



AdParlor Special Report:

The State Of Facebook Mobile Advertising

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Introduction

Facebook Mobile Ads: The Start of Something New

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On June 5th, 2012, Facebook launched the ability to serve ads specifically on mobile devices. This allowed advertisers to begin showing *page like sponsored stories* and page post ads directly in a users' mobile news feed.

The first few campaigns AdParlor ran leveraging mobile placement targeting were impressive. We leveraged the page like sponsored story – a story about a user liking a fan page - to try and drive new fans for a few of the hundreds of brands with whom we work. We saw **13x the click-through-rate (CTR)** on mobile ads compared to Facebook's desktop ads. Now, with over a month of data to draw from, we have put together a comprehensive special report on the **state of Facebook mobile advertising**.

Who Are We?

“AdParlor is a leader in handling large Facebook Ad campaigns – managing over 1 billion daily impressions on the platform.”

AdParlor is a leader in handling large Facebook Ad campaigns – managing over 1 billion daily impressions on the platform. We offer a full-service managed solution as well as a self-service (Pulse) solution to help a majority of the large spenders on the platform buy Facebook Ads.

We work with all kinds of advertisers – including large brands & agencies, social gaming companies, and local deal sites. Our client list includes American Express, LG, Audi, L'oreal, Mindshare, Starcom, OMD, Kixeye, Ubisoft, as well as exclusively managing Groupon's Facebook ad spend internationally.

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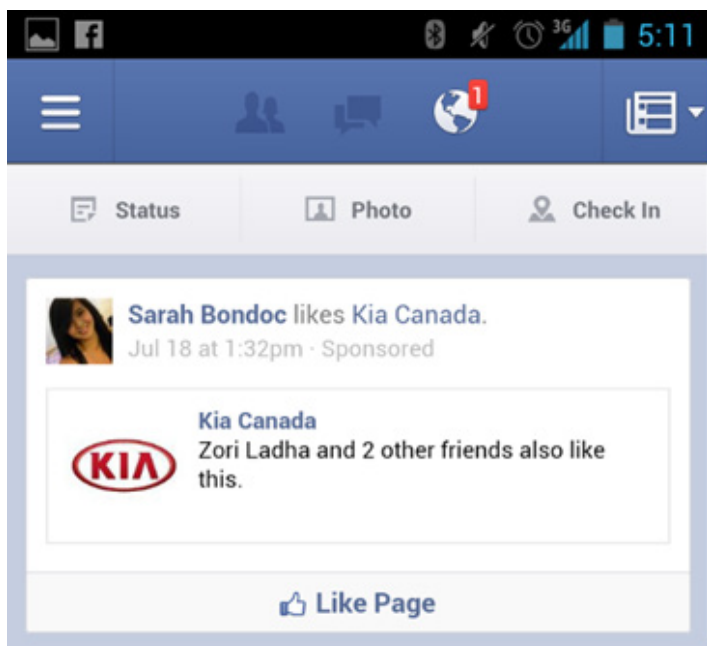
The Data We Used

In order to put this report together, we pulled a sample data set of over 200 million ad impressions from large brands we work with across 10+ verticals where we leveraged mobile.

Note that while we compare Mobile Ads to Non-Mobile Ads, only sponsored stories are served on mobile. For this reason, it is not accurate to simply compare Mobile Ads to Non-Mobile Ads. Rather, we need to compare Mobile Ads to Non-Mobile Sponsored Stories.

To be very clear about the data we are presenting:

Mobile Ads (Sponsored Stories): By default, all mobile ads are sponsored stories as Facebook does not allow regular ads in the mobile news feed. The data we looked at was strictly *page like sponsored stories* in an attempt to drive new fans to a brand's fan page via advertising in the mobile news feed. This report does not look at any page post sponsored stories.



Non Mobile Ads: These are 'regular' marketplace ads where we define the creative (title, text & image). While some of these ads still have social context – meaning they show that a friend has liked the page – they are not as simple and powerful as sponsored stories.



Non Mobile Sponsored Stories: These ads are sponsored stories where we did not define the placement. This means that Facebook is open to serving these ads anywhere. The vast majority of these ad impressions are served on the right-hand column of Facebook while a small % is served on the desktop and mobile news feeds.



