

The Jordan, Edmiston Group Inc. (JEGI) and Interactive Advertising Bureau (IAB)

THE JORDAN,
EDMISTON
GROUP, INC.

The Social Media Ecosystem Report

Rise of Users, Intelligence and Operating Systems

#SMEcosystem



An analysis by JEGI and supported by the IAB

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Table of Contents

Introduction	1
The User	2
The Platforms	5
Publishers.....	12
Operating Systems	14
Intelligence & Analytics	18
Brands & Measurement.....	22
Conclusion	27
APPENDIX.....	28
Definitions	28
About the Interactive Advertising Bureau	31
About The Jordan, Edmiston Group Inc.	33

On Social Media

“You as a brand have to be completely confident about your position, because you will get criticism. You will have a negative reaction. If you didn’t get a negative reaction, that means you’re standing neutral and you have no point of view. Who wants to participate in that?”

- Frank Cooper, CMO
Global Consumer Engagement
PepsiCo

Background

About The Social Media Ecosystem Report – Rise of Users, Intelligence and Operating Systems

Developed by The Jordan, Edmiston Group, Inc (JEGI) and supported by the Interactive Advertising Bureau (IAB) the “Social Media Ecosystem” utilizes data and information reported directly to JEGI and publicly available online. In the evolving world of technology, change is a constant state, wherein today’s news often becomes instant history. As such, this report is intended to do two things: first, to capture a moment in time, to bring its readers up to date on some of the latest developments, as brands become publishers, as advertisers seek ever more finite detail about their targets, and as users reinforce their role as kings of the hill; and second, to provide some observations about where the social ecosystem is likely to go. Please keep in mind that the information in this report is intended as an informative overview only and should not be relied on for investment purposes.

The full report has been reviewed and approved by the IAB. This project was supported at the IAB by Susan Borst, Director of Industry Initiatives - Social Media.

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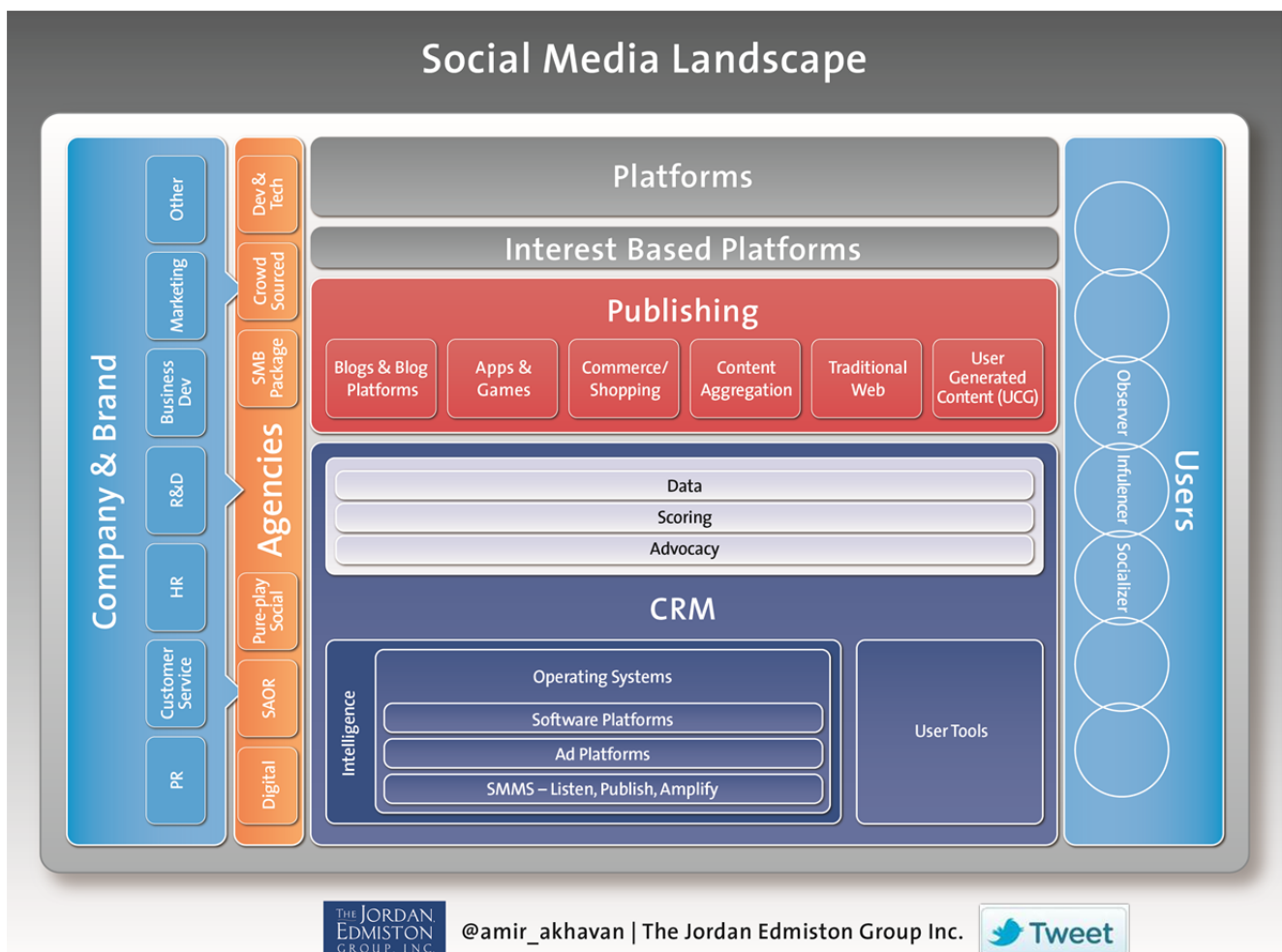


Introduction

The social ecosystem continues to grow and evolve at a speed that creates increasing risks, challenges and opportunities for market participants. As a result, the social landscape represents a complex investment thesis for all – from entrepreneurs to brands and agencies, from acquisitive corporations to VC's and private equity, not to mention investment bankers or, for that matter, the mass users of social themselves.

Social (earned media) dramatically alters the media mix model (i.e., the all-encompassing cross channel view of paid + owned + earned). It has redefined the way content is created, discovered, shared and consumed and, in the process, how advertisers (brands and agencies) participate. Social media is emotional, as compared to traditional media, which long held influential but impersonal sway over the masses. Social has ushered in a new era of real-time marketing, and as a result, the tone and emotion of content, advertising, and communication needs to be finely tuned and carefully tailored to ensure successful multi-channel campaigns.

Understanding the Social Media Landscape Although social is only one part of the overall media mix, it is increasingly impacting the framework of how organizations operate – from customer service and R&D to HR and marketing. In this report, we'll examine the relationships between users, brands and the platforms that activate the social ecosystem and take a look at some interesting models that help define the space. The goal is to assess the impact of paid, owned and earned media across the social ecosystem and identify winning strategies for market participants.



The User

It is a great time to be a social media user. Users are in control – as content consumers, as publishers and as influencers. Users publish content through posts, tweets, images on Instagram, check-ins on Foursquare, blogs on Tumblr, messages on Voxer, files on Box.com, videos on Viddy, pins of others' content on Pinterest, or driving social commerce on Fancy – all distributed across a network that becomes more interconnected every day. Facilitating this network are platforms and technologies that allow curators to push content across multiple channels, measure impact and influence, and expand their network reach.

Users Rule an Increasingly Complex Medium Ultimately, though, it's all about the users, who have a more prominent voice than ever in an emotional medium that is increasingly difficult to manage. They could be branded Youtube stars generating hundreds of thousands before graduating from high school (influencers); they might seek out new connections while walking in their neighborhood (socializers), or identifying service deficiencies and receiving instant customer service (complainers), or perhaps influencing government policy (activist), or even professing their total commitment to a brand (advocate). In short, users come in many forms:

- **Influencers** are driving consumption of the information they publish. For example, on the Chloe & Isobel social shopping site (it's like Avon for teen girls), influencers can drive real sales from their friends. And then there are moms. In the social world, moms are influential rock stars – a trusted source of information and feedback.
- **Advocates** are influencers that support a brand or causes. They are valuable brand ambassadors that need to be nurtured, engaged and rewarded over time.
- **Socializers** are active users of platforms and applications with a close community of followers. When they speak, their tightly knit community takes notice, but they are not likely to light up a social graph and drive massive engagement around content.
- **Observers** consume information and lightly participate in the content exchange. These individuals are influenced by social media advocates and represent the largest social audience. Successful campaigns focus on amplifying influencer content to reach observers.

Free Data Model Fortunately, all this new user power is anchored by free platforms and software – as long as users opt into sharing their personal information that can be analyzed and targeted. Social offers user empowerment, for example, Zaarly is a personal assistant on demand; Uber is the driver always around the corner; Highlight is a business networking tool at coffee shops; Fancru is a sports passion authority; and; Karma (acquired by Facebook, comps include Wantful and Wrapp) lets users give on the go and publish their generosity.

As long as social giants are paying big bucks for strategic acquisitions of pre-revenue companies, entrepreneurs and their VC backers will pour money into free and freemium applications and tools. And in fact, the pace of user adoption of new tools and apps is increasing, thanks to instant platform access utilities (e.g., Facebook Connect) that use existing identification and data. Instant access means more

new applications could be adopted by millions of users overnight – partly because the access barrier shrank dramatically when users stopped needing to input their information every time they want to test a new application.

The Walled Garden and User Challenges In addition to privacy control, which garners most of the user issues headlines, simple user functionality and seamless connectivity are the major challenges that need to be addressed by applications and service developers. The walled garden between applications and services will need to evolve or fall. Consider the example of Twitter, which is cutting off third-party services, such as Instagram and Tumblr, that impact user functionality/access, in order to create a consistent user experience. It is also frustrating to use applications as standalone services that don't connect seamlessly.

A User-Friendly Alternative Just as Facebook Connect lowered the barrier for user adoption, seamless application navigation between apps will increase usage and dependability for users. For example, LBS (location-based service) Foursquare is a successfully evolving walled garden hybrid model. Foursquare allows individuals to seamlessly interact with/explore their surrounding environment, based on their established network. The company allows users to transfer to a third party site or app, allowing them to extend the social experience.

Much has been written about user privacy and data control. Facebook and Twitter have become online gate keepers to all things social – granting access to users and their identities through the OpenGraph and Connect. While steps are being taken to give users more control over their privacy and personal data (while still mindful of the need to capture data that supports ad targeting), more needs to be done to empower users. For example, clicking on an article in Facebook that takes a user to a data sharing permission page for a third party application that the user has never heard of can be a scary value proposition. Instead, why not offer

users a choice of either (a) providing more data in return for free access or (b) paying a monthly tiered fee based on the level of personal information they

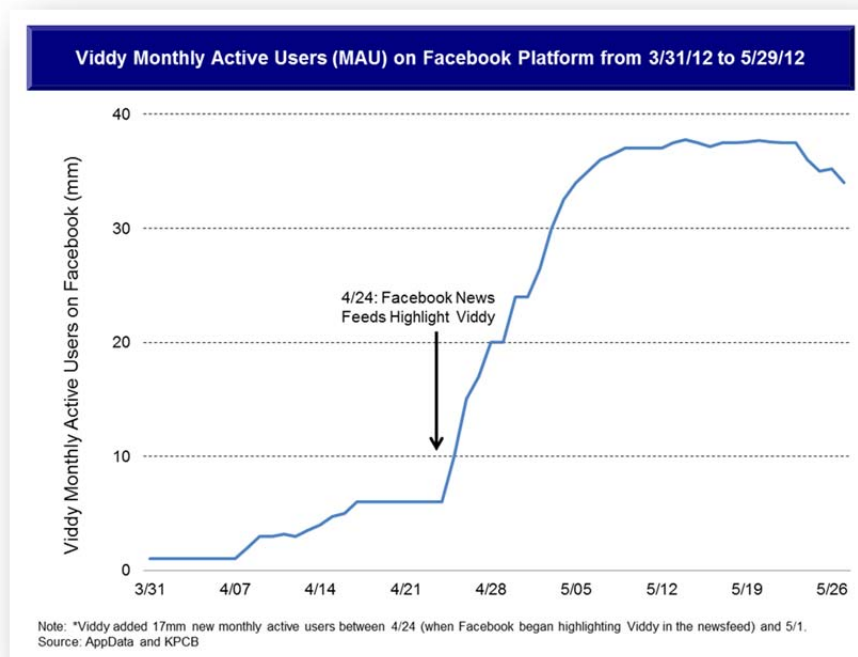
"Facebook and Twitter have become online gate keepers to all things social"

are willing to share for advertising/application connection. Some basic targeting information should always be accessible to support the general ad-driven business models, but sharing more specific information (e.g., location or income) could enable users to avoid monthly access charges.

