

WHITE PAPER

The Steak Is the Sizzle

A Study on Product Attributes that
Drive Word-of-Mouth Success

By the Keller Fay Group
in Cooperation with BzzAgent

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INTRODUCTION

Word of mouth has become the holy grail of marketing. Everyone, it seems, agrees it's important. But how to achieve it is less clear. In the absence of sound, research-based conclusions, conventional wisdom has been rushing in to fill the gaps. That's great if the wisdom is right. But conventional wisdom can be off the mark.

To address this, the Keller Fay Group, a leading specialty market research firm dedicated to understanding and measuring word of mouth, and BzzAgent, a leading company in word-of-mouth marketing and media, have entered into an alliance to study questions related to how word of mouth works. Our goal is to identify and promote best practices for the growing field of word-of-mouth (WOM) marketing through research on BzzAgent's community of more than 200,000 everyday consumers who have volunteered to sample products for the company's clients and share their opinions with people in their personal networks.

It's our belief that these respondents offer a unique angle on the topic. Beyond their experience reviewing and talking about products – which gives them a special vantage on what does and doesn't work – the agents are a window onto a much larger segment of word-of-mouth leaders. Fully 59% of agents in our initial study are Conversation Catalysts™, a segment identified by Keller Fay that is at the forefront of shaping mainstream opinions about products and services. That is roughly quadruple the rate of Conversation Catalysts™ in our studies of the general public (15%). The insights we gain from studying this group, thus, should have broad utility for marketers interested in learning more about word of mouth.

This report, the first in a series we will be preparing and publishing in the coming months, is on the product drivers of word of mouth – the attributes that are most important to success in word-of-mouth campaigns. The basis of the report is a survey conducted in May-June 2006 of 3,235 BzzAgent consumer volunteers who have participated in at least one national campaign for the company in the past three months. In the survey, the agents were asked a series of questions about their most recent campaign. The products in those campaigns represented a mix of familiar and less familiar brand names, in a mix of categories ranging from packaged foods to fragrances, books, household goods, and consumer electronics. Respondents were also asked about themselves and their motivations for becoming agents. To learn more about what drives word-of-mouth success, we separated out the responses of agents who spread word of mouth about their products to the largest number of people – a key metric of word-of-mouth success – and compared their responses with other agents.

KEY FINDINGS

The study yielded two, key product-related insights. Both, we believe, dispel commonly held myths about word of mouth.

The first myth the research rebuts is that word is mouth is only for “the latest thing” – products that are new, revolutionarily innovative, or inherently entertaining. In fact, we find, word-of-mouth success is about communicating solutions – providing answers that consumers want to pass along to others, find easy to talk about, and feel good about sharing.

Key finding #1: Rather than being about “the latest thing,” word of mouth is about providing solutions that people will want to share with others.

These “word of mouth basics” come through most clearly in the responses of the agents who spread the word about their products to the most people. When asked what stands out most about their products, these “most active” word-of-mouth generators say the products are:

- Recommendable – something they “would recommend to a friend” (66% agree completely, rating it “10” on a scale of 1-10)
- “Easy to talk about” (61%)
- “Worth talking about” (56%)
- Something they’re “proud to share with others” (55%)

These active word-of-mouth generators were markedly more likely than their peers to focus on these practical considerations. In contrast, factors marketers often talk about as being attention-getting, like being “innovative” (30%), “entirely new and unique” (29%), “smart” (28%), and “entertaining” (24%) did not score very high with them.

A second insight from the study counters another myth – that the way to get word of mouth is through stunts and gimmicks, such as outrageous TV ads, Web sites or public-relations events. In fact, we find, the leading motivations for engaging in word of mouth are product-related – specifically, to learn about products and share those insights with others. In further evidence of their engagement with products, large numbers of respondents see their involvement as a way to voice their opinions to products’ manufacturers.

Key finding #2:
Marketers don’t need stunts or gimmicks to create word of mouth. The leading reasons for spreading the word are about products.

