

# Are Social Sites Becoming More Efficacious Than Traditional Word Of Mouth?

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**Abstract**— With the growth and evolution of social networking sites, electronic peer-to-peer referrals have become a vital phenomenon. In contrast to the days when social media strategy was all about getting more fans, companies now see it as an important marketing tool. The recommendation on Twitter, Facebook referrals or a picture on Instagram largely affects the consumer behavior these days. Social media is now everywhere and almost everyone with internet access has an account with one of them. This study is just a small attempt to investigate and compare the reliability of recommendation made through social networking and traditional word of mouth. In this study, the data was gathered by online questionnaires, observations and personal interviews. The study shows that the social media facilitates the trust and intension to buy of the consumers. It is also observed that perceived usefulness of the site is also an important factor that contributes the buying behavior of the consumer. The paper discusses the findings and suggests ways for the marketers to drive the existing opportunity of social media in India.

**Index Terms**— e-WOM, Online Marketing, Social Referring, Traditional WOM

## I. INTRODUCTION

*“People influence people. Nothing influences people more than a recommendation from a trusted friend. A trusted referral influences people more than the best broadcast message.”* - Mark Zuckerberg, CEO Facebook [1]

Consumers have always valued opinions that are directly expressed to them. Marketers may spend crores of rupees on their advertising campaigns, yet many-a-times what really makes up a consumer’s mind is not only simple but also free: a word-of-mouth recommendation from a trusted source. Indeed, the influence of word of mouth is greatest when consumers are either buying a product for the very first time or when products are comparatively expensive, determinants that tend to make people perform more research, search for more opinions, and deliberate longer than they otherwise would. And its influence is still growing: the digital revolution has accelerated and amplified its reach to extend wherein word of mouth is no longer an act of personal, one-on-one communication. At present, it also operates on a one-to-many basis: product reviews and pictures are posted online and opinions are shared through social networks.

Historically, it used to be sufficient to have an online presence on the Internet for the one-way broadcasting and dissemination of information. Today, the social networks like

Facebook, Google+, LinkedIn, MySpace and Twitter are driving new forms of social communication, dialogue, exchange and alliances. Social networking sites (SNSs) enable users to search for ideas, to participate in activities and events, or to post updates and comments, while sharing their common interests. From usual chit-chat to disseminate breaking news, from planning a date to following election results or coordinating disaster response, from pleasant humour to serious discussions, SNSs are now used as a host by various internet users for different reasons.

Social networking services are transforming online user behaviour in terms of users’ initial entry spot, searching, browsing and purchasing behaviour. According to the Business Trends 2014 report, the number of people using social media has increased to roughly 1.73 billion worldwide over the last 10 years [2]. Some experts suggest that SNSs will become the Internet’s new search function and predicts that people will spend less time navigating the Internet independently and instead search for information or make decisions based on “word-of-mouth” recommendations from their friends, the so-called “friend-casting”.

In recent years, Social Networking Sites have become a prevailing communication technology for today’s internet users in the evolution of the present digital era. As more and more marketers attempt to harness the power of electronic word-of-mouth (e-WOM) in Social Networking Sites (Williamson 2006), diligent investigation of determinants that results in consumers’ engagement in e-WOM via the social networks is becoming precarious. A central question that arises is about the factors that influence e-WOM behavior in SNSs and about the underlying processes of e-WOM communications in this new social medium.

## II. SOCIAL NETWORKING SITES AND MARKETING

Managers are interested in knowledge sharing through e-WOM, since it affects Consumer behavior. Many businesses and bloggers include social media share counts underneath their posts which reflect their popularity. Some organizations are taking notice of feedback from consumers. The feedback might impact the correction of product foible or provide inspiration for development of new product or new services.

Social networking tools also allow organizations to increase interactions with their consumers for crowd sourcing. Organizations are utilizing SNSs to encourage Consumer communication which builds brand loyalty. Dell and Starbucks have been using suggestions and votes on many new products and service ideas from a large pool of Consumer base.

