WHITE PAPER

Single-Source WOM Measurement

Bringing Together Senders & Receivers: Inputs and Outputs

wom research
award paper

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We know that word of mouth marketing works. McKinsey says word of mouth drives two thirds of industries[1]. Bain & Company and the London School of Economics have published research that finds strong customer advocacy on behalf of a brand or company is one of the best predictors of top-line growth.

But most of the evidence garnered to date is based on case studies narrowly focused on a few brands over a limited period of time. They tend to focus on the “sender” of the message rather than the “receiver” in the conversation. And a great deal of WOM research is based on just one mode of communication—public postings on the internet.

The industry has lacked information on the totality of word of mouth—all modes of conversation, all brands, all consumer segments. Ideally, the data should be linked to both marketing inputs and consumer outputs. And, it should be continuously monitored. These are the data the industry needs in order to systematically plan campaigns and evaluate word of mouth marketing effectiveness.

Other forms of marketing communications have these tools. Companies like Nielsen, Arbitron, Mediamark Research, and Scarborough measure the numbers of eyes and ears exposed to advertising, which provides guidance for media planning and audience delivery. Companies like Millward Brown and IAG, which track recall of television commercials, or Starch and Harvey, which measure readership of print advertising, assess the degree to which the advertising has been effective at connecting with consumers, providing feedback to the agencies responsible for media placement and creative execution.

Providing these measurement tools for word of mouth marketing faces several challenges not present in other forms of media.

1. The measured “medium” is highly ephemeral—conversations between people that are unpredictable, often fleeting, and rarely recorded.
2. Message content about brands is extremely varied and controlled by consumers rather than the marketer.
3. Word of mouth interacts significantly with other forms of communications—advertising, editorial, promotions, customer service, and every other contact point between brand and consumer.

[1] Renee Dye, McKinsey & Company, “The Buzz on Buzz,” Harvard Business Review (November 2000).

The Keller Fay Group in 2006 released the first findings from a continuous, nationwide measurement system that is designed to overcome these challenges and provide single-source measurement of brand-related conversations. Under the name of TalkTrack™, the study treats conversations as a medium, and conversational mentions of brands as marketing messages, and the listener or "receiver" of brand information as the audience. In doing so, it incorporates many of the key elements of the WOMMA Terminology Framework.

Findings from the early months of TalkTrack™ help answer some of the most profound questions relating to word of mouth: How much occurs, what drives it, and what are the market outcomes? Throughout the balance of this paper, findings from this new research will be used to profile the basic contours of marketing-relevant conversations, to assess the impact of marketing communications "inputs" in motivating conversations about brands, and in evaluating the "output" effects that word of mouth has on consumer behavior.

Representative of all consumers in the United States aged 13 to 69, the study uses a single-day diary methodology to aid recall of conversational brand mentions, and data are collected via the internet[2]. Every day, a fresh sample of 100 respondents participate in the study relating to their conversations over the last 24 hours, and findings are reported on a weekly basis. The methodology has a number of similarities to the diary-based approach used by Dr. Walter Carl of Northeastern University, who was a consultant to us in the pilot phase of the TalkTrack™ study.

TalkTrack™ collects data related to the medium (mode of conversation, venue, and "sender" demographics); to the message (positive/negative polarity, perceived credibility); and to the audience (demographics of "receivers" and relationship to "sender"). It also identifies the drivers of brand mentions, including customer experience and marketing communications, and the outcomes of those mentions, such as intention to purchase, to get more information ("inquiries"), and to pass along to other consumers what was learned ("relays").

