

From: [Reghard Engelbrecht](#)
To: [adtech.inquiry](#)
Cc: [REDACTED]
Subject: RE: Feedback [SEC=OFFICIAL]
Date: Friday, 12 March 2021 6:02:03 PM
Attachments: [Facebook Advertising Model Adtech Submission.pdf](#)

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As indicated by the interim report, Social Media like Facebook and Twitter is taking much needed advertising revenue from traditional advertising platforms like printed advertising. As with my previous email where I've stated that there is an easy solution that will benefit all parties involved. Current technology that's available can be easily implemented.

The attached document (page 11) displays an advert that was placed using an social media influencer to promote a certain product. In this case only the advertiser and the influencer benefited financially on this transaction. Facebook received no income from this deal. Most publisher and/or news organisations has a social media presence. This online presence resemble basically its own distribution network. For example, a newspaper will have a daily distribution of 1 Million newspapers daily. This is the kind of stats advertisers consider when spending money on advertising. How many eyes will see the advertisement and react to it? They can employ their social media pages to great effect and utilize their following to benefit advertisers as well, but in order to do so you would need to create a system that can automatically do this.

The exact same can be said of an individual Facebook user. But in the case of an individual, there is his online data that is being used by the social media companies of these individuals, to promote companies and or products to them. In the end the social media user is in no way compensated for his online data.

My proposal is that additional system is created where individuals and or groups (company or publisher social media pages) can chose what product and or company to promote and they receive an fee of 25% of the advertising spend by the advertiser. In this scenario everybody benefits from the system. The social media company benefits because there is no influence to its core business model. The publisher can promote (as with his printed material) companies or products and get compensated for it. Individuals on social media can get compensated for their data being utilized in social media advertising.

I would like to discuss the above in more detail and I believe that this is a solution that benefits all parties involved by applying technology that is already available as an solution. I know the concept seems a bit abstract, but it will be fully comprehended by the social media companies (Facebook) if it is explained in detail with them. Given the opportunity to address this solution with the parties involved I know the picture will become more clear.

As mentioned above, I've attached a document focused on an individual Facebook user and how this system will work in providing him compensation for data being utilized by social media companies. The same can be done with publishers and or companies on social media platforms. I have also filed a provisional patent in the USA for this social media advertising method.

Reghard Engelbrecht

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New Social Media Advertising
Business Module

“System that is created where the Facebook user is compensated by choosing through the advertising companies which product, website, app or product they would like to promote to their friends and is shared through their timeline”

Firstly some facts.....

- Average Facebook friends or followers: 150 (From Facebook's own data)
- More and more mobile apps are integrating Facebook (from Facebook's own data)
- Teenagers are leaving Facebook for other social media apps

“Uh oh. Teens are growing tired of Facebook and YouTube shows, a falling-out that has the potential to trigger a wide-ranging effect on retail, fashion, gaming, and other youth-oriented industries.”

Bloomberg Business week report, 11 April 2013

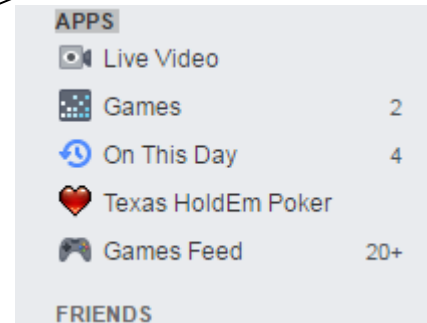
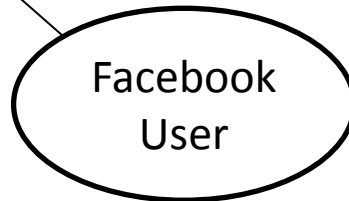
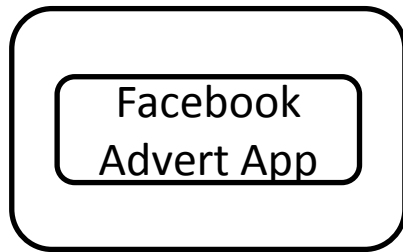
Full Story at: <http://www.businessweek.com/articles/2013-04-11/facebook-fatigue-among-teens-should-freak-out-marketers>

- Teens make up a \$ 819 Billion Consumer Segment. Online spending has not reached its full potential because teens rely on parents with credit cards for their spending in places like iTunes, Google Play and on Facebook for games etc.

