

Final Paper

Lindsay Nance, Caroline Dietrich and Peyton Jordan

ADPR 3400: Insights and Analytics

Dr. Jeong-Yeob Han

May 7, 2020

ABSTRACT

In this study about targeted instagram and social media ads, we analyzed the effectiveness and attitudes toward targeted ads on Instagram. We chose this topic because it's always uncomfortable when you see an Instagram ad pop up about something that you were just talking about with a friend. There are many mixed opinions about the privacy of targeted ads on social media and we wanted to know how people really felt about these targeted ads and see just how effective these ads really are. As we began brainstorming this topic, we wanted to narrow down the focus to and compare the feelings of ads that are obviously targeted at consumers and the effectiveness of these ads.

This topic is important because digital and social media marketing is continuing to expand and grow in each industry and targeted marketing is the future of the consumer culture. This research helps us better understand the attitudes of consumers toward targeted marketing to see if it's a valuable resource for companies and agencies to invest both time and money into.

INTRODUCTION

In our study to find out the attitudes, opinions and effectiveness of targeted social media ads, we have compiled research and data from both outside studies and our own studies. Through our outside research, we were able to analyze scholarly articles on the subject that helped guide our decision making process when forming our own hypothesis, and study design. After deciding on our purpose and research question, we designed a study that utilized surveys and focus group

responses to a set of carefully crafted questions. These two research tools gave us great insight into our research question.

PURPOSE STATEMENT

Our purpose in this study is to analyze the behavior and thoughts toward targeted social media ads as well as the overall effectiveness of these ads. The data we collect from this research is important to marketing as a whole as social media and targeted ads are becoming more and more appealing to companies trying to get consumers' attention. This data will help marketers from all industries understand the feelings and behavior toward these ads. This will give them the insight to justify spending on these ads as well as guide their marketing decisions in the future.

LITERATURE REVIEW

In beginning the research of this topic, we read through scholarly articles to see what research has been done on these topics and to aid us in how we conducted our own research. In 5 different articles we were able to learn about the impact of social media advertising on university students, the effect of ad transparency, the evolution of social media marketing as well as the specific determinants of attitudes toward social media advertising.

In the article “Why Am I Seeing This Ad? The Effect of Ad Transparency on Ad Effectiveness”, we see an analysis of the effectiveness of sponsored ads being transparent. Consumers want to know how their data is obtained in order to create targeted ads. They conducted a study designed to show the effectiveness of transparent targeted ads. 3 studies were performed to test how

effective an ad was if the consumer knew how the corporation got their info. Briefly put, “Study 1 inductively shows that consumers deem information flows acceptable (or not) based on whether their personal information was: 1) obtained within versus outside of the website on which the ad appears, and 2) stated by the consumer versus inferred by the firm (the latter of each pair being less acceptable). Studies 2 and 3 show that revealing unacceptable information flows reduces ad effectiveness, which is driven by increasing consumers’ relative concern for their privacy over desire for the personalization that such targeting affords” (Kim et al 2018). The article/studies performed aid us in our own research about targeted ads. Today, we all know what targeted ads are, but there is still a lot of confusion as to how our information is obtained. If brands are more transparent with consumers, maybe more consumers would be more accepting of such advertisements.

In the article “Impact of Social Media Advertising on University Students” we find that one of the reasons university students are such popular targets is because of their age. College students are at a very critical age in life where they are not completely mature and ready to enter adulthood yet, but they also aren’t completely dependent upon their parents in terms of living, where all of their meals are coming from, and oftentimes, finances. It’s safe to say that social media advertising influences university students in a completely different way than it does people who are not in university. This study is relevant to our research because of the age group as we performed research on college aged students and the effectiveness of targeted ads on college students.

The “Shadow Side of Social Media Marketing: A User’s Perspective” article shows us how social media marketing is a relatively new phenomenon that both small and large businesses are using to advertise to their target audiences. There are many advantages and disadvantages to this New Age form of marketing. One of the disadvantages is the lack of transparency and legitimacy between consumer and business. Consumers today are already very skeptical when testing new products, so questioning a company’s authenticity is a common theme. Another issue with social media advertising is that companies can target vulnerable users that are likely to purchase their product or support their brand. It is important for businesses to consider these vulnerable users when participating in social media advertising since they have the potential to “suffer a greater harm than discerning self-regulated users” (Shirish, Anuragini).