WOM Basics: Brands, Categories, and Conversations

The most basic finding from our research concerns the sheer volume of word of mouth among consumers. Over the course of a week, consumers participate in

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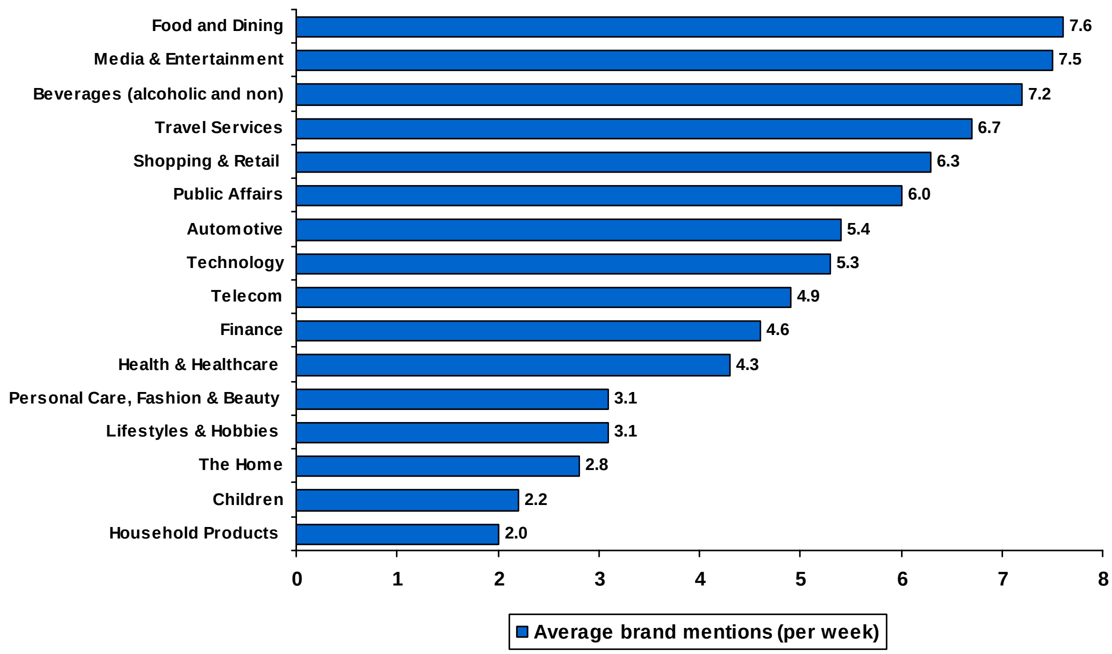
[2] The weekly samples are demographically balanced for age, sex, educational attainment, and race/ethnicity to match the U.S. Census Bureau for Americans aged 13 to 69. Respondents were recruited from a large, national panel of individuals who have agreed to participate in occasional survey research projects and are rewarded with redeemable points.

conversations in which specific brand names are mentioned 78 times. Brands, it is fair to say, are a major currency of conversation in America.

The leading categories for word of mouth are food and dining, media and entertainment, beverages, travel services and retail, with an average of nearly six or seven brands coming up in conversation during a week. (For the category "public affairs," respondents were told to mention the names of people or organizations instead of brands.)

Average Number of Weekly Conversational Brand Mentions, by Category[3]
Base: 3,983 respondents in June/July, 2006



The least frequently discussed categories—household products, children's products, and the home—are not unimportant word of mouth categories. The reason these categories fall as low on the list as they do is because they tend to be focused among narrower market segments such as adult women, and parents. When one looks at results for women and parents, the number of conversational brand mentions is about twice as high as the national average.

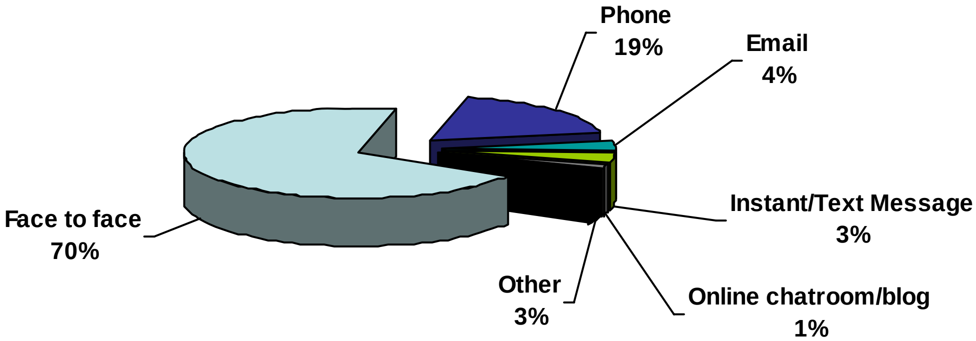
How and where do these conversations occur? We now know, for the first time, that fully 70% of them occur "face to face," while another 19% happen by phone and 8%

[3] Household products, children, the home, health, travel services and financial services based to adults 18 to 69. All other categories based on all persons 13 to 69 years old.

are online. Among these online "conversations," email dominates at 4% of all conversations, followed by instant or text message (3%) and blogs/chatrooms (1%).