Mobile Advertising Results

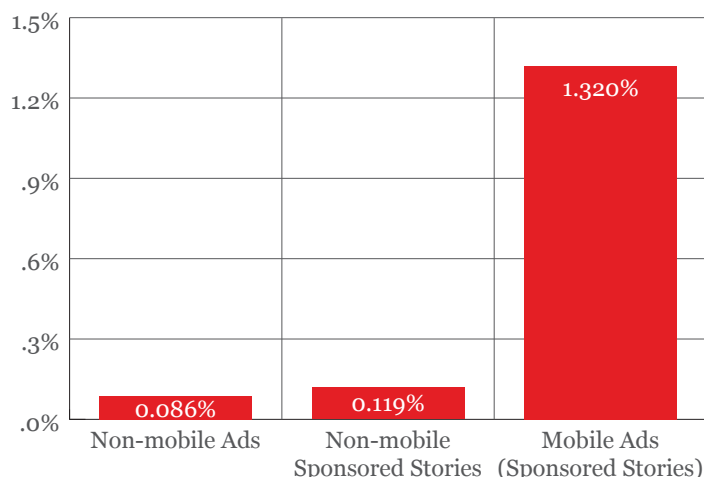
Click-Through-Rates Are 15X Higher On Mobile

Click-through-rates (CTR) are approximately **fifteen times higher** on mobile ad campaigns than non-mobile ad campaigns. The average CTR for a mobile ad is 1.32% compared to 0.086% for non-mobile ads. Mobile ad CTRs' are also **eleven times higher** than non-mobile sponsored stories – which have a CTR of 0.119%.

The targeted nature and organic in-stream placement of mobile Facebook ads make this form of advertising an attractive option for businesses to drive users to their fan page, as early results indicate users are more likely to click on a mobile ad than a non-mobile ad.

The higher CTR suggests that Facebook users perceive mobile ads as content, rather than advertising. They are clicking because the ads are displayed in-stream, and because they closely resemble content that their friends interact with and share.

Average CTR by Ad Type/Placement

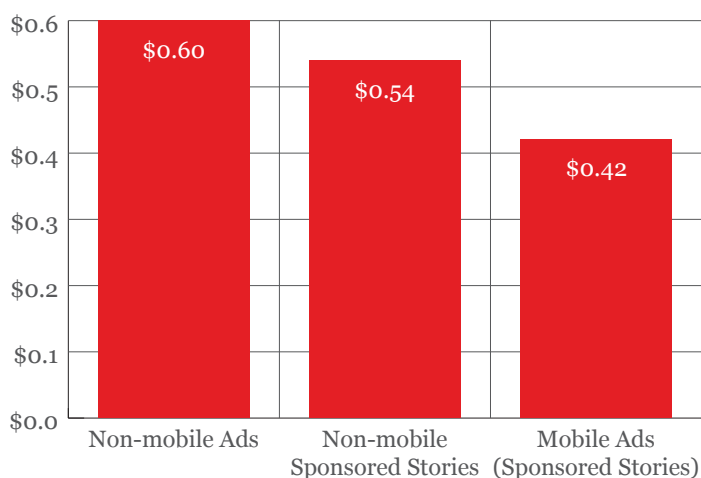


Clicks are 30% Cheaper on Mobile

The cost-per-click (CPC) is lower for mobile ads, averaging \$0.42 compared to its counterpart (non-mobile ads averaged \$0.60). This means that clicks on mobile are approximately 30% cheaper than non-mobile clicks. Non-mobile sponsored stories had an average CPC of \$0.54 giving mobile ads an edge by 22%.

Looking at this data, we can see that Advertisers are able to buy cheaper clicks by selecting the mobile placement when creating Facebook ads. Of course, there is more volume available with non-mobile Ads over mobile ads. An effective strategy would be to blend in mobile targeted ads along with regular non-mobile targeted campaigns.

