



WHITE PAPER

The Value of Managed Word-of-Mouth Programs

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The Value of Managed Word-of-Mouth Programs



Introduction

Word-of-Mouth (WOM) has grown in popularity over the past several years as a marketing and research medium. Marketers seeking to find new methods for reaching customers and communicating with them have wondered if word-of-mouth could provide a potential solution to the dwindling return of traditional marketing platforms.

Since the beginning of organized marketing programs, marketers viewed word-of-mouth as an incredibly valuable, yet uncontrollable, result of effective marketing practices. Many marketers have implemented plans to “fool” WOM into occurring, seeding the marketplace with shells (paid actors talking up products and services). They found the results effective but extremely risky, since consumers didn’t like being deceived.

In recent years, a number of companies have formed, seeking to harness the power of authentic WOM. By organizing real consumers, they train them to share their honest opinions more effectively. To date, many studies have explored patterns of WOM, but few have focused on the impact of organizing the medium.

In 2005, Dr. Walter Carl, Assistant Professor of Communication Studies at Northeastern University, approached BzzAgent, a WOM marketing and research firm, about conducting a study of WOM marketing and issues around the rising industry. Dr. Carl investigated, among other topics, differences in behavior and results between organized WOM programs and naturally occurring WOM.

Over 1,000 BzzAgents and an additional ‘convenience sample’ of non-BzzAgents participated in the study, counting their **social interactions** (any social contact) and **word-of-mouth episodes** (interactions that included word-of-mouth about a product or service) over the course of one week. Each study participant submitted these counts, as well as details of three of the word-of-mouth episodes, to Dr. Carl for analysis.

Walter Carl’s 2006 paper, “What’s All the Buzz About?” (accepted for publication in *Management Communication Quarterly*) analyzes the results in light of questions about whether WOM volunteers create WOM more effectively or have an impact on the purity of the medium. Ultimately, he discovered that participants in managed WOM programs generated more WOM than their peers without artificially ‘manufacturing’ it.

Managed WOM Volunteers Spread More WOM

At its core, managed WOM theory asserts that it helps accelerate and augment naturally-occurring WOM. Can organized WOM volunteers share natural WOM that delivers more value in the marketplace?

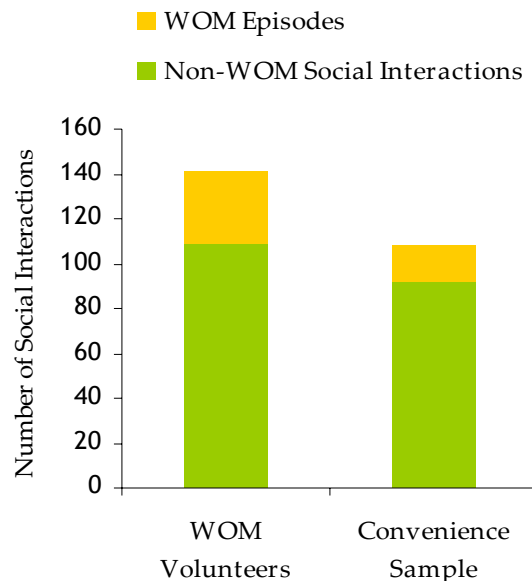
Key Findings

Individuals who choose to participate in managed WOM programs are more active socially and spread more WOM. They are also more likely to make a recommendation in a WOM episode. Notably, these people are not specially selected from the public at large, nor were the study participants hand-picked from the BzzAgent population. The WOM volunteers simply spread significantly more Bzz than the average person.

How We Know

- WOM volunteers' (BzzAgents) interactions were 117% more likely to include WOM. (29% of the volunteers' interactions included WOM, compared to 14% among the convenience sample.)¹
- The volunteers had 30% more social interactions and 97% more WOM episodes than their peers.
- WOM volunteers were more likely than their peers to include recommendations in their WOM. In everyday WOM (outside of a WOM program), the volunteers made 71% of recommendations, compared to 43% among their peers. When WOM was part of a WOM program, the volunteers made 88% of recommendations.

Figure 1:
WOM Episodes and Social Interactions



¹ Based on data from college-educated 18-29 year-olds, since they made up the non-BzzAgent convenience sample. Percentages rounded to the nearest whole integer.

Managed WOM Travels Along Natural WOM Channels

Managed WOM programs must take care to only augment organic WOM, rather than artificially produce it, since WOM's naturalness produces its credibility. Do WOM campaigns alter the natural medium, or can they harness the force of WOM without adjusting its core components? Dr. Carl set out to determine if organized WOM differs from or drowns out naturally occurring WOM.

Key Findings

Carl's findings indicate that managed WOM does not inundate social networks with Bzz or greater-than-average amounts of planned WOM episodes. WOM volunteers do not talk about program-related products and services so much that this marketing affiliation undermines their social relationships. Indeed, WOM marketing companies and their clients have every reason to keep these social ties natural and unadulterated; they are the networks upon which organic, honest, and effective WOM travels.

How We Know

WOM among volunteers, compared to WOM among the convenience sample:

- Was equally likely to be spontaneous, whether or not that WOM was related to a managed WOM marketing program.
- Occurred via the same media. Nearly 80% of WOM was face-to-face for volunteers and for the convenience sample.
- Passed along only slightly more positive opinions for products and services that were part of a managed WOM campaign. In fact, the volunteers reported less positive WOM overall than their peers.²

Moreover, WOM for a marketing campaign did not overwhelm naturally-occurring WOM. 84% of volunteers' WOM was not linked to a WOM program, and this did not change significantly if they were enrolled in a program during the study.

² WOM volunteers tended to talk more positively about the programs' products and services, which seems to raise an ethical flag. Several factors, however, indicate that this concern is, at most, dubious. Firstly, although WOM volunteers may feel obligated to talk positively about a product that they have been given, they also choose to receive products that already interest them. Secondly, as in the case of BzzAgent, Inc., the marketing organization can make an effort to filter out substandard products. Thirdly, the convenience sample actually reported more positive WOM, "so the presence of positive talk among Agents may not be much of a concern at all," Carl writes. Rather, he points out that manifestly honest talk, regardless of content, is supremely important to sustain the natural relationships that benefit both WOM volunteers and WOM marketers.

Conclusion

As managed WOM programs come to occupy a key position in the marketing landscape, many corporations are seeking to engage with the medium. As a result, the science of managed WOM continues to forge ahead, asking key questions about WOM programs' effectiveness and ability to harness WOM while maintaining its purity.

Through his juxtaposition of WOM volunteers and their peers, Dr. Carl establishes that managed WOM is not manufactured or greatly different from everyday WOM. Rather, WOM volunteers naturally interface their involvement

in managed programs with their normal communications. Additionally, this study shows that WOM volunteers generate more WOM overall, demonstrating that WOM marketers can harness natural WOM, accelerating and augmenting it. As Dr. Carl concludes, stressing the most valuable insight that his study provides, "effective WOM and buzz marketing is not rooted in the marketing of a particular brand, product or service, but rather is based in the everyday relationships and conversations of people discussing other matters."

Work Cited

- Carl, Walter J. "What's All the Buzz About?: Everyday Communication and the Relational Basis of Word-of-Mouth and Buzz Marketing Practices." *Management Communication Quarterly* 19 (2006).

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