



Race Track Industry Program

## 35th ANNUAL SYMPOSIUM ON RACING & GAMING

THURSDAY, DECEMBER 11, 2008

### Trends in E-Marketing

**Speaker:**

**Ron McDaniel**, CEO, Buzzoodle.com

**MS. WENDY DAVIS:** All of you guys made the turn this morning. I don't know, I think there are maybe some folks that had too much fun last night but we're going to go ahead and get started and I know the room always fills up as we do.

Again, thank you so much, we really appreciate everybody being here. I know these are kind of scary times and I appreciate that you've taken time out and your company's sending you here and we're going to make it worth your while. Definitely want to thank Equibase for breakfast this morning, it gets everybody going, and without our sponsors, we really couldn't make this happen and we do appreciate them. I just want to make sure that they get the recognition that they are due.

Well, this morning I think we have a wonderful program in this room. We have Ron McDaniel, who is doing what we're all talking about. His bio says he's the CEO of Buzzoodle, a marketing agency that helps organizations succeed with social media, Web technologies and employee ambassador programs. All those things that we need to do. I know that some of the other panels that we've heard already this week, we've talked about it, we've talked about these concepts and that these are good things and that all of us who aren't 18, 19, 20 and 25 need to figure this stuff out and you're here now to figure out how to do it. I think this is going to be a wonderful panel session.

Ron, thank you so much.

Ron is going to explain — we have Ron doing double duty here. Today you're going to see that even though it's called two panel sessions, you see Ron and Ron. So he's going to give you a little overview of how this morning is going to be broken up, but when it's all said and done, all of those things that we've talked about,

you're going to learn how to do today and walk out of here with some skills that you can take back to your racetrack and put into practice.

Again, Ron, thanks so much and I'll turn it over to you.

**MR. RON MCDANIEL:** Good morning. Thank you, thanks for having me in. I realized when they invited me to do this that it was going to be really challenging because you guys live a really exotic and exciting lifestyle in the industry you're in. I've never had to speak to people that every day get to go and there's racing and there's horses or whatever there is. I thought, I've got to really up the ante, so I thought, well, what can I really speak about that would be equal to your everyday lives. Then I thought about it for a little while and I thought, well, technology right?

That's the part where you laugh.

Actually, how I'm going to break it up, this first hour is not going to be anything technical. There might be one or two words like e-mail, but it's going to be an overview of why this stuff is important, how it affects your brand, why people are using it. Then the workshop after this, I am going to get a little bit technical, so if you're interested in like, how do you write something that's going to strengthen your brand online or how do you connect with more people and get their permission to send them messages frequently and all the different ways they're expecting those messages, then the second workshop is going to be great for you.

I also wanted to give people a chance to bail if they really just turn off when they hear anything beyond e-mail as technology. I hope that works for everybody.

Sound good? Good.

Basically, in this presentation I'm going to cover three things: Why is social media important? There's a variety of different reasons there. I shouldn't have put my sheet here because now I'm going to use it. I'm going to cover why it's important; I'm going to cover why your product is more important than anything that a consultant in social media is going to tell you, they tell you well, Facebook or MySpace, you know what? If you don't have a great product, ultimately, those other things aren't going to help you. So we're going to talk about that and how to differentiate yourself a little bit. The third thing I'm going to talk about is permission marketing and relationships, because this is not like normal advertising where you're blasting a message out. You can't tell people what you want to tell them, you have to create relationships and tell them what they want to hear, so you build and strengthen that relationship. So those are the three topics that I'm going to cover this morning. Then, in the workshop, we'll really get into what are the tools and how do you integrate all those tools so there's less work to do and more effective.

I want to give you a little bit of background about me first of all, because you might think, oh, he's like this techie guy coming in and we're not like him. About

10 years ago I started my business and it was a serious consulting business, it wasn't like this social media stuff where 16-year-old girls are putting their diaries online and blogs and stuff like that. Honestly, when it all got started I didn't really respect it either, I thought it was kind of silly. About five years ago, I was launching a new product and I thought, I'm going to try this silly blog thing out and I'm not going to tell anybody about it. I'm just going to quietly do it on the side and kind of blog the progress of us developing this new product. So I wrote, like, two articles and I forgot about it for three months because I was too busy launching this other thing. Then I thought, oh, I should go do that again. So I went and started doing a few more of those blog posts and things. And this was back before, it wasn't like now, it was still really like just 16-year-old girls writing diaries.

Then I got a funny phone call. Somebody from GE called me and they said, hey, we really, really like what you're doing over there, what can you do for a company like us?

GE calling me because of my stupid blog that I didn't tell anybody about, I didn't promote it, but somehow, somebody found it through search engines and started reading everything I was writing and really bought into what we were doing about employee evangelism. So even without doing this intentionally, this stuff works. Every little bit you put out there actually helps build up your image online and builds up a relationship people have with you. After that phone call, I suddenly started taking it a little more seriously, obviously, and I'm a big fan now of blogging and really e-publishing in general, not just the blogging, because it's been very, very, very effective for us. I'll talk about why it's going to be important for you from a brand perspective, first of all.

I was talking to a gentleman, I'm sorry I didn't get your name. Mike?

I was talking to Mike right before this and he said, What about all the negative comments people put up there? It's a tough sell in any business, doesn't matter what industry. Are you opening a can of worms? Are people going to say bad stuff? You can't stop them from saying bad stuff. They will say bad stuff. Perfect, great companies get bad stuff said about them sometimes because you can't make everybody happy. I'm from Ohio, I try to make everybody happy, that's one of our character faults. But you just can't do it.

