



Social Intelligence Report

ADOBE DIGITAL INDEX | Q4 2013

Q4 2013 key insights

Facebook ad:

- Click-through-rate (CTR) is up 365% year-over-year and 41% quarter-over-quarter.
- Cost-per-click (CPC) rose 29% during the holiday season.
- Cost-per-thousand impressions (CPM) is up 437% year-over-year and 51% quarter-over-quarter.
- CPC, CTR, and CPM are all up in Europe and U.K.
- Facebook ad click volume is up 125% year-over-year.
- Facebook ad impressions volume up 10% year-over-year.

Facebook brand impressions and engagement:

- Social engagement with brand posts is up 180% year-over-year.
- Comments and shares are up 40% year-over-year.
- Brand post impressions are up 150% year-over-year.
- Quarter-over-quarter brand post impressions and engagement are down slightly.
- Posts with images are up 10% and posts with links, text, or video are all down.
- Posts with images produce a 650% higher engagement rate than regular text posts.



Q4 2013 key insights (cont'd)

Revenue per visit (RPV):

- Facebook: up 72% year-over-year and 31% quarter-over-quarter.
- Twitter: up 131% year-over-year and 84% quarter-over-quarter.
- Pinterest: up 244% year-over-year and 69% quarter-over-quarter.
- Tumblr: up 340% year-over-year and 38% quarter-over-quarter.

Referred visits and revenue:

- Facebook share of referred visits is down 15% year-over-year, but up 2% quarter-over-quarter.
- Twitter share of referred visits is up 125% year-over-year and 18% quarter-over-quarter.
- Pinterest share of referred visits is up 89% year-over-year and 11% quarter-over-quarter.
- In U.K., Pinterest overtook Facebook for referring revenue in Q4 and is up 50% quarter-over-quarter.



Social media is rising beyond just likes and retweets.

Social media continues to shape the digital marketplace with how brands can engage their consumer. Whether its through a sponsored link on Twitter, an inline ad with Facebook, or retail placement on Pinterest, an understanding of the current trends will go a long way to producing a successful social media marketing campaign.

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PAID SOCIAL

Facebook ad CPCs and CTRs in U.S.

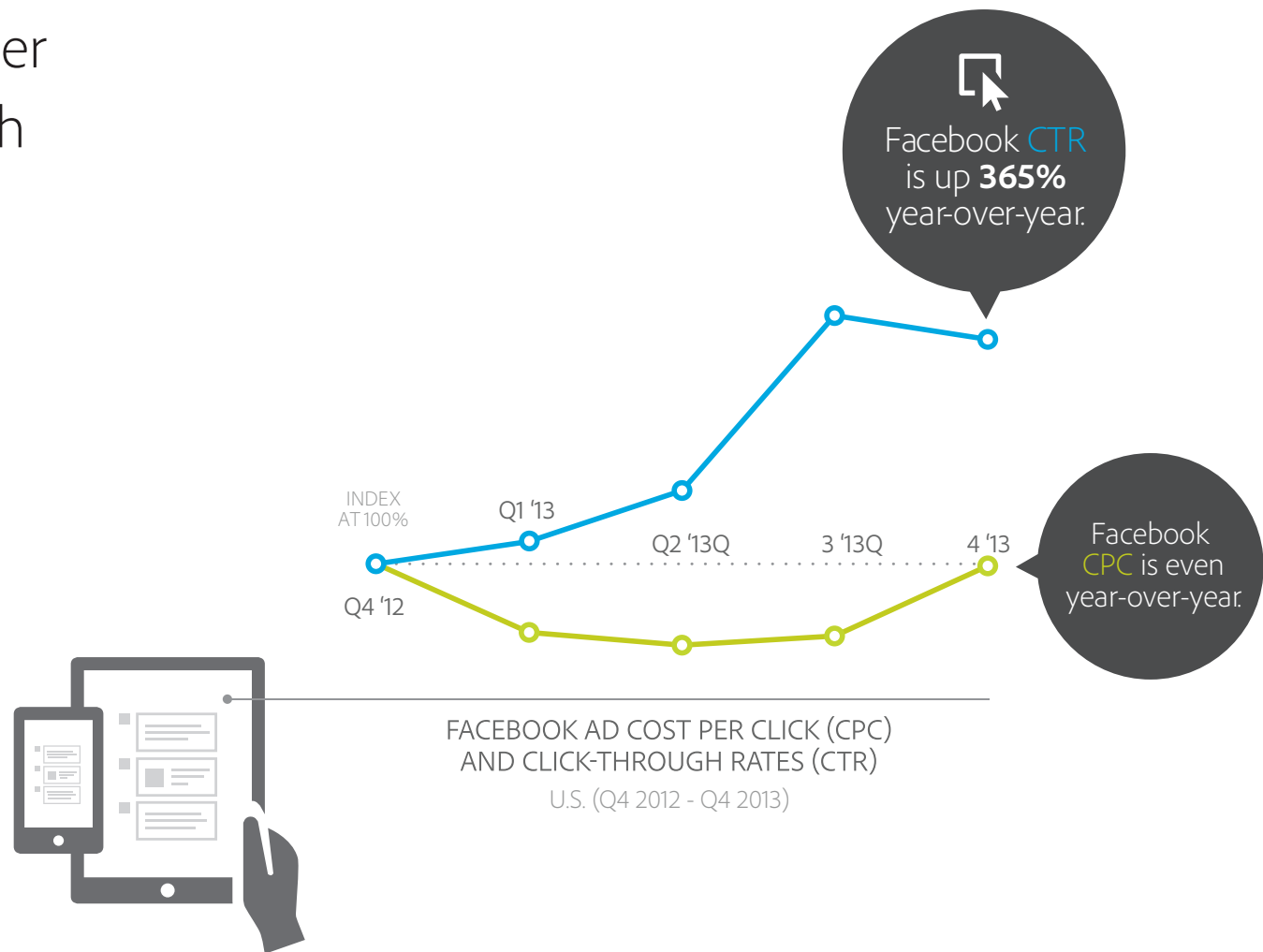
Retailers competing for holiday shoppers resulted in higher CPCs. Click-through rates are leveling off but are still much higher than last year.

