



W H I T E P A P E R S

# The Origin and Impact of CPG New Product Buzz: Emerging Trends and Implications

Analysis conducted by The Nielsen Company, led by researchers in consumer-generated media and market forecasting  
from Nielsen BuzzMetrics and BASES | Released June 2007

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# An investigation of the relationship between blog buzz, marketing support, and sales in the consumer-packaged goods industry.

A splintering traditional media landscape, coupled with emerging participatory, digital media platforms, have resulted in consumers becoming more active in choosing when and how to engage with brands and marketing communications. Marketers are interested in the phenomenon of “consumer-generated media” (CGM), or “buzz”, given the potential of influence and incremental publicity from this activity to affect the commercial prospects for their products.

Within the consumer packaged goods (CPG) sector, advertisers experiment with a variety of tactics to generate buzz in their marketing communications strategies, including stimulating it. An in-depth analysis of this rapidly evolving domain – considering blog buzz, marketing spending, pre-market purchase intentions and actual sales – revealed five key themes:

# The Origin and Impact of CPG New Product Buzz:

## Emerging Trends and Implications

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### **A Minority Of CPG Brands Dominate Category Buzz:**

While buzz is much more prevalent in other sectors (entertainment properties and automobiles, for example), some CPG products experience a significant volume of consumer buzz. Within CPG, a concentrated group of products accounts for the bulk of the CGM. Many CPG products achieve no measurable buzz, likely due to a combination of low involvement or the marketer not attempting to drive buzz with the chosen marketing mix.

### **New CPG Product Buzz Usually Precedes Sales:**

Buzz tends to occur very early in relation to a new product launch, with peaks in buzz that tend to precede peaks in sales.

### **Currently, Ad Spending Is A Large Factor In Generating New CPG Product Buzz:**

The drivers of buzz are complex, with both “traditional” media spending and certain category and product characteristics being relevant in anticipating buzz. Strong media support can be an important driver of buzz, though buzz in the context of a strong media presence is sometimes no more than the echo that results from making a lot of noise. The formula for generating meaningful buzz is not as simple as spending money.

### **Brand Ubiquity And Distinctiveness Are Predictive of Buzz:**

While a formal model for predicting buzz is not yet available, some key factors do appear to have predictive value. Beyond marketing factors such as media support and distribution, category familiarity (as indicated by high purchase frequency) and product distinctiveness show value when attempting to anticipate or predict buzz.

### **High Buzz Levels Drive Sales and Improve Forecasting Models:**

For the select group of new CPG products that generate substantial buzz, there is evidence that buzz can positively influence sales. In a regression-based sales forecasting experiment, incorporating actual buzz levels resulted in a meaningful improvement to forecast accuracy.

Full discussion and implications follow.

## Background

The recent emergence of consumer publishing, sharing and search tools on the Internet have profoundly changed the way consumers make purchase decisions in nearly all categories (e.g. reading restaurant reviews online before deciding where to dine, accepting advice from fellow medical patients in healthcare forums, or taking cues from community voting systems over which news to consume). All information now has the opportunity to spread rapidly online through consumer expression and sharing venues like YouTube, MySpace, and Epinions. This is resulting in a proliferation of dynamic consumer-generated media – the fastest growing media – which marketers have far less control over as compared to their legacy one-way, paid mass communications. These growing forms of media coupled with declining reach of many traditional media – the democratization of information and channels – have prompted marketers to better understand this complex communications ecosystem in order to manage, or at least better influence the outcome.

This is particularly true for the CPG industry, whose brands have traditionally relied on support from “old media,” especially television and print advertising. This question is just as relevant for The Nielsen Company, with unique significance for key Nielsen services and knowledge centers:

- BASES, with its forecasting partnership with most leading CPG marketers.
- Nielsen BuzzMetrics, with its leadership in measuring and analyzing CGM for many of the world’s largest brands.

