Digital Influence Index Study

Answers to Common Questions

June 2008

General Questions.

Q1. Why did you conduct this study only in the UK, France, and Germany, and not other parts of Europe?

- For reasons of cost and design efficiency, we felt it was appropriate to start in three major European markets. This allowed us to test several approaches within a study, prior to a wider rollout.

Q2. What are the main reasons why you conducted this study?

- In working with clients, it appeared to us that there was a lack of data in two areas: the practical role the Internet plays in day-to-day decision-making and the level of influence it has as a media channel, both in its own right, and in relation to other more traditional channels.

Q3. Does every company need to be concerned with an online presence?

- The Internet today is the most important source of information for millions of consumers and organizational stakeholders, impacting personal and corporate reputations, brand perceptions, product consideration, buying decisions and the management of issues, among other things Beyond having a robust Web site that meets the expectations of today's digitally savvy consumer, all companies need to monitor their presence on the search engines, their Wikipedia entry, and online conversations involving their organization, brand, or issue. Beyond that, it is becoming increasingly essential for organizations to engage and interact directly with audiences online and through mobile handheld devices.

Q4. What does the DII tell us that we didn't know before?

- The main insights and details are contained in the white paper. This is the first study of its kind with a focus on Europe. It employed a common methodology which should be applicable across cultural and national boundaries to examine national differences including: the role of the Internet and other media in the lives of consumers, behavioral adoption, and attitudes. This methodology is trackable in future years and allows for deeper investigation into evolving and converging national differences.

Q5. Will you conduct the same type of study on a regular period?

- We plan to conduct this study on an annual basis.

Q6. What's next for the DII?

- **Expanded geographic scope.** Major markets in Asia, Europe, and North America will provide a global perspective.

- **Expanded coverage of life decisions:** Although more than 30 life decisions were studied in this first round of the research, many additional important areas were left unexplored. The next round of the research will expand into new areas.
- **The influence of word-of-mouth (WOM) online versus offline.** The Internet amplifies the potential impact of word-of-mouth as consumers can now quickly find, review, and engage in conversations with a much wider set of other consumers than by relying on traditional word–of-mouth, which is constrained by geography or the limitations of interpersonal communication. Significant research has been done in this area in North America, but there is still more to be understood, particularly in Europe. The next round of research will explore the behavioural impact of digital WOM in more detail.
- **Mobile access.** We're interested in exploring the impact of shifting patterns of fixed versus wireless Internet access.

Q7. Would you please explain "Propensity Scoring"?

- This research was undertaken among respondents drawn from Harris Interactive's proprietary research panels. Propensity score weighting is a statistical technique used to counteract any possible ill effects on survey results of self-selection onto these Internet-based panels. Harris Interactive recognize that those who join online panels may have different attitudes and behaviours compared to the population of interest.
- This method is implemented using a standard weighting algorithm called a propensity score which is added to the set of typical demographic variables used in weighting the survey results. The score measures attitudinal and behavioural factors that may cause those taking online surveys to differ to those who are online but not in the panel.

Q8. Why did you interview only consumers who are now online?

- The Internet is a mass phenomenon. In each of the markets studied, the majority of consumers had online access in their home;, most of this was broadband. Internet penetration is still increasing in these three countries, albeit slowly.   Most consumers are being impacted by online media at home, as well as whatever they absorb at the office, academy or other environments.
- We also needed to constrain the design of the study to consumers who had access to all five forms of media in the home in order to have a fair cross-media comparison.

About the Digital Influence Index

Q9. What is the Digital Influence Index?

- The Digital Influence Index (DII) is a standardized means of reporting on the influence of digital media on the lives of consumers relative to other forms of media.

Q10. How do you calculate the Digital Index?

