Factors Enhancing the Effect of Word of Mouth on Consumer Outcomes

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Abstract

Word of Mouth is recognized as an increasingly important form of promotion, particularly within professional services environments where credence qualities play a critical role. This paper examines findings from focus group discussions on the outcomes of word of mouth advocacy, both positive and negative. It also specifically explores the factors likely to enhance the chances that receivers of positive word of mouth might act on such information. While tentative, the findings suggest that the potential for WOM to generate action is likely to depend on the nature of the sender-receiver relationship, the strength and richness of the message and the experience of the receiver with the product or service among other situational factors. Implications for future research are briefly outlined.

Key words: *Word of Mouth, Services Marketing, Customers, Consumer Advocacy.*

INTRODUCTION

Customers are becoming more discerning and more demanding, and the number of competitors is increasing. One way that offers a point of advantage is word of mouth (WOM). Indeed, some studies have suggested WOM is nine times as effective as advertising in converting unfavorable or neutral predispositions into positive attitudes (Day 1971).   This is particularly important, given the reduction in consumer trust of organizations and advertising, as well as the reduction in TV advertising as a proportion of promotional budgets of several large firms, and the widespread recognition of the role that can be played by WOM (International WOM Marketing Conference, 2005). A review of the literature shows a paucity of research on this important topic. Further, little of this research has focused on what happens when WOM is received (Gremler, 1994). In particular it is important for organizations to know the conditions in which WOM is most effective in enhancing a receiver's perceptions or actions.

Word of Mouth (WOM) can be defined as informal communication between people that involves the evaluation of products or services (Anderson, 1998) and is said to be the most important communication source between consumers (Derbaix and Vanhamme, 2003). It does not include formal communications, such as customer complaints to a business, nor communications by salespeople or other representatives of a business to its customers. The important role WOM plays in the promotion of goods and services has been long recognized by diffusion of innovation researchers (e.g. Ryan and Gross, 1943).

At its heart, WOM is a process of personal influence, in which interpersonal communications between a sender and a receiver can lead to a change in the receiver's behavior or the attitudes (Merton, 1968).   The role interpersonal communication can play in influencing opinions has long been acknowledged by sociologists, who identified the importance of "opinion leaders" in this process (Katz and Lazarsfeld, 1955). The ability of individuals to influence other people's opinions is of particular interest to organizations seeking to market products and services, especially those marketing offerings that cannot be easily trialled prior to purchase (Rogers, 1995).

For most services, particularly those that are complex or have high perceived risk, WOM can play a key role within the promotional mix as such services' intangibility makes pre-purchase trial impossible (Berry, 1980; Zeithaml, 1981; Zeithaml, Parasuraman, and Berry, 1985). Consequently, WOM is likely to be more important in service environments. WOM is also a highly credible information source as the sender is usually independent of the organization providing the service and is not seen to gain directly from advocating the service (Silverman, 2001). Such credibility is particularly important for those services that have high credence qualities, such as professional and financial services.

While the potential power of WOM as a form of promotion is generally accepted (Arndt, 1967; Buttle, 1998; Dye, 2000), the factors that improve the chances of a

consumer acting on such advice remain less well understood and the study discussed in the present paper was an attempt to improve our understanding of these factors. In addition, little research has investigated the outcomes of WOM on the receiver. The present study therefore had three major objectives, namely:

1. To identify the variety of consumer outcomes to which WOM leads.

2. To identify the factors that are likely to enhance the chances of a receiver acting on WOM.

3. To develop a conceptual model that relates to a consumer's experiences when receiving WOM.

Before discussing the study, however, a review of the relevant literature is presented as it provided a foundation for the approach taken in the present case.

A LITERATURE REVIEW

The impact that interpersonal communications have on attitudes and behavior has been examined by sociologists and psychologists for many years. For example, Hovland (1948) noted that social communication involved four factors, which he termed the communicator (sender), the stimuli (message), the receiver and the response. While each of these elements is worthy of substantial research, the receiver and their responses were recognized as being the most difficult to study, although sociologists observed that rumors and the information they contained can spread rapidly (Dodd, 1952). However, Hovland and Weiss (1952) also noted that it is difficult to measure or control such diffusion.

WOM differs from rumor in that it is the means by which rumors are transmitted, but it can be quickly discredited by the receiver, if the information conveyed is viewed as rumor rather than fact (Kamins, Folkes and Perner, 1997). The power of WOM in generating the purchasing behavior desired by marketers lies in its apparent independence from the organization providing the products or services being offered and hence the receiver's trust in the source (Dichter, 1966).

