INFORMAL CHANNELS OF COMMUNICATION USED BY ENTERPISES

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Abstract. To date, extant literature on the subject of word of mouth (WOM) has largely been devoted to the process of WOM communication from the consumer's point of view. However, since companies are able to stimulate as well as employ WOM as one of marketing communication's instruments, they may be perceived as both senders and receivers in this process. Therefore, the question is this: Can companies manage the process of word-of-mouth communication within the framework of their structures, and if so, how? This article's aim is to identify various methods companies can use to exploit WOM on the basis of source literature and our own studies, as well as to discuss opportunities and risks related to the process of management of WOM communication.

Key words: word of mouth, management, marketing communication

INTRODUCTION

Word of mouth (WOM), understood as communication between a non-commercial communicator and a receiver concerning a brand, a product or a service [Anderson 1998], is perceived in today's world of virtualized market processes as an essential element that can shape consumer decisions [Chu and Kim 2011, Strutton et al. 2011]. The fundamental value of WOM is objectivism and credibility of the conveyed message [Lesáková 2013, Tkaczyk and Awdziej 2013]. Literature on the subject offers evidence that WOM is a paramount influencer of consumer decision making, as it enables consumers to share their own experiences, obtain information about others' experiences, and disseminate this information to others [Lang and Hyde 2013]. The essence of WOM and its significance for organizational management were discovered before the appearance of the phenomenon of Web 2.0 [Mazurek 2009], and WOM-related studies have been conducted for

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well over 50 years now [Arndt 1967]. It has been documented that WOM is one of the main influencers of consumers' buying decisions [Silvermann 2001, Ertmanska 2015]. The issue seems to be all the more important, because studies show that people are more influenced by negative rather than positive word of mouth [Lang 2011].

Although WOM appears to be an activity that occurs independent of a given company's actions and is centred on users – clients – exclusively, organisations tend to become involved in the process, taking on the role of one of the many users or actively influencing the dynamics of the development of WOM. As Williams and Buttle [2011] argue, WOM can be characterised by valence, focus, timing, solicitation, and the degree of management intervention. Reference books even mention the process of WOM management, with, for instance, Pruden and Vavra [2004] referring to engineered word of mouth, emphasising the influence of companies on processes which appear to at first glance to be beyond even their control. Another documented issue is the limited possibility of organisations to affect WOM, whose main – and fundamental – quality is its voluntary nature [Chew and Wirtz 2001]. Therefore, it is necessary to ask the following question: Can WOM be treated as an immanent component of the marketing mix, and in particular, can it serve as an element of marketing communication that can be managed, measured, and consequently assigned to objectives it should aim to achieve? Put another way, can WOM be treated as an essential element of building customer satisfaction? Opinions in the extant literature can be found on this subject, stressing that the managerial aspect of WOM is not fully understood. This stems primarily from the lack of a coherent strategy, as WOM is often incidentally managed at multiple points in an organisation [Williams and Buttle 2011].

MANAGEMENT ISSUES

The view of word of mouth (WOM) as a promotional instrument has been magnified by the use of contemporary Internet platforms and devices: mobile, social media, and Web 2.0 [Magnini 2011, Mazurek 2012]. Most importantly, the identification of influencers across social media has become tremendously important not only in creating WOM but also in attempting to manage this phenomenon. Application of tools from the area of affiliate marketing [Kucia and Mazurek 2011] makes it possible to reward – in a simplified, automated way – those clients who make certain products, materials, etc., popular among a given target group. Another interesting phenomenon is the use of mechanisms to promote particular content based on a model where such content is published only after the person interested in gaining access to certain resources (e.g. a report) agrees to have information about their access to such resources published through their social media account. In practice, the mechanism works in the following way: a reader gains access to some resources; in exchange, a notification is posted through social media – their Facebook account, Twitter, etc. – informing readers that the person has just used a certain product [Schmitt et al. 2011]. The above-mentioned examples of using contemporary Internet media demonstrate how it is possible to increase the likelihood of the spread of

information and the generation of recommendations and serve as evidence supporting the thesis regarding attempts to manage the phenomenon in question.

Managers tend to look at WOM in various ways. Quite often, paradoxically, the significant role ascribed to this phenomenon does not necessarily translate into real actions aimed to incorporate it into the management process, which might take on the following forms:

- passive approach – when an organisation monitors the content exchanged between users and treats it as an important source of information about its products and services;
- active approach – when an organisation learns of discussions about its brand and becomes actively involved in such discussions, striving to create significant value for both parties to the dialogue or for the whole community that is debating topics of importance to the company.