The findings:

- Facebook ad CPC is even year-over-year.
- Facebook ad CTR is up 365% year-over-year.
- Facebook ad CPC rose 29% during the holiday season.

The opportunity:

Most advertisers haven't experimented with paid social yet. With CTRs up and costs remaining low, advertisers should start using paid social or use it more often.



PAID SOCIAL

Facebook ad CPM in U.S.

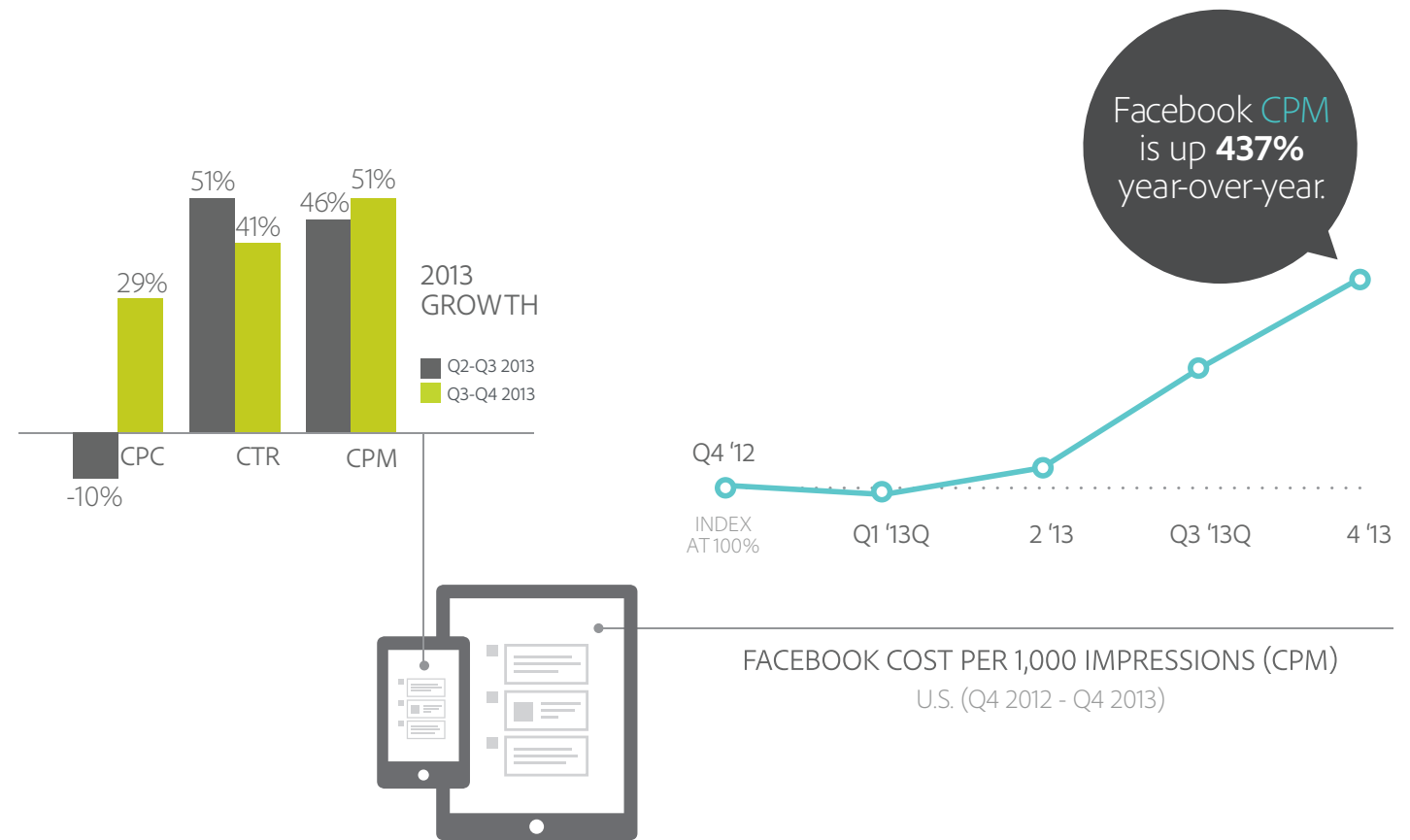
CPC, CPM, and CTR rates for Facebook ads are all up, showing an increased need for marketers to focus on optimization.

The findings:

- Facebook CPM up 437% year-over-year, and 51% quarter-over-quarter.
- CPC, CTR, and CPM are all up quarter-over-quarter.

The opportunity:

Advertisers face an increasingly complex optimization challenge that requires balance between fixed cost (CPM) or transactional cost (CPC) models. They should keep a close eye on rates and optimal strategies to deliver maximum ROI.



