

FACEBOOK TRENDS DELICATE PATH – FAVORS REVENUE OVER REPUTATION



Facebook's advertisement revenue for the first quarter of the year, being well below optimistic projections and promised expectations, has sent alarm bells ringing. Even at the risk of their fiscal viability being put under the scanner, they are initiating short-term ad schemes, to boost falling ad revenues. Leaked documents have revealed that Facebook is planning to revamp and overhaul its Premium Ad Campaign, to boost sales and revenue. PrivCo, a private financial data authority has analyzed the documents and has confirmed that Facebook seems to be in a hurry to meet its short-term numbers by sacrificing user experience to boost advertisement revenue. The haste is, in all probability, fuelled by the fact that the company is under increased scrutiny from Wall Street, who will be eyeing their next quarter results with great interest, as Facebook prepares to raise \$5 billion from its first IPO. Moreover, continued fall in advertising sales revenue could jeopardize success of the IPO. EMarketer analyst Debra Williamson says, "The stakes get a little higher as they move towards their IPO." One reason why ad revenues on Facebook haven't been what they should be and have actually decreased, is that many brands have been advertising on Facebook, without paying. The modus-operandi was ridiculously simple and uncomplicated. Brands would build a "page" on Facebook and later post their content on the page, for Facebook Users who had become their fans, to view the content at will. This is now going to change. Henceforth, advertisers will have to pay to "mingle ads across the pages and mobile phones of Facebook members." No more will brands be able to advertise to their fans news feeds. Facebook's director of global business marketing, Mike Hoeflinger, confessed that it was momentous decision for Facebook saying, "It is going through a massive evolution today." The new 'Premium Ad Campaign' that Facebook demonstrated in front of 1,000 advertising executives in New York shows that when a Facebook page owner posts any content to their page and when the content of that page mingles with that page's fans only 16percent of the fans will be able to see it. Advertisers upon payment, through Facebook's new product Reach Generator, will ensure that the content from the brands page, will go into the fan's news feeds, mobile newsfeeds and log-out screen so that all brands fan can see it – from a reach of 16% it will be pushed to 100 percent viewership. Facebook hoped that its immense reach, would convince advertisers to opt for their new initiatives rather than merely use Facebook's free features. It is feared, however, that this aggressive ad expansion by Facebook, will come at the user's expense, who will be inundated with intrusive ads and must negotiate between more ad traffic, in an already chaotic visual experience. Analysts opine that Facebook's attempt to boost its ad revenue in this manner, without thought or consideration to its founding values, is short-sighted. Even though it may prove to be an immediate revenue enhancer, it reflects poorly on its current finances and worth.