IMPACT OF PROMOTIONAL SOCIAL MEDIA CONTENT ON CLICK-THROUGH RATE – EVIDENCE FROM A FMCG COMPANY

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ABSTRACT
Social media are a key communication channel between businesses and their customers and an effective means to induce customer engagement. However, there is little empirical evidence on the impact of social media marketing on the click-through rate which ultimately contributes to profitability and financial success. This paper investigates impacts of different attributes of social media content, i.e., image, text-based features, and a retargeting campaign, on the click-through rate by analyzing data obtained from an e-commerce company’s A/B testing. The findings show that image posts outperform text-based posts in terms of engagement, but not for the click-through rate. Retargeting outperforms social media campaigns in respect of the click-through rate. On the other hand, text-based features such as emojis and seasonal vocabulary do not show a significant impact on the click-through rate. The findings allow conclusions on an optimized allocation and design features of social media content.

KEYWORDS
Social Media Marketing, Click-Through Rate, Retargeting, Engagement

1. INTRODUCTION
The rapid development of information technologies allows businesses to be closer to their customers and better understand their needs and wants. One particularly effective communication channel are social media as they facilitate a bidirectional interaction between businesses and customers. The use of social media is still rising. For example, the number of Instagram users has increased from 2019 to 2020 by 22.9 percent and reaches a level close to 1 billion users worldwide. This development has been further accelerated by the COVID-19 pandemic (Enberg, 2020). Companies are adjusting their marketing communication according to these developments. Likewise, e-commerce continues to be on the rise. In 2018, there were global retail sales through e-commerce of $2.84 trillion, increasing to expected $4 trillion in 2020, and in 2021 they are anticipated to reach $4.88 trillion (Clement, 2019).

Whereas there is ample research on social media marketing and drivers of user engagement on social media (Zahay, 2021), business practitioners are still concerned with the extent of the economic effectiveness of social media communication. Communication through social media can become successful only when it is combined with measurable communication and marketing goals (Kumar et al., 2016). In particular, the causality paths from social media communication to sales and ultimately profitability are not fully clarified. Two key indicators in this respect are the conversion and the click-through rate. The conversion rate is defined as the number of conversions, e.g., to a purchase, in relation to the number of clicks. The click-through rate is determined as the number of clicks on a specific content, e.g., an advertisement, divided by the number of impressions of this content (Ghose and Yang, 2009). Hence, in order to achieve a conversion and therefore a purchase, the click-through rate is a key prerequisite.

The contribution of social media communication to the click-through rates has not yet been sufficiently examined. The study at hand seeks to address this research gap by empirically investigating how various features of social media communication are associated with the click-through rate. Based on extant evidence from literature, we address design features of different social media marketing campaigns in the form of
images as well as text-based features and retargeting campaigns. For this purpose, data of a Central European online retailer in the fast-moving consumer goods (FMCG) sector is analyzed.

The research questions of this study are the following:

**RQ1:** How are text- and image-based design features of social media content associated with the click-through rate?

**RQ2:** How effective are social media campaigns compared with retargeting campaigns in respect of the click-through rate?

The paper is organized as follows: In the subsequent section, a review of literature on social media marketing and social networks is provided. Section 3 proposes the hypotheses. Section 4 discusses the research methodology, data collection, and results of the hypothesis tests. Finally, the research and managerial implications are discussed in section 5.

## 2. SOCIAL MEDIA MARKETING

Social media provide the technological platform for social interactions to co-create value and content (Strauss and Frost, 2014). Social networks integrate the functions of different social media and are characterized by several features: (1) Users desire communication, hence they are searching for social networks to communicate directly with others, (2) users typically act under their true identity, (3) the vast majority of content is created by the users themselves on private and corporate profiles, (4) social network operators have limited control over communication and content creation between individuals, (5) users, especially companies choose the addressees of their communication, and (6) bidirectional and persistent communication requires companies to be alert and continuously respond to questions or complaints from users (Strauss and Frost, 2014).

