



THE SCIENCE OF SHARING



AN INSIDE LOOK AT THE SOCIAL CONSUMER

beyond
rethinking digital

M BOOTH
A COMMUNICATIONS COMPANY

Introduction

It's no secret that social media has swept the attention of every age group and every level of the workforce. Due to this fascination and way of life, consumer media habits have shifted dramatically towards social platforms. Companies and brands have both necessarily and willingly embraced social platforms such as Facebook and Twitter as new tools to reach and interact with their audiences. In a time when the traditional media market is overwhelming fragmented, brands are reveling in the opportunity to reach consumers in a new space, where they are already willingly spending a significant amount of their personal time. While brands have come to recognize the importance of interacting with their fan and potential fan bases in the social space, the question remains for most concerning how social media should fit into their larger strategic marketing mix. Due to this challenge, companies are often focused on getting a maximum number of fans or followers without understanding how those fans will impact their bottom line. What does it mean when a person likes or follows a brand? Does it actually lead to outcomes that drive revenue? Social media as an entity is not the answer for a brand's success; rather, it's a new frontier within which marketers must study how to properly communicate with their audience in. The proper approach to social is one of influence, not number accumulation.

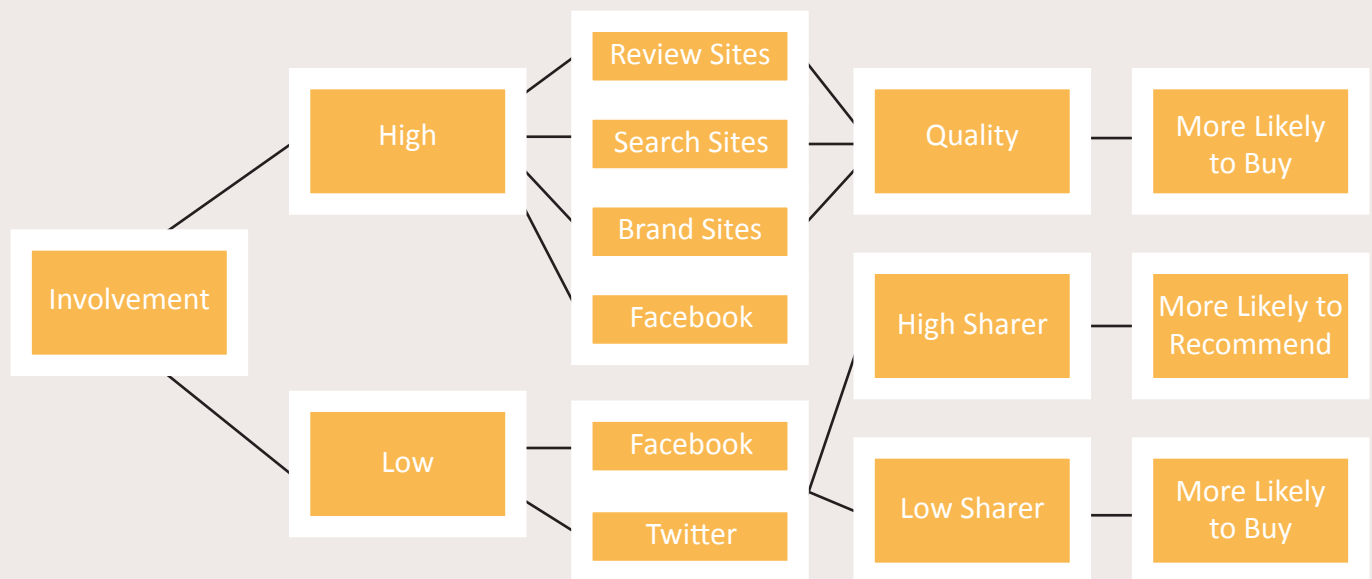
Measuring the ROI of social media has been a challenge for researchers due to the often indirect link that exists between social media engagement and outcomes such as purchasing behavior, loyalty and recommendations. The "Science of Sharing" study was designed to understand consumers' online interaction with brands through several online channels, including social media, and to illuminate the types of action consumers take after interacting with the brand through said channels. In addition, the study aims to understand the modern version of the sales funnel: how do consumers move to the stage of awareness? What is the consumer's active evaluation process when making purchase decisions. Next, the study aims to understand what happens after the purchase: how do people share their experiences with the product, do they recommend the brand, and do they bond with it thereby creating a self-reinforcing loyalty loop?

Executive Summary

We are increasingly seeing the world through a social filter. Not long ago, people relied on friends or the news cycle to inform them of new ideas and products. Today, information is constant and streamed via a variety of platforms by a plethora of sources including media and personal acquaintances. This shift states that today's consumer's path to discovery is curated by his or her social graph rather than solely by a media buyer or confidant.

