

Keep It Real: Keys to Successful Social Networking

*IAB Leadership Forum: User -Generated Content & Social Networking
June 4, 2007*

The Interactive Advertising Bureau (IAB) hosted a leadership forum on June 4th focused on the topics of user-generated content (UGC) & social networking. The IAB's most engaging, interesting forum to date, I've distilled conference information into what I feel are the high-level takeaways.

Please note that conference participants or sponsors did not necessarily explicitly express many of these conclusions. Rather, I've connected the dots on prevalent and related themes from both the conference as well as the current market.

This should also not be construed as the final word on social media, but rather, a conceptual framework from which to approach this fascinating new beast. If creating a successful social network can be likened to playing SimCity, then this document can be considered a suggested strategy for creating a vibrant, revenue-generating, sustainable community where the power grid works, potholes get fixed quickly, and train crashes are rare.

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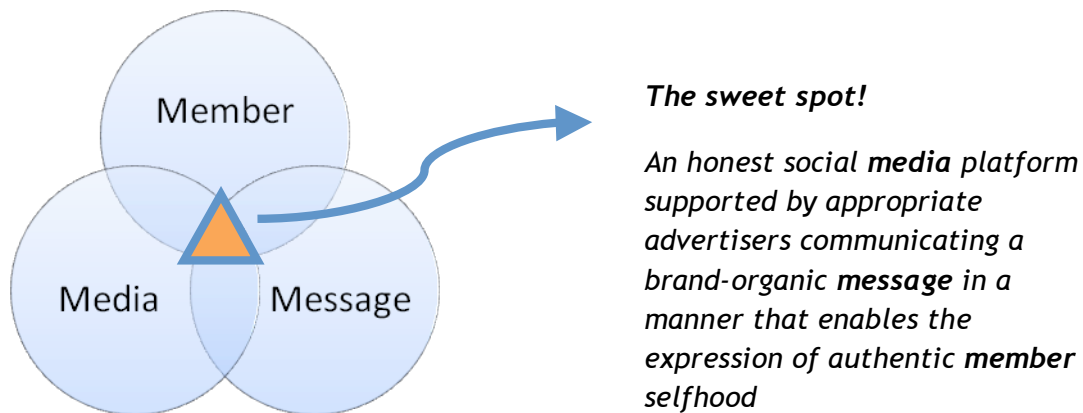
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I. The Bottom Line

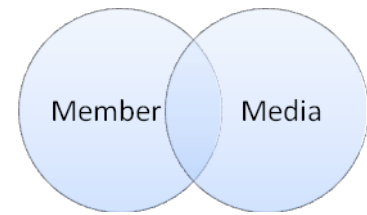
Inauthentic social media will fail:

- The voice of the social network (SN) itself must grow organically from its brand; users can spot a phony. **Don't fake it.** Social media platforms (SMPs) need not offer excessive apologies for perceived shortcomings and should not surround mediocre tools and services with marketing hype. Know who you are and don't be ashamed.
- Integrated partnership advertising must make sense. Promotions need to be true to the sponsoring brand and honestly reflect its ethos. **Advertising messages need to be authentic: "Keep it real."** Don't force your pitch into a box in which it will not fit.
- **Let members be themselves.** Providing tools that let them pursue and share their authentic self will make them feel like welcome members of the community. Excessive restriction, paternalism of the "we must protect you from yourself" variety, or censorship will make them feel unwelcome; unwelcome members are not engaged members, and a social network without an engaged membership will fail.

A winning social network will offer a fertile intersection of the above:



II. The Member - Media Interaction



Whereas web surfers demanded free shipping, instant answers, and a good game of whack-o-mole from their 1.0 experience, today's increasingly sophisticated web users seek spaces that allow them to amplify their sense of self. These activities of selfhood, as defined by Michael Barrett, Chief Revenue Officer at Fox Interactive Media, include self-expression, discovery, and interaction. Conn Fishburn, Director of Social Media Strategy at Yahoo!, described the thrust of today's web user as: "I want to talk about me." Whether that "me" wants to explore sports, cooking, pets, or a good game of whack-o-mole, Web Surfer 2.0 craves a platform that lets them be themselves -and, not just their "online self." In fact, the supposed bifurcation between one's offline self and online self is vanishing; younger generations find such a distinction puzzling at best.

