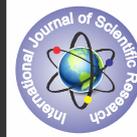


Effect of Word Of Mouth Marketing (WOMM) On Buying Decision



Commerce

KEYWORDS: WOMM, social media, consumer buying decision, technical products.

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ABSTRACT

In the process of buying a product, consumers resort to various information sources around them. The major information sources for the customers are the positive or negative experiences of their trusted people like friends, colleagues, relatives, neighbors, social media and family. The word of mouth is such an interpersonal communication that can be quite effective on consumers' buying decision. The aim of this study is to determine the effect of word of mouth marketing (WOMM) in consumers' buying decision. Survey study was conducted with a sample of 31 consumers in Palakkad District. In the survey study, the effect of word of mouth communication on consumer's product choices was determined. The findings of the study showed that word of mouth marketing is a most sort for marketing medium by consumers. It is also found that consumers rely on the suggestion from family and buy technical products on such suggestions.

Introduction

Communication has extended from verbal to non verbal ways. The world of marketing has also responded to the changing nature of environment. Consumers express opinions and experiences about specific brands or products to other consumers. This specific marketing tendency is known as "word of mouth communication". Word of mouth (WOM) has been recognized as one of the most influential means of information transmission (Jalilvand, 2010).

Word of mouth is not a marketing strategy, where actors are hired by companies for creating a conversation process with consumers, without them having actually used the product. Word of mouth is not a forged online marketing, where individuals forward e-mails to persons who don't want them, or where any companies post fake ideas on social media. Word of mouth marketing method has a strong influence in human mind, which is done by every one every time. Word of mouth is the way of sharing ideas, believes and experiences among each other. Always share truthful idea, and also create word of mouth (Balter, 2004).

Word of mouth is one of the fundamental means of distribution. Word of mouth can influence others' views, thoughts and their decision. If word of mouth power utilized correctly, it could market any product/services for the long time. It has the power to create strong image in the individual mind.

Review of literature

Trusov, Bucklin, & Pauwels (2009) study the effect of word-of-mouth (WOM) marketing on member growth at an Internet social networking site and compare it with traditional marketing vehicles. Because social network sites record the electronic invitations from existing members, outbound WOM can be precisely tracked. Along with traditional marketing, WOM can then be linked to the number of new members subsequently joining the site (sign-ups). Because of the endogeneity among WOM, new sign-ups, and traditional marketing activity, the authors employed a vector autoregressive (VAR) modeling approach. Estimates from the VAR model show that WOM referrals have substantially longer carryover effects than traditional marketing actions and produce substantially higher response elasticities. Based on revenue from advertising impressions served to a new member, the monetary value of a WOM referral can be calculated; this yields an upper-bound estimate for the financial incentives the firm might offer to stimulate WOM.

Cakir & Cetin (2013) in the study is to determine the importance of word of mouth in consumers' decision making process. The study

included the public survey with consumers of at least 18 years old in Aydin provincial centre. In the survey study, the effect of word of mouth communication on consumer's travel agency choices was determined. Statistical analysis was performed with the survey data in accordance with the aim of study.

Campbell (2013) develops a model of demand, pricing and advertising in the presence of social learning via word-of-mouth communication between friends. In the model consumers must receive information about a monopolist's product in order to consider purchasing it. The presence of word-of-mouth is not sufficient for demand to be more elastic and prices to be lower compared to an informed population. The author derives the comparative static results of connectivity, mean-preserving spread of friendships, and clustering of friends on prices. The optimal targets for advertising are not, generically, the individuals with the most friends.

Lerrthaitrakul & Panjakajornsak, (2014) in their study developed a conceptual framework on the potential effects of electronic word-of-mouth (eWOM) communication on consumers' buying decision-making process in the low cost airline industry. The samples are Thai consumers, which surfed on the internet and social media for information about the low cost carriers. The study expects to make key contributions for low cost airline companies in setting their marketing plans and developing online relationships with customers as well as contributions for e-marketing management research.

Loncaric, Ribaric & Farkas (2016) conducted empirical research was on a convenience sample of 129 Croatian citizens. The survey was conducted using a 22- item structured written questionnaire completed by the respondents. Descriptive and cluster analyses were used to obtain the goals of the research. Results of the study showed that the effects of e-WOM are the only real indicator of the value of products or services, taking into account their independence and objectivity, and the fact that they are not paid or purchased, fabricated or falsified.

Need of the study

Everywhere consumers rely on advices from friends, family and even from colleagues they work with. The advices they receive either can be positive or negative. This Word of mouth marketing influences the buying decision of consumers about daily products, technical products and even long term consumption goods. Word of mouth is understood as the bad experience of any product, place and environment could be the reason of many problems for the

organization. This study is conducted to understand the influence of different groups on buying decision and types of products purchased on the basis of word of mouth marketing. This understanding will help the organization in rearranging their marketing strategies.

Statement of the problem

This study is conducted to understand the influence of various groups on their buying decision along with the type of products purchased.

