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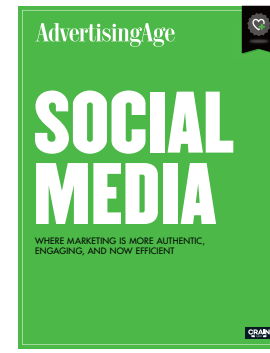
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Lisa Terry is a writer specializing in the intersection of business and technology. She has managed internal communications for a retailer and was editor of several B2B publications. Contact her at LTerry@besttechwriter.com

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NO LONGER THE NEW KID ON THE BLOCK

BY LISA TERRY

If all the major advertising media were sharing a Thanksgiving dinner, social media would not only have graduated from the kids table, it would be sharpening its knives to carve the turkey. ¶ Social media platforms are finally getting the respect they have earned. ¶ "Social media getting a seat at the grown-up table is very accurate," says Orli LeWinter, senior VP-strategy and social marketing, 360i. "Social media got the shaft for a long time; people didn't take it seriously as a matter of scale," she says. "But the value of a social media ad buy today is not different from five or six or even 10 years ago."

What has changed, some say, is brands' recognition of that value: social's ability to leverage data to deliver clear, measurable results, with Facebook leading the way.

If advertising goes where the people are, then social platforms would be appealing destinations even with rudimentary marketing opportunities. But the fact is, social media, and Facebook in particular now offer some of the most sophisticated ad products available, thanks to some key features that separate it from nearly every other type of advertising platform. On social media, marketers can:

- Market to logged-in, identified rather than hypothetical consumers
- Reach consumers effectively on ever-present mobile devices
- Target and retarget audiences in a highly granular way: interest, geolocation, demographics, relationship with brand, similarities to current customers, and on and on
- Avoid viewability, blocking, bots, cookies, fraud and other digital marketing pitfalls. "You can be much more confident about your waste," says Max Kalehoff, CMO of SocialCode, a digital technology and insights company.
- Engage in two-way conversations with consumers
- Access highly detailed attribution models and data about ad performance that can be used to adjust creative, A/B test, gain consumer insights and more
- Move customers sequentially through the sales funnel

"Social media is about relationship marketing," says April Grudier, senior manager, social media and customer engagement marketing at retailer Staples. "Consumers want a very authentic experience with the brand, and they don't want to be sold to. Social media allows us to have a conversation with the customer, get to know customer pain points and passions. It gives consumers a stronger voice."

When social media marketing emerged, "for the first time people could talk back to marketing and amplify what they like and don't like about a product," says Jim Tobin, president of agency Ignite Social Media. "All of a sudden, we had to think about how to get people to talk about us to others. It fundamentally changed the game."

GROWING INTO THE ROLE

It took time for marketers to adapt to social media, and for social media to adapt to the expectations of marketers.

SOCIAL BY THE NUMBERS

Advertisers follow audiences. And today, they're on social media. According to Statista and company reports, as of April 2016:

There are
2.2 billion
social network users worldwide

31%
of the world population uses social media

78%
of the U.S. population has a social media profile

Facebook has
1.65 billion
monthly active users

There are
1+ billion
YouTube users

Instagram has
400 million
users

Twitter has
325 million
monthly active users

When Ignite Social Media got its start in 2007, a few pioneers were setting aside small marketing budgets to create organic posts on social media, recalls Ignite's Tobin. Ad budgets were mostly nonexistent because there were so few ad products: Myspace, for example, offered banner ads. But then success stories began emerging, budgets crept up and social started to scale to the point where it could be measured. The results were impressive, showing significant increase in shopping behavior and ROI after consumers saw branded content. Social media platforms caught on and began to build tools for targeting their audiences.

But the real change came when Facebook "admitted its mistake" and pushed past "likes" as a metric, Tobin says.

"Mark Zuckerberg initially said advertising based on cookies was amateur hour, and we would target based on likes, and we would know so much about this audience from their activity and interactions just on Facebook, and be able to serve them ads they would love," Tobin recalls. "That obviously failed, and now Facebook doesn't talk about the great promise of social advertising anymore. They're now doing basically retargeting," albeit in a lot of great, creative ways.

The result: "That move made it so Facebook could speak the same language as the people they wanted to get budget from," Tobin adds. "It broadened how Facebook thought about their products," leading to moves such as granular targeting and the purchase of Atlas for buying ads outside of Facebook.

The attitude shift worked. "That was exactly the time when Facebook went from $1 billion to $6 billion in budgets allocated to it," he recalls.

The growth process continues. Just this past April, Facebook made ad buying on its platform more TV-like for broadcast advertisers: target rating point video buys on Facebook or Instagram can now leverage day-parting and Nielsen designated market area (DMA) targeting, two features that were previously unavailable. Marketers and agencies say they rely heavily on regular contact with their representatives at the major social platforms for insights into what's new and weekly training sessions to keep on top of new product introductions.

"The main platforms have really not changed marketing in the last five years, but the strategies and rules of engagement shift month by month," says Mark Schaefer, author of "**The Content Code: Six Essential Strategies to Ignite Your Content, Your**

IS SOCIAL MEDIA THE MODEL FOR ADVERTISING 2.0?

A key reason social media is succeeding wildly at drawing ad dollars is not its ability to please the world of marketing. It's about how well the platforms serve users.

Elsewhere in the digital world, advertisers face a growing backlash against ads in the form of ad blocking. Consumers tired of obtrusive, objectionable and irrelevant ads interfering with their online activities and draining their data plans are turning to ad blocker technology to turn off the noise. Industry efforts to respond with a new set of ad standards, an Advertising 2.0, seek to understand what's most objectionable and convince marketers to get on board with more consumer-friendly guidelines.

Social media platforms have been careful not to get to that point. Platforms are highly cognizant of the user experience, performing a lot of user testing and listening to feedback. Users can tweak their own algorithms on Facebook by using a dropdown menu to hide a particular ad and offer a reason for their displeasure, and even look at what Facebook considers to be their preferences.

Although glitches do occur, social ads typically do not impair performance, don't overtake the screen, don't play unwanted audio, don't consume large amounts of data, and deliver less cognitive dissonance than ads found elsewhere in the digital stratosphere.

But perhaps the biggest factor in the success of social ads lies in their ability to be relevant. Highly sophisticated targeting and algorithms are designed to carefully control the mix of ads and content from friends, and the ads that are served are tailored to the audience and segment.



Pernod Ricard's Jameson Whiskey social media campaign relies on targeting.

For example, it wasn't until Facebook's granular targeting and legal changes that Pernod Ricard US could fully leverage social media, says Tim Murphy, VP-digital and media, Pernod Ricard USA. "These are opportunities that didn't exist three years ago," he says.

"If you deliver messages that are relevant and of service, people will want to see them," says SocialCode's Kalehoff.

Marketing, and Your Business." "The challenge is to grow a core competency to quickly assess, what are the trends, advertising possibilities and best practices that are emerging?"

Walgreens is among those wishing for even better alignment, both across traditional and digital and across social platforms. "If they all used the same metrics it would be profoundly easier to shift X to Y," says Adam Kmiec, senior director, mobile, social, content and performance marketing at retailer Walgreens. "As long as they use different metrics, it's tough for marketers to understand when to move."

It's clear that social media's days as a striver in marketing and advertising are over. Social media is a must for nearly every type of marketer, and is claiming a large and growing share of the media budget.

THE NUMBERS TELL THE TALE

The evidence of social's status is black and white: Global digital ad spend is projected at $187 billion for 2016, with Google raking in 31% and Facebook 12% of that spending.

This year, U.S. mobile ad spending will total $43.60 billion, a jump of 38% over last year, according to eMarketer. The research firm also forecasts that Facebook will capture $8.44 billion in U.S. mobile ad revenue in 2016, accounting for 82% of Facebook's total U.S. digital ad revenue this year. Instagram is expected to earn $1.30 billion in the U.S. in mobile ad revenue, and will represent 15.4% of Facebook's total mobile ad revenues in 2016.

All those dollars are coming from somewhere. According to research by Ad Age, print and TV are the biggest losers. Half of respondents say digital dollars are coming from print, and 40% from TV.

While 32% of respondents devote 10% or less of digital budgets to social media, nearly the same number (30%) allocate 21% or more.

"Budgets have gone up tremendously because these platforms began to prove themselves," says SocialCode's Kalehoff. Some of the agency's clients are spending as much as $50 million a year across social platforms–what many brands typically spend on TV. At this year's ANA Masters of Media conference, he heard far more discussion about social media buys than TV.

Low cost of entry and self-serve advertising tools mean social media has been a particular boon to small businesses as well. Of the 3 million companies actively advertising on Facebook, at least 1 million are small.

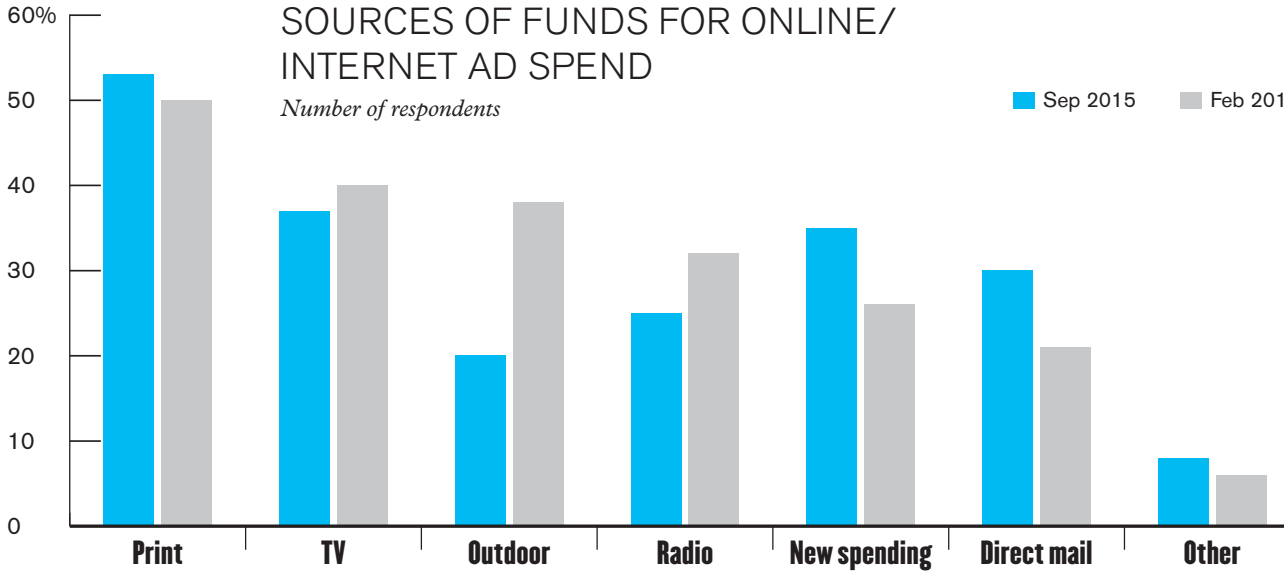
SPEAKING THE LANGUAGE OF BUSINESS

One significant reason for social's elevated status lies in its ability to adapt to advertisers' needs. "Social media platforms are beginning to speak the language of business," says Schaefer, author, "The Content Code."

