

**Followers, fans
and fairytale
endings:
how to monetize
social media**

Morpheus: This is your last chance. After this, there is no turning back. You take the blue pill, the story ends, you wake up in your bed and believe whatever you want to believe. You take the red pill, you stay in Wonderland and I show you how deep the rabbit hole goes.

The Matrix, 1999

There may once have been a time when executives could close their eyes, stick their fingers in their ears and pretend that monetizing social media was a fiction. But the firms taking that blue pill are becoming fewer and fewer. We've started down the rabbit hole, and there's no going back now.

Indeed, anyone hoping for a return to the days when a one-way, one-to-many marketing approach was the only way to communicate is living in a dream. Consumer expectations have changed, driven by smartphone ubiquity, always-on connectivity and the advent of social networks that enable people to share, compare and collaborate in a nanosecond; meanwhile the rise of roles such as the chief listening officer are testament to the changing dynamic of the provider-customer relationship.

The social media Wonderland offers a wealth of opportunities – and businesses had better be able to respond.

For some firms, this might seem a daunting new reality. And in many ways, it is. Most recognize that getting to grips with social media is essential, but building genuine online relationships that show clear, measurable links to the bottom line has proven difficult. In fact, it's the \$64,000 question: how do I make money off the back of my social media efforts?

There's been a lot of trial and error. There have been mistakes made along the way. But while monetizing social media is difficult, it's not impossible. Does anyone have the definitive answer? No. But plenty of firms are seeing returns on their social media campaigns and turning better communication into bigger profits.

Monetizing social media is the new reality. Social media is already proving to be a game-changer for firms looking to reduce costs, drive sales and build better brand engagement. You could join them. Take the red pill. Our social media roadmap will show you how...



01-

FIRST STEPS: LOCATE, LISTEN & LEARN

It's no longer enough just to 'do' social media; you need to 'get' it as well. Twitter, YouTube, Facebook, LinkedIn – each platform offers a different experience and attracts a different customer base. So, think: where is the market?



JAMES MINER
SVP DIGITAL MEDIA
ESPN STAR SPORTS

Social marketing works best when you listen first.

We have to remember to always have a measurable approach that starts with what's already happening – so that when you do actually act in a social media space or in any of these interactive forums that let the consumer's voice into your strategy, you already have an idea of the environment you are entering into. That way, your relevancy and your connection will be much better at the first attempt.

You don't need to spend a lot of money on tools. You need to understand what you're trying to measure. And sometimes what you're trying to measure is how few times people hate you for poor service as opposed to your competitors, not how much they love you. Put a stop to the bad conversations in social media to start with, then you can build with less noise around your brand.



JEFF HAYZLETT
FORMER CMO
KODAK

I look at all the social media tools and approach them all.

Let's get engaged on social media. There are conversations going on over the internet, out there on social media platforms like Twitter, Facebook and on blogs, and those conversations are going to happen whether you're there or not – they'll take place either with you, or without you, so why not join the conversation?

I talk about ROI being your return on ignoring, and if you ignore these conversations and these customers then I can tell you what your return is going to be: nothing. You need to get the word out there and turn people into brand ambassadors.



THOMAS MARZANO
GLOBAL CREATIVE DIRECTOR
ONLINE COMMS, PHILIPS

Brands need to learn to listen before they speak, to find out what consumers have to say.

We learn so much through what people say in the social space and what people are telling us through blogs, either by them directly interacting with us, or through the research that we do – there are so many ways to learn and to listen. It's very easy to get stuck in your function with your own responsibilities and objectives, but if we forget to listen to what people say, we will never be able to orchestrate a unified experience for these people.

But it's not just a question of listening; it's also about interpreting what that all that chatter means. It's about understanding the emotional journey that people go through when they interact with your brand or with the category that your brand wants to be in. A brand is what people think it is. And, if we fail at any one of those points in the journey, it doesn't matter how good you are in the others; that's the thing that they will remember you by.



MAX FORD
GLOBAL CONFERENCE DIRECTOR
iSTRATEGY

Social media has unique potential to reach valuable interest groups, but momentum has to be earned. Social marketers must be intelligent, focused and perceptive from day one.

Shouting the benefits of your product over the noise of a crowded conference floor won't get you any deals. But introduce yourself into smaller groups – circles of meaningful discussion – and there's business to be had.

