

## **CHAPTER SEVEN**

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# **MAJOR FINDINGS OF THE STUDY**

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*This chapter provides an objective wise summary of the major findings of the study.*

## CHAPTER VII

### MAJOR FINDINGS OF THE STUDY

This chapter provides a brief summary of the key findings of the study and is divided into three main sections. Section I highlights the findings from the first objective, specifying which factors are more critical to word of mouth effectiveness. Section II reveals the findings from the second objective, shedding light on which medium of word of mouth fares better performance-wise. Section III covers the findings related to the third and final objective of our study, describing how word of mouth effectiveness differs across different demographic, psychographic and netnographic variables.

#### **7.1: WoM related Factors and WoM Effectiveness**

The objective of the first study was to find out the critical factors that have the maximum influence on word of mouth effectiveness. The major findings from this part of the study reveal:

1. *Source credibility, message characteristics, tie strength and opinion seeking* are the most impactful factors on WoM Effectiveness. Word of mouth will be more effective if the referrer is perceived as a person with more integrity or is considered unbiased in nature; if the message passed on is stated clearly and is in context; if the referrer and the referee share a close relationship; and if they are used to soliciting opinions before purchase. Lopez and Sicilia (2014) essentially shared the same view stating how source credibility has a very important bearing on the influence of word of mouth. This is also in line with the findings of (Grewal et al., 2004) that if the source has low credibility, the receiver is less likely to accept that information. According to the survey results, about 88 percent of the respondents who seek opinions prior to purchase end up buying the products. On the other hand, *homophily, informative influence and normative influence* are relatively less impactful factors. (Section 4.2).
2. Section 4.2.1 reveals Close relationship (.370), Mutual Confidence (.362), Duration of conversation (.304) and Frequency of interaction (.106) exhibit higher impact on WoM effectiveness. Each unit increase in these factors will lead to a corresponding increase in the WoM effectiveness by 37 pc, 36.2 pc, 30.4 pc and 10.6 pc respectively. Studying the

tie strength characteristics against the various WoM Effectiveness components reveals that the impact of tie strength characteristics on individual effectiveness outcomes ranges from 23 percent to 35 percent. This is in tandem with the earlier research of (Goldsmith & Horowitz, 2006) that stated consumers trust communications from the people that they know well and are more close to.

3. Section 4.2.2 shows how similar cultural background (.337), similar economic background (.240), and highly similar thoughts (.194) are the strongest coefficient values and exhibit higher impact on WoM effectiveness. The standard interpretation here is that each unit increase in these factors will lead to a corresponding increase in the word of mouth effectiveness by 33.7 pc, 24.0 pc, and 19.4 pc respectively. Again, the R square values also reveal that the impact of homophily characteristics on overall marketing outcomes ranges from 23 percent to 33 percent.
4. Section 4.2.3 highlights how message reliability (.365), message usefulness (.256) and message clarity (.217) are the strongest coefficient values and exhibit higher impact on WoM effectiveness. This implies that each unit increase in these factors will lead to an increase in the WoM effectiveness by 36.5 pc, 25.6 pc, and 21.7 pc. Additional findings herein reveal how these three characteristics have a bearing on all the major WoM outcomes. This implies that WoM effectiveness increases when the messages are from a reliable source, are clearly stated and are useful for decision making. Earlier studies like Krishnan and Beena (2015) have reported similar findings stating the positive effect of message details on purchase intent of the consumers.
5. With regards to source credibility as explained in section 4.2.4, integrity (.397), unbiasedness (.252), and product knowledge (.164) are the strongest coefficient values and exhibit a higher impact on WoM effectiveness. This implies that each unit increase in these factors will lead to a corresponding increase in the word of mouth effectiveness by 39.7 pc, 25.2 pc, and 16.4 pc respectively. Source credibility also explains 33 percent variation in awareness about the products, 29.4 percent variation in interest in the products, 27.7 percent variation in preference level for the products, 21.2 percent variation in the propensity for making product enquiries, 27.2 percent variation in the

propensity for making product trials, 19.5 percent variation on perceived firm's reputation and 19.7 percent variation in consumer's purchase intent.

6. A close look at the consumer trust characteristics in section 4.2.5 reveals that best interest in mind (.277), generally honest with me (.276), and source of external information (.260) are the strongest coefficient values that exhibit higher impact on WoM effectiveness. Further interpreting the R square values, we can say that consumer trust explains 30 percent variation in awareness, 29.9 percent variation in interest, 27.8 percent variation in preference level, 22.5 percent variation in the propensity for making product enquiries, 30.1 percent variation in the propensity for making product trials, 24.3 percent variation in the perception of the firm's reputation and 24.1 percent variation in the consumer's purchase intention.
  
7. Opinion seeking characteristics in section 4.2.6 reveals that if the consumer believes in soliciting information about a product with the motivation that he has to put in less efforts in collecting information, WoM effectiveness is highest. Also, if the consumer feels more comfortable seeking opinions prior to purchase, WoM effectiveness is likely to be higher as it fits into an earlier purchase pattern. Interpreting the R square values, we can say that opinion seeking explains 27.5 percent variation in awareness, 25.1 percent variation in interest, 23.3 percent variation in preference level, 8.2 percent variation in the propensity for making product enquiries, 24.6 percent variation in the propensity for making product trials, 18.5 percent variation in the perception of the firm's reputation and 15 percent variation in the consumer's purchase intention.
  