That transition came not just through social platforms becoming better at ad sales, but through the ever-increasing sophistication of its technical underpinnings. The more social media platforms learned about collecting and analyzing data, the better they got at leveraging it in a way that worked for advertisers.

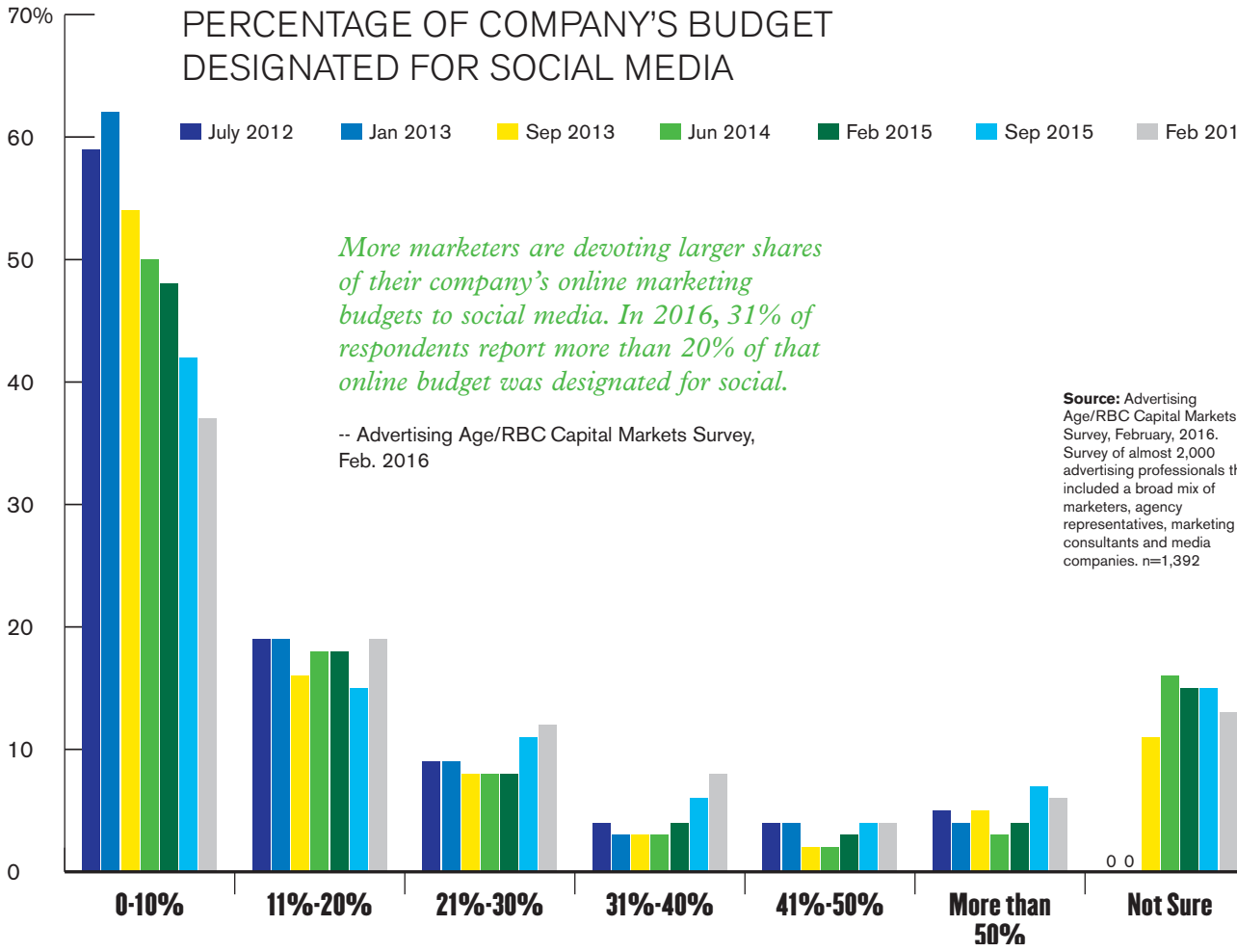
SOURCES OF FUNDS FOR ONLINE/ INTERNET AD SPEND

Number of respondents



Source: Advertising Age/RBC Capital Markets Survey, February, 2016. Survey of almost 2,000 advertising professionals that included a broad mix of marketers, agency representatives, marketing consultants and media companies. n=1,161

PERCENTAGE OF COMPANY'S BUDGET DESIGNATED FOR SOCIAL MEDIA

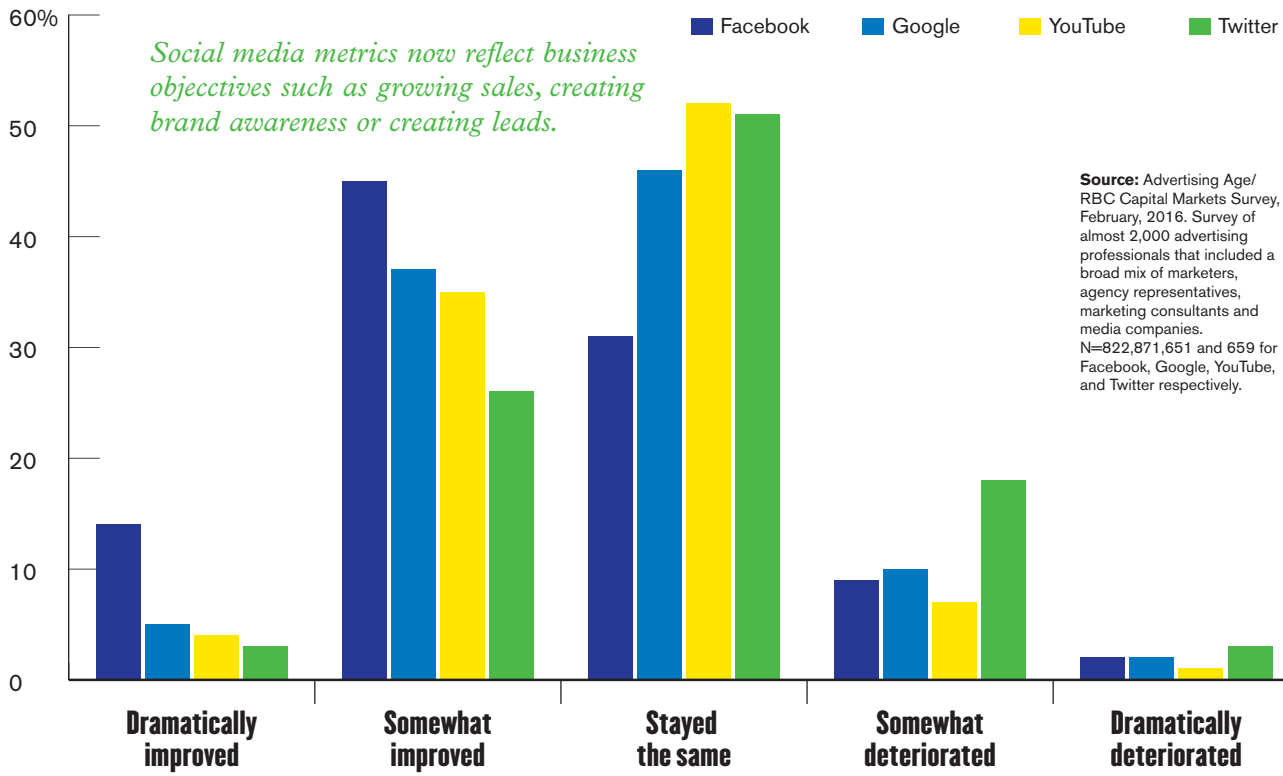


More marketers are devoting larger shares of their company's online marketing budgets to social media. In 2016, 31% of respondents report more than 20% of that online budget was designated for social.

-- Advertising Age/RBC Capital Markets Survey, Feb. 2016

Source: Advertising Age/RBC Capital Markets Survey, February, 2016. Survey of almost 2,000 advertising professionals that included a broad mix of marketers, agency representatives, marketing consultants and media companies. n=1,392

HOW HAS ROI CHANGED IN LAST SIX MONTHS?



"Ten years ago when social advertising emerged, there were so-called vanity metrics: likes, shares, engagement," says SocialCode's Kalehoff. "Those are not business objectives. Business objectives are growing sales, creating brand awareness, creating brand favorability, creating a trial, creating a lead or creating an actual transaction."

Now, he says, "brands are starting to evolve on these platforms to solve business objectives," and leveraging platforms to meet those objectives across the entire ad funnel. "If you have hundreds of thousands of fields of data about an impression that's connecting with a person, you can use data to structure campaigns to start to answer real business questions."

OPPORTUNITY AND RISK

Social media has not only grown more sophisticated, it's also diversified. Facebook and YouTube are the behemoths, but smaller platforms are also succeeding by offering their own unique user experiences, attracting different audiences and types of content. The diversity means there is a good fit for nearly every category–business thought leadership on LinkedIn, for example, and food and fashion on Instagram.

However, that diversity also adds complexity–and risk. Brands looking to work across multiple platforms must adapt their messages and imagery to suit the unique culture of each one. The quality of advertising tools and analytics output varies widely, making it difficult to compare outcomes or automate processes. More sophisticated content may not work on platforms not yet tuned for marketers. Snapchat, for example, is generating tremendous buzz for its youthful audience, but the platform is only starting to build ad **standards** and **tools**.

The market is also fickle, so today's big hit could be tomorrow's Myspace. Marketers risk investing in a platform that eventually fails. A related risk is developing content that gets rejected as noncompliant with the platform's ad standards. The appeals process at Facebook, for example, often takes days, and the platform shuts down accounts that consistently do things they don't like–both of which can be devastating for a careful timed, integrated campaign.

Audiences are also tough: Consumers quickly scroll past brand content that doesn't feel authentic or relevant.

As a result, it can also take a long time for a social media presence to begin to pay dividends. Eric Siu, CEO of digital marketing agency Single Grain, says it can take 12 to 18 months to see benefit from content marketing on social media. Awareness often precedes real ROI, sometimes by years.

Nevertheless, social media today represents a mature and well-developed medium. "Social" may be a term of convenience, but social media platforms are much more than places for the like-minded to meet up. "They've all become things that are much bigger than social," says SocialCode's Kalehoff.

MAKING A DIFFERENCE WITH DATA

Once upon a time, television was the medium attracting huge swaths of the buying public, and Nielsen could offer with some degree of confidence the demographics of viewing audiences, based on representative sampling of cooperating Nielsen families.

Social media blows representative sampling out of the water. It's core differentiator is signed-in, identifiable consumers. Led by Facebook, social platforms have built on that foundation a new world of sophisticated, targeted data-based marketing, together with an ever-richer array of ad products and analytical tools. Here's how:

■ **Granular** Social offers highly granular data gleaned from real, identified users who on a daily basis enrich those data stores with ever-more insights into their likes, dislikes, affinities, preferences and habits. Bundling all that into products such as Facebook Audiences makes social a smorgasbord where marketers can feast on specific targets and find more goodies just like them.

