

The Merkle logo consists of the word "MERKLE" in a bold, blue, sans-serif font. A red swoosh is positioned above the letter "E".

**MERKLE**

A Customer Relationship Marketing Agency

# View from the Digital Inbox 2011

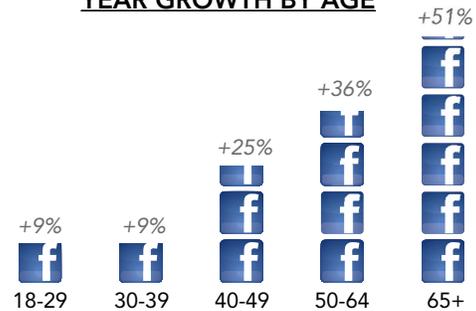
Digital Marketing Insights From the Annual  
Consumer Attitudes and Usage Study

View from the Digital Inbox 2011

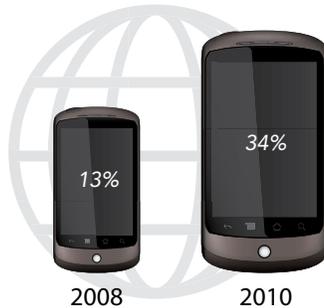
**CHANGE IN SOCIAL SITE USE  
YEAR OVER YEAR**



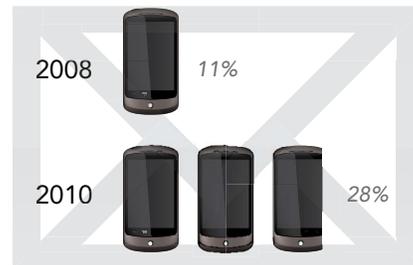
**FACEBOOK USE YEAR-OVER-YEAR GROWTH BY AGE**



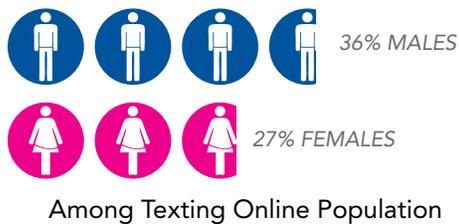
**MOBILE WEB USE  
AMONG ONLINE POPULATION**



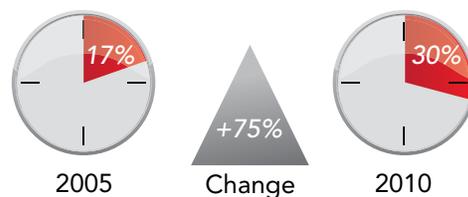
**MOBILE PERSONAL EMAIL USE  
AMONG ONLINE POPULATION**



**OPTED IN TO COMMERCIAL  
TEXT MESSAGES**



**COMMERCIAL EMAIL TIME AS A  
PERCENTAGE OF TOTAL EMAIL TIME**



**PERCENT OF ONLINE POPULATION  
BELIEVING EMAIL IS FUN**



## View from the Digital Inbox 2011

### Introduction

The digital space has seen unparalleled growth over the past two years. Consumers are adopting new behaviors faster, compared to prior technologies, and these behaviors are quickly taking hold outside the early adopter demographics<sup>1</sup>. Merkle has been reporting on consumer insights in the digital space for nine years. What began as an email-centric study has evolved over the years into the social and mobile spheres – a reflection of the growing U.S. penetration and more importantly, consumer integration between these media. Digital confluence, or the integration of email, mobile and social networking, continues due to mobile adoption and usability improvements in common tasks such as checking email and interacting with social networks. Over half of U.S. adults now have a mobile phone that can access the Internet<sup>2</sup>, and the ease of checking email and social sites on the go has enabled this integration to proceed quickly.

The rapid adoption of social networking over the past several years is noteworthy, not only because of its dramatic growth across all demographics, but also because of the way it is changing online personal communication. The reigning leader in the social space, Facebook, is used at least weekly by nearly two-thirds of those online, and even by 44% of those ages 65+! One aspect of these changes is that email time continues to shift away from the main purpose of personal communications, with a growing percentage of time spent on commercial communications, also known as permission email.

