Word-of-Mouth Advocacy: A New Key to Advertising Effectiveness

Ed Keller and Brad Fay

The Keller Fay Group

Social marketing is hot. Increasingly, marketers are interested in delivering brand-related content that consumers will share with one another as a way of extending the reach for a message and to add an implicit consumer endorsement of the brand associated with the content.

A popular example is the Old Spice campaign, "The Man Your Man Can Smell Like," starring the former football player Isaiah Mustafa, who advises ladies to have their men borrow his choices of personal-grooming product fragrances, even if his "ripped" physique is beyond what is achievable for most husbands and boyfriends (*Ad Age Digital*, 2011; Stroomedia, 2011). The entertaining advertisements started on television but ultimately "went viral" online as consumers used YouTube to share multiple executions of the campaign, some versions of which had been suggested to the brand by consumers themselves (Morrissey, 2010; Parpis, 2010). In 2011, Old Spice was ranked as the most viral brand of the year, receiving nearly 96 million "views" on YouTube, according to the firm Visible Measures (Hallerman, 2010; Griner, 2010).

The emphasis on sharing is having significant impact on the design of advertising campaigns. On the creative side of the business, advertising is increasingly developed with sharing as an objective: will consumers feel motivated to post a commercial on their Facebook page or forward a YouTube link via e-mail to their friends and family? Sex appeal, surprise, entertainment, and humor are some of the tools that are being employed to motivate that sharing. Meanwhile, on the media side of the business, agencies are shifting some of their spending to online social networks in the hopes that they can increase the odds of online sharing.

Joe Tripodi, the Coca-Cola Co. chief marketing officer, has neatly summarized the change in marketers' thinking, calling for more emphasis on consumer "expressions" in addition to consumer "impressions." Expressions, he says, reflect active engagement with content, whereas impressions—or mere exposure to content—are passive. "[Impressions] give us no real sense of engagement, and consumer engagement with our brands is ultimately what we're trying to achieve," wrote Tripodi in a *Harvard Business Review* online article (Tripodi, 2011).

MEASURING WORD OF MOUTH HOLISTICALLY

In fact, expressions are of paramount value and worth pursuing aggressively: brand advocacy drives sales.

Marketers also need to think more holistically, however, about what such "expressions" are and how to achieve (and measure) them. Specifically, they must recognize that expressions occur most often face to face or voice to voice rather than online. To take a strictly digital perspective limits the impact of the overall marketing effort and misses out on the true power of word of mouth (WOM), which McKinsey & Co. has called "the most disruptive force in marketing" (Bughin, Doogan, and Vetvik, 2010).

In fact, 75 percent of all consumer conversations about brands happen face to face, and another 15 percent happen over the phone and only about 10 percent online.[1] The average American consumer engages in conversations about 10 brands per day; on average, 9 of those 10 happen offline. The authors estimate there are 15 billion brand impressions every week in the United States that come via WOM conversation. Further, those conversations have a powerful impact: people ascribe a high degree of credibility to the things they hear, and their purchase intent is high as a result of those conversations.

The fact that most WOM discussions take place offline—again, primarily face to face—means that marketers cannot rely on the magic elixir of social media to drive those conversations. Instead, they need to deploy a more robust set of tools to drive brand advocacy. For instance, nearly half of all conversations about brands make reference to some type of media or marketing, be it advertising, point-of-sale activity, a brand Web site, or another consumer touch-point.

In the remainder of this article, the authors discuss the latest research about the central role that WOM advocacy plays in the consumer marketplace and describe why they believe that the wall separating traditional advertising from the nascent field of WOM advertising needs to be torn down, as the advertising profession discovers the connection between stimulating conversations and advertising effectiveness.

Given the importance of WOM to the way consumers make decisions, the traditional advertising model needs to shift. The objective for marketers should be to create advertisements that spark conversation; the conversation then persuades the prospect, which leads to a purchase.

