Word-of-mouth advertising finds a shop window in the Internet that cannot be bettered
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The net and the success of short messages via the mobile phone have boosted the effect of buzz marketing or word-of-mouth advertising. So, the recommendations that are to be found on the net are increasingly influencing shopping decisions.

Making an impact on the consumer is becoming increasingly difficult and costly. In fact, the number of messages competing for the attention of users has increased fivefold in the last 20 years, according to a report by Jupiter Research. Moreover, the appearance of satellite and cable television has lessened the reach of audiovisual advertising, while its cost has doubled since 1975.

Faced with this outlook, companies with a modest budget can find in the management of word-of-mouth or buzz marketing a good complement to traditional advertising that permits them to encourage the adoption of their products.

Aim
The aim of this marketing technique is to stimulate the interest of a group of consumers so that they act as transmitters and contribute to the increased diffusion of the message that the company wants to spread.

This system allows the propagation of the message amongst potential consumers taking advantage of the need that people have to recount their experiences, and with a zero marginal cost. The sensation of credibility that the personal contact of a friend or family member originates is one of the characteristics that no other advertising medium can supply. Kotler, the marketing expert, makes reference to a study of 7,000 consumers in Europe, in which 60% of those questioned stated that their friends or family had influenced them in the purchase of a new brand.

The popularisation of the Internet and the mobile phone (especially short messages) has boosted the effect of word-of-mouth, making it simpler and faster. In fact, Forrester Research estimates that 50% of young users of the Internet trust the recommendations of word-of-mouth when buying CDs, DVDs and videogames.

Moreover, it appears that the use of the Internet can remedy one of the weaknesses of word-of-mouth management: the difficulty of its measurement.

Recently, the University of Harvard carried out a study in which a model was proposed for measuring the word-of-mouth effect in the forum of the Internet for television programmes in the United States. Other companies, like the search engines Google and Lycos, publish a monthly list of the most frequently searched for words. Despite being a slanted view of the total effect, the information freely available on the Internet must be taken advantage of when attempting to measure the impact that a campaign is having.
The multiplier effect of the new technology also has a negative side. The limited participation of the company in the management of word-of-mouth brings a greater risk of distortion of the message, which will affect a greater number of people when the Internet is involved.

On the other hand, the company can also find itself implicated in a rumour in whose diffusion they have not been involved and which can affect their reputation in a negative way. A couple of months ago, the distributor of Smirnoff vodka, Diageo, was associated incorrectly with the company which owned the oil tanker Prestige. The news quickly spread due to the use of the new technologies and a boycott of Diageo started via electronic mail messages and forums online, which caused a decline in sales of the drink, above all in Galicia.

As a result of these events, Diageo Spain has been obliged to launch an advertising campaign via e-mail, the press and public relations to refute any involvement with the Prestige.

Moreover, the new communication possibilities that have appeared with the Internet have reopened the debate on the advisability of this type of promotion, especially from the ethical point of view.

Some companies place themselves at the ethical limit in their process of generating information noise (buzz). An example is bzzAgent, a company which has created an online community in which visitors are encouraged to carry out buzz marketing. In exchange for promoting products (from an electronic household brand to a restaurant) feigning that they are doing it on their own initiative and reporting the reaction of their friends, colleagues and family, users receive points that they can exchange for products.

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The Question

**Is word-of-mouth a good online marketing tool?**

**The necessary credibility of the message**

Lluís G. Renart, IESE Teacher

Ethically responsible companies can facilitate and stimulate direct communication between consumers in a lot of ways. For example, supplying reliable news and information, creating chats and forums that facilitate the exchange of information, keeping lists of customers interested in receiving information on specific themes, distributing testimonial messages from satisfied customers, adding to their messages mechanisms ("buttons") that facilitate the sending on of a piece of news or message, etc. But this machine to machine communication cannot become, really, word-of-mouth without the voluntary and active participation of consumers. And so it will be essential for the message to be certain, coming from a verifiable source, and that it will stimulate the consumer to read it and send it on. Lastly, this tool can only complement the other media and instruments of integrated communication used by the company.
Trust, the key on the net
Javier Vello, Senior Manager PwC
The Internet still does not cover one of the essential criteria for the user when opting for a supplier: trust. As there does not always exist experience of a previous satisfactory relationship with these suppliers, it is necessary to reinforce the intention to buy with the positive experience of people closely related to the future buyer. Even the best marketing campaign on/off line cannot generate an intention to buy greater than the satisfactory experience of a family member or acquaintance.

In fact, one of the biggest successes of shops like Amazon is the publicity that their shoppers generate.

At the same time, models like that of eBay would not be sustainable without the diffusion of its helpful service, undertaken by its users. It is important to remember that the Internet creates and fosters communities, and the members of these communities interrelate and share their experiences. Managing their expectations and "listening" to their voice is essential for success.

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