

A STUDY ON THE IMPACT OF ELECTRONIC WORD OF MOUTH ON CUSTOMER PURCHASE DECISIONS AND BRAND EQUITY - WITH SPECIAL REFERENCE TO KOTTAYAM MUNICIPALITY

A Project Report submitted in partial fulfillment of the requirement for the award of

Bachelor's Degree in Commerce

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CERTIFICATE

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DECLARATION

We do hereby declare that the project titled “A STUDY ON IMPACT OF ELECTRONIC WORD OF MOUTH ON CUSTOMER PURCHASE DECISIONS AND BRAND EQUITY: -WITH SPECIAL REFERENCE TO KOTTAYAM MUNICIPALITY” is a bonafide report of the project work undertaken by us in partial fulfilment of the requirements for the award of the Bachelor of Commerce (Model III Taxation) of Mahatma Gandhi University, under the guidance of Ms. RESHMA R, Lecturer, Department of Commerce, Saintgits College of Applied Sciences, Pathamuttom, Kottayam. We also declare that this project report has not been submitted by us anywhere, fully or partially for the award of any degree, diploma, fellowship or other similar title or recognition of any university/institute to the best of our knowledge and belief.

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CHAPTER 1
INTRODUCTION

1.1 INTRODUCTION

Word of mouth (WOM) is widely considered as a powerful influence in the consumer marketplace, especially on consumers' information search and subsequent decision making. The rise of the internet and computer-mediated communication has increased consumers' opportunities to obtain and express anonymous unprejudiced opinions on a multitude of platforms and enhanced the possibilities to easily spread these opinions to a large number of people across the globe. The Internet has provided a modernized setting for WOM which offers a fertile ground for electronic word of mouth (e-WOM) communication. e-WOM is any positive or negative statement made by customers (potential, actual or former) about a product or company, which is made available to a multitude of people and institutions through the internet. The accessibility, reach, openness and simplicity of the internet have given the opportunities to organizations to influence and monitor the digital WOM. The rapid development of the internet, especially Web 2.0 tools has considerably increased the degree and extent of WOM communication.

Comparing with WOM, Bickart and Schindler (2001) showed that e-WOM may have higher credibility, understanding and relevance to customers than commercial sources of information on the internet created by marketers. Spoken word versus written word, face to face interaction versus indirect interaction, identification versus anonymity, and narrow reach versus broad reach are the dimensions which differentiate WOM with e-WOM. As the number of internet users is growing and the number of people who post or share their opinions or experiences is also increasing, internet-mediated communication has become more and more important eventually and as result companies are framing social marketing strategies. e-WOM is recognized as an effective tool for building brand awareness, creating hype in the marketplace, influencing purchase decisions and developing brand loyalty .

Consumers are influenced by the information they consume, means that e-WOM can alter the consumer behaviour in everything from the products they purchase to the activities they perform. But the e-WOM also affect firms, just as Kao et al. (2016) argue listening to consumer ideas concerning the brand and listening to consumers' exchange ideas one another had consistently delivered unexpected insights, from which various proposals could be developed. e-WOM is in such believed to replace traditional media as the preferred tool for influencing and interacting with customers. To capitalize on the influencing factor of e-WOM, firms increase their emphasis on promoting and managing e-WOM in their communication strategy mix.

Successful brands recognize the power of social media in creating, sustaining, communicating and interacting with potential users in today's interactive market place. In the world of social media, fast interaction and communication have steered businesses to become more under the spot lights of consumers. Through the social media, consumers can express their views to millions of people in only seconds in which this phenomenon indicates consumers are now more used to having news brought to them in comparing to the searching for information. The

changes in communication have encouraged many businesses to adopt Web 2.0 strategies and these strategies can be communicated via different online platforms of the social media, including social networking site, open virtual world, brand sponsored virtual worlds, images and videos areas and social news. Based on the findings of Anderson (2008) and Hung and Li (2007), one of the most powerful channels in the social media is word of mouth. Duan, Gu and Whinston (2008) assert that word of mouth is indeed a powerful tool in delivering the information. The decision of Consumers in Buying Process is being largely affected by the number of ways of marketing and communication done by a particular brand. An increasing number of consumers are embracing the internet and spend more time searching for information as well as shopping online. Social Media Marketing has emerged as the most popular and effective tool of marketing and communication. The companies are using social media campaigns to attract the prospects and making the existing customers brand loyal.

According to World Intellectual Property Report (2013), the image of a brand has the tendency to impact firm's earning, consumers' intention to buy as well as their marketing's success which all will consequently impact their sustainability in the long run. In this perspective, as WOM have a vital impact to the intention of purchasing a product, e-WOM have a further higher impact on the image of the product as well as the intention to purchase the product of a brand due to its global proximity of disseminating information.

Undeniable e-WOM is one of powerful methods to gather honest customer review before making a purchasing decision either to purchase or not to purchase. In fact, today's marketers are spreading e-WOM from their customer through their online advertisement.

1.2 OBJECTIVES

- To analyze the impact of electronic word of mouth on customer purchase decisions
- To find out the effect of electronic word of mouth on brand equity of customers
- To study the effectiveness of electronic word of mouth
- To compare electronic word of mouth with traditional methods
- To put forward suggestions from the study

1.3 SIGNIFICANCE OF THE STUDY

This project paper will provide valuable insights into e-WOM, brand equity and purchase intention of consumers and helps to know which method of advertising is more effective i.e. e-WOM or WOM. Along with this it will help to know the strategies which has to be taken in order to attract the customers and to retain the brand equity of customer

1.4 SCOPE OF THE STUDY

The study focuses on analyzing the impact of electronic word of mouth on customer purchase decision and brand equity. For this purpose employees and students located in the Kottayam municipality were taken as respondents.

1.5 STATEMENT OF THE PROBLEM

The purpose of the study is to investigate how e-WOM in online customer communities affect consumption decision. It also helps in examining the influence of marketing activities on social media on the brand equity of customers. Web based technologies have created numerous opportunities for e-WOM. The study aims to show that marketing strategies have to be effectively formulated using e-WOM for reaching more customers.

1.6 RESEARCH METHODOLOGY

The study is conducted with a view to find out the impact of e-WOM on customer purchase decisions and brand equity among customers in Kottayam municipality . The study is based on the primary data collected from respondents from different areas of Kottayam municipality. A well structured questionnaire was designed to collect information from the respondents. The responses were collected by means of face to face interviews and through social media using survey applications like Google form.

The students and employees within Kottayam municipality were selected using convenient sampling method to collect data. The purpose of the study was told to the respondents to enable them to answer the questions without much hesitations. The sample size consists of 80 respondents. Based on information obtained from 80 respondents who had experience within online communities, this paper analyzes the impact of e-WOM on brand equity and purchase intention. Apart from the primary data secondary data was also used. Various statistical tools are used for the analysis of the data. Percentage analysis, bar chart and pie chart are mainly used for study.

1.7 PERIOD OF THE STUDY

The study is confined to a period of 01-12-2019 to 01-03-2020.

1.8 LIMITATIONS

- The study is confined to specific area only.
- Respondents might have given biased answers for the required data
- Some of the respondents did not like to respond
- The study doesn't include all aged groups
- Time constraints was also a limit.

1.9 CHAPTER SCHEME

Chapter 1: INTRODUCTION

Chapter 2: REVIEW OF LITERATURE AND THEORETICAL FRAMEWORK

Chapter 3: DATA ANALYSIS AND INTERPRETATION

Chapter 4: FINDINGS, SUGGESTIONS AND CONCLUSIONS

CHAPTER 2
REVIEW OF LITERATURE AND THEORETICAL
FRAMEWORK

2.1 LITERATURE REVIEW

Wirtz and Chew (2002), in their study investigated the impact of incentive, satisfaction, deal proneness and tie strength on WOM behavior in services context. They felt the need to find out how WOM can be managed more effectively.

A 3X3X2 experimental design was used to understand the impact of tie strength, incentive and satisfaction on WOM behavior. Projective role playing technique was used in hypothetical situation ensuring that the subjects were familiar with the research context. Through convenience sampling, 250 questionnaires were distributed and 223 were received. The research context was chosen for a mobile phone service provider. The WOM constructs used were: likelihood for WOM generation, favorability of the WOM, chances of making a purchase recommendation. The result showed that incentive was the most affecting the WOM. The likelihood, the favorability or valence of WOM and the chances for recommendation all increased with the increase incentives. Also customers who were high deal proneness, they generated more WOM than those with low deal proneness irrespective of the incentive offered. Incentives also decreased the chances of generating negative WOM. Satisfied customers were more likely to generate positive WOM and they were more likely to recommend purchases. This shows marketers could proactively manage the WOM generated. In line with previous findings, this research also founded that strong tie-strength impacted WOM positively. For managers, thus designing of incentive scheme was vital and they could get the best results devising incentives for satisfied customers.

The study however was limited by the use of monetary incentives. Future research could check the effect of gift, credits and coupons as incentives. Again, this research did not focus on how the WOM is generated on the internet. In the online or the virtual context, the tie strength may affect differently.

Gruen et al. (2006) had studied one specific aspect of e-WOM communication. They studied the impact of consumer to consumer (C2C) knowhow exchange on value perception and loyalty. The paper also studied the antecedents of consumer know how exchange like motivation, opportunity and ability. The paper proposed a model stating that the perceived utilitarian value that the consumers receive and their loyalty could be influenced by exchange of C2C knowhow. This C2C know how exchanges were facilitated by motivation, opportunity and the ability to engage in knowhow exchange. 616 complete responses for a questionnaire were received from the users of an online software product forum who engaged in threaded discussions. The sample represented more than 12% of the population. Motivation, ability, opportunity, C2C knowhow exchange were measured using adapted scales. The results found that C2C knowhow exchange affects the value the firm is offering and the consumer's future intentions. It showed that eWOM communication was perceived to be a reliable source of information. The effect of C2C knowhow exchange on future purchase intention was mediated by the overall value that the firm was offering. This research was limited by the cross sectional study. Future study was suggested to take a longitudinal approach. This study also did not consider the effect of variables like perceived benefit. Also complexity of the product may play a moderating role in the firm's value offering.

Paul Dwyer(2007) Marketing practitioners have recognized a need to measure customer-generated media in addition to the traditional marketing metrics. Message boards, chat rooms, blogs, and virtual brand communities have become important venues for customer-generated media. These communities can be modeled as two distinct, albeit connected, networks: social

and informational. These networks change over time under the influence of online word of mouth. This study introduces adapted PageRank (APR), a new metric for measuring the value a community assigns each word-of-mouth instance and the value the community assigns to the members that create them. That metric is used to empirically support a model explaining how highly-valued information builds the social network. These communities are egalitarian in assigning value to informational content, without regard to the status of its source, and highly-valued content explains 10% of social network growth.

Sweeney et al. in (2008) had studied from the receiver's end, the factors which influenced the positive word of mouth. The objective of the study were to find the outcomes of WOM, the factors that influences the receiver to act on WOMs and it also aimed at developing a model which relates to consume experience when they receive the WOM. The study used 6 focused groups of 54 participants from the financial sector in total where the discussion ran for 90 mins for each group on an average. The authors found that the factors which influence a receiver to act on WOM are a combination of interpersonal skills and the nature of the WOM communication itself. The antecedents that created the influence on the receiver were of four types: Personal (credibility, trust, expertise etc.), Interpersonal (strength or homophily), Message Characteristics (vividness, strength, non-verbal communication) and Situational (risk, complexity, multiple sources etc.). Thus WOM was likely to be more effective when one of these four factors happens. The study discovered some outcomes of WOM (which measures how the receiver reacts). This included psychological features like relief, confidence, enthusiasm etc. apart from product evaluation and purchase rate. For the negative WOM, empathy with the giver was the psychological outcome. Also the image of the organization (apart from the product evaluation) improved with the positive WOM. It also found that the message content and the way the message is delivered impacts the WOM. For e.g., WOM from enthusiastic giver creates more impact. Story telling seemed to be more effective as it increases the richness of the content. Body language and gesture also played an important role to create the impact.

For managers, the study provides idea who wanted to systematically generate positive WOM for the company. The chances for positive WOM were higher when the consumers are satisfied with the product or services. Also WOM creates the most impact when the receiver is looking for the information. This study however, did not check the receiver's impact post the WOM generation. Future studies were suggested to study the impact on receiver's attitude and behavior.

Chung and Tsai (2009) studied the impact of tie-strength on WOM and how it was affected by the regulatory focuses. The theory of regulatory focus said there were two distinct motivations: promotion focused – where the individuals were sensitive to positive outcomes and; prevention focused – where the individuals were sensitive towards negative outcomes. 206 undergraduate university students were chosen as the sample. The subjects were randomly assigned conditions (manipulation of tie strength or manipulation of regulatory focus) and then were distributed questionnaires. The findings show regulatory focus to be an antecedent for WOM. It seemed to moderate the relationship between tie-strength and WOM. Factors like vigilance and carefulness were the characteristics of preventive focused WOM giver. However, these factors were absent for the promotion focused WOM giver. This effect of regulatory focus suggested the varied effects of WOM when the consumer interacts with various social groups. For managers, the companies might highlight the disadvantages of not sharing a nice experience by highlighting how consumers can miss the chance of strong tie with the consumer

base. This might be of particular interest in case of online WOM. Companies could also encourage the promotion faced behavior to manage WOM.

The research was limited by its sample selection of predominantly Asian students. It is known that culture seems to impact motivation. Thus future studies might study the moderating effect of culture. Another interesting area for future research could be the impact of tie strength and regulatory focus on WOM valence. This may have high influence in the online context. Also the effect and results of weak vis-à-vis strong tie strength could be looked upon.

O'Reilly and Marx (2011) did their research to find out how young tech savvy consumers access the credibility of online WOM. They also focused on the consumer characteristics as the antecedents for online eWOM. University students were recruited for this study in USA and the data were collected for a 12 month period via face-to-face interview. One of the interesting finding of the study was the degree of technical competency did not affect the confidence for online shopping. The outcome was if people needed it and wanted it, they would buy online. Also there is a convenience factor and that motivated consumer to purchase online although consumers generally prefer to try the things in retail store for the look and feel. The study also pointed that the chances of online comments are higher in case of bad or negative experience. The main reasons the authors pointed for online WOM were to enhance self-worth, to avoid risk and negativity bias. Also consumers judged the credibility factor from the polarity, quantity, logic of the posts. The source of the comments and previous experience with the seller also matters. For managers, it should be kept in mind that tech skills did not play a vital role in online shopping. Thus the user experience could be smoothened. They might engage themselves with the audience via blogs or posts. To achieve viral marketing, managers were suggested to enhance the websites with rich information, trustworthy and balanced consumer reviews and options for engaging in social interaction.

The study was limited by the gender. All the subject in this study were males. Thus it is unknown how in this context gender would play a role in the attitude or belief expressed in the study. This research also targeted the young consumers. Future research thus could explore a wide range of online consumers.

Christodoulides et al. (2012) in their research studied how cross-cultural differences impact the purchase intention for WOM among the UK and Chinese consumers. The research design was 2X2X3. 2 parameters were: eWOM types - positive and negative; another 2 parameters: product type – experience vs search and the last 3 parameters were purchase intention at 3 different time. Snowball sampling techniques was used to contact 103 UK and 106 Chinese consumers. Questionnaires were distributed and data were collected. ANOVA was used for the data analysis. The result showed that the UK consumers had less purchase intention than their Chinese counterparts after exposure to eWOM. This could be as UK consumers were more susceptible to negativity bias for the e-WOM. On the other hand, Chinese consumers seem to be highly influenced by e-WOM. The findings confirmed that exposure to positive and negative WOM significantly impacted the purchase intention for both the nationals. The purchase intention decreased when participants were first exposed to positive comments and then negative comments. Similarly the purchase intention increased when the participants were exposed to the negative comments first and then positive comments. It showed that UK consumers gave more importance to the negative comments whereas the Chinese respondents tended to value the most recent communication regardless of the valence. For managers, this study had thrown some light on the international consumer base and how they could behave. The managers need to engage the consumer via comments or blogs. However, this research did not consider the role of previous knowledge in purchase intention. Also future research could

look into the personality traits and its impact on purchase intention. Impact of varying e-WOM intensity or the number of reviews could also be an important factor for further studies.

