Facebook Advertising: The New Way to Reach College Students?

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Facebook Advertising: The New Way to Reach College Students?

Abstract
In lieu of an abstract, below is the first paragraph of the paper.

Facebook is an online community that serves to connect students through networks based on their college, university, or similar interests. It was launched in February of 2004 by then-Harvard student Mark Zuckerberg, who was interested in creating a network for Harvard students only (The Facebook. 2005). However, so many students signed up that by the fall of 2005, there are over four million college and university students at over 2,500 different schools in different states, territories, and countries around the world “facebooking” each other (The Facebook. 2005). After expanding nation-wide, Facebook creators decided to start selling advertisements on their site in order to make a profit. Facebook then joined the thousands of other websites available online featuring the newest form of advertising: online ads.
Facebook Advertising: The New Way to Reach College Students?
Erin Dorney

Introduction:
Facebook is an online community that serves to connect students through networks based on their college, university, or similar interests. It was launched in February of 2004 by then-Harvard student Mark Zuckerberg, who was interested in creating a network for Harvard students only (The Facebook, 2005). However, so many students signed up that by the fall of 2005, there are over four million college and university students at over 2,500 different schools in different states, territories, and countries around the world “facebooking” each other (The Facebook, 2005). After expanding nation-wide, Facebook creators decided to start selling advertisements on their site in order to make a profit. Facebook then joined the thousands of other websites available online featuring the newest form of advertising: online ads.

Are online advertising trends targeting the major market of college students through methods like Facebook effective and necessary? Are students more or less annoyed with online Facebook ads than traditional online ads? Is online the next prime-time player in advertising? These are some questions that this study of college students aims to address. The thorough examination of Facebook use and advertising practices, as well as the discussion of a student sample survey, results in the discussion of online ads as the most up and coming form of advertising: online ads.

The model was created to explain how persuasive messages alter or change the attitudes of the receiver.

According to the model, if people receive messages through the central route, they are easily persuaded by the strength of the message's content. Users have to be motivated to think about the message, able to process the message, and the argument must be strong (Moore, 2001). The peripheral route, on the other hand, states that if receivers are not persuaded by the message, they may be persuaded by the factors surrounding the message; factors that have nothing to do with the content of the message (Moore, 2001).

These two different yet equally important routes can be seen in context of Facebook advertising. First, online advertising sales are based on click rates. Click rates are simply the number of times an ad is clicked on from a certain site (whether the person clicking on the ad purchases the item is irrelevant). Websites use these numbers to draw in their advertisers, resulting in profits for the website. Advertisers need to design their ads to draw the most clicks possible, bringing people to the product or service they are offering. Websites need to make ads accessible in order to fulfill click rate quotas to their advertisers. Facebook uses central and peripheral routes to fulfill both of these roles.

Some Facebook users will click on advertisements because they like what they see. The product will be interesting or necessary enough, or the ad will be intriguing enough, for them to spend a few minutes investigating it more thoroughly. These users are being persuaded through the central route, simply by the content of the message.

However, other users will take a more peripheral approach. Facebook is the newest fad to hit campuses across the country. With over four million members logging in multiple times per day, Facebook is becoming an obsession (Facebook, 2005). Students feel compelled to log online and check their friend lists and comment walls. Because of this, there is a sense of security and almost an addiction to the community networking service. This sense of security sometimes leads users to click on ads that they are...
not interested in simply because they are featured on Facebook. Researcher Robert Cialdini has identified six types of peripheral cues that explain the peripheral route: reciprocation, consistency, social proof, liking, authority, and scarcity. The chart below, taken from an article from the Center for Interactive Advertising website, defines each cue. These peripheral cues have nothing to do with the content of the message, yet they are influential in getting the viewer to listen to or believe the message (or in the case of a Facebook ad, click on the ad).

