



Shanghai 2007 oct 29th

“How likely is it that you will recommend a brand, a company, a product to a friend, a colleague, a family member ...?”

Since Prof. Dr. Reichheld launched the idea a few years ago that recommendations influence actual purchase (*and proved it with real market data*), more and more research is done in that field.

i-merge/boondoggle* – an interactive agency – promotes already the growing value of “human media” right from the start of the company in Europe in 1999. (*We opened an office in Shanghai only since 2006*).

We wanted to know whether this recommendation phenomenon also existed in China among the 172 million internet users and how weak or strong it was. No specific research has been done yet in that field.

Therefore i-merge & Sinomonitor ** recently held an online survey in China among a sample of 1200 internet users (*20–24 yrs old / having a monthly income of >1000 yuan/month*). [The detailed sample profile is at the end of this article.]

Although we didn't measure nor matched the sales results / market share year after year for specific recommended brands, the findings of these study in mainland China underline the truth and the value

of Prof. Dr. Reichheld's NPS – theory and are hopefully a prelude to research on a larger scale.

The results also confirm what has been claimed so often already by Booz | Allen | Hamilton, McKinsey, Edelman and many others in the field like Harvard Business Review, Doubleclick, CICdata e.a. They illustrate that also in China a historical and global shift from “media” to “human media” is going on.

But the marketing practice of the first years of this century proves that it will take a while before the majority of the marketing community acts according to what “facts” (and not only their guts) tell them to do.

Indeed, one of the other striking overall results is that marketers in China (like probably in the rest of the world) continue to underestimate the power of customer recommendation and overestimate the power of advertising (and)(in) old media.

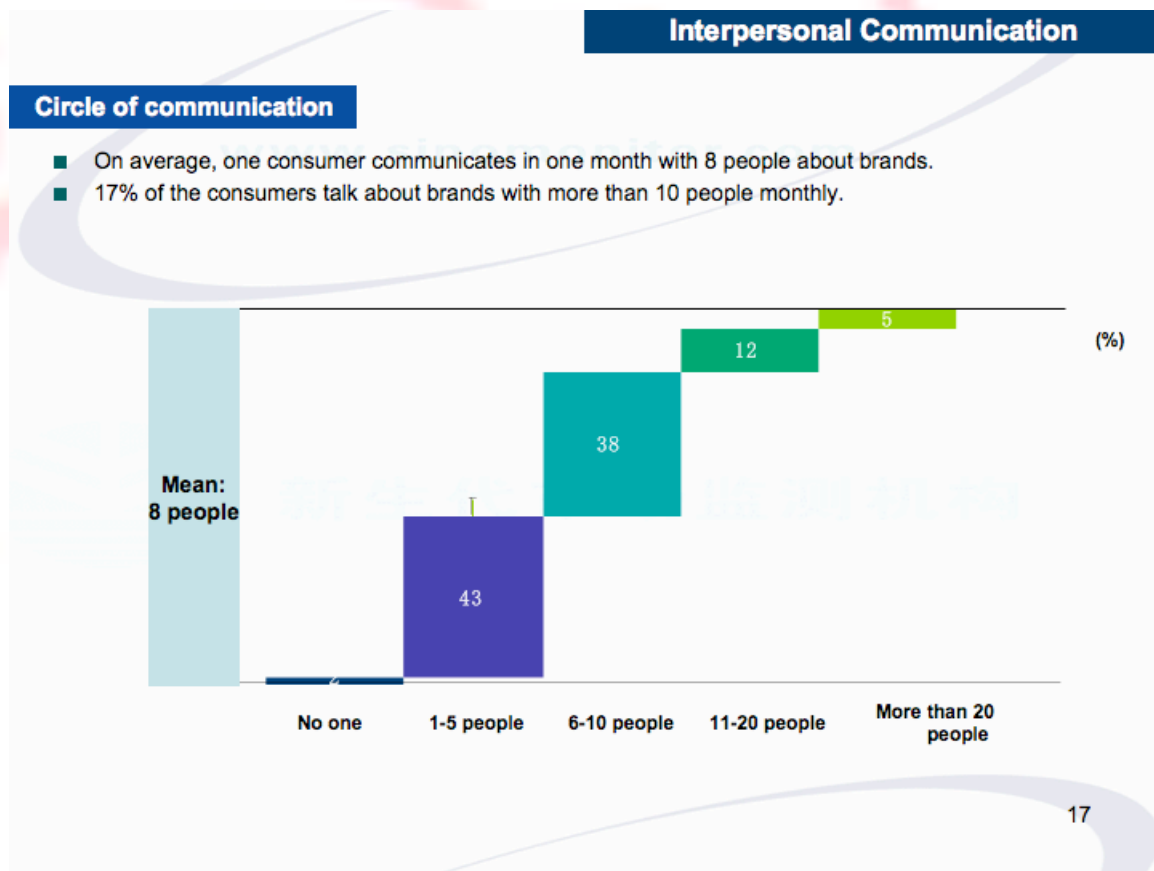
Brands however (also in China!) are more and more built on really positive experiences and fanatic consumers talking to each other about these brands.

