

Influence of Word of Mouth on Consumer Buying Decision: Evidence from Bangladesh Market.

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Abstract

The purpose of this study is to define how word of mouth influence consumer's buying behavior. Word of mouth is becoming a strong tool for building brand in present time. The research used primary and secondary data for analysis. In primary data, 500 respondents' data were collected and Microsoft excel used for analysis. The findings recommend that word of mouth has impact on consumer buying behavior. The results suggest that word of mouth built by trust and loyalty. The findings are based on small sample size however; the framework may be used for future research. The significance of word of mouth, particularly consumer buying behavior, is increased rapidly. The paper will give marketers a better understanding of word of mouth as well as consumer perceptions.

Keywords: Word of mouth, Network marketing, Consumer buying behaviour, Consumer trust, Consumer loyalty.

1. Introduction

Humans cannot live alone. From the beginning, Humans share their feelings, experiences with each other to build a decent relationship. This relationship makes trust between the humans, by the time the concept of word of mouth came up in the society. Word of mouth gives satisfaction to the consumer. The concept of word of mouth increased largely in last thirty years for the help of internet which gives the online platform to share reviews. Now it becomes a trend to share the experience about the product / service.

Customer's positive or negative statement toward the product or service is called word of mouth (WOM) (Hennig 2004). Word of mouth is also means distribution of information. It can guidance others' point of views, judgments and choice. Organization can get long term customers if they utilize and develop word of mouth appropriately and also any brand can have strong image through the power of word of mouth. Word of mouth has a momentous role in customer buying behavior. Though, the influence of word of mouth is dependent on the type of product (C. Park & Lee, 2009) and its faith (Lopez & Sicilia,2014).

Word of mouth has precious effects on building brand and trust. More than 90% of consumers have trust on the product or service which is commended by directly knowing people. Trust is one of the difficult issues to manage in the commercial world. Word of mouth has both positive as well as negative impact on customer buying behavior (Bolfing, 1989). Although negative is more powerful than positive (Arndt, 1967).

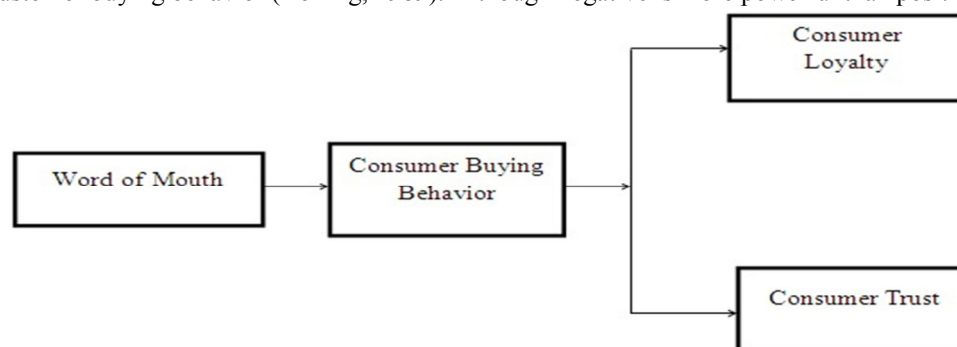


Figure 1: Frame work of Word of mouth.

2. Literature Review

2.1 Word of Mouth

Word of mouth has been considered one of the major influential sources of information for the consumers (Katz & Lazarsfeld, 1955). Because consumers are willing to share and discuss about their products / services, brands with each other (Berger, 2013). The significance of word of mouth is revealed on a study based on effects of word of mouth on consumer purchasing decisions (Chevalier & Mayzlin 2006). Word of mouth is like an informal communications among the consumers regarding the character of a product or service (De Matos & Rossi, 2008). On the other hand, Mangold Et Al, 1999 established that the consumers needed the information and they searched of that which had active impact of word of mouth in purchasing decisions. Word of mouth can

be both positive and negative impact in consumer mind. Positive word of mouth occurs when consumers give favorable respond towards the product or service and when they unfavorable respond then it becomes negative word of mouth (Buttle, 1998). Word of mouth has better influence that's way marketers give more emphasize on word of mouth than traditional marketing communication tools because traditional marketing communication tools trailing its efficiency (Nail, 2005). Word of mouth is one of the key components in buying decision (Onghai, 2012).