The article called “Social Media Marketing: Evolution and Change” analyzed the ways in which companies communicate with their consumers and how it has changed greatly over the past few years. Mass advertising has turned into user specific posts making each customer a focal point. Through these changes, more user generated content has been created and it has been found to have more influence over consumers than traditional advertising.

One of the many perks of social media advertising is that there is two-way communication between the brand and the consumer. Users have the ability to like, comment, share and message a brand, which makes them feel more connected. Social media sites are also important when considering consumers’ perceptions towards social media advertising. The article also touched on the desire of brands to know if there is a correlation between purchasing habits and social

media usage, but, based on the articles analyzed, there hasn't been a correlation made yet, but there is bound to be more research in the future since social media advertising has completely changed in the past few years.

Our final article, "Determinants of Consumers' Attitude towards Social Media Advertising" discusses how social media advertising in the past few years has become a more popular way for a corporation to reach their target market. In this study, credibility, materialism, value corruption and corporate reputation are all variables that are analyzed to determine consumers' attitudes toward social media advertising (Boateng).

In terms of credibility, if consumers do not trust the media the advertising appears on, they are less likely to pay attention to the said product. When it comes to materialism, advertising influences people to find life's meaning in the products they purchase (Boateng). This tends to lead to the consumers continually being unsatisfied, restless, anxious and bored. Value corruption can also relate to this theory as it relates to the reinforcement of the seven deadly sins (Boateng). Lastly, corporate reputation plays a big part into how the trust of a corporation by a consumer can be a deciding factor of whether or not a consumer will consider purchasing a product by an ad. This article helped us in our research to create research questions based on the different variables explained above. We used these to understand a deeper meaning as to why people feel the way they do about social media advertising.

HYPOTHESIS/RESEARCH QUESTIONS

After doing research on our chosen topic and narrowing down the focus of our own research, we formed our hypothesis which was: targeted ads on Instagram are an effective way to sell products to consumers. Our research was centered around this hypothesis and was designed to aid us in finding evidence that either supported or rejected our hypothesis. Although targeted ads can be found across various social media platforms, we decided to contain our research specifically to Instagram because it is one of the most used social media apps by the age group that we focused on.

The next step in our research process was to create research questions to further aid in our understanding of the feelings people had towards targeted ads and their effectiveness. Our research consisted of three questions: Does social media use affect how likely someone is to purchase from a targeted ad; What are consumers' overall opinions towards targeted ads; What type of ads are consumers most likely to purchase from? Our hypothesis served as a basis for our research while the research questions allowed us to dig a little deeper into the analysis of targeted ads. After creating our research questions, we were able to then begin designing a plan to conduct our own research.

Having a well thought out hypothesis and research question(s) is critical when conducting research of any kind. These two components are essentially the center of any research experiment. For the sake of our research, we decided to have multiple research questions to

allow us to dig deeper and get greater insight into how the impact of targeted ads and the opinions that people have about them.

RESEARCH DESIGN

We spent roughly a week designing our experiment and making sure all of the components were well thought out and planned accordingly. When designing our research, we aimed to have our participants be able to openly share their opinions on targeted ads. We did not want to limit their responses to a few short multiple choice questions, but we also did not want to take up too much of their time as most of them were students and had work of their own to complete. Keeping that in mind, we decided to conduct our research through the use of both a focus group and a survey. By utilizing the research methods mentioned prior, we were able to get lots of insight while not taking up too much of our participants' time.

Originally, we planned to conduct our focus group at a central location on campus - like the MLC that was easily accessible to all participants, particularly students seeing as though the majority of our participants were students. However, due to our current state surrounding the global pandemic, we conducted our focus group virtually through zoom which was different from our original plan but just as effective. Zoom proved to be a great tool for conducting our focus group because we were able to see and hear the person speaking, and our participants were able to provide their opinions instantly. Our survey, however, was not extremely impacted by our current situation as we originally planned to push it out through a digital platform to avoid bias.

