

Martin Oetting, Monika Niesytto, Jens Sievert and Florian Dost:

# Positive word-of-mouth is more effective than negative – because it sticks!

*The widespread belief that you "tell three people" about a positive experience, and "ten people" about a negative one, isn't true. This trnd study with 30,000 survey participants investigates the relationship between positive and negative word-of-mouth, as well as the role of social media in the relaying of purchase recommendations.*

**trnd** *bopki*

<b>Executive Summary</b>	<b>3</b>
<hr/>	
Background of the study	3
<hr/>	
Part 1: Word-of-mouth from the receiver's end	4
<hr/>	
Part 2: Sharing of positive and negative experiences	7
<hr/>	
Summary	9
<hr/>	
Appendix	10
<hr/>	
About trnd	12
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Authors of the study are Dr. Martin Oetting (trnd AG), Monika Niesytto (trnd AG), Jens Sievert (ESCP Europe, Berlin Campus) and Florian Dost (also ESCP Europe, Berlin Campus).

The study consists of two parts. This part of the investigation will look at the differences between positive and negative word-of-mouth, while the second part, to be published soon, will look at the relationship between online and offline word-of-mouth.

## Executive Summary

### Positive word-of-mouth is more effective than negative - because it sticks!

When asked about their last received word-of-mouth, up to 89% of consumers will tell you of positive experiences (up to 7% will speak of negative experiences). Even experiencing a negative shopping experience doesn't mean they are more likely to tell people about it than a positive one.

**Conclusion:** Brands don't need to fear the opinions of customers - people enjoy speaking about positive news and remember good news clearly.

### *Negative word-of-mouth is most likely to occur in transport and communications.*

Some product categories suffer from disproportionately high amounts of negative customer communication. In the field of food or personal care, however, the proportion of negative word-of-mouth is very small.

**Conclusion:** In the fields of transport and communications, positively surprising customers can lead to companies securing a communicative advantage. FMCG companies can pro-actively focus on word-of-mouth - people rarely speak ill of supermarket products.

### *Own experiences count.*

The overwhelming number of recalled word-of-mouth results from the speaker's own product experiences.

**Conclusion:** Effective word-of-mouth is generated by real product experiences.

### *Background: So what is it about negative word-of-mouth?*

Everybody has probably heard the following sentence, or at least a variant of it: "You tell three people about a positive experience, and ten about a negative one." This sounds rather intuitive and plausible.

There are many reasons why we tell others about a bad experience buying a product or receiving a service. We are angry and want to share our frustration with others. We want to warn friends about a bad provider, or perhaps we want to "pay back" a company by telling others about our bad experiences with them.

A positive experience represents a nice, yet unnecessary piece of information. Friends only pass on good pieces of advice every once in a while. The urgency is perhaps not as high as when you want to warn others of a bad decision. We often also hear that negative comments are not only made more frequently, but also that they have a stronger effect.



Yet what seems intuitively plausible might not apply – particularly when things are disputed in scientific research. In our comprehensive literature analysis of word-of-mouth research, we came across conflicting research results time and time again. Some have supported the thesis that negative word-of-mouth is more widespread, whereas others have contradicted this view.

In order to thoroughly investigate the matter, we conducted a survey in autumn 2009 with the business school ESCP in Berlin in which 31,173 trnd members participated.

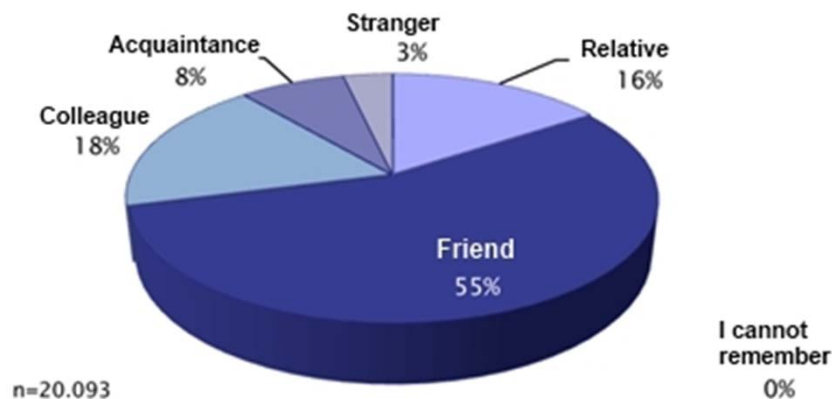
# 01. Word-of-mouth from the receiver's end (1).

