

Social Networks More Influential In Emerging Markets

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Social network usage grows in emerging markets; users there more open to brands

In September 2011, eMarketer estimated worldwide social network ad revenues would surpass \$8 billion by the end of 2012, with the US accounting for just under half of the total.

Non-US revenues were expected to grow faster, as marketers attempt to increase brand awareness, market share, and profits in fast-growth countries like Brazil, Russia, India and China (BRIC) and beyond.

Pew Research Center's "Global Digital Communication: Texting, Social Networking Popular Worldwide" report found that in these large emerging markets, including Mexico and Indonesia, social network penetration ranged from 56% to 86% of internet users. In some markets, especially those with relatively low overall internet penetration, that put social network usage higher than the US's 60% of internet users.

Unlike in developed markets, where growth in social network usage has plateaued, emerging markets are experiencing double-digit increases. Social network penetration was highest in Indonesia and Russia, at 86% for each in May 2011, up from 63% and 76%, respectively, in 2010.

While not included in the Pew study, social networking may be even more common in Brazil. A study by local ad agency F/Nazca Saatchi & Saatchi found that penetration reached 93% of internet users in August 2011.

Aside from zeroing in on a large number of internet users, social media marketing is also more effective in emerging markets than more established ones. The TNS "Digital Life 2011" study found that users in BRIC, Indonesia and Mexico were more likely to view social networks as a good place to learn about and buy brands and products than users in developed markets like Canada, the UK and the US.

What could explain the large spread between developed and emerging markets? In developed markets, users are accustomed to third-party ecommerce sites and payment methods and mainly look to social networks for keeping up with friends. In emerging markets, ecommerce is untested and new; knowing the person or brand, even virtually, can engender more trust among users.

Social media marketing is important in the US and other developed markets, but higher levels of trust in emerging markets suggest that social networks can play a bigger role in the purchase cycle there.

In the TNS report, Larry Bruck, senior vice president of global media and marketing operations at Kellogg Company, is quoted saying, "Digital is a business enabler, not just a marketing enabler." In the emerging world, social media, not just digital, provides an opportunity to enable new business for savvy brands.

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