This paper presents a theoretical review of Word-of-mouth communication by describing its concept history, definitions, its importance in services, the three streams of literature review focused on Word-of-mouth, the roles of tie strengths, homophily and source credibility in determining Word-of-mouth conversation.

Keywords: WOM – word of mouth, services, risk, tie strength, source credibility, homophily, word of mouth conversation.

Introduction. The WOM communication in Marketing is an actual topic especially nowadays when the consumer’s behaviour is strongly changing and becomes more immune to traditional means of marketing communications such as advertising. In order to adopt the proper strategy, marketers should first understand why WOM plays such an important role when consumers make a decision purchase and, at the same time, understand which elements make WOM conversation the most attractive form of communication.

Formulation of the general problem. Understanding WOM communication is essential in marketing communication because of the shift that took place in consumer’s behaviour that is, building a shield against traditional methods of marketing communications.

The aim of this article encompasses a description of the WOM construct from a theoretical perspective. The author’s theoretical perspectives on WOM have been selected from an outstanding literature based on personal choices.

Basic material. Over the past decade, WOM became a topic to be studied most frequently in the field of marketing. Researchers have associated this concept with personal recommendations [2], interpersonal relationships [2], interpersonal communication [28], informal communication [64], personal and interpersonal influence [2, 13] and even with an informal form of advertising [2].

Nevertheless, there is no doubt that consumer-to-consumer communication using WOM has a strong influence on their buying decision process of goods and services [27, 46, 59, 68]. Moreover, in the Consumer Behaviour field it was concluded that WOM communication plays an important role and that it has a huge impact during the consumers’ shaping process of attitudes [11] and, at the same time, their behaviours [13, 4].

At first, WOM occurred mostly only among neighbours exchanging news regarding the offerings of neighbourhood stores [71]. In 1955, Katz and Lazarsfeld [37] found that WOM was seven times more effective than newspaper and magazine advertising, four times more effective than personal selling, and twice as effective as radio advertising in influencing consumers in a phase of brand switching. More recently, Day [19] estimated that WOM was nine times more effective than advertising in converting negative or neutral attitudes of consumers into positive ones, whereas Morin [51, p. 30] showed that “other people’s recommendations” were three times more effective in stimulating purchases of over 600 different products compared to advertising.

In a nutshell, the importance of WOM communication was proved with the help of both
experiments and their results showing the powerful intensity of the WOM concept.

In fact, the vast majority of researchers suggested that favorable WOM is considered to be a product success factor [19, 37, 36, 40, 52] and is the most efficient way of attracting and make customers become loyal [22].

As such, one might conclude that it is the world’s most effective but the least understood marketing strategy [47], even if it was studied several times in different backgrounds. Marketers are particularly becoming more interested in understanding WOM because, as it was shown before, traditional forms of communication appear to be losing ground.

WOM concept was defined several times as being an informal and non-commercial form of person-to-person conversation between a communicator and a receiver regarding a brand, a product, an organization, or a service [1, 3, 16] or/and between the actual or potential consumer and other people such as product/service providers, independent experts, family and friends [34] as shown in Table 1 and occasionally, as a post-purchase cause. The term informal suggests that the WOM communication is not a form of manipulation and, at the same time, independent of certain organizations [64] and, in addition, is not organized in an official manner [58]. Still, there is a single author [33] who considered WOM a formal method of communication.

WOM communication usually takes the shape of face-to-face or by phone methods of communications [64] and, respectively, is classified depending on the means the consumers are using, into impersonal and personal sources. Friends, family, acquaintances, colleagues are considered to be personal sources of recommendations [13, 22] while, columns, articles and commentary made by journalists, columnists, consumers, experts found in newspapers, magazines, on-topic publications, online discussion forums and expert systems [63] are recognized as being impersonal sources of recommendations.

