

WORD-OF-MOUTH MARKETING
FROM
A GLOBAL PERSPECTIVE

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List of Figures and Tables	V
Abstract (English)	VI
Abstract (Português).....	VII
Sumário Executivo	VIII
Executive Summary	X
1. Introduction.....	1
2. Literature Review	4
2.1 Word of Mouth Communication	4
2.1.1 Traditional Marketing vs Word-of-Mouth Marketing	4
2.1.2 Definition of Word of Mouth	6
2.1.3 Positive and Negative Word-of-Mouth.....	7
2.1.4 Characteristics of Word-of-Mouth	9
2.1.5 Scope and Significance of Word-of-Mouth	10
2.1.5.1. Pervasiveness of Word-of-Mouth.....	11
2.1.5.2. Persuasiveness of Word-of-Mouth	12
2.1.6 Conditions	13
2.2 Word of Mouth Marketing.....	14
2.2.1 Definition of Word-of-Mouth-Marketing	14
2.2.2 Types of Word-of-Mouth Communications.....	15
2.2.2.1. Buzz and Buzz Marketing.....	15
2.2.2.2. Viral Marketing	17
2.2.3 Objectives of Word-of-Mouth Marketing.....	17
2.2.4 Ethics of Word-of-Mouth Marketing.....	19
2.3 Word of Mouth Communication and Consumer Behaviour.....	20
2.3.1 Reference Groups	20
2.3.2 Factors That Affect Reference Group Influence	21
2.3.3 Flow of Information.....	22
2.3.4 Opinion Leaders.....	24
2.3.5 What Motivates Opinion Leaders.....	26
2.3.6 Diffusion and Adoption Process.....	26
2.3.7 Word of Mouth Influence on Consumer Pre/Post Purchase Decision.....	27
2.4 Analysis of Word of Mouth Campaigns	28
2.4.1 Selecting.....	29
2.4.2 Connecting.....	30

2.4.3 Spreading.....	31
2.4.4 Supporting	33
2.4.5 Measuring.....	34
2.4.5.1. Sales Volume.....	34
2.4.5.2. Conversational Reach	35
2.4.5.3. Net Promoter®	36
3. How Can Word of Mouth Add Value to the Companies: Cases from All Around the World.....	38
3.1 Case 1: Latte Lite®- Dunkin’ Donuts by BzzAgent- USA	38
3.1.1 The Network.....	38
3.1.2 The Bzz Campaign.....	38
3.1.3 Phase 1: Select.....	39
3.1.4 Phase 2: Connect.....	39
3.1.5 Phase 3: Spread.....	39
3.1.6 Phase 4: Support	41
3.1.7 Phase 5: Measure	41
3.1.8 Results.....	43
3.2 Case 2: Wrigley by trnd- Germany.....	44
3.2.1 The Network.....	44
3.2.2 The Campaign	44
3.2.3 Phase 1: Select.....	44
3.2.4 Phase 2: Connect.....	45
3.2.5 Phase 3: Spread.....	46
3.2.6 Phase 4: Support	46
3.2.7 Phase 5: Measure	46
3.2.8 Results.....	47
3.3 Case 3: Olay by FikriMühim - Turkey	48
3.3.1 The Network.....	48
3.3.2 The FikriMühim Campaign.....	48
3.3.3 Phase 1: Select.....	49
3.3.4 Phase 2: Connect.....	49
3.3.5 Phase 3: Spread.....	49
3.3.6 Phase 4: Support	50
3.3.7 Phase 5: Measure	51

3.3.8 Results:	52
3.4 Case 4: Genacol by HaveYouHeard- South Africa	52
3.4.1 The Network	52
3.4.2 The Campaign	52
3.4.3 Phase 1: Select	53
3.4.4 Phase 2: Connect	53
3.4.5 Phase 3: Spread	54
3.4.6 Phase 4: Support	54
3.4.7 Phase 5: Measure	55
3.4.8 Results	55
3.5 Case 5: Nivea For Men by Word of Mouth Company- Australia	56
3.5.1 The Network	56
3.5.2 The Campaign	56
3.5.3 Phase 1: Select	56
3.5.4 Phase 2: Connect	57
3.5.5 Phase 3: Spread	57
3.5.6 Phase 4: Support	57
3.5.7 Phase 5: Measure	57
3.5.8 Results	58
4. Limitations	59
5. SWOT Analysis	60
6. Conclusion	62
7. Bibliography	63

List of Figures and Tables

Figure 1: The Loyalty Ladder.....	10
Figure 2: Significance of Word-of-Mouth	13
Figure 3: Roadmap to Process of Creating Word-of-Mouth	18
Figure 4: Major Consumer Reference Groups.....	21
Figure 5: The One-way Process.....	22
Figure 6: The Two-Step Flow Model.....	23
Figure 7: Multi-Step Flow Model	24
Figure 8: A typical WOM Campaign Steps.....	29
Figure 9: The Spread of Word-of-Mouth	31
Figure 10: G1 Relay Rate 12.2	32
Figure 11: G1 Relay Rate 16.43	32
Figure 12: Calculating NPS.....	37
Figure 13: Test vs Control Markets	42
Figure 14: Influentials at a Glance	45
Figure 15: FikriMühim Report Progress Chart.....	50
Figure 16: First Generation (G1) Participants	51
Table 1: Key Differences between new and old consumers.....	1
Table 2: Total Number of Participants and Reports Submitted.....	40
Table 3: Sales from Other Markets	42

Abstract (English)

Demand for word-of-mouth marketing is in increase. With the emergence of new consumer, traditional marketing can no longer influence the consumer purchase decisions. This creates a gap between the new role of the consumer and the existing marketing strategies. In an increasingly competitive marketplace and abundance of choice, customers no longer trust the messages they are sent by traditional marketing channels. As a result, word-of-mouth marketing gained importance. Based on recommendations between two or more consumers related to a product or service, word-of-mouth is regarded as the most credible source of information and the most powerful tool to influence consumer purchase decision. Today, more and more companies have begun to include word-of-mouth in their marketing mix. For the majority, word-of-mouth is known but not yet fully understood.

The purpose of this thesis is to provide an in-dept analysis of word-of-mouth, deciphering its components and its impact on consumer decision, and demonstrate how involving consumers in marketing campaigns can add value to companies with examples from all around the world, namely the United States, Germany, Turkey, South Africa and Australia.

Subject Descriptors:

Marketing and Advertising: General M30, Marketing: M31

Key Words:

Word-of-mouth Word-of-mouth Marketing WOM
Word-of-mouth Campaigns Opinion Leaders

Abstract (Português)

A procura do marketing boca-a-boca está a aumentar. Com a emergência do novo consumidor, o marketing tradicional não pode continuar a influenciar as decisões de compra do consumidor. Tal cria uma divisão entre o novo papel do consumidor e as estratégias de marketing actuais. Num mercado cada vez mais competitivo e com escolhas abundantes, os consumidores deixaram de confiar nas mensagens que lhes são enviadas pelos canais de marketing tradicionais. Como resultado, o marketing boca-a-boca tem ganho importância. Baseado nas recomendações, entre dois ou mais consumidores, relativamente a um produto ou serviço, o marketing boca-a-boca é reconhecido como a fonte mais credível de informação e a ferramenta mais poderosa para influenciar as decisões de compra do consumidor. Actualmente, cada vez mais empresas decidiram incluir o marketing boca-a-boca no seu marketing mix. Contudo, a maioria, conhece o marketing boca-a-boca mas não o compreende na sua totalidade.

O objectivo desta tese é fornecer uma análise detalhada do marketing boca-a-boca, estudando os seus componentes e o seu impacto nas decisões de compra do consumidor e analisando como o envolvimento dos consumidores nas campanhas de marketing pode adicionar valor às empresas, com exemplos de todo o mundo, incluindo Estados Unidos, Alemanha, Turquia, África do Sul e Austrália.

Sistema de classificação JEL:

Marketing e Publicidade: Geral M30, Marketing: M31

Palavras Chave:

Boca-a-boca Passa-a-palavra Marketing Marketing Boca-a-boca
Líderes de Opinião Campanhas Boca-a-boca

Sumário Executivo

O Marketing está a sofrer profundas alterações. Mudanças no mercado afectaram dramaticamente o comportamento de compra do consumidor. Bem informado, muito envolvido, com um maior poder de compra, a emergência de um novo consumidor desafiou o conceito de marketing tradicional e comprovou que os canais de marketing tradicionais como a televisão, jornais e *direct mail* já não são efectivos a influenciar o comportamento do consumidor. Actualmente, num mercado de abundância de escolha, os consumidores confiam mais nas opiniões de outros consumidores dentro da sua rede social, às milhares de mensagens comerciais com que são bombardeados diariamente. Adicionalmente, o novo consumidor recusa-se a receber ordens; não apenas compra o produto mas também ajuda a vendê-lo, falando sobre o mesmo na sua rede social. Como resultado destas alterações no mercado e derivado dos elevados custos e reduzido retorno do investimento do marketing tradicional, presentemente muitas empresas decidiram integrar no seu marketing mix o marketing boca-a-boca.

Contudo, apesar do reconhecimento na literatura de marketing e comunicação, existe ainda muita confusão relativamente à definição e abrangência do marketing boca-a-boca. Este tipo de marketing foi frequentemente confundido com outros tipos de marketing como o marketing Buzz e o marketing Viral, sendo a sua importância subestimada. Embora existam semelhanças com outros tipos de marketing pouco convencionais, o marketing boca-a-boca é um conceito único que permite que dez por cento da sociedade influencie a maioria das decisões de compra. Adicionalmente, este poder pode ser altamente eficaz em diferentes indústrias e culturas, devido ao facto que o seu poder é derivado da sua credibilidade.

Estudos de caso de diferentes partes do mundo, como os Estados Unidos, Alemanha, Turquia, África do Sul e Austrália são consistentes com diversos estudos realizados sobre este tema. Os resultados demonstram que na Nova Economia, o boca-a-boca é considerado a fonte mais credível de informação e a ferramenta mais poderosa para influenciar a decisão de compra do consumidor. Quando os consumidores estão bem informados e é lhes dada em primeira mão a possibilidade de experimentar um produto, os consumidores irão muito provavelmente divulgar de uma forma voluntária, uma mensagem boca-a-boca positiva através da sua rede social e contribuir para aumentar o conhecimento do produto e consequentemente aumentar as vendas. Existem

diversas razões para isto. Para começar, sendo diferente do marketing tradicional, o marketing boca-a-boca permite que os consumidores partilhem as suas opiniões, independentemente das mensagens comerciais e de manipulações. Isto aumenta a credibilidade da fonte de informação. Em segundo lugar, o boca-a-boca é interactivo e bidireccional, permite um fluxo personalizado de informação desde o líder de opinião até ao consumidor que busca a informação. Tal resulta num rápido espalhar do boca-a-boca através de várias gerações. Finalmente, o boca-a-boca oferece ao receptor uma oportunidade única de oferecer *feedback*, permitindo ao produto desenvolver-se e à empresa obter informação significativa sobre o comportamento do consumidor, criando uma ligação mais forte entre a marca e o consumidor.

Concluindo, apesar de a maior parte das campanhas boca-a-boca terem sendo aleatórias e conduzidas de uma forma errada, quando uma campanha de boca-a-boca é planeada de uma forma diligente com o objectivo de atingir os líderes de opinião e de assegurar a participação do consumidor no marketing, o boca-a-boca pode conduzir ao sucesso de uma marca. Contudo, nem todo o boca-a-boca é positivo. Quando o boca-a-boca é negativo pode também conduzir ao fracasso da marca. Logo, na Nova Economia, que coloca o consumidor no centro das estratégias de marketing, o sucesso ou fracasso de uma marca está agora nas mãos do novo consumidor.

Executive Summary

Marketing is no longer what it was once used to be. Changes in the marketplace altered consumer purchase behaviour dramatically. Well-informed, highly involved, and affluent, the emergence of the new consumer challenged traditional marketing concepts and proved evidence that traditional marketing channels such as television, newspaper and direct mail are no longer effective to influence consumer behaviour. At the present, in a marketplace with abundance of choice, consumers prefer their peers' opinions rather than thousands of commercial messages they are directed at every day. Moreover, the new consumers simply refuse to be sold so; they do not solely purchase a product but also help selling it by talking about it in their social network. As a result of these changes in the marketplace and high costs and little return on investment attached to traditional marketing, today more and more companies have begun to integrate word-of-mouth in their marketing mix.

However, despite its recognition in marketing and communication literature, there is still confusion with regard to its definition and scope. It has been often confused with other types of marketing such as Buzz and Viral marketing and its significance is underestimated. Although there are similarities with other unconventional types of marketing, word-of-mouth is the unique marketing concept that allows the 10 percent of society to help influence the majority of all purchasing decisions. Furthermore, this power can be highly effective in different industries and geographical borders owing to fact that its power stems from its credibility.

Case studies from different parts of the world, namely the United States, Germany, Turkey, South Africa and Australia are consistent with the several studies conducted on this issue. The results demonstrate that in the New Economy, word-of-mouth is considered as the most credible source of information and the most powerful tool to influence consumer purchase decision. When consumers are well informed and given a first-hand experience to trial a product, they will be very likely to spread positive word-of-mouth message within their social network voluntarily and will contribute to increase product awareness, and consequently drive sales for the companies. There are several reasons for this. To begin with, different from traditional marketing, word-of-mouth marketing permits the consumers to share their opinions, independent of messaging and manipulation. This enhances the credibility of the source

of information. Secondly, word-of-mouth is interactive and bi-directional; it permits tailored flow of information from opinion leader to information seeker. This results in quick spread of word-of-mouth through several generations. Lastly, word-of-mouth gives the receiver a unique opportunity to provide a feedback, allowing product development and significant data on consumer behaviour, thus, creating a connection between the brand and the consumer.

Finally, although most of word-of-mouth campaigns have been random and errantly conducted, when a word-of-mouth campaign is planned diligently with the objective of reaching opinion leaders and assuring consumer participation in marketing, word-of-mouth generation can lead to success of a brand. However, not all word-of-mouth is positive. When word-of-mouth is negative, it can as well lead to failure of a brand. Thus, in the New Economy, placing the consumer at the center of marketing strategies, success or failure of a brand is now in the hands of the new consumer.

1. Introduction

Over the past years, the marketing environment has been facing significant changes. Every feature of the New Economy, from globalization to digitization, from new retailing techniques to internet shopping, from fierce competition to market saturation has dramatically altered not only *how* consumers buy but also *what* they buy and *why* (Lewis and Bridger, 2003). In a highly competitive marketing environment, the consumers are given plenty of choices. As a result of these changes in the development of the New Economy and marketplace, a new kind of consumer emerged. With its financial power and easy access to information through information technologies, this new kind of consumer has begun to dominate and influence the market and the marketing strategies.

