

# The Future of Facebook

*As we mentioned in the introduction of the book, our goal was to create a real “practitioner’s guide” to Facebook marketing in 2010. But where is Facebook heading in the future? If the past is any indication, the only thing we can say with any certainty is that Facebook will continue to aggressively evolve. So, we decided to ask a few industry experts their opinions on the future of Facebook. You know what they say, you have to skate to where the puck is going to be. We hope this appendix will give you some ideas that can further inform your Facebook and social media marketing campaigns.*

# B

---

## **Appendix Contents**

Dave Kerpen

Scott McCaskill

Lauren Cooney

Jesse Stay

Nick O’Neill

Kevin Tate

## Dave Kerpen



Dave Kerpen is the chief buzz officer for theKbuzz.

You wake up on a Friday morning, roll out of bed, grab your “Facebook phone,” and quickly scroll through your News Feed to browse the important world and local news of the day, weather, and what your closest friends are up to this weekend. You notice your favorite restaurant is having a special Saturday night that sounds scrumptious, so you make reservations. Oh, that suit you’ve been eyeing just went on sale, so you purchase it for delivery on Monday. It’s getting late quickly, so you put down your Facebook phone and head to the bathroom to get ready for work. But as you’re brushing your teeth, you feel a sharp pain coming from that tooth that’s been nagging you over the past week. It’s been way too long since you’ve been to the dentist, but that’s no problem; it’s back to your Facebook phone, where you type **dentist** in the search bar and find *two* local dentists that your friends have recommended, so you schedule an appointment with one of them for later today. TGIF.

This scenario might seem a little far-fetched as I write it in January 2010, but it’s really not that far off. Facebook founder and CEO Mark Zuckerberg has always insisted that Facebook is a platform and that the website Facebook.com is really just the beginning. In his view and mine, Facebook will continue to grow its user base rapidly as it approaches 1 billion users worldwide and realizes its potential as the gateway to the social, mobile, interconnected Internet. But the most exciting growth of Facebook is in the platform: Mobile, Connect, and International are three key areas where Facebook will look to grow. Facebook’s vision is to have an open, connected world, where individuals connect not only with one another but with companies, nonprofits, and even governments. People will connect on their own terms; for some that will mean Facebook.com, but for many others, that will mean access to the stream through a mobile device. 1800flowers.com (disclosure: a client of ours at theKbuzz) has been selling flowers on its Facebook page for months. The Limited in December of 2009 became the first company to sell products through a shopping cart directly in the stream. The future will bring a lot more companies conducting business within the Facebook stream and using Facebook Connect to allow their customers to bring their social graph with them when they visit the company website.

For you, as a marketer, it is essential to build your presence now, to engage your customers and prospects, and to grow your Facebook presence as Facebook itself grows. It is essential to determine how you can provide value to your customers and noncustomers, and you can use the Facebook platform to keep them engaged and to keep you on their minds. The Facebook platform includes Facebook.com, of course, and your fan page presence there, but increasingly in the future it will include your Facebook Connect-enabled website and Facebook stream and mobile-friendly

applications. If you are smart—focusing on engaging, value-driven content that your target audience would want to see and not on telling people about your company—you will be light-years ahead of the plethora of marketers who currently still have a broadcast/push-marketing mentality.

Twitter and Google may be the only viable threats to Facebook's continued growth and ultimate dominance in the marketplace. Twitter grew rapidly in 2009, but its simplicity could be either a boon or a curse. Its growth has slowed down into 2010, and Twitter still has nowhere near the user numbers that Facebook has. Google has dominated the search market for years, and if it can somehow integrate an efficient social search product, it can retain its stranglehold on the search advertising market. There is the possibility of another social network coming along and overtaking Facebook, as Facebook did to MySpace and MySpace did to Friendster before that. However, that seems unlikely at this point. But all signs point to Facebook eventually winning this space.

The only other threat I see to Facebook's growth is Facebook itself. In its short history, Facebook has changed its product often and dramatically—sometimes much to the dismay of its users. In particular, concerns about privacy have haunted users, especially those users of older generations. Facebook would have you think everyone is open about sharing personal information online; however, the truth is, many people don't yet feel comfortable doing that. Still, with such a large share of the worldwide Internet-using population on Facebook, it appears highly unlikely that Facebook will self-destruct.

