

Social Media and Word of Mouth

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ABSTRACT - *Increased usage of social media by consumers impacts businesses that find it necessary to participate to connect with customers. Because social media is conversational in nature, marketers have little control over the message, unlike more traditional forms of marketing communication. The purpose of this paper is to flesh out the tensions that exist as marketers deal with consumer generated negative social media messages and present possible responses for marketers dealing with this form of negative word of mouth (WOM). Its contributions lie in unpacking options for companies dealing with such negative social media. Case studies and a conceptual model identifying possible strategies for businesses dealing with negative social media attacks are presented.*

The five general strategies identified are: delay, respond, partner, legal action, and censorship. Understanding and use of these strategies can assist businesses in dealing with negative WOM and can potentially help them protect their brand image and profitability.

KEYWORDS - Social Media, Negative Word-of-Mouth, Two-Way Communication, Consumer Generated Content, Communal Effects.

INTRODUCTION:

Word of Mouth: A Never – Dying Marketing Form Communication has been a cornerstone of society since the dawn of civilization. Neighbors, families, and friends would converse with each other on topics such as the latest news, products, and popular trends. Through these social exchanges,

someone may praise the performance of a new pair of sneakers or complain about bad experience at a restaurant. Word of mouth is one of the oldest marketing forms around and will continue to be relevant for generations to come. Word of mouth is a social interaction in which nearly all society takes part whether intentionally or not. It is defined as “oral or written recommendation by a satisfied customer to the prospective customers of a good or service. Considered to be the most effective form of promotion, it is also called word of mouth advertising which is incorrect because, by definition, advertising is a paid and non-personal communication” (“word of mouth marketing”.BusinessDictionary.com).Companies often use this as a promotional tool for their product and, like most promotion, it can lead to positive or negative results for a business depending on how well it is used. The history behind this marketing form dates back to an experience from the early 1970s by a psychologist name George Silverman. He created a “teleconference peer influence group.”It was purposely designed for physicians to engage with each other about new pharmaceutical products. To Silverman’s surprise, the experiment highlighted how easily his sample group of

physicians could be influenced. The physicians who had negative opinions of the drug were swayed to change their minds to follow the positive review of the drug. This was evidence of the power of word of mouth marketing in action. The study proclaims that “the selling point for social media throughout the past few years has been its focus on virtual “word of mouth.”In other words, friends talk to friends about what they like or don’t like, and that influences the decisions they make about what to buy and where to buy it.” He also confirms that, “when customers rave to friends and family members about a business product or service, thereby driving traffic virally, they can boost the business; bottom line dramatically” (23).Supporting this statement, a statistic fromBazaarvoice.com stated that “7 out of 10 consumers read online reviews before buying a product or service today” (Cornwell 12).Word of mouth marketing was already effective when it was just face to face, but the meteoric rise of social media has allowed this marketing form reach significantly wider audiences and grow in effect.

THEORETICAL FOUNDATION:

Traditional forms of marketing communication are built on a one-way, linear communication model. Original models include the sender, message, and receiver (Schram 1954). With traditional communication models, marketers create the message and communicate the message to a mass audience of consumers through traditional media such as television, radio, and direct mail (Katz and Lagerfeld 1955). There is little to no bi-directionality to the communication, as the business creates and controls the message. With this model, potential consumer response is delayed and limited in scope. The basic options of response from the consumer are to accept or reject the message from an information processing perspective (Bettman 1979; Bettman 1998). Within traditional marketing communication models, the goal of marketers is to generate high volumes of acceptance from the receivers (i.e., consumers) of the message that would translate into brand equity and eventually purchase behavior (Keller 1993). Beginning with the introduction of the Internet in the 1990's, traditional models of marketing communication began to radically change. Internet access allowed consumers the

capability to interact with businesses in different ways.