Outcomes of WOM

WOM has a strong influence on product perceptions, leading to changes in product judgments, value ratings for products and likelihood of purchase (Arndt, 1967; Fitzgerald Bone, 1995; Peterson, 1989). However, the primary outcome of WOM, which may mediate these relationships, is of its impact on perceived risk. Thus, positive WOM reduces risk during the evaluation stage of the consumer purchase cycle (Woodside and Delozier, 1976). Martilla (1971) found that such WOM was more important in the final stages of the purchasing process, as it reassured consumers and reduced post-purchase uncertainty. In earlier stages, customers were more likely to rely on impersonal communication in developing an awareness of new products.

Perceived risk is inherent in many purchase situations, which explains why consumers like to undertake a pre-purchase trial. Services, however, are often indivisible and hence impossible to trial (Berry, 1980; Zeithaml, 1981; Zeithaml, Parasuraman, and Berry, 1985). This, along with intangibility, heterogeneity, perishability and inseparability leads to high risk perceptions in the service context (Mitchell and Greatorex, 1993; Murray, 1991; Zeithaml, 1981). Thus, as already noted, WOM is likely to be more important in service contexts.

Moderators of the WOM-outcomes relationship

While WOM has a powerful influence on the receiver, it is affected by the relationship between giver and receiver. In particular:

1. Personal factors, such as a sender's credibility or apparent expertise, impact on a person's ability to act as an opinion leader. A receiver's expertise or knowledge about the product or service being discussed and their perception of the risk associated with making a purchase also affects WOM's impact.

   Opinion leadership research has highlighted the impact of source expertise on interpersonal influence. Bansal and Voyer (2000), Gilly, Graham, Wolfinbarger and Yale (1998) and Fitzgerald Bone (1995) have investigated the importance of sender and receiver's expertise and opinion leadership on the influence of the sender's WOM on the seeker. Their various findings support the impact of source expertise and opinion leadership on the effectiveness of WOM. However, the effect of seeker expertise on the impact of WOM on outcome, which is hypothesized to be negative, was found to be insignificant in most previous studies, suggesting further investigation is warranted.

2. The interpersonal relationship between sender and receiver, including "tie-strength" (i.e. strong or weak) and whether a receiver actively seeks WOM.

   Much innovation research has examined the role WOM plays in transferring ideas or the adoption of new technologies (Mahajan, Muller and Kerin, 1984). The flow of information relating to new ideas or products often occurs through informal social networks, in which early adopters play an opinion leadership role, providing WOM to others in their networks (Czepiel, 1974). The ability of WOM to operate within a consumer network appears to be influenced by the "tie strength" or the intensity of the social relationship between consumers (Bansal and Voyer, 2000; Granovetter, 1973; Iacobucci and Hopkins, 1992) and how similar (homophily) or dissimilar (heterophily) such consumers are in terms of their opinions, likes and dislikes (Steward and Conway, 1996; Gilly, Graham, Wolfinbarger and Yale, 1998). Granovetter (1973) noted that social networks include close primary family and friendship relationships

(i.e. strong ties) and more socially distant and weaker secondary associations (i.e. weak ties). Despite their relative weakness, "weak ties" play a key role in the transmission of information throughout social networks, bridging the gaps between more socially cohesive primary groups (Granovetter, 1983; 1985). The impact of one customer passing WOM to another is discussed as a 'ripple effect' by Gremler and Brown (1999) and its importance and the significance of managing the 'ripple' recognized at the first International WOM Marketing Conference (2005).

WOM also plays an important role in social learning and it is likely that "weak ties" provide a more efficient outcome in the diffusion of an idea than if contacts are more frequent and information obtained from numerous sources (Ellison and Fudenberg, 1995). Face-to-face WOM seems to diffuse knowledge through a population and there is evidence that such diffusion takes place rapidly where there is high homophily. It also seems that the ability to overcome knowledge gaps between homophilous sub-populations is dependent on the level of education within the population (Morone and Taylor, 2004). This suggests WOM will be more effective where additional information, such as advertising, is available, as well educated people are more likely to access additional knowledge than are poorly educated people.