<table>
<thead>
<tr>
<th>Reciprocation</th>
<th>The idea that the receiver is somehow obligated to agree with the message because of some past experience or information.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistency</td>
<td>Relying on thoughts held in the past. (“I felt like this before and I feel like this now”)</td>
</tr>
<tr>
<td>Social Proof</td>
<td>Akin to peer pressure. The actions and words of others are likely to influence a receiver of a new message.</td>
</tr>
<tr>
<td>Liking</td>
<td>The speaker/message is likeable.</td>
</tr>
<tr>
<td>Authority</td>
<td>Speaker/message has some power over the receiver, be it an expertise in the subject matter or possibly an overbearing attitude.</td>
</tr>
<tr>
<td>Scarcity</td>
<td>Idea that the message will only be around for a short time and that the receiver should snatch it up before it disappears.</td>
</tr>
</tbody>
</table>

Review of Literature:
According to educated talent recruiting company Experience, Inc., the 16 million college students across the U.S. represent a $100+ billion market (Experience, 2005). While advertisers normally up their placement during the summer back-to-school season, many may not realize that college students ranging from 18 to 24 years of age have a “discretionary per capita spend of nearly $13,000” spent throughout the calendar year (Sheehan, 2005). In addition, college enrollment numbers are steadily increasing, keeping this target audience in a constant state of growth. According to the study “Cyberspace advertising vs. other media: Consumer vs. mature student attitudes,” enrollment at institutions of higher education are expected to rise 12.8% to the projected 2007 level of 6.11 million (Brackett, 2001). Clearly, this is a chunk of the market that advertisers cannot afford to ignore, but the question of how to best access college students, traditionally the hardest market to reach, is one that is frequently asked.

The problem of how to target college audiences can be answered with two words: online advertising. Students are spending increasing amounts of time on the Internet, and advertisers have followed this trend by pulling ads from more traditional venues such as broadcasting, print, and radio and investing in riskier online ads. Almost half of all media advertisers planning to increase online ad spending by cutting back on spending through other outlets (Li, 2005). According to a new five-year forecast from Forrester Research, an independent technology research company, “The $26 billion that marketers will spend in 2010 in online display ads, email, search, and classified ads will represent 8% of all advertising spending — rivaling spending on cable/satellite TV and radio” (Li, 2005).

Not only will advertisers be spending more of their budget on online ads, but these ads are getting more and more sophisticated every day. According to a study called “Internet Uses and Gratifications: A Structural Equation Model of Interactive Advertising” conducted in the summer of 2005, out of the many features the Internet provides for users and advertisers, including low costs, specific targeting, and global exposure, interactivity is the most prominent (Hanjun, 2005). However, as advertisements become more and more “interactive,” they become more annoying to users. Ads become especially invasive when they take the form of pop-ups or animations. At this point, many Internet users have become so resistant to annoying ads that website designers have to think of new and innovative methods to send their message out.

This is where Facebook comes in. It is a phenomenon that has swept across the country changing the way college and university students are connected. Facebook offers advertisers a narrowly targeted, relevant, and creative way to channel their goods and services to college and university populations. Such a unique possibility is not effectively offered through any other current media (broadcast, print, or traditional online advertising). According to Facebook.com, traffic
for the site is almost 80 times that of all college newspaper websites combined (The Facebook, 2005). Online community user behavior for Facebook has been unparalleled, with millions of users logging on daily.

There are two ways advertisers can purchase ads on Facebook: through user profiles and through Facebook announcements. User profiles are created when a company or organization creates a specific profile just as a student would. These profiles offer more information about the company and the products or services it offers. Figure 1A on the following page, for example, shows the user profile for Contiki, a worldwide travel agency. Profile advertising offers links to outside websites for more information, incentives for joining or trying out the product or service, space for advertisers to put any information they deem necessary, as well as space for student Facebook users to comment on or ask questions about the company, service, or product.

Advertising profiles like Contiki are referred to by Facebook as “Sponsored Groups.” They are paid promotions. The advertiser controls the design and information of the group but does not have access to personal student profiles. Facebook has already encountered great success with profiles from advertisers such as Apple, MasterCard, Paramount Pictures, and Victoria’s Secret (The Facebook, 2005). Besides direct consumer to company contact, these profiles offer means of feedback and new product conceptualization.

