

FACEBOOK ADVERTISING: A GUIDE TO HOW FOOD COMPANIES USE FACEBOOK

State Law Approaches to Address Digital Food Marketing to Youth

Facebook reached 1.06 billion monthly active users in December 2012¹. With its most active users under the age of 25, Facebook provides unprecedented access to youth consumer markets.² It allows marketers to stay constantly connected with people, whether they are on their computers or mobile devices, watching TV or shopping with friends. Food and beverage companies represent some of the most powerful advertisers on Facebook. As the pioneering social media platform, an understanding of Facebook marketing is a critical foundation for any consumer protection analyses of social media marketing. As teens migrate to other social media platforms like Twitter and Tumblr, food marketers will follow using refined marketing tools based on what they've learned from Facebook. This guide describes many of Facebook's marketing tools and objectives, why food companies use Facebook, and Facebook marketing tactics targeting teens that raise consumer protection concerns.

Food Marketing on Facebook

Food and beverage marketers have moved rapidly into social media and are among the top pages on Facebook: Coca-Cola (70+ million "Likes"), Oreo (34+ million "Likes"), McDonald's (29+ million "Likes") and Skittles (25+million "Likes"). Facebook is an incredibly valuable marketing tool because every action users take on the site and on sites that integrate Facebook features, e.g., a "Like" button, is published into the user's News Feed, which is then syndicated to the News Feeds of her Facebook "Friends" and their "Friends." As described by Wendy Clark, The Coca-Cola Company's Senior Vice President for Integrated Marketing and Communications and Capabilities, teens are the "new sales force" for



major food companies and getting them to share branded content with their social networks is "the core construct of ... companies succeeding in the socially networked, digital world."³

Social media marketing tactics are used by food companies to:

- Create awareness of companies, brands and products
- Support product development and innovation
- Develop preferences and differentiation from other companies and products
- Build loyalty and establish relationships
- Amplify word of mouth
- Gain insight to develop or change business strategies

The ultimate goal remains to maintain and increase sales and consumption of foods and beverages. As Coca-Cola's Wendy Clark described in a speech: "The point of realization for our brand and our products often happens in an environment we don't control. In a restaurant, in a convenience store ...if we do all this work to move consumers through the funnel and they cross the threshold of a store and they grab a blue package [instead of a Coca-Cola product], I am not happy. It is all for nothing."⁴



FACEBOOK & TEENS AT-A-GLANCE

FACEBOOK IS THE DOMINANT SOCIAL MEDIA PLATFORM accounting for:

- 10.8% of total minutes spent online
- 83% of total time spent on social networking sites
- 23% of all time spent on mobile apps
- 50%+ of all social logins for consumer brands

LARGE PERCENTAGES OF TEENS USE FACEBOOK

- 78% of all teens aged 12-17 use social media (Facebook, Twitter, etc.)
- 94% of teen social media users use Facebook
- 81% of teen social media users say they use Facebook most often
- 42% of teen social media users use social media sites several times per day
- Teen girls 14-17 yrs. old are the heaviest teen users of social media sites

SOCIAL MEDIA IMPACTS TEEN PURCHASING DECISIONS

- 1 in 5 display ads for consumer goods are socially-enabled
- 76% of smartphone subscribers have a Facebook app
- Facebook is the most important social media network for teens (33%), followed closely by Twitter (30%)
- 53% of female and 52% of male teens responded “Yes” when asked “Does social media impact purchasing?”

SOURCES: COMSCORE, US Digital Future In Focus 2013 (Feb. 2013), http://www.comscore.com/layout/set/popup/Request/Presentations/2013/2013_US_Digital_Future_in_Focus_PDF_Request?req=slides&pre=2013+U.S.+Digital+Future+in+Focus; Michael Olsen, Social Trends Across the Web for Q2 2013, JANRAIN MKTG. TECH. BLOG (July 8, 2013), [HTTP://JANRAIN.COM/BLOG/SOCIAL-LOGIN-TRENDS-ACROSS-THE-WEB-FOR-Q2-2013/](http://janrain.com/blog/social-login-trends-across-the-web-for-q2-2013/); Mary Madden et al., Teens, Social Media and Privacy (May 21, 2013), http://www.pewinternet.org/~media/Files/Reports/2013/PIP_TeensSocialMediaandPrivacy.pdf; PIPER JAFFRAY, Taking Stock with Teens: Results Presentation (Spring 2013), http://www.whiteboardadvisors.com/files/Taking_Stock_Teach-in_Spring_2013_MV_2.pdf.

