

Webinar, May 1, 2008

From Customer Satisfaction to Brand Advocacy

The New Building Block of Competitive Advantage in the Age of Consumer Control

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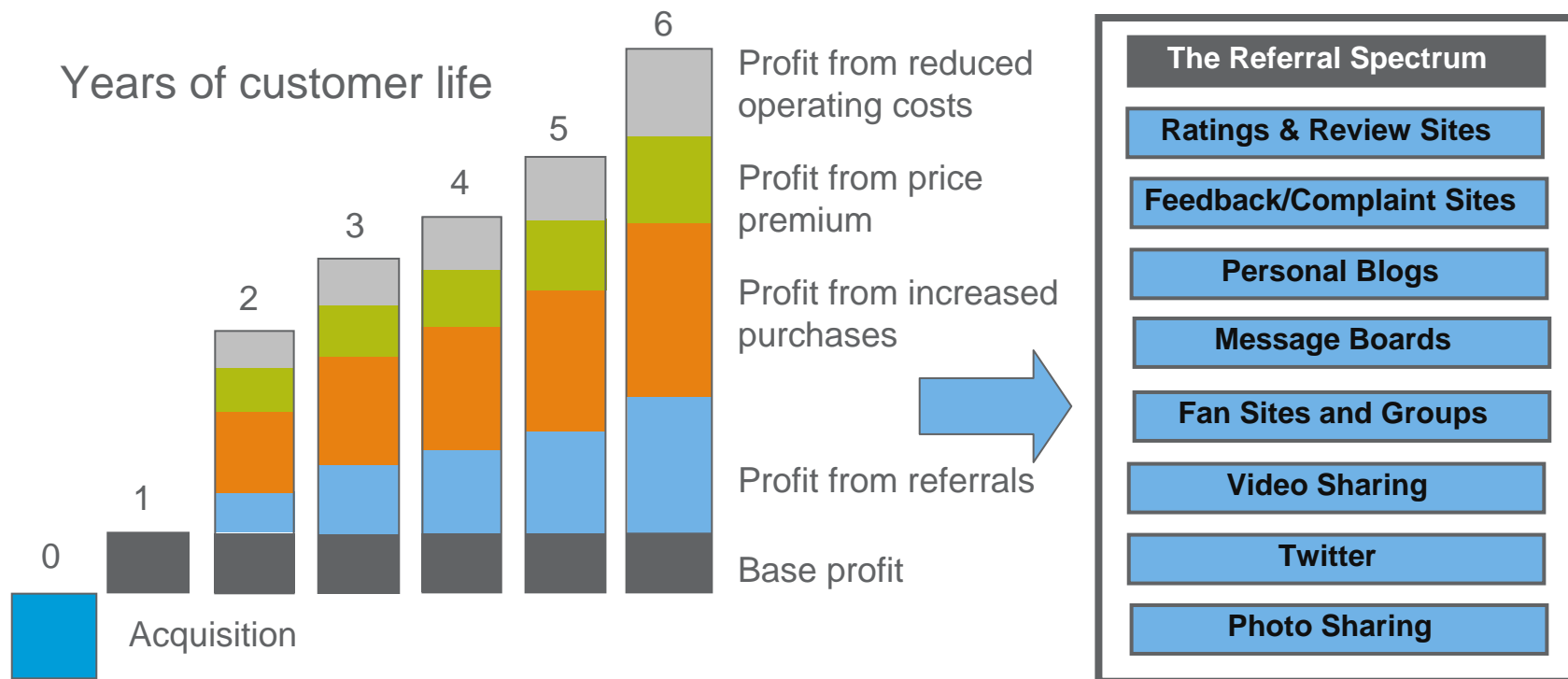


What this Presentation Covers

- The Exploding Referral Spectrum & Growth of CGM
- Implications for Brands & Six Drivers of Credibility
- Listening & Operations
- The Brand Advocacy Quotient (BAQ) Framework
- Low-Hanging Fruit
- Final Takeaways

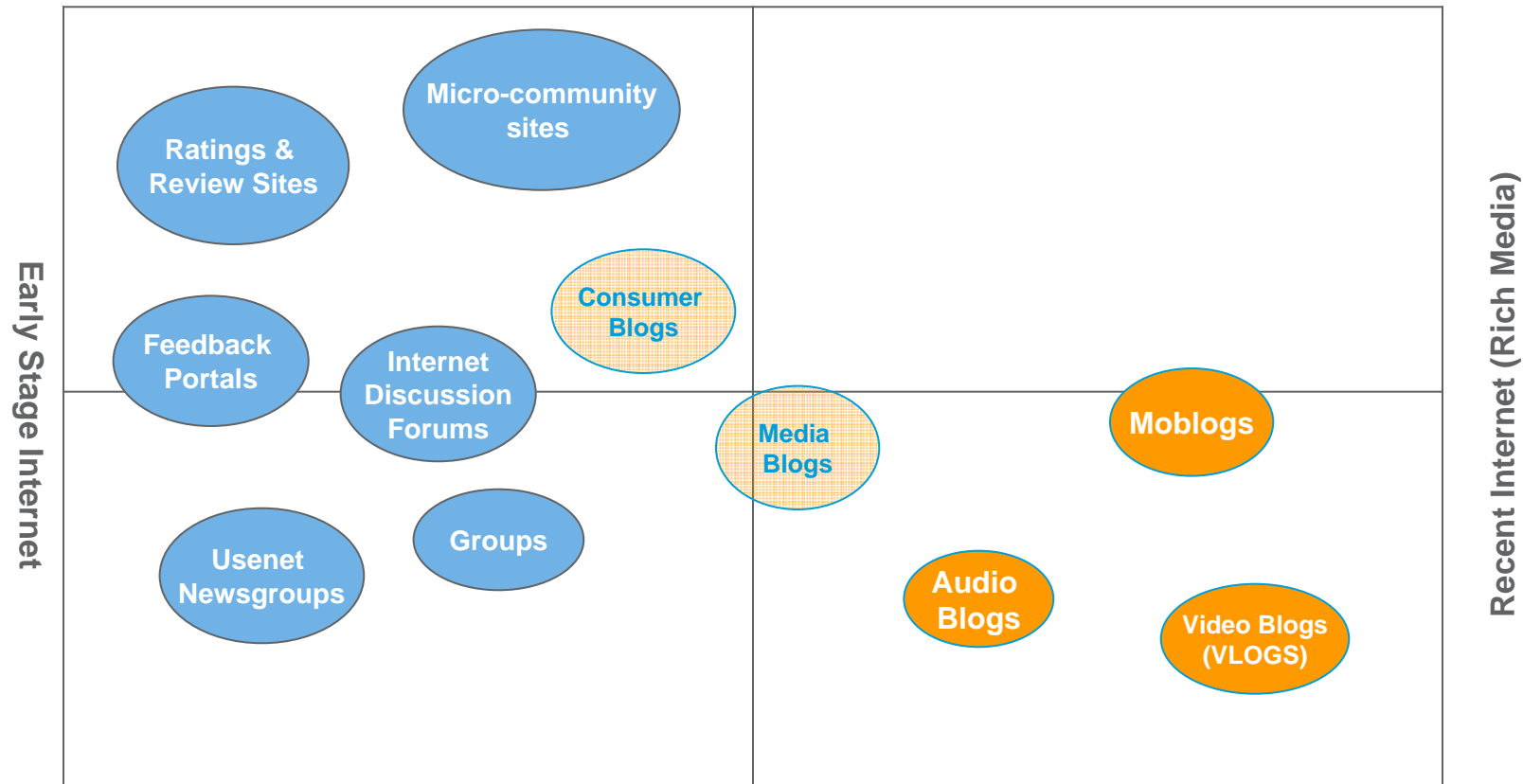
The Exploding Referral Spectrum

Thanks to the Web, the referral/recommendation zone is growing dramatically



The Value Profit Chain (Heskett/Sasser 1/03)

And the CGM Space Just Keeps Growing...



