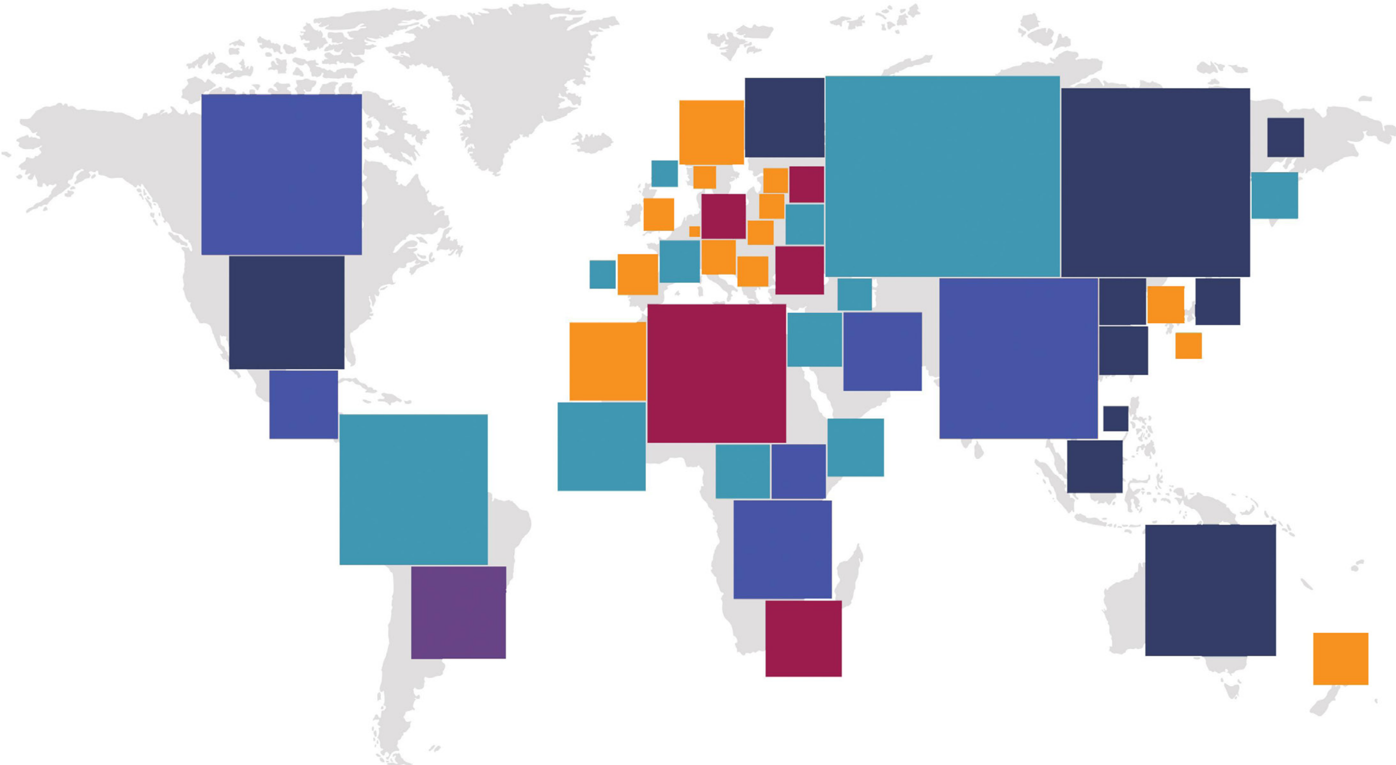
Digital Life

Understanding the opportunity for growth online



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Contents

01

Foreword

The Internet has made our world and the way we build businesses more dynamic and complex than ever. Opportunities and threats exist which were unprecedented just a decade ago, and the greatest challenge is the diversity of possibilities.

Online activity now impacts all elements of business growth, and in order to succeed, brands need to embed digital across their business. It's not simply about digital marketing, but business success in a digital age.

As the Internet continues its surge into the lives of the world's consumers in even the most remote parts of the world, there are new opportunities for brands to engage in fresh ways and drive results that will really grow their businesses.

TNS's Digital Life is a vast study into the attitudes and behaviours of the world's consumers online. We conducted in-depth interviews with over 72,000 people in 60 countries to build the most comprehensive view of what people do online – and why they do it. Having teams on the ground in all of the markets where we conduct research means that our recommendations are based not just on numbers, but on real human insights.

