https://www.rogerdooley.com/scott-fanocracy



Full Episode Transcript

With Your Host



Roger Dooley

https://www.rogerdooley.com/scott-fanocracy

Welcome to Brainfluence, where author and international keynote speaker Roger Dooley has weekly conversations with thought leaders and world class experts. Every episode shows you how to improve your business with advice based on science or data.

Roger's new book, *Friction,* is published by McGraw Hill and is now available at Amazon, Barnes & Noble, and bookstores everywhere. Dr Robert Cialdini described the book as, "Blinding insight," and Nobel winner Dr. Richard Claimer said, "Reading Friction will arm any manager with a mental can of WD40."

To learn more, go to <u>RogerDooley.com/Friction</u>, or just visit the book seller of your choice.

Now, here's Roger.

Roger Dooley: Welcome to Brainfluence. I'm Roger Dooley. Today's guest has been on the show before, but it wasn't until a few weeks ago that we realized we had something rather unique in common. David Meerman Scott was one of the first to focus on the unique aspects of digital marketing. His book, The New Rules of Marketing and PR, has sold over 400,000 copies and has been translated into 29 languages, including Albanian and Vietnamese.

Today's consumers are more savvy and more skeptical than those of even a few years ago, and David's new book, Fanocracy: Turning Fans into Customers and Customers into Fans, teaches us how to thrive in this new world. The coauthor of the book is Reiko Scott. The last name isn't a coincidence. Reiko is David's daughter.

https://www.rogerdooley.com/scott-fanocracy

Here's the weird thing Dave and I found out that we had in common, both of our daughters were neuroscience majors, both got their degrees at Columbia University, and both in varying different ways got into marketing. So welcome to the show, David.

- David Meerman Scott: Thanks Roger. That is a really terrific coincidence because Columbia is not that many neuroscience students, so the fact that they did the same degree is pretty great.
- Roger Dooley: Yeah. I'm curious, it's clear that Reiko understands fandom from the photos on your website. Did your coauthor's neuroscience background inform Fanocracy at all?

David Meerman Scott: Oh yeah, absolutely. We decided to co-write it because she brings so many things to it that adds to the parts that I bring to it. Obviously a different gender. Obviously a different generation. I did a liberal arts economics degree way back when and her neuroscience background is a huge important part of it.

> The other thing is that we have different fandoms, different things that we love, and that brings another aspect, and yet another difference. My wife's Japanese, so my daughter is mixed race. Having all of those different components meant that her voice is an extremely important one in this book.

- Roger Dooley: Something else too about the Columbia Neuroscience Department, is, at least I know at the time my daughter was there, they call it neuroscience and behavior, in that
 - The Brainfluence Podcast with Roger Dooley http://www.RogerDooley.com/podcast

https://www.rogerdooley.com/scott-fanocracy

they bring in not just the hard neuroscience, but how that relates to human behavior. I think that for marketers that's really important.

David Meerman Scott: It's really interesting. I know that you focused way on it more than we have. This is new to me. But Reiko brought her understanding of neuroscience from doing that background. But then we also spoke with a number of different neuroscientists about digging into some specific ideas that we had around prescriptions for growing fans, and what are some of the things that are going on in one's brain as they're becoming fans of something.

> That became an important element because it meant that the book has a basis in scientific background as opposed to just being what I normally do is, hey, this sounds good and maybe I'll write it down.

- Roger Dooley: Right. Well that's great. So, David, what has changed for businesses and consumers? It seems like we're drowning in content and social media activity and everything else. How do you even develop a human connection these days?
- David Meerman Scott: What we noticed, Reiko and I, and what I noticed even before then, is that businesses seem to be just doubling down on the digital channel. I in some ways blame myself. The book that you mentioned at the top of the show, The New Rules of Marketing and PR has really been arguably the most popular book on the planet about digital marketing. So I'm partly responsible for so many people out there doubling down on the digital channels.

https://www.rogerdooley.com/scott-fanocracy

However, I'm not responsible for some of the dark sides. The dark sides are things like the rise of AI and robots, and in some cases you may be communicating with not even a person. It's a robot.