Our research shows that all digital channels (owned, earned and paid) play a role in the path to purchase. Recommendations and sharing also play a critical part in the discovery and the creation of bonds between customers and brand. The degree to which someone has a propensity to share is an important factor in determining his or her role in other people's path to purchase. Those deemed as High Sharers are particularly valuable to marketers in acting as advocates and amplifiers of a brand's message. High Sharers tend to be brand loyal and share content about a brand more often (almost 3x) in the form of a recommendation. That recommendation, in turn, leads to more purchases because of the additional exposure the recommendation gets within the receiver's and the sharer's digital social circles.

Our study unveiled that product categories involve different decision paths depending on the type of product (high and low involvement) and the type of consumer (high and low sharer). To maximize ones impact across multiple channels, it is imperative for brands to understand the path that their customers are most likely to take before designing a social strategy. In the chart below, the types of online channels reflect a different level of influence depending on the product type involved. For example, when researching a high involvement product like a car, consumers are more likely to be influenced by review sites, search and the brand's own site. Becoming aware of the path your consumer will take to make a decision when researching online will greatly influence a positive ROI.

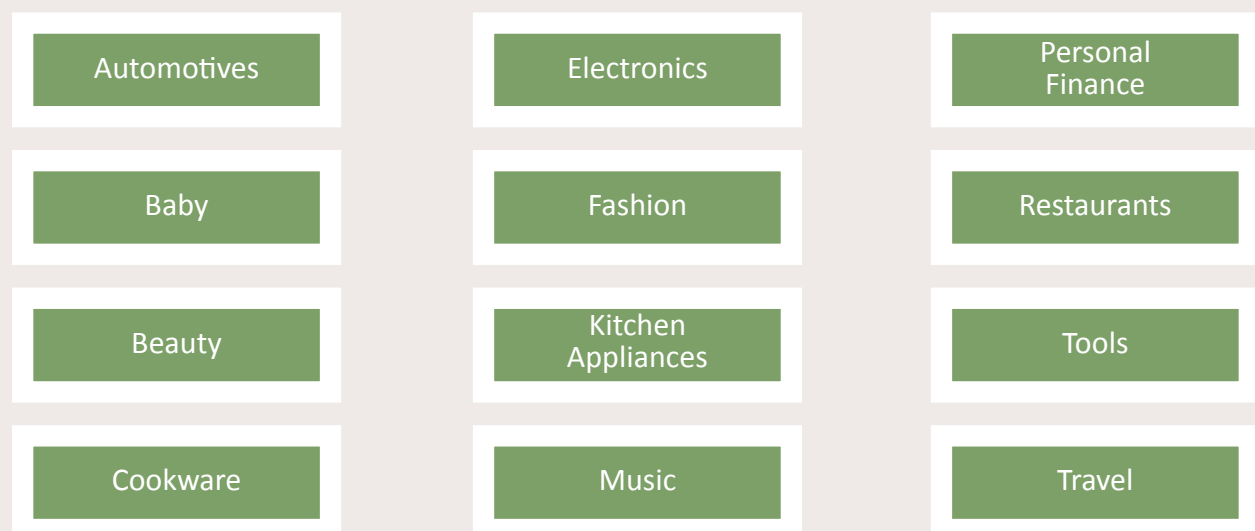


Methodology

In order to better understand consumer online behavior, Beyond and M Booth developed the “Science of Sharing” survey which focused on the types of products people have most recently researched online (specifically in the three months prior to their interview). Beyond and M Booth fielded the survey to 1,583 respondents in the US as well as 1,503 participants in the UK (only US data is represented in the corresponding infographic). The samples were weighted to Census benchmarks to ensure representativeness of their respective countries and then combined for the purpose of the overall analysis.

The survey questions focused on 12 categories of products and looked at the types of channels used to research those products, the type of content people shared with regards to the product, the types of actions people took after researching the product, and the amount of influence each channel had on consumers’ actions and perceptions of the product.

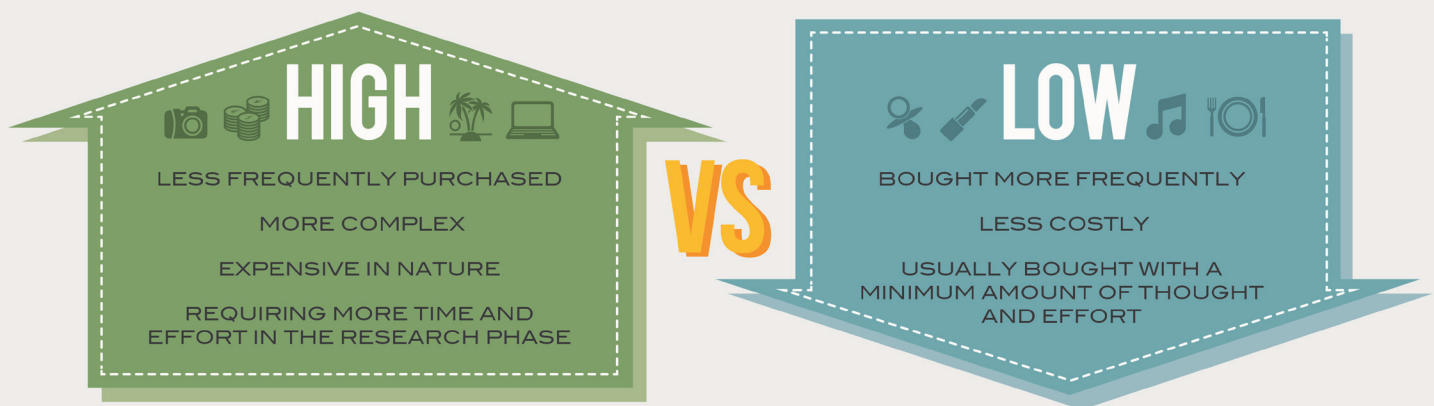
Beyond and M Booth used a variety of statistical techniques to analyze the data; mean differences were analyzed via ANOVA and categorical analyses were performed via logistic regressions and chi squares.