## "Tell us about your experience!"

In the first part of the study we asked the participants to describe the last situation in which they themselves experienced statements or reports about products, brands or companies - a situation where they were the receiver or reader of word-of-mouth. The questions were asked in such a way as to allow the participant to remain fully open to describe an opinion expressed either online or an offline experience. (For example: The term "word-of-mouth" was avoided in the questioning, as it strongly suggests a conversation taking place offline.)

## Where does the word-of-mouth come from?

The participants were firstly asked who they received the information from:



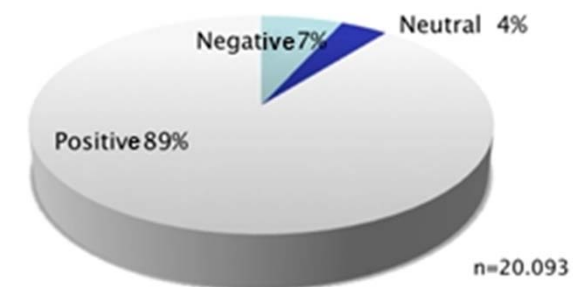
Friends and relatives make up 71% of the reported experiences. So-called "strong ties" - close connections to others - lead the way for the transmission of word-of-mouth. This is in contrast to "weak ties" with those known less well, for example colleagues, acquaintances and strangers.

## Positive and negative word-of-mouth.

The importance of negative word-of-mouth was a key issue at the beginning of the study. In the first part of the survey we wanted to find out which word-of-mouth the participants remember. As a result, we asked whether their received word-of-mouth was positive or negative.

Here it is important to remember that again, we avoided the term "word-of-mouth" ["Mundpropaganda" in German] in our questions - as the German word could suggest a positive form of communication.

We asked the survey participants using three differently-worded questions, with the resulting word-of-mouth assessed on a scale of 1 to 7 (very negative - very positive). The average of the three values was then recorded to find out just how positive or negative the experience was overall. Average values of between 1 and 3.5 were interpreted as negative word-of-mouth; values of between 3.5 and 4.5 as neutral; and those higher than 4.5 were positive word-of-mouth. A surprising picture emerged:



The **overwhelming proportion** of the participants - approaching 90% - remembered **positive** word-of-mouth. Thus, according to the survey, the theory that negative customer reviews primarily get lodged in our memories doesn't actually ring true.

# 01. Word-of-mouth from the receiver's end (2).

It is conceivable that much more negative word-of-mouth actually exists, yet that we forget it more quickly. But this can hardly be justified as conclusive: Why would we overwhelmingly remember positive word-of-mouth, but not negative?

A different explanation: There are fewer negative experiences, and so fewer opportunities to spread negative word-of-mouth. It could still be possible, though, that a person experiencing something negative could tell a disproportionately high number of people about it. The next section of our study will examine whether or not that is actually true.



*People want to spread positive things.*

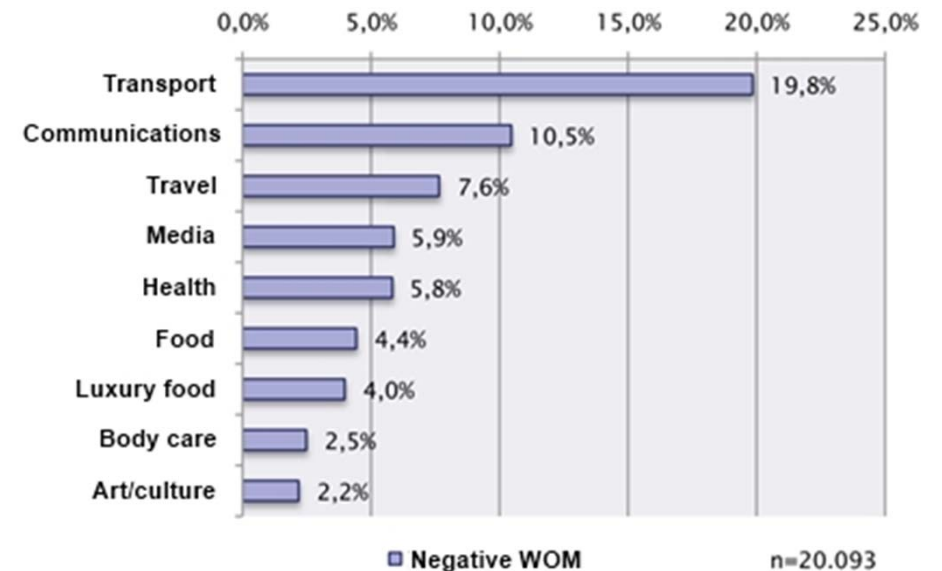
It is rather simple to explain why more positive than negative word-of-mouth is passed on - from the point of view of the "sender": Word-of-mouth has an identification function - by reporting about our purchasing decisions we are describing "who we are".