2.2 Consumer Buying Behavior

Understanding consumers is the first step of marketing management (Kotler, 2008). Consumer buying behavior is depending on the approaches of an individual choose of buying, uses of goods and services for satisfying needs and wants (Solomon, 2006). Consumer behavior depends on how consumers make decisions for spending their resources for the consumption (Schiffman & Kanuk, 2012). Consumer buying behavior is a concept that try to find out the answers of 5W's i.e. what, when, why, who & where a consumer buys a product or service. Before purchasing a product or service what a consumer thinks, feels about the product or service is known as consumer buying behavior (Khaniwale, 2015). Consumer buying behavior has encouraging influence by word of mouth to satisfy consumer (Taghizadeh, Taghipourian & Khazaei, 2012). Consumer buying behavior also depends on some internal and external factors.

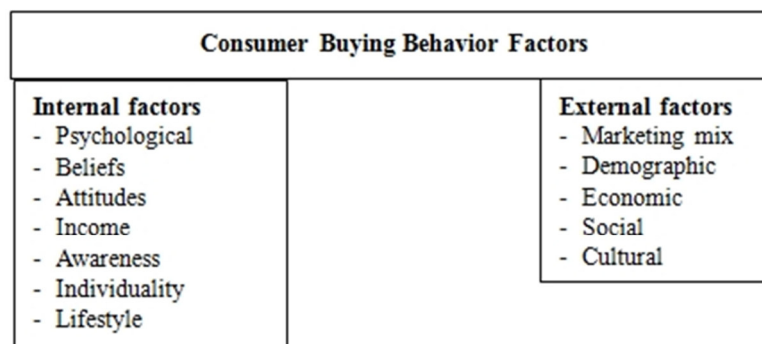


Figure 2: The Model of Consumer Behavior, Keegan, Moriarty & Duncan, 1992.

H: 1. Word of mouth has positive impact on consumer buying behavior.

2.3 Consumer Loyalty

Consumer loyalty has become one of the most valuable intangible assets in an organization. Consumer loyalty means when a consumer hold a deep commitment with a product or service again and again in that way reasoning a tedious purchase of same brand (Oliver,1999). There is a connection between consumer loyalty and consumer satisfaction found by researchers (Hallowell, 1996). Although consumer loyalty is a long term process but once a brand gets consumer loyalty, consumer stands with brand in a long run, which is the indispensable motive of any brand. Consumer loyalty is an organization's advantage that increases repeat business with the same customers (Anderson& Jacobsen, 2000). By constructive experience, satisfaction and apparent value got by customer then the organization could have loyal customer for a long run. Satisfied customers become loyal customer easily if the organizations give proper value of the customers.

New approaches come concerning the dimension of brand loyalty, (Baldinger & Rubinson, 1996), where the researchers focused on attitudinal information on customer loyalty. Customer loyalty has linked with business performance (Reichheld, 2003) and it is a significant forecaster of long term productivity (Salegna& Goodwin, 2005). Researchers now put emphasis on the good relationship between consumer loyalty and business efficiency (Reichheld & Sasser, 1990). Consumer loyalty occurs when satisfactory result gets from the product or service and then the consumers stay with the brand in a long run.

H: 2 Consumer loyalties depend on consumer buying behavior through word of mouth.

2.4 Consumer Trust

For consumer buying behavior, trust is one of the essential elements which diminish risk and dissatisfaction from consumer mind (Kolsaker, Kelley, Ching, 2004). Consumer trusts is extremely important to build good relationship. Trust has been a significant factor for consumer to stay with the organization and getting trust is like having a place in consumer mind. Because of that many organization has a management team for managing the customer trust. Consumer trust plays a vital role beyond consumer satisfaction to keep the consumers in a long run (Morgan & Hunt 1994) not only that consumer trust is being to be a well-built method for consumer maintenance (Ranaweera & Prabhu, 2003).

H: 3. Consumer trust has positive impact on word of mouth.

