3 Methodology

This chapter describes the research methodology used to answer the research questions cited in the Introduction on pages 4–6. It outlines how the most appropriate methodology has been selected. It includes consideration of the relationship between the nature of the research, and the research questions and the collection of data necessary to answer them. This has entailed the examination of the alternative established research philosophies, the methodologies used previously, as well as your researcher's own beliefs and experience of reality, culminating in conclusions as to the most appropriate approach. The chapter describes the selection of the cases, the choice of instruments for data gathering, the data gathering process and the analysis of the information, and the feed-back processes in the final stages towards closure. For further explanation of the research journey from course work to literature review, formation of the research questions and subsequent research methodology, see Appendix 5. This appendix also outlines the timing for the phases of data collection, case analysis and cross-case analysis, and the lengthy process of revision.

3.1 The research paradigm

A paradigm is regarded as a 'basic belief system or framework that guides the investigator' (Guba and Lincoln 1994, p. 105). Creswell (1997) defined the paradigm in terms of four fundamental assumptions related to ontology, epistemology, axiology and methodology. The *ontological* assumption concerns the researcher's position on the nature of reality. Thus the researcher approaches the world with a set of ideas, a framework. With the *epistemological* assumption, what is considered valid knowledge guides the research strategies and methodology; a series of questions, therefore, determines if and how the researcher will engage and interact with participants, so that the research findings will generate knowledge or enhance understanding. The *axiological* assumption establishes the role of values in a study. In this research, it is acknowledged that the study is value-laden and value-based, thus rejecting the assertion that this researcher is detached and value-free. Finally the *methodological* assumption

translates ontological and epistemological principles into guidelines that show how the research is to be conducted (Sarantakos 2005), so that the researcher examines the problem in specific ways (methodology and analysis).

Scientific paradigms, incorporating these four assumptions in varying forms, fall into two fundamentally different schools of thought (Smith 1998). The positivist paradigm uses quantitative and experimental methods to test hypothetical deductive generalisations (Easterby-Smith et al. 1991; Burrell and Morgan 1993; Hussey and Hussey 1997). In contrast, the phenomenological approach uses qualitative and naturalistic approaches to inductively and holistically understand human experience (Easterby-Smith et al. 1991; Remenyi et al. 1998). While positivists separate themselves from the world they study, researchers with a phenomenological approach acknowledge that they have to participate in the 'real' world to some extent. They do so to better understand its emergent properties and features (Gilmore and Carson 1996). This section discusses four major paradigms relevant to this study: deductive positivism, and three paradigms that adopt an inductive phenomenological approach – critical theory, constructivism and realism.

3.1.1 Positivist paradigm

Positivists assume that natural and social sciences measure independent facts about a reality composed of discrete elements whose nature can be known and categorised (Guba and Lincoln, 1994; Tsoukas 1989). Researchers endorsing the positivist paradigm often measure and analyse causal relationships between variables that are consistent across time and context. The data are considered value-free, neither influencing nor being influenced by the data gathering process or the researcher.

Most previous research into WOM has been conducted by a deductive process (Wallace 1983). This continues to hold (Gummesson 2002b). The process normally involves quantitative studies in which the data are collected through surveys and statistically analysed; the findings are generalised to the populations from which the sample was obtained; and the validity of the theory is tested. Data are usually collected in a structured manner with no acknowledgement of subjective intervention from the researcher, who tests the theory by value-free generalisations (Perry et al. 2002).

However, some authorities consider the positivist approach inappropriate for social science research (for example, Orlikowski and Baroudi 1991). Perry et al. (1999) consider that social science researchers should not pursue the positivist aim of providing causal explanations within a closed system. Rather, social science research involves humans and their real life experiences, and treating respondents as independent objects 'ignores their ability to reflect on problem situations and act upon this' (Robson 1993, p. 60). Perry et al. (1999) contend that business research, for example, in seeking to understand business practices in organisations, must consider multiple aspects: clear, real economic and technological dimensions, tangible practices, and aspects of language and communication.

Gummesson (2002b) has also criticised the positivist paradigm from within the relationship management field, considering positivism inadequate for providing comprehensive answers to complex questions. He argues that research should not comprise exploratory, qualitative pilot studies that test hypotheses with numbers. Rather through iterative theory generation, a researcher builds 'a helix of never-ending search for knowledge' (p. 334). For these reasons, the positivist paradigm is considered inappropriate for this research.

3.1.2 Phenomenological paradigms

The phenomenological approach assumes social realities which researchers aim to understand, interpret or critique. Various authors describe the phenomenological approach in two main ways. Guba and Lincoln (1994), for example, consider the inductive approach can be clearly divided into the three distinct paradigms of realism, critical theory and constructivism. Perry et al. (1999) conveniently contrasted Guba and Lincoln's philosophical assumptions with the positivist approach, reproduced in Table 3.1.

Others see the inductive approach as comprising a continuum of philosophies, such as Creswell's (1997) progression from ethnography, phenomenology, biography, to case study and then grounded theory, or that of Carson et al. (2001), whose procession from critical theory to phenomenology includes realism, constructivism, hermeneutics, and humanism with natural enquiry in between.

Paradigm	POSITIVISM	REALISM	CRITICAL THEORY	CONSTRUCTIVISM
Ontology NB. Ontology is about the nature of reality	Naïve realism: Reality is real and apprehensible	Critical realism: reality is real but only imperfectly and probabilistically apprehensible and so triangulation from many sources is required to try to know it	Historical realism Virtual reality shaped by social, economic, ethnic, political, cultural and gender values crystallised over time	Critical relativism: multiple local and specific 'constructed' realities
Epistemology NB. is about the relationship between reality and the researcher	Objectivist Findings true	Modified objectivist Findings probably true	Subjectivist Value mediated findings	Subjectivist Created findings
Methodology NB is about the technique used by the researcher to discover that reality	Experiments/ surveys Verification of hypotheses: chiefly quantitative methods	Case studies/ Convergent interviewing Triangulation, interpretation of research issues by quantitative methods such as structural equation modelling	Dialogic/dialectical Researcher is a 'transformation intellectual' who changes the social world within which participants live	Hermeneutical/ Dialectical Researcher is a 'passionate participant' within the worlds being investigated

Source: Perry et al. (1999), based on Guba and Lincoln (1994)

Table 3.1: Summary of philosophical assumptions

Grounded theory, at one end of the Creswell (1997) continuum, emphasises generation of theory from data alone. Glaser and Strauss (1967) claim that inductively developed grounded theory is more useful than 'logico-deductive' theory, which is generated from prior assumptions. Researchers debate how much theory-building or induction, as opposed to theory-testing or deduction, should occur in research. Glaser and Strauss (1987) argue that studies using predetermined operational variables developed from positivist hypotheses exclude the possibilities of identifying new 'variables' or categories of data or a more meaningful analysis of the relationships and patterns between the variables. Glaser and Strauss (1967) originally claimed that grounded

theory was superior because there is 'no theory under consideration – no hypothesis to test' (Eisenhardt 1989, p. 536). They later conceded that in practice it is difficult to ignore prior knowledge and that theories inevitably influence the research process.

Perry (1998) recommends that starting from scratch with an absolutely clean theoretical slate is neither practical nor preferred. Eisenhardt (1991) describes her approach and, moving towards the middle of the continuum, advises using a combination of inductive features, with the option of making adjustments and additions during a series of interviews. However, she articulates a research process which starts with a clear research focus. Miles and Huberman (1994, p. 17) emphasise the importance of pre-structured research for new qualitative researchers studying embryonic concepts where more theory building is required before theory testing can be done, arguing 'not to lead with your conceptual strength can be simply self-defeating'.

Essy (2002) recognises that observational criteria may include preconceptions and therefore the researcher should actively work to prevent preconceptions from narrowing what is observed and theorised. The researcher should commence, not with a theory to verify, but with a broad area of study that allows the relevant theoretical constructs to emerge from the process. The literature review of WOM, itself, suggests a phenomenological approach is more applicable. In fact, external influence, and one's own preconceptions and hunches about the phenomenon, make it difficult or impossible to prevent WOM questions emerging. Thus, while some of the processes of grounded theory have application to the study of the WOM phenomenon, other more appropriate options have been sought in the current study.

Constructivism

For constructivists, truth is a particular belief held in a particular context. Reality potentially varies from one person to another (Sarantakos 2005), with each person's 'reality' an intangible mental construction based on their own perception of their surroundings and experiences. To investigate this created knowledge requires a depth of interaction between interviewer and respondent in which the researcher has to take the role of a 'passionate participant' during fieldwork. The constructivism paradigm

adopts a relativistic ontology where meaning has more value than measurement. However, the constructivist approach is rarely suitable for business research because it excludes concerns about real economic and technological dimensions of business (Hunt 1991).

Realism

Hunt (1991) observes that 'realism does not suffer the limitations of relativism, as do grounded theory and constructivism' (p. 43). The paradigm of realism, a blend of positivism and constructivism, lies between the extremes of the positivist and phenomenological paradigms and is cited as the most appropriate for marketing research (Perry 1998). The realism paradigm has three domains of reality:

- the real domain, consisting of processes that generate events, and where the generative mechanisms or causal powers exist independently with a tendency to produce patterns of observable events under contingent conditions

- the actual domain, in which patterns of events occur whether they are observable or not

- the empirical domain, in which experiences may be obtained by direct observation (Tsoukas 1989; Mintzberg 1971).

Realists believe that there is a real world to be discovered, even though it may be only imperfectly and probabilistically apprehensible (Merriam 1988; Tsoukas 1989; Guba and Lincoln 1994). Realists also differ from constructivists and critical theorists in believing that there is only one reality, although several perceptions of that reality must be triangulated to obtain a better picture of it. Realists therefore acknowledge that there is a difference between the world and their particular perceptions of it. Thus depending on the method of interpretation, reality can be different from one research study to another. Perry et al. (1999) explain that perception is not reality as constructionists and critical theorists would believe. For realists, perception is a window onto a reality which can be triangulated with other perceptions.

The current study aims to discover, identify and then describe and analyse the structures and generative mechanisms related to WOM. It is derived from inter-organisational relationships and relationship marketing (Gummesson 2000), a field that is generally contemporary and descriptive, rather than prescriptive. Thus the structural variables that impact on behaviour are not pre-selected but observed during the course of the field work (Yin 2003). Hence the ontological assumption of this research is of relationships and networks – real experiences and realities faced by the researcher in a natural setting where different perspectives are interpreted and presented through quotes from the respondents in their own words. This study, therefore, is consistent with the realism paradigm. Realism is also considered to be a more appropriate epistemological guide as the researcher becomes part of the research process having one-to-one, face-to-face meetings. The realism paradigm requires that social phenomena be described as realistically as possible through direct observations, meetings and work practices, as well as the unobservable perceptions of interview respondents and archival data (Guba and Lincoln 1994).

3.2 Choice of the case study method

3.2.1 Overview

Case study can seek to explain causal relationships from qualitative or quantitative evidence, or a combination of both. It sits within the critical realism paradigm and is essentially inductive theory building research (Yin 2003). It is a strategy which focuses on understanding the dynamics present within single settings (Eisenhardt 1989). Perry et al. (1999) consider the qualitative research methodology of case studies ideal for marketing-oriented research, for four reasons endorsed by a number of authors.

• Qualitative methods, such as case studies, address theory construction and theory building, in contrast to the quantitative approach of testing and verifying theory (Bonoma 1985; Lincoln and Guba 1985; Tsoukas 1989). Much qualitative analysis, whether intra-case or cross-case, is structured by the 'method of constant comparison' (Yin 1984), with theory built by looking for similarities and differences within the data, which can raise future questions to be examined.

- Understanding and interpreting respondents' experiences and beliefs is achieved by becoming physically and psychologically closer to the phenomena being investigated (Gilmore and Carson 1996). Previously unknown relationships and interactions can emerge from case studies, leading to a re-evaluation of the phenomenon being studied.

- By isolating and precisely defining categories, and then determining the relationship between them, researchers can uncover details of interrelationships, and the complexities of both processes and people's interactions (Bonoma 1985; Gilmore and Carson 1996; Perry 1998).

- WOM is a phenomenon where the boundaries and context are unclear. In the words of Yin (1981, p. 45) *'a case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context when the boundaries are not clearly evident and in which multiple sources of evidence are used'*.

Some argue that case study research relies on a wide variety of evidence (Yin 1981) accumulated from several interrelated methods and sources (Sarantakos 2005), such as archives, interviews, questionnaires and observations (Eisenhardt 1989), which might involve analysis of qualitative data. However, when quantitative methods deliver conflicting results, case study may help to better understand the problem (Stake 1995). Perhaps the most compelling argument for case study is put forward by authors of marketing studies. Viewing organisations as social constructions whose strategies and policies change as a result of human interaction, they advocate qualitative research, such as in-depth case studies, to outline important dynamic dimensions of strategy development. Examples abound (Mintzberg 1973; Porter 1990). Case studies have been used, for instance, to understand WOM behaviour (Gremler 1994), consumer behaviour (Gwinner et al. 1998), swap-meeting buyer and seller behaviour (Belk 1988), and to explain complexities in situations by Harvard Business School (Perry 2001). Indeed, Lincoln and Guba (1985) and Perry (1998) advocate using qualitative in-depth interviews to investigate the underlying meaning of complex phenomena and processes. Bailey (1982) notes the flexibility of interview studies and their ability to facilitate more complex questioning of participants listing several advantages:

- flexibility: relevant question selection

- response rate: higher than mailed surveys, and includes respondent involvement

- non-verbal observation: interviewer can assess respondents' body language and sincerity

- control over the environment: interviewer can focus on the topic

- question order: interviewer can control questions and their order

- spontaneity: the interviewer can catch the respondent's first answer, which can subsequently be probed

- respondent alone can answer: the responsibility to answer lies with the respondent alone

- completeness: all questions are answered

- time of interview: the context of the interview and relevant events can be recorded

- greater complexity: more complex questions and appropriate stimuli can be introduced.

The present study involves marketing situations where company and customer are connected and real time marketing management techniques are being applied. Because research of business phenomena, such as network formation, requires an inductive method; in-depth case studies of single firms or industries are therefore considered most appropriate (Karami et al. 2006), and so the method selected for WOM investigation is case study employing primarily face to face in-depth interviews with employees.

3.2.2 Data reliability and validity

Research by case study has been criticised for its validity and reliability (Foddy 1993), and yet validity is an integral part of qualitative research (Lancy 1993, Steinke 2000). It should be noted, however, that the terms 'validity' and 'reliability' are applied in a different context when used in quantitative or qualitative research methodology; 'we should not expect identical results when two observers study the same organisation

from different points of view, ... but we have the right to expect that ... the conclusions of one study do not implicitly or explicitly contradict the other' (Becker 1970, p. 263). In qualitative studies, Schofield (2000) maintains that as long as researchers' conclusions are not inconsistent with the original account, differences in the reports should not cast doubt on their reliability or generalisability. Yin (1994) suggests that some of the criticism of case study research can be overcome with a more rigorous approach to four aspects of the methodology: construct validity, internal validity, external validity and reliability, discussed below and summarised in Table 3.2.

In answering the question 'Do researchers see what they think they see?' McKinnon (1988) argues validity concerns both what the researcher is studying and what they intend to study. Thus the researcher's personality, experiences and background have an impact on the research (Tosh 1991; Parker and Roffey 1997) and can potentially introduce hidden assumptions or sources of bias (Barzun and Graff 1985).

Construct validity results from an appropriate choice of operational measures, so that the researcher is measuring what they want to measure and observer bias is minimised (Yin 1989). Yin (2003) further advises that research data should be gathered from multiple sources. This study has established a convergent line of inquiry throughout the data collection phase, with clear cross-referencing from the methodological procedures to the in-depth interviews, the transcripts, and the citations attached to relevant entries in the research database. Reporting the respondents' own words leaves the reader in no doubt as to the sources of information. Corroboration of evidence has also occurred through thorough auditing of each case's marketing activities, followed by systematic documentation and clear cross-referencing from the research questions across to the final report. In addition to interviews, major sources of data included documents, organisational literature and correspondence, thus establishing a chain-of-evidence. Thus the validity of this study was enhanced during the data collection, analysis and recommendation phases.

Construct validity was further enhanced by asking key informants to review the draft analysis, to ensure that essential facts of the case had been presented. Consequently, the reliability of information could be judged in its context (Yin 1984). Using these processes minimised threats to validity and enhanced reliability (Guba and Lincoln 1994; Schofield 2000; Yin 2003).

Internal validity involves ensuring that the findings are not biased by instruments or procedures. The present case study uses 'pattern matching' of specific variables defined through analysis of the literature with the actual outcomes i.e. the formation of word tables displaying the data which allow for patterns to be established. If the patterns coincide, the internal validity of the study is strengthened, and the underlying logic of repetition serves to confirm or disconfirm the hypothesis (Yin 1989).

