



INSPIRING ACTION

Kaizo Advocacy Index

Summer 2008

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1. Background and Purpose

The Kaizo Advocacy Index is an innovative metric that combines the power of ‘thin-slicing’ (see Malcolm Gladwell’s *Blink*), the logic of the Net Promoter® Score (NPS) and the importance of the internet.

By recognising that online content is a key source of brand reputation, word-of-mouth (WOM), and ultimately influences consumer decision-making, the Kaizo Advocacy Index metric uses a unique sampling methodology that emulates the way consumers and business decision-makers assess brands online. The Index examines a selection of major brands from the food, software, airline, and mobile sectors.

The Kaizo Advocacy Index demonstrates the power of online content in shaping the recommendability of a brand. It focuses on independent commentary because research shows that consumer generated content is very persuasive. Retailers in the USA, the UK and Europe report the following after putting customer created reviews on their websites:

- 77% reported traffic increases
- 56% reported improvements in conversion rates (i.e. site visits to actual purchases)
- 42% reported higher average order values.

What makes ‘thin-slicing’ in the Google age so valuable?

One answer would be that thin-slicing acknowledges that only a tiny fraction of the abundance of online information is really used. But even more importantly, by harnessing the power of Google, the Kaizo Advocacy Index recognises that we are now in a Web 2.0 world where online content increasingly drives offline conversations, as well as decisions. The idea driving the Kaizo Advocacy Index is the need to help organisations and businesses:

- Value and protect their online reputation
- Plan for the reputational risks and benefits of WOM
- Engage with online influencers to stimulate and influence the right kind of online content – research shows that content created by consumers is increasingly influential.

As a metric combining the good sense and analytic logic of the NPS, the Kaizo Advocacy Index provides a balance sheet of a brand’s online reputation and recommendability. By also accounting for neutral content, it identifies which brands are winning and losing in the recommendation stakes and which brands are prone to attack because they are not creating online word of mouth or ‘*Word-of-Mouse*’.

2. Methodology

The Kaizo Advocacy Index combines the depth of relevant qualitative information on the internet with a quantitative scoring system based on the NPS. Google searches in the categories *Web*, *News*, *Groups* and *Blogs* are conducted for selected brand names. In each category, the first ten search results that express an opinion about the brand (and are not part of a company or affiliate’s Web site) are content analysed. Each page is assigned a positive (Promoter), neutral (Passive) or negative (Detractor) score and an index is computed by subtracting the percentage of Promoters from the percentage of Detractors.

The resulting metric is based on the average score for all four Google categories. A negative NPS indicates that the percentage of Detractors is greater than the percentage of Promoters.

Data is collected, analysed and published once every six months.

The Kaizo Advocacy Index scores must be considered in relation to competitors' scores, rather than in isolation, or against companies in different sectors.

Some sectors have broad word-of-mouth appeal – such as airlines and mobile – and have a higher average rating than sectors, such as software, which are more niche in their appeal. However, within a sector the Index score is a clear sign about who will be winning the 'recommendation stakes' in the immediate future. As such, it is a very effective benchmark for comparisons within sectors.

3. Results Overview

The Summer 2008 Kaizo Advocacy Index (KAI) includes a selection of major brands from the food, software, airline, and mobile sectors.

The internet provides a mix of brand-related information to consumers and business decision-makers that affect recommendability. Some online content directly involves product or service quality matters; however, a sizeable chunk relates to brand communications and business performance.

More online chatter means brands need to work harder in a Web 2.0 world

In today's Web 2.0 world of information sharing and user-generated content, it's easy for positive comments surrounding brands to get lost in the ocean of general, Passive comments made every day, therefore greatly reducing the potential of a brand achieving a positive NPS score.

This means that brands need to be more active online to ensure the balance remains positive, particularly when they are faced with significant industry issues that can drag down their online recommendability, such as the problems British Airways faced with Terminal Five.

Tailoring brand activity to online audiences is therefore becoming increasingly necessary, with a real need for Media Rich Content or Digital News Releases when distributing news to all media; traditional and new.

