

# M R C C REVIEW

The newsletter for all media professionals

## Let's Give Them Something To Talk About: How Word-of-mouth Impacts Media Activities

Paolo Gaudiano  
Icosystem Corporation

**W**ord-of-Mouth (WOM) is a topic that has generated significant interest in the areas of marketing, advertising and communications. In a way, WOM has always existed. The recent

resurgence of interest in this form of consumer-to-consumer communication arises from the dramatic changes in how consumers exchange information with one another, and in the way consumers can access and share information

about offerings (we use the term "offering" to refer to either a product or a service).

These changes, which have been brought about by the proliferation of online and wireless communications, are having a profound impact on marketing and advertising. For one thing, the brand is no longer entirely controlled by marketers: consumers are usurping some of that control, often shaping the perception of a brand through WOM, consumer-generated media, online opinion sites, and other actions. Furthermore, because information can spread globally and virtually with no delay, marketers need to ensure that their message to consumers reflects accurately the characteristics of their offering. Any major discrepancy between advertising and market reality will cause a fast, significant backlash that can have devastating effects.

Marketers have only recently begun to realize the importance of WOM as a mechanism to influence consumer perception and behavior. The growth and success of organizations such as the Word of Mouth Marketing Association (WOMMA) reflect the rapid increase in awareness about

WOM. However, as is often the case with novel approaches or technologies, the commercialization of WOM is still in its infancy, it is focused mostly on tactical activities, and it has not yet been widely adopted—or understood.

Through our extensive research and commercial experience, we have learned several important lessons about WOM. First, there are many ways in which consumers can share information about an offering: they may talk with friends and family, they may read or post online reviews; they may see someone else use the offering. Most impor-

tantly, consumers are exposed to the product or service, and as a result of their experience they formulate an opinion about it and may share this opinion with other consumers.

We also agree with the generally held view that there are many types of WOM, not all positive and not all effective. Negative WOM often arises, as mentioned above, when consumers have a negative

experience with an offering, especially when that negative experience is misaligned with their expectation: a consumer having a mediocre meal at a fast-food restaurant is much less likely to complain about it (and thus generate negative WOM) than a consumer eating at an expensive French restaurant that received rave reviews. As to positive WOM, there is a difference between consumers talking about an offering, and consumers advocating use of that same offering. Just because people are talking about a product, it does not mean that overall consumer sentiment is rising. There are many examples of commercials that generated a lot of "buzz" – but the buzz quickly faded and there was no visible long-term impact or benefit.



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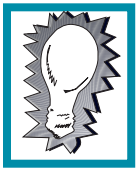
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## PRESIDENT'S NOTES

by [Julia Johnston](#)  
[Icosystem Corporation](#)

### Planning is Key

Ever hear of the "Six P's?" "Prior Proper Planning Prevents Poor Performance." Some people are great planners - I happen to not be blessed with this characteristic so I strive to always surround myself with folks who are great at the six P's. The six P's can be used in any facet of life and business. For instance, I would not dare try completing a marathon tomorrow; however, if I start now (planning my training and then working my plan), I'm sure I would fare well come October for the Chicago Marathon. The same type of planning is necessary in marketing. Which mix of media would best reach the intended audience? How relevant is the messaging and will it prompt the intended response? Are there non-purchased channels that could affect the outcome of a campaign - like word of mouth or viral marketing?

This newsletter addresses some of these questions and more so please read on!

Planning is also a key element in providing the MRCC members with relevant and timely luncheon presentations, newsletters and information. Thanks to your support, we've started the year out right with a tremendous response to our membership campaign. Your memberships support all of the MRCC initiatives - our summer internships, website funding, the MRCC Summer and Holiday outings as well as this Fall's Symposium. We'll be hosting many wonderful speakers and panelist and we hope you will attend. If you aren't a member or haven't renewed, the investment is reasonable and gives you immediate satisfaction with lower luncheon fees! Take advantage and sign up today! **MRCC**

### Summer Intern Program

Looking for a way to give back to the Advertising community all while getting some work done?  
Think about hosting a MRCC sponsored summer intern!

Please contact  
Julia Johnston at [Julia@icosystem.com](mailto:Julia@icosystem.com)  
or 630-967-8237

### UPCOMING EVENTS



Meeting Topics are subject to change

April 8th — Ad Effectiveness Research

May 13th — Using Online Panels for Research Studies

June 17th — New Media Measurement

Note: The MRCC has made arrangements to accept credit cards via PayPal (Visa, MC, Amex, Discover). This must be done when registering online. Credit cards cannot be accepted at the door. Please be aware that there will be an additional 4% processing fee when paying by credit card.

