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What is the Effect of a Recommendation?

We present general and specific findings on the effect of word of mouth on brand decisions.

The general findings cover the main source of information when choosing brands. We report studies covering 23 categories. On average, positive word of mouth (recommendation) was responsible for 31 per cent of brand choice although this proportion varied widely across categories, from 9 to 65 per cent. Personal search accounted for 22 per cent and advertising for 14 per cent. The remainder was attributed to editorial comment in the mass media, sales staff influence and contexts where there was little or no choice.

Our specific findings concern the impact of advice that is sought from other consumers compared with advice that is volunteered by other consumers. We employed two different methods for measuring impact and, in one case, measured the impact of both positive and negative word of mouth. Overall, sought advice had more impact than unsolicited advice; depending on the method, the relative impact of sought advice was 1.5 to 2 times the effect of unsought advice. Negative word of mouth occurred less often than positive word of mouth but had much the same impact when it occurred.

Advertising may be designed to influence either sought or unsought word of mouth. We consider how our findings relate to these alternative strategies.

Word of Mouth

People receive information from the mass media, from searching their physical environment and from other persons. In marketing, information from other persons is divided into advice from other consumers, or *word of mouth* (WOM), and advice from commercially interested parties, such as sales assistants. There is evidence that WOM has a strong influence on consumer choice, particularly in the acquisition of services where pre-purchase experience may be limited. For example, Keaveney (1995) discovered that half the users of a range of service categories found a new supplier as a result of positive WOM, or recommendation.

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In addition to WOM, buyers may base brand choice on information from sales staff, media advertising and promotion, and from editorial content in the mass media. There will also be cases where there is little or no choice. For example, a company may allocate a mobile phone plus airtime provider to an employee, car servicing may be restricted to specified garages selling the consumer's car make, and shops may be patronised because of their proximity to the user rather than because they are preferred. In many cases, decisions will be influenced by more than one source but we ask respondents to report on the main source of influence.

Interest in WOM among practitioners has led to new techniques designed to harness the effect of consumer-to-consumer influence. On the Internet, *viral marketing* is a method of spreading information on a brand by recommendation of websites and by the automatic presentation of brand data when consumers communicate. There is also a practice known as *buzz marketing* where volunteers are given experiences of new products, and are asked to talk about them to others, but not to declare their role unless this is specifically sought (see the Wharton paper in References). Alongside this questionable practice are more established promotional techniques. One is *incentivised referral*; here, customers are rewarded for introducing new customers (who are usually aware of the reward). Perhaps most important is the role of *advertising* in stimulating WOM. Bayus (1985) showed that consumers may respond to messages in the mass media by increasing their level of WOM in the category that is advertised. Advertising may increase WOM in a number of ways: by making the product salient, by supplying information about the product that can be used when giving advice, and by simulating the advice-giving process.

Relative Measurement

WOM is not extensively researched and one reason for this is the poor quality of measurement in this field. Because WOM on any category is private and infrequent, we have to rely on respondents' recall of the WOM that they have given or received. Such recall may be biased by forgetfulness and by the tendency to reflect the expectations of others (Rosenthal and Jacobson 1968). We try to reduce such errors by making relative measurements. If the proportionate error in two measures is the same, their ratio eliminates the error.

Brand Choice in Different Categories

Research in marketing may aggregate data from a number of categories. For example, Keaveney (1995) combined data from many categories when she reported on the reasons given by consumers for defecting from service providers. The relevance of such findings to practitioners may be low because they are usually concerned with one specific category and there may be large differences between categories. For this reason, it is useful to examine how the importance of WOM in brand choice varies by

category. We anticipate that WOM will be the main method for recruiting new customers in some categories while in others there may be more influence from advertising or provider location. Thus, our evidence could indicate which categories are more susceptible to promotion via WOM.

Types of Recommendation

WON may induce potential customers to seek advice or actual customers to give advice. We want to assess the relative effectiveness of these alternatives in different categories; this will depend upon the everyday frequency and the impact per occurrence of these two forms of advice. We can show which type of recommendation is more effective by using surveys to find out the ratio of sought-to-unsought recommendations affecting past brand choice. But this effectiveness could occur because one form of WON occurred more frequently or because it had more impact when it occurred (or both). In Phase 2 of this work we use two methods for showing the separate contribution of frequency and impact.

Previous Evidence on Sought and Unsought WOM

Frequency

Limited evidence suggests that sought and volunteered recommendations occur with much the same frequency when averaged across categories. Mangold, Miller and Brockway (1999) asked respondents to report the circumstances relating to recent WOM. The predominant circumstance (50 per cent) was the felt need of the recipient, usually prompted by a request for information. In another study, Brown and Reingen (1987) found that 57 per cent of advice was sought.

