How Social is Social Media, Really?

Presentation to:

cre
council for research excellence

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April 28, 2011

Keller Fay GROUP
Word of Mouth Research & Consulting

The Power of Word of Mouth

McKinsey&Company

"The rewards of pursuing excellence in word-of-mouth are huge, and it can deliver a significant competitive edge few other marketing approaches can match"

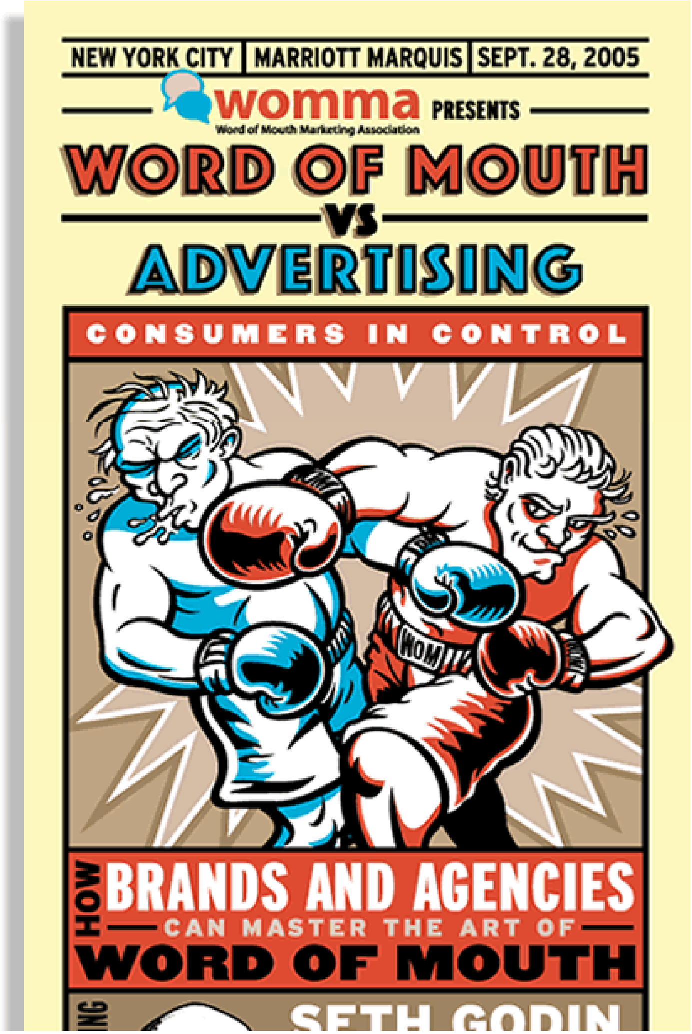
"It's the most disruptive factor in marketing"

"Marketing-induced consumer-to-consumer word of mouth generates more than twice the sales of paid advertising"

McKinsey Quarterly, April, 2010

Does WOM Displace Advertising?

- This is the 2005 perspective.



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What We Know Now

Word Of Mouth

Advertising

Social Media Are Exploding

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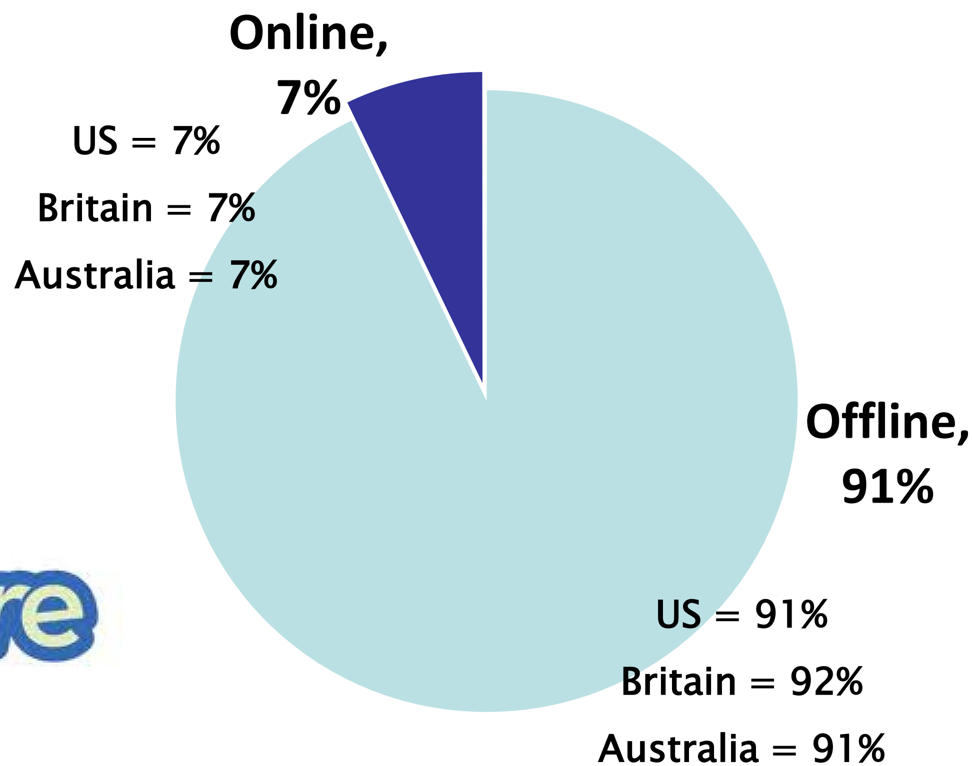
But is All the Action Really in Social Media?

- What percent of WOM happens on social media, blogs, chat rooms?



