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## Evolution of Facebook advertisements

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### ABSTRACT

*The overall purpose of this paper is to carry out an in-depth analysis of the concept of Facebook ads. Facebook is a popular marketing platform for almost any kind of good or service. However, the most unique aspect of Facebook ads is that they can target specific customers that have a higher probability of purchasing the product advertised. Facebook ads can target different sets of customers depending on age, geographical locations, hobbies, gender etc with the help of algorithms designed to do perform precisely according to requirements. Hence it acts as the perfect marketing tool for any business. We will discuss concepts in detail further in the paper.*

**Keywords**— Facebook, Facebook ads, Digital marketing

### 1. INTRODUCTION

The following research article gives an in-depth perspective of the functioning of Facebook advertisements. It talks about the development of the platform from being a mere source of income to one exerting unmeasured psychological influence on its users. It further explains the targeting mechanism of Facebook advertisements in order to shed light on the tools available to individual advertisers. Lastly, the article will attempt to look into the future of advertising and the role of Facebook in it, on a psychological, technological and ethical level.

### 2. HISTORY OF FACEBOOK ADS

Facebook (formerly known as The Facebook) is a social media site founded by Mark Zuckerberg in 2004. Initially, it was a local social networking site for students of Harvard University, but now, it is available for everyone who is of legal age and has a stable internet connection. Since then, it has come a long way in the way it advertises. As marketers in today's world, it's important to learn from previously successful ventures, as these, in order to succeed.

The advertising process began with The Facebook Flyers in 2004. These were banner-like ads that were displayed on the Facebook homepage and sold to businesses or students willing to advertise certain products, events, parties on campus or services at rates as low as \$10. The next year, the name was changed to Facebook. Facebook now had sponsors, namely, Apple and Party Poker, companies that paid this social media site a certain amount for every new subscriber.

In 2006, Microsoft and Facebook formed a strategic alliance in which Microsoft became the exclusive provider of banner-like advertisements and also of sponsored links. Facebook also announced its partnership in the field of marketing with JP Morgan Chase. In the following year, the website came up with its mobile version. It also launched Facebook Ads. These were more like the advertisements we see in today's day. They were ads about businesses and brands that allowed users to learn more through referrals from their trusted friends. In 2008, the like button was introduced, which was a MAJOR hit with the customers and the company also introduced Engagement Ads. These Ads kept users within the website and helped them discover new features like the general availability of Facebook Connect.

2009 was an important year for advertisement technical advancements on this site and Facebook launched geographical and language-based targeting for its ads, along with connection targeting. Also, new business pages now had the option of putting up self-serve ads for events or their pages at a nominal fee that could be paid online. Then, finally, in 2011, Facebook created mobile ads, along with Sponsored stories which were discontinued after a period of three years because of user's privacy concerns, after the invention of the Facebook App for mobile in 2010.

The year 2012 saw the launch of promoted posts, along with the social graph which brought together data from connections, likes, and follows by users and provided it to the advertisers along with an option for the custom audience. Facebook Exchange was also introduced which acted as a real-time bidding automobile for advertisers. It was in September of this year that Facebook acquired Instagram.

In 2013, the infamous video ads were launched. Facebook also bought Atlas Solutions from Microsoft for \$100 Million and retargeted ads that were beyond the Facebook plane now showed up on the customer's feed. In 2014, a three-tier campaign structure was launched, that included campaigns, sets of ads and individual ads. Premium Videos as we see today on the Facebook pages were launched during this time and carousel adverts were newly invented.

2015 saw the launch of Dynamic Ads which allowed companies or businesses to showcase their flagship products and directly allow customers to visit their websites through the links along with Facebook Lead ads. The revenue of the company in the second quarter reaches \$3 million, which is 75% of its total income. In the next year, we see how Facebook expanded ads to Whatsapp and Messenger along with the introduction of Canvas ads, along with a launch of new reactions like wow, anger, love, haha. 2017 was a controversial year for the company as it posted fake ads for the US election Campaign, unknowingly which is when the company decided to revise its advertisement policies. Delivery Insights were also launched along with Split Testing for Ads.

