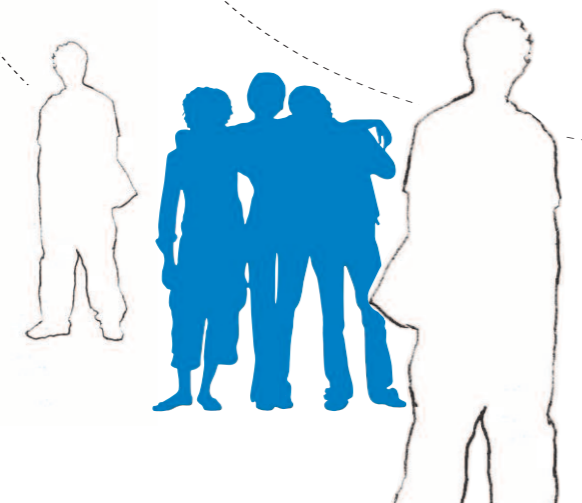




Europe's Online Youth

An in-depth study into how the youth
market interacts with online advertising



Foreword

The Internet is a medium that today's youth generation has embraced with open arms across Europe, whether it be to download music, chat with friends, look for information using a search engine, share information through blogging or to read about the day's news. Consequently, the Internet has increasingly become a key medium for advertisers to reach this target audience, especially as the youth of today have a high disposable income¹ to spend on consumer goods and services, both online and offline.

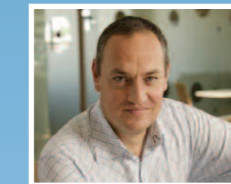
As the youth market is such a key demographic for marketers to understand, both in order to target this audience now and to analyse future trends, we surveyed sample groups of 16-24 year olds across Europe to determine how young people interact both offline and online. We examined their online behaviour, media consumption and experiences of digital marketing.

This report's results clearly demonstrate that the online medium is an essential tool in young people's daily lives and that they are highly

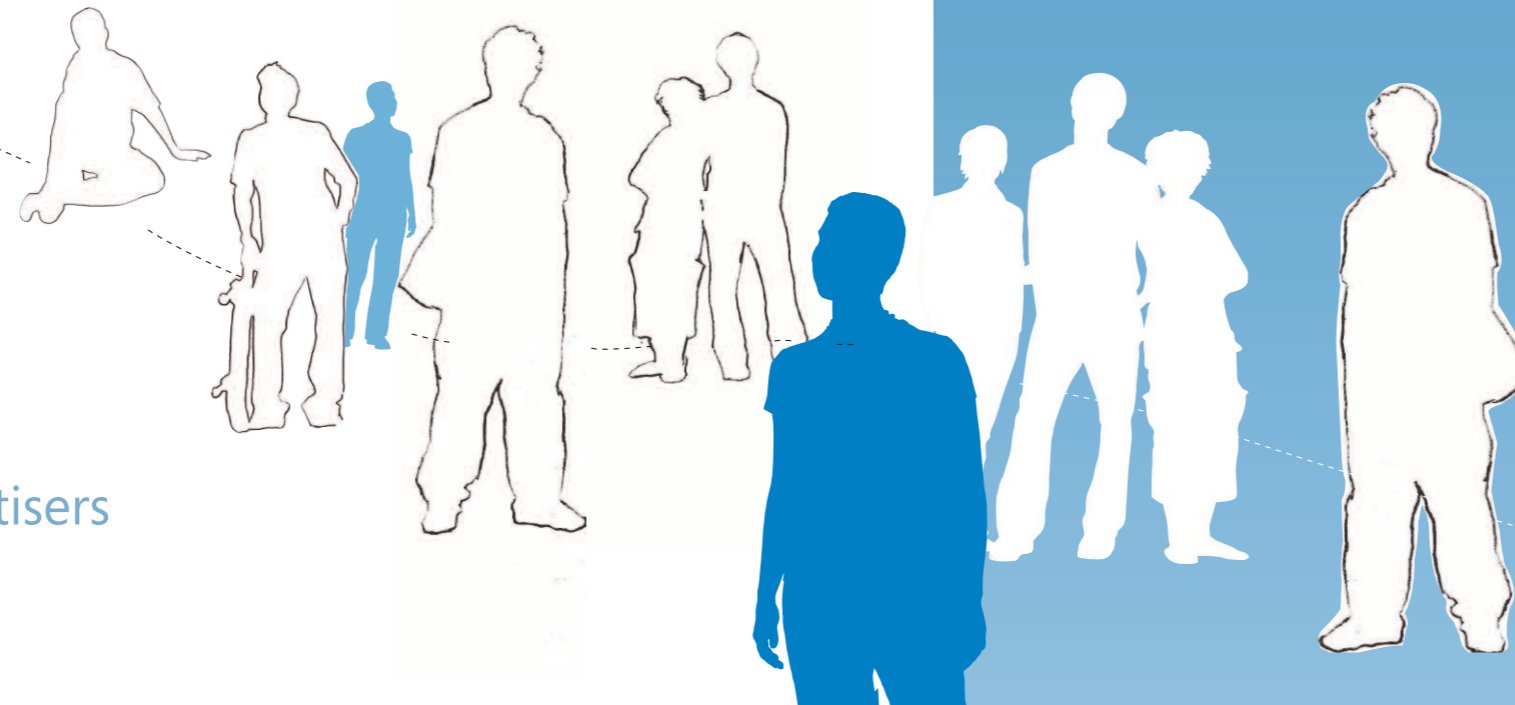
engaged with the Internet. Europe has 40 million consumers between the ages of 16 and 24 years old² who are increasingly living a truly digital lifestyle. Born 'digital natives', they have grown up with new technology and understand how to use it intuitively.³

