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THE POWER OF FREE MARKETING THE WORD-OF-MOUTH (WOM) PERSPECTIVE

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ABSTRACT

There are many reasons and factors that influence customers to buy certain product without knowing about them or use it before. Now a day's people pay less attention to ads in TV and commercial as living in a noisy world. One of the major reasons is word of mouth (WOM), which is the most powerful marketing strategy. Word of mouth can affect people to buy product or subscribe in service when it's just recommended from person they know simply because people who trust each other such as their friends or family on choosing and purchasing certain products. Therefore, this study determines the power of free marketing the word-of-mouth (WOM) perspective in Saudi Arabia. This study used both qualitative and quantitative research approach to gather the primary data through interview and questionnaire survey. The obtained result reveals that the WOM affect the consumers globally and WOM reduce support costs of advertising on media for the companies. The WOM has both benefits and drawbacks depending on the user experiences and opinions. The Saudi customer still prefers that company use both WOM and others marketing strategy to deliver their product and service information.

INTRODUCTION

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large [1, 2]. As businesses try to find different ways to promote their products, one of the most powerful and recent methods is Word of Mouth Marketing [3, 4]. WOM is what customers talk about, regarding a service or a product. Whether the customers were satisfied or not, he/she will speak about his/her experience, and the story will spread. According to what's being said, the business either succeeds or fails, through an indirect approach.

Through a good strategy and a studied plan, the business will find its successful way, and then WOM will be induced positively. If failed to do so, negative WOM will take its way through. From here, the importance of WOM rises. Businesses find it important, because it affects the decisions of customers efficiently. It's a very effective tool in marketing especially that customers rely on each other's reviews and experiments. A satisfied customer will surely talk about his pleasant experience, especially when he/she gets what he/she expected. This could also go the other way around, as mentioned before.

WOM did not spread only through verbal or face-to-face communications, but also through text messages, emails, and online websites [5, 6]. The online social media plays a major role in the spread of WOM. One of the reasons is the easy way of reach. One comment on a product or a service displayed can be a start of a wide WOM circle. As the first customer displays or tells his experience, the word spreads fast through other comments, in the same websites or even another social network.

Word of mouth marketing is induced when consumers like a product or service provided by a company, and that interest is reflected in their daily dialogs (Engaging consumers through word of mouth marketing). In addition, WOM is behind 20%-50% of all purchasing decisions [7]. It involves consumers sharing daily information about companies, brands, products and services, in addition to displaying their brand favorites in both, online and offline sites [8].

In a way that incremental advertising spending simply cannot, WOM can prompt a consumer to consider a brand or product. It's also not a one-hit wonder. The right messages expand within networks, affecting purchase rates, brand perceptions, and market share. "The rise of online communities and communication has dramatically increased the potential for significant and far-reaching momentum effects." [9] In the mobile-phone market, for example, we have observed that the pass-on rates for key positive and negative messages can increase a company's market share by as much as 10 percent or reduce it by 20 percent over a two-year period, all other things being equal. This effect alone makes a case for more systematically investigating and managing word of mouth [7].

Due to the importance of WOM in affecting customer's decisions about purchasing products or services, traditional advertising models need to shift [10]. This is by creating an advertisement that sparks conversation, leading to persuading, then purchase [10]. A high degree of credibility and impact are derived from WOM; Out of 15 different products and services, 58% of consumers attribute high credibility to WOM conversation and its information, while 50% will very likely purchase, as a result of that conversation too [10]. As the authors believe, the most effective advertising method is the one that gets people to talk [10]. Therefore, media planners should think about creativity that reaches to consumers and lead them to engage and talk [10]. This includes thinking about how, when, and where to reach them [10].

Marketers have always been aware of the effect of word of mouth, and there is clearly an art to effective word-of-mouth campaigning. Yet the science behind word-of-mouth equity helps reveal how to hone and deploy that art: it shows which messages consumers are likely to pass on and the impact of those messages, allowing marketers to estimate the tangible effect word of mouth has on brand equity and sales. These insights are essential for companies that want to harness the potential of word of mouth and to realize higher returns on their marketing investments [7].