There's also the polarization and the fake news and breaking into tribes. The fact that the various social networks, Facebook for example, are positioning people into tiny little affinity groups in order to market to them and in order to show them content.

What all of that pointed to is that people are fed up in many ways. The pendulum has swung too far in the direction of superficial online communications and we think it's beginning to swing back into a true human connection. That's the idea of what we call, Fanocracy. But it's driven by a true human connection between people who share the same fandoms.

For example, I love the Grateful Dead. I've been to 75 concerts. I'll be going to my 76th tomorrow as we record this. My daughter Reiko loves Harry Potter, read all the books, went to see all the movies. She's been to the Wizarding World of Harry Potter Theme Park Twice down in Orlando. She's been to London to go to the studios. And she wrote a 90,000 word alternative ending to the Harry Potter series where Draco Malfoy is a spy for the Order of the Phoenix, and put that up on a fanfiction site. So, we dig into fandom-

Roger Dooley: Is that a spoiler?

https://www.rogerdooley.com/scott-fanocracy

- David Meerman Scott: Yeah, exactly. We dig into fandom and what it really is, is those are the people who share those fandoms with us are the ones that we have the best relationships with in our daily lives, are people who are like us, like minded people. So we think that the world is swinging back to this genuine connection.
- Roger Dooley: Well, you talked about some emotional brands there, if you even want to call, say, Harry Potter a brand or the Grateful Dead, but what if you're selling soap or something? How does that relate?
- David Meerman Scott: It is interesting how that was one of the first challenges we had is, well sure people become fans of the local professional sports team. They become a fan of what they love to do as a hobby, birdwatching, or doing yoga, or whatever it is. What about an enterprise software company? What about a dentist? What about an underwear company?

We've actually uncovered examples of all of those. One of my favorite is Hagerty Insurance. Now, nobody likes insurance. It's awful. You spend all this money hoping you never have to use the product because if you have to use the product it meant there's has been a disaster of some kind, your house burned down, your car crashed, or whatever it might be.

I spoke with McKeel Hagerty, he's the CEO and founder of Hagerty Insurance. They do insurance for classic cars, and they have built a massive fan base. They have nearly a million followers on their YouTube channel. They have 600 members of the Hagerty Drivers Club. They go to 100

https://www.rogerdooley.com/scott-fanocracy

car events around the country each year and have fans waiting to meet the people at Hagerty.

What they realized is that, and what McKeel told me when we spoke with him, is that he didn't have to invent the idea of collecting classic cars. All he had to do was tap into an existing fandom, create valuable experiences for people who already share that fandom, and then people, it'll rub off, they'll become fans of Hagerty. That's exactly what happened. And this is an in a business that everybody hates and nobody wants to actually use their product. Insurance. So, we've found that it's possible to create a genuine human connection to create fans in any business.

Roger Dooley: Can they scale that beyond this niche special interest group? Because I think you could probably do something similar for motorcycle insurance where you've got some people who have very strong feelings about their mode of transportation and it's often part of their identity.

> I know you bring up identity as one of your rules for creating fans. I think that if you're a classic car person, or a motorcycle enthusiast, that's part of your identity, but if you're just driving your Prius to work, maybe not so much.

David Meerman Scott: I think it's still possible. But there might be other ways that you can achieve that same fandom. It may not be using the same prescriptions that Hagerty has done.

> I'll give you an example. An ultimate commodity product. Duracell Batteries. Duracell is a battery company. One battery is just like another battery. You stick it into your

https://www.rogerdooley.com/scott-fanocracy

machine and it works. Duracell has created a massive fan base. Last time I checked, they had nearly 7 million fans on Facebook. In particular, one thing they've done is they've created a program called Power Forward. Power forward is a program that gives away free batteries and has mobile charging stations where they set them up at locations where the power has gone out due to a natural disaster. So a hurricane, a flood, or a tornado, a wild fire, things that.

When that happens, people are without power. The folks at Duracell said, "Well, we are a power company. When people are without power, our product is in the highest demand. They need to power up their flashlights, or their portable radios, or whatever it might be."

They decided, and this is fascinating, they decided that rather than sell their batteries in that situation, they give them away for free.