Social media in general and Facebook specifically allow you as a marketer to go much deeper in your relationships with customers and prospects and to tap into the social graphs of its hundreds of millions of users. Your Facebook marketing and more-over engagement efforts should absolutely be fully integrated into all of the marketing and communications that you do, online and offline. Whether you are a marketer for a Fortune 1000 company or a small business, a nonprofit or a government agency, a B2B company or a B2C company, your target audience is on Facebook waiting to engage with you. You must become adept at content creation and distribution, no matter what you are selling. Just as Facebook is open, your opportunity to grow your business using the Facebook Platform is wide open. Good luck!

## Scott McCaskill



Prior to cofounding Social Agency, Scott McCaskill was CTO/CFO and cofounder of Small World Labs, where he wrote the original version of its social networking platform and helped grow the company from 2 employees to more than 30 full-time and contract employees and 100-plus clients. Before Small World Labs, Scott held roles at Dell, Boston Consulting Group, Singlecast, and Sapient.

Scott received a BS in computer science and history from Yale University and an MBA with a focus in finance and strategic management from the University of Chicago.

Facebook over the next three to five years will attempt to become the first and last place people go when online (a portal strategy), act as the profile “system of record” for the Web, and establish itself as an advertising powerhouse. On each of these goals, it will fail. Instead, its portal strategy will succumb to more interesting sites just as AOL did, an open source option to the social Web will eventually rise up, and Facebook will derive the bulk of its profits from games and charging for access to its APIs.

Facebook clearly wants to create an ecosystem that encourages users to spend as much time on it as possible, replicating the strategy first implemented by AOL and followed by Yahoo! and MSN a few years later. From applications to continuous updates to company fan pages (confusingly called *Pages*), Facebook fancies itself a site from which no one need leave. However, although Facebook is forever trying to find ways to be sticky, it will ultimately lose in its battle to become a portal. A new shiny object will siphon off users. Facebook’s time-on-site will be driven by the games that make use of the platform, rather than intrinsic entertainment people continue to find on the site. Until Facebook begins charging for this access, the bulk of the profits will accrue to the game developers. Eventually, the games themselves could break out of the walls of Facebook, rendering the platform less and less relevant.

Facebook recognizes the limits of its portal strategy, to some extent, and is therefore pushing the Facebook Connect API. This single sign-on mechanism also forestalls the rise of a truly portable social graph, particularly if Facebook can get itself intimately involved in most/many high-traffic sites. In general, users would prefer a single profile that was portable across various social networks. Facebook obviously would prefer to not allow such data portability—thus its introduction and promotion of Facebook Connect. In the next two years, Facebook will continue to have tremendous adoption of this login mechanism. Over time, sites that use it though will gather more demographic information on their own and will implement other login tools. Eventually a mashup single sign-on site will develop, taking information from Facebook, LinkedIn, Ning, and any other site a user might have joined. That mashup, if sufficiently free, will become the system of record, undermining Facebook’s stranglehold on personal profile data. At this point, Facebook will start to charge for the high-volume access to its APIs both through Facebook Connect and applications on Facebook.com. And those making significant use of the Facebook API will be happy to pay.

Although Facebook imagines itself to be the next Google and claims to make tremendous money already from advertising, it is unlikely that Facebook will really become the marketing behemoth that justifies its current valuation. In Facebook’s

favor is a cadre of smart people with an enormous amount of data at their fingertips. However, as many supermarkets will attest, data and smart people won't necessarily bring in tremendous sales. Currently the largest advertisers on Facebook tend to be the games developed for the platform. This makes sense; the games can directly sell virtual goods to Facebook members and surreptitiously sign them up for direct marketing deals. Their advertising dollars on Facebook bring high return. For regular advertisers, the case is less clear at the moment. Although the cost per click on Facebook is much lower than, say, AdWords, it is not clear that the conversion is the same. In fact, the most successful ads on Facebook simply drive usage to other parts of Facebook (applications, groups, fan pages). Can Facebook really drive conversions for products that don't include finding a date or buying a virtual sword? Not like AdWords can. Ultimately, Facebook continues to partner more and more with businesses to help it have a compelling presence on its platform—and charges big money for it, expanding its current offerings in this area. But the little guy won't necessarily have the money to play and will thus continue to work with the much lower-cost cottage industry of fan page configuration tools.

Finally, although Facebook won't be the final portal or social network or single profile system of record or the next Google, it will still offer a highly compelling place for businesses and customers to comingle in a fashion they have not in the past. This relationship building will be crucial for companies in the coming years; it is just questionable how much Facebook's cut will be during that time.

