

Why Social Media Matters to Your Business

Findings from Recent Research on Social Media from
Chadwick Martin Bailey and Imoderate Technologies

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Our Goal: To Learn More About Why People Become Fans/Followers and If They Say It Changes Their Behavior

With all of the conversation about social media marketing and its role in the new marketing world order, we wanted to find out at a high level why people choose to become a Facebook fan or Twitter follower of brands...

And whether there was a positive relationship between people's self-reported being a fan/follower and their self-reported likelihood to buy or recommend a brand.

Note: This research is intended to be additive to existing work done by others (included and sourced here) rather than a stand alone "state of the union" document. We also did not set out to determine causality.



Our Goal: To Learn More About Why People Become Fans/Followers and If They Say It Changes Their Behavior

- **Key results:**

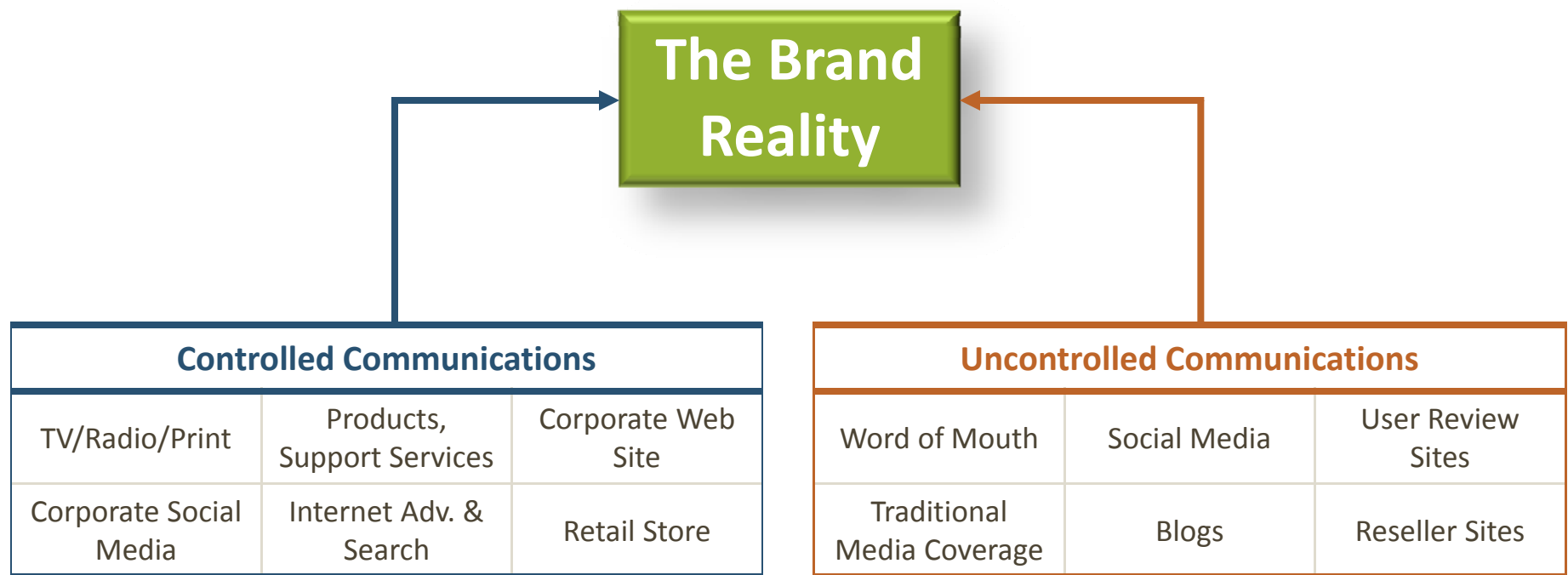
- Over half of those people who are engaged stated that they are more likely to buy and recommend than they were before they became a fan/follower.
- Many people who become fans do so because they are already a customer (49% cited this as one of the reasons they become a Facebook fan.)

