

Social Media Advertising Market Analysis

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Social media, a popular platform for sharing content, has become an almost mandatory accessory to many Americans' social lives. The rising popularity of certain application services has increased consumer usage to inconceivable levels; and the increase in brand advertising on social media has been increasing closely behind it. To use social media for successful marketing, brands need to fully understand the services offered by each application and the current trends seen in their utilization. Though complicated and sometimes difficult to keep up with, the high reward of using social media for marketing has been deemed worth it by the many brands already deep in the social media advertising world.

Size, Scope, Forecast

Throughout the development of social media in the past 10-15 years, the number of users active on social media has exponentially increased. As the viral nature of social media on specific platforms has also grown, the number of applications each user visits daily has increased. Per Mintel's 2018 Social Media Trends report, analyzed by Billy Hulkower, a total of 21% of all social media users use 4 or more social media services daily with 56% of users ages 18-24 and 10% of users ages 45-54 specifically. Though social media platforms, such as Facebook and YouTube (see Market Leaders and their Efforts) have taken over the game, the high usage of secondary sites seen from those heavy social media users provide evidence that these sites are also important players. Following the trending usage of social media by the average consumer, brand advertising sales, also known as the measuring force of the social media market, has increased from \$2.9 billion to \$22.3 billion from 2012 to 2017 (Hulkower); a very steep increase.

Though the social media advertising market increase is substantial, is it worth it for brands to participate? Older age groups, often those with the most financial freedoms, are seen to actually have limited contact with brand content on social media platforms. Of users 45 years old or more, only about ¼

follow or like brands' social media accounts and even fewer actually visit their social sites. Additionally, of all content sharing users, only 1 in 10 share sponsored content as opposed to personal content like photos, videos, and status updates. All this considered, the ad sales market is still projected to double to \$45 billion over the course of 2018-2022 (Hulkower). According to "Social Media Marketers Rarely Use Organic and Paid Social Media Together" by Cullen O'Brien, it's hurting many brands to only use organic social media interactions, or none at all, and it's in many brands best interest to hop on the paid social media bandwagon. With the right planning and strategy, most brands can get the most bang for their buck.

Target Market Segments and Fluctuations

Social media platforms are used by most Americans regardless of age, gender, race, sexuality, and even socioeconomic status. While the broad public use some apps more than others (see Market Leaders and their Efforts) there's a consumer for every brand and an application for every brand to reach them. Among the most easy-to-reach consumer groups are lower income individuals (less than 100k per household annually) who make up 72% of the population in America alone (Hulkower). These individuals are more likely to share and repost brand content as opposed to the other 28% of Americans.

When it comes to following, liking, and interacting with specific brands and their social sites, parents of households with children take the lead. These highly interactive individuals make up more than 50% of total web site visitors, according to Business Editors/Interactive, & M. W., and are often active on shopping and diy applications like Pinterest. Finally, social media advertising is most statistically appreciated by young adults ages 18-35 and specifically young, self-identifying woman within that category. This group can often be reached through more personal and socially popular sites like Instagram

and Twitter. Overall, these target groups can be easily reached through social media advertising, yet to what extent may be fluctuating in the near future.

Though the increase of social media over time can be attributed to today's young adults being the first generation to grow up surrounded by its development, brands should no longer rely on growth of the population to increase social media market growth. The population of young adults using social media is large (118 million individuals), but the target group is currently only growing at a rate of 3.9% (Hulkower). This is a slower growth than previous years, but the population itself is still an important statistic to acknowledge as age is a predominant factor in the number of services used by social media consumers. The parents of households with children on social media is also projected to slow as the number of these households in America are projected to decrease until 2050, per Number of Children statistics on childtrends.org. This is not great news for brands targeting this audience. But, overall, the importance of low income individuals on social media will still reign social media advertising for the foreseen future.

Market Leaders and their Efforts

Social media services mentioned in Mintel's 2018 Social Media Report include a number of social media platforms: Facebook, Twitter, LinkedIn, Snapchat, Tumbler, YouTube, Instagram, Pinterest, Reddit, and Periscope. After review, there is ample evidence that Facebook and YouTube are leaders within the social media market with Facebook dominating the entire field. Statistically, 83% of social media users have a Facebook account and 73% of Facebook users visit the site daily (Hulkower).

To attribute to Facebook's great success, credit must be given to the app's ability to adapt to trends and their secondary site ownership. Facebook is known for adapting to media trends and changes

by adding to its already long list of services. Adding Facebook stories, as inspired by Snapchat Stories in 2017, increased their audience engagement without the expense of creating a whole new network.

Facebook is also an owner of many secondary sites increasing their audience and revenue. As the owner of Instagram and WhatsApp, Facebook's ability to adapt to trends through their secondary sites, like adding Instagram Stories also in 2017, has also increased their revenue with minimal effort. In an April Piper Jaffray survey of American teens before the addition of stories to Instagram, Snapchat beat Instagram in popularity among participants by 1%. After the addition and a second survey of similar participants, Instagram beat snapchat in popularity by a whole 14%. According to Seetharaman, Deepa, writer of the article, "Instagram Unveils Instagram Stories" based on the April Piper Jaffray survey, this increase in popularity can be attributed to Instagram Stories ability to promote multiple types of photo sharing, an important additional to Instagram's services.

