the dynamics of marketing. Empowered by technology, customers are unforgiving. Pity the poor company that fails to see this or refuses to play by the new rules.” They also described a complex, dynamic and chaotic world where the environment is changing so quickly and unpredictably that by the time a rigorous and optimal solution is developed, it is just as quickly obsolete (Wind & Mahajan, 2001, p.3).

1.1.1 How New Technology Is Changing the Way We Acquire Consumers On Line

The advent of the Internet did not represent a technology explosion only for individuals, but also for businesses and entrepreneurs. The speed at which the Internet is developing is one of the most exciting phenomena of modern times. The products being created and sold on line every day have reshaped the present and future of consumer behaviour. This fairy-tale is very similar when it comes to online marketing. With continuously emerging technologies, marketers have stepped into a new world of acquiring and retaining customers on line (Leinbach, 2015). However, this does not necessarily mean forsaking marketing techniques that have worked in the past – it is simply a case of finding out whether there is anything else worth adding.

Constant connectivity to the Internet has not only revolutionised online shopping, it has also changed the offline experience. In fact, many consumers no longer see a distinction between online and offline purchases. With access to vast amounts of data at their fingertips, consumers do their own research prior to making their purchase in order to get the maximum value out of every penny spent. Nowadays, every stage in a consumer’s decision-making process matters. Presenting products or services on line in a unique way creates opportunities for consumers to interact with products on an emotional level. Once emotions are activated, the desire to buy is sparked. However, the journey does not end once a shopper finds, enters the store and ultimately buys a product. With social networks like Facebook, people are now sharing products with their friends in order to get their personal opinion (Ramaswamy, 2013). Combining the online and offline experiences not only brings new consumers, it can forge and strengthen relationships between buyers and sellers.

In-store sales were predicted to decline by 1.4% in 2015. Online sales, on the other hand, were forecast to rise by a jaw dropping 18.4% in the same year (Moth, 2015). Today, everybody seems to be rushed off their feet. Time is increasingly of the essence, and so everything that can be done on the Internet is seen as being efficient. Not only does it save time, it is also far more convenient and enables easy comparisons to be made. The rise of price comparison websites, in particular, has also caused online shopping to become comparably cheaper (Scott, 2006). Germany is the country, which is recording the fastest increase in online sales in Europe. On average, a shopper in Germany spent a total of

€1,247.13¹ for online shopping in 2014 (Moth, 2015). The numbers clearly show that ecommerce has huge potential for business. Moreover, with the rise of social media and other media channels, marketing opportunities have rapidly developed. Google, Facebook, Instagram, YouTube, Twitter and many more social media platforms have opened up a new space for marketers to exploit.

1.1.2 Web 2.0

Without Web 2.0 there would be no Facebook or any other social network; therefore, an understanding of Web 2.0 provides a great explanation as to how social networks operate and what is happening “behind the scenes”.

The story of Web 2.0 goes back to the autumn of 2001 – the burst of the dot-com bubble, which was a clear turning point for the Web. Tim O’Reilly, the founder of O’Reilly Media and early populariser of the term “Web 2.0”, stated: “Many people concluded that the web was overhyped, when in fact bubbles and consequent shakeouts appear to be a common feature of all technological revolutions.” He also argued that the web is now more important than ever, with new applications and websites being established on a regular basis (O’Reilly, 2005a). Every crash represents a new beginning and opportunity for improvement.

It was during a conference brainstorming session between two media/technology companies, i.e. O’Reilly Media and MediaLive International, in 2004 when the concept of “Web 2.0” was born. Surprisingly there has still not been a single and clear definition of what Web 2.0 even means. A very simple and short answer would be that Web 2.0 is actually a platform with strong associations with blogs, wikis, Rich Site Summary (hereinafter referred to RSS)² feeds and social networks. The longer and more complicated answer would be that it is actually a fusion of economics, technology and creative new ideas about a connected society. Web 2.0 does not really have any rigid boundaries, but more a gravitational heart. It can be visualised as a set of principles and practices that assemble a “solar system” of sites which represents some or all of those principles (O’Reilly, 2005a). Using the above as a basis, Tim O’Reilly (2005b) gives a precise definition of Web 2.0, saying: “Web 2.0 is the network as a platform, spanning all connected devices; Web 2.0 applications are those that make the most of the intrinsic advantages of that platform: delivering software as a continually-updated service that gets better the more people use it, consuming and remixing data from multiple sources, including individual users, while providing their own data and services in a form that allows remixing by others, creating network effects through an “architecture of

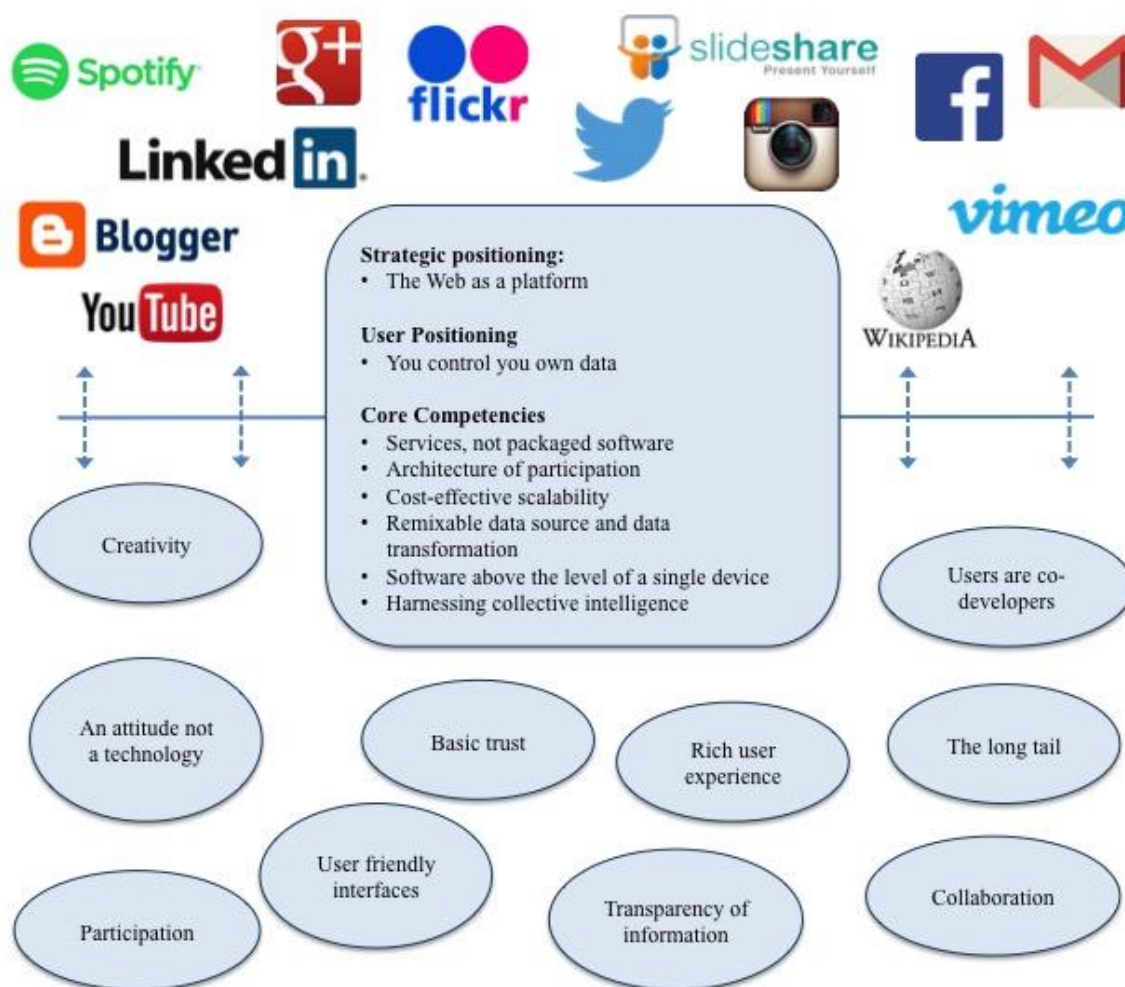
¹ The euro equivalent of £1,023, calculated at an exchange rate of GBP 1.00 = EUR 1.40127 (Currency Converter, 2015).

² “RSS allows someone to link not just to a page, but to subscribe to it, with notification every time that page changes” (O’Reilly, 2005b).

participation,” and going beyond the page metaphor of Web 1.0 to deliver a rich user experience.” If Web 1.0 was seen as a “one-to-many” online platform where a few businesses and individuals held a one-way dialogue with people on line, Web 2.0 is a many-to-many online platform. Internet users are in fact treated as co-developers, actively encouraged to contribute and exploit their collective intelligence (O’Reilly, 2005b).

The figure below demonstrates a simple “meme map” of Web 2.0. On one side, it clearly shows new Internet applications such as Gmail, Wikipedia, Facebook, Twitter, Vimeo, YouTube and others. On the other side, the core competencies describing Web 2.0 are illustrated (O’Reilly, 2005a).

Figure 2. Web 2.0 Meme Map



Source: T. O’Reilly, *What is Web 2.0? Design Patterns and Business Models for the Next Generation of Software*, 2005, p. 1.

Everything is about sharing and collaboration. The next generation of the Web has turned the Internet environment into an online village where people can meet, exchange information, join forces and communicate with each other. Nevertheless, the term Web 2.0

should not be confused with social media. Social media is in fact a Web 2.0 development as it encourages user-generated content and extends the focus to the users by allowing them to share content among their networks. Simply put, Web 2.0 was what enabled social networks to be implemented and developed (Beattie, 2011). Web 2.0 techniques are user-centric activities; therefore, everyone can contribute and be a part of the World Wide Web without any special knowledge or skills, which only serves to hasten the adaptation process. Not only are people coming closer to each other, all social and geographical boundaries are also disappearing at a rapid pace (Dasgupta & Dasgupta, 2009). Even though the benefits of Web 2.0 are mainly for the social networks, not everything is so dazzling. One of the major concerns and challenges is data security and privacy. The recent rise in social networking has in fact opened the door to the abuse and misuse of personal information. However, despite the challenges, the benefits of Web 2.0 outweigh its risks. A study from McKinsey & Company, the consulting firm, suggests that businesses are clearly benefiting from their investments in the Web. Companies not only come up with more innovative products and services, have more effective marketing, better access to knowledge and lower operating costs, they also increase their revenues (Bughin, Chui, & Miller, 2009). Over a short period of time, the use of social tools and technologies has grown drastically. In 2012, a remarkable 90% of respondents, whose companies use social technologies, reported measurable benefits from these tools. The survey also shows that Web 2.0 technologies have a positive impact on strengthening bonds with customers and improving communications with suppliers and external partners. Moreover, many respondents state that the use of Web 2.0 tools has reduced the time and costs involved to market products (Bughin & Chui, 2013).

The technology revolution and the rise of Web 2.0 have changed how messages about products and brands are delivered and received; however, companies no longer have a monopoly on publishing. Everyone can create and shape their own message, with the main consequence being a shift in market power. Nowadays, customers often use and trust blogs, social networks and virtual worlds, and by doing so, are leaving a lot of marketers behind as a result.

1.2 The Definition of Online Marketing

The Internet has the power to connect millions of people from all around the world, which means it is also able to bring any business to millions of its target customers worldwide. But what exactly is the bridge that allows this connection to be made? It is called online marketing. The definition of “online marketing” or “digital marketing” varies in the available research; however, it always summarises the same points. Online marketing is a new marketing phenomenon and simply refers to the application of marketing principles and techniques via electronic media, i.e. the Internet. This definition suggests that online marketing includes all the activities a business performs on the Internet in order to attract new customers, retain existing customers and develop its brand identity (Chaffey, Ellis,

Mayer, & Johnston, 2006, pp. 8-10). In only a very short period of time, online marketing has evolved in sophistication and importance. Online marketing may previously have been viewed as frivolous, but it has established itself since 2002 as a mainstream marketing activity as a result of consumers becoming more convinced with the online experience. Since that time, this particular activity has formed an essential strategic element in corporate planning (Gay, Charlesworth, & Esen, 2007).

1.2.1 Different Types of Online Marketing

A common misconception about online marketing is that it focuses solely on search engine rankings, and that this is exclusively dependent upon how well and beautifully constructed a website is. It is certainly not just about that. A combination of many interdependent factors is required in order to provide more online visibility, better customer experiences, and higher sales (Bailey, 2011, p. 4). Today, businesses are offered several online marketing options that are both effective and affordable. Traditional marketing activities are nowadays supplemented with new marketing opportunities, shaping the strategy into a mixture of creativity as well as rationality and intelligence. Online marketing can roughly be divided into seven different types (Infusion SEO, 2012):

- Search Engine Optimisation (hereinafter referred to SEO)
SEO is a strategy used to boost the website's traffic with the help of different SEO techniques. It is vital to use the correct and most relevant keywords to drive consumers to the website, thereby increasing the chance of being found and making sales.
- Pay per click advertising (hereinafter referred to PPC)
Very simply, PPCs differ from organic or natural search engine optimisation. Google is one of the biggest search engines to allow pay per click advertising, where the advertiser pays every time an ad is clicked. Nevertheless, PPC advertising has become very popular and is also commonly used on social media platforms. In that case, the aim is to create an ad with the lowest cost-per-click (hereinafter referred to CPC).
- Email marketing
Even though email marketing is losing its power, it is still an important marketing technique. E-newsletters and other email alerts are still proven to be very effective in getting wider but more targeted reach for a campaign. Personalisation is becoming the key factor in online marketing.
- Viral marketing
Viral marketing is becoming a popular online marketing technique. Sharing an interesting and appealing advertisement can very quickly go viral on the Internet. It can also be referred to as "word of mouth" advertising or simply a "snowball effect".
- Blogging
Over the years, blogging has become an important and extremely effective form of online marketing. It represents an opportunity to build long lasting relationships and add a personal touch to the brand, which in turn gives an edge over the competition.

Writing a blog post, and thus sharing personal experiences, can be a very strong marketing tool.

- **Affiliate marketing**

Entrepreneur magazine defines affiliate marketing as “a way for a company to sell its products by signing up individuals or companies (“affiliates”) who market the company’s products for a commission” (Affiliate marketing, n.d.).

- **Social media marketing**

Last but not least is social media marketing, which is said to be one of the most powerful and effective methods of marketing around. With the rise of social networks, businesses now have an incredible opportunity to reach and engage with consumers on a more personal level. Social media marketing is a form of online marketing that utilises social network platforms as a marketing tool and can also be characterised as PPC marketing, since the PPC model is one of the monetisation options available. Facebook and others have managed to develop a very well mastered marketing platform.

Even though social media may have proven to be a very powerful marketing tool, it has not completely replaced other forms of marketing. It has become progressively more difficult to keep up to speed with all the online marketing opportunities that the Internet is providing. Therefore, defining the needs of consumers and planning online marketing strategies clever, will not only have a positive effect on existing business but drive new business as well. In this day and age, it can seem a daunting task to develop a supreme marketing plan. Every business is different and so each marketing approach should be tailor made. Many businesses look very busy using all possible social media and other online marketing techniques to get new consumers; however, quality is more important than quantity (Sansevieri, 2015).

1.2.2 Facebook vs. Twitter vs. Instagram vs. Google

With the rise of social media networks, the advertising world has turned on its head. When Google first introduced advertising in 2000, no one could have imagined what would happen 15 years later. However, despite leading the advertising market, Google no longer completely dominates. Especially in the mobile ad space, younger advertising platforms like Facebook, Twitter, and Instagram are all fighting for market share, reducing Google’s presence as a result (Rogers, 2015). Besides offering text ads, Google also offers YouTube video ads but these are not shown separately in the table (Google – AdWords help, 2016). The main difference between social media advertising platforms and search engine advertising platforms is in the purpose of advertising. Social networks are focusing on brand awareness and lead generation, while Google is focusing solely on direct sales. The purpose of lead generation is to obtain information about the potential customers in order to expand the scope of a business as well as increase sales revenues (Lead generation, n.d.). Table 1 demonstrates the main differences between four major players on the market.

Table 1. Main Differences between the Four Major Advertising Players on the Market

| Element | Facebook | Twitter | Instagram | Google |
|------------------------|--|--|--|---|
| Type of advertising | Social media advertising | Social media advertising | Social media advertising | Search engine advertising |
| Start of advertising | 2007 | 2010 | 2015 | 2000 |
| Search intent | Consumers are not looking for something specific, but are shown ads on the basis of their interests and behaviour | Consumers are not looking for something specific, but are shown ads on the basis of their interests. When looking for a specific keyword, ads are very likely to appear on top | Consumers are not looking for something specific, but are shown ads on the basis of their interests and behaviour | Consumers are looking for something specific |
| Marketing Strategy | Push marketing strategy | Push marketing strategy | Push marketing strategy | Pull marketing strategy |
| Monetisation model | PPC or pay-per-impression; pay-per-like; pay-per-engagement; pay-per-app install; pay-per-video views; depending on the objective | PPC or pay-per-engagement; pay-per-app install; pay-per-video views; pay-per-acquired leads; pay-per-acquired follows; depending on the objective | PPC or pay-per-impression; pay-per-like; pay-per-engagement; pay-per-app install; pay-per-video views; depending on the objective. | PPC |
| Purpose of advertising | Brand awareness and lead generation | Brand awareness and lead generation | Brand awareness and lead generation | Direct sales |
| Targeting capabilities | Demographics (age, education, gender, relationship, job title); geography ; behaviours (previous actions – likes, comments); interests (hobbies and pages liked on Facebook); lookalike (potential consumers, based on similarities to current consumers); custom audience (customised target group based on emails, Facebook IDs); connections (based on connections to a specific page) | Followers (e.g. people who follow a specific event); keywords ; tailored audiences (email list or subscribers); re-marketing (targeting people who have already visited a specific website); demographics ; geography ; devices ; behaviour ; interests | Demographics (age, education, gender, relationship, job title); geography ; behaviours (previous actions – likes, comments); interests (hobbies and pages liked on Facebook); lookalike (potential consumers, based on similarities to current consumers); custom audience (customised target group based on emails, Facebook IDs) | Keywords ; location (country, region, city); language ; demographics ; devices (mobile, computer, tablets); re-marketing (targeting people who have already visited a specific website); interests |

“(table continues)”

“(continued)”

| Element | Facebook | Twitter | Instagram | Google |
|--|---|---|--|--|
| Target market | Mainly B2C | Mainly B2C | Mainly B2C | B2C, B2B, C2C |
| Objectives | Clicks to website, website conversions, page post engagement, page likes, app installs, app engagement, offer claims, local awareness, event responses, video views | Tweet engagements, website clicks or conversions, app installs, app engagements, followers, leads on Twitter | Page post engagement, clicks to website, website conversions, mobile app installs, mobile app engagement, video views | You cannot choose an objective; nevertheless, the objective is to gain clicks to the website |
| Ad design | Diverse range of design possibilities, including videos, photos, external links and text. However, the space for the text description and headline is limited | Wide variety of design possibilities, including videos, photos, external links and text. However, the space for the text description is limited | Broad spectrum of design possibilities, including video, photos, external links and text. However, the space for the text description is limited | Rigid design possibilities. The space for the text description and headline is limited |
| Average CPC (in 2015) | \$0.39 | Unknown | \$0.42 | \$1.58 |
| Percentage of mobile ads revenue (in 2015) | 78 % | 86% | 100% | 20% |
| Average CTR (in 2015) | 0.84 % | 1.64% | 1.50% | 0.80% |
| Ad revenue (in the third quarter of 2015) | \$4.299 billion | \$513 million | \$595 million (estimated by the end of 2015) | \$16.781 billion |
| Number of advertisers (in 2015) | 2.5 million | 100,000 | Unknown | Unknown |
| Potential reach (as of 2015) | 1.55 billion monthly users | 320 million monthly users | 400 million monthly users | Over 100 billion monthly Google searches |

Source: R. Alfonsi, *Twitter Ads are now available in over 200 countries and territories*, 2015; *Celebrating a Community of 400 Million*, 2015; *Facebook for Business*, 2016; Facebook for Business, *Introducing New Ways to Buy, Optimize and Measure Ads for a Mobile World*, 2015; Facebook Inc., 2015a; Google – *AdWords Help*, 2016; Google Inc., 2015; J. Hochman, *The Cost of Pay-Per-Click (PPC) Advertising – Trends and Analysis*, 2015; *Instagram Mobile Ad Revenues to Reach \$2.81 Billion Worldwide in 2017*, 2015; M. McNeil, *Twitter marketing: what results should you expect? [Infographic]*, 2012; Reiss, *An Early Look at Instagram Advertising Performance*, 2015; Salesforce, 2015; G. Sterling, *Report: Google Had \$12 Billion In Mobile Search Revenue, 75 Percent From iOS*, 2015; A. M. Tan, *More than half of Google searches now come from mobile*, 2015; *Twitter for Businesses*, 2016; Twitter Inc., 2015.

2 SOCIAL MEDIA: ADAPT OR DIE

Over the years, social media has become a marketing channel of its own. It's not just customers who are on social media, but also competitors, suppliers and partners. It is in our nature for us to move with the evolution of technology and to have a tendency to experiment with whatever is new. Social networks have already changed the way people act and make decisions, and will continue to do so. It has become a habit, a must-have tool to stay socially aware. People influence each other in significant ways; they approve actions, recommend products or services, and therefore leave companies' power in their wake. Without a doubt, social media has shifted the power to individuals and put them even more firmly at the centre of the business universe. These days, it is simply not enough for a business to just have a website. It is also crucial to engage with social media in order to stay in touch with customers and find out what the competition are doing. In certain industries in particular, engaging on social media means everything. It is essential for companies to know their audience and to follow them every step of the way in order to win the battle. The reality today is that the business does not drive brand messaging anymore – the customers do (Leinbach, 2015).

“You can't fight the technology wave, rather you need to have an understanding of it,” said the serial entrepreneur and millionaire Gary Vaynerchuk, “If you fight this wave, you will drown” (Aguilar, 2015).

2.1 The Importance of Social Media

The consumers themselves represent one of the most important reasons for companies to have a social media presence. Businesses which are active on social media are able to reach out to their target audience on a daily basis and communicate on a personal level. This is an extremely powerful tool, but has never been an option with traditional marketing methods. It is a complete game changer in every way.

According to the Social Media Examiner's 2015 Social Media Marketing Industry Report, marketers place significantly value on social media channels and make good use of them. In 2015, a total of 92% of marketers using social networks said that social media is important for their business. But what are the specific benefits of having a presence on social media? The majority (90%) stated that social media efforts have created more exposure for their businesses, followed by increased traffic, elucidated marketing insights, generated more leads, improved search rankings, strengthened business partnerships and finally improved sales as well as reduced marketing expenses. However, the main reason for marketers to use social media is to build a loyal fan-base and gain marketplace intelligence. Even though 97% of marketers are currently involved in social media, the majority are unsure as to which social media tools are the best to use. This clearly demonstrates the vast potential of social media marketing to boost revenue, but a lack of

understanding as to how to achieve those results. Facebook is considered to be the most important social media platform by 52% of marketers, followed by LinkedIn (21%), Twitter (12%), and YouTube (4%). Nevertheless, the research conducted underlines that 8% of marketers will reduce their use of Facebook in the future, as only 45% of the professionals using this platform agreed that this form of marketing was effective. However, there is a difference between B2C and B2B marketers. Overall, Facebook remains the most commonly used social media platform and is used by 93% of the marketers that participated in the report (Stelzner, 2015).

Social media has been a great boon to marketers. Among the many benefits, it is now easier than ever to get to know your customers. Questions such as: “Where are they from? How old are they? Which pages do they like?” are standardised algorithms and only a few simple clicks away. A presence on social media also helps companies to connect with their customers on a more personal level and reach out to them in real time. It is also much easier and far more cost effective for companies to increase their brand awareness through social media platforms than almost any traditional marketing channel. The best part is that anyone can participate – all that is required is an Internet connection and a device. Therefore, in terms of monetary investment, a company can reach many people with a very low budget. A report published by Texas Tech University also demonstrates that brands engaging on social media channels enjoy higher loyalty from their customers. In fact, constant communication encourages customers to remain brand loyal (Bell, 2013). According to a study in the Journal of Marketing in 2012, “word of mouth” advertising is extremely powerful, tends to create strong brand loyalty and is easily achieved on social media. In the online world of word of mouth, no one even has to ask a question, yet everyone can see the answer, and the so-called “one-to-many” effect is established as a result (Batra, Ahuvia, & Bagozzi, 2012).

