

How Much Does A Facebook Fan Cost? \$1.07

By Geoffrey A. Fowler

Money can buy you friends on Facebook, if you're a marketer. But the price is going up.

A whitepaper by social marketing and analytics firm [Webtrends](#), which studied 11,000 Facebook ad campaigns in the U.S., found that the cost of advertising on Facebook that encourages a user to become a "fan" on the brand's Facebook page is \$1.07.

Marketers are increasingly spending money on Facebook fan-acquisition ads. Why? Becoming a fan gives brands permission to market directly to a user, both through (free) messages sent to the user's homepage news feed and through ads that specifically target fans on Facebook.com. It's arguably better than the old-fashioned style of permission-based digital marketing, which involves gathering customer emails and then blasting them with messages that they might not ever open.

But the rates at which U.S. users are clicking on Facebook ads designed to generate fans are starting to decline, according to Webtrends. In 2009, the so-called click-through rate on such ads was .063%. In 2010, the rate declined to .051%.

At the same time, ads are getting more expensive, rising from 17 cents per thousand in 2009, to 25 cents in 2010. (By comparison, display ads can range from \$2 to \$8 per thousand on other sites, depending on the site and the type of advertiser.)

What could be causing Facebook advertisers to get fewer clicks for more money? Justin Kistner, Webtrends' senior manager of product marketing for social had a few theories. One possibility is that the ads aren't as effective these days at attracting users, either because the ad creative design is growing boring or because Facebook users are learning to ignore the ads. And ads could be growing more expensive because many of them are sold through an auction system that's getting increasing competition as more advertisers turn to Facebook.

The lesson, Kistner said, is that the companies that have a head start now, with double-digit millions of fans, are going to end up spending much less money than others. "There is a competitive advantage to starting now," he said.

Facebook spokesman Brandon McCormick declined to comment on the specific results of the Webtrends study, which the company didn't participate in.

But he did say that acquiring a fan is "just the beginning" of how marketers can use Facebook. "On Facebook, the magic of marketing happens when brands activate their fans in ways that inspire people to share those messages with their friends," he said.

Webtrends' Kistner agreed that the campaigns that actually drive return on investment ads are usually built on top of a good fan base.

“There are a lot of studies trying to say how much is a fan worth,” Kistner said, “but the answer depends on the kinds of campaigns you are driving at that fan base.” His firm is currently working on a study about the effectiveness of different kinds of campaigns directed at a fan base, known as “fan nurturing.”

Are fans worth \$1.07 each for brands? Digits sat down on camera with Michael Lazerow, the CEO of [Buddy Media](#), a firm that sells software for brands that want to market on Facebook. Lazerow argued they’re worth far more.