

# Word-of-Mouth Marketing within Social Networking Sites

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**Abstract.** *Word of Mouth as one of most prominent marketing techniques has a very long history. Its application in modern society, especially in vast social network, is something that is highly interesting. Social networks provide unique and dynamic method for spread of information. Information about specific product can be spread throughout entire network at very low price of simply posting an update on corporate social network profile or in a specialised journal. The main purpose of this study is to identify and quantify effects of word of mouth marketing across social networks Facebook and Twitter.*

**Keywords:** word-of-mouth, electronic word-of-mouth, Internet, social networking sites, Facebook, Twitter

## 1 Introduction

Owing to current trends, the means of realizing one of the primary goals of every business, that is, satisfying customers' needs, have been greatly changed. Traditional marketing methods do not reach their target group with the same effectiveness as they did before. Due to drastic globalization achievements and technological innovations that have a major impact on the individual but also on the business environment, companies face extreme competition from competitors around the globe.

Nowadays if company wants to survive, it needs appropriate marketing strategies to raise sales and the loyalty of customers. So companies need to improve effectiveness of their online marketing strategies through online word-of-mouth (eWOM). The online word-of-mouth, especially positive word-of-mouth among consumers, has become an increasingly useful channel to share information and it should continue to grow in importance. [26, 387] Marketers are particularly interested in better understanding eWOM because traditional forms of communication appear to be losing effectiveness. [27, 90]

According to Nielsen research, conducted in 2007, 78% of consumers trust online word-of-mouth recommendations from other consumers, while only 26% of them trust banner ads. [23, 1] Associated with that, consumers often go online to find out more about products or services, after reading something in magazine or some other traditional media, and it has bigger impact on consumer decision making than traditional media.

Initially, the Internet was seen as an opportunity for marketers to interact with customers and to connect with them. Eventually, it became clear that consumers are using the Internet to interact with each other and it dramatically facilitates consumer interconnections.[17, 82] So the Internet becomes more than an information vehicle and with the help of new information technology it provides a new opportunity for consumers

to share their evaluations online in the same way as they do offline. What is important is that the impact of online consumer reviews can reach far beyond the local community, because consumers all over the world can access a review via the Internet [3, 479].

Today social networking sites are changing “word-of-mouth” marketing. Once face-to-face communication, about new products or services, happens between consumers but now it occurs over cyberspace [13, 48]. The distinctive features of cyberspace offer consumer’s incomparable access to information, selection of products, more easy comparisons between price and quality; it gives consumers the chance to interact with companies and with other consumers in many different ways. These communications are conducted via e-mail, instant messaging, homepages, blogs, forums, online communities, newsgroups, chat rooms, social networking sites and so on [17, 82]. Marketers believe that negative word-of-mouth is more common than positive one [7, 175]. So the aim of this paper is to research the truth of this thesis on social networking sites in case of information technology products and services.

## **2 Word-of-Mouth (WOM) marketing**

One interesting statement says that word-of-mouth (WOM) has been recognized as “one of the most influential resources of information transmission since the beginning of human society” [5, 233]. Word-of-mouth relates on interpersonal communications among consumers concerning their personal experiences and evaluations of a company or its product [30, 695]. It is defined as “a consumer-dominant channel of marketing communication where the sender is independent of the market. It is therefore perceived to be more reliable, credible, and trustworthy.” [2, 2] Another definition says that WOM marketing is “an action for informally sharing experiences and spreading information among consumers whenever they are satisfied or dissatisfied with specific products” [21, 294]. Positive WOM gives brands a powerful an influential way to engage their target audience [14, 48]. But it is believed that the negative WOM has a stronger influence on customers' product/service/brand evaluations than positive one [18, 57] and we want to explore this thesis.

WOM is, like we already mention, an extremely important factor in the consumer’s final purchase decision, sometimes even more influential than other promotional methods and it can play a significant role in forming consumer attitudes and consumers' purchase behavior. Consumers are strongly influenced by the opinions of their friends and families so today they are more than ever voice of their opinions.

However, today’s worldwide spread of the Internet brought up a less personal but more ubiquitous form of WOM witch can happen anywhere on the Internet platform (such as Web-based opinion platforms, boycott Web sites, forums, blogs, news groups social networking sites and so on) [15, 39].

