

EXPERIENCE- DRIVEN SOCIAL MARKETING



Deeper Engagement for Stronger
Advocacy and Bigger Lifts

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Executive Summary

Experience-driven social marketing, properly done, is the most powerful medium in the mix. Earned media is the most powerful advertising and experience-driven is the most powerful earned. The deeper engagement of in-person brand experiences drives stronger advocacy, generating bigger and longer-lasting brand and sales lifts – the more engaging the experience, the stronger the advocacy and bigger the lifts. Experience-driven social also makes the rest of the mix more effective. It can have mass reach. And it can be accurately measured and reported in the metrics marketers are used to.

Experience-driven social wins hearts and minds. It can average favorability lifts of 161%, advocacy-intent lifts of 206%, and purchase-intent lifts of 187%.

Experience-driven social opens wallets. It can average sales lifts of over 10% and ROI of over \$2, in gross profit.

Experience-driven social produces valuable “by-products.” Well executed campaigns generate mountains of user-generated content (UGC), tens of thousands of opt-ins, consumer insights, Facebook likes, etc., raising the already high ROI.

Experience-driven social lasts longer. Engaging 5,000 advocates can drive an average of one million recommendations a month – at six months after the campaign.

Experience-driven social makes the rest of the mix work better. It can get an average of 69% of those reached noticing the brand’s other marketing more, and six months later sustain minimum lifts of 20% in unaided ad recall, 38% in aided ad recall, and 84% in ad favorability.

Experience-driven social can have mass reach. Engaging 5,000 advocates can reach as many or more people as a Top 10 cable show, consumer site, or magazine.

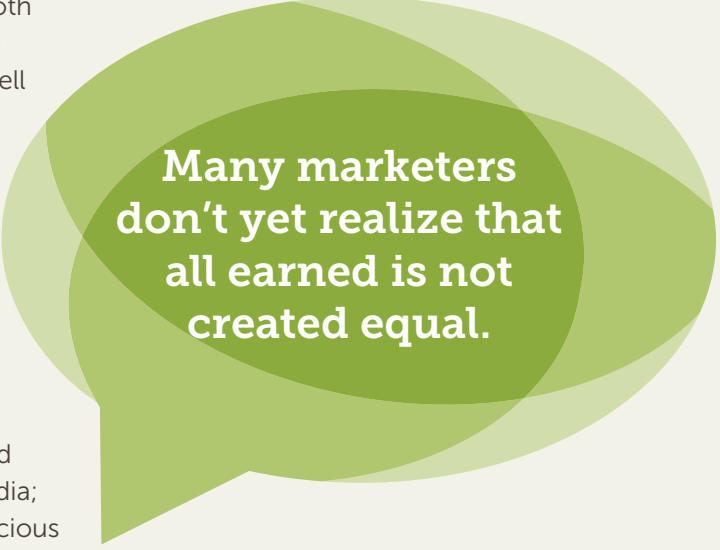
While most marketers by now know that earned media is the most powerful

advertising and have programs in place to drive it, many don't yet realize that all earned is not created equal. But the fact is that earned generated by an in-person experience — even just a simple product sample or demo — is more powerful than that generated by other means. And the more authentic and engaging that in-person experience is, the more impact the earned it generates has.

It's no surprise this is not yet widely known. Marketers reading today's trades can be forgiven for thinking that the only way to get consumers talking about their brands on Facebook, Twitter and the like is to start conversations on those platforms. But there are well established social marketing companies that can start brand conversations offline, with brand experiences that are far more authentic and engaging than is possible online. And there is a growing body of evidence that the online and offline earned media generated this way, because it is more passionate, drives bigger brand and sales lifts, for higher ROI.

Experience-driven social marketing can have the reach and en-

gagement to both build brand and drive sales as well as, or better than, all other channels. It also has a longer-lasting impact; it gets consumers paying more attention to a brand's paid and owned media; it produces precious "byproducts" that other channels can't, such as user-generated content, opt-ins and insights; and it can be accurately measured and reported in the metrics marketers are used to, including sales lift and ROI.



Many marketers don't yet realize that all earned is not created equal.

This paper illustrates the superior power of experience-driven social marketing, and why more and more marketers are making it a part of their mix.

First Things First: Earned Media Is the Most Effective Advertising

Before showing why brands' social marketing should be experience-driven, let's first make clear why brands must be social marketing in the first place. With all the hype surrounding social *media*, for example, it's understandable for marketers to be skeptical of it. But it's important to remember two things:

1. Digital social media is only a part of social marketing. As leading social marketing researchers Ed Keller and Brad Fay of the Keller Fay Group have repeatedly established, 92% of

consumer conversations about brands happens *offline*.

