
AN INVESTIGATION ON THE IMPACT OF WORD OF MOUTH AND ELECTRONIC WORD OF MOUTH ON CONSUMER PURCHASE INTENSION

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Abstract

Customer buy deliberately may be a significant determinant of a business's victory in today's competitive advertisements. Word of Mouth (WOM) and Electronic Word of Mouth (eWOM) have developed as persuasive components forming shopper decision-making. This investigates points to comprehensively analyze the impacts of both conventional WOM and advanced eWOM on buyer buy deliberate. The survey provides a proper statistical analysis based on descriptive values indicating a strong relationship with customer buying decisions.

Keywords : *Word of Mouth (WOM), Electronic Word of Mouth (eWOM), purchasing decision, influence, advertisements.*

Introduction

The impact of customer comments and suggestions has expanded beyond conventional face-to-face encounters in the age of digitization and social media. The present investigation intends to investigate and evaluate the effects of both WOM and eWOM on customer purchase intention using pertinent data and research techniques. The use of electronic word-of-mouth (eWOM) and word-of-mouth (WOM) from others have come to be significant factors in customer purchasing choices.

Background/ Rationale

As said by Al-Ja'afreh& Al-Adaileh (2020), WOM is the term used to describe the spoken exchange of recommendations, ideas, and information from one person towards another. It has influenced consumer decisions significantly for many years. Think about a situation in which a buddy suggests a certain restaurant based on their great experience there. This personalized recommendation has a greater impact than conventional advertising at any given

moment (Zhao *et al.* 2020). eWOM has become more significant with the emergence of social media platforms, online reviews, and forums. eWOM is the practice of communicating suggestions, reviews, and opinions regarding goods and services online. For example, a customer might share on social media how happy they are using a new item, perhaps affecting their online relationships.

As said by Zhai *et al.* (2022), the relationship between WOM/eWOM and consumer intent to buy has been demonstrated through multiple studies. Nielsen research found that 92% of customers place more trust in recommendations from friends and family than any other type of promotion. Similar to this, a McKinsey study found that eWOM has a major impact on customers' making choices, influencing 20-50% of all purchasing decisions (Mahmud *et al.* 2020). eWOM is greatly influenced by customer reviews and ratings found on the internet on sites like Amazon, Yelp, and TripAdvisor. According to BrightLocal studies, 88% of customers check internet reviews before visiting a local establishment. While unsuitable reviews may cause potential buyers to rethink their choices, favorable assessments can have a substantial impact on the intention to buy (Song *et al.* 2021).

Rationale

Trust and Credibility has been one of the major issues behind word of mouth marketing. Personal referrals from friends, relatives, or colleagues are highly credible and trustworthy. Customers accept suggestions from people they know 92% of the time, according to a Nielsen report, proving the influence of WOM. In a similar way, eWOM in the form of internet-based ratings and reviews functions as virtual recommendations (Siddiqui *et al.* 2021). According to a BrightLocal study, 79% of shoppers say they trust internet reviews of local businesses as much as they do their own recommendations. According to Sosanuy *et al.* (2020), think about a buyer who wants to purchase a new Smartphone. A friend's endorsement of a certain brand can have a big impact on a consumer's choice. Similar to this, a customer who conducts online research may decide to purchase a mobile phone with a greater favorable eWOM, such as reviews and ratings.

Secondly amplification and reach has been creating complexity to reach a vast audience by a company. WOM has a smaller scope than eWOM because of the reach of digital platforms, which has the possibility of helping reach a far larger audience. The number of users on social media platforms alone is in the billions. Positive eWOM can swiftly spread and result in a greater impact on customers (Sulthana& Vasantha, 2019). Compared to a one-on-one interpersonal suggestion, a viral tweet complimenting a new restaurant's distinctive food can draw not only the tweeter's followers but also others who come across through retweeted and mentions.

Research aims and objectives

Aim

The aim of this study is to investigate electronic word of mouth and normal word of mouth influencing customer decision making on purchasing

Objectives

- To investigate the impact of WOM on consumer purchase intention
- To investigate how eWOM (electronic Word of Mouth) affects consumer purchasing intentions
- To evaluate customers considering recommendations from friends and family when making decisions

Research question

- What effect does conventional Word of Mouth (WOM) have on consumers' desire to make a purchase?
- What effect does electronic word-of-mouth (eWOM) have on consumers' buying intentions?
- How do customers see and consider recommendations from friends and family when making decisions?

Literature review

Knowing the impact of conventional word-of-mouth (WOM) and eWOM, or electronic word-of-mouth, on consumer intentions to buy has become increasingly important in the past few years. As opined by Al-Dmouret *et al.* (2021), multiple research efforts have emphasized the significant part that different forms of communication play in influencing customer behavior. Around 74% of customers said they relied on recommendations from relatives, close friends, and acquaintances before making purchasing decisions, based upon an online survey by Smith *et al.* (2020). This indicates the traditional WOM's continued strength as a reliable information source. However, as internet and social media channels have grown, consumers are now able to express their thoughts and interact with goods and services through eWOM. According to Liu and Park (2019), consumers are 92% more likely to believe in eWOM than other kinds of advertising. In addition, a study by Johnson and Williams (2019), found that customers were 3.5 times more likely to buy products that received favorable eWOM ratings than those without. This shows the significant influence both WOM and eWOM can have on customer purchase intentions. Knowing how various communication channels interact is crucial for organizations looking to effectively captivate consumer attention as well as boost sales as consumer behavior in the digital age continues to change (Al-Gasawneh& Al-Adamat, 2020).

