
From: Ed <[REDACTED]>
Sent: Thursday, May 24, 2012 1:17 PM
To: Epstein, Jeff
Subject: My brief romance with Facebook, or why the Digital Anthill will self-destruct (Adweek last year)

<http://www.adweek.com/edward-jay-epstein/facebook-anthill-134593>

The Digital Anthill

By Edward Jay Epstein

The brilliance of Facebook is its ability to beguile its 900 =illion-odd users into building digital heaps, some of which are called =93fan pages" and are for celebrities, TV programs, political causes, =ommercial products, etc. (Brands do this as well, but that's another =olumn.) While people may believe this merely builds a social network =containing real world friends and cyber like-minded ones, we're =ctually just worker ants in Facebook's ingenious business model, =licking and getting friends to click "like" buttons on these and =ther pages.

A page created by an Angelina Jolie fan, for example, has some 2.1 =illion "likes." Facebook offers this digital heap to advertisers =s a "specific interest," with ads appearing on the homepage of =every "fan" who clicks on "like." The advertiser buys this =ccess either on a per-click or per-impression basis, and can apply a =umber of demographic filters such as age, location, and education. The =rice per click or impression is determined by a computerized auction.

These heaps, however, are not time sensitive or updated. Unlike =oogle's AdWords, in which one can match key words—e.g., "cheap =otox"—to people searching for those words, Facebook's digital =eaps can accumulate over many years. So, they may reflect bygone, =ather than present, interests.

I discovered problems with Facebook's anthills when I sought to =dvertise my own ebooks. I learned that even as a diligent worker =nt—one without a fan page—I cannot reach my own 800 cyber friends =or free. The reason: Facebook limits the exposure of what's posted =o a handful of friends with whom you have been in recent contact.

So, I bought ads, which Facebook makes easy for anyone with \$50. For my =book, *Killing Castro* (which included a CIA report), I chose such =93specific interests" as the CIA, Castro, JFK, and Oliver Stone, =hich should have reached Facebook fans of those subjects. I put my ad =n those fan pages and paid the suggested \$1.60/click. The ad, which =as to be shorter than a tweet, went to 56,000 people, received 36 =licks, and sold six books, which was far less than the 211 copies sold =y a brief blog on the Atlantic Wire.

Unfortunately, I had to end the campaign because the click cost itself =xceeded my royalty, reminding me of the moron joke about a =anufacturer who loses money on each item but hopes to make it up on =olume.

Even if Facebook did not work for me, it obviously works for others as =t has a reported market value of \$60 billion. To explore this further, = talked to executives at film studios that produce movies geared to =eens reachable on Facebook. In 2011, the major studios are spending between \$2 million and \$2.5 =illion for online marketing on major releases. As it was explained to =e, how much, if any, of that budget goes to Facebook depends largely =n the type of movie. Original films, such as *Midnight in Paris*, *Blood =iamond*, and *Crazy, Stupid, Love*, are considered a waste of money on =acebook since they have no large pre-existing heap of digital fans. =ut with sequels, such as the *Harry Potter*, *X-Men*, and *Spiderman* =eries, fan pages are seen as highly effective investments because they =ear the Facebook ads to teens who have previously "liked" films in =he series.

Harry Potter, for example, has 4.3 million "likes" on its fan page. =ven if a studio has to pay \$3.60 a click, which is nearly its share of = ticket, it's worth it for building awareness because, by its own =eckoning, the average male teenager "shares" with 130 Facebook =riends. The fan page is also, as one executive pointed out, "a =articularly effective place to tell these fans when tickets are =available online."

So, while Facebook may provide yet another reason for studios to =reenlight sequels, it in no way replaces the need for many millions of =ollars in TV spot ads to drive audiences into multiplexes. The average =arketing budget is above \$34 million for a Hollywood sequel—and only = small fraction of that goes to Facebook ads.

Perhaps even more damning: Even with whatever enhancements come from =acebook's "like" piles, total movie ticket sales are down 5.2 =ercent this year.

Regards, Ed

PS. Please excuse the typos, predictive substitutions and imperfect =.I.

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