

5 MYTHS ABOUT SOCIAL INFLUENCE

ONLINE

AND

IN REAL LIFE

...AND 5 REALITIES

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TSX-V:EL

5 MYTHS

ABOUT SOCIAL INFLUENCE
ONLINE AND IN REAL LIFE
...AND 5 REALITIES

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5 Myths About Social Influence that Stand in the Way of Better Brand Outcomes

Marketers who rely on social media as a key source of data for consumer opinion or brand engagement risk making serious errors because they assume that social media can accurately reveal the larger consumer conversation about brands.

Think of it this way: If social media are like the visible tip of an iceberg, can social media data accurately predict the size and shape of the invisible conversation that is happening below the surface? Spoiler alert: The answer is a resounding no.

One of social media's key attractions to marketers and researchers is the prospect of providing access to authentic conversations and opinions of consumers, as both a marketing channel and research platform. But social media is just one piece of the social influence puzzle. A much larger conversation happens offline, in real life, with people sharing recommendations with friends, family members and colleagues about where to eat, where to go on vacation, and what cleaning products work best.

The question of whether social media predict the larger, offline conversation is an empirical one that can be tested with data, and that is exactly what we set out to do in the research presented in this e-book. Our objective was to establish whether the predictive power of social media is a fact or a myth.

We set out to answer these questions through the most extensive study of social vs. offline word of mouth conversation ever undertaken. What we learned is that much of what marketers believe about the relationship between consumer conversations online and those offline are myths.

Analyzing the Relationship Between Online and Offline Conversations

To better understand if social performance online is predictive of performance offline, and vice versa, Engagement Labs conducted the most extensive study ever undertaken, analyzing online and offline conversation data on 500 U.S. brands distributed across 16 diverse product and service categories, including food, beverages, telecommunications, electronics, beauty, financial services, travel, and sports. Major brands included Apple, AT&T, Coca-Cola, ESPN, McDonald's, Pepsi, Verizon, and Walmart.

The source of online data is social media listening, while the source of offline conversations come from Engagement Labs' own continuous research program involving over 36,000 surveys completed by a representative sample of US consumers continuously each year for more than a decade. Survey respondents report on brand conversations they had during the 24 hours prior to completing the online survey.

For both data streams, we tested four different conversation metrics, each of which we have determined have an impact on business outcomes: volume, sentiment, brand sharing, and influence, which are defined below.



ONLINE

OFFLINE



5 Myths and Realities About Social Influence

MYTH:

Social media mirrors conversation about your brand in real life conversations.

1

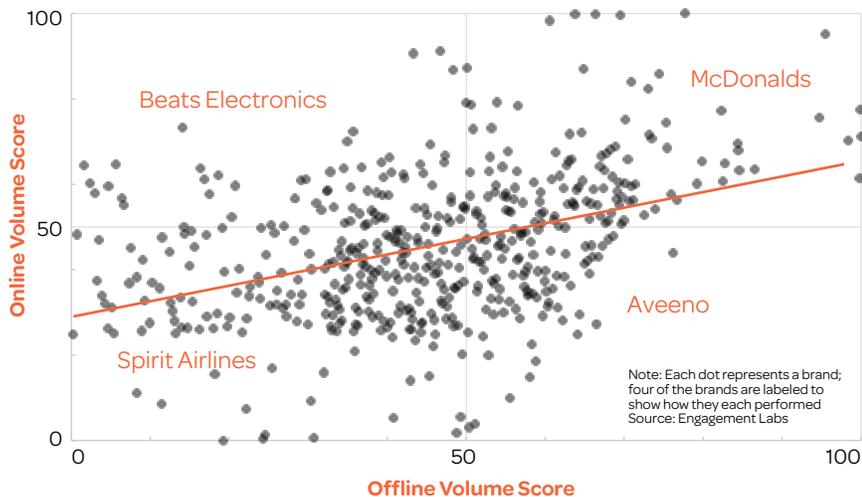
REALITY:

Social media does not reflect the much larger conversation happening in real life.

A core goal of any social media marketing program is to drive more brand conversation online. The more people marketers can get talking about their brand on Facebook, Instagram, Twitter and other social networks, the better they expect the brand to perform in terms of offline conversations and, of course, sales. This makes conversation volume a critical metric for marketers to monitor over time.

