Conclusions from the 15th session of the NetObserver® Europe study: The Internet is not only the network of convergence in media consumption but it is also becoming a network of influence that brands cannot overlook

At the heart of digital technologies, the Internet has strongly contributed to breaking the barriers between the media and their content, helping the convergence in media usage. Quite naturally, European Internet users prove to be big consumers of media content on line and above all, written press. Online, media consumption is mostly free of charge for the user. Consequently, advertising is the main source of revenue.

At the same time, the Internet plays an essential role in users' new behaviours such as social networking. Vast online networks of influence have thus been very quickly developed. The 15th session of the European NetObserver® study of more than 265,000 Internet users, emphasised the key role of males aged 15-34 amongst the European Internet users. The Harris Interactive study examined the behaviour of these influencers focusing on content production, opinion sharing, new services recommendation and influence on brands reputation.

Given the increased consumption of videos online, online advertising is also taking advantage of this new behaviour in its viral marketing strategy.
On personal spaces, advertising proves to be relatively well perceived and not any less than elsewhere on the Internet, confirming, if one doubted it, the existence of a real opportunity for brands. However, rather than 'interruptive' advertising through banners, a more engaging and interactive form of advertising, based upon dialogue is preferred on these private spaces.
In conclusion, to engage with these influencers identified amongst males aged 15-34, brands should adopt a collaborative communication strategy, rather than one that's vertical and unidirectional.

European Internet users are big consumers of media content online, with written press in the lead

Due to its strategic positioning at the heart of digital technologies, the Internet allows barriers to be broken between the media and their content and so, therefore, works as a catalyser in the evolution of media consumption.

With more than 58% of internet users in the 5 countries studied, written press is definitely the type of media content the most consumed online.

The second most consumed type of media content is that of the radio (radio stations or Internet radio), whether it is through streaming or podcasting. With more than half of British Internet users listening to radio online, the United Kingdom puts itself ahead of other countries, notably Germany and Italy where this activity concerns just around 35% of Internet users.

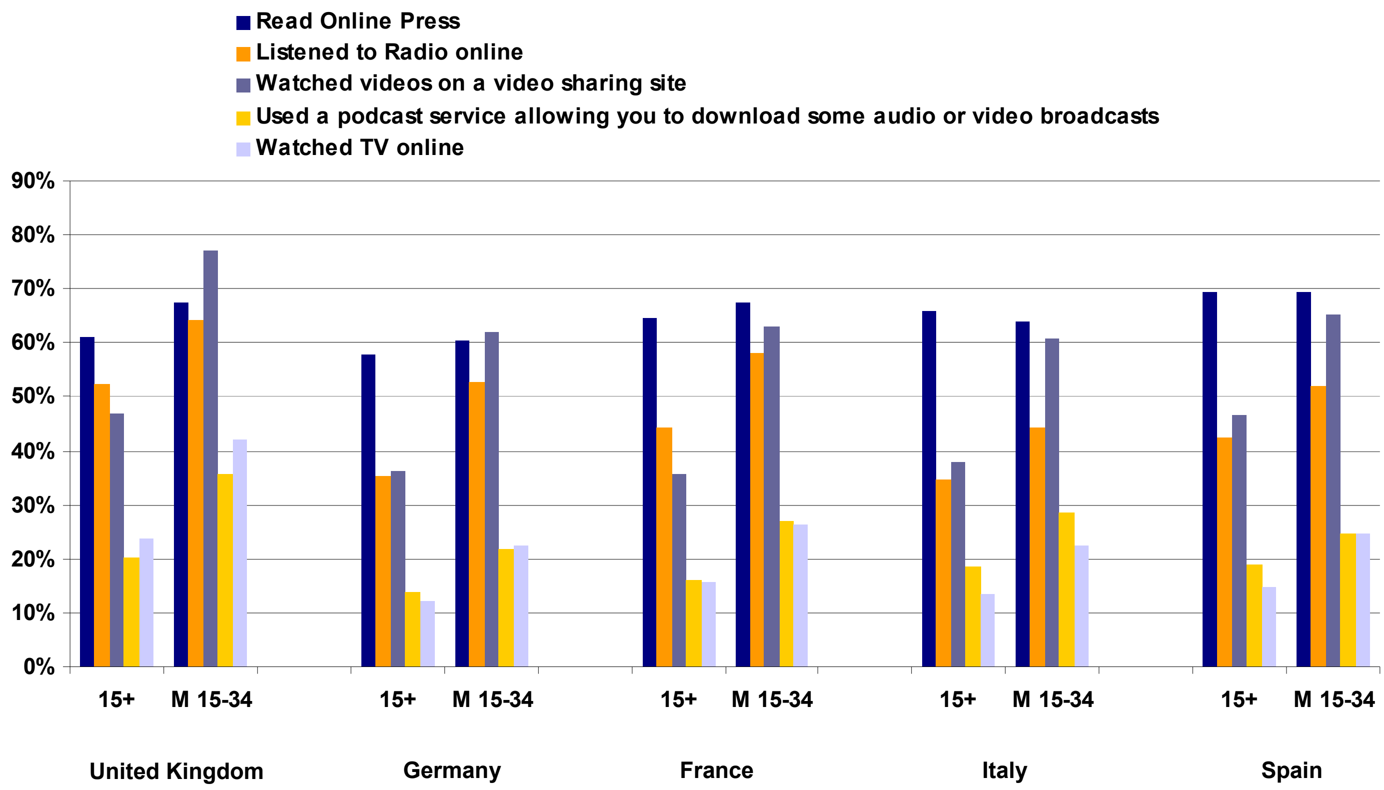
Meanwhile, European Internet users have rapidly become large users of video content due to the success of popular sharing sites such as YouTube. Once again, the British, along with the Spanish come out ahead with almost half of their Internet users having watched a video on a video sharing site within the last 12 months.
Visiting video sharing sites has even overtaken the listening of radio online amongst males aged 15-34, who are the largest consumers of media contents online.

In addition, this wider consumption of videos online has taken the place of those TV programmes accessible in streaming or podcasting. It is therefore worrying the TV channels which are witnessing the impressive growth in the usage of video sharing sites.
Big TV channels are looking for ways to maintain a young audience used to this new pattern in video consumption. For example, they are giving their viewers the possibility to download for free from the Internet, an episode from their favourite series after it's broadcasting on the TV, an initiative known under the name of "Catch-up or Re-play TV".

