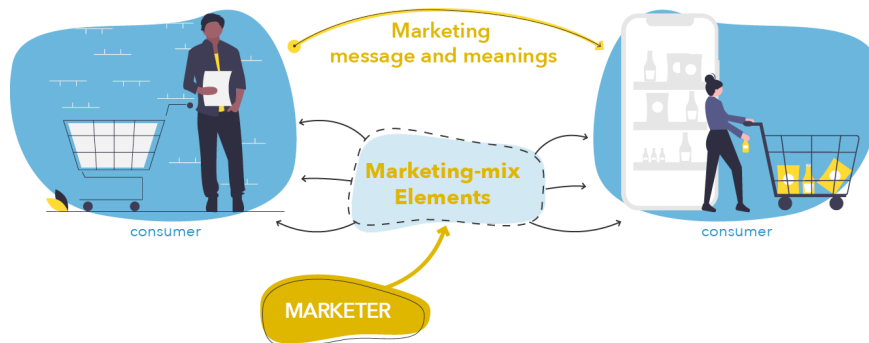


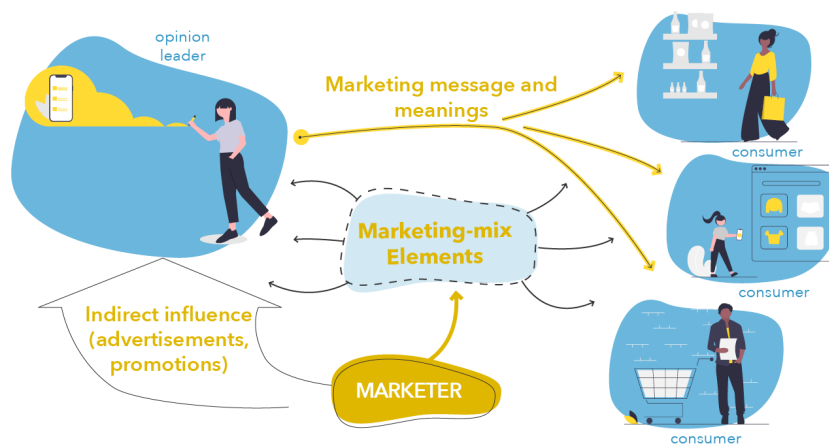
6.2 Evolution of Word-of-Mouth (WOM) Theory

The Evolution of WOM Theory

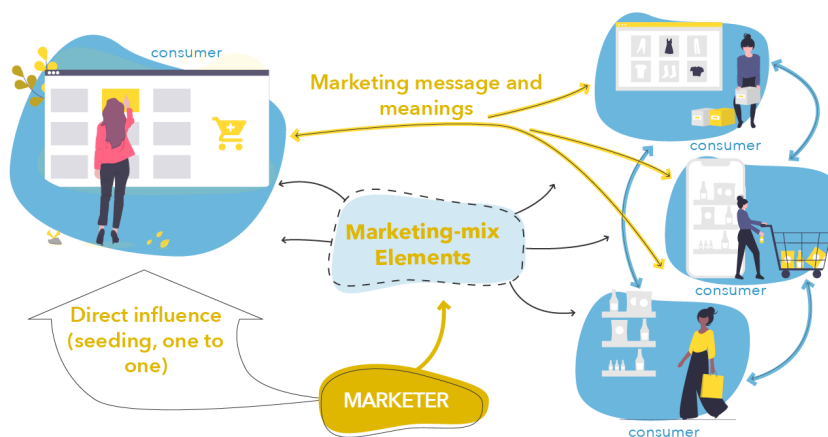
A: The Organic Interconsumer Influence Model



B: The Linear Marketer Influence Model



C: The Network Coproduction Model



Evolution of Word-of-Mouth (WOM) Theory

In the 1950s, the diffusion of messages echoed a view found in the very successful series *Mad Men*: advertising firms would create what they believed to be a message that could sell products and used mass media such as TV, newspaper, magazines, and the radio to diffuse these messages. Word-of-mouth was organic in the sense that it happened between consumers without interventions from firms.

In the 1970s, theorists started recognizing that some individuals held more power in influencing other consumers. These influential consumers and celebrities would begin to be increasingly leveraged by firms to diffuse their messages. In these earlier efforts, such influencers were believed to faithfully diffuse the message created by firms and their advertising agencies.

The emergence of the Internet led to a third transformation in how we understand message diffusion and word-of-mouth and, hence, to a movement towards a **network coproduction model**. In this last model, consumers like you and I, online communities, and other types of networked forms of communication (such as *publics* created through hashtags, see Arvidsson and Caliandro), have an increasing role to play not only in diffusing messages but also in transforming them.

Marketers have capitalized on this new mode of diffusion for messages by directly targeting influencers that are part of consumer networks and communities, resulting in the explosion of influencer marketing and the rising influence of micro-influencers. They have also developed capacities, such as social media monitoring, to identify emergent discourses on and around their brands, which sometimes completely reinterpret brand meanings.

The *increased power of consumers* in creating, modifying, and diffusing messages on and around brands has led, for example, to the creation of **doppelgänger brand images**, “a family of disparaging images and meanings about a brand that circulate throughout popular culture” (Thompson et al., 2006). Alternatively, to simplify, consumers now create alternative campaigns that tarnish the intended image initially created by brands. Consumers using Twitter to diffuse alternative brand meanings or groups of consumers such as 4chan coopting advertising campaigns, can be seen as such examples. The increased role of consumers in the creation and diffusion of messages has important implications for firms for value creation: firms now must both how consumers can amplify their messages, but also how they can be coopted, reshaped, and resisted.

