

**LEADING THE CONVERSATION:
INFLUENCERS' IMPACT ON WORD OF MOUTH
AND THE BRAND CONVERSATION**

By Ed Keller, Brad Fay and Jon Berry

For more than two decades, we have been studying influencers. We have researched them in surveys, observed them in focus groups, and probed them in one-on-one interviews. What we have learned has informed companies' marketing strategies, offered insight for the creation of advertising, public-relations and political campaigns, guided media planning, fed new product development, and filled a book, *The Influentials*, by Ed Keller and Jon Berry (Free Press, 2003).

With the growing interest in word of mouth marketing, there is increased demand for information and insight on the details of influencers' word of mouth conversations. How much are these consumers talking? Where are those conversations taking place? How many people are involved? What brands are they talking about? Are the conversations mostly positive or negative? How often are recommendations being made?

In June 2006, the Keller Fay Group launched TalkTrack™, a continuous diary-based study of consumers' word of mouth conversations, to provide ongoing insights on these and other questions as well as tracking the levels and dynamics of consumer word of mouth on thousands of specific brands.

Because of the marketing community's growing interest in reaching word of mouth leaders, we have integrated a battery of questions to identify influencers into every TalkTrack™ study. With a full year of TalkTrack™ research now in our database – totaling surveys of more than 35,000 people, including more than 4,500 influencers – distinct patterns are emerging about these influencers' word of mouth behaviors.

It is our conclusion that it is not only possible but can be empirically demonstrated that certain consumers are more apt to engage in word of mouth conversations, at levels much higher than the public as a whole. Further, these consumers have a disproportionate word of mouth impact at the brand level. And as a result, we remain more convinced than ever that, in an era where effective mass marketing is increasingly difficult to achieve and expensive, marketing strategies that are focused on influencers can provide significant benefits from the point of view of both marketing efficiency as well as effectiveness.

In this paper, we will highlight key findings for our lead influencer segment, Conversation Catalysts™. We will additionally go a step deeper into our research to present insights on Category Catalysts, word of mouth leaders in particular categories of products and services. Many clients are specifically focused on those consumers who are leading conversations on their individual areas, such as automobiles, beverages, financial services, health & beauty, and technology. We will go on to draw conclusions on the implications of this research for both the value of connecting with influencers, as well as ways to do so.

Since these consumers are disproportionately engaged in learning more about products and services – and are more likely to be the “hand raisers” who volunteer for word-of-mouth agent or evangelist programs and other forms of word of mouth marketing – it is smart and logical for marketers to engage these consumers and track their conversations. By focusing on consumers who are more apt to engage in word of mouth, marketers can increase the effectiveness and efficiency of their marketing.

Identifying Influencers

When we at Keller Fay talk about influencers, we mean *everyday consumers who are substantially more likely than the average to seek out information and to share ideas, information, and recommendations with other people*. They do this both through volunteering their opinions about products and services that they feel passionate about, and by being turned to for their knowledge, advice, and insights.

The definition of influencers is important. With word of mouth marketing a still-developing discipline, terms like “influencer,” “maven,” and “connectors” often are used interchangeably, without much precision. These terms have been used to mean high-profile celebrities, fashion designers, inventors, even politicians. With research increasingly pointing to everyday people being a key and trusted resource – surveys regularly show that consumers consider the word of mouth of friends, family, and others to be the best source of advice and information – these “everyday influencers” are central to consumer decision-making.

The Keller Fay Group has developed an approach to identifying influencers that is based on consumers’ word of mouth behaviors and the size of their social network. The approach, based in academic and market research, identifies a multi-category influencer segment that we call the Conversation Catalysts™. It also produces a series of category-specific influencer segments for such things as automotive, beverages, and financial services, by factoring in a commitment to staying current in a particular category of interest.

Our priority is to find consumers who have three key components for spreading messages: “means, opportunity, and motive.” We measure the size of a person’s social network – which indicates whether they have the means to influence. We also measure the frequency of communication with members of that network – that provides the opportunity to talk about ideas, companies, and brands. And we measure past recommending behavior – the best indicator of motivation to share a particular idea or brand.

Our multi-category Conversation Catalysts™ make up 13-15% of the U.S. population age 13 to 69, or about 30 million people – a very large group of “every day” people.

