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Word of Mouth Marketing: Consumers Participation

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Abstract:
Social marketing is reaching its peak; 'word of mouth' has come into limelight. The firm's objective now a day is to create advertisements that spark conversation, which would lead persuasion of the prospect and eventually to a purchase. WOM drives sales because conversations about brands have a powerful impact on people. More than half of the consumers attribute high credibility to the information they hear during a WOM conversation. WORD OF MOUTH is the most powerful medium on the planet. It is the actual sharing of an opinion about a product or service between two or more consumers. It is the holy grail of marketers, CEOs and entrepreneurs, as it can make or break a product. The key to its success: it is honest and natural. The paper tries to examine word-of-mouth as the tool of marketing and public relations, its growing importance in today's time. How it has taken the various other forms and corporate & consumers both are becoming a part of it. The paper basically uses the primary data form for analyzing the trend of word-of-mouth in digital space and the importance of such a megatrend in today's time.

1. Introduction

Social networks representing the pattern of social interactions - who talks to whom or who observes whom, this plays a crucial role as a medium for the spread of information, ideas, values, products and services. Someone in the population may be struck with a problem, may find a new technology and will use it and may spread information throughout the population through peer groups and another means depending upon the structure of the network, how dense it is. However, the basis of adoption, i.e., the extent to which the individuals are influenced by their friends or neighbors or relatives is affected by word-of-mouth communication, which plays a crucial role in determining the speed of diffusion. Among the numerous channels through which a person today may receive information, word of mouth (WOM) plays an important role in interpersonal communication.

Word-of-mouth marketing (WOMM, WOM marketing), also called word of mouth advertising, is an unpaid form of promotion – oral or written, in which satisfied customers tell other people how much they like a business, product, service, or event. According to Entrepreneur Media, word-of-mouth is one of the most credible forms of advertising because people who don't stand to gain personally by promoting something put their reputations on the line every time they make a recommendation.

Word-of-mouth marketing, which encompasses a variety of subcategories, including buzz, blog, viral, grassroots, brand advocates, cause influencers and social media marketing, as well as ambassador programs, work with consumer-generated media and more, can be highly valued by product, social media and performance marketers. Because of the personal nature of the communications between individuals, it is believed that they are more credible.

Traditional word-of-mouth (WOM), which was originally defined as an oral form of Inter personal non-commercial communication among acquaintances (Arndt, 1967), has evolved into a new form of communication, namely electronic word-of-mouth (eWOM) communication. eWOM communication refers to any positive or negative statement made by any potential, actual, and former customers about a product or a company via the Internet (Hennig-Thurau et.al., 2004). The advancement in the information technology offers a productive ground for electronic word-of-mouth (eWOM) communication. More and more consumers use web tools (e.g., online discussion forums, consumer review sites, blogs, social networking sites, etc.) to exchange product information (Lee, Park and Han, 2008). Kotler (2000) cites a study of 7000 consumers in seven European countries in which 60% said they were influenced to buy a new brand by family and friends.

As the facts suggests, companies are interested in WOM for the reason that success of a product/service is related to the WOM that it generates. In fact, it is believed that word-of-mouth marketing directly impacts sales and awareness and preferences in some cases. Therefore, if we say that WOM serves as a major indicator of product's success, will not be wrong. Marketers place significant value on positive word-of-mouth, which is traditionally achieved by creating products, services and customer experiences that generate conversation-worthy "buzz" naturally. The relatively new practice of word-of-mouth marketing attempts to inject positive "buzz" into conversations directly. While marketers have always hoped to achieve positive word-of-mouth. A Nielsen global survey in 2013 found that word-of-mouth is not only the most trusted source of consumer information, but it is the most likely to be acted upon.

2. Review of Literature

There exists various theoretical support for the idea that WOM may impact a firm's sales. Banerjee (1992, 1993) presents two models that suggest that people may place significant weight on the opinions of others. In fact, rational agents may ignore their own private information in favor of information drawn from observation of others' actions. This may lead to "herding" in which all agents select the same action, even if each individually has information that favors another action. According to Bikhchandani et al. (1991), the introduction of new pieces of information can cause radical, discontinuous shifts in the actions of the agents. Mayzlin (2001) focuses on eWOM and the potential that it presents for the firm to pose as a consumer and create firm-to-consumer communications that "looks like" consumer-to-consumer communication.

