

## Word-of-mouth ads ring up billions in revenue

By Michael Milligan

As published in *Travel Weekly* - November 14, 2005

BOSTON -- Here's something to pass along: Word-of-mouth marketing is worth billions of dollars in travel sales each year, according to a study by Chadwick Martin Bailey, which surveyed 1,000 respondents on the power of advocacy in the travel and hospitality industries.

For example, at least 11% of the U.S. population has taken a cruise. Four percent of the population selected their cruise based on the recommendations of advocates.

Multiply that by the \$3,000 average cost of a cruise, and the impact of such advocacy amounts to more than \$9.5 billion in annual revenue.

Judy Melanson, Chadwick Martin Bailey's travel and hospitality practice leader, stressed that advocacy is different from a simple passing recommendation.

"An advocate is an evangelist," Melanson said. "Not content to merely pass along or comment on the latest thing, the advocate is driven by a heartfelt belief that you should buy this product and is ready, willing and able to explain why."

It's different from developing buzz, she said.

"We see buzz as more of a subset of advocacy -- more of a short-term, viral campaign during which a willing accomplice spreads information or excitement," Melanson said.

The study found that more than a quarter of the U.S. population ate in a restaurant in the past year based solely upon recommendations from satisfied customers.

People who selected restaurants based on the advice of advocates spent about \$50 per visit, according to the study. That translates to more than \$3.3 billion worth of annual advocacy-driven purchases at restaurants.

The study also found that:

- Over the last two years, 70% of consumers recommended a hotel, airline, restaurant, cruise or theme park. On average, these advocates were making recommendations to at least four people.
- Consumers born in 1979 or later were the most prolific brand advocates in the travel and hospitality segment among all other generations.
- Baby boomers accounted for 59% of direct advocacy-related purchases, worth an estimated \$18 billion last year.
- Frequent travelers are not only most influenced by advocates but are also most likely to act upon a recommendation, especially for cruise lines, upscale hotels, vacation resorts, casinos and amusement parks.

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Melanson said the study's results underscore the importance of having not only a good product but a solid chorus of advocates who will strongly sing its praises.

"By implementing measurable advocacy strategies, companies can perform 'market judo,' leveraging these new marketplace realities to their advantage," she said.

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