

The valuation of data

What's the value of data of a community of a superstar DJ?
By Denis Doeland and Pim van Berkel

The valuation of data - What's the financial value of the data of a community of a superstar DJ?

(by Denis Doeland and Pim van Berkel - 21st of January 2013)

Marketing profiles are created by way of collecting, analysing and grouping content or interest data from social media channels. What moves the group of people who follow a superstar DJ on networks such as Facebook, Twitter or YouTube? Which clothing brands are popular within the group who follow a certain superstar DJ? Find below an estimate and explanation of the value of data of 10 superstar DJs such as Armin van Buuren, David Guetta, Tiësto and Afrojack.

Followers of DJ's "speak" to each other. Not only in the bar, but also online within certain networks which are made available for this. They chat, tweet and blog about cars, telephones, music, films, energy, sustainability, watches, scooters, etc ...

Targeted marketing

'This way of marketing can be applied when a DJ collects fans and the profiles of his followers are known more than ever before. A mobile telecom provider such as Vodafone will, depending on the target group and knowledge about that target group, make the decision to advertise widely, or not. Wide advertising by Vodafone is preferable when the audience of the DJ often calls via another provider.'

The focus and objective of Vodafone will be to acquire and consolidate new consumers, the so-called switchers. Vodafone's promotion will be focussed on making the switch and not only on name recognition. Specific actions can be devised by Vodafone in collaboration with the organisation of the event in order to get more people to switch to Vodafone.'

What applies to telephone providers can also apply for brands of electronic goods such as Samsung or LG. Watch brands (such as Tagheuer, TW Steel, Breitling, Swatch) can further develop name recognition, but also promote a new model.

Skin and hair care products can be actively promoted, when it is known that followers discuss these within social networks.

How to determine the financial value?

Firstly, the basic information available is looked at. Name, address, town/city of residence, telephone number and e-mail address. Can these people be reached and will they allow this via the same social media? If a comprehensive profile can be gathered from the connection, this will result in a standard value.

The standard value is an average of what the market is willing to spend to purchase data based on the rates of the normal traditional marketing data suppliers. The standard value is now formed in its own eco system. With the standard profiles, overlaps are eliminated and also the fact people stop following a DJ will be kept in mind, the so-called "churn rate" or "quitters".

In addition an estimate is made within the model whether a brand has a low, average or high marketing budget. Underwear and socks will have lower marketing budgets than energy suppliers or jewellery makers.

Subsequently a value is coupled to the product/service itself and the DJ. A DJ will probably be less able to promote insurance products, but rather audio equipment or a certain clothing brand. The so-called suitability. A product or service is suitable on a scale of low, average or high with a particular DJ.

With this data, a total sum is made for each category, on top of the fixed value of the standard data of the profiles. A DJ who has collected and can use all standard data from all of its followers quickly has a high initial value.

When in addition data can be collected on which activities these people are interested in, accurate marketing profiles which can be targeted can be created for each product group, such as cars, clothes, cosmetics, etc ...

A financial example

For each product group, which can consist of multiple suppliers, the value of the contacts is determined of the future cash flows for each marketing profile on top of the standard rate. This is shown in the table below:

Type	Rate	Suitability (1-5)	Weighted value	Value	Total value
Clothes	€ 1.50	2	€ 0.60	€ 4.00	€ 4.60
Watches	€ 1.75	4	€ 1.40	€ 4.00	€ 5.40
Etc ...	N/A	N/A	N/A	N/A	N/A

Within the valuation the standard position is taken from the fact that for only 35% of all Tweets, chats and shares on a network it can be retrieved what really interests people. From the total number of followers only 35% are calculated with, naturally this percentage can be reduced for a more conservative calculation. A calculation example using 35%:

- A DJ has 650,000 unique profiles and followers. When the standard information of all followers is complete, this will offer € 4 for each complete profile (in this case € 2.6 million).
- Of the 650,000 followers, a “catch” ratio is set at 35%. This means that marketing profiles can be compiled from 227,500 followers.

For the clothing industry that can result in an amount of 227,500 times € 0.60 = € 136,500 for the DJ. For the watch industry, where the DJ has, and can create, much more support, this will result in another € 318,500 (namely 227,500 times € 1.40) for the DJ.

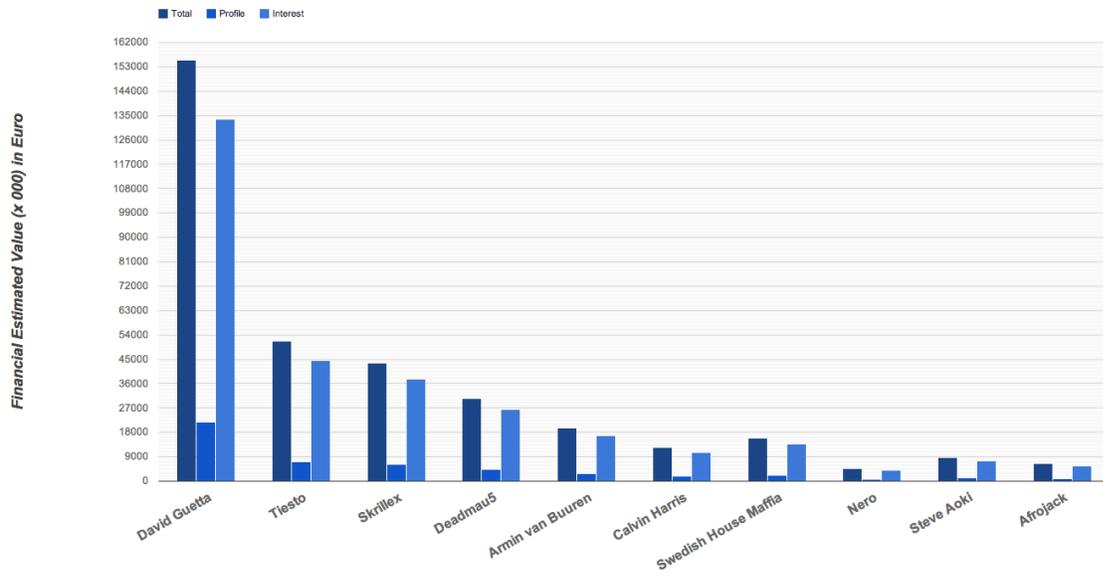
In this way you can create the value for various other product groups for the DJ which will add up to the total value.