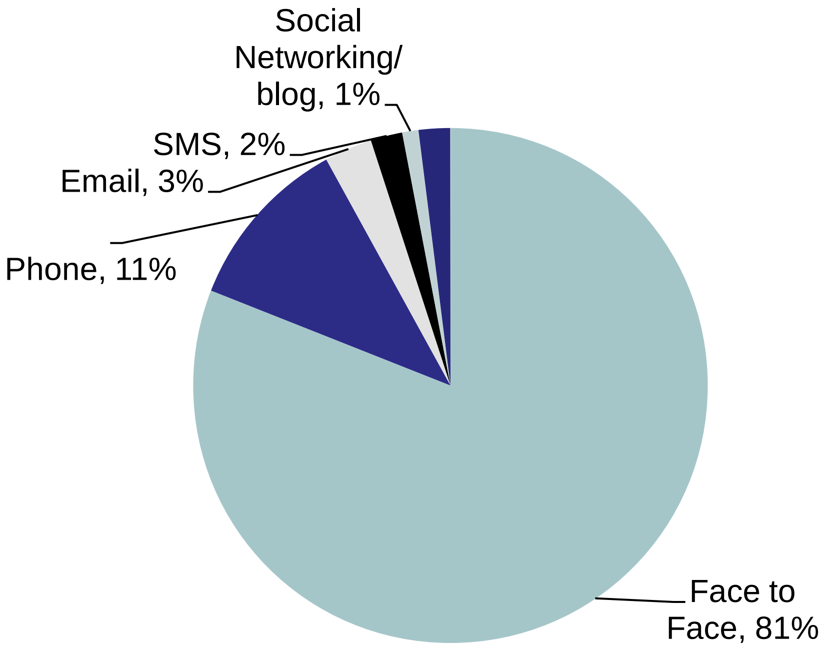
Source: TalkTrack®: US, July 2009 – June 2010; Australia, April 2010, Britain, May 2010

WOM Patterns Mirror How People Communicate Generally [UK]

Social networking represents just 1% of communication and of WOM

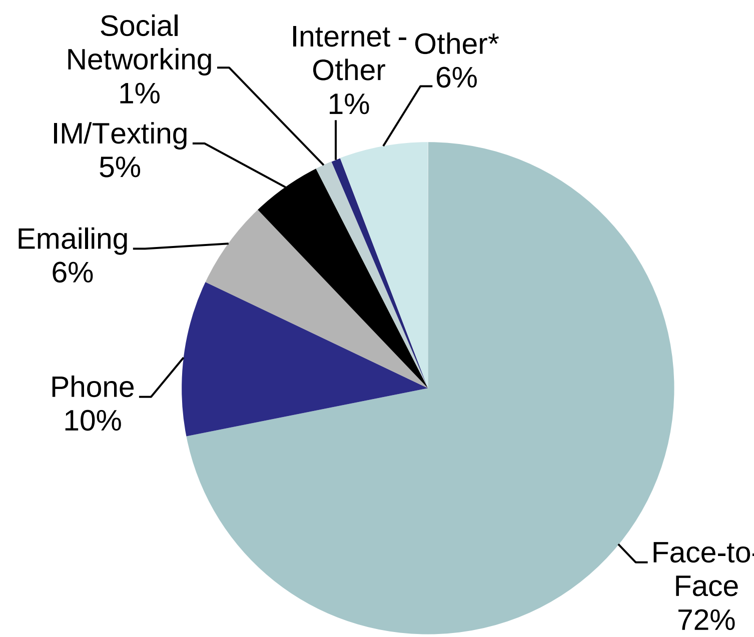
Share of Brand WOM

All Brands, According to TalkTrack® Britain



Share of Communicating Time

Whole Week, According to UK Touchpoints3



***Other represents "writing to someone" and selection of "other"**

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We See Two Opportunities in "Social Media" for Advertisers

- "Straight up" social media
  - Facebook
  - Twitter
  - FourSquare
  - Linkedin
  - And so many others….

- "Traditional media" that have "social value"
  - Television
  - Radio
  - Print
  - "Traditional" internet

It's all about starting productive conversations!

Leading Sources of "Social Value"

- The Message
  - WOM only happens when the message is talkworthy
- The "Audience"
  - Well connected
  - Frequent recommenders
  - Reliant on media/advertising
  - Trusted sources
- The Medium
  - Makes sharing easy
  - Reaches people in "social context"
  - Reaches people in "relevant context"

Social networking sites excel at some, but not all these values

Keller Fay's TalkTrack®:

A Unique Survey-Based Approach to Measuring WOM

All Forms of WOM via continuous survey

All Points of View

All People

All Categories

All Dimensions

All Brands

Media Audiences

U.S. since 2006

- 36,000

Interviews per year

- 350,000+

Brand conversations

International

- UK - 2010
- Australia - 2010

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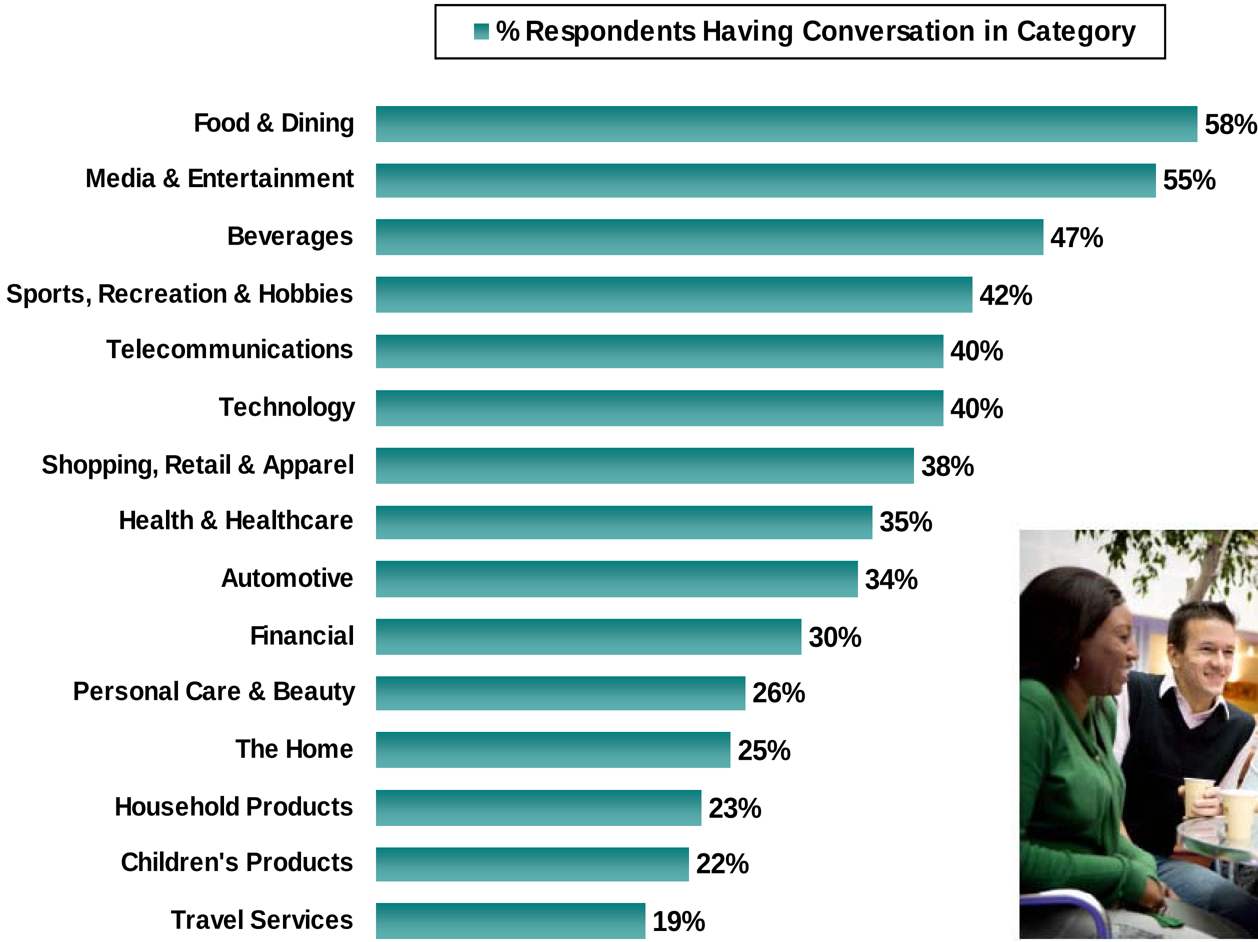
How Much WOM?