PAID SOCIAL

Facebook ad CPC and CTR in U.K. and Europe

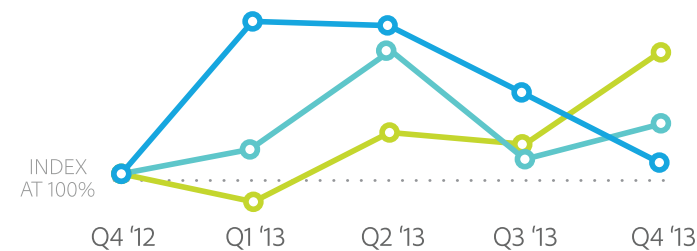
Facebook ads are also growing in the U.K. and Europe with CTR, CPC, and CPMs all on the rise year-over-year.

The findings:

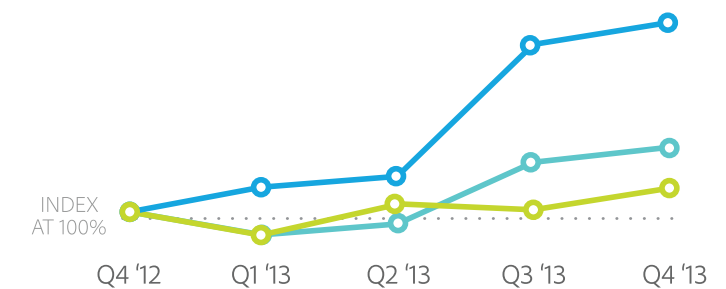
- CPC is up 111% in U.K. and 25% in Europe year-over-year.
- CTR is up 14% in U.K. and 172% in Europe year-over-year.
- CPM is up 48% in U.K. and 61% in Europe year-over-year.

The opportunity:

U.K. and European retailers should look to capitalize on high click-through rates (CTR) as costs continue to increase.



FACEBOOK CPC, CTR, AND CPM U.K. (Q4 2012 - Q4 2013)



FACEBOOK CPC, CTR, AND CPM EUROPE (Q4 2012 - Q4 2013)

Click through rate Cost per click CPM



Facebook ad click volume and impressions growth globally

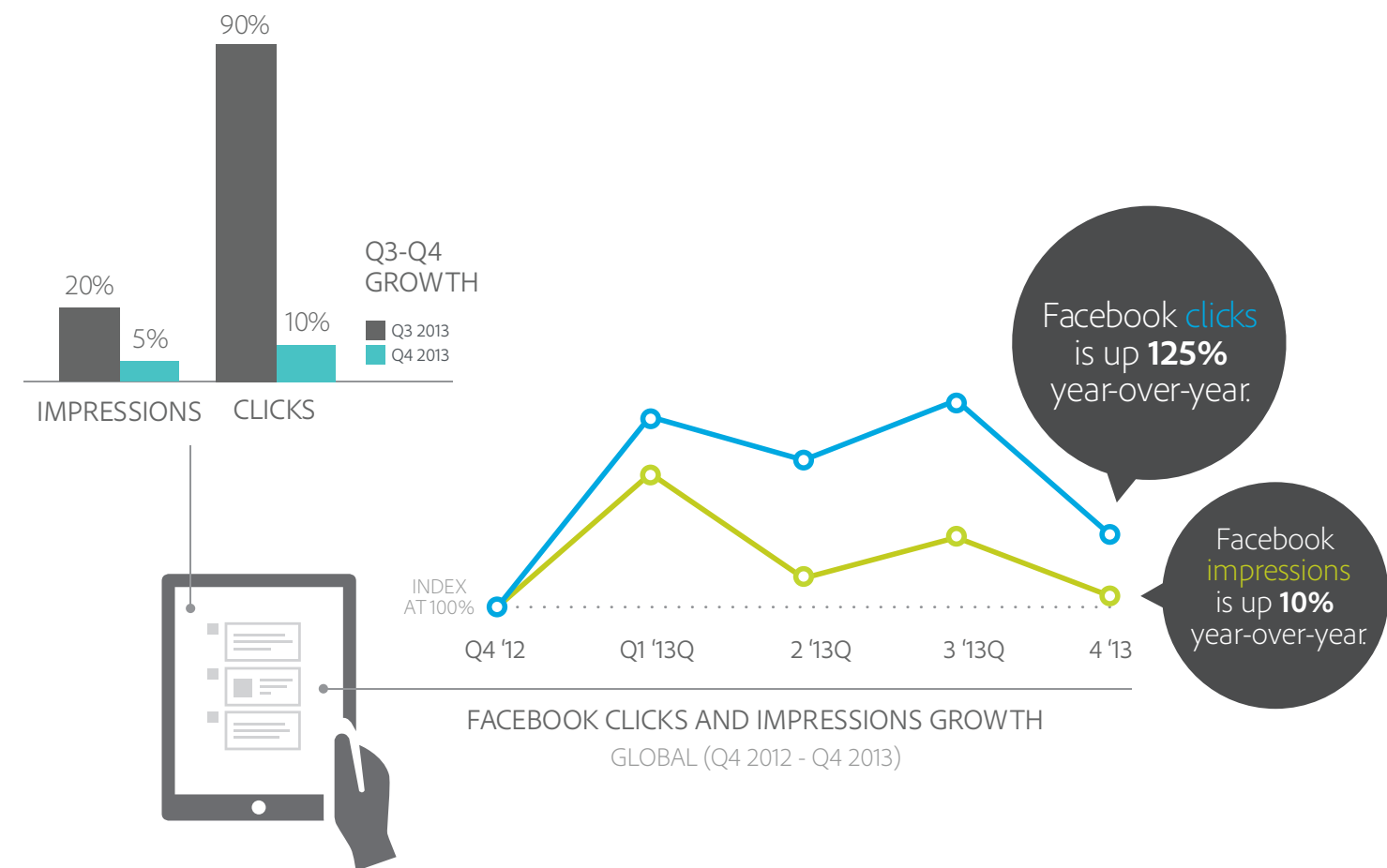
With clicks largely outpacing impressions, consumers are showing that they may have a larger appetite for ads than Facebook and brands think.