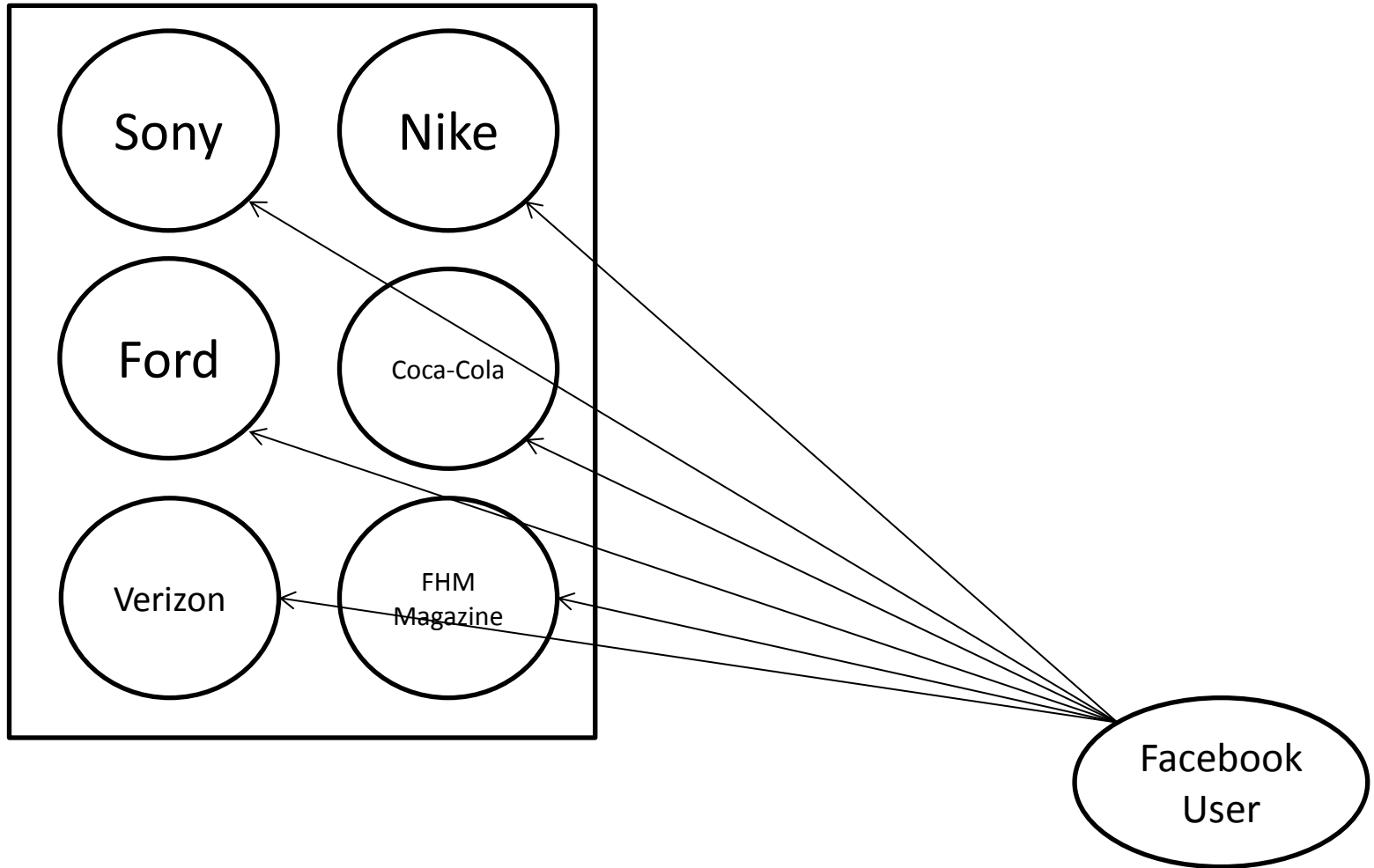
From Facebook Users Perspective

- New Facebook App

Allows Facebook user to see advertising contracts available and payment