The segmentation has been embedded into every survey of TalkTrack™. As part of the survey, we identify those respondents who are influencers so that we can compare and

contrast their word of mouth behavior with average consumers. Because the survey also captures demographic information, we can identify influencers by age (“Teen Catalysts”), parental status (“Mom Catalysts”), education and income (“Affluent Catalysts”), and other measures.

The TalkTrack™ study captures all forms of word of mouth – 90% of which happens offline – for all major brands in the United States. The methodology involves survey respondents keeping a “conversation diary” for a single day, during which time they keep track of the brands that come up in conversations relating to specific categories. Over the course of every month, the study involves online surveys among 3,000 respondents representing the US population aged 13 to 69.

Influencers’ Word of Mouth Impact

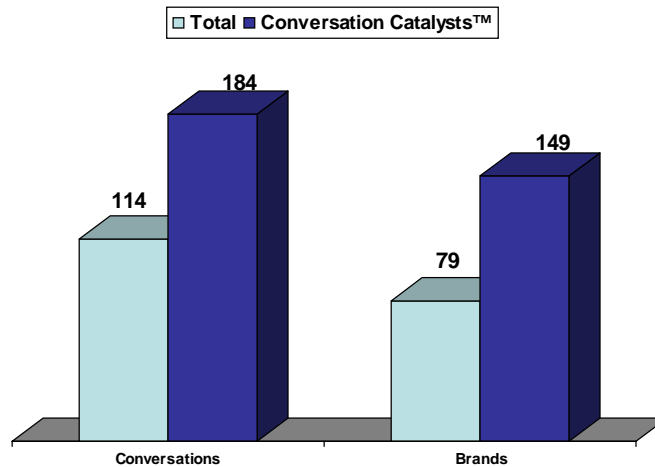
From the outset of our study, we have found clear evidence that the Catalysts have a far greater-than-average capacity for word of mouth. The following series of charts shows the word of mouth engagement of the multi-category Conversation Catalysts™, our generalist influencer segment.

As shown in the first chart, drawn from our first major report on the segment, “Inside the Conversations of the Conversation Catalysts™,” sponsored by Manning, Selvage & Lee, these influencers participate in significantly more word of mouth conversations per week than the typical consumer. The average Catalyst is involved in 184 word of mouth conversations per week. That is 70 more conversations than the average person – a difference of 61%.

Brands play an important role in those conversations. The average Catalyst talks about 149 brands per week. That is 70 more brands per week than the average person – a difference of 89%.

Based on these findings, the number of people in the conversations, and their proportion in the U.S. population, we calculate that the Conversation Catalysts™ are responsible for 1.5 billion word of mouth brand impressions every day in the U.S. That amounts to one-third of the 4.5 billion word of mouth brand impressions created every day in the U.S. – a level more than twice their demographic representation.

Catalysts' Word of Mouth Impact (Average weekly conversations and brand mentions)



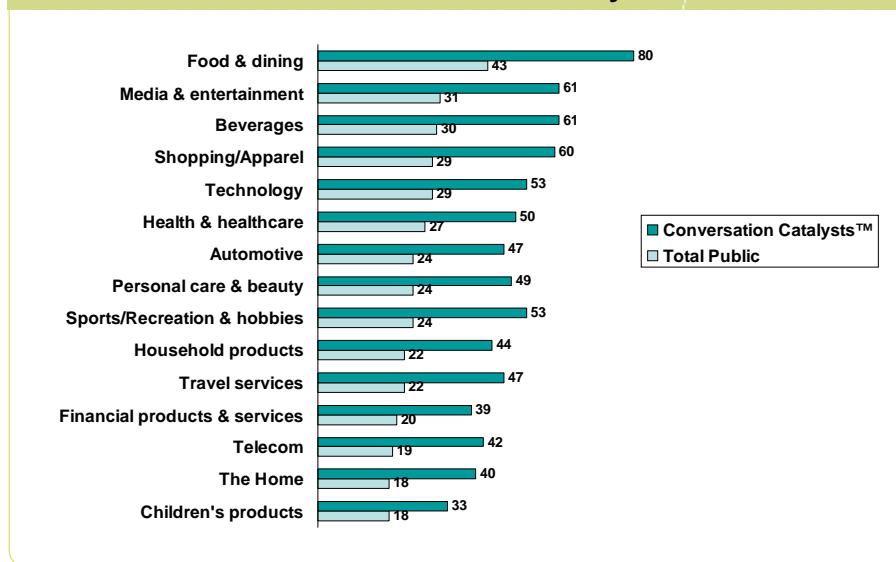
Base: Total, n=7,200 respondents, Conversation Catalysts™, n=7,200 respondents