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III. RESEARCH METHODOLOGY

The study is based on both, primary and secondary data. The *secondary data* includes journals, websites, and books. The *primary data* is efficiently collected through online questionnaires and personal interviews.

The data was collected from internet users of age 18 to 35 years in Rajasthan and convenience sampling approach was adopted in the selection of sample. The sample constituted of 300 respondents in order to get a fair idea about the research problem defined. The approached data included information in regard to demographics of the target group, the role of other consumers' in providing information concerning high involvement purchases, reasons for seeking advice as well as the perceived trustworthiness and persuasiveness of the information towards decision-making.

Close-ended online questionnaire was employed for data collection. Also, personal interviews were conducted to obtain a deeper understanding of consumer's explanations and reasoning concerning their behaviour, by obtaining consumers' views about the investigated phenomenon of offline and online WOM.

The online questionnaire consisted of four sections. A five-point, Likert scale was used in the questionnaire to gather responses from the respondents. In the first section of the questionnaire, use of SNSs in general was explored so as to enhance the overall understanding of behaviors on these sites. Respondents were asked to indicate the topics that they usually talk about on their favorite site. In the second section, social networking site users' engagement in e-WOM was examined by assessing opinion leadership and opinion seeking on Social Networking Sites. The respondents were asked to indicate the extent to which e-WOM information influenced their decision. Next, respondents were asked regarding the reliability of the opinions found on the SNSs, and about the perceived valence of these in the third section. In the last section of the questionnaire, demographic characteristics such as gender, age, educational qualification and occupation were examined. Respondents were asked questions regarding whether they provide, pass-along product-related information to others on the Social Networking Site or they tend to seek advice from others.

The data was analyzed in SPSS using Cross tabulation, Regression analysis, Mean and standard deviation, and Perceptual mapping.

IV. LIMITATIONS AND FUTURE RESEARCH

Any research or study always has some limitations under which it has to be undertaken. This one too was not an exception. As the study is only for the Rajasthan region, it is confined to a particular location and a small sample of respondents. Therefore, the findings cannot be treated as representative of the country as a whole. The study can also not be generalized for all online communities as the study emphasizes only on Social Networking Sites and ignores other sources of e-WOM. This study is not product specific.

Considering the limitations of the study, a further study may be conducted with larger sample at multiple locations and may include various platforms of e-WOM communication. Also, it would be interesting to analyze which source characteristics affect the credibility of source. This feature may make marketers aware of the importance of

providing certain types of information about the sources in order to increase their credibility.

V. DATA ANALYSIS AND RESULTS

The major statistical techniques used were descriptive analyses and multiple regressions. Various descriptive analyses were performed to examine the characteristics of the sample as well as use of Social Networking Sites in general. Means and standard deviations for all measures were calculated. Cross tabulation was done in order to understand the demographics of the respondents in context to their responses.

Table 1: Sample Characteristics

CHARACTERISTICS	%	
EMPLOYMENT	STUDENT	24.6
	HOUSEWIFE	1.1
	UNEMPLOYED	5.7
	SELF-EMPLOYED	9.7
	EMPLOYED/ CIVIL SERVANT	58.9
EDUCATION	SECONDARY EDUCATION	3.4
	GRADUATION	25.1
	POST GRADUATION	71.4
GENDER	MALE	41.0
	FEMALE	59.0
AGE	MEAN VALUE (IN YEARS)	30.0

Regression analysis was performed with purchase decision being a dependent variable and opinion seeking and usage of e-WOM as independent variables to test the following hypothesis:

H1- e-WOM on Social Networking Sites influences the Consumer purchase decision.

H2- Social networking recommendations are more reliable than traditional WOM.

The results showed a significant positive effect on purchase decisions ( Adj R<sup>2</sup> = 0.229; beta= 0.481; p<0.001) as well as on the reliability of social networking recommendations (R<sup>2</sup>= 0.187; beta = 0.435; p<0.001) respectively. Therefore based on these results both H1 and H2 are confirmed.

