

# **The Socially Driven Migration from Paid to Made Media**

**Including an introduction to Bought,  
Owned and Earned Media**

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**XM Strategy Department**

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**THINKING THAT  
SHAPES OUR FUTURE**

**XM**  
A JWT COMPANY

# Executive Summary

## Back to the Future

It has been 4 years since [Time Magazine](#) heralded the digital user as their 'person of the year', and 6 years since the launch of [Facebook](#). If it is true that digital moves like 'dog years' then social media is closer to a mid life crisis than adolescence and mobile devices are losing their first set of teeth. Whatever the truth, there is little doubt that digital communications have come of age – from mass adoption to mass consumption to mass participation.

For marketers and agencies to move on from their digital denial the challenge is no longer about proving the *case for digital* but establishing how best to exploit the *consumer opportunity*. Achieving this means getting serious. Just having a website or a token social media presence will no longer cut the (digital) mustard.



## WARNING! NO NEW THINKING HERE

### Introduction

This paper is the outcome of multiple conversations with clients and peers, all asking the same questions, from how to define and manage different types of digital media, to the implications for marketing spend in a new digital world.

Rather than attempting to provide any new or groundbreaking theories on digital this paper makes the case for moving forward and upping our game including; an introduction to bought, owned and earned media, a rationale of why we believe more time and money should be spent on developing owned and earned media, and finally a framework for how this can successfully be brought to life.

#### 1. What is all this bought, owned and earned media?

Brands and their agencies alike are operating within an ever growing ecosystem of digital media from websites to social networks, blogs to tools and mobile applications. In order to make headway through this burgeoning and fragmented landscape digital media can be split into three simple groups; bought, earned and earned media. These can be classified as:

<b>Bought media</b> Media driven	<b>A brand or sales message delivered from a company</b> to consumers through paid for channels e.g. Banner advertising and paid search.
<b>Owned media</b> Brand driven	<b>Brand generated media</b> that includes platforms such as websites or social media through to individual content and applications.
<b>Earned media</b> Consumer driven	<b>Conversations about the brand</b> passed between consumers as a result of an experience with the brand e.g. consumer comments about a product on a social network.

Based on definitions by [Forrester](#)<sup>1</sup>



## How much spend is and should be allocated to each type of digital media?

According to [McKinsey & company](#) existing allocation depends on who you speak to.<sup>ii</sup>

### Traditional marketers spend



McKinsey & Company

### Going against the consumer grain?

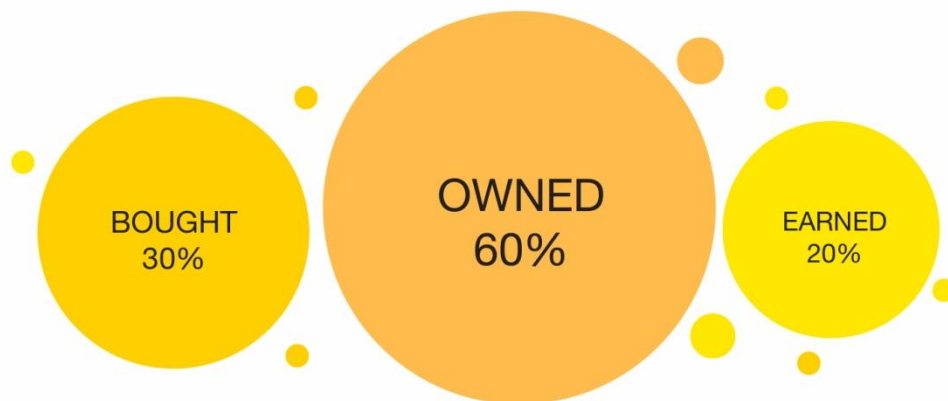
In a world dominated by *user driven* applications from social networks to smart phones and search engines it doesn't make sense for brands to continue to invest heavily in non-user friendly channels i.e. bought media. When there are more mobile phones in India than toilets it would appear to be the modern day equivalent of sinking R&D budget into developing Betamax!



**"The sales team did all they could, so I'd have to say the blame for that must fall on the consumer."**

Whilst bought media still has a role to play, it has little inherent value in itself compared to meaningful content like films or music, or a useful application such as Googlemaps. Therefore digital marketers as McKinsey point out are investing more in owned and earned media.