Airlines spark brand passion

The scores in the Airline sector vary quite significantly. Virgin Atlantic (16) and BMI (11) remain positive, although their scores have been affected by the number of Passive references related to general industry issues.

British Airways, perhaps unsurprisingly given recent events at Terminal Five, is ranked poorly but still doesn't reach the unpopularity level of Ryanair, where online content centres on poor customer experiences and negative comment about business practices.

Orange leads the way

Orange receives the best score in the mobile sector with an NPS of 34, the large percentage of Promoters focused on positive perceptions around new products and services. This study mirrors a consumer's experience of using Google as a first point of reference to find information about a brand and it is therefore vital that a constant news flow surrounding a particular brand is maintained.

UK brand recommendability affected by global corporate coverage

A theme that continues to be prevalent is how global corporate news, and in some cases older news, can impact the recommendability of a brand online in the UK.

As in past Kaizo Advocacy Indexes, Del Monte and Heinz both suffered from negative online coverage with scores of -13 and -11 respectively. Both were primarily affected by coverage relating to US labour issues such as job losses and factory closures.

This points to a need for more proactive UK-based news in a format that ranks highly on Google.

4. Kaizo Advocacy Index Summary

	Detractors	Passives	Promoters	KAI Summer 2008 Scores*	KAI Winter 2007 Scores	Change
Food						
Danone	15%	45%	40%	25	-7.5	+32.5
Del Monte	27.5%	58%	14.5%	-13	-53	+40
Hovis	17%	64%	19%	2	10	-8
Heinz	32%	47%	21%	-11	-40	+29
Kellogg's	38.5%	29%	32.5%	-6	35	-41
Software						
Microsoft	27%	62%	11%	-16	-32.5	+16.5
Oracle	11%	64%	25%	14	-18	+32
SAP	32%	53%	15%	-17	13	-30
Symbian	10%	62%	28%	18	30	-12
Symantec	27%	49%	24%	-3	-15	+12
Airline						
BMI	16%	57%	27%	11	48	-37
British Airways	61%	17%	22%	-39	-16	-23
EasyJet	35%	37%	28%	-7	25	-32
RyanAir	47.5%	45%	7.5%	-40	-20	-20
Virgin Atlantic	13%	58%	29%	16	65	-49
Mobile						
3	0%	74%	26%	26	37.5	-11.5
O2	12%	77%	11%	-1	35	-36
Orange	6%	54%	40%	34	9	+25
TMobile	27%	65%	8%	-19	-5	-14
Vodafone	6%	74%	20%	14	5	+9

*Score is calculated by subtracting the Detractors from the Promoters

5. Food Brands

Food brands are subject to mixed online content, with the highest Kaizo Advocacy Index score claimed by Danone (25) followed by Hovis (2), Kelloggs (-6), Heinz (-11) and Del Monte (-13).

Danone's high score was mainly due to company performance during the past year and the introduction of new products, moving Danone up from third in the last Kaizo Advocacy to first place this time around.

