

“Can I pay to promote your product?” Positive/negative aspects of word of mouth marketing on customer loyalty

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Abstract

This study aimed to analyze the influence caused by word of mouth marketing (WOM) conducted by customers in the loyalty of other consumers in a steel enterprise. The managerial contribution of this work suggests that corporations develop different strategies to stimulate positive behavior WOM regarding their products and services.

Keywords: Operations Management; Marketing; Word of Mouth Marketing; Loyalty.

INTRODUCTION

Some consumers have the habit to share tips and information with relatives, friends and neighbors about a particular product or service, demonstrating the impact of word of mouth marketing - concept derived from term WOM (Word-of-Mouth) - can cause the loyalty of new customers (Berger 2014). Given these considerations, about 80% of consumers usually have recommendations from friends, family group or even by a professional who is speaking in a

timely form of the product or service. Mouth marketing mouth is considered an essential tool for the dissemination of new products or services, and propagated by interpersonal channels.

The word of mouth marketing is considered an essential strategy for winning customers, and the same is realized when there is a recommendation from friends, relatives, or others who have had a total satisfaction with experiences with products or particular organization service (Sun 2013). Currently, this topic has been a powerful technique for various kinds of business with a view to the success of the enterprise. For this, it must use the opinion of an influencer to promote a product or service in order to impact on consumer purchasing decisions (Liu 2010).

According to the analysis done by the interviews highlighted the following question: what is the influence of Word of mouth marketing conducted by clients in winning and retaining new customers? Given these observations, this study aimed to explore and analyze the influence of word of mouth marketing in the conquest and loyalty of a steel industry. The study challenges us to understand how consumers of a steel industry promote word of mouth marketing to potential customers, so that they understand the views of these and then look at how this being done indication, whether it is positive or negative.

To fill the theoretical field of mouth marketing studies the mouth, which usually adopts this as the result of the shopping experience for the consumer is the leading provider of corporate brand (Brutn, 2008, Wangenheim and Bayon, 2007, Bruyn and Lilan, 2008) this research aimed to investigate the influence of word of mouth marketing by interpersonal channels.

Thus, based on a survey of the exploratory type, to allow greater familiarity between the researcher and the researched topic, little known due to limited research on word of mouth marketing. Because it is a specifically research, takes a case study format (Yin 1989, p. 23), which begins in an empirical knowledge in the pursuit of a phenomenon within the existing realities in the theoretical field.

The theoretical framework discusses, among other topics, the influence of the types of positive and negative marketing, and the form of word of mouth marketing on customer loyalty. Soon after, there is a description of the methodological procedures, subsequently, the main findings in the interviews are presented. Finally there is the conclusion of research and collaborations to study social science and propose suggestions for future research.

THEORETICAL BACKGROUND

In the early 1950s, several researchers have shown that personal interactions and exchange of communication of the subjects had a power of influence at the time of purchase, in front of their expectations of the products or services (Brutn 2008, Bone 1995, Swan and Oliver, 1986, Mattos 2008). Thus arises the concept of mouth marketing mouth that addresses mainly the exchange of information and opinions so that then people have a reason to talk about particular organization for interpersonal channels.

In this context, the mouth of the mouth marketing provides feedback on the expectation the product or service of the entity by interpersonal channels (Wangenheim 2007, Trusov 2009, File and Prince, 1992). Researchers at the marketing area investigating the WOM as the positive or negative (Richins 1983, Maxham 2001).

WOM is positive occurs when the consumer has a satisfactory experience a certain product or service purchased in the company of your choice (Westbrook 1987) in view of the qualities

and benefits of acquiring certain brand (Silverman 1997). The WOM is negative when the consumer's intention is to denigrate and discredit the organization's image because they have not had a satisfactory experience in it (Silverman 1997, Schoefer and Diamantopoulos, 2008) and somehow this negative marketing the customer makes can influence in business performance not satisfactory (Grégoire et al. 2009).

The word of mouth marketing must be understood as a concern for companies considering their positive and negative aspects, as they are essential to understand the influence the consumer's purchasing decision for loyalty (Richins 1983). On the one hand, the recommendations made by family, friends and others in relation to their experiences in certain establishments are those that win customers and make them become true advocates of the company, as well as help in leveraging sales, in the conquest new customers and the expansion and market share. But, otherwise, they may also exist reports that keep customers, especially the lack of attention on the part of any employee of the company (Bansal and Voyer, 2000; Matos and Rossi, 2008, Chevalier and Mayzlin, 2006).

