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Gaining an Edge: The Brand Impact of Facebook's EdgeRank Algorithm Change



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A lot has been made of the economics of Facebook in the wake of this summer's IPO. At times it has appeared that the only thing more difficult than keeping 1 billion users happy is keeping investors and the Street satisfied. This is why every move made by the social network is scrutinized, not only for impact, but also for any alternate meaning to the business's long-term health.

One such move that has received much speculation is the shift in organic post reach for brands to their follower base. After encouraging brands to amass followers at scale, Facebook implemented significant changes to its EdgeRank algorithm earlier this fall.

At the core of the change was a stated desire by the social network to improve consumer experience, acknowledging the impact to brands would be that the reach of an individual post would diminish, but that post engagement should improve. The questions raised from this move have been about the overall impact of these two implications and the alternative options available to ensure continued success for brands in a channel that has grown in importance, owing to the large fan bases established to date.

Analyses conducted across the Facebook pages of 25 brands by the GroupM Next Predictive Insights team in conjunction with M80, a GroupM-owned social media and community activation agency, reveals results that are consistent with the original expectations set by Facebook, yet with underlying challenges and potential opportunities.

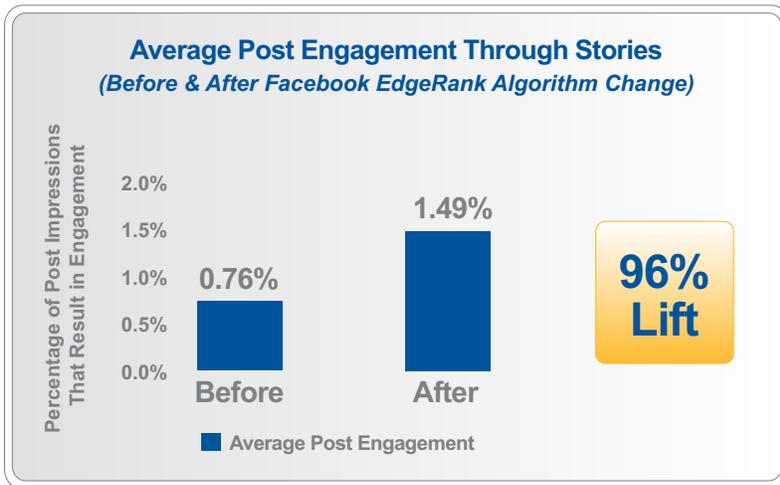
▶ Taking A Close Look At The Impact Of Changes To The EdgeRank Algorithm

Consistent with Facebook-accepted norms, prior to the EdgeRank algorithm change, the brands studied had an average reach of roughly 16%. Following the change, the percentage drops by 38%. The upside for brands is that with a decrease in exposure comes increased engagement

by users their posts reach, with brands experiencing a 96% lift in engagement with individual posts following the change.



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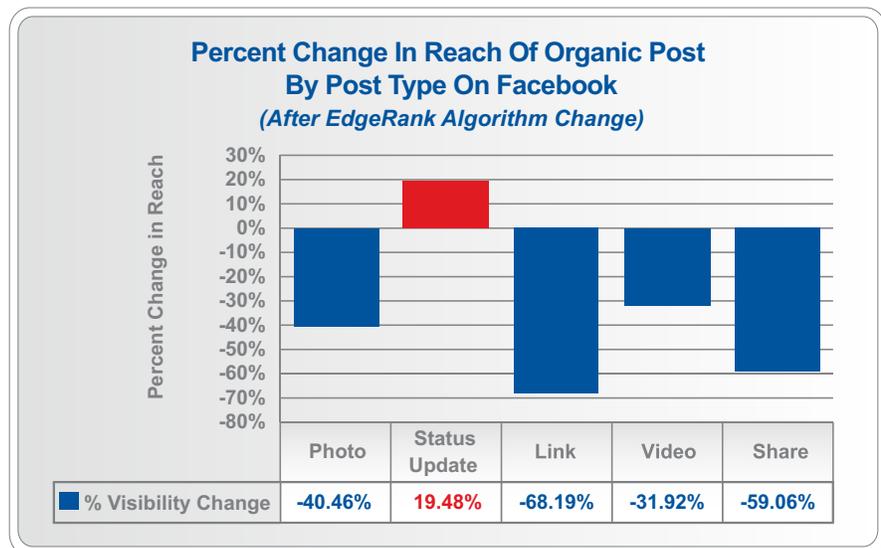


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On the surface there appears little amiss with the promise by Facebook and the subsequent delivery — that is until you examine the implications of scale that come with operating on a site having more than a billion users and brands with millions of fans. When put into this context, the dramatic lift in engagement simply cannot offset the decline a brand experiences in post exposure.