Our goal is to make this complex environment simpler to navigate, cutting through the clutter to develop precise strategies, channels and content that inform your marketing plans, and make digital a key part of your growth strategy.

This report contains just a small snapshot of our findings, but please do get in touch with us to understand more about the opportunity that digital presents in your market or category.

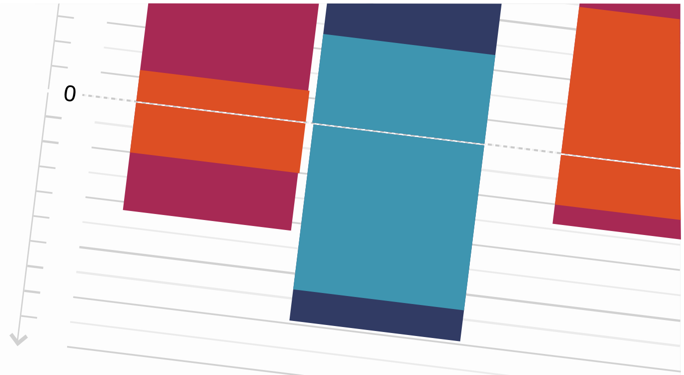
Matthew Froggatt
Chief Development Officer

02

What is Digital Life?

Engaging with customers online requires a deep understanding of their motivations, opinions and attitudes - and their resulting actions and behaviour.

Digital Life applies TNS's long-established expertise and deep consumer understanding to develop insights and address the key questions that inform marketing investment.



Digital Life also introduces the **Digital Growth Index**, a single number score, which cuts through the diversity of the online world, and identifies the opportunity for growth through digital channels. The Index helps brands to answer a range of questions, including:

- My target group is spending time online, but is this the best place to engage them?
- What do consumers want from engaging with my brand online?
- How can I add value to the relationship with my customers to turn them into advocates?
- What are the online touchpoints that will have an impact on purchase?

The Digital Growth Index establishes the precise opportunity across product categories and countries, with very real implications for how brands should approach their target market. For example, what does an automotive manufacturer need to do differently to reach consumers in Germany and China? What does a cosmetics company need to do differently compared to a travel brand?

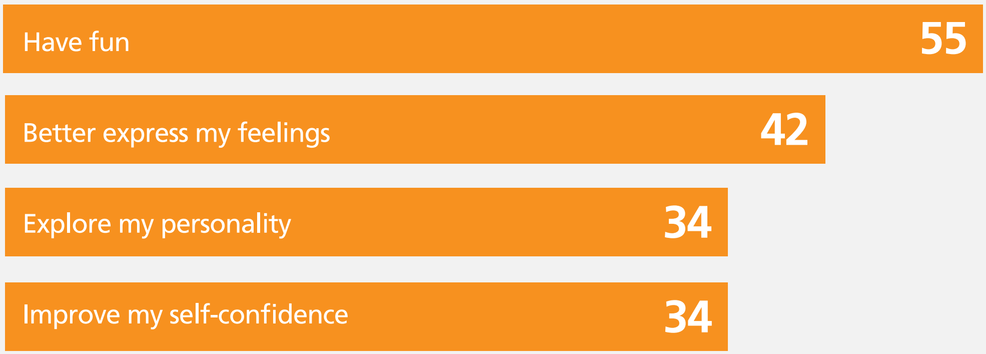
03

Consumers: content and connections

The Internet has certainly given a voice to millions of people who are freely sharing their views online. Whether they are engaging in a debate with global corporations, endorsing a local business on a blog, reviewing their last holiday, or voicing an opinion on Twitter, the world's consumers are actively discussing their passions – and pet hates - online.
This newly enabled awakening of self-expression, largely activated through social media, grants the individual an unprecedented level of power to have their say, and the impact on brands of this liberty and licence is huge.

Digital enables self-expression

The Internet helps me to...



