

WhitePaper



Why Online Influence Measurement is Misleading

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Influencer50: The global authority on Influencer Marketing in the tech & telecoms sector, delivering influencer identification & engagement programs to clients including IBM, Microsoft, Oracle, SAP, Salesforce.com and Orange.

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This Paper discusses the recent upsurge of interest in social media measurement tools. Are they really measuring online influence as some vendors claim, or are they just measuring online noise – interesting, but far less useful. And how do online conversations relate to real-world influence?

SUMMARY

Read the blog world and other online platforms and you could be persuaded that social media has rapidly become the most important medium for today's B2B influencers. Certainly there is now a whole industry around social media monitoring tools portraying themselves as tracking these key online 'influencers'.

But is that really the case? Are these online 'influencers' really influential?

Online social media -- blogs, Twitter, YouTube, Facebook and other types of user-generated content -- have proliferated in the last three years. But can they really have become the most important channel for influencing purchase decisions as some assume? Take a close look at recent research and the answer is clear: not yet, and not anytime soon. The hype may say one thing, but reality is saying another.

Trusted influence takes place overwhelmingly offline in both B2B and consumer markets. CMOs who lose sight of the importance of offline influencers could be putting their future sales at risk.

Despite this, we are seeing too many examples of in-house marketers confusing the measurement now afforded by social media metrics with the identification of business influencers. At best, online noisemakers offer up a small percentage of the genuine influencers. At worst, they completely distort the picture. And the cause of this confusion? Largely the unsubstantiated claims of the online measurement vendors themselves.

Online influence measurement is currently more a case of measuring what is easily measureable, rather than measuring what is important.

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Tip 1.

Do look offline for the influencers actively engaging with your customer decision-makers. Talk to your customers, prospects, sales, partners and consultants to understand whose opinion they most listen to, and where they go for their information.

THE START POINT

We all know from personal experience that people influence each other, and that some exert significantly more influence than others. That's a given. We listen to our known, trusted advisors when we're about to make any decision, especially important purchases. These individuals influence us through our normal, everyday conversations. This is true whether we're buying a car or a laptop, a new coat or house insurance.

This system of influence also exists in B2B purchase decisions, and arguably more so, where the role of decision-making units, delegation, committees, formal procurement processes, etc are the norm.

Research confirms that our personal experience with influence is common around the globe. Several major research studies [1] since 1990 have shown that everyday communications create and sustain relationships, and that relationships serve as the main foundation for inter-personal influence.

For marketers, this should prove challenging news. To begin with, it's difficult to uncover the personal relationships that decision-makers bring into play during a particular type of purchase. Moreover, it's neither ethical nor practical to try to eavesdrop on those personal conversations taking place during a decision cycle. No wonder then that marketers have been so quick to embrace one type of conversation on which they can eavesdrop.

WHAT MAKES SOCIAL MEDIA INFLUENCE SO APPEALING

Enter social media. Suddenly, it seems easy to identify the most prolific voices using volume metrics. But these top so-called 'influencers' are being defined as those who post the most content containing certain keywords, command the most inbound connections and followers online, and participate most actively in online conversations with other equally active and popular voices. But we need to remember that that's just what they are – voices – and not necessarily influencers.

This mistaken rationale crops up again and again in the first generation of social media metrics. Examples include Technorati rankings [2], the AdAge Power 150 ranking formula [3], and the IAB's metrics for social media [4].

Plus, social media conversations take place by default online, out in the public domain. If these individuals could be proven to be real business influencers then a powerful 'cause

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Tip 2.

It's not unusual for a market's most significant influencers to work almost completely offline, where experience, long-term relationships and personal contacts are strongest.

Missing out on these individuals will dramatically affect your sales success.

& effect' model could be established, the circle closed and we really would have a robust argument to call them true influencers. But to date it just doesn't exist.

Social media enables cheap and scalable - albeit crude - discovery, monitoring and measurement of who's making most noise online, and even who's signed up to listen to that noise. Whether any actual influence they're exhibiting affects eventual purchasing decisions is another question. Because you have to ask yourself here, if these people are influential - influential on whom?

What social media cannot do - at least not yet - is help companies tap into the vast majority of their influencers. And that is the entire goal of identifying a company's influencers - it's not just to know who they are. That's just the start-point. It's to do something about it for the benefit of your company. Influencing a purchasing decision, not just having a number of social followers. And it's important to keep in mind that that influence is orientated around what buyers are thinking and doing, not around the views of the vendors.