Impact

The evidence on the impact of sought and unsought advice is also meagre. Either form could be more effective. A person who asks for advice may be more receptive to any resulting response and could also seek out more knowledgeable advisers. But those who seek advice could be looking for reassurance on a decision already made, and unsought advice could have more impact because it is unexpected and induces more attention. Against this evidence, Fitzsimons and Lehmann (2004) found that unsolicited advice that was contrary to the consumer's preference tended to induce a reactive response against the advice. Also, Bansal and Voyer (2000) found that actively sought WOM had more effect on the receiver's purchase decision than passively received WOM. On balance, this evidence suggests that sought WOM has more impact than unsought WOM but this is not well established and is likely to vary by category.

Research Questions

The research is divided into two Phases. In Phase 1, we address the more general issues and examine:

1. What contribution is made by recommendation, advertising and other sources to brand choice, in general?
2. How much does the proportion of brand choice that is based on recommendation vary by category?

In Phase 2, we focus on sought and unsought word of mouth and examine:

3. What is the relative impact of sought and unsought WOM on brand choice?
4. What proportion of recommendations is sought?

Phase 1: The Main Sources of Information when Choosing Brands

Method

Ten surveys were conducted on 23 categories that were used by most respondents. Questionnaires covered two or three categories; the categories in each survey are grouped in Table 1. The categories, country and number of respondents available for analysis are shown in column 1 of Table 1. For most of the studies, the questionnaires were distributed by hand to households; free mail or personal collection was then used for the return of the completed questionnaire. The methods and response rates are shown in column 2 of Table 1. Only one wave was used but response rates were quite high, ranging from 32 to 59 per cent.

Questionnaire Item

The following example is typical of the question that was used to establish the main source of information for the customer's choice of brand/provider:

When choosing your current mobile phone airtime provider (e.g. Vodafone, T-Mobile), what was your main source of information about this provider?

The response format covered: *recommendation by others, advice from sales personnel, advertising/promotion, newspapers/TV, personal search, no choice and other.*

Findings

In Table 1, we have divided sources into recommendation (column 3), personal search (column 4), advertising/promotion (column 5) and "other" (column 6). "Other" covers the influence of mass media editorial material, the advice of sales staff and the situations where there was no choice.

Table 1. Main Bases for Choice of Brand/Provider

Category (Country) (Number of respondents)	Method (Response rate, %)	Main source when choosing new brand/provider, %			
		Recom- mendation	Personal search	Advertising/ Promotion	Other
(1)	(2)	(3)	(4)	(5)	(6)
Coffee shop (UK) (104)	Drop off and post	65*	20	1	14
Mob. phone prov. (UK) (165)	back (43)	50	24	6	20
Credit card (UK) (153)		20	16	20	44
Car insur. (Mauritius) (201)	Street intercept (45)	60	16	6	18
Car servicing (Mauritius) (167)		56	17	3	14
Dentist (UK) (208)	Drop off and post	59	3	9	30
Current car (UK) (213)	back (43)	13	42	13	33
Education instit. (UK) (64)	With newspapers and post back (32)	48**	19	2	31
Mob. phone prov. (UK) (193)		25	22	9	44
Optician (UK) (154)		21	16	8	56
Bank (UK) (107)	Drop off and post	43	20	13	24
Mob. phone brand (UK) (102)	back (36)	21	26	16	37
House cont. insur. (UK) (121)	Drop off, collect or post back (58)	33	12	34	21
Car insur. (UK) (109)		27	19	34	20
Car servicing (UK) (131)	Drop off, collect or post back (52)	32	9	1	58
Dry cleaning (UK) (111)		14	26	4	56
Hairdresser (Mexico) (166)	Mail out, mail back(40)	32	29	5	34
Fashion store(Mexico) (165)		13	27	43	17
Supermarket (Mexico) (166)		10	36	33	21
Mob. phone prov. (UK) (113)	Drop off and post back (41)	29	13	21	37
Internet serv. prov. (UK) (93)		24	26	26	24
Fashion store (France) (165)	Drop off, collect or post back (59)	15	47	9	29
Supermarket (France) (172)		9	29	8	54
Means	(45)	31	22	14	32

* Includes those taken to coffee shop ** Includes cases where relative went to institution

Our first question was: what contribution is made by recommendation, advertising and other sources to brand choice, in general? Overall, the percentage of brand choice that related to recommendation was 31 per cent; this was over twice the amount attributable to advertising (14 per cent) and was also more than the amount assigned to personal search (21 per cent). Thus, recommendation appears to be an important basis of brand choice, overall.