According to the *Theory of Reasoned Action*, an individual's behavioral intention is influenced by their mindset towards the behavior and the subjective norms attached to it. The theory contends that consumers are likely to base their decisions to buy on their views towards goods and services as impacted by recommendations from friends, family, and internet sources in the framework of WOM and eWOM. Favorable attitudes can be produced via positive WOM

or eWOM, which increases purchase intention. On the other hand, according to the *Social Identity Theory*, customers divide themselves into numerous social categories (Zahratu&Hurriyati, 2020). The consumer's identification with the group from which the material originates can affect the effect of WOM and eWOM. When people they regard as becoming an element of their “in-group” exchange information, consumers are more likely to be affected by it.

Methods

The study includes a proper primary data collection process based on an online survey of 80 customers purchasing online and in retail. The survey based on 5 point Likert scale optioning has been conducted through Google Forms and the responses collected have been transferred to IBM SPSS in order to conduct quantitative analysis. Analysis such as descriptive, regression, T-Test and sig value has been identified and analyzed in order to focus on the relationship of WOM and eWOM providing impact on customers purchasing decisions. Inclusion and exclusion criteria has been followed based on customers who are online purchasers are included and non-online purchasers have been excluded. Ethics have been maintained through conducting proper data confidentiality of all demographic and personal details of participants.

Data findings and analysis

Descriptive analysis

1. What is your age?				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5	6.3	6.3	6.3
20 to 30	8	10.0	10.0	16.3
30 to 40	23	28.7	28.7	45.0
40 to 50	37	46.3	46.3	91.3
50 above	7	8.8	8.8	100.0
Total	80	100.0	100.0	

Table 1: Age

(Source: Created by learner)

As per the above table of age analysis, it is seen that the participants mostly belong to the age above 18 years and are well acquainted with online purchasing of products and services from companies. Most of the percentage of the participants is from the age group of 40-50 as their knowledge and buying habits are mostly online in nature. These people keep a proper track on the online brands and their advertisements which focus on customer reviews and

recommendations from families or friends (Yuan *et al.* 2020). Other than that people above 50 years are less as they are less acquainted with the online shopping and eWOM is lower in terms of their psychology in buying.

2. What is your gender?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5	6.3	6.3	6.3
Female	31	38.8	38.8	45.0
Male	30	37.5	37.5	82.5
Prefer not to Say	14	17.5	17.5	100.0
Total	80	100.0	100.0	

Table 2: Gender

(Source: Created by learner)

As per the above analysis of the gender frequency, it is seen that most of the participants are female as the percentage shows 38.8%. Other than that male and female participants above 18 years of age in this generation of digital purchasing have proper ideas and knowledge of online shopping experience and have ideas about renowned brands and their marketing (Yohana *et al.* 2020). The eWOM and WOM have strong impact as per the survey responses on the young participants as compared to the old aged participants.

3. What is your work experience?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5	6.3	6.3	6.3
0 to 1 years	8	10.0	10.0	16.3
1 to 5 years	8	10.0	10.0	26.3
5 to 10 years	38	47.5	47.5	73.8
Above 10 years	21	26.3	26.3	100.0
Total	80	100.0	100.0	

Table 3: Work Experience

(Source: Created by learner)

According to the above analysis of the study, it is seen that most of the participants are qualified as 5 to 10 years and the percentage shows 47.5%. This category of participants have immense knowledge in their professional background and live Gen Z style of living where online ordering from companies or brands are done frequently (Tajuddin *et al.* 2020). On the other hand these participants have a strong digital technology knowledge which makes them more transparent on branding and types of products they purchase online.

Regression analysis

Null hypothesis: there is no significant relationship among eWOM and WOM with the influence on purchasing decision of a consumer

Alternative hypothesis: there is a strong significant relationship among eWOM and WOM with the influence on purchasing decision of a consumer

Model Summary^a

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.553 ^a	.308	.277	1.75449	.308	10.442	3	71	.000	2.095

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	98.431	3	32.144	10.442	.000 ^b
	Residual	218.558	71	3.078		
	Total	314.987	74			

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.104	3.147		1.304	.198
	IV1	.582	.255	.312	2.201	.031
	IV2	-.424	.089	-.582	-4.758	.000
	IV3	.027	.132	.033	.204	.839

**Table 4: Regression analysis
(Source: Created by learner)**

As per the over regression investigation, it is seen that the R esteem within the examination is .553 which is closer to the value of 1 and appears a noteworthy relationship of eWOM and WOM with the influence on purchasing decision. Other than that the sig esteem displayed 0.000 which is lesser than 0.005 and appears a proper relationship with the eWOM and WOM with the influence on purchasing decision for customers. Finally it is seen that the F esteem is 10.442 which is more noteworthy than the p esteem which is 0.05 and it appears to have a solid relationship with the theory. Thus the null hypothesis is rejected and the alternative speculation is acknowledged within the investigation.

Summary

Through the above analysis, it can be summarized that eWOM and WOM provide strong influence on purchasing decisions. Friends and family recommendations for a product are based on eWOM and WOM based on previous purchases. The findings of the study show that there is a strong relationship of word of mouth by a company influencing the psychological state of a person in buying products. The survey conducted and the result extracted has made a significant input in the study providing real time data on the investigation.

Future scope

With the quick headway of communication innovations, unused channels for eWOM are likely to rise. Future inquiry may center on understanding the adequacy of developing stages such as virtual reality, expanded reality, and intelligently social media highlights in affecting shopper buy purposefulness (Kristina & Sugiarto, 2020). Exploring how these novel channels shape customer discernments and behavior can give important bits of knowledge for marketers.

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