Source: "Inside the Conversations of the Conversation Catalysts™", a special report by the Keller Fay Group, sponsored by Manning Selvage & Lee, November 2006

Continued research on the segment has amplified their importance. The second chart, which includes more recent research, shows the Conversation Catalysts™ not only talk more: they are also more likely to lead the conversation. Across 15 categories, an average of 51% of Conversation Catalysts™ regularly give advice to other consumers, double the national average of 24%.

Well over half of Conversation Catalysts™ give advice about food and dining (80%), media and entertainment (61%), beverages (61%), and shopping/apparel (60%). About half give advice about technology (53%), sports/recreation (53%), health/healthcare (50%), beauty/personal care (49%), travel services (47%), and automotive (47%), confirming their wide ranging interests and advice-giving.

Product Categories – Give Advice by Conversation Catalyst™

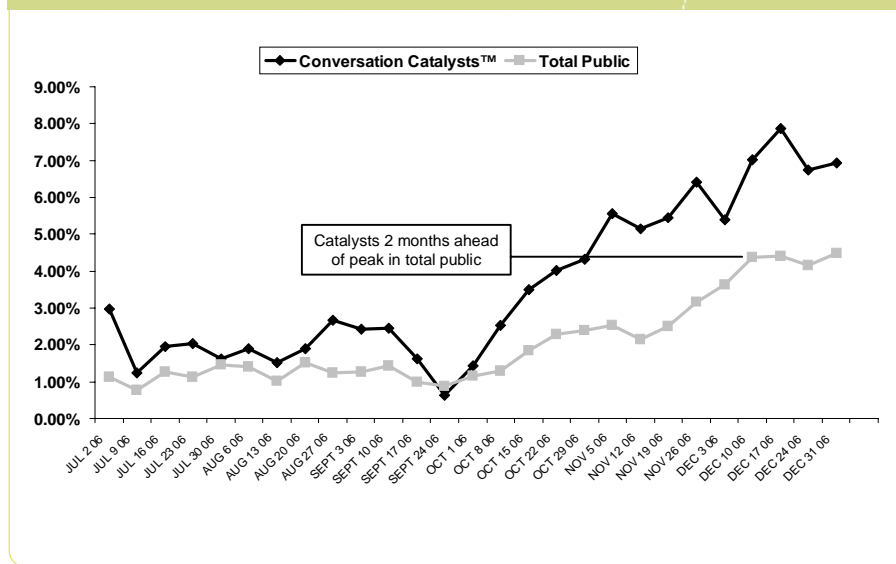


Source: TalkTrack™, June 2006-April 2007. Data based on 29,300 representative consumers aged 13 to 69, of whom 4,147 are classified by Keller Fay Group as Conversation Catalysts™

Influencers' Word of Mouth at the Brand Level

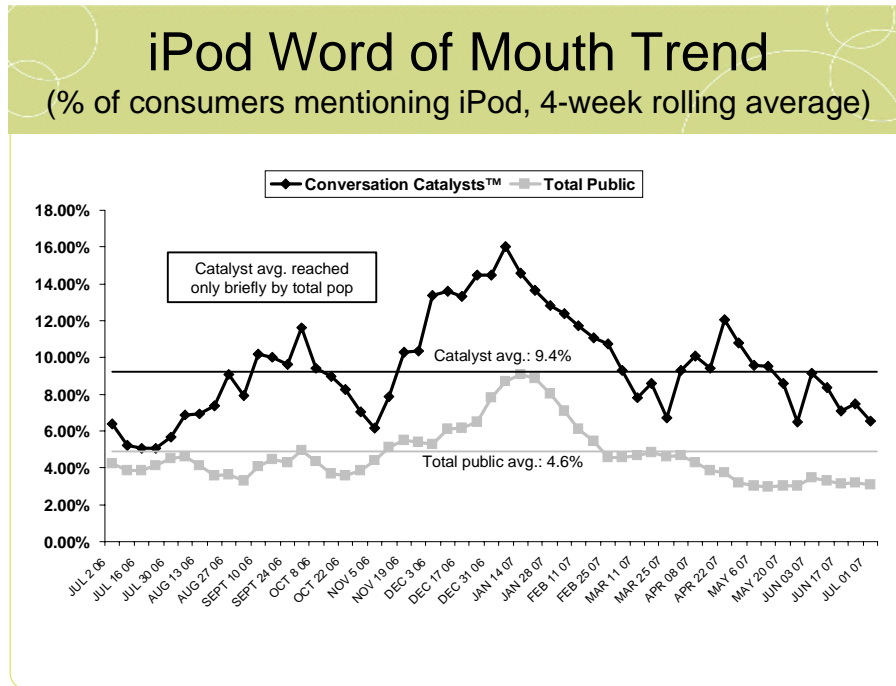
Conversation Catalysts™ are much more engaged at the brand level as well. This can have significant bearing in disseminating product news. As shown in the next chart, trending word of mouth on the videogame company Nintendo from July through December 2006, word of mouth on the brand began a sharp spike among the Catalysts in early October – as the new Nintendo Wii player was hitting the market. It rose sharply through the holiday shopping season. The Catalysts' word of mouth was two months ahead of the average consumers', and not by accident. Nintendo executives were candid about their effort to engage consumer influencers, particularly moms, in the launch of the Wii. The highly successful outcome of the Wii launch demonstrates the value of engaging these word of mouth leaders early in the rollout of new products, so that they will carry the message to others.