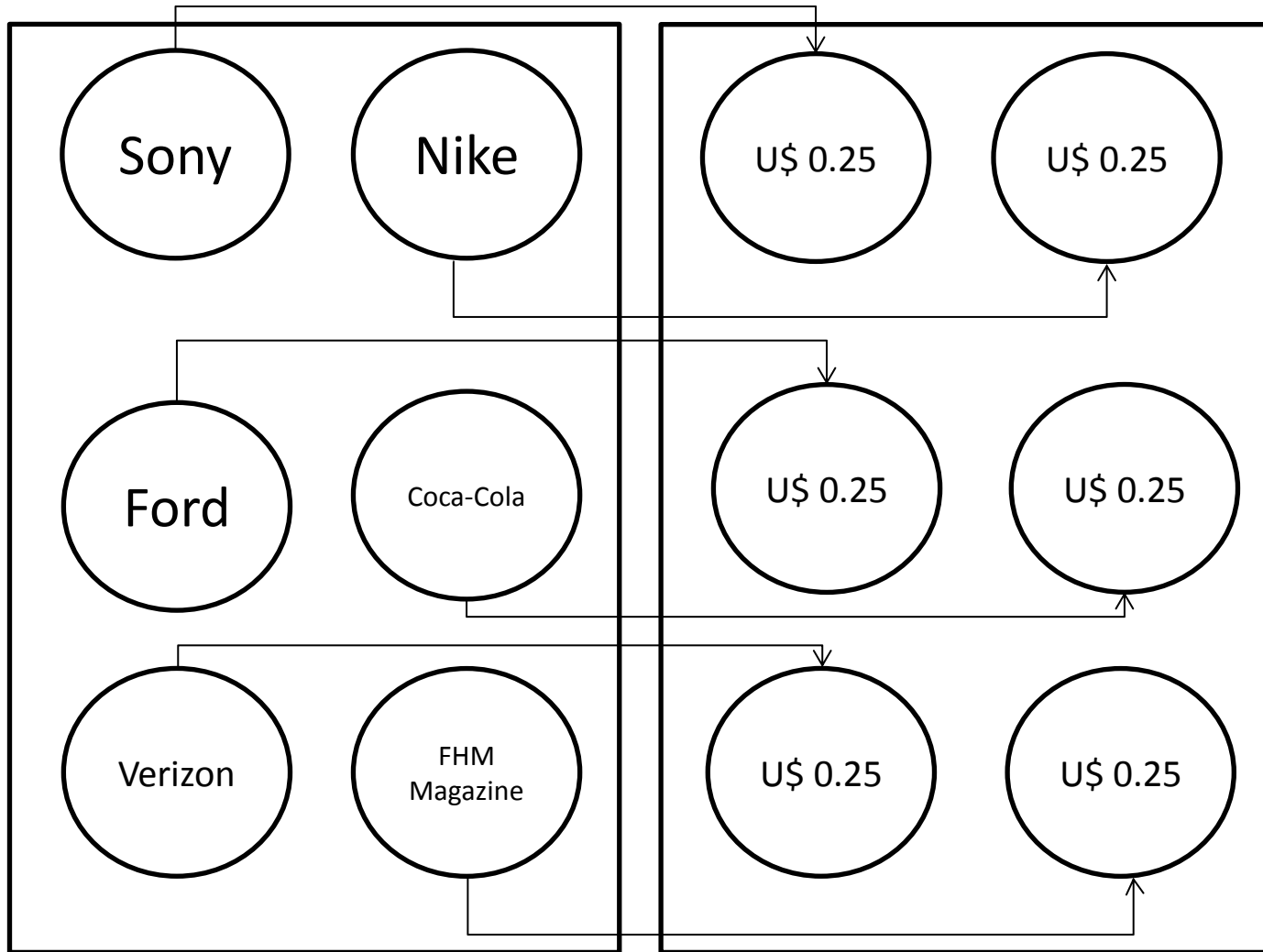


“Contracts” Available for Facebook User



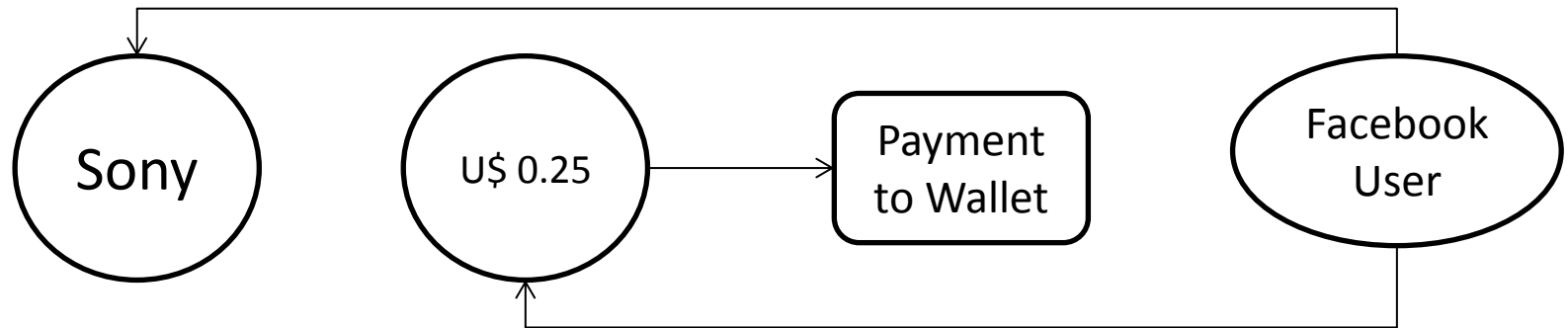
Facebook User choses his company or product to promote

