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SOCIAL MYTHBUSTING

REPORT
#7



VIZIO

COMMON SOCIAL MEDIA MYTHS: PLAUSIBLE OR BUSTED?

ExactTarget's SUBSCRIBERS, FANS, & FOLLOWERS research series is the first of its kind to capture a snapshot of the modern interactive marketing landscape—as it stands *right now* in 2010. In our six reports to date, we've examined how consumers interact with brands across popular communication channels like email, Facebook, and Twitter, providing marketers with key insights on how they must *combine*—not isolate—the strengths of these mediums to build integrated marketing strategies.

As the industry continues to evolve at a break-neck pace, you need to be armed with the truth about the interactive industry—and what your customers are actually doing—in order to successfully communicate with them. And headlines and industry buzz can often be misleading. That's why we're re-visiting the data presented in the first six SUBSCRIBERS, FANS, & FOLLOWERS research reports in *Social Mythbusting*.

This newest report will answer your most burning interactive marketing questions:

- Is email on the decline?
- Is a Facebook FAN really worth \$136.38?
- Does Twitter's success hinge on celebrities like John Mayer?
- Is social media making people less social?

Headlines and sound bites aside, the answers to these questions are important to your success as an interactive marketer. **Our research will deny, debunk, and deliver the answers you need to build an integrated marketing strategy based on the truth—not commonly-held assumptions.**

MYTH #1 EMAIL USE IS DECREASING

You've seen the headlines: "9 Reasons Why Email is Dead," Why Email No Longer Rules.... And What That Means for the Way We Communicate," or "Nielsen: Email Use Drops 28 Percent in One Year." With the seemingly endless reports about the death of email, it's no wonder that the commonly-held myth of decreased email usage exists.

The last headline referenced above is the latest article predicting email's demise and is based on a recent blog post from Nielsen NetView. In their article "What Americans Do Online: Social Media And Games Dominate Activity*," Nielsen presented data that highlighted the top 10 internet locations where U.S. online users spend their time, including a statistic that shows percentage change in share of time. They report that consumers spent 28% less time using email between June 2009 and June 2010.

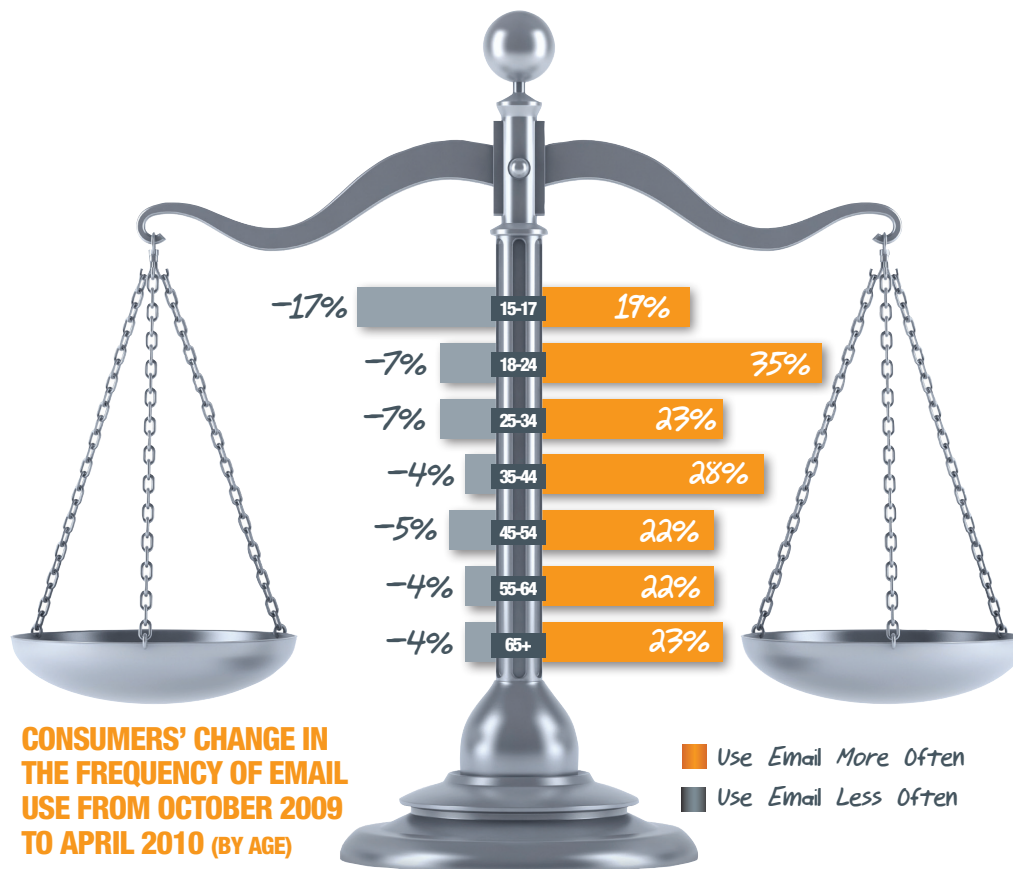
Despite the fact that Nielsen provided very limited commentary about this statistic, the media quickly began referencing it as further evidence that email usage is on the decline, creating more headlines and blog posts that cited this data as their primary argument.