Coulter and Roggeveen (2012) studied how consumers responded to WOM communications in the online social network platforms. They examined how the source, channel and message content affect the consumer response to WOM communication in the social media context. The two most used online social media platform i.e. Facebook and Twitter were used for the study. Data were collected using two surveys which the participants to respond regarding a product page suggestion in those two social media sites. Results showed that consistent with other WOM investigations, source credibility (expertise) significantly determines the effectiveness of a persuasive communication. The product page appeared to be the most important driver to motivate customers for online WOM. Thus the marketers were suggested to maintain a strong product page. Unlike the offline world, over the internet the source closeness does not always impact consumer's choice to get more info on the products. The important finding was if the consumers were able to communicate with the source directly, then the impact of the closeness diminished. However, the opposite was also true. Thus for the marketers, they could follow the followers of their followers to have a bi-directional conversation. Regarding credibility, as the credibility of the product page increased, the consumers were more likely to seek more info about the product. The study also revealed relationship between member number and product page viewing. The more the number of likes (in Facebook) or the number of followers (in Twitter) the more chances were that the consumers will seek product info as the credibility goes up. Regarding network closeness, the study found that more the number of friend/followers joined or recommended the product page, the more likely the customer was willing to get more info on the product. This was because the network closeness is a function of normative influence. As a limitation, this study focused on only a type of product. Future research could consider the other product categories. The authors predicted that perceived risk associated with the product or product types may impact the results. Again, for a wider social media studies, the authors recommended future studies to consider the various other social media channels.

Lopez and Sicilia (2013) in their research have investigated WOM as a communication tool and they tried to find out how WOM communication impacts new product adoption. They argued that the WOM marketing campaign could be developed even before advertising and thus WOM would play a crucial role in the new product adoption strategy.

In one of the experiment. 171 university students were randomly assigned to two conditions – one where they are exposed to the WOM communication first and in another where the subjects were exposed to the advertisement first. The same experiment was replicated using a non-student sample too. Product awareness and product adoption were measured. Product knowledge and perceived novelty were also measured as additional variables. Chi square test was used for the analysis.

The study confirmed that WOM had a profound impact in new product adoption. Thus the companies should always starts product campaign with WOM first and then starts advertising. WOM impacted consumer awareness and thus resulted in increased adoption. The paper also showed that new product diffusion in enhanced with WOM before advertising launch. Also higher volume of WOM resulted in faster adoption. For the managers, they could ask consumers opinion on new product launch and then the campaign could be designed. Managers could directly reach opinion leaders with demos which could be a part of the seeding campaign. The hype generation around a new product would be important for the businesses.

Future research could look for the role of information search or WOM at a later stage of product adoption. Again this study was limited by one type of product. Various product like experience

or search product might behave differently. Also further research is required to see how various communication tools or their combination works in the diffusion process.

Sweeney et al. (2014) in their paper studied the influence of various factors enhancing WOM influence. Their paper aimed to study the effects of message, service product and interpersonal factors on positive and negative WOM. They also tried to find out how WOM influences consumer's willingness to use a service provider. 1000 subjects (50% females) were chosen for the study from the members of an online consumer group where they get points to participate in the survey. Data was collected in the form of questionnaire which was tested previously on a small convenient sample. The responses recorded were from a range of services like cafes, healthcare, automotive, finance and other business services. The measurement model was tested using confirmatory factor analysis.

The results pointed out that positive WOM impacts more significantly than the negative WOM. Both in cases of positive and negative WOM, interpersonal factors (like homophily etc.) and message strength impacts the perceived WOM influence. It was also found that in case of positive WOM, brand equity perception enhances message influence and decreases in case of negative WOM. Again, previous experience with the service provider reduces the impact of positive WOM, but that in case of negative WOM did not effect. Supporting earlier works, a strong WOM from a very close source had a high impact on the recipient. It was also found that brand equity had a direct impact on the consumers' willingness to use a service provider. For the managers, interpersonal variables might be helpful in case of positive WOM, but they surely helped in escalate the situation in case of negative WOM. For the businesses, positive brand equity might serve as a buffer for negative WOM and it can increase the impact of positive WOM. Along with the volume, the strength and source of the WOM was crucial for the businesses.

The study was limited within the service sector. Thus the product context and the product complexity remained to be seen for the same objective. Future research could also concentrate on other antecedents like the serendipity on message influence. Also the strength of WOM might vary with the risks associated with different kinds of services. This research focused on one-to-one communication. Thus there is a need to see how broadcast form of media (social media) impacts WOM.

Jeong and Koo (2015) had studied the effect the valence and objectivity of the online review on the judgment of consumers and if e-WOM had a moderating impact on this. The authors tried to check the moderating effect various online platforms like company operated community or consumer operated. The experiment was a 4X2 design. The four parameters were: subjective negative, objective negative, subjective positive and objective positive online reviews whereas the two parameters were user generated and company generated content/sites. The sample size consisted of 480 (47.5% males) from South Korea with 95% of them are in the age group 20-40 years. They were randomly assigned to one of the eight conditions. Snowball sampling technique was used in the design. The results found than objective negative online WOM were given more importance than other WOM types in terms of message usefulness. It also showed the combined effect of negativity or positivity and objectivity or subjectivity was highly effective in impacting consumer's judgment for product messages. Hence the managers were suggested to manage the negative WOM which are experience based as they can did more harm. Also the product quality should be high and other parameters (like delivery etc.) should be kept in mind. Managers should aim to reduce the negative WOM both in consumer as well as business generated communities. Future research was suggested to diversify e-WOM beyond the positivity or objectivity paradigm as this was a comparatively new area. It seemed various product categories might have a moderating effect on consumer's

judgment which was not studied in this study. Again this research was carried out utilitarian products. Thus the hedonic products behave in this context is unknown.

Yanli Jia and Ivy L.B. Liu (2018) Consumers are influenced by both online review valence and usefulness. Although some scholars have recognized the gatekeeping role of review usefulness, whereby consumers always follow “useful” reviews, this is the first study that attempts to provide a better understanding of the gatekeeping role of review valence. Drawing on loss aversion theory, we propose that review valence provides more diagnostic value than review usefulness. Its crucial role is demonstrated in that only when reviews are perceived as positive do highly useful (rather than lowly useful) reviews increase consumers' adoption of them, whereas the difference appears less evident when reviews are perceived as negative. We empirically test the model from two perspectives including product level and review level. The results of a mixed-method approach – a large-scale panel study (product level) followed by two experimental studies (review level) – provide empirical evidence for the above hypotheses.

2.2 THEORETICAL FRAMEWORK

Social Media

Social media is an internet based program that helps consumers to share opinions, information, experiences, and perspectives in which the internet based programs can be explored through the social networking sites, blogs and content areas. Social media empowers customers to express their perceptions about products or services in the public domain. The messages that are broadcasted publicly via social media enhance the market visibility that results in customer's greater potential of negotiation. Poynter (2008) argues that users can greatly be affected by the information that appeared in the social networking sites. Moreover, DEL WorldWide (2008) discovers that 70% of the consumers approaches social media sites to access products and brands related information and 49% of them finalize their purchase decisions based on information they have retrieved from the social networking sites.

Brand Equity

'Brand equity' is a phrase used in the marketing industry refers to the perceived worth of a brand in and of itself i.e., the social value of a well-known brand name. It is based on the idea that the owner of a well-known brand name can generate more revenue simply from brand recognition, as consumers perceive the products of well-known brands as better than those of lesser-known brands. In other words, brand equity refers to "the branding of a product name on an attention-deficit public. Brand equity can be defined as the financial and marketing values connected to the brand in the market place. Brand equity consists of brand name, brand awareness, brand loyalty, brand association, perceived quality and other actual proprietary brand assets. Lassar, Mittal and Arun (1995) evaluate brand equity from the financial and customer points of view. Financial perspective usually points out the value of brand equity that company embedded in the balance sheet. On the other hand, Customer perspective points out that the customer's added value to the brand equity from the marketing decision making aspect. This research paper would concentrate on the customer perspective to evaluate brand equity. Aaker (1991) defines brand equity in five different dimensions that brings value for brand

equity, such as brand awareness, brand association, brand loyalty, perceived quality and unidentified actual proprietary brand assets. But, some researchers have divided brand equity into four dimensions, consisting brand loyalty, brand awareness, brand association and perceived quality. However, other researcher classifies the brand equity into the other four different dimensions, consisting of brand knowledge, perceived quality, brand loyalty and brand image. Furthermore, Keller argues that brand knowledge consists of brand image and brand awareness. Brand equity is strategically crucial, but famously difficult to quantify. Many experts have developed tools to analyze this asset, but there is no agreed way to measure it. As one of the serial challenges that marketing professionals and academics find with the concept of brand equity, the disconnection between quantitative and qualitative equity values is difficult to reconcile. Quantitative brand equity includes numerical values such as profit margins and market share, but fails to capture qualitative elements such as prestige and associations of interest. Overall, most marketing practitioners take a more qualitative approach to brand equity because of this challenge. In a survey of nearly 200 senior marketing managers, only 26 percent responded that they found the "brand equity" metric very useful. Following are the dimensions of brand equity

I. Brand Awareness

Aaker (1996b) states that brand awareness acts as an important role in the branding study and it is essential and usually disregarded part of brand equity. However, brand awareness is created based on the evolution of brand recognition from the stage of an unclear sense and feeling towards a certainty that it is the only one in the product category (Aaker, 1991). Therefore, Keller (1998) defines brand awareness as the phenomenon created by the ongoing visibility, powerful association with the right product classification, buying experiences and enhancing familiarity. Furthermore, customer's ability would be influenced by the brand awareness through remembering and recognizing the brand, which is demonstrated by spotting the brand in different situations and circumstances. Brand awareness is a significant catalyst in impacting the customer purchasing decision making, especially in creating three advantages, namely learning, choice and consideration advantage. Thus, Aaker and Joachimsthaler and Baldauf conclude that the brand awareness influences consumers' taste, perceptions and purchasing, depending on the degree of familiarity of the products and services offered. Pitta and Katsanis (1995) hold a strong position in arguing the inter-relationship between brand awareness and brand association because the establishment of brand association in the consumer's mind will be depended on the successful of embedding brand awareness in the consumer's mind. Furthermore, Atilgan and Pappu (2005) also support the relationship between brand awareness and brand association in their study.

II. Brand Association

Lasser et al. (1995) define brand association as positive feelings of consumer towards the brand based on the relative degree of brand strength. Hamann et al. (2007) state that buyers usually are willing to purchase branded goods at the premium costs due to the emotional bonding with the reputable brands. According to Keller (1998), there are three types of brand association: attitudes (customer's overall appraisal of the brand), benefits (the thought customers have about

a particular products or a service that would benefit them, such as sensible advantages, outstanding advantages, and experimental benefits) and attributes (including product related and non-product related attributes, for instance feeling, price, experience, and brand personality). Consumers may use brand association to help them to envisage a product. James (2005) argues that the greater level of brand association will boost brand equity. Furthermore, brand loyalty can be enhanced if customers have higher degree of brand association. Meanwhile, Atilgan et al. (2005) also indicate that the more optimistic and satisfactory of customers associated towards a brand, it will lead to create more loyalty for the customers toward a brand and vice versa.

III. Brand Loyalty

Brand loyalty can be defined as a constant purchasing or re-patronizing a preferred good or service over time. Customers who are loyal to a particular brand will consider that brand as their preferred selection and they are less likely to be targeted by price war and they do not easily shift to other brands. Consequently, brand loyalty is always recognized by productive and positive consumers toward a brand, which leads to constant purchasing of products and services over time. However, brand loyalty can be affected by the consumer's direct and indirect assessment and evaluation of the particular brand that based on the various sources, such as personal experiential learning and word of mouth. In due respect, brand loyalty can be enhanced via a higher degree of brand equity. In addition, researchers state that there is a constructive correlation between customer loyalty and brand image.

IV. Brand Image

According to Aaker (1991), brand image acts as an essential role in marketing by creating value through distinguishing the brand, creating purchasing rationales, constructing sense and feeling, and helping consumers in processing information. However, Dobni and Zinkhan (1990) assert that there is no agreement relating to the brand image definition. Roy and Banerjee (2007) describe brand image as the customer's impression and feeling regarding to the brand. Park and Arinivasan (1994) and Bearden and Etzel (1982) argue that brand image is highly associated with the specific product category and feature. Brand image is an essential factor in determining the consumer buying behaviour. Richardson et al (1994) assert that buyers rely on brand image of specific product in obtaining overall product perception; they believe that consumers with high brand image on specific product may assume that as a prime value and quality. Experiment research has been done by Jacoby et al (1971) shown that brand image significantly impact consumers' perception quality and value.

V. Perceived Quality

Perceived quality can be defined as the whole customer's perception in related to the comparative performance of the goods and services in comparing with the competing offerings. In other words, perceived quality can be described as the recognition of product capability to provide customer's satisfaction compared to other existing competing offerings. Therefore, Baldauf et al (2003) believe that high quality of the product can provide competitive advantage and is vital source for firms. Furthermore, high product quality provides the possibility of

charging a price over the market rate to enable the company to earn huge profits. However, superior quality is not a core competency in many markets but it is an essential to go into the competition. According to De Chernatony and Drury (2006), perceived brand quality does influence the brand image.

Advantages of Brand Equity

While brand equity is largely intangible, its advantages are not. The value that a strong brand identity can bring to your company translates to very real and measurable business benefits. Among them:

- **Increased margins.** Let's get to the bottom line first: Positive brand equity allows you to charge more for your product or service, because people will be willing to pay a premium for your name – just as they pay a premium for jewelry that comes in a little blue box or electronic equipment with an apple on top. Is the quality of those products significantly superior to competitors' offerings? Maybe, maybe not. But the perception is that it is. , When customers are willing to pay extra for a name they trust and/or value, your profit margins will boost.
- **Customer loyalty.** Customers are not only willing to pay more for a product with strong brand equity; they're also willing to stay loyal to a company over many years, while, routinely coming back to buy the product. In fact, some companies have built such strong brand loyalty that even when they hit a bump in the road – a defective product or a bad customer experience – their customers are willing to stick with them.
- **Expansion opportunities.** Positive brand equity can facilitate a company's long-term growth. By leveraging the value of your brand, you can more easily add new products to your line and people will be more willing to try your new product. You can expand into new markets and geographies. People there will recognize your brand, make an instant positive connection, and follow you.
- **Negotiating power.** Positive brand equity can give you a considerable advantage in negotiating with vendors, manufacturers and distributors. When suppliers recognize that consumers are enthusiastically seeking and buying products that bear your name, they'll want to work with you. That, will put you in an enviable bargaining position that can lower your cost of goods sold.
- **Competitive advantage.** Do you know who won't be happy about your company's strong brand equity? Your competitors. When customers are willing to pay a premium price for your products or services...when customers will try your new product sight unseen, just because it has your logo on it...when customers in a new market flock to you simply because of the reputation you've built elsewhere...when you can get better pricing from the same vendors your competition is using (and thus undersell your competition)... that can mean very good things for your business and not-so-good things for your competition.