**ONLINE INFLUENCE MAY BE THE TIP OF THE ICEBERG.
BUT IT'S A STAND-ALONE ICEBERG.**

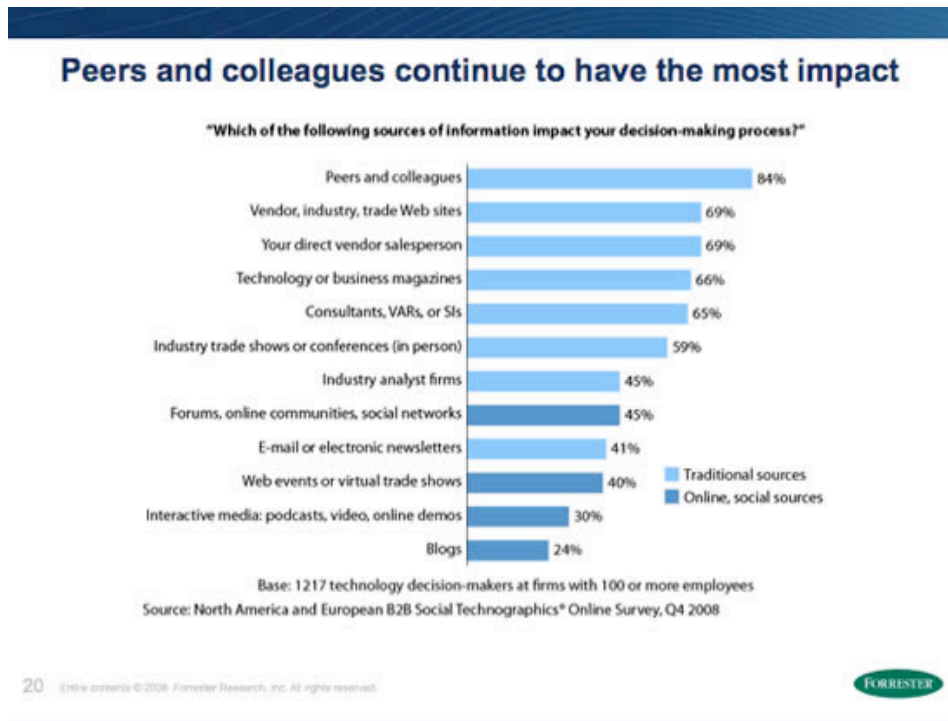
There are some media monitoring voices who assert that once you know who's influencing online then that tells you the offline influence too. We just can't agree with that logic. Not only are there endless examples which deflate that argument - there is little correlation between online noise and online influence, and a very chequered correlation between online influence and offline influence. In many cases, online conversations are solely a function of being online to start with, and by default are very different to those conducted offline. Similarly, there are many individuals whose only significant presence is online, and they have little offline relevance to that market.

Monitoring online activity offers a snapshot of what's happening online. That can be useful. It can be insightful. And it is certainly relevant. But it is no proxy for the far greater impact of offline influence.

Most influence continues to occur offline and through private digital channels such as phone calls, texting and email. Case in point, ten months ago a Forrester Research study found that peers and colleagues have the greatest impact on decision-making processes.

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According to Forrester, “social media has yet to effectively influence a large part of the technology buying process. Fifty-one percent of survey respondents feel social media doesn’t play an important role in the purchasing process, and 60 percent of survey respondents don’t find blogs more valuable than editorial content for informing purchase decisions. More than three-quarters of respondents said peers influence their purchase decisions more than any other media or information source.” [5]



Likewise, Forrester “found that buyer’s social attitudes and behaviors have yet to align”: only 20% of decision-makers surveyed feel that social media and activities play an increasingly important role in their business purchases.

Nate Elliott at Forrester observed that “the huge majority of users influence each other face to face rather than through social online channels like blogs and social networks.”

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Tip 3.

Do monitor online conversation activity. Make the most of social media monitoring and measurement tools by aiming them at those with an online footprint. You'll see who's in the online conversation and better understand their mindset. That can be helpful on many levels. Just don't take it as a proxy for influence.

SO HOW ARE THE SOCIAL MEDIA MONITORING VENDORS CLAIMING THAT THEY MEASURE 'ONLINE INFLUENCE'?

In a recent conversation one of the largest of the vendors in the social media space told us that they measure a blog poster or online contributor's 'weight' according to: their number of links, who else is linking to them, the quality of their writing skills, and how on topic their writing is. The analysis of these four criteria was apparently almost entirely automated. Crude at best, and more often open to complete miscalculation.

