

Why The Future Of Social Marketing Is Global

Contributed by eMarketer
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eMarketer forecasts that worldwide social network ad spending will rise 31% this year, to \$3.3 billion.

Next year, spending is expected to increase an additional 29%, to nearly \$4.3 billion.

The US accounts for just over half of that total. But in 2011, as outlined in my new report, "Worldwide Social Network Ad Spending: A Rising Tide," US dominance will start to wane and international social network ad spending will increase more rapidly.

There are several reasons why this is the case.

Social networks are popular in the US, but even more popular in many other markets. According to The Nielsen Company, the social network/blog category reached 86% of active internet users in Brazil in April 2010, and 78% of active users in Italy, for example. Reach in the US was 74%.

Chinese social networks are strong performers. According to the Data Center of China Internet, the number of social network users in the country reached 245 million in 2009, up 34% over 2008.

Social networks such as Tencent's QQ, search giant Baidu's Baidu Space and RenRen (formerly Xiaonei) dominate usage.

Although China has just over 500 million internet users, according to eMarketer estimates, QQ has even more accounts than that—587 million as of March 2010.

Tencent, a public company, reported \$141 million in online advertising revenue in 2009 and \$30 million in Q1 2010.

Facebook is growing rapidly outside the US. In New Zealand, Hong Kong, Canada and Singapore (as well as in the US), Facebook was the No. 1 website based on market share of visits in June 2010, according to Experian Hitwise.

Homegrown sites are holding their own. In Western Europe and Russia, several midsize social networks have succeeded in maintaining their dominance in their individual markets, even as Facebook has encroached on their territory.

In Poland, for example, Nasza Klasa reached 58% of internet users as of spring 2010, making it the No. 3 website, according to Millward Brown SMG/KRC. Facebook did not rank in the top 10.

Hyves in the Netherlands, Odnoklassniki.ru in Russia and Netlog—which is based in Belgium but has a Europe-wide presence—all are continuing to grow.

Netlog, for example, has increased its user base to 68 million members as of July 2010, from 56 million in October 2009.

A global buy. As Facebook and other social sites expand their worldwide presence, they will become more attractive to marketers that want to buy ads across multiple markets.

So far, most companies have been focused on the US opportunity. According to a survey of brand managers conducted by Harris Interactive for Buddy Media, 43% used Facebook to reach customers in local markets worldwide.

Among the obstacles the brand managers said they needed to overcome were the difficulty of keeping country-specific content fresh, customizing the same content for multiple markets and creating scalable campaigns across regions.

The full report, "Worldwide Social Network Ad Spending: A Rising Tide" also answers these key questions:

* What factors are driving growth in US and worldwide social network spending?

- • • * Will Facebook continue to dominate?
- • • * What role will Twitter play?
- • • * Is MySpace still a social network?
- • • * What are the advertising opportunities in social games?

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