Whenever we report about a wrong purchase decision or a negative experience, we are communicating to our friends that we have made a bad choice, or that we gave in to being treated badly by a vendor.

You do such a thing every once in a while, when you want to (as already mentioned) warn friends about a brand or product, yet doing it constantly might earn you the reputation of being not particularly bright.

## *Which product categories suffer the biggest amount of negative conversations?*

We also looked at the product categories where the most negative word-of-mouth is remembered. Unsurprisingly perhaps, is that the highest proportions of negative word-of-mouth can be found in the fields of transport and telecommunications.

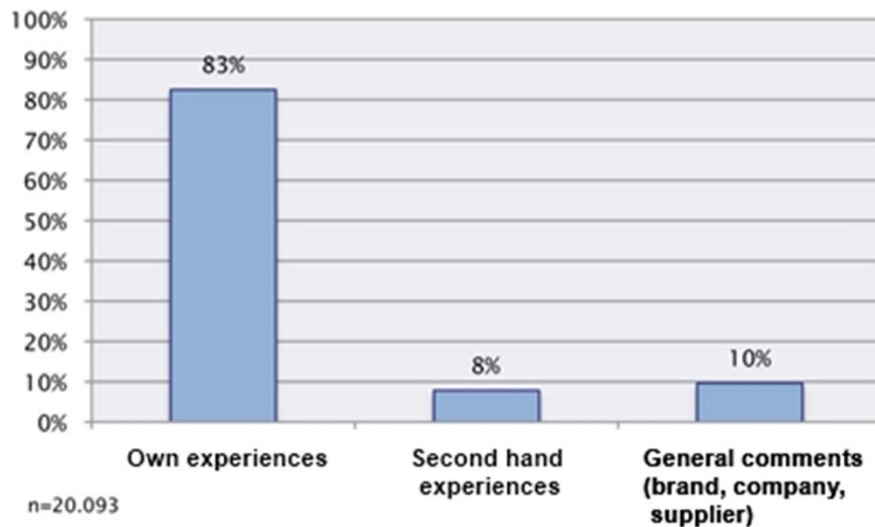


It is clear that companies in these service industries can gain an advantage over their competition if they try harder to provide an outstanding experience for the customer, as this can be spread by carefully-selected customers.

# 01. Word-of-mouth from the receiver's end (3).

## Own experience or heard from others?

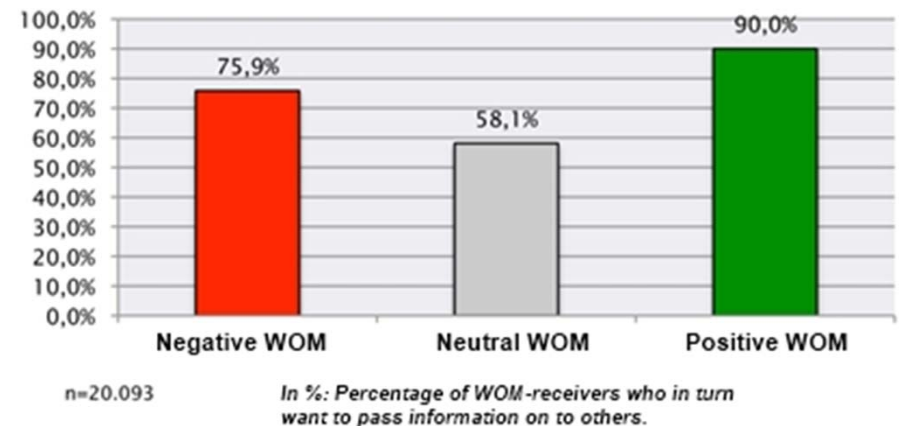
Second hand word-of-mouth is an interesting phenomenon - word-of-mouth expert and author Emanuel Rosen describes an example that he found on Amazon: "I haven't read this book, but judging from the online reviews below I don't think it's a very good book (one star)." We wanted to know how high the proportion of word-of-mouth was that doesn't result from people's own experiences - but rather that is passed on from others. That is why we asked the participants "whether the person reported about his/her own experience, or about something that happened to somebody else."



Own experiences make up the overwhelming majority of word-of-mouth - however close to 20% is still made up of others' opinions or more general exchanges about a brand or provider.

As a lesson for word-of-mouth, we can conclude that it is advisable to incorporate genuine product experiences for the ambassadors in word-of-mouth marketing projects wherever possible. This is the best way to make sure that relevant communication is indeed occurring.

