

IMPACT OF WORD-OF-MOUTH MARKETING ON CONSUMER

Ms. Smriti Khanna*
Ms. Anjali Kukreti**

ABSTRACT

Word-of-Mouth, i.e. informal conversations and ideas or may be recommendations of people about daily used products and services, it has a powerful impact on the brand image by consumer buying decision. Traditional or modern methods both are applied by more and more companies have begun to include word-of-mouth in their marketing mix. For the majority, word-of-mouth is known but not yet fully understood. Main objective of this research paper is to provide an in-depth analysis of word-of-mouth and demonstrate how involving consumers in marketing campaigns can add value to companies. And analysis the impact of Word-of-Mouth on consumer decision negative or positive. Sample size is 98; collected information is evaluated with the help of frequency distribution. The finding of this study revealed that purchasing mostly consumer trust on word of mouth , happy customers always promote your business, if talk about today generation most of the consumers were influenced by bloggers, social platform , they prefer quality rather quantity and review of product/services. There are showing two things can be the reason to create difficulties for the company such as a "Consumer bad experience" and "Lack of trust from customers" are the biggest obstacles for business to embracing WOM within their company it increases a negative impact on consumer decision.

Keywords: WOM, Digital Marketing, Consumer, Entity, Opinion Leaders, WOM Campaigns.

Introduction

The Most influential element driving purchase decisions today is " WORD-OF-MOUTH " Exact from the start, human have constantly interaction with each other, sharing and talking about everything, everywhere at any time in the form of ideas, experiences etc . Communication is the really easy mode to express your point of view, opinion, thoughts, agreement or disagreement and this build up the informal communications.

Word of mouth is one of the most basic means of distribution channel, i.e. a first stage of marketing. If word of mouth power exercises correctly, it could market any product or services for the long time. It has the power to create strong image and influence the individual mind. Word of mouth could be beneficial but in some cases it gone wrong. Many Local market influencers, Trendsetters and Tastemakers are supported by Word of mouth marketing process also by which advertising messaging campaign releases.

The word-of-mouth marketing campaigns with influencers who help to start customer preferences, for example, stylish automobile purchase trends, amusement trends spot visit, entertainment trends like electronic gadgets, Fashion preferences beauty care products, and refreshment Consumption trends. Word of mouth values twice like advertisings values for consumer and generating more leads. Word-of-Mouth is defined as any positive and negative statement which is made by customer experiences about a brand or any particular product.

Literature Review

Martensen and Grønholdt studied how consumer emotion and reference got affected by word-of-mouth to the service industry. The main purpose this study to extent the theory of reasoned action (TRA) model which represent the positive and negative WOM and emotion.

* HOD, Department of Management Studies, ACEM, Faridabad, Haryana, India.

** MBA Student, ACEM, Faridabad, Haryana, India.

These findings are presented negative WOM significantly influenced the behavioral attitude and intention and whereas positive WOM only slightly impacted the behavioral intention. However, negative WOM strongly affected the behavioral attitudes of consumer. Only Social norm impacted directly positive WOM, NWOM. The limitation for this research paper was the study of one brand from industry. Future research could concentrate on other industries. It is also interesting to look into the tie strength for the preferred WOM sources or impact of other factors like participation, expertise, credibility and demographic.

Voyer and Ranaweera investigated the impact of WOM on the service purchase decisions. This paper studied the interaction is considered between the tie strength and the service purchase decision and show how it will effect of WOM influence. The psychological risks were tested for their impact on the action for the purchase decision. That model is suggested by the authors. A pre-test study was conducted with the undergraduate students to ensure that the questions are understood. The actual study as WOM significantly plays an role for circulation of information and recommendation among the personnel. Both exploratory and validatory factor analyses were carried out for the results.