2. And even more critical, a consumer recommendation is the best advertising there is. That is, consumer-to-consumer advertising (earned media) is more effective than marketer-to-consumer advertising (paid and owned media). Study after study has proven this. To cite just a few:

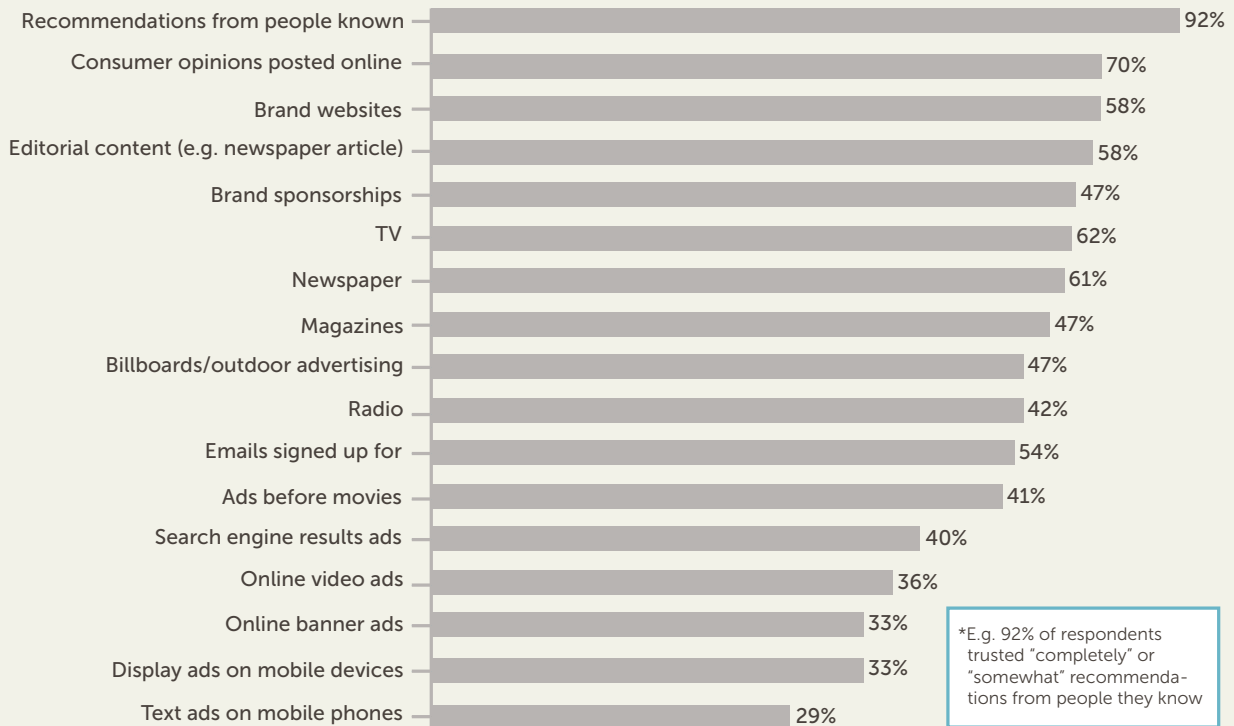
- Word of mouth (WOM) is more trusted: 92% of consumers view recommendations from personal acquaintances as

the most trusted form of advertising. (*Nielsen*)

- Paid and owned are mistrusted: 75% of consumers don't believe companies tell the truth in advertising. (*Yankelovich*)
- WOM about brands is positive: Most consumer talk about brands is positive (65% positive vs. 8% negative) (*Keller Fay*)
- WOM drives sales: Recommendations are the number one driver of consumer purchase decisions. (*Keller Fay*)

Earned Media is the Most Trusted

Have some degree of trust* in the following forms of advertising (April 2009)



*E.g. 92% of respondents trusted "completely" or "somewhat" recommendations from people they know

Source: The Nielsen Company

First Things First: Earned Media Is the Most Effective Advertising

- WOM customers are more valuable: WOM customers have nearly twice the long-term value. (Villanueva et al)
- Influencers drive more value: Influencers drive about 4x more economic value. (McKinsey and Keller Fay, independently)
- WOM is the most valuable: Recommendations are the number one driver of consumer decisions at all stages of the purchase cycle. (Keller Fay)

Earned Media Makes Paid Media Work

A key thing many marketers do not yet realize about earned media is that it is in large part what makes advertising work and therefore should be the goal of all their advertising efforts.

Keller Fay illustrates this in their recently published, *The Face-to-Face Book*. Using their own research on TV viewing's impact

Lazarsfeld and Elihu Katz first found in the 1950's:

"Advertising [is] ineffective at directly changing consumer preferences and prompting purchase. Rather advertising is effective because it prompts conversations between "opinion leaders" and other people, who are persuaded to purchase based on personal influence."

