

Leveraging People Through Word of Mouth Marketing

AMA Non-Profit Marketing Conference
Brad Fay, COO, The Keller Fay Group
July 10, 2006

Keller Fay GROUP

Word of Mouth Research & Consulting



The Ubiquitous Cliché

“Our People Are Our Greatest Asset”

But who are “our people”?



“Our People”

- Employees, of course
- But also...
 - Members
 - Alumni
 - Donors
 - Partners
 - Suppliers
 - Customers
 - And all manner of friends and supporters
- They should all be...

Your Advocates



Word of Mouth Marketing

Is about identifying, organizing, engaging, motivating,
and activating

your advocates

Today's Presentation

- Why you should care about WOM
- How word of mouth happens
- Applying word of mouth marketing



Why You Should Care About Word of Mouth



What People Say Matters

Word of mouth is the leading driver of growth for brands and organizations

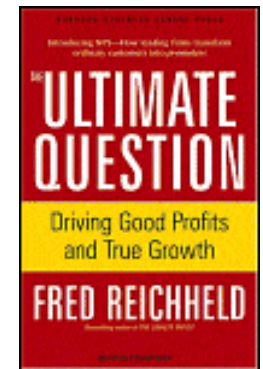
It is a treasure trove of insight that will make your organizations more successful



Leading Driver of Future Growth

“On average, a twelve-point increase in [advocacy] leads to a doubling in the company’s rate of growth”

-Fred Reichheld, *The Ultimate Question: Driving Good Profits and True Growth*



GE agrees: Advocacy “is the best customer-relationship metric I’ve seen.”

- Jeff Immelt, CEO, General Electric

It's How Consumers Make Decisions

“When Americans make decisions today, it’s a conversation. Marketers need to reach the people starting those conversations.”

- Ed Keller and Jon Berry, *The Influentials*

One American in ten tells the other nine how to vote, where to eat, and what to buy.

They are

The Influentials



ED KELLER AND JON BERRY

WOM's Importance Is Rising

- Consumers value word-of-mouth of friends, family & other people **1½ times more** today than in the 1970s, and **twice as much** as traditional media
- Word-of-mouth is **consumers' leading source** of ideas and information virtually across the board, from how and what to eat, to what kinds of cars and computers to buy to where to go on vacation
 - Ed Keller and Jon Berry, *The Influentials*



Growing Buzz in Business

- McKinsey: **Two-thirds** of all industries are at least partially driven by word of mouth
- CMO magazine: **43%** of marketing executives currently or plan to do WOM marketing
- “This ‘next big thing’ [is] a **big thing right now**”
– Jonah Bloom, executive editor, *Ad Age*
- “This business is going to be **the next big battleground**” – David Verklin, CEO, Carat Americas, quoted in *The Wall Street Journal*



Election 2004: A Tipping Point

- Campaigns discover **the power of the Internet** to raise campaign funds and organize volunteers
 - The Bush campaign credits its **“Influentials Strategy”** as critical factor
 - 3 million Bush volunteers form “fifth estate” to **flank the media** and take campaign messages to friends, neighbors, and like-minded peers in other states



The Washington Post

WEDNESDAY, MAY 12, 2004

SWING STATE | *The Influentials*

In Ohio, Building a Political Echo

Campaigns Rely on Word of Mouth to Spread Message

By JOHN F. HARRIS
Washington Post Staff Writer

CINCINNATI—Christa Criddle is not the sort of person who springs to mind when political operatives talk about “opinion leaders.” She does not have a column, or talk show, or Web site. But if someone wants to influence opinion in her patch of Ohio suburbia, this 35-year-old mother of three is a good place to start.

There are many reasons. Criddle has time, she is just fine with strangers, and she has friends, a

bunch of whom gathered in her living room the other night for a party to support President Bush’s reelection. Most of all, Criddle has strong views—lots of them.

“What will our country be like if John Kerry wins?” she implored her guests to imagine. “That scares me to death. . . . Liberalism today is modern socialism.”

Criddle is one example of whom Bush campaign manager Ken Mehlman calls an “influential.” That name comes from a book about marketing, “The Influentials,” one of Mehlman’s favor-

ite texts to explain the challenge of political communication in a world crowded by the proliferation of cable networks, talk shows and Web sites. The thesis of authors Ed Keller and Jon Berry is that it is a small percentage of the population that—by virtue of being more attentive, more vocal and more-immersed in the rushing currents of modern life—drives popular tastes.

Influentials help explain why one TV show becomes a hit while



BY MARY ANNETTE FEMER FOR THE WASHINGTON POST

Christa Criddle of Cincinnati is considered an “opinion leader.”

See OHIO, A8, Col. 1

“You have a world where a wealth of information creates a poverty of attention...

The way people get through is by **turning to people they trust.**”

- Ken Mehlman, Campaign Manager, Bush-Cheney '04

Advertising Age

FEBRUARY 16, 2004

CRAIN'S INTERNATIONAL NEWSPAPER OF MARKETING | U.S. \$3.99, CANADA \$5.00, U.K. £3.95

ADAGE.COM



◀ *Jim Stengel*
Global Marketing Officer
Procter & Gamble

'It's broken'

New Models Are Emerging

WEEKEND
FINANCIAL TIMES

Marketers talking to mother

By Gary Silverman

Advertisers searching for alternatives to television commercials might want to consider an old-fashioned home remedy – talking to their mothers.

Research conducted on behalf of Procter & Gamble, the US consumer products company that is the world's biggest advertiser, suggests British mothers are gaining influence as marketers at the very time TV commercials seem to be losing impact. P&G reckons that a mother who is moved to talk about a product sets off a chain reaction that will eventually involve 1,000 mothers in the discussion. At the start of the decade, it assumed that such a conversation would only involve 200 mothers.

Gianni Ciserani, P&G managing director for the UK and Ireland, says: "I think it is largely because of the availability of technology. In the past, you had to go to the park and find another mom and tell her. Now they go into a chat room or copy an e-mail to a list of friends."

