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# WORD OF MOUTH MARKETING

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## **ANNOTATION**

This research was conducted in order to understand what word-of-mouth marketing entails. It further looks at how it is important along with the contributing factors that affect a word of mouth marketing strategy. The research looks at how organisations may benefit from the use of word of mouth marketing strategies, regardless of whether they are organic or amplified.

In order to conclude on the research, the research problem and objectives were identified as well as the research strategy and data collection methods too. For this study, a mix of both primary and secondary data collection was conducted. Based on the questionnaire and the theoretical background, it was found that word of mouth marketing is proven beneficial based on statistics along with there being an open consensus on the fact that credible recommendations from friends and family, or even reviews have a deciding factor on purchasing decisions. It also contributes to customer retention as well as increase in revenue, and not to mention other factors that are of import, such as brand loyalty, brand trust and expanding reach of consumer market with buzz marketing. It is however, important to continue research on how word of mouth marketing evolves in the modern and digital age and how it can impact and improve sales and revenue of a company

## **KEYWORDS**

Brand Loyalty, Brand Trust, Buzz Marketing, WOMM, Word of Mouth Advertising, Word of Mouth Marketing

## 1. INTRODUCTION

Word of Mouth Marketing is more complicated than the act of passing on a good word concerning a company's product or service. It refers to the action of marketing a product or service, by means of promotions, encouragement or by influence. As the name suggests, Word of Mouth Marketing (often abbreviated as WOMM and also referred to as Word of Mouth Advertising) occurs when a consumer shares (with their audience) significant data with regards to the product or service in question, along with experiences and characteristics associated by it. This can be carried out on various mediums. Traditionally in the past, word of mouth relied on establishing a connection between the company and the consumers (of their products and services) with face-to-face and telephone conversations. However, with modern times, word of mouth has significantly been carried out via internet communications on social media platforms.

In this research paper, the research question, research objectives, as well as the theoretical background of the research concerns are discussed along with the research methods, findings, as well as conclusion.

## **2. RESEARCH QUESTION**

This paper is aimed at word mouth marketing. Following are the research questions –

- What is meaning of word of mouth marketing?
- What is importance of word of mouth marketing?
- What factors affect the word of mouth marketing strategy?

### **2.1. RESEARCH OBJECTIVE**

The following are the research objectives;

- To discover the meaning of word of mouth marketing
- To explore the importance of word of mouth marketing
- To know about factors affecting word of mouth marketing strategy

### **2.2. RESEARCH PROBLEM**

Word of Mouth Marketing is also known as word of mouth advertising. It is a procedure of actively influencing and encouraging organic word of mouth discussions in relation to the brand, resources, entity, or events. The goal of the research is to find out whether word of mouth marketing is more effective in comparison to traditional advertising, use of media and promotional measures. This research paper discusses the factors affecting word of mouth marketing strategy as well.

### **3. THEORETICAL BACKGROUND**

#### **3.1. MEANING OF WORD OF MOUTH MARKETING**

Word of mouth marketing is used to keep the interest of consumers in the products and services of a company by means of addressing them within day-to-day discussions. This strategy is considered free advertising made by the experience of customers that goes beyond the expectation. Word of mouth marketing is motivated by various publicity functions set up by organisations (Maisam & Mahsa, 2016). In addition, it can be encouraged by different opportunities to establish consumer-to-consumer communication as well as consumer-to-marketer communication.

Word of mouth marketing relies heavily on the different means in which consumers of products and services measure satisfaction on a variety of factors. The way in which it works is, that word of mouth marketing enlists a consumer as advocates or unofficial ambassadors of said products/services when they recommend, review or share information about it to others who will ultimately go onto partake in the same product or service based on the initial consumers' information.

Haenlein and Libai (2017) argued that other strategies involve interpreting consumers' new behaviours when sharing information about the services and products of a company, and participating in conversations with the consumers, with the help of standard consumer services. Groeger and Buttle (2016) stated that it is specifically beneficial with customers who utilise social media that makes it easier for seamless sharing and reach.