This digital revolution is going to require an evolution in the way most marketers target and engage. Digital marketing is more about one-to-one marketing than the media that came before it. Consumers tend to be driven by the same incentives to opt in to commercial communications, whether they are established or new media. And, seasoned digital marketers will confirm that many of the same questions regarding content and frequency are being asked of newer media (mobile) as they were ten years ago when commercial email was fledgling. What has changed, however, is the customer intimacy of the newer media. The “personal space” that used to be the primary inbox has shifted to mobile; that intensely personal, always close device that demands more responsible marketing than has been required in the past.

These findings from Merkle’s ninth annual View from the Inbox study of email and related digital media have implications for marketers who are interested in digital marketing strategy. They are based on an online survey of 3,535 U.S. adults age 18+ conducted during the fall of 2010.

### Digital Integration is Here

Usage of email, mobile and social networking is converging, and internet-enabled mobile phone users are moving seamlessly between the media and channels, thanks to mobile applications and usability improvements in phones. Competition in smartphones, along with the increasing penetration of tablet devices<sup>3</sup>, are driving significant innovation and accelerating the rate of this confluence.

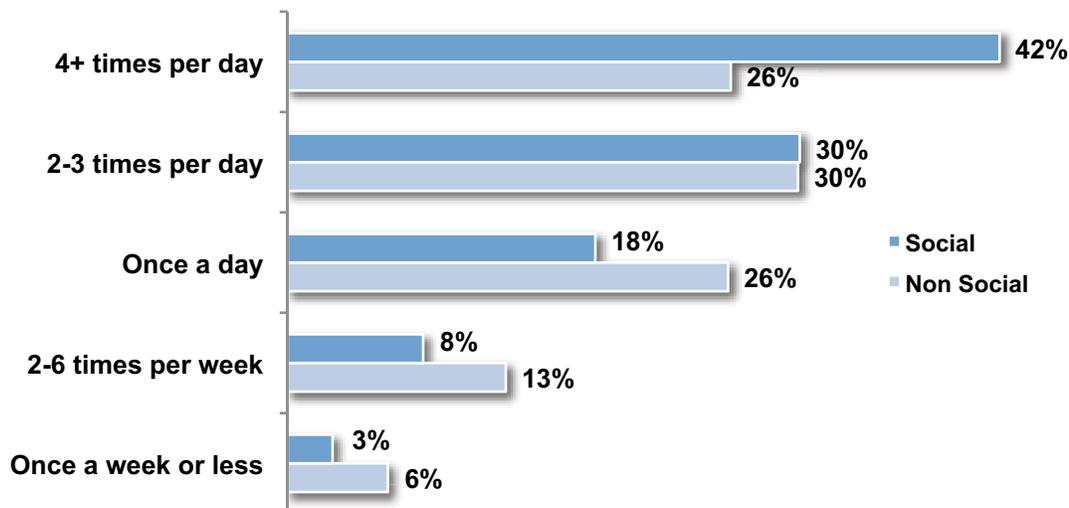
## View from the Digital Inbox 2011

Mobile-enabled Facebook members spend about 18% of their Facebook time on their mobile phone. Age is responsible for the largest differences in Facebook’s mobile use, with a high of 25% of Facebook time being spent on a mobile phone versus a personal computer for those ages 39 and younger. Facebook users over 40 spend considerably less time accessing Facebook on their mobile phone, a trend which continues downward to a low of 3% of total Facebook time being spent on a mobile for those aged 65+.

Just over half (55%) of those with an Internet-enabled mobile phone use it to check their personal email account. Perhaps as a result of this “always on, always accessible” device, mobile email users tend to be “hyper email checkers,” or those who check email four or more times daily. Forty-three percent of mobile email users check email four or more times per day, compared to 29% of those who do not use mobile email.

For two-thirds of social networkers, the email account associated with their social networking account(s) is the same account used for the majority of their commercial, or permission, email. (Another 8% say it varies.) This means that the marketers sending email are likely to have a regular viewing audience of at least their brand and subject line, since social networkers are also more likely to be “hyper email checkers,” as are mobile email users as noted above (see Fig. 1). Part of this similarity is the audience cross-over, as 78% of mobile email users are also regular users of social networking sites.