2.2 The Rise of Facebook

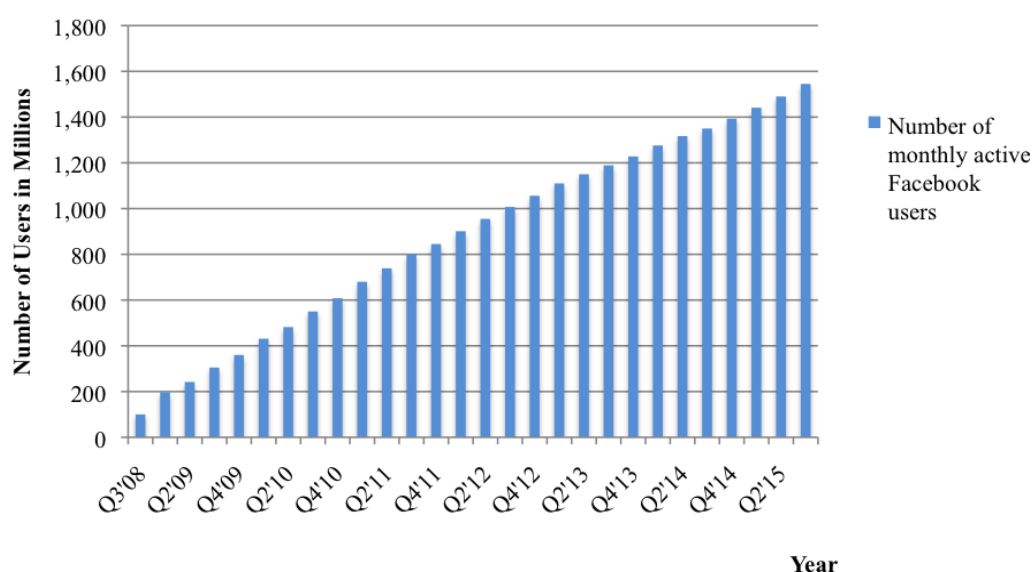
“The best things in life are unexpected – because there were no expectations.” – Eli Khamarov (Eli Khamarov quotes, 2016)

The origins of Facebook date back to 2004, when Mark Zuckerberg launched a Harvard community site called “thefacebook.com” in his college dorm room. His first intention was modest and simple – to connect Harvard students on the Internet. No one expected the website to become an instant hit, nor did anyone imagine the forces it would unleash. However, not everything went smoothly, easily or without lawsuits. Although Zuckerberg got the idea from three other students who wanted him to program a similar website for them, he had a different and bigger vision for his website, which was opened for Harvard students on 4 February 2004. In a little over 24 hours, a total of 1,200 Harvard students had signed up and created a profile. The network did not stay long in the confines of the university. It promptly expanded to other universities in Boston and, eventually, the rest of

the United States. In August 2005, the site was renamed and became “Facebook.com”, after the address was purchased for \$200,000 (Carlson, 2010). Within a year, the network had been extended beyond educational institutions to anyone with a registered email address, and has remained free to join ever since. In just a short period of time, a college website has been transformed into a global service, playing an important role in the lives of people from all around the world. Year after year, new features have been implemented, making Facebook a different kind of Internet. In 2007, Zuckerberg announced that the site would become a “platform”, meaning that other applications would run inside Facebook. In the years that followed, users were able to sign into other websites, gaming systems, and mobile devices with their Facebook account. What brings the site an enormous competitive advantage is its understanding of its users, its adherence to the maxim of “less is more” and its focus on businesses as well as individuals (Vargas, 2010).

Facebook simply meets our needs and demands. People crave information and, as Mark Zuckerberg said: “most of the information that we care about is things that are in our heads right? And that’s not out there to be indexed, right?” Google and other search engines may index the Web but Zuckerberg had a deep desire to build something that would move beyond it. “It’s like hardwired into us in a deeper way: you really want to know what’s going on with the people around you,” he said (Vargas, 2010). Focusing on that, Facebook managed to grow from 100 million active monthly users in 2008 to 1.55 billion active monthly users in the third quarter of 2015 (Number of Monthly Facebook Active Users Worldwide as of 3rd Quarter of 2015 (in Millions), 2015). This substantial increase clearly demonstrates the impact of Facebook on everyone’s life.

Figure 3. Number of Monthly Facebook Active Users Worldwide as of 3rd Quarter of 2015 (in Millions)



Source: *Number of Monthly Active Facebook Users Worldwide as of 3rd Quarter 2015 (in Millions)*, 2015.

2.3 Facebook in Numbers

Table 2 presents the vital statistics for Facebook and its advertising platform. The purpose of the table is to present the impact of the social network on society as well as the importance of Facebook advertising for businesses. Year after year, the numbers are increasing, which clearly shows the need for a shift towards social media advertising or, more precisely, Facebook advertising. Statistics is usually the best tool to illustrate the bigger picture for the success or failure of a specific company and, in most cases, is the only trustworthy reference for the actual situation. As seen in the table, the mobile phone is becoming the most commonly used device for most of Facebook's daily and monthly active users and has already dominated the technology market in that sense. Moreover, the number of video views presents an opportunity for marketers to advertise through visual and audio content, and obtain better CTRs as well as lower CPCs.

Table 2. Facebook in Numbers

| | |
|--|-----------------|
| Number of employees as of September 2015 | 11,996 |
| Average number of daily active users for December 2015 | 1.04 billion |
| Average number of mobile daily active users for December 2015 | 934 million |
| Number of mobile monthly active users as of December 31, 2015 | 1.44 billion |
| Time spent on Facebook per user per day | 20+ minutes |
| Average number of daily video views as of the third quarter of 2015 | 8 billion |
| Percentage of social marketers using Facebook advertising in 2014 | 92% |
| Facebook revenue in 2015 | \$17.93 billion |
| Expected Facebook advertising revenue for 2015 | \$16.29 billion |
| Facebook advertising revenue for the forth quarter of 2015 | \$5.64 billion |
| Mobile advertising revenue for the forth quarter of 2015 | 80% |
| Cost per thousand impressions (CPM) as of the first quarter of 2015 | \$3.30 |

Source: J. Constine, *Facebook Hits 8 Billion Daily Video Views, Doubling From 4 Billion In April*, 2015; J. D'Onfro, *Here's how much time people spend on Facebook per day*, 2015; Facebook Inc., 2015; Facebook Newsroom – Company Info, 2015; Socialbakers, *Socialbakers Quarterly Facebook Advertising Report*, 2014; *Social Network Ad Revenues Accelerate Worldwide*, 2015.

2.4 Facebook as an Advertising Platform

2.4.1 A Brief History of Facebook Advertising

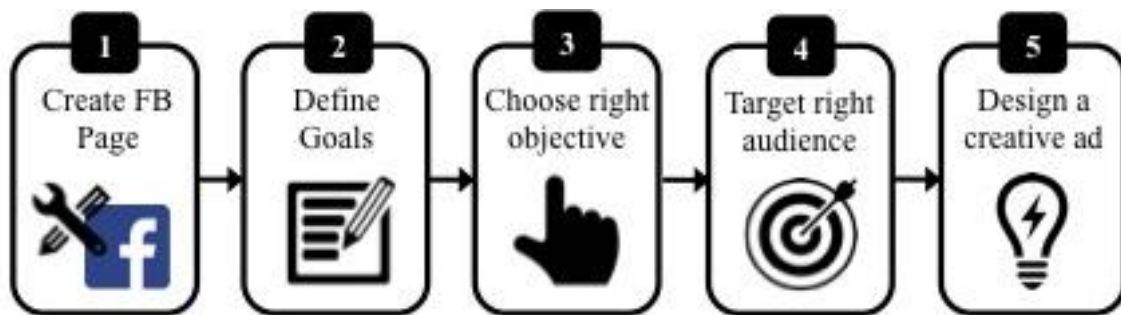
Back in 2004, the majority of revenue came from so-called “Facebook Basic Flyers”, which were mainly purchased by students or small local businesses, promoting different activities or other social events. It was not exactly one of the most marketing-friendly products, and it has witnessed its fair share of failed experiments in its efforts to become one. Not long after, the advertising model changed to a CPC model, called “Flyers Pro”, allowing advertisers to set a maximum price for what they were willing to spend. This new model enabled users to target a group of people based on certain demographics. The following year, Facebook found some sponsored ad partners who significantly boosted its revenue (Toner, 2013). Apple, Victoria Secret and others brought in hundreds of thousands of dollars per month. Moreover, Microsoft became the exclusive provider of banner ads and sponsored links on the site in 2006, contributing to \$48 million revenue at the end of the same year (United States Securities and Exchange Commission, 2012). The breakthrough point for advertising on Facebook was definitely the 2007 launch of a simple buy and sell marketplace app for classified listings (a list of what you have and what you want within your network). This was followed firstly by the possibility for any commercial entity to create a “Page” for free and, secondly, to set up and manage their own ads for the first time. In a short matter of time, Facebook started to realise the potential for online ads and seriously started to provide advanced ad targeting options such as language and geographical targeting. Since the use of mobile devices was rising rapidly, Mark Zuckerberg decided to introduce mobile ads for the first time in 2012, which appear in a news feed so they do not interrupt the user experience. The news feed is an updated list of stories, which includes updates, photos, videos, ad activity and likes from people on Facebook (What is News Feed, 2015). For a while, photo posts were the most attractive and effective Facebook ad units, redirecting users directly to an off-Facebook landing page when clicked. Nevertheless, the improvements had no end. In the same year, a social graph was launched, which benefited advertisers through the provision of more data about people’s actions and behaviour. Custom audiences, lookalike audiences, and retargeting options have been launched since then in order to reach a potential target group. Over the years, advertising on Facebook has become more precise, controlled and user oriented. Many people dislike social media promotions or simply believe that they have no influence on them; however, Facebook is always one step ahead. As the news feed becomes the primary source for ads, the number of ad units starts to reduce in order to improve the advertising experience for people and brands. Seeing ads everywhere is, in fact, counter-productive; therefore, Facebook has also introduced native ads, which have the design and messaging of non-ad content (Vasquez, 2014). Showing relevant ads to relevant people benefits not only consumers but also advertisers with reduced costs and higher conversion rate. The site has no interest in slowing down its advertising platform; it continues to make

it more dynamic, user friendly and effective. It is even said that Facebook might soon trump Google (McCarty, 2015).

2.4.2 A Deep Dive into Facebook Advertising

In much the same way as any other marketing campaign, simply advertising on Facebook is not sufficient in itself to be successful. In other words, creating an ad does not necessarily mean a business will immediately see improved revenues and awareness. Therefore, the creation of an appealing and well-designed ad is a necessity and represents a significant challenge. The process of creating advertisements is not complicated in itself; however, some key steps need to be followed. The figure below demonstrates the process of creating an advertisement.

Figure 4. The Process of Creating an Advertisement



Source: D. Torr, *A Beginner's Guide: How to advertise on Facebook*, 2015.

First of all, the business or marketer has to create a Facebook Business Page (1) before any advertisements can be created. A Facebook page is nothing but the profile of the company, or even a person, with some key business information, website link, email and a short description. A creative profile can attract many potential visitors for free (Torr, 2015).

The advertising platform offers a variety of advertisement options, depending on the needs of the business. For that reason, it is vital to define goals (2), which should follow the S.M.A.R.T model. Creating specific, measurable, attainable, relevant, and time-based goals helps to achieve a better return on investment (Torr, 2015). When approaching this step, it is crucial to understand that with Facebook, or any kind of social network, there is no direct click to purchase. Facebook encourages people to share and create word-of-mouth marketing. People talk, people recommend, people suggest and people criticise. Basically, they control who and what is marketed in their direction. Therefore, Liana “Li” Evans suggests in her book “Social Media Marketing” that businesses should not even measure the ROI (Return on Investment) but rather the ROC (Return on Conversation). Community members want to connect and believe that real humans stand behind the products and services advertised on line (Evans, 2010, pp. 33-40).

Now that the ad goals are set, it is time to translate those goals into objectives for the campaign. Since Facebook pages are created for very different reasons, marketers have to choose the most relevant objective for the upcoming advertising campaign (3). Year after year, Facebook has been introducing new objectives to improve the advertising experience. Marketers can already choose from a wide variety of options, such as: promoting the page, directing people to the website, increasing conversions on the website, raising attendance at the event, getting video views, and others. However, what is the difference between them? Often the purpose of Facebook advertising is to drive traffic to a specific website, where users can then take further action. In that case, “clicks to website” and “website conversions” are the most relevant objectives. If the purpose is to get likes, shares, and comments on the page, the objectives are “page likes” and “page post engagement”. Once the purpose of the advertising is clear, the decision about choosing the right objective is not difficult (Torr, 2015).

The next step is crucial for the success of any type of ad placed on Facebook. It is extremely important to begin and foster conversations with potential customers, but the ads are very likely to fail if the target group is incorrect. Choosing the right target audience (4) not only leads to a higher conversion rate, it can also save money. Facebook has one of the best targeting options, allowing marketers to target people based on location, age, gender, language, interests, connections, behaviour, and more. It also allows for a custom audience to be created in order to reach people who already know the business. Before designing the ad itself, it is important to set the maximum daily budget and the timeframe for displaying the ad to the target audience. The amount of money can also be optimised for either clicks or impressions, meaning that one will be charged each time the ad is clicked or displayed (Torr, 2015).

The last step is to design and create the ad (5). The length of the headline, the description and the text that accompanies the post are limited; therefore, the ad copy needs to effectively portray the core content. Nevertheless, the text is just one of many aspects to take into consideration. Facebook has the option to advertise with the help of a single or multiple pictures, and moreover, a video. When used correctly and intelligently, the visual content allows the advertisement to stand out and achieve a higher conversion rate. In addition, choosing the right call-to-action button and ad placement can also increase the possibility of the ad being a success (Torr, 2015). Ad placement stands for the place where the ad can appear on Facebook, and includes the desktop news feed, mobile news feed and the right column on the desktop. For a better illustration, see Appendix A.

2.4.2.1 Different Types of Facebook Ads

Over time, Facebook advertising has evolved into a complex form of communication with more than just one way for marketers to get their message across to the consumers. With so many advertising options, it is vital for marketers to define their advertising requirements

and to choose their individual strategy. There is no hard and fast rule as to how to advertise or which specific type of advertising is the right fit for a successful advertising campaign. When choosing the right ad type, marketers should always bear their objective in mind. Facebook offers a wide variety of ad types to fit different needs and improve the user experience (ThriveHive, 2015):

- The Video Ad

Video ads are becoming more and more popular, both for brands as well as individuals looking for a brand. Between 2014 and 2015, the number of video posts per person increased by 75% (What the Shift to Video Means for Creators, 2015). This indicator clearly demonstrates that there is huge potential for advertisers to use video as marketing material. Videos are positioned in the news feed and appear together with other posts from individuals and companies. Therefore, the video not only needs to fit in, it also needs to be something the target audience is willing to watch, like and, ideally, share. Video ads should also be accompanied by an appealing and relevant text that motivates people to take action.

- The Photo Ad

Since Facebook started introducing visual content, photo ads have been one of the most popular types of ad. It is human nature to remember more of what we see than what we read, especially if that visual content is relevant and of interest to us. Therefore, photo ads can send the message desired to consumers faster and more effectively than plain texts. However, the photo itself should be relevant, expressing the context of the text and, most importantly, it should be tailored to the target audience. Depending on the objective of the campaign, the call to action should be clear. The advertiser can choose to place the photo ad in either the news feed or the right column (Facebook Media – News Feed, 2016).

- The Multi-Product Ad

In 2014, Facebook introduced a new advertising format called the Carousel Format, allowing advertisers to show multiple images and links in just one ad. It is a flexible way to advertise a specific product, present details about a specific product or tell a story through one long/multiple images. The carousel format is interactive, attention grabbing and helpful, not only for brand awareness and in terms of direct response, but also for directing people to different pages on your site. Moreover, it allows advertisers to get insights into which links perform best and includes an option to allow Facebook to optimise the order of the images based on engagement and expected performance. Since the launch of the new format, advertisers have experienced a 30–50% lower cost per conversion and a 20–30% lower CPC (Facebook for Business, 2015a). The supported placement for a multi-product ad is likewise the news feed.

- The Domain Ad

A domain ad is the simplest of all the Facebook ad options and can only be displayed in the right column, thereby rendering it incompatible for mobile devices. Domain ads

direct people straight to a specific website, without the need to create a Facebook Page. The ad consists of a title, a short description, and the link (ThriveHive, 2015).

- **The Text Ad**

A text ad is mainly focused on page engagement. The ad reportedly delivers a lower level of engagement than a photo or video ad, and is therefore on the verge of obsolescence. Photos are, in fact, liked twice as much as text updates on Facebook. Moreover, ads including an image record a 37% increase in engagement (Karr, 2013). The ad consists of a plain text and can be placed in the news feed or in the right column.

- **The Page Like Ad**

The main objective of this ad is to get as many likes as possible for the purpose of building a new audience. It can be positioned in the news feed or in the right column, together with a “Like Page” call-to-action button. The advertiser can select an image, write a headline and description and choose the section to which users are redirected when clicking on the “Like Page” button. Page Like ads work for many reasons, but mainly because they have a social proof. People are shown pages that their friends have liked in the past, which gives them, at best, a similar incentive (Ayres, n.d.).

- **The External Link Ad**

The external link ad or page post link ad is the most commonly used of all the Facebook ads and promotes an external link that is not necessarily connected to Facebook. It features a large number of images that advertisers can choose from and results in user’s attention being grabbed very quickly. It is frequently used for advertising blog posts, company websites and other external links. Ads not only lead people to a specific website, they also generate likes for the page. These ads feature in the news feed, where people have the option to like, comment, or even share the post (ThriveHive, 2015).

In addition to the types of ad described above, advertisers can also choose to run the following: a hyper-local ad in order to reach people who are located in close physical proximity to a specific business; an event promotion ad in order to entice visitors to join and share the event; and promotional offer ads, which offer special discounts and last minute sales. There are plenty of ways to advertise on Facebook. However, the type of ad is chosen carefully depending on the advertising objective. It is therefore vital to take the increasing use of mobile devices into consideration. As a result, advertisers need to know their target audience and select the most suitable, mobile-device compatible type of Facebook ad. Nevertheless, despite the growth in the media, many advertisers are still missing out an enormous opportunity in mobile advertising (Bosomworth, 2015).

2.4.2.2 The Anatomy of Successful Facebook Ads

The procedure for creating an advertisement on Facebook is quite simple and follows some fundamental steps. However, designing the ad copy is a completely different story. What

does the text say? What is the size of the image? What kind of image drives the most conversions/clicks? Which call-to-action button is the best?

There is no one simple way to answer these questions; nevertheless, there are some best practices on how an effective ad copy should be designed. First of all, having a clear objective is the key to further success. Once the goals are understandable, the groundbreaking creation can start. Regardless of the type of ad in question, there are few components that help advertisements to be successful, add value and stand out amongst the other posts fighting for attention in the Facebook news feed. The first and the most important element of the ad is the image. Our brain uses separate pathways to process information; therefore, we often remember less of what we read and more of what we see. Using the right image can therefore lead to a higher click through and conversion rate, depending on what the objective is. It is important to use high quality images that you have permission to use – no copyrighted Google images are allowed. Images of people, especially their faces, usually work the best as it is easier to connect on an emotional level. The colours blue and white should be avoided since they are already used in the Facebook logo (Sibley, 2015).

The use of an image will almost certainly increase the chance of users reading the text and receiving the actual information regarding where a product or service is sold. The space for the headline and description is limited, but the famous copywriting formula **AIDA** (which stands for: **A**ttention-Grabbing, **I**nterest, **D**esire, **A**ction) can be used to create a high performing ad. The first part is to entice people to read the ad with an eye-catching headline (**A**ttention Grabbing). The headline is the most visible text in the ad and will motivate people to click on it and continue reading. The next phase is the description text, which should catch the viewer's attention (**I**nterest) by illustrating the most important benefit of using it. Offering a discount, free trial or limitation to the number users creates an emotional longing (**D**esire). Lastly, a call-to-action button presents the user with an opportunity to satisfy the aforementioned desire (**A**ction) (Perrotta, n.d.). There are seven different call-to-action buttons for different types of objectives. Some of them have been proven to perform better than others, but this is all contingent on the objective of the ad in question. The call-to-action button chosen therefore has a significant bearing on whether the ad is a success, even though it may seem just a minor addition. Writing a well-mastered text is an equally difficult task and should also take new social media trends into account. Many social media marketing bloggers emphasise the effectiveness of so-called hashtags,³ which can significantly boost engagement if used correctly (Sibley, 2015).

To conclude, it is crucial that the advertisements provide a realistic picture of the brand and engage the audience in a way that mirrors the essence of what they need and want. The text and image should be relevant, clear and real. Humans are emotional animals and it is

³ Hashtag – a word or phrase preceded by a hash (#), which is used in a message to identify a keyword or topic of interest and to facilitate a search for it (Hashtag, n.d.).

these emotions that drive a significant part of our decision processes. This clearly presents marketers with a great opportunity to engage with these emotions and convince our subconscious to take action.

2.4.3 Advantages and Disadvantages of Advertising on Facebook

At first glance, it might seem that there are no disadvantages to advertising on Facebook. Year by year, the platform is developing into a one-of-a-kind advertising tool for businesses and other social entities, bringing many benefits alongside.

Social media in general is a gigantic bowl of marketing opportunities, mainly due to the fact that the majority of people are now somehow connected through social networks. Facebook is the biggest social network and has many users, giving businesses and marketers the chance to reach millions of people in just a few clicks. It is a place where age does not matter and marketers can get in touch with almost everyone ranging from students to workers and pensioners. Compared to traditional marketing methods, Facebook advertisements are far cheaper and also reach more people (Nica, 2014). It is up to every individual to set the amount of money they are able and prepared to spend on a daily basis. The daily budget is the factor that determines how often the ads are displayed to a specific defined target group. Most people do not like intrusive advertising; on the other hand, people usually like to connect with other people, products and general offers they receive. The advantage of Facebook is that advertisements never feel intrusive among the plethora of posts in the news feed. In addition to this, everyone can see what a friend has liked, commented on or shared, which means that some of the ads are exposed twice. If word-of-mouth marketing is established, and if an ad is sufficiently interesting and appealing, it will go viral, thereby increasing the possibility of a higher click through and conversion rate. Facebook also enjoys the most well-mastered targeting options, allowing businesses to target people based on their age, gender, location, education, profession or other demographic profile. But not only that, target groups can be also established based on interest, behaviour and connections. Facebook knows pretty much everything (Suthar, 2015). Overall, compared to traditional advertising, Facebook marketing is very flexible. The ads and the ad settings can be changed at any time, thereby allowing marketers to test different ad creations. Testing ads makes it possible to gain valuable insights as to what works and what does not, consequently improving total performance. Facebook's next key advantage is its analytics function. Since numbers are almost always the true measure of success, it is vital to track performance indicators in real time. The metrics that are displayed include page performance metrics, engagement metrics, impressions⁴, reach and many more. One last advantage is its mobile support. With Facebook, marketers are able to reach the mobile-device audience on a daily basis. In December 2015, Facebook had 1.44 billion mobile monthly active users, which is another reason why mobile support

⁴ Impression – the number of times the ad appeared on the screen for the first time.

advertisements are so significant (Hanafizadeh, Behboundi, 2012, p. 63; Facebook Inc., 2015b).

Yet, there is a huge disadvantage to social media marketing; businesses are no longer able to control the path and direction of viral marketing campaigns. Everyone can comment, share, and consequently navigate the marketing roadmap. Social media marketing has put consumers firmly behind the wheel and given them the keys to the car. Negative and positive comments of all kinds can be found everywhere, which can affect the whole advertising campaign. Word-of-mouth marketing can therefore be seen as a double-edge sword. Even though Facebook advertising is convenient and easy to use, it takes a lot of time to become effective. The rivalry between businesses on the Internet is also increasing, making it even more difficult than ever to stand out and grab people's attention. It is for this reason that Facebook advertising is an assortment of many fundamentals such as tactics, creativity, strategic thinking and, above all, planning (Suthar, 2015).