This led to the evolution of two-way communication models. According to Hoffman and Novak (1996), whereas traditional marketing media follow a one-to-many communication model, the Internet enables many-to-many communications which is interactive. Hoffman and Novak (1997) further state that with the new electronic medium, a new business paradigm is required. With the new environment, businesses must include the consumer in the marketing process. Businesses no longer have control of the message, and must relinquish some of the control of the message to the consumer. With the increased usage of electronic media, consumers not only have a choice in response, but have the ability to choose which message(s) they wish to receive (Hoffman and Novak 1996). The new environment requires cooperation, information sharing and identifying new and innovative ways to capture and respond to customer desires.

As predicted by Hoffman and Novak (1996; 1997), the Internet has seen unprecedented growth and development in its adoption and usage. Almost sixteen years later, Hoffman

and Novak's communication models have become ever more important as marketers grapple with the growth of social media. Social media requires a different type of marketing, where the consumer is in control (Achrol and Kotler 2012; Safko and Brake, 2010). Because businesses no longer completely control the marketing message, they must become skilled at influencing the message without losing the authenticity of the message (Atal and Wilson 2007; Kozinets, de Valck, Wojnicki, and Wilner 2010; Young 2009). Social media is different from past communication models because it is conversational in nature and occurs between and among the marketer and communities of consumers (Achrol and Kotler 2012). Furthermore, it is different from traditional WOM because company messages get broadcast to communities of consumers, who can then also, broadcast their individual response to the larger community and the marketer in real time. Simply put, like conversational WOM, individuals interact with the marketer but the difference is that social media amplifies the reply to the larger community (Achrol and Kotler 2012; Kozinets et al. 2010; Lester, Tudor, Loyd and Mitchell 2012). This broadcasting capability gives the consumer

greater relative influence in the communication process. Because of its communal effects, if marketers can leverage social media to be positive, it can be a productive tool. However, the opposite can be said for negative social media marketing communication. Negative social media communication produced by consumers can be viral and spread quickly, damaging a company's brand in a short amount of time (DuBois 2012). This is because the negative message is quickly broadcast to wider communities of consumers, leveraging the network and exponentially spreading the negative message. Research to date that examines how businesses can deal with negative consumer generated social media campaigns is limited. There are virtually no published papers that examine strategies for handling such negative social media communications. Thus, the contribution of this paper lies in unpacking possible options for companies dealing with consumer generated negative social media. Toward that end, we will present case studies and a conceptual model identifying possible strategies for businesses dealing with this issue.

SCOPE AND OBJECTIVES OF THE STUDY:

Research on WOM has been active for many decades, and interest in the phenomenon is growing due to its importance in consumer behavior. Still, there are many research questions yet to be answered creating gaps in knowledge regarding what happens after WOM is received (Martin, 2014; Martin & Lueg, 2013; Yang et al., 2012), the sources of WOM (Berger, 2014; Zhao & Xie, 2011), and the underlying behavioral mechanisms of WOM (Berger, 2014). Thus, the study is focused on two research objectives that constitute the contribution of the study to existing knowledge:

1. To theorize how consumers process WOM information in decision-making
2. To theorize how the service context influences the processing of WOM information.

THE POWER OF WORD OF MOUTH:

Research generally supports the claim that WOM is more influential on behaviour than other marketer-controlled sources. Indeed, it has been observed that WOM can be more influential than neutral print sources such as *Which* and *Consumer Reports* (Herr et al., 1991). WOM has been shown to influence a

variety of conditions: awareness, expectations, perceptions, attitudes, behavioural intentions and behaviour. 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. Day (1971) inferred that this was due to source reliability and the flexibility of interpersonal communication. He computed that WOM was nine times as effective as advertising at converting unfavourable or neutral predispositions into positive attitudes. Mangold's (1987) review of the impact of WOM in the professional services context concluded that WOM has a more emphatic influence on the purchasing decision than other sources of influence. This is perhaps because personal sources are viewed as more trustworthy (Murray, 1991). In the industrial purchasing context, WOM influences expectations and perceptions during the information search phase of the buying process and influences attitude during the pre-choice evaluation of alternative service providers (Lynn, 1987; Stock and Zinsner, 1987; Woodside et al., 1992). The influence of WOM on expectations has been reported by Webster (1991) and Zeithaml et al. (1993). WOM can

