

GM DECIDES TO DITCH FACEBOOK, SAYS ADS ON SOCIAL NETWORK USELESS



General Motors is going to stop having paid advertisements on Facebook because the automaker believes that ads on the social network are just not worth it. GM has come to the conclusion that its paid ads on Facebook have little impact on consumers' car buying decisions. GM is the third largest advertiser in the country and spends an estimated \$1.8 billion on advertising every year. GM spends around \$10 million on Facebook ads and in a statement regarding its ad pullout from Facebook said "It's not unusual for us to move our spending around various outlets, especially with the growth of social and digital media outlets." This announcement from GM comes just days before Facebook has its IPO. The Facebook IPO is to be launched on Friday and is expected to raise the company's value to over \$100 billion. Facebook earns an estimated \$3.7 billion in advertising revenue and while the \$10 million loss of GM's ad dollars is not going to be a big loss for the company, it is a public relations nightmare for the social network, coming as it does so close to its IPO. GM is said to spend around \$40 million annually on its Facebook presence; \$30 million on its Facebook apps and pages and another \$10 million on the ads. Facebook is said to have tried to nudge GM into spending more on its ads rather than the apps. Another bit of bad news for Facebook comes from the release of a study by WordStream, a SEO marketing company. It says that while Facebook does have an extensive audience, Google is a better bet for advertisers. Facebook still has some supporters among the automakers. Subaru's American division is spending over \$5 million this year and might even spend more next year depending on the results it gets this year. The auto industry is the largest single spender on advertising in the country. Auto makers and car dealers spend an estimated \$13.89 billion on advertising across all forms of media according to report in the Wall Street Journal.

<https://blog.granted.com/>