

*The Post-Advertising
Survival Guide*

NUDGE MARKETING

*How to guide audiences
progressively toward a goal
by using brand narrative.*

By Jim Boulton, *Deputy Managing Director, Story Worldwide*
Version 3.5



ADVERTISING IN THE
POST-ADVERTISING AGE.

Storyworldwide.com

SUCCESSFUL SOCIAL WEB MARKETING MEETS THIS CHALLENGE BY OFFERING CONTENT THAT NOT ONLY WINS AN AUDIENCE'S ATTENTION BUT, CRITICALLY, ALSO STIMULATES SHARING AND POSITIVE CONVERSATIONS ABOUT THE BRAND ACROSS THE WEB THROUGH SOCIAL TOOLS.

PREFACE

There's a lot of talk at the moment about nudge marketing, a theory based on behavioral economics. It describes the power of "choice architecture," the art of arranging seemingly equivalent options so that more people will make one particular choice. This proposition is especially potent for the social web, which Obama's election team harnessed so well in the campaign to win the White House and which was imitated by the UK's Tory party in the 2010 election.

This white paper will show how nudge marketing can be applied practically to the social web and how an audience can be moved progressively toward a desired goal. It will demonstrate the importance of valuable, shareable content and the roles of different social networks, channels and tools and how they can join to form a marketing narrative.

While the social web has already transformed virtually all digital behavior and, therefore, all marketing, Story believes that there's no such thing as "social media marketing" in isolation. Marketing and advertising today are either an integrated effort spanning all media channels or a waste of time and money. So while this paper deals exclusively with social media, the best results can be achieved only through an integrated process. Our use of the terms *social web* and *social media* in this paper is for convenience. In reality, all web marketing has to be social now, and social media are now mainstream media.

INTRODUCTION

Most organizations recognize the huge potential of the social web to transform their business and brand. Many marketers have launched many initiatives across social media channels, but these have often worked independently from one another and had different and occasionally conflicting aims. Lessons have been learned from these endeavors, and brands can use that knowledge to develop an effective strategy for marketing on the social web.

Some hold the view that the traditional sales funnel doesn't apply to social marketing. But the stages of the funnel are still useful in visualizing marketing on the social web: prospects continue to move from awareness, through consideration, to purchase and, if the experience is good, loyalty. However, this is where similarities to the traditional approach end.

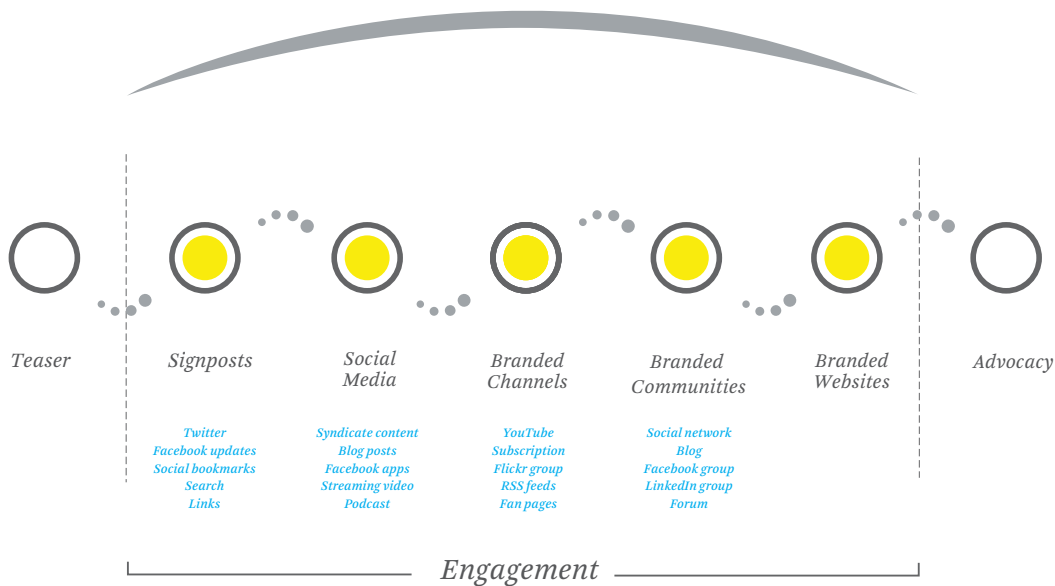
Consumers no longer submit passively to static, one-way marketing, and as a result, brands will no longer pay for it. Today the only way brands can connect to customers and prospects is by genuinely adding value to their lives, either by providing a useful service or by telling rewarding stories. There's no real choice for brands. Messages that aren't valued will be ignored.

Successful social web marketing meets this challenge by offering content that not only wins an audience's attention but, critically, also stimulates sharing and positive conversations about the brand across the web through social tools.

