BRANDZ™
THE WPP BRAND EQUITY STUDY

Idle chitter chatter or influential spokesperson? When talk gets turned into action

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With so much choice facing consumers today, combined with a multitude of messages from different media sources, it is not surprising that personal interaction/recommendation can have an important role to play in brand choice.

Even if we switch the TV and radio off, we are constantly overwhelmed with offers through the post, on-line, ads staring at us from billboards the moment we walk in the street, ads on buses, taxis, the tube, shop windows groaning with goodies. There seems to be no end. Clutter, overwhelming choice and resulting confusion.

How do we cope? Who can we trust? Who can we turn to for advice?

This paper looks into 2 facets on consumer generated comment.
-Some brand users will recommend brands to others but they can also recommend against.
-Some categories lend themselves more easily to conversation whilst for others its more difficult to get people to talk.

Friends and family; the power of word of mouth

Most of us, in some way or another, play a part in brand/category communications by simply talking with others.
Whilst this may sound like yet more communications overload, the research we do constantly reminds us that the top source of 'trusted' information is usually friends, family, people we know – their opinion can count for a lot:

	%
Friends & Family	**47**
Advertising	39
Newspaper/Magazine articles	35
Internet	25
The news (TV, radio, newspapers)	24
TV programmes	22

Source: ReputationZ USA/UK (2007) (source of 'where' heard a lot of good things about a company).

Consumers who talk to other consumers are likely to have things in common, shared interests or experiences. They are credible. Therefore these people can become trusted advisors as their input is likely to be relevant, sincere and appropriate to purchasing needs.
This is supported by the results of the recent UK/USA ReputationZ survey (2007) – who do you trust?:

Net Trust (% 'completely/a little' minus 'not much/not at all')

Friends & Family	**94**
Doctors	85
Academics	67
Journalists	30
Celebrities	19
Politicians	10
(Base)	(20,307)

Corporations may have a slightly higher standing in Japanese culture than in other countries, but it is almost certain that politicians generally are at the bottom of the list whilst those you know are top of the class when it comes to trust.

Personal contact six times bigger than blogs and more effective

A 2005 Millward Brown Consumer Influence Study found personal contacts are almost always the most widely used source of information (when consumers are making new brand choices), being on average almost twice as widely used as independent reviews/press.

Traditionally, word of mouth (WOM) involves personal contact but on-line WOM exists in the form of e-mail, messages and blogs. A recent report from Millward Brown ('Calm down dear, it's only a blog' by Fergus Hampton and Trevor Godman) showed that only 19% of all online contacts for information about a brand, related to blogs/'word of mouth'. This forms 16% of all word of mouth research with the remaining 84% coming from personal contact.

Not only is recommendation from people you know personally at a much higher level than that from strangers on the internet, it is also significantly more influential. Hampton and Godman report off-line recommendation to be 1.7 times more relevant than online, 1.6 times more convincing and that it is 1.6 times more likely to result in a positive recommendation for the brand.

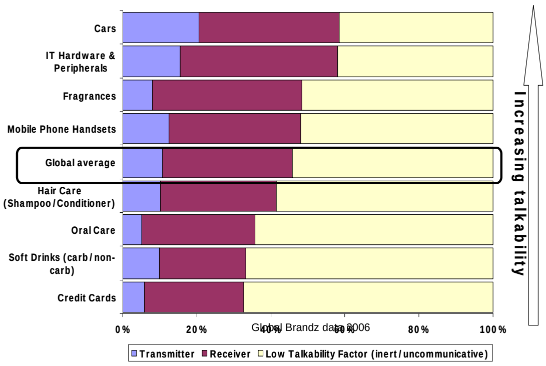
To be of most use to marketeers we need to know who's doing the talking and how much do they know? Which categories offer the most interesting topics of conversation and which have brands that are more likely to be advocated?

Transmitters and Receivers

Thinking of people (and not radio!) as the medium, we can segment people according to their level of knowledge about a category and the talkability factor it offers them.

'Transmitters' are those who define themselves as "I know a lot about category and often talk about it with other people" whereas 'receivers' "don't know a lot about the category but are happy to talk about it with other people" (they take a less active role in the discussion).

Generally a relatively small proportion of people see themselves as (transmitters) – on average there are 3 times as many receivers. Not surprisingly the proportion of transmitters and receivers differs by category with some categories being more interesting to talk about than others.

