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## Measuring performance of facebook advertising based on media used: a case study on online shops in indonesia

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### Abstract

According to TechnAsia report in 2015, more than 72 million Indonesians are listed as active internet users. About 18% and 11% conduct research on the web via desktop and mobile device respectively before buying online. As much as 80% from those who did research on the internet make a real purchase. This indicates that people who does online research tend to buy online afterward. Facebook has 14% share of those internet users and unsurprisingly online shop owners use it to advertise their products online. Unlike conventional platforms, advertising on Facebook has no flat rate, but it depends on engagement rate, which measures how much the ads are liked by its target audiences. More engagement will be granted with low advertising cost. The advertisers need to know how to create ads which have more engagement rate potential and lead to minimal cost and high conversion. This research investigated performance measurement of media types used on Facebook advertising platforms such as photos and videos. The study used three control variables: gender, age group, and product type as the interest group. The findings of this study showed that Indonesians have higher engagement rate for ads in which videos are used instead of images.

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## 1. Introduction

Social media are becoming ubiquitous and need to be managed like all other forms of media that organizations employ to meet their goals. However, social media are fundamentally different from any traditional or other online media because of their social network structure and egalitarian nature. These differences require a distinct measurement approach as a prerequisite for proper analysis and subsequent management<sup>1</sup>. Depending on business goals, social media marketing goals can include, but are not limited to, measuring brand health, improving effectiveness through optimization, generating revenues or improving customer relationships. Whether marketing objectives are to build long-term brand awareness or stimulate an immediate purchase, companies operating in the online space seem to have a limited understanding of what social media is or how to use it effectively<sup>2</sup>.

Social commerce adopts Web 2.0 technologies and infrastructure to assist online interpersonal interactions and contributions for acquiring and exchanging shopping experiences about products and services<sup>3</sup>. Furthermore, a study proposes social commerce to receive or give shopping information including experience, e-word-of-mouth (WOM), and user-generated content (UGC) for transactions<sup>4</sup>.

A study suggests that brands can successfully engage with consumers via social media, with clear potential for building a strong, loyal following who ultimately become ambassadors for the brand<sup>4</sup>. Through social media, consumers engage in activities that, regardless of direct intentions of doing so, can enhance or reduce a brand's profitability, and influence reputations of organizations which infer that social media's referral impact on purchase behavior may be greater than that of advertising originating from the company. Given its inherent WOM nature, social media's role in creating customer value is fundamental<sup>5</sup>. A plethora of ad-hoc tactics for online and social media marketing have emerged in organizations, and the selection of respective tools and channels has proven a critical issue for marketing strategists<sup>6</sup>. Reference<sup>7</sup> identifies some ways that organizations use social media and describing how to frame the spending decision for social media.

The result of the previous research supports the need to consider more variables that interact to make ads more effective on social networking sites (SNSs), such as the product type, brand fan's expertise and the ties of relationship<sup>8</sup>. Reference<sup>9</sup> represents a quantitative effort to construct a model of users' attitudes toward Ads on SNSs, while they proposed content-related, structural, and socialization factors as antecedents. They also suggested a moderating effect of gender differences on the perceived ads' features and perceived social network usage's impact on attitude toward ads on social networks. Previous research has shown that a social network user may believe that interactions among 'friends' are trustworthy but may independently appraise the site itself or advertising content displayed inside panels<sup>10</sup>. Rodgers and Thorson proposed an approach that Internet users perceive and process ads do not start with the advertising message, but rather represents a response to individual needs<sup>11</sup>. A study by Kim & Ko identifies attributes of SNSs marketing activities and examine the relationships among those perceived activities, value equity, relationship equity, brand equity, customer equity, and purchase intention through a structural equation model<sup>12</sup>. Other study finds that social media marketing effectiveness is highly influenced by its messages/content quality and younger age group as the main users of social media sites are not the main target audience of social media marketing<sup>13</sup>.

Vast use of Facebook around the globe has made it a new and important advertising platform, where businesses place their ads to reach their prospective customers. This is probably because Facebook allows businesses to target specific customer and promoting their product or services through effective advertisements. Growing Facebook based advertising is perhaps an indication that it is becoming an important source of business presentation and the firms are taking Facebook advertisement as a useful strategy to attract customers<sup>14</sup>.

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