

The e-tailing group/PowerReviews 1st Annual Community and Social Media Survey

Prepared by the e-tailing group
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Topline Findings

- **Merchants' and Brands' greatest concerns about social media* trends today**
 - People's ability to trash their products in front of a large audience (#1 concern)
 - Their use of outdated marketing/ merchandising techniques (#2 concern)
 - Customers inclination to leave their site to find a more socially-engaging site (#3 concern)
- **Their primary goals for using social media aside from increasing sales overwhelmingly include**
 - Greater customer engagement (#1 goal)
 - Mobilizing advocates to drive "word of mouth" (#2 goal)
 - Increasing brand loyalty (#3 goal)
- **Today, social media tools are part of the customer experience and marketing mix for most merchants where 5 out of 10 tools have a 50%+ usage penetration including:**
 - Facebook Fan Page (86% of respondents)
 - Twitter Publishing (65%)
 - Customer Reviews (55%)
 - Blogs (55%)
 - Viral Videos (50%)
- **In the next 12 months, the highest growth in social media adoption is expected in:**
 - Facebook Connect (31% of respondents)
 - Social Listening tools (31%)
 - Customer Reviews (26%)
 - Product Suggestions (26%)

Topline Findings

- **By Q4 2010, 7 out of 10 social media tools will be in use by at least half of Merchants and Brands**
- **Customer reviews dominate in terms of social/community tools that drive sales.**
 - Customer Reviews (78% ranked #1)
 - Questions and Answers (16%)
 - Viral Videos (18%)
 - Facebook fan pages (13%)
- **Customer reviews are also seen first and foremost as contributing to *customer engagement* .**
 - Customer Reviews (61% ranked #1)
 - Community Forums (48%)
 - Questions and Answers (20%)
 - Blogs (16%)
- **3/4ths of survey participants perceive brands as being somewhat to much more aggressive regarding the level of commitment to community and social media in the last 6 months**
- **Facebook is perceived by merchants to be the single most effective tactic in mobilizing brand advocates and influencers to spread the word about products/service, followed by blogs, and Twitter**

Social Media Strategic Implications

Marketers and Merchandisers move aggressively to “catch up” to social media trends, protect their brands & ensure consumers engage for selling and subsequent advocacy

- **Major pain points in marketing appear to be driving the adoption of social media tools**
 - Competence fear – “I am using outdated marketing/merchandising techniques” (#2 concern)
 - Brand degradation fear – “people can trash my products in front of large audiences” (#1 concern)
 - Competitive fear – “customer’s inclination to leave their site to find a more socially-engaging site” (#3 concern)
- **Brands are taking a more aggressive stance with social media**, driven by both fear (above) and the opportunity to engage their customers better and have more influence over purchase intent across all of their channels.
- **It’s more than selling now – it’s about engaging customers to drive advocacy** – *Customer engagement* is the #2 spot behind *sales*, as marketers’ primary objective for adopting social media.
- **Customer Reviews are viewed as the #1 social media for driving sales as well as driving customer engagement**
- **Facebook (fan pages) and Twitter (tracking and tweeting) have raced to the top as the most adopted social media tool for brands and retailers**, in a surprisingly short period of time. It’s not clear yet, however, what business impact brands and merchants are seeing.
- **Facebook is marketers’ great hope for word-of-mouth marketing** – listed by the majority of respondents as being the single most important social media tools for mobilizing advocates and influencers to spread word-of-mouth.

Merchants and Brands greatest concerns about social media trends center on:

- People's ability to trash their products in front of a large audience
- I am using outdated marketing/ merchandising techniques
- Customer's inclination to leave their site to find a more socially-engaging site

What are the problems that most concern you about social media trends occurring today? Please rank the top 3 where 1 causes the greatest concern.				
	Total responses	Rank 1	Rank 2	Rank 3
Customers might leave my site to find a more socially-engaging site	69	26%	41%	33%
I am using outdated marketing/merchandising techniques	65	34%	29%	37%
People can trash my products in front of a large audience	61	49%	21%	30%
Our competitors hear from our customers the same time that we do	40	20%	43%	37%
Our competitors are able to improve their products faster than we are	37	41%	35%	24%
I am losing control of my brand	33	27%	40%	33%
I am overwhelmed by the number of people talking about my product/brand	16	19%	37%	44%