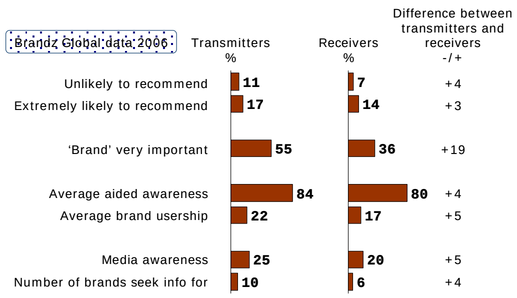


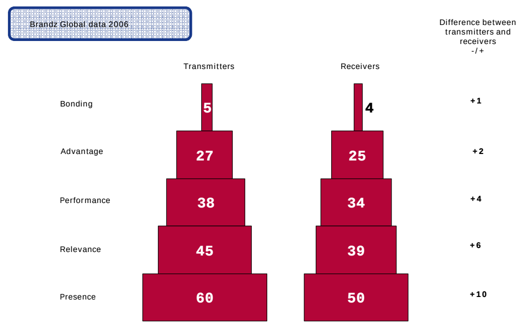
Talk isn't cheap

Cars and IT hardware (typically relatively high value products) have a higher talkability factor - 1.4 x that of haircare (regular frequency & low cost purchase perhaps making the haircare category less worthy of conversation).

Look who's talking – 'Transmitters' are more 'into' the brand

So what do we know about Transmitters and how do we tap into them? Transmitters are more 'into' brands – they tend to be aware of and use more brands, they are more motivated by 'brands' (and less by price), talk about them more in general and have heightened communications awareness. Ultimately they have a stronger relationship with brands as demonstrated by the brand pyramid. Interestingly, whilst they appear to 'know' more about brands they aren't necessarily more loyal to them.



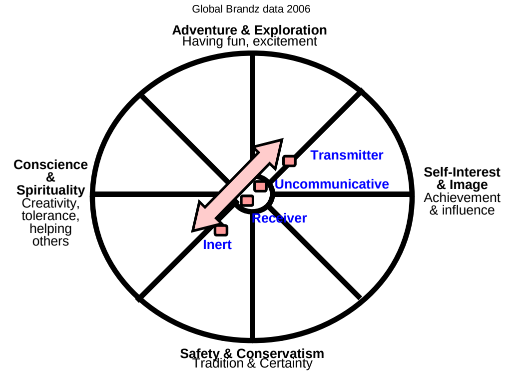


Brandz Pyramid data 2006

Adventure & Exploration are important to Transmitters

Knowing more about their relationship with brands helps to paint part of the picture but we need to know more about them as people. There is a need to understand more about 'Transmitters' as they have the potential to be an influential bunch – their potential role becoming magnified in categories with a high talkability factor!

Life values segmentation analysis is based on published psychological research into human lives. Notably Schwartz (1992) showed that people discriminate between 9 key groups of values (creativity, tolerance, helping others, tradition, certainty, influence, achievement, having fun, excitement). Rating these concepts in terms of importance to life, highlights skews in general priorities - adventure, fun and excitement are, broadly speaking, slightly more important to transmitters (than receivers) offering an insight into this group.



	Transmitter %	Receiver %
Male	52	42
Female	48	58
15-34	49	41
35-54	43	48
55+	8	11

Insights into Transmitters being more 'into' the brand and more likely to be outgoing as people, straight away helps build a picture of 'who' Transmitters are. In addition we know that they are slightly more likely to be male and to be slightly younger than receivers which again fits with a greater propensity for fun, excitement and adventure. Consequently this helps to put the marketeer in the shoes of a Transmitter.

Beware the honest consumer

Not all publicity is good publicity (even if it is 'free') – we need to look after transmitters. By nature of their self-classification, transmitters are knowledgeable about the category and often talk about it with other people. This isn't necessarily in a brand's favour – data shows transmitters can do harm as well as good.
On average more than a third of all brand recommendations (online or off) are advising people against a given brand! (Fergus Hampton and Trevor Godman). Ensuring your brand delivers a positive experience should help the consumer rate the brand on performance delivery.

A good brand experience is crucial
BRANDZ™ measures the user experience (and we can see that brands with poor 'Performance' are generally weak and unlikely to grow). We have also added a question that elicits the claimed recommendation that users give to others for individual brands – the *RecommenderZ* Score.

