Dear Partner,

We are pleased to be able to provide you with a complimentary copy of the *PQ Media Social Media Sponsorship Forecast 2010 – 2014.* This is the first forecast of its kind that specifically covers Social Media Sponsorships and provides an in-depth forecast on spending by category as well as the trends that will propel this explosive rate of growth. PQ Media is the leading provider of alternative media econometrics and has been the leading driver in the industry through its *PQ Media Word-of-Mouth Marketing Forecast 2009-2013.*

We are extremely excited about this groundbreaking research. This forecast provides an independent, in-depth look at this important medium. We ask that you please observe the PQ Media copyright provision referenced below when using any of this data.

We hope you find this data useful.

Sincerely,

Edward Murphy
CEO and Founder
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Social Media Sponsorships Forecast 2010-2014

Primary Research Tracking & Analysis

- Sponsored Conversations
- Digital Brand Ambassador Programs
- Digital Seed/Viral Campaigns
- Digital Marketing Agencies

First-Ever Data Covering

- Definitions & Segmentation
- Trends & Drivers
- Spending 2004 – 2009
- Forecast 2010 – 2014
- Spending By Marketing Category
- More Than 40 Company Profiles With Contacts

Social Media Sponsorships Forecast, 2010-2014

Exclusive primary research from PQ Media, the leading provider of media econometrics

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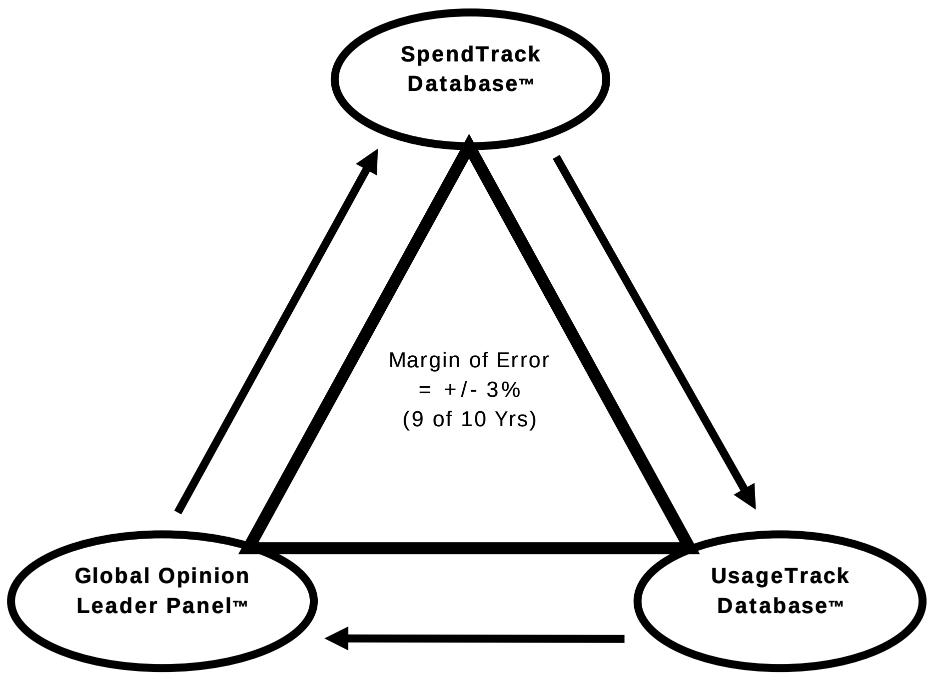
Methodology

PQ Media pioneered the category of alternative media research, publishing the groundbreaking *PQ Media Alternative Media Research Series*, including the authoritative reports covering digital out-of-home media, branded entertainment, social media and mobile marketing, and word-of-mouth marketing, all of which were the first sources to define, size, analyze and forecast spending, usage and trends in these emerging markets. PQ Media also partners with Veronis Suhler Stevenson, a leading media and communications private equity firm, on the annual *VSS Communications Industry Forecast*, the industry's benchmark for comprehensive spending, consumption and forecast research.

PQ Medianomics™



PQ Media is the leading provider of media econometrics through a proprietary research methodology and mapping system that tracks, analyzes and forecasts spending, usage and trends in all 20 major segments and more than 100 sub-segments of the media and communications industry (see above). PQ Medianomics™ is driven by data collection, algorithmic and formulaic methods synthesized with analytic approaches to determine spending, usage and trends models. PQ Medianomics™ - powered by our exclusive SpendTrack™ and UsageTrack™ databases, as well as our Global Opinion Leader Panel™ - has consistently predicted key trends, insights and outcomes that have influenced strategic plans, investment parameters and tactical approaches.

Our process also layers the impact of key data and variables, such as economic, demographic, behavioral, technological and regulatory, among others. Post analysis of our syndicated and custom research has found that our forecast methodology has a margin of error of +/- 3%, a result that indicates PQM's research is not only the communications industry's most comprehensive, but also the most accurate.

PQ Media aligns its core competencies with its clients' strategic development needs in the following key areas:

- Emerging media market identification (size & structure/domestic & global)
- Forecasts (advertising spending & time spent with media)
- High growth media sector identification (opportunistic investment)
- Scenario development (proactive "what if")
- Due diligence (company profiling & competitive landscape)
- Market share analysis (expansion recommendations)
- Research protocols (development & execution)
- Brand perception research (qualitative & quantitative)
- Project management (all types)

The *PQ Media Social Media Sponsorships Forecast 2010-2014* is the only source to define, size, structure and forecast this rapidly growing sector of the advertising and marketing industry. It provides exclusive data and analytics tracking spending and trends in sponsored conversations, digital brand ambassador programs, digital seed/viral campaigns and digital marketing agencies driving Social Media Sponsorships.

In defining social media sponsorships, PQ Media sought the input of key industry opinion leaders, executives, consultants, agencies and trade associations regarding various data and information that should or should not be included in the segments or sub-segments of this sector. Additionally, PQ Media researched, surveyed and/or consulted with more than 100 social media sponsorship and word-of-mouth marketing companies for input regarding size, scope, trends and growth of social media sponsorships, while examining hundreds of public and private documents from more than 100 sources.

Table of Contents

Table of Tables

Social Media Sponsorships Forecast 2010-2014

Social Media Sponsorships Definitions & Segmentation

Social media sponsorships is a word-of-mouth marketing (WoMM) segment in which brands provide material compensation, such as cash, products, points, or trips, to online social media content creators to promote and/or review their products and services through long-form text or status updates, often with accompanying visuals.

Spending is specific to online and mobile social media and does not include any offline component of a word-of-mouth campaign, such as speaking with friends and family or attending a sponsored event at an entertainment venue or person's home.

The compensation provided to social media content creators can include financial payments or product samples for consumption directly to influential blog, podcast or Twitter publishers, as well as the share of spending specific to the online social networking component of WoMM campaigns, such as blogs created by recruited brand ambassadors after being provided samples. It does not include any compensation provided for the offline component of WoMM campaigns, such as events at retail outlets and entertainment venues, or endorsing a product to friends and family in a formal or informal setting. However, the compensation package must be clearly apparent and meet the transparency guidelines as set forth by the Federal Trade Commission's (FTC) *Guidelines Concerning the Use of Endorsements and Testimonials in Advertising* (December 2009).

Social media sponsorships have the following characteristics:

- Sponsored content is placed directly into the conversational stream of social media by the site owner or social media account holder;
- Sites and accounts are influential with or connected to key target audiences;
- Content specifically mentions the brand's products and promotions, although sites and accounts can reference other brands in non-sponsored postings;
- Sites and accounts remain independent of the brands;
- Material compensation is provided for an opinion or promotion.

Social media sponsorships does not include:

- WoMM online communities developed by brands to facilitate consumer interaction, often hosted on the brand's website, whereby the consumer is not recruited or compensated to voice an opinion, other than a downloaded coupon for the feedback;
- Postings by impartial professional journalists after WoMM firms provide information briefings and/or samples that must be returned within a set period of time;
- Social network & consumer-generated advertisements that are placed above, below or to the side of the content, often having little or no relationship to the topic posted on the site or account other than being aimed towards the same target audience;
- Ads on Twitter's website, regardless they are being described as "promoted tweets," as they are being placed above, below or to the side of the content, often having little or no relationship to the topic of the tweet.

There are two categories within the Social Media Sponsorship segment:

- *Cash-Sponsored Social Media:* Influentials are reimbursed for their opinions regarding a brand's products or services;
- *Non-Cash Sponsored Social Media*: Influentials are provided product samples free of charge or other non-cash incentives to illicit reviews of a brand's products or services.

There are four types of word-of-mouth companies that meet the criteria for being included as social media sponsorship firms:

- *Sponsored Conversations:* Companies that directly reimburse blog, online video (vlog), podcast, Twitter and/or social network publishers to discuss a brand's products in great detail using their own voice and opinion to ensure authenticity;
- *Digital Brand Ambassador Programs:* Companies that recruit brand agents to post blog, vlog or Twitter entries on exclusive brand sites after sampling the product;
- *Digital Seed/Viral Campaigns:* Companies that reach out to influential blog, vlog and Twitter users, through press releases and/or product sampling to generate buzz;
- *Digital Marketing Agencies:* Companies that provide brands with access to influencing social media networks as part of their online and mobile strategies.