Somebody's laughing, are you from Ohio?

So, the fact is, people are going to get out there and start saying things about you. And some of it will be good, hopefully a lot of it will be good. Some of it will be bad, but what you're doing doesn't really affect that. What you can do, though, is by putting out a lot of good stuff, and encouraging people to put out good testimonials and things, you can combat the bad stuff by making it harder to find. So really it's a branding strategy, to start writing about stuff, putting things out and saturating the Web with all the great stories, great testimonials that you have to protect your brand. You have to go back, and if you have to get permission

from somebody, you have to tell them, hey, this is serious. We're letting other people control our brand unless we proactively go out and do this.

So that's really the sell, if you're wondering about whether this works or not.

I said I wasn't going to get technical, but I don't think this is too technical. Search engines. There's 10 slots on the first page that it defaults to, right? Your Web site can only be in one of those because that's how it works. It tries to find the 10 best Web sites when somebody searches on your company name. If you only have a Web site, and you don't have anything else, one of those is you, hopefully the top one, the other nine are whoever felt like writing about you. Isn't that scary? Does anyone think that's scary?

Go out and search on my name. There's this one realtor out in Denver that, I'm thinking about having him whacked, because he's the only one. I've got nine of the top 10 spots, but I can't seem to dislodge him. I take my branding very, very seriously, and if you look at company name, my name, employee names, different things like that, we go out and we lock that down by getting all those slots. And that's simple. All you have to do is go out there and publish information in different places and encourage other people to publish, these social media things. Most of the time, they're free. I mean, it's never free because it's your time, but we're not talking about a big, expensive thing here. We're just talking about proactively enhancing your brand online.

In the workshop, I'm really going to go into the details of what are the different tools to do that. Another reason you want to use this stuff, and I think you've already heard this from some of the other speakers, is, you've got a generation probably pretty well locked down. By now, they're either coming to your place or they're not coming to your place but, getting new people, I'm going to say above 40 because I fall into that category, I'm 41. So let's say everybody above 40 is kind of set in their ways, they're either using your stuff or not using your stuff. It's probably older, but I'm going to throw myself into that category. But there's this other group where, granted, they may not come in and blow a ton of money on the first time, but you want to start building the habit and get them to appreciate your product, correct? And they're younger. One thing I could do is stand up here and tell you about how you need to approach them, but think about how ridiculous the conversation would be, talking to them if I was trying to sell them on how most of us do marketing.

Here's what I mean. I go to somebody who is 21, 22 years old and I say, Did you see our ad in the magazine? What magazine?

You know, the local magazine.

Oh, I don't get that.

Um, did you see us on TV?

Guess what, my daughter — here's a perfect example, I'm going to deviate for a minute — I grounded my daughter from TV about two weeks ago. She said, I don't care.

I said, What do you mean? You're going to miss *Heroes*, you're going to miss *Survivor*.

She said, No I'm not. I'm just going to wait till I'm ungrounded and I'll watch them on the computer.

I can't take anything away from her. Everything is there when she wants it. She's just like, I'll wait you out. You can't punish me.

And guess what? On the computer there's a Papa John's ad at the beginning or something like that, but other than that there's no advertising. She's not the only one. I talked to another guy whose son is in college, doesn't even bother owning a TV anymore. He knows all the places to go to watch what he wants, when he wants. He streams it all to his computer.

So, if you're not taking all these different opportunities that are just coming out, I mean, this stuff wasn't possible two years ago, it's changing really fast. I wouldn't have even projected this happening this quickly, but these younger generations have to be — you have to build the relationships where they want to build the relationships. Think about how ridiculous it sounds to them that you spend ten grand on designing and advertising. They're like, Why? Nobody reads that stuff.

Because for them, nobody does read that stuff. I'm not knocking advertising. If it's working, you should absolutely do it. But just realize there are different demographics here and if you're trying to get those young people to come in, you really have to build trust and relationships and messages where they're at.

Mike and I were talking about, he was specifically talking about MySpace, I personally use Facebook a little bit more, but there's these online communities that, they're integrated, so they trust the messages that come through there and they become friends with just the people they want to become friends with and they'll unfriend you, they'll stop being friends with you if the message isn't good. So at the very end of this, when I cover the permission marketing, I'm going to go through a strategy that I think would work really, really well in your industry to build trust, to make people see your messages every week, that would cost very little, less than a print ad, and build a great audience of people that would definitely start coming in more. That will be one of the examples with this, but I'll talk about how to get people to opt into your lists and pay attention to you. So that's coming down the road. But you have to build that trust and that relationship where they're at. You can't force them to come to you, and face it, they're not reading a lot of magazines. I mean, I'm 40, and the only time I read them is when I fly or something. Some of them aren't watching TV, which is scary for me. Definitely not newspapers, we all know what's happening to that industry. So where are they? They're certainly getting more information than everybody else, right? They're in

all these other things where they have everything on demand, what they choose to get. So that's why permission and building these relationships is so important for this group.

The great thing though is, if you do a good job there, they trust you. Even if they see an advertisement in a magazine or they see it on TV, think about it. I think we're all pretty good at tuning out advertisements that don't appeal to us, that don't catch us right away. Well, think about them, they're so used to tuning out these advertisements, so there's not trust there, there's simply ignore it until it's over. But if it comes through these other avenues, they do have trust. They've chosen to let you in there and they do pay attention to what you're doing so you're going to be able to connect better, you're going to be able to have better trust, and they're going to be far more likely to respond.