## Winter Meeting Calendar

### PLEASE RSVP!

#### February Topic

**Topic** Channel Planning: Going Beyond Traditional Media Planning  
**Speakers** Peter Kloprogge, Pointlogic  
Richard Fielding, Starcom  
Alyson Stevens, Starcom  
**Date** Tuesday, February 12, 2008

#### March Topic

**Topic** Online Overview/Planning  
**Speakers** Barry Parr, Jupiter Research  
Sarah Potemkin, Carat Fusion  
**Date** Tuesday, March 11, 2008

**Place** Maggiano's Banquets  
111 W. Grand Avenue  
The Amarone Room  
**Time** Noon to 2 p.m.  
**Price** **\$35 on PayPal for members**  
(plus 4% processing fee)  
**\$40 member with reservation**  
**\$45 non-member with reservation**  
**\$5 additional charge for Walk-Ins**  
**Menu** Buffet-style lunch  
**RSVP** FAX your reservation to  
**312-846-8277** or RSVP at  
[www.mrcc-online.com](http://www.mrcc-online.com) by Noon  
the Friday prior to the meeting.  
Cancellations must be received by  
Noon the day prior to the event.

**NOTE: Be sure to RSVP to guarantee yourself a seat. We can only handle a small number of walk-ins.**

## Nielsen Reports Advertising Spending Targeting African American Consumers Exceeds \$2.3 Billion Annually

Brian Lane  
Nielsen Monitor-Plus

In its first 12-month analysis of advertising spending on media outlets that reach African American consumers, The Nielsen Company found that spending for the period October 1, 2006 through September 30, 2007 totaled \$2.3 billion. The Nielsen African American ad spending analysis covers over 22,000 national, regional and local advertisers, across 130+ media vehicles.

### African American Spending by Medium

Nielsen Monitor-Plus, the advertising intelligence service of Nielsen, tracked 5 individual media for this analysis: Local Radio, National Magazine, National Cable TV, Network TV and Syndication TV. Local Radio reported the greatest amount of spending on African American targeted media at \$805 million dollars, comprising 35% percent of total spending.

National Cable TV reported the largest ad growth with 14.5% during this period. This growth is the result of a number of factors including: Year over year growth for BET, the inclusion of TV One in the Nielsen Monitor-Plus service as of January 2007, as well as a number of high profile TV programs such as "House of Payne" on TBS, "Being Bobby Brown" on Bravo, "Flavor of Love" on VH1, and "Making the Band" on MTV.

National magazines reported more than \$600 million in spending, showing healthy revenue across a number of publications including Essence magazine. Nielsen Monitor-Plus also added the following publications to its monitoring during this time period: *American Legacy*, *King*, *Giant* and *XXL*.

Syndication TV reported \$102.4 million dollars in ad spend for programs that have a 50% or greater composition of African American audiences, and that's down year over year. Syndication is made up of a good mix of both established off-network programs such as "The Bernie Mac Show," "One on One" and "Girlfriends" as well original syndication programming, like "Judge Mathis" and "Showtime at the Apollo."

Medium	Oct '06 – Sep '07	Distribution
	(\$ in millions)	
Local Radio	\$805.0	35.1%
National Magazine	\$600.9	26.2%
National Cable TV	\$593.1	25.8%
Network TV	\$193.3	8.4%
Syndication TV	\$102.4	4.5%
<b>Total</b>	<b>\$2,294.7</b>	<b>100.0%</b>

Source: The Nielsen Company

Network TV at \$193.3 million dollars saw a consolidation of UPN and WB into the new CW network. The Top Network TV shows based on total ad revenue are: "Girlfriends," "Everybody Hates Chris," "The Game," and "All of Us" on the CW, as well as "Watch Over Me" on MNT.

### Top Advertisers & Product Categories

With \$89.7 million in spending, Procter & Gamble is the largest advertiser targeting African American consumers. McDonald's is second with \$37.7 million, followed by Johnson and Johnson with \$36.1 million in total spending for the 12 months October 2006 through September 2007. Collectively, the Top 25 Advertisers spent a total of \$681.0 million.