- **Methodology:**

- We conducted brief online quantitative interviews with 1,504 adults (aged 18 and over) nationally representative within the United States between February 8, 2010 and February 9, 2010.
- As part of this research, [iModerate Research Technologies](#) conducted twenty one-on-one discussions to more fully contextualize their social media behaviors.
- Respondents were recruited from the eRewards panel

Background: How Companies Talk and Engage with Customers and Prospects is Changing

Your brand is determined more by what **customer and prospects** say it is than by what you say about it



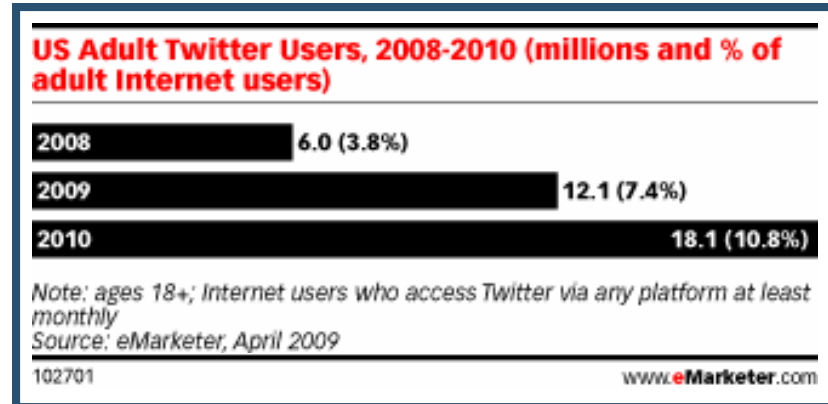
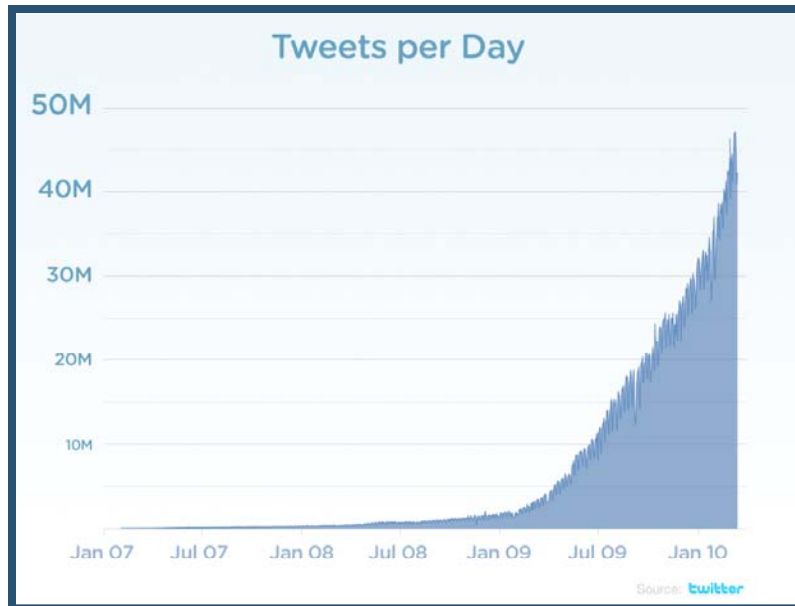
The Volume of Social Media Usage is Staggering

- More than 400 million active users
- 50% of active users log on to Facebook in any given day
- More than 35 million users update their status each day
- More than 60 million status updates posted each day
- More than 3 billion photos uploaded to the site each month
- More than 5 billion pieces of content (web links, news stories, blog posts, notes, photo albums, etc.) shared each week
- More than 3.5 million events created each month
- More than 3 million active Pages on Facebook
- More than 1.5 million local businesses have active Pages on Facebook
- More than 20 million people become fans of Pages each day
- Pages have created more than 5.3 billion fans
- There are more than 100 million active users currently accessing Facebook through their mobile devices.
 - People that use Facebook on their mobile devices are twice more active on Facebook than non-mobile users.
 - There are more than 200 mobile operators in 60 countries working to deploy and promote Facebook mobile products

The Facebook logo, consisting of the word "facebook" in white lowercase letters on a blue rectangular background.