Despite the fact that the vast majority of studies regarding WOM communication were conducted in the environment of goods, in the author’s perspective, WOM is more important and relevant for service consumers [4, 24, 44] because services are difficult to evaluate prior to purchase [72] and are perceived as being highly risky [30, 52]. Consumers will engage in WOM conversation with the purpose of gaining more information that will eventually reduce the risk and help them understand the service prior to consumption [12]. Murray [52] actually

<table>
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<tr>
<th>Author/ Researcher</th>
<th>Definition</th>
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<tr>
<td>Arndt, 1967 [2, p.3]</td>
<td>[WOM] is defined as oral, person to person communication between a receiver and a communicator whom the receiver perceives as non-commercial concerning a brand, a product, or a service</td>
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<tr>
<td>Richins, 1983 [59, p.17]</td>
<td>the WOM communication was defined as the act of telling at least one friend or acquaintance about the dissatisfaction</td>
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<tr>
<td>Brown and Reingen, 1987 [13, p.350]</td>
<td>the WOM exists at the macro level of inquiry (flows of communication across groups) as well as the micro level (flows within dyads or small groups)</td>
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<tr>
<td>Higie et al., 1987 [35, p. 459]</td>
<td>&quot;conversations motivated by salient experiences are likely to be an important part of information diffusion&quot;</td>
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<tr>
<td>Singh, 1990 [65, p. 1]</td>
<td>telling others about the unsatisfactory experience (that is, negative WOM)</td>
</tr>
<tr>
<td>Bone, 1992 [10, p. 579]</td>
<td>WOM communication is conceptualized herein as a group phenomenon – an exchange of comments, thoughts, and ideas among two or more individuals in which none of the individuals represent a marketing source</td>
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confirms that service consumers, first think of asking for an opinion before making the service purchase decisions. However, Roselius [61] mentioned that consumers find WOM communications as a useful strategy in reducing most types of risk. As a consequence, service consumers rely on the opinions of other consumers when forming expectations and evaluate the service [4, 54].

For example, in the services industry, due to the characteristics of services, consumers make evaluations using three criteria. Nelson [53], on one hand, proposed the search qualities of the service as a first criterion to be taken into account. The search qualities of a service are described by the attributes of the service that can be determined prior to purchase. And, on the other hand, Nelson [53] mentioned the experience qualities of the service which encompass the attributes of the service that can be ascertained during the consumption after the acquisition. Darby and Karni [18] considered a third criterion, the credence qualities which are very hard to evaluate. Even if the consumers cannot easily evaluate the credence qualities of a service, they turn to the reputation criterion [7]. Harrison-Walker [31, p.62] labeled services that are both high in experience and credence qualities as being “natural candidates for WOM communication among consumers”.

For instance, in the case of professional services, many providers rely on informal information channels such as WOM [57] because they are high in experience and credence [1]. Professional service providers such as physicians, lawyers, certified public accountants are believed to win their clients through WOM referrals [13] due to their highly customized service delivery and the high degree of judgments when satisfying customer needs [43, p. 30]. Given the service requirements, it would not be clear what the outcomes might be.

Some studies conducted on WOM effectiveness suggested that strong and positive WOM is associated with client’s level of trust [6] with service quality [55], satisfaction [1], perceived value [32], relationship quality [9] and ultimately, with clients’ intention to purchase [17]. Other studies focused on the effectiveness of WOM but from a change in others’ expectations [70, 72] and attitudes perspectives [19, 67].

Actually, the existing literature concentrates on better understanding the antecedents and consequences that determined WOM, while defining three streams [20]:

- the first stream concentrates on the reasons why consumers actively spread the word about certain services or products they have experienced linked to satisfaction or dissatisfaction [1; 59];
- the second stream focuses on understanding in depth more the information-seeking behaviors of the consumers when they rely only on WOM communications more than on other sources of information and under what circumstances. Research made in this area emphasized that consumers with little or no expertise in a product category [26, 27], who perceive [4, 40] and are deeply involved in decision-making and purchase [5] are supposed to seek for others’ opinions more frequently;
- the third stream analyzed the reasons why certain personal sources of information are more likely to exert more influence than others. Researchers have identified the following factors that have influenced WOM communications: tie strength [13, 25], demographic similarity or homophily [13] or perceptual affinity [27] and source expertise or source credence [4, 27].

**Tie strength**

WOM communication usually takes place within a social relationship context that might
be characterized by the closeness of the relationship established between the information seeker and the source named “tie strength” [50, 22, 12]. Tie strength is considered to be a multidimensional construct representing “the strength of the dyadic interpersonal relationships in the context of social networks” structures [50, p. 79]. Furthermore, the concept of the tie strength can be characterized by the closeness, intimacy, the association and support in a relationship [25]. As a consequence, the tie may range from strong to weak depending on several other aspects such as the types of resources, the persons in the dyad exchange, the frequency and the intimacy of the exchanges [45].