New Social Subscription Models While built on "free to member" models, both Facebook and LinkedIn have incorporated paid options. Facebook charges for virtual goods and has taken an additional approach (initially in New Zealand), allowing users to promote content by paying to place it at the top of friends' newsfeeds. LinkedIn has a tiered subscription model where members can pay a yearly fee for additional data. New social network App.net is unique in that it offers no free option. In exchange for a fee, it promises a commercial free, real-time socially driven information stream with an open API for developers. Originally launched with a \$50 fee, App.net now has tiered pricing (for users, \$5/month, \$36/year and for developers, \$100/year with access to the App.net API.) Per their website, App.net will "never sell your personal data, content, feed, interests, clicks or anything else to advertisers." They give

members full control of their data, including the ability to back-up, export and delete all data at any time. For developers, there is an incentive program to "financially reward the development of great App.net applications."

Viddy Gets Giddy Meanwhile, some applications and services are quickly acquiring millions of users and becoming the next big hit, simply because of instant identity verification. As the ecosystem matures, the next multibillion dollar revenue line item for Facebook or Twitter or [insert the next #SM hit here] will be user access, data and verification fees – charging application developers on a per user basis to access individuals (in other words, a tollbooth on the information highway). Presented below is an example from Mary Meeker's Internet Trends report of the Facebook user impact on Viddy, which gained 17 million new users in 17 days after being highlighted in the Facebook newsfeed. There is a huge opportunity to generate revenue from the network effect of a social media platform.



Searching for a Meaningful Value Proposition Another key issue for users is the value proposition in the adoption of social tools and applications. Does the tool or application make the user's life better, if it offers no perceived utility, such as getting a task done or a question answered? Gameification is the most common tool for glossing over the lack of a value proposition (i.e., when tools and apps offer little or no true functionality) – it appeals to users' desire to acquire and amass things (real or fake) that show status. For example, don't you just love your Foursquare Jetsetter badge and your Klout influence rank, which gets you "Perks" like being one of first US users of Spotify? These models have quickly evolved to offer discounts, access, content, recommendations, and other compelling offers to users in order to develop long term engagement.

Strengthening the Rationale for Location-based Services One emerging area that needs to embrace utility is social location based services (aka social discovery, ambient awareness, or background location), such as Highlight, Sonar, Glancee, banjo, Echoecho, Intro, Kismeeet, and Mingle. Passive notification of people who share some type of interest or who are in close proximity – whether the individuals are friends or strangers – is an interesting model, but they may need more targeted incentives to connect. In a *SXSW World* interview, Nick Bicanic, co-founder and CEO of Echoecho, said “There are 100 billion ‘Where are you?’ text messages sent every year in the U.S. alone.” People are clearly searching for one another and looking for better ways to stay connected. However, in a densely populated city like New York, ambient awareness application notifications are very active (“At Think Coffee writing about social media - Say hi”), but the engagement rationale is not necessarily as defined as it could be.

Realizing the Potential of Location-Based Services For these services to take off, the value proposition needs better definition, with clear guidelines for engagement. While monetizing traffic using LBS ad platforms such as Sense Networks, which targets ads based on predicting mobile users’ activities, is a great monetization strategy, a compelling user value proposition could spawn other revenue opportunities and help build a successful platform (as VC’s would say, “Build a business, not an application.”) Over time, brands and marketing dollars will help define location-based technology, helping entrepreneurs build real-time social marketing companies. These services will enable advertisers and marketers to serve timely offers, alerts or ads (paid media) when consumers are at or close to the transaction location (offline sales) and allow the user to push interaction to their network (earned media). The addition of social data and recommendations in an always on environment will ultimately solidify location-based services in the social ecosystem.



The Platforms

Plotting the Social Graph The social ecosystem is anchored by platforms (e.g., Facebook, Twitter, LinkedIn, Path) that focus on users’ relationships (i.e., the “social graph”) and offer broad utility and interaction. Developers leverage these platforms to build services, tools and applications that tap into the power of the social graph. By offering developers access to robust application programming interfaces (APIs), platforms increase their “stickiness” within the social ecosystem by growing products outside of their walls, thereby enhancing their long term barriers against competition.

Similarly, interest based platforms (e.g., Fancy, Spotify, Pinterest) offer broad functionality but are vertically focused, engaging the user’s “interest graph”. These vertical networks are extremely powerful and represent substantial businesses, given their focus around a specific topic, such as music and fashion. Their revenue models can include advertising, monthly recurring subscriptions, ecommerce, virtual currency, freemium usage, and transaction fees.



Facebook user community and the connections form a picture that approximates a global map.

Facebook has defined the platform game in social, with brands engaging users to drive earned media, while using paid to amplify earned and owned. Facebook offers advertisers and marketers a unique combination of reach, relevance, context, and engagement. Some believed that the platform's initial limitation was the low perceived value of its ad inventory and lack of direct marketing – (in other words, marketers were asking themselves: is this the right context for the right audience and, even if it is, once I have an audience, what is my engagement strategy).

A New Brand Imperative Facebook changed its advertising proposition in September 2011 with the launch of Timeline. The new user interface focused on storytelling, by adding time and structure to social content displayed as a personal narrative. Companies and brands (like users) had to change how they participated in social advertising by becoming publishers, pushing out compelling content, including videos (branded entertainment), into Timeline that highlighted their heritage, value, appeal, etc. and used brand dollars to drive engagement with that content.

Personalizing the Web The Facebook Open Graph access for Brands is another significant Facebook development. It started with access to Likes and has evolved into a brand application being downloaded by users. The Brand app interacts with consumers to allow for rich consumer data and engagement capture, which ties back into the operating system and CRM – if a user permissions the install once, the brand continues to capture the user's data and activity. Interactions and socialization with the user provide brands with reach through: **paid** ads (brand promotion via sponsored stories - only mobile ad unit); **earned** placement in the user's timelines; and stories on brand **owned** channels. The interactions also offer rich insights and relevance for targeting (including email) and ROI measurement.

Enhanced Targeting Pays Dividends Facebook is the most advanced social platform, offering robust APIs, developed advertising products, and third-party partners (e.g., games, apps, developers). It controls the content people see, using its EdgeRank algorithm to highlight the most relevant content in feeds. The Company introduced Facebook Exchange, a real-time bidding platform to more effectively target ads to consumers based on their browsing history. This expanded advertisers' ability to use social ad platforms, such as Nanigans and Unified Social, to target beyond the interests that users list in their profiles and the pages they "like" on sites. Using DSP's like DataXu, TheTradeDesk, Turn, and X+1 brands can run ads that could result in higher ROI than Marketplace ads.

The next major ad related frontier for Facebook is Social Search. We expect to see more developments, as the Company continues to offer creative new products, leveraging what Mark Zuckerberg said at TechCrunch Disrupt is one billion search queries every day.

Ever More Granular Audience Metrics Advertisers use Facebook’s analytics platform to track and optimize the performance of campaigns in real-time. These analytics help advertisers modify their ad campaigns to maximize results. Facebook has provided advertisers with metrics such as likes or app installs to push social ad adoption. The Company is rolling out new metrics to analyze user actions and engagement, which can include frequency of a user’s brand “likes”, page post engagement level, offer redemption, app usage or interaction level with apps. These metrics helps brands buy engaging ads that prompt an action, such as app install, and carry the chain to actual usage. This helps brands evolve their strategy from user acquisition to user engagement.

Facebook is also offering attribution, so that advertisers can track engagement to served ads in a 28 day window. This should allow Facebook to offer better ROI insights to advertisers and position itself as a more valuable digital property. Using Facebook’s Ads API, marketers can leverage the measurement, analytics, insight and attribution data to optimize their campaigns in real-time.

The Inner Circle Facebook recently created a Strategic Preferred Marketing Developers (sPMD) program conferring a distinction of excellence on 12 initial members of the platform’s marketing developer ecosystem. Members include Brand Networks, GraphEffects, SocialCode, 77 Agency, and Kenshoo all of which get a seat on the sPMD council and previews of products. Facebook has identified these companies as market leaders that are offering software and services in Pages, Ads, Apps, and Insights.



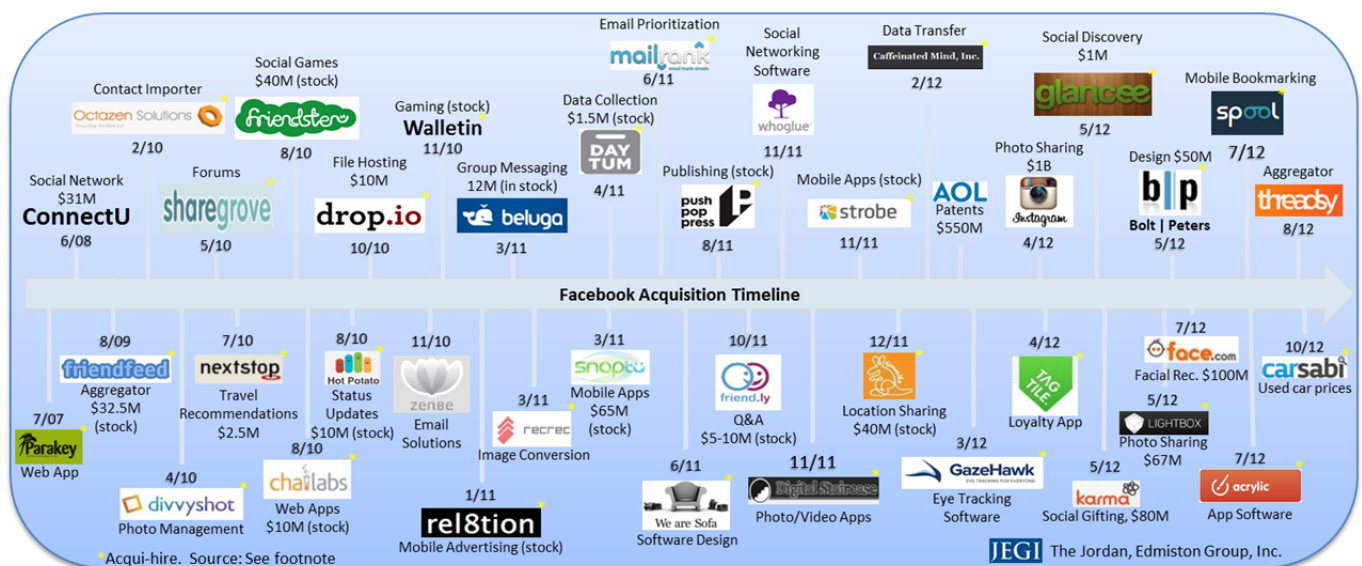
One of this group, Brand Networks is a leading provider of integrated software solutions and services that connect leading brands with their most passionate advocates, building long-term, profitable customer relationships. Brand Networks is one of the few Facebook PMDs to earn multiple badges – Pages, Ads, and Apps – demonstrating proficiency with the Facebook Platform and delivering a fully integrated approach to social software, consumer engagement and customer loyalty solutions for such clients as Amex, JetBlue and Starbucks.

Jamie Tedford, CEO of Brand Networks said “The sPMD designation validates our holistic, integrated approach. The move helps large brands access the top Marketing Developers in the Facebook ecosystem and vets them by particular areas of proficiency. In the case of Brand Networks, we represent an opportunity for global brands to leverage a bundled offering of social software and world class marketing services to engage their loyal customers, amplify customer stories and drive measurable business results.” The move ensures big brands access the right service providers to be successful on Facebook (and other platforms).

To learn more about Facebook Marketing visit www.facebook.com/marketing/videos

I “Like” Your People Facebook has acqui-hired talented staff from a number of companies in addition to its traditional M&A, focusing on enhanced content sharing/discovery (FriendFeed, Face.com), IP (Tagtile), location awareness (Gowalla), ecommerce/gifts (Karma) and mobile (Glancee, Lightbox). Mobile represents the largest growth opportunity for ads and ecommerce. Facebook recently hired ex-Apple hardware engineers, and there was speculation that the Company was intent on acquiring Opera, a mobile browser that helps adoption in emerging markets.

