



## P&G's Tremor – Reinventing Marketing by Word of Mouth

“The illusion is that your marketing elements are selling your products. The reality is that people are buying, not necessarily in response to you, but in response to what they hear from independent source... There is a large body of research that shows that people gather information from your marketing materials, including sales people and advertising, then talk it over with friends. They buy in response to what other people say about the product.”<sup>1</sup>

– George Silverman, Author, *The Secret of Word of Mouth Marketing*

### Introduction

On an average a person receives thousands of messages a day, but with the widespread influence of media on day-to-day life, the relevant information is lost between catchy slogans and peppy jingles. With the weakening of influence of the conventional marketing media and with the advent of devices like TiVo, which automatically switches channel during commercials, it became more and more difficult for marketers to reach the target consumer groups with the marketing message. But inspite of the chaos and clutter, people still listen and believe what others say, especially those they know and trust. The opinions about the value of products passed among consumers in informal discussions, known as the ‘Word of Mouth’ marketing, has been in existence for a very long time. Research had proved that word of mouth could be systematically generated. The important aspect was in making people speak about the product favourably, to the right people, at the right time and very often.

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<sup>1</sup> “The rise of word of mouth marketing”, <http://www.aktuelno.com>, May 17<sup>th</sup> 2004

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This case study was written by Mercy Mathew under the direction of M Srinath, IBSCDC. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The case was compiled from published sources.

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Brushing aside the myth that 'Word of Mouth (WOM) marketing is luck', Procter & Gamble (P&G) explored the challenges and promises of WOM, and came up with a marketing division called 'Tremor'. Tremor integrated WOM into a total marketing effort, executed plans in its entirety, and measured its impact after the campaign was complete (Annexure I). Tremor was created in 2001, targeting teens in the age group between 13 and 19, tapping their gossip factor. There are 24.3 million teenagers in US within this age group and they spend nearly \$120 billion a year on various goods and services.<sup>2</sup> Moreover, they have influence over another \$485 billion of purchases that parents make on things such as groceries, computers and cars.<sup>3</sup> The teenagers are independent and diversity seekers, so they are not loyal customers and can be easily influenced. Tremor, in a span of two years had built a national network of teenagers, 280,000 in number<sup>4</sup> who advocated from movies to milk, shampoos to motor oil, pushing products on friends and family and that too for free. By 2004, roughly 1% of the US teen population was involved<sup>5</sup> and many of the kids were not even aware of their involvement in a marketing event of such a magnanimous scale. The success was evident from the fact that Tremor's revenue for 2004 was projected to be \$12 million.<sup>6</sup> But WOM is a marketing tool and not a complete marketing effort. David Godes, a business professor at Harvard, said, "If it (WOM) gets too pervasive, there could be a consumer backlash. It needs to stay on the periphery."

## The Business Model

Tremor's business was based on a research on how trends develop (Exhibits I and II). They identified that there are two types of people associated with trend, the 'Trend Setters' and the 'Trend Spreaders'. Trend Setters are people who thrive on being different from others. They dislike being copied and once someone copies the style, they do not consider it trendy anymore. Though these people accept a trend early, they may not really advocate it. Whereas the Trend Spreaders, as soon as they observe a trend, get into the act of getting all their friends to adopt the trend. These are the most valuable people for a brand. It just requires 1% of the trend spreaders to influence the company's sales dramatically.

The other significant feature of Tremor's research was the distinction made between the use of advocacy and amplification within WOM marketing (Exhibit III). Advocacy implies that the new idea or product is worth talking about. While amplification are platforms, which makes it easy for teenagers to speak about the idea or the product. There are products that require high advocacy but low amplification, such as Crest teeth whitening strips. The Crest teeth whitening strips are popular and people believe in them, so there is no need to create hype about the product or make it a topic of discussion at the parties. On the other hand, there are products that require high amplification, and low advocacy, such as Budweiser's 'Wassup!!' campaign.<sup>7</sup> The amplification creates such a hype that gets everybody talking about the event but they may not necessarily talk about the brand or the product.

