

# QUIT GOOGLE & FACEBOOK?

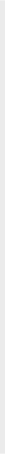


BRANDHOME RESEARCH  
OCTOBER 2017



identity driven brand building®

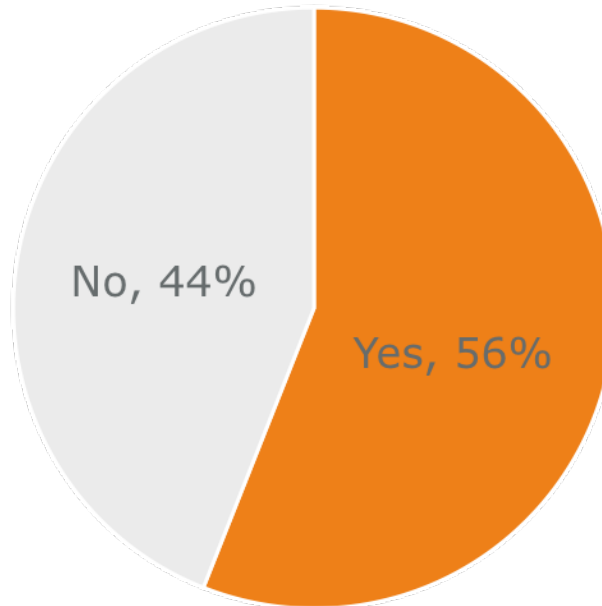
# KEY RESULTS



What is the attitude of  
companies towards online  
advertising via Google and  
Facebook in the coming years?

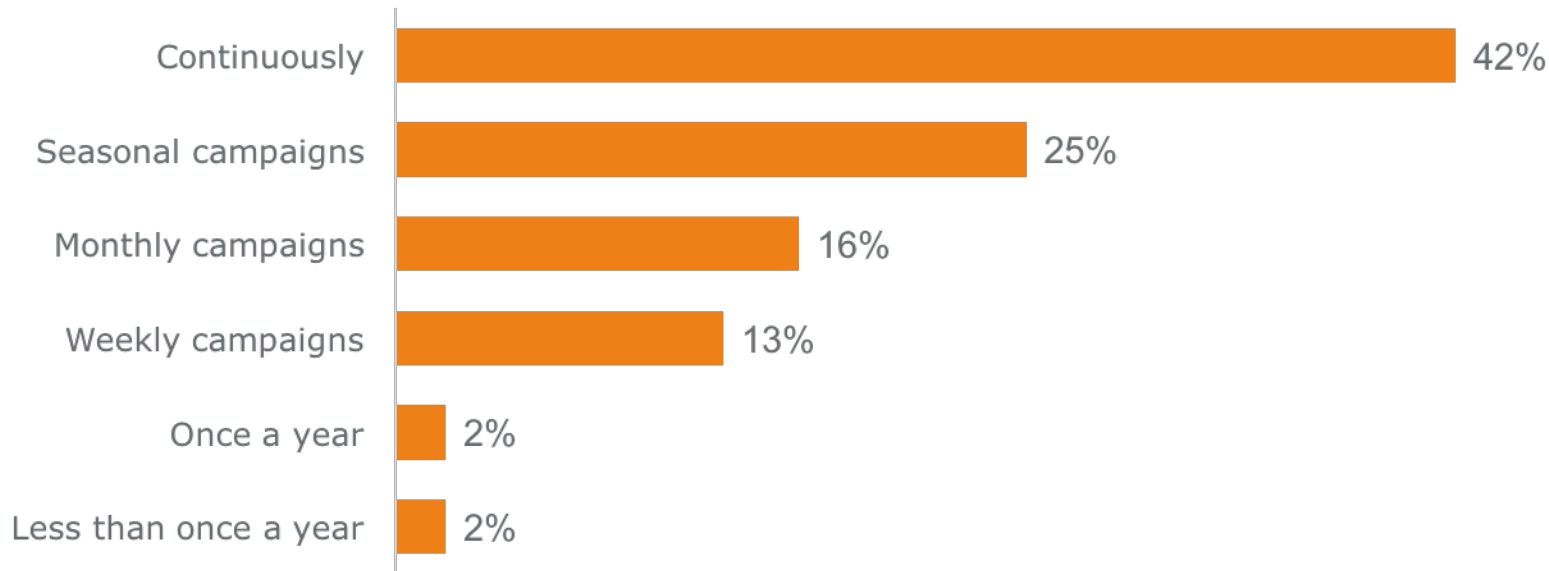
# QUIT GOOGLE & FACEBOOK?

