



# Valuing Word of Mouth as a Function of Time

Paper Three in an Ongoing Series

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## In this paper:

- > The cost per minute of WOM is \$0.05
- > What's missing is current engagement metrics: a "qualities of time" measure
- > When viewed strictly on time engaged experimental/event marketing dominates

> **THE MISSING VARIABLE: TIME**

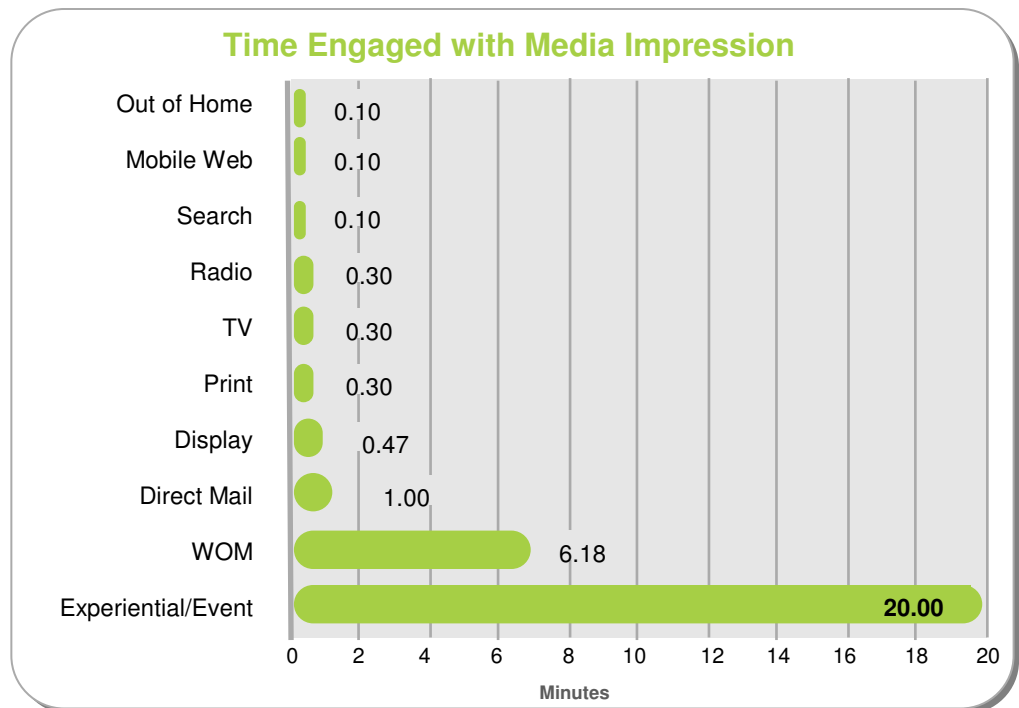
Marketers typically consider two variables when purchasing media: frequency and reach. Rarely, however, do marketers take into account the actual *time* a consumer spends with the branded message.

This paper, the third in an ongoing series addressing the value of word-of-mouth (WOM) media, looks at the time consumers spend engaged with a marketing message through three perspectives: time engaged, cost:time ratio, and the quality of time.

> **TIME ENGAGED**

“Time” may be the simplest way to evaluate the basic level of engagement with a message. For some media, the amount of time a consumer spends with the message is strictly a function of the delivery standards of the medium. For instance, television and radio advertising are packaged in 15-, 30- and 60-second spots. For more experiential-based media such as movie road shows and in-store promotions, the time someone spends with a marketing message is controlled by the viewer’s willingness to participate in the connection. In such cases, the measurement of time focuses on consumption and interaction, rather than delivery.

Internal studies, derived from analyzing upwards of 400,000 consumer-generated WOM reports, determine that the average amount of time people spend discussing (and often recommending) a product is 6.18 minutes. Let’s compare this duration with the length of time consumers spend with other types of media.



