

Promotion through Selected Social Media Platforms: Strategies for Revenue Generation



ISBN: 978-1-943295-14-2

Essence Williams
Kishwar Joonas
Ahmed Y. Mahfouz
Prairie View A&M University
(ewilliams25@student.pvamu.edu)
(kajoonas@pvamu.edu)
(aymahfouz@pvamu.edu)

Facebook and Instagram are two of the biggest social media companies in the world, especially for online advertising. These two sites/apps are said to be 8x more effective than other online advertisers (Shumaker, 2018). As users like, join, and/or comment on pages and posts, the information is inputted into algorithms. These algorithms determine what consumers to target, as well as the kinds of ads consumers see. Online advertisement constituted the majority of Facebook's and Instagram's revenues for 2016, 2017 and 2018. This income was generated through paid advertising by users. There users have different and unique interaction experiences with the sites and their corresponding advertising due to the personalized design of these sites' features (Shumaker, 2018). This case study looks into how Facebook and Instagram strategize their online advertising to generate revenue and unique customer experiences.

Keywords: Facebook, Instagram, Online Advertising, Consumer Behavior, Information Systems Marketing

1. Introduction

Background Information of Facebook

Facebook was founded by college students at Harvard University with the intention of developing a web site as a Harvard-only exercise. The social network was launched in February 2004, however, wasn't opened to the general public until 2006. These students tested the product for two years amongst university students as a campus-oriented site; today, this is an idea worth over a billion dollars.

The co-founder of Paypal, Peter Thiel, is named an original investor of Facebook in 2009. The key attributes that contributed success of Facebook is that it has more than a billion users, it has a high targeted advertising model, and the promotion of both "honest and openness" for people to really enjoy being themselves for everyone to see. Facebook founder, Mark Zuckerberg, was said to have been very successful in social media, due to several and innovative decisions and features that differentiated social media sites from others. (Saqib, S., 2018). In addition, the Open API initiative made is accessible for third-party vendors to develop applications to run within Facebook itself; API's act like "glue" connecting different application together (*OPENAPI INITIATIVE, 2018*)

With so many applications built in one on the platform, Facebook created the Facebook App Store to manage, access, and display them all.

Background Information of Instagram

Instagram was founded October 2010, by Kevin Systrom and Mike Krieger by sharing a photo. Kevin Systrom was CEO for 8 years before recently leaving in September 2018, along with Mike Krieger, to pursue and explore new projects of interest. Both focused on different aspects while leading the company, before the new head of Instagram, Adam Mosseri took over the business. Mosseri has a background working for Facebook for over ten years, where he gained experience in product management, Facebook News Feed, and engineering. Mosseri now has brought his expertise in these areas to Instagram along with his BA in Information Design and Media. (Instagram, 2018)

Instagram is an app that may be downloaded on various app stores on Android, Apple and other mobile devices, as well as, accessed on the Internet. The app's primary purpose starting out was people sharing photos of their personal lives that may also be seen on other social media apps, such as Facebook, Tumblr and many others. The app gives user various capabilities to engage and interact with others, one being the caption – a written description of the user's choice expression when posting photos. User's also have the option to interact and engage through following other users, giving access to view others photos and written captions. Other engagement happens through photo editing and video sharing; users are able to enhance their photos, as well as, share video's up to one minute long via post and their personal "instastory". Recently, Instagram has expanded the interaction beyond to video chatting, live stories users may tune into and users viewing Instagram television.