There are two compelling reasons that brands should make their marketing social:

1 CREDIBILITY AND INFLUENCE: *As we all know, and as was reported by Nielsen's 2012 Global Trust in Advertising Report, the two biggest influences on purchase decisions are real friends and virtual strangers. As Nielsen reported, "92 percent of consumers around the world say they trust earned media, such as recommendations from friends and family, above all other forms of advertising." The second most trusted source? Online consumer reviews. When a brand's fans spread the brand's messages, it's far more effective than the brand talking about itself.*

2 REDUCED MEDIA SPEND: *If consumers evangelize a brand's messages for free, the brand will save on paid-media spend.*



THE CUSTOMER NARRATIVE

The long-term benefit of engaging in social media is the ability to reduce media spend significantly while improving results. In an ideal future, as Story's CEO, Kirk Cheyfitz, told the 2010 MediaPost Social Media Insiders Summit,

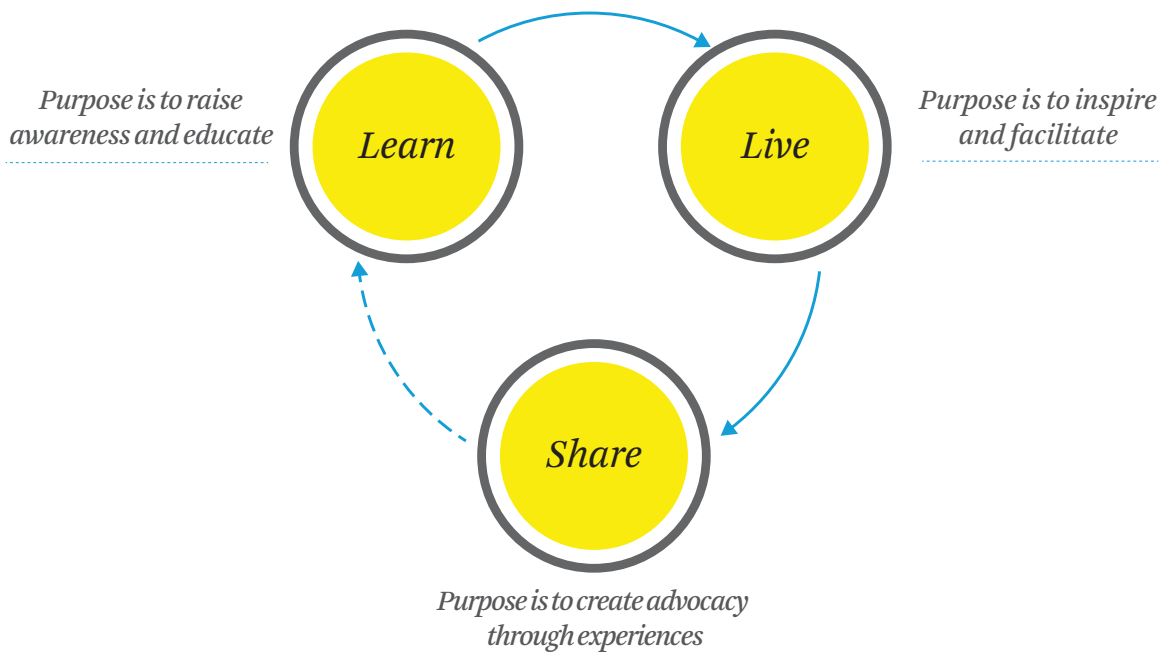
“Marketing and advertising today are either an integrated effort spanning all media channels or a waste of time and money.”

These considerations and the realities of Web 2.0 force brands to rethink tired marketing models. Since brands now exist beyond the walled gardens of traditional websites, they must deal with consumers on their own terms and in their chosen digital communities.

The indirect nudge-marketing model has nothing to do with coercion or even persuasion. Rather, it's about making consumers' lives better by sharing valuable content they like

and delivering rewarding experiences. It's about creating communities of people who want what a brand offers, in which content is distributed to places that consumers and prospects choose. So one could substitute the word *tempt* or *guide* for *nudge*. The object is to give consumers good reasons—from their point of view—to follow a trail of content bread crumbs across the web.

Nudge marketing works best when there is an increasingly experiential involvement from touch point to touch point. The narrative begins with introductory content that helps people “learn” about the brand, then moves to immersive material and tools that help people “live” and ultimately “share” the brand. The strategy is less about quick sales and more about deepening engagement, loyalty and advocacy. Executed well, it's about creating an intelligent system that analyzes which content people respond to and uses this knowledge to inform the editorial strategy for those individuals and their peers.



CATEGORIZING THE SOCIAL WEB

The social web can be split into three main categories:

- Social networks**
- Social channels**
- Social tools**

Social networks allow people to connect and communicate with each other, as in the obvious examples of Facebook, MySpace and LinkedIn but also the microblogging platform Twitter, the geolocation service FourSquare and any other platform that facilitates peer-to-peer communication.

Social channels are hubs where content can be consumed, interacted with and shared, such as YouTube, Flickr, SlideShare and iTunes. These channels make it easy for people to comment on and share different kinds of content across wide networks. The content covers virtually anything: a video, animation, photo, graphic, presentation, podcast, editorial, map, game, app or tool. The purpose is to inform, entertain or be useful in some way.

Social tools enable interaction with content by encouraging sharing, bookmarking, downloading, rating, signing up, commenting, etc. Examples include bookmarking tools like Digg and StumbleUpon; RSS feeds; sharing functionality, like AddThis; rating systems, such as Facebook’s “Like” button; high-score tables; challenge-a-friend mechanisms;

and easy ways to embed content. The key to these tools is the minimal effort required to use them. The nudge-marketing narrative often begins with content that stimulates the use of these tools.