In 2018, 11 new types of advertisements were introduced and we see till date that Facebook is trying to find innovative ways of increasing their revenue through this simple yet complex advertisement mechanism.

### **3. HOW DOES THE FACEBOOK ALGORITHM WORK?**

The Facebook Algorithm is a procedure that positions all accessible posts that can display on a user's News Feed built on how likely that user will have a reaction that is positive. The fresh Facebook algorithm alteration that made marketers tremble came in January when CEO Mark Zuckerberg captured a lengthy Facebook status update illuminating that content from groups and family – not businesses and brands – would fill users' News Feeds. In other words, posts from business pages will be pressed aside.

Facebook's Algorithm for ranking and exhibiting content on your News Feed is grounded on four features:

- The Inventory of all posts accessible to display.
- Indications that communicate to Facebook what each post is.
- Forecasts on how one will react to each post.
- A Concluding score allotted to the content based on all aspects considered.

#### **3.1 Inventory**

Inventory characterizes the total stock of all content accessible that can show to a user on Facebook's News Feed. This comprises everything posted from families and publishers.

#### **3.2 Signals**

This signifies all the data that Facebook can gather about a piece of content. You want your content to sign to Facebook that it's expressive and related to your target customers.

It may include things like:

- Comments and likes on an individual's status of the picture
- Engagement with publisher content sent by peers
- Shares on Messenger
- Replies to comments on a video
- Who posted the content
- Time of posting
- What is the current time
- Technology (what sort of phone, how strong the internet connection is)
- Content type
- Average time spent on content
- How data heavy the post is
- Completeness of a profile

#### **3.3 Predictions**

Predictions characterize the personality of a user and how likely they are forecasted to have positive communication with a content piece.

#### **3.4 Score**

The score is the final number assigned to a piece of content based on the likelihood the user will respond positively to it. Hence, on the basis of these pointers, the algorithms work for Facebook.

### **4. TARGETING OF FACEBOOK ADVERTISEMENTS**

Facebook is a very interactive platform which has been used to effectively target all kinds of users across the world and targeting specific users' makes Facebook advertising very unique compared to other methods of traditional advertising. This is because in traditional advertising the marketer cannot target specific people and even if he/she does target them it is very difficult to know how

many people watched the advertisement and out of those who watched how many actually bought the item, however in case of Facebook one can target the users on various things like age, gender, income etc and not only that it is very easy to see how many people saw the advertisement and out of those how many of them bought that item is the question which Facebook answers. So it not only effectively targets people through its algorithm but it also helps in giving valuable analysis about the same.

The targeting of Facebook advertisement can be done through demographic, behaviour, interest-based targeting etc. All of these have been explained below in detail:

- (a) **Interest-Based Targeting:** Facebook knows what a user likes or dislikes, through the pages a user has liked, the posts that they have liked etc. Thus, the Facebook algorithm has information about the interests of every user in its server and as a result, it can target only the interested people who are most likely willing to buy that particular product. For example, A user who likes guns is most likely to buy a paintball gun than a person who likes houses.
- (b) **Behaviour Targeting:** Facebook not only keeps track about the user's interests but it also keeps track about the history of purchases made by the user, this is done through analysis of both internal and external data sets. For example, an airplane company could target people who are planning their trip.
- (c) **Demographic:** Facebook knows a user's basic information like their location, age and gender.

Through this, a marketer can target people with a specific set of instructions. For example: in case a marketer wants to sell cricket bats to children, he could target people living in Delhi with an age range of 30-35 as most people of this age have kids and the gender could be male.

One of the major advantages of targeting advertisement through Facebook is that one can simply start a campaign where the marketer gives general information about the sample size that he/she wants to target and after that, the Facebook algorithm learns on itself and only re-targets those people who have actually shown interest in the product.

