

The Complexion Of Interpersonal Influence

Like all human behavior, purchasing takes place within a vast network of interpersonal influences. The business of marketing is to add to those influences. Historically, marketers have busied themselves with influences that they can—with the company's money—directly shape:

- ❖ Paid media advertising
- ❖ Point-of-sale materials and promotions
- ❖ The availability of product to the consumer (distribution)
- ❖ Pricing

At the same time, those close to consumers were aware of the pervasive influence that Word-of-Mouth (WOM) could have. Surveys commonly show that the opinions of friends, neighbors and relatives rank high as purchase influences. Manufacturers know well how helpful it is for their products to be recommended by publications such as *Consumer Reports*.

Attention to WOM has probably never been higher in the world of marketing than it is today. And for that reason, marketers are demanding better tools for understanding and measuring those social influences.

This paper examines how the nature of WOM varies across a range of consumer categories.

Our recently-completed survey of 814 American consumers shows how a cross-section of product categories differs in terms of the dynamics of word of mouth. The sample included only adults 18 and older (the teen market is a special case and merits separate study).

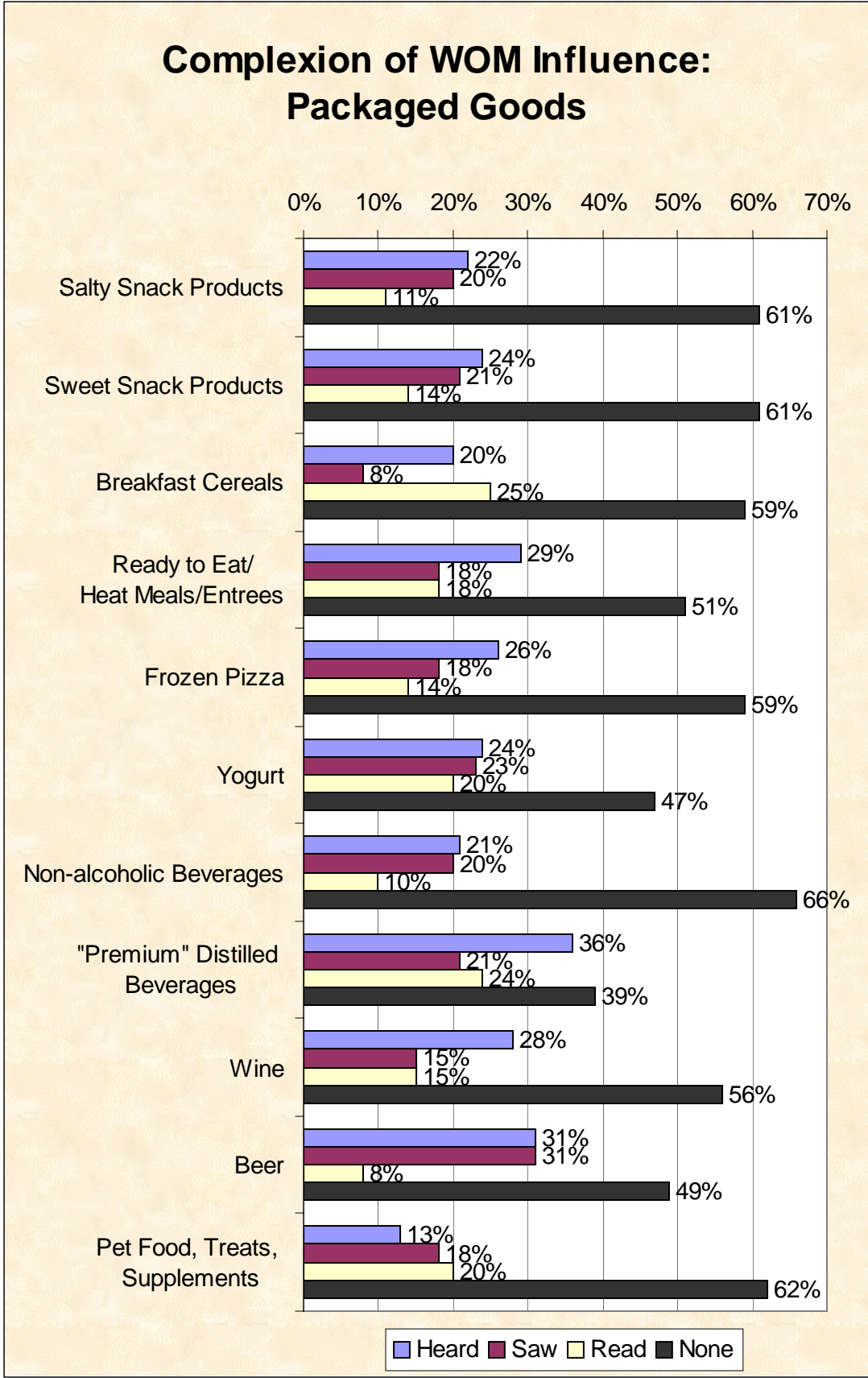
We now know a great deal more about the actual complexion of WOM in various categories. WOM is more than just people literally speaking to each other over the backyard fence.