Harnessing the power of the social web means using these three categories in an integrated way to deliver defined objectives in which, typically, valuable content is created that sits on **social channels** and is willingly shared across **social networks** through the use of **social tools**.

To achieve this, it’s necessary to understand the part each of these categories plays in a social marketing strategy. The key is to maximize the “signposts” (links) across the social web that point people to pieces of branded content. Once people have engaged with this material, they can be “nudged” toward branded channels through branded communities to your branded website or your retail location—wherever the purchase is made. Only once consumers are on a branded website or inside your physical store have they effectively stepped into the shop and given you permission to sell to them. The secret is to move people gently, with their permission, from the wider social web to branded channels, communities and websites, building trust at every touch point.

To do this, marketers must rethink the purpose of these categories of social places and tools, because their marketing purpose is different from their social purpose:

	SOCIAL PURPOSE	MARKETING PURPOSE
SOCIAL NETWORKS	Connect and communicate	Point to content
SOCIAL CHANNELS	Entertain and inform	Stimulate a positive response
SOCIAL TOOLS	Rate and share	Self-filter and promote

EVERYTHING STARTS WITH A STORY

Successful brands must have a rock-solid idea of what they are, who they want to connect with and the story they want to tell; and must programmatically tell this story across many touch points, each one offering the potential for involvement that moves the consumer to the next chapter in the story.

Once the narrative has been defined, core media must be produced that bring the story to life, such as a video, an editorial article, an app or a game. The social-marketing campaign then revolves around these elements, which sit on the social web and are interesting and valuable in their own right and have the potential to encourage viral sharing.

**SUCCESSFUL BRANDS MUST
HAVE A ROCK-SOLID IDEA OF WHAT
THEY ARE, WHO THEY WANT TO
CONNECT WITH AND THE STORY
THEY WANT TO TELL.**

THE NUDGE-MARKETING MODEL

The diagram below depicts a typical marketing funnel, in which prospects are shown as black silhouettes and the converted customer is shown in blue. The concentric circles to the right show a top-down view of the funnel, as if you stood on the rim and looked down into it.

The next diagram (p. 8) shows the top view of the funnel in more detail. Each ring depicts a stage in the narrative. First, *feeds and links* (1) act as signposts, pointing the audience to portable *branded content* (2) that can be freely borrowed and embedded across the social web.

The point is not only to grab audience attention and deepen

the relationship but, critically, to stimulate a *positive response* (3), such as a comment, sign-up, selection or download or the submission of user-generated content. This interaction provides editorial intelligence that allows the marketer to supply a relevant link to the next stage of the narrative. In this way, over a series of engagements, we gently move the visitor from the independent social web to a *branded community or blog* (4). At this point it becomes acceptable to lightly promote the product or service on offer and finally nudge the user to the *website* (5). Once there, we are in the world of selling.

We'll now examine each stage of the narrative in more detail.



1. Feeds and links

The outer circle consists of “feeds and links.” These feeds and links consist of the following:

- Search-engine results
- Social bookmarks
- Status updates on social networks
- RSS feeds

- Links from friends
- Links from traditional advertising
- Links from other web pages



These “feeds and links” can be categorized into three areas:

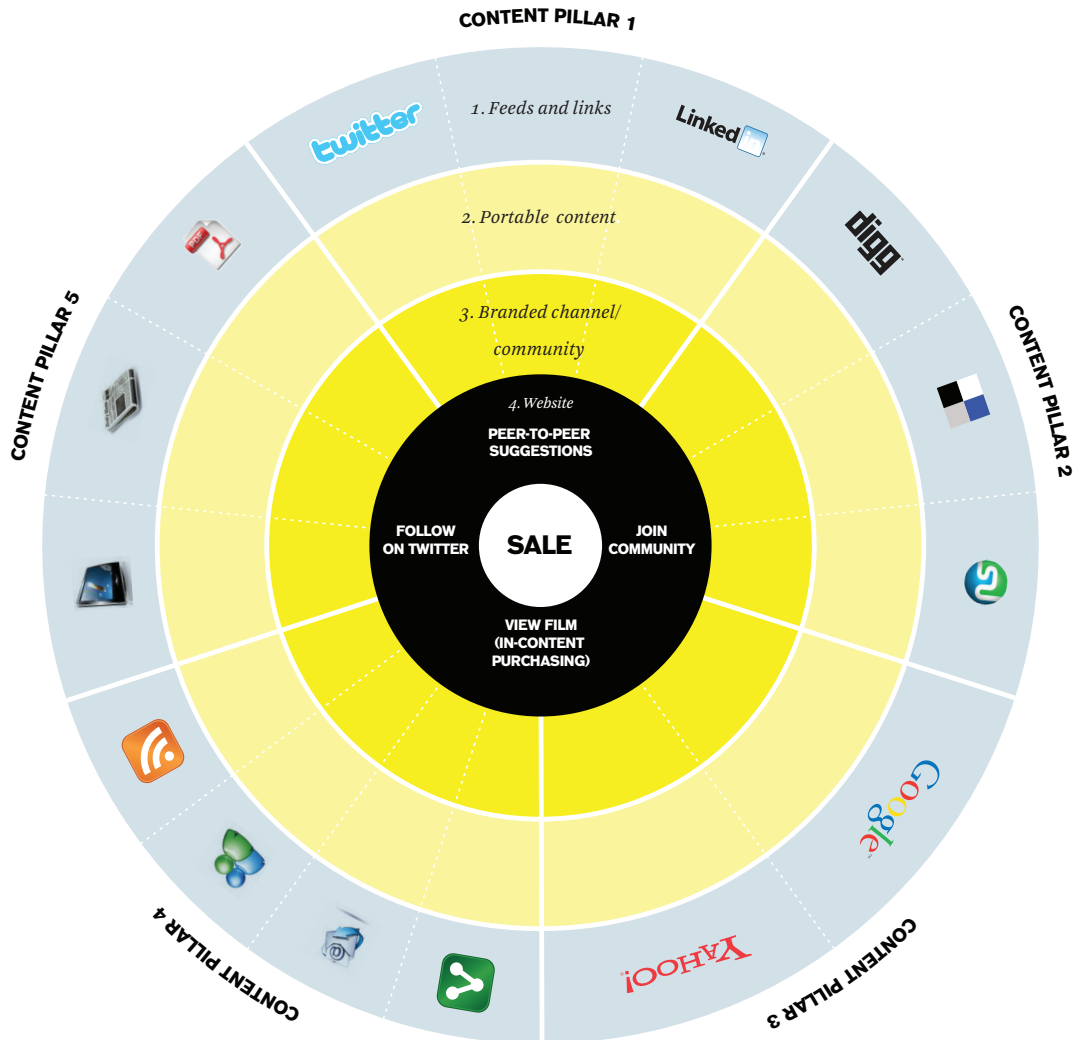
Links you own

Links you buy

Links you earn

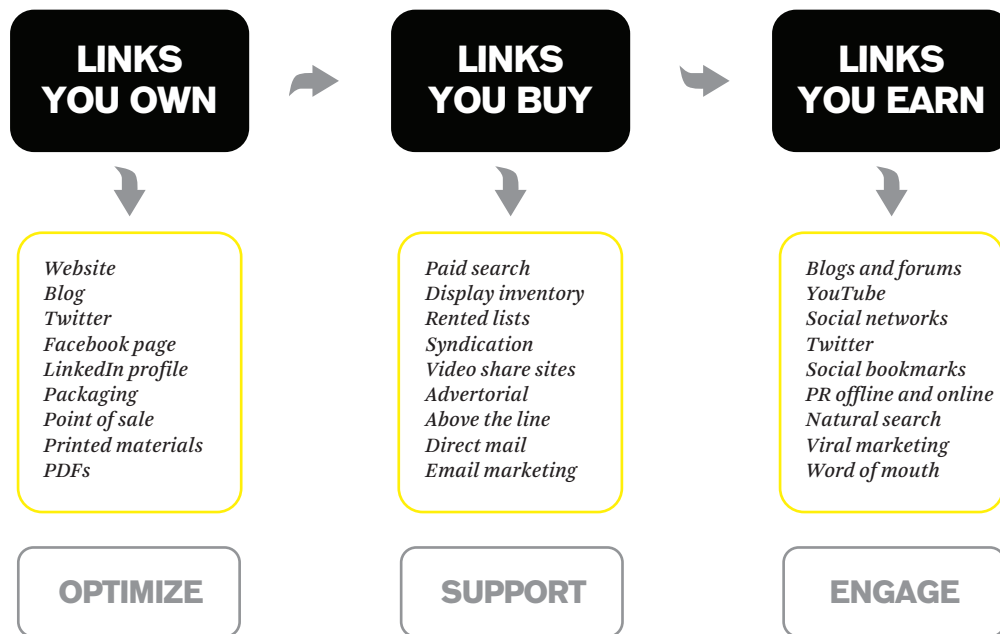
Links you own should be the simplest part of the process to initiate. However, the task often involves complicated logistics and coordination in which many online properties are channeled to a piece of content. This involves mobilizing many stakeholders, including your organization’s website, Twitter account, Facebook group, blog, SEO and e-newsletter, all of which are frequently controlled by different parts of the enterprise. Links you own underpin campaigns but aren’t enough to create critical mass.

The number of signposts (feeds and links) can be dramatically increased by adding **links you buy**. These include paid search, rented lists, seeding initiatives, traditional media buying and content syndication to other networks with greater audiences than those you have on your own social sites. Distributing content to aggregation sites and submitting content to directories hugely increases reach, so your content, and the links embedded within it, will appear on many sites on the social web, all pointing to the next step in the marketing narrative.



Since brands can't simply tell people that what they do or sell is great, they have to encourage their satisfied customers to do so, from *links you earn*. This is where marketing on the social web differs most dramatically from traditional marketing. Effective social media not only have to grab the audience's attention but also must stimulate sharing with friends and connections to start a positive conversation about a brand across social networks.

Peter Drucker, the business guru, famously wrote that the sole purpose of a business is to "create a customer." Shiv Singh, PepsiCo's head of digital, recently modified Drucker's insight when he said that a business's purpose is to "create customers who will create other customers." This is the greatest potential of social marketing.

