



RULE 7

There's a New ROI in Town

Innovation Allergy: *New Metrics*

I would be lying if I said it was a divinely inspired event. The truth is that necessity was the catalyst for invention. Facebook was just catching on, and Twitter was still a baby. I was prepping for a meeting where I hoped to convince a major consumer products and goods (CPG) brand that my celebrity client was more influential in social media than other celebrities. Therefore, my case concluded, they should invest their dollars in my proposed social media endorsement deal. The dilemma was the metrics.

I knew this big company would expect me to defend my client's value with the standard cold metrics: reach, frequency, page views, impressions, eyeballs captured, and so on. Executives who are about to spend lots of money like numbers, even when they know they're flawed. Numbers help justify decisions, remove some risk, and mitigate accountability. But they can also keep a great opportunity from being fully considered. Heidi Burgett, a Nike PR renegade, once reminded me that Einstein said it this way: "Not everything that counts can be counted. Not everything that can be counted, counts."

I recently had a discussion with Rob Palleschi, global head of DoubleTree by Hilton, on the topic of monetizing social media. He said, "Social media is another method of communication, and in the scheme of things what does it really cost? The cost is negligible. I don't focus so much on return on investment. I see social media as necessary distribution channels that we need to engage with. The more we put in, the more we'll get out. The more we engage in the social space, the more we build relationships with travelers, and the more we're going to get their loyalty. Additionally, the more they'll tell us what they like or what they don't like."

Rob has a personal Twitter account and speaks directly to guests and media on behalf of the brand. He confessed, "Once I started doing it, it took relationships to a completely different level. Traditional marketing doesn't suffice anymore; our brand is about delivering experiences. Without a doubt, I'm a renegade. Tell me no, and then I'm going to do it. Usually there's a disclaimer and an attorney nearby too."

I agreed with the company's executives that cold metrics held some value, but I insisted they were no longer enough. I explained that my celebrity client could have the same number or even fewer fans, followers, and page views as another celebrity but still be a better investment. How? Influence. If my client could convert more followers into something valuable like click-throughs, sign-ups, media consumption, or product purchases, then my client was worth more than others. Impressions rarely convert, I said, but influence rarely doesn't. They eventually saw the light, and we began what would be a profitable relationship for both my client's brand and theirs. But not every branding meeting has such a happy ending.

In truth, five years later, I still have the same conversation. I'm still in prove-it mode more often than not. While receptivity to the new metrics has improved, the improvement is less than you might think.

Here's why that's the case.

Warm metrics—engagement levels, viral factors, and sentiment analysis—don't exactly leave people warm and fuzzy. The phrase itself is a bit ironic. The warm data I present just aren't as comforting as traditional cold metrics because they defy easy math. "How do you assign a value to sentiment?" is a common question I hear. It seems too subjective. The truth, however, is that it's more objective than cold metrics.

For instance, data showing that twenty of one hundred customers communicated the same problem with their shoes is far more conclusive (not to mention useful) than data that merely show twenty of one hundred customers returned their shoes. Would you rather know how to fix a product flaw and save future sales? Or know only the number of returns per one hundred sales and try to figure a way to bring the number down? There's a lot you can do with a regular influx of that sort of information, especially when you know it's not contrived.

The unspoken issue with traditional cold metrics is that at times, we are so dead set on justifying an investment that we search until we find the metrics that support our decision. That tendency is cleverly spoofed by a series of Geico commercials where a gentleman stands next to a table offering a "car insurance taste test." On the table are two cups of juice: sample A and sample B. He asks a passerby to take the test, drinking one sample and then the other. Without fail, sample A is "delicious" and "refreshing," and sample B is "disgusting" and "terrible." The gentleman tester then reveals that sample A was the Geico sample and sample B was "Other" insurance company. Obviously the taste of juice has nothing to do with car insurance, let alone Geico's quality of insurance. But the ad makes a good point: sometimes we'll try anything to prove our brand's worth. Geico hopes you'll also see the satire.

With social media, you now have access to the sorts of information that in years past could have kept top brands from slipping and kept floundering brands from falling off the map. Blended with the traditional metrics, warm metrics give

a clearer picture of what an audience thinks of your offerings and what specifically attracts them to your brand in the first place. With this clarity, you can move more nimbly to meet demands, identify difficulties, and fuel loyalty.

At the time I was meeting with the major CPG brand, most companies were downright dismissive of warm metrics. They were the fluffy intangibles you pointed to when you couldn't build a statistical case for investment. Business purists had (and often still have) a love affair with structure: long-standing rules, industry standards, and traditional case studies where solid numbers win the day. A love affair with sentiment? Not so much.