Five auto makers are in the top 25 advertisers across all African American media: General Motors (\$35.8 million), Chrysler (\$28.2 million), Ford Motor Co. (\$25.9 million), Nissan Motor Co LTD., (\$22.1 million) and Toyota Motor Corp (\$21.7 million).

The top brands advertised by Procter & Gamble include Charmin, Bounty, Crest, Olay, Cover Girl and Tide. National Amusements, parent company to CBS Corp and Viacom advertised for a number of movies that featured African American characters or casts including "Freedom Writers," "Dreamgirls," "Norbit," and "Black Snake Moan."

Spending for the top 15 product categories across all media reached over \$806 million. Not surprisingly the Automotive category has the most spending at \$187.4 million, more than double the dollar amount of the number two product category, Quick Service Restaurants at \$79.1 million. Motion Pictures is the third highest ad spending product category at \$75.4 million.

Top 15 African American Media Product Categories	Oct '06 – Sep '07 \$mil
AUTOMOTIVE	\$187.4
QUICK SERVICE RESTAURANTS	\$79.1
MOTION PICTURE	\$75.4
DEPARTMENT STORES	\$72.0
WIRELESS TELEPH SVCS	\$64.2
APPAREL	\$46.6
AUTO INSURANCE	\$44.6
DIRECT RESPONSE PRODUCTS	\$40.9
PRESCRIPTION DRUGS	\$38.0
RESTAURANT	\$30.2
HOME IMPROVEMENT STORES	\$29.2
PROFESSIONAL ORGN	\$26.1
SUPERMARKET	\$24.8
FACIAL MOISTURIZER	\$24.1
BANK SERVICES	\$23.4
<b>TOTAL Top 15</b>	<b>\$806.1</b>

Source: The Nielsen Company

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## Do channel planning tools make a difference to the media plans we craft for clients?

Geoff Wicken, KMR Group  
Victoria Beech, Mindshare UK  
Andrea DeCordova, KMR Group US

Critical to the quality of communications planning is the delivery of a brand message and its effectiveness in support of content within the right environment. The plan should also efficiently manage cost in order to obtain certain goals. Communication plans that are both effective and efficient are also elusive these days. This is mainly due to fragmentation, media vehicle ratings decrease and ad avoidance technologies flourishing – making it harder than ever to reach the consumer and create a true connection.

The channel planning tool Compose has turned out to be an invaluable tool in MindShare's planning armoury. It provides useful evidence in conversations with clients.

One such conversation took place with a beer client in 2006. For 2007, they were looking to increase brand awareness in the UK, and to reinforce their position both as a high quality, aspirational premium lager brand and as the main challenger to the brand leader amongst a key target audience which can be broadly translated as ABC1 men aged 18-34. MindShare UK explored many several different scenarios, ranging from a fairly traditional laydown (TV, cinema, outdoor and online), to a controversial online-only campaign, to a third scenario of TV, cinema and online. The communication challenge was to increase awareness and ultimately persuade the target audience to buy.

Four tools were used for comparing channel performance, TGI, TouchPoints, Compose and MindWare (the latter being proprietary MindShare software, one module of which assists with campaign phasing). TGI was used to identify the target audience propensity to consume a channel, and to measure the volume of the target audience that consume particular channels. TouchPoints was used to measure the time the target audience spent with a channel, and to quantify the cumulative reach and frequency of the multimedia campaign.

The team then ran each of the three potential plans through Compose to gauge the impact of each channel, and to learn more about the tactical strengths of each channel.