Our second question was: How much does the proportion of brand choice that is based on recommendation vary by category? Comparison between the studies may be affected by method and sampling variation. For example, mobile phone airtime provision appears three times for the UK with rather different figures for the effect of recommendation (50%, 25% and 29%); even so, we can still see from Table 1 that recommendation is on each occasion a stronger influence than advertising or personal search. Similarly, there is some agreement across countries that recommendation has only a small role in some retail decisions. In both France and Mexico, supermarkets and fashion stores are more affected by personal search than recommendation but a difference occurs here in the effect of advertising and promotion, which is much greater in Mexico than in France.

Comparison *within* a study removes most of the effects of sampling and method variation. Taking this approach, it is clear that, in the UK, recommendation has more effect on the choice of dentists and car servicing agents than it has on car choice and dry cleaning. From these data, we see that there may be considerable variation between the categories and that pan-category averages are of limited use to those concerned with a specific category.

Phase 2: The Relative Effectiveness of Sought and Unsought WOM

We report two sets of one-wave survey data on different categories. For both sets, we show the data by category.

Set 1 Questions

For set 1, we first identified those who had made a choice on the basis of recommendation, using the same question that we used in Phase 1. Then we investigated whether this recommendation had been sought or not, using the question:

If you checked "recommendation", did you ask for advice or was it just given?

We also investigated how much WOM had been given by respondents to others, e.g.

How many times have you recommended any airtime provider in the last six months?

We used the response format:

Please write in (0, 1, 2, etc ...).

If advice was given, we asked whether the last instance of advice had been sought or not.

Set 1 Results

From the answers to these questions we derived two ratios. The first was the sought-to-unsought ratio for WON that was instrumental to choice, and the second was the background ratio of sought-to-unsought WON. By dividing the first by the second, we obtained the relative effectiveness of single instances of sought and unsought WON.

Table 2. Relative Effectiveness of Sought and Unsought Recommendation on Brand Choice

Category (Country) (Number of respondents)	Method* (Response rate %)	Number who chose by recom- mendation	Ratios of sought/unsought advice		R_r/R_g	Per cent of given WOM sought
			Received by those who chose by recommendation	R_g		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mobile phone brand (UK) (102)	DP (36)	23	2.3	0.6	3.7	62
Educational institution (UK) (64)	DN (32)	29	4.8	1.9	2.6	65
Mobile airtime prov. (UK) (552)	DP (37)	201	1.6	0.8	2.1	42
Primary school (UK) (120)	DS (14)	51	2.4	1.2	2.1	54
Coffee shop (UK) (104)	DP (43)	53	0.6	0.3	1.7	25
Internet serv. prov. (UK) (166)	DP (44)	55	1.9	1.2	1.6	49
Optician (UK) (154)	DN (32)	79	1.0	0.8	1.3	45
Supermarket (France) (172)	DC (59)	32	0.7	0.6	1.2	58
Leisure centre (UK) (95)	PP (34)	55	0.7	0.6	1.1	40
Fashion store (France) (165)	DC (59)	37	0.7	0.6	1.1	38
Bank (UK) (107)	DP (36)	45	1.3	1.4	0.9	59
Credit card (UK) (153)	DP (43)	41	1.6	1.7	0.9	63
Wine (UK) (71)	DP (38)	36	0.3	0.4	0.7	31
Mean (unweighted)		(39)	1.5	1.0	1.6	49

* DP is drop off with post back, DN is distribution with newspapers and post back, DS is distribution and collection by school, DC is drop off and collect, PP is postal distribution and return.

Results for set 1 are shown in Table 2. As before, column 1 shows the category, country and number of respondents using the category. Column 2 shows the method and response rate. In column 3, we show the number of persons in the sample choosing on the basis of recommendation. Note that many of these numbers are small, so the ratio of sought-to-unsought recommendations is often subject to substantial sampling error. Column 4 shows the ratio of sought-to-unsought recommendations received by those who chose on the basis of these recommendations (R_r). This ratio combines the effect of the relative frequency and relative impact per instance of sought and unsought recommendation. Column 5 shows the sought-to-unsought ratio of the recommendations given by the sample (R_g), which indicates the background frequency ratio of the two sorts of recommendation. Column 6 is the ratio of the ratios in columns 4 and 5, (R_r/R_g); this is the effectiveness of a single instance of sought recommendation in inducing brand choice relative to a single instance of unsought recommendation.