Buying Instagram addressed an area where the Company was losing ground – images and mobile. Image based sharing is exploding, and Instagram had quickly become a category leader. Another benefit to the acquisition is that the Instagram app helps solve the mobile image sharing problem for Facebook’s existing app with an easy to use, eloquent mobile photo platform. The incumbent was protecting its turf by paying 1% of its \$100 billion valuation...or 2.5% of its \$40 billion valuation. This acquisition appeared to have nothing to do with valuation metrics and everything to do with defending the Facebook franchise over the long term. We expect more acquisitions from Facebook focused on servicing ad clients and delivering revenue, such as ecommerce, search, creative and ad tracking.



¹ All transaction “Timelines” sourced from JEGI Transaction Database, CapitalIQ, select public sources, and industry estimates.

Twitter is a real-time information network connecting users to stories, streams of people's consciousness, shout outs, and opinions. It's an information network that enables users who share like passions, hobbies, occupations, etc. to connect and communicate.



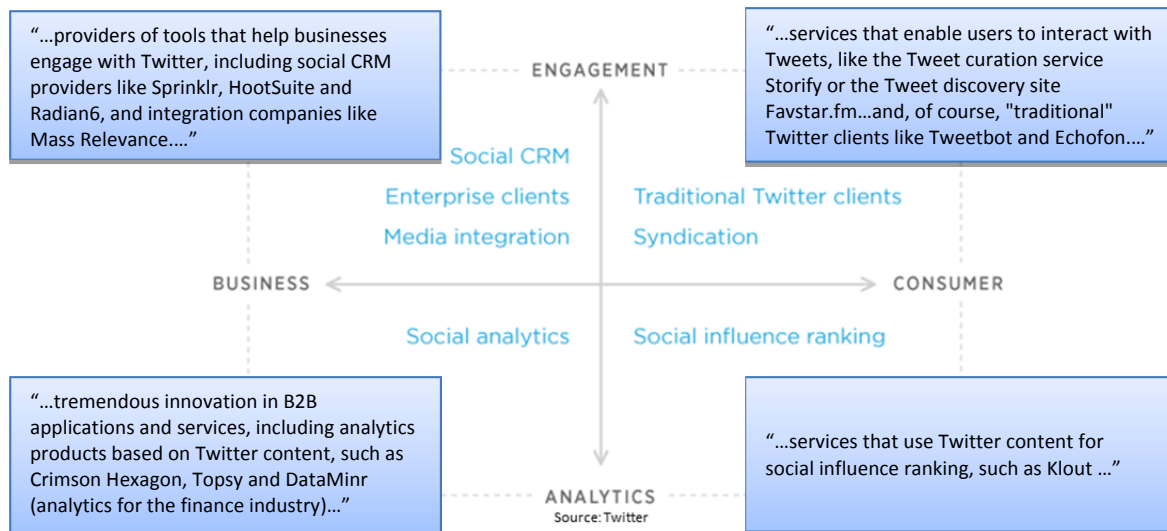
Twitter is constantly evolving its products, in pursuit of engagement to drive earned media. Its ad products include Promoted Tweets, which target campaigns by device and platform. SMBs can access a self-serve advertising platform designed to create promoted tweets and promoted accounts. Small businesses can also access analytics that drive social media decisions, such as most impactful tweet topics, best times to tweet, and what followers are tweeting about.

Twitter has recently introduced Expanded Tweets, which showcase richer online content than is currently available via the 140 character limit; Curated Hashtag Pages to boost event discovery; Surveys triggering a series of questions; and Tailored Trends, which identifies most relevant tweeted trends for users. Tailored Trends addresses one of the most significant issues with Twitter highlighted at Web2Summit by Dick Costolo, CEO, who said that Twitter needs to "capture all the volume [while] separating out the signal from the noise". Altering a user's feeds to highlight tweets that are most relevant, while incorporating robust ad products, is the natural next extension for Twitter.

In August 2012, Michael Sippey, Group Product Manager at Twitter, announced (on their Developers blog) updates to the API, with stricter use guidelines. The blog noted that, Twitter plans to control as much of the Twitter ad inventory as possible, to offer advertisers a controlled environment with massive reach and scale.

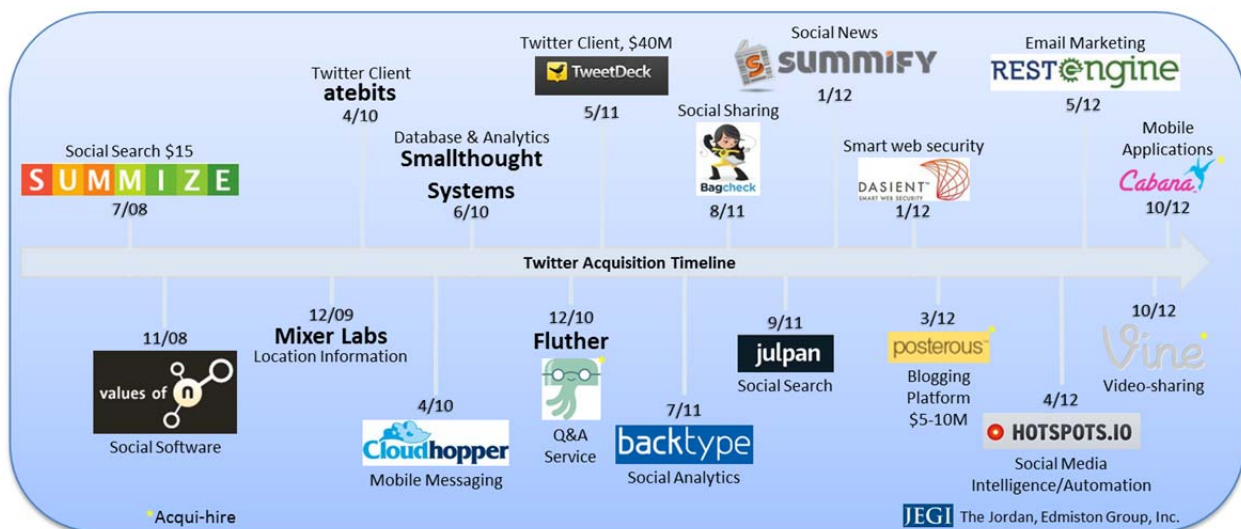
The changes were targeted at services where usage was low (e.g., RSS) or that compromised the Company's core platform. Capping the number of app users applies to those replicating the core Twitter client – understandably a need to keep users on Twitter's platform for the core experience. Another major change was stopping data re-syndication. The data feed, along with its user database, is Twitter's core asset. Other platforms can't take their API and resell or repost it. All data companies protect their core asset through complex licensing agreements.

"We see a broad and deep variety of individual developers and companies building applications using data and content from the Twitter API. Roughly speaking, we bucket these applications based on their target audience (i.e., consumers or businesses) and their core feature set (i.e., do they enable users to engage with Tweets, or do they use Tweets for data analysis purposes). We're trying to encourage activity in the upper-left, lower-left and lower right quadrants, and limit certain use cases that occupy the upper-right quadrant".



To learn more about Twitter Marketing, visit <https://business.twitter.com/en/advertise>

The overarching goals of Twitter's acquisition strategy have been to enhance the user experience and support a viable ad-based/pay-for-premium business model. Acquisitions related to user experience seek to improve the relevance/access/aggregation/shareability of content, ultimately creating a stickier, device-agnostic – Twitter owned – ambient walled garden. Business model enhancements revolve around maintaining platform ownership and advertising enhancement: areas of interest include keyword bidding, social marketing automation, geo-targeted ads, and social analytics.

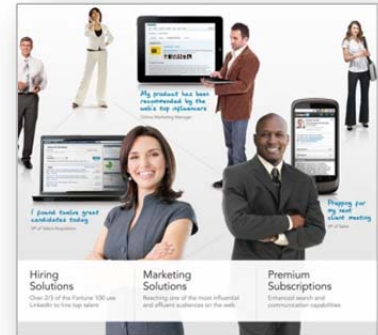


LinkedIn is the world's largest online professional social media site, with more than 150 million members in over 200 countries. It is a compelling source of professional knowledge, insights and opportunities – a unique blend of B2B and B2C social offering.

LinkedIn is organized into three divisions:

Hiring Solutions revenue is generated through the sale of Corporate Solutions and Jobs products and listings. This is typically an annual subscription product.

Marketing Solutions revenue is generated from agencies and direct advertisers for display and text ads. LinkedIn also offers a self-service advertising solution that allows marketers to directly create and place ads on prominent pages. Growth in marketing solutions is dependent on the Company's ability to provide marketers with targeted access to professionals through buying platforms and analytics. To learn more about LinkedIn Marketing Solutions visit <http://marketing.linkedin.com>



Premium Subscriptions revenue is generated from products that provide members with more tools and features than are available for free, including enhanced search results and communication capability. Subscriptions terms are either monthly or annual.

LinkedIn has been building off its “professional graph” to create an “economic graph”, wherein professional identities – on a global basis – are available, making it easier for both human resources and capital to flow to where they can best be leveraged. LinkedIn's acquisitions have sought to make their platform stickier by allowing users to create deeper profiles, more connections, and share more relevant content. The Company's growth will likely be primarily organic in nature, although they did acquire SlideShare for \$119 million (~45% cash and 55% stock) in May 2012 to promote member content sharing and discovery. They have a strict belief in putting policy and members first – focusing on products and offerings that empower users and enrich their experience on LinkedIn. Other than SlideShare, they have typically focused on tuck-ins and tend to acquire businesses that are pre-revenue. We expect LinkedIn to develop more closed inter-company linked content networks, grow their more youthful (18-25) professional membership, and grow their sales enablement data solutions.



Publishers

Social publishing is a blend of content curation, management, software and applications all tied together to distribute, amplify, and share first and second party content. Content is platform agnostic, creating a growing need to manage and measure syndicated content. Human curators and the platforms that enable their engagement (e.g., Reditt, RebelMouse, Scribd) have changed the definition of publishers. All content creators are enabling a complex landscape, trying to continue driving value for their information in an unstructured content consumption world.

AddThis is an excellent example of a platform that is helping publishers drive the viral spiral of earned media engagement. A social sharing platform connecting publishers and advertisers to audiences, the Company evolved its widget platform into a social integration and allocation platform to drive traffic, engagement and robust analytics serving 14 million domains and 1.5 billion uniques per month. They use big data technology to solve optimization and content sharing problems, while helping build campaigns geared to specific audiences - steering the publisher side of the equation.

AddThis acquired Xgraph, enabling clients to identify and target custom audiences who share similar lifestyles, values, and purchasing habits. AddThis can now take a lot of social/behavioral “signal” data and apply science to gain insight for engagement/advertising optimization. Will Meyer, Senior Vice President of Publisher Products said AddThis “looks at the core data capabilities and its vast network to drive calls to action from user on and off domain or on the way to a social network that’s a driver back to publisher.” The goal is to give Publishers insight into how content is resonating by tracking all types of engagement. “We’re interested when users copy a URL and share it via email – that’s earned media and interaction that needs to be tracked.” Meyers says AddThis is in the position to inject itself into all pieces of the Paid, Owned and Earned lifecycle. To be successful publishers must:

- Target custom audiences via sophisticated extension/modeling (**Paid**);
- Bring users to owned properties with personalized engagement (**Owned**); and
- Offer social sharing functionality leveraging data and analytics to create sophisticated engagement (**Earned**) – A quick example: don’t show a Twitter share button to someone who doesn’t use Twitter. Publishers need to understand what content drives followers and how custom user engagement improves sharing.

ShareThis is another social engagement platform being used on 1.6 million publisher sites. They recently introduced SQI, a social analytic tool to evaluate the “entire scope” of social traffic (e.g., outbound shares, click-back traffic and page views across networks) to provide publishers with a “social quality score.” Like Google’s algorithm, it favors rich content over high reach, with top scores going to content generating the most activity over larger sites with higher traffic. In regard to publishers in social, Kurt Abrahamson, CEO of ShareThis, noted “It’s their users who start the sharing, but they aren’t getting enough credit for the content that starts the conversation.” In developing SQI, ShareThis was in a unique position to track the volume of sharing across publishers, index it and then let publishers understand the interactions. While ShareThis doesn’t sell the data collected through their publisher tools, they use it for optimization in buying advertising from exchanges that allow advertisers to reach

users with higher purchase intent, by identifying those users who share content around relevant verticals, products or services.