## **5. THE FUTURE OF ADVERTISING**

The commodity that retailers will be fighting for in the future will be the disparate but united attention of the customer base. The taglines of the past need to be rekindled for marketing of the future. This need will be best met at platforms such as Facebook and Instagram.

When looking at the way ahead for advertising, it makes sense to broadly divide the analysis on the following fronts.

- Psychological
- Technological
- Ethical

### **5.1 Psychological**

Facebook has an algorithm that works flawlessly in understanding customer likes and dislikes on the basis of their past and recent search and purchase history. It uses this data to help businesses more accurately target and advertise to their customers.

A factor that has been the central focus in the advertising industry for the past 30 years is the idea of marketing an experience instead of just the product. This was easier when televisions were the top-notch platform of advertising, however, in this dynamic world of ever-changing landscapes, marketers must adapt their strategies to be able to sell the same experience in innovative ways.

With the onset of social media, people's attention spans have lowered. Advertisers on Facebook must now consider this when developing an effective ad campaign. Just a catchy tagline is not sufficient to implant a product in the consumer's mind, it must be coupled with attractive visuals and a hook to maintain attention.

The most effective ways to advertise psychologically will be the ones that remain unchanged in the face of changing technology. This would include tricks such as using red to catch attention, giving ultimatums to customers, and making them feel like their purchase of the product will move them up the social hierarchy.

### **5.2 Technological**

The evolution of technology is can be distinctively enumerated by how the public consumes information and entertainment. Consequently, this impacts the way that marketers approach people. The tides have shifted from television-based advertising to social media advertising. Quantitative evidence supports this hypothesis. In 2018, the television advertising industry was worth \$70 billion while social media advertising for the year was \$266 billion.

The future can be expected to be most strongly influenced by this new force of social media. Increasingly, people are spending more and more time on these dopamine fuelling websites. People on an average spend at least 35 minutes on the website every day. This means that advertisers get to potentially have the attention of its target audience for 35 minutes a day. This is unprecedented across platforms.

Additionally, 32% of Facebook users regularly interact with brands via the site. This ensures a constant connection for companies with their consumer base.

Another technological upswing for marketers can be expected to come with the integration of VR (Virtual Reality) into peoples' daily lives. This will give advertisers unlimited space to brand themselves since the virtual world adds a layer of perception for the

people using it. Advertisers using VR could advertise on blank screens anywhere in the physical world by projecting specific ads to accurately targeted consumers.

### **5.3 Ethical**

Holding the reins on the effect that a small group of influential individuals have on the rest of the population was the building ground for governments. The ethos for this is preserved to this day in the functioning of regulatory authorities.

For an industry that spans the globe and covers well-nigh every person in a direct manner, advertising must be not only subject to this regulation but must be held in special consideration (due to its entropic form) when enforcing them. The ethicality of a marketer's actions is largely dependent on the product that he/she pushes.

Thus, the general approach adopted by regulators is to allay advertisements of questionable products on the primary level and to stop potential unsettling advertisements of otherwise ordinary products at the secondary level.

Lastly, once the approaches are properly developed, they must be made adaptable to resonate through the various platforms.

## **6. CONCLUSION**

Through this research article, we have tried to understand one of the new ways of digital marketing, which is, Facebook Advertisement. Through this research article, we understood the origin of Facebook Advertisement, the algorithm which goes behind Facebook Ads, the way Facebook targets specific users so that they have a higher conversion rate and finally we discussed the future of Facebook advertisements. We feel that Facebook Advertisement is the future of advertisements and it would replace the traditional mediums like newspaper advertisements, billboards etc which the marketers are currently using. This is because Facebook knows too much about their users thus they are able to target specific people who are most likely to buy that particular product. Another reason why Facebook might take-over the traditional marketing methods is that a lot of the world's population is shifting towards social media websites and this number will keep on growing in the future. If this happens Facebook will be the company which will have data for most of the world's population because it owns various other social media websites like Instagram, thus it would be able to provide marketers with better information and better knowledge about their prospective customer. (Zuban, n.d.)

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