CPC Rates by Ad Type/Placement



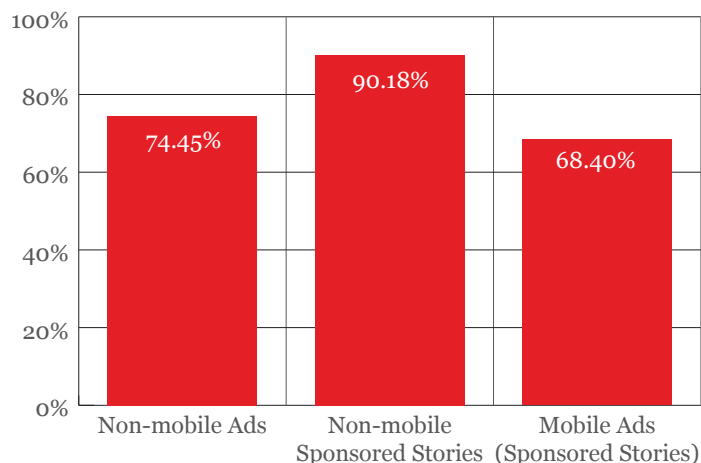
Mobile Ads See a CVR that is 16% lower than non-mobile Ads

While we are seeing cheaper CPC rates and higher CTRs on mobile ads, the conversion rate (CVR) on mobile is not as high. The average CVR on mobile ads for cost-per-fan campaigns was 68.4% compared to 84.16% for non-mobile (74.45% for regular non-mobile ads and 90.18% for non-mobile Sponsored Stories).

While this is a little difficult to understand, there are a few theories we have to explain this. It is possible that:

- 1** – Facebook measures new fans by looking at click-connections (the user clicks on the ad and becomes a fan) as well as impression-connections (the user sees the ad, and within a reasonable time window, becomes a fan of the page). On the web, given the volume of ads that are shown, the chances of impression-connections is much higher than on mobile.
- 2** – Users are clicking on mobile ads and then quickly scrolling down as that is the natural reaction on a mobile phone – and in the process missing the like button on the fan page. This may indicate that some optimization work is still required on the mobile version of fan pages to increase CVRs.
- 3** – A percentage of users are clicking on mobile ads by mistake, as they appear nearly identical to an organic wall post and the natural scrolling thumb motion on the news feed may cause unintended clicks.
- 4** – Varying mobile load times on the page itself might be deterring users from waiting for the fan page to load, reducing the number of users that actually convert.