WORD OF MOUTH DRIVES SALES

WOM drives a high degree of credibility and impact that comes as a result of WOM. On average, across 15 different product and service categories, 58 percent of consumers ascribe high credibility to the information they hear from others during a WOM conversation; 50 percent say they are very likely to buy as a result of that conversation (Figure 1).[2]
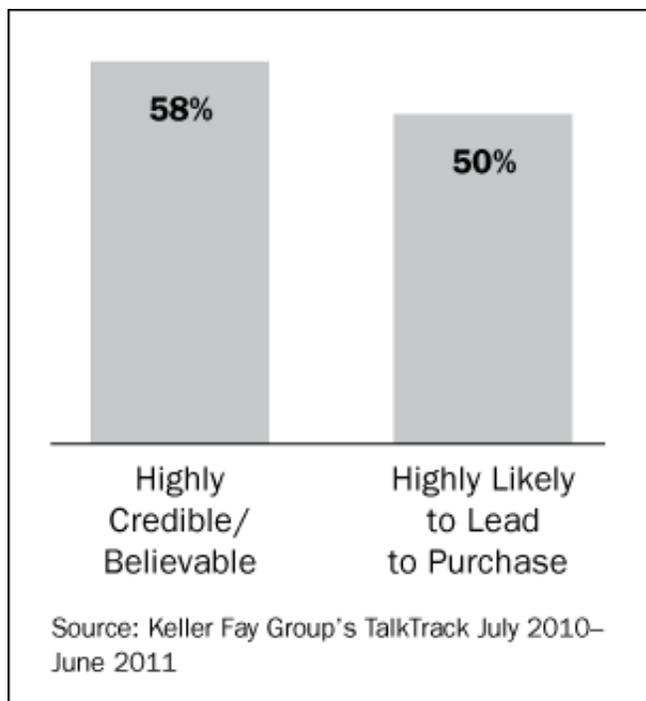

Figure 1 Percentage Rating WOM Highly Credible or Likely to Lead to Purchase, "9" or "10" on 0–10 scale.

Does the stated "likely-to-buy" intent really lead to purchase? How much of the purchase can be attributed to the word-of-mouth conversation rather than other forms of marketing activity—including advertising—that also could drive sales? Is WOM really a metric that companies should focus on as part of their brand health dashboards?

In recent years, market-mix modeling has allowed the marketing community to delve more deeply to answer those questions. And the answer is a resounding affirmation that WOM matters in significant, quantifiable ways.

One example is provided by work conducted by Accenture on behalf of AT&T, one of the largest advertisers in the United States and a marketer with a well-developed marketing-return on investment program (Pharo, Sato, and Fay, 2011). AT&T uses market-mix modeling to optimize its deployment of media and other marketing expenditures. As with many marketers, the company discovered that it was overwhelmed by "metrics clutter" as a result of literally hundreds of different data series.

Management wanted to know which metrics—in addition to media—had the greatest impact on sales of new wireless accounts ("gross adds"[3]) and on disconnects ("churn"). Using structural equation modeling and other statistical techniques, AT&T created a purchase-funnel model that identified which metrics had the most significant influence on gross adds and which other so-called "upstream" metrics drove these key metrics. Among the many findings, the analysis discovered that positive WOM was one of the most powerful metrics directly influencing AT&T's sales. Unaided advertising awareness—a top-of-funnel metric—also was a strong driver.

As a result of these findings, AT&T introduced WOM variables into traditional market-mix models. The new model used gross adds as dependent variable; media, pricing, product innovation, messaging performance, competitive, and

other relevant marketing/environmental factors were incorporated as independent variables. WOM proved to be a powerful, statistically significant sales driver in these models, explaining more than 10 percent of sales volume—a performance that made it one of the top influencers of gross adds; paid media were found to be the leading sales driver—driving an estimated 30 percent of sales—but WOM clearly was one of the top influencers of gross adds.

Models of this type have been constructed by other companies as well, and the results generally confirm the conclusion that was drawn from the AT&T model. "Conversation" should be a top marketing objective, as it contributes in significant and quantifiable ways to sales. Talk is not only a "nice-to-have" attribute, it's a *must*-have. Learning how to maximize word-of-mouth advocacy needs to be a critical marketing (and business) objective.