When the WOM is used for marketing purpose in online environment it is called electronic word-of-mouth marketing, or viral marketing, and it is a new marketing method that uses electronic communications to trigger brand messages throughout a widespread network of buyers and its goal is to use consumer-to-consumer communication to spread information about a product or service [21, 295]. According to that online word of mouth (eWOM) is defined as “any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet” [11, 1].

Internet makes it easier for consumers to spread their words, and facilitates access to such opinions. Online popularity is of great importance, as it may reflect the potential demand for a product in the future [30, 694] and it is assumed to be even more effective than traditional, face-to-face WOM due to its greater accessibility, high reach, [1, 38] significantly lower costs and fast delivery [27, 90].

The characteristics of on-line consumer sharing differentiate eWOM from traditional WOM communication in: [4, 11]

1. the communication network in eWOM is much larger (more contributors and audiences) and the reach extends beyond direct personal connections to the Internet world
2. eWOM eliminates the restrictions on time and location (it does not depend on time and place – users are allowed to read and compare old reviews)

### 3 Social Networking sites as a Word-of-Mouth marketing medium

Companies should have in mind that the social network sites are places "... where actual and potential customers are interacting, and it shapes how they think" [12, 190]. On them users post news or links to news, stories, they discuss them, and they share their opinions in real time. So often they are the first to break important news [19, 90-91].

One potentially new form of eWOM marketing is microblogging using web social communication services such as Facebook and Twitter. Microblogging defined as "a new form of communication in which users can describe things of interest and express attitudes that they are willing to share with others in short post. These posts are then distributed by instant message, mobile phones, e-mail, or the web." [16, 2170] Microblogging has significant role for the success of advertisers, businesses, and products as a new eWOM medium of communication so that is the reason why we have chosen this topic.

The growth of Internet and information technology but also the emergence of online social network sites have profoundly changed the way information is transmitted [5, 233].

Social networks are one of the largest Internet developments in the 21st century. They represent one of three cyber communities (beside blogs and chat systems). Its main purpose is making new friendships or maintaining those that already exist. [25, 67] The first social network was created in 1995 and since 2004, when they first became widely known in today's familiar form, social networking sites have dramatically changed the functionality of the Internet.

Every year, social networks are gaining in importance, and the evidence for that is the fact that over 300 different active social networks exist today. Each one of them has its own specific characteristics, beginning with the ideas of connecting the dominant target group, the possibility of interaction and visual identity [24]. Social networking sites enable users to be part of a large, international community and to share information, opinion and content with other members of the network and they allow them to present themselves, to articulate their social needs, to establish or maintain connections with others [9]. According to [29] "the main motivation for using social networks is a

consequence of social influence and desire for belonging to a particular community".

Today most popular social networking site is Facebook with over 500 million of users and over 250 million active users each day. There are entrepreneurs and developers from more than 190 countries that advertise on Facebook [10].

The growth of Facebook has been truly astonishing since from its establishment only 7 years has past. This site has many attractive features such as wall posting, photo/video tagging, status updating, commenting and sharing information, liking or disliking posts, comments, photos and many more. Because so many people are online in connected into one network, Facebook attracted advertisers from all round the world. Facebook allowed companies to create appropriate marketing strategies, adjusted to network users by age, gender, habits, like/dislikes etc. Companies could found their costumers more efficiently. For businesses Facebook offers opportunities to promote their products, services and brands to their fans using services such as Facebook Pages and Facebook Ads. Trough Facebook Pages fans have the opportunity to communicate with a business and its brands in a variety of ways like write on the wall, chat, like/dislike, participate in surveys etc. Facebook Ads is way to advertise about products and services to segregated groups of users.

Twitter is another social networking site and also microblogging service that became popular for online members who wants to put online updates of "what's happening?" in their lives. It allows users to send and read other users' news (tweets). Twitter has in a very short time become one of the most popular social networking sites. The emphasis is placed on the use of mobile phones, and not on the use of personal computers. Twitter published statistics about their usage and one of the information was that in March 2011 there were 572,000 of new accounts created and that people sent in average 140 million Tweets per day [28].

### 4 Research

Our main research question was to see whether negative word-of-mouth is more common than positive one on social networking sites in case of information technology products and services.