The Rise of CGM/Social Media Integration

Social Media Integration: Where the CGM/social media platform combines with an existing property in a meaningful way so as to enhance the customer experience and drive increased value for the organization.

“ Customer Reviews & Ratings speaks to the interest and need that our community of customers has to share and talk with each other and to help each other shop smarter and easier. We’re continuing to evolve our community elements of the site as well as in the stores and to connect the two together to create online / offline activity.”

--Cathy Halligan, CMO, Walmart.com

How Does This Really Play Out?



March 3, 2008 Edition

The consumer is in control; more leverage and ability to create “media”

Web is an “echo chamber” & transparency engine into mkt events & processes

Points of exposure & engagement are magnified by Web 2.0

Customer service (how we “listen and respond”) might just be the “new marketing”

Search and brand reputation share symbiotic relationship

Moreover, Search Drives Reach & Impact



Positive Advocacy at Work in Search



[Apple - iPhone](#)

iPhone customers will be able to enjoy the best YouTube experience on a mobile ... When it begins shipping on June 29, the **iPhone** will run applications ...

[www.apple.com/iphone/](#) - Jun 25, 2007 - [Similar pages](#) - [Note this](#)

[Apple - iPhone - Revolutionary Phone](#)

iPhone is a revolutionary new mobile phone that allows you to make a call by simply pointing your finger at a name or number in your address book, ...

[www.apple.com/iphone/phone/](#) - 15k - [Cached](#) - [Similar pages](#) - [Note this](#)

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[The Apple iPhone - Engadget](#) - Jun 22

Yeah, we said it: "**iPhone**," the name the entire free world had all but unanimously christened it from the time it'd been nothing more than a twinkle in ...

[www.engadget.com/2007/01/09/the-apple-iphone/](#) - 136k - Jun 24, 2007 -

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News results for [iphone](#)



[Albany Times Union](#)

[So cool, but will iPhone work?](#) - 9 hours ago

BY MIKE WENDLAND With the tech world pretty much in **iPhone** fever awaiting Friday's launch of Apple's much-anticipated new iPod music/video ...

[Detroit Free Press](#) - [320 related articles](#) »

UPDATE: [Are There Any iPhone Alternatives? Here Are Some Rivals](#) - [CNNMoney.com](#) - [42 n](#)

[Will Apple's iPhone connect?](#) - [Los Angeles Times](#) - [23 related articles](#) »

[iPhone - Wikipedia, the free encyclopedia](#) - Jun 22

The **iPhone** is a multimedia and Internet-enabled mobile phone by Apple, announced by Apple CEO Steve Jobs during the keynote address at the Macworld ...

[en.wikipedia.org/wiki/iPhone](#) - 136k - Jun 24, 2007 - [Cached](#) - [Similar pages](#) - [Note this](#)

Speakers Filled the Shelf Space for Seekers

Hostility at Work on the Web's Digital Trail

Customer service a highly vulnerable issue on the web... for all companies



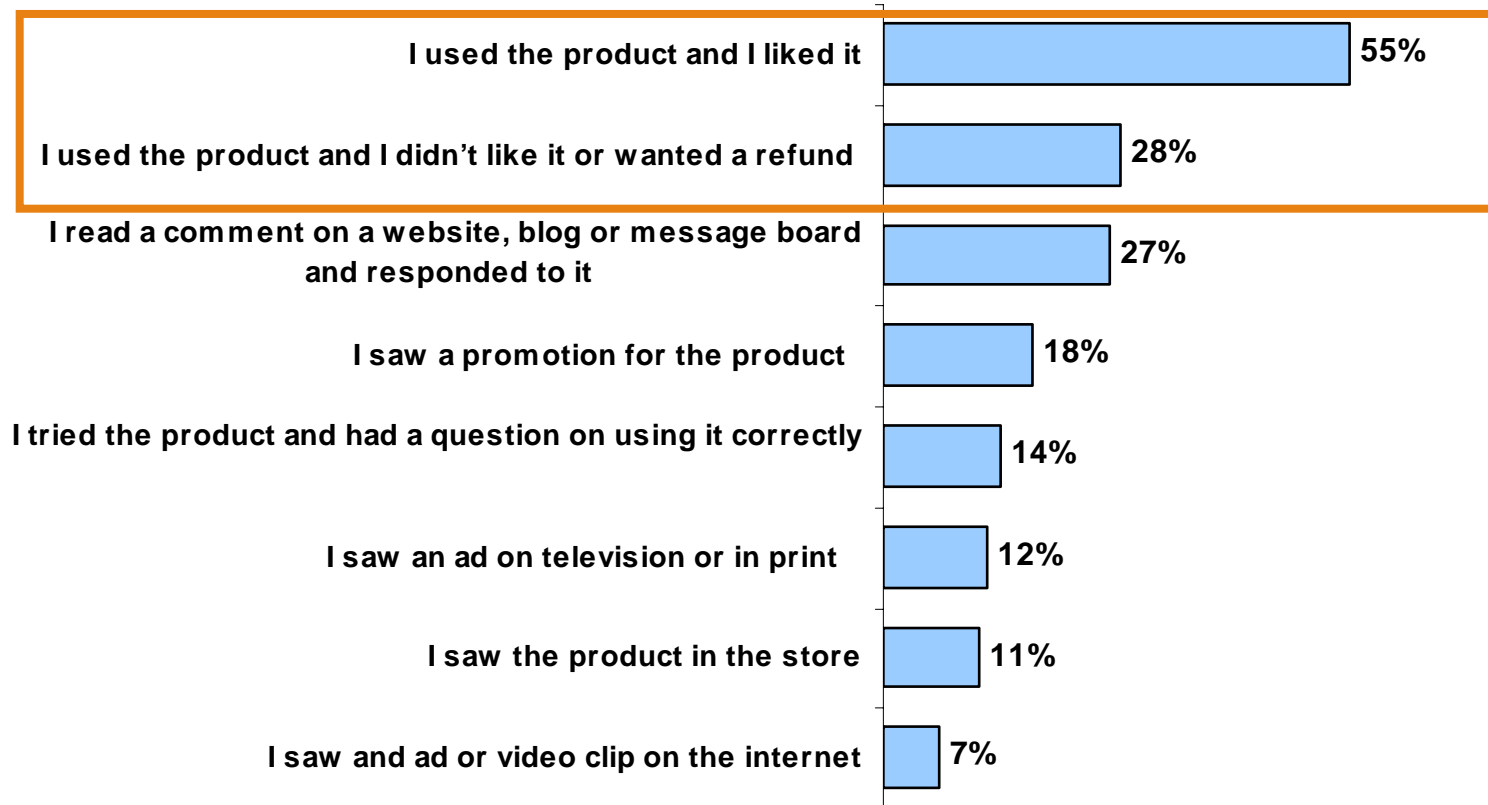
The Root Drivers of Expression

Key Factors Driving CGM Movement

- Emotional need/desire to be heard
- Desire to connect with one another
- Need to create and make change
- Evangelize for the things and people we love
- Quest for authenticity
- Ease of Use / Low Barriers to Entry
- Better, Faster, Cheaper
- Power and Leverage

Product “Experience” Plays a Role in Motivating Speakers to “Speak”

When posting content to a Web site, blog or message board, what are the reasons for doing this?