8. As explained in section 4.2.8, 'Important that others like my purchase' (-.489), 'Buy brands that others approve of' (-.382) and 'achieve belongingness by buying same products as others' (-.145) have negative coefficient values. Interpreting them, it is understood that these variables exhibit a negative impact on WoM effectiveness. Assuming all the other variables as constant, this implies that each unit increase in them will lead to a corresponding decrease in WoM effectiveness by 49 pc, 38 pc and 14.5 pc respectively. The findings also reveal that all the normative influence related characteristics have a significant impact on consumer awareness, consumer interest, and propensity to make product trials, overall reputation of firm and purchase intention.

9. WoM conversations are more or less high across all industries, but it is more pronounced in case of electronics goods. More than 62 percent (957) of the word of mouth conversations covered in the survey have been about electronic goods. This is followed by the fashion industry, automobile industry and the healthcare industry. Word of mouth effectiveness is highest in accessories, beauty care products, and the electronic goods segment. (Section 4.3)
10. FGD findings as discussed in section 4.4 suggest that *tie strength*, *source credibility* and *message characteristics* are the most important factors affecting WoM Effectiveness. When you compare the FGD findings to the survey findings (Section 4.2.1 to 4.2.9), you will find that most of them are similar with respondents of both studies placing more emphasis on the message, the messenger and the messenger's credibility. Thus, both set of findings can be collated and reported together.

## **7.2: Online Word of Mouth versus Offline Word of Mouth**

This chapter deals with the second objective of the study, i.e. to find out which medium of word of mouth fares better performance-wise: Traditional word of mouth or Electronic word of mouth. The major findings of the study are:

1. Word of mouth is more prevalent in the electronic goods industry with close to 62 percent of the conversations about it, followed closely by fashion goods that stand at 22 percent of the total conversations. (Section 5.2)
2. Word of mouth effectiveness is highest in the healthcare sector (4.25). WoM Effectiveness is more or less the same in case of electronic goods industry and the fashion goods industry (Section 5.2).
3. Results reveal that although marginal, WoM Effectiveness is higher in case of offline or traditional word of mouth rather than online word of mouth communication. (Section 5.3.1). This is in line with earlier research carried out by Li and Du (2017) which showed that offline social network was more effective than online social networks when it comes to promotion of products. Bayraktar and Erdogan (2015) essentially shared the same view stating that consumers put more trust on offline WoM than on online WoM as the later

restricts emotional exchanges in the actual conversations. Litvin et al, 2008 also reiterated the same view that offline word of mouth appears to exert a more powerful influence on consumer purchase behaviour.

4. Video streaming sites like YouTube have been found to be the most effective platform (4.24) in terms of its impact on buyer behaviour. Q&A websites like Quora have also been found to be quite effective (4.10). In case of social networks like Facebook, WoM Effectiveness is found to be considerably high (4.07). (Section 5.3.2). There is a stark similarity in the findings of our study with that of Rosario et al (2016) which claimed that word of mouth effectiveness differs across different online platforms.
5. Results also show that increase in trust on online mediums will lead to a simultaneous increase in overall Word of Mouth Effectiveness. The higher the trust consumers' repose on online mediums, the higher electronic word of mouth effectiveness will be. (Section 5.3.3)
6. Eight key themes have been created from the thematic analysis conducted on word of mouth conversations – *Online trust, Offline trust, Source Credibility, Consumer (Dis)satisfaction, Getting a good deal, Message Details, Customer verdict, Product Features.* (Section 5.3.4)
7. There are a lot of issues plaguing online word of mouth and the scourge of paid and anonymous reviews has hit them really hard. On the other hand, it is found that people are more accepting and oriented towards offline WoM, because there's more scope for clarifications and personal consultation.

### **7.3: WoM Effectiveness – Demographics, Psychographics and Netnographics**

This chapter begins with a discussion on the demographic variables and their importance in marketing research. Initially, a demographic profile of the respondents is created, followed by a detailed analysis on how word of mouth effectiveness differs among different demographic segments. Next, tests are run to check whether interaction effect exists between pairs of demographic variables in context of WoM effectiveness. The major findings here include:

1. WoM Effectiveness is higher for younger age groups, single persons, people from higher education levels, business people and nuclear families. The impact of WoM was also high

for students who are dependent on parental support for their expenses (Section 6.1). These findings are in line with findings of earlier studies done by Mihic, Anic and Milakovic (2017) which stated that marketing experts should pay more attention to demographics when formulating the communication messages and that of Kang, Hur and Son (2014) which highlights the need to design targeted marketing smartphone strategies that consider the consumers' gender, age and education.

2. WoM Effectiveness is found to be lower in people belonging to higher income segments. This is primarily because people with more disposable income do not solicit opinions in case of the regular purchases they make and can actually risk making a bad product choice.
3. Additional findings also reveal how there is an interaction effect between age group and gender, age group and family size, age group and income, and educational qualification and income level. (Section 6.1)
4. The second part of the study is in relation to psychographic variables, primarily, the List of Values (LOV). Firstly, a frequency analysis is done to see which values are considered as more important by the consumers. Secondly, ANOVA test is carried out to examine the WOM effectiveness for people belonging to different value segments. The findings reveal: Sense of accomplishment, Security, Self-respect, Being well respected and Fun and enjoyment in life are the five most highly rated values that the respondents deem as most important (Section 6.2). Findings also reveal that WoM effectiveness is higher for respondents who deem Sense of belongingness, Sense of accomplishment, Security, Self-fulfilment as important. (Section 6.2.2)
5. The third part of this study covers how WoM Effectiveness differs across different netnographic variables. The findings reveal: Word of mouth effectiveness is higher for respondents who are using modem connection for accessing internet, who show higher trust on online platforms and who have a higher activity level on social networks (Section 6.3).
6. WoM Effectiveness is also found to be higher for respondents who reportedly use the internet on a daily basis, have a higher intensity of usage and for those respondents who use the internet primarily for information search and for entertainment purposes (Section 6.3).