

WORD-OF-MOUTH MARKETING IN PROMOTING A SMALL SERVICE ENTERPRISE ON THE MEDICAL MARKET

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ABSTRACT

One of the crucial, if not the primary challenge facing enterprises today is sale of products offered. In the case of prevalence of supply over demand, marketing competences become the crucial source for competitive advantage. Word-of-mouth is one of the tools, when used sufficiently, which may produce numerous positive consequences for the enterprise, and so gains in its importance. Communication conducted in this way should occur alongside the use of classical promotion tools, and the key to its effectiveness is customer's satisfaction with the use of the product. Such a situation should trigger recommendations for a product, which is the bedrock for word-of-mouth marketing. It seems that this tool, due to the specifics underlying its operations, may be tremendously effective solution for small enterprises operating on the medical market. First, instruments concerned with this form of promotion may be relatively cheap. Second, on the medical market trust proves to be critical for the patient's choice, and its diffusion takes place remarkably potently through recommendations made by customers.

Introduction

In present day economy, while having capital sufficient for the scale of initiative launched, it tends to be relatively easy to expand operations which ultimately result in offering a product. However, a basic challenge faced by the entrepreneur is to make this activity profitable. According to the classical formula of economy this objective may be accomplished through rationalization of costs of operations or through striving to maximise revenues,

which thus entails stimulation of the demand for products offered. Whereas creation of the demand for products is a fundamental task of marketing, and, in effect, this area of operations in the enterprise has a demand-stimulating toolkit at its disposal. One of the tools in this regard is word-of-mouth marketing on which the author focused in his enquiries aimed at revealing opportunities generated by this tool on the medical services market.

Word-of-mouth marketing as a tool for promoting an enterprise

The reference literature provides a wide range of marketing definitions. Kotler, Armstrong, Saunders and Wong (2002: 12) argue that this is “a societal and managerial process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others”. The above statement explicitly shows that at the key to marketing is to encourage exchange, thereby creating value for the customer among others. For such situation to emerge, an enterprise should adopt pro-customer orientation and to a large extent subject its operations to building customer satisfaction. The above definition fails to clearly indicate marketing tools, yet promotion is one of the essential tools and actually word-of-mouth marketing belongs to promotion instruments.

From this perspective, it should be highlighted that a certain conceptual inconsistency occurs in the nomenclature adopted. Marketing is regarded as an entirety of an enterprise’s operations committed to stimulate the demand for products. Meanwhile, word-of-mouth marketing, despite the name suggesting the opposite, is solely one of the tools designed to promote an enterprise and its products.

Promotion, associated by numerous authors with marketing communication, is defined as “different activities undertaken by an enterprise to inform about technical attributes of the product and convince target buyers to buy it” (Kotler, 1999: 90). Basically, it is responsible for the customer’s interest in an enterprise and its offer, building a positive image, produces desired associations with a product. The instrument that in recent years has grown in prominence is word-of-mouth marketing. There are even views holding that this form will eclipse traditional forms of marketing communication using various media (Silverman, 2011: 10).

To define the essence of word-of-mouth marketing (WOMM) it is necessary to begin by identifying the specifics underlying the word-of-mouth message. As early as 1967 it was determined as “direct communication between people about some brand, product or service which is not perceived as communication accomplishing commercial goal” (Arndt, 1967: 291). Over 40 years later the Word of Mouth Marketing Association – WOMMA, however, formulated a more general approach that this is “an act of transferring from a consumer to a consumer” (Meiners et al., 2010: 82). This definition does not point to the contents of this message, but through underlying that both sender and recipient are consumers, it shows that it refers to the product and its multifarious related issues. It should be stressed that the word-of-mouth message evidently refers to communication between consumers and fails to display any traits of promotion, thereby characterising the message with enormous reliability. It may constitute a significant recommendation, and for negative contents, it may appear to be a key driver in discouraging from purchase. As a consequence, the word-of-mouth message, while establishing an enterprise brand and its products mostly stimulates the demand and proves to be very important for each organization. As revealed, social talk generates more than 3.3 billion impressions each day (Berger, Schwarz, 2011: 869). Therefore, it hardly comes as a surprise that enterprises and other entities strive to use this communication form in their marketing activities. According to estimates made by PQ Media, enterprises expenditures for activities generating “word-of-mouth”

totalled 1.54 billion US dollars in the USA (Cho et al., 2014: 100). A result of such an approach is development of the forementioned word-of-mouth marketing which is defined as:

- “giving people a reason to talk about your products and services, and making it easier for that conversation to take place. It is the art and science of building active, mutually beneficial consumer-to-consumer and consumer-to-marketer communication” (Meiners et al., 2010: 82),
- „total of all comments on the given product expressed by people over specific period” (Przybysz, 2011: 114),
- „marketing activities enabling and provoking transfer of information about products, services and brands between consumers” (IAB, n.d.).

All outlined definitions of word-of-mouth marketing emphasize its gist which is an impact on a potential customer through stimulating positive recommendations for a product among other customers. And these recommendations are supposed to convince a customer to purchase a product or to cause that he is ready to pay more for it so as to minimize the purchasing risk and have certainty about making a right choice.

It is also worthwhile emphasizing that literature provides terms synonymous to word-of-mouth marketing: buzz marketing and viral marketing. Kotler and Keller (2012: 589) regard them as word-of-mouth marketing forms. The first triggers excitement, creates publicity and transfers new, important information related to brand using surprising and shocking means, whereas the second involves “encouraging consumers to transfer company-related products and services and written or audio-visual information through Internet”.

At the same time, the aim displayed above is also one of primary benefits yielded by creating a product brand to which another definition links word-of-mouth marketing claiming that “there are diverse labels for non-standard promotional efforts intended to stir up positive buzz around a specific brand. At the heart lies the assumption that people are guided by friends’ opinions while selecting a product or services” (Bonek, Smaga, 2012: 69). When analysing the approach it should be considered to what extent word-of-mouth marketing activities may be regarded as non-standard, given that this is an increasingly used tool and discussed in the literature. Furthermore, it needs to be underscored that the claim that consumers choose products influenced by recommendations is not just an assumption, because it is empirically evidenced. For instance, Table 1 provides data concerned with trust to varied

Table 1. Consumers’ trust to advertisement (%)

	2007	2009
Friends’ recommendations	78	90
Websites	60	70
Consumers’ impressions in the web	61	70
Brand sponsoring	49	63
TV advertisement	56	61
Advertisement in press	63	61
Advertisement in magazines	56	59
Advertisement in radio	54	55
Subscribed e-mails	49	55
Advertisement in search engines	34	41
Advertising banners in the web	26	33
Advertisement text messages	18	24

Source: Meiners et al. (2010): 85.

advertising forms where recommendation was viewed as one of them. The findings from the survey explicitly show that friends' recommendations top the list in terms of trust, and importantly, this trust increased over the time period presented. Whereas consumers' opinions in the internet which may be seen as recommendations, yet made anonymously, only ranked third.

Chebli and Gharbi (2013: 1–8) also investigated the impact of word-of-mouth marketing on the brand and its capital. They demonstrated a research model (Figure 1) and verified hypotheses connected with the impact of word-of-mouth on the brand. In essence, they emphasize that word-of-mouth marketing has a positive effect on the brand image, its awareness and selection of the brand while making purchasing decisions. However, at the same time this influence becomes more powerful when people are involved in transferring the news.