- A media index is composed of two components: time spent and the influence of that time.
- For each of the forms of media measured in the study, respondents were asked to provide their self-reported amount of time spent per-media in a typical week. Total media time is calculated by summing all time spent across media. A share of media time per type of media statistic is then calculated by dividing each media into the total media time.
- For each of the forms of media, respondents were also asked to provide a measure of the impact of each media on their daily lives by allocating 100 points across the five media types. This provides a share of influence statistic.
- For each individual respondent the share of influence and share of time spent are combined for each media individually and then summed. The individual component media is then divided into the total for all media to come up with a total share of influence for each respondent.

Q11. Why did you look at both time and influence to create a composite index?

- Looking only at time by itself is not a sufficient measure of media consumption. The missing piece is the degree of impact that time spent has, relative to other forms of media. For example, passive consumption of radio may have less impact per hour of time spent than reading a newspaper.

Questions about Insight #1 - Digital Influence: The Internet is by far the most important medium in the lives of European consumers — but companies are underinvesting in that influence..

Q12. Why are the media times reported in this study different than other data we have seen?

- When compared to other survey-based data, differences could be based on time frame or question wording. We specifically chose to word our questions around a typical week, to try and minimize any bias associated with events occurring in the time frame immediately before the study.
- Methodologies that meter time spent using devices or diary panels, generally report more time spent for TV, than self-reported survey data. People tend to underestimate the total time they spend with TV in a typical week when asked. Also, to some degree the meters capture time when consumers are multi-tasking and so they over-count.

Q13. Why is digital media so “influential”?

- Digital media is interactive and empowers consumers because it gives them the ability to select when, where and how they engage with content. It is fundamentally personal and participatory. The enormous growth of social media around the world – from blogs to social networking to citizen journalism – shows an enormous desire of people to create and share content and connect with others, which Web 2.0 technologies have made vastly easier. The contrast with the traditional, passive forms of broadcast media consumption are dramatic.

Q14. Do you have any information or thoughts about why communications specialists have been late to invest in the digital field?

- Digital is still a relatively new media form that’s grown at a rate unprecedented in human history, and that shows no sign of slowing down. It has taken time for organizations and professionals to grasp the nature and scope of the changes underway, and to shift from well-established communications and business models. We will be seeing equally profound changes in media, communications and advertising over the next 10 years, which will require continuous learning, experimentation and innovation.

Questions about Insight #2 - Behavioural Framework: Consumer use of the Internet falls into five distinct classes of behaviours. Smart marketers will clearly understand the mix of behaviours that is most critical to their business — and formulate integrated campaigns to address that mix.

Q15. Why is this framework useful?

- It provides a common and easily understood framework for classifying almost all online behaviors. These behavioural classes can be easily compared across countries, and groups and can be modified to include additional behaviors.

Q16. Why did you adopt the mobility definition of Web 3.0?

- Although there are competing definitions of Web 3.0, for this study we have adopted the concept that focuses on mobility as the major factor that will transform the way consumers use the Internet.

Q17. How transformative do you think Web 3.0 will be for society in the long run?

- The future is not yet written, but migration to Web 3.0 is likely to be a transformative event. The key aspect is liberation from fixed-point access to Internet technologies. The populace will have always on and instant access to the world's information, location-based services and powerful communications technology with them at all times. This is likely to impact a wide-range of commercial, political and personal spheres.

Q18. How long do you think it will take for Web 3.0 to become widespread and prevalent?

- The speed of adoption of Web 3.0 is dependent on several factors which are outside of the scope of our study, but can be identified. First there is the issue of handset usability which is being resolved by new smart phones. The next issue is the availability and speed of wireless data access, which continues to improve, but requires substantial capital investment on behalf of most network operators. Another factor is the development of mobile applications. Finally, there is the issue of cost of data. Ultimately, the business model will probably involve cheap flat rate pricing for data access.

Q19. How did you calculate behavioural indices and how do you uses them?

- Behavioural indices provide a simple way to evaluate the degree to which online consumers in a country are adopting a class of behaviours. For example, if the score was 100%, it would mean that 100% of consumers have adopted 100% of the behaviors in that class.
- These indices are calculated as a simple composite score of all behaviours in a class. This method is easy to track changes over time and we can add new behaviours as needed.