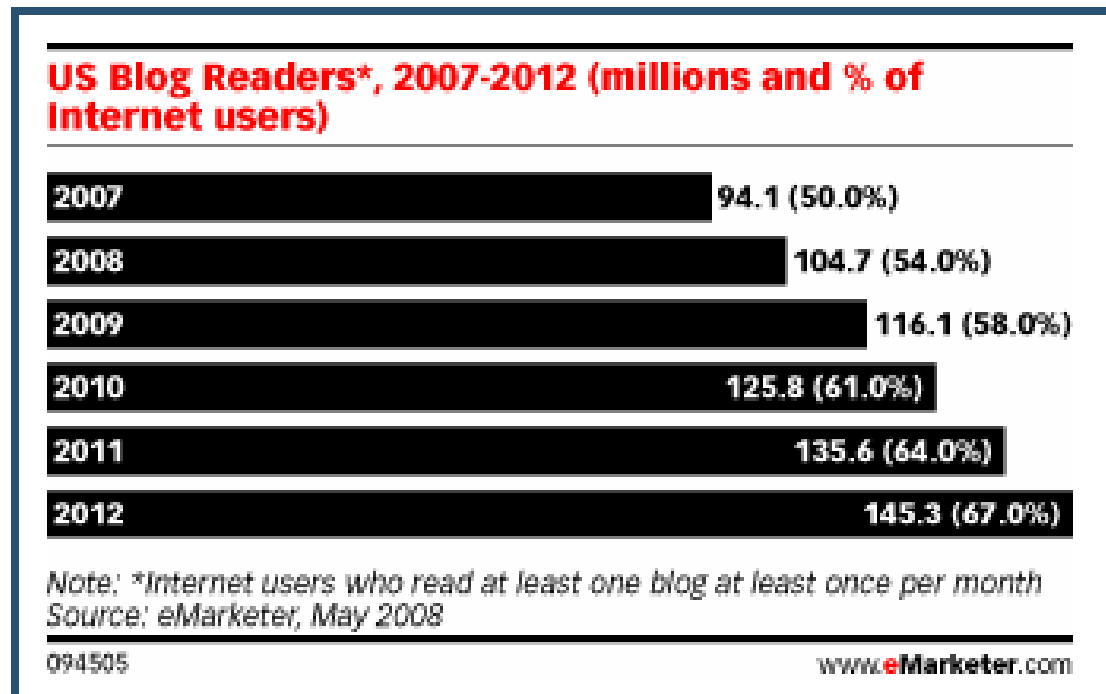
The Volume of Social Media Usage is Staggering (continued)

- Users were tweeting 5,000 times a day in 2007. By 2008, that number was 300,000, and by 2009 it had grown to 2.5 million per day.
- Tweets grew 1,400% last year to 35 million per day. Today, we are seeing 50 million tweets per day—that's an average of 600 tweets per second.



The Volume of Social Media Usage is Staggering (continued)

- In addition, according to eMarketer, by 2012, more than 145 million people—or 67% of the US Internet population—will be reading blogs at least once per month.