Does your company advertise on Google and/or Facebook?



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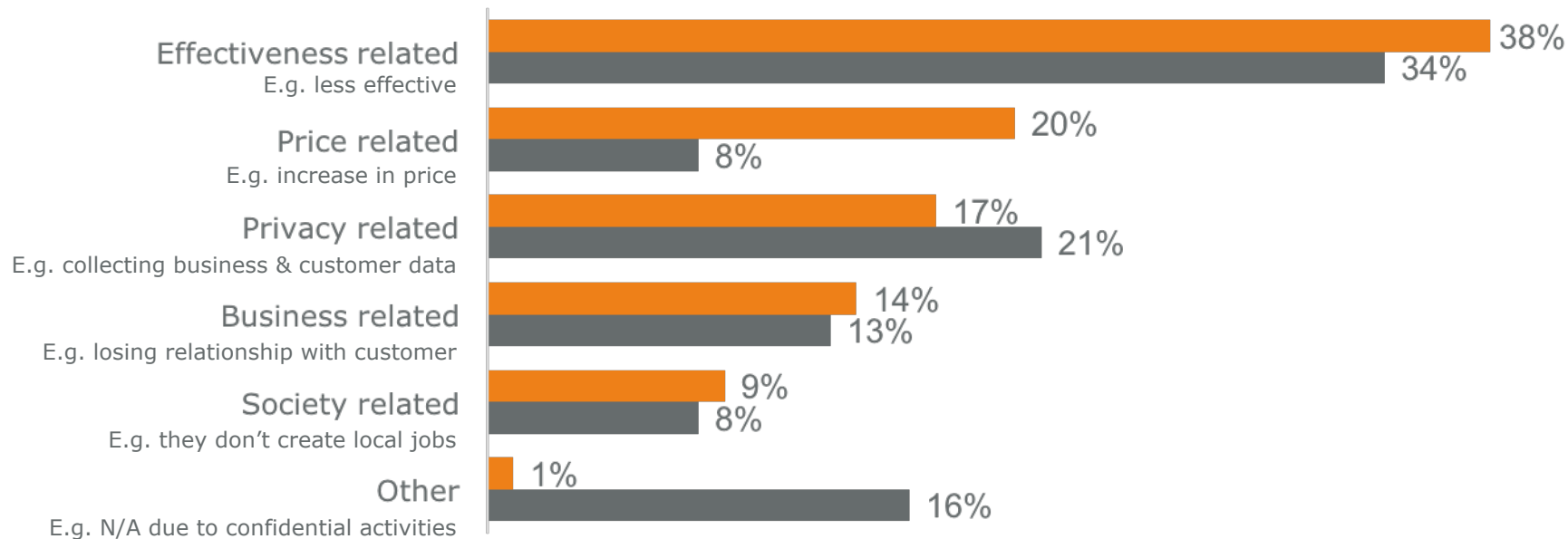
If **YES**: How often does your company advertise on Google and/or Facebook?