For brands, this new reality presents a challenge. Obviously there are paid solutions now available on Facebook, which many experts have suggested is the motivation behind this shift more so than improved consumer experience. **The data studied by GroupM Next suggests that, as a result of the change, brands now have developing insights which can help to further shape their organic strategy without becoming solely paid dependent.**

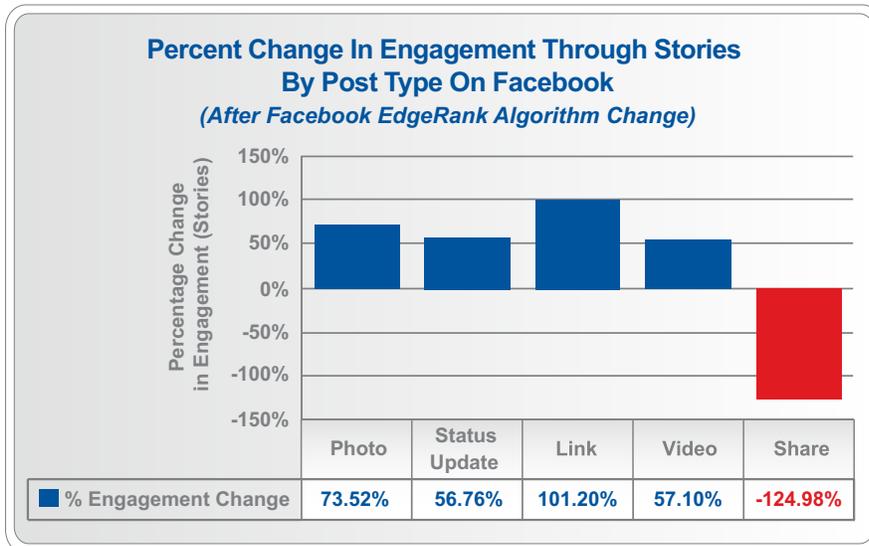
The biggest loss for brands following the EdgeRank change, however, is around reach. In studying brands' post types of photos, status updates, links, videos, and shares, it was determined that not all types have a negative return compared to reach before the change. While most types see declines, reach of status updates increases, signifying one option brands now have to increase reach to users.



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For brands to further maximize the potential of organic reach now requires better engagement by users through stories and broader consumption metrics. Stories are active forms of participation that take place whenever a user likes, comments or shares a brand's content. Consumption includes more passive user activities and occurs whenever a user views a video or photo, or clicks on a page post.

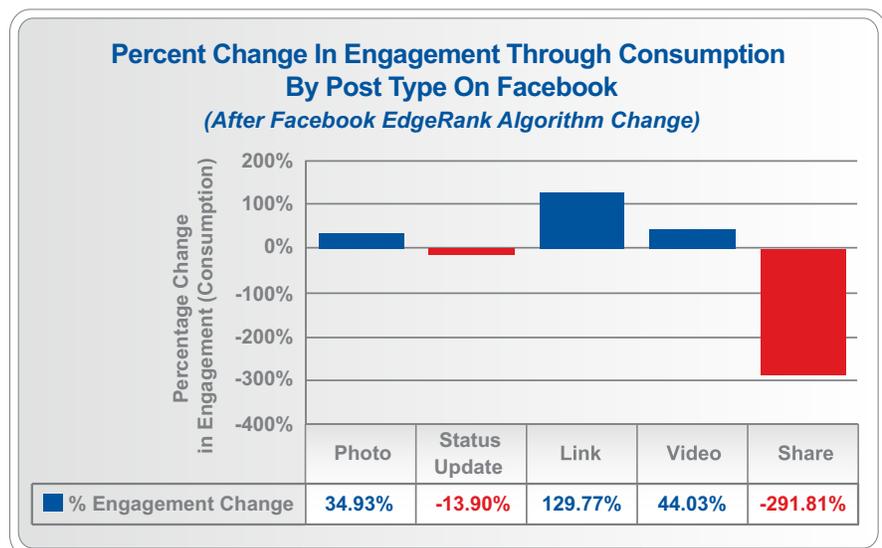
When examining what connects with users at a story level, brands can take heart in having multiple options for engagement success in the new Facebook environment. Most types of posts (i.e. photos, status updates, links and videos) produce more stories per impression after the change to the Facebook algorithm. Shares, on the other hand, decline in engagement per impression.



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The latter result means that if brands are looking for higher levels of engagement, they must consider the types of posts they create because some posts do not generate the engagement that others do.

Also noteworthy for brands is that, before the algorithm change, roughly 2.7% of a post's impressions resulted in some form of user consumption, while after this change, nearly 4.3% of impressions result in these forms of engagement. This difference in activity corresponds to a 59% increase in the probability a post is engaged with by some act of consumption. The type of posts users will consume in the new environment is illustrated in the accompanying chart (right).



