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CONSUMER BEHAVIOUR

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LEARNING OBJECTIVES

When you have completed this chapter, you should be able to:

1. Discuss the difficulty of conducting research on word of mouth (WOM).
2. Describe how product decisions in different categories are affected by WOM.
4. Describe factors associated with WOM that affect its impact.
5. Report how WOM relates to the current and past usage of brands and to market share.
6. Describe ways in which WOM may build up support for a product in social networks.
7. Suggest how marketers might apply knowledge about WOM.

OVERVIEW

Research on WOM has probably been stimulated by online activity since comment on the Internet (or eWOM) may be similar to face-to-face WOM. Internet comment has the great advantage of being recorded and researchers have taken advantage of this to study its effects.

In this chapter, we show how consumers use WOM to choose brands in different categories. We describe problems in researching this field, report findings on the relative frequency of positive and negative WOM (PWOM, NWOM) and examine the circumstances that stimulate people to give WOM. We provide evidence on the impact of PWOM and NWOM and we explain how different factors contribute to that impact. We describe how WOM production is related to market share, and review applications of WOM research.

SECTION 1: THE NATURE OF WORD OF MOUTH

In Chapter 5, we described the way in which innovations are adopted by consumers. At the centre of the adoption process is the communication of information. A person who
adopts a new idea or product must find out about it, either through mass media (advertising, promotions, television, radio), through personal discovery (e.g. seeing it in a shop) or from other people (salespersons, other consumers). This chapter is concerned with the last way of finding out, through the influence of others. Sometimes, this occurs as observational learning when people see what others do and copy them, but often they receive advice as word of mouth (WOM). In addition to guiding the adoption of new products, WOM is involved in the switching from one brand to another in established markets. Normally, WOM is focused on conversations between consumers, where, unlike advertising, the person giving advice usually lacks any commercial interest. This feature of WOM is one reason why it is influential but another aspect of person-to-person exchanges is that these are often interactive so that a receiver can follow up and ask further questions. This helps the receiver to get the information needed, which makes the advice more influential. WOM advice may be received via face-to-face exchanges, telephone, text messages, mail, email, blogs, message boards and social networking websites. WOM also sometimes occurs as rumour (see Box 12.1).

**Box 12.1 Rumour**

Rumours are unverified topical beliefs that circulate between people. Early thinking about rumour was presented by Knapp (1944) and by Allport and Postman (1947). Rumours may be based on hope, fear or hatred and may involve claims about conspiracies or dangers. The Internet now provides a means for the rapid circulation of rumours and many companies have suffered from this hazard. The financial marketplace is particularly susceptible to rumour (Kimmel, 2004). Rosnow (2001) argues that uncertainty, credibility and personal relevance are the primary drivers of rumours, which will spread faster in contexts of high anxiety (e.g. when investments are at risk). Kimmel and Audrain-Pontevia (2007) found that roughly three-fifths of rumours were negative, one-fifth positive and one-fifth neutral. They confirmed that uncertainty, credibility and importance of the topic were the key factors in rumour transmission. For a review of research on rumours and their influence, see Kimmel (2010).

WOM may be positive (PWOM, recommendation, advocacy) or negative (NWOM, criticizing, advising against). Some exchanges contain both positive and negative comment and some are neutral. When it is about a brand, PWOM usually increases, and NWOM reduces, the receiver’s probability of purchasing that brand. Some advice occurs in a commercial context, for example, from sales personnel and on sponsored websites. Commercial advice is different from C2C advice because it is potentially biased. However, Carl (2008) studied the responses of consumers to advice from BzzAgents (people who are given products and asked to talk about these products to others); he found that three-quarters of respondents trusted the BzzAgent to give them good advice when they knew that he/she was a BzzAgent. In fact, the effect of the BzzAgent’s advice was often greater when
their affiliation was known. This indicates that those with a commercial interest may be quite influential despite their role.

Many of the classic studies on WOM were concerned with innovations and new categories rather than established brands – for example, Whyte (1954) on air conditioners, Coleman, Katz and Menzel (1957) on the prescribing of new drugs by physicians, and Katz (1961) on new farming practices. These really new products may produce a large amount of comment compared with well-established products that consumers often know well. However, sometimes brands will have new features not offered by others and then choice may be more like the adoption of a new product. For example, a car manufacturer may offer ‘passive keyless entry’, allowing the car to be started while the transponder key remains in the driver’s pocket. As the category matures and brands become more familiar, the reason for choice may not be an innovation but some simple advantage that can be drawn to a consumer’s attention. For example, one person might advise another about the relative cost of mobile phone brands, or their performance in weak-signal areas. This is useful to a prospective buyer but it does not deal with an innovative feature of the product. In this chapter, we focus less on the adoption of new categories and more on brands in mature categories.

Researching Word of Mouth

WOM is difficult to measure. Ideally, we would observe WOM as it occurs and then monitor its consequences. In practice, WOM occurs too rarely for it to be observed systematically and usually any consequences occur much later, so that direct observation of the outcomes of WOM may be impossible. As a result, other methods have to be used, which are reviewed below.

Text Mining on the Internet

Although we cannot observe WOM as it happens, we may be able to measure it as comments posted on the Internet. Such eWOM is not hard to find in consumer-generated media, but there are problems about relating this to face-to-face WOM. Those who set up websites may encourage either more PWOM or more NWOM than is typical in everyday life, and those who post comments on the Internet, and those who read these comments, may be different from those who give and receive offline advice. So far, studies of online comment have produced mixed results. Godes and Mayzlin (2004b) did not find that the volume of online comment about TV programmes was predictive of viewing, but Liu (2006) was successful in predicting box office returns from the volume of online comment about movies, and Qin (2012) also found that the volume of WOM predicted movie sales. Interestingly, Liu did not find that the valence of the WOM (i.e. whether it was positive or negative) was predictive of sales. However, a later article by Liu (2012), dealing with comments on Twitter, suggests that the valence is more predictive than the volume of comments. More work is required here.

Internet research usually deals with aggregate effects. We can count the posts and obtain data on box office receipts. We may be able to predict returns from such data but we do not know the specific influences on individuals and how those individuals
reacted, instead we have only the collective effects. We want to understand as well as predict, and for this we need individual-level data so that we can connect individual responses to individual experience. Such individual-level data are obtained in experiments and surveys.

