

# “How ad-talk and word-of-mouth influence consumers’ responses”

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## How ad-talk and word-of-mouth influence consumers' responses

### Abstract

This study investigates: (a) if consumers talk about advertizing messages – ad-talk – is a new, distinct concept that differs from word-of-mouth (WOM) communication in definition and impact; (b) how ad-talk mobilizes WOM; (c) how WOM mediates the relationship between ad-talk and consumer responses.

A new model is developed that adapts the classic Theory of Reasoned Action (TRA) framework by replacing the social norm with consumers' ad-talk and WOM. Two large scale internet surveys are conducted to test and validate the model. Findings show that ad-talk and WOM are two different social processes. Ad-talk only mobilizes PWOM. PWOM mediates and leverages ad-talk's influence on consumer responses, because PWOM adds personal experiences, preferences and social acceptance to the brand promise seen in the firm's advertizing. This changes the value of the brand and makes the firm's offer better than ad-talk would do singularly.

The concept ad-talk develops a more nuanced understanding of the role of advertizing in consumer-to-consumer (C2C) communication, since it: (1) changes how brand value is created; (2) mobilizes WOM and (3) influences consumer responses.

**Keywords:** ad-talk, word-of-mouth (WOM) communication, social use of advertizing messages, mediation, structural equation modelling.

### Introduction

Consumers often discuss a firm, its brand and its advertizing when they interact (Mitchell et al., 2007; Ritson and Elliot, 1999). Here consumers become aware of a firm's advertizing messages and learn from each other about the relevance of the firm's offer. This makes communication between consumers (C2C) a strong mediator between the firm's offer and consumers' responses in the form of interest, purchase intention and eventual purchase. However, talk about brands and talk about advertizing messages may differ in their ability to influence consumer responses. Talk about advertizing messages focuses on creating awareness and discovering the advertizing message. When passing on the advertizing message, it can mobilize talk about the brand where the relevance of the firm's offer, based on the consumers' own experiences and preferences, is discussed.

Talk about a brand is traditionally defined as word-of-mouth (WOM) communication: "An act of exchanging marketing information among consumers" (Chu and Kim, 2011, p. 48) or alternatively as "any business action that earns a customer recommendation" (available at <http://www.wommapedia.org/#section5>). These and previous definitions see WOM as market information that relates to any positive or negative experiences with, preferences and recommendations about a firm and its offer made by potential, actual, or former customers (Arndt, 1967; Chu and Kim, 2011; Hennig-Thurau et al., 2004). However, these WOM definitions do not distinguish

talk about advertizing messages and its discovering ability from talk about the brand and its ability to create clarification and relevance.

Recent research often draws on the firm's advertizing spending as the mobilizer of WOM hence assuming that the amount of advertizing is the determinant of C2C interaction (Graham and Havlena, 2007). However, C2C communication is discussions in a social group about the relevance of the firm and its brand, but also attention raising and sharing of knowledge of the advertizing message. Hence, previous research focuses on advertizing spending and ignores that advertizing can be used as a conversational resource, where the discussion of the advertizing message becomes a social process with a separate effect on other consumers.

Above issues make it useful to distinguish C2C communication in two related but theoretically distinct concepts: (a) Ad-talk that focuses on the ability of a social group to spread the knowledge of a firm's advertizing message to other group members; (b) WOM that takes into account that the firm, its brand and its advertizing is interpreted socially where meanings, experiences and recommendations are shared. Hence, we propose that ad-talk is a new, separate concept that differs from WOM in definition, purpose and in impact on consumer responses. Ad-talk is important to investigate, as a consequence of two things. First, the distinction between WOM and ad-talk makes it possible to develop a more nuanced understanding of the role of advertizing in C2C communication. Second, ad-talk changes how the value of the brand is created because of its discovering effect and ability to mobilize WOM. This adds value to the brand compared to what is traditionally proposed according to WOM and advertizing research.

Developing this new ad-talk concept raises two challenges. The first challenge is to define the concept. We argue that ad-talk and WOM are two different social processes. Ad-talk generates information and knowledge about advertizing messages while WOM generates evaluations of the firm and its offer. Ad-talk increases awareness of and insight into the firm's advertizing and its offer while WOM makes it relevant. Ad-talk is therefore a social activity to discover the advertizing message while WOM is primarily a social activity to make the advertizing message relevant in the context of the firm's brand.

