



WHITE PAPER

The Power of Going Local: Comparing the Impact of Corporate Versus Local Facebook Pages



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With more than a billion people on social networks, major brands are launching Facebook Pages in hopes of boosting sales and customer loyalty. But as a recent study shows, companies can reach more consumers—and spark more comments, likes, and shares—when their posts come from local representatives of those brands. Find out why locally created Facebook Pages deliver 5 times more marketing reach and 40 times more engagement per fan than their headquarters-based counterparts—and why corporate marketers should care.

In corporate marketing departments around the world, social media is going viral. In a bid to get a piece of the action, major brands are launching Facebook Pages, LinkedIn accounts, and Twitter feeds. For businesses, the appeal of social media is obvious. Imagine connecting with customers directly and personally, like the way you relate to your friends on Facebook. The possibility of converting these relationships into sales and brand loyalty is nothing short of tantalizing.

But how effective are these big corporate social media outposts? Do Facebook fans really relate to corporate Facebook Pages like someone they actually know—like their local shopkeeper, gym manager, realtor, insurance agent, or financial advisor?

To find out, market researcher Mainstay Salire employed Web-crawling techniques to study the online behavior of consumers as they interacted with a range of businesses on Facebook. The goal: measure the relative effectiveness of large corporate Facebook Pages versus smaller, more “local” pages. We looked at a range of page sizes, from those built by local business and branches with a handful of fans (from 30 to 100) to

giant corporate flagship pages boasting more than 100,000 fans.¹

At first glance, large corporate Facebook Pages seem to hold an edge. These headquarters-based pages claim a broad fan base that generates more comments, link clicks, photo views, and video plays than local pages run by community-based businesses. There’s nothing surprising here. You might expect a Facebook page with a half-million fans to tally more comments and clicks, *in total*, than a page with only a few dozen fans.

GREATER ENGAGEMENT

But this is where the study uncovered a crucial insight that should make corporate social media marketers stand up and take notice. It turns out that local Facebook business pages—for reasons discussed below—carry significantly more marketing power *per fan* than their corporate counterparts.

“We found that when you normalized the data per fan, smaller, locally produced pages have a higher level of fan engagement across the board,” says Craig LeGrande, managing partner, Mainstay Salire.

¹Due to Facebook’s confidentiality policy, data on business pages with less than 30 fans are not available.

How do you explain Facebook fans’ attraction to small, locally created pages? To start with, fans are more likely to actually see a post coming from a local business. That’s because Facebook constantly filters the stream of stories that pops up in a user’s news feed, employing a complex algorithm called EdgeRank to give greater visibility to posts considered “personally relevant” to individual users.

By virtue of their local origin, posts by neighborhood businesses—including the local branches and affiliates of large companies—earn higher EdgeRank scores and tend to elbow out posts authored by marketers at distant corporate headquarters. In fact, Facebook has confirmed that, on average, business page posts only reach 16 percent of fans.

EARNED REACH VS. PAID REACH

Is there a way to get around the EdgeRank algorithm so that corporate pages gain more visibility? The answer is yes, but it comes at a price. Facebook’s recently announced Reach Generator service, for example, lets companies pay for greater news feed exposure. It works like this: For a fixed price based on the number of Page fans, corporate marketers can publish one post per day and Facebook guarantees that the post will reach at least 75 percent of the company’s fan base during the month. That’s *paid reach*.

We expect the new service to attract a healthy flow of dollars from corporate advertisers. But keep in mind that local pages command similar levels of exposure for free; they “earn” their reach naturally because they’re relevant. That’s *earned reach*.

What’s more, even if companies pay for greater reach, there’s no guarantee that fans are going to notice. In fact, our study showed that fans are significantly more likely to engage with local posts, which means doing everything from “liking” a post and contributing comments, to clicking on links and viewing photos and videos.

“What we found is that smaller pages tend to have a much stronger connection with their fans—their consumers—than larger pages,” LeGrande says.

LOCAL RELEVANCE

It makes sense that local Facebook Pages stimulate more online activity. After all, local managers occupy a front-row seat in their local communities, so they are ideally positioned to create timely, pertinent posts that spur comments, clicks and views.

“If a retail store knows about events going on in your area and they tailor a promotion around that, that would be more interesting for a Facebook user to see in their News Feed,” LeGrande says.

Corporate pages, by contrast, suffer from what social media observers dub the “creepiness” factor.