3 THE IMPACT OF MEDIA ON THE CONSUMERS: BUYOLOGY

The social media evolution has, through time, completely changed the way we live, communicate, make decisions, work and even think. It has also changed our perception of the world, our needs and desires. The next paragraph written by Nicholas Carr (2008) presents his view on the impact that the Internet has had on our brains:

“I'm not thinking the way I used to think. I can feel it most strongly when I'm reading. Immersing myself in a book or a lengthy article used to be easy. My mind would get caught up in the narrative or the turns of the argument and I'd spend hours strolling through long stretches of prose. That's rarely the case anymore. Now my concentration often starts to drift after two or three pages. I get fidgety, lose the thread, begin looking for something else to do. I feel as if I'm always dragging my wayward brain back to the text. The deep reading that used to come naturally has become a struggle.” (Carr, 2008)

Nevertheless, not all neuroscientists and psychologists are in full agreement with this statement and instead argue that the increasing complexity of our environment means that we need the net as “power steering for the mind” (Naughton, 2010). “The trouble isn't that we have too much information at our fingertips, but that our tools for managing it are still in their infancy. Worries about ‘information overload’ predate the rise of the web... and many of the technologies that Carr worries about were developed precisely to help us get some control over a flood of data and ideas. Google isn't the problem – it's the beginning of a solution,” argues the futurologist Jamais Cascio (Naughton, 2010). Moreover, the writer Sarah Churchwell believes that the Internet is not changing our brains, but is instead changing our thinking habits (Naughton, 2010). The debate about the impact of the Internet on society shows no signs of abating, and each and everyone has their own opinion.

However, we can harvest some important information and insights from different perspectives.

The Internet and, more precisely, social media is now all encompassing. It's a source of information, a communication tool, an educational tool as well as a source of entertainment, and many of us cannot imagine our social lives without it. In addition, social media is even said to be the biggest influencer of buying decisions in the tech world. Social media used to be a place where people went to catch up and chat with friends, but the current reality is slightly different since social networks have also become the holy grail of marketing for most businesses. Research conducted by Forbes recently revealed the importance of social media in the buying decision process. The results show that 81% of respondents admitted that recommendations from family and friends directly impact their buying decisions, whilst 78% of people stated that the social media posts of specific companies also influence their buying decisions. More interestingly, after marking an item as a favourite, 50% of the social media purchases are made within a week and a high 80% of social media purchases take place within 3 weeks (Saleh, 2014). The figures clearly demonstrate that social media has a significant impact on the consumer buying decision process. It is manifestly evident that like-minded individuals and friends not only influence our thinking, but also create desires in us, which might lead to action. What is more, we trust not only our friends and like-minded individuals, but also other influencers like bloggers and YouTubers. They are "normal people" just like us and they give the impression that the product they own or present is an attainable goal. Most importantly, it provides a social proof, which is the most valuable and powerful motivation for a purchase or any kind of action.

3.1 The Negative Impact of Social Media

In general, social media networks have many positive effects on society and individuals since all communication barriers are erased, bringing communities closer together. Moreover, social networks allow us to stay in touch with friends, follow what they are doing, read news, watch videos or simply just scroll down the news feed, not even registering what we see. Simply said, the benefits are vast. Our social lives have, therefore, almost entirely changed for the good, but social media has unfortunately also exposed some less appealing attributes.

As of 2013, the average number of Facebook friends that a person had was 338 (Smith, 2014). This number clearly shows that, in the social media world, it is extremely difficult to distinguish between the meaningful relationships we create and build in the offline world and the plentiful relationships formed on line. Often, a friend on Facebook could be better described as "someone we know"; however, even this level of familiarity is becoming less frequent. Another related disadvantage is the lack of personal contact. Yes, it is easier to sit down in front of the computer and talk with many friends simultaneously,

but the outcome is not the same. By engaging too much on social media we lose the real touch of eye-to-eye communication. The situation has now become so extreme that people even connect to Facebook or other social networks when spending time with friends. Social media networks distract us. The younger generation, especially, can waste hours of their time on Facebook to little discernible benefit. It never ends just with a few minutes (Parrack, 2012).

In general, social networking sites encourage people to share their personal life. With that in mind, our personal information is no longer private. It is like an open book for everyone to see. This probably represents the biggest adverse impact and affects not just individuals but society as a whole. Privacy issues have long been debated and yet the problem persists. The very moment that something is shared on line, control over its destiny is completely lost. Moreover, publicly sharing details of one's personal life leads to another important disadvantage that few people acknowledge. For the most part, people share happy, exciting, motivating and funny content, leaving any bad feelings in the background. On line, everyone is happy and living the best life possible, but usually nothing could be further from the truth. As a matter of fact, these actions often make people depressed and even unhappier with their lives. Not only do people tend to share only the most joyous moments in their life, they also do so because they are looking for attention. It is almost as if everyone is trying to get some kind of social approval. Everything depends solely on the amount of "Likes" someone receives (Parrack, 2012).

Last but not least, there are fake accounts. People who might be unhappy with their lives sometimes have a desire to pretend to be someone else, which is not always done with bad intentions. Nevertheless, not all intentions are good and pure. Teenage girls have been bullied by older men, and certain groups have bullied individuals. When a problem like this is not taken seriously, disastrous results can ensue. Overall, social networks do have some disadvantages; however, when used properly, they are very useful and valued tools. Yet, we all sit behind the wheel and steer in different directions.

3.2 Psychology Behind Buying

At some point we have all bought something for no better reason than to make us happy. We are also drawn to particular styles of clothing, a certain brand of car or a particular type of shaving cream, shampoo or chocolate bar. The reason for this lies somewhere in our brain (Lindstrom, 2010, p. 2). Our brains are literally corrupting our choices. Studies show that there are four main psychological factors which influence consumer buying behaviour. The first and probably the most powerful is motivation. Motivation, especially if high, is the main driver that leads to a purchasing decision. It is directly related to Maslow's well-known hierarchy of needs, which states that people first have to fulfil their basic needs before they can begin fulfilling others. The second factor is perception. On a daily basis, we receive vast amounts of data from the external environment, which must then be

organised, analysed and interpreted. Perception represents the missing part that illustrates how people interpret the outside world and what kind of picture we create in our brain. It is said that we all learn from our mistakes, but this is not always entirely the case. However, learning is the third factor and also has a bearing on our buying decisions. If we are not satisfied with a product that we have purchased, it is likely that we will refrain from doing so again in the future. The last factor is our attitudes, which represent our emotional feelings about products, services, ideas, companies or institutions, and are based on our beliefs and values. Our beliefs shape how we think about a particular product or service and are therefore very difficult to change (Kotler & Armstrong, 2014, pp. 171-174).

We usually do not buy products because we are getting the best value for our money or because we actually really need them – at least not exclusively. We buy them because we like them, because they appeal to us and because they make us feel good. Usually we make our purchases with our hearts and, fortunately or not for the sellers, not with our heads. Even though we might believe that our decisions are based solely on rational thought, the reality is different. Emotions influence our decisions, even sometimes governing them completely (Kimbell, n.d.). Our decision making process is therefore changing the nature of advertising, which does not have to focus solely on product features, but instead on presenting the lifestyle that the user can achieve (Kimbell, n.d.). Take, for example, a Ferrari. Buying a Ferrari is definitely not a decision based on logical and rational thinking, but rather on emotional impulse. In addition to what every car stands for, Ferrari shapes a lifestyle. It pricks the ego, stirs deep feelings, creates a sense of importance, engenders a sense of belonging and, above all, it brings joy. The reason for this lies in the fact that the most influential brands represent a specific type of personality. And in much the same way as people can be attracted to some personality types more than others, the same can also apply to brands. Research has also shown that we perceive the same personality characteristics in brands as we do in other people on an emotional level. In the consumer's eyes, a brand is nothing more than a mental illustration of a product. Therefore, if a representation of a product consists only of features and best attributes, it becomes difficult for the consumers to connect with the product emotionally. Therefore, the richer the emotional content, the more likely consumers will become loyal users. Studies have proved that positive feelings toward a brand have a higher influence on loyalty than trust (Murray, 2013).

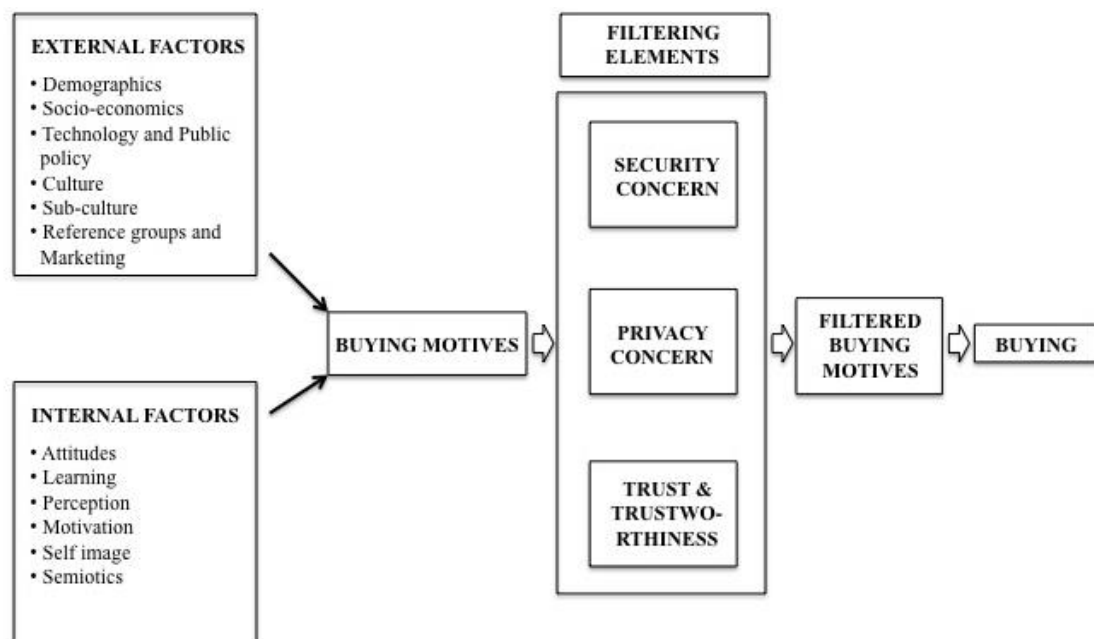
3.3 The Consumer Buying Decision Process

Over the years, each of us has developed a systematic decision-making process; therefore, no matter how similar we might be, our courses of action are never the same. Simply said, at almost any given time, we are probably in the midst of some sort of buying stage. What is more, every stage of the buying journey is tremendously important, particularly for marketers, because interest can wane at any step in the process. Especially when people are buying something more important or risky, they usually don't do it impulsively, though the

purchase is considered and strictly follows the same procedure. On the other hand, purchases involving low levels of risk or cost are mainly driven by emotions and are made impetuously (Thomas, 2014).

According to Dange and Kumar (2012), there are three key factors that affect buying motives of online consumers: factors, filtering elements and filtered buying behaviour (FFF model). It is a combination of external as well as internal factors and is, furthermore, incorporated with Kotler's five-stage consumer buying decision process. The Kotler's model is used as it represents the basic as well as fundamental buying process model and was introduced to us at University. It was presented as one of the models that shape the crucial principles of marketing and demonstrates the journey from problem recognition to post-purchase behaviour. In addition, the FFF model demonstrates factors, which affect and motivate the consumer to buy a product or service on line (Dange & Kumar, 2012). The mixture of two models is used to comprehensively demonstrate consumer behaviour on the Internet. For better understanding the table below illustrates the FFF model.

Figure 5. FFF Model



Source: U. Dange & V. Kumar, *A Study of Factors Affecting Online Buying Behavior: A Conceptual Model*, 2012, p. 9.

The FFF model starts with the combination of external and internal factors, influencing our buying motives. Right after the first step, the consumer faces certain obstacles, which are labelled as filtering elements and focus on online security, privacy as well as trust and trustworthiness. Once the hurdles are overcome, the redefined buying motives evolve and

lead to a decision about the online purchase (Dange & Kumar, 2012). In the following part, the FFF model is merged with the consumer buying process model.

As is the case with any other process, the buying decision process starts with recognition of the problem (1). At this stage, consumers realise that the desired state is different from their actual condition. This can be triggered by internal or external stimuli, where internal stimuli consist of basic needs such as hunger, thirst or comfort and can start and end with a simple need like: “I am thirsty, I need water”. The external stimuli, on the other hand, contain external forces, which influence our perception through our most valuable exterior senses (Kotler & Armstrong, 2014, p. 176). Once the desire to buy something is sparked, the consumer starts searching for more information about the desired product or service in order to gain in-depth information (2); however, this all depends on the level of engagement (Kotler & Armstrong, 2014, p. 176). With the rise of social media, the amount of information available is huge. Blogs, social media networks, company websites, price comparison websites and others give us the chance to get first hand opinions and recommendations to help us reach a decision. However, after years of sharing and accumulating all this information on line, people simply can no longer keep up. The number of websites is increasing every year, totalling 968.9 million websites in June 2014. As an interesting aside, the World Wide Web was invented in March 1989, and the first ever website was published on 6 August 1991 (Internet Live Stats – Total Number of Websites, 2016) Even though most of the information is usually obtained from the Internet, other sources such as magazines, newspapers, TV, radio and others are still in use.

We are overwhelmed, not only with the amount of information, but also with the quantity of choices. Therefore, the consumer is required to evaluate different alternatives in order to review which is the most suitable and appealing (3). When approaching this step, the consumer follows specific criteria, which usually include an evaluation of the benefits, qualities, features, brand history, price, popularity and reputation of the brands. A product or a brand that meets most of these norms is more likely to be chosen. Nevertheless, different criteria are used for different products and consumers (Kotler & Armstrong, 2014, p. 177). Consumers are still not completely confident to buy on line, as they are well aware of what might happen with their personal information on the Internet. As online shopping carries more risk than traditional shopping, consumers, at this stage, face three crucial hurdles. Security, privacy and trust are factors, which filter consumer’s buying choices and help to decide on the final selection (Dange & Kumar, 2012).

When approaching the moment when the decision to purchase is made (4), our goal is almost always to judge the situation well because we are not motivated only by the opportunity to gain, but also by the fear of loss (Coricelli, Critchley, Joffily, O’Doherty, Sirigu, & Dolan, 2005). On the Internet, this decision is based on the filtered buying motives. If consumer trusts a specific web site and feels safe as well as confident with the purchase, the purchase is made (Dange & Kumar, 2012). Especially in the past, studies

have shown that a plethora of choices often leads to less satisfaction and happiness with the decision because there is always a feeling that we could have done it better. Or, moreover, that the alternative would have been slightly better. Due to the tremendous amount of alternatives, maximisers are often less satisfied with their selection than satisfiers. Empirical evidence also suggest that consumers are less likely to prefer large assortments over smaller ones, if they assume that the options in both assortments are mostly attractive and of high quality. On the other hand, if the options are variable but on average of low quality, a large assortment increases the chance that an attractive option will be found (Scheibehenne, Greifeneder, & Todd, 2010, p. 420). In addition, consumers are also influenced by external factors such as perceived risk, unexpected circumstances or the attitudes of others, which can change the ultimate decision (Kotler & Armstrong, 2014, p. 177)

The last stage is the post-purchase evaluation (5). Before buying a product, a consumer always has expectations and is also emotionally excited about the purchase. However, there is no promise of complete satisfaction, but rather disappointment. The consumer's dissatisfaction or disappointment is greater when the gap between expectation and performance is wider; therefore, consumers are only satisfied when the product meets or even exceeds the expectations. If consumers are happy with their purchase, there is a higher probability that they will buy the product again or suggest the product to someone else, and that is why this step is crucial, particularly for marketers (Kotler & Armstrong, 2014, p. 178).

3.4 Thinking vs. Feeling: The Ultimate Secrets Behind Clicks

Human beings are not creatures of logic, but rather creatures of emotions, creatures bristling with prejudice, and motivated by pride and vanity (Carnegie, 1998, p.33). Our unconscious mind drives how we respond to ads, which ultimately drives our buying decisions. Therefore, many people do not even know why they buy what they buy. Studies have shown that campaigns with only emotional content performed about twice as well as those with only rational content and even better than ads combining emotional and rational content (Dooley, 2009). Consumers click because they can establish some kind of emotional connection with the product that is advertised. As a result, emotional content is the biggest element that impacts our decision about whether to click. Moreover, we engage more with ads that have compelling colours. Not only do colours make the ad more appealing, they also encourage our feelings. For example, orange stands for immediate action and is also associated with cheap and inexpensive products. Green is the easiest colour for the eyes to process, but it also means "go". When used correctly, picking the right colour can significantly contribute to a better click through rate. Another reason, or better said, motivation for clicking are call-to-action buttons, which are automatically available on the Facebook advertising platform. According to marketing studies, a call-to-action button on its own converts better than no call-to-action button because it explicitly

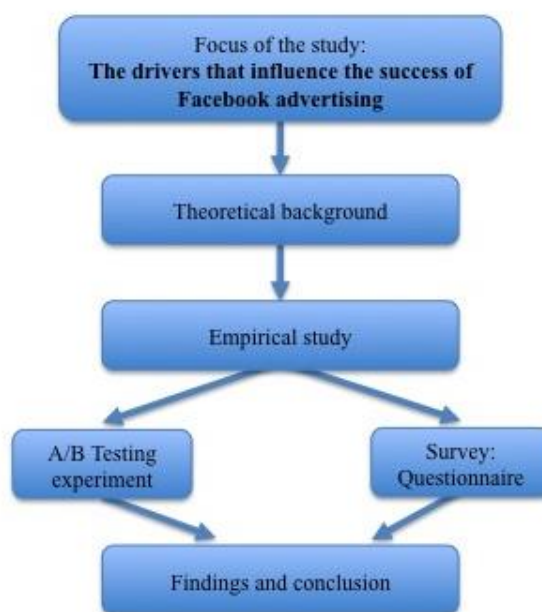
informs consumers that they have to take an action. It is visible, clear, short and straight to the point. In addition, a “Learn More” button is supposed to appeal to users the most as they do not have to sign up for anything or even make a purchase. Other call-to-action buttons, like “Shop Now”, often trigger an instant fear of giving away personal information or paying for the product (Kagan, 2014).

The ads that consumers click the most typically target aspiration, persuasion and emotion. It is the same as for people; we like what we are attracted to. In advertising, everything starts and ends with emotions.

4 THE EFFECTIVENESS OF FACEBOOK ADVERTISING

4.1 Research Design

Figure 6. Research Design



The research design presents the overall strategy of the master’s thesis in order to integrate different components of the study in a coherent and logical way and to ultimately shape the conclusion. It is conceptualised in compliance with a quantitative approach, accepting the main assumptions that underpin the positivist paradigm.

4.1.1 Identification of Key Research Questions

The rapid rise of the Internet, and consequently online marketing, is expected to put traditional types of marketing in the shade, especially printed newspapers and magazines (Barreto, 2013). Nevertheless, according to Yaveroglu and Donthu (2008), the

effectiveness of Internet advertising remains a contentious issue, due to continuously decreasing CTR as well as high advertising saturation on the Internet. Moreover, Cho and Cheon (2004) argue that users tend to avoid Internet advertisements altogether (in Santana & Beerli, 2012). A successful ad does not mean that people simply see it – they also react to it and ultimately visit the website associated with the ad (Barreto, 2013). Following the need for further empirical research on the effectiveness of Facebook advertising, this study aims to determine the effectiveness of social media marketing and what in particular drives the success of Facebook advertising. The A/B testing experiment and the survey are used to ultimately determine whether a Facebook ad that includes a video has a higher CTR than a Facebook ad that includes a photo and, furthermore, if a call-to-action button positively influences the number of conversions.

Creating a successful marketing campaign is not an easy task; in fact, it takes time, patience, investigation and precise planning. Moreover, understanding the audience is a key element to success. It is demographics and, more importantly, the psychology behind actions which motivate people to even click on a specific ad. Among others, a call-to-action button is a vital ingredient for any effective marketing campaign. Some online marketing experts have commented that call-to-action buttons could be a huge advantage for brands. In fact, online retailer Dollar Shave Club has recorded conversion rates which are 2.5 times higher when testing call-to-action buttons, specifically the “Sign Up” button. The inclusion of a call-to-action button gives consumers a chance to interact with the company and this is therefore extremely important for social media pages (Facebook for Business, 2014). According to Hollis (2005), people click on an ad as a result of the effect of brand construction as well as a desire to know more about the brand (in Santana & Beerli, 2012). The aim of any consumer is to get from point A to point B as swiftly as possible. Therefore, call-to-action buttons not only motivate people to take action, they guide them to their destination (Nanavati, n.d.). According to a study from Hofacker and Murphy (1998) the simple phrase “click here” outperformed all other call-to-action buttons. Based on that, we can assume that a basic and short phrase is the most powerful motivation for individuals to take the final action. In addition, specific factors of an online ad can affect people differently. Danaher and Mullarkey (2003) as well as Hupfer and Grey (2005) argue that the call-to-action button “click here”, in particular, have shown an increase in recall (in Steenburg, 2012). Even though the recall does not represent the number of conversions, it shows that a call-to-action button has a positive effect on consumers (Steenburg, 2012). Depending on the objective of the campaign, the final action is measured differently. However, for this thesis, the objective was website conversions. Therefore, the number of conversions is used as a measurement tool. The hypothesis is stated below:

H₁: A Facebook ad that includes a call-to-action button results in a higher number of conversions than a Facebook ad that does not include a call-to-action button.

Due to technological advancements, audio and visual data are now widely available, giving marketers the opportunity to reach individuals on a personal level. Visual content, including video and photography, are obviously more image-oriented. They therefore consume less mental resources and consequently lead to higher levels of attention on the part of the viewer (Barreto, 2013). Previous research has confirmed that stimuli that are easier to process visually tend to be more trusted and appreciated. Stimuli such as simple line drawings presenting everyday objects were preferred when they were easier to process. Human faces were among the most persuasive types of visual stimulation. The brain automatically categorises human faces and quickly informs viewers about a person's intentions, emotions or truthfulness (Kergoat & Meyer, 2015). All in all, 90% of the information that comes to the brain is visual, whereas 40% of people will respond better to visual information than a plain text (Lloyd, n.d.). Moreover, 58% of consumers consider companies that present a video to be more trustworthy, and a significant number of consumers (71%) say that video leaves a positive impression of a company (Platt, 2014). According to a study quoted in the Wall Street Journal, "when we are deciding whether we like the person delivering a message, tone of voice accounts for 38% of our opinion, body language for 55% and the actual words for just 7%" (in Xiao, Kim, & Ding, 2013). Therefore, it is reasonable that online marketing is facing a shift towards visual content on Facebook, especially in relation to a video. The number of video posts per person has increased by 75% globally in just one year. In addition to this, the amount of videos from businesses and people has increased 3.6 times, year-on-year. Facebook has averaged over 1 billion video views every day since June 2014 (What the Shift to Video Means for Creators, 2015). As online advertisements increase in popularity, so does the advertisement research. Marketers want to understand who is clicking on the ad and what drives them to take action. The CTR indicator is therefore a suitable measurement tool which helps to define better performing ads. It is based on the number of clicks on an advertisement and predicts both the interest in the advertised product and, furthermore, the purchasing intention. Nevertheless, it does not solely focus on the overall success of a specific ad, but instead helps to understand what type of advertisement works better in the eyes of consumers (Hofacker & Murphy, 1998). Based on the literature review, the hypothesis is stated below:

H2: A Facebook ad that includes a video has a higher click-through-rate than a Facebook ad that includes a photo.

The stated hypotheses were predominantly created as a result of professional experience gained in the field of online marketing and are ineffectually supported with the theoretical background. Nevertheless, the results are of significant value and help to obtain a comprehensive illustration of Facebook advertising in a particular service industry. In addition to the hypotheses, this master's thesis includes a brief description and analysis of other factors, which also influence Facebook advertising. The aim of the master's thesis is,

therefore, not only to confirm or dismiss the hypotheses but also to provide a practical and easily understandable guide for carrying out successful online marketing campaigns.

4.1.2 Key Performance Indicators: Metrics that Define Success on Facebook

The main objective of any marketing campaign is to be successful. However, success is defined differently for every campaign since they all have dissimilar objectives and visions. Planning and determining goals is therefore the key to a victorious marketing campaign. Without a clear objective, a company can hardly measure its performance as there are multiple Key Performance Indicators (KPI) which evaluate the outcome. If the objective is “page likes”, the performance report should include metrics such as the number of page likes, post comments and post shares. On the other hand, if the objective is “website conversion”, the marketer should analyse indicators such as the number of conversions, cost per conversion and conversion rate. The metrics illustrated above are very specific and are usually used for a particular campaign goal. However, some basic statistics such as the number of impressions, reach, link clicks, CPC, CTR and others should always feature in the performance report. Facebook has, through time, developed a well mastered, user friendly and generally simple to use advertising platform called Facebook Ads Manager, which allows users to measure and analyse the overall performance of individual advertisements. Given that advertising on Facebook is mainly used for brand awareness, it is crucial not to focus solely on final actions but also on the overall level of engagement. In general, it is difficult to identify which indicators most accurately demonstrate the success of a campaign. This is not simply because the objectives differ from each other but, more essentially, because each marketer has its own best practice.