For companies new to social media, this requires a departure from traditional marketing habits. There is a profound difference between the one-way channels of traditional marketing and the personalized, interactive world of social networking.

Patience, and a fair amount of humility, can go a long way. The most valuable promotional social spaces are created by users themselves; the most effective campaigns are there to shape and steer discussion.

For instance, at a recent iStrategy event in Melbourne, Facebook's Matt Hehman explained how Toyota's use of Facebook in the wake of its recall crisis proved the value of listening. The company discovered brand loyalists who helped it rebuild its damaged image. Without sensitivity to unscripted conversations going on around the Toyota brand, these stories would have gone unheard.

Social networks are defined by freedom of expression and freedom of choice. What are customers saying about what they want from their brands? What questions are they asking? What complaints are they making? This kind of insight can only be gained from social media. Brands would do well to make the most of it.

QUICK NOTE

- 1. Find the platforms.** Which networks are seeing the most buzz among existing and potential customers?
- 2. Do your homework.** Align campaign goals with the habits and preferences of customers communicating across different networks
- 3. Take your time.** Successful campaigns are more about steering discussion than they are broadcasting promotional material
- 4. Go with the flow.** At their core, social networks create themselves. Make the most of it
- 5. Keep your ear to the ground.** Discover what themes and topics customers are already engaging with

“The most valuable promotional social spaces are created by users themselves”

The average Facebook user is connected to 80 community pages, groups and events.

LOCATE, LISTEN & LEARN

If your brand is out there, the chances are people are talking about it already. Make sure you know what they're saying so you can respond appropriately.

02-

JOIN THE CONVERSATION: GET ENGAGED

If you aren't part of the conversation, why are you even here? It's a serious question all brands should ask themselves when solidifying a social strategy. The success of engagement is about give-and-take, and having brand personality.



KIRK MCDONALD
FORMER PRESIDENT OF DIGITAL
TIME INC.

Today's audiences are no longer content being passive listeners.

They want to participate. They want to have their voice heard and they want to find a way to make sure that their opinions get shared. They enjoy creating a personal brand value that is tied to sharing the experiences they've had.

When you push in an environment that is about dialogue, usually you alienate faster than you win new friends. Everything in this environment has to have honesty and trust behind it. So when conversations are enabled and scaled on this platform, brand consistency becomes even more critical. You have to figure out what the message is that you bring for your product or service, and bring to what constituents to make it happen.



THOMAS MARZANO
GLOBAL CREATIVE DIRECTOR
ONLINE COMMS, PHILIPS

The world of tomorrow will look more like the world of the past than the world of today.

People came together at market squares and souks to engage with brands, entrepreneurs and merchants, to buy goods, to share experiences, to have a coffee together, to judge what the merchants had in stock, to have a personal connection with the actual person who was selling to you. This quality has been an intrinsic part of our cultures all over the world and it's one we lost during the industrial age. Big retail environments meant the personal connections with brands and people were lost.

With the power of social media, this old tradition is coming back on a much larger scale. It's global. You're able to connect with a lot more people. But the driving need, the driving behavior from a people point of view, is exactly the same as the one that has been there for centuries: the desire to engage.



LUUK DE JAGER
CREATIVE DIRECTOR FOR ONLINE
BRANDING, PHILIPS

One of our challenges is how we engage in lasting conversations with the consumer.

To do this we create what we call 'simplicity stories', engaging with people in a natural way. For example, asking 'how would you be beautiful every day?' Or, 'what makes you healthy throughout the year?'

We also used engaging content, turning the traditional product manual into a kind of sitcom – a story that unfolds over the months, which gained fans immediately and explained the benefits of certain products.

By using this consistently across different touch points – for instance Facebook, YouTube or Philips.com – and syndicating it to our e-commerce partners, we started to draw quite a sizeable fanbase, or group, or a community of people over a number of touchpoints, driving them into conversion and creating a certain amount of loyalty and curiosity about the next event.



ROSS DENSLEY
GLOBAL CONTENT & SOCIAL MEDIA
MANAGER, ISTRATEGY

With the advent of social media we no longer talk to brands, we talk to people. In short, at its core – beyond all the pomp and gesturing – social media is about personalized engagement.