3. The situational context within which interpersonal and non-interpersonal factors interact (Bansal and Voyer, 2000).

Several situational factors have also been considered, primarily whether WOM information was sought or not. WOM seems to be more effective when the information is sought by the receiver (e.g. Bansal and Voyer, 2000; East, 2003; Gremler, 1994), although research into this issue have been limited. Further, little research has addressed the impact that the type of product has on WOM influence. However, researchers agree WOM is most important in high risk, high involvement contexts and for more complex services, such as professional services (Ennew, Bannerjee and Li, 2000; File, Cermak and Prince, 1994; Hogan, Lemon and Libai, 2004). However, it is not clear if WOM is more effective in these services or only more important.

4. Message characteristics

Curiously, the characteristics of the WOM activity itself have not been widely considered. While WOM has been suggested as vivid, which relates to whether information is emotionally interesting, concrete and imagery provoking and "proximate in a sensory, temporal or spatial way" (Nisbett and Ross, 1988: 45), no research has investigated these aspects as moderators, although Gremler (1994) suggests the message delivery is more impactful when the message is delivered enthusiastically. Further, the power of the message delivery may impact on people's ability to recall

WOM (Gremler, 1994; Herr, Kardes and Kim, 1991). This suggests WOM outcome might be influenced by the vividness of the information, with negative WOM likely to be more easily remembered as it is more vivid.

Clearly, while there has been considerable research into WOM, the points raised in this review need to be addressed and a study, which is discussed in the next section, was undertaken for this purpose.

THE PRESENT STUDY

Six focus groups with an average of nine participants (54 participants in all) were conducted with customers and potential customers of a financial institution that was a partner in the research project. Four groups were held with current customers and two were held with consumers who had made general inquiries about becoming customers. All of the focus groups, which lasted for an hour and a half on average, were facilitated by an experienced moderator using a common discussion protocol that was prepared by the research team. Overall, the sample was balanced with respect to gender, while participants were aged from 18 to 64 years and came from a wide range of occupations.

Focus groups enable a facilitator to enter the reality of the respondents and collect their interpretations and are a way to "get in tune with consumers" or, more accurately, in tune with consumers' realities (Stewart and Shamdasani, 1990). A focus group approach is suitable for studies in which the shared experiences of a group of people are of interest and researchers wish to participate in that shared understanding (Hines, 2000). While care must be taken in the way focus groups are designed and facilitated, they offer insights that cannot be gathered by personal interviews, although triangulation is desirable (Yin, 1994). To assist in this triangulation, participants completed an individual Critical Incident Technique (CIT) form before the session. The form asked participants to discuss a memorable positive and negative WOM experience they had experienced in the past year, either in giving or in receiving WOM. A total of 103 Critical Incident reports were obtained in this way

The discussion within the focus groups was based on WOM in a variety of contexts, although a short period at the end of each session focused on the financial institution, which was a partner in this research project. Prior to the focus groups beginning, the moderator explained the procedures and the purpose of the session. The groups addressed issues such as the meaning of WOM and the outcome of WOM to them. Participants were also asked about the factors that were likely to influence a person to act on WOM, or the kind of person who might or might not act on WOM and why WOM might be an effective means of promotion.

The six focus group sessions were audio recorded and transcribed into a word processing package. These transcriptions and the CIT's were subsequently analyzed in accordance with Miles and Huberman's (1994) suggestions.

Recurring themes that were related to the research were first identified. Horowitz and Newman (1964, p. 642) described these themes as 'ideas', each idea being "an utterance that expresses a thought in a meaningful, relevant and unique way." They also noted there are likely to be 'subordinate ideas' that add polish to established ideas or add understanding or amplification to previously expressed ideas, but are not additional ideas. Such responses were also highlighted and coded on the transcripts. The themes were generated in a grounded theory sense as the analyst was open-minded and context sensitive, although the approach was not entirely unstructured, as the analyst acted within the context of previous research and theory (Miles and Huberman 1994). The transcripts were reviewed and codes or labels were assigned paragraph by paragraph. Subsequently, a broader category or theme was developed that represented a series of such codes (Miles and Huberman 1994; Strauss and Corbin, 1990). Finally, themes were substantiated and refined by re-checking the raw data and confirming interpretations.

THE RESULTS OBTAINED

Outcomes of WOM

WOM *outcomes* were investigated from the receiver's point of view. Overall, positive messages led to a sense of enthusiasm, confidence and optimism in the receiver, consistent with a reduction in perceived risk and improved opinion of the firm, while negative messages led to sympathy with the WOM provider, anger and a poorer image of the organization.

