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**Social Media and Word of Mouth communication as a part of
communication mix in education technology industry
Case Company X
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Table of contents

1 INTRODUCTION	1
1.1 Research Frame and Limitations	2
1.2 Research Problems and Objectives.....	3
1.3 Research Methodology.....	3
1.4 Literature Review and Definitions of Key Concepts	4
1.5 Structure of the Thesis.....	6
2 MARKETING COMMUNICATION AND SOCIAL MEDIA	8
2.1 Marketing communication mix	8
2.2 Marketing communication process	9
2.3 Word of mouth communication	10
2.3.1 Accessibility-diagnostic model of word of mouth	11
2.3.2 Factors triggering word of mouth communication	12
2.3.3 Factors that enhances the impact of word of mouth communication	12
2.3.4 Electronic word of mouth.....	13
2.3.5 Social Media and word of mouth	14
2.4 Social Media platforms	14
2.5 Classification of Social Media platforms.....	16
2.6 Social Media as a part of marketing communication mix.....	17
2.6.1 The new marketing communication paradigm	18
2.6.2 Aspects to be considered when using social media.....	19
3 WORD OF MOUTH COMMUNICATION AND SOCIAL MEDIA IN COMPANY X.....	22
3.1 Word of mouth communication from the perspective of Company X.....	22
3.2 Social Media in marketing communication in Company X.....	24
4 CONCLUSIONS.....	27
5 SUMMARY	29
REFERENCES	30
APPENDIX	

1 INTRODUCTION

Social Media is popular theme in media today and it has even been the theme of a movie (The Social Network, 2010). Social Media has potential in marketing context but only few companies have harnessed the possibilities of Social Media. Social Media enables bidirectional communication between companies and consumers and at the same time consumer to consumer electronic word of mouth is very effective marketing communication tool for companies. Social Media embodies a wide range of electronic, online word of mouth forums that can be used by companies to communicate to the consumers. Social Media has also influenced various aspects of consumer behavior due to the fact that the electronic nature of word of mouth and the spread of the Internet allow consumers to communicate with excessive amount of people online and gain product information. That fact companies should take that into consideration. (Mustonen, 2009; Mangold & Faulds, 2009; Evans, 2008)

This thesis concentrates on the effect that evolvement of online Social Media has had on word of mouth communication and how electronic word of mouth communication occurs in Social Media and what are the effects on a company's marketing communication. Social Media has grown rapidly in the beginning of 21th century and nowadays Social Media reaches millions if not billions of people every day. Consequently, Social Media has become an important channel for companies to communicate to their customers. For a company social media is an easy and a cheap way to reach customers and communicate their agendas. Social Media embodies online, word of mouth forums such as chat rooms, companies' discussion boards, blogs, consumer to consumer e-mail, product and service rating websites and social networking websites. (Faulds & Mangold, 2009, 358)

1.1 Research Frame and Limitations



Figure 1. Research frame.

The research frame of the study conducted in this thesis is illustrated above in the figure 1. The research conducted studies how word of mouth communication and the evolvement of Social Media have influenced marketing communication in the case company. As the picture presents, there are three main elements in this research: company, marketing communication mix and consumer. Social Media is presented here as a part of marketing communication mix enabling bidirectional communication between the company and consumer. This research is conducted from company's point of view.

As the research in this thesis concentrates on word of mouth marketing and social media limitations had to be done. This thesis concentrates on examining word of mouth marketing part of the marketing communication mix and other parts are excluded from the research. And as the research is conducted from company's point of view, consumer's point of view is not examined.

1.2 Research Problems and Objectives

The thesis concentrates on exploring how social media can be used in a company's communication towards consumers and what are the essential factors that a company using Social Media should consider when creating a plan for social media usage and employing the generated plan. This thesis has one main research problem and three sub problems. The main research problem in this thesis is:

- What is the role of word of mouth communication and Social Media in the marketing communication in education technology company?

As the main research problem is quite extensive it is divided into sub problems that support the main research problem and supplies detailed information. The sub problems in this thesis are:

- How important word of mouth communication is in education technology industry?
- Has the evolvement of Social Media affected to the importance of word of mouth communication from the case company's point of view?
- How usage of Social Media has affected the marketing communication in the case company?

The objective of this research is to describe how social media is used in the case company and how has the emergence of Social Media changed word of mouth communication in the case company. The purpose of this research is to describe the operations that the case company has done in order to integrate social media in their marketing communication plan.

1.3 Research Methodology

The research method selected for this thesis is a qualitative case study. Case study is a viable way to conduct a descriptive study and the data for the analysis is gathered using a semi constructed interview. Qualitative analysis, defined in a simplified manner, is interpretation of data and its characteristics (Eskola & Suoranta 1998, 13–14). In a

qualitative research the data is evaluated by its quality and not by quantity. Qualitative research analysis is based on the adoption of a viewpoint according to which the research data forms the basis for formulating the theory. The researcher should not have any pretermed assumptions or hypotheses about the phenomenon in question in qualitative research and the role of the research data is to enable the invention of the hypotheses and not to prove them. (Eskola & Suoranta 1998, 19–20)

In a semi constructed interview the questions are predetermined by the researcher and are presented in the same order for every interviewee. A semi structured interview doesn't give the interviewees answer alternatives but instead it enables the interviewees to response in their own words. This allows the interviewees to give more detailed answers and that way give the researcher more accurate information. (Eskola et al. 2008, 86). The interview was recorded to ensure that the data gathered was secured. Additional information was also gained by email and phone calls to ensure the quality of the data.

1.4 Literature Review and Definitions of Key Concepts

The first studies of word mouth communication (WOM) were conducted in the 1950's as the phenomenon was discovered to exist in consumer network (Whyte 1954; Brooks 1957). Since then scholars have started to research the phenomenon from different angles and the latest trend in word of mouth communication research is the influence of Internet to word of mouth communication (Hennig-Thurau et al. 2004; Dellarocas 2003; Sun et al. 2006). Most of the research related to word of mouth communication has been conducted either from consumer's point of view or how word of mouth communication influences on consumer behavior and purchase decision in particularly (Mazzarol et. al. 2007; Sweeney et. al. 2008). Research from company's point of view and especially how companies could harness or influence word of mouth communication is very limited.

