

# INTERNET BEYOND SHOPPING

## Welcome to Web 2.0

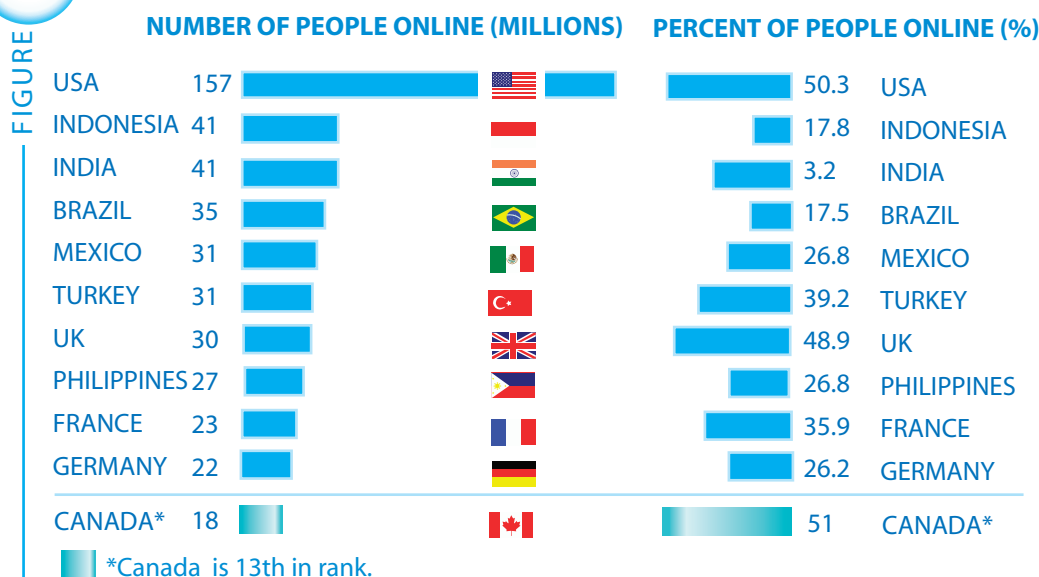
**Web 2.0** refers to the new capabilities of the Web, realized in recent years. Some authors use the term to refer to the comeback of e-retail business after the 1999 dot-com crash. However, the term is best reserved to refer to an expansion of the Web's capabilities that enable consumers a more creative role. This differs from the Web 1.0 era, when consumers could merely access the content placed on it by merchants and organizations who hosted Web portals. But in the Web 2.0 era, consumers are able to create their own content on the Web and post it for all to see. Wikipedia is an early example, but today, it takes the form of online posting by consumers of comments, reviews, photos, video, etc., on such Web sites as YouTube and Flickr. The Web 2.0 has created a new generation of authors, penning their life stories, trivial and grave alike, and posting blogs on everything from local Wal-Mart store to Presidential elections. These are also called Consumer Generated Media (CMG), and businesses are increasingly utilizing them both to reach these Web 2.0 savvy consumers (for example via advertising on these sites) and to listen in to the consumer pulse.

## Consumers on Social Networking Web sites

Social Networking sites are a category of consumer generated media (CMG). **Social networking sites** (let us call them *SoNets*) are Web portals that enable consumers to have their own Web pages, invite others to join their personal online group of friends, and share content and messages with one or many among them. Consumers post a profile of themselves, post other contents (text, music, photos, and video), and invite friends to view, tag, and comment. Users can post new entries on a "wall"—a text box that automatically gets tagged with date and time of posting, visible to friends and guests. Users can also post entries on their friends' individual walls, and, of course, they can use e-mail and instant messaging to communicate via these sites.

