

Impact of Digital Word of Mouth (DWOM) on the consumer behaviour-A study with special reference to select city of India

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Abstract:

This study has been investigated the impact of digital word of mouth specifically in the form of user generated product reviews and ratings on the consumer behaviour and consumer attitude towards it. As the digital word of mouth is a vast subject that could not possible to fetch in a single study so only one type of DWOM has been selected i.e. user generated product reviews and ratings. This study is based on quantitative research through surveying method with a list of questionnaires using a sample size of 80 respondents on random basis sampling technique from Hyderabad city of Telangana State of India. The study found that the user generated product reviews and ratings make an impact in the consumer buying behaviour. It also found that most of the times product reviews and ratings becomes the criterion or the decider for purchasing a product. It also found most of the consumer considers user generated product reviews and ratings as most reliable source.

Keywords: Digital Word of Mouth (DWOM), Product Reviews and Ratings (PRR), Digital Marketing, Consumer Behaviour

Introduction:

With the evolution of Digital Marketing which brings out much innovativeness and interactivity in the marketing practices among those is the digital word of mouth in the form product reviews and ratings that becomes very much popular among the consumers for searching information about products and services over online platform. There are several types of digital word of mouth but this study has selected only one type i.e. product reviews and ratings.

According to consumer behaviour strategists online advertising is on the rise in comparison to other forms of traditional marketing; however a social media marketing approach requires more refined strategies and focussed approaches (Cognos Consumer Insights, 2011). Levin et al. (2009) argued in their book *The Clue train Manifesto* that businesses are facing significant changes in markets, mostly imposed by the Internet, where conversations between people, not marketers, have been taking place. For companies this means the end of "the marketing as usual" (Searls and Weinberger, 2009, p.173). Traditional marketing tools are no longer useful on the Web as "people are discovering and inventing new ways to share relevant knowledge with

blinding speed" (Levin et al., 2009, p.xiii). The evolution of digital marketing enables consumers to share their reviews/opinions/ratings/recommendations etc. about the product or services through online platform. This study investigates how the product reviews and ratings have been used by consumers when considering a purchase of product or service, and their impact on consumer behaviour and consumers' attitudes.

Digital marketing is a general term that outlines traditional marketing delivered through mass media from new forms of online promotional activities. The two most distinctive types of online integrated marketing practices are paid and free marketing. (Leckenby and Li, 2000; Vizu, 2013). Paid marketing refers to online advertising and sponsored content, a model adopted from traditional media. Free social media tools are content management services offered on different types of websites (e.g., online retailing, travel, social networking) that benefit from user created or user generated content. The two terms are interchangeably used to refer to content that is created by consumers, rather than marketing professionals

User generated content drives traffic to websites, creating an advertising environment – web locations where advertising messages are highly visible to potential customers. Websites that feature UCC benefit from a social phenomenon called 'word of mouth', a type of free marketing driven by exchange of information about products and services between consumers. Word of mouth, originally practiced in the offline world, has moved online due to a proliferation of social media websites that foster this type of consumer behaviour. The proliferation of electronic WOM attracted the attention of marketing professionals, consultants and media gurus who are trying to harness this phenomenon to increase sales, brand awareness, customer loyalty and customer engagement through personal recommendations, marketing communication methods that are not always immediately measurable on the social web. In order to provide better understanding of WOM practices and to ensure ethical use of endorsements and testimonials, a professional association called Word of Mouth Marketing Association published, in 2006, a classification of 11 different types of WOM (WOMMA, 2006), depicting the complexity of this type of consumer driven marketing. In this study, in order to make a clear distinction between types of content, two basic classifications were used: product evaluations (reviews and ratings) and product recommendations. The following definitions of content types were used.

Product reviews offer detailed comments, descriptions or statements about products and services written by fellow consumers. This type of content is usually of a longer format, providing comprehensive analysis. Product reviews also come as experts reviews, in which case there are considered as professional or edited content.

Product Ratings of products and services are a user's assessment of value, usually defined by numbers (or stars) or by affirmative (thumbs up) or negative (thumbs down) evaluations. This is the shortest form of product evaluations and is presented in figures as a cumulative value.

Literature review:

Balasubramanian and Mahajan (2001), says that who based on a broad review of diverse streams of the virtual-community literature, developed a conceptual framework for the economic leverage of virtual communities that incorporates economic and social activity. They compete different kinds of utilities are derived by the consumer from his or her communicative behaviour in a virtual community; these utilities are compared with costs, resultant in a “total social interaction utility”.

