

AN EXPERIMENT IN MANAGING WORD OF MOUTH

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ABSTRACT

While unarguably one of the most potent forces in marketing, word of mouth has most generally been considered uncontrollable and therefore problematic as an effective marketing promotions tool. In this paper we explore the extent to which word of mouth can be influenced both in content and volume by using strategically delivered communications to potential word of mouth agents. Results from an experiment conducted by the authors show that word of mouth can be seeded, influenced, and amplified. A model is developed to help others do similar experiments manipulating word of mouth, with the goal of eventually making it a recognized and effective promotional tool.

INTRODUCTION

One of the most perplexing phenomena in marketing is word of mouth: in spite of being universally revered, it is still ignored in most marketing promotional plans. Word of mouth is defined as "Communication between a non-commercial communicator and a receiver concerning a brand, product, service, company or organization" (Lang and Hyde, 2013).

Positive word of mouth is one of the most hoped for consequences of successful marketing, since it means that satisfied customers are going out of their way to suggest to other consumers that they might similarly find the product or service useful. For the last 60 years, word of mouth has been recognized as a powerful force in shaping consumer behavior. It has been described as, "the dominant decision clincher" (Arndt, 1967a), "almost irresistible" (Arndt, 1967b), the "ultimate test of the customer's relationship" (Bendapudi and Berry, 1997), and the "gift that keeps on giving" (Trusov et al, 2009). Its true force is evidenced by the fact that over 3.3 billion brand impressions are generated by word of mouth *each day!* (Keller and Libai, 2009).

Surprisingly, as esteemed as it is among marketers, word of mouth is still not fully understood.

In fact, a media specialist recently observed that "the consumer packaged goods industry is only in its infancy in learning how to use word of mouth to market its products". We agree, but believe that the opportunity to benefit from the measurement and management of word of mouth extends well beyond packaged goods into most sectors and to businesses of all sizes.

The surprise is, however, that while advertising, public relations and sales promotion have become extensively refined tools of American businesses, word of mouth has not. Word of mouth - the seemingly free, strongly persuasive, and highly credible (perceived as unbiased) form of communication - has gone largely unexploited. Against total US advertising expenses of \$139.5 billion in 2012, spending on word of mouth was projected to be only \$2.5 billion (PQ Media, 2007).

LITERATURE REVIEW

Traditional explanations for the slow adoption of word of mouth as a marketing communications tool have included the difficulty of measuring it as well as the challenge of controlling and managing it (some would even say the impossibility of managing it). Until very recently, it was viewed as insignificant compared to mass media because of its reliance on 'personal media'. Not too many years ago large advertisers "owned" mass media (what we would call 'private media'). No matter the sector or geographic market, there were only a limited number of outlets (magazines, television stations, newspapers, and radio stations) available to reach the masses. Also, since media space was finite (and therefore limited and costly), only the largest brands could afford to buy it; by using their purchasing power, they dominated the media (and therefore the market). (Communications with the smaller segments of the B-to-B world were viewed simply as 'niches', while communications to individual consumers were considered inconsequential and left to the

'underworld' of direct marketers.) In addition, there were only a limited number of agencies and media professionals who had the tools and the skills to produce messages high enough in quality (required by the media) to position a brand, raise awareness, stimulate consideration, and motivate a purchase.

The impact of the internet and social media networks – what we would call '*public social media*' – has resulted in a seismic redistribution of power with regard to the ability to communicate. Public social media offers far greater reach and visibility than private mass media. Most significantly, public social media is available to everyone. While word of mouth has no doubt existed in some form since the beginning of spoken language, social media has led to exponential growth of word of mouth. People have always talked with and written to their friends, neighbors, relatives, and co-workers about issues that involve them; however, prior to social media the reach of any one individual's opinions was considerably constrained. Today, social media channels have removed all constraints, offering individuals access to mass-distribution channels, and giving their opinions an astronomical reach which often rivals or exceeds the reach of traditional mass media (e.g. radio, television, print).

Consequently (and whether or not they are willing to admit it), marketers have lost much of their ability to dominate public dialogue. Some corporate executives have even remarked that they've lost the ability to manage their brand's image! None of this should be interpreted to mean that marketers have to abandon efforts to influence (or more importantly manage) word of mouth about their brand; However rather than attempting to influence opinion via a one-sided 'attack' of assaulting consumers with paid mass media messages, today's smart marketers need to learn how to work with their customers to optimize the value of word of mouth for their brand(s). We call such collaboration *managed word of mouth*. We distinguish managed word of mouth from incentivized word of mouth, because in managed word of mouth the potential advocates are in no way incentivized to communicate - content is simply made available to them. In our opinion, incentivized word of mouth contradicts the very essence of true word of mouth; once there is any incentive offered for the transmittal of information, word of mouth agents become mercenaries, and lose the objectivity that makes them and their opinions so uniquely trustworthy (Martin, 2014).