A simple way to think about it is this: If a brand gets a lot of conversation online, will it also get a lot of conversation offline? When we analyzed the conversation volume of 500 brands collectively every month over an entire year, we discovered some brands did indeed have similar scores online and offline. To make the comparison easy, we converted the volume statistics for online and offline conversation to a normalized score, with scores from 0 for the lowest volume brands to 100 for the highest volume brand among the 500.

For example, McDonald's scored high in terms of volume both online and offline, while Spirit Airlines performed poorly both online and offline. But many other brands had quite different volume levels online and offline, such as Aveeno, which performed well offline but not online, and Beats Electronics which performs well online, but not offline. For these two and many others like them, the tip of the iceberg looks nothing like invisible portion beneath the surface.



Online and Offline Volume Scores for 500 Brands.

Why might brands have similar volume scores online and offline? If the conversation is related to market penetration, purchase frequency or advertising, then we might expect conversation volume to be the same online as offline.

But there also can be many reasons for differences in volume performance. Academic researchers have shown that fashionable or innovative brands are likely to perform better online than offline,

CONSUMER CONVERSATION

Online conversations are the tip of the social influence iceberg. Less visible, but more important, are billions of face-to-face conversations.



because social media users like to signal to others that they are “in the know.” Also, youth-targeted brands have a better chance to perform well online because social media still has a more youthful skew compared to the general population.

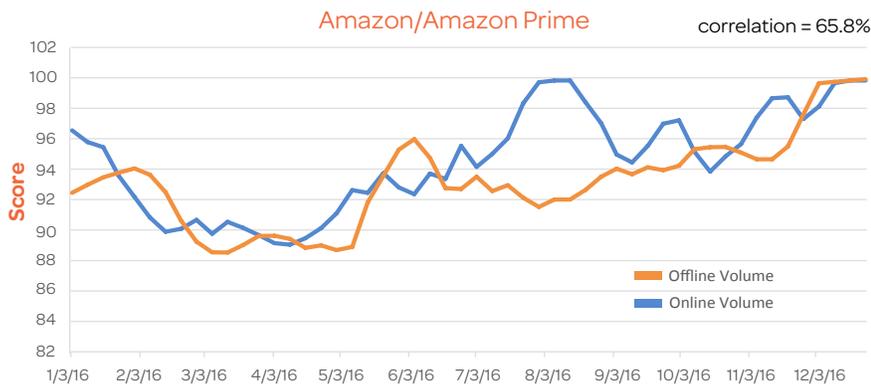
In face-to-face conversations, though, it’s brands that deliver practical value, or satisfy emotional or intimate needs, that tend to perform better offline than online.

Even more important than whether brands have similar volumes online and offline is the direction performance moves over time. Change can be caused by several factors including long-term trends, current events or specific marketing campaigns. Increases or decreases in conversation level can be a key indicator of whether a brand’s marketing is working, or whether a competitor is gaining.

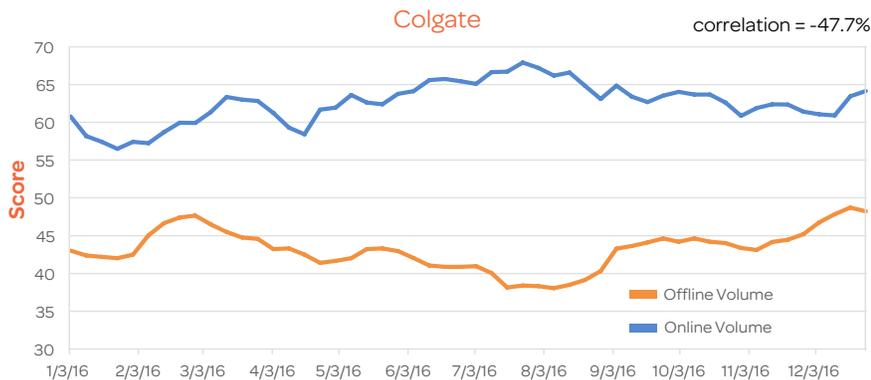
Looking at a year’s worth of weekly data for our 500 brands, we found on average, the correlation was just 8%. In other words, there is almost no predictable relationship between the online and offline trends for a brand. When it comes to measuring changes in volume, the social media “tip of the iceberg” doesn’t reveal much about offline conversation that is happening under the surface.