So we've talked a little bit about branding. Let me give you an example, though, of one company that you guys have probably heard of. Has anybody ever moved? This is the part where I get you involved. Anybody use U-Haul? I did once too. About a year ago, if you went and searched for U-Haul, which, you don't do every day, but you're getting ready to move you go and you search on U-Haul to find the closest dealer, right? Number one was U-Haul. Guess what number two was? U-Haul Sucks. It was a blog, somebody dedicated their life to collecting stories about why U-Haul sucked. And the second thing in the search engine that came up said U-Haul Sucks.

Third was something, I don't remember what it was, and then fourth was I hate U-Haul.

Now, that's bad. I mean, people are going to search on you, they are going to search on your company name and you've lost control of your image at that point. So it is better now, but I have to laugh because I think they probably had to go out and spend tens of thousands of dollars on a search engine optimization expert and a bunch of writers to knock those people out of those places. That's something they could have done basically by writing some blogs and things upfront. They could have protected themselves before that happened and not had to spend all the money later getting rid of that stuff.

Actually, I have screenshots, but not in this presentation. If you're interested, let me know, I can send you the shots of all the bad stuff they said about it there.

So that's another reason this stuff is important. It's not only about the relationships; it's about what people find out about you. I'm going to go on to the next section, about your product and your message and why social media is important but not necessarily important for you to do a lot of. I can come in here and tell you, Hey, you have to have a blog.

You have to have this, you have to have that. The truth is, if you make your product really, really cool, everybody will do the work for you. All this social media

stuff is the ultimate word of mouth tool, set of tools. I mean, I would encourage you to do some on your own, but I would encourage you to really think about your product and the experience people are having. Can you make them go out and do it for you?

I have two areas of expertise. Internet marketing, which is a lot of fun because you can see all the numbers and do tricky things, but then I also am very, very passionate about word of mouth and employee evangelism or employee ambassadorships. How do you get everybody in your organization to understand that they're an ambassador for your organization and they're part of the image, they're part of the brand, and that they have a lot of power to actually go out and affect how people see them on the Web and get other people to talk about you. I've got a really simple, simple example. I'm going to have to walk away from the podium though. When I started the new company I decided I wanted to do something a little bit different and this certainly isn't for everybody, but I wanted to do something, really, that would set us apart. But, of course, we didn't have a ton of money. I spent \$300 extra and I had my business cards dye-cut. So I'm going to walk around and show you this. The funny thing about this, a simple, couple hundred extra dollars and guess what people tell me all the time? I have a place where I throw all my business cards, not yours, it sits on my desk. I have people call me six months later, I wasn't ready back when I met you but I kept that beehive right beside my computer and now it's time, I want to work with you. It's nutty how something so small can really differentiate you.

Are you looking at every single piece of your business and thinking how can we really, really make people do a double-take? Because once you start creating word of mouth, it's great if they tell their five friends, it's even greater if they go onto one of these Facebooks, MySpace, whatever and tell their thousand friends. So, how do you make your product, that's probably already good, I mean, you guys wouldn't be here if it wasn't already good, but can you do something that makes people say, Wow, I've got to tell my friends about that?

That's challenging because you're so close. Everyday you're seeing it, everyday you're thinking, yeah, it's about customer service and stuff, but what can you do that really makes people do a double-take and tell their friends?

So what happens there is incredible because you have three different kinds of people that talk about you. You have people that they like to call influencers, these people have huge audiences online. When they like your thing and want to talk about it, they can drastically, drastically increase your business. I have an example of that. When we launched something, I e-mailed an author who I didn't know personally, had never had any interaction with him, and I said, I was actually getting ready to go home for lunch and I decided I'm going to e-mail him real quick. So I sent him a two-sentence thing, Hey, love your work. I thought this might be interesting to you.

Because it was a good fit with what he says and what we were trying to do. I sent the e-mail, went home for lunch, came back to the office an hour later and

all my geeky programmer guys were like, Oh, we're under attack! We're under attack!

And our Web site actually went down because that guy has the most popular marketing blog in the world and he put up a bad review, not a bad review, a blasé review.

He said, Oh, this is kind of an interesting idea but I think they're going to have trouble with this and this, but go check it out, here's the link. I have clients in 14 countries by the end of that week, from a two-line e-mail.

So that's an example of an influencer. There are people out there that have audiences, that are really as powerful as maybe your local newspaper or a magazine or something like that, I mean, they have an audience that they've taken the time to build up with. You can offer information like that and, if it fits well with their audience and if you're polite, usually they'll be happy to write about you.

You can also advertise on your site, which, I like advertising, it works sometimes. So, if it's a good fit, that's a great way to go as well. So that's one of your groups, and you have to have different strategies for each of these groups. The influencers, there's not a lot of them, but you find who they are and they have the target market you want, they have the audience that's your target market and then you start having to court them, just like you would do normal PR.

The second group is — we're going to call them ambassadors. Ambassadors are your regular customers who come back and love you. There's a funny thing about these people, though, a lot of them don't know it's okay to talk about you and they don't know how to talk about you. So how could you get the people who love your product, who might invite two or three friends in, to actually take it to the next level? Do you have strong relationships? It might be five people that you're like, Hey, you're our VIP customer of the month or whatever.

For example, has anyone ever done like a video testimonial sort of thing for people? You've seen the Applebee's commercial of the people, you know the really bad cell phone videos of people having fun and stuff? Think about the people that are actually in those advertisements, how they're probably telling everybody about how they're in that advertisement. Those people are really evangelists for Applebee's; I'm not, because they didn't pick me. But think of ways to really convert people from really happy customers that appreciate your product and know your product into evangelists.