Design test	Theoretical explanation of the construct	Case study tactics
Construct validity	Secures the correct operational measures have been established for the concepts that have been studied (Yin 1994)	Multiple sources of evidence Chain of evidence Interview respondents viewing the draft of the case
Internal validity (Concerns explanatory or causal case studies but not for exploratory or descriptive case studies, which do not attempt to make causal statements (Yin 1994)	Ensure that a causal relationship – that certain conditions lead to other conditions – has been established.	Pattern-matching Rival explanation as patterns/Explanation building Time series analysis
External validity	To prove that the domain to which a case study's findings belong can be generalised (Yin 1994)	Specification of the population of interest Replication of logic in multiple case studies
Reliability	Demonstration that the findings can be repeated if the case study procedures are repeated (Yin 1994)	Interview protocol Clearly conceptualised constructs Multiple indicators Pilot testing Case study database.

Table 3.2: Yin's (2000) case study tactics

External validity refers to the generalisability of a particular set of results based on some broader theory (Yin 1994; Gummesson 2000). Provided the findings can be replicated, the results might then be applicable to many other settings without the need to replicate the original study each time (Yin 1989). Case studies should be designed so that their generalisability is maximised, and incorporating clear and detailed descriptions is one way of ensuring that qualitative studies are comparable with, and thus transferable to, other situations (Goetz and Le Compte 1984). This 'thickness of

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description' of the setting and context (Stake 1995) has been employed in the current study by recording detailed characteristics of the participant organisations and the context in which the episodes occurred.

Reliability relates to the researcher's confidence about the quality of information obtained during the research. Critics of qualitative studies compare the reliability of case studies with that of surveys; however, the rigor of the researcher's own thinking, the presentation of sufficient evidence and careful consideration of alternative interpretations (Yin 1989) help provide validation for the case study. In addition, using the interviewees' own vernacular, their own terms of expressing the phenomenon as they see it, can shape the categorisation of the data (Lewin and Johnston 1997; Strauss 1997). The reliability of the current study has been enhanced by developing clearly conceptualised constructs, using an interview protocol and a coding schematic, undertaking a pilot study, and collecting multiple indicators through in-depth consideration of each of the cases within its own context.

3.2.3 Triangulation

Triangulation, the use of multiple sources of evidence, has been described by Denzin (1978) as consisting of four types, each applicable to a different aspect of the case study methodology: data triangulation, investigator triangulation, theory triangulation and methodological triangulation.

Data triangulation concerns cross-referencing various data sources through undertaking a variety of methods, such as interviews, participant observation and document analysis. The current study uses all these methods. While triangulation of data sources and modes is critical, the results may not necessarily corroborate one another – for example, including or excluding outliers and extreme cases could alter the results (Miles and Huberman 1994). Thus triangulation can uncover contradictions, lead to thicker, richer data, and lead to synthesis or integration of theories; therefore, triangulation may serve as the litmus test for competing theories by virtue of its comprehensiveness (Shaw 1999).

Investigator triangulation concerns the use of multiple investigators to study the research problem, and is not applicable to the current study. In this study the participants did, however, review the collected data to further verify the outcomes.

Theory triangulation concerns interpreting the results from a number of perspectives, particularly taking account of contradictory propositions and competing theories. Inconsistent or contradictory results need to be incorporated into a clear explanation by the researcher of the observed social phenomena (Denzin 1989). Indeed, the complexities of external reality and the limitations within the context of the researcher's own mind make triangulation essential for enhancing the validity of the data (Perry 1998).

Methodological triangulation concerns the use of multiple methods of study. The validity of the current study is increased by combining interview data with observational and other data, such as reports and electronic information (Eisenhardt 1989). Denzin (1978) advocates using 'between method' triangulation, which involves both quantitative and qualitative approaches. By utilising mixed methods, 'the bias inherent in any particular data sources, investigators and particularly method will be cancelled out...and the result will be a convergence of the truth about some social phenomenon' (p. 14). The present case study uses quantitative data to corroborate elements of the data discovered in qualitative data collection.

3.3 Case study implementation

Strategies for conducting field research recommended in recent decades (for example, Denzin 1978; Scapens 1990; Eisenhardt 1991) are broadly similar, with minor differences in the emphasis on elements such as selection of cases, crafting the instruments, or protocols. This study follows the 8-step strategy of Eisenhardt (1991), reproduced in Table 3.3, with constant iteration between the steps. For instance, in one case examination necessitated a redefinition of a research question and consequent return to the field to gather further information. It also involved converging on construct definitions, measures and a frame-work for structuring the findings

This section describes the rationale behind the case study design, using the eight steps outlined by Eisenhardt (1991) as a framework for discussion. More details of the data collection procedures are provided in Section 3.4.

3.3.1 Getting started

Clearly, the first step is determining a focus for the research to limit the data collection to a realistically manageable volume. Relevant constructs identified from the literature helped shape the initial design of the research theory. For instance, the value of the WOM component within the context of customer relationships (Peck et al. 1999) led to understanding the segmentation of customers by their commitment to the organisation, which would potentially influence their likelihood to utter positive WOM.

3.3.2 Selecting the cases

To achieve the goal of producing a coherent and illuminating perspective on each of the study situations, consistent with the detailed findings (Gomm et al. 2000; Schofield 2000), organisations were carefully selected with a view to providing information-rich cases (Patton 1990 p. 181). Other questions arose: whether to use a single or multiple cases; who to interview; which companies to sample, and from which industries they should be drawn.

In general, performing several case studies provides the opportunity for richer theory building through cross-case analysis (Yin 1994), although in some circumstances – such as where one case might be critical of the theory or it represents an extreme – a single case study might be more appropriate (Yin 2003). Indeed, both methodologies have merit (Eisenhardt 1991). Cases may be chosen to replicate previous cases, extend emergent theory, fill theoretical categories or provide samples of polar types (Eisenhardt 1991). Previous studies provide little guidance on recommended numbers of cases. Gummesson (1991) believes case numbers should be decided during the process of collecting and analysing the data, while Carson et al. (2001) take a more pragmatic view, advising that selecting more than four cases might be impractical in terms of available time.

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	Action steps	Reasoning
Step 1 Getting started	Definition of research question Possibly a priori constructs Neither theory or hypothesis	Focuses efforts Provides better grounding of construct measures Retains theoretical flexibility
Step 2 Selecting cases	Specified population Theoretical not random sampling	Constrains extraneous variation and sharpens external validity Focuses effort on theoretically useful cases- those that replicate or extend the theory by filling conceptual categories
Step 3 Crafting instruments and protocols	Multiple data collection methods Qualitative and quantitative data combined	Strengthens grounding of theory by triangulation of evidence Fosters divergent perspectives and strengthens grounding
Step 4 Entering the field	Overlap of data collection, and analysis including field notes Flexible and opportunistic data collection methods	Speeds analysis and reveals helpful adjustments to data collection Allows investigators to take advantage of emergent themes and unique case features
Step 5 Analysis of data	Within case analysis Cross-case pattern search using divergent techniques	Gains familiarity with the data and preliminary theory generation Forces looking beyond initial impressions and see evidence through multiple lenses
Step 6 Shaping the hypothesis	Iterative tabulation of evidence for each construct Replication, not sampling, logic across cases Search evidence for why behind relationships	Sharpens construct definition, validity and measurability Confirms extends and sharpens theory
Step 7 Enfolding the literature	Comparison with conflicting literature Comparison with similar literature	Builds internal validity, raises theoretical level and sharpens construct definitions Sharpens generalisability, and improves construct definition and raises theoretical level
Step 8 Reaching closure	Theoretical saturation when possible	End process when marginal improvement becomes small

Source: Eisenhardt (1991 p. 533)

Table 3.3: Action Steps 1–8 for case study design

Creswell (1997) agues qualitative researchers should rely on few cases but many variables. Eisenhardt (1989) suggests conducting more than one interview, with three

interviews within different hierarchical levels enhancing the study's validity. de Ruyter and Scholl (1998) recommend 10–60 respondents for a qualitative research project. This study investigated three case studies with a total of 56 respondents, with the aim of achieving more persuasive data and more robust findings.

The population on which this study focused consisted of large-to-medium and multi-national service companies, comprising one case from a non-profit organisation and two with a marketing orientation (Deshpandé 2000). These were purposefully sampled on the basis that they address both consumer and business-to-business markets (Eisenhardt 1989).

From a list of organisations and employees with whom the researcher had previously had working relationships, five firms were initially approached. Each organisation operates in a highly competitive market, including one, a provider of utility services, which enjoys a monopoly but is now under threat from de-regulation. The others were a not-for profit organisation providing social welfare, a multi-national financial services organisation, a regional retailer and a regional media organisation. The initial contact was made by telephone, followed by email or mail contact and meetings as appropriate. A standard research proposal was sent to the appropriate decision maker through the project champion (see Appendix 6) and discussed at a subsequent meeting with each organisation's key decision-makers. Terms of access, including anonymity, confidentiality, publication permission agreement and timetable, and personal safety were included in formal requests to each organisation, as recommended by Hussey and Hussey (1997). Further requests to have access to internal documents and to conduct the research were acknowledged in the research interview approvals obtained.

The selection of three specific market sectors provided environmental variation within the context of medium-to-large corporations. Although the three firms are of different sizes, their marketing and sales departments contain a similar number of personnel with similar management positions. The target markets are also similar; each case has consumer and business-to-business markets, though in Case B, the financial services case, research focused on the business services division. Table 3.4 gives a profile of the three cases, which were finally selected for the following reasons:

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- Each organisation has a different business context, determined by the ownership structure, the organisation's activities, services, customers (in the case of the non-profit organisation, the donors), and the competitiveness within their industries and the resulting challenges they face.

	Case study A	Case Study B	Case Study C
Type of organisation	Non-profit organisation	Financial services	Utility
Size and scale	Large national	Large multi-national	Medium regional consumer and national business provider
Service	Welfare/ Fundraiser in consumer and business markets	Business and Consumer services	Supplier of gas and electricity to consumer and business markets
Role	Fundraiser	Supplier/manufacturer	Supplier/manufacturer
Industry	Mature	Mature	Mature
Market trend	Expanding; funds increasing	Expanding; market share increasing	Expanding business division nationally

Table 3.4: Profile of researched organisations

- The three organisations demonstrated a willingness to participate and an enthusiasm for the results. Each granted permission for the research, and allocated a champion to co-ordinate the arrangements and meetings and encourage enthusiasm for the project. In addition each organisation agreed to the publication of the research findings, although the financial service organisation requested anonymity.

- Time and cost constraints limited the study to three cases. Initial discussions and findings from two of the selected cases indicated a third case would provide sufficient validity, reliability and robustness for the study to make a worthwhile contribution to management practice.

At the second level of sampling, interviewees were selected by job title to facilitate comparability among cases. The 'snowball' method (Ford 1980), where interviewees recommend others who may be able to provide answers to research questions, was also used because some of the respondents had moved positions. This technique had the advantage of allowing comparisons of points of view among respondents with

experience in the same position, throwing light on the WOM phenomenon from another's perspective. Interaction between the two position holders also led to identifying new specific questions and uncovering further supporting documentary evidence.

3.3.3 Crafting the instruments and protocols

Typically, theory building requires a combination of methods and sources. Though the actual case study can be concerned solely with qualitative data, explanations can include quantitative evidence or can combine both qualitative and quantitative methods (Mintzberg 1979; Yin 1984). Most data for this case study were collected through face-to-face interviews, but supplementary data sources included relevant company documentation, market share statistics, and information on intelligence systems focusing on their customers' satisfaction needs and desires, a valuable source of information (Grönroos 1997). Furthermore, integration of quantitative and qualitative methods helped to shed light on WOM and triangulate the research findings (Karami et al. 2006).

Participant observation, a feature of the present research, is recommended by Creswell (1997) and Yin (2003). When conducting interviews as part of qualitative research studies, many researchers have to use hypothetical issues to explore how managers think and how they might react to these issues. Yin (1994) has outlined five levels of questions that can be useful in such a situation. These are questions asked of (1) specific interviewees, (2) the individual case, (3) the findings across multiple cases, (4) the entire study, and (5) normative questions about policy recommendations and going beyond the narrow scope of the study.

In this qualitative case study, quantitative evidence has been collected and combined to help elucidate and corroborate the points being made by the interviewees, who were questioned at the first two levels specified by Yin (1994) (see questions listed in case study protocols in Appendix 7). Precise wording changed from case to case and depended on respondents' roles and any prior information that might have been available. This normally concerned issues needing clarification. The questions put to interviewees also led to answers and data being obtained from other sources, such as

documents and observations, incorporating quantitative evidence as recommended by Yin (1994).

The interview research protocol was initially created from an interpretation of the normative literature, concentrating on the phenomenon of WOM. Additional questions included after the pilot interviews (discussed in Section 3.4.2 below) helped provide insights into a given situation of WOM (Harris and Sutton 1986). These questions also played a key part in determining the framework for the subsequent cross-case analysis. As the case study progressed, other employees with greater understanding of WOM processes within the organisations were identified and included in the study, thus improving the resultant theory (Burgelman 1983). Such alterations during the case study are legitimate (Eisenhardt 1991), allowing researchers to understand each case individually and in as much depth as possible. Indeed, this 'controlled opportunism' approach to including new data can potentially give rise to a new line of thinking, or an opportunity to better ground the theory or provide new theoretical insight.

Researchers disagree about the ideal length for an interview in qualitative research; Ferreira and Merchant (1992) cite several studies where interviews ranged from half an hour to two hours. The in-depth, face-to-face interviews for this research lasted approximately one hour. When interviewees gave permission, a tape recorder was used. Despite reservations held by some observers, recording the conversations had many benefits such as being able to focus on the topics during the course of the interview, and being reassured of the collection, archiving and subsequent retrieval of transcripts for the data analysis.

3.3.4 Entering the field

Gaining access to appropriate participants relied heavily on personal relationships with the relevant business leaders, and was enhanced by the reputation of MGSM and the qualifications, experience and publication record of the researcher. Initial telephone calls and emails to discuss the topic and gauge interest were followed by confirmatory emails and discussions to arrange meetings with the appropriate general managers or marketing managers who had assumed the role of project champion. For details of this process see Appendix 8.

A formal request to proceed was obtained from each company. Gaining tacit agreement from the participant's senior management to publish the research findings, and being assured of the cooperation of each company's employees, were both instrumental in the final selection of case studies. Because field research cannot be effectively conducted without adequate company cooperation, approaches were deliberately made to firms expected to cooperate with the needs of the study (Ferreira and Merchant 1992). Even with attention to this initial 'theoretical sampling' (Ezzy 2002), gaining the appropriate consent from suitable interviewees took longer and required more work from the site management than had been anticipated. Unlike Zimmermann (1987), who was unable to gain access to adequate data, the three companies involved in this study provided ample data to give the richness required. However, conditions of access were experienced. Though Case B wished to participate in the research study, they would do so only on the condition that they remain anonymous, due to market information sensitivity.

3.3.5 Data analysis

Qualitative analysis deals in words and is guided by fewer universal rules and standardised procedures than statistical analysis. The processes involved data reduction, which included focusing, simplifying, abstracting, and transforming the data from field notes or transcriptions. The data were then converted to a suitable display, such as a diagram, chart or matrix, that highlighted any systematic patterns and interrelationships (Miles and Huberman 1994).

The process of data analysis has been conducted throughout the research. Two stages in analysis are generally acknowledged: within-case and cross-case analysis appropriate to research in marketing and communications settings (Daymon & Holloway, 2002). A third stage can be added, one that results from the data management after an interview or after revising a document. It occurs before the other stages. Thus data analysis consisted of both within-case and cross-case analyses, conducted simultaneously with the data collection.

A full description of the processes involved in sampling strategy, data collection and analysis using NVivo 2.0 is contained in Appendix 8 (p. 463).

3.3.6 Shaping the hypotheses

The initial step towards formulating the hypotheses was revising and testing emerging themes as the research was being conducted. The combined research techniques of interview and observational methods, such as reports and electronic information, together with within-site and various cross-site case-by-case analyses, led to the identification of tentative themes, concepts and even relationships between the variables that could be further investigated.

The second step, shaping the hypotheses, consisted of two stages. First, constant comparison between constructs led to a better defined hypothesis. Second, evidence from each case was used to verify the emerging relationships between the constructs. Hypotheses and cases were examined individually, not as aggregates. By examining three single organisations in a multiple case study this research has identified observed social practices within the organisations that provide increased understanding of the processes and management of WOM. As Eisenhardt (1989) stated, the closer the 'fit' the better the chance to build good theory, because advantages can be taken of new insights from the data, yielding an empirically valid theory.

