



WORD OF MOUTH: A POWERFUL PROMOTIONAL TOOL

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ABSTRACT

Word of mouth affects flow of sales very evidently. Some products create more buzz than others, some are liked more, discussed more and some go unnoticed. In this study we will try to understand the role and characteristics of referral marketing as a promotional tool in the hands of a marketer. "Interesting" is a word which lays a lot of importance in a man's life. No one likes boring companies, boring products and boring advertisements. Humans in general have a tendency to impress others and always want to talk good, new, innovative and unique which provides him social currency as when a person talks about a product or a brand, it tells something about himself as well.

KEYWORDS: Word of mouth, Buzz Marketing, Characteristics of Referral Marketing, Social Currency

INTRODUCTION

Some products cause a lot of buzz and some go unnoticed. Some eating outlets are much talked about and some are barely mentioned. Indeed, 10% of consumers packaged goods account for 85% of the buzz (Niederhoffer et al 2007). What is distinctive about some products which make them a buzz and how does this vary over different time horizons are some things that will be discussed hereafter.

Arndt (1967) was one of the earliest researchers into the influence of word of mouth on consumer behaviour. He characterized word of mouth as oral, person-to-person communication between a

receiver and a communicator whom the receiver perceives as non-commercial source, regarding a brand, product or service (Arndt, 1967).

Word of mouth communication peters out as soon as it is voiced, for it occurs in an unplanned manner and then fades away. It holds a lot of importance. As people talk it all; what style of cloth is in fashion, where to eat out and where to go on a holiday and the list goes on. In casual conversations, even the most ordinary things are being discussed. Therefore things which top their minds are voiced out like the products that are publically visible.

WOM is more influenced by behaviour rather than market controlled sources and that's why it has more emphatic influence on the purchasing decision than other sources of influence because personal sources are perceived to be more authentic source of information as they are assumed to be 'unbiased'.

CHARACTERISTICS OF WORD OF MOUTH

WOM is wickedly called free advertising. If advertising can be defined as 'any paid form of non-personal presentation of ideas, goods or services by an indentified sponsor (Alexander, 1964), then most WOM is not. So going by this definition advertising is paid, non-personal, transparently, sponsored communication. Some WOM are being incentivized and rewarded. WOM can be characterised by valence, focus, timing, solicitation and intervention (Buttle, 1998).

1. VALENCE

Word of mouth can serve as a positive or a negative tool of promotion of products for a company. As when positive testimonials float in the market for the company it works in its favour, whereas negative testimonials are its just opposite. But the irony is that sometimes some things or events which are negative from the corporate viewpoint may be extensively positive from consumer's viewpoint.

2. FOCUS

It centres around its energy on a satisfied customer communicating with a prospect, can be called as a loyalty ladder and resulting in adding another customer to the chain. It is equally possible that a customer pushes up another over the loyalty ladder for say company A, while another customer equally promotes defection off company A's loyalty ladder.

3. TIMING

Timing of referral WOD can be both pre purchase and post purchase by an individual. If done before the purchase takes place it can act as a very crucial factor for actual purchase decision. It will be known as input WOM. Customer may even voice out opinion after the purchase or consumption expenditure. This is known as output WOM.

4. SOLICITATION

WOD is sometimes offered with or without solicitation, it doesn't necessarily originate from customers. However when authoritative information is sought, the listener might seek the inputs of an opinion leader or influential people.

5. INTERVENTION

WOD can be spontaneously generated, but as it acts as an important tool in promotion of a product now a day's companies pro-actively intervene to stimulate and manage WOM activity. It can start up at individual or organisational level. Individuals do it in a way that they themselves actively deliver WOD or serve as role model for those who would follow. Celebrity endorsement is one such example but the companies are aware of its pro's and con's as celebrities can become unfashionable or attract bad publicity.

PSYCHOLOGICAL DRIVERS OF WORD OF MOUTH

There are two perspectives to word of mouth, one is Interest and the other is accessibility.

Interest:-

Word-of-mouth practitioners after argue that products need to be interesting to b talked about. (Sernovitz 2006) suggests that the most important rule of WOM marketing is to "be interesting" and that "nobody talks about boring companies, boring products, or boring ads."

These suggestions are based, in part, on the notions that consumers talk about things that provide social currency (Hughes 2005). When sharing WOM, consumers communicate not only information but also some things about themselves (Wojnicki and Godes 2008), most people want others to think highly of them, and talking about interesting (vs. Boring) things should facilitate this goal. States another way, people may talk about interesting products (more than less interesting ones) because it makes them seem interesting.

Accessibility:-

In contrast, it can be said that ongoing WOM, is driven more by accessibility when they top our minds. While self-presentational concerns may shape what

people talk about in some situations (e.g., bringing up interesting topics to look good in a job interview), many day to day conversations seem more like small talk about whatever everyday things happen to come to mind. For example, consider how often people talk about the weather or where they are going for lunch.

Public visibility is one another important factor which affects WOM as the products which are easily visible create a great amount of buzz or rather can be said that they have higher chances of being a part of a conversation. For example car are normally visible in our day to day course and when found unique it causes instant magnetism. While some products are private say for example a shoe shiner, it isn't directly visible to others. It will be talked about when someone finds your shoes very shiny and asks you for the shoe shiner that you use. It is a chain which has to be tracked to finally reach the product. So WOM is tougher for being in air for such products.

WORD-OF-MOUTH OVER DIFFERENT TIME HORIZONS

WOM can occur at different time periods and can have different influences. Immediate word of mouth occurs soon after an event takes place or is taking place. For example, a lady goes to buy cream A at a shop and finds another lady praising cream B and its results which makes her instantly change her mind and opts to try it once. While ongoing WOM is one which occurs in the weeks or months that follow. For example, a man might mention a movie that he saw last year to his friends. Immediate WOM is important as it causes immediate sales and increases the customer base. But the company managers generally focuses of ongoing WOM as it helps in shaping goodwill for his company as it is always in eyes and on mouth of current and prospective customers and that is what a company ultimately wants. And it can help the marketing managers to plan the future course of action.

SUMMARY

Word of mouth is frequent and important. It affects diffusion and sales, and as a result, WOM campaigns have become a standard part of many companies marketing plans. Although people intend to talk about interesting products for self-presentation and memory bias, they directly and indirectly promote a product in both a positive and a negative manner. Promotional giveaways great a lot of buzz and attract instant attention of the prospective buyers. Merchandise when distributed form a good WOM but if samples and extra products are given they are considered more in increasing the sales. Sheth (1971) concluded that WOM was more important than advertising in raising awareness of an innovation and in securing the decision to try the product. As it is relatively a non-personal source of promotion of a product then advertising therefore more trustworthy and reliable in the eyes of customers.

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