



851 SW 6th Ave., Suite 1600
 Portland, OR 97204
 1.503.294.7025
 fax: 1.503.294.7 1 30

Webtrends Sales
 1.888.932.8736
 sales@Webtrends.com

Europe, Middle East, Africa
 +44 (0) 1784 415 700
 emea@Webtrends.com

For offices worldwide, visit:
 www.Webtrends.com

WHITEPAPER / JANUARY 31, 2011

Facebook Advertising Performance Benchmarks & Insights

EXECUTIVE SUMMARY

Facebook advertising is predicted to hit US\$4 billion this year, which is twice the volume of 2010 spending according to eMarketer. While brands are rapidly investing in the space, they lack comparative experience to assess how well their campaigns are performing. Webtrends has analyzed over eleven thousand campaigns to provide performance benchmarks brands can use to evaluate their own campaign performance.

LOTS OF AD DATA

Webtrends has amassed a large database of Facebook advertising campaign results. Here are a few stats on the volume of data analyzed for this report.

4.5 billion impressions

2.2 million clicks

11.2 thousand ads

1.5 thousand campaigns

The Webtrends database is a very large sample given the relatively young age of the Facebook ad network (see the stats at left). We focused on a few key metrics:

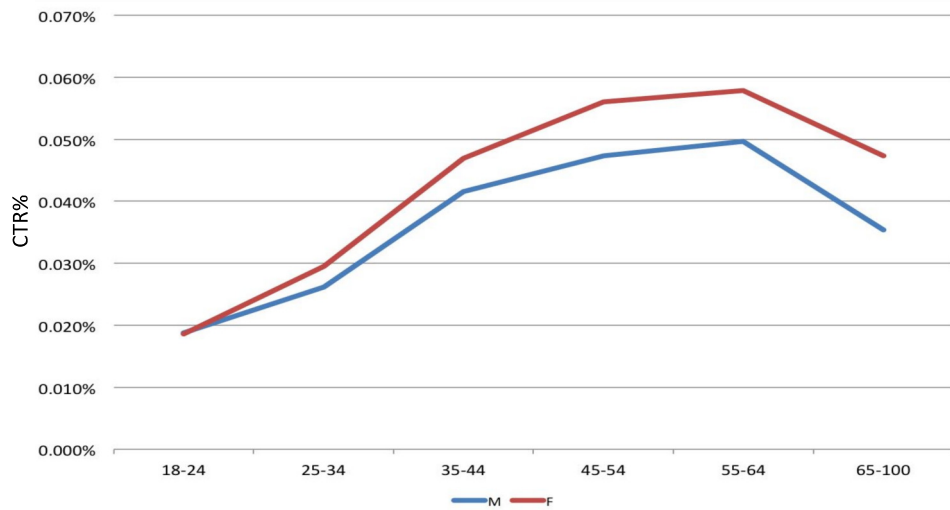
- Click-Through Rate (CTR)
- Cost per Click (CPC)
- Cost per Thousand (CPM)
- Cost per Fan (CPF)

LESS CLICKS FOR MORE MONEY

From 2009 to 2010 the average CTR dropped while the costs increased. This is a typical pattern for display ad networks as the audience becomes more savvy and demand causes prices to rise. Brands investing now will save money building their Facebook ad programs now by taking advantage of currently low rates that will continue to increase over time. Facebook's top advertisers have increased their ad spend 10 fold.

