

The importance of digital consumers - from airlines to hairlines, and from Canada to India

Digital consumers matter. Not just because there's increasing numbers of them around the world. Not just because digital behaviour now impacts virtually every single product category. But also because **digital consumers have stronger relationships with brands**. That is the major finding of an unparalleled analysis of WPP's BrandZ database, the world's largest repository of brand knowledge. This report also examines how this varies by category, country and brand, and explores what brand managers can do to take advantage.

Digital consumers have stronger brand relationships

Among all consumers surveyed in 2008 we compared the brand relationships of digital consumers with those of non-digital consumers. On average, across all categories and countries, digital consumers have a **15% stronger relationship*** with a typical brand.

Let's pause for a second and consider what that means. It means that digital consumers don't just like *different* brands to non-digital consumers. It means **they like more brands**. It means they know more and appreciate more about brands. This in turn increases their relative importance to marketers. To identify where this is most relevant, let's look at how this relationship varies by category and country

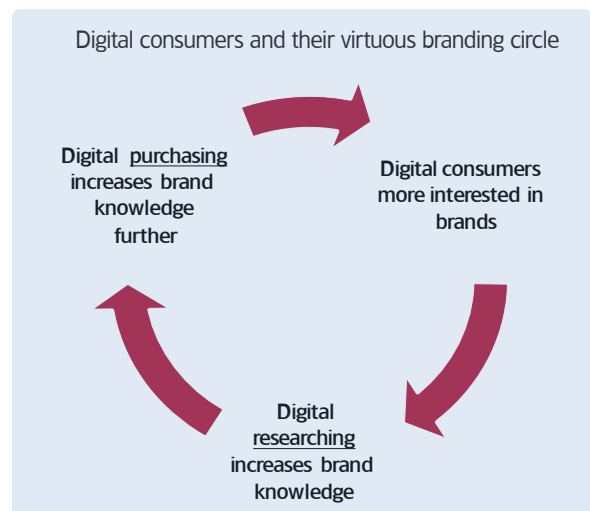
Digital consumers have stronger brand relationships in ALL categories; particularly true for airlines (93% stronger) but still 8% stronger for hair care

Airlines	+93%	Beers (young)	+12%
IT hardware	+48%	Fast food	+12%
IT software	+45%	Credit card networks	+10%
Credit card providers	+33%	Mobile phone handsets	+9%
Fragrances	+29%	Mineral water	+9%
Apparel - women	+27%	Banking	+9%
Body care	+22%	Hair care	+8%
Apparel - men	+20%	Grocery stores	+7%
Cars	+17%	Telecoms mobile	+6%
Spirits	+16%	Soft drinks	+5%
Face care	+14%	Motor fuel	+5%

It's not surprising that digital consumers have stronger brand relationships in a category like airlines - this has the largest

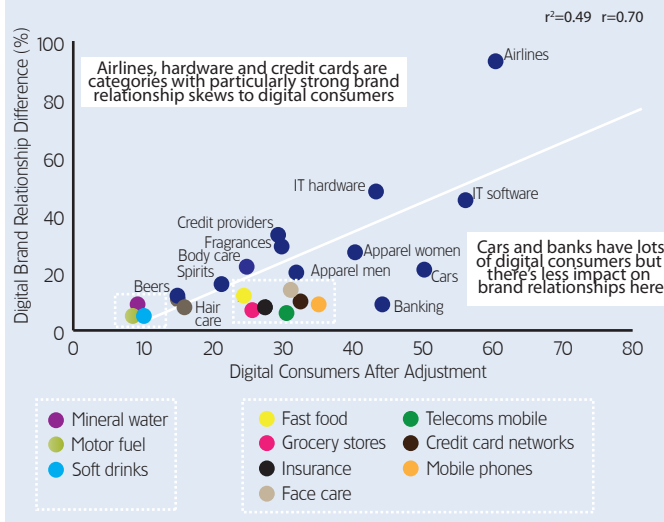
difference we observed (a 93% stronger relationship among digital consumers). This makes sense in a market which has been completely redefined by online-only brands such as EasyJet; digital consumers can now experience and choose from a far wider range of brands than is available to consumers continuing to book their flights offline. What is perhaps more surprising is that this story holds true across all categories. Brand relationships among digital consumers are 8% stronger in the hair care category; they're even 5% stronger in the motor fuel category, a product which can't (yet!) be bought online.