% agree

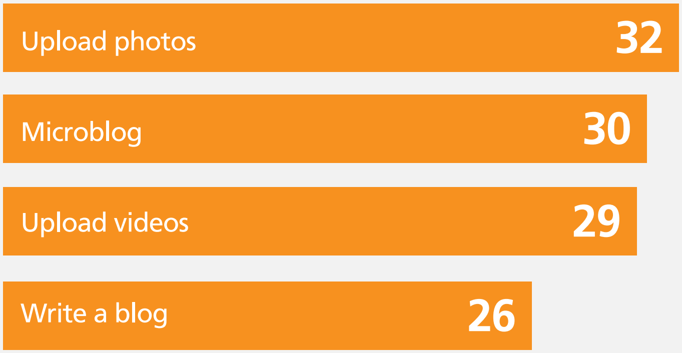
Self expression: many forms, many motivations

Our findings from Digital Life show that 42% of people globally feel that the Internet helps them express themselves better. This takes on many forms and is ultimately different for each of us. Two people can share the same photo, or express the same opinion via a social network or blog, but the motivations for 'sharing' and channels used for doing so vary subtly - but importantly - from one person to the next. For some it's staying close to family, for others it's self-promotion and on other occasions it could be more altruistic. It can be a more private form of expression or a broadcast-style 'shout it from the rooftops' to anyone and everyone.

Whichever way you look at it, and no matter which region, country, neighbourhood or individual we consider, the explosion has turned many old-world assumptions on their heads. From governments and societal norms, to business models and brand relationships, no area remains untouched by this new paradigm of self-expression and digital empowerment. As marketers, we are interested in all of these, but we spend much of our time focused on products and services and their impact on the growth of our business. So how is this self-expression affecting brand relationships and consumer purchase decisions?

Leading to an explosion in consumer content generation

Every week I...



% agree

Inviting brands in

Brands have realised the potential opportunity to reach a vast audience and understand that social media is a valuable communication channel for building loyalty; improving retention and driving additional spend. So brands have built relationships with bloggers and established presence on the social networks where these conversations are taking place.

However, muscling into social networks – individual spaces created by personal connections - is not always appropriate, or justified and can be detrimental to the brand overall. In speaking to consumers around the world, we have learnt that 57% of people in developed markets do not want to engage with brands via social media, rising to 60% in the US and 61% in the UK. However, misguided digital strategies are generating mountains of digital waste, from friendless Facebook accounts to blogs no one reads. This is being combined with ever-increasing content produced by consumers – the study shows 47% of consumers now comment about brands online – resulting in an overwhelming volume of noise.

Instead of rushing headlong onto social networks, brands need to reconsider who their audience is and how to go about building a relationship with them, on the equitable terms that consumers now demand. The power of social media in this context is dependent not only on listening properly but also on responding appropriately. Connecting with a brand online creates a potential direct channel for that brand to communicate with consumers. However, it remains important to ensure that these messages are targeted and appropriate, to avoid both alienating consumers and adding to the cacophony of noise. What is clear is that seeking to engage with consumers on social networks cannot be a 'bolt on' activity, but needs to be an integral part of the overall marcomms strategy.

47%

of consumers now comment about brands online

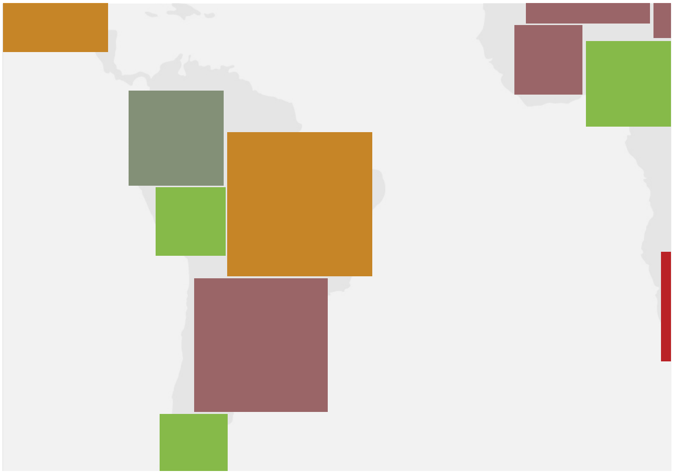
Do I really ‘like’ you?

Often the chosen metaphor is one of ‘the conversation’- consumers want a dialogue with brands not a monologue. This has proven an effective way to understand and digest the changing nature of relationships between brands and consumers, caused in large part by more digitally expressive and empowered consumers. And, in turn, it has enabled brands to adjust the ground rules for their consumer relationships. However this simple metaphor also risks us over-simplifying and missing crucial underlying factors.

