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What can the brand manager expect from Facebook?

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ABSTRACT

Managers cannot afford to ignore social media and have stepped up their involvement in the belief that social media activities extend the brand's reach and engagement with consumers. Facebook is the pre-eminent social medium with an ever increasing branded content. One hundred brands selected from the Interbrand "Best Global Brand Report" form the basis of this study to test research propositions about the ability of branded Facebook pages to expand and engage users. Data captured from branded Facebook pages was supplemented with socialbaker's data. No correlation is found between the size of a brand and the number of Facebook fans, and there is no consistent relationship with user engagement and brand size.

The authors discuss broadening reach, improving engagement, interaction and activity and the implications for social media strategies and make recommendations for managing Facebook presence. Paid advertising is required to increase brand reach to all potential category users.

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1. Introduction

Social media usage has boomed at an unprecedented rate and continues to grow. In 2016, the number of active social media users totalled 2.3 billion worldwide (Kemp, 2016). Two-thirds of US social media users and 77% of UK social media users report buying products online in the past 30 days (Kemp, 2016). As 24/7 accessibility and consumer engagement become the standard (Powers et al., 2012), brand managers see the necessity to establish a social media presence. In 2016, nearly two-thirds of marketers budgeted to increase their social media advertising and 82% of marketers agree that social media marketing is core to their business (Salesforce Research, 2016).

Branded social media communication can be split into two categories, 'organic' activities created by the brand on social media and placed for free and 'paid' content that is more likely to be seen by consumers in exchange for payment made to the media owner (Fulgoni, 2015). The term social media covers a range of platforms, including Facebook, Twitter, Instagram and Snapchat. Kaplan and Haenlein (2010 p 61) define social media as 'a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content'. This definition is used in a recent review of advertising in social media that identified the need to better

understand the industry perspective of social media advertising (Knoll, 2016).

Social media are not a new phenomenon as they have much in common with traditional word of mouth (Keller and Fay, 2012). However, social media expands individual influence to include people outside their 'circle of close friends' (Liu-Thompkins, 2012) thereby increasing the number of people they trust (Powers et al., 2012). Facebook enables brand managers to create two-way relationships with consumers and can accelerate sharing of brand information amongst consumers that can impact a brand's performance (Fulgoni, 2016). Facebook remains the dominant social media platform with 1.59 billion users globally, 83% of users access Facebook via their mobile phones and 50% use a computer (Kemp, 2016).

In Parsons (2013) content analysis of the Facebook pages for 65 of the top 100 global brands, most brands aim to develop relationships with consumers. This is important as the majority of branded content is consumed via the consumer's newsfeed, rather than from the brand page, with (on average) 16% of fans being reached by brands that post on 5 out of 7 days (Lipsman et al., 2012). Social stories appearing in the newsfeed have a higher response than paid media, such as home page ads, and research suggests advertising effectiveness will increase when users actively engage with a message (Jung et al., 2016).

Branded Facebook pages remain an important component of a social media strategy, as the more brand page memberships of consumers the higher their likelihood of 'click through' on seeing advertising (Kim et al., 2016). This explains why 74% of Fortune 500 companies have a corporate Facebook page (Barns et al., 2015) and

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100% of the Advertising Age Top 100 Advertisers have established Facebook brand pages (Lipsman et al., 2012).

The relationship between membership of branded pages on Facebook and likelihood to click on advertising can be misleading. Prior brand purchase, rather than the act of becoming a fan may explain any increase in engagement (LaPointe, 2012). As the most frequent category buyers have larger repertoires (Banelis et al., 2013), they are more likely to be 'fans' of multiple Facebook pages. Their increased propensity to click on advertising reflects their greater frequency of purchasing from the category, as encoding of advertising into memory and retrieval of brand information will be easier for brand users than non-users (Vaughan et al., 2016).

The largest brands in a market attract more users and their users show (slightly) greater loyalty than shown by users of smaller brands in the category, this is the Double-Jeopardy pattern (Ehrenberg et al., 1990). It follows, that the largest brands will also attract a greater number of 'fans' in their branded Facebook pages and their 'fans' will engage slightly more often within the Facebook environment than 'fans' of smaller brands.

The rapid spread of social media usage presents a challenge, as research has failed to keep up with practice (Romaniuk, 2012). This paper seeks to expand our understanding of the use of Facebook by large brands and explores the relationship between large brands, their attraction of 'fans' and their level of engagement.