This is seen in the top reasons for joining an organized opinion-sharing network like BzzAgent:

- “To learn about the latest products” (51% of all respondents rate it extremely important, or “10” on a scale of 1-10)
- Because they “like being one of the first people to know about a new product” (49%)
- Because they “enjoy sharing new products and ideas with friends and family” (47%)
- “For the opportunity to give feedback to the manufacturers of the products” (44%)

All are more important than ostensibly more tangible benefits of being agents, like getting products for free (39%) and earning points to redeem for rewards (29%). The importance placed on learning about products, being able to share those insights with others, and giving feedback to manufacturers is even more pronounced among the most active agents.

Taken together, we believe the insights from this study turn the old marketing mantra to “sell the sizzle, not the steak” on its head. In word of mouth, the steak – the product – is the sizzle. Success in word of mouth, in turn, is not for an exclusive club. It is available to marketers across categories and across the marketing cycle. The most important requirement is to have a strong product story – a solution that people will want to share with others.

Word of mouth turns the old marketing mantra “sell the sizzle, not the steak” on its head. In word of mouth, the steak – the product – is the sizzle.

We believe these are timely insights. With the value of word of mouth widely accepted, research is moving into a new phase of establishing best practices. The first waves of TalkTrack™, the ongoing word-of-mouth tracking study which Keller Fay launched in April 2006, are showing, among other things,

that word of mouth is not just one activity but touches all marketing. More than 4 in 10 brand conversations refer to marketing such as ads, Web sites, or promotions. Companies, in turn, should view word-of-mouth marketing as an integrated marketing discipline. On a different topic, research by Dr. Walter Carl of Northeastern University has shown that representatives of companies engaged to spread word of mouth for products and services are more effective when they identify their relationship with the company, rather than shield it. It is our hope that this series of research reports will become part of the discussion on best practice. In the following pages, we will describe these findings in more detail; share further insights from the study; and offer our thoughts on their implications for marketers.

It's the Solution: Product Drivers of Word of Mouth

When many people think about word-of-mouth success stories, they think of products that fit a certain profile, like being “new,” “revolutionary,” “cool,” or “expensive.” Apple’s iPod is often held up as an example. It’s hip, high-tech, innovative, and a bit pricey. At the same time, case studies and research have pointed out exceptions to this model. The two leading “Word-of-Mouth All-Stars” in Keller Fay’s TalkTrack™ research, for example, are the very definition of large, mainstream brands: Toyota and Wal-Mart.

Our study of agents suggests that word-of-mouth success is more about solutions than being hip, cool, or new. The factors that most drive respondents to tell others are things that help them share their insights.

In the survey, we asked the respondents to describe the product in their most recent campaign on a scale of 1-10, with “10” meaning the statement described the product “completely” and “1” that it did “not describe [it] at all.” As the chart on the next page shows, there was a clear hierarchy in their responses. Not surprisingly, given the nature of this activity – spreading the word about products – the statement the agents were most likely to completely agree with was that the product is “something I would recommend to a friend.” Just over half gave the statement a “10.”