It was important for us, while designing our experiment, to make sure we had a clear understanding of why we used the two data collection methods that were chosen. The focus group was centered around the conversations surrounding targeted ads and the opinions that our participants had about them. It consisted of six college students that ranged in age from 18-24. The focus group participants also considered themselves to be active on social media, particularly Instagram. Being active on social media was important as it prompted very thorough and detailed conversations from all participants. All participants of the focus group were fairly familiar with one another and felt comfortable sharing their honest opinions regarding the topic.

Our focus group was held for 30 minutes and we recorded the conversations that were had. The conversation was recorded so that we could fully focus on the responses and not worry about writing down as much information as possible. It is important to record focus groups because it is hard to remember everything the participants said while having the discussion.

The goal of the focus group was to create a dialogue surrounding targeted ads on Instagram and discover insights about the topic that we may not have thought of on our own. The questions were created to prompt participants to really think about their opinions rather than answering a multiple choice question or leaving a short response, like they would in a survey. The focus group was a key component to our research, and without it, we may not have been able to draw some of the conclusions that we did.

The object of the survey was to get a wide variety of the general feelings toward targeted Instagram ads. It was not meant to be extremely specific, that is what we accomplished through our focus group. In short, what we wanted to get out of the survey was: do people like targeted Instagram ads; do they dislike targeted Instagram ads; are they indifferent to targeted Instagram ads?

The survey allowed us to get multiple perspectives from many different people from different backgrounds. It was not limited to specifically college students like our focus group was - though the age range remained the same for the most part. We sent out our survey to different groups around campus along with our own family, friends and social media connections for their different perspectives and rendered a total of 103 responses.

We decided to conduct an internet survey through Survey Monkey to maximize the amount of participants. Since the majority of our sample were students, it was important for our survey to be accessible through the internet so that we could reach participants who may not have been in Georgia. Our survey consisted of open and closed ended questions so we could learn more about participants and draw more conclusions about targeted ads and who is affected by them than we would be able to had we only done one type of question.

The survey was open for a week and available to friends, family and social media followers. Because we know many participants personally, it was important that the survey was accessible

through the internet so participants could complete it by themselves, without our interference to prevent any bias that may come about.

Through the use of both a survey and a focus group, we were able to draw several meaningful conclusions in support of our hypothesis, and get answers to the three research questions we created. Without using both data collection methods, we may not have had some of the findings that we did. They were both essential to our research process.

Designing our research experiment was arguably the most tedious part of the entire research process. Some things that we thought would work out did not and had to be revisited to make changes where necessary. There were a lot of factors at play and several changes that needed to be made just before we actually began to follow through with collecting data due to the current circumstances surrounding the COVID-19 virus.

We also made it a point for ourselves to meet virtually through Zoom several times to discuss our research and discuss the process, data collection and our findings. It was important that we gave ourselves plenty of time to conduct research that was easy to follow, did not take up too much time, and rendered enough results for us to analyze and draw conclusions from to either confirm or reject our hypothesis. When not communicating through Zoom, we talked collectively in a group text.

FINDINGS

The survey we created was distributed using SurveyMonkey and was completed by 103 participants. We had 45 of our respondents that were male and 58 were female. The most common ages of our respondents was between 18 and 24-years-old, but we also had one respondent below 18, seven between 25 and 34-years-old, one between 45 and 54-years-old and one between 55 and 64-years-old. Our survey included both open-ended and closed-ended questions. The purpose of the closed-ended questions was to mainly discover what demographic we were getting responses from as well as answer various simple questions.

We asked a few closed-ended questions to learn more about the audience that we were working with. When asked the question, “Have you ever purchased something from a sponsored social media ad?” there were 53 people that responded “yes” and 50 people that responded “no.” When asked the question, “How often do you use social media, Instagram in particular?” 42 people responded “Always,” 25 people responded “Usually,” 18 people responded “Sometimes,” 13 people responded “Rarely” and five people responded “Never.”