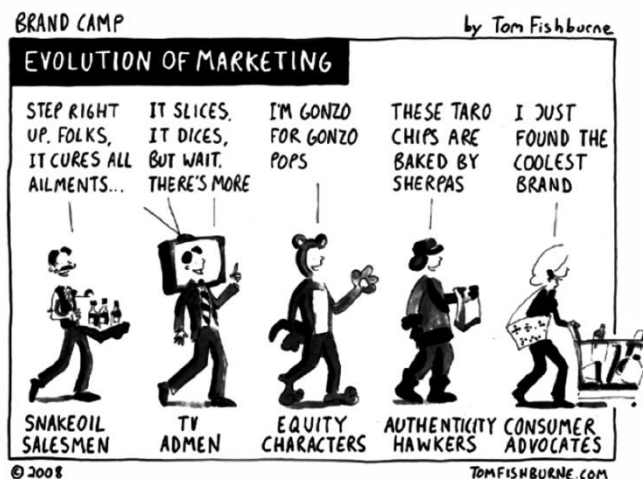
## Digital marketers spend



McKinsey & Company<sup>iii</sup>

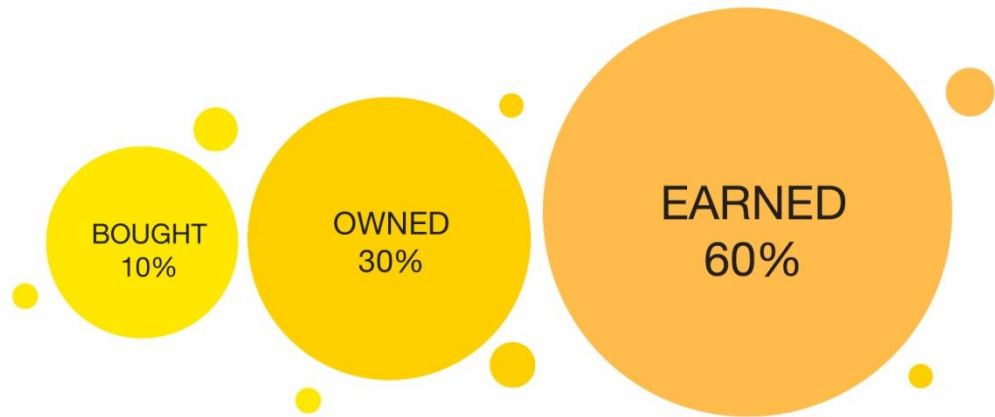
## 2. However...the digital journey doesn't stop here

As [Boing Boing](#) co-editor [Cory Doctorow](#) said in 2006 “*Conversation is king. Content is just something to talk about*”, or in other words whilst having something meaningful to say to consumers is still imperative – it is not in itself the end goal, nor more importantly where consumers are at. Rather than periodic moments of engagement the real opportunity for brands is to grow communities of advocates who then organically recruit new customers. As [Fred Reichheld](#) portentously outlined in the pre-Facebook dark ages of 2003 the most important question for a brand to ask its customers is ‘*How likely would you be to recommend this product to a friend?*’<sup>iv</sup>



## So.... where next?

Simply put, the next step in the journey is to allocate more spend into nurturing advocacy (earned media) via more content and utility (owned media).

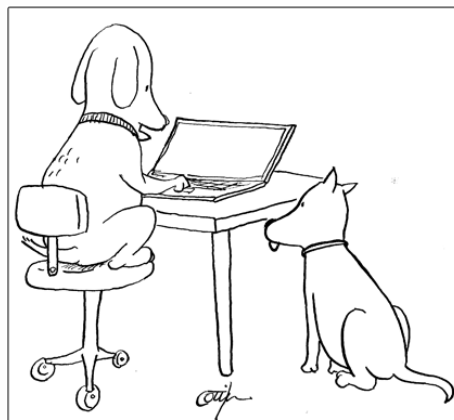


©XM

## Earned media – it's already happened!

The hotel industry is a compelling and stark reminder of what has become a very clear relationship between earned media and the bottom line. Speaking about the phenomenal growth of [TripAdvisor](#) during an interview with Australia's [Sydney Morning Herald newspaper](#) Claire Wearne, Marketing Director for Accor Hotels was quoted *"We appreciate that the decision making of our guests is no longer limited to the information in our brochure...we understand that they are making decisions based on valid information from other users."*

Simply put, consumers don't trust brochures or other brand authored bought media from banners to search adverts when it comes to making their purchase decisions. What they do trust more is the opinion of other consumers with first-hand experiences.



On the Internet, nobody knows you're a dog. But they can smell a marketer from a mile away.