Source: 2007 Nielsen CGM/Homescan BuzzFacts

Implications for Brands

Must Stay Credible at All Cost

Six Drivers of Brand Credibility		
Trust	Authenticity	Transparency
<ul style="list-style-type: none"> Confidence Consistency Integrity Authority 	<ul style="list-style-type: none"> As Advertised Real & Sincere Real People Informal 	<ul style="list-style-type: none"> Let the Sun Shine In Easy to Learn Easy to Discover No Secrets
Affirmation	Listening	Responsiveness
<ul style="list-style-type: none"> Playback Reinforcement Search Results Community Accountability 	<ul style="list-style-type: none"> Empathy Welcome Mat Humility (we can learn) Absorbing Feedback 	<ul style="list-style-type: none"> Follow-Up Invitational Marketing Solidifying the Solution Dignifying Feedback

Brands Also Need to Become Better Listeners

Key Metric	What It Tells You
Volume	How many comments about your brand?
Reach	Depth of exposure, impressions viewed by others
Dispersion	Distribution and virality of issue or conversation
Sentiment	To what extent are messages favorable or non-favorable?
Emotion	How did consumers feel? Betrayed? Confident?
Issue	What specific issues are being discussed in brand buzz?
Source	Where is conversation occurring? Boards, Blogs? Forums? Video?
Author	Is author credible? What kind of consumer?
Influence	News Source? Brand Website? Retailer

The Ever-Expanding Listening Spectrum

The online environment introduces a whole new set of mission-critical variables for measuring and interacting the consumers.

	<u>Customer Satisfaction 1.0 Framework</u>	<u>Customer Satisfaction 2.0 Framework</u>	<u>2.0 Translation into Benefits</u>
<u>Core Metrics</u>			
Loyalty	High	High	Pinpoint new drivers
Customer Advocacy	Low	High	Ability to leverage advocates
Employee Advocacy	Low	High	Ability to leverage core asset
Metering Talk Drivers	Med	High	Operational interventions
Metering Influence/Impact	Low	High	Media/Communications Efficiency
Monitoring Buzz/CGM Levels	No	High	Early Radar & Insights
Search Shelf	No	High	Immediate Understanding of Impact
<u>CRM Tools & Engagement</u>			
Letter	Yes	Yes	Correlation w/other behavior
eMail	Yes	Yes	Correlation w/other behavior
Telephone	Yes	Yes	Correlation w/other behavior
Surveys	Yes	Yes	Far deeper context around issues
Instant Message	No	Yes	User experience, WOM Effect
Text Messaging	No	Yes	User experience, WOM Effect
Photo Feedback	No	Yes	User catharsis, better data, loyalty
Video Feedback	No	Yes	User catharsis, better data, loyalty
CGM Listening/Engagement	No	Yes	Showing Responsiveness

Tying the Listening Process to Operations

Aberdeen Research

Aberdeen Group: Social Media Monitoring and Analysis Report, Jan. 2008

Q7 What are the top two (2) factors driving your organization to focus resources on social media monitoring and analysis?

- Need to improve customer satisfaction
- Need to improve timeliness of marketing decisions
- Need to increase return on marketing investment
- Need to develop new products and services
- Need to improve accuracy of marketing decisions
- Need to protect company reputation
- Need to decrease market research costs

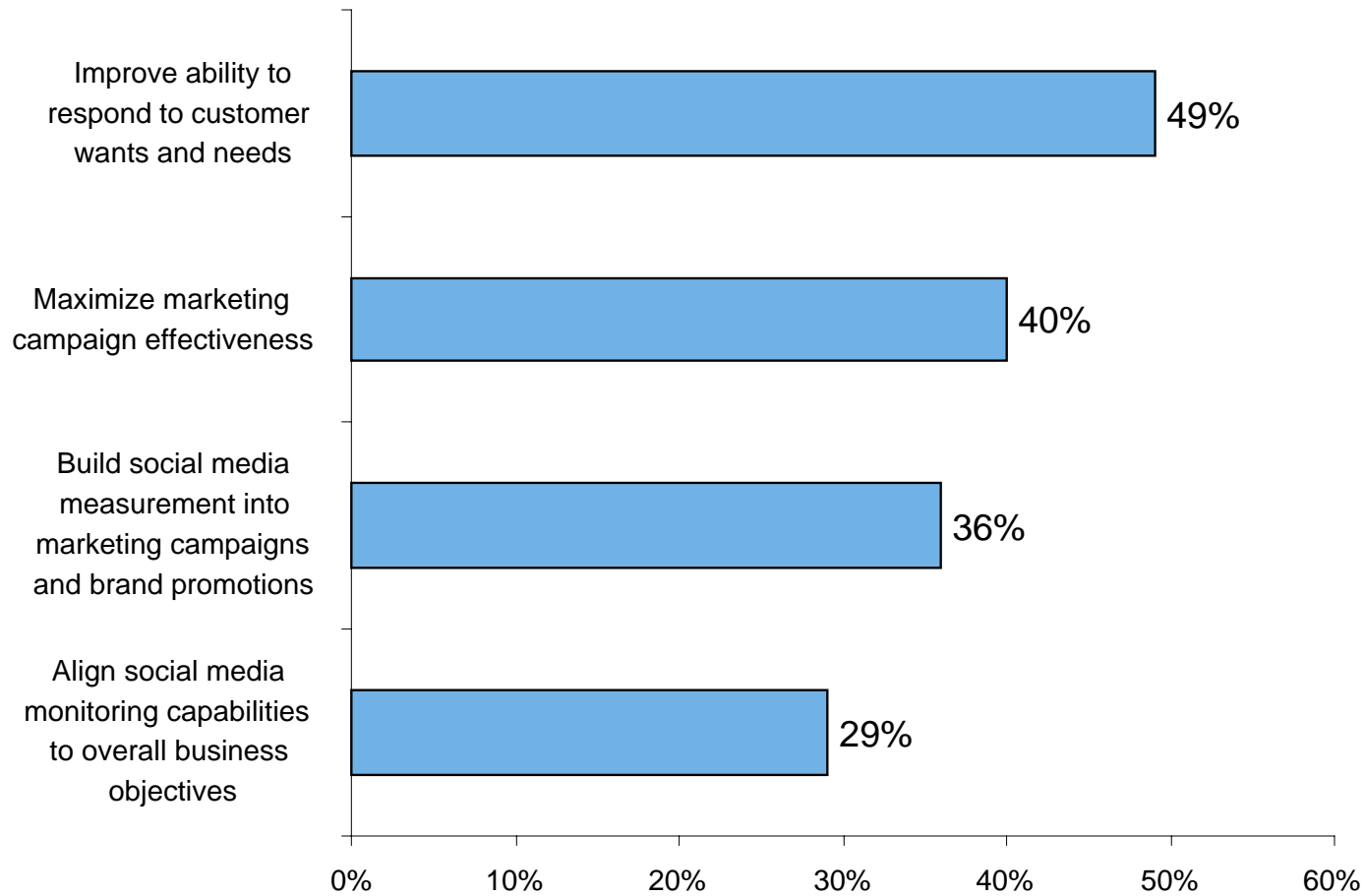
Need to
Need be
Need all
method

Q8 What are the top two (2) strategic actions your organization will take to maximize the benefits of its social media monitoring and analysis initiatives?