At the analysis stage questions at levels 3, 4, and 5 (Yin 1994) were designed to amalgamate the findings of all the cases in order to answer the research objective:

- **Level 3:** questions asked of the findings across multiple cases

    o Are there common patterns within WOM practices?

    o What is the nature of common WOM practices?

    o Is there a common pattern attached to the ways contextual factors have influenced WOM practices?

    o Are there common patterns of alignment between observed practices and the elements of theoretical positions?

- **Level 4:** questions asked of the entire study

  - o What are the significant findings of research?

  - o What can be regarded as 'best practice'?

  - o What are the limitations of the research?

  - o How can the findings contribute to knowledge?

  - o What are the implications of the research findings?

  - o What further researches are required?

- **Level 5:** normative questions about policy recommendations and conclusions, going beyond the narrow scope of this study

  - o Is WOM a management panacea?

  - o What strategies are relevant to WOM in organisations?

3.3.7 Enfolding the literature

Conflicting findings encourage probing both the evidence and conflicting research to discover the underlying reasons for conflict (Eisenhardt 1989). An essential and crucial feature of the theory building compared the emerging concepts with theory. Confirming or contradicting similar studies in the literature, and seeking to explain why, enhanced confidence in the findings and presented an opportunity for highly creative thinking beyond the established frameworks to deliver the contributions to theory, on top of the professional practice requirements of the DBA.

3.3.8 Reaching closure

Closure is reached when the evidence has been exhausted (Eisenhardt 1989). Respondent closure was achieved by the project champion answering remaining questions. Additional data have not been derived from respondents, although some

information in the public domain has been used to provide clarification and to elucidate certain points. Meetings with the project champions subsequent to the research reports being signed off by management have not altered the content of the report.

3.4 Data collection techniques

As briefly discussed, theory building typically requires the researcher to combine multiple collection methods, such as observations, interviews and textual data. Conducting multiple source data across a range of methods has the benefit of allows for validation, and it enables modification of research strategies and the collection of further data to corroborate. Table 3.5 lists the range of techniques employed for data collection in this study.

Method	Usefulness in qualitative research (Silverman 2003)	Application in WOM case study research
Observation	Fundamental to observing work practices within a number of settings	Face to face meetings, meetings with a number of participants, and observations of physical artefacts, offices buildings, livery and employees in various locations
Documentary evidence	Understanding participants' categories, communication techniques, documented work practices versus non-documented practices	Presentation materials, reports, strategy documents, minutes of meetings provided corroborative evidence
Interviews	Open ended questions and responses in actors' own words and settings	56 interviews took place with 33 participants during the course of field research which included follow-up interviews to corroborate previous evidence
Audio recording	Used to capture data in respondents' own words and intonation	All interviews were taped using a digital recorder, and were transcribed verbatim. These were coded under NVivo2.0. Field notes supplemented these transcripts

(Source: Adapted from Silverman 2003)

Table 3.5: Data collection techniques used in this study

3.4.1 Participant observation

During this study the researcher had direct in-depth ongoing contact with the participants, focused on real tasks and processes and employed an evolving research design, and typical of the field study methods defined by Ferreira and Merchant (1992). Thus participant observation can take a number of forms:

1. observer as participant, i.e. peripheral membership involving a formal once-only interview with each selected organisation member

2. participant observer, i.e. active membership in which the researcher participates in some organisational social activities

3. complete member participant, i.e. complete membership of the organisation by the researcher who 'goes native' in order to immerse himself in the activities, processes and experiences of the selected organisation (Denzin 1978; Adler and Adler 1987).

For this research, the 'observer as participant' methodology was predominantly employed at meetings. In order to access processes and deliberations at a senior management level, participant observation was selected as the most appropriate field research strategy for this study. This strategy simultaneously combined document analysis, interviewing of respondents, direct participation, observation and introspection. Interviews were open-ended and the researcher became immersed in the data (Denzin 1978). In two cases, participants were informed about the researcher's role as 'participant observer' at the beginning of the meeting.

Yin (2003) states the use of an observation protocol increases the reliability of the evidence observed Evidence gathered from direct observation, including the circumstances of the meetings, disruptions, general staff predispositions, casual encounters with people at work, where the researcher acts in a non-disruptive way, added to the richness of the case. For example, in two interviews other staff entered the site of interview and, rather than terminating the interview, they were allowed to express their impressions of the problem, answering research questions posed when invited by the original interviewee as well as the interviewer.

Observations recorded at the meetings included questions asked, explanations given, and compromises made, together with linguistic style of participants, such as pitch,

volume and timbre of voice; rate, duration and rhythm of speaking; interaction and interruptions indicating dominance or inhibition; and vocabulary, pronunciation and respondents' reactions to each other (Bales 1950; Emory and Cooper 1991) were recorded. The researcher also observed business practices while waiting for interviews and during the interviews when a staff member interrupted with an urgent problem. Field notes assisted as an ongoing stream of conscious commentary about what was happening in the research, which involved both observation and analysis as two disparate processes (Van Maanen 1998), with analytic induction and theoretical sampling being used as the main strategies of analysis and discovery (Denzin 1978).

3.4.2 Pilot interviews

Pilot studies were used to reveal inadequacies in the initial design and were useful for detecting ambiguities and determining the researcher's comfort with the research processes (Creswell 1997). The two pilot interviews commenced with unstructured questions, with some probe questions to ensure interviewees' perceptions and concerns about the research were raised. During the interviews the respondents were probed for their understanding of WOM, which helped in adjusting the interview procedure and questionnaire. Theory developed from the initial interviews (Tsoukas 1989) revealed new information about the cases, enabling refinement of the final interview protocol. The two pilot interviews were integral to generalising a particular aspect of the data into a broader theory (Yin 1994), as well as allowing modification of the questions to help increase the richness of the data.

3.4.3 Open-ended interview procedure

This study adopted the open-ended interview technique used by Miles and Snow (1978) to investigate the meanings of complex phenomena and processes (Perry 1998; Miles and Huberman 1994). The chief feature of the non-directive interview is its total reliance upon neutral probes. The focused interviews assumed a conversational manner and consisted of initial open-ended questions followed by the predetermined questions contained in the case study protocol. Leading questions were assiduously avoided in

order to allow the interviewee to provide fresh commentary and insight into the WOM phenomenon (Yin 1989). Interjections at this stage were confined as much as possible to 'Why?', or 'Uh, huh' or 'That's interesting' (Bailey 1982).

The interviews commenced with giving the interviewee a general view of the research aims. The first open question aimed to capture the respondent's perceptions, rather than those of the researcher (Dick et al. 1990), and provided the platform from which the interviewee's experiences would unfold. This part of the interview was unstructured. This technique can be more productive than the structured interview, where the interviewer can be constrained by pre-defined questions. Rather, the unstructured technique allows greater flexibility and adaptability; the interviewer can repeatedly return to a topic to stimulate the respondent's memory or to seek clarification and fill in 'gaps' (McKinnon 1988). Further, it can proceed in a relaxed and unhurried manner, it is arguably less stressful for the respondent, and wording of the questions can be altered to assist interpretation. While some argue that an unstructured questionnaire can introduce bias, Gorden (1969) considers bias can be equally introduced from answers. In this study, probe questions helped to focus the study into the specifics of the phenomenon, with interviewees asked in their own words to describe their point of view and then to build on their ideas, recalling specific episodes and WOM occurrences. All interviewees agreed to the interviews being recorded, although one respondent asked on two occasions that their answers were not to be repeated. This possibly occurred through fear of management invention, and thus a proxy was used within the transcripts to reflect these remarks. Discrepancy of views is also noted between hierarchical positions (Dawson 1997).

Soon after the interview, a Contact Summary Form (Miles & Huberman, 1994; see Appendix 9) was created. This had several purposes. It allowed collation of the information obtained during the interview; it helped the researcher keep in mind emerging topics that could need further explanation from the same informant, or topics that could be complemented by information provided by another informant; and it allowed the researcher to note topics that could be triangulated with other sources with the aim of enhancing validity.

From the perspective of the interviewer, first impressions of the cases are important. It is useful to push thinking by asking questions such as 'What am I learning?'

(Eisenhardt 1991) and 'How does this case differ from the last?' The process of sampling events, situations, populations, responses and behaviours, and noting ideas, anecdotes, informal observation and cross-case comparisons (Burgleman 1983) can help guide the developing theory.

Parker and Roffey (1997), for example, developed generative questions from the start of the data collection process and looked for possible hypotheses, concepts and relationships. Overlapping data this way can add flexibility to data collection and allow for adjustments when probing particular themes permits more theory to emerge, and thus these suggestions were incorporated

The final numbers of interviews and meetings conducted with staff of each of the three participating companies are summarised in Table 3.6.

Cases	Case A	Case B	Case C	Total
Interviewees	11	10	12	33
Meetings, or more than one interviewee	9	3	6	18
Participant observations	3 (i) advocates general meeting (ii) off-site Customer Loyalty Futures meeting (iii) volunteer committee meeting	nil	2 (i) advertising department meeting (ii) sales meeting with the sales force	5
Total	23	13	20	56

Table 3.6: Details of interview process

3.5 Ethical considerations

Ethical standards complying with the Macquarie University codes guided the study. The research, involving as it did human interaction, was undertaken on the basis of participants' consent (Creswell 1998). In addition, Creswell's (1997) etiquette towards field issues and Foddy's (1993) contextual issues in data gathering were observed.

Deception about the nature of the study was avoided; participants were informed of all aspects of the study. The initial letter requesting participation outlined the nature of the research, the subject under investigation and the area of questioning. Indeed, respondents' co-operation in verifying the results of their contribution helped to clarify their position and that of the researcher towards them.

The relationships among the subjects were noted and treated with respect and sensitivity, particularly in cases where information could be shared with superiors or others in an organisation, or where responses were cross-checked with appropriate documentation or other participants view in an effort at validation. At all times, data were kept under password-protected conditions, with access only to the researcher and his supervisor. Coding of all conversations avoided referral to individual participants, and the requested non-disclosure of the financial case was observed within the documentation.

WOM is widely believed to be a non-controlled marketing medium. The discovery by some respondents that WOM can be manipulated gave rise to major two areas of concern. First, it may have influenced some respondents' willingness to participate because of concerns about the potential use of the WOM process to distort their customers' viewpoint, to the commercial benefit of the firm. Second, some respondents were unwilling to divulge information which they consider impinged on their customers' privacy.

3.6 Limitations of case study

The first potential limitation of the study is that the conclusions are drawn from only three contexts. Each of the organisations, while dissimilar in terms of markets, has similarities in its marketing communications mix and commonalities in both consumer and business-to-business target audiences. However, the organisations also have considerable differences. While the financial services Case B and utility Case C are strongly market oriented, the non-profit Case A is not. Secondly, the research was conducted from the point of view of the organisation and its employees, rather than the customer. Further, research in Case B was more closely focussed on the organisation's

business services division, whereas the other two cases involved participants with responsibilities for both markets.

The second limitation stems from the nature of the interview process itself. Extracting meaning is difficult for the qualitative researcher, in that it is an activity not a thing or a substance, making it difficult to grasp (Essy 2002). The interviewee's perspective needs to be interpreted. WOM is difficult to pin down; meanings constantly change. Slightly different nuances may have a greater significance from case to case, depending on the context of WOM in each situation. Qualitative techniques can be hampered by linguistic uncertainties, compounded by the use analogies and metaphors, for example, to draw conclusions about events during the process of discovery; indeed 'actors' can give researchers a false impression of the phenomenon (Goffman 1959, cited in Parker and Roffey 1997).

3.7 Chapter summary

This chapter has examined deductive and inductive research processes, focusing on the differences between the quantitative positivist paradigm and the qualitative paradigms that constitute the phenomenological approach. It has discussed the reasons for basing the research on the paradigm of realism and for choosing the case study methodology.

The case study design was described in the context of the 8-step process of Eisenhardt (1991), outlining the necessary steps from the initial formulation of the research question to conclusion of the overall study, and probing the theory behind the choices of methodology. The data collection methods of participant observation, pilot interviews and main interview were discussed. Finally, the ethical considerations of the study and its limitations were outlined.

The next chapter gives details of the first of the three case studies.

4 Case study A

This chapter contains the data collected and analysed for the first of the three cases in this multiple case study.

4.1 The organisation

The Salvation Army ('The Salvos') is one of Australia's leading not-for-profit organisations. It is regarded as an effective, efficient and caring model for social welfare, rehabilitation and youth and family support by governments and business (Superbrands 2002).

The Salvos' areas of service are diverse: family and community care centres; hostels and supported accommodation; refuges for women and children; long-term alcohol, drug and gambling rehabilitation programs; child-care services; youth care centres; telephone counselling; chaplaincy services to courts and prisons, defence forces, police and fire personnel, and rural and metropolitan areas; employment and training programs; family tracing services; emergency services; outback flying service; English speaking classes for migrants; aged care services; social education, training and supported accommodation for intellectually disabled people; and visitation to hospitals, nursing homes and people confined to their own homes.

In Australia, the Salvos' interest in children's welfare and 'aged care' has recently been largely taken over by government, with the Salvos increasingly withdrawing from these areas. Currently the focus is on family welfare, and on rehabilitating those addicted to gambling and drugs through the Bridge program. The Salvos' counselling service, the Care Line, has grown exponentially since 1996. The Salvos intend to expand more services on a national basis, particularly Employment Plus. This national commercial activity provides a central plan of the federal government's provision of employment, allowing 75,000 out-of-work people to find employment (Superbrands 2002).

The Salvation Army was founded in the slums of London by a former Methodist Minister, William Booth, and was designed to make the church accessible to the whole

community. The organisation's name 'The Salvation Army' was adopted in 1878, and since then it has been organised along military lines. The first Salvation Army meeting in Australia was led by Edward Saunders and John Gore in Adelaide, in 1880. Today the Army is divided administratively into the Southern and Eastern Territories. Church and ministry are interwoven; the Army is as much a church as it is a welfare organisation:

> "The general fund covers the church activity, and the social trust deals with all our welfare services- two separate funds, the Siamese twins, you can see the two faces of the Salvos', church and the social work. " (SS2 2)

Their stakeholders consist of soldiers or officers of the Salvation Army in their territorial offices and international headquarters (both husband and wife hold the same rank), and employees, volunteer committee members, volunteers, the Federal Government – on whom they rely for a large share of their funding – and their 'clients' who are the beneficiaries of their welfare programs.

The Salvation Army is steeped in process. However, the Commissioner (The Salvos' CEO) is pledged to reducing the proportion of uniformed officers in administration to 15 per cent, placing them instead in frontline positions where they can be more effective in social welfare, and in running the 228 churches and creating new ministries:

> "Seventy two per cent of our officers are now serving on the front line, in church-based activities, social services activities, and I really do want to see that increased to 85 per cent. " (SS2 2)

The organisation is also pressured with retirements; the Eastern Territory comprises 400 retirees, who still maintain some involvement, 583 uniformed officers and 73 non-commissioned officers. A recent intake of 54 new cadets has fuelled the lower ranks. Over 4,000 non-uniformed employees complement these uniformed personnel.

The Salvos' public face is determined largely through evidence of its social welfare programs, which receive funding from the Federal Government of approximately $170 million. The shortfall of approximately $30 million is made up by the public's generosity, much of which is elicited through WOM:

> "After the Government contribution to our budget, for this Territory that's New South Wales, Queensland and the ACT, it's about $170 million, the

deficit is the Red Shield Appeal fund money, we have to make up the shortfall." (SS1 49-50)

In 2004, donations of approximately $2.8 million were received through the fundraising activities of the City of Sydney Business and Doorknock Appeal donor volunteers and their committees' networking. While there is no donor relationship marketing (CRM) system to record the numbers of donors recruited, the networking of donor volunteers in the City of Sydney Business Appeal from the business and corporate sector has raised approximately $1.6 million per annum for the last four years, despite having less than the full donor volunteer compliment of 20 committee members. During this period, however, donations for the Red Shield Appeal have decreased in both numbers of donors and size of donations. The Eastern Territory's 2004 Red Shield Appeal total of approximately $5 million was its lowest result for five years. However, total funds are increasing through significant donations from wills and bequests.
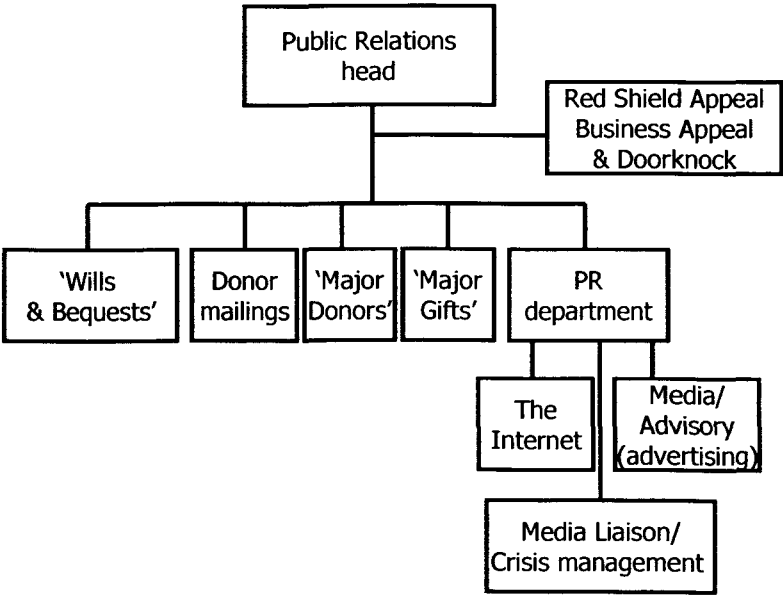
4.2 Data collection

Details of the research methodology were described in detail in Chapter 3. Data collection for Case Study A involved interviews, participant observation and analysis of documents, advertising material in hard copy and digital formats. The most important data were derived from interviews which were conducted in April, May and early June 2005.