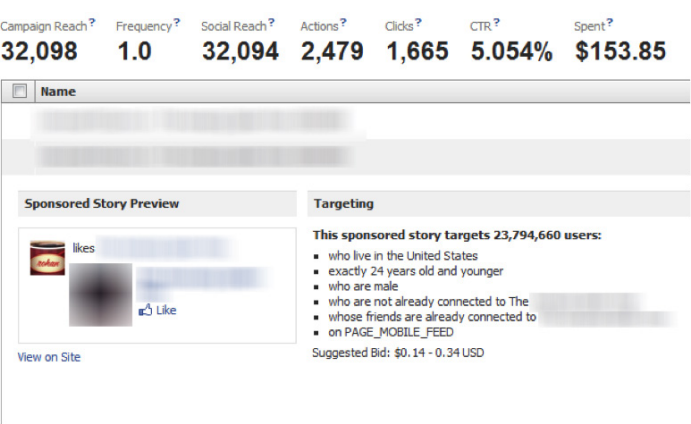
CVR by Ad Type/Placement



Entertainment vertical shows highest CTR on mobile

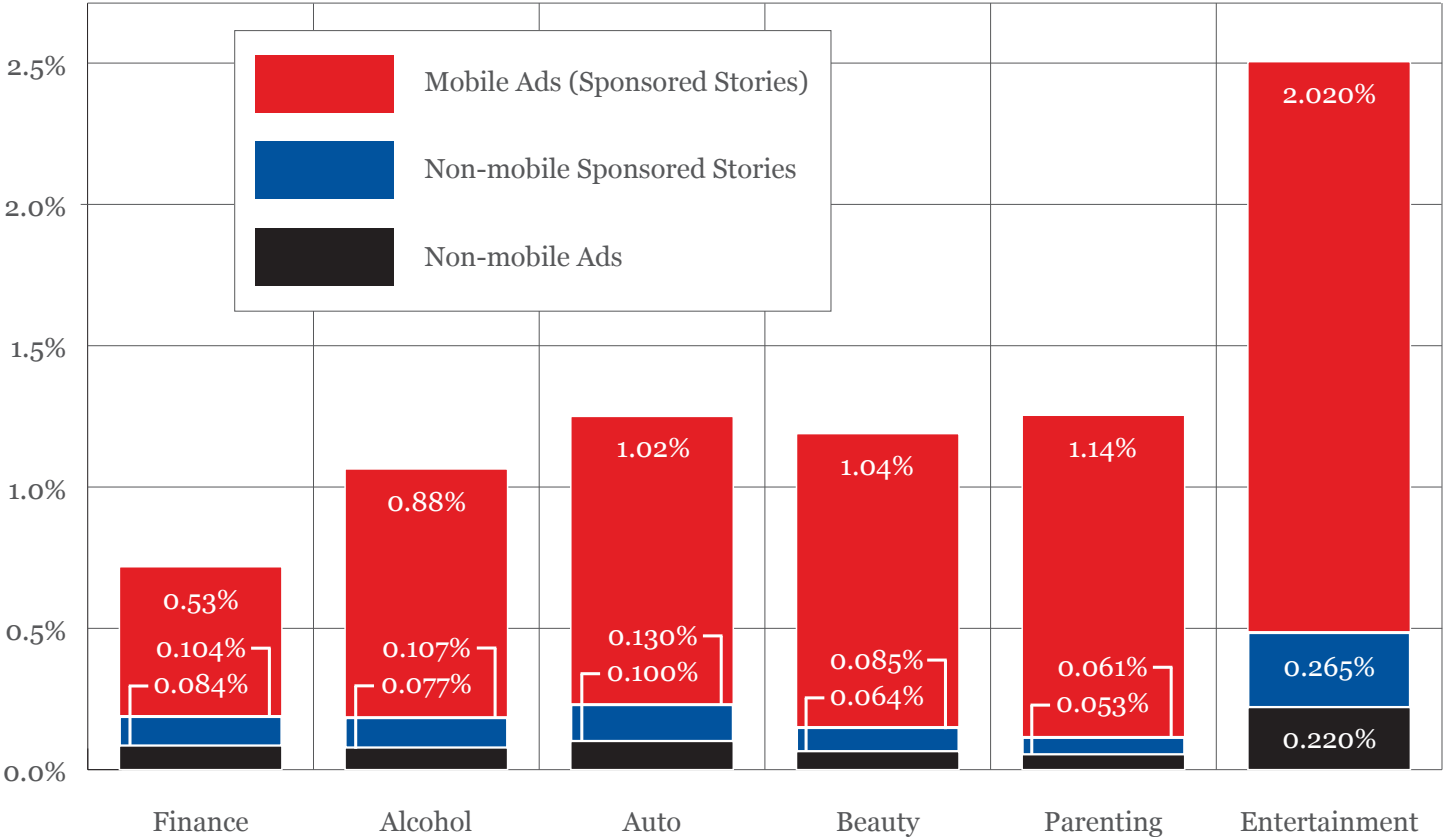
Across verticals, we are seeing a higher CTR on mobile ads than on non-mobile marketplace ads and non-mobile sponsored stories.

The leading vertical – in terms of CTR across placements – is entertainment. The entertainment vertical on Facebook mobile achieved an average CTR of 2.02%! Also, performing very well on mobile is the Parenting vertical with a 1.14% CTR, Beauty at 1.04% and Auto at 1.02% CTR. Historically, the Entertainment vertical has always been strong given the attractive and timely nature of the content. This seems to be amplified on Facebook and even further on mobile.



Facebook Screenshot – ‘Entertainment Client’ - Mobile Targeted Sponsored Story showing a 5.054% CTR.

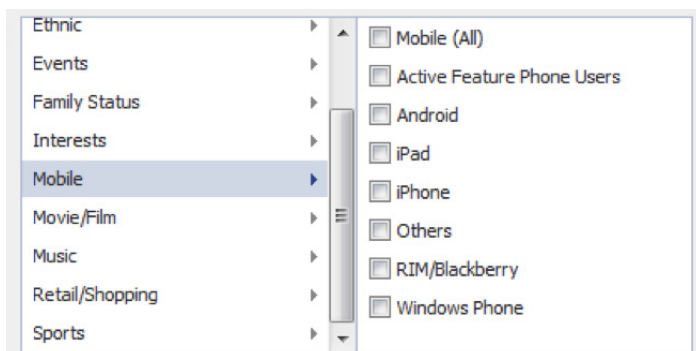
Average CTR by Ad Type by vertical



Android has a CTR 62% higher than the iPhone & BlackBerry

When creating an ad on Facebook, the advertiser can choose from a selection of mobile broad category targets. Facebook places users in a broad category target based on the device they have used to access Facebook. When combining mobile placement targeting with the appropriate BCT, an advertiser can target ads to users on a specific device.