The data in column 6 provide an answer to Question 3: what is the relative impact of sought and unsought WOM on brand choice? We see considerable variation by category, though much of this is likely to be sampling error. The mean of these data shows that an instance of sought WOM has 1.6 times the effect of an instance of unsought WOM, on average (and, when the mean is weighted by the numbers of respondents in each study, there is no change in this figure).

Question 4 is: what proportion of recommendations is sought? To answer this we re-expressed column 5 to show the percentage that sought recommendation was of all recommendation and this appears in column 7. On average, 49 per cent of the recommendations were sought and the range was from 25 to 65 per cent.

A paired-sample Wilcoxon test on columns 4 and 5 of Table 2 showed that sought advice was significantly more common in the WOM that instigated choice ($p = 0.013$, 2-tailed exact test). Given the small number of those who chose on the basis of recommendation in many of the categories, we are cautious about inter-category comparisons but, for mobile airtime providers we had 201 respondents recruited by recommendation and, here, advice appears to have somewhat more impact than in most other categories. There are three categories (bank, credit card and wine) where an instance of sought advice has less effect than an instance of unsought advice. These results may have occurred as a result of sampling variation and larger studies are needed to confirm such effects.

In set i, we can use only those respondents who have chosen on the basis of recommendation, so much of the sample is unused. We have assumed that the biases associated with the measurement of the two sought-to-unsought ratios are the same. However, the bias relating to advice given may be systematically different from the bias relating to advice received. With hindsight, it would have been better if we had measured the sought-to-unsought advice ratio on all advice received (rather than given) and had compared this with the sought-to-unsought

ratio of advice received and acted upon. Data from set 2 are relevant to this matter.

Set 2 Questions

For set 2, we report evidence on 10 categories obtained using one-wave surveys. In this work we measured WOM that had been received and asked respondents to state whether the last instance of WOM received (if any) was sought or not and whether it had "affected your decision". We did this for both positive WOM and negative WOM.

Set 2 Results

These are shown in Table 3. In column 1, we show the category, country of respondents and numbers of users of the category whose responses could be analysed. In column 2, we show the method used for gathering data and the response rate. In column 3, we show the number of respondents who had sought advice and had received positive WOM and, in column 4, the percentage of these respondents who stated that the last instance of this sought positive WOM had affected their decision. Column 5 shows the number of respondents who had received unsought positive WOM and, in column 6, we show the percentage of these persons who stated that the last instance of unsought positive WOM had affected their decision. The impact ratio in column 7 is the ratio of the percentages in columns 4 and 6. Then, columns 8-12 show corresponding figures for when the advice received was negative.

The mean of column 7 shows that positive sought advice had an average impact of 1.5 times that of unsought positive advice. The mean of column 12 shows that negative sought advice had an average impact of 1.4 times unsought negative advice. Weighting by sample size reduces these figures to 1.4 and 1.3 respectively. The numbers in columns 7 and 12 are significantly above unity ($p = 0.004$, $p = 0.04$). These findings answer Question 3 about the relative impact of sought and unsought WOM.

To answer Question 4 about the proportion of recommendations that were sought, we need to take account of the number of times that individual respondents received and gave positive or negative advice which was measured but not shown in Table 3. We calculated that, for positive WOM received, the proportion of sought WOM was 38 per cent and, for negative WOM received, it was 34 per cent. In these studies, we also measured given WOM and here, for positive WOM, we found that the proportion of sought WOM given was 47 per cent (close to the 49 per cent found for set 1 studies) and, for negative WOM, the figure was 43 per cent. These figures suggest that sought WOM is less well recalled when WOM is received than when it is given. This is relevant to the set 1 analysis and we return to this matter in the Discussion.

There is a strong correlation between the impact ratios in columns 7 and 12 ($r = 0.77$, $p = 0.009$); this indicates that the effect of advice is quite strongly dependent on category factors irrespective of whether the advice received is positive or negative. Table 3 shows that negative advice is less common but, when it occurs, it has much the same impact as positive advice.

Table 3. Impact on Decision of Sought and Unsought Positive and Negative WOM

Category (Country) (Number of respondents)	Method* (Response rate %)	Positive WOM						Negative WOM					
		Sought		Unsought		Impact ratio	Sought		Unsought		Impact ratio		
		N	%	N	%		N	%	N	%		N	%
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Holiday destination (UK) (150)	DC (83)	53	91	77	57	1.6	35	80	56	54			1.5
Coffee shop (UK) (150)	DC (83)	12	75	62	50	1.5	20	80	40	68			1.2
Cars (UK) (157)	DC (83)	56	43	78	27	1.6	47	49	63	27			1.8
Credit cards (UK) (155)	DC (83)	39	49	53	34	1.4	32	53	53	36			1.5
Mobile phone, China (150)	DF (75)	51	55	73	34	1.6	35	69	75	68			1.0
Mobile airtime, China (150)	DF (75)	61	48	110	53	0.9	36	47	98	60			0.8
Mobile airtime (UK) (151)	CD (77)	17	76	32	31	2.4	10	50	44	20			2.4
Restaurant 1 (UK) (151)	CD (77)	30	83	65	78	1.1	7	86	18	78			1.1
Restaurant 2 (UK) (177)	DP+EF (63)	43	93	115	72	1.3	24	67	81	81			0.8
Optician (UK) (87)	DP+EF (63)	21	95	19	63	1.5	7	86	15	40			2.1
Mean (unweighted)		(76)	38	71	68	50	1.5	25	67	54	53	1.4	