The second challenge is to understand the relationship between ad-talk and WOM and their link to consumer responses. Several researchers have emphasized that the link between the social use of advertizing and WOM is relevant, important and even underresearched (Keller, 2007; Nyilasy, 2006; Ritson and Elliott, 1999). Libai et al.'s (2010, p. 276) even suggest that "more research that examines offline C2C and its interaction with the use of advertizing is of a specific need". Despite of this, advertizing and WOM research and consumer behavior have more or less ignored that advertizing messages are used as conversation resources and can influence the individual's advertizing awareness, WOM and brand attitude (Buttle, 1998; Costa, 1995; Mick and Buhl, 1992; Ritson and Elliott, 1999).

Moreover, marketers have struggled to understand how to influence WOM, let alone how to overcome the consumer's increased resistance to advertizing and how to make advertizing messages part of the consumers' social milieu (Graham and Havlena, 2007; Gildin, 2002; Keller, 2007). Ritson and Elliot (1999) are one of only few who have studied the social use of advertizing. However, they focus solely on the use of advertizing meaning within the social context of group interactions and how advertizing meaning can be used independently of the advertized product. Ritson and Elliot (1999) do not, as we do in our study, investigate how raised awareness to the advertizing message in a social group can mobilize WOM and influence consumers' responses.

To improve our knowledge of the two concepts, their interrelationship and effect on consumers' responses we investigate the following two research questions: (1) Are ad-talk and WOM two different concepts with separate influence on brand attitude and purchase intention?; (2) Is WOM a mediator between ad-talk and (a) brand attitude and (b) purchase intention? For this purpose we develop a model that adapts the classic, but widely used, Theory of Reasoned Action (TRA)-framework (see

e.g., Langdrige et al., 2007; Ajzen, 2013) by replacing the social norm (SN) with the two types of C2C communication: WOM and ad-talk. This changes the original TRA-framework and previous WOM research in four directions.

First, ad-talk is an extension of traditional WOM research as we introduce ad-talk as a separate and distinct concept to WOM. This adds new insight to WOM research that traditionally has focused on the opinions and use of brands and neglected the social use of advertizing messages as a tool for building awareness of the firm's advertizing campaign and its brand elements and for passing this information to other consumers to mobilize WOM. Second, we argue that WOM mediates the relationship between ad-talk and consumer responses and improves our understanding of how the two concepts interrelate and changes the value of the brand. WOM adds to or detracts from the brand promise seen in the firm's advertizing and this will change ad-talk's effect. Third, ad-talk may mobilize positive WOM (PWOM) and negative WOM (NWOM) (Libai et al., 2010), and deepens our understanding of how PWOM and NWOM work differently. Last, by replacing SN with ad-talk and WOM in the TRA-framework, and analyzing their impact on consumer responses simultaneously, we offer a theoretically grounded framework that contributes to the frequent debate about additional drivers in the TRA-framework (Ajzen, 2013).

We empirically validate and test the model in a travel agency and in a retail bank on the basis of two large-scale data sets. As part of this, the respondents were able to see a selection of recent and earlier advertizing via an embedded URL link. This heightens the validity of the ad-talk concept. Our findings show that ad-talk only mobilizes PWOM. PWOM mediates the relationship between ad-talk and consumer responses. PWOM's mediating effect leverages ad-talk's influence on consumer responses and add value to the brand. This insight can be of strategic help for firms when planning their marketing communication and branding activities.

## 1. Conceptualization of ad-talk and WOM

Ad-talk is the activity where advertizing is an object of conversation. It may start a conversation, it may be part of a conversation already in place, or it may be a random incidence. Yet, ad-talk is the activity of raising the awareness of the advertizing message to a group of consumers of which many do not know about the advertizing beforehand; in ad-talk the advertizing becomes known to more people than have seen it. Through ad-talk information about the campaign and its brand elements is passed on and made available to other consumers. Ad-talk is

analytical in its form and includes information that concerns the advertizing message's novelty, its presentational qualities, the product's attributes and benefits, etc. This makes the outcome a form of content analysis of pros and cons of the advertized offer. In a sense ad-talk raises attention to different elements of the advertizing message that may originate from different sources. Ad-talk can be seen as a concept that extends previous WOM research's focus on the amount of advertizing (ad-spending) as the determinant of C2C. The point is not that the amount of advertizing does not mean anything; the point is rather that in a C2C context it is useful also to make the discovery of the advertizing message a social rather than an individual process. So, ad-talk raises the awareness of the advertizing message in the group. The larger the group is the larger is ad-talk.

