

WHITEPAPER

Agents Need Online Advertising Now More Than Ever and They Should Double Down on Facebook and Instagram

As Cloistered Consumers Hunger for Social Interaction
Due to Coronavirus, Facebook and Instagram
Represent Bargains for Advertisers



Social distancing, while a necessary step in stemming the spread of the novel Coronavirus, also has an unfortunate effect on those whose income is based on commissions and facilitated by face-to-face interaction. Real estate agents are the foremost example of this category. Amidst the worry and angst that everyone feels right now, agents have the additional burden of having to keep their business running.

Everyone knew that digital advertising, both free and paid, would become more important as a result of the novel Coronavirus because the majority of our country has barred the door in an effort to wait it out at home. Recently, we posted on our [blog](#) about how Homesnap Stories can serve agents as a free substitute for open houses and home tours. We've seen a spike in Stories usage since.

What we at Homesnap didn't know is what, exactly, this phenomenon would mean in dollars and cents for paid online advertising, as well as how it would affect specific networks.

On the one hand, supply (i.e. the number of impressions available to advertisers) has surely gone up. Consumers sitting at home will spend more time on their phones, tablets, and laptops than they would if they were driving, going to restaurants, the movie theater, etc.

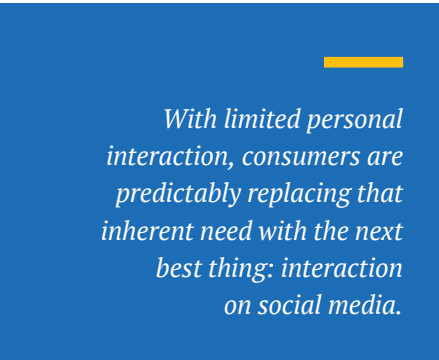
On the other hand, you could also make the argument that demand (advertisers placing ads in front of consumers digitally) would skyrocket as well. Brick and mortar sales (with the exception of grocery stores) have surely slowed. Any business with an eCommerce channel would take advantage.

On the third hand, many businesses are experiencing and/or anticipating slow downs, and thus cutting costs in order to provide relief. Perhaps demand would drastically shrink as a result, and prices would drop.

A Tale of Three Types of Online Advertising

Because Homesnap runs thousands of listing ad campaigns on behalf of agents every month across Facebook, Instagram, Google, and Waze, we're able to get a real-time look via our internal data to see what this pandemic means for the price of advertising online.

Keep in mind, all of these platforms are real time auctions. Advertisers bid to place their ad in front of the consumer, which means that we're seeing the effects of human behavior changing in real-time. We'll continue to update these numbers as the situation evolves.

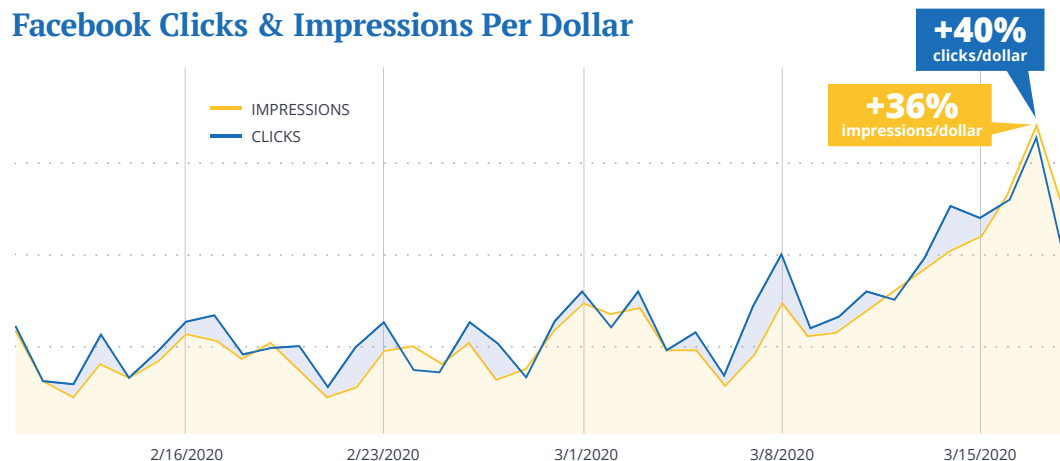


With limited personal interaction, consumers are predictably replacing that inherent need with the next best thing: interaction on social media.

After breaking down the data, Homesnap can confidently say that supply on social media networks is exceeding demand, so prices are dropping, and it's because consumer usage of social media has increased. With limited personal interaction, consumers are predictably replacing that inherent need with the next best thing: interaction on social media.

Here's a look at Facebook spend:

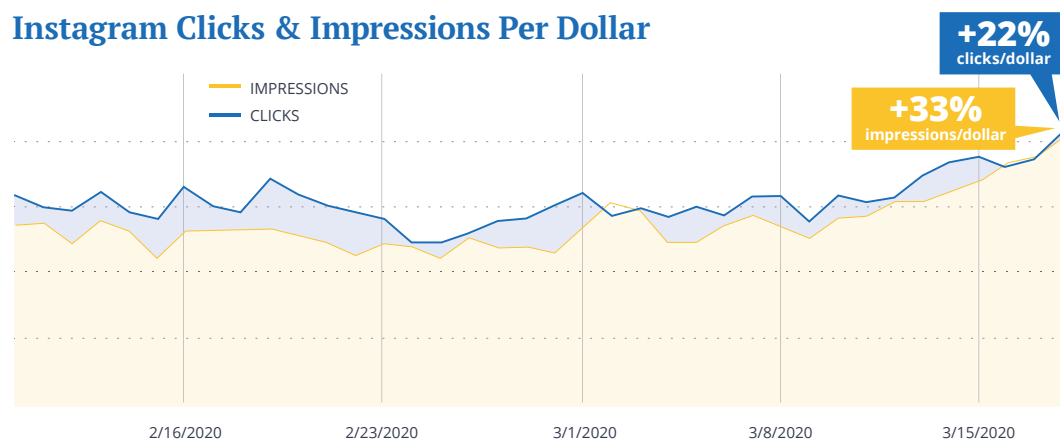
Facebook Clicks & Impressions Per Dollar