Defining word of mouth (WOM) precisely, however, has proven difficult (Carl, 2006; Nyilasy, 2005). American Word of Mouth Marketing Association (WOMMA), founded in 2005, defined word of mouth (WOM) very generally as 'the act of consumers providing information to other consumers' (WOMMA, 2008). Both definitions conceive of word of mouth (WOM) as natural (that is, noncommercial), inter-personal communication about brands, products or services that may be either positive or negative (WOMMA, 2008). In this sense, word of mouth marketing (WOMM) is seen as the type of marketing that specifically promotes natural interpersonal communication in the most diverse ways. WOMMA describes it as: 'Giving people a reason to talk about your products and services, and making it easier for that conversation to take place. It is the art and science of building active, mutually beneficial consumer-to-consumer and consumer-to-marketer communications' (WOMMA, 2008).

In this definition, word-of-mouth marketing (WOMM) becomes a generic term, including tactics such as so-called 'viral marketing' or 'buzz marketing' (Sernovitz, 2007). Word-of-mouth marketing (WOMM) is accordingly not about generating conversations between consumers (these exist already), but rather to encourage these conversations and to anchor them in the overall marketing strategy (WOMMA, 2008; Sernovitz, 2007; Oetting, 2005a).

3. Research Methodology

The paper explains various facets close to Word-of-mouth marketing. It is basically explorative in nature as it attempts to study the basic premise of WOM marketing and certain important aspects like what leads customer to share and which category of product is benefited most. The study made use of both primary and secondary sources of information. A questionnaire is drafted specifically for the purpose and the feedback of 40 respondents is been used.

4. Word of Mouth: Just A Promotional Tool or A Consumer Revolution

While McCarthy's (1960) 'four P's' offer a good basic framework for understanding the all-encompassing nature of marketing, they lack one key ingredient that has been made apparent by the 'consumer revolution' – the consumer's involvement in the process. Companies therefore need to re-address the underlying models upon which marketing is based. James (2009) states the problem with the four Ps is that the first P is roughly ten times more important than the other three. And the Promotion part, which was never very important, has become very much less important now that the Internet provides instantaneous worldwide word of mouth. Furthermore, Navel (2009) says, that companies must add more P's to their marketing mix, such as People, Process, Physical presence, or – as word-of-mouth/social media representatives like to say – Participation.

Word of mouth (WOM) is not a new concept, but has for decades been considered a very important factor in the purchasing behaviour of consumers. Within the last thirty years the importance of word of mouth has increased substantially manifold. According to an internet-based survey 'Trust, Value and Engagement in Advertising', repeatedly carried out by the market research institution Nielsen for the first time in 2007 and then in 2009, over 25,000 Internet users surveyed from 50 countries primarily trust in the recommendations of other consumers (90 per cent) and in consumer opinions published online (70 per cent). (The Nielsen Company, 2009).

A key advantage of word of mouth in comparison to classical mass-marketing is individual consumer appeal and address. Instead of confronting the consumer with standardised and, for him, largely uninteresting advertising messages, passive or active recommendations are specifically tailored to the needs and interests of each recipient (Röthlingshöfer, 2008; Oetting, 2006b). Probably the most important characteristic of a recommendation, however, is its independence and credibility. Buying recommendations given by friends, family or acquaintances in particular appear to have more influence. The more positively the maker of the recommendation is rated, the more positively is his recommendation received (Röthlingshöfer, 2008).

5. Importance of the Internet for the Word of Mouth

The reason the Internet is so attractive and efficient for consumers, and consequently a vehicle for word of mouth, lies in the concept of the Internet itself. The Internet is characterized by a high degree of interactivity, which especially in traditional marketing communication often exists to only a limited extent (Esch, Langner and Ullrich, 2009). Some of the medium's most significant characteristics are its, easy 24-hour access to the most updated information, its global coverage, an unlimited amount and source of information on products, brands or even competitors, its facilitating role in the ordering, customization and payment for goods, and the medium's ability to target specific groups or individuals' (Sankatsing, 2007, p. 27). Opinions published online concerning products, brands and companies are also increasingly gaining influence among consumers.

7. Advantages of WOM

- Comparatively economic method of marketing in relation to other promotional methods, as there is no direct cost involve in this.
- Word-of-mouth is considered as more reliable form of marketing as reviews or recommendations made by respondents influence buying decision of the consumers.

- Positive word of mouth strengthens the brand image.
- Last but not the least word of mouth marketing has ripple effect on other advertising efforts, it supports other forms of marketing.

8. Disadvantages of WOM

- Marketer generally fears that result may not be delivered as they desire.
- Sometimes it may become impossible to track the results of word of mouth as it works in grapevine form of communication, having no source.
- Word-of-mouth marketing is an informal way of communication as it arises normally out of gossips.
- It is not always the case that customer will give positive feedback, if customer bad mouth about the company or its product; it will affect the reputation of the company.