Facebook Tools for Business

In order to achieve their marketing goals, food companies have a number of Facebook tools at their disposal. This section describes some of the core components of Facebook-based, social marketing.

The Facebook Page

Facebook pages are the equivalent of personal profiles for businesses, organizations and celebrities, and are used to broadcast information to consumers. A Facebook page allows businesses to market through the largest referral network on the planet. When a Facebook user clicks the “Like” button, that user will receive communications from the page’s owner through his or her Facebook account. For example, Coca-Cola established its page on December 15, 2008 and now has received “Likes” from and can communicate with more than 72 million Facebook users.⁵ Pages can be enhanced with Facebook applications (apps) (see below) that help businesses communicate and engage with their audiences for market testing or information broadcasting. Pages capture new audiences virally through “Friends” recommendations, News Feed stories and Facebook events.

The “Timeline” (formerly known as the “Wall”) is the chronological archive of a Facebook page where a company’s messages, links, offers or other content is viewed. It serves as a place to foster general awareness about a company and to post information about special deals to reward users who have liked a company’s page. The Timeline is also the place where companies receive customer feedback in the form of user posts to the Timeline and comments on company posts. This in turn allows companies to create products and advertising campaigns to suit customer preferences. The page administrator controls what content or feedback is publicly viewable.

Facebook Apps

Facebook apps are web applications that are available on Facebook pages. They are distinct from mobile apps that allow users to access Facebook on mobile devices. Companies use Facebook apps to build customer loyalty, amplify word of mouth, increase sales and gain insights to foster innovation.⁶ Facebook apps facilitate communication between customers and a customer service team, allow people to sign up for and receive a company newsletter, and provide customers with special rewards as incentives for their loyalty. Facebook apps aid with data gathering, special events, promotions (sweepstakes and contests), coupons and quizzes. For example, the “testimonials” app allows a company to gain feedback in order to refine marketing campaigns.⁷ Facebook apps also facilitate purchases by linking users to external websites where they can purchase products.

“Likes”



Facebook marketing is different than television or print advertising in large part because of the “Like” function. When a user clicks a “Like” button on a page, in an advertisement or on a company’s off-Facebook website, a connection is made between a user and the company that allows the company to post content into a user’s News Feed or send a user Facebook messages. The connection with the company or brand is displayed in a user’s Profile, on the Timeline, and in many cases in the News Feed leading to exponential word of mouth ampli-

fication. A user’s “Likes” also reveal a wealth of information that can be used for targeting. A recent study found that accurate estimates of Facebook users’ race, age, IQ, sexuality, personality, substance use and political views could be inferred from automated analysis of just their Facebook “Likes.”⁸

The News Feed

The News Feed is a list of updates on a user’s personal homepage. It displays posts, content shares and “Likes” made by the user’s “Friends” and updates from companies a user has “liked.” The News Feed is also a place where targeted advertisements based on a user’s Profile, Facebook activity and off-Facebook activity are displayed.

User Tracking

User tracking is accomplished using information gathered on and off of Facebook. Facebook has access to users’ information provided when they set up an account such as age, gender, interests, relationship status, education and residence that can be used to generate targeted advertising. Other user information generated on Facebook includes: every click on a story or News Feed item; “Likes”; clicks on links to off-site content; and clicks on promoted stories and ads.

In order to track users off of Facebook, “cookies” as well as other technical elements like “web beacons,”⁹ JavaScript Real User Monitoring (RUM),¹⁰ and iFrames¹¹ are installed on devices used to access Facebook. These tracking devices collect information about all of the sites outside of Facebook that users visit, when they visit those sites, and what they click on when visiting them. An informal experiment by a journalist with special software to monitor and block Facebook tracking recorded over 300 information collection requests during a typical off-Facebook browsing session.¹² Some of these

requests were used to let users “Like” an external web page or to tell a user how many of her Facebook friends have “liked” a particular web page. The data collected could also be used to inform Facebook what identifiable users read on the web, which links to content they share on other social media such as Twitter, and what online purchases they make.

Location-Based Tactics

Facebook utilizes location sharing as a feature that users can opt-in to.¹³ A user with a Facebook mobile app installed on her mobile device can opt-in to the use of global positioning satellite (GPS) tracking that can map her visits to restaurants, clubs and retail stores. This feature can integrate location data into a user’s status update, and photo or content uploads. Depending on the user’s privacy settings, location information may be viewable by anyone. Location data also is triangulated with data from all of a user’s Facebook “Friends” to further refine the user’s digital demographic portrait. This valuable and sensitive user information allows Facebook to charge a premium for its targeted advertising services, and allows marketers to target users on their mobile devices in real time.