**Box 12.2 Online advice**

The predictive value of online comment depends, in part, on how much this medium is used, compared to other media. If it is only a small part of total advice on brands, it may not be a reliable guide to sales. Surveys show that online comment remains a modest part of the total. In 2006, Keller and Fay found that WOM was:

- Face-to-face 70%
- Phone 19%
- Email 4%
- Text message 3%
- Online chat or blog 1%
- Other 3%

In other surveys, the shares are similar. In 2010, the Keller Fay Group reported that 7 per cent of WOM was offline in the USA, the UK and Australia, though this rose to 15 per cent for the teen group in US measurements. In 2011, Keller Fay reported that, in the UK, 81 per cent of WOM was face-to-face, 10 per cent via phone and 9 per cent online (including email, texting and social networking sites). This suggests that the Internet is not the dominant channel for advice, though some categories such as restaurants, holidays and hotels attract much more online comment than others, and it is likely that, in these fields, the Internet is a more reliable guide to demand. In addition, it is possible that the design of survey questions leads to the omission of some Internet advice. Fay (2014) reports a market research study that found a third of referral sales were based on Internet comment.

There are, however, some differences between Web and face-to-face advice. First, most online advice is one-way and not interactive. Second, in many contexts, such as online reviews or Twitter, advice from one source may be received by many others, which is uncommon for offline advice. Third, the Web may allow a degree of deception – those reviews on Amazon may include some that are ‘arranged’; because of this, people may be more suspicious of positive comment on the Web than they are when it occurs face-to-face. Fourth, offline WOM is more often between close ties whereas, on the Web, a larger amount of weak-tie contact is likely to occur (e.g. in discussion groups or anonymous product reviews).

**Experiments**

A number of experiments have examined the impact of positive and negative information (e.g. Ahluwalia, 2002; Herr, Kardes and Kim, 1991). The main problem here is that the
artificiality of the laboratory situation restricts generalization to naturally occurring WOM. This artificiality has several aspects:

1. The stimulus is not like real WOM. In experiments, the ‘WOM’ is often prepared written information rather than spontaneous exchanges between people (e.g. Herr, Kardes and Kim, 1991). Such prepared advice cannot be asked for, which is often a feature of real WOM, and the advice is unlikely to be well-tailored to the needs of the receiver.

2. The response measures may be inappropriate. Experimental studies of WOM have used attitude towards a product or brand and belief items to measure impact (e.g. Ahluwalia, 2002); marketers are generally more interested in the impact on purchase or purchase probability. Experiments often rush the process by taking measures of effect shortly after exposure to the stimulus. In natural settings, people who receive WOM may not act on it for months. In their improved experimental design, Christiansen and Tax (2000) delayed the measurement of effects for a week.

3. In experiments, each participant makes an equal contribution to the outcome. In everyday life, some people say nothing while others give a lot of WOM.

There may be more flexibility with role-play (simulation) experiments but these raise a further problem. In a role-play experiment, the subject may be asked what he or she would do in a specified situation, for example: ‘If someone asked you about mobile phones, would you recommend/advise against...?’ There is no guarantee that participants in such role plays would do as they claim. However, Christiansen and Tax succeeded in devising quite realistic WOM experiments, using pairs of participants, with one being required to give advice (in their own terms) to the other about a real product. Another possibility is to use field experiments. Godes and Mayzlin (2004a) used a field experiment to compare the extra effect on sales of WOM from loyal and non-loyal customers. Unfortunately, field experiments are very resource-intensive and the experimenter may still have to use a survey method to find out what advice has been given and received. These problems weaken the value of experiments but they remain popular; East (2016) has suggested that heuristic mechanisms make the controlled experimental design more attractive than it deserves.

Retrospective Surveys

In retrospective surveys, respondents have to report on their experience and these reports may be systematically distorted by recall error. For example, if NWOM is more easily recalled than PWOM, a measure of relative frequency will be biased in favour of NWOM (see Box 12.3). A second concern about surveys relates to the recruitment of the sample, which is often based on convenience. However, problems about convenience sampling recede as more data are gathered. If we have 20 studies using diverse population samples and different categories, and these all show the same pattern, we can be more confident about the findings. A further problem arises when survey evidence is interpreted; unlike experiments, it does not provide causal relationships so that associations between variables may be explained in a variety of ways.
## Exercise 12.1 Questionnaire on word of mouth

Fill out this questionnaire:

1. **Do you own a mobile phone?**
   - No [1]
   - Yes [2]

2. **Which make of mobile phone do you have?**
   Please write in (Samsung, iPhone, etc.) .................

3. **In the last six months, how many times have you received positive advice about any mobile phone handset?**
   - Write in number (0, 1, 2, etc. ......)
   - If you answered 0, then please go to Q.9

4. **The last time you received positive advice, did you ask for advice or was it just given?**
   - Just given [1]
   - Asked for it [2]

5. **What was your relationship to the person who last gave you positive advice?**
   - Casual acquaintance [1]
   - More distant family, friend or colleague [2]
   - Close family, close friend or colleague [3]

6. **About which brand was the last positive advice received?**
   Please write in (Samsung, iPhone, etc.) .................

7. **Did the last positive advice that you received affect your handset choice or intended handset choice?**
   - No [1]
   - Yes [2]

8. **How strongly expressed was the last negative advice?**
   - Hardly at all strongly [1]
   - Moderately strongly [2]
   - Fairly strongly [3]
   - Very strongly [4]
9. In the last six months, how many times have you received negative advice about any mobile phone handset?
   Write in number (0, 1, 2, etc. ..........)
   If you answered 0, then please go to Q.15

10. The last time you received negative advice, did you ask for advice or was it just given?
    Just given [1]
    Asked for it [2]

11. What was your relationship to the person who last gave you negative advice?
    Casual acquaintance [1]
    More distant family, friend or colleague [2]
    Close family, close friend or colleague [3]

12. About which brand was the last negative advice received?
    Please write in (Samsung, iPhone, etc.) .................

13. Did the last negative advice received affect your handset choice or intended handset choice?
    No [1]
    Yes [2]

14. How strongly expressed was the last negative advice?
    Hardly at all strongly [1]
    Moderately strongly [2]
    Fairly strongly [3]
    Very strongly [4]

15. In the last six months, how many times have you given negative advice about any mobile phone handset?
    Write in number (0, 1, 2, etc. .......)
    If you answered 0, then please go to Q.17

16. About which brand did you last give positive advice?
    Please write in (Samsung, iPhone, etc.) .................

(Continued)
In the last six months, how many times have you *given positive* advice about any mobile phone handset?

Write in number (0, 1, 2, etc. ……)

About which brand did you last *give negative* advice?

