

INSIDE THE CONVERSATIONS OF THE  
**CONVERSATION  
CATALYSTS™**  
THE WORD OF MOUTH LEADERS

A Special Report by  
The Keller Fay Group  
*Executive Summary*

Sponsored by  
Manning Selvage & Lee



Keller Fay GROUP  
Word of Mouth Research & Consulting



IM MS&L



Dear Marketer,

Contrary to popular belief, your brand is not the sum of everything you say about it. Your brand is an amalgam of what *consumers* are saying about it. It's a new day for marketing and the conversation just got started.

The public relations discipline has traditionally demonstrated how to identify influencers and manage the intricacies of the relationship between brand, media and the consumer. These critical skills are even more relevant today when word of mouth is central to consumer decision-making.

As part of MS&L's commitment to create breakthrough programs for our clients that extend beyond traditional media relations, we have joined forces with the Keller Fay Group to bring you this special report on word of mouth: "Inside the Conversations of the Conversation Catalysts™."

Keller Fay has undertaken the largest and most comprehensive research of brand related conversations. This study provides insight into those who are leading the word of mouth interactions, the so-called Conversation Catalysts™. These consumers comprise 15% of the population, and generate 1.5 billion word of mouth brand impressions per day. They have a disproportionate influence over the myriad brand discussions that take place daily. They are the few that can affect the many.

This research provides important insights on how you can join in the conversation. How you can change your emphasis from marketing to consumers to marketing with consumers. How you can unleash the power of your brand conversation with your Conversation Catalysts™.

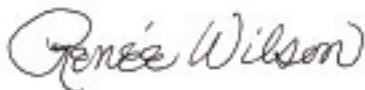
The next step for marketers is to personalize these insights and understand the conversation dynamics for their category. It is about gaining perspective on how the conversations differ by consumer segment and to understand, by brand, the kinds of marketing and media that most effectively drive the dialogue.

Within the report, there are a variety of different tactical suggestions including promotions, point of sale campaigns and sponsorships to name just a few to illustrate what may spur a conversation. These are all examples of public relations, what we do at MS&L every day.

MS&L has built a reputation as an industry pioneer, and pre-eminent agency in the discipline of influencer and word of mouth marketing. We've recently been recognized with four industry awards for effective influencer marketing work and now we continue to explore, research and grow in this space. "Inside the Conversations of the Conversation Catalysts™" is the latest example of our commitment.

There's a power shift toward consumers underway. A new "C-suite" exists and this one is not about the corporation or the CEO driving the power but rather the consumer. It's time to harness that power and create, connect and get the conversation started.

Sincerely,



Renee Wilson  
Senior Vice President,  
Director of Strategic Services & Innovation  
Manning Selvage & Lee





## INSIDE THE CONVERSATIONS OF THE CONVERSATION CATALYSTS™

A Special Report by the Keller Fay Group

Sponsored by Manning Selvage & Lee

November 2006





## EXECUTIVE SUMMARY AND KEY FINDINGS





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Power is shifting rapidly to consumers. Smart marketers are finding ways to adapt to this new reality and learn how to market with consumers rather than to them. The result is raising the profile of word of mouth marketing.

But as companies focus increasingly on joining into the conversation, it has become clear that more insight is needed on the dynamics of consumers' word of mouth interactions. In particular, a growing number of companies want keener insight into understanding and engaging with influencers, the consumers who are leading word of mouth conversations. Who are they? To whom are they talking? What are they saying, and hearing? What are they saying, in particular, about brands? How and where are their conversations taking place? And most important, what are the ways that marketers can enter into their conversations that will be meaningful to both the consumer and the marketer?



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THROUGH EXTENSIVE RESEARCH, THE KELLER FAY GROUP HAS IDENTIFIED THE CONVERSATION CATALYSTS™, CONSUMERS WHO THROUGH THEIR WORD OF MOUTH BEHAVIORS AND BROAD SOCIAL NETWORKS ARE AT THE FOREFRONT OF WORD OF MOUTH.

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Over the past year, the Keller Fay Group has interviewed thousands of the consumers at the forefront of word of mouth to answer these and other questions. We call these consumers “Conversation Catalysts™.” Defined by their role in the word of mouth marketplace, they are the consumers who (a) are most actively engaged in word of mouth, making recommendations across multiple categories, and (b) regularly interact with the largest and most diverse personal networks of friends, family, colleagues, neighbors, and acquaintances.

Conversation Catalysts™ comprise 15% of the population. But they account for a far greater share of word of mouth. According to our research, the Catalysts’ conversations generate more than one-third of word of mouth brand impressions, the brand references that people hear every day through word of mouth—in all, about 1.5 billion brand impressions per day. Since the conversations they have with their friends, families, and neighbors are often passed along to others due to their credibility, their impact on the word of mouth marketplace is greater still.