Objectives of the study

1. To find out significant difference between marketing medium that influences buying decision.
2. To find out significant difference between buying decision based on advice of different groups.
3. To find out significant difference between type of products purchased based on word of marketing.

Hypothesis of the study

1. There is no significant difference between marketing medium that influences buying decision.
2. There is no significant difference between buying decision based on advice of different groups.
3. There is no significant difference between type of products based on word of marketing.

Methodology

The present study is descriptive in nature; hence the survey method was adopted for investigation. Population for the present study was identified as working persons and college students in Palakkad district. From the population 31 were selected as sample. The tool used for measuring the effect of WOM on the purchase decision making was questionnaire. For analyzing the data, percentage analysis was used and was presented in component bar diagram.

Analysis and Interpretation

H₀₁: There is no significant difference between marketing medium that influences buying decision.

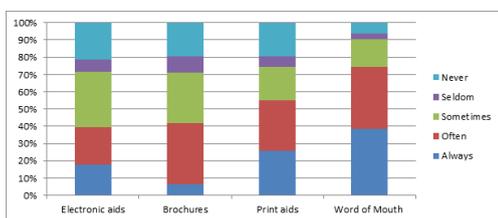


Figure 1: Figure showing marketing medium that influences buying decision.

Interpretation

From the figure 1, it is evident that buying decisions are influenced 'always' by word of mouth marketing method (38.71%), followed by print aids (25.81%), electronic aids (16.13%) and brochures (6.45%). Some consumers (35.48%) 'often' accepted brochures as marketing medium which influences their buying decision. Around 29.03% of consumers accepted that they were 'sometimes' influenced by electronic aids. Consumers of (9.68%) were 'seldom' influenced by brochures. Some consumers (19.35%) were 'never' influenced by either electronic aids, brochures or print aids.

H₀₂: There is no significant difference between buying decision based on advice of different groups.

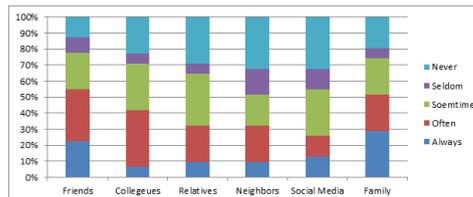


Figure 2: Figure showing buying decision based on advice of different groups.

Interpretation

From the figure 2, it is evident that buying decisions of consumers were 'always' influenced by family's advice (29.03%), followed by friends (22.58%), social media (12.9%), colleagues (6.45%), relatives (9.68%) and neighbors (9.68%). Consumers were 'often' influenced colleagues (35.48%), 'sometimes' by relatives (32.26%), 'seldom' by neighbors (16.13%) and 'never' by Social media (32.26%).

H₀₃: There is no significant difference between types of products based on word of marketing.

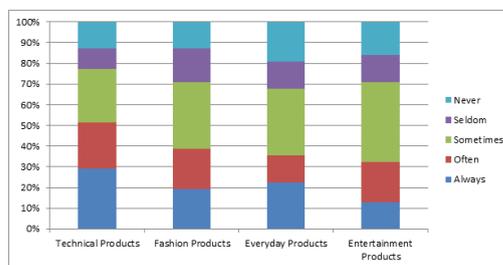


Figure 3: Figure showing type of products based on word of marketing.

Interpretation

From figure 3, it is evident that technical products (29.03%) are bought most on the basis of advice followed by everyday products (22.58%), fashion products (19.35%) and entertainment products (12.90%). When some consumers bought technical products (22.58%) 'often', entertainment products (38.71%) 'sometimes' and fashion products (16.13%) 'seldom' and Around 12.90% consumers 'never' bought technical products and fashion products.

Findings of the study

From the analysis it is evident that word of mouth marketing method influenced the consumers buying behavior to a great extent compared to other advertising media like print aids, electronic aids and brochures. The organization should take more emphasis to make their products of good quality. If the quality is good, consumers will be satisfied, whereby they will spread positive comments about the products. Word of mouth marketing is an effective way to spread a word about products at minimal price.

Another understanding from the study is buying decisions of consumers were influenced by family advice followed by friends, social media, colleagues, relatives and neighbors.

Consumers purchased technical products mostly compared to everyday products, fashion products and entertainment products on advice. Technical products involve products like mobile phones, computers, television etc. When more amounts is involved in purchasing these products consumers tend to be cautious in buying with prior opinion that too they tend to rely on buying from people who have experienced buying it.

Conclusion

Main objective of this study is to find the effects of word of mouth marketing on consumer buying decision. From the results it is

evident that most of the consumers are influenced by word of mouth marketing. Bad impression of any product/service can be created by once bad experience proves that negative word of mouth could have undesirable effects, but positive word of mouth could create a long lasting impression or image about the products/services. Word of mouth marketing is more influential than many other marketing techniques because it is accurate, fast, and cheap.

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