

*Word-of-mouth was important
to both awareness and purchase
of stainless steel razor blades.*

Word-of-Mouth in Low-Risk Innovations

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The importance of word-of-mouth in influencing a buyer's decision to adopt an innovation is well-documented (Arndt, 1967; King, 1966). There are essentially three areas of research which provide the bulk of the evidence to support the existence of the powerful role that word-of-mouth plays in the diffusion of innovations.

First, there is research on the classification of the buyer's mental process into sequential stages of Awareness, Interest, Evaluation, Trial, and Adoption. It is asserted that although a buyer becomes aware of an innovation mostly from mass media, it is the word-of-mouth sources which are mostly utilized by the buyer at the critical stage of evaluating the innovation (Rogers, 1962).

The second area of research is the well-known hypothesis of the two-step flow of communication. It asserts that the mass media influence a small group of individuals called opinion leaders, who in turn influence the

masses (already aware of the innovation) to adopt the innovation (Katz, 1957).

The third area of research is somewhat indirect and more general. It deals with the influence of reference groups in the acquisition of products and services including innovations (Brooks, 1957; Bourne, 1957).

All three areas of research have one additional aspect in common. All of them have, by and large, dealt with innovations which are either (1) radically new, for which there existed no product class concept prior to introduction, or (2) introduced into those existing product classes which would be considered as high-risk because of the enormity of economic, social, and personal consequences entailed in their purchase and consumption. This restriction seems to have underestimated the importance of word-of-mouth. A number of reasons can be given for this viewpoint.

First, the existing research indi-

rectly implies that word-of-mouth will not be important in less radical or low-risk innovations, at least not to the same extent as in radical or high-risk cases. This implication is significant to note because most innovations entail minor changes in the existing products, and sometimes they create a high degree of relative advantage for the innovation over existing products.

Take, for instance, the introduction of soft margarines. The change from stick to tub is not radical; the product does not entail any enormous grave consequences; and the relative advantage in terms of spreadability is definitely very high. Does the implication, therefore, lead us to believe that for common innovations, the marketing manager should not use a word-of-mouth strategy?

Second, existing research explicitly suggests that word-of-mouth is not important in informing buyers about the new product although it is very important in influencing them. Probably

many innovations possessing highly advantageous attributes over existing products in low-risk buying situations come from smaller firms which do not have the resources to communicate sufficiently well using the mass media.

In such cases, personal sources can serve the function of informing the buyers in addition to influencing them. This seems plausible because a person who possesses information on a new product which is highly advantageous, probably will be eager to pass on the information to ingratiate others and, hence, strengthen his personal friendship or satisfy his own ego in exhibiting new knowledge.

Third, there is no systematic investigation of the possibility of further influence and communication by individuals who themselves have been informed and/or influenced by others. In other words, there may well exist a sequence of word-of-mouth so that the total importance of personal sources would be even greater than has been suggested. By limiting research to mostly high-risk and radical innovations, many products are excluded which are frequently bought, and the sequential word-of-mouth may be quite prevalent here.

Sequential word-of-mouth is likely to be quite high in frequently purchased, low-risk products and with respect to a highly advantageous innovation.

For the personal sources, and particularly the non-opinion leaders, one may feel confident to exert influence knowing that if the buyer is not as much satisfied with the innovation as they are, the friendship will not be at stake because there are few possible consequences.

Finally, the existing research seems to explicitly reject the idea that the total market may consist of two broad segments: Buyers who rely on personal sources for both information and evaluation and those who do not.

This is clearly seen in the two-step flow of communication hypothesis as well as in adoption process research. It would seem that in low-risk, frequently purchased supermarket products, the segmentation idea is very plausible. One reason is that a large number of buyers do not pay attention to mass media for these products because of their belief that the information is likely to be exaggerated and not helpful.

Stainless Steel Blades

Some support for the above reasoning comes from a study on the diffusion of stainless steel blades, carried out in 1964 (Sheth, 1968). At that time, stainless steel blades had just been introduced in the market on a massive scale. This innovation fits the type of innovations on which existing



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research has little to offer: it is in a low-risk product category; it has a strong relative advantage; the innovating company did not use mass media for a considerable period of time; and the product is a daily necessity and, hence, frequently bought.

More than 900 male respondents were personally interviewed on their adoption of the new stainless steel blades. Questions related to the respondent's shaving habits (whether dry or wet shaver, length of shaving experience, frequency of shaving, etc.) were asked. Then, his awareness of the existence of stainless steel blades, his adoption and continued use of them, and his brand preferences were obtained.

Finally, the respondent was asked to recollect the time he became aware of the new blades, what source informed him for the first time, whether he adopted them immediately after becoming aware or some time later, and whether friends and other personal informal sources were influential in his adoption decision. The respondent was also asked if he had influenced someone else after his own adoption.

A total of 601 respondents who were users of double-edged blades and who shaved at least two to four times a week is the relevant sample. All aspects of word-of-mouth importance in the diffusion of the innovation are summarized in Table 1. It shows that 36 per cent of the respondents were made aware of the existence of stainless steel blades by a personal source.

Furthermore, 48 per cent stated that they were influenced by a personal source in their decision to adopt the new blades. On the other hand, 18 per cent of the sample stated that they had influenced someone else after their own adoption of the stainless steel blades. Finally, 48 per cent of the sample adopted the new blades immediately after becoming aware of their existence.