Definition of word of mouth communication varies in academic literature a lot. Scholars have not been able to agree on word of mouth definition and due to that fact almost every scholar uses a different definition (Chen & Huang, 2009). Chen and Huang (2009) propose a two level definition of word of mouth communication. The definition is divided into internal-, and external levels and these levels are composed of four elements.

Internal level of WOM includes consumer networks, influence, and communication and information exchange. This part of the definition is unchangeable and they are the main aspects of WOM. Information flow in consumer networks is the base of WOM phenomenon. These networks can be interpersonal or social networks and they consist of diverse sized groups. (Chen & Huang, 2009)

The influence of WOM refers to the importance of WOM phenomenon. Since WOM is regarded as a more credible and effective form of spreading information than advertisement and mass media. Due to that fact WOM communication occurs between consumers it is regarded as an informal form of communication and it occurs face to face and online. More accurately WOM phenomenon is information exchange and during the process consumers search and send reviews, comments and referrals. (Chen & Huang, 2009)

The external level of WOM definition is composed of target of review, role of communicator, context of review and channel of communication. The target of review is the actual discussed target such as product, service, brand or market for example. Sender/resource and receiver/searcher are the two sides of WOM communication. Their roles are context specific and they could be for example relatives, friends or even strangers. (Chen & Huang, 2009)

WOM messages can be positive, negative or neutral but they have also other characteristics like dual or vivid. These additional characteristics of WOM messages are referred as the content of review. The fourth part of external level of WOM definition is channel of communication. The channel, also referred as media, can be traditional face to face or online channels (blogs, discussion forums and email). (Chen & Huang, 2009)

In this thesis word of mouth communication is defined as communication between individuals that transmits product information between one another. (Solomon et al. 2008, 322)

The literature concerning social media is mainly descriptions of different experiments or practical guides how to use social media in different manners for the most part. Only few scholars have researched Social Media in the marketing communication context. In her

research paper Mustonen (2009) has described social media in its many forms very well and illustrated how Social Media can be used in different contexts. W. Glynn Mangold and David J. Faulds (2009) in their paper; Social Media: The New Hybrid Element of the Promotion Mix, suggest that Social Media should be considered as a hybrid element of the marketing communication mix due to its various purposes of use.

Social Media can be described as experience and information sharing aimed for helping in the decision making process (Evans 2008, 31). Social Media is also about interaction between people and Social Media's social aspects are very often emphasized (Hintikka 2007, 25). Usually Social Media is linked with Internet based applications, e.g. networking, socializing and conversation applications such as Facebook, Linked etc. (Mustonen, 2009, 7), but it can also mean strictly media contents produced or shared in a community (Heinonen, 2009, 6).

The base for Social Media is in genuine conversation between people about something of mutual interest (Evans 2008, 38). Social Media is built upon content, Web 2.0 technologies and different communities. The applications are either completely user generated content based or mixture of user generated content and actions played by the users, which increases the value of the application or service significantly (Kangas et. al. 2007, 12).

1.5 Structure of the Thesis

The report is constructed from four sections: 1. Description of theories used in the research process, 2. An employment of qualitative interview of a manager in the case company in order to illustrate the effect that evolvement of social media has had on the case company's marketing communication, 3. Conclusions part where the actions of the case company are compared to the theory represented in the theory review and 4. Summary.

First chapter of the thesis determines the research questions, framework for the research, literature review and the structure of the thesis. Theory review introduces the theories related to social media and word of mouth communication. The empirical part of this study illustrates the importance of word of mouth communication and the effects that evolvement of social media has had on the case company's marketing communication. Discussion

chapter compares the theory represented in the case company's actions. Summary conclude the thesis.

2 MARKETING COMMUNICATION AND SOCIAL MEDIA

This section of the thesis presents the theoretical background related to word of mouth communication and Social Media. First the marketing communication mix and marketing communication process are presented as a whole and since the focus is on the word of mouth communication part of the marketing communication mix it is presented more thoroughly. The section also presents Social Media platforms and the idea that Social Media can be considered as a hybrid element of the marketing communication mix (Mangold & Faulds, 2009).

2.1 Marketing communication mix

As the communications environment has changed since introduction of World Wide Web the fact remains that marketing communication and advertising remains as a central element in marketing. Marketing communication mix, sometimes referred as promotional mix, basically lists all of the communications tools that are available to the marketer (Smith, 1998, 7). According to Kotler et al. (2009, 691) marketing communications mix is composed of eight major components: Advertising, sales promotion, events and experiences, public relations and publicity, direct marketing, interactive marketing, word of mouth marketing and personal selling. Smith (1998, 7) includes packaging, point of sale and merchandising, sponsorship and corporate identity also as a components of the marketing communications mix.

Advertising can be referred as “any form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor” (Kotler et al. 2009, 691). Sales promotion is a variety of stimuli which encourages purchase or trial of service or product. Programmes and activities that are company sponsored and are designed to create interactions on daily or brand specific bases are events and experiences. Public relations and publicity aims at promoting or protecting the company’s market offering or brand. Internet, email, mail, fax and telephone are ways to conduct direct marketing.

