

Why Some Social Media Consumers are Better than Others

To succeed with social media, companies need to target the right consumers. An effective customer segmentation strategy is critical to identifying unmet customer needs and targeting the right market segments in a cost-efficient way. As social media has surged as a new marketing and selling channel for companies, their customer segmentation must also address consumers' developing preferences and habits on social networks.

Through a market structure (i.e., cluster) analysis, L.E.K. Consulting has identified five distinct segments of social media users in the U.S. today, each with different behaviors. And we highlight which of these groups are most attractive to retailers and how to engage them.



1: Social Media Shop Mavens

At 16%, these users make up the smallest consumer segment but are highly attractive to retailers, with 30% self-identifying as "shopaholics," double that of any other user group. Social Media Shop Mavens are generally single males ages 25-29 who are early adopters, and 60% say they are among the first of their friends to use new products. They enjoy knowing that people follow them, and not only do they actively use social media to make purchasing decisions, they exert substantial influence on others' purchase choices (see Figure 1).

You can see that Social Media Shop Mavens are the people who others ask for advice (28.2% over the average). Additionally, Social Media Shop Mavens use the widest range of social media tools, maintain the highest membership rates, and are the most active bloggers. A key way to engage this group is via the mobile channel, as they use social media on mobile devices 25% of the time.



2: Online Socialites

At 22%, this is the largest customer segment we identified and one of the most active; 20% have 500 or more friends on Facebook. Together with Social Media Shop Mavens, these consumers make up 80% of what we define as social media "super users," – those who are young, highly active on multiple social networks and avid consumers of pop culture. Online Socialites tend to be females age 25-29, and roughly 40% earn \$25,000-\$49,000 per year. They stay up-to-date on the latest trends and like sharing their interests with friends. But they are also skeptical of social media's usefulness in making purchasing decisions.

While their heavy use and vast friend networks make Online Socialites valuable influencers, they themselves are less likely to be influenced into purchasing by social media marketing. One exception is through daily deal sites, where Online Socialites over-index on membership (e.g. 55% are on Groupon) and activity (44% have purchased a new product they saw on a daily deal site).

