

Facebook move to spur digital ads

Having a local presence is going to benefit social networking site

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Staff Reporter

Dubai Digital advertising revenues in the Middle East will get a solid boost by the opening of an office by Facebook in Dubai, industry experts said.

"The Middle East is a huge market for Facebook and Dubai being a hub, Facebook is looking at the opportunity to tap the digital revenues from the region," Vishal Tripathi, principal research analyst at Gartner, told *Gulf News*.

He said that having a local presence will benefit the social networking site as they have "more than 50 per cent of the users from the Middle East."

The website continues to grow in popularity in the region. Facebook users jumped from 19 million at the end of 2010 to 43 million today. Arabic is the fastest growing language on Facebook.

Facebook penetration is highest in North America (69 per cent), followed by the Middle East and Africa (67 per cent), Latin America (58 per cent), Europe (57 per cent), and Asia-Pacific (17 per cent.)

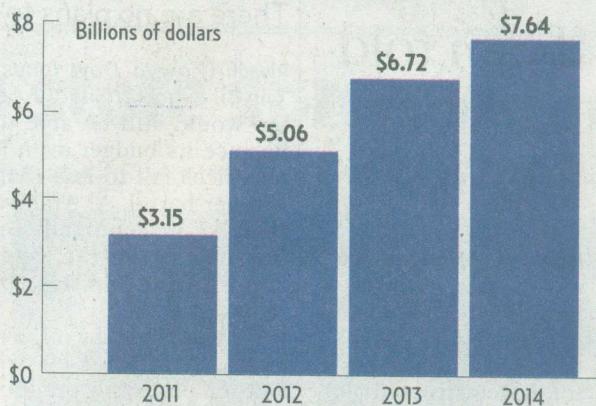
Egypt is the single biggest source of subscribers, with nearly 11 million. That is about 13 per cent of the population, and about 63 per cent of the online population. Egypt is No 20 worldwide for Facebook usage.

Competitive

"Social media marketing is the next big thing. It is happening in the US, but in the Middle East this concept will take time as most of the population is expatriates. They would like to touch and feel the product," Tripathi said.

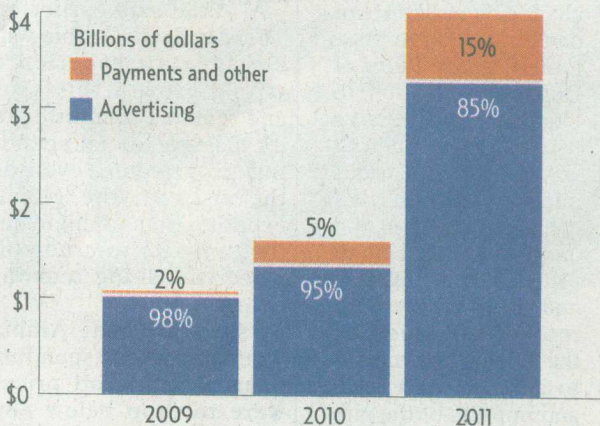
According to Debra Aho Williamson, eMarketer principal analyst, worldwide ad spending on Facebook is expected to reach

Facebook ad revenues worldwide



Note: Paid advertising only; excluding spending by marketers that goes towards maintaining a Facebook presence

Facebook's revenue breakdown



Source: eMarketer

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\$5.06 billion (Dh18.5 billion) up 42 per cent over 2011 excluding commissions on purchases of virtual goods using Facebook Credits.

He said around 85 per cent of the revenue comes from advertising and the remainder comes from payments and other fees.

Facebook made \$3.8 billion in revenue and \$1.5 billion in profit for 2011.

"Ad revenue growth will be nearly sliced in half by next year and inching closer to zero by 2014, eMarketer estimates. Facebook will make \$6.72 billion from ad revenue in 2013 and \$7.64 billion in 2014,"

Williamson said. Tripathi said that corporates are unlikely to benefit from Facebook. They have their own websites.

They will have some sort of presence on Facebook and Twitter to tap the people. There are many companies embracing it.

Alexander Zarovsky, International Business Chief at InfoWatch, said: "The media and marketing industry as a whole is unlikely to benefit from Facebook opening a new office in the UAE. Having said that, as Facebook will focus on penetrating the market and sourcing revenue, it is likely to invest

IPO

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Facebook and banks including Morgan Stanley were sued by the social networking leader's shareholders, who claimed the defendants hid Facebook's weakened growth forecasts ahead of its \$16 billion (Dh58 billion) initial public offering.

The defendants, who also include Facebook Chief Executive Officer Mark Zuckerberg, were accused of concealing from investors during the IPO marketing process "a severe and pronounced reduction" in revenue growth forecasts, resulting from increased use of its app or website through mobile devices. Facebook went public last week.

The lawsuit was filed in US District Court in Manhattan yesterday, according to a law firm for the plaintiffs.

— Reuters

in a local marketing team. Facebook will definitely become more competitive in the UAE."

By having a presence on Facebook, Tripathi said companies can reach out to more people. They also get "strong feedback from the users. Facebook gives only certain information."

Business strategy

"Enterprises have their own social media strategies which are usually handled by a consultant/agency. If this strategy includes creating a Facebook page, then it will be created. Consultants and agencies are partners [channel] for Facebook, and if Facebook plans to invest in advisors to work with this channel, then enterprises are likely to open more pages. It really depends on Facebook's business strategy," he said.