The second type of advertising that can be purchased on Facebook is called a “Facebook Announcement.” As seen on the following page in Figure 1B, announcements are more like the banner ads seen in traditional online advertising. They are placed on the left hand side of the page underneath the search menu and across the bottom of the page. These announcements allow local businesses as well as students the chance to advertise products, services, or events at a low cost and to specific colleges and universities on the Facebook network. According to Facebook.com, announcements are typically viewed three to six times by every student logging onto Facebook at the chosen school each day. At St. John Fisher College, 5,000 ad views a day are estimated, according to current user trends (The Facebook, 2005).

Figure 1A - Advertiser Profile
Pricing for announcements is substantially lower than pricing for profiles, in the hope that students will purchase announcements to be displayed only on their school’s pages for events and news on campus. The prices vary from school to school based on the size of the student population. Most prices fall within $9 to $14 per day, with larger schools such as Ohio State, the University of Michigan, and FSU priced at $19 per day (The Facebook, 2005). According to Facebook.com, St. John Fisher College’s price per day is set at $11.

A study completed in 2001, “Cyberspace advertising VS. other media: Consumer VS. mature student attitudes” by Lana Brackett and Benjamin Carr, examined attitudes and future predictions about the nature of online advertising. Surveying undergraduate students on the campus of Roger Williams University, the study found that the students sampled were irritated by web advertising. Additionally, the study predicted that online advertisements would overtake television advertisements as the most valuable source of advertising for the future (Brackett, 2001).

Methodology:
For this study, a sample of students was surveyed regarding their use of the Internet and their experiences with Facebook advertisements. The subjects in this study were 50 students from a small liberal arts college in upstate New York: 25 of the students were male and 25 of the students were female. The majors of the sample students included Accounting, Anthropology, Biology, Communication, English, Education, History, Management, Math, Nursing, Political Science, Psychology, Sociology, Spanish, and Sports Studies (15 of the 31 majors available at the college).

The students surveyed ranged in age from 18 to 22 years old. They were picked through sending out mass e-mails and passing out surveys at different on campus sites, including the library and residence halls' lobbies. The survey that was handed out to students is included below in its entirety, surrounded by a frame.
Section I.
Major:
Gender:
Age:

Section II.
1. Rank the following in terms of value at the present time (1 being “most valuable” and 5 being “least valuable”).

   Internet
   Television
   Radio
   Direct
   Newspaper/Magazine

2. Rank the following in terms of how valuable they will be in the future (1 being “most valuable” and 5 being “least valuable”).

   Internet
   Television
   Direct
   Radio
   Newspaper/Magazine

Section III.
1. Estimate the amount of time you spend on the Internet:
   Daily          Weekly

2. Estimate the number of purchases you have made online as a result of online advertisements:
   0
   1 to 5
   5 or more

3. Have you purchased anything online within the past year?
   Yes   No

4. Are you purchasing more, fewer, or the same number of items online?
   More   Fewer   The same

Section IV.
*Circle the appropriate choice*
1. Do you use Facebook?
   Yes   No

2. How many times per day do you log onto your Facebook account?
   One
   1-3
   4-6
   6 or more

3. Do you notice Facebook advertising when you log on?
   Yes   No   Sometimes
4. Do you think that Facebook ads have become invasive or frequent?
   Yes  No  Somewhat

5. Do you feel annoyed by Facebook ads?
   Yes  No  Somewhat

6. Have you ever clicked on a Facebook Ad with the intent of buying something?
   Yes  No

7. Have you ever clicked on a Facebook Ad just to see what happens?
   Yes  No

Section V.
Circle the appropriate choice

1. Do you think that online advertising aimed at college students using less traditional means (such as Facebook) is becoming more popular?
   Yes  No

2. a. As a college student, what direction would you like to see online advertising take?
   b. What annoys you and what effects you the most about online ads?
   c. Why do you think that advertisers have turned to these less traditional means of advertising to college students?

3. Additional comments about online advertising or Facebook advertising in general:

Participants were encouraged to email the self-administered surveys back or print them out and return them to the researcher. Sixty surveys were sent or handed out and 53 were returned, with approximately three returned surveys going uncounted in the study because they were incomplete.

