COMPARING ONLINE AND OFFLINE WORD OF MOUTH:
Quantity, Quality, and Impact

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The word of mouth marketing industry consists of two large segments that have quite different tools and approaches for undertaking word of mouth marketing campaigns. Many agencies and research companies are focused on online word of mouth—internet blogs and chatrooms, consumer review sites, social networking sites, viral videos and emails, and other digital marketing techniques. Many other agencies are focused on nurturing and amplifying offline word of mouth, in bars & restaurants, at parties and other social events, through customer relationship management, new product sampling, and so on.

Yet little is understood about the similarities and differences between online and offline word of mouth (WOM), because rarely is there an opportunity to perform a side-to-side analysis using the same yardstick for both online and offline WOM.

This paper addresses some of the most important questions involving online and offline word of mouth, such as: How much word of mouth actually occurs online versus offline? What variations by product category can be found between online and offline WOM? What differences exist in the demographic profiles of people engaging in online versus offline WOM? Is online or offline WOM more positive about brands? How do online and offline WOM compare in terms of perceived credibility and impact on purchasing of brands? Is online WOM a reasonable surrogate for, or predictor of, offline WOM?

In seeking to answer these questions, this paper draws on six month's worth of data from the Keller Fay Group's TalkTrack® syndicated research program. The methodology involves diary-assisted online surveys in which respondents are asked to report on all forms of word of mouth conversations—online, face to face, and telephone—that occur over a 24 hour period. Respondents participating in the surveys are representative of Americans aged 13 to 69 years of age, demographically matched to the U.S. Census. Each week, 700 respondents provide data on nearly 7,000 brand-related conversations. This paper covers the six months ending February 3, 2008, during which time 18,486 survey respondents were interviewed and reported on 150,151 conversational mentions of brands.

Some of the key conclusions we draw are:

- About 9 in 10 WOM conversations about brands occur offline.
- The demographic profile of people talking about brands online is dramatically younger than for offline conversations.
- The technology and telecom categories are disproportionately represented online, while food, dining, and health are heavily skewed toward offline conversation.

- Offline conversations are more positive about brands, more credible, and more likely to lead to purchase intention.
- Differences in credibility seem to be attributable to the medium rather than to the relationship between sender and receiver, since the credibility gap holds up even when controlling for relationship type.
- Online conversations are somewhat more likely to prompt additional information seeking about brands.
- Online conversations about brands *sometimes* are indicative of offline conversations, but in many instances online and offline conversations follow very different patterns.
- Consumer "influencers" are over-represented in *both* online and offline conversations about brands.

The balance of this paper provides supporting evidence and detailed findings in support of our conclusions.

How Much WOM is Online vs. Offline?

Even in today's information age, the vast majority of word of mouth conversations about brands happen the old-fashioned way, face to face. Three quarters of WOM (75%) happens in person, followed by telephone at 17%, and online forms of communication at just under 10%.

TalkTrack® further breaks down WOM into the following component parts: email communications (3%), text and instant message (3%), and blogs and chatrooms (1%). Another 2% is "other" communications, which includes conventional notes and letters.

Most Word of Mouth is Offline

Other, 2%
Chat/Blog, 1%
IM/Text, 3%
E-mail, 3%
Phone, 17%
Face-to-Face, 75%
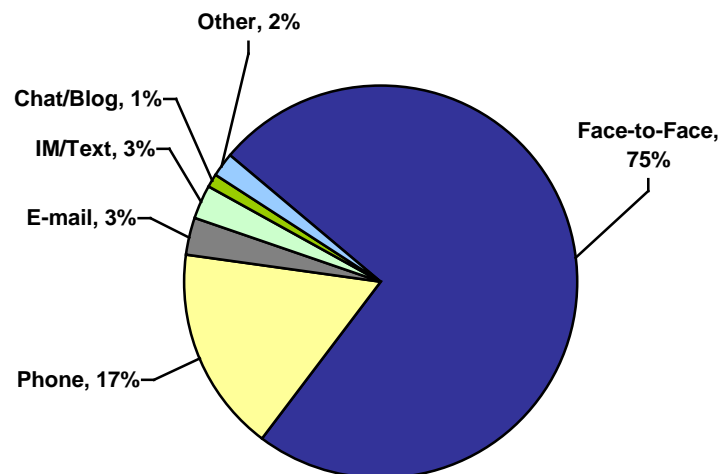
Base: Brand Conversations (n=93,749)
Source: Keller Fay's TalkTrack®, July 30, 2007, through February 3, 2008

Though still small in percentage terms, one might theorize that online word of mouth would be accelerating rapidly, but this is not the case. Over the two years that Keller Fay has been tracking word of mouth, the online component has remained relatively constant, at close to 8%. Obviously, a longer term trend over the last decade would show dramatic growth, but the recent stability nonetheless runs counter to conventional wisdom.

The fact that online's share of word of mouth is only in the high single digits should not be taken as evidence that online WOM is unimportant. Rather, it reflects the enormity of the total word of mouth market. Keller Fay Group estimates that there are 3.4 _billion_ WOM brand impressions every day, of which some 270 million happen online and 34 million occur on blogs and chatrooms in the U.S. That's a lot higher than published statistics for the number of daily blog posts, most likely because TalkTrack® measures not only conversations reported by "posters" but also by readers who might respond or comment to posts, or converse in chat rooms.