## Lauren Cooney



Lauren Cooney has 10 years of experience with product management, marketing, and building technical communities, strategies, and GTM plans for enterprise software companies across several different products, technologies, and languages. She joined Microsoft in May 2008 to lead the Web Platform & Standards team and focused specifically on driving change in Microsoft's web strategy, working on open source web initiatives and providing developers with the right products and tools to be successful when building web solutions. Cooney's team is responsible for the Microsoft Web Platform, the Web Platform Installer, the Windows Web Application Gallery, and [www.microsoft.com/web](http://www.microsoft.com/web). Before Microsoft, Cooney was a program director in the CTO office at IBM, focusing on strategy and community evangelism around Web 2.0 and open source technologies.

What is the future of Facebook? It's all about data.

When I worked at IBM two years ago, I had the privilege of working for the CTO of information management, Anant Jhingran. At that point in time, "mashups" were the next big thing, and almost every company out there, large and small, was in a

race to get their product to market first. My team was building what would become the IBM Mashup Center—the first enterprise-ready mashup engine. In almost every meeting we had, Anant would reiterate to the team how data was king—and essentially by mashing up data we were providing corporations with essential information that they needed to run their business better. It's what all companies want more of—data of who their users are or who their customers are—and the information they get from this is how they can better reach more customers or serve specific customers.

Facebook isn't that different; it runs its entire business around data collection, utilization, and then the sale of that to advertisers. Mark Zuckerberg was smarter than all of us, though; he realized that data was king earlier than all of us. When he was sitting in his college dorm room creating what would become Facebook, I wonder, however, if he knew just how good his company would become at collecting data. You see, every time someone signs up for Facebook, they are prompted to enter almost every detail of their lives into this one website. From sex, age, occupation, and relationship status to favorite movies, books, and quotes—Facebook asks users for all of this information. And then when you download an application—you know, one of those fun apps that tells you your horoscope or whatnot—well, the people who make those applications collect your data as well.

What amazes me, however, is just how much data people are willing to provide about themselves, without even truly knowing how it is utilized. In this book, advertising is discussed extensively—and how you can drive people to your company/website/blog/product. See, that data doesn't just sit there and waste away. Facebook utilizes every *piece* of data it collects. Perfect example? I work at Microsoft. And almost any time I log into Facebook, there's an ad on the right sidebar of my profile that pops up; sometimes it's an advertisement for a new social networking site (I list social media as one of my interests), or perhaps it's the face of some random person attempting to prompt me to click their picture so I can get their resume because they want to work at Microsoft. It's truly fascinating how much manipulation Facebook does with its data—and how well it utilizes it.

How is data and people's privacy regulated? you might ask. Well, to be frank, it's really not yet. Privacy is something for large corporations to worry about, not “consumer” companies like Facebook is often made out to be. You're not providing a credit card number when you sign up for Facebook, and you're only letting friends view your profile, so immediately it's not a big deal. But what you might not realize is that Facebook, without letting companies or individuals see your data, is still selling it to them. Facebook allows its advertisers to segment who they want to advertise to—whether it be age group, gender, company, occupation, or more. So, you think your personal data is safe? Well, it's safe, but I wouldn't call it “safe” (unless you limit what you input about yourself, which I have self-regulated on my own Facebook page over the past few years).

What does this mean for the future of Facebook? And better yet, how are other companies out there going to be affected/changed by the way Facebook uses its data?

Facebook is better at collecting data than most companies. Microsoft and Google collect a decent amount through their search engines, but they're not able to tailor it as well as Facebook is currently. In the future, I think that these companies, as well as other ones, are going to start figuring out how to better segment and utilize their data. A great example is how Facebook can advertise to certain users based on age and gender. Right there as a potential advertiser, I am able to get a better use out of my marketing budget with a company that can better target my audience, because at the end of the day that will bring me more potential customers or users.

With this data collection, however, comes the risk of further regulation around privacy. Facebook has very specific privacy guidelines, and it lets you self-regulate your own privacy on its site by providing a nice little tab under "Settings" on your profile page where you can go in and choose your own settings for your privacy. That said, Facebook still collects all your data. Similar to the e-mail marketing revolution when it imposed certain regulations about how you had to include an "opt-out" button, I believe Facebook will probably face certain privacy restrictions as consumers get smarter about their data.

