

Social Networks: Can Businesses Adapt?

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This paper addresses the decision facing many businesses regarding setting up and managing a social networking presence to leverage the recent global surge in the popularity of social networking sites (such as Facebook and Twitter). It provides data on user growth and demographics and explores various reasons for the growth of these sites, the benefits and risks of participating, and addresses key action areas for the marketer to focus on, including existing frameworks for consumer messaging, online marketing, governance, risk and compliancy.

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Executive Summary

Over the last decade, the internet has initiated a transfer of buying power to the consumer. Social networks have accelerated this trend by further facilitating information flow between members. Recent surges in online memberships and average time spent online per user have raised the time spent on social networking sites to nearly 10% of all time spent on the internet. Sites based on this paradigm are now expected to continue to grow and will likely be ubiquitous in the future.

Doing business through social networks requires rethinking the conventional push marketing techniques used previously. Businesses will also need to take a closer look at their internal processes related to governance and risk management and define realistic goals and objectives for the desired benefits. The path to reaching these objectives will need to evolve as major sites enhance capabilities for business related services. New features planned by major sites are expected to address business requirements such as advertising and ROI measurements.

Most businesses who have made preliminary investments in this new paradigm intend to maintain or grow their existing level of investment. Benefits within their grasp include new ways to increase word of mouth marketing and brand growth, gather customer intelligence, receive product improvement suggestions, educate customers on products and services, and plan internal improvements.

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Business Trends on Social Networks

Introduction – Results of Deloitte Study

As an element of business strategy, social networking has already found its place in the marketing budgets of many companies. A recent Deloitte study¹ of 400+ companies, ranging from \$1M to \$1Billion in revenues (including B2B and B2C companies, nonprofits and government agencies) who have created and maintained online communities is worthy of review. The study states the following hypotheses about why social networks and communities matter to business:

- Humans are hardwired to cooperate and share opinions
- Communities can have an amplifier effect on marketing, customer support and other functions
- The positive impact of effective communities can be game changing

Communities referenced by the study have existed as long as three years and boast member counts ranging from less than a hundred to over a million. Most of these businesses intend to continue or grow the current number of resources allocated to serving their communities.

- 94% of the businesses surveyed continue to invest in online communities and social media, even though there are certain risks to online communications and it can be difficult to measure metrics such as ROI.
- The biggest issue is getting members to engage, participate and keep returning. Some businesses are actively encouraging increased participation by members by rewarding such activity with preferred treatment.
- Businesses are starting to pay close attention to ‘lurkers’ or non-active users to determine their role in the social ecosystem.
- Increasing word of mouth, customer loyalty and brand continue to be the top drivers for businesses, followed by idea generation and improved customer support. The marketing function continues to be the top budget driver for social networks, resulting in a significant gap between community goals and business ability to leverage these communities.
- It is an acknowledged fact that establishing the appropriate metrics for measuring success is difficult; the top metrics are currently related to community participation rather than the business’ stated goals. The full potential of this new channel has not been reached, remains an area worthy of experimentation and will probably evolve in the future.

As businesses become more convinced about the value of establishing a presence on social networks, several questions remain about re-allocating funds from existing budgets, best practices, metrics and measurements, risk management, integration with existing corporate systems, etc. which will need to be resolved. Additionally, technology and entrepreneurship continue their march of progress; businesses therefore have a moving target to contend with in their decision making process.

The rest of our paper discusses the factors contributing to the evolution of social networking, the benefits of participation, the software ecosystem, managing some major risks, etc.

¹ Deloitte, 2009 Tribalization of Business Study, Oct 2009

Social Networks – Dimensions of Growth

The People Factor

As long as the human race has been around, people have communicated, collaborated and exchanged opinions. Social networking, as the phrase is commonly understood today, refers to the digital form of this communication, conducted over the internet and cellular networks, using a variety of software applications and devices. It is a major growing global trend - the result of rapidly burgeoning memberships as well as healthy growth in the average amount of time spent online per user at popular social networking sites and accounts for almost 10% of all internet time².

Social networks serve to augment real world relationships and build new ones online. They include sites which support friendships, news, dating, pets, professional interests and other niches. The trend is largely driven by consumers who stay in touch with friends by sharing photographs, music, and videos, but also support business professionals engaged in networking. Along the way, these users also share opinions about the brands and products they buy and use, the companies that make them and a variety of other topics including current events, politics, religion and education.