**Figure 1: Frequency of Checking Personal Email Account by Social Media Use**



Base: Social media users identified by the use of one or more of the sites Facebook, MySpace or Twitter

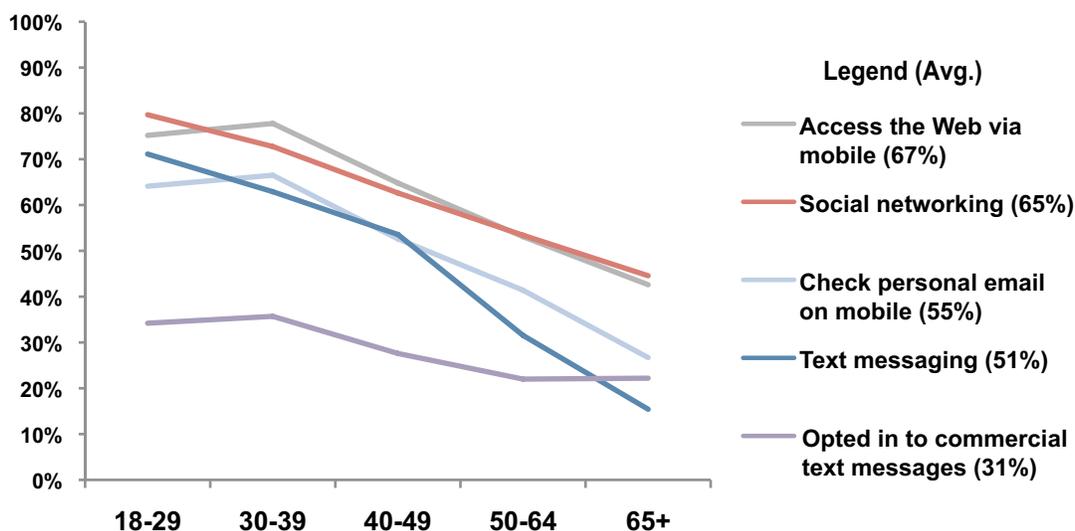
## Digital Behaviors Vary Predictably by Age

While there are differences in digital behavior adoption by demographics (including gender, ethnicity and education), the digital divide is best summarized with age alone. Younger demographics are still substantially more likely to incorporate digital behaviors into their daily activities compared to their older cohorts (Fig. 2).

## View from the Digital Inbox 2011

The digital divide is narrowing over time for some digital behaviors, as accepted technologies are adopted in a trickle-down fashion. Currently, the digital areas that saw a reduction in the gap between the age segments with the highest and lowest penetration year over year are social networking, text messaging, and opting into commercial text messages. The areas that saw a widening in the chasm between age segments year over year included the mobile activities of accessing the Web and email.

**Figure 2: Digital Behaviors by Age**



Base: All respondents for first two categories; mobile categories based on Internet-enabled mobile and texting respondents. Social networking includes use of one or more of the sites Facebook, MySpace or Twitter

## Personal Email, Search Most Common Web-Based Mobile Activities

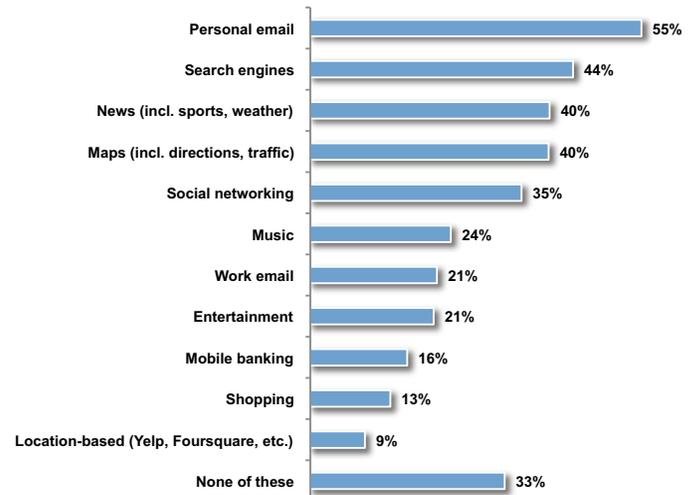
Two-thirds of those with an Internet-enabled mobile phone participate in at least one of the activities shown in Figure 3. Of the activities investigated, the most ubiquitous is checking personal email (55%), followed by the use of search engines (44%). Shopping is relatively low on the list, at 13%, though it is experiencing tremendous growth<sup>4</sup>. Mobile generally provides a sub-optimal browsing experience compared to a PC, and mobile shopping has slightly lower customer satisfaction compared to online shopping<sup>4</sup>. However, mobile's strength comes from complementing online shopping with its instant commerce capability, and future growth will come from more brands realizing the value of this channel and creating an optimized mobile experience through tailored sites and applications. Location-based sites, used by just 9% currently, are expected to increase substantially in the future. While these sites refer to the consumer-driven aspect of location-based services, location-based marketing continues to be a hot topic. It has strong potential for further establishing and enhancing consumer engagement and providing a high ROI – along with the possibility for negative customer sentiment stemming from its potentially intrusive application.