Key Takeaways

- The value of total social media sponsorships grew 13.9% in 2009 to $46.0 million, driven by higher demand of brands to be included in social media content, as well as their acceptance of the Federal Trade Commission (FTC) guidelines on transparency regarding brand references in social media content
- Social media sponsorships spending rose at a compound annual growth rate (CAGR) of 77.6% from 2004 to 2009, accounting for 2.7% of all word-of-mouth marketing (WoMM) spending in 2009, up from 0.5% in 2004
- Cash-sponsored social media, available through sponsored conversation firms, is the fastest-growing social media sponsorship segment, with spending rising 37.3% in 2009 to $10.3 million, driven by brand requirements to reach out to specific influentials in particular demographics, such as young females and working mothers
- Brand spending on non-cash sponsored social media campaigns, in which the influential is provided a brand's product free of charge or given other incentives to drive reviews, rose 8.5% in 2009 to $35.7 million, propelled by the websites developed specifically for brand ambassador programs and seed/viral campaigns
- WoMM brand ambassador programs accounted for the largest share of social media sponsorship spending (28.9%), or $13.3 million in 2009, driven by dedicated websites that discuss the strengths and weaknesses of brands being promoted successfully offline
- CPGs account for more than one-fourth of spending on social media sponsorships (25.2%), followed by the food & beverage, health & beauty, media & entertainment, and technology & telecommunications categories
- Total social media sponsorship spending is expected to increase 23.6% in 2010 to $56.8 million, driven by a stronger overall advertising and marketing environment as the economy improves, as well as continued pressure on brands to increase their presence on social media networks
- Total social media sponsorship spending is projected to rise at a 28.5% CAGR during the 2009-2014 period, reaching $161.2 million in 2014, propelled by the paid sponsorship segment, brands increasing their exposure in social media, stronger ROI metrics, and the ability to identify influentials earlier in the process
- Sponsored conversation providers will become the largest social media sponsorship segment in 2011, reaching $65.2 million in 2014, or a 40.5% share of spending, as well as continue to be the fastest growing sector, rising at a 44.7% CAGR during the 2009-2014 period.

Social Media Sponsorships: Background

Social media sponsorships is the synthesis of two emerging alternative media segments – user-generated content, or social media, and word-of-mouth marketing (WoMM). Social media can trace its roots to the early 1990s with the formation of blog-type websites such as Open Diary and Xanga, but it didn't gain traction until the late 1990s when the terms "weblog" and "blog" were coined by Jorn Barger and Peter Merholz, and blog hosting tools were developed in 1999. It broke into the mainstream during the 2002 elections, driven by political pundits wishing to voice their opinions, followed by the start of the second war in Iraq and the contentious 2004 presidential campaign. By this time, a number of blog publishers were experimenting with audio and video on social networks, led by software developer Dave Winer, who gave the first podcast demonstrations at an October 2003 blog/podcast conference at Harvard University. This conference led to the development of interface software, such as iPodderX, the formation of services offering storage and bandwidth for video, such as Liberated Syndication, and phonetic search engines, such as Podkey.

The growing popularity of blogs and podcasts resulted in the internet becoming a leading platform for individuals deemed as "influentials." However, the concept of influentials was not a new concept, as it was first identified by social scientists in the 1940s and 1950s, such as Paul Lazerfield and Solomon Asch, in forming attitude-change theories including two-step flow communications and normative social influence. These theories were adapted to advertising practices in which leading opinion leaders in a given community were identified and brands would provide samples for them to tout with family and friends. During the next three decades, additional social science studies were developed, such as the balance and group leadership theories, which were subsequently adapted by advertisers to justify hiring popular actors to hock products, such as Bill Cosby for Jello Pudding. Television programs, magazines and guidebooks were launched to propagate the hypothesis of opinion leaders, with *Siskel & Ebert*, *Car & Driver, Fodors, Zagat* and *Consumer Reports*, among those most often cited as precursors to online blog and podcast influentials.

Meanwhile, the concept of social networks was being developed by college and professional computer programmers as a means for friends to stay connected online. Many pundits point to the introduction of Friendster by Jonathan Abrams and Cris Emmanueal in 2003 as the start of the social network revolution. In the years since, Friendster has been eclipsed by Facebook, MySpace, YouTube and LinkedIn as the leading social networks. What is important in the development of social networks is a major change to the traditional mass media model that had been in existence for centuries. Traditional media was promoted as one-to-many communications with delayed feedback, while social media has introduced the concept of many-to-many communications with almost instantaneous feedback.

As blogs, podcasts and social networks grew, brand marketers became aware of the need to participate in social media. The problem was identifying where and how. For example, by late 2009 PQ Media estimated there were approximately 125 million individual blogs worldwide, more than double the number in 2006. However, most blogs, podcasts and other social media have been developed as a means for friends to exchange ideas, photos and subsequently videos, thereby making it difficult to identify which consumer-generated media had the largest following. Some of the confusion has been mitigated by technology and research firms that count links to blogs, such as Technorati, or online media usage providers, like comScore and Nielsen NetRatings. However, brands have been unable to fully monetize social media because consumers are fickle, making it difficult to identify which blog, podcast or social network posting will generate high audience engagement at a specific time period. That is, advertisers in the past have been able to use research methodologies based on past consumer behavior, such as ratings and circulation, to determine what programs or magazines will most likely have high usage patterns. That model cannot be adapted to social media as a result of its spontaneity.

Due to the inability of brands to fully harvest the potential of social networks, they have sought out new strategies and tactics that will allow them to include social media in their media mix. This is where WoMM has become integral. While WoMM may be the oldest form of marketing known to mankind, the WoMM industry only recently began to emerge as a standalone media segment, as industry specialists started to form companies to help define the practice, provide standardization, develop technology, and formulate metrics that could capitalize on the changing consumer and media trends in a digital environment.

During the past decade, WoMM has seen a progression of services specifically relating to social media. Initially, brands mainly asked public relations firms to monitor online buzz, an extension of the print news clipping services they were already getting and made possible through the development of analytical technology services, such as Cymfony. However, this did not help brands utilize the power of WoMM or social media. As a result, new WoMM firms were formed, such as Zocalo and Brains on Fire, which specifically helped brands develop strategies and tactics to generate greater word of mouth, not necessarily exclusive to social media. One particular tactic they suggested was for public relations firms to include blog and podcast influentials on press lists in specific verticals, such as automotive or technology, when product releases were sent out to traditional news media outlets.

The online component of WoMM took a leap forward with the formation of online community providers, such as Communispace, that aided brands in the development of dedicated websites for consumer feedback. While this had a component of social media, it did not set a precedent to identify a particular influential person. Additionally, no one was paid to provide their opinion on a specific product or brand, or given product samples as a form of material transaction between the consumer and brand. Therefore, online community providers are not included in this analysis of social media sponsorships.

The next step in the progression was WoM Media companies, like BzzAgent and Proctor & Gamble's VocalPoint, that recruited brand ambassadors to propel WoM conversations both online and offline. The brand evangelists did become influentials once they developed websites as part of their assignments to discuss a brand's strengths and weaknesses, while simultaneously providing responses to feedback on their postings.

With brands increasingly requesting that a social media component be mandatory in WoMM campaigns, new firms emerged to engage specifically with influentials. PayPerPost was launched as the first dedicated social media sponsorship provider which provided cash compensation to bloggers for creating posts. The launch was met with strong controversy, as a number of WoMM companies took issue with cash compensation, but the model was embraced by bloggers, as well as utilized by pioneering advertisers like HP and Tivo. PayPerPost became IZEA and was joined in the space by Peer2, ReviewMe and SponsoredReviews, as demand increased for social media sponsorships. Until these firms were formed, the only form of social media sponsorships was a periodic product placement arrangement in which the blogger or podcaster referenced a specific brand but did not elaborate much on its qualities. The social media sponsorship industry has generated positive buzz among consumers, according to a Psychster study released in March 2010, ranking first among five online strategies that would prompt an individual to link to a brand if he/she liked a social media video.

However in 2009, the Federal Trade Commission (FTC) revised its transparency guidelines (first proposed in 2006), which detailed the requirements on how media companies were to be upfront on reimbursements for product mentions in editorial content (see the following section). Brands are now requesting full disclosure, but are concurrently requiring influentials to discuss their products in greater detail in exchange for the cash or sample compensation. There has been controversy over the direct cash payments to influentials, as some Social Media Sponsorship providers believe that a blog publisher loses objectivity once cash changes hands. A number of companies profiled at the end of this report want to distance themselves from this practice, but were included because they met the guidelines set forth by the FTC.

Federal Trade Commission Guidelines on Transparency

In January 2007, the FTC published a Federal Register notice seeking comments on guidelines, followed by a November 2008 notice on the comments it received. From those two documents, the FTC released *Guides Concerning the Use of Endorsements and Testimonials in Advertising*, with an effective beginning date of December 1, 2009. In this document, the FTC established transparency guidelines that explain and illustrate, through examples, the requirement that material connections between advertisers and bloggers or other reviewers of products, brands or services must be made clearly apparent and fully disclosed. These guidelines encompassed cash payments or free products and services that consumers might otherwise not be aware of or expect.