These evangelists, influencers, advocates seem to become the real driving force behind big brands. In reality “human media” dwarf what we usually call “media”.

Have a look at some of the findings.

1. Consumers communicate with other consumers about brands. Not permanently, not as much as marketers might wish but quite often. And they influence each other.

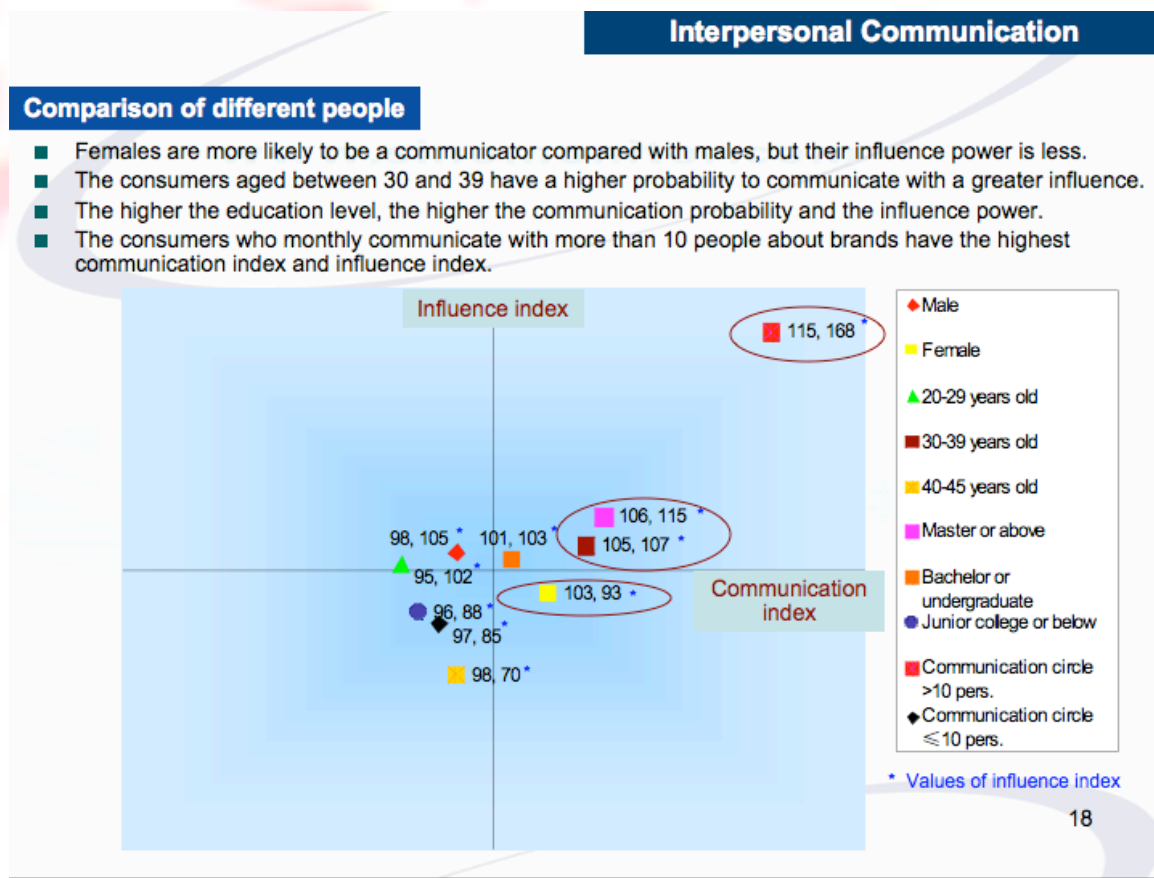
Not all consumers however are equal. On average, a Chinese consumer communicates in one month with 8 people about brands. 17% of the consumers however talk about brands with more than 10 people monthly.