Furthermore, we asked the participants whether they passed on received information to others - for example, creating second hand word-of-mouth - or whether they plan to do so. It appears that both negative and positive word of mouth are better suited for being passed on to others than neutral word of mouth. What's more, it shows that people clearly prefer to pass positive information on to others.



Judging from the absolute numbers displayed here, these figures may be considered slightly optimistic self-assessments - against the backdrop of the figures previously shown, it seems that people are perhaps less inclined to pass on received word-of-mouth than they claim here. But the relative difference between neutral and non-neutral word-of-mouth is very clear.

## 02. Sharing of positive and negative experiences (1).

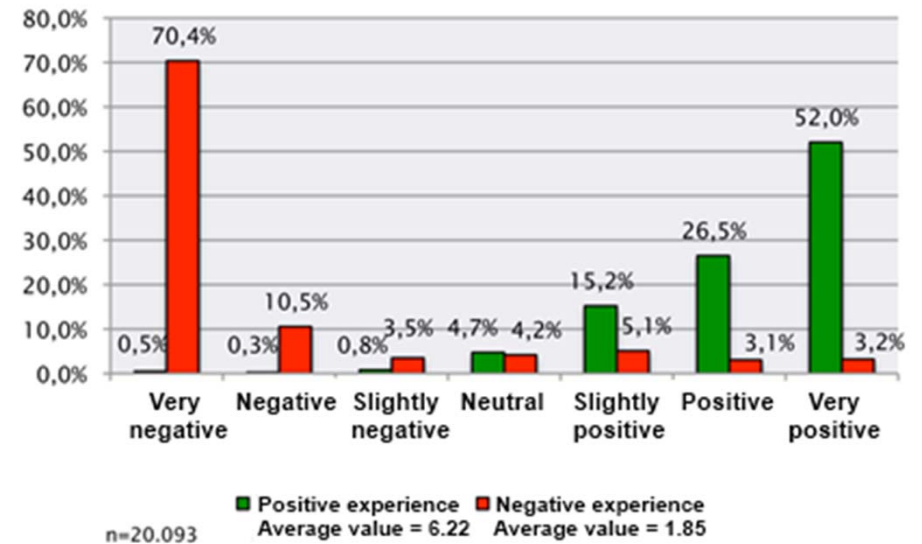
### *A negative and a positive shopping experience.*

In order to get a complete picture of the role of negative and positive word-of-mouth, we investigated the word-of-mouth dissemination of the participants in the second part of the survey. For this, the participants were **randomly divided into two groups**<sup>1</sup>. Each group was told about a shopping experience in a mobile phone shop - with the request to put themselves into the situation presented to them.

One of the two groups (n=7,888) was told of a **very positive shopping experience**, whereas the second (n=12,263) was told of a **very negative one**. (The descriptions of the experiences can be found in the appendix.) Both groups were subsequently asked the same questions regarding the passing on of recommendations/information. In this way, we wanted to measure the differences in the behaviour of those passing on positive and negative experiences.

Both groups were then asked to rate their experience (on a scale of 1 to 7, one="very negative", 7="very positive"). **The negative group showed an average value of 1.85**, while the **positive group showed an average of 6.22**. It can therefore be assumed that the project succeeded in portraying a clearly negative as well as a clearly positive situation.

The following is the response profile - the red bars show the responses of the participants who were given the negative scenario, the green bars the answers from the readers of the positive scenario:



The negative experience was considered very distinctly negative - whereas the positive experience allows more increments to be identified in the ratings.

### *How many people do we tell about positive and negative experiences?*

Firstly, we asked: "Would you tell friends and acquaintances (either in person or over the phone) about your experience?" 100% of the participants said that they would - everybody, without exception, and regardless of whether positive or negative.<sup>2</sup>

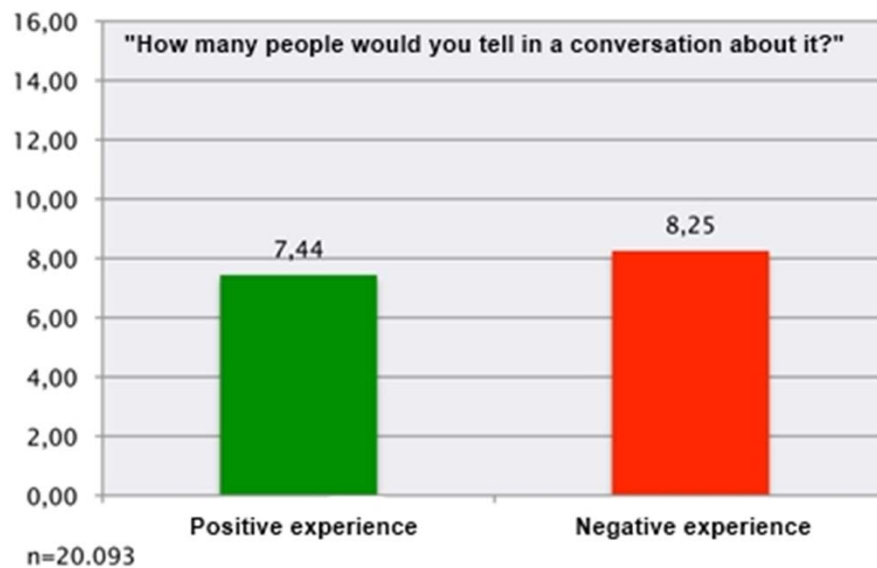
Subsequently we could then ask about the number of people who would report about such an experience - to really get to the bottom about **whether negative experiences really do get passed on to more people**.