> *Happier about choosing the right agent, as it involved a great deal of my savings. I felt it reduced any risks as if my friend had already used the service and was happy with it* [CIT, Travel agent]

> *I was pleased happy and relieved to find a good reliable tradesperson* [CIT, Carpenter]

> *I felt encouraged and confident - the firm appeared to provide what I wanted at the right price and level of service* [CIT, Internet provider]

> *Sympathy for the girl, a bad haircut cannot easily be undone* [CIT, Hairdresser]

The following section explores the factors that seemed to moderate or enhance the effect of WOM on consumer outcomes. These factors are reported in four sections (personal factors, interpersonal factors, situational characteristics and message characteristics).

1 Personal factors

When participants were asked to think about situations in which WOM may be most effective, three themes emerged. The first concerned the perceived credibility of the sender, the associated expertise of the sender and, as a consequence, the *risk* associated with taking the advice. Some typical comments were:

> *It all comes back to the relationship you have with that person, the respect you have for that person and their opinion and the risk involved in that information if you are to act on it. Most people will give an opinion, but I would be qualifying it to see what the risk was* [Male participant].

> *It depends where the information's coming from. If you get good information, the recipient is going to act on it if he knows the giver to be reliable* [Male participant].

> *I think another major factor is who gave you that advice. It's who gave you the information and what you think of them* [Female participant].

> *Probably it is how you feel about the giver- the amount of respect or how they are perceived by you… The knowledge and how you feel about that person- there are emotions behind it all* [Female participant].

The second personal factor enhancing the effectiveness of WOM given, was when a *receiver needed reassurance* or further information before making a decision because the purchase decision was complex or because they lacked experience with the product or service being considered. In some cases the WOM was the final factor leading to the decision. For example:

> *A 'first timer'. A person who's never been to a restaurant before, they will ask someone. The young person who's never opened a bank account before is more likely to ask and act on the advice* [Female participant].

> *Maybe a person who is in a situation where they could go one way or the other—they have heard a bit of word of mouth advice—the first good word they have heard on the subject so they think "oh I'll go there" and no more mucking round, end of story* [Male participant].

2 Interpersonal factors

As well as sender and receiver characteristics, the interpersonal relationship between the parties influenced WOM acceptance. The key aspect in this context was the rapport and trust between a sender and a receiver or the "tie-strength' of their relationship. This theme extended the first theme discussed in the results (the credibility of the giver of the message) to include a dyadic perspective:

But also when you need the information and you respect the giver [Male participant].

Yes, you've got to trust the giver [Male participant].

The relationship between the two people involved is the most telling point. Then it comes to your appreciation/trust of the person, even if you're not mates [Male participant].

3   Situational factors

The third theme concerned situational factors that did not relate to the sender, receiver or message. The first sub theme related to the nature of the service being discussed as WOM was more valuable to a receiver in some service contexts than in others. WOM was least effective, although possibly most helpful in the case of highly involved, complex services involving higher risk.   For example:

If it's something very simple, with little or no risk involved, you'll find that people will probably accept it. So that's where the 'never' doesn't fit in. But if it's a life changing decision, I don't think that people would act in the same way. They would think long and hard before making a decision. So it depends on the importance of the information and the subject matter [Female participant].

I agree that the price of the product or service is fairly significant- I mean a hammer- I couldn't care less… But it would be the significance of the product or service and the impact of that on your life [Male participant]

Depends if you are in the market for a good product. If you go eat out a lot, it is nice to go somewhere different. When you get good recommendation, you think "why wouldn't you act on it". But then it is not a big deal, going out for dinner is not going to cost you a lot. But it is something going to cost you a lot, if it is a big decision, you can take on board what people say, but you have to be a bit more rational in behaving [Male participant].

When services were highly involved or complex, WOM was most effective when it was received from multiple separate sources (i.e. WOM from different people or alternative sources converging to support the message):

The other factor is how many people you talk to. You wouldn't just listen to one person's advice you would canvas a number of people. If they all say the same and they are all different people you would probably believe it [Male participant].

And probably other sources to confirm it. But not just one person. We tend to be talking about one-to-one and that's it. But it doesn't work that way [Male participant].

WOM is only one source of information. These days we've got this tremendous number of choices. Not just banks and restaurants, but digital cameras and TV sets etc. – it's just a nightmare. So we're asking as many people as possible and looking at other sources of information trying to decide [Male participant].