I was recently having lunch with Andy White, a partner in the Veg-asTechFund. He's constantly being pitched ideas and evaluating them. He said that one of the primary challenges with vetting an opportunity is that many businesses make up research to validate their direction, their product, or their success in general. I agreed. We are so anxious to measure things and prove we're right that we don't measure correctly or with the right intent. To be successful, we have to listen to our audience and be willing to be wrong, learn from that understanding, make adjustments, and listen again. It should be acceptable to fail; there's innocent intent in failure if you failed trying to meet a need. Andy agreed.

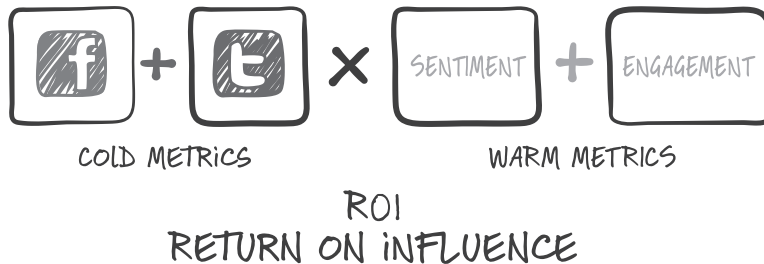
I still believed in this blend of cold and warm metrics. I knew that if you ignored the warm metrics, you ran the risk of missing your quickest path to returns because cold metrics alone are an unsound way to gauge a brand's level of influence with consumers. And influence was the ultimate measurement, whether you were a celebrity pitching awareness or a company launching a new product line. Low influence equals lower conversion; high influence equals higher conversion—no matter what measuring stick you use.

If you ignored the cold metrics, you're doing yourself a major disservice because that's your reach. You need reach to be influential; otherwise you're on an island by yourself. Also, it's safe to say that the majority of corporate marketers

THERE'S A NEW ROI IN TOWN

and media buyers need to justify their spend with impressions somewhere in the equation. The point is that you need both hot and cold.

On one of my 210 flights one year, I was determined to show this in a way that executives could appreciate. On a Southwest Airlines napkin, I first doodled what I called the new ROI. Instead of standing for “return on investment,” purely a dollars-in, dollars-out measurement, this new ROI stands for “return on influence,” a measurement that combines the cold metrics traditionalists love (total number of fans and followers—or the number of impressions) with the warm metrics only social communication channels provide (engagement, affinity and sentiment). This is how we measure the new ROI:



This form of measurement has since evolved and been customized for brands based on their needs and the metrics that are most important to them. However, it was very foreign to me when I introduced the concept of mixing warm and cold metrics. Fortunately, I had a small arsenal of successes to draw on. In my position with the Suns, for instance, I had to continually prove fan affinity to big brand-marketing partners who spent seven figures on their sponsorship deals with the team. These brands were big names so they had options, often with other sports teams in the National Football League, National Hockey League, and Major League Baseball, and more traditional channels like TV spots that might be able to tell a better cold metric story than I could. But my time with the Suns had taught me that social media provides a way to measure fan affinity that a TV spot never could.

How?

Social media communication is two-way. It's a dialogue versus the monologue of traditional marketing campaigns. Instead of merely creating

short-term buzz, social media creates conversations, sometimes unprompted conversations that can be listened to, recorded, and measured. With a history of such conversations at my side, no longer did I have to say, “Trust me, our fans really like the team.” I had the hard data to prove that fans really liked us.

Once you recognize that each entry into an online conversation is generating influence, you track it. A Facebook like is a transaction. An @ reply to a tweet is a transaction. So is a retweet. So is a purchase that results from a retweet or a like. Unlike, say, traditional TV advertising, marketers can now track online behavior from a social channel from the initial message all the way through to purchase—and they can score each message with an influence metric (ROI). And as you know by now, the majority of these messages aren’t sales pitches. Some of the best-performing tweets—like Shaquille’s ice cream photo and Dana White’s verbal beat down—do so well because they are classic personifications of the brand. Followers can retweet them and say, in effect, “This is exactly what I love about him.”