Characteristics of the Product: High vs. Low Involvement

Previous research has looked extensively at how consumer behavior varies for different product and service categories, and one key notion centers around the amount of involvement that consumers have with a category or a brand¹. High Involvement products are products that involve more risk. They are often more costly, less frequently purchased and necessitate more time and effort in the research phase. Conversely, Low Involvement products are typically more of an impulse purchase, or a purchase done out of habit, and are generally less costly involving minimal research and deliberation.

Our study found that the way people use online channels depends on the type of product he or she is researching. Consumers tend to rely more on channels such as search, review sites and product websites when researching high involvement products such as kitchen appliances and automobiles. We hypothesize that this behavior is connected to the fact that the aforementioned channels tend to be more information heavy than social networks. Consumers utilize those channels for high involvement products because the quality of the product is a key factor in their path to decision. The consumer looking to purchase a high involvement product spends more resources (time and money). Hence, he or she needs to be certain that the product meets his or her expectations of reliability.

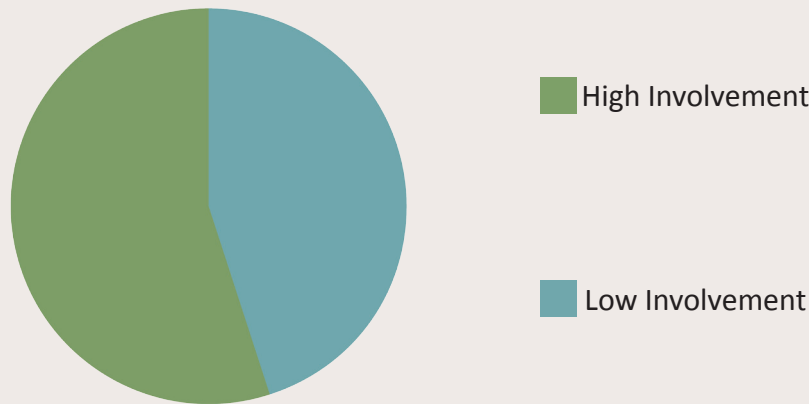


¹ Laurent and Kapferer 1985, Ray 1982, Rothschild 1979, Vaughn 1980

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55% of participants concerned with quality researched High Involvement Products compared to 45% who researched Low Involvement Products

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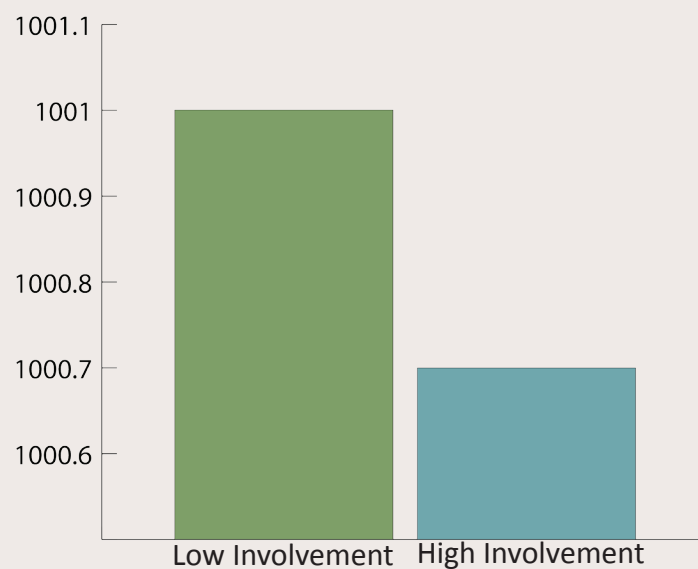


While information rich sites are more influential for those consumers researching High Involvement products, consumers found social media to be more influential for Low Involvement products such as fashion, beauty and music (see chart below). According to the data, heavy users of social media sites are more likely to be concerned about the product's modern image.