Facebook is very intelligent about how it is delivering on its business plan and executing on its revenue model. Data is king, and Facebook gets that. Facebook, as a company, has brought to realization what people who are driving information management have known for years: the more information you have, the more power you have...and the more money you can make. It's a different era, and the data revolution is just starting.

## Jesse Stay



Jesse Stay is CEO and founder of SocialToo.com, a site that complements the social networking experience with useful tools and analytics. A speaker, author, developer, and entrepreneur, Jesse wrote two books, *I'm on Facebook—Now What???* and *FBML Essentials*, and was recently named one of 20 developers to follow on Twitter, as well as one of 10 entrepreneurs to follow on Twitter by Mashable.com. Jesse writes regularly on his blog, StayNAlive, and has contributed to the top two Facebook blogs, InsideFacebook and AllFacebook.

## From Fishers to Farmers

A good friend of mine, Jeremiah Owyang, likes to talk about "Fishing where the fish are" ([www.web-strategist.com/blog/2009/03/24/social-media-marketing-storyboard-1-fish-where-the-fish-are](http://www.web-strategist.com/blog/2009/03/24/social-media-marketing-storyboard-1-fish-where-the-fish-are)). Several years ago, Facebook brands would have to find

new and unique ways of getting customers to come to them. To do so, they would use techniques such as SEO, advertising, pay per click, and other methods to bring as many customers to their websites as possible. Knowing what others were saying, and being able to interact with those mentioning or sharing their product elsewhere, was a near-impossible task. However, with social media, that all changed, and now brands are able to become virtual fishermen in ponds far away, in ways they were never able to before.

Now, and for the future, Facebook is working to take that even a step further. Through tools such as Facebook Connect, brands are now able to go from being “fishers” to “farmers,” taking the interactions they have with their customers to their own website or turf. Now, as customers visit a brand’s website, they will be able to interact with their friends there, instead of just on Facebook.com. Wherever a user goes on the Web, they will be able to share with their Facebook friends, which is a powerful concept!

With Facebook Connect, the power can be shifted from a single website like Facebook.com and move into the hands of the brand, and even further, the consumer. As the future of the Web holds, the consumers will be in control of their relationships, and brands will need to provide the breeding grounds for that to happen.

### **What Is Facebook Connect?**

In its most basic form, Facebook Connect is a series of interfaces for programmers or brands to be able to access anything in the Facebook environment from their own websites or applications. The interface provides at a higher level HTML and JavaScript-based widgets that brands can copy into their websites to share things like a “Become a Fan” button or the ability to share content from their websites onto Facebook. At a lower level, a rich set of APIs is exposed for developers to access and build even more customized experiences for their customers.

The popular humor site JibJab.com is a great example of a brand that utilized Facebook Connect for success. With Facebook and Facebook Connect, JibJab was able to provide deep integration for their users, enabling them to bring in profile pictures, link friends, and share with others, all from the JibJab.com site using its Facebook login credentials. With this integration, JibJab boasted an increase of 1.5 million new users in just five months, something that took eight years to reach in the era of e-mail ([www.insidefacebook.com/2009/11/10/connect-brings-jibjab-1-5-million-facebook-users](http://www.insidefacebook.com/2009/11/10/connect-brings-jibjab-1-5-million-facebook-users)).

Huffington Post is another great example of success bringing the Facebook experience into its own environment. Huffington Post, a popular news website, sought to personalize the news-reading experience more and provided a deep integration into Facebook using Facebook Connect. Users, with a single login to Facebook, would immediately be presented with a list of their Facebook friends’ reading activity—what their friends are reading, what they are commenting on, and what they like, all in a live activity stream. This way, readers could, instead of reading a chronological list of

articles they may or may not be interested in, now see a list of articles they know their close friends are interested in, and more relevant content could be provided to each reader.

Huffington Post saw a boost of 48 percent in referral traffic, and the number of comments on the site increased, from 1.7 million to 2.2 million in a very short time frame. Huffington Post now boasts that 15 percent of its comments come from Facebook, and visitors went up 190 percent in just three months. They say those numbers are still growing (<http://paidcontent.org/article/419-huffpo-ceo-eric-hippeau-we-are-now-in-the-big-leagues>).

Brand after brand is utilizing the power of Facebook Connect, and there's a good chance if one brand isn't doing it, their competitor is. Facebook has also made it clear that it will further expand its offerings and that its future is "the open Web," not just the Facebook.com site. I think it's evident this is a tool every brand should be utilizing.

