

Information Specificity, Source Expertise and Tie Strength Effects on Word-of-Mouth Effectiveness

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Abstract

Word-Of-Mouth (WOM) has been recognized as an important marketing information channel for the last half century. The explosion of internet use and digital social media has made WOM a timely topic in research and practice. Information specificity, giver expertise, and the strength of the social tie between giver and receiver have been identified as influencing the effectiveness of WOM. The effects and interaction of these three components are reported. In this experiment, the greatest influence on likelihood to purchase came from non-specific information from a non-expert with a close tie to the receiver.

Keywords: word-of-mouth, personal communications, marketing, information specificity, giver strength, social tie

1. Introduction

Personal communications, often termed word-of-mouth communications (WOM), has been perceived as a powerful and often persuasive source of information used in a consumer's decision process since as early as 1954 (Jungho and Byung-Do, 2013). Misner (1999) called WOM the most effective and least understood marketing strategy. The explosion of internet use and digital social media has made WOM a timely topic in research and practice. Balter (2008) found that WOM communications influence nearly 70% of all buying decisions. Mhajan, Miller and Kerin (1984) found that WOM is especially influential when customers make choices about products they are not well informed about. Allsop, Bassett and Hoskins (2007) reported results from a national survey that WOM and recommendations from close social contacts were the most influential sources of information to consumers making purchases in multiple common product categories. Romaniuk (2012) points to the importance of credibility, "If I do not value the opinion of the giver, her or his WOM is unlikely to move me to act."

Companies such as BzzAgent® have made a business of recruiting consumers (Bzzagents) to become WOM communicators for client brands. As of December 2012, there are 1,000,000 BzzAgents across the United States, Canada and United Kingdom (BzzAgent FAQs 2013). BzzAgent claims access to more than 400 million shoppers in the US, UK and Canada, and has executed social marketing programs for major brands including: Unilever, Wrigley and L'Oreal. (BzzAgent Word of Mouth, 2013) Bzzagents agree to try a product and discuss the product with friends. There is no requirement that they give a positive evaluation of the product, only that they provide an honest appraisal of the product with others. Manufacturers count on positive WOM to promote the product and increase sales. The concept is that a positive product evaluation from someone who has tried the product will persuasively influence others to try the product. BzzAgents are not required to be experts in their field only that they have actually tried the product and are willing to give an honest evaluation to others either person to person or online.

In recent years, bloggers have added to the list of WOM product information providers. Starting in the 1990's as only a web log of personal events, the number of bloggers has increased dramatically during the past decade.

Product bloggers typically specialize in a product or product category such as household products, sports products, or DIY products. They evaluate products and write reviews of the products. While the bloggers may not be professional evaluators like a *Consumer Reports*, they often have extensive followings. Judging by the number of manufacturers willing to provide free products to bloggers, this form of personal/impersonal WOM is perceived to be an effective way for manufacturers to transmit information about their products to potential consumers.

A common approach to the roll out of new movies is the sneak preview. The strategy is for a limited number of people to view the movie and spread the word. Typically, first viewers are frequent movie goers and as such their opinions have more credibility to those with whom they discuss the movie. Movies such as Mel Gibson's, *The Passion of the Christ*, took the strategy one step further and enlisted segment thought leaders. Using church members and ministers to build a following for the movie, Gibson sent copies of the movie churches for free viewings. Shunning traditional media, the movie grossed over \$612,000,000 in box office sales and was the number one weekly grossing movie for 4 weeks (The Numbers, 2013)

Three factors appear important in each of the above cases: the nature of the information, the credibility of the source, and whether the source is a friend, online information source, or known expert. Jun, Cha and Aggarwal (2011) studied these three factors' relative influence on WOM. They identified a distinction between tensile (non-specific) and specific information and found that tensile WOM is less effective than specific WOM. They also studied the interaction effects of tensile information, tie strength (the intensity of social interaction between giver and receiver) and source expertise (expert or non-expert). The Jun, Cha and Aggarwal study did not employ a pre-test assessment and their comparisons were limited to post-test, between group differences.

2. Experimental Design

The purpose of this study was to further explore the influence and interaction effects of the three factors identified by Jun, Cha and Aggarwal in a pretest-posttest (control group), three-way factorial design experiment. Eight treatment groups were created, representing all combinations of two levels of each of three independent variables (Table 1).