If you ask Shaquille O’Neal what his number one goal in life is, he’ll say, “To make people laugh.” That’s his true intent, and it’s how he lives his life. By humanizing his own brand and showing people the Shaquille (person) behind the Shaq (persona), he’s built a loyal relationship with his fans, which has allowed him to monetize his social influence. He’s been interviewed on this subject. This is the formula he uses when allocating his time on social media channels:

- 70% Make ‘em laugh
- 20% Inspire ‘em
- 10% Sell ‘em something

Yep, 10 percent of the time he’s trying to sell you something but he’s able to do that only because he’s earned that 10 percent based on the pure intent to humor and inspire 90 percent of the time—which started

as 100 percent of the time. He's the first to admit he's going to talk about certain products from time to time, but he won't do it if he doesn't genuinely believe in the product. And more than likely, he'll be entertaining you when he's socially pitching you anyway. The net is that his 10 percent equates to touch points of natural brand integration versus interruption.

Many brands I work with have their highest ROI scores following messages you couldn't have planned if you had a creative meeting every hour for a week. Who could have brainstormed that Shaquille O'Neal, arguably the greatest center of the modern era, would get more action from a tweet of himself eating an ice cream cone than of him dunking a basketball or digging on Kobe or D-Wade? Such is the nature of social media because such is human nature. Sometimes you can't predict what people will gravitate to; you can only be ready when they do. Social media keeps you connected so that you can best capitalize on spikes in activity, as when Dana White accidentally tweeted his phone number and then took fans' calls—and then started taking fans' calls on a regular basis.

How do you run with a spike in attention, from, say, an online sale? Get people's e-mail addresses and send out a creative follow-up blast? Good luck with that. What you need to do is continue the conversation, continue to offer values, and follow through to conversion.

The next step to using your new ROI score is to link your influence to investment. This is where the dollars come back in. If you divide the total revenue generated by a social media message or campaign by the number of social media fans and followers, you get a revenue per fan and follower (RevPAF) value:

$$\boxed{\$} \div \boxed{f} + \boxed{t}$$

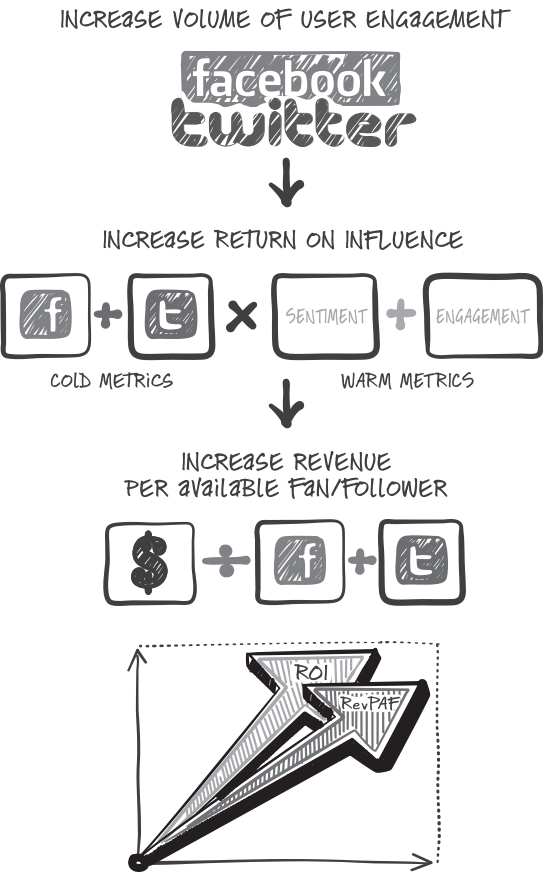
RevPAF

REVENUE PER AVAILABLE FAN AND FOLLOWER

This is the metric that opens eyes. When you can see that the per-head value of each fan has increased on the basis of a social media strategy, monetizing your brand becomes straightforward: remain engaged in ways your fans value and come up with innovative ways to bump them up the loyalty ladder.

The main benefit to the RevPAF metric is that your level of investment in branding efforts becomes simplified. The beauty of social media is that once you've established an online presence on Twitter or Facebook (preferably both),

PROCESS OF MONETIZATION



maintaining your relationship with fans and followers is a minimal expense—often it's free—when compared to traditional marketing budgets that are high-dollar hits or misses. The whole process of humanizing your brand to monetize it looks like this:

I've found with brands varying from DoubleTree by Hilton to high-profile individuals that there is a direct correlation between return on influence (new ROI) and RevPAF. As you become more influential (ROI goes up), the dollar value of each fan and follower goes up (RevPAF goes up). The same goes for a decreasing ROI.

