

What's the Word?

Spurred on by the realization that no advertising can match the impact of an unsolicited testimonial, marketers around the world are seeking ways to leverage the power of word of mouth. But if they go too far in trying to manipulate this form of communication, they risk not only negating its benefit but turning it against their brand. So how can the power of personal recommendation be managed effectively for brand-building?



Nigel Hollis

Chief Global Analyst
Millward Brown
nigel.hollis@us.millwardbrown.com
www.millwardbrown.com
www.mb-blog.com

M I L L W A R D B R O W N ' S P O V

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People talk to each other. That's nothing new. But increasing numbers of marketers are now seeing an opportunity for word of mouth (WOM) to play a more prominent role in their communications plan. Why?

First, there is little doubt that word of mouth does relate to sales and brand performance. Projects conducted by Millward Brown find WOM to be one of the most influential touch points in creating brand demand and informing the decisions of people actively shopping a category.

Second, there is good reason to believe that word of mouth has more influence today than it did previously. Three factors have increased the relative impact of WOM in today's marketplace: increased consumer distrust of traditional marketing communications, a multiplicity of brand choices in most product and service categories, and increased speed and breadth of dispersion of information via new communication technologies.

Defining Word of Mouth

Clouding most discussions of word of mouth is a lack of clarity as to what exactly is meant by the term. We use "word of mouth" to refer to all the communication about brands that takes place on a consumer-to-consumer level. In the present day, this goes far beyond conversations at the water cooler or kitchen table to include communication sent via e-mail and mobile phones, and shared through online communities and blogs.

We separate these "C-to-C" messages into two types, according to their content: Buzz and Advocacy. Buzz reflects interest in something new, cool, different, or provocative, and forms a social currency, encouraging "pass-along" from one person to another, especially when it comes from a trusted source. Advocacy is word-of-mouth communication — positive or negative — focused on a brand and its merits. While Buzz may influence purchase among those who like to keep up with current trends, Advocacy is more likely to sway brand choice in the short term.

In terms of influencing purchase, we believe the power of a given piece of word of mouth is directly related to three factors:

1. The proximity of the purchase decision
2. The purchaser's need for advice
3. The perceived reliability of the source

Therefore, when a confused and anxious shopper receives a recommendation from someone he regards as knowledgeable and

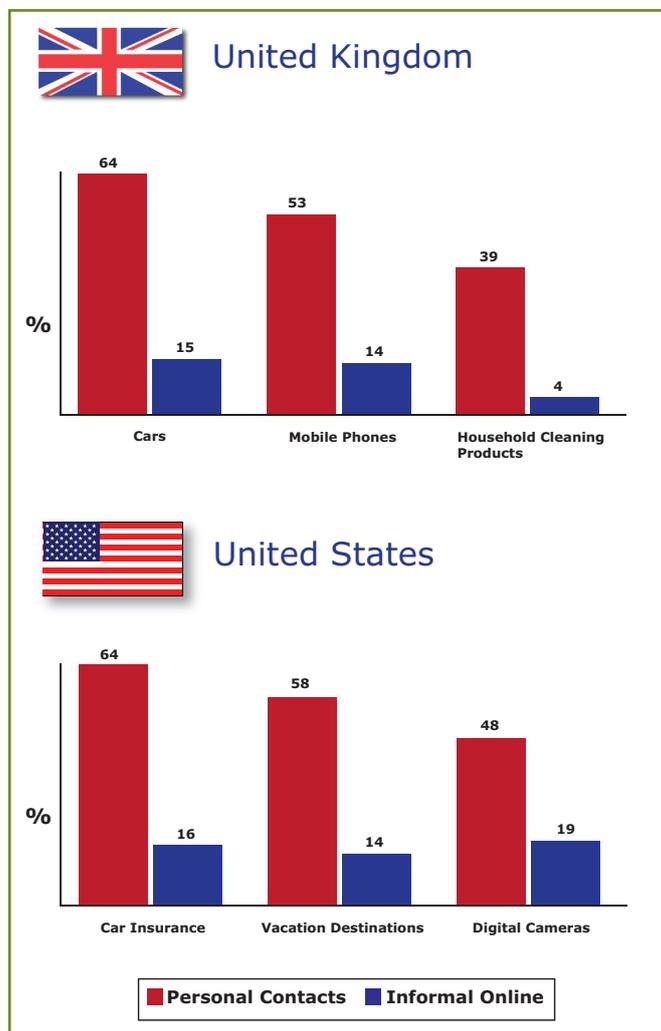


independent, he is more likely to act on that advice than he is to heed suggestions from a viral marketing piece forwarded from a friend of a friend.