The author considers that tie strength influence the information flows: strong ties that bind individuals make them interact more frequently and exchange more information [13] and have greater influence on the receiver due to the frequency of social contacts among strong tied individuals [4]. However, strong ties are perceived to have a positive impact on the decision making within a dyad [42].

In brief, strong ties are characterized by [69, p. 57]:

a) “a sense that the relationship is intimate and special, with a voluntary investment in the tie and a desire for companionship with the partner;

b) an interest in frequent interactions in multiple contexts;

c) a sense of mutuality of the relationship, with the partner’s needs known and supported”.

Homophily or demographic similarity

Homophily [13] is the concept that describes the composition of a group regarding issues such as to what extent pairs of individuals are similar when analyzed from age, gender, education or lifestyle perspectives [60].

Moreover, people who are alike [48] have the tendency to interact more often and communicate more easily with persons closer to them in age, sex and social status [13]. This alike principle, known actually as the “like me” principle [41], facilitates the flow in information and push individuals to greater interpersonal attraction, trust and understanding towards other similar individuals like them. Thus, individuals affiliate with others who are sharing similar interests and face similar situations [62]. The stronger the social tie connecting two individuals, the more is increased the similarity between them [49; 29].

Despite homophiles connections, heterophilus communicationshappening between nonsimilar individuals such as acquaintances may facilitate the flow of information between diverse segments of individuals in a social system [60]. Thus, the author concluded that, in certain situations, individuals prefer to receive advice from other individuals that are outside their immediate social circle due to the fact that these sources of information are exposed to a wider area of expertise.

Source credibility

Source credibility is composed by two constructs: source expertise and source bias [14, 8]. Source expertise is the perception upon the competence of the source that provides the information. Source bias refers to the possible incentives that can be observed in the source’s information [23, 56, 21]. A source is considered credible and perceived as such when it possesses greater expertise and is less biased.

The individuals who present positive homophily and tie strength are assumed to be more persuasive when communicating a message [23]. When faced with a message, consumers will try to discover whether the message is accurate in representation and credible [15, 38, 39].

Conclusions and further research. Even if WOM is known to be a powerful force in the
Marketing field and many studies have been conducted on this topic, still there are unclear points that need to be analyzed regarding WOM communication. Apart from the history and the factors that influence WOM, it is required to go deeper into the issue.

The Internet, as well as the advanced technology, contributed to the changes that took place in consumer’s behavior that used to spread offline WOM. Hence, a new concept evolved and was adopted; electronic WOM which is similar to offline WOM but the chosen means of communication are the electronic ones.

Further research should focus on electronic WOM which, in the author’s opinion, might be analyzed easily using social media networks such as Facebook, because they have similar characteristics with the offline WOM process: spreading the word to a known circle of friends, posting reviews and comments or replies within the circle of friends, discuss issues encountered while acquiring a service/product, recommend and even share post-purchase online impressions.

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Ю.-Р. Георге

Усна комунікація: теоретичний огляд

У цій статті представлений теоретичний огляд усної комунікації шляхом розгляду історії її розвитку, визначення сутності цього поняття і важливості в сфері послуг, а також дослідження трьох точок зору на розуміння усної комунікації, що відбуваються в літературі, та значення сили міжособистісного зв’язку, демографічної подібності і достовірності джерела при усній комунікації.

Ключові слова: з вуст у вуста, послуги, ризик, сила міжособистісного зв’язку, достовірність джерела, демографічна подібність, усна комунікація.

Ю.-Р. Георге

Устная коммуникация: теоретический обзор

В этой статье представлен теоретический обзор устной коммуникации путем рассмотрения истории ее развития, определение сущности этого понятия и важности в сфере услуг, а также исследования трех точек зрения на понимание устной коммуникации, выделяемых в литературе, и значение сильы межличностной связи, демографического сходства и достоверности источника при устной коммуникации.

Ключевые слова: из уст в уста, услуги, риск, сила межличностной связи, достоверность источника, демографическое сходство, устная коммуникация.

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