## Objective

The objective of this study was to better understand the role of CGM in CPG new product launches. We set out to understand the scale and dynamic of CGM, the factors behind it, and how to help marketers anticipate and capitalize on it for launch management and communications purposes.

## Methodology

Throughout the course of this study, we considered a cross-section of hundreds of products launched in the U.S. between mid-2005 and late-2006, representative of the overall CPG sector. We examined as many data on the concepts and products as were available from the following sources:

- Consumer scores from BASES studies – including pur-

chase intent, purchase frequency claims, uniqueness ratings, and value ratings

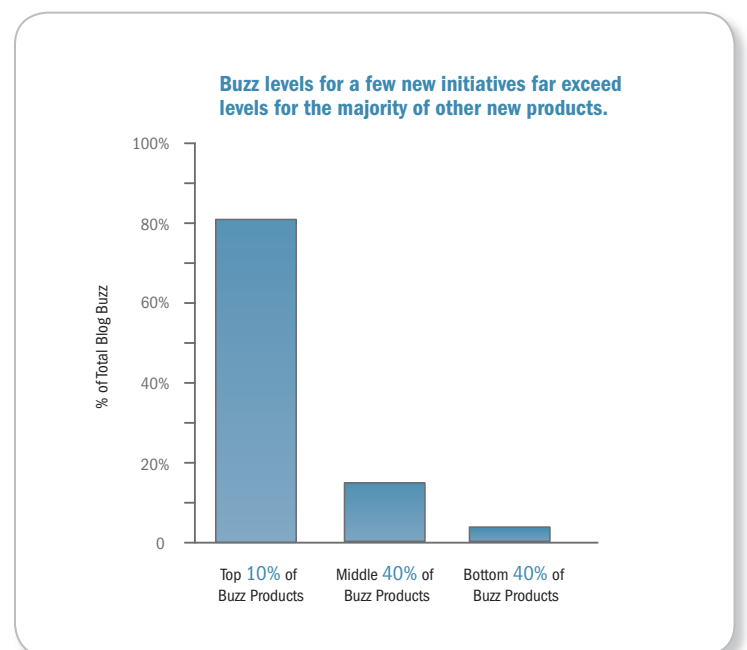
- Buzz levels from Nielsen BuzzMetrics – including citations in blogs, boards and forum postings. (We ultimately used blog buzz as the primary criterion).
- Retail sales from ACNielsen – including sales units, sales dollars, % ACV distribution.
- Media spend from Nielsen Media Research – including spending across broadcast, print, and outdoor.

Approximately 70 of the products studied had all four data sources included in the predictive/forecasting portion of this study.

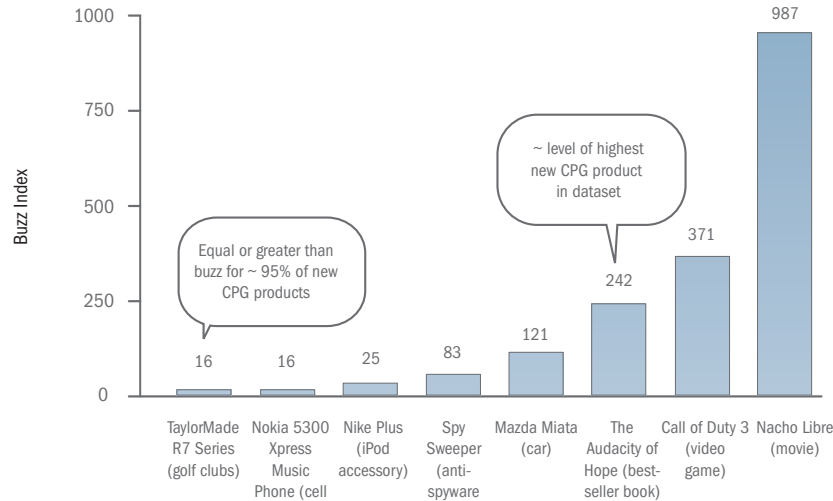
## Key Findings

### 10% of New CPG Products Account for 85% of Buzz

Brand and product citations in blogs were low to moderate for the majority (~90%) of new CPG products studied. However, there was a clear group of leading products with a disproportionately high buzz volume. For the top 10% of launches, buzz was significant, and a few new CPG products even achieved buzz levels more characteristic of larger, established brands or popular entertainment properties. In fact, this top 10% of products was responsible for 85% of total blog buzz that we measured for all products combined.