Though some key players have been able to adapt over time, apps with more specialized functions often struggle to create a similarly sized audience. Twitter, Pinterest, and Periscope, for example, have roughly one use per application creating a more niche user type. Their audiences are small but they are also known to be daily and multisite users (see Size, Scope, and Forecast). Many of these secondary sites are so incredibly specialized that they can withstand the popularity of Facebook and YouTube by offering services these already accomplished applications simply cannot achieve.

Though most applications succeed with the rise of social media, many applications do struggle. LinkedIn, specifically targeting only workplace professionals, has seen a decrease in audience and audience engagement with only 18% of users visiting the site daily (Hulkower). Though LinkedIn has tried to provide new services and abilities to increase audience engagement, it simply is not possible to see the Facebook-sized-success with such a small audience.

As vital as function and adaptability are, public relations is the final and key factor in application success. According to Wall Street Journal article, “Facebook Rethinks Tracking; Site Apologizes, Makes It Easier To Retain Privacy” by Vauhini Vara, Facebook has learned the hard way. Vara confirms that after rumored use of consumer data, Facebook indeed shared consumer purchasing history on third party websites with Facebook friends of said users. This information was shared through an extension of the application called Beacon without thorough explanation to both consumers and third party sites of its purpose. Facebook was also discovered to have a high number of Russian-influenced spam accounts active on its feed forcing consumers to question Facebook's ethical standards during the 2016 Russian influenced election scandal. At the time all of this was discovered, Facebook took a large media hit. The ethical misconduct went viral and was a conversation piece for many news outlets. Yet Facebook’s daily demand allowed the company to easily bounce back.

Facebook has also seen better days with its relations with brands and marketers itself. According to “5 Reasons Not to Run Standalone Facebook Promotions” by Cullen O’Brien, Facebook often changes its policies unannounced. These policy changes often constrain the promotional abilities of brands causing marketers and companies many issues during large promotional and advertising initiatives. As successful as Facebook may be, other applications may not be able to maintain the same popularity going through similar situations. Applications currently on the rise should continue to succeed but only with increased transparency with their consumers and paid brand marketers.

Recent trends (“What’s next?”) and innovations

Facebook has been a leader in innovation for a long time, but secondary sites like Twitter, Pinterest, and Periscope are also on the rise; increasing the unique and special opportunities offered to users. Pinterest, especially, has been at the forefront of innovation by now including visual search, social

shopping, and augmented reality to its usual feed. They have partnered with VidMob, as explained in “VidMob Named Official Pinterest Marketing Partner” by Bronagh Hanley, to make these changes possible. By allowing users to participate in visual search, they may continue to appreciate Pinterest’s aesthetic and picturesque posts and view photos of similar themes as their search. By allowing social shopping, Pinterest can allow brands who use aesthetic, diy, or functionality as a selling point to target Pinterest’s niche users. Finally, augmented reality can work hand in hand with social shopping allowing users to visualize products within their own spaces. These unique and special additions, that may seem unusual if copied by a larger application like Facebook, are maintaining secondary sites’ specialized functions and demand.

Opportunities and Challenges

After studying the types of social media and consumers out there, all brands should be able to strategize a social media marketing plan for success. Brands participating in social media marketing should continue to use Facebook, as it targets the highest percentage of US adults, but should also appreciate the ability to advertise on secondary sites (see Size, Scope, and Forecast). With the rise of multisite users and their secondary site engagement, marketing focused on small services should lead to great success. With the recent public relations nightmare Facebook has experienced, it is also highly recommended to not solely rely on Facebook for large, expensive initiatives. (Vara).

With young women producing the most substantial amount of social site clicks and purchases, and while also being the largest group of primary shoppers in their homes, social media marketing is a huge necessity to brands targeting to 18-24-year-old females. Marketers hoping to engage these young women should avoid paid advertising on YouTube, LinkedIn, Tumbler, Reddit, and Periscope and should focus more on Pinterest, Snapchat, and Instagram.

No matter what target group advertisers hope to connect with, they should be aware that consumers appreciate transparency and personal content. Tumbler and Snapchat, as very clean applications in the public relations field, should be expanding on their transparency and available setting options. These sites, and others like it, are great platforms to increase engagement with the correct plan of action; e.g. Influencers instead of graphic advertisements. Brands and applications together should continue their efforts to remove hate speech and political affiliations from their advertising. Though luxury brands may not target their desired audience through social media, they have the opportunity to also maintain good public relations and brand image through social media efforts. Luxury brands specifically may also want to take advantage of traditional broadcast advertising, as should any other brand hoping to target older age groups or middle-aged men.

Overall, brands should go above and beyond to remain personal and engaging, though paid content is available. Brands who offer tips and deals have great success, but those who avoid paid content and, instead, create video tutorials and offer promotions also see a good amount of social media advertising success, though slightly lower. The rise of personal content has also brought on the charge of brand ambassadors and have seen increased success as they bring together both social media and in-person advertising. Overall, no matter the amount of personal connection, or the platform or application used, strategizing to use social media advertising is worth it.

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