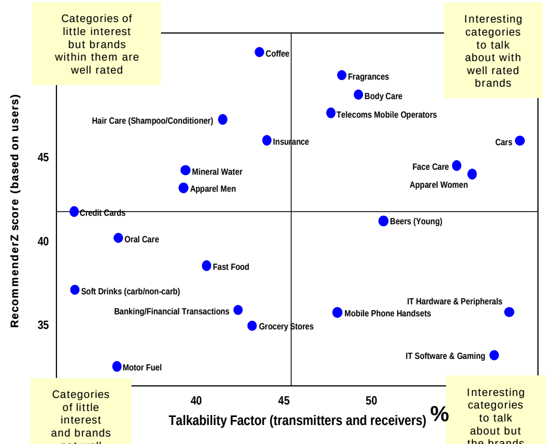
RecommenderZ
RecommenderZ is a metric created from asking users 'Which of these brands are you *extremely likely* to recommend to friends or colleagues?' and 'Which of these brands are you *unlikely* to recommend to friends or colleagues?' Take one from the other and you have the *RecommenderZ* score. It is an adaptation of the work by Frederick Reichheld in the US (*'The One Number You Need to Grow' Harvard Business Review)* finding "that word-of-mouth advocacy is linked to company growth; the more brand advocates you have, the higher your growth. Similarly, the fewer brand detractors, the higher the growth."
Generally users are very positive about the brands they have adopted – we see a 'net' positive score of +44% across the Globe.

Some categories receive more brand advocacy than others
In addition to monitoring the talkability factor of categories on BRANDZ™ we have been monitoring the likelihood of users recommending brands they use to others. Brands within personal categories are amongst those most advocated, whilst finance and motor fuel are lowly rated in comparison. Factors which will influence these findings could be: the degree of confidence consumers have about a category, the strength of the brands in the category and the level of risk associated with making a recommendation.

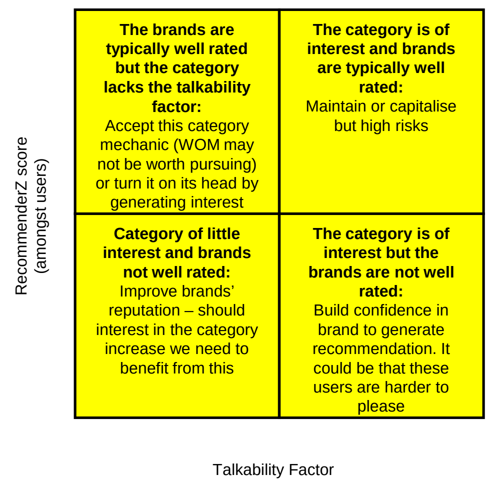
Categories receiving high brand advocacy (RecommenderZ score):
Fragrances, coffee, haircare, body care, cars, mobile operators

Categories receiving low brand advocacy:
Motor fuel, banking/financial transactions, grocery stores, IT software & gaming

From plotting the talkability factor a category offers against brand advocacy we can start to shape a story and actions for category managers:



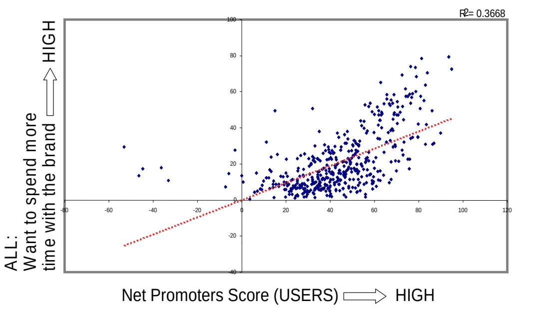
Global Data



Banking and financial transactions is a category of little interest whose brands are typically not well rated – this is effectively a clean slate situation to generate some interest but arguably WOM may not be a useful tool in this category – you can't make people talk. On the opposite side of the scale people enjoy talking about cars and users tend to advocate car brands quite highly (not surprisingly given such an expensive purchase is likely to involve a lot of consideration and test drives before the purchase is made).
IT-related categories are of high interest amongst the relevant audience but brands within this category do not benefit in terms of advocacy – the talkability the category offers is a great opportunity for brands to take advantage of but these users may be harder to please.
Finally Haircare and coffee brands are well rated but are quite 'dull' as categories – again a possible opportunity for a brand to turn the category on its head and generate some interest but this may be a difficult job and perhaps WOM is not worth pursuing.

Ultimately actions are dependent on the reason why a brand / category is in a particular quadrant and how easy it is

WORD OF MOUTH: Users recommending a brand has the effect of encouraging others (Look after your users!)



456 brands from database in 2006

BRANDZ™ The A to Z of brands

Reaching the people that are most likely to be talking about your category, and ensuring they have a positive brand experience is likely to result in positive word of mouth. This is particularly important in categories that people like to talk about where the role of word of mouth has a bigger part to play.

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***Brandz**, is the WPP global brand equity study available to clients and potential clients via WPP owned companies. It is validated against sales and quantifies and diagnoses the strengths and weaknesses of brands.*