Chapter 1

Audiences as Assets: Think Like The Boss

> [T]*he audience is not brought to you or given to you; it's something that you fight for. You can forget that, especially if you've had some success. Getting an audience is HARD. Sustaining an audience is HARD. It demands a consistency of thought, of purpose, and of action over a long period of time.*[1]
>
> —Bruce Springsteen

Quick! What are the most important assets of your business today? Your brand? Intellectual property? Physical facilities? Inventory? Employees?

All of these are likely answers; however, there's one asset that is constantly missing when I ask companies this very question. Audiences.

Yes, audiences.

This answer tops your list if you're in the media, sports, or entertainment industries, because you're in the actual business of putting people in seats. You build audiences for a living and know the competitive advantage to be gained if your audience is bigger, better, and more energetic than the competition's. Media companies build READERS (print), LISTENERS (radio), and VIEWERS (television). Football teams feed off of FANS. And Lady Gaga . . . well, she loves her "Little Monsters."

Even lay consumers who aren't in media or entertainment inherently understand that each of these audiences has monetary value. Loyal FANS pay cash for tickets to a live event, and a percentage of that money goes to the performers. The equation is simple: *bigger audiences = more revenue*.

You may think that this equation doesn't apply to you if you work outside of an audience-centric industry, but it does. Do you pay for advertising? Then audience matters. Do you have a website? Then audience matters. Do you want to grow your business? *Then audience matters*.

Audience is the bedrock upon which every business is built. After all, what were your customers *before* they were customers? They were members of some audience that was exposed to your products and services.

Not that long ago, companies were totally dependent on print, radio, and television gatekeepers to reach audiences. Today, however, every company can build its own global audiences via websites, mobile apps, email, Facebook, Twitter, YouTube, Instagram, and Pinterest (just to name a few). The rapid adoption of mobile devices and social media also gives those same audiences the ability to communicate right back to companies—often, in *very* public fashion.

Ahh . . . that sounds familiar. You've got "a young gal" who works on social media, "a guy" who is in charge of email—and you have some videos on YouTube. Your website "kind of" works on smartphones and you've got a LinkedIn profile for your company, so you must be building audiences correctly. Right?

Wrong. These are siloed tactics that produce siloed audiences. Moreover, they're often managed by people with conflicting objectives and few organizational incentives to collaborate. What I'm advocating—what this book is about—is the creation of an entirely new marketing discipline focused solely on *Proprietary Audience Development*. To fully appreciate the importance of this cause, we had better check in with *The Boss*.

The Boss Is Worried

Bruce Springsteen (@Springsteen) is no stranger to proprietary audiences. With over 120 million albums sold worldwide and thousands of live concerts under his belt, he lives for them. And while you might think a veteran performer would be the last person to worry about finding an audience—you'd be wrong. After four decades as a performer, Bruce remains concerned about his ability to build and sustain an audience for his product (i.e., his music) in the Internet age. His quote at the beginning of this chapter sums the challenge up perfectly:

> Getting an audience is HARD. Sustaining an audience is HARD. It demands a consistency of thought, of purpose, and of action over a long period of time.

If The Boss is worried about getting an audience, shouldn't you be worried? Shouldn't *your boss* be?

The question of where the next sale will come from has always dogged businesses. Indeed, the entire field of capital-M Marketing rose up to address such fears head on. Over the years, marketers have used a combination of creativity, messaging, and well-placed advertising to help their companies generate the vast majority of their sales—so much, in fact, that we completely lost any fear about on-demand audiences disappearing. After all, there were always print publications, radio stations, and television networks out there, all willing to put your product in front of an audience at a moment's notice in exchange for cold, hard advertising dollars.

And then, the Internet happened.

New, interactive channels fragmented consumer attention, toppled traditional information gatekeepers, and decimated the business models of traditional media. Consider that:

- From 2008 to 2012, daily newspaper circulation dropped 26.6 percent in the United Kingdom and 14.9 percent in the United States.[2]
- Twenty-nine percent of TV viewing is time-shifted thanks to DVRs, VOD, and Web-streaming platforms (and 41 percent of recorded shows go unwatched).[3]
- By 2020, the average consumer will own 50 Internet-enabled devices.[4]

In Bruce's industry, once all-powerful, taste-making radio stations now stand as homogeneous shells of corporate efficiency where fewer owners play fewer artists to fewer listeners. Record stores are on life support, sustained by a few die-hard music enthusiasts, vinyl addicts, and the resale market for CDs. As for the music-buying experience, it has shifted from tactile and personal to virtual and impulsive. Practically overnight, the biggest artists went from selling entire albums to pushing MP3 singles for 99 cents a pop.