As Lewis and Bridger (2003) point out there have been considerable differences between old consumer and new consumers (Table 1). While old consumers were often influenced by the mass-market communications such as television, newspaper and direct mail, new consumers have started to question the credibility and trustworthiness of this source of information. In fact, information is what drives the new consumer. New consumers search, compare, study and more importantly ask others their opinions. This makes the new consumers highly involved, independent and well informed compared to old consumers.

Old Consumers	New Consumers
Seek convenience	Seek authenticity
Synchronised	Individual
Less often involved	Involved
Conformist	Independent
Less well informed	Well-informed

Table 1: Key Differences between new and old consumers

[Lewis and Bridger, 2003, p.19]

The availability and the excess of information, not only increased new consumer's involvement, but also changed the existing marketing strategies. Today, consumers receive more than three thousand messages per day through traditional marketing channels (Shenk, 1997). As a result, new consumers began not to believe in the messages they are directed at every day by the companies, but prefer opinions from their family members, friends and peers, i.e their social network, which they consider trustable and that has no commercial purpose. In fact, new consumers simply refuse to be sold so, they no longer merely purchase a product or service but they sell it by talking about it (Thorne, 2008) in their social network. This provided the new consumers power that they had much more than before. With this new powerful consumer profile at hand, more educated, affluent and very well informed, the new consumers prove traditional mass-market communications strategies ineffective (Shaw, 1997) and no longer sufficient.

At the centre of these changes in marketing environment, word-of-mouth has emerged as a significant factor and been one of the mostly debated topics in marketing literature. While several studies proved evidence to its high impact on consumer behaviour, marketers agree upon its power to change the future of marketing communication. Having realized its influence on consumer behaviour, more and more companies give up from traditional marketing strategies and opt for including word-of-mouth in their marketing mix or launching word-of-mouth campaigns. However, there is still a gap in understanding word-of mouth marketing owing to the fact that most attempts to implement it is still based mostly on intuition or error procedures (Oetting and Jacob, 2007). Furthermore, although there has been several researches conducted on word-of-mouth, there is still confusion with its definition.

The purpose of this thesis, then, is to conduct an in-depth analysis of word-of-mouth and by doing so bring a better understanding to how involving consumers in marketing campaigns can add value to companies. The main topics of this work will be deciphering word-of-mouth and its components, its impact on consumer behaviour and demonstrating how word-of-mouth can help companies increase their return on investment in the most effective and credible way in today's competitive markets. Furthermore, a particular attention will be given to the underlying factors that turn word-of-mouth so persuasive and pervasive.

The thesis is organised in two related parts. The first part will provide a general research of word-of-mouth through extensive qualitative research on the topic. The goal here is to provide a comprehensive analysis of word-of-mouth and its influence on consumer behaviour through the definition of some important factors that contribute to it on the basis of theory in the existing literature. Moreover, a word-of-mouth campaign model which is found to be typical on the basis of investigation of several case studies and theory will be defined to be used in the analysis of case studies in the second part.

The second half of the thesis addresses the word-of-mouth practices inside companies and their importance for dealing with the competition in the nowadays market and how they achieve a return on investment will be analysed through five case studies from different parts of the world including the Unites States, Germany, Turkey, South Africa and Australia. Analysis of these case studies will be correlated with and based on the results found in the first part of the investigation in order to understand the importance of word-of-mouth for return on investment. In this part, a combination of qualitative and quantitative research method consisting of applying Carl *et al.* (2007)'s formula to calculate campaign reach based on the figures obtained from the Companies will be adopted.

2. Literature Review

2.1 Word of Mouth Communication

2.1.1 Traditional Marketing vs Word-of-Mouth Marketing

As new consumers are much more involved and well-informed, much of the controversy has been evolved around traditional marketing strategies' ability to influence consumer behaviour and purchase decision. A study on advertising effectiveness by Deutsche Bank in the US consumer packaged good sector found that only 18 percent of television advertising campaigns generates a positive return on annual investment, while the *Harvard Business Review* reports that for every dollar invested into traditional advertising for consumer packaged goods, the short-term return on investment is merely 54 cents (Quoted in Marsden and Kirby, 2007). Being constantly targeted by traditional marketing channels and not finding them credible, new consumers have begun seeking credible sources of information which is not connected to companies and through which they can be informed and inform other consumers.

The shift in traditional role of the consumer questioned the traditional marketing strategies' effectiveness and proved evidence that traditional marketing is ineffective and obsolete. As a result, other types of marketing, especially word-of-mouth marketing, re-emerge as an important factor in consumer communications. Today, according to several studies worldwide, word-of-mouth is regarded as the most powerful tool to influence consumer behaviour. For instance, according to Nielsen Global Report on Trust in Advertising (October 2007), 78 percent of consumers trust recommendations from other consumers other than the messages conveyed through mass-market communications.¹ Similarly, management consultants McKinsey & Co. estimate that two-thirds of US economy is driven by recommendation from others (Quoted by Dye, 2000). Consequently, the marketers have begun to understand that traditional marketing strategies do not respond to the needs of changing marketplace and the new role of consumer.

¹ Nielsen, Trust in Advertising, October 2007
<http://asiapacific.acnielsen.com/site/documents/TrustinAdvertisingOct07.pdf> Viewed 22/08/2009

Today, owing to decreasing returns and increasing costs associated with traditional marketing campaigns, marketers have increasingly turned towards word-of-mouth marketing by enlisting consumers to talk about brands, products, and services within their social networks (Carl, 2007). Rather than directing numberless commercial messages at the consumers, the marketers began to place the consumers at the centre of marketing strategies and empower them. Some of the industry leaders have abandoned mainstream media, such as television (Elliott, 2005) and preferred word-of-mouth to influence their target audience's purchase decision in the most effective way.

There are several factors that distinguish word-of-mouth marketing from traditional marketing strategies. The first one is the fact that word-of-mouth marketing is about interpersonal communication and this allows consumers to connect in a natural way. While only 14 percent of people trust advertising information (Ries and Ries, 2002), several other researchers such as Katz and Lazarsfeld (1955), Buttle (1998) and Rusticus (2007) found that informal information, such as word-of-mouth, is a more significant source of information compared to mass media such as print or television advertising. This makes word-of-mouth marketing more persuasive and credible source of information compared to traditional marketing channels.

Secondly, the fact that information is received from someone in consumers' social network such as a family member, friend or a peer makes the information objective, away from manipulation and commercial purposes. That is why word-of-mouth is much more persuasive and powerful tool of marketing particularly in comparison with traditional marketing communication channels such as advertising (Katz and Lazarsfeld, 1955).

Lastly, in today's information age, consumers are bombarded with messages every day and this leads them not only to avoid buying products from companies who they think advertise too much but also make them be interested in technology or devices that would enable them to skip or block advertising. In fact, 56 percent of consumers avoid buying products from companies who they think advertise too much and 69 percent of consumers are interested in technology or devices that would enable them to skip or block advertising (Quoted in Marsden and Kirby, 2007). Owing to the fact that the information exchange being based on both opinion leader's and receiver's interest in a brand, product or service distinguishes word-of-mouth marketing from traditional marketing strategies distinctly.

2.1.2 Definition of Word of Mouth

Word-of-mouth is often considered one of the oldest and most powerful forms of marketing. It is said that word-of-mouth has always existed since a human first pointed to a cave painting to share the location of a good hunting ground with his family (O’Leary and Sheehan, 2008), yet its meaning still remains unclear. It has often been used as a synonym to other unconventional types of marketing such as buzz and viral marketing. However, there are essential differences which derive word-of-mouth from the rest.

According to *Oxford English Dictionary*, a well-respected authority on the evolution of the English language etymology, the first written occurrence of ‘word of mouth’ dates back to 1533. In the dictionary, ‘word of mouth’ is defined as ‘oral communication,’ ‘oral publicity’ and ‘speaking’ (*Oxford English Dictionary*, 1998 quoted by Nyilasy, 2007). Following the first occurrence of word-of-mouth, later on, in marketing and communication literature the term has obtained a more limited meaning and refers to the act of consumers giving information to other consumers about products or services.

Despite the fact that personal communication about products was known in early twentieth century, word-of-mouth only became a scientific term after the rise of positivist communication research in the US following World War II (Nyilasy, 2007). This research suggested the following definition for word-of-mouth: “Oral, person-to-person communication between a perceived non-commercial communicator and a receiver concerning a brand, product or a service” (Arndt, 1967).

Subsequent investigations on word-of-mouth have defined word-of-mouth as “conversation about a product” (Cox, 1967), “hearing about a product or service from friends” (Traylor and Mathias, 1983), “interpersonal information exchange about a product, service or retailer” (Higie *et al.*, 1987), “interpersonal communications in which none of participants are marketing sources” (Bone, 1995) and “the act of telling at least one friend, acquaintance or family member about a satisfactory or unsatisfactory product experience” (Halstead, 2002).

These early definitions are consistent with recent definitions in marketing and communication literature. The term word-of-mouth is most commonly recognised for its interpersonal communication occurring in a situational environment (Storey, 2008) and it describes verbal communications between groups such as the product provider,

independent experts, family and friends and the actual or potential consumer (Helm and Schlei, 1998). Emanuel Rosen (2000), the author of *Anatomy of Buzz*, believes that word-of-mouth can be considered oral communication about products and services with friends, family and colleagues. O'Leary and Sheehan (2008) define it as the process of information exchange, especially recommendations about products or services, between two people in an informal way. To make it clear, The Word of Mouth Marketing Association (WOMMA) has defined word-of-mouth as "the act of a consumer creating and/or distributing marketing-relevant information to another consumer."²

Furthermore, word-of-mouth has been used as a synonym to advertising, which is incorrect, since advertising by definition is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor (Kotler, 1994). Word-of-mouth, on the other hand, is not. It occurs naturally and consumers are not paid under any circumstances. Stern (1994) believed that word-of-mouth differs from advertising distinctively in its lack of boundaries. She further defends that word-of-mouth involves the exchange of oral messages spontaneously occurring in real life and in a word-of-mouth conversation consumers are not assumed to create and revise pre-written conversational exchanges about a product or service.

Although there have been various definitions of word-of-mouth and it has been often confused with other types of marketing and advertising, based on the abovementioned definitions it can be concluded that word-of-mouth is C-to-C marketing that results from individuals sharing information with other individuals about a product or a service in an offline environment spontaneously.

2.1.3 Positive and Negative Word-of-Mouth

While a consumer's experience with a product or a service can be either positive or negative, limited research has been conducted on its effects in the marketing literature.

Once the product is purchased, the consumer will develop feelings of satisfaction or dissatisfaction according to their pre-purchase expectations. Expectations are based on prior experience with the product, word-of-mouth endorsements/criticism and/or marketing efforts of companies (Solomon, 2004). When the product or service

² WOMMA, Terminology Framework <http://womma.org/terminology/terminology.pdf> Viewed 22/08/2009

performs according to consumer's expectations, consumer will adopt favourable attitudes toward the brand. The outcome of this positive experience may lead to positive word-of-mouth and in many cases brand loyalty and advocacy. Positive word-of-mouth, thus, is product-related information transmitted by satisfied consumers to others (Nyilasy, 2007).

However, when the product or service does not match consumer's expectation, the result of this experience will be dissatisfaction. Feeling highly disappointed, in psychological context, the consumer will take actions to reduce his/her discomfort. There are several ways through which a consumer can express their dissatisfaction. They can directly complain to the company (1) (Voice response) or take legal action against the company or write a letter about their complaint to a newspaper (2) (Third-party response) or express the dissatisfaction in an implicit way such as boycotting product/service by switching the brand (3) (Private response) (Solomon *et al.*, 2006).

One common strategy for customers who experience discomfort from cognitive dissonance is to seek word-of-mouth from sources which can reduce the discomfort (Buttle, 1998). Talking about their dissatisfaction with their family and friends, in other words negative word-of-mouth, is much more effective than talking positively about product. According to a study by the White House Office of Consumer Affairs, 90 percent of dissatisfied consumers will not do business with a company again and each of these unsatisfied consumers are very likely to share their negative experience with at least nine other people and 13 percent of these customer will go on tell more than 30 people (Solomon *et al.*, 2006).

Even though it has been argued that consumers with bad experiences tell more people than those with good experiences (Hart *et al.*, 1990), equally there are some arguments to suggest that positive events produce stronger response (Holmes and Lett, 1977).

What becomes clear is that negative word-of-mouth can influence consumer's attitude toward a brand and reduce credibility of a company. However, it can as well be an opportunity for companies to turn it into positive word-of-mouth. This can be achieved through listening to the consumer's complaint and providing an adequate solution. In either case, positive or negative word-of-mouth communication can surely influence a brand's performance depending on the company's response positively or negatively.

2.1.4 Characteristics of Word-of-Mouth

According to Buttle (1998), word-of-mouth can be characterised by valence, focus, timing, solicitation, and intervention.

Valence. Word-of-mouth does not have to be positive to be good and this is not the same as “all PR is good PR” (Balter, 2008). As discussed earlier, word-of-mouth can influence consumers’ decisions either positively or negatively. While a consumer is more likely to pay attention to negative than to positive information (Mizerski, 1982) and nothing spreads more quickly than negative word-of-mouth (Thorne, 2008), a study by Heath (1996), however, demonstrates that people do not display a simple preference for bad news. Instead, they pass over information that suits the emotional valence of the conversation topic.

According to File *et al.* (1994), valence and volume of post-purchase word-of-mouth can be influenced by management policy. Richins (1983) found that consumers’ tendency to go negative is started by their perception of how the company responds to the complaint. Additionally, Jeffrey G. Blodgett of the University of Mississippi and his colleagues found that consumers’ tendency to engage in negative word-of-mouth is largely dependent on their perception of the complaint process (Balter, 2008). In other words, negative word-of-mouth can cause damage, yet if managed correctly, it can also be a powerful way to spin word of mouth in the right direction (Thorne, 2008) and win back a customer who may also make positive reports to others (Richins, 1983).

Focus. Majority of literature considers word-of-mouth solely limited to consumers. However, word-of-mouth also involves building and maintaining relationships in a variety of domains: consumers (which may be end users or intermediaries), suppliers, employees, influentials, recruitment and referral markets (Christopher *et al.*, 1991 quoted by Buttle, 1998). For instance, word-of-mouth is also an important source of information in the recruitment market (Buttle, 1998). In the literature, however, word-of-mouth is commonly referred to satisfied consumer experience. Gremler and Brown (1996) propose that customers who provide other consumers with positive word-of-mouth, about a service or service provider, are more likely to become loyal customers themselves.

The assumption is that positive word-of-mouth draws customers on the loyalty ladder (Figure 1), thereby converting a prospect into a customer (Christopher *et al.*, 1991 quoted in Buttle, 1998). That is, by embracing word of mouth marketers will

increase their customer community and will reinforce customer loyalty (O'Leary and Sheehan, 2008).



Figure 1: The Loyalty Ladder

[Adapted from: Buttle, 1998, p. 244]

Timing. Word-of-mouth may occur at different phases of decision of making. When word-of-mouth operates as pre-purchase information, this is called input word-of-mouth and when word-of-mouth occurs after purchase, this is conceptualized as output word-of-mouth (Buttle, 1998).