The social networking sites used for this research were Twitter and Facebook. The objects of research were the news about products and services published on the domestic IT portals (Netokracija and Gadgeterija) and global IT portals (Mashable, Gizmodo and Techcrunch). We focused on positive and negative information about IT products and services and observed the impact of this news on social networking sites. We took into account number of shares. Shares represents number of likes, retweets, shares and tweets. Like (Facebook) and retweet (Twitter) are actions in social networking sites which represent quick way to say that user support the news. Share (Facebook) and tweet (Twitter) are actions in which user shares the information about the news on its profile page, so all of their friends/followers can see it.

We have observed the natural situation that took place in the last few months. We have singled out some news about products and services that can be classified as interesting for IT development. The information we have categorized as positive if the authors of the news wrote the positive side of a product or service and negative if the authors presented the negative side about

the product or service. And we observed how network members to respond to these information.

First we analyzed the same news about IT products and services published by domestic portals Netokracija and Gadgeterija on social networking sites Facebook and Twitter. Similarly, we analyzed the same news published by three global portals Mashable, Gizmodo, Techcrunch/gear on social networking sites Facebook and Twitter.

The Table 1, shows collected data on products and services that we singled out as important for mass IT users (products: iPad2, TweetDeck, iPhone; services: Tmobile flat rate, Plus hosting, Playstation Network). We separated the news that we found on the both of the domestic portals as the same and that they were published on their social networking site. It can be noticed that some news were written in positive context and some news were written in negative context (abbreviation *Pol.*). We observed the reaction of domestic IT portal fans on this news.

**Table 1: Domestic IT news spreading analysis over social networking sites Facebook and Twitter**

<i>Publisher</i>	<i>Product/service</i>	<i>Observation range</i>	<i>Pol</i>	<i>Twitter share</i>	<i>Facebook share</i>
<u>netokracija</u>	iPhone	25.04.2011 –04.05.2011	-	23	51
<u>gadgeterija</u>	iPhone	22.04.2011 –04.05.2011	-	7	59
<u>netokracija</u>	PlayStation Network	01.05.2011. -04.05.2011.	-	9	10
<u>gadgeterija</u>	PlayStation Network	01.05.2011. -04.05.2011.	-	4	2
<b>average =</b>	<b>41,25</b>		<b>-</b>	<b>10,75</b>	<b>30,5</b>
<u>netokracija</u>	iPad 2	03.03.2011 – 04.05.2011	+	10	46
<u>gadgeterija</u>	iPad 2	03.03.2011 – 04.05.2011	+	7	60
<u>netokracija</u>	Tmobile flat rate	03.05.2011 –04.05.2011	+	1	1
<u>gadgeterija</u>	Tmobile flat rate	03.05.2011 –04.05.2011	+	8	20
<u>netokracija</u>	Plus hosting	27.01.2011 – 04.05.2011	+	4	114
<u>gadgeterija</u>	Plus hosting	27.01.2011 –04.05.2011	+	3	19
<u>netokracija</u>	TweetDeck	19.04.2011 – 04.05.2011	+	12	13

<u>gadgeterija</u>	TweetDeck	19.04.2011 –04.05.2011	+	10	10
<b>average =</b>	<b>42,25</b>		<b>+</b>	<b>6,875</b>	<b>35,375</b>

From data presented in Table 1 we can notice that domestic online IT fans are more active on Facebook social networking site than on Twitter social networking site. We can also notice that fans of domestic IT portal are more ready to share negative news on its networking sites Facebook and Twitter. Two reasons are for that. First, period of observation for negative news was shorter and shares were higher than in case of positive news. Second, we observed two negative news and four positive news and the average for both kinds of news is very near (positive = 42,25, negative = 41,25).

The limitation for the general conclusion is that the sample was small, and we faced with lack of founding the same negative news on both of the portals. Because of that we can't generalize that the negative news

published on domestic portals about IT products and services are rather likely to be faced with comments and shares.

We repeated the analysis of the news spreading about IT products and services that we singled out as important for mass IT users (products: iPhone4, Android, Windows Phone 7; services: PlayStation Network, Google buzz, Amazon Cloud player) on social networking sites as Facebook and Twitter published by global IT portals. The results of the analysis are shown in Table 2.