Paradoxically, even with the amplification advantages offered by social media and even with the possibility of influencing how and when customers talk about their products and services, marketers still have not readily embraced word of mouth as a feasible promotional tool. Without a proven means of measuring it and managing it, marketers have continued to avoid word of mouth, or have argued (somewhat irrationally) that it is beyond their control.

CONCEPT DEVELOPMENT

Consumers spend their lives talking to one another. We are a species focused on communication. Much of this communication consists of reactions to products and services. In a given week, an average consumer will mention brands 90 times to family, friends, and co-workers. (Erin Richards-Kunkel, 2013). The more conspicuous or ego-involving a brand or product category is, the more likely it is to capture one of these communication "slots".

We define consumers who willingly (and freely) transmit word of mouth as *everyday advocates*¹. They are those friends, neighbors, and colleagues who seem predisposed to talk about brands, products, and companies.² People listen to everyday advocates because they are known and respected. Everyday advocates are trusted because they lack any economic involvement; their opinions are offered without reward or incentive. In contrast, sponsored advertising is distrusted because of its admitted proselytizing goals (Nielsen, 2010).

We posit that there are certain conditions which must be fulfilled in order for word of mouth to be easily and freely disseminated. Specifically we identify three antecedent components we believe stimulate and sustain word of mouth among everyday advocates:

¹ Within the literature, those disseminating information have been called "WOM agents" (this term seems particular to consumers who are incentivized to disseminate word of mouth about brands, services and companies). We use the term "everyday advocates" to refer to customers who are screened for communication desires and skills, and then offered privileged information that compels them to discuss it with others.

² Berger (2014) posits five basic functions of word of mouth: impression management; emotion regulation; information acquisition; social bonding; and persuasion. The specific motives for transmitting word of mouth, are not, however, the purpose of this study.

- **Content:** A potential advocate must have something to say about a brand or product. Study after study shows that negative word of mouth is far more prevalent in the marketplace than positive word of mouth. We think that is because underlying negative word of mouth is a 'ready-made story' for a consumer to tell; the problem or service failure he/she had with a product, brand, company or manufacturer. Without content – i.e. something to tell - word of mouth doesn't occur as easily.
- **Motivation:** With content, a potential advocate still needs a reason or motive to disseminate the information he/she has about a product or brand. Again, using the negative word of mouth example, saving others from suffering the same fate, or just plain "getting even" with an aggrieving company is more than sufficient motivation to compel conversation. Lacking motivation, a consumer will be far less likely to engage in word of mouth.
- **Opportunity:** Opportunity is the invitation to speak about a product or service; a way to insert information about a product or brand into everyday conversations. Ideally, an advocate would be asked, "What do you think about brand X?" But lacking that request, an advocate needs a potential opening. Without this opening, content and motivation by themselves are not sufficient to create word of mouth.

MEASUREMENT MODEL

We created an experiment to 'seed' word of mouth content among a general population of customers. To determine our effectiveness in creating word of mouth, we constructed a measurement protocol. Adopting dimensions commonly believed to be present in word of mouth, we advance the following dimensions as appropriate criteria by which to judge if we successfully produced (managed) word of mouth in our experiment (McKinsey & Co., April 2010):

- **Valence** – how subjectively positive or negative the information contained in the word of mouth is;
- **Active-Passive** – was the word of mouth actively disseminated, or was it withheld until it was asked for;

- **Multiplier** – to how many other individuals was the word of mouth transmitted;
- **Expertise** – how is the communicator viewed among his/her cohorts (highly knowledgeable or possessing only passable knowledge)..

We suppose these dimensions to be multiplicative in impact, but that is not the focus of this paper.

RESEARCH METHODOLOGY

With the assistance of a Learning Center franchise in Darien, Connecticut, we conducted a test to see if it was possible to stimulate and manage word of mouth. The franchise owners agreed to allow us access to their clients for a period of six weeks. Consequently our test (and the results presented here) are from an admittedly brief period of time.

Our first step was to meet with the owners of the Center to develop interesting and relevant 'news stories' concerning the expertise and philosophy of the Learning Center; this content was used to 'seed' or generate word of mouth. In creating the content, our goal was to eliminate all self-serving promotion, and to simply focus on information that would be of interest (and offer valuable insights) for the parent-clients. One 'news story' we developed concerned the new Common Core curriculum that Connecticut was about to adopt in its elementary and secondary school systems. The story focused on how students might be challenged by the changes of perspective inherent in the new curriculum and how they might be helped to cope with the changes. Another story consisted of an interview with a previous student-client – now a freshman in college – and his evaluation of the tutoring he received at the Learning Center.