The FTC issued the guidelines for advertising companies, brands, and media companies, including bloggers, vloggers and podcasters, in order to describe how it intends to enforce the Federal Trade Commission Act which prohibits deception and unfairness. The guidelines provide examples of what the FTC believes could be an unfair or deceptive practice. The revised FTC guidelines explicitly state that both advertisers and endorsers (bloggers in this case) will be held accountable and may be liable for failure to disclose material connections between those two parties or for any false, deceptive or unsubstantiated claims and statements made in any blog postings considered to be an endorsement. Although the guidelines themselves are not binding law, they are intended to facilitate advertisers' understanding and compliance with the Act.

Examples that are specifically cited in the guidelines address what constitutes an endorsement when the message is conveyed by bloggers or other word-of-mouth marketers. The FTC's definition of an endorsement is addressed in Section 255.0 (b) of the guidelines:

> *"An endorsement means any advertising message (including verbal statements, demonstrations, or depictions of the name, signature, likeness or other identifying personal characteristics of an individual or the name or seal of an organization) that consumers are likely to believe reflects the opinions, beliefs, findings, or experiences of a party other than the sponsoring advertiser, even if the views expressed by that party are identical to those of the sponsoring advertiser."*
> Source: Federal Trade Commission 16 CFR Part 255, December 1, 2009, pg 4.

The FTC believes that it must analyze statements made via consumer-generated media that host discussions relating to a product's attributes or consumer experiences with a product, brand or service. A determining factor would be whether the relationship between the advertiser and the blogger is one where the blogger's statement could be objectively considered "sponsored" by the advertiser and, therefore, interpreted as a true ad message.

Evaluations of positive remarks associated with a particular product, brand or service should encompass the following:

- Is the blogger completely acting independently and, therefore, constitutes as not meeting the guidelines as an endorsement?
- Is the blogger acting on behalf of an advertiser or its agent as part of an overall marketing campaign?
- Is the blogger financially compensated by the advertiser or its agent?
- Has the blogger been provided a product or service free by the advertiser?
- Does the blogger have defined terms for an agreement that may be in place between said blogger and the brand advertiser?
- Does the blogger have an established relationship with the brand or advertiser?
- Has the blogger previously received products or services from the same or similar advertisers?
- Will the blogger likely be in receipt of future products or services from an advertiser?
- What is the value of the products or services received by the blogger?

For example, a consumer who purchases a product with his/her own money and talks about it on a personal blog or post on an electronic message board would not be considered to be providing an endorsement. However, the guidelines state that the post of a blogger who receives cash or in-kind payment to review a product would be considered an endorsement, regardless of whether the blogger is paid directly by the marketer or by a third party on behalf of the advertiser. As a result, bloggers who make an endorsement are now required to disclose the material connections that they share with the seller of the product or service. Like any other advertisement, a paid endorsement is considered deceptive if it makes false or misleading claims.

The potential for trouble could exist if the blogger makes very broad product performance claims that someone could misinterpret as applying generally. Celebrity endorsers are also not exempt from the revised guidelines which make it clear that celebrities have a duty to disclose their relationships with advertisers when making endorsements outside the context of traditional ads, such as blog posts in social media outlets.

The FTC's first public investigation using the guidelines occurred as this report went to press. No fines were levied in April 2010 against women's retailer Ann Taylor for incidents relating to blogger coverage of its Summer 2010 LOFT brand preview in January. Bloggers invited to attend were promised special gifts if they submitted a blog about the event. While a sign was posted at the event asking blogs to reveal that they received a gift, the FTC expressed concern to Ann Taylor whether the bloggers actually saw the sign.

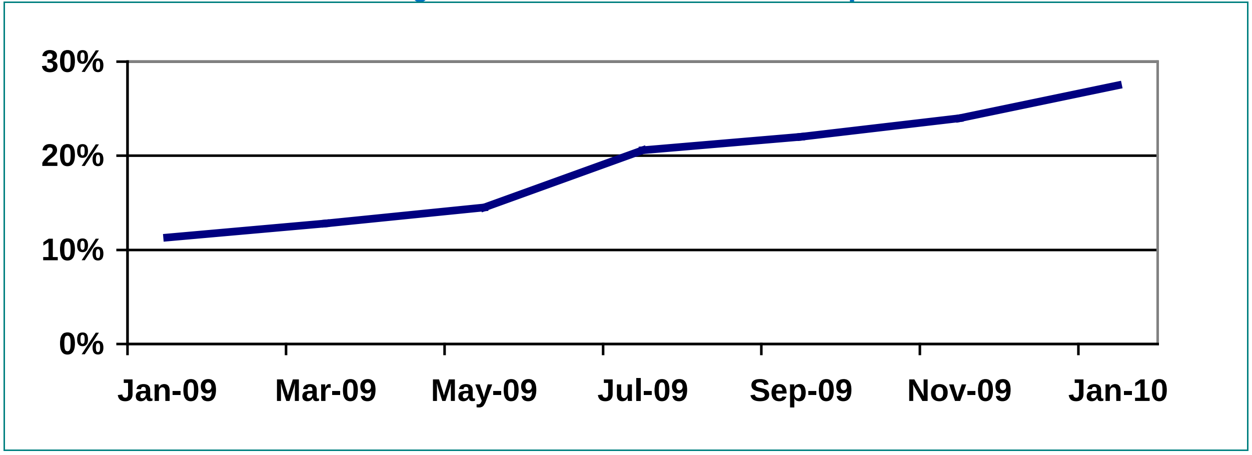
Social Media Sponsorship Trends & Drivers

The major trend driving growth in social media sponsorships has been the growing popularity of social media and the acceptance of brands as being part of the revolution. The Online Publishers Association estimates that in January 2010, consumers spent more than 27.5% of their time online visiting social media communities, more than double the 11.3% share in January 2009 (see Table 1.1). This has led brands to seek methods to reach these engaged consumers. But so far, brands and agencies have found only limited success with social media advertising. For instance, media buyers are accustomed to placing ads in traditional media, such as TV and newspapers, based on research that follows past behaviors, like ratings and circulation. However, social network content that generates high traffic is often a one-time event, such as the instant popularity of Susan Boyle videos following her appearance on a British talent show. Thus, it became difficult to predict in advance what social network content would generate buzz and high traffic counts. While Facebook and YouTube are seeking to mitigate this problem with software solutions that place ads on pages that reach a certain traffic count, brands are still a little squeamish about placing ads near social network entries that might prove objectionable to their target audiences. Meanwhile, bloggers and podcasters have more control over their content, although there are only a few that generate enough scale to satisfy brands seeking national reach. As a result, brands and agencies have begun to accept WoMM strategies, particularly social media sponsorships, as an alternative marketing tactic because it lets them have some control over what content will appear on social media sites.

WoMM companies have found that the most successful way to create buzz is to find individuals that target audiences trust. As such, they initially developed two strategies to meet this objective. The first strategy was to contact established influentials at blogs and podcasts that generate high traffic and/or repeat loyal visitors, and to provide the sites with press releases on a new product or service. The problem brands faced when using this strategy was it proved to be a hit-or-miss approach as to whether a blog or podcast publisher would discuss the brand after receiving the literature. The second strategy was for brands to develop dedicated websites that consumers could use to dialog about the attributes of a product or service. The problem was the tendency of certain consumers to control the dialog, as research showed that approximately 90% of all web entries were being inputted by only 10% of the contributors, not necessarily reflecting the views of the target audiences that the brand wished to reach.

In order to compensate for these shortcomings, brands became more active in providing incentives. The first successful strategy was to actively recruit people from within the brand's target audience who would become ambassadors for the product or service. To motivate them to discuss the brand's offerings, they were provided with free sample or other incentives like "points" or coupons. However, social media was not an important component of this strategy, as almost 90% of the evangelizing occurred offline, according to the Keller Fay Group. Some social media sponsorship companies believe this share has fallen slightly to 80% to 85% with the rising popularity of social networks, particularly Facebook. With younger executives taking over at brands and agencies, many are insisting that social media be part of any WoMM campaign.