The campaigns that are to be analysed in the context of this master’s thesis had a clear objective of “website conversions”. Meaning that the purpose of the ads was to persuade people to click on the link, take an action and vote, where one vote was counted as one conversion. In order to track conversions, a conversion tracking pixel had to be embedded on the website in order to allow the system to count the final actions. A conversion tracking pixel is a JavaScript code that is inserted in a specific website which allows Facebook to track whether a person has landed or converted on a specific website (How does the conversion pixel track conversions, 2016). The metrics included in my performance report consist of (Facebook Ads Manager - Stagelink, 2015):

- **Impressions** – the number of times the ad entered the screen for the first time.
- **Reach** – the number of people that the ad was shown to.
- **Link Clicks** – the number of clicks on links appearing on the ad that direct people to the website.
- **CPC** – the average cost per ad click.
- **CTR** – the number of clicks divided by the number of impressions.

- **Results** – the number of actions as a result of the ad. The results are based on the objective, which are in my case website conversions.
- **Result Rate** – the number of results divided by the number of impressions.
- **Cost** – the average cost for each action associated with the objective.
- **Relevance score** – A rating of 1 to 10 based on how the audience responds to the ad. It is calculated on the basis of the positive and negative feedback received for each ad.

In general, the indicators should be measured and tracked on a daily basis, and the results will show whether the ad is performing well or not. In the event that the metrics are below average, further actions should be taken in order to improve performance. The numbers and percentages diverge tremendously between ads and rely upon different factors. Impressions, reach, link clicks, and results do not have an average number, and instead depend on the size of the target group and, above all, the size of the daily budget⁵. However, the number of link clicks and results are very much contingent on the design of the ad copy. While CTR and CPC have an average score of 0.84% and \$0.39, according to the first quarter of 2015 (Salesforce, 2015). Nevertheless, the number varies based on the industry, ad type, ad placement and the attractiveness of the ad copy. As for the cost associated with the objective, this figure also depends on how much each marketer is willing to pay for the final action. If the final action is a purchase of a product, and the product is more expensive, the cost per result is therefore allowed to be higher. If on the other side, the product is inexpensive and not of high value, the cost per result should be lower. At the beginning of 2015, Facebook introduced a new indicator called the “relevance score”, which helps in understanding whether the ads’ demographic target considers the message to be relevant to them and worth engaging in. A higher relevance score therefore not only increases the CTR but also helps to improve the CPC. The determined scale shows what is good and what is not; however, the number should always be the highest possible (Chieruzzi, 2015). Everything is a trade-off and should be decided upon at the start of the campaign.

Nevertheless, it is exceptionally difficult to create an ad which is an instant hit. The reason for this lies in the fact that its success also depends on the popularity of the company, product, service or, in my case, the artist. As a result, marketers should experiment with different ad settings and ad copies in order to find the perfect fit. Each indicator can be of a great value when used correctly and wisely.

4.2 Methodology

The aim of this master’s thesis is to obtain a two-sided perspective on the effectiveness of Facebook advertising and to define which factors influence the final success. Empirical studies are used to determine, discover, interpret and formulate the facts presented in the

⁵ Daily budget – the amount of money spent per day for a specific campaign.

theoretical part. They aim to highlight statistical associations involved in the collection and analysis of primary data based on direct observation, experience and survey responses. The research question includes two proposed hypotheses, which are not only based on the literature review, but also on working experience gained in this field of study. In order to get a full picture of the problem studied, this master's thesis consists of two quantitative pieces of research associated with the post-positivist paradigm, both nevertheless focusing on the same result and comparing two slightly different perspectives.

On one side, the empirical study of two-sample hypothesis testing is conducted in the form of an A/B testing experiment. Furthermore, the data is analysed using descriptive statistics in form of graphs and tables. The goal of A/B testing is to identify the changes in consumer behaviour that increase or maximise an outcome of a chosen objective, which for this master's thesis is website conversions. Based on the literature review and personal working experience gained, the thesis focuses on finding an answer to which elements shape the better performing ad. The A/B testing experiment is therefore the most suitable and meaningful statistical method to prove the stated hypotheses. In fact, the method allows the comparison of two slightly different ad copies (Farmer, 2009). With the proposed method, the results are statistically proven, trustworthy and, moreover, based on empirical data rather than unproven facts. The data is collected through an experiment on the Facebook advertising platform called Facebook Ads Manager. In order to confirm the research hypotheses, two versions (A and B) are compared, which are identical, except for one variation that might affect a user's behaviour. As my master's thesis focuses on two hypotheses, two different experiments are conducted, where each time a dissimilar element varies. The first experiment focuses on the usability of a call to action button and the other focuses on the attractiveness of visual content (video vs. photo). The main focus is on the following indicators: website conversions and CTR. However, other indicators are similarly observed, providing better and more comprehensive results. According to the performance report, the hypothesis is confirmed or dismissed using the experimental analysis.

Secondly, the survey is conducted and shared via social media networks in order to get deeper insights into consumer behaviour and opinion about Facebook advertising. The main purpose of the survey is to identify the respondents' engagement and involvement in Facebook, and how they perceive advertisements displayed on the website. Since the reliability and validity of answers obtained is doubtful when using a survey, it was formed for the purpose of supplementing and supporting the theoretical background as well as the experimental study. A different perspective can also shape as well as improve the consumer experience and consequently improve marketing performance on the social media platform. As a type of a survey research, a structured questionnaire was created, mainly consisting of multiple-choice questions, where the respondents were restricted to choosing only one answer. However, interval level questions, referred to as the seven point Likert scale, were added in order to gather additional insight information on opinions. The

first part consisted of basic demographic questions such as age and gender, followed by questions on daily usage of Facebook and the Internet generally. The participants were then asked about their general perception and opinion of Facebook ads. The reason behind this was to ascertain how many people were even affected by advertisements. In the third and last part of the questionnaire, the participants were presented with pictures of different ad copies and asked questions regarding the design. The purpose of the comparison of various ad copies was to help identify and understand the main factors influencing the success of Facebook advertising. As the research hypotheses are focused on the importance of call-to-action button and the visual content, the presented ad copies were adjusted accordingly. To conclude, the data obtained from the questionnaire is analysed using descriptive statistics and presented in the form of graphs and tables. A descriptive study describes the current status of an existing condition, highlights associations between variables, but cannot establish causality. However, since the purpose is not to find out why the phenomenon exists, but only to prove that there is a certain condition, the use of descriptive statistics is adequate.

Combinations of different research methods are used to expand the scope of the study (Greene, Caracelli, & Graham, 1989). A two-sided analysis of the same problem facilitates comprehensive and more precise results, which ultimately lead to a final conclusion. Gathering data from a consumer perspective not only provides deeper insights into successful Facebook advertising, it also helps to improve the performance. On the other hand, the experiment offers proven results, which are based on real figures. The A/B testing experiment and the survey are used to ultimately determine whether a call-to-action button improves the performance of a specific advertisement, and if visual content influences the success of Facebook advertising.

4.3 Quantitative Research: A/B Testing Experiment

4.3.1 Research Goals and Objectives

The main goal of the A/B testing experiment was to determine which Facebook ads performed better on the basis of the results of website conversions. Better performing ad is, in this case, associated with a higher number of website conversions. In addition, other metrics are observed and analysed in order to provide a better understanding and more complete demonstration. Statistics obtained from the experiment reveal the general performance of specific ads and allow for analysis and comparisons to be carried out in order to ultimately confirm or reject the hypotheses. To conclude, the ultimate goal is to test whether a call-to-action button impacts the success of Facebook advertising through website conversions, and also whether visual content defines a better performing ad in relation to the CTR.

4.3.2 Data Collection Method

In order to test the proposed hypotheses, it was necessary to collect primary data using an A/B testing experiment. The experiment was conducted on the Facebook advertising platform Ads Manager and was properly designed to test the hypotheses. For the first hypothesis (H_1), two different marketing campaigns were created and observed for a period of two months from 1 September to 31 October 2015. Each of the campaigns consisted of two very similar ad copies, the only difference being that one had a call-to-action button. One ad included a call-to-action button, i.e. “sign up”, and the other did not contain any call-to-action button. The other settings, such as target group, daily budget, location, placement, optimisation and objective were the same. Nevertheless, the settings differed between various campaigns. As was the case for H_1 , two different marketing campaigns were also created with two versions of an ad for the second hypothesis (H_2). In that case, one ad included a photo of the artist and the other included a video, and all the other settings remained unchanged.

4.3.3 Data Analysis

The data was analysed in a pre-defined way in order to fully and accurately summarise the figures and present the final results. To begin, the data was gathered and presented as a performance report on the Facebook advertising platform, Ads Manager. This is a platform where marketers can create, track and change ads as well as analyse the final results. The report was first customised, exported and later used to demonstrate required metrics, including the number of impressions, the reach, link clicks, the CTR, conversions, the conversion rate and the cost per conversion. Appendix B illustrates the performance report on Facebook, but the numbers are not exact. Additional ad groups were later created inside the campaigns, resulting in higher numbers being presented in the report. The report was then exported in order to finally analyse the data using descriptive statistics. On the basis of the figures in the performance report, the hypothesis H_1 is ultimately confirmed or rejected.

4.3.4 Experiment 1: Call-To-Action Button vs. no Call-To-Action Button

4.3.4.1 Measurement

The first experiment was focused on answering the question whether a call-to-action button has an effect on the number of conversions and, therefore, the final success of an advertisement. Therefore, the main purpose of the experiment was to confirm the research hypothesis:

H_1 : A Facebook ad that includes a call-to-action button results in a higher number of conversions than a Facebook ad that does not include a call-to-action button.

Two campaigns were created named “Julia Beaux Demand Ads” and “Nihan Demand Ads”, each consisting of two different ad versions. The A and B versions of the ad had the same settings, but the campaigns differed in terms of their target groups and consequently in their potential reach. See Appendix C and Appendix D for the designed ad copies. In order to better understand the scope of the settings, the table below provides more detail.

Table 3. Applied Settings for “Campaign 1” and “Campaign 2”

| Settings | Campaign 1 | Campaign 2 |
|------------------------------|--|--|
| Target Location | Switzerland, Austria, Germany | Switzerland, Austria, Germany |
| Target Age | 13 to 65+ | 13 to 65+ |
| Target Gender | All | All |
| Connection type ⁶ | People who like the Julia Beaux page | People who like the Nihan0311 page |
| Budget | €5.00 | €5.00 |
| Ad Optimisation | Conversions | Conversions |
| Charged for | Impressions | Impressions |
| Ad Scheduling | Run ads all the time | Run ads all the time |
| Delivery type | Standard – show ads throughout the day | Standard – show ads throughout the day |
| Placement | Mobile News Feed, Desktop News Feed | Mobile News Feed, Desktop News Feed |
| Potential Reach | 12,000 people | 20,000 people |

Source: Facebook Ads Manager – Stagelink, 2015.

As seen in the table, one sample consisted of people who like the Julia Beaux page, are located in Austria, Germany or Switzerland and are 13 to 65+ years old. On this basis, the potential reach was estimated to be 12,000 people. The other sample included fans of Nihan0311, aged 13 to 65+ and living in the same three countries. As a result, the potential reach differed and represented 20,000 people. The aforementioned girls are German YouTubers who are very popular among teenagers as well as the older generation. Based on that, only German speaking countries were targeted. The optimisations for ads depend on the objective of the campaign and were therefore selected as conversions. This meant that the ads were shown to people who were most likely to complete an action on the website. As a consequence, the campaigns were automatically charged for impressions. The ad scheduling was not set specifically, since the ads were monitored daily and stopped

⁶ Connection type – this defines to whom the ad should be shown.

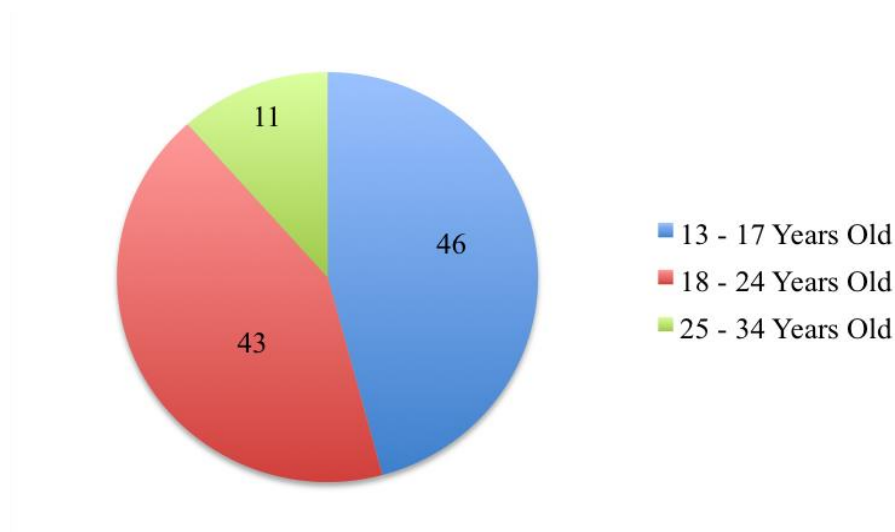
manually after two months. Facebook gives many possibilities in order to optimise performance. Among others, the delivery type defines how often the ads should be displayed during the day. On the one hand, the standard type means displaying ads throughout the whole day, and on the other, the accelerated type means showing ads as quickly as possible until the budget is burned out. As for the placement, ads were shown exclusively in the news feed on the desktop as well as on mobile devices. Additional possibilities include positioning in the right column of the website and audience network, but these were not relevant for the experiment.

4.3.4.2 Sample Characteristics

A sample unit of the experiment was a fan of a particular artist, located in Austria, Germany, or Switzerland and aged between 13 to 65+ years. The total number of people reached in the experiment sample was 20,819, of whom 96% were women and 4% were men. The reason for this lies in the fact that the artists are German beauty YouTubers who mainly target the female population. Since both artists target the same characteristics of people, the sample represents the data, merged from both experiments.

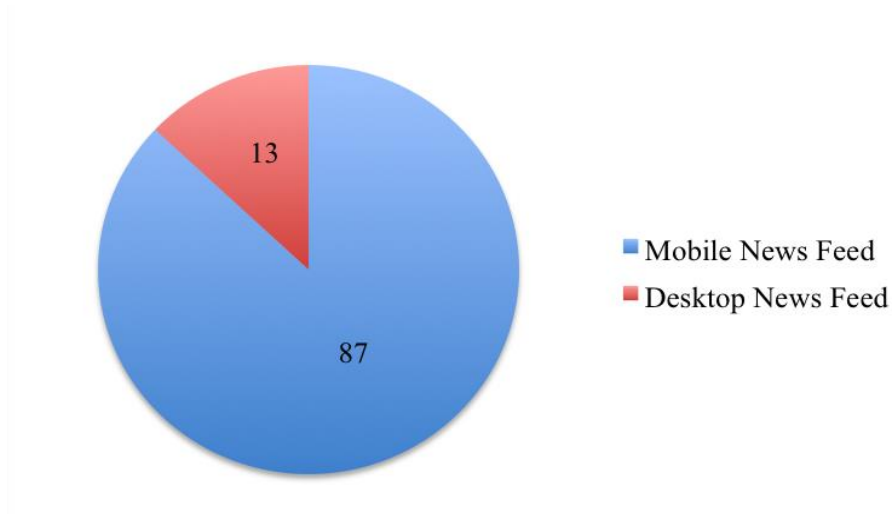
The pie chart below demonstrates the percentage of women and men reached according to three different age groups. Most of the sample comprised people aged between 13 and 24 years, of which 45.8% were aged 13 to 17 years, and 42.61% between 17 and 24 years. The pie chart shows that the experiment was focused mainly on young people due to the advertised content and dependence on the popularity of the artist. Nevertheless, almost 12% of the population reached were aged 25+.

Figure 7. Percentage of People Reached by Age Group (Campaign 1 and Campaign 2)



Another interesting characteristic is that the advertisements mainly reached people on their mobile devices (96%), which mainly included smartphones and tablets. In addition, 14% of the people were reached on their desktop.

Figure 8. Percentage of People Reached by Ad Placement (Campaign 1 and Campaign 2)



4.3.4.3 Findings

The purpose of this section is to present and illustrate the results obtained through the A/B testing experiment in order to ultimately reject or confirm the hypothesis as well as draw a final conclusion. Given that the experiment consisted of two different Facebook campaigns, the findings are first presented separately for each of them. Nevertheless, the results are ultimately merged to provide an adequate basis for the final statistical testing.

Both of the campaigns included two different versions of a photo ad: version A and version B. Version A included a call-to-action button, i.e. “Sign Up”, and version B did not include any call-to-action button. The tables below demonstrate the figures derived from the experiment conducted. All the campaigns have scored 10 out of 10 in terms of relevance, meaning that the ads were properly targeted and relevant for the audience.

Campaign 1: “Julia Beautx Demand Ads”

Table 4. Campaign 1, Version A: Call-to-Action Button

| Impressions | Reach | Link clicks | CTR | Conversions | Conversion rate | Cost per conversion |
|-------------|-------|-------------|-------|-------------|-----------------|---------------------|
| 20,080 | 7,854 | 1,189 | 5.92% | 278 | 1.38% | €0.15 |

In total, version A scored 20,080 impressions, which means that the ad appeared 20,080 times on the screen, regardless of whether it was clicked or not. People may therefore see multiple impressions of the same ad. However, the actual reach was less than the number of impressions, since the ad can be displayed multiple times to the same person. The reach in fact stands for the number of people who received the impression of an ad. Of the 7,854 people who saw the ad, 1,189 people clicked on it in order to get more information. As a result, the CTR was 5.92% and was calculated by dividing the number of link clicks with the number of impressions. The most important data is the number of conversions since the hypothesis tests whether version A converts better than version B. The ad that included a call-to-action button had overall 278 (1.38%) conversions, which means that 278 people made the final action and voted for the artist. Based on the number of conversions and the amount spent for the ad, the cost per conversion was €0.15. The table not only demonstrates the figures themselves, it also clearly shows the performance reporting process. To conclude, 278 of the 20,080 ad impressions were actually proven to be successful.

The table below shows the performance report for the second ad copy, where the metrics can be interpreted in a similar way to those in Table 4. Version B, however, did not include any call-to-action button, which consequently led to different findings. In this case, the number of conversions was 128, leading to a conversion rate of 1.04%.

Table 5. Campaign 1, Version B: No Call-to-Action Button

| Impressions | Reach | Link clicks | CTR | Conversions | Conversion rate | Cost per conversion |
|-------------|-------|-------------|-------|-------------|-----------------|---------------------|
| 12,338 | 5,826 | 580 | 4.70% | 128 | 1.04% | €0.15 |

Of the total 406 conversions for campaign 1, the majority (96%) resulted from the female population, leading to only 4% of conversions from the male population. The figures do not differ significantly between version A and version B since the same percentage of men and women converted for both.

Campaign 2: “Nihan Demand Ads”

Table 6. Campaign 2, Version A: Call-to-Action Button

| Impressions | Reach | Link clicks | CTR | Conversions | Conversion rate | Cost per conversion |
|-------------|--------|-------------|-------|-------------|-----------------|---------------------|
| 30,410 | 12,939 | 769 | 2.53% | 157 | 0.52% | €0.30 |

The number of impressions and consequently the reach was higher than in campaign 1. The actual number of people reached was 12,939, whereas there were 157 conversions (0.52%) out of 30,410 impressions. The CTR was significantly lower, which can result

from various factors, including unattractive ad copy, far-fetched content, a fall in the artist's popularity and others. Due to the low conversion rate, the cost per conversion was double the cost for campaign 1.

Table 7. Campaign 2, Version B: No Call-to-Action Button

| Impressions | Reach | Link clicks | CTR | Conversions | Conversion rate | Cost per conversion |
|-------------|-------|-------------|-------|-------------|-----------------|---------------------|
| 10,582 | 6,324 | 302 | 2.85% | 41 | 0.39% | €0.37 |

Version B of campaign 2 revealed some very interesting findings. The number of conversions (41) was considerably lower than the number demonstrated in version A, leading to a very low conversion rate and a resulting higher cost per conversion. Nevertheless, with a total of 302 link clicks and 10,582 impressions, the CTR was slightly higher than in version A (2.85%).

A significant number of conversions (91%) resulted from the female population and the remaining 9% belonged to the male population.

Campaign 1 Combined with Campaign 2: Call-to-Action Button vs. No Button

Table 8. Comparison of Ad Copies including Call-to-Action Button (Version A) and Ad Copies with No Button (version B) in Performance

| Metrics | Version A | Version B |
|-------------------------------|-----------|-----------|
| Average number of impressions | 25,245 | 11,460 |
| Total number of impressions | 50,490 | 22,920 |
| Average reach | 10,397 | 6,075 |
| Total reach | 20,793 | 12,150 |
| Average number of link clicks | 979 | 441 |
| Total number of link clicks | 1,958 | 882 |
| CTR | 3.88% | 3.85% |
| Average number of conversions | 218 | 85 |
| Total number of conversions | 435 | 169 |
| Conversion rate | 0.86% | 0.74% |
| Average cost per conversion | €0.23 | €0.26 |

Table 8 above presents the average as well as total numbers of the observed metrics, whereas version A is compared with version B. The data obtained from each campaign is

combined and presented as a whole in order to better draw a conclusion. The most valuable number in the table is the conversion rate and this differs between version A (0.86%) and version B (0.74%). In this case, the conversion rate represents the total number of conversions divided by the total number of impressions. In general, version A reached a larger audience and was shown more often: 50,490 total impressions for version A and 22,920 for version B. However, the total reach calculated in the table does not take into account that some people may have seen both versions of ads, and so these figures could have been counted twice. The average number of conversions was 218 (version A) and 85 (version B), but the total number of conversions was 435 and 169. The cost per conversion differed between the versions but was negligible and accounted for just €0.03.

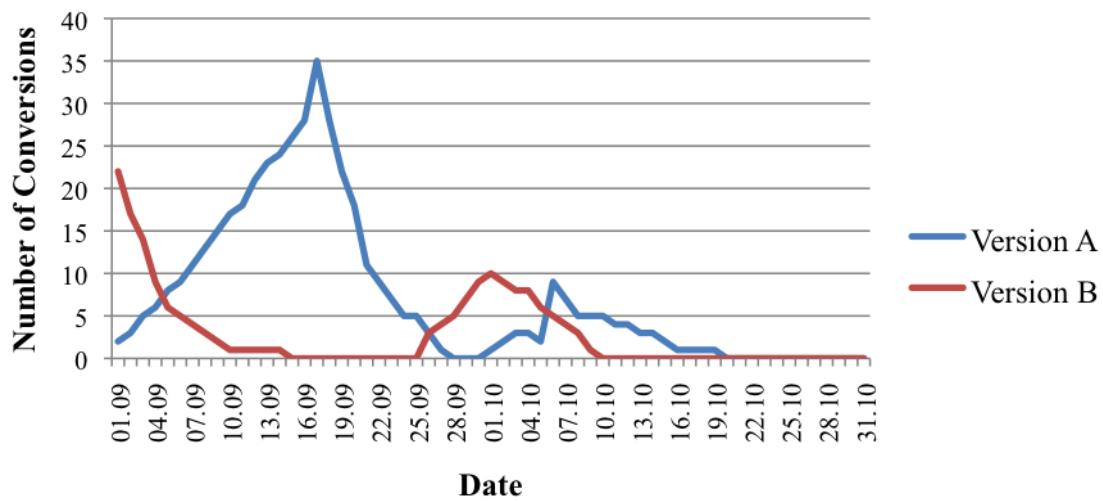
Overall, 93.71% of all conversions resulted from the female population, and only 6.29% from the male population. The results from version A and version B do not differ significantly, as both feature a higher percentage of women than men. Of the total 604 conversions, the majority (65.73%) were from the 13–17 age group, followed by 27.81% for those aged between 18 and 24 years. In much the same way as the number of conversions in version B is generally lower than in version A, the percentage of the female and male populations is also lower than in version A.