Contracts offer payments to Facebook User (150 Friends)



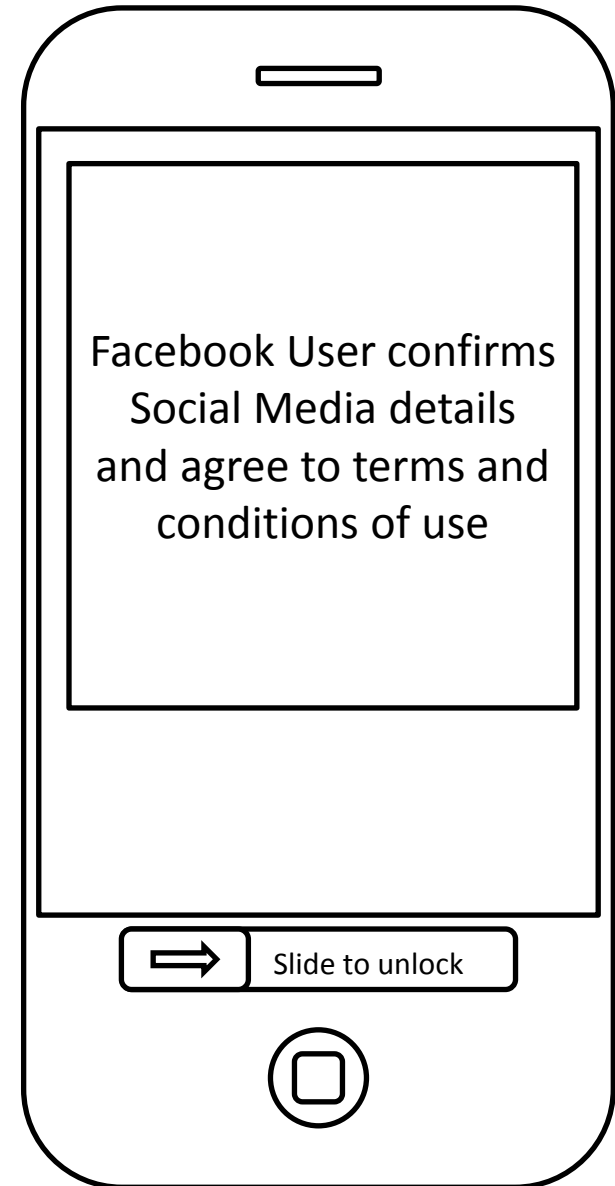
Facebook user will be paid in Libra (Facebook Cryptocurrency)

