

WHAT'S THE WORD?

Spurred on by the realization that no advertising can match the impact of an unsolicited testimonial, marketers around the world are seeking ways to leverage Word of Mouth. But if marketers go too far in trying to manipulate Word of Mouth, they risk not only negating the benefit but turning it against their brand. So how do you effectively leverage the power of personal recommendation to build a brand?

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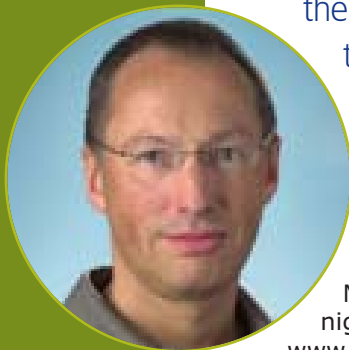
People talk to each other. That's nothing new. But increasing numbers of marketers are now seeing an opportunity for Word of Mouth (WOM) to play a more prominent role in their communications plan. Why?

First, there is little doubt that Word of Mouth does relate to sales and brand performance. Projects conducted by Millward Brown find WOM to be one of the most influential touchpoints in creating brand demand and informing the decisions of people actively shopping a category. The London School of Economics Advocacy Growth Study 2005 confirmed previous work by Frederick Reichheld in the United States, finding that "Word of Mouth advocacy is linked to company growth in the UK; the more brand advocates you have, the higher your growth."

Second, there is good reason to believe that Word of Mouth has more influence today than it did previously. Three factors have increased the relative impact of WOM in today's marketplace: increased consumer distrust of traditional marketing communications, a multiplicity of brand choices in most product and service categories, and increased speed and breadth of dispersion of information via new communication technologies. In this environment, marketers who do not develop a strategy to harness the power of WOM may see their brands carried away on the tide of popular opinion.

Clouding most discussions of Word of Mouth is a lack of clarity as to what exactly is meant by the term. We use "Word of Mouth" to refer to all the communication about brands which takes place on a consumer-to-consumer level. In the present day, this goes far beyond conversations at the water cooler or kitchen table to include communication sent via e-mail and mobile phones, and shared through chat rooms and blogs.

We separate these "C-to-C" messages into two types, according to their content: Buzz and Advocacy. Buzz reflects interest in something new, cool, different, or provocative, and forms a social currency, encouraging "pass along" from one person to another. When shared, buzz may reflect well on a brand, but is unlikely



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to influence purchase decisions directly. Advocacy, on the other hand, is Word of Mouth communication — positive or negative — focused on a brand and its merits. Advocacy is more likely to influence a brand choice in the short term, especially when it comes from a trusted source.

In terms of influencing purchase, we believe the power of a given piece of Word of Mouth is directly related to three factors:

- The proximity of the purchase decision
- The purchaser's need for advice
- The perceived reliability of the source

Therefore, when a confused and anxious shopper receives a recommendation from someone he regards as knowledgeable and independent, he is more likely to act on that advice than he is to heed suggestions from a viral marketing piece forwarded from a friend of a friend.

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In the developed world, much of the interest in Word of Mouth centers on the Web as a forum for sharing information and advice. However, while online WOM is extensively measured, it comprises only a fraction of the advocacy out there. A recent survey conducted by Millward Brown in the United States and the United Kingdom suggests that relatively few people use informal sources of online information (chat rooms, blogs, etc.) to guide their purchase decisions; the majority of shoppers turn to friends,

neighbors and colleagues for advice. Personal contacts were considered to be far more convincing than online sources, which only narrowly beat out company-led communications like Web sites and salespeople. In terms of the relevance of the information obtained, online sources ranked lowest of all and were the most likely to be disregarded.

We can hypothesize that the power of online Word of Mouth is diminished by both the receiver's lack of knowledge about who is providing advice, and the provider's lack of knowledge about who is receiving it. So when can online WOM act as a sales driver? First, when the risks involved are small. For instance, making demo CDs available over the Web helped the first album from the Arctic Monkeys become the fastest-selling debut album in British chart history. Second, when the WOM receiver has reason to believe the advice offered is relevant and sincere. So advice offered in a chat room of asthma sufferers can more readily be judged as trustworthy than an anonymous post on a travel site.