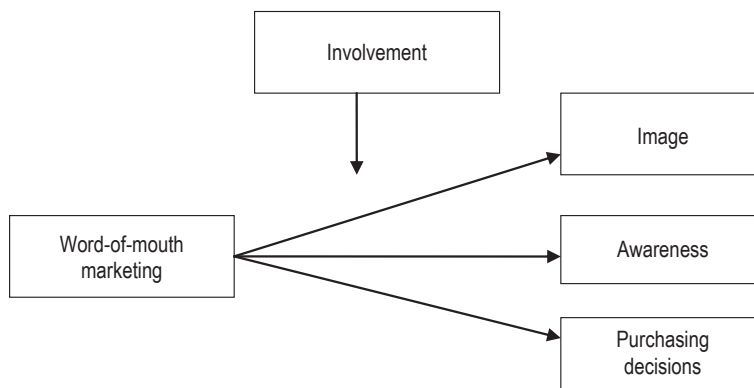


Figure 1. Impact of effectiveness of marketing campaigns on the image, awareness and purchasing decisions: stimulating role of involvement

Source: Chebli and Garbi (2013): 5.

As revealed in empirical research, there are numerous evidences showing positive implications of “word-of-mouth” for enterprises’ operations. Principally, this justifies the focus on that topic.

Word-of-mouth marketing — theoretical model

According to the model detailed in Figure 2, word-of-mouth marketing is a form of communication between an enterprise and customers in order to arouse the demand for the offer of the specific entity. As shown the transfer takes place both ways, and its recipient is diversified – three communities may be identified within the group: previous customers, potential customers and broadly understood audience. A specific subgroup comprises previous customers of the enterprise who are actually the target of the promotion activities, yet they have experience in the use of the product purchased. The outcome of the consumption is an assessment of the product and thus related satisfaction, or lack thereof, with the purchase. In effect, a customer may become a brand advocate – when satisfaction ensued, or brand destroyer under other circumstances. In many situations a neutral attitude may occur, resulting in a lack of customer interest.

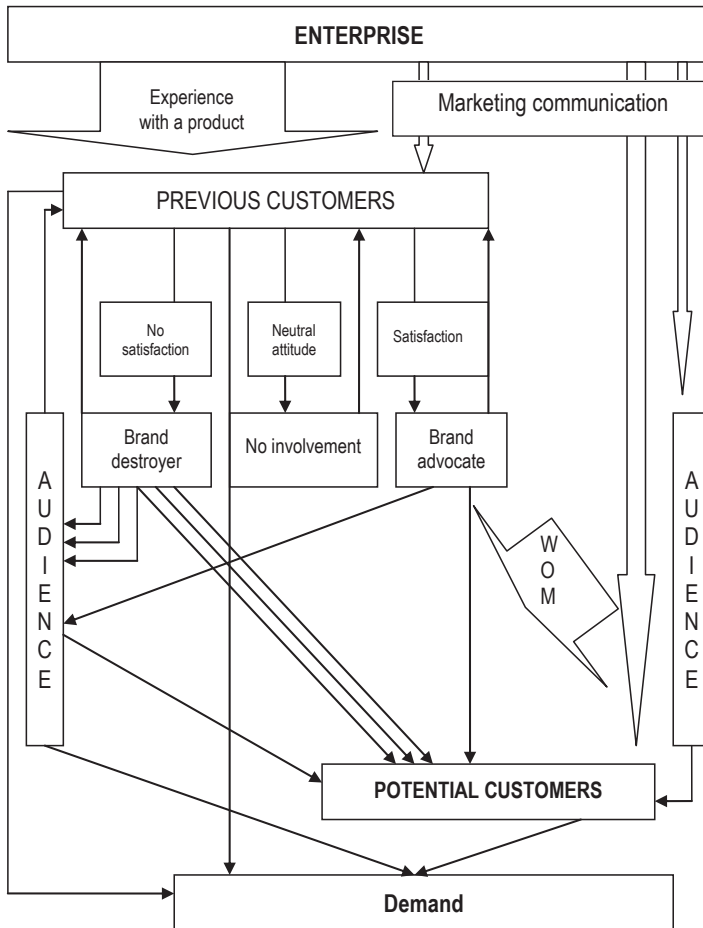


Figure 2. Model illustrating the use of word-of-mouth marketing in marketing communication of the enterprise

Source: own study.