Word of Mouth

Duan et al (2008) define online word of mouth (e WOM) as an Internet platform to share the positive or negative reports between the existing users and future customers. Duan et al. (2008) also believe that word of mouth is one of the powerful options of sharing information among the peoples because word of mouth is the procedure of moving opinions and views from one individual to the next. Word of mouth is normally associated with the personal encounters and

assessments of a company or its product. Word of mouth performs a big part in the customer purchasing decisions because word of mouth provides a channel for consumers to share perceptions, views, or feedbacks about the businesses, goods, or services. This argument is supported by the research carried out by the Nielsen in 2007 in which 78% of the customers depend on the recommendation from the online word of mouth to make their decisions.

Advantages and Disadvantages of Word of Mouth

Cakim (2009) highlighted a behaviour which consumers utilize for the purpose of managing a cornucopia of messages from all the different types of advertisement sources: i.e. they filter these messages by doing their own personal research in order to find suitable products and services before making their final decisions. Considering the fact that WOM consists of real reviews and actual information about products and services, it is one of the most valuable resources that consumers can utilize in order to make better decisions. One of the most important factors which makes WOM information more credible is that it is generated by other consumers instead of marketers. Rather than receiving commercial messages from companies, consumers prefer to obtain information from more personal sources, such as family members, friends, and acquaintances, or from the experienced people around them 35. WOM is also advantageous for marketers; marketing messages can quickly be conveyed amongst consumers without any costs. If customers share their positive experiences with the people around them, it may bring positive results for marketers. Nevertheless, WOM is also disadvantageous for companies in several ways. For instance, WOM can be detrimental for companies when negative comments are shared by unsatisfied customers. This, in turn, could lead people to avoid the products, services, brands, and companies which are being portrayed in a negative light. In fact, some researchers have found that negative conversations influence consumers more than positive ones. Also, the difficulty of managing that information is another negative aspect of WOM. According to Nyilasy (2006), WOM cannot be fully controlled because of its inherent structure. WOM occurs in daily conversations of consumers. Therefore, any wrong or misunderstood information can also be spread during these conversations. It can even turn into big problems before the intervention of companies. It creates another disadvantage for marketers attempting to design a successful marketing strategy. Since WOM occurs during the private conversations of consumers, it is very difficult for companies to measure. Nonetheless, even though the results of WOM marketing cannot be thoroughly measured, it is still popular amongst marketers and researchers due to its well-known influence on consumers' purchase intentions.

From Word of Mouth to Electronic Word of Mouth

Consumers are exposed to great number of advertisements through many different media. Besides, the printed media, such as newspapers and magazines, other media platforms, including television, radio and Internet, have also provided a huge amount of information for consumers. In fact, consumers can obtain information regarding brands, products, and services even by using their mobile phones. As information has increased through the high number of

advertisements, making a decision has become more and more difficult for consumers. This is why WOM is considered as being one of the most useful information sources for consumers since it consists of former consumers' opinions and experiences about brands and their products or services. Sen and Lerman (2007) found that consumers trust former consumers' opinions and experiences more than marketers' advertisements. Also, as Trusov et al. (2009) make clear, advertisements start to lose their power on consumers due to reliability problems. Reliability, however, usually is not a serious issue for WOM seeing as it occurs between people who do not have selling intentions. The information sender, who is sharing his/her opinions, and the receiver, who is receiving the information, constitutes the two sides of WOM communication. The relationship between the sender and the receiver is the determinant factor in terms of reliability. If the ties between the sender and receiver of the information are strong, the credibility of the information will be high enough for the receiver to believe that the seller is reliable. On the other hand, WOM has gained a new dimension due to frequent usage of the Internet. The Internet has facilitated WOM communications by providing ever-increasing space for consumers to share personal opinions and experiences. Also, it provides quick access to information. In this way, consumers can easily reach the content created by other consumers regarding brands, products, and services. This new form of exchanging information has been called e-WOM. There are many different online platforms that allow e-WOM communications amongst consumers. These include blogs, consumer review websites, discussion forums, shopping websites and, most recently, social media websites.

Electronic Word of Mouth

The Internet has transformed and facilitated the way people communicate. As an example, it has made the sharing of personal opinions and experiences more convenient. This progress has brought a new, ground-breaking perspective to WOM, along with the new name: "electronic word of mouth (e-WOM)." EWOM has been defined as: 'any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet'. Besides the term "electronic word of mouth," it is also known as "online word of mouth." Also, 'word of mouse,' 'Internet WOM', 'buzz marketing', and 'electronic word of mouth communication' are some other expressions in the literature which refer to e-WOM. e-WOM can be both consumer-generated and marketer-generated, just like traditional WOM. While the information on the Internet is often provided by marketers via company-generated websites, online communities enable people to share their views with others by creating media content as pictures, videos or texts. Blogs, consumer review websites, discussion forums, shopping websites, and social media websites are all different types of e-WOM platforms.

Difference between Word of Mouth and Electronic Word of Mouth

Above, it has been demonstrated that both WOM and e-WOM have some advantages and disadvantages; however, in terms of comparison, some features of WOM enable make it more advantageous than e-WOM, whereas other features of e-WOM make it seem superior. Traditional WOM information can affect many receivers since it passes through a chain of consumers. In the online case, however, e-WOM can diffuse faster amongst hundreds,

thousands, or sometimes even millions of consumers. The fact that the Internet makes the dissemination of e-WOM information extremely faster is the most prominent difference between WOM and e-WOM. Secondly, e-WOM provides visually supported information for consumers. People can use media content, such as pictures or videos, while talking about products and services in order to support their opinions and experiences. In the offline case, sometimes oral communications do not allow people to visualize the information being transmitted; nevertheless, e-WOM makes it easier for consumers. Furthermore, WOM and e-WOM are also not similar in terms of tracking their influence. Due to its natural structure, tracking WOM is considered to be very difficult. The Internet, on the other hand, provides some facilities for marketers to track their customers' conversations. For instance, social media websites, discussion forums, and review websites are useful platforms for tracking e-WOM conversations. Tracking customers' and potential customers' opinions is very important for marketers seeing as they can shape their strategies more appropriately

Why is e-WOM so influential?

Share with people: due to the people sharing information, social media, review websites and forums have become so successful. There are several reasons why people share information online. People like the networking and expressing their experience in order to help other and also to be seen as somebody who have a substantial knowledge about the subject and also to be perceived as a person with variety of connections. Therefore e-WOM could be seen as a chain, one person share information and then his friends share the information with other friend and so on. This is the reason why e-WOM could become viral.

Advice from other people online: 9 times out of 10 when we are looking to make a purchase, we always rely on information shared by other customer about the product or service we are about to buy. There are always numbers of reviews at the bottom of every product, but sometimes they are all positive. Is that true?!? MMMM I don't think so! We could be tricked with great but false reviews made by the company selling the particular product or service and we could be misled as customers.

Trust in people: Nowadays customers take more into consideration people's opinion rather than just believe in an advert. This is also known as 'social proof'. e-WOM has a substantial influence on consumer's buying decision, but this could lead to positive and also to negative impact. One of the disadvantages of e-WOM is that you do not know who sits behind the spread information and is it to be trusted. It is also important to know the person's tone of voice, network and Digital Influence .

Despite the highlighted disadvantage above, e-WOM is more powerful than the traditional one due to the fact that via internet you can reach hundreds of people if not thousands and not at least the post or review live forever on the internet and could be seen by anybody at any time.

What are the opportunities when using e-WOM?

Monitoring: The traditional way of WOM is spread between individuals, but after a period of time is forgotten and becomes invisible, whereas using EWOM stays on the internet for a very

long time and could be seen not only by individuals, but companies and also rivalries. EWOM also gives the opportunity to monitor and analyze the BUZZ . By analyzing, you could find how a potential or existing customer feels about your product or service. Sometimes the feedback could be negative, but this is a good chance for you to spot where your mistake is and fix it.

Start the BUZZ: this could happen when you create an excellent marketing campaign, which will trigger a response from the readers. Then you just have to monitor and analyze the impact of the Buzz and also use the data to improve your service or product

Be part of the BUZZ: by having web presence, you could influence your customer or potential ones. When giving a quick response to comments made by somebody, this gave the customer more faith and also more control over what is said so far. Anyway it is impossible to have a full control over the e-WOM.

Elements that make Electronic Marketing so powerful

1. The audience size

The effectiveness of e-WOM Marketing has been increased due to the reliance of social media platforms rising. With over 1.19 billion monthly active Facebook users a message or discussion has the potential to go viral. There has been a dramatic increase in conversations via twitter about brands and campaigns. Other strategies cannot compete with audience size.

2. Easy to Measure

Social Media platforms create an easy method for us to measure the interaction, either by figures or simply the content in status updates

3. Assists with consumers behavior

Over 80% of consumers will now research a product through the internet before purchase and thus showing that reviews are becoming vital for companies because they have a chance to alter consumers behaviours and attitudes.

Social Media and Electronic Word of Mouth

The Internet has facilitated e-WOM communication through a variety of platforms; however, there is one major difference between social media and other e-WOM platforms. Before the advent of social media websites, e-WOM only occurred between people who did not know one another. In other words, users were talking with “strangers” (i.e. anonymous people) on the Internet. For this reason, understanding the reliability of comments was difficult. Consumers searching for information on the Internet could reach many suggestions regarding products and companies but did not know how trustworthy the information was. The only strong tool for determining the reliability of the information was the number of similar comments (Park et al., 2007). With the advent of social networking sites, however, people started talking using their own identities on the Internet. Although e-WOM still continues among anonymous people

through online reviews, social media has brought with it a new, pioneering perspective in that 48 it allows e-WOM to take place amongst people who already know each other.

Consumers have found a great opportunity for conveying and discussing their opinions and experiences regarding products, services, and brands with their friends and acquaintances. This is why social media websites are considered absolutely appropriate platforms for e-WOM. In fact, recent studies show that consumers increasingly apply social media for the purpose of acquiring information about unfamiliar brands. Furthermore, since people are more likely to use social media accounts with their real names rather than nicknames, the anonymity matter has been resolved. This critical feature of social media transposes the feeling of providing offline WOM to the Internet. Communicating e-WOM on social media sites, thus, may be more influential on consumers' purchase intentions than the e-WOM communicated on other online platforms. That is why this study examines the influence of e-WOM on social media both contextually and comparatively. In the comparative phase, the influence of e-WOM on social media is compared to the influence of e-WOM on other online Word of Mouth Electronic Word of Mouth in Social Media Figure 2.2: Diversification of WOM 49 platforms. For this reason, the following section will discuss the other online platforms one which e-WOM occurs.

e-WOM and Brand Image

Brand image is a crucial competitive advantage that helps in creating value through differentiating the brand, forming purchasing rationales, constructing sense and feeling, and a significant value for organizations. It is established when consumers develop ideas, feelings, and expectations towards certain brands as they learn, memorize and become accustomed to them. Since the fundamental purpose of a brand is to provoke confidence, feeling of trust, strength, durability, security and exclusivity, thus it can be considered an important means of decreasing uncertainty and providing useful information that can help in directing consumer decision-making processes. Keller (2003) advocated that a positive brand image can be established by connecting the unique and strong brand associations with consumers' memories about the brand and supported by effective marketing campaigns. Jalilvand and Samiei (2012) examined the effect of e-WOM on brand image and purchase intention in Iranian automobile industry and found that e-WOM is one of the most effective factors influencing brand image and purchase intention. They advocated that positive e-WOM helps in increasing customers' purchase intentions, creating a favorable image of the organization and its brand, and reducing promotional expenditures. Torlak et al. (2014) concluded that brand image has an important influence on purchase intention of mobile phone brands through e-WOM.

e-WOM communication and brand awareness

Consumer awareness or familiarity is an underlying element of brand equity (Aaker, 1991), and brand awareness plays a dominant role in consumer's choice of product/services (Hoyer & Brown, 1990). The awareness generated by e-word-of-mouth efforts however, lead to a higher equity brand. Also ascertained is that consumers are predisposed to series of brands, but with online testimonies, delineations are made among them, while the most popular brand(s) earn

equity. It is also obvious that e-word-of-mouth as a powerful promotional tool, can ultimately enhance successful brand awareness which is quintessential for brand's knowledgeable and easy recognition. Realistically, it can be acknowledged that, improved sales volume relies significantly on the awareness of a brand; through all forms of media including the social networking site such as Facebook, Twitter and MySpace among others.

e-WOM communication and brand associations

Brand association is the connection an individual has with the product in term of the satisfaction derivable from the brand. Although, satisfaction is relative; it could be inferred that a satisfied customers can be an organizations best sales persons, while their experiences could also be aired through the internet sources for prospect to emulate. Thus, we propose that: H2: e-WOM communication influences brand associations.

e-WOM communication and perceived brand quality

Brand is a perception and also promises, therefore it varies in the amount of power and value they command in the marketplace, and with e-word-of-mouth that is conceived as volitional post-purchase communications between customers online; information on the quality of a brand can be easily communicated to prospects in larger scale. Moreover, word-of-mouth is believed to follow from an evaluation of how the acquired service or product performs. Extending these assumptions however, it is argued that customers who find their supplier to deliver satisfactory levels of value will make verbal and online recommendations of their experiences and the perceived quality of the product is comprehensible to make an informed purchase decision

e-WOM communication and brand loyalty.

Brand loyalty is a degree of pre-dispositional commitment toward a brand. It is a primary measure of effectiveness in brand marketing, and a partial measure of brand equity. Javalgi and Moberg, (1997) emphasize the importance of brand loyalty:

“The success of a brand on the long term is not based on the number of consumers that buy it once, but on the number of consumers who become regular buyers of the brand.”

Howbeit, trustworthy sources of transmitting consumer experiences of a brand will more likely to encourage customers to return, and enhance their willingness to perform partner-like activities for the product or service (Bowen & Shoemaker, 1998). It is apparent that e-WOM support repurchases decision, communicates on customers' perceived value and brand trust; while a loyal customer becomes more valuable to the organization by subsequently spreading positive words about their experiences through all means necessary and especially the internet. Based on this we propose that H3: WOM communication influences brand loyalty.

Consumer Behaviour

Earlier research related to consumer behaviour, in terms of product selection decision, discussed the challenge (or optimization problem) consumers face with selecting a product that

best suit their needs among a set number of alternatives. In a situation such as a product selection, consumers must solve the optimization problem even though they are uncertain as to each product's ability to meet their needs. In such situations, the uncertainty reduction theory suggests that consumers actively, through information search, or passively, through observation, adapt strategies to minimize the uncertainty.

When looking at how consumers act online, previous research suggests that the online shopping behaviour can be divided into two orientations; hedonic and utilitarian shopping. Hedonic shopping occurs when consumers entertain themselves while surfing the web looking at funny videos, quotes etc. Shopping is done for the experience itself rather than for a specific purpose and websites have been adapted to this by making the experience easy, fast paced, and fun. Utilitarian shopping, in contrast, is when consumers have specific goals with their online shopping and in such aim to find specific and reliable information from the seller to buy the specific product at a low price. How the consumer reacts to the offered product depends on how the website fulfils the utilitarian or hedonic needs

e-WOM and its Influence Consumer Behaviour

According to Park and Lee (2008), e-WOM recommendations can be classified into either simple-recommendations reviews or attribute-value reviews, based on the information type. The simple-recommendations review consists of primarily normative, subjective, and emotional ideas that lack ground for argumentation, while the attribute-value review provides the recipient with specific and factual information about the product. Generally, a high volume of attribute-value reviews means that there are many arguments for the product whereas simple recommendations reviews provide a large number of different opinions and biases. However, as the number of reviews for a product goes up the perceived informativeness of a single review goes down.

Consumers oftentimes determine their behaviour based on the expectations of others, just as they are easily influenced by the opinion of those close to them. As consumers find the need to justify purchases amongst each other they are often led to pick the choice of the popular opinion, i.e. the choice most sought after by the many. Park and Lee (2008) discuss previous research that identified two main types of processes that influence consumer behaviour; information influence and normative influence. Normative is where the consumer conforms to the expectation of another individual or group whereas the informational influence occurs when an individual accepts information from others as true or facts that reflects reality.