Solicitation. 50 percent of word-of-mouth communications are initiated by disseminator and 50 percent is solicited by the receiver.^[3] Indeed, word-of-mouth may be offered with or without solicitation; it may or may not be sought and in the case of an authoritative information, however, the receiver might seek the input of an opinion leader or influential (Buttle, 1998).

Intervention. The proven scientific fact that word of mouth drives growth, companies look for the ways to stimulate high levels of positive word-of-mouth in their markets to grow fast (Kirby and Marsden, 2007). It is, therefore, the companies target opinion leaders who represent the 10 percent of society and help influence the majority of all purchasing decisions (Kirby, 2007). Getting people talk often, favourably, to the right people in the right way about the product is far and most important thing marketers can do (Silverman, 2001).

2.1.5 Scope and Significance of Word-of-Mouth

Considered by researchers as probably the most powerful force shaping consumer behaviour (Whyte, 1954), there is no doubt that word of mouth is increasing in importance every day. A study by Lang (2000) identified eleven factors that

³ WOMMA <http://www.womma.org/> Viewed 08/03/2009

contribute the significance of word-of-mouth. Broadly, he divided these factors under pervasiveness and persuasiveness headings.

2.1.5.1. Pervasiveness of Word-of-Mouth

To begin with, even though individualist and collectivist cultures may participate in word-of-mouth to a different extent (Watkins and Liu, 1996), word-of-mouth is regarded as a global phenomenon by several researchers (Money, 2000; Takada and Jain, 1991; Watkins and Liu, 1996). The number of increasing word-of-mouth agencies across the globe such as BzzAgent (US, UK and Canada), AML (Korea), Buzzador (Scandinavia), trnd (Germany), Have You Heard (South Africa), FikriMühim (Turkey), Word of Mouth Company (Australia) and JaM (Japan) demonstrates that the power of word-of-mouth market overcomes the geographical borders.

Secondly, word-of-mouth operates regardless of the industry (Lang, 2000). Based on the information available from above mentioned companies, their word-of-mouth campaigns included from basic goods to complex goods and had given successful results regardless of the industry the products were belonged to.

Thirdly, management consultants McKinsey & Co. (November/December 2000) estimate that two-thirds of the US economy is influenced by word-of-mouth. Another research suggests that 80 percent of consumers engage in word-of-mouth (Bone, 1992). These studies shows that s a great number of the consumers either pass along the word or transmit their experience or knowledge about a product or service to others.

Fourthly, in an earlier study, Katz and Lazarsfeld (1955) found that personal influence was seven times more effective than magazine or newspaper advertising in the purchase of household goods and food products. Interestingly a recent study found out that people value word-of-mouth today 50 percent more than they did in 1970s (Rusticus, 2007). Importantly, many consumers today rely on word-of-mouth.

Fifthly, the word of mouth has exponential diffuse effect; if one person was to recommend a product to just two people who each then recommend it to just two others then a small recommendation chain of 30 links could reach every single person in populations of US and the EU (Rusticus, 2007). This demonstrates that word-of-mouth spreads quickly (Lang, 2000).

Sixthly, word-of-mouth is re-transmitted (Bristor, 1990). The word-of-mouth activities allow the message to spread quickly as it is transmitted from one person to another and can be as well transmitted from another person to others.

Lastly, transmission from one person to another and from another person to other makes the message spread through several word-of-mouth generations. And when doing so, the opinion leader may transmit the message to more than one person. Although there have been some studies to measure average word-of-mouth relay rate, this number varies from campaign to campaign. Based on the Swedish and US national customer satisfaction barometers, it was found that those who engaged in word-of-mouth, talked to an average of 9.5 people (Sweden) and 7.9 people (US) (Anderson, 1998).

2.1.5.2. Persuasiveness of Word-of-Mouth

There have been conducted several studies on the persuasiveness of word-of-mouth. First of all, most of the literature agrees on the fact that persuasiveness of word-of-mouth stems from its credibility (Lang, 2000). While only 14 percent of people believe what they see, read, or hear in advertisements, 90 percent believe endorsements from their friends and acquaintances (Rusticus, 2007). It is, therefore, word-of-mouth is considered as the most credible, trustable and reliable (Arndt, 1967) form of marketing because it allows the consumers to share their opinions, independent of messaging and manipulation (Thorne, 2008).

Secondly, the word-of-mouth channel is immediately bi-directional and interactive which allows for a 'tailored' flow of information to the information seeker (Gilly *et al.*, 1998). Importantly, this enhances the credibility of the source of information and results as quick spread of word-of-mouth message through different generations.

Thirdly, word-of-mouth provides the receiver ability to give a feedback (Arndt, 1967). And lastly, research has identified that more accessible and diagnostic information has a greater impact on consumers (Feldman and Lynch, 1988, quoted in Lang, 2000).

All these mentioned factors contribute the persuasiveness of word-of-mouth, making the consumer recommendations more credible and trustworthy than commercial sources of information (Day, 1971).

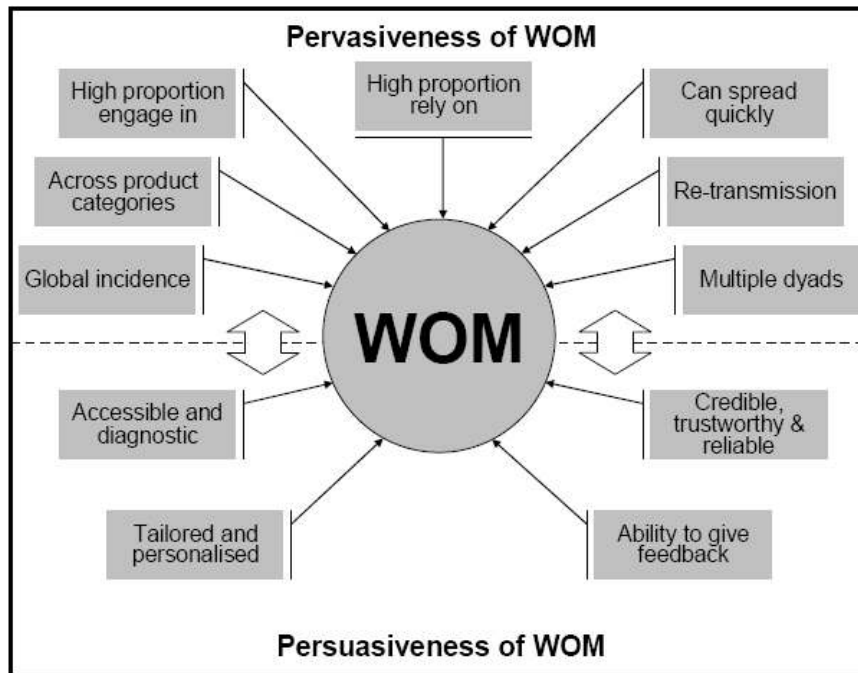


Figure 2: Significance of Word-of-Mouth

[Lang, 2000, p.4]

2.1.6 Conditions

Although word-of-mouth is an important factor to influence the consumer decision-making, it is not the dominant factor in every situation. Word-of-mouth is more important input to decision process when purchasing services, rather than goods (Buttle, 1998). Similarly, Murray (1991) found out that service consumers prefer to seek information from family, friends and peers rather than sponsored promotional sources.

A study by Herr *et al.* (1991) shows that word-of-mouth is not as important in the evaluation of a car if the consumer already has a strong impression of the product and/or negative information regarding the product is available. Ahluwalia (2002) points out that consumers may ignore negative information on brands that they know well and may focus instead on information consistent with their beliefs. Thus, if the consumer has already an impression about the product, the consumer will continue his/her ideas about the product and word-of-mouth will not effect purchase decision.

Furthermore, consumers who are involved with a product are more likely to communicate about it and influence others, especially if they are involved on an ongoing basis (enduring involvement) (Assael, 1992). And when a purchase decision is

associated with perceived risk, consumers try to cope with uncertainty by seeking information from an experienced source (Bansal and Voyer, 2000).

In conclusion, the effectiveness of word-of-mouth depends on several conditions. These conditions can be categorized as interpersonal and situational factors and both occur when the consumer is in need of information or assurance-especially if the purchase decision involves high risk.

2.2 Word of Mouth Marketing

2.2.1 Definition of Word-of-Mouth-Marketing

Word-of-mouth marketing takes word-of-mouth one step further. Word-of-mouth marketing is not only about creating word-of-mouth, but it also involves learning how to make word-of-mouth fit a marketing objective (Thorne, 2008). Marsden (2007) defines it as the promotion of a company or its products and services through an initiative conceived and designed to get people talking positively about a company, product or service. Andy Sernovitz (2009), however, prefers to put it in a simpler way and describes it as “CtoC Marketing.” In order to prevent confusion, WOMMA defines it as an effort by an organization to affect how consumers create and/or distribute marketing-relevant information to other consumers.⁴

Based on these definitions, word-of-mouth marketing can be defined as giving consumers a reason to talk positively about a product or a service with other consumers.

As it can be see above, although word-of-mouth marketing can be defined in several different ways, all the definitions share three common essential parts. To begin with, word-of-mouth marketing occurs between two (or more) people, in other words word of mouth marketing is interpersonal. This element sets word-of-mouth marketing apart from mass communication, such as advertising, and other impersonal channels available for consumers (Nyilasy, 2007). Secondly, the message conveyed is about commercial entities, products, product categories, brands and marketers (Dichter, 1966). This classifies word-of-mouth as a technical term about marketing. Thirdly, the communicators are not “commercially motivated” (Nyilasy, 2007). In other words, they

⁴ WOMMA, Terminology Framework <http://womma.org/terminology/terminology.pdf> Viewed 22/08/2009

do not convey the message due to some special benefits, but merely their sincere and honest interest in product or service.

All these characteristics distinguish word-of-mouth marketing from other types of marketing communications and places it in a unique place based on honesty and transparency.

2.2.2 Types of Word-of-Mouth Communications

Although there has been a consensus in marketing literature on what word-of-mouth marketing is, there has been some confusion with regard to differences among other types of word of mouth marketing. Due to some essential similarities, that they all help make the products they promote *remarkable* (Kirby and Marsden, 2007), word-of-mouth marketing has often been confused with Viral and Buzz marketing.

So as the similarities, there are major differences which set word-of-mouth apart from the rest. This section aims to provide a clearer picture of word-of-mouth marketing while describing and exemplifying other types of word-of-mouth marketing and thus aiming to draw a clear distinction among them.

2.2.2.1. Buzz and Buzz Marketing

Buzz marketing is another marketing technique that has been used to generate word-of-mouth. *Newsweek* magazine defined buzz as “infectious chatter; genuine, street-level excitement about a hot person, place or thing and interpreted buzz marketing associated with fads or trends that are popular for a brief period (Quoted by O’Leary and Sheehan, 2008). In the literature, it is defined as the promotion of a company or its products and services through initiatives conceived and designed to get people *and the media* talking positively about the company, product or service (Kirby and Marsden, 2007). Different from word-of-mouth marketing, the objective of Buzz Marketers perform buzz marketing through an attention-calling, unusual event, or promotion.

A good example for buzz marketing is Oprah’s great Pontiac giveaway in 2004. The event involved in giving new Pontiac G6 cars to each member of a live audience of the popular US Oprah Winfrey television show. This buzz marketing created a great buzz, getting people and all the media talking, ended up 624 news reports and driving half a million people to the Pontiac website (Kirby and Marsden, 2007). Interesting to

note, however, that people were talking about how cool it would be to win a free car, but not G6 Pontiac itself (Balter, 2008) and no increase in the sales was noted.

To demonstrate further the difference between buzz marketing and word-of-mouth marketing, Home Show for Electrolux campaign by AML in Korea would be a good example. Although Electrolux had several marketing campaigns to increase brand awareness, consumers still continued to prefer LG and Samsung than Electrolux. In order to place on top of Korean consumers' minds, AML targeted Korean mothers to increase brand awareness for Electrolux Oxy3systems vacuum cleaner and influence their purchase decision. Bearing these targets on mind, the Company chose forty influentials among 1,299 volunteers. These influentials were selected at the point of purchase and they were asked to provide feedback about the product once they experience. The volunteers were selected among online retailers as well as within their offline social networks. To pass along the word and encourage trial, influencers voluntarily held a "Home Show for Electrolux" with their friends, and then after trying it in their homes, they were asked to report back using the Home User Test. From forty influentials, as a result: Through the first WOMM program for the Oxy3system, a great buzz was generated with 76% participants demonstrating purchase intention and sales increasing three times in Korean market.⁵

In conclusion, buzz is not equal to buzz marketing, word-of-mouth is simply commercial talk among consumers, none of whom is perceived to be associated with marketers (Nyilasy, 2007) and buzz is the exponential expansion of word-of-mouth (Hawkins et al., 2004). Although buzz marketing offers creative and cost-effective solution to drive awareness, interest and demand (Brown, 2007) and can generate large amounts of press coverage and PR through messages are difficult to ignore, it is effective only for a brief period. Through unusual events there is no doubt that consumers get awareness but they do not gain credibility (Balter, 2008). Buzz marketing gets people talk about the unusual event rather than the product and does not cause consumers to share their opinion about the product or service (Balter, 2008) as word-of-mouth marketing does. Lastly, as buzz marketing is not natural and honest as word-of-mouth is, it does not influence purchase decision and can be manipulative.

⁵ WOMMA, Case Studies http://wordofmouthco.com.au/c_casestudies.asp Viewed 20/06/ 2009

Nevertheless, it may be an excellent tool for generating initial interest in a concept or at lunch or in the pursuit of new customers (Brown, 2007).

2.2.2.2. Viral Marketing

The term 'Viral Marketing' was first coined in 1997 by Steve Jurvetson and Tim Draper in the Netscape M-Files newsletter in 1997 (Phelps *et al.*, 2004). It is compared to a virus and aims to create an "infectious" diffusion. Like viruses the messages are subjected to rapid multiplication and reach to millions. Significantly different from word-of-mouth marketing, in which the interpersonal influence occurs as a result of face-to-face interactions, interpersonal influence in viral marketing occurs in computer-mediated settings services (Subramani and Rajagopalan, 2003).

When Internet started to gain some serious traction in the mid 1990s, it was as if the world's largest focus group had suddenly appeared (Snyder, 2007). Internet and its peer-to-peer technologies such as blogs, chat rooms, forums, instant messaging programmes, file transfer and social networks enabled the messages spread faster and more exponentially than ever before (Kirby, 2007). As a result, online social networks have been recognized as an important source of information influencing the adoption and use of products and services (Subramani and Rajagopalan, 2003). Just as word-of-mouth marketing, exponential growth and the pass-on of a marketing message to others on an online platform rather than face-to-face interactions are the key factors in viral marketing (Kirby, 2007).