Most commonly, people are keen to find ways to express themselves more effectively, more efficiently, more creatively, more personally, more deeply, and more quickly. This may be through interaction with other people or with brands, but most of the time it is motivated by our innate desire to socialise. Yes, this also offers opportunities for brands to ‘join the party’ of socialisation enabled by digital channels – but we need to be thinking more carefully and specifically about what the brands wear to the party, what time they arrive, whom they speak with when there - and when they leave! Sometimes brands also need to know when not to accept the invitation, and when not to turn up uninvited.

Many consumers do not want to directly ‘talk to a brand’, or certainly only want to with some brands, some categories, or at some particular point of their pre or post-purchase journeys. Just because Twitter allows me to ask for an immediate response from @mycurrentbrandofchoice doesn’t mean I want to.

It is important to keep in mind that social interaction is usually between people, not people and brands. Rather than brands immediately jumping into social networks, there are other routes to consider that can be particularly effective in the digital realm.



For more information please go to
tnsdigitallife.com/view/social-brands

Brands as enablers

Brands can act as enablers for self-expression and social interaction. This can take almost as many forms as the self-expression itself. This is not a new concept; essentially it's about brand utility, for example branded entertainment or branded journalism. This takes us back to the 'brand idea' or 'promise'. What is the brand or product really 'all about'? How can it deliver on this idea whilst enabling people to express, communicate and socialise? Through this lens the brand can truly earn its right to be part of the (digital) conversation and world of self-expression, or to use the party metaphor to earn its 'invite'.

Enablement can take many more forms in today's rich and interactive world than it could just five years ago; faster 3G, 4G and LTE mobile networks; custom mobile apps; deeper web experiences through HTML5 and next generation browsers; personalisation of web experiences through improved analytics and dynamic content provisioning; faster connections for video content and video communication.

But the technology itself is not the enabler – it must become woven more deeply into the brand idea to be best expressed in the digital world and to enrich, entertain, or inform people. The technology means a brand, product, or indeed the marketing itself can become more useful, playful, honest, helpful, participatory or collaborative. Digital can be the glue to integrate all other manifestations of the brand idea.

04

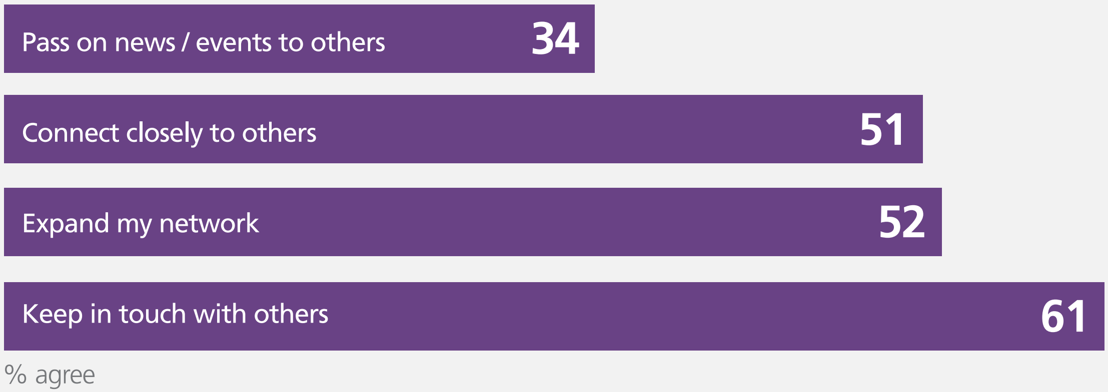
Amplifying opportunity: activating advocates

In attracting new buyers, social media takes the old concept of 'word of mouth' to an unprecedented level. Not only are customer opinions shared with a wide audience, but new business models such as group buying, move far beyond a recommendation to an immediate call to action from friends. However the starting point in engaging advocates has to be an understanding of what motivates them to affiliate themselves to a brand and its content.

The route to purchase is more complicated in a digital world, and brands have to factor in the exabytes of consumer generated reviews and opinions that compete - often successfully - with the information generated by brands themselves. A potential threat is that these brand communications may be drowned out by the consumer voice. However, if you get the information into the right hands at the right time, it can be endorsed more passionately and shared more widely than most marketers and retailers ever thought possible.

Enabling connection and community

The internet helps me...



What drives sharing?

Over half the consumers surveyed in Digital Life say that they comment about brands online in order to share content from the brand with their network. Driving advocacy and endorsement through this sharing relies on brands understanding consumer motivations and tapping into their willingness to pass content along. Content needs to be appealing enough for people to believe that they will be adding value to their networks through sharing. Over a third of people, globally, agree that the Internet helps them to pass on news and events to others and getting that content right presents a major opportunity. Brands that develop content that resonates with their target audience see their efforts amplified manifold as they tap into the consumer desire for expression and connection.

