



THE RAZORFISH DIGITAL BRAND EXPERIENCE REPORT/2009

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THE ERA of the
30 SECOND T.V. SPOT is OVER.



FROM NOW ON I WILL ONLY
BE PRODUCING

30 SECOND
YOUTUBE SPOTS

HELLO

How do consumers engage with brands in an increasingly digital world? That's the fundamental question we set out to answer with this year's FEED report.

FEED: Past, Present, and Future

This marks a significant shift in focus for our research. Our past studies have been almost exclusively concerned with charting how consumer behavior adapts to advances in Internet technology and web services. This still fascinates us, of course, but this year we are broadening our attention toward exploring how consumers interact with brands online. What does the future hold for brands when everything is just a click away? If consumers really are in control, what can we learn from their interaction with brands today?

for example. But the arena for those battles will change as the era of the 30-second spot makes way for the era of digital brand experiences. In today's increasingly digital world, *the experience is the message*.

We believe that our findings provide a new perspective on how technology is fundamentally altering the evolving relationship between brands and consumers, mostly for the better. We hope you'll agree.

Cheers,

A handwritten signature in black ink, appearing to read 'Garrick Schmitt', written in a cursive, fluid style.

Garrick Schmitt

Group Vice President, Experience Planning
Razorfish

I JUST

GOT A TWEET

FROM

SKIPPY
PEANUT
BUTTER

ON AISLE 6



READ THIS

Yes, You Can Build a Brand Online. You Have No Choice.

Most marketers have never thought of digital as a wonderful place to build a brand. But that must change if their brands are to stay relevant in our digital era. Based on our 2009 Razorfish Digital Brand Experience Study, 65% of consumers report having had a digital experience that either positively or negatively changed their opinion about a brand. Of that group, a nearly unanimous 97% say that their digital experience influenced whether or not they eventually purchased a product or service from that brand. Digital is not only a place to build a brand: it can also make or break it.

Actions Speak Louder Than Advertising

Digital is an experiential medium. For brands to digitally engage consumers today, they must not only stand for something but also do something. Branded experiences (or actions) are the new advertising. And consumers are increasingly hungry for them, sometimes ravenously so. To simply extend brand messaging misses the point. According to our study, 97% of consumers report having searched for a brand online; 70% have read a corporate blog; 67% have watched a commercial or video advertisement on YouTube; and 65% have played a branded, browser-based game like Got Milk's "Get The Glass." And consumers want to interact, regardless of whether brands are willing participants: 73% have posted a product or brand review on a web site like Amazon, Yelp, Facebook, or Twitter.

Brand Culture or Fan Culture?

While conventional wisdom holds that consumers don't want brands encroaching on their social or personal lives, this is far from the truth. In our 2008 study, we found that an overwhelming majority of consumers (76%) welcomed brand advertising on social networks. 2009 is the year of the "fan." According to our study, nearly 40% of consumers reported having "friended" a brand on Facebook and/or MySpace and 26% have followed a brand on



Twitter. The myth of marketing-free social spaces is just that. The “dialogue” between brands and consumers is not only frequent, but also welcome.

The Outlet Malls of Tomorrow? Twitter, Facebook, and MySpace



But what’s the substance of that dialogue between brands and consumers?

Marketers are nothing if not passionate about their brands. Most assume that consumers are equally enthused. Twitter, Facebook, and MySpace seem like the ideal platforms to engage consumers around those “shared” passions. But, according to our study, consumers don’t want a conversation with brands—they want deals. Of those

who follow a brand on Twitter, 44% say access to exclusive deals is the main reason. The same holds true for those who “friended” a brand on Facebook or MySpace, where 37% cite access to exclusive deals or offers as their main reason.



Bottom Line: Digital Brand Experiences Create Customers

There is no online equivalent of the Super Bowl for marketers—and with good reason. Digital is not simply an “awareness” play; it’s a customer-creation play. According to our study, the overwhelming majority of consumers who actively engage with a brand (e.g., follow a brand on Twitter or enter a contest) can evolve from passive reactors to advocates almost instantaneously. On average, 97% report increased brand awareness; 98% show increased consideration; 97% will likely purchase a product from the brand; and 96% may recommend the brand to their friends. Engagement equals affinity. Moreover, brands that use digital to drive awareness also drive sales: 64% of consumers report making a first purchase from a brand because of a digital experience.



CHECKS
FACEBOOK

EVERY 37 MINUTES



POSTS TO
FLICKR

5 TIMES a DAY



WATCHES
YOUTUBE

2.5 HOURS a DAY



REVIEWS ON
YELP

4 TIMES a WEEK



UPDATES
TWITTER

EVERY 3 HOURS



THE REAL FACTS

BEHIND YOUR

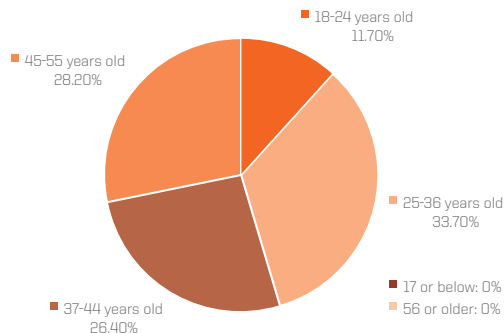
"OCCASIONAL COMMUNITY SITE VISITS."

THE DETAILS

In August 2009, Razorfish surveyed 1,000 U.S. consumers (50.5% female, 49.5% male) in four major age groups to understand how their adoption of Internet technology and services impacted the way that they engaged with brands.

The respondents were evenly split geographically among the 10 major U.S. metros and broader geographic representation.

WHAT IS YOUR AGE?



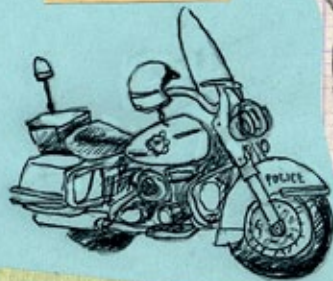


DID YOU
ORDER SOME STUFF
ONLINE?