So what might explain this? We believe it is driven by a combination of factors, which we could call a virtuous "digital branding" circle.



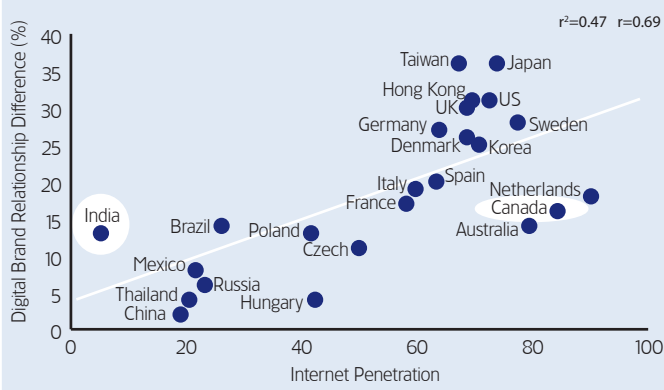
Firstly, it seems that digital consumers are simply more interested in brands; digital research and purchasing then helps them develop brand knowledge; this then further reinforces their brand interest. Additional evidence for this model is provided by the fact that the average difference is higher in categories where there are more digital consumers. So as more digital researching and purchasing takes place, the brand relationship gap between digital and non-digital consumers widens.

Generally, the more digital consumers in a category, the stronger the relationship these consumers have with brands (relative to non-digital consumers)



The relationship also holds throughout the world; Japan and Taiwan (+ 36%) have the highest average digital relationship differences we have observed, but even in China we're seeing 2% stronger relationships among digital consumers. As might be expected, stronger relationships tend to exist in countries with higher web penetrations; a larger number of digital consumers generally seems to result in more informed digital consumers.

The difference among digital consumers is more marked in countries with higher internet penetration



Importantly, this is not always the case - while Canada has a far higher web penetration than India, they both have similar average differences. This means that the nature of each individual country should always be considered on its own

- the small number of digital consumers in India are clearly quite advanced.

So what is a "digital consumer" anyway?

Let's now explore what we mean by a digital consumer in a little more detail. In most countries we're well beyond the point where it makes sense to look at online users versus offline users, or even heavy online users versus light ones. Even in countries with low web penetration, this definition is simply too blunt to be of use to individual brand managers. To understand digital consumers properly we need category-specific definitions - this is what BrandZ provides.

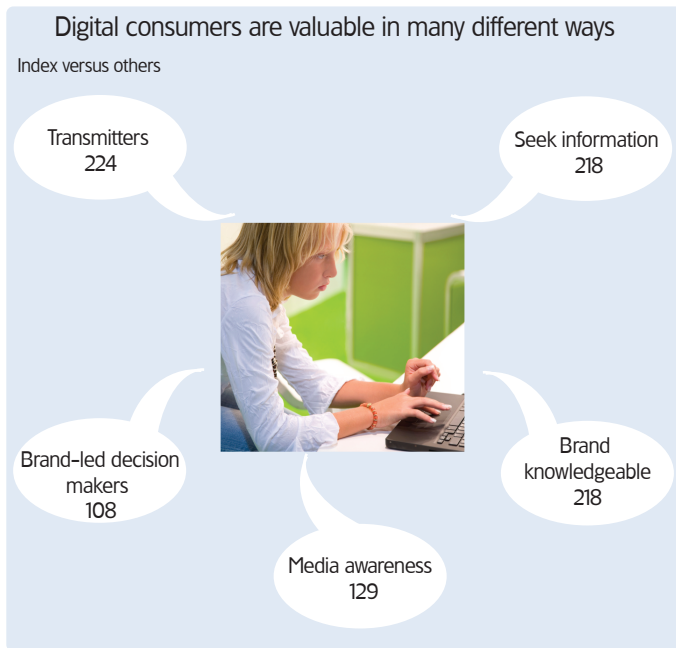
Digital consumers definition

The BrandZ definition of a digital consumer for each category is "someone who has either bought or researched that category online."