The simple truth is a lack of conversation on a B2B or B2C level can really alienate one brand and endear another. Through social media channels like Twitter, customers can become lifelong fans of a brand, and most importantly, spread the love (in this case, a good experience) to their friends with one click of a mouse.

At iStrategy Amsterdam, Julien Fourgeaud of Rovio (developer of Angry Birds) explained that Rovio answer all queries and engage fans on Twitter. He was quick to express how tough a job it was, but that it was a job worth doing; it makes customers feel engaged and empowered. And it doesn't take a social Einstein to work out that engaged and empowered customers are more loyal and willing to share their experiences. The result? A better ROI.

As Jeffrey Hayzlett, the former CMO of Kodak has said, there are conversations going on with or without your brand on social platforms. Why not get your corporate feet wet and start talking to your customers on a personalized level? Two-way discussions on blogs or Twitter or any social platform should be a no-brainer for a brand that is serious about their social strategy.

QUICK NOTE

- 1. Have a personality.** I've said it before and I'll say it again: people talk to people, not brands. Take the personal approach
- 2. Don't treat customers as a soundboard.** Smashing out promos all day will not endear you to potential customers. Get to know them and react accordingly
- 3. Produce quality content.** Producing content gives customers an excuse to engage with you, but make sure it is fresh and original to keep them coming back
- 4. Get on the same page.** Social media engagement shouldn't be restricted to the social media manager. Everyone in your business should be keen to engage
- 5. Listen!** Social media engagement is a great way to learn more about your brand – what you could do better and how. So listen to the customer!

“Engaged and empowered customers are more loyal and willing to share their experiences”

22%

of total time on the internet is spent on social networks.

GET ENGAGED

Becoming part of a community is a great way of endearing your brand to potential customers, and it's a fine way to understand what customers feel about your brand.

03- CREATING ADVOCACY: FANS AND SUPER FANS

An advocate is somebody that helps potential customers believe in the brand or believe what the brand stands for – and the value of having somebody recommend your brand to others is immense. But how do you find and engage these super fans?



MANNY ANEKAL
GLOBAL DIRECTOR OF BRAND
ADVERTISING, ZYNGA

Fans are really the most vital aspect of our network and our platform.

We have a big focus on monitoring our super fans and making sure that they're happy. We focus on bringing our super fans to Zynga HQ all the time, we show them around, show them the game studios, talk to them about what features they like best, what they would like to see in the game in future.

It's the 1/9/90 rule: one-percent of your audience – the super fans – are going to be the ones who spread the most social messages and generate the most conversation; the next nine percent are going to basically help share that; and the other 90 percent are going to consume that content. So if you can find that one percent that really cares about your brand, it's critically important.



JEZ FRAMPTON
CHIEF EXECUTIVE OFFICER
INTERBRAND

We always believed our friends more than we believed anyone else.

The difference is we can now access them in a nanosecond, and we can also talk to a very wide base of people around the world. But while social media is becoming increasingly important, it is not a strategy in itself. It is a mechanism whereby you can achieve things.

Your goal is not to have a Facebook page. Your goal is to develop your business and increase the degree of engagement with your consumers and your people. So you should always force yourself back to the fundamental strategies that drive your business and your brand.

Social media and the proliferation of enabling devices is changing the way that we buy, the way that we think about brands, the way that we think about interactions with each other. These are fundamental changes in the way that humans behave. And that creates enormous opportunity for all of us.



HARESH KHOOBCHANDANI
CHIEF MARKETING OFFICER
MICROSOFT ASIA PACIFIC

Be smart about indentifying who the influencers are.

Who are the people starting conversations? Identify the people who are actually influencing what other people are saying and thinking, and then figure out how to bring these influentials in for a discussion, for a dialogue – not once, but on a regular basis.

The moment you do that, you start to build trust and build a good connection where there's a real dialogue taking place, and that allows them to get out there and be real advocates for your brand.

It takes time and it takes effort, because you're doing it one-to-few, not one-to-many. It doesn't scale. But when you do it with lot of transparency and you do it in a genuine fashion, you win hearts and minds very, very quickly.