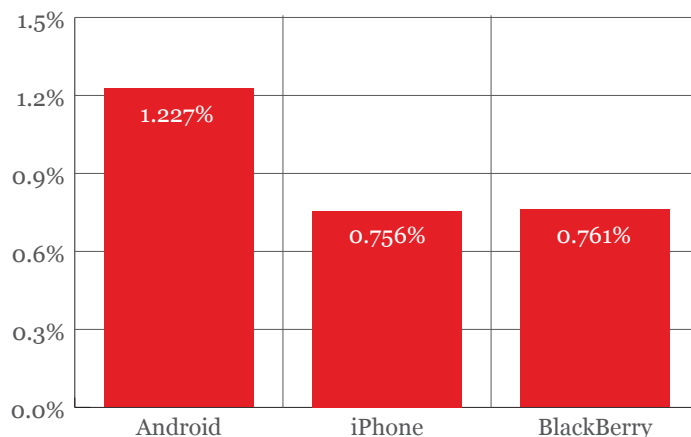
Keep in mind however, that Facebook is not identifying the device in real-time. They are simply associating a user with a device based on how they previously accessed Facebook. It is worth noting that if a user accesses Facebook via an iPhone – and an advertiser creates an ad targeted with mobile placement and the iPhone BCT – but that same user then accesses Facebook via an Android device – that user could see the ad intended for an iPhone user on his Android device. Although this percentage is small and unlikely to significantly skew the data – it is worth mentioning.



Advertisers are seeing the highest CTRs when targeting Android devices with their mobile ads. When choosing device specific broad category targets – Android saw a **CTR of 1.23%**, 62% higher than the iPhone and BlackBerry which had a CTR of 0.76%. Note that the mobile CTR overall earlier in this report was 1.32% which is higher than all this device specific data. This is due to the possibility of creating ads where the mobile placement is specified but without selecting a device specific broad category.

While it is difficult to determine whether the higher CTR is due to the device itself or the users of the device, it is quite clear that Android devices provide a significantly higher CTR.

CTR by Device



Post Conversion Engagement Data

Using Facebook's extremely powerful action spec framework, we were able to pull data on a user's behaviour after becoming a fan. We looked at this data across verticals and broke it out based on placement (mobile versus non-mobile).

Fans coming from mobile comment 22% more and like posts 63% more than non-mobile users.

For every 1000 fans we drove from mobile to a brand's page, that brand received an average of 10.5 comments, while those same brand pages only received 8.5 comments for every 1,000 fans sent over from a non-mobile placement. This means that fans coming from mobile post 22% more comments on a brand's page than when coming from non-mobile. We also saw a large positive difference in engagement results when looking at post likes. For every 1,000 fans driven, the fans coming from