'Europe's Online Youth' offers marketers an insight to how young adults live their lives online. Specifically it examines how today's youth interacts with online advertising and their thoughts and feelings about this advertising medium.

Marc Bresseel, Regional Sales Director,
MSN EMEA



“The Internet has increasingly become a key medium for advertisers to reach this target audience...”



¹ Young People in Western Europe and the US have a total income of \$798 billion. Source: Datamonitor, 'Young Adults' Lifestyles and Social Trends', May 2005

² Harris Interactive 360 Youth Explorer Study, March 2004

³ Anne Kirah, Senior Design Anthropologist at MSN, 'Superconnected Species', December 2005

The Research

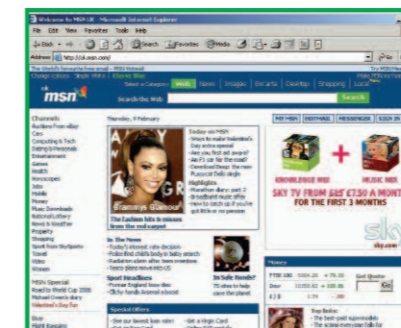
The MSN 'Europe's Online Youth' research report was conducted in association with Helen Petrie, Professor of Human Computer Interaction at the University of York in the UK, a specialist in the psychology of new technologies.

This in-depth research recorded the personal communications and Internet usage of 16-24 year olds from across Europe on an hourly basis over a six day period, via time-based diaries. The research was conducted in autumn 2005 and spanned 6 European markets (UK, Belgium, France, Germany, Greece, and Spain). This resulted in over 3400 records of the use of communications and information technologies amongst this age group.

Participants also completed an in-depth questionnaire examining their opinions about different advertising media and which media they consider the most effective.



