

Morpace Omnibus Report

April 2010

Is Facebook an effective marketing tool for retailers to influence consumer purchase decisions?

Facebook is growing from its origins as a social networking phenomenon into a website where consumers have the opportunity to research and support businesses and products through recommendations from friends and fan pages.

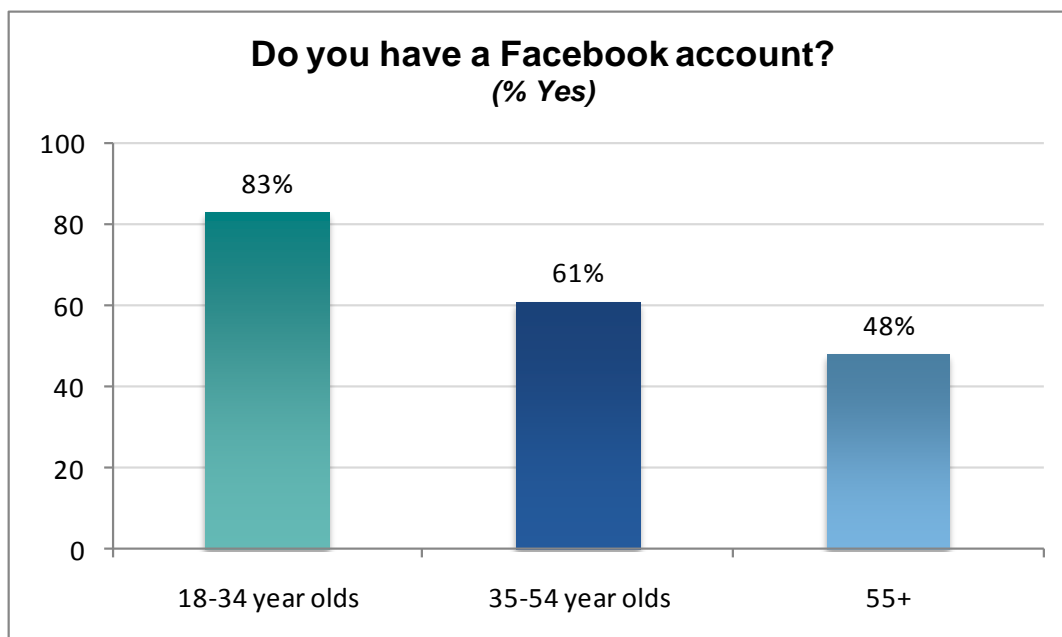
Retailers who are actively involved in marketing their products and/or services using a Facebook fan page have a distinct advantage over their competitors, according to the March Retail Omnibus study conducted by Morpace Inc.

The study found that not only are consumers joining fan pages that are managed by businesses, they are using Facebook as a means to offer and receive product recommendations.

“Retailers can offer consumers product information and exclusive coupons and discounts to create viral product buzz among Facebook consumers.”

*- Kirk Baetens
Morpace Vice President
Retail Practice*

Facebook appeals to a wide variety of people across all demographics. The social media website has expanded from its loyal base of younger members to include active members of all age groups.