Please write in (Samsung, iPhone, etc.) ………………

The purpose of this exercise is to show how aspects of WOM may be measured in a retrospective survey. From the responses of a group of people to these questions, it is possible to find out:

- how much PWOM is received compared with NWOM
- how much PWOM is given compared with NWOM
- whether those who give more PWOM also give more NWOM
- whether people mostly give PWOM about their current brand
- whether advice on their current brand affects their behaviour more than advice on other brands
- how much WOM comes from close ties
- whether most WOM is requested or not
- what proportions of the sample claim to have had their choice affected by the PWOM and NWOM received
- how different factors relate to impact; for example, are people more influenced by WOM when they have requested it and does WOM have more impact when it is about the currently owned brand?

When no method is satisfactory, researchers may give up and investigate something else. This has probably led to a lack of research on WOM in the past. But this is something that we can ill afford. In many categories, WOM appears to be the most powerful influence on consumption and, outside the commercial arena, WOM is involved in many social changes. In these circumstances, even weak findings should be put into the public domain.

To some extent, the problems that affect measurement in this area may be offset by using multiple methods and measures, and a wide range of categories. A second strategy is to estimate measurement distortions so that errors can be corrected (Box 12.3).

**Box 12.3 Measuring recall bias**

East et al. (2013) measured how the volume of WOM recalled is related to the time elapsed since the WOM was given. Respondents were asked about the volume of PWOM and NWOM that they gave in the week after using a service such as a hotel. They were also asked how long
ago the service was used. Data on six categories were collected. It was anticipated that people would forget more instances of WOM when the time lapse was longer. However, there was a tendency for the recalled volume of both PWOM and NWOM to increase with the time elapsed. When the ratio of PWOM to NWOM was measured in relation to time lapse, there was no significant trend. This finding suggests that ratios gathered over different periods are comparable.

SECTION 2: THE OCCURRENCE OF WORD OF MOUTH

How Does Word of Mouth Affect Brand Choice in Different Categories?

WOM from others provides helpful information and this is particularly true in the case of services that cannot be tested before a choice is made. For example, a person who has to find a new dentist has few sources of relevant information on a dentist’s competence. Because of this, advice from other people is probably the best way of finding a dentist that they will be happy with. The adviser provides a kind of second-hand experience. WOM will be less important in the case of goods that can be inspected and tested, and when information can be gathered from advertising or online search before buying. This means that the need for WOM will vary between categories. It is often said that WOM reduces risk – and this is true – but risk is highest when there is a lack of information on a product and little opportunity to gather information by direct experience.

In early work, WOM was credited with very large effects. Dichter (1966) claimed that advice figured in as many as 80 per cent of brand decisions. Katz and Lazarsfeld (1955) claimed to show that WOM was seven times as effective as newspapers and magazines, four times as effective as personal selling and twice as effective as radio advertising in influencing consumers to buy products. These early studies applied more to the adoption of new categories than to brand switching, so these claims may not tell us much about brand choice in familiar categories. However, WOM clearly has an impact on brand choice; Keaveney (1995) found that about 50 per cent of service provider replacements occurred primarily through WOM. A study by East et al. (2005b) showed that sales impact depended on the category. Table 12.1 shows the results of this work.

The main source of information was classified into recommendation, personal search, advertising and ‘other’. The ‘other’ category included non-commercial editorial advice in the mass media and situations in which people had no choice because of contracts, gifts or other circumstances that were compelling. At the base of the table, we see that recommendation was the main influence in about one-third of the brand choices. In this research, each respondent was asked about two or three categories, and the data are grouped accordingly in Table 12.1. Within each grouping, you can see that categories differ in the way they get their customers. For example, in the first grouping, coffee shops and mobile airtime providers are more often chosen on recommendation than credit cards. The evidence from Table 12.1 shows that WOM is less often a source of information for cars (13 per cent) and for retail services such as supermarkets (10 per cent and 9 per cent).
Table 12.1  Choice of brand provider when switching buying a category for the first time (East et al., 2005b)

<table>
<thead>
<tr>
<th>Category (country)</th>
<th>Recommendation</th>
<th>Personal search</th>
<th>Advertising/Promotion</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee shop (UK)</td>
<td>65</td>
<td>20</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>Mobile phone airtime provider (UK)</td>
<td>50</td>
<td>24</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Credit card (UK)</td>
<td>20</td>
<td>16</td>
<td>20</td>
<td>44</td>
</tr>
<tr>
<td>Car insurance (Mauritius)</td>
<td>60</td>
<td>16</td>
<td>6</td>
<td>18</td>
</tr>
<tr>
<td>Car servicing (Mauritius)</td>
<td>56</td>
<td>17</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>Dentist (UK)</td>
<td>59</td>
<td>3</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>Current car (UK)</td>
<td>13</td>
<td>42</td>
<td>13</td>
<td>33</td>
</tr>
<tr>
<td>Education institution (UK)</td>
<td>48</td>
<td>19</td>
<td>2</td>
<td>31</td>
</tr>
<tr>
<td>Mobile phone airtime provider (UK)</td>
<td>25</td>
<td>22</td>
<td>9</td>
<td>44</td>
</tr>
<tr>
<td>Optician (UK)</td>
<td>21</td>
<td>16</td>
<td>8</td>
<td>56</td>
</tr>
<tr>
<td>Bank (UK)</td>
<td>43</td>
<td>20</td>
<td>13</td>
<td>24</td>
</tr>
<tr>
<td>Mobile phone brand (UK)</td>
<td>21</td>
<td>26</td>
<td>16</td>
<td>37</td>
</tr>
<tr>
<td>House contents insurance (UK)</td>
<td>33</td>
<td>12</td>
<td>34</td>
<td>21</td>
</tr>
<tr>
<td>Car insurance (UK)</td>
<td>27</td>
<td>19</td>
<td>34</td>
<td>20</td>
</tr>
<tr>
<td>Car servicing (UK)</td>
<td>32</td>
<td>9</td>
<td>1</td>
<td>58</td>
</tr>
<tr>
<td>Dry cleaning (UK)</td>
<td>14</td>
<td>26</td>
<td>4</td>
<td>56</td>
</tr>
<tr>
<td>Hairdresser (Mexico)</td>
<td>32</td>
<td>29</td>
<td>5</td>
<td>34</td>
</tr>
<tr>
<td>Fashion store (Mexico)</td>
<td>13</td>
<td>27</td>
<td>43</td>
<td>17</td>
</tr>
<tr>
<td>Supermarket (Mexico)</td>
<td>10</td>
<td>36</td>
<td>33</td>
<td>21</td>
</tr>
<tr>
<td>Mobile phone airtime provider (UK)</td>
<td>29</td>
<td>13</td>
<td>21</td>
<td>37</td>
</tr>
<tr>
<td>Internet service provider (UK)</td>
<td>24</td>
<td>26</td>
<td>26</td>
<td>24</td>
</tr>
<tr>
<td>Fashion store (France)</td>
<td>15</td>
<td>47</td>
<td>9</td>
<td>29</td>
</tr>
<tr>
<td>Supermarket (France)</td>
<td>9</td>
<td>29</td>
<td>8</td>
<td>54</td>
</tr>
<tr>
<td>Means</td>
<td>31</td>
<td>22</td>
<td>14</td>
<td>32</td>
</tr>
</tbody>
</table>

This is not surprising since durables can be tried out and supermarkets are well known and both are the objects of substantial advertising.