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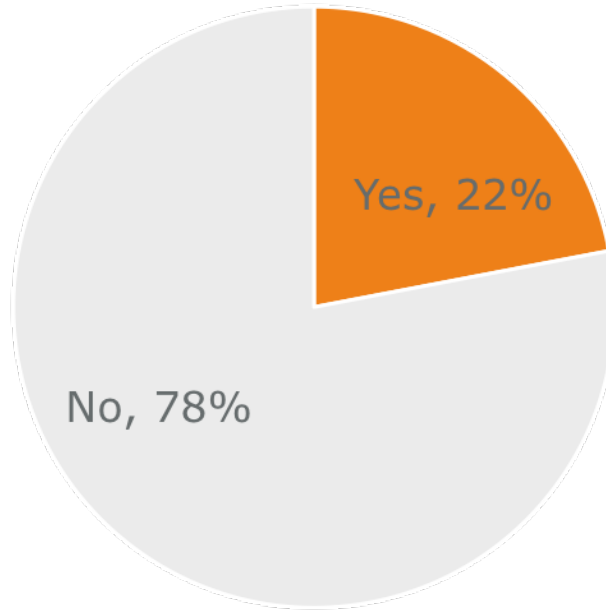
If **YES**: What might push you to reduce or stop advertising on Google and/or Facebook?

If **NO**: Why doesn't your company advertise on Google and/or Facebook?



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If **YES**: Do you think you will stop advertising on Google and/or Facebook within the next three years?



# KEY TAKEAWAYS



Google and Facebook have many frequent advertisers. But once these companies find better alternatives, it will be a challenge to convert non-advertisers.

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**Gap between frequent advertisers and non-advertisers:** Google and Facebook are already at their highest potential. Challenge is to attract new advertisers.

- Of the companies that advertise on Google and Facebook, 7 out of 10 advertise continuously or do seasonal campaigns.
- There is a big gap between brands using social advertising frequently, and brands that do not advertise on Google and Facebook at all. Light-advertisers are almost non-existent.
- This gap between frequent advertisers and non-advertisers is a potential risk for Google and Facebook. If the amount of frequent advertisers starts to crumble down, or if Google and Facebook want to increase their revenue stream, there isn't much potential to upsell towards light- and non-advertisers.

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**Effectiveness and price are biggest drivers to stop advertising:** With price-performance ratio dropping, Google and Facebook become the new billboard.

- For companies that do advertise on social media, a decrease in effectiveness is the main reason to stop advertising. Lack of effectiveness is the main reason for non-advertisers not to use Google and Facebook.
- On social media, it used to be possible to do “lifestyle targeting” to increase the effectiveness of your campaign. Today, Google and Facebook start to become mainstream, above the line, channels. Eyeballs become less qualitative and therefore, these channels lose their added value.
- Questioning the connection between life on social media vs. real life worries companies as well. The profiles you target online aren’t necessarily the people you want to target in real life.
- Because of this decrease in effectiveness, companies start putting price in another perspective. Is a cheap contact truly cheap if not effective?

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**Trust cannot be built online:** Many brands prefer to invest in more personal channels to build relationships with their customers.

- In the qualitative part of our research, many brands mentioned not to use social advertising because of the lack of “real human contact.”
- Relationships are about trust. To build trust, many companies prefer a human-first approach with personal, face-to-face relationships. Advertising on social media isn't always the answer for a business. Google and Facebook do not (yet) have an answer for this.

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## **Difference in price sensitivity between advertisers and non-advertisers:**

Decrease in price will not win customers, an increase in price will lose customers.

- For businesses that do not advertise on social media, price is not a fundamental reason not to. Therefore, these businesses cannot be persuaded by Google and Facebook with a lower price and are more focused on effectiveness and privacy.
- Companies that do advertise on social media are more price sensitive. This means an increase in price could trigger many companies to quit Google and Facebook and look for alternatives.

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**Privacy of business and customer data:** Changes in regulation is a challenge to maintain quality and an opportunity to regain trust.

- 1 out of 5 brands do not advertise on social media because they do not trust Google and Facebook with their business and customer data.
- The new “European data protection rules” of the GDPR, that are due to apply in May 2018, will force Google and Facebook to change their approach. They will be unable to use the personal data they hold for advertising purposes without user permission. Therefore, companies will be able to protect their data more easily.
- This causes a challenge for Google and Facebook to gather enough valuable data about people to provide companies with relevant audiences.
- There also is a window of opportunity for Google and Facebook to regain trust with advertisers by playing by the rules and communicating about user privacy in an honest and meaningful way.

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