Interactive marketing includes programs and activities that are designed to raise, directly or indirectly, awareness of products or brands in the eyes of potential customers. Word of

mouth marketing can be oral people to people, written or electronic communication that occurs between customers. The main purpose for this kind of communication is to seek and spread information among customers, who have already bought the product, and potential buyers. Personal selling refers to face to face interaction between the sales representative of a company and the potential customer. Methods for personal selling include product presentations, answering questions and order procuring. (Kotler et al. 2009, 691)

These components can be taken into action in any order that a company seems suitable for the company. The usage of different components and component mixes are industry and context related. The marketing communication components can be categorized as follows: Direct marketing integrates with advertising and sales promotion and also includes Internet, email, mail fax and telephone marketing. Public relations and publicity aims to gain positive editorials coverage in the media. The means for public relations and publicity include events and stunts. Word of mouth communication that occurs among employees and customers of the company is a very effective communication component among their own networks. Although many companies regard personal selling and sales management as a part of the distribution plan selling is all about communication. The sense in leaving selling out of marketing communication plan lies in the fact that selling aims at serving existing distribution channels and penetrate new ones. (Smith, 1998, 8-9)

2.2 Marketing communication process

In order to fully understand marketing communications one must understand the underlying process. The model presented here is based on Schramm's (1960) model. The model explains communication process based on four components; sender, message, media and receiver. Sender is the generator or source of the message. The message is the actual impression or information that the sender wishes to communicate. Media is a necessary channel or vehicle to pass along the message and it can take many forms. The receiver is the actual person to whom the message is aimed at. (Pickton & Broderick, 2001, 13)

In addition to these four components two extra elements are included in the model. Marketing communications context is the macro- and micro-environment in which

communications take place. The meaning and nature of marketing communications can be profoundly affected by this element. Communications loop is the second additional element of the model. This element recognizes the problems of encoding, decoding, noise and the two way nature of the communications. (Pickton & Broderick, 2001, 13)

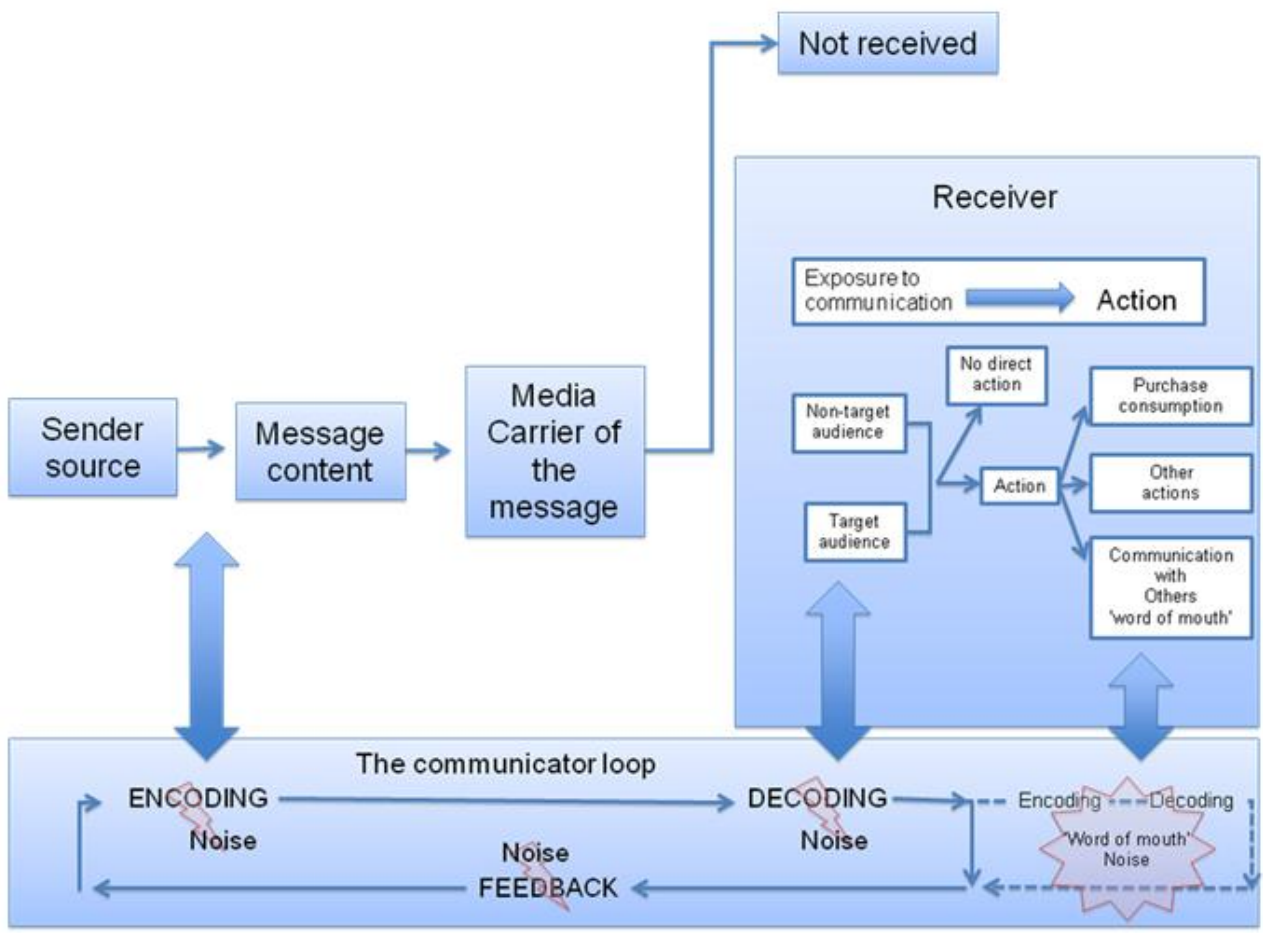


Figure 2. Marketing communication process (Applied from Pickton & Broderick, 2001, 14)

2.3 Word of mouth communication

In the 1950s communication theorists began to challenge the assumption that the primary determinant of purchases is advertising. Nowadays advertising is seen as an effective reinforcement for already existing product preferences rather than generator of new product preferences. Industrial and consumer-purchase setting studies emphasizes the fact that while information gained from impersonal sources is important in generating brand awareness word of mouth information is crucial in the later stages of evaluation and

adoption. If the information gained from peers is positive the higher possibility is that the consumer adapts the product. Others opinions might even have more of an influence on the consumers' decision making process than his or hers own opinion does. (Solomon et al. 1996, 354)

Word of mouth communication occurs every day everywhere. Word of mouth communication (WOM) is communication between individuals that transmits product information between one another. For example when a person is telling his or her insight from a product or service (Solomon et al. 2008, 322)

2.3.1 Accessibility-diagnostic model of word of mouth

Interpersonal communication has been proved to have significant impact on consumer purchasing behavior by several studies. The impact to normative social influence has been attributed by early studies (Asch 1953; Stafford 1966; Venkatesan 1966). It has also been suggested that the informational aspects of social influence may also have substantial impact on purchasing behavior (Burnkrant & Cousineau 1975; Cohen & Golden 1972; Pincus and Waters 1977).

