Editorial

Word-of-mouth advertising — A new twist

Word-of-mouth advertising is certainly not a new topic. Many marketers would perhaps regard it as one of the oldest, most powerful forms of advertising, especially when conducted through ‘advocates’ of the brand; hence it is sometimes referred to as ‘advocacy advertising’. The easiest way to understand what it is all about is to go back to basics. Many seasoned direct marketers will remember Murray Raphael, a great exponent and orator from the 1980s. He claims to have created the ‘loyalty ladder’, which is very simply the journey a consumer takes through the buying stages. It starts with the marketplace, where everyone is a suspect. Once you have identified an interest in the product you become a prospect. Once you have bought you become a customer; then hopefully a regular customer if you are satisfied with the brand experience; and finally you become an advocate going round telling your friends and colleagues how good the brand is. Other marketers have added different stages to this basic ladder, but the principle remains the same.

Fast-forward this to today, and the modern equivalent is viral marketing across the web. This comes when you are prepared to endorse and forward an advertising message to your circle of friends/colleagues via e-mail. A well-targeted, engaging viral message can reach millions of people within weeks.

Interestingly, our first paper by Julie McKeown of the Sorath Partnership looks at word-of-mouth advertising via created networks (mainly through breakfast groups), web-based communities which are fast becoming a major channel to market for small businesses. Many of the groups today are international. One of the best known is BNI (Business Network International), founded in the USA but now global.

The business model is very simple — representatives from businesses gather round a table over breakfast (or in the evening) to refer business to each other. They also act as salespersons for colleagues in the group during their daily business interactions. Such groups work on trust, on the basis you are happy to refer your group members to someone you know. If you read the paper you will discover if it works or not, and also find some interesting statistics on the revenue each group member on average can expect to earn.

Our second paper concerns customer insight and the marrying of market research data and existing loyalty card data to improve promotional marketing. It is by Richard Cuthbertson of the University of Oxford and Steve Messenger for Ipsos-MORI. The ability to analyse cross-market survey and customer data enables us to understand both the ‘why?’ and the ‘what?’ questions of consumer behaviour and apply the learning directly to database strategies. Based on a case history, it demonstrates the considerable uplift in response that can be achieved if this method is applied. Well worth reading, and particularly salient as such analysis will only increase in the future as more and more digital communications are employed.

Our third paper’s topic is search engine optimisation. This paper is not for the experienced search engine marketer, but for those who still need a primer on the keyword strategies. What this paper will do is provide simple answers, from a keyword perspective, to the questions ‘what is search engine ranking all about?’ and ‘how does a website get higher rankings?’. It goes on to discuss how to submit websites to search engines and how to avoid practices that cause problems with search engine indexing.

Finally this edition includes a paper on e-catalogues and e-brochures and their part in a £19.2 billion market (2005), and a paper from Danny Meadows-Klue which tells the truths about the digital economy and highlights some important trends marketers should be harnessing.

In a world of constant technical innovation and change, as editors we sometimes take comfort that some things do not change, like the five basic human motivations — love, pride, gain, duty, greed — and whatever wizardry one possesses, it is useless unless you appeal to these basic instincts.

Derek Holder
Robin Fairlie