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Word-of-mouth: The real action is offline

Research shows 90% of WOM conversations occur face to face or by phone vs. only 7% online

By ED KELLER and JON BERRY

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At the association of National Advertisers annual conference in October, marketing heavyweights such as Procter & Gamble, Wal-Mart, MasterCard, Burger King and Yahoo heralded a common theme considered heresy just a few years ago: Consumers control the brand.

This power shift from Madison Avenue to Main Street has far-reaching implications. As Procter & Gamble CEO A.G. Lafley noted in his opening address: "We now have a greater opportunity to move beyond transactions to relationships than ever before, but to do so requires that we strike the right balance between being in control and being in touch. Ironically, the more in control we are, the more out of touch we become. But the more we're willing to let go, the more we're able to get in touch with consumers."

What does this mean to brand managers? Clearly, the concept of top-down, one-way communications needs to be replaced by-or at least supplemented with-more collaborative approaches that allow consumers to drive brand strategy and messages. Many companies have rightly embraced word-of-mouth marketing as a way to get in touch with consumers and involve them in the brand-building process.

Most of the WOM about WOM marketing is about blogging, MySpace, YouTube, etc. We understand why-these innovative technologies are exciting and promising. But in their rush to jump on the online bandwagon, marketers have ignored one crucial fact: The real power of WOM is offline, where most conversations still occur.

Since early in 2006, our firm has conducted ongoing research to monitor and measure Americans' WOM conversations about products, services and brands, regardless of whether they take place face to face, by phone or over the internet. The findings have consistently shown that some 90% of these conversations take place offline. Face-to-face interaction accounts for the vast majority of WOM (72%), and phone conversations rank second (at 18%). E-mail/instant messages and text messages each garner 3% of total WOM, while chat rooms and blogs account for 1%. Altogether, 7% of WOM takes place through the various online channels.

Marketers who are placing all their WOM bets on the web, then, are missing out on the bigger opportunity.

A statistical comparison provides some perspective on the scope of opportunity. Projecting from our research, we estimate that the American people engage in 3.5 billion WOM conversations each day. Approximately 2.5 billion of those are face-to-face conversations, and another 630 million are over the telephone. In comparison, there are 245 million online conversations daily. The online numbers may have compelled companies such as Google and News Corp. to shell out huge sums to increase their shares of this growing pie, but the pie itself is just a sliver in the total WOM universe.

Another surprising finding is that even for leading-edge groups that cause marketers to salivate (Gen Y, for example), offline WOM predominates. Although this demographic segment uses text messages and IMs at triple the volume of the total market, the majority of its WOM conversations are face to face (63%) or over the phone (17%).

How can companies better connect with consumers and build WOM for their brands? One thing they shouldn't do is totally abandon their current marketing approaches, since our research shows that conventional marketing and media still play a vital role in WOM.

In fact, nearly half of WOM conversations include references to brands' marketing and media. But, unlike in the days of old, no single medium dominates. Indeed, consumers' conversations are about as likely to cite the internet or print as television. And a surprisingly large number of conversations include mentions of below-the-line marketing, such as point of sale and promotions.

Consumer evangelism

What's particularly significant about this finding is that when a consumer talks favorably about a brand and references an ad, promotion or

website, marketers gain powerful "pass-along" benefits. Their messages ripple far beyond the first wave of audience exposure, and the marketers gain the increased credibility and impact that comes with a WOM recommendation. The emphasis of these efforts should be on exciting the current base of customers to give them something new to evangelize about.

Given that WOM is generated across the entire marketing and media landscape, marketers should make sure that all initiatives—from new-product development to big-budget marketing-communications campaigns—work in unison. They need to realize that everything affects how customers perceive their brands and ultimately feeds into WOM. If the marketing elements don't consistently reinforce a positive consumer experience and stimulate consumers to talk about the brand, WOM will slow and the brand will suffer.

What else should marketers do to take advantage of offline WOM? Programs should focus on engaging customer evangelists and influencers where they live, work and shop by seeding products, creating in-store events, and providing opportunities for consumers to congregate and share their impressions.

In his best-selling book, "Megatrends," John Naisbitt introduced the concept of "high tech/high touch." His contention was that, as our society becomes more technologically advanced, consumers will desire—and will demand—more "high touch" moments. Today, many marketers are so bedazzled by high-tech capabilities that they fail to see that consumers spend most of their lives in an offline world. Marketers who really want to join in conversation with the consumers, especially during those moments when they're talking about the brands, had best put their WOM marketing strategies in better balance and provide consumers with more "high touch" experiences.

Ed Keller ... is CEO of Keller Fay Group, a market-research and consulting company focused on WOM marketing. Its TalkTrack is a continuous study of consumer WOM both offline and online.

Jon Berry ... is senior VP of Keller Fay Group. He and Keller are co-authors of "The Influentials: One American in 10 Tells the Other Nine How to Vote, Where to Eat and What to Buy."