The main benefit of this approach is that brand managers can understand the value of consumers who are actively engaging with their category online. Using this definition means that every individual can be a digital consumer in some categories but not in others. For example, you may have bought many things online, including airline tickets, books and even a washing machine. You may also have researched categories such as cars and mortgages before buying those products offline. So you're a digital consumer for all of those categories. But you may never have bought or even researched hair care or skin care products. Other consumers will likely have a very different digital consumption footprint to you.

Across all categories, there are some key characteristics of the digital consumers we have defined in this way. Most significantly, we found that digital consumers are much more likely to be transmitters - people who know a lot and talk a lot about that category. We also found they were generally more likely to be seekers of information, knowledgeable about brands and aware of brand advertising - all very valuable traits.

Digital consumers defined this way were also a little more likely to be younger, male, affluent and creative types who like excitement, though these demographic and personality traits are more likely to vary by category.



Implications for brand managers

Beyond the general learnings discussed above, the digital brand relationship really comes to life when it is used within a specific category. Firstly, a brand manager can examine brands that have the strongest digital relationships within that category. Secondly, comparison with data such as online advertising spend and visibility can help determine whether there are opportunities for the brand to further target digital consumers.

- If your brand has a strong digital relationship, this will generally be a good thing; this either represents a targeting opportunity – your brand lovers are going to be easy to find online, or it is the result of previous successful online marketing. Either way, it's likely that online marketing is a good route forward to maintain this competitive strength.

- If your brand has a weak digital relationship, you need to decide if this is a situation you're prepared to accept or a weakness you want to address. If you're already spending significantly online you may need to review the quality and messaging of your online efforts; if you haven't spent much there, you may need to review that quantity.

It should be noted that the digital relationship difference is not a measure of brand equity – it has no correlation with the absolute strength of a brand's pyramid*, and only a slight positive correlation with Voltage (our measure of a brand's likelihood to grow). Young growing brands and niche brands do seem to have particularly strong digital relationships, but on the whole a strong digital relationship is possible for brands of all shapes and sizes.

So, what's your brand's digital relationship, how does it compare to your key competitors, and how many digital consumers (both researchers and purchasers) are there in your category and country? To find out, please contact the Millward Brown BrandZ team who will be happy to provide a tailored BrandZ report to help support your digital marketing decisions

Article by Duncan Southgate, Director, Global Innovations and Peter Walshe, Global Director, BrandZ, Millward Brown.

Research details

This report was compiled using 2008 BrandZ data – a total of over 100,000 consumer interviews and over 8,000 brand measurements. These interviews covered 24 countries and an average of 15 categories per country.

* The measure used to summarise the strength of brand relationship is the percentage of consumers at either the Advantage or Bonding levels in the BrandZ pyramid (the top two of five levels). These validated measures of brand health are known to correlate with brand sales. To reach the Advantage or Bonding levels of a brand pyramid, a consumer must know something about a brand, and consider it relevant to their needs, of at least acceptable performance and better than other brands in some respect. The brand relationship score among digital consumers is compared with the score among non-digital consumers. Hence for a brand which has an Advantage or Bonding score of 30% among digital consumers and a score of 20% among non-digital consumers, we can say the digital brand relationship is 50% stronger.

** Digital consumer percentages have been captured among BrandZ research samples. In some countries this research is nationally representative face to face research. In others we employ an online research methodology; in these countries we adjust our measure to allow for internet penetration using data from www.internetworldstats.com