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<sup>2</sup> Morrissey Brian, "P&G Targets Teens With Viral Campaign", <http://www.clickz.com>, October 29<sup>th</sup> 2002

<sup>3</sup> Casanova Dan, "Downtown and the Youth Market", <http://www.uwex.edu>, June 2004

<sup>4</sup> <http://www.tremor.com>

<sup>5</sup> "Smells Like Teen (Marketing) Spirit", <http://www.forbes.com>, January 27<sup>th</sup> 2004

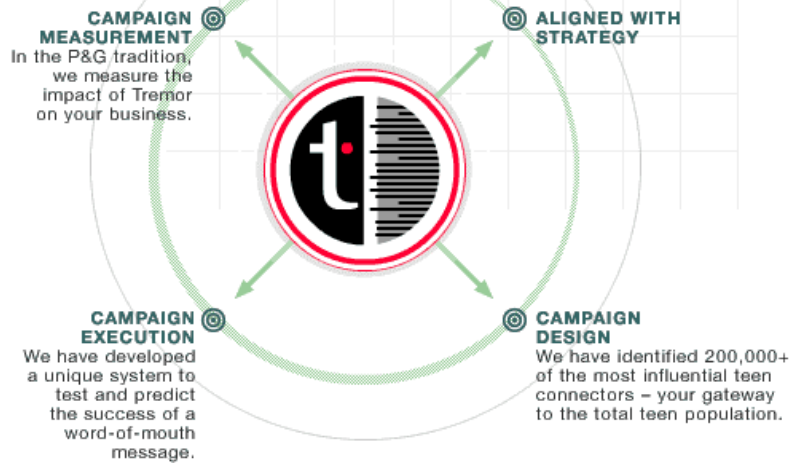
<sup>6</sup> Wells Melanie, "Kid Nabbing", <http://www.forbes.com>, February 2<sup>nd</sup> 2004

<sup>7</sup> A series of comedy ads for Budweiser beers, where the actors in the adverts greet each other with the cry 'Whassup?'

**Exhibit I**  
**The Tremor Business Model**

**Tremor Process Cycle**

message, move markets, measure impact



Source: www.tremor.com

**Exhibit II**  
**Delivering the WOM Message**

**Marketing Touch Points**

surrounding the consumer



Source: www.tremor.com

**Exhibit III**  
**WOM Advocacy and Amplification**

**Advocacy: The Right Message**

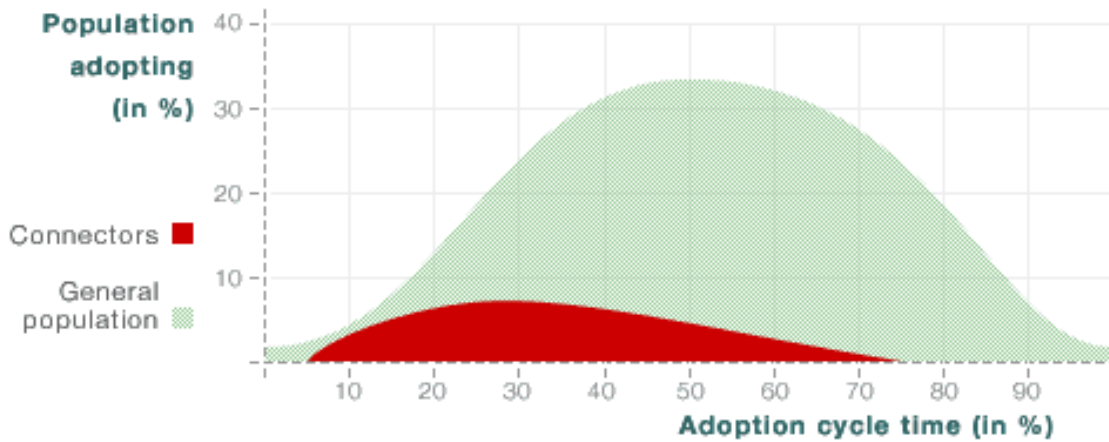
===== measure the message: maximize potential =====

We've developed a unique process to create word-of-mouth advocacy. Our testing refines messages to motivate connectors.