All the News That's Fit to Pinterest In the social web, it is not just about user generated content: traditional publishers – including those household brands with a long-term legacy in print - are developing strategies (sometimes out of desperation) to revitalize their audience and drive incremental revenues. The Wall Street Journal is implementing an interesting strategy to tie in social through their



Fully Committed to Social

WSJ is fully committed to being a social publisher, driving users to content from any destination. Facebook is a top five source of referrals to WSJ content. It has nowhere near Google's impact, but it doesn't have the expensive CPC model either. WSJ has fifteen Facebook pages, including WSJ, Barron's, and Market Watch and has developed a social reader app that drives one million users to content. The app looks at WSJ content in Facebook and lets users curate and publish articles to their social channels. It also allows users to see WSJ articles that friends are reading. The Company also has over 100 Twitter feeds across the network – each WSJ section and most columnists have their own feed.

publishing platforms across paid, owned and earned. Mark Fishkin, Vice President of Digital Sales at WSJ noted that social media is dramatically impacting the value of publishers. WSJ's strategy is "to put content in as many places as possible for readers to consume. We want users to consume what the WSJ is seeing in real-time." For a media company launched in the 1880s, WSJ has developed an impressively broad presence in social, evolving its authoritative content to engage one-on-one in an emotional way through social media. The social editorial staff writes tweets focused on driving traffic for articles and sometimes publishes tweets that are written just to generate

engagement via re-tweets (WSJ tweet: "During the super bowl, 1.1 million chicken wings will be eaten"; my re-tweet: "I did my part, ate 20, spicy buffalo, so good"). The WSJ is also wrapping live Twitter chats into article pages to discuss trending topics (e.g., "...the new iPhone5 maps falls short"). These sessions are moderated by journalists and result in meaningful user engagement, additional page views, and added value supporting the business's subscription model.

WSJ has developed its own social community, with approximately half a million users, who post over 150,000 comments per month. The WSJ engages users with Q&A and helps them connect with each other. It is a tight community, the likes of which may not exist in any other social network. The Company also has a Foursquare account, with 150,000 followers in the greater New York area accessing tips, lunch reviews, and WSJ badges. They plan to revitalize their local news and food tips offering, leveraging Foursquare to push out content.

Interestingly, WSJ also set up a Pinterest page for fashion – a vertical they cover extensively. The highly influential and wealthy subscribers are hugely valuable to the fashion community, so their Journalists started posting Fashion Week images to Pinterest, via Instagram. Followers had real-time access to what their journalists were seeing. Ralph Lauren even reached out to purchase a WSJ Pinterest page sponsorship.

Lighting Up the Social Graph For WSJ, the cost of being social is largely an investment of time – their social media management team has less than a dozen staffers (although it is growing). The social team helps position stories with engaging headlines and supporting content designed for an emotional medium. For a story like “Borders to close 150 stores across the US”, the social media team pulled together an interactive map of store closings that lit up, and they literally lit up the WSJ’s social graph. Big stories, like the one about the “Tiger Mother” (it resulted in 380,000 likes on Facebook and 50,000 comments), drive massive amounts of engagement.

The social media team’s goal is to drive awareness, leading to more subscribers to and advertising in WSJ. The WSJ’s CPMs are priced at a premium across all channels – after all, as Mark noted, they are offering brands access to the “people that run the world.” From a monetization standpoint, the Company sells sponsorships and advertising around inbound traffic from Facebook and Twitter – these are very engaged and valuable users. They offer live events sponsorship, Twitter sponsorship on Home page, WSJ social app advertising, WSJ Community advertising, and plan to offer Pinterest sponsorships at some point. Advertisers respond well to the reach extension that is offered through WSJ social, given the quality environment.

Mark also noted some challenges that WSJ faces, when dealing with the emotional branding involved in social media. For example, they want to make sure the WSJ brand essence shines through in social. They also are intent on keeping and maintaining a safe advertising environment, offering engaging social ad packages.

Dumb & Dumber Another challenge is community management. The WSJ makes sure that everyone is using real names, and they continuously screen for profanity or other objectionable content. However, as Mark put it, “We don’t screen for stupid”, which poses an issue when unsophisticated comments are posted for a global business user base.



Source: New Line Cinema

The other factor that the WSJ is trying to define is measurement metrics. What is the brand lift, engagement before and after click (this is an issue, because most WSJ users aren’t big clickers), user behavior and acquisition? Measurement of social traffic, including click-throughs against ad units and CPM’s, help measure ROI, but inevitably some of the credit social should get for its impact on WSJ subscriptions and branding bleeds away and can’t be measured.

Operating Systems

Social media services have begun to significantly transform the way businesses interact with each other, both internally, on an enterprise level, and externally, with customers. In many instances, social media serves as a connector between various business functions, allowing both real-time data and employee IP to flow throughout the organization. In other instances, businesses use social media services to integrate customer feedback and communication directly into their relationship management software.

Unified Technology Suites Flex Their Muscle To service these organizations, a new ecosystem of programming applications has developed that manage internal and external social operations. This programming application space is increasingly being dominated by full service Operating Systems with a unified technology suite sitting in CRM. It started with listening, moved to engagement and now is focused on publishing and amplifications. The next stage is tying it all together to power sales enablement – helping organizations drive highly measurable revenue activities.

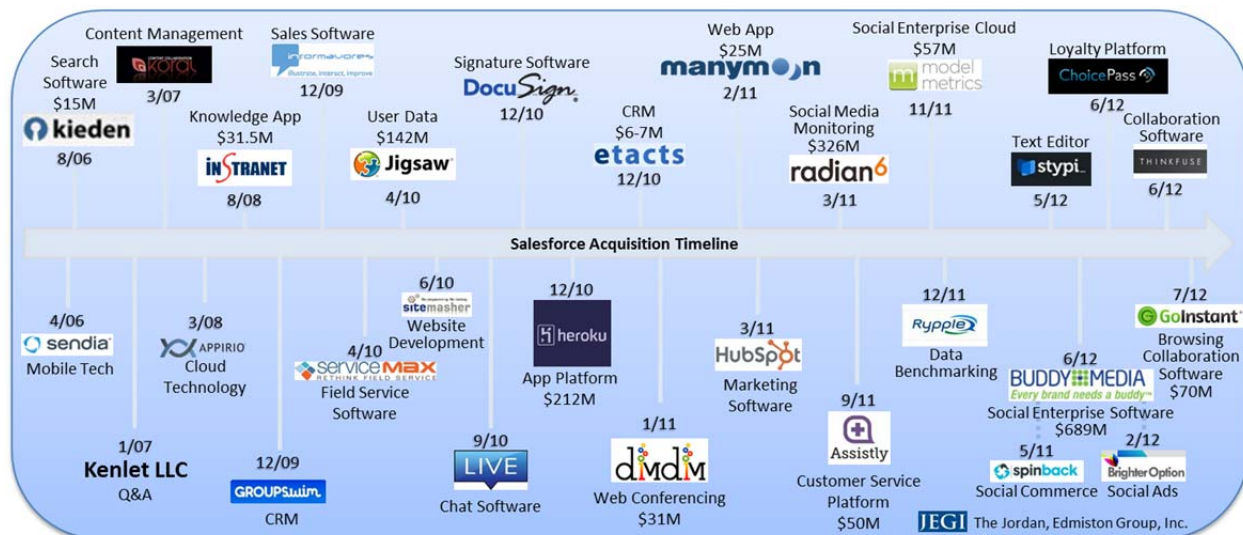
Social Media Management Systems (SMMS) applications and buying platforms are becoming commoditized, as increasingly robust functionality is built into Operating Systems that pull together the complex ecosystem, offering brands, marketers, and agencies full operational management. The transformation is evident among large Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) providers. Both have undertaken significant organic and M&A investment over the past 24 months, in order to integrate social data and applications into their platforms. The winners either offer a full operating platform or are highly specialized and solve a specific market problem. Some key platform offerings include:

- Listening platforms, whether focused on the US, such as Visible Technologies and Crimson Hexagon, or international markets, such as Synthesio, offer insights across an organization that impact HR, product development, customer service, etc.
- Ad Buying platforms, such as Nanigans, Unified Social, and Kenshoo, enable targeted/segmented campaign execution to amplify earned media (measuring Earned Media Value from paid). These offerings typically include planning and reporting:
 - Planning media buying that can be incorporated into an overall media mix model.
 - Reporting on ad tracking, effectiveness and optimization, highlighting performance of content and reach – giving insights into the attention and attitude of, as well as the actions taken by users.
- Distribution and Promotion platforms, such as Crowdtap and Promoboxx, leverage channels, user communities (owned and third party advocates) and networks to drive earned media. They can include Influencer Network management to push out content to brands' fans, followers, etc to activate brands owned audiences.
- Publishing/Syndication platforms, such as Engage121, Sprout Social, and Hootsuite, allow users to push content through various social channels and offer scheduling capabilities to keep an audience engaged at all times. These platforms include auto-follow and access control designed for enterprise level security and managements of pages, communities, etc.
- Data platforms, such as Gnip and DataSift, aggregate social API's (e.g., Twitter firehose) and content. They resell the data or tie into analytics platforms.
- Compliance and measurement platforms, such as CMP.LY, help marketers conduct transparent campaigns that mitigate risk and adhere to regulatory obligations.
- Attribution Measurement platforms, such as Expion and Argyle Social, allocate credit interactions that drive desired engagement (visit, goal page view, conversion, etc.) in order to determine the true performance of channels and customers.

- Analytics and Intelligence platforms, such as Omniture and CoreMetrics, bring together listening, measurement, and buying capabilities to understand brand sentiment, develop competitive analyses (e.g., What are users saying about me and my competition?), and deliver insight for execution across organizations.
- Sales Enablement platforms, such as Salesforce and Jive, tie owned and third party data into the CRM to inform sales operations.

CRM Drives the Conversation Salesforce.com has been a pioneer in this space and believes that the rise of social networking has created “new ways to communicate and collaborate, based on feeds and status updates”, enabling employees and customers to find, share and collaborate around information and business processes.² Through vast amounts of data associated with social media users, companies are, for the first time, able to capture real-time intelligence for customer relationship management purposes. This has created a large issue and opportunity for CRM providers as it relates to accessing social data and developing technologies that allow the information to be processed and used for business intelligence purposes.³

Salesforce’s acquisitions have enhanced the CRM platform with a social focus: social media monitoring, analysis and publishing. The acquisitions have also sought to solve real-time collaboration and communication issues across the enterprise. The recent acquisition of Buddy Media expanded Salesforce’s capabilities in social commerce, analytics and social ad management.



Buddy Media’s suite of tools powers Salesforce’s social operating platform, which is designed to help companies better combine their paid, owned, and earned media strategy. In a Mediapost interview, Buddy Media CEO Mike Lazerow noted that “The idea is to use the system to create page content, track which material resonates with users, and then promote that content via paid advertising placements on Facebook to drive further engagement.”

² Salesforce.com, Form 10K filed on Mar-09-2012

³ The Social CRM Arms Race Heats Up, Forrester, June 2012

Jeff Ragovin, Buddy Media Co-founder and Chief Strategy Officer, noted that their acquisition by Salesforce gets the CIO and CMO talking to each other in a way they have never done before: “We’re looking at the biggest transformation in our lifetime”, he said. The goal is to connect customers’ backend office with revenue driving operations. Salesforce wants to connect marketing operating platforms (Buddy, Radian6, Chatter, etc.) and sales operations by combining listening, engagement, publishing, and measurement with CRM.

Bringing Greater Transparency to CRM According to Jeff, no one is accurately tracking online and offline customer engagement with meaningful insights or developing ways to reach those targets effectively over time. With accurate tracking, brands can help enrich people’s lives by caring about their engagement and doing more for them as users. Jeff notes they will plug Buddy Media and Radian6 into Salesforce to create a marketing cloud. Using Salesforce for all customer communication – calls, emails, messaging, etc. – will bring full transparency to the CRM platform and allow brands to reach users, customers, and prospects in real-time.

“We will be able to listen in on conversations (Radian6), engage users when they say something, generate insight on what they’re engaging with brands about (Spinback for conversion based social tracking), and leverage our tools to publish/advertise to them (Brighter Option paid advertising solution). All while adding valuable insight through measurement on the backend that ties to the Salesforce platform (i.e., rounding out the paid, owned, and earned offering with intelligence).”

Lonely? Call a Social Meeting Apart from CRM, enterprises are also using social media for internal non-customer facing initiatives, such as talent management and resource optimization. Jive Software is one example of a comprehensive provider of social enterprise software solutions. Jive’s Engage Platform is used as a “communications tool and collaborative workspace that supports and enhances knowledge sharing, facilitates communication within and across organizational boundaries, and enables individuals to work together to achieve common business goals.”⁴

Yammer, an enterprise social networking portal recently acquired by Microsoft, is another example of a social media technology company focused on internal business optimization. Yammer serves as a private social media network for companies and allows employees to collaborate across various departments and business applications. Tying Yammer into Outlook, SharePoint, Office, and MSFT Dynamics for enterprise collaboration would transform the way companies communicate. Both Oracle (via its Taleo and SelectMinds acquisitions) as well as SAP (via its Successfactors and Jobs2Web acquisitions) have been active in the talent management, engagement and social recruiting space.