Our survey asked randomly selected users of over three dozen categories of consumer products and services if any of the following were influential in recent purchases they had made:

- ❖ *Things you heard from other people including conversations, but also what you may have read in e-mail, blogs, etc.*
[Heard]
- ❖ *Seeing other people using, considering, or interacting with it*
[Saw]
- ❖ *Things you read in magazines, newspapers or websites that were not advertisements* [Read]
- ❖ *None of these*

A consumer could select any or all of the first three types of WOM.

Complexion of WOM Influence: Packaged Goods

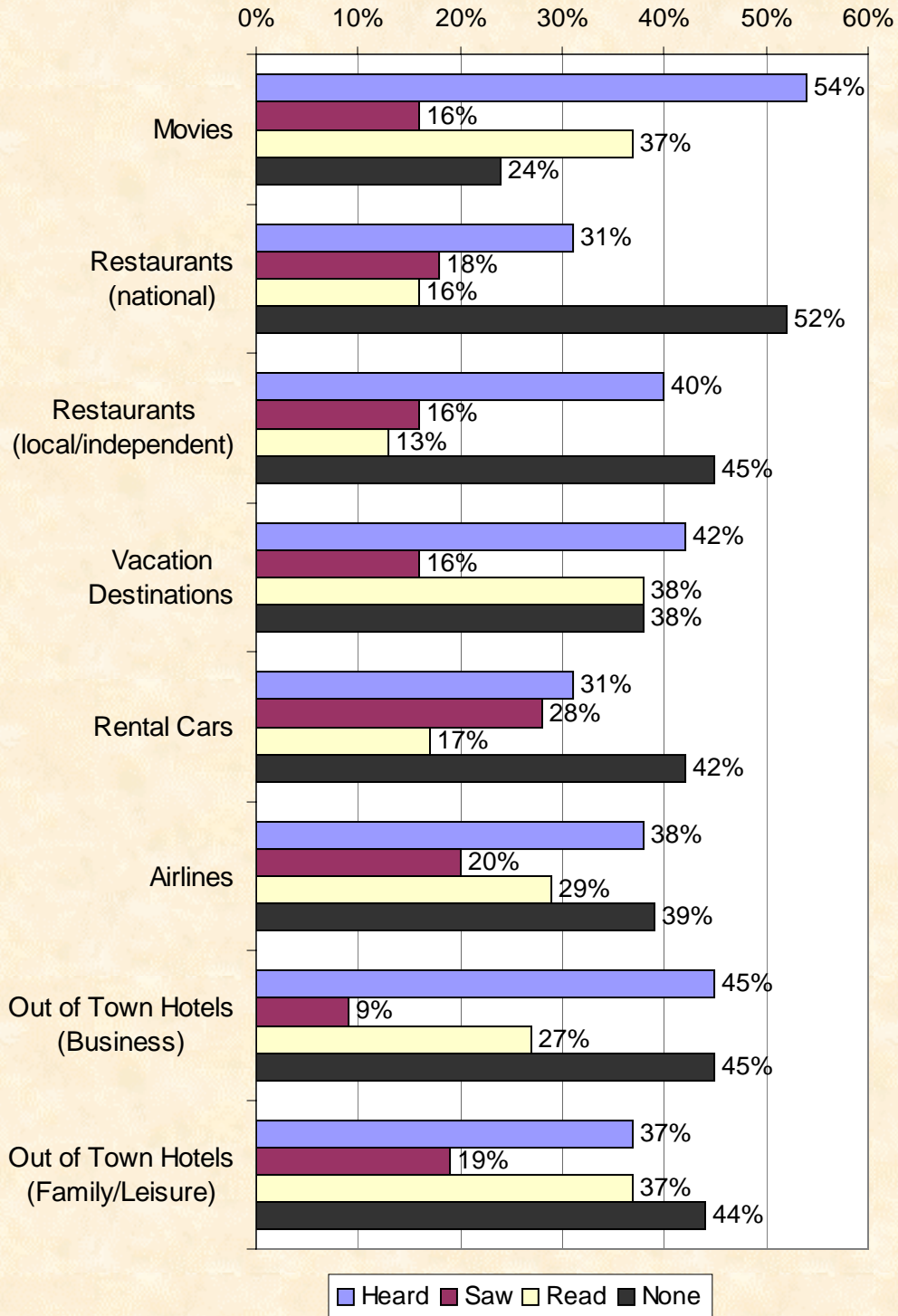


Broadly speaking, WOM is less influential in packaged goods than in other broad categories. The clearest exception in this list is "premium" distilled beverages such as vodka and Scotch.