This doesn’t mean that it’s always the case that offline volume and online volume diverge. Indeed, for some brands there is a positive relationship and sometimes they do move in tandem.

For example, Amazon performed similarly online and offline, with a fairly high correlation – + 65.8 percent – between online and offline conversation volume for the 12-month period. In September 2017, however, there was a big increase in offline conversation that was not picked up online.



At the opposite extreme was Colgate, a brand that performed much better offline than online, and for which the trend online was the reverse of the trend offline, producing a negative correlation: -47.7 percent.



DIFFERENT MOTIVATIONS

The motivations that drive consumers to talk about brands face-to-face are quite different than the motivations that drive them to talk on social media.

+65.8%

amazon.com

-47.7%

Colgate®

MYTH:

If people like us online, they must like us in real life too.

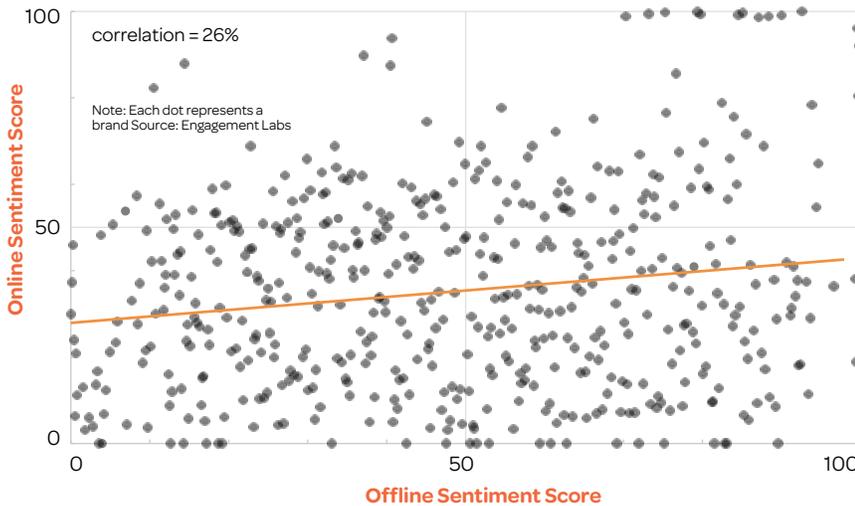


REALITY:

Most brands are more popular in one channel than the other.

It stands to reason that if much-loved brands are frequently “liked” by fans online, that positive sentiment will extend to in-person conversations too. Likewise, if the haters find brands online, they’ll complain to friends offline as well. Alas, this also is not true. We analyzed net sentiment – the percent of sentiment that is positive minus the percent negative – for our 500 brands, and we discovered the relationship is close to negligible.

In a scatter plot for net sentiment, we see that sentiment scores are literally all over the map, with little correlation between the two. And on a trended basis for the 52 weeks in 2016 there was a positive correlation of less than 1 percent—in other words, no meaningful correlation at all.



Online and Offline Net Sentiment Scores for 500 Brands.

Of course, a few brands showed some correlations between offline and online sentiment, but they were tied to specific events. Toys R Us, for example, had a correlation of 65.4 percent, based on similarly improving sentiment with the approach of the back-to-school and holiday shopping seasons.

Another situation that seems to promote similar online and offline trends is a crisis situation for a brand. Samsung saw sentiment declining both online and offline after their much-publicized recall of the Galaxy Note 7 smartphone, while Wells Fargo & Co., experienced declines in net sentiment both online and offline after it was discovered its employees had set up fake customer accounts to meet performance targets.

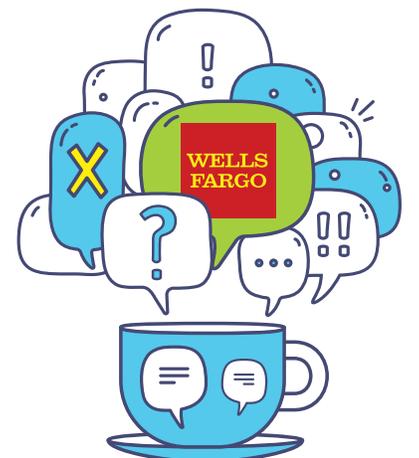
However, the full year correlation for Wells Fargo was just 9 percent, largely because of a big jump in online sentiment in March 2016 in response to the East Regionals of the NCAA March Madness tournament being held in the Wells Fargo Center in Philadelphia. There was no similar response offline.