2. These consumers who communicate monthly with more than 10 people about brands not only have the highest communication index they also score the highest influence index.

Women communicate more than men, but men have a higher influencing power.

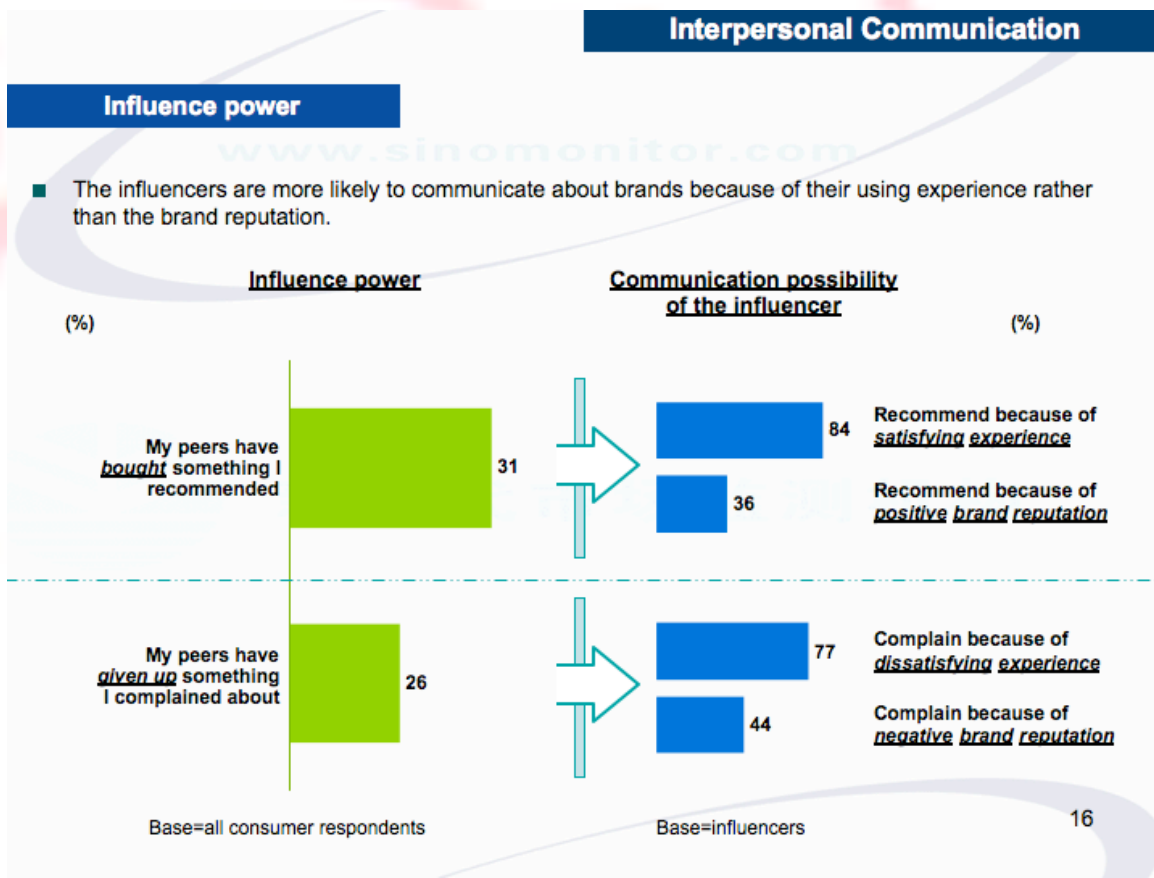
Also those aged in between 30 and 39 have a greater influencing power. Also, the higher the education level, the higher the communication probability and the influencing power.



3. 31% of all respondents in the study are sure their peers bought something that was recommended by them.

26% are sure they convinced their peers not to buy a certain brand or to give up.

A satisfying brand experience (or a dissatisfying one) is a lot more powerful than positive or negative brand reputation.