Key Findings

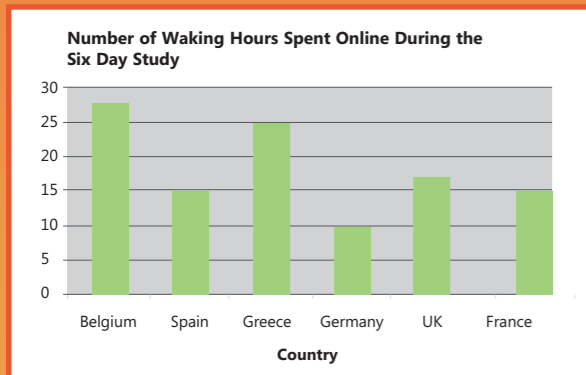


- The study participants spent an average of **one in five** of their waking hours online – the average adult European Internet user spends just over ten hours per week online⁴
- Young people are high users of Internet communications tools – over **a third** (37%) of online ads viewed by the participants were seen on email websites such as MSN Hotmail
- European youths use online communications tools most frequently at the beginning of the week and tend to use online communications at lunchtimes and at the end of the working day
- The study participants made the most online purchases on Tuesdays, Thursdays and Fridays, with **25%** less online purchases made on Sundays and Mondays
- British youths were the most frequent online consumers, with every participant making an average of **one online purchase** during the six day study period. Mirroring this trend, UK adults are also the world's most frequent online consumers, averaging six purchases per person in an average month according to the ACNielsen 'Online Consumer Opinion Survey'⁵
- Participants clicked through for more information about an online campaign on an incredible **10%** of occasions versus an industry average of 0.5%⁶, highlighting young people's high level of engagement online
- The study participants felt that online advertising was both the second-most diverse advertising medium after TV and the second-most informative advertising medium after radio
- **One in eight** (13%) young people stated that an online advert was their favourite recent advert, outperforming radio, cinema and print ads by 100%

⁴ Source: European Interactive Advertising Association (EIAA) 'Mediascope Europe Study', December 2005
⁵ Source: ACNielsen 'Online Consumer Opinion Survey', October 2005
⁶ Source: Adknowledge Online Advertising Report, 2005

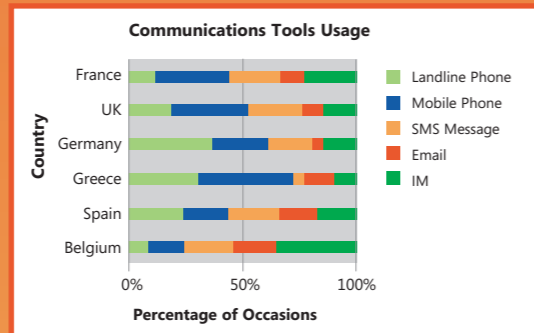
Online Lives

Young people in Europe are spending nearly **one in five** (18%) of their waking hours online in an average week. As one of the Europe's leading broadband markets and with 90% of participants making use of their home PCs, Belgian youths are leading this trend by spending an incredible average of **one in four** of their waking hours online. With such a high percentage of their time spent on the Internet, online offers a fantastic opportunity for advertisers to connect with young people in a highly engaging environment.



The youth of today are undoubtedly the 'super-connected' generation. Participants used both old and new

technological communications tools, such as email, instant messenger, mobile phone, SMS or a landline phone, interchangeably to stay in touch. In fact nearly half (43%) of European youths' waking hours during the study period were spent using communication tools.



The mobile phone was the communications tool most favoured by young Europeans in the study, with 28% of their communications made on their mobile phone. SMS text messages also proved popular, accounting for one in five (19%) communications across the European study group. Young people from the UK are the biggest fans of conversing via SMS text message, with one in four (24%) of their communications made via this medium.

When communicating online, young people prefer to make 'instant connections' with their contacts, with 18% of participants' communications made via instant messenger compared with 12% via email.

The study participants began using instant messenger from 8am in the morning, reflecting people's use of the technology to contact friends and family before they start work or study, with peak usage at 1pm and 6pm, coinciding with lunch-breaks and the end of the working day.