SENTIMENT DIFFERS

One of four key drivers of social influence, consumer sentiment is likely to be very different offline than online.



ONLINE SENTIMENT



OFFLINE SENTIMENT

MYTH:

When consumers share brand content online, they also talk offline about our brand's advertising and marketing.

3

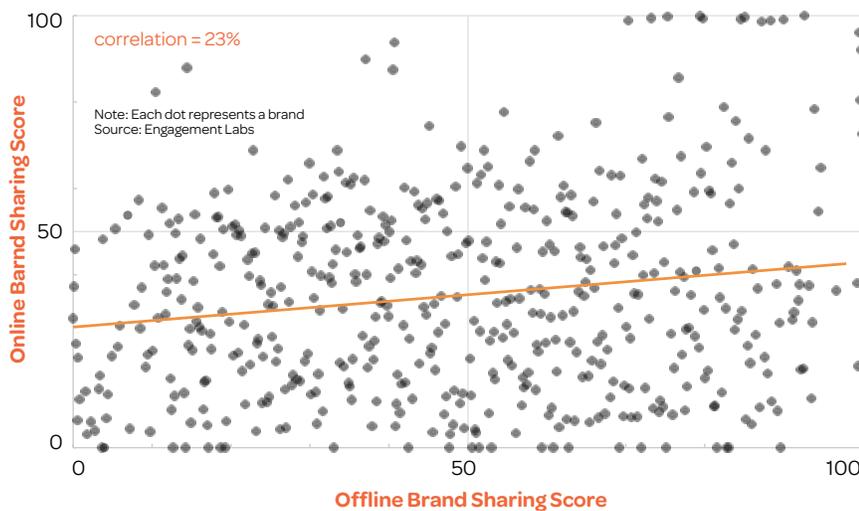
REALITY:

Brand content sharing in social media has no impact on content sharing in real life – and vice versa.

Social media marketers put significant effort into developing social media campaigns that will increase the number of “shares” and “retweets.” Without engagement on Facebook, Twitter, Instagram, YouTube, and other social networks, a brand's conversation online stands still. Offline, marketers are also eager to promote conversation in response to advertising and marketing campaigns. But does this kind of marketing success tend to happen at similar levels online and offline?

Again, the answer is no. There is literally no correlation in the performance over time of online and offline sharing of brand content.

The reason is straightforward. Marketers tend to use different teams, and devote different levels of resources and creativity, to their online and offline marketing, which tend to perform independently of each other.



Online and Offline Net Sentiment Scores for 500 Brands.

DIFFERENT APPROACHES TO MARKETING

Brands approach offline marketing differently than online, so each tend to perform independently of each other.



Brands that focus solely on one type of conversation aren't getting the full picture – and risk drawing inaccurate conclusions.

MYTH:

By focusing on social media influencers, we can drive conversation among influencers offline too.

4

REALITY:

Offline influencers are a completely different group, requiring separate strategies, from online influencers.

Marketing teams spend a fair amount of time identifying and cultivating influencers. This strategy was popularized in 2000 by Malcolm Gladwell in *The Tipping Point*, and expanded upon in 2002 by Ed Keller and Jon Berry in *The Influentials: How One American in Ten Tells the Other Nine How to Vote, Where to Eat, and What to Buy*.

The idea is to engage influential consumers and encourage them to share information about your brand. In the online world, for example, manufacturers of children's products might cultivate relationships with mommy bloggers. In real life, marketing teams identify consumers with large real-world social networks and who regularly recommend products.

To analyze the relationship between online and offline influencers, we looked at influence as a measure of the degree to which the brand has better conversation performance among the most influential consumers versus average people. We identify offline influencers through their responses to survey questions relating to their real-world social network and recommending behavior; we identify online influencers through the number of friends/followers and their publishing of original content.

Once again, it turns out there is absolutely no helpful correlation between these two types of influencers—indeed, there is a slightly negative correlation (-2.3 percent) over time. This suggests that brands that connect with offline influencers online cannot expect the same people to advocate the brand offline, and vice versa. It seems fair to say that influencer marketing strategies for brands need to be considered entirely independently from each other.