Facebook maintains a GPS-aided “Check-in” function that allows users to tell Facebook their location by clicking on a Check-in button. “Check-ins” are valuable to companies because they serve as a peer endorsement of a specific retail location that is broadcast to the user’s social network in real time. Retailers can encourage users to “check-in” by providing special deals or offers to customers who “check-in.”

Advertisements & Promoted Stories

Facebook engages in more traditional advertising on its site that appear on a user’s News Feed. Advertisers choose the audience by location, demographic infor-

mation, “Likes” and other keywords. For example, an advertiser may choose to serve ads to females aged 14-16, who live in Wisconsin and “like” Lady Gaga and Coca-Cola. Ads also can be triggered when a user “likes” something. For example, a cereal company “Like” triggers an update to the News Feeds of the “liking” user’s “friends” accompanied by a paid advertisement. News Feeds can be very lengthy with many entries that compete with a company’s update. Marketers can pay to ensure that a user’s “Friends” are sent an update designed to be as visible as possible. The more the advertiser is willing to spend, the more penetration the personalized endorsement-style ad will have. For example, if the high school cheerleading captain “liked” the page of a sports drink company, the company can pay to make sure her “Friends” are updated about the girl’s choice.



Facebook Exchange and Partner Categories

Facebook allows marketers to reach consumers by matching their off-Facebook web browsing and on-line shopping history, as well as offline retail purchase information from loyalty cards. Facebook Exchange is a real-time bidding system where advertisers buy Facebook ads based on Facebook users’ visits to third-party websites. The service allows food companies to serve real-time ads related to a user’s web browsing when they return to Facebook. For example, Facebook Exchange allows a marketer to match the email address of a user who entered her email address but did not complete a sale on its website with the user’s Facebook

profile and then retarget her on Facebook.¹⁴ Ads for the almost purchased item will persistently appear when that person visits Facebook.

Facebook Partner Categories are based on off-Facebook activity like loyalty card information. There are more than 500 consumer categories that advertisers can target, associated with things like purchase history, job role, age and lifestyle.¹⁵ This allows an advertiser to focus on consumers most likely to relate to its message. By streamlining advertising to those with the most potential to be receptive to an idea or product, Partner Categories ensure advertising is relevant, efficient and effective. Teen Facebook users and their parents likely are completely unaware that they are being targeted in such a manner.

Protecting Teens from Food Marketing on Facebook

State attorneys general have taken a leadership role in Facebook oversight and accountability.¹⁶ Facebook enables food marketers to penetrate deeply into the social relationships of adolescents, collecting and analyzing their data through a highly sophisticated and obtuse data mining process. Teens are targeted in a variety of ways, using viral marketing, peer endorsements, data-driven advertising, and mobile phone marketing. Despite growing media coverage of Facebook-related privacy concerns, teens are sharing more personal information on social networks than ever. A recent study found that teen social media use has steadily increased and teens are sharing more personal information than ever before: 82% share their birth date; 92% share their real name; 91% post a photograph of themselves; and 91% of teens reported that they are not very concerned with third-party access to their data.¹⁷ Teens growing use of social media actually has resulted in them being less privacy savvy, not more so.

As a highly complex environment designed to promote

the interests of brands, Facebook is continually expanding the tools it provides to marketers for targeting youth. The company offers a range of options for advertisers from an easy-to-use “self-service” system to more complex and multi-dimensional campaigns. Teens are a core demographic for food and beverage marketers; are highly susceptible to peer influence and social media marketing; readily provide highly personal information; and are not protected by the federal Children’s Online Privacy Protection Act (COPPA). Here we highlight some current and emerging Facebook marketing trends that pose consumer protection issues for teens.

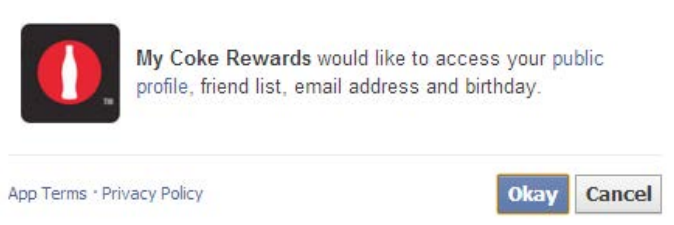
Social Login

Social login gives teens the option to register at a site or establish a loyalty program account using one of their existing social network accounts. For teens, social login reduces the number of passwords they have to remember and the amount of information they have to input. For digital marketers, “[s]ocial login shortens the registration process to a single click and gives ... instant permission-based access to rich demographic, psychographic and social graph data....”¹⁸ Mycokerewards.com, a loyalty program, currently enables teens to login using a Facebook account. Teens may not realize that they are granting access to their full Facebook profile including information related to location gathered when they use their Facebook account to “check in.” In order to protect teen privacy, individual companies that utilize social login can restrict social login use to its adult Facebook users. Facebook itself could also limit the functionality of social login to users over 18 years old.