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Nearly half (46%) of Internet-enabled mobile respondents have downloaded at least one mobile application, or app. This group of app users has downloaded an average of 17 apps, with a median number of ten. While the initial marketing push into mobile included a heavy emphasis on apps, utility and convenience will drive further consumer adoption, and more importantly for ROI measurement, repeat usage.

One of the more promising mobile marketing tactics is couponing, which 16% of Internet-enabled mobile respondents have already received. A whopping 56% of mobile coupon recipients have redeemed a coupon sent to their phone.

**Figure 3: Mobile Phone Activities**



Base: Respondents with an Internet-enabled mobile phone

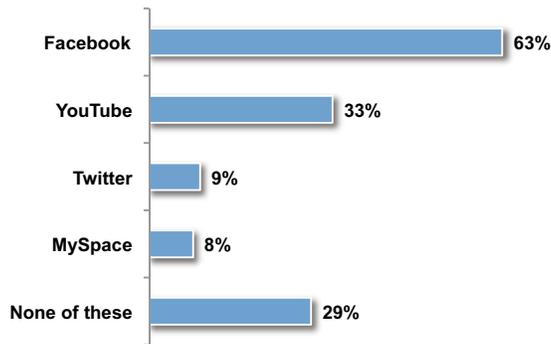
## Nearly Three-Quarters of Online Adults Use Social Sites Weekly

Social networking sites comprise an extensive variety of community websites (news, travel, nonprofit), media (videos, photo sharing, music), blogs, commercial websites (classified as social with reviews and wish lists), online career networks and social networks. With so many sites encompassing social media use, the View from the Inbox study focuses on the current top consumer sites, and regular use versus membership. Regular use of social sites is of greater importance to marketers than penetration, which can include past usage and inactive users.

Seventy-one percent of those online use one or more of the sites listed in Figure 4 weekly, with Facebook in the lead at 63%. The social media space is rapidly changing, which has considerations for marketers looking to target their prime customer populations. The differences by education level and ethnicity among various social media sites reported last year have narrowed, as Facebook further established itself as the primary social network, and people continued to defect from the sinking Myspace. In terms of ethnicity, one segment still has large differences of note; the Asian segment has significantly higher site penetration on YouTube, Twitter and Facebook. With regard to gender, there are still targeting considerations for each site as seen in Figure 5, as Facebook use skews female, and YouTube male. The ubiquitous generational differences in the social space can be seen in the Facebook distribution by age (Fig. 6).