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Facebook Influence was Significantly ($p < .05$) Higher for People Who Researched Low Involvement Products

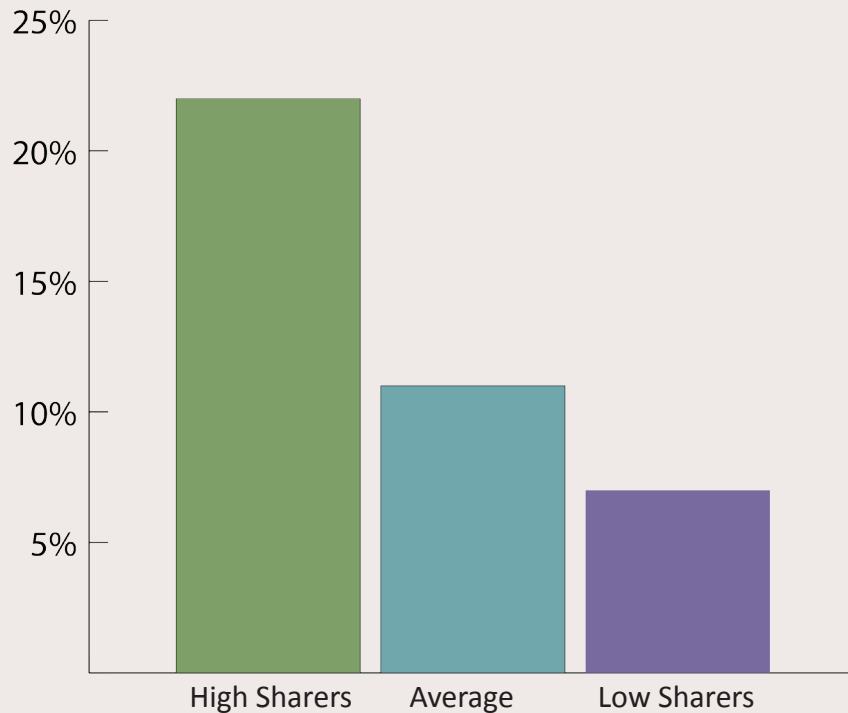
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High Sharers are Twice as Likely to Purchase a Product Because of its Modern Image

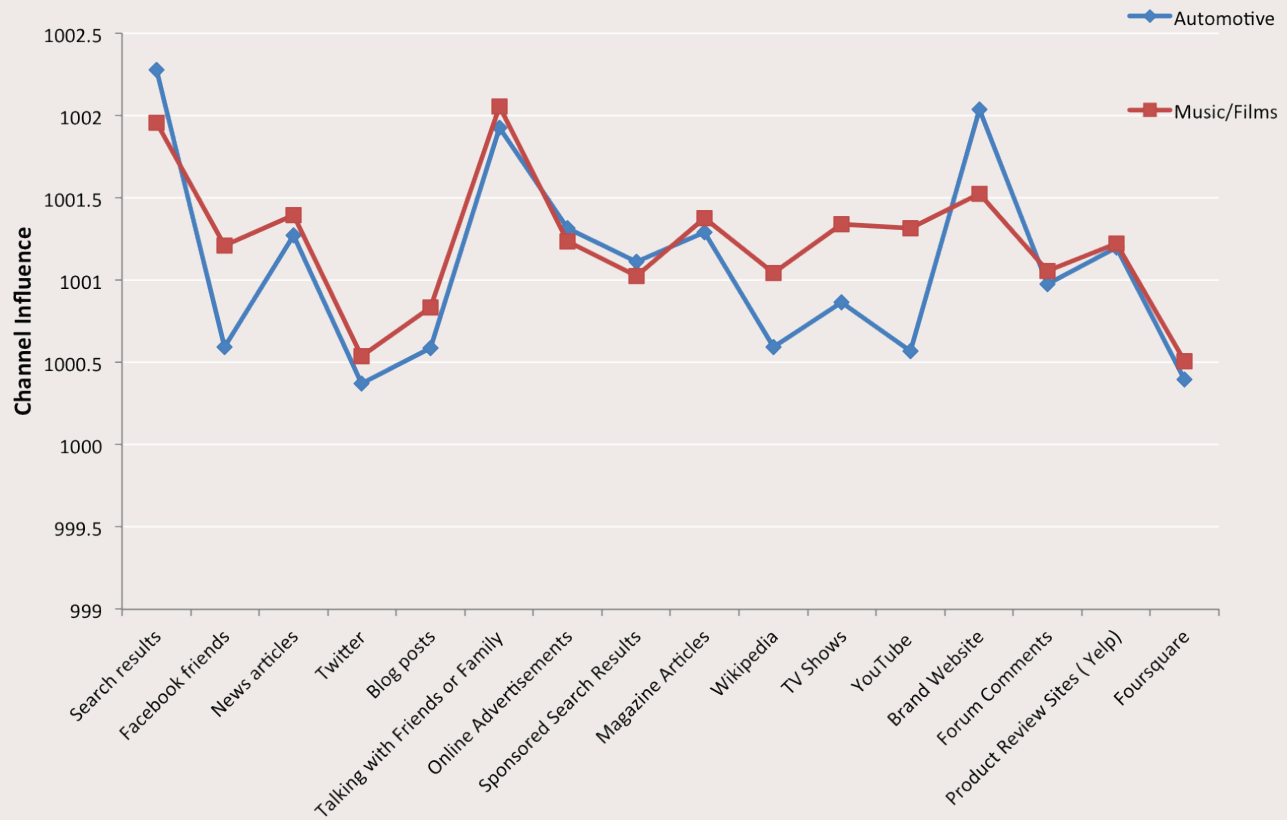
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When a consumer turns to search, brand websites and review sites, purchase intent is more likely to be present. Conversely, when consumers use social networks, he or she is not acting with the intent to purchase; rather, he or she is seeking entertainment, information or social interaction. Consumers might be just as likely to be exposed to High Involvement brands as they are to Low Involvement brands online, but they are more likely to skip the research-intensive step when purchasing the latter.