influence decisions either positively (Engel *et al.*, 1969; Richins, 1983) or negatively (Tybout *et al.*, 1981; Bolting, 1989). It does appear that negative WOM has a more powerful impact than positive WOM (Arndt, 1967). Technical Assistance Research Program (1986, p. 4), for example, reported that dissatisfied customers are likely to tell twice as many people as satisfied customers. Desatnick (1987), citing research conducted for the White House Office of Consumer Affairs asserted that '90% or more who are dissatisfied with the service they receive will not buy again or come back. Worse still, each of those unhappy customers will tell his or her story to at least 9 other people, and 13% of those unhappy former customers will tell their stories to more than 20 people'. It is not reported to how many these WOM recipients retell the story.

CHARACTERISTICS OF WORD OF MOUTH:

WOM is mischievously nicknamed free advertising. If advertising can be defined as 'any paid form of non-personal presentation of ideas, goods or services by an identified sponsor' (Alexander, 1964), then most WOM is not. Advertising, by this definition,

is paid, non-personal, transparently sponsored communication. These distinguishing characteristics of WOM are being eroded. Some WOM is incentivized and rewarded, while other WOM is produced electronically. Perhaps all that distinguishes WOM is that it is uttered by sources

who are assumed by receivers to be independent of corporate influence. WOM can be characterized by valence, focus, timing, solicitation and intervention.

VALENCE:

From a marketing perspective, WOM can be either positive or negative. Positive WOM occurs when good news testimonials and endorsements desired by the company are uttered. Negative WOM is the mirror image. It is worth noting that what is negative from a corporate viewpoint may be regarded as extremely positive from a consumer viewpoint. According to File *et al.* (1994) not only the valence but also the volume of post-purchase WOM can be affected by management efforts. These authors cited evidence that the measured impacts of complaints management processes, service recovery programmes and unconditional service guarantees on post-purchase WOM is clear evidence that management can

influence the frequency and direction of WOM.

TIMING:

Referral WOM might be uttered either before or after a purchase. WOM can operate as an important source of pre-purchase information. This is known as input WOM. Customers may also utter WOM after the purchase or consumption experience. This is known as output WOM.

SOLICITATION:

Not all WOM communication originates from customers. Indeed, WOM may be offered with or without solicitation; it may or may not be sought. However, when authoritative information is sought, the listener might seek the input of an opinion leader or influential.

INTERVENTION:

Although WOM can be spontaneously generated, an increasing number of companies are Pro-actively intervening in an effort to stimulate and manage WOM activity. Managed WOM May operate at an individual or organizational level. Individuals may be sought who they actively deliver WOM or who serve as role models for those who would follow. Companies are alert to the potential problems associated with celebrity endorsements. Celebrities can

become unfashionable or attract bad publicity.

STRATEGIES FOR HANDLING SOCIAL MEDIA:

Social media is not a short-lived trend, and companies should make it a priority to create an authentic face in social media. Having a plan for how to address negative social media before an attack allows the company to be prepared in times of crisis and quickly react in the best possible light. Actively participating in social media provides the opportunity for businesses to be authentic and transparent, which are attributes companies need to survive such negative attacks.