Efforts to segment the online community into functionally meaningful groups and to measure their sizes continue. In 2009 Forrester Research³ found that more than four in five online adults now participate socially. Figure 6 in the Appendix shows Forrester's representation of the Social Technographics Ladder - an attempt to capture the functional roles played by online users.

There are hundreds (if not thousands) of social networks in existence and the number is expected to grow rapidly over the next couple of years. The fact that all modern public social networks provide free user accounts and unlimited storage is another contributor to the growth in user accounts and time spent online. According to Mark Zuckerberg, founder of Facebook:

“Next year, people will share twice as much information as they share this year, and the following year, they will be sharing twice as much as they did the year before” (commonly referred to as Zuckerberg's Law).

The Network Effect

In economics and business, a network effect⁴ (also called network externality) is the effect that one user of a good or service has on the value of that product to other people. When network effect is present, the value of a product or service increases as more people use it.

The classic example is the telephone. The more people who own telephones, the more valuable the telephone is to each owner. This creates a positive externality because a user may purchase their phone without intending to create value for other users, but does so in any case. Online social networks work in the same way, with sites being more useful the more users that join.

² Nielsen Report, “Global Faces and Networked Places”, March 2009.

³ Forrester Research, “2009 North American Technographics Survey”, 2009

⁴ Source: Wikipedia

Ease of Development of Sites

The emergence of SaaS (software as a service) architectures has facilitated the rapid design, development and launch of social networking sites. The launch of a new site is simplified by the fact that user access is browser-based and does not require any client software development, distribution or installation. The challenge is to attract and retain users based on services and membership growth.

SaaS architectures leverage single/multi-instance multi-tenant architectures which also make it easier for development teams to take advantage of economies of scale, perform maintenance and backups, add new features, implement and update user policies regarding profile and data management, etc. Additionally, the hardware need not be purchased; it can be used on an as-needed basis from existing platform providers such as Amazon Web Services or Microsoft's Azure or Google's App Engine.

Note that the ease of development and deployment of these applications also makes the design relatively easy to copy. However, features alone do not make a great social networking site; its users do when they decide to make it their home and invite their friends there as well.

Device and Bandwidth Trends

The desktop PC and laptop continue to be the device of choice for most online visitors. However, usage of the Smartphone is growing rapidly and it is expected to be a major platform in coming years. Ongoing price drops with technology improvement and maturity contribute to shorter device refresh cycles benefiting both businesses and consumers. Additionally, growing numbers of users have indicated that they would like to use their TV sets to access the internet, causing manufacturers to respond with newly designed TV sets, putting the TV and the computer on a path of future convergence.⁵

Bandwidth availability and pricing for desktop PCs, mobile PCs and Smartphones continue to improve as ISPs and wireless carriers roll out new technologies with higher speeds and capacity, while optimizing existing technology investments. Google recently announced that it will offer 1 gigabit per second, fiber-to-the-home connections to up to 500,000 people in the near future⁶. This experiment is likely to be closely watched and be a stepping stone to helping shape new national policies and user expectations, while encouraging developers and device manufacturers to accelerate innovation. The future will bring devices and services which will be capable of quickly downloading and displaying large files of various kinds for a variety of application types, many of which will support social networking.

The Software Ecosystem

The software ecosystem in the social networking space has also been evolving. Major categories we have currently identified within the ecosystem are described below.

Public Social Networks

At the core and most visible part of the ecosystem are the public social networking sites which anyone can join. While some sites like Facebook and Twitter have amassed huge user bases (see Appendix) and achieved enormous business valuations (in the billions of dollars), few are making sustainable profits

⁵ Deloitte, "The State of the Media Democracy – Understanding the Connected Consumer", Feb 2010

⁶ Google Blog: <http://googleblog.blogspot.com/2010/02/think-big-with-gig-our-experimental.html>

(MySpace and LinkedIn are exceptions). Advertising is their primary source of current revenue but in the long run, cannot be counted on as the sole source of revenue to justify existing valuations⁷.

Future attempts to convert existing members to paid subscriptions could occur and will constitute an acid test of user loyalty. Policies are often influenced by member feedback (sometimes by member revolt) and in some cases, even by government request⁸. In the meantime, these sites continue to add users as quickly as possible to enhance the user experience and maximize member loyalty and valuations. Features supporting business needs such as advertising, metrics and measurements are being incrementally added to accommodate business presence.