TOWARD A BETTER ADVERTISING MODEL

Advertising as we know it does need to change if it is going to deliver against marketers' expectations. The retailer John Wanamaker famously said, "Half the money I spend on advertising is wasted; the trouble is I don't know which half." Amazingly this is probably still true and, as the cost of advertising continues to rise, advertisers are demanding a better return on their investments.

Consumers are frustrated, too. They are inundated by commercial messages: on TV screens at the checkout aisle and behind the deli counter, on their mobile devices, on posters on the walls of public restrooms, and even in doctors' offices. Much of the advertising they see is not relevant to them, or it interrupts them, or it offends them, or it bores them. For every award-winning ad, consumers see or hear scores that are dull, vapid, or offensive. There's no question that consumers would prefer to see and hear advertising that is more relevant to them—to their needs, their interests, their lives. Reducing the amount of irrelevant or uninteresting advertising would be welcomed by consumers and good for advertisers.

The importance of WOM to the success of advertising is starting to be more widely recognized in creative circles. One reason is that ad executives are very focused on online social media and want to see their campaigns uploaded, forwarded, tweeted, and shared. Although social media are just a small part of the opportunity, as this book demonstrates, it is helpful that "sharing" is becoming an objective for creative officers in advertising agencies.

We believe advertising works primarily by generating conversations among informed people who then spread the news—and their recommendations—to new customers.

Advertising that is designed primarily to reach prospects, especially loyalists of competitive brands, is unlikely to have an impact because of inattention or preexisting opinions that are hard to sway. You need current customers to help with the persuasion process if converts are to be won. In other words, preach to the choir, providing them with a melody that can, in turn, help them persuade their friends and family to join your flock of customers.

Although this sounds like a fairly simple idea, it involves radical changes in advertising. For the most part, it means that advertisers should focus less on targeting prospective customers for the purpose of direct persuasion. Though advertising aimed at creating awareness has an important role to play, the sale is not generally going to happen because of mere ad exposure. Instead, advertisers should be targeting two key types of people: the consumer influencers, people who are interested in information and very engaged in spreading information through their social networks; and current customers and advocates of the brand who are ready to be rallied to the cause. A benefit of this change in targeting is that it will reduce the amount of irrelevant advertising consumers are being exposed to daily, generally without much negative effect. It is a win–win for both the advertiser and the consumer.

To be effective, the content of advertising messages should lend itself to word of mouth. This means messages need to be simple, memorable, and worthy of sharing; ideally, they should evoke emotion and disrupt people's schemas, both of which compel people to share what they have learned with others. There are many approaches to achieving this, and not all require a "breakthrough" or funny creative idea. Ad messages that focus on meeting people's needs, solving a problem, or providing "new news" are likely to be more effective than ads that are primarily funny for the sake of being funny or creative for creativity's sake.

Ernest Dichter provided concrete ideas to advertisers about ways to "earn" WOM and thereby earn a bigger return on their investment in paid media. Although his advice is almost 50 years old, many of his ideas are similar to the guiding principles that social media and WOM practitioners deploy today. Some of these include the following:

• Advertisers should provide "proof of friendship" to the consumer to separate themselves from their role as "sales channel." Examples include providing small but thoughtful "gift packages" to say thanks; helping your customers to feel that they are being initiated into an "exclusive" group by using your product; and "establishing audience kinship" through the messages and style of your advertising to illustrate that you have things in common with your customers and truly understand them.

• "Trace [the] company myth"—that is, convey the backstory of the product's founding or the way early consumers used it—to personalize the product and create authenticity. This approach allows customers to see themselves as being connected to a long tradition or perhaps to a very recent innovation.

Keller, Ed, and Brad Fay. *The Face-to-Face Book: Why Real Relationships Rule in a Digital Marketplace.* New York, NY: Free Press, 2012, pp. 103–106.

