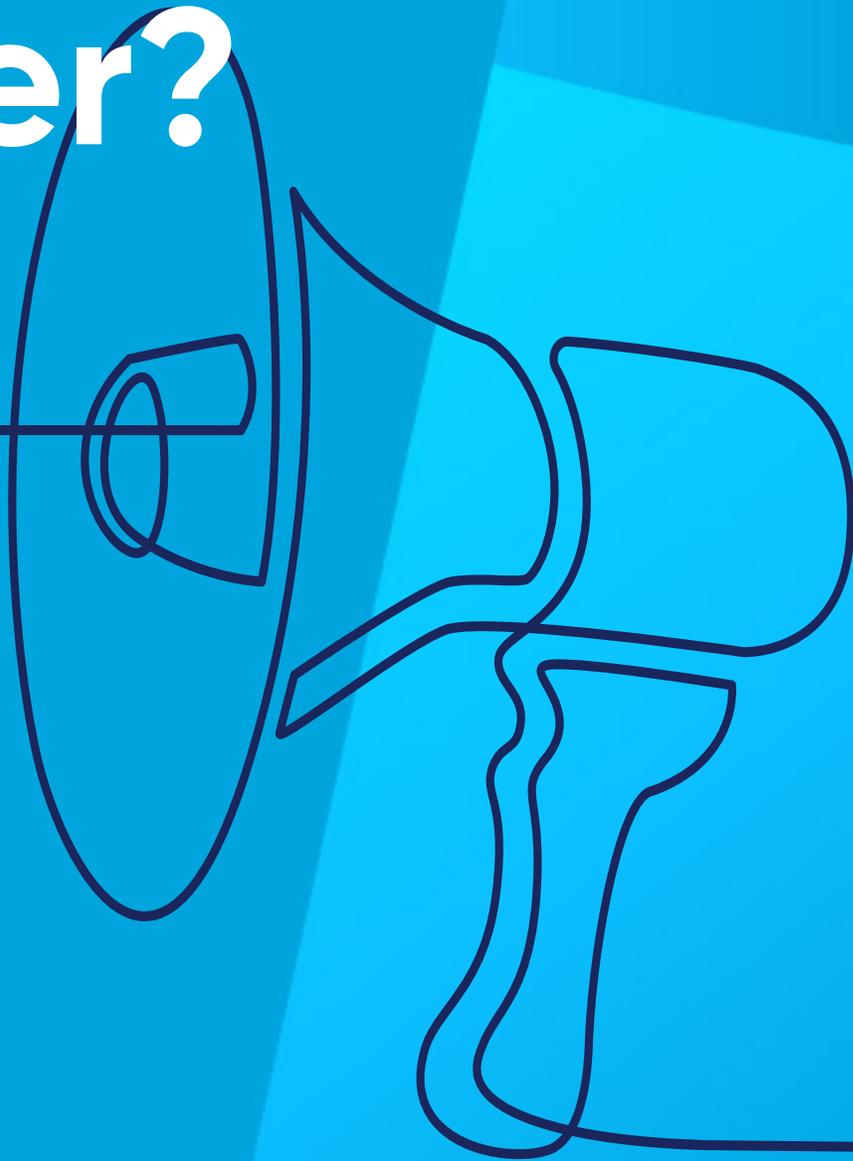


Is the era of
word of mouth
over?



CARAT

[83% of people say](#) word of mouth influences their purchases.

[91% of B2B buyers](#) are influenced by word of mouth when making their buying decision. Word of mouth is the primary factor behind [20% - 50% of all purchasing decisions](#).

There's just one problem. Word of mouth doesn't work.

Last winter Dentsu Aegis Network [asked 43,000 people in 25 countries](#) what are the most important factors that increase their levels of trust in a digital business or service. Out of eight options, "recommendations from other people" was ranked