The more that marketers accept the concept of measuring influence relative to reach, the more quickly social media industry standards will surface. Social networking revolves around the art of people interacting with people, not logos. Remember that people have influence. Things like logos, products, and taglines do not. Ultimately influence is the power that differentiates one brand from another, especially at the top where things like customer service, product quality, and price point are relatively equal.

As a kid, I loved numbers. I would count everything. How many times I was placed in time-out, how many seconds it took to get out, how many times I popped a bubble, how many steps on the way home from school, how many miles I water-skied behind the boat. In college, numbers were easy. I would take calculus I, II, or III over any class that made me read a book and write about what I had just read. Too much gray area. How would I know if what I was writing was correct? Numbers were black and white, very much like my personality. All or nothing. No gray areas in my mind. Zilch. I tend to do something 100 percent or not at all, which I've learned can quickly turn my best assets into my biggest liabilities. Like you, perhaps, I had to unlearn my dependence on black and white numbers and learn a gray renegade way of measuring the things that really mattered—a way of counting the things that cannot be counted.

Humanize to Monetize

In a similar way that advertising titan Leo Burnett found success personifying brands with mascots like Tony the Tiger, the Pillsbury Doughboy, and the Jolly Green Giant, today's renegade businesses invite consumers to look behind the logo to the humans who embody their brand. While many companies shy away from this idea because it's new and without two decades of proven research, some use intuition and take a more daring approach.

Monte Carlo Resort and Casino in Las Vegas is a great example. It has humanized its brand by giving customers unscripted access to key players in the company. Among them are president and CEO Anton Nikodemus, vice president of marketing Jessica Cipolla-Tario, and executive director of casino marketing Johnny Quinn. All use Twitter to do more than tout their brand and offer value to consumers; they also show off the personality behind the hotel through banter with followers and each other.

Last year, we helped the three executives launch a groundbreaking social media competition in which each one created a Monte Carlo package deal that included their favorite indulgences and gave it the same name as their Twitter handles: a battle royal to be promoted solely through social media. The competition was developed to increase social media engagement, increase awareness about the property's value offering, and convert potential guests into actual guests.

While the deals spoke for themselves—with perks ranging from room specials to discounted dinners and show tickets to spa packages—the real fun came from the personality behind each package and the banter among them.

Did you see yourself as a member of #TeamJohnny, hanging with the Jabbawockeez entertainment show and buying rounds of drinks for friends?

Or did you see yourself as a player on #TeamPrez, indulging in steak dinners and a lavish VIP status?

Or how about being the star of #TeamDiva, treating yourself to the ultimate spa experiences?

THERE'S A NEW ROI IN TOWN

There was something for everyone, and once Monte Carlo guests heard about the rivalry, it was hard not to join the fun and root for a team. Our metrics clearly showed engagement ramped up. From there, the friendly competition between executives was nonstop.



Anton Nikodemus
@MonteCarloPrez

@MonteCarloVegas let the competition begin. Which package do u REALLY want! The Presidential package rocks! bit.ly/MCPrez Johnny who?

↩ Reply ↺ Retweet ★ Favorite

7 Jun via Twitter for iPhone



Jessica
@MonteCarloDiva

I declare today #TeamDIVA day! Last day to get on board @MonteCarloVegas Diva style bit.ly/MCDiva
#Team DIVA #Team DIVA #Team DIVA

↩ Reply ↺ Retweet ★ Favorite

8:03 AM - 29 Jun 11 via Twitter for iPhone - Embed this Tweet



Monte Carlo Casino
@MonteCarloVegas

@TeamJOHNNY is in the lead (<http://bit.ly/MCJohnny>)
@JohnnyLasVegas. Where you at #TeamDIVA
@MonteCarloDiva and #TeamPREZ @MonteCarloPrez?

↩ Reply ↺ Retweet ★ Favorite

They talked trash, called each other names, and challenged one another to dance-offs. It was not only a blast for guests to follow and engage; the executives ate it up too. The strategy took joy on the job to a whole new level. More important, the big resort and casino was bridging the virtual and physical worlds, ushering customers behind the brightly lit signs, fancy amenities, and manicured grounds and into the living rooms of three of its top executives. The result? Since implementing the strategy, Monte Carlo Resort and Casino has nearly doubled its revenue per available fan and follower (RevPAF). Money doesn't lie.

Through social media, Monte Carlo was—and still is—conveying that a stay at the property is not just a purchase; it's the beginning of a relationship with a brand they hope you'll enjoy and find value in for a long time.

