

The Importance of Social Engagement

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January 31, 2007**

Good morning and thank you, Carol, for inviting me here today. It's a pleasure to have a chance to meet with local chapters as we continue this wonderful year-long relationship we've had with the United Way. I know some of you were at the Brand Forum last week and hope you had a productive week; I enjoyed the chance to meet with the 330-strong delegation last Thursday on the current state of the American consumer. You know, starting with a speech at *last* year's Brand Forum in San Diego, continuing with a talk at the CLC in Denver in May, and last week's Brand Forum presentation, I have felt as though the United Way and Yankelovich — as the voice of the American consumer — have been in lock-step in terms of working together to help as many people as possible throughout the United Way organization understand the motivations, attitudes, and values of American consumers. I am excited to continue that journey today as I talk about a subject that is near and dear to United Way and to American

consumers: the subject of Social Engagement. Let me start with a little background for you.

In late 2005, the President of Yankelovich, J. Walker Smith, hosted a Yankelovich client teleconference in which he promoted the growing importance of Social Engagement. Cynthia Round, the UWA's EVP of Brand Leadership, had a chance to listen to that teleconference and thought that given where the United Way is headed with its own reinvention, the topic would be a terrific setup for the 2006 Brand Forum. After learning more about the increased emphasis the United Way was placing on creating an entire 'experience' for each individual it touches, we couldn't have agreed more. Well, that January presentation elicited the most engaged audience I've spoken to in years — we had to cut the Q&A session short but it was clear we had struck a chord with folks throughout the organization. Since then, as you know, the United Way has become an official sponsor of the Yankelovich MONITOR, and for the last ten months, we've been working closely with the UWA to ensure that the United Way is on top of what's happening in the consumer marketplace — and what it means for United Way in ensuring that you're hitting home with Americans in

terms of communicating to them in ways which resonate with their lifestyles today.

My goal today is to talk not just about the idea of Social Engagement – we'll touch on that soon enough – but about what's going on in the hearts and minds of American consumers that has led to an emphasis on the need for Social Engagement in America today. In order to fully appreciate why American consumers are expressing a need for such engagement with others, we need a broader context. We get that from our annual study of American consumers — the Yankelovich MONITOR.

(CLICK TO SLIDE 2)

MONITOR has, since 1971, tracked the changes in values, attitudes, and marketplace behavior of Americans 16 years and older. We sit with folks in their living rooms and talk with them about their hopes, their dreams, their fears...how they see themselves, how they wish to be seen, and of course, how they see others. And that includes how they see you and how they wish to interact with you. We do this for more than the general market...with our Multicultural Marketing Study, we focus in on the unique marketplace needs of Hispanics and African-Americans.



Some of the major consumer trends we've seen over the last several years have created a massive challenge for organizations like the United Way to overcome. The decline in the public's trust of government and business is well documented, and corporate scandals at Enron, Tyco, and even Hewlett-Packard most recently have led to a reverse halo effect being placed on most organizations today. Marketing resistance is a direct result of consumers being bombarded with messages and images that have increased tenfold in the last three decades. At best, it has led to consumer demand that marketers interact with them in new and different ways that are much more precise and relevant to today's lifestyle needs. At worst, it has contributed to outright rejection on the part of consumers as they put up barriers to insulate themselves from all communication efforts. Commercials get TiVo'd. Direct mail goes straight from the mailbox to the trash. Spam filters weed out garbage. And the Do Not Call Registry now counts more than 120 million of us as members of their database.

(CLICK TO SLIDE 3) As I mentioned a few minutes ago, Yankelovich believes the biggest of the big trends going on today is the idea of Social Engagement. The United Way didn't put us up to this; in fact, it was during Walker Smith's client teleconference in late 2005 that

Cynthia Round said, ‘how great that what Yankelovich is saying and what we’re doing as an organization is in lock-step.’

So what is this phenomenon of Social Engagement, anyway? In Yankelovich’s opinion, Social Engagement is “the active pursuit of connection, interaction, and affiliation with other individuals to enable the sharing of ideas, opinions, and passions. It is, quite simply, the act of engaging in conversation with others — live or virtual — to strengthen bonds between individuals and foster the emotional comforts of connection.”

It is big news in part because it’s been building for some time. And there are a few key things going on with consumers today that we believe have created the perfect storm for Social Engagement to be the big news today. (CLICK) There are three values constructs in particular — Self-Invention, Personal Authenticity, and Advantage: Intangibles — that don’t just relate to Social Engagement – they DRIVE Social Engagement and more importantly, I think they give us clues for how to make sure that the United Way offers up Social Engagement in ways that resonate with current and future participants in United Way activities. These three phenomena are, in essence, what is helping to fuel Social Engagement today.

The first of these three things is the concept of Self-Invention. We define Self-Invention as consumers embracing a new sense of freedom to craft lifestyles and solutions all their own — based on their own criteria for what works (or doesn't) for them. It is about consumers being interested in participating in the creation and meaning of the options/choices they have in life. This is not just interacting with an organization that gives a consumer a couple options and encourages that consumer to choose from Column A or Column B; this is about individuals actually creating those options. Consumers are in control and determining the boundaries and rules. It is the basis for Social Engagement because Social Engagement is about writing your own script — and seeing what others have done — and trading and sharing ideas with them to come up with newer and more creative solutions, ideas, and options.