WOM is a social process where consumers in a group influence each other's preferences, interests and choices concerning a particular brand, product or service (Bansal and Voyer, 2000; Libai et al., 2010). In WOM consumers produce experiences with the brand, produce evaluations of the firm's ability to deliver, mobilize support or resistance to the ethos of the brand and offer intangible support for or against the more analytical, non-committal offer made by ad-talk. This makes WOM personalized stories which can be both affective and cognitive and positive and negative. WOM generates new understanding that is solution oriented compared to ad-talk, which is analytic and reflective in nature. In addition, WOM is a process of making the offer socially desirable and relevant. Hence, WOM is not only acting on the advertizing message, but also on narratives of success and failure that have other origins.

## 2. Conceptual framework and hypotheses

**2.1. The TRA-framework.** This study is built on research related to the formation of brand attitude and purchase intention where the Fishbein and Ajzen (1975) TRA-framework is a favored theory (see also Ajzen, 1991; Langdridge et al., 2007). Even though the original theory dates back to the 1970, it is still used and discussed as a dominant theory in the literature. Special focus has during the years been on how to investigate the predictive validity of the TRA-framework by including additional variables (see Ajzen, 2013; Langdridge et al., 2007). We continue this stream of research as we extend the TRA-framework by including ad-talk and WOM.

The theory asserts that a consumer's behavior is a function of the consumers purchase intention, which in turn is a function of the consumer's behavioral

attitude and social norm (SN). Purchase intention is used as a proximal measure of behavior and embodies a person's motivation to act (Ajzen, 1991; Conner and Armitage, 1998). Behavioral attitude is a consumer's beliefs about the consequences of performing a behavior multiplied by his/her evaluation of these consequences (Fishbein and Ajzen, 1975). SN examines to what extent individuals adapt his/her behavior to the reference groups expressed expectations in order to gain rewards or to avoid punishments from them (Fishbein and Ajzen, 1975).

**2.2. Replacing SN with WOM and ad-talk.** SN is characterized by values and norms that are embedded in the culture. SN is presumed to be influential in a buying decision, but it is often difficult to document its effect as norms are rarely explicitly communicated. This has led previous research to criticize the SN construct in the TRA-framework for being insufficient (e.g. Ajzen 2013; Conner and Armitage, 1998) and meta-analytic studies have found SN to be a weak predictor of consumer responses (e.g. Armitage and Conner, 2001). To improve the predictability of consumer responses, we replace the weak SN-predictor with the more powerful WOM-predictor. Several researchers suggest that consumers' responsiveness to social influence can be categorized as either normative – SN – or informational – WOM (e.g. Bearden et al., 1989). However, the TRA-theory does not address the influence from WOM, even though several studies actually find that WOM has a higher impact on consumers' responses than SN (Park and Lessig, 1977; Ward and Reigen, 1990; Mascarenhas and Higby, 1993). WOM's higher influence than SN may be because WOM often reflects sharing of knowledge and experiences, where consumers find the social group's informative evaluation of alternative brands trustworthy and relevant as it comes from other consumers with no ulterior motives (Kaplan and Miller, 1987). This makes WOM information persuasive and influential in a choice situation (East et al., 2007; Libai et al., 2010).

WOM's influence on brand attitude and purchase intention has been well-documented in research such as consumer behavior, social psychology, marketing communication, opinion leadership, and WOM research (Buttle, 1998; Day, 1971; East et al., 2008).

We also extend the TRA-framework by adding the ad-talk construct. We propose that both ad-talk and WOM influence the individual consumer's brand attitude and purchase intention in line with SN's influence in the original TRA-framework (See Figure 1).



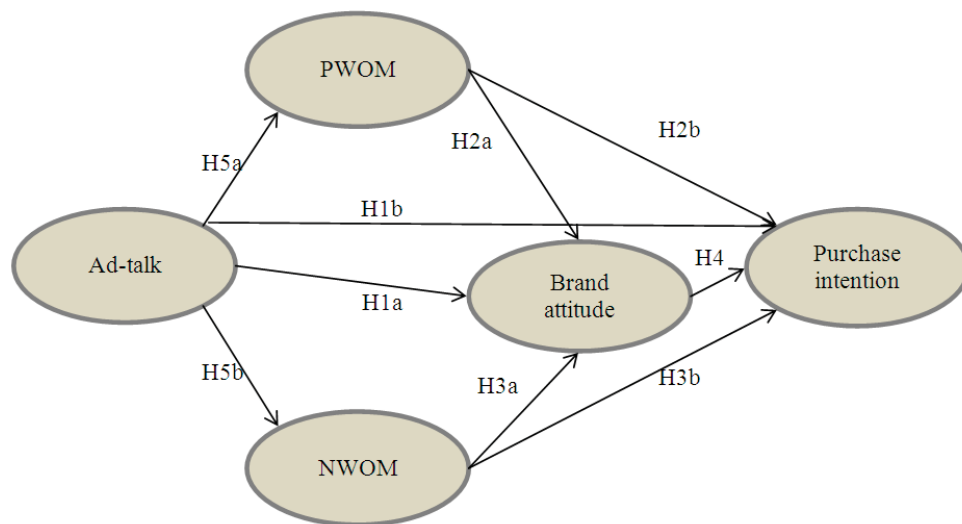


Fig. 1. The extended TRA-framework

PWOM is expected to have a positive influence on brand attitudes and purchase intentions, while NWOM has the opposite effect (Chakravarty et al., 2010; Chevalier and Mayzlin 2006).