**In some non-CPG categories, buzz can be extremely high particularly for entertainment products.**



These top products generated 10 to 25 times the buzz of the average CPG launch, with the top products generating over 100 times the average. Buzz levels for the top CPG launches were comparable to the level of buzz generated by Barack Obama’s recent best selling book. (For this analysis we set the median CPG launch buzz level at 1.0, and indexed all other topics against the CPG buzz median).

The comparison of CPG buzz levels to buzz levels from products within other industries implicitly raises an important point: When it comes to CGM, CPG products are competing with all industries – indeed all topics – for “share of buzz.” They are not just competing with each other. This has potentially important implications that we will revisit later in this paper.

In addition to buzz magnitude, we also examined buzz timing for new CPG product launches. We were surprised that in cases with the greatest buzz volume, buzz most often occurs at the very beginning of the first year, even before monthly sales have reached their peak level. In our data, buzz peaks preceded sales peaks about two-thirds of the time.

This underscored one of the motivational factors for consumers to create and post CGM: being on the front edge of something new. Talking about something that is new, different, and relevant to others brings an emotional and social benefit to the creator of CGM.

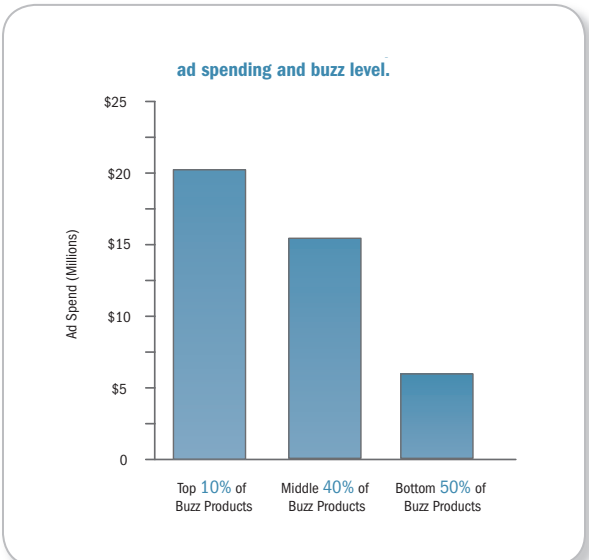
We will address how marketers can take advantage of this later in the paper.

### The best predictor of buzz was “traditional” media spending.

After initial examination of the scale of buzz, we then attempted to better understand the factors that are responsible for buzz. If we could isolate factors which drive buzz, we would then be in a better position to advise marketers when to prioritize viral marketing efforts to help optimize overall marketing planning and investment.

Our investigation encompassed numerous variables that could potentially explain why some products receive more buzz than others. For example, marketing plan information, product category type, and consumer scores from BASES studies were examined as potential buzz drivers.

Among the products we studied, advertising budget had the strongest relationship with the levels of buzz.



In-market distribution also exhibited a similar, though slightly weaker relationship to buzz. Together, these findings on media and distribution underscore that awareness generation is critical for building word of mouth. The number of consumers who can post content about a product on a blog or message board is confined to a subset of those consumers who are aware of that product.

Certainly, CGM can itself create awareness. However, viral marketing is best viewed as a complement to the marketer’s traditional awareness-generating tactics – an important component of a broader media plan. For most CPG products, the idea of going to market with a largely viral approach might be intriguing and heroic, but the reality appears that buzz goes hand-in-hand with broad consumer awareness. Only an exceptional CPG product would stand a chance of gaining broad awareness and buzz without a strong media commitment

**For CPG, buzz often is contingent upon “category familiarity,” “product distinction” and “solution importance”**  
**“Category Familiarity”**

While the marketing factors responsible for awareness had the strongest positive correlation with buzz, there is a significant relationship with factors that are central to the product itself, especially, how often it is purchased and its level of distinctiveness.