It is also noticeable that males aged 15-34 (with up to 36% in the UK) are dominating the usage of podcasting services, whereas it concerns at most 20% of the internet users aged 15+ in each of the 5 markets studied.

Consumption of media content online in the last 12 months

(Source : Harris Interactive - NetObserver® Europe, June 2007)



European internet users are not yet ready to pay to access online media content

After the music industry, it's now up to cinema, TV production and video publishing to face the threats of the Internet due to the ease of accessing their content for free.

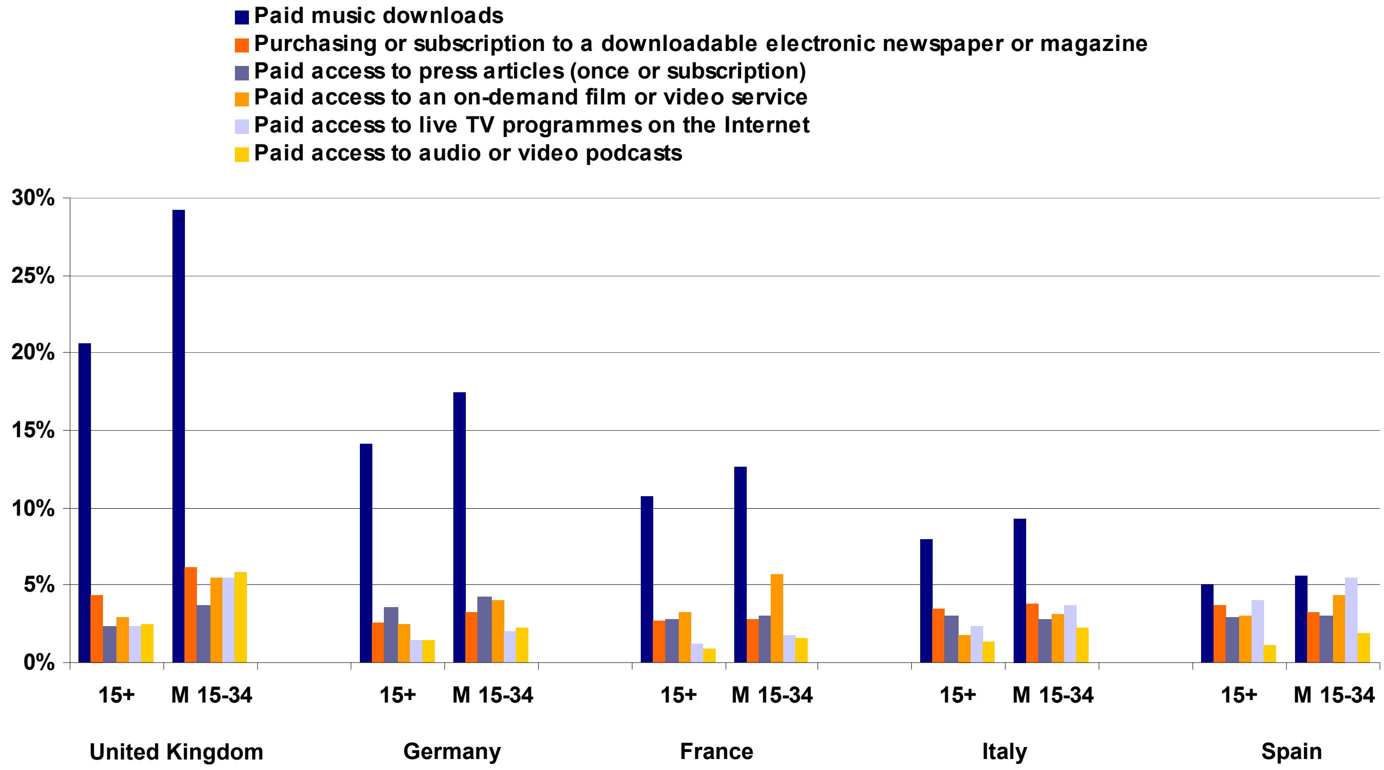
Indeed, charged access to online media content, despite noticeable progress, still has not taken off… Thus, only the music industry seems to start making money by succeeding in convincing more than 20% of British Internet users, and even close to 30% of males aged 15-34, to use paying sites for music downloads. In Spain, they are still quite far behind, with only 5% of their internet users who actually pay to download music in the last 12 months.
No more than 4% of European internet users actually pay to access the other types of media contents available online, be it articles from magazines or newpapers, video on demand (VOD), live TV programmes or audio/video podcasts.

However, it is still possible for the audiovisual industry to generate revenues from charged online services if it manages to make money through paying sites such as iTunes.
To cope with the new Internet broadcasters (video sharing sites or peer-to-peer Internet TV platforms like Joost.com or Babelgum.com on which media contents are accessible for free), content providers (copyrights' owners, producers, publishers, TV channels…) could sign licensing deals and share the online advertising revenues that would be generated.
Whilst P2P IPTV platforms are convincing more and more content companies, video sharing sites however, do still need to improve their filtering system for copyrighted content to avoid lawsuits.

Concerning VOD, the offer today is still not mature enough to truly take off. Thus, only 6% of males aged 15-34 have used a VOD platform in the past 12 months in France and the UK and 4% or less in the other countries! This is surprisingly low as males aged 15-34 are usually very keen on such new services. This could be due to the lack of choice and new releases in the catalogues and to the pricing.
Regarding VOD pricing, the multiplication of 'Re-play TV' offers (BBC, Channel 4…) could have a perverse effect to get the Internet user used to access video content for free and so to clear away the paying models. Yet, the financing of VOD by advertising (as for offline TV broadcast) could not only accelerate its development, but also prove to be the most efficient way to compete with Internet broadcasters…

Charged access for contents online in the last 12 months

(Source : Harris Interactive - NetObserver® Europe, June 2007)



In Europe, males aged 15-34 are ahead, not only for producing content, but also for giving and sharing their opinions on the Internet