Hence we propose, that:

H1a-b. Ad-talk has a positive direct effect on (a) brand attitude; (b) purchase intention.

H2a-b: PWOM has a positive, direct effect on (a) brand attitude; (b) purchase intention.

H3a-b: NWOM has a negative, direct effect on (a) brand attitude; (b) purchase intention.

The relationship between brand attitude and purchase intention has been analyzed previously (Vakratsas and Ambler, 1999; Kim and Hunter, 1993) and is not reviewed here but is tested in the model. Thus:

H4: Brand attitude has a positive, direct effect on purchase intention.

#### *Ad-talk→WOM*

Ad-talk is based on an analysis of information related to the advertizing message through the give-and-take of social discourse (Alperstein, 1990). Communication accommodation theory can explain this social interaction where advertizing messages are discovered and disseminated. Accommodation theory assumes that consumers share knowledge about advertizing messages in a social context, but that the effect of advertizing first arises when the advertizing message is applied in a social context, e.g. when consumers include the advertizing message in their common understanding of certain brands, things or situations (Buttle, 1998). It is in these social discourse situations that ad-talk provides the opportunity to mobilize WOM.

Since ad-talk is a new construct, no previous research has investigated it or studied its link to

WOM. Previous studies have investigated the relationship between WOM and different types of advertizing measures (e.g. Day, 1971; Graham and Havlena, 2007; Keller, 2007; Keller and Fay, 2009; Niederhoffer et al., 2007), but none of these reflect the social process of ad-talk or how consumers' raised attention to the advertizing message in a social group mobilizes WOM. Despite these constraints, we want to draw upon these findings.

Some studies have compared the *partial influence of WOM with the partial influence of marketing communication*, especially advertizing (Bansal and Voyer, 2000; Day, 1971; Laczniak et al., 2001). These partial studies report that WOM is much more effective than any other form of marketing communication, both regarding magnitude of impact and regarding its impact on the different steps in the decision making process (Arndt, 1967; Day, 1971; Libai et al., 2010).

Other studies have investigated specific advertizing measures and their link to WOM. Niederhoffer et al. (2007) find that ad spending has the strongest relationship with WOM compared to marketing activities such as distribution. This is supported by Graham and Havlena (2007) who study the effect of ad spending for television and magazine advertizing on PWOM, measured as number of positive brand discussions. They find that online advertizing spending is the single most important driver for number of PWOM brand discussions. Keller (2007) finds the internet as the second most important WOM stimulator, only surpassed by television. In general advertizing in completely different media creates offline WOM (Keller, 2007; Graham and Havlena, 2007). Gelb and Johnson (1995) mention that advertizing induced WOM may be particularly intense when only few information sources are available or if the advertizing message only tells part of the story. Smith and Swinyard (1982)

emphasize that if an advertizing message generates uncertainty, consumers might seek information from other consumers to reduce this uncertainty if the product is considered important enough.

From a theoretical point of view we argue that advertizing messages that are disseminated in ad-talk may stimulate consumers' interest in the brand and make them search and dig even deeper into an understanding of the brand. We also argue that ad-talk may trigger our memory and make us remember specific experiences and use situations that are worth talking about to others. These arguments make us propose that ad-talk mobilizes WOM, where consumers' increased insight about the advertizing message function as cues that trigger the consumers individual experiences and mental brand associations and influence what will be discussed in WOM, cf. the cue utilization theory. This is a new contribution as all above mentioned studies look at the effect of advertizing on WOM as an individual process, and not of ad-talk's and its social use of advertizing messages and its effect on WOM. Hence:

H5a-b. Ad-talk mobilizes (a) PWOM; (b) NWOM.

#### *WOM's mediating effect*

We propose that WOM mediates the relationship between ad-talk and consumers' responses. The argument is that when ad-talk mobilizes WOM, WOM broadens the discussion of the advertizing message by including experiences, preferences and opinions of the offer that is a natural continuation of the advertizing message. This helps the individual consumer to understand complex advertizing messages and make them relevant in a brand context. But it also adds knowledge, involvement, believability, desirability and acceptability to the brand evaluation that may intensify ad-talks influence on consumer responses. Hence, when WOM is a continuation of the discovered advertizing message, WOM may amplify this message and increase its original effect on consumers' responses.