Table 9. Percentage of Conversions according to Gender and Age Group

| Age | Version A | | Version B | | Total |
|------------------|-------------|-----------|-------------|-----------|--------|
| | Female in % | Male in % | Female in % | Male in % | |
| 13–17 years old | 43.71 | 3.31 | 18.54 | 0.17 | 65.73 |
| 18–24 years old | 19.04 | 1.16 | 7.12 | 0.50 | 27.81 |
| 25–34 years old | 4.14 | 0.00 | 0.32 | 0.33 | 4.80 |
| 35–65+ years old | 0.49 | 0.17 | 0.34 | 0.66 | 1.66 |
| Total | 67.38 | 4.64 | 26.32 | 1.66 | 100.00 |

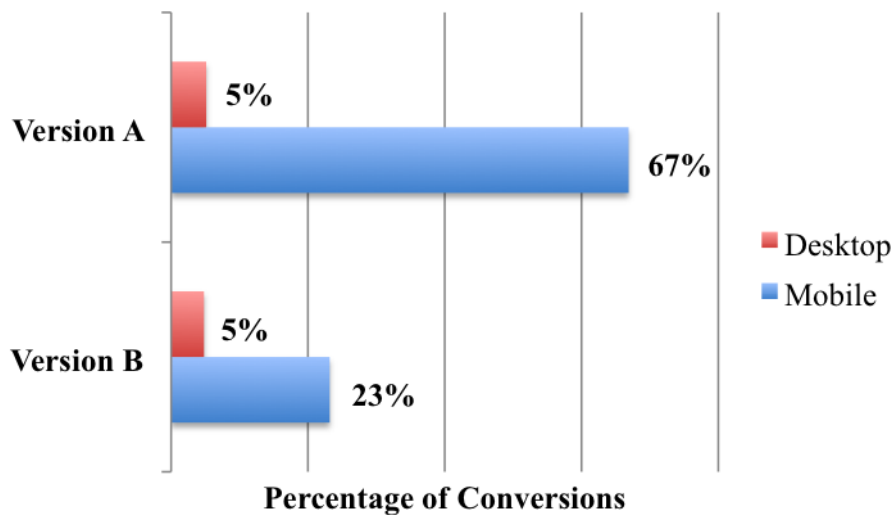
The diagram below presents the number of conversions for a period of two months. It shows that the majority of conversions occurred in the first few weeks of the ad's life. Once the popularity and excitement abated, the number of conversions dropped accordingly. However, the second increase can be ascribed to word-of-mouth marketing. People who had already voted for the artist probably also shared this content with others, thereby again increasing the number of conversions. At the end of the two-month period, the number of conversions was zero, which could be because most of the people had already been reached.

Figure 9. Total Conversions over a Two-Month Period



It is also interesting to note that the majority of people made the final action on their mobile devices. Of all the conversions, 90.07% came from a mobile device and the other 9.93% from a desktop.

Figure 10. Percentage of Conversions by Version and Placement



4.3.5 Experiment 2: Video vs. Photo

4.3.5.1 Measurement

For the second experiment, another two campaigns were created, testing the influence of visual content on the CTR, which is one of the indicators for the success of an

advertisement. Based on the theory, videos in general harvest more engagement than photos and are facing a higher CTR. As a result, the hypothesis is stated below:

H₂: A Facebook ad that includes a video has higher click-through-rate than a Facebook ad that includes a photo.

The main purpose of the experiment was to determine if the type of visual content had an impact on the performance of an advertisement. One ad copy included a photo of the artist and the other one a video, convincing people to take action. The settings for each version were the same, but differed from campaign to campaign. Appendix E and Appendix F shows the design for the ad copies, whereas the table below presents the detailed settings for both campaigns.

Table 10. Applied Settings for Observed Campaigns “Campaign 3” and “Campaign 4”

| Settings | Campaign 3 | Campaign 4 |
|-----------------|--|--|
| Location | Switzerland, Austria, Germany | Switzerland, Austria, Germany |
| Age | 13 to 65+ | 13 to 65+ |
| Gender | All | All |
| Connection type | People who like the Page: Noah Levi | People who like the Page: Shaun Reynolds |
| Budget | €5.00 | €5.00 |
| Ad Optimisation | Conversions | Conversions |
| Charged for | Impressions | Impressions |
| Ad Scheduling | Run ads all the time | Run ads all the time |
| Delivery type | Standard – show ads throughout the day | Standard – show ads throughout the day |
| Placement | Mobile News Feed, Desktop News Feed | Mobile News Feed, Desktop News Feed |
| Potential Reach | 14,000 people | 1,100 people |

Source: *Facebook Ads Manager – Stagelink*, 2015.

As seen in the table above, the settings do not differ significantly between the experiments; nevertheless, they vary in terms of connection type. Each artist has its own Facebook page, which is liked by fans. Therefore, it is reasonable to target a specific group of people that have already shown interest in the artist. On this basis, the potential reach is estimated, which differs from artist to artist since fan-base sizes differ. Potential reach also depends on the location, gender and age of the target audience. If all the fans come from the

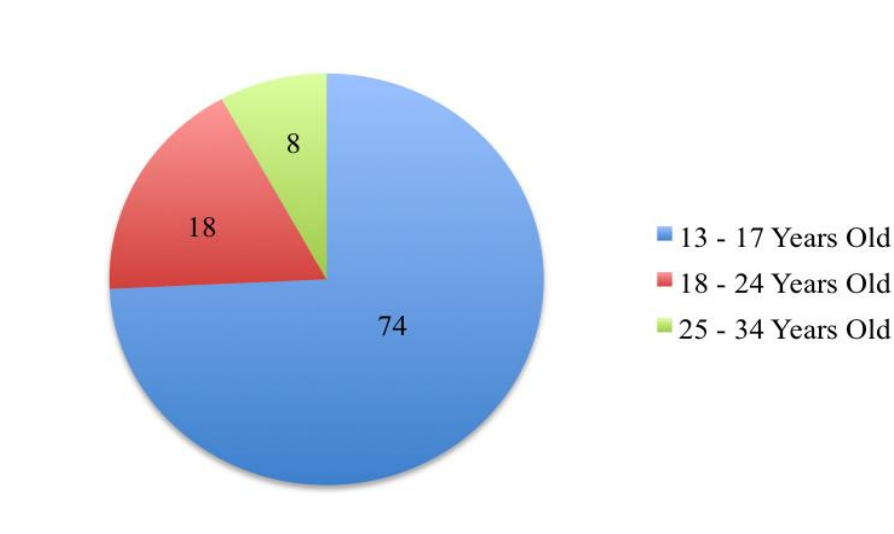
countries selected, are aged 13–65+ and like a specific artist, then this number would be the same as the number of likes the artist has on his or her Facebook page. However, quality is more important than quantity as this not only reduces costs, it also improves overall performance. Targeting possibilities can drastically influence the performance of Facebook advertising and were therefore planned very carefully.

4.3.5.2 Sample Characteristics

Larger differences were observed between the campaigns for experiment 2 because the artists did not target exactly the same characteristics of people. Therefore, the sample cannot be applied for both campaigns. The total number of people reached for both campaigns was 5,431.

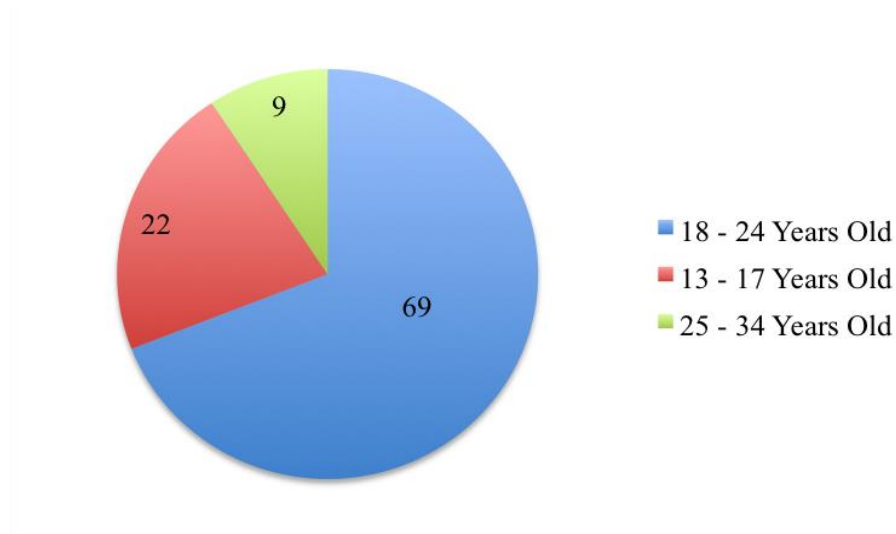
Overall the first sample (campaign 3) consists of 3,710 people reached, with 93% of the population being women and 7% men. The pie chart below illustrates the percentage of people reached according to age group.

Figure 11. Percentage of People Reached According to Age Group (Campaign 3)



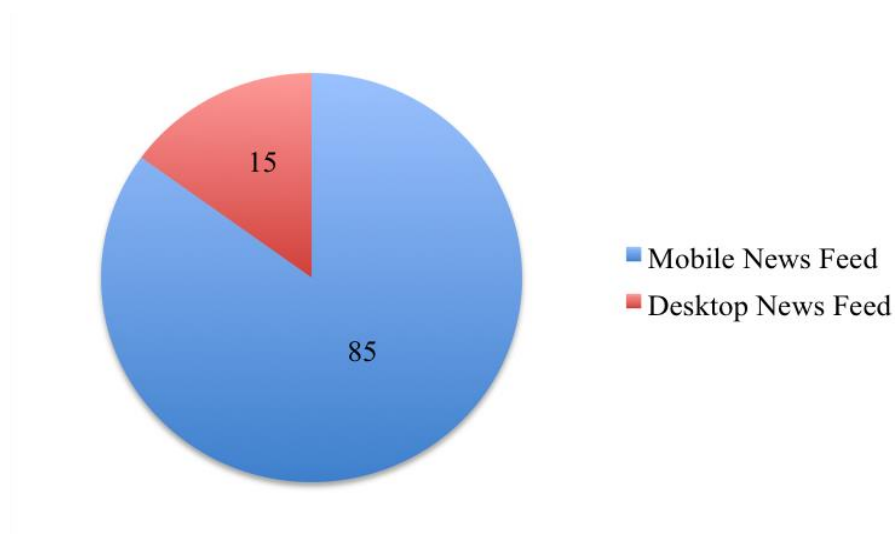
The second sample (campaign 4) comprises a total of 1,721 people reached, the majority of whom are female (86%) and the rest (13%) represent the male population. The age groups in this case slightly differ from those in campaign 3 and are shown in the pie chart below.

Figure 12. Percentage of People Reached According to Age Group (Campaign 4)



Overall, most of those surveyed (85%) were reached on their mobile devices, and this figure did not differ between the campaigns.

Figure 13. Percentage of People Reached according to Ad Placement



4.3.5.3 Results

As was the case in the first experiment, the second also consisted of two different Facebook campaigns; therefore, the findings are first presented separately for each. Nevertheless, the results are ultimately merged in order to provide an adequate basis for the final statistical testing. In this case, version A represents a video ad, whereas version B symbolises a photo ad. The tables below demonstrate the figures derived from the conducted experiment. All the campaigns have scored 10 out of 10 for relevance, meaning

that they were properly targeted and relevant for the audience. The crucial number in the following findings is the CTR, since the research question focuses on performance according to that metric.

Campaign 3: “Noah Levi Demand Ads”

The results indicate that 136 out of the 2,253 people reached clicked on the link, and that only 8 individuals completed the final action. Overall the ad was displayed on the screen 3,777 times, leading to a CTR of 3.60%. The conversion rate was 0.21% and the cost per conversion was €1.

Table 11. Campaign 3, Version A: Video Ad

| Impressions | Reach | Link clicks | CTR | Conversions | Conversion rate | Cost per conversion |
|--------------------|--------------|--------------------|------------|--------------------|------------------------|----------------------------|
| 3,777 | 2,253 | 136 | 3.60% | 8 | 0.21% | €1 |

Version B has in general reached higher number of people (3,362) and was moreover displayed more often than version A. The number of impressions was therefore notably higher than in campaign 3 and states at 4,447. What is more, out of all displayed ads only 61 of them were clicked, leading to significantly lower CTR (1.37%). The number of final actions was 9, resulting in a conversion rate of 0.20%. The lower conversion rate resulted in a higher cost per conversion, which accounted for €1.77.

Table 12. Campaign 3, Version B: Photo Ad

| Impressions | Reach | Link clicks | CTR | Conversions | Conversion rate | Cost per conversion |
|--------------------|--------------|--------------------|------------|--------------------|------------------------|----------------------------|
| 4,447 | 3,362 | 61 | 1.37% | 9 | 0.20% | €1.77 |

Campaign 4: “Shaun Reynolds Demand Ads”

Generally, campaign 4 has reached a much lower number of people since the fan-base of the artist is smaller, leading to a lower potential reach. However, out of 1,420 impressions, only 9 proved to be successful, which led to a very low CTR of 0.63%. In addition, the number of conversions was exactly the same as the number of link clicks, resulting in a conversion rate of 0.63% and €1.13 for the cost per conversion.

Table 13. Campaign 4, Version A: Video Ad

| Impressions | Reach | Link clicks | CTR | Conversions | Conversion rate | Cost per conversion |
|--------------------|--------------|--------------------|------------|--------------------|------------------------|----------------------------|
| 1,420 | 1,153 | 9 | 0.63% | 9 | 0.63% | €1.13 |

On the other hand, the photo ad performed better according to the CTR, which in this case stands at 2.80%. That means that 41 of the 1,463 ads displayed proved successful according to that metric. In total, 1,301 people were reached, and the number of conversions was 11, leading to a conversion rate of 0.75% and €0.67 for the cost per conversion. In this case, the photo ad resulted in better performance not only according to the conversion rate but also, more importantly, according to the CTR.

Table 14. Campaign 4, Version B: Photo Ad

| Impressions | Reach | Link clicks | CTR | Conversions | Conversion rate | Cost per conversion |
|-------------|-------|-------------|-------|-------------|-----------------|---------------------|
| 1,463 | 1,301 | 41 | 2.80% | 11 | 0.75% | €0.67 |

Campaign 3 Combined with Campaign 4: Video vs. Photo

Table 15. Comparison of Ad Copies including Video (Version A) and Ad Copies including Photo (Version B) in Performance

| Metrics | Version A | Version B |
|-------------------------------|-----------|-----------|
| Average number of impressions | 2,598 | 2,955 |
| Total number of impressions | 5,197 | 5,910 |
| Average reach | 1,703 | 2,331 |
| Total reach | 3,406 | 4,663 |
| Average number of link clicks | 72 | 51 |
| Total number of link clicks | 145 | 102 |
| CTR | 2.45% | 2.19% |
| Average number of conversions | 6 | 10 |
| Total number of conversions | 12 | 20 |
| Conversion rate | 0.50% | 0.43% |
| Average cost per conversion | €1.07 | €1.22 |

All in all, there were meaningful differences in the results between version A and version B. The table above demonstrates the average and total statistics for the figures obtained. Even though the CTR presented in the table is 2.45% for version A and 2.19% for version B, not both of the tested campaigns support the research hypothesis. On the one hand, campaign 3 scored a higher CTR (3.60%) in version A, which includes the video.

However, on the other hand, campaign 4 scored a higher CTR (2.80%) in version B, which includes the photo. Overall, version B had a higher number of impressions, more people reached, more link clicks and consequently more conversions. This, however, does not necessarily mean that the ad with the photo performed better overall. Based on the CTR and the conversion rate, version A proved to be more successful, leading to a lower cost per conversion.

4.3.6 Limitations

Comparing two marketing campaigns in every experiment provided some basic and valuable statistics and best practices, but this conclusion cannot be applied as a general fact. As seen in the second experiment, the campaigns observed resulted in different findings. On the one hand, version A in campaign 3 performed better according to the CTR whereas, on the other hand, version A in campaign 4 did not outperform version B. Ideally each observed experiment would therefore consist of more than just two different campaigns, thereby providing deeper and more precise insights into Facebook advertising. While the design of such an experiment would be relatively straightforward and simple, the obstacles to implementation may be more difficult. Nevertheless, the findings can be very helpful and support the fact that there is no single rule on how to design ad copies. Everything depends on the target group and the advertised product or service in question.

In addition, the experiment was conducted and observed, focusing only on a very niche live entertainment industry, which is not yet at the stage of maturity. As a consequence, the target group mainly consists of younger people aged 13–25, leaving out a significant part of the rest of the population. Although the success of the ad depends heavily on the popularity of the artist, it is even more important that every industry, product, service, and marketer utilises a different approach and shapes his or her own tailor-made best practice to suit. In addition, the experiments were limited by daily budget of €5, which significantly influenced the number of people reached and the number of impressions. Setting a higher daily budget would probably have led to more people reached and a higher number of impressions. Given that the start-up company where the experiments were conducted was still at the survival stage, the budget was fairly set.

4.4 Quantitative Research: Online Survey

4.4.1 Research Goals and Objectives

Measuring consumer engagement may seem like an easy task, but this is not the case in practice. While the experiment provided a deeper insight into consumer behaviour from a statistical perspective, it did not elicit an understanding of consumer emotions and opinions. In order to overcome this, an additional online survey was created in order to provide a comprehensive picture of consumer behaviour. Even though the survey

presented interesting findings, the truthfulness and reliability of the answers is doubtful. Therefore, the survey was conducted only as a supplement to the experiment. The main goal of the survey was to obtain in-depth information about the perception of consumers regarding Facebook advertising. It was created for the purpose of supporting the experiment as well as to provide additional insights in order to finally put the conclusion together. Nonetheless, the survey included additional questions focusing on the question “why” rather than “what”. As a result, the structure of the questionnaire was created in a way that provides a better understanding of why individuals act the way they do.

4.4.2 Data Collection Method

The data was collected through a questionnaire which was created on the Google Forms platform. For this thesis, an online survey was the most appropriate primary data collection method as individuals were required to compare different types of visual advertisement. Since the target group for the experiments conducted were German speaking countries, the Austrian and German markets were both targeted. In order to reach people from abroad, an online survey represented the best and easiest way to achieve this goal. Since the aim was to get as many replies as possible from abroad, it was also written in English. When created it was shared via social media networks, mainly Facebook. The questionnaire was, furthermore, shared on various German fan pages as well as on the Facebook page of a company I worked for. Austrian and Swiss people were not targeted specifically.

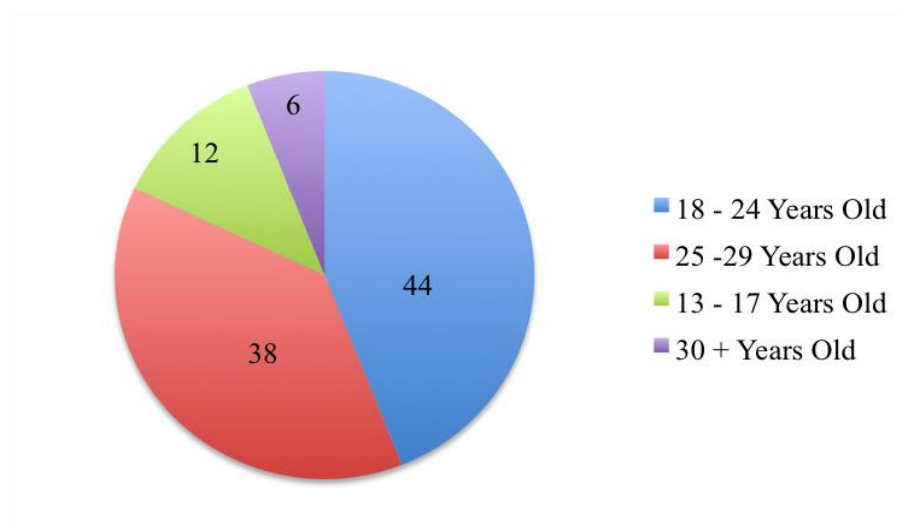
The first part consisted of basic demographic questions such as age and gender, followed by questions on daily usage of Facebook and the Internet generally. The participants were then asked about their general perception and opinion of Facebook ads. The reason behind this was to ascertain how many people were even affected by advertisements. Those respondents who had never clicked on any advertisement displayed on Facebook were afterwards not asked a set of questions about the general experience. In the third and last part of the questionnaire, the participants were presented with pictures of different ad copies and asked questions regarding the design. The purpose of the comparison of various ad copies was to help identify and understand the main factors influencing the success of Facebook advertising. As the research hypotheses are focused on the importance of a call-to-action button and the visual content, the presented ad copies were adjusted accordingly. The questionnaire is presented in Appendix G.

4.4.3 Sample Characteristics

In total, the sample of the questionnaire comprised 248 participants from different age groups and countries. According to the gender structure, the participants were almost equally distributed between men (47.6%) and women (52.4%). As the target group was mainly younger people, the most populous age group was between 18 and 24 years, followed by 95 people in the age group between 25 and 29 years. Since the number of

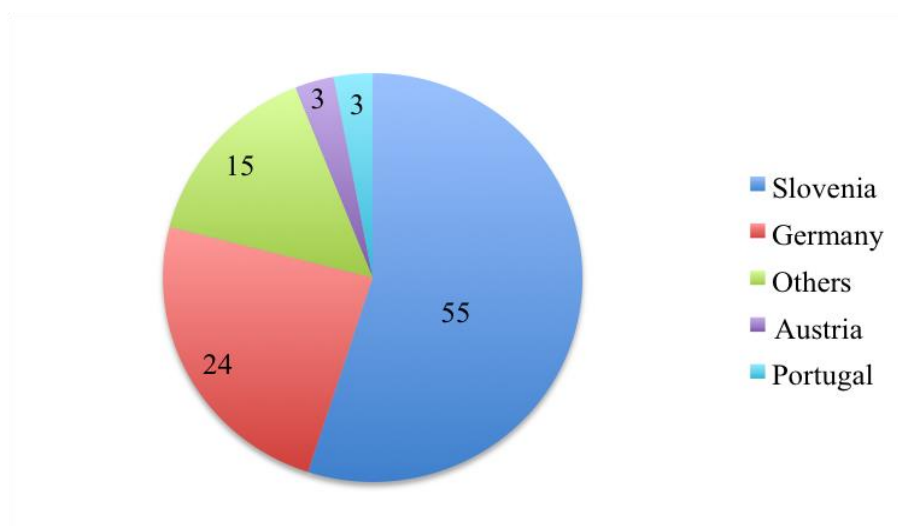
respondents aged 30 to 65+ was low, the groups were merged into one and accounted for 6% of the total number. The pie chart below shows the percentage of respondents by age group.

Figure 14. Percentage of Respondents by Age Group



Since the target group was not limited to Slovenia, the participants came from thirteen different countries. Nevertheless, only four countries are presented separately, whereas the others are merged into one group named “Others”. In order to aid understanding, the pie chart below illustrates the percentage of respondents by country.

Figure 15. Percentage of Respondents according to Country of Origin



The majority of the respondents came from Slovenia, and account for 55% of the total. Since the objective was to get responses from German speaking countries, 24% of the respondents came from Germany and another 3% from Austria. Despite also seeking to

gather information from Switzerland, none of the respondents were located in this country. The reason behind that lies in the fact that not many people from Switzerland were reached while the survey was shared. Nevertheless, that did not prevent a conclusion from being drawn. In addition, 3% of the respondents came from Portugal and a total of 38 people (15% of the total) came from other countries around the world. The high number of participants from abroad can be attributed to the fact that the survey was shared to many foreign people whom I have met during my time studying and working in different countries.

4.4.4 Data Analysis and Results

The data was collected during a timeframe of one month commencing January 16, 2016. It was then exported as an Excel file in order to conduct a proper analysis. The analysis of the gathered data was carried out in Microsoft Excel as well as the IBM SPSS Statistics 21 program, using descriptive statistics. Descriptive statistics were applied to describe the basic characteristics of the data as well as in order to provide straightforward summaries. They were also used to simplify large amounts of data in a rational manner. Together with simple graphics analyses, they served as the foundation for the quantitative analysis of the data gathered.