Both of these approaches require organisations to follow a flexible organisational structure and to delegate tasks to low-ranking employees, which stems from the necessity of taking prompt quick action in response to signals emanating from the surrounding environment, especially from social media, where reaction time is of the essence [Mącik et al. 2012]. This last aspect seems to have a real impact on changes that occur in the sphere of organisational marketing activities subject to virtualisation. For example, so-called real-time marketing exemplifies not only an active approach to the content created in a virtual environment but also an organisations' assumption of a managerial perspective towards WOM, in which organisations use the content created by clients or users to "spark" new discussions and suggest new topics and threads initiated or co-created by companies.

It is also important to underscore the commercial significance of WOM, which may be defined by means of the application of commercially incentivized WOM, based on the idea that the origin of the messages is a commercial entry where selected consumers may receive an incentive for promoting a message [De Bruyn and Liline 2008, Brown et al. 2010]. Table 1 describes different views on WOM management.

Despite the large and still growing significance of WOM, many companies – especially small and midsize businesses – do not appreciate its role in shaping the competitive position of an organisation and, as a result, are not involved in attempts to manage WOM or the processes that control it [Buttle and Williams 2011]. This does not refer to the use of complex and sophisticated methods of influencing the environment, but, rather, focuses on the basics of creating WOM by aiming at a high level of customer satisfaction, customer involvement and – eventually – customer trust [Lang and Hyde 2013]. Directly influencing WOM, which is defined in this article as active WOM or commercial WOM, involves considerable expenditures to enhance cooperation with key influencers and reward clients for communicative support of an organisation. Taking advantage of such tactics may seem attractive, but it entails certain risks, such as, for example, instances when influencers reveal the commercial nature of cooperation [Kozinets 2010], which not only casts a negative light on the image of the affected brand but is also unethical.

Table 1. Managerial perspectives of word-of-mouth activities

Management	Execution	Exemplification
Separated WOM	communication of WOM-type is autonomic, occurring without the knowledge and control of the organisation	no activities
Passive WOM	WOM-type communication is autonomic, occurring outside the control of a given organisation, which, however, monitors client activities and is aware of the content exchanged among them	implementation of various social media monitoring tools like Radian6, Brand24, Sotrender, etc.
Responsive WOM	WOM-type communication is autonomic, takes place outside the control of a given organisation, which monitors the web environment in search of discussions/content concerning that organisation and makes attempts to get involved and take the floor	implementation of real-time marketing concepts based on rapid responsiveness from the organisation and on signals initiated by users on social media platforms
Active (commercial) WOM	WOM-type communication may occur after initiation of some content and an attempt to disseminate it according to a pre-designed concept – in exchange for providing users with certain material benefits	advertising and product placement campaigns in which key influencers and new media endorsers are used to promote specific product

Source: Own research.

The process of stimulating WOM, which means managing this activity, may also occur when clients' knowledge about products is expanded, which in turn strengthens the relationship between an organisation and its customers. Moreover, studies have proven that other elements of the marketing mix, such as clever product distribution or design, as well as product innovation and originality (uniqueness), have a positive impact on further increasing the significance of WOM communication [Lang and Hyde 2013].

SOURCE MATERIAL AND RESEARCH METHODS

We conducted a research study using the computer-assisted web interview (CAWI) method to investigate the forms and types of engagement by companies in word of mouth (WOM) communication, as well as various forms of word of mouth (WOM) utilisation. The project was funded by the National Science Centre on the basis of the decision DEC--2012/07/D/HS4/01761. Data collection took place from November 2–31, 2015. Additionally, 250 requests to fill out questionnaires were disseminated to the previously drawn representatives of businesses. We collected 186 responses, of which 89 were enrolled for further analysis. Among the respondents, 48% were female and 52% were male. The average age of the respondents was 35. Some 42% occupied managerial positions in the analysed companies, 8% were owners, and 45% were employees.

The survey was multi-topical, and one of the topics concerned the original scale, which measures the management approach to WOM. The scale includes 13 items (statements are measured using a seven-dimensional Likert scale). We calculated Cronbach's alpha ratio (0.698) to assess the accuracy of the scale, which allowed us to adopt our measurement scale as reliable.