Table 1.1: Social Media Usage as a Share of Total Time Spent on Online



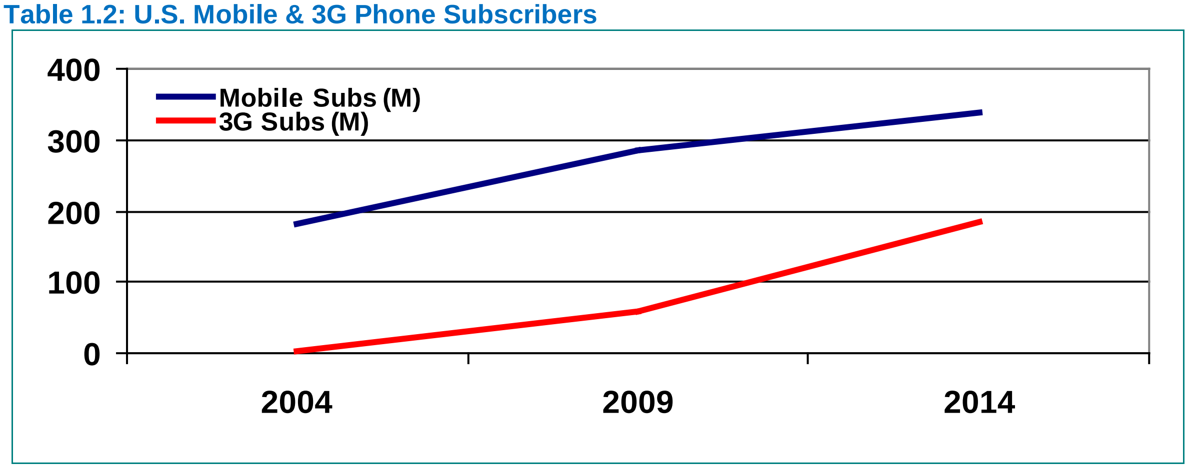
Sources: Online Publishers Association, Nielsen Online

To meet the brand's requirements to expand social media strategies, there were some in WoMM who believed that respected bloggers and podcasters should also be compensated to discuss a brand's products or services, thereby assuring buzz. As discussed earlier, this is a controversial tactic even within the WoMM community, as some believe that the influential loses his/her objectivity once cash changes hands, regardless if the blogger is transparent, per the FTC rules. However, the proponents of cash compensation believe that any transfer of value, be it points, products or gift cards would then have the same impact. For its part, the FTC treats all forms of compensation in the same manner.

Also driving growth is a proactive approach by social media sponsorship companies to enhance their offerings. For example, many social media sponsorship firms have been very cognizant of consumer electronics trends, particularly with the introduction of third-generation (3G) wireless devices, including the Blackberry and iPhone. The 3G cell phones provide easy access to the web, thereby propelling the popularity of Twitter, first introduced in 2006 by Jack Dorsey. As a result, social media sponsorship companies have expanded their services to include social networking conversations on mobile devices, allowing brands to have control over all digital platforms. As more consumers migrate to 3G, currently estimated at slightly over 20% in 2009 but expected to jump to over 50% by 2014 (see Table 1.2), brands and agencies will increasingly be requiring a mobile component to any social media sponsorship campaign. Besides Twitter, other social media sponsorship providers are working closely with brands to develop apps, hoping to break through the clutter of over 50,000 competing apps by generating buzz from other social media sponsorship tactics.

In addition to adding new services, social media sponsorship firms are also incorporating ROI metrics into their campaigns at the planning stage. For example, social media sponsorship firms are providing snapshots before, during and after campaigns regarding anything from attitudes about a product to intent to purchase. These metrics are being melded with other standard data points, such as click through rates, coupon conversions and traffic counts. A number of social media sponsorship providers are also seeking ways to integrate point-of-sales (POS) data from retailers, but that has been a difficult task. First, many retailers are hesitant to share POS data with the social media sponsorship company. Second, the social media sponsorship companies have not been able to quantify that their strategies accounted for any sales lift.

Table 1.2: U.S. Mobile & 3G Phone Subscribers



Sources: PQ Media, Cellular Telecommunications & Internet Association

Spending on Social Media Sponsorships, 2004-2009

Spending data from 2004 to 2009 suggests that brands have often shifted social media sponsorship strategies during the past five years. During its inception period (2004-2005), brands relied heavily on their marketing and public relations companies to reach out to the blog and podcast community, and these digital marketing agencies accounted for almost half of all spending on social media sponsorships. As brand marketers began to understand the social media environment better, they reached out to WoM Strategy firms to develop seed and viral campaigns, replacing the marketing companies as the largest contributor to spending in the 2006-2007 period. However, with the increasing success in driving awareness through buzz agents, the ambassador programs became the leading social media sponsorship providers in 2008 and 2009. Meanwhile, the cash-sponsored social media conversations have been the fastest growing of the four categories, but rank only third in terms of size. Going forward, sponsored conversations will be the largest social media sponsorship category in 2011.

Overall spending on social media sponsorships has grown nearly 20-fold during the past five years, rising at a compound annual growth rate (CAGR) of 77.6% during the 2004-2009 period to $46.0 million compared with $2.6 million in 2004 (see Table 1.3). Social media sponsorships accounted for 2.7% of overall WoMM spending in 2009, compared with 0.5% in 2004. Due to the poor advertising and marketing environment in 2009, social media sponsorships growth decelerated significantly, climbing only 13.9% over 2008 spending, compared with a 38.8% gain in 2008 and triple-digit increases earlier in the decade. However, taken in context with most advertising media that posted declines in 2009, the social media sponsorship market was relatively strong. Much of the growth was driven by smaller companies that were able to sign a handful of new clients, while the larger social media sponsorship players were posting low single-digit growth rates due to existing clients either keeping budgets flat or increasing them only slightly.

As a result of the controversy over the paid conversation model, PQ Media has broken out the spending data into two subsets. Cash-sponsored social media, in which the influential is paid to write brand reviews, includes only one category – sponsored conversations – and accounted for 22.4% of spending in 2009, or $10.3 million. However, cash-sponsored social media is driving the segment's growth, leaping 37.3% in 2009 and posting a 152.7% CAGR during the 2004-2009 period.

Table 1.3: Spending on Social Media Sponsorships, 2004-2009 ($ Millions)

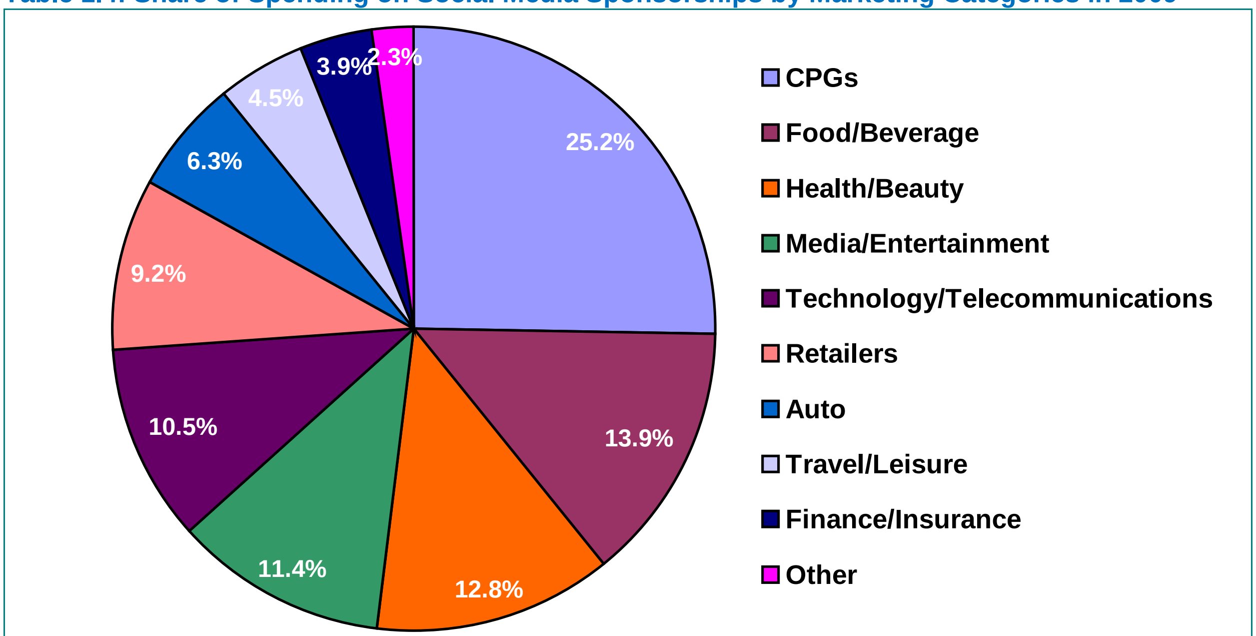
	2004	2005	2006	2007	2008	2009	CAGR
Cash-Sponsored Social Media	$0.1	$0.5	$1.7	$4.3	$7.5	$10.3	
% Growth		400.0%	240.0%	152.9%	74.4%	37.3%	152.7%
% Share of SoMS	3.8%	6.7%	10.1%	14.8%	18.6%	22.4%	
Non-cash Sponsored Social Media	$2.5	$7.0	$15.1	$24.8	$32.9	$35.7	
% Growth		180.0%	115.7%	64.2%	32.7%	8.5%	70.2%
% Share of SoMS	96.2%	93.3%	89.9%	85.2%	81.4%	77.6%	
Total Social Media Sponsorships	$2.6	$7.5	$16.8	$29.1	$40.4	$46.0	
% Growth		188.5%	124.0%	73.2%	38.8%	13.9%	77.6%
% Share of WoMM	0.5%	1.0%	1.7%	2.2%	2.6%	2.7%	

Source: PQ Media

Non-cash sponsored social media, in which the influential is provided a sample of the product or coupons, has three categories of companies: digital brand ambassador programs, digital seed/viral campaigns and digital marketing agencies. To determine spending for these companies, PQ Media only included the revenues generated by the online and mobile social media practices of the companies in this space. The value of non-cash sponsored social media reached $35.7 million in 2009, representing an 8.5% gain over 2008, and a 70.2% CAGR increase during the 2004-2009 period. Many of the larger social media sponsorship companies are in this subset and increasingly brands are shifting away from the digital marketing agencies and seed/viral campaigns to concentrate on using brand ambassadors for non-cash sponsorships and sponsored conversations for cash incentive campaigns.