This way of conforming to normative information can be observed when consumers look at overall positive reviews. This can lead the consumers to believe the product to be desirable without reading the reviews themselves, but rather due to conforming to the masses of consumer that bought the product before. (Park & Lee, 2008) In contrast, when the reviews are all negative, the consumer is willing to reject the product as "disagreeing with others is likely to cause psychological discomfort" (Park & Lee, 2008, p.387). Products with many reviews are perceived as popular due to the considerable number of individuals who previously bought it, and this is in turn used by consumers to rationalize their own purchase intention.

Determinants of Purchase Intention

Intention to purchase has been tested by researchers in many different research contexts. As an example, Creyer (1997) examined the influence of firm behaviour on purchase intention; while Chang and Chen (2008) tested the impact of online store environment on purchase intention. The relationship between 3-D advertising and purchase intention has been studied by Li et al. (2002); while Laroche et al.'s (1996) study focuses on the relationship between brand familiarity and purchase intention. Moreover, previous researchers have also found several factors which influence consumers' purchase intentions such as information quality, information credibility and information usefulness. More specifically, Lee and Shin (2014) conducted a web-based experiment to examine how the quality of online product reviews influences the participants' opinions. The results showed that high-quality reviews led participants to have stronger purchase intentions. Prendergast et al. (2010) have studied the persuasiveness (credibility) of messages shared in online forums and as a result, a positive relationship has been determined between information credibility and consumers' purchase intention. Furthermore, Lee and Koo (2015) conducted an experiment on online reviews to test the relationship between message usefulness and purchase intention. The results showed that information usefulness is positively associated with purchase intention. In this study, these aforementioned factors have been employed in order to understand the influence of e-WOM in social media on consumers' purchase intentions. On the other hand, the above-mentioned factors mostly focus on the characteristics of information which influence purchase intention. However, Knoll (2015) argues that there might be some determinants which involve consumers' behaviours towards information. The model of this study (IACM), therefore evaluates the characteristics of e-WOM information along with the consumer behaviours (i.e. needs of 44 information, attitude, and adoption). Needs of information had previously been used as "advice seeking". Hennig-Thurau et al. (2004) found this factor to be one of the determinants of e-WOM engagement, while Wolny and Mueller (2013) did not confirm this result in their study examining the e-WOM engagement on social media. Needs of information is tested in this research as one of the antecedents of purchase intention. People who need e-WOM information on social media are more likely to find them adoptable. Moreover, this study tested the "attitude" as another determinant of purchase intention. The relationship between the attitude and behavioural intention was previously proposed by several theories such as theory of reasoned action (TRA), theory of planned behaviour (TPB) and technology acceptance model (TAM) (Davis, 1989). Finally, information adoption was considered to be a further potential antecedent of purchase intention in this study. Consumers who adopt the e-WOM information which they receive are more likely to have higher purchase intentions. Although as yet this relationship has not been empirically tested, it has been suggested by previous researchers.

WOM, e-WOM and Purchase Intention

Intention to purchase has long been considered significant in order to understand the influence of both WOM and e-WOM. It is therefore employed as the dependent variable of this study.

Thus, along this vein, this section discusses WOM and e-WOM with relation to purchase intention.

Word of Mouth and Purchase Intention

Consumer behaviour can be influenced by several different kinds of advertising methods; however, both early and contemporary studies show that WOM has a stronger effect on consumer decisions than other types of advertisement. One of the earliest researches ever conducted was the one done by Engel et al. (1969); based on the results of the 173 telephone surveys and 249 face-to-face interviews of their research, WOM was found to be the most important information sources (including magazines, newspapers, television, radio commercials, and direct company email advertising). A relatively recent research conducted by Trusov et al. (2009) obtained similar results. In the study, they tested new customer acquisition for a social networking website. Both WOM referrals and traditional marketing vehicles were used and their effects on the number of new sign-ups were compared. Based on this empirical study, the effects of WOM referrals have been found to be twenty times 41 higher than the effects of marketing events and thirty times higher than media appearances. Therefore, based on both studies, WOM has been found to be more effective on consumers than any other traditional marketing tool. Consumers try to acquire reliable information about the products that they are considering to purchase because they would like to reduce their perceived risk. Therefore, seeing as WOM is believed to be a trustworthy source of information for most consumers, it plays an important role on consumers' purchase intentions and preferences. According to Wangenheim and Bayón (2004), WOM affects consumers' decision-making process and can lead them to change their decisions. In their empirical study, 800 people were interviewed from two groups. The decisions of the first group of 400 people who had given some information via WOM were compared to the second group of people who were not given any information. The first group of people were more prone to changing their decisions based on the new information that they received. As this and the other aforementioned studies mentioned, WOM can affect consumer decisions; this is why it has always been such a remarkable topic for marketing researchers

Electronic Word of Mouth and Purchase Intention

EWOM has been found to be very influential on consumers' purchase intentions by a considerable number of researchers. It is also considered to be a convenient way for consumers to dispel doubts about their decisions. Barton (2006) highlights that e-WOM usually occurs on web platforms through which purchase decisions are performed. If consumers take e-WOM messages into consideration, it can immediately turn into purchase action either through the companies' websites or through shopping websites. This makes e-WOM very powerful and leads researchers to be interested in how e-WOM influences purchase intention. 42 Bickart and Schindler (2001) were amongst the first researchers who studied the influence of e-WOM on consumer purchase intentions. In their study, they compared the effect of user-generated e-WOM with marketer-generated e-WOM during a 12-week-long experiment. Participants' purchase intentions were tested after having been provided with similar product information from different sources. As a consequence, user-generated e-WOM was found to be more

influential on consumers' purchase intentions than marketer-generated e-WOM. Consumers considered user generated e-WOM more credible because it evoked empathy within them. In addition, another research regarding the impacts of e-WOM was conducted by Chevalier and Mayzlin (2006). The authors discussed the impacts of consumer reviews on book sales by using the reviews posted on Amazon.com and Barnesandnoble.com. In the research, they discovered a positive relationship between book sales and online reviews. Also, in investigating and comparing the influences of positive and negative reviews on the sites, they found that negative e-WOM impacted book sales more than positive e-WOM. Furthermore, a study which aimed to explore the relationship between e-WOM on discussion forums and consumers' purchase intentions was conducted by Prendergast et al. (2010). Participants' forum usages and behavioural intentions were measured using the survey method. As a result of this empirical study, the authors have found that the similarity between forums' theme and consumer interests have had a direct influence on consumers' purchase intentions. Likewise, Wang et al. (2012) also examined the effects of e-WOM communications on purchase intentions, albeit utilizing a different context. The authors tested the e-WOM conversations made on social media websites by means of conducting a survey with 292 participants. The results show that e-WOM communications in social media positively affects purchase intentions in two ways: they had a direct effect on conformity as well as an indirect effect on consolidating product involvement. The influence of e-WOM on purchase intentions has been justified by many studies which were conducted through different e-WOM platforms. An important point, however, should be underlined about this marketing tool. EWOM does not only have a positive influence on online shopping intentions; consumers consider e-WOM information when they make offline decisions as well. Researchers did not limit the influence of e-WOM to 43 online purchase intentions alone; this is likewise the case with how traditional WOM influences offline purchase intentions. Therefore, the ways in which e-WOM and WOM influence the market cannot be thought about separately although there are some differences in the way they occur.

CHAPTER 3
DATA ANALYSIS AND INTERPRETATION

This chapter deals with the analysis of data collected from various respondents. Primary data are collected through questionnaire.

1. Source of getting information about new offers of any brand or product

Table 3.1 shows the sources from which respondents mainly get awareness about new offers of any brand or product

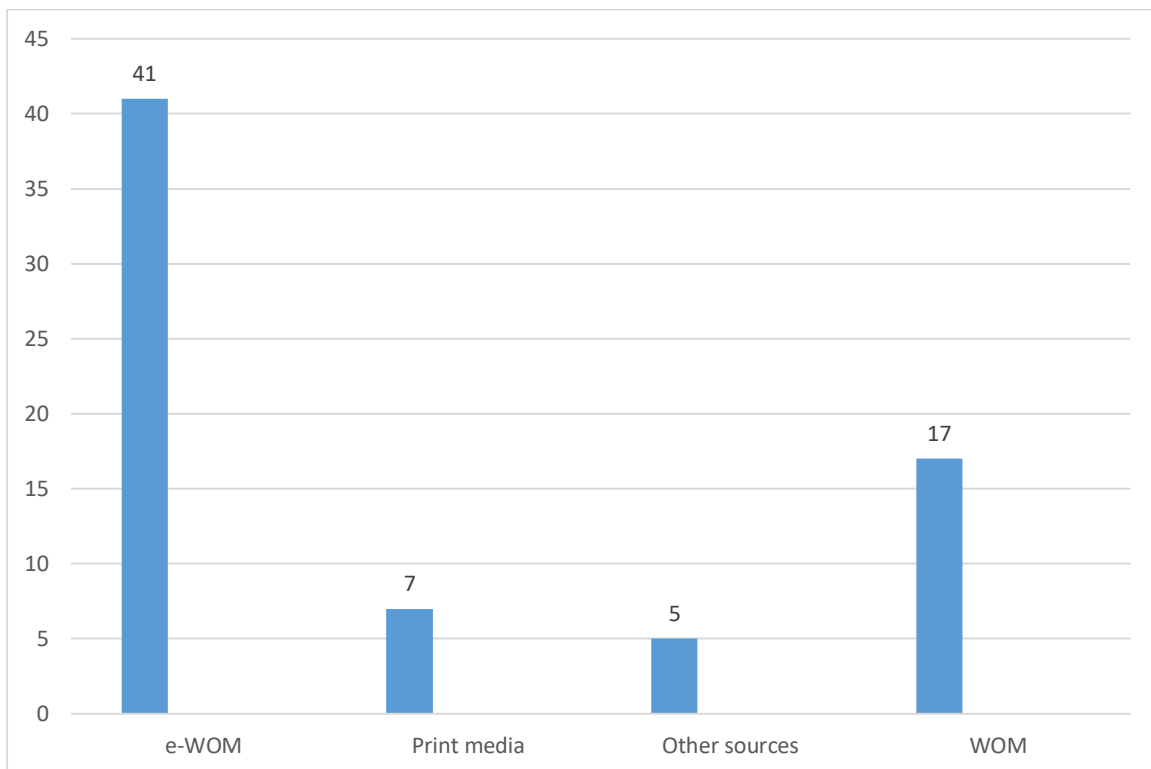
Options	No. of respondents	Percentage
e-WOM	41	51
WOM	17	21
Print media	7	9
Other sources	15	19
Total	80	100

Source: Primary data

Inference: It is found that 51% of the respondents gets information about new offers of any product or services through electronic word of mouth.

Figure 3.1

Source of getting information about new offers



Source: Table 3.1

2. Preference of e-WOM over traditional methods

Table 3.2 shows the preference of the respondents towards e-WOM more than the traditional methods to know more about a product

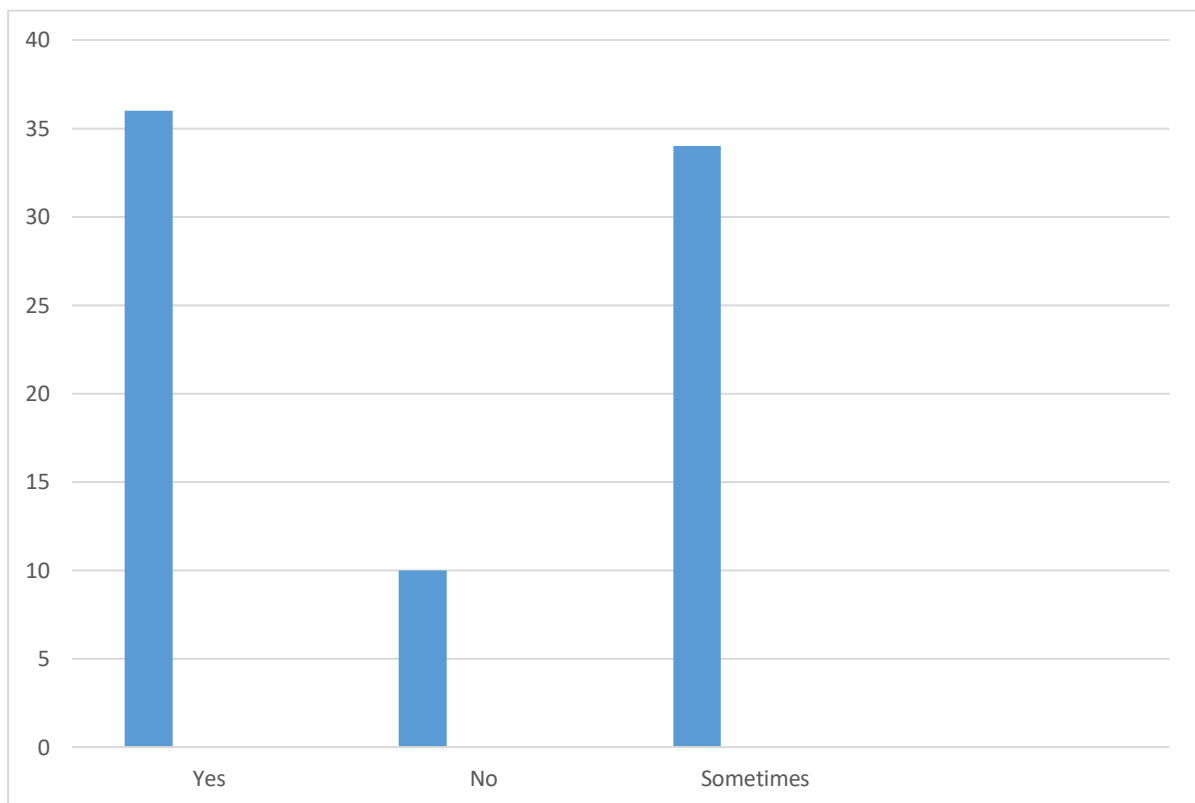
Options	No. of respondents	Percentage
Yes	36	45
No	10	12.5
Sometimes	34	42.5
Total	80	100

Source: Primary data

Inference: It is found that 45% of the respondents prefer electronic word of mouth methods, more than the traditional methods to know more about a product. 12.5% of the respondent prefer traditional methods and balance 42.5% of respondents are of a neutral opinion.