3. Result and discussion

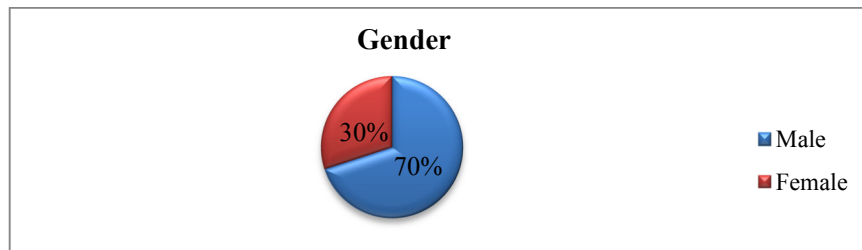
To collect data, the questionnaires were spread among 500 respondents. And the respondents were randomly selected. By the analysis of data, Microsoft Excel was used.

3.1 Results

The outcomes of the research are given below:

Table: 01 Results of Respondents Segment for the Gender (N= 500)

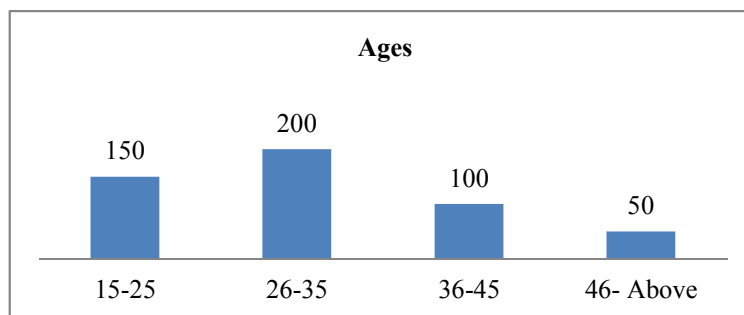
Gender	Respondents	Percentage	Position
Male	350	70 %	1
Female	150	30 %	2
Total	500	100%	



In respect to gender (total sample size were 500), the respondent distribution result is, Male respondents contained 70% and 30% contained by female. Both male and female were selected for different points of views about the topic.

Table: 02 Results of Respondents for the ages (N= 500)

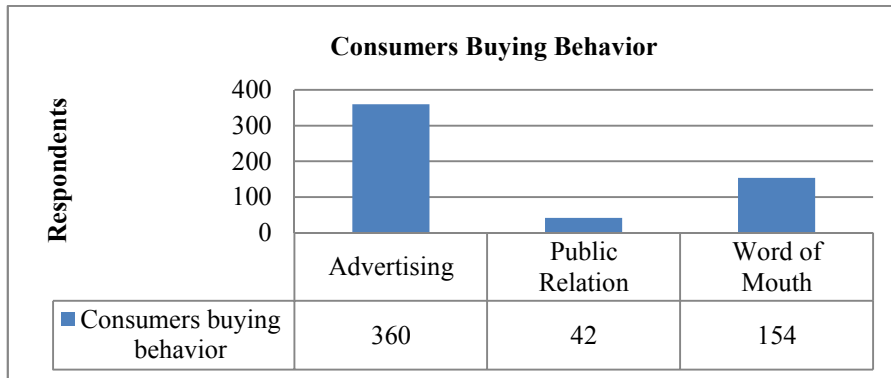
Age	Respondents	Percentage	Position
15 – 25	150	30 %	2
26 - 35	200	40 %	1
36 - 45	100	20%	3
46 - Above	50	10%	4
Total	500	100%	



In this total sample size, 40% of the respondents i.e. 200 were fitted in 26 to 35. About 30% of the respondents were fitted in 15 to 25. And other 20% and 10% fitted between 36 to 45 and 46 & above respectively. Numerous ages of respondents used for collecting data to get the different point of view.

Table: 03 Results of Respondents Segment for Consumers buying behavior (N=500)