So, how can social media platforms meet the needs of this evolved web user?

SMPs need to provide the tools that enable self-expression, discovery, and interaction. Tools for self-expression would include - but not, lest any of you readers moonlight as counsel, be limited to - customizable profiles, ability to upload user-created videos or music, blogs, and photo albums. These tools turn the SMP into an extension of the member's living room, where his sofa, music, photo albums, and home videos are reflections of his personality. While some of us may find black leather couches, Barry White, and piles of photos of a red Iroc-Z distressingly obvious, the social media platform that helps the evolved web user express their tastes - no matter how un-evolved - will have met a basic requirement.

Often, the tools for self-expression dovetail neatly with tools of discovery, which include the profiles of other people, groups, forums, topical channels, events, job listings, and all the media generated by fellow social network members. This allows the user to get up from the couch of their own profile and start wandering around the living rooms of their friends, acquaintances, and even complete strangers. Depending on the social network, members may even be afforded an *MTV Cribs*-like opportunity to pilfer through the spaces of celebrities, rock stars, and public figures.

Proper tools for discovery then frame the interaction space, the final piece of the selfhood-fulfilling triumvirate. Comments on blogs and other UGC, setting up events, and adding new friends turn the atomized living rooms of the social network into the time-shifted dull roar of a vibrant, place-shifted community.

Within this framework of an active community, members now have access to the plethora of tools (video and photo-sharing, blogs, et cetera) that enable the velocity of all three aspects of selfhood. A member happens upon a video of a model tumbling on the catwalk, can express their sense of humor by posting this to their profile and/or sharing with their friends; their friends then watch the video and can interact and respond how they choose:

chastising their friend's insensitivity to the plight of a teenager in 4" platforms, or chuckle loudly and post the video on their own blog. The prevalence and ease of use of these tools means that content can pass hands quickly. No need for some poor soul to transcribe information for weeks with a quill onto bark before handing off to a man on a horse; within minutes the entire conversation outlined above can commence and complete, all within a social media platform.

Tools that hover above and across social networks aid in this velocity: Widgets, badges, and other viral syndication applications allow members to "grab it, send it, post it" with ease. When embedding widgets into your profile or as a comment on other media is as easy as copy-and-paste, the speed at which user-generated media passes hands is limited only by the ease in which one can hit CTRL-V.

The more SMP elements a user can tailor, the better. For example, developing a media player framework that allows customization empowers members with one more tool for self-expression. Letting members tweak the copy in the "invite friends" email is another way they can feel community ownership.

Given what we know about the kinds of tools and spaces that members need to enhance their sense of self, what does this mean for SMPs? From a functionality perspective, a platform needs to do what it can to enable to "momentum effect", the velocity by which user-generated content is passed around to networks of friends. If a member sees a sponsored skin and adds it to their profile, the network needs to simplify the process for announcing this (bulletin board messages or mass messages to friends aid in the pass-along) and allowing the members' friends to add the skin to their own profile. And then, domino-like, all the friends of friends are exposed to the skin. Think of it as the reverse containment approach.

Social networks can also tailor their offerings to align member interests with network interests. Active members are revenue-generating members. But how to drive activity? Contests that involve voting are a great way to do this. Contests for bands mean that friends tell their friends to vote, and on, and on.

Dustin Johnson, the Director of Engagement at Modernista!, offered specific tips for community building:

1. **Make it easy at the start.** What may seem like a minus if a platform can't deliver certain features at launch may turn out to be a plus, as users orient themselves to your community and learn, over time, how to use the tools.
2. **Find a passion.** Polarizing characters lend themselves easily to passion. If there's a controversial discussion taking place, or a member posts a potentially divisive journal entry, why not let it bubble to the "Most discussed" portion of your site, allow it even broader exposure, and then follow up over the next few days with a "Was it controversial to include this on the home page? Talk back ..." article? Passion gets folks involved, and involved folks are active folks, and active folks drive revenue.