1) In order to form groups, the participants had to indicate whether the first digit of their post code was odd or even. We had assumed that this would lead to two equally large groups. The groups were ultimately not quite equal in size, however each was large enough to obtain reliable and comparable results.

2) We also asked about online spread, the corresponding results of which will be published in the second part of this study.

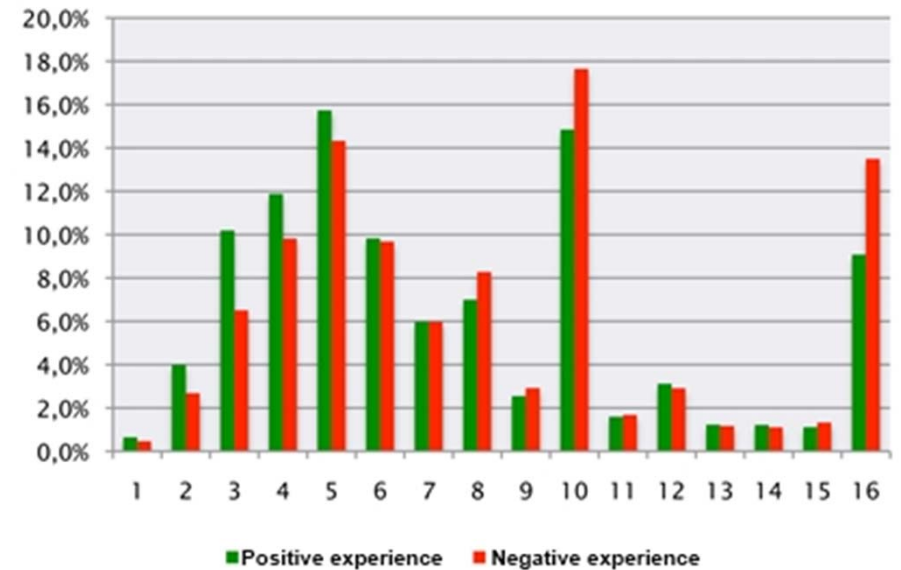
## 02. Sharing of positive and negative experiences (2).

To this end we asked: "How many people would you tell in a conversation about it?" The participants could specify 1, 2, 3, 4 ... up to 15 people, or give the answer of "16 people or more". The last answer was evaluated with a 16 for the analysis. The result, in average values.



The results show that a negative experience would clearly be passed on to more people, yet the difference is not quite as distinctive as initially suspected - at least according to the declaration of intent from the participants who didn't know the other participant's scenario.

If you examine the distribution of responses to the individual answer options, the following graph is produced:



The profile of the answers for both experiences is remarkably similar - the majority of the participants would pass on both their negative and positive experiences - "offline" - to a single-figure number of people (positive 68%, negative 61%). The peak at 16 - also in both groups - is probably explained by the fact that it also includes all other answers higher than this, i.e. that it aggregates a range of possible answers.

At this point we can summarise the findings from both parts of the survey: **most people remember much more positive than negative word-of-mouth.** Negative word-of-mouth spreads **only marginally more than positive.**

**Neutral word-of-mouth is remembered much less - Consumer comments with a positive polarity stay with us most of all.**



## 03. Summary: “No worries”.

### *Negative versus positive word-of-mouth.*

Due to the results of this study we are able to give the all-clear: **the much-heralded clearly stronger effect of negative word-of-mouth compared to positive consumer comments cannot be confirmed.**

The overwhelming majority of consumers and users pay more attention to positive messages about companies and their products within their group of friends: **the majority of people remember positive stories**, while negative experiences are less frequently remembered. **Even in extreme experiences, a remarkably stronger spread of negative word-of-mouth cannot be detected.**

We can summarise the findings from the two surveys in three points:

- **Most people remember much more positive (89%) than negative (7%), word-of-mouth.**
- **Negative word-of-mouth spreads barely more than positive (average of 8.25 people vs. 7.44 people).**
- **There is little neutral word-of-mouth - consumer statements almost always have either negative or positive polarity.**

### **Our conclusion for marketing.**

There is no reason to avoid actively working with word-of-mouth. The frequently-expressed concern that you cannot prevent negative communication in the context of word-of-mouth marketing is in any case misleading - it suggests that negative WOM would simply stop happening if you didn't work with consumer conversations.