Primary goals of social media - aside from increasing sales - overwhelmingly include greater customer engagement, mobilizing advocates to drive “word of mouth” and increasing brand loyalty

Besides increasing sales, what are (or would be) your primary goals for using community and social media tools? Please rank 1-5 where 5 is the most important goal						
	Total responses	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Greater customer engagement	109	39%	31%	15%	8%	7%
Increasing brand loyalty	90	21%	27%	23%	21%	8%
Mobilizing advocates to drive word of mouth	89	30%	17%	19%	18%	16%
Being a part of "the conversation"	76	8%	12%	29%	26%	25%
Shaping and building my brand	74	15%	20%	16%	18%	31%
Identifying and addressing customer service issues	68	7%	18%	21%	29%	25%
Improving the quality of my products	31	6%	3%	26%	23%	42%
Enhancing marketing/merchandising copy	29	10%	10%	17%	35%	28%
Supporting my channel partners	10	10%	20%	0%	30%	40%
Taking back control of my brand	9	11%	22%	22%	0%	45%

5 of 10 community and social networking tools see 50%+ penetration

For those merchants who are not yet employing some or all of the tools, most are on the horizon in the next 12 months

Which community and social networking tools does your company employ today or plan to employ in the next 12 months or beyond?				
	Today	Next 12 months	Beyond 1 year	No plans to employ
Facebook Fan Page	86%	10%	3%	1%
Twitter Publishing	65%	19%	7%	9%
Customer Reviews	55%	26%	13%	6%
Blogs	55%	25%	12%	8%
Viral Videos	50%	22%	13%	15%
Facebook Connect	43%	31%	10%	16%
Social Listening	36%	31%	19%	14%
Questions and Answers	29%	20%	25%	26%
Community Forums	27%	18%	23%	32%
Product Suggestion Box	19%	26%	20%	35%

The top social media tools adopted in next 12 months are Facebook Connect, Social Listening, Customer Reviews and Product Suggestions

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Twitter Publishing	65%	19%	7%	9%
Customer Reviews	55%	26%	13%	6%
Blogs	55%	25%	12%	8%
Viral Videos	50%	22%	13%	15%
Facebook Connect	43%	31%	10%	16%
Social Listening	36%	31%	19%	14%
Questions and Answers	29%	20%	25%	26%
Community Forums	27%	18%	23%	32%
Product Suggestion Box	19%	26%	20%	35%

Customer reviews dominate in terms of social/community tools that drive sales

Questions and answers, Facebook fan pages, viral videos, community forums, and blogs also show strong promise