The concept of loyalty has the meaning to transform the prospective buyer into a frequent buyer, which returns and disclose the company, creating a long-term relationship with it. The loyal customer may be involved with the organization, not changing their habit, often keeping their consumption of products, services and brands. This is considered loyal to the company for the product or service, extending the relationship over time (Angelo and Silveira, 2001). Customer loyalty to a brand can be seen in the willingness to continue to patronizing a long-term business, buying their goods and services regularly (Bloemer and Ruyter, 1997).

Word of mouth marketing should be used as a tool to promote company should not be limited to its occurrence as a result of the efforts of the compound other communication tools. However, it can be seen as a tool that has its own life, therefore, has enormous potential to provide sales increases, conquering and loyalty of consumers who are driven to become the next promoters of the company, mirroring on the people that encouraged to make the first purchase. (Harrison-Walker 2001, Libai et al. 2010).

Indeed the Word of mouth marketing can be seen as a rumor, a rumor or a comment that requires attention and control by the company to provide results especially in terms of disclosure for the purpose of new customer loyalty. If the mouth of the tool mouth is well used, it may encourage the organization not only in terms of the view of their customers, but they are communication channels to reach other consumers, turning them into new loyal customers (Lim and Chung, 2011 Hennig-Thurau et al. 2010).

METHOD

Implementation strategies of this study seek to follow the methodological steps of the investigation into the mouth marketing mouth (Donoghue and Klerk, 2009) and with the support of interdisciplinary perspective as defined Kandampully (2000), who in his analysis describes important concepts of the sciences social, which are the administration, sociology, psychology to understand aspects of WOM, which were used in other studies (Walsh et al. 2009, Sotiriadis and Zyl, 2013) to analyze the concepts related to WOM.

The methodological design consists of the following strategies: a) a data collection with several professionals from different areas of production engineering and management b) recording of audio interviews to conduct a further analysis; d) Sample intentional, where the population elements are selected intentionally by the researcher, by this believe that these elements has reference features, including time and space; and e) a process of analysis that begins with data collection. These were the topics essential to developing a qualitative research and preserve the quality of it.

Thus, using the inductive method of construction where the generalization is derived from observations made in a particular case sufficiently confirmed the reality of the study. Still, the study emphasizes a type of research with qualitative approach in the collection and analysis of data with fact deal with fewer involved, and fully capture deeper information about the subject matter. The aim is to also understand categories that are more implied the construction thereof to involve their subjectivity in search (Rodrigues 2012).

By presenting itself as a previous study focused on an approach that is still being built, and therefore the influence of mouth marketing his mouth in the steel industry. Therefore, the research objectives are classified as exploratory, because it is a topic that is not so investigated within the context of the steel industry. According to the theoretical framework discussed the results from an analysis of data of this nature, provide benefits to investigate and contribute to the area of social science. Due to the preservation of the image of the object of study organization has adopted a fictitious name for the same "Metalínio".

As for the applied aspect, it is a cross-sectional study with data collection at one time, and therefore from October to December 2014. To this end was adopted the criteria for choosing these consumers have purchased in the last 3 months that company and have agreed to participate.

To really understand how the impact of WOM can influence consumer purchasing, the researchers opted for a semi-structured interview, in which the expected answers has a subjective nature, then leaving the meanings, emotions and desires through a collection of information with a certain flexibility in that supports the interpretations of phenomena from the context and the social reality in which it originated (Tavares 2015).

Was used for this research, the case study procedure (Yin 1989) consisting of an investigation of one or more phenomena in a real life context. Based on this theory, this method is appropriate to answer the questions "how" and "why" of the influence of WOM in this case addressing the Metalínio company.

As for the interview process at first we were told the database containing the contacts of customers who have purchased the products Metalínio. The total were made 393 calls, with only 83 people were successfully interviewed, as there were factors that delayed the search as entries without telephone numbers and wrong numbers or canceled. The number of interviews was completed from the moment it was realized that the answers started to repeat and did not add new information through the saturation criterion.

To analyze the lines of the subject at first used the Spigle methodology (1994), where all the interviews were read in order to look different and similar aspects in the answers in such off was necessary to use to compare data, to which then were made categories efficiently.