Nintendo Word of Mouth Trend (% of consumers mentioning Nintendo, 4-week rolling average)



Source: TalkTrack™, July 2006-December 2006.

Influencers' value extends beyond new-product introductions. Based on our research, we conclude that many marketers will want to engage in ongoing dialogue with Conversation Catalysts™. The reason: Catalysts are often more involved in word of mouth across "news cycles." The next chart, trending word of mouth over the past year on Apple Computer's iPod music player, shows Catalysts have much higher peaks at predictable times – during the holiday season, and around new product announcements – but at other times as well. For the year as a whole, Catalysts are twice as likely as the average consumer to have talked about the iPod in a typical week (9.4% vs. 4.6%). The research, to us, confirms the practice many marketers have adopted of creating online sites, store events, and other channels to engage in ongoing contact with key consumers.



Source: TalkTrack™, July 2006-June 2007.

The higher level of involvement in brand word of mouth extends across categories. Our research shows that Catalysts also are twice as likely to talk about the automotive brand Toyota (10.8% in a typical week vs. 5.1% of the total public).

Dove, a product in a traditional packaged goods category that has earned plaudits from the marketing community for its provocative “real beauty” marketing campaign, is also generating conversations among key consumers. Catalysts are twice as likely to talk about Dove in a typical week as the average consumer (4.3% vs. 2.1%).

Our research further shows that Dove’s marketing is having an impact: Fully two-thirds of Conversation Catalysts™’ word of mouth exchanges about Dove cite the brand’s marketing – significantly higher than the average for the health and beauty category. Our research suggests the brand has done particularly well currying Catalysts’ attention via TV and the Internet. The findings on Dove, which are mirrored in other brands, point to a key conclusion from our research (and one that, we believe, marketers have not yet fully grasped): Marketing and media, including traditional marketing and media, can play an important role in generating word of mouth.

Power Listeners as Well as Power Talkers

Who are influencers? In the media, influencers are often depicted as “chatty Cathy’s,” yackers, and busy-bodies who butt-in and tell others their latest discoveries. Our research shows those stereotypes are far from the truth. Conversation Catalysts™’ discussions tend to be equal exchanges of ideas and information between themselves and others as

opposed to one-sided conversations in which Catalysts are dispensing the advice. If Conversation Catalysts™ are “power talkers,” they’re also “power listeners” – sounding boards for friends and acquaintances to test ideas on. This insight is in keeping with what the Roper Organization found in its research on what consumers say makes a person influential – the leading quality, more even than knowledge or experience with a topic, is being a good listener.

Our research further shows outward demographics like being affluent or professionally accomplished are not particularly important. What stands out most are things you don’t see. That includes the “means,” “opportunity,” and “motivation” – which comes out in manifold ways. It also is reflected in a keen sense of curiosity. Half or more of Catalysts keep up with the news in a dozen categories, ranging from telecom (50%) to automobiles (54%), media and entertainment (64%), and food and dining (71%). By comparison, a majority of average consumers follow none of these topics as closely as the Catalysts do. This higher level of engagement contains another key insight for marketers: Catalysts can be engaged through marketing – from advertising and public relations to events and promotions – that offers them new insights and information on products and services they’re interested in.