Connector's considerations	Tremor's message process
Does the connector think the product's/service's idea is worthy of his or her advocacy?	Factors: <ul style="list-style-type: none"> <li>• Exclusivity of Information</li> <li>• Likeability</li> <li>• How New</li> <li>• How Different</li> <li>• Simplicity</li> </ul>

**Advocacy + Amplification = Adoption**

word-of-mouth advocacy : the right consumer = connectors



**Tremor**

- Has a 200,000+ connector network in place – the “Tremor Crew”
- Understands how to ignite connectors to advocate for brands.

**Connectors**

- Early adopters
- Advocate for brands
- Amplify brand messages
- Have deep & wide social networks
- Communicate passionately
- Persuade and call to action

Source: <http://www.tremor.com>

“Teens are one of the most disempowered groups out there. They are filled with great ideas, but they don't think anyone listens to them”, said Steve Knox, Vice President, Business Development, Tremor. Tremor targets teenagers who have multiple social networks and love to talk about ideas and products. These teenagers are called connectors. The company contacts teens for this voluntary network through ads on popular teen websites and e-mails. Interested teens take up a seven-question survey on themselves and their social activities. Based on parameters like number of friends and associates they communicate with every day and their participation in sports and other social activities, the network makes a cut and only 10% of the teens, who take up the survey are recruited. A typical connector had 170 friends and associates on his or her list, is active in more than two social events, like playing sports such as soccer, baseball, rugby or is part of some cultural, language or music clubs. Above all, these connectors have an outgoing personality and love to give opinion. Once recruited, these teens are sent an information kit by mail that includes a notification to their parents.<sup>8</sup>

P&G only screens children. It neither coaches them nor does a follow up of their activities. They just encourage children to feel free to talk about the product. Tremor gets in touch with these connectors two to three times a month through e-mails and passes them the information about the new product or idea. To keep them interested, Tremor sends them exclusive music mixes and gift packs which contains sample packages of the product, coupons or even inexpensive watches, DVD players and minidisks.

According to Steve Knox, there are three main ways of getting influential people to talk about your product and creating the buzz.<sup>9</sup> Firstly, give them the information before anybody gets it. People love to break news. Teenagers love to tell their friends about the next big thing and so new products, services or ideas are teased into a conversation. If people are interested they pass on the word. Secondly, give someone the inside scoop. This ties in with getting news first, but it emphasizes a type of information that is harder to come by. Tremor invites these teenagers to be the first to sample a product or service. Kids get excited when the logo they selected or the commercial they chose is aired. They just want their friends and the whole world to know about their valuable contribution and thus the word spreads on. And finally, allow your customers to influence your decision openly. That is another way of creating buzz about products that have measurable effect on the bottom line. Sometimes, they are given samples of a pre-released product, or they are asked to vote on a logo, music for the commercial or package design. Marketeers have to be conscious of not divulging everything in their ads. If it does, then trend spreaders would have nothing to speak about.

## The Advantage

The advantage of the Tremor network is that it is nationally scaleable, predictable and measurable. The influential sales force of teenagers is spread across the US, making it possible for Tremor to package its campaign to its advantage. It has developed a unique system to test and predict the success of the word of mouth message. Hence the possibility to measure the impact of Tremor on the business.

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<sup>8</sup> “Kid Nabbing”, op.cit.

<sup>9</sup> “Word Of Mouth Marketing: Tips From Procter & Gamble”, <http://www.webproworld.com>, May 24<sup>th</sup> 2004

International Dairy Food Association launched a new campaign through Tremor for its chocolate-malt-flavoured milk and measured the effectiveness of the event using control groups<sup>10</sup>. The drink was introduced in Phoenix and Tucson with identical marketing plans and expenditures. But in Phoenix (the target group), 2,100 Tremor connectors received product information, coupons and stickers. After 23 weeks, it was observed that sales were 18% higher in Phoenix than in Tucson. The coupon redemption was 21%.<sup>11</sup>

P&G has successfully used Tremor for marketing its products. The point that Head & Shoulders dandruff shampoo kills germs that cause dandruff could not have survived in the mainstream ads. But, such a sensitive point was successfully propagated through the Tremor teenagers. In some other campaigns for P&G, the connectors voted for the music for Pringles snacks commercial, selected the model for *Pantene* ads and also gave their opinion on which commercial should be aired for Herbal Essence's new variant, the fruit fusion tropical showers. Tremor was also involved in marketing *Old Spice* deodorant, a new flavour of Pringles potato chips and Naxzema skin care products.