A hard truth about word of mouth marketing is what happens when a customer tells others about a bad experience she has had with your business. According to the Hong Kong Trade Development Council, a personal account that is negative in nature can have a lasting effect on your company. You will likely not be aware when this occurs unless the unhappy customer informs you that she is telling others her opinion. This is of particular concern because it does not give the opportunity to make amends and satisfy this client. The owner will likely not be aware when this occurs unless the unhappy customer informs you that she is telling others her opinion. This is of particular concern because it does not give the opportunity to make amends and satisfy this client [11]. Therefore, this study is conducted to determine the power of free marketing the word-of-mouth (WOM) perspective in Saudi Arabia.

METHODOLOGY

Research methodology is a collective term for the structured process of conducting research. The aim of the research methodology is know the way of how data are collected and analyzed in a research. This study is performed via a mixed research approach, comprise of qualitative and quantitative research approach.

Qualitative

Qualitative research is by definition exploratory, and it is used to define the problem or develop an approach to the problem. It is also used to go deeper into issues of interest and explore nuances related to the problem at hand. In this study, the qualitative approach is used to gather the interview data from the interviewees in a way of mini-focus group consists of three students of Effat University.

Quantitative

Quantitative research is conclusive in its purpose as it tries to quantify the problem and understand how prevalent it is by looking for projectable results to a larger population. The data can be collected through surveys (online, phone, paper), audits, points of purchase (purchase transactions), and click-streams. This study used online questionnaire to gather the primary data through monkeysurvey.com platform.

Designing the Questionnaire

A questionnaire is composed of different sets of questions. These questions are typed, printed, and then distributed on specific target, which are in this research the customers in the Saudi market. The feedback of the respondents provide the answers about the research's problem and how to solve it. It's an important tool in research, as it gives us the benefit to reach easily for our target group, engage with them easily, collect, compare, and analyze the wanted data. The questionnaire of this research is composed of a mix of open ended, closed ended, mixed, and rating scales questions.

Sample Size and Population

A sample is a finite part of a statistical population whose properties are studied to gain information about the whole. The sample of this research will be 100 random consumers, from Jeddah, Saudi Arabia.

Result And Discussion

Survey Findings

The sample size of the survey is 100 consumers and the survey was distributed online through monkeysurvey.com. There are about 65% of the sample successfully completed the surveys questions. Figure 1 illustrates that majority about 84% of the respondents would ask someone who had already tried it, when they are trying a product or service for the first time. There are 11% of the respondents would look for an advertisement and another 5% of the respondents would call the product's service for more information.

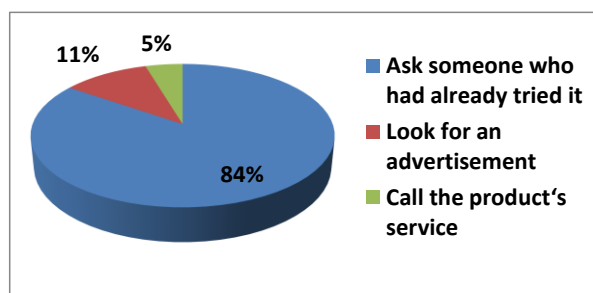


Figure 1: Respondent's answer on question "When you're trying a product or service for the first time, what do you do to know more about it?"

Figure 2 outlines that most of the respondents about 91% have heard about word of mouth marketing (WOM) before, while the remaining 9% never hear it before.

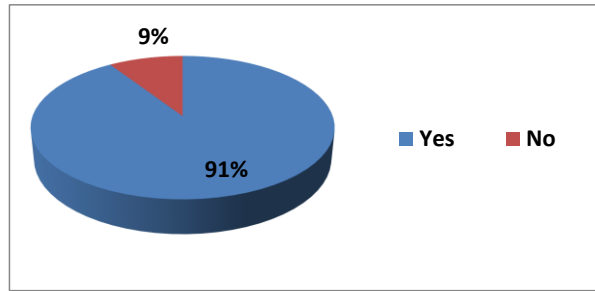


Figure 2: Respondent’s answer on question “Have you heard about Word of mouth marketing (WOM) before?”

Figure 3 highlights that majority about 75% of the respondents claim WOM marketing is useful in promoting a business or a product. While, there are 5% of the respondents does not agree with this statement and also 20% of the respondents claim WOM marketing only sometimes useful in promoting a business or a product.