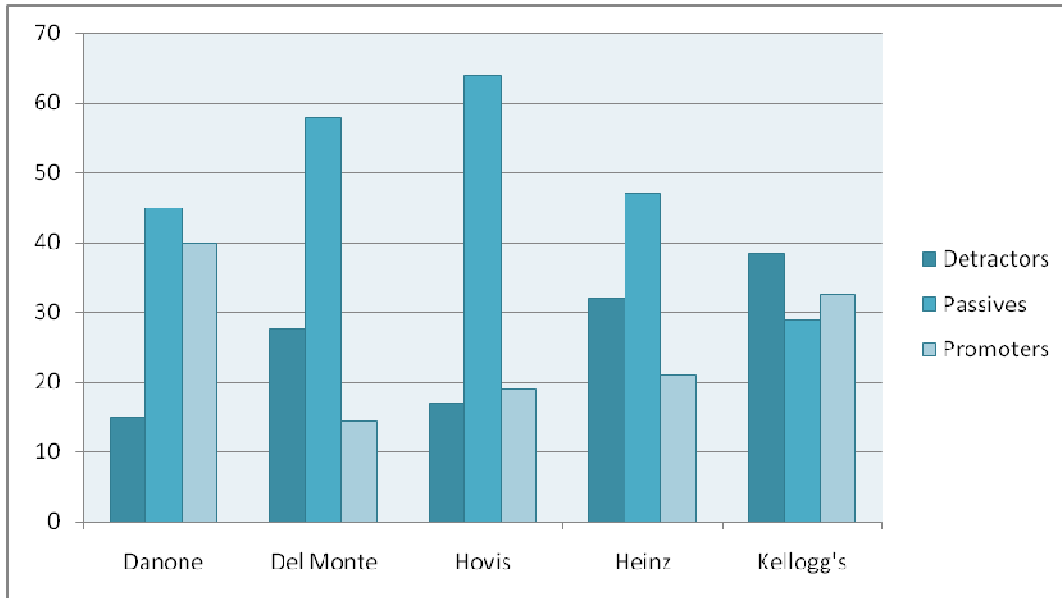
Hovis receives little online coverage and has maintained a solid second place in the Kaizo Advocacy Index. The online coverage it does receive tends to be Passive, indicating that the brand should proactively encourage online chatter as part of a wider communications strategy. Positive recommendations were offset by news that increasing wheat costs could threaten future company performance.

After leading the most recent Kaizo Advocacy Index, Kelloggs has had a complete turnaround, slipping to third place with a score of -6. Last year's advertising campaign had helped Kelloggs to gain much positive online feedback. However, more recently, its new advertising campaign, 'now take off your trousers', received several complaints calling it offensive and claiming it suggested sexual abuse. In addition, the healthy eating agenda (an area where Kelloggs should be strong) was the focus of numerous detracting comments as it was suggested that its products are not as healthy as claimed.

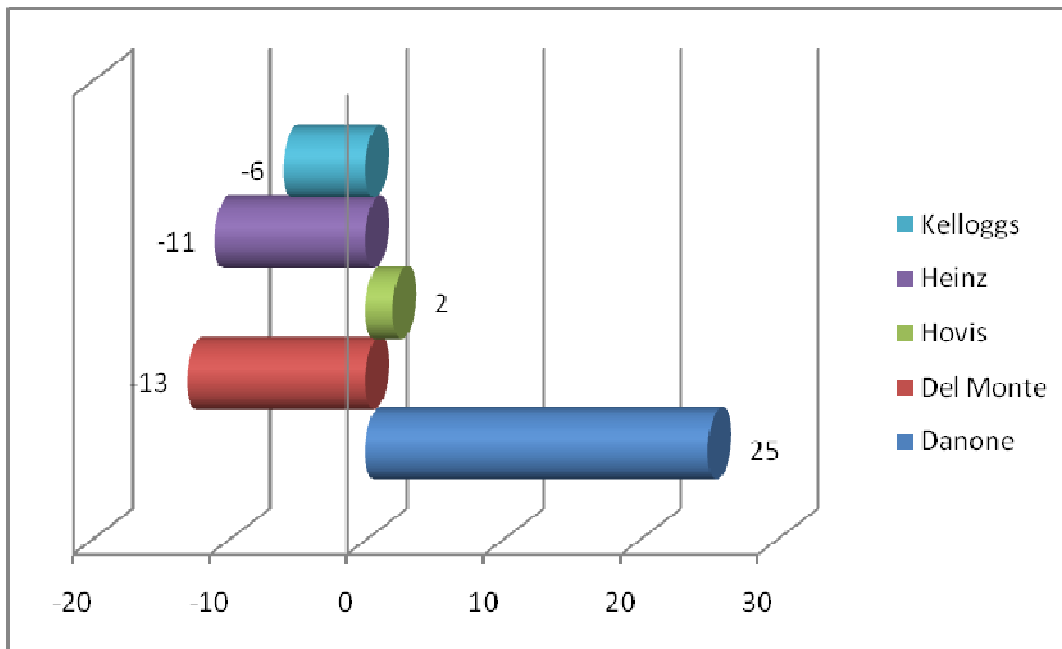
As in the Winter Kaizo Advocacy Index, Heinz suffered from negative online coverage relating to US labour issues, such as job losses and factory closures. There were also new issues facing Heinz such as concerns about new ingredients in the legendary product recipes. This is a clear sign that the brand is not engaging online enough in the UK, either in terms of frequency or content.