Motivating Factors for Facebook, Instagram and Social Media

The prime motivating factor driving social media is people desire to seek connectivity, interactions, and build relationships with other people they know or may not know. More so, social media has been used by people to elevate one's reputation and notoriety, remove one's self from isolation, exploring the lives of other people other than your own, and various levels of entertainment that have been introduced. Dating, business networking, and start-up in the entertainment industry are just a few ways people have used social media to expand their lives and reach new goals, they may not have in a reality. The level of personal gratification experienced with social media sites and apps, such as Facebook and Instagram, has increased over time. In fact, increased personal gratification has been a primary goal of both of the companies when enhancing user

experience to continuously draw bigger audiences to join and participate. Social media has also gained motivating user amongst people for news, gossip, and social/ political issues occurring around the world. Entrepreneurship, as well as, increased business communication, development, advertisement and revenue are some of the newest motivating factors for social media users. (Yang, C., & Brown, B. B., 2012)

Facebook users are motivated to spend time on the site/ app engaging with one's own personal profile, as majority of people create a positively projected biography for others to see and experience. The site/ app welcomes people to expressing one's experiences in life and emotions (i.e. "what's on your mind"). Photos and even sharing your location with "friends" or the general public are a part of the motivating force driving people's interaction on Facebook. Added hanging out via messaging, video chatting, commenting or posts and pictures are features of the site/ app that have deepened the level of communication that give people great satisfaction and gratification. Users have the ability to develop/ advertise their personal business ventures and increase/ reach their target audience more effectively and efficiently on Facebook marketplace or in their profiles. (Yang, C., & Brown, B. B., 2012)

Instagram users are motivated to share photos with followers or the public. Users are given a shorter profile/ biography to share facts and details about themselves than Facebook users. Nevertheless, there experiences are just as gratifying due to the increased entertainment of viewing photos, reading expressions of photos, and commenting on those photos. Instagram users are also motivated to use the app to interact with people through small videos, where users may share snippets of and daily life occurrences via photos, videos or live chatting on their individual "insta-story" or Instagram live. Instagram users also take great interest in business ventures by showing photos of products and services offered. In addition, users have access to to advertisement at low cost through the app and through other prominent user's pages to gain exposure. A huge trending motivating factor for Instagram is becoming an Instagram influencer or verified user, which allows users to be paid for their Instagram activity and generate income per post. (Yang, C., & Brown, B. B., 2012)

- With so many motivating factors for personal use, as well as, conducting business, how can these two companies give users a better combined experience of generating income/ revenue?
- Could these strategies in turn help these companies improve revenue generation?

2. Description of Study

Certain facts raised the question of: What are user revenue generation strategies through social media advertising via Facebook and Instagram that can be improved? As the dynamic of doing business via social media has become very important, especially for advertisement revenue generation. Social media companies, Facebook and Instagram, have become a huge source of income/revenue for people and businesses at various levels. According to statistics, after looking at an advertisement post on Instagram, 75% of Instagram users take suggested action on visiting the advertisement website; and of all US brands, 48% use Instagram to market their business, brand or product. Facebook Advertising is used by 93% of marketers and social media advertisers. With such statistics, there must be a way to improve user experience, help increase/ better individual and business income/revenue generation strategies. (Wade, J., 2018)

3. Solution

Strategy for Change

I believe that the two companies could improve user revenue generation by implementing an area in both the app for users to strictly shop. This concept has already been introduced in Facebook, known as the Marketplace and through campaign creation; however, it still can use improvement to its user navigation and shopper experience. When users look for apps for their phone, they have an app called the App Store on Apple smartphones and Play Store on Android smartphones. The concept of shopping through Facebook and Instagram would be implemented by through IT development and engineering innovation of the site and application.

Facebook Strategy

Facebook launched Facebook Marketplace due to 450 million people visiting the "buy and sell" groups on Facebook. The Marketplace allows users to browse items they are seeking and buy from people in their area, directly. Facebook Messenger allows you to communicate directly to arrange transactions and exchanges. This tab creation aided in the desire for people to feel safer in buying and selling as done on Craigslist, without the stigma around potential danger and fraudulence occurring. As of 2016, Facebook Marketplace officially had 3 main features: "browse to buy", "sell your stuff", and "search your surroundings". (Constine, J. 2016) Those features are unchanged as of 2018 today and have room for improvement. With the browse to buy feature, Facebook has combined pages you like and incorporated them in your shopping experience based on relevancy. Also, the sell your stuff feature allows for users to take a picture of the items or product they desire to sell, give a description and post your listing. The third feature gives users access to browse through categories, target areas near you, areas where you desire to shop and items for sale on the map. (Constine, J. 2016)