Marketers are also interested in the value of customers acquired by different methods. It is thought that customers recruited by WOM will understand and appreciate the product better than those acquired by advertising and may spend more, recommend more and be better retained, making them more valuable. Trusov, Bucklin and Pauwels (2009) and Villanueva, Yoo and Hanssens (2008) found that customers derived from WOM were more valuable than those found by conventional marketing activity. An analysis by Uncles et al.
WORD-OF-MOUTH INFLUENCE

Two out of three customers come to us by word of mouth

(2013) found that referral customers did recommend more and were better retained but they did not spend more; their findings suggested that it was the referral customer’s longer retention that made the main contribution to their value.

How Does WOM Occur?

There is a widespread belief in marketing that PWOM comes from satisfied and NWOM from dissatisfied customers (see Box 12.4), but think back to the last advice that you gave. Was it driven by satisfaction or dissatisfaction, or were you trying to provide information that would help someone else with their decision? Our satisfaction or dissatisfaction with a product may be the main basis for giving advice, but often we will be influenced by other factors.

The fact that advice may be unrelated to satisfaction is indicated by a study conducted by Anderson (1998), who used the Swedish Customer Satisfaction Barometer and the American Customer Satisfaction Index, which covered many industries in each country. The results were very similar for the two countries and Figure 12.1 illustrates the data for Sweden. We see that there is a little more WOM when people are very satisfied or very dissatisfied, but that when they are neutral about an issue WOM is still produced at about 80 per cent of the maximum level. This indicates that satisfaction and dissatisfaction need not be involved in the production of WOM and implies that other circumstances are relevant.
Box 12.4 Comparing satisfied and dissatisfied consumers

A study of a frequently purchased product by Goodman and Newman (2003) found that NWOM from dissatisfied customers occurs about twice as frequently as PWOM from satisfied customers. Anderson’s (1998) comprehensive study also showed greater WOM from those who were very dissatisfied compared with those who were very satisfied but the effect was small. Anderson commented: ‘The widespread belief in a high degree of word of mouth by dissatisfied customers may be unwarranted. In fact, in a sizable proportion of cases, the difference between the two is probably not significant’ (Anderson, 1998: 15).

People may confuse the WOM from satisfied and dissatisfied customers with WOM in general. This may be why Silverman (2001: 134) claims that studies have shown that most WOM is negative. To establish the ratio of all PWOM to all NWOM, we need studies on the general occurrence of PWOM and NWOM, not just those where the WOM is based on dis/satisfaction. Mangold, Miller and Brockway (1999) established a typology of the triggers of word of mouth about services as judged by the receiver of WOM. East et al. (2015) used this typology in surveys to find out what most stimulates PWOM and NWOM. The results are...
shown in Table 12.2, where we can see that satisfaction (PWOM) and dissatisfaction (NWOM) are the most important factors but that a variety of other stimuli induce WOM. These results are for services and a study has now been done on durable goods (at the time of writing, not yet published). The findings for durables are quite different. Advertising has the strongest effect on PWOM and little effect on NWOM. Satisfaction is an important stimulus of PWOM but dissatisfaction had little effect on NWOM, perhaps because modern durables are so reliable that they rarely cause dissatisfaction.

### Table 12.2 Catalysts that stimulate PWOM about services (East et al., 2015)

<table>
<thead>
<tr>
<th>Stimulus</th>
<th>Positive communication (%)</th>
<th>NWOM (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receiver’s felt need</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Coincidental communication</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Communicator’s dis/satisfaction</td>
<td>27</td>
<td>26</td>
</tr>
<tr>
<td>Observation of decision-making</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Two or more deciding</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Ad/prom about this provider</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Receiver’s dis/satisfaction</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Third-party need</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Ad/promo for another provider</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Some products generate more WOM than others. Berger and Schwartz (2011) point out that some categories are more interesting than others – one would expect phone apps to get more comment than soap. Also, some products are more visible than others because of their usage or because they are frequently present in the environment. Such products (e.g. mobile phones) may stimulate more WOM than those that drop from sight after use, such as films. Berger and Schwartz found that the cued and visible products received more WOM than interesting products with limited visibility. The latter were talked about a lot immediately after consumption but WOM then fell away. In a field experiment, the authors found that WOM could be increased by linking a product to a recurrent feature of the environment. The authors also suggest that advertising could be more effective when this sort of linkage is used. A study of the decay in the production of WOM after product experience found wide variation between products (East et al., 2014b).
Motives for Giving WOM

Rather different from the triggers of WOM studied by Mangold et al. (1999) are the motives for giving advice. There are circumstances in which people deliberately go out of their way to give advice, most notably when they write product assessments and give advice online, and it is worth understanding why they choose to do this. In an early study before online advice existed, Dichter (1966) reported on the motivation to talk about products. He analysed interviews and found that people gave advice because this gave them standing with the receiver. The recommendations which people gave were based on experience, involvement with the product, the needs of the receiver and public information (such as ads) on the product. Also using interviews, Sundaram, Mitra and Webster (1998) found that PWOM was motivated by altruism, product involvement, self-enhancement and assisting the company producing the product. The motives for giving NWOM were altruism, anxiety reduction, vengeance and as a response to others seeking advice. Hennig-Thurau et al. (2004) turned attention to online advice. Using an online questionnaire, they found that advice was motivated, as in offline, by wanting to vent negative feelings, concern for other consumers, social benefits, economic incentives, helping the company and advice seeking, but there were two other factors related to the online environment – one was a form of self-enhancement coming from expressing positive feelings and a second was the assistance provided by the platform to express advice. Related to the second point, Berger and Iyengar (2012) found that more interesting topics are covered online because the medium gives more time to consider topics and write reviews. However, the relative permanence of online comment may affect the willingness to express it. A study by Eisingerich et al. (2014) found that people were more reluctant to express comments on a social media site than face-to-face because they felt more social risk. A further question on motivation is whether giving advice has any effect on future advice giving. In a scenario experiment, Chawdhary and Dall’Olmo Riley (2015) found that giving PWOM on a service provider enhances the merits of the provider in the mind of the sender, who then claims to be more likely to give PWOM in the future.