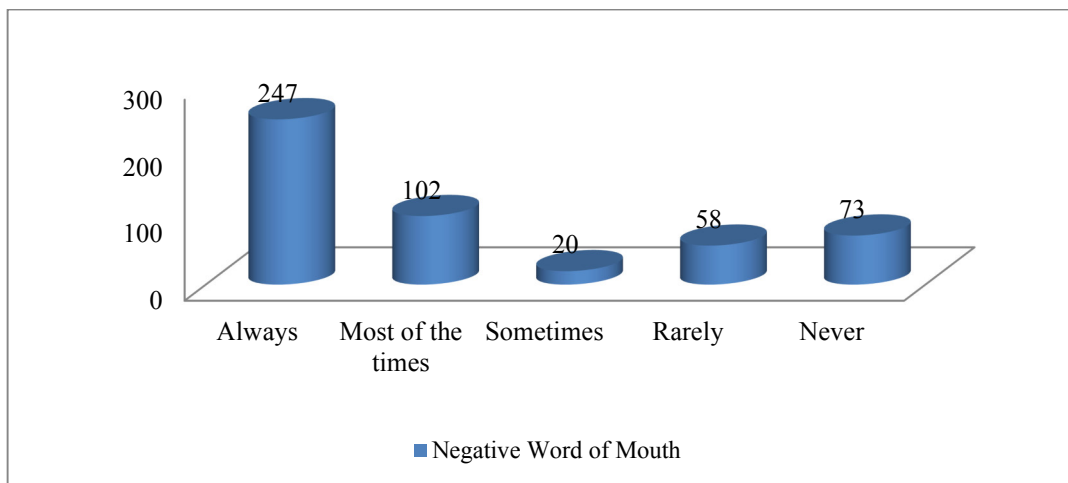
Responses	Respondents	Percentage	Position
Advertising	306	61 %	1
Public Relation	42	8%	3
Word of mouth	154	31%	2
Total	500	100%	



Which marketing tools affect most consumers buying decision when the question was asked to the respondents, 61% chosen advertising is the most effective tools for marketing after that word of mouth and public relation contained 31% and 8% separately. By getting 31%, word of mouth also an important tool for the organization associate to advertising.

Table: 04 Results of Respondents segment with respect to bad or dissatisfactory experience.

Responses	Respondents	Percentage	Position
Always	247	49 %	1
Most of the times	102	20%	2
Sometimes	20	4%	5
Rarely	58	12%	4
Never	73	15%	3
Total	500	100%	

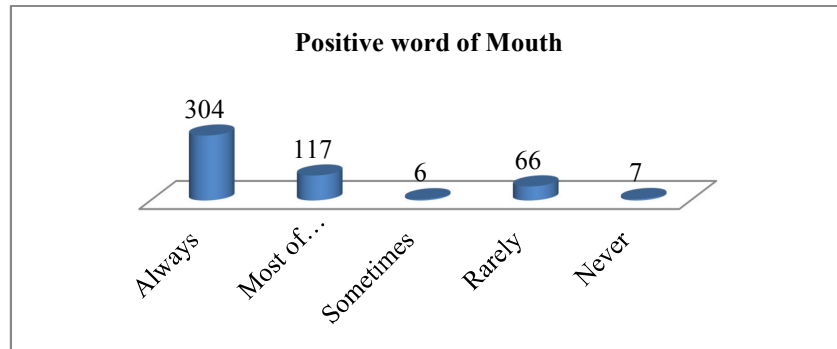


When respondents were asked, did they inform others when they had dissatisfactory experience about the product or service. Approximately 69% of the total respondents agreed, 4% stood sometimes. But other 27% disagree with the question they did not share the experience with others.

With refer to the analysis it could be assumed people share their bad and dissatisfactory experiences with their community as well as social network.

Table: 05 Results of Respondents segment with respect to good or satisfactory experience.

Responses	Respondents	Percentage	Position
Always	304	61 %	1
Most of the times	117	23%	2
Sometimes	6	1%	5
Rarely	66	13%	3
Never	7	1%	4
Total	500	100%	

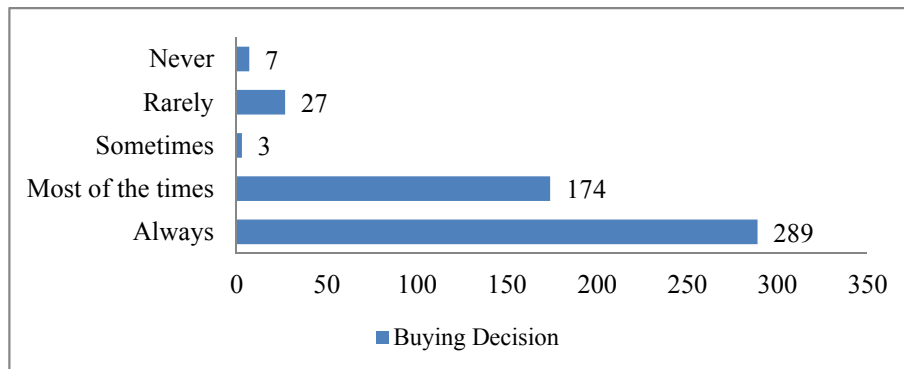


When the question asked, did they inform others when they had good or satisfactory experience. Around 84 % of the total respondents agreed. They shared their experiences to others, especially inside their network. Other 1% gave sometimes and rest of them around 14% disagreed with the question, they did not share the experience with others.