In other words, TV spots and print ads on their own are not very effective at persuading consumers about products, and they shouldn't try to be. They can be effective at prompting consumers to talk about products, which in turn can persuade, both those who saw the ad and did not. In time marketers will realize this and design traditional ads to prompt maximum WOM.

**"Advertising is effective because it prompts conversations."
(Lazarfeld & Katz)**

on WOM and sales, as well as a wide range of findings from others over the years, Keller Fay confirms what Columbia University professors Paul

Earned Can Be Measured –Including Its Impact on Sales and ROI

Why aren't the bulk of ad dollars now spent on earned? Partly it's because some marketers don't yet realize the superior power of earned. But mostly it's that many marketers still don't know they can accurately measure earned and its impact, including when it's offline.

At House Party, we apply rigorous and comprehensive measurement methodologies that employ best practices as defined by the Word of Mouth Marketing Association (WOMMA). We've been vetted

by leading research firms, and adopted by some of the world's biggest brands.

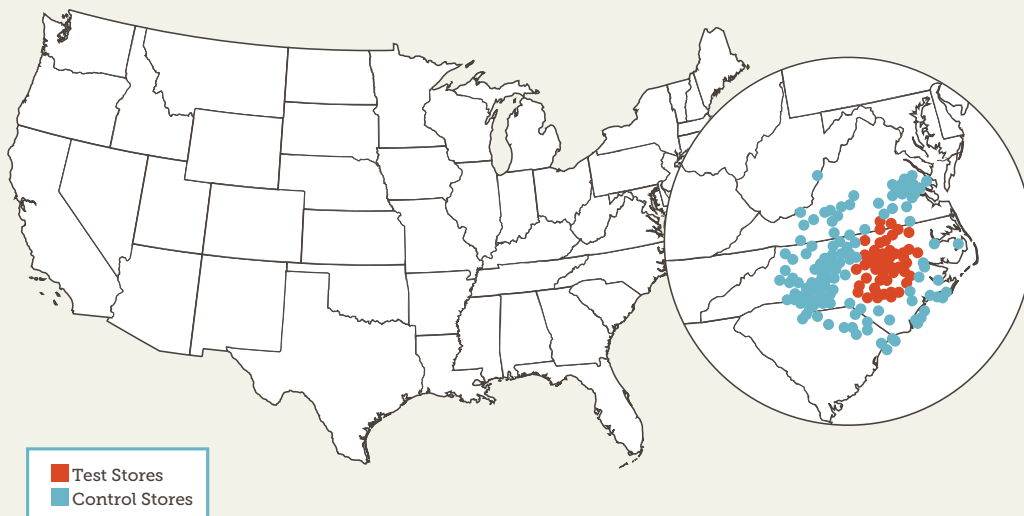
At a minimum we collect data for every campaign in two ways: digital tracking and surveys. The digital tracking measures consumers' online behavior and sentiment – on Facebook, Twitter, blogs, forums and the House Party site – using internal and external tools, including Radian 6, Google Analytics and Facebook Insights. The surveys, fielded before and after the parties, measure consumers' offline behavior and attitudes, including lifts in key brand metrics, such as intent to purchase and recommend.

To measure sales and ROI we partner with third-party research firms, such as Nielsen for matched market and matched panel analyses, and Kantar for shopper studies. While the sales impact of digital-only social is still tough to measure, it can be very reliably measured for experience-driven social using these tried and true methods.

As more and more marketers come to realize that both the branding and sales impacts of earned can be accurately measured, the channel will experience even greater growth than we are seeing today.

Matched Market and Matched Panel Analyses Measures Sales Lift & ROI

Matched panel design for a House Party campaign



Outlets: Food, drug and mass
Source: The Nielsen Company

In-Person Experience Can Generate Unmatched Engagement

So why should brands' social marketing be experience-driven? Because when done properly, in-person marketing experiences can drive unparalleled engagement, which generates more passionate advocacy and bigger brand and sales lifts.

To cite just one example of unmatched engagement from our work, House Party hosts often bake, unprompted, in our clients' honor – cakes replicating a Pull-Ups package, a Velveeta package, a Twister board, etc. – with the icing on each cake rendering the brand's logo, all of the cakes photographed and videotaped and eaten, and shared and commented on far and wide in social

networks. Brands don't get this kind of engagement starting conversations on Facebook, let alone running TV commercials.



House Party hosts often bake in brands' honor. From left: cakes for Velveeta, Twister and Pull-Ups.