The findings:

- Growth of Facebook ad clicks and impressions has slowed quarter-over-quarter.
- Facebook ad click volume is up 125% year-over-year.
- Facebook ad impressions volume up 10% year-over-year.

The opportunity:

Marketers may not have advertised enough on Facebook in Q4 as clicks outpaced impressions growth.



Social engagement growth and type

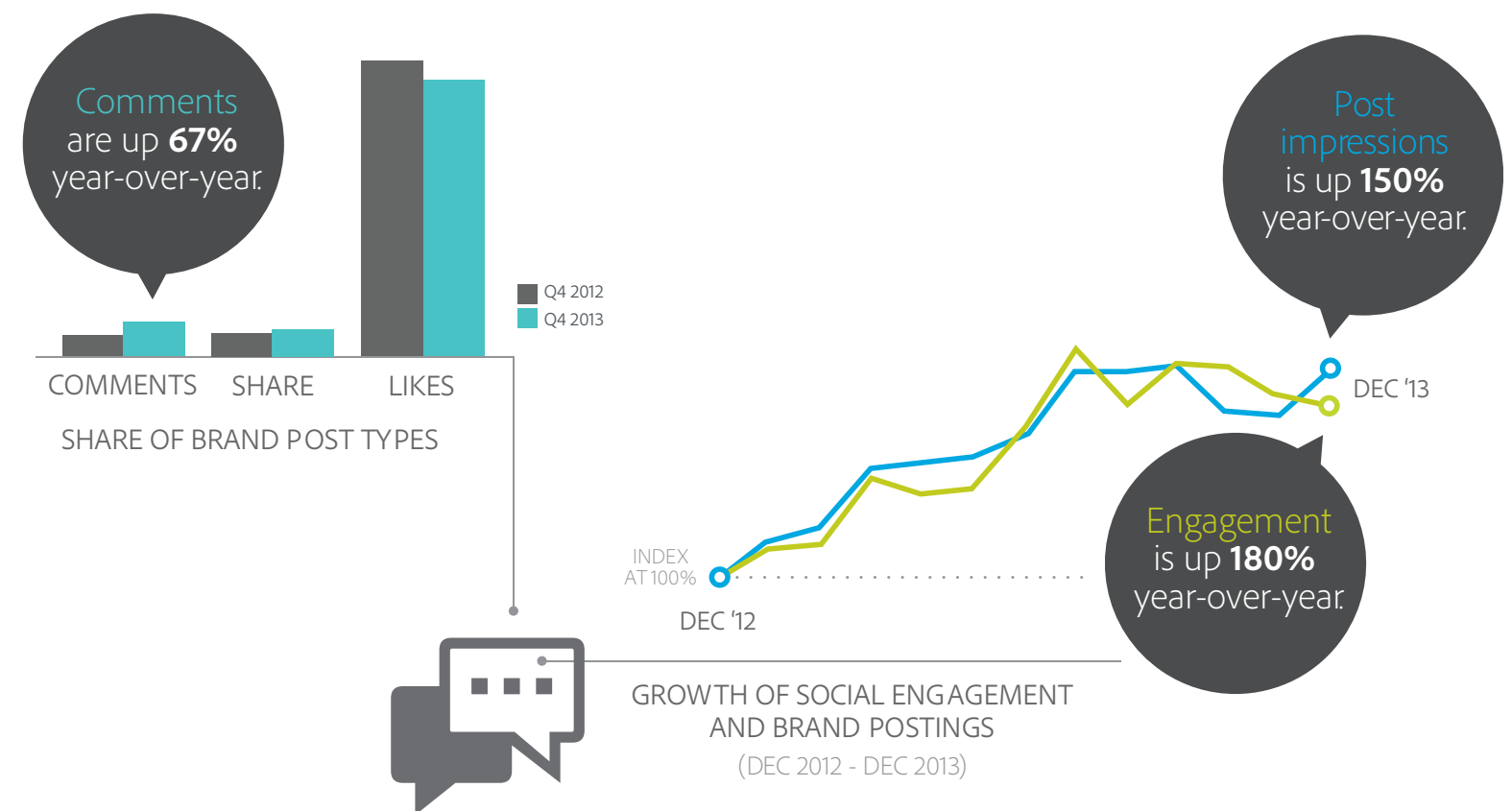
Consumers continue to engage with brands and are beginning to engage more actively with comments and shares.

The findings:

- Likes produce 82% of all social engagement, but are down 6% year-over-year.
- Comments and shares are up 40% year-over-year.
- Social engagement with brand posts is up 180% year-over-year.

The opportunity:

Brand post impressions dropped in Q4 after recent updates by Facebook. Brands should look to incorporate paid impressions and create more viral content to increase viewership of each post.



