

# A Study on Understanding Word of Mouth Marketing in Online

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## Abstract

*Word of Mouth Marketing (WOMM) has long been a potent tool for businesses to extend their influence and engage consumers. With the rise of the internet and social media, WOMM has evolved, particularly on digital platforms. This study aims to explore the complexities of WOMM in the digital era, focusing on its mechanisms, impact, and business implications. Social media, review sites, and forums have become key venues for WOMM proliferation, providing consumers with unprecedented avenues to share opinions, recommendations, and grievances about products and services. Understanding WOMM dynamics in these online spaces is crucial for businesses aiming to leverage its potential. Firstly, the study will examine the mechanisms driving WOMM online, investigating psychological factors like social identity, trust, and perceived expertise that influence individuals to share experiences and recommendations. By understanding these mechanisms, businesses can better comprehend why certain messages spread virally. Secondly, the study will analyze WOMM's impact on consumer behavior and decision-making, highlighting how online reviews and recommendations significantly influence purchasing decisions. Additionally, the study will address the challenges.*

**Keywords:** Word of Mouth Marketing, Online Reviews, Electronic Word-of-Mouth (Ewom), Online Consumer Behaviour, Social Media Marketing, Online Communities, Viral Marketing, Digital Communication, Online Brand Reputation, Consumer-Generated Content, Social Influence, Digital Word of Mouth, Online Word of Mouth Dynamics, Online Customer Feedback, Social Networking Sites

## Introduction

Word of Mouth Marketing (WOMM) has long been recognized as a powerful tool for businesses to amplify their reach and influence consumers. With the advent of the internet and social media, WOMM has taken on new dimensions, particularly in online platforms. This study aims to delve into the intricacies of WOMM in the digital age, examining its mechanisms, impact, and implications for businesses. In the digital era, social media platforms, review websites, and online forums have become fertile grounds for the proliferation of word of mouth. Consumers now have unprecedented avenues to express their opinions, recommendations, and grievances regarding products and services. Understanding the dynamics of WOMM in these online spaces is essential for businesses seeking to harness its potential. Firstly, this study will explore the mechanisms driving WOMM in online platforms. It will investigate the psychological factors that influence individuals to share their experiences and recommendations with others online. Factors such as social identity, trust, and perceived expertise play significant roles in shaping the propagation of word of

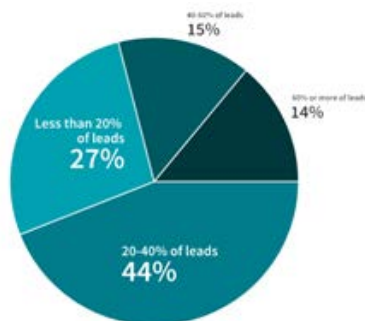
mouth in the digital realm. By unravelling these mechanisms, businesses can better comprehend how and why certain messages spread virally online. Secondly, the study will analyse the impact of WOMM on consumer behaviour and decision-making processes. Online word of mouth has been found to exert considerable influence on consumers' purchasing decisions, with many relying on reviews and recommendations from peers before making a purchase. Understanding the extent to which WOMM affects consumer attitudes, perceptions, and behaviours is crucial for businesses looking to leverage this phenomenon to their advantage. Furthermore, the study will examine the challenges and opportunities associated with managing WOMM in online environments. While positive word of mouth can be a boon for businesses, negative reviews and criticisms can spread rapidly and damage brand reputation. Therefore, effective strategies for monitoring, responding to, and leveraging online WOMM will be explored. Additionally, the study will investigate how businesses can incentivize and encourage positive word of mouth among consumers, fostering brand advocacy and loyalty. Lastly, the study will offer practical recommendations for businesses seeking to optimize their WOMM strategies in online platforms. From cultivating a strong online presence and engaging with consumers authentically to incentivizing user-generated content and fostering brand ambassadors, a range of tactics will be explored. By implementing these recommendations, businesses can enhance their visibility, credibility, and ultimately, their bottom line through strategic word of mouth marketing in online spaces. In conclusion, this study aims to deepen our understanding of word-of-mouth marketing in online platforms, shedding light on its mechanisms, impact, and strategic implications for businesses. In an increasingly digitalized world where consumer opinions hold significant sway, mastering the art of online WOMM is paramount for businesses striving to thrive in the competitive marketplace.

In the contemporary landscape of digital commerce, where consumer decisions are increasingly influenced by online interactions and recommendations, the phenomenon of Word-of-Mouth Marketing (WOMM) has emerged as a pivotal force shaping consumer behavior and brand perception. As businesses strive to navigate the intricate dynamics of online platforms, understanding the nuances of WOMM becomes imperative for fostering brand advocacy, enhancing consumer trust, and ultimately driving sustainable growth. The ubiquity of social media, review websites, and online forums has democratized the dissemination of consumer opinions, amplifying the reach and impact of word of mouth in unprecedented ways. However, the complexities of online WOMM extend far beyond traditional offline channels, encompassing a myriad of psychological, technological, and strategic factors that influence the spread and reception of consumer-generated content. Against this backdrop, this study embarks on a comprehensive exploration of WOMM in online environments, aiming to unravel its mechanisms, assess its impact on consumer behaviour, examine its implications for businesses, and provide actionable insights for optimizing WOMM strategies. By delving into the intricacies of online word of mouth, this research endeavors to equip businesses with the knowledge and tools necessary to harness the power of digital advocacy, foster meaningful connections with consumers, and thrive in the ever-evolving landscape of online marketing.

