BUSINESS NEWS LESSONS

The pros and cons of social media marketing

onestopenglish

1 Warmer

Which of these social media do you use? Why do you use them?

Whatsapp
Facebook
Instagram
Twitter
Tumblr
YouTube

Do you use any other social media sites not listed here? If so, what are the positive and/or negative features of these websites or apps?

2 Key words and expressions

Find the words or phrases in the article that match the definitions below. The paragraph numbers are given to help you. Note that you may need to change the form of the word in the article to match the definition.

1. a piece of writing that is published on the internet (para 3) _____

2. a new, small business (two words, para 6) _____

3. a larger company that owns a smaller company (two words, para 6)

    _____

4. money used to start a new business or create a new product (para 6) (two words, para 6)

    _____

5. a private start-up company valued at over $1 billion (para 6) _____

6. people born between 1980 and the mid-1990s, also known as Generation Y (para 7)

    _____

7. something that is popular or fashionable for only a short time (para 7)

    _____

8. someone who uses social media to promote or recommend products so that other people will buy or

    use them (para 7) _____

9. selling something that is not really needed by people (para 7) _____

10. a group of people who buy a particular product or pay for a particular service (two words, para 15)

   _____

11. a company that invests money in new businesses (para 12) _____

12. online excitement and activity (para 23) _____

13. a set of rules that a computer uses (para 23) _____

14. a personal page on social media on which selected posts appear (para 23)

   _____

How start-ups have used Instagram to build $1bn businesses

Mattress company Casper and beauty brand Glossier leverage social media marketing

BY CAMILLA HODGSON

1   A woman's manicured hand clutches a glass filled with a clear liquid poured over ice, her first and middle fingers each adorned by two sparkling gold rings.

2   "Two finger ring stacks are in. Millennial pink is basic. Ugly shoes are money. Juice cleansing is dead. U follow?," reads the photo's caption.

3   It is just one of Dirty Lemon's more than 3,000 posts on Instagram, the social media platform that has been key to the direct-to-consumer beverage brand's growth.

4   "I have an order issue," wrote a customer in the comments.

5   "Checking now x," responded Dirty Lemon, whose products include a "collagen beauty elixir" and "charcoal daily detox".

6   Dirty Lemon, whose parent company Iris Nova raised $15m in seed funding at a valuation of $60m last December, is just one of dozens of start-ups that have leveraged Instagram's 1bn users to build their businesses. Larger examples include beauty brand Glossier and mattress company Casper, both of which became "unicorns" last month, after raising another $100m each.

7   As more companies have embraced social media marketing, the photo-sharing app has become a nexus of branded marketing, with millennials browsing the latest fads and a large number of so-called "influencers" peddling products.

8   Last month, in an effort to harness these new networks, the Facebook-owned platform said that it was launching a shopping feature that will allow users to buy products directly from the app. With Instagram checkout, merchants will be charged a "selling fee", calculated as a percentage of each transaction.

9   Creating an Instagram page that displays a gallery of products remains free. But paid-for advertising on the platform has become big business since it launched in 2017: eMarketer forecasts that Instagram will make up 6 per cent of global mobile ad spending this year, and a fifth of Facebook's ad revenues.

10   "Brands have gone all in on Instagram," said Alexa Tonner, cofounder of social media marketing agency Collectively, pointing to the beauty, wellness and fashion sectors, in particular.

11   She added that Instagram's simple, visual layout — a rolling feed of images as well as individual user galleries — makes it well-suited to advertising. The opportunity for unmediated communication between brands and users has also allowed early-stage direct-to-consumer businesses, such as personal grooming brand Dollar Shave Club, to develop personal relationships with customers.

12   Dollar Shave Club, which grew its following by posting tongue-in-cheek photos of bearded men posing in steamy bathrooms, raised $165m from venture capital firms over four years. In 2016, it was bought by consumer goods company Unilever for $1bn.

13   Dirty Lemon founder Zak Normandin said Instagram was "critical" to his firm's early growth. In 2015, the health drinks company launched using only an SMS-based ordering service and Instagram account to build an audience. Mr Normandin said the company grew its following "quickly and organically" using free and "relatable" posts.

14   Relatable — for a company that charges $65 for six bottled drinks — includes Instagram posts of bikini-clad women holding Dirty Lemon drinks with captions such as "let's pretend for a moment we're on boats in mykonos or whatever" and "my life is nonstop, running from meetings to the studio to travelling to throw a party".