Although motives are important, we should also take account of situational determinants of WOM, as Mangold et al. (1999) do in their typology.

Is there More PWOM than NWOM?

Naylor and Kleiser (2000) studied users of a health and fitness resort and found more positive comment than negative. Chevalier and Mayzlin (2003) found that the majority of book reviews on two websites were positive. Godes and Mayzlin (2004b) studied TV comment on websites and found that positive appraisals occurred nearly twice as often as negative appraisals. Romaniuk (2007) found four times as much PWOM as NWOM when assessing advice about television programmes. The Keller Fay Group conducts surveys of ‘branded’ conversations that have taken place over the last 24 hours in the USA and the Group has provided us with data for 2009: 65 per cent of these conversations were mainly positive, 8 per cent mainly negative, 15 per cent
mixed and 12 per cent neutral. If we assume that people hearing mixed comment on a brand would state that they have received both PWOM and NWOM, these data indicate that there is more PWOM than NWOM with a ratio of about 3.5 to 1. East, Hammond and Wright (2007) examined the ratio of PWOM to NWOM in 15 different studies, covering all the brands in a range of widely used categories (mostly services). In every case, the PWOM incidence exceeded the NWOM incidence and the average ratio was 3.1 to 1. This work was conducted by asking respondents about the PWOM and NWOM that they had given in the last six months. In follow-up studies, respondents were asked about the WOM they had received in the last six months and the WOM they would give, if asked. These follow-up studies gave PWOM:NWOM ratios of 2.4 to 1 and 3.4 to 1 respectively. From this evidence, it is clear that there is more PWOM than NWOM, though the ratio varies by category.

Why is there more PWOM? One explanation may be that there are not many negative things to say about goods and services. Mostly, people are satisfied with what they get, according to Peterson and Wilson (1992), whose work suggested an average 10:1 ratio of satisfied to dissatisfied (Chapter 9). A second possibility is that PWOM is seen as more useful. Most consumer choices are about selecting one from many brands. NWOM may eliminate an option but this does not settle the choice if more than one option remains. By contrast, PWOM may be used by a receiver to make a final decision. Thus, if people are trying to help others with their advice, saying what is good may be more constructive than saying what is bad.

How Much Do People Talk about Their Current Brand?

East, Romaniuk and Lomax (2011) investigated whether the brand that was referred to in PWOM and NWOM was currently used, previously used or never used (Table 12.3). Across 15 studies, they found that, on average, 71 per cent of PWOM was about the currently used brand, 22 per cent about a previously used brand and only 7 per cent about a never-used brand. For NWOM, 22 per cent was about the currently used brand, 55 per cent about a previously used brand and 22 per cent about a never-used brand. Wangenheim (2005) also found that NWOM was often about previously owned brands, and Winchester and Romaniuk (2008) found that, when people expressed negative beliefs about brands, these brands were often previously owned. Table 12.3 also shows that people are more willing to give NWOM than PWOM on brands they have not used and this suggests that, sometimes, brands become widely discussed because of their deficiencies. This is a serious worry for managers. Note that the previous work showing more PWOM than NWOM was about all the brands in a category. Individual brands could be the object of more NWOM than PWOM.

How Does the Occurrence of WOM Relate to the Market Share of the Brand?

Bigger brands, with more users, will get more recommendations because, as we see above, most recommendations are about the current main brand. As a result, the volume
of recommendation will tend to relate to market share. NWOM on previously owned brands will reflect the market share that applied at an earlier time, and if the market has not changed much this will approximate to the current market share. This means that NWOM volume will also relate to market share, but less so than PWOM because it relates to an earlier market structure. This was tested by Uncles, East and Lomax (2010a). They analysed data from 13 surveys and found an average correlation between market share and PWOM volume of 0.92. This was significantly greater than the corresponding correlation for NWOM which was 0.73.

This evidence shows that if one brand gets more PWOM than another, it is not necessarily performing better. To do well, a brand must get more PWOM and less NWOM than would be expected on the basis of the market-share norm. Sometimes, new brands

<table>
<thead>
<tr>
<th>Category</th>
<th>PWOM</th>
<th>NWOM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current main brand %</td>
<td>A previous brand %</td>
</tr>
<tr>
<td>Camera</td>
<td>88</td>
<td>12</td>
</tr>
<tr>
<td>Mobile phone handset</td>
<td>81</td>
<td>15</td>
</tr>
<tr>
<td>Mobile phone airtime supplier</td>
<td>79</td>
<td>9</td>
</tr>
<tr>
<td>Mobile phone handset</td>
<td>78</td>
<td>10</td>
</tr>
<tr>
<td>Main coffee shop</td>
<td>75</td>
<td>25</td>
</tr>
<tr>
<td>Mobile phone airtime supplier</td>
<td>73</td>
<td>20</td>
</tr>
<tr>
<td>Main coffee shop</td>
<td>72</td>
<td>27</td>
</tr>
<tr>
<td>Bank account</td>
<td>72</td>
<td>22</td>
</tr>
<tr>
<td>Computers</td>
<td>70</td>
<td>19</td>
</tr>
<tr>
<td>Skincare products</td>
<td>70</td>
<td>25</td>
</tr>
<tr>
<td>Main credit card</td>
<td>67</td>
<td>29</td>
</tr>
<tr>
<td>Current bank account</td>
<td>64</td>
<td>26</td>
</tr>
<tr>
<td>Luxury leather goods</td>
<td>63</td>
<td>29</td>
</tr>
<tr>
<td>Main supermarket</td>
<td>63</td>
<td>36</td>
</tr>
<tr>
<td>Luxury brands (2006)</td>
<td>51</td>
<td>32</td>
</tr>
<tr>
<td>Means</td>
<td>71</td>
<td>22</td>
</tr>
</tbody>
</table>
may get much more PWOM than their market share warrants; for example, some unpublished evidence at Kingston University showed that, when smart phones first arrived, iPhone was well above the norm for PWOM and its subsequent success has vindicated this early interest.