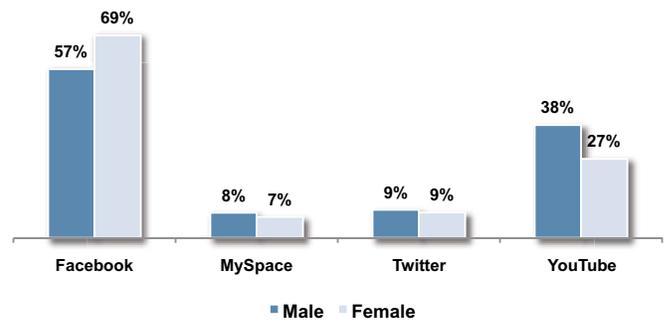
View from the Digital Inbox 2011

Figure 4: Social Sites Used at Least Weekly



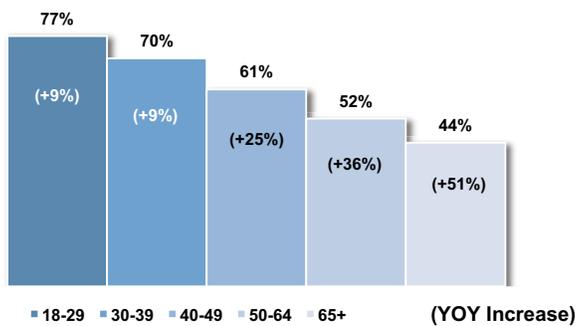
Base: All respondents

Figure 5: Site Use by Gender



Base: All respondents

Figure 6: Facebook Weekly Use by Age



Base: All respondents

## Facebook Users ❤️ Brands

With approximately two-thirds of U.S. adults active on the top social networking sites weekly, there's a big opportunity to incorporate social marketing initiatives into online campaigns. Going beyond the requisite social presence, one-to-one social marketing is taking on behavioral elements and sending targeted messages and offers based on fan status, reviews, posts, comments and social influence. The potential for social targeting is high, as 73% percent of Facebook users are fans of, or Like, at least one company or brand. On average, Facebook users Like 12 companies or brands, with a median number of four. This gap between mean and median shows a glimpse of what social networking profiling confirms: that a segment of social networkers are very active on the site, which includes becoming fans of brands, among other activities.

## View from the Digital Inbox 2011

The primary reason social networkers became fans of companies or brands on Facebook is a genuine like of the brand (34%), followed by access to exclusive deals and offers (24%, Fig. 7).

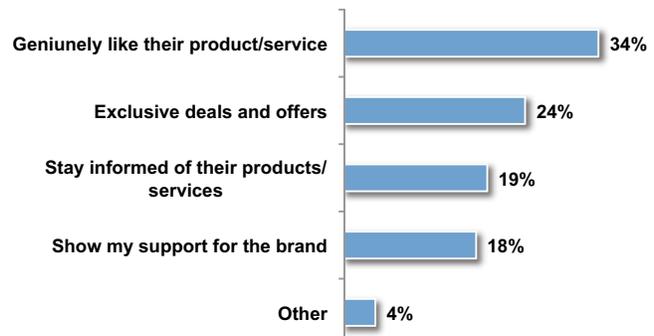
In terms of recruiting new fans, marketers should focus on the benefits of fandom, including exclusive deals, offers and content (see Fig. 8). While sweepstakes rank highly, these should be used in conjunction with a well-thought-out strategy. As in the email environment, using sweepstakes as an acquisition tool can result in phantom brand engagement around the contest, vs. a brand-centric and lasting engagement that provides value to both sides.

The viral component to becoming a fan shouldn't be overlooked, as 20% say they are likely to become a fan of a recognized brand after seeing a friend has already done so. Nineteen percent are also likely to become a fan after a friend recommends it, indicating an opportunity for a viral social campaign tied to exclusive content incentives (Fig. 8).

Sharing commercial content received in emails on social networking accounts such as Facebook, Myspace and Twitter is quickly becoming more commonplace. Twenty-four percent of social networkers have shared content this way, up from 20% one year prior. Making content easy to share, along with providing incentives – even just in the form of perceived exclusivity – will provide more traction in this area.

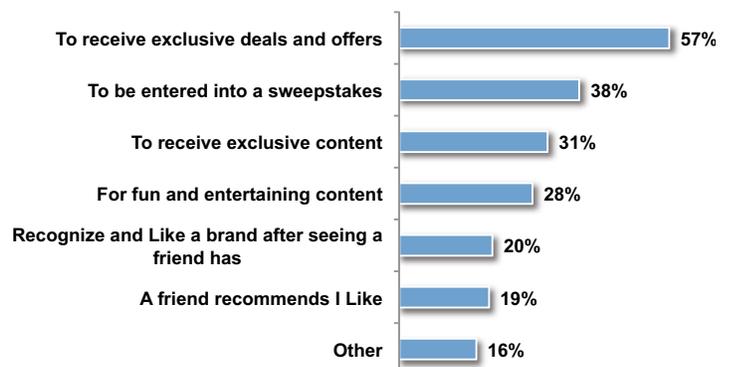
For now, it looks like the average number of brands Facebook users have become fans of (12) mirrors the average number of brands in the email Inner Circle. The Inner Circle is a measure of the number of companies sending email which is regularly read by recipients. It is currently 11.3 companies, up just a tick from 10.9 one year ago, and 10.3 two years ago.

