

Social Networking Sites

The Misunderstood Advertising Medium

Research Report by Tyroo Media



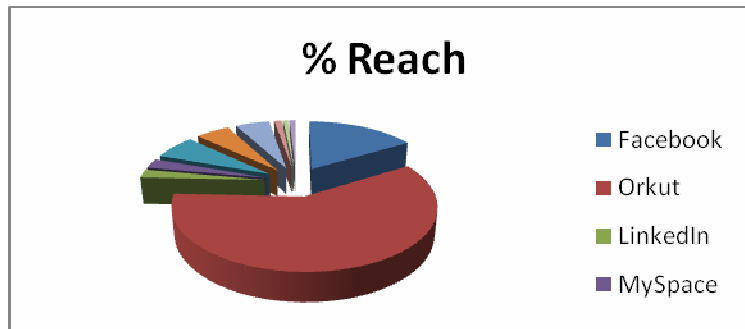
Key Features

- What does the inventory look like, and its USPs
- User Experience on exposure to ads on Social Networking Sites
- Major apprehensions of advertisers & solutions to Social Networking Sites
- Viral Marketing on Social Networking Sites
- Advertiser verticals Social Networking Sites work best for & Recommendations

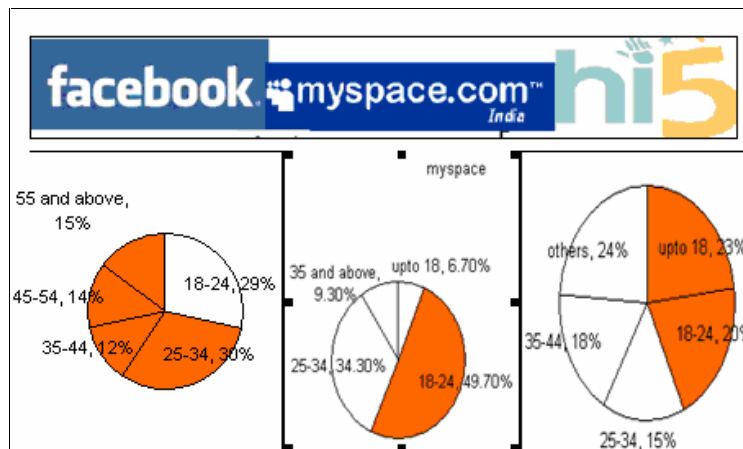
Methodology

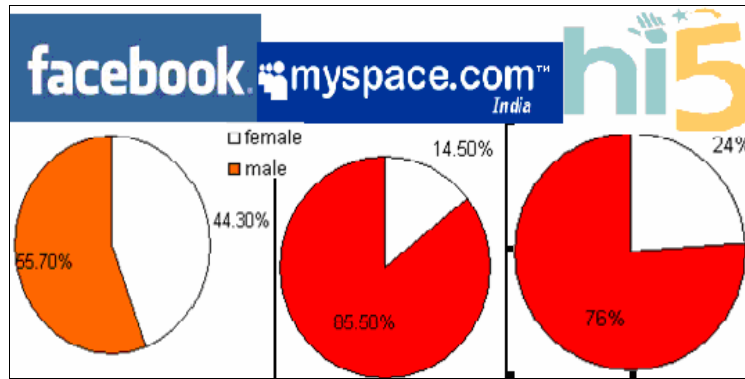
The research report looks at the ever so growing Social Networking inventory, and its relevance to advertisers in the Indian Scenario. Social Networking sites have grown rapidly in number in India with seven of them in the Top 100 Comscore List. (April, 2008) and they have attracted advertisers from all genres. From Cricket Tournaments (ICL) to Personal Technology, from Cosmetics to Apparels, Social Networking has fascinated advertisers across, but the medium has failed to live up to its promise as a long lasting brand advertising medium, inspite of the huge number of pilot campaigns that have run on these sites. The report looks to diagnose the causes of this ever so promising, but under-achieving advertising property, and the way ahead. The report has been conducted in-house at Tyroo where we have executed a very large number of campaigns on such sites, and hence have a working understanding of the medium. 20 Marketers who have used the Social Networking Medium were contacted telephonically for the research. Also, 400 users were questioned on the various aspects of the Social Networking advertising, to bring out the other perspective. This definitely shows for any advertiser on what should be the correct way to use Social Networking Sites as an effective advertising tool and how this ever so under-performing inventory can go the Spanish way and win the Euro.

What does the Social Networking inventory look like?



Orkut and Facebook are the single largest audience aggregators in India with all others having limited presence. This is contrary to the worldwide data where MySpace and Hi5 being the single largest contributors at 40% and 20% respectively.





- Social networking sites account for 44% of the country's Internet traffic.
- More than three-quarters of marketers surveyed said they will increase their social media spending during the next three years.
- 58% respondents in the primary survey conducted claimed that SNS is the second window they open, next only to their email ids.
- It's a misconception that social networking is the exclusive domain of teenagers.
- These sites are non-compete because of different niche each one serves. Facebook users are more affluent and qualified to convert. MySpace attracts so many more viewers that "there's no way marketers are going to leave". And Hi5 leads the race in the younger age group. Facebook proudly offers the healthiest female: male ratio attributed to the privacy and safety feature associated with Facebook.

USPs of the medium

- Extremely sticky - 90% respondents confirmed they visited their profiles every day.
- Users seem to recall the ads which were of some interest to them. Following are some of the statements made by the respondents to an open ended question about the ads they liked/disliked and remember on Social Networking sites.
 - "SNS is a good place to advertise as I do give a look at almost all the ads that appear on the left side bar on Facebook but I rarely click them. No particular likes."
 - "No problems with ads since it's on users discretion to click on them or not. Ads in the form of pop-ups is undesirable, otherwise they are O.K."

