



Facebook Advertising: The Social Commerce Lifeline for Small Businesses



A Snapshot of How Facebook Advertising Converts Digital 'Hunters' Into In-Store Buyers

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Introduction

Everyday consumers see a plethora of information, posts, images, videos, event invites and game alerts flow down the timelines of millions of Facebook users. With a surplus of content at their fingertips, today's "always on, always connected" shoppers want and expect more from the social experience and the ads that live within the walls – and newsfeed – of Facebook.

For the majority of small businesses around the country, the world of marketing looks very different from big brands and retailers. With limited budgets, resources and staff to execute their marketing visions, it can oftentimes be daunting and confusing for local/small businesses to tackle their social media marketing, let alone convert engagement with their content on social media sites like Facebook and Twitter into local store sales.

“ Like TV, search, newspapers, radio and virtually every other marketing platform, Facebook is far more effective when businesses use paid media to help meet their goals.”

facebook



In May 2014, [Facebook](#) reported that 30 million small businesses have active pages on the social network. That's up from 25 million last November. Because competition is so high in this challenged economy and shoppers are far more demanding and impatient, local/small businesses cannot afford to rely solely on organic reach as a measure of success on Facebook. To put it in the words of Facebook: "Like TV, search, newspapers, radio and virtually every other marketing platform, Facebook is far more effective when businesses use paid media to help meet their goals. Your business won't always appear on the first page of a search result unless you're paying to be part of that space. Similarly, paid media on Facebook allows businesses to reach broader audiences more predictably, and with much greater accuracy than organic content."

Clearly, Facebook is a goldmine for small businesses. But for that to happen, small businesses must let go of their "Do-It-Yourself" mentality and invest at least a portion of their digital marketing dollars into the right technology, tools and partners to create precisely targeted, relevant and personalized experiences that turn digital 'hunters' into loyal, repeat in-store buyers.



Methodology & Objectives

In order to gain insight into the role Facebook advertising plays in driving in-store sales for small businesses, G/O Digital conducted a research study to understand how consumers interact with social media – especially Facebook - during the research and in-store stages of their shopping experience. The study was fielded from June 30, 2014 through July 2, 2014 with 1,000 US adults aged 18-29 years old, who are interested in buying products and services from local/small businesses and own at least one desktop/laptop computer and a smartphone or tablet.



Shoppers are digital 'hunters' before walking into a small business.

80% of respondents do their digital 'hunting' at least once a week before stepping into a physical store.



Facebook beats Pinterest and Twitter as the most effective social media research channel. In fact...

62% of respondents believe Facebook is most useful for researching small businesses before visiting in-person, compared to Twitter (11 percent) and Pinterest (12 percent).



Facebook advertising is a direct and influential pipeline for local commerce.

58% of the respondents engage with Facebook advertising from a small business at least once a week before buying an item in-store.



Online and social reputation can make or break the success of small businesses.

80% of the respondents are more likely to purchase products or services in-store from a small business if there are positive customer reviews/ratings on the company's website, mobile site or Facebook page.



Promoted Posts are no match for Facebook Offers in driving digital and mobile engagement.

38% of respondents believe Facebook offers that can be redeemed in local stores are most likely to influence them to visit the website of a local/small business.

35% believe the same types of Facebook offers will persuade them to visit mobile sites or apps.



Local Facebook deals/offers have the power to fill the cash register immediately and consistently.

84% of respondents believe local deals/offers on Facebook are important in their decision to purchase an item in-store.



Facebook offers eviscerate photo/video contests in the battle for in-store sales.

40% of respondents believe Facebook offers are most likely to influence them to make an in-store purchase from a small business. This is in stark contrast to only 9 percent who believe photo/video contests will convince them to move from Facebook into a local store.



Local relevance trumps privacy in weighing the legitimacy of Facebook advertising.

27% of the respondents cite "ads that are targeted based on current location" as influencing them to interact with Facebook ads from a small business.