I DON'T CARE IF
YOU DO GIVE ME
a **BAD REVIEW**
on **yelp.**

THERE IS
STILL a

\$250
FINE



FOR UPDATING YOUR
FACEBOOK STATUS
WHILST DRIVING.

DIGITAL PRIMACY

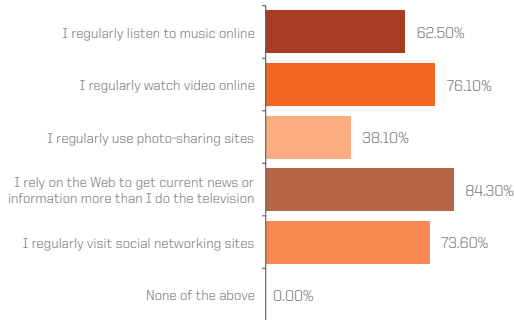
Over the past decade, we've watched firsthand as consumers have increasingly turned first and foremost to digital media. In a relatively short amount of time, U.S. consumers now spend, on average, about the same amount of time online as they do watching television.

Turning to Digital First, Foremost

According to Forrester's 2009 North American Technographics Benchmark Survey, consumers spend 34% of their total media time online and 35% watching television. In fact, according to Forrester, if you are 45 years old or younger, you spend significantly more time using the Internet than watching television. We believe that this trend signifies the rise of "digital primacy," where consumers are turning first and foremost to digital to help

news from social media sites like Facebook and Twitter—more so than from popular blogs like the Huffington Post or Gawker.

DESCRIBE YOUR ONLINE ENTERTAINMENT BEHAVIOR.



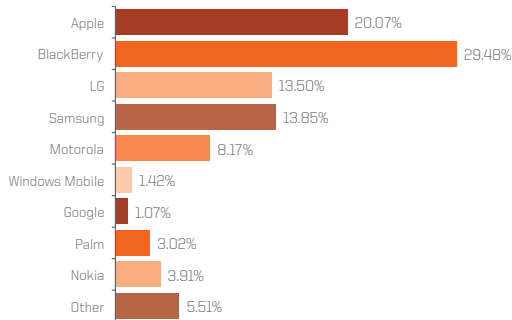
Digital media consumption has also posted significant gains, portending a significant shift in the way that consumers engage with brands. According to our study, 84% of consumers rely on the web to get current news

or information; 76% regularly watch online video on sites like YouTube and Hulu; 73% regularly visit social networking sites like Facebook, MySpace, and LinkedIn; and 62% listen to music online through services like iTunes and Pandora.

The rise of digital primacy is also changing the way consumers interact on-the-go and their expectations for mobile devices. Fifty-six percent

of “connected consumers” own a smartphone. BlackBerry and Apple, to no great surprise, are the most popular—and overwhelmingly so.

WHAT TYPE OF SMARTPHONE DO YOU HAVE?



But the real news is not about Apple or its ilk, but about how consumers will now demand mobile experiences that rival those built for a PC—with a twist, of course. We can get a sense of this by looking at the phenomenal rise of

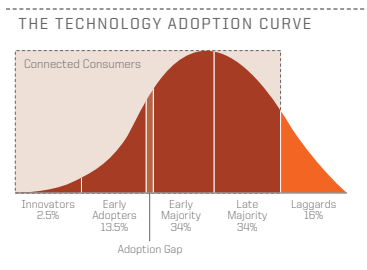
Apple's iTunes App Store. As of October 2009, Apple reports iPhone and iPod touch owners have downloaded more than 2 billion "apps" from an inventory of over 85,000. This area holds great promise for marketers, as 24% of consumers in our study report have already downloaded a branded application for their mobile devices.

Given these statistics, plus the rapid rise of new technologies like location-based services and

augmented reality browsers, it makes more financial sense for brands to invest in the development of mobile applications—especially useful ones—than in display advertising if they want to take advantage of this emerging consumer trend.

The New Mainstream

Based on this data, we believe that “connected consumers”—mirroring other industry research studies and the general broadband population in the United States—are shooting the adoption curve when it comes to Internet technologies.