- Maximize marketing campaign effectiveness
- Improve ability to respond to customer wants and needs
- Build social media measurement into marketing campaigns and brand promotions
- Establish a method for defining social media benchmarks and goals
- Align social media monitoring capabilities to overall business objectives

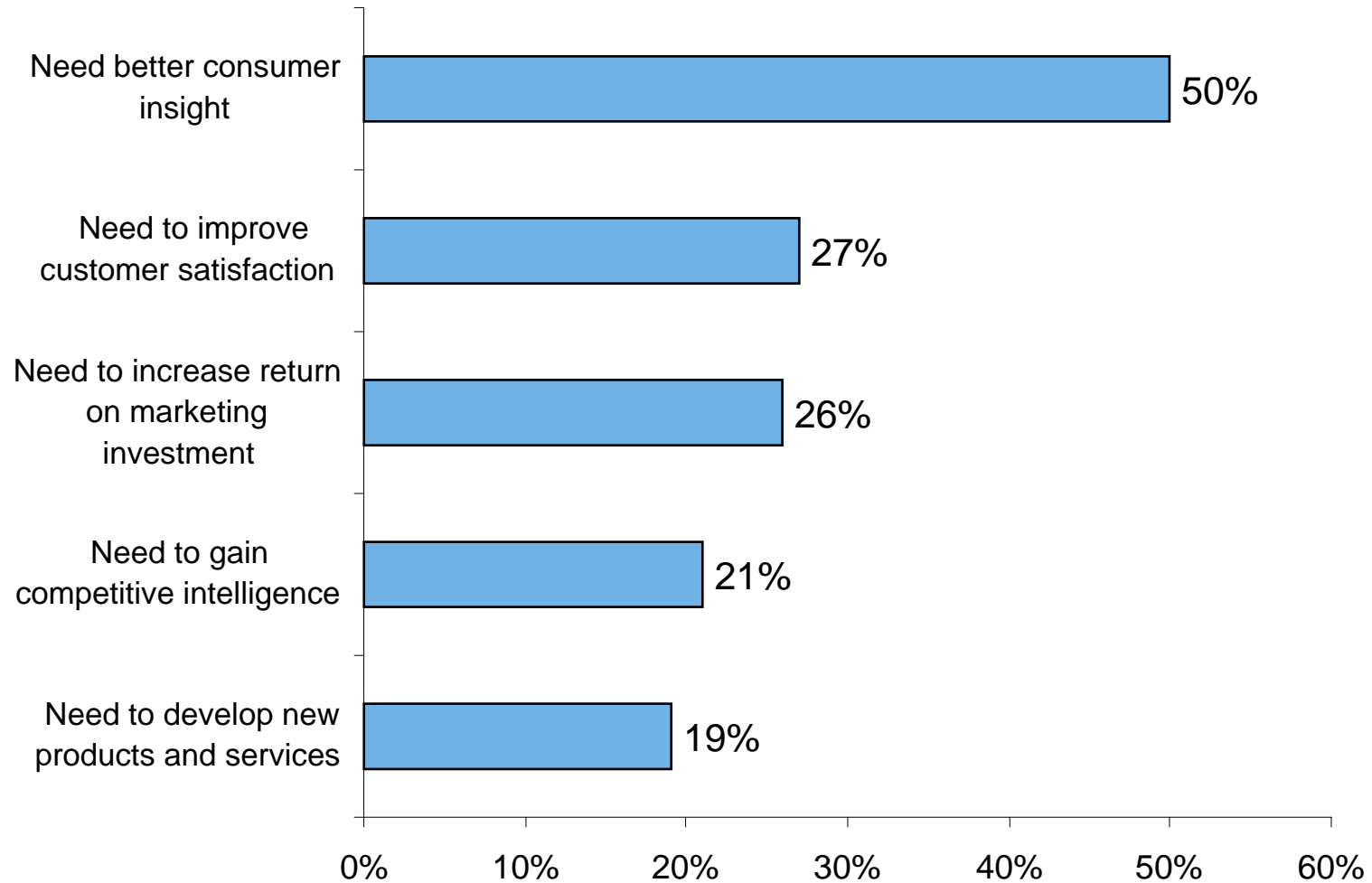
Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> ▪ Need better consumer insight 	<ul style="list-style-type: none"> ▪ Improve ability to respond to customer wants and needs ▪ Align social media monitoring capabilities to overall business objectives 	<ul style="list-style-type: none"> ▪ Formalized process for measuring consumer-generated content ▪ Dedicated personnel devoted to social media monitoring ▪ Defined metrics for measuring campaign and promotion success ▪ Defined metrics for measuring new product development opportunities 	<ul style="list-style-type: none"> ▪ Social media monitoring tools ▪ Marketing dashboards and visualization tools ▪ Campaign management tools ▪ Company-hosted <u>blogs</u>, <u>discussion forums</u>, <u>wikis</u>, and other Web 2.0 social media