■ **Rich** "We look at social as one of the richest data sets that frankly marketers have ever had at their disposal in the history of marketing," says Walgreen's Kmiec. "It's a huge part of understanding consumer feedback," such as collecting customer experiences during the chain's launch of Apple Pay.

■ **Efficient** "In the traditional research world, it would be common for a brand to spend a couple hundred thousand dollars, survey a professional focus group or a professional audience panel, get data back weeks or months later with a big PowerPoint presentation," says SocialCode's Kalehoff. "Today, because of the platforms you're working with, you could spend $50,000 to reach a million people and test 50 different creatives or messages against 50 or 100 audience segments, understand much better what ads perform best and answer business questions, such as, 'How do the people in my CRM database differ from my prospects?' It's the intersection of intelligence and media. The days of research untethered from media are over."

■ **Dynamic** Instead of doing the research, creating the content, making the buys and crossing fingers, social's immediacy and rich data makes the process far more dynamic. "When something is not performing well, we can automatically optimize it, change creative, a CTA [call to action], a button, and we can hope for better results," says Kevin Del Rosario, associate director of social at digital agency Huge. "Those are things we never had with print, TV, billboards—not to this extent of closing the loop."

■ **Transparent** Brands like the transparency of social platforms compared to digital media or traditional media. Social media has elevated measurement standards and use of third -party verification systems to avoid the fraud that's plagued other digital media, says Kalehoff.

■ **Visible** "With traditional, you're getting reach, the number of impressions, but you're not sure what you're getting," says Single Grain's Siu. "With Facebook, you can see how far your reach is, your click-through rates, your engagement rates, what your conversions are. You have more access to the numbers."

■ **Measurable** "You can spend a lot of money in other advertising platforms on impressions, and impressions are important, but it's hard to measure what that means," says Amy Edel-Vaughn, social media expert and content strategist at agency EGC Group. "But for social, you can create really specific results. You can set your benchmarks: This is how many people I want to drive to this website and this is the action I want them to take, or who redeemed an offer and went into the store. Actual measurable results is where Facebook really excels. It has stood the test of time, the ROI is there."

"With our media partner, Performics, we're able to track per dollar how much we're getting per our spend and show the value of social compared to other avenues," says Huge's Del Rosario. "We're able to look at the ROI generated on that spend so efficiently. Because of that, social is no longer the add-on, it's more like the must-have."

■ **Demanding** "It takes a lot more work to build and plan campaigns and analyze them afterwards because we're getting so micro about it," says 360i's LeWinter. "It's hard on an agency level to scale with social as client budgets decline on what they want to spend on agency fees. Social is so hands-on in planning."

■ **Attributable** "The social networks have been able to drive great attribution models that are able to show what made you click or what type of content or CTA [call to action] or what type of copy, and with that data we're able to, even on the fly, optimize and get better at what we're doing," says Del Rosario.

■ **Relevant** "Social has the ability to adapt to user behavior and drive relevant messaging through paid media around what's really relevant for people, and I think the relevancy is what driving sales," says Del Rosario.

■ **Effective** "Social is such a critical part of the marketing mix," says Ken Bausch, VP-global digital marketing for kitchen products maker World Kitchen. The company's digital marketing also includes ecommerce platforms, and its own web page, in addition to social media, but "in many cases if I only had one dollar I would probably keep my

social media platform going because you can float your other platforms from social media. It's an incredibly important part of the marketing mix for everyone."

The sum total of all these capabilities means social media is increasing marketers' expectations when they invest their dollars. "The level of sophistication in targeting and understanding the impact of your media on social is raising the bar for the questions we're asking of other media channels," says Walgreen's Kmiec.

FORECASTING THE FUTURE

Social media is not sitting still. Even the problems highlighted in this report could be made moot next week with a change in policy or a new ad product. But that doesn't stop marketers and experts from making predictions for social media based on current trends:

■ **Better use of data** Marketers may complain that some digital platforms provide more access to raw data about audiences and ad performance than others, but they also have some work to do in figuring out how to best exploit the data they're already getting. Drawing insights from data is an area that still needs a lot of work, says "Content Code" author Schaefer. "I think there is going to be a real focus on digging deeper and building algorithms that can distill insights from data as a competitive advantage for brands and advertising agencies. It will be an algorithm war."

SocialCode is developing its own API to enable its clients to gather complete raw transparent data from all the ad networks it works with and see it in one place. SocialCode's Kalehoff expects more marketers licensing demand-side platforms, and foresees similar services emerging around data, such as benchmarking against peers and pairing social data with other data sets. "It's plausible that within five years the majority of advertising will be addressable," says Kalehoff, thanks to the impact of social platforms. Consider TV, which is seeing the rise of services such as Netflix and Hulu with known, precision audiences.

■ **Increasingly personalized customer contact** Messaging apps will drive up expectations for personalized conversations with brands long before chatbots learn to be authentic. That will increase the pressure for social media messaging and community management to work in lockstep.

That's a lesson many brands still have to learn, says Sandi Krakowski, president of A Real Change and Facebook marketing expert. "A like is a direct response, and most people are not paying attention to that," she says. "Direct response marketing has become direct interactive marketing."

One marketing organization already prepared for that demand is Staples, where Grudier heads both social media strategy and marketing and the community management and social care units. "They proactively have oversight into content, so they know how a customer might react to a certain post," particularly if there is a call to action, she says.

■ **Rise of influencer marketing** "It's about native ads: how to get clients and products talked about in a natural way," says Ignite's Tobin, whose agency established a separate company in 2015 to provide influencer marketing packaged as a media buy. "Everybody is going crazy over this space," with brands boosting their budgets and traditional publishers, production companies, agencies and more trying to figure out how to do native advertising. Technology, metrics, standards and legal parameters are lagging behind, he says, even as brands are already seeing success.

■ **Leveraging data for strategy** The two-way conversation that social creates between brands and their audiences will increasingly be leveraged to help brands and marketers be more responsive. "That's marketing in the future," says Kalehoff—brands using social platforms "not just for objectives, but to guide their strategy and become more agile, smarter marketers that are more responsive to their audiences and more personalized to their audiences."

■ **Pushing the technology envelope** In addition to advancements in 3-D and 360-degree video, Facebook Canvas and Carousel, and chatbots, marketers are buzzing about virtual reality. "I'm very excited about augmented and virtual reality and how it will work with social media and the kind of experiences we can bring to customers," says Staples' Grudier. "We're in conversations in how we can bring that to life."

■ **Conquering the world** One certainty about the future of social media is that it will keep changing—rapidly. "If you think you've got social media down, you're in trouble," says Ignite's Tobin, whose company has had to reinvent itself three times in nine years. "Whatever you're doing to today is probably not going to work in six months."

SOCIAL MEDIA'S ROLE IN THE MEDIA MIX

As a result of social's newfound elevated status, marketers need to rethink the way they allocate their spending. Matthew Scott Goldstein, an independent digital media analyst and consultant, has some ideas for them.

Lots of factors contribute to the right mix for any given campaign, but overall, spending should follow this model, he says: 30% Google / 30% Facebook / 30% DSP / 10% experimental.

Here's why: "You have to buy Facebook and Google," he says. "The problem is both are sort of closed worlds, although Google is trying to get more open. But you have to buy them because they work so well.

"A DSP is open and it's kind of messy and won't perform as well," he says, "but you get so much data back that will help you understand what's going on, such as how you are bidding and what you are winning, that can be used to build algorithms to buy smarter on Facebook and Google."

Facebook and Google "don't give me that raw data back," he says. "If I'm a marketer, no matter how well Facebook or Google performs, I can't give them more than 30% each of my budget. If I give them too much, they could raise my rates and I'm too beholden to them. I don't get raw data back to make me smarter. And I still want to keep all the other publishers thriving."

FACEBOOK AND MARKETING: KEEPING THE ROMANCE ALIVE

Back in 2004, Mark Zuckerberg briefly put little captions above the display ads the upstart company had just started adding to support its investment in new servers, according to "The Facebook Effect," by author David Kirkpatrick. They read: 'We don't like these either but they pay the bills.'"

He got over it. In the three months ended March 31, 2016, Facebook raked in $5.2 billion in ad revenues, up a whopping 57% over a year earlier. Total ad revenues in 2015 were $17.93 billion. "Every quarter when Facebook releases ad sales earnings, you can see what the analysts say and Facebook will beat it by $100 billion-plus," says consultant Goldstein.

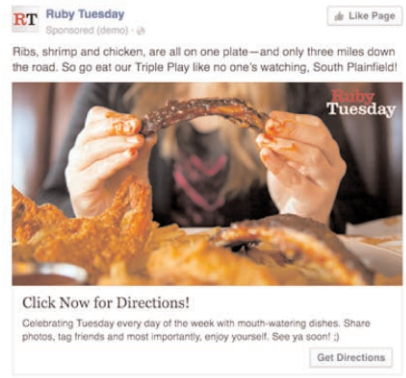
Zuckerberg wasn't the only one uncertain of advertising as a fit for the nascent social media platform. An early advertiser, MasterCard, was so skeptical that it agreed to pay only if a student filled out an application, Kirkpatrick found.

Today, MasterCard would have no problem finding evidence that a Facebook ad was working. Early on, the platform found its power in data, and since then has been continually using it to refine its user experience and its ad technology. Today that makes Facebook the leader in providing unprecedented levels of targeting, reach and insight to its advertisers.

GROWING SMART

"Facebook is a social network ... but the real value is in the targeting system, all the information they have about individual people and audiences and the ability to understand them as people versus cookies or a projected proxy," says SocialCode's Kalehoff.

"I think Facebook is really smart and they really think about how to create a great user experience," says EGC's Edel-Vaughn. "It's the reason Facebook is king and why so many advertising dollars are spent there. They really are thinking of those two things together, a great user experience and the opportunity for brands to build relationships with customers."



Facebook display ads are targeted and and reach a mobile audience.

Today, Facebook is by far the largest and most mature social platform, attracting more than a fifth of the world population and crossing the spectrum of demographics. Today's newborns become content on Facebook within minutes of their births, and their parents' newfound status a new data point in Facebook's comprehensive data stores detailing the lives of individual members, ripe for use by advertisers seeking to target young parents.

Just like the countless babies who debuted on its pages, Facebook grew up fast and shows no sign of slowing down in its relentless quest to become the forum where people live their digital lives–and an ever-growing powerhouse in marketing and advertising.

Evidence of Facebook's ad savvy is clear in Ad Age survey respondents' assessments of their spending and ROI. A majority of respondents said ROI on Facebook had "somewhat" or "dramatically" improved and a majority expect to increase the amount of spending they commit to Facebook next year.