P&G tested a new line of Cover Girl Outlast Lipcolor lipstick in Providence using product information and sample cards. Within eight weeks, the market witnessed an increase in sales by 14%. A study found that on an average a teenager spoke to nine people and two-third of those people intended to make a purchase. A successful Tremor campaign could boost sales by 10% to 30%.

Tremor's forces not only advocate P&G's products but have also promoted products for AOL, Coca-Cola, Kraft Foods, Toyota Motors and many more. Tremor charges approximately \$1 million for a regional campaign and it is much more for a campaign on a national scale. In 2003, it undertook 15 campaigns and plans to launch 20 campaigns in the year 2004.<sup>12</sup>

Valvoline, the motor product unit of Ashland used Tremor connectors, who were aged 16 plus, to promote SynPower premium oil. In return the Valvoline participants received carcare tips. DreamWorks SKG drew upon Tremor network to search a title for its new teen movie. A total of 60,000 responses resulted in 20 identical suggestions, 'Eurotrip'. DreamWorks also used Tremor, to market its film 'Win a date with Tad Hamilton'. Tremorites helped Coca-Cola pick up the slogan 'Nothing else like it' for the billboard advertisement. Apart from this, the teenagers were asked for ideas of smooth and intriguing messages for the heat sensitive Coke Vanilla cans. As the can gets warmer in the hand of the drinker the message would be displayed. Coke also used them to market the soda puffs.

Tremor connectors were also found effective in the category of music and new technology gadgets. Teenagers have previewed unreleased songs of Avril Lavinge and Super Bowl ads before they were aired. In another campaign for a retail chain that opened a new store, they were given advance information about the store layout, the models it stocked and an invitation to the store

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<sup>10</sup> A specially selected subgroup of people who purposefully do not receive the same treatment, input or training, etc. as the target group. Thus, differences between the control group and the target group can be measured and evaluated.

<sup>11</sup> "Kid Nabbing", op.cit.

<sup>12</sup> Ibid.

opening to which they could bring as many friends as they wanted. The result was that on an average, a teenager brought along six to seven friends and they spent nearly twice the time they hitherto had spend in any store, exploring the new offerings.

### Similar Initiatives

Tremor is not the only WOM marketing initiative. There are other smaller players too. Brandport, an advertising company, has recruited a large pool of young people to watch their ads and to review them. But unlike Tremor, Brandport offers direct payment to people who render their services. Each of the viewers is asked a few questions after they watch a 30 second ad. In return Brandport pays them approximately \$5 for every 10 ads. On an average, each member previews thousand ads per month. The company's success is traced to the high recall rates for the ads created by them.

Boston-based company BzzAgent, a WOM marketing company, has 20,000 people to pitch products and services for their clients. Their offerings ranged from cosmetics to books to holiday packages. In return these people get personalized feedback on their activity from BzzAgent's clients like Anheuser-Busch (a company having interest in adventure park and packaging), Estee Lauder (world's leading manufacturer and marketer of quality skin care, makeup, fragrance and hair care products), and Penguin group (publishers), but these initiatives are limited to their niche.

### Challenges

In the era of customer delight and ecstasy, where customers want something honest and believable, WOM seems to be the future (Annexure II). But, WOM is not 'the' marketing plan, and it has to be supported with other media. Teenagers may talk about the product but not necessarily push the products. And if the companies push more and more products, then the teenagers tend to get bored too easily. Most people just talk to a few friends or family members about the positive or negative experiences. Few are in a position to communicate and influence a large number of people.

Moreover, in the Tremor network, there is no check on the authenticity of the data provided by the teenagers about themselves. There had been instances where the campaigns have gone amok. The Valvoline products information and samples were passed on to 15 year olds, who did not even have driving learners permit. Tampax – feminine care learner's kit went out to Tremor Teen girls who were much older for such campaign. A lot is hit or miss.