**Table 2 Global IT news spreading analysis over social networking sites Facebook and Twitter**

<i>Publisher</i>	<i>Product/service</i>	<i>Observation range</i>	<i>Pol</i>	<i>Twitter share</i>	<i>Facebook share</i>
<u>mashable</u>	iphone4	16.07.2011 - 04.05.2011	-	989	150
<u>gizmodo</u>	iphone4	24.06.2010 - 04.05.2011	-	615	6780
<u>techcrunch/gear/...</u>	iphone4	24.06.2010 - 04.05.2011	-	393	372
<u>mashable</u>	Android	10.08.2011 - 04.05.2011	-	1919	497
<u>gizmodo</u>	Android	10.08.2011 - 04.05.2011	-	0	104
<u>techcrunch/gear/...</u>	Android	10.08.2011 - 04.05.2011	-	126	13
<u>mashable</u>	PlayStation Network	26.04.2011 - 04.05.2011	-	1307	489
<u>gizmodo</u>	PlayStation Network	26.04.2011 - 04.05.2011	-	0	120
<u>techcrunch/gear/...</u>	PlayStation Network	23.04.2011 - 04.05.2011	-	1381	502
<b>average =</b>	<b>1750,778</b>		<b>-</b>	<b>747,778</b>	<b>1003</b>
<u>mashable</u>	Amazon Cloud player	29.03.2011. - 04.05.2011.	+	2547	594
<u>gizmodo</u>	Amazon Cloud player	29.03.2011. - 04.05.2011.	+	55	105
<u>techcrunch/gear/...</u>	Amazon Cloud player	28.03.2011. - 04.05.2011.	+	2225	1182
<u>mashable</u>	Windows Phone 7	11.10.2010. - 04.05.2011.	+	1920	293

<a href="#">gizmodo</a>	Windows Phone 7	11.10.2010. - 04.05.2011.	+	185	142
<a href="#">techcrunch/gear/...</a>	Windows Phone 7	11.10.2010. - 04.05.2011.	+	149	36
<a href="#">mashable</a>	Google buzz	09.02.2010 -04.05.2011	+	16	1034
<a href="#">gizmodo</a>	Google buzz	09.02.2010 -04.05.2011	+	2	127
<a href="#">techcrunch/gear/...</a>	Google buzz	09.02.2010 -04.05.2011	+	4	443
<b>average =</b>	<b>1228,776</b>		<b>+</b>	<b>789,222</b>	<b>439,556</b>

From data presented in the Table 2, we can conclude that global online IT fans are also more active to share information on Facebook social networking site than on Twitter social networking sites when it's saying about the negative news. But, when it is saying about positive news we can notice that users are more ready to share the information on Twitter social networking site than Facebook site, which is opposite to domestic research. But if we look average of both networks we can see that negative news have more shares in average.

Limitations of this study are similar to domestic research analysis regarding sample. Because of that we can't generalize for whole IT products and services that the negative news are rather likely to be faced with comments and shares than positive ones. However we can notice in these two sample research that negative news of IT products and services get more publicity on social networking site.

## 5 Conclusion and implications for future research

Social communities enabled faster and easier communication between businesses and customers. Participating in social networking sites, companies can encourage making a brand community and potentially influence on consumer behaviour. Companies now can monitor, manage, motivate, and enforce positive WOM to enhance a product's value [20, 190].

Company also can examine positive or negative comments, and build up or repair relationships with their customers [21, 294-295]. WOM communication over social networking sites is primarily based on trust: because people rely on opinions of their families, friends and others [16, 2169].

According to [1, 38] "dissatisfied people are much more interested in sharing the negative experiences with

as many people as possible than satisfied people are interested in talking or writing about positive experiences". Consumers tend to look for negative reviews of products and services, because negative information is considered to be more and informative than positive or neutral information [1].

This paper sought to introduce the topic of eWOM and its effects in case of IT products and services over social networking sites. The research results confirmed our research question that negative word-of-mouth is more common than positive one in case of information technology products and services, but any generalisations could not be made because of the study limitation that were already mentioned.

Negative WOM can harm the companies if they don't react properly on it. Companies can utilize negative news and improve the relationship with their costumers like it was the case in company Comcast [22]. In our further research we will analyze does negative or positive WOM over the social community pages like Facebook, Twitter, Blog, Forum etc. can influence at the attitudes and behaviour of customers toward companies products and services.

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