Category-Specific Influencers

The impact of influencers gains further power when we turn to individual categories, and the participation rates in word of mouth for the “category-specific” influencers, or Category Conversation Catalysts™.

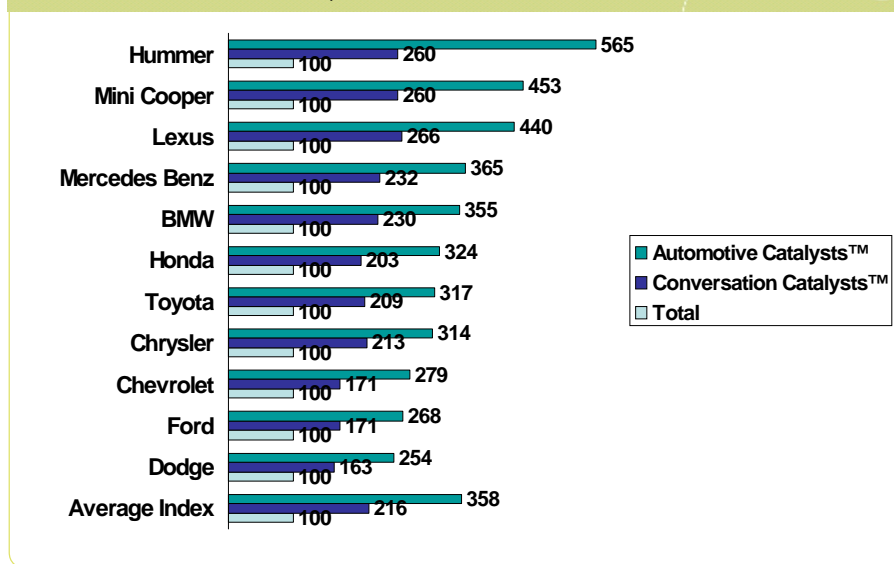
In the examples that follow, we compare the word of mouth participation rates for our multi-category Conversation Catalysts™ and category-specific Conversation Catalysts™. What we find is that the multi-category influencers typically have about twice the participation rate compared to the average person, while category-specific influencers have participation rates that are three or more times higher than the participation of average consumers.

Automotive

In the automotive category, influencers are highly engaged in word of mouth about specific car makes. On average, the multi-category influencers are more than twice as likely as the average to talk about eleven selected makes, while the specialist Automotive Conversation Catalysts™ are more than three and a half times as likely.

Every brand benefits from focusing on influencers, with the minimum “lift” being 63% for Dodge among the multi-category Conversation Catalysts™. The Automotive Catalysts™ produce a minimum lift of 154% lift for Dodge.

Proportion Participating in Conversation about Brand, Indexed to Total Public



Source: TalkTrack™, June 2006-April 2007. Data based to 29,300 representative consumers aged 13 to 69, of whom 4,147 were classified by Keller Fay as Conversation Catalysts™ and 1,444 as Automotive Conversation Catalysts™.

The findings suggest some interesting patterns. The Automotive Catalysts™ are truly “off the charts” in their conversations about some of the trendier new vehicles, such as Hummer, which they talk about five and a half times more than the average, and Mini Cooper which gets four and a half more times the level of WOM. This suggests the great importance of the Automotive Catalysts™ in driving the automotive market.