The last group, and this is what made me close up my technology thing and really go in a whole different direction, is employee ambassadors.

Now, how many people are like owners and how many are employees? Let me see like, owners/managers? Employees? I'm sorry if I insult the two of you. I doubt you guys fall into this because you're here anyway, blushing.

Most owners and managers I know get really frustrated because the employees, a lot of times, will say, I want to show up, do my job and go home and forget the job exists.

To a certain extent, I understand that, there are days I want to forget my business exists. But, at the same time, it's an important part of your life. It's how you're supporting yourself, it's something where you spend a lot of time, you've probably made friendships, and a lot of times those employees don't realize that, with very minimal effort and time, they could go out and create all kinds of extra buzz for you, generate more visibility for you, and, in the meantime, they're helping themselves because the business is doing better, and helping their friends in the business because everybody's probably going to get a raise next year if we all do better, right? So this is an area I'm really, really passionate about because it really only takes a little bit of education and identifying which of the people that could be ambassadors for your organization and giving them some encouragement. You can say, Hey, our target this month is to have 30 employees have MySpace pages. Here's a template of what I want you to kind of do, but it's yours. Go do it on your own time, go do what you want, but here's what we recommend.

They might already have a MySpace page. I had a programmer, on the clock, who would go out to message boards all the time and he would say, and he just liked to help people, he was a really nice guy, he would go out and he would help people with a code, but he never put his signature or where he worked or anything, so here he was, all over the place, I was funding it, he was all over the place, helping all these other programmers all over the world, building up a great reputation online and was a great guy that would help you with a code and stuff like that.

I'm like, why don't you put under there, under your name, the link back to our Web site, so people, if they're interested, can come check us out.

I never thought of it, is it okay, because I'm not really talking about the company?

Yeah, I'm not asking you to force it down anyone's throat, just put the link on there. That was extremely effective for us, once I gave him permission and told him, I'd like you to put that link there.

I mean, he's still doing it to this day, he doesn't even work for me anymore and his stuff still generates people coming and asking me about that stuff.

That's another great thing about this social media stuff, it kind of lives forever. It gets buried, to a certain extent, if no one ever goes to it and nobody links to it, but it does sit out there and every once in a while something you did three years ago will generate a sale for you or a lead for you or whatever. So this stuff does have a longevity that traditional advertising doesn't.

Is anyone doing anything? I'm going to stop talking at you. Does anyone have some effort to do an employee ambassadorship sort of thing? Has anyone thought of it? Yeah, what do you guys do? Okay, anything online too, or no? Not yet.

It can be as simple as a one or two page, these are the things not to say, these are the things we'd love for you to say, and it can be as complex as actually feeding them new testimonials through e-mail or an intranet sort of thing. Just letting them know what the success stories are.

Yes?

**A VOICE:** Thank you. I'm from Montreal. We have drivers that are kind of legends, they are legends, they won so many victories and they go around the community and special events, marketing events and they talk about the company and the horseracing. It worked well for us. Now I'm taking note that we should do that as well on the Web.

**MR. MCDANIEL:** Later I'm going to be talking about a technology called Twitter, it's super easy. The biggest danger of encouraging your ambassadors is, it's a lot of fun and maybe they'll stop doing their day job that they're supposed to be doing and do this too much, so that's one of the reasons you really have to draw up good guidelines on this kind of thing and say, you know, we'd like you to do it off the clock or we'd like you to do it in the last 10 minutes of the day or once a week.

Whatever, you have to have your own guidelines of what works best for you. It does add a lot of value but at the same time it is kind of opening a can of worms if you don't plan it out real well in the beginning.

The next thing I want to cover is the permission end of this marketing. This is where I'm going to kind of try to lay out a strategy I would do, if I was in your industry, to capture the younger generations.

Permission marketing isn't new, I didn't invent it, Seth Godin has a book called Permission Marketing and it really started around getting permission opt-ins on e-mails and, of course, now it's permission on all kinds of different things. The thing about permission marketing is, you really have to provide value to people so they give you permission and care about your message.

For example, if somebody signs up for your e-mail newsletter. People have e-mail newsletters here, right? Yeah. What do you send them? Do you send them like specials and things like that, or what's in your e-mail newsletter? Races coming up, industry news, does your audience want to know about industry news or is it more targeted towards like other owners and things like that? Can I ask you how many leads you generate a day maybe, or your list? You can say no.

So you need to build a relationship and it's got to be in more than one place if you really want to be effective. I mean, e-mail is a great place to start, but

there's all these different avenues where you can build, cement relationships with people and, over time, they will see you with e-mail, with these other things, and the brand recognition and the trust will continue to grow.

So here's what I thought of for a strategy that you guys might enjoy. I would do a contest. Maybe it is a \$100 gift certificate once a week that you give away. That's just an example, you know your own industry better than I do, but something that's big enough that people would care, not so big that it would seem like a huge expense for you, and I would tell them, you get multiple ways to win. If you're on our e-mail list, you're entered once in the drawing every week. If you're our friend on Facebook, you're in there twice. If you follow us on Twitter, you're in there three times. If you let us send text messages to your phone once a week, announcing the winner, that's a fourth time you get entered. So now you've got, anybody that enjoys gambling, which I think is your target audience, correct, is going to enjoy having four chances to win, yeah?