Online and Offline Influencer Scores

EVERYDAY INFLUENCERS

With a “social value” four times the average consumer, everyday influencers are the most persuasive form of marketing.

MYTH:

I know my marketing is working because I'm getting great engagement online.

5

REALITY:

The online and offline spheres behave more like separate ecosystems.

With this study, we now have clear and hopefully convincing evidence that online social media conversations are not, in and of themselves, a major predictor of what happens in the offline world.

The implication for marketers and for researchers is that if you rely on social media conversation alone you are listening to only a part of what consumers are saying about your brand. This is critical, because it means marketers would be misguided to draw conclusions from social media conversations and then apply them to all consumer conversations.

In practice, marketers should assume the online and offline conversation channels work independently of each other, and formulate strategies and tactics optimized to the strengths of each. This is not to say that marketers successful in social media can't apply lessons learned to offline conversation, and vice versa, but that one should not be treated as a substitute for the other.

TWO DIFFERENT ECOSYSTEMS

Marketers need distinct marketing strategies for both offline and online channels to drive business outcomes.

How to Measure Social Influence to Drive Better Brand Outcomes

The results of this study provide some valuable guidance for marketers who want to drive better brand outcomes through social influence.

1. Don't focus on one sphere of conversation.

Marketers shouldn't make the mistake of thinking that online social media has become a proxy for measuring offline conversation about brands. This study shows extremely low levels of correlation between the online and offline conversation trends. Thus, it's a clear indication that brand performance online and offline are quite different phenomena. Market mix modeling shows that both are important to brand success, but brands rarely earn the same level of success both online and offline.

2. Each conversational sphere is its own unique ecosystem. Be sure to understand the characteristics of both.

We began this ebook by asking if the visible social media "tip" is predictive of the offline conversation below the surface. Another apt metaphor is the concept of ecosystems. Offline and online conversations occur in two vastly different ecosystems, as different as ocean from desert, and tropical from temperate. Most marketers can find success in both ecosystems, but they will need careful preparation because success in one ecosystem does not automatically translate into success in the other.



3. Be sure to measure, listen to and work to activate the conversations happening in real-life as well as on social media. You need both to form effective marketing strategies.

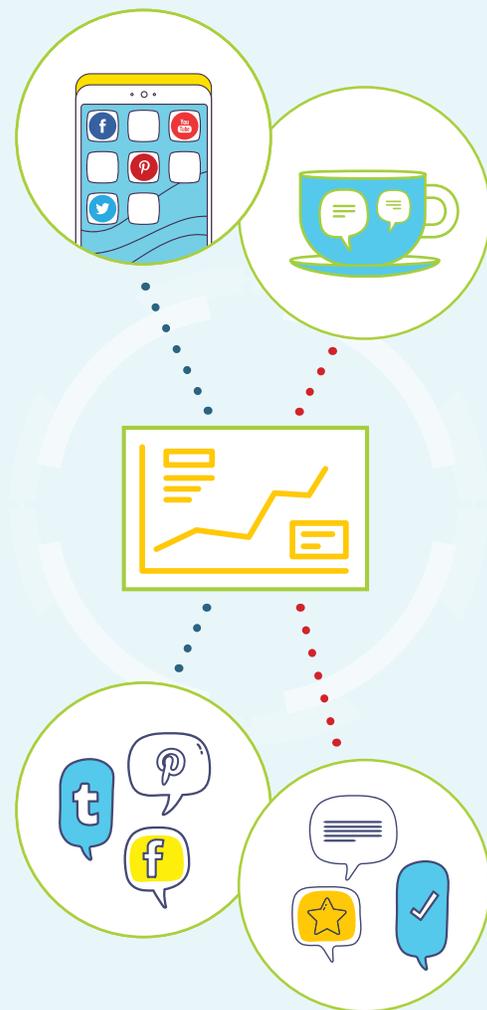
Very few marketers capitalize fully on the power of social influence. Why? Because they ignore the largest part of the social influence puzzle. Online conversations -- via social media, ratings and reviews, or blogs and forums -- are important, but marketers often overlook the billions of word-of-mouth impressions that occur each day via face-to-face conversation. As this research clearly shows, the two are not mirrors of each other. To fully capitalize on the power of social influence, brands need to measure and manage both offline and online conversation.