Facebook advertising ranks differently on the menu of digital priorities for each small business category.

Restaurants (38 percent) take the lead in the type of business with the highest level of Facebook engagement. Meanwhile, **beauty/spa (14 percent)** and **education/training (14 percent)** tie for second place.

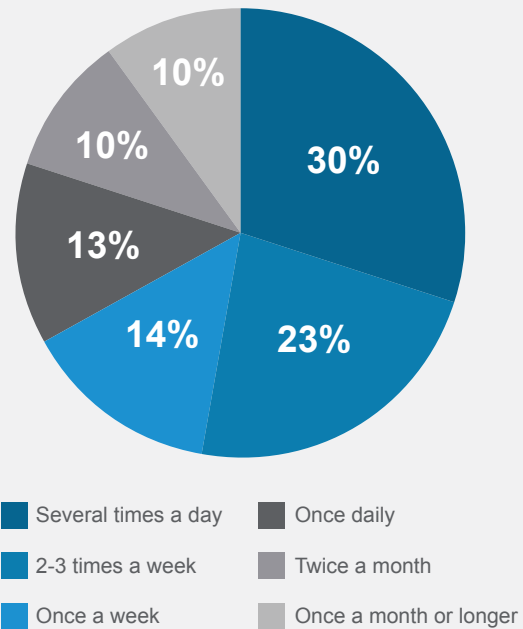


Shoppers Are Digital ‘Hunters’ Before Walking Into Local Stores

When asked how often consumers use their desktop/laptop, smartphone or tablet to research shopping before visiting a local/small business, overwhelmingly 80 percent of respondents indicated they do their digital ‘hunting’ at least once a week and the remaining 20 percent of respondents do so at least twice a month.

These findings reinforce the evolution of shopping. What was once a very tactile experience centered around brick-and-mortar stores has now shifted to the “Age of the Customer,” where consumers are digitally savvy and empowered to make more informed, more efficient purchasing decisions. As such, today’s shoppers have much higher expectations for every interaction with a brand – from their website, mobile site and app to their Facebook and Twitter pages.

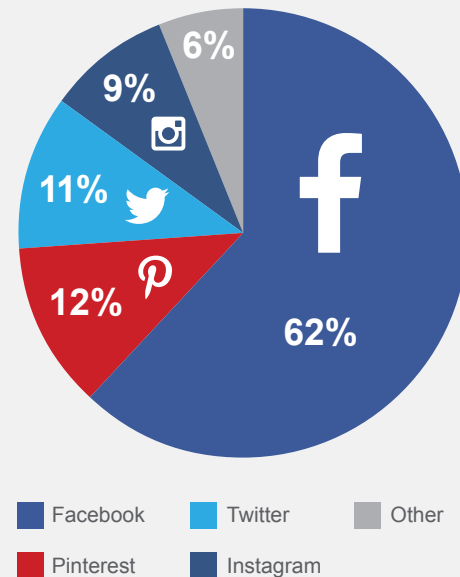
How often do you use your desktop/laptop, smartphone, or tablet to research shopping before visiting a small/local business?



Facebook Beats Pinterest and Twitter As Most Effective Research Channel

While there has been much debate about whether Facebook, Pinterest or Instagram have more sales value to businesses – large and small – our research found that over half of respondents (62 percent) cite Facebook as the most useful social media network to research products/services before visiting a local/small business. This is in stark contrast to only 12 percent who believe Pinterest is most useful and 11 percent who find Twitter to be most useful. These findings should serve as a wake-up call that Facebook is a vital and legitimate channel to connect, engage and convert casual shoppers into loyal, repeat buyers in-store.