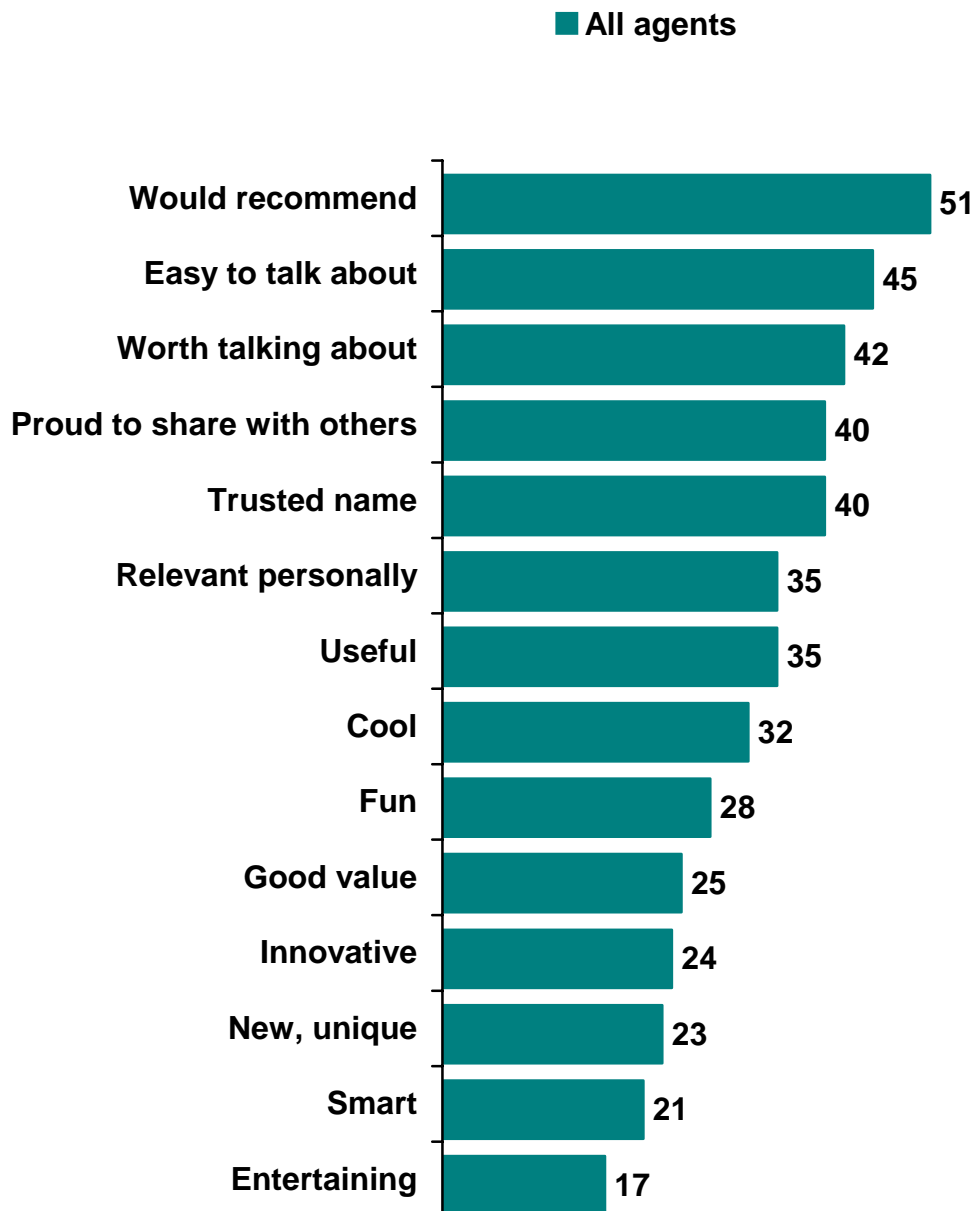
More revealing are the next four statements. Together, they underscore basic tenets of word of mouth: in order, that the product is “something that is easy to talk about” (45% agreed completely), “something that is worth talking about” (42%), “something I’m proud to share with others” (40%), and from “a trusted name” (40%).

Being “relevant to me personally,” “useful,” “cool,” “fun,” and “good value for the money” follow, at 25%-35%. Interestingly, being “innovative,” “entirely new and unique,” “smart,” and “entertaining” – words often associated with word-of-mouth success – bring up the rear (17%-24%).

To help us determine which factors were most likely to drive word-of-mouth success, we drilled down and looked at the most active agents. These respondents, about one-third of the total, told more than 10 people about their products, with the average telling 15 people. They worked on roughly the same products as other agents, in about the same proportions, suggesting the results would yield apples-to-apples comparisons. What did they see in their products that other agents didn’t see?