This is why The Boss is worried. The Internet, mobility, and social media have drastically altered a formerly stable and profitable means of manufacture, distribution, and promotion. Traditional influencers who propelled his albums to platinum-level sales have lost power. And if Bruce can't find new, cost-effective ways to reach audiences, his records won't sell, his concerts won't sell out, and his cash register won't ring.

But we know this hasn't happened. The Boss is doing just fine. His 2012 album, *Wrecking Ball*, topped the charts—his tenth album to do so.

He has amassed an incredibly loyal audience over the course of his 40 years in the music industry, and as times have changed, so have the ways they follow him. Instead of learning about his new album from a radio DJ, they hear about it directly from his website, email, or Twitter account. Or they hear about it from a new tastemaker—a blogger or fellow FAN on Facebook. Whatever the case, The Boss has retained his following because his management understands the absolute necessity of *Proprietary Audience Development* over the long term.

The Audience Imperative

Proprietary Audience Development is a comprehensive, collaborative, and cross-channel effort to build audiences *that your company alone can access*. This new marketing practice is built upon a mandate that I call *The Audience Imperative*:

Use your Paid, Owned, and Earned Media not only to sell in the short term but also to increase the size, engagement, and value of your Proprietary Audiences over the long term.

When you build bigger and better proprietary audiences than your competition, you gain a tremendous advantage in the marketplace. You're able to drive consumers to your doorstep with the push of a button—while your competitors are left fighting for better ad placements and bidding up keywords. Proprietary audiences allow you to:

1. Reach CUSTOMERS and PROSPECTS at a lower cost.
2. Drive sales in a more on-demand fashion.
3. Treat consumers as individuals instead of faceless masses.
4. Optimize your budget across Paid, Owned, and Earned Media.*

Proprietary Audience Development ***is a comprehensive, collaborative, and cross-channel effort to build audiences that your company alone can access.***

*I've elected to capitalize the terms Paid, Owned, and Earned Media from here on out to better highlight how they support *Proprietary Audience Development*.

While few could discount these tremendously beneficial outcomes, *Proprietary Audience Development* is a discipline without a champion in most companies today. In Chapters 3 and 4, we'll explore the different audiences in greater detail, but for now, take a look at all of the potential proprietary audiences at your disposal:

SEEKERS	*AMPLIFIERS*	*JOINERS*
BROWSERS	ADVOCATES	CUSTOMERS
LISTENERS	ANALYSTS	DINERS
PROSPECTS	COMMENTERS	DONORS
READERS	CREATORS	EMPLOYEES
SEARCHERS	INFLUENCERS	FANS
SHOPPERS	REPORTERS	FOLLOWERS
VIEWERS	REVIEWERS	PARTNERS
VISITORS	SHARERS	SUBSCRIBERS

Now ask yourself this: Who manages the acquisition, development, and performance of these audiences in your company? Is it one person? Two? Five? Fifteen?

If your company is like most, your proprietary audiences lie strewn across a variety of different channels, databases, and teams—there's no primary leader as with advertising, branding, and even content marketing. As a result, your efforts to drive audience engagement through your Paid, Owned, and Earned Media are neither as seamless nor as profitable as they might be. Your messaging is also probably far from optimized since your website, email, mobile, and social databases aren't fully integrated with one another.

As if this weren't bad enough, your company runs another huge risk absent a commitment to *Proprietary Audience Development*. Your audiences—critical business assets that they are—become subject to abuse at the hands of the loudest, most desperate executives, inexperienced newbies, and all manner of well-intentioned colleagues who seek to achieve their personal objectives regardless of the *unsubscribes, dislikes*, and *unfollows* they cause. This leads your company (often unknowingly) to sacrifice long-term audience profitability in service to short-term, ill-gotten gains.