Social engagement rate and share of post type

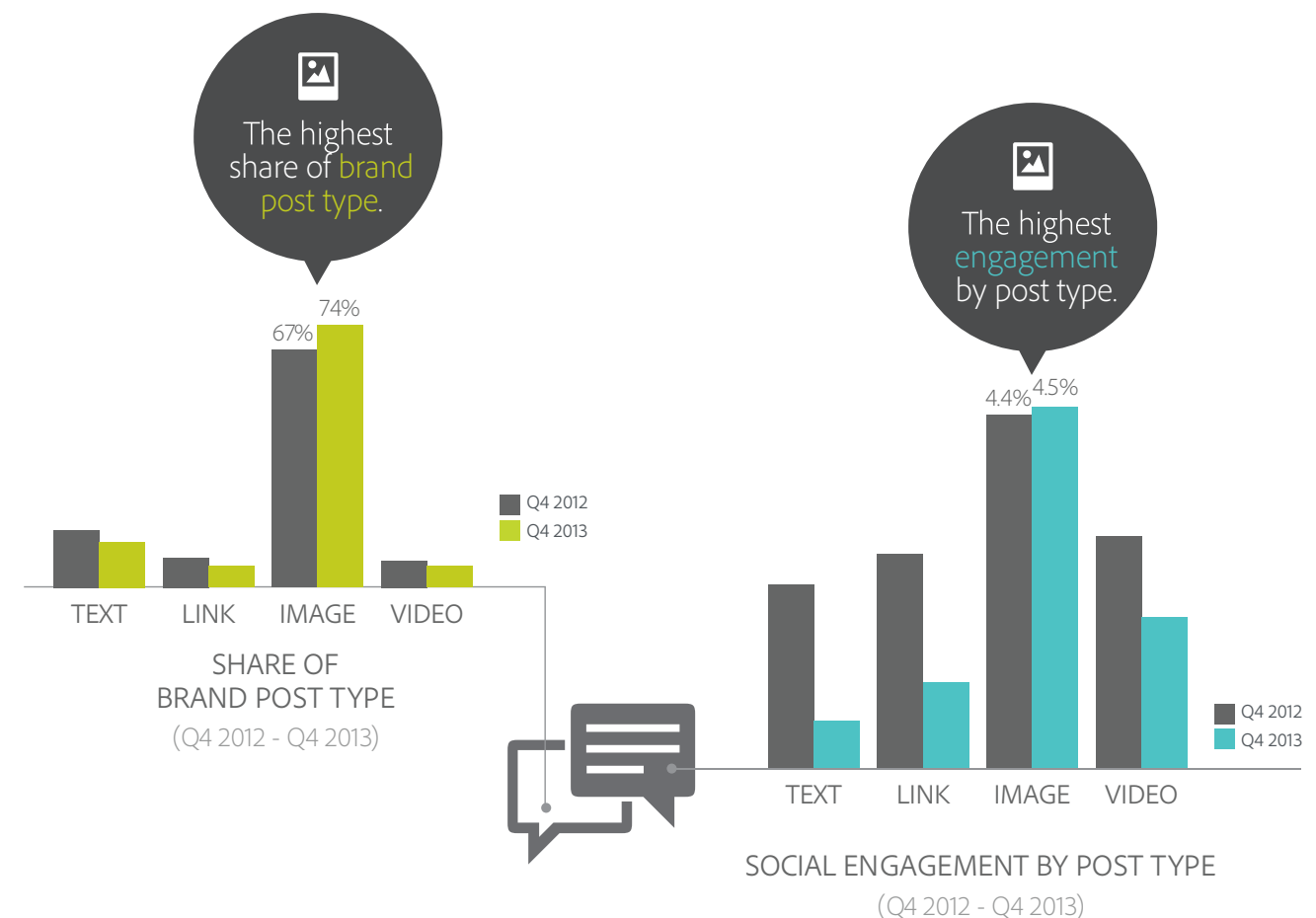
Brands continue to utilize the high engagement rate of images, but are falling behind with video.

The findings:

- Posts with images are up 10% and posts with links, text, or video are all down.
- Engagement rate for links, text, and video posts all decreased.
- Posts with images produce a 650% higher engagement rate than regular text posts. Video content quality may be dropping.

The opportunity:

Marketers should look to incorporate a more diverse mix of posts, so as to not oversaturate and decrease the engagement rates of images. Brands also need to step up the quality of video and images.



