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# Does investing in social media create business value?

*A study of the impact of exposure to social  
media on sales and brand perception*

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# Executive summary: 5 things you should know

**Is exposure to social content—on online social sites like Facebook and Twitter—effective in rapidly shaping brand perceptions or driving sales? To help answer this question, Ogilvy and ChatThreads enlisted approximately 400 US restaurant consumers who tracked and reported 5,295 touchpoints with five restaurant brands across all major types of media.** As part of the Ogilvy-ChatThreads Integrated Social Media: Sales Impact Study 2011, we also collected pre- and post-exposure data on their spending, consumption and brand perceptions.

What did we find?

1. **Social media exposure is directly linked with increases in sales.** Integrated social media (social content + one or more other channels) exposure is linked with significant increases in spend and consumption—for example, social media + PR exposure was associated with a 17% spend increase compared to the prior week without these.
2. **Integration matters.** Exposure to social content was most consistently effective when it was combined with exposure to other types of media channels.
3. **Social media is a top driver of impact.** Out of the 20 channels analyzed, social media was No. 1 or No. 2 in magnitude of impact on spend and consumption.
4. **Social media exposure is directly linked with changes in brand perception.** Social media by itself is particularly effective at rapidly impacting brand perception—exposure to social media generated the largest impact on brand perception over a short (one week) period of time.
5. **Brand exposure in social media is low.** Weekly social media exposure to brand mentions was relatively low (24% of panel) vs. television branded exposure (69% of panel), even in this selected high social media consumption group of consumers.

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# Introduction

Although two-thirds of the online population is active in social media,<sup>1</sup> there's still uncertainty among brands about the real return on investment from social media engagement. That's to be expected, given the rapid growth of the medium. Still, with an estimated 70% of brands on target to increase their social media budgets by more than 10% this year,<sup>2</sup> there's increasing pressure to understand just what the value of all these so-called fans and followers really is.

Is there the potential for brands to drive improved revenue and/or preference by engaging in these channels?

To answer that question, it's useful to understand the impact of media mix—not theoretically, but in practice. Many brands are talking about “owned, earned and paid” media models, believing the combination must be stronger, but there's little clear evidence of that to date.

Some key questions faced by brands include:

- How does exposure to integrated social content impact key metrics such as sales and brand perception?
- If integration matters, what are some of the channels to consider aligning?
- Are there situations where social content exposure works by itself?

# Research

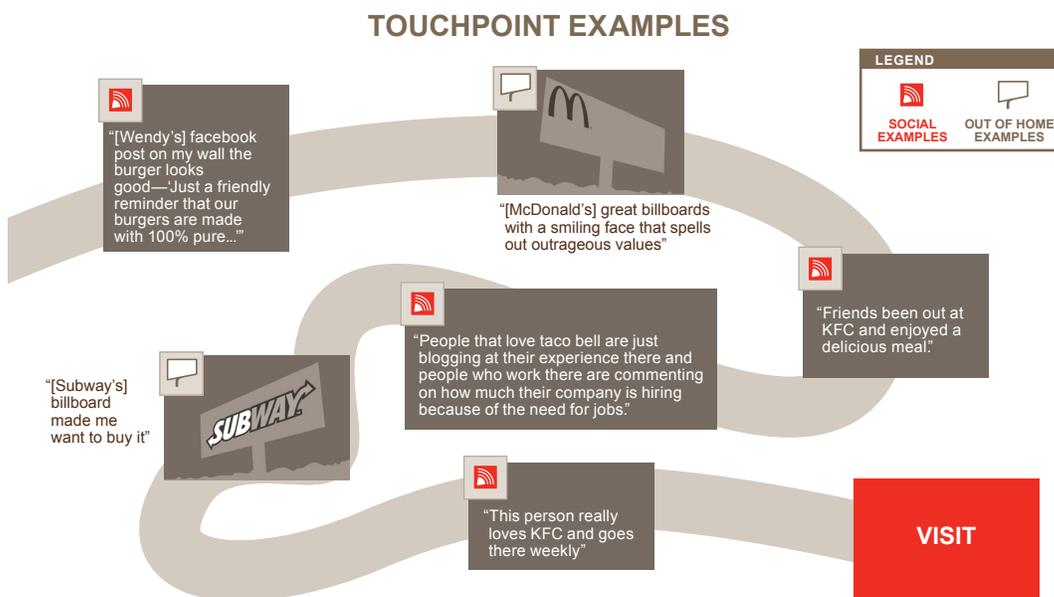
Research to date has been conflicting. We've seen survey data from Edison Research showing the link between social networks and sales—24% of social network users cited Facebook as an influence on their buying decisions.<sup>3</sup> However, we've also seen evidence from Forrester Research/GSI Commerce suggesting that less than 1% of website sales are driven by direct clicks from social networks.<sup>4</sup> **Which is it? Is social media really moving the needle on important business measures or not?**

The study, which ran in two staggered time periods from January 20, 2011, to May 6, 2011, captured a total of 5,295 interactions with five different restaurants.