Demographic Profiles of Online and Offline WOM

Many authors have noted the strong correlation between online word of mouth and youth. For example, the Pew Internet & American Life Project (July 22, 2008) finds that 54% of bloggers are under the age of 30.

TalkTrack® reveals that such statistics—based to the incidence of blog/chatroom participation of individual people—   the importance of young people to word of mouth on blogs and chatrooms. To get a full appreciation for the role of youth in online WOM, you need to account for their proportion of the total volume of conversations, because each young person is so much more prolific in conversing online than are older consumers. Using conversational mentions of brands as the level of analysis, we find that fully three quarters of all WOM on blogs, chatrooms, and text/IM are generated by people under 30, including _half_ which is driven by teens aged 13 to 17. Looked at another way, teens are over-represented in online WOM by a factor of four, since they account for just 13% of total WOM (including online and offline), yet are responsible for half of the online chatter.

	Demographics	Offline Total	Online Total	Face-to-Face	Phone	Email	Text/ IM	Chat/ Blogs
Base		_86,085_	_6,096_	_70,683_	_15,402_	_2,861_	_2,441_	_794_
	Under 30	31	60	31	32	47	73	68
Age Groups	13 to 17	13	38	13	13	25	50	47
	18 to 29	18	22	18	19	22	23	21
	30 to 39	23	17	23	22	21	13	16
	40 to 59	38	20	38	38	28	12	15
	60 to 69	8	3	8	7	4	2	--

Source: Talk Track®, July 30th, 2007 through February 3, 2008

In other words, online WOM remains a largely youth market phenomenon, and hence should be most attractive to marketers that are focused on young consumers—especially the teen market.

Category Differences for Online and Offline WOM

Every category has many more conversation offline than online. But when you estimate the share of online and the share of offline conversations that are attributable to fifteen product categories, interesting differences emerge between the two forms of communication.

The leading category online is media & entertainment, at 13.1% of all conversations online, compared to 10.6% of all offline conversations. The most common topic offline is food and dining, with 11.2% of all conversations, versus just 7.5% of all online conversations.

Technology also earns a much bigger share of conversation online (11.1%) compared to offline (7.1%), as does telecom (10.6% vs. 7.4%). Several of the lower-incidence conversation categories are even smaller online than offline: financial, health, children's products, the home, and household products.

Generally, the categories that do best online have a strong youth orientation, while those that do best offline tend to draw from a broader age demographic.

Online and Offline WOM by Category

Conversation Category	Online	Offline	Point Difference Online vs. Offline
Media & Entertainment	13.1%	10.6%	+2.5
Technology	11.1	7.1	+4.0
Sports, Recreation & Hobbies	10.7	8.3	+2.4
Telecommunications	10.6	7.4	+3.2
Shopping & Retail	8.4	7.5	+0.9
Food & Dining	7.5	11.2	-3.7
Beverages	6.3	8.6	-2.3
Personal Care & Beauty	5.6	4.3	-1.3
Automotive	5.4	6.3	-0.9
Travel Services	4.2	3.4	+0.8
Financial Services	4.1	5.6	-1.5
Health & Healthcare	4.0	6.7	-2.7
Children's Products	3.6	4.7	-1.1
The Home	3.0	4.6	-1.6
Household Products	2.5	3.6	-1.1

Base: Online conversations, n=6,096; Offline conversations, n=86,085
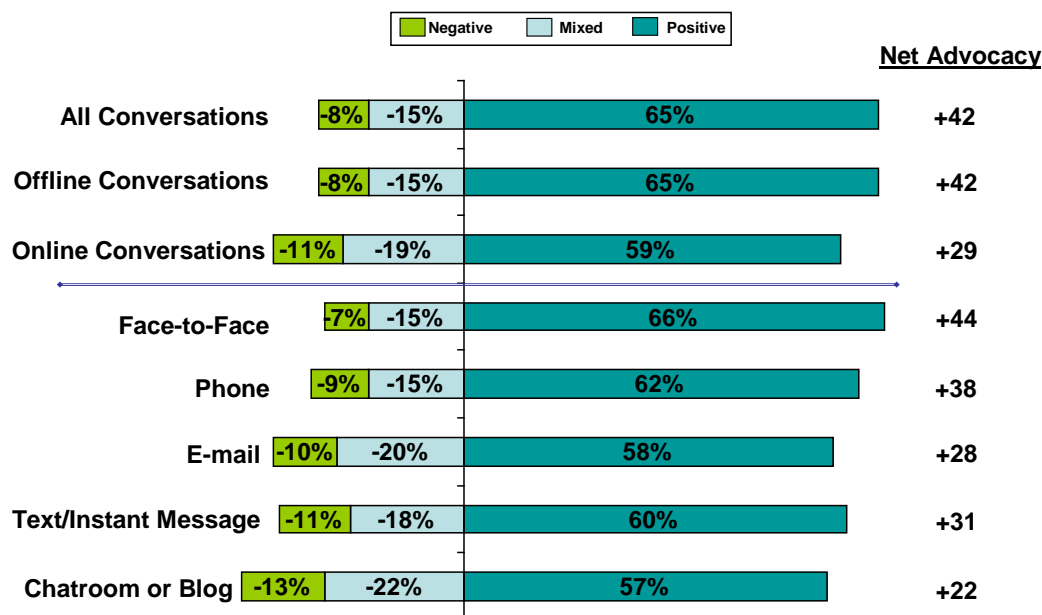Source: Keller Fay's Talk Track®, August 2007 – January 2008

Which is More Positive: Online or Offline WOM?

