

ABSTRACT

Title of the Thesis: Word of Mouth Effectiveness: A Study in Urban Settings of Assam

Researcher: Sandeep Kumar Singh

Supervisor: Prof. Mrinmoy Kumar Sarma,

Professor, Department of Business Administration,

School of Management Sciences, Tezpur University,

PO - Napaam, PIN – 784028, Assam, INDIA.

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1. Introduction

Word of Mouth is the cornerstone of every marketing communication strategy. In fact, it has been proclaimed for quite some time now as a major influence on how people behave and act in general. Customers have always valued opinions that are expressed directly to them (Bughin et al, 2010). Marketing practitioners and theorists have in fact, routinely talked about the power of personal referrals and recommendations on buyer behaviour. (Herr *et al.*, 1991). Blessed with the speed and scale of the internet, WoM has now become an all-important influence on consumer's product evaluation and decision. Now-a-days, product reviews are posted on online blogs and opinions are dispersed through social networks at a much faster rate than it used to be earlier.

2. Need for the Study

The extant literature review reveals that despite 'word of mouth' gaining a lot of traction in research circles, a majority of the studies actually centre around word of mouth senders and not word of mouth receivers. As such, there is a greater need to narrate the consumers' side of the story, to identify which word of mouth factors are more critical in terms of their influence on consumer purchase behaviour. The gradual shift from traditional media to social media has further presented marketers with a faster alternative of communicating with consumers and prospects (Yeh & Choi, 2011). This, coupled with

the increasing cost of traditional media and distrust in advertising, has led to a strong surge in digital word of mouth marketing practices by businesses world over. This evolution of traditional WoM to digital WoM has further created a need to compare the effectiveness of both the mediums of word of mouth. A detailed analysis is required to help marketers understand which specific platforms, online or offline, are more effective, in terms of their impact on purchase behaviour. There is also a lack of knowledge regarding the nature and influence of WoM cutting across different demographic, psychographic and netnographic segments. Finding out people from which gender, age group, educational level, income group, internet user category etc. are more susceptible to the influence of WoM is necessary for marketers in formulating promotional strategies.

3. Objectives of the study

Based on the research gaps identified from literature review and the resultant research questions, the following three objectives are set for the study:

- I)** To find out the critical factors that influence the effectiveness of word of mouth.
- II)** To compare the relative effectiveness between personal and electronic medium of word of mouth.
- III)** To study the effectiveness of WoM with respect to common demographic, psychographic and netnographic variables.

4. Scope and Limitations

The academic scope of the study is restricted to identifying the critical factors influencing the effectiveness of word of mouth, comparing electronic WoM vis-a-vis personal WoM and analyzing whether word of mouth outcomes vary for people belonging to different customer segments. Since it's a study that involves surveying internet users and internet penetration is found to be higher in urban settings, the study is conducted in urban centres alone. The geographic scope of the study is restricted to the five main urban centres of Assam – Guwahati, Dibrugarh, Jorhat, Silchar and Tezpur. Like any other research, this study has its fair share of limitations. The study suffers from the following main limitations – *Firstly*, this study is restrictive in the sense that it only covers the C2C

segment. *Secondly*, this study is focused only on experiential word of mouth. *Thirdly*, the questions posed to consumers are based on past referrals which rules out the possibility of collecting real time data. *Fourthly*, while using the diary method, there's a possibility of respondents' attrition in the later stages of the data collection process.

5. Research Methods

In order to achieve the research objectives, two different research designs are adopted. For the primary objective, triangulation design is adopted. Triangulation is broadly defined by Denzin (1978) as 'the combination of methodologies in the study of the same phenomenon.' Initially, a questionnaire based survey is carried out which is followed by five focus group discussions, one each scheduled in each of the selected urban centres - Guwahati, Dibrugarh, Jorhat, Silchar and Tezpur. The purpose of adopting the triangulation design is to bring together the different strengths of the two methods. For the second objective, Diary Panel Design is adopted. The sample size of 1535 respondents for the consumer survey and 300 respondents for the diary study is proportionally distributed across the chosen urban centres. The sampling technique followed in both the cases is a Mixed Sampling design. Sample allocation is based on Proportionate Stratified Sampling whereas the actual inclusion of respondents is based on Purposive Sampling. In summary, three methods are used in data collection: *Survey*, *Focus Group Discussion* and *Diary Panel Study*. Before going for the final data collection, a pilot survey was conducted in Guwahati and Tezpur in order to get direct feedback from the respondents about the structure of the research instruments. All the nine major scales used in the instruments reveal a Cronbach's alpha value above 0.7 which is considered as an acceptable level (Field, 2002). As such, it can be said that the scales used in data collection process is reliable and that the instruments are sound.