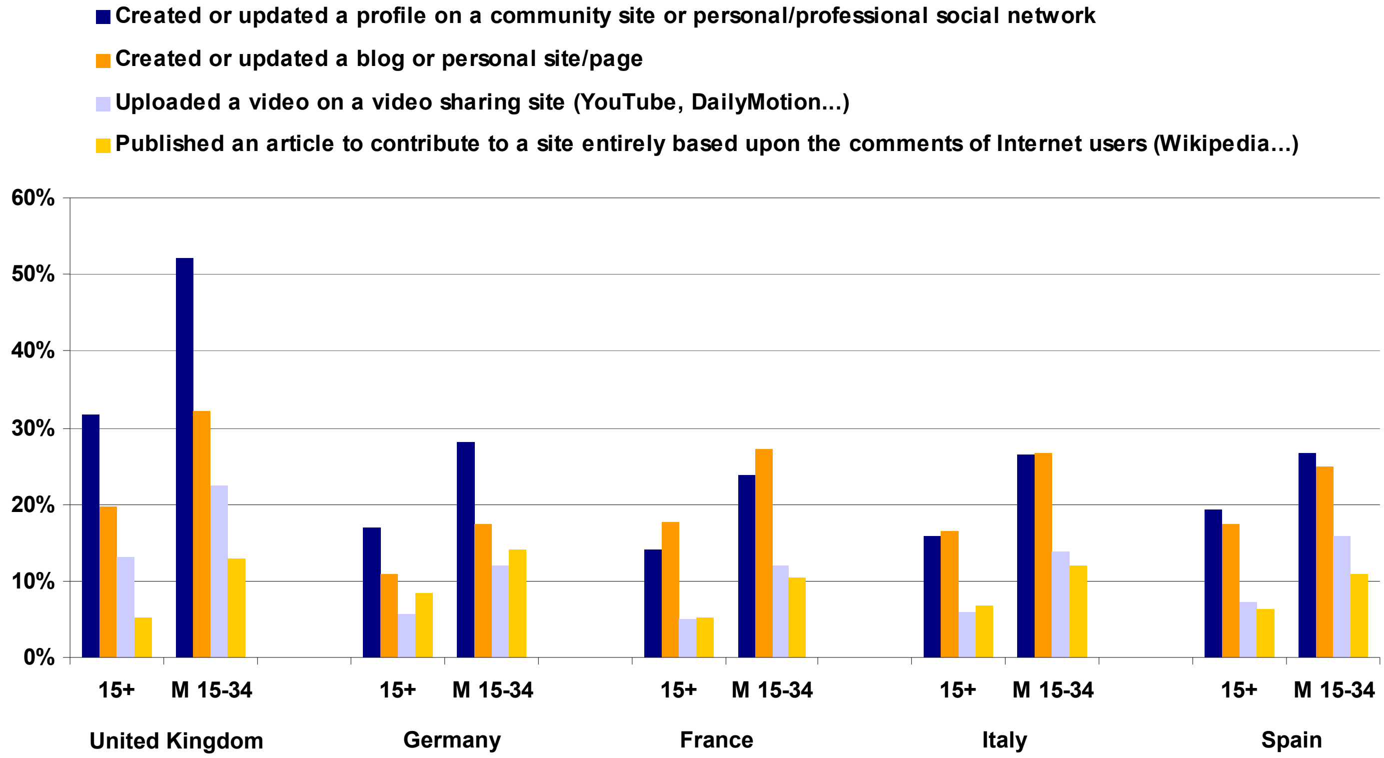
Beyond its key role in media usage convergence, the Internet also plays an essential role in such users' new behaviours as social networking, mainly amongst young people.

Vast online networks of influence have thus been very quickly developed. While blogs have marked the first steps in giving a true expression space to each Internet user, social networks have enabled a rapid development of content production (articles, video…) and of giving and sharing one's opinions with other internet users (comments, votes, notes, questions-answers…).

Content production by internet users (UGC) maybe illustrated with the following figures:
Apart from Germany which shows no concern for blogs, more than 17% of Internet users in the 4 other countries have created or updated a blog or a personal site/page in the last 12 months. This concerns even more than 1 in 4 males aged 15-34. Still regarding males aged 15-34, no less than 24% of them have created or updated a profile on a community site or personal/professional social network in the last 12 months. This figure even surpasses 50% amongst males aged 15-34 in the UK!
In addition, more than 12% of males aged 15-34 in the countries studied and even close to 1 in 4 in the UK have uploaded a video on a video-sharing site within the last 12 months. And more than 10% of them have published an article to contribute to a type of website such as Wikipedia.

Contribution and production of content online in the last 12 months

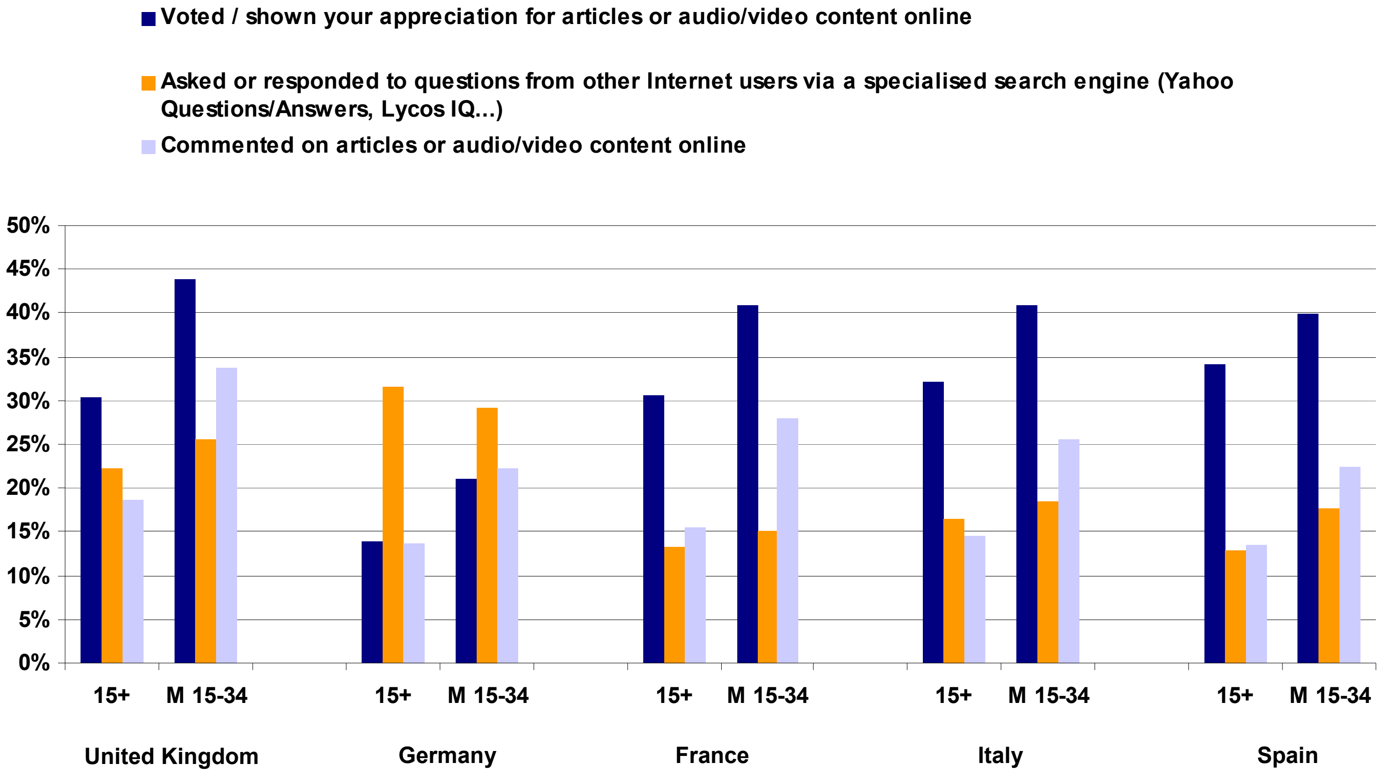
(Source : Harris Interactive - NetObserver® Europe, June 2007)