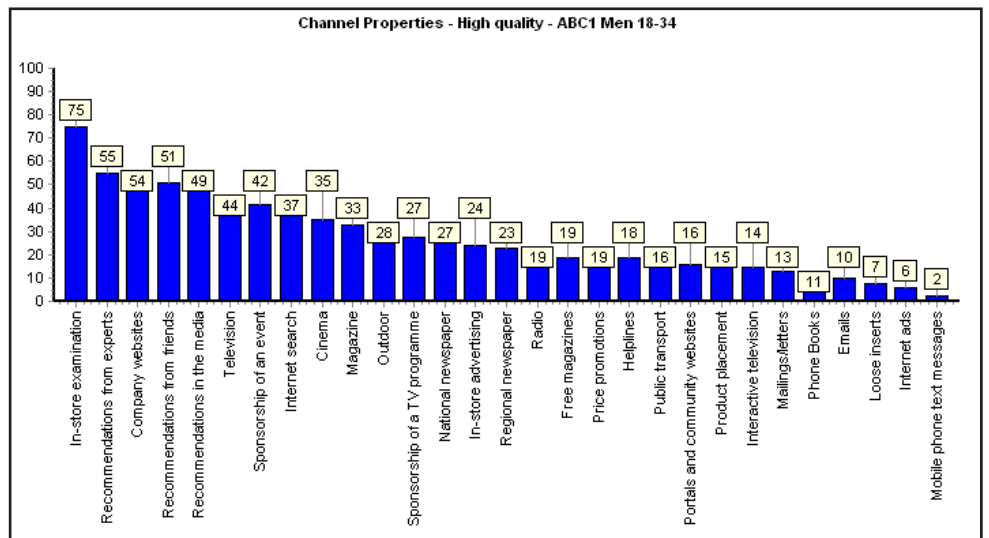


Figure 1

Source: Compose GB 2007

When looking at which channels are particularly good for conveying high quality to this target audience (a key objective of this campaign) we found that in-store examination, recommendations, television, internet and cinema perform particularly well, closely followed by magazines. (Figure 1).

Compose is a unique and highly effective channel planning facility. Based on a robust consumer survey data source, it provides a truly channel-neutral, category-driven brand

level solution to strategic planning objectives. Compose has become of essential value to today's top brand owners, media auditors and agencies alike. See how Compose can help you launch strong, trigger vehicles and spend smart! **MRCC**

Geoff Wicken is Development Director at KMR Group, Victoria Beech is Business Director, Insights at Mindshare UK and Andrea DeCordova is Sales and Planning Director, KMR Group US

## Mark Your Calendars MRCC Biennial Symposium

Tuesday, October 14, 2008  
9 a.m. until 5 p.m.

**More details to follow!**

If you would like to volunteer for a committee, contact [Jennifer Rhodes](#)

In addition to this African American advertising analysis, Nielsen Monitor-Plus reports annually on Spanish-Language ad spending for 6 distinct media: Spanish-Language cable and network television, national magazines, local newspapers, local TV and local radio.

**Nielsen Monitor-Plus African American Advertising Spending Analysis Methodology**

**Radio:** 92 stations across 28 markets. The following formats were included: Black News & Talk, Gospel, Urban Reggaeton, Smooth Jazz, Urban, Urban AC, and Urban Oldies.

**Network & Syndication TV:** 3 television networks (13 programs) and 16 Syndication programs included. Includes programs with an African American audience composition of 50% or greater.

**National Magazines:** 12 titles.

**Cable TV:** BET & TV One, as well as 61 programs across 16 additional networks provided the program achieves an African American audience comp of 50% or greater. The 16 networks are: AMC, BRAVO, ESPN, ESPN2, ABC Family Channel, MTV, MTV2, OXYGEN, Sci-Fi, TBS, TNT, TVGN, TV Land, USA, VH1, and WGN Cable. **MRCC**

Brian Lane is the SVP of Client Strategy and Product Management for Nielsen Monitor-Plus

Top 25 Advertisers Across All African American Media	Oct '06 – Sep '07 (\$ in millions)
PROCTER & GAMBLE CO	89.7
MCDONALD'S CORP	37.7
JOHNSON & JOHNSON	36.1
GENERAL MOTORS CORP	35.8
NATL AMUSEMENTS INC	30.6
CHRYSLER (CERBERUS)	28.2
VERIZON COMMUNICATIONS INC	26.8
US GOVERNMENT	26.1
TIME WARNER INC	26.0
FORD MOTOR CO	25.9
LOREAL SA	25.0
KRAFT FOODS INC	24.5
WALT DISNEY CO	24.0
GENERAL ELECTRIC CO	23.2
AT&T INC	22.9
WAL-MART STORES INC	22.6
NISSAN MOTOR CO LTD	22.1
TOYOTA MOTOR CORP	21.7
UNILEVER	21.6
PEPSICO INC	20.9
SONY CORP	19.2
NEWS CORP	18.9
SPRINT NEXTEL CORP	17.9
ALLSTATE CORP	17.3
BERKSHIRE HATHAWAY INC	16.2
<b>TOTAL TOP 25 ADVERTISERS</b>	<b>\$681.0</b>

Source: The Nielsen Company

But there is another important consideration about WOM that, in our opinion, is one of the least understood and appreciated aspects of WOM. Namely, *WOM happens all the time and it influences every marketing or advertising initiative*. Because of the increased ease of sharing information, it is rarely the case today that someone purchases a product or service without having been influenced by other people. Even for low-involvement products, consumers may be acquiring and relaying information about pricing, promotions, and other factors that influence purchasing decisions.