RICHARD OWEN
VP CONFERENCES & BUSINESS
DEVELOPMENT, iSTRATEGY

This might come as a wake-up call to all those people out there sweating over building up their likes, followers and fans, but here it goes: social media is not a popularity contest, and followers do not equal influence.

It's a widely held misconception that social media is a high volume game. Instead, what really counts is the value of the connections you do make. Not all social recommendations are created equal – because not all consumers are created equal.

While most consumers are content to occasionally retweet a promotion or like a Facebook page, there is a hardcore group of people who talk about brands habitually, debating product benefits on blog posts, writing in-depth reviews, engaging with brands via Twitter and Facebook – and influencing others in their thousands. With a few well-chosen words, these highly connected 'advocates' can almost singlehandedly kickstart consumer trends and initiate buying habits across the web.

Advocates are prolific creators of information. They influence the opinions and purchases of their friends. They love to talk and are probably already talking about your brand. They like to use social media to help people. And most importantly, they want to be known for their valuable insights.

Unless you already have a superbrand like Nike or Apple – and even if you do – your brand needs these advocates to help develop 'social media magnetism' before you can look to make any money. Finding, engaging, developing and nurturing key influencers who will evangelize on your behalf is therefore an essential step on the road to effective social media monetization.

QUICK NOTE

- 1. Look for evidence of influence.** Examples include comments on blog posts, high follower counts, active discussion threads, frequent updates, Google ranking
- 2. Engage with them.** Obvious, right? But engaging with advocates on their own turf – social media channels – is essential to earning their respect
- 3. Get samples in their hands.** Give advocates experience with the product so their reviews will be personal and more meaningful
- 4. Give them insider status.** Anything that feels exclusive (samples, access, sneak peeks at new products) is compelling – and compelling gets talked about
- 5. Encourage dialogue.** Marketing has to be a two-way street, and frequent, open, responsive communication will pay long-term dividends



Facebook research shows social context within branded marketing on the site generates:

1.6x lift in brand recall
2x lift in message awareness
4x increase in purchase intent

By getting someone to engage with your brand on Facebook in a meaningful and authentic way, that person's friends are potentially four times more likely to purchase your product

A large red circle is positioned on the left side of the page, containing the text for the 'CREATE ADVOCATES' section.

CREATE ADVOCATES

When the most effective marketing can come from consumers themselves through word of mouth, who wants to spend millions on advertising, promotions and product placement?

04-

MONETIZATION: FROM FANS TO CUSTOMERS

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Moving engaged users from random fandom to hand-in-the-pocket custom may not be the strapline on your social media vision statement, but it is the hard line that should run through every campaign and every engagement.



MATT HEHMAN
DIRECTOR OF SALES
FACEBOOK

Levi's are one of the best marketers on Facebook because they don't just use it as a platform for communicating with people.

They have enabled their website with social plug-ins so that I can 'like' certain pairs of jeans, but can also log into the Levi's website and see all my friends who have interacted with that site and what they liked.

It also tells me if friends' birthdays are coming up. So say I go there to look at jeans for myself, but then realize it's my brother's birthday and he likes a certain pair of jeans, I can then buy them as a gift. It's ended up driving a twofold increase in traffic back to Levis.com.

It's about how much engagement you can generate, because that's what generates sales. Macy's does an incredible job of that. They created a Mother's Day campaign around being able to thank your mother via Facebook, and buy things for her – more specifically, having your mother recommend things that she would actually want. I think that creates a really relevant experience. It's something that's easily shared and creates more engagement, it's not just about likes.



JEFF WEINER
CHIEF EXECUTIVE OFFICER
LINKEDIN

It's important to realize that with B2B it's not always about sheer volume or scale.

Typically with B2C you see people trying to go after the largest possible audience, but with B2B we're seeing more of a focus on influencers.

For example, Philips has a very large B2B operation, and one of those businesses is healthcare supplies. So when they're trying to reach potential customers for their radiology equipment, they're not trying to reach every single radiologist; instead, they try to target the influential radiologists – the ones who affect the purchasing decisions of others in their field. So what's the best way to do that?

One way they found to be extremely effective is to create a custom group on LinkedIn, where they can actually stimulate conversation amongst healthcare professionals, and it has really exceeded their expectations – both in terms of the number of people they were able to draw into the group, and the level of engagement of the people participating in those conversations.