The aim of the case study was to investigate the extent and importance of WOM in the day-to-day running of the organisation. This was achieved by examining the beliefs and experiences of managers responsible for the Red Shield Appeal, particularly those involved in recruitment of volunteers and the annual Red Shield Business and Doorknock Appeals. It also included several other Salvos operations:

• Wills and Bequests marketing

• 'Major Gifts', the corporate fundraising department

• the business-to-business donors and residential donor markets with mailouts approximately seven times a year

- the significant new donor acquisition communications program carried out at Christmas and with the Red Shield Doorknock Appeal in May every year.

- public relations and advertising management

- other communications management with interest in Internet communication.

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Figure 4.1: Salvos communication structure (Source: Salvos' PR department)

Potential participants were identified through meetings with the Territorial Appeals Director, based on the relevance of the person's position in influencing the company's relationships with its donor-volunteers and donors by mail. Fifteen semi-structured in-depth interviews of approximately one hour were conducted with the eleven respondents, consisting of ten Salvos' officers or employees and a volunteer Chairman of the Red Shield Doorknock Appeal. No donors were interviewed. The interviewees are listed below. Each interviewee's comment was coded via NVivo. Pertinent comments in the interviews that illustrate a particular point have been included in the discussions with the participants below.

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1) The Eastern Territory Public Relations Secretary, an ordained minister, responsible for PR and advertising activities for Queensland, New South Wales and the ACT. He reports to the Commissioner and to the Business Administration Secretary, a member of the Salvos' cabinet

2) The Salvos' Eastern Territory Commissioner in an Advisory Board presentation, who heads the Salvos' cabinet and reports to London.

3) The Chairman of the Doorknock Appeal Committee in Sydney, also a member of the Sydney Red Shield Appeal Committee, the Media Advisory Board and the Eastern Territory Advisory Board, a founder and Board member of Oasis and Chief Executive of Ad Partners Advertising group

4) The Territorial Appeals Director, responsible for fund-raising Appeals in the Eastern Territory. He coordinates the Army's media activities, including advertising, liaison and distribution of materials to TV and radio stations, newspapers and magazines

5) Head of Publicity, who coordinates and facilitates the Army's publicity activities national, regional, metropolitan and suburban media

6) The Director of the Red Shield Appeal

7) A Wills and Bequests 'Honoured Friend' representative

8) The Wills and Bequests Manager, who works with the approximately 25 'Honoured Friend' representatives

9) A Major Gift and corporate giving executive

10) The Manager of Major Gifts and Corporate Giving; she is a Salvos officer, although the other three members of her team are not

11) The Direct Marketing and Database Director, who manages all direct marketing programs and is head of the Direct Marketing Advisory committee

12) A meeting with members of Customer Futures, an international loyalty marketing initiative was conducted by the Direct Marketing and Database Director, during which the researcher undertook participant observation.

Participant observation involved observing two meetings. The first was a presentation from the direct marketing manager to the Salvos' marketing team on the Salvos' direct marketing processes. The second was a presentation from the Commissioner to key advocates and volunteer committee members to exchange ideas about enhancing the communication processes in the run-up to the Red Shield Appeal in 2005.

Public and internal documents were collected in the course of the interviews; these included public documents available on the website and marketing documentation from each department.

The recoded interviews were fully transcribed. The notes from participant observation, general observation and pertinent parts of other hard copy information were also transcribed and collated and analysed alongside recorded interviews. Transcriptions were encoded using NVivo 2.0, with nodes that had been constructed from the literature review and new nodes created as required from additional analysis.

Confidentiality was ensured by password protection of documents and interviews. Internal documents were kept under locked security conditions in the researcher's filing systems.

4.3 Corporate understanding of WOM management

The phrase 'WOM' is not commonly used marketing vernacular of the Salvos. However, it is clear that the Salvos' image is fostered by WOM in association with their welfare work and through media exposure to disasters, when the Salvos are frequently in the front line of providing assistance to those in need. Such episodes have resulted in significant donations. Further, despite the Salvos not recognising the term 'WOM networking', the acquisition and reactivation of donor volunteers for the annual Red Shield Appeal Doorknock and Business Appeals are based on peer group referral. In fact, WOM networking allows the Salvos to garner expertise and identify and recruit volunteers and influential business people, and it has been the basis upon which the Red Shield Appeal and other Salvos' fundraising have functioned.

4.3.1 The Salvos' use of WOM networking

To achieve its goals of new donor identification and current donor reactivation, the Salvos place significant emphasis on WOM networking. Indeed, few not-for-profit organisations work their WOM network as efficiently as the Salvos:

> *"Nobody really has established this network of committees. I wish I could think of a better word than committees, they are more task forces than work forces." (SS4 206-216)*

The strategy to enlist persons of influence is directed from the Commissioner, the Salvos' CEO, down through its senior hierarchy to a senior Salvos officer (Major) charged with administering the Salvos' Red Shield Appeal. During the first six months of the year he is supported by Salvos officer directors seconded to the task of assisting volunteer committee members, for each of 49 Zones in the East Sydney area. The WOM networking system the Salvos and their volunteer committees jointly administer is fully detailed in the Salvation Army City of Sydney chairman's briefing document, which is distributed to each committee chairperson. Thus management of WOM networking and the recruitment of advocates to a great extent have been outsourced to the Red Shield Doorknock and Business Appeal volunteer committees.

> *"We have guidelines and manuals to show how you perpetuate the process of creating advocates. We have written manuals on how our people use influence and use WOM." (SS4 57-58)*

The Salvos' documented WOM networking recruitment formula is described as the 'one-gets-five' principle and is used to identify potential Business Appeal or Doorknock committee members and their teams of volunteer collectors. The Doorknock Appeal Chairman calls it a classic 'pyramid' selling system.

> *"It's a pyramid system. Very simple, I am the Chairman of the 'Doorknock' and I have five people under my responsibility. So I get five people of influence. And all those people go out and get five more, like a pyramid selling, as the pyramid gets bigger just as the influence and filtration goes on." (SS3 117)*

Having identified the person of influence, the 'right asker' principle is seen as crucial. The person selected could be a Salvos officer of high standing or a well-connected donor volunteer committee member, but finding the 'right person to do the asking' is likely to

influence the outcome of the request, particularly the commitment towards their involvement and the size of their personal donation.

> *"There's no doubt the real power in the Salvos' weaponry is the 'right asker'." (SS5 21)*

The Salvos look to their donor volunteers' capacity to donate, as well as obtaining value from their WOM networks. Consequently, the success of the Salvos' fundraising strategy depends on the donor volunteer committees, the individuals of influence who contribute towards the annual Red Shield Doorknock and Business Appeal (see Appendix 10), focussed on attendance of key volunteer donors and prospects at the annual appeal launch and the advocates of the Salvos within business or the community. Rosso (1991, p83) endorses that volunteers *'provide the vital linkage and represent the community investment in the organisation'*. WOM volunteer enlistment for the Red Shield Appeal also means not having to pay for a fundraising sales force.

> *"The committee structure is advocacy. It's our committee structure for our Red Shield Appeal 'Doorknock' ... we really look for is people of influence in business or society who can influence others to donate and by getting them involved with us and by asking them to support us financially." (SS3 47)*

WOM networking also extends to influential business people who have extended free advice as part of the Salvos' Advisory Boards, resulting in significant cost savings. For instance, advertising media exposure gained through the Media Advisory Board has delivered significant free media placement.

> *"Donated free of charge. Again, through influence and good will WOM...when something like the head of Channel 7 rings up his operators, his advertising people and says "there is an ad coming in from the Salvos, use it" and they do, when our ad arrives because of that influence...its on the top of the pile." (SS4 151)*

Thus the terms most often used by the Salvos for the effect of WOM are related to their volunteer committee recruitment and the Red Shield Appeal – terms such as 'influence' or 'personal influence', 'personal relationships', 'significant others', 'one gets five', 'the right asker' and 'advocacy', 'goodwill', 'testimony' and 'volunteer referral'. 'Influence', 'advocacy', and 'personal relationships' are considered important marketing tools.

4.3.2 WOM and new donor acquisition

WOM plays a major part in new donor acquisition. The Salvos' 'Wills and Bequests' program relies significantly on WOM referral of key influencers. The most important sources of donations are new bequestor referrals by solicitors and the Public Trustee who advise their clients in the making of their wills. Since 1983 total receipts have increased, reaching $25 million in the 2002/03 financial year and $29 million in 2003/04. Average income per month rose from $1.7 million in 2001 to $2.4 million in 2003, realised in 2003–2004 when both real estate and stocks were at high levels. However, since 2003 bequestor numbers have declined and donations have reduced significantly. WOM for the Salvos also includes referrals obtained through the Red Shield Business Appeal's committee members in identification of significant individuals in business or key influencers whose organisations could become contributors to the 'Major Gifts' program.

Though the Salvos derive significant funds from key influencer referrals, 'input WOM' referral, the process of asking a trusted source for referral advice,is an unrecognised term in the recruitment of bequestors. The Salvos instead use the terms 'centres of influence', 'Honoured Friend' solicitors and 'committee member's referral'. 'Honoured Friend' solicitors refer their clients, who as bequestors become Salvos' 'Honoured Friends'.

4.3.3 WOM and relationships with donors

WOM is integral to maintaining relationships with donor-volunteers. The Salvos assist their Red Shield Appeal volunteers, joining in prayers with them at each monthly meeting and blessing them for their hard work. These meetings help perpetuate the one-to-many WOM endeavours that can occur on the Salvos' behalf, such as within a sports club. At these meetings Red Shield Appeal committee volunteers' experiences are encouraged by the Salvos to turn into stories that refect well on them personally, thus propelling WOM.

> *"A perfect example of influence, they will work through their peer network, rugger or whatever it is. And again through WOM, there is this phrase that I like to give people, is a reason to brag at dinner."(SS4 120)*

In striking relationships with the donor-volunteer, the Salvos point to the difference between them and other organisations competing for the public's money; not only do they want to take the public's money, they also want to personalise the relationship by talking to their donors as individuals. However, this study indicates that while the Salvos want to create such relationships, they have neither the manpower nor the systems to effect them.

> *"If you talk to a commercial organisation it's solely commercial. In our sense, there is a relationship, it's commercial, we want their funds but we also want to talk to them about them." (SS6 110-116)*

On the other hand, volunteer-donors' loyalty to the Salvos has been expressed in two ways. First, the vast majority of volunteers return each year to sit on committees and use their influence in managing and executing the Red Shield Appeal. However, no records of donor-volunteers' perpetuation of WOM networking are kept. Second, loyalty is manifest in regular volunteer-donor giving. For instance, committee chairmen are charged with giving an annual personal or business 'standard setting' donation as an example to their committees. This constitutes a method of underwriting the Appeal. Their continued volunteering also renders the Salvos a donor retention device.

However, beyond the committee meetings and circulation of minutes, the Salvos have little contact with their donor volunteers. For example, the Red Shield Appeal involves intense contact for six months of the year; at the end of the campaign, committee members and volunteers have no contact or WOM connection. File and Prince (1994, p193) state *'a program of relationship development must be established to build long lasting involvement and participation'*. This process has not been occurring with donors, donor volunteers or benefactors for approximately four years. In fact, the Salvos' face-to-face visitations with donors – their one-to-one 'ministry', which has the intended effect of increasing satisfaction and donations – has all but ceased amongst corporate sponsors, high value donors, and the 'Wills and Bequest Honoured Friends'. Thus positive WOM, which could be expected in quantity from these loyal donors, is much less likely than donor dissatisfaction leading to negative WOM.

> *"I'm never sure that we're going to retain our volunteers from year to year." (SS3 100)*

*"There is no official Salvo contact with the Doorknockers or their chairmen
during the year, we tend to tap them on the shoulder and say to them 'will
you help this year?'" (SS4 38-40)*

While positive WOM is vital for donor acquisition and maintaining relationships with existing donor-volunteers, donor satisfaction is, perhaps paradoxically, not a key Salvos' objective. The Salvos' Mission contains no reference to donors' satisfaction. Management do not place high importance on donors being satisfied with the organisation and what it is doing, and consequently recommending the Salvos to others. The idea of WOM referral from donors or the efficiency of the media in contributing significantly to new donor acquisition is not deemed particularly relevant. For example, the source of new donors to the Call Centre hotline is not captured, the Salvos have no system for receiving complaints or passing them up the chain of command, nor is there any ongoing market research measure of donor satisfaction. Thus the Salvos cannot identify whether donors are satisfied with them or not.

*"No we don't really know much about our donors or how they came to us
and we don't measure donor satisfaction." (SS 5 122)*

Analysis of one ad hoc market research study suggests loyal donors do not give recommendations to others. Only approximately one third of donors give more than $100 per annum, and the average Salvos' lifetime value (LTV) is $500 with 95 per cent donor turnover over the same period (see Appendix 11). Results of new donor acquisition programs by direct marketing – which consumes a majority of the Salvos' communications budget – reflect high donor attrition that possibly indicates donor dissatisfaction. Attrition of over 20 per cent from the existing donor base reflects badly on ability to provide high levels of satisfaction (Reichheld 1996).

In fact, the Salvos' direct marketing department are critical of responses to donor appeals. They believe response processes are haphazard and are not carried out with the levels of intimacy necessary to cultivate individual donor relationships. First, the majority of donations fall between $20 and $100 and, second, fewer than 41,000 donors are giving more than $100 (see Appendix 12). A high percentage of low-value donations is inconsistent with research that shows the Salvos are held in higher regard than other charities; the marketing department believe this is due to a lack of internal CRM

resources, particularly the ability to segment donors and respond to them in a timely manner.

> *"Two words spring to mind; one is arrogance; and the other is ignorance. We should be better at having relationship with our customers. If you look in any book in New Testament it will tell you, that you should have good relationships with customers and you shouldn't treat them arrogantly or ignorantly. So it's almost a biblical concept for the Salvation Army." (SS4 121)*

The Salvos see the negative WOM that occurs from lack of attention to donors' needs and their subsequent dissatisfaction being linked to unsatisfactory service delivery. Negative WOM stimulated by the perception that the Salvos are 'not caring' can be passed on; many others within social networks can hear grievances about the Salvos. Thus the Salvos believe standards of service delivery, particularly within their disparate community, have to be maintained. To this end they train employees and Salvos recruits in the benefits of providing satisfactory service.

> *"If they ring up and get a cranky person on the phone, they'll tell ten people and that's their perception. That the Salvation Army is not caring." (SS1 119-120)*

4.3.4 WOM and the organisation's image

Public perception of the Salvos is heavily influenced by WOM of past deeds. For instance, stories of the outstanding example that Salvos officers, as pacifists, set during the Second World War have been transmitted by WOM from generation to generation. These stories have created trust and credibility and have helped form the organisation's reputation *(SS5 23)*.

> *"We were there for them in the War years and has been lingering for some generations now, probably less influential now than it used to be. What we did then lingers for us, the trust and credibility element." (SS2 49-50)*

This credibility is reinforced by Salvos' high visibility – wearing a distinctive uniform while they undertake their caring on the streets – which has created trust, goodwill and WOM. Trust in the brand is seen as essential to WOM utterance for the Salvos.

"'If people can't trust the Salvos, who can we trust?' and that was a bit of a key to it. He had total trust in the uniform, not me, in the uniform and what I represent." (SS1 5)

Positive WOM has been stimulated as consequence of disasters, with media coverage of the Salvos providing aid in difficult circumstances. Disasters have had a profound effect on awareness of the Salvos, their image and reputation. Donor loyalty is reinforced and new donors are acquired, raising significant funds for the Salvos and those in distress.

"Every year something happens (in the media) when the Salvation Army is seen to be doing something...whether it's through stories (WOM) or whether it's through personal experience, people in the community see the Salvation Army is actually making an impact and it's worthwhile giving to." (SS2 49-5)

Such is the power of exposure to disasters in terms of contribution to both image and donations, the Salvos have recognised they must try to manage exposure to stimulate awareness and encourage WOM output. Aiming to ensure that the Salvos are seen to be involved, they have a team deployed to capitalise on the media opportunities afforded by disasters.