Figure 3.2

Preference of e-WOM over traditional methods



Source: Table 3.2

3. Factor which helps to build a good brand image

Table 3.3 shows the factor which in accordance with the respondents helps to build a good brand image

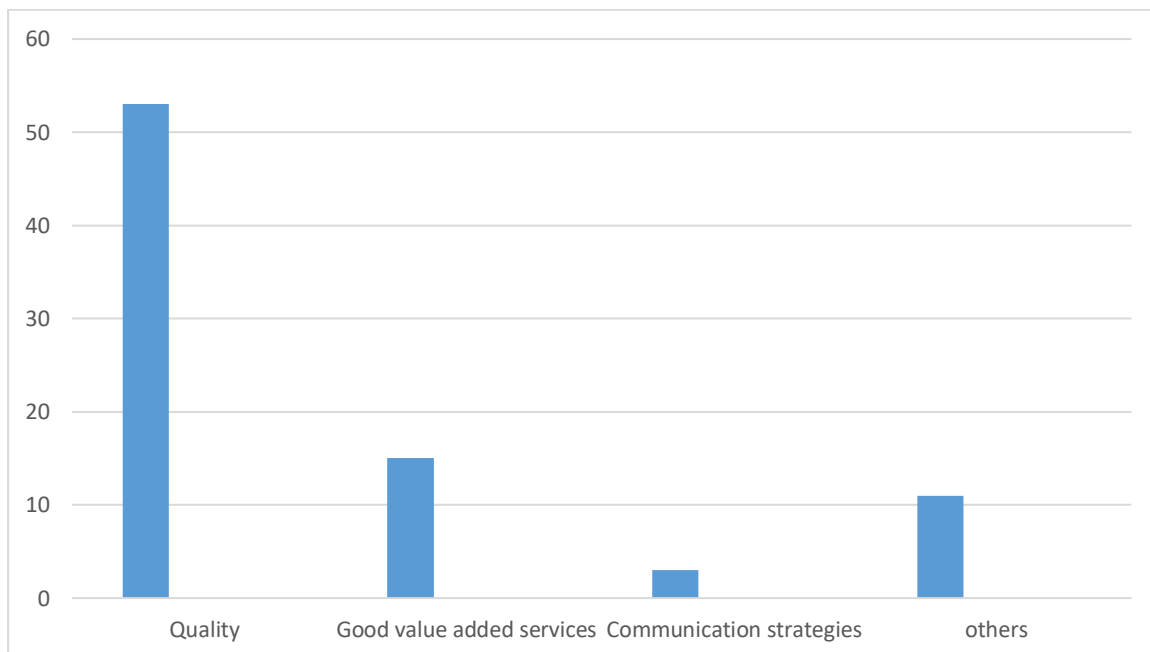
Options	No. of respondents	Percentage
Quality	53	66
Good value added services	15	19
Communication strategies	3	4
Others	9	11
Total	80	100

Source: Primary data

Inference: 66% of the respondents consider quality of the product as the important factor in order to build a good brand image. Only 4% of the respondents considers communication strategy as the key factor to build brand image. So quality must be emphasized in advertisements and other promotional techniques.

Figure 3.3

Factor which helps to build a good brand image



Source: Table 3.3

4. Effect of popularity of the brand in electronic media on purchase decisions

Table 3.4 shows whether the popularity of the brand in the electronic media affect the purchase decisions of the respondents

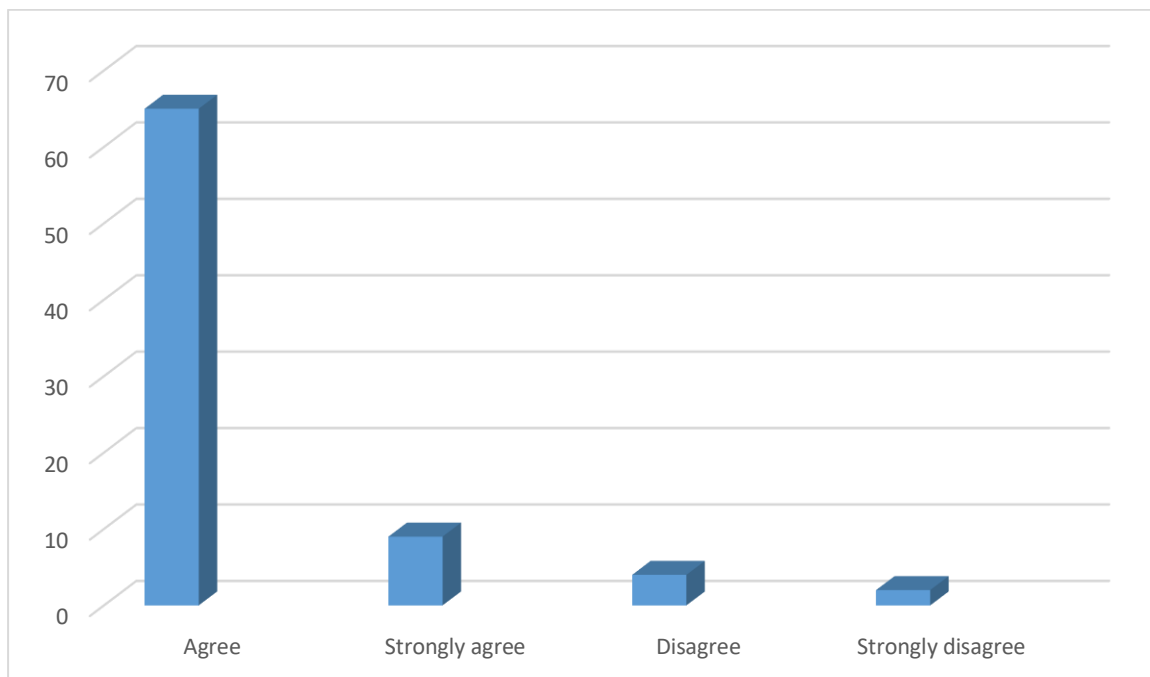
Option	No. of respondents	Percentage
Agree	65	81
Strongly agree	9	11
Disagree	4	5
Strongly disagree	2	3
Total	80	100

Source: Primary data

Inference: It is found that 81% of the respondents agrees that popularity of the brand in the electronic media affects their purchase decisions .11% of respondents strongly agree to this statement and only 8% of the respondents are against this statement.

Figure 4.4

Effect of popularity of the brand on the purchase decisions



Source: Table 4.4

5. Most accessible source to know about a product

Table 3.5 shows the most accessible source to know more about a product

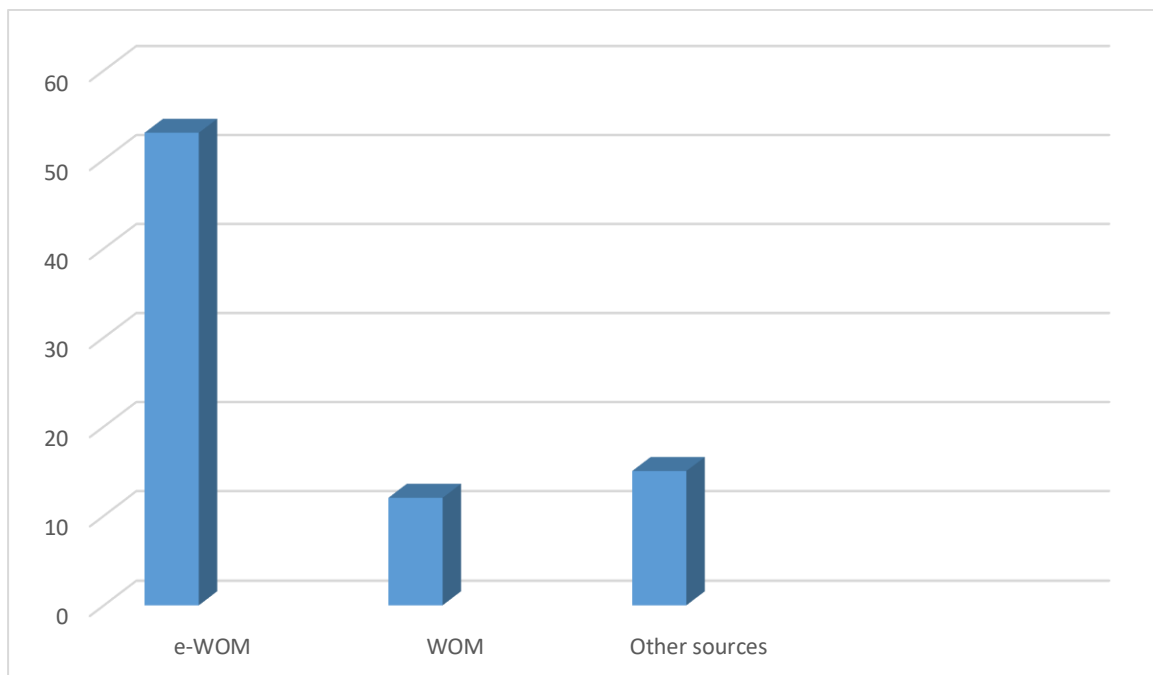
Options	No. of respondents	Percentage
e-WOM	53	66
WOM	12	15
Other sources	15	19
Total	80	100

Source: Primary data

Inference: It is found that 66% of the respondents find e-WOM as the most accessible source to know about a product. 15% of them find WOM as the most accessible and 19% find other sources as the most accessible source to know about a product.

Figure 3.5

Most accessible source to know more about a product



Source: Table 3.5

6. Efficiency of e-WOM in case of services

Table 3.6 shows the response of the respondents to the statement “e-WOM doesn’t have that efficiency when compared with traditional methods in the case of services”

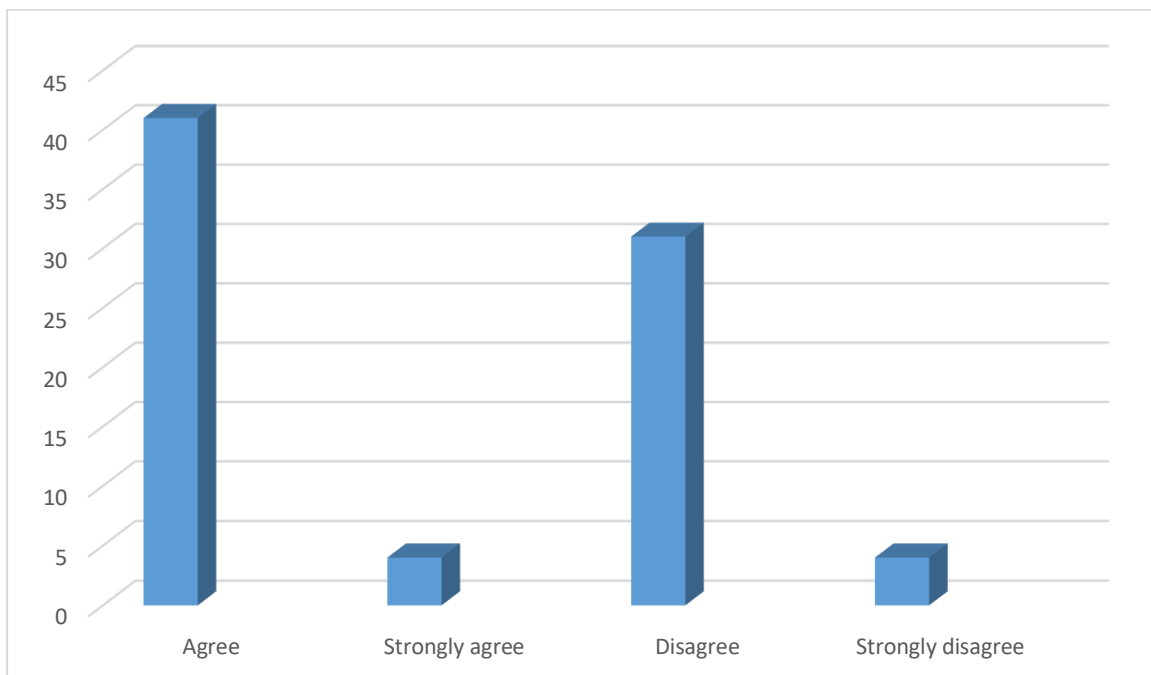
Options	No. of respondents	Percentage
Agree	41	51
Strongly agree	4	5
Disagree	31	39
Strongly disagree	4	5
Total	80	100

Source: Primary data

Inference: It is found that 51% of the respondents agree to the statement that electronic word of mouth doesn’t have that efficiency when compared to traditional methods in case of services. 44% of respondents are of the opinion that electronic word of mouth is more efficient than traditional methods in case of services.

Figure 3.6

Efficiency of e-WOM in case of services



Source: Table 3.6

7. Most popular form of e-WOM

Table 3.7 shows which form of electronic word of mouth is more known to **the respondents**

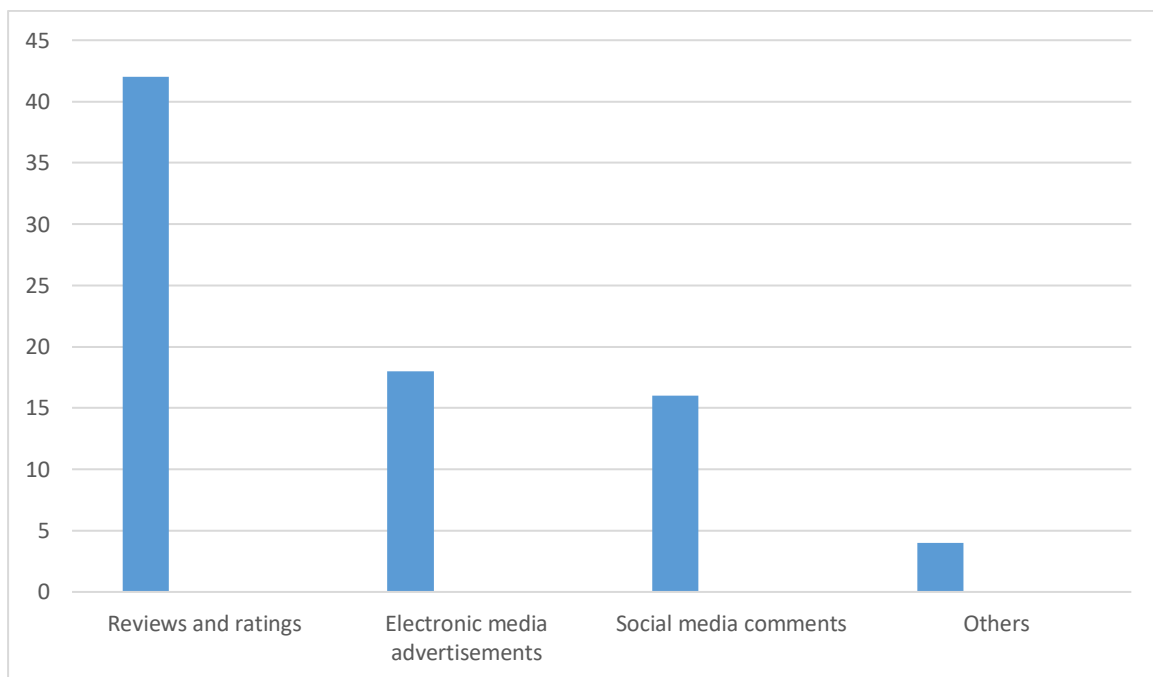
Options	No. of respondents	Percentage
Reviews and ratings	42	52.5
Electronic media advertisements	18	22.5
Social media comments	16	20
Others	4	5
Total	80	100

Source: Primary data

Inference: It is found that 52.5% of the respondents are familiar with reviews and ratings, 22.5% of them are familiar with electronic media advertisements and 20% of them are familiar with social media comments.