### **What's Next for Facebook?**

Since we know Facebook's future is Facebook Connect, it's obvious brands should be considering it in their expansion strategies. However, what comes after Connect? What will we see two to five years down the road?

Developers are quickly working on new ways to identify customers and provide contextual experiences for them. I think the future will be in that contextual experience. Expect the future to be about the brand following the user where they go. Not only will the user see their Facebook friends when they visit a brand's website, but that brand will also follow them as they visit other websites and as they use other applications. When they visit Google.com, if they are an AAA member, they will see AAA images next to each participating AAA service that returns in their Google.com search results. Your brand will provide meaningful data for them as well.

I call this the Building Block Web (<http://staynalive.com/articles/2009/10/15/web-3-0-the-building-block-web/>). In the future, individual brands will be able to provide experiences, or bricks of application, on other brands' websites, and other brands will be able to provide experiences for the customer on individual brands' websites. The future will be all about the user, and the user will see what they want to see as they tour the Web.

As brands contemplate their strategy for the future, it will be important for them to find ways to till and cultivate in their own environment, while at the same time provide ways for others to till and cultivate that brand in another environment. This starts with Facebook Connect—brands should be bringing the Facebook experience, friends, and connections Facebook is good at building into their own environments. At the same time, each company should be looking into ways to bring its brand's experience into Facebook.com. Brands should be both fishers *and* farmers.

## Nick O'Neill



Nick O'Neill is the founder and director of Social Times, Inc., a WebMediaBrands digital media company focused on covering the growing social web economy. He is a renowned social media industry expert, providing no-holds-barred commentary and insightful analysis on social networking and social media. Nick also speaks at conferences nationwide and has been written about in multiple national publications. With the opening of the Facebook platform, Nick saw a huge opportunity and has become fully dedicated to covering the social networking phenomenon via AllFacebook.com, eventually expanding beyond with SocialTimes.com.

Since Facebook's rapid ascent as one of the most important communication channels on the Web, businesses have been working to determine the best ways to reach their customers on the site. With new services like Facebook pages and Facebook Connect, and with more services to be announced in the future, what are the most important things for businesses to understand?

### **The World Is Becoming More Social**

Although Facebook is commonly viewed as a destination website, Facebook should be increasingly viewed as an identity service. No matter where you go on the Web (and eventually off the Web), you will have the ability to connect with your friends and other individuals about your experiences. In a world where "social" is no longer a competitive advantage (and no longer an option), businesses need to be focused on developing quality content that engages the customers. Facebook is shaping up to be the company that is responsible for socializing the Web and the world. This means businesses must stay on top of the future products and services Facebook releases in order to remain relevant in this rapidly changing environment.

### **Listening Is Complex and Necessary**

As users on Facebook (and other tools like Twitter) become more comfortable with sharing their information publicly, companies have the opportunity to find out what their customers are saying about them. Although the privacy of user data will continue to be a highly contested issue, it's becoming increasingly acceptable to share more personal information about our lives.

### **The Open Graph API**

One of Facebook's new products that will soon be released is the Open Graph API. Although few details have been provided about the Open Graph API, the idea is that users will be able to become a fan of any page on the Web. All features that currently exist within the Facebook Pages product can be implemented elsewhere on the Web. The idea is that companies will be able to build communities around any product,

service, or idea while having the ability to publish activity directly into users' Facebook streams. For 2010 and much of 2011, the Open Graph API will become one of the most important products for businesses.

### **Human Communication Has Been Redefined**

One thing to keep in mind with Facebook as well as other technologies is that we are still part of the communication revolution. Never before have humans been able to communicate with one another so quickly. Additionally, the level of information being shared has become so detailed that many are becoming overwhelmed. Despite the issue of information overload, I believe that humans are empowered by these new tools of communication. While companies are looking to understand this rapidly changing environment, humans are also trying to figure out how to adapt. We are still at an extremely early phase of the communication revolution, and by reading this book you have signaled your intention to be part of this massive shift.

### **Kevin Tate**



Kevin Tate is a founder and principal at StepChange Group, a Powered company. He has been creating online solutions for leading brands since 1996, first with I/PRO and then with Fort Point Partners and Kronos. He is a frequent speaker on the topic of social marketing and serves on the board of the Portland Advertising Federation. Kevin has a degree in international relations and economics from Stanford University.