A good example of viral marketing campaign is Subservient Chicken (2004) developed by Crispin, Porter + Bogusky for Big Burger to promote, Burger King's new chicken burger. Online game involved directing the actions of a man dressed as a chicken suit through what appeared to be a webcam window. Through this viral campaign, the game reached 46 million people according to Burger King (Kirby, 2007). According Dave Balter (2008), however, this viral campaign may have increased the overall brand awareness, but the missing ingredient was word-of-mouth. What people talked about was not the new chicken burger, but the subservient chicken.

2.2.3 Objectives of Word-of-Mouth Marketing

Word-of-Mouth Marketing is all about consumer experiences which will drive more word-of-mouth sales than advertisements (Sernovitz, 2009). Empowering the

consumers by placing them in the centre of marketing strategy, word-of-mouth marketing gives consumers a reason to talk positively about a product, brand or service and makes sure that their experience is a positive one in order for the word to spread rapidly. This creates a tool that enables people share their opinions and while doing that motivate opinion leaders and earning consumer loyalty in the most honest way (Figure 3).

Customers → Conversations → Community → Commitment

Figure 3: Roadmap to Process of Creating Word-of-Mouth

[O’Leary and Sheehan, 2008, p. xv]

According to D’Alessandro and Hussain (2007) two main dimensions must be considered when determining word-of-mouth marketing objectives: Timing and focus. When building brands, constant strengthening is required over the course of product lifecycle. In all phases of product lifecycle, word-of-mouth can be used in order to attract new consumers and create brand-advocates. When promoting a product, they point out, creating a buzz or capturing consumer reaction is among word-of-mouth objectives. They further mention that word-of-mouth marketing can be used against negative word-of-mouth and channel word-of-mouth in the desired direction.

Furthermore, Sernovitz (2009) defines 5 Ts of word-of-mouth marketing as: Talkers, Topics, Tools, Taking Part and Tracking. According to Sernovitz (2009), first objective in word-of-mouth marketing strategy should be finding consumers who will talk about the products or services and second step is giving them a reason to pass along the word. And this can be achieved by providing them the tool to spread the message faster. Fourth step is joining their conversation and the last is listening to them.

To conclude, a consumer who is happy with the product or service experience and who knows that he/she is being listened is very likely to turn a brand advocate and be willing pass-along the word. And for these reasons the focus of word-of-mouth marketing should be consumer-centred and its objectives include the following:

- Generating awareness and pass-along;
- Crafting favourable brand perceptions;

- Cultivating loyalty and advocacy;
- Decreasing impacts of negative word-of-mouth;
- Generating sales (Carl, 2007).

2.2.4 Ethics of Word-of-Mouth Marketing

When companies decide to include word-of-mouth in their marketing strategy, it should be noted that word-of-mouth marketing can not be dishonest. As the power of word-of-mouth lies in its honesty, including both positive and negative opinions, and real experience, consumers will continue to rely on the credibility of their friends,' family's and acquaintances' opinions because they are pure and without manipulation (Balter, 2008).

It should be noted that word-of-mouth can work just as rapidly and intensively against a brand when unethical methods are utilized. These methods include any act designed to deceive consumers about the involvement of marketers in a communication as it is in stealth marketing and paying people to talk about or promote a product or brand without disclosing that they are working for the company as it is in shilling.⁶

In fact, there have been several debates on whether or not the consumers disclose their participation in a word-of-mouth campaign when having conversation with other consumers. A study by Northeastern University found out that for approximately 75 percent of the conversational partners (the people with whom the word-of-mouth marketing agents engaged in word-of-mouth communication) it did not matter that they were talking with someone affiliated with a marketing organization. Instead what mattered was that they trusted the campaign participant was providing an honest opinion, felt the participant had their best interests at heart, and were providing relevant and valuable information. Interestingly, the disclosure of the campaign participants increased overall word-of-mouth spread rates (Carl, 2006).

It is for these reasons, in order to promote transparency WOMMA has introduced Code of Conduct and the Honesty ROI. According to these codes, ethical word-of-mouth marketers do not impersonate people, shill, or hide their identities; manipulate or corrupt honest opinions; infiltrate, invade, or violate online or offline

⁶ WOMMA, WOMM 101, <http://womma.org/womm101/6/> Viewed 15/04/ 09

venues.⁷ Finally, the unethical methods not only deceive the consumers, but also jeopardize the credibility of the brand and it is for this reason transparency is to the utmost important aspect of word-of-mouth marketing.

2.3 Word of Mouth Communication and Consumer Behaviour

2.3.1 Reference Groups

It is a known fact that a consumer is never alone when making a purchase decision. Almost all individuals who interact regularly in a group influence their purchase decisions either directly or indirectly. Majority of these interactions occurs as in the form of informal and natural conversations or recommendations. In fact, according to a study by Northeastern University 15 percent of every conversation includes a product or service. Within the context of word-of-mouth marketing, the group impact is of great importance, because these groups serve as frames of reference for individuals in their purchase or consumption ideas.

By definition, reference group is any person or group that serves as a point of companion or reference for an individual in the formation of either general or specific values, attitudes, or behaviour.⁸ Reference groups not only provide standards and values that can become determining perspective of how a person thinks and behaves (Engel *et al.*, 1993) and but also influence a wide range of consumption behaviours (Hawkins *et al.*, 2004).

Group influence is strongest when social aggregation that is sufficiently small to permit and facilitate unrestricted face-to-face interaction (Engel *et al.*, 1993). This constitutes one of the reasons why word-of-mouth marketing is more efficient than mass marketing as it provides a reason both to primary groups (family, peers, colleagues, friends) and secondary groups to interact informally and naturally with each other.

Reference group influence can take also as a normative influence form. This results as the desire to be accepted by the group. Normative influence or conformity to groups means that consumers will imitate the group's behaviour and buy brands and products of the group leader (Assael, 1987). Similarly, while an individual's opinion

⁷ WOMMA, WOMM 101, <http://womma.org/womm101/6/> Viewed 15/04/ 09

⁸Consumer Behaviour <http://www.pondiuni.org/DDE/consumer%20Behaviour.pdf> Viewed 26/03/09

can be influenced by pressure for conformity, an individual may also accept others' opinion as a credible source of information. This is called informative influence.

Word-of-mouth marketing organisations are particularly interested in repetitive behaviour and informative influence in reference groups because it provides marketers with the opportunity to gain and retain the attention of prospective consumers with greater ease and effectiveness than is possible with many other types of marketing campaigns.⁹ Through reference groups not only the influence of individuals' purchase decision is achieved from a credible source of information but also snowball effect is created through group members' imitating the most influential members of the group.

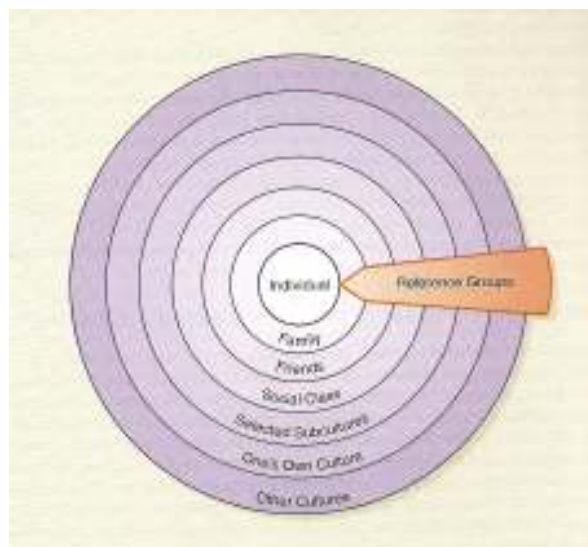


Figure 4: Major Consumer Reference Groups

[Schiffman and Kanuk, 2007, p.332]

2.3.2 Factors That Affect Reference Group Influence

There are two main factors that affect reference group influence; credibility of the information and firsthand experience. These factors correspond with nature of word-of-mouth as the degree of influence that a reference group can exert on an individual is related to nature of the individual and the product (Schiffman and Kanuk, 2004).

To begin with, the excessive amount of commercial messages the consumers are directed at every day make the individuals prefer to seek information from each other as

⁹ Consumer Behaviour <http://www.pondiuni.org/DDE/consumer%20Behaviour.pdf> Viewed 27/03/ 09

they believe the information they receive will be credible within their groups. *American Demographics* reports that about half of Americans agree that they often seek the advice of others before making a decision to buy products or services and 40 percent of them feel that people often come to them for purchase advice (Walker, 1995). This demonstrates the fact that when in need of information, people seek recommendation from a source which they consider credible and trustable. Therefore, a reference group that is perceived credible, attractive or powerful can induce consumer attitude or behaviour change (Schiffman and Kanuk, 2004). It is the reason why in word-of-mouth marketing campaigns, the individuals are encouraged to share the information with their family, friends, peers and colleagues as these reference groups are taken as the most credible.

Secondly, while an individual who has firsthand experience with a product or service, or can easily obtain information about it, is less likely to be influenced by the advice or example of other and a person who has little or no experience with a product or service and does not expect to have access to objective information because she or he thinks advertising is misleading is more likely to seek out the advice or example of others (Schiffman and Kanuk, 2007). Most word-of-mouth marketing strategies based on providing the opinion leaders the firsthand experience, so that they will share their authentic experience within their groups and influence the others. This is called flow of information within the groups.

2.3.3 Flow of Information

Until the 1940s, marketers assumed that mass communication information was a one-way process flowing from the marketer to consumers (Shoefler, 1998) (Figure 5).

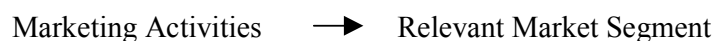


Figure 5: The One-way Process

[Hawkins et al., 2004, p. 239]

In late 1940s, however, this idea was challenged by Lazarsfeld *et al.*'s (1948) study on voting behaviour. The researchers were surprised to find out that informal, personal contacts were far more frequent than mass media to influence voting

behaviour. Based on this data, they suggested two-step flow hypothesis according to which marketer-controlled communication flows to opinion leaders who in turn pass on the message to other individuals and thus influencing their decision-making (Figure 6). As a result, the opinion leaders are added to this new flow of information process and they are viewed as an intermediary between the mass media and the other consumers (Assael, 1987).

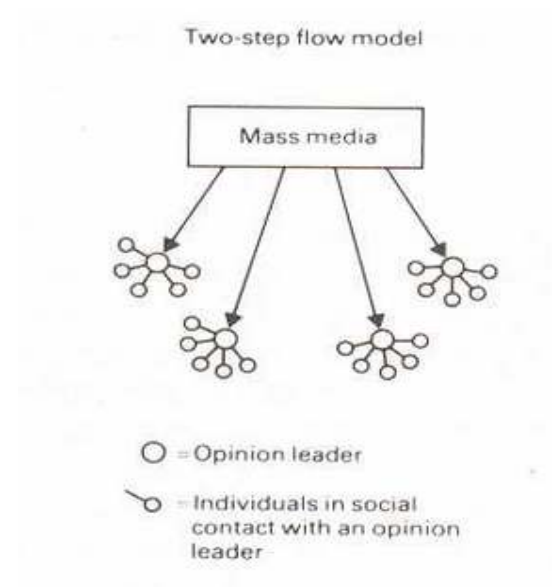


Figure 6: The Two-Step Flow Model

[Katz and Lazarsfeld, 1955]

The two-step flow hypothesis and the associated concept of opinion leadership have been controversial for a number of reasons. According to Assael (1987), there are three main reasons for this:

- “The follower is not passive. He/she may well request information as well as listen to unsolicited opinions of others;
- Those who transmit information are also likely to receive it; that is opinion leaders are also followers and vice versa;
- The opinion leader is not the only one to receive information from the mass media.” (p.425)

As Lewis and Bridger (2003) point out that two-step flow hypothesis explains some aspects of communication within the groups, but it is too simplistic to account for most communication flows. Therefore, a multi-step flow model was introduced in marketing literature (Figure 7).

This new model suggests that the mass media can directly reach opinion leaders. Different than two step flow model, the information and influence are two-way processes in which opinion leaders both influence and are influenced by the followers (Schiffman and Kanuk, 2004). The opinion leaders process the information they obtain from the mass media to some members of their groups and these group leaders also receive information from the mass media and from group members who are not opinion leaders-gatekeepers. The gatekeeper may be an originator only- in the sense that he introduces an idea to a group, but he may or he may not serve also as a transmitter within the group and may or may not be influential at all (Lazarsfeld *et al.*, 1955).

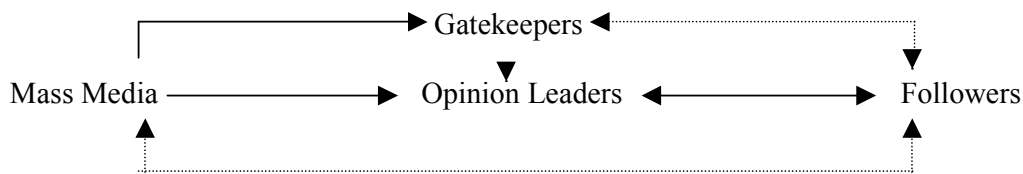


Figure 7: Multi-Step Flow Model

[Solomon *et al.*, 2006, p. 376]

2.3.4 Opinion Leaders

As described earlier, word-of-mouth communication involves advice or information about a product or service through informal conversations. One of the parties in word-of-mouth episode seeks for information while the other offers enhanced information and experience about a brand, a product or a service. The latter in this episode is called opinion leader in the marketing literature. Opinion leaders are trusted and informed people who exist in virtually all primary groups, who are the 'models' for opinion within their group, who listen and read in the media, and who then pass on information and influence to their circle of relatives, friends and acquaintances (Berelson *et al.*, 1954).

Opinion leadership can occur (1) when one individual seeks information from the other, (2) when one individual volunteers information, and (3) in a normal group

interaction (Mangold *et al.*, 1999). It functions primarily through interpersonal communications and observation and is the most important element of word-of-mouth marketing (Hawkins *et al.*, 2004).

Opinion leaders are distributed in all levels and groupings of society and may be influential on just one of several topics. A study by Katz and Lazarsfeld (1955), for example, found that opinion leadership is product specific such as fashion opinion leaders, food opinion leaders, public affairs opinion leaders and movie-going opinion leaders. An article by Mancuso (1969), on the other hand, defined opinion leaders' predetermined personal characteristics related to social status. In addition to social status, Rogers (2003) introduced two more traits which broadly define an opinion leader: social participation and cosmopolitanism. Confirming this view, Solomon *et al.* (2006) described opinion leaders as socially active and highly interconnected in their community. Their opinions carry more weight than others because they possess knowledge power.

Within the word-of-mouth marketing context, marketers have been aware of the influence that opinion leaders can induce on individuals. By providing opinion leaders enhanced information and letting them experience the product before anyone else, marketers create buzz or spread the word among their target groups. It is for this reason, identifying opinion leaders is of great importance in a word-of-mouth campaign.

