

MARKETING

Retailers boost audience reach, in-app sales via Facebook, Instagram ads

December 22, 2020



Facebook acquired Instagram for \$1 billion in 2012. Image credit: Instagram

By ELLEN KELLEHER

Marketers ramped up their spending on social media platform Facebook and its subsidiary, Instagram, during Black Friday and Cyber Monday, as retailers turned to ecommerce to make up losses suffered throughout the year due to the COVID-19 pandemic and declining foot traffic.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

New data from [StitcherAds](#) reveals that retailers spent nearly 40 percent more on ads on [Instagram](#) and its owner [Facebook](#) over Black Friday and 26 percent more on Cyber Monday's ads than in 2019. Brands which advertised on Facebook and Instagram over the Thanksgiving holiday period saw their audience balloon and in-app transactions jump by 26 percent year-over-year.

"Retail's resilience was confirmed this holiday," said Bryan Cano, director of media strategy at [StitcherAds](#), Austin, TX. "COVID-19 devastated foot traffic this year, yet retailers were able to adjust their messaging for a true omnichannel shopping experience that accommodated their shoppers."

For its analysis, Stitcher evaluated online purchase data for 22 leading U.S. retailers that spent at least \$300,000 per month on Facebook and Instagram ads via the StitcherAds platform. StitcherAds' tech allows advertisers to stage marketing campaigns on Facebook, Instagram, Pinterest and Snapchat.

Social media investments

Retailers saw an almost 60 percent increase in their audience reach and a 14 percent decrease in Facebook and Instagram CPM or cost per 1,000 impressions, which measures the expense of advertising compared to 2019.

"The increased audience penetration and year-over-year decrease in CPMs is evidence of Facebook's ability to open up ad inventory and drive efficiency, even during a year of increased spend and competitiveness in the auction," Mr. Cano said.

Retailers handling business via StitcherAds also poured more money into advertising over Thanksgiving.



Facebook ads paid off this Black Friday and Cyber Monday. Image credit: Unsplash

Drilling into the numbers, retailers upped their Black Friday ad spending on Facebook and Instagram by 39 percent from 2019. This led to a 10 percent increase in purchases via those ads as well as a 12 percent increase in omnichannel revenue, including app, in-store and online sales, over last year.

Statistics for Cyber Monday, the online deal day following Thanksgiving, were slightly more favorable. Similar to Black Friday, by taking out ads on Facebook and Instagram, retailers saw their audience penetration surge by 76 percent and reported a 25 percent drop in CPMs.

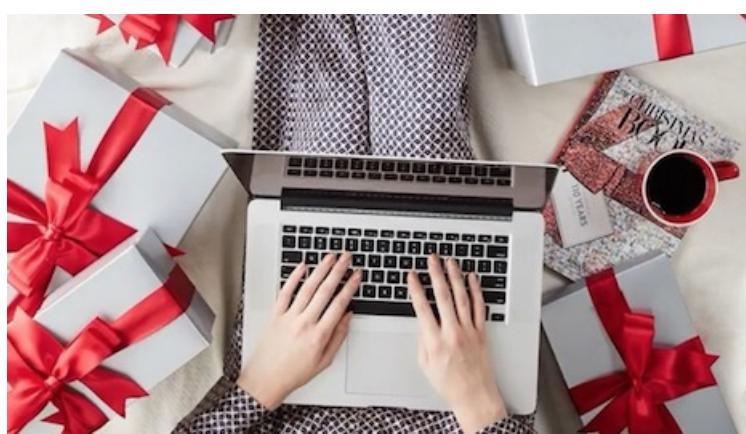
The uptick came after retailers increased their Cyber Monday spending on social advertising by 26 percent.

Despite the surge in spending on Facebook and Instagram ads, retailers reported a 5 percent decrease in omnichannel purchases and a 12 percent decline in year-over-year omnichannel revenue, that were triggered by a 43 percent decrease in in-store revenue.

"Early promotions spread Cyber Monday demand across the entire month of November, minimizing Cyber Monday revenue," Mr. Cano said. "This year, we likely experienced the beginning of the end of Cyber Monday as a single-day event."

Overall, retailers fared better and reported a 10 percent increase in omnichannel revenue year-over-year for Black Friday and Cyber Monday together.

There was an 11 percent jump in Black Friday and Cyber Monday web sales generated via Facebook and Instagram ads across the 22 retailers. Getting into the specifics, purchases made within a retailer's app, driven by a Facebook or Instagram ad, contributed to 2 percent of overall sales revenue, a 25 percent year-over-year increase.



Online shopping for the holidays is no longer a one-day event. Image credit: Neiman Marcus

The worsening of the pandemic over the start of winter and the scattering of promotions across November also had a detrimental impact on Facebook and Instagram ads contributing to foot-traffic at stores. In-store foot traffic triggered by either ad group dropped 16 percent year-over-year.

"The pandemic and lockdowns have definitely made it difficult for consumers to access their regular go-to stores and had to pivot to online shopping," Mr. Cano said. "But despite all the challenges, we saw retailers experience increased audience penetration and strong omnichannel revenue overall."

Popularity of Facebook and Instagram ads

Social media platforms are invaluable discovery channels for luxury brands and retailers.

Instagram and its owner Facebook show more advertisements to users than any other platform, including Generation Z-favorite TikTok.

On average, advertisements make up more than 20 percent of the content shown on Facebook and Instagram feeds, according to a study from Whistle Out. The frequency of social media ads depended on a variety of factors ([see story](#)).

This year, a new report from Tribe Dynamics also found that Instagram Stories has become integral to influencer marketing.

Seventy-eight percent of brands surveyed by the San Francisco-based influencer marketing platform said Instagram Stories had very significantly impacted influencer content about their brand ([see story](#)).

The success of Facebook's advertising platform is due partly to its effectiveness at streamlining the process of placing ads.

"Many advertisers expected increased costs due to competitiveness to make up for a loss of sales due to the pandemic, but we saw the opposite," Mr. Cano said. "I believe this is evidence of Facebook's ability to open up ad inventory and drive efficiency, even during a highly competitive period."

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.