There are several problems with this assumption:

- 1 The media generally overlooked other statistics included in the same blog post about a separate set of data focused on mobile use. This second data set shows that mobile email use (accessing email through mobile devices) is actually on the rise. As Nielsen explained in their blog post, "There is a double-digit (28 percent) rise in the prevalence of social networking behavior, but the dominance of email activity on mobile devices continue with an increase from 37.4 percent to 41.6 percent of U.S. mobile Internet time."

*nielsenwire, "What Americans Do Online: Social Media and Games Dominate Activity," http://blog.nielsen.com/nielsenwire/online_mobile/what-americans-do-online-social-media-and-games-dominate-activity/





THE VERDICT:

Nielsen's methodology was developed years ago, when the majority of personal email access did in fact occur through web portals or enterprise email servers. Today, this methodology is restrictive because it forces Nielsen to make an assumption that all personal email is accessed through webmail and not traditional desktop clients or mobile devices.

More importantly, this methodology doesn't account for the fact that more and more consumers are using desktop and mobile email clients to access their accounts through providers that still maintain webmail portals. Gmail, Hotmail, Yahoo, and similar services can all easily be accessed through non-web-based clients by simply entering an email address and password. **Nielsen operates under the assumption that webmail access is a good proxy for measuring personal email usage, and this is simply no longer sufficient.** How consumers access email is in fact changing, but the use of email continues to increase. The result? The myth that email use is declining is **busted**.

BUSTED

2 Email usage's percentage change highlighted by Nielsen is in direct contrast with our SUBSCRIBERS, FANS, & FOLLOWERS research, where we asked if consumers used email more or less often between October 2009 and April 2010, and 25% of consumers said they were using email more often. Only 6% said they were using it less often. Combined, these statistics suggest a net of 19% of consumers who are using email **more often**. This begs the question: is this myth about email's decline plausible or busted?

To answer this question, we needed to determine which data is more reliable. ExactTarget's SUBSCRIBERS, FANS, & FOLLOWERS research is based on self-reported consumer data. While imperfect, the national sample should at least be directionally accurate. In contrast, Nielsen measures all the internet categories (or channels) they list in their top 10 through the analyses of "website content categories." **In other words, Nielsen's measurement of email usage is based on how often consumers access email through sites like Gmail, Yahoo, or Hotmail (i.e. web portals), not the time each consumer spends with email as an actual activity.** Desktop clients like Outlook, MacMail, Thunderbird, and mobile devices are not included in the numbers reported by Nielsen.



MYTH #2 A FACEBOOK FAN IS WORTH \$136.38

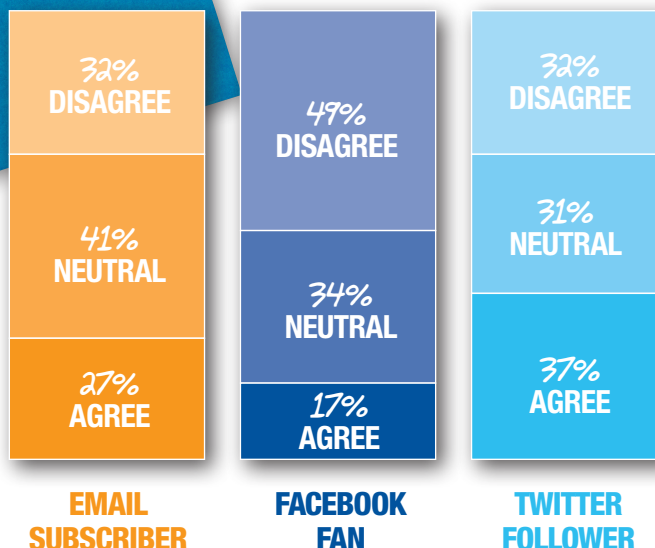
In the modern era of Twitter and Facebook, the common question on most marketing minds is often “How can I *quantify* social media marketing?” A recent study conducted by Syncapse in association with hotspex titled, “The Value of a Facebook Fan: An Empirical Review*,” attempted to do just that—quantify the ROI of Facebook marketing efforts. Through this study, they determined that the average value of a Facebook FAN is \$136.38, and that on average, FANS spend an additional \$71.84 on products for which they are FANS of compared to those who are not FANS.