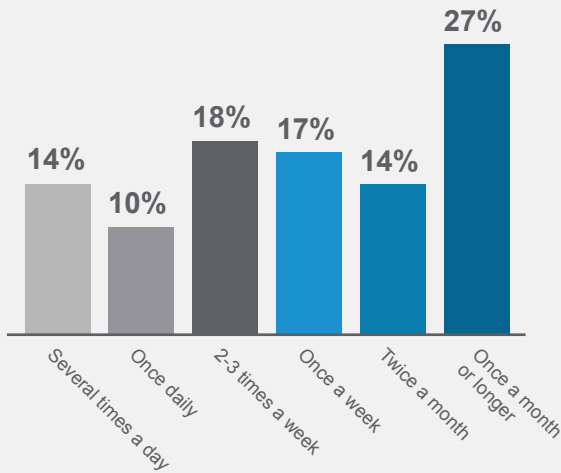
Which one of the following social media channels do you find MOST useful to research product/ services before visiting a local/small business?





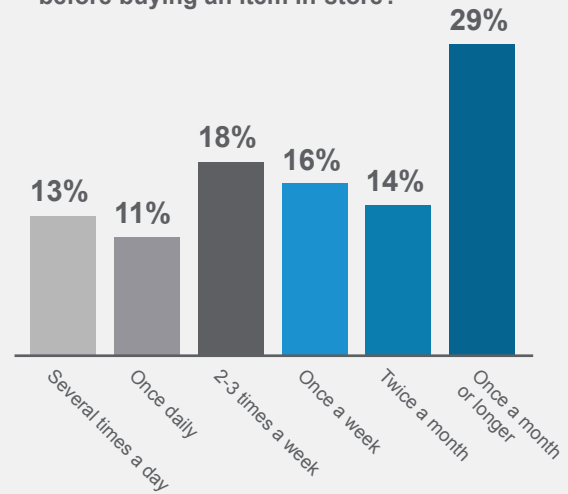
Facebook Advertising Is Direct & Influential Pipeline for Local Commerce

How often do you visit a local/small business on Facebook before buying an item in-store?



59% of respondents are visiting Facebook pages at least once a week

How often do you engage with advertising from a local/small business on Facebook before buying an item in-store?



58% of respondents engage with Facebook ads at least once a week

Note: Figures may not add to 100, due to rounding.



What matters most to local/small businesses is sales. But in today's hyper connected environment, shoppers continuously do more research to find the best deals, the best products and the best shopping experience overall. By delivering on these promises across every channel – even on social media – local/small businesses stand to benefit in the form of in-store sales on a consistent basis.

In fact, our research found that over half of the respondents (59 percent) visit the Facebook page of a local/small business at least once a week before buying an item in-store. But the value of Facebook doesn't stop there. When we asked consumers to share the frequency with which they engage with Facebook advertising from a local/small business before buying an item in-store, the results were just as high with 58 percent saying they do so at least once a week. These findings, first and foremost, reinforce that frequent visits to Facebook pages inform, influence and reassure shoppers about their decisions prior to stepping into a physical store.

It is more clear than ever that Facebook is more than just a superficial source for fun, exciting and cool updates – when approached strategically, it is a legitimate and vital channel for in-store sales.

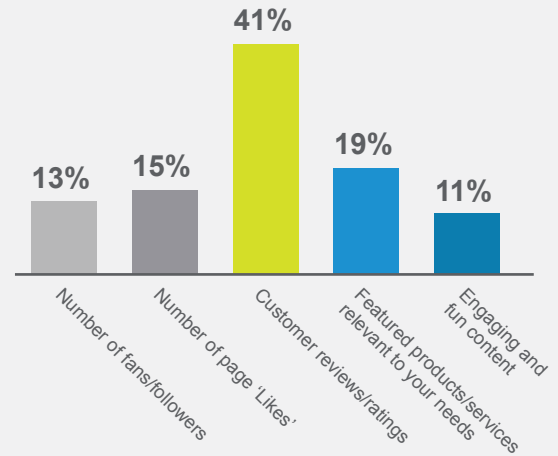


Online & Social Reputation Can Make or Break In-Store Success

Small businesses must realize that even if they aren't personally active online, that doesn't mean they aren't being looked for and talked about online. Essentially, social media – and more specifically, Facebook – is the 1-800 number that no business asks for and unattended negative reviews can have negative consequences. This is further evidenced by our study's findings, which showed that nearly half (41 percent) of respondents care most about reading customer reviews and ratings for small businesses on Facebook.