Accessibility-diagnostic model suggests that the influence of a particular piece of information is dependent on the accessibility of that particular information, accessibility of the alternative pieces of information, the diagnosticity of the particular information and the diagnosticity of the alternative pieces of information (Feldman & Lynch 1988; Lynch et. el. 1988). In this context the diagnosticity of the information refers to the degree to which information helps consumers to categorize products (Mangold et. al. 1999).

According to a study conducted by Herr et al. (1991) WOM can be accessed. The study supports the idea that WOM has greater impact on product judgments when compared to printed information. According to the study a single favorable WOM communication can be the basis for favorable brand attitudes even when extensive diagnostic attribute information is available about the brand. The authors state that the impact of WOM is attributable to its vividness on product judgments as opposed to pallidness as a communication form. Vividness refers to the degree to which information is 1. Interesting emotionally 2. Imagery-provoking and concrete, and 3. Proximate in a sensory spatial or

temporal way. (Nisbett & Ross, 1980, 45) Vivid communication media are believed to hold and attract attention to the information and increase the accessibility of the information from memory and reinforce the information's impact on consumer judgment (Herr et al. 1991; Nisbett & Ross, 1980).

WOM can be considered to be diagnostic in nature due to the fact that consumers might believe that the decisions implied by WOM message alone would accomplish their decision goals for example choose a justifiable alternative maximize utility and so on (Lynch et al., 1988). That fact suggests that WOM may be more diagnostic in nature than other sources of information (e. g. media advertising). When extremely negative attribute information or more diagnostic pieces of information are available the effects of WOM appear to be reduced (Mangold et. al. 1999).

2.3.2 Factors triggering word of mouth communication

The main factor that triggers WOM is a leading question from a family member, friend or a colleague. Giver's desire to help the inquirer is associated with this trigger due to altruism or to make the giver feel good about her- or himself. In case of negative WOM this factor is described as a desire to warn the receiver. WOM is also associated when an associated word such as a brand name, product type etc. comes up in conversation. This word triggers a link in memory or emerges simply as a result of previous event. Provocative advertising and advertising in general can also trigger WOM, the direction of WOM might not always be positive. Even when the conversation starts from advertising it might turn toward discussion about the brand or product in general and end on a positive note (Mazzarol et. al. 2007).

2.3.3 Factors that enhances the impact of word of mouth communication

Sweeney et al. (2008) suggests that four factors enhance the impact of WOM from the receiver's perspective: Personal factors, interpersonal factors, situational characteristics and message characteristics. Personal factors include three themes that emerged during the study: perceived credibility and associated expertise of the sender and associated risk with taking the advice, the need of reassurance or the need for further information.

Interpersonal factors accumulate from the personal relationship between the parties influenced WOM acceptance. The closeness of the sender and receiver in this context is the key aspect. Also the degree of similarity of the sender and receiver has impact on WOM effectiveness (Sweeney et. al. 2008).

The context in which WOM is received affects the perceived value of the message. In case of highly involving or complex product or service WOM is less affective and the appreciation arises when the number of sources increases. Other situational factors that influence the effect of WOM are lack of needed information and received information which can be apprehended by the receiver. (Sweeney et. al. 2008)

As the perceived credibility of the WOM sender is important to the outcome also the way in which the message is delivered and the vividness of the message have an impact on the WOM effectiveness. Particularly the richness of the message and how the message is portrayed are factors that affect the effectiveness. (Sweeney et. al. 2008)

2.3.4 Electronic word of mouth

The development of network technology has extended the WOM network from individual's immediate contacts to the entire world. More and more people are utilizing product information from their new developed WOM network. This new form of WOM is often referred as electronic word of mouth (eWOM). The distinct difference between traditional WOM and eWOM is that eWOM arises from unlimited number of unknown participants and the huge amount of information shared is unfiltered. The fact that the information is unfiltered and numbers of unknown participants, make the validity of the information uncertain (Cheung et. el. 2009).

Traditional WOM and eWOM have three significant differences. First, WOM communication is intimate immediate conversation while eWOM is an asynchronous process where the sender and the receiver are both separated by space and time. WOM communication shares information between small groups of people when eWOM reaches unlimited amount of people instantly and it also enables bidirectional communication. Third, the sender of WOM communication is known to the receiver and thereby the credibility of the sender and the message itself are known to the receiver. In eWOM

communication the electronic nature of the applications used eliminates the receiver's ability to determine the credibility of the message and sender. (Dellarocas, 2003; Steffes & Burgee, 2009)

2.3.5 Social Media and word of mouth

As by definition Social Media is genuine conversation between people about something of mutual interest (Evans 2008, 38). This conversation, WOM, occurs in Social Media all the time. Social Media enables people to connect with each other despite the physical location and this interaction is eWOM communication. Social Media encompasses several WOM communication platforms such as discussion boards, blogs and chat rooms. (W.G. Mangold, D.J. Faulds) Word of mouth communication is very suitable for Social Media because it is a network phenomenon. The WOM message spreads as the network spreads (Mustonen 2009, 37). Due to the fast spread of WOM in Social Media Schwartz (2010) states that Social Media is one of the best ways to get WOM advertising.