RESULTS AND DISCUSSION

Positive WOM

In the buying process there are several factors that influence the consumer's decision power that can be transmitted by interpersonal communication channels, linking customers face to face in order to spread WOM spontaneously. Obtained reports claim initially as follows: "I have indicated many people" and "enough, enough, enough." The following examples demonstrate that positive WOM is perceived when people propagate the company without fear of state stating that "business is good to buy."

"I have already indicated to many people. I say that there manufactures all, if one wants to buy anything there makes all [...]" (consumer 7)

"Enough, enough, enough. Has very customer asking where I bought the compressor, and say to buy there in Metalínio" (consumer 8)

"Already, I have already indicated. That person could buy that there is a good company" (consumers 76)

When the client has all your needs met by the organization, it tends to spread testimonials about the positive experiences of interpersonal channels. These, carried by someone you trust, who has a credibility to the mouth mouth marketing receptors that are usually friends and family. People tend to share with other subjective feelings. As the following report, the consumer says a friend who feels "curious" to know the "product variety" of the company.

"I [pointed] for my friend who was buying a pressing machine. Is it because the store has enough product variety. And as we have trade. When we try, there has, I'm curious when I go there I walk in the store" (Consumer 20).

"My brother also purchase there when I pointed out to him I told him to go there for sure what you have there if they do not they inform you and can even tell you where you will find" (Consumer 72).

"Yes, I have already indicated in a two or three specific occasions, with respect to other products" (Consumer 18)

Already [indicated]. So much so that a friend also bought the same product than mine because of the service. She went and liked it, and bought the same product." (Consumer 70)

Some consumers give priority service, as a strategy that makes competitive organization, taking into account that satisfied customers not only remain with the company for a long period, but also indicate to friends and colleagues looking for a good service for the acquisition of a product or service. According to the analysis there are cases that spoke of "a company that caters well," another, however, stated that in addition to quality of the material the service is good.

"I would recommend. I would say that the quality of the material is good, the service is good too." (Consumer 15)

"Ahh yes, for sure. I would say to buy in Metalínio why is a company that caters well. "
(Consumer 39)

The company should not only expect consumers to speak well of it, it must actively work to exceed customer expectations and surprise them with excellent service. To generate positive WOM, the organization can take actions that benefit their clientele, and have to use it better than the competition.

WOM Negative

In some cases, customers reported on the bad experiences that were not corrected by the company and this failure has the same result with the negative WOM. Thus the following report refers to a client who is very unhappy saying "my son does not buy not there," statement like this that is considered detrimental to any type of development. Another has said that at the time that other customers receive this type of alert reduces the purchasing power of a particular company or brand that provides products or service.

"No way! I do is take someone who wants to buy in Metalínio I say, my son does not buy no "(consumer 4).

"Who do you know say not to buy" (consumers 37).

Dissatisfied consumers may stop buying in a particular company for reasons that were not possible be solved by making, then that organization's brand to be damaged by negative WOM. The organization, in turn, may find it harder to attract new customers. In fact, complaints not only affect the image, but also the working capital and the development of the enterprise.

CONCLUSION

As an academic contribution, research appropriated in an approach that has been little discussed at the expense of research related to WOM. Analyzing then the responses of customers has been positive and negative statement, where it was possible to find several subjective aspects, by having consumer experiences.

The WOM is a tool that has a lot of attention, provided it is done by free expression of customers on certain brand or organization through such behavior, is given to the customer greater reliability in the product or service in question. Currently, companies are increasingly investing and indirectly encouraging these practices by its loyal consumers through other customer loyalty tools and the quality of the product.

In the trial process, the mouth information to mouth, when transmitted, tends to boost sales of the organization so that it increased the corporate market share when the trials are favorable for consumers, however, if the client does not evaluate or perceive quality in the product or

service it is certain that his trial will provide revenue reductions and damage to the brand image or product.

So this article investigated the influence of word of mouth marketing, and identify its influence directly in the success or failure of the use of this approach. According to the data obtained, it is clear that customers of the organization studied practice the word of mouth marketing with friends and family, its main reference groups.

Through this study it is possible to verify the importance WOW for organizations in the case of Metalínio company, invest in differences to the current organization of the customer can be the key to attract more customers, plus a good answering service, because the WOM It will happen naturally if the company has a good product or service and encourage your customer to express their opinion on the organization. Before the study can highlight the following inquiries to be carried out in future research:

- What is the impact of persuasion of WOM De agents in the purchase decision?
- What measures can be adopted to win over consumers through WOM efficient?
- What actions that companies can take to retain their consumers?

Acknowledgments

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