In addition, it should be important to mention a recent concept in the literature; market mavens. Market mavens are people who are actively involved in transmitting marketplace information of all types (Solomon *et al.*, 2006). These people are not necessarily interested in certain products and may not necessarily be early purchasers of products, but they solely enjoy advising friends of new products/services and places to shop (Feick and Price, 1987). Gelb and Johnson (1995; quoted by Buttle, 1998) emphasize that not only does the market maven prompt word-of-mouth, but those with links to such individuals are disproportionately likely to act on what they are told.

Finally, there are also influentials who collect, diffuse and promote the flow of information from media to the community. The difference between these influentials and the opinion leaders, as Weimann points out, is that these influentials are usually elitists, not spread throughout the community as the old theory suggested (Weimann, 1991). Weimann suggests that the influentials are a subsection of the opinion leaders.

2.3.5 What Motivates Opinion Leaders

There are a number of reasons why some particular individuals in a group would like to share information about a brand, a service or a product with other group members. According to motivation theory, people may provide information or advice to others to satisfy some basic need of their own (Schiffman and Kanuk, 2004). These needs can be personal such as enhancing status and demonstrate expertise or social, when the opinion leaders just like to share, or product related when the opinion leaders are highly involved, they feel the urge to share their positive and negative experience with others.

2.3.6 Diffusion and Adoption Process

In group interactions, diffusion and adoption process has a great significance for the acceptance or the denial of new products. Marketers are interested in understanding how these two processes are closely related. In a broad sense, while an innovation is about a new or improved product, service, system, process or method which spreads through the social groups (Kotler, 1997), diffusion involves the process by which an innovation is communicated through certain channels over time among the members of a social system (Engel *et al.*, 1993). In addition to these relates processes, there is the profile of consumer innovators who are the first to buy a new product.

Researches indicate that opinion leaders have the tendency to be consumer innovators in a group or community and thus in the role of opinion leader, the consumer innovator often influences the acceptance or rejection of new products leading to a success or a failure of a product (Schiffman and Kanuk, 2004).

There is no doubt that a consumer's adoption of an innovation is similar to consumer decision-making process: It involves awareness, knowledge, evaluation, legitimation and trial steps. According to early studies, people who are early-adopters of new products are likely to communicate their knowledge with others. The mass media accomplish the transfer of information to opinion leaders, however, the influence is diffused through early adopters to the rest of social system (Engel *et al.*, 1993). For instance, Sheth (1971) demonstrates that the main source of information for early adopters of stainless steel blades were mass media. Similarly, in a study of early users of a new automobile diagnostic centre, Engel *et al.* (1993) concluded that early adopters

of the service relied on magazines and radio for information. Therefore, it can be said that word-of-mouth communication occurs once the brand awareness is created through mass media and communication of the innovation is performed through innovators or early adopters to the rest of the group. However, in the case of new products, the marketers also target innovators so that they may direct their promotional campaigns to the people who are most likely to try new products, adopt them and influence others (Schiffman and Kanuk, 2007). In this context, the consumers rely more heavily on friends, relatives and peers to help them evaluate, reject or adopt new products (Shoefler, 1998). As a result, if a new product is to be diffused *across* groups, it must first be adopted through positive word-of-mouth communication *within* groups (Assael, 1987).

As the members of different social groups also interact with members of other social groups, information will disseminate out of their social group through word-of-mouth. The occurrence of word-of-mouth communication across groups can be explained by the strength of weak ties theory of Granovetter (1973). Granovetter (1973) suggested that an individual's social network consists of peer and family groups (strong ties) and acquaintances and strangers (weak ties). In addition to their families and friends, individuals often spread the word about new products to their acquaintances. Thus, weak ties play a significant role in diffusion of innovation across groups and they are strong enough to fuel diffusion process (Assael, 1987). In word-of-mouth communication context, when information is sought, "strong-tie" serves as a credible source, but when the consumer already has some knowledge, "weak-tie" is acceptable as a source of information. This results as further spread of word-of-mouth through different generations as it will be explained later on.

2.3.7 Word of Mouth Influence on Consumer Pre/Post Purchase Decision

Mangold *et al.* (1999) observed that word-of-mouth communication has a significant impact on consumers' purchase decision, owing to the unique features attributed to products or services. The act of purchase decision can be affected by several factors and the outcome can be to purchase or not to purchase. In general, purchases are planned in the sense that the consumer is most likely to purchase the brand that satisfies his or her need (Assael, 1987). At other times, however, intention only encompasses the product with the choice of brand reserved for further deliberation at point of sale (Engel *et al.*, 1993).

Especially if the product is risky, the consumer will need reassurance from others rather than the information has been constantly provided by the mass media. Perceived risk is the degree of uncertainty or fear about the consequences of a purchase that a consumer feels when considering the purchase of a new product (Schiffman and Kanuk, 2007). For risky products or services, early adopters almost always seek advice from satisfied customers (Godin, 1999). By doing that the consumer diminishes the risk related to his/her experience with the product. Furthermore, in the cases when a product or service demanded is more expensive the consumer seeks redress in word-of-mouth advice (Mitra *et al.*, 1999; Silverman 1997).

Once the purchase is made, the consumer will evaluate his or her experience. The result of this evaluation will be either satisfaction or dissatisfaction. Whether the consumer is satisfied or dissatisfied depends on the relationship between the consumer's expectations and the product's perceived performance. If the product exceeds expectations, the consumer is delighted; if it meets expectations, the consumer is satisfied; when the contrary takes place, the consumer is dissatisfied (Kotler, 1997).

This is the most important phase for the marketers, as satisfied consumers will talk about their product or service positively (generation of positive word-of-mouth) and dissatisfied consumers will pass along their negative attitude (generation of negative word-of-mouth) toward the brands to others, thus the consumer's experience will, as a result, influence the purchase decision of the members in their group.

2.4 Analysis of Word of Mouth Campaigns

As already discussed earlier, word-of-mouth marketing refers to recommendations and tips about a particular product or service between two customers- i.e. C-to-C marketing. Like any successful marketing campaign, there are phases to generate buzz. In fact, most word-of-mouth campaigns follow a similar strategy. This section provides an analysis of how word-of-mouth campaigns are built. The model designed here is adapted from trnd's, a leading word-of-mouth Company, case study model and found to be common in majority of word-of-mouth campaigns. In the following chapter, the cases from different parts of the world, The US, Germany, Turkey, Australia and South Africa, will be analysed in accordance with this model described here.

Broadly, word-of-mouth campaigns involve five basic stages (Figure 8). These stages include; Selecting the right people; Connecting; Spreading the message; Supporting; Measuring.

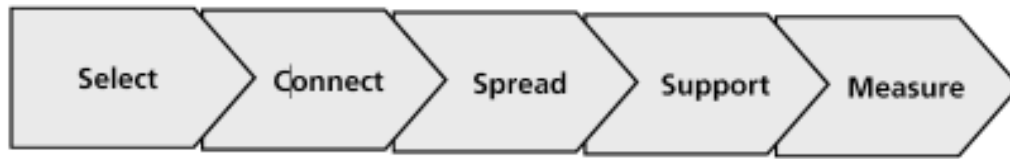


Figure 8: A Typical WOM Campaign Steps¹⁰

2.4.1 Selecting

Having the consumer at the centre of marketing campaign, no word-of-mouth campaign can be built without selecting the right people. People who like the product or the service that a company is offering and like to talk are the best source of marketing (Thorne, 2008). As explained earlier, talkers are often referred as opinion leaders or influentials¹¹ in the marketing literature, however they can be any group of people who have the enthusiasm and connections to pass along the message to target audience (Sernovitz, 2006). For this purpose, a pool of participants is created on a voluntary basis. These volunteers are identified and selected through surveys which provide essential information to marketers such as age, sex, education background and other socio-demographic data. The goal of these surveys is to identify the potential opinion leaders through which the products and product information are communicated in advance. This is highly effective strategy as both opinion leaders' motivation to give information to others and opinion receivers' need to have an objective source of product information, who can help reduce their search time and perceived risk, (Schiffman and Kanuk, 2004) are satisfied simultaneously. By doing that, an enduring involvement that leads to enhanced knowledge and experience with the product (Hawkins et al., 2004) and the situations in which the exchange of information and advice among group members are naturally created.

¹⁰ Adapted from trnd

¹¹ In order to avoid confusion, from hereon the term "opinion leader" will be used, unless the Company uses the term influentials.

In the context of campaign's success selection of volunteers is extremely important; first of all to reach the right target group and secondly owing to the fact that each individual will volunteer the information in group interaction and in consequence, will directly or indirectly, influence the purchase decisions of the other group members (Schiffman and Kanuk, 2004). In fact, marketers have long been aware of the power of opinion leadership as group members often use other members as a source of information for their purchase decisions (Hawkins *et al.*, 2004). For this reason word-of-mouth campaigns seek ways not only to reach these opinion leaders but also to keep them motivated so that they would be willing to involve into informal conversations through which the marketing message would be passed on others.

Thus, once the pool of volunteers is created, the volunteers who are interested to take part in specific campaigns are required to submit a survey. The objective here is to select the ideally suited candidates and determine their profiles. The ideal candidates are those who possess a large network of friends, who like being first to experiment the products and more importantly who like to talk about the products with others. In addition to their answers to this survey, the candidates' other additional information such as socio-demographic data is also considered. Furthermore, the fact that the campaign participants are selected on a voluntary basis gives the companies the opportunity not only to attract new costumers but also have the volunteers as brand ambassadors.

Lastly, it is important to note that no volunteer is paid under any circumstances. This makes the word-of-mouth campaigns honest, transparent and pure. The consumers are simply given a reason to talk positively about the product and their feedback to the companies is important to understand their customers' behaviour, have feedback related to product/service and develop their products accordingly.

2.4.2 Connecting

Once the participants are selected the campaign kits are distributed to the volunteers. These kits in general are prepared creatively by an advertising agency and include product information, product and a survey to be completed upon experiencing the product. When the product samples are not available, the volunteers are provided coupons through which they can purchase the product.

Having solely an attractive product is not sufficient to engage the participants into word-of-mouth conversations. Scientific studies have shown that customers are especially likely to engage in positive word-of-mouth when they feel there is a personal connection with the respective company (Balter, 2008). Owing to this, during the campaigns word-of-mouth companies offer 24/7 support to their participants, being connected to them whenever they need, making all the technology tools available to connect. Thus, a real, powerful dialogue that triggers word-of-mouth is created different than other types of marketing; indirectly.

2.4.3 Spreading

It is a common understanding that word-of-mouth spread in generations. Once the volunteers are given the product, they are going to talk about their experiences with their family, friends and colleagues and their family members, friends and colleagues with others. As a result of these informal conversations about a product or service, the message can reach rapidly to further generations of word-of-mouth. This is called exponential spread and consists of different generations (G1, G2, etc.). The spread of word has the following generations:

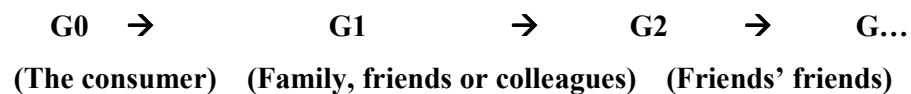


Figure 9: The Spread of Word-of-Mouth

As described above, G0 people are the most significant elements of the campaign because they are the first to experience the product and communicate their experience with others or their conversational partners. They are the starting point for the campaigns. Based on the reports each participant submits to word-of-mouth companies, the companies know how many people they are interacting with. These conversational partners, as a result of informal conversations about a product or service become Generation 1, or G1, and their conversations with others G2 and so on. The number of conversational partners that a G0 talks to is called G1 Relay Rate and the number of people have conversations with G1 is called G2 Relay Rate.

Tracking and measuring these conversations provide significant information on the quantitative spread of everyday word-of-mouth message. There is no doubt that G1 Relay Rate average varies from campaign to campaign. According to CEO of BzzAgents, Dave Balter (2008), a word-of-mouth participant (G0) has, on average, five to seven interactions (G1) about a product or service during the course of twelve-week campaign. However, this number can be less, as it can as well be more. According to a research conducted on two campaigns by Dr. Walter Carl (2008) at Northeastern University, the G1 relay rates for a Premium pet food campaign was 12.2 (Figure 10) and 16.43 for the other (Figure 11).

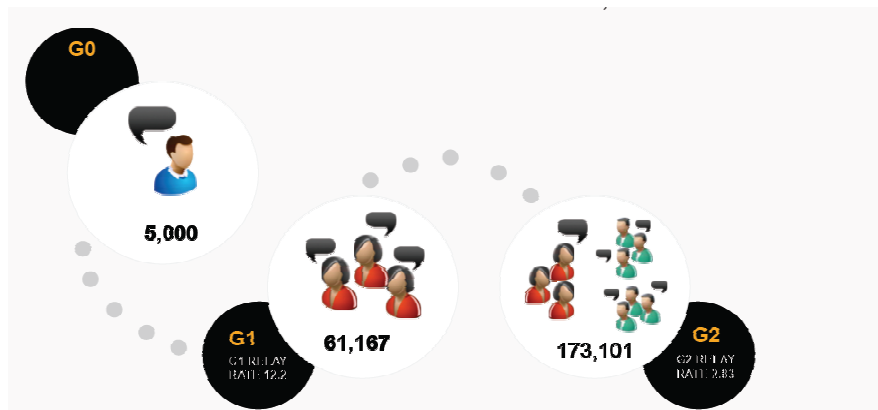


Figure 10: G1 Relay Rate 12.2

[Carl, 2008]

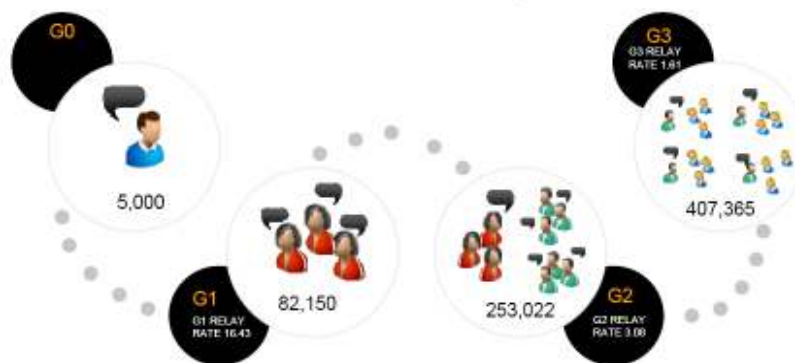


Figure 11: G1 Relay Rate 16.43

[Carl, 2008]

The participant reports provide ample evidence of the fact that the different generations of spread (G1, G2, etc.) are reached very quickly.¹² These reports not only provide quantitative data on G1 and G2 Relay Rates, but also on how G0s interact with the G1s and how G1s respond (Balter, 2008), where and when the conversation occurred, the polarity of the conversation (positive, negative or neutral), how the recommendation was made and useful demographic information of the participants. It can therefore be said that these reports help marketers understand the consumer behaviour of their target audience.