The study participants used online communications most frequently earlier in the week, with email usage peaking on Mondays and Tuesdays and instant messenger usage peaking on Tuesdays and Wednesdays. This is a period of the week when people are most likely to be at work or university/college and to use online communications to contact friends and family rather than meeting in person. In comparison, the study participants communicated by mobile phone services the most frequently on Fridays and Saturdays when they are most likely to be out socialising.

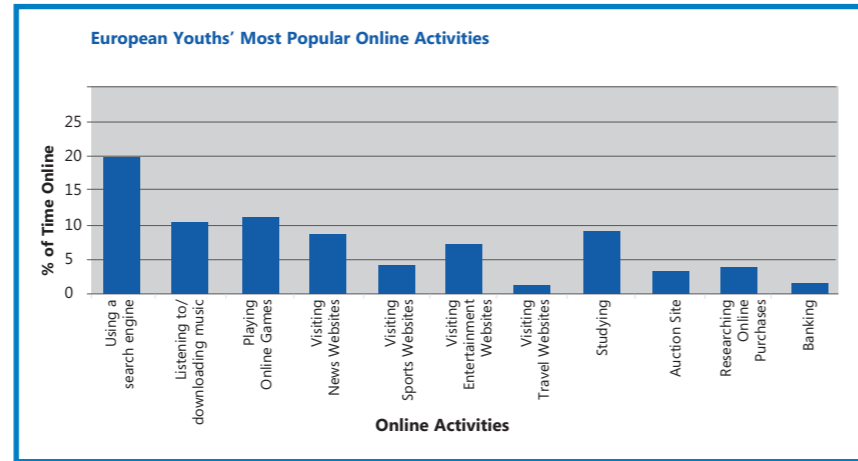
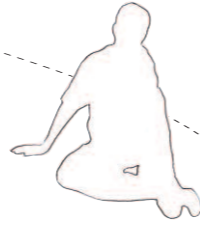
Reflecting the high percentage of their time spent online, Belgian youths also used online communications services the most frequently. Belgian youths were more than twice as likely to communicate online (54% of communications) than by phone (25% of communications).



77% of participants used MSN Messenger as their instant messenger service.

Although young adults spend a high proportion of their time conversing with friends, colleagues and family online, they also use the Internet for a wide variety of other activities. These activities range from shopping to studying but all share one characteristic – engagement. Young people’s leisure-time behaviour is switching from passively watching TV to a new trend of engaging in activities online.

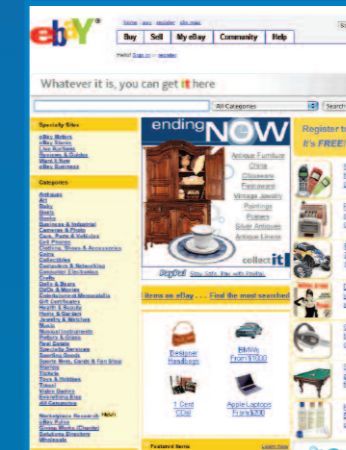
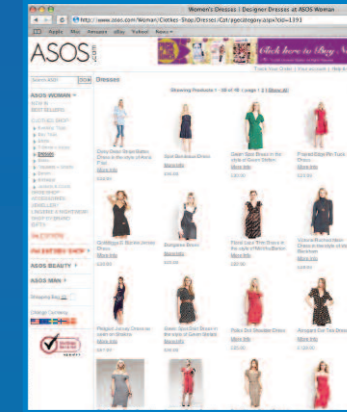
- The top three most frequent online activities are:
 1. Using a search engine (20% of online activity)
 2. Playing games (12% of online activity)
 3. Listening to or downloading music (11% of online activity)
- Participants in Greece spent the highest percentage of time playing online games, with this activity accounting for 37% of their time online
- Spanish youths are the most frequent consumers of online media, with visits to news sites accounting for 26% of the Spanish participants’ online activity. Spanish youths also spent the highest proportion of time using the Internet to help with their studies (21% of their time online)
- Young people in Germany visited the widest range of Internet sites during the study. Visiting entertainment websites was rated as their most frequent online activity, but accounted for just 14% of their overall time spent online



Young people across Europe are frequently making purchasing decisions about products and services while on the Internet and choose to directly interact with brands in an online environment. 25% of the research participants made an online purchase during the six-day study period and 37% of the study participants additionally spent time researching purchases online. British youths were the most frequent online consumers, with every participant making at least one online purchase during the six day study period.