For the classification of enterprises based upon their activities related to WOM management, we used *k*-means cluster analysis (quick cluster), assuming four clusters.

In addition, we established the following hypotheses:

- H1: The longer a company operates in a market, the more likely it is willing to actively manage WOM.
- H2: The greater the size of the company, the more likely it is willing to actively manage WOM.
- H3: Companies that are operating in commercial and service industries are willing to actively manage WOM.

RESULTS AND DISCUSSION

After a quick cluster analysis, we obtained a distribution of four types of companies attributable to the approach to WOM management among the surveyed units (Fig. 1). By far the largest analysed group (35% of respondents) was classified as a passive WOM management group. Another group (27% of respondents) was classified as a responsive WOM management group. Some 20% of the analysed companies had not conducted any WOM activity, while 17% of enterprises were very active in this field (active WOM Management). Table 2 presents the characteristics of the different groups of companies.
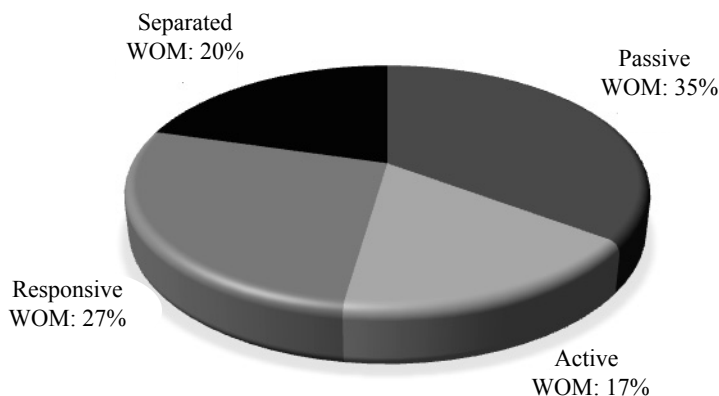

Fig 1.   Distribution of types of companies attributable to their approach to WOM management
Source: Own research.

Table 2. Managerial perspectives of word-of-mouth activities – research results

Specification	WOM Management			
	passive	active	responsive	separated
	35%	17%	27%	20%
Encouraging customers to share their opinions	yes	yes	generally yes	generally no
Rewarding customers for recommendations	no	yes, by free products	no	no
Providing products to key opinion leaders	no	yes	no	generally no
Encouraging employees to express themselves on social media about the company's offer	generally no	generally yes	generally yes	generally no
Selling high-quality products to customers who would recommend them to each other	–	generally no	–	–
Believing WOM should be created naturally	generally yes	–	yes	–
Using the opinions of satisfied customers on websites	rather no	generally yes	yes	no
Not deleting negative comments on social media	yes	–	yes	–
Using recommendations in acquiring new customers	–	generally yes	yes	generally no
Using recommendations in ads	generally no	–	generally yes	no

The lack of response means the answer is "neither agree nor disagree".
Source: Own research.

Companies that employ passive WOM management encourage their customers to share their opinions but do not reward them for recommendations. These companies will also encourage employees to share information about the company's offers on social media. They want opinions to form naturally, they do not praise customers excessively, and they do not use positive customer comments on websites and in advertising. Additionally, they do not delete negative comments on social media.

Companies that employ responsive WOM management encourage both their customers and their employees to share information about the company's offers. They are willing to use such recommendations on web pages, in acquiring new customers, and in advertising, although they also do not want to interfere in the formation of recommendations.

Enterprises employing active WOM management encourage customers not only to share opinions about products but also to reward them for recommendations, particularly through free products or samples. They are also happy to promote their offers by providing free products to key opinion leaders. Representatives of these companies believe that it is not enough to sell a good quality product that customers themselves will recommend; they also believe that they need to help those customers spread the word. Thus, these

companies are happy to use customer recommendations, particularly on websites, to acquire new customers.

We calculated a correlation coefficient between its age and a company's tendency to encourage customers to share their opinions about products (seven-item scale) to verify hypothesis H1; that is, the longer a company operates in a market, the more likely it is willing to actively manage WOM. There were no grounds to accept the hypothesis.

We calculated Spearman's rho correlation coefficient between the variables of company size (micro, small, medium, large) and the tendency of a company to encourage customers to share their opinions about products (seven-item scale) to verify hypothesis H2; that is, the greater the size of the company, the more likely it is willing to actively manage WOM. We obtained the following result: The correlation coefficient $rho = 0.213$ ($p = 0.046$), which allowed for a positive verification of the hypothesis, indicated a weak positive relationship, although statistically significant, between a company's size and the tendency to encourage customers to share their opinions about its products.