Public social networking sites continue to evolve, driven by business and developer teams working to identify new business models, feature sets, performance, robustness and policies related to data creation, retention, modification, access and information sharing.

Private Social Networks

Private social networks include outward and inward-facing social networks. Outward-facing private social networks (such as Amazon.com) were created primarily to enhance existing business models and promote revenue growth. These sites are typically hosted by retailers and product vendors and allow customers to post comments related to delivery, product quality and satisfaction. This feedback is crucial to helping other customers make decisions on product purchases.

Inward-facing private social networks include enterprise social networks, an evolving space. They can also include social networks used by trade organizations to support their members. For example, Salesforce.com offers an internally developed product called 'Chatter' which facilitates business communications within the enterprise, including the ability to pull information from internal databases and integrate with Facebook and Twitter to research what is being said about a company's products. Tibco offers a product called 'Tibbr' which focuses on business topics rather than individual people. It allows employees in a company to follow communications and documents generated around a topic in which they have a stake.

3rd Party Software vendors

Myriad vendors have emerged with applications designed to enhance the user experience on public social networking platforms, with functionality for posting content, sharing photos, notifications, finding friends, searching for content, playing games, aggregating metrics and measurements, etc. A significant amount of functionality is offered through Smartphones to support mobile users. Integration between conventional applications and social networking applications is also under way (for e.g., Microsoft is integrating social networking into Outlook called the *Outlook Social Connector*).

These applications use the published API available from the major social networking sites and serve to enhance the overall user experience by making it easier for users to interact with the site. In some cases, based on ease of use, users simply use these third party applications as a substitute for the main site, even if it is currently offline.

⁷ An additional challenge is wresting market share away from Google which has cornered about 93% of the \$5 billion online advertising market.

⁸ The US State Dept. influenced Twitter policies in 2009 by requesting flexibility in its data backup and maintenance schedules at times when Iranian unrest was generating massive amounts of communication to the outside world at a time when the Iranian government had shut down all other forms of communication to block news flows.

Read full story [here](#).

Analytics Vendors

Traditionally, customer intelligence has been gathered through transaction data analysis and market surveys, using business intelligence, data mining, data visualization, CRM, data warehousing and related technologies. Now, a new category of software dubbed *Listening Platforms* (click on [Forrester Research](#)) provides tools and services for brand monitoring and management, and can search social networks, emails from existing customers, blogs, voice mails⁹ and other media containing customer feedback to help understand customer sentiment and predict customer behavior¹⁰.

The ability to produce aggregated reports which indicate issues and problems where the business should focus its efforts to improve customer service, new product design, etc. can be invaluable to businesses that might otherwise drown in the massive amounts of data generated not just in normal circumstances, but especially during events which impact customers, when customer service needs to react quickly. For example, an adverse weather event can result in millions of emailed passenger complaints to airlines. These emails contain clues regarding changes the airline needs to make to quickly correct the problems impacting travelers. Software reports identifying these problems help the airline react quickly, thus protecting their customer satisfaction ratings.

Business Benefits

Listening in & Controlling Conversations

While most user interaction on social networks can appear to be inconsequential chatter, businesses have become increasingly aware that they and their competitors (products and services) are being openly discussed in these forums. The ability to listen in creates value for any business, allowing it to learn what is being said about its products, services and practices. It can then participate and steer the conversation to correct misperceptions, provide education and customer service, collect product ideas and (when needed) even conduct damage control in extreme circumstances.

From the perspective of maintaining control over brand and reputation, most businesses cannot afford to not have a social networking presence. If they don't communicate with their customers, the competition will.

Social networks can help the marketer implement *Word of Mouth marketing* more effectively than conventional goals such as raising brand awareness. Word of Mouth marketing requires winning the trust of a few influential customers who can influence the buying habits of their friends. It is possible to achieve exponential results starting with a catalyst of a few highly convinced customers. Different market segments require different types of messaging.

Raising brand awareness, although a primary goal for many marketers, is better suited to other channels such as conventional advertising (push media such as radio, TV, etc.).

⁹ Voicemail software processes changes in voice volume, tone and frequency of use of certain words and phrases to determine the customer's mood.