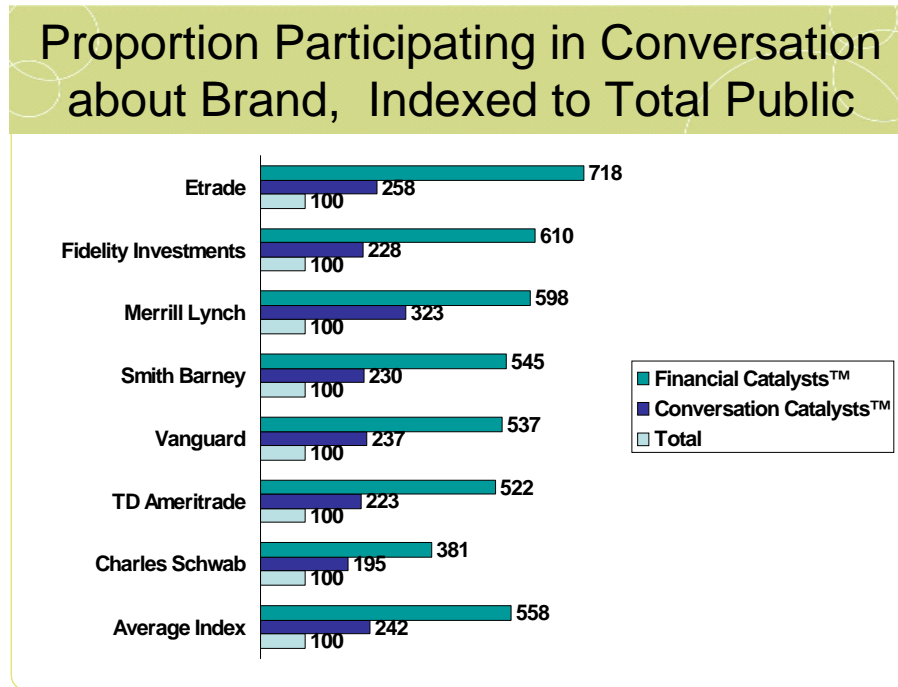
So which segment should marketers target, the multi-category Catalysts or the Automotive Catalysts™? One consideration will be the particular brand or category of automobile, and the degree of “trendiness.” Another factor may be the campaign strategy. If one is interested in promoting the social (as opposed to strictly “automotive”) benefits of a new hybrid model, or wants to target women, then a marketer may be better served by targeting more broadly than the automotive specialists who are two-thirds male.

Finally, another consideration is the size of the market you seek to ultimately reach. While Conversation Catalysts™ are 14% of the total population, the Automotive Catalysts™ are only 5%, and thus may not reach as broad of an audience. Some marketers may decide it makes sense to target both types of influencers.

Investment Companies

Investment companies are remarkable in terms of the importance of category-specific influencers. Generalist Catalysts index at an average of 242, higher than in automotive,

but the category specialists talk more than five times as much as the average person about investment company names. This suggests that careful influencer targeting is particularly important for investment companies. The Financial Catalyst™ segment, at 4% of the general public, is a somewhat rarified group.



Source: TalkTrack™, June 2006-April 2007. Data based to 29,300 representative consumers aged 13 to 69, of whom 4,147 were classified by Keller Fay as Conversation Catalysts™ and 1,124 as Financial Conversation Catalysts™.

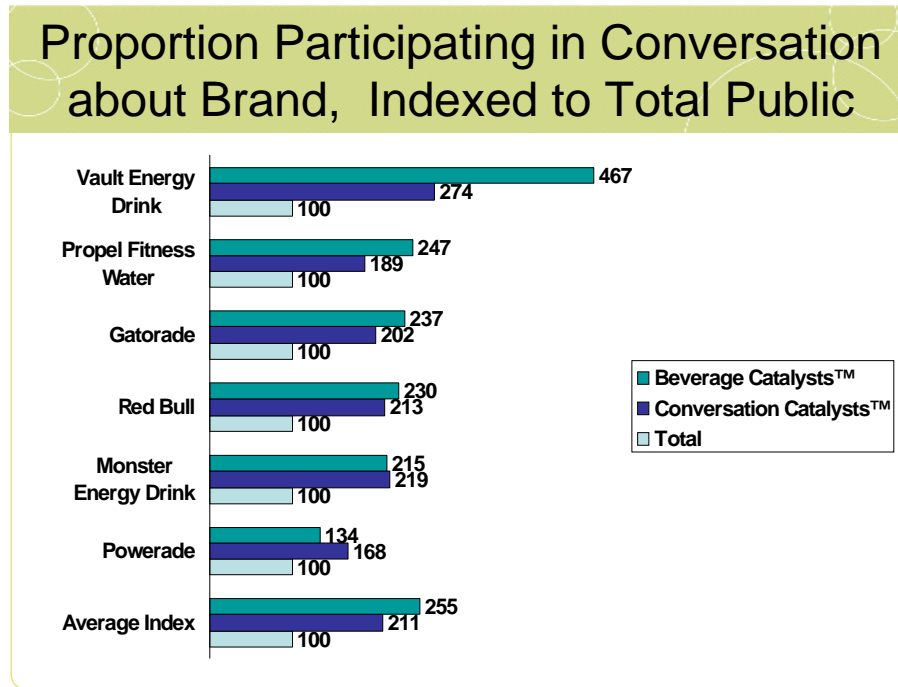
ETrade is a particular favorite conversation topic of the Financial Catalysts™, perhaps reflecting a strong “do-it-yourself” mindset among the people who follow financial services very closely. ETrade conversations are seven times more common among Financial Catalysts™ than among the general population.