**Figure 7: Primary Reason Became a Fan of a Brand on Facebook**



Base: Facebook users who have "Liked" at least one company/brand

**Figure 8: Reasons Would Become a Brand Fan on Facebook**



Base: Facebook users. Respondents could select multiple responses

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Email Engagement is Shifting

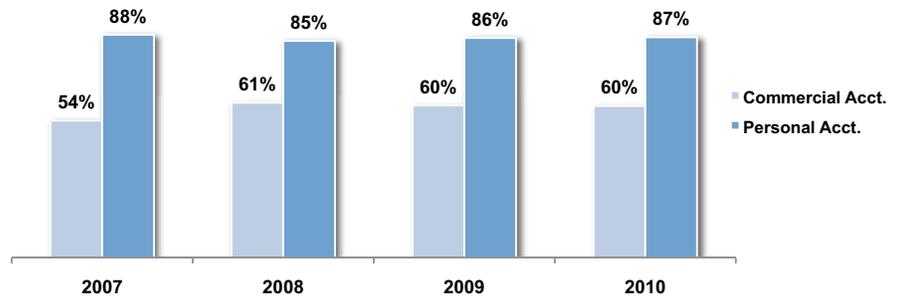
There are many measures of email engagement, including frequency of checking, by modality (PC vs. mobile device), time spent with email, differences by category (personal, or social email vs. commercial vs. work) as well as changes over time.

Some overall email engagement measures have remained constant over time, such as frequency of checking personal and commercial email accounts, as seen in Figure 9.

When it comes to mobile, email integration is up. The rate of personal email checking for those with an Internet-enabled phone jumped 11 points year over year to 55%. Sixty-three percent of mobile email users check the account a minimum of once per day (Fig. 10).

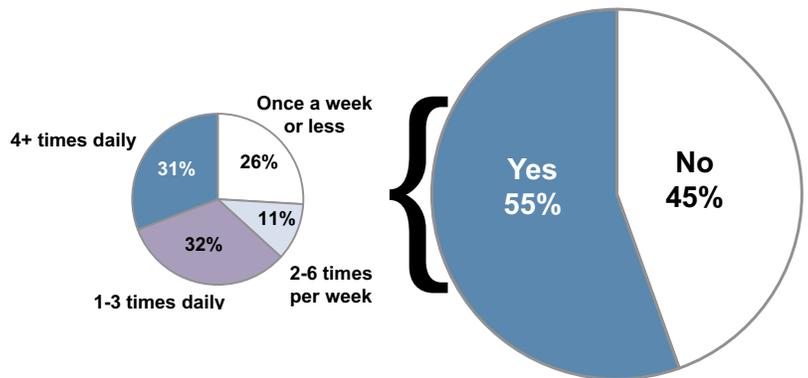
One area of email engagement that has shifted considerably over the years is the breakdown of how time is spent between email types. Commercial email has been garnering a larger share of overall email time for the past six years. In 2005, it accounted for just 17% of total email time, compared to 30% currently. Time spent with personal email to friends and family has dipped over this same time period, once accounting for

Figure 9: Check Email Account 1+ Times per Day



Base: Personal Account: all respondents; Commercial Account: those that maintain a separate email account for their commercial email

Figure 10: Personal Email Checking via Mobile

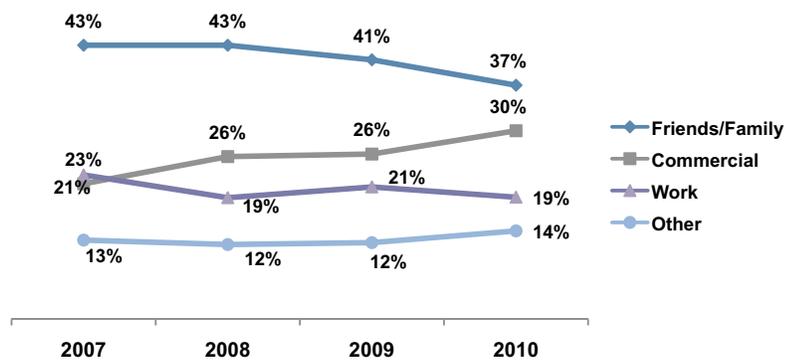


Base: Respondents with an Internet-enabled mobile phone. Callout is based on mobile email users.