¹⁰ "Text Analytics: Driving Deep Insight, One Customer at a Time", David Stodder, Information Week Analytics white paper, Feb 2010.

Leveraging Social Feedback Loops

A typical product purchase process follows the following sequence: 1) *awareness*, 2) *consideration* and 3) *purchase* followed by 4) *using the product*, 5) *forming an opinion* and 6) *talking* (word of mouth communications) to other prospective buyers. While marketing (advertising) can influence the *awareness* phase, it usually has little influence on the *consideration* phase. However, *word of mouth communications* (the feedback loop) from existing product owners to prospective customers in the consideration phase is considered highly trustworthy by the latter. This influence has a high probability of new sales being generated.

Social media often provide the infrastructure for this feedback loop which communicates the post-purchase experiences of product buyers to prospective buyers of the product category. Each message published through this feedback loop has the potential for immense magnification (in volume and frequency, due to forwards and repetition-by-reference) and reach an unlimited number of prospective buyers as well as others in the process of forming an opinion of the manufacturer or service provider¹¹. Marketers should encourage customers to document feedback on their post-purchase ownership experience on the seller's website and on the social networks they frequent.

Viral Marketing

The terms viral marketing and viral advertising refer to marketing techniques that use pre-existing social networks to produce increases in brand awareness or to achieve other marketing objectives (such as product sales) through self-replicating viral processes, analogous to the spread of pathological and computer viruses. It can be word-of-mouth delivered or enhanced by the network effects of the Internet. Viral promotions may take the form of video clips, interactive Flash games, advergames, ebooks, brandable software, images, or even text messages. Social networks facilitate sharing such files and information with other network members, creating significantly higher market awareness at lower cost to the business, than if it paid advertising dollars to attempt to achieve the same effect.

Marketers interested in creating successful viral marketing programs should identify individuals with high Social Networking Potential (SNP)¹² and create viral messages that appeal to this segment of the population, especially those who have a high probability of being taken by another competitor.

Gathering Customer Intelligence

Business people have always leveraged social connections to gather intelligence about potential customers and to sell products and services. This is still in experimentation mode as businesses fret about the new business policies, processes, resources and metrics needed to leverage and exploit modern social networks. While there is no 'one size fits all' set of best practices for businesses, the progressive ones have already established a presence on the appropriate social networking sites and are communicating with customers and other participants.

The large amount of data which can result from these channels is best analyzed using the *Listening Platforms* described in the section on *The Software Ecosystem*. Additionally, user segmentation techniques such as Forrester's Social Technographics Ladder (see Appendix) can be used to identify users in each category to determine which word of mouth techniques may be used most effectively.

¹¹ Dave Evans, "Social Media Marketing: An Hour a Day", Wiley Publishing, 2008

¹² Social Networking Potential (SNP) is a numeric coefficient, derived through algorithms to represent both the size of an individual's social network and their ability to influence that network. A close synonym is the Alpha User, a person with a high SNP. (Source: Wikipedia)

Risk Management

Companies who stick to traditional marketing methods are subject to a risk of progressive obsolescence in an internet enabled world. At the same time, businesses that embrace the new internet-enabled channels are also subject to a new set of risks. Utilizing social networks to communicate with current and potential customers is a relatively new practice and requires each business to determine how its presence online can be made to work to its advantage. Simultaneously, each business must determine whether the strategies it is considering for social network marketing are compatible with or compromise its established governance, risk and compliancy goals and policies.

Companies which take the plunge and establish an early presence are widely expected to enjoy the benefits which accrue through improved customer relationships, better customer intelligence and sales growth. Research published by major consulting and analyst firms (such as Deloitte Consulting and Forrester) support this expectation.

The tables below identify the major risks and include a short discussion on the risk and its mitigation.