What is interesting to note that although word-of-mouth companies can control the communication from G0 to G1, from G1 and onward depends entirely on the consumer. The fact that from G1 onward can not be controlled and the marketers can not be sure that the message will reach to the right audience makes many marketers consider this as a disadvantage and limitation of word-of-mouth marketing. However, as Balter (2008) points out when G0 is entirely genuine, honest and worth talking about, so will G1 be based on honest opinions.

In addition, in order to quantify the conversations and encourage volunteers to have conversations about the product, word-of-mouth companies award the campaign participants with award for each report that they submit. These points can be accumulated and used as a product voucher or coupons to be shared not only for themselves but also share with their friends, family or colleagues, so that spread of word-of-mouth message in further generations is ensured and the additional conversations beyond G1 is tracked.

2.4.4 Supporting

During the entire campaign, the participants are supported through emails and member-only online access provided on the word-of-mouth companies' web page. The objective here is to accelerate word-of-mouth process, keep them informed about the project, their colleagues' best word-of-mouth ideas and finally to provide a platform for discussing current project details.¹³

¹² trnd case study provided by the Company

¹³ trnd case study provided by the Company

As a result of this intense relationship between the company and the campaign participants, the participants naturally and willingly turn into brand ambassadors and get engaged in positive word-of-mouth activities even after the campaign ends.

2.4.5 Measuring

Considering the fact that 90 percent or more of unhappy customers will not do business again with the company as a result of their dissatisfaction (Schiffman and Kanuk, 2004), understanding generations of word-of-mouth and analysing the metrics that are used to measure word-of-mouth impact is vital. Word-of-mouth is conventionally considered as one of the major reasons of the network effect, or the network externalities (Liebowitz, 1994), and its behaviour or results look relatively random and uncontrollable (Arthur, 1994). In fact, many marketers agree on word-of-mouth's impact and its benefits. In numerous interviews with Chief Marketing Officers (CMO), TARP Worldwide, a company conducting word-of-mouth related research since 1970s, found out that although many CMOs are aware of the benefits of paying attention to how word-of-mouth may affect their business, they do not focus on it because they feel word-of-mouth cannot be measured or managed (Taylor, 2005).

Although it is broadly believed that there does not exist any metric to measure impact of word of mouth and that the results are random, in reality there are a number of already existing metrics. These metrics are;

- Sales Volume;
- Test market, control market;
- Tracking conversational reach and outcomes;
- Net Promotion Score.

2.4.5.1. Sales Volume

There is no doubt that comparing a sales area in which the word-of-mouth campaign has run will provide a good view of the impact of the campaign (Allard, 2007). For example, in a campaign launched by BzzAgents, USA, for Dunkin and Donuts's new product Latte Lite, first four cities- Boston, New York City, Cleveland, and Detroit - selected to be the test markets and compared sales data against four control markets. The results were: Sales in the test markets increased 26 percent, compared to

an 8 percent increase in the control markets and eight weeks into the campaign, overall sales in the test markets were 5 percent higher than sales in the control.¹⁴

This type of measurement provides some useful data about short-term return on investment. However, it does not measure the overall value that the word-of-mouth delivers (Balter, 2008). In fact, according to Carl *et al.* (2007), by only surveying conversational partners at one time period, not only their subsequent word-of-mouth conversations are under-reported but also their program reach.

The fact that the spread of word-of-mouth continues through numberless generations even after the campaign ends makes it necessary to continue tracking the conversations. It is for this reason reports and surveys submitted by participants are considered other tools to measure the impact of word-of-mouth. For instance, six months later “One True Fit” word-of mouth campaign for Lee, fifty percent of campaign participants said that they had purchased additional pairs of Lee jeans; 16 percent said that they had bought three pairs; 39 percent had bought two; and 31 percent had one additional pair. Eighty-three percent reported they had talked about One True Fit in the three months after the campaign officially ended (Balter, 2008).

To conclude, tracking on sales volume provides the most concrete measure of word-of-mouth impact. It also serves as the validation of the reports submitted by the campaign participants.

2.4.5.2. Conversational Reach

Based on the total number of campaign participants in a particular word-of-mouth campaign and measured generational relay rates, word-of-mouth campaign conversational reach can be calculated. This formula was generated by Carl *et al.* (2007):

$$\begin{aligned} \text{WOM Program Reach} = & \\ & (\text{Number of G0 Program Participants}) + \\ & (\text{G0 Program Participants} \times \% \text{ who talked} \times \text{G1 Relay Rate}) + \\ & (\text{G1 Conversational Partners} \times \% \text{ who talked} \times \text{G2 Relay Rate}) + \\ & (\text{GX Conversational Partners} \times \% \text{ who talked} \times \text{GX Relay Rate}) \end{aligned}$$

¹⁴BzzAgent, Case Studies
http://www.bzzagent.com/downloads/BzzAgent_CaseStudy_Dunkin_Donuts.pdf Viewed 13/07/09

To further illustrate, Carl *et al.* (2007) provide an example. Assuming that G1 and G2 information was available according to which there were 30,000 campaign participants (G0) with 90% reporting they had at least one conversation. And those 90% talked with at least 10 people (G1) on average. Those 270,000 each talked with an additional 4.14¹⁵ people (G2) during the six-week of campaign, then the campaign would be as following:

$$\begin{aligned}
 &30,000 \text{ Campaign Participants} + \\
 &\quad (30,000 \text{ G0s} \times 90\% \times 10 \text{ G1s}) + \\
 &\quad (270,000 \text{ G1s} \times 78\% \times 5.3061 \text{ G2s}) = \\
 \\
 &30,000 + 270,000 + 1,117,465 = \\
 &\quad \mathbf{1.417.465 \text{ people reached.}}
 \end{aligned}$$

This formula will be used in analysis of word-of-mouth campaigns in the following chapters when the data is available.

2.4.5.3. Net Promoter®

In addition to conversational relay rate measurements, word-of-mouth companies also collect information from their volunteers on how likely to recommend the product to a friend, their opinions about the product and their purchase behaviours. This is realized through calculating Net Promoter Score before and after the campaign. Created by Reichheld (2003), Net Promoter Score foresees that every organisation's customers can be grouped as promoters, detractors or passives. He identified promoters as loyal, enthusiastic customers who keep buying from the organisation and urge their friends to do the same, passives are satisfied but unenthusiastic customers who are easily swayed by competitors and detractors are unhappy customers that are trapped in a bad relationship.

Furthermore, Reichheld (2003) also suggests that by a simple question — How likely is it that you would you recommend [Company X] to a friend or colleague? —

¹⁵ 4.14 G2 Relay Rate should be specific to campaign, but the rate used here is for illustration purposes only.

these groups and a clear measure of a company's performance through its customers' eyes can be tracked. Customers respond on a 0-to-10 point rating scale and are categorized as follows:

- **Promoters** (score 9-10) are loyal enthusiasts who will keep buying and refer others, fueling growth.
- **Passives** (score 7-8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings.
- **Detractors** (score 0-6) are unhappy customers who can damage your brand and impede growth through negative word-of-mouth.

In order to calculate a company's Net Promoter Score (NPS); First above mentioned question is asked and then by using a 0 to 10 scale the percentage of customers who are Promoters and subtract the percentage who are Detractors.



Figure 12: Calculating NPS¹⁶

To conclude, all these metrics makes word-of-mouth campaigns measurable in quantitative and qualitative terms and provide the basis for its integration into the marketing mix.

¹⁶ Net Promoter, How to Calculate NPS <http://www.netpromoter.com/np/calculate.jsp> Viewed 17/07/09

3. How Can Word of Mouth Add Value to the Companies: Cases from All Around the World

3.1 Case 1: Latte Lite®- Dunkin' Donuts by BzzAgent- USA

3.1.1 The Network

Turning marketing experience into social experience, BzzAgent is a Boston-based Word of Mouth specialized company, consisting of more than 300.000 individuals in North America and in the United Kingdom. To become “agents,” these individuals are asked to complete detailed demographic and psychographic profiles on Company’s website at www.bzzagent.com and www.bzzagent.co.uk. Then, based on their interest, on a completely volunteer basis, the individuals are invited to participate in existing word-of-mouth programs; “BzzCampaigns.” BzzCampaigns are intended to provide additional, relevant product information and encourage them to have natural, honest conversations with their friends, family, co-workers and other acquaintances (Carl *et al.*, 2007).

Described by New York Times, BzzAgent is a rare example of what happens when word-of-mouth theory meets consumer psychology in the real world.¹⁷

3.1.2 The Bzz Campaign

In 2005, Dunkin' Donuts launched its new espresso beverage, Latte Lite® and wanted to reach its customers through a word-of-mouth campaign conducted by BzzAgent. The word-of-mouth campaign was to complement traditional marketing programs including in-store point-of-purchase advertising, radio advertising in selected markets and consisted of the following objectives:

- Generate awareness;
- Drive trial;
- Drive sales.

¹⁷ The New York Times Magazine, The Hidden (In Plain Sight) Persuaders, 5 Dec 2004 http://www.nytimes.com/2004/12/05/magazine/05BUZZ.html?pagewanted=2&_r=1&adxnmlx=1102547000-yABhvUb9pCdSQVXUhibiXPA Viewed 02/06/2009

3.1.3 Phase 1: Select

In the light of above described scheme, BzzAgent invited volunteers that fit Dunkin' Donuts demographic and psychological profile to participate the word-of-mouth campaign. 3,000 volunteers were selected for 12-week BzzCampaign. It was made sure that the volunteers matched Dunkin' Donuts primary consumer segments for the product, individuals between 18-49 of age.

As a result of pre-selection surveys, BzzAgent was able to match Dunkin' Donuts target segment by having eighty percent of the participants women with 31 average age.

3.1.4 Phase 2: Connect

Agents were sent a comprehensive BzzKit containing the following:

- Six "Be My Guest" cards good for a complimentary Latte Lite for Agents to try and distribute;
- The official BzzGuide containing fun and educational information about Dunkin' Donuts and the new Latte Lite;
- Code of Conduct.¹⁸

These kits were sent to help increase the target segment's product awareness and at the meanwhile provide the volunteers the opportunity to experience risk-free trial of the product and share their authentic experiences with their family, friends, colleagues and acquaintances. In order to accelerate the spread of word-of-mouth message through different generations, "Be My Guest" cards were sent in the amount of six, so that the volunteers could both experience and distribute them to their family, friends and other acquaintances. This is highly efficient strategy as it allows further generations of word-of-mouth based on first-hand experience.

3.1.5 Phase 3: Spread

The word-of-mouth generation spread and the total number of people reached was calculated according to the self-reports and surveys. The self-reports submitted by the program participants describing each conversation they had within their social

¹⁸ BzzAgent, Case Studies
http://www.bzzagent.com/downloads/BzzAgent_CaseStudy_Dunkin_Donuts.pdf Viewed 20/07/09

network and confirmed by BzzAgent, the participants were quantified for each word-of-mouth marketing campaign.

The surveys account for additional, unreported word-of-mouth incidents. At the end of the campaign, BzzAgent gave the third survey to the participants to approximate the number of conversations that had not been reported. According to a study conducted by Carl (2006) on *To Tell or Not To Tell? Assessing the Practical Effects of Disclosure for Word of Mouth Marketing Agents and Their Conversational Partners*, each participant would tell on average to additional 1.65 individuals.

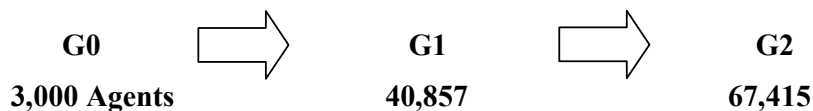
In total 5,004 reports were submitted by the participants and 63.5% of them submitted more than one report. Survey made by BzzAgent indicated that the participants neglected to report 3.8 word-of-mouth episodes on average (Table1).

Market	Enrolled BzzAgents	Reports Filed
Boston	1,234	1,904
New York City	1,358	2,323
Cleveland	150	303
Detroit	217	393
Other*	41	81
Total	3,000	5,004

*19

Table 2: Total Number of Participants and Reports Submitted

As a result of well-chosen candidates and initiatives to spread the word-of-mouth message through generations, at the end of 12-week campaign BzzAgent achieved the following spread:



¹⁹ Other refers to the participants who moved from the campaign.

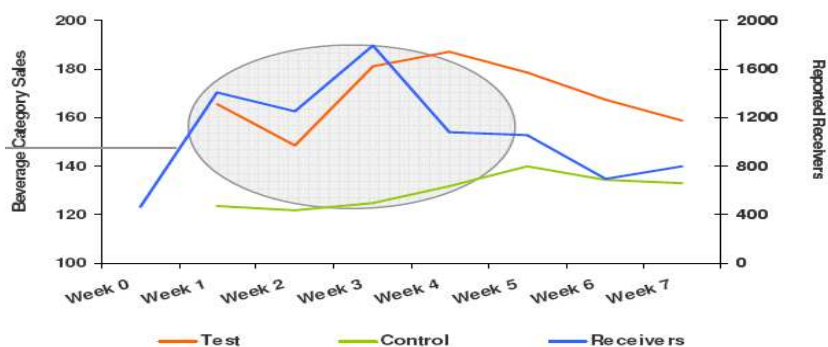
3.1.6 Phase 4: Support

The volunteers were informed continuously about the news and the information via email updates. The communication with the Company including reporting their social interaction reports and surveys at three points in the course of 12-week campaign took place via BzzAgents' website. Staying in touch with the volunteers also contributed to the success of the campaign as the volunteers were provided one more reason to pass along the word.

3.1.7 Phase 5: Measure

In order to measure the sales from the BzzCampaign results better, Dunkin' selected four cities - Boston, New York City, Cleveland, and Detroit - to be the test markets and compared sales data against four control markets.²⁰ This is a test/control scenario in which test market sales within the beverage category would be compared with control markets. The difference between control market and the test market was the latter using word-of-mouth marketing in addition to traditional advertising programs launched by the company.

The results from test markets were good: After the word-of-mouth campaign started, sales in the espresso beverage category reached a peak during the third week of Latte Lite's presence in stores. Similarly, during the same period category sales also rose to 26% in test markets, while it was 8% of increase in control markets (Figure 13).



²⁰ BzzAgent, Case Studies

http://www.bzzagent.com/downloads/BzzAgent_CaseStudy_Dunkin_Donuts.pdf Viewed 20/07/09

Figure 13: Test vs Control Markets²¹

When each individual market is analysed, they demonstrated similar results, an increase in sales except Boston (Table 2). Category sales in New York City were 13% higher than the control market when the product was introduced. Following four weeks of the campaign, the sales were 20% higher than the control markets. Sales in Detroit test market never exceeded those in control market. However, there was an increase in the first four weeks of the campaign. At the beginning of the campaign, category sales were 26% lower than in the control market, but the gap was diminished until the end of the campaign: the sales were behind only 5%.