Beyond securing a 'like' or '+1', getting a consumer to engage with a campaign, creating and sharing their own content within frameworks defined and facilitated by the brand reaps significant benefits. This theme comes through strongly in our conversations with CMOs, who understand that participatory campaigns really do provide opportunities to strengthen engagement and drive advocacy.

Hugh Chambers,

Chief Commercial Officer, British Olympic Association

"I've termed it 'Open-source Creativeware' to encapsulate the idea that much like open source software, we're looking to create a blueprint or DNA of a creative campaign and then invite others to take it and adapt it and build it and grow it."

The power of comments

Commentary around brands, products and services is a huge part of what consumers are discussing online and while there has been much debate about the real value of a 'fan' or a 'like', it is the negative reviews and comments that are more likely to have an impact on a brand's sales. And there is very little scope for a brand to intervene, particularly when 57% of people trust what other people say about brands more than what the brand says itself. In Digital Life we learnt that two-fifths of people trust comments that people they don't know write about brands and furthermore, over half of those online agree that even a single negative review can have an impact on how they feel about a brand.

In this environment, some marketers may feel that their control and mitigation capabilities are weakened when negative commentary is unchecked. However, the picture is not necessarily bleak. While brands do need to stay vigilant to the threat of 'anti-advocacy', it's important to note that consumers don't talk about brands solely to complain: 61% will make a comment about a brand in order to praise, Whilst the impact of a negative review does have a greater impact on how consumers feel about a brand, this somewhat offsets the 53% who will comment in order to complain. Maintaining these active, engaged brand communities – whether owned or earned - who feel that they derive genuine benefit from their participation, can drive advocacy. Engaged brand communities tend to dispel negativity that they consider to be unfair, in order to protect the community that they value. The benefits to a brand of creating these self-sustaining communities are clear.

61%

of people comment to praise a brand

53%

of people comment to complain about a brand

For more information please go to
tnsdigitallife.com/view/consumer-voice

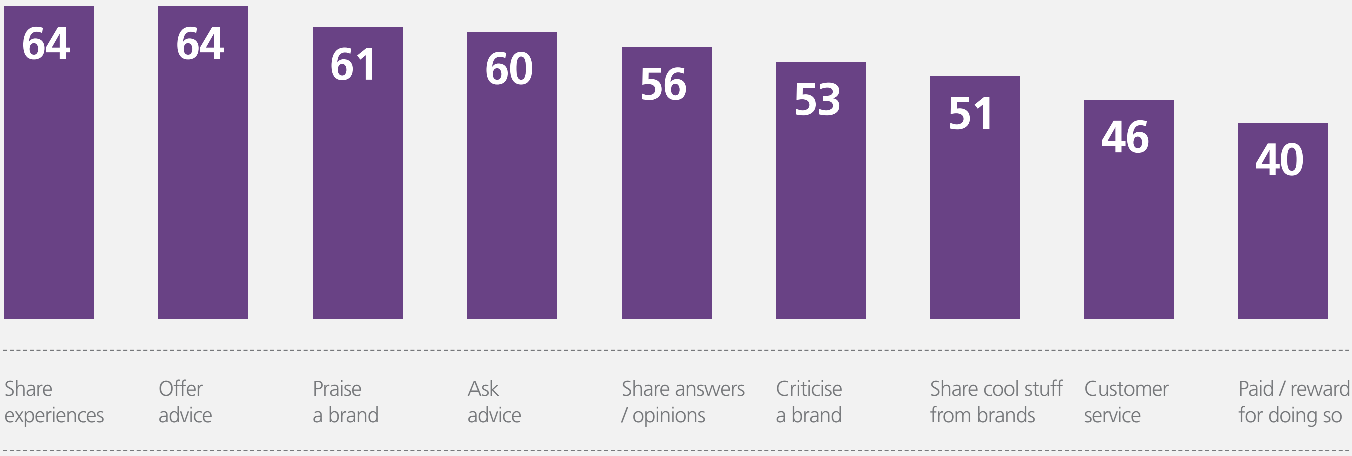
Minimising risk

Negative word of mouth works much harder - and much faster - than positive word of mouth, so brands need to defend just as much as they attack through social media channels.