Previous research shows that consumers respond asymmetrically to PWOM and NWOM. Some researchers argue that consumers are more prone to believe negative information than positive, resulting in a negative effect (Fiske, 1980; Kahneman and Tversky, 1979). For example, brand messages tend to be positive, but when negative information distorts a positive message it often causes attention (Chakravarty et al., 2010). This negative effect is supported by the accessibility-diagnostics theory, prospect theory and several empirical studies (Chevalier and Mayzlin, 2006; Laczniak et al., 2001). Arndt (1967) found that NWOM had twice the effect on purchase intention as PWOM. Nevertheless, he reviewed only one brand, which is criticized by East et al., (2008) who state that

systematic research has to be carried out across categories and brands in order to make valid conclusions. Furthermore Arndt (1967) chose a brand that was new to the market and therefore had only few established beliefs.

Other researchers argue that PWOM has a greater effect than NWOM based on theories of brand loyalty and familiarity. Loyal customers like the brand and prefer it to others, and PWOM gives rise to mental justification and supports and confirms the consumer's current choice of brand. This will lead to a state of mental balance. Loyal consumers may be less likely to accept or notice NWOM about the brand, since it may lead to a state of mental imbalance and result in dissonance. NWOM will contradict previous beliefs, attitudes and behavior, and to re-establish mental balance, the consumer may have to change his/her beliefs, attitude or behavior or alternatively downplay the negative information. This line of research suggests that a similar reasoning can be applied to consumers who are familiar with the brand and prior have a positive perception of the brand. In an empirical study East et al. (2008) find that PWOM is 76% more influential than NWOM within established product categories and well-known brands.

Yet other researchers like Ahluwalia et al., (2000) find that PWOM and NWOMs impact on consumers' brand attitudes and purchase intentions are the same size.

Hence, previous research lacks conclusions about the magnitude of each valence since neither fully explains the situation. In our empirical study we investigate two well-established product categories and well-known firms, where loyalty tends to be high, why we expect PWOM to have the greatest mediating effect. Hence:

H6. PWOM partially mediates the relationship between ad-talk and (a) brand attitude and (b) purchase intention.

H7. NWOM partially mediates the relationship between ad-talk and (a) brand attitude and (b) purchase intention.

H8. PWOM is a stronger mediator between ad-talk and consumer responses than NWOM.

### **3. Method**

**3.1. Measures and research setting.** The five constructs in Figure 1 are measured by 26 items. They are all based on well-recognized, existing scales in the literature and listed in Appendix which presents a description of the items, the literature sources, and reliability values.

Two large-scale internet surveys were completed with two well-known and market leading service providers; a travel agency and a retail bank. Data are

obtained from a national online research panel comprising 35,000 members. For the travel agency and the bank a stratified sample of 2,663/1,972 individuals between 18 and 60 years was selected from this online panel. They were sent an e-mail invitation to the website hosting the survey. To increase the validity of the ad-talk construct, the respondents had also the opportunity to see a selection of typical advertizing from the two firm's by clicking on an embedded URL link. For the travel agency, 1,547 and for the bank 1,112 panel members responded and representative samples were obtained for both surveys. This amounts to 58.1% and 56.4% response rates of the invited panelists.

Screening questions ensured that the respondents used travel agencies or banks, that they were aware of the specific firms in question, and that they had been told positive or negative things about them by close relations. In total, 509 and 500 responses were received.

### 3.2. Analytical approach and test of the model.

Figure 1 is analyzed as a structural equations model using the partial least squares (PLS) method as estimation technique (Chin, 1998; Fornell and Cha, 1994). PLS is distribution-free and robust and appropriate for complex models (Chin, 1998; Hulland, 1999; Reinartz et al., 2009). The model is specified as a principal factor (reflective) model, and the five constructs determine the items (Jarvis et al., 2003).

To assess discriminant validity the square root of AVE of a latent variable should be greater than the correlations between the latent variable and any other latent variable in the model (Chin, 1998; Hulland 1999). In our study all of the latent variables are distinct. Appendix shows that item reliability and composite reliability are all well above required standards. Table 1 summarizes the result of the estimation and test of the model (path coefficient  $\beta$  and significance  $t$ -values).