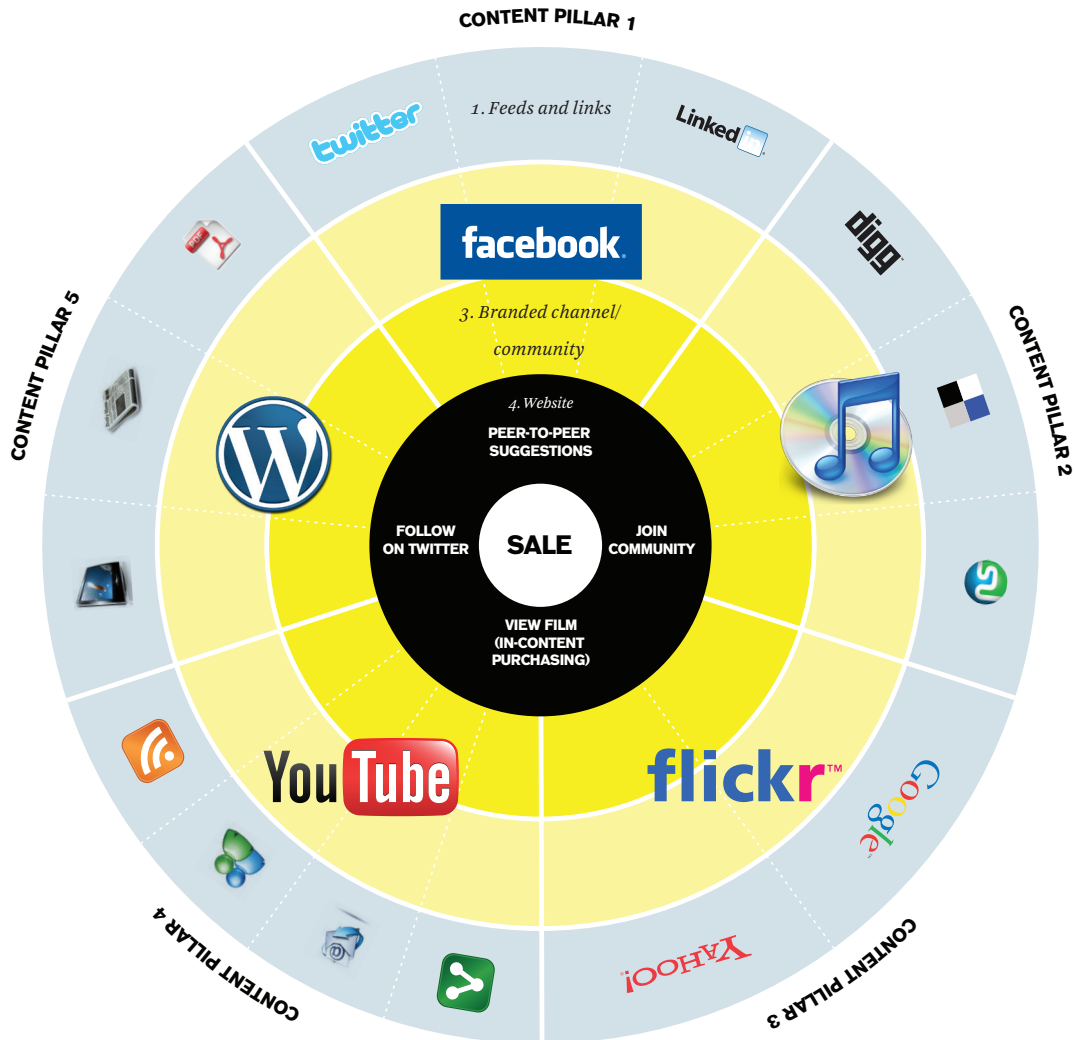


2. Portable content

Great experiences drive engagement and loyalty, and successful social media deliver this with content that excites audiences and creates an emotional connection with consumers. Typically this is done with an act of “brand generosity,” that is, giving rewarding content away without expecting anything in return. When brands trust an audience, the audience begins to trust the brand. Repeated acts of generosity create a tight bond between brand and customer—a bond that traditional marketing can’t buy. Online success means turning your brand into media.

Great content can include:

- **An online film on YouTube**
- **A picture gallery on Flickr**
- **A series of podcasts on iTunes**
- **A Facebook application**
- **An editorial article supplied as a blog post**
- **A useful smartphone app**