CPM-30's Metric Reveals Deeper Engagement and Better Value

To quantify and lay bare the superior engagement of a House Party campaign, we convert all the consumer activity we generate into time, then calculate for clients their effective cost-per-thousand "thirties" (eCPM-30s). That is, we add up all the time consumers we reach spent planning their parties, sharing their excitement in social media, attending their parties, and talking about their parties offline, then we divide the total by thirty-second intervals, revealing what the client effectively paid

for every one thousand thirty-seconds of time with consumers.

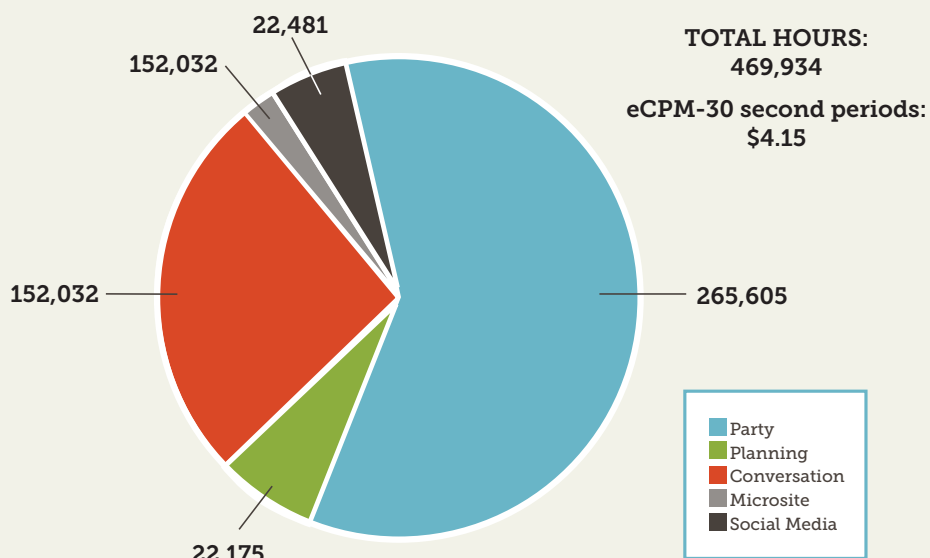
This enables a value-comparison with TV. House Party's average eCPM-30s is about \$6, a mere third of TV's, and much less when you consider all the supposed "views" of commercials that don't actually happen in full, or at all.

Enabling a value comparison with TV...

Measured in passion or time-spent, the engagement an experience-driven social campaign generates is really unmatched.

Time-Spent Reveals Deeper Engagement and Better Value

Hours of consumer engagement with featured brand during a 7,500-party campaign, by type of activity



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Deeper Engagement Drives Stronger Advocacy and Bigger Lifts

What does the potentially unmatched engagement of an in-person marketing experience yield? What every marketer wants: more passionate and far-reaching brand advocacy, resulting in bigger brand and sales lifts and better ROI than other marketing programs can.

Industry and academic research demonstrates this. To cite just one piece of evidence, from Keller Fay, "Word of mouth conversations that are driven by

personal experience increase the likelihood to purchase based on that conversation by more than 20 percentage points compared to WOM that includes no personal experience."

The results we get for clients at House Party are often even better, probably because the in-person experience a House Party campaign provides is about as authentic and engaging as you can get.

Bigger Brand Lifts

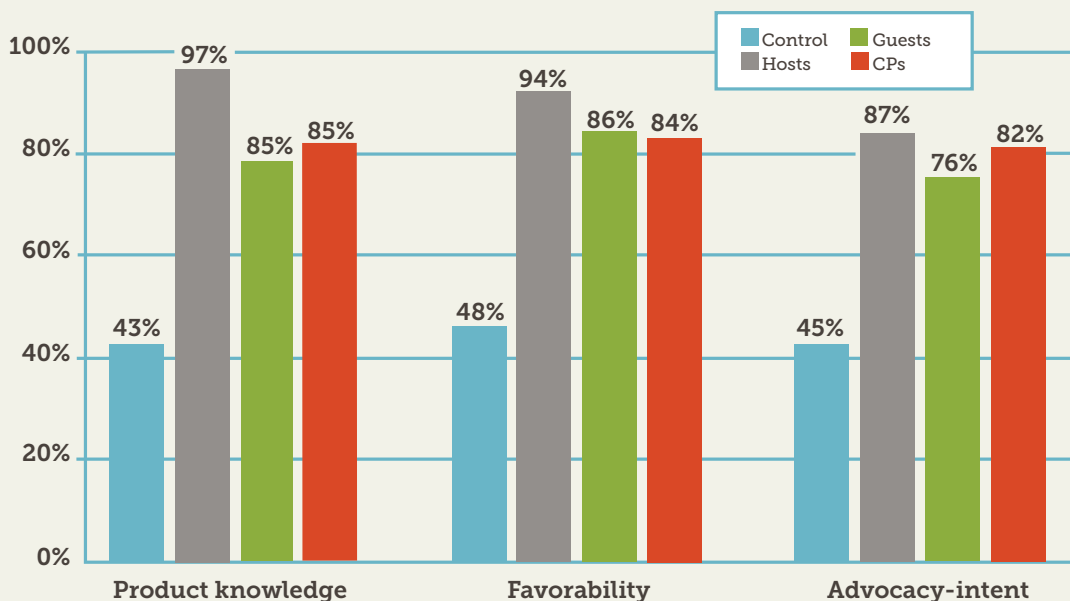
Experience-driven social wins hearts and minds. The brand lifts House Party campaigns generate are as high as any we've seen.