In our own SUBSCRIBERS, FANS, & FOLLOWERS research, we asked consumers if they were **more** likely to purchase from a brand **after** becoming a FAN on Facebook, **and only 17% of U.S. consumers reported that they’re more likely to buy as a result of LIKING a brand.** So do these findings support or debunk the myth that a FAN is worth \$136.38?

*Syncapse in association with hotspex, “The Value of a Facebook Fan: An Empirical Review,”
<http://www.syncapse.com/media/syncapse-value-of-a-facebook-fan.pdf>



**MORE LIKELY TO
PURCHASE FROM
A BRAND AFTER
BECOMING A
SUBSCRIBER, FAN,
OR FOLLOWER**



Facebook isn't being used to its fullest potential if you're focused on increasing FANS and up-selling or cross-selling to them. Instead, you need to figure out how to mobilize the FAN base you already have so they can share your powerful message across the entire internet.

THE VERDICT:

We believe that the Syncapse findings about the value of a Facebook FAN are in fact *plausible* and that this research probes important questions that are on the minds of many marketers. However, the issue of *causality* is at stake when further examining the purchase potential of consumers after they've become a FAN of a particular brand. **The important question for marketers is not whether FANS are worth more than non-FANS. We agree that FANS are very valuable to your brand's bottom line. But simply increasing your brand's FAN base will not necessarily help you earn more money for your organization.**

Consider this example: John Doe loves Coca-Cola, and purchases the beverage whenever possible. When he stumbles upon their company page on Facebook, he immediately chooses to LIKE their brand. But after becoming Coke's FAN, he doesn't suddenly purchase Coke more often than before. He's already reached his purchase maximum. John was already contributing to Coca-Cola's bottom line *before* becoming a Facebook FAN, and the exercise of LIKING them was a result of his already-established loyalty to the brand.

So while Syncapse's study does establish the average annual spend of a Facebook FAN, it doesn't suggest the increase in value that can be attributed to Facebook, since many of these consumers have already reached their limit to purchase additional products, goods, or services from brands. Marketers must resist the temptation to view Facebook as merely an acquisition or loyalty channel, where number of FANS is directly linked to ROI. **FANS are a valuable part of your marketing strategy, but must be empowered to act as advocates for your brand with their own friends and contacts, igniting the potential for a viral frenzy.** Facebook isn't being used to its fullest potential if you're focused on increasing FANS and up-selling or cross-selling to them. Instead, you need to figure out how to *mobilize* the FAN base you already have so they can share your powerful message across the entire internet.

PLAUSIBLE

MYTH #3 TWITTER'S SUCCESS HINGES ON CONTINUED CELEBRITY USAGE

The headlines began hitting on Monday, September 13, 2010 with “John Mayer Quits Twitter, Leaves 3.7 Million Followers Behind.” Many articles followed, as Mayer joined the ranks of other famous celebrities like Miley Cyrus, Demi Lovato, and LeAnn Rimes, who have all left or taken a break from Twitter in recent months.

As the coverage suggests, marketers and popular media outlets get nervous when well-known Twitter users suddenly abandon the site, sensationalizing the events in a variety of news stories. But *why*? Twitter's initial success and rapid growth was no doubt due in large part to big-name celebrity participation from users like Ashton Kutcher, Anderson Cooper, and Oprah.

And as a result, it makes sense that individuals might begin to question the channel's chances of *future* success when stars like Mayer or Cyrus choose to leave.