(CLICK TO SLIDE 4) Self-Invention has bubbled up over the last several years as an outgrowth of many social values, including the following:

(CLICK) We're teeming with confidence. We're smart and we know it. 63% of America says "my IQ is higher than average." I'll let you think about that figure for just a minute.

(CLICK) We're healthily suspicious. We'll talk about declining levels of trust later but as traditional options became unreliable and untrustworthy, consumers learned a valuable lesson: They can't, don't and won't trust companies to treat them well or to take care of their needs. The mantra became: look for other ways to make sure you can get what you want. That often means creating the answers yourself.

(CLICK) We live in a pluralistic world. Difference is now the most common element in today's marketplace. There is an abundance of lifestyle choices. Individual possibilities. New reference points. Niche cultural phenomena crossing traditional boundaries. Six years ago, 43% of Americans agreed with the statement "it's more important to fit in than to be different from other people." Today, just 25% agree. Few people are apologizing for being true to themselves.

(CLICK) And finally, Wiring: The breakthrough in opening up and giving autonomy a mighty big boost? There's coffee and connectivity on every corner. New technologies, tools and resources have erased old limits and liberated many from dependence on others.

(CLICK TO SLIDE 5)

The second underpinning of Social Engagement is something we call Personal Authenticity. (CLICK) Personal Authenticity is all about being committed to doing what you feel is right for *you*, regardless of what other people think. (CLICK) It is about the clarity and conviction you have that your beliefs, values, actions, and marketplace decisions are right for you. (CLICK) Most importantly, it's about having the courage to act on that clarity. In 2002 and 2003, we found consumers insulating themselves from risky situations; that was sensible in light of the tragedies of 9/11. Today, we see consumers with the guts to move forward. Personal Authenticity is about risk-taking, being willing to venture forth into the unknown, and about not giving up or giving in. It's about breaking the mold and not accepting the status quo...and in terms of building relationships with brands and organizations, it's about standing up for what you believe in and conveying it to the rest of the world. Therein is an opportunity for Social Engagement -- find others who believe in what you believe in...and then pursue it with passion and vigor.

(CLICK TO SLIDE 6)

The third of the three tent poles of Social Engagement is something we're calling Advantage: Intangibles. This values construct is the

widespread search for satisfaction that goes beyond material accumulation. It's about looking beyond the 'stuff' — about looking for experiences, emotions, and connections that add zest and meaning to life. Don't think Walden Pond — we won't stop acquiring stuff — but at the same time, many are looking harder than ever before for meaning and purpose in the bling...and beyond the bling.

(CLICK) Advantage: Intangibles comes from values shifts like a redefinition of 'the good life' — we're moving beyond effective lifestyle management and adding a more meaningful focus on the substance of life.

(CLICK) The Affluent Attitude — we have greater feelings of empowerment and entitlement across the economic spectrum. Whether we earn \$25,000 a year or \$250,000 a year, we have greater expectations of accessibility to goods and services once considered upscale or exclusive. We know we can get touches of luxury in everyday life and we know we don't have to settle for second-best.

(CLICK) We all feel the clock ticking faster today thanks to changes in work styles, life styles, leisure styles, and technology. It's led many to reassess whether their priorities are truly in order and to figure out whether life on the never-ending treadmill is truly worth it.

(CLICK) And finally, we need to add one more thing to the list of certainties: randomness. Let's not kid ourselves: we've learned in the last five years that we don't know what's going to happen next. The anxiety about this randomness has led to a greater desire for real connections, clearer rules, and clearer answers.

(CLICK TO SLIDE 7)

As a society, we have completely redefined the notion of what it means to be a 'success' over the last 15 years. Take a look at the upward and downward shifts in this MONITOR question about success and accomplishment...the items that have moved upwards since the early 1990s – and continue to do so, even in the past couple years – are the more intangible signs of success. Being happy with your life. Being in *control*. Being able to take a day off. Time is the real currency today. On the flip side, the more material signs of success and accomplishment continue to fade into the background. Fancy houses, cars, designer jewelry and jeans connote very little about a person. In fact, ten years ago, 52% of Americans said that “the brands you buy tell a lot about the person you are.” In 2005, just 41% agreed with that statement.

Why do we care about Advantage: Intangibles? It's about connecting with others in a genuine way. It's about comfort through

connection rather than isolation — Yankelovich calls this ‘Hiving’ and I’ll touch on that more in a few minutes. And of course this all paves the way for Social Engagement. What we're looking for when we connect *through* brands -- not *with* brands -- are these opportunities to find others who are willing to join us on our quest for meaning, satisfaction, happiness, success -- whatever each of us individually is looking for. As I said, it doesn't mean we're going to stop acquiring 'stuff' -- we'll keep doing that. But it's about tangibles and intangibles each having an important role in life.

(CLICK TO SLIDE 8)

You know, looking back on the past eighteen months, without a doubt we’ve come through an era of big technologies. I mean *really big* technologies. And I don’t just mean digital technologies; I mean all sorts of big technologies.

For example, in late November 2005, French surgeons completed the first face transplant for a 38-year old woman who lost her nose, lips and chin as the result of an attack by a dog. While many researchers have been perfecting this surgical technique over the past few years, the French team was the first to take this major step. This is a *big* technology – it is a major surgical procedure that utilizes the latest

advances in medicine and surgical technique. Yet another reminder that big technologies are transforming the character and expectations of everyday life.