Marketing on social media and social networks can be conducted in three basic ways: owned media pass the advertiser’s communication messages to the users through its own channels which is the corporate page or profile on social networks. Paid media consist of communicative messages conveyed by another organization, i.e., the operator of the social network, that is being paid by the advertiser to do so. Earned media denotes messages that are disseminated by actors other than the advertiser without any compensation. In social networks, earned media is provided by users who are communicating marketing-relevant messages, which is referred to as engagement (Strauss and Frost, 2014). In order to maximize effectiveness of social media marketing, advertisers need to use both owned and paid media in order to motivate customers to engage with them positively in the form of earned media. Therefore, the purpose of communicative messages and advertisements is of high relevance. It needs to be based on the goal the advertiser seeks to pursue. Social networks adapt to such requirements and offer the delivery of advertisements accordingly to users who are most likely to accomplish the respective advertising purposes. For instance, Facebook offers three basic advertising purposes, i.e., awareness ads that are delivered to users who are likely to be interested in the product or business itself as well as related advertising, consideration ads which are provided to users who are expected to start searching for information about the advertised product, and conversion ads which are targeting users who are, compared to others, frequently clicking on the ad or even making a purchase (Lee et al., 2018).

Literature has identified various ways of how user engagement, conversion, and click-through rates can be stimulated on social networks. Social media advertising has a positive impact on purchase intention and brand trust (Fuguitt, 2015). The provision of entertaining and informative content about a brand shows a significant and high impact on user engagement on social networks. Users are also mostly engaged in watching videos and pictures that are brand-related and reading reviews of products that are linked with visual content (Kujur and Singh, 2020). Engagement is further triggered by the placement of call-to-action which results in doubling the likes, multiplying comments by three, and multiplying sharing by seven (O’Brien, 2019). A popular instrument to increase conversion and click-through rates on the Internet is retargeting, a personalized advertisement based on the previous browsing history on the advertiser’s website which recommends users on external websites to return to that website. Retargeting has turned out to impact significantly the number of website visits as well as sales (Lewis and Reiley, 2014, Lobschat et al., 2017).
In retargeting campaigns, users often do not recognize retargeting advertising and mistakenly interpret it as a regular campaign. If users do not complete a customer journey by making a purchase or any other requested action, retargeting can turn out to effectively increase conversion (Veszelszki, 2018), especially when the user has just visited the advertiser’s online store and the banner has a high degree of content personalization (Bleier and Eisenbeiss, 2015). Personalization and targeting small segments in general result in a higher tendency towards conversion (Srinivasan et al., 2016). Furthermore, personalization has a substantial positive impact on customer retention (Bojei et al., 2013).

3. HYPOTHESES DEVELOPMENT

In the following, the research hypotheses are elaborated in order to shed light on factors that drive user engagement as well as the click-through rate as a proxy of conversion. The hypotheses examine the impact of various popular design features in social media marketing.

A majority of the people consume content visually. At present, 91% of consumers favor content that is interactive and visual over static content. Visual content such as photos and infographics are making a brand’s posting on social networks more valuable and diversified for users (Dayan, 2018). Social media content should be visually appealing. To further enhance the appeal of a post, the advertiser should combine different content types, such as text with photos or videos. The degree of visual quality affects user engagement, i.e., the number of likes, comments, shares, and clicks (Syrdal and Briggs, 2018). An analysis of 100 brands and more than 1,300 posts of these brands revealed that posts need to be visually appealing in order to be recognized by the audience on crowded news feeds of social media (Brubaker and Wilson, 2018). Hence, the following hypothesis has been developed to address the visual appeal on the audience.

H1: Image posts on social media show higher engagement than text posts.

A higher engagement rate is also positively associated with a higher click-through rate (Yang et al., 2016) because higher engagement as a response to an ad results in a more positive attitude which itself drives the intention to click on the respective ad (Calder et al., 2009). This relationship has been found in the consumer goods sector (Yang et al., 2016) as well as in the tourism sector (Lin et al., 2018). Since we consider images to stimulate engagement, we conclude that the presence of images will also be positively associated with the click-through rate. Industry research has shown that such a direct relationship between images in social media content and the click-through rate does exist (Bercovici, 2014). Therefore, we propose the following hypothesis:

H2: Images on social media posts a show higher click-through rate than text posts.