In the above analysis, it could be assumed people are used share their good and satisfactory experience with their community as well as social network.

Table: 06 Results of Respondents segment with respect to buying decision of a product or service.

Responses	Respondents	Percentage	Position
Always	289	58 %	1
Most of the times	174	35%	2
Sometimes	3	1%	5
Rarely	27	13%	3
Never	7	1%	4
Total	500	100%	

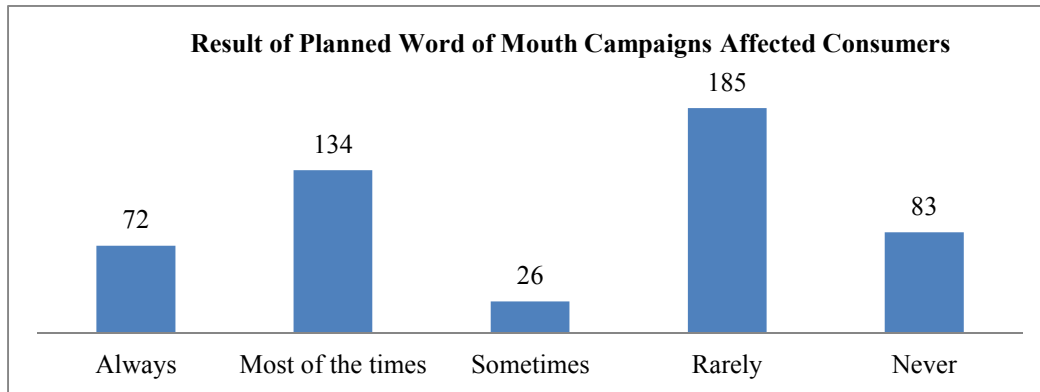


Respondents agreed, when they got referred from their friends and family members. Approximately 93% of total respondents agreed with the question, 1% stood at sometimes and 14% disagreed with the question.

In the analysis with, it is seen that consumers prefer friends and family member's reviews in their buying decision.

Table: 07 Results of Respondents segment with respect to marketers planned word of mouth campaigns affected consumers.

Responses	Respondents	Percentage	Position
Always	72	14 %	4
Most of the times	134	27%	2
Sometimes	26	5%	5
Rarely	185	37%	1
Never	83	17%	3
Total	500	100%	

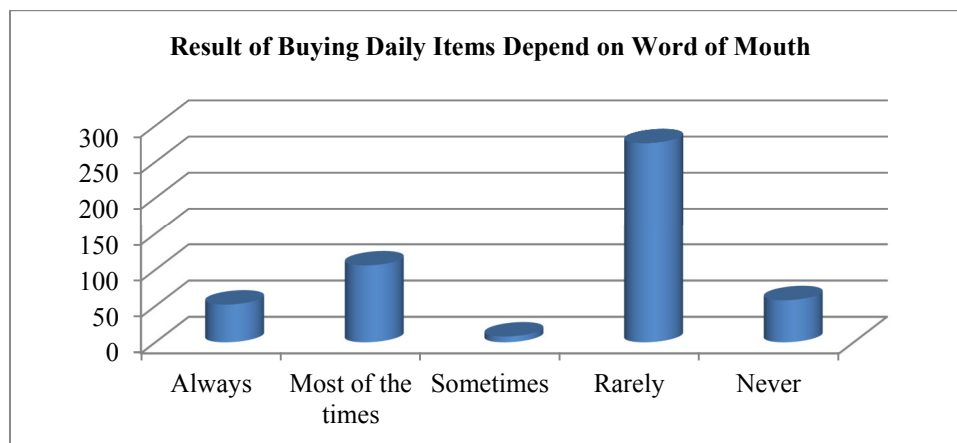


When respondents asked do marketers planned word of mouth campaigns affected consumers, around 54% of the total respondents disagreed, 5% stood sometimes and 41% agreed.