P&G is becoming more interested in finding ways to compare the impact of different marketing activities because of fears that television commercials are losing their punch.

Working with a company in Cyprus called Integration, P&G has found that "word of mouth" is gaining influence at a faster rate in Europe than most other marketing tools. In other words, people are influenced increasingly



Mum's the word: research suggests word of mouth between mothers works better than television advertising

Charlie Bibby

by the things they hear from other people as opposed to the things they learn from advertisements.

The word-of-mouth effect is more pronounced in the UK because people here are so opinionated, says P&G. Mr Ciserani says people in the UK are five times more likely than people in other parts of the Europe to call a company to express their views.

"We can confirm that UK consumers, and therefore UK mums, are the most vocal in expressing their happiness or disappointment

with brands and companies," he says. "They talk to plenty of people once they have a positive or negative experience."

P&G is employing targeted marketing efforts in the UK that focus on winning the affection of people to whom other people pay attention – what it calls "ambassadors".

"If you get to the early adopters they can become spokesmen for you," Mr Ciserani says. "You have to find out who are these ambassadors, who is willing to be an ambassador and you have to contact them."

One example of this approach has been on display recently in cities around the UK – an experiential tour that gives visitors a chance to learn about how babies sleep. The exhibit is sponsored by P&G's Pampers brand nappies, which has been trying to forge connections with mothers by helping them with childcare issues.

"We look at things through the eyes of a baby," says Paris Kafantaris, P&G's vice-president for baby care in western Europe. "The whole idea is how is the

baby is developing when it sleeps at night."

Another way P&G targets "ambassadors", Mr Ciserani says, involves collaboration with retailers. Before launching a product, the company asks them what kind of consumers might be interested – an approach that works well in the UK because of data collected in club-card programmes.

P&G then sends a letter and samples of the product to consumers in the hope they will like P&G's wares and talk about them, becoming ambassadors.

- P&G reckons that a mother who is moved to talk about a product sets off a chain reaction that will involve 1,000 mothers in the discussion.
- At the start of the decade it assumed that such a conversation would involve only 200 mothers

Why Now?

- Distrust of traditional advertising & marketing
- Competition for time & attention
- Rise of social networking on Internet
- Efficiency of online peer-to-peer communication
- In public affairs arena:
 - Distrust of politics and politicians
 - Backlash against negativity and deceptiveness of political and issue advertising; shouting matches on cable news



How Word of Mouth Happens:

Insights from TalkTrack™

Keller Fay GROUP

Word of Mouth Research & Consulting



TalkTrack™: A New, Continuous Study Monitoring All Word of Mouth

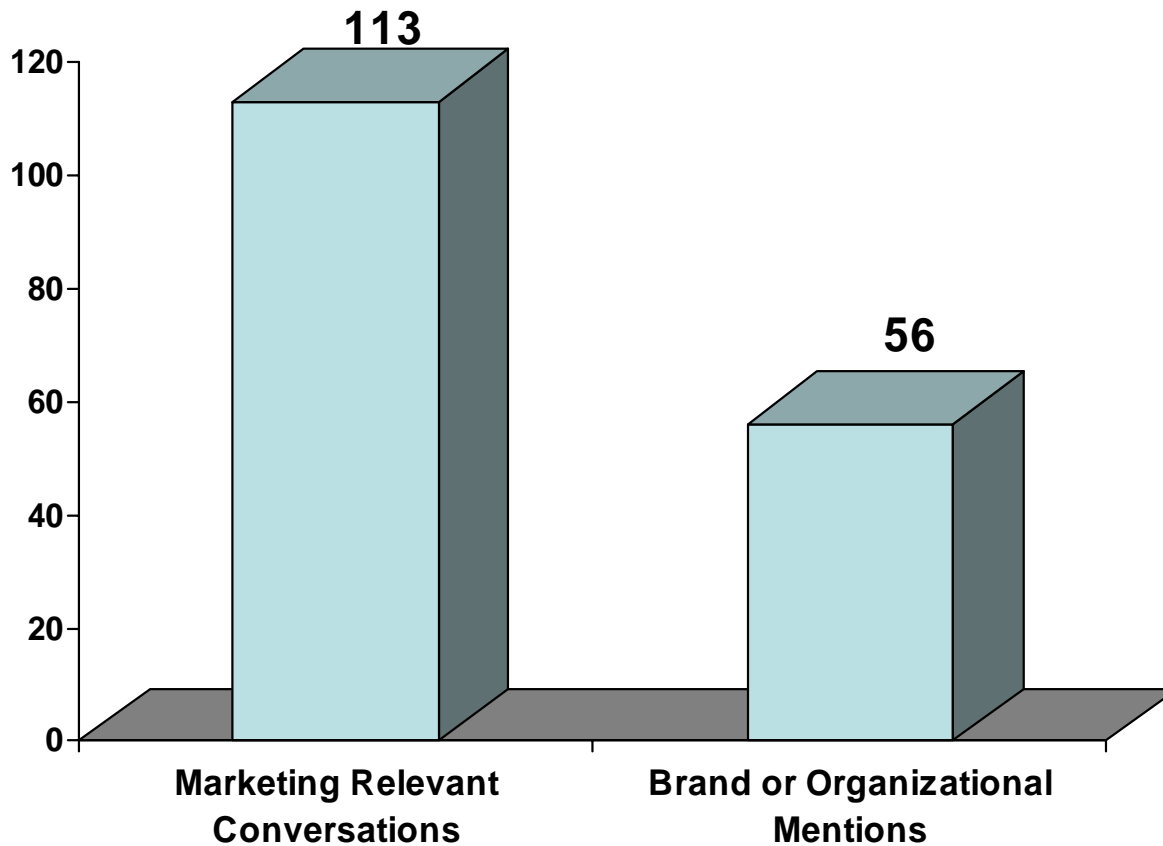
“Average Joe talks brands 56 times a week, says study”

