



GM Unlikes Facebook Ads: Blasphemy or Bold Marketing Move?

By [Nancy Pekala](#)

Just as Facebook readied to go public last week, raising nearly \$16 billion, General Motors announced that Facebook ads simply weren't paying off for them and would drop its \$10M ad spent.

The news came in a week when Facebook CEO Mark Zuckerberg took his company public. The timing of GM's decision, some suggest, is suspect given it came not only just prior to the Facebook IPO, but only months after a meeting held earlier this year in which Facebook representatives reportedly criticized GM's approach of having multiple firms managing its advertising for the site.



But in its official statement, GM marketing chief Joel Ewanick said "We regularly review our overall media spend and make adjustments as needed. This happens as a regular course of business and it's not unusual for us to move our spending around various media outlets – especially with the growth of multiple social and digital media outlets. In terms of Facebook specifically, while we currently do not plan to continue with advertising, we remain committed to an aggressive content strategy through all of our products and brands, as it continues to be a very effective tool for engaging with our customers."

Indeed, despite an uproar from social media strategists and automaker competitors alike, GM hasn't turned its back on Facebook---it will, after all, continue to spend \$30 million on marketing through Facebook---just its paid ad program. The decision actually wasn't all that surprising. Other brands are less than thrilled with Facebook's advertising programs.

Forrester analyst Nate Elliott [wrote](#) last week that the problem is that Facebook simply doesn't take marketers and advertisers seriously. "Facebook still hasn't stumbled upon a model that's proven consistently successful for marketers, or that brings in the massive revenues to match the site's massive user base," stated. "Facebook just doesn't pay nearly as much attention to marketing as it does to user experience. If Facebook did pay much attention to the marketers who handed it billions of dollars last year, and who make the site's very existence possible, maybe we'd see innovative new marketing solutions every six months rather than every few years."

When GM announced its news, some industry insiders said the automaker may be onto something. New research from marketing agency [Greenlight](#) reveals that 44% of Facebook's users indicate they will "never" click on sponsored posts or display ads on Facebook. Another 31% said they "rarely" click display ads, 13% said they don't use Facebook, 10% said they "often" clicked ads, and 3% said they "regularly" clicked Facebook's sponsored posts.

“With over 30% of respondents saying they ‘strongly distrust’ Facebook with their personal data, Facebook’s advertising program has an upward struggle,” Hannah Kimuyu, director of paid media at Greenlight, said in a statement. “Facebook’s advertising program allows brands to connect with more than 800 million potential customers, through targeting their age, gender, location, and interests — in other words, personal data.”

Back in 2009, ComScore's report called [Natural Born Clickers](#) announced that barely anyone clicks on banner ads anymore. The report indicated that the number of people online who click display ads had dropped 50% in less than two years, and only 8% of internet users account for 85% of all clicks.

While some would have you believe GM uttered blasphemy when it announced its withdrawal of Facebook ad funds, other brands have been thinking along the same lines. Forbes contributor Dale Buss [noted](#) that other auto brands acknowledge they only invest in Facebook advertising during major “product launches and other major events when their brands have a lot to say and then only when they also integrate the advertising with unpaid content on Facebook. Even Ford generally focuses on Facebook ads only when it’s got a new product to tout.”

Still others suggest that questionable ad performance in social networks like Facebook is just an indication of growing pains. Social network ad platforms are still new and need to be tested. In addition, there’s the issue of Facebook being primarily a social network, a place to have conversations with personal networks of friends and family. Clicking on an ad is often the last thing a Facebook user is interested in doing.

Yet, much of the Internet chatter following GM’s decision centered on whether it was the automaker itself that was responsible for its poor advertising performance due to an ineffectual social and content strategy. Internet marketing strategist B.L.Ochman went so far as to [suggest](#) that GM doesn’t get social and pointed to 11 boring things GM posted on Facebook.

Social networks, like Facebook, are not traditional advertising platforms. For brands, it’s not just about the ads. It’s about the pages and the kind of content that is shared via those pages that counts. Pulling its ad spend in Facebook allows GM to invest those marketing dollars in places that can generate better returns.

The fact is that Facebook ads can be very effective when strategically combined with great content rather than a straight media buy. It’s also not a case of one size fits all. Brands need to take a good look at who is engaging with them via their Facebook pages to determine what’s the best ad strategy and format to reach them. If your Facebook audience is mostly 20-somethings, a traditional banner ad pushing a \$40,000 car may not be the best approach. Advertising creative and formats need to evolve along with the platforms they’re being placed in.

Rob Malcolm, a lecturer at Wharton Business School and an At-Large Board Member of the American Marketing Association, suggested while it’s premature to speculate on the broader implications of GM’s decision to cut Facebook ad spending, the automaker’s move “underscores the important fundamental test of any marketing effort—does it achieve the business goals established and does it meet the financial return criteria (ROMI) for the investment?”

He added, “No matter how new, revolutionary, sexy, popular or hyped a new marketing development seems to be (and certainly Facebook and social media rank pretty high on the “hype meter”), in the end, marketing investments need to deliver returns and General Motors has apparently concluded that its Facebook spending did not do that.”

“In many ways, I am actually glad to see evidence of companies evaluating their spend and making informed decisions, not just jumping on the ‘latest shiny new object’ marketing band wagon,”

Malcolm said. “This industry of ours tends to get excited about each new development, especially when it is high on the ‘cool factor’. As a CMO, I was always looking for how to make my marketing dollars work harder and on the lookout for new ideas on how to do a better job. I always used two ‘decision lenses’—an understanding/analytics lens and a measurement.”

Malcolm stated that it’s important for marketers to first understand how each new idea (media or otherwise) influenced the target consumer’s behavior in their category and on their brands. “We called it ‘know how our consumers are consuming influence’. It’s not how they are consuming media or spending their time.”

He explained, “I never bought the argument that since X% of a target consumer’s time was spent in a new channel that was a valid reason to spend X% of our media money there. What if that time had zero or 3x the influence? If you actually could get close to understanding that information you might not spend a dime or might spend 3x fair share. “

But even the best thinking doesn’t necessarily add up to success. Malcolm stressed the importance of measurement. “I would urge marketers to learn or test their way to the new direction via active and planned experimentation,” Malcolm suggested. “There is no substitute to ‘knowing before going’ particularly with a big time investment. You will always learn something via good tests or experiments. You may be in the right media, but your content may not work.”

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