OWNED SOCIAL

Share of social referred visits

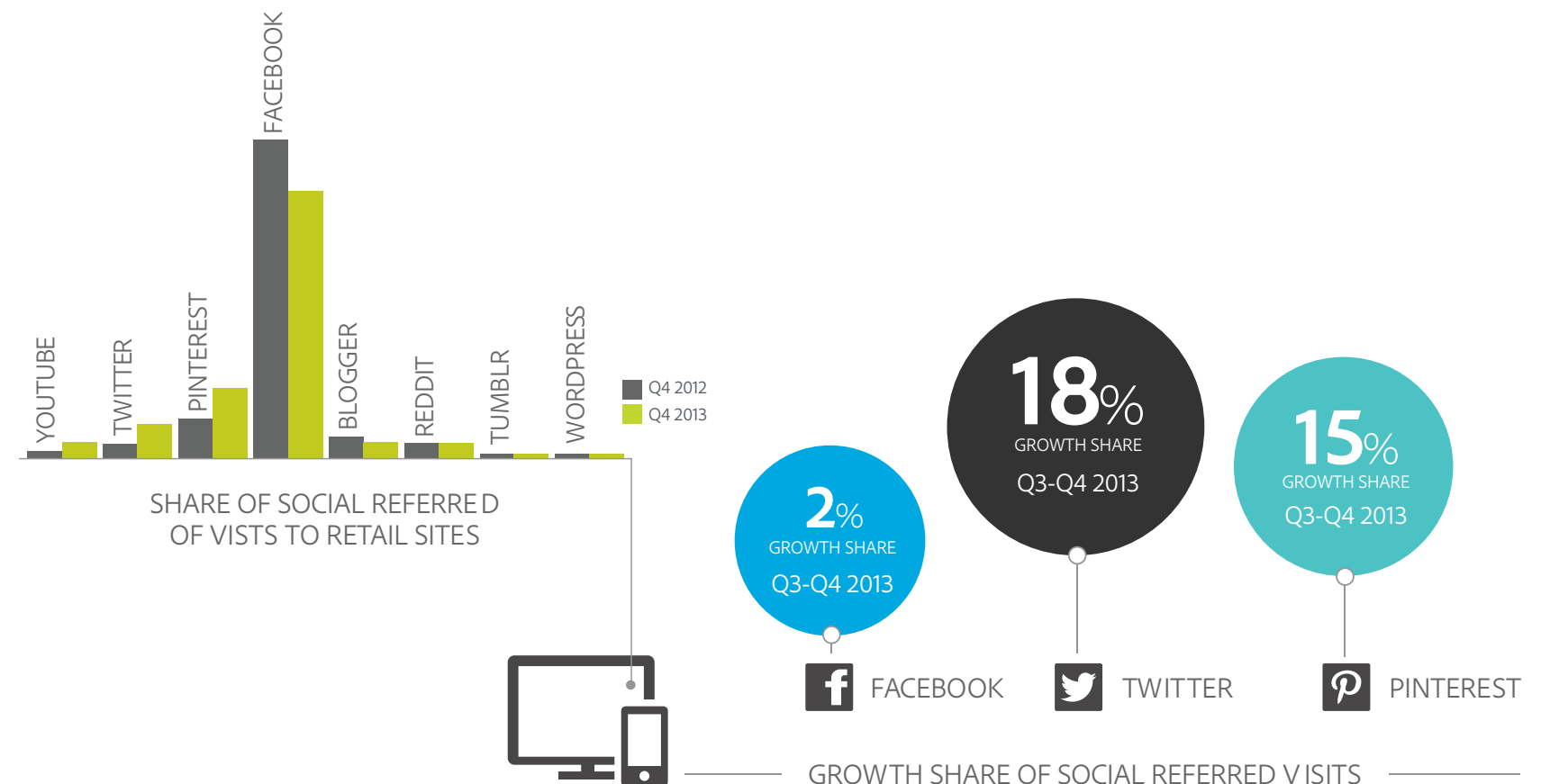
Facebook still refers the most traffic, but Twitter and Pinterest are growing the fastest.

The findings:

- Facebook share of referred visits is down 15% year-over-year but up 2% quarter-over-quarter.
- Twitter share of referred visits is up 125% year-over-year and 18% quarter-over-quarter.
- Pinterest share of referred visits is up 89% year-over-year and 11% quarter-over-quarter.

The opportunity:

Twitter continues to grow the fastest in referral visits. Look to incorporate promoted Tweets, as well as image and video related content to capitalize on the growth.



OWNED SOCIAL

Social RPV year-over-year increase

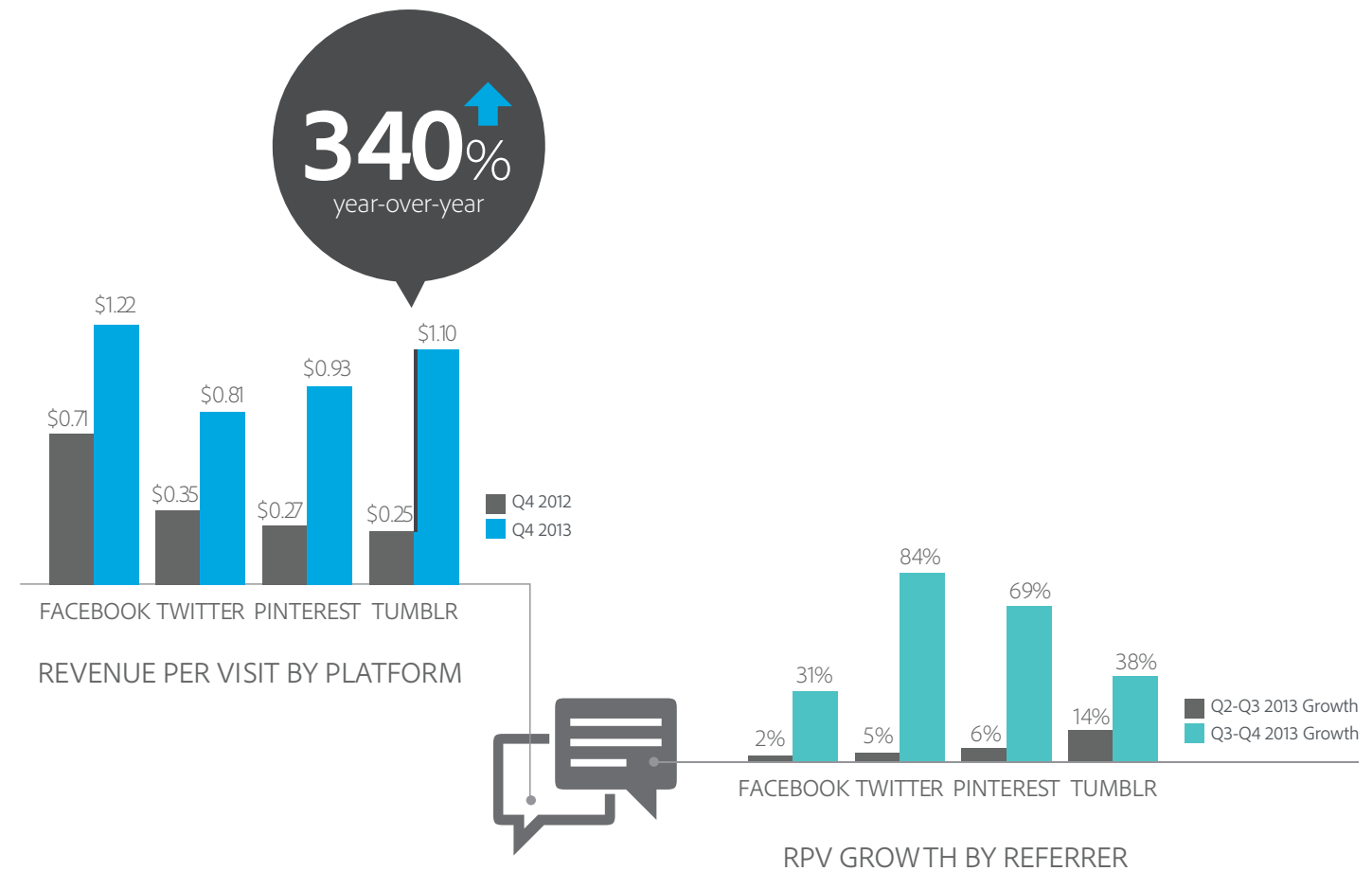
Revenue referred from social media continues to increase, especially during the holidays.