Another transformation brought about by the Internet is media and **audience fragmentation**. In the 1970s, *All in the Family* was, for a few years, the top watched TV show. At its peak, it was watched by a fifth of the U.S. (Cohen, 2018). The last finale to make the top 10 list was *Friends* in 2004, as the adoption of broadband Internet accelerated (Young, 2009).

Consumers have an increasing number of options for media-based entertainment. Traditional media companies are now competing against **user-generated content** on social media websites such as Instagram, Facebook, and Tik Tok (Wikipedia, 2024b). Younger consumers have moved en masse to these new media, complicating the creation of advertising campaigns. Media fragmentation and the rise of the Internet in consumers' lives has led to the emergence of the concept of the **attention economy** (Wikipedia, 2024c).

This is not a new concept. In 1971, Herbert Simon was already discussing how “information consumes ... the attention of its recipients,” and Bill Gates stated in 1996 that “content is king” (Shapiro & Varian, 2003; Evans, 2017). The implication for digital marketing has been recognized as early as the mid-1990s when Mandel and Van der Leun mentioned in their book *Rules of the Net* how “attention is the hard currency of the cyberspace” Goldhaber (1997) would add that “as the Net becomes an increasingly strong presence in the overall economy, the flow of attention will not only anticipate the flow of money but eventually replace it altogether.” This has led to a drastic rethinking of online marketing and is intrinsically tied to the rise of inbound and **content marketing** (Wikipedia, 2024d).

To recap, a few decades back, information was rather scarce; people, for the most part, consumed information from only a few sources, and companies could rather easily target consumers to diffuse their advertising messages. Nowadays, information is plentiful, consumers are diffused over a largely fragmented media ecosystem, and it has become more difficult for companies to diffuse their advertising messages to a mass, which can also work against them. This, and the development of targeting technologies that have transformed how we can send messages to consumers. It has led to two important transformations for marketers and how we understand value creation for consumers.

Finding Consumers vs. Being Found

A first transformation moves away from *finding consumers* toward *being found by consumers*.

What does this mean?

If we rewind history, it used to be that marketers would “find” consumers: They would use market research reports in order to understand where consumers hang out so as to place advertising what they watched so that they could run ads during their favorite shows and understand their movement in a city so to put ads and billboards at the right place. Although this still functions online—you can ‘find’ consumers through online targeting to place your ads on relevant websites—there has been an important switch towards *consumers finding companies*.

Consumers find companies through their normal searches. In the chapter on consumers and their journey, we will see how finding companies expands the sets of brands that consumers consider before making a purchase.

How does this work?

Think of a need or a problem you might have. How do you usually go about answering this need or resolving this problem? Maybe you will ask a friend. Maybe you will go to a store and trust the salesperson. Or perhaps, as millions of consumers do every day, you will turn to the Internet to search your need or your problem. *This is how thousands of consumers discover new brands and products every day!* This has strong implications for digital marketers, one of the most important being content creation: To be found by consumers, you need to create content that addresses their problems. We will explore this topic in more detail when discussing content creation.

In short, it used to be that companies would find consumers and try to attract them to their stores or choose their brands through traditional media and advertising. Nowadays, our job has moved to create content that informs, educates, and entertains consumers so that they can find us when they are searching for the needs they have or the issues they are facing.

Representing the Company vs. Representing the Customer

A second important difference is representing yourself as a company vs. representing the customer.

What does this mean?

It used to be that, when finding consumers, companies would talk about themselves. Take, for example, this ad from Home Depot, which emphasizes how “Home Depot is more than a store ... it is everything under the sun ... all at a guaranteed low price” where you can save on flooring and where they have everything for your needs. In short, the ad presents the company and explains why the company and its product are the best choice for the consumer. The ad *represents the company*:



Representing the customer means switching the focus to the needs, goals, and problems consumers are experiencing and helping consumers address these. There are numerous ways to do so. Companies often create resources, such as tutorials and infographics, to help consumers answer their needs and problems or help them achieve their goals. For example, Nike has developed an extensive set of videos (which can all be found on its YouTube channel) to help consumers work out at home, train for running, or eat better (Nike, 2024). This obviously represents opportunities for Nike to talk about its brand in every tutorial and connect with consumers. However, the main goal is not to talk about how great Nike and its products are. Rather, it is to help consumers achieve

their training, running, and eating goals. It still serves the company well, though: when a consumer is searching for at-home exercises, they might come across Nike, consume their tutorials, and, when it is time to purchase a new pair of sneakers or a tee to exercise, be more likely to buy from Nike than from a competitor.

Some brands have taken this a step further by offering tutorials tied with in-store products, with a readily available shopping list for do-it-yourself projects. Home Depot, for example, offers many tutorials on its YouTube channel (The Home Depot, 2024a). This makes sense, given that the home improvement store sells products for such projects. By going a step further and representing the consumer's needs, Home Depot can bring potential customers to their website when they want, for example, to build a fire pit (The Home Depot, 2024b). Within these tutorials, Home Depot presents the “Materials You Will Need,” which directly brings consumers to sections of their websites where they sell such products. The tutorial has thus become a great resource for creating sales!

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