One hundred fifty-nine undergraduate business students were randomly assigned to the eight treatment groups and one control group. Participation was voluntary and this research was approved by the university IRB. All subjects were given the same information about an organic chocolate cake and then rated their likelihoods to purchase the cake. The eight treatment groups were given additional information representing the stimuli listed in Table 1. The eight information scenarios are listed in Appendix 1. All eight treatment groups and the control group then rated their likelihood to purchase the organic cake.

3. Results

An ANOVA of pre-treatment likelihood to purchase scores across all groups (including control and treatment groups) showed that there was no significant difference between groups in pre-test likelihood to purchase ($p = .452$). A paired t-test of pre-test and posttest likelihood to purchase scores within the control group showed no significant difference ($p = .210$), indicating that absent additional information, the subjects did not change their likelihood to purchase. An overall paired t-test of treatment group subjects' pre-test and post-test likelihood to purchase scores was significant ($p < .001$), indicating that the additional information did result in changes in purchase likelihood.

A binary dependent variable "change in likelihood to purchase" was calculated as whether or not a subject's post treatment likelihood was different from the subject's pretreatment likelihood. The likelihood of change/ no change for each group was then calculated and chi-square tests of proportions were used to assess the significance ($p < .01$) of the difference between the treatment groups likelihoods to change and that of the control group. Odds ratios were then calculated comparing the relative effectiveness of the different treatments. For example, subjects who received treatment #1 were 9.8 times more likely to change their purchase likelihood than the control group. These findings are summarized in Table 2.

4. Conclusions

By inspection of Table 2, it can be seen that in every case the addition of positive information (regardless of the source or information specificity) resulted in a majority of the respondents changing their evaluation in a positive direction, while the vast majority of the control group made no change. This is a significant finding because it suggests that even after product trial, the product evaluation can be changed in a positive way with additional positive information. Cognitive dissonance theory might suggest that respondents were lessening post-decision conflict. However, since there was little or no commitment in the original decision, it would be hard to explain the change as dissonance-reducing behavior.

Another possible explanation could have been that the addition of information, regardless of source or specificity reassured respondents that this was a product that they should purchase. This would suggest that the old adage, 'don't talk past the sale' may be incorrect, and even after evaluation and verbal commitment, additional information may strengthen determination. This is especially interesting because the product had little ego involvement and cake is such a simple commonplace product, that it is unlikely subjects were confused or uncertain if they liked the cake and would want to purchase it.

Analysis of the individual cells disclosed an interesting anomaly, persons who received specific information from an expert with a strong tie were almost ten times more likely to change purchase likelihood than the control. This result was expected and given that the majority of subjects did change their decision, seems reasonable. The unexpected result was the strength of the changes by persons who received non-specific information from a non-expert with a strong tie. This group was almost eighteen times more likely than the control group- almost twice as much as strong-tied, specific expert to change their likelihood to purchase. It may have been that there was an obvious inconsistency between an expert source who gives general information. One might expect an expert source to provide very specific information because they are experts. Additionally, non-experts who provide expert-like information are suspect. In fact, inspection of the results demonstrates that the lowest change scores were found when there was a mismatch between source expertise and information specificity.

Therefore, it appears that specific information from an expert or non-specific information from a non-expert will increase likelihood to purchase, which is strengthened by receiver tie to the giver, but persons are less likely to change their purchasing intention if there is a disconnect between information specificity and source expertise, regardless of tie.

Our findings suggest that WOM from non-expert friends can be effective if the information is in consonance with the source expertise. Additionally, in order to increase the likelihood to purchase, WOM communications from experts should be specific, while information from non-experts should be tensile.

Table 1

Treatment Group	Information	Source	Tie
1	Specific	Expert	Strong
2	Specific	Expert	Weak
3	Specific	Non-Expert	Strong
4	Specific	Non-Expert	Weak
5	Tensile	Expert	Strong
6	Tensile	Expert	Weak
7	Tensile	Non-Expert	Strong
8	Tensile	Non-Expert	Weak

Table 2

Group	Treatment			Changed		Total	likelihood	Chi Square	p value	Odds ratio
	Specific	Expert	Strong	0	1					
9	-	-	-	14	4	18	0.29	-	-	-
8	0	0	0	8	11	19	1.38	4.88	0.0272	4.8
7	0	0	1	3	15	18	5.00	13.49	0.0002	17.5
6	0	1	0	8	9	17	1.13	3.53	0.0601	3.9
5	0	1	1	7	9	16	1.29	4.15	0.0416	4.5
4	1	0	0	8	10	18	1.25	4.21	0.0402	4.4
3	1	0	1	6	8	14	1.33	4.10	0.0430	4.7
2	1	1	0	8	12	20	1.50	5.55	0.0185	5.3
1	1	1	1	5	14	19	2.80	9.80	0.0017	9.8
				67	92	159				

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Appendix 1

Scenario 1(Specific Information, Expert Source, Strong Tie)

You are in a store looking to purchase a cake when a good friend walks in. You know that your friend is very knowledgeable about organic products and is a professional baker. Your friend tells you the following about the cake.