We tracked revenue for each executive package, and while we eventually revealed which executive's team won the most bookings (conversion), I can say that in the end, the Monte Carlo brand was the real winner. Increased brand awareness led to increased engagement. As engagement increased, brand sentiment also increased, which led to increased revenue. All this from that "crazy social media fad."

In addition to revenue and outward-facing benefits, the internal corporate culture benefited. The fact that the top executives were publicly embracing social media and showing their true personalities was a sign to all employees that the company was taking this new form of communication seriously—so seriously that they had dedicated portions of their days to this initiative. Also, it sent the internal team the memo that the executives were people who liked to have fun and were willing to get comfortable with being uncomfortable. That's the start of a culture shift that pays big dividends.

This so-called fad is not just for crazies anymore. Then again, maybe that's precisely who it's for. But ultimately you're crazier not to embrace it—just the wrong kind of crazier.

A Compounding Effect

Your company may not have a Tony the Tiger or Jolly Green Giant, but your brand's CEO or president or executive vice president may follow after

charismatic social media powerhouses like Tony Hsieh of Zappos and Richard Branson of the Virgin Group, who have become pillars of brand recognition and customer relations. Whether you really show up to the social media space or not, the fact is that people are going to talk about your brand. You might as well show up with a plan, a purpose, and a personality to lead the discussion and add a face to your brand's name. If yours is a corporate brand, the good news is that this new ROI extends its returns beyond the company's bottom line.

Essentially the brand that becomes humanized often fuels the creation of an individual brand for the person who humanized it. Drinks on you! There are plenty of examples. Hsieh and Branson have both had huge individual success writing books and speaking, among other things. But you don't have to run a multibillion-dollar company to reap this benefit. I saw this happen with Digital Royalty.

While I am the primary face of my company's brand, the ROI of the Digital Royalty brand creates a market for Amy Jo Martin, the individual. For three years I have had many pay-per-tweet companies approach me. It's never been something I've subscribed to as a sound philosophy for brand marketers or talent for a variety of fairly obvious reasons. None of our talent brands have participated in pay-per-tweet programs either. The insincerity factor is hard to get around.

But last year I was approached with a different sort of opportunity. Chevrolet had the idea to launch a Web series in which I interviewed and interacted with athletes from various sports around the country. When Chevy approached me about the endorsement, I quickly realized they get it. They wanted to help me provide unique value to my own audience (who they hoped would like them too) in the form of unexpected sports content. I was just the vehicle for delivering the value in an authentic way while driving a Chevy Cruze. The sequence of events in considering the opportunity went like this:

Act 1

- *Chevy to me:* Check out the car. Did I like it? This was a must because I'm a horrible liar.
- Check. Like the car.

Act 2

- *Me to Chevy:* Wait, so Chevy is going to pay me to basically do what I love (sports and social media) and additionally give me a car?
- Check. Exactly.

Act 3

- *Me to Chevy:* Did I have to change anything about what I'm currently doing and the content I'm currently providing via social media?
- No. Not at all. Just please refrain from talking about our competition.

The details from there were simple: a new car and a six-figure payout over a three-month period for a specific number of Web videos in which I would attend epic sporting events and chat with the athletes themselves or the players behind the players (such as trainers, coaches, or agents) and provide my audience exclusive access into the unexpected side of sports.

No brainer. Already did that. Deal.

Typically my celebrity clients are the ones in front of the camera, so this was a whole new thing for me. At the very least, I knew my followers would get a good laugh at my expense. (I hoped not *that* big.) But in the end, nothing changed. I was myself and told my audience up front what I was doing. We enjoyed the ride together.

This is an important distinction of the new ROI. If I am a brand followers already know and respect, I don't have to put on an act or a costume—a veneered identity—in order to introduce something to them. I've earned their trust. I don't have to do any persuading.

Chevy came to me because they knew I already had influence with my followers that I'd earned by being me and delivering to them value they'd made clear they wanted. When it was time to carry out my end of the endorsement deal, did I spam my followers with Chevy Cruze ads or poorly veiled social media content? Absolutely not. I delivered exclusive content to them that

THERE'S A NEW ROI IN TOWN

they'd already made clear they valued. I just happened to be driving a Chevy Cruze while doing it. Score for both of us.

Now if only we could package that goodwill and scale it globally. Oh wait. We can. And some brands already are.



Amy: Digital Royalty
@AmyJoMartin

I parked my car in the middle of @MLB's Tampa Bay Rays left field. Video: <http://bit.ly/gFwcEL> #cruzeearati @RaysBaseball

↩ Reply ↻ Retweet ★ Favorite

