

Hitwise US Research Note: Measuring Web 2.0 Consumer Participation

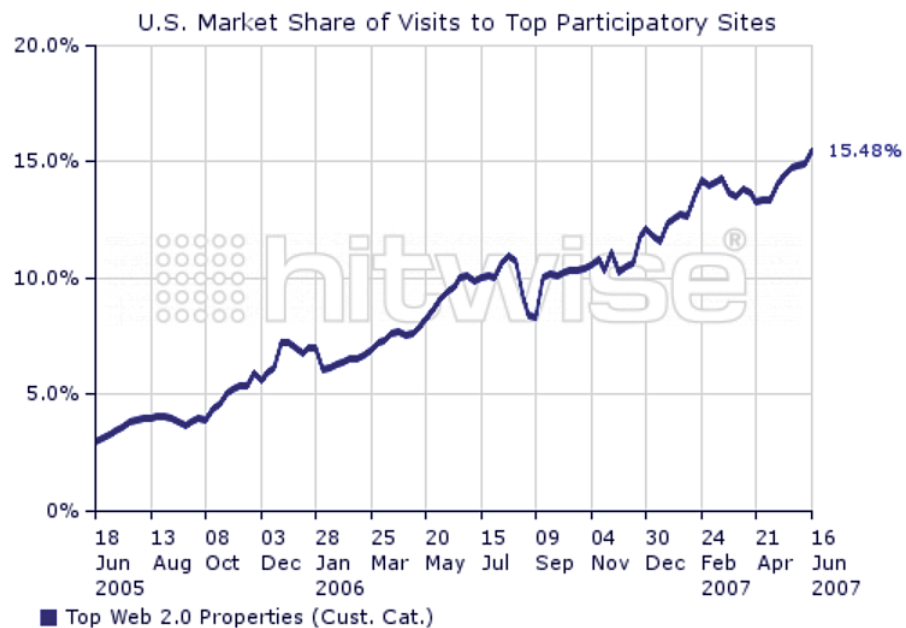
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The Growth of Web 2.0 Sites

The amount of user content available on the web is staggering. Wikipedia has surpassed five million entries. In 2006, YouTube announced that it had served over 100 million video clips per day. With such an explosion of user-generated entries, photos and videos proliferating on the web, it appears that Web 2.0 is officially mainstream. Hitwise data gathered specifically for this note might indicate that actual participatory online visits, in general, amount to a very small percentage of overall visits to these new websites.



Weekly market share in 'All Categories', measured by visits, based on US usage.

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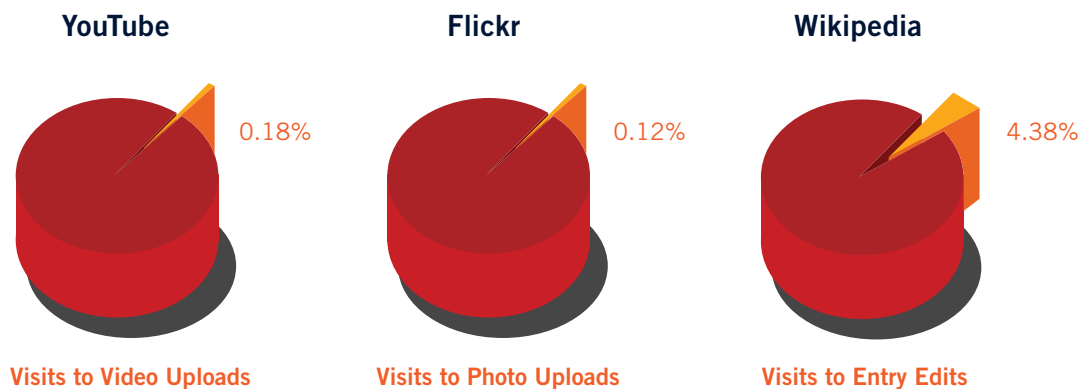
There is no arguing that websites encourage user participation through social networking and content generation. Over the last two years, market share of U.S. visits to the top 20 participatory websites has grown from 3% of all U.S. Internet visits for the week ending June 18, 2005 to over 15.5% for the week ending June 16, 2007; a growth rate of 416%. How much of this growth is attributable to the act of uploading user content versus viewing that same content?

Death of the 80/20 Rule

In the late 1800s economist Vilfredo Pareto developed a principle now commonly known as the 80/20 rule, which in a business application states that 80% of output is attributable to 20% of resources or 80% of sales come from top 20% of clients. In the computer age that rule was amended to the 90/10 rule that stated that 90% of computer execution time of a computer program is attributable to 10% of that program's code. In the age of the participatory web, that rule may be further refined with what has been termed the 1% rule.

The 1% rule states that 1% of Internet users are creating user-generated content, 19% of users are interacting with that content, while 80% simply view that content as they might static Web 1.0 content. Leveraging custom analysis through Hitwise Conversions, we measured interaction visits for three websites for the month of May 2007; visits where videos were uploaded to YouTube, visits where photos were uploaded to Flickr and visits where users edited a Wikipedia entry.