How Agents Describe Products in Most Recent Campaigns

Percentage of agents saying statement describes product in their last campaign completely ("10" on a scale of 1-10)



The most active agents' responses, as seen on the next chart, show the “word-of-mouth basics” to be even more important. The top-tier is even clearer in this group. Two in three are in unity that the product is something they'd recommend. Six in ten say it's easy to talk about the product. More than half say it's worth talking about and something they'd be proud to share with others. The active agents are much more likely to describe their products in these terms than other agents, with differences of 22 to 26 percentage points – among the biggest differences in the survey.

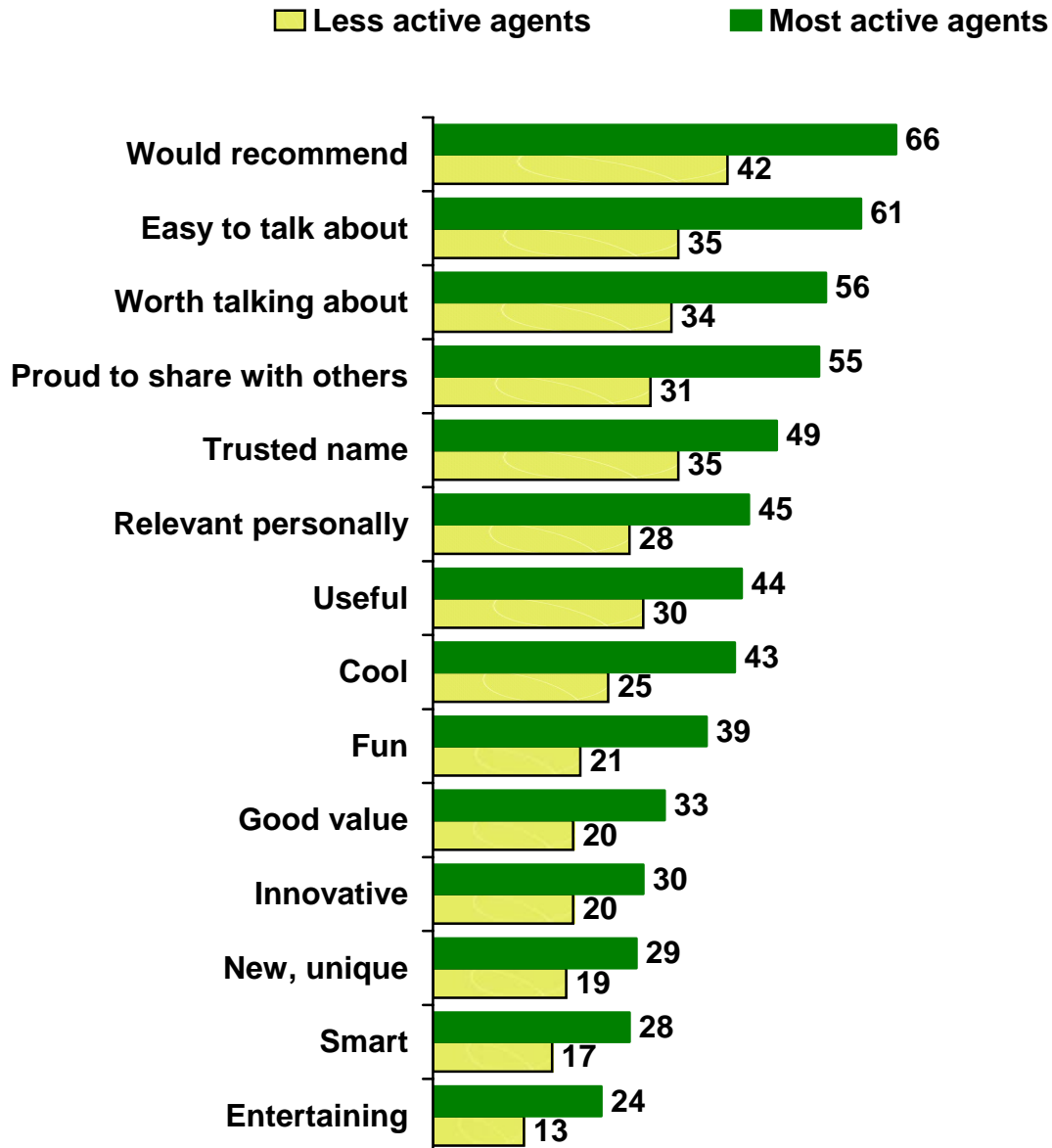
Having a trusted name and being relevant, useful, cool, fun, and of good value also stand out with many of the most active agents. But they are not as important as the practical, solutions-oriented items that top the list. They draw complete agreement from 33%-49%, with differences of 13-18 points from the less active respondents. Being innovative, entirely new and unique, smart, and entertaining remain at the bottom of the list, affirmed by only 24%-30% of the group, with differences of only 10-11 points from the less active peers.