WOM value also increased when a receiver lacked the information needed to make the decision:

Sometimes it's the only way to find out about something. Like where to get your car fixed. Where I was, there was no other way to find out who was any good. [Male participant]

In places where services of a personal nature are provided – hairdressers, or having someone do repairs at your home, etc. - that's when WOM is most effective [Female participant].

WOM is more effective in staff related things when people are reluctant to put it down in writing. For example – is this operator as good as I am led to believe? People will give their views because nothing is ever written down [Male participant].

As may be obvious, WOM was also most attentively listened to when the receiver had a vested interest in the conversation:

Whether you are sitting around in a group at morning tea or lunch- you say something and another person may not comment on it at the time but it will stick in their mind. Like a restaurant that has been praised by someone else- you think I might try that" [Female participant].

It depends how important the topic is. I might not need the fridge now, but might need one in the future, so you pile that away in the databank. If it is a Chinese restaurant, I hate the Chinese food, don't care about it, so you forget about it instantly. So something you might be interested in, you take notice [Male participant].

It also seemed that WOM was more valued when the information was sought by the receiver:

It was a general discussion with a friend who brought up the subject of his retirement next year. I therefore asked him if he had seen a financial adviser" [CIT, Financial adviser]

> *I asked directly of her past experience with mortgage brokers and her advice and recommendation* [CIT, Mortgage Broker]

> *I was talking with my neighbor about the progress of my house renovations and I said I needed a good carpenter. She said "Oh, my old friend has a retired joiner. His rates are good and his work is good and he is looking for odd jobs"* [CIT, Carpenter]

Finally, WOM was particularly valuable when the receiver did not have much time to investigate alternatives.

> *Time can also be a factor. You may not have the time to check something out. For example at a retail sale you could miss the opportunity* [Female participant].

> *Sometimes it is opportunistic, when you can act on WOM instantly. For example, walking through a shopping mall and someone says there's a good restaurant and you instantly try it* [Male participant]

4 Message characteristics

The final, and perhaps most interesting, theme concerned the characteristics of the WOM itself. Not only was the perceived credibility of the WOM sender important to the outcome, but the nature of the message delivery as well as the message itself impacted on WOM effectiveness. Non-verbal communication also played an important role in WOM acceptance:

> *The details, his emotions… He has had personal experience. Personal experience people act upon that* [Male participant].

> *My friend was telling me with great enthusiasm and I started visiting the store* [CIT, Supermarket]

> *I remember the comment because the hikers raved about the place* [CIT, guest house]

> *WOM can also really be contradicted by a persons body language and gesture and the way he/she actually expresses themselves* [Female participant]

> *I remember the comment because of the strength and tenacity in the person's tone and voice* [CIT, retail outlet]

DISCUSSION

The present study recognized the relative lack of research into the impact WOM has on receivers' perceptions and behavior. The study examined the effect of WOM on consumer outcomes and the factors that enhance or detract from this effect. The results are presented in terms of constructs identified in previous literature, and the findings of the present exploratory qualitative study.

While previous research has investigated the impact WOM has on purchase activity and perceived risk, and the present study supports this relationship, no research has investigated the direct perceptual outcomes on the receiver. Positive WOM was found to increase receivers' perceptions of comfort, relief, confidence and enthusiasm, while negative WOM evoked feelings of anger, disappointment and empathy with the giver (as shown in Table 1).

Table 1: Receiver Outcomes following WOM

PRIOR RESEARCH	AUTHORS	FOCUS GROUP FINDINGS
Reduced risk	Murray, 1991; Woodside and Delozier, 1976; Roselius, 1971	Some evidence to support this
Enhances purchase potential	Peterson, 1989* ; Arndt, 1967*	Some evidence. More willing to try
Enhances product judgments	Fitzgerald Bone, 1995*	Some evidence, better opinion of firm
Psychological outcomes of receiver	None found	Reports of confidence, comfort, relief, enthusiasm for positive WOM; empathy with giver, anger and disappointment for negative WOM

*quantitative empirical support

The factors associated with the sender that enhanced WOM effectiveness matched suggestions made previously, as can be seen in Table 2. These factors were the sender's credibility, trustworthiness and reliability as an information source and, consequently, the value placed on his or her opinion leadership.

Table 2: Factors Associated with the Sender

CONSTRUCTS	AUTHORS	FOCUS GROUP FINDINGS
Opinion leadership	Gilly, Graham, Wolfinbarger and Yale, 1998*	Some indirect evidence, e.g. people offering WOM said to be caring, helpful, outgoing, opinionated etc.
Source credibility, trustworthiness and expertise	Bansal and Voyer, 2000*; Gilly, Graham, Wolfinbarger and Yale, 1998*	Some support. Perceived credibility, reliability and trustworthiness, of sender. Respect show by receiver toward sender. Sender is viewed as having expertise or valuable knowledge.