The findings:

- Facebook RPV is up 72% year-over-year and 31% quarter-over-quarter.
- Twitter RPV is up 131% year-over-year and 84% quarter-over-quarter.
- Pinterest RPV is up 244% year-over-year and 69% quarter-over-quarter.
- Tumblr RPV is up 340% year-over-year and 38% quarter-over-quarter.

The opportunity:

All social networks are referring a record amount of revenue to retail sites. Pinterest, Facebook, Twitter, and even Tumblr should all be a focus of marketers in retail.



OWNED SOCIAL

Social RPV in U.K.

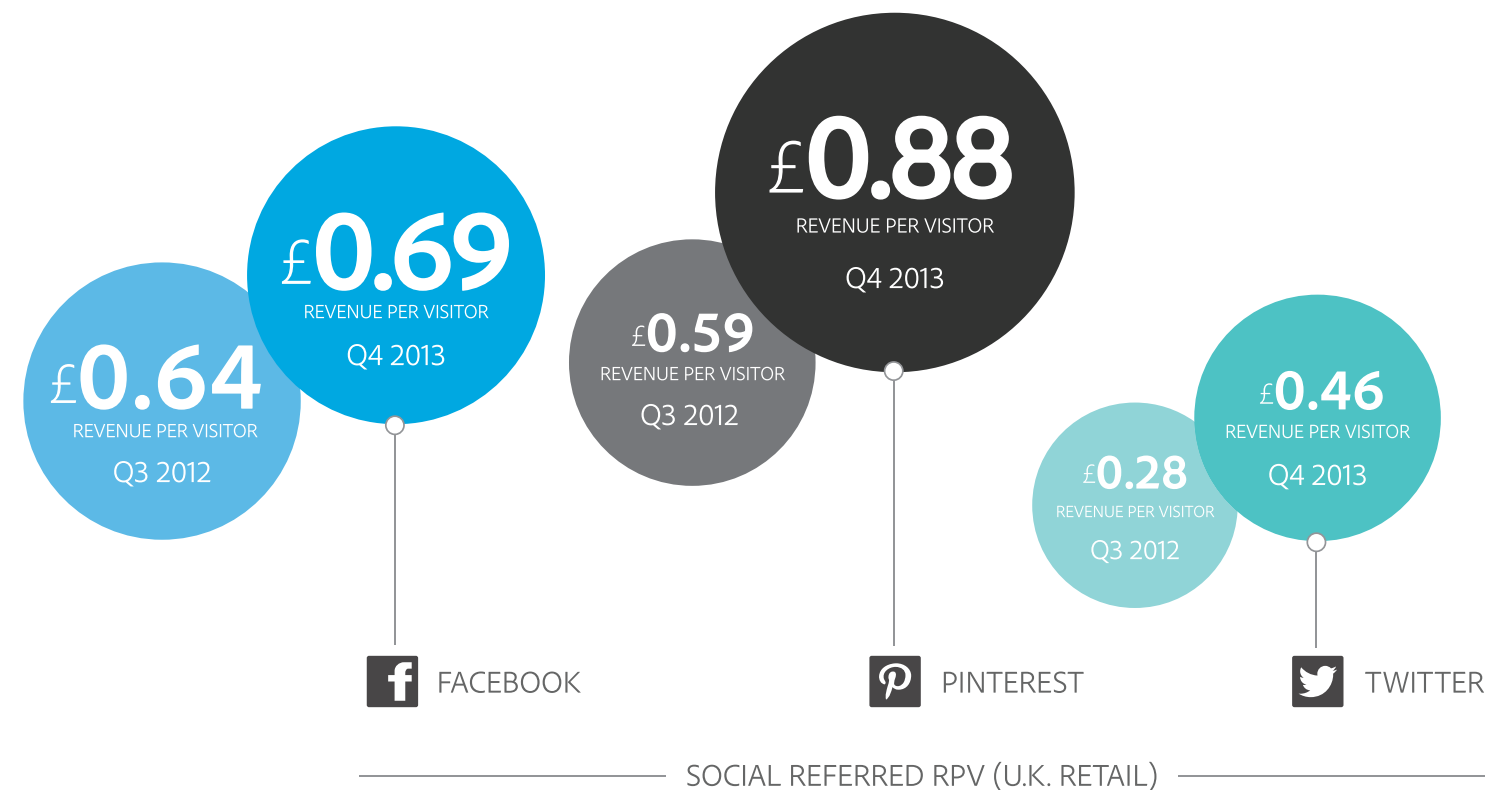
Pinterest overtakes Facebook in referring revenue in the U.K.