For instance, in comparison with the zero to 30% lifts of an average digital campaign (*Vizu/Nielsen*), a typical House Party campaign produces a:

- 161% lift in favorability
- 206% lift in advocacy-intent
- 187% lift in purchase-intent

Big Brand Lifts – Among Those Who Tried and Those They Told

Product knowledge, favorability and advocacy-intent of the featured product among partygoers and those they influenced vs. control, after a House Party campaign.



Source: ChatThreads

Deeper Engagement Drives Stronger Advocacy and Bigger Lifts

And these lifts are not limited to the partygoers. The “conversation partners” (CPs), whom the partygoers tell about the party and brand, show lifts nearly as high.

Bigger Sales Lifts and ROI

Experience-driven social opens wallets. House Party campaigns consistently drive high sales lifts and ROI, proven by Nielsen matched panel analyses (MPAs). A recent campaign for a leading personal-care product drove an 11% sales lift according to the Nielsen MPA. A recent campaign for a leading CPG food brand

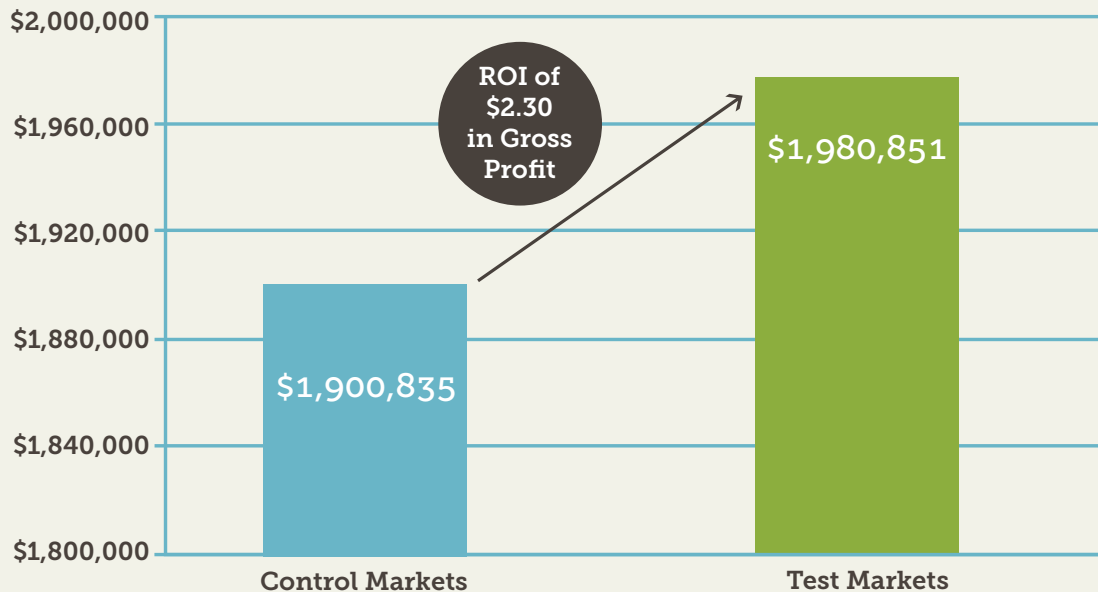
drove a 14% sales lift, according to the Nielsen MPA. The ROI of these and other recent campaigns have ranged from \$1.43 to \$2.75, in not just gross revenue but gross profit.

While digital social media’s impact on sales and ROI remains an open question of much study and debate, experience-driven social has repeatedly been proven to consistently drive high sales lifts and ROI.

Experience-driven social opens wallets

High Sales Lifts & ROI

Total dollar sales of featured product, in test and control markets, 6 months after a 10,000-party campaign



Sources: The Nielsen Company

Campaign “By-products” Raise ROI Even Higher

Experience-driven social campaigns not only deliver better marketing results than arguably any other channel – unparalleled engagement, eye-popping brand lifts, and strong sales lifts and ROI. They also create valuable by-products: mountains of user-generated content (UGC) in the form of posts, comments, photos, and videos; tens of thousands of opt-ins; consumer insights; Facebook likes.