Do-Hyung Park, Jumin Lee and Ingoo Han (2007) have conducted the study on the topic “The Effect of On-Line Consumer Reviews on Consumer Purchasing Intention: The Moderating Role of Involvement”. The study shows that On-line consumer reviews, working both as informants and as recommenders, are important in making purchase decisions and for product sales. Their convincing impact depends on both their quality and their quantity. This paper uses the elaboration likelihood model to explain how level of involvement with a product moderates these relationships. The study produces three major findings, firstly the quality of on-line reviews has a positive influence on consumers' purchasing intention, secondly purchasing intention increases as the number of reviews increases, and thirdly low-involvement consumers are affected by the quantity relatively than the quality of reviews, but high-involvement consumers are affected by review quantity predominantly when the review quality is high. These findings have implications for on-line sellers in terms of how to manage on-line consumer reviews.

Riegnier (2007) says that the most basic forms of internet-based communication, email and instant messaging (IM), are fundamentally one-on-one channels that happen separately from any related web-based content or information. Newer forms of internet communication facilitated by blogs, forums, and social networking sites depart from the email model in two key ways: they provide a channel for one person to reach many (often anonymous) others and they are increasingly associated with specific topics. e-WOM is most likely to influence purchasing decisions for items that are more complex, expensive and highly coveted, such as technology and consumer electronics, and less likely to influence low-involvement products, products mostly purchased in stores that buyers want to see, feel or try on, such as clothes and furniture, and products that are personal or confidential in nature, such as financial services. This study also states that the more expensive and valuable that an item is, the more time a consumer will spend researching the item and considering the views of others before purchasing it. He also suggests that the need to physically evaluate a product (seeing it and touching it) may limit the potential for e-WOM to influence the purchase of the product.

Massa (2011) explains that trust is differently defined by systems and that ‘trust context’ rests on “the characteristic of the target user that is evaluated by the user who emits the trust statement” Undeniably, consumers face difficulties when deciding to use, adopt and rely on a stranger’s opinion during the purchasing decision-making process. It is important to understand

how consumers deal with this issue and how reliable they perceive electronic WOM from virtual stranger to be.

Objectives of the study:

1. To know the customer attitude towards user generated product reviews and ratings.
2. To know the impact of user generated product reviews and ratings on consumer buying behaviour

Scope of the study:

The study has broader scope and helpful to get insight in understanding the interactive relationship among consumers of virtual community. This study also helps in understanding the customer attitude towards user generated product reviews and ratings and its usage.

Research Methodology:**Research design**

The study has been Quantitative research study (survey method)

Sample size

The sample of 80 respondents has been taken for survey on random basis sampling technique. The study has been carried out in Hyderabad city of Telangana State India.

Date analysis

The data has been analysed with SPSS 20 and MS Excel.

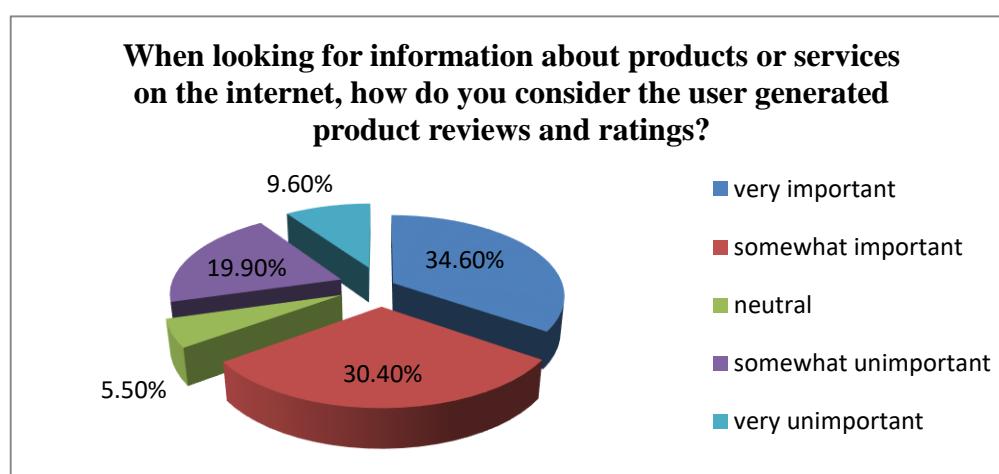
Data Analysis:

Figure 1: Quantitative Data of Respondents considering PRR while searching information

From the above diagram, it is clearly giving the evidence that majority of the respondents does consider the user generated product reviews and ratings as very important source while looking for information about product or services on the internet as it provides the insight picture

of goods or services. The users have generated their content in the form of reviews and ratings out of their experience of using the products or services perhaps it could be either positive or negative content which comes out of their emotions. On the other side, very negligible proportion of the total respondents believe that the user generated product reviews and ratings is not important while searching for information about products or services on the internet.