The online purchasing research results suggest that young people take advantage of their lunch-hour, study breaks and the end of the working day to buy and research products online. European youths’ online purchasing and online product research activity peaked at lunchtime, 12pm – 1pm) and at the end of the working day/beginning of the evening (between 5pm – 6pm). There was also a peak in researching online products in the mid-afternoon at 3pm. Peak days for buying and researching products online were Tuesdays, Thursdays and Fridays, with 25% less online purchases made on Sundays and Mondays.

Using the Internet at home dominates online usage – 78% of participants’ online activity was at home. Bucking this trend, participants in Spain chose to go online either at school/university or at their workplace on 38% of occasions.



Perceptions of Digital Marketing

Perhaps due to their regular use of the Internet for a wide range of daily activities, young people are highly receptive to online advertising:

- Participants reported seeing online advertising during more than a quarter (27%) of their hours spent online.
- Young people in Germany reported seeing the highest number of online ads, viewing an online ad campaign during 60% of their hours spent online
- Over a third (37%) of online ads viewed by the participants were seen on email websites, with Spanish youths reporting seeing nearly half (49%) of online ads on email websites, such as MSN Hotmail
- The average participant clicked through for more information on an incredible 10% of online ads, compared to the industry standard click-through rate of just 0.5%⁷

Young people respond best to relevant rather than 'gimmick' advertising and are brand-savvy when consuming information online. Over half (51%) of the study participants' click-throughs were a result of interest in the advertised product, compared

with just 11% of click-throughs resulting from enticement by an offer or discount.

The interactive element of an online campaign is also a key factor in engaging this highly-connected age group with online advertising. More than one in ten (11%) French participants clicked-through for more information about an online campaign as a result of being enticed by the interactivity of the ad. In contrast to the passive consumption of traditional media, young people have embraced the opportunity to interact and engage with brands online.

77% of the UK participants said they had witnessed an improvement in online campaigns in recent years.

Young people have consistently been aware of online ad campaigns and have witnessed their evolution and the advance in digital marketing creativity across Europe in the last ten years. 44% of participants from across Europe felt that the quality of online advertising campaigns had improved in recent years, reflecting the 21.5% growth in

the number of online advertising campaigns entered for creative recognition in the 2005 Cannes Cyber Lion Awards.⁸

Anne Kirah, Senior Design Anthropologist at MSN, comments: "When communicating with young people, brands need to be honest, authentic and consistent, and avoid appearing too young. Advertisers should bear in mind digital natives' desire to be able to express their individuality and interact online. Above all, advertisers need to seize this opportunity to engage in dialogue with young people and design with them and not for them!"



Which Advertising Mediums are the Most Engaging?

Having grown-up with TV, the study participants overwhelmingly rated TV advertising campaigns as the most engaging across a range of factors, from creativity and humour to diversity and persuasiveness.

However, young people's high Internet usage levels also ensured that online campaigns rated well when the participants were quizzed about their engagement with different forms of advertising.

Online has started to change the rules of engaging advertising – participants felt that online advertising was both the second-most diverse after TV and the second-most informative after radio when compared with TV, radio, cinema, outdoor and print. In fact, over **one in ten** (11%) young people chose an online campaign as their favourite recent advert.

Nearly a third of French and British participants (29%) felt that online ads were the most informative, and a quarter of French participants rated online campaigns as the most exciting – reflecting the advances in creativity in the digital marketing industry in recent years.