Considering consumer product-testing data from BASES alone, the relationship between any “pre-launch” consumer measures and in-market buzz was moderate at best. Claimed purchase frequency was the best predictor of buzz. This finding converges with the phenomenon that many of the top new CPG products for buzz included food products with fast purchase cycles. These fast cycle

items – including beverages, gum and snacks – have more opportunities for consumers to both try and engage regularly. Also, because consumers shop these categories frequently, new introductions have strong potential for building awareness at the store shelf early in the launch.

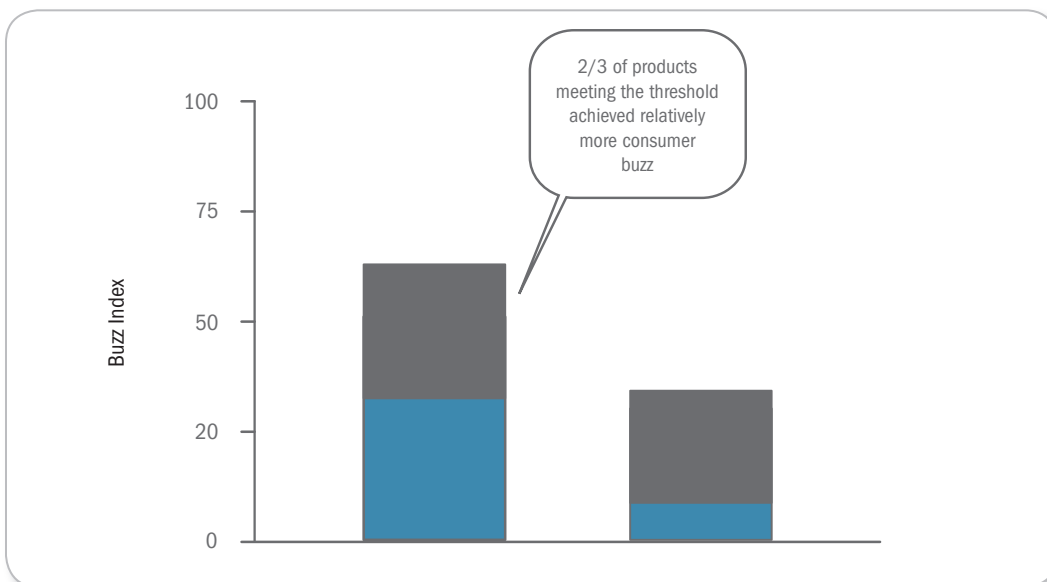
**“Product Distinction”**

The era of CGM provides the opportunity for everyday products to become more famous, and everyday products that are bought frequently benefit from familiarity.

From a BASES standpoint, did this mean that standalone frequency scores are the best indicator of buzz volume potential? Not entirely. It turns out that even though uniqueness scores do not have a particularly strong relationship with buzz, when uniqueness is combined with frequency, buzz can be better predicted than by just frequency scores alone. Capitalizing on this finding, BASES developed a metric called the “BASES Buzz Barometer” – or, BBB – which combines uniqueness and frequency scores to help predict which products have the greatest potential for buzz.

**The BBB is still in development and cannot yet be deployed universally.**

Ideally, the metric would identify the truly high buzz items (10+) with greater success. It may be that “unique” is related to other concepts that are ultimately stronger predictors of buzz, such as “interesting,” “engaging” or “exciting.” We intend to explore these relationships further. In the meantime, the BBB, especially when combined with other factors described in this paper, could prove useful in building a case for applying specific viral dimensions to overall media planning.