Worksheet

15   In 2017, the company became one of the first to pay for advertising on Instagram, and was at one stage spending $30,000 a day on the platform to build a customer base.

16   While it does not disclose revenue or profit figures, Dirty Lemon said sales had doubled every year since 2015 and were expected to increase by 250 per cent in 2019.

17   Meanwhile, Casper's chief marketing officer Jeff Brooks said Instagram had been "integral" to building awareness of the mattress company, and for cultivating "a community where we can connect and engage with our customers".

18   Its posts include photos of people and small dogs swaddled in duvets with captions such as "emotional support pillow" and "if you're reading this, go to sleep".

19   Debra Williamson, an analyst at eMarketer, said that for early-stage companies looking to develop a following, Instagram has helped provide a "level playing platform" because it shows users the posts and ads it thinks they will like most, rather than those from the biggest brands.

20   But Mr Normandin argues that the rising cost of advertising on Instagram has reduced its "value as a marketing platform" for small businesses. The cost for Dirty Lemon to acquire a customer on the platform rose from around $30 in 2017 to more than $100 at the end of 2018, he said. Instagram declined to comment.

21   According to researchers at AdStage, the median "cost per click" to advertise on Instagram fell 80 per cent to $0.83 year-on-year in the fourth quarter of 2018 — though the platform's median click through rate also jumped 121 per cent to over 14m clicks.

22   In the same period, the cost per click was highest on LinkedIn and YouTube, at $3.72 and $3.61 respectively, compared to $0.57 for ads on Facebook's news feed and $0.40 for those on Twitter.

23   Ms Williamson of eMarketer said brands could still build a following for free on social media if they "create great content and gain buzz". This is easier to do on Instagram than on Facebook, she added, since Facebook's updated algorithm makes it "much harder" for businesses' posts to automatically appear in a user's feed.

24   But as competition intensifies, some brands — including Dirty Lemon, which once advertised solely on Instagram and Facebook — have ceased to advertise on social media altogether.

25   Instagram has become "cluttered with brands pulling for customer attention", Mr Normandin said. "If we were starting from zero right now, we wouldn't start on Facebook or Instagram."

3 **Understanding the article**

Worksheet

Are these statements true or false according to the article? Correct any that are false.

1.   Dirty Lemon uses the Instagram social media platform to sell its products direct to its customers.

2.   Instagram is launching a shopping feature that will allow users to buy products directly from the app.

3.   Companies will not be charged for selling products via the Instagram app.

4.   Instagram makes up 6 per cent of Facebook's advertising revenues.

5.   When Dirty Lemon launched, it used an Instagram account to build its customer base.

6. At one point, Dirty Lemon was paying $30,000 a month to advertise on Instagram.

7. Of all the social media platforms mentioned in the article, the most expensive per click is Facebook.

8. Dirty Lemon no longer advertises on social media.

4 Business language – Verb + noun collocations

A Match the words in the left-hand column with those in the right-hand column to make expressions from the text.

1.	build	a.	the value of something
2.	raise	b.	a fee
3.	launch	c.	customers
4.	charge	d.	a business
5.	reduce	e.	$100 million
6.	engage with	f.	a new feature

B Now use words from the expressions above to complete these sentences.

1. The company works very hard to _____ with its customers.

2. It can take a long time to build a _____.

3. Some companies _____ a fee to access their websites.

4. We are trying to _____ $100 million to _____ a new feature.

5. Rising costs could _____ the value of the company as a marketing tool.

5 Discussion

• Does the kind of online advertising described in the article influence you? Why / Why not?

• The article suggests that Instagram has become a 'nexus' or central part of branded marketing. Why do you think that this particular social media platform has become more successful than its rivals?

• Discuss the effectiveness of the following advertising platforms: newspapers and magazines, TV, billboards and in public spaces such as train stations, online and on mobile phone apps. Which do you think is the most effective? Give reasons for your answer.

Worksheet

BUSINESS NEWS LESSONS

6 Wider business theme – Social media marketing

A Go online and log on to a social media platform that you use (see the Warmer for a list) or open a social media app on your phone. Make a list of the first five advertisements you see on the platform and note down what products they are advertising.

B Work in pairs. Discuss the advertisements and decide how attractive and effective each advertisement is. Choose a number on the scale below.

	very				not at all
Is it attractive?	5	4	3	2	1
Is it effective?	5	4	3	2	1

C Compare your findings with the class. Which advertisement is the most effective? Why?

Worksheet