The previous chart illustrates one of the key benefits experiential/event marketers offer to clients: engagement that far exceeds traditional media (and most new media as well). Given the wide range of tactics that are placed in the experiential/event bucket (e.g., sporting, concert and festival sponsorship) it is reasonable for a marketer to expect multiple hours of consumer engagement. In this light, experiential is the most effective medium, with WOM being (a distant) second. But time alone provides an incomplete picture. Marketers need to consider the costs required to obtain this engagement.

> COST:TIME RATIO

To better compare disparate media, we analyzed the cost:time ratio on the basis of cost per minute of engagement. The table below highlights the cost:time ratio for each impression based on typical costs for each medium.

MEDIA	TIME ENGAGED	PER IMPRESSION COST	COST:TIME RATIO (\$/MINUTE)
DISPLAY	0:47	\$0.008	\$0.01
RADIO	0:30	\$0.013	\$0.03
TV	0:30	\$0.020	\$0.04
WOM	6:18	\$0.300	\$0.05
OUT OF HOME	0:10	\$0.008	\$0.05
PRINT	0:30	\$0.030	\$0.06
MOBILE WEB	0:10	\$0.035	\$0.21
EXPERIENTIAL/EVENT	20:00	\$5.000	\$0.25
DIRECT MAIL	1:00	\$1.000	\$1.00
SEARCH	0:10	\$0.500	\$3.00

When per-impression pricing is applied to time engaged, the cost per minute of engagement across media becomes comparable. With the exception of highly targeted search and direct mail, all of the modeled media fall within a range of \$0.25 or less. The cost:time parity among these media is likely even closer when one considers the dropping CPM rates for mobile web and the diversity of tactics comprising the experiential space.

Given the limited range of cost per minute, effectively illustrating that one medium is nearly as effective than the next, we must ask what differentiates one medium from another.

The answer, while difficult to measure, is found in the *quality* of that time.



## > QUALITY OF TIME

Media buying behavior indicates that the quality of time correlates to the impact of the message. Frequency and, more importantly, *effective* frequency are key variables in a media plan because marketers are forced to increase messaging to realize a measurable outcome. Depending on the medium, some marketers will plan to reach a consumer up to 10 times with the same message.

While no ratified methodology exists to gauge quality of time, most marketers intuit that time quality varies by medium. Spending fifteen minutes driving a Jeep through an invitation-only off-road course or getting the low-down from a close friend on the particular attributes of a universal remote control are certainly more engaging than driving past a billboard at 65 miles per hour.

So, how does one measure the quality of time engaged? This is not an easily answered question. In fact, it's this exact debate that has hampered engagement methodologies from gaining widespread adoption. Without at least a rudimentary measure of quality, marketers run the risk of grossly mis-valuing all of their media.

## > A POSSIBLE SOLUTION?

One way to look at quality may be to look at the likelihood of interruptions in the media delivery. Captivate Network, a provider of out-of-home video in elevators, provides a media that limits these natural interruptions by engaging consumers when they have fewer distractions. The result? While Captivate may have a cost:ratio similar to other media, the quality of that time creates dramatically higher value.

How would you measure time quality? What else would you include in the metric? As our series continues, we look forward to addressing these questions in addition to proposing complementary methods to value WOM and social media.

### Footnote:

Normative data applied in this paper is the combined interpretation of multiple whitepapers, websites, industry standards and knowledge. Sources include:

- Dynamic Logic cross media study, Jan. 2006
- [http://www.nielsenentratings.com/resources.jsp?section=pr\\_netv&nav=1](http://www.nielsenentratings.com/resources.jsp?section=pr_netv&nav=1)
- <http://mmaglobal.com/modules/article/view.article.php/1711>
- [http://promomagazine.com/eventmarketing/marketing\\_road\\_map/](http://promomagazine.com/eventmarketing/marketing_road_map/)
- <http://directmobileads.com/media-comparison/>
- <http://www.oaaa.org/outdoor/facts/cpmcomparison.asp>
- [http://www.gmlive.com/caseStudies\\_Kimberly\\_Clark.html](http://www.gmlive.com/caseStudies_Kimberly_Clark.html)