These findings are significant, because for many marketers, the monitoring of internet blogs and chat rooms has been used as a surrogate for measuring offline word of mouth. Yet the study finds that these conversations are a distinct minority of consumer-to-consumer interactions about brands. TalkTrack™ provides a basis for measuring all word of mouth, online and offline, and for making comparisons among modes of communications.

Mode of Conversations: Mostly Offline

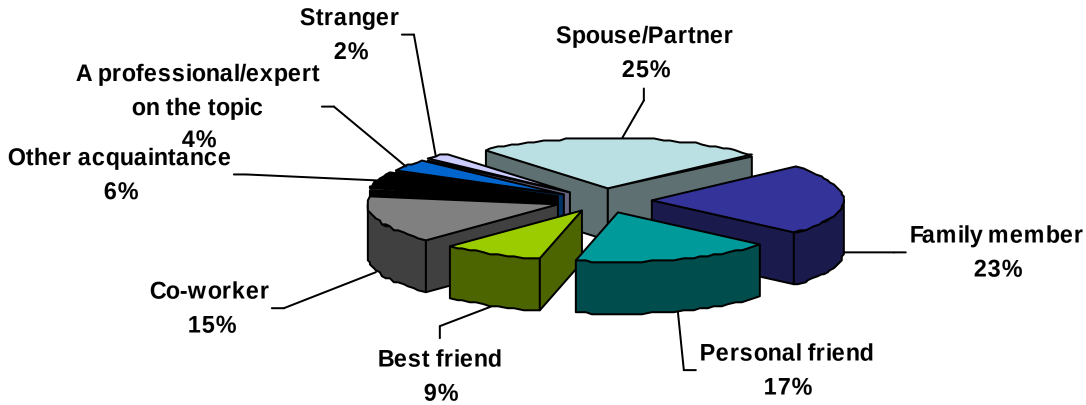


Base: 29,778 conversations in June/July 2006

Word of mouth marketers are interested in the "venues" where word of mouth happens. The study finds that the leading venue is the home. Half of all such conversations happen in one's own home, followed by the workplace (17%), somebody else's home (8%), and while in transit (6%). Small but important proportions happen in bars/restaurants or in store (4% each).

Conversational partners for word of mouth reflect a wide diversity of people encountered in day-to-day life. Family members (23%), spouses/partners (25%), and friends (26%) make up the most frequent conversation partners. Co-workers represent 15%, while acquaintances (6%), professional experts (4%), and strangers (2%) round out the list.

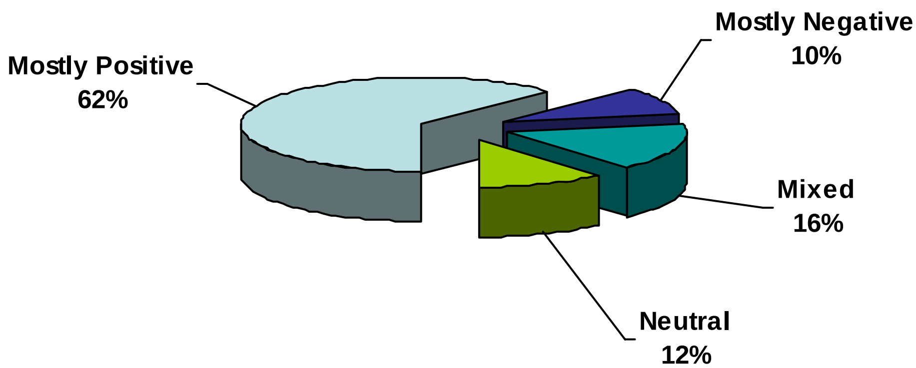
Who We Talk to about Brands



Base: 12,743 brand mentions where somebody other than respondent provided most/equal advice in June/July 2006

Perhaps the most unexpected finding in our research concerns the "polarity" of word of mouth. Overwhelmingly, consumers have positive things to say about brands, by a margin of more than 6 to 1. Across all brands in all categories, 62% were mentioned in a mostly positive light, and just 10% in a negative one. Another 16% of conversational mentions of brands mixed both positive and negative comments, while 12% of the time the conversation had neither a positive nor negative tone.