This is not the fearmongering of a deranged marketer; it's a story I've seen play out time and time again.

- The email marketing team directed by management to "blast" all of their SUBSCRIBERS (and sometimes even those who unsubscribed) regardless of the impact on opt-out rates and long-term email ROI

- The social media manager told to "sell, sell, sell" even though self-centered posts suppress FAN and FOLLOWER engagement
- The mobile app developer who fails to ask SUBSCRIBERS to opt-in to push messaging or email, thereby leaving their company without any means to trigger mobile app reengagement

Sound familiar? Want to help stop the madness and embrace *The Audience Imperative*? Then it's time to help your company understand proprietary audiences as the incredibly valuable business assets they are.

The Audience as Asset

Say it with me. Audiences are assets—*valuable business assets*. They may not be tangible assets, but with the right message to the right person at the right time, proprietary audiences can quickly turn into paying customers.

Of course, a company's physical assets are more readily appreciated precisely because everyone in the organization can see them. We know the value of a piece of land because of what we paid for it or what the market will bear. We have the common sense to hire security to guard our physical facilities because the alternative is to let thieves or vandals disrupt our business. And we know to invest money in the maintenance of our physical facilities, because otherwise that small leak will become a far more costly problem overnight.

Audiences are assets—valuable business assets.

Unfortunately, we lack the same organizational common sense when it comes to audience assets. Few executives fully appreciate the lifetime value of proprietary audiences and yet, as we'll see, many of them could be worth *millions of dollars in future revenue*. Does your company just let anyone walk around with access to accounts containing millions of dollars? Heck, no! We entrust such assets to people who are well trained, well screened, and well compensated. If your proprietary audiences possess such inherent value, shouldn't the people who are a push button away from your audiences be some of your brightest, most trusted, and most valued people?

This strikes me as common sense, but overall businesses fail to hold audience assets in the same regard as physical assets for a few reasons:

1. ***The whole concept of proprietary audiences is very new***. Prior to the Internet, a proprietary audience was a direct mail database hidden in some huge, distant server. Today, proprietary audiences exist inside and outside of our databases as well as across a vast array of public and private channels.
2. ***We're focused on channel management instead of audience development***. Many companies have Facebook, Twitter, and YouTube strategies, but few have comprehensive *Proprietary Audience Development* strategies. This leaves marketing pigeonholed into tactical discussions instead of debates about strategic priorities.
3. ***Channels are still evolving***. The channels that support proprietary audiences haven't evolved to the point where they provide marketers with simple, consistent ROI measurements. This makes it difficult sometimes to provide leadership with more than anecdotal stories of positive audience engagement.

Today, your proprietary audiences aren't reviewed as part of your company's financial statements, but you need to begin preparing for the day when they will be. Indeed, I envision a future in which the people who manage a company's proprietary audiences command the same respect and scrutiny as the VP of Sales. They do, after all, manage assets (audiences) that account for a huge portion of your company's future sales if managed appropriately.

Netflix: When Audiences Are Your Most Important Assets

For a glimpse at a future where corporate fortunes rise and fall on the size and quality of their proprietary audiences, look no further than Netflix (@Netflix). The company's ill-fated 2011 plan to split SUBSCRIBER accounts (one for streaming and one for DVD delivery) caused the loss of 800,000 SUBSCRIBERS in a single quarter. As a result, Netflix stock dropped from a high near $300 per share to the $60 range in a matter of months.[5]

Granted, Netflix is in the audience business. However, its plight—and subsequent recovery in terms of SUBSCRIBER count and stock price—underscores that when audiences are viewed as assets, their rise and fall can dramatically impact the fortunes of any company.

Proprietary vs. Owned

You may have already noticed that I've been going out of my way to say "proprietary" instead of "owned" audiences. Audiences are *proprietary to* your company and not *owned by* your company because no audience is owned; members can leave any time they want. Whether at a concert, using a mobile app, or subscribing to an email list, the audience member always has the option to leave the venue, delete your app, or unsubscribe from your email. The same rule holds painfully true for traditional media. If it didn't, we'd all still be reading printed copies of *Newsweek* (@Newsweek) while waiting to watch *Must See TV* Thursday nights on NBC (@NBC).