Figure 3.7

Most popular form of e-WOM



Source: Table 3.7

8. Accuracy of information provided by e-WOM

Table 3.8 shows whether the information provided by e-WOM more accurate than traditional word of mouth

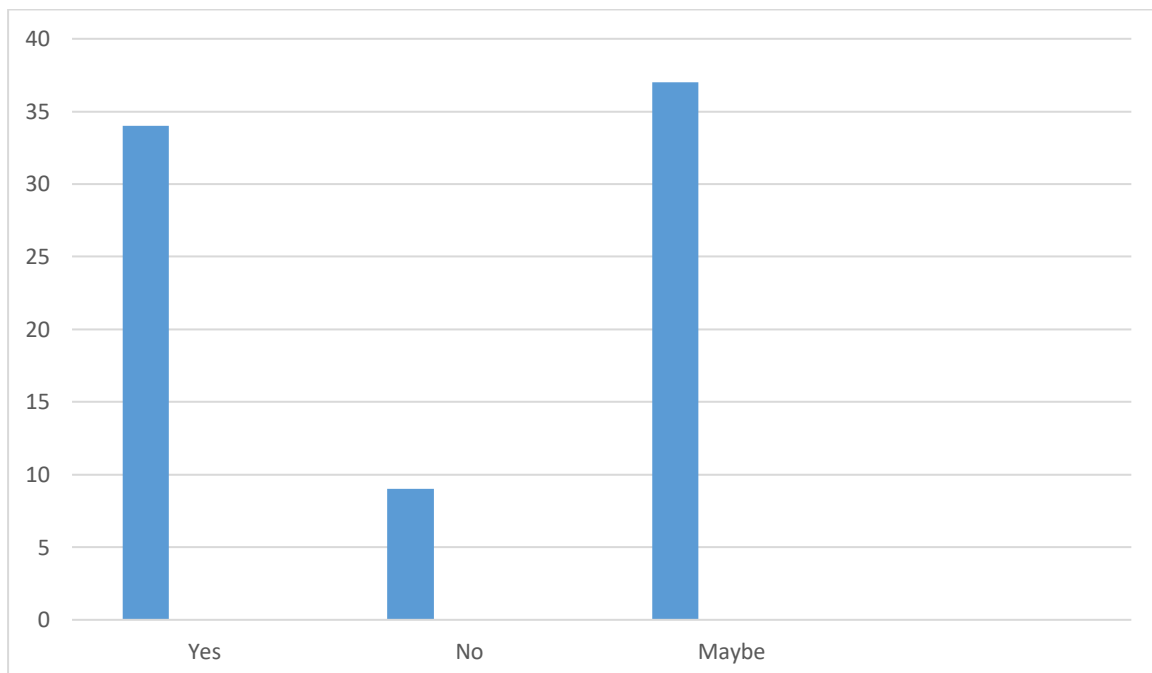
Options	No. of respondents	Percentage
Yes	34	43
No	9	11
Maybe	37	46
Total	80	100

Source: Primary data

Inference: It is found that 43% of the respondents considers information provided by electronic word of mouth more accurate than the traditional methods. 11% of the respondents are against this and 46% of them are of opinion that it may be more accurate based on the situations.

Figure 3.8

Accuracy of information provided by e-WOM



Source: Table 3.8

9. Watching of advertisements in social media without skipping

Table 3.9 shows whether the respondents watch advertisements in social media without skipping it.

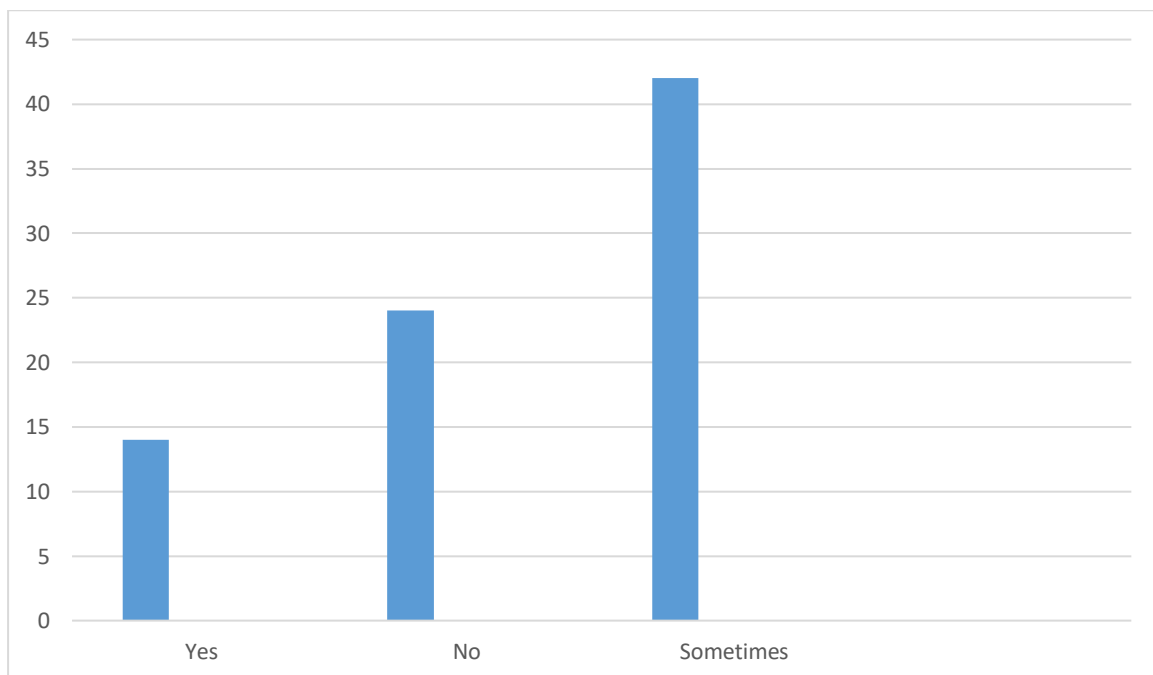
Options	No, of respondents	Percentage
Yes	14	17.5
No	24	30
Sometimes	42	52.5
Total	80	100

Source: Primary data

Inference: It is found that 17.5% of the respondents watch advertisements in social media without skipping it and 30% of them skips advertisements. 52.5% of them sometimes watch the advertisements based on the content and the product.

Figure 3.9

Watching of advertisements in social media without skipping



Source: Table 3.9

10. Reason for reading reviews online

Table 3.10 shows why the respondents prefer to read reviews in the internet more than traditional methods

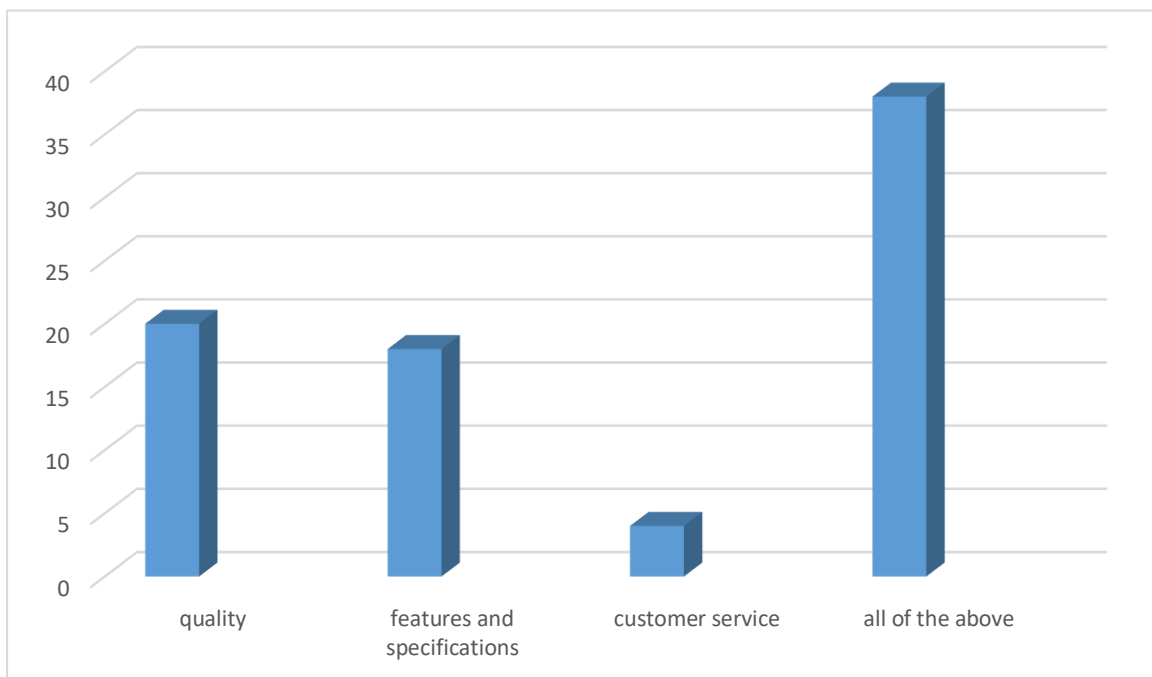
Options	No. of respondents	Percentage
To know about quality	20	25
To know features and specifications	18	22
To know the customer services	4	5
All of the above	38	48
Total	80	100

Source: Primary data

Inference: It is found that 25% of the respondents read reviews in order to know about the quality of the product, 22% of them read the reviews to know about the features and specifications and 5% of them read the reviews to know about the customer services. 48% of them read the reviews to know about all the above mentioned characteristics.

Figure 3.10

Reason for reading reviews online



Source: Table 3.10

11. Preference to read reviews in the electronic media for decision making

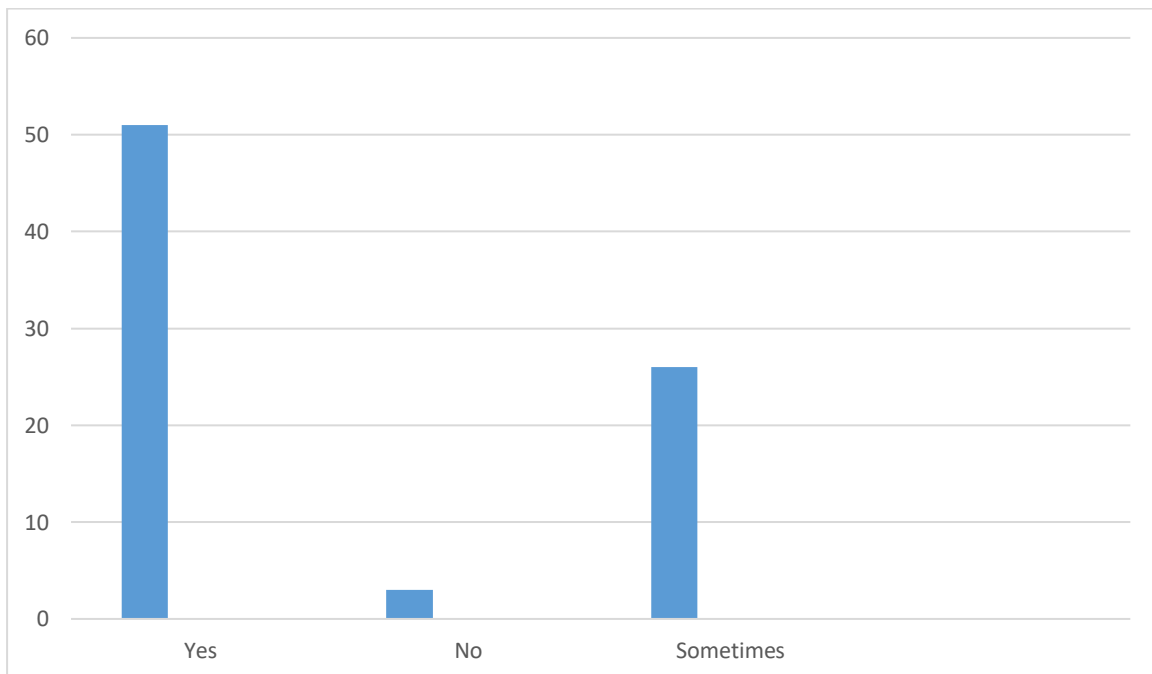
Table 3.11 shows whether the respondents prefer to read the reviews of the product shown in the electronic media for decision making while purchasing a product

Options	No. of respondents	Percentage
Yes	51	64
No	3	4
Sometimes	26	32
Total	80	100

Source: Primary data

Figure 3.11

Preference to read reviews in electronic media for decision making



Source: Table 3.11

Inference: It is found that 64% of the respondents prefer to read the reviews in the electronic media for decision making. 32% of them sometimes read the reviews before buying and only 4% of the respondents doesn't prefer to read reviews before buying.

12. Reviews influencing the perception about the product

Table 3.12 shows whether the content of the available reviews influence the perception about the product

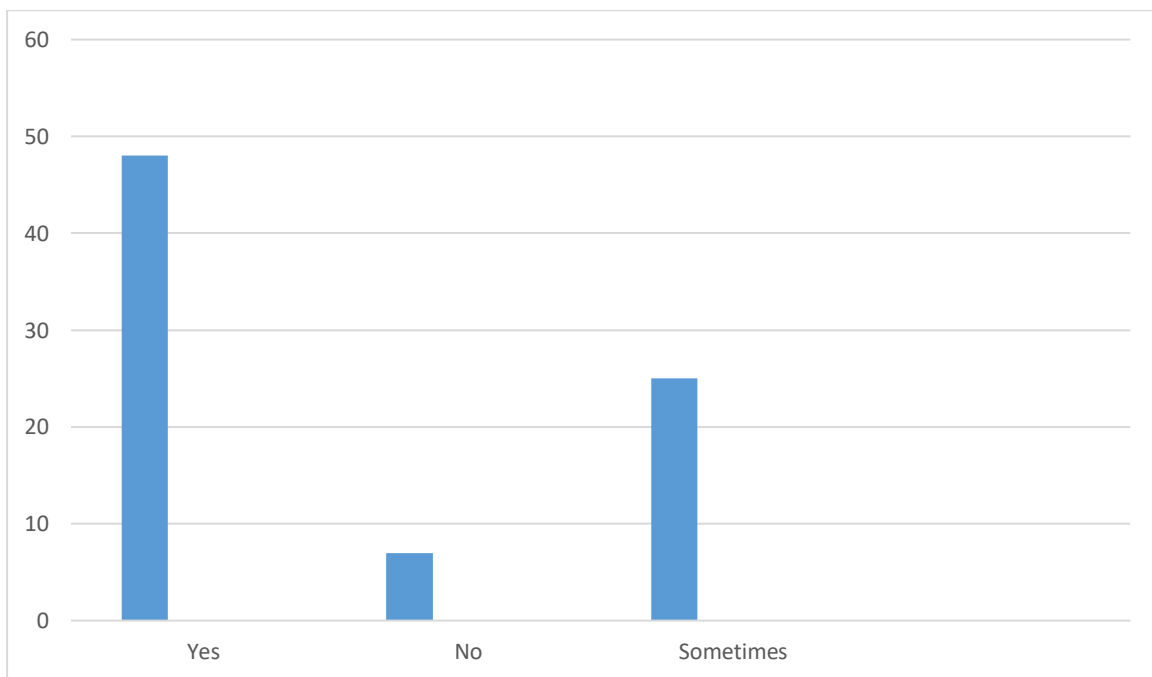
Options	No. of respondents	Percentage
Yes	48	60
No	7	9
Sometimes	25	31
Total	80	100

Source: Primary data

Inference: It is found that 60% of the respondents perception about the product is influenced by the content of the reviews. 31% of them are sometimes influenced by the reviews and 9% of them are not influenced by reviews.

Figure 3.12

Reviews influencing the perception about the product



Source: Table 3.12

13. e-WOM reliability in predicting how the product will perform

Table 3.13 shows whether with the help of e-WOM respondents can reliably predict how the product or brand will perform

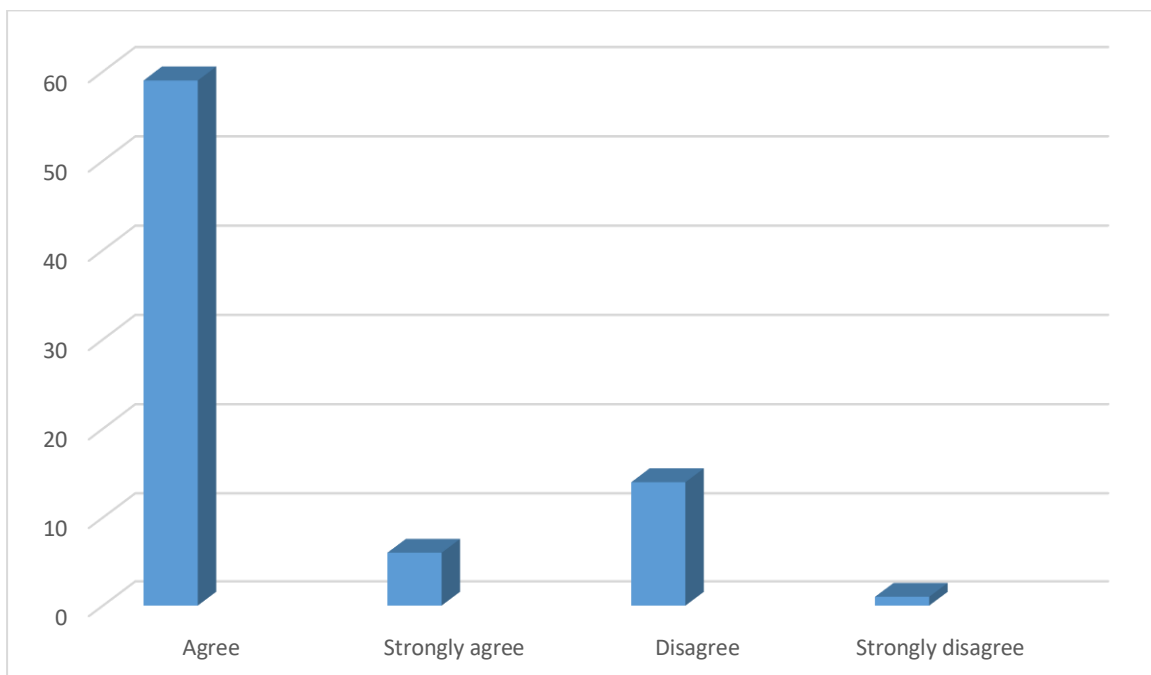
Options	No. of respondents	Percentage
Agree	59	74
Strongly agree	6	8
Disagree	14	17
Strongly disagree	1	1
Total	80	100

Source: Primary data

Inference: It is found that 74% of the respondents agree to the statement that e-WOM help to reliably predict how the product or brand will perform. 18% of the respondents are against this and 8% of them are strongly agreeing to the statement.