Conversations about Brands More Often Positive Than Negative



Base: 21,045 brand mentions in June/July 2006

Our research does find important differences in the polarity of word of mouth by industry. In general, word of mouth is most positive for consumer packaged goods of various kinds, and least positive for telecommunications. But for all categories, the “mostly positive” comments outweigh the “mostly negative” by a substantial margin.

The overwhelmingly positive nature of word of mouth is extremely important for marketers, for several reasons. First, it means that we should think of consumers as primarily supportive of brands and companies, in the sense that they want to help connect good brands with good friends. While it is true that stopping a friend from making a bad choice is a helpful act, the most helpful recommendation also offers a replacement choice, and perhaps several. Second, these findings suggest that the oft-cited “risk” of participating in word of mouth is likely overblown. The greater risk for marketers likely resides in not engaging in a conversation that is happening with or without the marketer’s participation.

Word of mouth is not only mostly positive toward brands and companies, it’s also extraordinarily believable, according to the “receivers” of word of mouth advice. Its power comes from the personal trust relationship that exists between most conversational partners. This is particularly the case in face to face conversations among family, personal friends, co-workers, and other trusted acquaintances.

Asked to evaluate the believability of the word of mouth about specific brands, using a scale from 0 to 10, a majority of 51% of assign a credibility score of 9 or 10. This figure represents an average across more than 12,700 brand mentions in 16 categories in June/July 2006, where the respondent was the “receiver” of advice and opinions from another person.

Another 27% of the “receivers” assign a credibility score of 7 or 8, for a grand total of 78% of consumers ranking word of mouth advice as credible at a level of 7 or higher on the 0 to 10 scale. It’s hard to imagine these kinds of credibility scores being assigned to advertising or other traditional marketing communications. That’s the power of a personal relationship.

WOM Inputs: Customer Experience, Marketing Communications

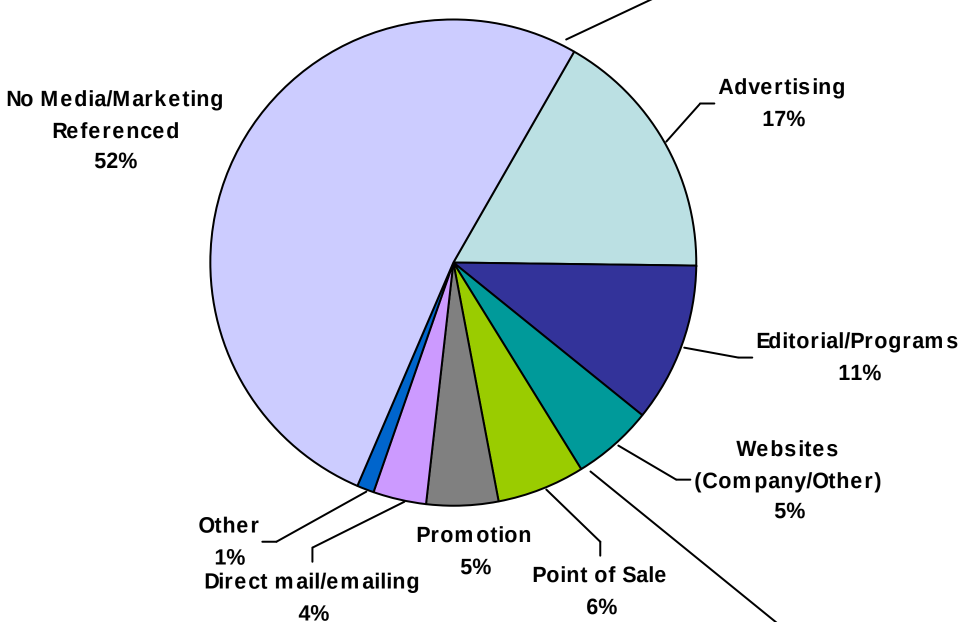
Amid the recent growth in popularity of word of mouth marketing, the field is often described as an alternative to “traditional” media and marketing channels. While word of mouth does represent a philosophical breakaway from a one-way, top-down communication model, it does not necessarily mean the abandonment of traditional media and marketing channels. Indeed, 48% of branded conversations include a reference to some kind of media or marketing that was seen or heard by at least one conversation conversational partner.