So they say, Yeah, this takes me like two minutes, I can sign up for all this stuff, I can follow you here, here and maybe be your friend there and sure, send me the messages, if it increases my odds to win.

And your e-mail and all your other things will say, And the winner for this week is...

You know, and they have to open it to find out and of course, then you have your specials and things under that and you can put whatever rules around it, obviously, you want, but the great thing about this stuff is, not only are you hitting that person, you're also hitting the relationships they have. E-mail, even though it's old, still has the best chance of converting somebody, other than word of mouth; word of mouth, somebody telling somebody is by far the best. But e-mail, as far as all these electronic things, has the best chance of converting somebody. But it's not, your friends don't see it. So it's great because it's direct.

Texting also is direct and they're really, really likely to see it, obviously, so that's great. These other things though, like Facebook and Twitter and things, they feed the messages that you send them into their profile and out to all their friends as well. So let's say you've got 500 people that say, Yeah, I'll be your friend for a chance to win, and they each have 100 friends. Now we're talking, what, 50,000 people potentially seeing your message for \$100? Not bad. You have to look at how these things all feed together, how they flow out to the rest of the audience, and this becomes a very inexpensive way to reach a large number of people.

Does that seem feasible? Because I'm not in your industry, but I sat down and I thought, if I was sitting down one on one with one of you guys and you said, Come up with a strategy that's under \$1,000 a month and would generate a lot more visibility for me, what would you do?

I would definitely do some search engine stuff, but this is the relationship end of it. I'd like to hear opinions.

I'm really talking about the younger crowd, because I understand that you're going to make more money from the older crowd right now, but for the survival long-term you have to get the younger people in there, and if you can do it for a fairly low fee, why not start building that now?

Definitely the old stuff that's worked like advertising and the respected publications and things, that's still going to be the best thing to reach the older audiences, I think. It's not that it won't work, the Web stuff, but it's going to be less potential, definitely. From a search engine perspective, though, any age they're still using a search engine to find you so the issue around branding and making sure the visibility is up there, those kinds of things are very, very important for any age. But as far as, like, this kind of a contest, no, I see that as a way to get lots of younger people to come in and try your product and hopefully keep coming back.

I thought about how much I wanted to put in this because I had an experience — you guys are going to make fun of me after I tell you this — the first time I went to Vegas, I went there on business, not to gamble or anything, but I told my wife, Yeah, I'm going to be there. I'm going to spend \$100, just because I have to. You know, I'm in Vegas, I'm staying at the Wynn and stuff.

So I got there and I kind of walked around, I looked at the tables, I'd seen gambling in the movies, I bet on football and things I shouldn't. Take that off the tape, that might not be legal. But I'd never really gone to a casino before, and it was slow. Everybody's standing around, it's not like in the movies where there's like thousands of people, but I didn't feel comfortable walking up to a table I'd never been at before and betting. I ended up not spending a penny on gambling because I just didn't want to seem like a fool because I didn't know what I was doing.

I can't believe this is being videotaped, or that I'm saying it to you guys. But you really have to think about everybody's experience. You're so comfortable with your organizations, it seems ridiculous that somebody would come in and feel uncomfortable going and placing a bet. But do you have some way to identify, hey, is this your first time here? Do you have any questions, is there anything I can do to make you feel absolutely as comfortable as possible, to spend all your money right now?

It's really hard to step out of what you're used to and see it from somebody else's perspective. You know, I'm a marketing guy, when I walked out of that I was like, you know, that was just silly that I walked through all those casinos and just had that slight hesitation and nobody ever came up and said, Hey, can I help you get a drink? Have you ever played this before?

I was even pausing, you know, but they weren't engaging.

So now that I've lost all of your respect.

Yes?

Am I allowed to answer the question? It will be a little bit more technical than I promised you guys. The thing about, for example, Facebook is you just go in and you just send the broadcast out to your group. Twitter will take you less than 30 seconds. You'd have to do it in the four different places. You're not asking me how to select a winner, right? You get e-mails every time somebody follows you or something like that, so yeah, you would just have to keep adding them to your Excel spreadsheet or something like that. It would be a manual process to integrate that stuff, yeah. If I was designing it, I would do it where they only win if they see the message, so now they have to open it and contact you within two weeks or something. So half of that \$100 people wouldn't even claim because they might not open it. I don't know the legality, I think every state would be different anyway, but you'd have to do it within the right guidelines, but yeah, I would make it something like that. So you really don't have to track them, you just have to say, you better open our message because that's the only way you know if you win.

Radio stations do it all the time. If John Smith calls us in the next 15 minutes, they get a zillion dollars, you know, that kind of thing.

How about some other questions, I've kind of deviated a little bit. Any other questions? I'm going to be going over in the next one, how to write blog posts that get search engine optimization, that really rank high. I'm going to be talking about how to write a subject line in an e-mail that will double the amount of people that open it. I will be talking about how to integrate all this stuff so you never have to log in to Facebook.

For example, people tell me all the time, You're so active on Facebook, I see you there all the time.

I never log in. I simply don't have that kind of time. It's all integrated through feeds. So if those are the kinds of things that interest you, that's where I'm going to go with this in the workshop and I'm actually going to pull up examples and things like that. I apologize, I'm about 15 minutes early so you guys need to come up with a few questions I think. Yes?

**A VOICE:** One of the challenges the industry has like when you had your experience in that casino and you were looking at a blackjack table, you knew the rules of blackjack.

**MR. MCDANIEL:** Yeah, because I've played it with friends.

**A VOICE:** And part of the challenge with this industry in introducing new people is that there is a big learning curve.