(CLICK)

Certainly, this is true of the new iPod with video. This was a major product announcement that has yet to play out in terms of its impact on the marketplace. The original iPods spawned podcasting as well as a culture of mainstream cool associated with MP3 players. Now with video, iPods are now upgrading podcasting to video-podcasting and will stimulate a whole new category of video for handheld devices – not just music video, but video content of every sort including even advertising.

In fact, it's not too far out of the realm of possibility to wonder if video will soon replace text as the language of the Internet. After all, with the on-going shift to wireless and handheld devices, video is more attractive because it is more portable and easier to use with the smaller screens that are carried around on the go. Which is not to say that instant messaging or text messaging is going away, just that video applications are likely to transform the Internet in the way that object-oriented applications changed personal computers.

(CLICK)

Big technology images and video got an additional boost from Google Earth in the last year, too. All the sights of the world at our fingertips. This is such a phenomenon that a recent *New York Times* article reported in a front page story that national governments like India and Russia are complaining that secure, restricted areas can now be viewed by everyone, including terrorists.¹ Indeed, this is the irony of big technology – big technology is creating decentralized networks that empower individuals to take control away from big institutions.

When we think about the past eighteen months as the era of big new technologies, even Hurricane Katrina showed this. (CLICK TO SLIDE 9; DO NOT CLICK THROUGH AS THEY AUTOMATICALLY BUILD)

In the aftermath of Katrina, big technology kept *The Times-Picayune* newspaper from shutting down. As the flood waters were rising in New Orleans, the newspaper staff fled their offices with whatever they could carry in their laps. They piled into delivery trucks that slogged through waist deep water to carry them out of town to

¹ Hafner, Kathie and Saritha Rai, “Google Offers a Bird’s-Eye View, And Some Governments Tremble,” *New York Times*, December 20, 2005, pp. A1, C6.

relocate operations. The problem, though, was that there was no way to print the paper or any way to distribute it even if it could be printed.

So, *The Times-Picayune* focused its attention and efforts on its Web site, which quickly became a crucial hub of information and connection. In the first few days of the flood, the paper's Web site received over 70 million page views, compared to a mere 6 million per week beforehand.

The Times-Picayune told a first-hand story of the aftermath in New Orleans through the stories and pictures of the many reporters and photographers who stayed behind. The paper made space for people to tell their own stories and to search for family and friends. Local reports kept people updated about the availability of supplies and assistance. All of this was delivered only through the Internet until the paper was finally able to resume its print edition. It was the Internet that kept the paper in operation.

But even as Katrina showed the growing importance of big new technologies, it showed the opposite as well. Old-time technologies were no less important. To access the Internet you have to have power. For many people after Katrina this simply wasn't available. So, radio became their lifeline. During the height of the storm, stations took calls and broadcast people's requests for help. Some people were rescued as

a result. After the storm, radio stations helped people locate gasoline, food, family, paychecks, shelters, building supplies, and emergency services. Four Clear Channel stations in Mobile, Alabama dropped their music formats and went to 24-hour call-in shows on which people were able to share information and make connections.

The Internet now envelops the world in a vast interconnected web, but when power lines are down, battery-powered radios are what bring people together and help them find the things they need. We live in a high-tech world, but Katrina reminded us of the precariousness of our high-tech communities and lifestyles. They can be easily interrupted by primitive natural forces. Therein lies the paradox of our future – it must both high-tech and low-tech.

Indeed, this is a trend to watch – the revival of low-tech. Big technology dominated the past eighteen months, but we mustn't dismiss or ignore low-tech as a result. (CLICK TO SLIDE 10)

One of the most interesting recent technological developments was the announcement of the \$100 laptop by Nicholas Negroponte at the World Economic Forum. The MIT Media Lab has developed a \$100 laptop for educational purposes that is being distributed to children

around the world through a non-profit organization called One Laptop Per Child.

The \$100 laptop is a stripped-down machine, usable for basic word-processing, Internet access, and e-mail. It has a swivel screen but no hard drive – it uses flash memory like a digital camera. Each laptop includes a Wi-Fi radio transmitter to link it with other machines in order to share an Internet connection. And each laptop comes with a crank that can provide roughly ten minutes of power for each minute of turning the crank.

While Negroponte’s effort is focused on kids and education, this low-tech laptop has created such interest that he has decided to partner with a hardware company to market a slightly pricier version of the machine for retail sales. Profits will be used to fund the non-profit organization One Laptop Per Child.

Think of it. Low-tech to transform education in countries where millions of kids don’t even have access to textbooks. Low-tech so compelling that there is a for-profit market for it that could eventually change the high-tech landscape. After all, there are millions of tech-savvy consumers for whom a low-tech laptop would probably have a lot of appeal.

High-tech gets the headlines. Low-tech, though, is no less a phenomenon. And this means something in terms of how we should think about lifestyles in a high-tech world. We tend to presume that high-tech systems are going to completely transform the character and quality of life – new needs, new styles, new demands, new dreams, new aspirations – when in fact, more often than not, big new technologies are used for ordinary, traditional needs and desires. Your 2-1-1 offering is a wonderful example of the importance of low-tech in a high-tech world.

Just as low-tech is paralleling high-tech these days, the biggest opportunities for high-tech systems are ordinary, everyday needs and desires. But usually this is hard for experts to get right.

Even during the halcyon days of the dot-com boom, we knew that a big technology like the Internet was being used as much for traditional things as for innovative things. The cover story of *Business Week* on May 5, 1997 was entitled “Internet Communities.” (CLICK TO SLIDE 11)

It was all about people using the Internet to interact with other people who share their passions and interests – a big new technology being used for a mundane, low-tech application. Communities are as old as mankind. Nothing new about that.