These media and marketing references run a wide gamut: advertising, editorial and programming, company websites, point of purchase, coupons and other promotions, etc. Indeed, as marketers become more skillful at developing targeting and messaging to stimulate word of mouth, the percentage of conversations referencing media or marketing could grow substantially.

Among media channels, television is the most powerful word of mouth medium, with references during 11% of all branded conversations, and TV advertising more often referenced than programming. The Internet is the next most often cited media source, at 9%, and nearly half of these cases involve a reference to a brand website. Point of sale and newspapers follow.

Media/Marketing Referenced in Branded Conversations
Percent of all conversational brand mentions referencing each media/marketing type

Base: 19,289 brand mentions in June/July 2006



Bv Media	%
Television (Net)	**11**
Ad	*6*
Program	*5*
Internet (Net)	**9**
Company Website	*4*
Internet Ad	*2*
Online Consumer Reviews	*1*
Other Website	*1*
Internet blog/chatroom	*1*
Newspaper (Net)	**5**
Ad	*3*
Article	*2*
Magazine (Net)	**3**
Ad	*2*
Article	*1*
Radio (Net)	**2**
Ad	*1*
Program	*1*
Billboard Ad	**1**
Any other Type of Ad	**2**

As impressive as traditional media and marketing channels are in influencing word of mouth about brands, the impact may be even greater than these findings indicate, for two reasons. First, survey participants were able no more than two marketing or media channels that were *most* important in the conversation, leaving open the possibility that in some conversations, three or more media and marketing inputs may have played a direct role. Second, we know that media and marketing can play an indirect and unconscious role in triggering or influencing conversations without the recollection or awareness of consumers, or without them specifically referencing the source of their ideas.

Hence "traditional" media and marketing channels must be counted among the important "input" tools available to marketers interested in driving word of mouth on behalf of their brands.