We asked a few open-ended questions to learn about the opinions that our audience had. When asked, “Have you ever had a positive social media ad experience? If yes, please explain” many people stated that some of their positive experiences with Instagram ads were that they were able to find a new product or brand that they purchased and ended up really enjoying. A participant stated, “I ordered some lures for fishing and I caught a lot of fish on them.”

When asked, “Have you ever had a negative social media ad experience? If yes, please explain.”

Negative social media ad experiences included some of the products advertised being fake, having to wait months in order to receive the product ordered and a respondent said, “skinny girls make me insecure.” When asked, “How do you feel if an ad is clearly targeted at you?”

Some people said they initially were concerned but since it is very common now to receive a targeted ad they aren’t as worried anymore and sometimes find the ads to be helpful. When asked, “What is your initial reaction to Instagram ads?” the majority of people responded saying they were usually annoyed or initially confused as to how Instagram was able to track their information. However, people are more used to receiving targeted ads now and it is not as annoying, more often it is helpful.

The focus group was conducted to be able to gain a deeper understanding of consumers’ opinions towards targeted ads and draw insights from the conversations. There were eight participants in the focus group, all between ages 18 to 24 and there were six females and two males. All of the participants were college students and considered themselves to be frequent social media users.

When asked, “Do you ever engage with Instagram ads? If so, what makes an ad stand out to you?” people responded saying that they sometimes engage in ads and an ad stands out to them if the post offers a discount for the product or an influencer they are familiar with is promoting the product. The group said that they will usually acknowledge the ad, but they are more likely to end up purchasing the product or looking more into the product under those circumstances.

When asked, “What is your initial reaction when you see an Instagram ad for a product or service you were just researching or talking about?” people said they used to be a bit concerned when they saw an ad for a product they just looked up, but now they are more used to it. Participants agreed that they do get worried when they see an ad for a product they did not explicitly look up, but it could have been a product they were texting someone about or talking to someone on the phone with.

When asked, “Do you think that Instagram and other social networking sites have too much of our data?” the overall response was that they do think Instagram and other social networking sites definitely have too much of our data but they think that being able to use the apps for free is worth the data that companies receive about them. The group said that they used to have a more negative opinion towards targeted ads on Instagram in years prior, but over the years with there being more transparency with targeted ads, they have felt more comfortable with companies using their data.

When asked, “What type of marketing is most effective on you? Instagram ads, YouTube ads, email, etc.” a few females said that they think it is most effective when they see a YouTube video of someone promoting a product opposed to an Instagram picture. They agreed that there is more trust between consumer and seller when there is a video opposed to a picture with a caption. While YouTube videos are their favorite way to review a product before purchasing, they agreed Instagram videos can still be effective, but not as effective. The videos are also more

effective when the product is being shared by an influencer they trust opposed to a company post.

When asked, “Do you prefer targeted Instagram ads or would you prefer if all ads were at random?” someone said that if they could go back and take all of their data away from companies in order to have random ads they would, but they understand that isn’t necessarily a possibility so they are okay having targeted ads. A few people said that they are fine with targeted ads since they have found new companies and products that they like because of targeted ads.

CONCLUSIONS

We were able to discover several insights on whether or not targeted ads on Instagram influence consumer decision making.

The survey gave us feedback about our demographic and provided us with some experiences consumers have had with Instagram targeted ads. Many people are in fact a fan of targeted ads since they have been able to discover new companies and products because of these ads. We also concluded that since Instagram ads have become more common over the years, people are starting to trust them more. While people are still picky about what brands they do purchase from, they feel that ads are able to help them find great companies.

The focus group provided us with the most tangible insights that can be taken into consideration when working with Instagram targeted ads in the future. The first insight we discovered was that

consumers are more likely to purchase from an Instagram ad if the ad offers a discount for the purchase. If someone just looked up a product, seeing that product again does not make them want to purchase it more since they probably would have purchased it if they had the money for it. If companies could find a way to offer some sort of discount consumers would be more likely to buy their products.

The second insight was that consumers are more likely to purchase a product based on a video product review than a picture. YouTubers often review products and video allows for more of a connection between the seller and the buyer and it can be hard to build trust over a simple image. Companies should invest in creating videos when possible.