The article is organised as follows: a literature review of key concepts with research propositions generated at the conclusion of each section. Brand penetration and loyalty are explored before focusing on engagement in relation to social media; next research propositions are generated to describe the relationship between Facebook brand pages and social media penetration and engagement. The relationship is examined empirically with two quantitative studies. Results are discussed and the paper concludes with recommendations.

2. Literature review

Acting as a form of creative publicity, advertising aims to remind and refresh brand memory structures to increase the likelihood of consumers thinking of the brand when they next make a purchase (Ehrenberg et al., 2002). For brand communication to effect sales and brand growth, it needs to reach as many potential customers as possible, as empirical studies show that an increase in brand penetration is the main route to brand growth (Kennedy and McColl, 2012).

2.1. Penetration/loyalty

Brand penetration measures the size of a brand's customer base, defined as the proportion of people buying from the category that purchase the brand at least once in the time period (Dawes, 2006). Empirical studies consistently find that brands, irrespective of their sizes, follow a negative binomial distribution of purchase frequency, with many light buyers and very few heavy ones (Ehrenberg, 1959; Goodhardt et al., 1984). Brand loyalty remains important, but penetration dominates loyalty (Yang et al., 2005).

Advertising can assist an increase in penetration by publicising the brand to non-users, with the reach of media channels an important consideration. Social media still have relatively low reach compared to traditional mass media options. Globally, Facebook has achieved an average penetration rate of 31%, varying from 59% in North America to 6% in Central Asia, whereas the internet has an average penetration rate of 44%, with 88% penetration in North America (Kemp, 2016).

Advertisers use the cost-per-thousand metric to compare advertising costs across different media platforms. Digital ad rates are much lower than ad rates in traditional media, making digital media

attractive to advertisers looking to expand their reach without necessarily having to spend more money (McKinsey & Company, 2015). However, the low cost reflects the highly cluttered environment, reducing advertising effectiveness. Facebook is much more cluttered than TV and radio environments (Nelson-Field et al., 2013).

Encouraging the fans of a brand to become brand advocates and to create new brand networks that include light buyers is a way to increase social media reach (Nelson-Field et al., 2012). For every brand fan there is the potential to reach 34 friends of fans for the top 100 brands and this figure increases to a multiplier of 81 on average when extending analysis to the top 1000 brand pages (Lipsman et al., 2012). So while brand pages engage the most loyal customers of a brand, positive word of mouth may encourage other users to join (Knoll, 2016).

2.1.1. Social media penetration research propositions

1. The more valuable a brand, the larger the size of its fan base.

This proposition is based on the assumption that the more valuable brands will have more resources to invest in social media, as well as larger customer bases and a greater number of heavy buyers. This will result in the most valuable brands having the largest fan bases in Facebook. Empirical research shows strong brands, identified through Interbrand's most valued brand list, outperform the market (Madden et al., 2011). Larger firms tend to spend more on marketing, and allocate more resources to advertising (Cheong et al., 2013).

It is clear that focusing on the raw count of 'likes' or total number of brand engagements provide a limited view of a brand's social media performance, whereas looking at the brand's reach and frequency of contact will improve understanding of how and where brand messages 'cut-through' a cluttered social media environment (Lipsman et al., 2012). This leads to our second research proposition:

2. Big brands are active participants on Facebook – (a) they are the principal initiator of communication and (b) they are quick to respond to user questions.

Our third proposition is based on the assumption that the more valuable brands will have more resources to invest in social media and this will result in a higher rate of overall growth (the monthly addition of 'fans' is subtracted by the 'fans' that no longer follow the brand to provide the growth figure).

3. The more valuable the brand, the greater its rate of growth of 'fans'.

2.2. Social media engagement

Engagement is a broad concept, that captures the connection consumers have with advertising, media and brands (Abdul-Ghani et al., 2011). A decade ago the Advertising Research Foundation summarised how practitioners define engagement, concluding that 'engagement is turning on a prospect to a brand idea enhanced by the surrounding context' (Plummer, 2006). Another definition from the perspective of content creation sees engagement as 'developing creative with layers of involvement, something to participate in, something worth distributing, something to talk about' (Carroll, 2005). Contextual relevance is a critical aspect, as it helps to direct consumers to see and respond to the advertisement (Wang, 2006). Despite many attempts, the lack of clarity surrounding the term 'engagement' continues, with the quest to find a universal definition considered futile and instead used to describe a range of metrics (Gluck, 2013).

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