But in the breathless hype of the times, we lost sight of that. Instead of seeing it for what it was – people talking to other people – experts made it into something sweeping and grandiose. In no time at all – at Internet speed, if you will – we went from Internet communities to *The Clue Train Manifesto*.² (CLICK) In case you didn't read the book, Manifesto #1 was simply that “[m]arkets are conversations.” From there the Clue Train crew saw Internet communities as something more than people talking to people. It was about conversations with brands. Just to remind ourselves, let me quote from the Clue Train Web site that went live in April 1999: “A powerful global conversation has begun. Through the Internet, people are discovering and inventing new ways to share relevant knowledge with blinding speed. As a direct result, markets are getting smarter—and getting smarter faster than most companies. These markets are conversations. Their members communicate in language that is natural, open, honest, direct, funny and often shocking. Whether explaining or complaining, joking or serious, the human voice is unmistakably genuine. It can't be faked...Corporate firewalls have kept smart employees in and smart markets out. It's going to cause real pain to tear those walls down. But

² Levine, Rick, Christopher Locke, Doc Searis and David Weinberger, *The Cluetrain Manifesto* (New York: Perseus Books, 1999).

the result will be a new kind of conversation. And it will be the most exciting conversation business has ever engaged in.”³

We all remember this kind of thinking, right? As if people were coming online in 1997, 1998 and 1999 because they wanted to talk to brands. But they weren’t — and they didn’t. But we thought we were experts back then and we saw something bigger than what the facts really showed. Then, as the novelty of the Internet became the everyday reality of e-tailing and blogging, we gave up these grandiose ideas altogether. Which turns out to be an over-reaction to an over-statement. Because people haven’t quit using the Internet to talk to other people.

Indeed, Internet communities have remained one of the strongest dynamics online and are now coming into their own as the next killer app of the Internet. The first Internet killer app was email, then e-tail, then search. And now, it’s Social Engagement – a low-tech application of big high-tech systems. Low-tech, whether in hardware or in applications, is not to be overlooked.

(CLICK TO SLIDE 12)

³ See <http://www.cluetrain.com/>.

Think about Rupert Murdoch’s 2005 \$580 million acquisition of InterMix, the parent company of Myspace.com. The stated strategic purpose is to use Myspace.com to drive traffic to the Fox Interactive Media Web sites.⁴ Commerce and content alone aren’t sufficient. It takes Social Engagement to make them attractive.

Suddenly, there’s a fresh appreciation of something very ordinary – people like talking to other people. Talking to brands isn’t very exciting. As you may know, at Yankelovich we’ve documented just exactly how little people want to hear advertising or be marketed to these days.⁵ The Internet hasn’t put brands into the conversation. The Internet has simply changed the technology people use to come together with one another. In the process, the Internet has emerged as the new medium of Social Engagement. This reflects a broader social trend that we have been talking about at Yankelovich over the past few years – the growing, strengthening revival of interest in connection, engagement and interaction. We call it Hiving.

⁴ Scott-Joynt, Jeremy,: “What Myspace Means to Murdoch,” BBC News UK Edition, July 19, 2005, accessed at <http://news.bbc.co.uk/1/hi/business/4697671.stm> on November 22, 2005.

⁵ This research was first presented by J. Walker Smith at the AAAA Management Conference at the Miami South Beach Ritz-Carlton on April 15, 2004. See Stuart Elliott, “The Media Business; Advertising: A Survey of Consumer Attitudes Reveals the Depth of the Challenge that the Agencies Face.” *New York Times*, April 14, 2004.

(CLICK TO SLIDE 13) Hiving is a trend Yankelovich uncovered in 2003 that is all about people embracing others in a safe setting that is abuzz with activity and excitement. (CLICK) While it's easiest to 'hive' in the home, it's not just about the home. Hiving is about interaction and relationships. It is a far cry from the phenomenon of "Cocooning" that was a part of life in the early 90's — when our goal was to shelter ourselves from the harsh realities of the outside world. It is about people looking for opportunities to celebrate, to connect, to cherish, and to include — not exclude — others whom we deem important.

(CLICK TO SLIDE 14) Just to cite a few illustrative numbers, the percentage reporting that it is important to be seen as a good neighbor has risen from just over half (57 percent) in 2001 to more than three-quarters (79 percent) today (2006). (CLICK) The percentage mentioning good friend has gone from 80 to 87 percent. (CLICK TO SLIDE 15) When asked about home entertaining, the activities people mention more frequently since the turn of the century are not solo entertainment but shared activities – family events, cookouts, barbeques, games, cocktail parties – things people do together in connection with others.

Attitudes about family are most illustrative of this shift. (CLICK TO SLIDE 16) When we asked Baby Boomer women in 1979 whether having a child is an experience every woman should have, only 45 percent agreed. When we asked the same question today of women of the same age as Boomer women were in 1979, 64 percent agree. (CLICK) In 1981, 50 percent of women 25 to 34 agreed that people should live for themselves rather than their children; in 2002, only 26 percent agreed.

The pockets of strength in the consumer economy of late have been things that facilitate connections with others, especially (though not exclusively) home-centered connections. (CLICK TO SLIDE 17) DVD players. HGTV. The Food Network. Home renovations. *Trading Spaces*. *Better Homes & Gardens* magazine. Cell phone family plans. Friendster.com. Myspace.com. Microwavable pot roasts. Crafts like knitting and hobbies like scrapbooking. Lifestyle villages. Book clubs. Driving family vacations. Even ping-pong tables and board games.