* DC is drop off and collect, DF is distribution via friends, CD is class distribution (students), DP is drop off and post back, EF is email and distribution via friends.

Discussion

Review of Findings

- What contribution is made by recommendation, advertising and other sources to brand choice, in general?

Recommendation had more impact on brand choice than advertising in 16 out of 23 cases. On average, 31 per cent of respondents cited recommendation as the main basis for choice and 14 per cent cited advertising. These figures suggest that communications plans could gain in effectiveness if they are designed to promote recommendation.

- How much does the proportion of brand choice that is based on recommendation vary by category?

When we compared categories within a study, there were some substantial differences. For example, 59 per cent of respondents had found their dentist by recommendation but only 13 per cent had chosen

their current car on this basis. Such findings are unsurprising, but they underscore the importance of investigating recommendation effects by category and the danger of pan-category averages. Some of the category findings have practical relevance. For example, despite the strong influence of advertising, many decisions on mobile airtime and insurance provision were based on recommendation. When both advertising and WOM are effective, recruitment of new customers might-be encouraged still further by advertising content that was designed to stimulate and provide content for WOM.

3. What proportion of recommendations is sought?

In set 1, we found that, on average, 49 per cent of the recommendations that people report giving are sought; this result is much the same as that indicated by Mangold, Miller and Brockway (1999) and Brown and Reingen (1987). In set 2, we investigated the ratio of sought-to-unsought advice that was received as well as given. We found that 38 per cent of positive advice and 34 per cent of negative advice received was sought. Corresponding findings for advice given in set 2 were 47 and 43 per cent.

4. What is the relative impact of sought and unsought WOM on brand choice?

A single instance of sought WOM usually has more impact on brand choice than a single instance of unsought WOM. We estimated that, on average, a sought recommendation had 1.6 times the effect of an unsought recommendation in set 1. This evidence supports the finding of Bansal and Voyer (2002) that actively sought recommendation has more impact than unsolicited WOM. However our finding in 3, above, that sought advice is less common in received advice than in given advice, suggests that we may have overestimated the background rate of sought recommendation. If we use the evidence from 3 to correct our estimate, sought advice would have about twice, rather than 1.6 times, the effect of unsought advice.

In set 2, the criterion of effect was whether respondents claimed that the recommendation affected their decision. We found that sought had more effect than unsought WOM. The estimates were 1.5 times for positive WOM and 1.4 times for negative WOM. The results from set 2 are not directly comparable with those from set 1 where the criterion of impact related to the actual choice of a brand. In the set 2 studies, respondents might claim that WOM affected their decisions even when the influence was slight. However, taken together, results from sets 1 and 2 indicate that an instance of sought WOM has more impact than an instance of unsought WOM, though it is possible that this is not true in a minority of categories.

In set 2, we found that negative WOM had about the same claimed impact on brand decision as positive WOM. This may be surprising to marketers who think that negative WOM is more potent. Further research is needed to examine how positive and negative WOM differ in their effects.

Directing Consumer Choice

Which is the better objective, to promote sought or to promote unsought WOM? We have shown that both sought and unsought forms of advice contribute to brand choice. In most categories, sought advice has more effect but this does not mean that practitioners should aim to get potential customers to seek advice rather than to get existing customers to give unsolicited advice. Strategy must take account of feasibility, and existing customers may be more accessible than are potential customers. In many cases, practitioners have databases of existing customers and it may be possible to approach these customers very cheaply to encourage them to recommend a brand/provider either via incentivised referral or through the content of marketing communications. The choice of strategy depends upon the costs and targeting accuracy associated with each method and both methods may be employed when resources permit. However, our data suggest that encouraging existing customers to volunteer WOM could give good value for money. Our data also indicate that the impact of sought and unsought WOM varies by category so that category-specific research is needed for decision-making in this area.

Further work could compare categories using larger samples, and should examine the content of WOM and the way in which this content can be supported in media communications.

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