6. Major Findings

6.1. Objective 1: The findings from our first study reveal that *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 unbiased and a person with more integrity; 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 they make purchases. WoM conversations are also found to be more pronounced in case of electronics goods. More than 62 percent of the WoM 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 found to be highest in accessories, beauty care products, and the electronic goods segment. Thematic analysis carried out for FGDs also reveal that *tie strength*, *source credibility* and *message characteristics* are the most crucial factors affecting WoM Effectiveness.

6.2. Objective 2: The major findings from our second study related to the online versus offline debate reveal although marginal, WoM Effectiveness is higher in case of offline word of mouth rather than online medium. Among the online platforms, streaming sites like YouTube have been found to be the most effective platform in terms of its impact on buyer behaviour followed by Q&A websites like Quora and Reddit. Additional results also show that increase in online trust leads to a simultaneous increase in overall WoM Effectiveness. An analysis of the word of mouth messages reveals eight key themes – *Online trust*, *Offline trust*, *Source Credibility*, *Consumer (Dis)satisfaction*, *Getting a good deal*, *Message Details*, *Customer verdict*, and *Product Features*. Interpreting these themes reveal that there are a lot of issues plaguing online word of mouth and the scourge of paid and anonymous reviews have hit them really hard.

6.3. Objective 3: WoM Effectiveness is found to be higher for receivers from younger age groups, single persons, people from higher education levels, people in business and nuclear families. Additional findings also reveal how 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 to them in life. It is also found that WoM effectiveness is higher for respondents who find sense of belongingness, sense of accomplishment, security, and self-fulfilment values as important in their lives. The findings also reveal that WoM Effectiveness differs across different netnographic variables, that it is higher for respondents who are using new ways for accessing internet

and those who have shown higher trust on online platforms. WoM Effectiveness is also proven to be higher for respondents who reportedly use the internet on a daily basis and have a higher intensity of usage.

7. Theoretical Contribution of the Study

The study while identifying the drivers of word of mouth behaviour specifies which factors are more critical and warrants more attention from the marketers. Building on earlier research works (Sanayei et al, 2001), a conceptual definition of WoM effectiveness is developed combining different possible outcomes resulting from WoM conversation – *awareness, interest, preference level, product enquiry, product trial, organizational image, purchase intention, and actual purchase*. The study also provides a thematic understanding of how despite the explosion of social networks, traditional word of mouth fares better than online word of mouth in terms of performance. The research also provides a good understanding of how word of mouth effectiveness differs for different demographic segments, different psychographic segments and different internet user categories. The extant literature review revealed that there has been no comprehensive study that has tried to analyze word of mouth effectiveness from the lens of demographics and other consumer segments. In that light, our findings can be viewed as novel and a useful addition to the body of knowledge on word of mouth.

8. Managerial Implications

To come up with practical insights relating to word of mouth incident, indulgence and influence has been the goal of this research.

- I) The study offers a great understanding of the major antecedents of WoM effectiveness. Understanding these variables will give marketers a better chance to develop effective induced word of mouth campaigns, focusing more on the WoM factors that matter.
- II) Since word of mouth is more easily spread using online platforms, marketers need to put in efforts to make the message more accurate, factual and believable. A carefully crafted word of mouth message which is complete in all aspects will have a stronger impact than

any other communication medium. Marketers can also work towards identifying opinion leaders and social media influencers and use them to win the trust of consumers.

- III) The study provides practical insights into how the impact of WoM differs across different demographic and psychographic segments. Acting on this, marketers can make a target list of influencers that appeal to their key segments who are most influenced by WoM. Businesses' trying to adjust their marketing plan to the country's changing scenario might also find data relating to netnographics quite useful in making better decisions.

9. Directions for further research

Like all researches, this study has a fair share of limitations of its own. These limitations in a way reflect the scope for further research to be carried out in the said area. *Firstly*, this research attempts to review the impact of eight key word of mouth related factors on WoM Effectiveness. Further research may be carried out to identify similar critical antecedents to WoM Effectiveness. *Secondly*, further studies can look into how WoM works in the B2B settings. *Thirdly*, this study entails a cross industry comparison of how word of mouth activities and impact differ from one industry to another. Intensive studies covering a single industry can be carried out in the future. *Fourthly*, further studies can be taken up covering the other forms of word of mouth, consequential WoM and intentional WoM. *Fifthly*, the primary data used in this study is survey data. Surveys have their own shortcomings and cannot fully capture how consumers actually feel about a product. Future researchers can resort to experiments to study how consumers respond to WoM.

This dissertation documents three separate but related studies on the importance and influence of word of mouth on consumer purchase behaviour. The first study tries to identify the critical factors affecting WoM Effectiveness; the second tries to solve the online versus offline debate while the last study tries to assess how WoM Effectiveness differs across multiple consumer segments. All three objectives are fulfilled as per the defined research methods. Overall, this study provides a proper understanding of what word of mouth is all about, how it works and the influence it wields on consumer purchase behaviour.

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