Analysis of Data:

The students surveyed found the Internet to be most valuable, both now and in the future (Figure 2, below). Television was close in second for most valuable current form of media, but fell from 44% to 16% for the future. Clearly, students recognize the increasing impact the Internet has on their lives. They average 4.2 hours per day and 24.4 hours per week online, with 84% of those surveyed being Facebook users (Figure 3, below). According to the students surveyed, 38% said that they notice Facebook ads when logging on, 30% said they do not notice the ads, and 32% said that they sometimes notice them.

Over 50% of students surveyed in this study visit Facebook between one and three times a day, generating millions of page views each week, month, and year. According to Facebook.com, there are over 3 billion page views from U.S. college students monthly (The Facebook, 2005). These high page view numbers are incentives for advertisers to place ads for their goods and services on

http://fisherpub.sjfc.edu/ur/vols/iss1/5
Facebook. When engagement levels are this high, the daily repetition of seeing advertisements aimed specifically toward students at a certain college or university will create a bond and regular dialogue with advertisers’ products and services. Even if students do not click on the ads, or do not realize that they notice them, the reappearance of the ads will form a connection in their minds and the brand loyalty secured during these influential years can end up lasting a lifetime.

According to this study, 78% of students have purchased something online within the past year, with 46% purchasing between one and five items (Figure 4, below). Twenty-two percent of students stated that they have not made an online purchase within the past year. These results are similar to a 2003 survey conducted by Joey George, where 28% of students said that they did not buy online due to security concerns (George, 2004).

Besides safety apprehensions, another frequent problem area for college students is the prevalence of disrupting pop up or banner advertisements online. Seventy six percent of students surveyed for this study listed pop up ads as one problem with online advertising. Because of the increasing frustration for these types of ads, more effective and less intrusive methods of advertising are needed. Facebook seems to have solved this problem. In this study, 68% of students said that they are not annoyed or interrupted by Facebook advertisements and 52% said that Facebook ads are not intrusive (Figures 5 & 6, right).

Of the 50 students surveyed, 52% had clicked on a Facebook ad with the intent of purchasing something while 48% said that they had not. According to the survey, as Figure 7 (right)
Discussion:

Advertisers will not allow themselves to miss the huge market college students have to offer. The reasons why online advertising is the best method to reach this target audience are plentiful. College students are young and impulsive. They are independent and finally have the freedom to decide what to do with their own lives. College students can be easily persuaded, and the increasing amount of time they spend online makes Internet advertising the perfect vehicle. Another reason why advertisers are taking advantage of online advertising aimed at college students is that this demographic typically has less responsibility with regard to family and career. Because students usually do not have to worry about supporting family members, children, or saving money, they are more likely to make impulse purchases of online products or services. In addition, sometimes college students' parents pay for credit card bills or give them spending money, again resulting in less financial responsibility for the student.

Facebook, while constantly building its advertising business, claims to be chiefly focused on the user experience and integrity of its website. "The company doesn't want to clutter the site with ads that aren't interesting to college students... [It is] looking for select charter advertisers who are interested in innovation in advertising to the college market, working with Facebook to create new forms of advertising and brand interaction that college students will respond to" (The Facebook, 2005).

The elaboration likelihood model, previously discussed in this paper, can be connected with the findings of this study. According to the study, 52% of students had clicked on a Facebook ad with the intent of purchasing an item. In other words, these students were most likely persuaded enough by the message of the ad to click on it. The content was enough to lead users down the central route of persuasion. However, 64% of students were found to have clicked a Facebook ad simply to see what happened. This means that students were drawn to click on the ads for reasons other than purchasing an item or service. Some of the reasons that lead these users to follow the peripheral route of persuasion (as discussed in the open comment section of the student survey), were: the sense of security students encounter regarding Facebook, the "addicting" feeling some students experience when using the program, and the desire to fit in with friends and "know what was going on" with regard to certain Facebook ads.

With the increasing amount of time students are spending online along alongside increasing college enrollment numbers, online advertising is the wave of the future. Facebook seems to have a handle on this new a method of advertising that appeals directly to the Internet generation.

References