2.4 Social Media platforms

In the 21st century Internet based messages transmitted through Social Media are exploding in quantity. Aspects of consumer behavior such as awareness, opinions, information acquisition, attitudes, purchase behavior and post-purchase communication and evaluation have been influenced by fore mentioned messages. The problem in Social Media lays in the fact that academic literature and business press offers only little guidance for marketing managers for incorporating Social Media into their marketing communication strategies. Due to the lack in knowledge, many managers don't fully appreciate Social Media and its potential role in the company's promotional strategies. The influence that Social Media has on consumer to consumer conversations should be considered by marketing managers all over because those conversations have a huge impact in the market place. The only down side here is that methods for shaping those conversations have not been articulated yet. (Mangold & Faulds, 2009)

Social Media includes a wide variety of online word of mouth forums including company sponsored discussion boards and chat rooms, blogs, product rating sites and forums, consumer to consumer e-mail, internet discussion boards and forums, moblogs (sites

containing images, photographs, movies or digital audio) and social networking sites (Mangold & Faulds, 2009).

Examples of Social Media. (Mangold & Faulds, 2009)

- Social networking sites (MySpace, Facebook, Faceparty)
- Creativity works sharing sites:
- Video sharing sites (YouTube)
- Photo sharing sites (Flickr)
- Music sharing sites (Jamendo.com)
- Content sharing combined with assistance (Piczo.com)
- General intellectual property sharing sites (Creative Commons)
- User-sponsored blogs (The Unofficial AppleWeblog, Cnet.com)
- Company-sponsored websites/blogs (Apple.com, P&G's Vocalpoint)
- Company-sponsored cause/help sites (Dove's Campaign for Real Beauty, click2quit.com)
- Invitation-only social networks (ASmallWorld.net)
- Business networking sites (LinkedIn)
- Collaborative websites (Wikipedia)
- Virtual worlds (Second Life)
- Commerce communities (eBay, Amazon.com, Craig's List, iStockphoto, Threadless.com)
- Podcasts ("For Immediate Release: The Hobson and Holtz Report")
- News delivery sites (Current TV)
- Educational materials sharing (MIT OpenCourseWare, MERLOT)
- Open Source Software communities (Mozilla's spreadfirefox.com, Linux.org)
- Social bookmarking sites allowing users to recommend online news stories, music, videos, etc. (Digg, del.icio.us, Newsvine, Mixx it, Reddit)

2.5 Classification of Social Media platforms

The classification of Social Media applications varies. Some rules and common practices are shared by all of them e. g. the need for information sharing and interaction, but differences also exist. Mustonen (2009, 19-20) presents classification based on comparison of the need for information sharing, social commitment and interaction. These concepts are typical for social media applications and their importance varies from one application to another. Based on these factors Social Media applications can be classified roughly into four categories: Photo-, audio- and video sharing, discussion forums, virtual worlds and social networking applications.

The main emphasis in photo-, audio and video sharing applications and wikis lies in the need for information sharing and the main reason for participating is not in the need for continuous social commitment. These applications are result oriented as the main idea of these applications is to create informative materials for the needs of everybody. Discussion forums also aim at information sharing but the difference is in stronger need for interaction and commitment. The discussions in the discussion boards vary from product or service information sharing to discussions on personal issues. (Mustonen, 2009, 20)

In social networking applications creating or spreading information is not regarded as important so interaction and social commitment by keeping contact with friends and acquaintances and networking are the main reason for using these applications. As in social networking sites, users seek like minded people to have fun and interact and information sharing is considered secondary. (Mustonen, 2009, 20)

Strong need for information sharing	Photo-, audio and video sharing applications Wikis	Discussion forums
	Virtual worlds	Social networking sites
	Weak need for social commitment	Strong need for social commitment

Figure 3. Classification of Social Media platforms. (Mustonen, 2009, 20)

2.6 Social Media as a part of marketing communication mix

Social media has two interrelated promotional roles in the market place. What separates social media from traditional media is that it enables companies to talk to the customers and it enables customers to provide information with each other. The ability to talk to customers is one of the traditional tools in marketing communication but information sharing among customers is a new element which companies have to take into consideration. As the communication occurs online a single customer can share thoughts with literally millions of people. (Mangold & Faulds, 2009)

Consumer to consumer communication can be influenced but not controlled by companies. The problem from the company's point of view is how they can harness consumer to consumer communication without the ability to control it. It can be said that social media is a hybrid element of the marketing communication mix due to the fact that it combines characteristics of traditional marketing communication tools but it also enables consumer to consumer WOM communication. Other elements of social media are the characteristics of its outlets. Social media combines different technology and media origins that enable real time communication and utilizes multiple multimedia formats in numerous platforms. (Mangold & Faulds, 2009)

2.6.1 The new marketing communication paradigm

The elements of the marketing communication mix are coordinated to develop marketing communications plan. The frequency, timing, content and medium of communications are determined by the company. Information flow outside these boundaries confined to traditional face to face WOM among consumers. This traditional WOM communication has had minimal impact on the marketplace. (Mayzlin, 2006)

Due to the emergence of social media the control over the content, timing and frequency is shifting from companies to consumers. Social media has created a situation where information about the products and services originates also in the marketplace. The information originating in the market place is based on the experiences of individual consumers and is channeled through the marketing communication mix. Social media platforms are the tools that magnify the spillover of the consumer generated communication. This shift of control from company to consumer has affected all aspects of consumer behavior and has enabled consumers with abilities that they never had before (Li & Bernhoff, 2008).