OVERALL CAMPAIGN PERFORMANCE AVERAGES FOR 2009-2010

YEAR	CTR	CPC	CPM	CPF
2009	0.063%	US\$ 0.27	US\$ 0.17	N/A
2010	0.051%	US\$ 0.49	US\$ 0.25	US\$ 1.07



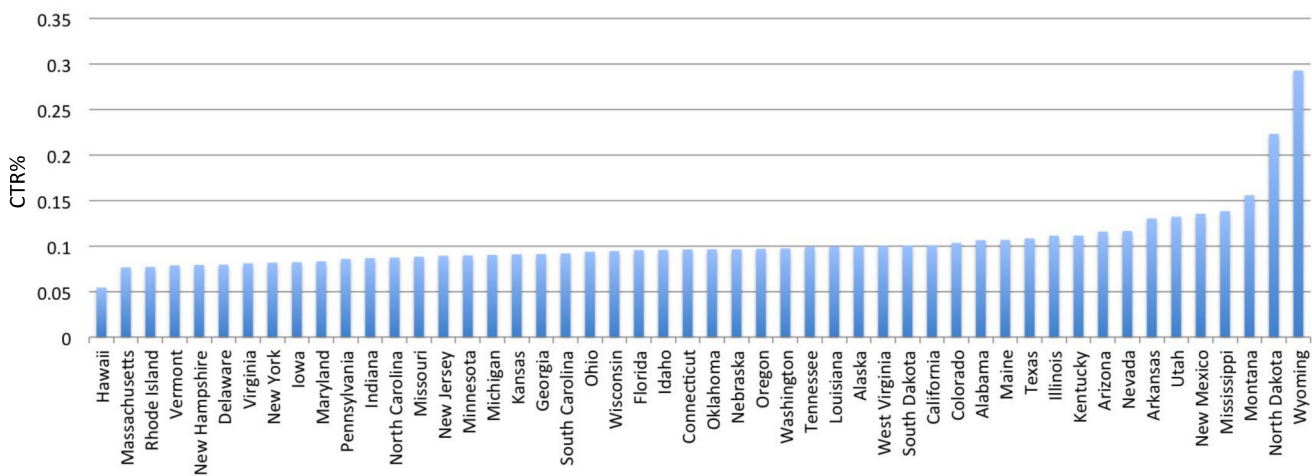
AGE AND GENDER INCREASE OUR CTR

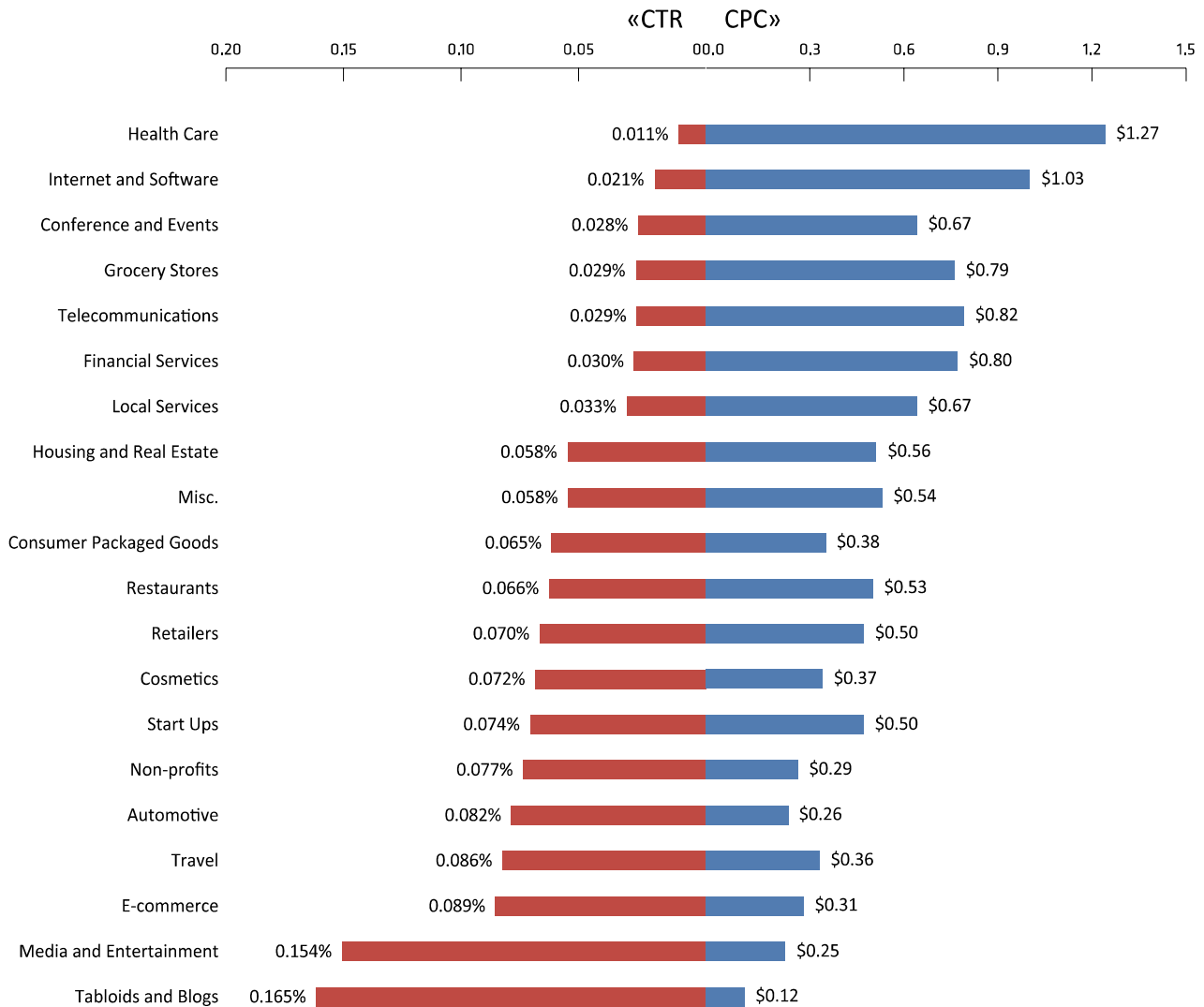
Age and gender appear to have a direct impact on how much we click on Facebook ads. The older we get, the more we click; that is until we reach 65. Women are just as likely to click as men when they are 18-24, but grow more likely to click with age.