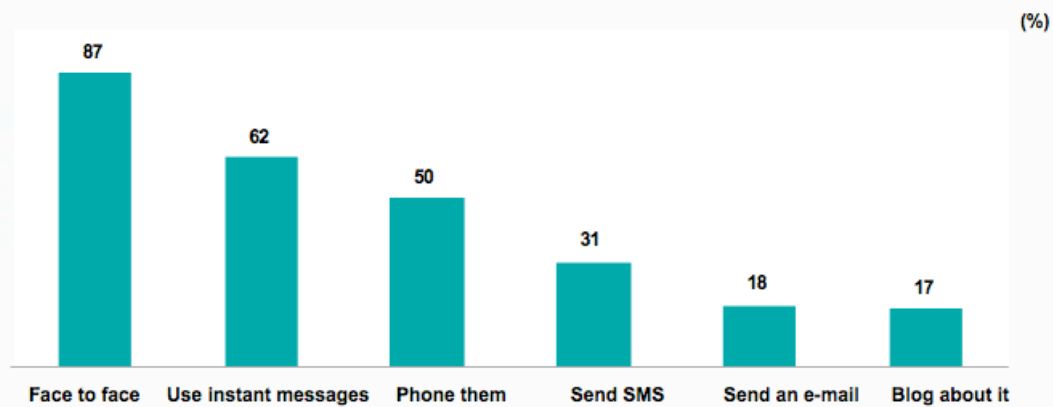
4. The vast majority of the communication about brands is face2face. Nearly 90% is communicated during conversations.

Using instant messages and phone calls are also common ways people communicate.

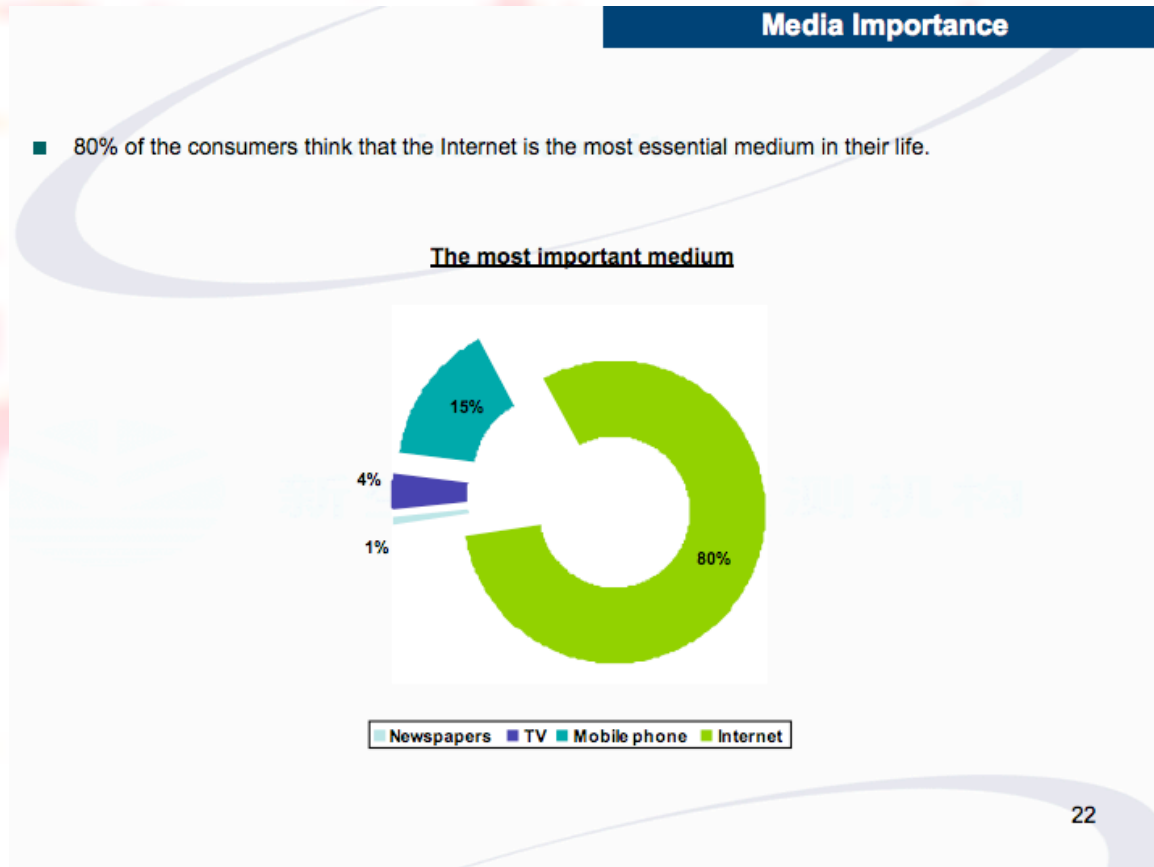
Interpersonal Communication

Ways to communicate

- Nearly 90% of the consumers communicate with others about the brands face to face, which is the most popular way.
- Using instant messages and phone calls are also common ways people communicate.