For example, people who researched automotive products were most influenced by search, the brand website and talking to friends and family (word of mouth). Conversely, people who researched music online were more influenced by Youtube, his or her Facebook friends and TV Shows. The mean differences were tested via ANOVA.

Channel Influence Chart Comparing Auto to Music



Influential Online Channels

TOP 5

SEARCH RESULTS
BRAND WEBSITE
RATINGS & REVIEW SITES
NEWS ARTICLES
ONLINE ADS

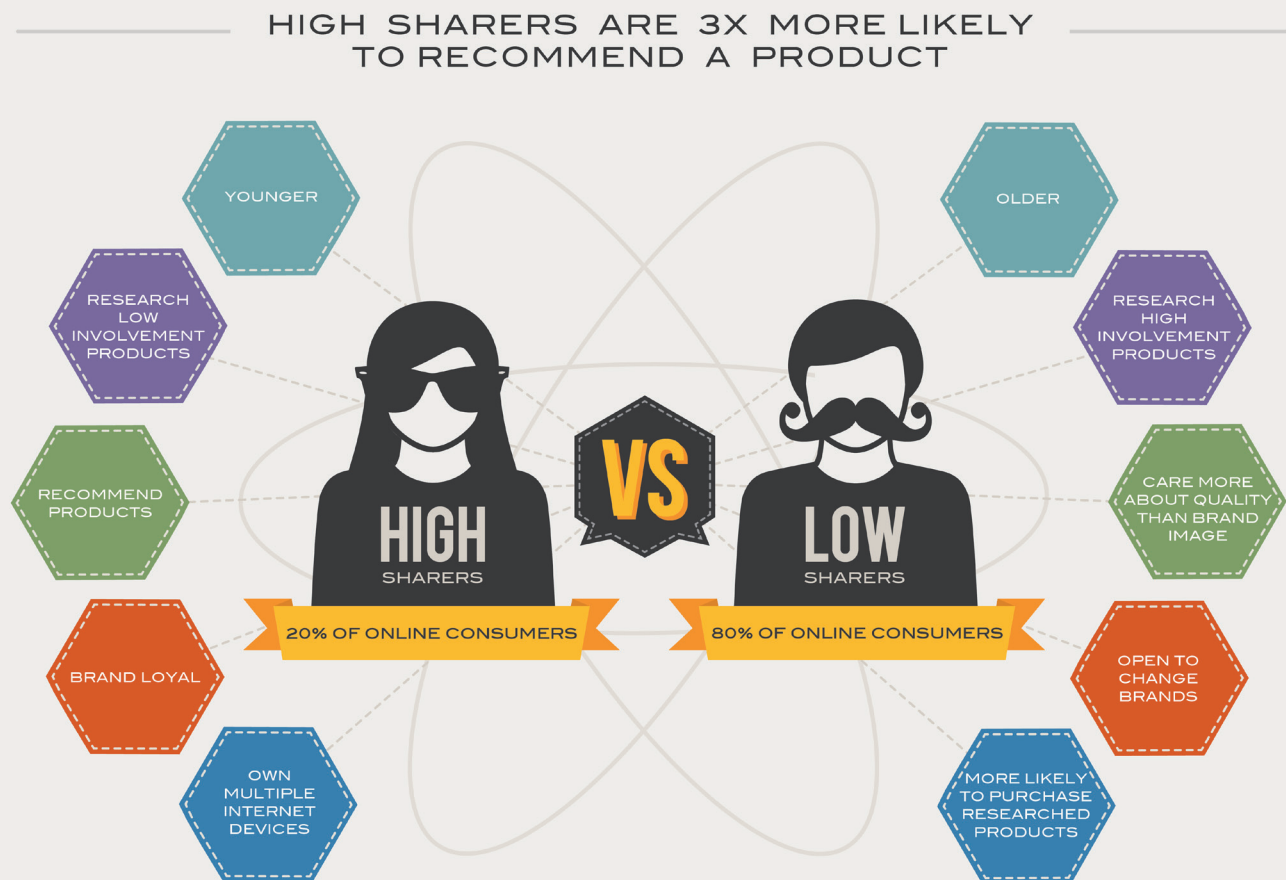
BOTTOM 5

TWITTER
FOURSQUARE
WIKIPEDIA
BLOG POSTS
FACEBOOK COMMENTS

Introducing the Social Consumer: Characteristic of the Person

Our data shows that 53% of consumers have used Facebook to interact with a brand and 20% of people use Facebook to get information about a brand on a weekly basis. 42% of people stated that they have written a product review on a site, and 8% of people write product reviews on a regular basis.