Through perpetual mapping, it is evident that SNSs are perceived to be high in reliability and assurance than tradition WOM. The reason for the same can be that SNSs have collective responses of various consumers along with their shared evidences online and many of these are also supported with opinions of experts which ultimately build a sense of trust and security.

The data reflects that SNSs tend to build trust amongst the consumers as they get referrals from people they already know and other experts. The respondents stated that they rely on e-WOM because it reduces purchase risk and also makes them aware of various options available in market related to their planned purchase.

In the personal interviews, the respondents said that traditional WOM is more time consuming and access to opinions is also very limited whereas, on SNSs they get wide exposure and that too in no time. For instance, they get to

know which brand of shampoo their favorite celebrity is using or which DSLR camera is been highly rated and discussed by the experts in the Twitter forum or on the Facebook page. Many respondents said that they tend to make unplanned purchases at times which are inspired from attractive posts on SNSs.

## VI. CONCLUSIONS

Due to the advent of the Social Networking Sites, great variation has arisen in the means of interpersonal communication; anyone can store and transmit massive information in next to no time and get responses from all internet users immediately such that transmission of WOM becomes much quicker. In this research paper, an attempt has been made to analyze the factors that govern the Social Networking Sites in order to influence consumers and subsequently enable their purchase decisions. The findings suggest that there are several reasons why people like to talk about their experiences with products and brands, which includes social acceptance and recognition and radiating knowledge and authority.

The study demonstrates that the influence of e-WOM depends on perceived volume, perceived source credibility, perceived valence of e-WOM and receivers' social networking experience. When perceived source credibility is high, SNSs has more influence compared to when perceived source credibility is low. The study also shows that there is high importance of source credibility in a communication process where the transmitters are anonymous. In addition, higher perceived favorability results in higher influence of SNSs on decision-making. An interesting finding of this study is that the impact of SNSs on decision-making is influenced by the volume of information obtained. The influence that SNSs has on decision-making increases with the increase in opinions the consumer has accessed about a product or service. Also, the website layout and it's perceived usefulness significantly influence decision-making amongst consumers.

## VII. MANAGERIAL IMPLICATIONS

The rise of Social Networking Sites has changed the way people interact and network. Consumer opinions are vital to firms in their efforts to understand the responses of consumers towards their products, and to enhance their marketing campaigns or products accordingly. This research paper provides a theoretical understanding of the consumers' use of SNSs as a vehicle for e-WOM. Examining social relationships in Social Networking Sites could help determine the factors responsible for consumer engagement in e-WOM, which ultimately influences the extent of e-WOM and allows companies to deliberate their strategies for product diffusion.

Based on the above discussions, the following suggestions are proposed for business managers, hoping to be helpful in marketing practice.

- Establish product discussion zones or chat room on SNSs in order to share one's own experience and offer smooth consumer's communication channel. Consumer satisfaction should be constantly monitored in order to identify problem areas and make necessary modifications.

- Provide simple ways for consumers to share your pages on SNSs. If you provide simpler, accessible ways for consumers to talk about you, they might end up writing the best marketing copy for you, that too for free.
- Share your accomplishments and awards with your consumers, allowing them to know that you have credible and recognized experience in your field. That is, if you offer the best price for laptop, you also need to demonstrate a proven track record with consumers and among your peers in business community.
- For online retailers, the easiest place to start is the thank-you page confirming a purchase. After all, this is when your consumers are likely to be the most excited about their new item. Include a couple of sentences on the "thank you" page graciously thanking consumers for their recent purchase and thereby asking them to share with their friends and provide customized social sharing icons that include pre-populated text mentioning the purchased product [3].
- Do not opt for the easier way by simply responding to requests with numbers to call or by promises to pass on the information and customer complaints. Indeed, be ready to talk with your consumers online and offer them real solutions.
- Companies should use social networking efficiently in order to increase their market share because it is cost effective as well as reliable.

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