While Use Skews Younger, It's Hardly Exclusive; Facebook Is Increasingly Reflective of the General Online Population

*Percent of US respondents who use a site at least once per month

Site Usage	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 and over
Facebook	86%	72%	64%	54%	50%	40%
Twitter	27%	16%	9%	9%	5%	4%
Myspace	28%	24%	14%	9%	4%	4%
Google	96%	95%	86%	84%	84%	82%
Yahoo	57%	66%	68%	68%	58%	57%

Social Media Is Becoming an Essential Component of Most Companies' Marketing Plans

- According to a report from [E-Consultancy](#) and [BigMouth Media](#), 86% of the companies surveyed plan to spend more money on social media in 2010 than they did in 2009, and a further 13% are planning to at least keep the same level of budget.
- In the same report only 25% of companies said that they have gained “real, tangible value” from social media, while 60% said that they have gained “some benefit, but nothing concrete.”
- Advertising on Social Media is expected to grow to \$1.64B by 2013

US Online Social Network Advertising Spending, 2008-2013 (millions and % change)

2008	\$1,175 (33.8%)
2009	\$1,295 (10.2%)
2010	\$1,335 (3.1%)
2011	\$1,420 (6.3%)
2012	\$1,515 (6.7%)
2013	\$1,640 (8.3%)

Source: eMarketer, December 2008

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www.eMarketer.com

Sometimes Considered Solely a B2C Tool, Social Media Is Getting Increased Traction as a B2B Option

B2B marketers more and more see social media as an avenue to demonstrate thought leadership, generate leads and get customer feedback

Change in Online Marketing Spending in 2010 According to US B2B Marketers, by Tactic (% of respondents)

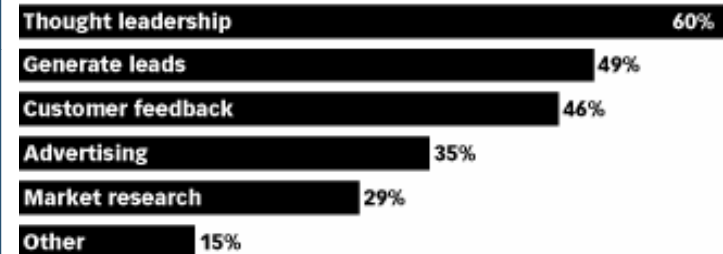
	Increase	No change	Decrease
Website	71%	26%	3%
E-mail	68%	28%	3%
Search	62%	35%	3%
Social media	60%	37%	3%
Video	51%	44%	5%
Webcasts	46%	47%	7%
Sponsorship	30%	60%	10%
Banners	29%	58%	13%
Comments	14%	83%	3%

Note: n=376; numbers may not add up to 100% due to rounding
Source: BtoB Magazine, "2010 Outlook: Marketing Priorities and Plans Survey Results," November 16, 2009

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Reasons that US B2B Marketers Use Social Networks, 2009 (% of respondents)

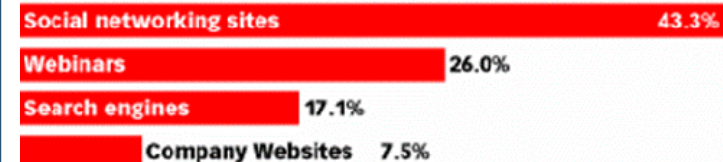


Note: among the 54% of respondents who said they use social media for marketing
Source: BtoB Magazine, "2010 Outlook: Marketing Priorities and Plans Survey Results," November 16, 2009

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Change in Interactive Marketing Spending for Select Tactics in 2010 Among US B2B Marketers (% change)



Source: Outsell, "Annual Advertising and Marketing Study 2010: Total US and B2B Advertising" as cited by BtoB Magazine, March 8, 2010

