

Social Networking Media: Market to the Masses on a Personal Level

Despite the Internet's prominence in today's society and throughout consumers' lives, many industries have minimized or altogether neglected the medium as an invaluable component of their integrated marketing communications efforts. For example, according to a study by Jupiter Research, the consumer packaged goods (CPG) industry is "projected to allocate a mere 2.5% of their advertising to online initiatives by 2011."¹ Marketers presumably hold stock in their ability to reach and sustain consumer engagement through traditional means, such as print, radio, and television advertising; public relations; guerilla marketing; and promotions. But with a dynamically changing consumer base and a personalized approach driving the market, new mediums have now displaced traditional avenues for connecting with diverse audiences.

COSTA IMC has conducted a detailed analysis of existing data and research, which attest to the value of leveraging social networks-specific online applications that effectively reach consumers en masse through a personalized approach.

Consumers in a Virtual World

From a demographic standpoint, today's consumer base is increasingly diverse and multicultural with a wide range of interests and preferences. Moreover, today's consumer base is increasingly online, spending a high percentage of their total waking hours interacting in the virtual world. Generation Y spends 12.2 hours online each week; generation X spends 9.5 hours online each week; baby boomers spend 6.1 hours online each week.²

These factors bear multiple implications for traditional marketing efforts. Firstly, traditional "one-size-fits-all" mass marketing to such an increasingly diverse group of consumers is no longer an effective marketing means. Secondly, consumers have migrated to new locations where they exchange information with other online users. Lastly, companies are failing in their pursuit of consumers at this new location due to the time lag between the realization of the migration, and the actions employed to counter that migration.

For marketers, tackling this new medium does not simply translate into establishing a generic online presence; they must determine the common denominator between the segments and provide a dynamic platform for an exchange of information.

Online Cultural Shift: from Web Surfing to Social Networking

Marketers have limited their investment in online initiatives partly because traditional media is the embedded approach in the industry, and partly because of the limited volume of sales constituted by online commerce.

¹ Eric Newman, "Google's Latest Search: More CPG Advertisers," Brandweek.com, December 17, 2007

² Lempert P., "The Five Things You Need to Know About 2007," Forrester Research, 2006



However, the shifting nature of the Internet coupled with the fickle nature of consumers, supports a flexible marketing approach. Consistent with traditional media, conventional Web surfing has been fairly limited to a “one-way” activity or “transaction.” Web surfers typically perused the Internet for informational or entertainment purposes with limited interaction among the Web surfers and online entities. Similarly, commercial pop-up ads, spam mail, and miscellaneous Web sites attempted to reach consumers devoid of any personal interaction.

But clearly, consumers wanted more than a short-lived online visit—they wanted to stay, chat, and comb the virtual world for information, interaction, and further incentives to remain connected. The market replied in the form of social networking applications.

This well received new media vehicle allows consumers to build rich online social lives and to share information with other users. Social networking Web sites such as MySpace, Facebook, MyBatanga, BlackPlanet, Flickr, and LinkedIn offer users interactive forums tailored to specific personal interests and lifestyles. Web traffic has now evolved from a non-specific, non-identifiable, impersonal mass to self-identified segments of potential consumers. In addition, usage days per visitor and number of page views are significantly higher for social networking sites than traditional Web sites.

Social Networking's Multicultural Value Proposition

The potential benefits stemming from the interactivity and segmentation of social networking Web sites are six-fold:

1. Social networking is a medium that allows targeting with accurate precision.
2. Personalization of messages can now be automated to drive desired consumer actions.
3. Social networking facilitates and capitalizes on word-of-mouth credibility to achieve higher-percentage conversion rates.
4. Social networking helps marketers move from a monological attempt at impression to a “conversational” interaction.
5. Social networking allows users to share data on an ‘opt-in’ basis, and because users now have the power of choice, content ceases to be an intrusion.
6. Social networking offers the aforementioned benefits at a relatively lower cost than traditional marketing methods.

Other noteworthy factors include the following:

- Incorporating consumer feedback is vital to creating a positive impact on integrated marketing efforts and essential to providing stellar customer service.
- As the existing multicultural population grows, the value of these efforts extends exponentially.



U.S. Hispanics: High-Value Consumers

COSTA IMC has carefully reviewed current data, aiming to shed light on the U.S. Hispanic segment and their use of social networking applications. If a company added social networking to their existing marketing mix, and consumer segments were prioritized—based on consumer demographics and affinity for social networking—U.S. Hispanics would reside among the highest value potential targets.

Hispanics in the United States are a dynamic and evolving demographic, estimated at 14.8 percent of the total U.S. population and projected to experience substantial growth over the next four decades.³ By the year 2050, nearly 30 percent of the total population will be Hispanic.⁴ Currently, the median age of U.S. Hispanics is 27, representative of a longer potential average consumer life cycle and more typical of the average social networking demographics vs. the median age of 36 for the total population.⁵

Over 20 million U.S. Hispanics and more than 100 million Spanish-speaking Internet users are online. This segment of the population represents a large raw number of active Internet users.

Beyond the lure of these demographics, there are additional characteristics intrinsic to the U.S. Hispanic population, which add value to Hispanic social networks. U.S. Hispanics display a strong sense of family and community, which amplifies the potential for word-of-mouth credibility and the viral effect. Furthermore, U.S. Hispanics represent diverse demographics and segments within the market, including first, second, or third generation U.S. Hispanics, and Hispanic social networking sites centralize efforts to reach them into one medium.

Ethics and Online Location

Marketers must also consider ethical and privacy aspects of behavioral targeting (tracking online behavior, such as Web sites visited and searches conducted), and its potential impact on the consumer experience. In addition, brand placement must be carefully reviewed to avoid positioning in locations where the brand is prey to unpredictable and potentially adverse user-generated content. One acute example of brand image challenges faced in the virtual world includes Windows Vista, Microsoft's new operating system. Throughout social networking sites, consumers assaulted the product, shared derisive commentary, nitpicked faults, and berated Microsoft's new product. When virtual 'sparring' lands its heavy blows to the brand, the image suffers. To avoid these pitfalls, it is essential to map out methodical strategies that will counter likely attacks to the brand and render them ineffective.

³ U.S. Census Estimate, July 1, 2006

⁴ Pew Hispanic Center Report: U.S. Population projections 2005-2050

⁵ U.S. Census Estimate, July 1, 2006





Eye the Target

The multicultural medley of consumers maintains its steady trajectory, relocating from conventional areas to new grounds and rapidly permeating the social networking medium. Marketers, now compelled by the mobilization of consumers, have responded by seeking their targets where they congregate.

COSTA IMC will continue to stay abreast of developments in social networking applications and the added value they command in reaching consumers. We seek to better understand new technologies and multicultural communities in order to provide our clients with strategies that distinguish their brands and give them a competitive advantage.