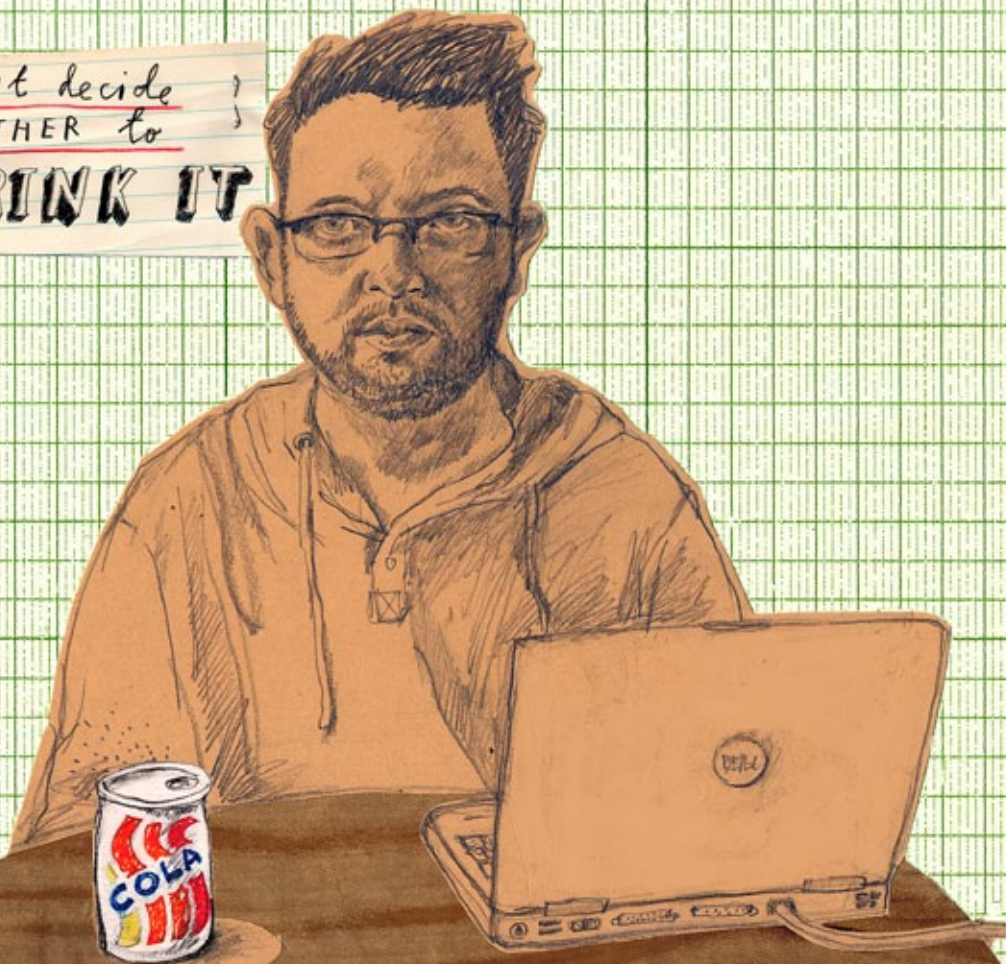


“Connected consumers” are actively engaged with digital media, both at home and on the go, and are personalizing their experiences whenever possible. This type of behavior may sound a lot like your own, actually.

That’s not a surprise—but the speed and scale at which such digital fluency is occurring across the U.S. population *is*. Simply put, “connected consumers” are the new mainstream.

I Can't decide
WHETHER to

DRINK IT



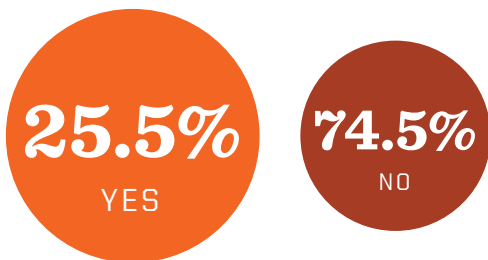
OR TURN IT INTO A

GLOBAL VIRAL PHENOMENON

BRAND CULTURE

Is today's consumer really in control? As far as conventional advertising industry wisdom is concerned, every generation of consumer grows smarter, shrewder, and more immune to marketing. Today it's fashionable to proclaim that advertising and marketing no longer work; that trust in brands is eroding as consumers turn to their peers for everything from purchasing recommendations to the latest news.

HAVE YOU EVER FOLLOWED A BRAND ON TWITTER?

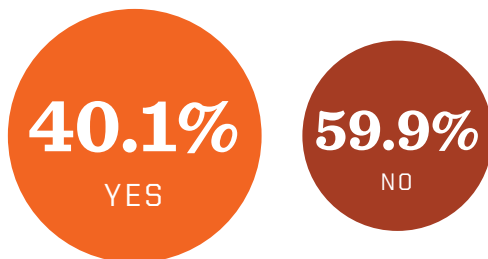


All of this would be fine and good, if it were true. But according to our findings, consumers are actually more receptive and actively engaged with brands than ever before. According to our study, nearly 40%

of consumers report having “friended” a brand on Facebook and/or MySpace and 26% have followed a brand on Twitter. Advertising isn’t failing—it’s adapting.

Beyond just social media, consumers are deeply engaged with brands across the entire digital channel—and it's by choice. According to our study, 77% have watched a commercial or video advertisement on YouTube with some frequency; 69% have read a corporate blog post with some frequency; 73% have posted a product or brand review on a web site like Amazon, Yelp, Facebook, or Twitter; and 52% have blogged about a brand's product or service.

HAVE YOU EVER "FRIENDED" A BRAND ON FACEBOOK OR MYSPACE?



Consumers clearly don't believe that digital is a one-way medium, either. A surprising 69% of them have provided feedback to a brand, either through its web site or a third-party service like GetSatisfaction.com.

Clearly these interactions are more than casual encounters with a brand—they're uniquely digital. It's not like you can "friend" a billboard or have a conversation with a television spot, after all. No, our findings point to digital enabling the behavior of a deeply engaged consumer whose actions more closely resemble those of a "fan."

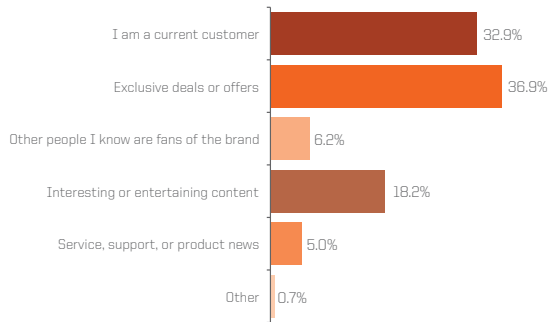
The Language of Love for Brands? Deals.

Clearly consumers are doing more with brands today than simply "receiving messages." Many social pundits would say that this is a new form of "dialogue" with brands. But if that's so, the subject of that "dialogue" surprises. Based on our research,

Fan Culture

Not surprisingly, the other significant driver of brand engagement in social media is customer service. Thirty-three percent of consumers who “friend” a brand on Facebook or MySpace report doing so because they are a current customer, as

WHAT IS THE PRIMARY REASON YOU “FRIEND” A BRAND ON FACEBOOK OR MYSPACE?

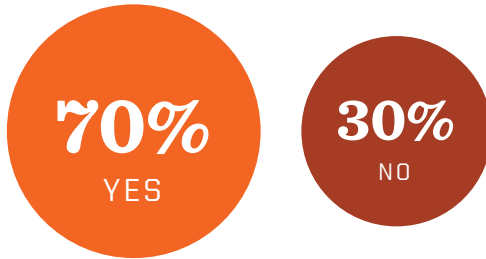


do 24% on Twitter. These consumers, already customers, clearly are fans—there’s little reason to “friend” a brand you’re indifferent about, after all. For example, Comcast, Zappos, and Virgin have all earned high marks by using

Twitter as a customer relationship management (CRM) tool, solving customer problems in real time and building loyalty through special offers.

video, story, etc.) in order to participate in a contest held by a brand; 26% of consumers have attended a brand-sponsored event such as Nike's Human Race or Red Bull's Flugtag; and 24% have downloaded a branded application for their mobile phone.