These results help make it crystal clear: the consumers and customers have no increased interest in negative communication - as is sometimes feared by marketers. They are willing to support the marketing process, and enjoy passing on good experiences to others.

# 04. Appendix: Study design - two parts of the survey.

To get answers to our questions we designed a two-part survey.

## Part 1: Received word-of-mouth.

In the first part we asked the participants to recall the last time that somebody told them about a product or brand, or told them of their opinions over the internet. We asked a range of questions about this WOM experience: *Via which channel did you receive the opinion? How positively did the person communicate? Have you since passed the opinion on to others? Which field did the expressed views relate to? Etc.* As we deliberately didn't ask the participants which word-of-mouth **they themselves** had made, we wanted to avoid being told about communication that occurred within the trnd projects because there would be a risk of having distorted results.

### Survey design, data cleansing:

Two-part survey:

- Various questions relating to most recent experience of "receiving" communication about a product.
- Description of a positive or negative scenario, followed by own behavioural assessment.

20,093 data sets were left following the data revision.

In a second stage we went over the entire data set containing all of the communicated content, and excluded all answers that related to brands and products that we have already supported in trnd projects. Since the trnd community has become very active for a lot of brands, we had to delete quite a lot of the data. But it was important for us to evaluate only the communication that was not affected by our work with trnd. We also eliminated incomplete, incorrect or nonsensical records as well. Thus, 20,093 records remained left over for analysis.

## Part 2: Scenario description and subsequent behavioural assessment.

In the second part we simulated the behaviour in positive and negative experiences (here: attempting to purchase a mobile phone in a shop). For this we randomly selected two groups: the first (n=12,263) was presented a text in which the reader could place himself in a very negative buying situation. The second group (n=7,888) was asked to put themselves in the opposite scenario: an extremely pleasant experience. Both groups had to assess their behaviour. Here are the descriptions of the two shopping experiences:

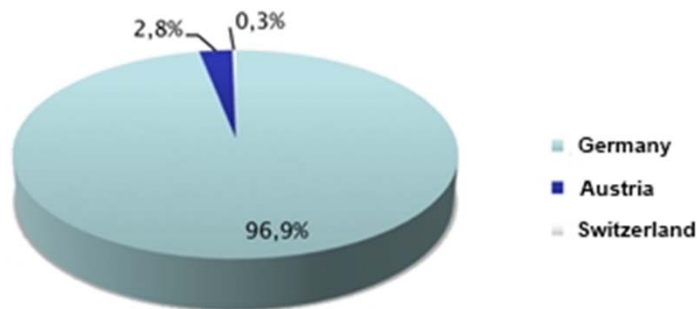
**Positive experience:** "Imagine you want to sign a new mobile phone contract. You walk into a shop where you can choose between all mobile networks. You want somebody to advise you about the different service providers and handset types. Although the store is really busy you don't need to wait long, as a very helpful worker makes time for you. He listens attentively to you as you describe your telephone habits and why you want to find a new contract. He then tells you a few useful facts and bits of information regarding the different service providers. He speaks very knowledgeably about the different types of mobile phones, and explains in detail their advantages and disadvantages. Finally, he shows you three different phones that perfectly fit your needs. You are delighted with the good advice, thank the consultant, and finally leave the shop with a really good feeling."

**Negative experience:** "Imagine you want to sign a new mobile phone contract. You walk into a shop where you can choose between all mobile networks. You want somebody to advise you about the different service providers and handset types. Although the store is really not busy, the staff hardly appear interested in helping the customers. Just as your patience is reaching the end of its tether, one of the employees finds some time for you. However, he gives you very short shrift, is quite unfriendly, and unable to fully answer a range of questions that you have. Instead, he appears to want you to sign a particular contract where it seems he will get a very good rate of commission. He barely gives a second thought to your wishes. After a while you break off the conversation and leave the store."