Online WOM: The Measurable Tip of the Iceberg

In the developed world, much of the interest in word of mouth centers on the Web as a forum for sharing information and advice. However, while online WOM is extensively measured, it comprises only a fraction of the advocacy out there. A 2007 survey conducted by Millward Brown in the United States and the United Kingdom suggested that relatively few people use informal sources of online information (message boards, blogs, etc.) to guide their purchase decisions; the majority of shoppers turn to friends, neighbors and colleagues for advice.

Sources of Information Used



We can hypothesize that the power of online word of mouth is diminished by both the receiver's lack of knowledge about who is providing advice, and the provider's lack of knowledge about who is receiving it. So when can online WOM act as a sales driver? First, when minimal risk is involved. Last October, when the British band Radiohead released their *In Rainbows* album online and allowed fans to decide how much to pay for the download, the move produced a tidal wave of buzz. Second, when the WOM receiver has reason to believe the advice offered is relevant and sincere. So advice offered in a chat room of asthma sufferers is more likely to be judged trustworthy than an anonymous post on a travel site.

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While most marketers like to focus on the upside potential of word of mouth, it also has a negative flip side. Negative WOM is thought to have greater longevity and dispersion than positive, so problems must be addressed quickly and effectively. In the spring of 2007, The Verde Group conducted a study on the retail shopping experience in the United States, which found that one out of three shoppers will tell friends about problems experienced with a particular store. Half of those surveyed said that they would not visit a particular store because of negative word of mouth.

Designing a Word-of-Mouth Strategy

So how do you craft a strategy to harness word of mouth? The following five guidelines are based on our observations of what works and what does not.

Listen. Who is saying what?

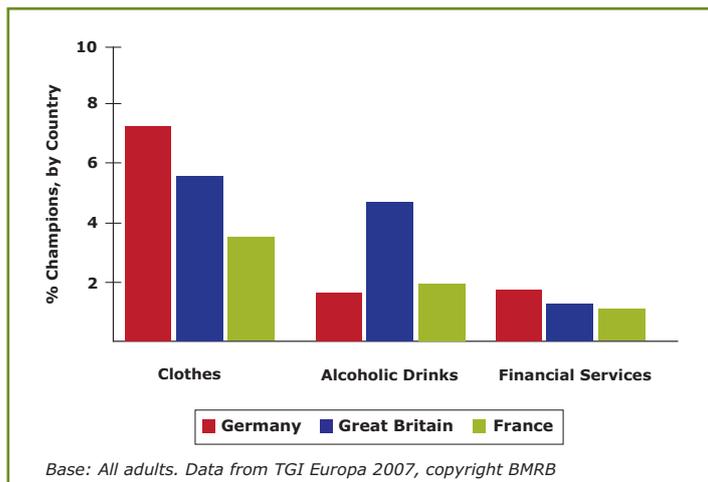
Forget the idea that there is an elite group of trendsetters who shape our views on life and the universe. You need to find out who is important in your category. The number of word-of-mouth "Champions" — people who talk to many others, who know a lot about a



category and who regard themselves as persuasive — will vary by category. For instance, BMRB's Target Group Index tells us that in the United Kingdom, 5.6 percent of people are Champions for clothing, 4.8 percent for alcoholic drinks, and only 1.2 percent for financial services.

Listening to what is being said now will give you the best idea of what might stimulate positive word of mouth in the future. It can also highlight significant issues with customer experience and suggest improvements in your product, call center procedures or Web site. Negative comments made by a current brand user may not only dissuade potential users but also signal a future defection.