9. Reasons For Popularity of WOM

- The consumer does not believe anymore in advertisements. According to one survey 76 percent do not believe that company tells truth in advertisement.
- Media saturation can be another thing in the popularity of word of mouth. As per an estimate, a consumer comes across more than 3000 ads per day; they cannot retain all the ads they are watching. Therefore, WOM effects positively in that case.
- There are two strategies a marketer may follow, viz., pull strategy and push strategy. In push strategy customers are persuaded to buy a product whereas in pull strategy customers themselves get attracted towards the product/service. Word of mouth results in a pull strategy and thereby building goodwill of the brand.
- In this competitive world, the intermediaries and social brokers play an influential role in framing the decisions of the buyers. Especially trust referrals play an important role in insurance policy sales, investment made, and real estate.
- It is been believed that "most trusted stimulates action". It's a general fact that the people we admire most, or the one with higher goodwill believes to be the most trusted source of information and that becomes the main drive to stimulate action or making a purchase decision.

10. Wom Is Spreading in All Its Forms

- VIRAL MARKETING: It is an attempt to deliver a marketing message that spreads quickly and exponentially among consumers. Today, this often comes in the form of an email message or video. Contrary to alarmists' fear, viral isn't evil. It isn't dishonest or unnatural. At its best, it is word of mouth enabled, and at its worst, it is just another interruptive marketing message.
- Within three weeks of its release on YouTube, the Kolaveri Di video garnered 19 million views and was shared by 6.5 million Facebook users. It was drawing more than 10,000 tweets daily by the end of its first online week. Having garnered over 45 million views so far, it has proved with its success that viral marketing works in India too.
- BUZZ MARKETING: It is an event or activity that generates publicity, excitement, and information to the consumer. It is usually something that combines a wacky, jaw-dropping event or experience with pure branding. If buzz is done right, people will write about it, so it essentially becomes a great Public Relations vehicle. It's a kind of special "hook" to get people to talk about your brand.
- BMW came up with the idea of BMW iWindow to show the future of driving and created the buzz all over the world.
- BRAND BLOGGING: Creating blogs and participating in the blogosphere, in the spirit of open, transparent communications; sharing information of value that the blog community may talk about. Corporate blogs are a subset of how social media is being used by companies and organizations. The purpose of corporate blog is to make your site interactive and engaging and to develop relationships with your customers that ultimately drive sales.
- Companies like Coca-cola, Microsoft, Google, Fiat, Accenture and many more are involved in the game of corporate blog.
- CAUSE MARKETING: Cause marketing or cause-related marketing refers to a type of marketing involving the cooperative efforts of a for profit business and a non-profit organization for mutual benefit. The term is sometimes used more broadly and generally to refer to any type of marketing effort for social and other charitable causes.
- P&G's Shiksha "Padhega India to Badhega India" is one of the popular programme launched by proctor & gamble in India to serve the noble cause of literacy. And no doubt after running this campaign the statistics has shown that their sales has gone up manifolds.
- USER GENERATED CONTENT (UGC): "UGC"' has gained in popularity over the last decade, as more and more users have begun to flock to social media and "'content-based"' sharing sites. In this way of marketing, content is created and published by the end-users online, they can upload whatever they want to, amateurs can publish their own content.
- Like knowledge sharing content is promoted by Wikipedia, Yahoo answers; Photo Sharing supported by Flickr, Photobucket, etc.
- EVANGELISM MARKETING: Evangelism marketing is an advanced form of word-of-mouth marketing (WOMM) in which companies develop customers who believe so strongly in a particular product or service that they freely try to convince others to buy and use it. The customers become voluntary advocates, actively spreading the word on behalf of

the company. As they act independently, evangelist customers often become key influencers. In the course of time, evangelism marketing has established itself as the most efficient form of marketing communication as a means of word-of-mouth marketing, says Ben McConnell The facts that evangelists are not paid or associated with any company make their beliefs perceived by others as credible and trustworthy.

- As an example, Apple Computers was a struggling high-tech company during the 1980s. In 1983, Apple hired Guy Kawasaki as its "product evangelist." Kawasaki touted the virtues of Apple's newest computer, the MacIntosh, to hardware and software developers. His successful evangelism would lead to fierce customer loyalty throughout the following decades.

11. Research Design
The Paper systematically tries to study the impact of word of mouth marketing on the purchasing decision made by the consumer, i.e., how recommendations and reviews made by friends or families help consumers in framing their decision. A co-relational study of customer's satisfaction and dissatisfaction leading them to share and in the digital world where we should focus to best generate the WOMM energy. A questionnaire is designed for the same and the sample size taken is 40. It is a controlled field experiment. However, one of the limitations of the study is that the sample size is a small proportion of population.