5. But although they use mainly face2face to communicate with their peers the internet is declared as being the most important medium in their life

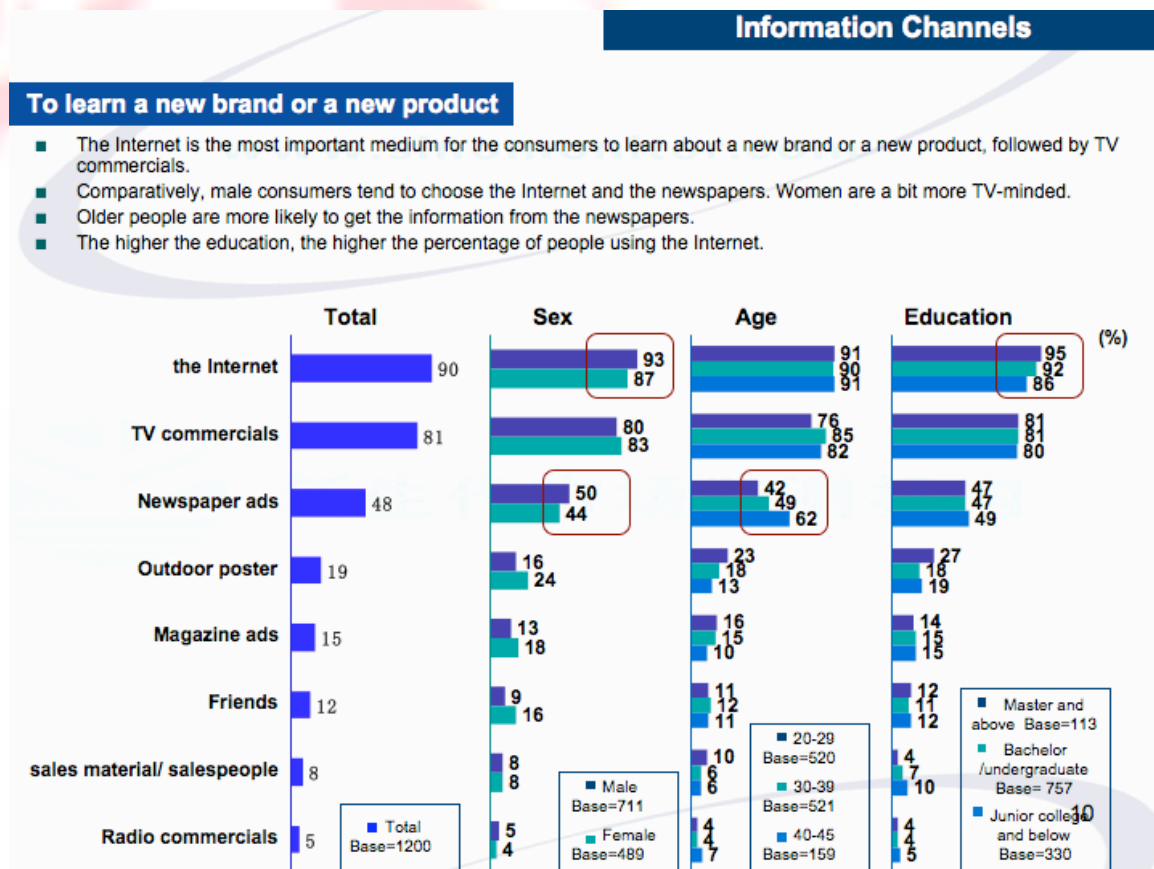


6. The Internet is the most important medium for consumers to learn –*for the first time*– about a new brand or a new product, followed by TV commercials.

Comparatively, male consumers tend to choose the Internet and the newspapers. Women are a bit more TV-minded.

Older people are more likely to get the information from the newspapers.

The higher the education, the higher the percentage of people using the Internet.