The findings:

- Pinterest overtook Facebook for referring revenue in Q4 and is up 50% quarter-over-quarter.
- Twitter RPV is up 63% quarter-over-quarter.

The opportunity:

Pinterest should be a focal point of every retail marketer. Look for the popular network to surpass Facebook for referral RPV in the U.S. in 2014.



Recommendations and predictions

Overall 2014 will see continued growth in ad revenue as more marketers jump in and social media channels add paid media capacity and capabilities. Marketers will continue to look for a balance between CPCs and CPMs causing both to continue to fluctuate. To marketer's chagrin, digital marketing, which was already confusing enough, is getting more complex. It requires a balance between paid media programs across search, display, and social to deliver optimal results. Marketers who follow a herd mentality or fail to capitalize on all opportunities will fall behind in the race for high-quality traffic.

Social media channels are picking up steam and have their eyes on capturing a greater proportion of search dollars. The real race will not be between social media channels, but between marketer's allocation of dollars across search, display, and social. Social media, however, risks alienating users while it courts marketers. We're sure to see some missteps along the way, but by 2015, we should expect to see a balance between content, advertising, targeting, and privacy that marketers and users can all live by.

Glossary

- **Click-through rate (CTR):** Clicks created per impression.
- **Cost per click (CPC):** Cost per click on an ad.
- **Cost per thousand (CPM):** Cost per thousand impressions of an ad.
- **First-click attribution:** Purchase attributed to the first click the consumer makes toward purchasing an item.
- **Geo-targeting:** Posts targeting a specific region.
- **Last-click attribution:** Purchase attributed to the last click the consumer makes toward purchasing an item.
- **Return on investment (ROI):** Ratio of revenue to cost.
- **Revenue per visitor (RPV):** Revenue made per visit.
- **Social engagement:** The volume of comments, likes, and shares received through social media.
- **Social sentiment:** Ranking social mentions from 1 (negative) to 10 (positive) in order to track the effectiveness of social marketing efforts.

Methodology

This report is based on consumer data to brand sites during 2012 and 2013. It is comprised of aggregated and anonymous data from retail, media and entertainment, and travel websites. Ad data does not include retargeted ads on social media channels.

Sample information includes:

- 240 billion Facebook ad impressions.
- 500 million referred visits from social sites.
- 1.5 billion Facebook posts.
- 6.3 billion Facebook comments, shares, and likes.

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Appendix

Facebook Cost Per Click (CPC) and Click Through Rate (CTR)					
	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
CPC	100%	78%	74%	77%	100%
CTR	100%	133%	216%	500%	465%

Cost Per Thousand Impressions (CPM) by Platform					
	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Facebook	100%	87%	138%	345%	537%

Facebook Ad CPC, CTR, and CPM in U.K.					
	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
CPC	100%	77%	139%	130%	211%
CTR	100%	240%	236%	175%	114%
CPM	100%	125%	213%	115%	148%

Facebook Ad CPC, CTR, and CPM in Europe					
	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
CPC	100%	80%	109%	104%	125%
CTR	100%	125%	135%	254%	272%
CPM	100%	81%	91%	146%	161%

Facebook Clicks and Impressions Growth (Global)					
	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Clicks	100%	427%	350%	452%	225%
Impressions	100%	317%	151%	206%	110%

Social Engagement Share		
	Q4 2012	Q4 2013
Like	87%	82%
Comments	6%	10%
Shares	7%	8%

Engagement		
	Q4 2012	Q4 2013
Image	4.40%	4.50%
Link	2.70%	1.10%
Text	2.30%	0.60%
Video	2.90%	1.90%

Branded Post Type		
	Q4 2012	Q4 2013
Image	67%	74%
Link	9%	6%
Text	17%	13%
Video	8%	6%

Social Referred RPV for U.S. Retail		
	Q4 2012	Q4 2013
Facebook	\$0.71	\$1.22
Twitter	\$0.35	\$0.93
Pinterest	\$0.27	\$0.81
Tumblr	\$0.25	\$1.10

Social Referred RPV for U.K. Retail		
	Q3 2013	Q4 2013
Facebook	£0.64	£0.69
Twitter	£0.59	£0.88
Pinterest	£0.28	£0.46

Growth of Social Engagement and Brand Postings													
	12-Dec	13-Jan	13-Feb	13-Mar	13-Apr	13-May	13-Jun	13-Jul	13-Aug	13-Sep	13-Oct	13-Nov	13-Dec
Engagement	100%	134%	146%	195%	200%	205%	225%	280%	278%	285%	245%	241%	280%
Post Impressions	100%	127%	131%	187%	173%	180%	230%	299%	251%	286%	283%	260%	250%

Q3 -Q4 2013 Growth	
Clicks	10%
Impressions	5%