Counter to conventional wisdom, <u>all</u> word of mouth is much more likely to be positive rather than negative, and that is true for both online and offline WOM. Nevertheless, offline WOM is even more likely to be positive than offline, with 65% of offline conversations reported as being positive compared to 55% of online conversations.

Online is more likely than offline to be described as "negative" about a brand, by 13% to 8%, and more often a mixture of positive and negative: 21% to 15%. Taken together, brand conversations that take place online are either "mostly negative" or a mixture of positive and negative 34% of the time, vs. 23% of the time when the conversations take place offline, for a difference of 11 points.

Among the forms of online conversation, blogs have the strongest negative/mixed skew, while email and text/instant messages are somewhat less so.

Offline Conversations Are More Positive

	Negative	Mixed	Positive	Net Advocacy
All Conversations	-8%	-15%	65%	+42
Offline Conversations	-8%	-15%	65%	+42
Online Conversations	-11%	-19%	59%	+29
Face-to-Face	-7%	-15%	66%	+44
Phone	-9%	-15%	62%	+38
E-mail	-10%	-20%	58%	+28
Text/Instant Message	-11%	-18%	60%	+31
Chatroom or Blog	-13%	-22%	57%	+22

Base: Branded Conversations (Total Conversations, n=74,297)
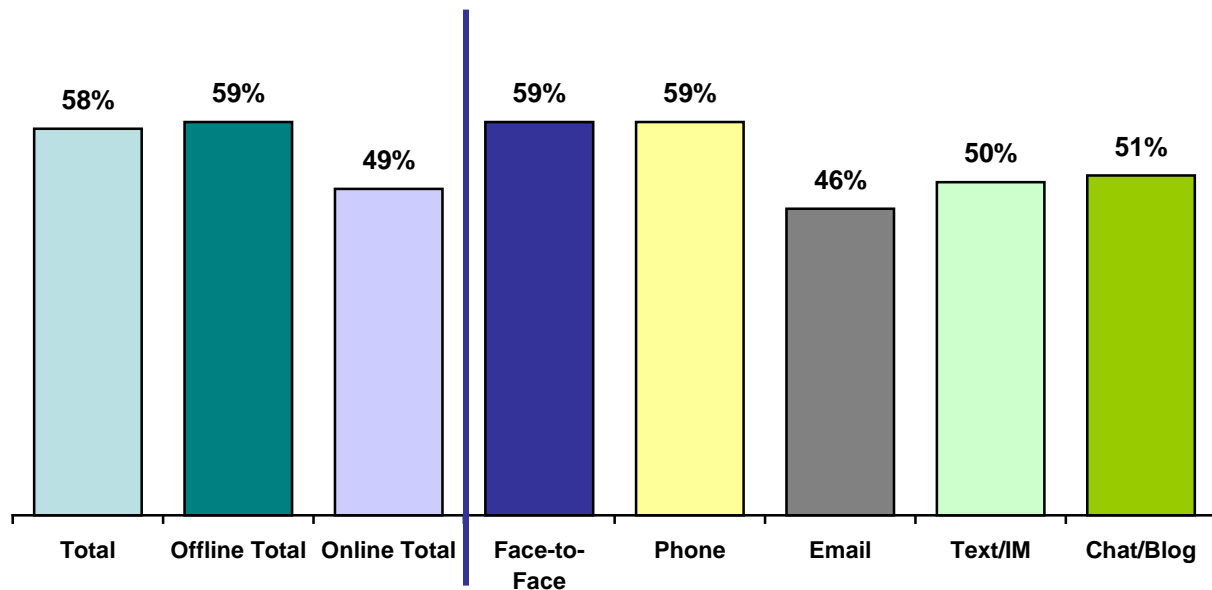Source: TalkTrack®, July 30, 2007, through February 3, 2008

How Do Online and Offline WOM Compare in Terms of Perceived Credibility and Impact on Purchasing of Brands?