Factors Associated with Word-of-Mouth Production

In studies at Kingston University, we have found that the volume of recommendation is often related to:

- The relative attitude to the brand. Relative attitude is the rating of the brand compared with other available brands and is similar to relative satisfaction.
- Whether a person was recruited to the brand by recommendation or not. In the main, those who are recruited by recommendation tend to give more recommendations themselves. This was found by Wangenheim and Bayón (2004) when they investigated German utility customers and Uncles et al. (2013). This effect is likely to depend on the size of a person’s circle of friends. Those who interact more with others have more opportunity both to receive and to give advice. Related to this, Godes and Mayzlin (2004a) incentivized PWOM and found that the extra sales that resulted were related to the size of a person’s social circle.
- Whether the communicator recommends other categories. People who give advice across a wide range of products are called mavens (Feick and Price, 1987).
- Age. The pattern here is that people tend to give and receive less WOM as they age, particularly when they are over 65 (East et al., 2014a). This may depend on opportunity, since there is likely to be a loss of social contact as people age, stop work and their children leave home. (Factors associated with age are covered in more detail in Chapter 6.)
- Whether a brand owner has heard others recommend their brand. (We discuss this in Section 4.)

Other factors relating to WOM production depend on the categories:

- Customer tenure (duration of time as a customer of the brand). The relationship between tenure and PWOM was described in Chapter 2. In brief, East et al. (2005a) found that recommendations fell as tenure increased in the case of credit cards, bank accounts, motor insurance and supermarkets, but recommendation rose in the case of car servicing and fashion shops. In other categories, there was no significant effect.
- Weight of purchase. Heavy buyers quite often give more WOM but not always. Perhaps, in some categories, they habituate to the brand and then become less interested in talking about it.

Interestingly, share-of-category requirement is not usually related to PWOM. High-share customers, by their nature, have a more restricted experience of brands other than their main one and this may limit their ability to give advice when this involves comparison of brands.
SECTION 3: THE IMPACT OF WORD OF MOUTH

What is the Impact of Positive and Negative Word of Mouth on Brand Choice?

NWOM may be less common than PWOM, but perhaps it has more impact when it does occur? There seems to be a belief among marketers that an instance of NWOM has more effect than an instance of PWOM, and there is some evidence suggesting that this might be true. Arndt (1967) showed twice as much impact on purchase from NWOM than from PWOM, but he studied only one brand. Also, a series of studies has shown a ‘negativity bias’ – that negative information has more impact on attitudes than positive information (Anderson, 1965; Chevalier and Mayzlin, 2003; Fiske, 1980; Herr, Kardes and Kim, 1991; Mittal, Ross and Baldasare, 1998; Mizerski, 1982). Negative information is less common than positive information so attitudes tend to be positive, reflecting the generally positive thinking. This means that negative information usually differs from the prevailing attitude more than positive information (Fiske, 1980). It is this gap between the position supported by the message and the position currently held by the receiver that is the basis for negativity bias. The larger gap when the message is negative gives more room for a change in attitude. For example, evidence that a brand is unreliable might have more effect than evidence that the brand is reliable because most people assume that modern products are reliable. Exceptionally, when the receiver’s expectation is negative and the information received is positive, there could be a ‘positivity bias’. Research on negativity bias is reviewed in detail by Skowronski and Carlston (1989). However, some work has not supported negativity bias. For example, Ahluwalia (2002) compared responses to written positive and negative information when participants were familiar or unfamiliar with the brand. When the brand was familiar, there were no significant differences in the impact of positive and negative information.

This work on negativity bias has used measures of impact based on change in attitude or thinking. However, in marketing, impact may be better measured as a change in purchase or purchase propensity. People might receive NWOM and change their attitude but not change their intention to purchase. This could happen if, prior to the NWOM, they had zero probability of purchase. East, Hammond and Lomax (2008) used the shift in purchase probability to measure the impact of WOM; they showed that positive advice has more effect if the receiver has a low likelihood of purchase before the PWOM is received because this leaves more room for change. Conversely, NWOM has more effect when the initial probability of purchase is high. This applies the gap notion to intention rather than attitude, as in the negativity bias research.

In Table 12.4, we show East et al.’s average results from 19 studies. In this work, respondents were asked what their probability of purchase was before and after hearing WOM, using the Juster (1966) scale (see Chapter 7). The mean probability of purchase before WOM was 0.43 for those who received PWOM and 0.40 for those receiving NWOM, so that there was somewhat more ‘room for change’ in the purchasing probability for the receivers of PWOM (0.57) than NWOM (–0.4). The impact of PWOM was correspondingly greater in magnitude than that of NWOM.
A study by Sweeney, Soutar and Mazzarol (2014) has also found that PWOM has more effect on purchase intention than NWOM. These findings suggest that PWOM usually has more impact than NWOM when impact is measured as a change in intention. However, as we stated at the beginning of this chapter, it is difficult to study WOM effects, and estimates of past probabilities of purchase could easily be biased by selective recall. For this reason, we should be cautious about these research findings. In a recent article, East et al. (2016) review how impact should be measured.

**What Variables Affect the Impact of WOM?**

East et al. (2008) measured how six variables affected WOM impact, where impact was measured as change in the intention to buy. These were: the prior probability of purchase; how strongly expressed the WOM was; whether the WOM was about the main brand; the closeness of the communicator and receiver (that is, whether a close friend/relative or not); whether the WOM was sought or not; and how much advice the respondent reported giving on the category that was studied. These factors were used in a regression analysis to predict impact. Table 12.5 shows the output from the analysis. We see that the prior probability of choice is the most significant factor, supporting the gap argument in the previous section. For PWOM, the greater the prior probability, the less the change (and the reverse for NWOM). The strength of WOM expression, a variable noted as important by Mazzarol et al. (2007), is a strong determinant of impact. Also, PWOM about the currently used main brand has more effect than PWOM on other brands, while NWOM on the main brand has less impact than NWOM on other brands. The closeness of the communicator and whether the advice was sought are only significant for PWOM, and the amount of WOM given by the respondent is only significant for NWOM. Previous work has shown that close ties have more effect than distant ties (Brown and Reingen, 1987) and that sought advice is more influential than advice that is unsought (Bansal and Voyer, 2000; East et al., 2005a). The weak associations shown in Table 12.5 may relate to the method of analysis. When multiple regression is used, other variables that are associated with both the predictor and outcome variables can assume part of the explanation.

An interesting feature of Table 12.5 is the similarity in the magnitude of the different determinants, as shown by the beta coefficients. This indicates that PWOM and NWOM are similar in kind. We might expect this since they are both advice that is often intended to help the recipient.

**The Effect of Brand Commitment**

East et al. (2008) analysed the shift in purchase probability against the probability of purchase prior to receiving WOM. The result is shown in Figure 12.2. For most of the range, there is a close relationship between impact, measured as shift in purchase probability, and the prior probability of purchase.