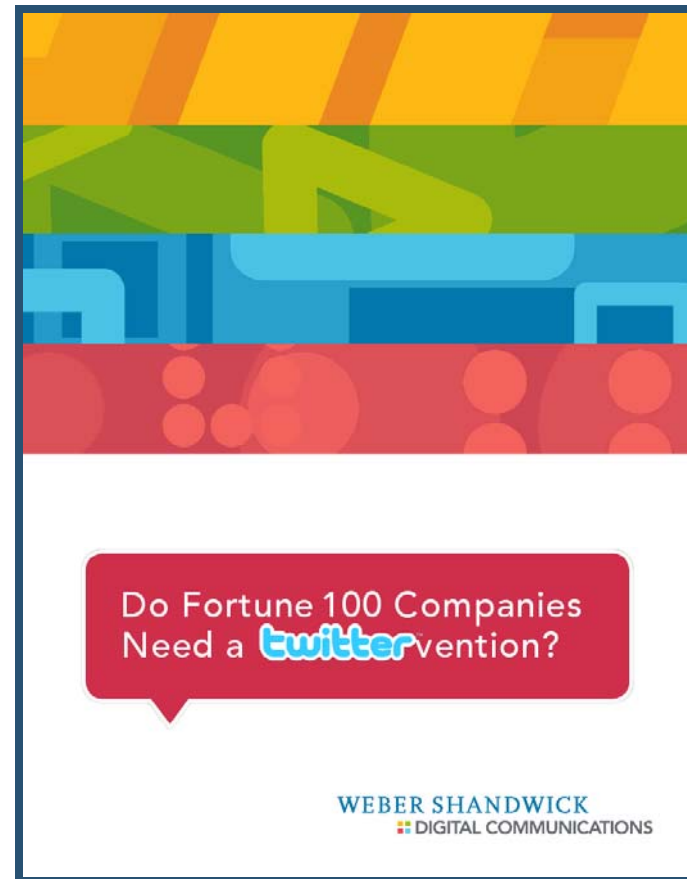
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Still, Many Companies Are Not Really Capitalizing on the Opportunity

- For example, a recent [Weber Shandwick study](#) showed that 73% of Fortune 100 companies registered a total of 540 Twitter accounts
- However:
 - 76% posted fewer than 500 tweets
 - 52% are not actively engaged
 - 50% of accounts had fewer than 500 followers
 - 11% were placeholder accounts
 - 4% were used for a specific event only



Is It Worth It?



Fans and Followers Say They Are More Likely to Buy and Recommend Than Before

	Facebook	Twitter
More likely to buy from at least one brands since becoming a fan/ follower	51%	67%
More likely to recommend at least one brands since becoming a fan/ follower	60%	79%

From CMB Consumer Pulse 2009-2010: 500 respondents were Facebook fans of brands, 240 are Twitter followers.

Q5e: Are you more likely to buy since becoming a fan? • **Q5f:** Are you more likely to recommend to a friend since becoming a fan? • **Q6e:** Are you more likely to buy since becoming a follower? • **Q6f:** Are you more likely to recommend to a friend since becoming a follower?

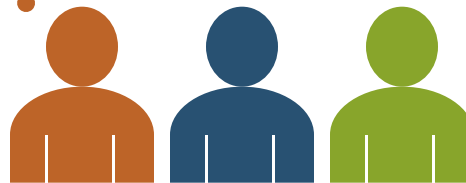


Many Fans and Followers Recognize That They Are Now More Likely to Buy and Recommend Than Before

"If a bunch of people put "likes this" I would take that like a customer review and say hmm maybe this is worth trying where as a commercial on TV or an ad in the paper. You don't get that feature so you can just forget about it"

"I also will know more often about deals/specials, which again predisposes me to buy it - so I guess I'm considerably more likely to do so"

"If the brand tells me about a new product they have on Facebook. I think I'm more likely to go and try it."



Fan Polygamy Is Not a Huge Issue: Most People Only Follow a Handful of Brands

This has implications for marketers. The bar today is relatively high. We expect that over time these numbers will grow as companies' presence increases and engagement strategies improve.

Number of Brands Followed on Facebook	Overall	Male	Female
Zero	20%	17%	22%
1 to 2	33%	31%	34%
3 to 4	19%	20%	19%
5 to 9	17%	21%	14%
10 or more	11%	12%	11%

75% females are fans of fewer than 5 brands

68% of males are fans of fewer than 5 brands



Why Do People Become Fans and Followers?



