

# To what degree is online word-of-mouth representative of offline word-of-mouth?

**Cathy Nguyen**

BMgmt (Marketing)

**Supervised by Associate Professor Jenni Romaniuk**

*A thesis submitted for the degree of  
Honours in Business (Marketing)*



**Ehrenberg-Bass**  
Institute for Marketing Science

Ehrenberg Bass Institute for Marketing Science  
**University of South Australia**

- June 2009-

## ABSTRACT

Word-of-mouth (WOM) can be transmitted within two environments: offline and online. Offline WOM refers to any informal discussion about products and services, taking place either face-to-face, over the telephone or through written letters (Charlett, Garland, & Marr, 1995; Eubank & Fay, 2008). In an online environment, these same conversations occur over the Internet. Despite a substantial increase in Internet usage rates in recent years (Australian Bureau of Statistics, 2008), there is currently a limited body of knowledge on WOM and its effects in an electronic context. This study examines how representative online WOM is of offline WOM through investigation into two key areas: the reasons for giving WOM and the impact that WOM has on those receiving.

In total, 383 respondents participated in an Internet questionnaire, where they each reported on the last instance of WOM given and received about a television show or a movie. Participants were asked to indicate the medium in which the advice was transmitted in or acquired (i.e., offline or online). Those who reported having given WOM were required to specify the reason that prompted them to articulate the advice. These responses were then coded into themes based on prior studies in this area. Respondents who had received WOM were asked to indicate how their viewing probability changed as a result of being exposed to the advice. The shift in probability before receiving the advice and after determined the overall impact of WOM.

The results from this study reveal that, despite mode of transmission, *Satisfaction* or *Dissatisfaction*, *Coincidental Conversation* and *Program/Movie Content* are the main drivers of WOM. There were no significant differences between the reasons for giving positive WOM offline and the reasons for giving positive WOM online. The same result could not be determined for negative advice due to the low reported incidence of given negative WOM, especially in an online environment. There was no statistical difference between the impact of offline WOM and online WOM (both positive and negative), across the two categories studied.

The overall findings from this study imply that WOM in an online environment *is* representative of offline WOM. This is important as it means that insights obtained through decades of research on offline WOM are applicable within the online domain.

This thesis has expanded the limited knowledge on online WOM. The findings obtained contribute to further understanding the reasons behind a consumer's decision to engage in WOM within different mediums. Additionally, this research aids in improving WOM measures by reiterating the methodological importance of separating consumer's prior-probability of purchase when analysing the impact of WOM, as was initially proposed by East, Hammond and Lomax (2008a). The key implications arising from this study are outlined in the thesis.