Table 12.4 The mean impact of PWOM and NWOM on brand choice probability (adapted from East et al., 2008)

<table>
<thead>
<tr>
<th>Category</th>
<th>Probability of purchase before WOM %</th>
<th>Impact (shift in probability of purchase)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prior to PWOM</td>
<td>Prior to NWOM</td>
</tr>
<tr>
<td>Supermarket</td>
<td>0.43</td>
<td>0.39</td>
</tr>
<tr>
<td>Mobile phone airtime</td>
<td>0.40</td>
<td>0.41</td>
</tr>
<tr>
<td>Mobile phone handset</td>
<td>0.50</td>
<td>0.42</td>
</tr>
<tr>
<td>Current bank account</td>
<td>0.40</td>
<td>0.47</td>
</tr>
<tr>
<td>Camera</td>
<td>0.45</td>
<td>0.38</td>
</tr>
<tr>
<td>Computer</td>
<td>0.53</td>
<td>0.49</td>
</tr>
<tr>
<td>Mobile phone airtime</td>
<td>0.32</td>
<td>0.41</td>
</tr>
<tr>
<td>Main credit card</td>
<td>0.37</td>
<td>0.48</td>
</tr>
<tr>
<td>Luxury brands</td>
<td>0.38</td>
<td>0.20</td>
</tr>
<tr>
<td>Leather goods</td>
<td>0.48</td>
<td>0.46</td>
</tr>
<tr>
<td>Camera</td>
<td>0.53</td>
<td>0.34</td>
</tr>
<tr>
<td>Holiday destination</td>
<td>0.48</td>
<td>0.42</td>
</tr>
<tr>
<td>Coffee shop</td>
<td>0.54</td>
<td>0.42</td>
</tr>
<tr>
<td>Holiday destination</td>
<td>0.41</td>
<td>0.38</td>
</tr>
<tr>
<td>Mobile phone handset</td>
<td>0.39</td>
<td>0.36</td>
</tr>
<tr>
<td>Restaurant, favourite</td>
<td>0.35</td>
<td>0.59</td>
</tr>
<tr>
<td>Restaurant, ethnic</td>
<td>0.36</td>
<td>0.41</td>
</tr>
<tr>
<td>Hair colourant</td>
<td>0.51</td>
<td>0.28</td>
</tr>
<tr>
<td>Restaurant, Iranian</td>
<td>0.44</td>
<td>0.22</td>
</tr>
<tr>
<td>Means</td>
<td><strong>0.43</strong></td>
<td><strong>0.40</strong></td>
</tr>
</tbody>
</table>

probability, and prior probability of purchase. However, people who are very likely to buy a brand give less weight to NWOM on that brand and people who are very unlikely to buy a brand give less weight to PWOM on the brand, perhaps because they intend to buy another brand. Thus, Figure 12.2 shows how commitment to brands can make people resistant to advice about alternatives. Figure 12.2 is useful because it helps us to see how consumers differ in their response to information, depending on their prior probability of purchase.

SECTION 4: WOM IN THE SOCIAL NETWORK

One stimulating development on WOM has been work by Watts and Dodds (2007), who cast a critical eye over the two-step flow model of mass media influence which was
Table 12.5  Variables related to impact (multiple regression analysis) (adapted from East et al., 2008)

<table>
<thead>
<tr>
<th>Variable</th>
<th>PWOM</th>
<th></th>
<th>NWOM</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>Sig.</td>
<td>Beta</td>
<td>Sig.</td>
</tr>
<tr>
<td>Prior probability of purchase</td>
<td>0.43</td>
<td>&lt;.001</td>
<td>0.37</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Strength of expression of WOM</td>
<td>0.22</td>
<td>&lt;.001</td>
<td>0.22</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>WOM about main brand</td>
<td>0.16</td>
<td>&lt;.001</td>
<td>−0.21</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Closeness of communicator</td>
<td>0.10</td>
<td>&lt;.001</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td>Whether advice was sought</td>
<td>0.06</td>
<td>0.03</td>
<td>0.04</td>
<td>0.17</td>
</tr>
<tr>
<td>Amount of WOM given</td>
<td>0.04</td>
<td>0.13</td>
<td>0.08</td>
<td>0.01</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.23</td>
<td>0.21</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 12.2  Shift in probability of purchase (impact) as a function of the probability of purchase before receiving WOM

proposed by Lazarsfeld, Berelson and Gaudet (1944) and refined by Katz and Lazarsfeld (1955). In this model, mass-media communications are processed by a small group of opinion leaders, who pick up ideas from the mass media, interpret them, selectively pass them on, and thus promote or oppose change. Sometimes opinion leaders will enrol
further opinion leaders to spread the word, as shown in Figure 12.3. This is a one-way process akin to the spread of a disease. Watts and Dodds (2007) suggest that the opinion leader is usually only modestly more influential than average. They argue that influence may flow in both directions in networks of individuals, and in the more fluid social network that they propose innovations take off when a critical mass of easily influenced individuals has been reached. When this occurs, there is a large-scale cascade of adoption.

Unfortunately, Watts and Dodds do not really explain how transmission can go in both directions. One possibility is that when existing users of a brand hear their brand recommended, they raise their level of recommendations. In some unpublished work at Kingston University, we asked respondents whether they had heard others recommending a service that they had recently used, and we also asked them how many times they had recommended the service themselves in the preceding four weeks. We found that, on average, those who had heard others recommending a service gave nearly twice as many recommendations compared with those who had not heard their brand recommended. Even after removing the effect of some covariates, the effect remained. One explanation for this is that people can easily repeat recommendations that they hear. This provides a
mechanism whereby influence can travel over the network of existing users in any direction, though a variety of other mechanisms are likely to be involved.

Such ideas may also help us understand how advertising can affect WOM. It is known that the level of WOM on a product rises when it is advertised (Bayus, 1985; Graham and Havlena, 2007). According to Keller and Fay (2009), 20 per cent of WOM discussions refer to paid advertising content. The ad may increase the salience of the brand so that previously used PWOM scripts are more likely to be expressed, or the ad may supply a script that a receiver can repeat – this seems more likely for print and radio ads where information is already in a verbal form that can be passed on. This suggests that ads should be tested to see whether they do promote WOM.