- Diary-assisted reporting of past 24-hour conversations
- Representing Americans 13-69
- All modes of conversation
 - Face to face
 - Telephone
 - Online
- Weekly online data collection
 - 700 respondents
 - 5,600 brand or organizational mentions
 - 11,000 marketing-relevant conversations



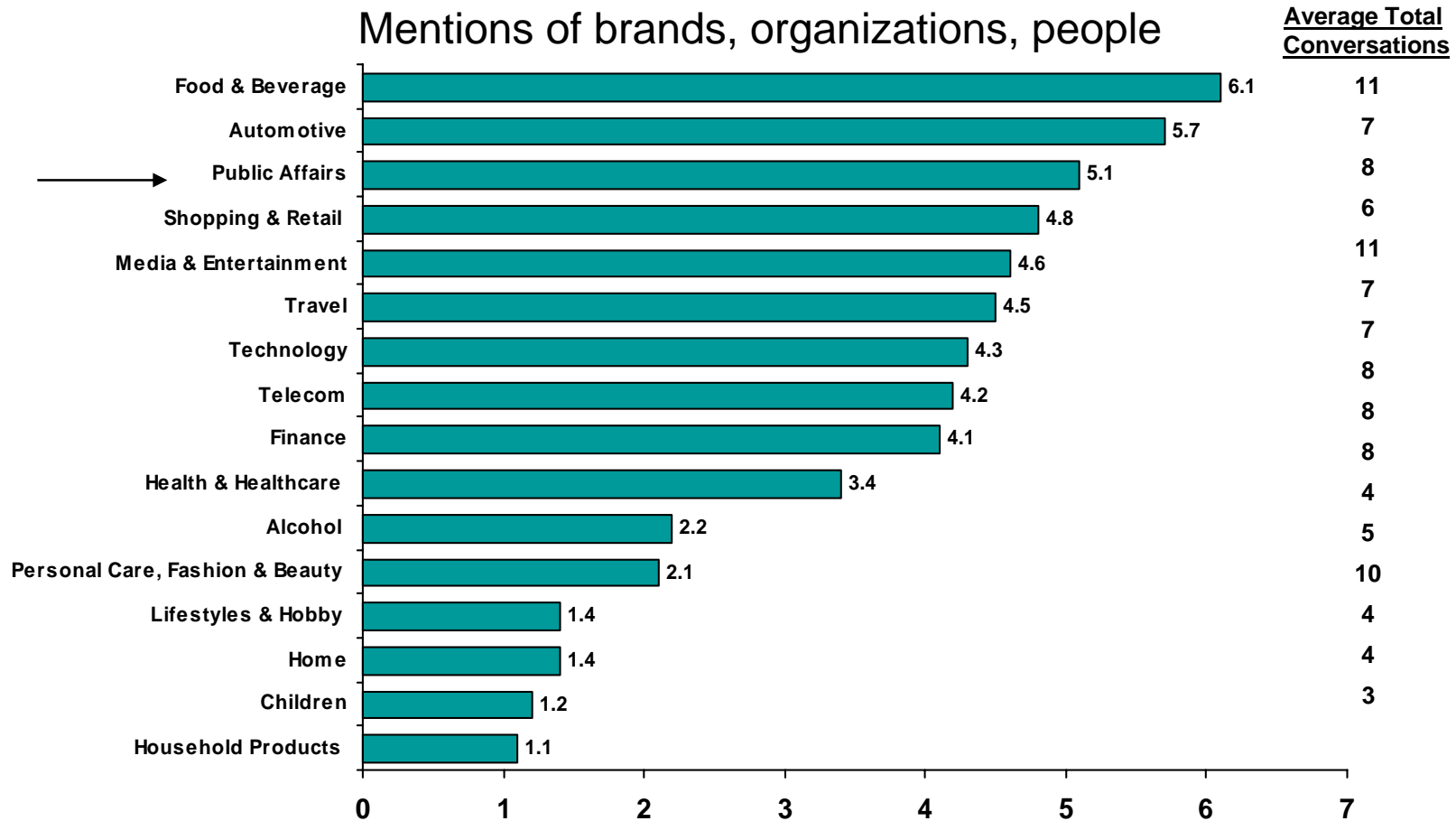
Word-of-Mouth Is a Real Force

(Average weekly conversations and brand mentions per person)