**MR. MCDANIEL:** Sure.

**A VOICE:** You can go in and make a wager based on the color of the horse, right, but to actually have any potential of having any success there's a huge learning curve. The challenge would not only be bringing people to the place but then actually educating them and bringing them along.

**MR. MCDANIEL:** Well, that's the enthusiast. You can easily argue that gambling is the same because you have people that know the rules of blackjack and then you have the people that know the odds. And some people play it for fun and they're picking, you know, if it's a roulette wheel, they're picking their favorite number just like they're picking the horse they like. It's still the same money, they're probably not spending as much because they're just having fun. So you really have to target two different audiences with that. The whole thing about permission marketing is that you're addressing a message to specifically that person. So, in the case of that contest I said, it's absolutely going to be the younger people, the people that care about \$100 or whatever you decide to do. It's going to be the people that care about that medium and you're targeting it to them. You might be half-price drink specials, by the way, on Wednesdays. They care. Then you have a group that, if you can identify a separate list of people that are enthusiasts, that really know the industry, that's a whole different message. That is not the same e-newsletter. Honestly, for them, don't even mention Facebook or anything because they don't care.

I did go on and do some research on Facebook. Has anyone looked for horseracing on there before? There's a ton of groups with thousands of people in them actively talking about horseracing on there. So I would ask, why aren't you? These are people who actually probably are enthusiasts; you certainly wouldn't join a group like that if you didn't care. It's just annoying to get a bunch of information all the time you don't care about. So there are people sitting out there, waiting for you, in groups like that. And you cannot go sell them. The message has to be, I'm one of the community, I'm here to help and I want to participate, and they will explore you if you're out there saying really good stuff.

They will come and figure out what you're doing, especially if you say, Hey, we're in this area, come by and see us sort of thing. Not like making a sale, just a nice invitation to a group of friends.

**A VOICE:** I follow a blog religiously by the publisher of the Daily Racing Form, a guy named Steven Crist, most of you probably know who he is. It's a fascinating blog. He gets anywhere from 30 to 150 comments a day, whenever he blogs, and he reveals his betting strategies, down to the arrays of Pick 6 wagers that he makes, in detail. It's an amazing learning tool. I'm not a big handicapper, I probably take \$200 to \$250 when I go to the racetrack but it gives me insight into what people who really drive this industry are doing on a daily basis. The whales are looking at different strategies to maximize return, including factoring in rebates and all those other kinds of things. Steven Crist is amazingly honest, he'll tell you when he loses, he'll tell you when he makes bad choices, but he gives you strategies and he shows the actual process that he goes through on a daily basis to make his selections. He doesn't write the blog everyday and sometimes I'm really

disappointed when he doesn't, but the comments are sometimes as illuminating as the blog itself. If you can go back and look at the archives, you'll see what I mean about how a racetrack could engage someone to educate, even the neophyte patron, on how you approach this whole kind of mysterious process of trying to beat the game or win at the races. I think that's an amazingly untapped resource that the ADWs and the racetracks have just not exploited at all.

**MR. MCDANIEL:** That's an excellent point. The hardest thing there is you have a strong, dedicated person writing that content every day. I think that's the biggest challenge for a lot of the tracks is you almost need a full-time writer to do that. It might almost be better for them to advertise on his blog because producing that is more difficult but extremely valuable if you build that audience. So if you have the time or if you have the expert that wants to do that, it's a fantastic opportunity. The stuff I'm talking about, honestly, is the stuff you can go home and in 10 minutes set it up and be like that was easy, good.

I'm going to talk about blog writing and stuff in the next one, but an expert site like that does wonders for you. Not only with the audience, not only with the comments, but also from a search engine perspective. His blog linking to your Web site will shoot it up in the rankings when people search on horseracing, for example. Now you've gone from page six to page two, maybe, because that's how Google works. It looks for expert sites that are changing every day and when they link to something in the same industry they say, that must be a good resource because that person is linking to it. It's all automated from computers, but a link to his site is worth a lot of money actually.

That's an example of an influencer that if you can get him to talk about you for free just by giving him some good information, you know, free publicity that has a lot of value actually. If you've got the person that says, I want to be an industry expert, it's excellent. I do that for myself. I have over a thousand articles on my marketing blog. I don't have that kind of comments or anything like that, but it has a lot of weight as far as what I can do with it. If I launch something new I can just use it and boom, I can shoot other things back up.

Want to add anything else from that?

**A VOICE:** He personalizes the blog, he does a very limited amount of responding to questions but he really kind of gives an opportunity to people who are following his blog and doing the same kind of wagering, to interact in ways that they otherwise wouldn't. It's like a forum, essentially, at the end of the day. He comes in and updates the blog during the race card.

Now most racetracks have a public relations person and a handicapper, somebody whose daily job involves making picks for the day, and they post them on the Web site or they put them out, you know, the Daily Racing Form has track selections and those people that are stopping there, they could be doing more to engage all age levels, all levels of handicapping expertise and the process from somebody who does it on a daily basis because most people don't do it on a daily

basis, except the people who are either retired or are professional gamblers. But everybody wants to aspire, like everybody who plays golf wants to be Tiger Woods, they want to play as well as Tiger Woods, and they may never get to that level but there's no shame in aspiring to be good at what you do. So those guys are an untapped resource.