Because of the growth of social media as a platform for consumer reviews and recommendations, consumers have an increasing amount of influence on the way a brand is perceived by others. People are no longer passive consumers of advertisements and marketing campaigns. Instead, consumers are now creating content that has the potential to influence others through non-traditional media sources such as review and social media sites.

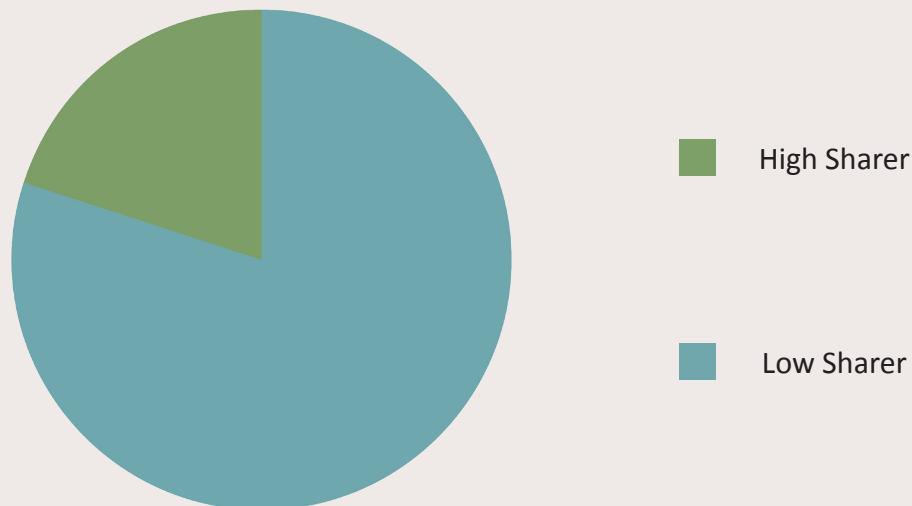


Sharing Behavior

Online behavior, as most other type of consumer behavior, can't be explained by a single variable. While the category of the product that a person researches is an important factor in determining the the type of channels the person is likely to utilize, an equally important determinant of that process is the characteristics of the person.

Beyond and M Booth used a cluster analysis to find common characteristics between people who interact with products in similar ways. The results revealed two distinct categories of people that exist when it comes to consuming and creating content within social media platforms. People who create content (by posting videos, links, write posts about the brand, like or follow brands) are called High Sharers. Their social interactions are converse to Low Sharers, people who infrequently use social channels and seldom post original content. High Sharers utilize social media channels to a greater degree than low sharers leading each type of consumer to different outcomes.

Distribution of Social Media Users



Characteristics of the Person: Shopping Approaches

While demographics partially describe ones consumer, psychographics also play a vital role in properly addressing one's audience. Our research found three different types of shoppers: Budget shoppers, quality seekers and fashion seekers.