1. The Internet has Initiated a Transfer of Power to the Consumer

Risk	Risk Mitigation
<p>Conventional sales messages (advertisements) are not considered trustworthy. Buyers (including individuals and businesses) looking for product information increasingly tend to leverage feedback from friends and trusted contacts over the internet.</p> <p>Additionally, today’s buyers can search for information and make a purchase at any time of day or night. They may shop exclusively online or visit a local store to try the product. They may price shop using online auctions (for new and used items) or price comparison (aggregator) sites, buy from local or international sellers and even use Google to find discount coupons.</p>	<p>As potential customers spend more time on the internet, and on social networks, businesses must find a way to build a more meaningful and helpful web presence than just websites containing brochures and marketing materials.</p> <p>Social networks provide various possibilities to develop trusted marketing channels for online communities provided the communication does not resemble spam. Pull marketing (<i>Word of Mouth</i> marketing) is much more effective than push marketing on social networking sites.</p>

2. Should Businesses Establish a Business Presence on Social Networks?

Risk	Risk Mitigation
<p>A business which chooses not to participate on social networks gives up its ability to address and guide customer conversations about their products and brand (although competitors probably will).</p> <p>Whether a business establishes a presence on social networking sites or not, the online community will likely discuss its products and services. Competitors could take this opportunity to misrepresent the business and guide customers to their own sales channels.</p>	<p>Businesses must establish a presence to listen to these conversations and guide them.</p> <p>Listening is the first step to designing a social networking strategy and plan. Based on the demographics of interest, businesses should select social networking sites on which to establish a listening presence. This can be followed by development of the appropriate marketing strategies.</p>

3. Managing Consumer Perceptions and Expectations

Risk	Risk Mitigation
<p>A negative perception of existing marketing (advertising) channels could cloud consumer perception of business presence on social networks</p> <p>Conventional advertising channels such as TV, radio and internet ads utilize a one-way broadcast mechanism which <u>pushes</u> information to recipients, regardless of relevance or appropriateness of message timing. Many Americans perceive these messages as false and intrusive on their personal privacy and time. Additionally, many consumers consider corporate America as greedy and opportunistic.</p> <p>Any online communication which looks like spam or push marketing, is intrusive, misleading, wastes people’s time, is irrelevant to them, or is an interruption of some kind or takes away control from them will likely be rejected by online users. Backlash could have long lasting repercussions related to trust.</p>	<p>Businesses must use a softer approach online to enable information to be Pulled instead of Pushed</p> <p>Businesses should focus on being perceived as human and trustworthy and steer the conversation (for e.g. countering negative or incorrect impressions about their brands) while being transparent as regards communications, motives, product information, etc. Staff must be empowered to manage communications with the community to address customer wants, needs and interests, based on a pre-existing and evolving set of guidelines.</p> <p>Keeping the community informed about how their feedback was/will be used to improve future performance will help improve community relations.</p>

4. Using Customer Intelligence to Improve Business Performance

Risk	Risk Mitigation
<p>Compromises on the collection and analysis of user feedback can result in lost opportunities to improve business performance.</p> <p>In this scenario, staff representing the business online does not explicitly gather data or analyze the interactions, resulting in lost opportunities.</p> <p>Another scenario is that the amount of data to be analyzed is so large that business staff is overwhelmed and unable to provide timely, accurate synopsis of the issues and remedies needed.</p>	<p>Analysis can be conducted manually for small amounts of data but for large datasets, will likely require text analytics software.</p> <p>Information collected from the community is of tremendous value to various departments within the business, including marketing and sales, operations, customer service, new product research, etc.</p> <p>For large amounts of data the business should consider investing in <i>Listening Platform</i> software (see Analytics Vendors in the Software Ecosystem section), which generates concise actionable reports.</p>

5. Managing Ad Placement on Social Network sites

Risk	Risk Mitigation
<p>On social networks, much of the content is highly personal and members have a greater sense of ownership around it. Understandably, they are less</p>	<p>The availability of advertising capability and the maturity level of services offered are site specific and continually evolving. Businesses should evaluate the opportunity presented by each site and identify a core</p>

Risk	Risk Mitigation
<p>inclined to accept advertising around it.</p> <p>As a site grows more attractive to advertisers (due to member base and demographics), it grows less appealing to members who have a lot of personal content on their site pages and see advertising as an invasion of their privacy.</p>	<p>set of sites based on their goals and desired budgetary investment to get started.</p> <p>The requirement to monetize user bases on social networks will eventually drive all social networking sites to offer this capability. For example, MySpace and Bebo have already successfully monetized ad placement while Facebook and Twitter are still experimenting.</p>