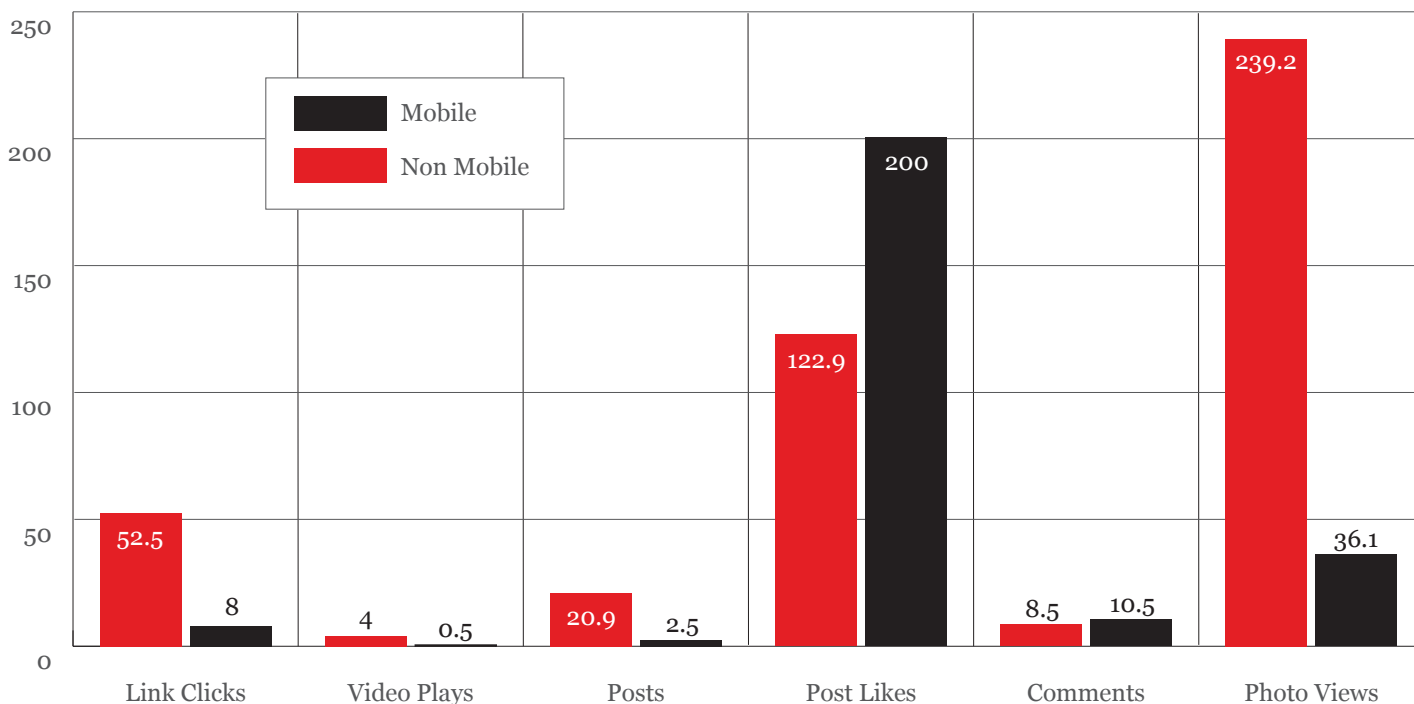
mobile generated on average 200 post likes while the non-mobile users only generated 122 post likes.

Fans coming from non-mobile drive 6-8x more engagement in terms of creating posts, viewing photos, clicking on links, and watching videos.

On the flip-side, non-mobile users generated much better engagement (6-8x) when it came to creating posts, viewing photos, clicking on links, and watching videos.

The difference in engagement between mobile and non-mobile users is very interesting. It seems that clicking on links, watching videos, viewing photos and posting are all easier on desktop than mobile – but commenting and liking posts are easier on mobile. This data is extremely important for a brand as they think about their engagement goals and decide where to place advertising.

Actions Generated for every 1,000 Fans by Ad Type



Predictions: The Evolution of Mobile Ads on Facebook

DISCLAIMER: THE THOUGHTS HERE ARE NOT THE VIEW OF FACEBOOK AND ARE NOT BASED ON ANY PRIVILEGED INFORMATION. IT IS SIMPLY OUR BELIEF ON WHERE THE MOBILE PRODUCT IS HEADING.

Supply will grow

As Facebook continue to learn what works in mobile, we believe they will increase the amount of mobile inventory available while maintaining user experience.

Given that Sponsored Stories are organically-occurring content rather than ad units and users appear to be genuinely interested in them (based on the CTR data in this report), we believe advertisers can soon expect to have more mobile inventory on Facebook. Showing more ads could negatively impact CTR and users responsiveness to mobile advertising however, we feel this will be negligible in comparison to the positive impact that the increase in inventory will have on the platform.



Leveraging Location

Currently, Facebook allows advertisers to target mobile users based on which OS they use. This targeting system works by selecting users who have recently accessed Facebook on the desired device.

In the future, Facebook could expand on mobile ad targeting by allowing for granular location-based targeting. Doing so would allow advertisers to target users based on nearby location. For instance, a business would be able to take out ads to appear on a user's mobile news feed if they accessed their feed near the physical location of that business. This would offer obvious benefits to local businesses, as well as SMBs looking to stretch their advertising budget.

Deeper Tracking

A very large source of revenue for Facebook could be when iOS and Android App Store developers begin to leverage Facebook Advertising to grow their apps. Unfortunately, as of yet, tracking this is extremely difficult. This causes advertisers to buy on a CPC instead of being able to buy on their desired Cost-Per-Install (CPI) model. Facebook could add advanced tracking and analytics to their mobile advertising suite to allow advertisers to track all the way through to the app store install and subsequent engagement.



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