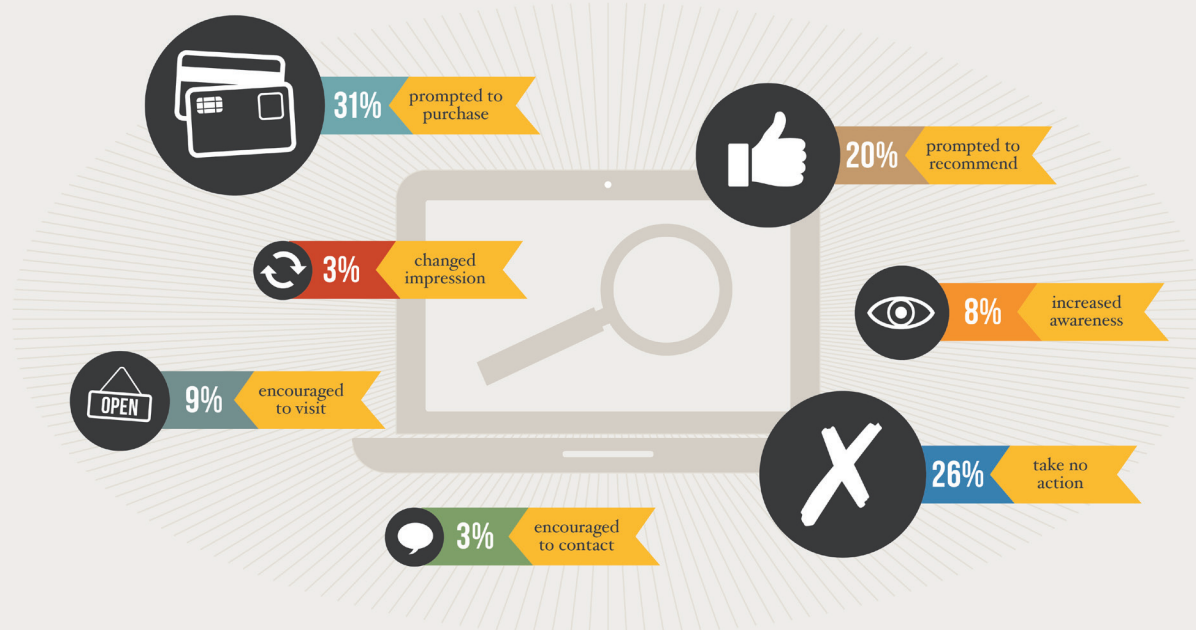
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|-----------------|--|
| Budget Shoppers | This type of shopper is more likely to use channels such as search, and is more likely to take no action after researching a product. He or she often waits for the right price before making a purchase. The participants who identified themselves as budget shoppers were less likely to be heavy social media users and were more likely to have lower income levels. This group had the lowest level of loyalty towards a brand compared to other groups. |
| Quality Seekers | Consumers concerned about quality tended to be older males researching high involvement products. This group is more likely to be influenced by search and review sites. |
| Fashion Seekers | Consumers whose purchase decisions are influenced by a product's modern image and fashionable look are more likely to be younger females who are heavy social media users. This group of people tends to posses high levels of loyalty for high involvement products, and are more likely to research Low Involvement products. Fashion seekers tend to have more Facebook friends and share more content on social networking platforms. |

These three shopping psychographics revealed in our study make obvious that brands need to factor high and low involvement products, high and low sharers and who those people are personality wise within each channel when creating a social strategy. If the product is High Involvement, marketers need to make sure they reach people who care about the quality of the brand's product on review sites that are easily found through search. Conversely, if the brand is focused on the product's fashionable look, social networking sites might be the best way to reach consumers who are more influenced by those platforms.