Facebook User Choses his/hers contract and product to promote

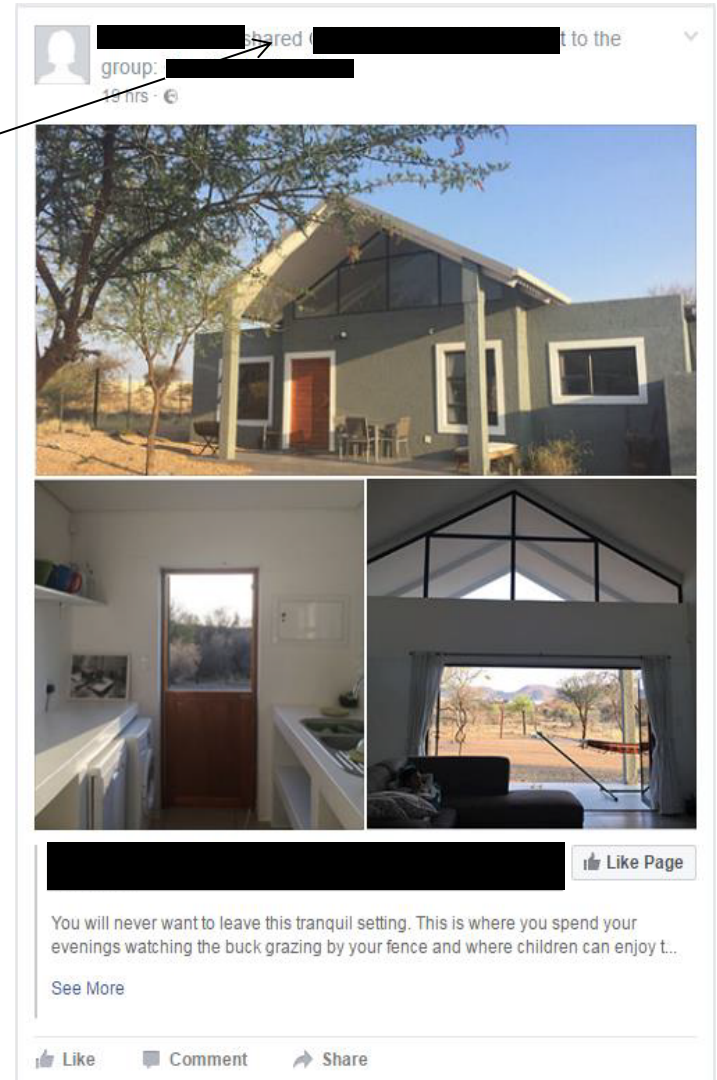


In this example the Facebook User chose Sony as company and will be compensated U\$ 0.25 by Facebook to promote the brand, company or product on his timeline for a predetermined period.