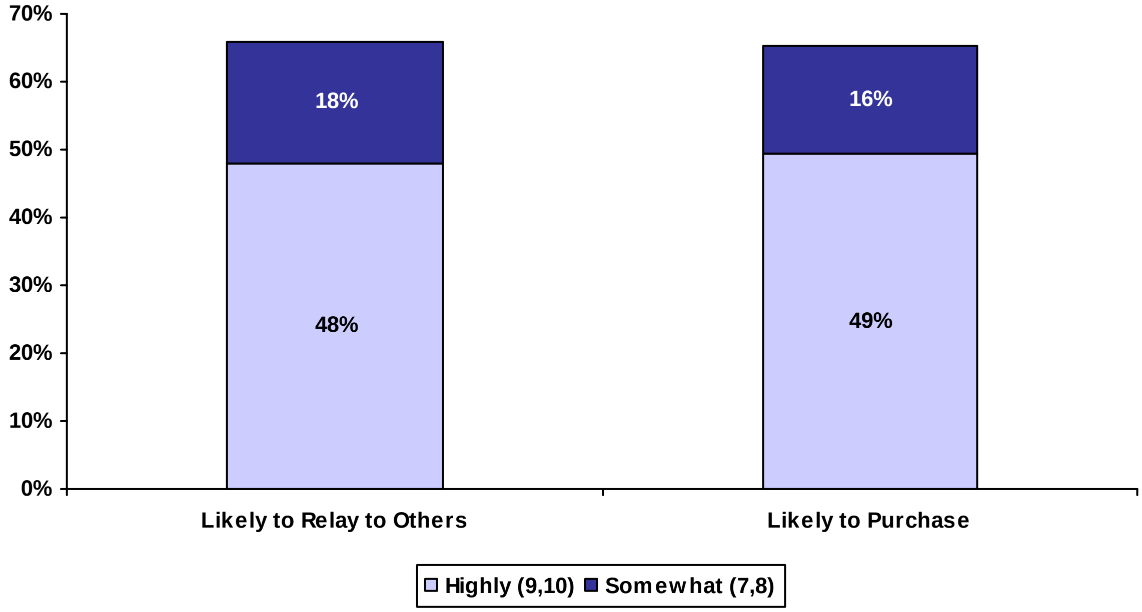
WOM Outputs: Purchase & Pass Along

Word of mouth marketing is valuable only to the extent that it drives the ultimate behavioral outputs that marketers seek—brand purchases, and pass along word of mouth. In fact, TalkTrack™ shows that word of mouth is extremely powerful in this regard.

Consumers who are "receivers" of word of mouth advice are highly likely to indicate intention to purchase recommended brands and to pass along what they've learned to other consumers.

On a scale of 0 to 10, nearly half of all "receivers" of word of mouth advice say they will likely make a purchase based on the conversation (49% give a 9 or 10 rating) or relay the advice to somebody else (48%). While directly comparable numbers for traditional advertising messages do not exist, it is fair to assume that they do not produce likely brand purchases in half the cases.

Word of Mouth Has Big Impact on "Receiver" of Advice
(Reaction to WOM Episode on a 0 to 10 scale)



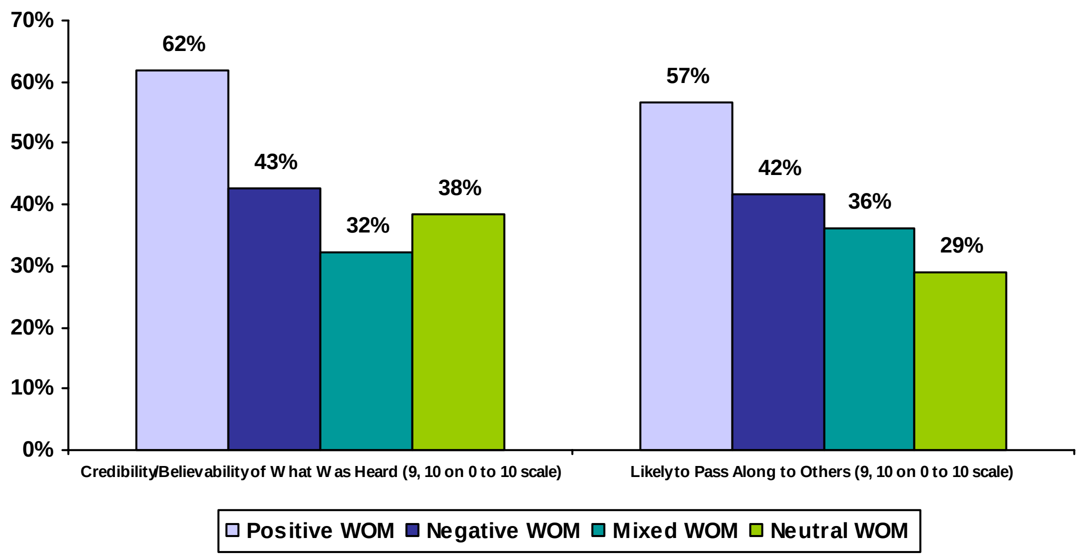
Base: 12,743 brand mentions where someone other than respondent was providing most/equal advice about the brand in June/July 2006.

The high correlation between word of mouth recommendations and purchase intention can be explained by at least two important advantages over most "broadcast" advertising: the high credibility assigned to advice from a trusted friend or family member, and the relevance of the recommendation to the receiver. It is logical to expect that conversational brand mentions would tend to occur most often among people considering a purchase, upon a product usage occasion, and/or near to the moment of decision.

A long held communications assumption says that "bad news travels farther than good news." Our study does not address specifically the number of potential retellings that may occur for a particular word of mouth brand story. However, the survey does measure the likelihood that one particular word of mouth comment will be relayed one more time.