When I spoke with Ramon Valentini, who's the Head of Marketing at Duracell about Power Forward, it was around the time that Hurricane Maria had just hit Puerto Rico. They actually delivered tons, literally tons of batteries, and they had two of their Power Forward vehicles sent down to Puerto Rico, they were air lifted down to Puerto Rico, so that they could deliver batteries. They gave away 700,000 free batteries.

People remember that. Their Facebook lit up. Thousands and thousands of people saying, "Gee, thank you. This is great. The hurricane's been terrible, but at least I can now see at night with my flashlights."

https://www.rogerdooley.com/scott-fanocracy

They told me, Ramon told me when I interviewed him, that there's a debate in the company, should we do the same thing but be selling batteries? And they decided no, it's better to build fans. It's better to develop that human relationship. They're physically giving the batteries. You actually have to be there in front of the Duracell representative at the Duracell truck where they hand you a package of batteries in whatever size you need.

They told me a story of how one person said, "I need 25 batteries in these particular configurations." They said, "Well, that's unusual. Why?" "Well, my son is on dialysis and he's got a heart machine. He's got all of these medical problems. We're at home, our power's out. He will die if he doesn't have these."

So they actually saved a life in that case. And that is fabulously powerful. Those people will remember those free batteries, not just the saving of the boy's life, but just someone who had access to a flashlight. They'll remember that and tell their friends for months, or even years, into the future.

They said that every time they do the calculations of the ROI, which you can't really do in dollars and cents, but from the perspective of building fans, it makes total sense to give away their product for free. Again, a commodity business. Batteries.

Roger Dooley: I think an important lesson there too, David, is that typical business reaction to an emergency would be to say, "Wow, our stuff's going to be in high demand," and if not actually raising the prices, but just getting a bunch of

https://www.rogerdooley.com/scott-fanocracy

product down there so your sales will go up. To say that you're going to take this period of maximum demand and give this stuff away, that takes a little more guts.

David Meerman Scott: It does. It takes huge guts. They told me they cannot do an actual ROI calculation that says if we give away a package of four batteries to somebody in a natural disaster, that they'll then buy X number of batteries over the course of their life. They can't do that.

> But they have so much anecdotal evidence that it's true, that the idea of building fans is essential for them and Power Forward is a fabulous way to do it.

Just one more point on this one example is it also is amazing for the employees of Duracell because they know whenever there's a natural disaster, the company that they work for is out there helping people.

Roger Dooley: That's such a great point too, that the employees recognize it and they're involved because often it's, "Gee, the bosses just want us to sell more stuff, or make more stuff, or whatever." It's great.

It reminds me a little bit of a local Texas brand that has a lot of fans in the state and that is HEB Supermarkets, which I've written about in the past. They do a lot of really smart things, but one of the things they do, echoing what Duracell does, is when there is a disaster, and unfortunately being on the Gulf, we have our share of disasters, along the coast in particular, they will send mobile kitchens to the area to serve meals. They will ship

https://www.rogerdooley.com/scott-fanocracy

food down, they'll be sending their people into the disaster zone when everybody else is trying to get out.

I think that does the same thing that if people have been helped you can't put a value on it, but it helps solidify the brand that's already very well liked.

David Meerman Scott: That's right. I think that's a fabulous example of the same principle. We have nine different principles that we've outlined in the book, Fanocracy, and we've just chatted a bit about one of them, which we say is give more than you have to. Which is a great way to build fans.

> A lot of people say to us, "Well gee, we're a battery company and we're a supermarket, we don't have fans, we just sell a product." But no, you just shared a fabulous example of a supermarket that I'm sure, 100% sure just by you giving me that several sentence overview of what they do, that they must have a lot of fans.

Roger Dooley: They do. I've written about them and had people for morale in the Forbes. So it hit a national audience there and people post comments about, "Man, I miss HEB now I'm in Connecticut, or in New York, or someplace." People really miss not having these. They are only in the state of Texas in the United States. Not the other 49.

> When you talk about giving people stuff, I think one thing that is important too that you emphasize is that when you give, there can't be strings attached. You do that on your own website, I might add. There is a nine page guide to Fanocracy that I was able to view without giving up my email address. That to me is Cialdini reciprocation at its

https://www.rogerdooley.com/scott-fanocracy

best. You give something to somebody for free and you are more likely to be persuasive in the long run, than had you either had an expectation, I'll give you this but I expect you to do something for me or actually required them to do something for you to get that. It's so simple but so important.