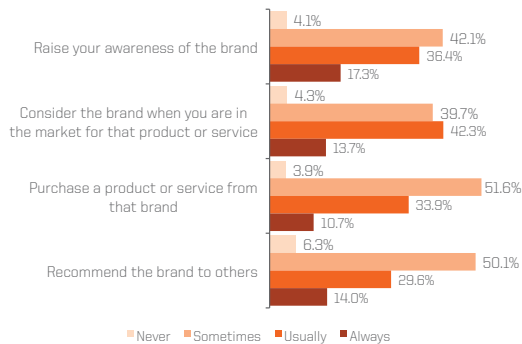
HAVE YOU EVER PARTICIPATED IN A BRAND-SPONSORED CONTEST OR SWEEPSTAKES?



Those numbers in and of themselves are surprising. But the figures have even more impact when you correlate consumer brand engagement with activity across the marketing funnel.

Adding it all up, it quickly becomes obvious that consumer brand engagement creates customers. On average, 97% report increased brand awareness; 98% show increased consideration; 97% will likely purchase a product from the brand; and 96% may recommend the brand to their friends.

WHEN YOU HAVE PARTICIPATED IN A BRAND-SPONSORED CONTEST OR SWEEPSTAKES, DOES IT GENERALLY DO THE FOLLOWING?



For example, of the 70% of consumers who have participated in a brand-sponsored contest or sweepstakes, a staggering 96% are more aware of the brand; 96% are more likely to consider that brand when in the market for a product or service;

96% are more likely to purchase a product or service from that brand; and 92% are more likely to recommend that brand to others.

Experiences Build Brands

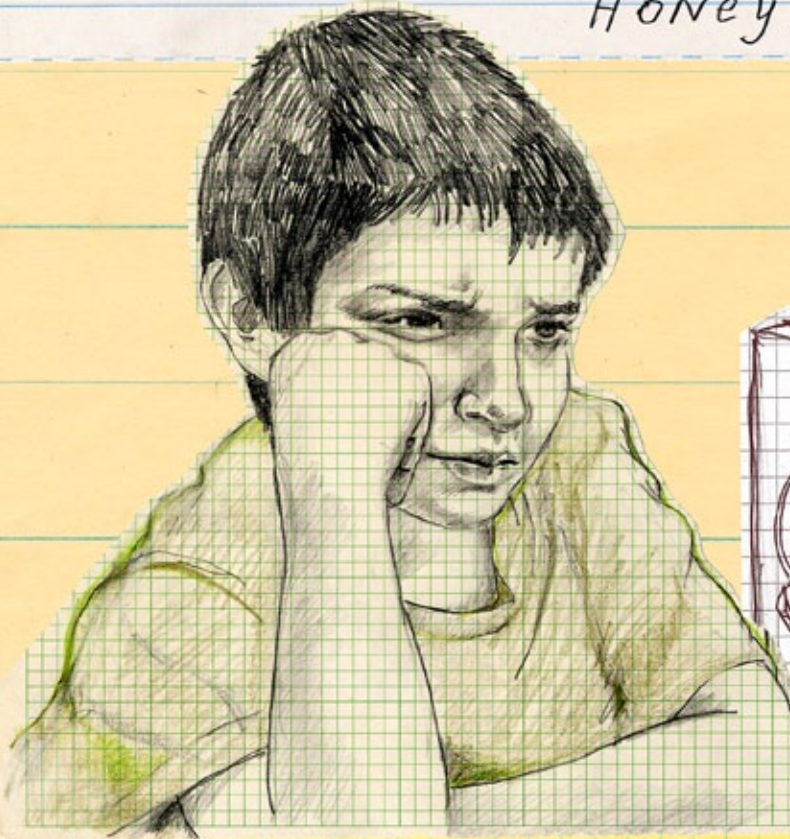
The best companies of our generation understand how engagement and positive experiences create customers. Google and Facebook are experiential brands, as are Zappos, Twitter, Netflix, Amazon, Apple, Starbucks, and Nike. These companies understand that we are living in a world where consumer preference isn't formed in reaction

to a message, but through a series of experiences over time. Ultimately, it's a dialogue of interactions that's stunningly effective when done right.

As Jeff Bezos, Amazon's CEO, has been known to say: "Your brand is formed primarily, not by what your *company says* about itself, but what the *company does*." Experience, as we will see, not only matters—it drives results to the bottom line.



I know you prefer
WHOLE GRAIN GRANOLA
Honey,



BUT COUNT CHOCULA GIVES US ALL A
much richer Digital Experience.

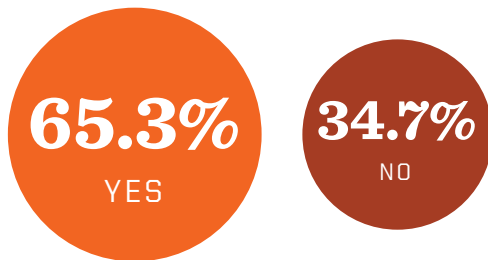
THE BOTTOM LINE

Digital brand experiences create customers. As we've found in our study, the overwhelming majority of consumers who actively engage with a brand digitally—whether by creating content for a contest or by “friending” a brand on Facebook—show a propensity to both purchase products and recommend those products or that brand to others.

But what does brand engagement mean for the future of marketing and sales?

Quite a lot, actually, particularly given the projected growth rate of interactive advertising in the coming years. GroupM predicts that, in 2010, digital will represent 17% of the U.S. advertising marketplace, making it the third largest medium in the United

HAS AN EXPERIENCE YOU HAVE HAD ONLINE EVER CHANGED
YOUR OPINION (EITHER POSITIVELY OR NEGATIVELY) ABOUT
A BRAND OR THE PRODUCTS AND SERVICES IT OFFERS?



social tools that those brands use to engage users, as well as the depth of their interactions (e.g., responding to blog comments).

In our Razorfish Digital Brand Experience Study, we took a different tack.

Simply, we wanted to know if there were any direct correlation between consumers' online interaction with a brand and their likelihood to purchase a given product or service.

The answer was a resounding "yes." According to our findings, 65% of consumers report that a digital brand experience has changed their opinion (either positively or negatively) about a brand or the products and services a brand offers.