STATE HAS LITTLE TO NO IMPACT ON CTR

While geographic targeting plays a strong role in delivering the appropriate content to local audiences, it has virtually no impact on the rate at which people click on ads. There are a few exceptions:

- Hawaii has a noticeably lower CTR at almost half the average
- North Dakota and Wyoming have CTRs that are double and triple the average



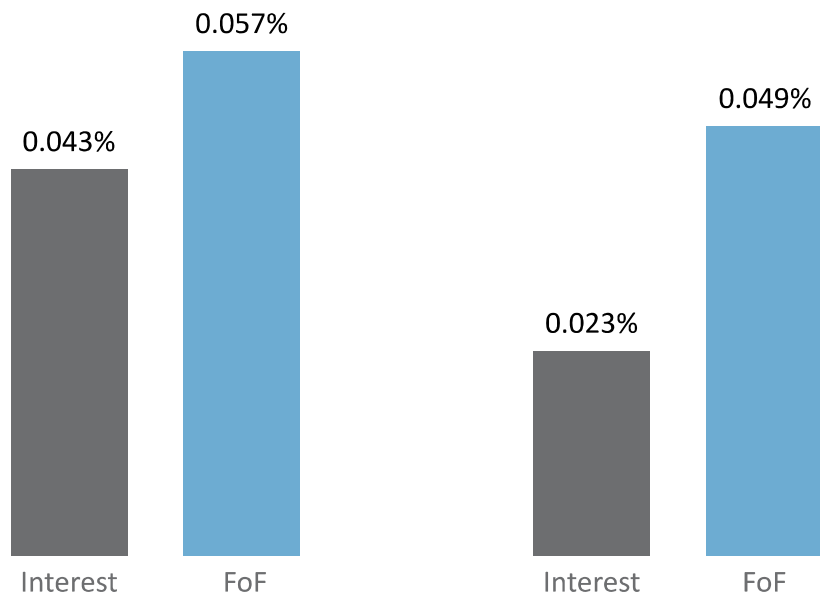


SOCIAL BRANDS PERFORM BETTER

In a recent international survey by DDB, fans stated that they are still primarily on Facebook for fun. Therefore it stands to reason that industries that are fun to discuss with our network are seeing higher CTR.

FACEBOOK REWARDS SOCIAL BRANDS WITH CHEAPER PRICES

Brands that are social get a higher CTR, which translates into better engagement metrics: Post Quality Score, EdgeRank, Feedback Rate, and others. In turn, Facebook rewards such behavior with a lower cost per click and greater visibility in the News Feed.



AVERAGE CTR OF TRAFFIC THAT DIDN'T ATTEND COLLEGE

AVERAGE CTR OF TRAFFIC THAT ATTENDED COLLEGE

Oregon Ducks Fanatics



Win FREE Ducks Gear! Oregon Ducks Fanatics is giving away Free Ducks Gear! Click Like Now – Don't Miss Out on a Chance to Win!

Heather Jenkins, Christine Kistner, and 4 other friends like this.

Like

FRIEND OF FAN

Targeting friends of your fans inserts your fans' names below your ad.

WHAT IMPACT DOES EDUCATION LEVEL HAVE ON CTR?

For this analysis we used a subset of ads that specifically targeted education levels.

EVERYONE CLICKS MORE IF A FRIEND LIKES AN AD

The bottom line is that regardless of education level, everyone clicked more if an ad had a friends' name appear at the bottom of the ad.