Figure 3.13

e-WOM's reliability in predicting how the product will perform



Source: Table 3.13

14. Change in opinion about a product after viewing a comment about the product

Table 3.14 shows whether the respondents are likely to change their opinion about a product after viewing a positive or negative comment about that product on e-WOM forum

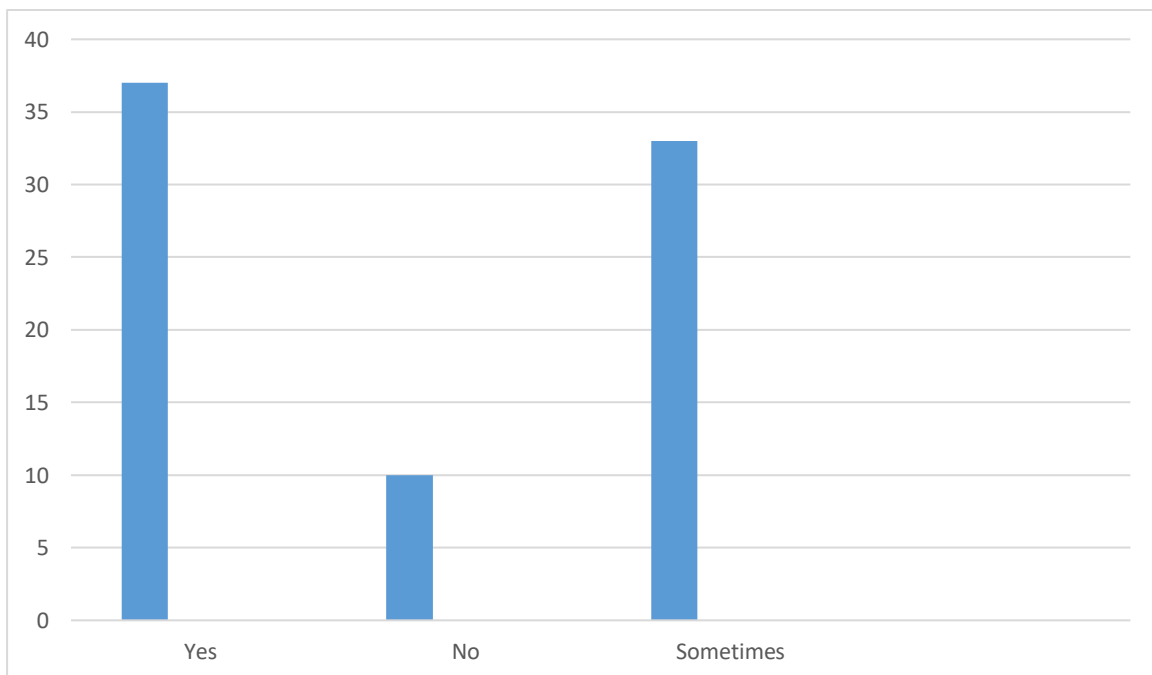
Options	No. of respondents	Percentage
Yes	37	46
No	10	13
Sometimes	33	41
Total	80	100

Source: Primary data

Inference: 46% of the respondents are likely to change their opinion about a product after viewing a positive or negative comment about the product. 41% of the respondents sometimes change their opinion and 13% of the respondents remains unaffected after reading positive or negative comments about the product in the e-WOM forum.

Figure 3.14

Change in opinion about a product after viewing a comment about the product



Source: Table 3.14

15. Influence of e-WOM on purchase decisions

Table 3.15 shows whether e-WOM have any influence on the respondents in their purchase decisions

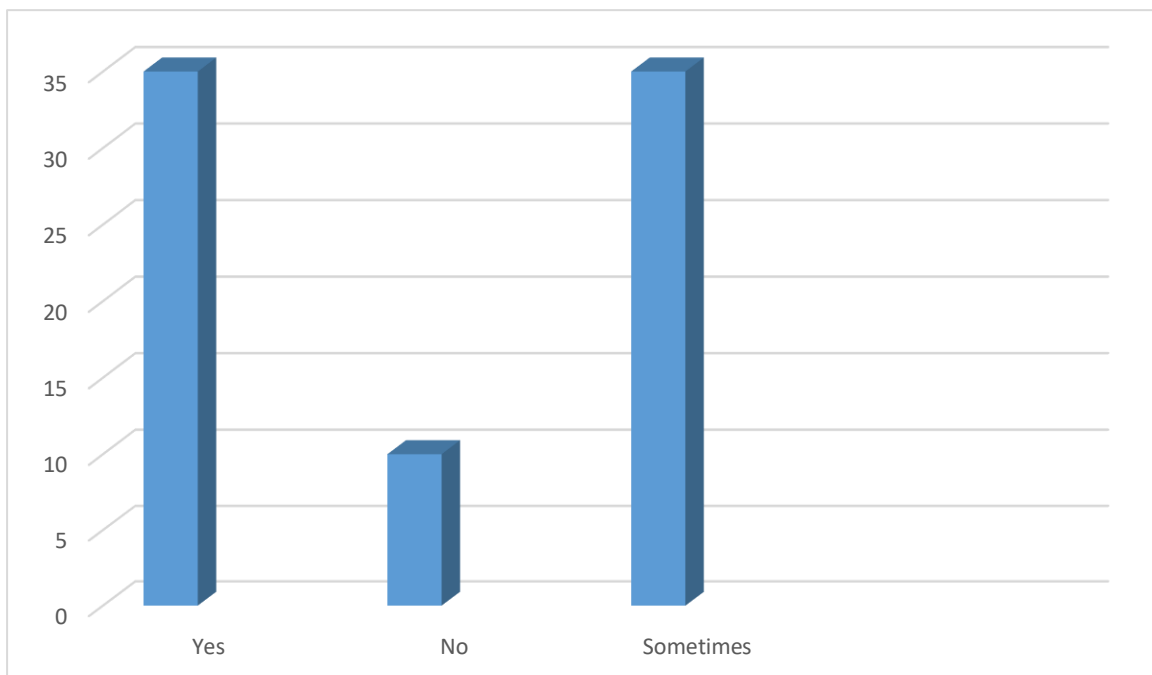
Options	No. of respondents	Percentage
Yes	35	44
No	10	12
Sometimes	35	44
Total	80	100

Source: Primary data

Inference: It is found that 44% of the respondents purchase decisions is influenced by e-WOM and another 44% of the respondents purchase decisions is sometimes influenced by e-WOM. 12% of the respondents purchase decisions is not at all affected by e-WOM.

Figure 3.15

Influence of e-WOM on purchase decisions



Source: Table 3.15

16. Consistency of reviews on website and purchase decisions

Table 3.16 shows whether consistency of reviews posted on the website affect the purchase decisions

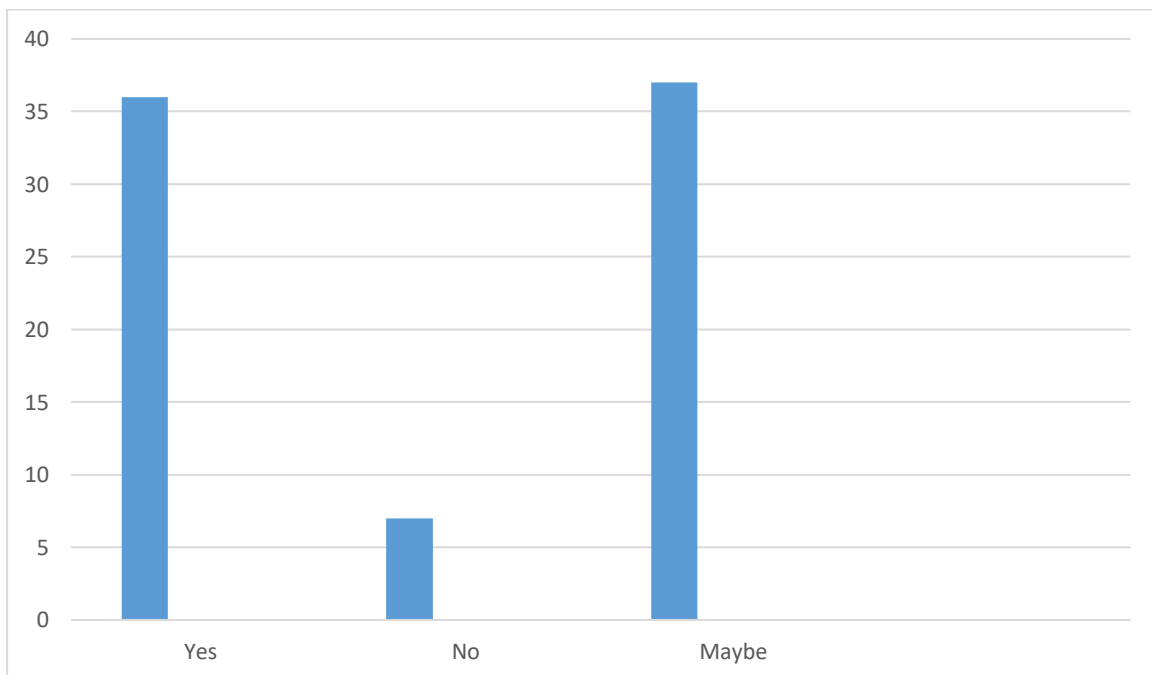
Options	No. of respondents	Percentage
Yes	36	45
No	7	9
Maybe	37	46
Total	80	100

Source: Primary data

Inference: It is found that 45% of the respondents purchase decisions is affected by consistency of the reviews posted on the website. 46% of the respondents purchase decisions is sometimes affected by the consistency of reviews and 9% of the respondents purchase decisions is not affected by the consistency of reviews.

Figure 3.16

Consistency of reviews on website and purchase decisions



Source: Table 3.16

17. Number of reviews and purchase decisions

Table 3.17 shows whether the number of reviews in the website affect the purchase decisions

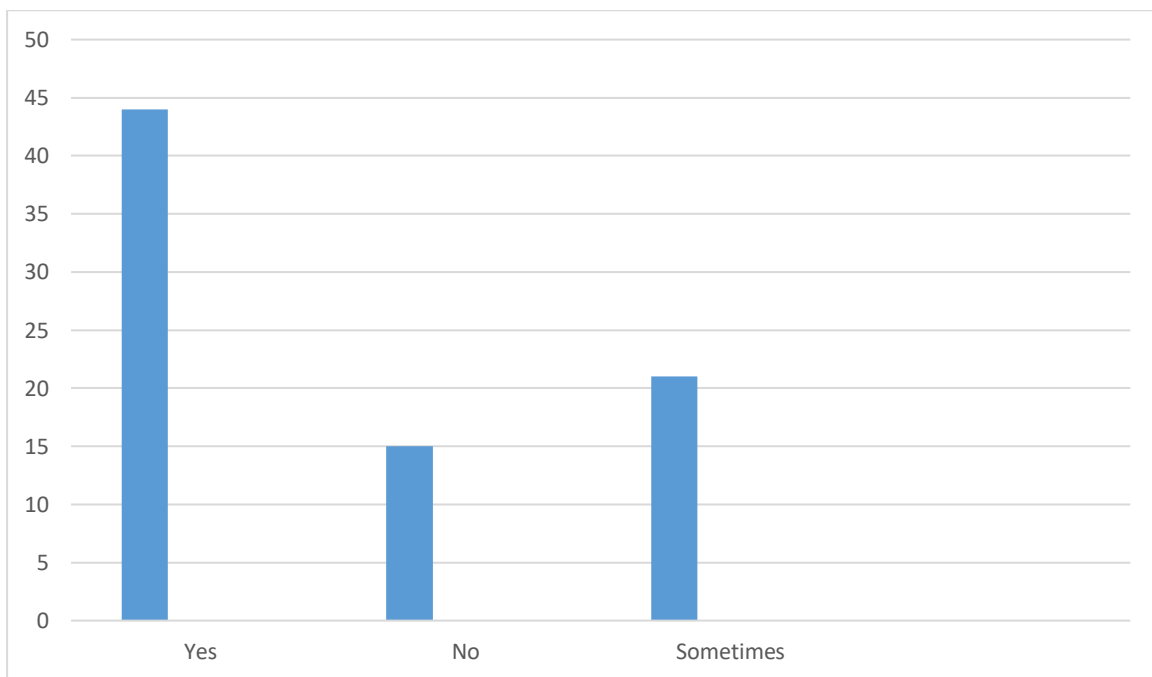
Options	No. of respondents	Percentage
Yes	44	55
No	15	19
Sometimes	21	26
Total	80	100

Source: Primary data

Inference: It is found that 55% of the respondents purchase decisions is affected by the number of reviews available in the internet. 19% of the respondents are not affected by the number of reviews while 26% of the respondents purchase decisions are sometimes affected by the number of reviews in the website.