While not owned, audiences can be *proprietary* in that the right to communicate with them belongs to a single entity. To better understand this distinction, let's take a look at someone who's not quite as famous as Bruce Springsteen but commands a loyal FAN base today, Joel McHale (@JoelMcHale).

For those unfamiliar with Joel, he's a talented actor, comedian, and "Proud Mom" according to his Twitter profile. In reality, he's one of the hardest-working men in show business, with a starring role on NBC's *Community*, a long-standing role as host of *The Soup* on E! Entertainment Television, and a lucrative stand-up career built in part on making fun of Ryan Seacrest (@RyanSeacrest). Joel and each of his shows have an active presence on Twitter, and as I write this, their FOLLOWER counts stand at:

- 3,272,374 @JoelMcHale
- 241,996 @TheSoup
- 234,997 @NBCCommunity

No audience is owned; members can leave at any time they want.

You read that right. Joel McHale has over 13 times more Twitter FOLLOWERS than each of his shows. In fact, as I write this, he also has over 11 times the Twitter audience of the NBC Network itself (@NBC—364,945 FOLLOWERS)! "Must See TV" has definitely seen better days.

But here's the twist: Not one of those FOLLOWERS is *owned* by Joel. He must work to retain their attention with each new tweet. Still, Joel's Twitter FOLLOWERS are his *proprietary audience* in that he is the only person that can message them in the aggregate. E! and NBC can't. They can message their own FOLLOWERS; but to reach Joel's, they must ask (or pay) him to message them.

As it turns out, Joel does encourage his Twitter FOLLOWERS to watch both of his shows. This is of tremendous benefit to NBC and E! as it extends their promotional efforts for zero cost. Similarly, Joel has to love it when NBC and E!'s main accounts (@NBC and @Eonline, respectively) include his Twitter handle (@JoelMcHale) in their promotions. This helps him build his Twitter following—an asset that he will take with him long after he departs from *Community* and *The Soup*.

Audience Exercise #1: Check Yourself

If you want to understand audiences as assets, look no further than your own behavior.

Write down the brands you currently *like* on Facebook or *follow* on Twitter, LinkedIn, Pinterest, or elsewhere. Now check your personal inbox. What brands did you give permission to send email to you? Which ones do you still look forward to? If you have a smartphone, pick it up and browse your open apps. How many are provided by companies you do business with?

Now ask yourself this: Is your company doing all it can to build its proprietary audience across these channels?

Twitter definitely provides Joel with his largest proprietary audience, but it's not the only one that he commands. He also has a website audience (www.joelmchale.tv), a Facebook FAN audience (www.facebook.com/joelmchale), and a live audience of CUSTOMERS when he headlines as a stand-up comedian.

Does this sound familiar? It should, because aside from being an actor/comedian, Joel is really a business—a business seeking to increase the professional opportunities and income for one Joel McHale. He does this when he can create *energy* in the form of buzz, interest, and ultimately sales around his projects. The same thing holds true for Bruce, and the same thing holds true for your company.

In fact, if you're in marketing in any capacity today, it's time to embrace the fact that you, my friend, are in the energy business.

The Relationship between Audience and Customer

As I've hammered out the concepts in *AUDIENCE*, I found myself referring back to three books that helped to shape many of my beliefs as a marketer:

1. *The One-to-One Future* by Don Peppers (@DonPeppers) and Martha Rogers (@Martha_Rogers)
2. *Permission Marketing* by Seth Godin (@ThisIsSethsBlog)
3. *Flip the Funnel* by Joseph Jaffe (@JaffeJuice)

Each of these works envisions a future where marketers could increasingly leverage technology to build deeper, more meaningful, and more human relationships with consumers. Each also values consumer permission as the key to unlock both the channels (email, SMS, Facebook, etc.) and the data to power more personal, relevant, and timely communications.

AUDIENCE stands on the shoulders of these giants, seeking to remind marketers that before you can gain a CUSTOMER or build a relationship with a PROSPECT, you must have an audience—preferably one that's bigger, better, and more responsive than the competition's. That's the heart of *Proprietary Audience Development*—and hopefully, a worthy heir to the fine work of Don, Martha, Seth, and Joseph.