Some automated systems examine links or 'citations' – references back to an originating source. The more times a source is cited, the more influential it is. Right? Wrong. Research shows that more well-known sources get cited hugely more often than those lesser known, in a phenomenon dubbed 'the Matthew effect.' In other words, the famous get more famous while the obscure get more obscure. Social media is no democracy – it disregards the importance of the message by focusing on the messenger.

Our own methodology allows us to compare how a market's top influencers rank when all factors, both offline and online, are considered; and then to compare these findings with the rankings had only online measures been applied. In almost every instance the differences between the two charts are far more striking than the similarities, the two comparative 'top ten's' are almost unrecognisable from each other and the number of individuals found in both examples are few.

We are not 'anti' social media at all, we all use it on a daily basis, but it offers few clues as to real influence in a business scenario. It's easily measurable – and that's why it's so instantly popular. What it's actually measuring though, is far less understood.

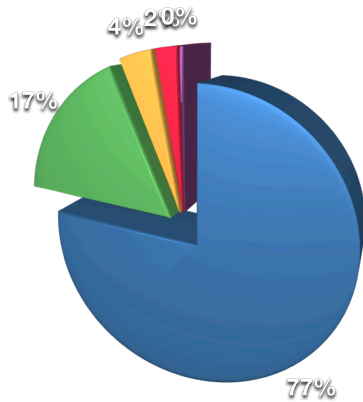
WHO DO WE TRUST?

The 2009 Edelman Trust Barometer [6] provides another strong indicator that companies should focus first on finding influencers offline. Fewer than 20% of respondents across 18 countries considered business blogs, personal or non-business blogs or bulletin boards or social networking sites as "extremely credible" or "very credible" sources of information about a company.

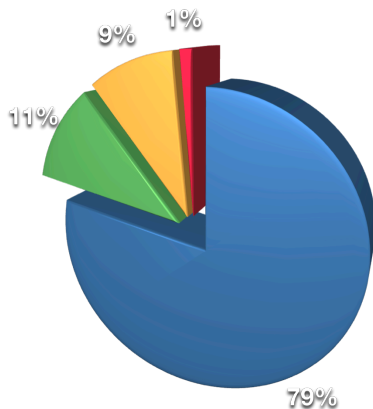
What sources of information did qualify as "extremely credible" or "very credible"? Stock or industry analyst reports got the nod from 47% of respondents, lifted by a particularly strong showing in the US.

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WOM interactions
 (involving buzz agents):



- Face-to-face:
- Instant messaging:
- Chat room:
- Phone
- Email:



WOM interactions
 (among everyday people):

Conversations with friends and peers tallied 40%, as did conversations with company employees. Traditional news coverage through radio, television and print fell midway between social media and conversational word of mouth.

WOM INFLUENCE – NATURAL & WITH BUZZ AGENTS

B2B markets are currently less active in online communities than their B2C counterparts. Every end-user survey we conduct reinforces this. The higher the personal risk and the higher the value of decision the less likely it is to be based on online sources. In the same vein, WOM – so critical to the consumers’ worldview – is not proven to scale so well in B2B circles.

An academic study [1] conducted by W. J. Carl at Northwestern University in 2006 found that where WOM influence does exist it occurs offline and through private digital interactions. He studied WOM interactions involving buzz agents – people with an (often paid) affiliation to a brand – and WOM interactions involving only everyday people. He concludes that “The majority of the WOM action still seems to be happening in the offline world. These findings are especially provocative since they emerge at a time when more and more organizations are paying attention to how their brands are discussed online and recent academic research has focused on online WOM. Thus it is important for organizations to keep both online and offline conversations on their radar screen.”

The renowned thought-leader on the role of influencers, Ed Keller, co-author with Jon Berry of ‘The Influentials’ (2003), announced in 2007 that “While experts have previously estimated that 80% of marketing-relevant word of mouth takes place “offline” (i.e., face-to-face or via telephone), the new results indicate that this figure is even higher – 92%.”

Fast forward to the closing months of 2009. Today, many buzz marketing campaigns encourage their buzz agents to exert influence through blogs and product review sites. Yet transparency issues are undermining trust in sites and buzz agents, and cases of backlash are more frequent.

A good example from a few years’ back was Oregon software company Marqui Inc. To their credit, this company was 100% upfront with their ‘Pay for Bloggers’ campaign. They literally paid a number of bloggers to weave mentions of Marqui into their personal blogs. Whether you like the ideas of bloggers being ‘hired’ or not, everyone, including the readers, knew the score and could make their own decisions on its credibility.