Table 1. Results of estimation and mediation tests

Hypotheses for retail bank	Effect <i>a</i>	Effect <i>b</i>	Total indirect effect <i>ab</i>	Direct effect <i>c'</i>	Total effect <i>c=c'+ab</i>	Share <i>ab/(ab)+c'</i>	Sobel's <i>z</i> -test	Support or rejection of hypotheses
1a				.08 (2.931)				
H1b				.04 (1.894)				
H2a		.50 (19.422)						
H2b		.21 (7.776)						
H3a		-.36 (13.902)						
H3b		-.08 (3.475)						
H4				.93 (29.555)				
H5a	.34 (9.445)							
H5b	NS							
H6a	.34	.50	.17	.08	.25	.68	8.489	Partial mediation
H6b	.34	.21	.07	.04	.11	.64	5.895	Partial mediation
H7a	NS							No mediation
H7b	NS							No mediation
Hypotheses for travel agency	Effect <i>a</i>	Effect <i>b</i>	Total indirect effect <i>ab</i>	Direct effect <i>c'</i>	Total effect <i>c=c'+ab</i>	Share <i>ab/(ab)+c'</i>	Sobel's <i>z</i> -test	Support or rejection of hypotheses
H1a				.11 (2.736)				
H1b				NS				
H2a		.56 (16.436)						
H2b		.24 (6.059)						
H3a		-.29 (8.347)						
H3b		-.09 (3.419)						
H4				.90 (24.138)				

Table 1 (cont.). Results of estimation and mediation tests

Hypotheses for retail bank	Effect <i>a</i>	Effect <i>b</i>	Total indirect effect <i>ab</i>	Direct effect <i>c'</i>	Total effect <i>c=c'+ab</i>	Share $ab/(ab)+c'$	Sobel's z-test	Support or rejection of hypotheses
H5a	.34 (9.542)							
H5b	NS							
H6a	.34	.56	.19	.11	.30	.63	8.245	Partial mediation
H6b	.34	.24	.08	NS	.08	1	5.882	Complete mediation
H7a	NS							No mediation
H7b	NS							No mediation

#### 4. Results

**4.1. The impact of ad-talk.** Ad-talk mobilizes PWOM, but not NWOM. Ad-talk's impact on PWOM is at the same high level (.34) for both industries. For the bank ad-talk mobilizes PWOM, where the advertizing message is reflected upon by other group members which takes the consumers out of confusion as initial negative sentiments and complex advertizing messages are reverted via clarification.

It is interesting that ad-talk only mobilizes PWOM regardless of industry. This finding corroborates other research (e.g. Mitchell et al., 2007) and can indicate that ad-talk often happens in a positive atmosphere and includes some kind of humor and enjoyment that in turn mobilizes and increases existing positive brand experiences, opinions and preferences. PWOM may also be more significant because of the two industries high level of loyalty and familiarity, where NWOM will lead to disharmony and dissonance.

Ad-talk also directly influences both brand attitude (.08) and purchase intention (.04) for the bank and brand attitude (.11) for the travel agency; even though these impacts are small. The missing influence on purchase intention for the travel agency may be caused by the fact that buying a trip is a seasonal happening whereas for the bank you can change or adjust your banking business regularly along with receiving new information.

**4.2. The impact of WOM.** The findings indicate that PWOM and NWOM influence brand attitude and purchase intention as expected: PWOM has a positive influence and NWOM has a negative influence. NWOM's direct effect on purchase intention is limited (.08/.09), whereas PWOM's effect is moderate (.21/.24). PWOM has a very high direct impact on brand attitude for both industries (.50/.56), which supports previous research findings that PWOM is important when forming and changing brand attitude.

Calculated total impacts, i.e. the sum of direct and indirect impacts, show that PWOM on brand

attitude (.54) and purchase intention (.58) is nearly twice that of NWOM (-.28/-.28) for the travel agency, illustrating an asymmetrical influence as hypothesized, with PWOM having the dominant role. For the retail bank the difference in impact on consumer responses between PWOM and NWOM is not that large: Brand attitude = .52 vs -.40 and Purchase intention = .57 vs -.36. The difference in P(N)WOM's impact between the two industries may reflect their respective characteristics. The travel agency industry is dominated by emotional experiences, primarily based on good travel memories. The retail banks are dominated by complex and highly cognitive beliefs, opinions and experiences, based on facts where recommendations can be related to dissuading and warning fellow consumers. In mature product categories it may be difficult to change consumers' positive brand attitudes due to their experiences with the brand and their desire for mental balance. However, if PWOM provides important new information or emotional arguments, cognitive and affective dissonance can evolve and consequently moderate and/or change consumers' brand attitude, and make them reconsider the brand or a repeat purchase (Heider, 1958; Machleit et al., 1993).