"The way to stimulate awareness and talk, is to be seen and to make an effort to be seen, so we have to spend energy making sure that happens... to have a disaster brings the Salvos up to the front again." (SS1 59)

However, government emergency services pose a threat to the Salvos' WOM stimulation from media exposure; in fact the Salvos' perceived role is in inverse proportion to the effort they expend, as their involvement is often limited to feeding other workers. The aid work is increasingly effected through professionally trained State services personnel. Thus the Salvos' role has diminished accordingly, having effect on some Salvos' attitudes towards media manipulation.

"Increasingly state organisations, which ideologically Labor governments tend to try and use like to do it in-house internally, through the Department of Community Services." (SS5 43-50)

Despite these encroachments, the Salvos believe they have a strong reputation which has been built in part through WOM. Their communications team would like to find ways to harness positive WOM from the exceptional goodwill that surrounds the brand.

> *"So how we can better a) formalise (WOM) and b) find better ways of cashing in, on this tremendous goodwill that's going around." (SS5 11-14)*

However, not all WOM is positive and, not unsurprisingly, negative WOM detracts from the organisation's image and reputation. For the Salvos, negative WOM is strongly linked to 'negative publicity' or 'bad publicity' and diminished financial performance. Negative publicity, coming from outside the organisation, is deemed 'not controllable'. Media criticism expanding into the public arena and public has been strongly linked to 'crisis management' by the organisation.

> *"We don't like media comment, it gets out of hand and we can't control it when it damages our reputation." (SS4 234)*

The spread of negative WOM threatens both the organisation's image and its business performance in terms of donor receipts. Media revelations in 2003 of abuse in boys' homes in the 1950s, and the Southern Territory's sale in 2004 of aged care nursing homes, tarnished the Salvos' image and created negative publicity and WOM. Public comment was stimulated by discussion in the Victorian parliament, the letters columns in the press and on talk-back radio. Striking at the heart of the Salvos' aging donor base, the widespread publicity produced negative WOM amongst donors and key influencers and attrition amongst bequestors. For example, the Salvos' 'Wills and Bequests' executive recalled incidences of donors calling to intimate cancellation of their Wills.

> *"There have been a few calls from donors to tell us they've changed their wills, it's only a small a reflection of the many more who haven't told us about it yet." (SS8 10)*

Negative WOM fall-out from industry competitors can affect reputation and business performance across the industry as a whole. The mishandling by the Red Cross of its Bali donations in 2004 (collecting donations that were not distributed), for example, while directly affecting the Salvos through blurring of the 'red' causes – Red Cross and The Salvation Army Red Shield Appeal – also led to other charities reporting significant reductions in pre-taxation year-end 2004 receipts.

> *"I've talked to a fair few. The damage to the Red Cross's reputation affected us across the whole industry." (SS4 154)*

4.3.5 Summary

Though WOM is a fundamental part of the Salvos' relationships and communications programs, it is not well understood by Salvos' management. For example, the lack of recognition of the importance of establishing lasting relationships has had profound effect on the Red Shield Appeal 'influencer' identification and new donor acquisition. Anticipated relationships with corporate business leaders over the last five years have failed to materialise. Thus the expected influx of businesspersons with their influence and their networks has stalled. At the same time less attention has been devoted to relationships with the Salvos' top 3000 donors and WOM key influencers. Decreases in visitation and 'thanking' the donors for continued support have detracted from the cause and diminished donor satisfaction. Direct mail donors are yet to receive timely or individualised response.

The contribution of WOM to building the image and reputation, while exercised in the past, has given way to reduced efforts in manipulating PR following disaster assistance, and reticence in using powerful stories or victims' testimonials in Appeals. Furthermore, the organisation's media communications department, which promotes the Salvos' image, has been under-funded. Though significant free media space is achieved through WOM networking, advertising schedules compare unfavourably with brands of similar standing and a significant part of their PR effort concerning drug abuse has been misdirected and not aligned to their core mission. This has been detrimental to building a strong brand amongst the key 'baby boomer' donor segments and in creating donor satisfaction and positive WOM. Therefore, with both donor relationships and communication of the Salvos' image, donor volunteer satisfaction may be lower than the level necessary to stimulate the positive WOM output that leads to donor acquisition, a positive image for the organisation and thus impacting on business performance.

4.4 Objectives of WOM management

The previous sections have described the benefits of positive WOM in supporting the Salvos' image and stimulating donations, reactivating donors and contributing towards new donor acquisition. On the other hand, the Salvos believe that negative WOM adversely affects image and donations. Clearly, management of both positive and

negative WOM is critical to the organisation's performance. The Salvos have five main objectives which concern WOM:

1) reduce costs and risk through WOM networking. By recruiting business experts in their fields through WOM networking, the Salvos can harness the personal influence of these experts within their WOM networks and gain free advice (such as Advisory Boards made up of influential business leaders or prominent media figures). For example, the Media Advisory Board WOM networking has gained significant media exposure at no cost to the Salvos'. Through WOM networking, the organisation can also co-opt highly visible public figures and media identities to endorse media and direct mail communications, at no cost.

2) reactivate donors and acquire new donors via WOM networking. Increased participation and involvement of existing and new donor volunteers and committee members of the Red Shield Doorknock and Business Appeal are essential to maintain the funding levels necessary to implementing the Salvos' social welfare programs.

3) acquire new bequestors via WOM recommendation. New benefactors can be acquired through key influencers such as lawyers and solicitors, which, when recruited, are termed 'Honoured Friend' solicitors. The Advisory boards and Red Shield Business Appeal donor volunteer committee members' provide influential corporate new donor acquisition referrals for the 'Major Gifts' program.

4) protect the image and reputation of the Salvos' from negative publicity and negative WOM. The organisation aims to reduce or prevent negative WOM, particularly in times of media scrutiny and external criticism. Through 'crisis management', it can lessen potential damage to its image and thence its fundraising performance.

5) enhance the image to reactivate donors and donor volunteers and acquire new donors. The Salvos' image can be enhanced by managing PR communications and media presence in disasters, by employing victims' testimonials in communications, particularly in direct mail, and by organisation-stimulated communications that are talked about, such as the promotion of the Red Shield Appeal and the Doorknock Appeal events.

In practice, however, these objectives are not being realised. WOM output amongst committee members and volunteers stems from the organisation's relationships with donors, yet departments of the Salvos operate independently with separate objectives and budgets. Each department has a different idea of WOM and the part it plays within the Salvos' communications and strategies for donor reactivation and new donor acquisition. For example, the 'Wills and Bequests' department, targeting new bequestors, uses the same database source as the direct marketing department for applying their processes of reactivation and loyalty, yet there is little synergy between the two departments and no overall donor relationship strategy in place.

The lack of an integrated donor database leads not only to inefficiencies within the organisation, but to disadvantages for donors and volunteers. For instance, to promote WOM networking the Red Shield Appeal requires close relationships through Salvos directors with the volunteer donor committee members and high value donors. The direct marketing department and the 'Major Donors' section both have separate relationships with this same audience. Yet no combined program views the donor as an individual, and so donors receive multiple messages from various departments. Further, through divided responsibility and lack of CRM systems, there has been no implementation of 'cradle to the grave' relationships and ladder relationship management processes that create advocates, as recommended by Christopher et al. (1984) and lauded by the direct marketing department.

> *"How can we possibly create satisfied loyal donors and have them move up the ladder when we're all doing different things at different times with our donors." (SS4 156)*

With WOM networking outsourced to volunteer donors, no system of central control for the Salvos' directors, and no CRM processes in place across the fundraising databases or Doorknock Appeal, management of the major annual Red Shield Appeal is becoming more onerous. In the corporate sector, conflicts between the long-term objectives of the 'Major Gifts' program and the short-term aims of the Business Appeal committees have created dissatisfaction both with the prospects and amongst donor volunteer committee chairpersons. Despite constant appeals to the City of Sydney Appeal Chairman for a contact management system to track and cross-reference prospects, duplication of effort between the Business Appeal and Major Gifts has led to continued prospect

dissatisfaction and negative WOM (City of Sydney Red Shield Appeal Minutes, 12th November 2004).

> *"I don't think the Salvos really appreciate the time and effort that goes into getting their program up and running, it really eats into my time." (SS3 142)*

The Business and Doorknock Appeals are also under-recruited because there is no system to track Salvos' advocates and previous donors or to identify prospects. Efforts to replace committee members have been frustrated through a breakdown in WOM networking amongst senior influential business people, many of whom have resigned from their committees because of work pressures or have accepted early retirement from their corporations, thus losing their WOM networks.

Replacement at a high level within corporate business has not occurred. In effect, the WOM influence of the trusted intermediary introducing the Salvos to the prospect who then becomes a donor (Prince and File 1994, p193) is not happening. To secure this channel of involvement and funding to underpin the Red Shield Business and Doorknock Appeals and assist the WOM processes of 'Major Gifts', new relationships with high value donor volunteer prospects are required. Steps to make this happen have been half-hearted.

4.5 Generation of positive WOM

As described above, WOM for the Salvos can be stimulated in numerous ways, and in some senses positive WOM flows naturally from the many worthy causes in which the Salvation Army is engaged. Channels for WOM include reactivating the volunteer forces through WOM networking to assist in the annual Red Shield Appeal; referral of key influencers of the 'Wills and Bequests' and Major Gifts programs; WOM from past deeds, for example helping Diggers in wartime; the act of unconditional caring – 'Christianity with its sleeves rolled up'; trust in the Salvos and their uniform; high visibility from media exposure in times of disasters; the salience of advertising, public relations and direct marketing activity underpinning the Salvos' caring image i.e. 'Thank God for the Salvos!'; exposure to the annual Red Shield Appeal and Doorknock Appeal;

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the Salvos' low administration costs, and the resulting high percentage of donations devoted to welfare programs; and WOM from those who say they have donated.

However, some blurring of the Salvos' image has occurred through recent commercial programs, such as Employment Plus. Elsewhere, the Salvos' relevance towards some significant market sectors has been questioned, making the organisation's image or brand equity marginal and WOM in these sectors less prevalent.

4.5.1 WOM networking to acquire and maintain donations

Though the Salvos spend a majority of their marketing budget on donor acquisition (see Appendix 13) which gains under 20,000 new donors per annum and fundraising through their database of approximately 150,000 donors (Appendix 14) WOM networking lies at the heart of the Salvos' fundraising effort. WOM is the primary tool the Salvos use to mobilise their 'army' of volunteers, which results in raising funds through peer recommendation and as reminder to donate from one Red Shield Appeal to the next. for Analysis of the past five years' results indicate that within the three categories of fundraising within the Red Shield Appeal, Mailings, Doorknock and Business Appeal, the latter relies on WOM (Appendix 15). Thus a minimum of 20 per cent of funds raised are achieved directly through WOM. However, as the Doorknock collectors are also recruited through WOM, up to 35 per cent of funds raised can be attributed to WOM in some way. In addition, receipts attributable through solicitor 'Honoured Friends' bequest recommendations amount to approximately $15 million, the majority of which are receipted in the Sydney area, thus WOM and WOM networking are the dominant stimuli of fundraising for the Salvos'. The Salvos' WOM networking occurs on three levels.

Level one WOM networking concerns a number of Advisory Boards, stemming from the Red Shield Appeal WOM recruitment in the past, but now with a wider brief. These boards constitute the Salvos' highest volunteer authorities, influential business leaders who have demonstrated their commitment to the Salvos and who advise and mentor the Salvos on commercial aspects of their fundraising.

> *"We talk up the Salvation Army particularly amongst the business community. We say to the community by WOM, significant people who can actually make a change, make a difference in the community, by WOM,*

> *particularly using our Advisory Boards, and via Red Shield Appeal Committees, we're making impact... from fund raising with WOM." (SS1 1-4)*

One of the objectives of WOM management is to minimise administration costs, achieved partly by recruiting experts from within the community. For example, the Media Advisory Board gained free advertising space courtesy of senior media management, quoted as the equivalent of approximately $3 million in 2004 *(SS 3 101)*.

> *"Advisory committees are a very powerful means of talking to people. ...Another person said, "I know the people at Channel 10. I'll get onto them". So, advisory committees delivering people's sphere of knowledge to a group situation where individuals are allowed to actually use those contacts and that influence for the benefit of the charity or the cause. It is a very powerful way of turning one person's ideas into maybe ten or twelve people combining and committing to the cause and going out to do the work to help through influence and contact." (SS1 6)*

However, while people might join a Salvos' donor volunteer committee or become an Advisory Board member for altruistic reasons, there are specific benefits in WOM networking such as getting known and effecting better personal business through the Salvos' WOM network. File and Prince (1994. p18) note most wealthy businessmen who own their businesses *'want to reserve a seat at the charity table to reinforce business ties'.*

> *"When Wolfgang Grimm came to be the Manager of Intercontinental, he said 'I have been told by other business people that the way to get on in this town is to be involved in the Red Shield Appeal'. So that was very much a case of WOM working." (SS4 150)*

Level two WOM networking concerns the annual recruitment of Red Shield Appeal committees, who use WOM networking processes to manage and execute the annual Red Shield Business Appeal and Doorknock Appeal house-to-house collection in Sydney, Melbourne, Brisbane and Canberra. The Red Shield Appeal is resource-heavy in terms of volunteer WOM networking, utilising Salvos' manpower and budget from December to June each year.

The Red Shield Doorknock Appeal provides a focus for the Salvos' yearly communication effort and budget, and also provides awareness amongst the public, committee members, volunteers and donors of other fundraising activities throughout the

year. The current Doorknock WOM networking structure helps in sustaining the Red Shield Business Appeal and other Appeals happening though the year.

> *"On the back of that awareness we do all our other things, for example, our direct mailing, our Major Gifts, our corporate work, it's really on the back of the awareness that we are able to create through the Doorknock." (SS4 18-19)*

Level three WOM networking concerns forging corporate relationships, and obtaining a commitment to sponsor specific Salvos' activity and designated projects under 'Major Gifts'. Strong corporate alliances have been forged over time in the business community with major multinational companies whose influence extends beyond giving substantial donations. Westpac Bank, for example, as been strongly associated with the Salvos for over thirty-three years, through successive Westpac CEOs. Currently 'Major Gifts' donor ties are strong.

> *"I describe it as a family relationship. It's that close. There is no written contract there is no written agreement, it would be so difficult to write down the depth of the relationship. It is a very deep relationship, as well as widespread." (SS4 158-160)*

4.5.2 WOM and referral processes

Donor acquisition and retention can be influenced through WOM referral from both inside and outside the orbit of the organisation (Referral markets, Payne 1997, p32). These key influencers are significant for both incentivised and advocacy referrals (Payne 1997). In fact, the Salvos' practices of advocacy referral and the reciprocal referrals of bequestors by external key influencer 'Honoured Friend' solicitors are examples of referral markets explained by Peck et al. (1999) in their Six Markets Model, discussed in Chapter 2 and reproduced here in Table 4.1.

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Six Markets Model referral types	WOM referral descriptions (Peck et al. 1999)		WOM referral sources in Case A
1) Customer Markets Customers, users	WOM Customer satisfaction	X	Donors re-giving/annual recruitment of donor volunteers
	Service recovery WOM	N/A	
2) Referral markets			
i) *'Advocacy' referral*	*'Advocacy' referrals* Donor advocates/evangelists	X	Volunteer committees/significant individuals
		X	Donor certificates of thanks/tax receipts
	'Advocacy' referrals Non-customer	X	Advisory boards, key corporate influencers, community identities, media identities
ii) *Customer/donor base development*	Bring-a-Friend Events (i.e. Landrover test drive)	X	Red Shield Doorknock volunteer Family/teacher/schools involvement
iii) *General referrals*	Professional referrals - inter-industry	X	Media advisory board
	Expertise referrals	X	Public trustee, solicitors
	Specification referrals (mandated specs)	N/A	
	Substitute or complementary referral	N/F	
iv) *Reciprocal referrals*	Mutually dependant	X	Database exchange with other causes discounted
v) *Incentive-based referrals* (can be regulated against)	Fee-based	X	Solicitor will-writing days
	Free offers	N/A	
vi) *Staff referral*	Past	X	Retiree referrals
	Present	X	Employees
3) Internal markets	'Internal customer'	X	Referral business donors to Major Corporate Gifts
4) Supplier/Alliance partner referrals	Customers	X	Westpac Bank
	Sales staff	X	Bank employees' doorknock appeal involvement
5) Recruitment markets		N/F	

Table 4.1: Case A referral sources based on Six Markets Model (adapted from Peck et al. 1999)

6) Influencer market referrals	Political, Government, regulatory	X	Federal grants and State government grants and DOCS intervention
	Media 1. Celebrity influence	X	Media celebrity/advertising/endorsement
	2. Internet/Search engine	X	Online criticism, competitor ranking activity
	3. Media liaison	X	Minimal involvement
	Competitors	X (X-)	Negative WOM in crisis
	User evaluator groups	X	Multiple corporate decision makers, Major Gifts
	Environmental groups	N/F	
	Financial/investor groups	N/F	
	Union/industry groups	X	Sponsor solicitor groups, advisory boards, i.e. media
	Family Group	X	Ethnic veto

X = WOM present
(X-) = Negative WOM referral
N/F = Not Found

Table 4.1 (continued)

While the Salvos' internal network is undervalued, leverage of the WOM network connection has occurred within the Business Appeal. Business donor referrals are identified via sharing and cross-referencing the WOM networks of Red Shield Business Appeal committee members who are asked to identify senior influential corporate leaders within their industry groups. This technique has proved ideal for the 'Major Gifts' program (Minutes City of Sydney Appeal, 7th June 2004).