And a bad example? Well, we could name almost every major PC hardware company, most of whom for the past decade have quietly issued long-term loan kit to the most favorable

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Tip 4.

Don't treat online social media as interchangeable channels of influence. Demographic groups use different types of online social media in different ways. Investigate how your typical buyers use each channel, if at all.

And understand that how they use social media in their personal lives may not reflect how they use it at work.

journalists, bloggers and now tweeters. And do you really think that most car journalists have to buy their own private cars?

Disclosure is the key principle. The recent ruling by the FTC makes it mandatory that "bloggers who make an endorsement must disclose the material connections they share with the seller of the product or service." It's unfortunate that such legislation is necessary to keep marketers in check. Intuitively we recognize that real influencers don't do paid-for endorsements. It undermines the very influence they are trying to convey.

INFLUENCERS REMAIN THE NEEDLE IN THE ONLINE HAYSTACK

Of those individuals who Influencer50 may rank in one of its client-side Influencer Identification Programs, perhaps 50% have a regular blog. But that doesn't mean that they're primarily bloggers. They're not. They simply blog as one of the channels through which they influence, and they quite likely were major influencers long before they began blogging. We're often surprised by how few dedicated bloggers are truly influential solely as a result of their blogging.

At Influencer50 we often say: "Influencers blog far more often than bloggers influence."

If that sounds glib, consider these online media statistics:

1 trillion: the number of unique web pages (URLs) Google searches [8]

133 million: the number of blog records Technorati indexed between 2002-08 [8]

Approximately 4bn: the number of Twitter messages published as of the day this paper was written. [9]

Or as Technorati used to say "100 million blogs – some of them have to be good!"

In a survey conducted for a recent client of ours we asked a sample of the decision-making population which blogs they regularly read. The most frequent answer was "None". The point here is that the number of blogs is irrelevant if the right people don't read them. And in our understanding, the 'right' people are those that go on to influence business decision-making.

Spotting influencers is more about studying the type of impact they have on specific people during the buying process, and less about shifting through the online media based

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on the noise and popularity of millions of people. And that's a critical point, which must not be lost on those using social media measurement as a proxy for influence.

Only a small portion of everyday communication routines – and trust – have shifted from direct contact to the new public digital comms channels.

For the near-, and perhaps mid-term, most decision influence will continue occurring where it always has: offline and within the context of personal networks, personal relationships and personal communications.

WHERE TO GO

We are always astonished at the budgets vendors spend on their supposed influencers, when those targets have not been validated in more than a decade, if ever. Whole groups of Journalists and Industry Analysts are treated to VIP existences because it's 'taken as read' that they will be influential to that company. No analysis has ever been carried out, no thought ever applied to the subject, no consideration given that while one individual from one publication may be influential, that person's colleague from the same title will have no such influence. Yet they are treated the same. Influencers are far more often individuals than organizations.

By the same measure, most vendors spend next to nothing on perhaps 50% of their true influencers – they either don't know of their existence, or have massively underestimated their role. And simply adding 'bloggers' or 'tweeters' to the list of top PR targets, as so many vendors are now doing, further exacerbates the problem.

So where to go? Place yourselves in the position of your customer or prospect. Meet with them, understand how they approach purchase decision-making. Who do they involve in the process, who do they listen to, where do they get their information from? Then compare their responses to how you are currently allocating your marketing budget.

The channels your prospects use are not necessarily the ones you'd like them to use. They're possibly not the ones your company is most equipped to utilize. And you're unlikely to be able to change their buying behaviour. So you may like to make some changes rather quickly.

- ENDS -

Fig.1:
A typical Decision-making Ecosystem



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ABOUT INFLUENCER50

Influencer50 was born out of a desire to improve the practice of technology marketing. From our offices in London, Munich, San Francisco & Sydney we promote and lead the practice of influencer identification and engagement management. Our services help organizations tie their marketing efforts directly to sales-cycle objections by identifying and working with the key influencers in their specific markets. Our customers range from multinationals such as IBM, Microsoft, Oracle, SAP, Salesforce.com, Orange, Nokia and BMC to niche, region-specific technology vendors.

Influencer50 employs a mix of ex-technology industry analysts, former international marketing directors and agency heads as well as an international team of researchers to provide bespoke Influencer50 research and consultancy for our clients. We work with technology companies and their agencies to ensure that marketing spend and effort is targeted at the right people and linked directly to overcoming objections in the sales-cycle. Our activities must benefit our clients' salespeople in every instance.

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