A big reason why marketers are excited about word of mouth is the expectation that the advice of a friend, family member, or "somebody like you," is going to carry greater credibility than a paid commercial message, and therefore lead to more purchase decisions.
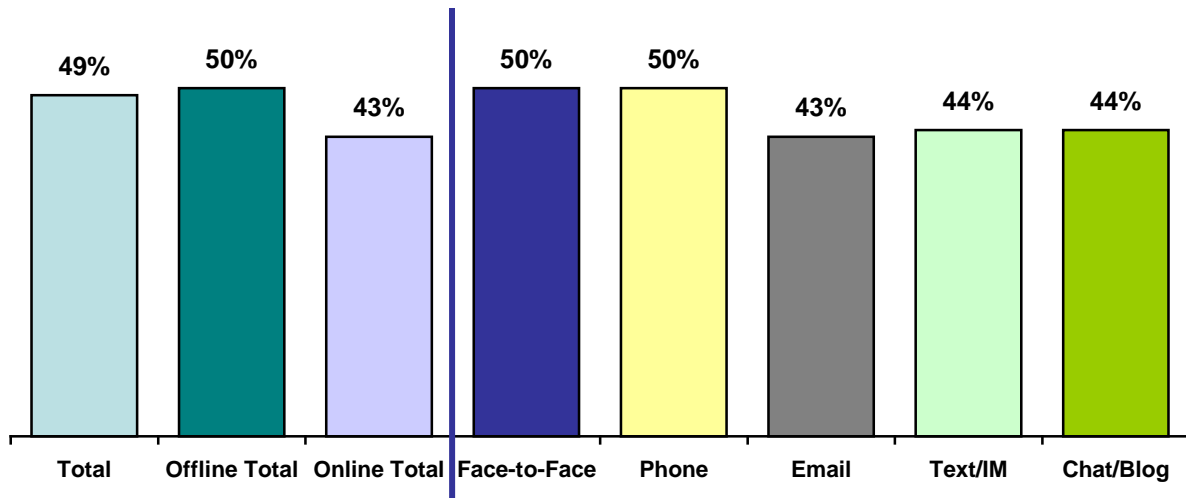
Indeed, TalkTrack® demonstrates remarkably high levels of credibility for all forms of word of mouth. Approximately half of all consumers exposed to word of mouth say they find the information highly credible and are highly likely to purchase products about which they had recent word of mouth conversations (answers of "9" or "10" on a scale of 0 to 10).

Offline does have a significant edge, however, over online WOM with respect to credibility and intent to take action. By a 10-point margin, offline WOM is judged highly credible (59%) more often than online (49%), and by a 7-point margin offline is more likely to lead to purchase intent (50% vs. 43%).
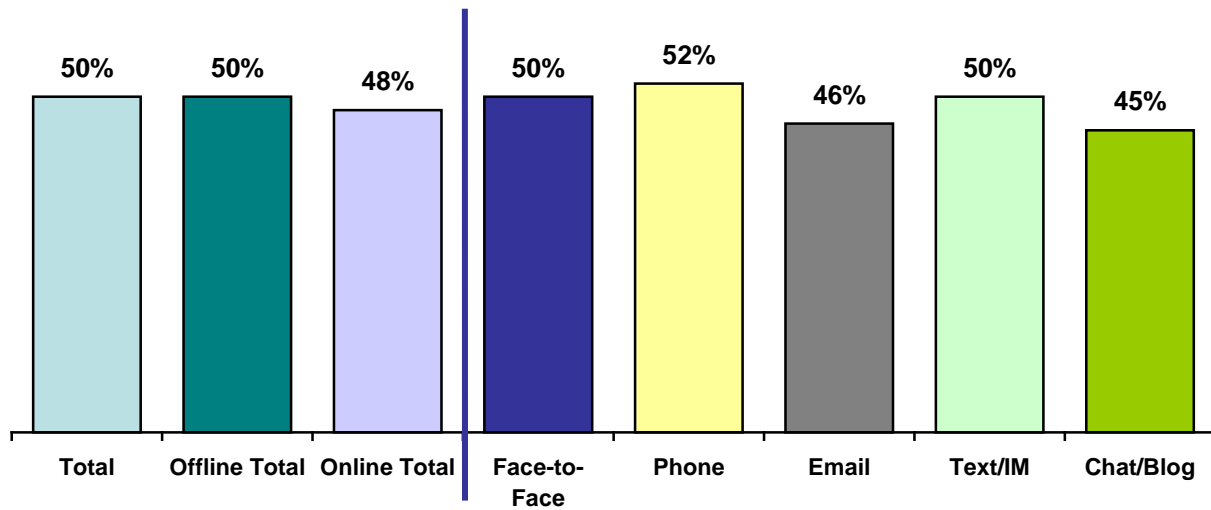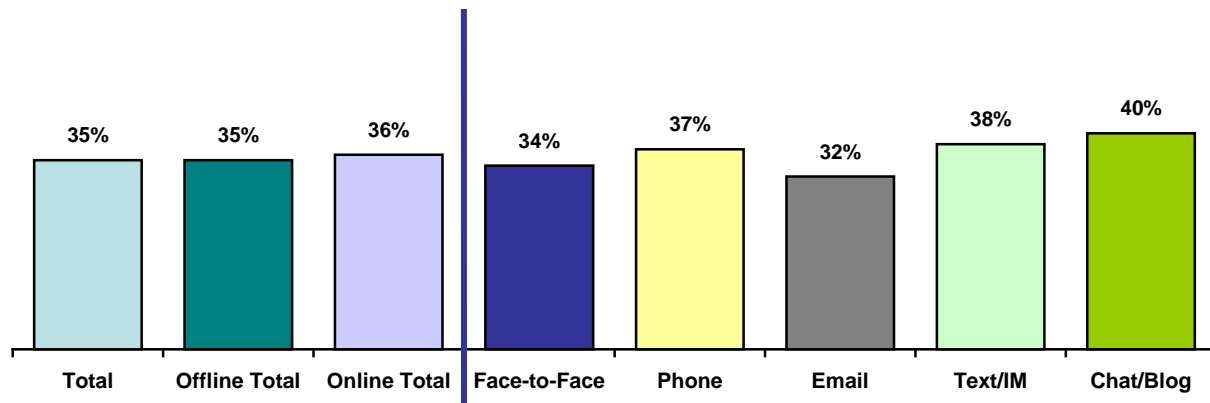
Offline WOM Perceived More Credible