The Internet has made it easy to spread rumours and many companies have bore the brunt of negative word of mouth. P&G had to tackle a big challenge, when it was linked to Satan worship because of its moon-star logo. Petitions were filed and P&G's products were boycotted. To refurbish its image, in 1985 the company dropped the logo, which it had been carrying since the mid-1800s. The McDonald's Corporation was the victim of negative WOM when a rumour spread that McDonald's hamburgers contained worm meat in them.

It also puts added pressure on businesses to provide good customer service all the time, since the potential impact of negative word of mouth, even from a single dissatisfied customer, is great. George Silverman, author of *The Secrets of Word-of-Mouth Marketing* offers a caution: "It's like playing

with fire: It can be a positive force when harnessed for the good, but fires are very destructive when they are out of control. If word-of-mouth goes against you, you're sunk."<sup>13</sup> But P&G is not retreating. Similar to Tremor Teenagers network, P&G has already begun the process of establishing a more influential network involving mothers, to market its detergents, food and beauty products. Whether the Tremor mom's network would be as successful as the teenagers network is yet to be seen. The challenge would be – to create the buzz and influence the customer's buying behaviour to its advantage.

### **Annexure I**

#### **Word Of Mouth Communication and its Properties**

Word of mouth is communication about products and services between people who are perceived to be independent of the company providing the product or service, in a medium also perceived to be independent of the company.

These communications can be conversations, or just one-way testimonials. They can be live or canned. They can be in person, by telephone, e-mail, listgroup, or any other means of communication. They can be one-to-one, one-to-many (broadcast), or group discussions. But the essential element is that they are from or among people who are perceived to have little commercial vested interest in persuading someone else to use the product and therefore no particular incentive to distort the truth in favor of the product or service.

To summarize the properties of word of mouth and the reasons for its power, word of mouth:

- Is the most powerful, influential, persuasive force in the marketplace (the most obvious reason);
- Is an experience-delivery mechanism (the most important and overlooked reason);
- Is independent, therefore credible;
- Becomes part of the product itself;
- Is custom-tailored, more relevant, and complete;
- Is self-generating, self-breeding, grows exponentially, sometimes explosively;
- Is unlimited in speed and scope;
- Can originate from a single source, or a relatively small number of sources;
- Is extremely dependent on the nature of the source;
- Can be tremendously time-saving, efficient, and labor-saving;
- Is often negative, but the negatives can actually be positive; and
- Can be very inexpensive to stimulate, amplify, and sustain.

Source: Silverman George, "The Power of Word of Mouth", <http://www.highbeam.com>, September 1<sup>st</sup> 2001

<sup>13</sup> "Kid Nabbing", op.cit.



## Annexure II Impact of Word-of-Mouth Opinions

Goodmind Releases Revealing Study on the impact of Word-of-Mouth opinions; findings Show the Influence of Word-of-Mouth on purchase decisions is rising dramatically.

Goodmind's benchmark study on the impact of **Word-of-Mouth** shows that 92% of survey participants had made a purchase within the last twelve months based upon the **word** of another. 74% had made a "considered purchase," such as a computer (36%), consumer electronic (24%), or an automobile (18%) after having first checked the opinions of someone else.

The study showed that consumers use both friends and a global network of peers for purchase decisions of all types:

- Nearly 1/3 of the total sample stated that the influence of **Word-of-Mouth** was greater today than it was just three years ago.
- A solid subset of shoppers (38% of the total sample) say **Word-of-Mouth** is extremely/very influential in their decisions.
- 35% of respondents use online customer ratings and opinions in their purchase decisions – and among those who say that the influence of **Word-of-Mouth** is increasing, a significantly greater 46% claim to use online ratings and opinions.
- 12% claim that online customer ratings are the most important source of **Word-of-Mouth**.

Another significant finding from Goodmind's study is that women are more likely to be influenced by **word-of-mouth** than men. More women than men state that **Word-of-Mouth** is extremely/very influential (42% vs. 33%). Further, more women than men state that the influence of **Word-of-Mouth** is increasing (35% vs. 25%).

Source: "Goodmind Releases Revealing Study on the Impact of Word-of-Mouth Opinions; Findings Show the Influence of Word-of-Mouth on Purchase Decisions is Rising Dramatically", <http://www.highbeam.com>, March 13<sup>th</sup> 2002