There are, literally, hundreds of SoNets: MySpace, Facebook, Sodahead, Twitter, etc. Facebook, Twitter, and LinkedIn are the most popular in North America and also widely in use around the world. But each country or region has its own favorite: Nexopia is popular in Canada, Bebo in the U.K., Xing in Germany, Hi5 in parts of Europe, Orkut in Brazil,

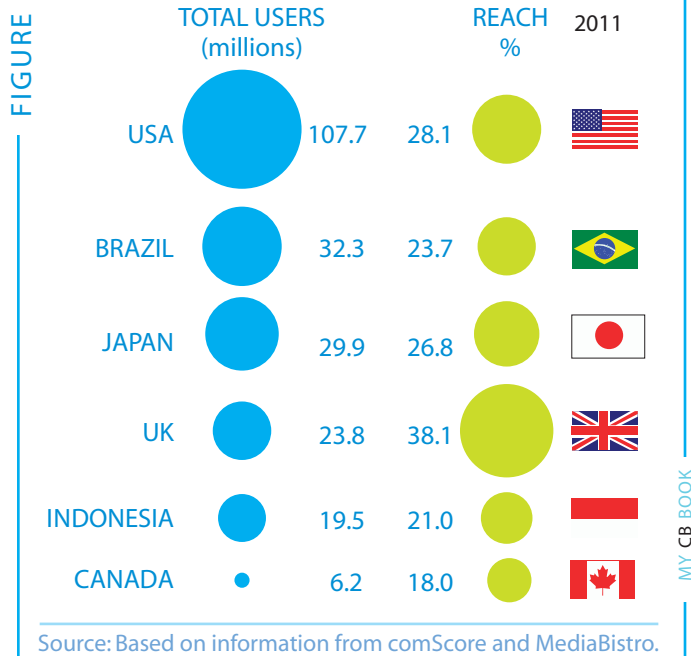
### 17.4 FACEBOOK USERS BY COUNTRY (TOP TEN)



Source: Based on information Facebook API and Internet World Statistics.

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## 17.5 TWITTER USERS BY COUNTRY (TOP SIX)



Orkut and Hi5 in South America and Central America, and Friendster, Orkut, Xiaonei, Cyworld in Asia (Cyworld especially in South Korea) and the Pacific Islands, Renren in China, and ibibo—stands for *I build, I bond*—in India, Tuenti in Spain, and Sonico in Latin America.

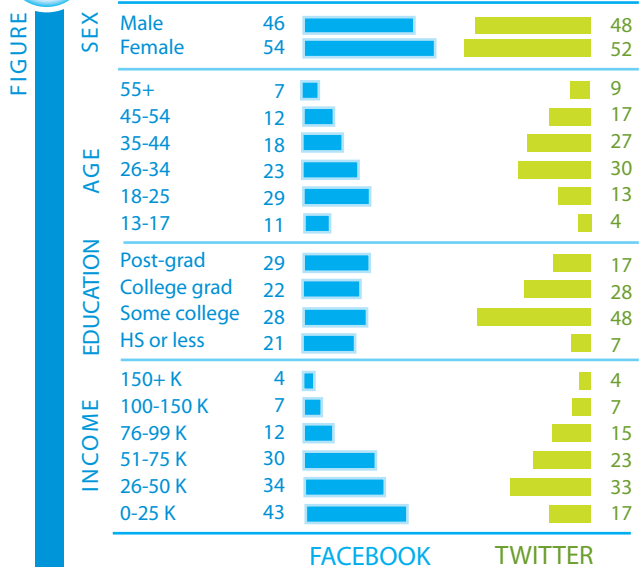
The granddaddy of all these is, of course, Facebook. Launched in February 2004, As of December 2011, it reported 845 million average monthly users. Entirely free to consumers, its business potential is evident from its filing of an IPO (Initial Public Offering) application on February 2, 2012—it expected to raise \$5 billion in market capitalization value. By some estimates, it is expected to reach 1 billion users sometime by August 2012!<sup>20</sup>

Twitter is the second most popular Sonet, launched in 2006

and by February 2012 boasting 300 million users worldwide, and growing. Twitter is in a class by itself. It is a microblogging site that allows users to post a short message limited to 140 characters as an answer to the question: What are you doing right now? Called *Tweets*, and *Retweets* when you forward someone else's Tweet, these posts have mushroomed—110 million Tweets are posted everyday!