Promotions requiring teens to give up their privacy in order to participate

Facebook is a platform for administering promotions like instant win games, sweepstakes and contests.¹⁹ Conditioning access to submit a sweepstakes entry on giving up privacy protections may be unfair or deceptive. For example, Mycokerewards.com allows teens to enter

codes on its Facebook page. Prior to entering a code the following message appears:



One cannot access this means of entry without clicking “Okay.” Granting access to one’s email address, public profile, “Friends” list and birthday may be deceptive if teens simply agree without realizing what they are giving up. Promotions that induced participants into waiving their rights under the national Do-Not-Call Registry have been found to be deceptive.²⁰ Here, the breadth of information provided by a Facebook-based entry for a promotion is vastly more expansive than one’s telephone number and could be the focus of a consumer protection inquiry.

Like-Gated Promotions

A “like-gated” promotion requires a teen to “like” a company’s Facebook page in order to participate in the promotion. Like-gated promotions may be prohibited by Facebook’s own policies.²¹ The National Advertising Division (NAD), a self-regulatory program of the Council of Better Business Bureaus, found that a “like-gated” promotion used by 1-800-Contacts, Inc. was not deceptive to consumers who provided a Facebook “Like” in order to participate in the promotion, because they in fact received the promised promotional benefits after providing the “Like.”²² NAD determined that the number of “Likes” on a company’s Facebook page is a “general social endorsement,” and those generated by like-gated promotions did not need to be removed or flagged. Missing from the NAD analysis, however, was an analysis of the targeted endorsements generated by “Likes” to a Facebook user’s “Friends.”

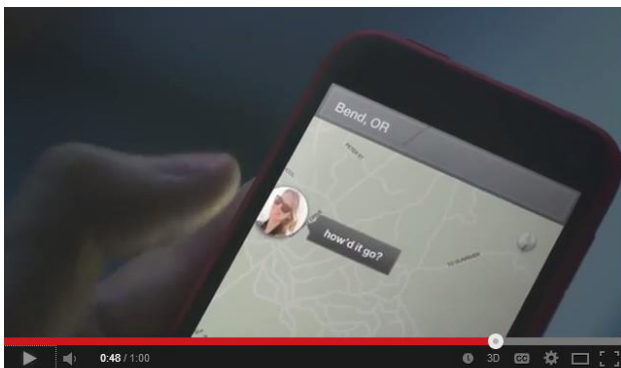
When a Facebook user “likes” a company’s Facebook page, that “Like” is then broadcast to the user’s “Friends” and specifically identifies the user who provided the “Like” in order to convey the peer endorsement. Research has repeatedly shown that teens are highly susceptible to peer influence.²³ Like-gated promotions are potentially deceptive when the “Friends” who see the “Like” are unaware that the “Like” was given in exchange for a benefit. This tactic may be particularly deceptive if the like-gated promotion’s goal is to generate interest in a new food or beverage product and there is a high likelihood that the “Like” has been provided before the consumer has even tasted the actual product. Like-gated promotions deserve further attention as potentially deceptive endorsements -- especially when they target teen consumers.

Location, location, location

Facebook has won praise from advertisers for improving its mobile phone marketing capabilities by integrating physical location, user behavior, advertiser interest and social communications in real-time. The company is partnering with leading “mobile measurement” companies that help track and analyze user data, which includes geo-location.²⁴ These advances raise serious privacy concerns for teens who are not protected by COPPA and readily share sensitive information. Marketing companies may very well have a better idea of where teens are and what they like than their parents do.

Conclusion

Facebook’s social advertising approach is designed to convey to teens that unhealthy food and beverage products are endorsed by their peers and community despite the consequences to their personal well-being. This is achieved by operating a sophisticated data gathering and targeting system largely out of public view. Young people and their parents are not given meaningful tools to control how their personal information, including location, can be used by marketers. The personal information Facebook harvests from its users is of tremendous monetary value. Without intervention to protect teen privacy and to limit exposure to marketing for harmful food products there is little incentive for Facebook to police itself.



Facebook Home

Endnotes

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