

Pooria Manoochehri

Word of Mouth

Passing information from one person to one person is the most common way and may be the most ancient way of informing others about subject. This process is one the first methods of communicating with others and is as easy as storytelling. Word of Mouth (WOM) is marketing is a way of informing others about a brand without being paid. This type of marketing is based on the shared values, trust, good communication and consumer's satisfaction with a product.

Although this method is simple method but surveys show that this type of marketing has the best result (Under the Influence: Consumer Trust in Advertising, 2013).

History

This method is pioneered by a psychologist by the name of George Silverman who had named it “teleconferenced peer influence groups” in the early 1970s. “The groups were designed to engage physicians in dialogue about new pharmaceutical products, but Silverman noticed an interesting phenomenon where skeptics’ opinions on a drug were swayed with the positive endorsement from one or two of their peers. The phenomenon was so powerful that even ex-prescribers – who had negative experiences with a drug – were noted to change their minds following a positive review of the same drug from their peers.” (Referral Marketing, Blake Brysha, 2013).

One of the best company's takes the best advantage of this marketing machine is Apple, as Blake Brysha (Referral Marketing, 2013) says “Originally released in 2010, we were introduced to a product that most of us never even knew we “needed.” Three years later, it's estimated that we'll buy 102 million units of the tablet in the coming year. What accounts for these astronomical sales and the buzz that surrounds every new generation of iWidget? If you guessed WOM, you're right. Through a series of calculated pre-announcements, “leaks,” and

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even controversy, Apple consistently creates a tidal wave of speculation and hype around impending releases. By letting their legions of fans spread the news and build anticipation around a product, they're able generate interest organically.”

Word of mouth is something personal and it is based on the passion of people about something. Due to the results of the researches WOM has shown more effectiveness in compare with other marketing strategies because it involves the shared values of people. As is declared in Nielsen Global Survey of Trust in Advertising (2013) “Word-of-mouth recommendations from friends and family, often referred to as earned advertising, are still the most influential, as 84 percent of global respondents across 58 countries to the Nielsen online survey said this source was the most trustworthy. Trust in advertising on branded websites increased 9 percentage points to 69 percent in 2013 as the second most trusted format in 2013, a jump from fourth-place ranking in 2007. Sixty-eight percent of survey respondents indicated that they trust consumer opinions posted online, which ranked third in 2013, up 7 percentage points from 2007.”

In the chart below word of mouth strategy is compared with other marketing strategies.

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TO WHAT EXTENT DO YOU TRUST THE FOLLOWING FORMS OF ADVERTISING?

Global Average - Percent of Completely/Somewhat Trust

FORM OF ADVERTISING	2013	2007	DIFFERENCE 2013 VS. 2007
 Recommendations from people I know	84%	78%	6%
 Branded websites	69%	60%	9%
 Consumer opinions posted online	68%	61%	7%
 Editorial content such as newspaper articles	67%	*	*
 Ads on TV	62%	56%	6%
 Brand sponsorships	61%	49%	12%
 Ads in newspapers	61%	63%	-2%
 Ads in magazines	60%	56%	4%
 Billboards and other outdoor advertising	57%	*	*
 Ads on radio	57%	54%	3%
 Emails I signed up for	56%	49%	7%
 Ads before movies	56%	38%	18%
 TV program product placements	55%	*	*
 Ads served in search engine results	48%	34%	14%
 Online video ads	48%	*	*
 Ads on social networks	48%	*	*
 Display ads on mobile devices	45%	*	*
 Online banner ads	42%	26%	16%
 Text ads on mobile phones	37%	18%	19%

*Not included in Nielsen 2007 Global Survey.

Source: Nielsen Global Survey of Trust in Advertising, Q3 2007 and Q1 2013.

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Related Lexicon Terms

Word of Mouth is the best marketing **Strategy** which lets other people to **exploit** each other's **experience**. This strategy is based on **consumer's culture, values**, trust, effective **communication**, and has a great **impact** on the **visibility** of a product.

As is declared in "The Effects of Cultural Values in Word-of-Mouth Communication" article (Desmond Lam, Alvin Lee, Richard Mizerski (2009) The Effects of Cultural Values in Word-of-Mouth Communication. Journal of International Marketing: September 2009, Vol. 17, No. 3, pp. 55-70)

"When new products and brands are introduced into other **cultures**, the speed and extent of the product's acceptance are important concerns for marketers. The spread of positive word of mouth (WOM) and the lack of negative WOM about the product or brand by early adopter groups are critical to the product's successful diffusion in a population. This is the first study to investigate the effects of **consumers' cultural values** on their WOM behavior. Data analysis from two samples indicates that the pattern, type, and target receivers of consumers' WOM activity depend on their **cultural values**."

The relation between word of mouth and cultural values are so close that according to Buzz Canuck website ("Top 11 Killer Stats on Word of Mouth", published on http://buzzcanuck.typepad.com/agentwildfire/2006/01/top_11_killer_s.html, January 2006)

"1 out of every 7 social conversations are word of mouth based" which means 14.2% of all social conversations.