

# What would it take for advertisers to leave Facebook?

Article



**The question:** What would it take for advertisers to give Facebook the boot? The answer isn't as inspiring as one might think.

**The findings:** Advertisers on the whole are sticking with the platform—but there's still a split between who will stay and who might go.



- Performance marketers like mobile app advertisers, for example, use Facebook predominantly to drive app installs. Facing aggressive revenue targets and typically operating under the radar as brands, those companies are less likely to take part in advertiser initiatives like brand safety boycotts.
- That's more likely to happen among bigger, institutional brands, such as **Coca-Cola**, **Nike**, and **Procter & Gamble**, which have more of a stake in how consumers perceive them. These highly visible brands are often looking for brand exposure, which allows them to shift spending to other channels—since the top of the funnel offers more advertising options.

**The marketer's point of view:** While Facebook has issues, it's important to remember some companies have performed well by relying on the company's ad ecosystem.

- Some of the advertisers eMarketer spoke with have indicated that they're diversifying into different channels in order to ensure they aren't overly dependent on the Facebook ecosystem.
- "I think there is something to be said for the CPM [cost-per-thousand] increase. It's much more expensive than it was last year. There's no question there," said **Avi Ben-Zvi**, vice president of paid social at **Tinuiti**.
- But rising CPMs only account for a fraction of his increased Facebook spend year over year, Ben-Zvi added. He said he's seen a major increase in investment for mid-funnel consideration campaigns on Facebook that are designed to fuel the bottom of the funnel.

### **Our analysts weigh in:**

- "Facebook has weathered multiple scandals and headwinds in the past and continued to grow, indicating that advertisers will continue to spend on Facebook despite negative public perception," said Jasmine Enberg, eMarketer senior analyst at Insider Intelligence. "What's different this time is that Facebook is facing a real potential threat to its ad business."
- "Brand safety is a noble concern and something that many major companies think seriously about, but when it comes to their ad expenditures, the bottom line often ends up being more important," said Debra Aho Williamson, eMarketer principal analyst at Insider Intelligence. "If ad performance were to start suffering, advertisers will look to other media. But brand safety concerns alone aren't going to drive most advertisers away."
- "Measurement and attribution problems are causing performance declines for advertisers, especially ones focused on the lower funnel," said Audrey Schomer, eMarketer senior analyst

at Insider Intelligence. Schomer sees that advertisers are confused by a lack of clarity regarding what's causing performance to go down: Is targeting particularly challenged by iOS users opting out of tracking? "That could be having some impact on performance, though most advertisers I've spoken with believe it's primarily an attribution problem," Schomer said.

**By the numbers:** Even in light of the whistleblower news, our upcoming Facebook ad revenue forecast won't be making any big downward adjustments.

- Facebook's net ad revenues for 2023 will actually be higher than previously forecast, but growth will be a little bit slower.
- "The biggest thing that'll come out of the whistleblower revelations and platform outage is that advertisers will look to diversify their spending more," said Nazmul Islam, forecasting analyst at Insider Intelligence. "While you won't see a big drop in Facebook spending overall, you might see a bit more growth in the other social platforms that benefited from last year's Facebook ad boycott."

**The big takeaway:** Some advertisers may pull back spending due to negative public perceptions of the platform, but those pullbacks have so far tended to be temporary.

- Advertisers won't leave Facebook until there is real evidence that campaign performance is hurting, and until there is a better option for them to go to.