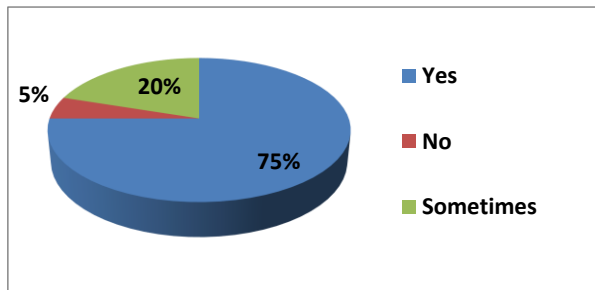


Figure 3: Respondent’s answer on question “Do you find WOM marketing useful in promoting a business or a product?”

Figure 4 demonstrates that more than half of the sample size about 64% thinks WOM positively affect the business. About 11% of the respondents consider WOM would negatively affect the business. Also, there are 5% of the respondents claim for no effect and 20% of the respondents claim the effect id depend on the particular conditions.

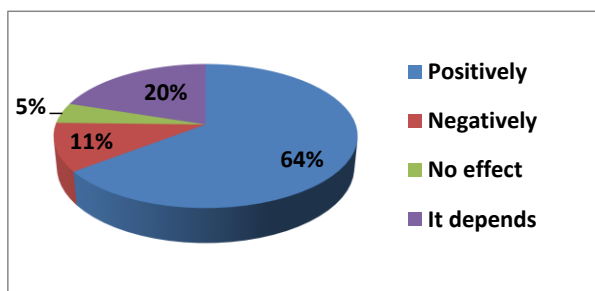


Figure 4: Respondent’s answer on question “In which way do you think WOM affects the business? Positively or negatively

Figure 5 shows that 49% of the respondents will feel happy, 40% of the respondents will feel proud and 11% of the respondents will feel neutral when someone talking positively about a product they already own.

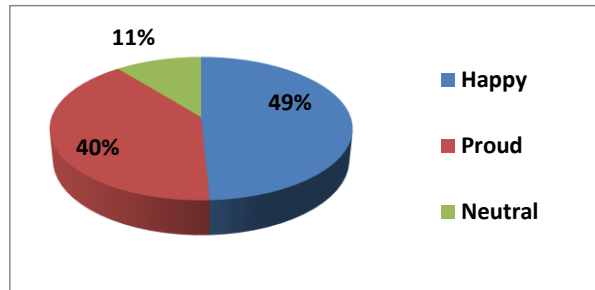


Figure 5: Respondent’s answer on question “When you hear someone talking positively about a product you already own, how do you feel?”

Figure 6 indicates that more than half of the sample size about 51% considers WOM marketing is the most effective marketing method of a product/service. Followed by, 40% of the respondents think that internet marketing is effective marketing method. While, there are also 5%, 3 % and 1 % of the respondents claim for television advertisement, radio advertisement and billboard advertisement respectively.

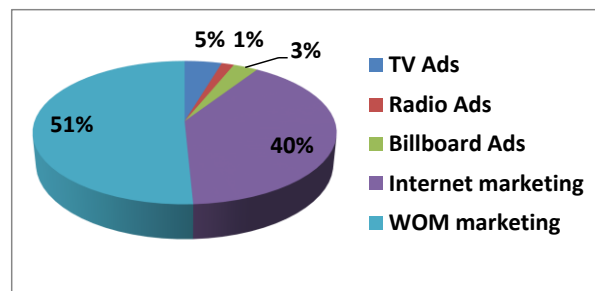


Figure 6: Respondent’s answer on question “In your opinion, what’s the most effective marketing method of a product/service?”

Figure 7 outlines that majority about 76% of the respondents would advise companies using mix various method such as WOM marketing and other strategies marketing. There are also 15% of the respondents would advise for WOM marketing and 9% of the respondents does not advise for WOM marketing.

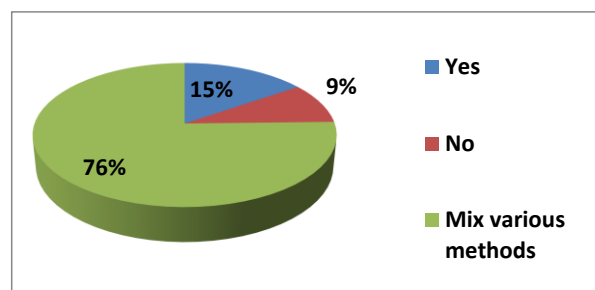


Figure 7: Respondent’s answer on question “Do you advice companies to depend on WOM marketing instead of other marketing strategies?”

