



Facebook, MySpace Ads Make Them More Social

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Facebook's Zuckerberg: "This is a completely new way of thinking about advertising online."

Digital media buyers were divided on the sheer magnitude of the new advertising initiatives announced last week by the Web's two biggest social networking players—MySpace and Facebook—but most agreed that these new products will propel social networking advertising closer to reaching its mostly untapped targeting and viral potential. And some observers said Facebook has clearly lapped its larger rival when it comes to innovation on the advertising

front.

Undoubtedly, Facebook's launch of Social Ads was the more buzzed-about and chewed-over of the two moves. Unveiled at a lavish presentation at a loft on the west side of Manhattan—an event just a sword-swallower shy of a perfect recreation of a '90s dot-com party—Facebook's new ad offering allows users to announce to their friend groups that they've become fans of brands and make public their purchases of specific products. Perhaps most groundbreaking: advertisers can place messaging adjacent to user's declarations—right next to their name and photo.

Meanwhile, in a more understated way, MySpace announced its HyperTargeting ad platform, which allows brands to finally tap into all that personal preference information its users volunteer on their profiles via a sophisticated targeting software.

In laying out the impact of Social Ads, Facebook founder/CEO Mark Zuckerberg spoke in grandiose terms. "This is a completely new way of thinking about advertising online," he claimed—one that signals the end of the mass communication common to the last century. "Pushing your message out isn't enough anymore. The next 100 years are going to be different, and it starts now."

Most buyers downplayed the 23-year-old Zuckerberg's sweeping assertions ("he's young," said one). "This is an evolution, not a revolution," said Amanda Richman, senior vp, digital group client director at MediaVest. "Both companies are growing up in some sense…becoming more of a businesses."

Despite trailing MySpace significantly in size (18 million unique users this past September versus nearly 60 million, per Nielsen Online), Facebook outdid MySpace last week, according to some buyers. Jeff Marshall, senior vp, managing director digital, Starcom Worldwide said that while befriending brands was nothing new, Facebook's ability to report on users' purchases that take place outside of its own network was "a leap ahead of MySpace."

While gaining positive reviews, Social Ads also created a swirl of industry speculation. Will users bother to participate? Will they revolt? Bloggers spent last week harping on potential privacy concerns. One buyer quipped, "I assume they have lawyers looking into this." In fact, William McGeeveran, professor at the University of Minnesota Law School argued on his blog that social ads might be illegal.

"This is a really big deal," said Alan Schanzer, managing partner MEC Interaction, North America, "They are defining the way that social networks deliver advertising. What's hard to grasp is how the user base will embrace their being exposed to things they didn't sign up for. It's changing the whole relationship with the site." Schanzer also wondered whether users will tolerate a string of endorsements from friends; particularly as longtime Facebook users' circles expand to include professional contacts and friends of friends. "A virtual friend is not the same as a 3D friend," he said.

Social ads are potentially powerful, noted Greg March, associate media director, Wieden + Kennedy, in that they may enable advertisers to engineer highly engaged brand interaction on a larger scale than usual. "Engagement

[on the Web] is great," March said. "The knock always is, 'Yeah, but how many people did you reach?' This makes your pull-marketing potentially become mass marketing."

However, that may only be true for the right brand, offered Dave Armano, vp, experience design at the digital agency Critical Mass, who frequently comments on social media in his Logic+Emotion blog. "I see a huge value for affinity brands," he said, referring to the Nikes and Apples of the world. "But there is risk for low-interest brands. The ad industry needs to be careful here."

Starcom's Marshall echoed that point, saying that brands need to avoid forcing their way into social conversations. "It's going to need to be done with some intelligence behind it," he said. "This could definitely be abused."

Given the complexity and potential risks attached to Facebook's new ad initiative, MySpace's HyperTargeting product is likely to score more immediate adoption, said eMarketer senior analyst Debra Aho Williamson. "With Facebook's new product there are lots of moving pieces. It's not so easy." As for MySpace's HyperTargeting platform, she added, "at its root, it's just hyper-targeted banner ads. They can attract advertisers that are already comfortable with targeting. It's easier."

But Arnie Gullov-Singh, vp, product management, Fox Interactive Media, said mining user-profile data is not as easy as it sounds, particularly since most MySpace pages are completely unstructured. "The richness is in the unstructured data," he said. "How do you take 200 million profiles and systematically analyze them? It's like crawling the whole Web."

One aspect of HyperTargeting that Gullov-Singh said has been somewhat overlooked is its potential appeal to local advertisers. In fact, both MySpace and Facebook's new offerings allow small businesses to purchase inventory via self serve, automated Web interfaces.

Matt Booth, analyst at local media researcher The Kelsey Group predicted local advertisers would gravitate to both sites in droves, particularly business such as restaurants, hotels and bars: "They're a slam dunk."

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