For instance, at Churchill Downs, John Asher, great handicapper, great public speaker, he's the voice of Churchill Downs and Jill Byrne, she's the handicapper, she gives a little spiel in the paddock every day, every race gives her selections. You don't ever see what they're doing to take those hours of handicapping and converting it into wagers at the racetrack. I don't ever see suggested arrays of wagers or things like that, and I think there's some concerns about legal liability but, I mean, Steve Crist does it. I'm surprised NYRA doesn't pay him a zillion dollars because he probably helps keep handle up.

**MR. MCDANIEL:** Right, and there is blog insurance out there. If you're worried about liability, there are companies out there that, they try to sell it to me all the time, there is insurance for your blog so that if you get sued for something you say, they limit your liability and things like that. The tools are out there if you're worried about liability and things, to take care of that.

**A VOICE:** I actually have a question about blogs and message boards and all that. The powers that be where I work have been a little slow to adopt that technology because they're gun-shy about letting our customers give their opinion, as odd as that sounds. Whether we've used a message board or a blog or even the comments section of our weekly poll, every conversation ultimately degenerates into an argument or name-calling, which is the nature of the Internet. I understand that. My bosses don't, and I tried to tell them, if you have a message board about old ladies who love kittens, they're going to eventually start name-calling each other and, we'll kill you, and that kind of stuff.

How do I convince the powers that be where I work that that's a good thing and that even if the feedback isn't 100 percent positive, it's still important to sell the product?

**MR. MCDANIEL:** It's all about trust at this point. The funny thing about trust is, seeing bad stuff is good. I don't trust somebody if everything's rosy. They're hiding something, but if they're able to put a few comments that are bad out there, it shows that they're mature enough to know that people have an opinion and it may not always work in their favor. Now, that said, it is a can of worms, and I can't stand political blogs or religious blogs and things like that because all they do is fight all day long. There are people that will just, one person can damage your reputation really badly if they decide it's in their best interest, they just have nothing better to do.

I saw an excellent speaker, I was really jealous actually, a few months ago in Denver. I spoke right after him, which wasn't very fun. He was like a magician, he was doing tricks, he was just so good about branding and he talked about how he

and his wife were huge Sears people and — how'd it go? They moved into a new house, their dryer broke — am getting to your point by the way — and he needed to fix a ring or something so he called them up and he went on the Internet and it was a long, long story he goes into. Talking about all the different hassles that he went through and he got the stuff home and it didn't work and they didn't want to refund the money and he went from being a huge fan to making it his life's mission to tell everybody bad things about Sears. He has a book out where he tells that story. He tells that story three times a week where he speaks different business stuff. He just has decided, I'm going to make it my mission to let people know how bad this company is.

And look, now I'm talking about it. I don't have any problem with Sears. My point is, if you're not proactively doing good stuff out there, eventually, one person can come along like that and really do serious damage. So when you're trying to convince other people, it's really about saying, Yeah, some bad stuff is going to come up, but let's make sure there's so much good stuff that it far outweighs anything somebody can do.

That's the best strategy I can tell people is when it comes to management and convincing people, you're leaving it up to chance otherwise. Have you ever had somebody—and you guys aren't in the best industry for an example like this, but, you know, a customer that's just great and they pay you every month and you think, I'm doing too little for them, but they're paying me so they must be happy.

And you really don't pay attention because they're paying you, they seem happy and then later you find out, well, they weren't really that happy I just did a bad job of going back and doing that. You're kind of leaving everything up to chance, like, well nothing bad has been said yet, so let's just wait and then we'll spend hundreds of thousands of dollars later and clean up the mess when it does happen. Or you can be proactive ahead of time and get a lot of good stuff out there in advance.

To tell you how easy this is, I decided, I've never resold somebody else's product before but I saw a really good project. Does anyone know who Brian Tracy is? It's like a big business name, you know, and they put together this great video training site and you're allowed to resell it. So despite the fact that I'm so against those things typically, the quality was so high I decided to do it. One of the guys in the group is a billionaire, and I forget his name, he's not like one of the well-known billionaires, he's like a secret billionaire. But they have all this money, they do this great product, and they give you permission to resell it, but nobody was paying attention to their online image, their brand image. So, I drag my feet for like a month and finally my friend says, You've got to do it.

On Monday I sign up, on Wednesday I launch my blog, on Thursday I'm number one in search engines for their company name. On Friday, I've got tons of people signing up for my free stuff to find out about their stuff. And now, just two nights ago, was like my fourth call of people saying, Oh, you're the only Web site I could find with a phone number and I really wanted to talk to somebody about this.

I'm like, well you know it's not my company, I'm just a reseller.

They're like, Yeah, but you're the only ones.

I own their image. They've got billions of dollars, I spent 60 hours. I own their image because they didn't do it first. Now, they've got the resources, eventually they can knock me out of there maybe. For me, when you think about, should we do it, should we get involved in message boards, should we do things in blogs? If you don't, it's really perilous because it only takes one guy or woman with a little bit of search engine knowledge on how to write this stuff to be able to really own your brand image.

The best way you can counter the bad stuff somebody might say is by responding professionally to them. In years of doing this, I've had two people that really launched an attack on me. The one, I actually let the community eventually basically defend me. But I just trying to respond professionally and he kept it up, and finally other people started like, You know, he's just trying to be nice. He didn't ask you to do anything.

And in the other case, my daughter actually launched a business when she was little and people attacked my daughter so I was like, You're not doing that anymore.

Those are the only two cases, though, in years of doing this that I've had.

Was that helpful? Was that way too much? Any other questions?

