Research on the Construction and Application of Word-of-Mouth Marketing Mode under the New Market Environment

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Abstract: With the globalization of the world economy, consumers’ awareness of rational purchases has increased, and the traditional marketing model has been unable to meet the needs of enterprise development. Word-of-mouth marketing has a great influence on consumers’ pre-purchase decisions and purchase evaluations. Enterprises should pay attention to this marketing method. Based on this, this article discusses the connotation and characteristics of word-of-mouth marketing. Compared with traditional marketing models, word-of-mouth marketing has advantages and accordingly proposes specific ways to build a communication model.

Keywords: New Market Environment; Word-of-mouth Marketing; Advantages; Communication Model

Introduction

Nowadays, the world economy is moving towards the process of integration, showing the characteristics of market globalization, digitalization of enterprise survival and development, and internationalization of business competition[1]. Nowadays, Internet technology, knowledge economy, high-tech, etc. are getting closer and closer to the development of enterprises. The market economy is the core of meeting the needs of consumers. Therefore, the previous marketing model can no longer meet the needs of the survival and development of enterprises. And with the development of the times, consumers are becoming more and more rational, and their sense of autonomy has been continuously enhanced. The traditional marketing model takes consumers as recipients and centers on the enterprise itself. This marketing model has less and less influence on consumers’ purchasing behavior. Therefore, more and more companies begin to pay attention to consumer-centered and word-of-mouth marketing that affects consumers’ pre-purchase decision-making and post-purchase evaluation.

1. Analysis of the connotation and characteristics of word-of-mouth marketing

1.1 Analysis of the concept of word-of-mouth marketing

The concept of word-of-mouth communication comes from communication science. Psychology believes that the four major factors that affect consumers are: family and friends, consumers’ own characteristics, mass media publicity, and corporate marketing activities. Word of mouth refers to people’s verbal praise of someone or an object, which is a manifestation of public opinion. Many scholars have defined word-of-mouth communication. Word-of-mouth commu-
Communication refers to individuals other than product producers who do not undergo third-party processing but use direct instructions or implied methods to make a particular product or a certain type of product, brand, service provider, or sales and other information was passed. When you can make others think of the above objects, all relevant information will automatically appear in your mind. It is a two-way communication activity that enables consumers to obtain product information with attitudes and ultimately influence purchase behavior. Consumers’ most direct feedback on the quality of goods or services is word of mouth. It does not have any commercial motivation to recommend to others. It is a single individual who affects the activities of others through interpersonal networks or its own charm. It is not just an individual. Behavior is a geometric effect that gradually spreads. And the individual can also take the action of complaining to the relevant department or looking for the media to expose the bad merchants, so as to amplify the effect of public opinion and influence the marketing. This action even decides the marketing effect. It is an interpersonal communication activity.

1.2 Analysis of the characteristics of word-of-mouth marketing

1.2.1 Credible word-of-mouth marketing

Generally, from the company’s perspective, traditional advertisements or salespersons promote a certain product and serve the company’s interests, so people often have a suspicious attitude. The word-of-mouth communication is to be promoted by consumers. They are independent of the seller, and some of the communicators are their own friends and relatives. They will not recommend products and benefit. Therefore, in the eyes of consumers, compared with advertising and marketing, the product information transmitted by word-of-mouth communicators is more convincing.

1.2.2 Highly-targeted word-of-mouth marketing

Because the communication method of word-of-mouth communication is a one-to-one information exchange between consumers and consumers who want it, the information communicators have a deep understanding of the information recipient’s hobbies, needs, interests, etc., so they can be accepted according to the information. Those who like to adjust their own communication content at any time. To meet the needs of information recipients, the efficiency of information dissemination has been improved.

1.2.3 The ability of word-of-mouth marketing to resist risks

In the specific commodity transaction process, the information held by the commodity consumers and the manufacturers is not completely symmetrical, and the consumer cannot fully control the practicability and effectiveness of the products with less information. Therefore, consumers need to bear certain risks. They usually adopt two methods to reduce the purchase risk. First, consumers can purchase a small amount of products and observe how effective the products are after trying. However, this method also requires a small amount of cost, and some products cannot use this method, such as large appliances, mobile phones, computers, etc. Secondly, consumers can ask the user who has purchased the product for user experience. The people who have purchased the product have the most real feelings about the specific performance and cost performance of the product. Their good or bad evaluation of the product can reflect the purchase of the consumer. Later, consumers often make their own purchase decisions based on the reputation of those who have purchased the product.

2. The advantages of word-of-mouth marketing compared with traditional marketing models

Traditional marketing activities classify product consumers, and the marketing activity center is on the product’s customer base. Customer relations are also mainly placed on maintaining the relationship between customer groups and individual customers. Word-of-mouth marketing is different. It focuses on the interaction between customers, so that the information is passed, which increases user stickiness.