*quantitative empirical support

Table 3 outlines the "receiver" factors that seemed to impact on the likelihood that WOM would be effective. The key issue was the experience a receiver had with a particular product or service, although this has not been supported in previous research. The receiver's pre-existing perceptions of the product or service also seemed to play a role.

Table 3: Factors Associated with the Receiver

CONSTRUCTS	AUTHORS	FOCUS GROUP FINDINGS
Expertise of receiver	Bansal and Voyer, 2000[a]; Gilly, Graham, Wolfinbarger and Yale, 1998 [a]	Some evidence, reported in terms of the receiver's need rather than lack of expertise.

[a] Not supported

In addition to these factors, which relate to the sender, the message and the receiver, the interpersonal relationship between a sender and a receiver also played a role, as shown in Table 4. WOM was more effective when there is a close relationship and good rapport between a sender and a receiver, which is based on trust and mutual respect. These characteristics are similar to the factors associated with a sender's opinion leadership role and are likely to moderate the impact of WOM communication. Interestingly, previous research has not found strong support for the interpersonal relationship increasing the receptivity of WOM (Bansal and Voyer, 2000; Gilly, Graham, Wolfinbarger and Yale, 1998). The focus groups, however, suggested that WOM could be favorably received from within "weak-tie" (i.e. more distant) relationships, but that reception seemed to depend on the nature of the opinion.

Table 4: Factors Associated with the Interpersonal Relationship

CONSTRUCTS	AUTHORS	FOCUS GROUP FINDINGS
Social 'tie-strength' and level of homophily	Bansal and Voyer, 2000); Gilly, Graham, Wolfinbarger and Yale, 1998 (supported for demographic not perceptual homophily); Gremler (1994)	Good rapport between sender and receiver enhances WOM effectiveness Dependent upon the interpersonal relationship between sender and receiver and level of risk associated with taking the advice When relationship between sender and receiver is not strained WOM more effective Where sender and receiver are close socially (e.g. good friends) WOM more effective Where sender is viewed with respect for opinion, WOM more effective

While the communication process and actors (giver and receiver of WOM) were important to a WOM outcome, several situational factors also enhanced WOM receptivity (as shown in Table 5). These factors include the availability of information about the product or service, suggesting WOM will be more effective when there is a lack of publicly available information, which is often the case in service contexts. The value of WOM is also likely to be higher in high risk contexts, when the product is complex, high involvement, high cost or important to a receiver. Nonetheless, consumers are more likely to act on WOM in "simple" situations. WOM seems to be an important source of information when it is difficult (or impossible) to assess an offering prior to purchase, which is also often the case in service contexts, and also when time pressures exist in making a decision. It was also more powerful when the receiver had a vested interest in the product or when the information was sought. Finally, WOM was most effective when a similar message was received from several sources (either other WOM providers or other media).

Table 5: Factors Associated with the Product or Service

CONSTRUCTS	AUTHORS	FOCUS GROUP FINDINGS
Perceived risk associated with purchase decision	Ennew, Bannerjee and Li, 2000; File, Cermak and Prince, 1994; Hogan, Lemon and Libai, 2004	WOM more likely to be acted on in case of simpler products or when the importance or value of product/service is less relative to other purchase decisions.
Multiple sources	Bayus (1985) Hogan, Lemon and Libai (2004)	Some evidence. The more sources, including WOM impacting the consumer, the more likely the consumer outcome.
Lack of information due to newness or product or service complexity	See earlier receiver expertise in Table 3	Some evidence
Consumer need for the service	Mangold, Miller and Brockway, 1999	Some evidence WOM was more readily received when recipient was in the market for a service or could usefully store it away for the future
When receiver asks for information	Bansal and Voyer (2000)	Evidence that asking for the information made it more valuable
When receiver is time poor	None found	Some evidence that when people are time poor they may ask for advice and act on it

Table 6 outlines the factors associated with the WOM message itself that increase WOM impact. As mentioned, while vividness has been recognized as a key descriptor of WOM (Anderson, 1998), no research has investigated the moderating impact of message characteristics. The focus group suggested the *way* a WOM message was delivered, or the way the WOM story was told, influenced the outcome. Non-verbal communication cues senders use to convey the message also impacted on its effectiveness.