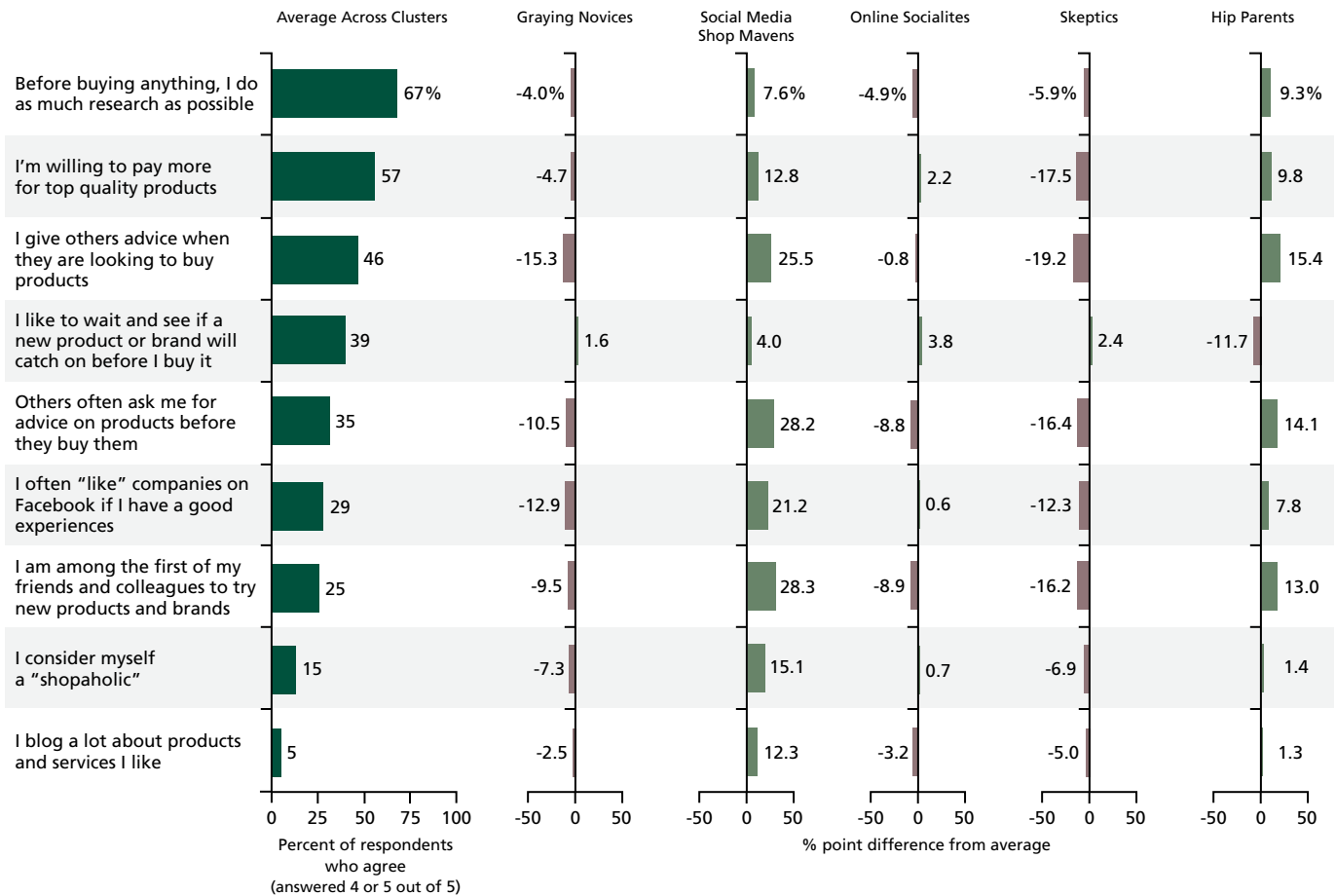
3: Hip Parents

These consumers make up 20% of social media users and are second only to Social Media Shop Mavens in their activity and influence online. Hip Parents are also the most affluent consumers, arguably making them the most attractive retail targets. They are highly engaged



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Figure 1
Social Media Shop Mavens and Hip Parents are the Most Consumer-Oriented Users and Tend to Substantially Influence Others' Purchasing Decisions



Source: L.E.K. Social Media Survey (August 2011)

across all forms of social media, including online shopping, with 40% shopping online twice a week or more. They are typically married men and women ages 40-44. Roughly half of this demographic have 1-2 children, and a third earn more than \$100,000 per year. While they are quieter than Social Media Shop Mavens in broadcasting opinions, they are active in advising their personal network on purchases. Sixty percent own an iPhone or Android smartphone and they are usually among the first of their friends to adopt new technologies.



4 & 5: Graying Novices and Skeptics

These final two segments are the least compelling online consumers for retailers as their social media use is almost exclusively non-commercial. Graying

Novices make up 20% of social media users, are typically mar-

ried women ages 60-64, and are less active in social media, with 8% using social networks for the first time in the last year. They are infrequent online shoppers who rarely seek out online engagement with brands and companies, focusing instead on engaging with a small network of friends.

Skeptics are usually married women ages 45-49 and despite high affluence, are the least engaged across all social media activities, eschewing any engagement with brands or retailers.



Representing 21% of social media users, Skeptics are pessimistic about new technology and its value, and only find social media sites to be useful in helping connect with a small network of friends.

Key Takeaways

Our research shows that a large portion of consumers actively engage with brands online, use social media to aid their shopping choices and exert influence over others' purchasing decisions. Social media is a new dimension on which brands should define their customer set and determine how to engage them. To extract maximum value, it's critical that retailers understand how customers map to the new segments we have identified and alter their marketing strategies appropriately.

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