The surprising finding is that word of mouth "receivers" who hear something good about a brand are substantially more likely to believe it and to pass it on to somebody else, than are those receivers who have heard something bad about a brand. On a scale of 0 to 10, fully 62% of receivers assign a 9 or 10 to the credibility of positive WOM, compared to just 43% who believe negative WOM. Perhaps for this reason, 57% are highly likely to pass such advice on to other people, compared to 42% of those hearing negative advice.

Positive WOM More Likely to be Relayed than Negative WOM



12,743 brand mentions where someone other than respondent was providing most/equal advice about the brand in June/July 2006.

A Brand's Place in the Conversation

A brand's place in the marketplace is most often expressed in terms of market share: The percentage of all units sold in the category attributable to one brand versus all others. In word of mouth marketing, TalkShare™ is a way of expressing a brand's place in consumer conversations: The percentage of all conversational brand mentions, or "WOM Units," attributable to one brand in particular.

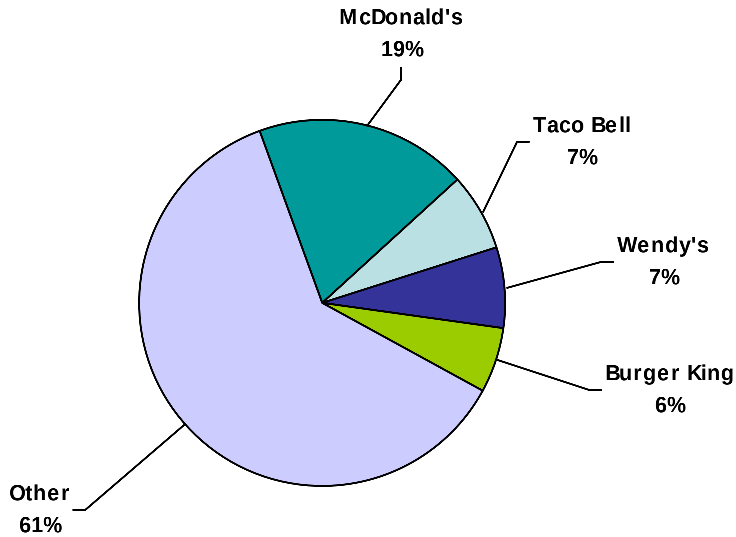
Diary-based conversational measurement is a good way of producing TalkShare™ estimates, and our study provides these estimates for scores of consumer categories. In addition, a wide range of diagnostic metrics relating to demographics of senders and receivers, polarity of conversation, marketing communications inputs, and marketplace outputs can be linked to conversational brand mentions.

Restaurant Chain Case Study

A good way to understand word of mouth dynamics in the marketplace is to study a specific category. For illustration purposes, we look at TalkShare™ and WOM diagnostics for the national restaurant chain industry and, specifically, the four most frequently talked about brands in that category: McDonald's, Taco Bell, Wendy's, and Burger King.

When one counts all conversational mentions of restaurant brands, McDonald's is the leading brand by a large margin, capturing 19% of all mentions, versus 7% each for Taco Bell and Wendy's. Burger King is close behind at 6%, while 61% of conversational mentions go to more than a dozen other brands that are talked about less often by Americans.

Total TalkShare™ for National Restaurant Chains
Share of restaurant conversations attributable to each brand