FANS THAT DIDN'T ATTEND COLLEGE CLICK ON MORE ADS

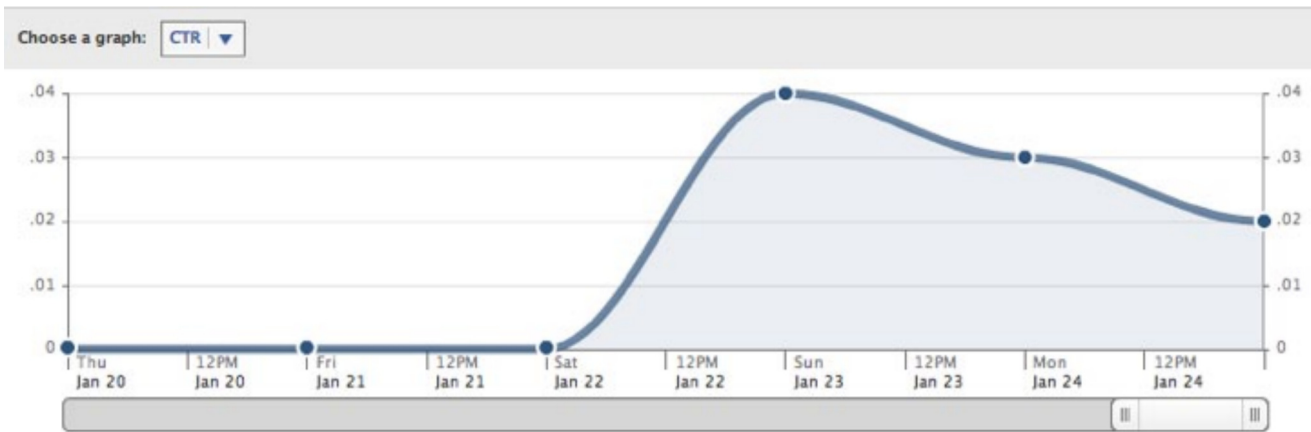
All things being equal, fans that didn't attend college were more likely to click on ads than fans who did attend college.

FANS THAT ATTENDED COLLEGE ARE TWICE AS LIKELY TO CLICK IF A FRIEND LIKES IT

Sure, the fans who attended college have a lower CTR, but if you use friend of fan targeting, then the CTR more than doubles. It was the largest impact when comparing education level on interest and friend of fan targeting, which suggests that social endorsement means more to fans with a college background.

SOCIAL ADS HAVE A SHORT SHELF LIFE

If you're used to buying search ads, you know that successful ads can be run for months without any changes. Out of the ads we measured, we found that interest targeted ads began to burn out after three to five days. Eventually the rotting CTR leads to Facebook deactivating the ad and it's back to the drawing board. Search ads don't have this problem because the ads are served to new people that search for the terms. Social ads, however, target people which eventually leads to ad blindness. The typical pattern is below.



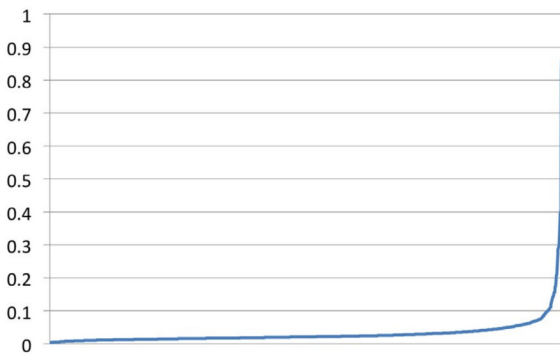
FRIEND OF FAN TARGETING COMBATS AD BURNOUT

When using friend of fan targeting, marketers can fight off the ad burnout problem. What happens is that as new fans are added, the circle for ad exposure increases, as does the amount of friend names below the ad. Eventually these ads burn out too, but they can last twice to three times as long.