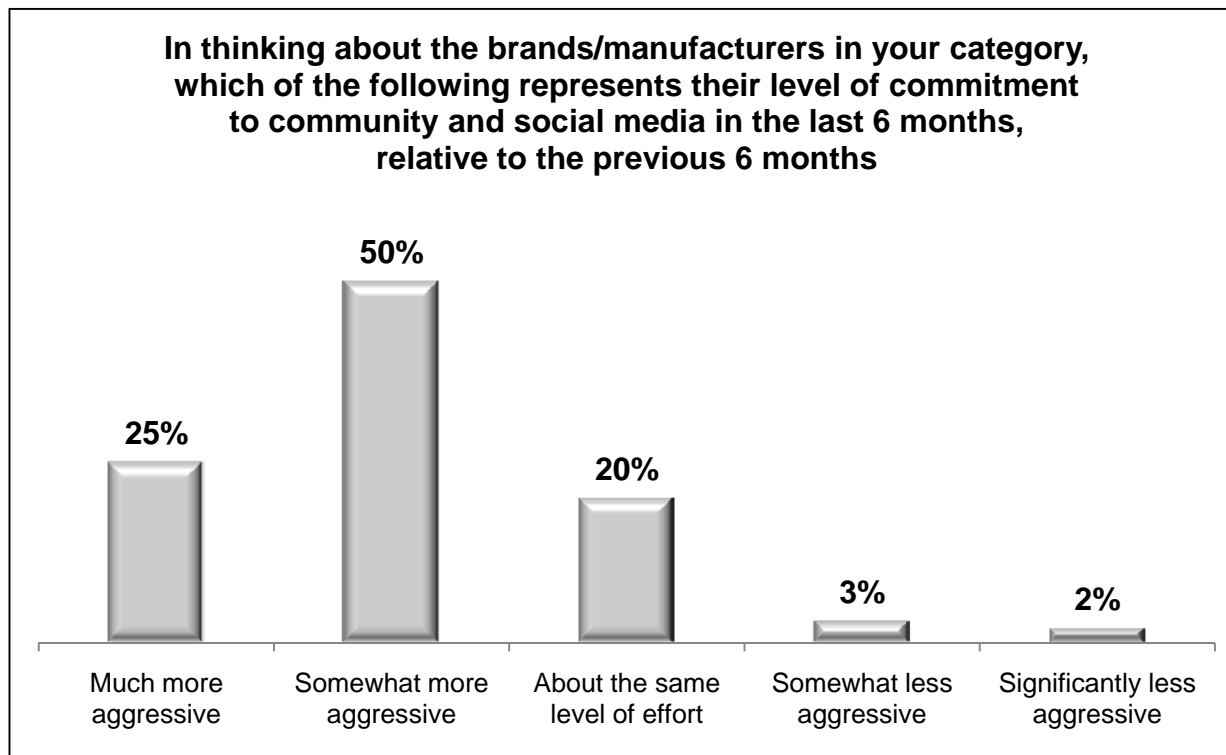
Which community and social media tools do you believe would or do generate the greatest sales increases? Please rank top 3 where 1 will drive the greatest sales increases.				
	Total responses	Rank 1	Rank 2	Rank 3
Customer Reviews	100	78%	14%	8%
Questions and Answers	43	16%	49%	35%
Facebook Fan Page	39	13%	36%	51%
Viral Videos	34	18%	44%	38%
Community Forums	33	6%	45%	49%
Blogs	30	10%	47%	43%
Social Listening	22	14%	27%	59%
Facebook Connect	19	26%	32%	42%
Product Suggestion Box	17	41%	24%	35%
Twitter Publishing	14	7%	57%	36%

Customer reviews also dominate among social/ community tools that increase customer engagement

Followed by Q&A, forums, blogs, and Facebook fan pages

Which community and social media tools do you believe would or do drive the greatest increase in customer engagement? Please rank top 3 where 1 will drive the greatest engagement increase.				
	Total responses	Rank 1	Rank 2	Rank 3
Customer Reviews	67	61%	16%	23%
Questions and Answers	46	20%	50%	30%
Community Forums	46	48%	26%	26%
Blogs	43	16%	58%	26%
Facebook Fan Page	42	31%	43%	26%
Twitter Publishing	29	34%	14%	52%
Product Suggestion Box	27	22%	30%	48%
Viral Videos	24	12%	38%	50%
Facebook Connect	21	19%	29%	52%
Social Listening	6	33%	17%	50%

3/4ths of survey participants perceive brands as being somewhat to much more aggressive regarding the level of commitment to community and social media in the last 6 months



Facebook followed by blogs, Twitter, and Customer Reviews are perceived by merchants to be the single most effective tactics in mobilizing brand advocates and influencers to spread the word about products/service

What's the one tool or program you feel would be most effective in mobilizing brand advocates and influencers to spread the word about your products/services?
Facebook
Blog
Twitter
Customer Reviews

Survey Demographics

117 respondents

- **Online sales as a % overall business**
 - 34% 1-10%
 - 13% 11-30%
 - 16% 31-50%
 - 37% 51+%
- **Company size**
 - 29% \$20M or less
 - 23% \$20-100M
 - 18% \$100-500M
 - 9% \$500M-1B
 - 21% \$1B+
- **Company type**
 - 44% multi-channel retailer
 - 26% brand/manufacturer
 - 12% pure-play
 - 9% cataloger
 - 9% supplier/agency