On Facebook, both the price of impressions and price per click have dropped over the past two weeks. Here, we articulate it in terms of impressions per dollar spent on advertising and clicks per dollar spent on advertising. When you compare the week of March 8th to that of March 15th, you see an increase of 36% in impressions per dollar and 40% in clicks per dollar. You can see as a general trend both have continued to get cheaper since the beginning of March.

And here's a look at Instagram spend:

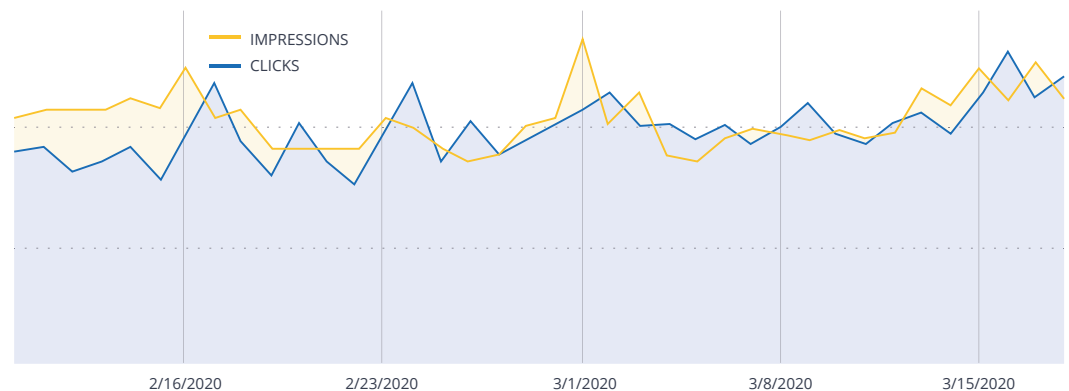
Instagram Clicks & Impressions Per Dollar



Instagram follows a similar trend to Facebook, with impressions per dollar increasing by roughly 33% in the past few weeks, and clicks per dollar increasing by 22%. It's not clear yet why the increase is more dramatic on Facebook, but it is clear that both are moving in the same direction and may move closer overtime. Collectively, the platforms give you the option to use an optimization tool that will spend on whichever platform is currently giving you better results based on your objective, so the two are likely to remain in sync.

Google provides an interesting foil:

Google Clicks & Impressions Per Dollar



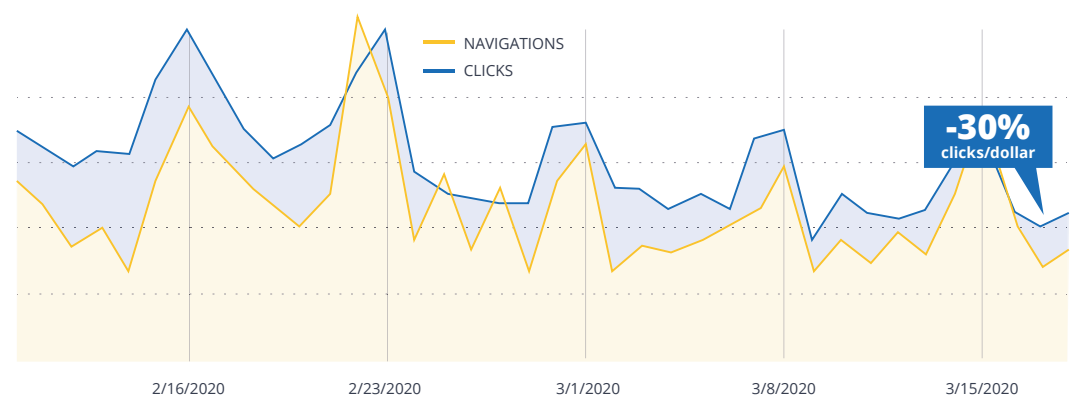
You can see that, despite a few daily spikes, impressions per dollar and clicks per dollar have remained relatively constant. That's because consumers' need to search and find information (i.e. Google search) hasn't increased. The exception, here, is information about the Coronavirus. But if your social media feed is anything like mine, you know there's plenty of information being shared across social channels without having to search for it.

Sitting at home alone hasn't increased our need for information; it's increased our need to interact with each other digitally.

The point is the scenario we find ourselves in, sitting at home alone, hasn't increased our need for information; it's increased our need to interact with each other digitally.

Finally, let's took a look at spend on the popular transportation app, Waze:

Waze Clicks & Navigations Per Dollar



Note that the measurements are a bit different for Waze. We look at cost based on navigations in addition to clicks. You can notice that these costs are all getting more expensive when normalized for weekend activity. Compared to February, a dollar on Waze now gets you nearly 30% fewer clicks and navigations. That's because supply is shrinking. Each day, fewer and fewer people are driving, whether that be to work, the gym, a friend's house, etc.

As more consumers stay at home, we should continue to see more or more supply on social media. Agents hoping to make the best of a bad situation should double down on Facebook and Instagram. Stay tuned for more updates on advertising performance as we're able to gather and analyze more data.