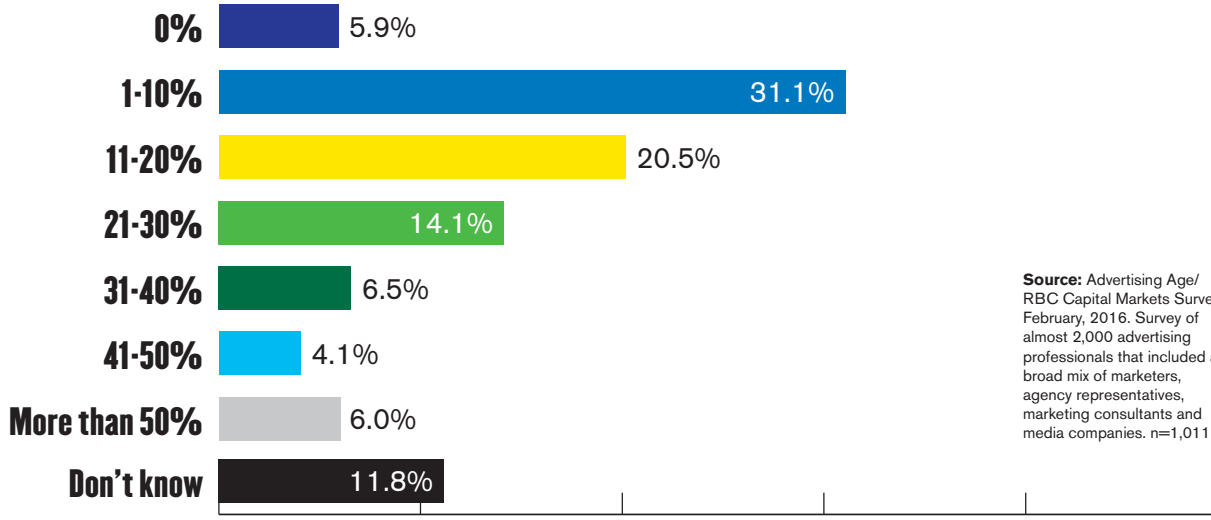
"They're very smart at taking what other platforms have done, learning from that and then doing it in an even better way," says EGC's Edel-Vaughn.

Another major advantage Facebook has is the power of its mobile audience. Research from eMarketer finds that in the U.S. this year, there will be 225.3 million mobile phone users and 166.7 million tablet users. U.S. adults are expected to spend three hours and six minutes on mobile devices (non-voice) versus two hours and 11 minutes on desktops and laptops each day. Mobile devices will take up 25.6% of the average adult's time with major media. Those consumers will spend 79.3% of their mobile time within mobile apps, like Facebook and other social media platforms.

This year, eMarketer expects 162.9 million Americans will log on to Facebook at least once a month in the U.S., representing 87.8% of social network users, while 89.4 million people in the U.S. will log on to Instagram at least once a month, representing 48% of social network users. The amount of time U.S. adults spend with mobile and with social networks on mobile devices is expected to increase over the next two years.

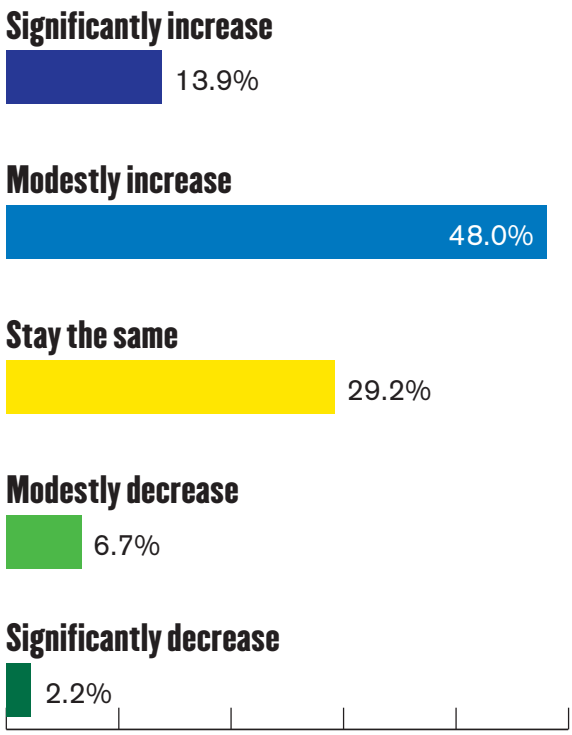
Far more of Facebook's revenue derives from mobile than from desktop. At the end of 2015, Facebook's mobile revenues were four times larger than desktop. For first quarter 2016, mobile was 80% of **Facebook's ad revenue.**

PERCENTAGE OF ONLINE/INTERNET MARKETING BUDGET ALLOCATED TO FACEBOOK

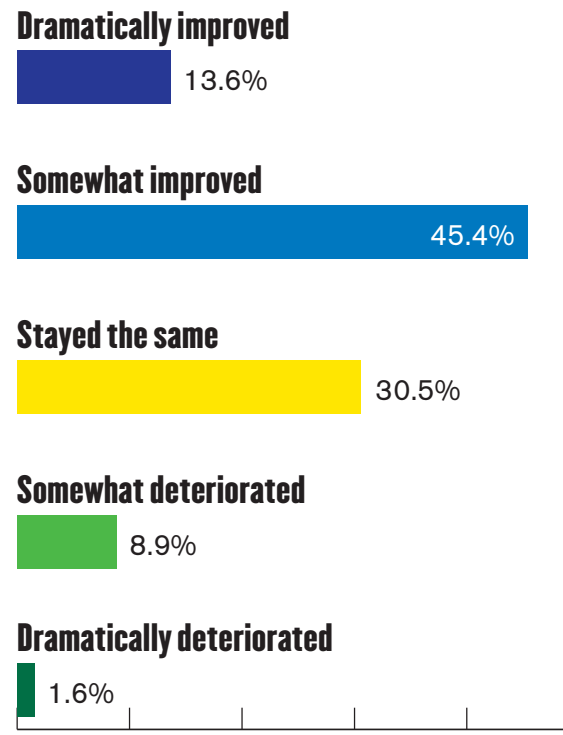


Source: Advertising Age/ RBC Capital Markets Survey, February, 2016. Survey of almost 2,000 advertising professionals that included a broad mix of marketers, agency representatives, marketing consultants and media companies. n=1,011

OVER THE NEXT YEAR, I EXPECT FACEBOOK AD BUDGET TO...



ROI FOR FACEBOOK OVER THE LAST SIX MONTHS HAS...



Source: Advertising Age/RBC Capital Markets Survey, February, 2016. Survey of almost 2,000 advertising professionals that included a broad mix of marketers, agency representatives, marketing consultants and media companies. n=822

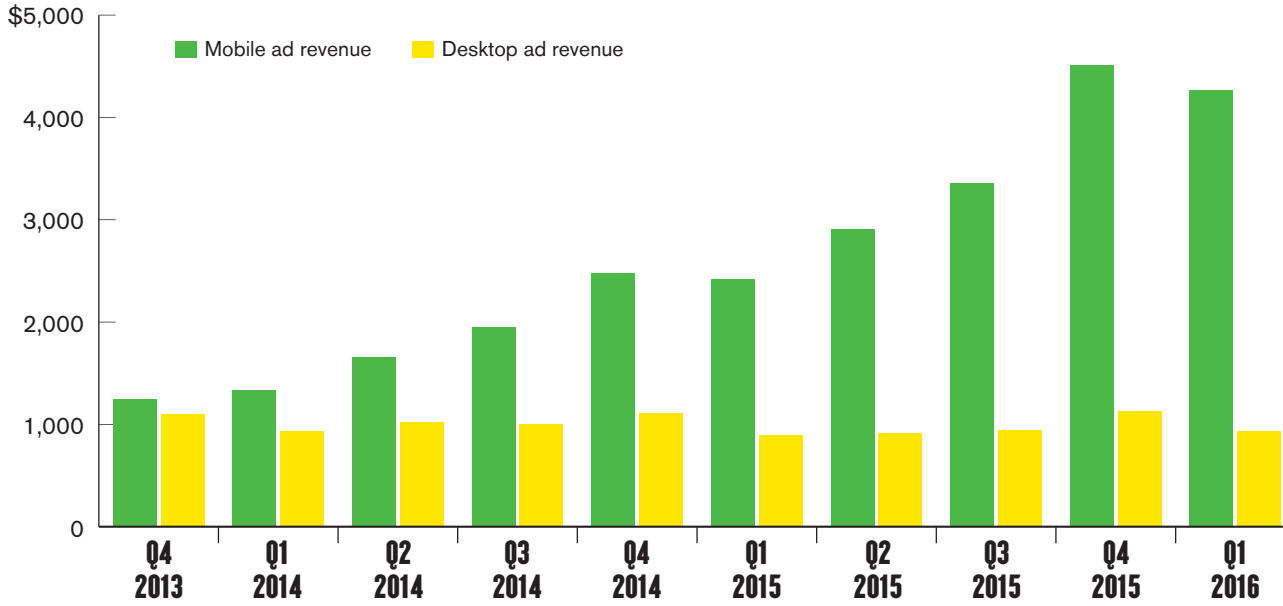
SHARE OF AVERAGE TIME SPEND PER DAY WITH MAJOR MEDIA BY U.S. ADULTS