The researchers we studied **Mazzarolet. al, (2007)** where they investigates the various entanglement of WOM. The purpose by this research was to identify WOM and also to study the triggers that motivate people to engage in WOM and the conditions that enhances the chance of WOM happening. The authors additionally attempted to build up a conceptual model of consumer's experiences of producing WOM. The study was done using focus group has always been regarded as a suitable technique for clinical, exploratory interaction kind of studies. Six such focus groups were chosen with nine respondents each on average aged 35-60 years with diverse backgrounds and the sample consisted of 50% participants. The study had found three key WOM components - valence, the richness of the message content and the strength or power of the advocacy. Intensity and vividness also emerged as important themes

Researchers Roy et al. (2014) examined the mediating impact of direct stickiness and loyalty on the WOM promotion concentrating on the retail websites. They aimed to develop and test a model to test the relationship between the dimensions of e-services cape, website quality, stickiness, loyalty and WOM. The scales for the measurements were 7 point likert scales. Factor analysis and ANOVA were used for the data analysis portions. The authors found that WOM is impacted differently by stickiness and loyalty. At the same time, stickiness also impacts the loyalty for the consumers. The results support the significant impact of aesthetics and website interaction on WOM. Also the system quality and service quality found to have significant indirect effect on WOM. For the managers in the business, the website should motivate consumer to visit frequently and they ought to be occupied with the website. This can be achieved by improving aesthetics and interactions as found in the study. Interactivity had been found to have a direct impact on stickiness and indirect impact on loyalty. This research had some limitations like the usage of cross-sectional research design. Future research might check the longitudinal research design. Also the result can vary for gender specific instances.

Research Methodology

Research methodology is the process used to gather or collect the information and data for the purpose of making business decisions. In this methodology may also include publication research, interviews, and surveys by questionnaire, enquiry and other research techniques, and could incorporate both present and chronicled data.

Objectives

- To study the various marketing strategies used by companies.
- To examine word of mouth marketing on consumer buying decision.
- To analysis the importance of positive WOM and negative WOM on consumer.
- To analysis the influence of WOM on consumer.

Data Collection Method

Data is foundation of all marketing research .these research obtained data from

- Primary data
- Secondary data

Sampling

- **Sampling Size**
As the sample size 98 respondents were selected.

Do you think WOM create a negative effect on product image ?	Pearson Correlation	.188	.176	.240*	.136	.152	.226	1	.055	.229	.016	-.004
	Sig. (2-tailed)	.064	.084	.018	.181	.135	.025		.592	.023	.872	.972
	N	98	98	98	98	98	98	98	98	98	98	98
What do you think are the most important attributes for creating positive WOM?	Pearson Correlation	.248*	.148	.017	.322**	.152	.184	.055	1	-.030	.192	.161
	Sig. (2-tailed)	.014	.146	.866	.001	.135	.070	.592		.769	.058	.114
	N	98	98	98	98	98	98	98	98	98	98	98
What type of person would you trust the most with a product recommendation?	Pearson Correlation	.005	.228*	.109	.042	.197	.187	.229*	-0.030	1	.219*	-.051
	Sig. (2-tailed)	.959	.024	.284	.681	.052	.065	.023	.769		.030	.619
	N	98	98	98	98	98	98	98	98	98	98	98
Which age group mostly get affected by WOM in their lifestyle ?	Pearson Correlation	.219*	.322**	-.053	.263*	.139	.241	.016	.192	.219*	1	.361**
	Sig. (2-tailed)	.030	.001	.605	.009	.171	.017	.872	.058	.030		.000
	N	98	98	98	98	98	98	98	98	98	98	98
What type of WOM have you used for communicating with 5 about a product related experience?	Pearson Correlation	.135	.164	.097	.194	.008	.228*	-.004	.161	-.051	.361**	1
	Sig. (2-tailed)	.186	.106	.342	.055	.935	.024	.972	.114	.619	.000	
	N	98	98	98	98	98	98	98	98	98	98	98

**significant at the 0.01 level (2-tailed).
 *. Significant at the 0.05 level (2-tailed).

Inference

- The correlation between ever get influence by WOM and WOM is positive marketing strategy is .280 which is indicating positive correlation in low order.
- The correlation between ever get influence by WOM and lack of trust of consumer is the biggest obstacle is .256 which is indicate positive correlation in low order.
- The correlation between ever get influence by WOM and most important attributes for creating positive WOM is .248 is indicate positive correlation it occur by chance.
- The correlation between WOM increases the sales and lack of trust of consumer is the biggest obstacles is .280 which is indicate positive correlation in low order
- The correlation between WOM increases the sales and age group mostly get affect by WOM is 0.322 which is positive correlation of low order.
- The correlation between WOM increases the sales and WOM is positive marketing strategy is .391 which is positive low correlation.
- The correlation between WOM is positive marketing strategy and most important attributes for creating positive WOM is .322 is indicate positive correlation in low order.
- The correlation between WOM is positive marketing strategy and category of age group mostly get affect by WOM is .263 is indicate positive correlation in low order.
- The correlation between age group mostly get affect by WOM and type of WOM have you used for communicating is .361 which indicate positive correlation in low order.

