

ENGAGING CONSUMERS ONLINE



The Impact of Social Media on Purchasing Behavior

Volume One: Initial Findings
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INTRODUCTION

What is the role of social media vs. company websites when consumers are researching products and services? Do consumers value the opportunity to engage with a brand online? Does it play a role in purchase decisions? To find out, DEI Worldwide commissioned OTX to conduct a research study on Online Social Media Behavior and its impact on Word-of-Mouth (WOM). This document highlights the results from the report.

The Internet's viral and social capabilities have created a whole new forum for consumers. Internet communities, blogs and social networks have become a part of life for most Americans. This proliferation and increasing usage of social media websites provides a platform for nurturing brands and impacting people's purchase decisions.

In the study, the term "social media websites" refers to the following online platforms:

- ❖ Blogs
- ❖ Chat Rooms
- ❖ Instant Messengers
- ❖ Message Boards / Forums
- ❖ Video Sharing Websites
- ❖ Social Networking Websites
- ❖ Excludes Review Sites, Twitters, and Wikis

Brands and marketers should use social media websites and word-of-mouth techniques to activate purchase intent.

To better understand this trend, DEI Worldwide commissioned OTX (Online Testing eXchange) – an independent, global consumer research and consulting firm – to research the influence of social media on consumers' purchase decisions. The study was designed to gain deeper insight into what products or services consumers research online, what online sources they use to gather information, and what they do with the information that they receive.

The trend of consumers using social media websites is growing.

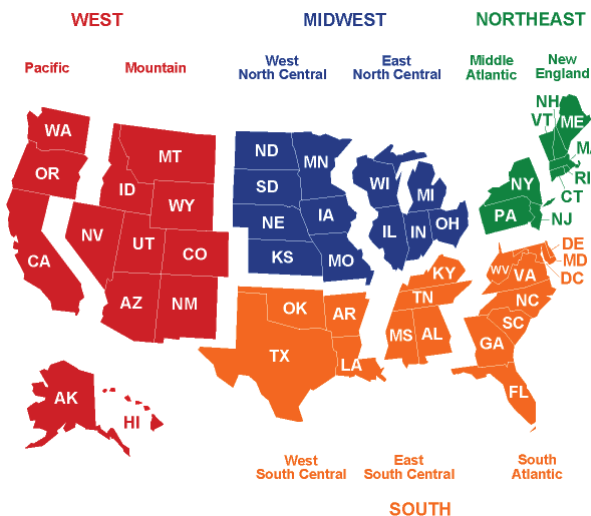
The study shows that consumers rely on various types of social media websites as much as company websites for product and brand information. As a result, companies that utilize social media and engage directly with consumers have a greater opportunity to not only reach more customers, but also increase their likelihood of making a purchase.

Research Objectives and Sample

This study explores consumers' relationships with social media websites and measures the impact of online word-of-mouth on their purchase decisions. Further, it looks at consumers' perceptions of information coming directly from a brand representative online.

Surveys were conducted online in August 2008 across a national sample of 500 males and females over the age of 13.

Participants also answered questions about searching online for information by product categories, including parenting, food & beverage, personal care & beauty, automotive, entertainment, and electronics / telecom. For each of these categories, researchers were able to measure where consumers searched for information online and what influence this information had on their purchase decisions.



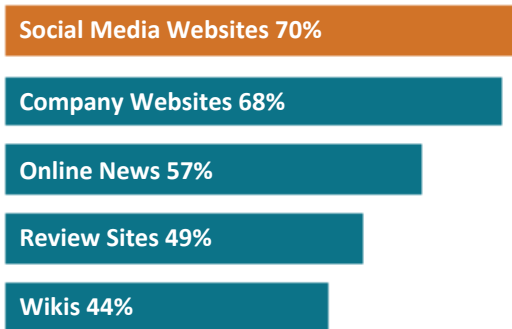
Geographic Representation	Total Sample
Pacific	16%
Mountain	6%
West North Central	10%
West South Central	9%
East North Central	15%
East South Central	5%
Middle Atlantic	14%
South Atlantic	20%
New England	5%

KEY FINDINGS

Social media websites have become an information resource for consumers

People rely on various types of social media websites as much as company websites for product and brand information. Seven out of ten (70%) consumers have visited social media websites such as message boards, social networking sites, and blogs to get information. Further, nearly half (49%) of these consumers made a purchase decision based on what they gathered.