Compared to the average chocolate cake on the market, this organic chocolate cake is better. In a recent rating done by Gourmet Magazine the cake scored 91 points out of 100 for overall taste and appeal. The average cake of this type receives a 65. In a price comparison, this cake is 20% less expensive than comparably rated cakes.

Scenario 2 (Specific Information, Expert Source, Weak Tie)

You are in a store looking to purchase a cake when you happen to meet a person interested in purchasing a cake also. The person is very knowledgeable about organic products and is a professional baker. The person tells you the following about the cake.

Compared to the average chocolate cake on the market, this organic chocolate cake is better. In a recent rating done by Gourmet Magazine the cake scored 91 points out of 100 for overall taste and appeal. The average cake of this type receives a 65. In a price comparison, this cake is 20% less expensive than comparably rated cakes.

Scenario 3 (Specific Information, Non-Expert Source, Strong Tie)

You are in a store looking to purchase a cake when a good friend walks in. Your friend is interested in purchasing a cake as well but is not an expert on organic products or cakes. Your friend tells you the following about the cake.

Compared to the average chocolate cake on the market, this organic chocolate cake is better. In a recent rating done by Gourmet Magazine the cake scored 91 points out of 100 for overall taste and appeal. The average cake of this type receives a 65. In a price comparison, this cake is 20% less expensive than comparably rated cakes.

Scenario 4 (Specific Information, Non-Expert Source, Weak Tie)

You are in a store looking to purchase a cake when you happen to meet a person interested in purchasing a cake also. The person is not an expert on organic products or cakes. The person tells you the following about the cake. Compared to the average chocolate cake on the market, this organic chocolate cake is better. In a recent rating done by Gourmet Magazine the cake scored 91 points out of 100 for overall taste and appeal. The average cake of this type receives a 65. In a price comparison, this cake is 20% less expensive than comparably rated cakes.

Scenario 5 (Tensile Information, Expert Source, Strong Tie)

You are in a store looking to purchase a cake when a good friend walks in. You know that your friend is very knowledgeable about organic products and is a professional baker. Your friend tells you the following about the cake.

Compared to the average chocolate cake on the market, this organic chocolate cake is better. In a recent rating done by Gourmet Magazine, the cake rated higher for overall taste and appeal than the average cake of this type. In a price comparison, this cake is less expensive than comparably rated cakes.

Scenario 6 (Tensile Information, Expert Source, Weak Tie)

You are in a store looking to purchase a cake when you happen to meet a person interested in purchasing a cake also. The person is very knowledgeable about organic products and is a professional baker. The person tells you the following about the cake.

Compared to the average chocolate cake on the market, this organic chocolate cake is better. In a recent rating done by Gourmet Magazine, the cake rated higher for overall taste and appeal than the average cake of this type. In a price comparison, this cake is less expensive than comparably rated cakes.

Scenario 7 (Tensile Information, Non-Expert Source, Strong Tie)

You are in a store looking to purchase a cake when a good friend walks in. Your friend is interested in purchasing a cake as well but is not an expert on organic products or cakes. Your friend tells you the following about the cake.

Compared to the average chocolate cake on the market, this organic chocolate cake is better. In a recent rating done by Gourmet Magazine, the cake rated higher for overall taste and appeal than the average cake of this type. In a price comparison, this cake is less expensive than comparably rated cakes.

Scenario 8 (Tensile Information, Non-Expert Source, Weak Tie)

You are in a store looking to purchase a cake when you happen to meet a person interested in purchasing a cake also. The person is not an expert on organic products or cakes. The person tells you the following about the cake.

Compared to the average chocolate cake on the market, this organic chocolate cake is better. In a recent rating done by Gourmet Magazine, the cake rated higher for overall taste and appeal than the average cake of this type. In a price comparison, this cake is less expensive than comparably rated cakes.

Scenario 9 (Control, no script)