

# Measuring the impact of customer word-of-mouth

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(Phys.org)—Facebook advertisers know that we are more likely to trust brand endorsements if they come from our friends, yet University of Queensland student Teegan Green says many businesses underestimate how much it costs them when people share negative experiences.

Ms Green, from UQ's Faculty of Business, Economics and Law, recently won the inaugural Three Minute Thesis (3MT) competition for honours students, with an enthusiastic oration on her thesis, *Good Firm Gone Bad - Financial Costs of [Human Emotion](#) & Behaviour: Customer Responses to Service Failure and Recovery*.

Originally developed by the UQ Graduate School in 2008, 3MT challenges research higher degree students to explain their research to a non-specialist audience in just three minutes. This year, the Office of Undergraduate Education (OUE) made the competition available to honours students, so that they too could hone their research communication skills.

In her 3MT presentation, Ms Green spoke of the financial impact to firms as more consumers share information in ever-expanding networks.

"I conceptualise the effects of six degrees of separation and online social networks as customer network power, and integrate this into the current formula for calculating customer lifetime value to firms," Ms Green said.

"If you share word-of-mouth about a service failure in your online network you never quite know who will be the consumer of the information you post as it is diffused online through multiple connections," she said.

"It's that old idea of you've met someone, who's met someone else, who's met someone else, who's met, say for example, The Queen of England!"

Her research aims to show that consumer value to firms shouldn't be measured merely in terms of what a person can buy, but the impact they have in their complex web of interaction, and consequently, that firms should be prepared to invest more in providing good customer service when they fail to meet expectations.

"My thesis can help firms calculate that customers are worth more than they currently estimate, so when service failures occur, if your flight is cancelled for instance, they will be more likely to offer you a service recovery!" Ms Green said.

Ms Green isn't immune to public speaking nerves but said they were part of the excitement of sharing your curiosity and passion.

"You can really hone in on that three minute 'elevator pitch' to say why your research is important, not just for you as a researcher, but for the broader community," she said.

"There is a definite buzz that comes from distilling a 20,000 word thesis and a year's worth of work into just three minutes - it has been one of the best experiences I have ever had."

OUE's Acting Director, Dr Jessica Gallagher, said that the Undergraduate Research Conference (URC), which included the 3MT competition for honours students, was an important feature of UQ's

Research Week.

"The URC reflects the university's commitment to fostering the next generation of innovators, like Teegan, and to providing opportunities for students to enhance their communication and presentation skills," Dr Gallagher said.

"We were keen for honours students to tackle the 3MT challenge and were very impressed by the level of interest and calibre of entries. We are already looking forward to the 2013 competition," she said.

OUE coordinates a number of research programs for undergraduate students, including the Summer Research program, where Ms Green got her first taste of research.

"My summer research experiences were amazing and confirmed that I was passionate about pursuing a research career," Ms Green said.

With plans to expand her research into a PhD with the UQ Business School, no challenge is too big for this shooting star.

"I love studying, thinking, teaching and researching and to continue on to a PhD is a way I can live out these passion," she said.

"I most definitely recommend that all students become involved in research - the benefits are endless."

Provided by University of Queensland

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