3. **Don't force it.** The social network needs to be natural to existing community. If the community isn't responding to your contest to upload user-generated video, stop asking them to upload user generated video every week. Listen to your members.
4. **Plan for failure.** Contingency plan, contingency plan, contingency plan. Just like any other line of business, you've got to assume the worst and design pre-emptive strategies to combat.
5. **Learn to love the partners.** Rarely do companies build social media platforms in a bubble; appreciation and respect for the myriad partners with whom one must work to achieve results is not only important business practice, but necessary for personal sanity. Can't respect 'em? At some point, it may be necessary to make the hard decision to cut your losses.
6. **Don't fear technology.** Online marketers who can't rip into source code and make some sense of it have always made me nervous. This is especially true in this world, where sixteen year olds regularly hack into code to "pimp out their profiles". If your users understand the basics of the web better than you do, that's a problem, and will greatly hamper your ability to creatively design solutions for whatever challenges may arise.
7. **Pace yourself.** Have a schedule of promotions and new stuff at the ready, but don't make a candlelight dinner, go on a carriage ride, and send four dozen roses on your first date. (See also: tip #1.)
8. **Try, fix, and try again.** And in order to fix, you've gotta be listening to the needs of your advertisers and members while heeding (and / or addressing) the limitations of your platform.
9. **Pray.**

But what do social media platforms need to keep in mind as they fumble towards authenticity? As Jim Nail, Chief Strategy & Marketing Officer at TNS Media Intelligence / Cymfony noted, "The hardest thing for marketers to do is to be human." But being open and direct with members is a good way to build trust and rapport, and helps the members feel like the community is their own. This is exactly the feeling a community wants to engender in its membership: "This town belongs to us!" not, "We're stuck in our parents' basement." With a feeling of ownership comes community, and then you can start to do things like crowd-source support or create advertising platforms around user-generated content.

Since social media is, as Conn Fishburn described, a "conversation that happens among relative peers," social media platform providers must remember a key differentiator of web 2.0 from 1.0: an improvement to the problem of democracy. The democratic web is one where any yokel with an Internet connection can post and respond to anything. It's flat, it's accessible, and it's as easy as 1-2-3 to receive filthy emails in response to an innocuous Craigslist ad trying to sell a used bicycle. The democratic web makes it possible for anyone to connect with anyone, without accountability, and with anonymity. Turns out? Web-mediated democracy's a mite yucky.

But as SMP members create their own network of friends, not only are they insulating themselves from the pesky problem of “We’re all anonymous and irresponsible friends here”, but they’re also creating built-in psychographic and demographic buckets. As I’ll discuss further in the next section, a social network that can take advantage of user-created sub-audiences will help advertisers deliver an exceptional experience, as they can reach the masses with a primary message and build niche messages or micro-sites for the more “sophisticated” users.

So what tools specific to user-centered enlightened despotism should the network provide? Basic ‘friending’ tools and the ability to determine how connected you are to any other member in the network help solve the Craigslist problem. In addition, the ability to block users and flag inappropriate content will further help users police the social network as a whole, as well as define their personal subdivision.

In sum: SMPs need to provide tools for self-expression, discovery, and interaction. Members need to be able to:

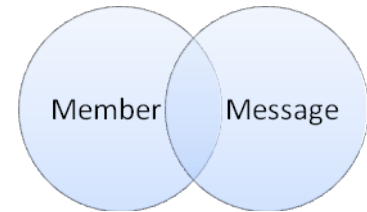
- Customize their individual profile
- Upload UGC
- Surf others’ profiles
- Join groups
- Comment on other members’ UGC
- Communicate with their friends and/or otherwise aide in pass-along and the momentum effect
- Define their own interaction space by limiting those they interact with
- Et cetera

What will the social media platform (SMP) that conducts a first-principles’ needs’ assessment - and then delivers - receive in return? SMPs that provide members with tools that enable selfhood will be rewarded with free stuff: free content, free media impressions, and real customer endorsements. UGC, mined appropriately, is also a treasure trove for research and development.

So this informs how members interact with their media platform. But how are they relating to commercial messages in this environment?

III. The Member - Message Dynamic

Just as members are demanding selfhood-amplifying tools from social media, so also do they seek activities that meet a similar end from the advertisers with whom they interact. Web 2.0 advertisers that do not aid in the self-expression, discovery, and interaction of social network members will achieve middling results.