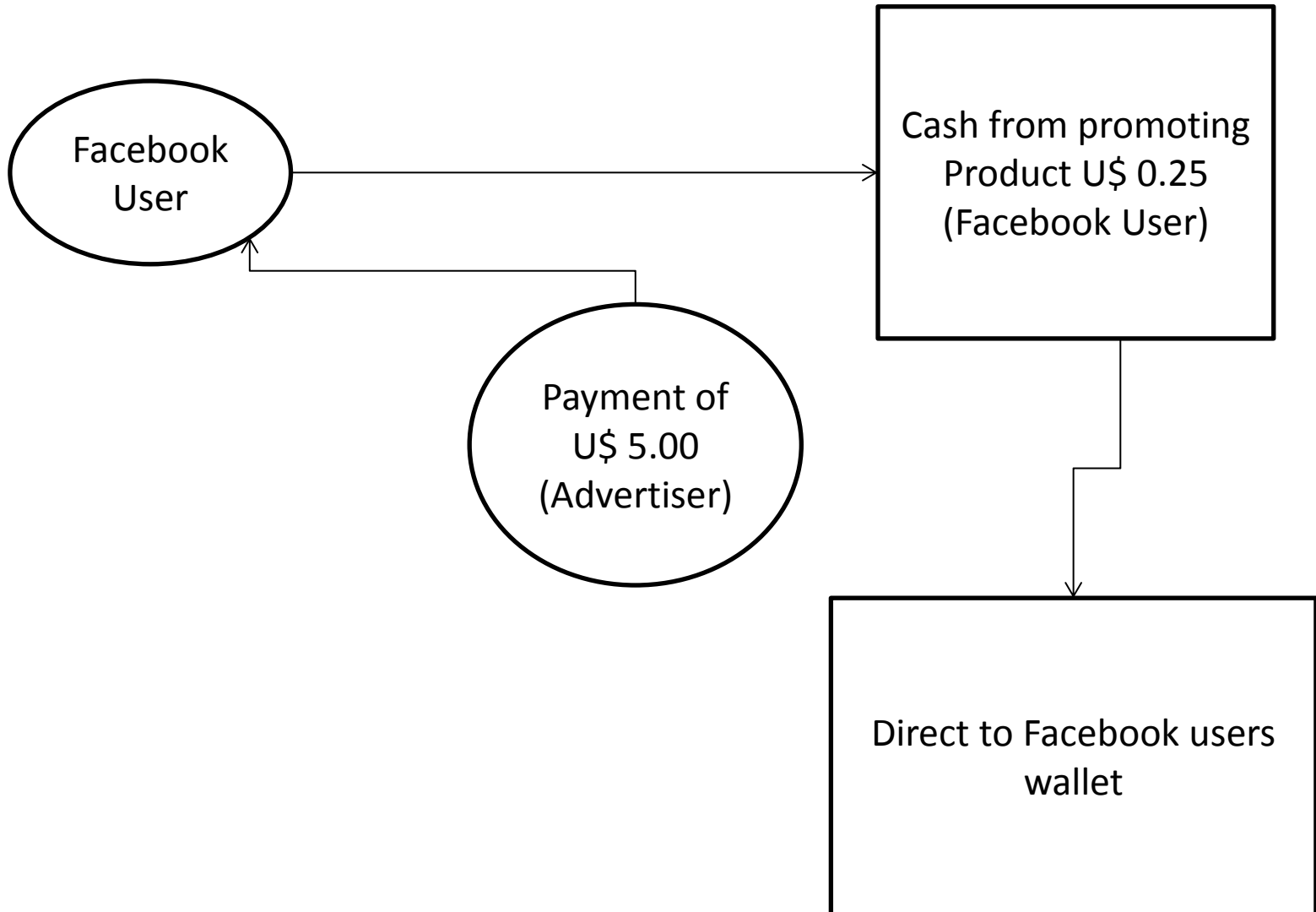
- Agrees to terms and conditions which included use for and behalf of them their Facebook Newsfeed for advertising purposes and placement of information by sharing on behalf of them to listed friends for a fee payable by the advertiser (US 0.25 Contract Fee)
- Facebook User must agree that they can utilize their social media network name for sending advertisements/promotions of products/brands/companies to friends/followers/piers
- Facebook User is compensated in Libra. The Facebook user can then send it to any listed exchange to withdraw it as Fiat currency.



- After contract has been finalised, the advertiser uses Facebook user's information
- Advertiser access Facebook user's social media space to promote product/brand/company
- Advertiser use similar format (as in figure) in posting (shared) on behalf of the Facebook user to friends/followers/piers
- Post will be viewed as **shared or original** created post to friends of Facebook user contracted party
- NB please note that this can be also an original created post by the Facebook user as automatically generated by the advertising application.



- After Facebook user reaches minimum payment amount (could be after he/she prompted several products, apps or companies)



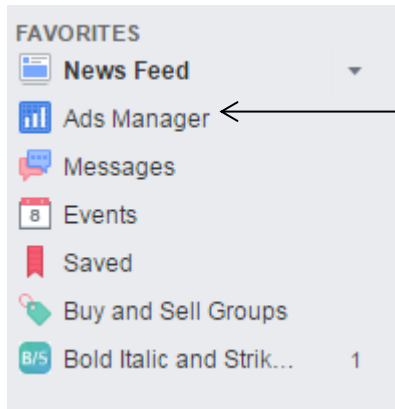
Best example of this on a big scale is celebrities being paid to endorse products and companies on social media.

