

Chapter 32

How to Develop WOM Marketing

Manuela López
University of Murcia, Spain

María Sicilia
University of Murcia, Spain

ABSTRACT

Word of Mouth (WOM) is the most influential and credible information source for consumers. The development of the Internet has enabled consumers to share information easier and easier. Information can be watched by consumers around the world. Companies are increasingly interested in using WOM as a new marketing tool. They are encouraging consumers to spread the word about their products. This intentional influencing of consumer-to-consumer communications via professional marketing techniques is called WOM Marketing (WOMM). Companies are currently in the process of learning how to develop WOMM campaigns. In addition, although more and more studies are analyzing WOMM, the topic is still very recent. Thus, the aim of this chapter is twofold. First, it tries to provide a clearer picture of and existing doubts regarding conceptualization of this new communication tool. Second, the chapter compiles and presents the main gaps found in the literature that future research should investigate for establishing guidelines that could be useful for companies when developing WOMM activities.

INTRODUCTION

Daily conversations usually include talking about products and brands. It is common that consumers exchange information and opinions about the new mobile phone they have just bought or about the last tablet a company has launched. This communication process is known as word of mouth (WOM). WOM is the most influential and credible information source for consumers (Arndt, 1967; Litvin et al., 2008) having more impact than firm-generated information (Engel et

al., 1969; Katz & Lazarsfeld, 1955). The development of the Internet has enabled consumers to share information easier and easier. New online platforms in which consumers can inform each other about products, brand, services, personalities and other issues have been created (Mangold & Faulds, 2009). Consumers' opinions can be seen by other consumers all over the world. This information exchange that occurs online is called electronic WOM (e-WOM). As traditional WOM, e-WOM influences consumers' decisions.

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Approximately, 90% of online shoppers consult products reviews before purchasing (ChannelAdvisor, 2011), and 70% of Internet users trust in e-WOM (Accenture, 2010). E-WOM also affects company sales (Godes & Mayzlin, 2004; Liu, 2006) and it has shown more influential than firm-generated information on the Internet (Bickart & Schindler, 2001).

A great deal of attention is being devoted to this new communication phenomenon. The increasing interest in e-WOM contrasts with the loss of confidence and decrease in investments in advertising (Nielsen, 2012). In fact, investment in offline media continues losing share while online media investment continues to gaining it. Mass media investment' share down from 48% when Internet advertising investment measurement began in 1995 (GroupM, 2013). Therefore, companies are interested in using e-WOM as a new marketing tool (Kozinets et al., 2010). They are encouraging consumers to spread the word about their products and services (Verlegh et al., 2013). This intentional influencing of consumer-to-consumer communications via professional marketing techniques is called WOM marketing (WOMM) (Kozinets et al., 2010).

Companies are currently in the process of learning how to develop WOMM campaigns. By the moment, they are using WOMM in an experimental way (Spaulding, 2010; Weman, 2011).

Although more and more studies are analyzing WOMM, the topic is still very recent, thus very little is known about how to trigger consumers to spread the word about products and brands. In addition, much confusion exists in the conceptualization of WOMM and related terms. Therefore, the aim of this chapter is twofold. First, it tries to provide a clearer picture of what WOMM is trying to clarify existing doubts regarding conceptualization of this new communication tool. Second, the chapter compiles and presents the main gaps found in the literature that future research should investigate for establishing guidelines that could be useful for companies developing WOMM activities.

Background

WOMM is a very recent concept, hence it is necessary to work on a better conceptualization of this topic. The aim of this section is to make a clearer picture of the WOMM concept focusing on its main components and to describe the main strategies that can be followed through previous studies that have analyzed this marketing technique. However, in order to comprehend the WOMM concept and how companies can use it, it becomes necessary to first understand how WOM works.

Conceptualization of WOMM: From WOM to WOMM

WOM

WOM is defined as “a face-to-face conversation between consumers about a product or a service experience” (Sen & Lerman, 2007, p.77). On the Internet WOM is called e-WOM that is defined as “the informal communications through Internet” (Huang et al., 2009, p. 160). Consumers can generate e-WOM on social media platforms such as blogs, forums, virtual brand communities, social network sites or opinion sites (Stephen & Galak, 2012; Kaplan & Haenlein, 2010).

WOM is generated when a consumer (the sender) tells other consumer (the receiver) about a product or brand face to face or through the Internet. The sender usually tells something related with his/her product experience (WOM generation). After the receiver has obtained this information, he/she can transmit this information to other consumers (WOM transmission).

WOM transmission on the Internet is very easy as it occurs when a consumer forwards or passes on information generated by other consumer (Var der Lans et al., 2010). This spontaneously generated WOM is referred to as endogenous WOM (Godes & Mayzlin, 2009) (see Figure 1). However, the process could be also initiated by the company. When the company sends an initial message to

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