The third insight was that consumers do prefer targeted ads opposed to random ads. Targeted ads blend in better on an Instagram feed and are not as annoying to see as random, irrelevant ads are. The fourth insight was that consumers would rather purchase from credible brands opposed to brands they have never heard of. With that said, it might be harder for smaller businesses to use targeted ads on Instagram.

The final insight we found was that people are well aware that companies can purchase their information but the group agreed that they would rather an app be free and allow companies to have access to this data than have to pay for apps like Instagram. This is good for companies because it shows consumers are still willing to use all of the apps that ads are on regardless of their data being shared.

From these insights, we were able to create a few key takeaways that companies should keep in mind and consider when using targeted ads on Instagram in the future.

First, people are more likely to purchase a product from a credible brand or someone they know and trust endorsing a product. This is an important thing to take away because it shows the consumers thought process related to how much they trust an ad source. Having a credible brand or a person you know telling you a brand is good gives you comfort in buying a product and lets you know that you are getting the quality you pay for. Advertisers can use this research finding to consider using influencers to sell a product on social media or even partner with a credible brand to promote their product more effectively.

Second, targeted ads on Instagram are an effective way to reach consumers. Ads that use data to track what a consumer might be interested in have been quite controversial. Some people feel violated or annoyed, some people like finding new brands or products that they like. Either way these targeted ads expose consumers to a product and create recognition so whether or not a person purchases from a targeted ad right away, they still can be quite effective for recognition purposes.

Finally, there is about a 50% chance that someone will purchase a product based on a social media targeted ad. From our survey data, we have found that about 50% of our respondents have purchased something from a targeted social media ad. This is important for when advertisers take

into consideration the medium in which they advertise their product, if social media is the way they think they should advertise, this is valuable information for them to create an effective ad.

Based on the results from the survey and focus group, it is evident that targeted Instagram ads do affect consumer decision making. We looked at whether or not social media use affects purchase behavior, what consumers' overall opinions were towards targeted ads and what type of ads consumers are most likely to purchase from. Targeted ads do not go overlooked and they are an effective marketing tool that companies should be using especially when their demographic is college students.

REFERENCES/TABLES/GRAPHS

References:

<https://academic.oup.com/jcr/article/45/5/906/4985191>

<https://www.omicsonline.org/open-access/impact-of-social-media-advertisements-on-university-students-2151-6200-1000290.pdf>

https://link-springer-com.proxy-remote.galib.uga.edu/chapter/10.1007/978-981-10-5323-8_5

https://link-springer-com.proxy-remote.galib.uga.edu/chapter/10.1007/978-981-10-5323-8_2

<https://journals.sagepub.com/doi/full/10.1177/0973258615614417>

<https://www.omicsonline.org/open-access/impact-of-social-media-advertisements-on-university-students-2151-6200-1000290.pdf>

https://link-springer-com.proxy-remote.galib.uga.edu/chapter/10.1007/978-981-10-5323-8_5

<https://journals.sagepub.com/doi/full/10.1177/0973258615614417>

<https://academic.oup.com/jcr/article/45/5/906/4985191>

Questions in Survey:

1. Do you use social media every day?
2. Have you ever purchased a product from sponsored social media advertisements?
3. Have you ever received advertisements that you feel are targeted specifically toward you?
4. Do you feel that targeted ads can be intrusive?
5. Do you think targeted ads are effective?
6. How often do you use social media, Instagram in particular?
7. What is your initial reaction to Instagram ads?
8. How do you feel if an ad is clearly targeted at you?
9. Have you ever had a positive social media ad experience, explain?
10. Have you ever had a negative social media ad experience, explain?

Questions in Focus Group:

1. Do you ever engage with Instagram ads? If so, what makes an ad stand out to you?
2. What is your initial reaction when you see an Instagram ad for a product or service you were just researching or talking about?
3. Do you think that Instagram and other social networking sites have too much of our data?
4. What type of marketing is most effective on you? Instagram ads, YouTube ads, email, etc.
5. Do you prefer targeted Instagram ads or would you prefer if all ads were at random?

Graphs:

