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Digital Bridges: The shortest path to go beyond borders

An analysis of the economic and social impacts of digital platforms on businesses and communities in Turkey

Report prepared by Deloitte Turkey, November 2018

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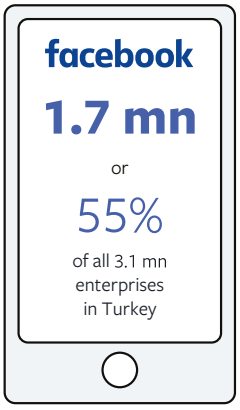
Snapshot

This study explores the economic and social benefits that Turkish businesses, including small and medium-sized businesses (SMBs), and communities experience from connecting on Facebook platforms (will refer to "Facebook family of apps and services that include Facebook, Instagram, WhatsApp and Facebook Messenger" from this point forward). It also analyzes how these platforms stimulate the Turkish economy by transforming marketing and sales capabilities, easing cross-border trade and enabling efficiencies for businesses, and how they affect society, by supporting the process of building communities through closer connections and communication.

Economic impacts of Facebook platforms

Use of Facebook platforms by businesses

of all enterprises that have an active Facebook Page



% of businesses state that Facebook platforms help them

97% attract customers

87% increase sales

91% hire more employees

89% reach out to other cities and countries

40% made a purchase after seeing content on Facebook platforms

670 TL average amount spent

Economic output attributable to Facebook platforms

estimated direct consumer spending triggered 6.3 bn TL

Social impacts of Facebook platforms

78% joined Facebook Groups

65% used Facebook Groups to connect to individuals in different cities

61% formed friendships via Facebook Groups and **41% of them met physically**

32% have participated in a social responsibility event after seeing content on Facebook platforms, and **11% have made a donation**

This report is prepared by Deloitte Consulting (Turkey) to explore the economic and social impacts of Facebook platforms on the Turkish economy and society. This snapshot should be read in conjunction with the full report "Digital Bridges" by Deloitte Turkey, dated November 2018. The information that has been obtained from Morning Consult Business Survey and Estima Consumer Survey are not based on Facebook internal data and can only be considered as estimates for relevant points that are explicitly referenced in the appropriate sections.

**Refers to employment corresponding to the economic value generated by Facebook platforms, and it includes primary and secondary (indirect and induced) impacts.*

Executive summary

Digitalization over the past three decades has had a powerful impact on our lives and the economy. The magnitude and pace of the transformation are still increasing. Digital platforms and social networks are one of the most significant catalysts. SMBs, large businesses, governments, NGOs and communities are all embracing the benefits of digitalization, and Facebook platforms – with their mass reach and accessibility – are playing a significant role in this change.

Introduction

Facebook platforms, namely Facebook, Instagram, WhatsApp, and Facebook Messenger, reach millions of businesses and people around the world and transform the way they do business and communicate with each other. To consider the nature and scale of these impacts, Facebook commissioned Deloitte to explore, identify and assess the economic and social impacts of this transformation on businesses and communities in Turkey.

Facebook platforms produce economic and social impacts by enhancing marketing and sales functions of businesses, helping them reach cross-border customers and increasing efficiency through digitalization, as well as **helping local communities, NGOs and other small social organizations to communicate their messages to country-wide audiences, facilitate access to information, ease collaboration, trigger philanthropic activities** and, raise funds for charity.

These economic impacts Facebook platforms are layered as; *connected businesses* that emerge from the transformation of marketing and sales capabilities of businesses through the use of Facebook platforms, *digital ecosystem* that is triggered through business innovation and that includes agencies, content creators, influencers and other solution providers, and a more *connected ecosystem for economy* that is evolved from connectivity impacts covering data consumption and device purchases. Facebook platforms' social impacts are layered across *connected communities* that refers to local communities, groups, friends, and families using Facebook platforms, *connected country* that emerges from impacts of Facebook platforms on raising awareness of significant matters including public safety and, health concerns or connecting individuals and communities in times of adversity, and *globally connected society* that benefits from the discovery and free flow of ideas that the platforms promote. The **"Connected Businesses"** and **"Connected Communities"** are the focus area of this study.

Connected businesses

As of 2017, there are 3.1 million enterprises in Turkey, of which 99.8% are small and medium-sized businesses (SMBs). Turkish businesses increasingly embrace various benefits of digital tools, and social networks present a significant opportunity in the digital transformation of Turkish enterprises. Over the last decade, Turkish businesses have made considerable progress in their digitalization journey that allow businesses to reach new, existing and cross-border customers through advertising.

Facebook has a high penetration rate in Turkey: **55% of the population**, which represents **44 million active users**. Businesses in Turkey recognize this potential and build their digital presence using Facebook in order to engage with customers. There are currently **1.7 million business pages on Facebook, covering 55% of all enterprises in Turkey**, and 80% of Turkish users have a connection with one or more business.

The vibrant interactions between consumers and businesses over Facebook platforms have produced concrete impacts:

- **93%** of businesses believe they grow with Facebook platforms,
- **91%** of businesses think that Facebook platforms help them become stronger,
- **90%** of businesses say they have found new customers through Facebook platforms,
- **87%** of businesses say their sales have increased because of Facebook platforms.

Facebook platforms' impact on businesses and the economy

This study analyzes how the growth of the businesses aided by the use of Facebook platforms stimulate economic activities and employment in the Turkish economy in three main areas: **(1) transformed marketing and sales capabilities, (2) eased cross-border trade, and (3) efficiency gains through digitalization.**

1. Businesses increasingly benefit from Facebook as a tool for the biggest and smallest marketers as they ease the process of finding and attracting the customers and capturing their attention to achieve business goals. **93% of businesses**, which have a social media account, **use Facebook platforms to reach out and share their business content with customers**. Successful ad can deliver impressive numbers: **40% of consumers purchased something after seeing content or adverts on Facebook platforms**, while the average spending triggered in the last 12 months per user is **670 TL**.
2. For businesses with cross-border trade opportunities, Facebook widens horizons by removing geographical barriers and helping them to find relevant customers globally. **91% of Turkish businesses, which have a social media account, say that Facebook platforms help them to access customers in areas that would otherwise be difficult to access**. More than **135 million** people from around the world – corresponding to almost 1.7 times the Turkish population – **are connected to a business** in Turkey.
3. Enhanced interaction and faster communication improve collaboration and eliminate unnecessary delays that affect productivity. Facebook platforms' messaging apps provide speedier communication channels between customers and businesses. **More than 80% of consumers use WhatsApp, Instagram Direct and Facebook Messenger to receive information about products and services from businesses.**

Economic output attributable to Facebook platforms

To consider the scale of the economic impact on both national and regional levels, this study uses economic modeling focusing on the marketing and sales impacts of using Facebook platforms to reach out to consumers, trigger direct and organic sales and increase brand value The well-known Input-Output Analysis is used for capturing both direct, indirect and induced impacts on Gross Value Added (GVA) and employment.

- Estimated direct consumer spending triggered by Facebook platforms is **6.3 billion TL over the last 12 months.**
- Total Gross Value Added generated through the use of Facebook platforms including both spending and brand value impact is estimated to be **15.3 billion TL GVA, corresponding to 0.56% of Turkey's GVA in 2017**. Istanbul and Ankara account for approximately 50% of the national share of the GVA, while other regions in Turkey constitute the remaining.
- Considering sector-specific labor productivity, it is estimated that GVA – which is stimulated by the growth of businesses from using Facebook platforms – resulted in **209 k of employment, corresponding to 0.74% of total employment in Turkey in 2017.** The reason for the proportion of employment impact of Facebook platforms (0.74% of the total for Turkey) being slightly higher than the GVA impact (0.56% of the total for Turkey) is because Facebook platforms' impacts are mainly concentrated in labor-intensive industries such as retail and manufacturing.

Facebook platforms' impact on communities

Facebook not only creates bonds among individuals, friends, and families. It also allows them to build online communities called "Groups". **78% of all users on Facebook in Turkey are connected to at least one Group.** Digital interactions in the groups yield new friendships. 61% of all users said that they have made a new friend on Facebook, with 41% having met physically, which demonstrates the strong connection and interaction between the physical and digital presence of Turkish users.

Facebook Groups cover a wide range of topics. The most popular ones are Humor, Events, Politics, School Groups, Sports & Health, and Culture & Tourism. Group interactions connect individuals in different cities: **65% of all users believe Groups are essential to connecting people who live in other cities.** This can help to protect relationships and cultures from the eroding impacts of urbanization.

Open communication enabled by Facebook platforms increases social awareness and civic activity in Turkey. **32% of all Facebook users have participated in a social cause-related event** organized by communities or NGOs, and **11% say that they have donated for a cause** after seeing content on Facebook platforms. NGOs and other social organizations have used Facebook platforms to reach broader audiences and establish interactive communication among their members.

Groups allow people to find relevant communities and engage with topics they care about, in order to drive positive change. Groups of professionals like "Sadece Eczacı" (Only Pharmacists), which brings pharmacists together to share knowledge, discuss sector topics and provide a useful guide for prospective pharmacists. Or groups like "Teknolojik Anneler" (Technological Moms), which helps mothers to connect, share their experiences and gain confidence about tech adoption. Or supportive communities like "Kanser Savaşçıları" (Cancer Warriors), which brings people together to form close, motivating connections on the long, hard journey of cancer treatment.

01 Introduction

Facebook platforms allow businesses of all sizes to reach existing customers and acquire new ones by transforming marketing and sales capabilities. Through communication and collaboration, communities become connected as well.

Impact area of Facebook platforms

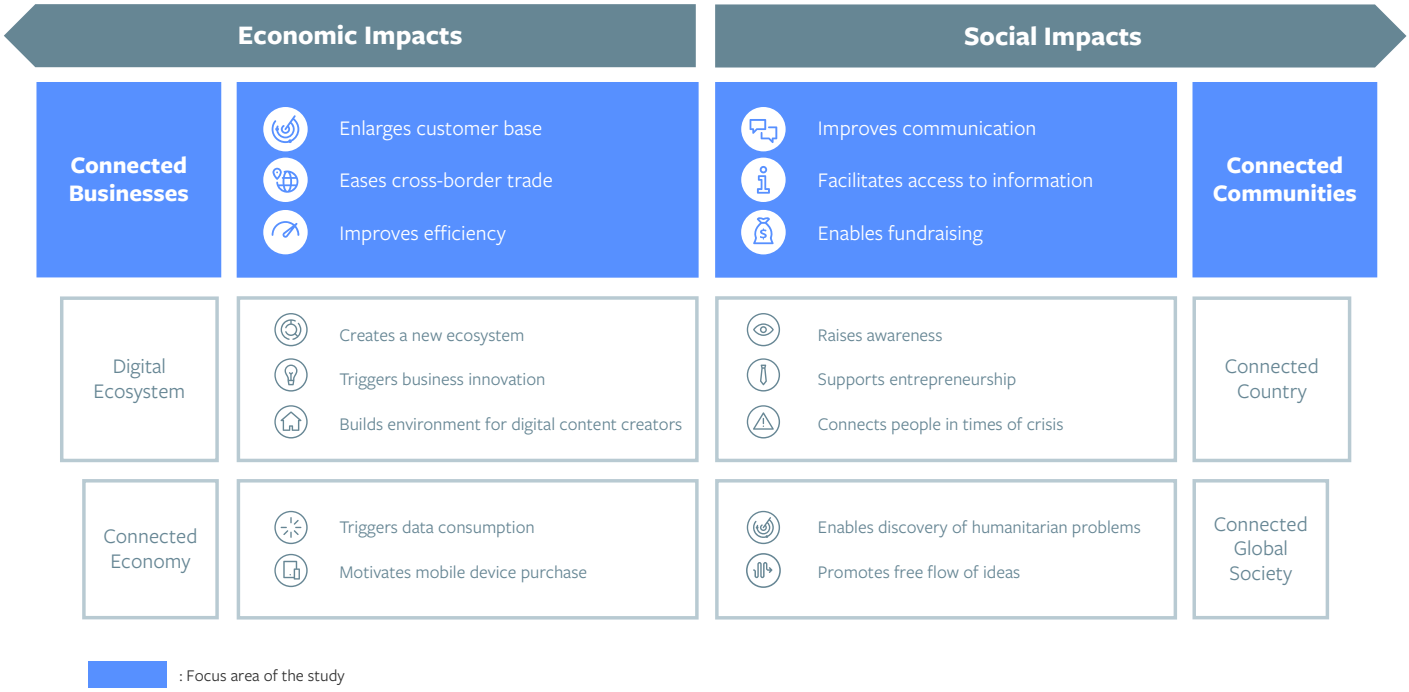
Digitalization triggers economic and social impacts on businesses, in both direct and indirect ways. Advances in technologies and social networks, in particular, represent a significant opportunity for companies of all sizes.

Facebook platforms help businesses to connect with people, attract new customers and increase their sales. Through Instagram, businesses can interact with their customers more visually and interactively to build awareness, which can help them grow. Furthermore, its messaging apps, Facebook Messenger and WhatsApp, can act as valuable tools for businesses to provide services like customer support through direct and instant connectivity.

The capabilities offered by Facebook platforms allow both SMBs and enterprises to evolve into "Connected Businesses". Facebook platforms enable businesses to promote their brand, enlarge their customer base, ease opportunities in cross-border trade and improve their overall agility. On a wider scale, Facebook platforms enable a new digital ecosystem that includes app developers, digital agencies, content managers, bloggers and influencers on social networks. Connected Businesses in the digital ecosystem trigger higher demand for connectivity and motivate purchasing of mobile devices, which can stimulate a connected economy on a larger scale.

Facebook's apps and services are enabling millions of businesses to grow by making meaningful connections with customers. Businesses use Facebook platforms for activities such as marketing, gathering information, accessing new customers, and reaching global markets.

Figure 1 - Influence area of Facebook platforms



Source: Deloitte analysis

Social impact builds from local communities and reaches a country-wide audience and global communities subsequently. Facebook platforms improve communication and facilitate access to information, easing the collaboration process and triggering philanthropic activities, allowing these communities to raise funds for different causes. At the national level, they can raise awareness of significant matters including public safety and, health concerns or connect individuals and communities in times of adversity.

Businesses or communities can easily promote their activities on Facebook platforms, and this encourages entrepreneurs to launch their initiatives while facilitating the process and eliminating barriers to reach relevant audiences. At an even wider level, a connected global society - including non-profits and other civil society organizations - benefits from the discovery and free flow of ideas that the platforms offer as well.

The focus area of the study

This study will analyze in detail the first layers of the impact area of Facebook platforms, namely - Connected Businesses and Connected Communities for economic and social impact analyses respectively to achieve more grounded results regarding the effects of Facebook platforms.

02 Connected businesses

Businesses large and small jointly contribute to the economic performance of Turkey. Turkish businesses increasingly embrace the various benefits of digital tools, and social networks present a significant opportunity in the digital transformation of Turkish enterprises.

Key findings 1

In Turkey, there are **1.7 mn** active business Facebook Pages, indicating that more than **55%** of all Turkish enterprises are present on Facebook.

80% of people on Facebook in Turkey are connected to at least one SMB in Turkey.

91% say their business is stronger today because of Facebook platforms. **87%** say they have increased sales because of the platforms.

More than **80%** of consumers use messaging platforms WhatsApp, Instagram Direct and Facebook Messenger to connect with businesses.

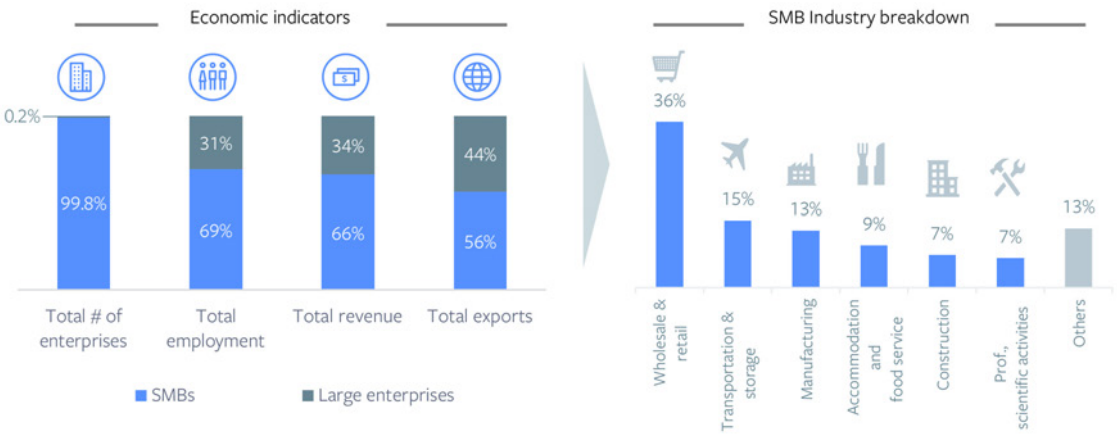
Source: Deloitte analysis of Morning Consult Business Survey and Estima Consumer Survey, Facebook internal data

SMBs drive the Turkish economy

As SMBs have significant effects on vital economic indicators such as employment and revenue, they directly impact the condition of the Turkish economy. 99% of all enterprises in Turkey are SMBs; although they represent a significant proportion of the economic environment with around 3.1 million enterprises, they still have a huge amount of potential to realize.

Although SMBs have significant share in number of enterprises in Turkey, they were not able to effectively turn their strong presence into exceptional output. The industrial breakdown of SMBs displays a high concentration on labor-intensive industries such as retail and accommodation. As these businesses generally heavily rely on labor, efficiency improvements through digitalization can have an immediate positive impact on both businesses' profitability and the Turkish economy. Also, as most do not have legacy systems, they can adapt to digital changes faster than large enterprises that use such systems. Another significant proportion of the industrial breakdown includes low-margin industries such as transportation where digitalization can address profitability issues in fast and accessible manner.

Figure 2 - Businesses' contribution to the economy, 2017, %



Source: Turkstat. Note: For illustration purposes, enterprises with employee size class 1-250 are considered as "SMBs" and businesses with larger employee size are regarded as "Large enterprises".

In 2017, 99% of all enterprises in Turkey account for only 56% of all exports and 66% of total turnover. The remaining 1% accounts for 34% of the revenue and almost half of the total exports.

Source: Turkstat

The changing landscape for businesses through digitalization

The macroeconomic landscape is transformed by the impact of digital technologies. This transformation directly affects businesses and their operations, led by the rapidly changing demands of consumers. Through transformed business models enterprises grow, becoming more efficient and as a consequence, more profitable. The transformation occurs in three steps:

1. Customer expectations of businesses are changing in response to the digital technology revolution. Examples of higher expectations include personalized communication, real-time interactions, and enhanced experiences.
2. Businesses respond to this changing landscape by altering their business models. SMBs transform by focusing on cross-border trade and enhancing their customer base, while large enterprises target customers in a more structured and technical way.
3. Digital technologies are now enabling businesses of different sizes, operating in various fields like manufacturing, construction, information, and communication, to grow through digitalization and become more efficient.

Both SMBs and large enterprises in Turkey have plenty of experience with digitalization. However, many lack facilities such as online sales via websites. According to Turkstat and Eurostat statistics, the digital metrics of Turkish enterprises' websites fall below European Union averages, in terms of the functionalities offered. These include online ordering (9%), order status tracking (8%) and providing links or references to enterprise's social media profiles (49%). Specifically, leveraging digital tools such as social media can uncover the potential that businesses and specifically SMBs have and allow them to leapfrog their digitalization journey.

Figure 3 - Transformation of business models of businesses through digitalization

Source: Deloitte analysis

Businesses are embracing digital tools to transform their business models.

Effective leverage through digitalization: social networking platforms

As businesses have taken advantage of digital tools - from internet adoption to the integration of online selling into their business models - they have started making use of social networking platforms. Businesses no longer need to wait for iterative digitalization of their business processes, as these platforms offer accessible and easy-to-use alternatives.

61% of businesses prefer to send customers to their Facebook Page rather than their websites.

Source: Deloitte analysis of Morning Consult Business Survey[4]

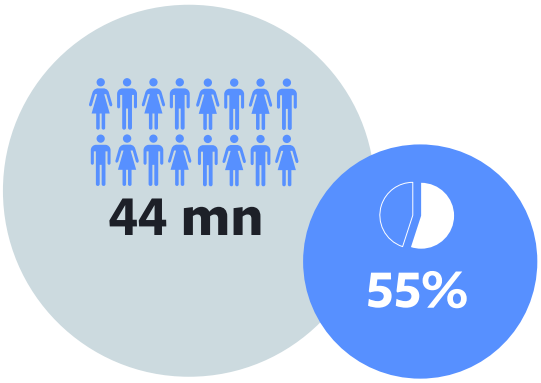
With existing capabilities, businesses can reach their present customers and maintain their relationships to a certain extent. However, social networks act as a support mechanism for businesses in Turkey, especially for SMBs. Social media platforms offer brand new opportunities to small businesses. For instance, the high entry costs of traditional marketing channels - including mass media such as TV and newspapers – have often tended to exceed the marketing budgets of SMBs. Now, however, SMBs are able to utilize their available resources effectively and target and reach their potential customers in the same way as large enterprises. A local hairdresser, for example, can easily target potential customers in the vicinity of its store with a very modest investment.

Overall, social media platforms enable businesses from a variety of industries to enjoy enhanced marketing function, international market reach, and efficiency gains. These platforms, give businesses the potential to extend beyond their immediate customer base and provide flexible, easy-to-manage, cost-friendly and measurable options to widen their reach.

Reach of Facebook platforms

Social networking has become one of the most important online habits of both businesses and individuals, and penetration of social networks globally and locally is ever growing. Monthly active Facebook users have reached more than 2 billion globally. There are approximately 44 million monthly active Facebook users in Turkey, which corresponds to 55% of the population.

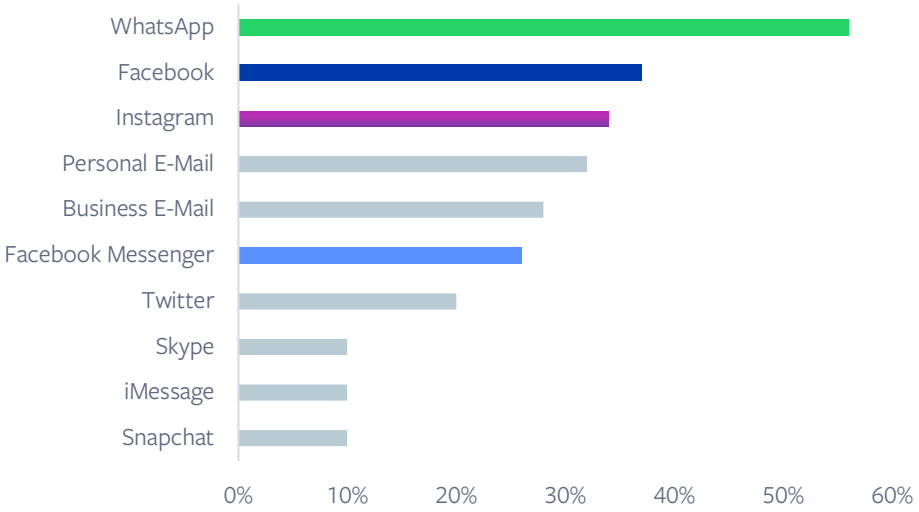
Figure 4 - Facebook penetration rate in Turkey, 2018, millions, %



In Turkey, with over 44 million monthly active Facebook users, the penetration rate is 55% of the population.

Source: Facebook internal data, Turkstat

Figure 5 – Percentage of consumers that use communication platforms at least once an hour, 2017, %



Source: Deloitte Global Mobile Consumer Survey 2017 Turkey

Not only does Facebook have a sizable penetration rate, but other Facebook platforms dominate social networks' penetration rates in Turkey as well. Facebook has four platforms among the top six communication platforms in Turkey, and the daily usage rate can reach up to once an hour. High usage frequency indicates that Turkish people embrace Facebook platforms enthusiastically.

WhatsApp, Facebook, and Instagram are the most preferred communication platforms in Turkey.

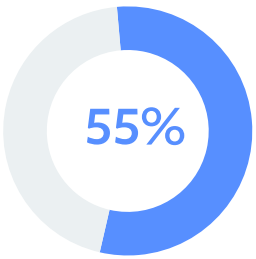
Businesses and social media

The broad penetration of social media in Turkey applies to enterprises of all sizes. According to Turkstat, the majority of both large enterprises and SMBs use social media, including Facebook platforms. Although large enterprises have a slightly higher social media penetration rate, SMBs have aggressively invested in integration towards of social media.

There are 1.7 mn active Facebook business pages in Turkey, indicating that more than 55% of all Turkish enterprises are present on Facebook.

Majority of both large enterprises and SMBs use social media for their businesses, including Facebook platforms.

% of enterprises with Facebook Pages



Source: Facebook internal data, Turkstat

Figure 6 – Social network preference of Turkish businesses that use social media, 2018, %

Source: Deloitte analysis of Morning Consult Business Survey[2] and Estima Consumer Survey[3]

Turkish businesses are keen on adopting social media. In addition, majority of businesses that use social networks prefer Facebook platforms with over 85% agreement rate. Besides at the level of social media presence, it is also essential to analyze social media usage frequency rates, with regard to sustaining connectivity with customer bases. According to our analysis of a survey conducted by Morning Consult, the social media usage frequency of businesses is quite high in Turkey as the majority use Facebook platforms at least several times a day.

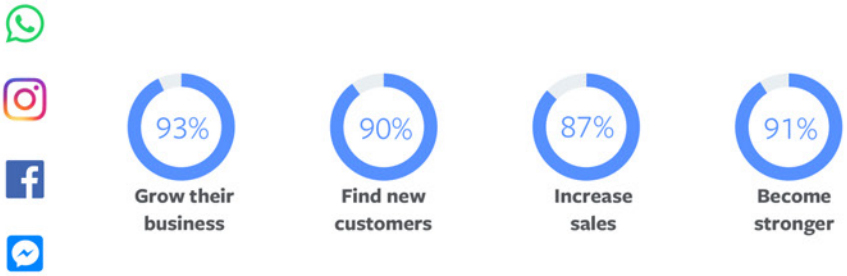
When motivations for using social networks are analyzed, showing products or services stands out as businesses' primary reason to use Facebook platforms. On the other hand, although Instagram emerged as a visual inspiration platform, businesses transformed the platform and started to use it to drive core business functions like selling products and services. Also, messaging apps WhatsApp and Facebook Messenger are embraced by Turkish businesses for their direct, instant and fast connectivity and communication offerings.

Figure 7 – Percentage of businesses using Facebook platforms more than once a day for the following purposes, 2018, %

Platform	Provide information	Show products or services	Sell products or services	Communicate with customers and suppliers	Advertise to potential new customers	Manage internal business processes
All Facebook platforms*	**83%**	**79%**	**74%**	**81%**	**75%**	**81%**
	60%	61%	54%	58%	57%	51%
	56%	56%	53%	53%	54%	48%
	50%	46%	45%	50%	45%	45%
	75%	68%	65%	73%	61%	74%

Source: Deloitte analysis of Morning Consult Business Survey
*Respondents that select any one of the Facebook platforms is considered.

Figure 8 – Percentage of businesses that report Facebook platforms enable them to:



Source: Deloitte analysis of Morning Consult Business Survey

Over 87% of businesses believe Facebook platforms support their businesses.

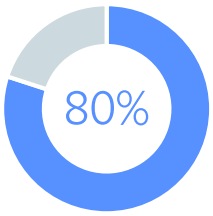
Source: Deloitte analysis of Morning Consult Business Survey

According to our analysis of the Morning Consult Business Survey, businesses cite some of the most important benefits provided by Facebook platforms as growing their business, finding new customers and increasing their sales. Majority of businesses also agree that Facebook platforms can help them become stronger.

The high accessibility of Facebook platforms allows people to use these platforms frequently. In fact, 81% of the addressable population on average in Turkey use Facebook platforms several times a day according to our analysis of the Estima Consumer Survey.

80% of people on Facebook in Turkey are connected to at least one SMB in Turkey.

Source: Facebook internal data



Furthermore, users are not just logging in to platforms: they also follow businesses and influencers on Facebook and Instagram. According to Facebook, 80% of people on the platform in Turkey are connected to at least one SMB in the country. This extremely high engagement rate of people with SMBs; provides a substantial opportunity for businesses. Through these platforms they can reach existing customers and attract new ones, to trigger sales and grow their business.

People on Facebook platforms connect to businesses.

The age of conversation: What messaging can offer?

Attracted by the new opportunities offered by digitalization, businesses are searching for more areas of their operations to digitalize. Currently, businesses have largely integrated Facebook platforms into their marketing and sales processes, which trigger business growth via increased visibility of their presence. As well as this, the business environment is changing as traditional areas such as advertising and customer service embrace digitalization.

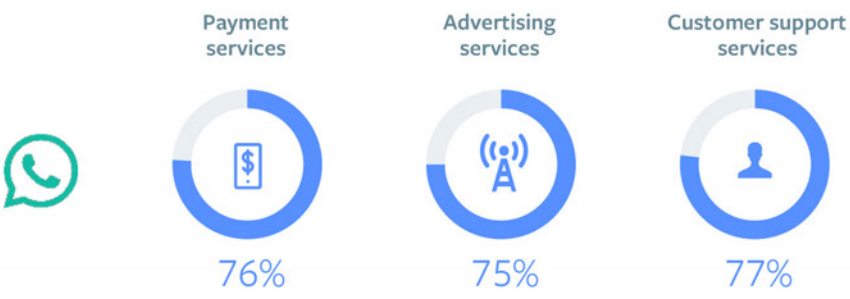
Instant messaging has revolutionized the process of connecting with brands for consumers. People reach out to brands for different purposes including receiving information about products and services or ordering them and even receiving support after purchase. According to our analysis of the Estima Consumer Survey, almost half of social platform users reach out to brands on these platforms, while women are more likely to interact with brands via social media than men.

More than 80% of consumers use messaging platforms WhatsApp, Instagram Direct and Facebook Messenger to receive information about products and services from businesses.

Source: Deloitte analysis of Estima Consumer Survey

Instant messaging revolutionized the process of connecting with brands for consumers.

Figure 9 – Respondents agree on the following benefits of using WhatsApp, 2018, %



Source: Deloitte analysis of Morning Consult Business Survey

However, digitalization brings new elements, to traditional business processes like payment, advertising, and customer support services. Although those features are not fully available in WhatsApp yet, businesses would like to use it. 59% of businesses declare that e-commerce and shopping services offered by Facebook platforms have the potential to grow their businesses.

03 Facebook platforms' impact on businesses and the economy

Facebook platforms stimulate the Turkish economy in three areas: transformed marketing and sales capabilities, eased cross-border trade and efficiency gains through digitalization. This stimulation results in tangible economic outcomes, measured by triggered spending, Gross Value Added (GVA) and employment.

Key findings 2

93% of businesses, which have a social media account use Facebook platforms for reaching out to existing and potential customers.

40% of consumers purchased something after seeing content or adverts on Facebook platforms. 73% of these, purchase at least once every six months.

Spending amount triggered in the last12 months per user is **670 TL**.

91% of Turkish businesses which have a social media account say that Facebook platforms help them to access customers in areas that would be otherwise difficult to access.

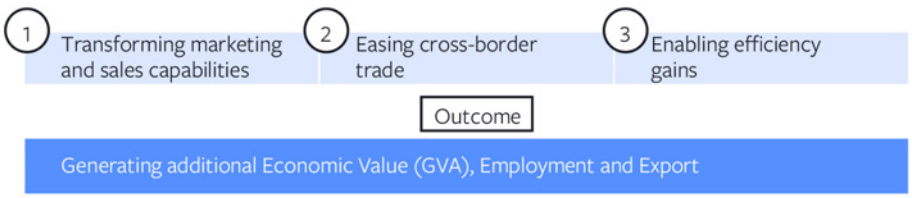
Source: Deloitte analysis of Morning Consult Business Survey, Estima Consumer Survey

How Facebook platforms stimulate economic activity

Facebook platforms enable businesses of all sizes to reach relevant consumers and generate new sales at local and cross-border levels. Higher sales in turn, triggers other economic activities throughout the supply chain, as a result of increased demand for goods and services from their business partners. Additional economic value is also created from spending by employees of companies using Facebook platforms, as well as their partners. This productive cycle generates economic value throughout the nation.

This study uses economic modeling to analyze the economic impacts of Facebook platforms on the Turkish economy both at national and regional levels. The main focus is on improvements to the sales, marketing and promotion capabilities of businesses through the use of Facebook platforms. By using these platforms, businesses can reach existing consumers or attract new ones, build awareness of their product/services, trigger direct and organic sales and increase their brand equity.

The calculated impacts also reflect the perceived benefits to businesses of efficiency gains through digitalization. In order to measure the economic value of Facebook platforms, the study assesses the impacts on businesses' abilities to (1) transform their marketing and sales capabilities, (2) ease cross-border trade, and (3) utilize efficiency gains through digitalization. Economic impacts attributable to Facebook platforms are provided in the following pages with GVA and employment details.



1. Transforming marketing and sales capabilities

According to IAB Turkey, digital advertising investment increased by 15% between 2015 and 2017. Social media-related advertising spending, on the other hand, doubled the market pace with a CAGR of 27% in the same period as advertisers switch their budget allocations to social media channels.

As a tool for businesses of all sizes, Facebook platforms enable firms to promote their brand, raise awareness and generate new sales. Businesses increasingly benefit from Facebook platforms' marketing tools and changing their marketing models. Advertising on Facebook platforms eases the process of finding and attracting the right people and capturing their attention to achieve business goals. The ability to choose an audience, based on demographics, interests, and behaviors enables targeted marketing, which promotes brand awareness and builds brand value amongst the correct audience. Moreover, businesses can increase their global reach by making their products or services available to more people in more places across Facebook platforms. They can encourage people to visit a business' website or app, which increases traffic and engagement and can result in an expanded customer base and increased sales.

Furthermore, the cost-friendly options, offered by social networking platforms democratize the marketing and advertising functions. By reducing barriers and expenses, they allow any business or community, with budgets of any size, to advertise. 93% of businesses, which have a social media account use Facebook platforms to reach out and share their business content with customers.

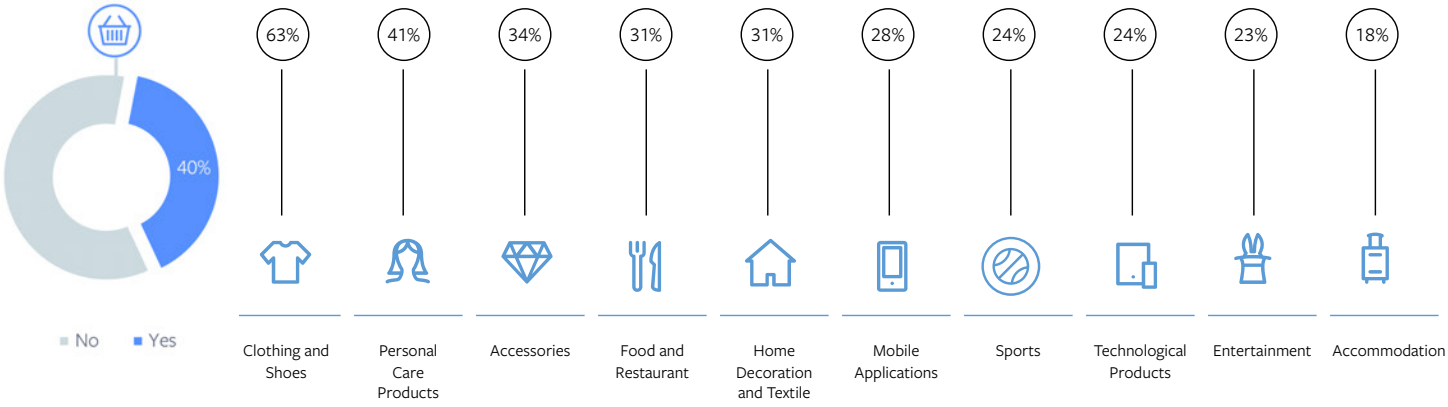
Social networking platforms, substantially increase the possibility of consumers being exposed to relevant businesses and their products. Such targeting optimizes marketing and advertising expenditure, allowing companies to develop more successful campaigns. Companies generally measure this success via conversion rate and return on investment. The exposure of consumers to business content inevitably transmits into numbers reflecting increased sales.

From local family-run shops to large enterprises, many businesses are connecting with their existing and potential new customers through social media.

93% of companies that have a social media account use Facebook platforms to reach out to existing and potential customers.

Source: Deloitte analysis of Morning Consult Business Survey

Figure 10 – Average percentage of consumers that purchased something after seeing content or adverts on Facebook platforms, 2018, %

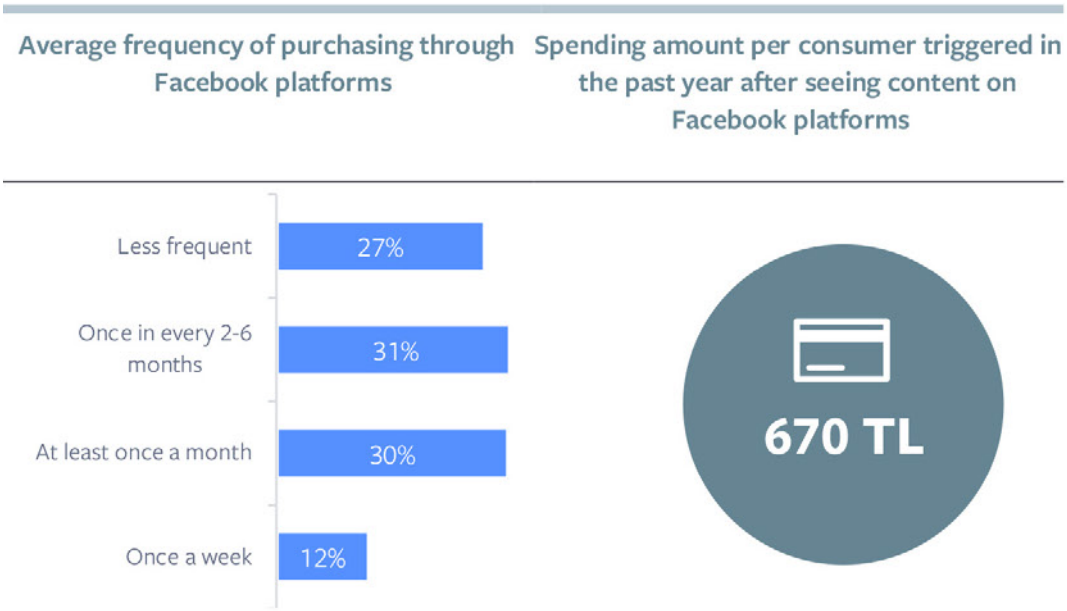


Our analysis of the Estima Consumer survey indicates that 40% of consumers purchased something after seeing content or adverts on Facebook platforms. The purchases vary by category but clothing and shoes stands out as the most popular.

40% of consumers purchased something after seeing content or adverts on Facebook platforms.

Source: Deloitte analysis of Estima Consumer Survey

Figure 11 - Impacts of content featured on Facebook platforms



Source: Deloitte analysis of Estima Consumer Survey. Note: Group proportions may total to larger than one-hundred percent due to rounding

Overall, the relationship between businesses and their customers will change from one-way broad messaging with hard-to-measure results, to measurable and controllable two-way dialogues that businesses may continue even after advertising periods. Customers are more likely to make repeat purchases after establishing dialogue with businesses.

High accessibility of these platforms also eases the process for consumers to repeat their shopping behaviors. Consumer shopping that is triggered through ads on Facebook platforms has a frequency that is concentrated around once in every 2 to 3 months. These purchases occur both online and in physical stores.

73% of consumers, who make purchases through Facebook platforms, purchase products and services at least once every six months.

Source: Deloitte analysis of Estima Consumer Survey

Case Study 1

Kaft

Founded: 2010, İstanbul

Key Impact:

60% of its marketing budget is spent on Facebook platforms, triggering around **40%** of its total revenue.

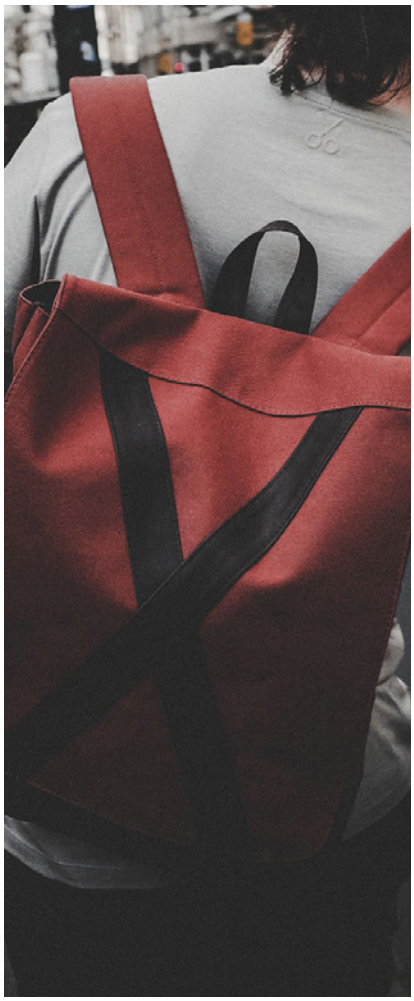
Directing a brand message to the right customer

The idea for Kaft was born in 2010. The company grew through new partner acquisitions in 2011 and was incorporated the following year with new investors. Kaft produces design-focused t-shirts, sweatshirts and bags, and 95% of its sales come from its in-house-built e-commerce web site. In addition, it has exported its products to over 50 countries.

Kaft has been actively using Facebook and Instagram ads and around 60% of its advertising budget is spent on these platforms. 40% of Kaft's total sales is attributable to Facebook and Instagram. It benefits through increased interaction between the brand and its customers. Brand awareness of Kaft is considered fairly high in Turkey, and specifically Instagram helps it expand its customer base in other countries.

"The most important function of Facebook platforms is that they serve the brand message to the right people to create brand awareness and trigger sales eventually."

Ali Emre Arpacı - Founding and Managing Partner at Kaft



2. Easing cross-border trade

Due to increased technology and digitalization, global commerce has become easier, with people shopping cross-country more each day. Waterways and land rights do not define today's trade routes; they are based on the personal preferences and demands of global shoppers. Going global used to require capital and labor, and involved, challenges of building offices and, finding suppliers and customers now it can be done with the click of a button.

Facebook platforms broaden the horizons of businesses with cross-border trade opportunities. They remove geographical barriers to help businesses find relevant customers locally and even enable new opportunities for reaching international markets. Via revenue diversification options, Facebook platforms help businesses to mitigate the risks stemming from limited sales channel. They are critical tools as they support businesses if demand in their local market is insufficient.

Reaching more than 2 billion people globally, Facebook is the most active social media platform and can be leveraged by the businesses of all sizes. Platform's international coverage, ease of use and level of interaction offer significant potential for all first time and current exporters.

Case Study 2

Sultan Cave Suites

Founded: 2010, Nevşehir

Key Impact:

95% of its customers come from abroad and a large majority of these guests visit the hotel's Instagram page.

Welcoming customers beyond borders

Sultan Cave Suites is a cave-themed boutique hotel in Cappadocia with 30 rooms. The hotel is distinguished not just by its unique style but also by its owner's use of social media.

The owner believed that his hotel would be better able to attract tourists if he created social media accounts for it. After two years, as of 2017, 95% of the hotel's guests come from abroad and the vast majority had visited the hotel's Instagram page before arriving. The hotel welcomes guests from many different countries, with over 65% coming from Asian countries and Russia.

Around 60% of the hotel's reservations come from its Instagram page, while the remaining proportion is triggered through hotel booking platforms. However, the owner believes Instagram surpasses such platforms and today it stands out as the most suitable tool for Sultan Cave Suites, as it enables them to manage both marketing and sales functions from a single platform. The company leveraged Instagram organically to reach and inspire customers globally, and to allow them to discover the beauties of this boutique hotel.

"Instagram is spreading the word for our business beyond borders without any other advertising material. Almost one million people check our Instagram account every week."

Mehmet Daşdeler – Co-Founder of Sultan Cave Suites

Figure 12 – Exporter share of all enterprises and how Facebook platforms can address the challenge

Source: Turkstat, Deloitte analysis of Morning Consult Business Survey

Only 2% of enterprises export goods or services to other countries, according to Turkstat. As well as financial and regulative barriers, the main reasons why businesses do not export goods or services to other countries include: the difficulty of reaching target customers; lower capabilities to promote brands, products and services; and a lack of information about processes. Turkey needs to both expand its exporter base and penetrate international markets at a higher rate to reach the national goal of USD 500 billion in exports by 2023, which is stated in "Turkish Exports Strategy for 2023" by the Ministry of Economy and Turkish Exporters Assembly in 2009. Most of these pain points can be addressed by the tools and services that Facebook platforms provide.

91% of Turkish businesses, which are using social media say that Facebook platforms help them to access customers in areas that would be otherwise difficult to access.

Source: Deloitte analysis of Morning Consult Business Survey

89% of businesses, which are using social media think that Facebook platforms allow them to sell their products or services in other cities, states or countries.

Source: Deloitte analysis of Morning Consult Business Survey

Compared to recent years, the visibility of Turkey-based businesses has increased in international platforms, and some part of this can be attributed to Facebook's marketing tools. These allow small and medium-sized companies in smaller Turkish cities to access larger global markets. Additionally, Facebook and related platforms provide low-cost access to global markets and allow companies to seek international demand for their products and services.

The world has become more open and connected, and boundaries for businesses have become blurred. The challenges for businesses nowadays are in finding the right markets to enter, and the right people to reach, in the most efficient and effective ways. People from all around the world are being exposed to content from Turkish businesses on Facebook platforms, and consumers are connecting to them via these platforms.

In Facebook, more than 135 mn people from around the world, corresponding to almost 1.7 times the Turkish population, are connected to a business in Turkey through Facebook platforms.

Source: Facebook internal data

Case Study 3

Teknasyon

Founded: 2013, İstanbul

Key Impact:

Through marketing activities on Facebook platforms, **135 mn** people from all over the world have downloaded its apps.

The face of Turkey in its own field in the global market

Teknasyon Software is one of Turkey's mobile app developers, with more than 45 apps available on platforms like iOS App Store and Google Play. The firm has achieved remarkable success in a short time, making 95% of their revenue from cross border export, reaching more than 150 countries, including Brazil, Italy, Spain, Italy and India with 49 different languages.

To become more efficient, Teknasyon is putting its whole marketing budget into digital channels, in which Facebook platforms have the biggest share. Teknasyon's marketing activities are focused on Instagram and Facebook, which are highly effective for reaching new customers, and these activities have led 135 million people to download its products. The firm is delighted with the efficiencies in time and effort that the Facebook platforms create.

"The most important benefit that Facebook platforms provide for Teknasyon is that they make it possible to access countries all over world without any extra effort."

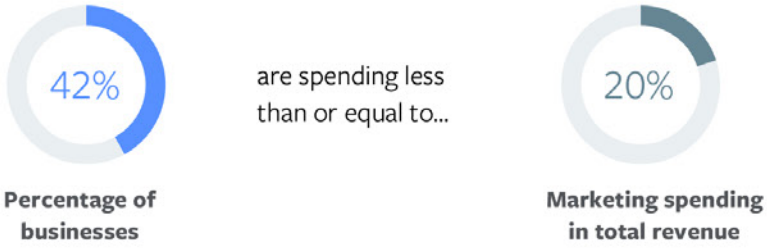
Burak Sağlık - Co-founder of Teknasyon

3. Efficiency gains through digitalization

Online advertising is more affordable, and enables businesses with lower marketing budgets to promote their brands. Most SMBs have smaller marketing budgets than large-scale businesses, which decreases their competitiveness in the market. According to our analysis of the Morning Consult Business Survey, 42% of companies spend 20% or less of their revenue on marketing activities. At this budget, Facebook platforms provide more effective advertising tools than traditional marketing channels.

By lowering marketing costs and increasing targeted customer base, Facebook platforms help all size of businesses, particularly SMBs, stimulate more revenues and profits. Additionally, helping planned sales and ensuring continuous supply through various channels, Facebook platforms also assist business in mitigating the risks of any unexpected demand changes in the market. Thus, Facebook platforms not only provide a higher return on investments but also increase the efficiency of the businesses.

Figure 13 – Marketing spending of businesses that advertise, %



Source: Deloitte analysis of Morning Consult Business Survey

İZNİK WORKS
Fine Turkish Pottery & Tile

Case Study 4

İznik Works

Founded: 2010, İstanbul

Key Impact:

90% of its revenue comes from other countries; Facebook platforms help it reach customers and generate a higher return than opening an offline shop.

Implementing new business models

İznik Works, which was established in 2010, operates in the field of fine Turkish pottery and tiles. The firm has developed a reputation as one of Turkey's best-known and highest quality providers of İznik ceramics, including plates, vases, bowls, and tiles.

İznik Works started actively using Facebook and Instagram two years ago. The owner claims that he chose to use these channels to reach more customers, despite his lack of experience in using social media. He believes that his business on Facebook platforms has become more effective and profitable than operating a physical shop. Facebook platforms offer İznik Works more affordable advertising possibilities. This new way of advertising is not just more affordable; according to İznik Works, it provides a wider audience than even television can reach.

"Becoming more effective on Facebook platforms have a much higher return than opening another shop. Through Facebook platforms, we reach so many potential customers with so much less marketing costs compared to traditional marketing platforms."

İsmail Akşahin – Owner of İznik Works

Enhanced interaction and faster communication improves collaboration and eliminates unnecessary delays that affect productivity. According to our analysis of Morning Consult Businesses Survey, 89% of businesses believe that messaging apps of Facebook platform (WhatsApp and Facebook Messenger) enable fast responses to current and potential customers respectively. Having faster communication channels and being able to respond to their customers quickly, businesses address several challenges that they encounter in their daily operations.

Another opportunity created by Facebook platforms is in the management of supplier and third-party processes. Fast and continuous supply is crucial to sustaining business success.

In this context, the tools provided by Facebook platforms can have the effect of reducing the challenges that the suppliers of these businesses may face. For instance, a supplier and its customer can enjoy high-quality video calls, teleconferences, image sharing and instant messaging without extra costs. Businesses can also diversify their supplier base by reaching out to alternative supplier channels on Facebook platforms. Thus they can reduce supply risks for their operations by not relying on a single supply node. Overall, Facebook platforms and the communication channels that they provide help businesses manage their operations more efficiently.

87% of businesses believe that Facebook platforms help them address the challenge of finding and working with suppliers.

Source: Deloitte analysis of Morning Consult Business Survey

modanisa

Case Study 5

Modanisa

Founded: 2011, İstanbul

Key Impact:

Facebook platforms help it to reach relevant people and segment its customers in over **130** different countries.

Solving problems in an agile manner

Modanisa was established in 2011 and now exports to more than 130 countries around the world. It stands out as the biggest e-commerce retailer in Turkey in terms of export volume. The company has an impressive presence on Facebook platforms with 3.2 and 1.5 million followers on Facebook and Instagram, respectively. 40% of its total revenue is attributable to Facebook platforms. This high export trade volume and large number of followers means the company needs efficient processes for marketing and communication.

Facebook platforms make pinpoint-accurate customer segmentation possible for Modanisa, and therefore eliminate excessive marketing efforts. The firm would otherwise have had to consider 130 different markets for segmentation. It allocates around 40% of its marketing budget to Facebook platforms, which enable it to communicate instantly with its customers. This allows the firm to solve customers' problems in a more agile manner than would be possible with other, more time-consuming tools.

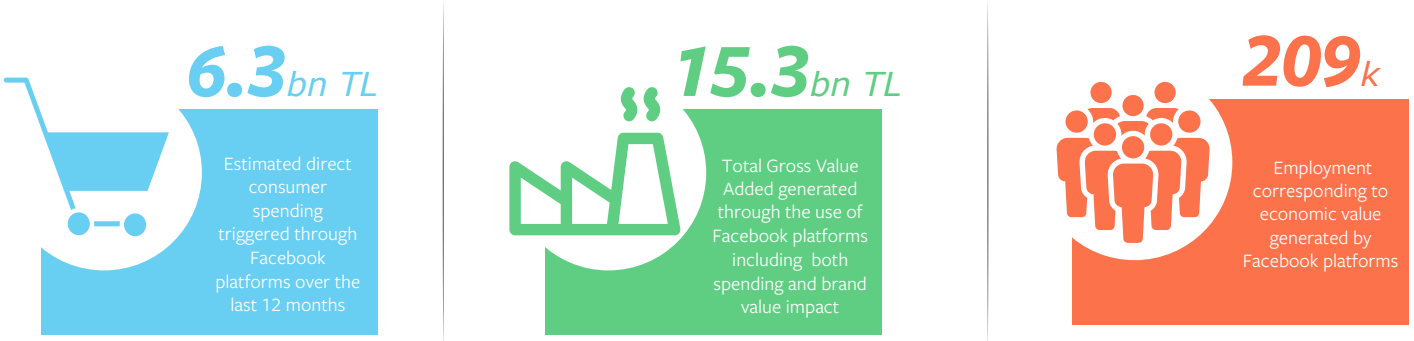
"If you have a global vision, you only need Facebook Platforms to make customer segmentation globally."

Hüseyin Tamalı – Digital Marketing Director

Economic output attributable to Facebook platforms

Targeted marketing to reach the right potential customers, increased brand awareness and strengthened brand value can produce outputs measured in terms of triggered spending by consumers, Gross Value Added (GVA) and employment.

Key findings 3



Source: Deloitte economic model analysis, Turkstat, Morning Consult Business Survey and Estima Consumer Survey

The economic output attributable to Facebook platforms is quantified under marketing and sales impacts, which comprise advertising, referrals and brand value impacts.

- **Advertising** refers to economic output generated by using Facebook platforms to reach new and existing customers through paid advertising.
- **Referrals** refer to economic output generated by directing organic traffic from Facebook platforms to external websites and also to offline channels.
- **Brand value** refers to economic output generated by enhanced brand value resulting from the use of Facebook platforms. The impacts also reflect the perceived benefits by businesses regarding efficiency gain through digitalization.

Estimated direct consumer spending triggered by Facebook platforms is 6.3 billion TL over the last 12 months. Together with the increased brand value of the businesses, total economic value attributable to Facebook platforms is estimated to be 15.3 billion TL Gross Value Added (GVA), corresponding to 0.56% of Turkey's GVA in 2017.

Economic outputs attributable to Facebook platforms are estimated based on Input-Output analyses for both national and regional levels, incorporating 4 different approaches: "Return on Investment of Advertising"; "Affiliated Online-Offline Transactions", "Average Basket Size of Consumer Spending", and "Revenues of All Businesses in Turkey Attributable to Facebook". [1]

Direct consumer spending triggered by Facebook platforms is 6.3 bn TL over the last 12 months, while retail, manufacturing, construction, and technology are the sectors that benefit more compared to other sectors.

Source: Deloitte analysis

Economic value is calculated by capturing not only primary or direct benefits but also secondary and wider benefits, which would stem from the increased demand in the supply chain and the increased income of the workers employed.

These impacts are identified as direct, indirect and induced impacts, and are defined as follows:

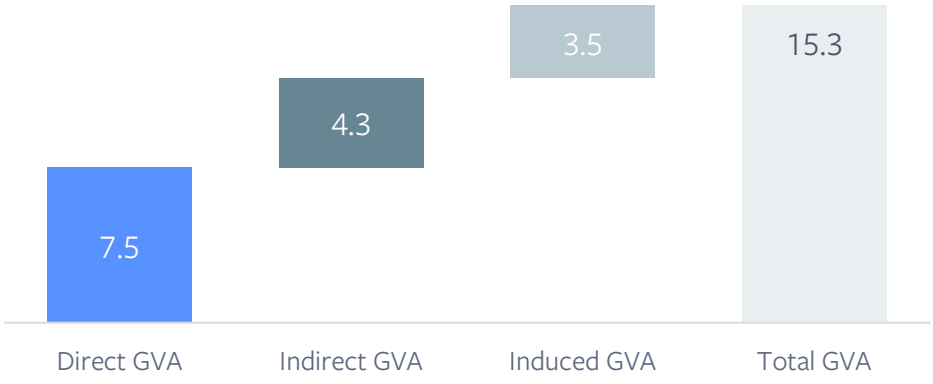
1. **Direct impact** refers to the initial economic impact generated by businesses by producing new products and providing services using Facebook platforms.

2. **Indirect (supply chain) impact** is generated in the supply chain of the businesses due to increased demand for goods and services as a result of the activities of businesses that use or leverage Facebook platforms.

3. **Induced impact** occurs due to increased spending by those employed at businesses that use or leverage Facebook platforms.

The direct impacts on Gross Value Added of the revenue generated by the contribution of Facebook platforms have been determined to be 7.5 billion TL. Additionally, the indirect and induced GVA impacts, through the supply chain and the increased income effects, are calculated as 7.8 billion TL.

Figure 14 – GVA impacts of Facebook platforms, bn TL, in 2017



Source: Deloitte economic model analysis, Turkstat, Morning Consult Business Survey and Estima Consumer Survey

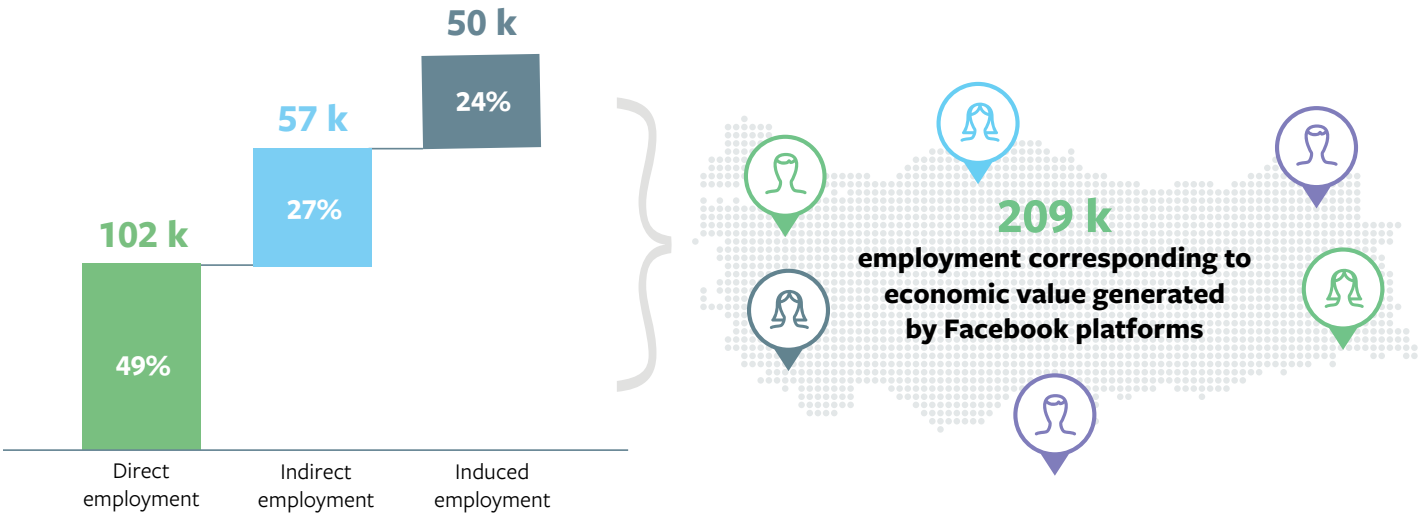
One of the remarkable results of the impact of Facebooks platforms is the distribution of Gross Value Added among several different regions of Turkey. Istanbul and Ankara account for approximately 50% of all national share of GVA, while the other regions in Turkey constitute the remaining half of the impact. Economic impact between regions, excluding Istanbul and Ankara, does not vary a great deal. It can be concluded that Facebook platforms affect revenues not only in the big cities but also in smaller regions as well.

Based on our analysis of the Morning Consult Business Survey, 91% of businesses that use Facebook platforms, increased their headcount after joining these platforms. Higher employment is mainly attributable to the growth in demand for businesses' products or services that Facebook triggers. The business growth enabled by Facebook platforms not only trigger higher employment, but can also catalyze recruitment processes as businesses use Facebook to find qualified employees.

91% of businesses claim that they were able to hire more employees due to growth in demand after joining Facebook platforms.

Source: Deloitte analysis of Morning Consult Business Survey

Figure 15 - Employment impacts of Facebook platforms, as of 2017



Source: Deloitte economic model analysis, Turkstat, Morning Consult Business Survey and Estima Consumer Survey

Considering sector-specific labor productivity, it is estimated that Gross Value Added stimulated by the growth of businesses from using Facebook platforms resulted in 209 k in employment, corresponding to 0.74% of total employment of Turkey in 2017.

The reason that the proportion of employment impact of Facebook platforms (0.74% of the total for Turkey) is slightly higher than the Gross Value Added impact (0.56% of the total for Turkey) is because Facebook platforms' impacts are mainly concentrated in labor-intensive industries such as retail and manufacturing.

Regional distribution of employment also shows similar characteristics to that of Gross Value Added. While Istanbul and Ankara take the lead with 48% of total employment created, sizeable impacts have been also observed in several other regions in the country.

75% of Turkish businesses say that they use Facebook platforms to find new employees.

Source: Deloitte analysis of Morning Consult Business Survey

Facebook platforms trigger consumers to make purchases, which start chain of impacts in the economy.

04 Facebook platforms' impact on communities

Facebook platforms are setting new communication standards through "Groups". They empower people to build meaningful and supportive connections that create a sense of belonging, which in turn create more collaborative and resilient communities. They increase communication and collaboration and help protect our traditions and social ties despite the urbanization phenomenon. And they provide open communication platforms to raise awareness, and increase resilience in times of adversity.

Key findings 4

78% of people who use Facebook have joined Facebook Groups as well.

61% of people make new friends via Facebook Groups. **41%** of them have met physically.

65% of individuals believe that Facebook Groups are important in connecting to other people living in different Turkish cities.

32% of users have participated in a social cause-related event and **11%** of people say they have made a donation.

Source: Deloitte analysis of Estima Consumer Survey

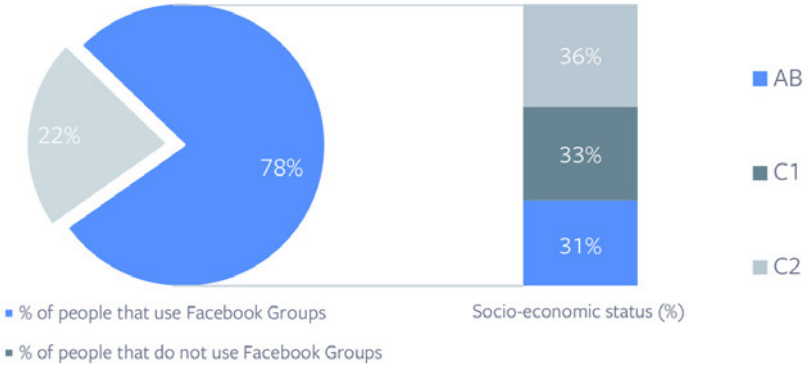
Communication and collaboration

Facebook platforms have the capability to form communities by increasing communication and eliminating geographical barriers. Without these limitations, people can get closer to each other using various aspects of the Facebook platforms.

Individuals can connect to relevant groups and exchange ideas on Facebook, discover similar interest areas and get inspired on Instagram and instantly communicate with each other via WhatsApp and Facebook Messenger. A majority of Facebook users engage in conversations with new contacts through Facebook Groups as well.

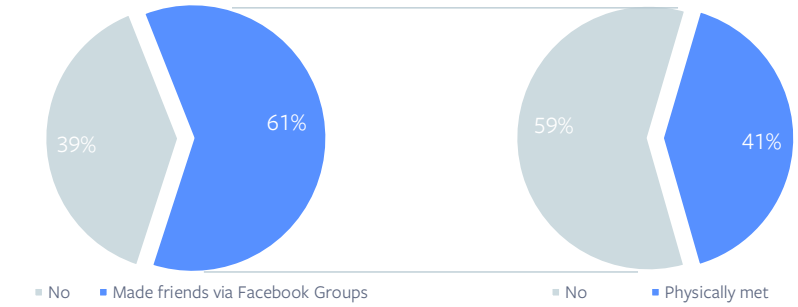
Facebook platforms increase communication and collaboration and help protect our traditions and social ties despite the urbanization phenomenon.

Figure 16 - Usage of Facebook Groups and distribution by Socio-Economic Status, 2018, %



Source: Deloitte analysis of Estima Consumer Survey

Figure 17 - Percentage of users making friends via Facebook Groups and percentage of people who have physically met, 2018, %



Source: Deloitte analysis of Estima Consumer Survey

61% of people make new friends via Facebook Groups. 41% of them have met physically.

Source: Deloitte analysis of Estima Consumer Survey

According to our analysis of the Estima Consumer Survey, 78% of people that use Facebook have joined at least one group on the platform. This means that people do not just consume content, or spend their leisure time on the platform; they also find communities and form meaningful connections with people who share similar interests. When such individuals encounter search other, Facebook platforms construct a bridge between them.

Along the other axis, Facebook Groups encompass individuals from different socio-economic classes almost equally and bridges different parts of Turkish society.

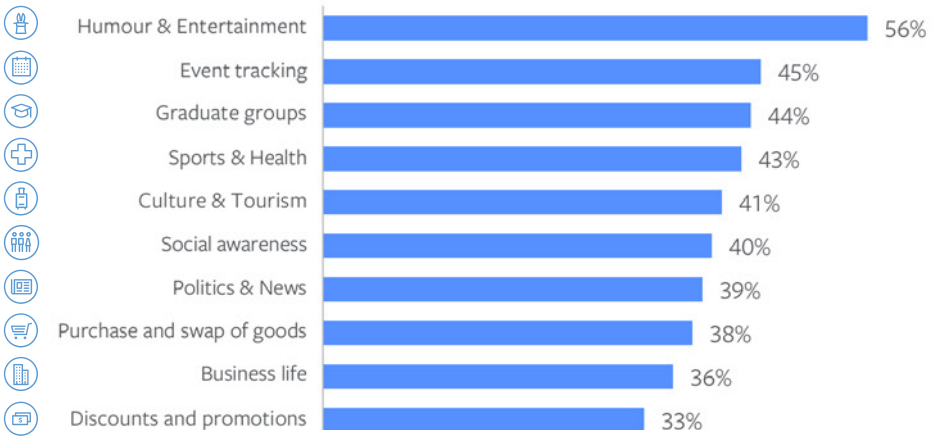
78% of people who use Facebook have joined Facebook Groups as well.

Source: Deloitte analysis of Estima Consumer Survey

Users engage with each other with actions such as expressing opinions and, sharing what they love and what they are interested in. Facebook Groups provide an environment for such purposes. According to our analysis on Estima Consumer Survey, 61% of people say that they have made new friends via Facebook Groups, while 41% of them state that they met physically with these new friends. This enlargement in connected circles demonstrates that Facebook platforms can create impacts beyond digitalization and economic output.

Communities can provide platforms for individuals that allow them to become more socially relaxed and better able to express themselves. This relaxation can reduce people's reluctance to bond with each other and this can yield new relationships. Facebook platforms act as a catalyst in this process, allowing society to grow new bonds among its members and become more cohesive.

Figure 18 - Most favorite types of Facebook Groups in Turkey, 2018, %



Source: Deloitte analysis of Estima Consumer Survey

While people enlarge their social circles through friendships made on Facebook platforms, Facebook Groups provide an environment for users to engage over shared interests. In Turkey, the most popular type of groups stands out as humor & entertainment, followed by event tracking. Social awareness, politics & news are also popular types of Facebook Groups.

Case Study 6

Sadece Eczacı

Founded: 2011

Key Impact:

85% of members of their Facebook Group check contents on a daily basis.

Creating professional solidarity with Facebook Groups

"Sadece Eczacı" (Only Pharmacists) was established in 2011 with the aim of sharing knowledge and experience about pharmacy and increasing professional solidarity among pharmacists. The group now has over 16,000 members around Turkey, 13,500 of whom are actively involved in the group every day.

The group's motivation is to make professional communication between pharmacists as fast and efficient as possible. Users share their view on sectoral issues (e.g. pricing and licensing) and professional information. Discussions and collective opinions that are started in the group can reach policy makers. The policy makers are group members too, giving them a chance to see the community's response to their decisions.

"Sadece Eczacı" is also a useful guide for prospective pharmacists. Group members answer questions of pharmacy students and share their experiences with them.

"Thanks to Facebook Groups, we can discuss sectoral problems and overcome them through improved unity and solidarity."

Bora Hızır, Mustafa Çağdaş Gündüz - Two admins of Sadece Eczacı

The platform enable consumer demands to generate different group types. This loop between Facebook and its users makes it a dynamic platform that can respond at any time to changing interests amongst the population.

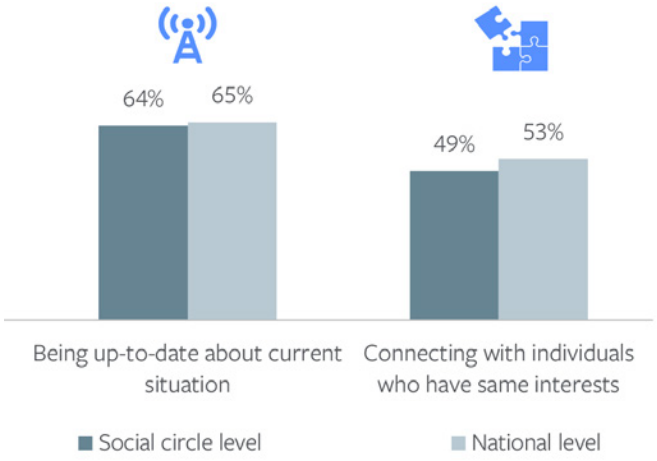
Groups allow people to be more helpful to each other and others will help them back in return even though that they did not know each other beforehand. This contributes to the well-being of individuals, creates a feeling of belonging, and strengthens communities of all types.

People tend to perceive Facebook platforms equally important for both on their social circle levels and national level in terms of the effects of Facebook Groups on individuals and the feelings they elicit. Around 65% of people say that Facebook Groups enable them to get information about the current social situation, while around half of individuals believe Facebook Groups as an essential tool to maintain their close social relations.

In addition, 65% of individuals believe Facebook Groups are necessary as a platform for communication with individuals who live in other cities across Turkey.

The social impacts of Facebook platforms include increased communication and interaction regarding social norms. The platforms help Turkish society sustain its traditions, but in a more digital way that makes them echo on as well. An example would be that engagements and, other kinds of ceremonies are now being broadcasted on Facebook platforms to relatives living outside of Turkey. Turkish people also use messenger applications like WhatsApp to send best wishes to friends', families' and colleagues' on national holidays and religious days, as well as connect with both their close social circles and wider groups and communities.

Figure 19 - Effects of Facebook Groups on individuals' social interactions, 2018, %



Source: Deloitte analysis of Estima Consumer Survey

Turkish people are using Facebook platforms to connect with others.

Case Study 7

Teknolojik Anneler

Founded: 2013

Key Impact:

Provided coding education to mothers and children **every week for 5 months** through gatherings organized via Facebook platforms.

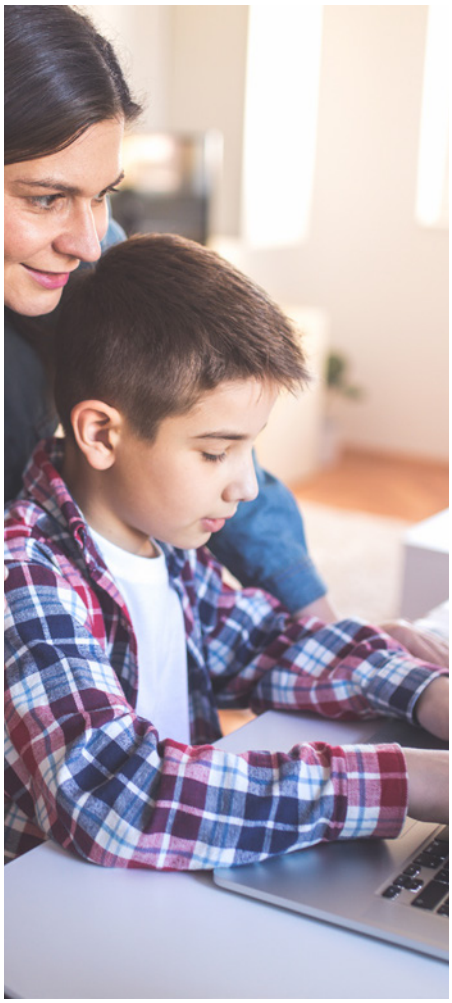
From a website to a community

"Teknolojik Anneler" (Technological Moms) is the first community in Turkey, with an aim of improving technology literacy of women.

After short time its establishment, the founders realized that members often raise questions via Facebook Messenger in order to hide their lack of knowledge about technology in public. Facebook Page of the group allows women to ask questions about technology without embarrassment. Mutual interests and the ability to ask questions freely resulted new friendships and bonds were formed between members. Discussions on Facebook Page of the community close the technology literacy gap between mothers and their children.

"The most impressive effect of Facebook platforms is that they can empower an ordinary website to become a community."

İpek Süer – Editor at Teknolojik Anneler



An open communication platform

While Facebook Groups create an environment in which shared ideas can encircle the world without obstruction, Facebook platforms can create active communication nodes between people all over the world. This flow of ideas facilitates innovation. As Facebook platforms enable a connection to a much wider audience, such ideas can flourish more easily.

More significantly, these innovative ideas can trigger societal actions, such as raising awareness and fundraising. This is mainly due to the engagement of a large community around an idea and how this creates a voice for the cause. Moreover, Facebook Groups enable local people to find global supporters, democratizing and facilitating the generation of public support.

Charities may organize events, bringing followers together to create synergy on significant matters. They may also use Facebook Groups to influence people and build awareness. Charities can extend their supporter base by organizing events through Facebook platforms and can positively impact social causes by reaching millions of people.

32% of people participated in a social cause-related event that was published on Facebook platforms.

Source: Deloitte analysis of Estima Consumer Survey

Case Study 8

Kanser Savaşçıları

Founded: 2011

Key Impact:

80% of communication is carried out through Facebook platforms, with support circles being built through "Groups".

Helping a great cause by raising awareness

"Kanser Savaşçıları" (Cancer Warriors) was established to find solutions to the detrimental problems that cancer treatment causes for cancer patients and their relatives. The harsh effects of the disease mean that close communication and motivational support is crucial throughout the long journey of treatment.

The community uses Facebook platforms, including Groups, to build support circles. These can improves people's resilience through shared experiences and solidarity. More than 80% of the Kanser Savaşçıları community's communication is carried out on Facebook platforms. Members can easily share their activities and news, which supports collaboration among the community. Close communication amongst the community encourages innovative ideas for charity activities to emerge.

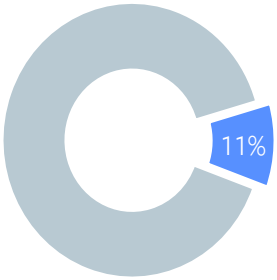
"Our association could not reach its current position with its limited human resources if Facebook did not exist."

Aslı Ortakmaç – President at Kanser Savaşçıları

Facebook platforms enable people to raise funds, exchange information, discuss significant matters, raise awareness, and bring issues onto the agenda of a greater audience. Because Facebook platforms provide an open communication platform, people can express their opinions on significant topics such as environmental care or community-related issues, and can potentially find necessary monetary and moral support.

Facebook platforms provide a fundraising function, which can be highly beneficial for charities. Content featured on Facebook platforms can trigger consumer donations. According to our analysis of Estima Consumer Survey, 11% of people say that they have donated 91 TL on average to a cause in the past 12 months after seeing content on Facebook platforms.

Figure 20 – Percentage of people who have donated to a cause after seeing content on Facebook platform, 2018, %



11% of people have donated 91 TL on average to a cause after seeing content on Facebook platforms in the past 12 months.

Source: Deloitte analysis of Estima Consumer Survey

Case Study 9

İhtiyaç Haritası

Founded: 2015

Key Impact:

Content featured on Facebook platforms receives **1,000** views daily and generates **15 mn TL** through increased awareness.

Reaching Turkey through Facebook Groups

"İhtiyaç Haritası" (Need Map) was established in 2015 in order to support people in need. İhtiyaç Haritası defines itself as a non-profit social cooperative that consists of NGOs, initiatives, institutions and individuals. They have approximately 65,000 members, of whom 15,000 donate. Through its network, İhtiyaç Haritası has donated 15 million TL and 485,000 goods such as stationery equipment and clothes.

The community's biggest goals for its use of Facebook platforms are to reach new members, improve communication and invite people in order to support the community financially. İhtiyaç Haritası's donation requests receive approximately 1,000 views daily on Facebook platforms. Since websites cannot offer the flexibility and cost efficiency of Facebook platforms, İhtiyaç Haritası uses these platforms to spread its message to the community.

"Through Facebook Platforms, it is possible to spread and produce branches like a tree."

Esra Arslan - Board Member

Connecting people and communities in times of need

Facebook platforms support communities in times of need and help them share information. When disasters happen, people need to know if their close family and friends are safe. These situations can also cause the spread of manipulative information, which can cause communities to react unpredictably to traumatic events. Bringing together Facebook's communication aspect capabilities with its belief in social responsibility, "Safety Check" was created to assist communities in overcoming a lack of reliable information during times of crisis.

Endnotes

1. Details of Economic Model: This study explores the economic and social benefits that Turkish businesses, SMBs and communities experience from connecting on Facebook, Instagram, WhatsApp and Facebook Messenger. It analyzes how Facebook platforms stimulate the Turkish economy by transforming marketing and sales capabilities, easing cross-border trade and enabling efficiencies for businesses.

The study uses economic modeling to analyze the economic impacts of Facebook platforms on both national and regional levels. The main focus is on the marketing and sales impacts of using these platforms to reach out to consumers, trigger direct and organic sales and increase brand value. The calculated impacts also reflect the perceived benefits of businesses regarding efficiency gain through digitalization.

The economic output attributable to Facebook platforms quantified under marketing and sales impacts comprise advertising, referrals and brand value:

- **Advertising** refers to economic output generated by using Facebook platforms to reach new and existing customers through paid advertising.
- **Referrals** refer to economic output generated by directing organic traffic from Facebook platforms to external websites and also to offline channels
- **Brand value** refers to economic output generated by enhanced brand value as a result of using Facebook platforms.

Facebook influenced economic output is calculated via publicly available data, customer research, Facebook internal data, and other 3rd party resources. The calculated economic output is used to assess the economic value of Facebook platforms, measured as in terms of Gross Value Added (GVA) and employment.

Although the quantitative analysis of publicly available data and other data sources provides measurable economic impact attributable to Facebook platforms, relying solely on this analysis may underestimate the full benefits of Facebook since such analyses can only capture primary or direct benefits.

The secondary and wider benefits of Facebook platforms could also be substantial. These may be generated by;

- Multi-sectoral productivity gain through structural change occurring in the markets from improved productivity made possible by Facebook platforms,
- Increased income of workers employed within the businesses utilizing Facebook platforms.

The well-known models for capturing secondary benefits (indirect and induced impacts) are Input-Output based economic models. For this purpose, an Input-Output Model is constructed, and direct, indirect and induced impacts of Facebook platforms is calculated.

Direct, indirect and induced impacts are defined as follows:

A. **Direct impact** refers to the initial economic impact generated by businesses by producing new products and providing services using Facebook platforms.
B. **Indirect (supply chain) impact** is generated in the supply chain of businesses due to increased demand for the goods and services as a result of activities by businesses that use or leverage Facebook platforms.
C. **Induced impact** occurs due to the increased spending by those employed at these businesses that use or leverage Facebook platforms.

The Input-Output Model analyzes proportional interactions of the industries. For each of the 20 industries included in the Input-Output Model, indirect and induced GVA multipliers are calculated, which can then be used in the calculations of indirect and induced GVA impacts. The construction of the Input-Output Model is based on the 2012 Input-Output Table published by the Turkish Statistical Institute ("Turkstat") in 2016.

While measuring the direct GVA impacts of Facebook platforms, a top-down approach by segmentation of businesses in Turkey is followed. Total GVA of all enterprises of Turkey is segmented into three main groups by size of employees; 1-10, 11-50 and +50, and by utilizing Annual Industry and Service Statistics of Turkstat. Total GVA for each segment is then multiplied by (1) social media penetration rate for each segment, (2) online purchase, reservation or acceptance rate for each segment and (3) attributable shares of Facebook platforms in revenues of businesses; in order to calculate to Facebook attributable direct GVA of businesses in each segment. The sum of the calculated GVA in each segment yields direct GVA impact of Facebook platforms.

The data sources, reasons for usage and other necessary explanations about the metrics used in direct GVA calculations are provided below:

- Social media penetration rate is obtained from Turkstat and used to reflect the proportion of businesses that have a presence on Facebook platforms.
- Online purchase, reservation, or acceptance rate is also obtained from Turkstat and used to reflect the proportion of businesses which have any transactions leading revenue generation within the businesses that have a presence on Facebook platforms.
- Attributable shares of Facebook platforms in revenues of businesses are obtained through an analysis of Morning Consult Business Survey data. This metric reflects the businesses' perceived benefits from Facebook regarding total revenues generated. Simply the metric indicates the businesses' Facebook attributable revenue shares within their total revenues. The metric is calculated for those businesses in Morning Consult Business Survey, which have a presence on Facebook platforms and conduct transactions leading revenue generation, to be consistent with previous two metrics.

Direct GVA calculations are supported with two additional alternative approaches based on return on investment ("ROI") of businesses advertising spending and the share of Facebook platforms in e-commerce volume to give a better understanding of Facebook direct economic impacts on the Turkish economy.

According to the ROI approach, ROI of Facebook platforms obtained through benchmark analysis of selected European countries and published reports is multiplied by total advertising spending of businesses on Facebook in Turkey to calculate Facebook's related overall impact. ROIs investigated in the benchmark analyses are carefully selected to reflect not only the advertising impact but also the referrals and brand value impacts.

According to Affiliated Online-Offline Transactions approach, the revenue share of the businesses attributable to Facebook platforms within the total e-commerce volume is analyzed, and the total online impact of Facebook platforms is calculated by multiplying the revenue share with total e-commerce volume. Then online to offline conversation rate is then identified through a benchmark analysis of selected European countries and published reports on the topic, which are then used to calculate the offline and total impact of Facebook platforms. While analyzing the revenue share, the businesses in Morning Consult Business Survey, which have a presence on Facebook platforms and conduct transactions leading revenue generation are taken as a basis.

Both of additional alternative approaches to calculating direct GVA yield similar outcomes with the top-down approach.

Additionally, direct spending triggered by Facebook platforms is calculated based on the Estima Consumer Survey results. While calculating the triggered spending; total number of Facebook platform users, the percentage of the platforms' users who make purchases and the average basket size of purchasers are taken into consideration. Direct triggered spending, though it covers both online and offline advertising and referrals impacts, does not include the brand value impact of Facebook platforms on businesses. Therefore, the triggered spending is provided as additional metric within the main part of the report but should not be considered as a comparable result with direct and/or total GVA and should not be evaluated as an additional number for total economic impact.

The direct GVA impact of Facebook platforms is multiplied by GVA multipliers obtained from the Input-Output Model to capture total GVA impacts. In calculating the employment impacts of Facebook, a different methodology is followed due to the lack of employment data that can be attributable to Facebook platforms.

In this sense, the direct, indirect and induced employment impacts of Facebook platforms are calculated separately by using labor productivity in each industry. Labor productivity indicates GVA generated by 1 FTE employee in each industry and is calculated by dividing total GVA in each industry in Turkey by total FTE employees in each industry in Turkey. Where there is lack of GVA and/or employment data for a specific industry, national labor productivity is used. These ratios are then multiplied with direct, indirect and induced GVA impacts of Facebook to calculate direct, indirect and induced employment.

This study estimates the number of jobs enabled through economic value generated by Facebook platforms in Turkey. Employment figure presented in this study represents the number of jobs required to produce the economic impact estimated. The estimated employment figure does not imply any additional job creation in a given year, instead it represents the jobs already created through the economic activities enabled by Facebook platforms.

Since the digitalization level may differ from one region to another, the impact of Facebook on businesses may also differ between different regions. Therefore, a regional Input-Output Model is also constructed to assess the region-specific impacts of Facebook platforms on businesses.

Due to lack of publically available regional Input-Output tables and required region-specific parameters in Turkey, it is not straightforward to calculate the region-specific multipliers. To construct a regional Input-Output table based on a national Input-Output table, it is necessary make adjustments to account for local supply conditions. Since regional industries purchase intermediate goods and services from outside the region, there must be leakages from the regional economy.

One way of accounting for these leakages is to use location quotients (LQs) which derives regional Input-Output technical coefficient based on the concentration of industries within the regions compared to the national level.

Another way of accounting these leakages is Cross-Hauling Adjusted Regionalization Method (CHARM) incorporating the cross-hauling of commodities based on an estimate of product heterogeneity.

By utilizing both of these methods, the regional Input-Output model is constructed for the regions of Turkey identified based on the Nomenclature of Territorial Units for Statistics (NUTS). NUTS regions are classified mainly focusing on statistical similarities of the regions by EU standards and 26 regions categorized as NUTS-2 Sub-regions by Turkstat is used in the Regional Input-Output Model.

2.Morning Consult Business Survey 2018: This poll was conducted between October 16-October 25, 2018 among a national sample of 800 Turkish businesses. The interviews were conducted online. Results from the full survey have a margin of error of plus or minus three percentage points.

3.Estima Consumer Survey 2018: Social Commerce Behavior Research conducted by Estima Research Company strictly adheres to ISO20252, GAB14 quality standards at all times. The main objectives of the study were to understand the social commerce behavior of Facebook & Instagram users to identify the size of their commercial activities. A quantitative test was conducted via Computer-Assisted Web Interviewing (CAWI) technique. 1000 interviews were realized among 18+ Facebook and/or Instagram users via AkılFikir research platform. The fieldwork was conducted in 12 NUTs regions (Turkey representative) between October, the 23rd and November, the 2nd.

4.Note: From the indicated point on in the report (Page 12), responses related to Facebook platforms cover only the platform users.

5.Note: The information that has been obtained from Morning Consult Business Survey and Estima Consumer Survey are not based on Facebook internal data and can only be considered as estimates for relevant points that are explicitly referenced in the appropriate sections.

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