Table 6: Factors Associated with the Message

CONSTRUCTS	AUTHORS	FOCUS GROUP FINDINGS
Vividness of message	Anderson, 1998 (as descriptor of message, not as moderator of WOM to outcomes relationship)	Reports of the message content including words used enhancing WOM responses
Vividness of message delivery	Gremler, 1994	Reports of nature of the story and the way it is told enhancing WOM responses
Non-verbal communication and WOM delivery style	Dichter, 1966; Gabbott and Hogg, 2000	Reports of intensity of voice, intensity of eye contact, use of gestures, conviction of sender (i.e. not overly persuasive or pushy) enhancing WOM effects

Prior research and the focus groups suggested a WOM impact model that includes sender and receiver attributes, the interpersonal relationship between these actors, the situational factors including the nature of the product or service that is the subject of the WOM message and the way the message is transmitted by the sender to the receiver. The suggested model is summarized in Figure 1.
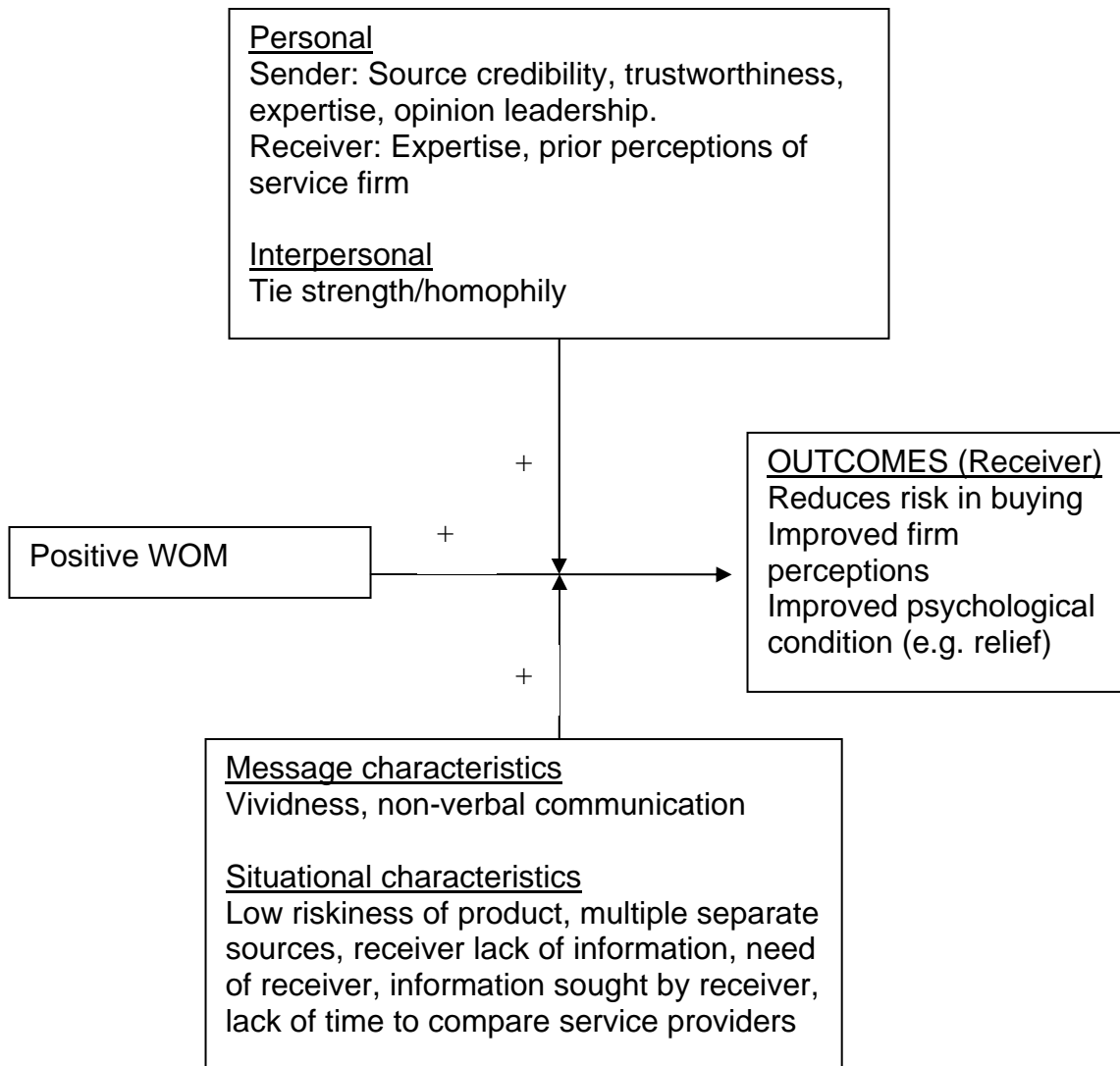
Personal
Sender: Source credibility, trustworthiness, expertise, opinion leadership.
Receiver: Expertise, prior perceptions of service firm