On April 10, 2003, the *New York Times* reported on the front page of its business section that the generation of thirty-somethings raised on video games, PCs and the Internet is now embracing board games as a

way to reconnect.⁶ One person was quoted as saying, “This is really a return to how people can be social...[W]hen you’re playing against people on the Internet, the human factor, the social interaction, is really minimized...[Board] games are a great way to get people together who otherwise have really busy lives.”

The emotional comforts of connection are more important than ever, particularly in a world of global terrorism, shrinking safety nets and economic uncertainties. People are turning to one another for the guidance they no longer trust government or business to provide. And more than ever, people are searching for fulfillment and happiness, something that comes mostly from personal relationships.

The Internet is one of the best places to observe this phenomenon. And not just at social networking sites like MySpace.com. Several marketers have figured out that hosting a place where people can interact with other people is the best way to build recognition and loyalty for a brand. Not a place for people to interact *with* brands, but a place supported by brands for people to interact with other people. **Social engagement, not commercial engagement – people-to-people interaction.**

⁶ Schiesel, Seth, “The PC Generation, Back to the Board,” *New York Times*, April 10, 2003, Section G: Circuits, p. 1.

(CLICK TO SLIDE 18) Take, for example, Tribe.net. As it states on its website, “A *tribe* is a free online community where members share discussions, pictures, reviews and more. Tribes also promote listings and events to interested members.” Today there are nearly 43,000 ‘tribes’ available on the site — you can join a tribe on Yoga in Los Angeles...some 333 members today. Interested in being part of a virtual wine tasting group? Join the other 326 members that have signed up to be part of the wine connoisseur tribe. God Bless Baseball! Includes 159 members...though it’s not clear how many of those 159 are also members of the Yankees Suck tribe, which currently numbers some 38 participants. Because Tribe.net allows you to connect with others in your own hometown, it’s got a significant opportunity to go after local merchant advertising. And recently, the Toyota Scion became the first advertiser to create a Tribe branded community. The Scion community enables its 134-member community to interact with each other and Scion to discuss Scion cars and access information about existing and upcoming models. It also provides Scion with a feedback mechanism on everything from car colors to customer service performance.⁷

⁷ “Tribe.net One of the First Social Networking Sites to Offer Advertisers Branded Communities,” <http://www.keepmedia.com/pubs/PRNewswire/2005/10/18/1053020>, October 18, 2005

(CLICK TO SLIDE 19) Yub.com is an online mall. Obviously, they want people to buy. But the attraction is not so much the opportunity to shop online at Macy’s or Target or Drugstore.com, it’s the chance to interact with other people. Says Yub.com to its customers, “You like to shop and get good deals and *advice from friends*” and “meet others who like what you like.” Come and join, says Yub.com, and meet other “Yubbers.” At the site, people can meet others, post messages, rave about products and deals, and help others decide while getting cash back as well as shop. “Yub” is the word “buy” spelled backwards. Why? Well, as the history of Yub.com notes, “[t]his brand was chosen to reflect the new shopping paradigm it represented, one where consumers buy backwards, by starting with each other and then choosing retailers, instead of the other way around.” Which is why Yub.com’s motto is “Meet. Hang. Shop.” In that order.

(CLICK TO SLIDE 20) Know anyone who’s pregnant? Let them know about www.newbaby.com, because Moms and Moms-to-be now have another community to join. Of course, this is not brand new – Babycenter.com and Clubmom.com have been around for a while – but moms are the new hot target for marketers and advertisers, and social networking sites are becoming the optimal conduit. Says Christine

MacKenzie, Chrysler’s multibrand marketing executive director,
“Moms are talking to each other, and if they opt in to talk to us, we can communicate directly with them. It makes direct marketing so much easier and productive for us all.”⁸

(CLICK TO SLIDE 21) LastFM.com says join the “social music revolution.” Not the music revolution. The *social* music revolution. At LastFM.com, people can create profiles and then see what others are listening to. They can find other people like themselves and interact through group journals or discussion groups. The music charts and play lists are sharable. Recommendations from others is a key benefit of the experience.

It’s not just small Internet marketers. (CLICK TO SLIDE 22) Pop Secret popcorn lets people submit and post their own Pop Secrets at its Web site PopSecret.com. One woman confides, “I am not 39 and holding.” Her Pop Secret has nothing to do with popcorn. It’s about sharing a small joke that others can enjoy. It’s people to people. Another person says that her Pop Secret is that she still has stuffed animals. Another that he likes Pop Secret and a nap. Of course, some of the Pop Secrets are about special popcorn recipes. But it’s *not really*

⁸ Theresa Howard, “Internet Becomes Popular Place To Make Pitches To Moms,” *USA Today*, May 12, 2006, Page 4B.

***about the brand.* It's about the Social Engagement of people sharing moments with other people.**

(CLICK TO SLIDE 23) Here's a web site called PostSecret, which encourages individuals to publish their secrets anonymously online. In December, Regan books published "*PostSecret: Extraordinary Confessions from Ordinary Lives.*" It ranked as high as #41 on the Amazon.com bestseller list and was still ranked in the top 150 during 2006.⁹ PostSecret recently won a Webby Award honoring excellence in web design and creativity.

It's clear today that Social Engagement comes first, commerce second. Commerce follows only once people have found a place for themselves. It won't come from conversations with markets or brands. It comes from conversations between people. Social Engagement is the driving force, and brands that facilitate it are the brands that will mean the most to people.

