

IMPACT OF WORD OF MOUTH ON CONSUMER PURCHASE INTENTION

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ABSTRACT: *The purpose of this study was to find direct impact of Word Of Mouth on Consumer Purchase Intention and to find the factors of Word of Mouth impacting Consumer Purchase Intention. The study was conducted in Clothing Industry of Pakistan. It was a quantitative study and questionnaire was used to collect data. Data was collected from two hundred and thirteen respondents of age 18-30. The factors of Word Of Mouth influencing Purchase Intention are trustworthiness, source similarity, source attractiveness, social tie strength, source expertise and information usefulness. To test hypothesis Regression analysis and Pearson Correlation was used to check the impact of independent variable (Word of Mouth) on dependent variable (Consumer Purchase Intention). Results showed that there was a positive impact of Word of Mouth on Consumer Purchase Intention. This paper is helpful for marketers in making effective promotional strategies which will lead to their greater sales and ultimately greater profits.*

Key Words: Trustworthiness, source similarity, source attractiveness, social tie strength, source expertise and purchase intention.

INTRODUCTION:

Textile is one the most important industries of Pakistan being 8th biggest exporter in Asia. It contributes 53 % to export earnings, and 30% to total labor force involved in manufacturing. Textile sector adds 9.5% to GDP.

Pakistan Fashion Industry is launching traditional dresses in the whole world as cultural symbol. In spite of religious restrictions Pakistani Fashion Industry has been acknowledged throughout the world through its designers, models, and fashion shows. Pakistan has many well-known fashion designers like Sana Safinaz, Maria B, Junaid Jamshed, Mau summy, Gul Ahmed, Wardah, Firdous and Clothing brands like Breeze, Al Karam, Khaadi, Cross Roads, Lakhani, Elegance, Origins, Thredz, Kayseria, Nishat etc. who are serving Pakistan deployed by the textile sector.

WOM is very common and essential promotion tool. WOM is when an actual, former or potential customer gave any negative or positive word or report about a brand or product [1].

WOM was first originated by George Silverman in 1970. He created a group of physicians who gave recommendations to people which resulted in switching to those drugs.

The objectives of this study are to investigate the direct impact of WOM on consumer purchase intention. And to study the important factors of WOM that contribute to the impact on purchase intention.

Word of mouth has been recognized as an effective medium for dissemination of information. People like to share their experiences and feeling with their colleagues, friends and family [2]. Interpersonal impact of WOM is very common. People interact and communicate with each other and ultimately influence each other. WOM enables customers to spread information and views that guide purchasers towards different brand and products [3]. Interpersonal relationships, strong ties and bonds between people lead to Word-of-Mouth (WOM) behavior. Interpersonal relationships are an important strategy to increase the probability of WOM attitude [4]. When source of information is closer to the sender the communication will be more persuasive and there are greater chances of message acceptance [5]. Word of Mouth Marketing is now the most important communication

strategy to promote brands and products [6]. It was found out that in case of services people have greater trust and confidence on personal information sources and also they prefer personal sources for pre-purchase [7]. WOM is more influential in product selection rather than information gained from printed media. There are many factors of word of mouth which are studied by many authors that consumers consider as preferred information gathering sources. The factors of WOM, source expertise and source similarity has a direct impact on consumer choices of Brands. Source credibility is more useful in deciding the importance of information in decision making when the receiver knows the information sender [8]. Homophilic information sources are preferably utilized by consumers who are seeking information regarding brands [9].

Previously researches have been done to check the impact of Word of Mouth but little research has been done regarding dimensionality. This research has tried to address and to investigate the impact of word of mouth with factors such as trustworthiness, similarity, attractiveness, expertise, social tie strength and information usefulness.

MATERIALS AND METHODS:

This study explained the direct impact of Word of Mouth on Consumer Purchase Intention. Figure 1 is showing the theoretical framework of Word of Mouth which is impacting Consumer Purchase Intention. Word of Mouth is independent Variable and Consumer Purchase Intention is dependent variable.

This study contained six dimensions of Word of Mouth namely trustworthiness [10], source expertise [8], source similarity [8], source attractiveness [11], social tie strength [9] and information usefulness [10].

Figure 1: Theoretical Framework.

Independent Variable Dependent Variable

Hypothesis of research:

H1: Word of Mouth has positive impact on Consumer purchase intention.

H_{1a}: Trustworthiness has positive impact on Consumer Purchase Intention.

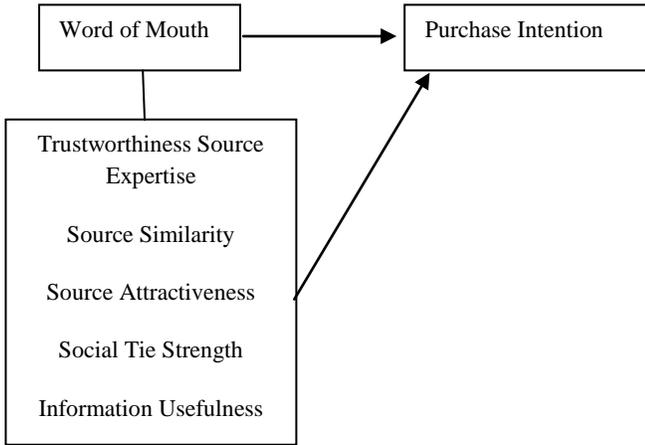
H_{1b}: Source Expertise has positive impact on Consumer Purchase Intention.