To help move along our understanding of social media impact, Ogilvy, along with BrandEncounter™ research platform provider ChatThreads, decided to design a study to specifically address these questions. Our study was designed to look at the impact on sales (and perceptions) of what consumers actually noticed at any point during the tracking period—moving beyond direct clicks or opinions. We chose the Quick Service Restaurant (QSR) category for two key reasons:

1. The higher frequency of purchases allowed us to capture changes in a relatively short time period.
2. The existence of QSR multichannel media programs allowed us to look at the interactions between more than 20 brand touchpoints, including social media, PR, TV, print, radio and out of home (OOH).

We provided 404 US restaurant consumers with ChatThreads' BrandEncounter™ touchpoint tracking tool to capture all of their interactions.



Source: Ogilvy and ChatThreads.

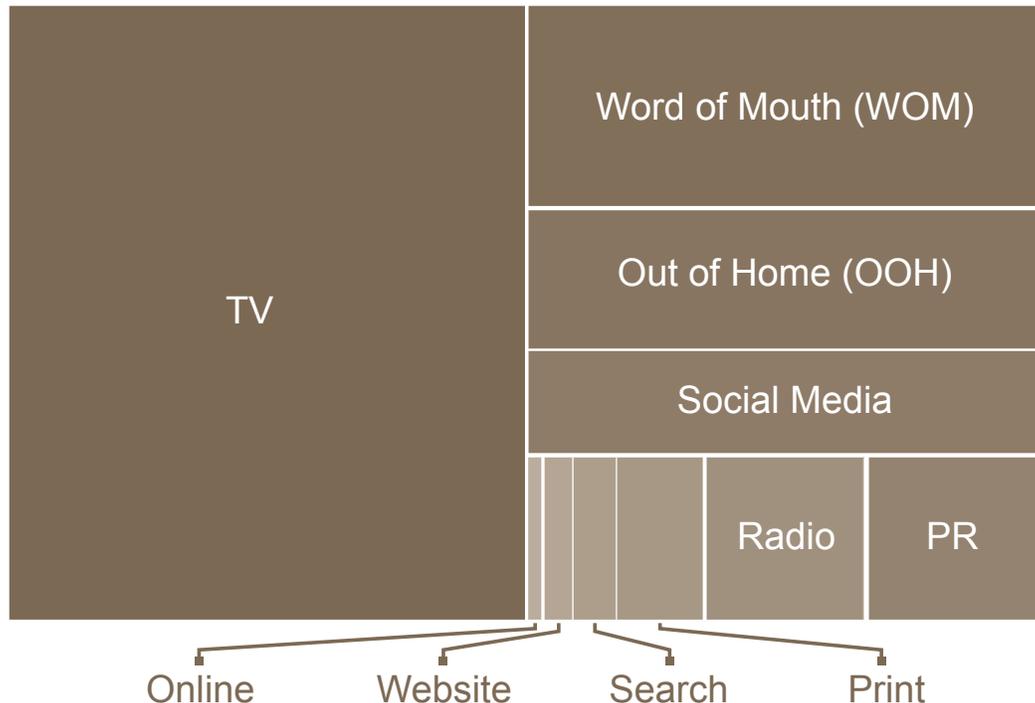
It's important to note that we specifically looked at *changes* in purchase, consumption and attitudes. **It's not hard to imagine that fans of a brand spend more than non-fans, so we were only interested in lifts over and above that baseline.**

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# What we found: Brand exposure— TV dominates

Social media touchpoints in the QSR category are part of a larger paid, owned and earned media landscape. TV advertisements dominate the paid media landscape. Sixty-nine percent of consumers noticed a TV ad for one of the five brands during a seven-day period, with TV ads representing 24% share of all touchpoints. The second most frequently noticed paid media touchpoint was OOH, specifically billboard advertisements. Thirty-six percent of consumers noticed a billboard ad for one of the five brands (7% share of the paid media touchpoints). Twenty-four percent of consumers encountered a social media touchpoint—defined as status updates, company brand pages, updates and feeds on Facebook and Twitter, online videos on YouTube and other venues, blogs, online ratings and reviews—during a seven-day period, representing 5% share of all touchpoints.

RELATIVE EXPOSURE TO DIFFERENT TOUCHPOINTS



Source: Ogilvy and ChatThreads.