A product, it appears, can be unique, innovative, entertaining or cool. But if it does not meet the “word-of-mouth basics” of being worth recommending, easy to talk about, worth talking about, and something people will be proud to share, it will not go far in word of mouth.

A product can be innovative, entertaining, or cool. But if it doesn't solve a problem, isn't easy to talk about, isn't worth talking about, and doesn't stir good feelings, it probably won't go far in word of mouth.

WOM Basics Particularly Important to WOM Leaders

Percentage of most active agents saying statement describes product in their last campaign completely, and responses of less active agents



Using these criteria, it is clearer why brands like Toyota and Wal-Mart are word-of-mouth winners. Toyota's reputation for quality, reliability, and value, and Wal-Mart's everyday low prices, meet real consumer needs – particularly in times like the present when gas prices are high and household budgets stretched. Apple's iPod, also a TalkTrack™ Word of Mouth All-Star, fits this standard, too. While it's cool and innovative, it more importantly solves a consumer need, offering an easy-to-use solution for downloading music from the Internet and taking it with you wherever you go – things definitely worth talking about.

The Steak is the Sizzle: Why People Engage in Word of Mouth

To some, insights on product attributes that drive word of mouth are not important. To this point of view, products are not what word of mouth is about. Consumers don't care about products, in this line of thinking, so marketers need to engage in stunts or gimmicks to get people's attention.

Our study suggests that, in fact, products are what get people talking – in particular, learning about products and sharing those insights with others. Given the predominance of Conversation Catalysts™ in the BzzAgent community, our results point to these product-related motivations being especially important to word-of-mouth leaders.

We asked respondents how important 10 different factors were in their decisions to become BzzAgents, or volunteer brand evangelists, on a scale of 1-10, with “10” signifying it was “extremely important” and “1” meaning it was “not at all important.”

Their leading responses – the items the largest number rated a “10” – show a clear hierarchy. “To learn about the latest products,” “because I like being one of the first to know about a new product,” and “because I enjoy sharing new products and ideas with my friends/family” are on top, with 47%-51% rating each extremely important (chart, page 13). “The opportunity to give feedback to the manufacturers of the products” is close behind, at 44%.