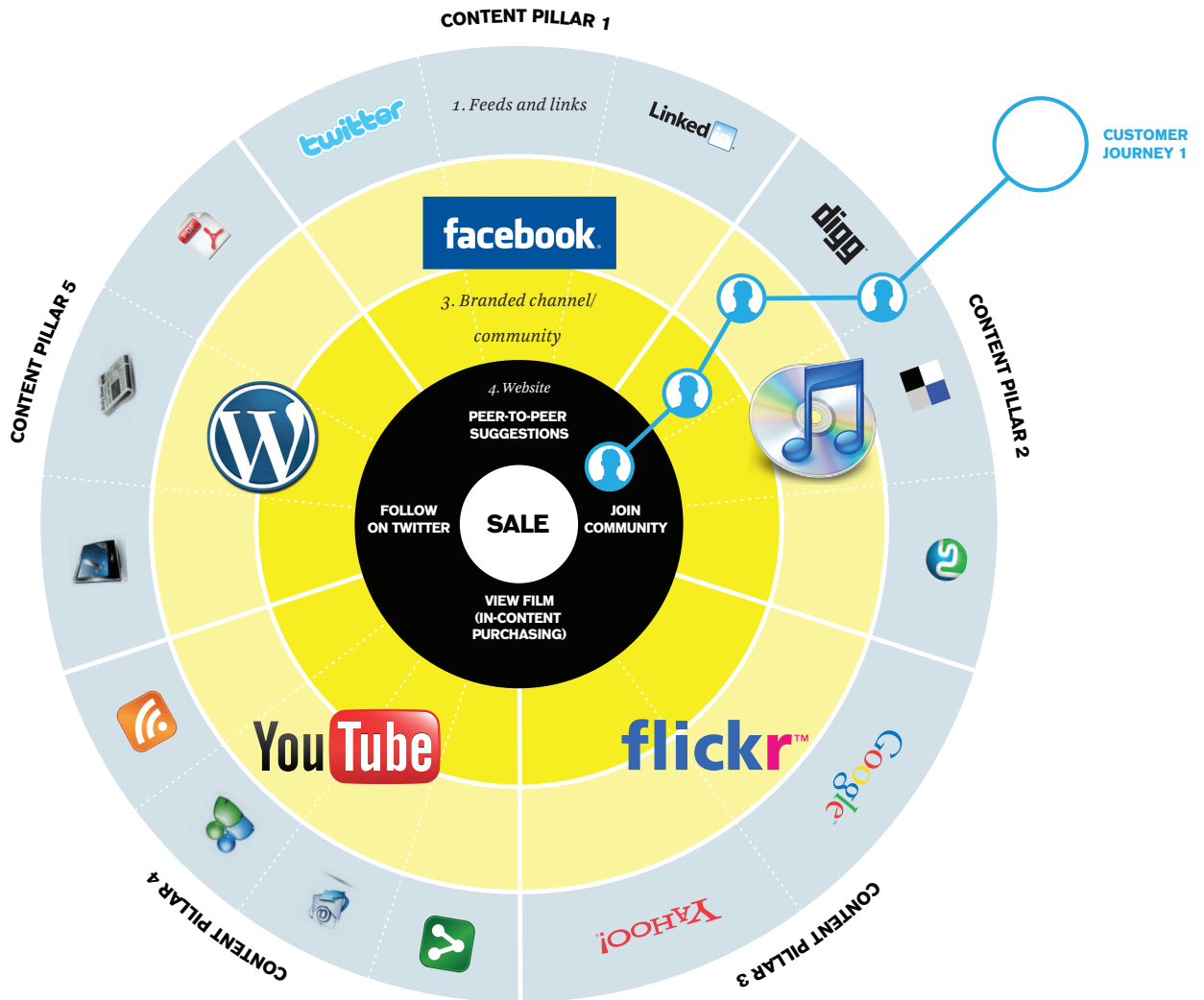


3. Positive response

Twenty-four percent of people online create content (source: Forrester 2009). That means the majority don't. Given this, the initial request that a brand makes of its audience shouldn't be for user-generated content (unless, for example, the target is a 14-year-old who loves doing this stuff). Expecting the average user to upload a home movie or even a picture is a big ask. Nudge marketing's all about making suggestions that demand little effort from the audience: simple things, like selecting one option over another, sharing content, joining a Facebook group and signing up for a newsletter.

Once the user has interacted in this small way, they can be pointed to other relevant material that sits on a website or branded community to deepen the relationship while bringing the consumer closer to the conversion.