Most, but not all, social media sponsorship operators reported that CPGs were the primary ad category using this medium in 2009, with CPGs accounting for 25.2% of total spending, or $11.6 million (see Table 1.4). Spending by CPGs on social media sponsorships was propelled by the perceived high engagement with key female target audiences, particularly teens and working moms. Other ad categories that generate at least a 10% share of spending included food & beverage, health & beauty, media & entertainment, and technology & telecommunications. Most of these ad categories had a strong presence on podcasts in order for the influentials to demonstrate the best characteristics of these products. Conversely, business-oriented services like small business services do not adapt as well to the social media environment, and thereby account for a smaller share of spending. Meanwhile, it is difficult to ascertain how active the auto industry will become in the social media sponsorship market because 2009 might prove to be an anomaly, as it generated a 6.9% share of spending because most domestic auto manufacturers dramatically cut overall advertising and marketing budgets. There are indications that many auto companies will venture into the social media sponsorship space in order to reach young adults seeking to purchase their first automobiles.

Table 1.4: Share of Spending on Social Media Sponsorships by Marketing Categories in 2009



Source: PQ Media

Sponsored Conversations

Most sponsored conversation firms are relatively new companies, such as Ad.ly and MyLikes, which were launched in 2009 and 2010, respectively. This resulted in the category being the smallest of the four social media sponsorship categories until 2009, finally surpassing digital marketing agencies last year. The aforementioned FTC guidelines were an important step in the growth of the sponsored conversation category, as brands and agencies have become more comfortable offering cash incentives to social media publishers once transparency became mandatory. As a result, sponsored conversations is the fastest growing social media sponsorship category, jumping 37.3% in 2009, when most advertising and marketing segments posted negative growth, reaching $10.3 million and accounting for 22.4% share of the social media sponsorship market (see Table 1.5). Due to the relative infancy of this category, which generated less than $100,000 in 2004, spending vaulted at a CAGR of 152.7% during the 2004-2009 period.

Sponsored conversations help brands create more perceived buzz than other social media sponsorship categories because they are assured of receiving editorial comments now that press releases will be read and samples will be used by the blog, online video and podcast publishers. One of the pitfalls, however, is that brands are unable to control whether the content will be positive or negative. Despite the uncertainty of the content, this category is exhibiting strong growth because leading social network sites, such as YouTube, are beginning to also develop partnership programs so they can forge agreements with brands to let their end users generate cash. For example, sisters Elle and Blair Fowler were highlighted in an ABC News segment on “haul videos” in 2010, in which young women were paid to shop and then post videos through the YouTube Partner Program extolling the products they purchased. Some female vloggers are generating over $1,000 a month and the most popular girls have earned more than $100,000 in a year, according to ABC News.

Sponsored conversations are not limited to the aforementioned social networks. Companies such as Ad.ly and SponsoredTweet.com allow brands to connect to popular stars, such as Kim Kardashian, Lindsey Lohan and Bob Villa. Kardashian used Twitter to detail her brand experiences for a reported $10,000 per tweet, resulting in some of the highest Twitter traffic on wireless devices. However, it does not include advertising on Twitter’s web page, which was announced in early April as this report was going to press. Although the ads are being described as “promoted tweets,” they are being placed above, below or to the side of the content, and often have little or no relationship to the topic of the tweet.

Meanwhile, the more established sponsored conversation operators are attempting to mix both online and mobile platforms when dealing with brands. For example, IZEA worked with SeaWorld in getting their bloggers to tweet and post entries online to discuss two major engagement exhibits at the Orlando theme park location relating to interactions with manta rays and dolphins, which generated significant Twitter buzz during the campaign. Meanwhile, posts were added on multiple social networks like YouTube and Flickr, as well as popular targeted blogs such as musingsofahousewife and momminitup.

Going forward, the sponsored conversation category will need to become more proactive incorporating return-on-investment (ROI) metrics into campaigns in order to continue generating such strong growth rates. Other than the standard traffic counts available for all online sites, not just social media sponsorships, pre-and-post analysis of awareness and intent need to be developed and indentified as targeted results, as well as introducing other measurement tools, such as a social media index or talk tracking. Additionally, many sponsored conversation sites need to become more transparent themselves, as brands find it difficult to reach the companies operating them due to limited contact information.

Table 1.5: Spending on Sponsored Conversations, 2004-2009 ($ Millions)

	2004	2005	2006	2007	2008	2009	CAGR
Spending	$0.1	$0.5	$1.7	$4.3	$7.5	$10.3	
% Growth		400.0%	240.0%	152.9%	74.4%	37.3%	152.7%
% Share of SoMS	3.8%	6.7%	10.1%	14.8%	18.6%	22.4%	

Source: PQ Media

Digital Brand Ambassador Programs

The brand ambassador category is the largest of the four social media sponsorship categories, reaching $13.3 million in 2009, which represented an 11.8% gain in spending over 2008 (see Table 1.6). It must be noted that only the online and mobile components of WoMM campaigns are included in this spending, and it does not include the offline components in which the ambassadors share their opinions with friends and families in informal settings or during events in entertainment venues or someone's home.

Many of the larger WoMM companies exist in this category, such as BzzAgent and HouseParty. However, some of these firms were hesitant to be characterized as social media sponsorship firms because of its association with cash incentives. They agreed with the FTC guidelines on transparency, as they support the established Word of Mouth Marketing Association's (WOMMA) ethics guidelines, which established transparency rules long before the FTC document was published. As such, some of the companies voiced concern to PQ Media that cash incentives may take away the non-biased nature of WoMM campaigns as marketing tools and, consequently, wanted to distance themselves from the cash-sponsored segment. They are included here – and within the non-cash sponsored segment created for them – because the FTC guidelines clearly stated that the incentives are materialistic, considered to be both cash and/or product samples that the social media publishers are able to retain once the campaign concludes, to which the brand ambassador programs adhere.

Digital brand ambassador programs are among the fastest growing strategies in the social media sponsorships segment, climbing at a 101.5% CAGR during the 2004-2009 period. It must be noted that many brand ambassador programs occur both online and offline. To generate the spending figures, PQ Media only included the value of the online portion of the campaigns. For example, HouseParty hosts hundreds of themed parties, such as those for the launch of Microsoft's Windows 7 software, but only a small portion of time was spent on the dedicated blogs that discussed the planning of the party and posts during the party. Meanwhile, other brand ambassador programs, such as Expo Communications, are almost exclusively online.

Brands have embraced brand ambassador programs because of the high trust value that is generated through these campaigns. Most agents are not heavily recruited, rather they proactively seek out these programs due to the ability to sample their favorite products or for ego purposes, knowing they may become valued opinion leaders. Helping to drive the growth is high brand acceptance of these campaigns. For example, Proctor & Gamble, the largest brand marketer in the world, started its own brand ambassador divisions – Tremor to reach teens and VocalPoint to reach mothers – as well as establishing a social media lab that uses other social media sponsorship providers to recognize there are various WoM tactics available to reach target audiences.

Table 1.6: Spending on Digital Brand Ambassador Programs, 2004-2009 ($ Millions)

	2004	2005	2006	2007	2008	2009	CAGR
Spending	$0.4	$1.5	$4.2	$8.0	$11.9	$13.3	
% Growth		275.0%	180.0%	90.5%	48.8%	11.8%	101.5%
% Share of SoMS	15.4%	20.0%	25.0%	27.5%	29.5%	28.9%	

Source: PQ Media

The online brand ambassador category is expected to remain among the fastest growing social media sponsorship strategies during the forecast period, driven primarily by its ability to reach target audiences so efficiently, driven by the opt-in nature of its programs. Also propelling growth are the strong ROI metrics that have been developed by many of the larger players within the space that help to monitor buzz, awareness and intent to purchase. Brand ambassador operators have also improved their technology tools, including adding 3G phones to the editorial process, enabling evangelists to post entries online much easier, and allowing brands to monitor the success of campaigns in real time.

Digital Seed/Viral Campaigns

WoM agencies, such as MarketingWorks, Brains on Fire and Fanscape, have been at the forefront of generating social media sponsorship seed/viral campaigns as part of the marketing mix in an overall WoMM campaign. Similar to the brand ambassador category, these companies have also embraced the FTC guidelines, but have reservations about a paid model. Also akin to the brand ambassador programs, they offer both digital and offline strategies, but only the online and mobile social media components are included in the value of spending for seed/viral campaigns.

