

# A Study on the Impact of Word of Mouth Communication on Consumer Purchase Decision

A. Archana

Student, Department of Commerce, Mount Carmel College, Bengaluru, India

**Abstract:** Purchase decision is the thought process that leads a consumer from identifying a need, generating options, and choosing a specific product and brand. Some purchase decisions are minor, like buying toothpaste, while other purchases are major, like buying a house.

**Keywords:** Purchase decision, consumer, impact, perception.

## 1. Introduction

The study brings out the impact of consumer purchase decision that the consumers go through while purchasing of the product or service. It involves the various aspects and how word of mouth communication plays an important role and how the consumers look into while purchasing the product and how it would benefit them in future prospects. They go through different stages in order to purchase a product or service and also look into other factors such as word of mouth communication, reviews etc.

### A. Objectives

- To study the impact of consumer purchase decision on the purchase of product or service
- To study the attributes involved while purchasing a product or service.
- To study the factors mostly associated towards WOM marketing.

### B. Statement of the problem

In the world of immense competition in the market, industries opt for many marketing strategies in order to promote their product in the market and hence consumers are left with so many choices to opt from the various products available in the market. In this study we will look in the factors of word of mouth communication and how this factor influences the consumers in purchasing a product or service in the market. Since social media marketing and face to face conversations are more prominent in these days hence we will look into the factors that could to positive or negative word of mouth communication.

### C. Statement of the study

A study on the impact of word of mouth communication on

consumer purchase decision.

### D. Scope of the study

The scope of the study is to identify how the factors of word of mouth communication has an impact on the consumers purchase decision and if whether they could lead to positive or negative flow of information with the consumers and as to what factors can help in determining positive word of mouth communication to the organization so as to provide better products and services to the consumers.

### E. Research methodology

The study has been carried out through qualitative and quantitative research methodology.

### F. Limitations of the study

- The study concentrates only on one aspect of word of mouth communication.
- The time constraints were a limited factor.
- The sample size was considerably less.

## 2. Review of literature

- *The value of word of mouth in consumer buying behavior:* The article talks about how 20-50% sale concentrates on the primary factor of word of mouth communication among consumers. It also mentions that consumers who are purchasing for the first time or purchasing relatively more expensive products always rely on word of mouth communication. The article also talks about how media has a greater influence on the word of mouth communication and not just through face to face communication.
- *Why word of mouth marketing is driving purchase decision – CMO:* Geno church, Marketing Expert also states that 50% of the purchase decisions rely on word of mouth communication. He also mentions how increasing social media marketing is playing an important role. He also mentions that companies are trying all possible ways to market their products in order to receive positive word of mouth communication. He also states emotions triggers

offline conversations in WOM.

- *Word of mouth key purchase influence in business software purchase decision – marketing charts:* The articles talk about how WOM acts as the important factor in business software purchase decision as well and next being customer references. They also mention that the research conducted also shows that relatively people prefer WOM first than any other source of communication.

### 3. Analysis and interpretation

- Percentage Analysis
- Chi square Analysis

#### A. Percentage method

Percentage analysis is a statistical tool which used to identify the percentage from the respondent's response to a single question which is accounted samples. It is used to compare the relative terms and distributions of two or more data.

$$Percentage = \frac{\text{Number of responses}}{\text{Total number of respondents}} \times 100$$

Table 1  
Age and gender wise representation

		AGE				
		18-23	24-29	30-35	35 and above	Total
Gender	Female	11.3	7.6	1.3	8	21.0
	Male	15.7	1.7	1.7	1.2	29.0
Total		27.0	18.0	3.0	2.0	50.0

*Interpretation:* The above table shows that respondents of the age group 18-23 and 24-29 believe that word of mouth communication has a great influence on consumer purchase decision of a product or service.

#### B. Chi-square test

Chi-square test enables the researcher to find out whether the divergence between expected and actual frequencies is significant or not.

$$CHI - SQUARE = \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

Where,

$O_{ij}$  – observed value

$E_{ij}$  – expected value

$E_{ij} = \text{Row total} \times \text{Column total} / \text{Grand total}$

Degree of freedom = (C-1) X (R-1)

Where C = No. of column

R = No. of row

#### C. Chi-square analysis

Comparison of schemes and opportunities from government to reasons for being unemployed, growth sector in entrepreneurship, skills required for entrepreneurship and preferable reason to start their own business.

Table 2

Comparison of gender to type of word of mouth communication used by the respondents

Degree of Freedom	Calculated Value	Table Value	Level of Significance	Significant/Not significant
6	12.347	5.226	5%	Significant

*Interpretation:* The above table shows that the respondents of the survey use different types of word of mouth communication in order to communicate about a product or service to others. While most of the respondents believe that brand mentions and face to face conversations are the most used form of communicating about the products. While the other part of the respondents uses social media and write online reviews about the product or service. We can say that this can derived from the personal experiences or emotions of the consumers that could lead them to use the different type of word of mouth communication.

Table 3

Comparison of age to the term respondents mostly associate with word of mouth communication

Degree of Freedom	Calculated Value	Table Value	Level of Significance	Significant/Not significant
8	11.992	4.575	5%	Not Significant

*Interpretation:* The above table shows that the most of the respondents below the age of 30 years associate to the term of personal experiences more than brand image or community influences while most of the others respondents believe in credible or trustworthy brands in relative to the product or service used by the them or purchased by them. So here we understand that below the age of 30 years associate to personal experiences while others associate to brand image and trustworthy products or services.

Table 4

Comparison of age to the source's respondents trust the most while purchasing a product or service through word of mouth communication

Degree of Freedom	Calculated Value	Table Value	Level of Significance	Significant/Not significant
8	4.506	0.711	5%	Not Significant

*Interpretation:* The above table shows that the respondents below the age of 30 years and 40 years trust the recommendations provided by friends and relatives the most as they believe they will get the most honest reviews about the products or services while most of the other respondents believe that checking upon the online reviews and reviews from bloggers and influencers also helps the respondents in purchasing a product or service. By this we understand that the reviews heard from friends and relatives act as the main aspect for the purchase of goods and services by the consumers.

### 4. Findings, suggestions and conclusion

- The study shows that most of the people believe in word of mouth communication compared to other form of communication of products and services.
- They also believe that personal experiences and usage of the product helps them in determining towards positive or negative word of mouth communication

and that emotions also triggers in creating positive or negative WOM.

- The study also shows that the respondents mostly trust the recommendations provided by friends and relatives after which comes the online reviews posted by the consumers.
- The study also conveys that satisfaction can also lead to positive WOM if not satisfied it can develop or form negative impressions on the product. Henceforth continuous improvements and bringing about new products and services into the markets as per the changing trends can also create positive WOM.
- If factors that could lead to negative WOM are looked upon then the organizations can create positive WOM among the consumers.
- The research conveys that WOM is one of the primary source of creating demand and to create positive WOM to any organization. A negative WOM can lead

to drastic decrease in the brand image and value of the organization which again causes the company to lose its values. Henceforth the organizations should bring about continuous improvements in their marketing strategies that could lead to positive Word of mouth marketing as it is one of the primary source consumers believe in.

### References

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