Despite considerably improving its score since Winter 2007 (-53 to -13), Del Monte still finds itself at the bottom of the food sector and needs to make significant changes in order to fix its online brand recommendability. Negative news circulating on the Web relates to the employability and exploitation of illegal workers in the US and regarding Del Monte selling the Starkist brand. There is little brand news or UK-based content.

Food brands: Detractors, Passives and Promoters



Food brands: NPS Scores



6. Software Brands

Despite its score dropping since Winter 2007, Symbian (18) still tops the Software Index, followed closely by Oracle (14), with Symantec (-3), Microsoft (-16) and SAP (-17) in last place.

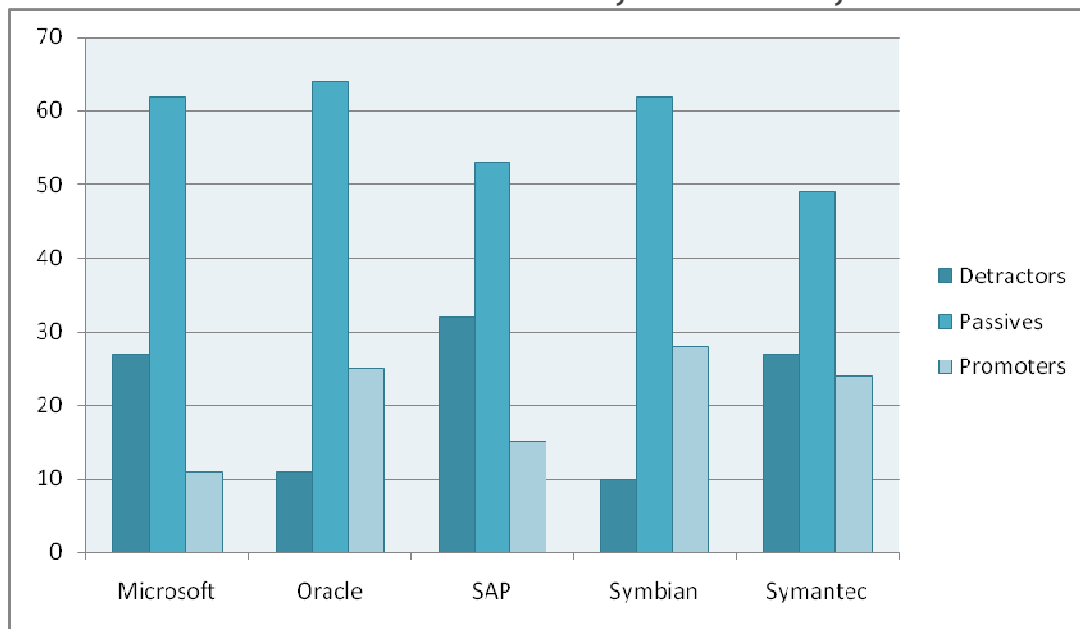
Symbian's score comprised of 28% Promoters and 10% Detractors, the lowest amount of Detractors within this sector. As in the most recent Index, the score is influenced by the frequency of new product news and general positive feedback. Oracle has benefited significantly from a raft of news and product announcements, moving up from fourth place in the Winter Kaizo Advocacy Index to second.

Symantec's Detractors focused on a company security issue in the US when it was necessary to lock down its Springfield campus after a suspicious substance was found. However, there was a positive reaction regarding Symantec's new products that promise a better market position in the future, helped it to maintain third place in the Software index.