But how can advertisers meet social network members' selfhood needs?

First, advertisers must remember that while all social network members want to be more like themselves, the ways in which they each do that will vary. I don't just mean that some people are heavy bloggers whereas others post a lot of videos involving ill-advised stunts. Rather, the audience within a social network must also be segmented into standard demographic and psychographic buckets.

Advertisers can't simply "do a social network buy"; they need to smartly design a campaign within a social media platform for Bucket A, Bucket B, Bucket C, et cetera. Otherwise, mass market products will find they need to be all things to all people, and if American interests are any indicator, we all want to see multimedia of troubled famous twenty-somethings in various states of distress (or undress). So advertisers truly speaking to the authentic interests and curiosities of the vast swath of Americans will only abet a deeply mediocre race to the softly pornographic, slightly drunken middle.

Avoiding this tragedy requires that mass market brands segment so their message can be delivered uniquely in the target's language (in the broad sense of the word), and niche brands need to efficiently deploy marketing funds so that they reach said target. This appropriate segmentation and targeting enables advertisers to speak to members' needs in an honest, real way; it's the advertisers that do this that are most likely to see their campaigns succeed.

Once the brand has segmented their audience and aligned a message accordingly, it's now poised to help members feel good about themselves and/or meet other needs. For example, a lot of social network members like to add brands as friends. Why? Well, brands are the ultimate "friends with benefits."

Why members add brands as friends:

1. 29% want notice of exclusive offerings or sales
2. 28% were recommended by a friend
3. 23% want to associate with them
4. 23% want free samples

(Also, brands never whine about how you never have time for them; they just send you more coupon codes.)

So an advertiser should consider ways in which they can be a good friend to social network members, or - better yet - a great friend, and the best kind of friend helps you realize a dream. And what do the page view-driving masses within social networks want most? Fame and exposure. A brand that can help a member feed into their frenzied fantasies of fame will find their brand exposure interests aligned perfectly with member interests of *personal* brand exposure.

To meet their objectives, brands can also tap into insights of the influentials and affluentials. Bloggers think they're special, so a brand offering exclusive video to top relevant blogs feeds into this megalomania. What about incentives? As Modernista has said, "Incentives are for the weak." It's true that short term gains from incentivizing often come at the expense of long term value, and anyway, no one wants to be the guy that people only like because he's rich and gives away free stuff. With no offense to a certain outfit in Delray Beach, Florida, all the gratis iPods in the world aren't as effective for driving long term value as meeting someone's core needs. Selfhood trumps stuff (or at least, the kind of stuff that prevailing profit margins can afford).

So the true advertising value in UGC is found in that intersection between what users want and what advertisers want. By investing upfront in a studied consideration of member needs, what will the advertiser get in return? Pans Labyrinth was able to market their DVDs to the original "friends" they'd made during the theatrical release. More broadly, smart advertisers in UGC environments will benefit from the consumer-to-consumer (C2C) pass-along effects. For example, in a campaign I'll discuss in more detail in the next section, Adidas drove 609K initial profile page views. 75K (12%) of these visitors interacted with the Adidas page in some way; 84% of these people (63K) added something "Adidas" to their own profiles and 51% (38K) passed something along to their friends, exposing an additional 35K people to the Adidas campaign.

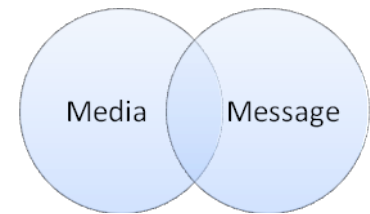
Campaign to date? 22MM impressions of the Adidas brand per month (including their own page as well as branded assets on member profiles). In addition, purchase intent, intent to recommend, and positive brand associations all increased. Across all brand advertisers who have intelligently deployed SMP campaigns, 30% of their results are attributable to traditional business-to-consumer (B2C) marketing, while 70% of campaign results can be tied to the C2C momentum effect.