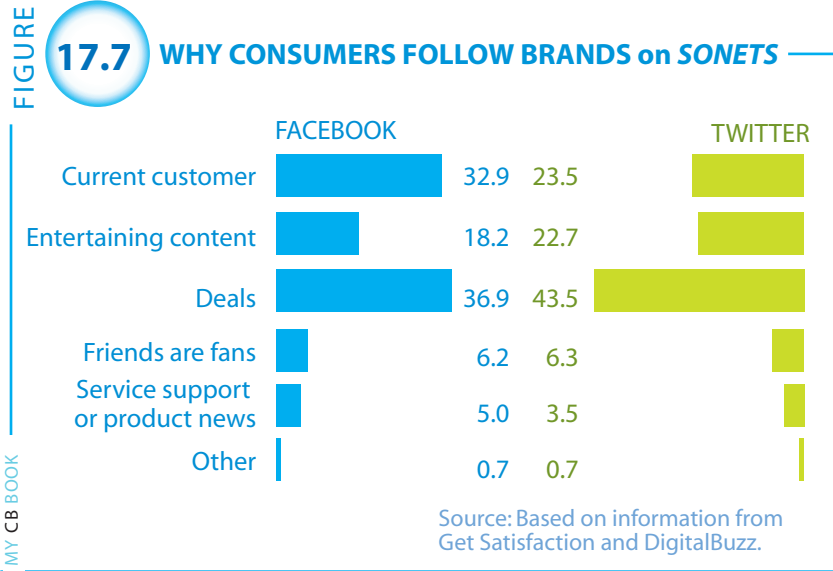
Given their massive reach, and corresponding gigantic influence on consumers, we profile their reach and audience briefly. For Facebook, USA provides the largest number of users (157 million). However in terms of reach—percentage of population—three countries lead the pack: Canada (51% of the population is on Facebook), USA (50.3%), and UK (48.9%). See the Top Ten list in Figure 17.4.

## 17.6 DEMOGRAPHICS OF CONSUMERS on SONETS



For Twitter, the top six contributing countries are (in order) USA, Brazil, Japan, UK, Indonesia, and Canada. In terms of reach, UK tops the list, with 38.1% of all British using Twitter! See Figure 17.5.

Who is on Facebook? And on Twitter? And what kind of people? Young or old; men or women? Do the more educated people use SoNets more? Or less? And the more rich? Figure 17.6 provides a brief profile. As can be seen, women edge out men on both Facebook and Twitter. The highest proportion of all users of Facebook comes from the 18-25 age group, with the 26-34 group following closely; in contrast, Twitter's users are more mature—with 26-34 and 35-44 making up 57% of all users. Facebook users are well distributed over all education categories (except



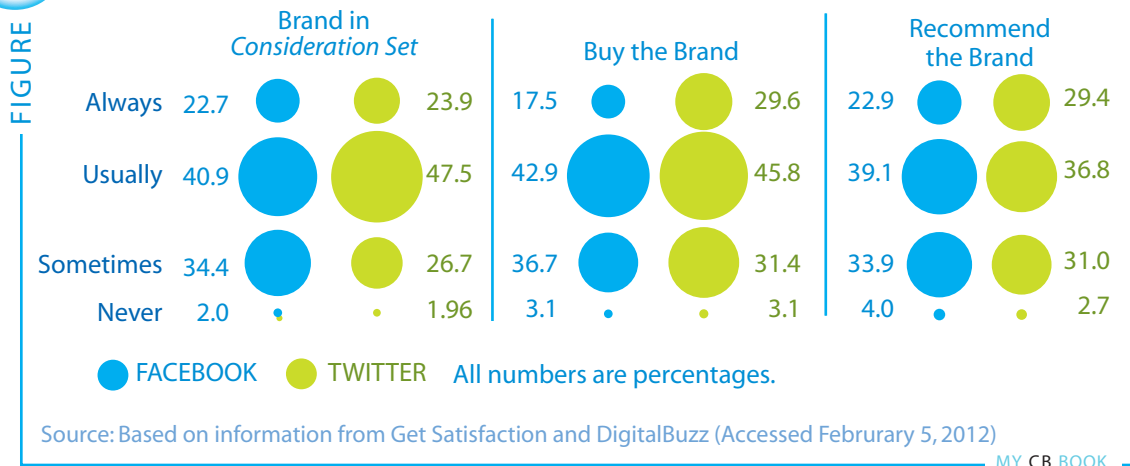
post graduate) including a large proportion (41%) with high school or less education; in contrast, Twitter users are concentrated in some college, college, and even post-graduate degree holders. In income, Facebook and Twitter both have a well distributed profile, with 77 and 73% of users coming from <\$75,000 income groups. See Figure 17.6.