As illustrated in the model, it is previous customers that serve as carriers of the word-of-mouth message. When satisfaction with product use emerges they will recommend its purchase, which then positively manifests in the demand for the given product. Simultaneously, they will, or potentially may, share their product impressions with other persons targeted with promotion activities, who constitute potential customers and audience. Their recommendations may become an effective tool underpinning enterprises marketing communication or individually stimulate the demand of these communities. Previous customer's satisfaction certainly generates positive effects and it is core to the word-of-mouth message which may be called "spontaneous", thus implying that it is not directly generated by an enterprise, but it emerges spontaneously or indirectly through enterprise operations, being an effect of reviews of products offered.

However, it should be kept in mind that this effect may be a driver producing negative value which takes place in a situation where a "brand destroyer", a dissatisfied customer will dissuade others from purchasing it. This fact

is particularly significant due to its influence potency. A “brand destroyer” or dissatisfied customer, will probably be far more active than a “brand ambassador” or satisfied customer, which was marked by three arrows on the Figure. Such a pattern overtly suggests the need for fuelling customers’ satisfaction, in particular it brought to the fore the necessity of making efforts to prevent from spreading “spontaneous” word-of-mouth marketing. Negative implications of “buzz” may also emerge in a situation where the message is wrongly formulated and then generated by an enterprise and communicated through available communication channels. Hence, it is significant that it is precisely formulated and not vulnerable to defamations (Chebli, Garbi, 2013: 3).

Previous enterprise customers, having experience with its products, exert varied impact on other customers, potential customers and audience. Moreover, there is interaction between these groups which translates into the demand for enterprise products. Though, it should be underscored that all outlined communities are also the target of enterprise marketing communication carried out in an intentional manner. As part of activities in this regard, multifarious instruments concerned with advertising, public relations, direct sale or sale promotion are harnessed. These activities also encompass measures with regard to word-of-mouth marketing, which was marked with a big block arrow. It is worth to be emphasised that some authors show very subtle and hard to define boundary between word of mouth marketing and advertising (Przybysz, 2011: 114). Whereas Kotler and Keller (2012: 512–526) rank word of mouth marketing among 8 fundamental tools of marketing communication (alongside: advertising, sales promotion or direct marketing).

Thus, it should be noticed that word-of-mouth marketing develops in a two-way manner. First, it evolves in a “spontaneous” way as a consequence of satisfaction level following earlier experiences with an enterprise and its products. Second, it advances in an intentional manner, being a fallout of promotion decisions made in the enterprise. It is an obvious statement that maximum effectiveness of activities occurs when efforts created by the enterprise are reinforced by “spontaneous” sphere, and when activities in the field of word-of-mouth marketing are performed parallel to traditional marketing activities (Bonek, Smaga, 2012: 69). Meanwhile, as argued by Mourdoukoutas and Siomkos (2009: 7), which was emphasized in the model presented, even though the gist of word-of-mouth marketing is to stimulate positive recommendation from other consumers, it is vital not to refrain from improving brand image while launching word-of-mouth campaigns, because all recommendations will be far more effective.

Specifics of word-of-mouth marketing in small and medium-sized enterprises providing medical services

Given the model presented in Figure 2 it worthwhile considering whether there are any specifics for the use of tools in the above regard in the case of SMEs, specifically small enterprises. According to the definition adopted in the EU legislation, such enterprises are typified as enterprises that employ below 50 employees and whose annual turnover does not exceed 10 million euro or annual balance sheet total does not exceed 43 million euro. Moreover, it should be mentioned that micro-enterprises are also identified and they include entities that employ less than 10 employees and have an annual turnover not exceeding 2 million euro or an annual balance sheet total not exceeding 2 million euro (Ministry of Economy, 2011). As can be seen from the above classification, there are two principal hallmarks distinguishing SME sector – the number of employees and the revenues generated. These criteria are tremendously important as they clearly reveal that these entities possess less potentials and fewer resources than their larger competitors. On the whole, this situation suggests that big enterprises are more

willing to harness specific promotion tools, e.g. TV advertising, sponsoring of large events or they more eagerly collaborate with professional marketing agencies as they can afford it and they have funds available to be used. For smaller enterprises, it is necessary to seek less costly solutions. The multitude of activities based on word-of-mouth marketing are characterised by this feature, and thus it seems likely to ascertain that these tools described play a bigger role for smaller entities.