The Internet and social media have become the number one source of media for consumers at work and second at home. The reach of the Internet spreads all the time and consumers are spending prolific amount of time online. (Mangold & Faulds, 2009) Consumers are focusing on new marketing communication sources and the popularity of traditional sources of advertising (Newspaper, magazine, television and radio) is decreasing. This is because consumers demand consistently more control over their media consumption. The needed information has to be accessible at consumers own convenience. (Rashtchy et al., 2007; Vollmer & Precourt, 2008). Consumers are relying more on social media as a trustworthy source of information regarding products or services than traditional company sponsored communications on traditional media. (Foux, 2006)

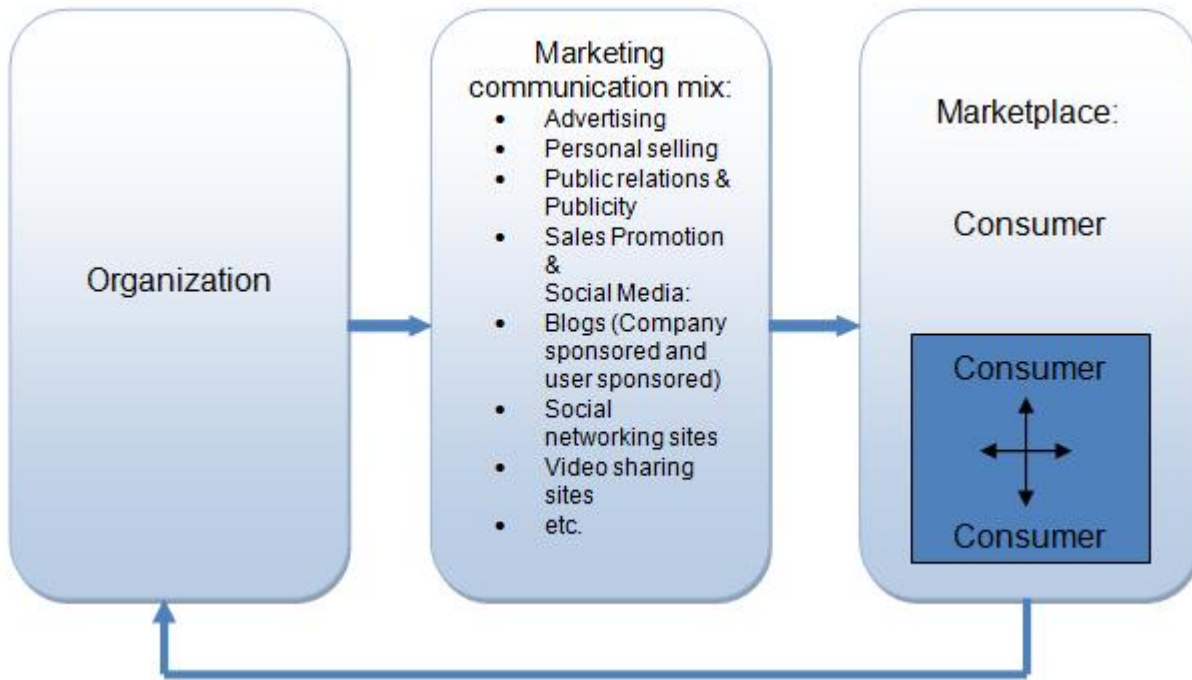


Figure 4. The new communication paradigm. (Applied from Mangold & Faulds, 2009)

These trends have affected severely the traditional marketing communications mix. The new marketing communications paradigm requires attitude transformation from marketing managers: First vast amount of information about the company's products and services is communicated through social media by consumers. Second this information exchange between consumers influences directly to all aspects of consumer behavior from information gathering to post purchase expressions. Third, consumer relies more heavily on social media as a source of information and to assist their purchase decision making. Arguably, reliance on traditional advertising is fading. Finally companies must learn to talk with their customers instead of talking to them and that way influence the discussion taking place in the social media. (Mangold & Faulds, 2009)

2.6.2 Aspects to be considered when using social media

The first thing that companies should consider when engaging in social media is the social media platform selection. There are numerous social media platforms available for companies to engage in and in fact companies can even create their own platforms (Mangold & Faulds, 2009). Companies should be present where their potential customers are. Being present and choosing the right platform is crucial when integrating social media into the marketing communication plan. (Haenlein & Kaplan, 2010)

Availability of information is important from the company's perspective because consumers are more likely to engage in WOM communication about the company and its products when they feel that they have important information about the company (Mangold & Faulds, 2009). Company has to take in consideration that the messages in social media have to be consistent with the messages sent in traditional media. Even when it seems that social media marketing and traditional marketing are different from each other, that is not the case in the eyes of the consumer. Consumer perceives the messages as one entity, brand image. (Haenlein & Kaplan, 2010)

Social media platforms are suitable avenues for feedback. Companies can make consumer feel more engaged with organizations and products when they have the ability to submit feedback easily. By creating communities in Social media where companies encourages consumers to submit honest and open communication enhances customer engagement and brings companies and customers closer to each other. (Mangold & Faulds, 2009)

When a consumer is engaged with the product, service or brand they are more likely to communicate and share information about them with other consumers either in social media or by traditional WOM. By using Internet based promotional tools along with traditional marketing communication tools companies achieve wider spread of their message and expose consumer to their marketing communication messages on multi-level. (Mangold & Faulds, 2009)

For customers it is important to feel special. If the company can make the consumer feel important and engage them emotionally, the consumer is more likely to engage in positive WOM communication among peers. This can be done by for example providing special offers or exclusive products to a subset of consumers. (Mangold & Faulds, 2009)

Emotional connections can be leveraged by companies by embracing causes that are important to their customers. These linkages may be related to the customer's personal values and issues. Stories are a good way to paint a memorable picture of the product, service or brand and connect the consumer emotionally. Stories create vivid memories

that are likely to be repeated in eWOM as well as in and traditional WOM communication. (Mangold & Faulds, 2009)

The design process of products and services should take into consideration the talking points that could start WOM communication. If the product or service has distinguishable characteristics (e. g. quality, usability etc.) it probably invokes WOM communication. (Mangold & Faulds, 2009)

Even though there is the possibility that employees spend excessive amount of time networking companies should able the employees to participate in social media. One possibility is to define groups of employees whose primary objective is the management of corporate social media. This group would be given the administrators rights which able them to open new discussion threads and delete inappropriate comments. Employees who are not part of these groups are to be treated as occasional participants. (Haenlein & Kaplan, 2010)

3 WORD OF MOUTH COMMUNICATION AND SOCIAL MEDIA IN COMPANY X

The empirical material for this study was gathered by personal interview that lasted for an hour on November 13th at Vantaa. The interviewee is a Senior Vice President in the case company and his responsibilities include Global sales, Marketing and Strategic partnerships. The interview questions can be found from the appendix and the research methodology is presented more precisely in the chapter 1.3.