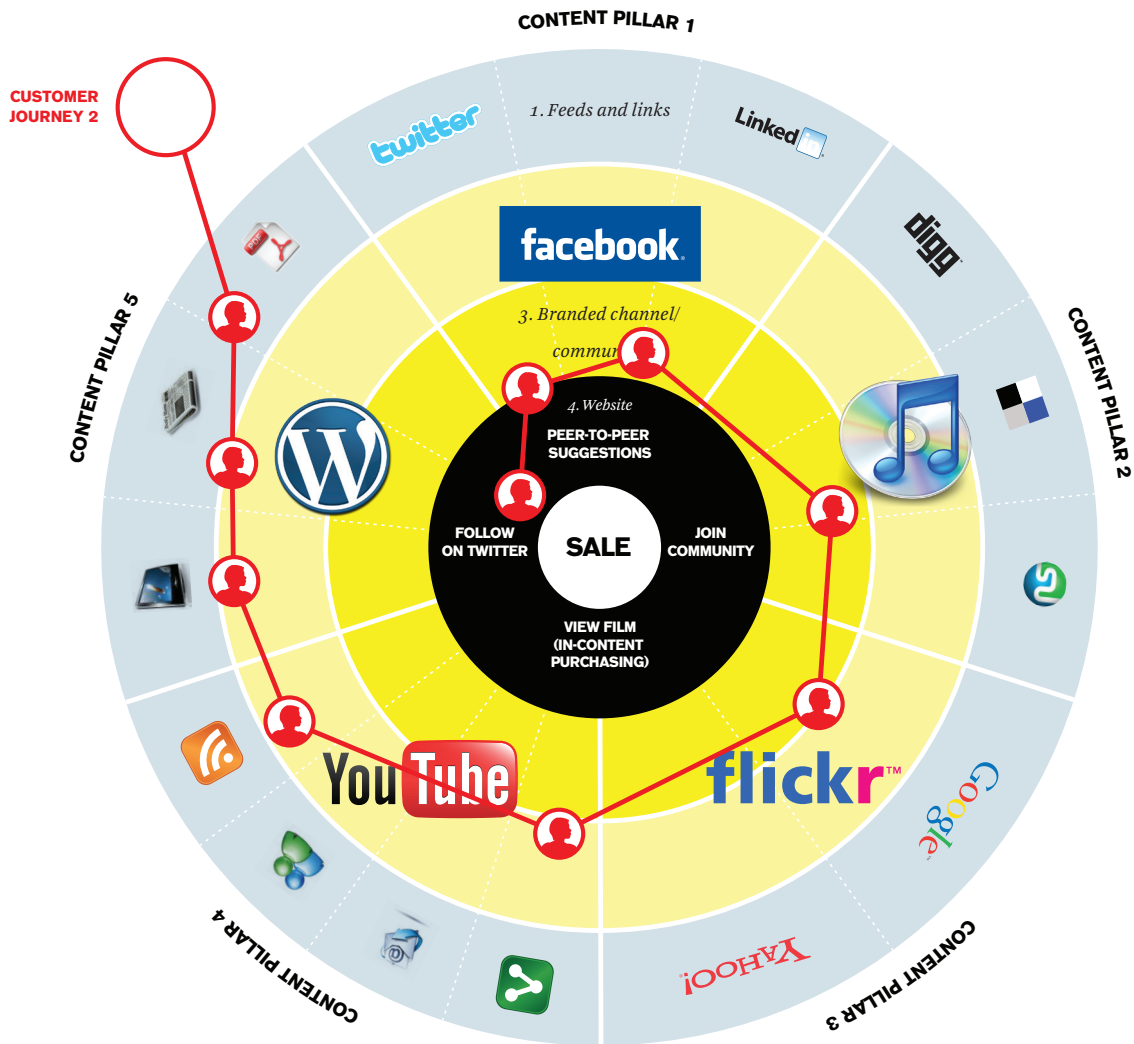
Being able to take a potential customer directly from awareness to consideration to purchase in one journey is unlikely. The consumer is more likely to look at increasingly relevant content as part of a mutual process in which brand and audience learn more about each other and create trust. Once this is established, the consumer will permit the brand to sell to them.



Traditional advertising tries to convert customers at every touch point, attempting to take them from brand awareness to purchase in one giant bound. But the sales cycle rarely works this way. Nudge marketing, on the other hand, works for the majority, who want to learn more about a brand before buying.

Extending the customer-acquisition cycle is advantageous because the more times a brand and a customer engage before purchase and the brand's content satisfies the

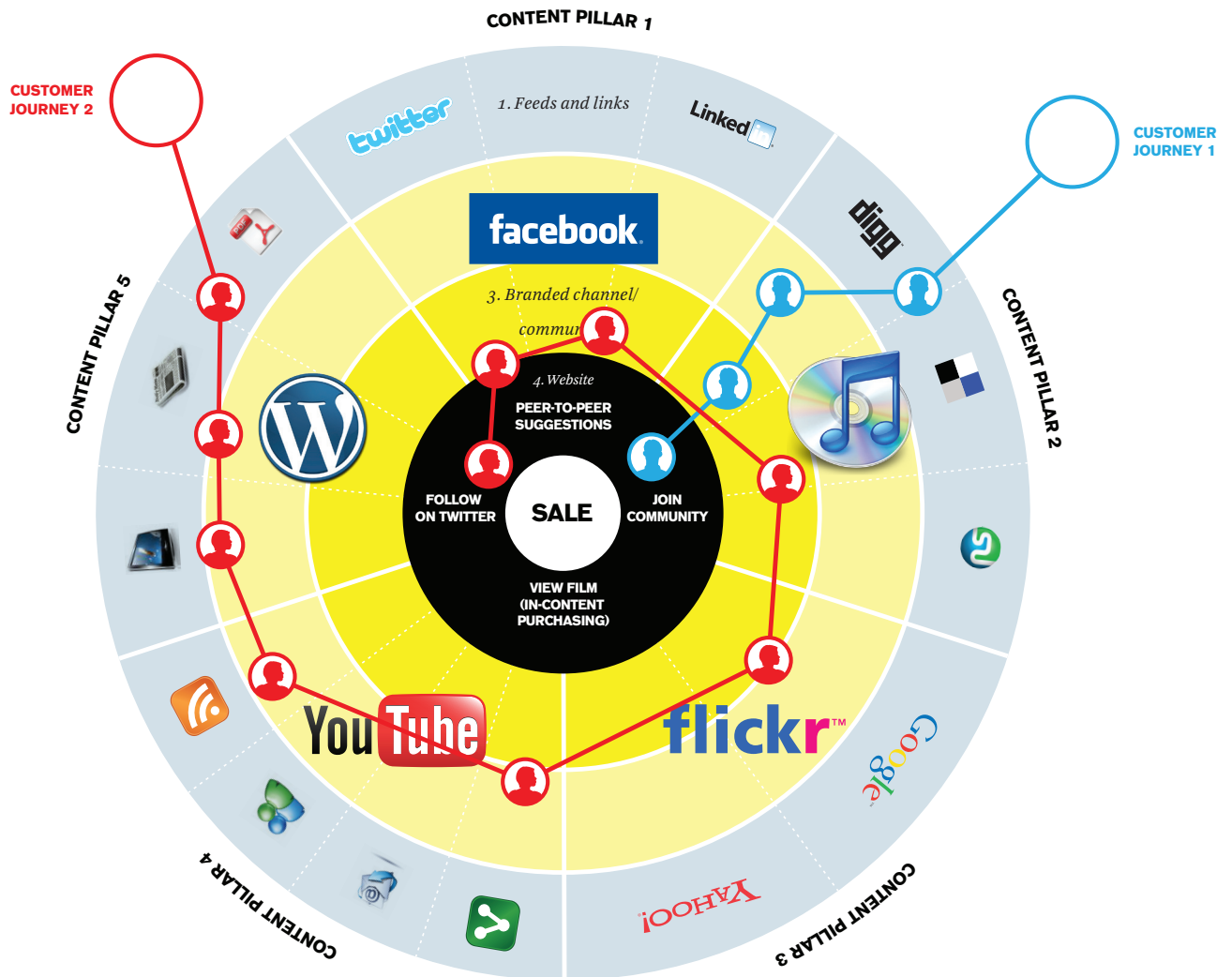
customer's needs, the more likely they are to be loyal to the brand. These loyal customers, who have low service costs and a high rate of referring others, are marketing nirvana. So they're given endorsement opportunities repeatedly throughout the process. Every time a brand stimulates a positive response, a ripple effect is created that encourages more branded conversations and greater advocacy. This premise sits at the center of post-advertising: longer acquisition cycles are a good thing!