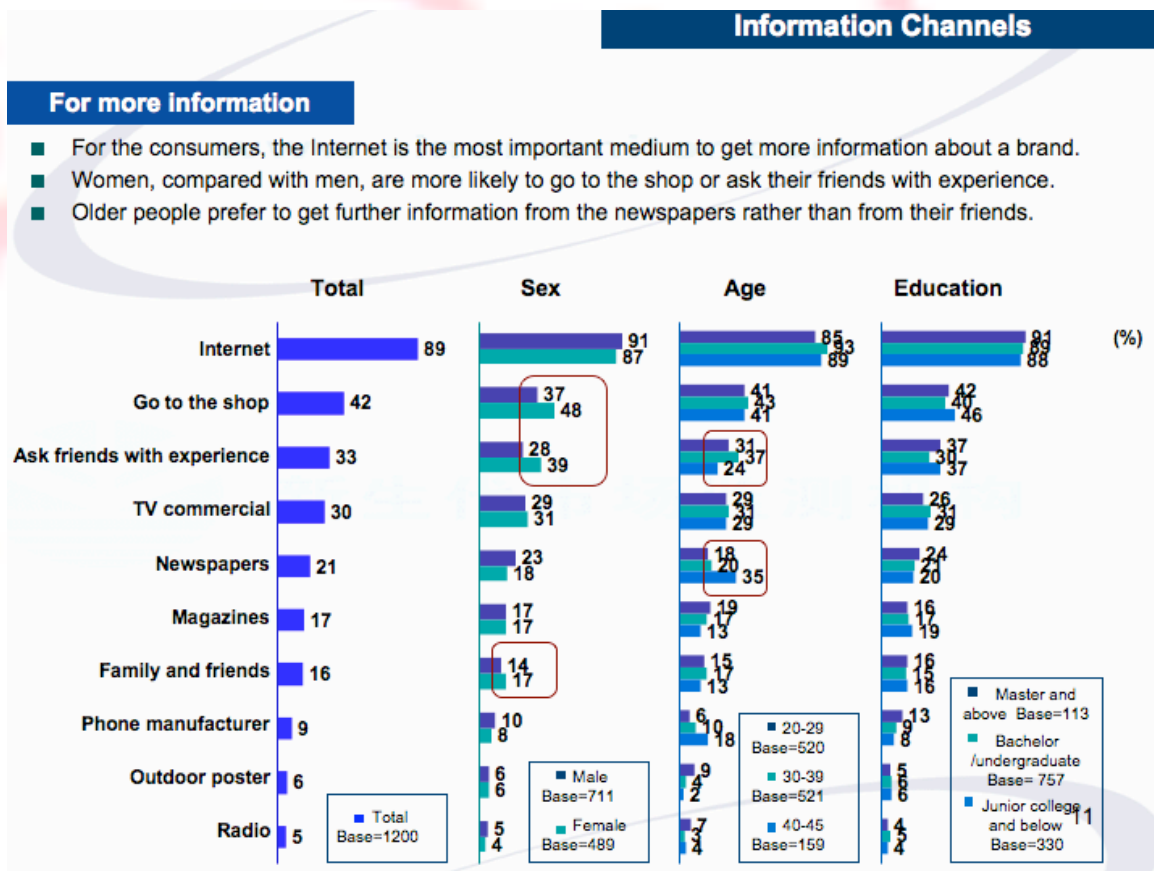


7. For further information on these newly discovered products, the Internet again is the most important medium:

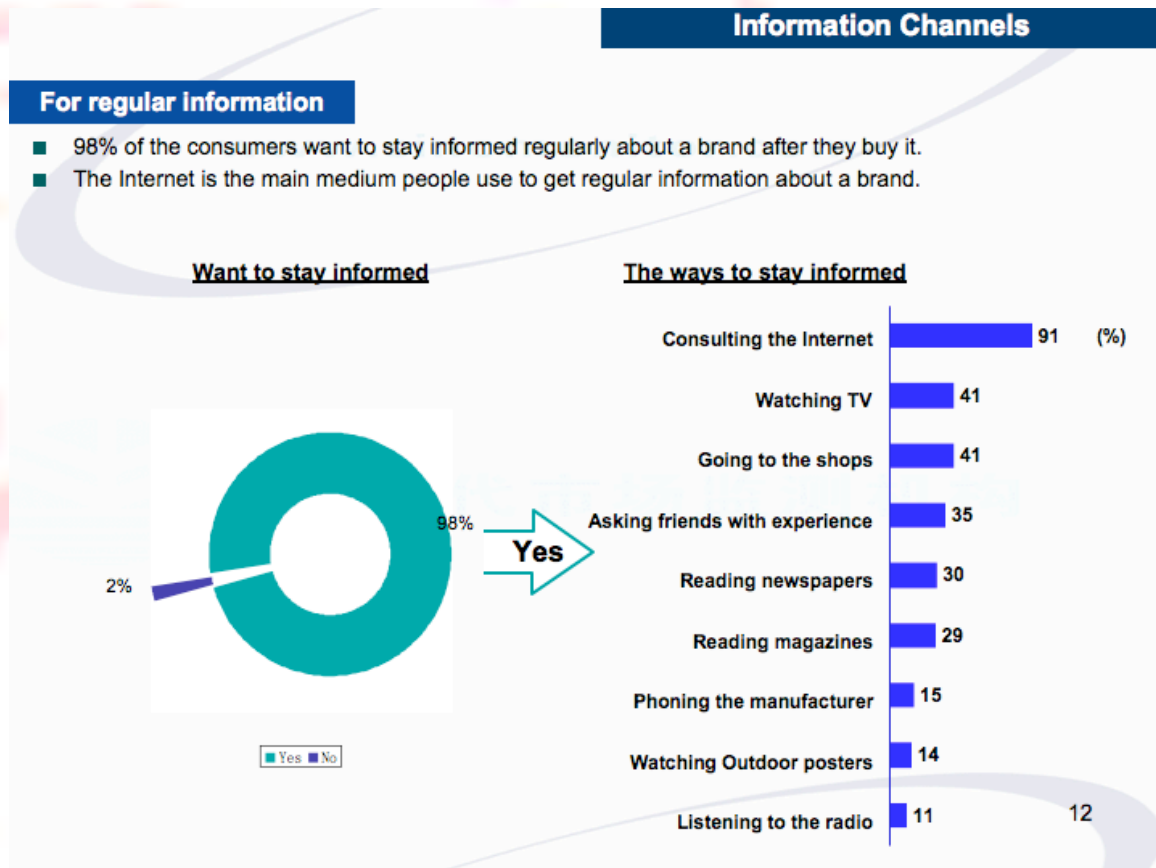
- for all age-groups
- for all education levels
- for both men and women.

Women – although the internet scores here highest too – are more likely to go to the shop or ask their friends with experience.

Older people prefer to get further information from the newspapers rather than from their friends.



8. Again a vast majority of the respondents also want to stay informed about a brand after they bought it. Again it's the web that is their preferred medium.



9.

To discover brands.

To find more information on brands.

To keep oneself informed after the sales.

...it's the internet which is the most important tool.

But apparently it's also the most effective medium when they decide to buy a brand. The second most influential medium being their friends.

Our respondents deem that for their family and friends, friends' recommendations are the most important influencing factor and the Internet is the second one.

7% of the respondents think that they themselves can influence their family and friends the most on purchasing decision.

Media Influence on Purchase

- As for the respondents themselves, the Internet is the most effective medium when they decide to buy a brand, and the second most influential medium is their friends.
- However, the respondents deem that for their family and friends, friends' recommendations are the most important influencing factor and the Internet is the second one.
- 7% of the respondents think that they themselves can influence their family and friends the most on purchasing decision.