- How many WOM brand impressions every day in America?
- 3.3 billion
  brand impressions via word of mouth each day in America

Source: Keller Fay Group's TalkTrack®

Consumers Talk About Many Categories

(Percentage of respondents having at least 1 conversation in category)



Source: TalkTrack®, January – December 2010

Wharton Study: Large Differences In Categories Represented Online, Offline

Three categories account for 2/3 of all online talk about brands: media/ entertainment, auto, and tech.

Category	% of Offline	% of Online
Beauty products	5%	1%
Beverages	13%	3%
Cars	10%	17%
Children's products	2%	0%
Clothing products	7%	3%
Department stores	5%	4%
Financial services	4%	2%
Food and dining	12%	4%
Health products & services	3%	1%
Home design & decoration	1%	1%
Household products	2%	0%
Media & entertainment	9%	32%
Sports & hobbies	3%	8%
Technology products & stores	13%	17%
Telecommunication	9%	7%
Travel services	3%	1%

Source: "Multi-Channel Word of Mouth: The Effect of Brand Characteristics" by Renana Peres, The Hebrew University of Jerusalem and Ron Shachar, Fuqua Business School, Duke; Tel Aviv University. Offline Data from Keller Fay Group; Online data from Nielsen Buzzmetrics

Which Brands Win?

- Which brands get the most WOM in America?

1. Coca-Cola
2. WAL*MART
3. verizon
4. at&t
5. PEPSI
6. Ford
7.
8.
9. SONY
10. DELL

Base: Brand mentions across all categories (n=346,804)
Source: TalkTrack®, January – December 2010

Big Differences in "Sociability" of Brands, Online & Offline

- Only 3 brands in common among top 10.
- Biggest disconnect, Android: #4 in social media, #397 in TalkTrack®.

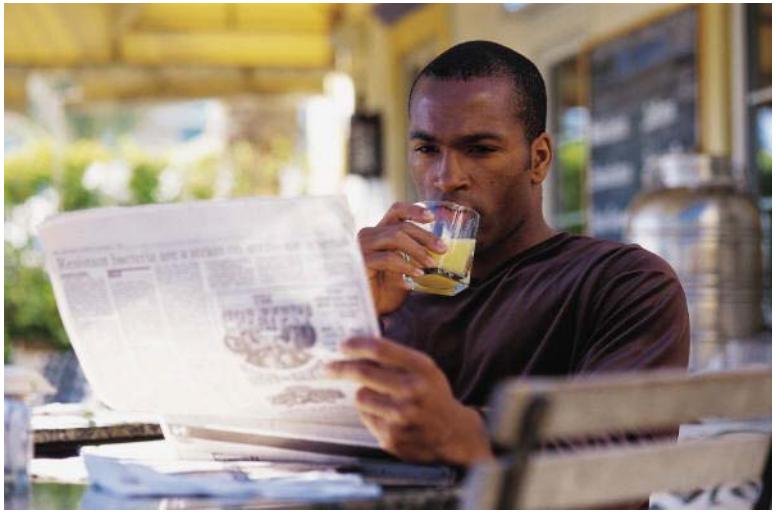
Brand	OFFLINE TalkTrack® Rank
Coca-Cola	1
Verizon	2
Walmart	3
AT&T	4
Pepsi	5
Ford	6
Apple	7
McDonald's	8
Sony	9
Dell	10

Brand	ONLINE Social Media Rank
iPhone	1
Blackberry	2
Disney	3
Android	4
iPad	5
Sony	6
Apple	7
MTV	8
Coca-Cola	9
Samsung	10

Sources: The Vitrue 100: Top Social Brands of 2010 (www.Vitrue.com), Keller Fay's TalkTrack®

Media Play a Big Role in Driving WOM

~ Half of consumer brand conversations refer to marketing or media



…led by television (18%)

Internet (15%)

point of sale (9%)

newspapers (6%)

magazines (5%)

direct mail/email (5%)