Assisted by external fundraisers, Navion, the 'Major Gifts' program has the task of raising $4 million annually for designated projects from relationships established with approximately 25 corporations (target 70) and individuals, hand-in-hand with the Salvos' own executive approaches (Navion document 'Major gifts 2004'). Navion attribute their success to existing WOM networking ties, and maintain networking relationships already forged amongst the business community will *'render the most productive, lucrative and lasting Salvos' donation sources'*. However, 'Major Gifts' has had problems in managing their contacts (Table 4.2) because of resignations of Appeal committee chairmen and Salvos officers.

"We're really starting from scratch, it seems such a pity that with all our relationships people have moved jobs or left us and they take their knowledge with them." (SS9 10)

Annual Gift	Numbers Required	Numbers achieved	Prospects
$500,000	1	1	4
$300,000	4	2	0
$100,000	8	2	4
$50,000	15	6	4
$25,000	20	1	unspecified
$10,000	25	8	9
$5,000	unspecified	4	unspecified

Source: Major Gifts Chart/Navion 2004–5

Table 4.2: Major Gifts strategic plan 2004

Another type of WOM referral is the Salvos' 'Wills and Bequests' program, initiated in the early 1980s. Bequestors, called 'Honoured Friends', often come through the WOM recommendation of a solicitor, financial advisor or the Public Trustee. Approximately 240 finalised bequests are realised each year, with an average of approximately $70,000. The Salvos claim they maintain relationships with approximately 650 'Honoured Friend' solicitors.

This program has mutual and, for some, reciprocal benefits. 'Honoured Friend' solicitors can benefit monetarily from any other business they may conduct with a bequestor referred to them by the Salvos. Other promotion includes travelling expositions and the 'Wills on Wheels' program, a public will writing day when wills are endorsed by WOM solicitation of 'Honoured Friends' solicitors for a nominal fee. The Salvos have been looking to expand the program to financial advisors.

"We attract solicitors who will write the Will for nothing with the idea that if we introduce them to a new client they will enjoy other profitable business in the long term, so it works both ways." (SS8 11)

WOM referral solicitation also happens through the Public Trustee, a self-funded Government body offering preparation of wills and legal services across the states. It is by no means certain that a Public Trustee will recommend the Salvos as a worthy cause

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for a bequest, so relationship building with them is vital to stimulating WOM for the Salvos.

> *"People don't consider giving to a not-for-profit or a charity or church in their Will. But sometimes he suggests the Salvation Army as one of those groups that they may consider giving to or leaving something to in their will."* *(SS1 50)*

The Salvos' 'Wills and Bequests' lead generation program can be enhanced by officers visiting 'Honoured Friend' solicitors or the Public Trustee. These 650 key influencers have an on-going referral relationship through the Salvos' 25 'Honoured Friend' representatives.

> *"The Public Trustee is a Government controlled body but if you get in front of them you can sort of twist their arm."* *(SS8 100)*

The Salvos have approximately 2500 bequestors on record, but donations are declining. Donations of approximately $2.3 million per month in 2003–2004 declined to $1.8 million per month in 2005 (see Wills and Bequests document 2003). Fewer 'Honoured Friend' subscribers have been acquired. In fact, on an annual moving average 'Honoured Friend' recruitment was approximately plus 15 per cent in 2000 over 1999, but with the dramatic decline following the aged care issue it fell to less than plus 5 per cent in mid-2004 (Table 4.3).

June 2000	June 2001	June 2002	June2003	June2004	April 2005
14.9%	13.2%	11.5%	10.4%	3.8%	4.7%

Source: Wills and Bequests funding request document 2005

Table 4.3: 'Honoured Friend' recruitment

4.5.3 WOM and individuals

Thanking those who have assisted is deeply entrenched within the Salvos' relationships with their donors. For example, donors by mail receive a Certificate of Appreciation and tax voucher; collectors for the Doorknock Appeal receive a certificate of appreciation and a McDonald's hamburger voucher; committee members are receive a personalised Certificate of Appreciation and are officially thanked by the Chairman and the Salvos'

Director in front of the committee (Minutes City of Sydney Appeal Committee, 21st April 2004); and 'Major Gift' donors receive a plaque specifying the contribution, the project and the year.

> *"With the major donors, most of them have a relationship through our committees and we thank them that way." (SS4 48-50)*

Rosso (1991, p114) believes donor recognition is an indispensable part of charity marketing; *'it is a process of thanking and honouring contributors ...bonding that person to the organisation and thus expanding the advocacy base'*. Donor volunteer committee members in representing the Salvos also reciprocate, thanking those who have contributed to their fundraising, which creates more WOM. Therefore thanking and influence over others are linked.

> *"Your influence is very important, I probably write 2000 letters a year to people thanking them." (SS3 149-153)*

> *"In thanking people that creates more WOM." (SS4 66-76)*

An appropriate 'thank-you' is also an essential part of the WOM relationship building process with key influencers. Senior Salvos make a point of thanking those who refer donors, such as the Public Trustee. Thus the bonds between the influencer and the organisation can be reinforced with a timely expression of thanks. In fact, the 'Thank you' in person can be reciprocated with more goodwill. In the Salvos the act of 'thanking' is also strongly linked to increased giving (see Rosso 1991, p149).

> *"I went to Port Macquarie to visit the Public Trustee and to say 'Thank you' and just learn a little bit about the family.... He said 'here's my house keys, there's boards in the garage, go and have a surf'." (SS1 122)*

> *"An added benefit flowing from contact is increased donations to the current financial appeals." (SS8 101)*

However, visiting and personally thanking donors has significantly decreased in the last four years. Of particular concern for WOM processes is that visitations to high donors (over $5,000 per annum – 560 donors) have been severely curtailed. This category includes many donors who serve or have relationships with those on Red Shield Committees and thus are a key element of the Salvos' WOM networking cycle.

"Nothing's happened since William Booth Companions. If I had my way I'd be concentrating on visiting donors."(SS7 120)

Rosso (1991) believes donors of lower amounts – above $250 – should also receive personal thanks, in order to enhance the relationship and encourage additional funding and more WOM. Including these donors would add approximately 18,000 to the list of people to be personally thanked; the Salvos have just over 3,000 donors in their $1000 and over segment (see Appendix 12) and approximately 15,000 donors in their $250 and over segment.

Other indications of relationship processes being inappropriate are in the 'Wills and Bequests' program. The acquisition program aimed at potential 'Honoured Friends' is led by a manager with a team of 25 'Honoured Friend' representatives through 558 'Honoured Friends' solicitors, and an unspecified number of Public Trustees. For the 2002–2003 financial year, 8,460 letters were sent. Theoretically each donor would have received three letters throughout the year; however, less than half received a telephone call.

The visiting procedures outlined in the Salvos' Wills and Bequests Booklet (July 2004) are not achieved in practice. The 3,000 face-to-face visits, made up of 2,400 Honoured Friends and 558 Honoured Friends solicitors, represented less than one third of this group receiving a visit in a year. To compound the situation, bequestors may not be called upon by a Salvos' officer, while 'Honoured Friend' representatives are not always adequately equipped to provide ministry.

"They're retired people who just want to help, some aren't Salvos and many don't want to do more than keep in touch with Honoured Friends."
(SS11 100)

4.5.4 WOM and business networking

Relationships with many significant individuals in the business arena, on whom the Salvos have relied in the past, appear to have run their course. Recent attendance by key businessmen at the City of Sydney Appeal committee has been poor. Key Advisory Board members are either too busy or have lost their commitment to the Salvos' cause (See, for example, apologies in minutes of City of Sydney Meetings, 2004/5). Time for

most corporate executives is also at a premium (see Central Committee Minutes Meeting, 25th November 2003). Red Shield Appeal committee members, for reasons such as lack of familiarity with their industry colleagues and their own corporate standing and influence, have reduced the emphasis on the Salvos' WOM networking processes. For example, corporate executives both within the Salvos and in the wider business community remain in their positions for relatively short periods, a majority for not more than two years (Abrams 2003).

> *"(In) reference to turnover, I reckon I've been hearing that for 30 years. Is anyone doing anything concrete in terms of reducing the level of mobility? The learning, most people take a couple of years to learn the job, very often people in the Salvation Army are moved on. I'd love to see the average; it wouldn't be much more than two years. There must be huge potential of savings through knowledge of the job." (SS12 166)*

The makeup of the City of Sydney Appeal committee changed considerably between late 2003 and early 2005, as seen in the minutes from 25th November 2003 and 23rd March 2005. In corporate business, greater numbers of senior executives are accepting early retirement packages. The Salvos then lose the WOM networks of their key advocates several years earlier than anticipated. Even the current Appeal Chairman, though considerably younger than retirement age, has been a sole consultant for more than two years; his previous WOM network as a KPMG senior director has therefore been severely curtailed. In this way the WOM networking structure of the Red Shield Appeal has been significantly undermined.

4.5.5 Donor relationships by mail

The strength of the Salvos' relationships with their direct mail donors can be gauged from three recent sources: a qualitative/quantitative survey of the 'On the Scene' quarterly newsletter readership, conducted in 2001; a quantitative research study undertaken in 2002 and 2005; and analysis of donations received for the 2004 Boxing Day Tsunami.

The 'On the Scene' newsletter readership survey conducted by telephone in 2001 amongst 300 donors confirmed that heavy readers are more likely to be women (55 per cent), and 58 per cent of these are 65 years or older. As far as WOM is concerned, most

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donors (68 per cent) are sole readers while another 28 per cent state only one other person reads the newsletter. Therefore the newsletter is not passed on and is not read by friends or younger family members.

The Salvos traditionally have strong relationships in older age brackets; 54 per cent are over 55 years of age and 40 per cent are over 65 years and more likely to be women. The 2005 database analysis demonstrated donor loyalty may be shorter lived than the Salvos imagine. The analysis confirmed that the Salvos' key donors by mail tend to be established, high-income families who live in affluent areas and own their homes, of which numbers of new donors are significantly declining.

However, the Tsunami Appeal at the beginning of 2005 provides a more recent assessment of current relationships. The Salvos were late to lodge a formal appeal. By the time they finally promoted it via their normal 'On the Scene' newsletter mailing in February 2005, they had already received $1 million. This mailing also contained an 'at home' Appeal, for help towards the more recent Adelaide fire disaster. It was significant that in both of these appeals, donations had increased from the previous year, although donor numbers remained the same. In fact, of the 33,000 donors, only 40 were newly acquired and they were recruited via the Web. One could therefore surmise that loyal donors had been forgiving of recent negativity involving the Salvos, although as the database had not grown, WOM output from loyal donors appears to have had little effect on new donor acquisition.

4.5.6 WOM and internal image

The Salvos believe their image reflects the high degree of integrity in what they do and what they stand for. For instance, the Salvos jealously guard their database and are keen to communicate with their donors by the most appropriate media. For these and other reasons, the industry practice of database exchanges with other causes has been discontinued. This integrity permeates the organisation from the Commissioner down to the employees, the public, the volunteers and the donors, and stands them in good stead under media scrutiny or criticism. Thus the Salvos believe donors have high expectations of them, and they have a responsibility to their stakeholders to keep out of the media, away from negative WOM and be above criticism.

> *"Integrity is very, very high, there is a sense that the community think that we are pure. That we've never had any big stories against us or anything."*
> *(SS1 19-20)*

The Salvos are ever vigilant of their reputation and its precarious nature. Internal WOM discussion and debate are kept within the organisation, a strategy that is especially important as organisation members hold strong and different beliefs (See 'Many voices, one Salvation Army': The Practical Theologian 2003).

> *"We all have different beliefs on all different levels...we all have opinions. So we're smart enough to keep that in house."* *(SS1 54-58)*

In addition to weekly church meetings, regular management meetings are held to coach individuals into the ways of the organisation, its functions and desired outcomes with their target audiences.

> *"We have a monthly meeting which is like a day conference for new employees, and I come in and do (my bit) on what the Public Relations Department is, and I say to everybody "You are the public face. Now whether you are a Salvationist, whether you are even a Christian or not, when you answer the phone, when you talk to somebody, you are actually the Salvation Army. And the way you present yourself on the phone and the way you deal with people makes an impact on how the Salvation Army is actually perceived in the community, like it or not."* *SS1 151*

A whole department, which outnumbers the external PR department, is involved in internal communication. Their 'Mobilise for Mission' document, used in training, promotes the mission *'to save souls, grow saints and serve suffering humanity'*. Other training documentation and the Salvos' monthly house magazine, 'Pipeline', extol the values of the organisation and guide employee behaviour. Thus perpetuation of the Salvos' brand image amongst its stakeholders has been effected through its internal identity.

> *"As part of the Christian church and an effective charity, its core business exists 'to save souls, grow saints and serve suffering humanity'. There are ten basic statements."* *(SS1 75 and see Salvos' 'Mobilise for Mission' document)*

However, none of the Salvos' value statements within their mission talk of donor or key influencer satisfaction or the perpetuation of advocates. Rather, their emphasis is focussed on their spiritual mission and welfare clients.

4.5.7 WOM and external image

Salvos' market research has revealed that a combination of 'respect for' and 'awareness of' the organisation prompts giving; indeed, the Salvation Army is the charity 'most likely to be given to.' The Doorknock chairman believes that higher levels of awareness prompt WOM and giving, and thus WOM output and the organisation's public reputation are strongly linked.

> *"From research the two key things about giving to a charity ...something like 36 per cent said in our survey that 'respect' is number one and number two with about 30 per cent was 'awareness of that charity'. So they hear about it, see it, and promote it (WOM). So there is 66 per cent, these as the two most important things. The Salvos' are right up there at the top with awareness. They come in at the top of the charities that are most likely to be given to. Respect comes up at 96 per cent, so if you ask if you respect this charity and does it have your support, 96 per cent of people say 'Yes', which is just enormous." (SS3 169)*

The organisation's external image is managed through the 'corporate identity mix' (Davies et al. 2003). This consists of corporate communication (including advertising and the way the company goes about its business) and 'customer facing' employees and symbolism, such as the distinctive Red Shield logo, all of which add to its image and stimulate WOM. The distinctive uniform the Salvos wear is synonymous with trust in the Salvos' brand, for instance it *'transcends the trust in the individual employee' (SS4 178-196)* and has a strong effect on WOM stimulation. In corporate meetings the uniform has the effect of bringing the prospect donor closer to donating.

> *"If we take Major Mark Campbell in his uniform with us then we are probably twenty-five to thirty per cent further down the line, people get a bit of a chemical thing with the Salvation Army uniform." (SS4 178-196)*

The Salvos believe their reputation has been formed through WOM and the public's expectation. The Salvos apportion a greater percentage of donations to welfare activities than many other charities, enhancing the public's trust that their money is being put to effective use, and consequently perpetuating WOM and contributing to donors' continued loyalty.

> *"In terms of WOM, people would be saying, Salvos have a good reputation...we have a high level of applying the dollar that's donated to the work that we do." (SS6 35-37)*

However, database analysis with demographic overlays has led the Salvos to believe that other more 'emotive' charities possibly receive more WOM, particularly with women donors in the 45–55 years of age segment, their key target group for new donor acquisition. The Salvos believe they have image problems and have not been 'WOM competitive' within this important segment.

"I just have a sense that perhaps some of the medical type of charities are, perhaps more emotive and touch people personally and word indiscriminately gets spread faster. I am not sure that for that generation the Salvos are as relevant or connected." (SS6 46-53)

4.5.8 WOM and advertising, communications and PR

In terms of public relations communications, positive WOM is known by the terms 'media spin', 'good publicity', 'PR' and 'stories'. The Public Relations department focuses on the Red Shield Appeal, placing PR releases from February to June each year directed towards gaining awareness of the Doorknock Appeal and recruiting volunteer collectors. At this time PR communications are integrated with advertising and direct mail fundraising, using testimonials from high profile personalities and media celebrities and their reputations. However, apart from PR manipulation of disasters, the organisation does not view the generation of positive WOM as an objective of its communications activity; rather, it is simply a consequence of it.