David Meerman Scott: Yeah, no that's exactly right. It is so important and so simple. We originally thought of this idea because the Grateful Dead gave away their music. They allowed fans to record their concerts and trade, initially it was cassette tapes in the early days, in the 70s and 80s, and then became MP3 files.

> I got to be thinking about the ways that people give away content on the web. So many companies demand an email address to give away content. They're like, "Yeah, get our free white paper." But it's not free. A white paper where you demand an email address is coercion done really poorly, but at the very least it's setting up an adversarial relationship before you've even met somebody, because you're demanding something from them before you give something up that you've promised to them.

I didn't dig in deep enough to really understand what's going on on the neuroscience aspect of it, but we humans are hard wired to reciprocate when gifts are given to us. When somebody gives literally something for free, whether it's free batteries, or whether it's free music, or whether it's a free download, they're much more likely to pass that on. They're much more likely to share it. They're much more likely to remember and then feel as if they

https://www.rogerdooley.com/scott-fanocracy

would like to do business with the organization that gave them something for free.

Roger Dooley: Another one of your principles, David, is to tell the truth to your fans and customers. That seems, again, like something that is really simple and obvious. But from what I've observed it seems a lot of companies want to tell their version of the truth.

David Meerman Scott: Yeah. We titled that chapter, Tell the Truth, Especially When it Hurts. It seems like companies, when faced with a bit of a problem, tend to dive into a hole and let the lawyers dictate what they say rather than telling the truth about what's going on.

> You think about all the different things that have gone down recently with companies that have gotten in trouble. Let's take for example, Wells Fargo. They lied so often about what was going on with the program that they had to sign up people for bank accounts without their permission. It wasn't so much the problem as it was the hiding around not telling the truth around what the program was that got them into deep trouble.

> But I would contrast that with a fabulous example that I just love. It came out of the UK. When the Kentucky Fried Chicken franchises in the UK ran out of chicken. Can you imagine a chicken restaurant without chicken? So they just got very truthful and they said, "We screwed up. We ran out of chicken. Can you believe that? Oh, my gosh, how awful. We're so sorry to you, all of our customers. We're going to make it right. Here are all the things we're going to do about it."

https://www.rogerdooley.com/scott-fanocracy

Now it turns out it wasn't even their fault. It was their logistic company's fault. They could have easily hidden behind the logistics company and said, "Gee, it's XYZ company's fault because their trucks didn't get the chicken on time for whatever reason." But they didn't do that. They said, "It's our fault. We screwed up. You don't have chicken because it's our fault."

They set up a website to educate people about when the chicken was going to arrive, which restaurants had chicken, and when. They made it funny, the approach they made to it. It ended up that they developed more fans as a result of that. The honesty delivered more fans than if they had tried to hide behind it.

I think that's a great lesson for any company. I think the resistance comes from the lawyers who say, "No, you can't tell the truth because it's going to set us up for..." Whatever, a lawsuit, or whatever it might be. I think you just have to look at it from the perspective of great communications, great marketing, and then building fans, where you've got to tell the truth to your fans.

Roger Dooley: I think there takes some executive boldness too to make that decision. There may be certain circumstances where you do have to take the legal issues into account into what you say, but in a lot of cases I don't think they even calculate, well, what's the downside of taking that advice, or not taking that advice versus, the damage will do to the brand. One thing that KFC did too, that was amusing, they even put a humorous spin on it. Some of their ads rearrange the letters of their name to look an expletive.

https://www.rogerdooley.com/scott-fanocracy

- David Meerman Scott: It was so clever. KFC was rearranged in such a way that it was FCK. If you look at it quickly, it's spelled a bad word and it was just wonderful. It's was just so clever.
- Roger Dooley: What about influencers? influencers are the rage these days of all kinds. How can you use influencers to build fans as opposed to just maybe getting attention and selling stuff?