Regression Analysis

- **Analysis using linear regression for ever gets influenced by wom marketing strategy with preference of wom is positive marketing strategy for the product**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.280 ^a	.078	.069	1.257

a. Predictors: (Constant), Have you ever get influenced by WOM marketing strategy?

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.865	1	12.865	8.147	.005 ^b
	Residual	151.594	96	1.579		
	Total	164.459	97			

a. Dependent Variable: Do you think that WOM is positive marketing strategy for the product?
 b. Predictors: (Constant), Have you ever get influenced by WOM marketing strategy?

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.778	.277		6.426	.000
	Have you ever get influenced by WOM marketing strategy ?	.478	.167	.280	2.854	.005

a. Dependent Variable: Do you think that WOM is positive marketing strategy for the product?

Inference

Table of model summary provides the R and R² values. The R value represents the simple correlation and it is 0.280, which indicates a low degree of correlation. The value of R² indicates how much total variation in the dependent variable, can be explained by independent variable. In the case, 7.8% can be explained, which is very low. The computed value of F 8.147 is at 5% significant level. The tabulated value for $_{96}F^1$ at 5% level is 3.94. As our F value is 8.147 and this value is high with respect to tabulated value which means the hypothesis is accepted.

The table of Coefficient provides us with the necessary information to predict the ever get influenced by WOM marketing strategy from WOM is positive marketing strategy, as well as determine whether ever get influenced by WOM marketing strategy statistically significantly to the WOM is positive marketing strategy. To represent the Regression equation as:

Preference = 1.778 + .478 (ever get influenced by WOM marketing strategy)

This means with the increase in perception of customer that WOM is positive market strategy, there is small increase in getting influenced by WOM marketing strategy

Analysis Using Linear Regression For Age Group Mostly Get Affected By Wom In Their Lifestyle For With Reference Of WOM Increases The Sales of Product:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.322 ^a	.104	.095	.831

a. Predictors: (Constant), Which age group mostly get affected by WOM in their lifestyle ?

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.687	1	7.687	11.129	.001 ^b
	Residual	66.313	96	.691		
	Total	74.000	97			

a. Dependent Variable: Do you think WOM increases the sales of product ?

b. Predictors: (Constant), Which age group mostly gets affected by WOM in their lifestyle?

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.053	.177		5.961	.000
	Which age group mostly get affected by WOM in their lifestyle ?	.231	.069	.322	3.336	.001

a. Dependent Variable: Do you think WOM increases the sales of product ?

Inference

Table of model summary provides the R and R² values. The R value represents the simple correlation and it is 0.322, which indicates a low degree of correlation. The value of R² indicates how much total variation in the dependent variable, can be explained by independent variable. In the case, 10.4% can be explained, which is very low. The computed value of F 11.129 is at 5% significant level. The tabulated value for $_{96}F^1$ at 5% level is 3.94. As our F value is 11.129 and this value is high with respect to tabulated value which means the hypothesis is accepted. The table of Coefficient provides us with the necessary information to predict the age group mostly get affected by WOM in their lifestyle from WOM increase in the sales of product, as well as determine whether ever get influenced by age group statistically significantly to the WOM increase in the sales of product.

To represent the Regression equation as:

Preference = 1.053 + .231 (age group mostly get affected by WOM in their lifestyle)

This means with the increase in WOM increases the sale of product, there is small increase in different age groups affected by WOM in their lifestyle. Analysis using linear regression for wom have you used for communicating with about a product related experience for with reference age group mostly get affected by wom in their lifestyle:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.361 ^a	.131	.122	1.142

a. Predictors: (Constant), What type of WOM have you used for communicating with about a product related experience ?