Facebook outlines on its website six ways to for people or businesses to tailor their ads on Facebook business. Even though this doesn't have a clear outlined way users may improve their revenue generation, it helps beginners with creating ads. Facebook gives users the ability to create an individual business ad campaign where you may choose your objective, brand recognition, see consideration (such as user engagement, messages, traffic, app installs, views of videos, and lead generation), and how the considerations turn into conversions, sales and store visits. (6 Image Ad Tips, Facebook, 2018)

Facebook Business gives insight to finding and reaching the target audience for individual businesses. This feature is known as Facebook Core Audiences, which aids in your selection of the ideal recipients for your ad. You may select your audience by age, location, hobbies, or other categories. This way was created with the intention of connecting people most likely to be interested in your business to what you are selling or services you offer. The “Location” helps to reach people in cities, and regions where you want to market or sell. The “Demographics” help to choose your audience based on gender, age, relationship status, education, job title and other customer based personally identifiable information. The “Behavior” helps reach people based off their prior purchasing decisions, activity and usage. The “Connections” aspect aids in finding people who connect to your Facebook page or events. The “Interests” help choose people based off hobbies interests that most likely will react positively to your business. (Facebook, 2018)

Instagram Strategy

Instagram doesn't have an official buy and sell tab on the app. However, according to CXO Media, Inc., 70% of people on Instagram follow at least one business account and having a business account lets people find you on the platform. (Schiff, J. L. 2017) There are ways suggested to selling on Instagram that account for 60% of Instagram users discovering new products and services and business owners reaching potentially millions of new customers. The first suggestion is to create an Instagram Business account, so people may find your business, you may receive insight regarding your following and analytics on what you're posting. The second suggestion to user is to maximize your Instagram bio; you may do so by being as professionally creative and presentable, as possible. The third way was simply ensuring you post good photographs or videos that capture your audience and appeal to draw them into your visuals as that is the primary concept of the app. The fourth suggestion indicates that you concentrate on a lifestyle as people are more drawn to products they may incorporate into their own lifestyle or enhance their lives. The fifth recommendation was to use hashtags that suit your product or business; even establishing a distinct hashtag for your particular business will help consumers find your products and services easier. The sixth suggestion is to be sure you're interacting with your followers by responding, following your followers, and have engaging questions on your posts. The seventh recommendation is court your influencers by supporting accounts that are non-competitive by liking, commenting, and even reposting their posts on your account. The eighth suggestion includes making your photos and videos shopper-friendly by giving followers access to products and services by having the “Shop Now” button directly on posts in the app. The ninth suggestion was running sales in the app. The tenth suggestion was to offer Instagram only promotions for followers/ shoppers using promo codes for limited times. The last recommendation was to use Instagram ads to find new customers, and get creative with your ads by using videos and different formats. (Schiff, J. L. 2017) Advertising via your business profile page is free and you're, of course, allowed to post as much as you desire. However, in the attempt to reach a target audience, you must pay for advertising; where you determine how long you want the ad to run, who your target audience is and how much you want to spend. Said recommendations/ suggestions and advertising are the current strategies on how users are able to improve income/ revenue for themselves and/ or their business.

Facebook and Instagram Benefit of User Advertising

According to recent Investopedia article, in 2012, Facebook bought Instagram for \$1 billion. By December 2014, it was said that Instagram's worth grew to \$35 billion; today, the app is worth \$100 billion. Majority of Facebook's revenue, 98%, was generated from advertising in 2017; Instagram makes majority of its money from advertising, as well. Researchers anticipate that revenue growth from advertising on Instagram will surpass Facebook, with 177% growth over Facebook shown in the second quarter of 2018 (Simon, 2018).