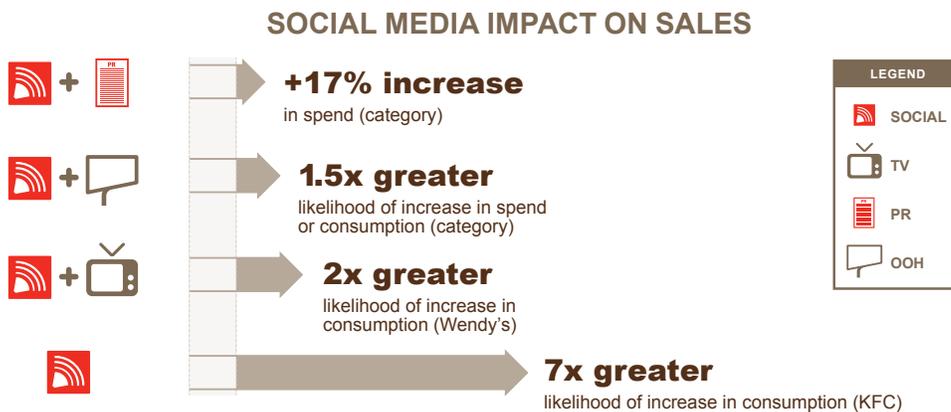
# What we found: Social media and sales— integration matters

We looked at the change in purchase and consumption of food before and after the brand interaction reporting period. The following are key findings from our analysis of the data:

Social media, particularly when combined with OOH, PR or TV exposure, is associated with significant sales (purchase and consumption) changes. The following are **the major social media impacts on sales that were identified during this study:**

- People who were exposed to social media + PR (across the entire category) increased their spending by 17% over the previous week
- People who were exposed to social media + TV (for Wendy's) were twice as likely to buy more than they did the previous week
- People who were exposed to social media (for KFC) were seven times more likely to spend more than they did the previous week
- Social media + OOH exposure (across the entire category) was linked to a 1.5x higher likelihood of increase in how much people spent or bought

**One of our most interesting observations was that exposure to *multiple channels* was most often associated with sales impact.** In four out of five cases with significant associations, consumers were exposed to multiple channels. The specific exposure combinations that were associated with sales impact were social media plus OOH (twice), social media plus PR, and social media plus TV.



Source: BrandEncounter™ QSR tracker.

# What we found: Social media and brand perception—social media works rapidly

In contrast to the interaction effects with traditional media driving purchase and consumption behavior, brand perception and brand favorability over the short time period studied were largely driven by social media touchpoints on their own.

**When it comes to shifting brand favorability rapidly, social media appears strongest.** Of the significant results around shifting brand perception, only one in four involved traditional media in addition to social media. Social media was largely responsible for shifting perceptions of brand favorability, “best value” and “great dining experience.” This is probably due to the short time period (seven days) for reporting—but it confirms that social media can have a rapid impact on attitudes. Other media, including television, are expected to have a longer-term impact.

The following are the **major social media impacts on brand perception and favorability that were identified during this study:**

- People encountering KFC social media touchpoints demonstrated a 250% increase in their perception of KFC as a “great dining experience”

## SOCIAL MEDIA IMPACT ON BRAND PERCEPTION



- Brand favorability for people exposed to McDonald's social touchpoints increased five times over the change in people not exposed
- Also, among those exposed to McDonald's social touchpoints, there was a 45% increase in their perception that McDonald's provided the "best value" for the money
- Conversely, consumers who were exposed to social media and public relations touchpoints for Taco Bell had a 220% LOWER shift in their perceptions of Taco Bell as providing a "great dining experience"

The Taco Bell case was driven by the social sharing of controversial news stories about the ingredients used in Taco Bell's meat products in Q1 2011.

There was also evidence that social media and OOH (specifically, billboard ads) led to a 2.6× higher shift in the perception that Subway "tastes great," but due to only 4.5% of consumers encountering this combination of Subway touchpoints we treat this result as directional.

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# Practical implications: 7 ways to use the findings

1. **Increase customer and prospect exposure to engaging social content.** We know social content exposure has business impact, but actual exposure is remarkably low, even in a social media savvy audience. Increasing exposure to social content should impact sales and brand perception.
2. **Integrate your media for maximum impact.** Consider online-, search- and place-based ads that tie into the themes that are resonating in social media.
3. **When evaluating sales impact of social content, look beyond just direct clicks.** Think of ways to track how exposure has an impact on both online and offline sales: for example, with surveys, loyalty program tracking or coupons.
4. **Monitor social media closely. Identify and respond to negative WOM or press.** The study shows these negative discussions do impact brand perception.
5. **Use social experiences to drive changes in brand perception.** The data demonstrate that social content can change your brand's image. Incorporate social content into branding programs and track perception metrics.
6. **Plan social content in a way that has the best chance to bring out the brand qualities you want emphasized.** Create your conversation starters and other engagement tactics to help bring out the types of messages and discussion that will reinforce your brand's core attributes and promises.
7. **Keep social content fresh, and allow for authentic self-expression.** There was lively discussion on many of the brand social media presences, both negative and positive.

