

Facebook is Dead



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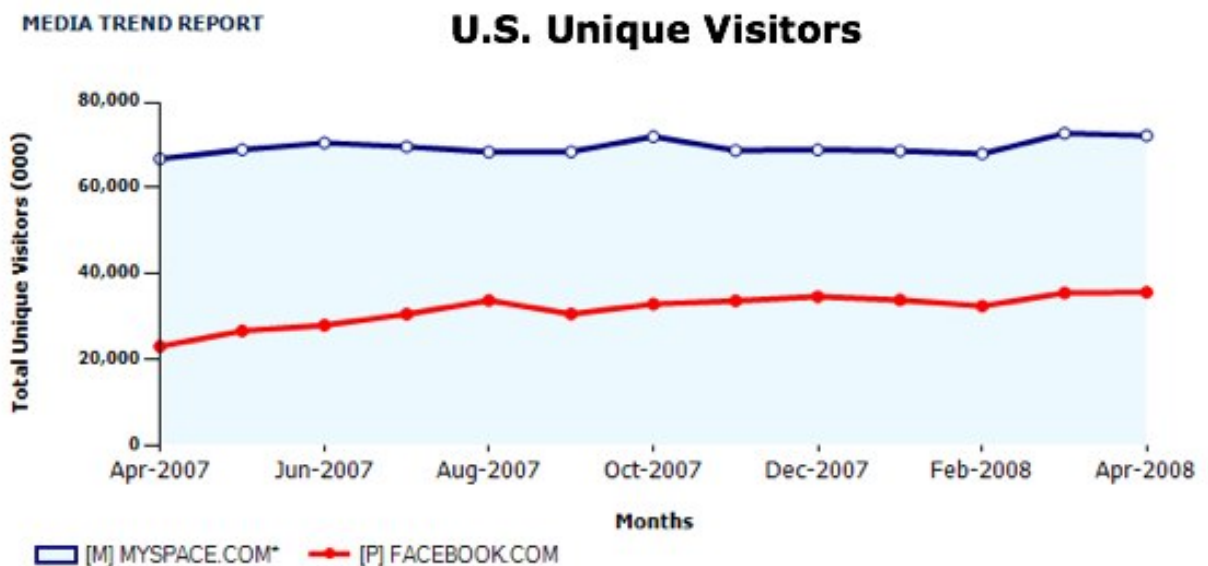
Well, not really. Social Networks come and despite some popular opinion, they don't really 'Go' per se. To illustrate this point, let's rewind to 2003 when this whole frenzy of online social networking really began.

Back in early 2003, Friendster was all the rage and became like crack for millions of Americans who were instantly addicted to its ability to connect with old friends and look for new 'friends' from the comfort of your desk, couch, bedroom, etc. It seemed like everyone was using Friendster, and there appeared to be no stopping its phenomenal growth. Then something interesting happened. Later that year, this other network started picking up steam – MySpace. MySpace offered a totally different approach to the user experience. Instead of being specifically focused on the utilitarian aspects of networking, they smartly chose to differentiate themselves with the ability for users to express themselves creatively in their profiles. Instead of a plain vanilla box, each profile was totally customizable using HTML and Flash. So of course, the cool kids wanted to play in this new, 'better' sandbox. Everyone thought Friendster was dead, and indeed it might have been in the eyes of the initial American audience. However, the reality is that Friendster is alive and well, and actually experiencing tremendous growth in Asian markets! I guess they weren't dead after all.

Worldwide Growth among Selected Social Networking Sites			
June 2008 vs. June 2007			
Total Worldwide Audience, Age 15+			
Home and Work Locations			
Source: comScore World Metrix			
	Total Unique Visitors (000)		
	Jun-2007	Jun-2008	% Change
Total Internet : Total Audience	778,310	860,514	11%
Social Networking	464,437	580,510	25%
FACEBOOK.COM	52,167	132,105	153%
MYSFACE.COM	114,147	117,582	3%
HI5.COM	28,174	56,367	100%
FRIENDSTER.COM	24,675	37,080	50%
Orkut	24,120	34,028	41%
BEBO.COM	18,200	24,017	32%
Skyrock Network	17,638	21,041	19%



Next in line: Facebook. Similar to MySpace, Facebook didn't follow the leader – they led the charge down another path and created a new, targeted social networking utility for College students (and eventually high school students). Facebook didn't have all the bells and whistles that MySpace had, but it was arguably easier to use and provided a less cluttered interface for keeping in touch with friends. It worked, and students all over the country flocked to it. As it grew and they eventually opened up the site to all users, some people made the claim that 'MySpace is dead' and 'Facebook is taking over MySpace.' In fact, this simply was not true. MySpace continued to grow throughout 2006 and 2007, and still shows growth in 2008, albeit far lower than in previous years. Interestingly, MySpace still dominates Facebook in US unique visitors (where the real money is), primarily due to their entrenchment with music. However, the reality is that Facebook is on a rapid growth trajectory internationally – just like MySpace was back in 2005. This can only go so far before one of 2 things (if not both) happens: 1. Growth slows due to market saturation or 2. Something else new and 'better' comes along capturing the attention of a portion of the audience.