Word of mouth marketing strategies are made up of a mix of viral, blogs, buzz, emotional and social media marketing as stated by Kenton (2018). WOMM differs from what one may refer to as naturally passing on of information. It not only references how a consumer experiences a product or service but also how organizations continue to encourage, influence or inspire their target markets. This action is considered "seeding" which means that different networks are continuously either motivated or rewarded to keep the products/services in mind of their consumer, both existing and potential.

Whilst, traditionally the meaning of “word of mouth marketing” meant recommendations spread from one person to another, in modern times, it relates to both organic and targeted efforts of consumers or users sharing their experiences and means of satisfaction with concern to a product or service. Organic word of mouth occurs when a consumer is genuinely satisfied with the product or service, and targeted or amplified word of mouth relates to marketing campaigns that either encourage or accelerate word of mouth communication in existing or new customer pools or communities. It should be noted that any good amplified word of mouth marketing strategy will add to organic word of mouth marketing as well.

Warren (2020) stated that many businesses capitalize on word of mouth marketing as a single recommendation can make a great impact as consumerism is highly hyper connected. According to a study by Nielsen (2012), 92% of people favour recommendations from friends and family, and when amplified with other marketing measures such as with social media marketing, a word of mouth marketing strategy can go far in terms of converting efforts into increasing revenue and reach.

### **3.2. IMPORTANCE OF WORD OF MOUTH MARKETING**

Statistics show that word of mouth marketing can cause a domino effect with studies showing that word of mouth marketing has a clear progression from recommendation to sales turnover. 88% of people do trust reviews and recommendations made by people apart from friends and family as per Marchant (2014), and based on a survey by Ogilvy (2014), 74% of consumers consider word of mouth marketing as a key purchasing decision maker. A study by Vermut and Fay (2014), noted that a 10% increase in word of mouth could lead to a 0.2-1.5% in sales turnover.

Thus, word of mouth marketing can be beneficial to companies as it focuses on the ability on increasing sales turnover without spending, building a community of loyal consumers that are satisfied with the products/services on offer, and thus in turn, will be attracting more revenue due to customer loyalty and repeat purchases.



### 3.3. FACTORS AFFECTING WORD OF MOUTH MARKETING STRATEGY

There are different factors that influence a WOMM strategy. These key factors are Brand Loyalty, Brand Trust, and discussed as follows.

1. **Brand Loyalty** – Positive experiences will lead to consumer retention as well as positive word of mouth marketing contributes to repeat purchases and positive referrals. Reichheld (2001) states that a 5% increase in retaining existing customers directly contribute in boosting a company profits by 75%.
2. **Brand Trust** – Trust is an important factor when it comes to ensuring that a product or service delivers what they are meant to offer. Whilst advertisements can highlight what to expect, proven experiences and satisfaction levels provide more credibility. In a survey by Nielsen (2012), it was found that 75% did not trust adverts, whereby 90% of them trusted recommendations from family & friends, whilst 70% trusted consumer reviews.
3. **Buzz Marketing** – One may find an amplified word of mouth marketing campaign will help in causing a buzz about the product or service in question, which will cause interested parties to take notice.

## **4. RESEARCH METHODS**

### **4.1 RESEARCH PHILOSOPHY**

The proper selection of a research philosophy is essential for assessing different methodologies. According to the research problem, the research philosophy includes positivism research philosophy, realism research philosophy along with interpretivism philosophy. The interpretivism philosophy is helpful for this research to arrive at a proper conclusion about the use and factors of word of mouth marketing strategies. In addition, this philosophy helps ensuring realistic utilisation of research techniques or collection of research methods (Li, et. al, 2018).