Giving and sharing opinions among internet users can be illustrated with the following results:
Apart from Germany which always seems to be the exception, more than 30% of internet users in each of the 4 other countries have voted / shown appreciation for articles or audio/video content online in the last 12 months. Figures are even more demonstrative amongst males aged 15-34: 40% or more of them gave their appreciation for articles or online contents during the last 12 months (Germany excluded) and more than 20% of them even commented on them. Finally, more than 15% of males aged 15-34 and close to 30% in Germany have already used “human” search engines such as Yahoo! Questions/Answers.

Giving and sharing opinions online in the last 12 months

(Source : Harris Interactive - NetObserver® Europe, June 2007)

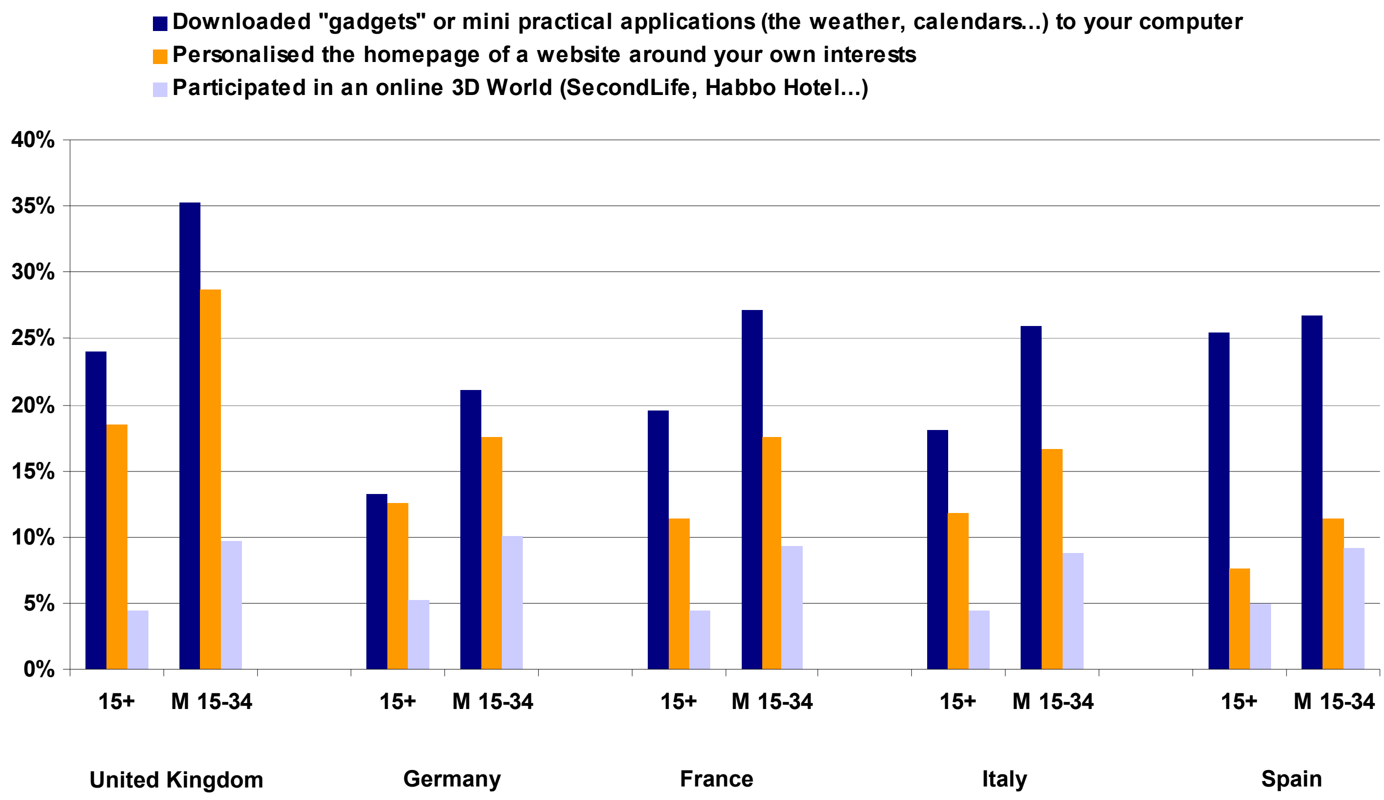


Compared to other internet users, European males aged 15-34 are the "early adopters"

Online, influence also goes through the adoption of services before the others. Most of the time, this starts with "beta tests".
These early adopters are clearly identified as males aged 15-34. They are strong influencers in the success or failure of new services online.
Naturally, they are ahead of other internet users in the usage of new services such as widgets, websites like NetVibes enabling their users to customise their own pages, or virtual online worlds like Second Life.