Facebook has historically been referred to, derisively, as a “walled garden.” This was and is mostly a fair critique, although that same “walledness” is what allowed Facebook to create a uniquely effective social marketing landscape. So, it’s not all bad, and a lot of people can certainly benefit from it.

However, I believe 2010 will be the year that Facebook explodes beyond its “walls” and emerges as an ever-present social identity platform, no longer constrained to a specific, albeit large, corner of the Web.

The fact that Facebook has made public its plans for the Open Graph API in early 2010—which should effectively allow any web page/property to function as an extension of Facebook—lays some of the foundation.

### **And the Walls Come Tumbling Down**

However, I foresee Open Graph as only the catalyst, not the end state. The important shift I foresee in 2010 is from “Facebook as a *hub* for social momentum” to “Facebook as an *enabler* of social momentum” anywhere on the Web. Here’s what I mean...

Today, if you want your brand or campaign to participate in Facebook’s reach and momentum, you have to put that program inside—or at least very close to (using Facebook Connect)—Facebook itself. Thus, the popularity of Facebook Custom Tabs,

Apps, and Connect implementations allows a brand to flow a program’s momentum through Facebook (usually the Wall) in order to dramatically amplify the brand’s exposure and engagement.

In 2010, with Open Graph and the likely extensions such as Facebook Connect as the enablers, marketers will be able to use Facebook tools to create that same amplification and engagement on their own turf (for example, their primary website or a microsite), rather than needing to always flow the momentum through Facebook.

This will effectively turn Facebook “inside out” and will dramatically expand the range of Facebook-powered, social consumer experiences—since those will no longer be constrained by the specific properties and attention landscapes of today’s Facebook. The sky, rather than the “Wall,” will truly be the limit.

### **The New Social Marketing Opportunity: Facebook-Powered Social Experiences**

For marketers, this will open up a wide array of possible branded social experiences that leverage the reach and momentum of Facebook but that can be developed on their turf. This is significant because, although Facebook has offered tremendous reach, it has afforded somewhat limited brand influence and control. This has kept Facebook marketing, and most social media brand initiatives, focused “high in the funnel” (awareness and interest).

These new Facebook-powered properties—call them “social microsites,” “momentum hubs,” or “branded communities”—will play a new role lower in the marketing funnel, centered around high-value activities such as interest, education, evangelism, and conversion. For these to be effective, they will need to marry the reach and momentum coming from Facebook (and YouTube, Twitter, LinkedIn, and so on) with the content, commerce, and community that the brand provides. Companies that do this well will unlock a whole new area of measurable ROI from social media marketing.

### **The First Step: Creating Integrated Momentum Chains**

As marketers start leveraging these new capabilities, the first and most visible examples will be companies that create momentum chains like these:

Advertising ↔ Facebook ↔ Communities ↔ .com Sites

in which content and engagement can flow from one property to another, putting each to work in what it does best:

Advertising:	Reach
Facebook:	Engagement
Communities:	Content + context
.com Sites:	Conversion and support

Creating properties and programs that leverage this new, expanded momentum landscape will be an exciting area of innovation in 2010.

# Glossary

**A/B testing** Approach for determining how different designs of a single part of a web page or landing page impact a desired outcome metric. A/B testing is generally used to tweak a site once a design or overall approach is already determined. See also *multivariate testing*.

**ad approval** Process undertaken by Facebook to ensure that ads created by advertisers meet Facebook's quality standards. All Facebook ads must undergo ad approval before being presented to Facebook users. The process takes as little as an hour or as long as a week, depending on whether the advertiser has created an ad before and/or whether the ad is similar to other ads that have run on Facebook. Failing to pass ad approval means the process starts over again, and the ad must still be approved.

**ad copy** Text used to convince Facebook users to click an advertisement at the upper-right part of different pages on Facebook. Ad copy is created in the Ads and Pages application on Facebook and is presented to the user after an advertiser bids to run ads in a campaign and enters payment information. In Facebook, ad copy is currently limited to 25 characters for a title and 135 characters for the body of an ad.

**API** Application programming interface; the code that is run by a social network or other platform company that allows developers to integrate third-party code with the platform. Facebook, Twitter, and a wide range of other

Web 2.0 and social media services maintain a developer API.

**approved app** A Facebook application that has been reviewed by Facebook to assess whether the application meets Facebook's guidelines for acceptable standards, quality, relevance, and notifications. Once approved for inclusion, the app can propagate messages to the News Feed, and the app will appear in Facebook search results.