## View from the Digital Inbox 2011

half of total email time (2005) and now representing 37% of total email time. If this trend continues, we will see commercial email surpassing personal use in the next year to two (Fig. 11).

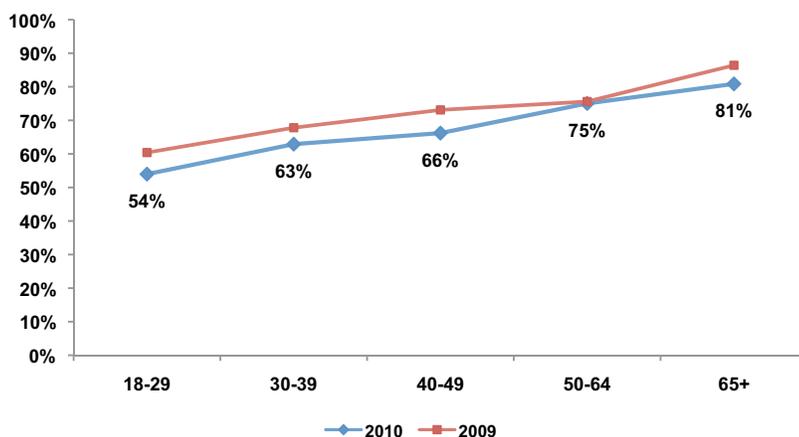
**Figure 11: Percent of Time Spent with Email by Category**



Base: All respondents. Categories sum to 100% within each year.

Self-reported time spent communicating with friends and family via email dropped from one year ago, with 66% of all respondents spending 20 minutes or more weekly, down five points from 71%. This drop was fairly consistent across age demographics (Fig. 12).

**Figure 12: Percent Spending 20+ Minutes with Social Email Weekly by Age**



Base: All respondents

## Preferred Method of Communication

There are some distinct differences in preferred channel of personal communication among age groups. Not surprisingly, the younger set prefers text messaging, which decreases steadily and predictably from 34% of those 18-29 to nearly zero preference in older age groups. On the flip side, preference for phone and email in personal communications increases with age (Fig. 13).

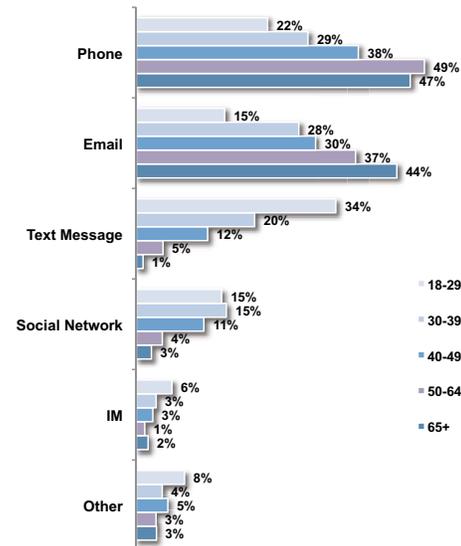
Perhaps more striking than the age differences for personal communication is the lack of differences in preferred channel for commercial communications. Preferences here are fairly tight between ages, particularly for the under 65 crowd, who have in general adopted digital behaviors more rapidly than their older counterparts. Of the methods shown in figure 14, email is preferred by 74% of all online adults. New to this year's view of preferred digital communications is direct mail, for a relative comparison point. In aggregate, email is preferred over direct mail nearly five to one.

## Marketing Implications

Because subscribers to digital marketing channels are self-selected, responsible marketing for the long-term will require a shift in thinking and acting for most brands. Many well-respected brands still fall prey to "short-term email extrapolation" – or over emailing an entire house list to help close the gap on revenue shortfalls. Subscribers to mobile marketing messages and fans on social profiles are an elite group of engaged customers and/or brand followers, and their strategy should have a longer-term focus appropriate for such a valuable segment.