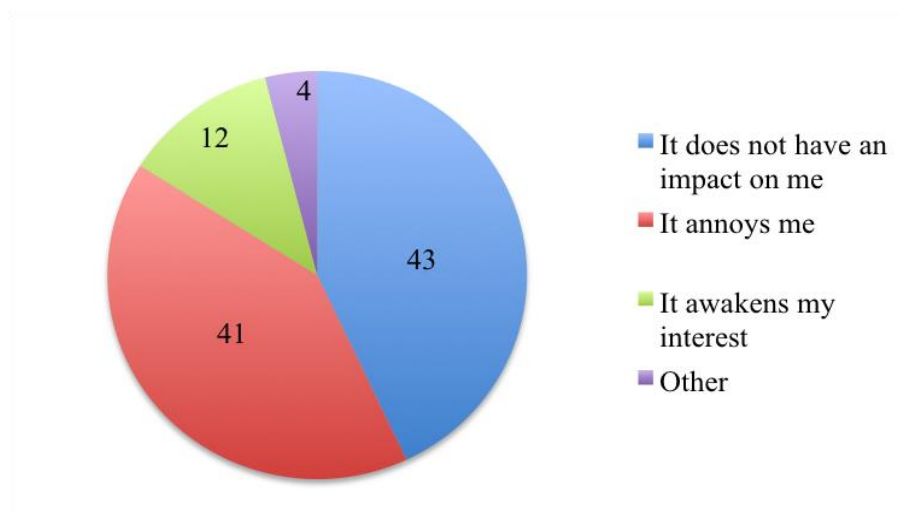
In the next section, the results are presented in order to support the findings from the experiment and to ultimately confirm or dismiss the research hypotheses. Not all the results are presented in the thesis, since they were not entirely associated with the research question. The questionnaire was roughly divided into three different parts; therefore, the results are illustrated accordingly.

To begin, the participants were asked questions about their usage as well as the time they spent on social networks. As expected, the most commonly used social network was Facebook with 77%, followed by Instagram (15%), Snapchat (8%), and others accounting for 6% (Twitter and WhatsApp being the most popular of these). The majority (45.12%) of respondents spent over 3 hours a day on line, whereas 27.64% dedicated 2–3 hours and 25.20% devoted 1–2 hours on the Internet. A total of 45.34% of respondents devoted 30–60 minutes to Facebook every day, whereas approximately 25% of the respondents spent less than 30 minutes. Almost all the participants used Facebook every day, but only 9.72% of the respondents used it for over 120 minutes.

Focus was then devoted to the part concerning Facebook advertising, and the participants were asked whether they recognised the difference between a Facebook ad and a normal Facebook post. Of the respondents, 83% answered with a yes and only 17% answered with a no. When asked what their first impression was when seeing a Facebook ad, 43.15% of people responded that ads do not have an impact on them at all. A total of 40.73% of the respondents expressed annoyance with Facebook ads. Even though the participants were

given the opportunity to expand upon this, few choose to do so; nevertheless, some individuals pointed out that their annoyance was dependent on the nature of the ad. Figure 16 below demonstrates the distribution of the responses.

Figure 16. First Impressions When Viewing a Facebook Ad (Percentage)



Despite the fact that many of the respondents are able to identify ads, few choose to also click on them. A total of 49.39% of the respondents stated that they rarely clicked on ads, and a further 32.79% said they had never clicked on an ad. Only a relatively small percentage of respondents (15.43%) admitted that they sometimes clicked on ads. Those participants who had clicked on an ad were asked additional questions. However, the responses were not entirely associated with the research question and are therefore not presented in this thesis.

The following table illustrates the results on the perception of Facebook ads. The figures for the mean and standard deviation in the table below refer to the level of agreement stated in the survey. The majority of respondents confirmed that they were able to identify Facebook ads, and even commented that they were subjected to too many. Additional descriptive statistics are provided in Appendix H.

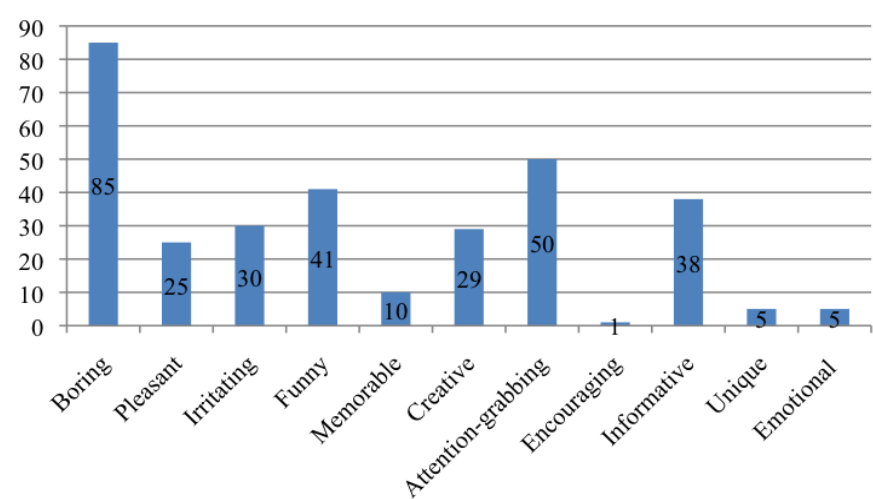
Table 16. Results of the General Perception of Facebook Ads (Mean and Std. Deviation)

| Statements | Mean | Std. Deviation |
|---|------|----------------|
| I find ads extremely annoying, no matter how interesting they may be. | 2.90 | 1.071 |
| There are too many ads on Facebook. | 2.25 | 0.970 |
| I often see Facebook ads when I am on Facebook. | 2.11 | 0.894 |

Note. * The levels of agreements are converted into numbers, with 1 representing “strongly agree” and 5 representing “strongly disagree”.

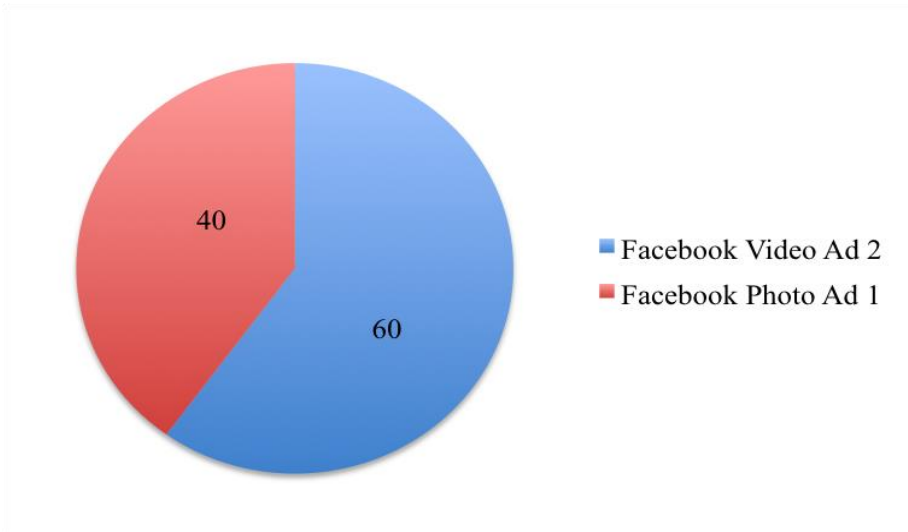
The last part of the questionnaire focused on a comparison between two different ad copies in order to receive a real time opinion. The questions were focused on the visual content before then turning to the call-to-action button. The participants were presented with a Facebook photo ad and then asked to describe the ad copy. They were able to choose more than just one description. The table below demonstrates the results.

Figure 17. Description of the Presented Ad



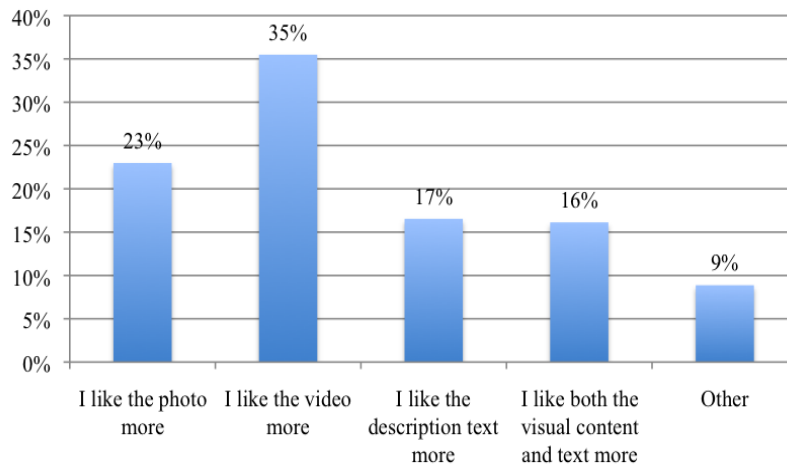
The contributors were then shown a Facebook video ad, which was presented as an image. When asked which of the Facebook ads was more appealing to them, almost 60% of the respondents preferred the Facebook video ad. Even though the majority of the respondents opted for the video ad, the difference was not significant.

Figure 18. Facebook Photo Ad 1 vs. Facebook Video Ad 2 (Percentage)



The reason behind the decision lay mainly in the preference for this kind of visual content; however, some of the respondents also liked the description text in the selected Facebook ad. Among the answers provided, the respondents stated that video ad was more appealing because it was interactive, interesting, informative, and memorable. However, the participants also pointed out that videos were time consuming and more expensive to view when roaming. Detailed results are presented in the table below.

Figure 19. Results on the Reasons behind the Decisions on the Visual Content



The participants were also faced with a series of statements, and were required to express whether they agreed or disagreed. The findings are reported in the table below. Additional descriptive statistics are presented in Appendix I.

Table 17. Results on Visual Content (Mean and Std. Deviation)

| Statements | Mean | Std. Deviation |
|---|------|----------------|
| I would CLICK on both Facebook ads if they would appear in my News Feed. | 3.92 | 1.009 |
| I always watch the video until the end. | 3.87 | 0.938 |
| In general, I also watch videos also when being in public. | 3.56 | 1.136 |
| In general I find video ads more appealing than photo ads. | 2.74 | 1.051 |
| I feel better connected to the artists due to the video. | 2.72 | 1.002 |
| I need to read the text in order to understand the ad message. | 2.68 | 0.977 |
| When in public I would more likely click a photo ad because I cannot watch the video. | 2.62 | 1.107 |
| I find video ads to be more personalised. | 2.58 | 0.979 |
| I find the description text to be very important. | 2.47 | 0.966 |

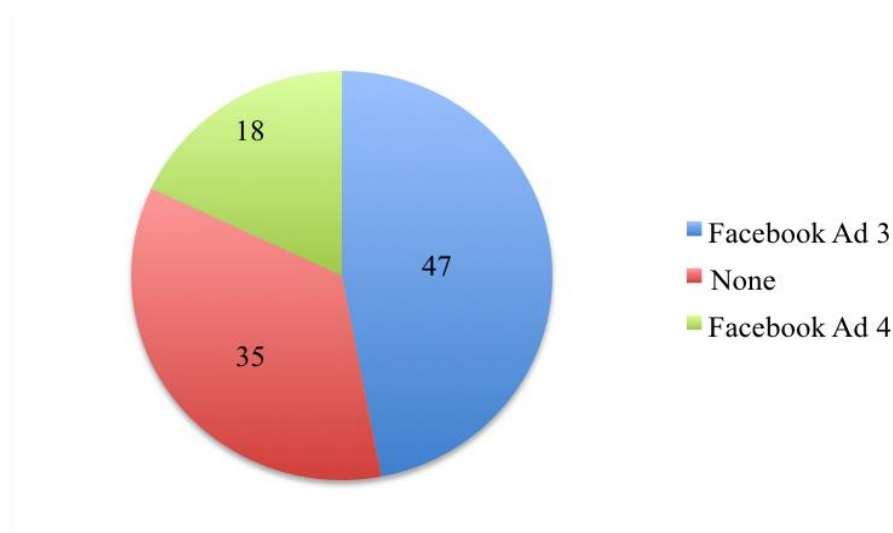
Note. * The levels of agreements are converted into numbers, with 1 representing “strongly agree” and 5 representing “strongly disagree”.

The majority of respondents (71%) would not have clicked on both of the ads, and only 9% would have done so. As it is clear from the above table, the majority of the respondents considered video ads to be more appealing (2.74), since they found them more personalised (2.58) and felt more connected to the artist (2.72). However, only few of the respondents would have watched the video ads until the end, especially when in public. As a result, the majority of respondents would rather click on a photo ad (2.62) when in public. In addition, the description text is perceived as very important and must be read carefully in order to understand the message being conveyed.

To conclude, an open question was posed regarding comprehension of the ad message. Of the 166 responses obtained, 58 individuals understood the message correctly, whereas the rest misunderstood the meaning.

The participants were then presented with additional Facebook ads regarding the call-to-action button. Facebook ad 3 included a call-to-action button and Facebook ad 4 did not include a call-to-action button. Although nearly 82% of the respondents recognised the difference between the Facebook ads presented, 18% did not. Altogether 46.53% of people would have preferred to click on Facebook ad 3, which includes a call-to-action button. However, it is also important to note that 35.1% would not have clicked on any of the ads presented.

Figure 20. Facebook Ad 3 vs. Facebook Ad 4 (Percentage)



When asked about the impact of the call-to-action button on their behaviour, the participants were rather indifferent. In general, the respondents found the call-to-action to be intrusive, with the mean standing at 2.85. However, the majority (43%) stated that the “Learn More” button encouraged them to click on the ad, in contrast to the 32% of respondents not motivated to do so. See Appendix J for detailed results on the percentages. Even though the difference was not significant, the participants favoured a call-to-action

button over no button at all. However, in the past, “Learn More” button was not a significant motivator to click on an ad. The table below illustrates detailed results concerning the call-to-action button.

Table 18. Results on the Call-to-Action Button (Mean and Std. Deviation)

| Statements | Mean | Std. Deviation |
|--|------|----------------|
| I would prefer to click on Facebook ad 4 because it does not contain a “Learn More” button. | 3.39 | 1.102 |
| In the past I have often clicked on posts containing a “Learn More” button for more insight. | 3.18 | 1.117 |
| Call-to-action buttons in general annoy me. | 2.97 | 0.930 |
| A “Learn More” button motivates me to click the ad. | 2.95 | 1.142 |
| I would prefer to click on Facebook ad 3 because it contains “Learn More” button. | 2.85 | 1.167 |
| I find call-to-action buttons pushing. | 2.85 | 1.010 |
| A “Learn More” button does not have an impact on me. | 2.83 | 1.130 |
| A “Learn More” button clearly illustrates what I will get when clicking on an ad. | 2.81 | 1.006 |
| I would be more likely to click on a “Learn More” button than a “Shop Now” button. | 2.20 | 0.938 |

Note. * The levels of agreements are converted into numbers, with 1 representing “strongly agree” and 5 representing “strongly disagree”.

4.4.5 Limitations

Online surveys are in general not only very easy to create and cost-effective, they also reach a significant number of people. However, their reliability is noticeably weak, since the respondents may not feel encouraged to provide honest and accurate information. Moreover, the answers can lead to unclear data because some individuals may interpret some questions differently. This is especially the case for this master’s thesis, where the target group comprises predominantly younger people. Some of the respondents may not see the value of the survey and fill it out just for fun. Suspect or vague responses can therefore lead to incorrect findings as well as erroneous conclusions. Even though a survey is a very appropriate research tool for my master’s thesis, deeper insights and more honest answers would be forthcoming by conducting an interview with the participants. Moreover, the sample comprised only 248 respondents and so cannot represent the whole population. A larger sample would therefore lead to more accurate findings and more precise conclusions, which could be applied as a general fact for a specific industry.

In addition, the ad copies included in the survey may not be designed perfectly, and represent only certain artists. The responses received usually depend on the popularity of the artist as well as the attractiveness of the ad. As a result, advertising other artists or

creating a more tempting ad could lead to different findings. This problem could be solved by additional ad copies being included in the questionnaire. Nevertheless, we each have our own tastes and see the world in our own different ways. An additional limitation is that the video is not an actual video, and is presented only as a picture. This means that the participants could not watch the video and answer the questions precisely. The option to watch the video may therefore result in different responses.

A further limitation to this master's thesis is that it is solely based on quantitative research, incorporating descriptive statistics to test the validity of the hypotheses. Additional qualitative research would, therefore, provide deeper insights and improved awareness of consumer behaviour based on emotions. The survey design can also be considered a limitation of this thesis since it lacks some additional demographic questions. Supplementary questions concerning the respondent's level of completed education and profession, as well as psychological questions, would provide a better understanding of the consumer behaviour process and therefore lead to a more precise conclusion. Nevertheless, the questionnaire is created solely as a support mechanism to the experiment and allows a comprehensive picture to be obtained which illustrates the effectiveness of Facebook advertising.

The speed at which technology is developing is almost unimaginable. What is relevant today may become outdated in only a month or two. It is therefore vital to take full account of the rapid pace of technological development and to provide suitable, quickly adopted research.

5 RESULTS AND FINDINGS

In this chapter, the results are combined in order to draw and finalise a conclusion to the research question. The data was analysed using Microsoft Excel, in conjunction with the IBM SPSS 21 program. As a result, the data obtained with the analysis is adequate and sufficiently consistent to confirm or dismiss the research hypotheses. With that in mind, this study represents an important contribution to the field of social media marketing and is also of high value for online marketers. The experiments were comprised the bulk of the research study and were solely devoted to answering the research question. A survey was also conducted in order to supplement the experiments and provide in-depth insights into consumer behaviour. Together, the studies provided a comprehensive and applicable representation of consumer behaviour in online marketing. Therefore, the findings of this study can be taken into consideration and will assist Internet marketers in providing consumers with a pleasant social media advertising experience. Not only will this lead to happier customers but also to improved advertising performance. Marketers as well as trademark owners are now, more than ever, exposed to a tremendous opportunity. Facebook advertising does not only reduce marketing costs and is more convenient to use, but more importantly it can be extremely effective. Banks, insurance companies,

consultant companies, publishing companies, shops, hotels, and counting can benefit from social media marketing significantly. Small add-ups like call-to-action buttons or different ad types can increase the performance of an ad and lead to lower costs. The usage of videos can, moreover, increase the possibility of “word of mouth” marketing and, thus, enhance brand recognition. But above all, the conversation with customers can be established. As a result, companies are not the only ones benefiting from Facebook advertising; so are consumers. Not only we are provided with personal offerings, but also we are presented with countless information that might interest us. In a busy world we live today seeing a product or a service that we like, is priceless. Facebook does not only speed up our buying decision process but also represents an incubator for ideas. Additionally, Facebook advertising is of a high value for event companies as well.

When Facebook introduced the new call-to-action button feature at the end of 2014, the company I worked for started using various types of the same button. The use of a specific call-to-action button led to better performance, but they had never tested what actually worked best for them. On the basis of the knowledge I had acquired and the additional literature review I had conducted, my expectations were very clear: call-to-action buttons are of a high importance and improve the performance of an ad. Overall, the results met my expectations regarding the effectiveness of call-to-action buttons. According to the experiment and the survey conducted, consumers are more likely to click on a Facebook ad if it includes a call-to-action button. In fact, version A of experiment 1 had a higher number of conversions than version B, which involved a Facebook ad without a call-to-action button. However, the total number of conversions was 2.5 times higher for version A than for version B. The experiment included a specific call-to-action button labelled “Sign Up”. This finding clearly shows that the stated hypothesis (H_1) can be confirmed: “A Facebook ad that includes a call-to-action button results in a higher number of conversions than a Facebook ad that does not include a call-to-action button”. The results were as expected, i.e. that the conversion rate for a Facebook ad with a “Sign Up” button was 2.5 times higher than for other call-to-action buttons or no button at all (Facebook for Business, 2014). As the customer’s aim is to get from point A to point B as quickly as possible, the call-to-action button’s purpose is two-fold: it motivates people to take action and directs consumers to their final destination (Nanavati, n.d.). As a result, call-to-action buttons are of a high value and are extremely important for social media pages. The inclusion of a call-to-action button in the creation of advertisement is also in line with the famous AIDA copywriting formula. The last A, in fact, stands for action (Perrotta, n.d.). A call-to-action button, therefore, positively influences the success of an ad, even though it may seem like only a minor addition. Moreover, the survey supports the data obtained from the experiment. It indicates that consumers would prefer not to click on an ad which does not include a call-to-action button. However, when asked if they would prefer to click on an ad which included a call-to-action button, the participants were quite indifferent. Many respondents even stated that call-to-action buttons in general had no impact on them and that they found them pushy and intrusive. According to the survey, consumers are also

not significantly more motivated to click on an ad just because it includes a call-to-action button. Even though the respondents tended to be indifferent about the effectiveness of call-to-action buttons, there was a slight inclination towards their use. As stated in the literature review, many decisions are made impulsively, with the rational part of the brain exerting little influence. Therefore, a survey is often not the most reliable and appropriate method to measure consumer behaviour. A lack of thought may have been devoted to many of the responses, simply in order to complete the questionnaire as soon as possible. On the other hand, however, the same is the case for Facebook ads. Many simply scroll through the news feed without paying much attention at all to the posts or adverts they are viewing. Therefore, the indifference shown towards the impact of call-to-action buttons may mean that consumers are not radically influenced by their usage. It is also important to note that a Facebook ad which does not include a call-to-action button is not preferred to a Facebook ad which includes a button. As a result, the experiments and the survey both indicate that call-to-action buttons have an influence on consumers. Nevertheless, the question as to how much influence call-to-action buttons exert on consumers remains unresolved. According to the survey, this influence is not sizeable but is still significant. It is crucial that the advertisement not only provides a realistic picture of the brand but also engages with the audience. As emotions drive the human decision-making process, marketers now have a great opportunity to engage with these emotions and convince our subconscious to take action.

Our brain uses separate pathways to process information; as a result, we often remember less of what we read and more of what we see. In fact, 90% of all information that comes to the brain is visual (Lloyd, n.d.). Visual content, which includes video and photography, consumes less mental resources and therefore garners more of the viewer's attention (Barreto, 2013). Therefore, the research question focused on the effectiveness of different types of visual content. The results, which were obtained from the experiment as well as the survey, demonstrated that a Facebook ad with a video generally performs better than one without. The first campaign clearly demonstrated that the CTR was significantly higher when the ad included a video, but the opposite was the case for the second campaign. It showed that a Facebook ad with a photo had a higher CTR and, therefore, performed better according to that metric. When combined together, the results indicated that a Facebook ad with a video performs better than a Facebook ad with a photo. The difference between the results may be interpreted in many ways. First of all, it is possible that the video presented in campaign 3 was better and more personal than the video used in campaign 4. Perhaps the video could have been more interactive, funny, interesting or informative. It is also possible that the video in the second experiment did not grab the viewer's attention and lacked a call for action. It is also important to note that the quality of the video is extremely important and can lead to a higher CTR. In addition to this, the age and gender groups differed between the campaigns. The first sample comprised a total of 3,710 people reached, with the majority aged between 13 and 17 years. However, the sample for campaign 4 comprised a total of 1,721 people reached, with the majority aged

between 18 and 24 years. The differences in age may therefore result in different findings. As a result, my expectations were only partly met. I had expected the photo to significantly outperform the video, especially among the younger generation. In this case, conducting a survey proved to be very useful. Not only did it provide more precise information, it also confirmed the findings obtained from campaign 3. According to the survey, 60% of respondents would rather click on a Facebook video ad than a Facebook photo ad. Many stated that the video allowed them to better connect with the artist and they perceived it to be more personal. In this regard, the practice and theory matched. It is said that 58% of consumers consider companies that present a video to be more trustworthy than those which do not. Moreover, a significant number of consumers (71%) say that a video leaves a positive impression of a company (Platt, 2014). However, the survey did not allow the participants to watch the video. They were presented only with a picture, which was intended to represent the video. The results might, therefore, have been different if the respondents had been able to see the video. Overall, the findings from the experiment and the survey can confirm the hypothesis, but with limitations. As the sample of the survey represented 44% percent of people aged between 18 and 24 years, the results from campaign 3 and the survey are in line. The predominant age group in campaign 3 was, in fact, also between 18 and 24 years. The hypothesis can, therefore, be confirmed with confidence for a specific age group. To conclude, a Facebook ad which includes a video performs better than a Facebook ad which includes a photo, according to the age group of 18 to 24 years. According to the survey, people find ads containing a video more appealing than ads containing a photo. Some individuals also stated that videos are more interactive, interesting, informative and memorable. It is, therefore, reasonable to assume that online marketing is shifting slightly towards visual content on Facebook. The amount of videos from businesses and people has already increased 3.6 times year-on-year (What the Shift to Video Means for Creators, 2015).

It is crucial to note that the experiments and the survey itself were focused on the younger generation and on German speaking countries. The industry in which the company operates is also a very niche industry and predominantly represents German YouTubers. In that sense, the company does not offer a unique product, and the advertising success depends primarily on the popularity of the artist. Therefore, the results cannot be applied to the whole population.