Usage of new services during the last 12 months

(Source : Harris Interactive - NetObserver® Europe, June 2007)



Males aged 15-34 are also influencing the other internet users regarding the reputation of brands, products and services

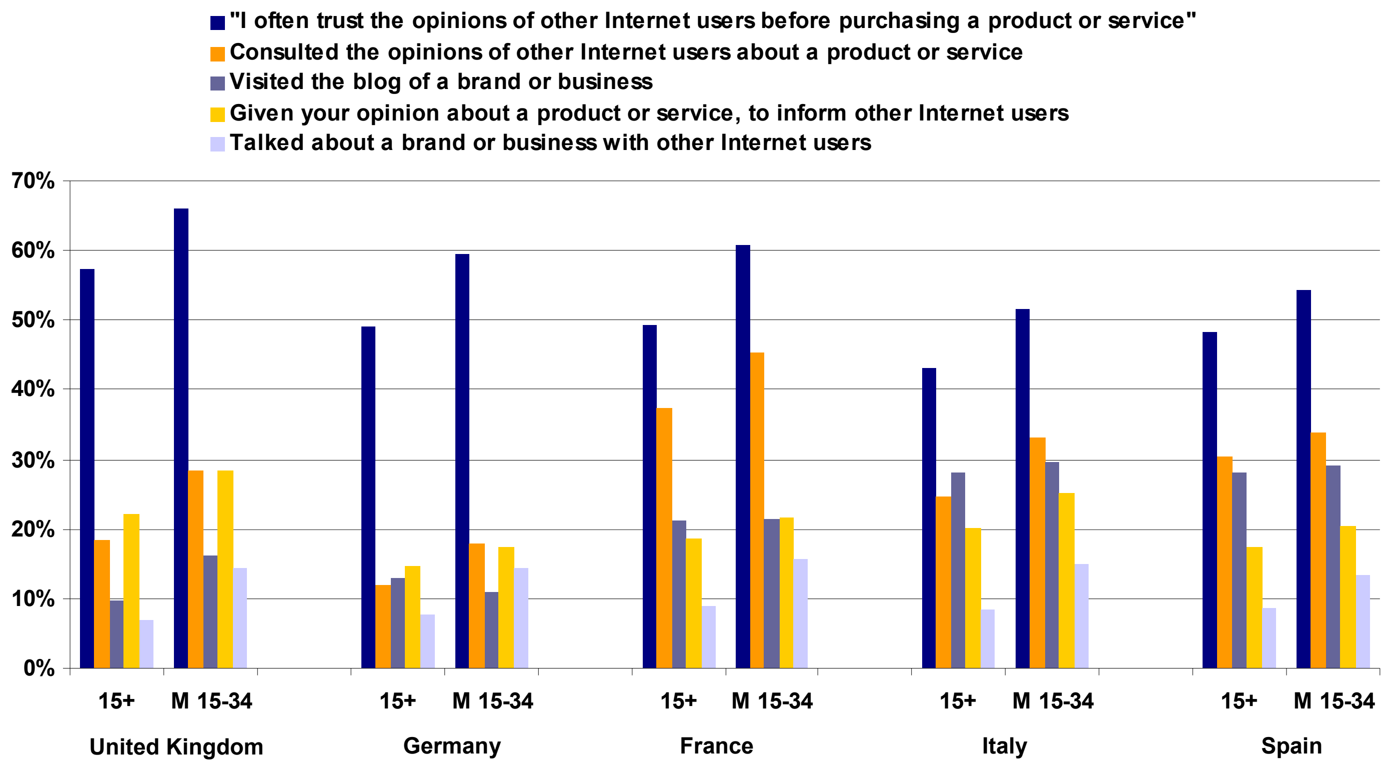
The main contribution of Web 2.0 is undeniably to give the power to the consumer, which naturally has strong implications for the brands.
Thanks to the Internet, consumers are more informed. They are eager for information and are becoming, for some of them, real experts who do not hesitate to share their experiences, good or bad, with other Internet users.

In the Mediterranean countries, more than 21% of Internet users have visited the blog of a brand or business within the last 6 months.
In every country studied, more than 15% of Internet users have given their opinions about a product or service in the last 6 months, to inform other internet users.
Before carrying out a purchase, males aged 15-34 prove to be particularly attentive to what others think: more than half of them often trust the opinions of other internet users before purchasing a product or a service! In the Mediterranean countries, more than a third of males aged 15-34 have already consulted the opinions of other internet users in the last 6 months.
Concerning the influence Internet has on the reputation of brands, it is interesting to note that, whatever the country, more than 13% of males aged 15-34 have already talked about a brand or business with other internet users in the last 6 months.

As the opinions of their peers take a lot of importance in the buying decisions of internet users, it is becoming even more important for brands to identify the influencers so that they can get to know them better! Brands should put themselves at the same level as the consumers when they communicate and exchange with them instead of using a vertical, unidirectional communication. Some brands have already adopted such a communication strategy, allowing their consumers to interact with the products or using the same tools as the influencers, like Second Life for instance…

Influence of the Internet on the reputation of brands, products and services online

(Source : Harris Interactive - NetObserver® Europe, June 2007)