WORD OF MOUTH MAKES ADVERTISING WORK BETTER

The fact that market-mix models find that both advertising and WOM are significant sales drivers leads to a critical question: should the two operate independently, or do they work more forcefully together?

The authors' 2009 research indicated that 20 percent of WOM discussions refer to paid advertising in media (Keller and Fay, 2009). When compared with other WOM discussions about products or services, such "advertising-influenced" conversations, are significantly more likely to involve recommendations to buy or try a brand when compared with other WOM discussions about brands. Moreover, these findings hold across a range of product categories.

Since that initial study, further analysis[4] has revealed that the role of advertising in WOM is even stronger, with 25 percent of all consumer conversations about brands involving discussion about advertising (Keller and Fay, 2012). By our estimate, that translates into more than 3.8 billion instances every week in America when consumers are exposed to brands through WOM conversations that are sparked by (or include references to) advertisements. Further, although there is some variation by category, that finding still is largely true across categories (Table 1).

TABLE 1
One-fourth of Brand WOM References Ads

Industry	% of WOM Influenced by Advertising
Media/Entertainment	31
Telecommunications	29
Personal Care/Beauty	28
Technology	27
Automotive	27
The Home	27
Household Products	26
Retail/Apparel	25
All Category Average	**25**
Travel Services	25
Food/Dining	24
Children's Products	23
Beverages	22
Sports/Hobbies	21
Financial Services	19
Health/Healthcare	18

Source: Keller Fay Group's TalkTrack July 2010–June 2011.

Of the brand conversations in which consumers talk about advertising, television advertisements are the most prevalent, a fact that is consistent with the fact that more money is spent on television advertising than any other medium. On a collective basis, other forms of advertising—the Internet, newspapers, magazines, radio, outdoor, and so on—are about on par with TV. In the authors' view, this means that all media should be considered as candidates for driving WOM (Table 2).

TABLE 2

Ads that Spark WOM by Medium

Type of Ad	% Referenced in WOM
Television Ad	11.4
Internet Ad	4.5
Newspaper Ad	4.0
Magazine Ad	3.0
Radio Ad	2.0
Billboard Ad	1.7
Any Other Ad	2.8

Source: Keller Fay Group's TalkTrack July 2010–June 2011.

The marketing scientists at analytics firm MarketShare recently undertook research that sought to document the close alignment between WOM and marketing investment—or, more specifically, "to highlight the significance of Social Voice in the consumer decision journey, and to provide marketers with specific guidance on effective management of Social Voice to optimize marketing investments" (Fay, Vermut, and Baran, 2013).

The article defined "Social Voice" as online and offline brand mentions and conversations that occur among consumers. The study incorporated Social Voice data into multi-year time-series modeling data sets that also included marketing spend (both media ad spend and non-media marketing spend) and media performance, and online and offline actions and outcomes (including sales). Brands from multiple product categories were studied, and a typical data set included 3 to 5 years of data on a weekly interval.

Perhaps the most dramatic of the findings is this:

Results indicate that a significant percentage of marketing's impact is delivered through Social Voice—in the cases that were examined, between 10 percent and 54 percent—suggesting that Social Voice is a key element of the consumer decision journey. Social Voice helps to bridge the distance between awareness, interest (driven by media) and consideration, and finally sales.

In other words, without WOM, marketing would be far less effective.

And like the AT&T market mix model, this study also examined the direct effect of Social Voice on financial outcomes and concluded that a 10-percent increase in Social Voice resulted in sales lift of between 0.2 percent and 1.5 percent directly.

Taken together, these findings confirm that WOM is a critical force to drive sales directly and also works concomitantly with marketing to drive sales.