Each story was formatted as a one-page email message from the Director of the Center, under the Learning Center's full-color logo. The emails were sent to 345 parents. Within the six-week time frame, our objective was to send out a similar, thought-provoking message every week to parents in the Learning Center's database. As mentioned previously, the time frame was admittedly a short period of time in which to significantly impact word of mouth; however it was the longest period of time the directors of the Learning Center would allow for experimentation. To structure our test in a scientific manner, we held out 25% of the parents as a control sample. Parents in the *control group* continued to be

interact with the Learning Center in a conventional manner; they simply did not receive the targeted communications sent to the parents comprising the *experimental group*.

At the conclusion of the six-week trial period, all parents in the Center's database received an invitation to complete a short online questionnaire about a fictitious, masking topic, identified as their "impressions of the Center". In truth the questionnaire was composed of items from our Buzz Barometer® measurement tool³. Our evaluation of the effectiveness of the email campaign in stimulating word of mouth would be drawn from a comparison of the responses from the experimental group parents with responses from the control group parents on questions in the Buzz Barometer.

RESULTS

Because of the emotional involvement parents likely felt with the Learning Center, response rates to our online questionnaire were reasonably high. Among the 345 parents constituting the experimental group, 107 (31%) responded, while 38 (29%) of the 131 parents within the control group responded.

Our first and primary question was whether or not the six-weeks of email messages stimulated additional discussion (word of mouth) about the Center as we had predicted. The first question in our email survey probed that issue. We found that among the experimental group, 51% of the parents reported discussing the Center with friends or acquaintances. This compared to only 33% among the control group parents. The difference is significant at the 93% level of confidence. Comparing the 51% to the 33%, one could say the experimental

³ Our Buzz Barometer is a self-report survey instrument of word of mouth activity among a specific population. Consisting of approximately 16 questions, it operationalizes five dimensions identified with word of mouth: occurrence of word of mouth, valence of comments made/received, whether the word of mouth was received or requested, to how many others the information was relayed to, and the expertise or authority accorded the source.

For purposes of this experiment, only certain questions of the Buzz Barometer were used, and the individual dimensions are reported separately rather than being combined as is frequently done. The Buzz Barometer has been used as a comparative measure for a brand over time, but can also serve (as in this case) to evaluate the comparative impact of the presence or absence of word of mouth for a brand.

group was about a third more likely to have engaged in word of mouth about the Center. This finding offers reasonably strong evidence that supplying content does, in fact, facilitate (if not stimulate) word of mouth.

The 'directionality' or passivity-activity aspect of the tendered communications was our next focus of inquiry. We asked respondents how the communication-exchange in which they took part occurred. Did they initiate it, or did the other party? A majority - 64% - of the experimental group admitted to volunteering their opinion, while only 40% of the control group claimed the same. This difference is statistically significant at the 95% level of confidence. We interpret these findings to indicate that having 'content' (a message to communicate) appears to enable and/or stimulate active transmission of word of mouth.

Another of the advantages of word of mouth is its tendency to be disseminated in a geometric or 'snowball' pattern. This recognizes that ideas spread by word of mouth enjoy a 'magnification' by being sequentially disseminated or spread in increasingly larger numbers of interactions. We attempted to document, within the relatively short time span of this experiment, this effect by asking those of our respondents who reported telling others about the Learning Center, how many people they had interacted with. The average number was 1.8 individuals, suggesting a multiplier of approximately two-times in the first-order communications.

In probing the medium of the information exchange, 'face-to-face' communications were most frequently cited (by 87%). Telephone conversations were second, with 18% reporting using the phone. While these findings may surprise many readers, they confirm the oft-observed fact that the majority of word of mouth still is conveyed by the traditional, *private social media*; not the *public social media*⁴. Further substantiating this observation, email and

⁴ We distinguish social media in the public eye (computer exchange platforms like Twitter and Facebook) versus those conducted privately (personal conversations) as *public* versus *private* social media.

TABLE 1
PAST SIX WEEK VERBAL INTERACTIONS WITH OTHERS CONCERNING THE LEARNING CENTER

	Experimental Group		Control Group	
n	107		38	
Yes	55	51%	13	33%
No	52	49%	25	67%

Chi Square = 3.33; significant at the 93% level of confidence

Q1. In the past 6 weeks have you spoken or written to anyone (other than Sylvan staff and your family) about Sylvan of Darien and its philosophies – discussing your experiences, your impressions, or other reactions to the learning center and its philosophies. Please include face-to-face conversations, text messaging, telephone calls, letters, or emails. (Let's not consider blogs, online postings, or social media now).