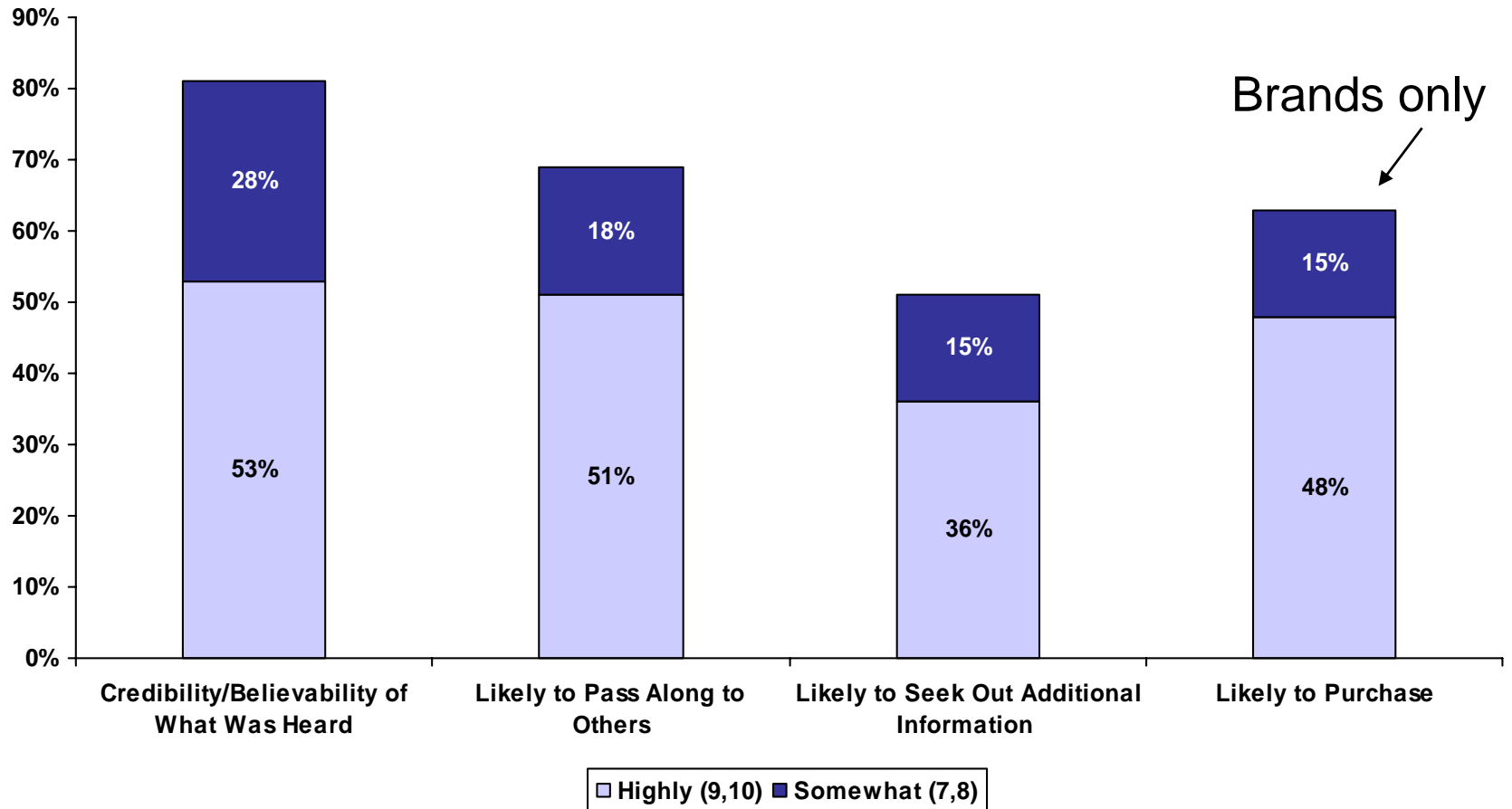
Base: 3,592 respondents

Public Affairs: A Big WOM Category (Per Week)



Base: 1,507 respondents

Word of Mouth Has Big Impact



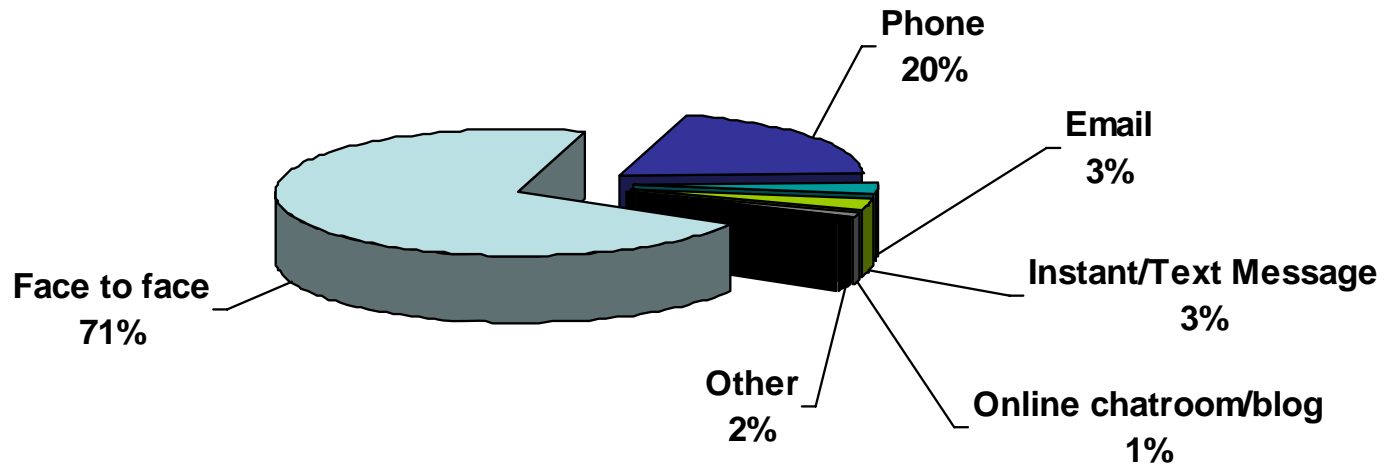
Base: 9,990 brand mentions where someone else entirely or equally provided advice

*Highly represents percentage scoring "9" or "10" out of a 0 to 10 scale; Somewhat represents percent scoring "7" or "8"