3.1 Word of mouth communication from the perspective of Company X

According to Manager Y WOM communication is the most important marketing communication tool in the industry due to the fact that the customers in the industry are schools, universities and institutes. In this kind of industry traditional advertising and promotion doesn't work due to the difficulty in allocation of advertising. Clearly it is difficult to reach these kinds of customers via traditional advertising and promotion.

Marketing communication strategy is first and most important layer of marketing plan of Company X. *"Marketing communication strategy is where our marketing starts and after that comes branding and so on,"* Manager Y says. Traditional or face to face WOM and online eWOM consists 80% of Company X's marketing communication.

WOM communication is very effective marketing communication tool for Company X but at the same time it is extremely challenging. The challenge in WOM communication is that the access time to the customers who initiate the WOM communication is limited. Best way to access potential customers is in tradeshows, conferences and exhibitions. These events, aimed at language teaching professionals, create the WOM communication among professionals and peer to peer recommendations are the base for sales for the company.

"Our customers' recommendations are crucial for us because the peer to peer recommendations are more reliable in the eyes of potential customers than sales speeches from sales representatives," says Manager Y.

Although sales are based on peer to peer recommendations WOM is not the only tool that Company X is using. Digital marketing tools such as direct mails are used also, but their purpose is to get contact information so that the company can invite potential customers to events or set a meeting with their sales representatives where the product offering is represented to the customer.

The way that Company X tries to initiate WOM communication is through events and exhibitions. These shows are the most important events for the company in regard to initiation of WOM communication. The idea of the show is that it is organized by a university or institute and they actually send the invitations to other universities, schools and institutes which are potential customers for Company X. The product presentations are held by teachers who actually use products of the company. The teachers show the audience how the products can be utilized in teaching, what kinds of materials can be used with the products and how the products assist teaching. The WOM communication, either bad or good messages, is very well spread among the participants of the shows due to the fact that the presentations in the shows are held by their peers.

When asked about control over WOM communication Manager Y said that Company X doesn't try to control WOM communication because it cannot be controlled. The only thing that the company does is monitoring the discussion on their online discussion boards. This monitoring seems to be quite loose and the only thing to what Company X intervenes at is lies and untrue stories written in the discussion boards. If racial or other delicate comments are posted, those will be deleted also. These posts are deleted and the person who wrote comment asked to keep in facts.

“When it comes to WOM communication in general there are only few ways to try to control it. The big question is what can be done and how?”, says Manager Y.

From the company's point of view good example of WOM communication are the fore mentioned shows. The shows are good events to access the potential customers and those events actually initiate WOM communication within the participants. If the customers are pleased with the products they are spreading good message about them and the peer to peer recommendations are the best advertisement that a company can get. However,

“When something goes wrong WOM communication and especially eWOM is harmful. eWOM messages spread so quickly and they can make lots of harm to the product or brand image”, Manager Y states.

3.2 Social Media in marketing communication in Company X

The emergence of Social Media has had big influence to the marketing communication and made WOM communication even more important from Company X’s perspective. When asked has the emergence of Social Media affected the importance of WOM communication from the company’s point of view Manager Y said:

“Yes, absolutely. All twitters, facebook and youtubes, without even mentioning various education or teacher specific communities have increased a lot of the importance of WOM communication from our company’s point of view.”

And he continued:

“If our marketing communication is divided into parts I would say that traditional face to face WOM is 50 percent, eWOM about 30 percent and other means of communication is the rest 20 percent of our marketing communication,”

The integration of Social Media into the marketing communication mix started few years ago in Company X. And as the change started early within the company and the company is on top of it now the issue is to “get it right.” *“Since Social Media itself, is changing rapidly the biggest thing is to keep up with the progress,”* says Manager Y. Now the company is in good situation where Social Media has been integrated to the marketing communication mix and it is working for them. The next step, according to Manager Y, is the creation of community of communities which sometimes are referred as “mashups.”

“Social Media is a good way to access people and that would not be possible even if we had a very good tradeshow every day because that would only be 365 tradeshow a year and the amount of people we would reach would be significantly lower. With social media we can reach millions of people instantly.”

As said before, Company X started to use Social Media as part of marketing communication mix few years ago. The trigger came from the development that is slowly ongoing in the industry and in customer’s methods of education. The company has to keep up with the development of their customers and the company realized that at the same time they also can utilize Social Media in their marketing communication efforts. The development that is ongoing in the education field comes from the pressure from students and their families. Students, sometimes referred as the “netgeneration,” are using all kinds of Social Media applications everyday and they are demanding that school system adopts the same technology that they are using in their private life.

About the state in which education systems state now, Manager Y gave a good example:

“If you would have been a doctor in 1850’s and would been put in a hospital in the 21st century, you couldn’t do anything because the technology has changed so you would not be able to do your work as you have used to. But take a teacher from the same era and put him into a class room he could start teaching right away. That tells how old fashioned teaching methods still are.”

The development of technology hasn’t reached the educational system yet but it is coming, says Manager Y. *“Our plan is to try to influence the paradigm shift that is going on in the education systems by utilizing Social Media in our operations and encourage the customers to follow our lead.”*

Now Company X is utilizing many Social Media platforms already, for example the company has own channel in Youtube and society in Facebook (Youtube 2010; Facebook 2010). The next step that the company is currently working on is to make the Social Media

usage professional. It means that Company X is trying to create strictly educational content based plan and implement it.

At the moment Company X is developing their strategy concerning Social Media and for example the company is currently creating an educational specific social media platform where teachers can share ideas and material with their peers and at the same time students can share their knowledge and help each other in language studies.