Due to their working relationship with digital marketing agencies (see following section), seed/viral campaign operators have been able to post strong results during the 2004-2009 period, rising at a 73.6% CAGR, reaching $12.6 million in 2009 (see Table 1.7). However, drastic budget cuts from many major clients, particularly in the auto and finance markets, led to sharp deceleration in growth in 2009, increasing only 8.6% compared with a 30.3% gain in 2008. Despite the deceleration, many seed/viral campaign operators were relieved that they posted positive growth rates, given the overall double-digit decline in advertising spending during the year, particularly media segments like television and newspapers.

Seed/viral campaign operators are among the more established social media sponsorship providers, with many key executives having 10 or more years of experience dealing with brands in some capacity. As a result, the seed/viral category is the second largest among the four social media sponsorship categories in 2009, trailing only the brand ambassador category. Many brands have migrated away from their larger public relations firms because of their inability to target key influentials, which is a service that the seed/viral campaign operators can provide through various networks they've developed in key verticals, such as working mothers, environmentalists, and affluent young males. Due to the success of these targeted influential networks, a number of seed/viral campaign providers are now directly communicating with brands rather than waiting for referrals from the digital marketing agencies.

Table 1.7: Spending on Digital Seed/Viral Campaigns, 2004-2009 ($ Millions)

	2004	2005	2006	2007	2008	2009	CAGR
Spending	$0.8	$2.4	$5.5	$8.9	$11.6	$12.6	
% Growth		200.0%	129.2%	61.8%	30.3%	8.6%	73.6%
% Share of SoMS	30.8%	32.0%	32.7%	30.6%	28.7%	27.4%	

Source: PQ Media

The digital seed/viral campaign category is expected to rebound strongly during the forecast period, once again posting double-digit growth rates in 2010. In addition to the strong influential networks, the development of stronger ROI metrics by the seed/viral operators will help propel growth, particularly relating to influential “sentiment” and actual sales transactions. Additionally, many of these companies are WOMMA members and are providing vital feedback as the organization attempts to standardize metrics, similar to what other alternative media segments are doing, such as digital out-of-home media. This process is expected to increase brand and agency acceptance of social media sponsorship measurement tools. Also expected to drive growth is the inclusion of mobile devices into social media sponsorship campaigns, particularly the integration of brand apps.

Digital Marketing Agencies

Digital marketing agencies have the longest history in the social media sponsorship segment, as public relations firms were the first to identify blogs and podcasts and reach out to social media publishers. Many large brands have long standing relationships with the larger marketing agencies, such as Omincom, WPP and IPG. With the growing demand to have an online presence, many of these large firms developed dedicated interactive agencies, such as Mindshare (WPP), Organic (Omnicom) and MS&L Digital (Publicis), among others. These firms tend to have young executives well versed in digital platforms who are proactively reaching out to the brands.

As a result of these initiatives, digital marketing agencies accounted for more than half of social media sponsorship spending during the early part of the decade. The problem with digital marketing agencies, however, was their inability to focus on specific targeted social media publishers, resulting in campaigns that did not necessarily guarantee placement with influential blogs and podcasts. While the digital marketing agencies continued to post double-digit gains during the 2004-2009 period, rising at a 49.8% CAGR, it was the slowest growth rate among the four social media sponsorship categories (see Table 1.8).

The 2008-2009 recession also impacted these large firms, as spending on digital marketing agencies only posted a 4.3% growth rate in 2009, with a number of firms registering negative growth due to budget cuts from their longstanding clients, particularly those in the auto and finance categories. Additionally, many digital marketing agencies farm out specific social media sponsorship tactics to operators in the other three categories, particularly the brand ambassador programs and seed/viral campaigns. In order to avoid double counting, PQ Media counts those revenues in the other social media sponsorship categories and not in the digital marketing agencies category.

Table 1.8: Spending on Digital Marketing Agencies, 2004-2009 ($ Millions)

	2004	2005	2006	2007	2008	2009	CAGR
Spending	$1.3	$3.1	$5.4	$7.9	$9.4	$9.8	
% Growth		138.5%	74.2%	46.3%	19.0%	4.3%	49.8%
% Share of SoMS	50.0%	41.3%	32.1%	27.1%	23.3%	21.3%	

Source: PQ Media

The strength of digital marketing agencies, when compared with the other three social media sponsorship categories, is the sophistication of their metrics. Public relations firms have long been required to prepare ROI metrics for their clients, being among the first in the overall WoMM industry to develop technology tools, such as Cymfomy, to monitor negative and positive buzz. Going forward, these measurement tools will be the primary reason that digital marketing agencies will exhibit accelerating growth during the forecast period, albeit not as strong as the other three social media sponsorship categories that can guarantee better placement results.

Social Media Sponsorship Forecast, 2010-2014

Social media sponsorship spending is expected to jump 23.6% in 2010, reaching $56.8 million (see Table 1.9), propelled by an improving advertising and marketing environment, increased social media usage as a share of time spent online, and more brands requiring WoMM campaigns to include a social media proponent. Non-cash sponsored social media will continue to demand the lion's share of spending, but cash-sponsored social media will exhibit faster growth, driven by new services, particularly those linked to mobile phone applications. Similar to the 2009 results, social media sponsorship will significantly outperform the single-digit growth expected for the overall advertising and marketing industry, as non-digital media segments continue to struggle.

Despite the controversy over paid sponsorships, the cash-sponsored social media category will continue to drive social media sponsorship growth during the forecast period, rising at a 44.7% CAGR during the 2009-2014 period, reaching $65.2 million in 2014. Although non-cash sponsored social media companies will continue to generate a higher share of spending, the cash-sponsored social media category will account for a 40.5% share of overall social media sponsorship spending of $161.2 million in 2014. Brands will continue to shift from digital marketing agencies and online seed/viral campaigns to the more dynamic sponsored conversation operators, resulting in a lower CAGR growth for non-cash sponsored social media (21.9%). Overall social media sponsorship spending is forecast to climb at a 28.5% CAGR from 2009 to 2014 and represent a 4.5% share of total WoMM spending in 2014, up from a 2.7% share in 2009.

Sponsored conversations will be the fastest growing of the four categories of social media sponsorships, climbing 47.1% in 2010 to $15.2 million, and jumping at a 44.7% CAGR during the 2009-2014 period, reaching $65.2 million (see Table 1.10). It will represent the largest social media sponsorship category in 2011, superseding the digital brand ambassador category, and account for a 40.5% share in 2014, up from 22.4% share in 2009. Brands will continue to request more control over social media placements, with guarantees they will create buzz through the paid social media model, particularly on 3G wireless devices as its penetration exceeds 50% by 2014.

Table 1.9: Social Media Sponsorships Forecast, 2009-2014 ($ Millions)

	2009	2010	2011	2012	2013	2014	CAGR
Cash-Sponsored Social Media	$10.3	$15.2	$22.9	$33.1	$47.2	$65.2	
% Growth		47.1%	51.3%	44.3%	42.8%	38.1%	44.7%
% Share of SoMS	22.4%	26.7%	31.5%	35.2%	38.1%	40.5%	
Non-cash Sponsored Social Media	$35.7	$41.7	$49.8	$60.9	$76.8	$96.0	
% Growth		16.8%	19.6%	22.2%	26.1%	25.0%	21.9%
% Share of SoMS	77.6%	73.3%	68.5%	64.8%	61.9%	59.5%	
Total Social Media Sponsorships	$46.0	$56.8	$72.8	$94.0	$124.0	$161.2	
% Growth		23.6%	28.0%	29.2%	31.9%	30.0%	28.5%
% Share of WoMM	2.7%	3.0%	3.3%	3.7%	4.1%	4.5%	

Source: PQ Media

However, brands that are uncomfortable with the paid model will continue to rely primarily on digital brand ambassador campaigns to create buzz, resulting in a 22.9% growth in 2010 for this category, reaching $16.3 million, and a 26.6% CAGR increase during the forecast period, with spending at $43.2 million in 2014. Digital seed/viral campaigns will also exhibit double-digit growth rates in 2010 (16.1%) and strong CAGR results in the 2009-2014 period (21.4% CAGR). However, its share of social media sponsorship spending will fall to 20.7% in 2014, after peaking at 32.7% in 2006, as brands and agencies look for more consumer-generated posts on social network sites. Meanwhile, digital marketing agencies will only increase 9.4% in 2010 to $10.7 million, and growth at a 14.7% CAGR from 2009 to 2014, outsourcing their social media campaigns to the sponsored conversation and brand ambassador operators.

There are a number of challenges that are facing the social media sponsorship industry. The emergence of this relatively new segment comes at a time that other new alternative advertising and marketing options are also available, such as digital out-of-home media, webisodes, and videogame advertising. Media buyers are being inundated with more than 70 traditional and alternative media choices, compared with only a dozen back in the 1970s. Another major concern for the social media sponsorship segment is its lack of scale – the inability of brands to buy on a national level. There has been little or no effort by social media sponsorship companies to band together to make it easy for brands to purchase multiple social media sponsorship packages simultaneously. Additionally, brands and agencies are becoming more insistent that the media segments they choose to purchase must have strong ROI metrics, particularly relating to engagement. As a nascent media option, the social media sponsorship segment has yet to reach that level of sophistication.