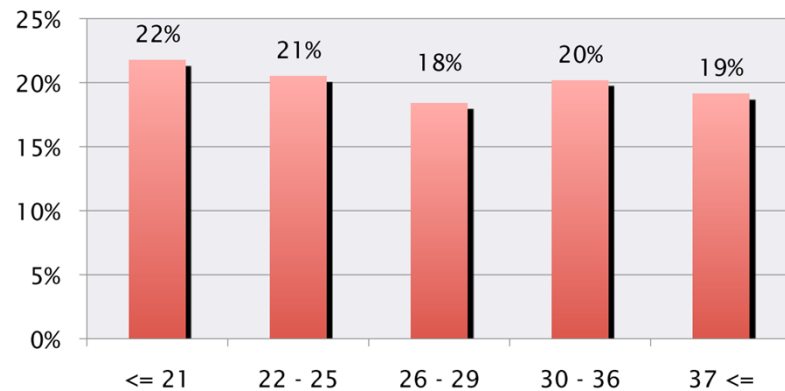
# 04. Appendix: Description of participants.

## Appendix: Description of survey participants.

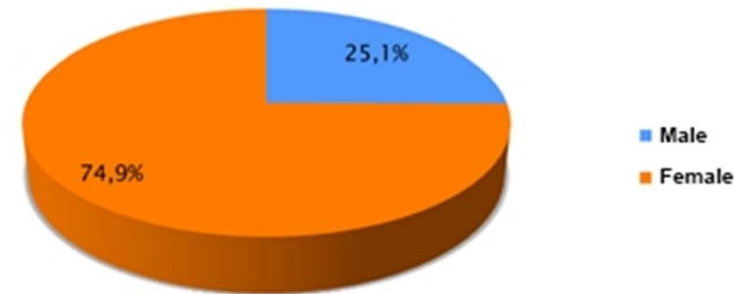
The overwhelming number of survey participants are from Germany; only a few people from Austria and Switzerland took part.



Average age: 29.2 years old.



A special feature of the study is that three quarters of the participants are women:



The reason for this is that there are more female (63%) than male members on the trnd platform, and the former also participate more actively in polls offered on the platform.

**Important: the high proportion of women in the survey does not distort the study results. We analysed the male and female results separately, yet received quite similar results in the two groups.**

The participants were not rewarded for their participation in the study - the survey was provided in the member's area and those trnd members who had an interest could answer.

**About trnd.**

## 05. About trnd.

### *About trnd:*

trnd - the letters are short for "the real network dialogue" - is the European word-of-mouth marketing pioneer. For the first time, trnd provides companies with the opportunity to include the highly effective instrument of word-of-mouth in their marketing mix in a carefully planned and measurable way, in order to trigger private conversations between individual consumers (C-to-C marketing).

trnd operates its unique word-of-mouth networks trnd.com and bopki.com in Germany, Austria, Switzerland, Spain, France, Italy, Netherlands, Belgium, Argentina and Hungary with over 1,000,000 connectors\*. Together with our partners, we can additionally provide access to USA, Canada, England (with BzzAgent), Sweden, Finland, Norway and Denmark (with Buzzador).

Word-of-Mouth campaigns are planned, managed and analysed on our technology platform trndsphere – the 1:1 dialogue with the connectors in our campaigns is managed by trnd's own WOMcenter.

Since early 2005, trnd has implemented more than 250 WOM campaigns for clients such as P&G, Wrigley, Henkel, GSK, Bosch, Unilever, L'ORÉAL, Philips, smart and Microsoft.

### *Contact:*

trnd AG - the real network-dialogue  
Winzererstr. 47d  
D-80797 München

#### **Phone, fax and email**

Phone (0) 89 307668-250  
Fax (0 89) 307668-123  
Email [info@trnd.com](mailto:info@trnd.com)

online [www.trnd.com/company](http://www.trnd.com/company)

Company headquarters trnd AG in Munich, Germany. Munich Registration Court, Commercial Register No.: HRB 171131, Munich District Court, UStID DE238390954  
Management Board trnd AG: Rob Nikowitsch, Torsten Wohlrab, Robert Schlittenbauer.  
Chair of the Supervisory Board: Bettina Bosse.