JAMES MINER
SVP DIGITAL MEDIA
ESPN STAR SPORTS

If you can't figure out how to make it work, trying using social media as an HR tool and watch it impact your bottom line.

We helped our HR team recruit hundreds of people through social media, reducing our recruitment fees and therefore showing an immediate return. So there are ways that we can do things that are very measurable, very finance-oriented and very important to the business.

You don't need to spend a lot of money on tools. You need to understand what you're trying to measure. Over 36 percent of all conversation in social media contains a brand reference. The 'social object' is what people talk about, and 36 percent of the time the thing they're talking about is your brand. So this is not a leap of faith; it is a market priority.



ADAM BURNS
DIRECTOR OF CUSTOMER
EXPERIENCE & MASTER OF
CEREMONIES, ISTRATEGY

Social media is awash with buzzwords like relationships, dialogue and engagement. But often one wonders what is below the buzz – where are the guts of the thing? They are here, in these five words: turn fans into paying customers.

I once asked Alex Hunter – brand consultant, angel investor, digital ninja and friend of iStrategy – who had got it right: who had managed to create fans and turn them into paying customers online.

“Jet Blue [a domestic airline in the US] has nailed it,” he told me. “They tried things and they made mistakes, and then they learned from those mistakes and now they have a great social brand. Their initial Twitter presence was price, price, price, price, promo, sale, distressed inventory, and people were like, ‘Ugh, this is a completely one-way conversation; you’re not listening to me.’”

“They realized that you have to have a mix of conversation between users, acknowledging feedback, understanding concerns... people asking, ‘What terminal does my flight go out of?’ Which seems like a very mundane question, but all someone has to do is reply and you think, ‘Oh wow, they were actually listening to me.’”

“That’s a very empowering, wonderful feeling. And then you sprinkle in promos exclusively for the people that follow you on Twitter. And what are they going to do with that? They’re going to retweet it and they’re going to send it to all of their friends.”

Suffice to say JetBlue make money from their social media strategy. And you can bet your bottom dollar that money is a buzzword business will never tire of.

QUICK NOTE

- 1. Levi’s.** Enable your website with social plug-ins
- 2. Macy’s.** How can YOU best enable customer engagement?
- 3. Philips.** Target influential customers, provide a place to talk, stimulate the conversation
- 4. ESPN.** Monetization can mean cost-reduction
- 5. Jet Blue.** Reply to your fans and followers and reward them exclusively



You down with OPM?


Make your content as portable as you can. It means everything that you create – every e-mail, every sale, every promo, every coupon – can be broadcast with one click by your audience back into their social network. Result: genius marketing with OPM (other people’s money)

MONETIZATION

Like the stick in a candyfloss, paying customers enable you to deliver the sweet and fluffy stuff. Without them, you're just left with a sticky mess.

05-

USING METRICS: MEASURE IN ORDER TO MANAGE

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The need for informative measurement is obvious. As marketing departments allocate ever-larger budgets to social media strategies, there is growing incentive to quantify campaign success.



RICK WION
DIRECTOR OF SOCIAL MEDIA
MCDONALD'S CORPORATION

At McDonalds we want to understand what it is that drives our customers' passions.

We can get people to click on Facebook and give us a 'like', and that's okay, but if we find a touchpoint that gets someone really excited, we want to be able to engage with people on a deeper level.

The difficulty is that we get tons of information; there's 100s of metrics that we track, but not all of them are important to our brand. We have 500 different metrics and multiple dashboards. We do look at all of them, but we want to keep it simple so we concentrate on just a couple of key engagement metrics.

We also want to look at the actual impact of our efforts. We have baselines of chatter about our brands and our products that we see all the time. If we see 10,000 mentions on Twitter about something, I have to work out whether we would have got 10,000 mentions if we hadn't done anything. It's about establishing the delta between what would have happened organically and what we actually did, because I don't want to be spending money on what we're not influencing.



FREDERICK TOWNES
CTO
MASHABLE

What kind of workflow do you have for how you produce content and drive engagement?

It was a Cairo activist during the Arab revolution earlier this year who said: "We used Facebook to schedule the protests, Twitter to coordinate, and YouTube to show the world." That's really profound. That literally is a workflow. There's actually a process in terms of how these services are being used and how they connect.