Sports & Energy Drinks

Sports and energy drinks like Monster, Vault, and Red Bull, constitute a fast growing part of the beverage market. Consistent with this, we find that several of these brands are big topics of conversation among the Catalysts.

Interestingly, though, the importance of category-specific influencers, who are 6% of the population, is not as great as it is in categories like automotive and financial. The average index for the category-specific influencers is 248 versus 211 for the generalists. This may be the result of non-alcoholic beverages being a category that is easily accessible to everyone and truly specialized knowledge is not required. Therefore, the category-specific catalysts are not a lot more conversational than people who are multi-

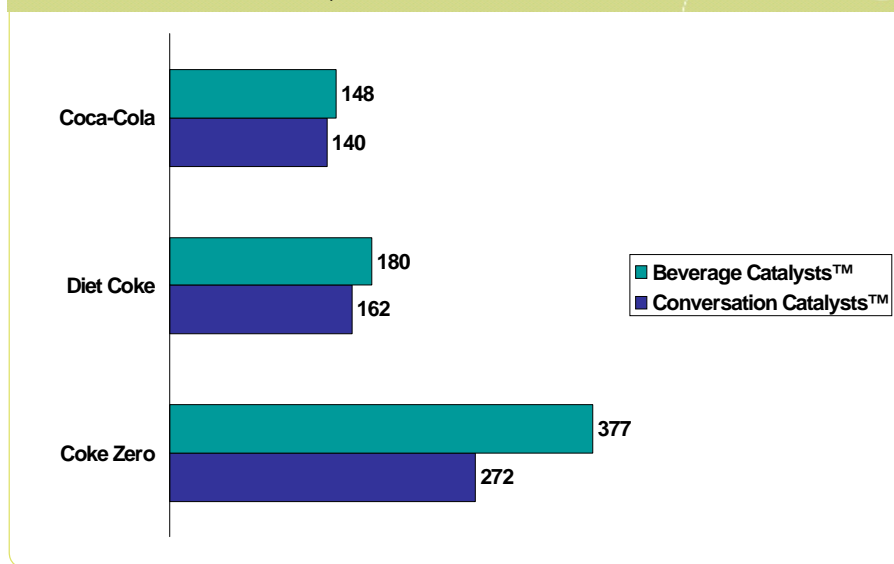
category Catalysts; however, both are considerably more likely than the average American to talk about these brands.



Source: TalkTrack™, June 2006-April 2007. Data based to 29,300 representative consumers aged 13 to 69, of whom 4,147 were classified by Keller Fay as Conversation Catalysts™ and 1,876 as Beverage Conversation Catalysts™.

It appears that influencers are particularly effective in spreading the word about relatively new beverage brands/products. A particularly vivid illustration of the importance of influencers for new brands and products can be seen in a comparison of word of mouth for the very mature Coca Cola and Diet Coke brands, versus their new offspring, Coke Zero. Conversation Catalysts™ and Beverage Catalysts™ are only about 40% more likely to talk about Coca Cola than the average person, but they are nearly three and four times as likely as the average person to talk about Coke Zero.

Proportion Participating in Conversation about Brand, Indexed to Total Public



Source: TalkTrack™, June 2006-April 2007. Data based on 29,300 representative consumers aged 13 to 69, of whom 4,147 are classified by Keller Fay as Conversation Catalysts™ and 1,876 as Beverage Conversation Catalysts™.

Connecting with Influencers

Our research shows the reason marketers are – and, in our view, should be – interested in marketing to influencers: If influencers reach over twice as many people through word of mouth as the average consumer, then it follows that marketers can substantially increase the return on their marketing dollar by focusing on them. They have the means, the opportunity, and the motive to spread messages further.

Once it's determined that companies can increase efficiency through targeting influencers, the logical next question is how to do it. A growing number of companies are tapping influencers for word of mouth marketing programs, asking for their input in the product development phase and beta testing with them, seeding products with them, inviting them into learn more about the product, asking them to host events for the product, giving them coupons and samples to disseminate to their friends, proffering them materials to help them talk more knowledgeably, and soliciting their feedback and ideas.