Marketers get to keep these along with their marketing results, raising their ROI.

While the ROI just from product sales that a typical 10,000-party

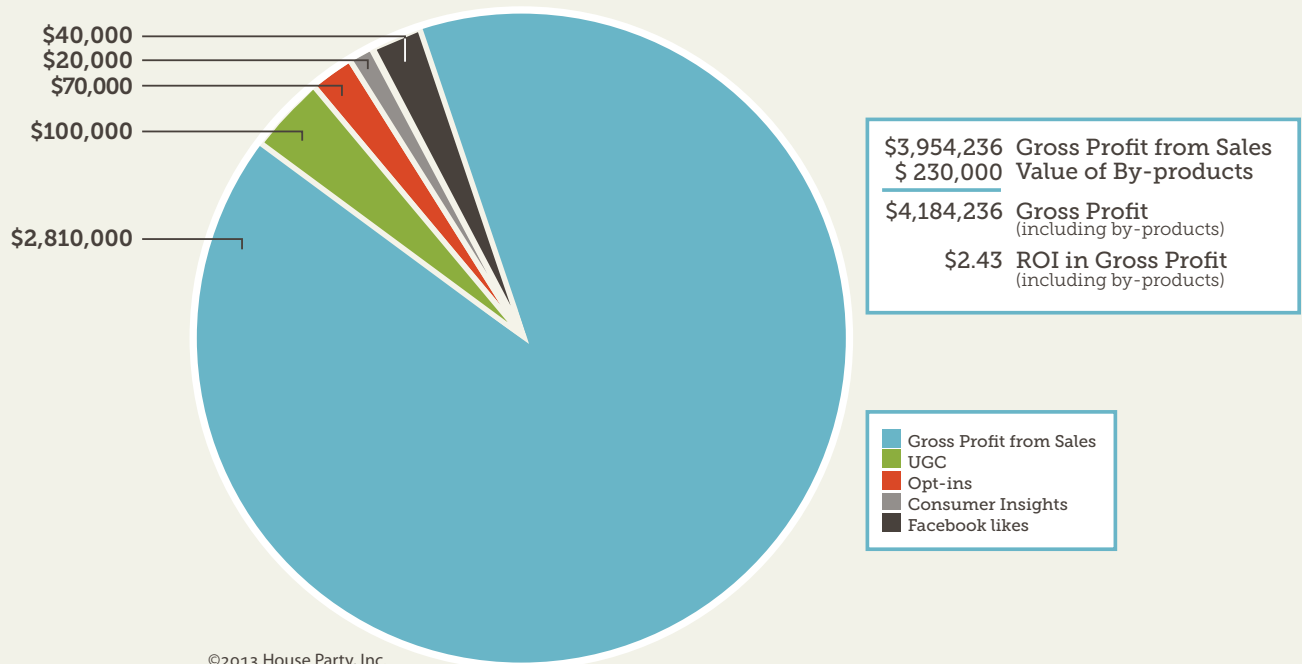
House Party campaign drives is \$2.30 in gross profit (see graph on Page 10), that same campaign also drives \$100,000 in UGC, \$70,000 in opt-ins, \$20,000 in insights, and \$40,000 in Facebook likes, raising the campaign’s overall ROI to \$2.43 in gross profit.

Experience-driven social delivers marketing results second to no other channel. But what other channel also delivers such assets as a bonus?

UGC, opt-ins, insights — marketers keep these along with their results.

Campaign “By-products” Raise ROI Even Higher

Gross profit of a 10,000-party campaign, by deliverable



Lifts that Last Longer

The brand lifts that experience-driven social campaigns produce are not only higher than any we've seen elsewhere; they're also longer-lasting.