⁴ Jive Software, Inc., Form 10-K filed on Mar-12-2012

Intelligence & Analytics

A new breed of Social Intelligence companies – technology driven agencies – will be charged with generating actionable insight and defining social ROI. It is important for companies to set goals and determine what to measure, which drives actionable intelligence. Companies will be faced not only with creating analytic measuring standards but also with tying social media to campaign attribution modeling. It is critical for Brands to endorse influence and advocacy as pillars of their social strategy and therefore equally important for attribution models to correctly measure the impact of influence for Brands.

A brand's social strategy starts with identifying its entire audience on and off channel, segmenting the audience into different types of users, and developing an engagement strategy for each type. Users that friend, follow or like a brand need to be defined by influence level, measured and then targeted according to the brand strategy. Advocates are at the top of the user influence pyramid – these ambassadors represent the 1% that can be charged with tasks, rewarded and called to action in any situation. When a PR disaster strikes, these advocates are a brand's insurance policy (if you don't have a social contingency plan, hop on it now; don't experience the same pain as McDonalds, Chrysler, Shell, Chick-fil-A, Kenneth Cole, United Airlines, Belkin, Go Daddy and Nestlé). With a sophisticated rewards strategy, these advocates will take action on a brand's behalf, as long as the brand remains engaged over time, and is honest and genuine in its social interaction.

Greenpeace campaign against Nestlé turned into a customer services crisis



Nestlé Thanks for the lesson in manners. Consider yourself embraced. But it's our page, we set the rules, it was ever thus. 8 hours ago · Report

Darren Smith Freedom of speech and expression 8 hours ago · Report

Nestlé you have freedom of speech and expression. Here, there are some rules we set. As in almost any other forum. It's to keep things clear. 8 hours ago · Report

Paul Griffin Your page, your rules, true, and you just lost a customer, won the battle and lost the war! Happy? 8 hours ago · Report

Nestlé Oh please .. it's like we're censoring everything to allow only positive comments. 8 hours ago · Report

Giving blood, shelter and slizzerd libations #drunkfailure



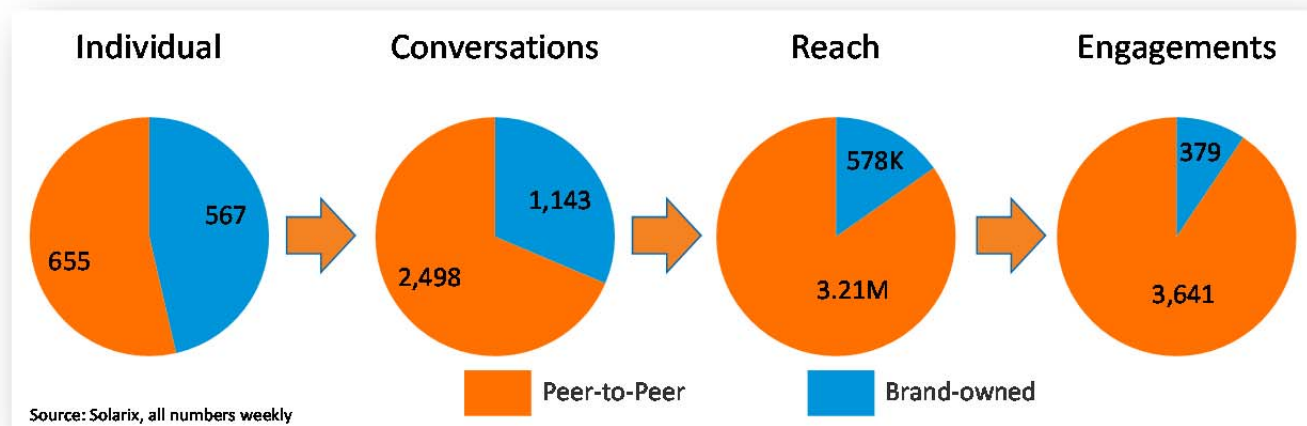
American Red Cross
@RedCross

Ryan found two more 4 bottle packs of Dogfish Head's Midas Touch beer.... when we drink we do it right #gettngslizzerd

Big Data Enables Enhanced Business Intelligence User identification, engagement and amplification represent a big data challenge, given that most of the conversations occur outside the owned media environment. It is hard to identify, engage and amplify this massive audience at scale in a cost effective manner. To do so, it takes a combination of listening, analysis, insight, scoring, and intelligence in an active real-time machine learning platform. It's a big data issue that is being addressed by companies like Salorix and IBM.

Solarix, which is focused on amplifying brand conversations on a peer-to-peer basis, identifies and ranks the most relevant users and conversations, using a proprietary technology platform. According to Santanu Bhattacharya, CEO, "Over 90% of the consumer conversations happen on a peer-to-peer basis outside the brand pages. Mining the most relevant conversations in real-time and selecting the top 3% influencers ("the Golden 3") daily is critical for brands to extend their reach and engagement on social media. The key to success is to process large volumes of a wide variety of data at a great velocity to generate the most insightful signals in real-time. Social Brand Amplification is really a big data game." Brands can understand what the influencers are saying and interpret the sentiment of conversations taking place – in other words, is what's being said positive or negative, and what is the best response, reward or customer intervention.

Solarix focuses on amplifying the potential reach on a contextual basis, to increase earned media. They identify the most relevant conversations and users and give them an amplification score (like Klout or Kred), using a ranking algorithm that takes into account a user's follower base, interaction with followers, second layer amplification and how relevant the user is to the brand. "At Solarix, we process millions of conversations daily, contextually select the most relevant and route them to social brand managers within minutes of each conversation taking place. Brand managers can "tune up" or "down" engagement in real time to drive desired user engagement, such as watch a video, go to a specific landing page, fill out a form, or buy a product – using our platform, we have seen click through rates around 4-6%, and as high as 15% for niche products"



For example, on behalf of a major sports franchise brand, Solarix selected a sample set of relevant conversations in a week occurring across a brand owned handle and peer-to-peer social network. The 655 individuals in the peer-to-peer environment had a 2.2x higher conversation rate and 5.6x greater reach than the brand owned users. The campaign content was amplified 9.6x times more in the peer-to-peer environment vs. brand-owned.

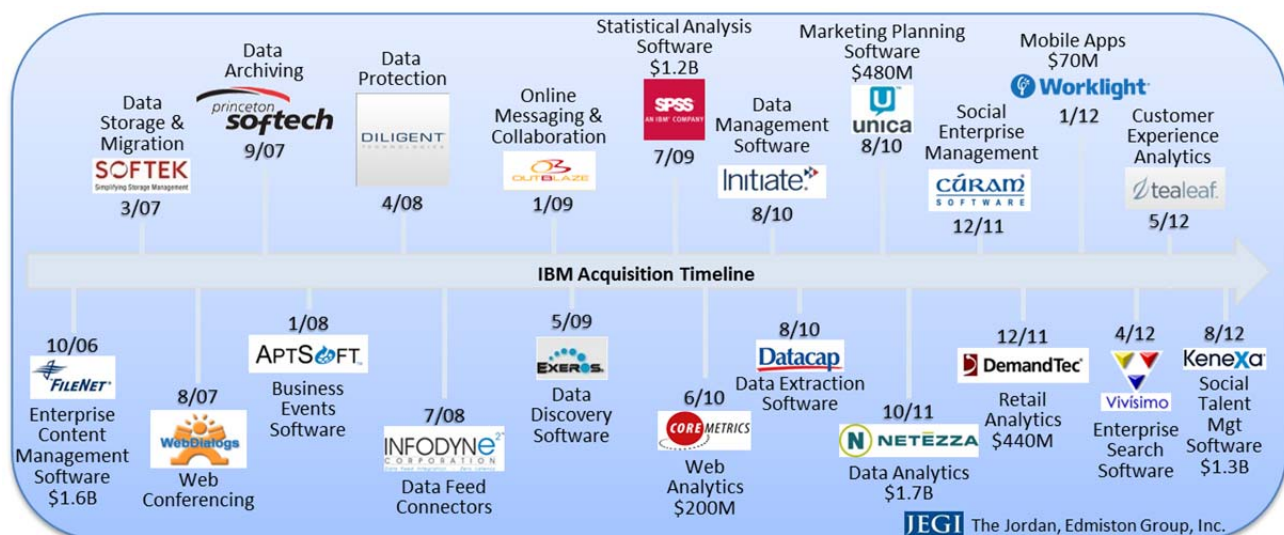
Ultimately, participating in social at scale is challenging. These social analytics and amplification platforms enable massive scaled engagement across multiple channels in real-time. Successful brands have communication plans, designed for different types of users, for their social presence and commit

to being engaged long-term. By leveraging social intelligence – the “brain” that can classify data and weed out noise – brands can participate in public conversations, using three primary methods:

- **Automated** Friending/follow users who mention brands and inject automated responses triggered by key words or hash tags (e.g., “Thanks for mentioning us in your post; we’re sending you a coupon for a free coffee.”)
- **Semi-Automated** Offering a menu of modular customized feedback that needs to be reviewed by a social media analyst before being published and can include an invitation to participate in a direct conversation
- **Manual** Typically reserved for crisis and interaction with the top brand influencers and advocates, whereby actual social brand managers or their agencies enter into conversations with users, whether to address needs, offer solutions, provide discounts, etc.

A brand can’t engage with everyone; otherwise, it could be seen as a spammer; at the same time, participating in social with intelligence and at scale is important in gaining the earned media amplification.

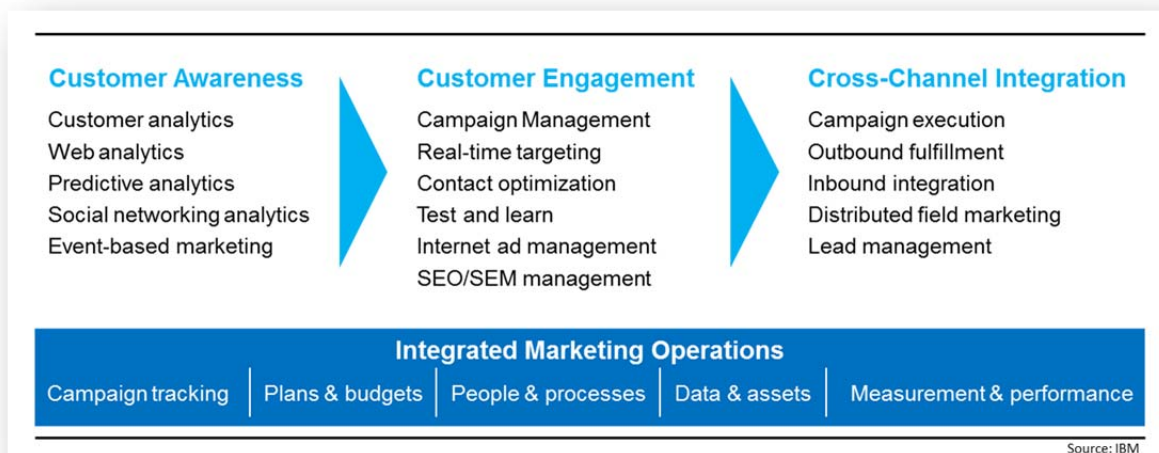
IBM has made a significant bet in the Enterprise Marketing Management space and is positioning itself as an end-to-end marketing services and solutions provider. The Company has made public a commitment to spend roughly \$20 billion on acquisitions through 2015, shifting its focus from hardware to software. One of IBM’s latest initiatives involves combining multiple companies acquired over the past two years in order to form a full service enterprise marketing management and measurement suite. The acquisitions include Tealeaf Technology (digital experience management and customer behavior analysis solutions), DemandTec (cloud-based price, promotion and merchandising analytics), Unica (enterprise software and cloud-based marketing solutions), Coremetrics (web analytics and social behavioral marketing capabilities), Sterling Commerce (cross-channel selling and marketing fulfillment capabilities) and Kenexa (social HR and talent management software).



The goal of IBM's new initiative is to provide a 360-degree view⁵ of the user across all engagement channels, which enables clients to plan, execute, track, and adjust all marketing operations within a scalable and flexible operating environment. Social Media plays a significant role in this strategy, as IBM is focused on driving business decisions via client data. Social media data provides a real-time understanding of user sentiment, and the Company is processing unstructured data through sophisticated natural language processing techniques.