Our most sophisticated technologies are being used for our most basic needs and desires. Even in a high-tech world, the mundane still rules. And it drives value. The purchase of MySpace.com for more than half a billion dollars is all about this. It's about the interactive

⁹ www.nytimes.com, January 30, 2006.

media cornerstone of Fox. Interest and traffic driven by Social Engagement. And this past fall, Google's \$1.65 billion acquisition of YouTube made the purchase of MySpace look like chump-change.

We often get asked if the topics we discuss at Yankelovich are fads or whether they are trends. Social Engagement is not a passing fancy. It is something that is strongly embedded in the psyche of the American consumer and has real staying power. When I first talked to the United Way about Social Engagement a year ago, MySpace had more than 70 million members -- which was more than double the number of members it had when Murdoch agreed to purchase MySpace.¹⁰ They're now well over 100 million members.

(CLICK TO SLIDE 24) The latest statistics I have on individual website traffic are from last spring, when MySpace was ranked as the number 8 website according to Nielsen/NetRatings. The site enjoyed more than 38 million unique visitors during that month, a 367 percent year-over-year growth in unique visitors. And they're *loyal* visitors too. Nielsen estimates that 67 percent of at-home visitors from March returned to MySpace in April. Now, of course, comes the hard part for MySpace: making money for themselves and for Fox.

¹⁰ Hansell, Saul, "Making Friends Was Easy. Big Profit Is Tougher." *New York Times*, April 23, 2006, Section 3, Page 1.

(CLICK TO SLIDE 25) More recently, the YouTube phenomenon has only solidified the importance of Social Engagement. From January through June 2006, the growth of the video sharing site has been staggering. YouTube was the fastest growing site from January to June 2006, increasing 297 percent, from a monthly unique audience of 4.9 million to 19.6 million. The number of Web pages viewed has grown even faster, increasing 515 percent, from 117.6 million in January to 724.0 million in June. And the average time spent at the site has increased 64 percent during the same period, from just over 17 minutes to nearly 28 minutes.¹¹ In fact, the explosion of YouTube was just part of the continued growth of a consumer empowerment revolution where we want to be in charge of *everything*. And marketers know it. This weekend, we'll see a Super Bowl ad created by an average Joe. (CLICK) It's little wonder that *Time* Magazine awarded its choice of the 2006 Person of the Year to, well, "YOU."

So yes, Yankelovich thinks that this is the era of Social Engagement, a time when business success becomes more and more tied to social interaction. Not people interacting with brands or organizations. We are in the midst of a consumer retreat from traditional marketing and

¹¹ http://www.nielsen-netratings.com/pr/pr_060721_2.pdf

advertising. People are resisting engagement with brands. People want to be engaged with other people. Commerce is less and less the point of being in the marketplace. Instead, the point of shopping is to connect with other people, and MAYBE after that to actually shop. Looking ahead, the success of brands will be tied to success in connecting people with each other, not to connecting people with brands.

In fact, the only source of legitimacy for brands anymore is something very un-brand-like. People just don't trust brands or businesses any longer. Brands can't win by connecting with people. Because people no longer believe them. (CLICK TO SLIDE 26)

Trust in American institutions is as low as it has ever been. An October 2005 survey by the Pew Center for the People & The Press found precipitous declines in the trust people have in the Federal government and Congress along with notable drops in trust for the military and both political parties. Trust in business was the lowest tracked by Pew in two decades.¹² Other research conducted by Dan

¹² Lester, Will, "Public Giving Gov't, Business Lower Marks," Associated Press, October 25, 2005, accessed at http://news.yahoo.com/s/ap/20051026/ap_on_re_us/public_pessimism;_ylt=Aj95QvOLHfNKQcNyIhPZMEoGw_IE;_ylu=X3oDMTA3OXIzMDMzBHNIYwM3MDM on November 2, 2005.

Yankelovich – no longer affiliated with us here at Yankelovich, Inc. – has found that trust in business is now as low as it was in the seventies.¹³

Institutional mistrust waxes and wanes, of course, but Dan argues that it is worse now because recent scandals have exposed abuses of trust that took place behind the late nineties moralistic façade of shareholder value. This pretense has made the ensuing outrage that much fiercer and less forgiving.

(CLICK TO SLIDE 27) The former MIT business school dean Glen Urban has just published a new book on this topic called *Don't Just Relate – Advocate!: A Blueprint for Profit in the Era of Consumer Power* (Wharton School Publishing: 2005). He believes that the contemporary distrust of business is so widespread and deep-seated that an entirely new business model is required, something he refers to as trust-based marketing. For Urban, this means that businesses must practice customer advocacy by putting the interests of consumers ahead of their own interests. Paradoxically, he argues that the best way for a company to advance its own interests is to make them a secondary concern.

¹³ Kleiner, Art, "Daniel Yankelovich: The Thought Leader Interview," *Strategy + Business*, Fall 2005, accessed at <http://www.strategy-business.com/press/ewsarticle/ews121205?pg=all> on November 6, 2005.

Dan Yankelovich believes in much the same thing. He calls for a shift in business norms and a new appreciation of the notion of enlightened self-interest in which doing good means doing well. Dan argues that stock market valuations support this mandate, which is more than the tired old concept of corporate social responsibility. It is essentially Urban's notion of reversing the priority of interests.

