

Premium ads vs Marketplace ads: Get more bang for your buck

 By Gil Sperling

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Last time we discussed the difference between CPC (cost-per-click) and CPM (cost-per-thousand impression) ads, with CPC coming out on top. This time we'll discuss the dichotomy between Premium CPM and Marketplace CPC ads on Facebook, and which one will give the user more bang for their buck!

Premium advertising used to be just that, premium! However, nowadays, Marketplace advertising has been taken to a whole new level.

These two ad types have very distinct objectives and functions, and offer marketers different approaches and solutions to their communication objectives on Facebook. Together with the fast evolution of the Facebook platform, Premium and Marketplace have also evolved - in fact the terminology for both has changed describing more succinctly what they are respectively used for.

Premium ads vs marketplace ads (Ad space unit (ASU))

Enter 2013 and the lines between the two have blurred a little. Premium was "its name sake" as one would have to spend a certain dollar value to get access to it, whereas Marketplace worked on any budget allocated to it. Premium would give you access to an array of benefits, namely:

1. Ownership of the homepage, including individual ad placement on the homepage, a bigger format and higher CTR (click through rates).
2. Automatic filtration into the newsfeed, which is where people spend most of their time whilst on the site.

This was done as traditional Marketplace ASU ads only generate an average CTR of 0.03%. The introduction of Premium and the benefits of homepage ownership and News Feed filtration changed the game and generated CTRs between 1% and 5% on average.

This was a massive change, and somewhat out-shone the tremendous cost of a Premium campaign. Digital marketers were ecstatic with the results and Premium seemed well-positioned to be the go-to media type for engagement and awareness.

Home Page ownership

Back in late 2012, Facebook amended its Marketplace offering to allow page post advertising. This shift meant that

Marketplace and Premium had the exact same functionality.

They would both be present within the homepage, albeit Premium would still give you ownership, but most critically, Marketplace page post advertising had the option to now also filter or be placed directly into the News Feed. Both product offerings were exactly the same, except for one difference - ownership of the Home Page.

If both can do the same thing, why the need for a minimum spend requirement? Why book Premium, when you can achieve the same with marketplace?

Marketplace drives fans in the most cost effective manner as they are bought on a CPC basis and can be optimised on the fly, whilst Premium drives engagement and awareness as they are bought on a CPM basis and deliver X amount of impressions. Both have merit and should be selected depending on the brand or product's objective.

Minimum spend - GOING GOING GONE

The only issue is the minimum spend requirement.

Well good news...

Facebook's advertising partners have begun receiving the social network's guide to purchasing Premium ads. The name Premium will no longer be relevant, but the functions behind the units remain unchanged and it will simply be called homepage advertising. The service is still limited to Facebook application-programming interface partners (API).

Advertisers can select a daily or lifetime budget for their campaigns, with no minimum buy sizes required, and then choose the countries they want to target. Once this information is conveyed, Facebook will calculate the maximum number of impressions available at that budget and at that rate. Changing the impressions total will change the budget.

Once the campaign is created, creating the ad itself is similar to the process for a marketplace ad, and advertisers can then choose between right-hand column only, News Feed only, or both.

This means the premium price that was the barrier to entry for many brands will now fall away, and allow for brands to enjoy the benefits of both media types without the monumental bill.

ABOUT GIL SPERLING

Gil Sperling is cofounder and co-CEO of Flow , a proptech company that goes straight to the source of the largest social platforms in the world - to match people with property.

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