Percentage of people who report the types of online sources they have visited to get information on a company, brand or product

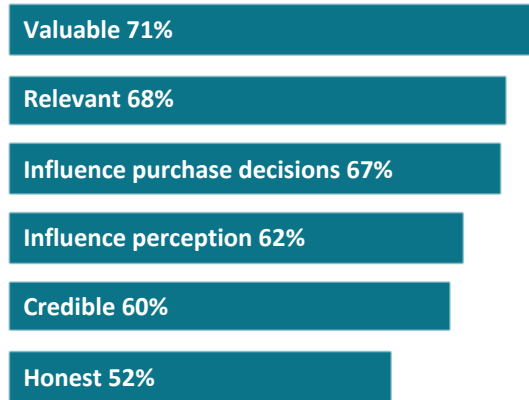


Online word-of-mouth is powerful

Six out of ten (60%) people reported that they are likely to use social media websites to pass along information they receive online. Additionally, two-thirds of consumers agree

that recommendations from other people online are valuable, credible, and could influence their perceptions of a brand, and hence, influence their purchase decision.

Attitudes toward recommendations and information provided by consumers online



Base: Among those who ever searched information online

Companies not engaging in social media as part of their online marketing strategy are missing an opportunity to reach consumers.

Consumers are very positive about exchanging information online with a brand representative.

Consumers who visit social media websites are more likely to take action

Forty-five percent (45%) of people who searched information exclusively via social media websites engaged in word-of-mouth, compared to 36% who told others about information they found on a company or news website.

Percentage of people who report they passed along the information they found online

Social Media Websites 45%

Company or News Sites 36%

Others 23%

Base: Online sources used

Directly engaging with consumers online using brand representatives will motivate purchase intent and increase pass-along.

Among the categories surveyed, consumers who visit a social media website are more likely to make a purchase decision than those who do not.

Talking with a brand representative online strongly influences consumers

People are very positive about the opportunity to communicate online with a brand representative. Following a conversation, customers are willing to spread the word, value the information they receive, and are likely to take action (e.g. shop at the retailer, buy the product, etc.).

Attitudes toward information they receive from an online brand representative

Likely to pass the info to others 67%

Likely to share their opinions 63%

Value info more than ads 62%

Likely to take action 57%

Base: Among those who ever searched information online

CONCLUSION

Social media marketing is playing an increasingly important role in the marketing strategies of companies. One of the biggest advantages that social media websites have over company or news sites is that consumers who visit social media websites are more likely to take action. Consequently, companies who integrate elements of social media into their marketing mix will have a greater opportunity to influence consumers' buying choices.

About OTX

OTX (www.otxresearch.com) is a global consumer research and consulting firm specializing in innovative, cutting edge research products and analysis for the marketing, entertainment and advertising communities. OTX's range of approaches, products and services leverage technological expertise with extensive traditional marketing and advertising research experience to uncover deeper and more profound consumer insights. This unique suite of state-of-the-art products and services reach and engage today's digitally-driven global consumer more effectively, and yield more relevant and honest data. In just eight years OTX has become the 20th largest research agency in the U.S. (24th largest globally) with offices in London, Los Angeles, New York, Cincinnati, Miami, and Chicago with strategic partners in Japan, Australia, and Mexico.



About DEI Worldwide

Founded in 2000, DEI Worldwide was one of the very first word-of-mouth agencies to emerge in the digital space. In 8+ years, we have conducted nearly 75 million conversations on behalf of our clients. Social Media Marketing, specifically Word of Mouth, is a phenomenon that has been sweeping across consumer culture for quite some time. Our goal is to empower our clients in capitalizing on this paradigm shift. As such, we are a brand engagement agency. We bundle strategic expertise and implementation in conversational outreach along with capabilities in interactive development.

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