**blog** Web log, or self-serve publishing technology used by people and organizations to share thoughts, opinions, and reactions to current events. Facebook allows blogging via its Notes feature, which is available via the Facebook profiles or fan pages.

**bounce rate** Percentage of people who view a web page and immediately leave it, usually after not finding what they want. Bounce rates are usually calculated as a metric to indicate the overall success of an ad—clicks that are generated on an ad that result in a high bounce rate rarely provide the business metrics that are desired. A high bounce rate indicates that the traffic generated from an advertisement isn't "high-quality" traffic, while a low bounce rate conversely indicates that the ad does indeed target the right people.

**business accounts** Designed for individuals who want to use Facebook solely to administer fan pages and ad campaigns. For this reason, business accounts have very limited functionality. To create a business account,

individuals must first create a Facebook ad or Facebook page. If a user already has a personal account, it is a violation of Facebook's terms of use to also create a business account.

**campaign** A marketing initiative that integrates a set of advertising, marketing, and/or public relations commitments aimed at achieving business goals.

**click-through** Also referred to as a *click*, a user who has seen an ad and clicked it to get more information.

**click-through rate (CTR %)** The frequency with which a user clicks an ad or family of ads. This is an important metric for determining the effectiveness of ad copy and images used to entice a user. Generally speaking, ads with a higher CTR % are more effective than ads with lower CTR % metrics, which indicate poorer response.

**content audit** Process undertaken to learn how much an organization has of specific types of content for future sharing or posting via a social network.

**cost per action (CPA)** The amount an advertiser will pay for a user to perform a very specific action, usually a sign-up on a web form or some other call to action that the advertiser wants. Facebook does not currently make CPA advertising available to customers but may in the future.

**cost per click (CPC)** The amount an advertiser will pay for a user to click an advertisement, irrespective of what the user does afterward. CPC advertising is currently an available option through Facebook advertising.

**cost per mil (CPM)** The amount an advertiser will pay for 1,000 impressions of an advertisement, irrespective of whether the user

clicks the advertisement or performs an action afterward. CPM advertising is currently an available option through Facebook advertising.

**dashboard** A summarized view of all important metrics that determine the success of a campaign or set of campaigns over time. Usually built in a spreadsheet, dashboards are important for recording numbers that are usually lost over time because social networks and other third-party sites do not keep exhaustive records long-term.

**derivative metric** The combination of two or more metrics that helps marketers analyze progress over time and opportunities for optimizing websites. Some examples of important derivative metrics are page views per unique user, daily moving average cost per lead/fan, effective CPM per week, and so on.

**editorial policy** Rules that an organization uses to govern the types of content and the frequency with which content is posted or shared via social media.

**engagement ad** Type of advertisement that relies upon users to perform an action—such as play a video, like an ad, and so on—and have that action appear visible to other friends on Facebook.

**Facebook application** A product created from a set of custom code that is designed to run and allow interactions inside Facebook. Applications come in a variety of forms—most notably social games, productivity apps, music/lifestyle-sharing apps, custom notification apps, notification apps, and so on. Facebook has its own set of applications, and there are hundreds of thousands of third-party applications.

**Facebook credits** Users may purchase credits to be used toward buying virtual gifts or interacting with certain applications.

**Facebook Connect** A set of technology provided by Facebook to web developers for integrating Facebook features with a third-party website. Facebook Connect includes embeddable single sign-on using Facebook authentication credentials, social comments, fan boxes and widgets, personalization opportunities, “share on Facebook” functionality, and other features.

**Facebook Markup Language (FBML)** The language used by developers to create Facebook applications.

**fan** A Facebook user who chooses to identify with a fan page and show support. As a result, fan page updates are shared on the fan’s News Feed, and oftentimes the fan can post updates to the fan page directly.

**fan box** A Facebook “widget” that summarizes highlights of a Facebook fan page and is published to a website, blog, or other place on the Internet. Fan boxes may include the total number of fans for a fan page, small profile pictures of those fans, or the latest updates to the fan page.

**“Friends of Connections” advertising** An option in Facebook advertising that allows an advertiser to target people based on associations that friends have made. For example, an advertiser can target friends of people who join a group, are a fan of a fan page, or have installed a particular application.

**Insights** Facebook feature that exposes demographic details on users of a particular fan page or Facebook application. This feature is designed to give administrators an idea of

the demographic groups that use the fan page or application, along with behavioral metrics and usage statistics.