H_{1c}: Source Similarity has positive impact on Consumer Purchase Intention.

H_{1d}: Source Attractiveness has positive impact on Consumer Purchase Intention.

H_{1e}: Social Tie Strength has positive impact on Consumer Purchase Intention.

H_{1f}: Information Usefulness has positive impact on Consumer Purchase Intention



This research was quantitative and causal measuring the change in dependent variable (Purchase Intention) caused by Independent variable (Word of Mouth). Deductive approach was used which is general to specific.

Data was collected through questionnaires. Questionnaire contained total of thirty-four items, twenty-six measuring Word of Mouth and seven measuring Purchase Intention. Five point likert scale was used where one means Strongly Disagree and five means Strongly Agree.

Convenient sampling was used in the study. A sample of two hundred and thirteen respondents was taken. All respondents were females because the study is based on female clothing brands as females are more aware of brands and they are more experienced of purchasing these brands.

Quantitative Research software SPSS was used to test the hypothesis and interpret the results. Regression and Correlation was done to achieve the results.

RESULTS AND DISCUSSION:

Reliability, correlation and Regression were used for testing hypothesis and data analysis. To check reliability of constructs Cronbach’s Alpha value was used. After that Descriptive Statistics of demographics was calculated. To check the relationship of Independent variable WOM on Dependent variable Purchase Intention Pearson Correlation Method was used. Regression was used to check how much impact Word of Mouth has on Purchase Intention. Table 1.1 is explaining Age of respondents.

All constructs are reliable as their Cronbach’s Alpha value is greater than 0.70. Cronbach’s Alpha value for overall Word of Mouth is 0.939 which means it is highly reliable. Cronbach’s Alpha value for Word of Mouth is 0.927 and Purchase Intention is 0.850 which means it is reliable. Table 1.2 is

showing the reliability of overall Word of Mouth and purchase Intention.

Table: 1.1 Respondents Profile

Demographics	Items	No. of Respondents	Percentage
Age	18-21	78	36.6
	22-25	98	46
	26-30	37	7.5

Table: 1.2 Reliability Statistics

Dimensions	Cronbach’s Alpha Value	N of Items	Reliability
Overall	0.939	33	Excellent
Word Of Mouth	0.927	26	Excellent
Purchase Intention.	0.850	7	Good

The relationship between Word of Mouth and Consumer Purchase Intention was measured by Pearson Correlation Coefficient. There was a strong positive relationship between two variables ($r = 0.573, n=213, p < 0.005$). Word of Mouth helps to explain 32.8 % of the variance in respondent’s scores on the Purchase Intention scale. Correlation was significant as $p < 0.005$. Table 1.3 is showing the correlation between Word of Mouth and Consumer Purchase Intention.

Table: 1.3 Correlations between Word of Mouth and Purchase Intention.

		PI	WOM
PI	Pearson Correlation	1	
WOM	Pearson Correlation	.573**	1

Similarity and Purchase Intention are strongly and positively correlated (i.e. $r=0.511$). Similarity explains 26 % variance in Purchase Intention. Trustworthiness and Purchase Intention are positive and moderately correlated (i.e. $r = 0.489$). Trustworthiness explains 23 % variance in Purchase Intention. Social Tie Strength and Purchase Intention are positively and moderately correlated (i.e. $r = 0.415$). Social Tie Strength explains 17 % of variance in Purchase Intention. Source Attractiveness and Purchase Intention are positively and moderately correlated (i.e. $r = 0.478$). Source Attractiveness explains 22.8 % of variance in Purchase Intention. Source Expertise and Purchase Intention are positively and weakly correlated (i.e. $r = 0.383$). Source Expertise explains only 14.6 % of variance in Purchase Intention. Information Usefulness and Purchase Intention are positively and weakly correlated (i.e. $r = 0.286$). Information Usefulness explains only 8 % of variance in Purchase Intention.

The Regression analysis was used to check the impact of WOM on Purchase Intention. It showed that Word of Mouth explained 32.9 % of variance in Purchase Intention. ($r^2 = 0.329$). The Regression model was significant as $p < 0.05$. Table 1.6 is showing R^2 and Adjusted R^2 values to corroborate the

results. Chart is showing the linear relationship between Word of Mouth and Purchase Intention.

Table: 1.4 Correlation between WOM Dimensions and Purchase Intention.