TABLE 1
WORD-OF-MOUTH IN THE
DIFFUSION OF STAINLESS STEEL
BLADES

(Sample = 601 male respondents)

	Num- ber	Per- centage
Informed by Personal Source	217	36
Influenced by Personal Source	291	48
Adopted Immediately	292	48
Respondents Influenced Someone Else	110	18

The data become more interesting and reveal the significance of word-of-mouth if personal sources of information are correlated with personal influence and with influencing others. Tables 2 and 3 present the cross-classifications. It will be noted that 71 per cent of the respondents who were informed by a personal source were also influenced by a personal source, as compared to only 35 per cent of the respondents who were made aware by an impersonal source.

There is, then, a strong relationship between awareness from word-of-mouth and influence of word-of-mouth which supports the earlier proposition that the total market may have a sizable segment which relies on word-of-mouth for both information and influence.

Furthermore, there is greater incidence of word-of-mouth sequence (influencing someone else after adoption) among respondents who were informed by personal sources than among those

TABLE 4
RELATIONSHIP BETWEEN
"WAS INFLUENCED" AND
"INFLUENCED OTHERS"

		Influenced Others		
		Yes	No	Total
Was	Yes	83	208	291
Influenced	No	27	283	310
	Total	110	491	601

 $X^2 = 35.2$ $p < .001$

TABLE 2
RELATIONSHIP BETWEEN
SOURCE OF AWARENESS AND
PERSONAL INFLUENCE

Source	Personal Influence		
	Yes	No	Total
	Personal	Impersonal	
of	155	62	217
Awareness	136	248	384
	Total	291	310
		601	

 $X^2 = 71.5$ $p < .005$

who were informed by impersonal sources (22 per cent vs. 16 per cent). This is contrary to the opinion leadership theory if it is assumed that people who attempt to influence others are opinion leaders.

Table 4 is a cross-classification of respondents who were influenced by personal sources and their subsequent attempt to influence others. As many as 25 per cent of the respondents who admitted that they were influenced by a personal source attempted to influence someone else. This compares very well with the nine per cent of those respondents who were not influenced by a personal source. The incidence of further transmission of word-of-mouth is clearly seen from the data in Table 4.

It is not really surprising to find a very high percentage of total respondents (48 per cent) who adopted the new blades immediately after they became aware, in view of the fact that the innovation can be characterized as a low-risk product with strong relative advantages over existing substitute products.

Finally, a very clear picture of segmentation of market by word-of-mouth can be seen in Figure 1. It is a tree diagram and gives the conditional probabilities on a time sequence which goes from "awareness" to "being influenced" to "influencing others." The conditional probability distributions clearly show that the total sample con-

TABLE 3
RELATIONSHIP BETWEEN
SOURCE OF AWARENESS AND
"INFLUENCED OTHERS"

Source	Influenced Others		
	Yes	No	Total
	Personal	Impersonal	
of	48	169	217
Awareness	62	322	384
	Total	110	451
		601	

 $X^2 = 17.6$ $p < .005$

sisted of two segments of buyers: those who used word-of-mouth for both information and evaluation and those who did not use it for either purpose. Furthermore, sequence of word-of-mouth is definitely greater in the first segment than in the second segment.

Another interesting cross-classification is the personal source of information with immediacy of adoption. In general, word-of-mouth is found to be more credible (Howard and Sheth, 1969) than mass media. This would suggest that there should be proportionately greater incidence of immediate adoption if the source of information was personal and if the innovation is a low-risk product with high relative advantage. The incentives are strong enough to minimize any deliberation, and the source of information is trust-

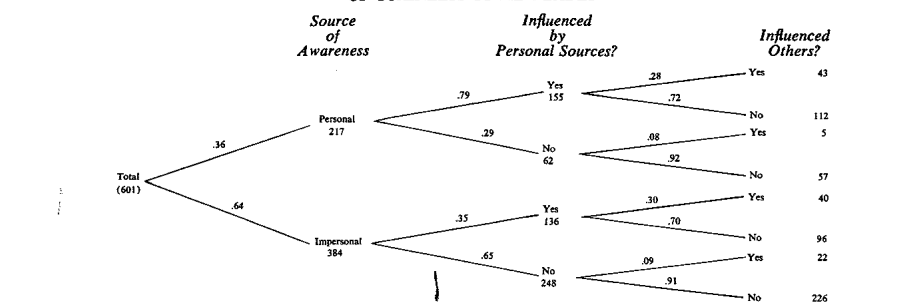
TABLE 5
RELATIONSHIP BETWEEN
SOURCE OF AWARENESS AND
ADOPTION TIME*

Source	Adopted		
	Im- medi- ately	Later	Total
	Personal	Impersonal	
of	136	81	217
Awareness	156	228	384
	Total	292	309
		601	

* Adoption time refers to the time-lag between awareness of the innovation and its subsequent adoption.

 $X^2 = 69.4$ $p < .001$

FIGURE 1
A TREE DIAGRAM REPRESENTING THE IMPORTANCE OF WORD-OF-MOUTH IN DIFFUSION OF STAINLESS STEEL BLADES



worthy so that no conflict is created.

As shown in Table 5, 62 per cent who were made aware by a personal source adopted the stainless steel blades immediately, in contrast to 46 per cent who were made aware by some impersonal source.

Figure 1 also seems to be a support of several propositions that Katz (1957) made in discussing two-step flow of communication. These were (1) that personal sources may perform other functions than just informing the public; the additional functions

discussed were those of influencing them and legitimizing their decision to adopt by reassuring them; and (2) that there may exist a three-or-more-step flow of communication—not just a two-step flow.

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