4. Have unique strategies for driving conversation offline vs online.

We believe brands need to embrace a strategy that deliberately fosters both online and offline social sharing and recommendations. By focusing only on social media or advertising, brands are missing out on opportunities to drive marketing ROI, and in many instances, are likely to be making expensive and misguided judgments.

Brands that truly understand the dynamics of consumer conversation have an opportunity to drive millions of dollars to their topline while increasing the efficiency of their marketing spend. As this study shows, marketers need to have an accurate understanding of the online and offline conversations happening around their brand.

The only way to achieve success is by measuring each sphere separately and developing unique marketing strategies for each. With a complete view of consumer conversations, marketers will be equipped with the insights they need to harness the full power of social influence.



Methodology

This research was conducted throughout 2016 using TotalSocial®, which measures both offline and social media conversations based on four key metrics: volume, sentiment, brand sharing and influence.

totalsocial®
MAKE EVERY CONVERSATION COUNT

Offline data for the 500 brands came from Engagement Labs' continuing survey of a representative American consumers aged 13 to 69 interviewed every month. 36,000 interviews are conducted annually. Respondents are asked to report the product and service categories and brands they talked about during the 24 hours prior to taking the online survey. Social media data was obtained through a widely used "listening" system that relies on keyword searches for brand names, and natural language processing for sentiment.

Each of the brands in this study is measured in terms of the four pairs of metrics described above—plus two composite metrics representing the combined "total online" and "total offline" performance of each brand, based on a simple averaging of the scores across the four metrics. Thus, each brand is measured on 10 dimensions including the two composite scores.

About TotalSocial[®]

TotalSocial[®] is a data solution that helps marketers drive ROI and grow their sales by bringing together social media listening insights with face to face conversation data into a single performance score.

TotalSocial unlocks the value of a marketer's greatest brand asset—consumer conversations about their brand. Uniquely allowing marketers to measure performance and pinpoint areas of consumer influence, TotalSocial scores are built on the four most important drivers of a brand's social marketing performance: **volume, sentiment, brand sharing, and influence.** Brands use TotalSocial to understand the full extent, impact and nature of consumer conversations occurring about them both online and in-person, and to diagnose performance strength and weaknesses in order to drive awareness, consideration, equity, loyalty, and, ultimately, drive sales.

Use TotalSocial to:

- + **Develop strategies that drive sales** impact through improved consumer conversation about your brand, online and offline
- + **Gain a competitive edge** by managing word of mouth. Consumer conversations about your brand are an asset you own – identifying actions you can take to nurture and grow that asset when your competitors are not doing the same will have substantial upside for your company
- + **Evaluate how effectively your marketing** is impacting KPIs related to advocacy, social influence, and word of mouth
- + **Diagnose changes in brand equity over time** and benchmark against key competitors and leading TotalSocial brands
- + **Identify media and marketing channels** that generate the most impactful conversations about your brand – and where you have opportunities to improve
- + **Model and predict** the way marketing amplifies its message and ultimately its ROI by driving conversations, both offline and online

TOTALSOCIAL SCORES ARE BASED ON THE MOST IMPORTANT DRIVERS OF BRAND PERFORMANCE

VOLUME:

How much conversation is a particular brand getting online and offline?

NET SENTIMENT:

How positive the conversation is. We subtract the share of conversation for a brand that is negative from the share that is positive. This provides a “net” sentiment for the brand.

BRAND SHARING:

How much sharing of brand content is happening. This metric is designed to measure the brand's success in getting its owned brand content talked about and shared. For offline, it is the share of conversations in which people are talking about the brand's marketing or advertising. For online, it is the extent to which brand content is shared via the brand's social media pages.

INFLUENCE:

How are consumer influencers engaging with the brand. This metric is based on how well the brand does connecting with the day-to-day influencers with the largest social networks, both offline and online.

engagementlabs

TSX-V: EL

Engagement Labs (TSX VENTURE: EL) has the world's only TotalSocial[®] data, offering insight, analytics and technology to drive actions online and offline for social and word of mouth success. Engagement Labs has offices in New Brunswick, NJ; London, UK; and Montreal, Canada.

*Patent Pending



WANT TO KNOW WHAT YOUR BRAND'S TOTALSOCIAL PERFORMANCE IS?

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