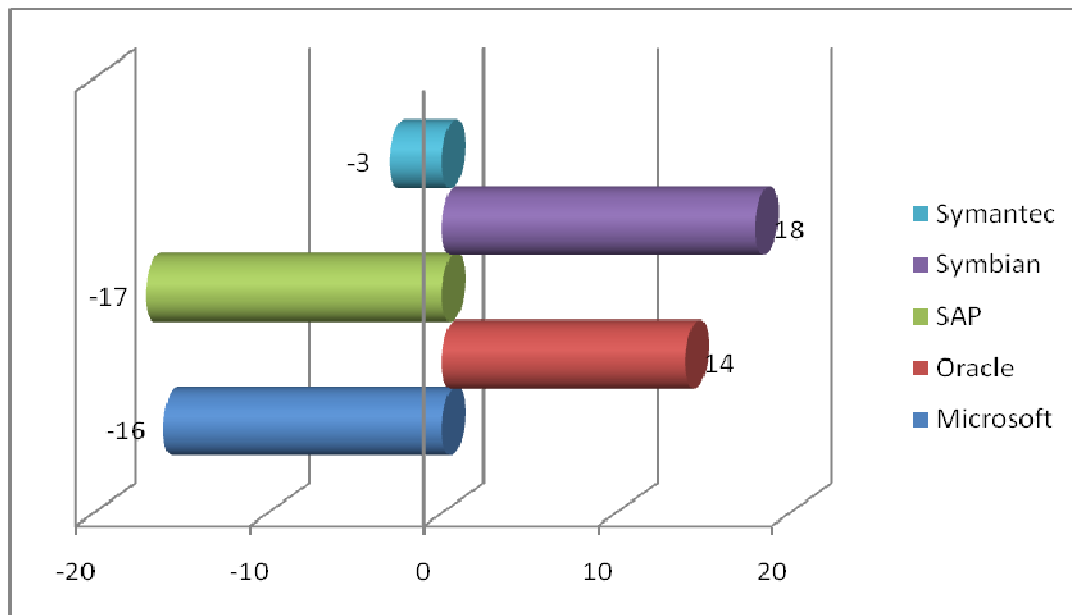
Microsoft (-16) has improved its score since Winter 2007 and moved up from fifth place to fourth. However, Microsoft should note that one of the first search results on Google is the website of the Microsoft Eradication Society, which has the aim of educating readers about Microsoft's "unfair exploitation of the personal computer operating system". News about a potential acquisition drew both Detractors and Promoters.

SAP has seen the biggest fall since Winter 2007. Despite only being one point behind Microsoft, SAP has fallen from second place to last with most of the Detractors relating to the perceived poor performance of its products.

Software brands: Detractors, Passives, Promoters



Software brands: NPS scores



7. Airline Brands

The Airline sector lines up exactly as it did in the Winter 2007 Kaizo Advocacy Index. The first two places are reserved for Virgin Atlantic (16) and BMI (11), although they have also seen the biggest falls in their scores, from 65 and 48 respectively. Third place goes to EasyJet (-7) followed by British Airways (-39), leaving Ryanair in last position (-40).

The airline sector creates a great deal of news and because of this, positive comments are often outweighed by the sheer number of passive references to brands. The higher the number of passive comments, the less likely it is that people will be making positive references.

Virgin's score fell as the number of passive comments have increased since the last Index, reducing the likelihood that people will be making positive comments. In terms of Promoters, a campaign encouraging tourists back to Kenya scored well. A high percentage of posts were based upon positive customer satisfaction.