Insights from TalkTrack™

Most Conversations Are Face-to-Face

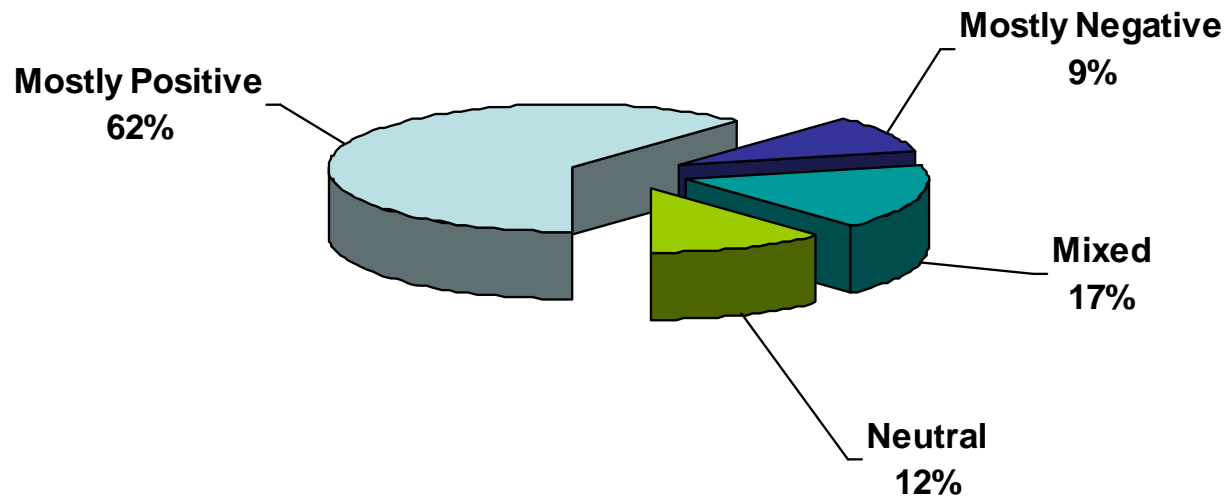
While internet is key to connecting with your advocates, most of them will communicate with friends/families offline.



Base: 25,506 conversations

Insights from TalkTrack™

Word of Mouth Is Mostly Positive

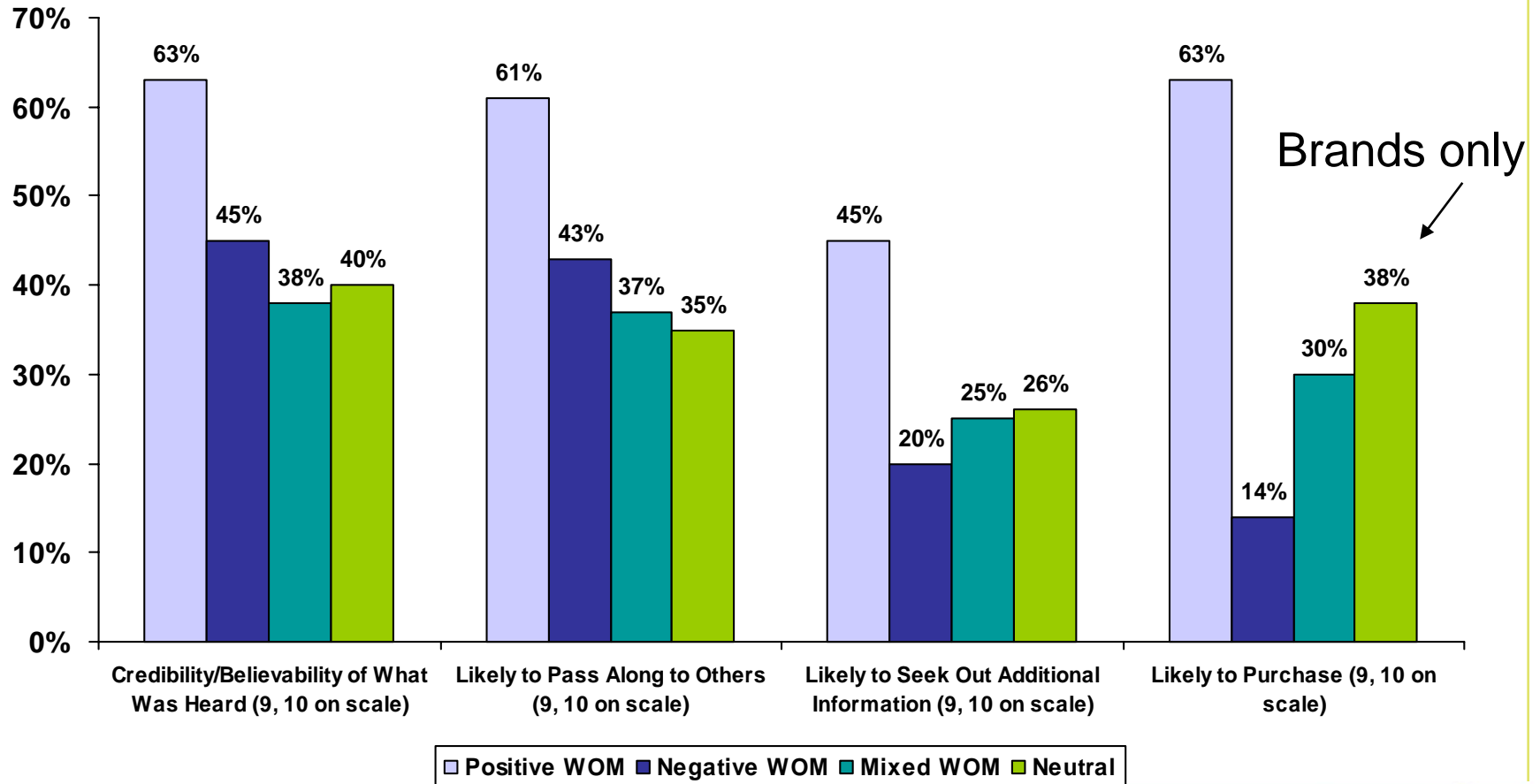


Base: 16,436 brand mentions

Insights from TalkTrack™

Positive WOM Has the Most Impact

(Reaction based on 0 to 10 scale)