Predicting the Box Office Open For an event-driven activity like a movie, the studio needs to monitor every social channel to understand the number of people talking about the film and what aspects they are talking about (e.g., plot, sound track, actor), then compare it to other films in the market. Comparing this insight to historical information delivers box office open intelligence. Breaking down the audience by type (avid viewers, passive viewers, different subject matter preferences) offers intelligence that impacts the studio's marketing strategy and allows it to target the appropriate demographic audience segment to generate the largest box office return. Benchmarking film metrics, such as intent and action, and comparing them to one another offers insights into how sentiment changes over time and the level of conversation taking place around the opening. According to IBM research, "Personalization and user reviews are the two biggest factors influencing consumer buying decisions. This demands a new approach to marketing that is flexible and interactive, personalized and persuasive, based on two-way conversation built upon mutual respect and the consent of your customer."

IBM: Enterprise Marketing Management



IBM's huge bet on analytics (SPSS, Unica, Coremetrics, to name a few acquisitions) allows the Company to tie internal and external data into a single source of information that feeds into the workflow and CRM. Gnip offers enterprise-grade access to social data from about 40 sources, including premium access to platforms like Twitter, the micro blogging platform Tumblr, and Wordpress. IBM adds the intelligence and takes the data into their clients' operating system work flow, to automate PR and

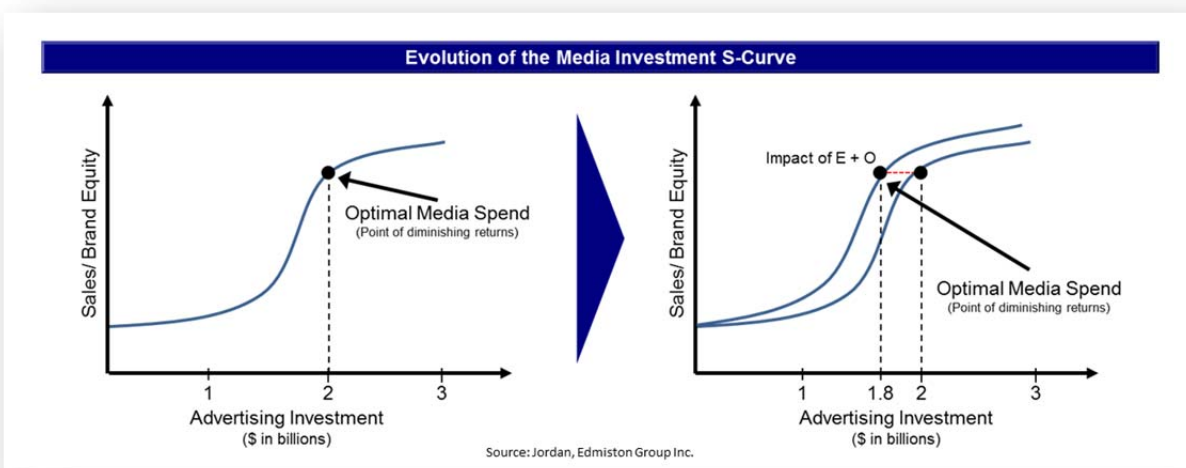
⁵ www.almaden.ibm.com/colloquium/resources/Entity,%20Relationship%20Shivakumar.PDF

marketing response. Brands can track real-time conversations, identify advocates, understand market developments and gain insights into their products. For example, a user tweets “I just dropped my phone and need a new one”; using Unica, they can message a coupon offer for a new Galaxy SIII. Tying the campaigns and all available social data back to the CRM system helps marketers non-anonymize online profiles – helping brands develop an even deeper and closer relationship with the user to build targeting campaigns.

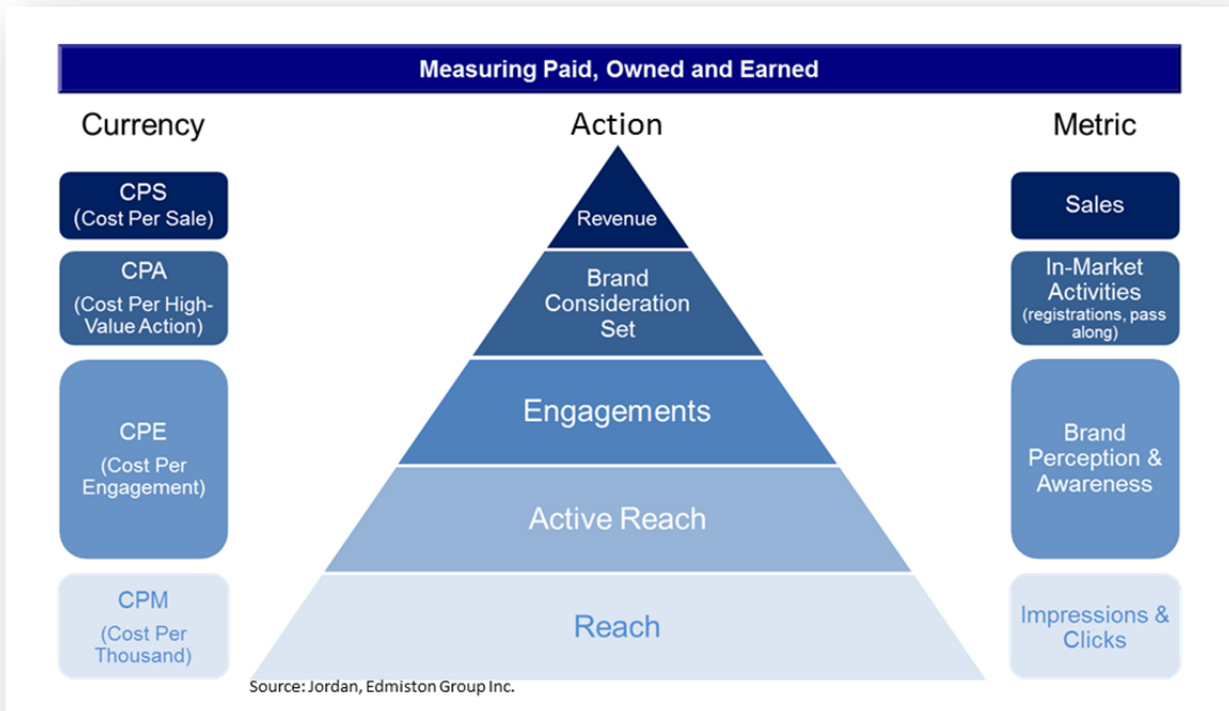
Brands & Measurement

Social networks enable brands and their agencies to engage in active conversations with users and glean valuable insights into their markets. More and more brands (in their newfound role as content producers) and their agencies (as content marketers) now recognize the need to highlight their brand heritage, evolution and value to users, all within the context of their overall paid, owned and earned strategy. Success is uniquely defined by each company and its own campaign approach or goals. The ultimate goal is to amplify the earned media to shift or decrease the total media cost for brands.

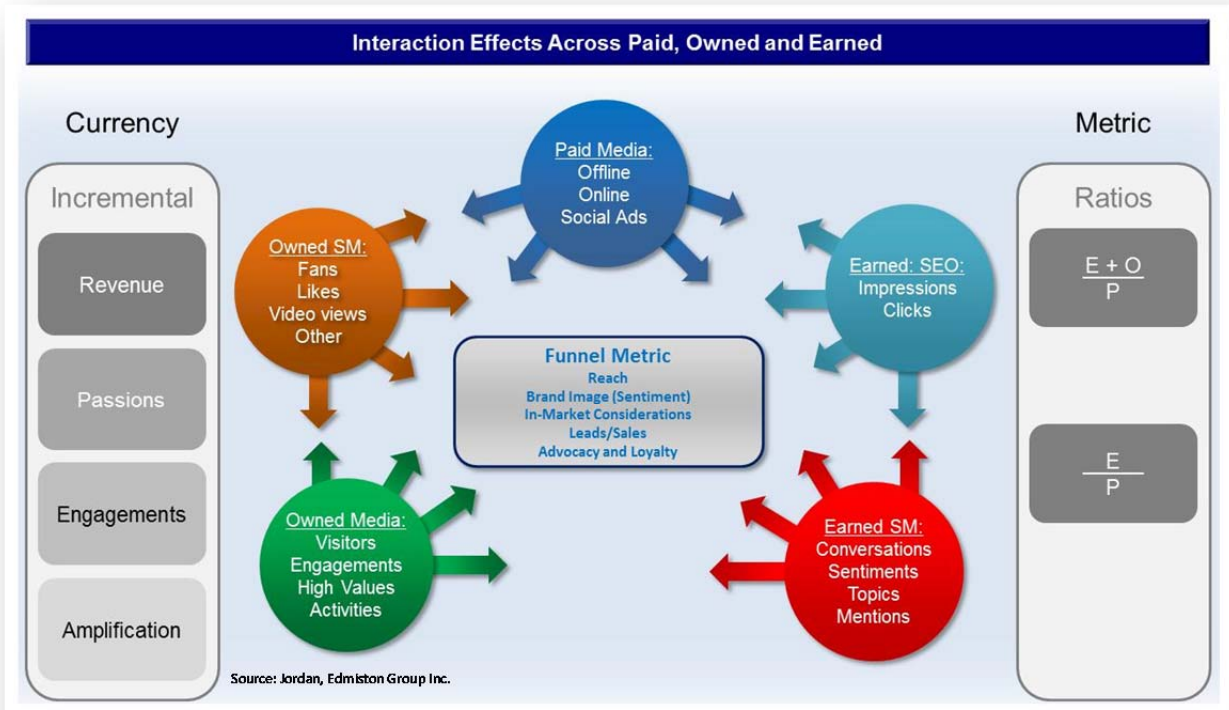
The graphic below, on the left, represents a brand with an optimal “traditional” media spend of \$2 billion. In the new earned world, marketers need to improve the performance of paid (P) to build the owned (O) and amplify the earned (E) (on the right). Driving amplification of earned media shifts the overall media mix cost down, while still achieving the same overall media goal. It is important to measure the extent to which campaigns across every channel are generating incremental amplification and reach, especially as it relates to social. Each brand will have to determine the optimal mix of TV, online, search, social, mobile, radio, print, and outdoor spending. The key is to either reduce Paid to last possible dollar in budget, while maintaining sales, or to amplify the ad dollars (P) to increase/optimize the Owned and Earned.



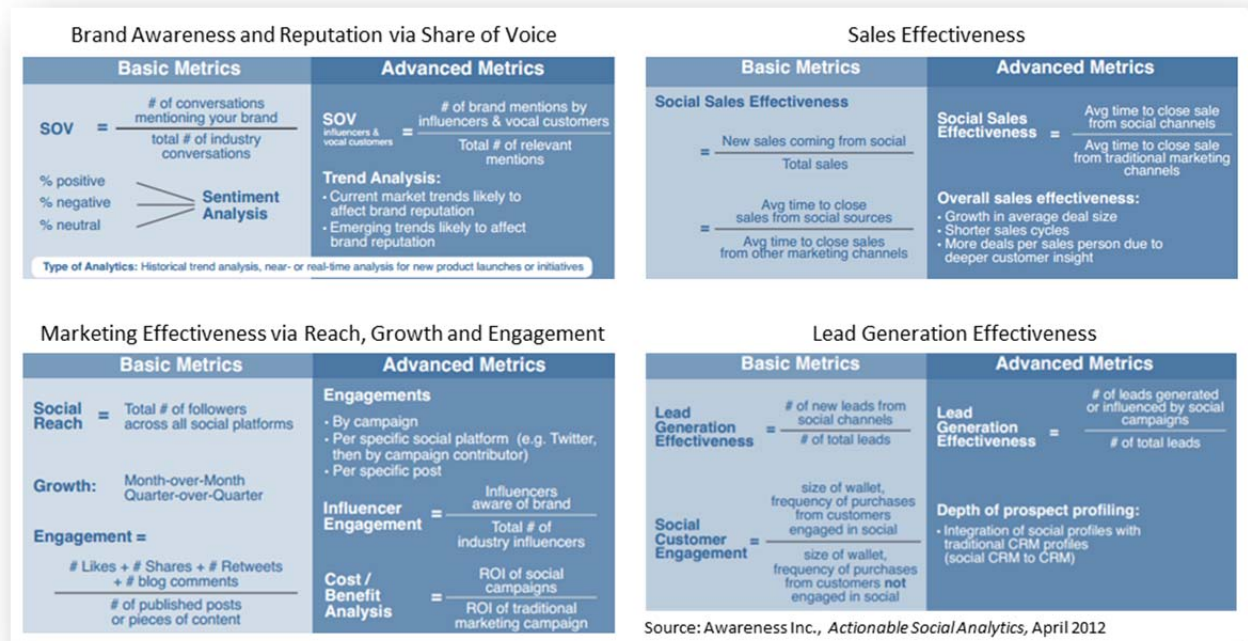
There are many ways to measure the amplification of media and its impact on paid, owned and earned. Brands should measure relevant metrics by currency across desired media goals. The more marketers drive higher value activities/engagement, the more direct impact on sales that can be measured.