Actions Related to CGM/Social Media



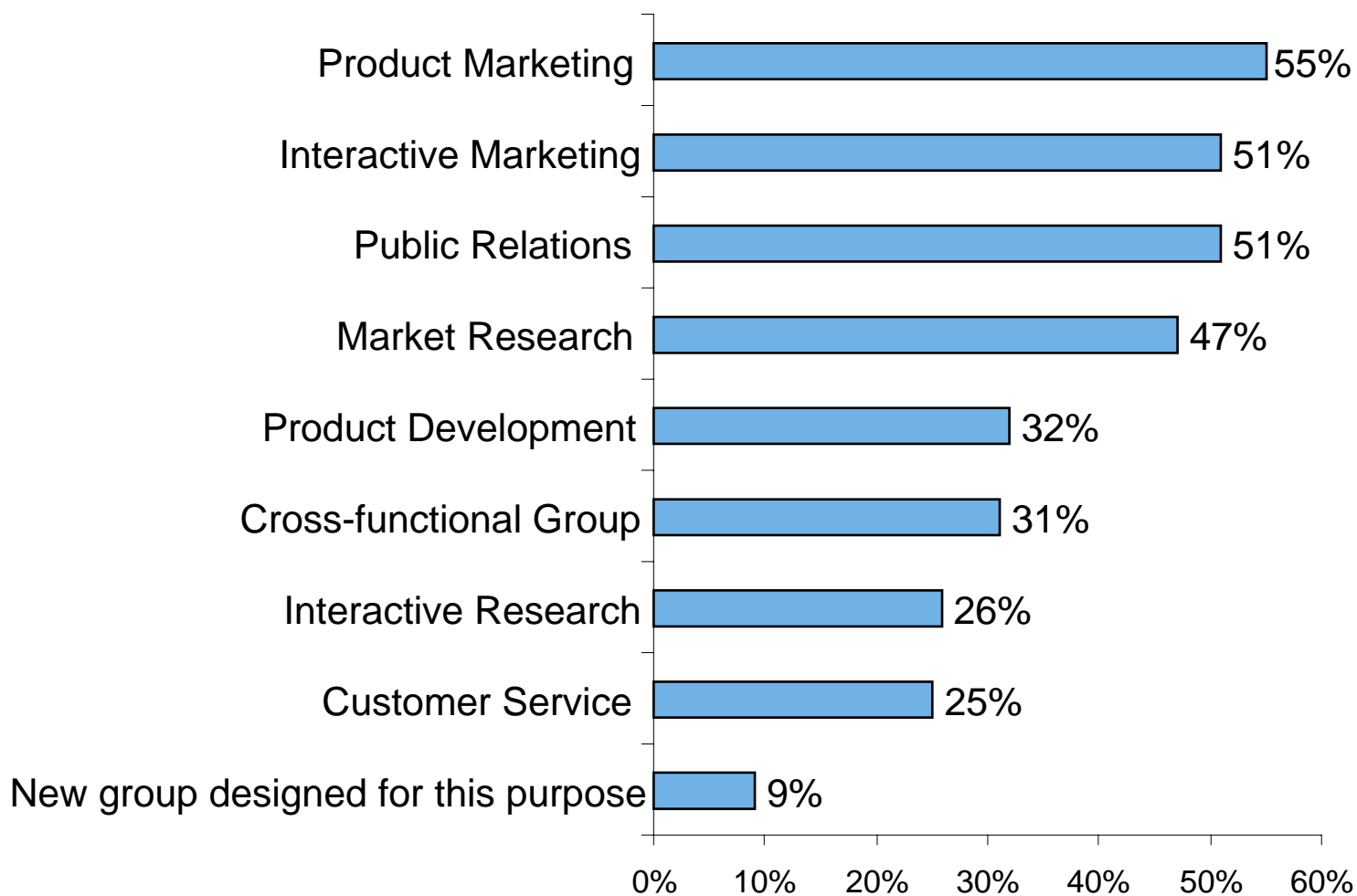
Source: Aberdeen Group, January 2008

Drivers of CGM/Social Media



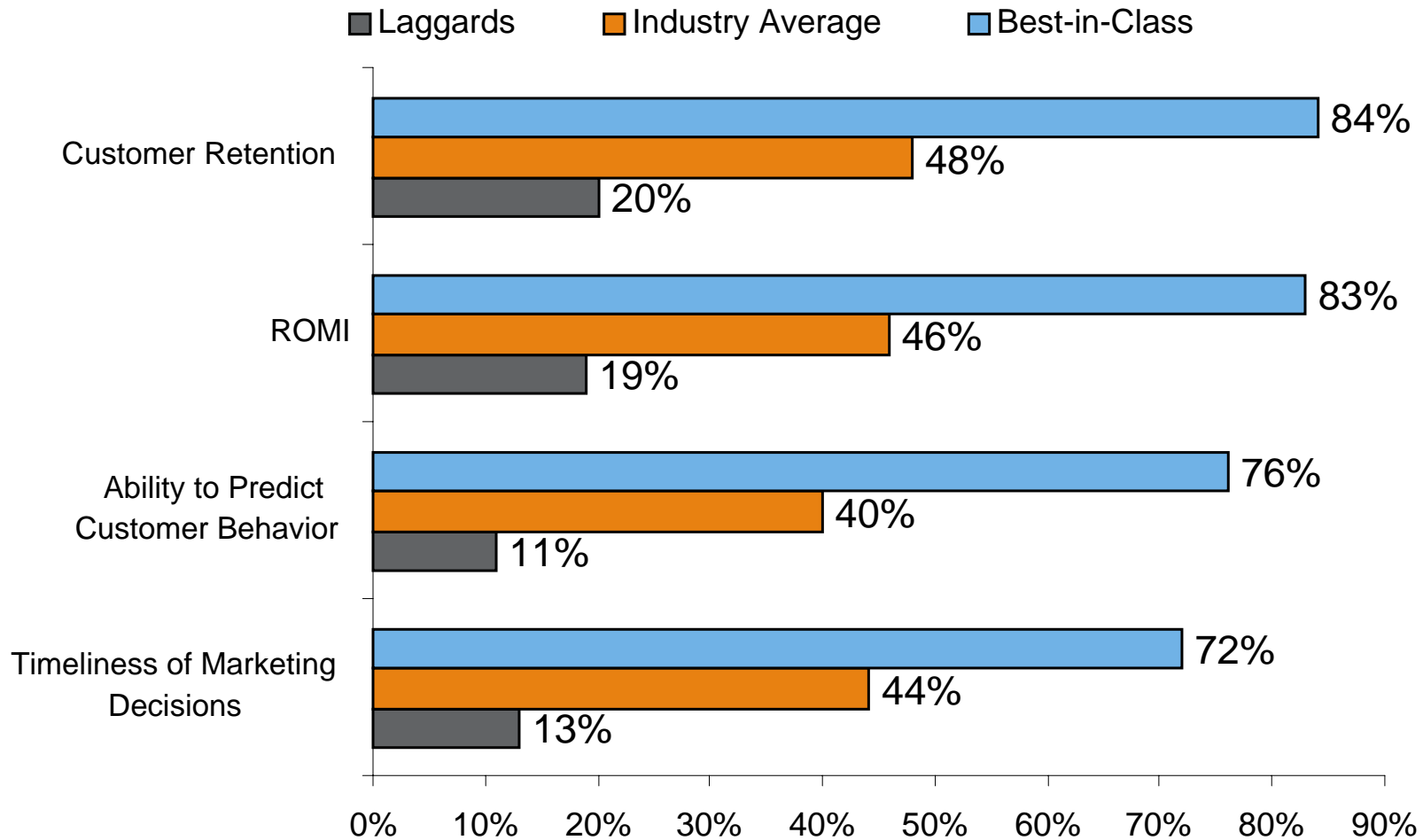
Source: Aberdeen Group, January 2008

Who Uses Social Media Insights



Source: Aberdeen Group, January 2008

Year-over-Year Improvement in Metrics

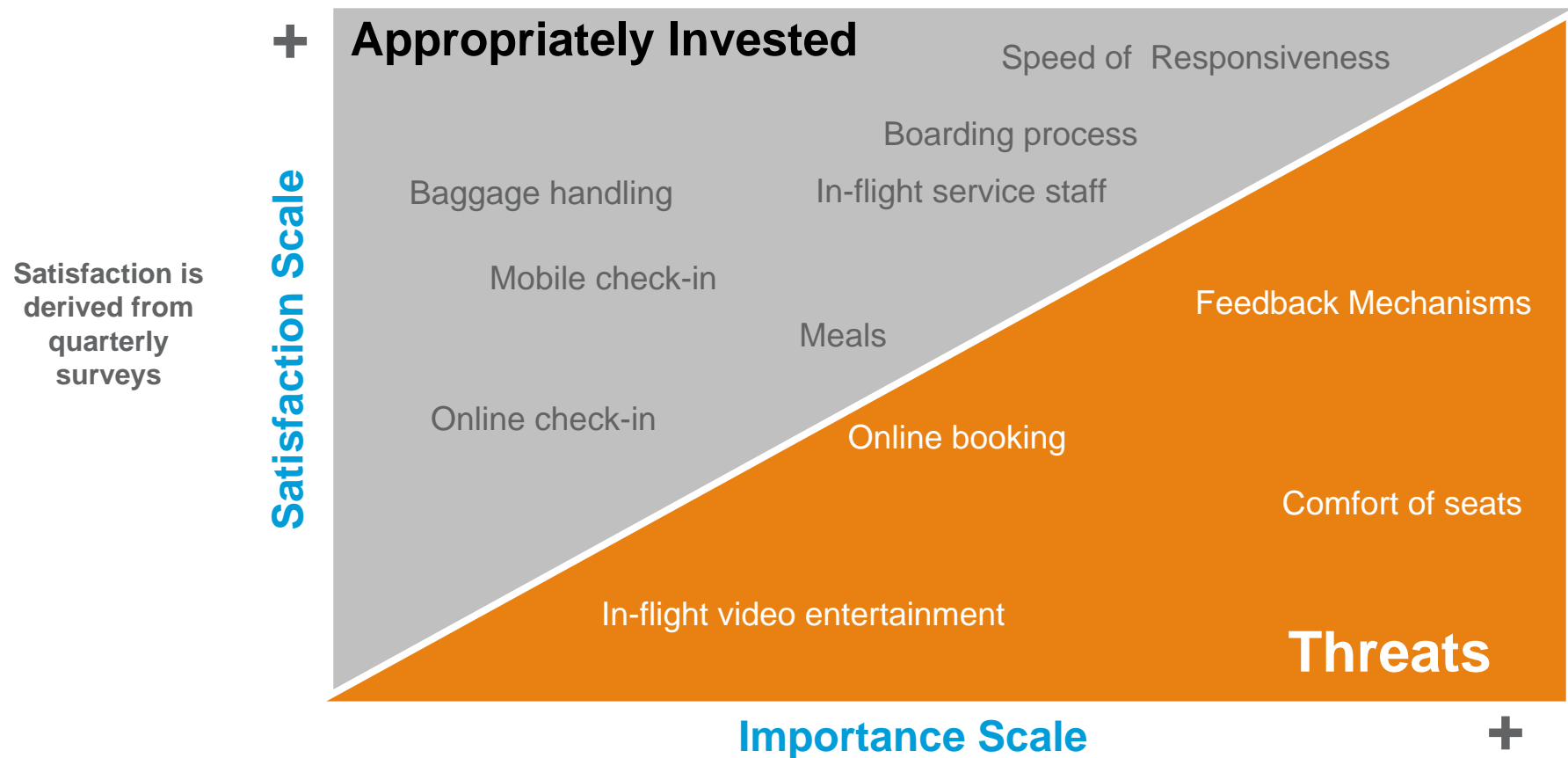


Source: Aberdeen Group, January 2008

A New Listening Framework

The Brand Advocacy Quotient (BAQ)