Percent of total

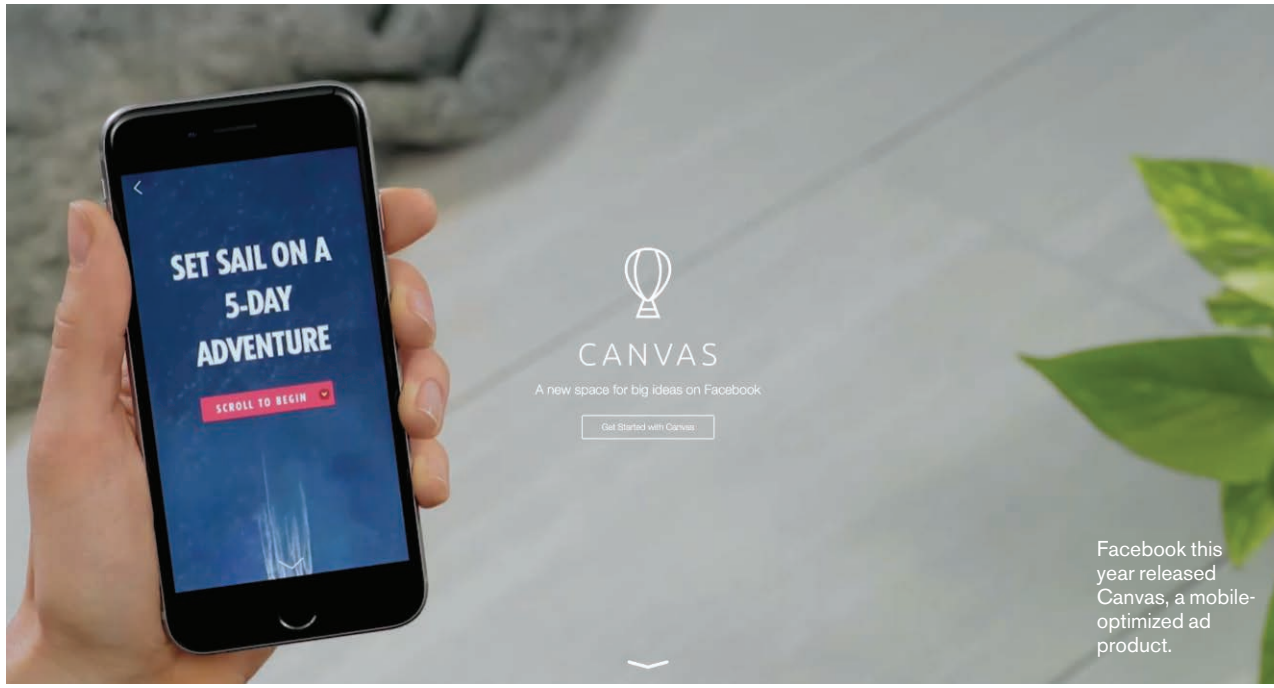
	2012	2013	2014	2015	2016	2017	2018
Digital	**35.8%**	**40.3%**	**43.2%**	**45.6%**	**47.3%**	**48.5%**	**49.7%**
Mobile (non-voice)	**12.6%**	**18.9%**	**21.8%**	**24.0%**	**25.6%**	**26.8%**	**27.8%**
- Radio	3.8%	4.4%	5.4%	6.1%	6.5%	6.9%	7.1%
- Social networks	1.4%	2.5%	3.1%	3.7%	4.1%	4.4%	4.6%
- Video	1.2%	2.4%	3.0%	3.6%	4.0%	4.3%	4.6%
- Other	6.3%	9.6%	10.3%	10.6%	11.0%	11.2%	11.5%
Desktop/Laptop*	**20.6%**	**19.1%**	**18.7%**	**18.4%**	**18.0%**	**17.8%**	**17.7%**
- Video	2.9%	3.1%	3.3%	3.4%	3.4%	3.5%	3.4%
- Social networks	3.1%	2.4%	2.2%	2.1%	1.9%	1.8%	1.8%
- Radio	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.7%
- Other	13.6%	12.7%	12.3%	12.1%	11.9%	11.8%	11.8%
Other connected devices	**2.6%**	**2.3%**	**2.7%**	**3.2%**	**3.6%**	**3.9%**	**4.2%**
TV**	**39.8%**	**37.9%**	**36.5%**	**34.8%**	**33.9%**	**33.1%**	**32.4%**
Radio**	**13.2%**	**12.6%**	**12.3%**	**12.1%**	**11.9%**	**11.8%**	**11.7%**
Print**	**5.8%**	**4.9%**	**4.4%**	**4.1%**	**3.9%**	**3.7%**	**3.5%**
- Newspapers	3.4%	2.8%	2.6%	2.4%	2.2%	2.1%	2.0%
- Magazines	2.4%	2.0%	1.9%	1.7%	1.6%	1.6%	1.5%
Other**	**5.5%**	**4.3%**	**3.6%**	**3.3%**	**3.1%**	**2.9%**	**2.7%**

Notes: Ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, one hour of multitasking on desktop/laptop while watching TV is counted as one hour for TV and one hour for desktop/laptop; numbers may not add up to 100% due to rounding; *includes all internet activities on desktop and laptop computers; **excludes digital. **Source:** eMarketer, April 2016

FACEBOOK'S MOBILE AND DESKTOP AD REVENUE



Source: Facebook



Facebook this year released Canvas, a mobile-optimized ad product.

HERE'S HOW FACEBOOK IS SEEKING TO BE A PART OF EVERY BRAND'S MARKETING PLAN

DRIVING ENGAGEMENT THROUGH RELENTLESS ATTENTION TO USER EXPERIENCE

Many a designer and marketer has muttered some choice words about Facebook's 20% rule, which says you can't have more than 20% text on an image or on the thumbnail of a video. Or more accurately, they curse the seemingly arbitrary nature of the grid system that evaluates submitted ads.

But the spirit of limiting text is all part of Facebook's rigorous protection of the user experience—the thing that keeps those 1.65 billion users coming back and more joining every day. A steady stream of tweaks to the interface, as well as ad products designed to please both user and brand, are aimed at driving engagement and enticing users to extend their stay.

It's all about relevance. "To me what Facebook does better than anyone is, there's an ad in your news feed," says consultant Goldstein. "And those are the most compelling ads by far … It's part of the content. They're targeting me. Everything is relevant."

IMPROVING MOBILE STORYTELLING

Breaking into the magic bond between people and their phones demands being active on Facebook and other social media, because of the insane amount of time people spend there. Brands have milliseconds to capture consumer attention on mobile devices, and then need to deliver an immersive and engaging experience. Click-throughs to slow-to-load web pages have made it tough to keep that attention, so the mid-February 2016 release of Canvas, a mobile-optimized ad product that can combine images, videos, text and links, was warmly received by marketers, who see it as the answer to high fees for slow-to-load ads with audio turned off.

Facebook has made no secret of its intention to keep users on the platform as much as possible, and not coincidently, Canvas does that too. Facebook boasts 12- and 18-second engagement rates in Canvas pilots conducted with Asus and Coca-Cola. About 57% of Facebook ad budgets are spent on mobile ads, which cost more and account for the lion's share of revenue.

Facebook calls Canvas "a new post-click, full-screen, immersive mobile ad experience on Facebook that loads nearly instantaneously." Brands can mix video, still images, text and call-to-action buttons via Canvas Builder, while users can swipe through a carousel of images, tilt to view panoramic images and zoom in to view images in detail.

Facebook works well in mobile by using targeting and algorithms to catch users when they're in the moment to look at content and being able to buy it with a click or two.

Mobile played a key role in a highly successful Pernod Ricard St. Patrick's day campaign—the revenue equivalent of Christmas for its Jameson brand. The hyper-local, hyper-targeted program used geotags to serve "Shot's Eye View," photos taken from the shot's perspective of the local neighborhood bars that targeted consumers could see in their feeds just as they headed out on St. Patrick's Day—and respond with one of their own. The campaign drew a half-million engagements in 24 hours on a very low spend, according to Pernod's Murphy, outperforming in one day the prior year's entire St. Patrick's day Facebook campaign.

"When you see content that is so hyper-local in that way, so relevant for you because you happen to be going out for St. Patrick's Day right then and there, and you see a location in an ad that you know, or you might be standing on that street, it's very powerful," says LeWinter of Pernod's lead agency, 360i, which created the campaign after the idea emerged at a Facebook Spark Session, a fast-moving brainstorming meeting.

INNOVATING WITH AD PRODUCTS AND TOOLS

Messenger real-time and customer service functions, a live video API and 360 video technology are just a few of the recent developments Facebook has announced as part of a steady drumbeat of new tools and products in response to marketer feedback. Larger accounts get a dedicated rep to keep them informed about new developments and how to take advantage of them.

"Facebook just keeps getting better and better," says Single Grain's Siu. "They came out with lead ads a couple of months ago, they came with Instagram ads a couple of months ago, and now there is Canvas. They just keep pushing the envelope."

New tools and products "allow us to stretch our imaginations to tell a better, more compelling brand story," adds Staples' Grudier. "They allow us to be more creative."

But Facebook isn't flawless. Advertising analytics continue to evolve, and while marketers can access a lot of data, some complain that access to rich, raw data they can combine with other digital sources to perform analytics is limited.

"I do wish there was richer demographic information coming back from the platform," says Grudier. "Facebook gives very high-level information back, and we need to piece that together with other information we have." For example, if Staples ran a social campaign that was integrated with a digital campaign, "how do you marry the information you get back from both platforms to learn a cohesive story? It's definitely a challenge."

Ignite's Tobin attributes the rich, raw data available from Twitter, blogs, forums and the like versus the less granular, higher-level raw data coming from Facebook to their different foundations: The former were considered public from the beginning while Facebook's core idea was that data is private. "The premise by which Facebook was built is limiting its contribution to market research," he says. "It also keeps Facebook from winning the real-time battle they've been waging with Twitter."

ENABLING BRANDED CONTENT ON PAGES

Facebook recently announced new rules for branded content on pages, citing an example of Lady Gaga's work with Intel.

"From a branding standpoint, the ability to have that branded content makes things a lot easier,"says EGC's Edel-Vaughn. "It's not that none of that was happening. Marketers have been talking and building influencer networks from the dawn of advertising, and social has been a part of that." Edel-Vaughn welcomes "the opportunity to make it clear cut, do it the way Facebook is going to allow it," so the endorsement relationship is out front.

With this change, marketers can openly foster their ambassador and influencer relationships on Facebook with clear rules in place.

"It's a good win for everybody," says Edel-Vaughn. Because the content is engaging with an ambassador people enjoy, "people are going to be happy to see them and more likely to convert."

SIMPLIFYING AD BUYING

Facebook attempted to spread its ad buying capabilities outside its own ecosystem by acquiring demand-side platform (DSP) for its ad server, Atlas, so advertisers could measure, target and optimize digital and mobile ads across digital. But it shut the effort down in March after encountering bad ads and fraud and finding that only native and video ads delivered real value. Most marketers expect the company to come back with another DSP, possibly through acquisition.

"I think when Facebook finally builds a DSP and you can use Facebook data to target people off of Facebook, it will kick butt," says consultant Goldstein.

"Being able to do programmatic on a deeper level, being able to access features to scale ads on a bigger level will be helpful," says Single Grain's Siu. "There is definitely more to be desired from Facebook, but it's working for us."



New Facebook rules for branded content would apply to this Lady Gaga partnership with Intel.

CONNECTING ONLINE ENGAGEMENT WITH OFFLINE RESULTS

Marketers have long been challenged to attribute online activities to the transactions they drive offline, a challenge Facebook is seeking to solve in a few different ways.

One is by providing retailers with beacons.

"I love Facebook's beacon idea," says consultant Goldstein. "You can find out who saw your post and who came into your store. If you upload a couple of million email addresses you can target those people."

Consumers' reticence to download the required mobile app is cited as an obstacle stalling adoption, but marketers including Goldstein see plenty of potential left in the idea.

Another strategy to increase attribution is Offline Actions. Advertisers using the Atlas measurement tool can upload their point-of-sale (POS) data and quickly see if their online ads are influencing offline purchases across the web, not just on Facebook—if they have access to POS data. Many consumer products companies struggle to access this data from retail partners.

KEEPING CONSUMERS ON FACEBOOK WITH INSTANT ARTICLES

In April, Facebook opened up Instant Articles to all publishers after tests with The New York Times, BuzzFeed, NBC News and others. Instant Articles promises a faster load and more immersive experience that keeps eyeballs on the content, bringing ad tech tools to articles. It offers publishers readers, attention, site visits, potential subscribers and share in revenue, though these are still early days and some remain skeptical.

Author Schaefer warns that Instant Articles could increase content so much that brands will have an even harder time winning consumer attention. According to Schaefer, in 2012 the average brand's organic reach on Facebook was 26%—so it could count on 26% of its followers seeing its content. "Today that's 1%, because there's too much stuff," says Schaefer. For the average user, Facebook's algorithm reportedly collects 1,500 stories posted by friends in the past week and ranks them in the order of how it thinks the user would prefer them; most view a fraction of that number. Still, "That's too much," Schaefer says. "It's going to require new strategies, new types of content and probably larger advertising budgets."