Interpersonal
Tie strength/homophily

+

Positive WOM

+

+

OUTCOMES (Receiver)
Reduces risk in buying
Improved firm perceptions
Improved psychological condition (e.g. relief)

Message characteristics
Vividness, non-verbal communication

Situational characteristics
Low riskiness of product, multiple separate sources, receiver lack of information, need of receiver, information sought by receiver, lack of time to compare service providers

Figure 1: A Suggested Model

CONCLUSIONS, LIMITATIONS AND FUTURE RESEARCH

WOM is likely to generate outcomes when there is a combination of five themes with a particular set of attributes as seen in Tables 2-6 and summarized in Figure 1. First, a perception of the sender as an opinion leader who is trustworthy, experienced, reliable and credible increases the acceptance and likelihood of acting on WOM. Second, the receiver must be receptive to the WOM message and either seek it or be in need of it due to a lack of experience with the product or service purchase process. This could, in turn, be due to the newness of the product or service, the fact that the receiver has not previously purchased the product or service or a lack of information about the product or service. The receiver may also be in need of reassurance prior to making a purchase.

Third, the stronger the social 'tie-strength' and homophily within the relationship, the more likely the WOM transmission will be effective. However, weaker 'tie-strength' relationships may provide successful WOM outcomes if a sender's opinion leadership role is respected by a receiver. Fourth, how the WOM message is transmitted is also important, with "vividness", and non-verbal communication impacting on a WOM outcome. If the message is vivid and allows the receiver to use the information to reach a decision, WOM effectiveness is likely to be high. It is also likely that non-verbal communication cues will assist a receiver to reach a judgment about the sincerity and credibility of the sender and, therefore, the WOM message itself.

The nature of the product or service also plays a role in influencing a WOM outcome. WOM is expected to be more important in the cases of products and services with high perceived risk, or those that are difficult to evaluate without experience. However, our initial evidence is WOM is more effective in terms of producing consumer outcomes in the case of simpler products. WOM is particularly important in services, since they are often difficult to evaluate prior to purchase and use. However, WOM may be most important but less effective in the case of complex services such as professional services. Finally WOM was viewed as more effective when the message was received from multiple sources, when the receiver needed the service or could easily use the information in the future, when the receiver asked for the information and when the receiver had little time to investigate the range of service providers.

Also of significance were the psychological outcomes WOM had on the receiver (other than a reduction of perceived risk) that became evident in the present study. Such outcomes, such as increased relief, confidence and enthusiasm, do not appear to have been investigated previously and represent an important step forward in WOM investigative research.

For service providers it seems WOM can be an important source of promotion, but it is likely to be difficult to influence such messages. Attempts to encourage customers to provide positive WOM may be counterproductive if the credibility of the sender as an opinion leader is compromised if they are seen as being

rewarded or manipulated into giving WOM. The need for WOM communication to involve vividness and non-verbal communication cues also make it less likely that anything other than genuine positive WOM messages will be effective.

Clearly, marketers, and particularly service organisation managers, need to ensure customers are well serviced and remain positive and loyal as established customers are potential opinion leaders and WOM providers. It would be appropriate for service firms to focus on enhancing relationships with such customers such as by offering them special recognition. This is increasingly the formal strategy of a variety of firms, such as that offered to "Buzz Agents" who are offered special privileges in using the product of interest, for example giving such agents the use of a brand new VW Passat for a day, effectively 'seeding' the agent with positive, realistic and current WOM (Such an approach ensures that they are credible opinion leaders).

While these findings provide useful and rich insights into the WOM outcomes debate, there are several limitations. The first is the small size of the sample in the study and the fact that participants were recruited from the same financial services organisation in the same area. The study needs to be supported by future quantitative research to further assess the dimensions, moderators and the overall model. Future research needs to empirically test the presence and strength of these constructs.

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