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# Methodology details

For this study, Ogilvy and ChatThreads selected five large QSR brands with active social media presences: KFC, McDonald's, Subway, Taco Bell and Wendy's.

ChatThreads' BrandEncounter™ platform was used to collect and analyze the data. BrandEncounter™ enlists consumers armed with their mobile phones to report brand encounters and reactions immediately, at the time of experience. Over a period of seven days, participants report the brand, type of touchpoint (e.g., saw billboard, saw TV ad, saw print ad, heard a radio ad, read a news article, spoke to a friend, noticed Facebook status update, visited brand page, read a Tweet, etc.), and consumer sentiment about the touchpoint. Consumers submit any type of encounter and are not limited to a prescribed list. All submissions are automatically time- and date-stamped. Participants also have the option of adding pictures and notes to the data. Pre- and post-surveys are conducted for consumers to measure changes in behavior and intentions.

Four hundred and four US consumers participated on a rolling seven-day basis, submitting 5,295 touchpoints between 1/20/11 and 5/6/11 (two staggered time periods). This study was designed to look exclusively at the immediate impact of exposures: participants tracked their exposure during a seven-day period, and provided pre- and post-data on their consumption and spend. Participants were screened for three criteria: 1) having a favorable view of at least one of the five QSR brands; 2) making recent QSR visits (at least a few times per month); and 3) being active on at least two social media venues in the past month (for example, visiting Facebook, reading a blog post or viewing a YouTube video). Seventy-five percent were a brand fan or follower of at least one QSR brand, while 25% comprised a control group matched for favorability, QSR visits, and social media activity but were not fans/followers of any QSR brands.

Participant demographics were as follows:

- Female: 67%
- Median age: 34
- Had annual household incomes less than \$50,000: 47%
- Geographic distribution: South: 38%; Midwest: 24%; West: 20%; Northeast: 18%
- Had mobile phone with a data plan that allowed them to connect to the Internet and send emails: 79%
- Had unlimited SMS/text messaging plan: 80%

**To minimize the impact of QSR brand fans or followers who already spend more than others**, we looked specifically at the relationship between touchpoint exposure and pre- and post-*changes* in purchase (consumption, spend). Thus, we only report results for lifts over and above a consumer's baseline level of purchase and consumption activity. We looked at a short time frame (one week) to focus in on the immediate impact of the touchpoints, and only report statistically significant results (95% confidence interval,  $p < 0.05$ ).

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# References

1. Nielsen: “By the end of 2008, social networking had overtaken email in terms of worldwide reach. According to the study, 66.8% of Internet users across the globe accessed ‘member communities’ last year, compared to 65.1% for email.” Reported by Mashable, <http://www.mashable.com/2009/03/09/social-networking-more-popular-than-email>.
2. Seventy percent plan to increase their social media budget by more than 10% this year, according to a poll from Effie Worldwide, Inc. and Mashable. <http://www.mashable.com/2011/04/19/marketers-social-media-spend>. Also, according to a November 2010 survey of business executives around the globe by StrongMail, nearly two-thirds of companies will increase spending on email marketing, and 57% will put more dollars toward social media marketing. Search took a distant third place, with 41% of respondents indicating they would spend more. Reported at: <http://www.emarketer.com/Article.aspx?R=1008135>.
3. “The Social Habit II: The Edison Research/Arbitron Internet and Multimedia Study 2011,” Edison Research/Arbitron, 2011.
4. “The Purchase Path of Online Buyers,” Forrester Research/GSI Commerce, March 16, 2011.

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# Acknowledgments

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## **ABOUT OGILVY & MATHER**

Ogilvy & Mather is one of the largest marketing communications companies in the world. Through its specialty units, the company provides a comprehensive range of marketing services, including advertising; public relations and public affairs; branding and identity; shopper and retail marketing; healthcare communications; and direct, digital, promotion and relationship marketing. Ogilvy & Mather services Fortune Global 500 companies as well as local businesses through its network of more than 450 offices in 120 countries. It is a WPP company (NASDAQ: WPPGY). Ogilvy & Mather provides an integrated approach to social engagement for clients, comprising social strategy, community, commerce, content and analytics. For more information, visit <http://www.ogilvy.com>.

## **ABOUT CHATTHREADS**

ChatThreads provides real-time media mix impact analysis, tracking how, when and where consumers come into contact with brands and analyzing how these encounters contribute to purchase behavior. ChatThreads believes that the most important impressions are real impressions—what the consumer actually notices. These touchpoints are tracked using ChatThreads' BrandEncounter™ platform. ChatThreads clients include leading brands and their agency partners such as Coca-Cola, Frito-Lay, Hamilton Beach, Illy, Kraft, Microsoft, BzzAgent and House Party. For more information, visit <http://chatthreads.com>.



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