Interestingly, purchase intent, either at the concept or product level, had almost no relationship with buzz. The fact that no relationship exists for these measures underscores the point that generating buzz is a far more complicated issue than bringing an appealing idea or a highly satisfying product to the market. While these factors have been proven to be very important to the overall success equation for CPG, they do not, by themselves, drive buzz with consumers.

We also examined buzz levels for some well-known established CPG brands to see if there were major categorical differences. We found that many food and OTC brands in aggregate received higher buzz than household care, personal care, and pet food brands. Given the role of “familiarity” in buzz, we were not surprised by food products (which tend to be bought frequently) generating buzz.

But OTC medicines often have very low frequency of purchase. When we “normalized” the buzz levels by dividing buzz by unit sales (in an attempt to factor out “familiarity”), we saw OTC’s rise further in this ranking. This finding highlighted the importance of the solution itself in generating buzz. Medicines tend to solve problems, sometimes very important ones, for consumers; they are high-consideration products, and high-consideration categories tend to receive higher buzz. Even if an item is bought infrequently and isn’t especially unique, if it solves an important problem, and requires significant consideration, then it has a better chance of generating buzz.

		Buzz Index/Unit Sales
Tylenol	OTC	2.6
Benadryl	OTC	2.5
Sudafed	OTC	2.0
Oreo	FOOD	1.6
Herbal Essences	PC	1.1
Windex	HH	1.1
Slim-Fast	FOOD	0.9
Pringles	FOOD	0.6
Robitussin	OTC	0.6
Old Spice	PC	0.4
Neutrogena	PC	0.4
Ziploc	HH	0.3
Gatorade	FOOD	0.3
Scrubbing Bubbles	HH	0.2
Oral-B	PC	0.2
Spaghettios	FOOD	0.2
Kibbles n Bits	PET	0.2
Iams	PET	0.1
Whiskas	PET	0.1
Air Wick	HH	0.0

This finding is supported by earlier Nielsen BuzzMetrics research, which showed that health & medical issues were among the most common use of the Internet for

research among female consumers. Given the high amount of Internet search and discussion on this topic, it is logical that discussion about treatments for important medical problems (such as OTC medication) would be frequent.

(Of note, this study was completed prior to the recent pet food recall in the U.S. Had we engaged in this study after the recall, we would see extremely high levels of blog buzz related to pet foods. The pet food recall clearly demonstrates that products can become high-consideration under unusual circumstances).

## Buzz can drive sales and therefore improve sales forecasting

There is a high correlation between buzz and sales, but correlation does not necessarily imply causation. Therefore we experimented by trying to predict sales for

many of the products in our data from just marketing plan (media spend and % distribution) and BASES concept-



### \* Predicting sales via a regression, NOT by using the full BASES Model

test information via regression. We then repeated the experiment while also including BASES after-use data on product satisfaction, which unsurprisingly improved the model’s fit. (We know through extensive validation that BASES after-use data has a meaningful correlation on sales and longer-term success). Lastly, we included buzz data (# of monthly blog postings in year one) as well, and once again the fit was significantly improved. Even though both the aggregate data and the number of products that

achieved strong buzz levels within this experiment were limited, this pattern was encouraging. The two products that received the strongest buzz levels were originally being under-forecasted on the basis of their consumer

scores and marketing information alone; but the addition of buzz volume corrected this problem.

For this exercise, it is important to mention we did not employ the full BASES Model. BASES models contain many category-specific calibrations that would confound this sort of exercise and hamper comparability across cases. With more experience on high-buzz launches in CPG, it is likely that a more robust calibration exercise can be completed and formally built into the BASES Model.

### Framing Buzz for new CPG Products

Considering the findings of this analysis along with prior learnings, our hypothesis is that three primary factors explain how buzz for new CPG products is generated. These are outlined below.

The first factor, “category involvement,” relates to the findings around “familiarity” and “solution importance”. Some categories are woven into consumers’ lives more tightly, and will have greater opportunity for buzz simply because they are so well-known and part of life. While one could argue that things that are familiar cannot be that interesting, it seems to us that it is possible (if challenging) to make the familiar interesting, and that the buzz payoff of combining interest and ubiquity could be large. A brand like Altoids may serve as a good model of this sort of product.

