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## **Word-of-mouth Retransmission in a Business-to-Business Context - A Network Analysis**

Work-in-Progress Paper

### **Introduction**

Our understanding of the formal marketing dominated communication channels is still far from complete, and we seem to know even less about the informal customer dominated communications channels such as word-of-mouth communication (Arndt 1967, Reingen & Kernan 1986). Word of-mouth communication is defined as follows:

*"Marketplace information dissemination mechanism in which customer's opinions concerning identified organizations, product offerings, and specific purchase experiences are verbally communicated in informal interpersonal interaction processes."*

According to Cox (1968) only of few attempts has been made for meaningful word-of-mouth models. Previous word-of-mouth research does not give too much attention to the contextual aspects. Consequently, the word-of-mouth interaction process is usually considered "invisible" for the company (Richins 1984). It has just concluded that the word-of-mouth interaction process is taking place in the customer dominated communication channels, which are not under the direct control of the organization (Dichter 1966, Cox 1968).

Actually, there are different modes of word-of-mouth, different channels, and different macro arenas where word-of-mouth communication is taking place. Considered from a network perspective at least the following macro arenas can be identified; word-of-mouth communication between organizations, word-of-mouth within organizations, word-of-mouth which has started inside the organization and

reached the consumer dominated communication channels, and consumer word-of-mouth.

Word-of-mouth communication can have far-reaching consequences, due to the fact that word-of-mouth information travel fast in the social networks. The minimum amount of persons participating in the word-of-mouth interaction process is two persons (communicator-receiver). The word-of-mouth effects have been well documented both in interpersonal communication research (micro level) and word-of-mouth network research (macro level) (Reingen & Kernan 1986, Feick & Price 1987).

Bristor (1990) suggest that the true potential is hidden in two less obvious effect that may significantly magnify its effects. The first aspect is that any one person may engage in word-of-mouth transmission with several others. The second aspect that can magnify the effects is retransmission, hence contributing to the aggregate information dissemination process.

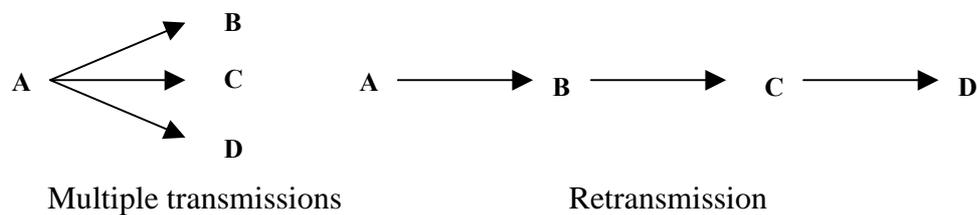


Figure 1: The Word-of-mouth Dissemination Process

In consumer behavior (social science) there has been conducted several word-of-mouth network analysis. Within a business-to-business context there is only a few. The intention with this paper is to contribute to the discussion about the dynamic aspects on word-of-mouth interaction processes in a banking business-to-business context. This paper is not intended to be a complete review, but rather a starting point for further discussion and investigation of an explanatory nature. The paper is initiated with two goals in mind. Firstly, to identify different modes of word-of-mouth. Secondly, to integrate the different modes of word-of-mouth into a network analysis context.

## Literature Review

Word-of-mouth networks represent a pattern of the social structure and interactions that arise from personal relationships (Brown & Reingen 1987). The network analysis constitutes the underlying marketplace information dissemination mechanism, which connect the micro and macro aspects of this phenomenon. Since word-of-mouth communication is a social phenomenon, properties of social relations are likely to play a crucial role both for the word-of-mouth interpersonal dyad and the dissemination process.

There are some studies investigating the motives for word-of-mouth transmission. But, according to King and Summers (1967), the identification of the communicator, represent only a first step in integrating the word-of-mouth phenomenon into a theory of social exchange. Hence, the receiver's role is also to be considered. Actually, there is far more less knowledge about the factors related to word-of-mouth retransmission than transmission. Word-of-mouth retransmission refers to further dissemination of received word-of-mouth information.