Despite these shortcomings, PQ Media believes that the social media sponsorship segment will be among the fastest growing alternative media segments, particularly within the WoMM industry. The adage that brands follow their consumers is very relevant here as brands are becoming much more receptive to including social media in their media mix because of the increased time spent with social networks and 3G phones that promote various applications.

Table 1.10: Social Media Sponsorships Forecast by Categories, 2010-2014 ($ Millions)

	2009	2010	2011	2012	2013	2014	CAGR
Sponsored Conversations	$10.3	$15.2	$22.9	$33.1	$47.2	$65.2	
% Growth		47.1%	51.3%	44.3%	42.8%	38.1%	44.7%
% Share of SoMS	22.4%	26.7%	31.5%	35.2%	38.1%	40.5%	
Online Brand Ambassador Programs	$13.3	$16.3	$20.4	$26.2	$33.8	$43.2	
% Growth		22.9%	25.0%	28.0%	29.4%	27.7%	26.6%
% Share of SoMS	28.9%	28.8%	28.1%	27.8%	27.3%	26.8%	
Online Seed/Viral Campaigns	$12.6	$14.6	$17.4	$20.8	$26.5	$33.3	
% Growth		16.1%	19.0%	19.6%	27.1%	25.8%	21.4%
% Share of SoMS	27.4%	25.7%	23.9%	22.2%	21.3%	20.7%	
Digital Marketing Agencies	$9.8	$10.7	$12.0	$13.9	$16.5	$19.4	
% Growth		9.4%	12.0%	16.1%	18.2%	18.0%	14.7%
% Share of SoMS	21.3%	18.9%	16.5%	14.8%	13.3%	12.1%	

Source: PQ Media

Social Media Sponsorship Forecast Company Profiles

Sponsored Conversations

Ad.ly
No Address Available
Los Angeles, CA
No Phone Number Available
Sean Rad, CEO
campaignhelp@ad.ly
www.ad.ly
Ad.ly is an in-stream advertising platform that matches top-tier brands with top-tier Twitter publishers that enables advertisers to reach the highly sought-after Twitter audience by connecting brands with the most influential people in the community.

Archetype Media, Inc. (SocialVibe)
8687 Melrose Ave, Suite G498
West Hollywood, CA 90069
No Phone Number Available
Joe Marchese, President
partners@socialvibe.com
www.socialvibe.com
Social Vibe is a marketplace for consumers to get sponsorships (rewards) from brands they endorse within their social networks to benefit a cause of their choice.

IZEA
150 N. Orange Avenue, Suite 412
Orlando, FL 32801
866-514-1680
Ted Murphy, Founder/CEO
follow@tedmurphy (twitter.com/tedmurphy)
www.izea.com
IZEA is a world leader in sponsored conversations that connects advertisers with content creators through a diversified network of influencers through three social media sponsorship sites: SocialSpark.com, SponsoredTweets.com and WeReward.com.

Magpie & Friends Ltd.
Warschauer Str. 70A
10243 Berlin, Germany
212-372-7004
Jan Schultz-Holen, CEO
sales@be-a-magpie.com
www.be-a-magpie.com
Magpie is a global marketer which seeks to engage their target clientele in a conversation about their brand, business or products by offering users money to post messages to a micro-blogging service.

MyLikes
1097 Howard Street, #305
San Francisco, CA 94103
877-730-2045
Bindu Reddy, Co-Founder
help@mylikes.com
www.mylikes.com
MyLikes is a word-of-mouth advertising firm that connects advertisers with influencers by allowing them to create and write endorsements for products and services they like.

Peer2
8540 Sunset Boulevard
Hollywood, CA 90028
No Phone Number Available
Joey Caroni, CSO & Co-Founder
info@peer2.com
www.peer2.com
Peer Squared is a peer-endorsed online marketing platform that rewards consumers with earn points redeemable towards merchandise for promoting the brands and products they love across the Internet.

TweetROI
No Address Available
Myrtle Beach, SC
No Phone Number Available
Brian Carter, Co-Founder
info@tweetroi.com
www.tweetroi.com
TweetROI, a subsidiary of SocialROI, is a paid and sponsored tweet advertising platform that unites social media influencers with brand marketers and public relations professionals. Twitter users recommend, in their own words, products and services they like.

Digital Brand Ambassador Programs

Brand Networks
141 Portland Street
Boston, MA 02118
617-275-7050 x7000
Jamie Tedford, Chief Evang. Off.
jtedford@brandnetworksinc.com
www.brandnetworksinc.com
Brand Networks is a marketing firm that provides word-of-mouth and social media consulting to help brands recruit, engage and reward their fans, friends and followers.

Buzz Corps (Ivyworldwide)
300 Portola
Austin, TX 78738
512-573-3222
Chris Aarons, Partner
chris@ivyworldwide.com
www.buzzcorps.com
Buzz Corps is a social media firm that focuses on influencers and word-of-mouth marketing by generating referrals for its clients through social media and offline methods.

BzzAgent
500 Harrison Avenue
Boston, MA 02118
617-451-2280
David Balter, Founder & CEO
bzz@bzzagent.com
www.bzzagent.com
BuzzAgent provides a word-of-mouth media network powered by over 600,000 socially connected “agents” who are viral, tuned-in, leaders eager to try new products and share their opinions throughout their social networks.

Expo Communications
15 West 18th Street, 10th Floor
New York, NY 10011
212-500-6500
Daphne Kwon, CEO
daphne@expotv.com
www.expotv.com
Expo Communications features an ExpoTV website that provides video opinion reviews from regular consumers who use its clients’ products everyday at home and earn cash for their product evaluations.

House Party
One Bridge Street, Suite 105
Irvington, NY 10533
877-230-6532
Kitty M. Kolding, CEO
kitty@houseparty.com
www.houseparty.com
House Party is a word-of-mouth agency that specializes in coordinating parties sponsored by leading brands in consumer homes along with a custom micro website used by party hosts to document the activities and experience leading up to, during and post event.

MomCentral

77 Chapel Street
Newton, MA 02458
617-244-3002
Stacy DeBroff, Founder & CEO
stacy@momcentral.com
www.momcentralconsulting.com

MomCentral is a consulting firm that utilizes online viral marketing and grassroots outreach to cater to mothers and generate word of mouth via strategic techniques like e-mail pass-alongs, online reviews, chat forum discussions and peer recommendations.

Peersuasion

453 West 17th Street, 4S
New York, NY 10011
646-797-4349
Anthony Schneider, CEO
info@peersuasion.com
www.peersuasion.com

Peersuasion is word-of-mouth marketing firm that fosters online one-to-one relationships between consumers on behalf of marketers by empowing existing brand advocates to build awareness, invite new users and promote their favorite brands to friends and family.

SheSpeaks

276 Fifth Avenue
New York, NY 10001
212-830-9880
Aliza Freud, Founder & CEO
sales@shespeaks.com
www.shespeaks.com

SheSpeaks is a word-of-mouth marketing network aimed at women that allows its clients to engage with the female community for consumer insights, product trials, and measurable outreach.

Tremor / Vocalpoint

TE-8, 2 P&G Plaza
Cincinnati, OH 45202
513-985-1100
Steve Knox, VP, Biz Development
knox.sj@pg.com
www.tremor.com

Tremor/Vocalpoint, a subsidiary of Procter & Gamble, is a word-of-mouth marketing organization aimed at teens and women, respectively, to create consumer-to-consumer conversations on a national scale.

Digital Seed / Viral Campaigns

360 Degree Digital Influence (a subsidiary of Ogilvy PR)

1111 19th Street NW, 10th Floor
Washington, DC 20036
202-729-4000
John Bell, Managing Director
john.bell@ogilvypr.com
www.ogilvypr.com/en/expertise/360-digital-influence

360 Degree Digital Influence is a global social media marketing firm using word-of-mouth and digital marketing technology to identify and engage influencers while activating networks of people to share and recommend products, services and issues.

Ant's Eye View

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Sean O'Driscoll, Co-Founder & CEO
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Ant's Eye View is a marketing consultancy that specializes in three areas: communities and social media, voice of the customer, and influencer/enthusiast strategies.

Brains On Fire
148 River Street, Suite 100
Greenville, SC 29601
864-676-9663
Robbin Phillips, Courageous Pres.
firestarter@brainsonfire.com
www.brainsonfire.com
Brains on Fire helps organizations to build movements through participation, evangelism and ownership via its key target audience of influencers known as the fan cycle.

Brand Building Communications
156 Fifth Avenue, Penthouse 1
New York, NY 10010
212-343-8917
Valerie Donati, President
vdonati@brandbuildingnyc.com
www.brandbuildingcommunications.com
Brand Building Communications is a lifestyle communications agency that specializes in creative work with both mass and luxury brands by strategically seeding online buzz and harnessing viral networking sites like Facebook, MySpace and YouTube.

BuzzOodle
P.O. Box 295
Kent, OH 44240
330-815-2742
Ron McDaniel, Founder
blog.buzzoodle.com
www.buzzoodle.com
Buzzoodle has re-engineered the blog's platform by specializing in inbound marketing that uses proprietary business blogging practices to generate targeted online sales and leads from search engines and social media.