Finally, we believe that there is a general tendency to underestimate or ignore the fact that there are many different types of social networks, and that the structure and nature of these networks has a profound influence on the distribution spread, velocity and timeliness of WOM information. Treating consumers as a homogenous network, and WOM messages as if they were a virus spreading through a population, misses some extremely important aspects of the richness and variety of ways in which information about an offering is shared among consumers.

In all, we believe that marketers need to be mindful that any initiative they undertake will be shaped by a number of factors that depend heavily on the nature and timing of interactions among consumers, as well as characteristics of the consumers. The analogy of an advertising campaign as a stone creating a ripple in a pond is a gross oversimplification. A more apt analogy might be that an advertising campaign is akin to throwing an object in a body of water and seeing how it impacts the aquatic life. What kind of object is it? A rock, a stick or a piece of paper? What kind of body of water? Is it a stagnant pond, a rapid stream or a vast ocean? And what sort of aquatic life? A bed of clams, a school of fish or a cloud of plankton?

Today, marketers are happy to throw small advertising stones into the consumer pond to see what happens. But before spending significant effort implementing WOM activities, marketers should try to understand the factors that are relevant to their particular circumstances, and they need tools that can help them to clarify and quantify the mechanisms at work. **MRCC**

About the Author: Paolo Gaudiano is the Chief Technology Officer of Icosystem Corporation. Icosystem provides its clients with powerful customized consumer behavior simulation tools for scenario planning, forecasting and optimization of challenging marketing issues. Paolo can be reached at [paolo@icosystem.com](mailto:paolo@icosystem.com).



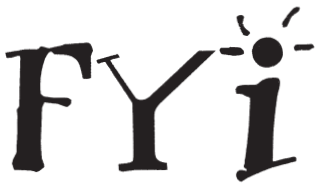
# Survey Results

Thank you to all who responded to our recent surveys. It provided invaluable insight into our membership and ways the MRCC could become more meaningful to it.

## Survey Highlights

- 50% of our membership is comprised of media research suppliers with the next dominant segment made up of advertising/media agencies.
- Most of the respondents were already either individual or corporate members.
- A majority of the membership, 40%, attends 5-6 luncheon meetings per year.
- A majority of the respondents, 45%, have embraced the concept of the quarterly newsletter.
- In response to suggested meeting subjects, "emerging technology" and "internet-related" topics led the list.
- In the comments section, respondents indicated they would like to bring non-members to luncheons at a reduced rate, have members evaluate presentations and even have the MRCC host a singles event.

Comments and suggestions can be sent directly to board members or go to the website and click on [CONTACT](#).



**IMS** has just released the newest LPM data for the Nielsen LPM measured local markets through MarketMate TV. For questions, please call the IMS Chicago office at 312-583-5357.....Critical to the success of any political campaign strategy is an in-depth understanding of key voter segments- their demographics, responsiveness to various media platforms and their attitudes and opinions

on key political issues and social trends. **Simmons'** PoliticalPersonasSM delivers affordable access to detailed information on voters in ten different segments. For more information, please contact Jill Partner at jillp@smrb.com or 224.698.8158.....

**Nielsen** reports that four Local TV DMA's will convert to LPM in 2008: Minneapolis, Miami, Cleveland and Denver..... **MRI**

has added a correspondence and cluster analysis package as an adjunct to our Memri crosstabbing software. For more information or a demo of these new analytic tools from MRI, please call 800-245-1551.

## FAX YOUR MRCC RESERVATION!

### FAX TO: DANNIELE MEGLEN

If you would like to fax us your lunch reservation, please fill out the information below and fax it to the MRCC reservation line at 312-846-8277 by Noon, the Friday prior to the meeting.

Name \_\_\_\_\_

Company \_\_\_\_\_

Phone # \_\_\_\_\_

Paypal (\$35 + 4% processing fee)  Member (\$40)  Non-Member (\$45)

No shows will be billed — cancellations must be received 24 hours prior to meeting.

The *MRCC Review* is published 4 times a year.

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