David Meerman Scott: Well, what we did was dig into the idea of what's called influencer marketing and the idea of how do you get people to share about you. What we learned is that when people are willing to share about your company and your organization and your products and your services because they genuinely want to, that's the ultimate.

> I think a lot of companies have tried to figure out how they can buy influence. Advertising is advertising is advertising. You can always pay to generate attention. You can buy TV ads, you can buy radio ads, you buy newspaper ads, you can buy Google ad words, you can buy a billboard by the side of the road, and you can buy a Kardashian wearing your product and having a picture posted on her Instagram. That's the approach that's so many people have taken around so-called influencer marketing, is they either have to pay an influencer, a Kardashian, or they have to work with an influencer to give away free product to get them to talk.

> Those ultimately don't work so well. What does work way better is when people want to share, because they genuinely love a product or service. And so creating ways

https://www.rogerdooley.com/scott-fanocracy

to make it easy for people to share can be a really, really good way to make that happen.

Roger Dooley: Yeah. And then perhaps even assisting those willing shares by promoting them, giving them more visibility, and turning them into influencers of a sort. But when it really feels organic, that's got to be way more effective. If I see, I don't actually follow any of the Kardashians, but if I saw them wearing a product, I would absolutely assume that somebody paid for that and that they aren't doing it because they found it in a store and thought it was wonderful.

David Meerman Scott: That's exactly right. An example that I love is the Roomba vacuum cleaner, the robot vacuum cleaner. The company that makes is called iRobot. An example of influencer is sharing because they want to, are people who love to shoot videos of their cat or dog, or sometimes even other animals, hitching a ride on the Roomba. They're hysterical videos. It's an Uber for your kitty. The cat is sitting on the Roomba and flying around the floor of their house. It's great. They're great videos.

> That's just people want to share that. Roomba celebrates that. This is cool stuff. People are sharing this crazy way that they're enjoying the use of this particular product, which in the end becomes more valuable than if they had found a couple of influencers to share how much they loved their Roomba vacuum cleaner that pay them to say so.

Roger Dooley: Yeah. One example that I've used, probably, so a few of our listeners may have heard this one, but I think it's right

https://www.rogerdooley.com/scott-fanocracy

on the money for what you're talking about. That is Tito's Vodka who has launched a... They were already a craft vodka trying to emphasize their Austin, Texas roots and so on, but they launched a vodka for dog people.

Now it's really a couple of things there. First of all, they use dog people, not for dog owners or dog lovers, but they're actually creating a shared identity there by saying, "We're dog people like you," which is one smart thing. But then to go to your influencer standpoint, they created a hashtag that same one, and when you think about it, people are not typically going to post a picture of their vodka bottle. That's not something you usually share on Instagram.

The circumstances were unusual, but people will post pictures of their dog wearing a Tito's sweater, or using a Tito's water bowl, or some of the other swag items they have, or even sometimes posing with the actual product.

It's great because, first of all, they're getting way more shares for their brand than they ever would naturally, because like I say it's just not a highly shareable product, and they're doing it in a context that is cute and fun and enlisting a lot of their customers.

That to me is a counterintuitive example of there is no relation between the product and the way they're marketing it in that case, but I think it's really effective.

David Meerman Scott: What's interesting about that is, we actually talked about this early in our discussion, is they've taken people who are fans of something and tapped into that

https://www.rogerdooley.com/scott-fanocracy

community in a very clever way, and gotten them interested in Tito Vodka. Or if they already were a fan of Tito Vodka made it even more so.

We had talked about it originally in the context of Hagerty Insurance where they had taken people who are already fans of classic cars and turned them into a fan of a provider of classic car insurance.

But in the case of dog people here, you're taking people who are fans of their dogs, which I don't know how many, what the percentage of the United States... That must be a huge number of people. So that's a very, very clever way, and exactly in line with these ideas that we're talking about around what Reiko and I call creating a Fanocracy. Fanocracy is when fans rule and geeze, if you're tapping into my love of my dog, I'm all over it. Thank you very much.