Mass media advertising in support of the Red Shield appeal is currently coordinated through a joint agreement between The Salvation Army's Southern and Eastern Divisions. To achieve higher awareness the Salvos' image has been streamlined with advertising promoting a single message to the community, which people recognise and pass on. Advertising the 'Help shield those in need' message on broadcast and pay TV, radio and sides of buses directs donors towards the Salvos' telephone number and website.

"We've integrated the communications process much more successfully... the integrated process goes for the one look, one feel concept (across) all the processes, so people talk the same language." (SS429-30)

As the Salvos have no media budget, exposure in the Eastern Territory is at the generosity of senior media management. Despite the efforts of the Media Advisory Board's WOM networking, free exposure in advertising media, particularly in television, is limited.

> *"The free lunch is over but with the suburban press and the regional press newspapers, our influence is still very strong, with TV it is really becoming almost a closed shop." (SS5 135-138)*

Apart from disaster reporting, the Salvos have not had a significant presence in television. Rather, greatest donor awareness comes from the up to 10 million inserts per Appeal in newspapers which create WOM amongst readers.

> *"Unlike media we do pay for inserts into the newspapers, which gives us exposure for the Appeals and using all the numbers of those we assist they get noticed and talked about." (SS 4 166)*

Paradoxically, the Salvos strongly believe television is the most effective way of building awareness of and trust in the organisation, which sparks WOM.

> *"Advertising (on television) plays a role (in support of WOM) that none of us could even contemplate the power of...it was a combination of communication, advertising, awareness and trust." (SS3 99)*

> *"Trust is an amazingly important thing and advertising has a role of reinforcing trust, and reinforcing awareness and the values in the organisation." (SS4 101)*

Despite advertising exposure on television having been limited, the Salvos have been able to promote their image through television news reporting of disasters. The Chairman of the Doorknock Appeal, a senior advertising communications expert, believes such publicity is becoming more effective than advertising in getting the Salvos' message across. In the light of media clutter, PR efforts are deemed increasingly important in building awareness of the organisation and stimulating WOM. PR is seen to be competitive with advertising in building the organisation's image through the WOM being stimulated.

> *"Publicity (PR) is possibly the most powerful aspect (of communications). I have just had a (Salvos') report through from New Zealand, and WOM and comment from people is growing as a means of knowing about the organisation, the Salvation Army and advertising is actually dropping a little*

bit. That is partly because of the clutter there is a lot of people advertising their services and asking for money." (SS3 80-81)

In fact, WOM from PR media exposure through television, radio and the press is crucial in gaining awareness and reinforcing messages about the Salvos' relief work amongst donor-volunteers, their greatest advocates.

> *"Getting (WOM) out there is effected through the media, through media releases, to getting that information amongst our network of volunteers or committee members." (SS6 125-128)*

The Salvos have deliberately taken advantage of such media exposure to disasters to be seen in action, and thus promote their image, create WOM and enhance business performance. In order to maximise publicity, the Salvos have encouraged suitable individuals to make the most of the media opportunity, some even reaching celebrity status. However, these characters have now retired.

> *"To help stimulate WOM at a disaster we've got these people who can actually speak and are consistently on TV each time there is a disaster." (SS1 75-78/)*

> *"We used to have a Salvo, Major Woodland we'd see him on the TV walking back and forth in the background with his uniform in full view when the crews were filming." (SS8 10-120)*

Recently the Salvos have been more reticent to participate in media publicity *(SS7 75-78)* and fewer disasters have resulted in less money being raised. The document 'The Salvation Army, Australian Eastern Public Relations Daily Comparison Summary', concerning disaster relief, shows that in 2002 over $1 million was collected for the Canberra bushfires, yet in 2003 only $3,000 was raised for disaster relief. As *'there were no disasters and no WOM',* no money had been raised.

> *"You get people talking about the Salvos' as a result of disasters. And without disasters it's fair to say that probably they don't talk (WOM) so much about the Salvos', that's probably the area that people notice the most." (SS13 259)*

Different communications media have had different WOM effects. Though television exposure to disasters has created WOM in quantity, press articles have also created awareness of the Salvos' involvement.

"So for publicity and WOM to happen, its influence in newspaper articles is very important." *(SS3 213-219)*

Because newspapers articles are a major source of news for talk-back radio, carefully manipulating several media creates greater publicity and WOM effect. However, the Public Relations department favour talk-back radio.

"Radio seems to be my strong suit. Personally, I'm an expert in those radio stories. ...You massage the radio stations, so that when the newspapers hit the desk, you've got the radio ready to go." *(SS5 33-34)*

Publicity exposure in national women's magazines has also had a multiplier effect. For example, articles in regional newspapers have been triggered through national media exposure, stimulating more WOM and perhaps reflecting the Salvos' female audience skew.

"We got WOM from Women's Day, there was lots of local press coverage stories and (WOM) from that." *(SS13 203-213)*

Regardless of the consistency of positive WOM messages from PR exposure, the Salvos' image is also enhanced by a dearth of negative comment.

"She said, 'I always hear good things (WOM) about the Salvation Army. I see you on television, I see your advertisements, I see your newspaper stories and I've never heard a bad thing about you.' *(SS3 99)*

Gaining PR exposure and WOM is not easy. It is not automatic that WOM will occur from publicity and press exposure. The media are not always receptive or ready to print articles about the Salvos. News, drip-fed, will also lead to the media's disinterest. Apart from disasters, the Salvos are faced with the challenge of achieving the coverage they require to gain public awareness.

"With the media for example, we might try or we like to get a story out and it just doesn't get run or there just isn't an interest." *(SS13 219-233)*

Even positive PR leading up to the annual Red Shield Doorknock Appeal can be swamped by other 'bigger' news.

"This week it's the Red Shield Appeal in Queensland, we are really struggling to get publicity because there is a appeal going on for a missing

child up there and the family, through influence, have mobilised a heck of a lot of Queenslanders...that's all they're talking about up there." (SS4 314)

4.5.9 WOM and the Red Shield Appeal Doorknock event

The Red Shield Appeal Doorknock event, mobilised by the power of WOM networking, has been an important facet of awareness-building and WOM for the organisation and a means of connecting with the public. However, the Doorknock collection has been diminishing consistently over the past five years and thus the WOM effect may be lessening. Within the organisation, pressure is caused by arguments regarding the relevance of the Doorknock and the need for sizeable monetary resources and management time. Though the Doorknock could have passed its peak, its national role has not diminished as the key event towards which the Salvos' communications efforts are directed and upon which the public's attention is focussed and most WOM occurs.

> *"It is the public face (of the Salvos'). It may be that it has reached its zenith, its plateau but I still argue that 50,000 people walking the streets and talking to their friends and other people about a charity that is WOM which is an enormously powerful form of communication." (SS3 111)*

4.5.10 WOM and testimonials from victims and media identities

To gain donor attention, appeal mailings use endorsements, a form of WOM. This occurs on three levels. First, high profile members of business, society and public life give their personal testimonial. Past identities have included Dick Smith, entrepreneur and adventurer, Steve Waugh, Australian of the year in 2003 and then captain of the Australian cricket team, and ex-Governor General Sir William Deane, whose reputation was well recognised and from whom higher response (to mailings) was noted. Second, media personalities, such as 'radio jocks' Alan Jones and John Laws, promote the Salvos' Red Shield Appeal. While their overall ratings and younger audiences may have waned, they remain powerful advocates amidst the older, aging donor audience, providing influence and credibility 'pro bono' for the Salvos.

> *"Alan Jones has read that for me on 2GB. He didn't charge a fee and so we're using his influence." (SS4 30)*

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Third, testimonials from welfare clients have also been used in direct marketing appeals with marked success. However, there is a reticence about using powerful testimonials from victims of abuse and those who have endured dire circumstance amongst the Salvos, owing to *'the high degree of confidentiality and privacy they owe the individuals' (SS8)* to whom they lend welfare help. The current research suggests the Salvos are unwilling to participate in publicising the plight of these individuals. Therefore, the Salvos' attitude to privacy impinges on the potential of their appeal mailings to boost the Salvos' image and increase WOM.

> *"A lot of the confidentiality issues surround what we do and trying to get someone who can actually give us their story in a way that we can motivate others." (SS11 209-211)*

4.5.11 WOM and the Internet

Acquisition of donations by website is increasing. For instance, the Boxing Day 2004 Tsunami attracted over 1,000 donations, demonstrating for the organisation the potential power of online donating. Analysis suggests that total website donations in 2004 amounted to $207,548 from 2,006 donors, amounting to an average of $103 per donation. The international site contributed $22,491 from 97 donors, an average of $231 per donor. However, the Salvos' website is used primarily for publication of mission and policy, and also promotes the various Salvos' communications including 'On the Scene'. While the Salvos' website has attracted just over 2000 donations it has gone through a series of ownership machinations which may have inhibited its use in new customer acquisition (see Appendix 13).

> *"Though it's a secure website, we haven't got a strategy; it's been a bit of a muddle really, until our website has got some kind of someone's owning it, it's difficult." (SS13 95-97)*

While the Salvos' direct marketing team have investigated the Internet, and determined the website and the search engine rankings have a potential role in assisting new donor acquisition, generally the Salvos do not consider the website a major vehicle for acquiring donors. The Salvos have observed other charities' online campaigns. Whilst there are no indications of the role played by WOM online in encouragement of donations, evidence suggests younger donors are using the Internet. For example, World

Vision achieves donations from a younger, well educated and electronic media 'savvy' audience, a segment of weakness for the Salvos. Despite the possibilities afforded by eWOM referral and the viral opportunities of the medium in attracting new donor acquisition, these have taken a lower priority and have not been acted upon for web management reasons. Therefore the Internet remains a mystery.

> "In our email campaigns is the response to donations, trying to get some catchy message that goes back to say 'Thank you' and it'll also encourage the person who's donated to tell two or three friends about it and forward on the email, we really have to get that going." (SS11 287-289)

4.5.12 WOM and diagnosticity

The popular Salvation Army slogan 'Thank God for the Salvos!' has achieved almost total recognition amongst the Australian public, scoring 93 per cent awareness (Superbrands 2002). In fact, WOM amongst Salvos' supporters relies on 'WOM-speak', an encapsulation of the Salvos' advertising imagery, expressed in the advertising slogan. The phrase has helped pass on the Salvos' WOM message within the family and through friends and colleagues, more easily and with greater effect. The ethnic community also use the phrase to describe their involvement with the Salvos. Thus committee members have used 'WOM-speak' to identify or bond with the cause. Arguably this is a more memorable, uplifting and easy phrase to pass on (Rosen 2000) than the current 'Help shield those in need'.

> "Those phrases seem to become imbedded in the 'speak' of our Chairman and volunteers. ...So WOM is there, how else do young people who I see on the street have that feeling that they must give to the Salvos'? Where does that come from other than grandma or grandpa telling mum and their mum telling them?" (SS4 1-15/ SS 5 211)

4.5.13 PR and WOM having the opposite effect

While the Salvos have built a reputation for themselves with issues that have triggered advantageous WOM – such as exposure to disasters and help in crises – which has been reflected in their advertising 'Help Shield those in need', the Salvos' publicity exposure

to drug abuse and drug rehabilitation now forms a significant part of its public relations communication. The PR department is convinced drugs and alcohol have produced WOM towards the Salvos, and thus actively promote them.

> *"Our involvement in the drugs debate was a classic example of how you get people talking about the Salvos'. We're going to be putting together a big campaign about alcohol abuse and Alcohol Awareness Week." (SS5 100 /SS13 203-213)*

However, annual research conducted by the Salvos from 1998 to 2002 confirms issues concerning caring are most likely to stimulate donations. For example 'food and clothing for families in need' scored approximately 30 per cent, 'help for abused women and children' approximately 20 per cent, 'care for homeless' about 17 per cent, and 'help for the elderly' 11 per cent. These are the subjects that need to be reinforced amongst the Salvos' donor groups. This contrasts with 'drug and alcohol rehabilitation', which scored around 5 per cent and 'unemployment', 1 per cent (Salvation Army Research 2002).

Even in the ethnic community drugs and alcohol are anathema. While the publicity being generated should be stimulating positive publicity, amongst a significant segment of the Salvos' audience it may have been having the opposite affect.

> *"When you're talking to an ethnic community don't talk about drugs and alcohol, don't talk about street kids, these are all things that are failures. Talk about moving people to Australia, families, elderly people, these are the values they have." (SS3 178-182)*

PR exposure has also been opportunistic. The Salvos' publicity department has seen advantage in attaching the Salvos to other organisations; by taking such a moral high ground through these 'media hijacks', the Salvos hope to create kudos for the organisation.

> *"There are issues where we're involved with which start in the media, totally unrelated to the Salvation Army but I'm able to inject our Salvation Army hat into the media." (SS5 117-118)*

To add to the confusion, research has shown that commercial ventures such as Salvos' advertising for 'Employment Plus' have both blurred and negatively affected the Salvos' image. Thus the Salvos' PR campaigns arguably run contrary to the Salvos'

positioning and the expectations of their donors. In fact, donors increasingly interpret the Salvos' PR messaging as a commercial enterprise, rather than as an overt image of caring. Rosso (1991) makes it clear that public relations plans should be built around donors' needs. He states *'Proper communication methods require an acknowledgement of the constituents' needs and wants, an awareness of their perceptions and their requirements and a readiness to design the public relations plan that will respond to their needs'* (p. 290).

4.6 Prevention and control of negative WOM

While positive WOM has positively affected the Salvos' image, the organisation also receives negative WOM from several sources:

- negative portrayal of the Salvos' aged care and boys' homes from media comment and specific criticism posted on the Internet

- negative publicity and negative WOM directed at other charities but which have affected the entire charity sector; for example, the tardy distribution of funds to victims of the Bali bombings in October 2002 by the Red Cross

- the attitude of certain segments of the public to the Salvos' zero tolerance policies

- in contrast, disagreement by some long time donors with Salvos' welfare programs such as drugs

- perceived lack of professionalism amongst welfare officers and professional Government services

- media exposure to sizeable donations

- inability of the organisation to address prospects or direct mail donors in a way that demonstrates donor understanding or intimacy, which has resulted in prospect and donor dissatisfaction and prospecting termination.

4.6.1 Negative WOM control

The Salvation Army enjoyed a long period where the organisation was held in esteem and beyond criticism, but the landscape has changed. No charitable organisation is now beyond media scrutiny. Thus when media criticism occurs, WOM management by the Public Relations department is important to minimise the effects of negative publicity and negative WOM on its image. While the Salvos management now place greater importance on media liaison, which requires dedicated media skills, the processes of liaison and relationship building with the media are yet to happen.

> *"(An) increasingly important area of operation is media management, in terms of general media enquiries, enquiries about the Army's work, we're becoming less and less of a sacred cow. Once upon a time the Army was almost untouchable with the media." (SS5 8-10)*

There is little evidence to suggest media relationships with key media editorial staff have occurred, a strategy which could be anticipated to help arrest negative publicity and the spread of negative WOM. In fact, there is no media liaison as few media relationships with journalists have been built in the Salvos.

> *"To be brutally honest, I don't have a wide range of contacts or special relationships but I work through our Media Advisory Board and I'm secretary to that." (SS5 5-6)*

Though donor dissatisfaction has been recognised, the greatest source of negative WOM is media criticism. The Salvos react by undertaking 'crisis management', which involves senior management, the Commissioner and the Public Relations department working together to ameliorate the problem with the injured parties as well as the media. In the case of crisis, the Salvos' early warning system is left to the head of PR.

> *"As far as early warnings, I'm watching the papers. I listen to the media, the newspapers, magazines, I seem to have a sixth sense." (SS5 220)*

When crisis hits and the organisation faces media scrutiny, to prevent innuendo and misinformation a strict internal protocol is observed throughout all Salvos divisions. Internal communications regarding the issue are deemed essential to neutralising employee uncertainty and doubt and to putting forward the Salvos' response amongst its stakeholders.

"The process meant I handled all logistics for Four Corners [ABC TV program] and put in place a very strict protocol in relation to enquiries when they came in. Everybody was informed, the divisions, Salvo Care Line and we kept it very tight...not only through the media but we had that information in place internally right through the Army to ensure that everybody was singing from the same song sheet and negativity isn't." (SS5 85-98)

The Salvos' general experience has been that full admission and elaboration of their true position can diffuse issues exposed by the media, thus minimising negative WOM and extinguishing further publicity.