Reingen and Kernan (1986) argue that the crucial weakness of previous word-of-mouth research has been its failure to capture the social-structural context within which such communication is embedded. Due to the predominant methodology and terminology, the word-of-mouth research has not been able to identify the word-of-mouth phenomenon and the word-of-mouth interaction process in a naturalistic context. Both individual and contextual factors must be considered in order to explain the word-of-mouth phenomenon.

The majority of word-of-mouth research has tended to focus attention on the customer as user of word-of-mouth information into the decision making during the pre-decision process. The word-of-mouth receiver is considered active communication initiator who asks the communicator for information in order to decrease the level of perceived risk before of a decision. Alternatively, the other way around where the customer is considered an active provider of post-decision word-of-mouth as an outcome of the decision process ((Dichter 1966, File & Judd & Prince 1992, File & Cermak & Prince 1994).

In business-to-business the word-of-mouth networks are especially profound. There are many kinds of informalities and business events of socialization. Hence, business-to-business networks and social relations constitute an informal decision support system. In the business-to-business literature the word-of-mouth phenomenon is usually referred to references. There are some branches that are reference-intensive that they constitute and a complete reference-system. References are usually positive word-of-mouth information.

As suggested earlier, there is different kind of modes of word-of-mouth interaction process (not only positive references). Therefore, in order to operationalize in the word-of-mouth interaction process into a business-to-business context I apply the traditional concepts of; *word-of-mouth communicator*, *word-of-mouth receiver*, *pre-decision word-of-mouth communication*, and *post-decision word-of-mouth communication*.

		<b>WORD-OF-MOUTH RECEIVER</b>	
		<b>ACTIVE</b> 3	<b>PASSIVE</b> 4
<b>COMMUNICATOR</b>	<b>ACTIVE</b> 1	<b>I</b>  <b>Dichter (1966)</b>	<b>II</b>  <b>Post-purchase - Word-of-mouth Transmission</b>
	<b>PASSIVE</b> 2	<b>III</b>  <b>Pre-purchase - Word-of-mouth Information Search</b>	<b>IV</b>  <b>No Research</b>

Figure 1: The Conducted Word-of-mouth Literature Review

According to the matrix, there can be identified four different modes of participation. The word-of-mouth communicator is supposed to have own experiences or opinions.

1. Active word-of-mouth communicator is considered an active provider of post-purchase word-of-mouth as an outcome of previous experiences.

2. Passive word-of-mouth communicator refers to answering to questions when asked. The passive word-of-mouth communicator does not make any effort or initiative to participate in the word-of-mouth interaction process.

The word-of-mouth receiver is supposed to have no previous experiences.

3. Active word-of-mouth receiver is considered active communication initiator who asks the communicator for information in order to decrease the level of perceived risk before of decision.
4. Passive word-of-mouth receiver refers to overheard conversations, where no effort or initiative is assumed.

Consequently, there can be identified four different modes of word-of-mouth interaction dyads: (1) active communicator-active receiver, (2) active communicator-passive receiver, (3) active receiver-passive communicator, and (4) passive receiver-passive receiver:

- I. Active communicator-active receiver dyad represents a word-of-mouth interaction process, where both parties actively participate. Both persons do have own experiences and opinions.

Dichter (1966) identified four main categories, frequently overlapping or combined that motivates people to talk about products or services; (1) Product-involvement, (2) self-involvement, (3) other-involvement, and (4) message-involvement.

- II. Active communicator-passive receiver dyad, the communicator has strong influence on the receiver.

Lazarsfeld & Berelson & Gaudet (1948) and Katz & Lazarsfeld (1955) represent the traditional post-purchase two-step communication model.

- III. Active receiver-passive communicator dyad refers pre-decision information / reference search.

Word-of-mouth information is considered a flexible way to develop personal purchase strategies to cope with uncertainty situations.

- IV. Passive receiver-passive receiver dyad refers to passive information receiving during a socialization process.