Figure 8 signifies that majority about 95% of the respondents agree that technology play a vital role in the spread of WOM marketing. While, only 5% of the respondents do not agree the statement.

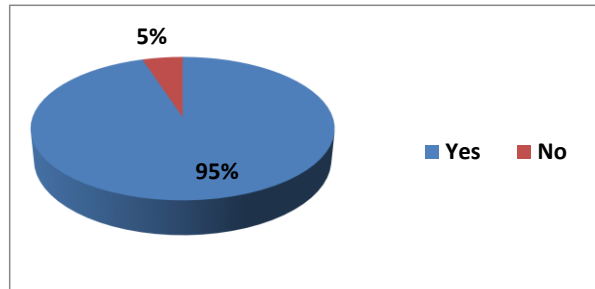


Figure 8: Respondent’s answer on question “In our opinion does technology play a vital role in the spread of WOM marketing?”

Figure 9 demonstrates that about 64% of the respondents identify Facebook using WOM marketing online, followed by 20% for Twitter, 11% for Youtube and 5% for Cobone.

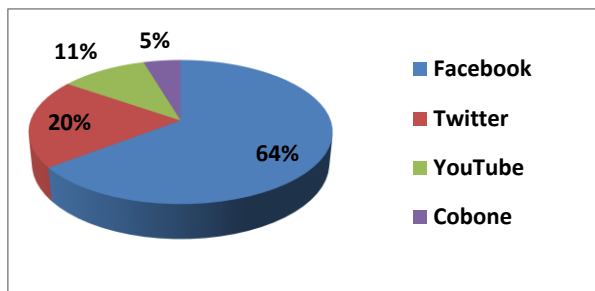


Figure 9: Respondent’s answer on question “Can you identify any websites or blogs etc, using WOM marketing online?”

Focus Group Findings

The respondents defines Word-of-Mouth marketing as marketing done through people’s opinions, free marketing that customers do and also things people say about a product. All the interviewees claim they did realize WOM marketing used in their daily life all the time and some of their friends and family do it too.

For an example, the interviewees know about Effat University through friends and family members who studying at Effat University as well as during the Effat University open houses. They do promote Effat University to their friends and family when meet and talk about studies, someone ask them about studies. They also do explain what they are doing at Effat University.

The interviewee agrees that WOM marketing change a consumers buying decision. But some interviewees think that WOM marketing only sometime change a consumers buying decision. All the interviewees agree that the benefits of WOM marketing are provides new information about products and services for free and also provides expert opinion from users of products and services.

The interviewees claim that people might not be honest, different experiences and different opinions with the same product and negative feedback that could affect the sales of the product are the main drawback of WOM marketing. The interviewees claim that generally all social network and mobile application such as Facebook, Twitter, and YouTube are the online sources that use WOM marketing. In overall, the interviewees outline that the WOM marketing can be used widely, but depend on the product, and the results need to be monitored.

Recommendation

The word of mouth advertising is an unpaid form of promotion; oral or written in which satisfied customers tell other people how much they like a business, product, service, or event. Based on the obtained survey result, this study would like to recommend that WOM marketing should be focused on social and cultural forces as they are the major drivers of WOM marketing within customer communities. Secondly, the companies should research about the emotions and nostalgia factors as they also play a vital role in online WOM marketing activities rendered by customers. Next, the customers are often mislead by the various opinions given about products and services from opinion leaders and reference groups, these opinions should be fair and screened before sending out. Lastly, the consumers should be informed and sometimes remunerated for their WOM marketing efforts that bring more customers to the company

CONCLUSION

The happy and satisfied customers would recommend products and companies. Thus, the customer word-of-mouth marketing is a powerful force. Information that customers share about products online or in-person can have a strong and immediate effect on sales. In fact, consumer product recommendations from family and peers are more influential in the buying process than a company's website content or objective online reviews.

The obtained result reveals that customer communities make the customer feel valued through WOM marketing and including their say in the product/service marketing. Secondly, customer communities grow brands for the company as well as to benefit the society at large by providing the right information. Third, customer communities reduce support costs of advertising on media for the companies. Also, customer community's help companies design and build better products through WOM marketing and feedback whether online or inline. The effects of WOM apply to international as well as consumers in Saudi Arabia are also classified as a high consumer society.

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