Total	Offline Total	Online Total	Face-to-Face	Phone	Email	Text/IM	Chat/Blog
58%	59%	49%	59%	59%	46%	50%	51%

Offline WOM Leads to Higher Purchase Intent

Total	Offline Total	Online Total	Face-to-Face	Phone	Email	Text/IM	Chat/Blog
49%	50%	43%	50%	50%	43%	44%	44%

Similar Level of "Relay" for Online and Offline

Total	Offline Total	Online Total	Face-to-Face	Phone	Email	Text/IM	Chat/Blog
50%	50%	48%	50%	52%	46%	50%	45%

But Chats/Blog Inspire Higher Level of Info-Seeking

35%	35%	36%	34%	37%	32%	38%	40%
Total	Offline Total	Online Total	Face-to-Face	Phone	Email	Text/IM	Chat/Blog

Base: Brand mentions where someone else provided advice (All Conversations, n=46,854; Offline Conversations, n=44,278; Online Conversations, n=2,576; Face-to-Face, n=37,236; Phone, n=7,042; Email, n=1,049; Text/IM, n=1,130; Chatroom/Blog, n=397)
Source: OMD/Keller Fay Group proprietary report based on TalkTrack®, June 5th 2006 through February 3, 2008

However, offline and online WOM are almost equal when it comes to driving "pass along" WOM, and information seeking. In fact, blogs, specifically, are the most likely to lead to further information seeking, perhaps because of the efficiency of using internet search while online and writing, commenting on, or reading blogs.

Why is Offline WOM More Credible?

As we reviewed the findings for credibility between online and offline WOM, we developed a hypothesis that offline conversations probably occur between people who know each other fairly well, while online conversations are more apt to occur between people who are acquaintances or even strangers. It could be that it is the quality of the relationship between conversation participants—rather than the mode of communication—that makes the difference. Indeed, as we compared credibility levels based on type of relationship, word of mouth conversations involving spouses, family members, and friends win higher levels of credibility than coworkers, acquaintances, and strangers.

We took our investigation a step further by comparing online and offline WOM while controlling for the relationship status between "sender" and "receiver." In other words, we looked at credibility between spouses when conversations happened online versus offline, and then between friends, coworkers, and so on. By doing so the mode of communications becomes the variable measured, rather than the relationship with the conversational partner.

The result was surprising. Even between spouses, conversations about brands are more credible and more likely to inspire action when the conversation happens offline rather than online. We saw the pattern repeat between friends, co-workers, and virtually every relationship type.

Spousal Credibility Higher Offline

Total	Offline Total	Online Total	Face-to-Face	Phone	Email	Text/IM
63%	63%	51%	64%	58%	45%	58%
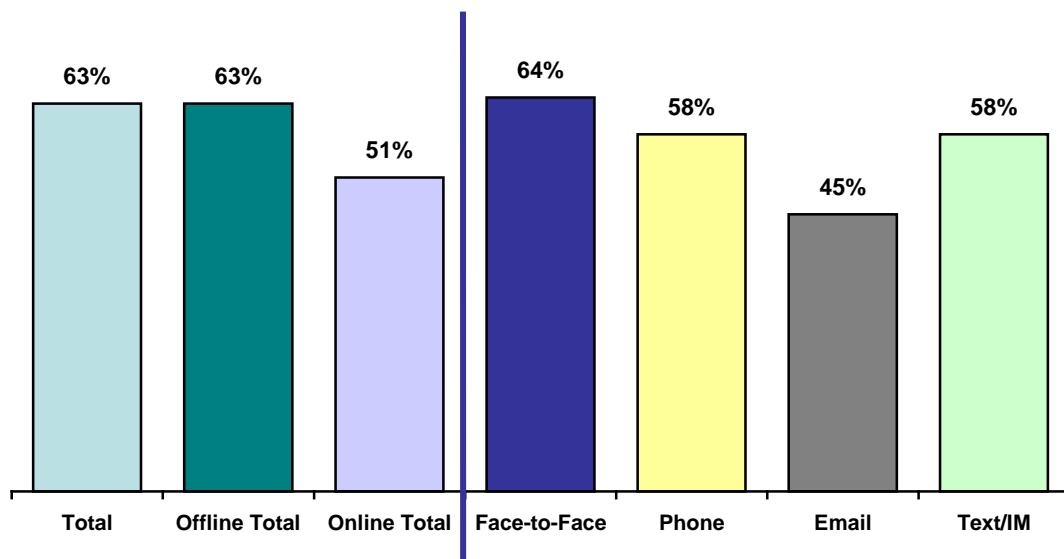
Base: Brand mentions where someone else provided advice (All Conversations, n=13,287; Offline Conversations, n=12,976; Online Conversations, n=311; Face-to-Face, n=11,468; Phone, n=1,508; Email, n=149; Text/IM, n=131)
Chatroom/Blog too small to break out, n=31
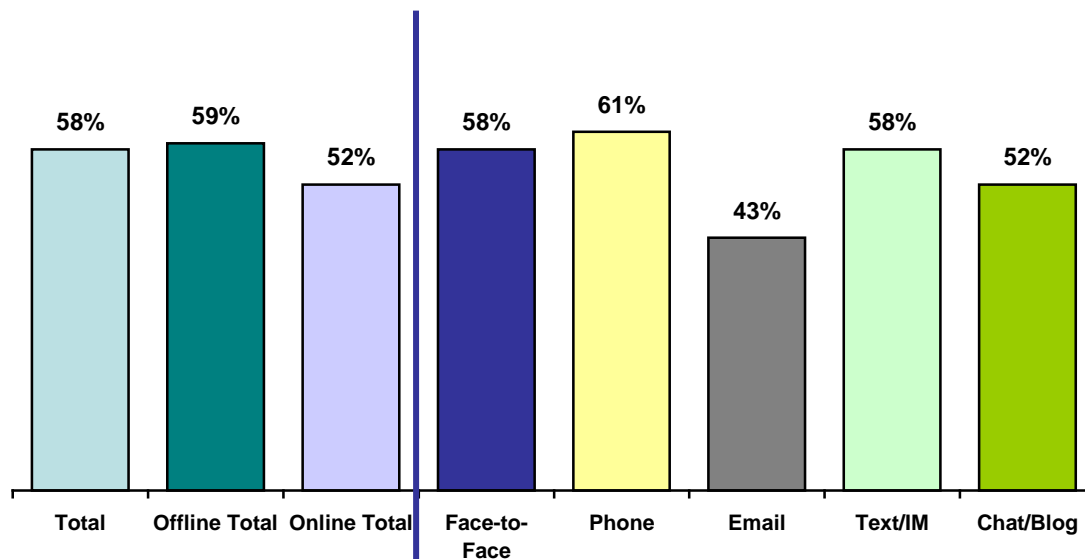Source: OMD/Keller Fay Group proprietary report based on TalkTrack®, June 5th through February 3, 2008