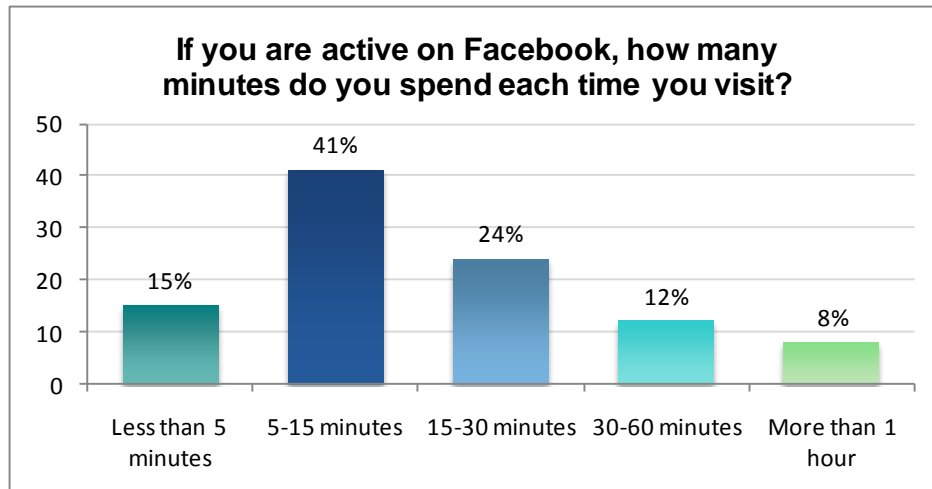


*A total of 1,000 respondents were surveyed
March 10-17 as part of the March 2010 online panel.*

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Although it is of no surprise that 83 percent of consumers between the ages of 18 to 34 have a Facebook account, it is notable that 55 percent of consumers over the age of 35 have Facebook accounts, and this will continue to increase.

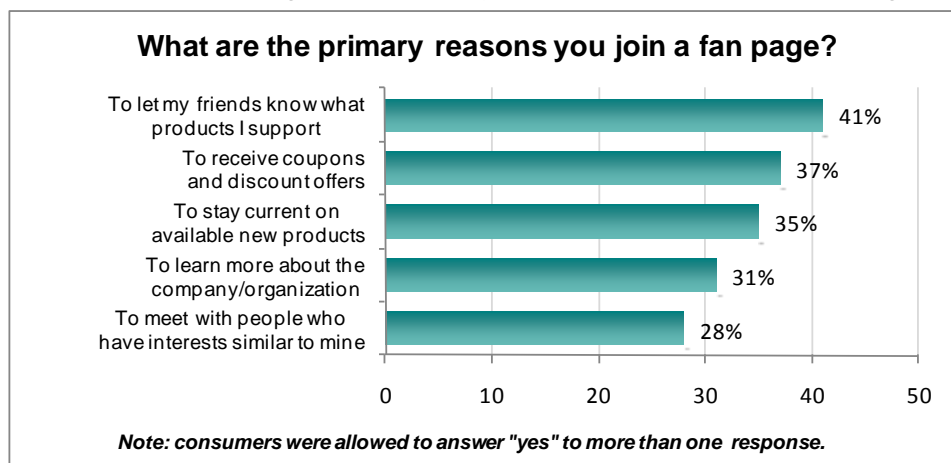


Almost two out of three people with Facebook accounts spend between five and 30 minutes on the site per visit. The study also found that one-in-three consumers with Facebook accounts visit the website multiple times per day. Overall, over one-half (55 percent) of consumers with Facebook accounts visit at least once per day.

Facebook and Your Business

In addition to traditional marketing, businesses can promote their products and services as well as their company brand image by using Facebook fan pages. While this is a free service, businesses cannot actively use the fan pages to sell products and services.

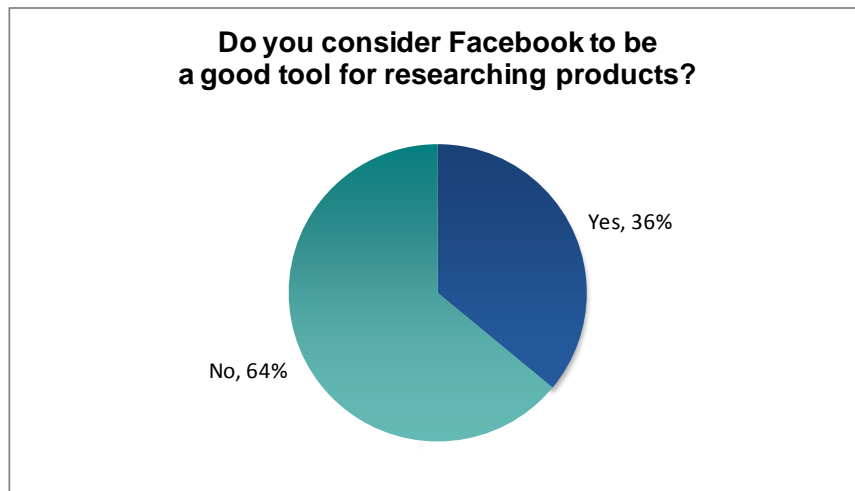
More and more, consumers are joining fan pages as a way to follow and enjoy sports teams, causes, and businesses they want to patron or support. The average consumer is a member of nine Facebook fan pages. Even more interesting are the primary reasons consumers join fan pages, shown below.