## The facts

According to [Nielsen](#) 59% of users worldwide do not trust online bought media<sup>vi</sup>, whilst the average global click through rate for banner advertising has declined from 0.12% in 2007 to 0.08% in 2010 ([Mediamind](#)).<sup>vii</sup>

For the Asian market online peer advocacy is particularly potent. According to the [Asia Digital Marketing Association](#), consumers across the region will make a purchase following a recommendation from a friend online. In Indonesia and South Korea this figure is as high as 48%.<sup>viii</sup>

In fact, with the right measurements and tracking tools in place owned and earned media can also be tracked directly to sales. For example [Dell](#), who have made a substantial investment in their owned media from blogs to content and media partnerships have been able to credit this activity with US\$ 3 million in revenue according to an article on [Fast Company](#).<sup>ix</sup> It is important to note that this investment includes approximately [50](#) in-house social media experts.

Thus for brands to acquire, convert and retain consumers within an increasingly difficult and competitive landscape they need to rely less on interruptive messages (bought media) and more on nurturing valuable consumer community and advocacy (owned and earned media).



### Case study: Best Buy

As part of a core strategy to move from being a provider of technology *products* to technology *solutions* Best Buy, a US based electronics retailer, developed a digitally led consumer ecosystem to listen, connect with and service new and potential customers.

By leveraging the knowledge and passion of their staff or '[geek squad](#)' they have created successful online communities across multiple digital platforms including [Facebook](#) and [Twitter](#).

Since launching this activity in 2008, Best Buy have accrued over 2.5 million fans on Facebook, 33,000 followers on Twitter, and according to [Forrester](#) have recorded double digit consecutive growth in notebook computer sales.

### 3. Paid to made media

Growing valuable earned media poses a brand with two challenges; firstly having something interesting to say all the time, and secondly having the infrastructure in place to make this possible.

So where to start? Firstly a brand needs a **digital platform. But what is this?**

Rather than pushing out periodic campaigns across different channels, engagement in a post digital world requires a more sophisticated tactic. A digital platform is a 24/7, 365 days a year approach to engaging with a target audience and nurturing valuable community through a rich and brand relevant mix of content and tools. On a practical level, as brands are not necessarily themselves media creators, a platform approach provides a foundation to attract and grow relationships with important co-creators from the individuals who make up a community (also known as crowd-sourcing) to influential bloggers and experts who will pull people into the brand.

More importantly in the context of growing earned media these co-creators provide a valuable and credible distribution network to spread content and tools and generate brand advocacy.

#### What is needed to develop a platform?

##### Enable the brand to bring meaning into people's lives

- For [Coca Cola](#) it is 'Happiness', for [BMW](#) it is 'joy', and [Nike](#) discovered that runners have an unhealthy passion for data! Use a suitable brand property or consumer insight to grow a seamless and evolving ecosystem of owned media from content to tools.

##### Invest in content for the conversation

- If the ultimate goal is earned media then start facilitating this by allocating budget into populating a digital platform with a suite of owned media from videos to applications that can be shared and discussed across owned and earned media spaces from YouTube to blogs to mobile devices.

##### Invest in conversation with communities

- Social media as the home of earned media is built around communities, be it by peers or interest groups.
- Brands have the opportunity to build their own communities either on proprietary platforms like [American Express Open Forum](#) or on social networks like [Starbucks](#) who have over 20 million Facebook fans.
- Brand reach and community can also be grown by developing relationships and co-creating content with relevant influential niche community websites and bloggers.

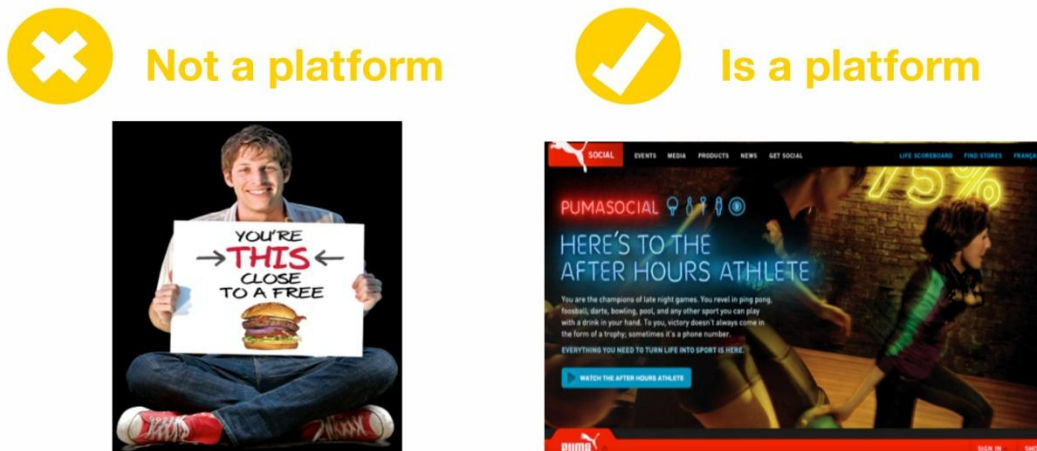
Ultimately the digital space isn't a static one – content, communities, applications and websites all form part of a fluid and dynamic user experience. Therefore brands looking to generate considerable earned media also require considerable commitment and investment to achieve a high level of cut through and ubiquity.