That's a significant figure that bears pondering for a moment: A clear majority of consumers' affinity for a brand is swayed, either positively or negatively, by their digital experience with that

HAS THAT EXPERIENCE INFLUENCED WHETHER OR NOT YOU PURCHASED A PRODUCT OR SERVICE FROM THE BRAND?



97.1%
YES



97.1%
YES

2.9%
NO

2.9%
NO

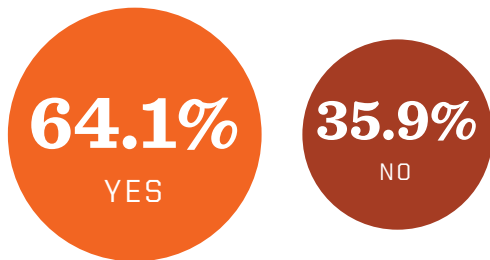
brand. We've always believed, largely through anecdotal research, that consumers make purchasing decisions—in part—because of the quality of a brand's web site. This is obvious in industries like banking,

e-commerce, and search, where the quality of service and the ability to complete transactions are paramount. But this is less obvious in other industries, such as consumer packaged goods and fast food. However, it's now clear that consumers are expecting equivalent superior experiences from all of their digital interactions with brands.

Digital Drives Sales

Furthermore, these digital brand experiences directly correlate to purchasing behavior for these consumers. According to our study, 97%—a near-unanimous majority—report that a digital brand experience has influenced whether or not

HAVE YOU EVER MADE YOUR FIRST PURCHASE FROM
A BRAND BECAUSE OF A DIGITAL EXPERIENCE (E.G.,
A WEB SITE, MICROSITE, MOBILE COUPON, EMAIL)?



they then went on to purchase a product or service from a brand. Digital experiences not only build a brand, they can also make or break it. For those brand marketers still neglecting (or underestimating)

digital, it's as if they've shown up to a cocktail party in sweatpants. Invariably, consumers will choose to converse with a savvy—and hopefully more stylish—partner.

Based on these findings, we believe that marketers will have to think much more broadly about how they are connecting with consumers across the digital channel. From search, to web site, to display ad, to microsite, to mobile application, to Facebook page, every interaction has the power to shift a consumer's affinity for a brand. Certain brands already live this. For example, CNN has crafted an



Figure One: REMOTE.



Figure Two: CONNECTED.

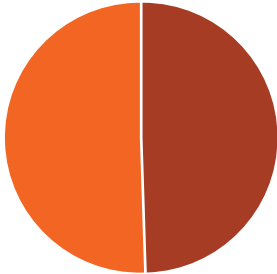
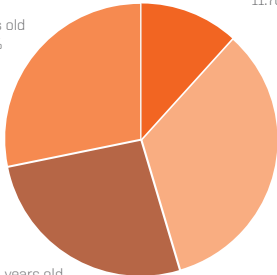
The Net Effect

It never hurts to make a good impression, but for brands to remain relevant in this new digital era, it's much better to find a way to engage consumers than to talk at them. Based on our findings, we are even more convinced that digital brand experiences matter. Engagement

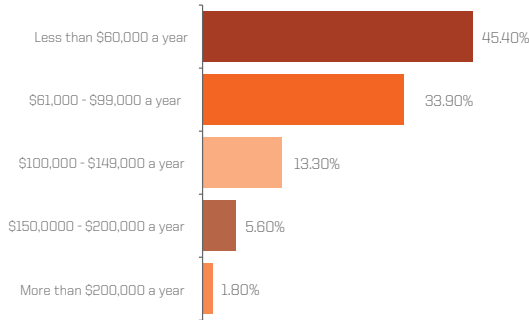
creates customers—not just through social media, but across the entire digital channel. And, more importantly, it drives returns to the bottom line. As a result, marketers will need to rethink not only how they reach potential consumers but also what type of experiences they are creating to engage them. Now “clicks” and “impressions” mean far less than conversations and brand behaviors. In our opinion, it's about time.

THE DATA

In the spirit of Stewart Brand, who famously proclaimed that “information wants to be free,” we are including the full data set from our 2009 Razorfish Digital Brand Experience Study for your review. The interviews were conducted in August 2009 using an online automated survey tool and were given to a panel of consumers whom we screened for certain behaviors and attributes (see [THE DETAILS](#)). Brand, we should add, also said—less famously—that “information wants to be expensive.” Given that, please use freely but attribute appropriately. We hope you find it useful.

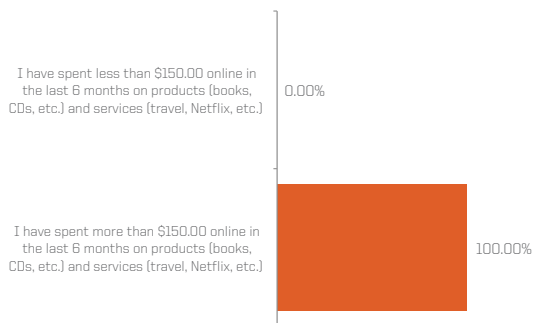
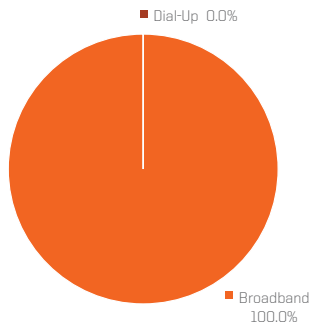


Question 3: Which of the following best describes your combined household income?

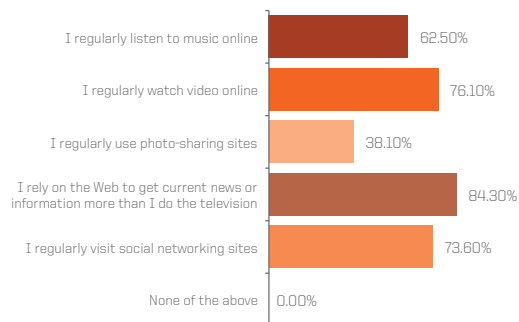


Question 4: Where do you live?