Fanscape
360 N. La Cienega Blvd., 3rd Floor
Los Angeles, CA 90048
323-851-3267
Larry Weintraub, CEO
info@fanscape.com
www.fanscape.com
Fanscape encourages positive sentiment for their clients' products by fostering targeted word-of-mouth conversations with the individuals, influencers and gatekeepers who inhabit the online social media landscape.

Feed Company
1015 N. Cahuenga Blvd., Suite 4322
Los Angeles, CA 90038
323-469-3052
Michael Dubin, Dir. Business Development
FeedMe@feedcompany.com
www.feedcompany.com
Feed Company helps brand advertisers to seed videos onto the internet by employing marketing tactics that gets brands exposed onto popular blogs, video sites and social networks.

Garrigan Lyman Group
1524 Fifth Avenue
Seattle, WA 98101
206-223-5548
Rebecca Lyman, Principal
rebecca.lyman@glg.com
www.glg.com
Garrigan Lyman Group is an independent marketing agency focused on interactive campaigns delivered through viral marketing, communities and social networking.

Grow Marketing
1606 Union Street
San Francisco, CA 94123
415-440-4769
Cassie Hughes, Co-Founder
cassie@grow-marketing.com
www.grow-marketing.com
Grow Marketing specializes in experiential and influencer marketing through building and engaging communities of brand advocates who shape brand perception and secure objective endorsements that provide unbiased credibility.

Isobar (merged with Ammo Marketing)
Park Tower 43-49 Parker Street | Mark Cranmer, CEO
London, England WC2B 5PS | mark.cranmer@isobar.com
44-20-7440-7800 | www.isobar.com

Isobar, through its Ammo Marketing arm develops word-of-mouth programs using social media campaigns an influencer network with cultural intelligence and consumer mapping to stimulate enduring brand conversations through extranet reporting tools and surveys.

Keith Bates & Associates
4319 N. Lowell Ave. | Keith Bates, Owner
Chicago, IL 60641 | keithbates@kbates.com
773-205-7992 | www.kbates.com

Keith Bates & Associates is a high-tech ad agency with software marketing experience that it leverages to apply word-of-mouth strategies, such as expanding influencer relations and evangelism to buzz, blogs and viral marketing of technology products.

Marketing Werks
130 East Randolph Street, Suite 2400 | Julie Guida, Managing Partner
Chicago, IL 60601 | request@marketingwerks.com
312-228-0800 | www.marketingwerks.com

Marketing Werks is an experimental marketing agency that specializes in event and mobile marketing strategies that are used to reach key target audiences.

Marketingworks
7000 Romaine Street, Suite 218 | Charles Salmore, CEO
Los Angeles, CA 90038 | No E-Mail Address Available
323-436-2000 | www.mwks.net

Marketingworks is a social media marketing agency that activates web-monitoring tools that identify leading blogs and other social network communities where targeted conversations are taking place and deploys teams of brand ambassadors to engage key influencers.

Rose Communications
720 Monroe Street, Suite E314B | Rosemary Ostmann, President & CEO
Hoboken, NJ 07030 | vgrantham@rosecomm.com
201-656-7178 | www.rosecomm.com

Rose Communications is a strategic public relations firm that helps clients share their stories via social networking sites with their target audiences by engaging with trusted industry influencers to help educate the marketplace.

Renegade Marketing Group
41 East 11th Street, 3rd Floor | Drew Neisser, President & CEO
New York, NY 10003 | dneisser@renegade.com
646-486-7700 | www.renegade.com

Renegade Marketing Group is an event and online agency that uses interactive brand experiences to convert prospects into customers and brand evangelists through social media, events, guerrilla, and virtual strategies, like websites and social networking.

StreetWise Concepts & Culture
9014 Melrose Ave — David Benveniste, Founder & CEO
West Hollywood, CA 90069 — contact@streetwise.com
310-657-3434 — www.streetwise.biz
StreetWise is a social media marketing agency that specializes in helping brands connect and engage with the youth market via online marketing and blogger outreach by providing profile outreach, management services, moderation, CRM and loyalty programs.

theKbuzz
71-19 80th Street, Bldg. 8, Ste. 8306 — Dave Kerpen, Chief Buzz Officer
Glendale, NY 11385 — dave@thekbuzz.com
718-416-2899 — www.thekbuzz.com
theKbuzz is a word-of-mouth and social media marketing firm that creates and sustains buzz through communities, conversations and influence outreach by using brand ambassadors to spread the word about a brand both online and offline.

Vanksen Group/Culture-Buzz
515 West 20 Street, Suite# 5E — Thierry Daher
New York, NY 10011 — info@culture-buzz.com
212-537-5059 — www.culture-buzz.com
Vanksen Group is a buzz and communications firm that monitors viral buzz through an influential blogger platform, and provides web monitoring and online brand protection.

Zócalo Group (a subsidiary of Omnicom)
225 North Michigan Ave., Suite 2100 — Paul Rand, President and CEO
Chicago, IL 60601 — prand@zocalogroup.com
312-596-6300 — www.zocalogroup.com
Zócalo Group is a full-service word-of-mouth and social media marketing firm which specializes in social media optimization and influencer marketing programs that fuel recommendations for brands by enlisting evangelists to talk about and recommend a brand.

Digital Marketing Agencies

Denuo Group
35 West Wacker Drive — Rishad Tobaccowala, Chief Strategy & Innov
Chicago, Illinois 60601 — denuoinfo@denuogroup.com
312-220-4673 — www.denuogroup.com
Denuo Group is full-service agency providing insights into alternative media, such as social media, gaming and mobile marketing.

eStorm International
530 Bush Street, Suite 600 — William Gaultier, Partner & CEO
San Francisco, CA 94108 — No E-Mail Address Available
415-352-1214 — www.e-storm.com
e-Storm International is an interactive marketing and advertising agency providing a full range of services including strategic planning, marketing research, custom training, analytics, retention and social media marketing.

Fuse
Burlington Office, P.O. Box 4509
Burlington, Vermont 05406-4509
802-864-7123
Bill Carter, Partner
info@fusemarketing.com
www.fusemarketing.com
Fuse is a youth culture agency specializing in connecting brands with teens and young adults through sports, music, fashion, gaming and other interests via buzz, viral and social media marketing.

LiveWorld (a subsidiary of WPP)
4340 Stevens Creek Blvd., Suite 101
San Jose, CA 95129
800-301-9507
Peter Friedman, Chairman & CEO
contact@liveworld.com
www.liveworld.com
LiveWorld is a social media marketing agency that offers a combination of a full technology platform, moderation services, community management and marketing strategy.

Mindshare
498 7th Avenue
New York, NY 10018
212-297-7000
Dominic Proctor, CEO Worldwide
Phil.Cowdell@mindshareworld.com
www.mindshareworld.com
Mindshare operates across the full new media mix of online display advertising, search and mobile marketing and social media like blogs.

Moxie Interactive
375 Hudson Street - 8th Floor
New York, NY 10014-3658
212-859-5100
Joel Lunenfeld, CEO
info@moxieinteractive.com
www.moxieinteractive.com
Moxie Interactive is a full service agency offering a complete suite of digital services that include social networking, word-of-mouth and online buzz marketing.

MS&L Digital (a subsidiary of Publicis)
1675 Broadway, 9th Floor
New York, NY 10019
212-468-4200
Jim Tsokanos, Pres. Americas, MS&L Group
No E-Mail Address Available
www.mslworldwide.com
MS&L is a consultancy and agency specializing in branding, media relations, sponsorship activation, entertainment, influencer marketing, measurement, employee engagement, diversity marketing, corporate social responsibility and design.

Organic (a subsidiary of Omnicom)
555 Market Street, 4th Floor
San Francisco, CA 94105
415-581-5300
Marita Scarfi, CEO
No E-Mail Address Available
www.organic.com
Organic is a digital marketing agency that designs and builds interactive experiences that effectively engage and persuade customers.

Publicis USA
950 Sixth Avenue
New York, NY 10001
212-279-5550
Susan Gianinno Chairman,CEO Publicis USA
chris.shumaker@publicis-usa.com
www.publicis-usa.com
Publicis USA is a multi-disciplined marketing services company that specializes in turning consumer demand into measurable sales activation through online platforms and custom consumer insight research.

Razorfish

821 Second Avenue, Suite 1800
Seattle, WA 98104
206-816-8800
Bob Lord, Global CEO
contact@razorfish.com
www.razorfish.com

Razorfish provides social influence marketing by working with peer influencers to transform them into brand advocates while building and marketing immersive socially driven experiences for websites and social platforms.

Spring Creek Group

311 B Occidental Avenue S., Suite 200
Seattle, WA 98104
206-453-1120
Clay McDaniel, Principal & Founder
callme@springcreekgroup.com
www.springcreekgroup.com

Spring Creek Group is a marketing services agency specializing in social media brand analytics and strategy.

Starcom MediaVest Group (a subsidiary of Publicis)

35 W. Wacker Drive
Chicago, IL 60601
312-220-3535
Laura Desmond, CEO
laura.desmond@smvgroup.com
www.smvgroup.com

Starcom MediaVest Group is a large media planning and buying agency proactively including word-of-mouth in integrated media plans.