Example: Justin Bieber Followers - 74 Million on Facebook
Being paid to promote Calvin Klein



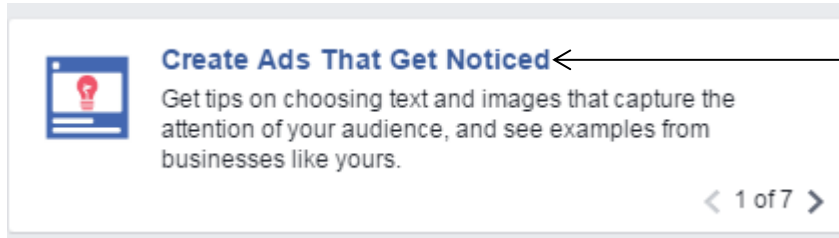
In the example above Facebook makes no money. My advertising model does exactly the same, but on a smaller scale and gives the average Facebook user an opportunity to profit from their Facebook profile and information. Thus it's influencer type advertising for the average Facebook user!

From advertisers perspective



Advertiser opens Ads manager

From advertisers perspective



Create Ads That Get Noticed
Get tips on choosing text and images that capture the attention of your audience, and see examples from businesses like yours.

< 1 of 7 >

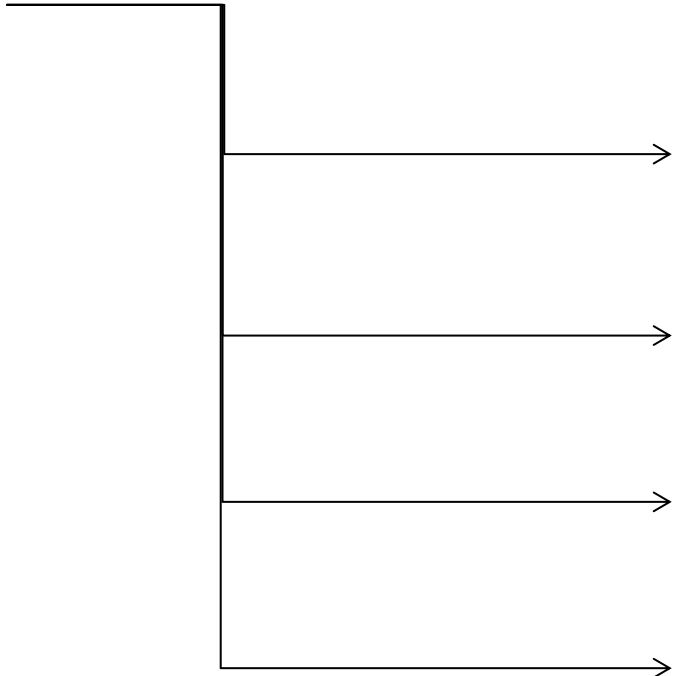
Creates new ad campaign

Choses marketing objective

What's your marketing objective?

Awareness	Consideration	Conversion
Boost your posts	Send people to your website	Increase conversions on your website
Promote your Page	Get installs of your app	Increase engagement in your app
Increase brand awareness	Raise attendance at your event	Get people to claim your offer
Increase your reach	Get video views	Promote a product catalog
	Collect leads for your business	Get people to visit your stores

Advertiser chooses usual audience and placements as per regular campaign



Audience
Define who you want to see your ads. [Learn more.](#)

Create New Use a Saved Audience ▼

Custom Audiences ⓘ **Target Ads to People Who Know Your Business** ✕
You can create a Custom Audience to show ads to your contacts, website visitors or app users. [Create a Custom Audience.](#)

Locations ⓘ **Everyone in this location** ▼
United States
📍 **United States**
📍 Include ▼ | [Add locations](#)
[Add Bulk Locations...](#)

Age ⓘ **18** ▼ - **65+** ▼

Gender ⓘ **All** Men Women

Languages ⓘ Enter a language...

Detailed Targeting ⓘ **INCLUDE** people who match at least **ONE** of the following ⓘ
[Add demographics, interests or behaviors](#) | [Suggestions](#) | [Browse](#)
[Exclude People](#)

Connections ⓘ **Add a connection type** ▼

[Save This Audience](#)

Advertiser chose budget as per usual but choices for the kind of “contracts” and exposure is highlighted.