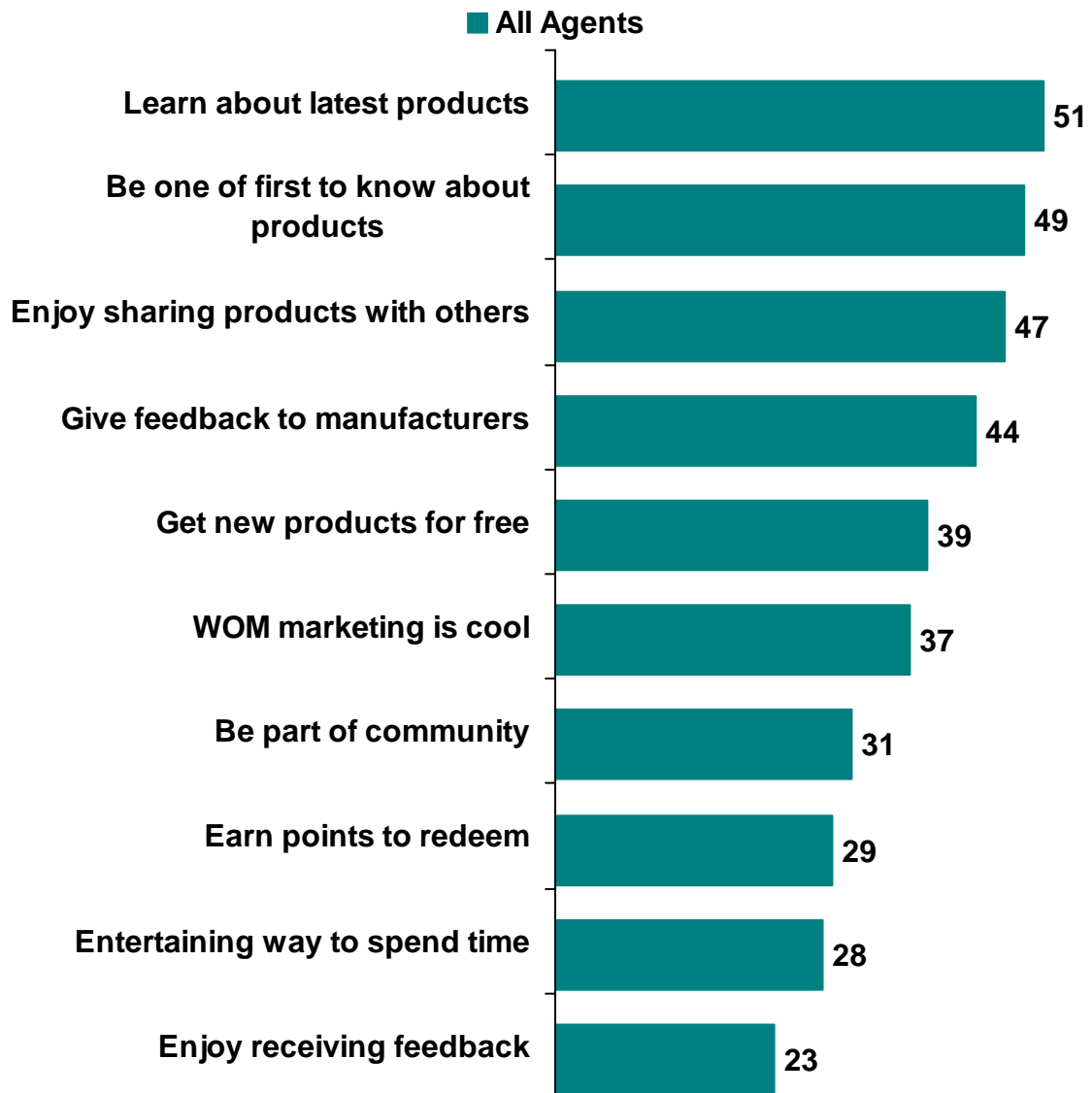
Getting free products is only the fifth-ranked motivation, well behind learning about products and sharing those resulting insights with others.

All rank higher than the seemingly more tangible benefit of getting new products for free (39%), which ranks fifth. Social motivations – the idea that “word-of-mouth marketing is cool” and that they “enjoy being part of a community like BzzAgent” – rate higher than another seemingly more apparent benefit, “to earn points [to] redeem for things that I want.” About one in four say it’s an entertaining way to spend their time and that they enjoy receiving feedback provided on behalf of the brands they discuss.

In the most active agents, the preference for reasons related to learning about and sharing products is even stronger. As seen in the chart on page 15, more than half in this group cite them as extremely important. And they do so in markedly higher levels than other respondents, suggesting that these product-related factors contribute strongly to word of mouth. The social aspects of being part of something cool and a word-of-mouth community, as well as the interaction with the firm, also stand out in this group. In contrast, the benefits of free products and earning points do not stand out much at all.

