



# Modeling word-of-mouth usage

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## ARTICLE INFO

### Article history:

Received 1 March 2010

Received in revised form 1 November 2010

Accepted 1 May 2011

Available online 7 July 2011

### Keywords:

Interpersonal communication

Social influence

Adoption

Diffusion

## ABSTRACT

Despite the recognized influence of word-of-mouth (WOM) in the consumer decision making process, research investigating how listeners of WOM use this communication is limited. In this paper, the authors present a model which integrates factors influencing listeners' usage of WOM (WOMU) and the consequences of WOMU in listeners' purchase decisions. Empirical testing of the model indicates that characteristics of both the WOM speaker (trustworthiness, experience, and evidence) and the WOM listener (self-perceived knowledge and purchase involvement) affect WOMU, as well as whether the WOM is face-to-face or online. The results also show that WOMU strongly relates to attitude toward the recommended product. Implications for retailers and marketing researchers are given along with directions for future research.

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## 1. Introduction

Word-of-mouth (WOM) has been an important research topic in marketing literature for over fifty years. Early research indicates that WOM can have a substantial impact in the marketplace (Whyte, 1954), especially regarding product adoption and the diffusion process (e.g., Arndt, 1967; Brooks, 1957; Coleman, Katz, & Menzel, 1966; Czepiel, 1974; Engel, Kegerreis, & Blackwell, 1969; Holmes & Lett, 1977; Liu, 2006; Martilla, 1971; Sheth, 1971). WOM can be considerably more effective than conventional marketing approaches in influencing consumers' behavior (Katz & Lazarsfeld, 1955; Trusov, Bucklin, & Pauwels, 2009) and is a very dynamic form of interpersonal communication which goes far beyond the mere exchange of commercial information (Kozinets, de Valck, Wojnicki, & Wilner, 2010). Constructs related to WOM, such as individuals' intention to engage in WOM, are among the most common dependent variables of interest in marketing research in recent years (e.g., Blodgett, Granbois, & Walters, 1993; Bowman & Narayandas, 2001; de Matos & Rossi, 2008; Hartline & Jones, 1996; Maxham, 2001). Further, the rise of electronic word-of-mouth (eWOM) also garners significant attention as this form of communication is much more visible and accessible than traditional WOM (Breazeale, 2009; Godes & Mayzlin, 2004; Phelps, Lewis, Mobilio, Perry, & Raman, 2004) and may influence hundreds or thousands of potential customers.

Most existing WOM research investigates how this communication operates from the perspective of the WOM source or speaker

(Brown & Reingen, 1987; Reingen & Kernan, 1986; Richins & Root-Shaffer, 1988; Sundaram, Kaushik, & Webster, 1998), the effects of WOM on the listener (Bone 1995; Herr, Kardes, & Kim, 1991), and how to generate positive WOM (Higie, Feick, & Price, 1987; Maxham, 2001) while avoiding negative WOM (DeCarlo, Laczniak, Motley, & Ramaswami, 2007; Richins, 1983). Despite this wealth of research, there is little research concerning how *listeners* make use of the information a source of WOM provides in purchase decisions.

While some researchers assume that positive WOM will invariably lead to action, such as product purchase, on the part of the listener (e.g., Maxham, 2001; Reichheld & Sasser, 1990), research indicates that listeners do not make use of all WOM communications they receive, but rather that listeners evaluate the value of such communication according to a number of factors (Dichter, 1966). Currently, as noted in other research (Sweeney, Soutar, & Mazzarol, 2008), there is a gap in the marketing literature with regard to understanding what occurs after an individual provides WOM to a listener and whether and how that WOM will influence the listener's consumer behavior. Research in this area can benefit marketers' understanding as to when WOM is likely to be more influential, as well as how to best link referrals to customer lifetime value. As such, the purpose of this research is to develop a framework of the processes occurring between a positive WOM recommendation and the listener's purchase intentions. Specifically, this study examines what characteristics of the source of the positive WOM and what characteristics of the listener influence this process, as well as whether WOM usage operates differently if the communication is face-to-face or online. Since research indicates that positive and negative WOM operate differently at the speaker level, listeners of WOM may respond differently to positive and negative WOM. Thus, positive WOM is the focus of the model presented herein.

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**Fig. 1.** Model of positive WOM Usage.

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