

CMO Roundtable: Facebook Now—and in the Future

Potbelly, ANGI Homeservices Inc. and Vroom discuss Facebook's effectiveness and what could happen if the scandals continue

ARTICLE | JULY 25, 2019

Blake Droesch

Advanced targeting and the ability to reach 1.7 billion monthly users worldwide have made Facebook one of the most valuable tools in the digital marketer's work belt. But the company has also been steeped in controversy: Privacy scandals and the mishandling of data have led to lawsuits, public scrutiny and—most recently—a **\$5 billion fine and a new set of restrictions** from the Federal Trade Commission.

While ad revenues and user growth have remained consistent, the fallout from Cambridge Analytica and a host of other mishaps have given marketers plenty of reasons to be skeptical about the future of Facebook as an ad platform.

In our **Facebook Advertising in 2021** report, eMarketer principal analyst Debra Aho Williamson detailed how advertisers are currently engaging with Facebook and how that might change if **controversy and the subsequent reduction of targeting tools continues**. Among the CMOs we spoke with were Brandon Rhoten of the restaurant chain Potbelly Sandwich Works, Allison Lowrie of the digital classifieds service ANGI Homeservices Inc. and Peter Scheer of the ecommerce car retailer Vroom.

What's most important about Facebook advertising: the ability to scale or its effective targeting?

Brandon Rhoten, CMO, Potbelly Sandwich Works

It's probably the scale; that's what makes it one of the top players. It's the same reason Google's one of the top players. Advertising is a game of reaching enough people that you can affect behavior with a compelling message. That's why people buy traditional [media]; it creates that scale. Facebook, and maybe YouTube, are the closest you can get to a traditional scale buy.

Allison Lowrie, CMO, ANGI Homeservices Inc.

No. 1 is scale. Facebook, aside from Google, is probably the single largest source of volume in one platform. We can do very precise targeting, whether it's matching back to our first-party data or incorporating third-party data. By creating a platform that can be purchased programmatically, Facebook has also become an alternative and insulator for many brands that have largely depended on Google's volume and scale for many years.

Peter Scherr, CMO, Vroom

It's kind of both. Given how deep—and wide—Facebook goes demographically, that's what's so critical to us in terms of reaching those audiences. That has implications for both how and what we communicate to people from a content standpoint. But it's also important for us to target people and audiences that have a good probability of financing what we sell. That's what we think about when considering channels like Facebook.

Why does Facebook work for your marketing strategy?

Rhoten, Potbelly

Our targeting is more general. We focus on zip code and psychographics vs. demographics. ... This brand has a lot of geographic concentration, with heavy coverage in Chicago, Washington D.C., Dallas and a handful of other cities. Geotargeted

advertising is much more effective than very broad-based advertising, so platforms like Facebook are especially effective because we can target people down to the zip-code level, and reach you when you're near a Potbelly.

Lowrie, ANGI

Facebook, in and of itself, is an extremely unique platform for social connectivity. For a category like home services, the vast majority of activity is happening through word of mouth. Traditionally word of mouth has been neighbor-to-neighbor, friend-to-friend or peer-to-peer conversations. Those conversations are now happening online, facilitated by a platform like Facebook.

Scherr, Vroom

We have been big proponents of dynamic product ads. We can test different ad formats that highlight specific vehicles. Then, when we are doing remarketing, we're able to target consumers with the car that they've engaged with on our site. The dynamic product ad has been particularly useful for us, engaging and breaking through the clutter with respect to the Facebook News Feed.

Have Facebook's controversies made it a less desirable place for advertising?

Rhoten, Potbelly

If consumers use the platform less, in different ways or view it differently, that changes our perception, because ultimately that's why we're there. We're there to reach and hopefully influence consumers in a positive way. If we see a demographic shift, reach change or efficiencies shift, that gives us direct pause to say, "We're not so sure about this as the primary mechanism of advertising."

Lowrie, ANGI

There's the potential for consumers to see ads on Facebook and wonder how the heck those ads are being delivered to them. There's potentially some negative halo on the advertisers themselves. But, generally speaking, the fact that user numbers have not declined

despite privacy concerns is a testament to consumers' willingness to relinquish some of their data to continue using the Facebook—a platform that many people have more than a decade worth of personal social graph and data on. If people are leaving Facebook, it's likely more due to the fact that Facebook can't sustain growth among the youngest generation.

Scherr, Vroom

Even if protesters decide to opt out of Facebook, the scale is still sufficient to support the needs of a company like ours. I have a lot of faith that Facebook will continue to innovate with delivering results for advertisers. They will be compelled to find ways to thread the needle and satisfy consumer demands for transparency and fairness with respect to privacy, but also serve advertisers' needs.

Would Facebook advertising be as effective if its targeting capabilities were reduced?

Rhoten, Potbelly

No. Psychographics are so much more powerful than demographics with purchase behavior. I'd rather know if you get coffee every morning than if you live in a certain type of housing. It's more valuable to me to know psychographics than demographics.

Lowrie, ANGI

That would put some pressure on Facebook. Performance advertisers will constantly be looking for the most efficient, most scaled platforms. Some marketers may move from direct buys with Facebook to programmatic buying across networks where there is targetability and scale to consolidate a wide variety of traffic sources.

Scherr, Vroom

Facebook has undeniable, breathtaking reach. It would be hard for me to imagine a world where that reach would not play a role, at least for brand advertising. It would get challenging in the performance marketing arena, where we're holding those dollars to a slightly

different standard of near-term ROI vs. brand campaigns. I expect performance marketing would be hit the hardest.

To get more analysis on the future of advertising on Facebook, eMarketer PRO subscribers can read our latest report:

Report by Debra Aho Williamson Jul 16, 2019

Facebook Advertising in 2021

FACEBOOK ADVERTISING IN 2021

What Will—and Will Not—Change

July 2019
Debra Aho Williamson
Contributors: Amy Burdette, David Brundage, Bill D'Amico, Amanda Holmbeck, Melissa Hunt,
Alex Martini, Michael Orfanedes



Not sure if your company subscribes? [You can find out here.](#)