- “I do remember Ads like games, messengers download, chatting web sites only”
- “I only remember ads like monster.com which I saw when I was looking for a job”
- “Airtel is the only one I am able to recall. I am working in Airtel”
- “Facebook showed Ravi Shastri with ICL advertisement. I once clicked there”
- “Ads are O.K unless they do not stare into my face”
- “Pop up ads are very irritating. Big no-no to pop up ads”

Major apprehensions of advertisers towards Social Networking

- CTRs are very low, so CPM deal goes entirely against advertiser.

Solution – Social Networking inventory is best utilized for branding campaigns. One can't expect to get the ROI, which one gets from other targeted advertising. The ROI has to be the Brand Visibility, Salience and Reminder value which user sees. It's unfair on the medium to degrade it purely on the basis of numbers. A lot of users claimed to buy the product after sometime they viewed the ads on Social Networking Sites.

- In a CPM deal how do I know whether people have actually noticed my ad?

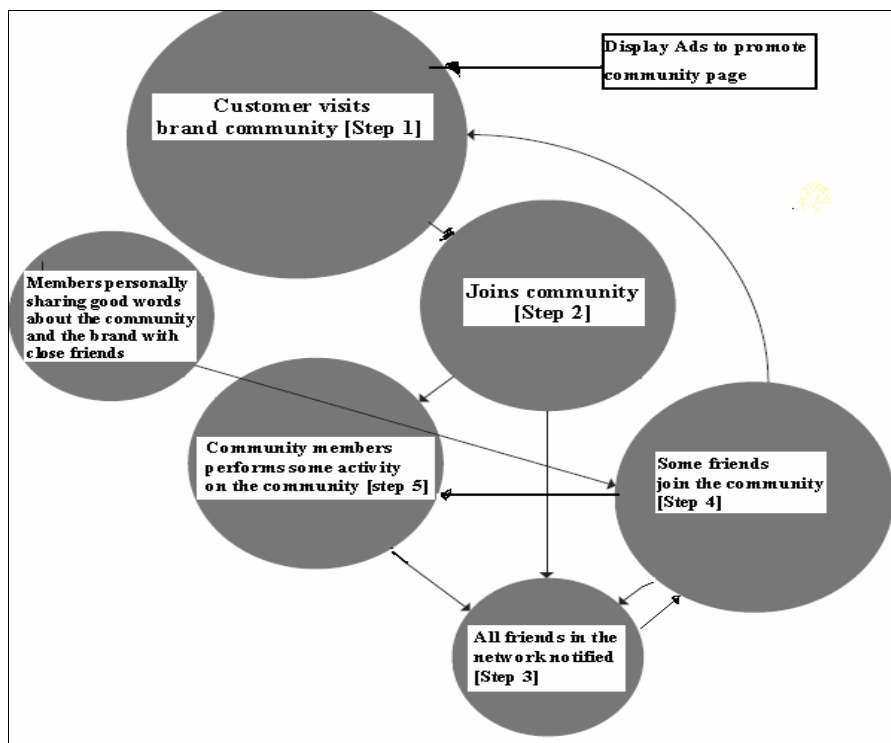
Solution – As with TV and Print ads, clarity on this is not practical. Internet in actual stands a relative advantage over traditional mediums with ability to check unique and repeat users, clicks, leads, conversions which aren't possible across other traditional mediums. So again, it's unfair to degrade the medium on this basis as this stands a weakness for all advertising mediums.

- No clear-cut measures to gauge success of the campaign.

Solution – Branding has to be the sole motive of Social Networking campaigns. Conversions\Leads do fall through but they are in no way to measure the success of a branding campaign. Prominent positions, unique users, targeting capabilities also determine effectiveness of a branding campaign.

Viral Marketing – Why is it effective

- Word-of-mouth certainly takes advantage of two factors in Social Networking: the communications side of the social Internet and the high marketing strength of peer recommendations. 62% of marketing professionals agree that creating word-of-mouth or viral campaigns has great potential to impact their business.
- 30% of online users trust their peers while only 10% trust advertising.



Recommendations for Advertisers

Advertiser should not take this community building strategy as a short term tactic but as a long term strategy. One off campaigns can work in Social networks, but a long term strategy is needed to learn more about the audience advertiser is trying to reach and to keep your brand advocates engaged by refreshing the content on the community at regular intervals. Members will be more likely to visit community page if they expect something new. Content can include videos, coupons, digital banners, interviews, ringtones, podcasts, etc. The content needs to be valuable. Otherwise, no one will care or share.

Community will become fruitful for the brand in the long term as the community is trusted, people will listen and spread the word. Advertiser needs to develop the community by increasing the engagement of the members on the community and letting them give ideas, opinions, reviews, feedback etc and regularly updating the community with the content that is informative, fun and interesting. Also they can optimize ads to promote the community page by adopting advanced targeting techniques based on gender, location, day/night etc. Advertisers need to ensure that any content provided works as 'social currency', whatever story there is, let it be told by the users not by the brands. Negative comment if any should be taken in a positive spirit and should be looked as an opportunity to correct the user's misconception or as an opportunity to improve the product.

Advertising Verticals, Social Networking works best for includes any vertical that wants to access Decision influencers as well as decision makers. Brands like Auto, Apparels, Sportswear, Personal Technology, Portals, FMCG, Personal Care, Education, Classifieds (Jobs, Travel, Real Estate etc.) can connect with the social networking audience easily for their branding needs.

Thank You

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