**BRAND ACTIVITY ON SOCIAL MEDIA**

Marketers go, as they should, where the consumers are. So it is natural that marketers too came to inhabit the SoNet world. Some 4 million brands are on Facebook!<sup>21</sup> And about 150 of them have over one million fans!<sup>22</sup> Facebook member consumers join the brand communities by a simple tool Facebook features: *Like*. If you want to “follow” a brand, simply click on the icon *Like*, and , in an instant, you are connected. By 2011, the three top brands with the largest number of Facebook-based brand “fans” were Coco Cola (with 26.4 million fans), Disney (with 23 million fans) and Starbucks (with 22 million fans).<sup>23</sup>

Why do SoNet members become “fans” of the brands on SoNets? According to a study by a company called Get Satisfaction, a significant number of them do so because they are already the users of the brand; the most cited reason is, however, the deals they get on these sites (36.9% for Facebook and 43.5% for twitter). See Figure 17.7. A small proportion (about 6%) join a brand’s fan community because their friends

**17.8 DO BRAND FOLLOWERS on SONETS FOLLOW THROUGH WITH ACTION?**



are on it. Although this number is small, the power of small numbers should not be underestimated when it comes to friends influencing friends. After all, it is this “sharing” that forms the core *raison d’être* of online brand communities.

One other question of import for marketers who inhabit the SoNets is this: Does it matter that consumers become brand “friends” on Facebook, and likewise brand “followers” on Twitter? That is, do these SoNet members put their money where their mouth is—or where their click-happy fingers are. The answer, according to the same Get Satisfaction survey is a resounding *yes*. As many as 70% of brand “fans” always put that brand into their “consideration set,” “usually” or “always.” See Figure 17.8. A similar proportion actually does buy that brand. And 2 out of 3 “fans” will recommend the brand to others, “usually” or “always.” Add “sometimes,” and you get almost all of them (96 to 98%) happy to recommend the brand to others! See Figure 17.8.

## SAVVY MARKETER

## INTERNET IN THE LIFE OF TEENS

### And, Now, of College Students

I multi-task every single second I am online. At this very moment, I am watching TV, checking my email every two minutes, reading a newsgroup about who shot JFK, burning some music to a CD and writing this message.

— A 17-year-old boy<sup>24</sup>

The Internet is the telephone, television, game console, and radio wrapped up in one for most teenagers. Teens go online to chat with their friends, kill boredom, see the wider world, and follow the latest trends—*sometimes all at once*. Multitasking is their way of life. And the emotional hallmark of that life is enthusiasm for the new ways the Internet lets them connect with friends, expand their social networks, explore their identities, and learn new things.<sup>25</sup>

To enable their instant messaging (IM) carry emotions, they have invented a new hieroglyphics of *emoticons* [text-based sequence of characters that depict human emotions, such as a tearful eye] and a growing list of abbreviations to help them speed their way through multiple, simultaneous online conversations.<sup>26</sup>

While social communications (e-mails and IM) and recreational activities (playing online games, downloading music, listening to music online, etc.) dominate teenagers’ use of the Internet, they also use it considerably to find out what is “cool” in fashion and music (more than half of them) and to do online product research (65% of them), and actual shopping (more than 30%). store even though they might research them online.