Figure 3.17

Number of reviews and purchase decisions



Source: Table 3.17

18. Minimum number of reviews for evaluating a product

Table 3.18 shows the minimum number of reviews that should be available for evaluating a product

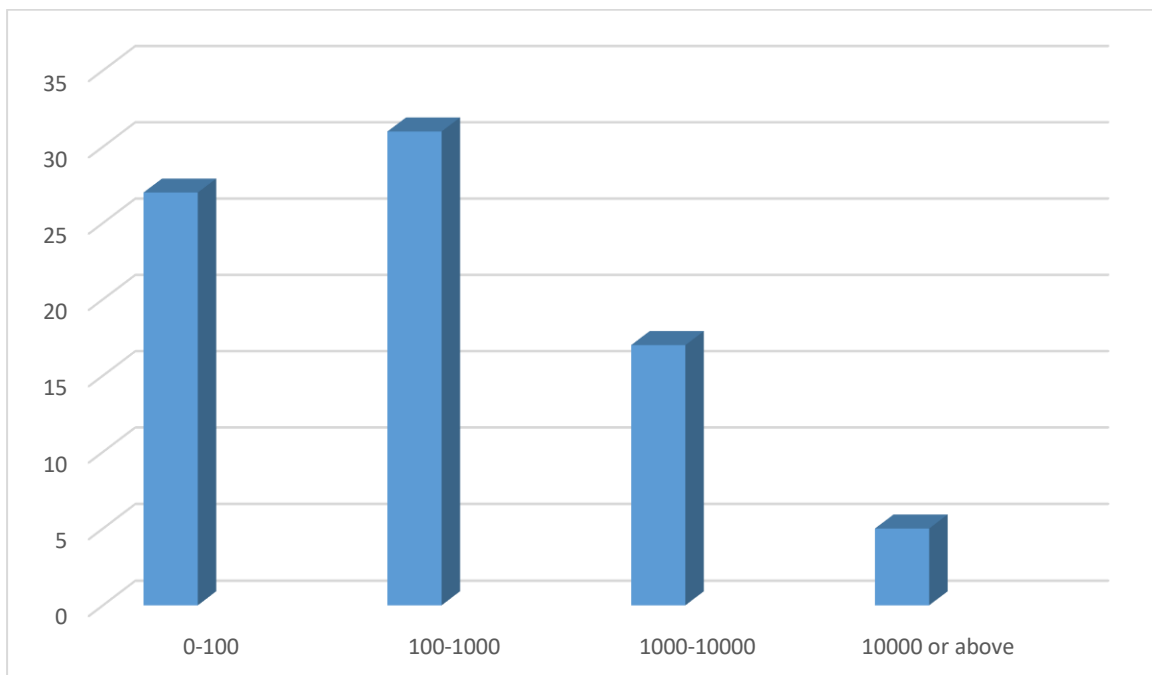
Options	No. of respondents	Percentage
0-100	27	34
100-1000	31	39
1000-10000	17	21
10000 or above	5	6
Total	80	100

Source: Primary data

Inference: 39% of the respondents are of the opinion that there should be a minimum of 100-1000 reviews for evaluating a product. 34% of the respondents are of the opinion that there should be a minimum of 0-100 reviews for evaluating a product. 27% of the respondents wants reviews more than 1000.

Figure 3.18

Minimum number of reviews for evaluating a product



Source: Table 3.18

19. Make reviews or give ratings in the electronic media

Table 3.19 shows whether the respondents make reviews or give ratings in the electronic media about their favourite product or brand

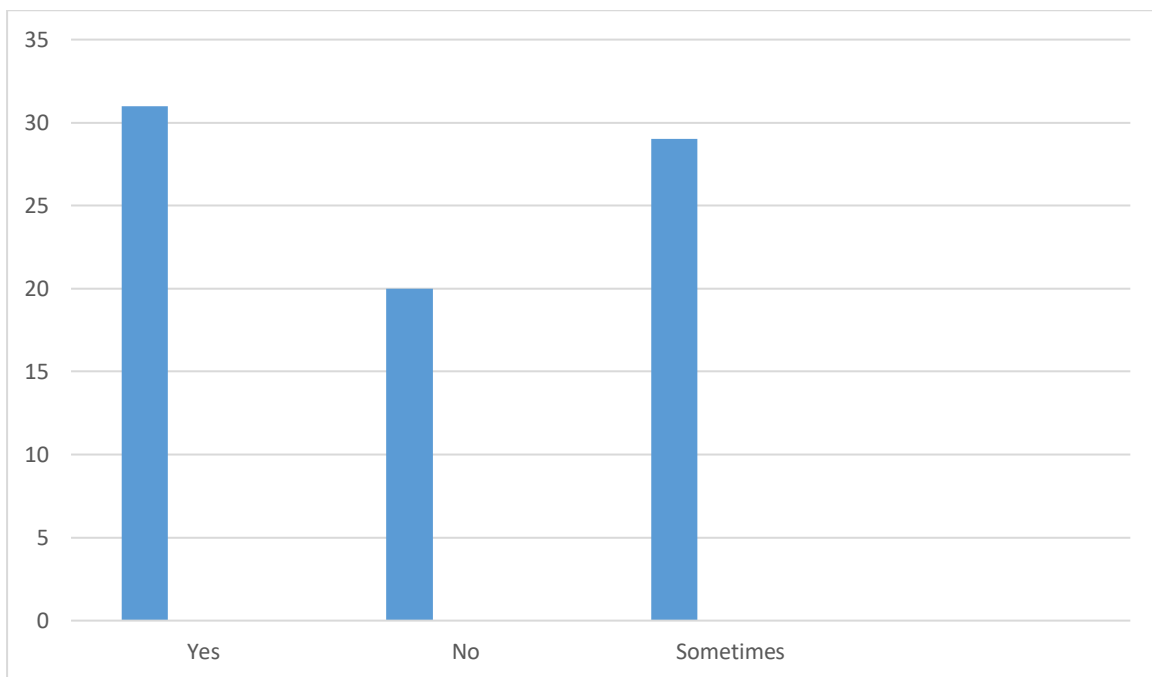
Options	No. of respondents	Percentage
Yes	31	39
No	20	25
Sometimes	29	36
Total	80	100

Source: Primary data

Inference: It is found that 39% of the respondents make reviews and give ratings to their favourite brand or product. 36% of the respondents sometimes gives the reviews and 25% of the respondents do not give ratings or reviews.

Figure: 3.19

Make reviews or give ratings in the electronic media



Source: Table 3.19

20. Recommending products to others

Table 3.20 shows whether the respondents are willing to recommend to others to buy the products they used through e-WOM reviews

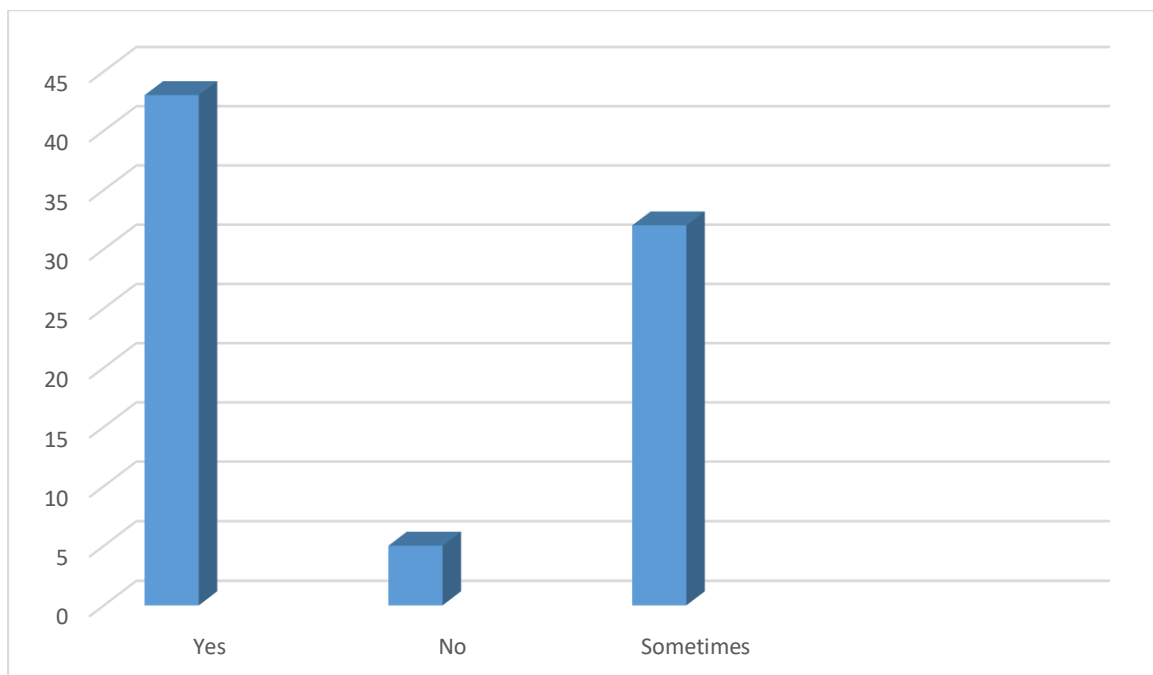
Options	No. of respondents	Percentage
Yes	43	54
No	5	6
Sometimes	32	40
Total	80	100

Source: Primary data

Inference: It is found that 54% of the respondents are willing to recommend the products to others. 40% of the respondents sometimes recommend products to others and 6% of the respondents do not recommend products to others.

Figure 3.20

Recommending products to others



Source: Table 3.20

CHAPTER 4
FINDINGS, SUGGESTIONS AND CONCLUSIONS

4.1 FINDINGS

The important findings of the study are

1. The study shows that electronic word of mouth is the major source for getting information about new offers of any product or brand. Thus it is more effective than traditional methods in order to disseminate information.
2. It is found that most of the respondents (45%) prefer electronic word of mouth more than traditional methods to know about a product or brand.
3. The study shows that quality of the product helps to build a good brand image. Thus advertisements and other electronic promotions should emphasize on the quality of the product.
4. It is found that popularity of the brand in the electronic media affect the purchase decisions of the respondents.
5. It is observed that electronic word of mouth is the most accessible source for a customer to know about a product than the traditional methods.
6. Majority of the respondents (51%) are of the opinion that electronic word of mouth doesn't have that efficiency when compared with traditional methods in the case of services.
7. It is noticed that reviews and ratings is the most popular form of electronic word of mouth known to the respondents.
8. Most of the respondents (46%) are of the opinion that information provided by electronic word of mouth is more accurate than traditional word of mouth.
9. Majority of the respondents (52.5%) prefer to watch advertisements in electronic media only if the content is innovative and attractive, otherwise they will skip the advertisements without watching it in full.
10. Most of the customers (48%) read reviews in the internet in order to know about the quality, features and customer services of the product. Thus if the reviews contains positive aspects on these it will help to build brand loyalty.
11. It is ascertained that before making a purchase decision, majority of the respondents prefer to read reviews in the electronic media.
12. Majority of the respondents (60%) perception about a product or a brand is influenced by the content in the available reviews. If the reviews contains more positive comments than negative comments it will enable a product to build a positive image in the minds of the customers.
13. The study also shows that most of the customers (74%) preferred electronic word of mouth over traditional methods in order to reliably predict how the product will perform.
14. It is found that viewing positive or negative comments about a product in the electronic word of mouth forum will change the opinion of the customers regarding the product. Thus firms should ensure that positive comments are mainly listed in the reviews so that customers will have a good image about the product and the brand.
15. It is ascertained that electronic word of mouth has an influence in the purchase decisions of the respondents. Thus electronic word of mouth is an important form of marketing technique which a firm can use in order to increase sales of their products.
16. It is found that consistency of reviews posted on the website affect the purchase decisions of the respondents.

17. The study also showed that the number of reviews available on the electronic media about the product affects the purchase decisions of the consumers.
18. Majority of the respondents require a minimum of 10-100 reviews in order to evaluate a product. So it is found that more reviews can help customers to evaluate a product and build trust within the brand. the firm should make sure that adequate number of reviews are available in the websites in order to help the customers to evaluate the product and build trust with the brand.
19. It is ascertained that respondents will give reviews and ratings only when they are totally satisfied or dissatisfied with that product. If the product is average they won't be willing to spend time for giving reviews.
20. The majority of the respondents (54%) are willing to recommend to others about the product which they have used through electronic word of mouth reviews.

4.2 SUGGESTIONS

From this study what was found or suggested is that

1. Electronic word of mouth is the main source for getting awareness about a new product or brand. Firms should make sure that the quality of the product is portrayed through electronic word of mouth.
2. Brand equity can only be ensured if the product helps to meet the requirements of the customers. Firms should make sure that their products are able to satisfy the needs of the customers.
3. Most of the respondents agree that electronic word of mouth doesn't have the efficiency in case of services. So firms providing services should ensure that they provide importance to both traditional and electronic word of mouth methods in their marketing strategy in order to attract the customers.
4. Advertisements in the electronic media should be innovative and attractive otherwise customers won't spend their time watching it, they will skip it.
5. Firms should ensure that the comments present in the websites about their products are not in negative nature. The content of the reviews and comments affects the customers' perception about the product.
6. Reviews and ratings available in the internet and other electronic forms are considered to be true so customers should make sure that they had checked the reviews before making purchase decisions in case of high price goods.
7. Firms should try to emphasize more on electronic word of mouth methods than the traditional methods as electronic word of mouth is considered more effective than traditional methods

4.3 CONCLUSION

From the above study it is concluded that electronic word of mouth is one of the important marketing strategies which a firm can use in order to generate more sales. Electronic word of mouth has an influence over the purchasing decisions of the customers. It is also concluded

that electronic word of mouth has a significant impact on the brand equity dimensions namely brand awareness, brand association, perceived quality and brand loyalty. Brand equity can be developed if electronic word of mouth contains the right information about the product and help the customers to know whether the product will satisfy their needs. Electronic word of mouth plays a vital role with regards to source of information and at the same time is more trusted, credible and persuasive than commercial information. And finally from the study it was also concluded that electronic word of mouth is the most accessible and accurate source to know about a product or a brand. Thus it is more effective than traditional methods to disseminate information.

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APPENDIX

A study on the impact of electronic word of mouth on customer purchase decisions and brand equity

Questionnaire

- Gender
 - A. Male
 - B. Female

 - Age
 - A. 15-25
 - B. 25-35
 - C. 35-45
 - D. 45 or above

 - Occupation
 - A. Self -occupied
 - B. Employed
 - C. Student
-
1. From where do you mainly get awareness about new offers of any brand or product
 - A. Electronic word of mouth
 - B. Word of mouth
 - C. Print media
 - D. Other sources

 2. Do you prefer e-WOM more than traditional methods to know more about a product
 - A. Yes
 - B. No
 - C. Sometimes

 3. Which of the following according to you help to build a good brand image
 - A. Quality
 - B. Communication strategies
 - C. Competitive pricing
 - D. Good value added services
 - E. Free trials and discounts
 - F. Others

4. Popularity of the brand in the electronic media affect your purchase decisions
 - A. Agree
 - B. Strongly agree
 - C. Disagree
 - D. Strongly disagree

5. According to you which is the most accessible source to know about a product
 - A. E-WOM
 - B. WOM
 - C. Other source

6. “e-WOM doesn’t have that efficiency when compared with traditional methods in case of services” –do you agree
 - A. Agree
 - B. Strongly agree
 - C. Disagree
 - D. Strongly disagree

7. Which form of e-WOM is more known to you
 - A. Reviews and ratings
 - B. Social media comments
 - C. Electronic media advertisements
 - D. Others

8. According to you is information provided by e-WOM more accurate than traditional methods
 - A. Yes
 - B. No
 - C. Maybe

9. Do you watch advertisements in the social media without skipping it
 - A. Yes
 - B. No
 - C. Sometimes

10. Why do you prefer to read reviews in internet more than traditional methods of word of mouth
 - A. To know more about the quality of the product
 - B. To know about the features and specifications
 - C. To know the customer service of the company
 - D. All of the above

11. While purchasing a product will you prefer to read the reviews of the product shown in the electronic media for decision making
 - A. Yes
 - B. No
 - C. Sometimes

12. Does the content of the available reviews affect your perception about the product
 - A. Yes
 - B. No
 - C. Sometimes

13. With the help of e-WOM you can reliably predict how the product or brand will perform
 - A. Agree
 - B. Disagree
 - C. Strongly agree
 - D. Strongly disagree

14. You are likely to change your opinion about a brand or a product after viewing positive or negative comment about the product on e-WOM forum
 - A. Yes
 - B. No
 - C. Sometimes

15. Does e-WOM have any influence in any of your purchase decisions
 - A. Yes
 - B. No
 - C. Sometimes

16. Does consistency of reviews posted on the website affect your purchase decisions
 - A. Yes
 - B. No
 - C. Maybe

17. Does the number of reviews affect your purchase decisions
 - A. Yes
 - B. No
 - C. Sometimes

18. According to you what should be the minimum number if reviews that should be available for evaluating a product
 - A. 0-100
 - B. 100-1000
 - C. 1000-10000
 - D. 10000 and above

19. Do you make reviews or give ratings in the electronic media about your favourite product or brand

A. Yes

B. No

C. Sometimes

20. Are you willing to recommend to others to buy the products you used through e-WOM reviews

A. Yes

B. No

C. Sometimes