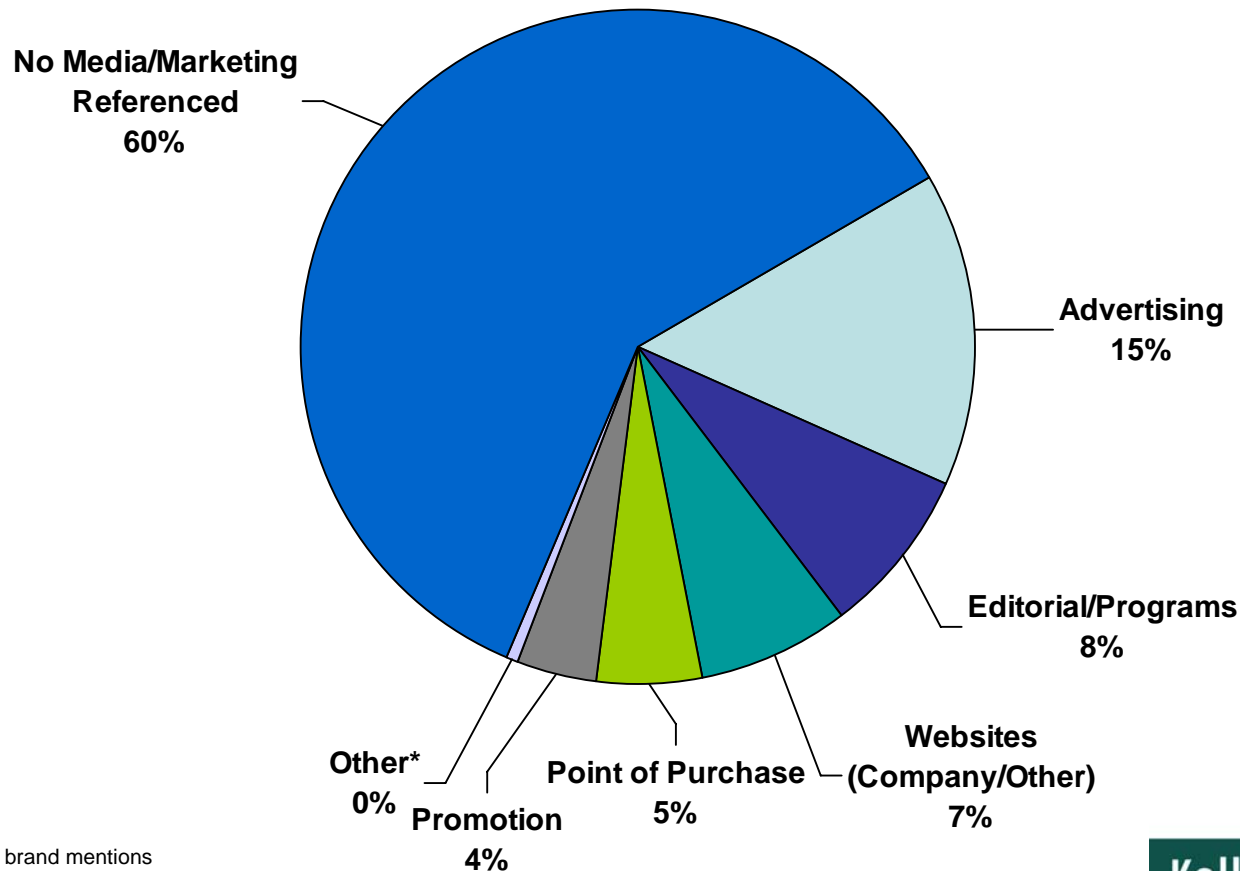
Base: 9,990 brand mentions where someone else entirely or equally provided advice

*Percentage scoring "9" or "10" out of a 0 to 10 scale

Conversation Starters

Marketing & Media Have Definite Role

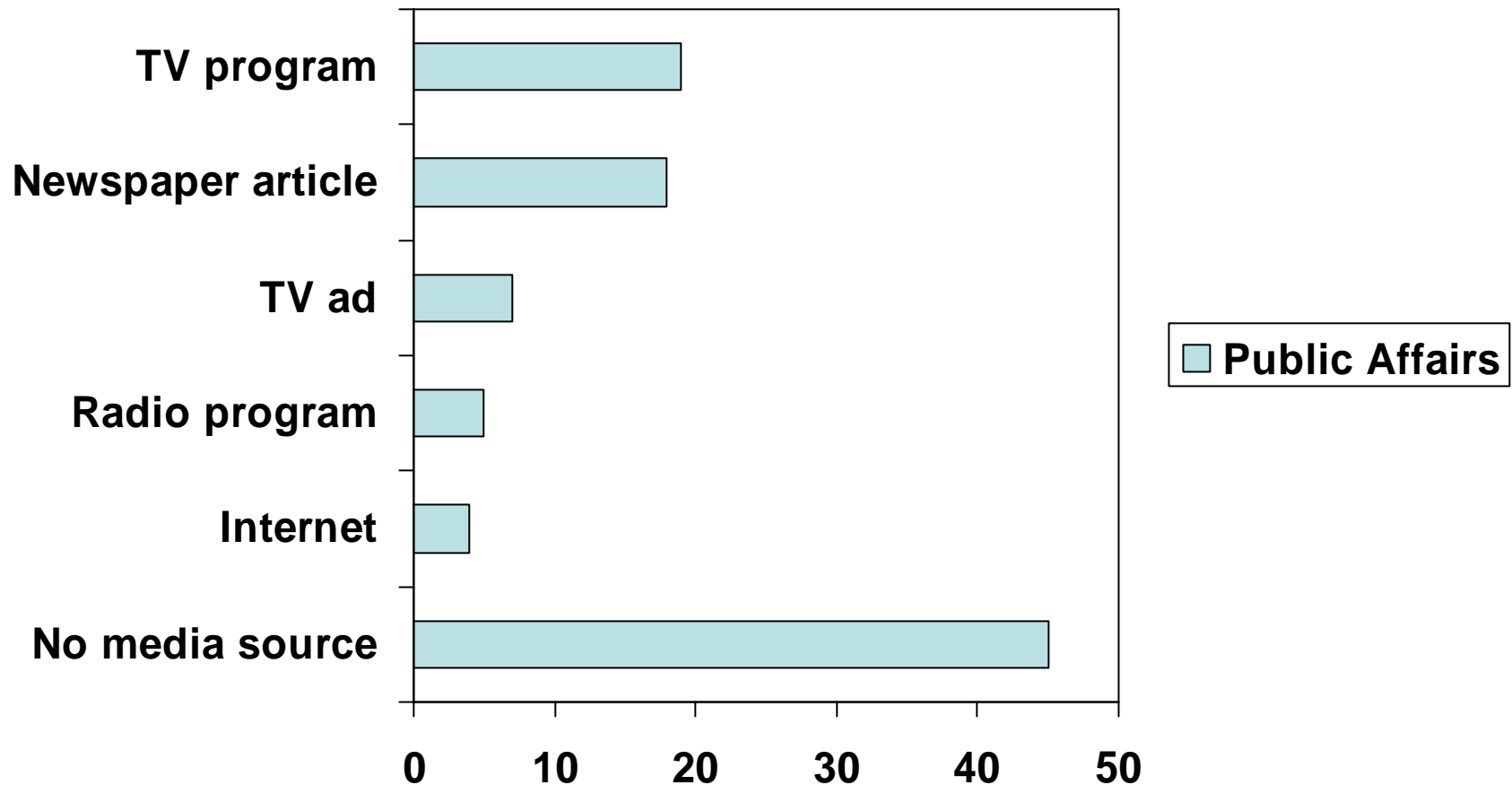
4 in 10 brand conversations refer to brand marketing or media