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THE CONVERSATION CATALYSTS™ COMPRISE 15% OF THE POPULATION. BUT THEIR WORD OF MOUTH CONVERSATIONS GENERATE MORE THAN ONE-THIRD OF ALL WORD OF MOUTH BRAND IMPRESSIONS...ABOUT 1.5 BILLION BRAND IMPRESSIONS PER DAY.

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Sponsored by Manning Selvage & Lee, a leading global public relations agency, this report represents the first findings from an ongoing study of the Conversation Catalysts™ conversations, concentrated on their past day's word of mouth conversations, and the details of those interactions. This research is the largest, most comprehensive study of the brand-related conversations of consumer influencers.

Who are they? Conversation Catalysts™ are “everyday people” who engage with passion in word of mouth. Their demographics are in many important ways similar to the public as a whole, with age, gender, and racial and ethnic dispersion representative of the general population. They are somewhat more educated, professionally accomplished, and affluent. But the fact that many do not fit these criteria shows that word of mouth leadership is more than demographics.

Conversation Catalysts™ stand out most of all for their impact on other people's decisions. They generate a lot of word of mouth. They are passionately engaged. The average Catalyst keeps up with more than 10 areas of products and services. Catalysts are twice as likely to make recommendations across a variety of categories as the typical consumer. In all, the typical Catalyst is involved in 184 word of mouth conversations per week. That is more than 1½ times more conversations than the norm for consumers as a whole.

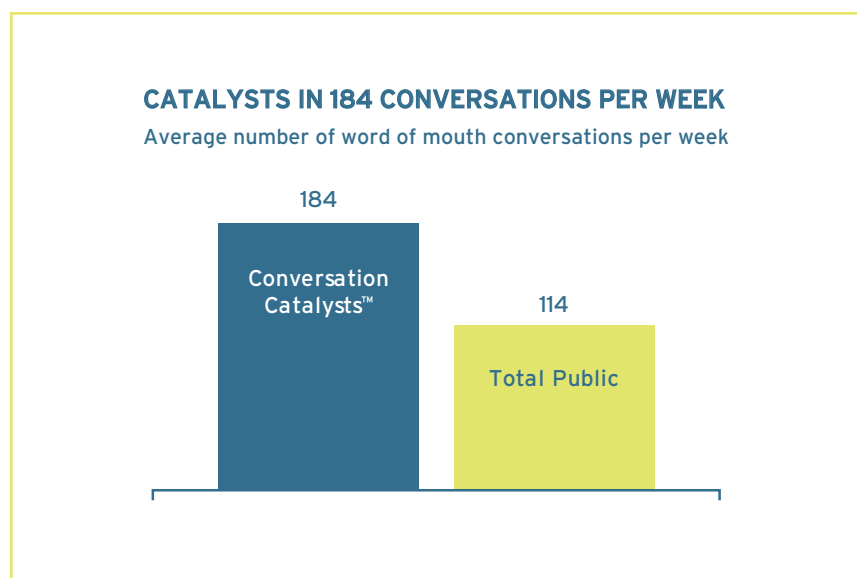


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Those conversations have a particular impact for brands. The Catalysts' conversations contain an average of 149 references to brands per week, almost twice the rate of consumers as a whole.





Catalysts' conversations cut across many categories. The typical Catalyst engages in 10 or more conversations a week in each of 13 categories of products and services, ranging from entertainment and media, lifestyles and hobbies, and public affairs, to food and dining, beverages, cars, health, beauty, technology, and telecom. The breadth suggests these consumers are truly intersections for the mainstream conversation.

Some brands are clear winners as a result of all this talk. These brands, the Conversation Catalysts™ "Word of Mouth All Stars," generate the highest volume of net-positive word of mouth. Leading this list of Word of Mouth All Stars are Pepsi, Coke, Target, Honda, Sony, Apple/iPod, and Toyota. The list, representing a mix of categories, shows that brands don't have to be the "latest and greatest" to be leaders in word of mouth. Many of the top names are everyday, mainstream brands. It also shows that word of mouth can trump the critics—*Pirates of the Caribbean: Dead Man's Chest*, despite lukewarm reviews, rode word of mouth to become a box office smash.