Again, in contrast to the zero to 30% lifts of an average digital

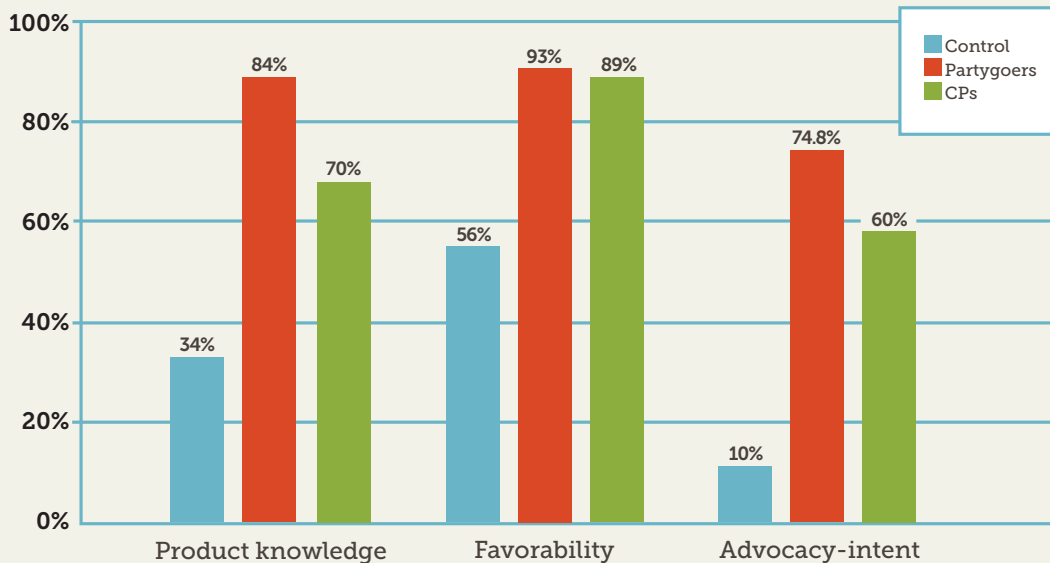
campaign, which likely fade over time, six months after a typical House Party campaign, consumers reached are:

- 106% - 147% more familiar with the product
- 59% - 66% more favorable
- 500% - 650% more intending to recommend

While consumers soon forget the countless TV commercials, print ads and billboards they see (when they notice them at all), they don't forget an in-person marketing experience they've attended or even just heard about, for a long, long time.

Longer-Lasting Lifts

Product knowledge, favorability and advocacy-Intent of the featured product, among hosts, guests, conversation partners and control, 6 months after a House Party campaign.



Source: ChatThreads

The Recommendations Keep Rolling

The brand lifts of experience-driven social not only last longer; they keep generating recommendations to more and more consumers.

Six months after a typical House Party campaign:

- 80% of guests are still talking about the party and brand
- 67% have recommended the product in the past 30 days

- A 5,000-party campaign is still driving 1 million recommendations per month

Long after they've been executed, reported, and paid for, experience-driven campaigns continue to work for the brand.

Increased "Marketing Receptivity"

Experience-driven social campaigns make the rest of the marketing mix, both paid and owned, work better. After a typical House Party campaign, for example, 69% of the consumers reached notice more, and pay more attention to, the brand's other marketing and media. We call this a lift in "marketing receptivity." It occurs immediately and lasts for months.

Six months after a typical campaign, we see:

- A 20% to 27% lift in unaided recall
- A 38% to 64% lift in aided recall
- A 84% to 100% lift in ad favorability

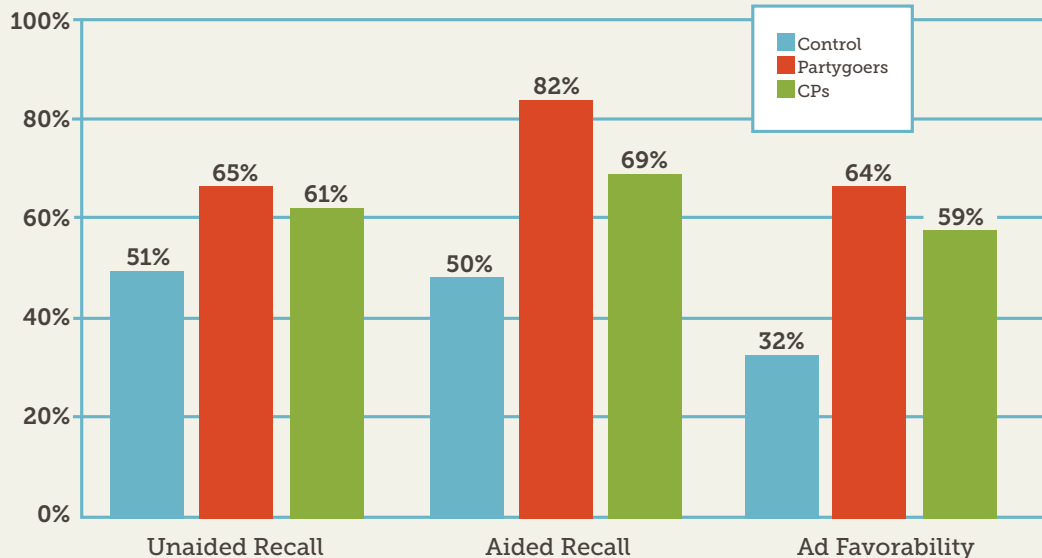
Marketers who include experience-driven social in their mix get the most

Experience-driven social makes the rest of the mix work better.

out of the other money they're spending.