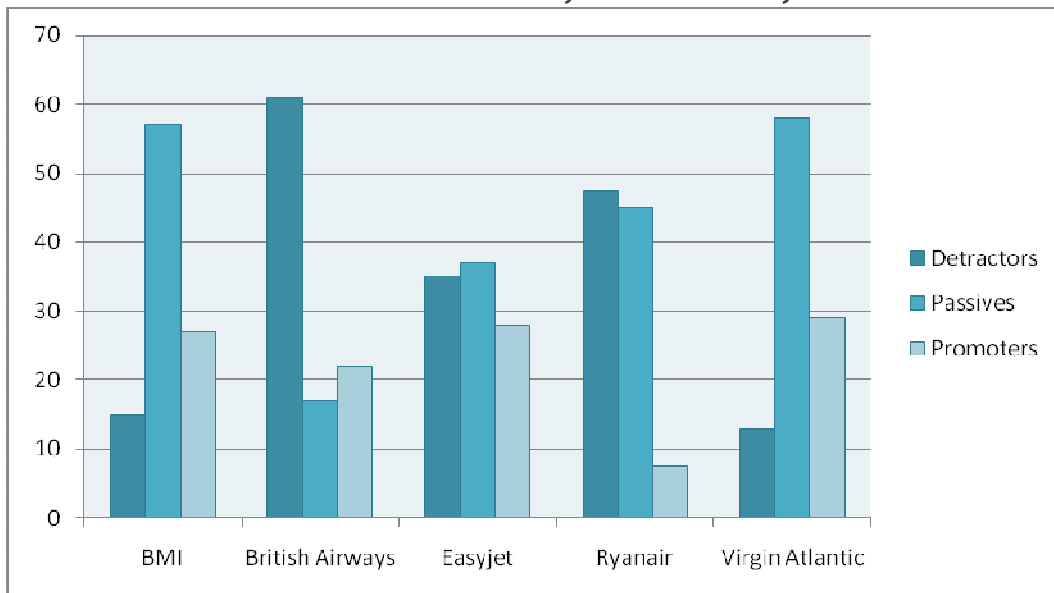
BMI is viewed online as a competitive airline with good service and competitive prices. However BMI, as demonstrated by its lower score in this Kaizo Advocacy Index, would certainly benefit from a more proactive approach to online PR.

EasyJet has maintained third place in the Airline sector but has seen its score fall from 25 in Winter 2007 to just -7 in Summer 2008. Reasons for this include negative comments surrounding EasyJet breaking advertising rules in relation to fare increases following the promotion of a 25 per cent discount. Poor customer experiences and the announcement of pre-tax losses were also a contributing factor.

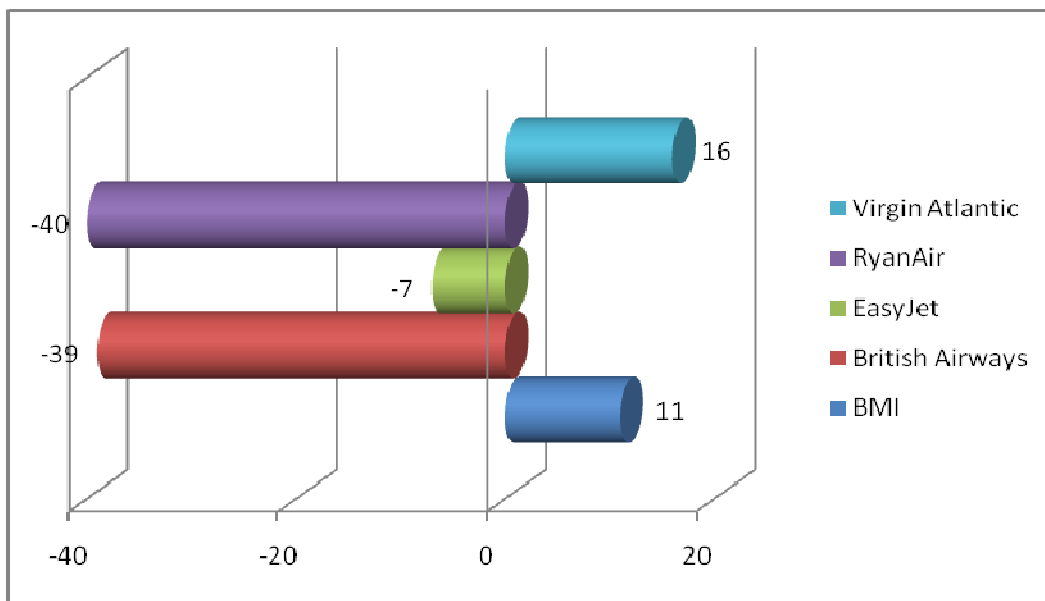
British Airways had a very high percentage of Detractors, with a variety of posts including accusations of racism in relation to the treatment of Nigerian passengers, having poor security procedures, and hiring a hijacker as a cleaner. Terminal Five was also a contributing factor to the significant drop in its score since the Winter 2007 Kaizo Advocacy Index. With so much online news and presence within groups, British Airways should be considering a blog intervention strategy to neutralise/balance comments.