Family Advice Also More Credible Offline

Total	Offline Total	Online Total	Face-to-Face	Phone	Email	Text/IM
62%	62%	49%	62%	63%	49%	49%
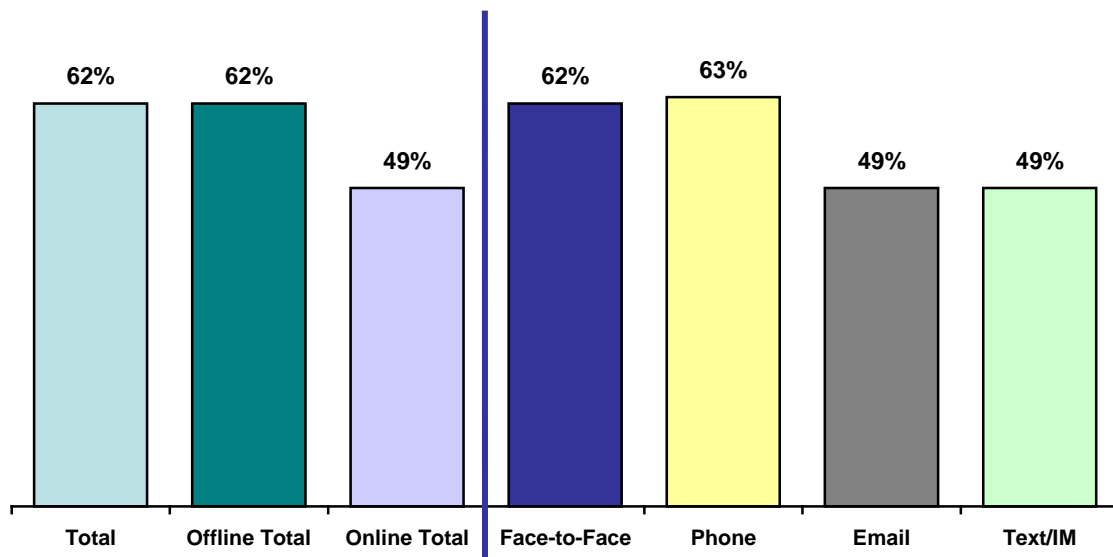
Base: Brand mentions where someone else provided advice (All Conversations, n=12,038; Offline Conversations, n=11,629; Online Conversations, n=409; Face-to-Face, n=9,438; Phone, n=2,191; Email, n=217; Text/IM, n=149)
Chatroom/Blog too small to break out, n=43
Source: OMD/Keller Fay Group proprietary report based on TalkTrack®, June 5th through February 3, 2008

Best Friends More Credible Offline

58%	**59%**	**52%**	**58%**	**61%**	**43%**	**58%**	**52%**
Total	Offline Total	Online Total	Face-to-Face	Phone	Email	Text/IM	Chat/Blog

Base: Brand mentions where someone else provided advice (All Conversations, n=4,632; Offline Conversations, n=4,084; Online Conversations, n=548; Face-to-Face, n=3,067; Phone, n=1,017; Email, n=172; Text/IM, n=313; Chatroom/Blog, n=63)
Source: OMD/Keller Fay Group proprietary report based on TalkTrack®, June 5th 2006 thtough February 3rd 2008

Why would one find word of mouth more credible in person than online? Our current thinking is that it might be the added value of nonverbal cues, eye contact, and vocal intonation that helps to convey a message with higher credibility, or perhaps attention levels are also higher when conversations take place person to person. And we found that it also leads to higher levels of purchase intent as a result.

Is Online WOM a Reasonable Surrogate for, or Predictor of, Offline WOM?