Percentage Participatory U.S. Visits Compared to All Website Visits – May 2007



In the case of YouTube and Flickr, the percentage of participatory visits (video and photo uploads respectively) fall well below the expected 1%, while Wikipedia entry visits compared with website visits reached an impressive 4.38%. The disparity between YouTube, Flickr and Wikipedia could be explained by the technical barrier of participation. YouTube and Flickr require some technical sophistication on behalf of the consumer (creating the video or photos, transferring the files to a computer, uploading the files to their respective websites) while Wikipedia edits require a simple mouse-click and text entry. The data gathered to-date through Hitwise Conversions indicate that the 1% rule may be open to further revision dependant on consumer sophistication and the ease of participation.



Demographics of the Participator

Exactly who are these Web 2.0 participators? Hitwise Conversions provides us with a variety of demographic statistics for the above participatory visits, including age, gender and income levels as well as lifestyle data through the Claritas PRIZM NE segmentation. For all three websites, participators skewed male; 60% of Wikipedia entries and 55% of YouTube videos were “man”-made.

The age breakdown for Wikipedia edits confirms the adage that the old are in fact, educating the young when it comes to communal encyclopedias; 53.6% of visitors editing Wikipedia entries were over the age of 45 while 47.7% of visitors to Wikipedia were below the age of 35. Over 77% of Wikipedia editors had household incomes less than \$60,000 per year. Taken in conjunction with the age statistics it is possible that a key Wikipedia editorial segment is in fact retired (older, fixed income).

Takeaways for the Online Marketer

Web 2.0 sites are growing at an impressive clip. The category should be monitored as a potential branding and acquisition channel. However, visit and demographic metrics reveal that participation in Web 2.0 sites is still nascent. Early adoption should be more prevalent in those websites with limited technology barriers to participation, such as those limited to simple textual edits (Wikipedia, blogs, and MySpace profiles). Adoption, in the form of participation, will be much slower amongst video uploading websites.



Terms Used in this Report

Hitwise provides clients with various metrics for analyzing competitive activity. Hitwise defines these metrics in conjunction with the industry standard definitions published by the US Internet Advertising Bureau's Media Measurement Task Force on 'Metrics and Methodology.' The IAB's Media Measurement Task Force has published guidelines for the comparative measurement of website usage:

User Visit: A series of page requests by a visitor without 30 consecutive minutes of inactivity, identified by a collection of page requests from a unique identifier.

Market Share: The percentage of all visits or page requests to a particular online market sector that is received by the individual website.

All Sites: Includes all websites visited by US Internet users across all 160+ Hitwise categories except Adult, ISPs and Ad Servers.

Terms Used in this Report

For further updates on the strength of your brand online or on how your website compares against competitors, please contact: Robert Schatzel: 212-380-2908 or robert.schatzel@hitwise.com



About the Author: Bill Tancer

Bill Tancer is the General Manager, Global Research at Hitwise. Bill brings 12+ years of marketing, market research and corporate strategy experience to Hitwise. As the GM for Global Research, Bill leads a team of research analysts in the U.S., U.K., and Australia, providing cutting-edge research and insight into online consumer behavior and the application of online competitive intelligence.

Bill's analysis of the online landscape has been quoted extensively in the press, including the Wall Street Journal, New York Times, USA Today, Business Week, Forbes Online and CNN Money. He is a frequent guest on CNBC, and has also been interviewed on MSNBC, NPR, Dow Jones Marketwatch, CNN Radio and CBS Radio. Bill speaks frequently at industry events. Most recently, he's appeared as a keynote and main agenda speaker at events such as Web 2.0 EXPO, J.P. Morgan Global Internet Conference, Columbia Business School Innovative Marketing Conference, Shop.org, Search Engine Strategies, E-tail, Ad:tech and PhoCusWright.

Additionally, he is the author of the weekly Time.com column entitled "The Science of Search."

Prior to joining Hitwise, Bill has led market research and strategy teams at LookSmart, Zaplet, NBC Internet and Pacific Bell Internet Services. Bill has also covered the Internet sector for Gartner Group as a senior technology marketplace consultant.

Bill has a Bachelors of Science degree from the University of Florida in Quantitative Management and a Juris Doctorate degree from the Walter F. George School of Law, Mercer University.



About Hitwise

Hitwise is the leading online competitive intelligence service. Only Hitwise provides its 1,200 global clients with daily insights on how their customers interact with a broad range of competitive websites, and how their competitors use different tactics to attract online customers.

Since 1997, Hitwise has pioneered a unique, network-based approach to Internet measurement. Through relationships with ISPs around the world, Hitwise's patented methodology anonymously captures the online usage, search and conversion behavior of 25 million Internet users. This unprecedented volume of Internet usage data is seamlessly integrated into an easy to use, web-based service, designed to help marketers better plan, implement and report on a range of online marketing programs.

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