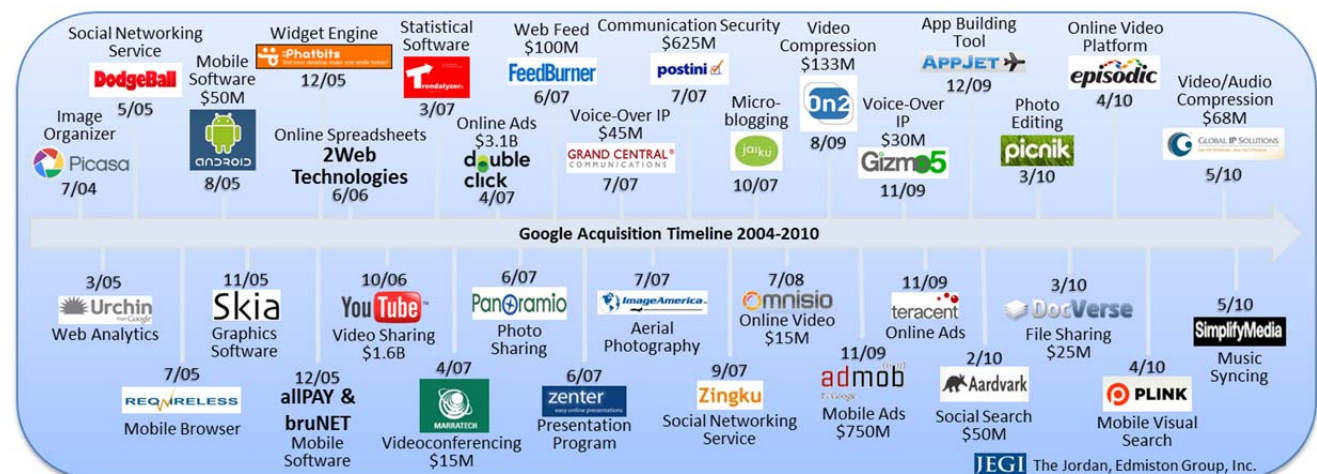
The key is to understand how every dollar of paid impacts the value of owned and earned – the interaction effect of paid, owned, and earned. The high level analysis for media effectiveness takes all of earned and owned divided by paid. Earned is all the impressions generated divided by average CPM, owned includes all channels, and paid is the overall media spend. The higher the ratio, the more earned amplification is generated from paid.

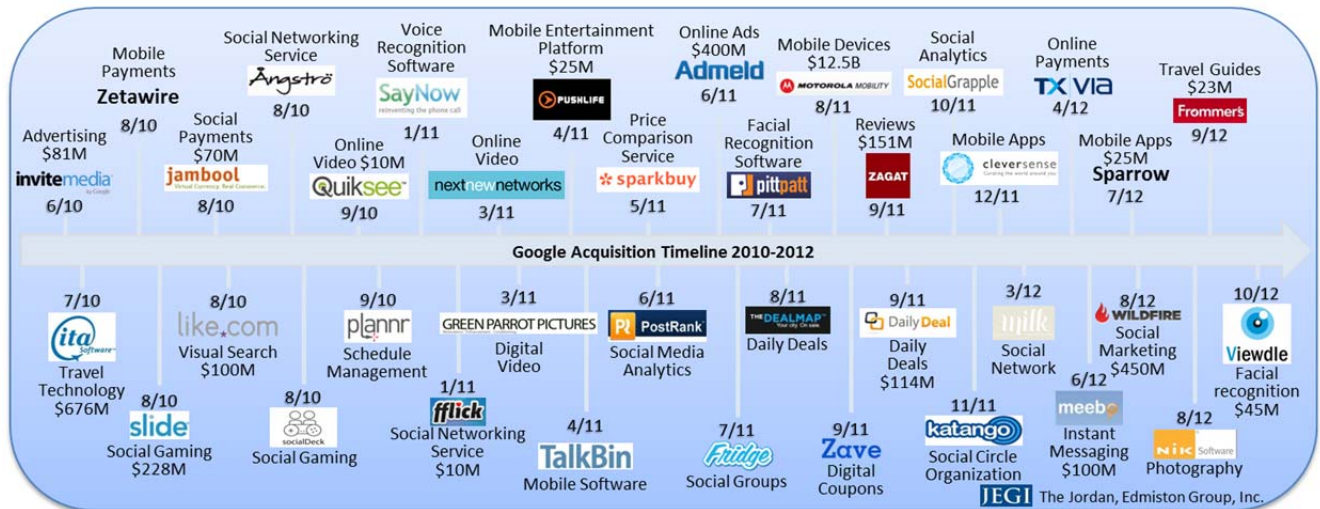


As it relates to social, marketers must collect metrics that measure impact of campaigns from all channels. Presented below are several metrics from Actionable Social Analytics release in April 2012 by Awareness Inc. The key metrics highlighted define reputation, engagement, lead generation and sales.

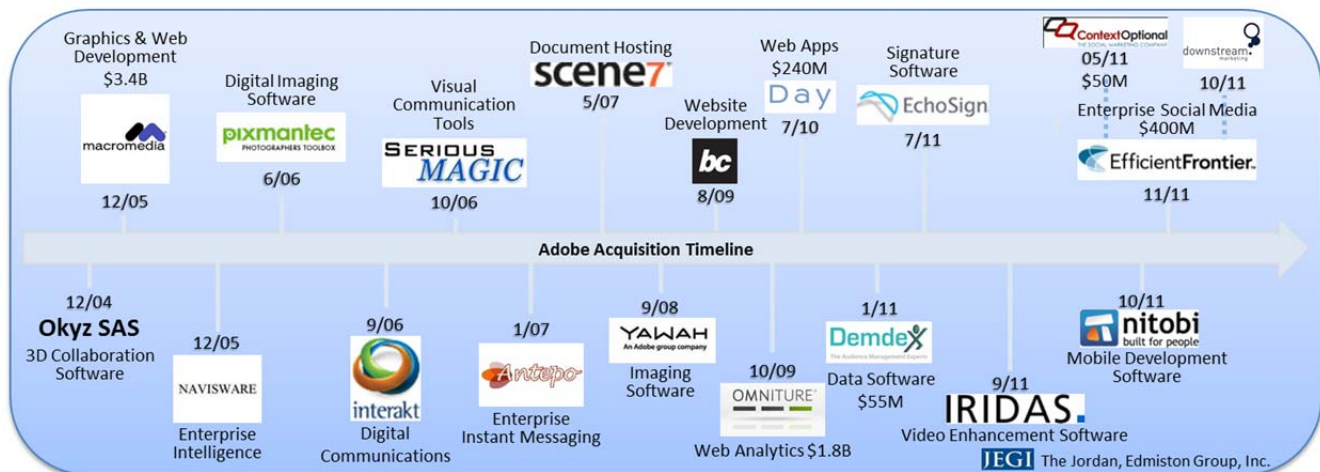


There are several platforms that help brands to create, measure, and understand analytics, such as Google, Chartbeat and Adobe. Google Analytics helps manage social metrics beyond listening and sentiment, focusing on metrics that drive earnings. Users input campaign goals such as reach, engagement, brand consideration, sales, etc. and Google will provide visits by networks, along with the number of visits, generating the desired goals, such as a sale or registration. Google also measures attribution, tying visits to future conversions. Many of these tools were developed through acquisitions (PostRank and SocialGrapple are two of them). What's interesting is the next level of measurement – i.e., closing the loop of the customer journey, as they get onto sites and engage, promote, buy etc., to understand the full scope of paid media amplification.





Adobe has also made a huge bet on advertising and social, transforming its software solutions with such acquisitions as Efficient Frontier, Omniture, Demdex and Auditdude. In total, Adobe has spent \$2.4 billion on acquisitions since 2009. Adobe solutions are central to how digital marketing and advertising is created, managed, executed, measured and optimized. Social acquisitions aim to integrate companies' focus on the management and interpretation of data into Adobe's seamless end-to-end marketing stack. Adobe's offerings also include social analytics, listening, publishing and management.

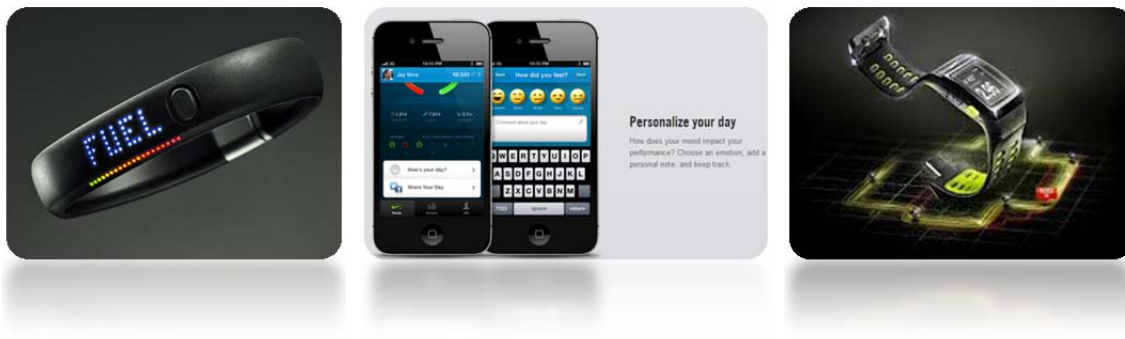


Capturing Consumer Share of Mind Ultimately, campaigns need to be run off a brand's operating system, with the assembled data, metrics, and intelligence blended seamlessly into an analytics dashboard within the CRM. What this achieves is a shared purpose between brand and consumer – facilitated by technology/engagement platforms – that increases a brand's share of the consumer's mind and ultimately can be expected to generate a higher customer lifetime value. This insight has revolutionized consumer engagement strategies, acting as the catalyst for brands to step out of their comfort zones and act like innovative content and technology firms, in a bid to maintain and grow consumer loyalty.

One other thought on this topic: many brands have successfully launched promotions, sweepstakes contests, and other initiatives that drive sales and are easy to measure. Yes, sales are one important measurement of social media, but social's overall impact needs to feed throughout the organization, from human resources and recruiting to product development, marketing, and communications – all tapping into the nerve or social operating system. Two brands that have successfully executed on such technology/engagement platforms are Nike and American Express (Amex).

Just Do It Nike is placing tech innovation and data at the center of its product and engagement strategies. Nike Digital Sport, launched in 2010, develops personalized social tracking devices and technologies. The Nike+ running sensor developed with Apple has over five million users tracking their workouts and publishing their progress on social platforms. Friends cheer them on from the virtual sidelines, creating more engagement and brand awareness, while users become loyalists to the brand. In January, Nike released its follow-up product, the Fuel Band. The accelerometer band helps manage training goals and track user activity. In a Fortune interview, Nike's VP of Digital Sport, Sefan Olander, noted, "When I buy this product and take it home and sign up [for the services], I've created a link so much stronger than anything you could ever say in a communication. It's an emotional connection to myself, and my achievement, and my friends. We've now created an entire ecosystem of services that complement the product."

Nike also announced the release of an application programming interface (API) for NikeFuel. Third party developers can integrate NikeFuel features (for example, when Spotify offers a NikeFuel music set for working out), offering massive reach for product access. Intelligent APIs can be a significant advantage to a brand – they can help fulfill both the utility and content experience the user desires. Meanwhile, for Nike, getting close to consumers' data means they can follow users, build communities, and help manage an ongoing relationship – all tying back to Nike's overall CRM strategy.



Amex Sync: Link, Like, Love Amex started using social media in 2009, establishing a presence on both Twitter and Facebook that was aimed at providing customer service for cardholders. The Company later launched Amex Sync, which offered members couponless deals from merchants when they synced their cards with Facebook (Link, Like, Love: if you liked Best Buy, you might see an offer on your dashboard), Foursquare (Sync, Explore, Save: get a loyalty like credit when you check in) and Twitter (Sync, Tweet, Save) accounts. For example, after syncing, a user that tweets various "special offer" hash tags (e.g., "#amexcoffee") will have a couponless savings credit loaded onto their card. Best Buy, McDonald's, Whole Foods and Zappos were among the participating merchants.