CONCLUSION

One thing we all know for sure is that the Internet has turned our lives upside down. The speed at which the Internet is developing represents one of the most exciting and unimaginable phenomena of modern times. Social media networks in particular have transported us into a different world – a world where the rigid confines of space and time disappear. The Internet we know today dates back to the autumn of 2004 when the concept of “Web 2.0” was born. Simply said, Web 2.0 is an ideal platform for implementing and

helping social networks to grow. As a result, traditional marketing activities are now supplemented with new marketing opportunities, which allow businesses to reach out and engage with consumers on a more personal level. All in all, Facebook is still the most commonly used social media platform among marketers. Despite only being about twelve years old, it has already managed to grow from a tiny acorn into to an enormous oak tree. Every year that passes heralds the implementation of new features, which has led to a tremendous increase in Facebook users. However, just as is the case with any marketing campaign, it is not sufficient to simply advertise on Facebook and then consider the job to be done. Even though the process of creating advertisements is not in itself complicated, it does require creativity, intelligence, innovation and, above all, smart and precise planning.

Due to constantly falling CTR rates, advertising saturation on the Internet as well as the tendency for users to avoid advertisements, the effectiveness of online marketing remains a hotly debated issue. In response to the need for further research on Facebook advertising, the main goal of this master's was to test and ultimately determine whether a Facebook ad that includes a video has a higher CTR than a Facebook ad that includes a photo and, furthermore, if a call-to-action button has a positive impact on the number of conversions. As the consumers are the main reason why businesses should advertise on line, it is crucial to understand the psychology behind consumer behaviour. We often buy products not because we are getting the best value for our money, but simply because it makes us happy. This means that emotions play a crucial role in our decision-making processes. Over the years, each of us developed a systematic decision-making process; nevertheless, on Facebook, it is not entirely clear what prompts the viewer to respond to an ad. It is for this reason that the A/B testing experiment and the survey were conducted, both of which provide the foundations for further analysis. Since a survey is often not the most reliable and valid method available, it was decided that it would serve the purpose of supplementing and supporting the experimental study conducted. The data was analysed and descriptive statistics were used in order to ultimately confirm or reject the hypotheses. A two-sided analysis of the same problem was applied for the purpose of providing a comprehensive and applicable representation of consumer behaviour in online marketing.

Overall, the expectations were only partly fulfilled. According to the experiment and the survey, consumers are more likely to click on a Facebook ad that includes a call-to-action button. Even though the preference for a call-to-action button was not strong, the first hypothesis (H_1) was confirmed: "A Facebook ad that includes a call-to-action button results in a higher number of conversions than a Facebook ad that does not include a call-to-action button". Moving on to the second hypothesis, the results from the two different campaigns were not completely in line. The first campaign validated the hypothesis, but the second campaign did not. Different findings may be interpreted in many ways, but a conclusion had to be made. Together with the survey, the findings confirmed the hypothesis, but with limitations. According to the survey, the respondents found ads containing a video to be more appealing than ads containing a photo. Consequently, the

following hypothesis (H₂): “A Facebook ad which includes a video has a higher CTR than a Facebook ad which includes a photo”, was confirmed for the 18–24 age group specifically. Since the analyses were mainly focused on younger people, German speaking countries and a very niche industry, the results cannot be applied for the whole population. Nevertheless, in Facebook advertising not everything can be placed into just one big basket. Different products as well as different age groups, countries, industries and, above all, individuals require different approaches. For that reason, my recommendation for further research is to focus on a very specific product and, with experimenting, find the most suitable way on how to market it to a particular group of people. The experiments should include more than just two different marketing campaigns and should be, furthermore, dedicated with a higher amount of money. Additionally, a qualitative study would enable companies to receive deeper insights into consumer behaviour and provide better findings on how to effectively advertise on Facebook.

Overall, the purpose and goal of this master’s thesis have been achieved. Over time, social media has become a marketing channel of its own, yet many businesses neglect its importance. The only way businesses and, especially, marketers are going to learn what works best for them is by experimenting as well as learning by making mistakes. Everything in life is a learning process and so is online marketing. An understanding and knowledge of how to best navigate the waters of social media marketing, therefore, represents the best way to stay on course.

“Life isn’t about finding pieces of a puzzle. It’s about creating and putting those exceptional pieces together”. – Glenn van Dekken (Quotes Picture by Glenn van Dekken, 2016)

REFERENCE LIST

1. Affiliate marketing. (n.d.). In *Entrepreneur Small Business Encyclopedia*. Retrieved December 15, 2015, from <http://www.entrepreneur.com/encyclopedia/affiliate-marketing>
2. Aguiar, G. (2015, February 4). Adapt or Die – Learn Social Media – the Tools of the New Economy [Blog post]. Retrieved December 14, 2015, from <http://azsocialmediawiz.com/adapt-die-learn-social-media-tools-new-economy-2/>
3. Alfonsi, R. (2015, September 2). Twitter Ads are now available in over 200 countries and territories [Blog post]. Retrieved January 7, 2016, from <https://blog.twitter.com/2015/twitter-ads-are-now-available-in-over-200-countries-and-territories>
4. Ann, J. (2011, November 30). Will Technology Exceed Our Humanity? Retrieved February 16, 2016, from <http://www.jessicaannmedia.com/will-technology-exceed-our-humanity/>
5. Ayres, S. (n.d.). How to Use Facebook “Like Ads” to Grow Your Fan Page & Business [Blog post]. Retrieved January 15, 2016, from <https://www.postplanner.com/how-to-create-use-facebook-like-ads-grow-fan-page/>
6. Bailey, M. (2011). *Internet Marketing: An Hour a Day*. Canada: John Wiley & Sons, Inc.
7. Barreto, A. M. (2013). Do users look at banner ads on Facebook? *Journal of Research in Interactive Marketing*, 7(2), 119-139.
8. Batra, R., Ahuvia, A., & Bagozzi, R. P. (2012). Brand love. *Journal of Marketing*, 76, 1-16.
9. Beattie, A. (2011, November 29). What is the difference between social media and Web 2.0? Retrieved December 13, 2015, from <https://www.techopedia.com/2/27884/internet/social-media/what-is-the-difference-between-social-media-and-web-20>
10. Bell, T. (2013, September 5). Establishing Brand Loyalty through Social Media [Blog post]. Retrieved December 15, 2015, from <http://www.depts.ttu.edu/comc/research/outpost/blog/brand-loyalty.php#sthash.GymG5BDh.dpbs>
11. Bosomworth, D. (2015, July 22). Mobile Marketing Statistics 2015: Statistics on mobile usage and adoption to inform your mobile marketing strategy. Retrieved January 15, 2016, from <http://www.smartinsights.com/mobile-marketing/mobile-marketing-analytics/mobile-marketing-statistics/>
12. Bughin, J., & Chui, M. (2013, March). Evolution of the networked enterprise: McKinsey Global Survey results. Retrieved December 10, 2015, from http://www.mckinsey.com/insights/business_technology/evolution_of_the_networked_enterprise_mckinsey_global_survey_results
13. Bughin, J., Chui, M., & Miller, A. (2009, September). How companies are benefiting from Web 2.0: McKinsey Global Survey results. Retrieved December 10, 2015, from

- http://www.mckinsey.com/insights/business_technology/how_companies_are_benefiting_from_web_20_mckinsey_global_survey_results
14. Carlson, N. (2010, March 5). At last – The Full Story Of How Facebook Was Founded. *Business Insider*. Retrieved December 20, 2015, from <http://www.businessinsider.com/how-facebook-was-founded-2010-3?op=1>
 15. Carnegie, D. (1998). *How to Win Friends & Influence People: The Only Book You Need to Lead You to Success*. United States: Pocket Books.
 16. Carr, N. (2008, July). Is Google Making Us Stupid? What the Internet is doing to our brains. *The Atlantic Magazine*. Retrieved December 11, 2015, from <http://www.theatlantic.com/magazine/archive/2008/07/is-google-making-us-stupid/306868/>
 17. Celebrating a Community of 400 Million [Blog post]. (2015, September 22). Retrieved January 7, 2016, from <http://blog.instagram.com/post/129662501137/150922-400million>
 18. Chaffey, D., Ellis-Chadwick, F., Mayer, R., & Johnston, K. (2006). *Internet Marketing: Strategy, Implementation and Practice* (3rd ed.). Essex, England: Pearson Education Limited.
 19. Chieruzzi, M. (2015, March 17). Relevance Score: We analyzed 104,256 Ads to understand and improve it [Blog post]. Retrieved January 17, 2016, from <https://adespresso.com/academy/blog/facebook-ads-relevance-score/>
 20. Constine, J. (2015, November 4). Facebook Hits 8 Billion Daily Video Views, Doubling From 4 Billion In April. Retrieved January 7, 2016, from <http://techcrunch.com/2015/11/04/facebook-video-views/#.dihndir:NzA1>
 21. Coricelli, G., Critchley H. D., Joffily, M., O'Doherty, J. P., Sirigu, A., & Dolan, R. J. (2005, August 7). Regret and its avoidance: a neuroimaging study of choice behavior. *Nature Neuroscience*, 8(9), 1255 – 1262.
 22. *Currency Converter*. Retrieved December 13, 2015, from <http://www.xe.com/currencyconverter/convert/?Amount=1&From=GBP&To=EU>
 23. D'Onfro, J. (2015, July 8). Here's how much time people spend on Facebook per day. *Business Insider*. Retrieved January 7, 2016, from <http://www.businessinsider.com/how-much-time-people-spend-on-facebook-per-day-2015-7?IR=T#ixzz3fKtewifD>
 24. Dange, U., & Kumar, V. (2012, August 25). A Study of Factors Affecting Online Buying Behavior: A Conceptual Model. *Social Science Research Network Electronic Journal*, 2(2).
 25. Dasgupta, D., & Dasgupta R. (2009, November 23). Social Networks using Web 2.0. Retrieved December 14, 2015, from <http://www.ibm.com/developerworks/library/ws-socialcollab/>
 26. Dentzel, Z. (n.d.). How the Internet Has Changed Everyday Life. Retrieved January 3, 2016, from <https://www.bbvaopenmind.com/en/article/internet-changed-everyday-life/?fullscreen=true>

27. Dooley, R. (2008, July 27). Emotional Ads Work Best [Blog post]. Retrieved January 15, 2016, from <http://www.neurosciencemarketing.com/blog/articles/emotional-ads-work-best.htm>
28. *Eli Khamarov quotes*. Retrieved February 15, 2016, from http://thinkexist.com/quotation/the_best_things_in_life_are_unexpected-because/204333.html
29. Ericsson. (2015, November). *Ericsson Mobility Report: November 2015*. Retrieved December 12, 2015, from <http://www.ericsson.com/mobility-report>
30. Evans, L. L. (2010). *Social Media Marketing: Strategies for Engaging in Facebook, Twitter & Other Social Media*. United States: Que Publishing.
31. *Facebook Ads Manager – Stagelink*, Retrieved December 20, 2015, from <https://business.facebook.com/>
32. *Facebook Newsroom – Company Info*. Retrieved January 7, 2016, from <http://newsroom.fb.com/company-info/>
33. *Facebook for Business*. Retrieved December 23, 2015, from <https://www.facebook.com/business/>
34. Facebook for Business. (2014, December 11). New for Facebook Pages: Calls to Action. Retrieved January 19, 2016, from <https://www.facebook.com/business/news/call-to-action-button>
35. Facebook for Business. (2015a, May 11). Improving Ad Performance with the Carousel Format. Retrieved January 7, 2016, from <https://www.facebook.com/business/news/carousel-ads>
36. Facebook for Business. (2015b, September 28). Introducing New Ways to Buy, Optimize and Measure Ads for a Mobile World. Retrieved January 7, 2016, from <https://www.facebook.com/business/news/ad-week-2015-announcements>
37. Facebook Inc. (2015a). *Facebook Third Quarter 2015 Results* [PDF document]. Retrieved January 5, 2016, from <http://investor.fb.com/releasedetail.cfm?ReleaseID=940609>
38. Facebook Inc. (2015b). *Facebook Fourth Quarter 2015 Results* [PDF document]. Retrieved January 5, 2016, from <http://investor.fb.com/releasedetail.cfm?ReleaseID=952040>
39. *Facebook Media – News Feed*. Retrieved January 7, 2016, from <https://www.facebook.com/facebookmedia/get-started/news-feed>
40. Farmer, J. (2009, October 6). Statistical Analysis and A/B Testing. Retrieved January 19, 2016, from <http://20bits.com/article/statistical-analysis-and-ab-testing>
41. Gay, R., Charlesworth, A., & Esen, R. (2007). *Online Marketing: A Customer-Led Approach*. United States: Oxford University Press.
42. *Google – AdWords help*. Retrieved January 4, 2016, from <https://support.google.com/adwords#topic=3119071>
43. Google Inc. (2015). *2015 Financial Tables*. Retrieved January 7, 2016, from <https://investor.google.com/financial/tables.html>

44. Greene, J. C., Caracelli, V. J., & Graham, W. F. (1989). Toward a conceptual framework for mixed-method evaluation designs. *Educational Evaluation and Policy Analysis*, 11, 255-274.
45. Hashtag. (n.d.). In *Dictionary.com*. Retrieved January 14, 2016, from <http://dictionary.reference.com/browse/hashtag>
46. Hamit, J. (2015, March 16). The Rise of Online Marketing, and how it's Killing Traditional Practices [Blog post]. Retrieved December 10, 2015, from <http://www.improvemysearchranking.com/the-rise-of-online-marketing-and-how-its-killing-traditional-practices/>
47. Hanafizadeh, P., & Behboundi, M. (2012). *Online Advertising and Promotion: Modern Technologies for Marketing*. United States: Business Science Reference (an imprint of IGI Global).
48. Hochman, J. (2015, November 24). The Cost of Pay-Per-Click (PPC) Advertising – Trends and Analysis. Retrieved January 3, 2016, from <https://www.hochmanconsultants.com/cost-of-ppc-advertising/>
49. Hofacker, C. F., & Murphy, J. (1998). World Wide Web banner advertisement copy testing. *European Journal of Marketing*, 32(7/8), 703-712.
50. How does the conversion pixel track conversions? (n.d.). Retrieved January 18, 2016, from <https://www.facebook.com/business/help/460491677335370>
51. Infusion SEO. (2012, December 14). Different Types of Online Marketing [Blog post]. Retrieved December 20, 2015, from <http://www.infusionseo.com/blog/different-types-of-online-marketing/>
52. Instagram Mobile Ad Revenues to Reach \$2.81 Billion Worldwide in 2017. (2015, September 23). Retrieved January 7, 2016, from <http://www.emarketer.com/Article/Instagram-Mobile-Ad-Revenues-Reach-281-Billion-Worldwide-2017/1012774>
53. *Internet Live Stats – Internet Users*. Retrieved December 10, 2015, from <http://www.internetlivestats.com/internet-users/>
54. *Internet Live Stats – Total number of Websites*. Retrieved January 14, 2016, from <http://www.internetlivestats.com/total-number-of-websites/>
55. Internet Usage Statistics: The Internet Big Picture – World Internet Users and 2015 Population Stats. (2015). Retrieved December 10, 2015, from <http://www.internetworldstats.com/stats.htm>
56. Kagan, N. (2014, March 4). What I learned spending \$2 Million on Facebook Ads. Retrieved February 16, 2016, from <http://okdork.com/2014/03/04/how-to-start-advertising-on-facebook/>
57. Karr, D. (2013, September 11). Why use visual content in social media? [Blog post]. Retrieved January 10, 2016, from <https://www.marketingtechblog.com/visual-content-social-media/>
58. Kergoat, M., & Meyer, T. (2015). When face engulfs the field: differential effects of visual quality levels in print ads. *Journal of Consumer Marketing*, 32(4), 225 – 233.

59. Kimbell, R. (n.d.). Why do we buy? *The Journal of Design and Technology Education*, 3(2), 99-100.
60. Kotler, P., & Armstrong, G. (2014). *Principles of Marketing* (15th ed.). Essex, England: Pearson Education.
61. Landry, T. (2014, September 5). How Social Media Has Changed Us: The Good and the Bad [Blog post]. Retrieved December 11, 2015, from <http://www.business2community.com/social-media/social-media-changed-us-good-bad-01000104#fkowbUZuJWjHRQFk.97>
62. Lead Generation. (n.d.). In *WhatIs.com*. Retrieved December 20, 2015, from <http://whatis.techtarget.com/definition/lead-generation>
63. Leinbach - Reyhle, N. (2015, June 16). The Single Most Important Reason Why Online Marketing Is More Important Than Ever. *Forbes*. Retrieved December 10, 2015, from <http://www.forbes.com/sites/nicoleleinbachreyhle/2015/06/16/the-single-most-important-reason-why-online-marketing-is-more-important-than-ever/>
64. Lindstrom, M. (2008). *Buyology: Truth and Lies About Why We Buy*. New York: Crown Publishing Group.
65. Lloyd, I. (n.d.). Why every SEO strategy needs infographics [Blog post]. Retrieved February 18, 2016, from <http://www.webmarketinggroup.co.uk/blog/why-every-seo-strategy-needs-infographics/>
66. Mander, J. (2015, January 26). Daily Time spend on social networks rises to 1.72 hours [Blog post]. Retrieved December 11, 2015, from <http://www.globalwebindex.net/blog/daily-time-spent-on-social-networks-rises-to-1-72-hours>
67. McCarty, M. (2015, May 5). A Quick History of Facebook Advertising [Blog post]. Retrieved December 20, 2015, from <http://3qdigital.com/socialmedia/quick-history-facebook-advertising/>
68. McNeill, M. (2012, October 24). Twitter marketing: what results should you expect? [Infographic] [Blog post]. Retrieved January 6, 2016, from <http://www.signupto.com/news/2012/10/24/twitter-marketing-what-results-should-you-expect-infographic/>
69. Moth, D. (2015, January 26). UK online retail sales to reach £52.25bn in 2015: report [Blog post]. Retrieved December 13, 2015, from <https://econsultancy.com/blog/66007-uk-online-retail-sales-to-reach-52-25bn-in-2015-report/>
70. Murray, P. N. (2013, February 26). How Emotions Influence What We Buy: The emotional core of decision-making [Blog post]. Retrieved January 14, 2016, from <https://www.psychologytoday.com/blog/inside-the-consumer-mind/201302/how-emotions-influence-what-we-buy>
71. Nanavati, A. (n.d.). 15 Psychological Triggers to Convert Leads into Customers [Blog post]. Retrieved February 5, 2016, from <https://blog.kissmetrics.com/15-psychological-triggers/>

72. Naughton, J. (2010, August 15). The internet: is it changing the way we think? *The guardian*. Retrieved January 10, 2016, from <http://www.theguardian.com/technology/2010/aug/15/internet-brain-neuroscience-debate>
73. Nica, A. (2014, February 21). Benefits of Traditional Marketing and Social Media [Blog post]. Retrieved January 15, 2016, from <http://socialmediastrategiessummit.com/blog/benefits-traditional-marketing-social-media/>
74. *Number of monthly active Facebook users worldwide as of 3rd quarter 2015 (in millions)*. Retrieved December 15, 2015, from <http://www.statista.com/statistics/264810/number-of-monthly-active-facebook-users-worldwide/>
75. O'Reilly, T. (2005a, September 30). What is Web 2.0? Design Patterns and Business Models for the Next Generation of Software. Retrieved January 28, 2016, from <http://www.oreilly.com/pub/a/web2/archive/what-is-web-20.html>
76. O'Reilly, T. (2005b, October 1). Web 2.0: Compact Definition? Retrieved December 15, 2015, from <http://radar.oreilly.com/2005/10/web-20-compact-definition.html>
77. Owen, F. (2014, October 31). Facebook Ads Explained (Part One). Retrieved February 16, 2016, from <http://thebrandplan.com.au/facebook-advertising-explained-part-one/>
78. *Quotes Picture by Glenn van Dekken*. Retrieved February 10, 2016, from <http://inspirably.com/quotes/by-glenn-van-dekken/life-isnt-about-finding-pieces-of-a-puzzle-its-about-creating>
79. Parrack, D. (2012, April 12). The Negative Impact Of Social Networking Sites On Society [Opinion]. Retrieved January 14, 2016, from <http://www.makeuseof.com/tag/negative-impact-social-networking-sites-society-opinion/>
80. Perrotta, F. (n.d.). A Deep Dive Into Facebook Advertising [Blog post]. Retrieved January 14, 2016, from <https://blog.kissmetrics.com/deep-dive-facebook-advertising/>
81. Platt, J. (2014, Mar 13). The Power of Video for Small Business [Infographic] [Blog post]. Retrieved February 18, 2016, from <https://animoto.com/blog/business/small-business-video-infographic/>
82. Press Association. (2015, November 5). Dramatic rise in time spent online. Retrieved December 11, 2015, from <http://www.msn.com/en-gb/news/uknews/dramatic-rise-in-time-spent-online/ar-BbjBOPv>
83. Ramaswamy, S. (2013, June). Shopping Then and Now: Five Ways Retail Has Changed and How Businesses Can Adapt. Retrieved December 13, 2015, from <https://www.thinkwithgoogle.com/articles/five-ways-retail-has-changed-and-how-businesses-can-adapt.html>
84. Reiss – Davis, Z. (2015, August 20). An Early Look at Instagram Advertising Performance. Retrieved December 5, 2015, from <https://medium.com/@salesforce/an-early-look-at-instagram-advertising-performance-f44f2718bf6#.pe2xlqzgl>

85. Rogers, A. (2015, September 24). Analyzing the Internet Software Space: Impressive YTD Returns (Part 4 of 10) – Mobile Advertising: Google Is Losing Market Share to Facebook. Retrieved December 15, 2015, from <http://marketrealist.com/2015/09/mobile-advertising-google-losing-market-share-facebook/>
86. Rosenfeld, M. J., & Thomas, R. J. (2012). Searching for a Mate: The Rise of the Internet as a Social Intermediary. *American Sociological Review*, 77(4), 523-547.
87. Saleh, K. (2014, January 20). How Social Media Influences Purchase Decisions – Statistics And Trends [Infographcis] [Blog post]. Retrieved January 10, 2016, from <http://www.invespcro.com/blog/social-media-influences-purchase-decisions/>
88. Salesforce. (2015). *Salesforce Advertising Index: Q1 2015* [PDF document]. Retrieved December 6, 2015, from <https://www.salesforce.com/form/marketingcloud/sc/conf/advertising-q2-2015-benchmark-report.jsp>
89. Sansevieri, P. C. (2015, June 30). Facebook? Twitter? LinkedIn? The secret to Finding the Right Social Media Site for Your Business. *Entrepreneur*. Retrieved December 14, 2015, from <http://www.entrepreneur.com/article/247525>
90. Santana – Martin, J. D., & Beerli – Palacio, A. (2012). The effectiveness of web ads: rectangle vs contextual banners. *Online Information Review*, 36(3), 420-441.
91. Scheibehenne, B., Greifeneder, R., & Todd, P. M. (2010, October). Can There Ever Be Too Many Options? A Meta-Analytic Review of Choice Overload. *Journal of Consumer Research*, 37, 409 – 425.
92. Scott-Morton, F. (2006). Consumer Benefit from Use of the Internet. *Chicago Journals: Innovation Policy and the Economy*, 6, 67-90.
93. Sibley, A. (2015, May 15). 11 Examples of Facebook Ads That Actually Work (And Why) [Blog post]. Retrieved January 16, 2016, from <http://blog.hubspot.com/blog/tabid/6307/bid/33319/10-Examples-of-Facebook-Ads-That-Actually-Work-And-Why.aspx>
94. Smith, A. (2014, February 3). 6 new facts about Facebook. Retrieved January 14, 2016, from <http://www.pewresearch.org/fact-tank/2014/02/03/6-new-facts-about-facebook/>
95. Social Network Ad Revenues Accelerate Worldwide. (2015, September 23). Retrieved January 7, 2016, from <http://www.emarketer.com/Article/Social-Network-Ad-Revenues-Accelerate-Worldwide/1013015>
96. Socialbakers. (2014, May 16). Socialbakers Quarterly Facebook Advertising Report [Blog post]. Retrieved January 7, 2016, from <http://www.socialbakers.com/blog/2183-socialbakers-quarterly-facebook-advertising-report>
97. Steenburg, E. V. (2012). Consumer recall of brand versus product banner ads. *Journal of Product & Brand Management*, 21(6), 452-484.
98. Stelzner, M. (2015, May). *2015 Social Media Marketing Industry Report: How Marketers Are Using Social Media to Grow Their Businesses* [PDF document]. Retrieved January 7, 2016, from <http://www.socialmediaexaminer.com/report/>

99. Sterling, G. (2015, May 28). Report: Google Had \$12 Billion In Mobile Search Revenue, 75 Percent From iOS. Retrieved January 6, 2016, from <http://marketingland.com/report-google-had-12-billion-in-mobile-search-revenue-75-percent-from-ios-130248>
100. Suthar, S. (2015, August 13). The Basic Advantage and Disadvantage of Facebook Ads [Blog post]. Retrieved January 4, 2016, from <http://thenextscoop.com/basic-advantage-disadvantage-facebook-ads/>
101. Tan, A. M. (2015, October 12). More than half of Google searches now come from mobile. Retrieved January 7, 2016, from <http://mashable.com/2015/10/12/google-mobile-searches/#UH9H5.oKVaqB>
102. Thomas, B. (2014, January 21). The Consumer Buying Decision Process. Retrieved January 13, 2016, from <http://www.smartinsights.com/marketplace-analysis/customer-analysis/consumer-decision-buying-process/>
103. ThriveHive. (2015, October 6). Types of Facebook Advertising [Blog post]. Retrieved January 10, 2016, from <http://thrivehive.com/facebook-ad-types-advertising>
104. Toner, L. (2013, September 26). The History of Facebook Advertising [SlideShare] [Blog post]. Retrieved December 20, 2015, from <http://blog.hubspot.com/marketing/history-facebook-adtips-slideshare>
105. Torr, D. (2015, May 21). A Beginner's Guide: How to advertise on Facebook [Blog post]. Retrieved December 28, 2015, from <http://blog.hootsuite.com/how-to-advertise-on-facebook/>
106. *Twitter for Businesses*. Retrieved January 6, 2016, from <https://business.twitter.com/>
107. Twitter Inc. (2015). *Twitter Reports Thirds Quarter 2015 Results* [PDF document]. Retrieved January 5, 2016, from <https://investor.twitterinc.com/releases.cfm>
108. United States Securities and Exchange Commission. (2012, February 1). Form S-1 Registration Statement: Facebook, Inc. [Data file]. Retrieved December 20, 2015, from <https://www.sec.gov/Archives/edgar/data/1326801/000119312512034517/d287954ds1.htm>
109. Vargas, J. A. (2010, September 20). The Face of Facebook: Mark Zuckerberg opens up. *The New Yorker*. Retrieved December 20, 2015, from <http://www.newyorker.com/magazine/2010/09/20/the-face-of-facebook>
110. Vasquez, R. A. (2014, May 5). A Visual History of Facebook Advertising [Blog post]. Retrieved December 20, 2015, from <http://www.socialystacked.com/2014/05/a-visual-history-of-facebook-advertising-plus-tips-from-shortstacks-ad-manager/>
111. What is News Feed? (n.d.). Retrieved December 20, 2015, from <https://www.facebook.com/help/210346402339221>
112. What the Shift to Video Means for Creators [Blog post]. (2015, January 7). Retrieved January 7, 2016, from <http://media.fb.com/2015/01/07/what-the-shift-to-video-means-for-creators/>

113. Wind, J., & Mahajan, V. (2001). *Digital Marketing: Global Strategies from the World's Leading Experts*. Canada: John Wiley & Sons, Inc.
114. Xiao, L., Kim, H., & Ding, M. (2015). An Introduction to Audio and Visual Research and Applications in Marketing. *Review of Marketing Research* 10, 213-253.