Although the findings are new and compelling, WOM marketing, in fact, is not a new phenomenon at all. Nearly 60 years ago, a seminal piece of research called "Personal Influence" identified the process of WOM exchanges as essential intermediate steps in the communications flow, between the paid message and consumer behavior change (Katz and Lazarsfeld, 1955). Eleven years later, the eminent market researcher Ernst Dichter introduced the phrase "Word of Mouth Advertising" in the marketer's lexicon with his *Harvard Business Review* article, "How Word-of-Mouth Advertising Works" (Dichter, 1966). Dichter provided advertisers with practical ideas for using paid advertising to stimulate word-of-mouth reinforcement.

THE OTHER SOCIAL REVOLUTION

The last few years have produced two "social" revolutions:

- The advent of online social-networking tools, emanating from Silicon Valley and other centers of digital technology, and
- scientists working in diverse fields such as evolutionary biology, neuroscience, anthropology, and psychology are discovering that emotion and social influence are hard-wired into the human brain—a revolution that may have quieter immediate impact but also may have greater long-term significance (Christakis and Fowler, 2010; Wilson, 2012; Brooks, 2011; Earls, 2007).

Our species has evolved to be supremely social—even "eusocial" in the parlance of biologists—as we constantly are being affected by social cues around us. The rise of online social media is an outgrowth—not a cause—of our social nature. Though their effects are important, they are more limited than many marketers assume.

Advertising and WOM are inextricably linked: WOM has proven to be highly credible and linked to sales; advertising has been proven to help spark conversation.

The authors believe that the most effective advertising is advertising that gets people talking. The creative side of advertising must embrace this reality and begin designing communications intended to trigger conversation. So, too, should media planners think about how, when, and where to reach consumers at moments most likely to lead to conversations and engagement.

The key to marketing success in this WOM era is to think first and foremost about social *consumers* rather than social *media*. As Paul Adams, Facebook's global head of brand design, once observed, "You need to reorient your business around people, not technology. Don't have a Facebook strategy or a Twitter strategy or a Foursquare strategy. Map to human behavior and not to technology" (Keller and Fay, 2012).

Starting with a people strategy means asking first what are the stories that consumers share with one another about your brand or your category.

Stories are how emotions are best conveyed; people like to share stories. If a brand story fits with the consumer's stories, it will be shared; if not, it will not.

It is the job of brand strategists to determine who are the people who are most likely to talk about their brand or their category and seek to understand when, where, and why people talk. Then—and only then—should the focus turn to the channels through which WOM is best shared.

In this regard, it is important for marketers to remember that it is not just online social media that drive conversation but, rather, far larger numbers of conversations are being driven by television, print, in-store, out of home, and the Internet.

All media are social, and so is the most effective advertising.

References

Ad Age Digital. "Online Video: Old Spice the Most Viral Video of the Year—Again," Retrieved December 29, 2011, from http://adage.com/article/the-viral-video-chart-weeks-most-popular-branddriven-viral-ads/spice-viral-brand-year-video/231780/?utm_source=daily_email&utm_medium=newsletter&utm_campaign=adage.

Brooks, D. *The Social Animal: The Hidden Sources of Love, Character, and Achievement.* New York, NY: Random House, 2011.

Bughin, J., J. Doogan, and O. J. Vetvik. "A New Way to Measure Word-of-Mouth Marketing." *McKinsey Quarterly,* April (2010). Retrieved September 27, 2012, from http://www.mckinseyquarterly.com/A_new_way_to_measure_word-of-mouth_marketing_2567.

Christakis, Nicholas A., and James H. Fowler. *Connected: The Surprising Power of Our Social Networks and How They Shape Our Lives.* New York, NY: Little, Brown, 2010.

Dichter, Ernest. "How Word-of-Mouth Advertising Works." *Harvard Business Review* 44, 6 (1966): 147–160.

Earls, Mark. *Herd: How to Change Mass Behaviour by Harnessing Our True Nature.* Hoboken, NJ: Wiley, 2007.

Fay, Brad, Marc Vermut, and Ronen Baran. "Quantifying the Role of Social Voice in Marketing Effectiveness" (forthcoming March 2013 in the *Journal of Advertising Research*).

