

Consumer advisory panels

The next big thing in word-of-mouth marketing?

By **PAUL MARSDEN**



There's nothing new about consumer panels as a market research tool. But the internet has magnified the potential for engaging vast numbers of consumers to create loyalty and advocacy. Paul Marsden describes how consumer advisory panels are used by P&G and others to involve their consumers in all aspects of brand development, thereby strengthening loyalty

HOW DO YOU unlock sales revenue by harnessing word of mouth? Forget the usual suspects – buzz, viral and stealth marketing – they are PR stunts on steroids that create awareness by getting your marketing (but often not your product) talked about, but rarely have any significant impact on sales. Instead, take the lead from consumer goods giant Procter & Gamble, and set up your own online consumer advisory panel.

Consumer advisory panels harness 'involvement' to create loyalty and advocacy among panel members – consumers who buy more and recommend more (two variables unequivocally linked to sales growth: Reichheld 2003; Marsden 2005).

The idea behind consumer advisory panels is simple. Instead of marketing *at* consumers, market *with* them by involving them in what you do, and giving them a say in how you do it. By connecting, collaborating and co-creating with your market through a

Dr Paul Marsden is a social psychologist and freelance market researcher.

consumer advisory panel, you can turn fickle consumers in loyal customers only too willing to recommend.

A scalable solution to word-of-mouth marketing

Consumer advisory panels are not new, and have long been used to help marketers make smart decisions in line with market demands. What is new about these panels is that they are moving online and becoming bigger, much bigger. Procter & Gamble, who are leading the field, has upwards of 750,000 members in its two online US consumer advisory panels 'Tremor' (for teens) and 'Vocalpoint' (for 'moms'). Panel participants, recruited by banner ads and word of mouth are regularly invited to participate in online VIP votes on P&G and 'partner' brands, allowing them to call the shots on anything from pack design, logos, new flavours, strap-lines, ads or promotional material (see the box on the next page). This '1-click involvement' is simple, smart and scalable – and creates a loyalty effect

and advocacy effect that, in controlled tests, has been found to boost sales by 10–30%.

Why consumer advisory panels drive sales: the Hawthorne Effect

But why should setting up an online consumer advisory panel boost sales? The answer is because it is a scalable solution to harnessing a very powerful psychological phenomenon, known as the Hawthorne Effect, in large numbers of consumers.

The Hawthorne Effect is named after the Hawthorne production plant of Western Electric, just outside Chicago, where it was first discovered, quite by accident back in the 1920s. Researchers from MIT and Harvard found that by inviting employees to give their views on new working conditions in the factory, before they were rolled out, employees would systematically be favourable to them. What's more, when they trialled these new working conditions their productivity increased.

For example, when employees were engaged in research testing brighter lighting in the factory, feedback was positive, and productivity increased when they trialled working with the brighter lighting. However, when other employees were involved in testing subtler lighting conditions, they liked that too – and productivity increased. Confused, the investigators re-ran the research, progressively dimming the lighting, but participants remained loyal to whatever it was they were asked about, and productivity kept increasing until the light was no brighter than moonlight!

A second series of tests at the Hawthorne plant confirmed the peculiar phenomenon – engaging employees in research to test shorter working hours produced advocacy and increased productivity. But then so did research involving employees in research testing longer working hours.

The researchers finally realised that what was happening had absolutely

nothing to do with what was being researched, and everything to do with involving people in the name of research. They called this effect the Hawthorne Effect: the effect of engaging people in marketing research on creating loyalty and advocacy. What was happening was that the participants felt flattered and privileged to be involved in research on a new initiative – and this biased their view towards whatever it was they were testing.

For nearly a century, the Hawthorne Effect has been something of a bane to market researchers; it systematically occurs and biases market research findings towards whatever is being tested. In focus groups, the Hawthorne Effect can be extremely strong – after 90 minutes of involvement in a new product concept, participants often leave the group passionate advocates of what they have been asked their advice on.