Questions about Insight #3 - Consumers use the Internet in different ways to make different decisions. The differences are driven by the impact of the decision on their lives and the range of available choices.

Q20. How did you arrive at, or choose, the more than 30 life decisions in this study?

- We looked at only a fraction of all life decisions. The ones selected for this study were divided into six broad categories based on client interest: health, personal finance, leisure, consumer electronics, public affairs and utilities.
- In future iterations of the study we will expand the set of life decisions.

Q21. What are the elements of Internet use that you looked at for each life decision?

- We examined a range of Internet behaviours around a specific decision including such behaviours as: using search, looking at company Web-sites, looking for comments from other consumers, and visiting comparison sites.

Q22. Is it important for companies (marketers) to know which behaviours and which areas of commerce involve seeking the comments of other consumers?

- Theory and practice has confirmed the impact of word-of-mouth on consumer decisions. Online word-of-mouth may have an amplified impact since the potential audience is infinite. However, there is a somewhat different pattern in looking for consumer comments depending on the type of decision. Those companies who are competing with many potential offers and/or compete in a business where the impact of the decision on the life of a consumer is higher need to be more concerned about the impact of online word-of-mouth than companies which offer a commodity type-product or for which there are few choices for consumers to make.

Questions about Insight #4 - Consumers see the clear benefits of the Internet to their lives, but they still have strong concerns that need to be addressed.

Q23. Why is there a lack of trust of the Internet?

- In some ways the Internet is still uncontrolled. There is no real central authority ensuring that company claims are accurate or that people are who they claim they are. There are nefarious characters who are actively trying to defraud or steal the identity of online consumers. Additionally, all online consumers are familiar with the phenomena of SPAM and increasingly impacted by SPLOGS (spam blogs) spyware and even malware.

Q24. How can companies increase consumers' level of trust in information about their companies presented on the Internet?

- Companies need to be open and honest with consumers at all times and provide proof points.

Q25. The survey shows that use of the Internet is a time-saver for consumers – so what implications does that have for companies and communications specialists?

- Consumers are harried with many demands on their time. The strengths of the Internet put information at finger tips at all times, eliminating the need for wasteful trips to fixed locations or phone calls. Communicators should remember that saving time is a key benefit for consumers and avoid building Web experiences which are unbearably graphics intense or with complicated navigation paths which interfere with a consumers ability to reach their destination. Usability testing can help avoid these problems with design.

Insight #5 - Although most survey results were consistent across all three countries studied, several interesting distinctions emerged:

Q26. Regarding reasons behind the clear differences between the digital behaviours of consumers in the UK, France, and Germany – would you ascribe these to cultural differences? If so, how? Why?

- Interpreting national differences is almost an art. In some cases like the use of local directories in France it is probably due to the legacy Minitel technology that French consumers have known for many years. In other cases like the heavy emphasis of German consumers on research, it may be due to cultural emphasis on education and solid information behind decisions.

Q27. Which kinds of companies are likely to be most affected by the differences shown between these countries?

- Global companies are more likely to be impacted. The best approach would be to plan for the most intense country and then apply solutions across multiple languages. For example, German consumers are more likely to engage with Wikipedia, but rather than just address the German version of Wikipedia for a brand, you should also deal with other languages at the same time. It is more efficient from a content perspective in this way.

Questions about Implications for Marketers and Communicators

Q28. How can companies effectively audit the space around their brands, products, services, etc.?

- Fleishman-Hillard, Harris Interactive and many other companies provide services that audit online presence, provide counsel, measure impact and make recommended changes in communications strategy.

Q29. Can you explain what search engine optimization really is?

- Search engine optimisation is the art and practice of matching a company's content to the interests of consumers as manifest through search queries.

Q30. How can companies join in online conversations?

- Companies can establish forums for interaction with their brands provide content and engage directly in conversations around the brand. They can also reach out to develop relationships with key online voices. In all cases such efforts must be transparent and honest.

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