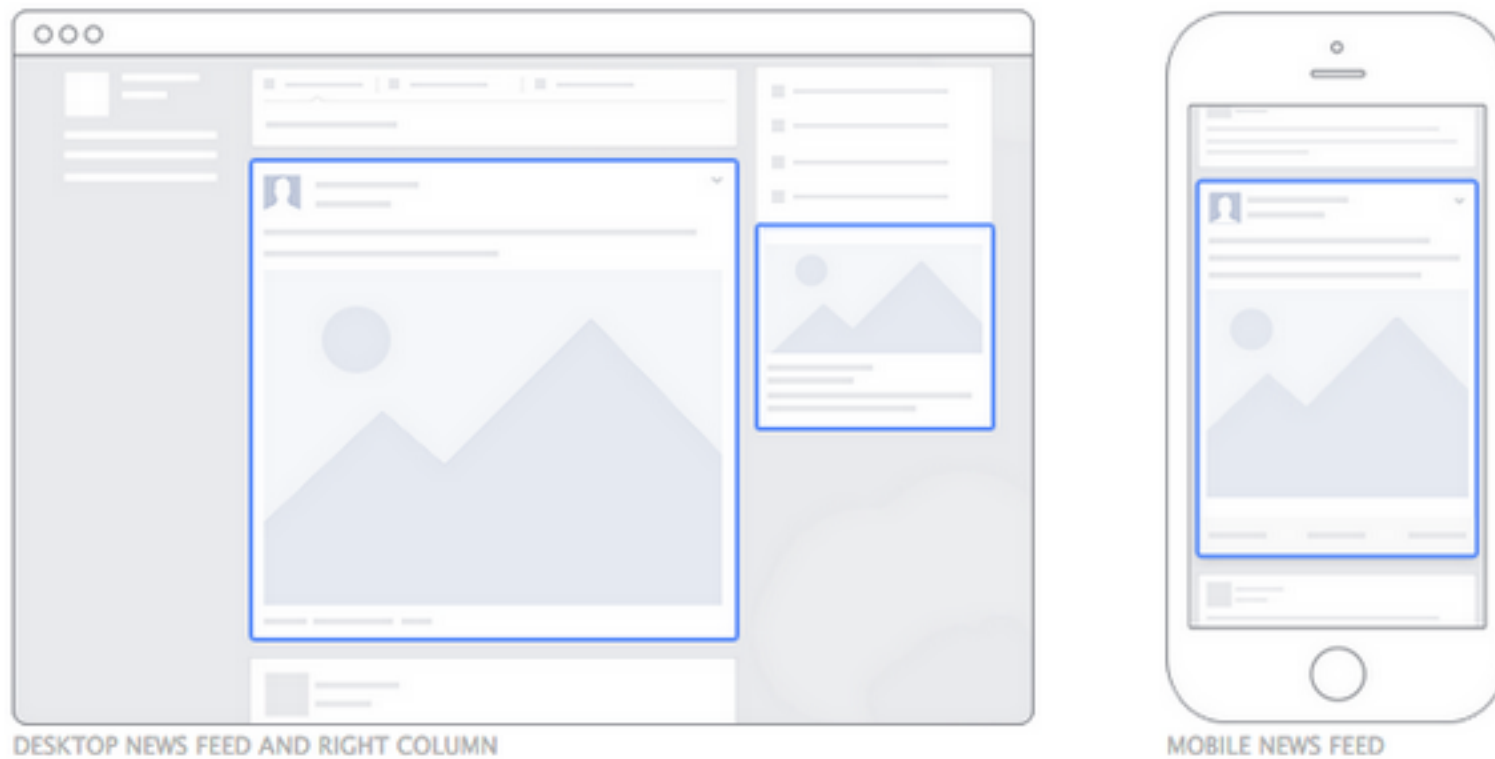
APPENDIXES

TABLE OF APPENDIXES

| | |
|---|----|
| Appendix A: Possible Ad Placements | 1 |
| Appendix B: Performance Report on Facebook Ads Manager | 2 |
| Appendix C: Ad Copy Design for Campaign 1 | 3 |
| Appendix D: Ad Copy Design for Campaign 2 | 3 |
| Appendix E: Ad Copy Design for Campaign 3 | 4 |
| Appendix F: Ad Copy Design for Campaign 3 | 4 |
| Appendix G: The questionnaire about the effectiveness of Facebook advertising | 5 |
| Appendix H: Results of the General Perception of Facebook Ads (Percentage) | 14 |
| Appendix I: Results Concerning Visual Content (Percentage) | 14 |
| Appendix J: Results Concerning Call-to-Action Button (Percentage) | 15 |

Appendix A: Possible Ad Placements

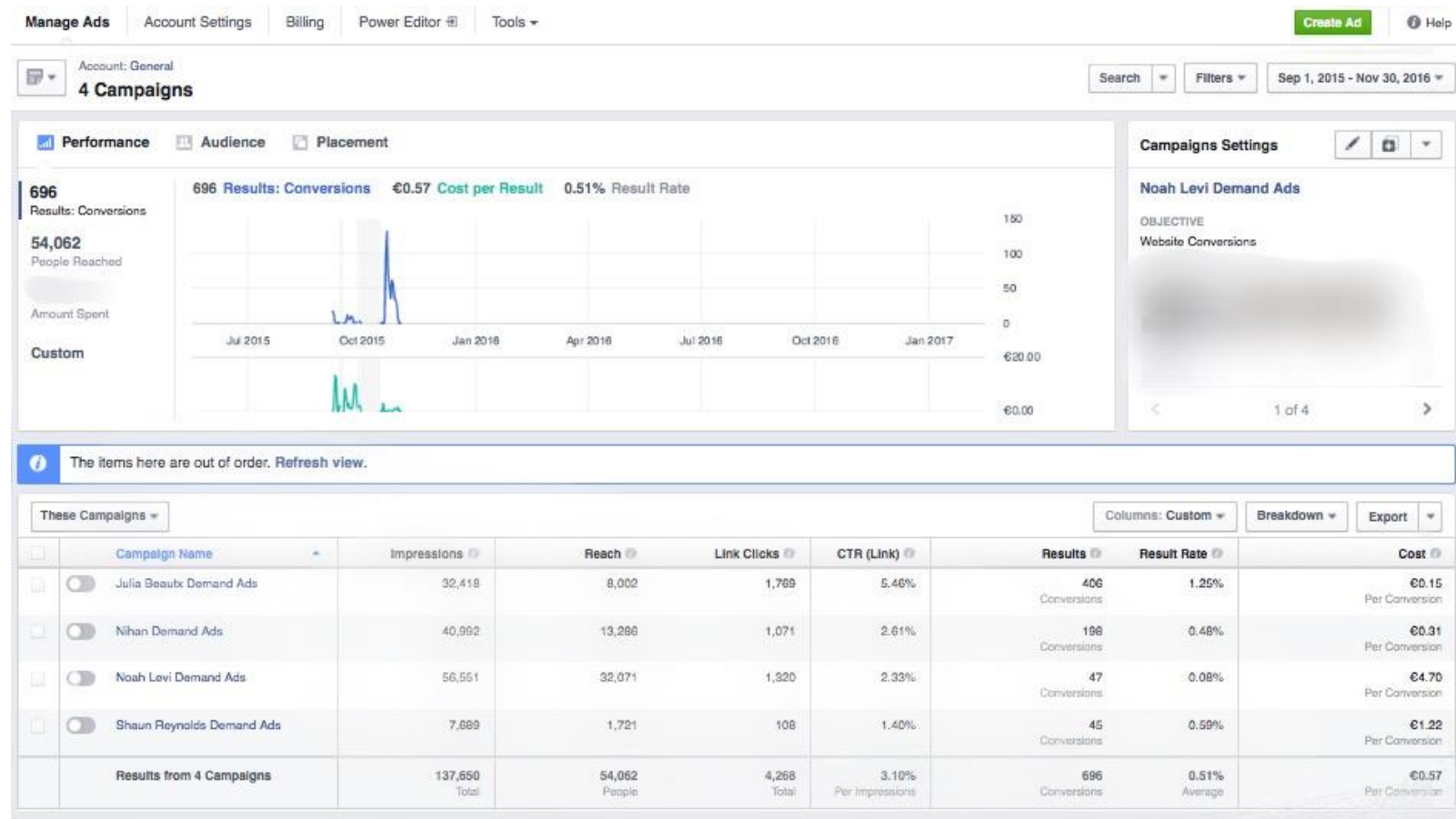
Figure 1. Possible Ad Placements



Source: F. Owen, *Facebook Ads Explained (Part One)*, 2014.

Appendix B: Performance Report on Facebook Ads Manager

Figure 2. Performance Report on Facebook Ads Manager



Source: Facebook Ads Manager – Stagelink, 2015.

Appendix C: Ad Copy Design for Campaign 1

Figure 3. Ad Copy Design for Campaign 1



Source: Facebook Ads Manager – Stagelink, 2015.

Appendix D: Ad Copy Design for Campaign 2

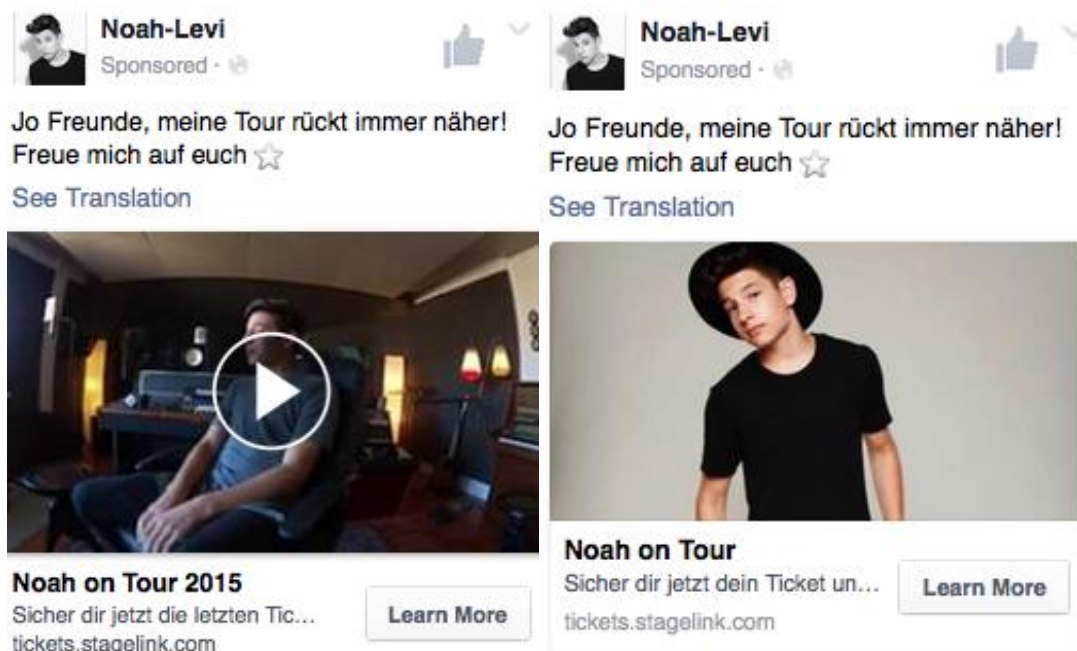
Figure 4. Ad Copy Design for Campaign 2



Source: Facebook Ads Manager – Stagelink, 2015.

Appendix E: Ad Copy Design for Campaign 3

Figure 5. Ad Copy Design for Campaign 3



Source: Facebook Ads Manager – Stagelink, 2015.

Appendix F: Ad Copy Design for Campaign 3

Figure 6. Ad Copy Design for Campaign 3



Source: Facebook Ads Manager – Stagelink, 2015.

Appendix G: The questionnaire about the effectiveness of Facebook advertising

The Effectiveness of Facebook advertising

Hello everyone,

thank you in advance for taking the time to complete my survey!

I am a student at the Faculty of Economics in Ljubljana and am currently writing my Master Thesis. The survey should only take 5-6 minutes to complete and will moreover contribute to my research paper significantly. Be assured that all answers you provide are anonymous and will be solely used for the purpose of the Master Thesis.

Again, thank you for your input!

1. What is your age?

.....

2. What is your gender?

Mark only one oval.

☐

Male

☐

Female

3. What is your country of origin?

.....

4. The average time spend on the Internet per day

Mark only one oval.

☐

I do not use Internet daily

☐

Less than 1 hour

☐

1 - 2 hours

☐

2 - 3 hours

☐

More than 3 hours

5. Most commonly used social network

Mark only one oval.

- ☐ Facebook
- ☐ Instagram
- ☐ Twitter
- ☐ Google+
- ☐ Snapchat
- ☐ Tinder
- ☐ Linkedin
- ☐ Other:

6. The average time spend on Facebook per day

Mark only one oval.

- ☐ I do not use Facebook daily
- ☐ Less than 30 minutes
- ☐ 30 - 60 minutes
- ☐ 60 - 120 minutes
- ☐ More than 120 minutes

7. Most of the time I connect to Facebook on my mobile device

Mark only one oval.

| | 1 | 2 | 3 | 4 | 5 | |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Strongly Agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Strongly Disagree |

Facebook Ads

8. While scrolling down the News Feed, do you even recognize the difference between Facebook ad and a normal Facebook post?

Mark only one oval.

- ☐ Yes
- ☐ No

9. What is the first impression you get when you see a Facebook ad in your News Feed?

Mark only one oval.

- ☐ It awakens my interest
- ☐ It annoys me
- ☐ It does not have an impact on me
- ☐ Other:

10. To what extent do you agree or disagree with each of the following statements?

Mark only one oval per row.

| | Strongly Agree | Agree | Indifferent | Disagree | Strongly Disagree |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| While being on Facebook I often see Facebook ads. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| There are too many ads on Facebook. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The ads I see on Facebook often lead to a purchase of a product. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The ads I see on Facebook help me discover new companies, products, and things I care about. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I find ads extremely annoying, no matter how interesting they may be. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

11. How often do you click on Facebook ads?

Mark only one oval.

- ☐ Often
- ☐ Sometimes
- ☐ Rarely
- ☐ Never Skip to question 13.


12. Mark only one oval per row.

| | Strongly Agree | Agree | Indifferent | Disagree | Strongly Disagree |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| I click on ads shown in News Feed more often than on ads shown in the Right Column. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I do not even know that there are ads in the Right Column | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I click on the ads because I want to get more information. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I click on the ads because I want to purchase a product. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I have already purchased a product immediately after I clicked on the ad. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I have never made a purchase after clicking on the ad. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |



Part 1: Photo versus Video Facebook Ads

Take a look at the Facebook ads below and answer the following questions


Facebook photo ad 1



Shaun Reynolds
 Sponsored · 🌐

Hey my [#shaunatics](#)! We are ready to rock 😊 Request a show in your town and make our Tour possible!



Black Prez & Shaun Reynolds on Tour
stagelink.com/shaun-reynolds

[Learn More](#)

13. If you were to describe this ad to a friend, would you say the ad is:

Check all that apply.

- ☐ Funny
- ☐ Emotional
- ☐ Creative
- ☐ Attention-grabbing
- ☐ Informative
- ☐ Irritating
- ☐ Pleasant
- ☐ Unique
- ☐ Memorable
- ☐ Boring
- ☐ Other:

Facebook video ad 2

**Shaun Reynolds**
Sponsored · 



Do you guys wanna see us live? Vote for your town and make it happen! With you it's possible 😊



Shaun Reynolds in your city
Request a show in your town...
stagelink.com/shaun-reynolds

Learn More

14. Do you know the artists presented in the ads?

Mark only one oval.

- ☐ Yes
- ☐ No

15. **Do you in general follow any musician on Facebook?**

Mark only one oval.

☐ Yes

☐ No

16. **Did you carefully read the description text?**

Mark only one oval.

☐ Yes

☐ No

17. **Which of the presented Facebook ads is more appealing to you?**

Mark only one oval.

☐ Facebook photo ad 1

☐ Facebook video ad 2

18. **What is the reason behind the decision?**

Mark only one oval.

☐ I like the video more

☐ I like the photo more

☐ I like the description text more

☐ I like both the visual content and text more

☐ Other:

19. To what extent do you agree or disagree with each of the following statements?

Mark only one oval per row.

| | Strongly Agree | Agree | Indifferent | Disagree | Strongly Disagree |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| I would CLICK on both Facebook ads if they would appear in my News Feed. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| In general I find ads containing video more appealing than ads containing photo. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I find the description text very important. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I need to read the text in order to understand the ad message. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I feel better connected to the artists due to the video. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I find video ad more personalized. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I always watch the video until the end. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| In general I watch the videos also when being in public. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| In general I watch the videos also when not connected to the WIFI. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| When in public I would more likely click photo ad because I cannot watch the video. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| "Learn More" button would motivate me to click the ad. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I like the use of "smileys" in the text. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Use of "smileys" make the ad more appealing. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Use of #hashtags in the text make the ad more appealing. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

20. Overall what is the main message of the presented ads?

.....

Part 2: Call-to-action button versus no Call-to-action button

Take a look at the Facebook ads below and answer the following questions

Facebook ad 3

 **Stagelink**
Sponsored · 

Justin Bieber in Deutschland: Wünsch dir jetzt deine Stadt und hol Justin zu dir!
[See Translation](#)



Justin Bieber Tour 2016
Stimme jetzt ab und erlebe J... [Learn More](#)
stagelink.com/justin-bieber

Facebook ad 4

 **Stagelink**
Sponsored · 

Justin Bieber in Deutschland: Wünsch dir jetzt deine Stadt und hol Justin zu dir!
[See Translation](#)



Justin Bieber Tour 2016
Stimme jetzt ab und erlebe Justin Bieber live
stagelink.com/justin-bieber

21. Do you see the difference between presented Facebook ads?

Mark only one oval.

- ☐ Yes
- ☐ No

22. Which ad would you preferably click on?

Mark only one oval.

- ☐ Facebook ad 3
- ☐ Facebook ad 4
- ☐ None

23. To what extent do you agree or disagree with each of the following statements?

Mark only one oval per row.

| | Strongly Agree | Agree | Indifferent | Disagree | Strongly Disagree |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| The advertisement is believable. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| "Learn More" button motivates me to click the ad. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| "Learn More" button does not have an impact on me. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| "Learn More" button clearly illustrates what will I get when clicking on ad. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I would preferably click on Facebook ad 3 because it contains "Learn More" button. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I would preferably click on Facebook ad 4 because it does not contain "Learn More" button. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Call-to-action buttons in general annoy me. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| In the past I often clicked on posts containing "Learn More" button for more insights. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I would more likely click on "Learn More" button than "Shop Now" button. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I find Call-to-action buttons pushing. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Appendix H: Results of the General Perception of Facebook Ads (Percentage)

Table 1. Results of the General Perception of Facebook Ads (Percentage)

| Statements | Strongly Agree | Agree | Indifferent | Disagree | Strongly Disagree |
|---|----------------|-------|-------------|----------|-------------------|
| While being on Facebook I often see Facebook ads. | 21 | 58 | 12 | 6 | 2 |
| There are too many ads on Facebook. | 24 | 38 | 27 | 9 | 1 |
| I find ads extremely annoying, no matter how interesting they may be. | 11 | 25 | 33 | 26 | 5 |

Appendix I: Results Concerning Visual Content (Percentage)

Table 2. Results Concerning Visual Content (Percentage)

| Statements | Strongly Agree | Agree | Indifferent | Disagree | Strongly Disagree |
|---|----------------|-------|-------------|----------|-------------------|
| I would CLICK on both Facebook ads if they would appear in my News Feed. | 2 | 7 | 20 | 38 | 33 |
| In general I find video ads more appealing than photo ads. | 9 | 36 | 31 | 17 | 6 |
| The description text is very important. | 12 | 45 | 28 | 11 | 3 |
| I need to read the text in order to understand the ad's message. | 8 | 40 | 32 | 16 | 4 |
| I feel better connected to the artists due to the video. | 9 | 35 | 34 | 17 | 5 |
| I find video ad more personalised. | 9 | 45 | 29 | 13 | 5 |
| I always watch the video until the end. | 1 | 7 | 21 | 43 | 27 |
| In general I watch the videos also when being in public. | 2 | 21 | 20 | 33 | 24 |
| When in public I would more likely click a photo ad because I cannot watch the video. | 11 | 45 | 21 | 15 | 7 |

Appendix J: Results Concerning Call-to-Action Button (Percentage)

Table 3. Results Concerning Call-to-Action Button (Percentage)

| Statements | Strongly Agree | Agree | Indifferent | Disagree | Strongly Disagree |
|---|----------------|-------|-------------|----------|-------------------|
| “Learn More” button motivates me to click the ad. | 6 | 37 | 24 | 20 | 12 |
| “Learn More” button does not have an impact on me. | 14 | 26 | 26 | 31 | 4 |
| “Learn More” button clearly illustrates what I will get when clicking on the ad. | 5 | 39 | 29 | 22 | 5 |
| I would prefer to click on Facebook Ad 3 because it contains a “Learn More” button. | 9 | 39 | 21 | 21 | 10 |
| I would prefer to click on Facebook Ad 4 because it does not contain a “Learn More” button. | 6 | 14 | 29 | 36 | 15 |
| Call-to-action buttons in general annoy me. | 7 | 18 | 47 | 24 | 3 |
| In the past I have often clicked on posts containing a “Learn More” button for more insights. | 5 | 26 | 30 | 25 | 14 |
| I would be more likely to click on the “Learn More” button than the “Shop Now” button. | 21 | 47 | 23 | 7 | 2 |
| I find Call-to-Action buttons pushing. | 9 | 26 | 41 | 19 | 5 |