#### CATALYSTS' WORD OF MOUTH ALL-STARS

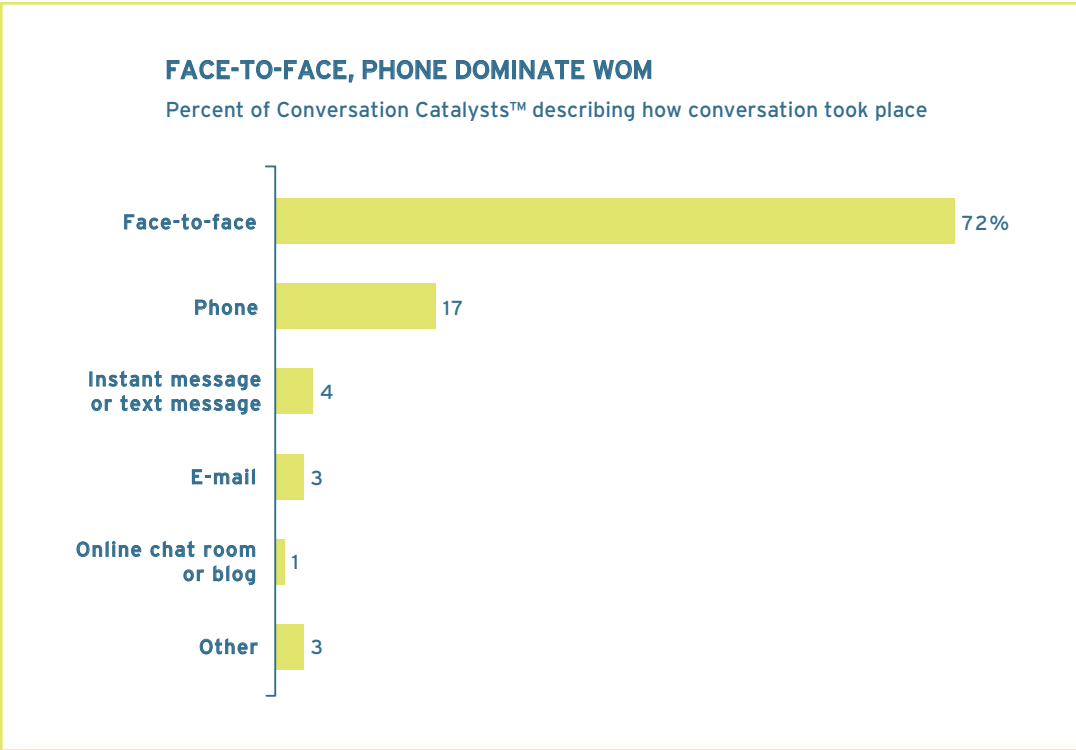
- |           |               |
|-----------|---------------|
| 1. PEPSI  | 6. APPLE/IPOD |
| 2. COKE   | 7. TOYOTA     |
| 3. TARGET | 8. WAL-MART   |
| 4. HONDA  | 9. HP         |
| 5. SONY   | 10. BUDWEISER |

At the same time, the research shows that generating a lot of talk among Catalysts does not guarantee word of mouth success. Some of the brands that spur the greatest number of mentions in Catalysts' conversations—including U.S. automakers Ford and Chevrolet, and a number of cell phone companies—do not qualify for the Word of Mouth All Stars among Catalysts because a significant amount of their word of mouth is not positive.

Our research reveals a number of new, important insights on how marketers can join in the Catalysts' conversations:

**THINK FACE-TO-FACE FIRST**

Despite the growth of email, text-messaging, and other online communications channels, traditional, "offline" interactions account for nine in 10 of Catalysts' conversations. Face-to-face is most prevalent (72%), with the phone second (17%).





### MAKE THE MESSAGE PORTABLE

The home is the leading setting for Conversation Catalysts™ word of mouth; more than four in 10 of their conversations occur at home. But with more than half of conversations occurring somewhere else, marketers should focus on making their word of mouth strategies portable, to be where Catalysts are.

### BE SOCIABLE

Conversation Catalysts™ word of mouth conversations are more likely than consumers' generally to be social affairs; 35% include two or more people besides themselves, while 19% involve three or more other people. Marketers, in turn, should encourage Catalysts to involve more people in their conversations.

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**CATALYSTS' CONVERSATIONS ARE OFTEN EQUAL EXCHANGES OF IDEAS. MARKETERS SHOULD BUILD ON THIS BY MAKING WORD OF MOUTH MARKETING TWO-WAY.**

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### THINK TWO-WAY

Conversation Catalysts™ are power talkers—spreading word of mouth to many more people than the average consumer. But, contrary to conventional wisdom, they are also power listeners. Catalysts are about as likely to describe their conversations as equal exchanges of ideas and information between themselves and the other participants (37%) as to say they give the most advice (38%).

### THINK POSITIVE

Positive word of mouth conversations outnumber negative ones by a six-to-one ratio. Marketers should think about ways to keep these “positive flows” going.

### CREATE EXPERIENCES

Almost eight in 10 of Conversation Catalysts™ word of mouth conversations are based in personal experiences as customers of a product or brand. In turn, marketers should gear word of mouth programs to foster new experiences (tastings, test drives, sampling, etc.) and encourage experienced evangelists to share their stories.