## Examples

### What a digital platform look like strategically



### How can it be activated?



One off generic promotional campaigns

Brand and audience relevant digital properties that organically grow conversation, content and utility

## Anything else? Oh yes – planning, time and money!

*“Before everything else; getting ready is the secret of success”.*

**Henry Ford**

Whilst over planning digital can be a risk - often the landscape changes so fast that ideas can become obsolete before they are even signed off! However as [Charlene Li](#) points out in her brilliant book '[Open Leadership](#)' being nimble doesn't mean a lack of strategy or processes. So here is a quick checklist just to keep things on the straight and narrow.

### Agree business goals

- What does the brand want to achieve by growing community and advocacy e.g. increasing brand awareness, lead generation or sales.

### Use a phased approach

- It is important that the move to more owned and earned media is flexible and scalable to take into account conditions such as resource or access to technology.

### Invest in tracking and analytics tools

- Learn about your social customers and be responsive to their needs.
- Be alert to potentially brand damaging comments and ensure procedures are in the place to respond appropriately.



### And finally...invest in people

- Growing earned media means managing a community – whether it sits within a brand owned space e.g. Facebook page or outside of it. Whilst there are some excellent digital tools there is no substitute for real people listening to and talking with other real people.
- Invest in the right people – there are too many [cautionary tales](#) of brands putting their reputations in the hands of inexperienced individuals.

## In Conclusion

There has never been a better opportunity to invest in growing earned media as social media and the mobile devices that have cemented their ubiquity come of age.

Ultimately the digital challenge and opportunity for brands is tied to the power of communities; as these will continue to grow and evolve irrespective of what brands do.

*“The only asset to get built online is permission.”*

Seth Godin

Moving forward marketers and their agencies need to *earn the right* to grow engagement, participation, and advocacy with these groups and individuals by offering them relevant and value add digital owned media. To succeed at this requires commitment and sometimes a pinch of courage.

### Case study – Pepsi



Going against the grain in 2009 Pepsi cancelled their Superbowl advertising and instead re-invested the \$20 million into a creating a brand enabled social movement – [Pepsi Refresh](#). Users were offered the opportunity to apply for grants to assist a project in their local community – they sent in videos and proposals for the community to vote on.

Whilst bought media has been used to raise awareness of the initiative the majority of the buzz and engagement comes from the value of the idea, the richness of the digital platform (owned media), and the community and conversation (earned media).

In just [9 months](#) 7,500 ideas were submitted and a staggering 46 million people voted online with 225 projects receiving grants

## Shameless plug

### About XM

XM Asia-Pacific is a full service digital agency with over 16 years experience in developing platforms, content and utility that enable global brands including HP, HSBC, Singapore Airlines, Singapore Tourist Board and The Singapore Economic Development Board to grow and connect in a digital age. Alongside a team of digital specialists from strategists to developers XM also houses a social media centre – PULSE. This provides all agency clients with a wealth of intelligence and insights for effective and powerful digital marketing.

To access more of our thinking and thought leadership please visit:

<http://www.facebook.com/xmasiapacific>

### The Authors

#### Joanna Juber, Digital Strategic Planner, Author

Joanna likes to spend her time furiously mining the depths of 8 years of marketing and digital knowledge to help brands do good things. Such is the nature of her mission that she has crossed continents and the deep chasm of agency and client side to avoid witnessing the horror of another ineffective flash banner or microsite.

#### Paul Soon, Regional Director, Inspirer in chief

At age 36, Paul Soon was probably the youngest Regional Director of a multi-national digital agency. With over ten years of digital marketing experience as well as being a self-starting entrepreneur, Paul is seen as one of Singapore's leading digital marketers.

#### Brian Dargan, Head of Strategy, Editor at large

Brian has built brands and buildings; published serious & frivolous articles & acted on TV for fun. Oh, he has also led Digital Planning Departments on two continents. He would also like to think of himself as an intellectual force of nature.

#### Michael Lung, Digital Strategic Planner, Editor

Michael looks for curious things about how people live and finds the best way to start a conversation with them. He's been looking on behalf of agencies for the last 5 years and for a range of travel, consumer electronics and apparel clients across Asia. He also looks rather dashing in Speedos but finds you incredibly curious to have read this far.

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## Endnotes

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## Cartoons

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- 'Nobody knows you are a dog', <http://www.robcottingham.ca/cartoon/>
- 'Our social media is buzzing', <http://www.leadformix.com/martoons/>