Listening to customers and building a picture of what they like and dislike, what their lives are like and their unprompted comments, status updates, photos and product reviews - all made in a trusted environment - can greatly inform market interest assessment and the development of new products and services, if harnessed in the right way. Even when these sources alone do not provide the full picture required, they can help direct us to the type of person we should look to engage through further validation. Going further, these sources can support more active co-creation and deeper brand engagement and sharing. Further value is added when this approach is complemented by bespoke or branded online communities.

The consumer brand voice

I write about brands to...



% agree

Getting into the newsfeed

Mobile Internet access adds new challenges to the online environment. Being constantly connected to the Internet increases the propensity to make negative comments – grumbling about a brand, a service or in-store experience at the point at which we are inconvenienced.

Beyond this, it's harder to achieve cut-through on mobile – ads are much less prevalent and so it becomes increasingly important for brands to make it on to the news feed in a mobile environment. So, sharing and 'likes' become more significant as way to maximise the potential of exposure.

Mobility will continue to transform the way we engage with the Internet and as more consumers are 'always on'. 61% of tablet and mobile users already feel that they are always connected to the Internet. Brands need to develop ways to respond in real time. Passive monitoring of what is being discussed on social media is no longer enough and brands need to understand the deep connections and affiliations that drive advocacy.

61%

of tablet and mobile users already feel that they are always connected to the Internet.

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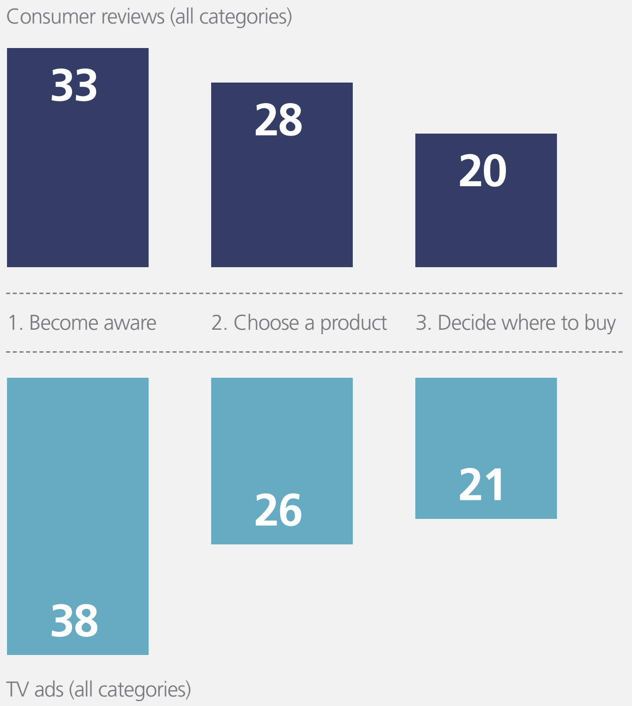
Integrating digital across the business cycle

With consumer online access and engagement hitting the levels we see today, almost all components of our lives have become digitised in some shape or form. We leave a digital footprint in almost all we do. Commerce is no exception. From the initial exploration of a potential purchase through to the product selection, purchase transaction and subsequent uses of customer services and loyalty scheme memberships, no part of the journey remains untouched by digital.

The impact of digital that has prompted much debate over how purchase models should be transformed: the 'Death of the Funnel'. From snakes and ladders, to hour-glasses and more complex purchase loop interactions, the point remains the same: the path to purchase is rarely as linear and straightforward as it once was.

Consumer and brand touchpoints are important sources...

Agree touchpoint is important to me to...



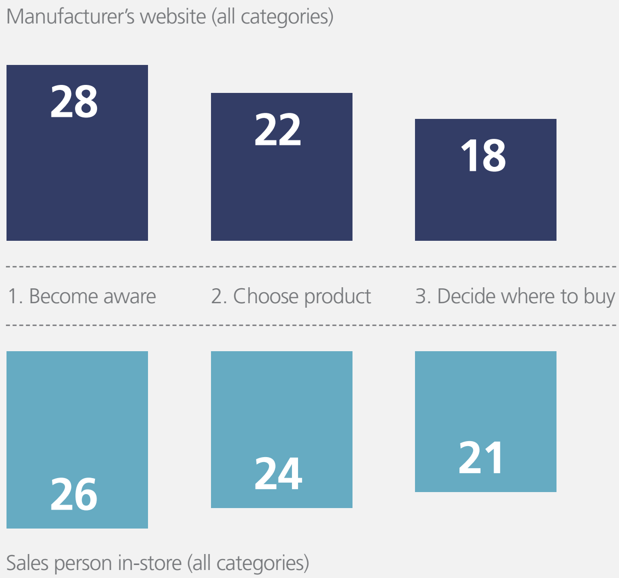
Which touchpoints drive sales?

