

Brandweek

Word-of-Mouth Marketing

Talk, Now Measurable, Is No Longer So Cheap

January 01, 2007

It could be in the year 2007 that word-of-mouth goes from a quirky sidekick to other marketing efforts, to being the star of the show.

"Word-of-mouth used to be considered experimental and speculative," said Brad Fay, COO of the research firm Keller Fay Group, New Brunswick, N.J. "Now it's an essential tool." Fay said that where W-O-M used to be seen as a good way to complement broadcast or out-of-home efforts, now those efforts are being tailored to complement W-O-M.

Proof of this can be seen in the most reliable gauge of marketers' interest: Spending. Where W-O-M efforts used to be paid for with money leftover from other things, like print or broadcast, "We're starting to see more media buyers breaking word-of-mouth out as a separate line item," said Dave Balter, president of BzzAgent, Boston, a marketing agency specializing in W-O-M.

Why? Credit a huge improvement in analytics. Although it has always been easy to make a logical argument for the importance of W-O-M, there hadn't been much in the way of tools to prove it. Now there is. Balter pointed to the research papers offered at last month's Word of Mouth Marketing Assn. conference in Washington. "In 2005, the papers were all about the need to measure W-O-M," he said. "The papers this year were all about how to do that."

Despite all the new tools, no one is quite sure how much is spent on W-O-M efforts. Balter said his back-of-the-envelope estimate would be \$100 million a year but he emphasized that's very speculative.

The increased usage of W-O-M also is a result of consumers' increasing distrust of more traditional types of marketing. The Internet has made it easy to check what other people say about brands and to link up with others for recommendations. While this has been a great opportunity for W-O-M, it's also put increased focus on the need to keep and earn consumers' trust.

"As word-of-mouth becomes more prevalent, organizations need to assure that those efforts are transparent and trustworthy," said Patrick Rooney, president of Expand Communications Group, a W-O-M agency in Chicago. To address the trust issue, the industry has tried to police itself through organizations like WOMMA.

Those efforts seemed to get a big boost last month when the Federal Trade Commission rebuffed a request by Commercial Alert, Portland, Ore., seeking additional regulation of word-of-mouth marketing initiatives.

In the coming year the biggest challenge facing the industry may be shifting its focus from creating a lot of noise around a new product to using W-O-M to build long-term relationships between brands and customers.

"There's been a lot of focus on creating the hottest and biggest buzz around a new product," said Rooney. "There's a definite place for buzz, but there's a bigger need to use word-of-mouth to create sustainable brands." —Constantine von Hoffman