TABLE 2
CIRCUMSTANCES IN WHICH A CONVERSATION ABOUT THE LEARNING CENTER OCCURRED

	Experimental Group		Control Group	
n	55		38	
Someone asked you a question or asked your opinion	20	36%	23	60%
You volunteered your opinions or ideas without being asked	35	64%	15	40%

Chi Square = 5.28; significant beyond 95% level of confidence

Q3. In general, which best describes the circumstances in you spoke/wrote about the Learning Center? Did ...

TABLE 3
AWARENESS OF COMMUNICATIONS ABOUT THE LEARNING CENTER FROM OTHER PEOPLE

	Experimental Group		Control Group	
n	97		38	
Yes	20	21%	3	7%
No	77	79%	35	93%

Chi Square = 3.13; significant at the 92% level of confidence

Q11. In the past 6 weeks have you heard or read comments FROM OTHER PEOPLE about Sylvan (other than from Sylvan staff or your family) discussing their experiences, their impressions, or other reactions to the learning center. Please include face-to-face conversations, text messaging, telephone calls, letters, or emails.

TABLE 4
YOUR INFLUENCE OVER OTHERS

	Experimental Group		Control Group	
n	107		35	
Always influence the opinions of your friends and neighbors	15	17%	13	36%
Sometimes influence the opinions of your friends and neighbors	67	77%	18	50%
Only occasionally influence the opinions of your friends and neighbors	5	6%	4	14%

Chi Square = 7.74; Significant at the 99% level of confidence

Q19. How do you think of yourself? Would you say you...? (Three options pre-listed.)

social media were reported by only 9% and 6%, respectively, of those engaging in communications regarding the Learning Center.⁵

To determine the value or detriment to the Learning Center of the transmitted word of mouth, we also asked about the tonality of the word of mouth communication. A vast majority (91%) reported their communication contained positive comments about the Learning Center. This is a further indication that the news stories created in this experiment facilitated the communication, since all of the stories recognized positive attributes of the Learning Center.

A successful word of mouth management program should also make individuals more receptive/open to receiving information from others. We therefore asked our survey respondents if they had heard about the Learning Center through communications from other people. Again, the experimental group outdistanced the control group, with 21% indicating they had heard information from other people, versus 7% in the control group. This difference is significant at greater than a 90% level of confidence. These findings suggest an enhanced receptivity among members of the experimental group for information about the Learning Center.

To determine the conditions under which the information was received from other people, we asked whether it had been actively sought or passively received. Respondents who heard information from others were split (44%-44%) between having asked for it and having been told it without a request. Identifying the sources of 'received' word of mouth, private sources (face-to-face 65%, email or letters 22% and telephone 13%) again outpaced public social media sources.

To eliminate the possibility that our experimental group was composed of more extroverted individuals than our control group, we asked a demographic question concerning their self-perception of their influence over others. Self-reported influence was measured for both the experimental group and the control group. The control group members described themselves as more influential than the members of the experimental group. The difference is significant beyond the 95% level of confidence. The control group's perception of

themselves as more influential strengthens the results shown in Table 1; despite lower perceptions of influence over others, the experimental group still reported higher word of mouth activity than the control group.

SUMMARY

An experiment was conducted in the field among actual customers to test the possibility of stimulating word of mouth communications about a business. Customers of a children's Learning Center were (unknown to themselves) empaneled into either a control or an experimental group. Over an admittedly short time period (six weeks) parents in the experimental group received a weekly email communicating positive aspects of the Learning Center. At the end of the test period, all parents were asked to complete a "customer satisfaction survey" (which, in a concealed manner, also asked whether or not the parent had discussed the Learning Center with others during the six-week experimental period.)

The results indicate that the potential exists to stimulate positive word of mouth by strategically supplying 'content' to customers. Over the six-week experimental period, parents in the experimental sample were one-third more likely to have promoted positive word of mouth about the Learning Center as were those in the control sample. These results indicate that word of mouth is not only manageable, but it is measurable as well. It is hoped that this pioneering study will trigger more experimentation into the management and measurement of word of mouth.

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⁵ The life-stage of our subjects – parents of school-aged children – may also explain some of the lower levels of social media presence in the reported word of mouth. But we still subscribe to belief that private social media is superior for conveying person-to-person influence.

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