It should be highlighted that as previously stated, small entities have fewer employees at their disposal, and it is difficult to select employees to be delegated to. exclusively deal with marketing activities. Employee teams in smaller businesses are smaller and less specialized. In this situation they, and particularly micro-enterprises, should be committed to delivering satisfaction to previous customers, thereby attaining positive promotion effects without direct efforts.

Service businesses form a characteristic group of enterprises. Typically marketing literature provides insight into the specifics behind services that makes them stand out as compared to other material products. Overall, these specifics rely on services' attributes which include (Kotler, Keller, 2012: 384–387):

- intangibility – services cannot be seen, touched or smelled prior to purchase, leaving options of their assessment limited, and thus heightening purchase-related risk,
- inseparability – services are produced and consumed at the same time,
- diversity – quality of service depends on who, where and when provides it, which prompts a high degree of diversity,
- short-lived – services cannot be stored which becomes a problem when fluctuations in demand emerge.

The specifics inherent to services produce numerous consequences for establishing relationships between a customer and a service provider, yet two of them seem to be principal. First, the purchase-related risk is higher than for tangible products, which translates into bigger importance of enterprise image and recommendations from other customers. Second, for services, the primary importance for their quality and customer perception is attached to the employee providing the service. Therefore, an entrepreneur should be particularly attentive to its employees' competences. Regarding medical services these attributes gain a bigger prominence, though alongside there are further characteristics typical for this service category. The first one is impossibility of providing guarantees – neither a physician or his employee can guarantee effective treatment. The second one is information asymmetry. Medical services are services provided by highly qualified personnel, and generally a physician knows more about the patient's health state and his treatment options than his patient, thereby making appropriate communication between them essential. This attribute causes that precisely this communication proves to be one of central parameters of customer satisfaction. The third feature that stands out in medical services is the fact that they concern the most critical issues for the patient – their health. As a result, trust in a physician and medical centre becomes key for the patient-customer, which translates into searching for recommendations from other patients.

Drivers determining satisfaction or appraisal of the quality of medical service were disclosed in Figure 3. Attention should be brought to large diversity. According to the model presented, diagnostic and medicinal quality which may be called the quality of the medical service in the strict sense, is merely one of three parameters' groups. All in all, patient's satisfaction may be equally affected by organizational as well as psychological issues related to communication or personnel's attitude.

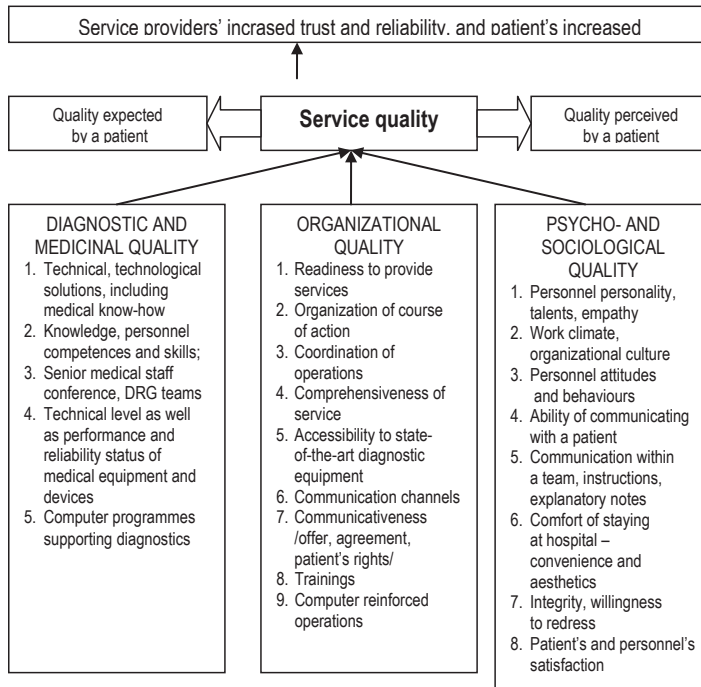


Figure 3. Determinants for the quality of medical services compared to service provider's reliability

Source: Lisiecka (2003): 235.