Table 1: Growth of Advertising: Facebook vs. Instagram

	Q1 2018	Q2 2018	Q4 2017
Facebook Ad Spend	48	40	20
Instagram Ad Spend	62	170	122
Facebook Impressions	-5	-27	-27
Instagram Impressions	101	209	99

Source: Simon, E. 2018

Instagram didn't start with the intention on generating profit; however, both companies rely on advertising for the majority of its monetary gains. (Simon, 2018).

Role of Technology

According to Business.com, 69 % of Americans use at one social media platform as of 2017, therefore ads on social media are very popular. Companies, such as Facebook and Instagram have huge advertising platforms that use geo location technology, which allows for hyper local ads to target within a predetermined area. The article suggests that new developments in technology will require creativity from advertisers to continue to generate revenue from advertising. (Riveria, 2018)

Implementation

The suggested solution to the problem would allow for the user to experience an easier advertising experience on the Facebook app. This would eliminate the existing platform for advertising, ad campaigns, and the Marketplace. The solution would include IT engineer's creating a tab similar to amazon prime that users may access to sell and buy products and services. This tab would adopt some of the similarities of the current user design, such as, searching by categories, except there would be friends and local business to select from and sell to. As you see on many shopping websites, the price, pictures, and description of the product would be display. Users would have the option of building their own stores inside the tab similar to the concept of having a separate page for business that would be accessed through one's own Facebook page. Users would have the option for paying for advertising that would appear to users in their area and the option to expand the advertisement to users in various areas. This tab would progress to incorporate some augmented reality as another innovative technique; that is said to be the next evolution in technological development.

The suggested solution for the Instagram app is for a separate app to be created, that is connected to the main app, where users will have the opportunity to create their own store. The app would share similar attributes to the suggested solution of Facebook but would have different cosmetic attributes and interactions that make it unique; as the app do. The engineering will be unique in adding event awareness and giving verified Instagram influencers complementary enhancements custom to their store.

Both suggested solutions would increase company revenue via advertising and even help create revenue generation through potential user account profits. Currently, apps such as PayPal, CashApp and many others generate a profit by charging fees on in app transactions. These social media sites could incorporate this added concept into the company's revenue generation strategy, and in turn, increase wealth for shareholders.

As for new and seasoned business owners, these implementations will bring innovation to advertising strategies and promotions. Through this level of engineering, there may be potential for people to shop via augmented reality sooner than expected. The opportunities would be endless and combine the pleasant and beneficial aspects with the future of technology.

4. Outcomes

By engineering the tab in Facebook and new app for Instagram business, users will experience an improvement in income/ revenue generation. This innovation will allow the incorporation of current concepts to be combined with technological advancement, where businesses will have the resources to reach new levels, reach more consumers and give shoppers ease in navigating to their interests.

In my own experience embarking on entrepreneurship, an innovation of this caliber would help expand profit, target audiences, and provide a greater quality consumer experience. As a business owner, I have attempted to sell Furniture through both Facebook and Instagram app. I found with Facebook posting Ads and posting business content to very difficult. The site was very chaotic to figure out when conducting simple tasks. This aspect of difficulty would be eliminated business owners, which would give time for increased creativity and individual revenue strategy improvement.

My experience with advertising on Instagram was rather difficult with reaching new consumers without have huge overhead cost with advertising. The budget must be of a certain caliber before your business can receive a certain level of traffic of consumers. Of course the option for me to advertise on my own was available, but this method doesn't help in reaching my target audience or aid in consumer awareness of what I offer.

If anything were to go wrong with the concept introduced, it would be general bugs and improvements in app coding that may need to be updated. As seen in all app, updates are necessary, as time goes on to work out digital glitches and continuously improve user experience. The response may vary as everyone has input to add and different user/ business needs. The suggested solution was made to cater to all businesses but surely would be improved, as well, over time.

5. Conclusion

Facebook is considered to be one of the most established social media companies and has stood the test of time over others, such as MySpace, and Tumblr. It has revamped and increasingly innovated its platform over time to enhance user experience each time. By adding the suggested tab, the company will have even more sight usage and revenue, as desired. Instagram is nearly a decade old and continuing to enhance its user interaction through entertainment, advertisement and photo/video enhancement experiences. By creating the suggested app, Instagram business, the company will have the opportunity for the technological advancement to elevate its user interaction further.