While most marketers like to focus on the upside potential of Word of Mouth, it also has a negative flip side. Negative WOM is thought to have greater longevity and dispersion than positive, so problems must be addressed quickly and effectively. Witness last year's furor over "rootkit" software found on Sony copy-protected compact discs. The discovery of the software, which reportedly not only protected the music but potentially opened the computer up to virus attack, was announced on a blog and sparked a wave of protest among the software and music communities. While Sony initially tried to downplay the issue, the company was eventually



forced to withdraw the content-protected CD's and the fiasco is still referenced online today.

So how do you craft a strategy to harness Word of Mouth? The following five guidelines are based on our observations of what works, and what does not.

Listen. Who is saying what?

Forget the idea that there is an elite group of trendsetters who shape our views on life and the universe. You need to find out who is important in your category. The proportion of people who are knowledgeable and willing to share their knowledge (referred to as "transmitters") will vary by category, and few people qualify as transmitters in more than one category. The proportion of people willing to talk about a product or service category is usually related to the interest that the category attracts. For instance, BMRB's Target Group Index tells us that in the UK, 9 percent of people can be classified as transmitters when talking about cars, but only 2 percent for household cleaners.

Listening to what is being said now will give you the best ideas on what might stimulate positive Word of Mouth in the future. It can also highlight significant issues with customer experience and suggest improve-

ments in your product, call center procedures or Web site.

Negative comments made by a current brand user may not only dissuade potential users but also signal a future defection.



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Be sure that your brand experience can stand up to scrutiny.

All the successful brands that grew through Word of Mouth have one thing in common. They provided a great brand experience. Google, iPod, and JetBlue all set out to serve a specific need and did it well — better, in fact, than their customers expected. As a result, those people spread the word on the brands' behalf.

But the power of advocacy cuts both ways. When people develop an emotional attachment to your brand, their feelings will power Word of Mouth — and when you disappoint them, that Word of Mouth may be negative. For example, the iPod, while becoming a brand icon, has been the center of much publicly discussed discontent. When it was discovered that the battery in the iPod could not be replaced, loyal brand users set up Web sites to protest. More recently, the Nano became the center of attention when it was discovered that some of the screens scratched easily.

When problems do develop, good CRM and monitoring systems will serve as early warning systems to help you remedy the situation before negative Word of Mouth has the chance to spread. Swift remediation of a negative experience is not only your best defense, but may actually result in positive WOM if customer expectations are exceeded.



Seek ways to nurture positive Word of Mouth.

Identify what will resonate most with the users who are already willing to recommend your brand, and then accentuate it. What makes your product or service unique to them? What can you give brand enthusiasts to talk about? If there is little differentiation in the category, what causes might be relevant both to potential transmitters and your brand's positioning? Focus on how to create direct involvement through advisory panels, exclusives, loyalty and member schemes. Test new ideas out with your existing proponents and listen to their reaction. P&G's Olay Regenerist brand recruited consumers to an advisory panel to help craft the Word of Mouth messaging that was later used to launch the brand.

Keep it real.

The power of Word of Mouth is founded in trust—trust that the person offering the advice has the receiver's best interests at heart. If a brand is caught trying to fake positive WOM or use it to actively promote marketing communication, then the backlash will be fierce. Being found out will have a double impact. The loss of trust reflects not just on the brand, but also on the dupes who had previously recommended it. They may become your most ardent detractors. Even then, however, all may not be lost. Vichy sought to launch its new anti-aging cream in France using "Claire's blog."

Because the blog was developed by the ad agency, not a "real" person, it rapidly came under fire for being a fake, and a few days

later was featured in a story in *Le Monde*. Vichy acted quickly to redress the situation, first apologizing, then making it transparent that the blog was corporate, and enlisting help from bloggers themselves. The end result was that the new blog became a successful part of the brand introduction, featuring uncensored testimonials from people who had tried the product.

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Choose your communication channel appropriately.

Traditional broadcast media are not the enemies of Word of Mouth. Brand advocates are often more interested in their category than other users, and, as a result, are often more aware of all forms of communication. They will magnify even your traditional messaging if it strikes the right chord. So if you want to craft a Word of Mouth strategy, first figure out what is going to resonate with your audience, then target them with the most appropriate channels, online or offline.

