

FACEBOOK LOG-OUT ADS SERVE DUAL PURPOSE: INCREASED REVENUE AND SECURE IPO



Departing from its normal advertising approach which centered on small display ads, Facebook has ventured into, hitherto uncharted terrain, by bundling ads that show up on users' feed together with a log-out page placement. AdAge Digital said that it is "the closest thing to a traditional banner ad the social network has ever produced." This is a change from its traditional advertising practices. Formerly, Facebook sold small display ads, situated on their sidebar, targeted at a particular market niche, characterized by age, income, sex, education and occupation. According to AdAge Digital, the company's new log-out page ads are selling for \$710,000 for a day's run in the U.S. market. The new lucrative ads puts Facebook in the same league as the most expensive display real-estate on the web and mean Facebook is directly taking on search engines and taking cash away from Microsoft and Google. Even though the price is very steep and on par with buying a homepage on Yahoo, YouTube or MSN, a few advertisers have already opted for it. Facebook has confirmed that Bing is the first advertiser to use its new logout page ad unit. They debuted on the page on the first of this month. The re-release of "Titanic" and ads promoting the Ford Mustang have also been run on the log-out page. Facebook has always maintained that they would not compromise on their core value of providing social content on its site and insure that ads do not take users away from their social experience. But since there is no social content on the logout page and users after logging out, just await confirmation of their logout, Facebook feels that users would not find ads here unwelcome and meddling. 37 million people logout of Facebook each day in the US alone, so it was only sooner rather than later, that the page would be exploited for additional revenue by the social networking giant. OMD Director-Social Media Colin Sutton said "We definitely look forward to testing them to see if the results will be the proof," adding "In the mindset of a consumer when they get to a home page of a portal -- they're just getting into an experience, and we're about to interrupt it, so the message we put there has to be great." Facebook's new ad venture is well timed. Its initial public offering is about to be announced. It will make more revenue through its new ad scheme and this will reflect in their financial graphs, making it a good investment choice, for those wanting to invest in their public offering. Who knows, the Facebook generation may invest in stocks for the first time in their lives, buoyed by the opportunity of buying stock in a company that is an important part of their daily lives.