6. References

1. Constine, J. (2016, October 03). Facebook launches Marketplace, a friendlier Craigslist. Retrieved from <https://techcrunch.com/2016/10/03/facebook-marketplace-2/>
2. Schiff, J. L. (2017). 11 ways to sell on Instagram. Cio, Retrieved from <http://pvamu.idm.oclc.org/login?url=https://search-proquest-com.pvamu.idm.oclc.org/docview/1887971124?accountid=7062>
3. 6 Image Ad Tips. (n.d.). Retrieved from https://www.facebook.com/business/help/388369961318508?helpref=page_content-

4. Riveria, A. R. (n.d.). How Technology Is Changing Online Advertising. Retrieved December 2, 2018, from <https://www.business.com/articles/how-technology-is-changing-online-advertising/>
5. Je browser bijwerken | Facebook. (n.d.). Retrieved December 2, 2018, from <https://www.facebook.com/unsupportedbrowser>
6. Ellen Simon, E. S. (2018, November 1). How Instagram Makes Money. Retrieved December 2, 2018, from <https://www.investopedia.com/articles/personal-finance/030915/how-instagram-makes-money.asp>
7. How important is advertising revenue in the Internet sector? (2015, April 10). Retrieved December 2, 2018, from <https://www.investopedia.com/ask/answers/041015/how-important-advertising-revenue-internet-sector.asp>
8. OPENAPI INITIATIVE. (n.d.-b). About - OpenAPI Initiative. Retrieved December 2, 2018, from <https://www.openapis.org/about>
9. Saqib Shah, S. S. (2018, June 20). The history of social networking. Retrieved December 2, 2018, from <https://www.digitaltrends.com/features/the-history-of-social-networking/>
10. Yang, C., & Brown, B. B. (2012). Motives for Using Facebook, Patterns of Facebook Activities, and Late Adolescents' Social Adjustment to College. *Journal of Youth and Adolescence*, 42(3), 403–416. <https://doi.org/10.1007/s10964-012-9836-x>
11. Rae, J. R., & Lonborg, S. D. (2015). Do motivations for using Facebook moderate the association between Facebook use and psychological well-being? *Frontiers in psychology*, 6, 771. doi:10.3389/fpsyg.2015.00771
12. Dogruer, N., Meneviş, I., & Eyyam, R. (2011). What is the motivation for using Facebook? *Procedia - Social and Behavioral Sciences*, 15, 2642–2646. <https://doi.org/10.1016/j.sbspro.2011.04.162>
13. Lux, K. (2016, November 18). What is Instagram and Why Is It So Popular? Retrieved December 2, 2018, from <https://ischool.syr.edu/infoSPACE/2011/12/15/what-is-instagram-and-why-is-it-so-popular/>
14. Lagorio-Chafkin, C. (2018, May 17). Kevin Systrom and Mike Krieger, Founders of Instagram. Retrieved December 2, 2018, from <https://www.inc.com/30under30/2011/profile-kevin-systrom-mike-krieger-founders-instagram.html>
15. Shumaker, R. (2018, March 21). The Main Differences Between Facebook and Instagram You Need to Know. *San Francisco Chronicle*. Retrieved from [The Main Differences Between Facebook and Instagram You Need to Know](https://www.sfchronicle.com/technology/article/The-Main-Differences-Between-Facebook-and-Instagram-You-Need-to-Know-136777700.html)
16. Instagram. (n.d.). About Us • Instagram. Retrieved December 2, 2018, from <https://www.instagram.com/about/us/>
17. Wade, J. (2018b, February 2). Instagram Statistics 2017 | Smart Insights. Retrieved December 2, 2018, from <https://www.smartinsights.com/social-media-marketing/instagram-marketing/instagram-statistics/>