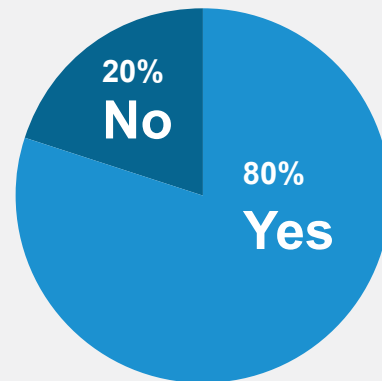
While it is difficult for small businesses to avoid ever receiving a negative review on Facebook, they can and should be proactive and humble in addressing and resolving complaints. By doing so, they will not only cultivate a sense of genuine endearment, respect and trust, but they will also help convert existing and future digital 'hunters' into in-store buyers. And with 80 percent of respondents saying they are more likely to purchase products or services in-store if there are positive customer reviews on a company's website, mobile site or Facebook page, businesses must actively manage their online reputation.

Which of the following factors do you care MOST about when engaging with a local/small business on Facebook?



Note: Figures may not add to 100, due to rounding.

Would you be more likely to purchase products or services in-store from a local/small business if there were positive customer reviews/ratings on the brand's website, mobile site or Facebook page?





Promoted Posts Are No Match for Facebook Offers In Driving Digital & Mobile Engagement

According to the G/O Digital study, 38 percent of respondents believe Facebook offers that can be redeemed in local stores are most likely to influence them to visit the website of a local/small business and 35 percent believe the same types of Facebook offers will persuade them to visit mobile sites or apps.

One of the more surprising findings revealed that Sponsored Stories ranked significantly low on the list of social marketing tactics that are most likely to influence shoppers to visit a website (9 percent) and mobile site or app (9 percent). This may and likely has to do with the fact that Facebook discontinued Sponsored Stories earlier this year. In April 2014, Facebook released its official announcement of this latest advertising change for the purpose of eliminating different types of ads that had the same purpose and making our (Facebook) ads look more consistent.



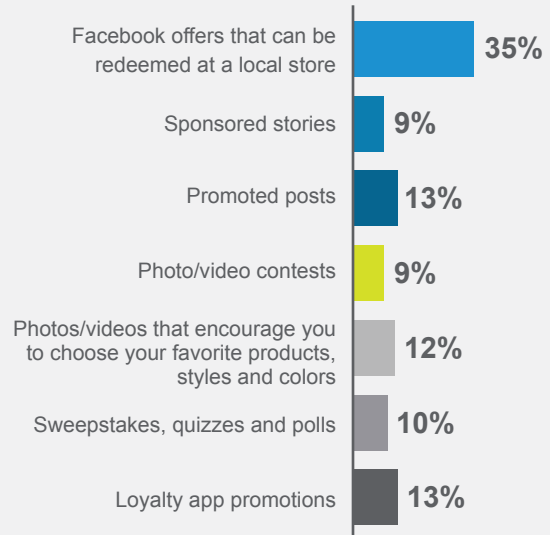
Which of the following types of Facebook marketing tactics is MOST LIKELY to influence you to visit the website of a local/small business?



Note: Figures may not add to 100, due to rounding.



Which of the following types of Facebook marketing tactics is MOST LIKELY to influence you to visit the mobile site and app of a local/small business?