6. Measuring ROI is difficult

Risk	Risk Mitigation
<p>ROI from social networking sites cannot be measured or is difficult to measure. It is difficult to quantify and correlate benefits to costs to set up and operate this new channel.</p> <p>Most businesses using social networking channels agree that ROI is occurring, but the challenge is to measure it in isolation, minus the impact of other marketing channels.</p>	<p>Metrics and measurements related tools are expected soon at the major social networking sites.</p> <p>Some alternative techniques which might be useful for isolating the benefits of a social networking strategy: 1) Presenting unique sales offers across different channels; 2) having users visit a specific page (depending on where they saw the offer) to activate a promotion and receive the advertised price/bundle.</p>

7. Impact on Governance, Risk and Compliancy (GRC)

Risk	Risk Mitigation
<p>Business presence on social networks impacts all the main areas of GRC, viz. financial, IT and legal.</p> <p>Based on new staff responsibilities associated with social networking, certain policies (impacting financial, IT and legal areas) and systems are likely to require review. Online communication on social networking sites could include interaction with existing/potential customers and pranksters. Additionally, the information exchanged is largely in the public domain and could be subpoenaed, as well as being exposed to competitors and regulators (and their representatives).</p>	<p>Businesses should discuss the impact on existing frameworks and policies with legal counsel to draft guidance which will influence the nature of permissible online interactions.</p> <p>To some extent this may hamper the business' ability to appear as human and transparent as possible, since it is possible that the employees with responsibility for social networking may need to operate under a strict set of guidelines. This issue will need to be worked through, based on the specific industry, business and concerns raised by legal counsel. However, being able to explain to online users (in simple terms) what the constraints are could help, as an expression of transparency.</p>

Conclusions & Recommendations

- **Social networking is expected to become ubiquitous in a few years. Businesses who are early adopters can benefit by adapting their marketing, governance, risk and compliancy processes.** Businesses that accept and leverage available social networking platforms earlier rather than later, stand to reap the benefits of reaching the desired demographic of customers at a time when rejection of spam and other push marketing techniques is growing among online user groups. Recent growth in online member populations and average time spent online per user have caused this activity to approach 10% of all time spent on the internet. The Network Effect (which describes the utility of such networks to its members), the ease of development of such sites, and supporting device and bandwidth trends present a convincing argument for the future growth and ubiquity of social networking sites.
- **Marketers should focus on pull marketing using word-of-mouth (pull) messaging and reduce emphasis on increasing brand awareness through traditional (push) marketing approaches.** Different types of messaging will be needed to have the desired impact on different market segments.
- **The potential benefits of an online presence can be game changing due to the amplifier effect on marketing, customer support and other functions.**
Benefits include the ability to:
 - ↳ Establish a new marketing channel and build more intimate customer relationships
 - ↳ Listen to conversations and participate, gather customer intelligence and prevent the competition from taking over these conversations
 - ↳ Protect the brand reputation and guide conversations regarding their products/services
 - ↳ Gather data, analyze and distribute it to affected departments within the business, improving operations and the quality of products and services
 - ↳ Recruit online ambassadors, educate customers
 - ↳ Address various market segments with different messaging
- **The software ecosystem provides advanced (and evolving) functionality which can benefit businesses who wish to leverage the specific characteristics of social networking sites.**
The software ecosystem is still in a nascent phase but will continue to evolve, with support for sharing profiles, social feedback loops, customer intelligence, advertising, metrics and measurements, etc. The emergence of *Listening Platforms* makes it easier for businesses to automate the processing of large amounts of data to yield actionable results.
- **Risk Management**
While there are risks to an online presence in the social networking world, building risk mitigation plans can help identify and reduce risks to acceptable levels. For businesses that want to avoid marketing obsolescence and grow their brands, the opportunities offered by this new medium outweigh the risks.

Appendix – Demographics of Social Networks

There are several studies on the internet with charts showing the surging growth of users on various social networking sites. This section is a collection of charts and observations for consideration by readers, prior to developing a social networking plan.

Trends in #users on FaceBook and Twitter

The charts below represent the growth trends in usage and #users on Twitter and Facebook and indicate the surging popularity of these sites with a global user population.