But for marketers the Hawthorne Effect represents a real opportunity; engage target consumers in research and by listening to what they have to say you create an instant market of loyal advocates hungry to buy your product. Do this online, through simple online voting, and you can reach tens of

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P&G's Tremor & Vocalpoint

Creating loyal advocates through consumer advisory panels

- Helping develop Vanilla Coke's 'Nothing Else Like It' billboard campaign and come up with intriguing messages to appear on promotional heat-sensitive cans
- Voting on launching Snoop Dogg's new line of shoes
- Advising on the trailer for the movie *Biker Boyz*
- Choosing which Herbal Essences commercial to air for promoting Fruit Fusions Tropical Showers range
- Recommending which fashion model to use in a Pantene commercial
- Selecting backing music for a Pringles advertisement
- Picking models for a body-spray calendar
- Helping design the new Crest Spinbrush
- Voting on a T-shirt design for Vans 'Warped Tour' concert
- Naming the DreamWorks SKG movie *Eurotrip*
- Choosing the logo for the teen movie *Win a Date with Tad Hamilton!*

Using consumer advisory panels to drive sales

- Converse, Cadillac, Mercedes and Sixt Car Rentals all use research to create word-of-mouth advocates by giving target buyers and brand fans a say in their advertising campaigns.
- BMW, Audi and Boeing create loyal word-of-mouth advocates through their virtual innovation labs, which give car enthusiasts and aviation fans a say in new product development.
- Crayola drives demand with VIP Votes that let consumers decide on the names of new crayon colours (the four crayon shades on the right were named by consumers for Crayola's 100th birthday).
- Google, Microsoft, Napster and Macromedia all use research to create loyal advocates through beta-testing research programmes.
- The Tate Gallery in London builds loyalty and advocacy by inviting visitors to call the shots on how exhibits are labelled.
- New Line Cinema stimulates box office sales with word of mouth by giving fans a say in movie production decisions (e.g. *The Lord of the Rings*).
- Brewtopia, the Australian beer company, and Kaiser beer in Brazil drive sales by inviting consumers to vote on product packaging and marketing.
- Staples, the office supplies retailer, and home furnishings giant IKEA drive demand by engaging customers with research on innovation ideas.
- Sears department stores create word-of-mouth advocates for their Portrait Photo Studios by inviting opinion-leading mothers to shape their marketing.



thousands of consumers, instantly creating a sizable market that is ready to buy and recommend. This is precisely what P&G's consumer advisory panels, Tremor and Vocalpoint, do: create ready-made markets that not only buy the products, but act as a volunteer salesforce.

A new way of selling to consumers

P&G is not alone in using the Hawthorne Effect with consumer advisory panels designed to drive sales by creating loyalty and advocacy. Other brands investing in this new way of selling to consumers include Converse, Cadillac, Mercedes, Sixt Car Rentals, BMW, Boeing, Crayola, Google, Napster, Macromedia, Microsoft, Audi, Nike, New Line Cinemas, MTV and Sears (see the box above).

Conclusion: the future as co-creation?

Online consumer advisory panels are a new way of selling to consumers that use the Hawthorne Effect to create loyalty (purchase frequency) and advocacy (referral value) among panellists. But they represent a win-win for both business and consumers. By allowing consumers to call the shots on marketing and innovation, consumers are empowered and get what they want – not what the business thinks they want. And by treating consumers as partners rather than targets, and engaging markets in dialogue rather than interruptive monologue, consumer advisory panels walk the marketing talk – putting the consumer, not the marketer, at the heart of marketing.

Indeed, consumer advisory boards represent a radical departure from the old 'command and control'

model of marketing, and embrace the new 'connect and collaborate' *zeitgeist*, where marketing is done with consumers rather than at them. By connecting, collaborating and co-creating with markets through consumer advisory boards, marketing is learning to respect the very people it depends upon for its survival: consumers. ☺

paul@viralculture.com

www.viralculture.com

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