How do you cultivate relationships, how do you measure the quality of those relationships that you're cultivating, and how do you characterize and identify your brand champions, your tastemakers and so on and so forth?

Because it's not just about being on Facebook and being on Twitter and broadcasting; it's about jumping into conversations, having a dialogue, trying to figure out who's got some influence. It's not just about your Klout score or your number of followers, but figuring out who's engaging with your brand, talking about your product, talking about

your service or a competitor's service, and having a strategy for what you're going to do about it.

Making sense of your interactions is critical. Figure out which networks you're interested in and develop some performance indicators – whether that's how actively they are Tweeting, how many mentions of a keyword, or something like that. Think of it in terms of characterizing the desired behavior you want to measure, then work backwards from that perspective. What are the indicators that make certain types of activity, and certain types of users, interesting?

As you develop a dossier of data around your users, it will help you develop better messaging to better identify and focus services. Once you're able to focus, the situation changes from 'drinking from the fire hose' of the internet to actually being able to make sense of the data you're gathering. That's the bottom line: then you're effective.



NEIL ATKINS
CHIEF MARKETING OFFICER
iSTRATEGY

Tracking social media is an evolving art. While industry associations strive to reach a standard metric, the emphasis is on marketers to make the best use of what data we already have: trending topics, follower counts, likes, retweets, comments.

Without an understanding of the level of engagement your campaign is attracting, it's impossible to judge ROI. With worldwide spend on social media campaigning expected to run to nearly \$6 billion this year, there's a lot at stake. Even if standard benchmarks of social media success emerge, there will still be a need for marketers to identify which data is most relevant to them. It is relatively easy to judge how far a tweet or Facebook group is reaching, but the more pressing question is how well activity is contributing towards strategic goals.

Do you want to focus on a single campaign, or mentions of a brand-related keyword? Do you wish to track how many target users are landing on your website? Broad-brush campaigns might live or die according to a follower or 'like' count, whereas more targeted strategies focus on the profile quality of the engagers. There are different tools for each objective.

These range from analytics-enabled short URLs, email reports and survey services to Google Analytics plug-ins and data aggregators. Time spent researching, building and tailoring your toolkit will be paid back tenfold.

Once the data is in, the whole process can start again. Look very carefully at what outreach is gaining traction – who your users are; where they are; how active they are within the network; what their habits, interests and aspirations are. Characterizing your market is a helpful step towards crafting and controlling ongoing conversation.

QUICK NOTE

- 1. Be flexible.** Recognize there is no set standard of social media success
- 2. Be led by your goals.** The real test is how far your social media strategy is helping you to meet campaign objectives
- 3. Build your toolkit.** Social media analytics is a crowded industry. Research what each different tool does
- 4. Characterization pays.** Analytics help to round out the personality of your market
- 5. Feedback is key.** Use the data to further develop your strategy moving forward

“Time spent researching, building and tailoring your toolkit will be paid back tenfold”

53%

of businesses
are unsure of
their ROI through
Twitter.

FIND THE METRICS

Rolling analysis of what works – and what doesn't – makes campaigns more effective and sustainable, and is key to effective monetization.

The time when brands could ignore social media has passed. But there is more to a social strategy than simply saturating social networks with your brand presence and hoping the money starts to roll in.

Sure, your customers are likely to be found among the 700 million users on Facebook, or the 200 million users on Twitter; but understanding how to reach out to them and not become lost amidst the social media noise that has drowned out businesses in the past is a different story altogether.

If you've got this far and are still reading, then you will have understood that a sound digital strategy is critically important to generating the best ROI. It isn't an easy process: according to a recent study, 80 percent of brands acknowledged difficulty in tracking ROI within social media. That is a sizeable percent in anyone's book, but it needn't be insurmountable. Despite social media being a relatively new marketing platform, experienced brands are finally starting to understand the nuances of turning content, communities and all other social activity into revenue. And it is these brands – those that fall into the 20 percent – that come to iStrategy to share their successes and failures with those companies who understand that a good marketing strategy must include a sound digital strategy.

The iStrategy Conference is a global digital media conference of industry-leading forums for marketing, social media, online business development, digital and creative professionals involved in all aspects and levels of online branding and strategic management positions.



The next event take place
in Amsterdam on **25-26 October.**

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