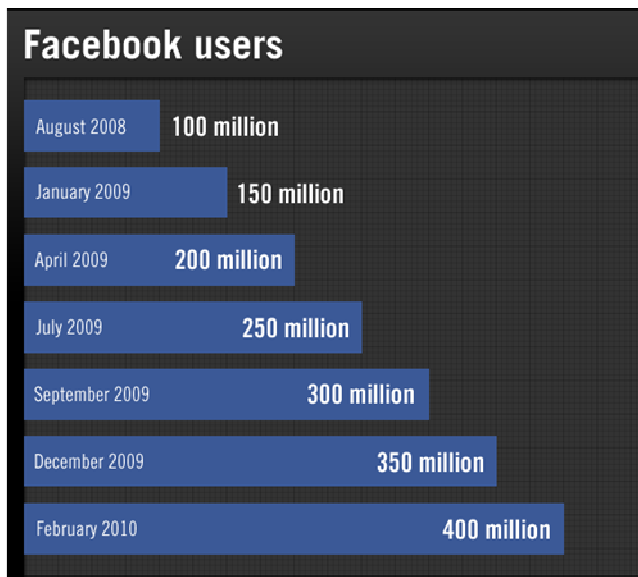


Fig 1A: Facebook user growth trends

Facebook has more than doubled the number of registered users in 2009. If it were a country, it would be the third largest on the planet after China and India. It is expected to exceed half

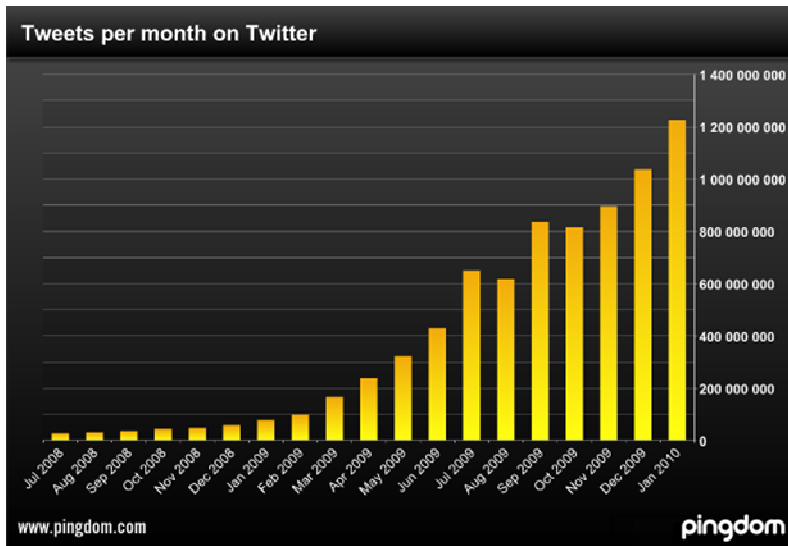


Fig 1B: Twitter usage trends

Twitter usage exploded in 2009 and is continuing to grow rapidly. The site currently gets 1.2Billion tweets per month.

Notable business accounts include Jack Welch, Steve Case, Vinod Khosla, John Doerr and others.

Figure 1: User trends on Facebook and Twitter

Site Demographics

19 of the most popular social networking sites¹³ were identified and analyzed¹⁴ to reveal demographic information shown in this section. Fig A3 shows the average age distribution across these 19 sites.