One of the best ways of reversing the priority of interests is to connect with consumers in ways that don't make brands the primary focus of the interaction. In other words, by putting people in touch with other people rather than by putting people in touch with brands. In facilitating what people want most – connecting with other people – brands achieve new legitimacy and trust. Consumers' interests are placed first and that makes people more willing to believe that brands are on their side and, hence, trustworthy.

Lack of trust can be devastating. (CLICK TO SLIDE 28) We know from our MONITOR research that the likelihood of an individual fighting back when they feel they've been wronged — by lodging a complaint or even flat-out boycotting an organization — is on the rise. In a special study fielded in 2004, Yankelovich looked at the issue of

distrust.¹⁴ This research confirmed the severe levels of distrust that people now feel towards business. (CLICK) Nearly half of people have lost trust in a business they once trusted. Ninety-seven percent are doing one or more things as a consequence of the loss of trust in business. Most of these actions are negative, like buying less, shopping less, canceling a credit card or filing a complaint. Even worse, when people lose trust in a business, their spending with that business declines by 87 percent. Or to put it another way, when people lose trust, they pretty much stop all of their affiliation with a brand.

Rebuilding trust will take time and investment, but mostly it will require re-engaging with consumers in new ways. This is complicated by the fact that people don't really want to interact with brands. The recent travails of traditional marketing, advertising, and really all communications are proof positive of that. What people want is to interact with others. This makes Social Engagement a budding trend as well as the next killer app of the Internet. And a tremendous synergy with what the United Way is trying to achieve.

¹⁴ The results of this research were first presented by Craig Wood, president of Yankelovich MONITOR MindBase, in a presentation entitled "A Crisis of Confidence: Rebuilding the Bonds of Trust" at the 10th Annual Fred Newell Customer Relationship Management Conference, June 3, 2004.

(CLICK TO SLIDE 29) So what's the bottom line for United Way?

Facilitate Social Engagement. Put people in touch with *each other*.

Make the United Way the facilitator of what people really want, which is personal interaction. In that way you become more relevant, more valuable and more attractive. You become a winning organization when you have facilitated the ability of people to engage with one another. By hosting this interaction, organizations create value that will be reciprocated by consumers. Those organizations will thrive in this environment. Through the facilitation of Social Engagement organizations will have put the interests of consumers first, which will give them a better chance of getting something back.

There are four ideas I'd like to close with – words to live by in the coming months that we believe will help you achieve the goal of creating Social Engagement in a way that resonates best with consumers today.

(CLICK TO SLIDE 30). The first of these thoughts is to maintain a position of Authenticity and Integrity.

(CLICK TO SLIDE 31) It should come as no surprise that consumers are demanding authenticity and integrity from themselves, from other individuals, and most certainly from the brands and organizations who wish to be part of the consideration set for any

individual. We are finding it harder and harder to find things that are genuine, that have no hidden agenda. Those who convey this sense of integrity stand to get rewarded handsomely. (CLICK TO SLIDE 32)

The percentage of Americans who relate more to integrity than to success continues to climb; even among the youngest adults in our MONITOR study, the same pattern emerges. In addition, (CLICK), we are seeing an increase in the percentage of Americans who value ‘telling the truth’ and in being seen as someone of great integrity. So this is something we’re looking for not just in others, but in ourselves as well.

(CLICK TO SLIDE 33) Second, it’s important in this era of consumer smarts and suspicion to really Dial Down The Hype. (CLICK TO SLIDE 34) Part of being genuine in today’s environment is keeping a sense of perspective, not exaggerating, and managing expectations. Consumers have little tolerance for hype in today’s environment, and the sentiment is sharply on the rise. When you talk to people about getting involved, don’t make the level of effort sound easy if it’s not. Don’t minimize time commitments if you expect it to be significant. And while it’s perfectly ok to brag about the organization’s accomplishments, do so not from hype but from passion — your passion to engage and mobilize communities to create lasting change.

(CLICK TO SLIDE 35) Third mantra: don't forget to work it from the bottom up. When we examine our Youth MONITOR study of kids 6-17, we're seeing more conversations between parents and kids about more important things. Kids are playing a critical role in household decision making – not because parents are bowing to the every whim of their children, but because kids are respected today and thoughtful, insightful contributors on everything from what cell phone plan to buy to what charitable organization to give time and energy to.

(CLICK TO SLIDE 36). And kids today are indicating a serious interest in 'doing good' — and it's shining through both in attitude and in action. They're telling us that success, more and more, is being defined as achieving greatness not only in school but also in the community. Success is being able to pursue their ideals of altruism, authenticity, authorship, and entrepreneurship. And success is about creating closeness with family and friends. All things that can be done through civic involvement. (CLICK) More and more kids in our bi-annual Youth MONITOR say that 'volunteering or helping people' is very important to them... (CLICK) and that 'making a difference through volunteerism' is a sign of success and accomplishment.

(CLICK) Fully one-quarter of kids 9-17 enjoy volunteer work when not

in school. In a world filled with shades of grey and ambiguity, civic involvement is one of the few wholly good things we can all point to.