Beer and wine make an interesting contrast. As one might expect, non-commercial writing (e.g. product reviews) is somewhat more influential with respect to wine. But seeing what others are drinking makes more difference in the beer category.

Pet food, treats and supplements differs from the other categories in that what consumers say they "hear" is less important than the other two forms of WOM. What buyers have read (expert opinions?) is also more prominent as an influence in the breakfast cereal category.

Complexion of WOM Influence: Entertainment and Travel



This grouping is more heterogeneous.

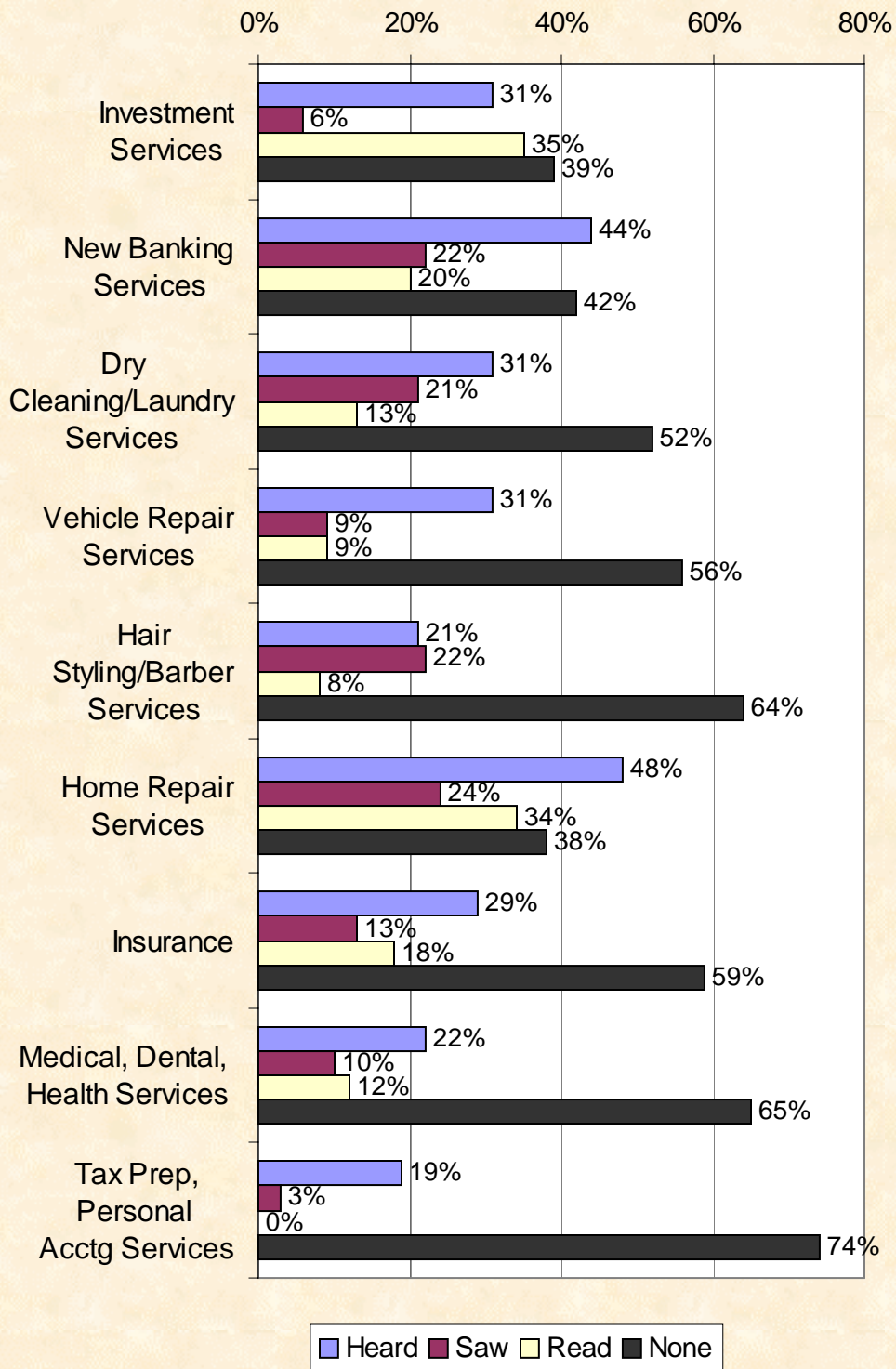
Seeing what other people are doing and experiencing carries more weight in rental cars than other categories (28%, versus less than 20% in most others).