Become a Fan



Follow

Social Media Is Both a Customer Engagement Tool and an Acquisition One

49% of Facebook fan respondents became a fan at least in part because they were already customers

Why did you become a fan? <i>Select all that apply</i>	Overall	Male	Female
I am a customer of the company	49%	51%	48%
To show others that I like/support this brand	42%	52%	34%
To receive discounts and promotions	40%	35%	43%
It's fun and entertaining	34%	33%	34%
To be the first to know information about the brand	27%	27%	28%
Gain access to exclusive content	26%	22%	29%
To be part of a community of like-minded people	23%	28%	20%
Someone recommended it to me	17%	17%	17%
I work for/with the company	7%	7%	6%
I own stock in the company	1%	1%	1%



Most Facebook Fans Are Enhancing or Promoting Their Existing Engagement with a Brand

While discounts are a motivating factor, showing others that you support a brand or the fact that you are already a customer are key reasons for becoming a fan

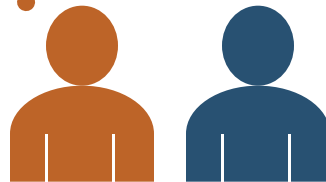
What is the primary reason you are a Facebook fan?	Overall	Male	Female
To receive discounts and promotions	25%	18%	30%
I am a customer of the company	21%	22%	20%
To show others that I like/support this brand	18%	23%	15%
Its fun and entertaining	10%	11%	10%
To be the first to know information about the brand	8%	7%	8%
Gain access to exclusive content	6%	7%	5%
Someone recommended it to me	5%	4%	7%
To be part of a community of like-minded people	4%	5%	4%
I work for/with the company	2%	2%	2%
I own stock in the company	0%	0%	0%



For Some, Facebook Fandom Is Still Mainly a Way to Further Engage with Brands They Already Know and Love

"If I am a fan, I have either purchased the brand in the past or plan to purchase more of it in the future. I would say people who are fans of a brand are the ideal target audience to buy the brand."

"I am more likely to purchase their products and services, but that is because I was a customer before I became a follower or fan. I don't normally find new brands on social media."



There Are Many Differences Between Why Men and Women Follow a Brand on Twitter

51% (59% of males) became a Twitter follower at least in part because they were already customers

Why did you become a follower? <i>Select all that apply</i>	Overall	Male	Female
I am a customer of the company	51%	59%	43%
To receive discounts and promotions	44%	29%	60%
It's fun and entertaining	42%	39%	44%
Gain access to exclusive content	37%	33%	40%
To be the first to know information about the brand	36%	35%	36%
To show others that I like/support this brand	25%	20%	29%
To be part of a community of like-minded people	24%	32%	17%
Receive content/information to repost and share with others	24%	20%	29%
Someone recommended it to me	12%	8%	17%
For customer service or problem resolution	9%	13%	5%



Twitter Followers Want to Be “Brand Insiders”

Discounts and promotions, exclusive content, and early information are the biggest drivers in becoming a Twitter follower

What is the primary reason you follow a brand on Twitter?	Overall	Male	Female
To receive discounts and promotions	28%	23%	34%
To be the first to know information about the brand	19%	29%	9%
Gain access to exclusive content	14%	11%	17%
I am a customer of the company	13%	15%	11%
It's fun and entertaining	11%	8%	14%
Receive content/information to repost and share with others	6%	6%	6%
To be part of a community of like-minded people	5%	8%	3%
To show others that I like/support this brand	2%	0%	3%
Someone recommended it to me	2%	0%	3%
For customer service or problem resolution	0%	0%	0%
To receive discounts and promotions	28%	23%	34%



Not Having a Social Media Presence Sends a Message About Your Brand's Relevancy with the Connected Consumer

"It's EXPECTED that a company have some digital face—whether it's on FB or Twitter I don't know —but they need a strong electronic presence or you doubt their relevancy in today's marketplace." Female 50-54

