

## Advertising: Stimulant or Suppressant of Online Word of Mouth?

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### Abstract

Word of mouth by consumers is attracting increased attention from marketing scholars because of findings that it can affect brand perceptions and sales. There is limited empirical research, however, on the stimulants of consumer word of mouth. An assumption in the literature has been that increased advertising can also stimulate consumer word of mouth and, hence, complement the effects of advertising. We present arguments for why increased advertising may be associated with reductions in online word of mouth. We empirically test this possibility on online word of mouth in the auto industry. Our results suggest that increased advertising can, indeed, be associated with reductions in online consumer word of mouth.

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### Introduction

Word of mouth is generally defined as “informal communication among consumers about products and services” (Liu 2006). It can range from casual inter-personal conversations to consumer brand advocacy (Keller 2007; Park and MacInnis 2006) where a consumer actively promotes the brand to other potential consumers. Today, however, word of mouth is also electronic and can happen in many ways such as “Web-based opinion platforms, discussion forums, boycott Web sites, news groups” (Hennig-Thurau et al. 2004) or “consumer-opinion platforms” (Hennig-Thurau et al. 2004). This online word of mouth (Hennig-Thurau et al. 2004) is thus “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” (p 39).

Regardless of what form it takes, however, the marketing literature suggests that word of mouth can play a significant role in influencing consumers’ purchase behavior (Arndt 1967;

Brown and Reingen 1987; Chakravarty, Liu, and Mazumdar 2010). In fact, some researchers (Day 1971; Katz and Lazarsfeld 1955) have argued that word of mouth may have the most influence among all the sources of information that consumers turn to before making a purchase decision.

Although the literature has not yet provided empirical insights regarding the relative influence of word of mouth among various sources of information on consumer decisions, practitioners and scholars alike are recognizing its critical role. There has, therefore, been an increase in the calls to view consumer word of mouth as an integral part of every company’s communications mix. For instance, Keller (2007) reports that the average American consumer engages in about 121 word of mouth conversations per week — among which about 92 include some discussion of a brand — and suggests that firms should view consumer word of mouth as another channel of communication that should be actively managed. Similarly, Chen and Xie (2008) propose that consumer word of mouth “can serve as a new element in the marketing communications mix” and can “help consumers identify the products that best match their idiosyncratic usage conditions.”

Interestingly, marketing scholars have indeed considered consumer word of mouth as another vehicle of advertising and, hence, as a part of the communications mix. The implicit

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assumption in the literature appears to be that word of mouth and advertising can serve as complements of each other — increased advertising can increase product awareness and, hence, word of mouth (Hogan, Lemon, and Libai 2004; Keller 2007) and increased word of mouth can increase awareness and, hence, strengthen the effects of advertising (Chen and Xie 2008; Hogan, Lemon, and Libai 2004).

There are, however, few empirical investigations of complementary relationships such as those above in the literature. In fact, the only assumption that has been explored empirically is that of the effect of advertising on word of mouth by Graham and Havlena (2007). The results of their investigation, however, suggest that advertising may not always increase online word of mouth. In fact, out of the five categories — auto, retail, soft drinks, technology and travel — that they investigate, the results suggest that advertising can, in fact, be negatively associated with online word of mouth<sup>1</sup> for three categories. Further, among the three types of advertising media — television, magazine and online — that the authors study, each medium has a positive effect on online word of mouth for just one category.<sup>2</sup> Thus, out of the fifteen possible effects of advertising on online word of mouth<sup>3</sup> in the study, only three effects are reported to be significantly positive. Further, different advertising media are found to have opposite effects in the same category.<sup>4</sup>

The Graham and Havlena (2007) findings regarding the effects of advertising on online word of mouth are therefore ambiguous, at best, with positive effects in some categories and negative effects in others. While this may seem surprising and somewhat counter-intuitive, we propose in this research that several factors could contribute to a negative relationship between consumer word of mouth and advertising. For instance, Dichter's (1966) findings suggest that increased advertising can reduce consumers' interest in providing word of mouth. High advertising can also be associated with brands that typically do not attract consumer word of mouth. If this is indeed the case, the relationship between advertising and consumer word of mouth would be either weak or negative. Similarly, increases in advertising could result in the acquisition of customers who are more likely to be interested in, and respond to, advertising than consumer word of mouth and are also less likely to provide word of mouth.<sup>5</sup>

We empirically investigate the possibility that, due to reasons such as those above, increased advertising could be associated with reductions in consumer word of mouth, i.e. consumers sharing their opinions about products that they purchased online to inform potential buyers of those products.

<sup>1</sup> Specifically, television advertising reduces online word of mouth for soft drinks and technology while online advertising has a negative effect on online word of mouth for the travel category.

<sup>2</sup> Specifically, online advertising in the case of retail, magazine advertising for technology and TV advertising for travel are found to increase consumer word of mouth online.

<sup>3</sup> Three types of advertising media, (television, magazine and online ads) on five product categories.

<sup>4</sup> Television advertising is found to increase online word of mouth for the travel category while online advertising is reported to decrease it for the same category.

<sup>5</sup> We thank an anonymous reviewer for suggesting this potential reason.

The context of our investigation is online word of mouth for thirty two different brands of automobiles from two online sites — [www.edmunds.com](http://www.edmunds.com) and [www.consumerreports.org](http://www.consumerreports.org) — that are widely used by auto consumers. Our results suggest that increased advertising can, in fact, be associated with lower online word of mouth.

In the next section, we present and discuss a number of reasons why increased advertising may be associated with lower consumer word of mouth. Following this, we describe our data. We then present our empirical approach and results and conclude with a section where we discuss the managerial and research implications of our empirical findings.

### Why Increased Advertising May Be Associated with Reduction in Consumer Word of Mouth

Our objective is to empirically investigate whether increased advertising could be associated with reductions in consumer word of mouth. Before discussing our empirical analysis, however, we present some reasons that can result in such a relationship.

#### *Effects on Consumer Involvement*

While a number of theories have been proposed in the literature for why consumers speak about products, and what factors stimulate or discourage them from providing word of mouth (e.g., Brown et al. 2005; Dellarocas 2003; Engel, Blackwell, and Miniard 1993; Hennig-Thurau et al. 2004; Sundaram, Mitra, and Webster 1998), one of the first and enduring theoretical frameworks for understanding why consumers engage in word of mouth was proposed by Dichter (1966).

Dichter (1966) argues that consumers' desire to speak to other consumers about products can be understood in terms of different types of involvement. Specifically, he identifies four types of involvement: product, self, other, and message. Product involvement refers to the consumers' feelings regarding, and relationship with, the product. If they are very strong, these feelings will manifest themselves in the form of positive (or, negative) recommendations regarding the product to others. Dichter's second type of involvement, self, refers to the consumer's use of product-related conversations to satisfy emotional needs such as being able to demonstrate superiority. Other involvement is related to the consumer's desire to give something to others perhaps by telling them about good products or warning them about bad ones. Finally, message involvement refers to word of mouth stimulated due to the consumer's engagement by advertisements or public relations activities of the product's manufacturer. Similar, and additional, types of involvement were subsequently proposed and discussed by several researchers (e.g., Engel, Blackwell, and Miniard 1993; Sundaram, Mitra, and Webster 1998).

Dichter (1966) thus suggests that factors that affect any of the four types of consumer involvement are likely to affect their desire to speak about products to others. Also, implicit in his framework is the assumption that marketing actions that increase any of the four types of involvement eventually

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