Local restaurants are more dependent on what people say to each other than is the case for national restaurants.

Those deciding on out-of-town hotels for personal family/leisure travel are more attentive to what they have seen and what they have read than is true for the selection of business hotels.

Movies are all about "buzz". Filmmakers do all they can to get people talking about new releases—but perish as readily when the reviews are bad.

Complexion of WOM Influence: Services



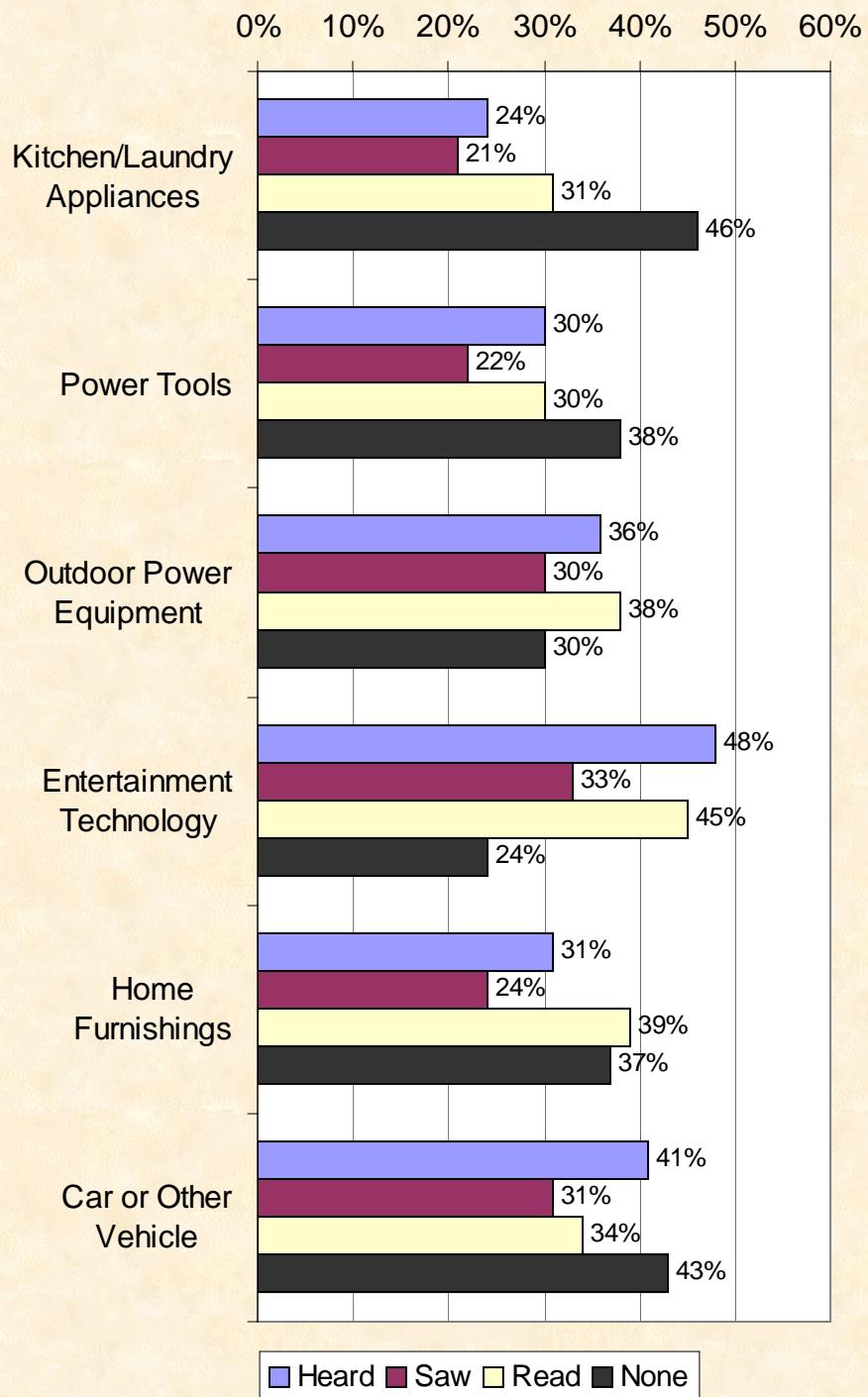
For "routine" services, WOM is typically of minor importance. That could be because the hassle of switching is high. Barring a really bad experience, it is easier to stay with the provider you have now.

