

SOCIAL NETWORKING FACT SHEET

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

During the summer of 2006, 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?

The Short answer is HUGE!

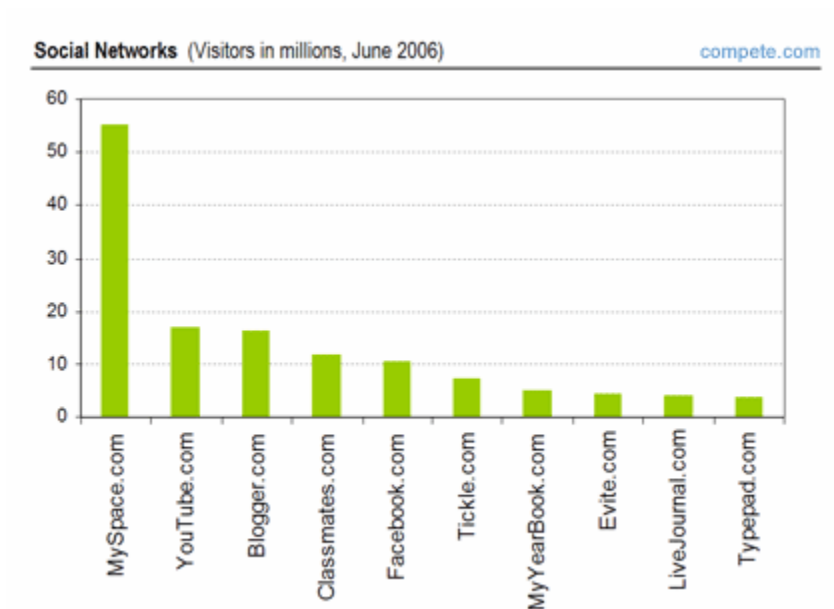
Let's run through some statistics so you can get a handle on where we are now.

In 2005, Nielsen/NetRatings found the top 10 social networks (MySpace, ClassMates.com, Flickr, FaceBook, YouTube, etc.) received roughly 68.8 million unique visitors – reaching **45% of all active web users**. That meant that nearly 50% of all internet traffic ran through one or more social networks that year.

Impressive? You ain't see nothing yet ... ☺

In 2006 even though the total US internet audience grew by only about 4% - several social networks like MySpace, Facebook, and Bolt saw growth percentages in the **triple-digits**.

In June of 2006, US web stats company, Compete, released some fascinating data that blew 2005's growth out of the water:



Their Key Findings:

- ① In June 2006, 2 out of every 3 people online visited a social networking site
- ② Social Networking sites are now close to eclipsing traffic to search giants like Yahoo! and Google
- ③ 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.

And what about 2007? Let's just take one Social Networking site as an example – Facebook.

During most of 2007, Facebook was the Social Network in all the papers, on the TV and being spoken about in hushed tones as a potential “Google Killer.” So much so, it's [now been valued](#) at \$15 BILLION dollars with Microsoft buying a 1.6% stake in it for \$240 million dollars.

Here are some usage statistics direct from Facebook themselves [\[LINK\]](#):

Facebook has more than 61 million [active](#) users with an average of 250,000 new registrations per day since Jan. 2007. Think Facebook is just for Americans? The U.K. is the third largest country with more than 7 million active users.

Facebook is now the 6th most popular website in the United States (according to comScore) with more than 65 billion page views per month.

Since Facebook opened up access to its system over 12,000 applications have been built on Facebook Platform with approx. 140 new applications added per day and more than 95% of Facebook members have used at least one application built on Facebook Platform.

Just one Facebook application is the No. 1 photo sharing application on the Web (comScore) drawing more than twice as much traffic as the next three sites combined (comScore) with more than 14 million photos uploaded daily.

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 Facebook 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.

QUICK-FIND RESOURCE REVIEW

Here are some additional resources to help you in your overall research.

White Paper: Why Businesses Fear SEO

<http://www.klaxxon.com/Why-Businesses-Fear-SEO.pdf>

Fundamental SEO Principles

<http://www.klaxxon.com/what-is-seo.php>

Special Report: Traffic Conversion Primer

<http://www.klaxxon.com/Traffic-Conversion-Primer.pdf>

Special Report: Illegal SEO Techniques

<http://www.klaxxon.com/illegal-seo.php>