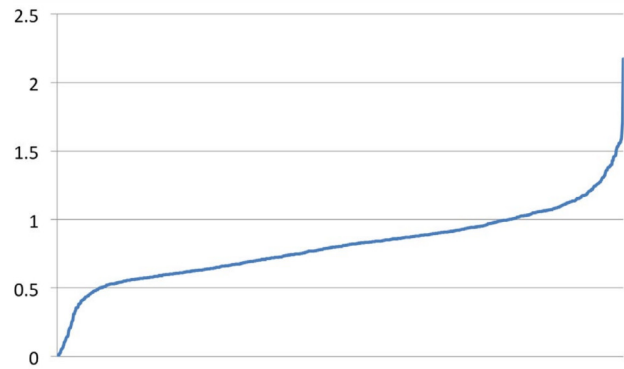


BENCHMARKS

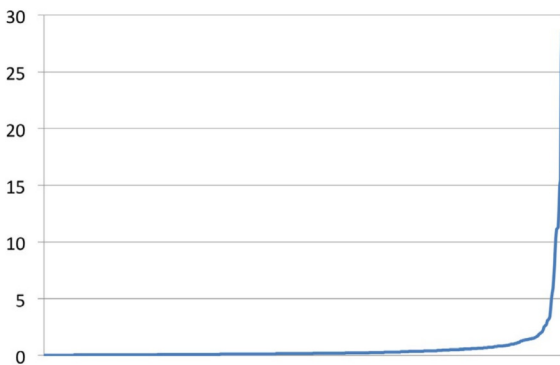
All of our ad stats created very smooth distribution curves, which tells us that the sample size was statistically sound. These benchmarks will help you determine where your ads stack up making it easier for you to know when to high five your coworker and when it's time to go back to the drawing board. The inflection point is middle of the curved portion of the line and is a good line of demarcation to say that if you're above the inflection point, you're doing well. Remember, most ads are below the inflection point.



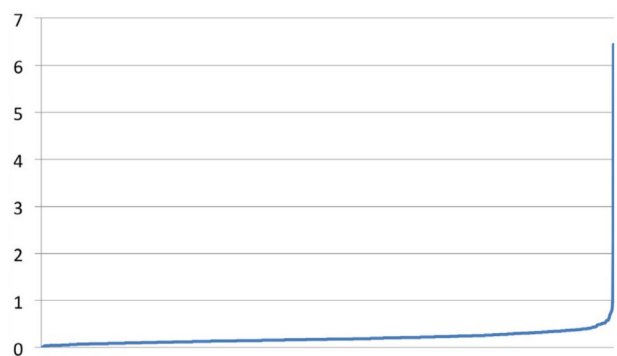
CTR DISTRIBUTION
INFLECTION .082%



CPC DISTRIBUTION
INFLECTION US\$0.83



CPF DISTRIBUTION
INFLECTION US\$1.75



CPM DISTRIBUTION
INFLECTION US\$0.52



851 SW 6th Ave., Suite 1600
Portland, OR 97204
1.503.294.7025
fax: 1.503.294.7 1 30

Webtrends Sales
1.888.932.8736
sales@Webtrends.com

Europe, Middle East, Africa
+44 (0) 1784 415 700
emea@Webtrends.com

For offices worldwide, visit:
www.Webtrends.com

ABOUT THIS REPORT

This report contains analysis of over 11 thousand ads and is intended to provide market reference for Facebook ad performance. It is worth noting that the majority of campaigns we analyzed were focused on fan acquisition, which may skew some of the results. Benchmarks may vary for campaigns aimed at websites or fan nurturing campaigns. We did not have a statistically significant data set for the 13-17 year old market, so we excluded them from our results. Industry results were based on categorizing campaigns in our dataset, which means some industries had only a single brand and may not be representative of an industry's performance overall.

Special thanks to Dennis Yu, Nicholas Davies, Jonny Chan, Michael Girard, and Tim Mather for their contributions to this report.

CITATIONS

Facebook Advertisers Boost Spending 10 Fold, COO Says; BusinessWeek; <http://www.businessweek.com/news/2010-08-04/facebook-advertisers-boost-spending-10-fold-coo-says.html>; August 2010

Facebook Drives US Social Network Ad Spending Past \$3 Billion in 2011; eMarketer; <http://www.emarketer.com/Article.aspx?R=1008180>; January 18, 2011

Facebook and Brands survey; DDB & Opinionway; <https://ddbworldwide-dropboxaliciabrindak2.pbworks.com/f/DDBOpinionwayFacebookenglishshortversion.pdf>; October 18, 2010

ABOUT WEBTRENDS

Webtrends is a global leader in social and mobile marketing. Thousands of global organizations, including Microsoft, Reuters, General Mills and Ticketmaster have chosen Webtrends business solutions and client services expertise to optimize their customers' online experiences. Webtrends was the first web analytics company, founded over 15 years ago and continues to deliver world class analytics solutions.

Webtrends is a registered trademark of Webtrends Inc. in the United States and other countries. All other trademarks and registered trademarks are the properties of their respective owners.

© 2011 Webtrends Inc. All rights reserved.