Emotional content in social media marketing shows a positive impact on user engagement as well as the conversion and click-through rate. Liu et al. (2019) discuss the influence of emojis for branding effect, download willingness, and product purchase intention. Their study reveals that emojis help to increase brand awareness for low frequency users and they can boost download willingness. Similarly, emojis result in higher engagement rates in the form of retweets on the social media platform Twitter (Pancer et al., 2017, Quesenberry and Coolsen, 2019). Although download willingness does not show to significantly impact purchase intention, it increases the conversion of website visits. Emojis show an indirect impact on engagement by conveying humor and emotions. Combining such affective content with informative content, such as a promoted deal, enhances users’ conversion rate (Lee et al., 2018). Thus, the following is proposed:

H3: Emojis in the text of a social media advertisement increase the click-through rate.

The large number of contents provided on social networks results in a high degree of distraction (Zhang et al., 2020). As users scroll through their news feed quickly, it is challenging for advertisers to grab their attention, make them focus on the published content, and engage with the content (Brubaker and Wilson, 2018). One effective characteristic of text-based content known from research on online consumer reviews is relevance of the vocabulary (Tao and Zhou, 2020). Reviews that contain more relevant terminology are considered more helpful (Qazi et al., 2016). Therefore, we conclude that if an advertiser provides posts or ads that direct users towards topical areas, such a strategy may help to raise user reactions. We refer to seasonality as a context that is considered more topical during the respective season. To investigate whether a larger emphasis on a seasonality-related concept shows a larger impact than a smaller one, we propose:
H4: Seasonality-related words at the beginning of a social media advertisement increase the click-through rate.

Digital channels offer various opportunities for retargeting campaigns. Evidence on the effectiveness of retargeting in this context is mixed. Users can have trust issues with the brand, if they are receiving continuously very specifically targeted advertisements as they perceive their privacy to be threatened (Stevens, 2014). On the other hand, retargeting is turning out effective especially among users who spend more time on the advertiser’s website and thus demonstrate surfing behavior by browsing through the product categories and products. Hence, retargeting performs best if being personalized to the respective audience (Lambrecht and Tucker, 2013). Despite a certain degree of personalization of social media content delivery through the platform operators, we assert that retargeting shows a higher degree of personalization and thus is more effective in stimulating click-through, so that we propose:

H5: Retargeting campaigns achieve a higher click-through rate than social media content.

4. RESULTS

4.1 Data Collection

Data collection has been conducted within a Central European fast moving consumer goods (FMCG) online shop operator. The company offers high-quality tea in teabags for the retail, gastronomy, hospitality, and food service markets and sells its products to consumers via its online store. For hypotheses tests, data has been retrieved from the company’s ERP system over a period of several weeks as well as data retrieved from Google Analytics and Facebook Insights. At the end of November and at the beginning of December 2019, the company launched social media campaigns for the Christmas season. For the study, a total of eight campaigns on Facebook and Mailchimp have been specially designed for A/B testing and subsequent analysis. They consist of two posts as owned content to test H1 and H2, four Facebook advertisements to test H3 and H4, and two retargeting campaigns (one on Facebook and one by email newsletter) to test H5. In collaboration with the company’s graphic designer, one of the co-authors created the texts and images for the social media contents in order to create the stimuli necessary for the hypothesis tests, using Facebook Ad Manager and Mailchimp. The analyzed campaigns lasted from December 9 until December 18, 2019.

4.2 Hypothesis Tests

To test H1 and H2, two types of posts have been created of which the engagement and the click-through rates have been retrieved. The first post consisted of the following text, translated into English: “Who did not solve Christmas gifts yet? Solve your Christmas gifts from the comfort of home – do not forget that Santa Claus comes in 20 days.” The second post includes a picture of the product, i.e., a tea box, with the already made tea in a cup, and a Christmas rose, accompanied by a shorter text: “Christmas is here in 12 days”.