Understandings Drivers Informs Where To Invest



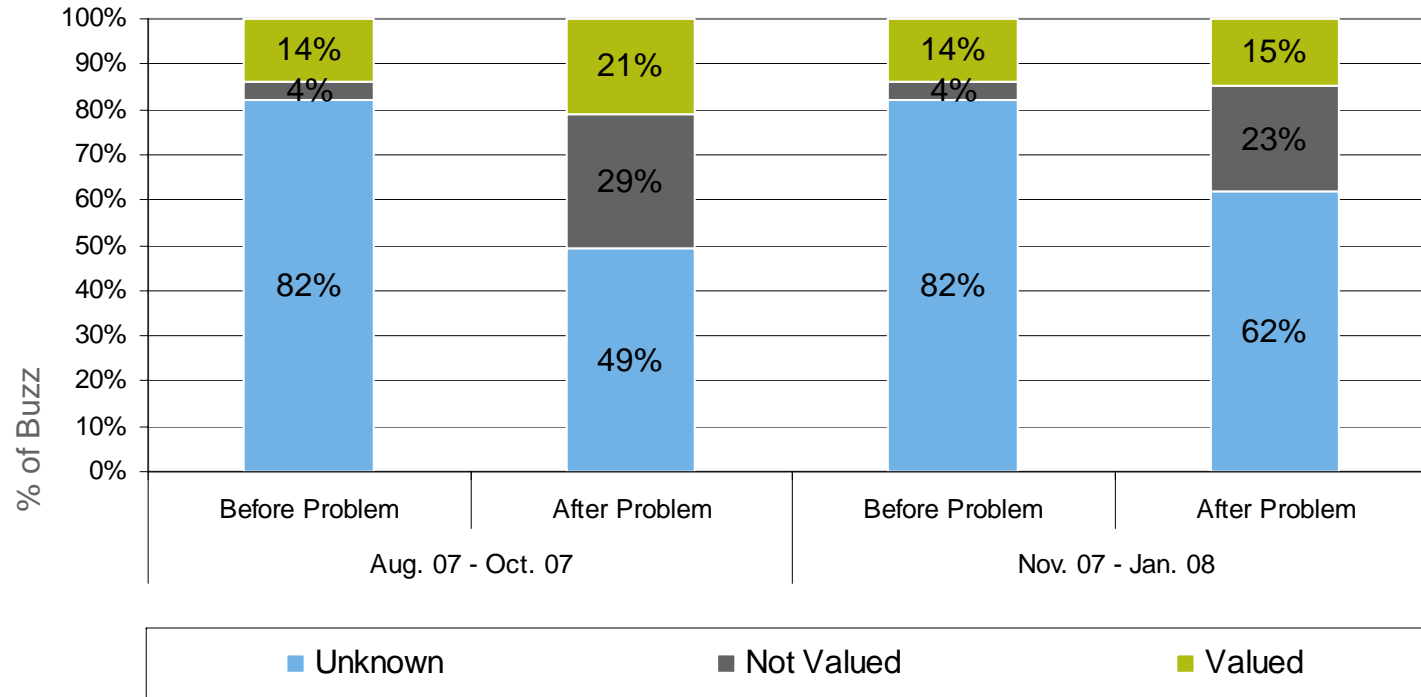
From Customer Satisfaction to Brand Advocacy

Core Assumption: Advocacy (or lack thereof) around brand “experience” is what powers the creation of WOM/CGM and impacts broader perceptions

Nielsen’s Brand Advocacy Quotient™ (BAQ)			
<i>Input Method</i>	Unaided (CGM)	Aided & Prompted	Metered (Traffic)
Metrics	<ul style="list-style-type: none"> •Advocacy/Propensity to Recommend •Loyalty •Sentiment/Emotion •Key Issue/Talk Driver 	<ul style="list-style-type: none"> •Advocacy/Propensity to Recommend •Loyalty •Sentiment •Key Issue 	<ul style="list-style-type: none"> • Conversion rate • Category exclusivity • Direct-to-site traffic ratio
Issues Tracked	All Relevant Issue, such as <ul style="list-style-type: none"> •Booking •Boarding •Flight experience •Loyalty program 	All Relevant Issues, such as: <ul style="list-style-type: none"> •Booking •Boarding •Flight experience •Loyalty program 	
Who	Passengers. Employees, Media, Key Segments (Frequent Fliers, Luxury)	Passengers. Non-Segment by Demos and CGM Behavior (bloggers)	Online site visitors

How Do You Make the Consumer Feel Valued?

Customer Perceived Value



The Spectrum of "Service"

Being accessible & responsive on consumer's term.

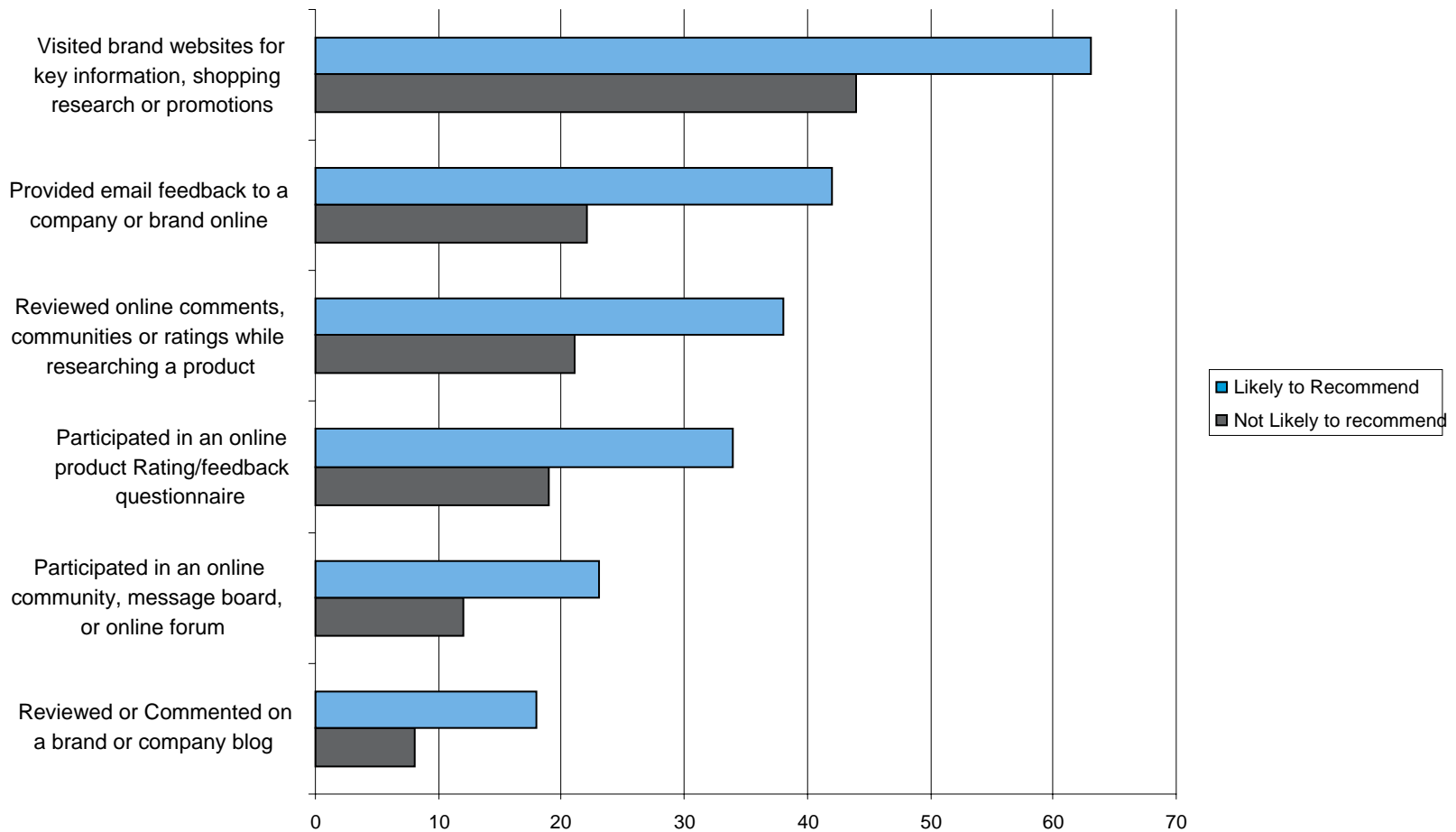
Answering the consumer's questions post-purchase?