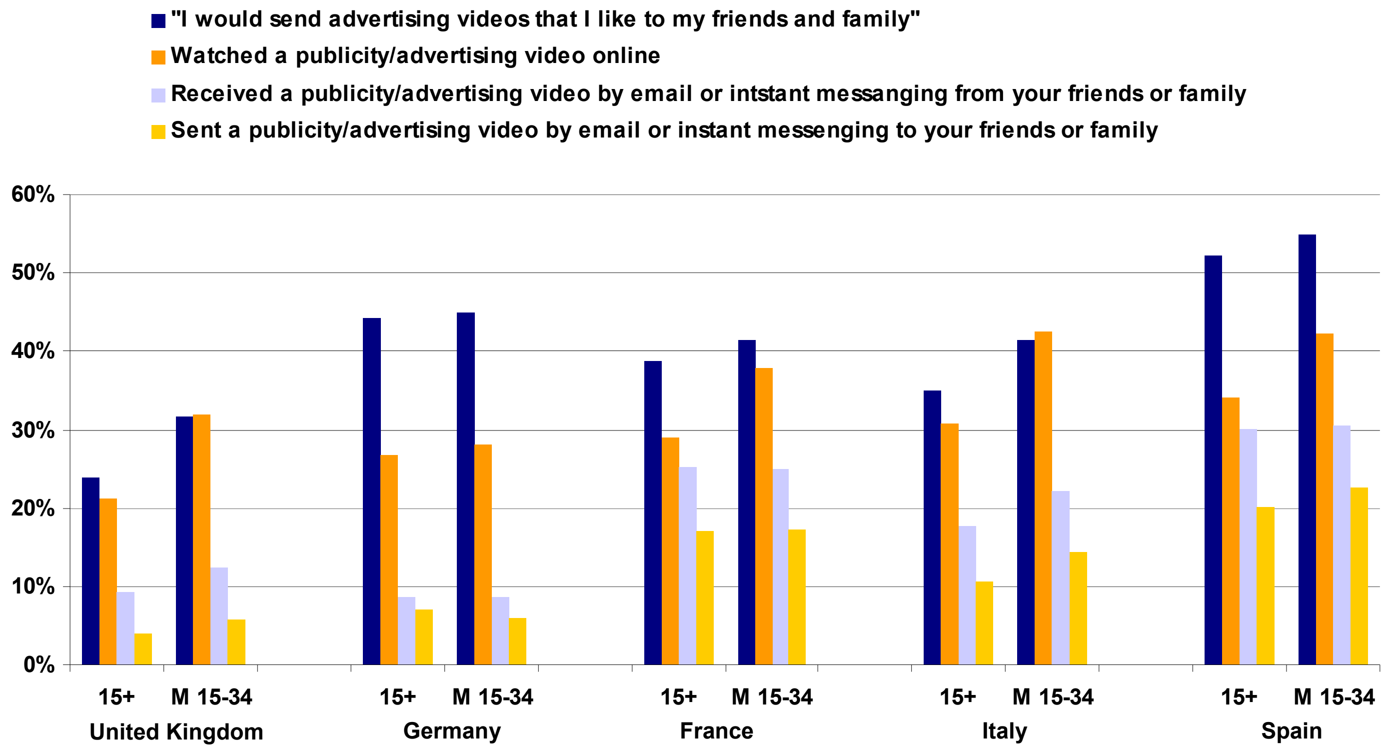


Given the increased consumption of videos online, online advertising is also taking advantage of this new behaviour in its viral marketing strategy

Advertising videos are contents like any other that internet users can enjoy sharing with friends and family. A usage also known as viral marketing.
Between 14% and 23% of males aged 15-34 in Mediterranean countries have sent an advertising video to their friends or family in the last 6 months. And between 41% and 55% admit that they would send an advertising video, if they saw one they liked.
In addition, more than 38% of males aged 15-34 in Mediterranean countries have watched an advertising video online and between 22% and 30%, depending on the country, have received an advertising video from friends or family in the last 6 months.
As in the last editions of the NetObserver study, German and English Internet users confirm that they are less responsive to online advertising than Internet users from Mediterranean countries, with Spain in the lead.

Viral Marketing of online video advertisements

(Source : Harris Interactive - NetObserver® Europe, June 2007)



On personal spaces, advertising is not perceived worse than anywhere else on the Internet

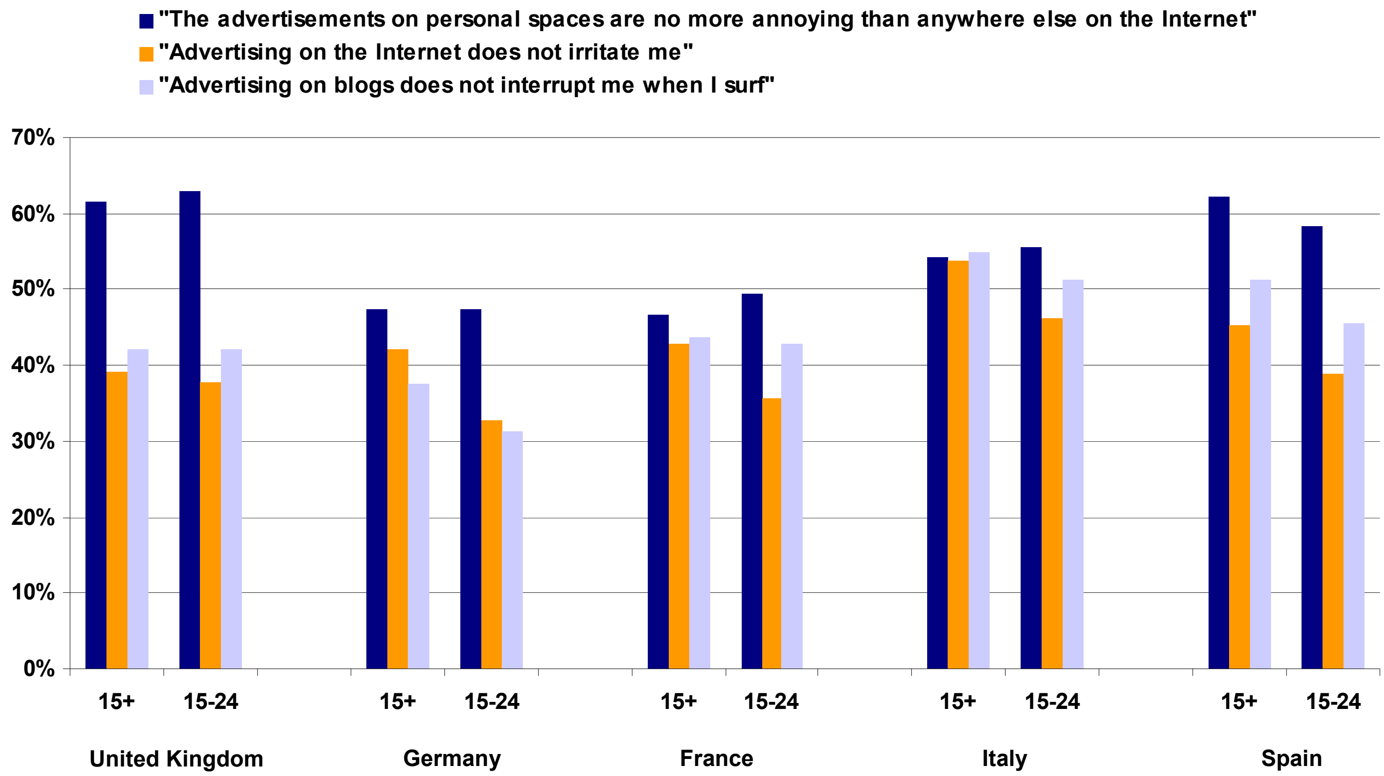
Advertising on personal spaces proves to be relatively well perceived and not any less than anywhere else on the Internet, contrary to what people might have thought. For example, just as many internet users claim to not be interrupted by advertising when reading a blog, as not being irritated by online advertising on the whole. Furthermore, between 47% and 63% of young Internet users aged 15-24 state that the advertisements on personal spaces are no more annoying than anywhere else on the Internet!