The test of H1 shows that the post with the image content [image] shows a higher engagement than the post with the text-only content [text]. The image content has been delivered to a larger audience and achieved a significantly higher proportion of likes, shares, comments, and clicks than the text-only content (n [text] = 1,147, n [image] = 1,617, p [text] = 1.221%, p [image] = 2.600%, z = 2.5314, p < .01). Thus, hypothesis 1 is supported.

When it comes to H2, the findings show that the proportion of clicks on the image content is similar to that of the text-only content. The small difference is not significant (n [text] = 1,147, n [image] = 1,617, p [text] = .959%, p [image] = .989%, z = .0802, p > .05), so that H2 is rejected.

For H3, two social media advertisements have been created and published. One ad shows an image of gift tea boxes, the text “Gift that warms up”, and an emoji of a heart at the end of the text [emot]. The second ad displays the same image, the text “Taste real teas”, and no emoji in the text [no_emot]. The z test displays no significant difference in the click-through rate (n [emot] = 8,182, n [no_emot] = 7,328, p [emot] = 3.52%, p [no_emot] = 3.33%, z = .6499, p > .05) so that H3 is rejected.
For H4, the A/B testing took place for two ads with varying usage of a specific word in a specific seasonality, i.e., the Christmas season. The chosen specific Christmas season word is “gift”. The first ad displays the word “gift” at the beginning of the sentence [beg] whereas the second ad shows the word “gift” at the end of the sentence [end]. There was a higher number of exposures to the ad with the season-related word in the beginning. The z value shows that the click-through rate does not differ significantly between the two ads (n [beg] = 8,182, n [end] = 5,688, p [beg] = 3.52%, p [end] = 3.446%, z = 0.2338, p > .05) so that H4 is rejected.

For H5, a retargeting campaign through the service of Mailchimp has been done. The campaign was connected to the online store. When users visited it, the campaign displayed them a retargeting post with the product, which they were looking at and allured them to return to the online store. For the hypothesis test, all December campaigns on Facebook [FB] have been compared with a newsletter-based retargeting campaign during the same time period [retarget]. The difference between the click-through rates of both campaigns is significant (n [FB] = 46,719, n [retarget] = 1,042, p [FB] = 3.881%, p [retarget] = 6.24%, z = 3.8732, p < .001), supporting H5.

Table 1 summarizes the results of the hypothesis tests.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Proposed impact</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Image posts on social media show higher engagement than text posts</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Images on social media posts a show higher click-through rate than text posts</td>
<td>Rejected</td>
</tr>
<tr>
<td>H3</td>
<td>Emojis in the text of a social media advertisement increase the click-through rate</td>
<td>Rejected</td>
</tr>
<tr>
<td>H4</td>
<td>Seasonality-related words at the beginning of a social media advertisement increase the click-through rate.</td>
<td>Rejected</td>
</tr>
<tr>
<td>H5</td>
<td>Retargeting campaigns achieve a higher click-through rate than social media content</td>
<td>Supported</td>
</tr>
</tbody>
</table>

5. DISCUSSION

5.1 Research Implications

This study provides insights into consumer reactions to various social media contents. Within the context of owned media, i.e., social media posts, it could be shown that the presence of an image significantly raises engagement. This result is consistent with the findings by Brubaker and Wilson (2018) as well as Syrdal and Briggs (2018) who contend that promotional content has to be visually appealing for the audience. Visual content is also largely preferred over static content and results in a higher engagement of the reached audience (Dayan, 2018). A key issue in this respect is the need of brands to catch the audience’s attention in an overloaded social media news feed (Buchanan et al., 2018). However, the presence of the image shows no positive impact on the click-through rate so that it cannot be concluded that image content is more effective in terms of conversion than text-based content. This finding challenges the widely assumed, but barely demonstrated relationship between engagement and the click-through rate and therefore calls for a further investigation of possible mediating variables in the long chain of causality between social media engagement and economic profitability.