“Regarding Social Media in general the first thing is to understand what are those mega trends that are ongoing, what is going to be the next step in social media and the who has the answer is going to be a billionaire.”
says Manager Y.

From Company X’s point of view, the advantages related to Social Media are limitless. Though, one disadvantage from using Social Media is, according to Manager Y, that it is not personal enough. The company’s sales are based on interaction between people and the product characteristics demand personal illustrations. Because of that Social Media is the way to attract people and initiate communication among consumers but the actual selling process needs to be done personally.

Good example of Social Media use is the current virtual education community that Company X has created and it can be found and accessed from their web pages. The community has thousands of members, mainly teachers around the world, who are sharing teaching materials, ideas and information about the company’s products.

The downside related to using Social Media, according to Manager Y, is spamming. There are people who post unrelated comments on the company’s social media platform and their purpose is not to take part in on the conversation but to sell or advertise something totally unrelated material.

4 CONCLUSIONS

During the interview it became very clear that WOM communication is a crucial part of Company X's marketing communication. Also the importance of WOM communication particularly in the industry is interesting. Clearly the company has considered the importance also and it is also interesting that the company has established so strong base in the industry that the customers actually promote Company X's products.

Another interesting subject that came up during the interview was the events and particularly how these events are executed. The strong position of Company X in the industry is pointed out by the fact that their customers organize and participate in the product demonstration in the events. The fact that the customers are engaged with the company's products in the events also works as a reinforcement of the WOM messages that they send also. By engaging the customers with the products also make the customer feel special and that is another factor that reinforces the positive WOM effect.

It becomes clear from the theory that a company has only limited options to influence the WOM communication between consumers. A company cannot try to influence the consumer any other way but to try to gain a trustworthy image among consumers and this can be done by creating high quality products that are at the top of the industry and Company X has managed to do that.

The fact that the customers are participating so strongly in the product demonstrations and event organizing enhances the effectiveness of the WOM promotion of Company X from the potential customers' point of view. As WOM communication is important part of Company X's marketing communication the events are excellent opportunities to generate WOM communication among the consumers. When the customers present the products of Company X to other potential customers the message sender is likely to be more reliable than a sales person of the company in the eyes of the potential customers. This is very effective way of WOM communication and the potential customers are more likely to rely on the WOM communication on the purchase decision making process than they rely on the traditional advertising.

The events can be considered as triggers of WOM communication. The persons that are invited to these events might not first be interested in the products of Company X but the presentations can be the stimulus that triggers the interest towards the products of Company X.

In regard to Social Media it seems that Company X is at the peak of the development in the industry. The company has started to integrate social media in their marketing communication plan early and that is an advantage for the company. As it has become clear previously marketing communication is a crucial part of the company's marketing plan and the integration of social media is done with precision and thought. Company X has understood the importance of social media in the near future and by integrating social media in their marketing communication mix Company X has surely gained competitive advantage comparing to the rivals in the industry. It is also interesting that it seems that the company is trying to influence the development of education system. The development, as said, is ongoing and Company X is trying to enhance the development from their part.

Company X is present at relevant Social Media quite well but as WOM communication plays big part in the company's marketing communication the messages sent by Company X seem to be limited and they rely much on the consumer to consumer WOM. Also the facts that, the company has created their own Social Media platform in order to harvest and encourage WOM communication among the customers and the control over the communication in the platform is very loose, support the statement that WOM communication is important from Company X's point of view and the evolvement of Social Media has increased the importance of WOM communication from the company's perspective. This might not be a good thing in case of other companies but as Company X has established very strong position in the market it suits the company's purposes well.

The fact that didn't come clear during the interview was how Company X is managing the negative WOM and eWOM. That is one possible subject that could be a subject for further research. Another further research subject is how other Social Media applications than discussion forums and social networking sites would suit as a marketing communication medium for Company X.

5 SUMMARY

This thesis examined the impact of word of mouth communication and Social Media in a case company's marketing communication. Word of mouth communication is clearly important part of the case company's marketing communication and Social Media has increased the importance. Examining WOM communication from company's perspective is very challenging due to the fact that WOM occurs mostly between consumers and company's possibilities to influence it are limited. The evolvement of Social Media has shifted WOM communication online and that opens up new avenues for companies to influence the electronic word of mouth communication.

Social media is a phenomenon that concerns almost every one of us. Facebook, LinkedIn and Twitter updates are the small talk topics today instead of weather. Social media marketing instead is pretty much unreached territory. Literature available is mostly practical guides how to make money fast and theoretical implications are nowhere to be found. The lack of academic research and literature make Social Media an interesting but, at the same time, challenging topic. In the future Social Media will become more and more important part of marketing communication for every company due to the fact that increasing amount of people are gathering information about products and services online and online discussion boards and review sites are growing and WOM communication is departing to online. Social media has clear potential as a marketing communication tool but the issue is how companies can harness the power of social media into their marketing communication plan.

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APPENDIX

Appendix 1

Questionnaire used in the interview:

1. How important word of mouth communication is in Company X's industry?
2. How efficient way of communication WOM is from Company X's point of view?
3. How important is word of mouth communication for Company X in regard to the marketing communication?
4. What kind of influence does WOM have on Company X's marketing communication?
5. How does Company X try to initiate WOM communication?
6. How does Company X try to control or influence customer to customer WOM?
7. Has the emergence of electronic word of mouth communication changed the importance of WOM from Company X's point of view?
8. How has the emergence of eWOM and social media changed the "management" of WOM from Company X's point of view?
9. What were the triggers that made Company X start using social media in communication to customers?
10. What kind of plan does Company X have for social media?
11. What kinds of social media platforms Company X is using and what is their role?
12. How important are social media in marketing communication for Company X?
13. What are the advantages of using social media from Company X's point of view?
14. What are the disadvantages of using social media from Company X's point of view?
15. Can you give an example on good and bad experiences related to social media and WOM?