For items that are bought and used less frequently, those that solve important problems stand a better chance of generating buzz. This describes the OTC phenomenon. Other products that solve acute consumer problems would also likely benefit from this factor.

The second factor, “brand investment,” relates to the awareness/media spending finding. But it is much more complex than just spending, and this factor is difficult to completely dissect. Clearly, awareness and consumer buzz are positively correlated for CPG. The good news for new CPG products is they are often in familiar categories and tend to benefit from strong marketing investment. But there are many high media spend CPG brands that achieve little or no buzz. From our analysis, we believe this can be explained by invoking our third factor.

### “Unique Solution”

“Unique solution” describes the news value that a new product brings. This element is an established driver of effective advertising overall, and is relevant to the CGM discussion as well. We hypothesize that this dimension ultimately goes beyond basic news to include constructs like “exciting,” “entertaining,” and “inherently interesting.” Consumers who create CGM want others to value the content of their messages. It follows that as a proposition has greater novelty, or is more interesting even to the point that it is exciting or entertaining, that the CGM wave should be larger and more powerful.

### Implications For Marketers

The findings from this research suggest that buzz is something CPG marketers should consider in developing new product communication plans, and that the role of buzz in generating new product sales merits further study. Given the rapid proliferation of CGM, even marketers who

work in traditionally low-buzz categories should pay attention to what consumers are saying.

<p><b>Category Involvement/ Familiarity ?</b></p> <p>‘how important is this category to me?’</p>	<ul style="list-style-type: none"> <li>• How often do I purchase/use these products?</li> <li>• If I didn’t have these products, would I miss them?</li> </ul>
<p><b>Brand Investment</b></p> <p>‘Do consumers have the opportunity to learn about the new product’</p>	<ul style="list-style-type: none"> <li>• How much is it advertised?</li> <li>• How memorable is its advertising? Is it entertaining?</li> <li>• Is the ad medium itself different or interesting?</li> <li>• Does it clearly communicate the brand proposition?</li> </ul>
<p><b>Unique Solution</b></p> <p>“does this specific proposition offer an distinct value”</p>	<ul style="list-style-type: none"> <li>• Is this product bringing anything new to the table?</li> <li>• Is the product interesting or exciting?</li> <li>• Will passing product info along say anything about me?</li> </ul>

Of course, not all CPG launches should expect high buzz and not all should seek it – new size containers for microwavable macaroni, or new scents of established window cleaners are valid propositions that may never generate a lot of buzz. The framework within this paper is a good reference for marketers to begin considering the relevance of buzz for their new products. For smart marketers who plan to proactively manage CGM, there are several key considerations:

- **It Starts With Good Ideas.**

Products that solve consumer problems in new and better ways have an advantage in the buzz-generation game. Good ideas are not just about the product. New brands that present themselves to consumers in unique ways that reinforce their value propositions also stand to reap the benefits of CGM. Examples include Red Bull's placement at trendy night clubs, and Cillit Bang!, a UK surface cleaner whose breakthrough "infomercial spoof" ad campaign transformed the mock host into a cult figure, and sent brand sales soaring. While a solid product or winning go-to-market strategy may be important contributors to CGM, neither alone is necessarily sufficient.

- **Push the envelope ... a little.**

This is a corollary to the first point. If it's relevant to your offering (and only if it's relevant), try to leverage the exciting, fun, stylish, or provocative aspects of your proposition in a way that reinforces its fundamental value. Axe is a great example of a brand that tapped into the higher-level benefits of body sprays in a humorous, risqué manner. This made the ads more memorable and the product more intriguing, which surely contributed to its relatively strong buzz levels.