ANOVA ^a						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18.826	1	18.826	14.424	.000 ^b
	Residual	125.297	96	1.305		
	Total	144.122	97			

a. Dependent Variable: Which age groups mostly get affected by WOM in their lifestyle?

b. Predictors: (Constant), What type of WOM have you used for communicating with about a product related experience?

Coefficients ^a						
	Model	Unstandardize Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.416	.247		5.734	.000
	What type of WOM have you used for communicating with about a product related experience ?	.346	.091	.361	3.798	.000

a. Dependent Variable: Which age group mostly gets affected by WOM in their lifestyle?

Inference

Table of model summary provides the R and R² values. The R value represents the simple correlation and it is 0.361, which indicates a low degree of correlation. The value of R² indicates how much total variation in the dependent variable, can be explained by independent variable. In the case, 13.1% can be explained, which is very low. The computed value of F 14.424 is at 5% significant level. The tabulated value for F_{96}^1 at 5% level is 3.94. As our F value is 14.424 and this value is high with respect to tabulated value which means the hypothesis is accepted.

The table of Coefficient provides us with the necessary information to predict the what type of WOM have you used for communicating from which age group mostly get affected by WOM, as well as determine whether what type of WOM have you used for communicating statistically significantly to the age group mostly get affected by WOM.

To represent the Regression equation as:

Preference = 1.416 + .346 (what type of WOM have you used for communicating)

This means with the increase in different age groups get affected by WOM in their lifestyle, there is small increase in use of different type of WOM strategies for communicating.

Findings

- Questionnaire is filled by 98 respondents and it is found that most of respondents lies in age group of 15-25.
- 67% respondents said that WOM increases sales of production.
- Most of consumers associated with WOM marketing by Viral/rumors and Brand image/ Recognition.
- 35% consumers are get influenced by face-to-face interaction of WOM.
- Respondents were think that WOM creates "LACK OF TRUST FROM CUSTOMERS" that why this is the biggest obstacles for growth of business.
- It is found that most of consumer compares Word-of-mouth with fake advertisement.
- Around 41% people were in favour of A quality product
- 41-50 age group category people are affected with any cross checking.

Conclusion

The purpose of this study is to examine what positive and negative impact of word-of-mouth marketing has on the consumer behavior. The result show that people of all ages have influenced by WOM in their buying decision. Although it has been identified through the question of the questionnaire that people have get affected in their lifestyle , it can be safely that WOM certainly has enormous impact on the buying decision of individuals. Also it is very useful for the companies to build up an effective WOM marketing because it lead to increases sales of production ultimately it will lead to increases brand awareness.

This is the fact one time bad experiences consumer can create a permanent bad impression on the brand image or recognition and thus lead to negative word-of-mouth, but at the same time a good viral marketing makes every consumer a salesperson it will lead positive word-of-mouth can have magical effects on the sales of product.

It can bring competitive advantage to the entrepreneurs as it is new way to communicate and interact with customers. *On the basis of investigation the following conclusions are made:*

- Around 35% people who lived in Delhi NCR influenced by face-to-face WOM rather
- than reviews in social platforms because it is more credible communication mechanism so it reduces the risk and search process of the consumer while purchasing a product and save time and money.
- 41% respondent is think that A quality of product is the most important attributes.
- 58% people think WOM is the "LACK OF TRUST FROM CUSTOMERS" are the biggest obstacles for business to embracing WOM within their company by viral marketing, negative rumours etc.

Recommendation and Suggestion

- Some consumer are not get influenced by WOM marketing so companies must use different type of marketing strategies.
- Around 23% consumers think that WOM is not the positive marketing strategy for the product. So, companies should use a better WOM marketing strategy as well other marketing strategy.
- It observes that there are so many consumers who never see social media and reviews for product related experiences because of fake information. It is important for companies to be aware about the information available on their social media and reviews of pages.
- Around 60% of respondents believe that lack of trust is the biggest obstacles for the marketing strategy. It must for companies to be focus on building of relationship with the customers.
- There are so many consumer who doesn't aware about that WOM creates a negative effect on product image, so companies should be aware about that there strategy should create negative effect on product image.
- Most important attributes for creating the WOM is a quality of product at the time of production the quality of product must be kept in mind.

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