Top 5 influential media

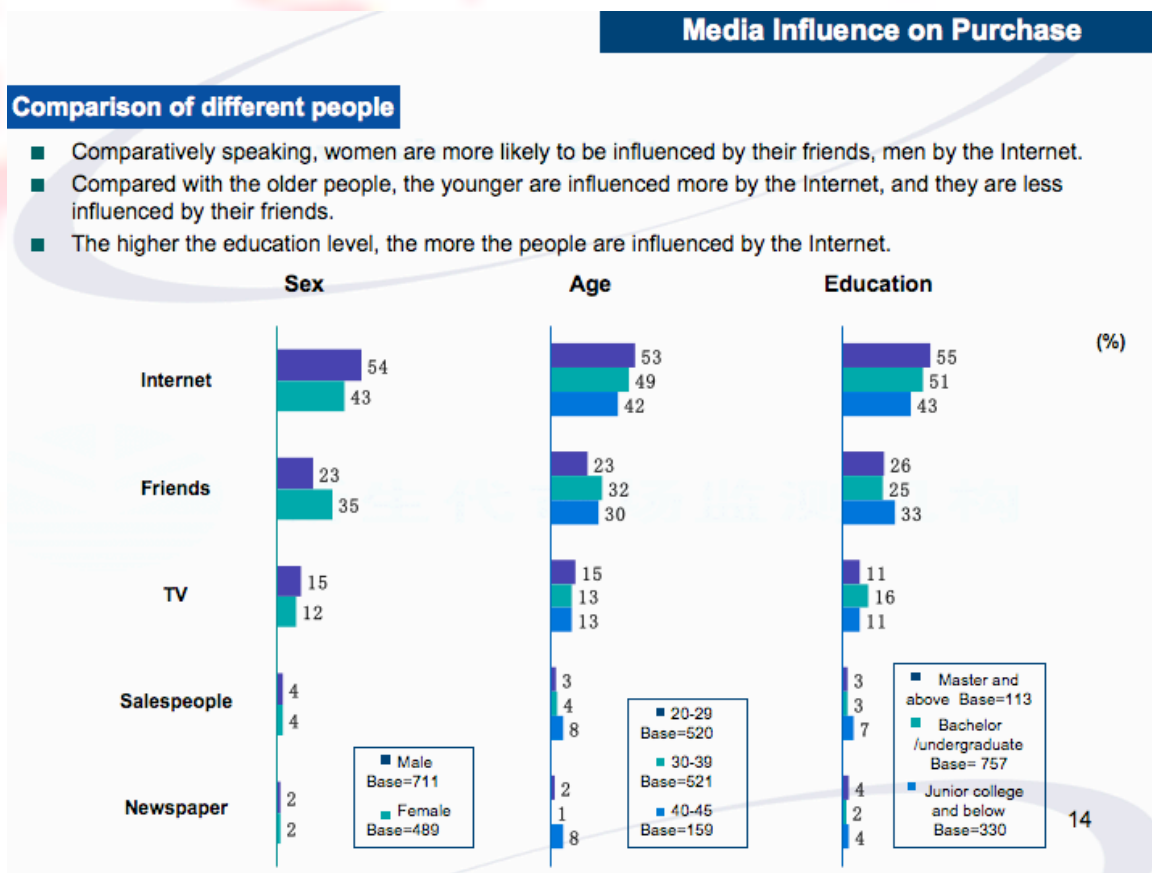
	For the respondents		For the respondents' family and friends
1	Internet 49%		Friends 34%
2	Friends 28%		Internet 31%
3	TV 14%		TV 19%
4	Salespeople 4%		Me 7%
5	Newspaper 2%		Newspaper 5%

10. Again the internet is considered having the most influencing power in all age-groups, education levels and for both men and women.

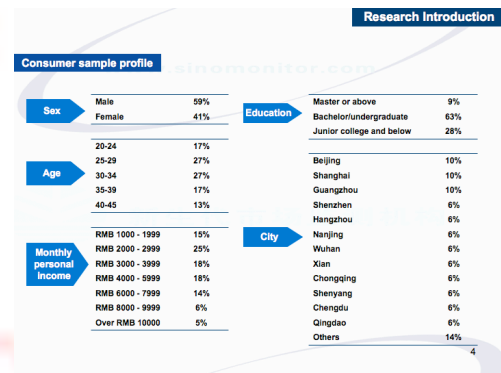
Comparatively speaking, women are more likely to also be influenced by their friends, men by the Internet.

Compared with the older people, the younger are influenced more by the Internet, and they are less influenced by their friends.

The higher the education level, the more the people are influenced by the Internet.



The sample



Additional literature

1. Booz | Allen | Hamilton
HD Marketing 2010: Sharpening the conversation
2. Mc Kinsey
How companies are marketing online.
Doing business in China.
3. Reichheld, Fred
The one question
4. Doubleclick
Touchpoints IV study
5. Harvard Business Review
How valuable is word of mouth
6. Edelman – *Stakeholder Study (2007)*
7. <http://www.cicdata.com/>

Do you want the complete study?

What you have been reading now is not a complete overview of the study. We referred to some of the highlights only.
If you're interested in the complete study (the ideas of the 100's of marketers who did the same survey e.g.) pls email me at jevedebe@i-merge.com.cn.

**Sinomonitor

Sinomonitor is China's leading business database supplier and the main market and media research supplier.

*i-merge/boondoggle

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