Helping the consumer before the purchase?

Explaining how to use the products! (Online Video?)

Opportunities to Nurture Advocacy

Better Profiling & Targeting



Source: Nielsen CGM/Homescan Study (2007)

Empowering the “*Third Moment of Truth*”

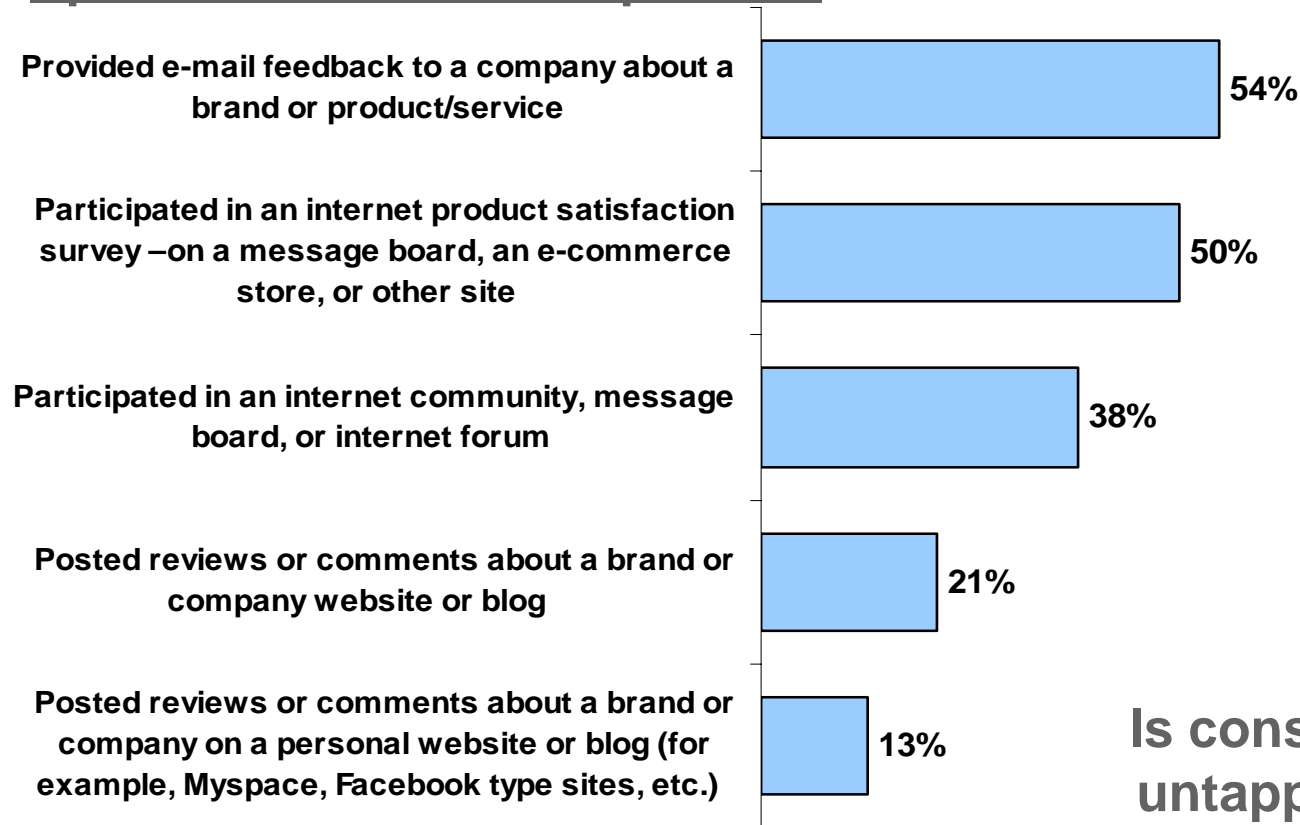
First Moment	Second Moment	Third Moment
<i>What you See/Seek</i>	<i>What You Experience</i>	<i>What You Express</i>
<p>Easy Access: External</p> <p>Easy Access: Internal</p> <p>All Forms of Search</p> <p>Finding the Obvious</p> <p>Finding the Timely</p>	<p>Usability</p> <p>Sight, Sound, Motion</p> <p>Transactions: Click to Buy</p> <p>Information Retrieval</p> <p>Content Prioritization</p>	<p>Providing Feedback</p> <p>Feeling Valued</p> <p>Invitation to Hear</p> <p>Ability to Share</p> <p>Ability to Network</p> <p>Online Community</p>

*Inspired by A.G. Lafley’s “Two Moments of Truth”

Leverage the Consumers Already Talking to You

During the past 6 months, which of the following, if any, have you participated in while on the internet?