See the tables below with the estimated financial value of 10 superstar DJs who have been valued according to such a model as an example. With the valuation of the below DJ's the assumptions (see: *table 1*) have been used of 20% of the standard profile with the collection of data, a 25% catch ratio and a churn rate of 15% via the networks of Facebook and Twitter.

Table 1 - Assumptions Friends and Followers of 10 superstar DJs (Friends and followers data provided by Rankingz)

Value ranking 17th of January 2013		Social Network Valuation of superstar DJ's										
Social Network Valuation		David Guetta	Tiesto	Skrillex	Deadmau5	Armin van Buuren	Calvin Harris	Swedish House Maffia	Nero	Steve Aoki	Afrojack	Total
Social Networks:												
Facebook	# Friends	38,031,137	13,594,009	10,253,870	7,052,356	4,946,831	1,759,524	3,896,881	1,195,352	1,575,537	1,285,288	83,592,785
Twitter	# Followers	7,430,162	1,534,982	2,539,221	1,915,052	826,376	1,869,454	756,046	216,601	1,020,034	605,401	18,713,369
YouTube	# Subscribers	0	0	0	0	0	0	0	0	0	0	0
Hyves	# Friends	0	0	0	0	0	0	0	0	0	0	0
Google+	# Person	0	0	0	0	0	0	0	0	0	0	0
LinkedIn	# Connection	0	0	0	0	0	0	0	0	0	0	0
Renren	# Connection	0	0	0	0	0	0	0	0	0	0	0
Other..	# Connection	0	0	0	0	0	0	0	0	0	0	0
		45,461,299	15,129,991	12,793,091	8,967,448	5,773,207	3,628,978	4,654,927	1,411,953	2,595,571	1,890,689	102,306,154
Overlap % Facebook		25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25.00%
Overlap % Twitter		25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25.00%
Overlap % YouTube		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.00%
Overlap % Hyves		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.00%
Overlap % Google+		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.00%
Overlap % LinkedIn		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.00%
Overlap % Renren		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.00%
Other..		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.00%
Churn rate of total network		15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15.00%
Overlap & Churn number		18,184,520	6,051,586	5,117,236	3,586,979	2,309,283	1,451,591	1,861,971	564,781	1,038,228	756,276	756,276
Single & basic followers		27,276,779	9,077,395	7,675,855	5,380,469	3,463,924	2,177,387	2,792,956	847,172	1,557,343	1,134,413	1,134,413
Available Profile Basics:		Available?	Available?	Available?	Available?	Available?	Available?	Available?	Available?	Available?	Available?	Available?
First Name		N	N	N	N	N	N	N	N	N	N	N
Last Name		N	N	N	N	N	N	N	N	N	N	N
Combination		N	N	N	N	N	N	N	N	N	N	N
Address		N	N	N	N	N	N	N	N	N	N	N
Place		N	N	N	N	N	N	N	N	N	N	N
Country		N	N	N	N	N	N	N	N	N	N	N
E-mail address		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Telephone number		N	N	N	N	N	N	N	N	N	N	N
Mobile number		N	N	N	N	N	N	N	N	N	N	N

Table 2 - Valuation Facebook and Twitter data of 10 superstar DJs



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Table 3 - Valuation ranking data of 10 superstar DJs

	Artist	Total ▼	Profile	Interest
1	David Guetta	€ 155,436,727.41	€ 21,821,423.52	€ 133,615,303.89
2	Tiesto	€ 51,727,533.13	€ 7,261,915.68	€ 44,465,617.45
3	Skrillex	€ 43,740,857.44	€ 6,140,683.68	€ 37,600,173.76
4	Deadmau5	€ 30,660,601.46	€ 4,304,375.04	€ 26,356,226.42
5	Armin van Buuren	€ 19,739,172.05	€ 2,771,139.36	€ 16,968,032.69
6	Swedish House Maffia	€ 15,915,660.91	€ 2,234,364.96	€ 13,681,295.95
7	Calvin Harris	€ 12,407,838.68	€ 1,741,909.44	€ 10,665,929.24
8	Steve Aoki	€ 8,874,516.81	€ 1,245,874.08	€ 7,628,642.73
9	Afrojack	€ 6,464,454.76	€ 907,530.72	€ 5,556,924.04
10	Nero	€ 4,827,608.50	€ 677,737.44	€ 4,149,871.06

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DDMCA and Performance & Investment Management (PIM) are currently working together to refine the valuation models based on data from social media channels. Questions how to value a brand, DJ, DJ or athlete? Feel free to contact denis.doeland@ddmca.com

Since the valuation is just an example DDMCA and Performance & Investment Management (PIM) will not be liable in respect of any business losses, including without limitation loss of or damage to profits, income, revenue, business, contracts, commercial opportunities or goodwill.

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Contact

DDMCA
 Attn. Denis Doeland
 Keizersgracht 330-b
 1016 EZ Amsterdam
 The Netherlands

Mobile: +31 6 13520250
 Web: ddmca.com
 Web: denisdoeland.com