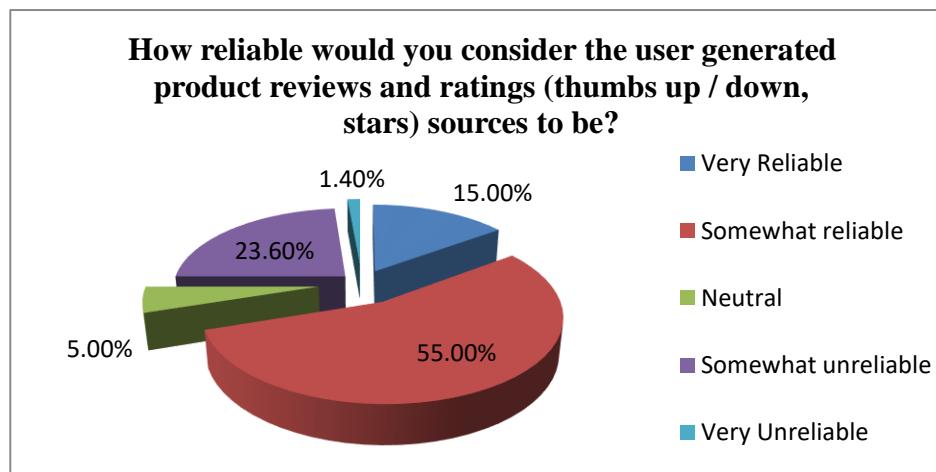


Figure 2: Quantitative Data of Respondents on reliability of PRR

From the above figures it is clearly giving the evidence that the majority of the respondents do consider the user generated product reviews and ratings as a reliable source while searching for information about the products or services on the internet. At the same time, very small but considerable proportion of the respondents was neutral towards the user generated product reviews and ratings.



Figure 3: Quantitative Data of Respondents on sharing online reviews/ratings

From the above figure, it is clearly giving the evidence that majority of the respondents do share their satisfaction or dissatisfaction about the purchased product with others by posting online comments/reviews/ratings which gives strong indication that the customers are very actively involve for sharing their views about the products or services. In the present scenario the product reviews and ratings dominating the mode of communication when it comes to expressing

feelings of satisfaction or dissatisfaction.

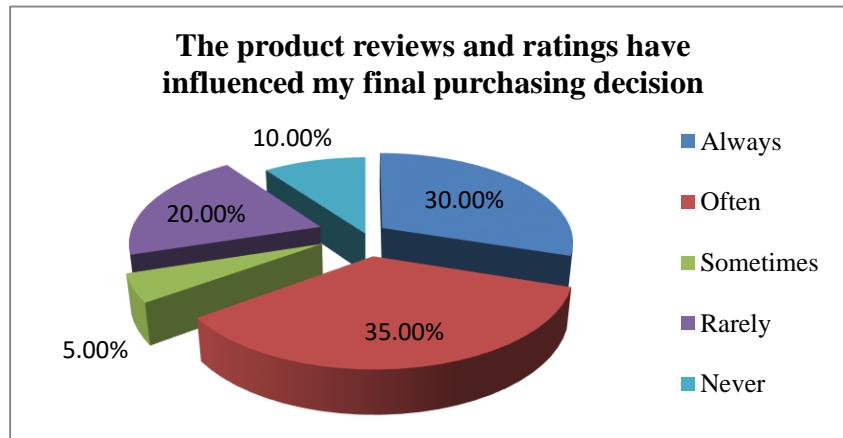


Figure 4: Quantitative Data of Respondents on PRR influencing final purchasing decision

From the above figure, it is clearly giving an evidence that the majority of the respondents influenced with the user generated product reviews and ratings at the final phase of purchasing decision which gives significantly strong indication that how the people are comprehensively considering the user generated online content perhaps may be in the form of comment/reviews/rating.

Conclusion:

The study has been reveals many things about Digital word of mouth (DWOM) with reference to user generated product reviews and ratings and its impact on the consumer behaviour. The study has been concluded that user generated product reviews and ratings have direct impact on the consumer. Most of consumers consider PRR as very much important source while searching for information about products and also consider as very reliable source. It has also found that most of the respondents believe PRR has makes an impact on their purchase decision and it also found that consumers are love to share their reviews and ratings with very much dedication. This study concluded that the PRR plays chief role in consumer buying decision making process. However, the marketers must consider the PRR as significantly important platform where consumers are exchanging information about products and services. It has been concluded in todays' digital era, the tools of digital marketing playing some fascinating role which attract the customers innovated as compare to traditional marketing.

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