Small Business Social Amex also tries to reach its merchants through social media. Amex Small Business Saturday uses traditional and digital channels to promote the Shop Small Movement, which encourages consumers to shop at their favorite local businesses on Small Business Saturday, which is the Saturday in between Black Friday and Cyber Monday (this year, it falls on November 24th). Leslie Berland, SVP of digital partnerships and development says the program has been a success for the company. “In 2011, more than 2.7 million Facebook users ‘liked’ the Small Business Saturday Page – more than double the 1.2 million Likes in 2010. Nearly 195,000 tweets were sent in support of Small Business Saturday last November, many leveraging the hash tags #SmallBusinessSaturday and #SmallBizSat.” In addition, on Small Business Saturday, small businesses saw a 28% lift in revenue over the prior year, compared to a 9% lift for all retailers. “This was a threefold increase vs. what total retail was able to see,” says John Hayes Amex CMO. “That certainly made an impact on these small businesses.”⁶

Conclusion

There is no silver bullet in social media marketing, and success must be uniquely defined. Capturing social data and tying it back to a CRM platform will prove vitally important, as Amex noted in their 2012 *American Express® Global Customer Service Barometer*. Consumers who have used social media for service wield the greatest amount of influence. They tell significantly more people about their service experiences and say they would spend 21% more with companies who deliver great service – compared to 13% on average. Brands that use their data intelligently will be the long-term winners of customer trust. Using the client intelligence is the next step, in driving innovation across their entire organizations.

Social media has introduced a new form of communication between consumers and brands that allows for an around-the-clock, real-time marketing and interactive customer experience. Consumer adoption of social will continue to proliferate as companies offer high value and relevant engagement opportunities. The social enterprise space will remain active from an organic and M&A perspective, as companies continue to build layers of social throughout all internal business operations and leverage users’ social graph activity to deliver insights and engagement for customers. These layers will help drive operational efficiency and tie into sales functions directly impacting sales. The true test for organizations will be interpreting the massive amounts of data to drive analytics and automated responses to intelligence. Social, at the end of the day, is all about end users being heard, and these organizations will leverage data and in intelligence to inform their entire organizations to better service customers.

⁶ <http://about.americanexpress.com/news/pr/2011/postsbs.aspx>

APPENDIX

Definitions

API (Application Programming Interface) – A specification that allows software applications to interact with one another and share data.

Acqui-hire – The practice of buying a technology start-up, to gain access to its engineers and other talented staff.

Attribution – Measuring technique based on allocating credit interactions that drive desired engagement (visit, goal page view, conversion, etc.) in order to determine the true performance of channels and customers.

Blog – Discussion site maintained by an individual, business or brand containing regular commentary, updates, analysis of events, videos and other forms of information.

Check-Ins – Allows users to establish their current location on one's social network. Popularized by location based social media services such as Foursquare.

Comment – A response or reaction that explains, illustrates, or criticizes a blog post, social media message, or online article. Comments serve as a form of two way communication within the social ecosystem.

Community Management – Managing and development of online communities around a brand or cause.

Conversion – Measurement of the success rate of visitors who convert Website views or visits into a desired action based on various forms of advertisements.

CPE (Cost Per Engagement) model – Pricing model used to measure the cost of each user-defined engagement that takes place over a given time period. It is a popular pricing model for social media performance based marketing campaigns.

CPM (Cost Per Thousand Impression) – Pricing model used to measure the cost paid for each impression viewed. Common impressions include display banner advertisements on Websites.

Earned Media – Favorable publicity gained through promotional efforts or through sharing of paid advertising.

Enterprise Software – Software used in large organizations such as businesses or government functions. The software consists of computer programs with common business applications for IT, customer, employee and organizational management.

Follow – Popularized by social media services, a follow allows users to track the activity of other users within their social graph.

Freemium – A business model by which a product or service (typically a digital offering such as software, media, games or web services) is provided free of charge, but a premium is charged for advanced features, functionality, or virtual goods.

FTE Billing Multipliers – Common agency billing model whereby a multiple based on employee work hours is used to invoice a client.

Gamification – Integration of game mechanics or game dynamics into a website, service, community, campaign, or application in order to drive participation and engagement.

Geotargeting – Method of determining the geolocation of a website visitor and delivering different content to that visitor based on his or her location.

Influence – Ability to cause desirable and measurable actions and outcomes.

Keyword Bidding – Process of assigning bid amounts that to a specific advertising messages that is in turn associated with a key word that will be used in an a search process.

Last-click attribution – Attribution model whereby the full amount of credit is delivered to the last marketing channel responsible for driving engagement.

Like - Action by a social media user that signifies approval of a specific message, entry or other information post.

Marketing Mix – Classification for developing an effective marketing strategy, which encompasses: product, price, placement (distribution) and promotion. Involves the allocation of marketing spend across various distribution channels such as search, display, video, social media, etc.

Non-Anonymize – To offset an anonymous proxy, which is a tool that attempts to make activity on the Internet untraceable or to append web data to existing social profile.

Peer-to-Peer – Direct interaction between two users in a network. Peer-to-Peer sharing is a popular mechanism for information transfer throughout the Internet.

Posts – Submission of content (video, text, article, etc.) for a social media site or profile

Pre-Revenue – A Company that is not yet generating revenue. Defined as an early-stage company.

Reach – Number of users visiting a site or visit a series of sites that in turn could potentially see a specific advertisement.

SaaS (Software as a Service) – Software delivery model in which the actual software and associated data is centrally hosted outside of the business. SaaS models deliver software via Web-based or application based products.

SMMS (Social Media Management Systems) – A collection of procedures used to manage work flow in a disparate social media environment. These procedures can be manual or computer-based and enable the manager to listen, aggregate, publish, and manage multiple social media channels from one tool.

Social Analytics – The practice of gathering data from blogs and social media websites and analyzing data in order to inform business decisions.

Social CRM – A CRM strategy that is supported by various tools and technologies based around customer engagement and interaction.

Social Marketing Automation – Business processes and supporting technology focused on segmentation and targeting of prospects for marketing campaigns.

Social ROI – A principles-based method for measuring social media value.

Tweets – Short messages popularized by Twitter that may include text, keywords and links to other social users, videos and content.

Walled Garden – A limited set of technology or media information provided to users with the intention of creating a monopoly or secure information system/environment.

Widget – A widget is an element of a graphical user interface that displays an information arrangement changeable by the user, such as a window or text box.

About the Interactive Advertising Bureau

The Interactive Advertising Bureau (IAB) is comprised of more than 500 leading media and technology companies that are responsible for selling 86% of online advertising in the United States. On behalf of its members, the IAB is dedicated to the growth of the interactive advertising marketplace, of interactive's share of total marketing spend, and of its members' share of total marketing spend. The IAB educates marketers, agencies, media companies and the wider business community about the value of interactive advertising. Working with its member companies, the IAB evaluates and recommends standards and practices and fields critical research on interactive advertising. Founded in 1996, the IAB is headquartered in New York City with a Public Policy office in Washington, D.C. For more information, please visit www.iab.net.

IAB Social Media Committee

The Social Media Committee is dedicated to helping develop and expand the social media space as a viable advertising platform. The committee works to educate marketers and agencies on the strength of social media as a marketing vehicle. A list of committee member companies appears below.

24/7 Media, Inc.	Centro	IDG	NetShelter Technology Media	The Center For Sales Strategy
33Across Inc.	ClearSaleing	IGN Entertainment	Newspaper Assoc. of America	The Daily
A&E Television Networks	CMG Digital	IHG	Nielsen	The Huffington Post, Inc.
AARP	CNN.com	Impremedia Digital	One Public, Inc.	The Integer Group
AccuWeather.com	Cognitive Match	InMobi	OpenX Technologies, Inc.	The New York Times Company
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Allrecipes.com	Dailymotion, Inc.	Jordan, Edmiston Group, Inc.	Quantcast	TubeMogul
Amazon.com	deviantART	Kantar Media North America	RadiumOne	Turn, Inc.
American Express Publishing	Digital Broadcasting Group	Kelley Blue Book	Rocket Fuel Inc	Twitter
Amobee	Discovery Communications	Kontera Technologies, Inc.	RockYou!	Univision Interactive Media
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AT&T AdWorks	Dow Jones & Company	LocalResponse, Inc.	Salorix	Varick Media Management
Audit Bureau of Circulations	DraftFCB	Lotame	SAS Institute, Inc.	Vertical Acuity
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Bestofmedia Group	Edmunds.com	Mansueto Ventures: Inc.	Scripps Networks	Vibrant Media
Big Fish Games, Inc	Efficient Frontier	Martini Media	Semcasting, Inc.	VINDICO Group
BlackArrow	Electronic Arts	Media6Degrees	Shareaholic	World Wrestling Entertainment
BlogHer, Inc.	Ernst & Young LLP	Mediabrix	ShareThis	WorldNow
Bloomberg L.P.	ESPN.com	MediaMath	SiteScout Inc.	Yahoo!, Inc.
Booz & Company	Extol	MediaMind	SmartBrief, Inc.	Yelp Inc.
Break Media	Eyeview Inc	Mediaplex	Smowtion	Zeta Interactive
Briabe Mobile	Facebook	MediaWhiz	SocialMedia	Ziff Davis, Inc.
Brightcove	FindTheBest.com	Meebo Inc.	Spotify	ZUMOB!
Buddy Media	Forbes.com	Microsoft Advertising	Sprout	Zynga
BuzzFeed	FOX News Channel	Millennial Media	StrikeAd	
BUZZMEDIA	FOX Sports Interactive Media	Move, Inc.	Summit Business Media	
CafeMom	Google, Inc.	MSG Interactive	SymphonyIRI Group	
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Cars.com	Hearst Magazines Digital Media	National Football League	TagMan, Inc.	
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About The Jordan, Edmiston Group Inc.

The Jordan, Edmiston Group, Inc. (JEGI) is the leading provider of independent investment banking services for the technology, marketing services, media, and information sectors, celebrating its 25th anniversary. Since 1987, JEGI has completed more than 500 high-profile Mergers and Acquisitions (M&A) transactions for:

- Global corporations;
- Middle-market and emerging companies;
- Entrepreneurial and family owned businesses; and
- Private equity and venture capital firms.

JEGI has established an impeccable reputation in the marketplace, which reflects its superior performance on behalf of its clients. The firm's executive team of investment bankers has extensive senior-level industry experience across the market sectors that JEGI serves. As the independent market leader in M&A, JEGI provides:

- Unparalleled transaction experience
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- Senior management involvement throughout each step of every transaction
- Relentless focus on maximizing value for clients and exceeding expectations

Social Media Expertise JEGI's Social Media Practice is the first of its kind for an Investment Bank.

Relevant recent social, technology, interactive, data, and mobile transactions, for which JEGI was the exclusive advisor, include:



 a leading market influence analytics company has been sold to  a division of TAYLOR NELSON SOFRES	 a leading marketing technology company providing interactive video communications has been sold to  <i>state of the future</i>	 a leading publisher of online communities for parents and parents-to-be has been sold to The Walt Disney Company	HEARST corporation has acquired  a global digital marketing services company <i>JEGI initiated this transaction on behalf of Hearst and acted as Hearst's exclusive financial advisor.</i>	 an online behavioral targeting network has been sold to  for approximately \$95,000,000
 the mobile media authority the leader in mobile measurement has been sold to COMSCORE.	Intercept Interactive, Inc. operator of UNDERTONE NETWORKS™ a premier online advertising network has accepted a strategic investment from 	 Where video works. And plays. the largest provider of online video advertising and management solutions has been sold to DoubleClick	 a leading interactive advertising technology company has been sold to 	 an innovative consumer health search engine has been sold to Meredith CORPORATION
 has sold  a leading teen-oriented user generated content site to MTV NETWORKS™ A VIACOM COMPANY	 the country's premier multi-platform media company dedicated to yoga has been sold to  ACTIVE INTEREST MEDIA	Sequence <i>personal</i> a leading content personalization platform serving the publishing industry has been sold to RR DONNELLEY	 a portfolio company of CCMP has sold OneSource the leading provider of sales enablement and business intelligence SaaS solutions to CANNONDALE INVESTMENTS & GTCR	 the leading SaaS platform for retail transaction optimization solutions has been sold to NVP NORWEST VENTURE PARTNERS.

For more information about JEGI's Social Media, Technology, Interactive and Marketing Services M&A Advisory contact:

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“Our head of Social Media is the customer.”

- McDonald’s

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