⁷ Source: Adknowledge Online Advertising Report, 2005

⁸ IAF, June 2005

How to Engage with Youth Audiences Online

The youth generation's online behaviour demonstrates that they're highly engaged online, offering brands a great opportunity to reach this target audience in an interactive space. However, in this environment the consumer is in control. Young adults are a brand-savvy audience who are used to seeking out the information they need. To communicate with this demographic effectively, online campaigns must be relevant to the audience, placed within the user's online experience and offer users the chance to interact with the brand.

Case Study: Twentieth Century Fox Promotes Blockbuster on MSN

Twentieth Century Fox chose MSN as its online media provider for the international promotion of Fantastic Four, the studio's summer blockbuster based on the Marvel comic books.

Keen to provide an experience that takes the comic book superheroes in Fantastic Four straight to the heart of the target audience's online experience, Twentieth Century Fox used MSN Messenger advertising theme packs to bring the movie to life online, an ideal vehicle for reaching the movie's core youth audience.

Customised Fantastic Four 'winks', emoticons, backgrounds and display pictures were created for users during instant messaging conversations, encouraging young people to interact with the movie and stimulating a viral marketing reaction. These customised images also tapped into young people's value of self-expression and enabled them to personalise their online space, creating a social currency amongst their online contacts.

MSN created a dedicated Fantastic Four mini-site on the MSN network where consumers could view video clips, download wallpapers and enter a competition to win prizes. Twentieth Century Fox also created blogs for each of the characters on MSN Spaces.

Results

- Generated more than 6.4 million downloads
- 25% release date message take-out
- 50% of ad effectiveness survey respondents stated their intention to see the film – and 35% of respondents actually went and saw the film!⁹



Fantastic Four – MSN Spaces



Fantastic Four – Theme Pack Background and Display Picture



⁹Source: Metrixlab September 2005

Reaching the Youth Market with MSN

With its consumer portal available in 42 markets and in 21 languages and with more than 440 million unique users¹⁰ worldwide each month, MSN is a leader in communications services to the youth audience. MSN not only boasts huge global reach as part of its armoury, but also has unparalleled knowledge of consumers' online behaviour, offering brands and advertisers direct cut-through and exposure to this audience.

At MSN we recognise our clients' individual requirements and work closely with them to develop innovative and creative advertising solutions that deliver the most effective campaigns for their specific needs. As a leader in online creativity, MSN is committed to helping clients break new ground in innovative online advertising.

Whether it's through an impactful MSN homepage take-over, a dedicated brand blog with MSN Spaces, an interactive game on MSN Messenger or a simple and direct rectangle ad, MSN can deliver innovative campaigns to the heart of your audience's online experience.

Visit www.europe.advertising.msn.com for further details about the advertising opportunities available with MSN.



Summary

This study has provided a fascinating insight into the use of the new communications and information technologies by young people across Europe. The range of different technologies these young people use and the sophistication with which they use them are quite extraordinary.

Some commentators have expressed concern that new technologies such as the Internet are isolating people, particularly young people. I believe this study shows the opposite is true. Young people are probably communicating with other people more than ever before, but now they are using a range of technologies, not just face-to-face and landline communications. They are also developing a new range of skills, such as how to balance a range of communication possibilities and how to use the wealth of information and communication possibilities offered by the Internet.

The study also shows that young people are developing sophisticated skills in using the Internet for purchasing and in judging and reacting to online advertising. As the report has noted, a very high proportion of online advertisements were followed up by this sample of young people who clicked through for more information. When asked about their perceptions of different kinds of advertisements, it was the interactive nature of online advertising that was particularly enticing to this Internet sophisticated generation. More than ever before, these young people are comfortable with the highly interactive nature of the Internet and the possibilities offered by such interaction.

Helen Petrie, Professor of Human Computer Interaction, University of York.

¹⁰ MSN Internal, November 2005. iDSS reporting of unduplicated guids ("Cookies")



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