PROVIDING TOOLS ACROSS THE AD FUNNEL

Facebook's wide range of ad products, including the ability to retarget sequentially, means it plays well as part of the ad funnel, or can be leveraged across the entire funnel.

Marketers can use Facebook to start at the top with awareness, go down deeper to build favorability, then create a lead, then target that lead with a sequential message and then close the sale. After the sale they can seek to match that data to offline purchasing data and the CRM system. That top-to-bottom view has been difficult to get.

Facebook is also leveraging Atlas to help marketers measure the path to conversion (by device reporting) to provide insight into all the ways real people—not cookies—see ads across multiple devices before making a conversion. According to the company's March 2016 announcement, "Other path to conversion solutions rely on cookie-based reporting, but Atlas is based on real people—which allows advertisers to see the real path across desktop, tablet and mobile prior to online conversion."

DRIVING 1-1 PERSONALIZATION AND SERVICE WITH MESSENGER

Facebook is driving customer interaction on the platform in a big way right now, announcing new customer relationship management-style (CRM) functionality and use cases for Messenger at Facebook's F8 Developer Conference. Applications enable CRM-like functions right in the platform, such as real-time transactions, creating customer service threads and making recommendations based on history, as well as delivering paid personalized promotions.

"With messaging, we're giving brands the opportunity to take community to the next level," says Huge's Del Rosario. "Before we were just commenting on threads, but now we're actually having one-to-one conversations and not only make customer service actions, but also make real-time recommendations around products and services about what a brand can offer. We're getting closer to one-on-one with our interactions, which social has always been good at compared with TV and one-to-many media."

Brands such as Chipotle say they are still working out how to best leverage messaging, with an eye to making sure the interactions deliver value—and don't cross the line into creepy.

Emerging artificial intelligence capabilities open the door to chatbots—giving brands the ability to automate these interactions through savvy data gathering and artificial intelligence. Excitement about chatbots is widespread—and to some, overblown.

"I'm super excited about chatbots. The industry could use a little shaking up and chatbots are going to do that," says 360i's LeWinter. "The cool things about chatbots is that they use artificial intelligence to kind of fake it," simulating a one-to-one communication between the consumer and the brand.

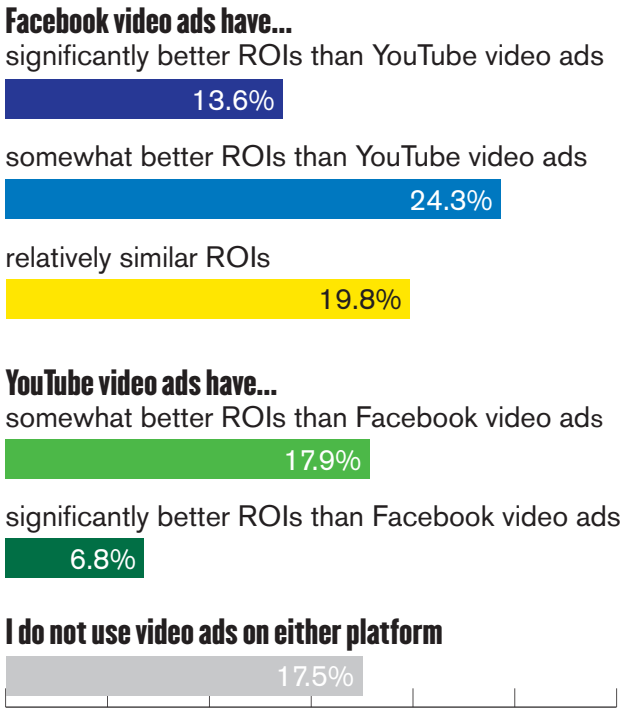
"One the one hand, the idea of automating what happens in the messaging space between brands and customers sounds really helpful," says EGC's Edel-Vaughn, "But I do think there is a lot of personalization that has to happen between a brand and a customer," and chatbots may not be up to the task. There is also a danger in chatbots launching before they offer a quality user experience, which could dampen consumer enthusiasm, adds Ignite's Tobin.

MAKING VIDEO EVEN BETTER

Video viewership on social is skyrocketing, thanks in part to features such as auto-play to enhance the viewing experience. It's paying off. While 12% of Ad Age survey respondents currently buy auto-play ads, 57% are somewhat or very likely to purchase auto-play ads in the next six months.

Ad Age's survey found the largest group of respondents devote 1% to 10% of their online/internet budgets to video,

COMPARISON OF FACEBOOK AND YOUTUBE VIDEO ADS FROM AN ROI PERSPECTIVE



Source: Advertising Age/RBC Capital Markets Survey, February, 2016. Survey of almost 2,000 advertising professionals that included a broad mix of marketers, agency representatives, marketing consultants and media companies. n=822

followed by 19% who spend 11% to 20%.

"Video is huge," says 360i's LeWinter. "The whole concept of where people get their entertainment has been going through a lot of changes in the last two years. I think social platforms are going to become huge players in the entertainment space."

Facebook's ability to connect viewership to outcomes is one of the reasons, says consultant Goldstein.

Facebook has been working hard to win video business from the likes of Periscope and YouTube, and it may be working: Ad Age's survey found 38% of respondents reporting somewhat or significantly better ROI from Facebook video ads, while just 25% felt the returns were better from YouTube. Almost half (48%) will increase YouTube spending next year compared with 62% increasing Facebook spending, although that is across all of Facebook, not just video products.

But video still has a lot of room to grow as both a visual experience and as an advertising medium.

"There are a lot of ways video can be integrated into the experience—3-D video, 360-degree views—ways to make the video experience feel more real. I think we're getting there but it still hasn't become that immersive experience," says EGC's Edel-Vaughn.

She also feels the interface needs to evolve to pull consumers further along the funnel. "You get views but not clicks. You might like it, but you're not going to take another action."

But success stories are beginning to emerge. Third quarter 2015 video surpassed all other ad formats across SocialCode's customer base. Single Grain turned to video ads for a client's online education product that was experiencing flat sales. "We used video ads to increase their annual run rate by about $6 million in eight months," says Siu. "Video advertising actually works at generating sales."

Facebook's first use of 3-D came in March 2016 with "Long Live the Shot," developed by 360i for Pernod Ricard's Jameson campaign, in which a shot is slid across the bar toward the viewer and bursts out of the frame, according to 360's LeWinter. Pernod later repurposed it for Snapchat and Instagram.

DRIVING INTIMACY WITH LIVE VIDEO

"People love going live, because it's so unfiltered and personal," Mark Zuckerberg said in announcing Facebooks' API for Live at its F8 Developer Conference. The API enables marketers to stream live onto Facebook using everything from a mobile phone to professional video equipment to drones. Zuckerberg says live videos are triggering 10 times as many comments as asynchronous video.

Facebook is hoping the new API jump-starts a movement to live video that had been growing slowly.

"There's been an inflection point over the last six months with live streaming, where the tools and technologies are there and now they've got backing from major players who can see the value," says 360i's LeWinter.

EGC, for example, has used live for how-to videos for the sewing machine products offered by its client Brother. Chipotle has done live video concert and backstage events with some of its influencers. It's important that the live event be unique to the customer, not the brand, and have an element of suspense or immediacy to it, advises Jackson Jeyanayagam, director, digital marketing, for Chipotle Mexican Grill.

"People love the opportunity to see something as it's happening," says EGC's Edel-Vaughn. "When you just upload a video, it doesn't have the same feeling as when you are actually watching someone do something and ask questions. It's simple to do, user friendly and has the potential to really energize brands and their fans."

As it becomes easier to facilitate and more elegant in delivery, marketers will find their way to the right applications and formats for live, as well as how to use it to meet business objectives.

"Right now, there aren't a lot of tie-ins to sales, it's building awareness for the brand. It's more relationship building," says Huge's Del Rosario.

NO SIGN OF SLOWING

Facebook has come a long way since the days when it took ads begrudgingly. Today, Facebook is not just leading the way in social, it's impacting the expectations marketers bring to the other media they buy and the very nature of interactions between marketers and their audiences.

WHAT'S THAT BUZZ?

Like anything that depends on catching the zeitgeist, social networks live and die by their ability to capture and engage humans with some unique value or experience. Marketers must keep their ears to the ground to discern which platforms are trending up – and down – among their target audiences. Right now, the marketers contacted for this report seem most intrigued with Snapchat, Instagram and Pinterest.

Marketers responding to a survey by RBC Capital Markets in partnership with Ad Age said the "emerging" platforms where they might allocate budgets next are Instagram (71%), Snapchat (45%), Pinterest (42%), Spotify (34%), Pandora (27%), Hulu (27%), Google+ (18%), Tumblr (16%), Reddit (15%) and StumbleUpon (5%).

While some say it's not truly social, but a hybrid of messaging and social posting, Snapchat is catching buzz thanks to the chance to build awareness and engagement with young audiences, especially those under 25. While current ad opportunities are limited, advertisers are embracing the platform's unique value proposition.

"You have their full attention for about 10 seconds," says Single Grain's Siu. "There are not many places you can get that anymore."

Snapchat offers the immediacy of Twitter but is highly visual–360i's LeWinter calls it TV for millennials–making it a more intimate experience.

"It's really easy to post on Snapchat to the exact group of people you intend the message for, which is a challenge that Facebook has not solved," says Ignite's Tobin. "Google + tried to solve it with circles. Snapchat solved it elegantly and rather quickly."

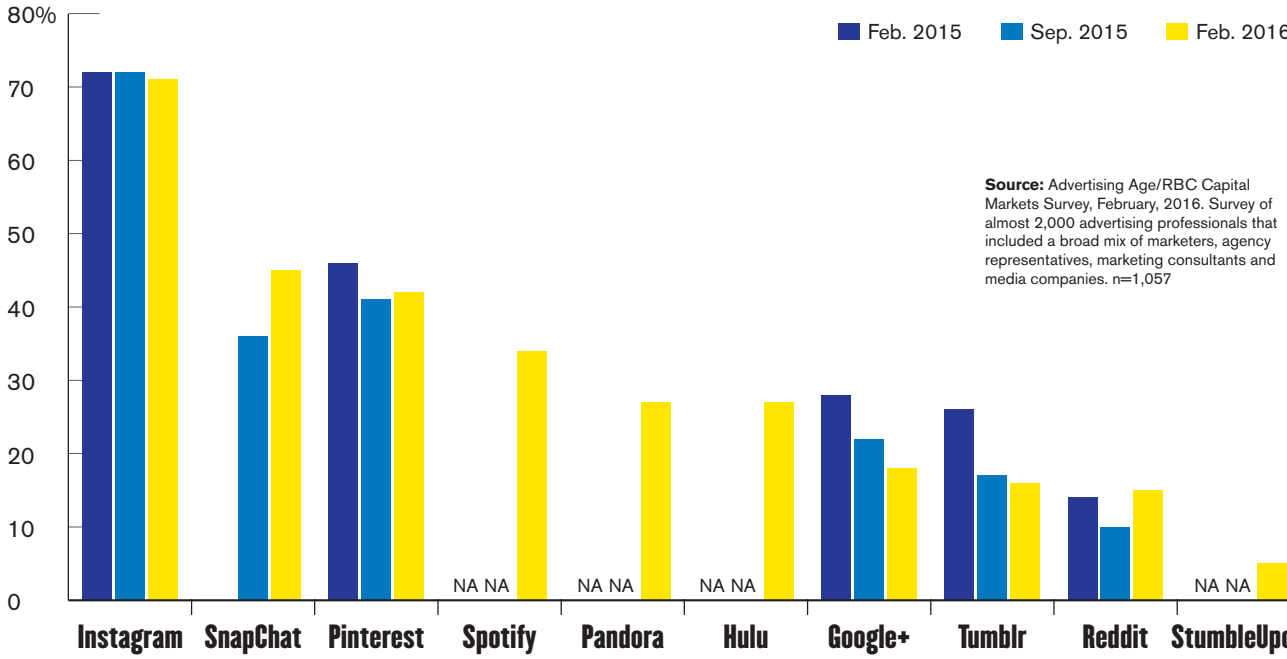
That being said, marketers must accept its limitations. World Kitchen's Bausch laments the high cost of entry for smaller brands. And Tobin warns, "You have to be pretty comfortable as a brand with very limited data."