Products Are Central to Motivations

Percentage of respondents saying the statement is “extremely important” in their reasons for becoming an agent, rating it “10” on a scale of 1-10



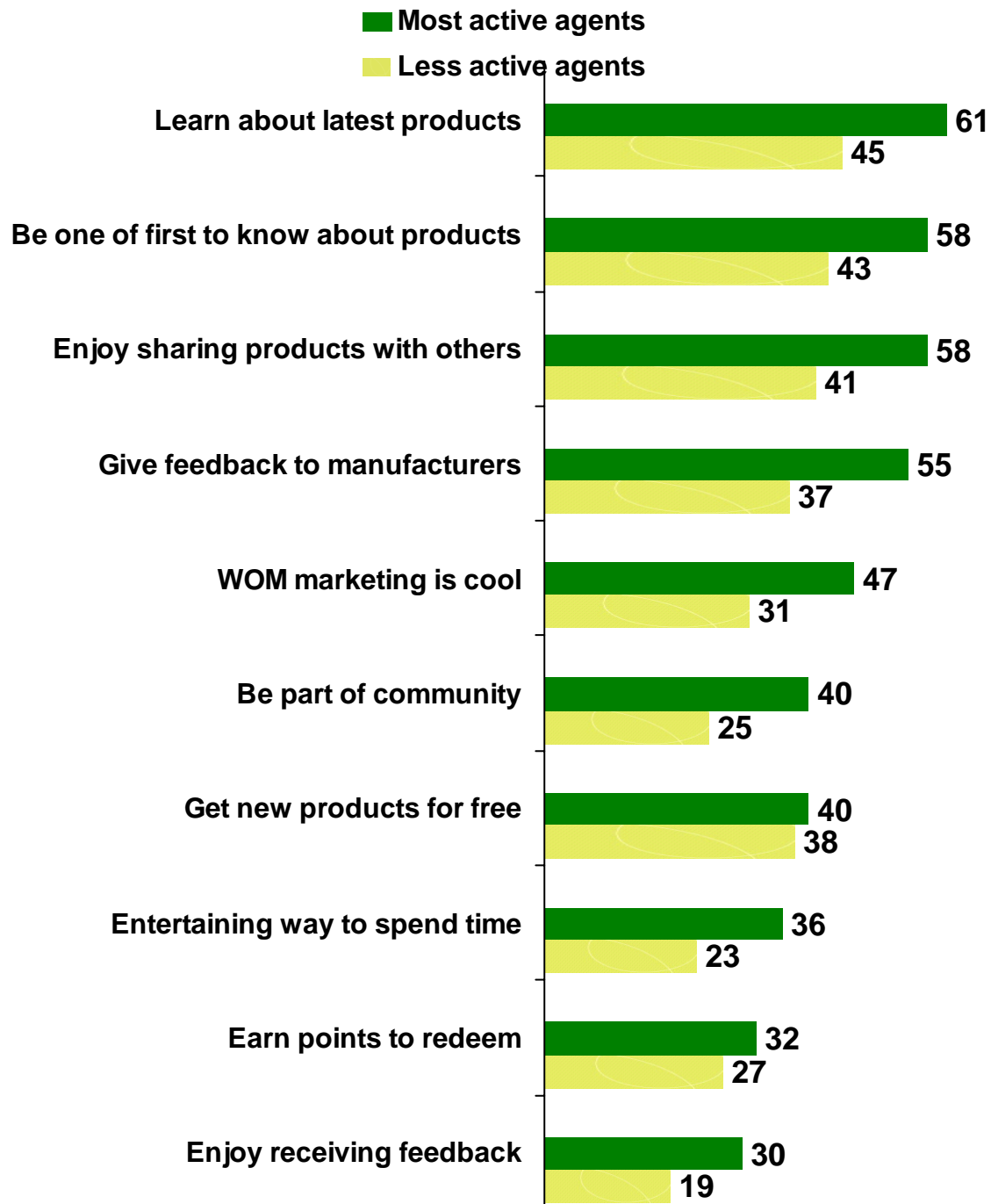
Particular attention, we think, should be given to the importance of voicing feedback to manufacturers. One of the underlying ideas of word-of-mouth marketing is that a paradigm shift has taken place, and marketers need to think of their customers as partners. Our finding underscores just how much truth there is in the idea. Consumers want their opinions to be heard and integrated. Marketers should take heed and open more channels for consumers to express their opinions.