Research we have done has shown influencers enjoy being part of such programs and being able to learn about products in advance and sharing their enthusiasm with others when they find something they like. They also like to give feedback to marketers about which of their ideas are winners, and which ones fall short (and why). Consequently, they are often the people who volunteer for marketing programs: A 2006 study on participants

in the word of mouth marketing firm BzzAgent's network of agents showed 6 in 10 of the firm's volunteer consumer evangelists are Conversation Catalysts™, more than four times the national incidence.

There is more that can be done with influencers. The large number of Catalysts' conversations citing marketing or media – more than half, in our research – suggests they are a prime audience for marketing communications of all kinds. But reaching them requires some understanding of their very distinct media habits. True to their disposition of being “information sponges,” Catalysts are heavy media consumers. They are big readers. More than half read local or regional newspapers five or more times per week (55%) – a much higher rate than consumers generally (40%). They are twice as likely to read national newspapers as well (31% vs. 17%).

Catalysts are more apt to read most kinds of magazines too. More than half (53%), for example, read news, business, or political magazines two or more days a week, almost twice the rate of the average consumer (31%). Their reading isn't limited to serious fare. They're markedly more likely to read women's interests magazines (38% vs. 27%) and lifestyles-celebrity magazines (40% vs. 26%).

One time to reach them is the morning as Catalysts tend to be “morning people” in their media consumption. Almost half tune into news radio in the morning. Their listening to music radio is also highest in the morning hours. In both, they exceed the average. They are most likely to read the newspaper in the morning as well.

The morning is a good time to reach them online as well. Catalysts are more likely to access the Internet and send and receive e-mail in the morning – and more likely to do so than the average consumer, suggesting marketers will get a higher concentration of Catalysts on the Internet in the morning.

In certain categories, other traditional marketing tools can also be valuable. Our research shows that point of sale is often cited in Catalysts' technology conversations – supporting Hewlett-Packard's strategy of focusing more of its marketing on the retail environment. Promotions and point of sale are the most-mentioned kinds of marketing in Catalysts' conversations on household products (coupons and product samples being particularly cited). Promotions and point of sale also come up frequently in conversations on beauty and personal care, beverages, and food.

Public-policy groups have long known the benefit of creating customized marketing campaigns to reach influencers, through Sunday morning news shows, op-ed ads in national newspapers, and thought-leader magazines. As consumer marketers gain more experience in this area, we expect the practice of integrated influencer marketing, combining the new word of mouth marketing with traditional tools, to grow in tandem.

The role of influencers extends in some companies to all aspects of the value chain. Because they are more engaged in products and services, they are a valuable source of ideas for product and service improvements, unmet consumer needs, new products

opportunities, and the like. Catalysts are among the first to contact companies proactively through email and in calls to service centers. Listening carefully to them can alert companies to emerging problems. Their value, thus, goes well beyond creating awareness or supporting new product launches.

Conclusions

Of course, targeting influencers is just one element of word of mouth marketing. Even the best influencer targeting cannot be successful without everything else being right – a good and relevant product or service, satisfied customers, a good brand story, and “TalkWorthy™” messaging. Only when influencer marketing is part of a well conceived marketing plan can it provide the substantial efficiency benefits we’ve seen in this paper.

We should also point out that while Conversation Catalysts™ are responsible for a disproportionate one-third of all word of mouth, non-influencers account for the other two-thirds. In arguing for the wisdom of influencer-based marketing, we are not suggesting that non-influencers should be systematically excluded or ignored. On the contrary, even though non-influencers are individually less prolific in spreading the word, we believe good marketing – not just word of mouth marketing – should have an objective of engaging everyone in brand-related conversation.

Yet the TalkTrack™ data clearly show that influencers matter, and that specific strategies to engage with them are well worth pursuing. Their opinions are sought out by their friends and family, and they are far more prolific than the average American in spreading the word about products, in category after category, for brand after brand. At the low end, efficiency gains from targeting influencers can double the impact of word of mouth marketing. At the high end, it multiplies efficiency by five times, as we saw in some instances for financial services.

Marketers and communications professionals have for decades embraced influencer marketing out of experience and instinct. Today, we have empirical evidence that supports the wisdom behind this time-honored strategy.