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› The Truth About Engagement Post Algorithm Change

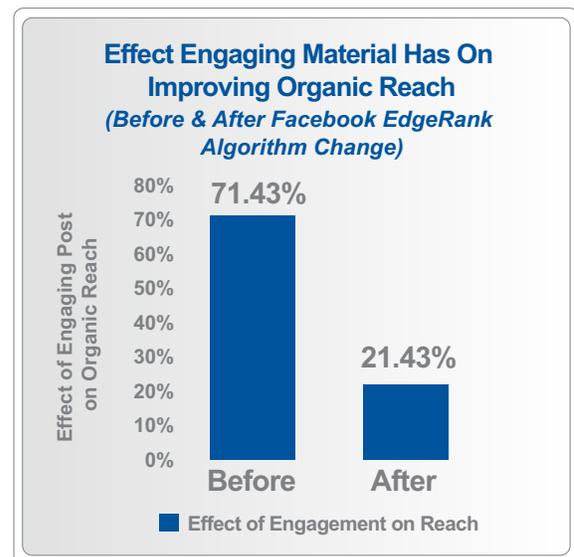
While advertisers now see more forms of engagement per impression of their post, these same advertisers are also seeing fewer total impressions. Taken together, these trends mean that advertisers should not expect an increase in the aggregate volume of engagement of their posts on Facebook. This result means that brands are not gaining additional organic engagement as a result of the change and are only losing organic reach.

The implications, however, are not all negative. Based on the engagement data presented in this analysis, the EdgeRank change means that the material brands post to Facebook is being better targeted by the network toward users with a high brand affinity. This is due to the fact that the EdgeRank algorithm (in part) makes posts more visible if the user is more engaged with a brand's Facebook page. In the new Facebook environment, when an advertiser makes a post on their Facebook brand page, only serious fans will see it organically.

Having the benefit of these insights, one myth worth busting is that of “engaging content.” A common refrain has been that the secret to real organic success would be found through engaging content. However, the data examined for this analysis shows that since the changes to EdgeRank, engaging content is less effective at generating organic reach. Engaging content still matters but, surprisingly, not as much as it used to. This is likely due to the fact that the small audience of fans reached is more likely to be predisposed to engagement, regardless of quality, and therefore individual post quality no longer requires as high a standard.

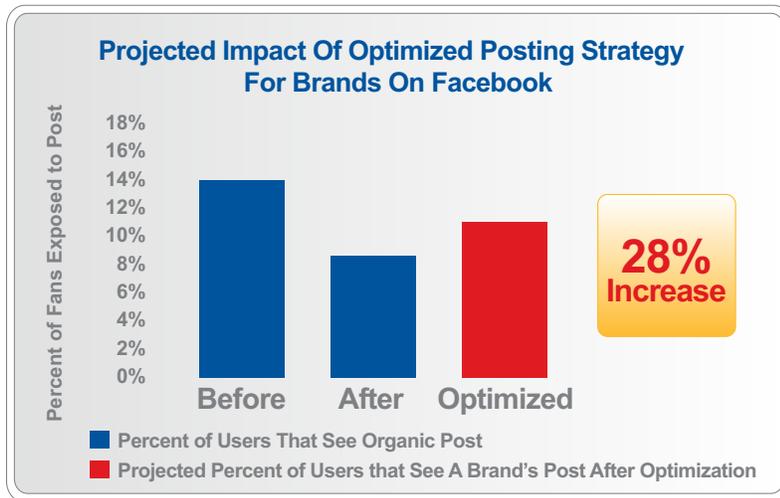
› Where Brands Go From Here In The New Facebook Environment

A lot remains unknown with Facebook and the EdgeRank algorithm. Brands must determine the proper cadence of messaging and post type based on similar models calibrated to their specific business. Brands must also determine what role paid advertising should play and which posts it should support. While paid support remains a linchpin of the overall Facebook strategy, brands need not expect it to be the only lever capable of bridging the gap in performance created by these changes.



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When studying the average set of posts by the brands before and after the Facebook algorithm change, we see that opportunities exist for improved reach. If the administrators of these pages are empowered with the insights derived in this study, the brands analyzed could increase their reach by 28% through strategic application.



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The changes made by Facebook have been true to their stated intent, but for advertisers that's not entirely a good thing. **What brands can do now in the new Facebook environment, and in light of deeper insights made possible as a result of the EdgeRank change, is better understand the impact post types have and marry that data with a publishing schedule and content creation plan.** By doing so brands

can overcome some, if not all, of the loss in reach while enjoying increased engagement and using paid advertising as a supplement – rather than a full replacement.



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