

# Which product categories and industries benefit most from social advertising

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New research from a team of scientists at four leading universities has shed new light on the effectiveness of social advertising in specific product categories to learn which product categories tend to benefit more from social advertising, and which may not.

"Social [advertising](#) is the placement of social cues or endorsements in

ads shown to friends of those who have engaged with a brand or product," said Huang. "Some examples include Facebook's social advertising that places the images and names of Facebook friends who have liked a brand in their ads. Or, Google's Shared Endorsement ads that do the same thing, placing the names, images and product ratings of others in product search results.

Advertising without these social cues was compared to advertising that included the social cues to arrive at findings that can help marketers develop and implement more effective advertising strategies.

The research study to be published in the December issue of the INFORMS journal *Marketing Science*, "Social Advertising Effectiveness Across Products: A Large-Scale Field Experiment," is authored by Shan Huang of the University of Washington, Sinan Aral of Massachusetts Institute of Technology (MIT), Yu Jeffrey Hu of Georgia Institute of Technology, and Erik Brynjolfsson of Stanford University.

"We found some categories like clothing, car and [food products](#) exhibited significantly stronger social advertising effectiveness," said Aral. "These are products that are experiential and sometimes carry certain levels of status, which matters among friends when making purchase decisions. We then found that other goods we call 'Search Goods' did not perform any better with or without social advertising. Search goods are products that are easier to evaluate using nonsocial information about the product's characteristics, such as what can be found online. Examples of these types of products are commodities like batteries, [home appliances](#) or in some cases consumer technology."

The majority of similar research that has been conducted in this area has centered on advertising and social proof involving one single product at a time. This study is broader and further reaching.

The researchers examined how [social influence](#) and ad engagement varies by comparing 71 products in 21 categories using a random sample of more than 37 million users of a large social network (WeChat). They focused on WeChat Moments ads, a type of social ad that is displayed in WeChat users' news feeds. WeChat is considered a world-leading mobile social networking platform with more than 1 billion monthly active users. Click-through rates were used as a critical measure of social advertising performance.

"In general, we found that certain goods that rely on status-driven consumption displayed strong social advertising effectiveness," said Hu. "And, we identified multiple situations where social advertising effectiveness varied across relative characteristics of those who view the ads, along with their friends shown in the ads. Ultimately, this tells us there is no one-size-fits-all approach."

"One of the more interesting findings was how status goods compared to nonstatus goods," added Brynjolfsson. "Social influence is more relevant for status goods, not always because we learn about the product and its quality from our friends, but because as we make purchase decisions, we make relative comparisons to our friends to create our own social identity. In other words, products that can't influence our social status are less likely to perform better simply through social advertising."

**More information:** Shan Huang et al. Social Advertising Effectiveness Across Products: A Large-Scale Field Experiment, *Marketing Science* (2020). [DOI: 10.1287/mksc.2020.1240](https://doi.org/10.1287/mksc.2020.1240)

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