Speakers are brand responsive

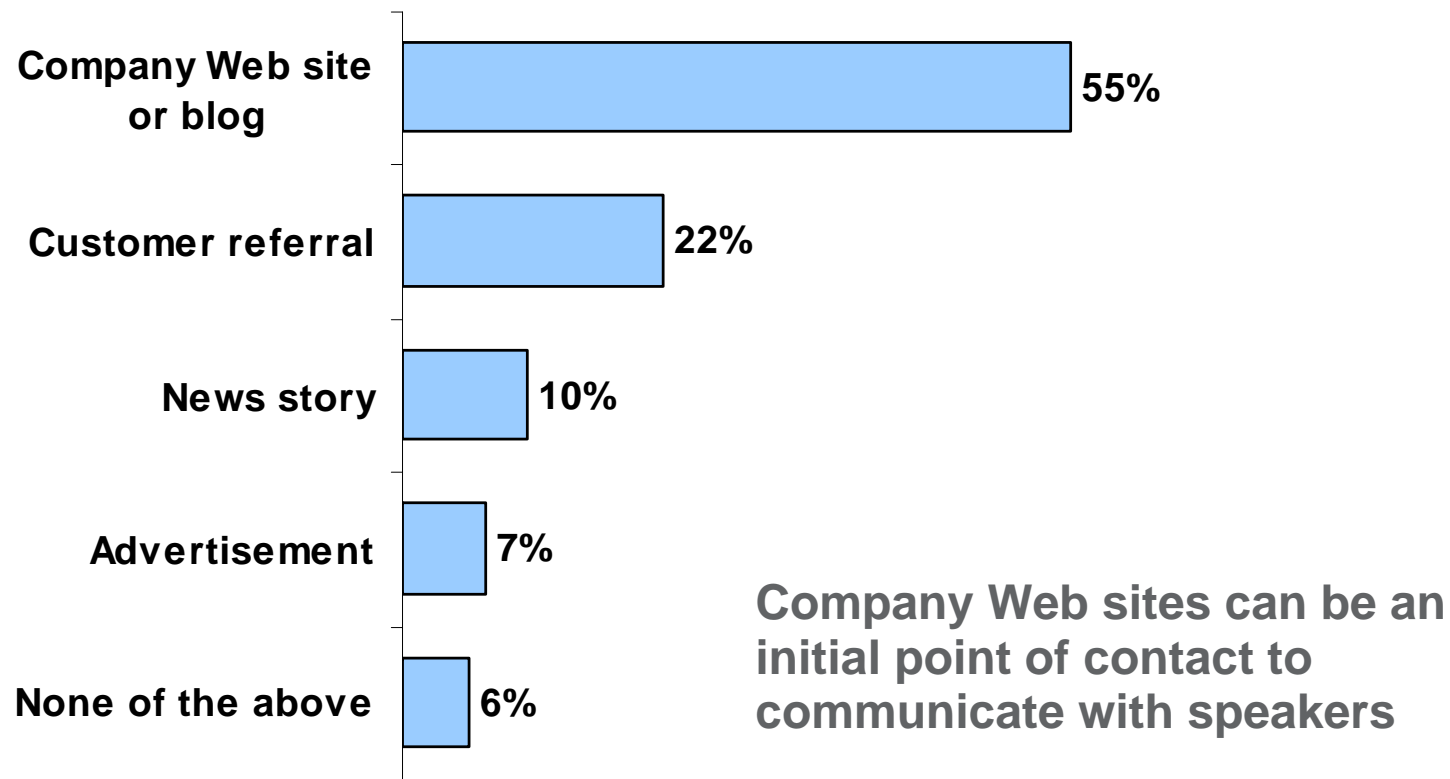


Is consumer affairs and untapped opportunity?

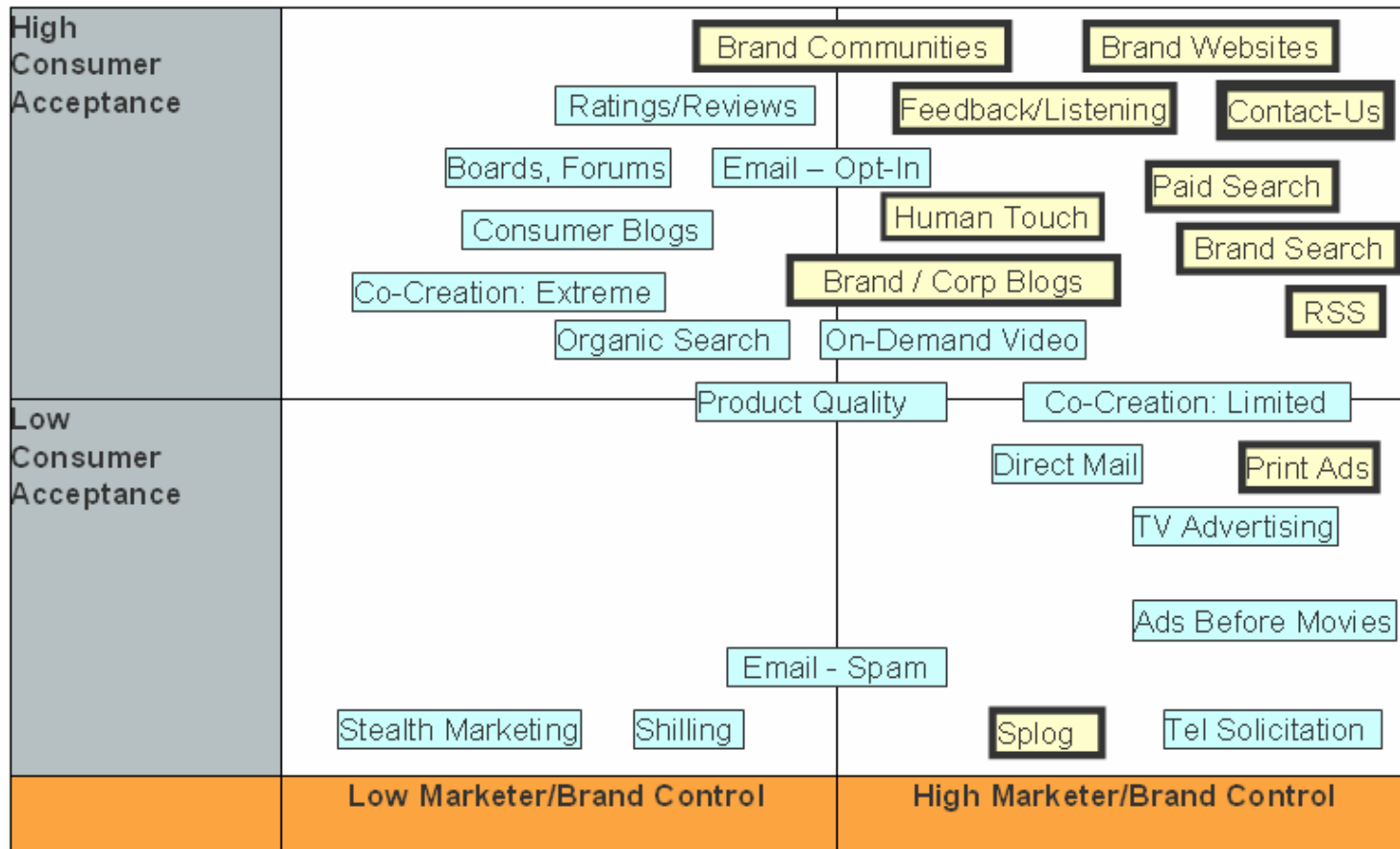
Base = Speakers

Exploit Your Website or 2.0 Platform

When searching for information on the Internet about a specific product or brand for your household, which one of the following would you be most likely to click on first?



Aim for the Northeast Corner

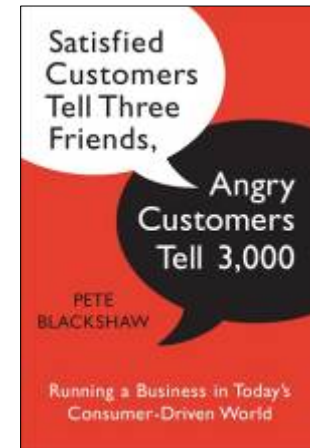


Final Takeaways

- Lower barriers to providing feedback have opened up gates to CGM, and brands are both amplified and implicated in the ensuing digital trail
- In this environment, satisfaction and retention is no longer enough; nurturing and managing advocacy becomes mission critical
- Advocacy is nurtured from “total brand experience,” including service -- before, during, and after the purchase cycle
- Business operations impact advocacy: consumer affairs, HR, employee training, product quality. Understanding ‘talk drivers’ is critical. Employee ownership (Heskett/Sasser) is more important than ever
- Think beyond quantity to “quality” of conversation (bad quality is viral)
- Opportunity space is huge for getting this right, from CGM measurements and Brand Advocacy Quotients (BAQ) to highly participatory Web 2.0 tools

Staying Smart, Getting Engaged on Topic

- **CGM measurements**
 - By brand, by category, by specific issue, by competitor
- **Brand Advocacy Quotient (BAQ) – Phase One**
 - Looking for consortium of brands to test, fine-tune, and discuss
 - Current clients most ideal given existing CGM data set
 - Travel (hotel, airlines) moving quickly
- **Other Nielsen Digital Strategic Services (DSS) Offerings**
 - Online Content – Strategic rationale for site, blog, video, etc
 - Defensive Branding – Troubleshooting & crisis management
 - Managing Influencers – identification and follow-up
- **Pete's Blog:** www.consumergeneratedmedia.com (or book)



Thank You & Questions

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To download a copy of this presentation, visit www.netratings.com