Base: 16,436 brand mentions

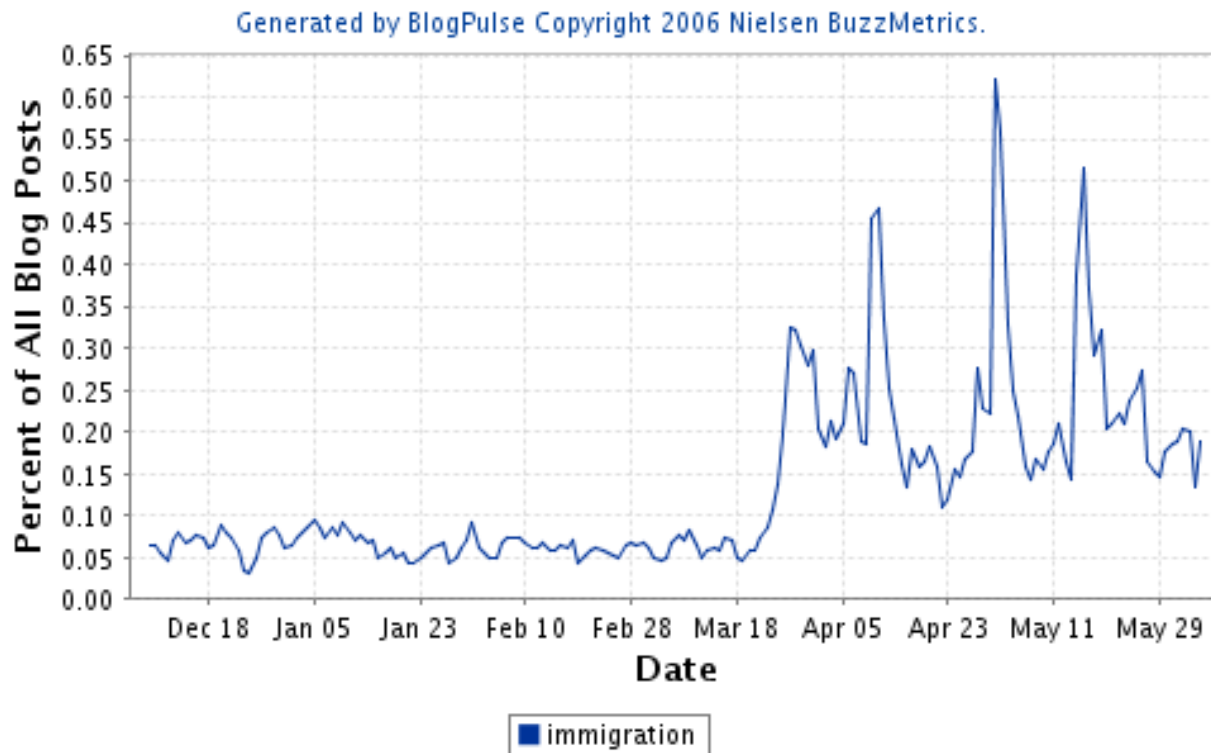
* Other includes movie theater, sports arenas and video games

Public Affairs: TV, Newspapers Are Still “Conversation Starters”



The Role of Research

- Listen to the conversation
 - Offline talk as monitored in TalkTrack™
 - Online chatter as from Nielsen BuzzMetric's www.blogpulse.com



The Role of Research

- Collect feedback from advocates
 - Survey on your strategies, tactics
 - Get input on your marketing
- Testing for WOM
 - Messages, concepts, ad for potential to generate word of mouth
- Track campaigns
 - Assess effectiveness: Are you influencing the conversation?



Applying Word of Mouth Marketing

Keller Fay GROUP

Word of Mouth Research & Consulting



Case Study: Ford Escape Hybrid

Give People Lots of Reasons to Talk

- **Web site** gave people lots of information on how hybrids work
- **Ads** targeted Influentialssm in messages and placements
- **PR stunts** like “Manhattan on a tank of gas” got media talking
- **Events** put vehicles in prospects’ hands – in a nice environment
- Follow-up **workshops** taught owners how to maximize mpg’s



Case Study: The Bush Campaign

Make It Easy to Take Action

STAY INFORMED

- Agenda for America
- The Bush Record
- Pres. George W. Bush
- Vice President Cheney
- Laura Bush
- Lynne Cheney
- News Room
- Kerry Media Center
- Video & Audio
- Photo Album
- Blog
- Chat Center
- En Español

JOIN THE TEAM

- Be a Volunteer
- Donate to GELAC
- Action Center
- Become a Volunteer
- Register to Vote
- Request an Absentee Ballot
- Get a Poster or Brochure
- Write News Editors
- Call Talk Radio
- Get a Newsfeed
- Screensavers and Wallpapers
- Get a Yard Sign
- Leader Board
- Party for President
- Calendar
- Vote Early
- Register to Vote

Action Center < Home

10 WAYS to help right now!

- Get Involved Locally as a Volunteer**
- Register to vote**
- Request an Absentee Ballot**
- Host a Party for the President**
- Get a Poster or Brochure**
- Write News Editors**
- Call Talk Radio**
- Get a Newsfeed**
- Screen Saver & Wallpapers**
- Get a Yard Sign**

RECRUITvolunteers

The President's campaign needs your help to continue to build the largest grassroots

FEATURED Bush volunteer

Jane Phelps, originally from Iraq, volunteers every day at national headquarters because she loves President Bush and is grateful for his commitment to freeing the Iraqi people.