For retailers that are seeing a significant shift from 'bricks' to 'clicks' there is big impact on supply chain, targeting, fulfillment models, and even package configurations. And that is by no means the full extent of the impact. From Digital Life and our conversations with clients we know that some food categories see more than 20% of their in-store purchases being influenced at some point prior to purchase by digital touchpoints – be that category research, product research or more transactional research such as sourcing coupons – and the in-store conversion of those consumers is higher than those not exposed to digital touchpoints.

A precise analysis of how far from the point of purchase these influences occur is still required to inform how touchpoint 'content' and timing is tailored, but the digital influence is becoming too clear to ignore. This trend has impacted other categories for considerably longer, but for FMCG / CPG it is beginning to pose important questions to business such as: 'Should there be a standalone digital shopper marketing function? If so where should that live – in sales or marketing or somewhere else? How should we approach eCommerce?'

...as are on and offline touchpoints

Agree touchpoint is important to me...



For more information please go to
tnsdigitallife.com/view/path-to-purchase

Return of the ‘Big Idea’

The FMCG category has for a long time experimented to find the best place for digital to fit within marcoms, shopper marketing and retailing strategies. For the food, drink and personal care categories we are seeing significant uptake in consumers seeking out information online before they purchase offline. While motivations and the type of information sought vary widely, there is a need to focus on delivering against these needs via digital channels.

For products with appropriate ‘brand ideas’, this can be more straightforward. A breakfast cereal that positions the brand around dietary advice and weight management programmes can develop online personal health diaries and mobile app calorie counters and recipe guides. For a product with a less distinct brand idea the challenge, of course, remains harder. Indeed, where the fit just doesn’t seem to appear, there are occasions where it is best left at that – not all brands need to play across all channels, as the abundance of abandoned Facebook brand pages out there demonstrate. A first step should always be to evaluate the broader ‘big idea’ for the brand and see how that can come to life in the digital world.

Making the most of purchases

Digital Life has shed more light on the trend we’ve seen for consumers to look online for product usage advice, be that from brands or consumer-generated sources. Some retailers have been quick to capitalise on this trend. Best Buy CMO, Barry Judge, believes that customer service is fast becoming a differentiator for their sector and their digital strategy is prioritised accordingly.

Best Buy operates a series of consumer review sites and communities that play to this very demand. From more general entertainment and music blogs, to managed forums and the expert community, where people can share their opinions and rate each other’s product reviews.

Staying in touch with brands

Across most markets there is a trend for consumers to want to 'keep up to date' with their brands of choice. For some the motivation is 'promotions and offers', for others it is about access to general information and a deeper feeling of proximity to the brand. High-end luxury brands and retailers, for example, can take advantage of these motivations through their digital efforts, and responding to demand from their loyal fans, advocates and customers to 'learn more' and 'stay up to date'.

Brands that once looked to maintain exclusivity have begun to assess how best to respond to this pressure for 'more' whilst maintaining the 'distance' that so often build desire. For example, by providing behind-the-scenes video footage of a fashion brand's New York Fashion Week show, or interviews with the sportsmen and women sponsored by luxury watch-makers.

One thing is certain; this tide of demand for more cannot be turned. The response should be to open-up, provide more and remain the source of that information, before consumer-generated and boot-legged material takes its place.

Shaping our in-store expectations

Digital is accelerating the focus on integrated multi-channel marketing for many of the CMOs we speak to. Whether it be the video game retailer GameStop, chocolate producer and retailer Godiva, technology retailer BestBuy, or the cereal producer Kellogg's – all agree that digital is fast cutting its way across their business – from innovation and product development to shopper marketing and customer service.

> **Larry Bruck,**
> SVP, Global Media and Marketing Operations, Kellogg Company
>
> "Digital is a business enabler, not just a marketing enabler"

The implications a consumer's digital experiences are having on in-store retailing are significant. Via digital channels consumers can now narrow their product or model consideration sets, to two, or three new laptops. However once they get in-store, they find they can't easily recall those choices if they don't have Internet access on their phone, or they didn't remember to print the information before they left home. At a more easily deployable level, in-store PC and tablets can aid in this regard. Moving on a step, we see the reserve online, pick-up in-store mechanism. However, a more complex and costly infrastructure is needed to execute on this effectively.