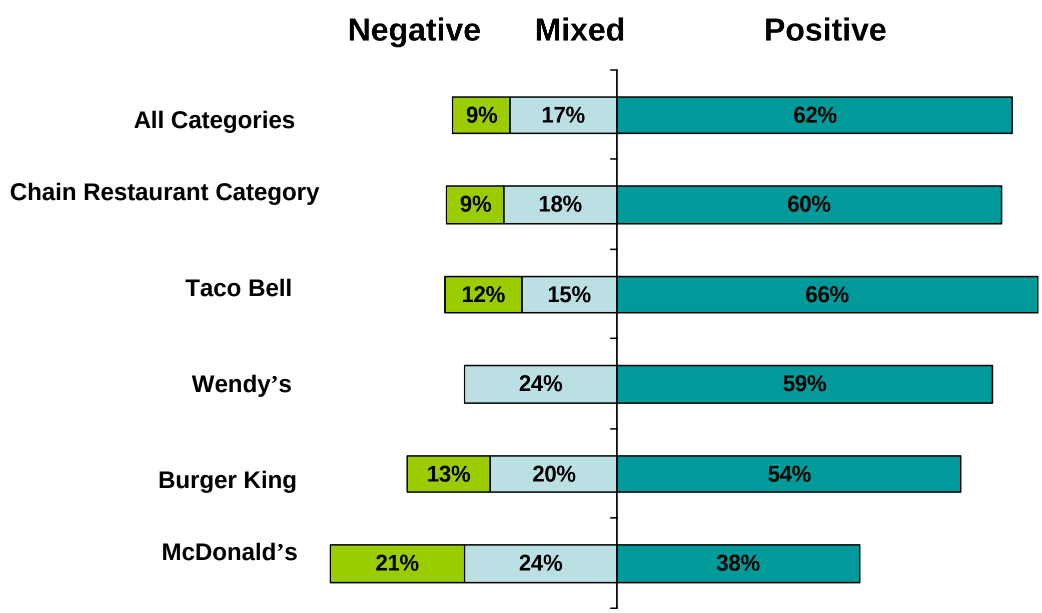


Base: 1,714 conversational brand mentions of restaurants in April/May 2006

While McDonald's clearly dominates the national conversation about chain restaurants, a closer look at the findings shows that the brand faces a major challenge as well: Much of the talk is ***negative*** regarding the brand.

Survey participants are asked to give detailed reports for the brands that come up in conversation, including the degree to which the discussion about the brand was "mostly positive," "mostly negative," "mixed," or "neutral" in terms of valence. Almost half of the talk about McDonald's was either negative (21%) or a mixture of positive and negative (24%). Only 38% of talk about McDonald's is mostly positive, whereas the majority of talk about Burger King (54%), Wendy's (59%) and especially Taco Bell (66%) is positive.

Polarity of Conversational Brand Mentions
Conversational participants' report of whether discussions of individual brands were "mostly" positive, negative, or mixed. Results shown for all product categories, chain restaurants, and four leading restaurant brands



Base: 1,337 conversational brand mentions of restaurants in April/May 2006

Survey respondents give us insights into the concerns about McDonald's, with much of the negative talk relating to product quality and concern about healthfulness. A question that arises is whether this might be a risk associated with being a category leader, as has been posited by Robert East, a British researcher who is studying word of mouth. As the most ubiquitous brand in the category, and hence the one selected as the target of a movie critical of the industry: "Super Size Me," which more than one TalkTrack™ respondent mentioned specifically.

Another potential explanation may come from differences in the role played by media and marketing in helping to drive conversations. Talk about three of the brands—Burger King, Taco Bell, and Wendy's—contain references to media, advertising, and other forms of marketing 40% of the time, which in April/May was the same rate measured in other industries.

But conversations about McDonald's contain references to media and marketing only 29% of the time, raising the question of whether McDonald's advertising and other marketing is falling short of its potential to support positive word of mouth. Television is the place where McDonald's lags its key competitors by the largest margin: Only 7% of McDonald's talk contains a reference to TV ads, compared to 12% each for Wendy's and Taco Bell, and 15% for Burger King which has been running new and unconventional ads during the time period covered by these data.

These findings suggest another key insight into how word of mouth works: That word of mouth happens in conjunction with traditional forms of marketing communications.

Conclusions

These diary-based findings help marketers to understand the potential of word of mouth. They show that positive word of mouth is a powerful force in driving recommendations and purchase intent. Also, that media and marketing communications have a significant role to play in influencing conversations, with significant differences evident from category to category, and even from brand to brand. We see that traditional marketing communications should ideally be an integral part of any word of mouth marketing strategy.

From a research perspective, we also see how important it is to focus on the *audience* in word of mouth—the ultimate receivers of marketing-relevant messages from other consumers. At various times, everyone plays the role of "sender" and "receiver" in conversations about brands. But in studying any one particular conversational brand mention, it is critical to identify who is the "receiver" on that occasion, because only he or she can reliably tell us what they have heard, who told them and with what degree of credibility, and how that shared information impacts their purchases and conversations in the future.