Facebook Users are placed in tiers according to their amount of Facebook friends

- Silver – has 150 to 250 Friends
- Gold – has 250 to 500 Friends
- Platinum – has 500+ Friends

Advertiser pays according to tier for every “contract” given to Facebook user

- Pays U\$ 1.00 per contract for every Silver tier (U\$ 0.25 to Facebook user)
- Pays U\$ 2.00 per contract for every Gold tier (U\$ 0.50 to Facebook user)
- Pays U\$ 3.00 per contract every Platinum tier (U\$ 0.75 to Facebook user)

Budget & Schedule

Define how much you'd like to spend, and when you'd like your ads to appear. [Learn more.](#)

Budget ⓘ
\$5.00 USD

Actual amount spent daily may vary. ⓘ

Schedule ⓘ Run my ad set continuously starting today
 Set a start and end date

You'll spend no more than \$35.00 per week.

So how does everybody get paid?

Let say an advertiser spends U\$ 500.00 on this campaign.
Choses 500 “contracts” to be given to Silver tier Facebook users

(U\$ 1.00 per contract)

Breakdown as follows:

1. Facebook user is paid U\$ 0.25 (Libra) U\$ 0.25 to be added to his “wallet”
2. Facebook is paid remainder (U\$ 1.00 less U\$ 0.25 = U\$ 0.75
3. So Facebook gets U\$ 375.00 for this campaign

Exposure for Advertiser is as follows:

$500 \times (\text{number of friends in tier}) 150 = 75000$

So this “advert” was shared to 75000 people who has the same interests as the Facebook user, because he/she has specifically chosen to endorse that product or company. Friends on Facebook usually share interests.

New Structure comparison to current Structures

When compared to current advertising structures that Facebook offers it basically offers you the same exposure for U\$ 500.00 spend

Courtesy of:

<https://blog.bufferapp.com/facebook-ads>

- If U\$ 5.00 gets you 787 people in a boosted post, U\$ 500.00 will get you around a 78,700 reach
- U\$ 500.00 in this structure in silver tier (150 friends minimum) it will reach 75,000
- **Biggest advantage is the advertisement is “disguised” as a shared post by the Facebook user who participates in this campaign to their friends. Therefore eliminating timelines getting saturated with advertisements. They will not view it as an intrusive advertisement, but rather a post, product or company shared by one of their friends.**

What \$5 Per Day Will Buy You on Facebook

I'd love to jump right to our findings here, then get into the specifics below. We tried three different types of Facebook Ads, each designed with a different objective in mind.

Here are our results:

- Page Likes – \$0.57 per like
- Clicks to the [Buffer for Business landing page](#) – \$4.01 per click
- Boosted post – \$6.35 per additional 1,000 people reached

When we view this in terms of how much \$5 per day will buy you, these are the numbers:

- Page Likes – 9 likes per day
- Clicks to the Buffer homepage – 1 per day
- Boosted post – 787 new people reached



	<u>Results</u>	<u>Cost</u>	<u>Reach</u>	<u>Total spent</u>	<u>Clickthrough %</u>	<u>CPM</u>
Page Likes	45	\$0.57	1,268	\$25.65	3.55%	
Clicks to landing page	6	\$4.01	1,814	\$24.06	0.33%	
Boosted post	35	\$0.74	4,078	\$25.90		\$6.35
Overall	86	\$5.32	7,160	\$75.61	0.95%	

Advantages for Facebook?

- **Creates an advertising system where the content is “disguised” as shared content from actual Facebook users towards their friends. Thus creating it more likely to be viewed by other Facebook users. Less likely to be intrusive on newsfeeds**
- Advertisers can directly engage with their consumers
- **Encourages Facebook users to establish a bigger friends/follower base to get more credit paid to them for sponsored stories (tiers created) Build Facebook network and retains user base**
- Eliminates all how data is collected and used by Facebook because the user is paid for the information.
- **First social media company to give its user base back compensation for their info (will draw more users from other social media platforms) Other industries gives money back to their clients (no claim bonuses from insurance industry comes to mind) Why not Social Media Advertising?**
- Shareholders sentiment will increase because a business module is established to generate an new way of getting advertising content out. Sentiment drives share prices, sentiment increases, Facebook’s share price will rise!
- **Great way to introduce Facebook users to crypto currencies, either becoming the preferred platform where people transfer monies or they can earn Facebook’s own crypto (Libra). So everybody can get Libra by simply promoting a product!**