INSTAGRAM

Instagram's new algorithm for feeding relevant content may be getting a lot of groans, but marketers are most excited about what Facebook is doing with the platform, particularly with ad products.

"For us, Instagram is all about authentic storytelling told through beautiful visuals," says Jeyanayagam of Chipotle, which uses the platform for less in-depth content such as short-form video. That artsy, visual style can be tough for some products, like those

INVESTING SOCIAL MEDIA BUDGETS IN EMERGING PLATFORMS



Source: Advertising Age/RBC Capital Markets Survey, February, 2016. Survey of almost 2,000 advertising professionals that included a broad mix of marketers, agency representatives, marketing consultants and media companies. n=1,057

that are more idea than object—or those that sell objects that are less sexy.

Staples, which won several awards for its Instagram work, is proud to say it has succeeded there despite falling into the latter category. "We found a way to break through," says Grudier. "People are very passionate about their office supplies. That was a huge win for the program." Staples is among the many brands relying heavily on influencers to convey their brand stories on Instagram.

Marketers look forward to Facebook's influence in making the platform more advertiser-friendly.

"Facebook is working on ways for brands to build out a presence there, but Instagram isn't necessarily for every brand," says EGC's Edel-Vaughn. "One of the limitations of advertising is that when you do an ad on Instagram, that ad unit hyperlinks to the website, so you can say learn more, shop now, but if it's just an organic post, not an ad unit, it doesn't hyperlink. It makes conversation with the customer a little tougher."

PINTEREST

When you're trying to sell something, nothing beats an audience of people raising their hands to say, "This is what I want to buy."

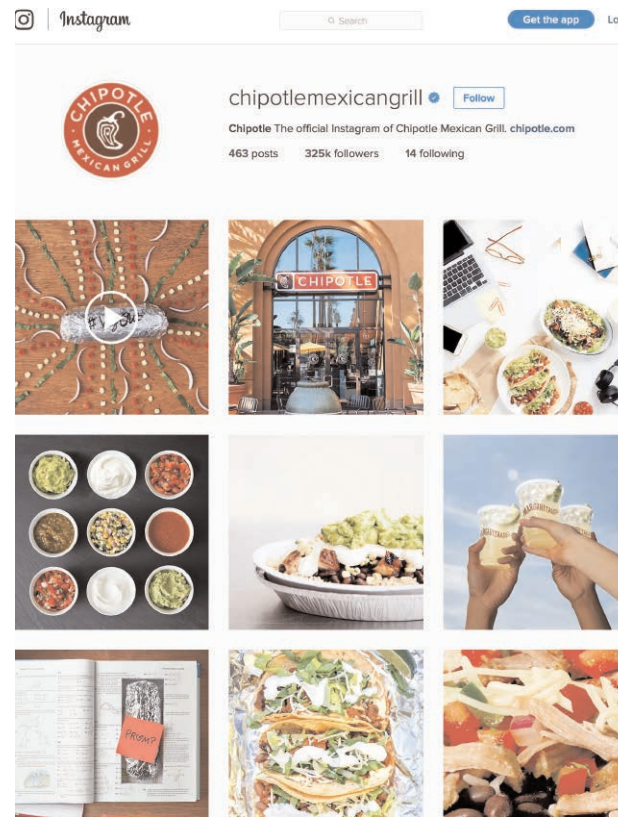
"It's really successful for social media marketing because people are on there looking for inspiration and inspiration often correlates to buying," says Ignite's Tobin. "It's almost a search engine for purchase intent."

As an advertising platform, marketers like shoppable pins and appreciate Pinterest's high-quality content, search and links back to websites.

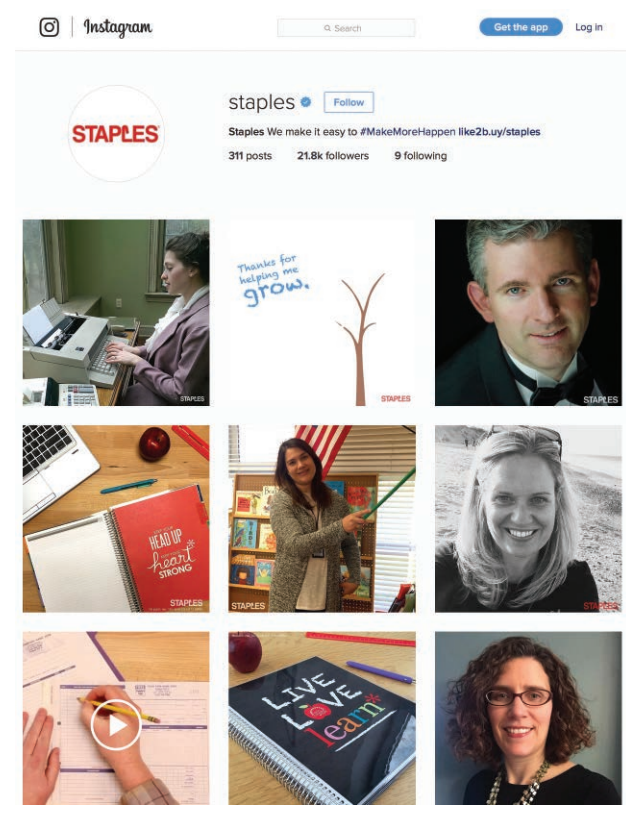
However, there is room for improvement. "Pinterest has issues as an advertising platform, pinning and promoting pins is challenging, collecting any kind of data from Pinterest is challenging," says EGC's Edel-Vaughn. "It's beautiful, it's definitely a growth opportunity, but I think there's a long way to go to make it more advertiser-friendly. That was not the intent initially but I think for a lot of these platforms to thrive, they do need to modify."

Social channels offer a rich toolbox of opportunities. How do marketers choose? Walgreens' Kmiec suggests asking: Is my customer there? Will we be warmly received? Does it give us the ability to drive conversions and actions?

Chipotle uses Instagram as a place for authentic storytelling with beautiful visuals, as well as short-form videos.



Staples relies heavily on influencers to convey its brand stories on Instagram.





WHAT SOCIAL HAS DONE TO CREATIVE

Creating great ads had been a long and deliberate process that starts with research, a brief and ideation and continues through extensive production processes and careful refinement to reach a beautiful final result. ¶ And then came social media.

Sometimes those highly produced concepts work well on social media. But more often, consumers—millennials in particular-respond more positively to ads that feel authentic, organic, relatable and of-the-moment. Highly refined targeting means they also expect it to be relevant to their own take on the world. In other words, ads must be more like their own content.

Those contrasts are challenging marketers and agencies to revisit their creative processes, devising ways to meet the varying needs of traditional and social media, and then within social media, the unique demands of each social media channel they use. And they not only have to revisit it, they have to do it all faster, and find ways to manage the exponential increase in volume.

Challenges include:

- Generating many images for the same overarching message, each tuned for a different social media channel and target audience
- Keeping up with sharp increases in volume demand
- Telling the story in one scroll-halting image with little or no text, or conversely, transforming storytelling from one image or spot to a series of images, videos and installments, sometimes designed to carry the user through the sales funnel
- Responding in real time while maintaining the correct brand messaging and tilt—and without embarrassing the brand
- Listening to consumers instead of just talking at them.

ILLUSTRATION: DENZORR/ISTOCK

TUNING CREATIVE BY CHANNEL

Every successful social media platform succeeds for a reason, offering its own user experience and value proposition that draws a distinct audience—except Facebook, which seems to attract everyone. Messages that are out of step with a platform's culture don't work. So marketers must take a core storyline and become adept at shifting it for each platform, generating many versions of their creative to satisfy specific audiences.

"If you think of someone on Instagram in Chicago and someone else on Pinterest in London, you would never serve both of them with the same creative, but unfortunately some brands are forced to do that," due to the insatiable volume demand, says Grant Munro, co-founder and CEO of FlashStock Technology.

Sometimes it doesn't work. As a Tumblr fan, World Kitchen's Bausch was eager to market on the platform. But without sufficient quantity to market individual brands and without World Kitchen being a household enterprise brand, it was not successful. The short life of social content, however, means brands like World Kitchen can test and learn, quickly and cheaply.

That comes with a caveat, however. "Even if you're doing a test, it doesn't mean you should lower your expectations for content," says Walgreens' Kmiec. "Four to five years ago the narrative was, it's okay, it's social media. It can look a little sloppy or off brand. Now you need a level of consistency and quality across platforms that can be really hard to achieve." Putting out underdeveloped content "has a ripple effect across the organization," he said.

FEED ME, SEYMOUR

Like the human-eating Venus flytrap in "Little Shop of Horrors," social media demands to be fed, often. That has put pressure on brand marketers and agencies to speed up the creativity while meeting the unique demands of each platform.

Unlike the considerable time once spent on a seasonal TV spot that would then run for months, "we produce content every day," says Ignite's Tobin. "It requires a steady drip, drip, drip of content that accumulates value over time."

It takes a lot of manpower to keep those drips flowing.

Traditional creative will continue to be important, "but you also need a variety of more agile, real-time, bit-sized content, and you need to work with other partners to create that content," says Pernod's Murphy. Pernod turns to the social platforms themselves, media partners, and niche providers such as Global Content Partners, a small studio in Maine. "The definition of what is a creative agency is blurring," he says.

Because of this, elements of the creative process are being separated for the first time.

"There are a lot of solution providers who are disrupting the economics of creative, providing new ways to develop creative that's lower cost," says SocialCode's Kalehoff. "We've been doing tests on services like this versus conventional creatives and the natively oriented creative content almost always outperforms the more conventional content, and at a cost that's way lower."

One company responding to the content vacuum is FlashStock. Munro co-founded the company three years ago after witnessing the explosion in need while working for a social media management company.