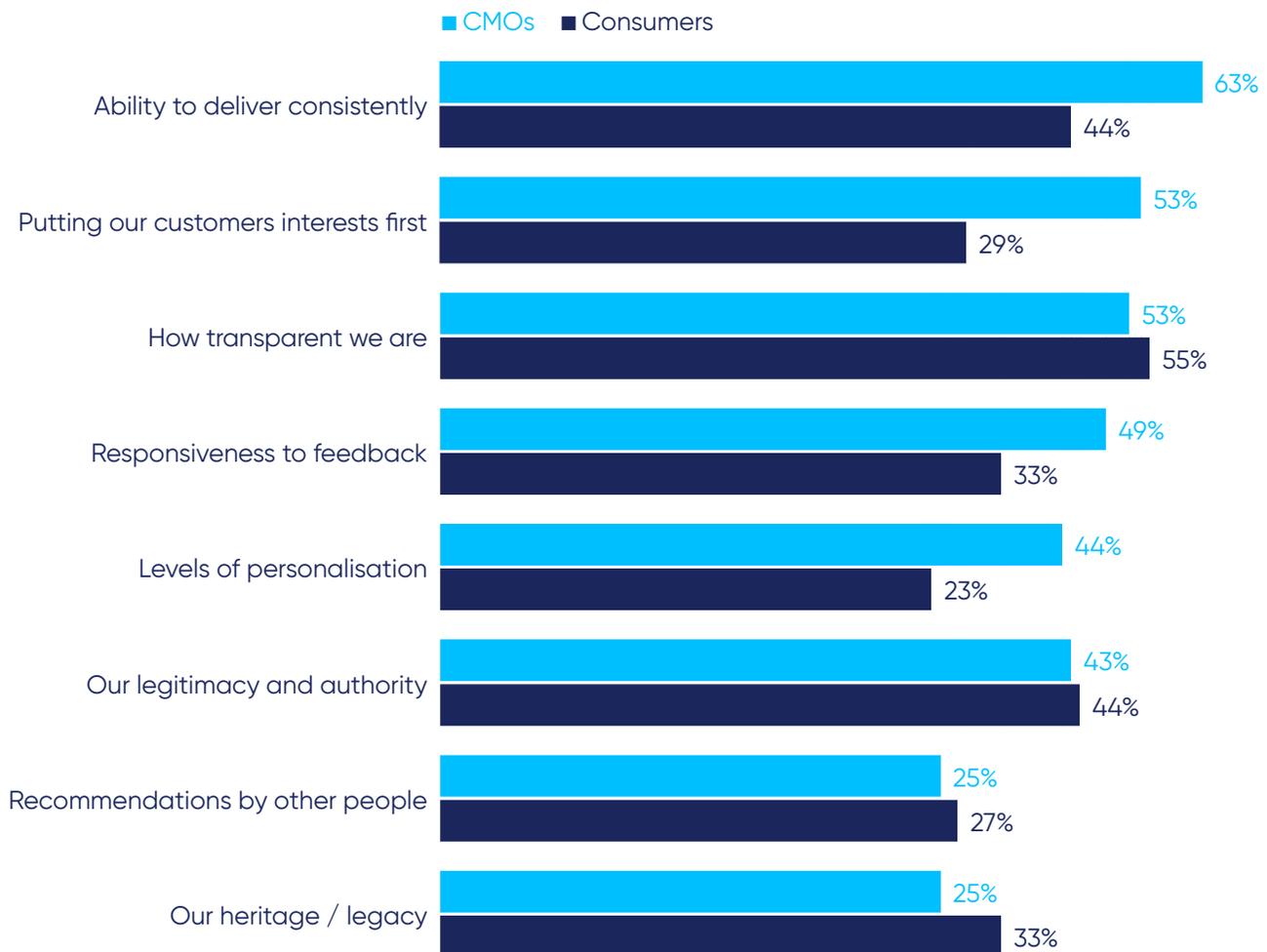
seventh most important factor, with brand transparency viewed twice as important as word of mouth.

We did more digging. In our yearly [CMO Survey](#), we asked 1,000 marketing decision-makers around the world what they believed increased levels of consumer trust in businesses. The result? Word of mouth ranked second least important factor in building trust.

How is this possible? Or more importantly, why are we asked after every Uber ride, Airbnb stay and Amazon order to express our satisfaction with a five-star rating if nearly all other aspects are more critical in building trust?

CMOs and consumers have different views on the key drivers of trust

"What do you believe are the most important factors that increase level of consumer trust in your business/businesses you purchase from?"



1. Fake reviews are eroding trust in WOM

The bigger the impact of peer reviews on purchasing behaviour, the more tempting it becomes to manipulate them. In 2016, marketing agency 'Total SEO and Marketing' [was forced to remove](#) over 800 fake reviews it had created for small businesses. In June this year, the UK's Competition and Markets Authority [warned](#) Facebook and eBay about "troubling evidence of a thriving marketplace for fake online reviews" and urged swift action to tackle the issue. Yet in July, fake reviews on Amazon [surged](#) around its shopping fest Prime Day.

If people cannot tell the difference between genuine and fake reviews, trust in all reviews suffers. Amazon is attempting to solve the problem with an [Amazon Verified Purchase](#) label and letting users filter search for verified reviews. Solving technology-inflicted problems with more technology is a proven Silicon Valley practice, so there is hope that other platforms will follow suit.

2. It's not about the message; it's about the messenger

We trust people we know. In Nielsen's [Global Survey of Trust in Advertising](#), 66% reported they trust online consumer opinions posted online, while 83% said they trust recommendations from friends and family.

The same mechanisms of familiarity can explain the unprecedented rise of influencer marketing.

In North America, influencer marketing spend [grew 83%](#) from last year while the total US ad spend [rose a modest three per cent](#).

However, for brands shaping their influencer strategies, it's worth noting that for our [43,000 surveyed consumers](#), the number one trust driver is transparency – something influencer marketing [is not famous for](#).

3. Different industry, different trust drivers

For 63% of CMOs and 44% of consumers, the most critical lever in building trust is a brand's ability to deliver consistently. But even if consistency is key for all marketers, the [CMO Survey](#) suggests that in some sectors, certain factors are more important than others.

For instance, in the time of fake news, it is hardly surprising that CMOs in media companies see the heritage and legacy of their brands as particularly important.

Infrastructure industries, like energy and healthcare, see consistent delivery as most important.