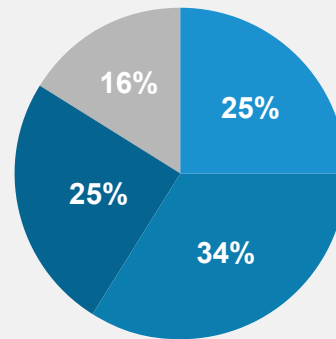
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Local Deals/Offers Fill Cash Register Immediately & Consistently

According to the G/O Digital study, a whopping 84 percent of respondents believe local deals/offers on Facebook weigh heavily on their decision to purchase an item in-store. More specifically, 25 percent of respondents said “it’s very important and I would be likely to make an in-store purchase within a week.” Another 34 percent said “it’s important, but I would continue to research online for better prices/deals” and 25 percent feel “it’s somewhat important.”

How much of an impact do local deals/offers on Facebook have on your decision to make a purchase in-store?



- It's very important and I would be likely to make an in-store purchase within a week
- It's important, but I would continue to research online for better prices/deals
- It's somewhat important
- It doesn't influence my decision at all

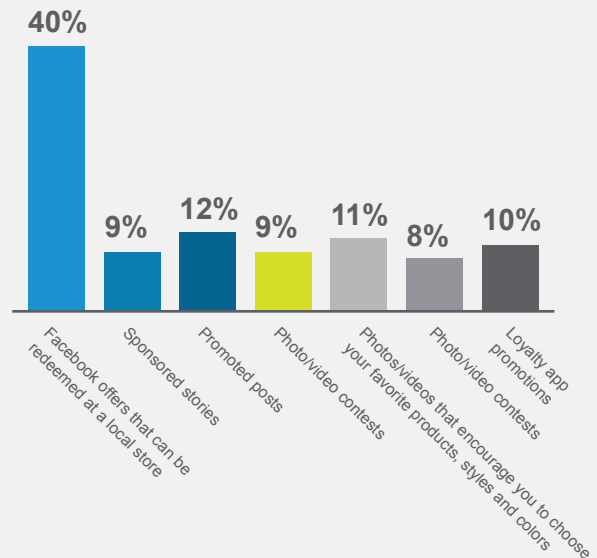


Facebook Offers Eviscerate Photo/Video Contests in Battle for In-Store Sales Efficacy

According to the G/O Digital study, 40 percent of respondents believe Facebook offers that can be redeemed at a local store are most likely to influence them to make an in-store purchase from a local/small business. This is in stark contrast to the minimal sway or influence Promoted Posts (12 percent) have over their decision to make an in-store purchase. And to top it off, only nine percent believe photo/video contests will convince them to move from browsing on Facebook into buying an item in-store.

These findings again point to the importance of first understanding what each consumer segment is doing on each channel and device, how they are interacting with messaging and advertisements, and most importantly, the types of actions they are taking throughout the shopping experience – from online to mobile to social to in-store. Only then will it be possible to determine and deploy an effective Facebook marketing strategy that delivers the types of results needed to sustain and grow the business long-term.

Which of the following types of Facebook marketing tactics is MOST LIKELY to influence you to make an in-store purchase from a local/small business?



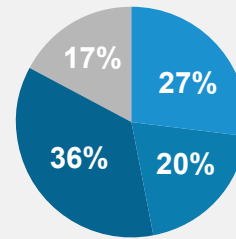
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Local Relevance Trumps Privacy In Weighing Legitimacy of Facebook Advertising

While Facebook has previously come under scrutiny in regards to its privacy and tracking policies, it's clear from our study that local relevance and personalization are of far greater importance in deciding the value and legitimacy of Facebook advertising. In fact, over one-quarter of respondents (27 percent) cited "ads that are targeted based on current location" and 36 percent cited "ads that are targeted based on your personal interests and past purchases" as most likely to influence them to interact with Facebook ads from small businesses.

Which of the following criteria is MOST LIKELY to influence you to interact with a Facebook ad from a local/small business?