**4.3. WOMs mediating effect.** PWOM is a partial mediator between ad-talk and consumer responses for both industries (cf. Baron and Kenny, 1986; Chi et al., 2012). For the travel agency PWOM even completely mediates the relationship to purchase intention. NWOM is not a mediator between ad-talk and consumer responses regardless of industry. Hence, PWOM is a stronger mediator than NWOM as hypothesized. This is an interesting and important finding and supports previous studies main focus on PWOM and its importance for influencing consumer responses. It also supports that for well-established brands, as is the case in our study, PWOM dominates probably due to the mental justification and to avoid cognitive and affective dissonance. Both industries are high involvement industries which mean that NWOM probably will be highly disturbing and troublesome for consumers.



The finding means that PWOM intensifies the discovered advertizing message and leads to more positive consumer responses compared to a situation with ad-talk alone. Hence, if an advertizing message is brought into the social milieu and becomes an analytical information sharing conversation, where insight of the firm's advertized offer is increased, this will directly influence consumer responses. However, it will also mobilize PWOM and make the advertizing message relevant in relation to the brand. This will leverage ad-talk's total influence on consumer's responses and make it more positive than it would otherwise be. Hence, ad-talk adds value to the brand.

### Discussion and contribution

Existing definitions of WOM do not explicitly include C2C conversations about a firm's advertizing messages and previous research is limited in terms of investigating the social use of advertizing messages. This is problematic because previous research demonstrates that 50% of all conversations about a brand include a reference to advertizing media or marketing mix activity that have been seen or heard by one of the conversational partners (Keller, 2007).

Moreover, advertizing messages can be used as a conversational resource for two different purposes. First, advertizing messages can be used as input for discussions with the purpose to establish self-esteem and social status (Elliott and Wattanasuwan, 1998; O'Donohoe 1994). Ritson and Elliot's (1999) study is the most prominent one within this stream of research. They investigate how advertizing messages can be used as a conversation resource where a shared meaning is developed that can help consumers to express themselves, show their identities and identify themselves with a group. However, they do not link the social use of advertizing messages to consumer responses or study how it can mobilize WOM that in turn can translate complex advertizing messages to understandable knowledge and influence purchase intention. This is the focus point of our study and how we contribute to existing WOM and advertizing research.

In our study we demonstrate that if a firm brings the advertizing message into a social context, C2C conversations increase consumers' insight about the campaign and its brand elements and make it known to other consumers. This extends the effect of the advertizing message beyond what advertizing research traditionally predicts because the influence of advertizing on consumer responses is suddenly (much) less than the traditional psychological explanation would predict. This challenges

traditional advertizing research because the effect of specific elements of the advertizing message will decrease over time, whereas the power of a shared understanding of the advertizing message produced and mediated by WOM increases the influence on consumer responses. This effect has also been noted by other research based on a qualitative interview methodology which identifies types of behaviors, processes of interaction, and distinctions in ways of using advertizing (Mitchel et al., 2007). The present research adds to such insights by modeling and therefore systematizing the role of the two types of C2C communication in influencing consumer responses.

Moreover, Ritson and Elliot (1999) suggest that use of advertizing messages in group interactions do not require consumption of the brand which makes marketing weak because it cannot maintain a relationship between brands and marketing activity. Ritson and Elliot (1999) describe a gradual decomposition of the advertizing message through social processes, but pay no attention to the discovering of the advertizing message and its increased insight developed through ad-talk. Through ad-talk WOM is mobilized where the advertizing message is made relevant and social acceptable in a brand context. This leverages the effect of the advertizing message as it becomes stronger and more understandable when combined with brand evaluations and experiences (WOM). Talk of advertizing messages function as a cue for which brand beliefs, preferences and experiences that are triggered, discussed and evaluated in WOM. Relevance of the advertizing message is generated through WOM, as it develops a broader theme about the advertizing message. This process makes the offer better or worse than ad-talk would do singularly, meaning that the value of the brand is often different from that proposed by the firm's advertizing; the advertizing message is added meaning through PWOM leading PWOM to increase ad-talk's impact on consumers' responses.

Ledru-rollin and Dwyer (2007, p. 64) state that: "*WOM is network phenomenon: People create ties to other people with the exchange of units of discourse (that is, messages) that link to create an information network while the people create a social network*". We nuance this statement and argue that both WOM and ad-talk are network phenomena. When consumers in C2C communication raise attention to the advertizing messages and generate information it creates an information network. When consumers use this information network to mobilize WOM, the network then also becomes a social network as the advertizing message is added personal brand experiences, preference and social acceptance.