Markets	+/- % Change in Category Sales (Week 2-4)
Boston	5.4%
Hartford	8.5%
NYC	7.7%
Philadelphia	-0.5%
Detroit	39.4%
Chicago	8.7%
Cleveland	68.2%
Atlanta	34.7%

Table 3: Sales from Other Markets²²

Looking at the results, it can be said that word-of-mouth campaign had a measurable impact on sales. As it was reported by Dunkin' Donuts, there was an increase in overall sales: Overall sales in the test markets were 5% higher than in control markets after the first eight weeks of the campaign and an increase of nearly 0.5% in test market gross sales from the product launch (Figure 13).²³ In addition to the increase in overall sales, there was also an increase of nearly 0.5% in test market gross sales from the product launch.²⁴

²¹ Alderson, Valerie (2006) Measuring the Value of a Managed WOM Program in Test and Control Markets http://www.bzzagent.co.uk/downloads/BzzAgent_ROI_Whitepaper.pdf Viewed 21/07/09

²² Alderson, Valerie (2006) Measuring the Value of a Managed WOM Program in Test and Control Markets http://www.bzzagent.co.uk/downloads/BzzAgent_ROI_Whitepaper.pdf Viewed 21/07/09

²³ Alderson, Valerie (2006) Measuring the Value of a Managed WOM Program in Test and Control Markets http://www.bzzagent.co.uk/downloads/BzzAgent_ROI_Whitepaper.pdf Viewed 21/07/09

²⁴ BzzAgent, Case Studies http://www.bzzagent.com/downloads/BzzAgent_CaseStudy_Dunkin_Donuts.pdf Viewed 21/07/09

In the context of conversational reach, the Campaign, in total, reached 108,272 consumers with G1 Relay Rate 13.6%.²⁵ 40,857(G1) first generation participants were directly reached by BzzAgents in the four markets collectively was computed by 12,357 reports and additional number of conversations that the participants neglected during 12-week campaign; 3.8. The total number of people reached through different generations of Latte Lite word-of-mouth campaign can be computed with Carl *et al.* (2006)'s formula:

$$\begin{aligned}
 & 3,000 \text{ Campaign Participants} + \\
 & (3,000 \text{ G0s} \times 13.619 \text{ G1 Relay Rate}) + \\
 & (40,857 \text{ G1s} \times 1.65 \text{ G2 Relay Rate}) =
 \end{aligned}$$

$$40,857 + 67,415 =$$

108, 272 people reached.

3.1.8 Results

The campaign results in numbers can be summarised as follows:

- Generate awareness: Campaign reached 108,272 people.
- Drive Trial:
 - 93% of participants tried Latte Lite;
 - 96% of participants stated that at least one person whom they they had talked about the product tried Latte Lite;
 - 73% of participants and G1s became weekly users.
- Drive Sales:
 - 71% of participants bought the product;
 - Sales in test markets increased 26%;
 - Sales in control markets went up 8%.²⁶

²⁵ BzzAgent, Case Studies
http://www.bzzagent.com/downloads/BzzAgent_CaseStudy_Dunkin_Donuts.pdf Viewed 20/07/09

²⁶ BzzAgent, Case Studies
http://www.bzzagent.com/downloads/BzzAgent_CaseStudy_Dunkin_Donuts.pdf Viewed 21/07/09

3.2 Case 2: Wrigley by trnd- Germany

3.2.1 The Network

“The real network dialogue,” trnd, is the leading German word-of-mouth marketing company in Europe. The company has a network of more than 140.000 members who can test the new products before they are launched and share their honest opinions within their social network. This network consists of opinion leaders and influentials from a diverse range of fields. While sharing their honest opinions, the members not only enjoy being first to experience the new products but also influence and better the products’ future with their feedback.

The Company offers major brands a turnkey solution for integrating word-of-mouth marketing into their marketing mix. The members are supported through various web 2.0 instruments, allowing to monitor and measure word-of-mouth marketing campaigns.

3.2.2 The Campaign

In July 2007, prior to launch of the two new products, *Extra Professional plus Calcium*, the first chewing gum to contain calcium microgranules, and *Extra Professional Mints Waldfrucht*, wild berry-flavored mint lozenges, trnd started a word of mouth campaign for Wrigley.

It was the second time that Wrigley worked with trnd for the launch of new Wrigley’s products with a professional word-of-mouth marketing campaign that helped generate significant amount of word-of-mouth even prior to the launch of the traditional campaign.²⁷ The campaign had the following objectives:

- Create awareness before the product launch;
- Drive trial.

3.2.3 Phase 1: Select

From trnd membership pool, 5,000 influentials were selected in order to identify the influentials for this campaign. The target group consisted of individuals who were classified as “modern performers”; highly educated and gave importance to appearance,

²⁷ The information provided by trnd

body, oral and dental care, while having a large network of friends and, if possible, have a weblog.

In addition, the pre-selected candidates were asked to make a written application in which they were asked to complete: “I am the right person for this project because...” The result was as follows:

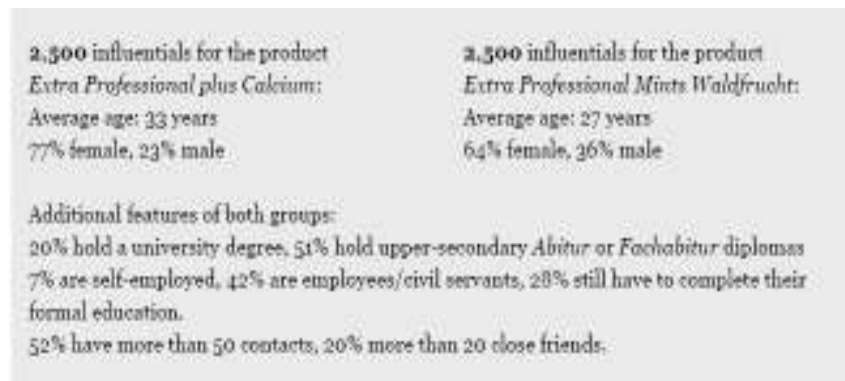


Figure 14: Influentials at a Glance²⁸

Selection part is very significant for the success of the campaign, as they will determine the future of the product through their conversations with others. trnd’s attempt to choose people who have a large social network, such as 52% of them having more than 50 contact can be considered as a good attribution to the generations of word-of-mouth generations and thus to the success of the campaign.

3.2.4 Phase 2: Connect

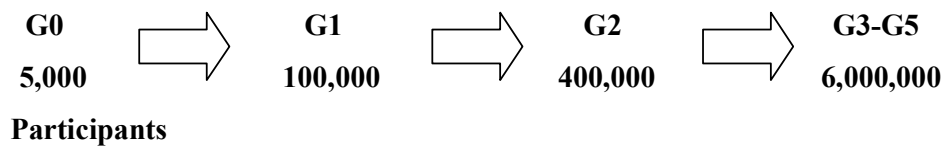
The influentials were sent 24 packs of *Extra Professional plus Calcium* or 16 packs of *Extra Professional Mints Waldfrucht*. Furthermore, the packages included 50 trial packs each allowing the influentials share with their family and friends, 1 team button each to attach to jackets or bags and product information including project schedule and background information.

The Company provided 24/7 support to campaign participants via phone and emails and by doing that built a connection that would amplify word-of-mouth.

²⁸ The information provided by trnd.

3.2.5 Phase 3: Spread

Including additional trial packs in starter kits allowed the spread of the message through generations even further as a friend who received the pack was also given the chance to experiment the product itself. Thus, he or she would talk to others about his or her direct, first-hand experience with the product and help creation of further generations of word-of-mouth. The exponential spread of word-of-mouth had the following sequence:



Furthermore, the diffusion of word of mouth was also amplified online through forums, blogs, chat and emails, which were made available even after the campaign ended. This resulted in Semantic SEO: strong increase in visibility on the web based on the number of times the product was searched, mentioned and appeared online.

3.2.6 Phase 4: Support

In addition to providing 24/7 support during the entire campaign, a project web log was set up. The purpose of the web log was to guide the campaign participants during the campaign, answer their questions, inform them about their campaign colleagues' best word-of-mouth ideas and create a platform for discussing the current project. Being always available for the participants doubts and questions not only intensify the cooperation between the company and its participants but it also serves as a great reason to increase their willingness to engage in positive word-of-mouth activities.

3.2.7 Phase 5: Measure

The diffusion of word-of-mouth message through different generations was measured through the reports that had been submitted by the participants for each word-of-mouth occurrence took place. Just as in any word-of-mouth campaign, the reports serve to measure the people reach.

In this context, based on the reports received, the campaign, in total, reached 6,500,000 consumers with G1 Relay Rate 20. This relay rate is considerably high and demonstrates that the target market as well as opinion leaders were very well reached by the campaign. 100,000(G1) first generation participants were directly reached by 5000 campaign participants and 94% of conversation partners responded enthusiastically or favourably when they experienced the products.²⁹

The total number of people reached through different generations of Wrigley's word-of-mouth campaign can be computed with Carl *et al.* (2006)'s formula:

$$\begin{aligned}
 & 5,000 \text{ Campaign Participants} + \\
 & (5,000 \text{ G0s} \times 20 \text{ G1 Relay Rate}) + \\
 & (100,000 \text{ G1s} \times 4 \text{ G2 Relay Rate}) + \\
 & (400,000 \text{ G2s} \times 15 \text{ G3-5 Relay Rate}) + \\
 & 6,000,000 + 400,000 + 100,000 = \\
 & \mathbf{6,500,000 \text{ people reached.}}
 \end{aligned}$$

In addition to quantitative methods, qualitative methods via the trndsphere platform and a special word-of-mouth grid had also been used. This method provided significant information on how and where the word-of-mouth conversations occurred and started to spread. Thus, it was possible to gather relevant information on word-of-mouth conversations which could be used in future projects.

On a daily basis the online diffusion of word-of-mouth through forums, blogs, chat and emails was also studied. Online spread and visibility on the web was measured and evaluated as part of the campaign even after the campaign ended.

3.2.8 Results

To conclude, the campaign results in numbers can be summarized as follows:

²⁹ Information provided by trnd

- Generate awareness: Campaign reached 6,500,000 people.
 - Useful information about consumer purchase behaviour was attained through reports and trndsphere platform.
- Drive Trial:
 - 94% of conversation partners responded enthusiastically or favourably when they experienced the products
 - Semantic SEO: strong increase in visibility.

3.3 Case 3: Olay by FikriMühim - Turkey

3.3.1 The Network

One of the first word-of-mouth companies in Turkey, FikriMühim (Directly translated: Whose Opinion Matters) performs word-of-mouth campaigns through its network of more than 30.000 volunteers in 80 Turkish cities. Just like BzzAgent and trnd, FikriMühim chooses the campaign participants based on their detailed demographic and psychographic profiles on Company's website at Fikrimuhim.com.

Different from BzzAgent and trnd, FikriMühim also conducts mini-word-of-mouth campaigns through which the participants are also asked to experiment the product and fill out the survey, rather than submitting a survey as their usual campaigns would require. Once the profile of the participants is considered appropriate for the campaigns, they are invited to join their word-of-mouth network.

3.3.2 The FikriMühim Campaign

Olay wanted to introduce its new Skin Adapt Cleansers range in the Turkish market. Before launching it in Turkish market in October 2008, the Company agreed with FikriMühim to carry on a word-of-mouth campaign. The objectives of the campaign were to:

- Generate awareness;
- Drive trial:
 - Cope with the barriers to trial and adoption of the product by reaching the right consumers.

- Deliver the product in the hands of consumers.³⁰

By doing that, the campaign would accelerate the first trial phase and establish the motives and environment to help generate word-of-mouth about the product. The campaign was conducted together with the advergame one month before media buying.³¹

3.3.3 Phase 1: Select

For this purpose, from FikriMühim membership pool, 1000 women, between the ages of 18-30, living all across Turkey with a large social network and who were potentially opinion leaders were selected. The candidates were selected through surveys that FikriMühim provided and consisted of women with combination skin-ideally suited for this campaign.

3.3.4 Phase 2: Connect

The campaign participants were sent a campaign kit that included Olay Skin Adapt Face Wash along with the detailed product information. These kits played a crucial role to increase target group's product awareness. They not only provided the participants with a real time experience of the product but also gave a reason to talk about it within their social network.

Additionally, the participants were encouraged to share their experiences on a digital platform such as blogs and forums.

3.3.5 Phase 3: Spread

Just as any other word-of-mouth campaign analysed earlier, the word-of-mouth generation spread and the total conversational reach for this campaign was calculated according to the reports and surveys that were submitted by FikriMühims. According to the information received from the Company, in total, 692 unique reports were submitted by the participants (Figure 15).

³⁰ Information provided by FikriMühim.

³¹ Information provided by the Company

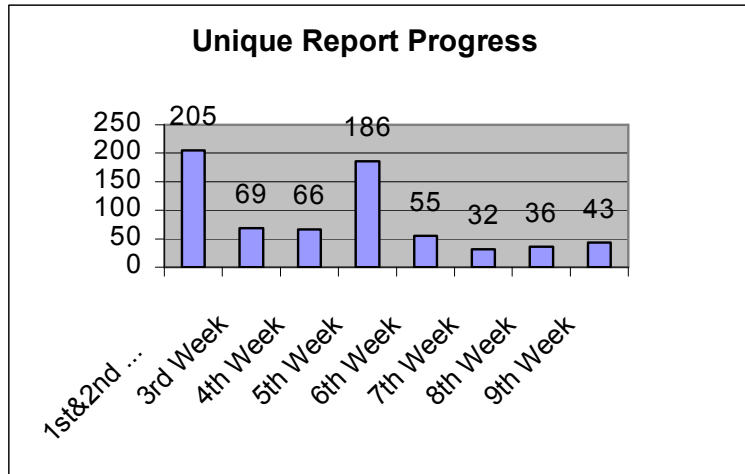


Figure 15: FikriMühim Report Progress Chart³²

The increase in the fifth week, explained by the Company, was as a result of their email incentives for the participants to submit reports. The number of unique reports the Company received was 692. Although the total number of reports is lower compared to BzzAgent and trnd word-of-mouth campaigns, according to the Company Owner, Renan Tavukçuoglu, the campaigns over 60% unique reports from 1000 participant campaign are considered to be extremely successful.

As a result, at the end of 10-week campaign FikriMühim achieved the following spread of word-of-mouth through generations:



3.3.6 Phase 4: Support

During the 10-week of campaign, FikriMühim provided support to the participants through their site and emails. Their response time for the emails was 24 hours. In order to establish a rapport with the participants, in addition to emails, MSN

³² Information provided by FikriMühim

chat option was given at particular day and hour, answering doubts and questions, providing guidance and establishing rapport with the volunteers.