(CLICK TO SLIDE 37) I personally saw this come to life in Los Angeles in May of last year when my wife, two young sons and I participated in the eighth annual Big Sunday event that took place throughout the city. What started in 1999 as a single temple's "Mitzvah Day" has now evolved into an annual, city-wide volunteer day involving volunteers from more than 100 different synagogues, churches, schools, offices and clubs at nearly 150 different non-profits. Last year, 8,000 volunteers of all ages participated in the event. This year, they anticipated that with the backing of Mayor Antonio Villaraigosa, they'd get 25,000 volunteers. They got 38,000. Big Sunday was LA's Day of Social Engagement. They say on their website that "BIG SUNDAY is not just a community service day. It is a community building day, too. You see, the idea behind BIG SUNDAY is that no matter who you are, no matter where you live, no matter what you do, everyone has some way they can help someone else." And the message is not lost on the school kids, who contributed mightily to the effort of planting several dozen trees along the borders of their school. As those trees blossom

over the next several years, they'll serve as a constant reminder of the importance of giving back to the community.

(CLICK TO SLIDE 38) Lastly – but by no means least – we have to be in synch with the Echo Boomers today. We've got to speak their language and resonate with them in ways that don't necessarily match up with the attitudes and values of older consumers. As a reminder, this is the generation of teens and young adults all the way up to about age 27 today. For simplicity's sake, we've taken a look at young adults 18-24 in this past year's MONITOR, and compared them to adults age 35-49 and 50-plus.

(CLICK TO SLIDE 39) Echoes are a confident, savvy bunch. They are confident in the sense that they know where they're going in life – and how to get there. They've known since they were young that they could have a say in the creation of products and services available to them. They can create the next color of M&M, mash up two songs into one, build their own shoes and cars, and vote for the next American Idol. As I mentioned this coming weekend, we'll see Super Bowl ads created by average Joes. (CLICK) It's given them a hands-on, in control feeling to all aspects of life – and they'll need that sense of empowerment when they deal with the United Way. Where are their

donations going? What purpose will they serve? How can they contribute in a hands-on fashion? What outcomes can they expect? These are all questions Echoes are likely to ask – and expect to have answered at the drop of a hat.

(CLICK TO SLIDE 40) Echoes will take chances in life. True, this is the hallmark of young adults traditionally – but this is a generation that’s had to deal with a great deal of uncertainty. And yet their desire to take chances has not diminished. Nothing in life is guaranteed – Generation Xers taught the Echoes about this reality – but if you’re going to get anywhere, you’d better step out of your comfort zone to do so. (CLICK) And can you help foster their desire to be entrepreneurial? More than half of 18-24s see owning their own business as a sign of success and accomplishment today...yet another example of Echoes wanting to take the reins. In fact, this number has shot up from 44% just last year. How can you help them get into leadership positions in community involvement? Build their own events? Let them feel as though they’re truly starting something?

(CLICK TO SLIDE 41) Part of the go-getter mentality of Echo Boomers means they hate to lose. Hey, no one wants to get voted off the island today. So respect their need to strike a competitive posture and

really go after a challenge. Give them opportunities to express their intense desire for victory. Be clear about goals and results – and give them a view of the finish line so they know when they’ve crossed it.

(CLICK) At the same time, this generation, more so than previous ones, expects and tolerates differences of opinion, lifestyle, attitude, culture, and race like never before. Half of Echo Boomers today say they spend leisure time equally with those of their own race and culture and those of other races and cultures. Today’s pluralistic society means the only thing we have in common with one another is that we’re all terribly different. In your imaging and messaging, celebrate the differences that are an everyday part of an Echoes’ life. It’s the only world they know exists.

(CLICK TO SLIDE 42) You know, we talked earlier about the importance of experiences in creating an environment in which Social Engagement can thrive. How critical emotion and intangibility are to successful Social Engagement. How important it is for individuals to be able to express themselves in order to share those experiences with others. Well when the United Way joined forces with MTV this spring to create Storm Corps, that all became a reality. Nearly 100 18-24 year-olds converged on Biloxi, Mississippi and Foley, Alabama to rebuild

neighborhoods devastated by Hurricane Katrina. The two organizations created the ultimate opportunity for Social Engagement for enthusiastic Echo Boomers “in an effort to mobilize a generation of youth leaders to address critical issues in communities across the country.”¹⁵ And, of course, what would Social Engagement be without a little high-tech opportunity to spread the word? (CLICK) Listen to the ultimate experiential description from Storm Corps blogger Steve Gintz:

Perhaps we can show the unexplainable; the benevolence of an investment banker who's given up his ten-thousand-a-month cushion for a tent somewhere in Mississippi, the gracious southerners who, even though they lack a stove, will NOT let you work on an empty stomach, and...the eagerness of volunteers to get dirt under their nails and really DO something for strangers thousands of miles away. How can you convey a feeling of pride stronger than you may ever feel again? Thing is, I don't think I can. So I'm going back in two months to get some more.¹⁶

In closing, it's true that Social engagement is a new phenomenon. But Social Engagement *is* the trend to look for now and into the future. People coming together with one another. Brands on the outside looking in *unless* brands are the facilitators of Social Engagement. Only then can brands be a part of what people want to create for themselves.

¹⁵ <http://national.unitedway.org/stormcorps/>

¹⁶ Ibid.

Early last year, Cynthia Round mentioned to me that “the very experience the United Way wants to create is one of community engagement.” Well, when we hone in on what American consumers say they’re clamoring for, there’s little doubt in our minds that they too are looking opportunities to engage, to connect, to find substance and meaning in life beyond having ‘stuff.’ And they’re looking for help to accomplish these things. Sounds to me like the United Way bus is pulling up to the station at just the right time.

(CLICK TO SLIDE 43) Thank you for your time and attention today and I wish you the best of luck in implementing this wonderful vision you have for your outstanding organization.