Surprisingly though, despite the recent problems with Terminal Five for British Airways, Ryanair once again scored the lowest Kaizo Advocacy Index score. Detractors commented on the company confusing Poland with the Czech Republic, very poor customer satisfaction and extra charges implemented by the budget airline.

Airline brands: Detractors, Passives, Promoters



Airline brands: NPS scores



8. Mobile Brands

Most brands in the mobile sector are successful in terms of generating positive online recommendations. However, the amount of industry news means there is also a great deal of passive content, presenting an opportunity for brands in this sector to engage with the online community and turn it into positive coverage.

Orange is the clear winner with a high number of Promoters (40%) relating to its latest products and services. This also means Orange has moved from third to first place since the last Kazio Advocacy Index in Winter 2007.

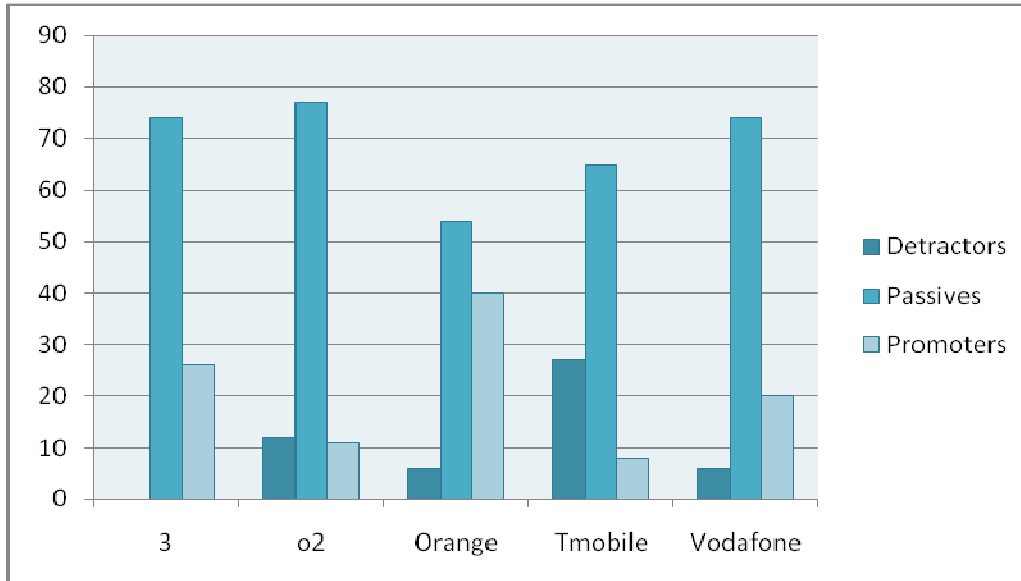
3 scores well with no Detractors and, as in the previous Index, continues to benefit from positive coverage resulting from the launch of the Skype phone.

Vodafone has considerably reduced the negative news it receives, scoring well with environmental news and product innovation and moving from fourth to third. News of Arun Sarin's departure created mixed news, but was generally passive in tone.

The majority of O2's online coverage is passive, with relatively few Promoters or Detractors which has resulted in it falling from second to fourth in this year's Index. This means that O2 should consider how it targets the online community, as there is potential to convert the Passives into Promoters. The negative comments O2 did receive tended to focus on the poor value of pay-as-you-go SIM cards whereas positive comments applauded the introduction of new services.

Once again T-Mobile has scored poorly and comes last in the Mobile sector, slipping from a score of -5 in Winter 2007 to -19 this time around. Most negative comments related to poor coverage and poor customer service.

Mobile brands: Detractors, Passives, Promoters



Mobile brands: NPS scores