With the paid advertisements, the findings show that variations in the text features do not impact the click-through rate. In contrast to the findings of Liu et al. (2019), our study could not show that emojis in an ad lead to a higher click-through rate. Although emotions and especially humor show a positive impact on engagement (Lee et al., 2018) as well as brand attachment behavior (Arya et al., 2018), this effect is not achieved for the click-through rate by the inclusion of emojis in a social media ad. Also, the placement of season-related vocabulary in different positions of social media ads did not increase the click-through rate.
These findings suggest that they are another possible indicator of a weak relationship between engagement and actual click-through behavior. Within the context of emotions as well as topicality of vocabulary, more evidence is needed to understand the potentially mediated effects of emojis, emotional content in general, and relevance of vocabulary in promotional social media content.

Comparing the effectiveness of different communication channels, our findings support the assertion that a personalized retargeting campaign results in a higher click-through rate than social media content. This result is in line with the findings obtained by Lambrecht and Tucker (2013) who found that if customers spend some time on a website, associated retargeting campaigns achieve significantly higher user resonance. The previous visit of a company’s website is a stronger trigger for being receptive to a retargeting campaign. This implies that social media content should be considered being complementary to retargeting campaigns. The click-through rate achieved by social media content forwards users to the company website from where users can be further addressed more effectively by retargeting.

5.2 Managerial Implications

The research design has employed an A/B testing approach implemented by a FMCG company. This procedure shows that A/B testing can yield useful and actionable results with little additional effort, especially if complemented with statistical analyses. The findings provide various implications for the creation of content on social media and a reliable assessment of their potentials to ultimately influence the click-through rate which is a prerequisite of social media marketing profitability.

Firstly, the findings clearly show that the connection between engagement and click-through rate is not overly strong and therefore should not be overestimated. Particularly in terms of goal-setting it is important to clearly distinguish between communicative goals related to engagement and economic goals of conversion, click-through rate, or purchase. Firms may not take measures to increase engagement if they intend to pursue economic goals. Second, the role of design features in social media content in terms of their impact on the click-through rate is low, hence it may not be over-estimated. The use of emojis and seasonality terms can possibly increase engagement in the form of likes, shares, or comments, but is not influential for the click-through rate so that it should not be used to support profitability goals. Third and finally, companies are recommended to use a mixture of different social media contents as well complement social media marketing with retargeting campaigns. This is in line with the assertion of an integrated marketing communications approach that aims at a holistic and consistent design of the communicative mix across a variety of media.

6. CONCLUSION

The focus of this study is to investigate the role of marketing communication on social media in the conversion of customers in FMCG e-commerce by addressing their impact on the click-through rate. The results which were collected from a FMCG company’s ERP system, Google Analytics, Facebook Manager, and Mailchimp show that the presence of images can stimulate engagement, but text-based modifications and images show no significant impact on the click-through rate. Further, newsletter-based retargeting results in a higher click-through rate than social media contents.

The findings of the research ought to be acknowledged in the light of several limitations. Data collection was based on social media data from one company that is specializing in one product category. Hence, the results cannot be generalized to other companies and industries with different customer target groups as well as the whole FMCG industry. The applied social network was Facebook. Other social networks or social media could show different user reactions, for example, text-based posts could show a different impact on Instagram or Twitter. Likewise, the study took place in one country among a target group that is largely concentrated in urban areas so that a geographical bias may exist. Finally, data has been collected during the Christmas season. Hence, dissimilarities can appear in the results if the study was conducted within a more extended period of time.
Future research may address a more comprehensive investigation of reasons for the rejected hypotheses as well as further potential drivers of the click-through rate and conversion. On the one hand, insights from consumer behavior during the various stages of the purchase funnel could shed more light on the effectiveness of omni-channel management approaches that seek to integrate different communication and distribution channels (Verhoef et al., 2015). On the other hand, the effect of product categories may be revisited in this context, as this variable turned out to show a moderating impact in other e-commerce application areas, e.g., online consumer reviews (Ren and Hong, 2019). Finally, the causality path from exposure to promotional social media content, engagement, click-through rate, and conversion, needs to be further examined for a better understanding of this complex phenomenon.

REFERENCES


