

The speed of life*

2008 Consumer Intelligence Series

"I would use as many social networking sites as I thought I had to, to support any social needs I have."

-26–34 year old consumer

"If you go to ESPN.com on your cell phone, you get a banner ad at the top of the page...I'm paying for the (internet) access, but it's their site and it's free and I'm updating my scores for the day. So I get the same banner ads on my cell phone that I'm getting online and that doesn't bother me."

- 25–34 year old consumer

Social Networks and Today's Consumer

Discovery sessions conducted on February 5, 2008

Series Overview

As part of our global research program, PricewaterhouseCoopers Entertainment, Media and Communications practice is conducting a series of discovery sessions to elicit candid consumer feedback and gain new understanding of consumer attitudes and behaviors in a rapidly changing media landscape. This research will help identify emerging trends and provide fodder for consideration of how to monetize content. The following is a summary of what we discovered when talking with separate groups of consumers, ages 18–25; 26–34; and 25–49, about social networks.

Key Findings

For today's youth, social networking sites are key. MySpace, Facebook and other sites occupy large segments of their everyday lives, acting as a significant source of entertainment and one of their primary forms of communication. Older consumers, meanwhile, see online networking as an occasional practice. For them, social networks fill a specific need, such as connecting with old classmates, posting resumes or networking with colleagues. While younger consumers typically spend a lot of time on just two sites—MySpace and Facebook—older consumers often visit a variety of social networking sites and are less personally involved in any particular site.

Consumers typically accept advertising on social networking sites as a way to maintain free participation. Advertisers should keep several key issues in mind, however:

- **Integrate, don't interrupt.** Advertising must be integrated seamlessly into the site's content and must not be interruptive in its format. Flashing banners are universally disliked—even described as "seizure-inducing."
- **Target specifically by demographic and lifestyle interests.** Users want to see advertising that specifically targets them with relevant products and services.
- **Personal information will be shared.** Younger users are generally willing to divulge personal information in order to receive targeted messaging. They typically have fewer privacy concerns than their older counterparts. Overall, there is a prevalent sense of resignation across age groups that personal information can be easily accessed via the web.

"Not something you necessarily want, but you need to put up with because they've got to get revenue somehow...if the tradeoff was advertising in order to get the ability to have direct contact with people, with strangers that aren't in my network, then I'd say that's a fair tradeoff..."

-35-49 year old consumer

"It is what it is. There's nothing that (advertisers) don't already know...I probably put my social security number on the internet at least a thousand times over the last 10 years."

-25-34 year old consumer

Our key findings are as follows:

- 1) Younger consumers largely define themselves by their social networks, spend significant time on their social sites and are typically loyal to just one or two particular sites.
 - Younger consumers belong to sites which allow them to express their personalities creatively and with discretion. They often spend a considerable portion of their days on social sites, and would be receptive to accessing them via cell phone if they could afford the fees.
 - The participant's perception was that Facebook typically attracts more college students than MySpace; emphasis is on searching for and learning about other users via user profiles.
 - MySpace, meanwhile, is typically regarded as a space for personal expression, such as posting personal updates and blogs.
 - While most young social networking consumers have accounts on both sites, users generally check their MySpace site less frequently and maintain it primarily to keep in touch with friends who don't have Facebook.
- 2) Older consumers generally use social network sites as a tool to satisfy a specific purpose.
 - While older consumers visit a wider variety of sites than younger consumers, their visits are typically purposeful and specific; as such, they are less involved with any particular site. Many keep separate their personal and professional social networks with Web sites specifically tailored to each interest.
 - They are less interested in accessing social sites on their cell phones.
- 3) Advertising on social networking sites is widely accepted by users across age groups, however, they expect the ads will be integrated and will not interrupt viewing.
 - While younger groups are more tolerant of advertising in general, all age groups look for Internet ads to be unobtrusive and subtle. Ads that flash and flicker across the page are annoying and can potentially generate ill will.
 - Integrated advertising means ads for products or services that specifically target users or make sense for them personally. Ads tailored to personal interests are most relevant; for example, placing movie advertisements on the page of a movie enthusiast.
- 4) Privacy on the Internet is not a significant concern, particularly among younger consumers.
 - Most consumers are very comfortable divulging personal information within certain parameters; they will rarely disclose their social security number and generally will not disclose their address or phone number.
 - Many consumers, ages 35-49, indicate their privacy concerns have decreased over the years as sites develop stronger password protections; however, they remain less willing to disclose personal information than younger consumers.

"It's a technological world. If somebody really wanted my address or my phone number, they could find it. I'm completely fine with that..."

-18-24 year old consumer

Implications to Your Business

- 1) Advertising must integrate into the social network site's content both by creative execution and by product or service offered.
 - Advertising on these sites should be more about presence than persistence. This can set the stage for a positive brand relationship with the consumer.
 - Making the message relevant to the user's interests communicates that the brand understands them and can strengthen the brand-consumer relationship.
- 2) Advertising may have an opportunity to offset Internet fees on cell phones.
 - Younger consumers are receptive to any opportunity to reduce the cost of cellular internet access fees.
 - Ads on cell phones also need to integrate with content and not interrupt; for example, users do not want to be alerted to an ad message. Images, rather than text, are considered least intrusive in this venue.
- 3) Advertisers must ask consumers for the personal information needed to target them directly.
 - Most consumers are willing to divulge personal information if it means better targeting for products or services relevant to their lives. Questions about gender and age do not raise confidentiality concerns and users do not see a downside to revealing those basic demographics.
 - Consumers already reveal personal interests on their social networks, such as entertainment preferences, sports and hobbies, and wish advertisers would pay attention to that information to create more targeted ads.

For more information:

Deborah Bothun
deborah.k.bothun@us.pwc.com
213.217.3302