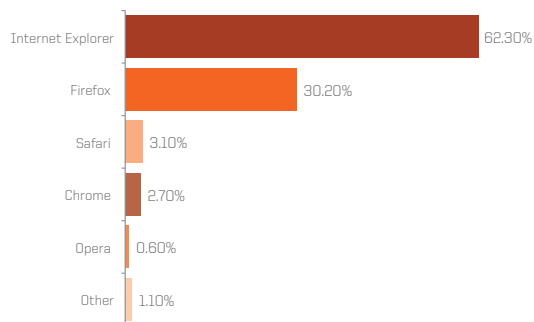
CHOICE	FREQUENCY	PERCENT
San Francisco Bay Area	50	5.00%
Seattle	43	4.30%
Dallas	50	5.00%
Atlanta	50	5.00%
New York City	48	4.80%
Chicago	51	5.10%
Miami	42	4.20%
Boston	50	5.00%
Washington, D.C.	50	5.00%
Los Angeles	50	5.00%
Other	516	51.60%
TOTALS	1,000	100.00%



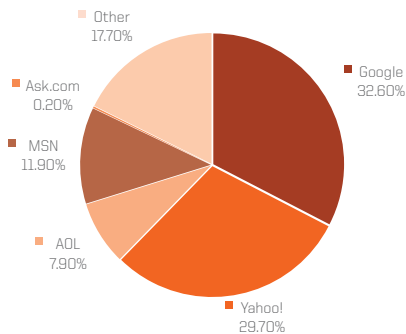
Question 7: Which of the following describes your online entertainment behavior?



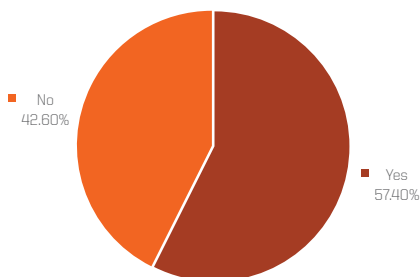
Question 8: Which browser do you use?



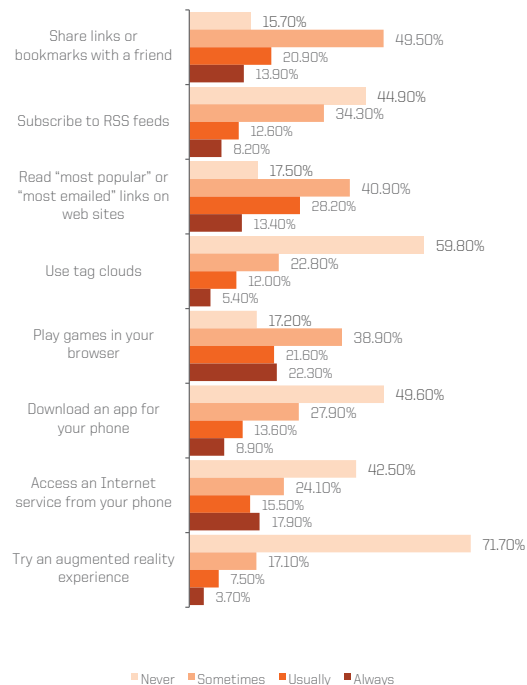
Question 9: Which of the following is the homepage in your browser?

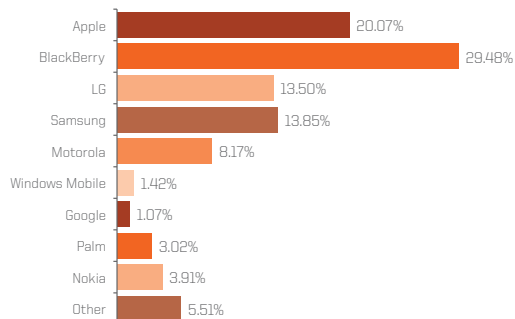
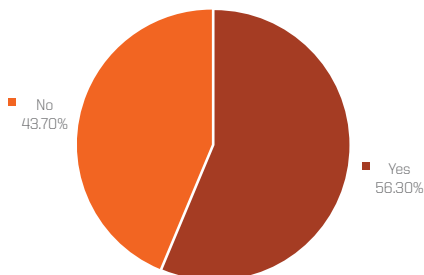


Question 10: **Have you customized your homepage with specific content feeds, scheduled updates, or other features?**

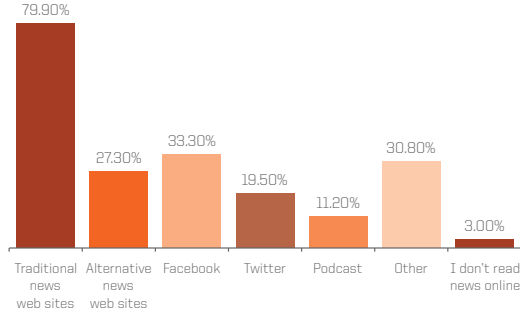


Question 11: Please rate the frequency of which you do the following:

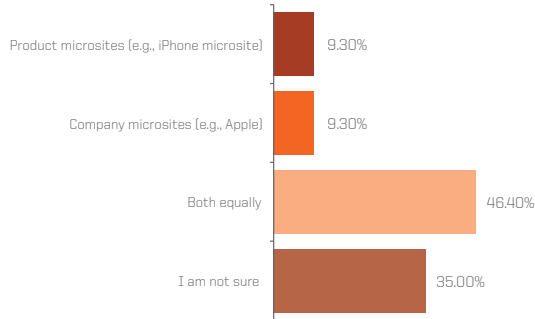




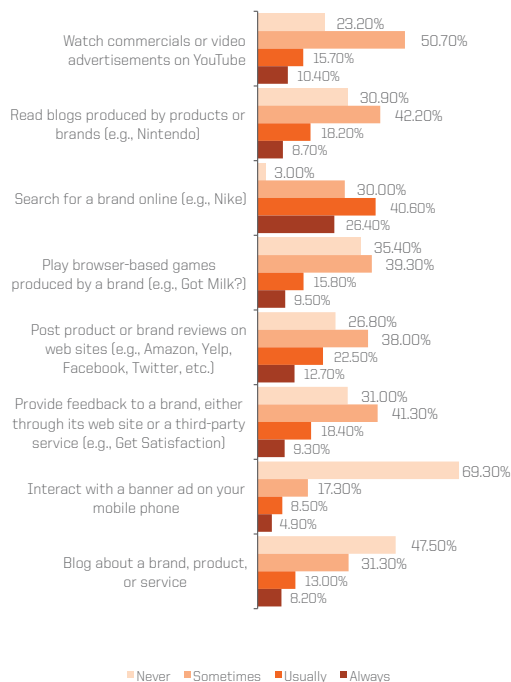
Question 14: Where do you get your news online? Mark all that apply.