As for the individual strategies identified in the findings of this paper, when negative social media campaigns occur, the best strategy to be utilized depends on the size of the company, the resources available (including staff, budget, objectives, and target audience), the technology available, and the particular issue to be addressed. Because the strategies that can be used to deal with unexpected comments are not mutually exclusive, companies may find the best approach is to use a combination of strategies. First, the company must quickly assess the attack and the potential for

damage. The company must then be ready to act quickly, following a pre-determined strategic plan. Finally, depending on the best strategy for the situation, the company must carefully craft the response in order to mitigate the attack and not unintentionally intensify the issue. No matter the strategy chosen, the company needs to capitalize on the opportunity not only to minimize the negativity but also to turn the negative attack into a positive outcome (and potentially gain consumer confidence in the end). Taking advantage of these opportunities is why understanding the advantages and disadvantages of each strategy, and when to use them, can actually improve a company's brand image. Another conclusion that can be drawn from the study is that with the growth of social media, marketers need to think less like traditional, one directional advertisers (via television and radio) and more like interpersonal relationship managers and customer service advocates. Marketers need to be willing to listen and communicate (even to the point of potentially negotiating with consumers) because they no longer have complete control of the message. Social Media outlets not only provide greater control to the consumer but also

provide marketers a way to quickly understand customer wants and share this knowledge within the company. In addition, by participating, social media allows marketers to quickly identify and respond to a potential crisis. Marketers should thus be actively engaged with social media and create strategic plans necessary to be both proactive and reactive in dealing with this type of marketing communication. In closing, this paper presents five general strategies for companies dealing with negative social media campaigns. These strategies are conceptual in nature, based on real companies and their reactions to negative social media campaigns in the marketplace. However, the model is conceptual in nature, and future research should confirm the existence of each strategy via survey data.

SOCIAL MEDIA AND NEGATIVE WORD OF MOUTH:

Surveying a large sample of companies to see which strategies they have utilized and why they selected that strategy would be a useful extension of this study. It would also be interesting to see what variables might impact the choice of a particular strategy, such as company size (i.e., small versus

large), the particular industry (i.e., services versus manufacturing), or the corporate culture of the firm (i.e., open versus closed). Clearly, companies need to know more about how to deal with consumer-generated negative social media campaigns and future research needs to continue to shed light on this complicated subject matter.

CONCLUSION AND RECOMMENDATION:

Conclusion: Main objective of this study is to found effects on consumer buying decision positive or negative. The final result shows that people of different ages, marital status and to buy any item genders rely on others' comments, opinions and others' word of mouth to take any decision. With the help of first question of the questionnaire it has been found that people prefer advertising rather than word of mouth but on the contrary when the detail question have been asked it has been noticed individual's decision could be effected by word of mouth. This is real fact that bad impression of any product/service can be created by once bad experience, which proved that negative word of mouth could have undesirable effects, but positive word

of mouth could create a magical impression or image of products/services. In the situations where a small amount of money is involved people mostly don't have to wish to carry out a survey before spending. On the other hand whenever the stakes are high it's just about the opposite. However, the basic demand to have first-hand knowledge or experience must influence other respondent, who want to learn from others' experience. More information that the results have shown is that word of mouth can be incredible helpful for marketers to create the required hype for their items/services, so that persons are very much aware of its existence. Viral Marketing is one of the topic from which some people are still unknown with. Internet and e-mail has taken a magical place in social media. Good Viral marketing makes every customer a salesperson. As it is found from the results that it can be more influential than many other marketing techniques because it is accurate, fast, and cheap which allows retailed information. It is not only valuable for individuals who can access the net, but also others because it generates online and off-line discussions. Another fact that has come up by the conclusion is that word of mouth has the

power of wiping off any business especially negative. About effective use there is unanimity if word of mouth being a contributing factor in sale/promotion of products and services. It is accepted through the survey that 'word of mouth' is a persuasive means to promote a product/service also formulating favorable decision regarding purchase of personal items.

Recommendations: There are numbers of suggestions mention below:

1. Marketers should not trust word of mouth campaigns. Newspapers, magazines, television and Internet should be used for communication.
2. Before purchasing any expensive or luxury item consumers must carry out survey from word of mouth.
3. People have good or bad experiences by which others can get benefits from them.
4. Consumers should share their opinion about any products or services.

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