A lot of the enthusiasm about using blogs to measure word of mouth has been based on the theory that they may be a reasonable proxy—or even leading indicator—for all forms of word of mouth about the same brands and companies. In other words, online WOM may be a mirror onto the world of offline WOM, as well.

If this is so, then one would expect to see changes in word of mouth online be closely associated with offline trends, perhaps slightly ahead of offline trends. Drawing a definitive conclusion about this would require comparing and contrasting a very large number of brands. In fact, our initial analysis, performed with the media agency OMD, looked at six brands in the categories of automotive, soft drinks, soap, retail, and electronics (two). We found that two of the cases showed close association between online and offline WOM, two showed a moderate association and two others showed a weak association.

The two instances where the fit was strongest were from the electronics category, typified by the following video game console example which had a very high association of .83 (R-square). As the chart shows, when there is growth in he volume of online WOM there is also growth in the volume of offline WOM; when online WOM shows a decline so does offline.
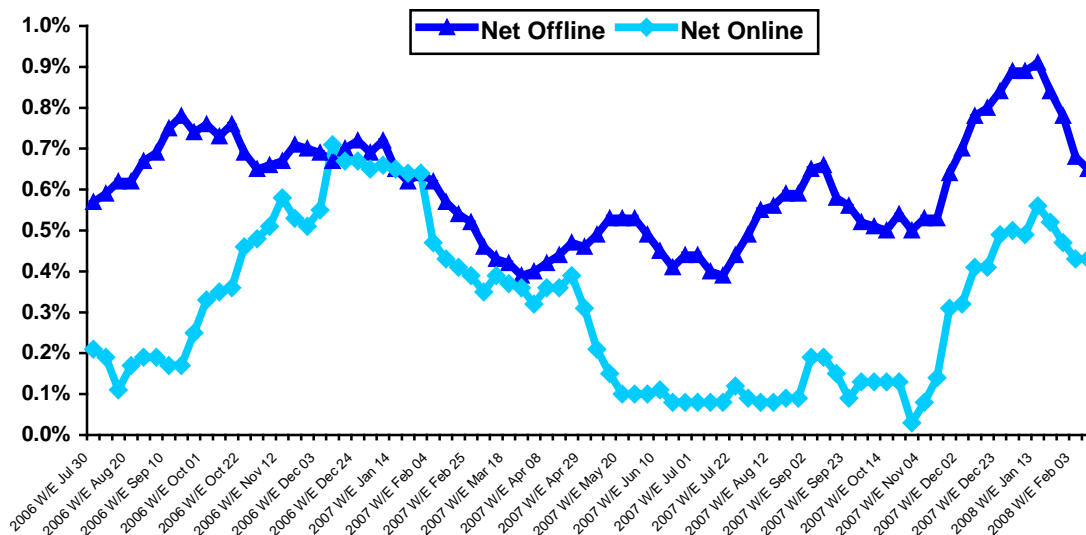
Online Mirror Offline for a New Video Game
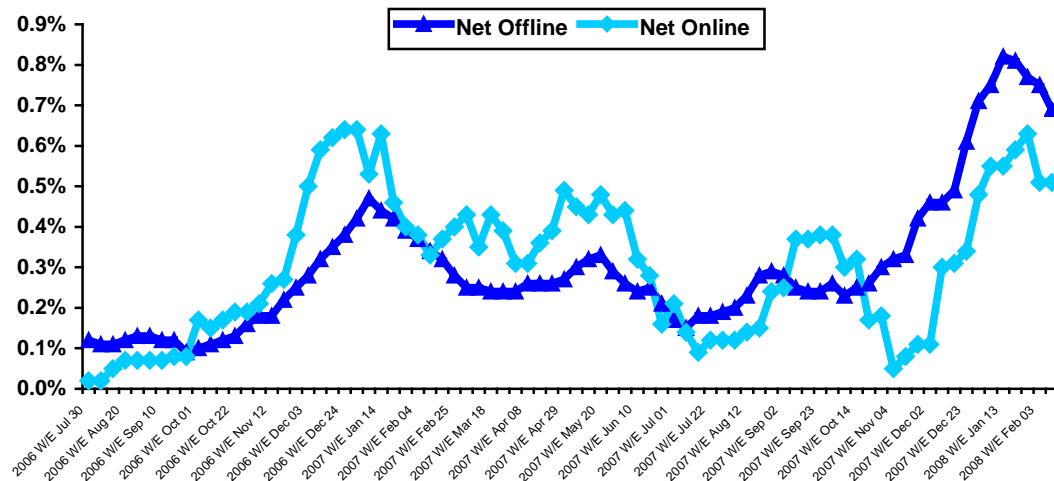
Source: OMD/Keller Fay Group proprietary report based on TalkTrack®, June 5th 2006 through February 10th 2008