12. Conclusion
- How people frame their purchasing decision?
  Reviews and opinions given by people go a long way. Approximately 85% of the sample size recommends the product/service they use to their families or peer group and almost the same percentage of people use the commodities recommended by their known ones. But, 53% people gives higher importance to the word-of-mouth marketing and the reviews made available online regarding the product. This proves, how strong role is been played by the word-of-mouth.
- What makes the review trustworthy?
  As far as reliability is concerned, we found a mix response. 38% of the sample size gives importance to an individual's story and experience with a product or service where as 35% believes in their previous experience related to brand or a company and 25% relies on the pros and cons of the product depending upon the traits. In light of this, encouraging your customers to share their stories will go a lot further than simply pushing your own brand messaging.
  We also observe that reviews whether made directly (face-to-face) or via social networking sites are trusted most whereas reviews on paid blogs and websites are trusted least and 51% says that recommendations made by other persons served their purpose of using the product or service.
- What lead customers to share?
  The study observes that 69% of respondents share their opinion when they use the product and have had a positive experience, while 20% wants to share their negative experience after the usage. This shows that it's all in the vein of goodwill.
- Where the WOMM energy should be focused?
  According to the findings, respondents still prefer direct face to face talk with their families or friends while recommending, but the momentum can be seen shifting towards online platform including facebook, twitter, etc.
  And last but not the least; electronic gadgets reviews are trusted most.

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14. Appendix

Dear Participant,

The questionnaire is for the use of professional work. No personal information of the respondent will be used for the purpose other than the use of questionnaire. The form tries to find out the impact of recommendations/reviews on the purchasing behavior of buyers. Kindly, Cooperate your efforts are highly appreciated.

Name *   Gender *   ☐ Male   ☐ Female

Age *(   ) 15-25   (   ) 25-35   (   ) 35-45   (   ) 45 & Above

Academic Qualification

☐ Under Graduate   ☐ Graduate   ☐ Post Graduate   ☐ Doctorate

Working Status *

☐ Working   ☐ Non Working

Occupation Status *

☐ Service   ☐ Self- employed   ☐ Professional   ☐ Other

Income (If Working)

☐ Up to 3 lacs   ☐ 3-6 lacs   ☐ 6-9 lacs   ☐ 9 lacs & above

Which mode of shopping do you prefer most? *

☐ Online Shopping   ☐ Traditional Shopping   ☐ Both

If prefer traditional shopping, then what are the reasons for the same? *

☐ Online shopping is not that safe   ☐ No access to online shopping   ☐ Lack of knowledge to shop online

☐ Finds too tedious   ☐ Traditional shopping offer fun with buying   ☐ others

How often you use to shop online? *

☐ Weekly   ☐ fortnightly   ☐ monthly   ☐ quarterly

What category(s) of product/service you like to shop online *

☐ Clothing   ☐ Accessories   ☐ Electronic Gadgets   ☐ Home & Kitchen   ☐ Books

☐ Travel & lifestyle   ☐ Entertainment   ☐ Health Care   ☐ Any other

Why do you prefer online shopping *

☐ Saves time & efforts   ☐ Offers ample choice at one place   ☐ Easy to use

☐ More safer to pay online then carrying cash   ☐ Friends/ Relatives recommends

☐ Peer pressure   ☐ Suits your personality   ☐ offers competitive price   ☐ any other

Have you ever recommended the product/service you used to your known ones *

☐ Yes   ☐ No

Have you ever used the product recommended by your friend/colleague/relative/peer group *

☐ Yes   ☐ No

Before using a product, which method do you believe most? *

☐ Word-of-mouth/Recommendations   ☐ Reviews available online   ☐ previous experience

☐ Physical appearance of the product   ☐ Features of the product/service as displayed

Do you think quality rating and reference by anyone increases the credibility of a product/service? *

☐ Yes   ☐ No   ☐ Can't Say

If you like the product, how will you recommend that to others? *

☐ Direct face-to-face (friends or families)   ☐ Paid blog   ☐ Social networking (face book, twitter, etc)

☐ Reviews on websites   ☐ any other

What leads you to share your views? *

☐ When you get to know about the product/service   ☐ when you use it and have the positive experience

☐ When you use it and have the negative experience

What makes the review trustworthy? *

☐ Individual's story and experience with product/service influence your decision ☐ a list of pros and cons

☐ Your own experience ☐ any other

Which category of product/service you recommend most? *

☐ Entertainment ☐ Health Care ☐ Home & Kitchen ☐ Travel & Lifestyle ☐ Clothing

☐ Accessories ☐ Electronic Gadgets ☐ Books ☐ Others

Do you feel the product which you use on someone's recommendations serves your purpose for which you want to use? *

☐ Yes ☐ No ☐ Can't Say

SUBMIT