There is a real opportunity for brands/advertisers. Yet, the perception of advertising on these private spaces being very close to anywhere else does not mean that one should adopt the same strategy everywhere!
As a matter of fact, a large majority of young Internet users (more than 64%) believe that on these personal spaces, advertising should be better targeted and adapted to their needs.

Finally, a majority of Internet users in each country studied (between 52% in Germany and 64% in Spain) believe that advertising on private spaces should be more interactive and participative than anywhere else.
What this clearly suggests is that the users of personal spaces do not want brands talking to them through a vertical, unidirectional communication, but rather through a real exchange.
Rather than interruptive advertisements through banners, they would undoubtedly prefer a different form of advertising, which is engaging and based on dialogue.
In conclusion, brands/advertisers should adopt a collaborative strategy for engaging with the influencers that they will have previously identified.

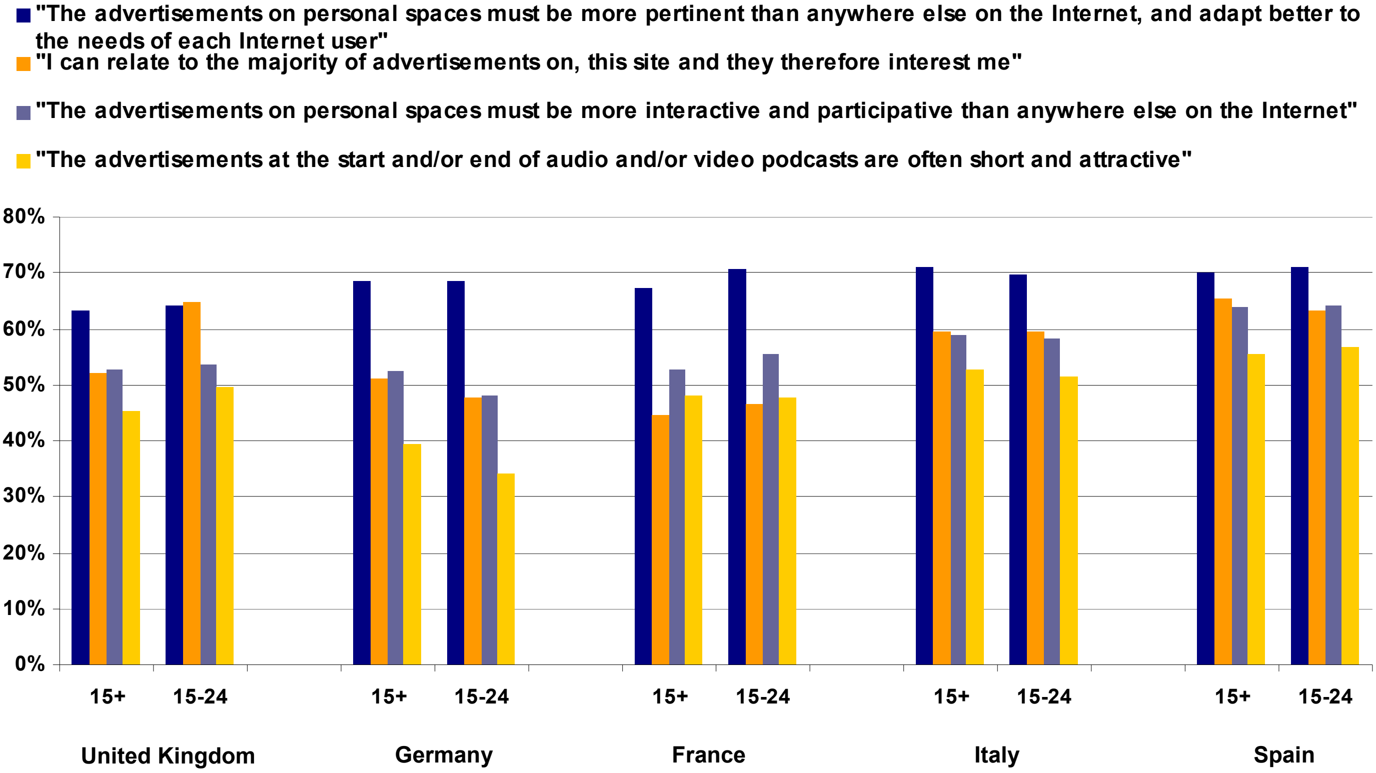
Perception of online advertising on personal spaces (1/2)

(Source : Harris Interactive - NetObserver® Europe, June 2007)



Perception of online advertising on personal spaces (2/2)

(Source : Harris Interactive - NetObserver® Europe, June 2007)



Annex:

Internet, network of convergence and influence

(Source : Harris Interactive - NetObserver* Europe, June 2007)