### **4.2 RESEARCH APPROACH**

The research choice is helpful to understand how the data is utilised for assessing the research and ensuring that the data is accurate. Furthermore, there are various research approaches. These approaches are inductive as well as deductive approach. It gives permission to the researcher to validate the use of specific data analysis and collection methods for the research. Moreover, the deductive approach is relevant only in case of adoption of the positivism research philosophy, whereas, the inductive approach is appropriate in case of using interpretivism philosophy as per Thomas, Mmereki & Boy (2018).

In this study, the inductive approach was utilised. The main reason of selecting the inductive approach is that it allows the researcher in understanding specific information and knowledge about the research issue. However, inductive approach offers flexibility as it is not essential to make hypothesis in relation to research issue (Mohtasham, Sarollahi & Hamirazavi, 2017).

### **4.3. RESEARCH STRATEGY**

It is important for the researcher to be able to evaluate the problem(s) of the research by rendering proper responses to the research questionnaires. In order to satisfy the goals of the research, the researcher can use various kinds of the research strategies,

such as observation, literature review, interview, experiment, case studies, as well as surveys through questionnaire.

In this research, the researcher used literature review along with interview strategy. The researcher used interview strategy because it permits the researcher to collect adequate and proper amount of data related to the use as well as factors affecting word of mouth marketing strategy. By conducting literature review, the researcher collected facts and data in least time. It is not a costly strategy. It can be said that the literature review increases the quality of research amongst different shareholders (Chae, et. al, 2017).

#### **4.4. RESEARCH DESIGN**

The researcher selects the research design based on research concerns. The research design is incorporated in context of research methodologies. The research methods are qualitative research, quantitative research and mixed research. The qualitative research is a methodology of investigation to develop understanding on the social science and human behavioural mannerisms. In contradiction, the quantitative research is known as the research method that is useful for producing numerical data and hard facts. This is done by employing practical, mathematical method and statistics. For this study, the researcher has used mixed research methods to get best outcomes (Keller & Fay, 2016). By employing a mix of primary and secondary data collection methods, the possibility of there being knowledge gaps if the research relied heavily or alone on literature review can be greatly avoided.

#### **4.5. DATA COLLECTION METHOD**

The data collection method is useful in collecting information in a methodological way by utilising the various means to complete the research objectives. There are two kinds of the data collection methods. These are primary data collection methods and secondary data collection method. For primary data collection, the researcher uses group discussion, interviews, survey method, case study, as well as the action research. In contradiction of this, the secondary data is collected from other researchers as well as the organisations to get objectives of research. The secondary data is considered as

published data that is accessible by the researcher that is relevant to the research at hand. There are different means for researchers to acquire data, such as websites, journals, governmental articles, reports, newspapers, and books along with magazines.

The researcher used mixed data collection methods. In this regard, the primary data collection sources are helpful to make a direct relation with respondents for credible data regarding the research problem. On the other hand, the application of secondary data collection methodology is useful to get a deeper understanding with regarding to research problem (Dost, et. al, 2019).

#### **4.6. DATA ANALYSIS**

The researcher will assess data in relation to the problem of research. This study facilitates means by which the researcher separates the collected data and assesses them according to the research objectives. It can be said that it is helpful for the researcher to organize and measure data rationally by utilising relevant data analysis techniques. By using so, the researcher will be able to state the data in a methodological manner for getting positive outcomes.

There are different data analysis tools that can be useful to conduct research such as statistical analysis, content analysis, disclosure's analysis, thematic analysis, and informal analysis. The data is gathered for proper and effectual evaluation of the collected data. For this study, the content analysis technique is used to assess data. With the help of this technique, it was easy for the researcher to analyse the data effectively as well as properly (Subramanian, 2018).

## 5. FINDINGS

### 5.1. INTERVIEW QUESTIONNAIRE

The researcher has conducted interview with ten marketing managers of different entities. These interview questions, which are available for reference in the Appendix of this report, is discussed as follows.

#### 5.1.1. QUESTION 1

The interview was conducted with marketing managers of the different genders.