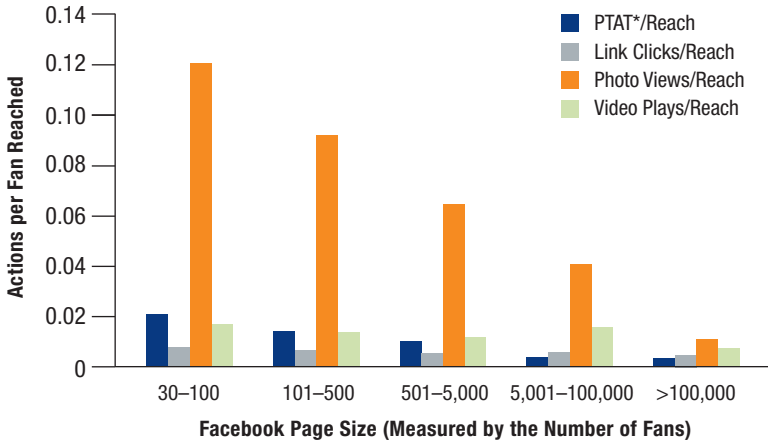
“The idea of a corporation trying to have a conversation with you or wishing you a happy birthday could be perceived as invasive,” LeGrande says. “But if, for example, a local insurance agent who you actually have a real relationship with wishes you a happy birthday, that would be expected and warmly received.”

The best examples of the power of local pages are Facebook photos, which draw nearly 70 times more views per fan at the local level than photos posted on the largest corporate pages. The reason for this has to do with the “authenticity” of locally created photos, LeGrande says.

“What the results suggest is that a corporate-based Facebook presence is fine, but that’s only the tip of the iceberg. A broader strategy that integrates your corporate Facebook presence with a network of local pages has the potential to drive dramatically greater business results.”

—Craig LeGrande, Managing Partner, Mainstay Salire

Figure 1: Local Facebook Pages Spark More Engagement From Fans



*PTAT, or People Talking About This, is the number of unique users who have created a "story" about a Page post. On Facebook, stories are items that display in the News Feed.

“Photos produced at corporate tend to be more anonymous, more like an ad,” he says. “Whereas when a small or local business posts a photo, it’s probably the store manager with a customer — real people who you actually see at the cash register or around the store or club. It just feels more authentic.”

FUNNELING FANS

A great way to visualize the local-versus-corporate dynamic is to imagine two funnels — one for corporate, the other for local pages. The broad fan base enjoyed by corporate gives its funnel a wide opening, representing a large potential to connect with fans. But this advantage shrinks rapidly, pinched initially from Facebook’s News Feed algorithms that cut into corporate’s visibility and reach; and secondly by fans’ natural aversion to “engage” with people they don’t know.

Local funnels, on the other hand, start off with comparatively small openings. But because they command better News Feed visibility, local pages reach proportionately more eyes, keeping the funnel wide in the middle. Local pages also stimulate more fan engagement, narrowing the funnel even less at the “business end” of the Facebook marketing channel.

The overarching message is that locally based Facebook Pages are dramatically more efficient and effective social media engines. How much more? Our Web analytics showed that the typical post from a local business reaches five *times* the percentage of fans as a corporate post, and that *eight* times as many of the fans reached will engage with that post.

40-TO-1 IMPACT

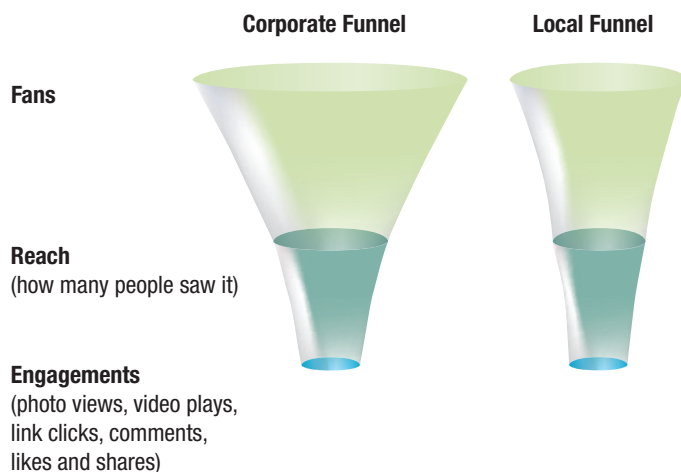
When you combine these measures — five times more reach and eight times more engagement per fan reached — a striking picture of the clout of local social networks emerges. Namely, that one local fan is equal to 40 corporate fans. Or to put it on a larger scale: 100,000 local fans (or 1,000 pages with 100 fans each) are as effective as 4 million corporate fans.

“What the research shows is that, pound for pound, local fans deliver exponentially more marketing value than corporate fans,” LeGrande says.

This is a crucial strategic insight for corporate marketers seeking to leverage the power of social media to boost sales and customer loyalty.

“What the results suggest is that a corporate-based Facebook presence is fine, but that’s only the tip of the iceberg,” LeGrande says. “A broader strategy that integrates your corporate Facebook presence with a network of local pages has the potential to drive dramatically greater business results.”

Figure 2: Local Pages Start Small, But Lose Fewer Fans in the “Funnel”



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