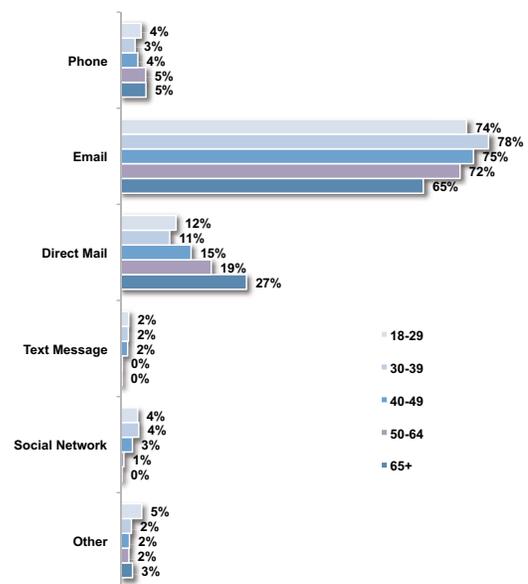
Email continues to provide a centralized hub for permission-based online communication, but the marketable pool of customers and prospects extends beyond an email subscriber list. Many marketers have expanded their digital marketing efforts beyond email, with the focus on developing one-to-one targeted messages and

Figure 13: Preferred Method of Personal Communication by Age



Base: All respondents

Figure 14: Preferred Method of Commercial Communication by Age



Base: All respondents

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conversations with customers. Customers interact across multiple channels; marketers need to align their marketing strategy accordingly using an integrated approach. Digital media should work together toward a united customer experience, and include feedback mechanisms to ensure the communication has the potential for a true, two-way dialogue.

### Endnotes:

<sup>1</sup>One of the most dramatic digital examples of the rapid expansion from early adopters to other demographics is Facebook usage. In the space of two years, Facebook use increased a nominal 15% in the 18-29 age demographic, which was already 69% penetrated, but it increased 786% in the 65+ age bracket. This expansion underscores the role utility plays in generating market penetration. The motivation for the older crowd to join Facebook differed from the younger demographics. They didn't join to establish and reinforce their public persona like the role social networking plays for many in younger demographics; it gave them an easy way in which they could stay up to date with family – particularly grandkids. Facebook has successfully provided utility across demographics, which has driven the site's growth.

<sup>2</sup>This study aims at accurately accessing usage of digital technologies by using terms that are functionally defined to reduce the error due to misinterpretation. The industry term "smartphone" is not used in fielding this consumer research. Penetration of mobile technologies will vary based on audience, terminology, and time frame.

<sup>3</sup>According to data from Pew Internet, the tablet PC has 4% penetration in the U.S. adult population. Source: Pew Research Center's Internet and American Life Project, September 2010 Tracking Survey.

<sup>4</sup>According to a recent survey from Foresee Results, 11% of online shoppers used their mobile phone to make a purchase in the 2010 holiday season, compared to only 2% the prior year. In general, retail website satisfaction is significantly higher compared to experiences with mobile sites and apps – 78 on a 100-point scale vs. 75 respectively. Source: The Foresee Results Report on Mobile Shopping, January 2011.

### About the Author

**Lori Connolly** is the Director of Research & Analytics at Merkle, and has over 15 years of experience in multichannel marketing analysis and optimization through quantitative techniques, as well as customer experience and insights. She has spent the past seven years at Merkle optimizing digital marketing strategy across a variety of industries including retail, financial services, telecommunications and nonprofit.

## View from the Digital Inbox 2011

### About Merkle Inc.

Merkle is the nation's largest and fastest growing customer relationship marketing agency. For more than 20 years, Fortune 1000 companies and leading nonprofit organizations have partnered with Merkle to maximize the value of their customer portfolios. By combining a complete range of marketing, technical, analytical, and creative disciplines, Merkle works with clients to design, execute, and evaluate Integrated Customer Marketing™ programs. With more than 1,400 employees, the privately held corporation is headquartered near Baltimore in Columbia, Maryland with additional offices in Boston, Chicago, Denver, Little Rock, Minneapolis, New York, Philadelphia, Seattle, Hagerstown, Maryland and Shanghai.

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