Consumers do claim to pay attention to WOM when arranging home repair or investment services. And for these services, they will try to find written opinions they can trust.

Banking services are a different game from investments (as many banks learned the hard way). Those looking for new banking services are more likely to tune into what others are saying and what they see with their own eyes. Would-be investors are more dependent on what they can read.

Those who use tax preparation or personal accounting services usually claim to have tuned out almost all WOM. They don't do research. There is little tangible to observe. They could talk to friends, but few do.

Complexion of WOM Influence: Durable Goods



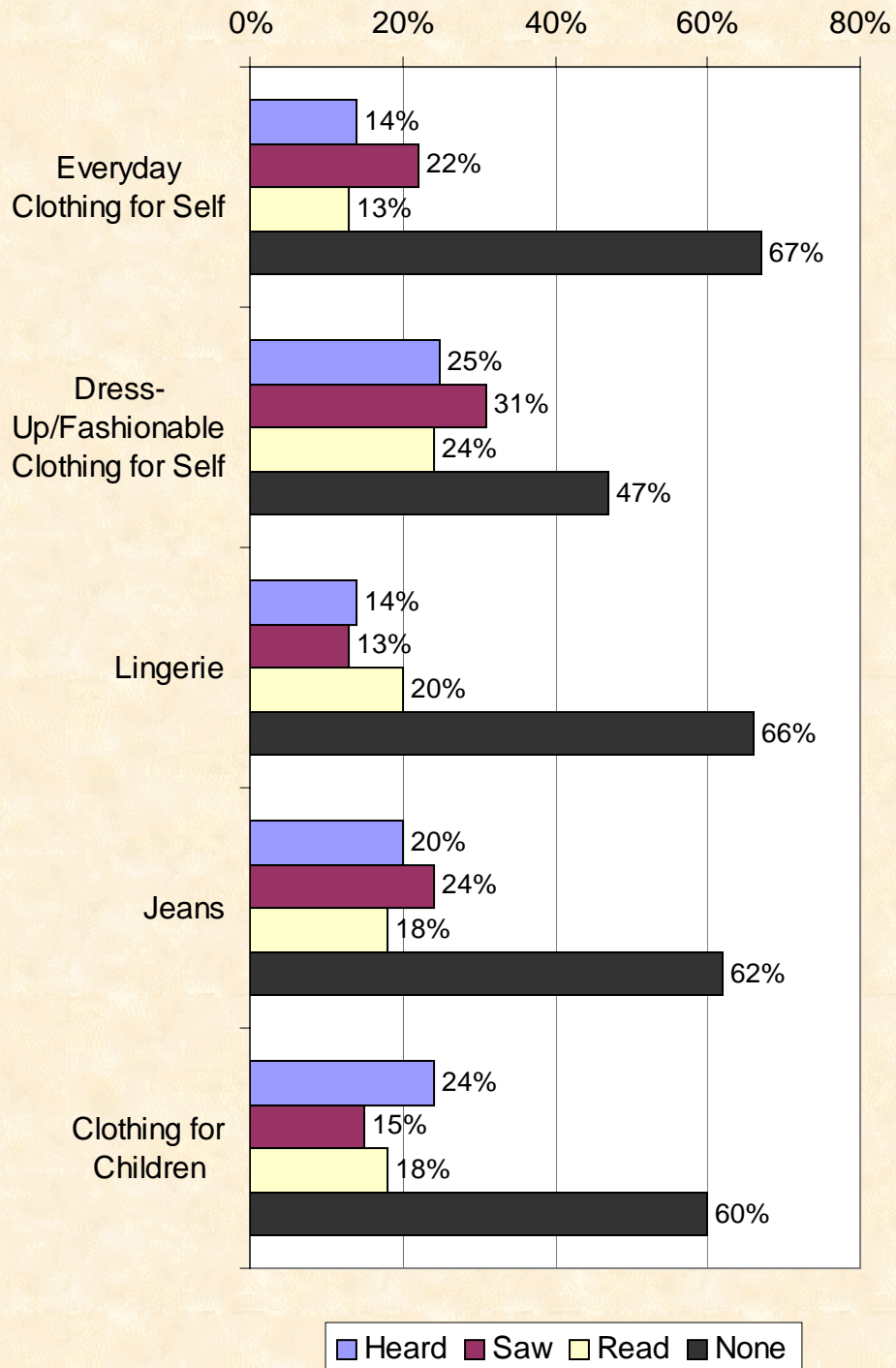
Durable goods typically carry a big ticket, and it is no surprise that they tend to generate a lot of important WOM. It is exceptional for consumers to purchase a piece of entertainment technology (e.g. iPods, televisions, computers) without some reference to what other consumers say and do.