The distinction between PWOM and NWOM provides an extension of previous research which often pays more attention to the very fact of communication than to consumers' power to re-interpret the value of the brand (e.g. Mitchel et al., 2007). In our study we find that consumers' raised attention to advertizing messages (ad-talk) mobilizes PWOM. In PWOM the social discussions enlightening ability help to clarify brand relevance and add social acceptability to the advertizing message. This new insight and increased understanding of the firm's offer, creates or re-creates the value of the brand. Our study corroborates the point that brands exist primarily in the eyes of the consumers (e.g. Keller, 2008), and suggests that advertizing messages can only be powerful, i.e. become part of ad-talk and PWOM, when it is laid out in conformity with the understandings of the group. It is made sense of via the group's experiences with the brand, and of the acceptability developed in and by user communities. These social groups and user communities will limit marketing's control of the value of brands (Libai et al., 2010).

### Practical implications and limitations

Our findings show that marketers may benefit significantly by focusing on advertizing and WOM

simultaneously, implying that the advertizing message may be designed so it naturally becomes input to PWOM. For marketers the choice is not between advertizing or WOM, but rather how marketers achieve a synergetic effect when combining the efforts.

Our findings also show that WOM and ad-talk may hamper marketers' direct influence on consumers' choices, and give marketers two central challenges. First, ad-talk and WOM have to be mobilized and maintained. When consumers pay attention to a firm, its offer and its advertizing it may increase consumers' involvement in and co-creation of the brand and add to or change the value of the brand. Second, marketing communication will have to support rather than challenge users' understandings of brands. Ad-talk and WOM require predictability and consistency in message and brand symbolism to reassure consumers of their social identity and reinforce conformity (Elliot and Wattanasuwan, 1998), but some kind of innovation may be necessary to prevent that advertizing becomes dull and repetitive.

Findings support the developed framework, but further validation using other brands, industries and online/offline settings is encouraged to test the generalizability of this study's findings.

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## Appendix

Table 1. Latent variables, measures and reliability statistics

Construct <sup>1</sup>	Items <sup>2</sup>	Travel agency	Retail bank
PWOM (Bansal and Voyer, 2000; Murray and Schlacter, 1990)	To what extent do you agree/disagree that other people tell you positive things about this travel agency <sup>3</sup> which...	Composite reliability and AVE	
		.89	.89
		.57	.59
	Loadings		
	...I haven't thought about before	.63	.78
	...influence my opinion about this travel agency in a positive way	.85	.90
	...help me make a decision about choosing this travel agency	.64	.85
	...confirm my choice of travel agency	.87	.68
NWOM (Bansal and Voyer, 2000; Murray and Schlacter, 1990)	To what extent do you agree/disagree that other people tell you negative things about this travel agency which...	Composite reliability and AVE	
		.90	.88
		.60	.55
	Loadings		
	...I haven't thought about before	.64	.65
	...influence my opinion about this travel agency in a negative way	.88	.87
	...help me make a decision about not choosing this travel agency	.89	.92
	...make me consider to choose another travel agency	.88	.54
Ad-talk (Murray, 1991)	Other people have told me about	Composite reliability and AVE	
		.92	.93
		.69	.72
	Loadings		
	TV ads for this travel agency	.85	.72
	Ads in newspapers and magazines for this travel agency	.87	.89
	Other ads for this travel agency (brochures, pamphlets, POP material, etc.)	.86	.92
	This travel agency's homepage	.81	.88
	Publicity for this travel agency	.76	.80
Brand attitude (Martensen et al., 2007; Putrevu and Lord, 1994; Schlinger, 1979; Spears and Singh, 2004)		Composite reliability and AVE	
		.95	.98
		.78	.89
	Loadings		
	I have a positive attitude in relation to choosing this travel agency	.89	.95
	This travel agency is a good choice for me	.90	.97
	This travel agency fulfills my needs	.88	.92
	This travel agency is my preferred brand among travel agencies	.82	.93
	I like this travel agency	.92	.95

<sup>1</sup> Inspired/based on.

<sup>2</sup> Rated on a seven-point scale: from 'strongly disagree' to 'strongly agree'.

<sup>3</sup> The exact same wording is used for the retail bank.



Table 1 (cont.) 1. Latent variables, measures and reliability statistics

Construct	Items	Travel agency	
Purchase intention (Martensen et al., 2007; Putrevu and Lord, 1994)		Composite reliability and AVE	
		.94	.97
		.79	.90
		Loadings	
	I will choose this travel agency next time I may need a travel agency	.91	.97
	I will recommend this travel agency to others	.91	.94
	This travel agency will be worth considering next time I have to choose a travel agency	.86	.92
	If you had to choose a travel agency today, how likely is it that you will choose this travel agency?	.87	.95