

SOCIAL NETWORKING FACT SHEET

STATISTICS AND DEVELOPMENTS INDICATING THE NECESSITY OF SOCIAL NETWORKS FOR BUSINESS AND MARKETING

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During the summer of 2007, we saw several key indicators that business executives and investors were taking keen notice of social networks and their potential impact on the online advertising and marketing arena.

Many popular bookmarking and social networking sites have been acquired by larger corporations - the most famous of which was of course Google's acquisition of social video network, YouTube.

However, what is more interesting to business owners and C-level executives are the large investments now being made into advertising models and programs within social networks.

In June, Interpublic Group announced it would be developing marketing programs on FaceBook for its agency clients to the tune of \$10 million worth of ad space.

In early July, WPP Group invested \$2 million into corporate social network, LiveWorld. This unique joint venture will help WPP's agency clients, such as the skincare company Dove, deploy their own social networks.

We find it fascinating, as a company that participates in both the social networking and search optimization spaces, that Fortune 1000 companies and large advertising agencies are recognizing the importance and profitability of social networks far faster than they recognized the benefits of search marketing.

However, to the benefit of the small business or medium-sized company, these large corporations will take time to implement their large-scale campaigns, while their smaller counterparts are moving quickly to acquire their piece of the social networking pie.

For instance, Forrester's December 2005 survey of marketing executives showed that 13% were marketing via

blogs or social networks at the time, but 51% forecasted "total adoption" of such marketing strategies within the next 12 months.

BUT JUST HOW LARGE IS THE SOCIAL NETWORKING SPACE?

According to comScore Media Metrix, the total US internet audience has grown by roughly 4% in 2006. Yet several social networks like MySpace, Facebook, and Bolt have seen growth percentages in the triple-digits.

According to Nielsen/NetRatings, the top 10 social networks (MySpace, ClassMates.com, Flickr, FaceBook, YouTube, etc.) received roughly 68.8 million unique visitors by 2005 - reaching 45% of all active web users.

That means that nearly 50% of all internet traffic ran through one or more social networks last year. But think of the explosive growth and public acquisitions in 2006...

In June of this year, US web stats company, Compete, released some fascinating data that blows 2005's growth out of the water:

Their Key Findings:

- In June, 2006, 2 out of every 3 people online visited a social network
- Social Networking sites are now close to eclipsing traffic to search giants like Yahoo! and Google
- MySpace received 55 million visitors in June 2006

For those of us who participate in the global markets, it's interesting to note that Bebo overtook MySpace as the top social network in the UK during most of 2006.

WILL THE SOCIAL NETWORKING FAD LAST?

Jon Gibs, senior director of Nielsen/NetRatings, said social networking sites are the "reality television of the Internet."

"The content is relatively inexpensive for publishers to produce, and social networking is not a fad that will disappear," Gibs points out. "If anything, it will become more ingrained in mainstream sites, just as reality TV programming has become ubiquitous in network programming."

This means immense opportunity for any business owner or executive. First of all, online advertising is far more affordable than television or traditional media advertising. But more importantly, there are ways to

market yourself in the various social networks *without* spending money on advertising.

These strategies include maintaining your own blog, creating profiles for your company on MySpace and other networks to interact directly with your audience (without spamming, as we've seen recently occurring on MySpace), producing engaging and buzz-worthy content that gets circulated among bookmarking websites (as well as Technorati), and producing media content for networks like YouTube and BlogTalkRadio.

The key to success in marketing with social networks is to understand that there's no middle man here. No marketing hoopla. And no wall of corporate messaging to hide behind.

Social networks are transparent and to effectively engage their audiences you have to be willing to be transparent as well. Then all you need are some creative strategies for communicating with your audience - which we are happy to provide you.

Contact us for a free consultation to discuss.