Griner, David. "Hey Old Spice Haters, Sales Are Up 107 percent." *Adweek*, July 27, 2010. Retrieved December 20, 2011. from http://www.adweek.com/adfreak/hey-old-spice-haters-sales-are-107-12422 .

Hallerman, David. "What Marketers Can Learn from the Old Spice 'Your Man' Campaign." *Advertising Age*, August 26, 2010. Retrieved December 20, 2011, from http://adage.com/article/digitalnext/marketers-learn-spice-man-campaign/145603/ .

Katz, Elihu, and Paul Felix Lazarsfeld. *Personal Influence: The Part Played by People in the Flow of Mass Communications.* New York, NY: Free Press, 1955.

Keller, Ed, and Brad Fay. "The Role of Advertising in Word of Mouth." *Journal of Advertising Research* 49, 2 (2009): 154–158.

Keller, Ed, and Brad Fay. *The Face-to-Face Book: Why Real Relationships Rule in a Digital Marketplace*. New York, NY: Free Press, 2012.

Morrissey, Brian. "Old Spice's Agency Flexes Its Bulging Stats." *Adweek,* August 4, 2010. Retrieved December 20, 2011, from http://w w w .adw eek.com/adfreak/old-spices-agency-flexes-its-bulging-stats-12396 .

Parpis, Eleftheria. "Spice It Up." *Adweek*, July 26, 2010. Retrieved December 20, 2011, from http://w w w .adw eek.com/new s/advertising-branding/spice-it-102895?page=1-branding/spice-it-102895?page=1.

Pharo, Greg, Matthew Sato, and Brad Fay. "How WOM Drives AT&T's Sales." presentation at the Advertising Research Foundation's Audience Measurement 6.0 Conference on June 13, 2011. Retrieved December 20, 2011, from http://w w w .slideshare.net/kellerfay/w ord-of-mouths-role-in-driving-sales.

Stroomedia. "Old Spice Responses Case Study." Retrieved December 20, 2011, from http://w w w .youtube.com/w atch?v=fD1WqPGn5Ag, August (2010).

Tripodi, Joe. "Coca-Cola Marketing Shifts from Impressions to Expressions." Retrieved September 4, 2012, from http://blogs.hbr.org/cs/2011/04/coca-colas_marketing_shift_fro.html/, April (2011).

Wilson, E. O. *The Social Conquest of Earth*. New York, NY: Liveright, 2012.

[1] *TalkTrack, a continuous research service of the Keller Fay Group that uses a daily online survey with the assistance of a diary to track both offline and online conversations about brands and the forces that drive them. These surveys are among 36,000 consumers across the United States annually, and data are weighted to Census. The Keller Fay Group also has a continuous TalkTrack study in the United Kingdom.*

[2] *Keller Fay Group's TalkTrack July 2010–June 2011*

[3] *"Adds" is the term AT&T uses for new customers (e.g. adds is short for additions to the customer base.)*

[4] *Keller Fay Group's TalkTrack July 2010–June 2011.*

About the authors

Ed Keller is CEO of the Keller Fay Group, a word-of-mouth research and consulting firm with offices in the United States and the United Kingdom. Keller's newest book, The Face-to-Face Book, was co-authored with Brad Fay and published in May 2012 by Free Press/Simon & Schuster. The publication of his 2003 book, The Influentials, has been called the "seminal moment in the development of word of mouth." Keller is a past president of the Word of Mouth Marketing Association and of the Market Research Council. In 2011, he was awarded a Great Mind Award from the Advertising Research Foundation, where he was a long-time Board member. Email: ekeller@kellerfay.com

Brad Fay is the chief operating officer of the Keller Fay Group. With Ed Keller, he is co-author of The Face-to-Face Book, published in May 2012 by Free Press/Simon& Schuster. He is the winner of the Grand Innovation Award from the Advertising Research Foundation for the development of Keller Fay's TalkTrack, the only continuous measurement system for word of mouth covering offline and online word of mouth. Fay is a member of the board of directors of the Word of Mouth Marketing Association and treasurer of the Market Research Council. Email: bfay@kellerfay.com