Vehicles have a unique status. After a home, they are often the most-expensive possession a consumer has. They are invested with considerable symbolic value, and are represented by some of the most powerful brands in the world. The data show that the billions spent in marketing support must contend with strong communications among consumers as well.

Another category characterized by powerful WOM forces is outdoor power equipment such as mowers or chainsaws. The three classes of influence are all significant.

As a rule, kitchen/laundry appliances are not subject to as much oral influence as other durables. Exceptions come to mind where owners of innovative appliances were crucial in influencing others, but this is an uphill battle in the general category.

Complexion of WOM Influence: Apparel



It has been suggested that apparel is a category in which seeing what other people are doing (wearing) is an important influence. This is true to some extent, but the pattern is not that different from other categories.

Close to a third said that their choices in "dress-up/fashionable" clothing have been influenced by seeing what other people do. This is slightly above the average for all categories we studied, but not at all extreme. Peer influence of this type is at only average levels for jeans (at least among adults who were the focus of this study).

One question we cannot readily answer is how accurately consumers can or will report the social influences on their purchasing. The world of fashion is predicated on the model of trendsetters and trend followers. Are we to believe that half of those buying fashionable clothes do so with no reference to what they have seen others wearing? That may not be so far-fetched.

In any case, the role of WOM in apparel may not be as definitive as some think. Chances are that the process is complex, with "imitation" being crucial only in certain circles and for certain types of product.

Conclusions

- ❖ Word-of-Mouth needs to be understood as encompassing a variety of non-commercial, interpersonal influences. Literal face-to-face conversations about brands are only part of the story.
- ❖ Verbal interactions with others—now including Internet-based dialogue—figure most prominently in entertainment and travel, services, and durable goods. Such buzz is far less common for packaged goods, and is only average for something like premium distilled beverages.
- ❖ Observing others using or interacting with the product may also be influential. This could be called imitation in a non-pejorative sense. As a rule, consumers do not acknowledge imitation as a source of influence as often as they do what they have heard. Imitation is relatively more important in categories such as rental cars, outdoor power equipment, fashionable clothing, and entertainment technology.
- ❖ Consumers may also defer to things they have read about products, exclusive of advertisements. There is often a palpable hunger for independent, expert opinion on complicated products or those who purchase entails significant risks. Good examples are investments, entertainment technology, and vacation destinations. Yet these outside sources also matter a great deal in consumers' choices of movies.
- ❖ One might even speculate that the "review" industry has succeeded admirably in convincing consumers that they are unable to make good decisions without help from the experts in cell phones, slasher movies, or crossover SUVs.

About the Study

These data come from an online survey conducted in September 2005 with 814 members of a national research panel of adults. There were no restrictions on eligibility.

Of the sample, 49% were female and 51% were male. The median age was 44 and the median household income was \$55,100.

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