**TABLE 1: GENDER DISTRIBUTION OF RESPONDENTS**

Gender	
Man	6
Female	4

It is assessed that the research scholar has chosen six male participants and four female participants to know the responses.

#### 5.1.2. QUESTION 2

In the question regarding the age, the participants gave different responses that are stated as follows -

**TABLE 2: AGE DISTRIBUTION OF RESPONDENTS**

Age	
18-25	1
25-32	5
32-39	4
39 or older	0

Above table demonstrates that most of the participants belong to 25 to 32 years old age tier.

#### 5.1.3. QUESTION 3

Respondents were asked about work experience, whereby the following was provided.

**TABLE 3: WORK EXPERIENCE OF RESPONDENTS**

Experience	
2-5 years	0
5-8 years	2
8-11 years	3
11 years and more than 11 years	5

It was found that five members have 11 years and more than 11 years of experience. It is effective situation because they can have great understanding regarding issue of research.

#### 5.1.4. QUESTION 4

The respondents were asked about the significance of WOMM strategy. In the response, all the participants agreed with the statement that the WOMM strategy is significant strategy in the present world.

#### 5.1.5. QUESTION 5

Under this question, the respondents were asked whether word-of-mouth marketing is useful. It is found that 10 of 10 members were agreed with the statement.

#### 5.1.6. QUESTION 6

It is a last question of the interview, respondents were asked about the factors affecting WOM strategy. It is evaluated that most of participants stated that brand loyalty is more powerful factor affecting WOMM strategy.

## **6. DISCUSSION**

### **6.1. WOMM STRATEGY**

Word-of-mouth marketing offers means in which a customers' in detail experience can be shared. It is clear that the word of mouth marketing does not halt at initial communication but tends to lead to the flow of follow-up interaction. It was found that the word-of-mouth marketing is helpful in improving marketing efforts. It can be said that this marketing strategy is more effective than advertisements. The reason for this is that a WOMM strategy is more trust worthy rather than advertisements.

### **6.2. IMPORTANCE OF WOMM STRATEGY**

The study shows that strategies like word of mouth marketing play an important role in increasing sales. That is why, it is important to expand on this strategy across the world, as it is helpful in developing the business. It is found that the consumers are more expressively attached with the entity while they realize that they are heard by the organisations, which offers the respective products and services being used. That is why various organisations employ sales representative to explain products as well as services with consumers at personal levels with feedback given via a phone call. This type of communication along with promotional events can encourage the conversation regarding the services or products of company.

### **6.3. FACTORS AFFECTING WOMM STRATEGY**

As per the above analysis, it can be concluded that there are some factors that have significant roles in the development of word of mouth marketing strategy. These factors are brand trust, brand loyalty, as well as establishment of a "buzz." which helps in developing confidence and trust in the consumers. It is found that these are helpful in taking decisions related to the purchase of the products and services the respective companies. Effective WOMM strategies are reliable, social, repeatable, quantifiable along with courteous. Therefore, there is no reason for untruthfulness and corruption in word-of-mouth marketing strategies (Ajorlou, Jadbabaie & Kakhbod, 2018). To reiterate, Nielsen (2012) found that 75% did not trust adverts, whereby 90% of them trusted

recommendations from family & friends, whilst 70% trusted consumer reviews, and thus potential consumers are more likely to partake in purchases that are backed by WOMM strategies when compared to that of company generated advertising alone. In this hyper connected digital world, sharing and re-sharing of experiences (in a viral marketing sense) can generate a means of cause and effect when a good strategy is executed.

For further studies on word of mouth marketing, researchers can take efforts to understand how word of mouth marketing works with social media and how digital marketing can be and WOMM works in the new age.



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## **APPENDIX**

### **INTERVIEW QUESTIONNAIRES**

1. To which gender identity do you most identify?
2. What is your age?
3. How many years of experience do you have?
4. Do you think the WOM strategy is significant?
5. What is use of word of mouth marketing strategy?
6. What factors affect WOM strategy?