Could Adidas have achieved the same success if they'd not taken the time to understand user needs and design a campaign that met those needs? Would they have done as well if they'd simply "done a social network buy" and bought some slop remnant inventory through an ad network? In my experience, buying 300x250 inventory from the slush pile might work to meet internal political ends - to get the upper management monkeys off your back with their broken "We've got to do a social network buy!" record - but it seems the best long-term use of brand dollars is an integral, and integrated campaign. Sure, it'll probably be more expensive upfront, but the ROI could be significantly greater, resulting in a much smarter use of shareholder dollars.

This gives us some insight into how members relate to advertising messages. But how should SMPs handle commercial messages?

IV. The Media - Message Relationship

Just as social media platforms that provide members with tools enabling selfhood are best poised for success, so also should media platforms provide advertisers the tools needed for the authentic articulation of their message.



Advertising messages within SMPs are uniquely vulnerable to the neighborhood issues that may arise from a brand being promoted next to a video of a dog being used as a bowling ball, a blog entry critiquing the advertiser itself, or photographs capturing a sun-burnt lothario strutting proudly in little more than a banana hammock. Advertisers in highly regulated industries, such as financial services and pharmaceutical firms, may find themselves locked entirely out of these spaces barring major changes in legislation or a sudden burst of in-house counsel who actually understand online marketing (although a creative treatment for Cialis and one of the aforementioned user-generated media nuggets might be fun to see). In this context, it's clear that advertisers crave safe brand promotion; a social media platform that cannot provide this may find that the *t* of their sales cycles approach infinity, as brand managers won't even bother to run pitches by legal.

But aside from offering a modicum of safeguards to minimize the likelihood of an advertising message being proximate to inappropriate user-generated content, networks should provide advertisers with environment-appropriate opportunities for reaching their ad target. And this means capturing the experiences of member self-expression, member discovery, and member interaction.

So advertisers need to be able to embed their messages within these member experiences in a way that doesn't alienate the members and won't piss off legal. One way that successful social network brand marketers have done this is by establishing a brand persona. In the campaign discussed in the previous section, Adidas took this one step further by creating two personas, one for each of a type of cleat that they were launching. Members could pick a cleat type that they felt most aligned with their personality. Their friends would see the cleat skin on their profile, check out the Adidas page, see which cleat was "winning", decide for themselves which cleat THEY wanted to be, and on, and on. As detailed in the previous section, this pass-along from members "marketing" to other members - as a result of an initial brand-planted seed - gave Adidas an 85% increase in ad impressions.

But this won't happen if viral tools aren't there to aid the pass-along. And it won't happen if the advertiser doesn't *add* value - by way of meeting the core member needs - but instead seeks to simply *extract* value from the social network.

What does all this mean for the social network?

Networks should provide advertisers with environment-appropriate opportunities for reaching their target. Branded skins, badges, wallpapers, and contests aid member self-

expression. Community areas, cause marketing, and branded entertainment content are examples of brand opportunities to aid in member discovery. And for member interaction, advertisers can sponsor contests, quizzes, or anything viral.

Of course, each of these examples comes with its own caveats. For example, branded user-generated communities need to deliver a consistent yet unique message, as discussed in the previous section. And advertisers need to establish procedures with the platform for managing content submissions. Again, tools for controlling the brand are essential. Advertisers and networks together need to collaborate on challenges such as how to leverage video sharing while staying in control, and ensuring brand appropriateness.

However, recall: too much network control is a user turn-off. And the ultimate advertising value in user-generated content is that intersection between what the users want - selfhood - and what advertisers want - exposure. The onus is on the platform to provide this while negotiating that conflict between member desires and advertiser need. Members may desire to upload a video of a brand being compromised in an offensive manner; advertisers don't need that.

To reiterate from the previous section, a platform that will allow an advertiser to deploy their message effectively and appropriately will benefit the advertiser - which, over the long haul, also benefits the platform. Pass-along impact within SMP for advertisers can be huge. Recall: 609K initial B2C impressions for Adidas mushroomed into 22MM/month thanks to platform-powered C2C.