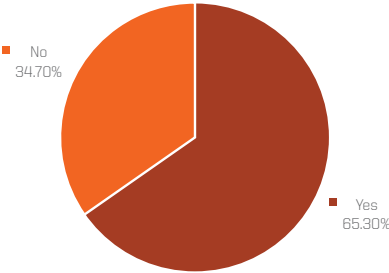
Question 15: When visiting a microsite, which is typically a smaller site or a separate page built off of a company's general web site, do you typically visit those that are:



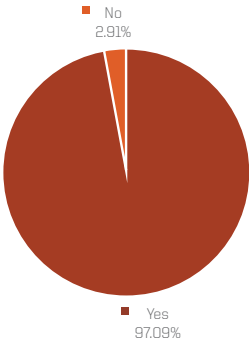
Question 16: Please rate the frequency of which you do the following:



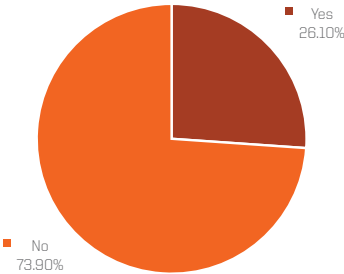
Question 17: **Has an experience you have had online ever changed your opinion (either positively or negatively) about a brand or the products and services it offers?**



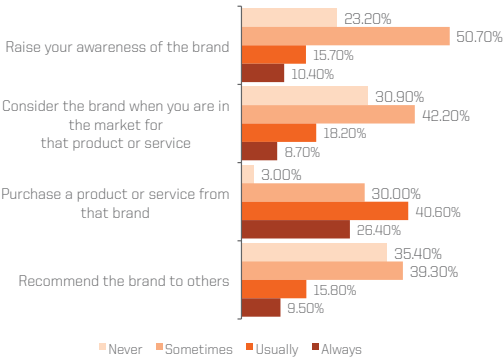
Question 18: **Has that experience influenced whether or not you purchased a product or service from the brand?**



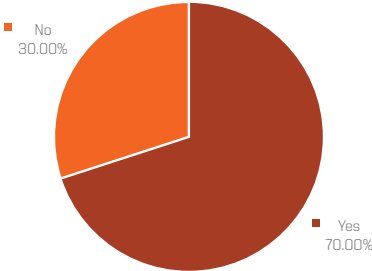
Question 19: **Have you ever attended a brand-sponsored event? As an example, Nike’s Human Race, Red Bull’s Flugtag, or a Burt’s Bees Mobile Tour.**



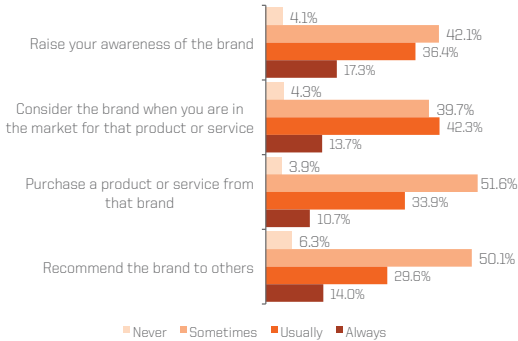
Question 20: **When you have attended a brand-sponsored event, does it generally do the following?**



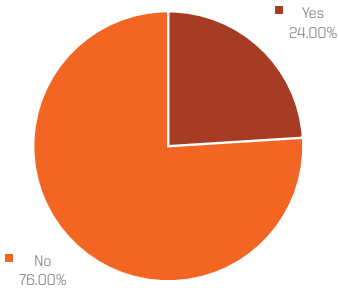
Question 21: Have you ever participated in a brand-sponsored contest or sweepstakes?



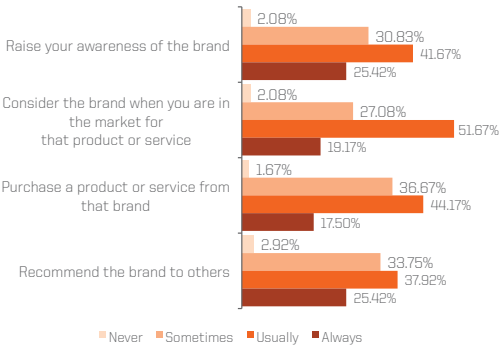
Question 22: When you have participated in a brand-sponsored contest or sweepstakes, does it generally do the following?



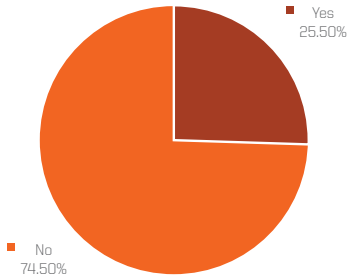
Question 23: **Have you ever produced content (photo, video, story, etc.) in order to participate in a contest held by a brand?**



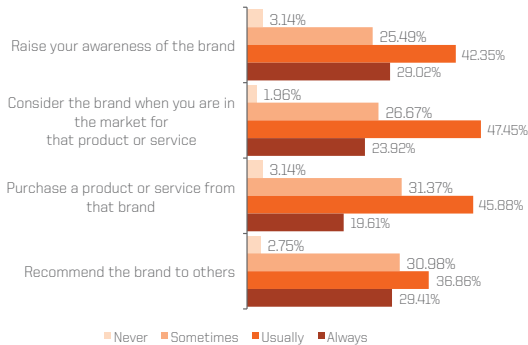
Question 24: **When you have produced content in order to participate in a contest, does it generally do the following?**