### **Objectives**

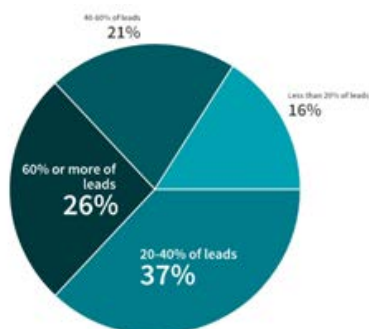
- Analyse the factors driving online word of mouth sharing behaviours.
- Examine the impact of online word of mouth on consumer purchasing decisions.
- Investigate the role of social media platforms in facilitating the spread of online word of mouth.
- Identify effective strategies for businesses to manage and leverage online word of mouth.
- Evaluate the ethical considerations surrounding online word of mouth marketing practices.

## Data Analysis



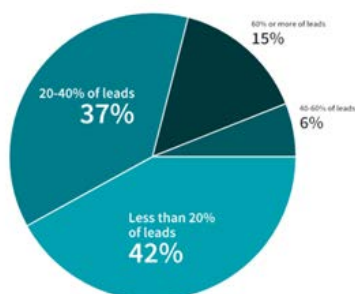
**Figure 1 Marketing Leads from Word of Mouth**

From the above data we can interpret that only 20–40% of their referrals come from word-of-mouth marketing.



**Figure 2 Leads that Come from Word of Mouth: B2B Only**

From the above data we can interpret that half of the B2B marketers believed 40% or more of their leads come from word of mouth.



**Figure 3 Leads that Come from Word of Mouth: B2C Only**

From the above data we can interpret that over two-thirds of B2C marketers believe they get 40% or less of their leads from word of mouth.



**Figure 4 Promotion Methods by Marketers for Referrals**

From the above data we can interpret 81% said that exceptional service was their method for promoting of mouth to happen. 60% rely on reviews and reputation management. Meanwhile, only 51% of marketers said an exceptional product was a great promotion method.

### Literature Review

Robert V. Kozinets, Kristine De Valck, and Sarah J.S. Wilner. “Networked Narratives: Understanding Word-of-Mouth Marketing in Online Communities,” 2010. This article explores how social media marketing results in the networked coproduction of narratives. It includes a study where mobile phones were given to prominent bloggers, with 83 blogs tracked over six months. The findings reveal four social media communication strategies—evaluation, embracing, endorsement, and explanation—each influenced by narrative character, communication forums, community norms, and the nature of the promotion. This narrative model demonstrates that community-based WOM modifies marketing messages and meanings during their integration. The theory provides practical guidelines for marketers on planning, targeting, and leveraging WOM, as well as insights for scholars on understanding WOM in a networked environment.

Pengdeng Li, Xiaofan Yang, Lu-Xing Yang, Qingyu Xiong, Yingbo Wu, Yuan Yan Tang. “The Modelling and Analysis of Word-of-Mouth Marketing,” 2018. This paper presents a dynamic model, the SIPNS model, which captures WOM marketing processes including both positive and negative feedback. The model introduces a method to measure the overall profit of a WOM marketing campaign and demonstrates that it reaches a unique equilibrium. The theoretical analysis and extensive experimental results suggest this equilibrium is likely globally attracting. The study examines the impact of various factors on this equilibrium and proposes promotion strategies based on these findings. This approach to WOM marketing modeling is a novel contribution to the field.

Gobinda Roy, Biplab Datta, and Srabanti Mukherjee. “Role of Electronic Word-of-Mouth Content and Valence in Influencing Online Purchase Behaviour,” 2019. This study investigates the influence of mixed neutral WOM valence and rich eWOM content on online purchase intentions. In-depth interviews with 14 experts and online shoppers from diverse fields were conducted using qualitative analysis and purposive sampling. The inductive analysis of these interviews led to the formation of various codes and categories explaining eWOM constructs. Content analysis confirmed that both mixed neutral eWOM and rich eWOM content positively affect online purchase intentions. The study provides insights for marketers to develop effective online marketing strategies, with research implications and future directions discussed.

Ahmed S. Ajina. “The Perceived Value of Social Media Marketing: An Empirical Study of Online Word of Mouth in the Saudi Arabian Context,” 2019. This empirical study examines the influence of online word-of-mouth (OWOM) on consumer behavioral attitudes, addressing a recommendation by Daun et al. (2008). It fills a knowledge gap by integrating key constructs within a single framework, examining both the influence of OWOM and the perceived value of social media marketing. The findings highlight the significant impact of OWOM on consumer

attitudes, offering valuable insights for enhancing marketing strategies in the context of social media.