- **Great Creative Matters.**

Great advertising has never been more important. Provocative pundits have speculated that traditional advertising is becoming irrelevant, and an entirely new set of rules is at work. While we agree that the game is changing, it appears the traditional approach of investing in awareness generation behind the right new initiatives is still important. For most new CPG products, great creative delivered via traditional media remains the primary carrier of great ideas ... buzzworthy ideas. This is how we believe the new media landscape can work to make such propositions even more efficient and more successful: it offers consumers the opportunity to join in spreading the word, and they are willing to do just that for deserving brands. We will continue to look for evidence to refine this hypothesis.

- **Leverage Early Momentum:**

Front-loading the communication plan is important as well, since the most buzzed-about new products accrue awareness and buzz right out of the gate. Seed "viral" marketing programs in conjunction with broad-based plans. An example of a product that did several of these programs early on and picked up a lot of buzz was Stride Sugarless Gum. Stride supplemented its traditional media campaign with a website that allowed consumers to extend the campaign message that "Stride gum lasts a ridiculously long time." Consumers were invited to share what they would like to do for "a ridiculously long time." Photographs of consumers engaged in various "ridiculous" activities were posted to the website, adding to the early buzz behind the new product.

## About the authors

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Kate is responsible for deriving strategic insight on consumers' attitudes, interests, and opinions from natural online language.

Kate came to Nielsen BuzzMetrics/New York from the social psychology doctoral program at the University of Texas at Austin. Her previous work investigated the linguistic correlates of personality and interpersonal perception. Her doctoral dissertation examined the assessment of personality based on everyday behaviors and language.

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He is currently responsible for managing BASES service portfolio. He holds a bachelor's degree in Economics and Chemistry from Indiana University.

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David has a dual role at The Nielsen Company, leading management-consulting engagements at key clients and integrating assets across Nielsen Company divisions to develop services that better meet marketplace needs.

David has 20 years of consumer-packaged-goods experience, much of it at client organizations. He has a broad experience base, which includes management positions in market research, product development, and consulting.

David has a degree in Mathematics from Franklin and Marshall College.

### Jonathon Gordon

Jonathan Gordon is a Manager of Research & Development at BASES. In that capacity he works on projects encompassing a variety of industries, including packaged goods, alcoholic beverages and entertainment. He came to The Nielsen Company from the University of Wisconsin-Madison, where he double-majored in marketing and finance. At BASES, he was a client consulting manager in the Oxford, UK office, before transferring to the R&D team in Parsippany, New Jersey.

## About The Nielsen Company

The Nielsen Company is a global information and media company with leading market positions and recognized brands in marketing information (ACNielsen), media information (Nielsen Media Research), online intelligence (NetRatings and BuzzMetrics), trade shows and business publications (Billboard, The Hollywood Reporter, Adweek). The privately held company is active in more than 100 countries, with headquarters in Haarlem, the Netherlands, and New York, USA. For more information, please visit, [www.nielsen.com](http://www.nielsen.com)

## About Nielsen BuzzMetrics

Nielsen BuzzMetrics, a service of the Nielsen Company, is the global standard in measuring consumer-generated media and word of mouth. Nielsen BuzzMetrics helps more than 100 leading global companies interpret and leverage the buzz surrounding them—clients like Canon, Comcast, General Motors, HBO, Kraft, Microsoft, Nokia, P&G, Target and Toyota, as well as the top 15 pharmaceutical concerns. Partners include the world's largest marketing-services firms, and innovative new-marketing agencies. The company has also collaborated with distinguished research organizations such as the Pew Internet and American Life Project. For more information, visit [www.nielsenbuzzmetrics.com](http://www.nielsenbuzzmetrics.com)

## About BASES

BASES, a service of the Nielsen Company, helps its clients achieve growth through successful new product innovation. BASES is known for analytical and forecasting expertise, its extensive database of experience (65,000+ new product initiatives studied), and global coordination and consistency. BASES has offices in 22 locations, partnering with most of the world's leading consumer goods companies and other select sectors. For more information, visit [www.bases.com](http://www.bases.com)

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