### Internet Mavens

This has brought about a major change in teens: it has turned them into *Internet market mavens*.

In an earlier chapter, we defined **market mavens** as consumers who possess market information about a cross-section of products and are generally more knowledgeable (than the general population) about what is available in the market and what is new there; and they serve as a source of market information to others. Analogously, an **Internet market maven** is a consumer who is more knowledgeable than the average consumer about the e-marketplace, and about product information available on the Internet.

These days if adults in the family want to know something happening in the market, they would ask their teenage son or daughter! As a result, teenagers now influence the family purchases significantly more than even much older sons and daughters did in the pre-Web era.

**CB FYI**

**The Pope Embraces YouTube**

January 23, 2009 was a, well, *holy* day in the life of YouTube. The Vatican got its own YouTube channel and started broadcasting news clips of its activities and Pope Benedict’s messages. Embracing this latest communication tool of the cyber age, the 81-year old Pope welcomed it as a gift, commenting that such new technologies respond to the “fundamental desire” of people to communicate. But he also cautioned against excessive immersion in online social networking sites, lest it isolate users from real social interactions. The Vatican of course, has its own Web site, launched in 1995, powered by three computers named Michael, Gabriel, and Raphael!

Source: [www.vatican.va](http://www.vatican.va)



Powered by  

## And College Students Are Internet Market Mavens

This trend among teens started some 10 years ago. Those teens are today are 20-30 years old; they are in colleges and in their post-college early careers. And with ten+ years of experience under their click-happy fingers (!), they are Internet market mavens par excellence. Thus, just like their teen siblings, or even more so, not only do they search and shop online rather fearlessly, they inform and influence, as well, the purchase decisions of older generations (parents, grand parents, supervisors, and mentors). Now, as a marketer, you know why it pays to have teens and adolescents (20-30 year olds) become the fans of your brands on SoNets!

## CYBERSPACE AND THE PURSUIT OF FAITH FINDING RELIGION ONLINE

Beyond commerce, beyond social connections, the Internet has also become a way for many consumers to seek spiritual happiness. According to a recent study (by Pew Internet & American Life Project), about 28 million Americans have surfed a religious Web site. This is more than the number of U.S. consumers who have gambled online, done online banking, traded stocks online, or used online dating services.<sup>32</sup>

A little more than one in three of them have downloaded religious music, e-mailed a request for a prayer, given spiritual guidance to someone, and/or bought a religious item online. About one in ten have participated in religious chat rooms. About 4% have participated in online worship, 3% have taken an online religion course, and 3% have used a faith-oriented match-making service. Perhaps the most noteworthy fact about online religious surfers is that they are very open-minded about other religions, eager to learn about them: 50% of them went online to look for information about another faith. See Table 18.10.

### *Internet Religion Does Not Make Churches Irrelevant*

The Internet brings religion closer to members of congregations as well as non-members. For non-members, the Internet serves as a more convenient and psychologically comforting avenue. Not connected to or socialized into any offline congregation, they find it easier to relate to other “virtual” worshippers. The Pew Internet report summarizes it thus:

**By creating better ties within a pre-existing community, by creating a Web presence, and by facilitating discussions that can be difficult to hold in other settings, congregations tightened bonds within their groups, re-established connection with former members, and in some cases, expanded mission on a global scale.<sup>34</sup>**



**17.7** TABLE  
**WHAT DO ONLINE RELIGION SURFERS DO ONLINE?**

	%
Looked for information about their faith	67
Looked for information about another faith	50
Downloaded religious music	38
e-mailed a prayer request	38
Given spiritual guidance via e-mail	37
Bought religious items online	34
Downloaded sermons	25
Sought spiritual guidance via e-mail	21
Participated in religious chat rooms	10
Participated in online worship	4
Taken an online religious course	3
Used a faith-oriented matchmaking service	3

Source: Excerpted from Pew Internet & American Life Project Religion Surfer Survey, shown in “Cyber Faith: How American Pursue Religion Online,” at [www.PewInternet.org](http://www.PewInternet.org)

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