Sarah G. Moore, Katherine C. Lafreniere. “How Online Word-of-Mouth Impacts Receivers,” 2019. This article examines the influence of online word-of-mouth (WOM) on receivers, highlighting the conflicting interests of various players involved—receivers, senders, sellers, platforms, and other consumers. Receivers must navigate these conflicts and decide which information to trust by making inferences about the product and the credibility of those providing WOM. They rely on embedded signals such as average star ratings, message content, and sender characteristics. These signals help receivers assess their potential satisfaction with a product and the trustworthiness of the WOM sources. The article provides a framework for understanding the impact of each player on online WOM, offering theoretical insights and identifying areas for future research.

Ana Babić Rosario, Kristine de Valck, and Francesca Sotgiu. “Conceptualizing the Electronic Word-of-Mouth Process: What We Know and Need to Know about eWOM Creation, Exposure, and Evaluation,” 2020. This review calls for a comprehensive understanding of electronic word-of-mouth (eWOM) dynamics, focusing on the platforms, motivations, and mechanisms involved in its creation and dissemination. It underscores the importance of grasping how consumers engage with and interpret eWOM content and how businesses can manage and leverage eWOM to improve marketing strategies and brand reputation. By addressing these key issues, the paper lays a foundation for future research to explore the complex interactions between consumers, technology, and digital communication in the eWOM landscape.

## **Findings**

- Only 20–40% of referrals originate from word-of-mouth marketing: This suggests that while word-of-mouth marketing is a significant contributor to referrals, it is not the sole or primary source for a substantial portion of referrals.
- Half of B2B marketers believe 40% or more of their leads come from word of mouth: This indicates that word of mouth plays a substantial role in lead generation for B2B marketers, highlighting its importance in business-to-business marketing strategies.
- Over two-thirds of B2C marketers believe they get 40% or less of their leads from word of mouth: This implies that word of mouth may not be as dominant a lead generation source for business-to-consumer marketers compared to their B2B counterparts, although it still holds significance.
- 81% of marketers prioritize exceptional service as a method for word-of-mouth promotion: This underscores the importance of providing outstanding service to customers as a means of encouraging positive word-of-mouth marketing, indicating that customer experience is a key driver of referrals.
- 60% of marketers rely on reviews and reputation management for word-of-mouth promotion: This suggests that managing online reviews and reputation is crucial for leveraging word-of-mouth marketing effectively, indicating the importance of maintaining a positive brand image in the digital realm.
- Only 51% of marketers consider an exceptional product as a great promotion method for word of mouth: This indicates that while product quality is important, it may not be as emphasized by marketers compared to other factors such as service quality and reputation management when it comes to driving word-of-mouth promotion.

### **Recommendations**

- Given that only 20-40% of referrals stem from word-of-mouth marketing, it's imperative for businesses to optimize their strategies to capitalize on this influential channel.
- For B2B marketers, recognizing that half of them attribute 40% or more of their leads to word of mouth underscores the importance of nurturing strong client relationships and delivering exceptional service.
- Conversely, the fact that over two-thirds of B2C marketers receive 40% or less of their leads from word of mouth suggests the need to diversify marketing efforts to reach and engage consumers through various channels.
- With 81% of marketers highlighting exceptional service as crucial for word-of-mouth promotion, investing in customer satisfaction initiatives can significantly enhance brand advocacy and organic referrals.
- While 60% rely on reviews and reputation management, acknowledging that only 51% prioritize product excellence emphasizes the need for businesses to maintain a high-quality offering to foster positive word of mouth and sustain long-term success.

### **Conclusion**

In conclusion, the data analysis reveals significant insights into the role and impact of word-of-mouth marketing across various industries. While only 20-40% of referrals are attributed to word-of-mouth marketing, its influence remains substantial, particularly for B2B marketers, where half believe that 40% or more of their leads originate from this channel. Conversely, B2C marketers rely less on word of mouth, with over two-thirds indicating that they receive 40% or less of their leads from this source. Notably, the majority of marketers prioritize exceptional service as the key method for promoting word of mouth, underscoring the importance of delivering outstanding customer experiences. Additionally, a significant portion of marketers relies on reviews and reputation management to drive word-of-mouth promotion. However, the data also highlights a potential oversight, as only 51% of marketers consider an exceptional product as a great promotion method. Thus, while service and reputation management are crucial, maintaining product excellence remains essential for sustaining positive word of mouth and long-term success in the competitive marketplace. Ultimately, these findings emphasize the need for businesses to adopt a comprehensive approach that integrates exceptional service, product quality, and strategic reputation management to maximize the benefits of word-of-mouth marketing and enhance brand advocacy.

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