- Roger Dooley: Right. Well. Exactly. I'm sure people have warm and fuzzy feelings, at least some do, especially if they've shared using that hashtag.
- David Meerman Scott: And you now what? If they don't, they just move on. They don't even think about it. It's not as if you're annoying the people who aren't dog lovers by doing it.
- Roger Dooley: Right. Yeah. We talked about how Duracell, and maybe HEB, get employees on board as fans by enlisting them in helping others and so on. If you really want to build a Fanocracy, having your employees part of that is pretty important, because if your employees are lackadaisical

https://www.rogerdooley.com/scott-fanocracy

and uncaring, you're going to lose whatever you've gained. Are there some other ways to do that?

David Meerman Scott: Yeah, there are. In fact, this was the most surprising thing to us as we were doing our research. We spoke with many CEOs, or owners of companies, or presidents of companies, about how they hire employees and about how they use employees to build fans.

> It turns out we heard consistently again and again and again, that the employees that have the most passion in their personal life are the ones that are best equipped to create passion for the company that they work for.

In other words, and I'm actually quoting Pete Cipollone, who's the CEO of a company called InstaViser here, passion is infectious. Pete told us. Passion is infectious. So to create those employees who are more likely to help to create a Fanocracy in your business, you have to find people who are already passionate about something. In other words, hiring for passion is often more important than just looking at the resume to find people who are qualified based on what they've done in the past.

I've had many CEOs as we were interviewing them who said, "I would rather have someone who has incredible passion than someone who ticks all the boxes of the job description."

For example, Pete Cipollone, I just mentioned, he's an Olympic athlete. He won a gold medal in rowing at the Athens Olympics. He actually specifically seeks out other elite athletes who are either retired like he is, or even

https://www.rogerdooley.com/scott-fanocracy

currently in training, and the ones in training he hires part time, because he recognizes that if you're passionate enough about your sport to rise to the elite level, to become either national champion, or world champion, or close to it, Olympic level athletes, you are someone who can radiate passion already and can do so for your company.

Another person we interviewed told us that the most important question that she asks in the interviews that she conducts for potential employees is the following, which I love, she usually asks this near the end of the interview, after they've chitchatted about other things for a while. She says, "If you were in a room with 2000 people, what could you confidently say that you were the best at of all of those 2000 people?"

And it's not so much the actual answer, as it is how that person relates to the thing that they're passionate about. Because conceivably if you're passionate, you're going to say, "Oh my God, I am so good at..." Whatever it is. Or "I am so knowledge about this thing." And by the way, for me it would probably be, I'm going to know more about the Apollo Lunar Program than any of those other in 1,999 people, because that's a huge passion of mine.

That interview question gets at what are you passionate about? What she told me is that that question is usually the one that will determine whether that person gets the job. The answer to that question gets the job or not.

Roger Dooley: Well, that's a great takeaway I think and probably a good place to wrap up, David. Today we are talking with David

https://www.rogerdooley.com/scott-fanocracy

Meerman Scott, whose new book, which he coauthored with Reiko Scott is Fanocracy: Turning Fans into customers, and Customers into Fans. David, how can people find you and your ideas?

- David Meerman Scott: Fanocracy.com is a website that I have tons of information, all of it free, no registration required, unless of course you want to sign up for periodic updates, which is optional. We've got videos. We've got infographics you can download with no registration required. On the various social networks, like Twitter and Instagram, I am DM Scott, that's D-M-S-C-O-T-T.
- Roger Dooley: Great. Well, we will link to those places and to any other resources we spoke about at rogerdooley.com/podcast on the show notes page. You'll find a free text version of our conversation there as well.

David, best of luck to you and Reiko. Thanks for being on the show.

David Meerman Scott: Thank you, Roger. I really appreciate you taking the time. I love that we dug into the neuroscience aspects.

Thank you for tuning into this episode of Brainfluence. To find more episodes like this one, and to access all of Roger's online writing and resources, the best starting point is RogerDooley.com.

And remember, Roger's new book, *Friction*, is now available at Amazon, Barnes and Noble, and book sellers everywhere. Bestselling author Dan Pink calls it, "An important read," and Wharton Professor Dr. Joana Berger said, "You'll understand Friction's power and how to harness it."

For more information or for links to Amazon and other sellers, go to <u>RogerDooley.com/Friction</u>.

https://www.rogerdooley.com/scott-fanocracy