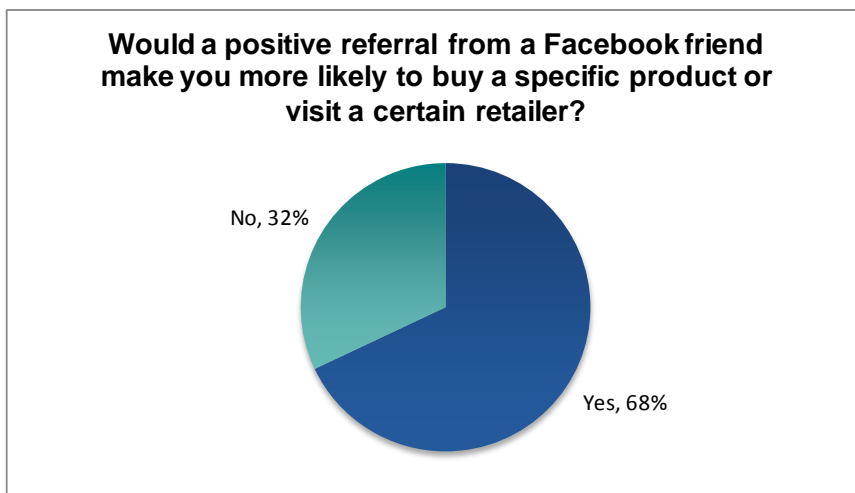
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Although direct sales can't be achieved, Facebook presents a unique opportunity to provide potential customers with discounts or coupons for redemption at their respective stores. Nearly four-in-ten consumers that have a Facebook account say they join a fan page to receive coupons and discount offers. The data suggests that Facebook could be an effective promotional marketing tool for reaching millions of consumers worldwide.



The natural forum Facebook provides allows consumers to share experiences with one another not only on the walls of corporate fan pages, but on the walls of their own personal pages. More than one-in-three consumers say that Facebook is a good tool for researching products, including 38 percent of males and 34 percent of females.



Nearly 70 percent of consumers said a positive referral from a "friend" on Facebook would positively influence their purchase decision. In addition to a tool that retailers can use to promote their brand, products and services, Facebook can also serve as a peer-to-peer comparison shopping tool where consumers can seek advice from their friends and family members.