At first glance, our SUBSCRIBERS, FANS, & FOLLOWERS research might lead one to believe that Twitter use is in fact on the decline (see chart on page 7), causing some to link this decline to celebrities like Mayer. And while many passive Twitter users are in fact decreasing their use of this channel, highly-influential online consumers continue to increase their use. These consumers blog, comment, write online articles, and post to wikis *more* often than any other online consumer.



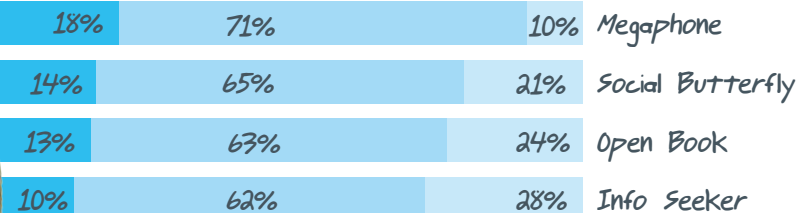
THE VERDICT:

Twitter's initial success may have hinged on big-name celebrity participation from individuals like John Mayer. But with more than 160 million registered users, 90 million Tweets a day, and more than 370,000 new user sign-ups each day*, this myth is now **busted**. Twitter's success no longer hinges on the rich and famous. **To put it simply, Twitter isn't for everyone, and well-known users are no exception to this rule.** Like any new product, many will try it, some will love it, and others will leave it behind.

Instead of relying solely on big names like Shaq or Lady Gaga for success, Twitter has made room for a new type of celebrity—an individual who has become famous as a result of simply using Twitter. As mentioned earlier, individuals who *do* use Twitter are the most influential consumers online and can propel their own stardom through their Tweets alone. And because the conversations that happen on Twitter spill over into many other areas of the internet (and beyond), these heavy Twitter users can become household names based on the conversations they're starting and sustaining online. To them, John Mayer is just another user who couldn't keep up with this fast-paced, sometimes chaotic channel.

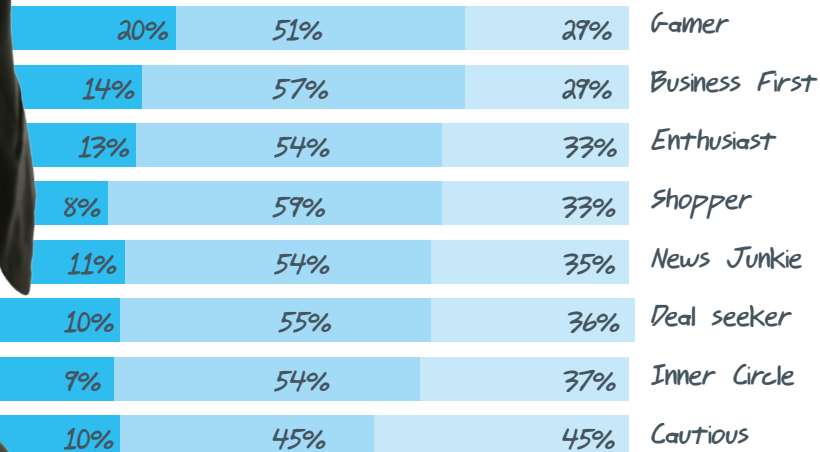
*Twitter, October 2010

BUSTED



OVER THE PAST SIX MONTHS, ARE YOU USING TWITTER MORE OFTEN, ABOUT THE SAME, OR LESS OFTEN?

■ MORE ■ SAME ■ LESS



Instead of relying solely on big names like Shaq or Lady Gaga for success, Twitter has made room for a new type of celebrity—an individual who has become famous as a result of simply using Twitter.

MYTH #4 SOCIAL MEDIA IS MAKING PEOPLE LESS SOCIAL



Just as headlines suggest that email usage is on the decline, the myth that social media is making people *less* social is also fueled by blog posts, articles, and headlines of its own. Malcolm Gladwell was the first author to make this case in his article “Small Change: Why the Revolution Will Not Be Tweeted*.” In this controversial piece, Gladwell argues that the social media revolution will not result in massive social change like we witnessed during the Civil Rights Movement of the 1960s.