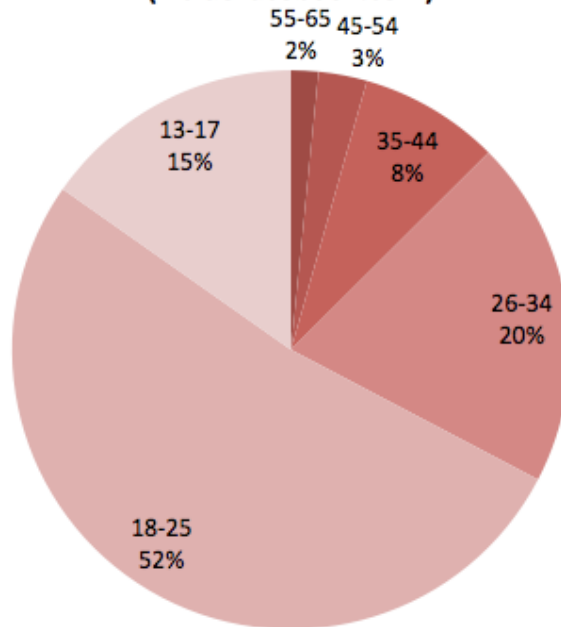
Courtesy of Comscore



2008 has seen some very interesting trends on Facebook. For one, a lot of over 30 users who originally thumbed their noses at social networks are now very active users. Many of these people never had a MySpace page, but instead they joined Facebook as their first foray into social networking. In fact, now even baby boomers are engaging on Facebook! Talk about an unexpected twist. Remember when people used to think that 'social networks are for kids?' Well, not anymore! But this begs the question – what happens when more and more parents, teachers, aunts, uncles, etc. ask to be friends on Facebook? While some things have changed in the world, some things have not. It's generally not 'cool' to hang out where your parents hang out. The things that people share on Facebook are not necessarily things that they would bring up at the dinner table with the grandparents.

Facebook users over 26 years old account for 1/3 of the 100 Million members
(source: InsideFacebook.com)

US Facebook Users by Age Group (9/18/08)
(InsideFacebook.com)



Courtesy of InsideFacebook.com



So, what happens next?

Let's hypothesize for a moment. Suppose another social network comes along that targets college students specifically and keeps the network closed to all but that niche. That seems plausible, right? Does that mean that Facebook and/or MySpace will implode? Doubtful. Just look at the history of these networks and the numbers of users that they each have. Roughly 200,000,000 people worldwide use Facebook and MySpace regularly, but there are over 6 billion people on earth. The point: there is plenty of room for growth in social networks, particularly in International markets. The big guys aren't going anywhere anytime soon, although the demographics of the people who visit them may change over time.

But back to the supposition that another network comes along targeting college students. This is a very real and probable possibility. In fact, there is a site that has just launched in beta that is targeting this very audience – Lymabean. Lymabean breaks new ground with its Flash interface that allows users to drag and drop cool stuff and send it to friends easily. Music, restaurants, stores, etc. are all integrated into the interface allowing easy sharing with friends. And of course, this is geared toward college students (how Facebook got its start), so the field has plenty of potential customers who are hungry for something new. This is one to keep an eye on.

There are plenty of other niches that are ripe for the picking. Time will tell which of these are enticing enough for another big player to enter the arena. But be sure of one thing – there will be more coming. The world moves pretty fast, and we won't ever run out of ideas for connecting with each other.

Which networks should you invest in?

What does this all mean from a Marketing standpoint? First of all, it means that you can't bet the farm on any one network and ignore the rest. Nor can you try to predict which one is going to be the next hot thing and put all your effort in that area (just think about the opportunities that would have been missed in 2006 – 2008 on MySpace if marketers believed the hype in 2006 that MySpace was dead, and Facebook was taking over). What you can do is look at diversifying your



presence across multiple networks, and utilize each one according to its potential to reach your audience. Here are some unique features of the top 2 networks that show how they have their own specific potential:

MySpace:

- Huge userbase in terms of sheer volume, with large base in the US
- Built-in connection with music – bands and artists create their own pages for free and promote themselves to the community
- New Music section where users can stream most songs in the catalogs of the big 4 record companies free of charge
- Personalized pages with limitless visual customization
- Video upload component with ability to create channels on your profile

Facebook

- Rapidly growing audience, particularly in the 30+ crowd
- Clean user interface with excellent News Feeds function for keeping up with friends
- Application platform that encourages development of custom applications for brands
- Multiple channels for viral messaging (huge Marketing potential)
- Tremendous international growth

No Silver Bullet

As time goes on, it will become more and more apparent that there is no one silver bullet for social networking. The reality is that they each provide their own values to the user. Think about that one for a second. In the end, this is really about providing value to the users. The users don't really care what network they use most – they care about what they are getting out of being part of the network! It's our job as marketers to understand this and figure out if we have a place to play in the equation. Many brands can indeed provide added value to these communities. In fact, they might provide different added value to Facebook than they provide to MySpace. This is ok – diversification is good. Just like it's unlikely that TV advertisers would rely on one specific channel to reach their audience, unless it's an extremely targeted audience. Instead, they sometimes produce different commercials for different channels. Why should it be any different on Social Networks?



If you are new to Social Networking, it's a good idea to dig around and find out what the options are on the different networks. Create your profiles and see for yourself how they work. In the end, you will only understand it if you do it yourself. Don't listen to the hype or believe that one network is king or one is dead. History tells us that it's a lot harder to kill these behemoths than a lot of bloggers would have us believe.

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Octane Interactive provides strategic guidance and tactical execution for brands that are considering Social Media or Social Network Marketing.

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