In contrast, the financial sector sees relatively less significance in consistency, and word mouth is most valued in the retail sector where shopping behaviour is more spontaneous than in other industries.

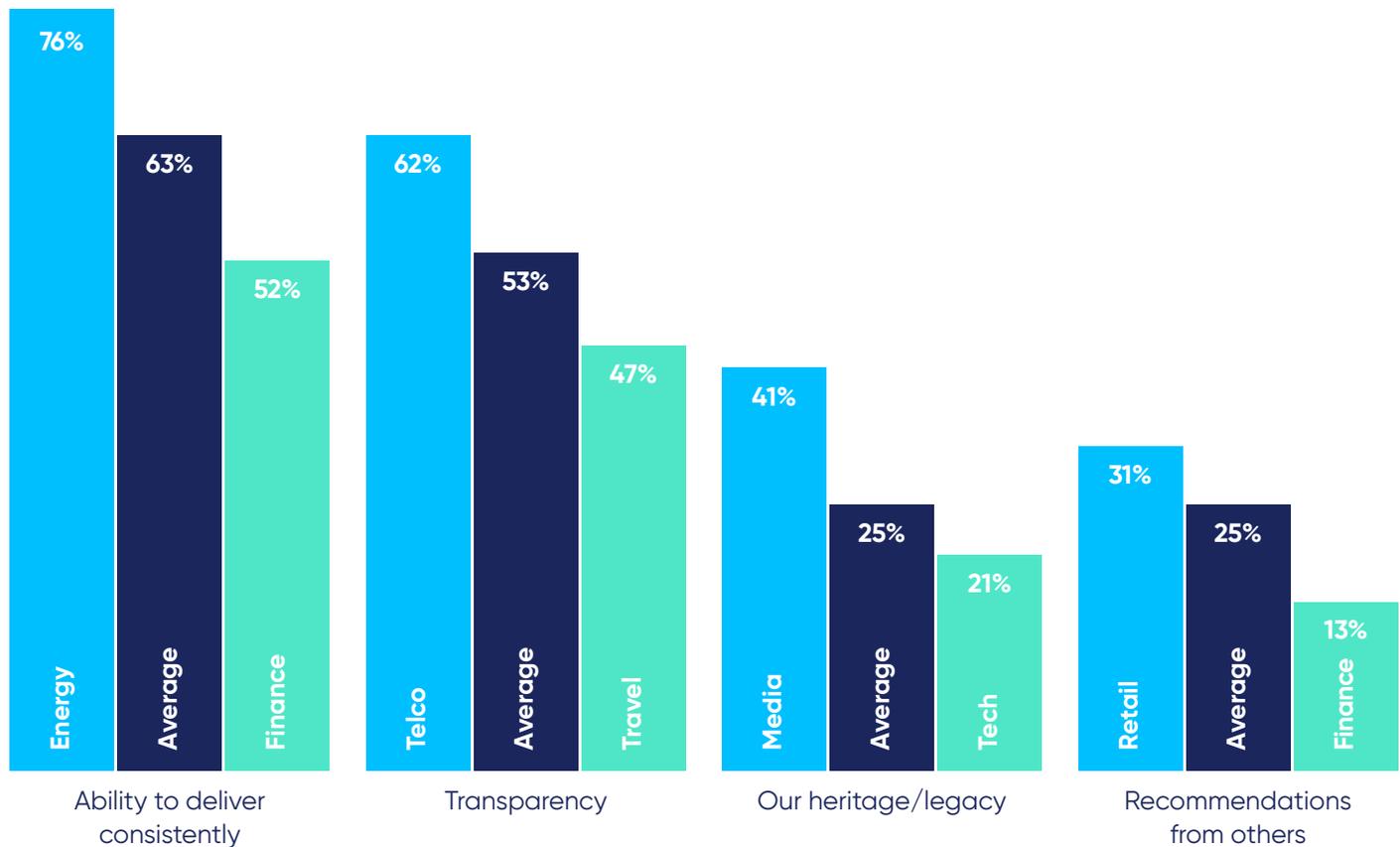
Where products vary little between providers, such as telecommunications, differentiation must come from transparency. Which is certainly seen as being more crucial by telco CMOs than others. For example, Vodafone has taken an industry-leading position through its annual [transparency report](#) on law enforcement requests for customer data.

To no surprise, the travel sector is lagging behind. This summer, the EU Commission even [threatened](#) AirBnb with legal actions if it won't make its pricing more transparent.



Trust drivers vary between industries

What do you believe are the most important factors that increase level of consumer trust in your business/businesses you purchase from?



The question remains, are we giving our stars and reviews in vain? Positive recommendations certainly won't hurt a brand, but if the fundamentals of the business aren't there, word of mouth won't save the day. To make the review economy work for you, it's important to ensure your reviews:

- 1. Come from (verified) real people.**
- 2. Come from the right people for your audience (preferably with a transparent tone).**
- 3. Come from people with a genuine reason to recommend you.**

What matters is what you advertise, rather than how.



Gary Roddy

Insight Director, Carat Global

CARAT



www.carat.com



[the human element](#)



[carat conversations](#)