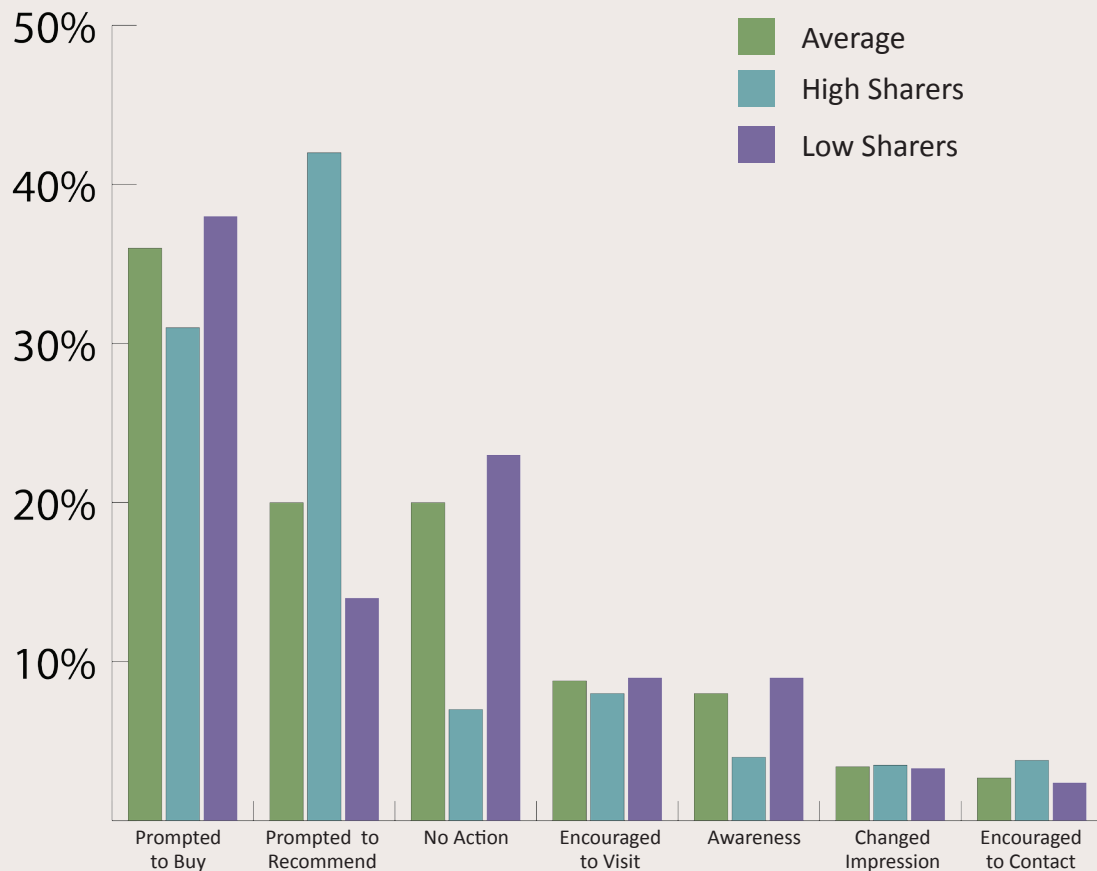
Outcomes

While the purchasing rates of the product that consumers research are similar for both High Sharers and Low Sharers, High Sharers are nearly three times more likely to recommend a product to a friend than low sharers. Additionally, 36% of High Sharers are loyal to brands, compared to just 25% of low sharers. The High Sharer v.s. Low Sharer variable is a significant predictor when using logistic regression to predict outcomes such as recommendations and loyalty to one's favorite brand. The recommendation behavior of a High Sharer shows that they are 54% more likely to recommend the product to another in comparison to all other varying actions. Furthermore, our study shows that recommendations from friends and family are the second most influential factor people seek when gathering information about a brand, second only to online search sites.

ACTIONS TAKEN AFTER ONLINE INTERACTION



Common Outcomes for High & Low Sharers



Previous research has shown a strong link between customer recommendations and profitability. In fact, Frederick Reichheld who coined the term 'Net Promoter Score' in his article *The One Number You Need to Grow* (Harvard Business Review, 2003), contests that the answer to a single question is the most important indicator for a company's performance. This indicator is based on asking the consumer the following question, "How likely is it that you would recommend a company to your friend or colleague?" Given the large amount of data that links recommendations to outcomes such as loyalty and satisfaction, it can be inferred that attracting brand advocates who are High Sharers would lead to desirable outcomes for the brand.

Conclusion

All digital channels play a role in a brand's marketing strategy; looking at the channel your social consumer is most influenced by will lead to an increase in your digital return on investment. With search acting as the gateway to influence on today's consumer, creative content creation is essential within earned and owned media channels to boost a brand's organic search relevancy. By identifying high sharers in the most effective digital location and engaging them with sharable content, marketers can increase the dynamic of sharing, which acts as a positive amplifier leading towards a virtuous cycle of recommendation, loyalty and purchase.

AN INSIDE LOOK AT THE SOCIAL CONSUMER

Introducing the new social consumer. To better understand them, we asked a few US consumers about the two products and services they had most recently researched online and how they went about it. Today's social consumer is one that can either be engaged in a high or low share, who utilizes various digital channels differently depending on whether he or she is researching and interacting with high or low involvement products. High shares prove to be the most valuable to brands as they recommend products to us more often and influence others' purchases.

INTRODUCING THE SOCIAL CONSUMER

53%

use Facebook to interact with a brand

40%

share a product on Facebook

20%

use Facebook to research products or look into a trend

42%

write an online post about a product or a brand

33%

write a product review online

LOW vs HIGH INVOLVEMENT PRODUCTS

HIGH

LESS FREQUENTLY PURCHASED

MORE COMPLEX

EXPENSIVE PURCHASE

REQUIRES MORE TIME AND EFFORT IN THE RESEARCH PHASE

VS

LOW

BOUGHT MORE FREQUENTLY

LESS COMPLEX

USUALLY BOUGHT WITH A PRELIMINARY RESEARCH OF PRODUCT AND EFFORT

HIGH SHARERS ARE 3X MORE LIKELY TO RECOMMEND A PRODUCT

HIGH

SHARERS

3X MORE LIKELY TO RECOMMEND A PRODUCT

VS

LOW

SHARERS

3X MORE LIKELY TO RECOMMEND A PRODUCT

WHAT INFLUENCES THE SOCIAL CONSUMER?

EARNED

RATINGS AND REVIEW SITES

NEWS ARTICLES

WORD-OF-MOUTH

BLOG POSTS

OWNED

BRAND WEBSITE

TWITTER

FACEBOOK

YOUTUBE VIDEOS

SEARCH

PAID SEARCH

ORGANIC SEARCH

INFLUENTIAL ONLINE CHANNELS

facebook

HAVE THE MOST INFLUENCE ON BABY

YouTube

HAVE THE MOST INFLUENCE ON MUSIC

REVIEW SITES

HAVE THE MOST INFLUENCE ON RESTAURANTS

TOP 5

SEARCH RESULTS

BRAND WEBSITE

RATINGS & REVIEW SITES

NEWS ARTICLES

OCTOBER 2014

BOTTOM 5

TWITTER

FOURMILE

WIKIPEDIA

BLOG POSTS

FACEBOOK COMMENTS

ACTIONS TAKEN AFTER ONLINE INTERACTION

CONCLUSION

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