SECTION 5: APPLICATIONS OF WORD-OF-MOUTH RESEARCH

Net Promoter Score

The Net Promoter Score (NPS) is intended to measure the number of people who are positive about a brand/company (promoters) and the number who are negative (detractors) (Reichheld, 2003). The score is computed by subtracting the number of detractors from the number of promoters, as shown in Figure 12.4. The NPS asks about the intention to recommend, but Romaniuk, Nguyen and East (2011) found that intentions reflect the WOM that responders have given in the recent past; apparently, when asked what they will do, people will check on what they have done. Past behaviour is likely to be a guide to future behaviour, and in Chapter 2 this was supported with respect to purchase. Thus, it might be better to measure past WOM directly rather than use a question about what responders will do.

![Figure 12.4 Measuring the Net Promoter Score](image-url)
In the NPS, detractors are meant to give much of the NWOM on a brand. This seems doubtful; those who give little PWOM may just be disinclined to give WOM in any form. This was tested by East, Romaniuk and Lomax (2011). They identified promoters and detractors in three categories and found out how much PWOM and NWOM these people claimed to produce in the last six months. The detractors produced very little NWOM, and in two of the categories they gave more PWOM than NWOM. Bear in mind that the NPS is based on customer and much of the NWOM on a brand is produced by ex-customers who were included in the East et al. study but are not included in the NPS measure. It appears that the NPS provides a good indication of PWOM, but not NWOM because of the focus on current customers. Also, if we wish to evaluate the way that WOM supports a brand, it would be better to measure the amount of WOM received (the NPS is based on the amount of WOM given).

One of Reichheld’s contentions is that the NPS is a better measure of company performance than satisfaction. The best-known measure of satisfaction is the American Customer Satisfaction Index (ACSI), first developed in Sweden by Fornell (1992) and discussed in Chapter 9. The predictions of the ACSI and the NPS have been compared (e.g. Keiningham et al., 2007; Morgan and Rego, 2006) and generally the ACSI has been superior. However, because both the NPS and the ACSI are restricted to recent customers, there is potential for a better measure that covers all consumers.

Influentials or Current Users?

In the two-step flow model, advertising is relayed by a limited group of ‘influentials’ or opinion leaders who recommend widely. Thus, a popular strategy is to identify these influentials and direct communications to them. As we have seen, Watts and Dodds (2007) criticized the two-step flow model and suggested that influence was more widely spread in the network. Related to this, Balter and Butman (2005) argued that WOM was more effective when it was delivered by ordinary people. Furthermore, research by Goodey and East (2008) showed that those who scored high on the mavenism index (Feick and Price, 1987) did not give much more WOM than those who scored low, so it may be difficult to identify truly influential people.

To some extent, the best strategy depends on cost. If costs are low (as when the Internet is used), it makes sense to target all those on a customer database. However, the messages need to differ between current users (responsible for most of the PWOM) and ex-users (responsible for most of the NWOM). If costs are high, it may pay to focus on the influentials; this is what happens when BzzAgents are given products to talk about. However, whether all users or just influential are targeted, there is a need for research to find out what sort of information people pass on and what impact different forms of information have on receivers.

Promoting Positive and Stopping Negative Comments

A popular method of promoting PWOM from current customers is the referral programme. This is a managed intervention designed to add to naturally occurring PWOM.
Often, there is a reward for the person making a successful referral and sometimes an incentive for the person referred. There is evidence that the customers acquired through such campaigns are more valuable than those acquired by other means (Schmitt, Skiera and Van den Bulte, 2011). Referral programmes use customer databases to communicate with those who are likely to support a brand, but another use of such databases is to direct information to groups who could be criticizing the product. In Table 12.3, we showed that about one-fifth of negative advice comes from current customers and more than half from ex-customers and both are likely to be accessible via the database. When there is dissatisfaction with the brand, it should be possible to design messages to reduce it. By doing so, both NWOM and defection may be reduced.

**Information, Not Hearsay**

When there are widespread misunderstandings about a topic, there is a danger that strategies will be misjudged. Many beliefs about WOM appear to have been mistaken. It is not true that NWOM is more common than PWOM, according to the evidence that has now accumulated, and it does not appear that there is much evidence that NWOM has more impact. The role of satisfaction or dissatisfaction in the genesis of WOM has probably been over-emphasized. Nor is it generally true that long-term customers usually recommend more than short-term customers. More research findings are needed to displace such hearsay and to inform evidence-based marketing strategies.

**SUMMARY**

PWOM and NWOM are powerful influences on consumer choice but they are difficult to study. Internet research deals with only a moderate fraction of those giving advice, experimental research lacks relevance to natural settings, and survey research is prone to bias. In the absence of good evidence, some misunderstanding has occurred. It now appears that dis/satisfaction, though often important, may not be needed for WOM. Therefore, comparisons between satisfied and dissatisfied customers are inappropriate for determining the occurrence and impact of PWOM and NWOM.

PWOM tends to be about the communicator’s current main brand and NWOM about previously owned brands. These patterns produce a strong association between the volume of PWOM and market share, and a somewhat weaker association between NWOM volume and market share. Market share thus provides a norm for the amount of PWOM and NWOM that brands should receive on average and this allows for measurement of better or worse performance for individual brands.

Research evidence shows that PWOM is more common than NWOM and that, in general, PWOM has somewhat more impact on the probability of purchase than NWOM. Impact is related to the

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probability of purchase before the WOM is received, the strength of expression of WOM, and whether the WOM is about the current main brand or not. Those people who are very likely to buy a brand give less weight to NWOM on this brand, and those who are very unlikely to purchase a brand give less weight to PWOM on it.

There is uncertainty about the process whereby influence passes through the social structure. The two-step flow model, in which the mass media affect opinion leaders who then pass the message on to followers, has been criticized by Watts and Dodds (2007), who argue that influence is more dispersed and bi-directional. One suggestion is that the WOM production of product users is increased when they hear others recommend their brand, and this would make influence omni-directional and more dependent on ownership than opinion leadership. Managers, seeking to influence WOM, may target opinion leaders or they can try to influence the whole customer base. The best strategy depends on costs; when these are low, it is better to target the whole customer base.

The Net Promoter Score (Reichheld, 2003) is a measure of WOM, but it is based on customers and it is ex-customers who express most of the negative sentiment about brands. In consequence, the Net Promoter Score is a poor measure of NWOM.

Additional Resources

To see how word-of-mouth impact varies between categories and for a further review of the literature, see Eastet et al. (2008). It is also worth checking the websites for the WOM agencies mentioned earlier: www.bzzagent.com/ and www.womma.org. One marketing text has tried to apply the new thinking covered in this chapter, namely Allan Kimmel’s (2010) Connecting with Consumers. Some interesting new work is coming from Wharton – check the Internet.