	PI
Pearson Correlation Purchase Intention	1.000
Similarity	0.511
Trustworthiness	0.489
Social Tie Strength	0.415
Source Attractiveness	0.478
Source Expertise	0.383
Information Usefulness	0.286

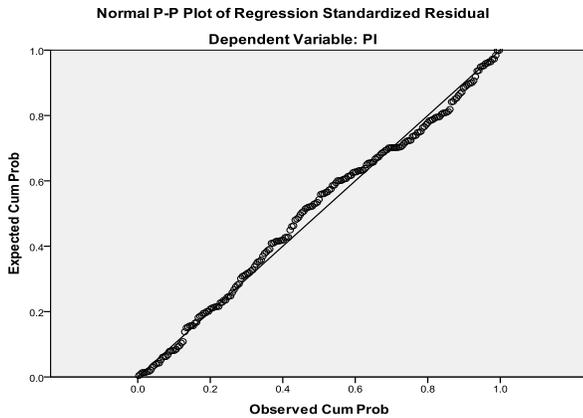


Table: 1.5 Model Summary

Mode l	R Square	Adjusted R Square	Sig.	Fitness	Hypothesis
1.	0.329	0.326	.000	Fit	Supported

Table: 1.6 Coefficients

Model	B	Std. error	T	Significance
1.	0.636	0.0636	10.168	.000

Purchase Intention= B (Word of Mouth) +Std. error
 Purchase Intention= 0.636 (Word of Mouth) + 0.0636.
 This equation shows that 1 unit change in WOM brings 0.636 units change in Purchase Intention.

Table: 1.7 Coefficient

Model	B	Std. Error	Beta	t	Sig.	Hypothesis
1. Constant	1.277	.234		5.456	.000	
Similarity	.202	.060	.261	3.357	.000	H1aSupported
Trustworthiness	.165	.073	.188	2.254	.025	H1bSupported
Tie Strength	.017	.061	.022	.275	.784	H1c Rejected
Attractiveness	.163	.061	.194	2.680	.008	H1dSupported
Expertise	.063	.058	.076	1.085	.2779	H1e Rejected
Information Usefulness	.000	.057	.000	-.005	.996	H1f Rejected

Purchase Intention= 0.202(Similarity)+ 0.165(Trustworthiness)+ 0.017(Social Tie Strength+ 0.163(Attractiveness)+ 0.063(Expertise)+ .000(Information Usefulness)+ 0.234.

Similarity was making strongest contribution in explaining dependent variable. Its Significance value was less than 0.05 so its contribution was significant in predicting dependent variable i.e. Purchase Intention. So H1a was supported. Similarly Source Trustworthiness and Source Attractiveness were also making significant contribution in prediction of dependent variable as (p<0.05) so H1b and H1d were supported. But Social Tie Strength and Source Expertise were not making significant contribution in prediction of dependent variable as (p<0.05) so H1c and H1e were rejected. However Information Usefulness was also insignificant in prediction of dependent variable as its Beta value was zero.

The prediction equation shows 1 unit change in Similarity brought 0.202 units change in Purchase Intention, 1 unit change in Trustworthiness brought 0.165 units change in Purchase Intention, 1 unit change in Social Tie Strength brought 0.017 units change in Purchase Intention, 1 unit change in Source Attractiveness brought 0.163 units change in Purchase Intention, 1 unit change in Source Expertise brought 0.063 units change in Purchase Intention while Information Usefulness didnt bring any change in Purchase Intention. The result was consistent with the previous studies [2] which also showed that influence of Word of Mouth on purchase intention. Previous researches showed that similar sources were preferred sources for consideration of message and WOM was more effective when the information source was trustworthy and credible [12] while people consider information from Strong tie sources equally important as from weak tie sources [9]. Expertise Sources of information were not considered so important by receivers as they were doubtful about the expertise of communicator. [10]. In a previous study by [13] it was found that people consider attractive sources of information important while considering any brand for purchase.

CONCLUSION:

The results showed that Word of Mouth has a positive impact on Consumer Purchase Intention. Similarity, Trustworthiness and Source Attractiveness has positive and significant impact on Purchase Intention. Source Expertise and Social Tie Strength have insignificant impact on Purchase Intention while Information usefulness has no effect on Purchase Intention. Firstly this study has showed that how WOM influences Consumer Purchase Intention i.e. through six factors i.e. trustworthiness, source similarity, source attractiveness, social tie strength, source expertise and information usefulness. The contribution of this study towards literature is that dimensions composing WOM influence consumer’s decision making process. Also it is very useful for the managers to build an effective WOM marketing strategy because it will lead to increased WOM of their brands and products and will ultimately lead to buying of their products and their sales will be increased. It can bring competitive advantage to companies as it is new way to communicate and interact with customers. The companies can learn how to develop relationship with its customers and ultimately build strong loyalty bond with customers which will help them to outcompete their competitors. As face WOM is more credible communication mechanism so it

reduces risk in customers mind so it reduces the search process while purchasing a product/service and save time and money. And also customer acquisition costs are lowered. So marketers should make real efforts to develop cost effective WOM strategies as dissatisfied customers give negative comments to eleven people regarding a brand or product while delighted customers spread positive WOM to only three [14]. This study has tried to create awareness among people using some dimensions of WOM. There can be several other dimensions of WOM which can be studied in future research.

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