Marketing and media are tools for encouraging WOM

Source: TalkTrack®, January – December 2010

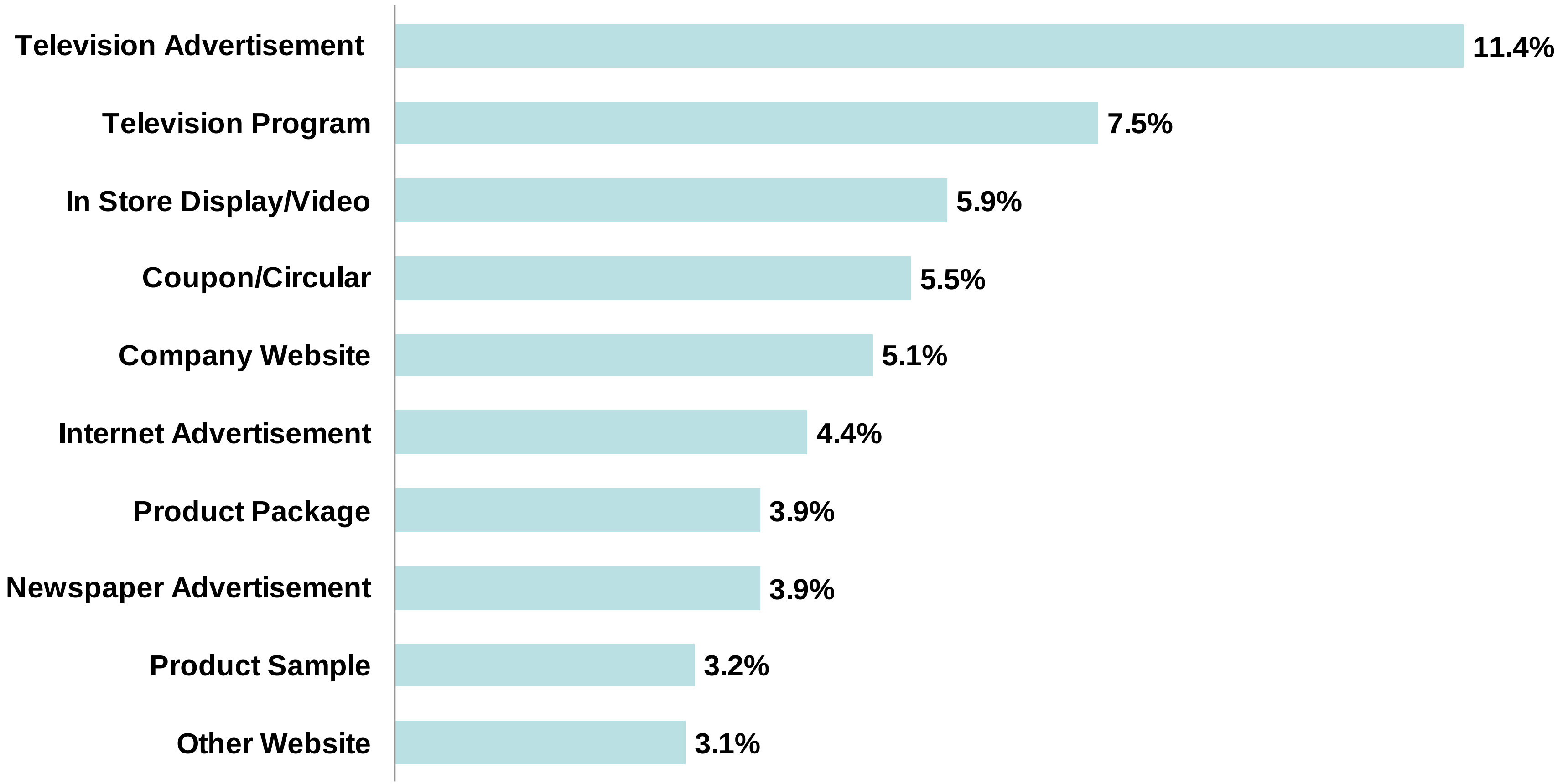
One-Quarter of WOM Directly Stimulated by Ads

Industry	% of WOM Influenced by Advertising
Entertainment/Movies	30.3%
Telecommunications	29.3%
Personal Care/Beauty	28.5%
Technology	28.1%
Automotive	27.3%
Household Products	26.0%
The Home	25.9%
Shopping/Retail	25.6%
All Category Average	25.1%
Travel Services	24.6%
Food/Dining	23.9%
Children	22.5%
Beverages	21.5%
Sports/Recreation	21.1%
Financial	19.0%
Health/Healthcare	17.5%

Base: Brand Conversations Influenced by Advertising, n=32,496
Source: TalkTrack®, January – December 2010

Multiple Touchpoints Contribute to WOM

(Top 10 touch points shown; % of word of mouth conversations driven by media/marketing)

