

Word Of Mouth Communication: A Significant Force And An Effective Marketing Strategy

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Abstract—Communication plays a dynamic role and is an important aspect whether in one's personal or corporate life. The success of any venture largely depends on the ability to communicate with its audience effectively (Shaikh, 2014). Word of Mouth (WOM) communication has been identified and is widely recognized as an important method of marketing and promotion, in addition to being an important source of information that greatly affects the purchase decisions of a customer. WOM plays a significant role in any industry, as it provides consumers the opportunity to assess the worth of a product and/or a service with first-hand information prior to purchase or experience. Thus it could be said that WOM plays an influential role in the overall satisfaction or dissatisfaction of a consumer in relation to any product or service. It is therefore an imperative that marketers and service providers have a better understanding about WOM and thereby endeavor to generate a positive WOM in relation to products and services. This paper attempts to survey the effect of WOM as a significant and effective marketing strategy.

Keywords—Word of Mouth, communication, significance, marketing, decision making

Introduction

Consumer behavior is a complex process involving the activities people engage in when seeking for, choosing, buying, using, evaluating and disposing of products and services with the goal of satisfying needs, wants and desires (Belch and Belch, 2004). The consumer's decision to purchase or not to purchase a product or service is an important factor for the marketers (Kotler and Armstrong, 2012). Marketers are in the continuous search to investigate the factors that influence consumers to make their purchase decision (Schiffman and Kanuk, 2010). Thus, for a marketing plan to be successful, marketers must have sufficient knowledge about the decision making process/processes of consumers and plan different strategies for the effective marketing of their goods and services. In the present day with the rapid development of technology, methods of informing the consumer have far superseded the human imagination, making purchase decision somewhat difficult for the consumer. Consumer behavior has been defined as the actions of people engaged in actual use of market items - whether products,

services, retail environment, or ideas (Berkman and Gilson, 1978). However, WOM and advertising are the leading two promotional methods that influence customer purchase decisions (Mahajan *et al.*, 1990). Thus, positive WOM is a vital tool of attracting customers in the service industry where mass media advertising is commonly used but can be less effective compared to WOM (Duhan *et al.*, 1997; Reingen and Kernan, 1986).

This highlights the need to generate positive Word of Mouth, as it will act as an important indicator in a satisfied customer recommending a good or a service and attracting new customers. The importance of satisfaction is that it will result in encouraging repeat visits and developing positive WOM recommendations to attract new visitors with minimal marketing inputs (Page and Connell, 2006). WOM communication enables customers to share direct information and experiences that may attract or divert new customers towards or away from specific products, brands, and services (Hawkins *et al.*, 2004). Customers' level of satisfaction or dissatisfaction give rise to their intention of sharing experiences with others (Dichter, 1966; Neelamegham and Jain, 1999; Nyer, 1997). Therefore it could be said that positive WOM increases the likelihood of purchase, whereas negative WOM has a negative effect on purchasing. Hence, identifying the significance of WOM will enable marketers to reach out to their target markets effectively.

The Significance of WOM

Word of Mouth, simply put, is the informal passing of information from one person to another. It is typically considered as a face-to-face spoken communication, although phone conversations, text messages sent via SMS and web dialogue, such as online profile pages, blog posts, message board threads, instant messages and emails are often now included in the definition of Word of Mouth (Havalder *et al.*, 2009)

The concept of Word of Mouth has been defined by many authors. Westbrook (1987) defines WOM as "The opinion which consumers communicate to others in an unofficial way after they have used a product or taken a service." Reingen and Kernan (1986) define WOM as "Marketplace information dissemination mechanism in which customers' opinions concerning identified organizations, product offerings, and specific purchase experiences are verbally communicated in informal interpersonal interaction processes." Some other definitions of WOM are ". as being an informal

and non-commercial form of person-to-person conversation between a communicator and a receiver regarding a brand, a product, an organization, or a service" (Anderson, 1998; Arndt J., 1968; Crocker, 1986), "or/and between the actual or potential consumer and other people such as product/service providers, independent experts, family and friends" (Helm and Schlei, 1998) and "occasionally, as a post-purchase cause" (Shaikh, 2014).