### *trnd international:*

#### **trnd Germany + Austria**

Winzererstr. 47d,  
80797 Munich, Germany

#### **trnd Spain**

Mallorca 188, Entresuelo 2a,  
08036 Barcelona, Spain

#### **trnd Switzerland**

Seefeldstrasse 69,  
8008 Zürich, Switzerland

#### **trnd Netherlands + Belgium**

Asterweg 19-D2  
1031 HL Amsterdam, The Netherlands

#### **trnd France**

132, boulevard Pereire  
75017 Paris, France

#### **trnd Italy**

Via Santa Maria Valle 3  
20123 Milano, Italia

#### **trnd Argentina**

Chacabuco 716 (1602) Vicente López  
Buenos Aires, Argentina

#### **trnd Central Eastern Europe**

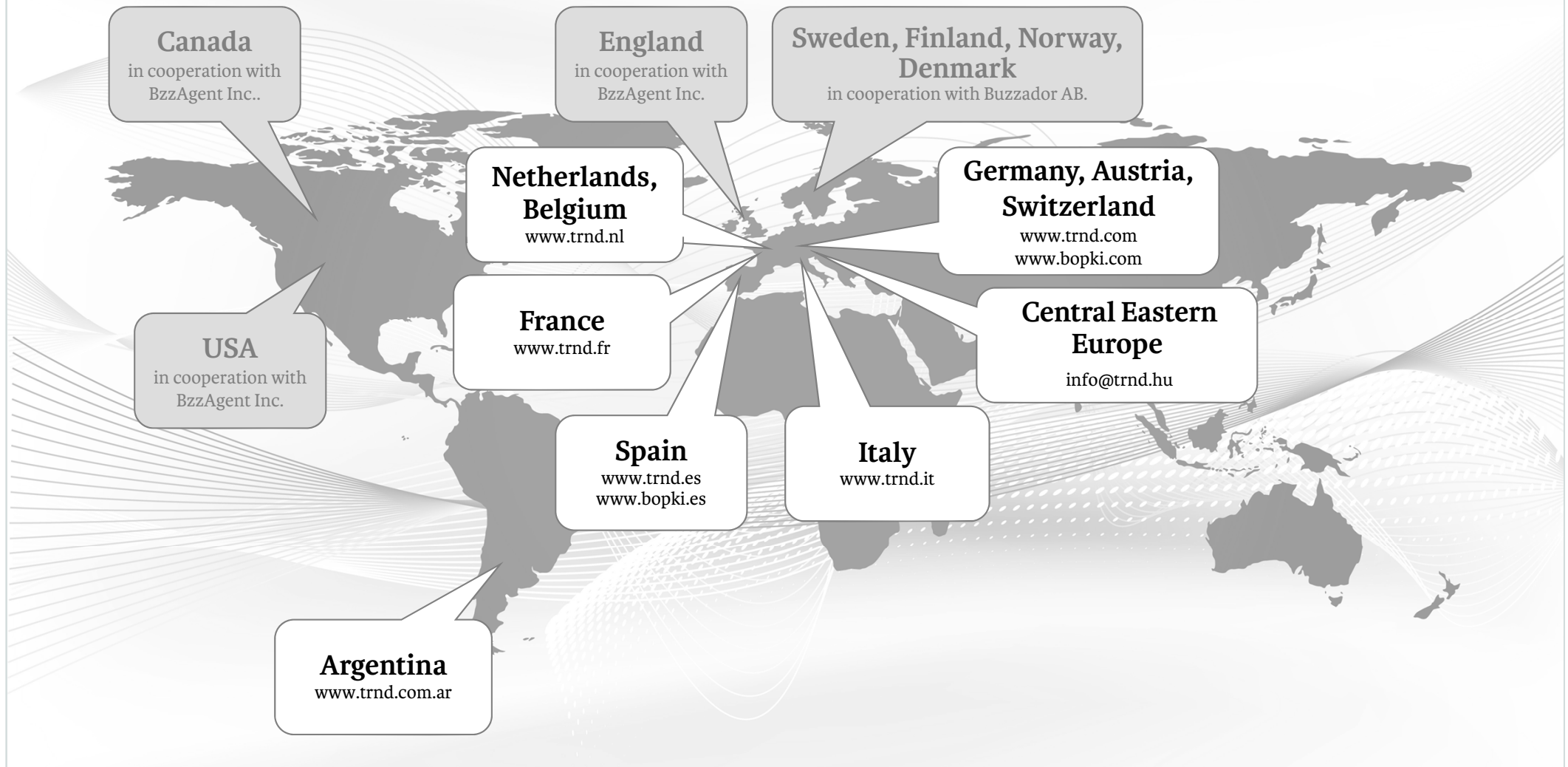
Dayka Gábor utca 3,  
1118 Budapest, Hungary

trnd is an official member of the word-of-mouth Marketing Association WOMMA.



## 05. Worldwide-WOM.

We offer you the opportunity to carry out international word-of-mouth marketing campaigns.  
We currently cover the following markets (as of 06/11):



**trnd AG**

Winzererstr. 47d

D-80797 Munich

Germany

Phone (0 89) 307 668 - 250

Fax (0 89) 307 668 - 123

Email: [info@trnd.com](mailto:info@trnd.com)

Current information can be found online at: [www.trnd.com/company](http://www.trnd.com/company)