Increased "Marketing Receptivity"

Unaided recall, aided recall, and favorability of advertising for the featured product, among partygoers, conversation partners and control, 6-months after a House Party campaign.



Source: ChatThreads

Experience-Driven Earned Can Be Had at Scale

Okay, so the impact is strong, but what about the reach?

Most marketers still think of earned media campaigns, especially with an offline component, as having high impact but low reach. But this doesn't have to be. A typical House Party campaign of, say, 5000 parties reaches, online and offline combined, about 7 million unique people.

While that is smaller than a typical Top 10 broadcast TV show (10-18 million), it is larger

than a Top 10 cable TV show (4-9 million), a Top 10 magazine (3-8

million), and premium space on a top consumer Web site (5-9 mil-

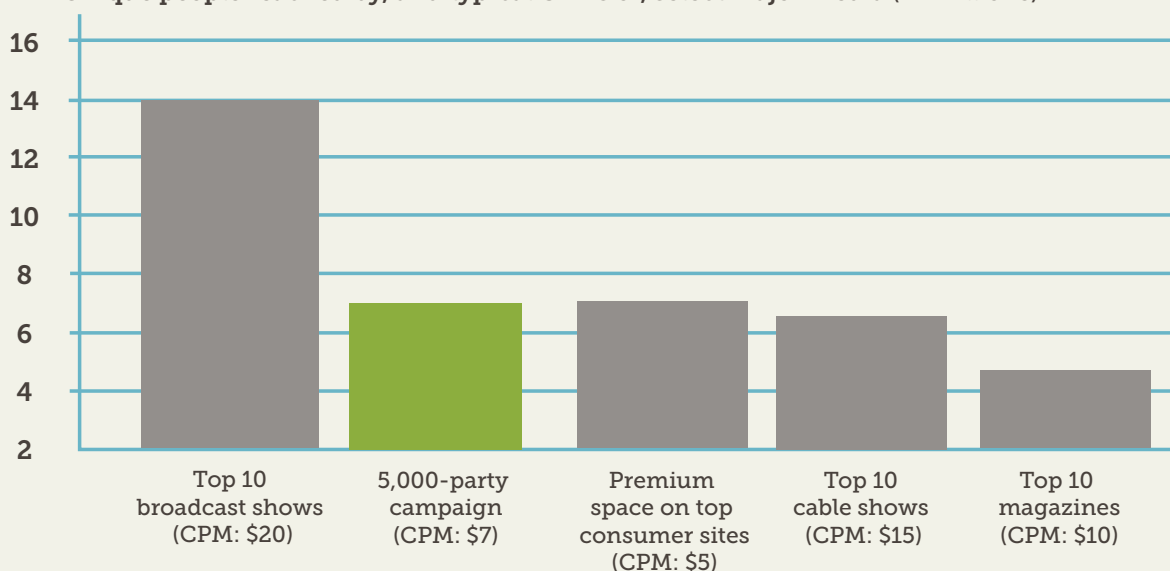
lion). So House Party really can be mass media.

And at a great price. The CPM for that typical 5000-party campaign is about \$7. That's one-third to one-half that of those Top 10 broadcast TV shows, and competitive-to-favorable in comparison with those Top 10 cable TV shows, Top 10 magazines, and premium space on top consumer sites. So House Party's value is equal to or better than traditional media, with incalculably deeper engagement driving much greater impact.

Most marketers still think of earned media campaigns as high impact but low reach...

Mass Reach at a Good Price – Especially for Such Deep Engagement

Unique people reached by, and typical CPMs of, select major media (in millions)



Sources: The Nielsen Company, Google, Audit Bureau of Circulation

Summary

Unmatched Engagement, for Stronger Advocacy and Bigger Lifts

Consumer-to-consumer marketing – earned media – is the number one driver of purchase, at all stages of the cycle, and experience-driven earned is the strongest earned marketers can buy. The deeper, potentially unmatched engagement of an in-person experience drives stronger advocacy for bigger and longer-lasting lifts in both branding and sales, and high ROI.

Experience-driven earned can be generated at scale, online and off, all of it accurately

measured and reported in the metrics marketers are used to. Plus it supports paid and owned advertising, with mountains of shareable UGC, tens of thousands of opt-ins, increased marketing receptivity, as well as consumer insights.

Recommendations are the most effective advertising. And they're most powerful of all, when they're driven by experience. 🏠

Experience-driven earned is the strongest earned you can buy.

About House Party

House Party is a social marketing platform that drives consumer recommendations to build brands and increase sales. Our in-home parties — hosted by influential

brand advocates and scaled through social media — generate unmatched engagement, advocacy, and lifts for the world's best-loved brands.