WOM can be further defined as an informal communication between consumers about goods and services without either party being formally rewarded for this communication (Anderson, 1998; Dichter, 1966; Westbrook, 1987). While early definitions focused on oral WOM (Arndt, 1967), more recent research includes non-personal communication via electronic channels, such as email, mobile phone text messages, bulletin boards and other means that would comprise what may be called 'digital WOM' (Bickart and Schindler, 2002; Newman, 1999; Stokes and Lomax, 2002).

The concept of WOM has had a strong grip on and impacted the interest of both academics and practitioners in the arena of marketing. From an academic perspective, WOM has attracted research attention during the past six decades (Gruen, Osmonbekov, and Czaplewski, 2006; Knapp, 1944).

Practitioners too have displayed a growing interest in the concept of WOM. This fact is amply evident whether in the case of books (Cohen, 1999), hand-held video games (Godes and Mayzlin, 2004), hybrid cars (Guyer, 2005), margarine (Elliott, 2005), music (MusicWeek, 2005), or Internet telephony (Davis, 2005), and practitioners in the field of marketing are increasingly shifting their focus away from traditional mass communication tools and moving towards WOM campaigns. In keeping with this trend, dedicated WOM agencies have emerged that focus on generating and spreading WOM for their clients (Frost, 2005).

WOM in Marketing

Marketing methods in the modern day have advanced through different commercial sources of reaching out to a plethora of target markets. Advertising, newspapers, radio and television, text messages, internet and social media are some of the commercial sources widely used in the gathering of information. The influence of these sources on the decision making process of consumers could vary from product to product. Marketers may spend extensively on advertising campaigns to create awareness of their goods and services on offer, but often consumer decisions are highly affected by WOM from their own trustworthy sources (Sernovitz, 2012).

From a marketing perspective, WOM becomes significant as it can act as a positive or negative indicator, which in turn could positively or negatively impact the decision making process of another. Assael (1992) is of the view that dissatisfied consumers

complain to approximately three times as many friends and relatives as when they are satisfied. Mizerski (1982) highlights the fact that a consumer is more likely to pay attention to negative than to positive information. However, in a study conducted by Heath (1996), it was revealed that people pass along information that matches the conversation topic, and do not display a preference for bad news.

In the field of marketing, a growing lack of trust in sources such as advertising has made customers to pursue more reliable information from other sources like WOM (Allsop, *et al.*, 2007). It has also been observed that consumer stance towards advertising has seen a decrease in the recent years (Trusov, *et al.*, 2009). This highlights the inevitability for marketers to identify effective and trustworthy marketing tools that will influence consumer decisions. Thus, WOM is considered to be one of the most leading marketing tools in marketing (Zamil, 2011).

Role of WOM

WOM plays a crucial role in the recommendation of certain decisive factors in society. For example, the private health-care decisions of patients depend to a great extent on WOM. Humans are very mindful about their health. However, very often it is difficult to rely only on the method of advertising with regard to the quality care of hospitals or medical practitioners. It is here that WOM plays a pivotal role, whereby patients are influenced by recommendation from a relative or friend. This results in generating WOM which plays a vital role in selecting a specific health care service provider (Khalid, Ahmed, and Ahmad, 2013). Information provided by hospital quality reports or websites, represents the standards of a health care provider (Gruca and Wakefield, 2004; Leister and Stausberg, 2007). However, depending on the service intended to persuade, and the difficulty in obtaining or understanding objective information, recommendations by known parties plays a major role as information sources, despite the availability of all other sources of information available (Edgman-Levitan and Cleary, 1996; Bates and Gawande, 2000; Leister and Stausberg, 2007; Ferguson *et al.*, 2010).

Similarly, in the tourism industry, personal recommendations and interpersonal communications have been highly influential tools in marketing strategy. Research in the field of tourism has confirmed the influence of both positive and negative WOM upon tourism products to a large extent. A number of prior studies have examined the way potential travelers obtain information that influence their travel decisions (Fodness and Murray, 1999; Gitelson and Crompton, 1983; Lee and Sparks, 2007; Rasinger *et al.*, 2007; Zins, 2007). When locals display unfriendly feelings towards tourists, the result is negative WOM and a likely downturn in the industry (Crick, 2003). Thus, as in the case of the healthcare services, negative WOM by dissatisfied visitors can have a significant negative impact on the image of a destination.