Other Product-Related Findings: Several other product-related findings are also worth noting. For example, given the relatively high ranking being from a trusted name gets as a product driver, it's logical to ask how important a long history with a brand is in word of mouth. The responses show that many respondents were familiar with the brand, company, or author behind their products. One in five said they'd had a lot of experience, and 48% "some." Those with "not too much" (21%) or no experience (12%) were in the minority. Interestingly, though, the most active agents were not markedly more experienced (23% had a lot, 42% some), suggesting that more experience, while helpful, is not critical to word of mouth. A good brand name can help bridge the gap.

Similarly, it's interesting that "newness" rates high in motivations for signing onto be an agent – to learn about the "latest products," be "one of the first" to know about new products, share "new products and ideas" with others – but being "new and unique" is near the bottom of word of mouth drivers in the context of a campaign. Consumers might sign on to be agents to get access to what's new, but when they actually engage in word of mouth, they focus on the problem presented by the person they're talking with. It's key to focus on the conversation: how does the product solve a problem?

WOM Leaders' Motivations Are More Product Focused

Percentage of the most active agents saying the statement is "extremely important" in their reasons for becoming an agent compared with other agents



Marketing Implications

In this study, we've reached two key conclusions. The first is that “word-of-mouth basics” – being recommendable, easy to talk about, worth talking about, and something people feel proud to share with others – are far more important drivers of word of mouth than being new, unique, innovative or entertaining. The second is that products – learning about them, sharing them with others, and giving feedback about them to companies – are central to engaging in word of mouth. In word of mouth, the steak is the sizzle.

The findings point to new gauges for deciding whether a product is right for a word-of-mouth campaign, and what to promote about the product.

Taken together, we think, the findings point to the following best practices for achieving word of mouth:

- Rather than looking at the category they're in, or the degree of innovation represented by a new product, marketers' decision to engage in word of mouth marketing should be based on whether they have a strong product story.
- In building the product story, marketers should hone in on the basics – what about the product makes it something consumers will recommend? Can the product story – both the words and ideas – be made simpler, so it will be easier to pass along? What is the emotional connection – the thing that will make people proud to share their insight?
- Given the large numbers of consumers who want to voice their views to companies, marketers should create more channels for consumers to voice their opinions and have them heard.

These ideas, we think, can be used by marketers to achieve success in word of mouth, regardless of the category they are in or where their brands are in the product cycle.

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About the Keller Fay Group: The Keller Fay Group (www.kellerfay.com) is the first full-service market-research company focused exclusively on word of mouth (WOM). Using a full suite of best-in-class research techniques, the firm measures WOM trends and campaign effectiveness; tests concepts, ads, and messages to maximize WOM potential; and offers a complete array of custom research and advisory services related to WOM. Its TalkTrack™ product is the first continuous study of consumer word of mouth, both offline and online. The firm was founded by Ed Keller, former CEO of RoperASW and NOP World Consumer and co-author with Jon Berry of *The Influentials: One American in Ten Tells the other Nine How to Vote, Where to Eat, and What to Buy*, and Brad Fay, former managing director at Roper and NOP World. For more information, please call (732) 846-6800 or contact us at info@kellerfay.com.

About BzzAgent, Inc.: BzzAgent Inc. is a word-of-mouth marketing and media firm that helps companies to organize and manage honest, real-world conversations among everyday consumers. BzzAgent's innovative process, platform and programs enable the acceleration and measurement of word of mouth as a marketing medium. Using such systems, BzzAgent's clients can generate awareness and shape perception about their products and services either via BzzAgent's growing community of 200,000 trained, volunteer brand evangelists or by way of their own client-branded word-of-mouth networks that are customized, hosted and built by BzzAgent. For more information, please call (617) 451-2280 or contact us at bzz@bzzagent.com.