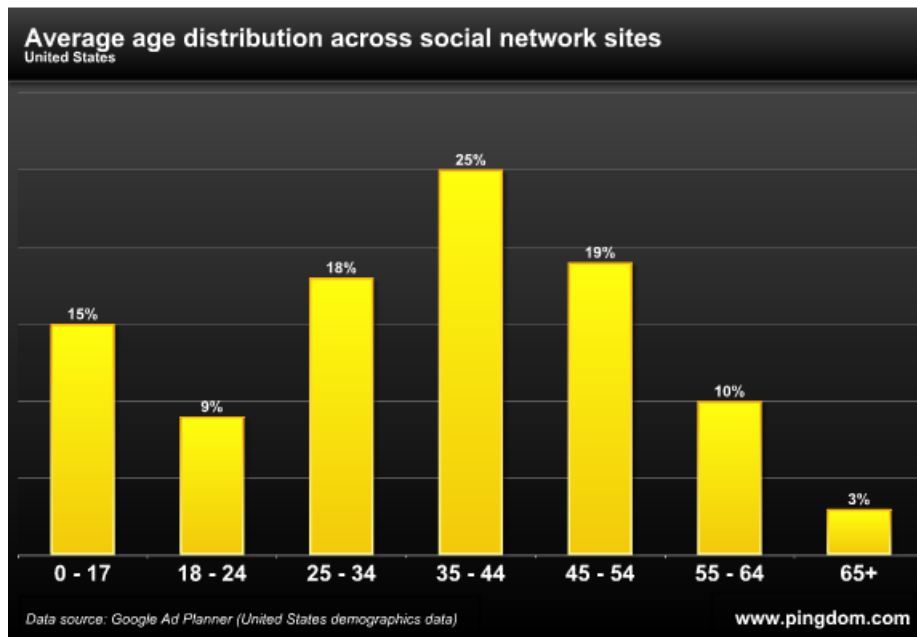


Figure 2: Average age distribution across 19 social networking sites

Per Fig 2, the largest group of users (measured across all 19 sites) is aged 35-44 and constitutes 25% of the entire population. However, there are considerable differences in age groups when individual sites are considered in isolation as seen in Fig 3 below. The dominant age groups on various sites are listed below:

- 0 – 17: Tops **4 out of 19 sites** (21%)
- 18 – 24: Tops no site
- 25 – 34: Tops **1 out of 19 sites** (5%)
- 35 – 44: Tops **11 out of 19 sites** (58%)
- 45 – 54: Tops **3 out of 19 sites** (16%)
- 55 – 64: Tops no site
- 65 or older: Tops no site

Users in the age group 35-44 overwhelmingly dominate this distribution and represent more than double the size of the second most dominant group (ages 0-17).

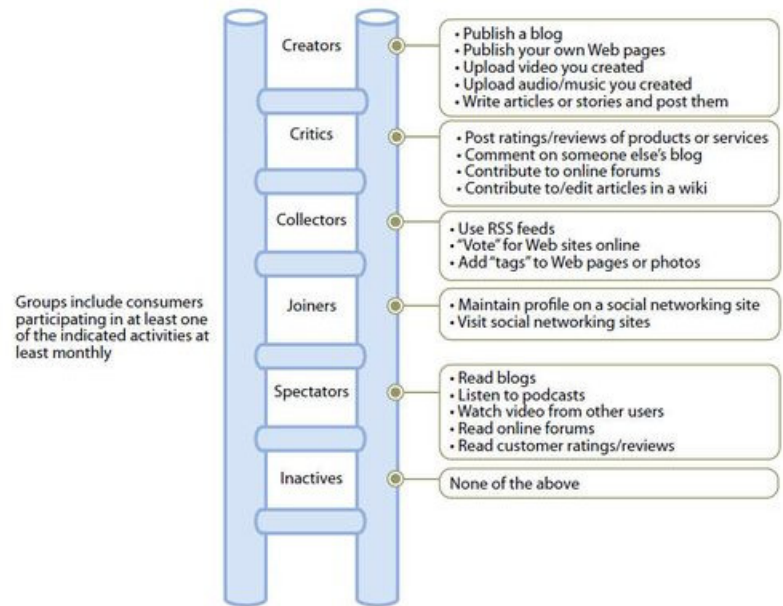
¹³ The following sites were included: [Facebook](#), [LinkedIn](#), [MySpace](#), [Twitter](#), [Slashdot](#), [Reddit](#), [Digg](#), [Delicious](#), [StumbleUpon](#), [FriendFeed](#), [Last.fm](#), [Friendster](#), [LiveJournal](#), [Hi5](#), [Tagged](#), [Ning](#), [Xanga](#), [Classmates.com](#), [Bebo](#).

¹⁴ Study located at <http://royal.pingdom.com/2010/02/16/study-ages-of-social-network-users/>

Forrester's Social Technographics Ladder

Relative sizes of the *overlapping* categories in the adjoining Social Technographics Ladder are shown:

- Creators 24%
- Critics 37%
- Collectors 21%
- Joiners 51%
- Spectators 73%
- Inactives 18%



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Source: Forrester Research, Inc.

Figure 3: Forrester Research's Social Technographics Ladder

In 2010, Forrester added a new category called 'Conversationalists' to the Ladder between Creators and Critics.

3 key reasons for Interactive Marketers to care about Conversationalists:

* 33 % of adults are Conversationalists..

* Following Conversationalists provides free consumer insights.

* By communicating with Conversationalists, you embrace change. Interacting with your customers in an ongoing way, in a conversation, creates lasting learning on both sides.

You can read the original blog posting [here](#).

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