- Ads that are targeted based on your current location
- Ads that are targeted based on your demographics (age, gender)
- Ads that are targeted based on your personal interests and past purchases
- Ads that are visually bold and interactive

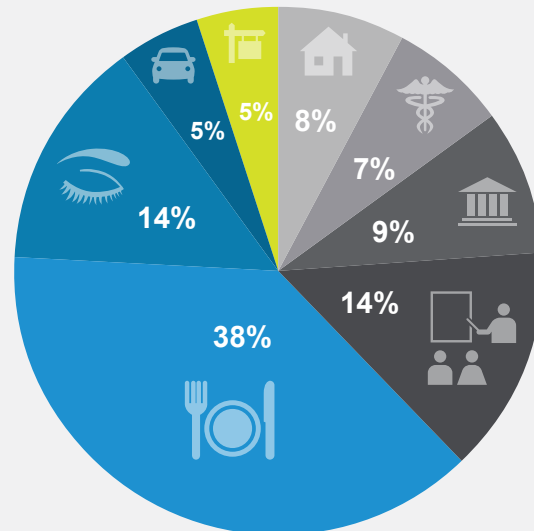


Facebook Advertising Ranks Differently on Menu of Digital Priorities for Each Small Business Category

The G/O Digital study found that restaurants (38 percent) take the lead as the number one type of business respondents follow and engage with most on Facebook. Small businesses in the beauty/spa (14 percent) and education/training (14 percent) industry tied for second place. For small business owners in the restaurant, beauty/spa, and education/training industries, these findings should reinforce the inherent power and value of curating an active social presence on Facebook. By doing so, they will not only boost customer engagement online, but they'll see a consistent flow in foot traffic to local stores which will, in turn, translate into sales.

Despite the G/O Digital study revealing that Facebook engagement levels are significantly lower for car dealerships (5 percent) and realtors (5 percent), these small business owners should not forego Facebook marketing altogether. Rather, success will come down to modifying their social marketing strategies and expectations.

Which one of the following types of businesses do you follow/engage with MOST on Facebook?



- Home services (HVAC, plumbing, roofing)
- Medical/dental
- Financial services
- Education/training
- Restaurants
- Beauty & spa
- Car dealerships
- Realtors



Conclusion

In a recent Business 2 Community blog, social media expert Yasmin Bendror expressed the need for small businesses to have active social media presences to better reach their potential customers online. “It’s obvious that social media will continue to have a significant impact in 2014 on marketers and business owners: They now have the ability to reach out and communicate on a personal level with their target audience on a daily basis,” she said. However, she pointed out that social media cannot and should not only be a last minute addition to a marketing plan if small businesses want to see measurable and impactful results. “Businesses that use social media as part of a planned corporate approach are 1.5 to 2 times more likely to anticipate revenue growth than ad hoc users,” she said.



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- Yasmin Bendror
Social Media Expert, Business 2 Community

With so many consumers constantly turning to Facebook when making purchasing decisions, business owners – especially those in the restaurant, spa/beauty, and education industries - need to come to terms with the fact that Facebook is a highly important marketing tool that needs to be actively attended to, and not just something they check in on every now and then. Owners must respond proactively and honestly to customer complaints, post personalized and relevant content about in-store products and provide discounts if they want to effectively turn online fans into loyal, repeat buyers in-store.

About G/O Digital



The G/O Digital vision: **To Transform Local Marketing and #WinLocal.**

For Local Businesses, G/O Digital, a Gannett company, is a one-stop shop for local businesses looking to connect with consumers through digital marketing, from search to social and everything in between. For National Brands and Agencies, G/O Digital delivers local digital activation at national scale with push-button simplicity powered by G/O Digital brands Shoplocal, BLiNQ Media & Key Ring

G/O Digital partners with more than 5,000 of the nation's top brands and retailers, including P&G, Target, Walmart and Walgreens and leads digital marketing programs with thousands of local businesses across more than 110 local markets.

For more information, visit godigitalmarketing.com.

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