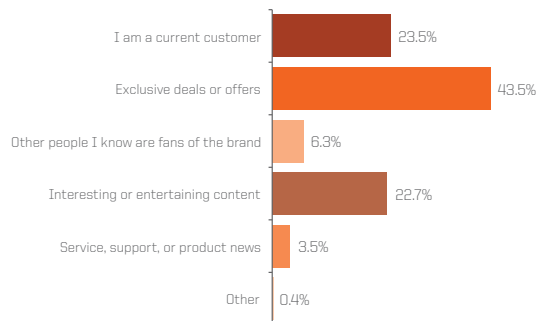
Question 25: **Have you ever followed a brand on Twitter?**



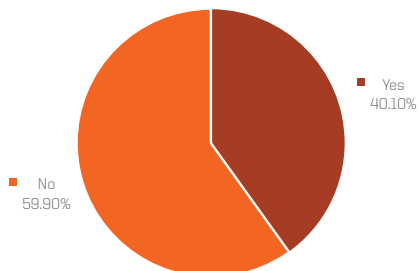
Question 26: **When you follow a brand on Twitter, does it generally do the following?**



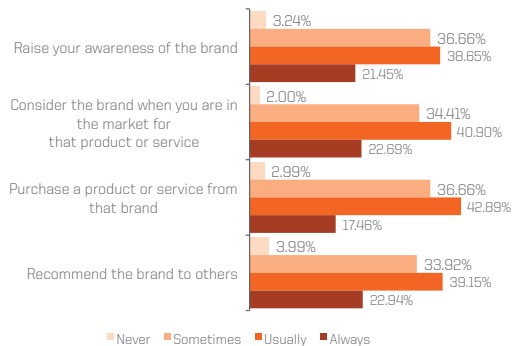
Question 27: What is the primary reason you follow a brand on Twitter?



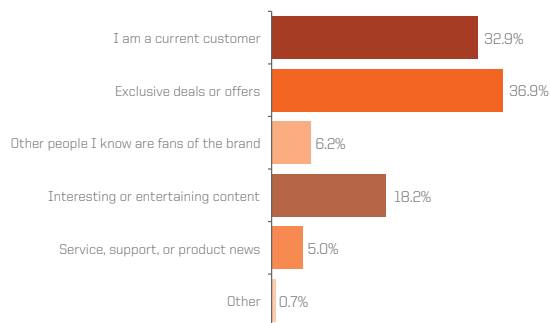
Question 28: Have you ever “friended” a brand on Facebook or MySpace?

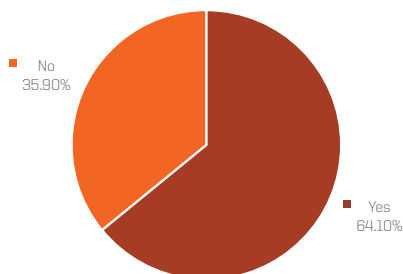
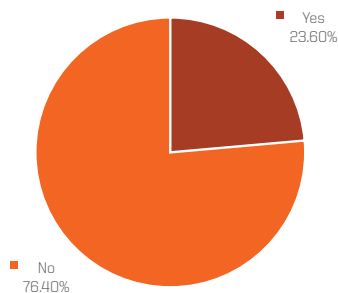


Question 29: When you “friend” a brand on Facebook or MySpace, does it generally do the following?



Question 30: What is the primary reason you “friend” a brand?





Question 33: WHAT, EXACTLY, DO YOU MAKE OF ALL THIS?

(MULTIPLE CHOICE, PLEASE CIRCLE ONE ANSWER ONLY.)

- a) IT WAS SURPRISING, ENLIGHTENING and INVALUABLE.
- b) INTERESTING, BUT I LIKED THE PICTURES and PIE CHARTS
BEST.
- c) DUDE, I LIKE TOTALLY KNEW ALL THIS BEFORE I EVEN READ IT.
- d) I'LL TELL YOU EXACTLY WHAT I THINK:

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THANK YOU

This report would not exist without the help of a supportive and diverse group of creative thinkers across the Razorfish agency network. They have my deepest gratitude for helping me shape this report.

Conspirators

Malia Supe
Helen Chan
Roger Wong

Propagandists

Lauren Nguyen
David Deal
Crystal Higgins-Peterson
Katie Lamkin

Collaborators

Justin Cox
Tim Richards
Marisa Gallagher
Christian Juhl
Colin Kinsella
Christopher Follett
Brandon Geary
Joe Crump
Elliot Trice
Shiv Singh
Carrice Delo
John Alderman
Jeff Lanctot

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Garrick Schmitt
Group VP, Experience Planning
+1 415.369.6416
garrick.schmitt@razorfish.com
[@gschmitt](mailto:garrick.schmitt@razorfish.com)

Katie Lamkin
Public Relations
+1 312.696.5241
katie.lamkin@razorfish.com
[@ktlamkin](#)

Lauren Nguyen
Marketing Communications
+1 415.369.6454
lauren.nguyen@razorfish.com
[@ltnghuyen](#)

David Fullarton
davidfullarton.com

Roger Wong
@lunarboy

Razorfish Locations

United States

[@razorfish](#)

Atlanta +1 678.538.6000
Austin +1 512.532.2000
Chicago +1 312.696.5000
Los Angeles +1 310.846.5400
New York +1 212.798.6600
Philadelphia +1 267.295.7100
Portland +1 503.423.2900
San Francisco +1 415.369.6300
Seattle +1 206.816.8800

Europe

[neue-digitale.com](#)

[@neuedigitale](#)

Berlin +49 (0) 30 2936388 0
Frankfurt +49 (0) 69 704030

London +44 020 7907 4545

[@razorfishlondon](#)

[wysiwyg.net](#)

Madrid +34 91 308 11 30

[duke-interactive.com](#)

[@dukerazorfish](#)

Paris +33 (0) 1 53 44 19 00

Asia/Pacific

Hong Kong +852 3102 4512

Shanghai +86 21 5237 8811

[amnesia.com.au](#)

[@amnesiafish](#)

Sydney +61 2 9380 9317

[dentsu-razorfish.com](#)

Tokyo +81 3 5551 9885

Osaka +81 6 6360 1461



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