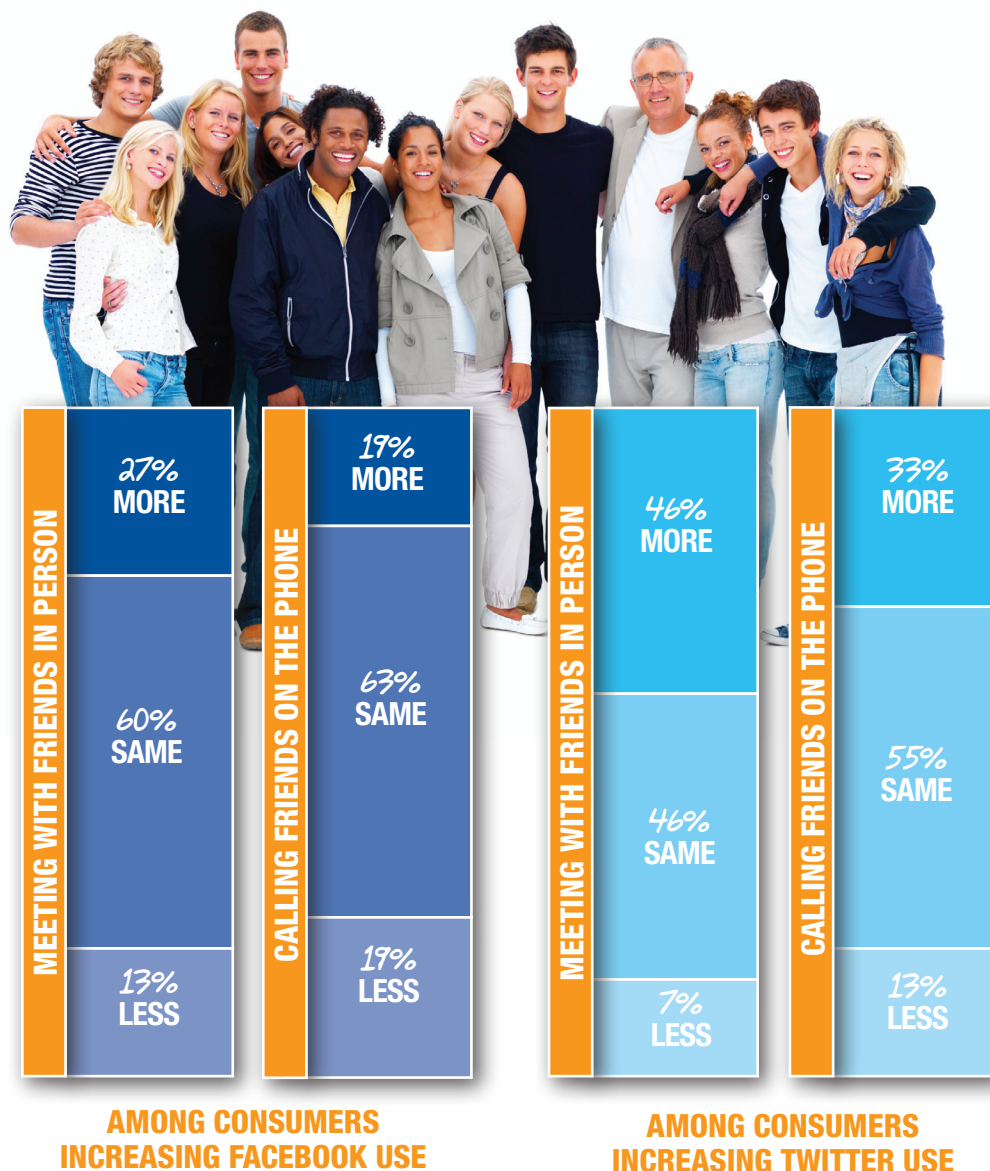
Despite the unpopularity of Gladwell’s argument in online publications like Mashable, Mark W. Schaefer agreed, writing his own post titled, “Is Social Media Creating a Generation of Cowards**?” In the article, Schaefer outlines his concerns about social media inhibiting human interaction, elaborating on the end of social skills, stunted childhood brain development, and “Generation Farmville.”

Although Schaefer isn’t alone in his assumptions that social media is driving people indoors and away from intimate exchanges, our SUBSCRIBERS, FANS, & FOLLOWERS data doesn’t support these claims. In fact, cross-tabulations of our data on increased social media usage with data on phone and in-person interactions with friends and family usage tell a different story entirely.

According to the data displayed in the two charts on the following page, increases in Facebook and Twitter usage actually correlate to increases in social, in-person interactions. For example, among U.S. consumers who report using Facebook more often, 27% report that they meet with friends in person *more* often, as opposed to 13% who report meeting in person *less* often. Additionally, U.S. consumers who report increases in Twitter use also report increases in in-person meetings with friends *more* often than *less* often (46% vs. 7%).