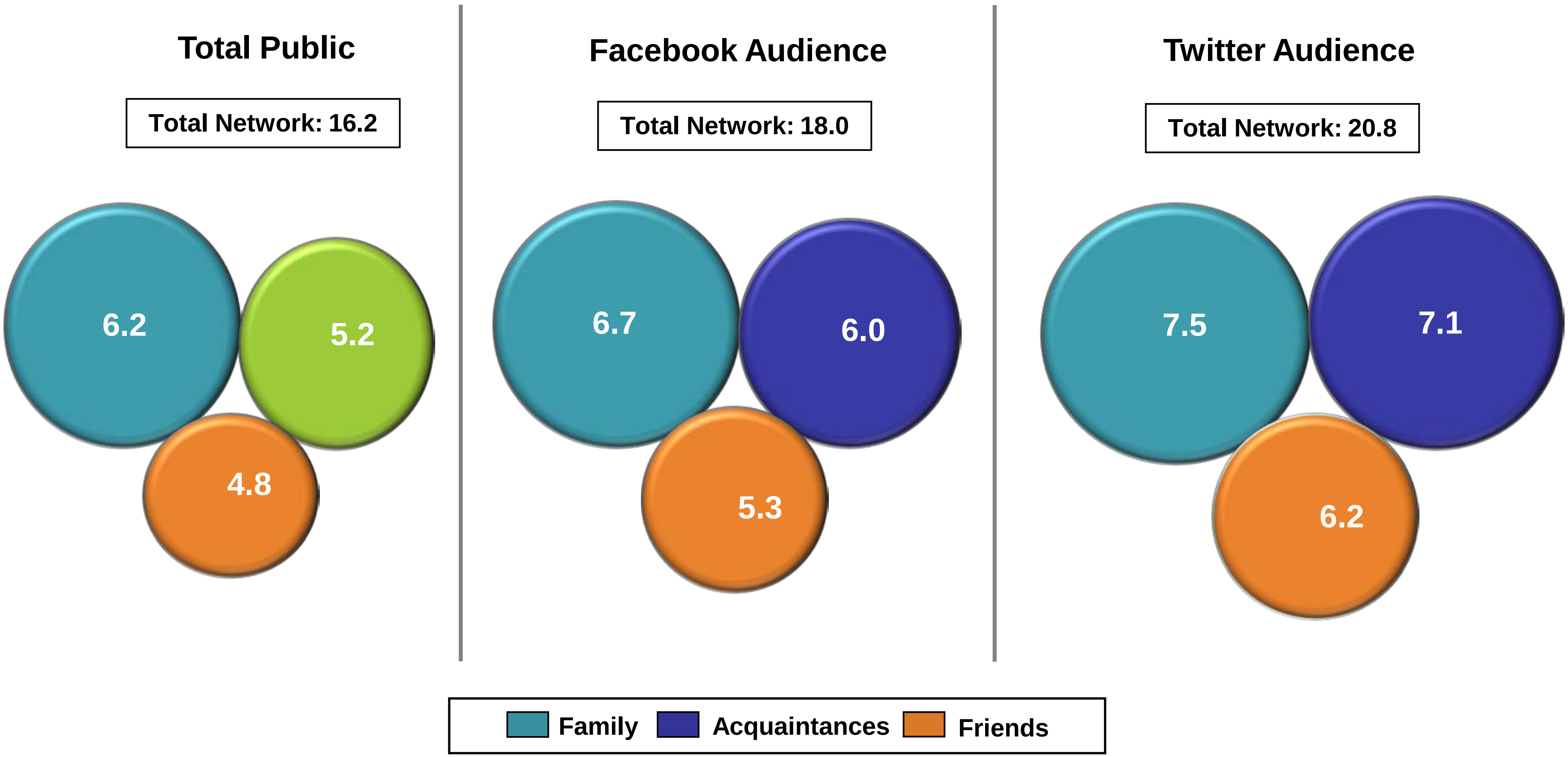


Base: Brand conversations across all categories (n=169,942)
Source: TalkTrack®, January – December 2010

Audience Value of
“Social Networking Online”

Facebook & Twitter Users Have Larger "Offline" Social Networks

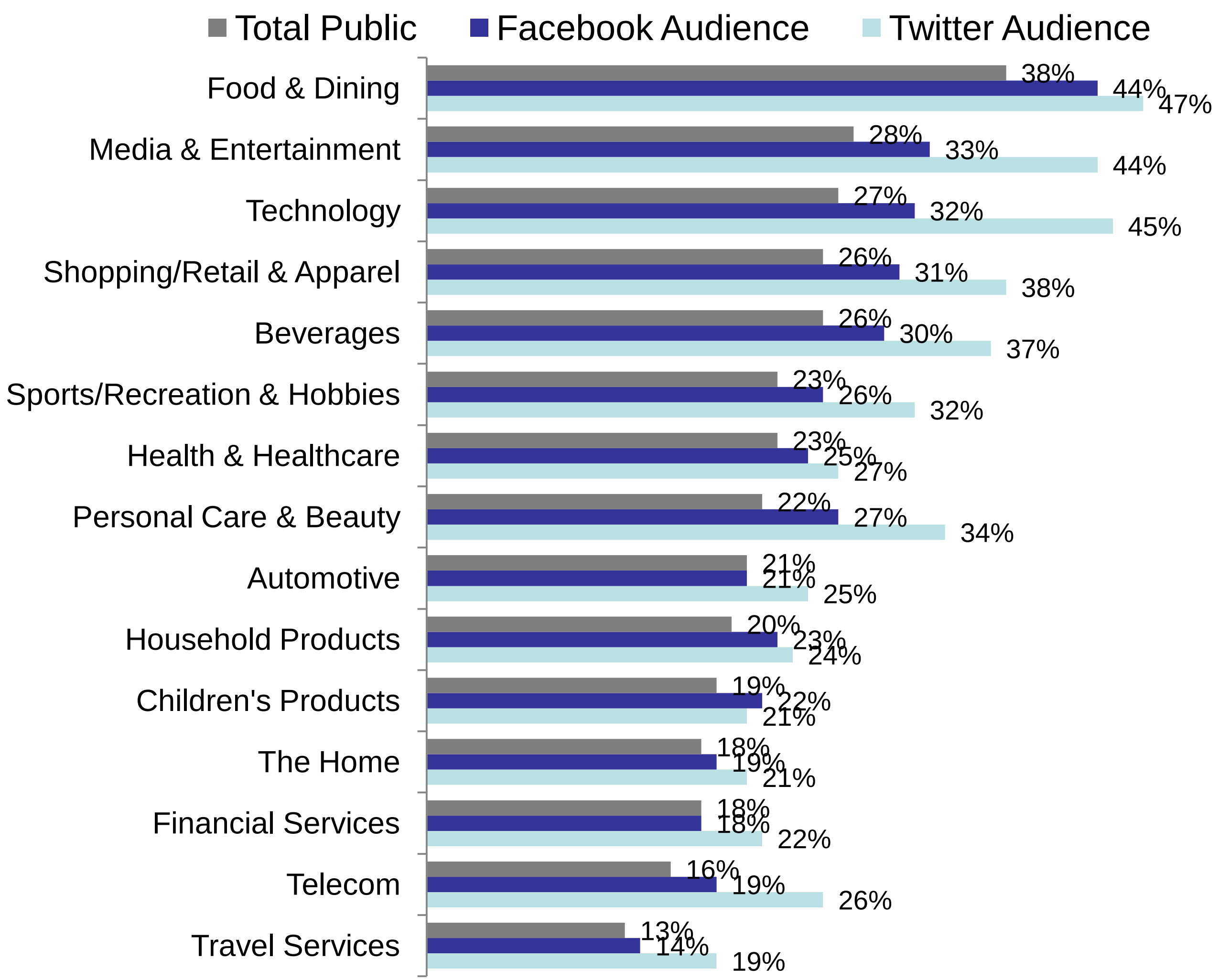
- Compared to the national average, Facebook (+11%) and Twitter (+28%) have larger than average social networks.