**A VOICE:** I'm here locally. I wear 45 hats at Rillito Park here in Tucson. We run a weekend meet, like six, seven weekends a year and we get between eight and twelve thousand people out there a day. So we've got a huge following locally, but what I was trying to do was trying to figure out the issue that we have is, our handle is small. We get a bunch of two-dollar bettors and people who are just trying to figure the game out, and I was really looking forward to this meeting to figure out how to saturate locally.

We've got beat writers in our corner that write feature stories on our racetrack all through Tucson and that's how we get a big saturation of people, just trying to figure it out and get there and a bunch of giveaways, we do a lot of things internally but we don't handle any money. I think we handle \$150,000 a day, and what we're trying to do is get into that \$250,000 range and, again, this gentleman in front of me was talking about a handicapping kind of thing and how to saturate them and how to deal with it, but how would you just, with so much the blog where you're going to be dealing with the country, I'm just trying to deal with Tucson and maybe a little outlying regions, maybe even saturate into Phoenix because a lot of horses ship down to run at our track that can't win up there. So we're trying to just catch that area.

How would you go about doing that, that we would just locally saturate instead of nationwide saturate?

**MR. MCDANIEL:** I get that question a lot and you know, the first thing I always tell people is that it's not that bad if somebody in Hong Kong is reading your stuff. They're not going to come, but you're not going to have such a flood of traffic that your price goes up for your Web site or anything like that. So don't worry about the fact that it is seen beyond your region. What you really want to do to focus regionally is, it's a lot to do with your writing, it's also making sure that you're in things like the local search directories. Have you done that yet? There's a local Yahoo directory, there's a local Google directory. You can go and get listed as a local business and then when people are mapping something, you'll actually appear on the map.

I use Google maps all the time. I have a GPS too, but I like to know where I'm going ahead of time because I don't trust that voice in my car. So it's just cool, that's a great way to target local, is you can do local search as well. Now, that doesn't necessarily make people spend any more, but if you're trying to attract additional people that would certainly be good. When it comes to writing though, the trick is to — you know how I told you it was so easy to capture your brand, you can also do that with other people. For example, is there a restaurant that a lot of people like to go to close to where you are? Okay, write about that restaurant, we're going to do a meet-up there before coming over here. Now when I'm searching on that restaurant, guess what? The first thing I find out about is your organization, not that restaurant. Start talking about things that are broader to your region than just you, because if you only ever talk about you, you'll only get people that are searching for you. If you target people that are looking for entertainment and gambling in the Arizona area, then you use those keywords and we talk about the different resources. You might even talk about a competitor, do a comparison, well, if you go there this is what's going to happen, that's good if that's what you like, or if you go with us this is what's going to happen.

Do they get a little bit of free publicity too, yes, but you're also putting up a site that puts you in a favorable light compared to them in search engines where people are actually searching on them and then coming to you just like I talked about with that company? There's nothing unethical about it if you write it the right way. I'm not doing that out of vindictiveness or anything, it's just I'm allowed to do it and I'm going to do it. They're kind of stupid to let me do it honestly.

So those are some of the techniques that I would use locally though. I'll talk more about that, that's actually a whole bullet point in the next presentation is how to write and capture all the different people around where you are because there are a lot of people probably going out to dinner someplace before they come to your place and things like that, or considering am I going to go golfing or here, there are so many different things you can do to kind of piggyback on other things people are searching.

**A VOICE:** I'm also local here to Tucson and one thing I do have to say is, usually the only news I hear about the track is they're trying to turn it into a soccer field. So there's, just taking the idea from one of the sessions yesterday, is we've got the University right here in town and they were talking about marketing to the University, getting the student body involved, the whole Zona Zoo situation, you've got thousands of students hosting some kind of — Del Mar was talking about hosting some sort of singles scene there, they're the single hottest place on Friday nights in San Diego area. So I think with the college here in town, and the other thing is the chamber of commerce possibly hosting events. I know it's not pertaining to the topic of what we're talking about here but I'd obviously love to see you not get turned into a soccer field. I think the biggest avenue, the biggest opportunity here is the college in relation to what we're talking about here as far as e-marketing, getting involved with the Zona Zoo organization is a huge audience to tap into.

**MR. MCDANIEL:** That's great you guys are both here. He knows more about you than I do, so he can help you better. I love marketing in general, I'm not great at sales, but when you talk about getting people in, I thought about whether that should be in the presentation or not, just how do you reach out and get more groups involved in your organizations. I'm sure you guys already do that, I'd feel silly if I got up here and told you that because I'm sure you know that. I've talked to people who have gone to the track once, back where I'm from, and a lot of them said, Yeah, I went once with a group from work or something, but I never went back. Yeah, I had fun.

Why didn't you go back?

I don't know, there was not another group thing.

They didn't really want to go back by themselves or round up a group.

Remember when I was talking about those people that don't feel comfortable yet with your product, that's another example. If a group comes in and it's from work then you know that's probably a bunch of newbies that you need to convert to fans to make sure they come back, or at least get them on the e-mail list so they don't forget about you in six months because they're too busy going out to see Bolt the amazing wonderdog and things with their kids.

I think what I'm going to do is if anyone has any more questions, that's fine, if not we can take a break and then all three of you that come back we're going to go into a lot of detail about how this stuff really works and I promise you if you come back, one of the things I want to show you is how to use the different feeds to make that stuff kind of works together without spending a lot of time. You do ultimately have to write some content someplace, but there's a way that you can put it in one place and then it will kind of go out into the world for you, which is a wonderful thing, trust me.

Thank you.