
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 million-odd users into building digital heaps, some of which are called “fan pages” and are for celebrities, TV programs, political causes, commercial products, etc. (Brands do this as well, but that’s another column.) While people may believe this merely builds a social network containing real world friends and cyber like-minded ones, we’re actually just worker ants in Facebook’s ingenious business model, licking and getting friends to click “like” buttons on these and other pages.

A page created by an Angelina Jolie fan, for example, has some 2.1 million “likes.” Facebook offers this digital heap to advertisers as a “specific interest,” with ads appearing on the homepage of every “fan” who clicks on “like.” The advertiser buys this access either on a per-click or per-impression basis, and can apply a number of demographic filters such as age, location, and education. The price per click or impression is determined by a computerized auction. These heaps, however, are not time sensitive or updated. Unlike Google’s AdWords, in which one can match key words—e.g., “cheap auto”—to people searching for those words, Facebook’s digital heaps can accumulate over many years. So, they may reflect bygone, rather than present, interests.

I discovered problems with Facebook’s anthills when I sought to advertise my own ebooks. I learned that even as a diligent worker—not one without a fan page—I cannot reach my own 800 cyber friends for free. The reason: Facebook limits the exposure of what’s posted to 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 “specific interests” as the CIA, Castro, JFK, and Oliver Stone, which should have reached Facebook fans of those subjects. I put my ad on those fan pages and paid the suggested \$1.60/click. The ad, which was to be shorter than a tweet, went to 56,000 people, received 36 clicks, and sold six books, which was far less than the 211 copies sold by a brief blog on the Atlantic Wire.

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

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

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

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

Perhaps even more damning: Even with whatever enhancements come from Facebook’s “like” piles, total movie ticket sales are down 5.2 percent this year.

Regards, Ed

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

www.edwardjayepstein.com

```
<?xml version=.0" encoding=TF-8"?>
```

```
<!DOCTYPE plist PUBLIC "-//Apple//DTD PLIST 1.0//EN" "http://www.apple.com/DTDs/PropertyList-1.0.dtd">
```

```
<plist version=.0">
```

```
<dict>
```

```
  <key>conversation-id</key>
```

```
  <integer>221069</integer>
```

```
  <key>date-last-viewed</key>
```

```
  <integer>0</integer>
```

```
  <key>date-received</key>
```

```
  <integer>1337865405</integer>
```

```
  <key>flags</key>
```

```
  <integer>8590195713</integer>
```

```
  <key>gmail-label-ids</key>
```

```
  <array>
```

```
    <integer>6</integer>
```

```
    <integer>2</integer>
```

```
  </array>
```

```
  <key>remote-id</key>
```

```
  <string>225274</string>
```

```
</dict>
```

```
</plist>
```