VOLUNTEER leader board

Hundreds of thousands of volunteers are working to continue President Bush's steady leadership. These are the **top five live leaders that have completed five of their important tasks** to help re-elect the President.

Get your name on the list, [Become a Volunteer Now!](#)

- Curt Dahl** of Watchung , NJ
- Peggy Gundrum** of Cincinnati , OH
- Bill Holder** of Bridgeport , WV
- Mike Miller** of Los Angeles , CA
- Armando Cortinez** of Washington , DC

[Check out the full leader board](#)

[The Putnam County News & Recorder](#) [Westmore News](#)

[The Record-Review](#) [America Latina](#)

[Show All Newspapers >](#)

WRITE YOUR Newspaper Editors

Write a letter to the editor using the form below. Click on the tabs to get writing tips or a sample letter.

* - Indicates a required field.

YOUR MESSAGE

Subject: *

Letter: *

Sincerely, *

YOUR INFORMATION

Salutation:

Tips for Writing a Letter to the Editor

- Include Your Contact Information:** Most newspapers will only print a letter to the editor after calling the author to verify his or her identity and address. Newspapers will not give out that information and will usually only print your name and city should your letter be published.
- Be Clear and Concise:** Keep your letters brief and to the point. Newspaper editors often edit for length, so try to keep your letter to less than 250 words.
- State Your Point Early:** Be sure to state your main point in the subject line and in the first sentence of the letter.
- Keep to One Topic:** Keep your letters focused on one subject.

*Clear, simple directions
All the information you need –
including where to send your letters*

Case Study: Bike Friday

Turn Your Customers into Salespeople

Oregon-based maker of folding bicycles offers rewards to customers who refer new customers

Referrals account for 50-60% of the company's revenues

Each Bike Friday owner gets a package of prepaid postcards to pass out to likely prospects.

Each leading to a sale earns them \$50 cash or a \$75 credit



The Wall Street Journal, 12/27/2005

In All, a Lot of Activity

- **Corporate Blogging:** GM chief Bob Lutz enters blogging with GM's FastLane Blog
 - Edelman Public Relations hires blogger
- **Buzz Marketing:** BzzAgent field force enlisted by VW, Budweiser to create buzz
- **Grassroots Marketing:** Rick Warren's outreach to churches propels his best selling book "*A Purposeful Life*"
- **Leveraging Influencers & Evangelists:** Nestle PowerBar's rise to top attributed by many to its Team Elite athletes-ambassadors



Eight Rules for Non-Profit Word of Mouth

1. Target influencers

- Create close bond with socially networked supporters, members, alumni, etc.
- Create programs they can participate in such as advisory networks, local ambassadors, letter writers, etc.
- Tell them how they can help (not just as donors)

2. Leverage your website

- It's the hub for any WOM strategy
- Most visitors are “influencers”
- Have an “action center”
- Offer tips/training for recruiting additional supporters or using media



Eight Rules for Non-Profit WOM

3. Communicate with “forward thinking”

- A key goal for emails is to have them forwarded to friends/family
- Offer appropriate information and ask them for forward onward
- Have “calls to action” and web links at the bottom aimed at people outside your current network

4. Use a “Personal” Touch

- Invest in network staff to reply personally to incoming messages
- Even your critics are influencers: Show them respect
- Listen as well as talk

5. Create Communities

- Create social networks to enable your advocates connect with each other
- Let them create some of your content



Eight Rules for Non-Profit WOM

6. Provide leadership opportunities
 - Roll out chapters, networks, discussion groups around small geographies, specific topics
 - Enlist alumni, key supporters, etc. for local speeches, coordination roles, article writing, etc.
7. Engage in the public square of the Internet
 - Blogging by organization's CEO/President
 - Establish online forums for supporters
 - Teams of supporters willing to rebut negative posts elsewhere on Internet
8. Reap rewards and pocket the savings
 - Word of mouth techniques are not only very effective, but almost always less costly than traditional advertising and marketing



Word-of-Mouth Marketing – An Emerging Discipline

Word of Mouth Marketing Association (WOMMA)

300+ members since just late 2004!



- Major Corporations: Best Buy, Clorox, Coca-Cola, Cold Stone Creamery, Dell, DuPont, Electric Artists, Fidelity, Hershey, Kraft, Kimberly-Clark, Motorola, Nestle, SC Johnson, Sprint, Wells Fargo
- Agencies/Media: Starcom MediaVest, Arnold, FCB, GSD&M Burson, Edelman, Fleishman, Ketchum, Weber Shandwick Hill & Knowlton, AOL, Discovery, A&E, Hachette Filipacchi
- Non-Profits: Center Theater Group, Greater Louisville, Monterey Bay Aquarium, National Marine Manufacturers, Prostate.net, Texas Cultural & Arts Marketing Network, 92nd St. Y

...and more



It's a New Era

- Word of mouth is not just “nice to have”
- It's critical to your organization's success
 - Word of mouth drives growth!
- Before you talk, listen
- Don't wing it; good research = good WOM

Bottom line:

Find the people who will drive
your organization forward



Thank you!

Keller Fay GROUP

Word of Mouth Research & Consulting



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