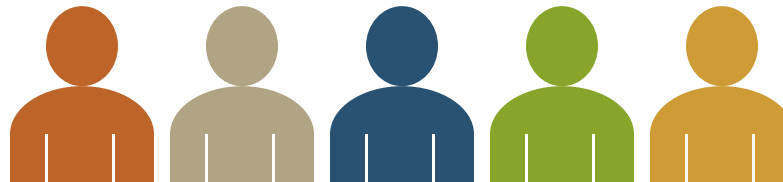
"If they're not on Facebook or Twitter, then they aren't in touch with the "electronic" people." Female 55-59

"Frankly, would be pretty dumb for a company NOT to avail themselves of that much direct contact with people at a minimal investment." Female 50-54

"It conveys two messages 1) they are not jumping on the bandwagon with everyone else 2) they are missing an opportunity to get targeted sales information to their market." Male 30-34

"Either they are not interested in the demographic that frequents Facebook and Twitter or they are unaware of the opportunity to get more exposure in a more interactive method." Male 35-39

"It shows they are not really with it or in tune with the new ways to communicate with customers." Female age 18-24



Some Notable Gender Differences

- **Male respondents who are fans and followers (respectively):**

- Are more likely (33%) to follow 5 or more brands on Facebook than females (25%)
- Are more likely to cite that one of the reasons they become a fan on Facebook is to “show others I like or support this brand” (52%) than females (34%)
- Are more likely to cite that the primary reason they become a fan on Facebook is to “show others I like or support this brand” (23%) than females (15%)
- Are more likely to cite being the first to know information (29%) about a brand as the primary reason for following a brand on Twitter than females (9%)



- **Female respondents who are fans and followers (respectively):**

- Are more likely to cite receiving discounts and promotions (30%) as the primary reason they are a fan of a brand on Facebook than males (18%)
- Are more likely to cite receiving discounts and promotions (34%) as the primary reason they follow a brand on Twitter than males (23%)

Looking Ahead: One Man's Semi-bold Predictions

Brant Cruz

Vice President, Retail and eCommerce Practice Leader



Looking Ahead: Brant's Semi-bold Predictions

1. In 2010, as already predicted by others, digital advertising spend will outpace print advertising spend. In 2012, digital advertising spend will be twice what direct is.
2. The #1 challenge smart marketers will be struggling with is how to maximize engagement with their Facebook fans. This will include both content creation and finding the best cadence.



Cadence I see as particularly important, as it is very easy to “hide” the dialogue that comes from bands who either “mail in” their Facebook marketing with irrelevant or boring content or those who spam their fans with too much of it.

Looking Ahead: Brant's Semi-bold Predictions

3. There will be a thriving cottage industry of specialized consultants and content creators who live to serve companies trying to perfect their fan marketing on Facebook.

People with consulting experience will seek out and hire creative ex-teens who have developed popular YouTube videos and similarly successful UGC to help them help big businesses.



Looking Ahead: Brant's Semi-bold Predictions

4. In two years, “number of Facebook Fans” will be commonly used as a key metric on the dash boards of CMOs at least 50% of B2C companies because:
- Facebook is ubiquitous ([see passing Google](#)) and representative of all key audiences
 - It is measurable
 - It is fair and equitable and provides a level playing field for the vast majority of brands
 - More work will be done in the next two years to prove that it matters
 - While it isn't a perfect metric—there isn't a better, common, “rocks on a-c above” metric already in place (i.e., imperfection never stopped Nielsen Ratings from being adopted as the gold standard for TV ad placement budgets)



Learning More: Social Media's Role In Market Research

- ▶ Developing and refining social media strategies by exploring the landscape and “rules of engagement”
- ▶ Updating and improving existing research programs by including measures of social media and adding “listening” mechanisms
- ▶ Using your social media connections to conduct research with a “convenience sample”

Contact Information



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Contact us to talk about how you can use market research to better understand social media and how it relates to your organization

You can also follow us on twitter @cmbinfo or become a fan on Facebook



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