4. Branded community

Once the audience is within the branded community, more-sophisticated metrics can be deployed to analyze behaviors and the motivations behind consuming content and purchasing products. This information, such as the consumer's stage in life, personal interests, purchasing drivers and individual user journey, helps brands create and distribute more and more relevant content in the sites and communities that produce the most customers.

This is increasingly easy to uncover through social tools. As users engage with content, they are “self-filtering,” informing the brand of the type of content (and indirectly which products) they are most interested in, the places they visit and the means they most often employ to find such content.



5. The website

Once the consumer is on the brand's website, they've given the brand permission to sell to them, having stepped into the shop. Now other marketing techniques, such as SEO, usability, accessibility and personalization, come into play (and are subjects for another discussion). The critical role of the website in the context of the marketing narrative is to continue the story in a way that encourages repeat visits.

Repeat publishing cycles, such as topical news, aggregated content, serialized content and timely offers, are essential. Repeat visitors are gold dust. It's rare that first-time visitors make a purchase. By providing fresh, regularly updated content, a brand increases dwell time and the number of revisits, thus improving conversion.

The most successful websites do this. For instance, the popularity of Facebook is underpinned by the random nature in which visitors are rewarded with news and content, an example of reinforcement theory in action. Since variable rewards are given at variable intervals, visitors come back regularly and often, as they never know what they'll get or when. Sometimes they're rewarded with messages from friends, news or links to rich media or interesting editorial; other times they're not. This encourages short, frequent, irregular visits. In contrast, the news area of the BBC website is routinely but deeply updated daily with only a smattering of real-time news publication, usually on the home page. This policy encourages longer, less frequent but more regular visits.

CONCLUSION

People have gained more choice and control over the media they consume. They watch, read, listen to and interact only with content that they choose and find rewarding. Brands that do well on the web recognize this and have redefined what success looks like. It's no longer about converting 1% of all people who come into contact with a campaign; instead, it's about ensuring that 99% have a positive brand experience. By generously creating branded content that consumers want to engage with and enabling positive dialogue, brands turn transactions into rewarding relationships—for both sides.

Marketing on the social web creates an audience and then progressively moves them, with their permission, to a positive relationship with brands and, ultimately, purchase. Brands achieve this by turning themselves into original media that people choose to engage with, explore and recommend to others.

OUR STORY

Story believes that advertising-as-interruption is over. We connect brands to customers by telling engaging and entertaining stories that audiences actually want to hear. Imagine that!

Marketing has entered the post-advertising age. The new age's defining feature is this: *The only messages anyone will see and hear are the messages they choose to see and hear.*

Our story is just getting started. We're the first global content marketing agency, and we have offices in North America, Europe and Asia. And who knows? Maybe your brand will become the next chapter in our story.

We want to hear about your brand challenges! For more information or to request a proposal from Story, please feel free to reach out to us.

In Europe or Asia:
Jim Boulton, Deputy Managing Director
+44 (0)20 7449 1500
jim.boulton@storyworldwide.com

In North or South America:
Keith Blanchard, Chief Content Officer
+1 646.437.0616
keith.blanchard@storyworldwide.com

**BY GENEROUSLY CREATING
BRANDED CONTENT THAT
CONSUMERS WANT TO ENGAGE
WITH, AND ENABLING POSITIVE
DIALOGUE, BRANDS TURN
TRANSACTIONS INTO REWARDING
RELATIONSHIPS—FOR BOTH SIDES.**