**landing page** A page established on a website that is intended to isolate traffic from a single source, usually an advertising campaign. Landing pages are established by traffic source and are not replicated, so statistics on the effectiveness of the tactic can be isolated and measured against other tactics in the campaign.

**live feed** All Facebook activity from friends and fan pages in chronological order. Whereas the (default) Top News is a reflection of “popularity” according to Facebook’s algorithms, the live feed (now called “Most Recent”) is a straight listing of every post.

**max bid** The amount of money per click or per thousand impressions that an advertiser is willing to pay to advertise. Suggestions for bid price are provided by Facebook after considering demand for the advertisement and availability of impressions per criteria set by the advertiser. An advertiser will set a bid in advance of running advertisements on Facebook and other popular Internet advertising destinations.

**moving average** Average of outcomes for a particular metric over a period of time, usually a week or month. Moving averages are designed to smooth out the impact of holidays and weekends to provide a consistent trending view of data as a means to judge the overall health of a campaign.

**multivariate testing** Approach for determining how multiple design differences on a website impacts a desired outcome metric. Multivariate testing is generally used as a

“scattershot” approach to quickly learn what features are responsible for the most well-optimized web destination that is possible. See also *A/B testing*.

**networks** Groups based around a workplace, high school, or college that users can join so they can connect with those around them easier. Facebook used to also have geographic networks but have phased out this feature.

**News Feed** Summary of the most important things that are shared by friends, fan pages, groups, and applications. Facebook’s algorithms decide which posts users see and in what order. The more activity a post has from users’ friends or joined fan pages, the more likely the post will appear toward the top of their News Feed.

**Notes** Application in Facebook that allows users to blog directly inside the Facebook platform. In Notes, Facebook users can “tag” each other, which sends a notification to the person being tagged. Along with generating their own note inside Facebook, users can use the Notes app to import an RSS feed, such as their own blog feed.

**page view** Statistic generated when a user visits a web page. Multiple page views are created when a user visits multiple pages in a single website. Generally, sites with higher page views are considered “stickier” than those with lower page views. Looking at page view statistics over time can determine whether changes to a site result in a stickier site or one that is less engaging.

**privacy settings** Part of Facebook that determines how users control incoming notifications, status updates, and personal data from other people on the Internet and on Facebook.

**profile** Arguably one of the most important features of Facebook, the profile is the place where users tell the world and each other about themselves. Demographic information, status updates, friends, and other customizations live in the Facebook profile.

**publisher** The box that appears at the top of every Facebook users’ News Feed, personal profile Wall, and fan pages. On personal profiles, content can be published via the publisher by users and their friends, depending on privacy settings. On fan pages, the administrator can post content via the fan page publisher, and fans can also post content depending on the settings.

**return on investment (ROI)** The amount of financial gain that results from a campaign or other Internet marketing initiative.

**search** Users may search for any keyword or phrase by entering their query in the search box on Facebook. On the search results page, the filters on the left side of the page allow users to view specific people, fan pages, groups, and applications along with posts by friends or posts by everyone.

**social graph** The mapping of friends, friends of friends, and other connections that is the basis of Facebook and other social media platforms.

**social media policy** Rules and guidelines for the use of social media technologies and applications as it relates to a business or organization.

**sponsored ad** Advertising opportunity generally for organizations with larger advertising budgets to include a brief ad in the upper-right corner of the Facebook News Feed page.

**status update** The field to the right of any user's name on their profile or any fan page's name where up to 420 characters of text may be published. If the text contains a link, typically this will be posted on the Wall as a link, not a status update.

**suggested bid** Amount of money Facebook suggests that an advertiser "bid" to get the desired number of clicks or impressions in an advertising campaign.

**unique user** A visitor to a website that has not been to that site previously during the queried time period. Increases in the number of unique users over time indicate that marketing campaigns are successful at engaging with new customers, while those that

see a decrease in unique users over time are perhaps engaging with an already informed customer base.

**username** A short name used to identify a fan page or profile on Facebook, using the convention [www.facebook.com/vanityname](http://www.facebook.com/vanityname). Vanity names are important for simplifying complex URLs that Facebook otherwise uses for fan pages and profiles. Users may create one username for their personal profile and one for any fan page they administer. Personal usernames can be changed one time; fan page usernames cannot be changed. To secure usernames, users should go to <http://facebook.com/username>.

**vanity name** See *username*.