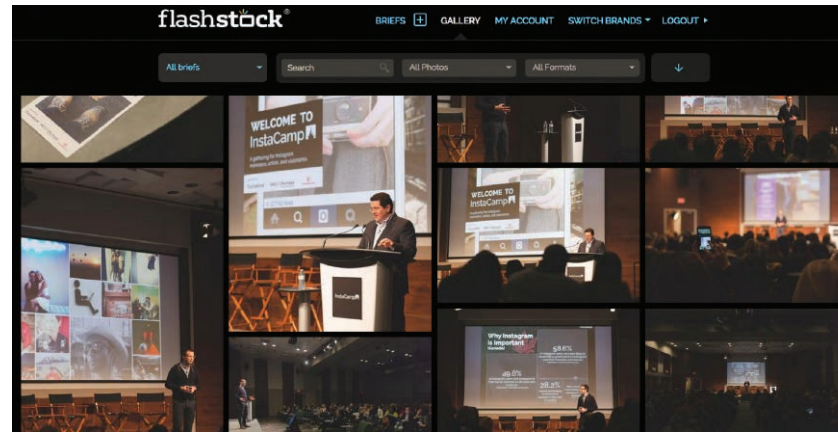
"The current model is really broken," Munro says, and the cost and talent needs for producing high volumes of content in the cities where most agencies are based really adds up.

FlashStock bills itself as "content-as-a-service;" it starts with the strategic, the brand look and feel, the creative and the campaign. Flashstock then selects and dispatches an army of independent content creators spread across the globe to execute. They manage the work to ensure it all stays within parameters, all in about two weeks' time. Last year, the company worked with 200 of the Fortune 500, which Munro says have tended to seek their own solutions when agencies could not keep up with volume demands.

Chipotle uses a network of eight to 10 partners including FlashStock to supplement its strategy, formed with media agency Carat, to get specialty content such as short-form video, animation or stop-motion. At an agency, says Chipotle's Jeyanayagam "I might have a few different creatives and over the course of a year I might have a lot of turnover, or I might not be jiving with their lead creative," but now have another place to turn. "The idea of using FlashStock and others as an extension of



Flashstock describes itself as "content-as-service," and often works alongside ad agencies of its clients.



your execution team has become very scalable and effective for us," says Jeyanayagam. A solid brief is key to pulling off this strategy.

Similarly, World Kitchen, with brands including Pyrex and Corning, leverages Rocket Man Digital, a digital content agency staffed with former journalists, to produce a steady flow of articles, infographics and other social media content.

An additional impact of the sharp uptick in content needs is the sheer volume of data that must be collected, managed and archived, along with all the associated releases, indemnification documents and so on. Many brands are now building content libraries to store and repurpose this material, or relying on third parties to help. Part of the management task is regularly sunsetting content that is no longer relevant.

But not all brands are feeling the heat. As algorithms have changed posting patterns—posting at 11 a.m. doesn't mean content appears at 11 a.m.—Chipotle has slowed its posting to a few times a month as plenty and making those posts especially powerful.

AMBASSADORS AND INFLUENCERS

Third-party agencies aren't the only source of good social content, however. To satisfy consumers' demand for authentic, organic content, fast, many brands are turning to users, influencers and ambassadors, whose efforts automatically offer those qualities.

World Kitchen, for example, engages influencers on a national level through its PR efforts, works with folks such as passionate bakers who it identifies on its own or through social media agency Ignite, and also engages with brand fans. It held a Twitter party for Pyrex's 100th anniversary in 2015, for example, featuring user-contributed images of fans holding up their favorite Pyrex dishes.

To get user-generated content, many brands turn to contests and sweepstakes, or appeals to help develop a new product or product variation. A meme promotion for the movie "Straight Outta Compton," for example, let users swap out Compton for their own choice of location. The Ice Bucket challenge—a 2014 awareness and fundraising effort for the ALS Association (a nonprofit focused on fighting amyotrophic lateral sclerosis, also known as Lou Gehrig's disease)—is another wildly successful user-generated promotion that went viral.

CREATIVE EFFICIENCY

Within agencies, creatives are also revisiting their processes with an eye to greater speed and efficiency.

"There are ways of creating efficiencies in the process so you can turn out content quickly without degrading quality," says 360i's LeWinter.

Another strategy is to make the most of what's produced. Agencies such as Single Grain are seeking ways to effectively repurpose high-quality content,



Pyrex's 100th anniversary was celebrated on Twitter, with fans holding up their favorite Pyrex dishes.

such as turning a webinar into a Slideshare. Now about 30% to 40% of its content for a given client is new, says Siu.

And then there are the many steps between completed content and the posting moment. "Most of the constraints today don't lie with the production capabilities, they lie within the organization," says FlashStock's Munro. "There's a certain comfort level of approvals that need to be done before content goes out," though these are likely to change as consumer expectations for more live content grow.

WORKING WITHOUT A NET

The pressure to produce good work fast gets amped up even higher as real-time social becomes more popular. While much of current real-time marketing is in fact well planned in advance, for some brands responding rapidly to what's in the news or trending is part of the brand's voice.

Without time for collaboration or approval cycles, creatives must embody the brand and filter messaging through that voice. "It has a lot to do with muscle memory," says 360i's LeWinter. "So when we do have to move fast, there are already the systems, tools and knowledge in place to do so. You have to work really closely with the brand team, with the legal team, partner agencies—the walls have to be broken down."

The internet is littered with examples where some brands and agencies have failed at that challenge, accidently forwarding offensive, racist or pornographic material on corporate Twitter feeds, or posting previously scheduled Tweets that turn out to be badly timed, such as Epicurious promoting freshly baked scones and cereals in the Boston area just after the Boston Marathon bombing.

WORKING INTO THE MIX

At first, social content was often made from the table scraps of other media, such as repurposing a TV spot. But now that social has a seat at the grown-up table, its needs are considered side by side with those of other media.

"Now social is always part of the creative process," says Huge's Del Rosario. "We have creatives who are always thinking socially."

In fact, "The definition of a creative agency is sort of blurring," agrees Pernod's Murphy. In addition to big agencies, "we work with a lot of small production houses. As a marketer, you have to be open to all the content needs and to the different places you can source that content."

Digital agency 360i makes collaborative ability high on its qualifications for new hires in order to fit into the agency's

highly integrated creative process. "The lines are very blurry between who does what," says LeWinter.

THE NATURE OF SOCIAL CREATIVE

Social's impact on the creative process goes beyond speed and volume. Another sharp contrast between traditional and social-driven creative processes comes in the use of research.

"It flips the way you think about developing your creative strategy in that it's audience first, not creative director first or paid research panel first," says SocialCode's Kalehoff. "You can surface insights in an agile way," so that marketers learn early what resonates with real rather than representative people, and then create more content like that.

"The thing about social media that I think a lot of creative misses is that people share on social media because of the way it makes them feel—funny, or sad, or informed, or charitable—something positive in the sharing," says Ignite's Tobin, citing Always' "Run Like a Girl" campaign. "A lot of ad creative is about the product."

The varying and changeable rules of social platforms force creatives to continue innovating. For example, the advent of auto-play with sound turned off, Facebook's default setting, prompted spots that communicate without sound, such as series on first-time motherhood from Lysol and Interpublic agency Genuine Interactive featuring crying infants and baby bumps, or a video from Clorox Co.'s Kingsford and DDB San Francisco featuring a snow-covered charcoal grill giving way to spring.

Another creative offshoot is the second-screen experience, such as Kohl's debut at this year's Oscars. The integrated campaign featured five TV ads, as well as a robust digital and social media push that included a second-screen viewing party through Periscope hosted by actress Vanessa Bayer and celebrity party planner Mindy Weiss.

MANUFACTURING AUTHENTICITY

And then there is the need to be authentic. Most social media leaders agree that highly produced, manufactured images don't translate well into social media.

"Social is much more about connection and people and emotion," says FlashStock's Munro. "The stuff that performs really well there is lifestyle, real people living the brand scenario from the consumer's point of view." That means lots of different people and scenarios to appeal to different targeted audiences in different geographies, while still telling the brand story.

Ignite saw the value of authenticity proven out when it tested a restaurant client's menu photos –highly produced images in keeping with the many rules of food photography–against food images they took themselves in the restaurant. The latter is much more like the content users generate themselves, and vastly outperformed the produced images.

One trend that takes the noncommercial approach to the extreme is unbranded content. Consumers are savvier than ever in knowing when they are being sold to rather than engaged.

"One of the things brands are learning is that the content strategy has to reach people in a way that is authentic and creates enormous value," says author Schaefer. "As competition on the web becomes more powerful and intense, they need new creative ways to stand out and created conversation."

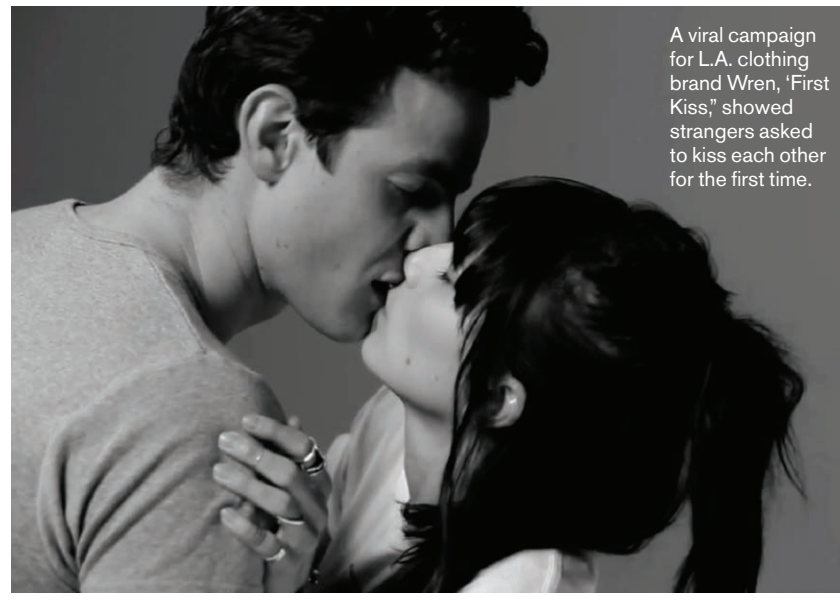
One example is "First Kiss," a 2014 series of very low-budget short films for L.A. clothing brand Wren that went viral with 63 million views its first week, showing strangers asked to kiss each other for the first time, which lacked any clear branding message. Variations on the unbranded idea place the product in the content in a subtle way, similar to good product placement, yet still in compliance with FTC rules.

"If consumers feel like they found a product or found a new use for a product, they are much more likely to buy and use the product than if you simply tell them to use the product," says Ignite's Tobin. "That joy of discovery is one of the most powerful things social media has to offer."

The idea is to drive curiosity about the brand behind the ad, but author Schaefer also sees it as a strong concept for highly regulated industries that need to hit marketing objectives but face strict marketing rules.

KEEPING UP

While brands and marketers catch up with current demands, social media is not staying still. Platforms are unveiling new capabilities such as live video and virtual reality that will challenge creatives to leverage more sophisticated technical processes with ensuring consistently high quality, authentic and reasonably priced content.



A viral campaign for L.A. clothing brand Wren, 'First Kiss," showed strangers asked to kiss each other for the first time.

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