Word-of-Mouth Champions by Category



Be sure that your brand experience can stand up to scrutiny

All the successful brands that grew through word of mouth had one thing in common: They provided a great brand experience. Google, iPod, and Starbucks all set out to serve a specific need and did it well — better, in fact, than their customers expected. As a result, those people spread the word on the brands' behalf. In the United States, the restaurant chain Chipotle Mexican Grill achieved double-digit growth rates for nine years in a row without any television advertising, instead relying on customers to recommend the chain to their friends.

But the power of advocacy cuts both ways. When people develop an emotional attachment to your

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brand, their feelings will power word of mouth — and when you disappoint them, that word of mouth may be negative. For example, the iPod, while becoming a brand icon, has been the center of much publicly discussed discontent. When it was discovered that the battery in the iPod could not be replaced, loyal brand users set up Web sites to protest. Apple touched off another controversy last September by reducing the price of the iPhone in the United States by 33 percent. A storm of protest ensued among those who'd already purchased the device, who felt they'd been duped into paying an "early adopter tax."

When problems do develop, good CRM and monitoring systems, both online and off, will serve as early warning systems to help you remedy the situation before negative word of mouth has the chance to spread. Swift remediation of a negative experience is not only your best defense, but may actually result in positive WOM if customer expectations are exceeded.

Seek ways to nurture positive word of mouth

Identify what will resonate most with the users who are already willing to recommend your brand, and then accentuate it. What makes your product or service unique to them? What can you give brand enthusiasts to talk about? If there is little differentiation in the category, what causes might be relevant both to potential transmitters and to your brand's positioning? Dove's *Campaign for Real Beauty*, conceived in response to women's frustration with the unattainable standards projected by the beauty and fashion industries, has reached women and girls around the world through advertising, outreach programs, and a Web site. By airing a thought-provoking 45-second ad called "Little Girls" during the 2006 U.S. Super Bowl, Unilever guaranteed that the campaign would get attention and be talked about. The buzz generated by that ad placement helped pave the way for the success of subsequent viral films such as *Evolution* and *Onslaught*.



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Procter and Gamble chose a different approach to generate buzz for their ThermoCare Heat Wrap brand. They also set out to address a concern expressed by women — the wish that men could better understand women’s menstrual pain — but instead of using traditional mass media to reach their target, the company spent \$1 million on an irreverent viral campaign called *Men with Cramps*. The campaign featured a Web site with video content, including a “documentary” on how male cramps have affected history. While it generated a mild flurry of activity in the press and blogs in December 2006, the campaign attracted relatively little attention overall. This illustrates the limitations of viral campaigns, particularly when they are not kick-started or amplified in traditional media channels.

A less edgy, but also less risky approach is to focus on creating direct involvement with your brand through advisory panels, exclusives, loyalty and member schemes. Test new ideas out with your existing proponents and listen to their reaction. P&G’s Olay Regenerist brand recruited consumers to an advisory panel to help craft the word-of-mouth messaging that was later used to launch the brand.

Keep it real

The power of word of mouth is founded in trust — trust that the person offering the advice has the receiver’s best interests at heart. If a brand is caught trying to fake positive WOM or use it to actively promote marketing communication, the backlash will be fierce. Being found out will have a double impact. The loss of trust reflects not just on the brand, but also on the dupes who had previously recommended it. Vichy Laboratories, a unit of L’Oreal, was able to recover from their “Claire’s Blog” debacle in 2005, but after the multiple “flog” stories of 2006, including Sony and Wal-Mart, the blogging public is less likely to be forgiving of such blunders in the future.

Choose your communication channel appropriately

Traditional broadcast media are not the enemies of word of mouth. Brand advocates are often more interested in their category than other users, and as a result are often more aware of all forms of communication. They will magnify even your traditional messaging if it strikes the right chord. So if you want to craft a word-of-mouth strategy, first figure out what is going to resonate with your audience, then target them with the most appropriate channels, online or offline.

To read more about word of mouth, visit www.mb-blog.com.