*Malcolm Gladwell, “Small Change: Why the Revolution Will Not Be Tweeted,” http://www.newyorker.com/reporting/2010/10/04/101004fa_fact_gladwell

**Mark W. Schaefer, “Is Social Media Creating a Generation of Cowards?” <http://www.businessesgrow.com/2010/10/10/is-social-media-creating-a-generation-of-cowards/>



THE VERDICT:

In short, individuals who are becoming more active on Facebook and Twitter are also interacting with friends in “real” (not virtual) settings *more* often, thereby **busting** the commonly-held myth that social media is making people less social. And while we agree that the seriousness of social media addiction—and how it can impact human interaction skills—is in fact a real concern, our data merely suggests that social media doesn’t *typically* produce a decrease in in-person, human interactions.

BUSTED

In short, individuals who are becoming more active on Facebook and Twitter are also interacting with friends in “real” (not virtual) settings more often.

CONCLUSION: SOCIAL MEDIA INTERACTIONS AREN'T A ZERO-SUM GAME

The myths outlined in this research report—both *plausible* and *busted*—are based on a false assumption that social media interactions are a zero-sum game, where an increase or decrease of activity in one channel only happens when there’s a corresponding increase or decrease of activity in another channel.

But marketers must change the lens through which they view new data, findings, and reports in the interactive industry if they hope to get an accurate view of what, when, and how their customers are using online channels like email, Twitter, and Facebook. **This much is true: consumers are engaging across a variety of interactive channels at a break-neck pace, having learned how to multi-task and divide their attention among simultaneous online activities.**

And when marketers rush to interpret new data and reports from companies like Nielsen or Pew that cite an increase in one channel or a decrease in another, they often make the mistake of beginning mathematic problems in their head: *"If Pew reports that consumers are using FourSquare more often, that must mean that they're spending less time in other places like email or Twitter, right?"*

Wrong! Increases in one channel's use DON'T necessarily equal decreases in another. Consumers are constantly engaging across channels simultaneously. They link these technologies together so that an update in one channel is replicated in another. In the end, technology and multi-tasking have effectively created more than 24 hours in an online day.



This much is true: consumers are engaging across a variety of interactive channels at a break-neck pace, having learned how to multi-task and divide their attention among simultaneous online activities.

And while it's great that consumers can absorb more messages than ever before due to multi-tasking and simultaneous engagement, their attention is also *fragmented*, posing a new challenge for marketers. Consumers are being bombarded with marketing messages, and it's more difficult than ever to emerge from the clutter and stand out to your target audience. **The key to overcoming this challenge lies in your ability to deliver consistent, carefully-aligned marketing messages across all interactive channels, being sure to deliver channel-appropriate content in each and every place your consumers might be engaging.**

For example, if you only deliver your best content via email, you'll be missing an opportunity to reach your heavy Facebook and Twitter users—and vice versa. Siloing your marketing activities forces consumers to choose between channels in order to receive the deals, offers, or insights they're looking for. It can also decrease the chance they'll see the messages that are truly important to them.

By delivering excellent, targeted content across a wide variety of interactive channels, you put *yourself* back in the driver's seat, ensuring that you reach your diverse customer base regardless of where they're spending their time. **Failure to deliver high-quality messages across all interactive channels will confuse and frustrate your customers while increasing your chances that your messages will be overlooked or simply ignored.**

Armed with truth about your customers' social media interactions, you can finally build an integrated marketing strategy that will work across all interactive channels.



Failure to deliver high-quality messages across all interactive channels will confuse and frustrate your customers while increasing your chances that your messages will be overlooked or simply ignored.



Your customers are talking about your brand on Twitter and Facebook. Are you listening?

Armed with the truth about your customers' social media interactions, you're ready to build an integrated marketing strategy across all interactive channels. But before joining the conversations that are already taking place about your brand, you first need to listen.

With CoTweet™ Enterprise's new integration with Facebook, it's easier than ever to listen for conversations about your brand, so you can empower your teams to effectively engage in those real-time dialogues. From measuring the impact of reach, engagement, and influence to optimizing workflow for efficient collaboration, you'll immediately deepen customer relationships—one conversation at a time.

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