Consumer expectations often run much deeper than just researching online. The depth of personalisation being enabled online is creating demand for a richer and more personalised in-store experience.

One brand committed to responding to this is Apple. 2011 saw Apple seriously ramp up in this area and announce multiple enhancements to their online and retail stores. Amongst the changes include the ability for customers buying accessories in-store to pay for them through their iPhones, iPads and other iOS devices through a 'self-checkout' mechanism – payments being taken from iTunes accounts after the item is scanned through the camera in the self-checkout app. Perhaps more impressively, if a customer orders an in-stock product they are able to pick it up in-store just 12 minutes later. Non-stock or customer items can be ordered with subsequent free shipping to the customers' retail store of choice. And in a nod to the importance of the digital channel even for a business with flagship retail stores, customers who buy online or through the iOS app will be given priority when they go in-store over a customer waiting to see a store rep.

Looking further to the future, mobile will play a greater role for many aspects of commerce and shopper marketing. PayPal has recently announced a 12-24 month plan to introduce new technologies, giving customers a new series of payment options: from one PayPal card that acts as a single bridge to all other payment cards, to a mobile number and 4 digit pin, or near-field communications (NFC) at point of sale. From the retailer and consumer technology side of the equation, we are certain to see further digital impacts on retail that are not yet immediately clear.

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Marketing in a digital age

Content is the currency of community, shaped and consumed by the masses. Brands need to understand the attitudes and motivations of consumers; why they choose to signal their affiliation to a brand and how to make the most of this to ensure a strong online presence. Within this "noisy" environment, it is not about volume of commentary, but securing high-quality endorsement from influential corners.

Brand as subject matter is alive and well, but brand voices lack trust. In this environment, brands need to go back-to-basics, evaluate their role and what they offer consumers, beyond their core product offering. Brands that focus on adding value by facilitating content and extending their services to increase the time a consumer spends with their brand are seeing stronger engagement.

Consumers continue to access a multitude of fragmented touchpoints during their path-to-purchase. At every stage of this journey, there is the potential for them to be 'hijacked' by negative commentary or reviews. To combat this, brands need to build connections earlier in the customer journey, strengthening their relationship and minimising the risk that negative buzz can present. For any marketer it is important to understand the nuances of geography, category and target audience, building campaigns appropriately.

Companies need to consider integrating digital beyond campaigns to the business. Digital clearly extends beyond marketing and consumer engagement teams to incorporate web and software teams, channel management and retail teams, CRM and influencer engagement teams.

The digital opportunity remains huge; the only threat is establishing the right strategy to adopt. TNS applies Digital Life to business challenges, defining a precise plan for growth for clients across geographies and categories; identifying the precise strategies, channel and content that will enable business success in a digitally-enabled world.

07

Can I see more of the findings?

This report contains some of the insights we have developed as a result of the Digital Life study. We have also developed an interactive data visualisation, enabling you to explore some of the key findings, which is available at **tnsdigitallife.com**

There are many ways to access the full study, from purchasing an in-depth report on a specific geography or category, through to access to all reports and the data set itself. The real benefit of Digital Life comes from collaborating with one of TNS's experts operating in over 80 markets globally to address a specific business challenge. TNS's strong local presence enables us to provide precise recommendations for growth that are based on a close understanding of the individual market.

Digital Life study was undertaken in the following markets:

Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Columbia, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Ghana, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Kenya, Luxembourg, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, Russia, Saudi Arabia, Singapore, Slovak Republic, South Africa, Spain, Sweden, Switzerland, Taiwan, Tanzania, Thailand, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom, United States, Vietnam.

About TNS

TNS advises clients on specific growth strategies around new market entry, innovation, brand switching and stakeholder management based on long-established expertise and market-leading solutions. With a presence in over 80 countries, TNS has more conversations with the world's consumers than anyone else and understands individual human behaviours and attitudes across every cultural, economic and political region of the world. In the big picture of growth, it is the precise details that matter the most.

TNS is part of Kantar, one of the world's largest insight, information and consultancy groups.

Please visit **www.tnsglobal.com** for more information.

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digitallife@tnsglobal.com