Source: Keller Fay TalkTrack®, January – December 2010

Facebook & Especially Twitter Users Recommend More Often, in All Categories

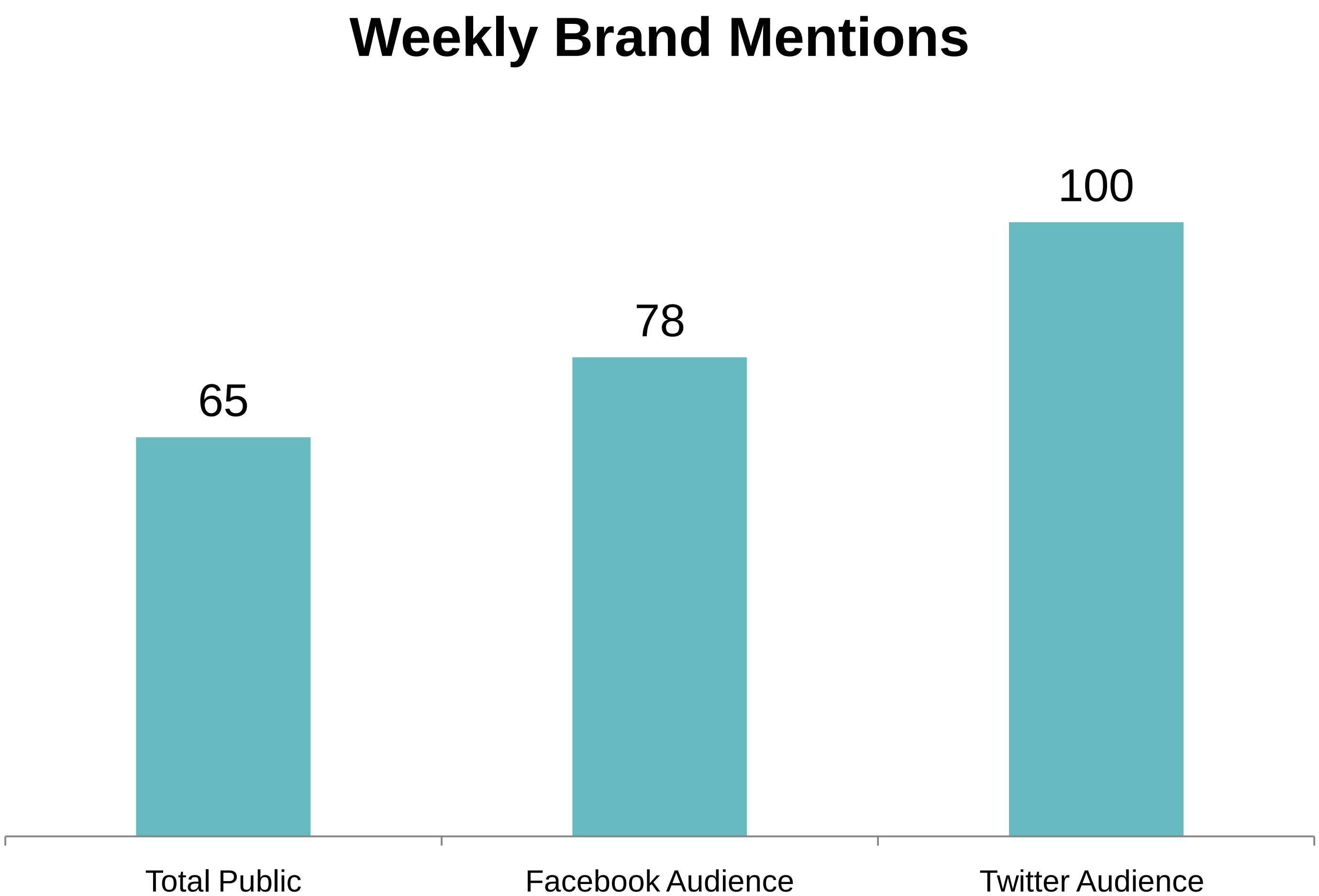
(% of respondents who give advice in each category)



Source: Keller Fay's TalkTrack®, January – December 2010

Facebook & Twitter Users Talk About More Brands

(Average number of weekly brand mentions)



Source: Keller Fay's TalkTrack®, January – December 2010

“Traditional” Media Also Offer “Social Value”

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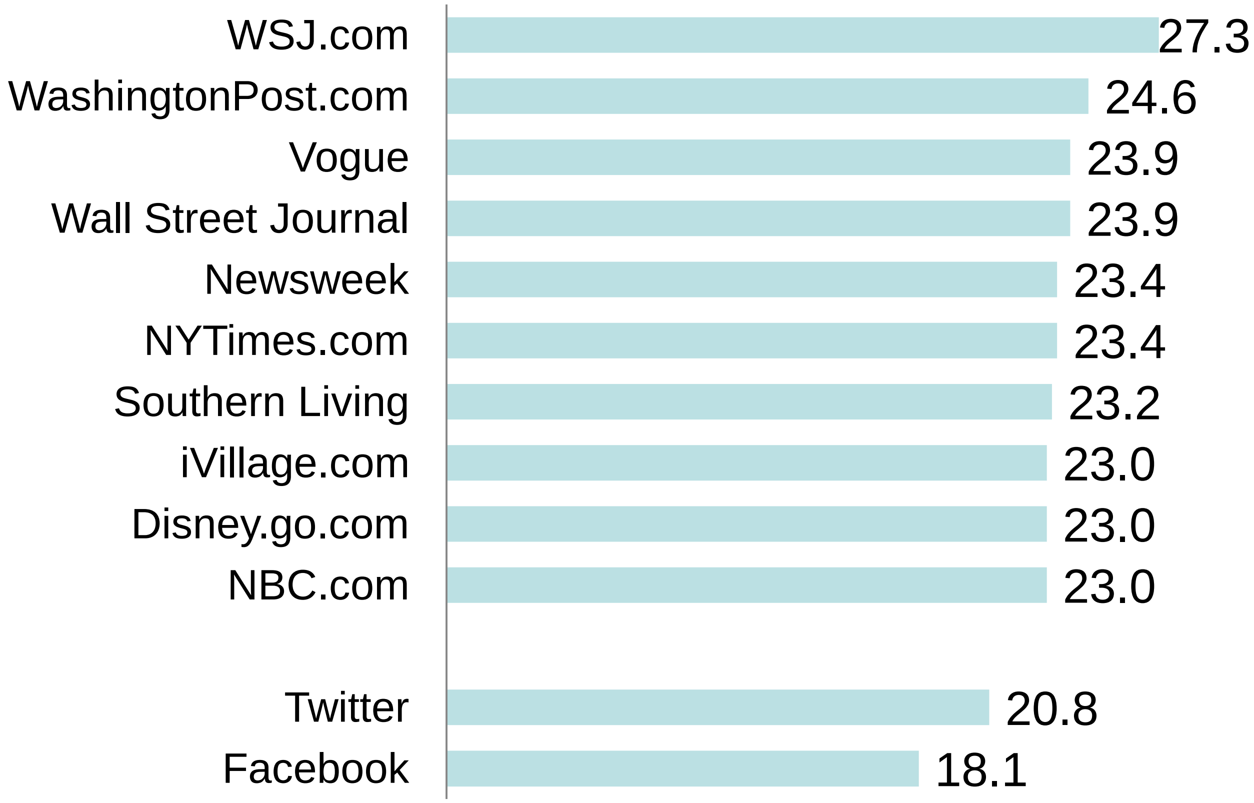
How Do Traditional Media Stack Up?