A good example of a moderate level of association comes from the retail category where the R-square is .45 and in which online WOM levels may have been leading offline heading into the back-to-school and holiday shopping seasons in 2006 and 2007.
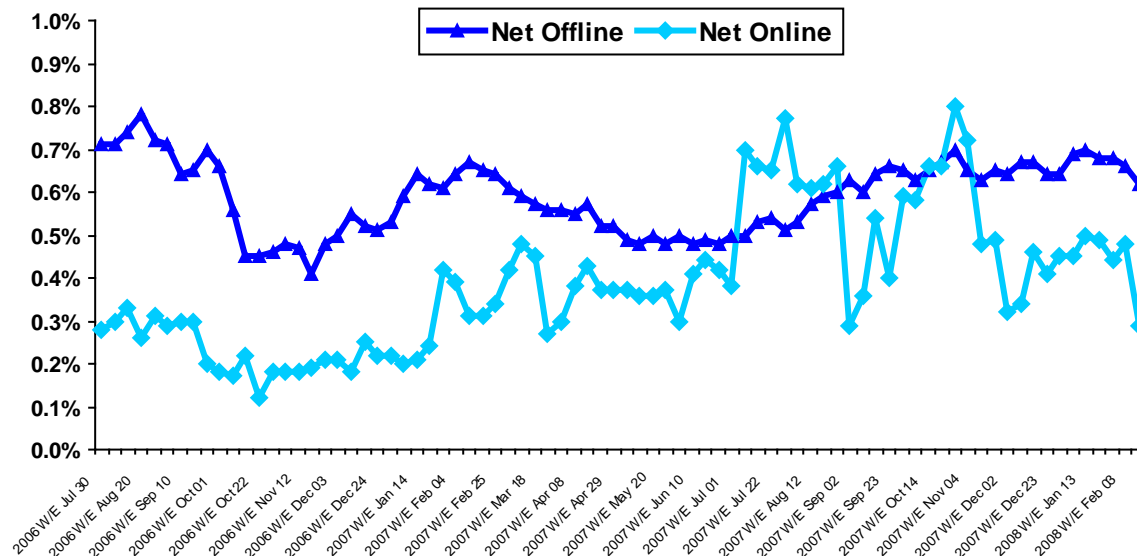
Online and Offline WOM Somewhat Correlated for a Retailer

But for a leading automaker, the association was very weak, showing an R-square of just .12, suggesting online may not be a good predictor in this category.

Online and Offline WOM Diverge for an Automaker

Our conclusion: It would, we believe, be a mistake for marketers to assume that is they monitor online WOM only they also know what's happening with offline. Sometimes online is a surrogate for offline, other times not

In What Ways Do Online and Offline Work Together?

While many companies and agencies manage online and offline strategy as if they were unrelated to each other, for consumers, the online and offline worlds work together.

Our research has shown that about half of all WOM about brands involves some reference in the conversation to a media or marketing source of information—an article that was read and quoted, a commercial that is cited, or a website that was visited by somebody in the conversation. While television is the leading media channel for references in conversations, the internet is a close second, as indicated in the chart below.

Media and Marketing Sources of Information Referenced in WOM about Brands

	All Conversations	Offline Total	Online Total	Face-to-Face	Phone	Email	Text/IM	Chat/Blog
% of Brand WOM Involving One or More References	46%	45%	63%	44%	47%	66%	56%	76%
Television	15	15	18	15	14	17	19	19
Internet	11	10	22	10	13	23	17	33
Point of Sale	8	8	9	8	8	10	9	9
Promotion	7	7	7	7	7	7	6	9
Newspaper	5	5	8	5	5	9	7	10
Direct mail/email	4	4	8	4	5	12	5	6
Magazine	4	4	8	4	4	8	8	10
Radio	3	2	5	2	3	6	4	6
Billboard/Outdoor	1	1	3	1	1	3	3	5
Other	2	2	4	2	2	5	4	6

Base: Brand Mentions (All Conversations, n=73,359; Offline Conversations, n=69,241; Online Conversations, n=4,118; Face-to-face, n=57,323; Phone, n=11,918; Email, n=1,733; Text/IM, n=1,807; Chatrooms/Blogs, n=578)
Source: TalkTrack®, July 30, 2007 through February 3, 2008

The internet is close behind television despite a far larger spending on TV by marketers, compared to their spending on the internet, which means that the internet is a very cost effective means for driving content that makes its way into every day consumer conversations. This, we believe, is because the internet—particularly brand websites—are very effective for linking brands to their strongest customer advocates and influencers. Indeed, the brand website is the most frequent internet content source for WOM, followed by internet advertising and third-party websites.

These findings reinforce the notion that online and offline strategies need to work together in order for marketers to be successful with their word of mouth programs.

Larger Conclusions

This is the first time that comparable online and offline WOM data have been available for side-by-side analysis. Thus, our knowledge about similarities and differences between these forms of WOM is necessarily modest. But these data provide an important beginning in our understanding about a topic that interests many people and about which much has been written and debated, even in the absence of good research data.

Up until now, there has been a lot more data available on online WOM because of the relatively low cost of data collection. We now see that there is real value in looking at both forms of WOM, because one does not predict the other. In addition, data collected by survey research provides for analysis by demographics, standard WOM metrics, and the perspective of the audience for WOM that isn't normally associated with online-only data. By including this

additional information we can now see for the first time that the impact of online and offline word of mouth is quite varied.

As we have devoted effort to analyses of this kind, we are consistently impressed by the ways in which online and offline communications work together. Even among offline conversations, a large share is driven by content found on the internet. The internet is one of the most cost effective means for getting content into the hands of brand advocates and consumer influencers, and thereby into the national conversation.

As marketers and researchers, it is vital that we develop a greater appreciation for what's the same and what's different about online and offline word of mouth, and also for how online and offline work together, so we can produce the most effective strategies and execute campaigns that work well regardless of the mode of communication.