	UNITED KINGDOM		GERMANY		FRANCE		ITALY		SPAIN	
	15+	M 15-34	15+	M 15-34	15+	M 15-34	15+	M 15-34	15+	M 15-34
MEDIA CONTENTS CONSUMPTION (last 12 months usage)										
Read Online Press	61%	67%	58%	60%	65%	68%	66%	64%	69%	69%
Listened to Radio online	53%	64%	36%	53%	45%	58%	35%	44%	42%	52%
Watched videos on a video sharing site	47%	77%	36%	62%	36%	63%	38%	61%	47%	65%
Used a podcast service allowing you to download some audio or video broadcasts	20%	36%	14%	22%	16%	27%	19%	29%	19%	25%
Watched TV online	24%	42%	12%	23%	16%	26%	13%	22%	15%	25%
CHARGED ACCESS TO MEDIA CONTENTS (last 12 months usage)										
Paid downloads of music	21%	29%	14%	18%	11%	13%	8%	9%	5%	6%
Purchased or subscribed to a downloadable electronic newspaper or magazine	4%	6%	3%	3%	3%	3%	4%	4%	4%	3%
Paid access to press articles (once or subscription)	2%	4%	4%	4%	3%	3%	3%	3%	3%	3%
Paid access to an on-demand film or video service	3%	6%	3%	4%	3%	6%	2%	3%	3%	4%
Paid access to live TV programmes on the Internet	2%	6%	2%	2%	1%	2%	2%	4%	4%	6%
Paid access to audio or video podcasts	3%	6%	2%	2%	1%	2%	1%	2%	1%	2%
CONTRIBUTION & PRODUCTION OF CONTENTS (last 12 months usage)										
Created or updated a profile on a community site or personal/professional social network	32%	52%	17%	28%	14%	24%	16%	27%	19%	27%
Created or updated a blog or personal site/page	20%	32%	11%	17%	18%	27%	17%	27%	18%	25%
Uploaded a video on a video sharing site (YouTube, DailyMotion...)	13%	23%	6%	12%	5%	12%	6%	14%	7%	16%
Published an article to contribute to a site entirely based upon the comments of Internet users (Wikipedia...)	5%	13%	8%	14%	5%	10%	7%	12%	6%	11%
GIVING AND SHARING OPINIONS (last 12 months usage)										
Voted / shown your appreciation for articles or audio/video content online	30%	44%	14%	21%	31%	41%	32%	41%	34%	40%
Asked or responded to questions from other Internet users via a specialised search engine (Yahoo Questions/Answers, Lycos IQ...)	22%	26%	32%	29%	13%	15%	16%	18%	13%	18%
Commented on articles or audio/video content online	19%	34%	14%	22%	15%	28%	14%	26%	14%	22%
USAGE OF NEW SERVICES (last 12 months usage)										
Downloaded "gadgets" or mini practical applications (the weather, calendars...) to your computer	24%	35%	13%	21%	20%	27%	18%	26%	26%	27%
Personalised the homepage of a website around your own interests	19%	29%	13%	18%	11%	18%	12%	17%	8%	11%
Participated in an online 3D World (SecondLife, Habbo Hotel...)	4%	10%	5%	10%	5%	9%	4%	9%	5%	9%
REPUTATION OF BRANDS, PRODUCTS AND SERVICES (last 6 months usage)										
"I often trust the opinions of other Internet users before purchasing a product or service"	57%	66%	49%	60%	49%	61%	43%	52%	48%	54%
Consulted the opinions of other Internet users about a product or service	18%	28%	12%	18%	37%	45%	25%	33%	30%	34%
Visited the blog of a brand or business	10%	16%	13%	11%	21%	22%	28%	30%	28%	29%
Given your opinion about a product or service, to inform other Internet users	22%	28%	15%	17%	19%	22%	20%	25%	17%	21%
Talked about a brand or business with other Internet users	7%	14%	8%	14%	9%	16%	8%	15%	9%	13%
VIRAL MARKETING OF VIDEO ADVERTISEMENTS (last 6 months usage)										
"I would send advertising videos that I liked to my friends and family"	24%	32%	44%	45%	39%	41%	35%	41%	52%	55%
Watched a publicity/advertising video online	21%	32%	27%	28%	29%	38%	31%	42%	34%	42%
Received a publicity/advertising video by email or intstant messaging from your friends or family	9%	12%	9%	9%	25%	25%	18%	22%	30%	30%
Sent a publicity/advertising video by email or instant messaging to your friends or family	4%	6%	7%	6%	17%	17%	11%	14%	20%	23%

Perception of advertising on personal spaces online

(Source : Harris Interactive - NetObserver* Europe, June 2007)

	UNITED KINGDOM		GERMANY		FRANCE		ITALY		SPAIN	
	15+	15-24	15+	15-24	15+	15-24	15+	15-24	15+	15-24
"The advertisements on personal spaces are no more annoying than anywhere else on the Internet"	62%	63%	47%	47%	47%	49%	54%	56%	62%	58%
"Advertising on the Internet does not irritate me"	39%	38%	42%	33%	43%	36%	54%	46%	45%	39%
"Advertising on blogs does not interrupt me when I surf"	42%	42%	38%	31%	44%	43%	55%	51%	51%	45%
"The advertisements on personal spaces must be more pertinent than anywhere else on the Internet, and adapt better to the needs of each Internet user"	63%	64%	69%	69%	67%	71%	71%	70%	70%	71%
"I can relate to the majority of advertisements on this site and they therefore interest me"	52%	65%	51%	48%	45%	46%	60%	60%	65%	63%
"The advertisements on personal spaces must be more interactive and participative than anywhere else on the Internet"	53%	54%	52%	48%	53%	56%	59%	58%	64%	64%
"The advertisements at the start and/or end of audio and/or video podcasts are often short and attractive"	45%	50%	39%	34%	48%	48%	53%	51%	55%	57%

About: NetObserver®

With more than a 1000 participating sites and more than 400, 000 respondents per year, the observatory of Internet usages, NetObserver is the biggest online study carried out in Europe today.

Carried out online every 6 months since 1998 in France and since 2000 in Europe, NetObserver tracks the evolution of behaviour and of the perception of Internet users over the age of 15, wherever their place of connection (home, work, schools, universities, public places…) in 5 markets : France, Italy, Spain, Germany and the UK.

The last study session has been carried out between the months of March and June 2007 with a global sample of more than 265, 000 Internet users.

The results of the study, being weighted by enumeration data in every market, are representative of the Internet user's population of each of the 5 markets studied.

The 16th session of the NetObserver study will take place from 24th September until 9th December 2007.

About: Harris Interactive

With its European headquarters in London, United Kingdom, and global headquarters in Rochester, NY, USA, Harris Interactive is a global research and consulting company known for two decades of expertise in strategic business and consumer research.

Harris Interactive plays a major role in solving its clients' complex business problems through the thoughtful application of innovative methodologies and sophisticated technologies, focusing on those that are Internet-based. In fact, we have become the world's leading experts in Internet-based market research.

The company has built one of the most important panel in the world: the Harris Poll Online. This panel consists of more than 6 million members in the world, and more than 2 million in Europe.

Our corporate family includes an independent global network of affiliate research and consulting companies. Our international scope and experience extends throughout Europe, Africa, North and South America, Southeast Asia and Australasia offering a truly global advantage.

HarrisInteractive®

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