### PLAN FOR ACTION

Catalysts' word of mouth conversations are oriented toward actions. Most lead to recommendations to at least consider a product, and more than four in 10 contain specific advice to buy or try a product. Marketers, in turn, should not only use word of mouth marketing to generate more word of mouth, but also to encourage sales.



Marketing and media play a vital role in the emerging word of mouth marketplace, according to our research. Fully 54% of Catalysts' conversations contain a reference to marketing or media. Significantly, Catalysts' conversations are more likely than the average person's to reference marketing and media.

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**MARKETING AND MEDIA PLAY A VITAL ROLE IN THE WORD OF MOUTH MARKETPLACE. FULLY 54% OF CATALYSTS' CONVERSATIONS CITE MARKETING AND MEDIA.**

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It is here that we see the important role that the new media are playing in word of mouth. Although the overwhelming majority of consumer word of mouth takes place offline, the Internet plays a large role as part of that word of mouth conversation—Catalysts' conversations are about as likely to refer to the Internet as television, the traditional leader.

Consistent with this era of media fragmentation, the kinds of marketing and media that come up in Catalysts' conversations are more complex. In all, more than 20 kinds of marketing and media come up in Catalysts' word of mouth conversations, from TV programs and commercials, to companies' web sites, online consumer reviews, things seen or read in newspapers and magazines, e-mails and text messages they got from a company, product samples, blogs, and more.



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THERE ARE SIGNIFICANT OPPORTUNITIES TO GEAR CURRENT MARKETING AND MEDIA TO STIMULATE WORD OF MOUTH. DOING SO CAN HELP MESSAGES GO FURTHER. THE MESSAGES ALSO CAN GAIN CREDIBILITY AS THEY ARE ARTICULATED BY TRUSTED SOURCES IN WORD OF MOUTH CONVERSATIONS—THE CATALYSTS IN CONSUMERS' CIRCLES OF FRIENDS AND ACQUAINTANCES.

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Since word of mouth draws on so many sources, marketers need to create truly integrated marketing, with consistent messages across marketing and media. In addition to the specific “WOMM” (word of mouth marketing) programs companies undertake, such as seeding products with influencers, our research suggests there are significant opportunities to gear current marketing and media to stimulate word of mouth. Doing so can help those messages go further. The messages also can gain credibility as they are articulated by trusted sources in word of mouth conversations—the Catalysts in consumers’ circles of friends and acquaintances.




Companies need to be cognizant of how conversations' dynamics vary by consumer segment. Generation Y Catalysts, for example, are much more likely than their elders to conduct their word of mouth interactions via new technologies, like text messages, instant messages and online forums (though face-to-face is still their predominant mode for word of mouth). Generation X Catalysts' conversations, meanwhile, are particularly likely to cite something that was seen or heard on the Internet. Older Catalysts' conversations are especially likely to mention newspapers.

Further, companies need to know how conversations differ by category. The dynamics of the conversation and the influence of marketing and media can vary significantly by category. The Internet, for example, is especially likely to be cited in conversations about automobiles and financial products and services. Point of sale is key in beauty, personal care, and fashion. Conversations about beauty, personal care, and fashion are more likely to be intimate—involving just two people—and to be between best friends. “Invite your best friend” is an invitation that should appeal particularly in this category. Conversations on financial products and services also tend to be more private. Other categories' conversations, such as food and dining and beverages, are more likely to be social events involving groups of people. And there are many more such nuances.

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**COMPANIES NEED TO KNOW HOW CONVERSATIONS DIFFER BY CATEGORY. THE DYNAMICS OF THE CONVERSATION AND THE INFLUENCE OF MARKETING AND MEDIA CAN VARY SIGNIFICANTLY BY CATEGORY.**

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Appropriate to the changes in the broader society, male and female Catalysts are about equally likely to participate in the conversation about many products and services. But there often are still strong gender imbalances in who's leading the conversation, with men much more likely to give most of the advice in some areas and women in others. These discrepancies suggest that marketers who have been trying to get women more engaged in the conversation in traditionally male categories like autos still have work to do.

Certain categories inspire lots of enthusiasm—food and dining, beverages, and beauty, personal care, and fashion, and household goods, for example. In other categories, like autos, financial products and services, and technology, the dynamics of Catalysts' conversations suggest marketers should focus on getting into the “conversation set.”

Recognizing the importance of word of mouth and the critical role played by leaders like the Conversation Catalysts™ is only the first step. Marketers who want to break into the conversation need to take the next steps of learning how the dynamics of the conversation vary for their categories and their consumers. Our research on the Conversation Catalysts™ shows that companies who do so have the potential to reap significant rewards in word of mouth and in their business.



For more information on word of mouth research and insights, please contact Ed Keller at the Keller Fay Group, (732) 846-6800



For more information on how to activate these findings into powerful word of mouth campaigns, please contact Renee Wilson at Manning Selvage & Lee, (212) 468-3408