In the above analysis, marketers planned word of mouth campaigns mostly did not affected on consumers. But if the campaigns made awareness to the consumer then it could affect consumers.

Table: 08 Results of Respondents segment with respect to buying daily items depend on word of mouth.

Responses	Respondents	Percentage	Position
Always	52	10%	4
Most of the times	106	21%	2
Sometimes	8	2%	5
Rarely	276	55%	1
Never	58	12%	3
Total	500	100%	

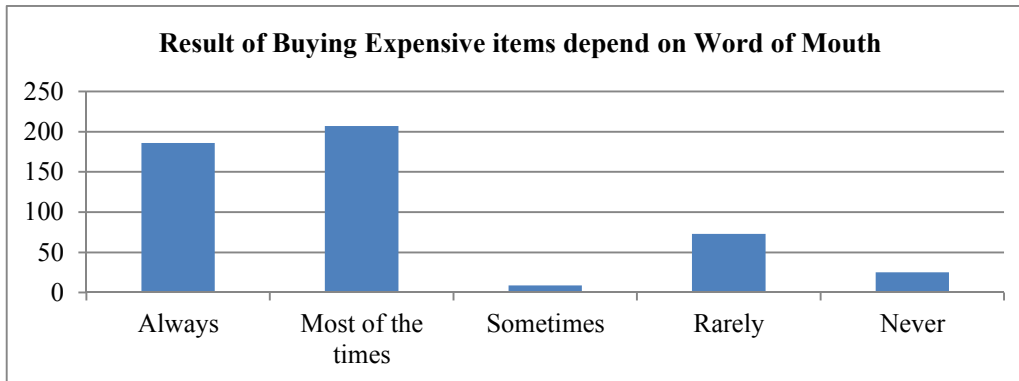


Respondents remarkably disagreed when they asked “Did buying daily items depend on word of mouth?” Approximately 67% of the total sample disagreed, 8% stood neutral and 21% agreed with the question.

In the above analysis, consumers’ daily items buying decision didn’t depend on word of mouth but if it was expensive then consumer collected information and reviews about the product or service.

Table: 09 Results of Respondents segment with respect to buying expensive items depend on word of mouth.

Responses	Respondents	Percentage	Position
Always	186	37%	2
Most of the times	207	41%	1
Sometimes	9	2%	5
Rarely	73	15%	3
Never	25	5%	4
Total	500	100%	



Respondents agreed when they asked “Did buying expensive items depend on word of mouth?” Around 78% of the total respondents agreed with the question, 9% stood sometimes and 20% disagreed with the question. In the above analysis, it could be assumed word of mouth has a great impact on the expensive items.

3.2 Discussion

Word of mouth is becomes one of the vital tools for marketers. By the positive word of mouth an organization can easily place in consumer mind. The research made up with 500 respondents in different age, gender and background. With the help of three variables and 8 questions regarding this, we could find our objective. With the two questions of word of mouth, we have analysis how positive and negative review’s influence consumers buying behavior, with the two questions of consumer loyalty, we have analysis how consumer share their experiences with other when they got satisfactory and dissatisfactory experiences and with the four questions of consumer trust, we have analysis how consumer word of mouth plays role in consumer mind. By the overall analysis we find, consumers don’t do survey in low cost or daily buying decision but in terms of high cost spending or luxury product / service consumer can survey especially word of mouth from the existing sources.

3.3 Recommendation: After analysis and interact with the respondent the followings suggestions need to focus;

- Planned word of mouth should not be done by the marketers.
- Marketers should focus on building consumer loyalty and consumer trust.
- Consumers should share their experiences with others.
- Social media should be used for communication.

4. Conclusion

The objective of finding does word of mouth has any impact on the consumer buying decision and the findings has found. Word of mouth has both positive and negative impact on consumer buying behavior. The final outcomes found by different ages, genders, and backgrounds people. After concluded the research, it is found that word of mouth is one of the essential elements of marketing tools to create good relationship with the customer and get competitive advantage from the competitors. If an organization uses the word of mouth correctly, it’s also can make respectable brand identity and brand image. Word of mouth has a prodigious influence in consumer buying decision because word of mouth gives consumer trust and loyalty. For long term relationship with consumer it is very imperative for any organizations to use positive word of mouth by giving good product or service.

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