3.3.7 Phase 5: Measure

The campaign in total generated 63,450 word-of-mouth interactions, in person, and 88% of these interactions resulted in favourably or very favourably to the product trial, despite the fact that 90.43% of the participants stated that they had never used the product before the campaign. 12,490 (G1) first generation participants (Figure 16) were directly reached by 1,000 campaign participants with G1 Relay Rate of 18. Basing on Carl *et al.* (2007)'s research on *Measuring the Ripple: Creating the G2X Relay Rate and an Industry Standard Methodology to Measure the Spread of Word of Mouth Conversations and Marketing-Relevant Outcomes*, an average G2 Relay Rate of 4 is used to compute the conversational reach. According to the Carl *et al.* (2007)'s formula, below is the total number of people reached through generations of word-of-mouth:

$$\begin{aligned}
 &1000 \text{ Campaign Participants}^{33} + \\
 &(692 \text{ G0s} \times 18.05 \text{ G1 Relay Rate}) + \\
 &(12,490 \text{ G1s} \times 4 \text{ G2 Relay Rate}) + \\
 &12,490 + 49,960 = \\
 &\mathbf{63,450 \text{ people reached.}}
 \end{aligned}$$

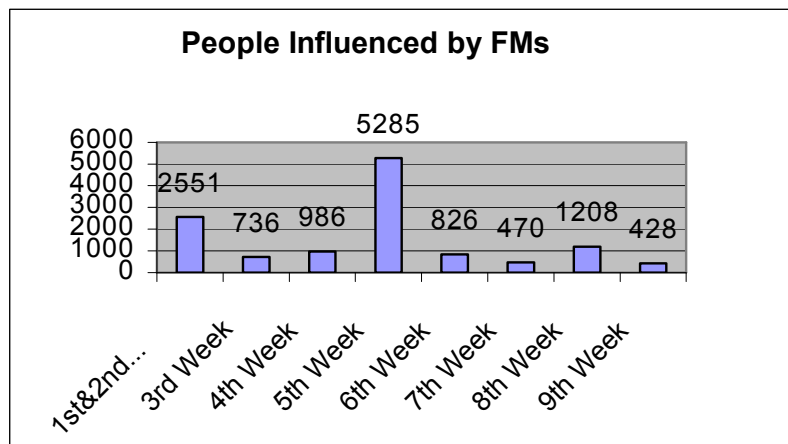


Figure 16: First Generation (G1) Participants³⁴

³³ 692 of 1000 participants submitted reports and this calculation based on the reports submitted.

³⁴ Information provided by FikriMuhim

3.3.8 Results:

- Generate awareness:
 - The campaign in total reached 63,450 people.
 - Almost half of the volunteers did not know "Olay" brand and 90.43 % of them never tried Olay products before the campaign. ³⁵
- Drive Trial:
 - 88% of the participants reacted favourably or very favourably to the product trial.
 - The campaign reached to the right target group. 31% of these people became brand evangelists after the campaign;
- Deliver the product in the hands of consumers.
 - 49 % of the volunteers chose to buy an extra Olay product other than the foaming wash they were sent;

3.4 Case 4: Genacol by HaveYouHeard- South Africa

3.4.1 The Network

HaveYouHeard is South Africa's first specialist word-of-mouth marketing agency. The Company accelerates and augments positive word-of-mouth for brands through initiating conversations and building trusted relationships through key influencers of a target market, which ultimately drives brand growth and sales. The Company's target market consists of individuals who are over 25 years old.³⁶

3.4.2 The Campaign

Genacol is a molecular-enhanced Bio-Active Collagen Complex complex formula which contains structural proteins help body repair itself.³⁷ The Company

³⁵ The facts were gathered directly from FikriMühim

³⁶ HaveYouHeard, Case Studies http://www.haveyouheard.co.za/case_studies/case_studies
Viewed 24/07/09

³⁷ Genacolusa <http://www.genacolusa.com/products.htm> Last Viewed 26/07/09

wanted to reach its target market through an unconventional type of marketing, word-of-mouth marketing with HaveYouHeard.

HaveYouHeard set up the word-of-mouth campaign for Genacol and their campaign had the following objectives:

- Drive Education on Benefits of Collagen and advantages of Genacol;
- Build credibility in the brand through trial usage and relationship building;
- Drive word-of-mouth around the brand and stimulate recommendations;
- Impact on future sales.

3.4.3 Phase 1: Select

In order to achieve the above-mentioned objectives, HaveYouHeard selected 1000 individuals who fits Genacol's target group. Genacol's target group consisted of people who suffer from:

- Arthritis; Fibromyalgia; Osteoporoses or have recurring sports injuries. (Any ailment which is a direct result from lack of Collagen in the body).
- LSM 7 upward.
- Living in populated cities such as Cape Town, Johannesburg or Durban.

For this specific word-of-mouth campaign, individuals who were to participate in the campaign in addition to being influentials, they had to meet the following requirements:

- The individuals who had never used Genacol.
- The individuals who had the profile to become regular Genacol consumers.

3.4.4 Phase 2: Connect

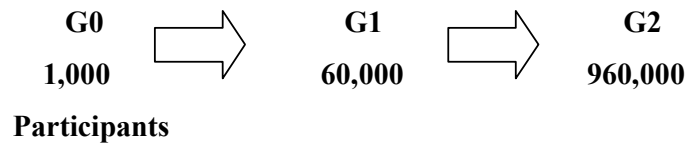
The 1000 individuals chosen to participate in the campaign, just as BzzAgent, FikriMühim and trnd participants, were required to be trained and experience the product and share their positive recommendations about the brands within their social network. These individuals were sent the campaign kit which consisted of:

- A workbook that included easy to read and understand brand and product information (created by HaveYouHeard).

- Product samples of both the gel and the capsules – enough Genacol to trial for a 1-month period.
- Genacol product coupons (R15 and R20 off) to share with friends or to use themselves.

3.4.5 Phase 3: Spread

Including product samples sufficient to trial for a 1-month period, providing Genacol product coupons (R15 and R20 off) to share with friends allowed the spread of the message through generations even further. The exponential spread of word-of-mouth for Genacol word-of-mouth campaign had the following sequence:



3.4.6 Phase 4: Support

During the campaign, the participants were required to share their honest opinions about the product with others. They were also asked to communicate HaveYouHeard about their experience. According to the Company, this constant communication served two purposes:

- It stimulated the consistent spread of information and recommendations from a credible and trusted source.
- The constant communication between HaveYouHeard and the campaign participants enabled consistent monitoring of their experiences. If anything went wrong, or a participant was having a less favourable experience, HaveYouHeard could step in and rectify the situation immediately.³⁸

³⁸ HaveYouHeard, Case Studies http://www.haveyouheard.co.za/case_studies/case_studies
Viewed 26/07/09

3.4.7 Phase 5: Measure

As already mentioned earlier, just like the other word-of-mouth campaigns, the diffusion of word-of-mouth message through different generations were measured based on the reports that had been submitted by the participants for each word-of-mouth occurrence took place.

In this context, based on the reports received, the Genacol campaign, in total, reached 1,021,000 consumers with G1 Relay Rate 60. This relay rate is considerably high and demonstrates that the target market as well as opinion leaders were very well reached by the campaign. 60,000(G1) first generation participants were directly reached by 1000 campaign participants and 920 of 1000 participants confirmed that they intended to purchase Ganecol products. Indeed, 42 of them had already bought it, 508 were definitely going to purchase it, and 370 were definitely going to purchase it when they needed it.³⁹

The total number of people reached through different generations of Genacol word-of-mouth campaign can be computed with Carl *et al.* (2006)'s formula:

$$\begin{aligned} & 1,000 \text{ Campaign Participants} + \\ & (1000 \text{ G0s} \times 60 \text{ G1 Relay Rate}) + \\ & (60,000 \text{ G1s} \times 16 \text{ G2 Relay Rate}) = \\ & 60,000 + 960,000 + 1,000 = \\ & \mathbf{1,021,000 \text{ people reached.}} \end{aligned}$$

3.4.8 Results

- Generate awareness:
 - The campaign in total reached 1,021,000 people with 60 G1 Relay Rate.
 - 980 Influencers felt they were highly educated on the need for Collagen and Genacol in their lives.

³⁹ http://www.haveyouheard.co.za/case_studies/case_studies

- Genacol achieved a Net Promoter Score of 92% after the campaign, up from 8%.
- Drive trial:
 - 920 Influencers intended to purchase Genacol in the future.

(42 Had already bought it, 508 were definitely going to purchase it, and 370 were definitely going to purchase it when they needed it.)

- Although it has not yet been provided exact figures by Genacol, they have seen an increase on sales during the campaign.⁴⁰

3.5 Case 5: Nivea For Men by Word of Mouth Company- Australia

3.5.1 The Network

Started in 2005, Word Of Mouth Company consists of 50 team members to trigger conversations among women. Working a little differently than BzzAgent, trnd, FikriMühim and HaveYouHeard, the campaigns are launched with a presentation on-site. During the presentations, the target audience are informed about the products and receive product samples. Once started face-to-face, the communication with the participants is continued online.

3.5.2 The Campaign

In February 2008, The Word of Mouth Company from Australia started a 6-month campaign for Nivea for Men. The objectives of the campaign were to;

- Find a channel to engage and
- Educate men about benefits of daily face care.

3.5.3 Phase 1: Select

Based on the fact that despite changing roles in the society, women are still the main household shoppers for their products and influence purchase behaviour of the

⁴⁰ HaveYouHeard, Case Studies http://www.haveyouheard.co.za/case_studies/case_studies Viewed 26/07/09

household, the target market was to reach women who could influence the purchase decision of their partners and pass along the word.

3.5.4 Phase 2: Connect

The volunteers were invited to take part in women community groups. The purpose of these community groups is to be the starting point for word-of-mouth conversations. Unlike above-analysed word-of-mouth campaigns in which the participants were sent the campaign kit for trial, the advantage of community group presentation is that the accurate information was passed on the target group through face-to-face conversations. The participants would later on spread the message through their interactions within their social community.

3.5.5 Phase 3: Spread

To start conversations about the benefits of daily face care for their partners. The participants were given a trial pack to let their partner try the product. Although there was not any information obtained concerning generations of word of-mouth spread, the campaign reached over 42,000 women.



3.5.6 Phase 4: Support

The communication with the Company after the first presentation maintained through emails.

3.5.7 Phase 5: Measure

Three weeks following the presentation, the partners of the women participants were sent a research survey aiming to measure their purchase and recommendation rates. The purpose of the survey not only to measure conversational reach and net

promoter score but also finding out the necessary information on what consumers liked and disliked about the product.

3.5.8 Results

The campaign results from the five months follow:

- 55% of households surveyed had gone on to purchase at least one NFM product within 38 days of attending a presentation with 20% of respondents purchasing 2 or more NFM products.
- 58% of survey participants (men) had gone on to recommend the product to their friends and family within 38 days of attending a presentation with over 30% recommending to at least two or more in that time. Not to mention the women who had initially been engaged.
- A database of NFM advocates has been built as a result of the research allowing NFM to keep their advocates engaged and up-to-date on brand news.⁴¹

⁴¹ Word of Mouth Company, Case Studies http://wordofmouthco.com.au/c_casestudies.asp Viewed 20/06/09

4. Limitations

The findings in these case studies are subject to some limitations. To begin with, although most of the word-of-mouth campaigns follow a similar process as provided in the case examples, a word-of-mouth campaign can also be launched in a completely different way.

Secondly, within the case studies, it should be considered that not all participants report their entire word-of-mouth occurrence. According to Balter (2008), there are several reasons for that. These reasons can be summarized as;

- Lack of time/procrastination/forgetfulness
- A mediocre reaction from the conversational partner/does not seem important enough to report
- Episode is very similar to other word-of-mouth episodes that the Participant has reported; therefore, the word-of-mouth episode does not seem to necessitate a report.

Contrary to this view, the participants may as well exaggerate their word-of-mouth occurrences. However, there has been no study to include this factor.

Thirdly, most of the data obtained in case studies are derived from the companies themselves. This limits the further contrary opinions on the results.

5. SWOT Analysis

Considering all the abovementioned case studies, it would be necessary to conduct a SWOT analysis in this chapter in order to summarize qualities of word-of-mouth marketing and bring a better understanding to its strengths, weaknesses, opportunities and threats for the companies.

Strengths

- Much more effective than traditional marketing concepts;
- Reliable and honest;
- Bi-directional and interactive; it permits tailored flow of information from opinion leader to information seeker;
- Increase brand awareness and can motivate for direct purchases;
- Experience-based knowledge can trigger generation of positive word-of-mouth and thus lead to brand advocacy eventually;
- It has a “snowball-effect”;
- Provides visibility to brands;
- Reduce marketing expenses;
- Not reduced to one demographical, location.

Weaknesses

- Limitation in controlling;
- G1 onward can not be controlled;
- Reliability and objectivity of the reports and surveys submitted by the consumer;
- Difficulties in identifying opinion leaders through surveys based on consumer’s own perception of being an opinion leader.

Opportunities

- Empowers consumers by providing them an opportunity to promote brands;
- Suits well to the new role of the consumer;
- Diminishing impacts of negative word-of-mouth and can channel it into positive word-of-mouth.
- Gives an opportunity to improve the product or the service;
- Company and customer remain connected even after the campaign is over, i.e. customer loyalty.

Threats

- Not all word-of-mouth is positive;
- Negative word-of-mouth spreads more quickly than positive word-of-mouth;
- Companies failing to listen to their customers may lead to negative word-of-mouth;
- Some companies may conduct it unethically.
- Some consumer may interpret it commercial message linked to a company.

6. Conclusion

The present thesis has examined the role of word-of-mouth communication in relation to its impact on consumer behaviour and its effectiveness on return on investment for the companies. The literature review based on theory and the analysis of the case studies demonstrated that in the New Economy, word-of-mouth is found as the most credible source of information and the most powerful tool to influence consumer purchase decision. When consumers are well informed and given a first-hand experience to trial a product, they will be very likely to spread positive word-of-mouth message within their social network voluntarily and will contribute to increase product awareness and drive sales for the companies consequently.

The results of these case studies not only reveal the fact that traditional marketing channels are no longer effective, but also prove evidence that the consumers who represent 10% of society can help influence all the majority of purchase decision (Marsden and Kirby, 2007). Placing consumer at the centre of marketing strategies, the total number of the people reached and sales volume results in the case studies emphasize the power of new consumer to spread the message and influence other consumers within their social network. Thus, it can be said that a brand's success or failure is in now new consumer's hands.

Even though word-of-mouth is believed to be uncontrollable, immeasurable and random, the metrics that have been presented in case studies also show that word-of-mouth results are not random and can be tracked and measured by several methods. These metrics not only provide quantitative data to the word-of-mouth companies, but also provide significant information about consumer behaviour which can be used in future campaigns.

Finally, although a cross-cultural study model is not included on cultural influences for the impact of recommendation source, five campaigns from five different countries that have been studied in this thesis indicate that word-of-mouth marketing is effective regardless of national boundaries and cultural differences. Word-of-mouth can be successful in the countries with different characteristics as in the examples of Turkey and United States or where the trust in traditional advertising channel is the least such as Germany. However, further future investigation is required.

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