Interpersonal Impact and WOM Communication

Oral communication is considered as a powerful promotional tool among numerous others, whereby this form of communications could be branded as WOM. Communication plays an important role in improving customers' assessment about service quality (Franke, 1988). WOM is further regarded as oral, person-to-person communication between a receiver and a communicator (Arndt, 1967), whereby the communicator is identified by the receiver as being non-commercial regarding a product or service (Buttle, 1998). In the field of marketing literature, WOM communication, in general, is a concept that is used to exemplify guidance from experienced individuals. Thus it could be inferred that WOM in the literature is considered to be a highly influential marketing tool in the service industry. Additionally WOM, which is often the central feature in consumer choice (East *et al.*, 2007) is known to be a successful and effective basis of providing gen regarding potential consumer choices, particularly with regard to services for which pre-purchase experience may be limited, owing to its lack of commercial bias, speed and interactivity.

Communicating by WOM is accepted as an imperative form of promotion and a significant birthplace of information which has the potential to persuade the consumer's attitudes and purchase behavior of customers, since consumers emulate one another by following a social or vicarious learning pattern (Hawkins *et al.*, 2004). Thus the spoken word, which demonstrates an individual's perceptions and thinking, has the power and ability to create the impression and image the speaker wants to depict to the person who is on the receiving end.

Westbrook (1987) broadly defines WOM communication to include "all informal communication directed at other consumers about the ownership, usage or characteristics of particular goods and services or their sellers." Hence WOM communication could be described as being a procedure that incorporates the spoken word, which in turn enables consumers to distribute and share information and beliefs that, in turn, would point buyers towards and away from particular products, brands, and services (Hawkins *et al.*, 2004).

Conclusion

It is important for marketers to comprehend the importance of WOM communication that drives the decision-making process and attitudes of buyers. This requires an in-depth understanding of, and the developing of appropriate WOM communication strategies. Therefore it is necessary to study the process of WOM communication in the business-to-business context, to identify influential information channels which actively propagate WOM to other businesses, and to identify the tools that would facilitate these channels to influence business purchase decisions better. (Havaladar and Dash, 2009). The key objective of this article is to investigate the impact of WOM communication as an effective

marketing tool. Previous literature has consolidated the fact that WOM is highly associated with consumer decision making process. Marketers therefore need to study their products and services carefully if they are going to establish a strong presence in the competitive market. They should persuade consumers to talk positively with other potential consumers about the products and services they offer. This requires that they concentrate on improving service quality and meeting the targets and satisfaction of consumers to provide a satisfactory experience. Customers who have satisfactory experience with the products and services offered will spread positive WOM and will share profitable information. Thus, WOM will be an extremely effective marketing strategy to capture target markets with the minimal involvement of advertising and promotional costs.

Researchers have recognized that WOM is probably the most powerful force shaping consumer behavior (Whyte, 1954). This has led researchers to label WOM as "almost irresistible" (Arndt, 1967) and a reaction that "may be among the most important" (Brown, Barry, Dacin, and Gunst, 2005). How persuasive WOM is, predominantly in contrast with more traditional marketing communication channels such as advertising, has long been a topic of inquiry (Katz and Lazarsfeld, 1955). Research, through investigation, has established the fact that informal information, such as WOM, was an additional significant source of information when compared to mass media such as print or television advertising (Beal and Rogers, 1957; Buttle, 1998; East, Hammond, Lomax, and Robinson, 2005; Hinde, 1999; Katz and Lazarsfeld, 1955; Traylor and Mathias, 1983). In some instances, WOM has been a vital force and prime mover in initiating and influencing consumers compared to independent third party reviews such as "Consumer" reports (Herr, Kardes, and Kim, 1991; Hinde, 1999; Price and Feick, 1984). It could therefore be concluded that, WOM can also be more powerful than the consumer's own attitude toward a product (Bourne, 1957) and that it has a significant impact on consumers.

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