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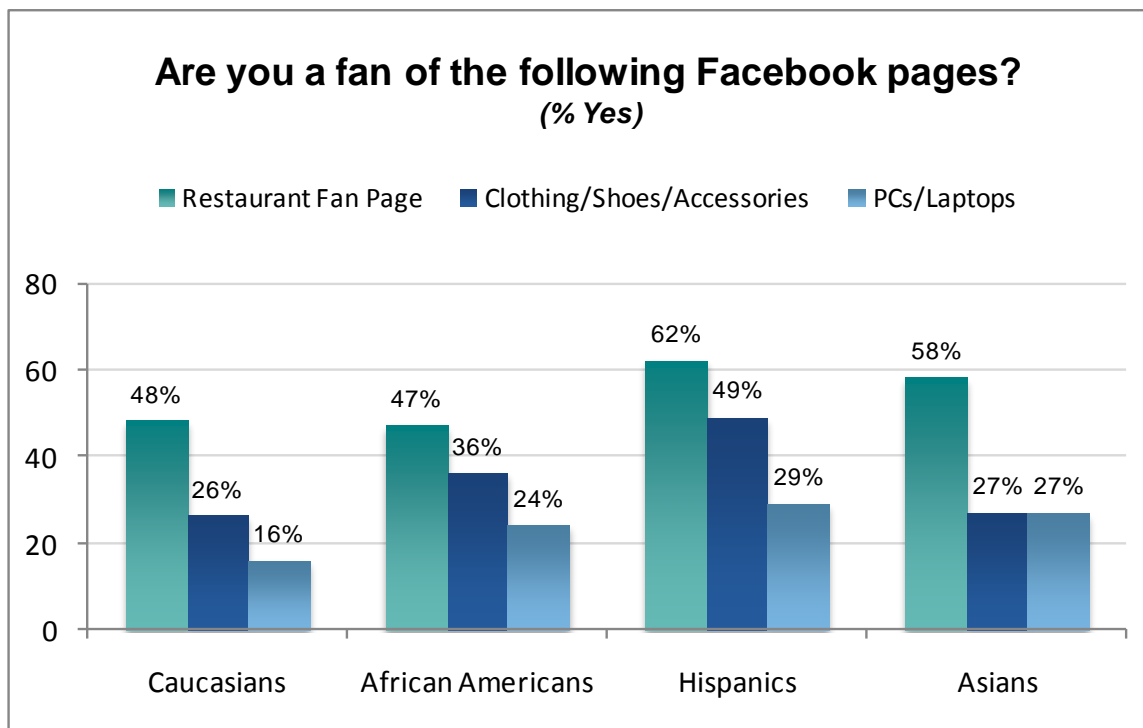
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Facebook Consumer Demographics

The Morpace Omnibus study reveals a consistent pattern of minorities being more active users of Facebook, as well as more likely to join retailer fan pages. Fifty-one percent of Asians, Hispanics and African Americans spend more than 15 minutes per visit on Facebook. African American and Hispanic consumers also join 10 fan pages, on average.

In all, 62 percent of Hispanics, 58 percent of Asians, and 47 percent of African Americans report that they are members of restaurant fan pages. Comparatively, 48 percent of Caucasians report they are members of restaurant fan pages.

A total of 49 percent of Hispanics and 36 percent of African Americans say they are a fan of clothing/shoes/accessories retail stores pages, compared to 26 percent of Caucasians. In addition, 29 percent of Hispanics, 27 percent of Asians and 24 percent of African Americans say they are members of PCs/laptops fan pages compared with 16 percent of Caucasians.



In addition to the information provided, roughly three out of four consumers from these three minority populations (African Americans, Hispanics and Asians) will let a Facebook friend influence their purchase decision.

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Other Findings

When asked, “What are some other reasons you join Facebook?” 23 percent responded with “tracking fan pages of my favorite companies, organizations and groups.” Another 10 percent responded with “looking for product recommendations” when asked the same question as stated above.

Consumers say that when logged into their Facebook account, they have talked about a range of products and services with their “friends,” including food/restaurant/grocery stores (38 percent), technology products (26 percent), sporting and outdoor goods or athletic gear (15 percent) and children’s toys and games (12 percent).

Conclusions

Our data shows that Facebook can allow businesses to directly communicate with their target market, whether this is the exchange of product information, the offering of exclusive coupons and discounts, or the viral product buzz from Facebook friends.

As more consumers create accounts and spend more time on Facebook, the potential positive effects on the business environment increase. It is important for today’s companies to understand and adapt to how social media can be used to effectively grow their business. The Morpace Omnibus Study clearly indicates that Facebook can be affordably used by businesses to attract and retain customers.

For further insights, or to explore research opportunities, contact Kirk Baetens, Morpace Vice President, Retail at 248.539.5253 or kbaetens@morpace.com.