"Trying to stop the spread of negative WOM depends on what it is. If it's publicity or a PR media type thing the best way to stop it is to just acknowledge the true position and try not to cover up that position." (SS6 122-124)

However, the Salvos' response to the media has varied according to the issue's severity. For instance, in finding a resolution through the media, the Commissioner and Salvos' hierarchy may not always be involved throughout the crisis management process (a finding not in accord with the view of Davies et al. 2003). When crises hit the organisation, sometimes with devastating consequences, the Salvos wait to see the level of the crisis, and then react according to how they read the circumstances. This same process, which may or may not closely involve the Commissioner, is observed from one crisis to another. Therefore, learning from past occurrences has not lead to a finite 'crisis management' process being set in place.

"In a major crisis they normally just leave things to me totally but that was one of the very few times that I actually met with the Commissioner and the senior hierarchy to discuss how we're going to deal with enquiries." (SS5 85-98)

Response to the media has also been made at arm's length – by email or fax rather than through conversation or liaison with the media. Response to criticism can be slowed by conferring with Southern Territory counterparts. Thus reply has been made by lengthy press releases outlining the Salvos' position, but in some cases the attitude of management is to do nothing and to 'let sleeping dogs lie', or to observe silence.

"Information relating to our position was a long press release...very clearly disseminated." (SS5 85-98)

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"I think we've neutralised it for the time being, I'm not doing anything."
(SS5 113-115)

Table 4.4 summarises the management tools used by the Salvos to deal with negative WOM.

Negative WOM management tools	Use by Salvos
Corporate values statement	Yes, internally focussed
Customer-facing employee training	Yes
Crisis management	Yes
Commissioner involvement in crisis	Commissioner not always involved
Corporate Public Relations–external media liaison	Driven internally-not via media liaison
Internal employee protocol	Yes, protocol of employee silence

Table 4.4: Elements of negative WOM management

4.6.2 Long-term negative WOM contagion

Despite preparation for media induced crises, the organisation has responded inadequately to extremely strong criticism. For example, the 'aged care' issue was raised in the Victorian state parliament and remained a hot topic in the national and regional media for up to three weeks. Press exposure to the aged home sale has also arisen from time to time in the property sections of the newspapers (for example, The Australian, Property section, 22nd November 2005).

> *"I've put in place programs, but that all went out the window. The negativity just started to kick in, and we went into evasive action...they didn't know quite the damage they were going to do." (SS5105-106)*

The effect of the negative publicity from the aged care scandal can be gauged by analysing of results of direct mail campaigns undertaken before and after the scandal, in 2004 and 2005. Both campaigns had an identical formula and offered a free Wills booklet. The response rate of 1.68 per cent in 2004 dropped to 1.15 per cent in 2005 (see Table 4.4), a statistically significant decline in response. In fact, total responses were down by approximately one third. At the same time, the Red Shield Appeal received significantly lower donations in 2004, reflecting the bad publicity and negative WOM

(Minutes City of Sydney Appeal Committee, 21st April 2004). This study has revealed that the potential consequences of negative publicity to the organisation's reputation are well understood. Donor attrition occurs and donations are suppressed.

Mailings 20,000 units	July–August 2004	March–April 2005
Wills book responses	249	167
Will Gift advice	29	17
Total	337 (1.68%)	230 (1.15%)

Source: Wills and bequests mailings reports 29 November 2004 and 4 April 2005

Table 4.5: Wills and bequests acquisition mailing responses in 2004 and 2005

While loyal donors' reaction to negative publicity may have had short-term consequences, amongst important advocacy and WOM influencers who have fiduciary responsibilities towards their clients, negative WOM may have longer-term effects.

> *"I called my solicitor mate who said 'long time, no hear' we arranged a meeting. It actually happened the day after the papers were splashed with the news of the aged people's homes. He said when I got to our meeting, 'Colin, what are the Salvos thinking of?' So the conversational tone had changed in a moment... trouble is that solicitors tend to have long memories." (SS7 10)*

In fact, PR management recognise long running negative WOM surrounding the Salvos' imagery has continued to affect business performance. Though press releases have attempted to appease the public over the aged care issue, nothing has been done to redress the issues with donors or key influencers one-on-one. The Salvos have found it difficult to know how to respond appropriately. For instance, amongst donors and key influencers, little remedial action has been taken to redress the negative WOM. Thus, management cannot be sure of the effect of negative WOM after the issue has ceased to be debated in the media.

> *"Thing is you can't be certain of it's having any long-term effect, the stuff that goes on quietly but I think it's cost us millions with Wills, we've tried to send something out." (SS5 107-112)*

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4.6.3 Internet negative WOM

Criticism of the organisation has also been made via the Internet. A previous volunteer and past donor has sought to air his grievances, criticising the use of funds raised through the sale of aged homes (crikey.com/expo/html). The Salvos believe the Internet requires careful monitoring and processes to deal with sites gathering criticism of the organisation and blogs from would-be 'online assassins'. However, they do not yet understand how they might deal with such criticism or react online.

> *"It's a whole new ball-game I'm not sure that with these ownership problems or that we really understand what's happening."* (SS10 130)

4.7 Processes and structures for managing and measuring WOM

4.7.1 WOM management structures

Salvos' management have four main processes for perpetuating positive WOM and minimising negative publicity and WOM.

- Internal management of the relationships with donors and donor-volunteers who carry out the WOM networking of the Red Shield Appeal, which includes separate structures for the Business Appeal and Doorknock Appeal in management of the Salvos' 'one-gets-five' and 'right asker' WOM principles.

- Management of the WOM referral structure of the 'Wills and Bequests' Honoured Friends representative force.

- Management of the communications effect. This includes external communications – advertising and Public Relations. The PR section is also charged with managing the online communications processes.

- Crisis management to reduce negative WOM in response to media criticism, handled in tandem with senior Salvos' management, is a function of internal management in conjunction with the Public Relations department.

Networking referral is a defined management responsibility in the Salvos; however, WOM is not a management consideration, and is a by-product of PR. The organisation believes the Commissioner, the Salvos' CEO, drives referral, and that *'WOM processes come from the top down' (SS2 351)*. Thus the referral chain of command emanates from the most senior member of Salvos down through WOM networking internally through directors and externally through their chairpersons and committee members. The management of the Salvos' communications and Red Shield Appeal is controlled through the Head of Public Relations for the Eastern Territory, who reports to the Commissioner. Each department under him, including the Red Shield Appeal, is separately managed. Thus the 'Wills and Bequests' donor program and the direct marketing department are separate, even though both target the same source of donors. Similarly, Major Gifts and corporate fundraising and the Red Shield Business Appeal have no relationship with direct marketing, with whom they share commonality in new donor acquisition in the business arena. Figure 4.1 overleaf illustrates the Salvos' communications structure.

Being non-donor centric, with communications and marketing management in separate silos, it is difficult to envisage how these functions will not overlap. With uncoordinated communications and mixed messaging, donor confusion is bound to occur. In fact, relationship management practices are further confused; the relationship magazine 'On the Scene', sent four times a year to donors, is the responsibility of the PR section and not the direct marketing department. Therefore, editorial tends to mirror the press approach to the media, rather than articles designed to foster longer-term donor relationships.

4.7.2 Doorknock donor WOM networking recruitment 'one-gets-five' principle

The external structure and WOM networking procedures are detailed in the Red Shield Action Plan manual and video, revised in 2004. The Doorknock Chairman's brief within the Appeal Chairman's Briefing document 2004 (see Appendix 16) states that the Doorknock Chairman should be enlisted by the Appeal Chairman, assisted by the Sydney Advisory Board and in consultation with the Sydney Appeal Director.

Every year the networking process has to start again from scratch and although some successful Doorknock Zones employ CRM software, these are in the minority. There is no central role or system, which allows for integration of the volunteer's efforts and Salvos' administration or continuity in the volunteer donor relationship.

> *"Each year it is almost a matter of re-inventing the wheel and starting from scratch to enlist doorknockers, which is not ideal." (SS4 32-36)*

4.7.3 The Red Shield Business Appeal structure

The Red Shield Business Appeal and the Doorknock Appeal have similar difficulties with recruitment. The Business Appeal target is 1000 organisations from four Business Division committees, which would give a total of 20 committee volunteers. However, numbers have fallen well short, with gaps for divisional chairmen. With the Business Appeal, the five committee members from each of four divisions start WOM networking ('peer networking') and then follow up with a mailing solicitation to their 50 top prospects.

The City of Sydney Appeal Committee Chairman's Information Brief (see Appendix 17) lays out the WOM networking effect, detailing the Business Appeal Chairman's role in each division of the Red Shield Appeal. It is a 'thoroughly organised appeal to contact all potential donors in the community; flowing from the corporate business community, individuals and to the general residential Doorknock'. The enlistment follows a progression Select (identify)-Inform–Invite-Enlist by personal follow-up.

Analysis of the Business Appeal results demonstrates little improvement has been made. The seriousness of the WOM networking recruitment problem is recorded in the Minutes of the City of Sydney Appeal 25th November 2004. This noted that members of the Commercial Division were finding it impossible to maintain their involvement due to work pressures.

> *"When it actually comes to mobilising people for a serious time commitment of this kind, we can probably influence only a few people in the sense of real influence." (SS4 20-28)*

Others were finding it difficult to make contact with prospects, suggesting their WOM networking influence could be less than required 'to open influential doors'. Dissatisfaction is being experienced at chairmen level over demarcations amongst key prospects that are in conflict with the 'Major Gifts' program. The Salvos' inability to provide the donor volunteer committee members with unduplicated individual prospect data, despite repeated requests, is inhibiting WOM networking and consequently their fundraising success.

4.7.4 No complaints structure

There is a structure missing. Unlike commercial industry that must deal with dissatisfied customers and the consequent negative WOM, the Salvos have no 'complaints management' process or even a donor satisfaction monitor. Expressing dissatisfaction with the service delivery of a non-profit organisation is determined as a less likely occurrence, and so donors have no avenue available to vent their dissatisfaction other than not donating or lapsing altogether Prince and File 1994). This contradicts the recommendations of authors that a response management system that acts on all negative feedback and provides a thorough response to complaints will mitigate dissatisfaction. While the Salvos have contemplated such an integrated donor management (CRM) system, they have not enacted upon it.

> *"I've been thinking about how we might implement a donor complaint system One of the things that I want to look at is increasing the opportunities for people to complain. We should create better channels. And certainly our new management systems, our data system, will have an opportunity for all that to be quantified and centralized so that we know far more about the complaints and how they (are stimulated)." (SS 4 110)*

4.7.5 WOM measurement

The Public Relations department gauges exposure by measuring physical column centimetres in the media through Media Monitors. However, this measure does little other than denote space achieved.

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Measurement tools	Incidence in Case A
Journalist monitor/PR quality output monitor	Column centimetres only
Customer satisfaction market research	None thus donor knowledge limited
Image research	Yes, however industry only

Table 4.6: Communications measurement within the Salvos

There is no measure of the PR effect; whether the public relations message is being received and its subsequent impact in generating WOM cannot be established. In fact, a clear idea of the WOM effect does not exist. No source data are kept of donor acquisitions through the Hotline (telephone 133032) (see Appendix 13).

WOM networking measurement is not carried out. There is no record of donor volunteer committee members, their individual contributions or their propensity to influence others to volunteer or to donate. Despite knowledge that some WOM key influencers are more productive than others, no measure is made of those who have had most effect in raising funds. At Red Shield Appeal times when WOM networking is at its zenith, no central data collection is carried out. In fact, without the benefit of a relational database, individual record searches cannot be conducted and the strength of any Salvos' donor relationship cannot be recognised.

> *"We don't track whether a donor has come via a committee member (WOM)." (SS4 200)*

A similar, albeit more complex, situation is found with the fundraising and direct marketing database. Source information of donors or benefactors is unavailable for use in management of the Salvos' 'Wills and Bequests' program. No connection exists between benefactors and the 'Honoured Friend' solicitors, in part due to obstruction from departments within the Salvos' own organisation. With no processes or system available to measure the WOM networking effect, no connections can be made to establish those who are better WOM advocates or champions.

> *"We don't really have a clear measure on WOM. We're not good at or haven't been good at analysing those who have just sent in a donation." (SS11 121- 125)*

Thus the Salvos are at considerable disadvantage. They cannot determine the amount of new donations from corporations or individuals acquired from WOM networking or connections with individual donor volunteers, or relate the transactional habits of the approximately 22,000 donors acquired yearly through direct marketing means. In the Doorknock Appeal the problem is no different. The Salvos are neither able to manage their collector acquisition nor do anything in terms of volunteer retention that can be measured; for example, donor volunteers' contributions in terms of time or money from year to year. There are no processes to keep the relationship alive through *appreciation of the donor volunteer's contribution and encouragement of their charity network* (Prince and File 1994, p175).

> *"My belief is that data is the lifeblood of any of this kind of process. We need to get the data centralised, we need to get our doorknockers on the central system so that we can do things like send them a Christmas Greeting, send them an Easter Greeting ...we have got no real means of contacting a lot of our volunteers, some of whom have given for years and years." (SS4 20)*

4.8 Chapter summary

WOM occurs from the Salvos going about their business of caring in the community, when they are recognised by their distinctive uniforms and the livery of their motor vehicles. Being seen doing these things is important to the Salvos and for the manifestation of their mission. WOM also comes from satisfied volunteer-donors advocating the Salvos in personal recruitment of others. WOM can be positive or negative. Positive WOM is strongly linked to increased donations from loyal donors, while negative WOM, sparked by media comment, is linked to significant donation reduction from current donors also having adverse effects on new donor acquisition.

The understanding of WOM differs from department to department. The WOM camps are divided. The PR and Advertising Department's understanding of WOM lies primarily within their external communications. WOM is also linked by senior management to employee behaviour and thus organisational identity. Most departments understand WOM as part of WOM networking and donor recruitment. Negative WOM is better understood. The whole organisation is aware of the damage of negative

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publicity and negative WOM. In crisis situations when sudden and unexpected negative media comment can dramatically affect business performance, negative WOM diverts management and, led by senior management in concert with the PR department, focuses the organisation on damage control when crisis management processes come into effect and uncertainty is abroad both internally and externally.

Negative WOM effects tend to be far-reaching, causing internal management upheaval and putting the organisation into crisis management mode, with longer-term negative image affecting key influencers, including the media, corporate donor decision-makers and the federal government, a major stakeholder. Thus media comment and negative WOM are considered a major threat to the organisation. A crisis management process managed through the Public Relations department has proven inadequate in preventing negative WOM. The organisation also recognises the effect on the whole industry when other charities experiencing media scrutiny. Thus WOM in the Salvos is seen as integral in either forming the organisation's image and reputation or detracting from it and these are strongly linked to organisational performance.

Positive WOM is achieved through organisation-influenced PR activity. In fact, the most significant positive WOM has been sparked from widespread exposure given to the organisation's involvement in disaster relief. This managed exposure contributes significantly to the organisation's image and triggers positive WOM and donations from previous and some new donors. Other organisational influenced WOM includes testimonials from high profile celebrities used in advertising and direct mail communication and the testimonials of victims in direct mail appeals. Fundraising is focused on one key annual public doorknock appeal, using the testimonials of media and sporting identities to create publicity and WOM. Other press releases throughout the year highlight the organisation's welfare commitments; the resulting WOM is not always positive.

However, WOM from donors giving to the appeals through the database do not significantly influence new donor acquisition. In fact, the Salvos experience high attrition from both recruitment mailings and the database as a whole, while other charities and single issue causes command higher awareness and WOM. Therefore there is a dearth of WOM for the Salvos, especially amongst the key target audience, the female baby boomer segment; for this group, the Internet plays a significant role in

recruiting donors for competitors' causes and from which increasing numbers of donations from past donors have come for the Salvos.

A more significant contribution to new donor acquisition and business performance is made by formal organisation influenced WOM networking strategies which are designed to motivate satisfied donors to personally recommend the Salvos to their business peers in an operation similar to pyramid selling. Here WOM networking is crucial in identifying and recruiting volunteer donors within the business community (the Salvos outsourced sales force), who not only recruit others through their networks but may also give significantly themselves.

Thus the Salvos' organisation and management of WOM networking processes is high on management horizons, having precise objectives in terms of numbers to be recruited and dollar value to be achieved for both the Business and Doorknock annual appeals. WOM networking and referral processes are also significant in the recruitment of new donors through the advocacy and referral of the Public Trustee and Honoured Friend solicitors, from whom the largest proportion of annual funds raised are derived. Approximately one quarter of the organisation's annual fundraising target has been met by bequests generated through formal identification and visitation programs to key influencer solicitors who, in construction of a will, can refer the charity to their clients. Other significant referral occurs with past business donors who are referred internally to Major Gifts; assisted by an external fundraising-networking group these donors then form deeper longer-lasting relationships and establishes corporate alliances.

Thus WOM affects the Salvos through awareness of their mission and how they go about their business, and thus their image, as well as new donor acquisition. However, it is through organisational influenced activity where personal intervention occurs that WOM has influence on prospect understanding and thus new donor acquisition and, in terms of fundraising, can have most significant effect on the Salvos' business performance.