- TalkTrack® identifies over 100 media audiences
  - Print
  - Internet
  - TV
- We can evaluate each audience against total public in terms of various forms of "social value"
  - How much do they talk about brands?
  - How large are their social networks?
  - How many are "influencers"?

Some of the answers will surprise you!

These Audiences Have the Largest Social Networks

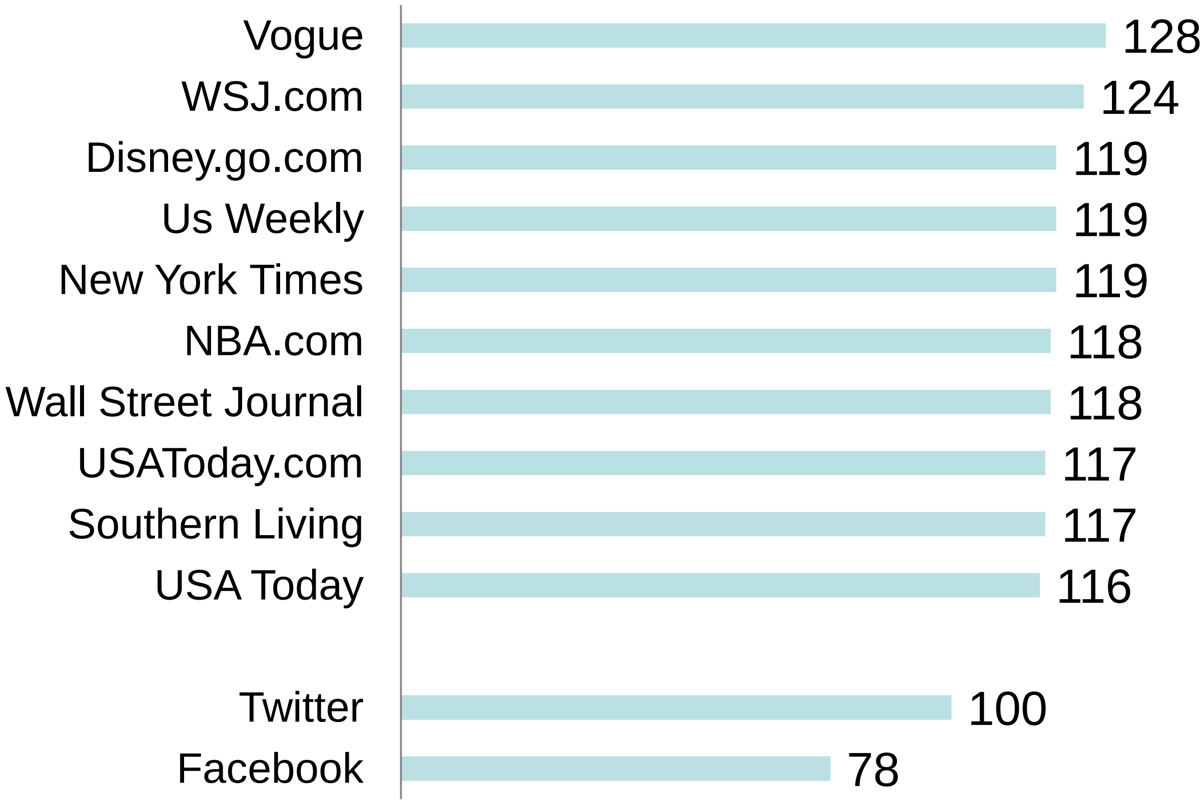
(Average number of people –friends, relatives, acquaintances—communicate with "fairly often"; top 10 media audiences of 113 shown)



Source: Keller Fay's TalkTrack®, January – December 2010

These Audiences Have the Most Weekly Brand Mentions

(Average number of brand mentions per week, top 10 of 113 media audiences shown)

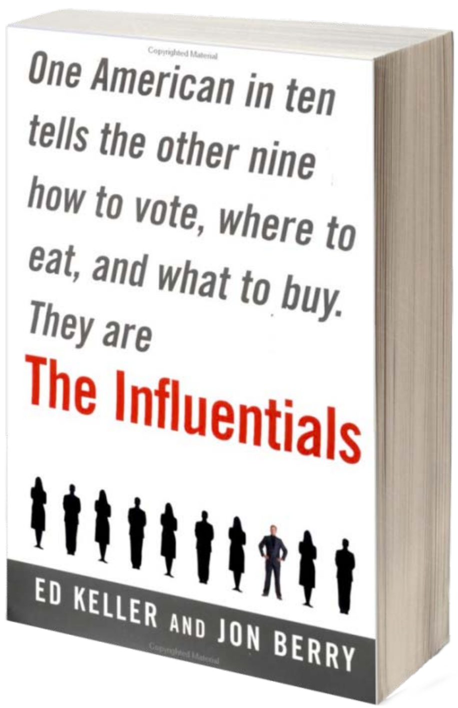


Source: Keller Fay's TalkTrack®, January – December 2010

Media Planning to Reach Influencers

When it Comes to Conversation, Not All Consumers are Created Equal

- 8% of population, influencers engage in 2x as much WOM as others
  - Influencer WOM is 3.8x as valuable
- Influencers are "everyday people" but are distinguished by:
  - Larger than average social networks
  - Keep with what's new
  - Are sought out for their advice