It should be also stressed that promotion of medical services, including dental is subject to specific restraints arising from resolutions passed by the Supreme Medical Council. Information provided to potential patients cannot have any references to advertisement and they cannot include (Brzozowska-Woś, 2013: 36–37):

- encouragement and inducing attempts to use medical services,
- information about treatment methods, effectiveness and time, as well as promises and colloquial terms,
- specification of prices and payment methods.

Meanwhile, the Code of Medical Conduct (Art. 63) obliges doctors and dentists to object to using their names or image for commercial purposes (Brzozowska-Woś, 2013: 37). Failure to comply with these guidelines is subject to liability on terms and conditions set out in the act on physician associations. In the situation where the use of promotion tools typical for other sectors, also for most services, is considerably limited, the exploitation of word-of-mouth marketing, largely based on high quality of services and recommendations given by patients becomes an effective method for building a competitive edge for the doctor's practice or dental clinic.

Against the backdrop of above enquiries, word-of-mouth marketing appears an effective promotion tool for health care entities. Specifically, Mruk (2009: 51) robustly emphasizes the argument that leaflets, various articles, materials displayed for patients, namely classical advertising tools deployed by small enterprises are carriers of information used by patients, yet at the same time he seeks to corroborate legitimacy for choice, and friend's or neighbour's positive experiences tend to be "the most effective instruments while collecting information".

While Bukowska-Piestrzyńska (2012: 243) claimed that word-of-mouth marketing conducted by patients should be viewed as more trustworthy than a message stimulated by a doctor's practice or dental clinic. On the whole, the results obtained from the research carried her, almost 80% of patients in dental clinics declared that they would recommend their dentist to other patients.

Conclusions

When summing up, a few significant facts should be put in the spotlight. First, attention should be paid to the fact that in present day economy a fundamental problem with enterprise operations is not so much related to establishing a business and offering its products, but with finding those willing to buy them. Therefore, core marketing competences and key sources for a competitive advantage include marketing competences which continue to be bolstered while searching for new solutions.

An important tool for enterprise's marketing activities is word-of-mouth marketing which gains in significance for small enterprises having limited funds for promotion at their disposal. Specifically, two benefits brought by its employment seem to be crucial. First, this may be a relatively low-cost tool because it is the customers who broadcast the message promoting the enterprise. Second, a high credibility of messages sent, simply results from the above fact, which translates into robust impact power, i.e. recommendations.

It seems that word-of-mouth marketing and related recommendations may have an exceptional significance for enterprises providing medical services. This significance is linked to few important facts. The first one is concerned with non-tangibility, a feature inherent to service. As a consequence, a consumer cannot assess anything ahead of consumption which leaves him strongly reliant on recommendations and opinions in making purchasing decisions. It should be kept in mind that in the case of medical services, consumers' strong fears and anxieties come to surface which augments the desire to pursue recommendations. It often may happen that a consumer is not able to evaluate its quality even after consuming a medical service, which all the more induces him to seek for entities enjoying patients' confidence for which he is also willing to pay more.

Another important characteristic distinguishing promotion of medical services includes legal confines and limitations arising from the Code of Medical Conduct. However, these barriers do not refer to word-of-mouth marketing, particularly when a message is communicated by patients. In this situation marketers should focus on its effective stimulation.

Research as well as analyses previously conducted found that word-of-mouth marketing is an effective tool for promoting medical services. Though, it is vital (in line with the model previously displayed) that the message is developed in a comprehensive way, and, furthermore, it needs to rest on consumers' satisfaction stemming from the top quality of services offered. In these circumstances this tool may effectively create an enterprise brand and positively influence the sale of its services.

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