We calculated the distribution of the tendency to encourage customers to make recommendations based on the analysed companies' industry to verify hypothesis H3; that is, companies that are operating in commercial and service industries are willing to actively manage WOM. Unfortunately, there were no grounds to accept the hypothesis, due to the fact that the sample primarily included companies from the commercial and service sectors (over 50%).

Furthermore, we checked for the forms of companies' WOM management. Eighty per cent of enterprises collect information from satisfied customers, and 78% collect information from dissatisfied customers, but recommendations are actively used by only 35% of the analysed companies. Seventy-nine percent companies have a social media profile, including Facebook (95% of indications), YouTube (35% of indications) LinkedIn (34% of indications), Twitter (31% of indications) and Instagram (19% of indications). Companies operating in the field of B2C are more inclined to use YouTube, Twitter and Instagram, while companies operating in the B2B area more likely rely on LinkedIn. Eighty-two percent of companies employ a dedicated person to manage social media content, while 30% of surveyed enterprises work with bloggers. Forty-eight percent of companies independently monitor the Internet, while 39% monitor traditional media and 20% hire a specialist for this purpose.

CONCLUSIONS

We regard this as a pilot study because of the sample size and because distribution of companies in the sample does not guarantee its representativeness.

We managed to verify an original scale to measure the activities of enterprises in the WOM management arena, and we documented initial company characteristics based upon these activities. As expected, the smallest number of enterprises in the surveyed sample were classified as the active WOM management group. The active WOM management group is found, first of all, in the case of large companies. These companies are more aware of the power of WOM and can not only seize spontaneous opinions but can also, above all, have the means to stimulate positive WOM in the form of free products,

product placement, and cooperation with bloggers and key opinion leaders. Active stimulation and exploitation of WOM provide companies many opportunities, such as omitting advertising clusters, establishing reliable communication, expanding a company's target group, and initiating a loyal customer base.

Successful WOM management can yield tangible benefits for a company, but only if it is part of the company's integrated marketing communication strategy. This process requires well-qualified people to support it. WOM should also be a constant rather than an incidental afterthought. The main risk for companies that incorporate WOM management is the risk associated with ethical issues. It is quite easy to hire "fictitious consumers" who, for a small fee, speak ably and positively about a brand or create a false complaint about a competitor's product. However, such activities are sometimes illegal and are definitely unethical. It is also easy to build a referral program and pay customers for recommendations, focusing primarily on the acquisition of new customers while neglecting critically needed support for existing ones. Paying for recommendations is not a good idea if the company wants to build a credible message and a positive image in the long run. Remuneration, which is accepted both by businesses and consumers, allows for a product to be made available free of charge.

As we have shown in our study, social media offer the opportunity for small and mid-size businesses to successfully employ WOM. Facebook is now the primary medium for companies, regardless of size or type of activity. It is almost as popular as a company's own website and, in the case of small businesses, Facebook sometimes successfully replaces the original company website. The prevalence of software, including free monitoring of Internet content, enables companies to respond to customer feedback in real time and to involve them in the company's business. Therefore, it is not worth considering whether WOM management makes sense but, rather, how companies can successfully integrate WOM into the marketing communication process in their enterprise.

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WYKORZYSTANIE KOMUNIKACJI NIEFORMALNEJ PRZEZ PRZEDSIĘBIORSTWA

Streszczenie. W literaturze przedmiotu skupiano się do tej pory na procesie komunikacji nieformalnej z punktu widzenia głównie konsumenta. Skoro przedsiębiorstwo może stymulować, a także wykorzystywać komunikację nieformalną jako jeden z instrumentów komunikacji marketingowej, może być zatem również postrzegane jako nadawca i odbiorca w tym procesie. Powstaje zatem pytanie, czy i w jaki sposób przedsiębiorstwa mogą zarządzać procesem komunikacji nieformalnej w ramach swoich struktur? Celem artykułu

jest zidentyfikowanie różnych sposobów wykorzystania komunikacji nieformalnej przez przedsiębiorstwa na podstawie literatury oraz badań własnych, jak również przedstawienie szans i zagrożeń związanych z zarządzaniem procesem komunikacji nieformalnej.

Słowa kluczowe: komunikacja nieformalna, zarządzanie, komunikacja marketingowa