2.1 Potential customers discovered through word-of-mouth marketing

Science shows that people like to tell others their own experiences. For example, what function does the newly
purchased electrical appliance have; what is the performance of the newly purchased car; the living experience and property experience of the newly purchased house. If the product brings them a positive feeling, they will enthusiastically recommend the product to others, thereby helping the company tap potential customers. US surveys show that a satisfied customer will bring eight potential transactions, and at least one transaction will be successful. An unsatisfied customer will have an impact on the purchase intention of 25 customers. This shows the importance of word-of-mouth communication.

2.2 The benefits of word-of-mouth marketing to customer loyalty to products

The most important measure to win repeat customers is to have a good reputation. Harvard’s Business Review research shows that for every 5% reduction in customer churn, the average value of each customer can increase by 25% to 100%. Therefore, the more repeat customers, the lower the customer churn rate, then the company will develop more smoothly. At the same time, consumers will recommend their friends and relatives to use satisfactory products. This potential sharing behavior also enhances the influence of products on consumers[2].

2.3 Saving corporate publicity expenses and reducing marketing costs through word-of-mouth marketing

In the past, corporate propaganda was conducted through the mass communication channels such as newspapers, radio, television, and the Internet. Compared with these communication channels, the cost of word-of-mouth communication is the lowest, but the credibility is also the highest. 50% of the cost of advertising will be wasted, and the cost of advertising will also be grafted on consumers. It is equivalent to consumers buying goods and publicity. Word-of-mouth marketing mainly uses interpersonal networks for communication. It does not require any investment of capital or only a small cost to obtain huge profits. More importantly, for so many communication channels, consumers those who believe in word-of-mouth communication are the most trusted channels.

2.4 The characteristics of viral spread and explosive spread presented by word-of-mouth marketing

Compared with other communication channels, word-of-mouth marketing is optimal in its communication method. It spreads information radiation through interpersonal network relationships. If five people know the same message, these five people will also communicate the message and pass it again. After five times, and the news will be known to 3905 people. Fission is in the form of geometric numbers. At the same time, with the rapid development of Internet technology and modern mobile communication technology, the speed of information dissemination is unprecedentedly fast, and the scope of diffusion is gradually increasing. Therefore, the characteristics of word-of-mouth marketing are high communication efficiency, wide range of information diffusion, and fast speed of information diffusion, showing viral and explosive replication and transmission characteristics.

3. Ways of constructing communication mode in word-of-mouth marketing

3.1 The construction of customer network and network hub in word-of-mouth marketing

The customer network is similar to a network composed of many lines. There are many nodes on this network, each node is connected to each other and dozens or hundreds of nodes. Everyone on the Internet communicates with others indirectly or directly, and the information of products or services is circulated on this network. They can be seen or disseminated. Therefore, these relationship networks composed of customers are the foundation and soil for word-of-mouth marketing. Without this interpersonal relationship network, word-of-mouth communication will no longer exist. If enterprises want to carry out successful word-of-mouth marketing and maximize the benefits of communication, they must pay attention to the exploration, cultivation, maintenance, utilization and control of customer relationship networks[3].

The master of communication Lazasfield puts forward the “two-level communication” theory. He believes that the
information is not directly from the communicator to the recipient, it still has to go through many links in the middle. This is also applicable to the construction of customer relationship networks in word-of-mouth marketing. Consumer classification theory divides consumers into five categories, namely innovators, early users, early majority, late majority, and laggards. Studies have shown that the product information is not a simple process from the enterprise directly to the consumer. It also has to pass through multiple levels. Therefore, enterprises should pay attention to the first level of "network hub", which is an influential person in the customer relationship network, and then the network hub will then send product information to its followers and ordinary consumers pass on.

3.2 Analysis of communication principles in word-of-mouth marketing

The market is fiercely competitive, and some companies give up their principled adherence in order to obtain better communication effects. In the short term, huge economic benefits can be obtained. But in the long run, it will bring a lot of trouble to the enterprise. Therefore, when conducting word-of-mouth marketing, companies must keep in mind the following three principles. First of all, to integrate the company’s commodities into consumers’ daily communication if two consumers can talk about commodities in the communication, then the effect of word-of-mouth marketing can be maximized. Enterprises should pay attention to the achievement of its positive effect when using this method and enhance the reputation and trust of the products. Secondly, let the company’s customers communicate with each other. Enterprises should create a marketing framework that enables customers to interact with each other. For example, the company creates its own network to facilitate customer communication, which can also improve the effect of word-of-mouth communication. Thirdly, encourage their customers to disseminate product information. If customers feel that the company’s products are good enough, they will pass this information to friends and family. However, it is not cost-free for customers to pass information. They help enterprises to bring benefits, so enterprises should also regularly organize salons, tea parties, etc., to invite customers to participate, and regularly prepare small gifts or rewards for customers. This not only disseminates product information, but also maintains the feelings of the company and customers.

4. Conclusion

Word-of-mouth marketing has become a major method of marketing promotion for modern enterprises. Enterprises must follow the trend of the times and clarify the characteristics and advantages of word-of-mouth marketing with full use of Internet platforms. By building their own customer relationship network, they can make full use of the advantages of network hubs and abide by word of mouth. Marketing communication principles and other ways can create their own word-of-mouth marketing channels to drive the development of enterprises.

References