Situations where both participants are considered passive have not been considered. Actually, the line between marketplace-related communication and social communication is seldom clear-cut. Richins (1984) reported that many respondents provided no more detail than, indicating that they were just talking, visiting, or socializing when marketplace-related communication occurred. Lerviks (1973) separated interpersonal communication and word-of-mouth communication from each other. Interpersonal communication referred to interpersonal interaction processes. Word-of-mouth communication referred to the probability of marketplace-related communication taking place in the interpersonal interaction process. Consequently, word-of-mouth communication (marketplace-related communication) is closely linked to the process social communication (socialization).

### **Research Propositions**

A more dynamic approach is needed for analyzing the word-of-mouth interaction processes on micro level. This is due to the fact that the word-of-mouth interaction processes, and the phenomenon itself is much more complicated and faceted than the traditional decision-oriented word-of-mouth approach suggest (Mangold & Miller & Brockway 1999, Bansal & Voyer 2000). Consequently, my intention is to discuss how the previously identified four dimension of different modes of word-of-mouth interaction processes can be applied to the network analysis.

In order to study the retransmission, constituting to word-of-mouth network. For this purpose, the following summary is made:

**ACTIVE PARTICIPATION    PASSIVE PARTICIPATION**

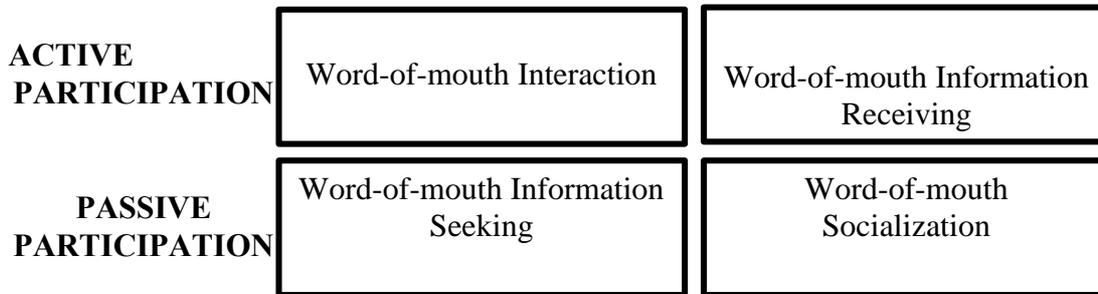


Figure 3: Different modes of word-of-mouth interaction processes (Adopted from Berndtson 2000)

The four modes of word-of-mouth: (1) word-of-mouth interaction, (2) word-of-mouth information receiving, (3) word-of-mouth information seeking, and (4) word-of-mouth socialization.

I have identified them from the perspective of the information receiver. Hence, I name word-of-mouth information transmission (sender’s perspective) to word-of-mouth information receiving (receiver’s perspective). Word-of-mouth interaction (concept used by Dichter 1966), Word-of-mouth information seeking (no change), word-of-mouth socialization (added by the author).

The following four research propositions / hypotheses are presented:

- **Proposition 1:** The motives for retransmission of information received in word-of-mouth interaction are determined by the receiver’s involvement to the issue.
- **Proposition 2:** The motives for retransmission of received word-of-mouth information are determined by how interesting the information is.
- **Proposition 3:** The motives for retransmission of information received by word-of-mouth information seeking are determined by how satisfied with the receiver is with the received information.

- Proposition 4: The wide social networks and close social ties determine the motives for retransmission of information received by word-of-mouth socialization.

## Discussion

The research approach in this study is unique. This study focuses only on word-of-mouth retransmission.

Traditionally, the word-of-mouth network analysis has considered aspects of the interpersonal forces such as: tie strength, homophily, and source credibility (Bristol (1990). King and Summers (1967) argue that the small number of research available that study the interpersonal interaction dyad, focus on the following five dimensions (within the network analysis): (1) Comparison of the social status of interactions. (2) Comparison of the age of the discussants. (3) Physical proximity and interaction. (4) The role of the family in interpersonal communications, and (5) The relative competence of the discussants.

Empirical research is needed to investigate the previous propositions.

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