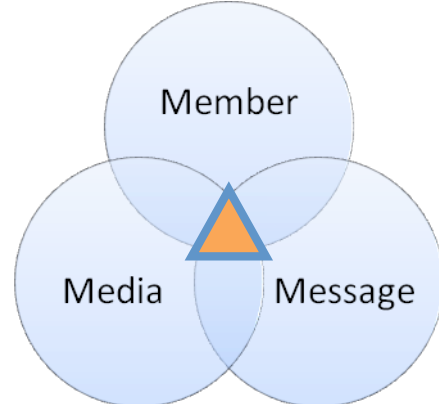
And the space is big, and getting bigger: There are 110MM unique SN users; 2 out of every 3 people online visit a SN; in 2007 SN ad spending is likely to hit \$865MM vs. \$350MM in 2006 (YOY growth of 147%). While MySpace accounts for 60% of total US SN ad spending in 2007, that still leaves a sizeable piece for SMP who can get it right.

And even aside from expected metrics like impressions and purchase intent, advertisers within SMP are now part of what Rob Crumpler, CEO & President of BuzzLogic, calls the "corpus of the conversation", positioning them to smartly leverage social media for marketing R&D.

This analysis of how SMPs need to approach advertising messages brings us back to the beginning.

V. Implications

The foundation upon which any successful execution in this space must be based is one of authenticity, the first principle. From there, depending on whether your vantage point is that of a member, the message, or the media platform, specific objectives and tactics will crescendo. So the strategy depends on the specifics, but the end goal is the same: keep it real.



From an operations standpoint, social media platforms should be aware that user-generated media has unique needs. The “brushfire effect” means that an innocuous video upload of, say, a toddler being catapulted by an urban break-dancer, can be swarmed with traffic within hours. What can be done to manage this load? And what will happen to files upon upload? Will the platform limit file size and type, or trans-code in such a way that renders files universally compatible?

Social media platforms also need to consider how user-generated media players will be monetized. Is there an ad embed in the player, and is it displayed as a banner, in advance of the content, or both? Will members be angry that advertising is flanking their content?

How can social media platforms purchase their bandwidth flexibly, or control costs given all the operations considerations mentioned above? And what post-launch processes will be necessary for the media platform looking to track their results both from a quantitative and qualitative perspective?

One firm, Modernista, in describing their launch of a social network for GM’s Cadillac brand, set up a tracker with columns including report, observation, and action item:

Item	Observation	Action Item
Cadillac hearses being uploaded	Enthusiastic bunch, but off-brand	Create niche group?

This allowed Modernista to continuously hone and refine as the users generated the community.

Additional operational and business process considerations would naturally fall out of the specific strategies that a platform might deploy.

Setting the fundamentals of good business execution aside, the keys to successful social networking are creating a space that allows achievement of the below guiding principles:

- Are you a social media platform? Don't fake it.
- Are you an advertising message? Keep it real.
- Are you a community member? Be yourself.

In a way, perhaps the keys to successful social networking are not unlike the keys to a successful society.

VI. Additional Information

- <http://myspace.com/neverendingfriending>
- <http://threeminds.organic.com/>
- <http://www.womma.org/ethics/code/>
- <http://channel9.msdn.com/>
- <http://www.iab.net/events/usergeneratedcontent2007/overview.aspx>

VII. Open Questions

- How does the litigious nature of our society hamper authenticity?
- Are people trained to appropriately parse source credibility? To assume that they are assumes that transparency equals wisdom, when transparency simply equals information. Having the tools to see transparency doesn't mean that users will be able to intelligently draw a conclusion; that requires knowledge of the information and then understanding of said information. How will this affect the landscape's evolution?
- The desire to talk about me is not a need that has existed throughout time; this is a relatively new human need as human identity has shifted. How will this continue to shift, and what implications does that have for society?
- Related to this, has the need for social media grown out of the dissolution of the traditional walking neighborhood and been exacerbated by the shortcomings of the 1.0 model (like Craigslist) which lacks credibility & transparency tools?
- What lessons can society learn from social networks (lessons of ownership, empowerment, etc.)?

VIII. Referenced Panels

- Keynote by Michael Barrett, Chief Revenue Officer @ Fox Interactive Media
- User-Generated Media in the Marketing Mix: Strategic & Technical Best Practices to Control Your Brand and Deliver a Great Experience
- Authenticity, Transparency, and Credibility
- Creating advertising platforms around user-generated content