Print: The Wall St. Journal Has Highest Concentration of Conversation Catalysts™

(% of Conversation Catalysts™ in audience, indexed to total public; top 5 of 40 print media audiences shown)

Print Media Efficiency

Conversation Catalysts™	
Wall Street Journal	306
Vogue	282
Southern Living	281
National Geographic	278
New York Times	273

Base: Conversation Catalysts™ (n=3,182)
Source: TalkTrack®, January – December 2010

Print Media with Greatest Reach Among Conversation Catalysts™

(% of Conversation Catalysts™ in audience; top 5 of 40 print media audiences shown)

Print Media Reach

*Print Media Read Regularly**	Conversation Catalysts™
Better Homes & Gardens	18%
USA Today	18%
People	17%
New York Times	16%
Sports Illustrated	15%

Base: Conversation Catalysts™ (n=3,182)
*Regularly is defined as reading at least 3 times in the last 7 days for newspapers and at least 2 or last 4 magazine issues.
Source: TalkTrack®, January – December 2010

Online: News Sites Tend to Have High Concentrations of Influencers

(% of Conversation Catalysts™ in audience, indexed to total public; top 5 of 33 online media audiences shown)

Online Media Efficiency

Conversation Catalysts™	
WSJ.com	330
WashingtonPost.com	299
iVillage.com	296
NYTimes.com	287
USAToday.com	284

Twitter 203

Facebook 137

Base: Conversation Catalysts™ (n=3,182)
Source: TalkTrack®, January – December 2010

Websites Reaching Over Half of Conversation Catalysts™

(% of Conversation Catalysts™ in audience; top 5 of 33 online media audiences shown)

Online Media Reach

Websites Visited Regularly*	**Conversation Catalysts™**
Google.com	71%
Facebook.com	68%
Yahoo.com	58%
YouTube.com	56%
Amazon.com	47%

Twitter 17%

Base: Conversation Catalysts™ (n=3,182)
*Regularly is defined as visiting the website as least once a week.
Source: TalkTrack®, January – December 2010

These Cable Audiences Have the Highest Concentration of Influencers

(% of Conversation Catalysts™ in audience, indexed to total public; top 5 of 39 cable TV audiences shown)

Cable TV Efficiency

Conversation Catalysts™	
CNBC	192
MSNBC	184
E!	174
HGTV	171
CNN	171

Base: Conversation Catalysts™ (n=3,182)
Source: TalkTrack®, January – December 2010

Cable Networks With Greatest Reach re Conversation Catalysts™

(% of Conversation Catalysts™ in audience; top 5 of 39 cable TV audiences shown)

Cable TV Reach

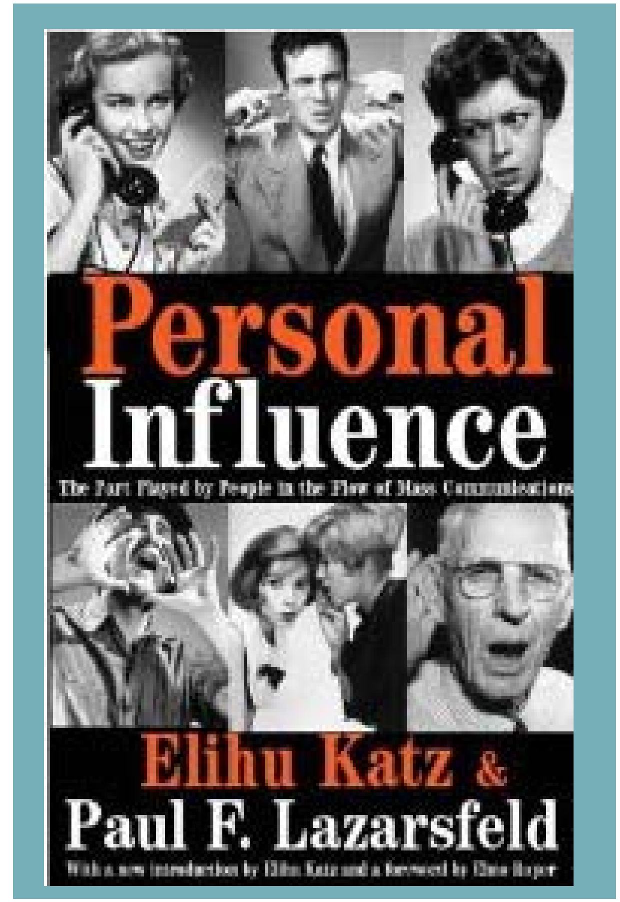
Networks Watched During the Last 7 Days	**Conversation Catalysts™**
Discovery	47%
ABC Family	46%
TNT	42%
USA	42%
Comedy Central	40%

Base: Conversation Catalysts™ (n=3,182)
Source: TalkTrack®, January – December 2010

All Media Are Social!

The “two-step flow” (1955)

- “Media have only ‘limited effects’ in the process of mass persuasion”
  - “A campaign of persuasion is more likely to reinforce than convert”
- “Messages are filtered through social networks and vetted in the light of group norms”
  - “Where you find an opinion leader, you are bound to find a conversation”
  - “Try to identify the points at which media enter the conversation”



Implications

- Consumer decision making is fundamentally "social"
  - Consumers value most the advice they get from other people, and are highly engaged in seeking recommendations
  - It is part of what makes us human, and it's always been an important part of how mass communications work.
- The dynamics of offline and online WOM: quite different
  - Be wary of projecting from online conversation to "all" conversation
- All media are social
  - A wide variety of media are able to reach "social" consumers
  - Look for audiences with lots of social relationships—offline as well as online
  - Audiences containing more "influencers" have the most social value
  - "Social network" investments should be integrated with broader strategies for media, marketing, and advertising

Thank you!

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Bringing best-in-class tools to word of mouth strategy and measurement

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